

Corporate responsibility

Cloetta's overarching goal for corporate responsibility is to build sustainable long-term value.

By striving to attain a balance between social, environmental and financial aspects, Cloetta can create sustainable value together with its stakeholders. For Cloetta, sustainable value is about growing as a company while at the same time ensuring that the people and environments that are impacted by Cloetta's operations and products are positively affected.

Cloetta's work with corporate responsibility is steered by the Group's code of conduct. The code of conduct is a set of guidelines and principles for the way in which the company conducts operations and the employees' actions in relation to consumers, customers, suppliers, shareholders and colleagues. They are based on Cloetta's core values; Focus, Passion, Teamplay and Pride.

REPORTING PERIOD AND GUIDELINES

This is Cloetta's fourth sustainability report in accordance with the Global Reporting

Initiative (GRI) guidelines, G3. The report meets the criteria in level C and has not been externally assured. The contents refer the financial year from 1 January to 31 December 2013 and include all of Cloetta's activities unless otherwise specified. Cloetta's ambition is to report on its sustainability performance every year in the annual report.

Since the sustainability report is part of the annual report for the financial year 2013, reference is made to different pages in the annual report in order to avoid repetition. In particular, see the message from the CEO, the corporate governance report and the section on production and purchasing. Page 54 provides a summarised table that shows where in our annual report the various GRI indicators can be found.

PRIORITISED AREAS

The sustainability report is designed to reflect the company's financial, environmental and social impacts. Cloetta's priorities have been set based on Cloetta's strategies, code of conduct and values, see below. The selected areas are those that have been assessed to be the most relevant and significant for Cloetta's operations and for Cloetta's primary stakeholders in the short and long term.

SCOPE

The sustainability report primarily covers Cloetta's own operations, meaning Cloetta's direct impact on the environment and people. All of Cloetta's production and virtually all sales take place in Europe and all of Cloetta's direct suppliers, with a few exceptions, are found in Europe, where there are laws that among other things regulate human rights.

Product responsibility and product safety are an integral part of Cloetta's production process and are described on page 32.

Cloetta's commitment to corporate responsibility is integrated throughout the value chain. This means that aside from taking responsibility for the aspects that are under the company's direct control, Cloetta also takes a certain responsibility for indirect aspects outside of its direct control, i.e. from raw material supplier to the recyclability of the product packages. All of Cloetta's suppliers of direct materials undergo an approval process in which factors like their sustainability work are evaluated. This process is described under Purchasing of raw materials on page 38.

For raw material suppliers with which Cloetta has no direct supplier relationship, such as growers in developing countries, Cloetta is responsible for promoting sustainable development. Read more about Cloetta's involvement in international initiatives on pages 43.

Prioritised areas



ORGANISATION FOR SUSTAINABILITY WORK

Cloetta's sustainability work is overseen by the Director Corporate Responsibility, who functions as a conduit for issues related to corporate responsibility and is charged with identifying prioritised areas, acting as a link between the company's stakeholders and management and supporting the implementation of Cloetta's strategy for corporate responsibility.

Cloetta's code of conduct guides the way in which the company is managed from a social, environmental and financial perspective.

CLOETTA'S CODE OF CONDUCT

The code of conduct covers the entire value chain, from raw material to consumer, and applies to all activities in all markets and countries where Cloetta is represented. The principles in the code of conduct are consistent with:



- > The UN's Declaration of Human Rights
- > ILO conventions
- > OECD guidelines for multinational enterprises
- > ICC framework for responsible marketing of food and beverages
- > The European Brand Association

Cloetta – every day

For Cloetta, it is important to have clearly defined guidelines for mutual respect and a shared set of core values. Cloetta recognises and supports the ten principles in the UN's Global Compact and works to promote these in the communities and environments where the company conducts business. Special emphasis is placed on:

- > Equality and non-discrimination
- > Freedom of association and collective bargaining
- > Working hours
- > Occupational health and safety

From raw material to cherished brands

Cloetta is responsible for the entire supply chain, from raw material to finished product.

Cloetta supports the relevant ILO conventions and complies with the laws and rules in the countries where it conducts operations, and places the same demands on the compa-

ny's suppliers. In order to become an approved supplier to Cloetta, the supplier must undergo an approval process and accept Cloetta's general supplier requirements.

Cloetta committed to product content

When it comes to product content and quality, Cloetta is subject to a number of national and international laws and rules. However, Cloetta wishes to take its responsibility further and is a forerunner in developing the content of the products. For example, Cloetta is conducting a long-term programme called NAFNAC (Non Artificial Flavours Non Artificial Colours), which is aimed at offering a portfolio of products that contain no artificial flavours or colours.

Cloetta's environmental impact

Systematic environmental management provides a foundation for Cloetta's efforts to minimise its environmental impact.

Cloetta's environmental work is governed by the code of conduct, which states an ambition to comply with the applicable laws and rules, involve the employees and focus on continuous improvements in the environmental area. Cloetta's foremost environmental impact arises through water and energy consumption, wastewater emissions, waste and transports.

INTERNATIONAL SUSTAINABILITY INITIATIVES

Cloetta is involved in industry associations and non-profit/non-governmental organisations that are working to accelerate development towards more sustainable raw material production, primarily of cocoa but also palm oil. Read more about this in the section "Sustainable sourcing" on pages 44–45.

TWO AWARDS DURING THE YEAR Product of the year at Pressbyrån

In November Reitan Convenience Sweden appointed Product of the Year 2013. Polly Bilar won the prize with the following motivation: *"The year's winner at Pressbyrån is Polly Bilar from Cloetta, which has combined its product portfolio of strong classics and created a brilliant combination. This innovation quickly rose to the top as one of the best-selling products at Pressbyrån and should be seen as one of the best launches during the year."*

ONE Awards gives Silver to Ahlgrens bilar Bilmagasinet/Fruktkombi

The Ahlgrens bilar campaign Bilmagasinet/Fruktkombi won a Silver medal in the ONE Awards advertising competition, in the largest and most prestigious category, Creativity.

