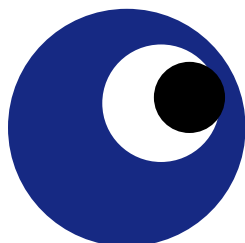


Corporate responsibility

Core values

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



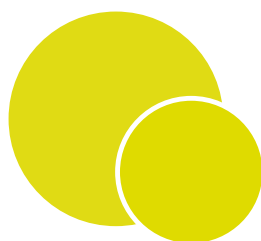
Focus is about doing the fundamentals with self-confidence, ambition and a "will do" attitude.

Focus means continuous, diligent work across the essential parts of our business. We will only be successful by focusing and delivering on prioritized 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 is about "going the extra mile", being positive and having fun.

Passion is at the core of our business and characterizes 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 realize 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 is about mutual responsibility: doing your part and supporting each other.

Teamplay 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. Teamplay manifests itself in cross-functional cooperation, shared learning and together acting as "One Cloetta".



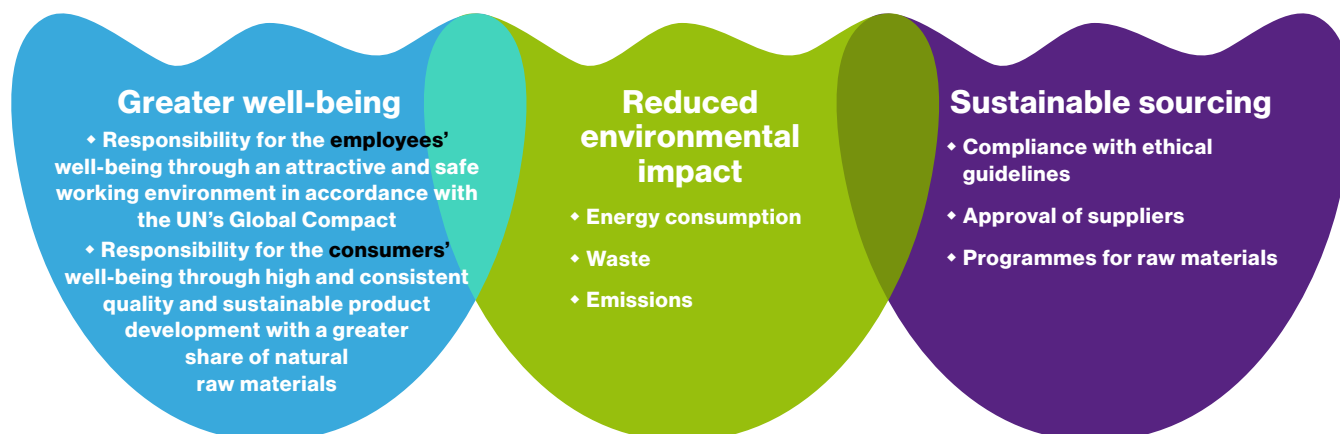
Pride is about being proud of our company, our brands, our products and our personal contribution.

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.

Long-term sustainability

Cloetta's overall goal for corporate responsibility is to build sustainable long-term value. For Cloetta, sustainable value is about growing as a company while at the same time ensuring that the people and environments that are affected by Cloetta's operations or products are positively impacted.

Cloetta's sustainability commitment



Greater well-being – Employees

Cloetta is driven by a conviction that value is created by the employees, and that the ability to attract, retain and develop the best and most competent people is crucial for the company's success. It is also of the utmost importance that the safety of our employees is continuously improved. All of Cloetta's factories adhere to the same mantra: "Safety first".

Greater well-being – Consumers

Cloetta's responsibility for consumer well-being includes high and consistent quality, correct and detailed content labelling and responsible marketing. Cloetta also strives to take responsibility for the consumers' well-being through an increased number of natural products – that are "better-for-you". Read more on page 48.

Reduced environmental impact

Systematic environmental management provides a foundation for Cloetta's efforts to minimize its environmental impact. Cloetta's environmental work is governed by the Code of Conduct, which states that the applicable laws and regulations shall be followed, that Cloetta