Overall targets for sustainability in 2014

Sustainable purchasing

Certified cocoa

- > 100% of all cocoa will be certified according to UTZ, read more on page 44.

Certified palm oil

- > 100% of all palm oil will be Green Palm-certified, read more on page 44.

Environment

Emissions of carbon dioxide

- > CO₂ in production will not exceed 0.41 kg per produced kg.

Environmental certification

- > Implementation of a multi-site certificate for ISO 14001 in 2015 at the latest.
- > All factories will have implemented ISO14001 in 2016.

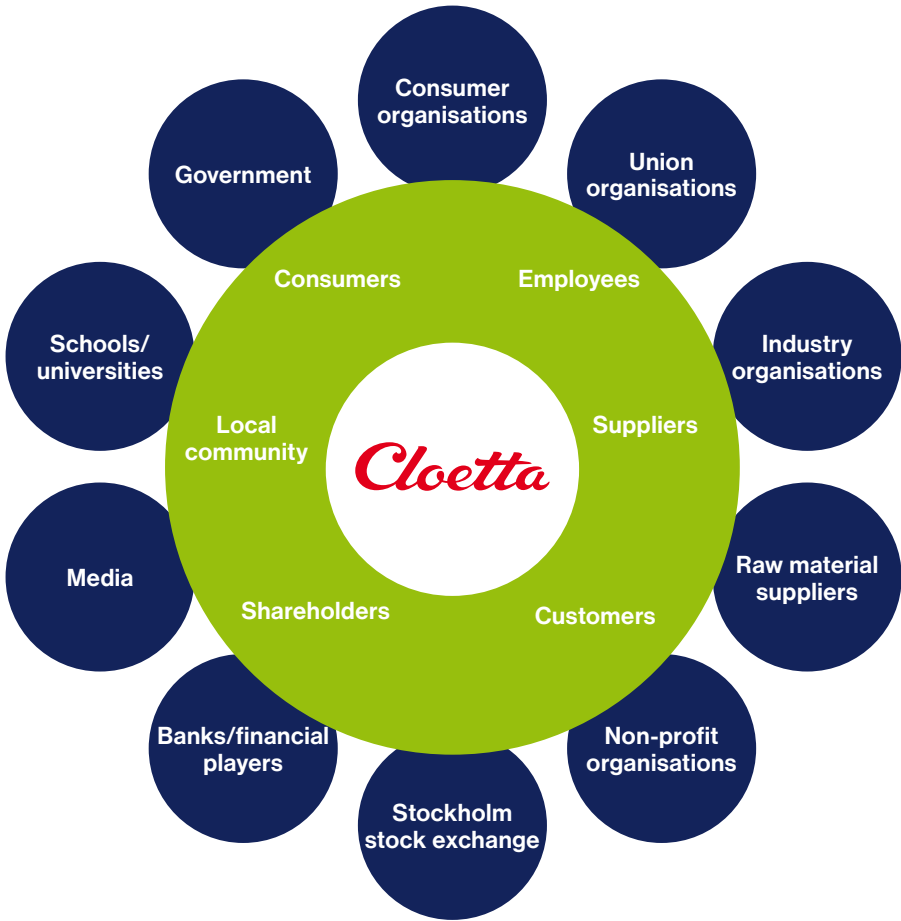
Employees

- > The number of days between occupational accidents with >1 day of sickness absence should exceed 20.3 days in 2014.

Cloetta's stakeholders

Cloetta's primary stakeholders are customers, consumers, employees, shareholders, investors, business partners/suppliers and the local community. These groups are directly critical for Cloetta's long-term survival.

In addition, there are a number of other important stakeholders. These are shown in the illustration at right. Cloetta has a continuous, open dialogue above all with the primary stakeholders based on the expectations and requirements of each stakeholder group, see below.



KEY STAKEHOLDER ISSUES FOR SUSTAINABILITY

Stakeholders	Key issues – sustainability	Communication and cooperation
Customers/consumers	Product safety and quality. The Group's brands. Clear declarations of ingredients. Eco-friendly packages. Cloetta takes responsibility for the environment and working conditions as far as possible. Ethics in general.	With consumers through various surveys and via the websites and social media. With customers through personal customer and sales meetings and via customer surveys, but also collaborative initiatives for eco-friendly transports.
Employees	A good and stimulating working situation. A safe working environment. Health and fitness activities. Ethical issues in general. Good financial development for the company.	Daily meetings to discuss occupational health and safety in the factories, annual performance reviews with all employees, systematic skills development activities, up-to-date information via managers, the intranet and union representatives. Since 2011 Cloetta conducts the survey Great Place to Work every other year.
Shareholders and investors	Sustainable long-term financial value growth. Ethical issues in general.	Annual report, website, analyst and investor meetings, interim reports and the annual general meeting.
Suppliers and other business partners	Ethics and business codes in procurement. Product safety. Sustainable long-term development. Support of human rights among raw material producers.	Collaborative projects for sustainability. Supplier evaluations, sponsorship evaluations and development projects.
The public/society	Cloetta takes responsibility for the environment and working conditions as far as possible. Laws, regulations and standards. Cloetta makes a positive contribution to development of society, including the local environment.	The local communities/municipalities around Cloetta's factories with regard to the local environment. Public authorities in areas related to occupational health and safety, environmental and product responsibility, schools and universities. Certification bodies for ISO and BRC. Key opinion leaders.

Collaboration in organisations

Cloetta is active in a number of collaborative initiatives aimed at promoting more sustainable cultivation of raw materials and improving the conditions for growers in developing countries. The following collaborations are the most important.



World Cocoa Foundation (WCF)

- > The World Cocoa Foundation (WCF) manages a range of programmes aimed at increasing the cocoa farmers' incomes and promoting sustainable cultivation. Examples of initiatives include teacher training programmes, training in cocoa processing, micro loans for cocoa growers and health-related issues.



Caobisco

- > Caobisco (Chocolate, Biscuit & Confectionery Industries of the EU) supports International Cocoa Initiatives, for example through the development of control and certification systems for cocoa production.



Round Table on Sustainable Palm Oil

- > The Round Table on Sustainable Palm Oil (RSPO) is committed to promoting the growth and use of sustainable palm oil worldwide.

UN Global Compact

- > The UN's Global Compact, where Cloetta is a member, is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour environment and anti-corruption.

UTZ

- > UTZ Certified stands for sustainable farming and better opportunities for farmers, their families and our planet. The UTZ program enables farmers to learn better farming methods, improve working conditions and the environment.

INDUSTRY ORGANISATIONS

- > AIDI (Italian Confectionery Industry).
- > Chokofa is a Swedish industry association.
- > Choprabisco, Belgium.
- > DI (Danish Chocolate and Confectionery Industries).
- > ETL (Finnish Food Industries' Federation).
- > FNLI (The Dutch Food Industry Federation).
- > IBC (Italian Branded Products Industry).
- > HSH (The Federation of Norwegian Commercial and Service Enterprises).
- > ISA (International Sweeteners Association), Italy.
- > VBZ (Association of the Dutch Bakery and Confectionery Industry).

Sustainable sourcing

Sustainable sourcing in Cloetta's supply chain is a prioritised area. By incorporating sustainability aspects into the company's purchasing strategy, Cloetta creates a platform for ensuring the supply of high quality raw materials to the factories while at the same time improving the opportunities for farmers in the countries of origin to develop sustainable farming.

> **First of all**, sustainable sourcing at Cloetta is about having control one step back in the supply chain to the first line of suppliers. Raw materials are purchased only from suppliers that can be verified against Cloetta's requirements for quality, product safety and sustainability. All suppliers to Cloetta are evaluated and approved before they are permitted to deliver to the factories. The process varies in relation to the risks, type of supplier involved and which raw material is delivered. Certain suppliers are regularly audited by Cloetta's employees via physical visits.



> **Secondly**, sustainable sourcing at Cloetta is about directly addressing different types of social, environmental and economic challenges that are found in the value chain beyond the suppliers of specific raw material groups. Cloetta's sustainable sourcing programme is based on external certifications and/or verification according to the guidelines defined in Cloetta's code of conduct.

CLOETTA BUYS SUSTAINABLE COCOA

In 2014 Cloetta will certify its entire range of chocolate products with sustainable cocoa from UTZ-certified farmers. For Cloetta it is vital to address the challenges facing the cocoa growers in West Africa. By changing to sustainable cocoa from UTZ-certified farmers, Cloetta creates a platform for ensuring a supply of high quality cocoa to the factories while providing better prospects for the West African cocoa growers to develop sustainable farming.

SOURCING OF COCOA

West Africa accounts for around 70 per cent of the total global harvest of cocoa beans. There cocoa is cultivated by three million small growers, where each farm consists of an average of 2–4 hectares of land and produces an average of 1–2 tonnes of cocoa beans per year. Local intermediaries then distribute the raw materials to the international cocoa distributors, after which the cocoa is sent to Europe. Every year, Cloetta buys approximately 2,700 tonnes of cocoa in the form of cocoa liquor, cocoa butter and cocoa powder from suppliers in Europe.

Low productivity – a problem for cocoa farmers

The West African cocoa farmers face a number of economic, social and environmental challenges, of which low productivity on the farms is one of the most critical. Limited knowledge about how to cultivate high quality cocoa in an efficient manner is a fundamental cause behind the farmers' productivity problems. The farmers are also struggling with aging cocoa trees and reduced soil fertility at the same time that they often lack the means to finance investments in new plants, fertilisers, etc.

UTZ certified cocoa – better farming for a better future

With UTZ-certified cocoa, the growers are assisted in building a better future with sustainable farming. Through the UTZ programme, they are provided with training in better farming methods, improved working conditions and sustainable growing. The farmers are also given support to buy better crops. All in all, this generates more income and creates better prospects for the individual farmers while better safeguarding the environment.

To earn UTZ certification the farmer must meet strict requirements, which are closely monitored by an independent third party. These requirements include better farming methods and farm management, safe and healthy working conditions, the abolishment of child labour and protection of the environment. Read more about UTZ certification at www.utzcertified.org

PALM OIL

From a sustainability perspective, there are a number of concerns surrounding cultivation and production of palm oil and palm kernel oil. Malaysia and Indonesia account for around 90 per cent of total global production. Both countries are struggling with serious problems related to destruction of rain forest, which among other things has a negative impact on the indigenous wildlife.

Cloetta has chosen to actively support sustainable production of palm oil/palm kernel oil by purchasing GreenPalm certificates for parts of the product portfolio. For each tonne of palm oil/palm kernel oil that is used in production, Cloetta pays a premium to a palm oil/palm kernel oil producer that works according to the rules for social and environmental responsibility defined by the Roundtable on Sustainable Palm Oil (RSPO). These rules forbid the destruction of rainforest and set out requirements for working conditions, prohibition of child labour, etc.

Aside from the decision to actively support sustainable production of palm oil/palm kernel oil, Cloetta is working together with its main suppliers in order to trace the origins of the palm oil to a greater extent. This effort started at the end of 2013.



Study visit to Ivory Coast

In 2013 a group from Cloetta made a study visit to Ivory Coast to experience the difference that UTZ certification makes in the cocoa growers' daily lives.

» By changing to sustainable cocoa from UTZ-certified farmers, Cloetta creates a platform for ensuring high quality cocoa to the factories and at the same time providing better opportunities for the West African cocoa growers to develop sustainable farming. If those of us who use cocoa don't take action now, there is a real risk that there will not be enough cocoa in the future.«

THOMAS WIESGICKL

Director Corporate Responsibility



» When we talked to the cocoa farmers, met their families and listened to their stories about how they are struggling to earn a living in Ivory Coast – I felt very happy and proud of Cloetta's decision to wholeheartedly support the UTZ. Many growers had been able to improve their economic situation and had a whole new future belief in cocoa growing.«

SARA RÖKEN

Category Leader Chocolate

» Unless the cocoa harvest in West Africa is improved, there is a risk for a shortage of cocoa in the future. The UTZ training for smallholder farmers in Ivory Coast increases the quantity and quality of the harvests, and it is clearly visible that it also improves quality of life in the villages. It will take time before one million small growers have been given this training, but it feels good that we at Cloetta are contributing.«

HENK HAANS

Category Sourcing Manager



Environmental responsibility

Cloetta's greatest environmental impact arises through water and energy consumption, wastewater emissions, waste and transports.

Viewed over the entire life cycle of the products, the most significant environmental impact arises in raw material and packaging production. Cloetta works to reduce its environmental impact through systematic environmental management.

ENVIRONMENTAL POLICY ENVIRONMENTAL MANAGEMENT SYSTEM

All of Cloetta's factories conduct systematic environmental management that includes action plans and monitoring in a number of different areas. Six of ten factories are certified according to ISO 14001 and the remaining four will also revise their systems according to the standard over the next few years.

ENVIRONMENTAL WORK

Cloetta complies with the statutory environmental requirements and the Group is not party to any environmental disputes. Environmental initiatives are an integral part

of Cloetta's operations and environmental aspects are taken into account when making decisions. Frequent evaluation and follow-up of measures increase awareness about the effects of different working methods on the environment.

WORKING METHODS

Every year, Cloetta carries out an assessment of environmental aspects to identify the existing risks and opportunities. Cloetta has an action plan that defines and governs the activities to be carried out in order to reduce the company's environmental impact.

PACKAGING

The packaging materials must perform several functions, such as protecting the product on its way to the consumer, enabling easy handling of the product and communicating the brand. The most commonly used consumer packaging method is flexibles, a material that can be recycled or incinerated.

ENVIRONMENTAL IMPACT AND PRIORITIES

Environmental impact in the confectionery industry arises among other things from water and energy consumption, wastewater emissions, waste and transports. Certain environmental effects are also caused by coolants, other chemicals, noise and particles. Outside Cloetta's direct influence, there is also

significant environmental impact connected to production of raw materials and packaging.

The priorities for Cloetta's environmental work have been set based on how the direct operations impact the environment, the extent of this impact, the probability of unplanned environmental events occurring, the requirements of public authorities and other stakeholders and, finally, the extent to which Cloetta can influence development. The prioritised areas for Cloetta's environmental work are:

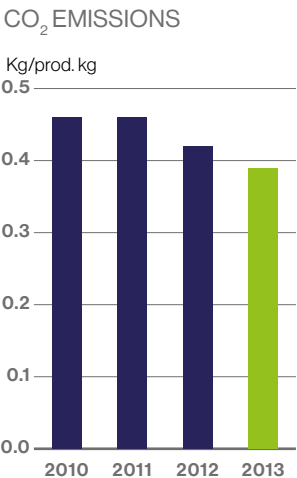
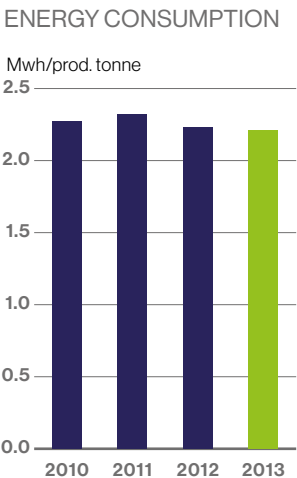
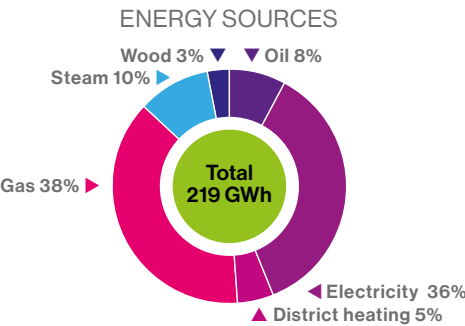
- > Energy consumption
- > Volume and attributes of wastewater
- > Waste volume, type and recycling

ENERGY CONSUMPTION

The Group's aggregate energy consumption during the financial year was around 219 GWh (215). Approximately 25 per cent of the total energy usage is independent from the production volume, i.e. related to heating and cooling of properties, while 75 per cent is directly linked to production.

CO₂ emissions

Alongside efforts to reduce energy consumption, Cloetta is also working to choose energy types with the smallest possible negative impact on the environment. For that reason, the total amount of energy used is converted to the amount of CO₂ equivalents generated by the chosen energy types.



CO₂ equivalents linked to the Group's use of different energy types. Transports are excluded.

Filtration led to cleaner wastewater



The wastewater at the factory in San Pietro, Italy has had high levels of COD, i.e. chemical oxygen demand, which has meant that the factory has been forced to send its wastewater for special treatment. In 2012 the volume rose to around 1,600 tonnes at a subsequent cost of EUR 95,000, which was an increase by 35 per cent in volume and 50 per cent in costs compared to the year before, mainly due to higher production of moulded confectionery.

In response to this, during 2013 the factory management decided to install an ultrafiltration system. Substances that can be separated with ultrafiltration include: starch, protein, enzymes, polymers, colours, oily substances and gum arabic.

The system was installed in April 2013 and the result is a sharp decrease in COD in the wastewater and therefore also reduced environmental impact. It also led to a lower costs for wastewater treatment by around EUR 45,000 in 2013.

WASTEWATER

The volume of wastewater was 4.0 m³ (5.0) per produced tonne.

One key environmental target is to improve the wastewater quality. Cloetta rates this quality among other things in terms of COD (Chemical Oxygen Demand), which measures the amount of oxygen consumed in complete chemical decomposition of organic compounds in water. There are several projects underway to improve the quality of the wastewater, see example above.

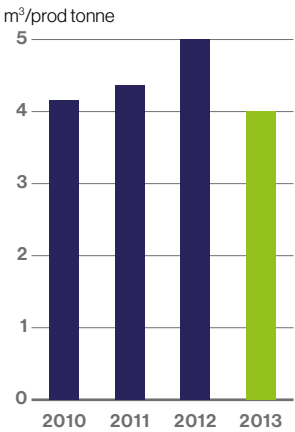
WASTE MANAGEMENT

All of Cloetta’s production units pre-sort their waste. The goal is to continuously develop waste management and reduce the total volume of production waste and other waste. A decrease in raw material wastage has a positive impact on both the environment and the Group’s total costs. At present, 71 per cent of the waste is recycled and the remaining 29 per cent is used for energy production.

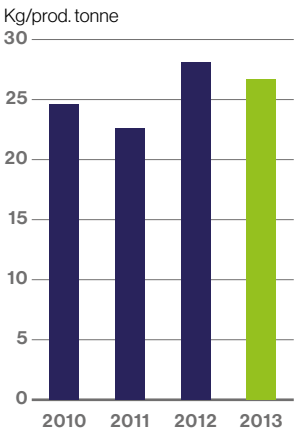
KEY ENVIRONMENTAL PERFORMANCE INDICATORS

	2010	2011	2012	2013
Total energy consumption, GWh	243	226	215	219
Energy consumption per produced tonne, MWh	2.27	2.32	2.23	2.21
CO ₂ per produced kilo, kg	0.46	0.46	0.42	0.39
Wastewater per produced tonne, m ³	4.2	4.4	5.0	4.0
COD* per produced tonne, kg	24.6	22.6	28.1	26.7
Waste per produced tonne, kg	62	70	80	72
Recycled waste, %	63	64	49	71

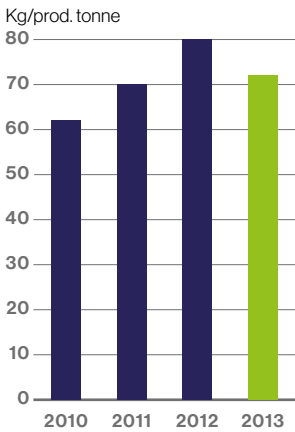
WASTEWATER



COD*



WASTE



* COD (Chemical Oxygen Demand) measures the amount of oxygen consumed in complete chemical decomposition of organic compounds in water.

Employees

Cloetta is driven by a conviction that value is created by the employees, and that the ability to attract and retain the best and most competent people is crucial for the company's success.

Cloetta therefore works determinedly to create an attractive workplace for all employees and promotes the development of a high-performing organisation by continuously developing its staff, designing competitive incentive systems, upholding an inspiring corporate culture and building a clear corporate identity.

EMPLOYEE SURVEY – GREAT PLACE TO WORK

To create an attractive workplace for all employees, it is essential to understand how the employees see their place of work. As a result, every other year Cloetta conducts an employee survey, Trust Index®, in association with Great Place to Work.

According to Great Place to Work, the best workplaces are built through day-to-day relationships. In general, trust is the most important factor in these relationships. From the employees' perspective, a good workplace is one where they:

- > **TRUST** the people they work for,
- > have **PRIDE** in what they do, and
- > **ENJOY** the people they work with.

In 2013 the employee survey was sent to all employees. The response rate to the questionnaire was 85 per cent and the Trust Index®, which is the overall KPI measured in the survey, was 60 per cent, which is an aggregate result from ten countries and nine factories.

The results collected by country/factory/department and will be discussed in detail at all workplaces in order to gather every possible idea for continuous improvement in the working climate for the employees and to create a "Great Place to Work".

THE RIGHT EXPERTISE

Cloetta is committed to continuously renewing the company's aggregate expertise. Competent employees that are given scope to realise their full potential create the conditions to maintain Cloetta's position as an attractive and innovative partner not only for the employees but also for the customers, suppliers and business partners. A learning-driven organisation that works in project form and the use of interdisciplinary teamwork in day-to-day activities are important components of Cloetta's skills development. All skills development is designed to support Cloetta's strategies, to be business-oriented and to promote the individual's interests and needs.

The main focus areas are to develop the right people for the right positions and to always clarify and improve roles, responsibilities and working methods throughout the organisation. Cloetta strives to be an attractive employer in the markets where the company is active, thereby making it possible to retain valuable employees.

All recruitment takes place locally with the support of centrally developed tools. Selection is based on an agreed set of competencies against which the candidates' performance is measured among other things using psychological tests.

SUPPORT FOR REDUNDANT EMPLOYEES

The factory restructurings, resulting in the closure of three factories, and the integration process over the past two years have resulted in redundancies. Aside from public services and various insurance solutions, Cloetta has

supported the redundant employees in finding new jobs.

All affected employees are offered outplacement through external partners. In addition, a number of other measures have been taken to further assist the employees. For example, in Gävle Cloetta created a website (www.nyamojligheter.se) in order to market the employees' expertise to other companies. Sales materials were also sent to around 100 local businesses. In Aura the employees were offered IT training and support in the job seeking process. They were also given the opportunity to take part in vocational certification for the food industry and to earn a diploma in health and safety.

Another consequence of the integration and factory restructurings is that many employees, primarily in Scandinavia, have been given new duties and have at the same time learned new processes and ways of working.

RELATIONSHIP BETWEEN THE COMPANY AND THE EMPLOYEES

Cloetta strives to uphold a relationship of mutual respect and trust between the company and its employees. This also steers the company's way of working with the European Works Councils, local company councils and union organisations. Cloetta complies with the applicable laws and regulations in the countries where the Group is active and respects local norms and values. In addition, the Group's principles are consistent with the relevant ILO conventions.

Cloetta encourages a good balance between professional and personal life. It is important to help both men and women combine the demands of their jobs with responsibility for home and family. The Group therefore supports flexible work arrangements like flex-time and part-time hours, when possible.

A GOOD AND SAFE WORKING ENVIRONMENT

Efforts to improve and develop the working environment are a natural aspect of operational development and the goal is to create a good physical working environment and a healthy working climate where each individual can feel secure and pursue personal development. One essential part of a





»» For me, Passion is having the consciousness that the effort to execute leads to the result.«

Marco in San Pietro in Casale



»» For me, Teamwork is a shared satisfaction about the results achieved.«

Rudolf in Levice



»» For me, Focus is concentrating on the relevant issues and prioritising my work according to targets.«

Marja in Turku



»» For me, Pride is an effort which we all put on the result achieved. It is the recognition that we give ourselves to our work and that encourages us to always do our best.«

Roberta in Cremona

Shared values

At the end of 2012 Cloetta formulated a new vision and mission combined with four core values as a step in developing Cloetta into a tangibly value- and culture-driven company. The vision is designed to inspire commitment and to serve as a guidepost for everyone in the company.

To increase understanding and inspire an emotional commitment, in 2013 Cloetta started a processes to carry out value discussion sessions for all employees. Together with their closest colleagues, each individual has thought through what the core values

Focus, Teamplay, Passion and Pride stand for and what they mean in relation to their own working situation. The idea is to create a common culture and norms for behaviour, and thereby lead to idea-driven leadership. This should also support development of a

collective expertise that facilitates a common approach and understanding of the employees' respective work duties. All employees in all commercial units and factories have taken part in these sessions.

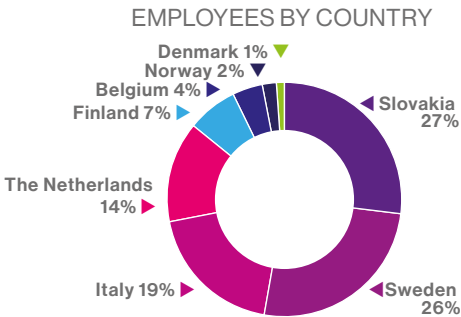
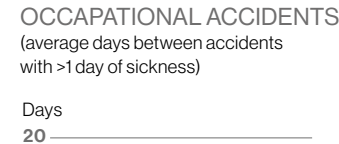
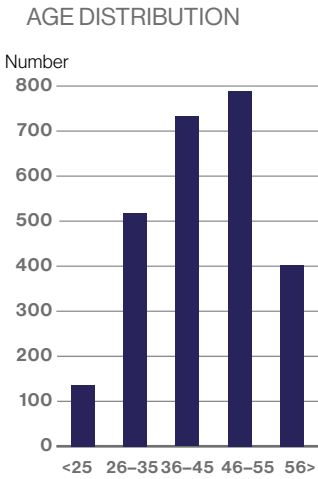
secure working environment is to ensure that no one is subject to discrimination or sexual harassment. Cloetta aims to be a workplace where diversity and the different qualities, knowledge and skills of all employees are respected regardless of gender, religion, ethnic background, age, race, sexual orientation, etc.

Employee safety is always the top priority. All factories carry out continuous risk assessments to minimise the risk for accidents. All incidents and injuries are followed up and reported. The Lean method is used to prevent and reduce production-related occupational injuries. Thanks to these systematic efforts, the number of occupational injuries has been reduced in recent years.

Each manager is responsible for avoiding occupational illnesses and accidents through follow-up and corrective measures. Cloetta has developed tools for early detection of signals that could be caused by illness and could lead to a risk for long-term absence.

NUMBER OF EMPLOYEES

The average number of employees in 2013 amounted to 2,472 (2,579). The decrease is due to factory restructurings and the integration process. Of the total number of employees, 51 per cent are employed under collective agreements and 49 per cent are salaried employees.



EMPLOYEES	Sweden	Slovakia	Italy	The Netherlands	Finland	Belgium	Norway	Denmark	Germany	UK	Other	Total
Average no. of employees	633	657	467	347	167	103	47	32	7	5	7	2,472
– of whom, women	302	439	213	87	34	21	27	16	4	4	5	1,152
Sickness absence, %	3.6	6.1	4.8	5.8	2.9	5.4	3.7	3.0	1.2	–	–	4.8

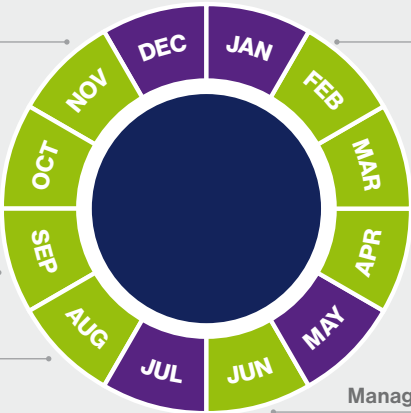
CLOETTA'S HR WHEEL

Update of job descriptions and preparations for the upcoming evaluation process

Skills development with a focus on the organisation's challenges for the coming year

Strategic plan

Semi-annual follow-up of employee evaluation



Employee evaluation:

- > Individual goals
- > Individual development measures

Target levels established

Salary audit

Management review

- > Succession planning
- > Identification of new and follow-up of existing talents

Cloetta's HR work follows an annual cycle with activities aimed at building and raising the level of expertise in the organisation. Most of the activities in Cloetta's HR wheel as described above are primarily attributable to salaried employees.



A FLAT ORGANISATION FOR SHORTER DECISION PROCESSES

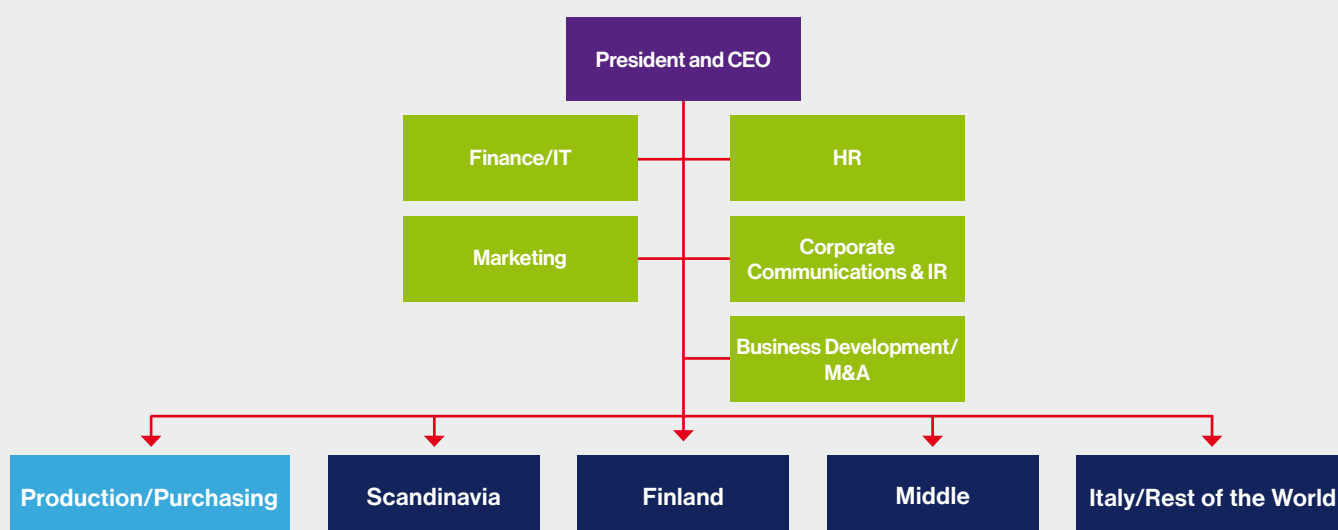
Cloetta has around 2,500 employees in 13 countries who are active in sales and marketing, production, innovation and support functions. Cloetta's head office is located in Stockholm, Sweden. The organisation has evolved from a number of individual compa-

nies into a centrally led, locally managed group that is headed by a multinational management team.

Cloetta is organised according to function and its commercial organisation is separate from the supply chain organisation. Personnel, finance and administrative units are found in each main market and serve as support func-

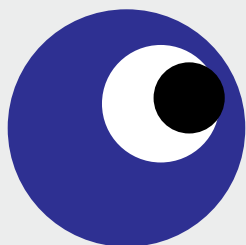
tions for both the local sales and marketing organisation and for production. Responsibility for business development, corporate communications, business control, marketing strategies, HR and certain financial activities like tax, financial administration, insurance and financial control are handled by central staffs.

ORGANISATION



Core values

Cloetta has established four core values that guide our way of working and acting, both within and outside the company. These core values are Focus, Passion, Teamplay and Pride.



Focus

Focus is about doing the fundamentals with self-confidence, ambition and a "will do" attitude.

Focus means continuous, diligent work across the essential parts of our business. We will only be successful by focusing and delivering on prioritised activities. We therefore treasure the ability to be a role model in execution, consistently being practical and fact-based, creating clarity, setting priorities, making consistent choices and always having a sense of urgency, speed, drive and discipline as well as the agility to change and adapt when required. Blended with a "will do" mentality, built on self-confidence, ambition and realism, Focus brings both success and the admiration of the competition.



Passion

Passion is about "going the extra mile", being positive and having fun.

Passion is at the core of our business and characterises all of our actions. It releases the energy and inspiration that provide us with the drive to develop, produce and market great products that, in turn, make our customers and consumers as passionate about them as we are. It feeds the drive to take ownership, to realise goals and to win. We therefore treasure the ability to inspire and motivate, to see change as an opportunity, to go the extra mile, and to be positive and to have fun. Passion manifests itself in the way we understand the business, deal with customers, help each other to succeed and communicate about Cloetta.



Teamplay

Teamplay is about mutual responsibility: doing your part and supporting each other.

Team Play is based on both individual and mutual responsibilities and mutual support for one another. It extends beyond Cloetta, reflecting in the way we aspire to cooperate with our external stakeholders, customers and suppliers. We therefore treasure the ability to understand, value and respect people, to address each other in a creative, open and transparent way, to communicate with honesty and without fear and to share knowledge and learn together. Team Play manifests itself in cross-functional cooperation, shared learning and together acting as "One Cloetta".



Pride

Pride is about being proud of our company, our brands, our products and our personal contribution.

Pride is the driving force that motivates Cloetta's employees to perform to the best of their ability and to take ownership of the company's direction. It is about pride in both your own and your colleagues' contribution to the company, its brands and its products. Pride is fuelled by the employees' confidence and belief in Cloetta as a company and as an employer. This is based on a safe and sustainable working environment and a working relationship based on mutual trust. We nurture a company culture that empowers people with insight into our business goals and vision, so that everyone feels engaged and committed to where we are headed as a company. Open lines of communication encourage employees to take responsibility for their jobs and take pride in what they do.

Cloetta supports

Cloetta has always been permeated by a commitment to corporate responsibility. It is part of the company's culture and tradition to safeguard people, society and the environment.

Cloetta is primarily involved in its local markets but also takes part in projects at the global level. This commitment is expressed in projects that support the local markets where Cloetta is active. These can include environ-

mental projects that are driven within the framework of Cloetta's environmental work and projects to promote an active and healthy lifestyle.

LOCAL COMMITMENT

The local commitment to sustainable development is aimed at strengthening the surrounding community but also Cloetta's brand both within and outside the company. This engagement is mainly focused on consideration to the local environment where Cloetta's production facilities are based, but can also consist of other activities. Cloetta maintains an ongoing dialogue with local authorities in the locations where it has factories, as well as with the media and schools/universities, among others.



Cloetta continuously supports different types of projects and initiatives in the markets where we are represented.

The scope and focus of these projects vary over time. The projects and initiatives that the Group engages in should support an active and healthy lifestyle.

► Kexchoklad in the mountains



Since 1994 Kexchoklad collaborates with SkiStar to promote availability in the mountains during the skiing season. Through activities in the mountains, Kexchoklad wants to meet people in an outdoor environment and contribute to activity and exercise.

Through the Kexchoklad hunt, the entire family is activated in a skiing orientation where the aim is to search for large Kexchoklad letters that are hidden in the ski system. An average of 700 people take part in the Kexchoklad hunt every day during the season.

The first meeting with many visitors takes place at Cloetta's snack stations that are placed at the ski resorts in Lindvallen, Hundfjället, Björnrike and Vemdalskalet. Kexchoklad also offers the opportunity to ski in special ski cross courses in Björnrike and Tandådalen.

In connection with the introduction of Kexchoklad Yoghurt in February 2014, a new application was launched on Facebook. Based on your current position, you are encouraged to move to a marked location. If you succeed, you have earned a Kexchoklad bar and a taste sample of Kexchoklad Yoghurt.

► Project Jenkki – for better dental health

Studies show that the dental health of Finnish young people has declined at an alarming rate. Dental care has lost priority and the advantages of xylitol have been forgotten. Cloetta wants to help stop this negative trend and during the year launched an online game, projektjenkki.fi, to encourage teenagers to take better care of their teeth. The game was launched in February 2013 via both traditional and new media in a major advertising campaign, and attracted widespread attention. In the game, the players have to perform daily dental care assignments.

Furthermore, a total of 380 oral hygienists, dental nurses and health teachers were recruited as Project Jenkki ambassadors and visited Finnish primary schools to convey the campaign's message via e-learning materials. In the Jenkki school, the pupils could simply test their knowledge about dental care and xylitol. When the campaign ended in November over 90 per cent of those that played the game said that they take better care of their teeth now, 60 per cent had increased their consumption of xylitol and 35 per cent are now brushing their teeth more often than before the game.



Hyvinkää School won a year's supply of Jenkki.

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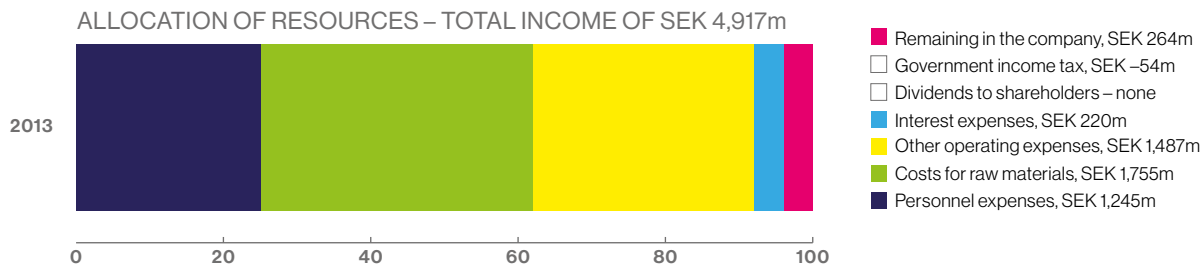
Indicators

Economic performance		Page
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	56
EC3	Coverage of the organisation's defined benefit plan obligations.	115
EC4	Significant financial assistance received from government.	Cloetta has the opportunity to receive indirect support from the public sector over a ten-year period through a tax credit in Slovakia.
Environmental performance		
EN2	Percentage of materials used that are recycled input materials.	47
EN3	Direct energy consumption by primary energy source.	47
E16	Total direct and indirect greenhouse gas emissions by weight.	47
EN21	Total water discharge by quality and destination.	47
EN22	Total weight of waste by type and disposal method.	47
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	None
Social performance, employees		
LA1	Total workforce by employment type, employment contract, and region.	50
LA4	Percentage of employees covered by collective bargaining agreements.	50
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.	50
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	48
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	50
Social performance, human rights		
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	44
HR4	Total number of incidents of discrimination and actions taken. In other respects not relevant, since Cloetta conducts operations only in countries where there are law protecting trade unions and prohibiting forced labour and child labour,	None
Social performance, society		
SO2	Percentage and total number of business units analysed for risks related to corruption.	88–89
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	None
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	None
Social performance, product responsibility		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	34
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	41

Economic impact

Production and sales of Cloetta's products generate economic values that benefit stakeholders.

ECONOMIC VALUE GENERATED AND DISTRIBUTED (SEK M)		Stakeholders	2013	2012
Revenue		Customers	4,893	4,859
Other operating income		Business partners	12	13
Financial income including exchange differences		Business partners	12	25
Total generated value			4,917	4,897
Distributed as				
Personnel expenses		Employees	-1,245	-1,293
Raw materials and consumables used		Suppliers	-1,755	-1,914
Other operating costs		Suppliers/business partners	-1,487	-1,540
Financial expenses		Business partners	-220	-290
Income tax		Government	54	67
Profit/loss for the year			264	-73



Goody Good Stuff – All natural candy

During the year Cloetta acquired the British candy company FTF Sweets Ltd. owning the brand Goody Good Stuff. The acquisition is in line with Cloetta's strategy to broaden the product range within the growing segment for natural candy.

Goody Good Stuff is an all-new natural gummy candy range that is made with plant-derived bio-gum technology, which eliminates the need for animal-based gelatin, which is used in most traditional gummy sweets.

Using this technology it is possible to produce a deliciously smooth and clear consistency in the gummy candy without the use of gelatin. This makes the Goody Good Stuff range the first of its kind on the market. In addition, all artificial colours and flavours have been replaced with natural fruit and vegetable extracts. Lastly, the company has removed all other harmful food additives to create a truly all natural alternative.

Goody Good Stuff is sold in over 15,000 stores, many of which are on the Internet,

and is exported to 27 international resellers around the world.

GOODY GOOD STUFF IS:

- > Fat free
- > Free from food additives
- > Nut free
- > Soy free
- > Gelatine free
- > Meat free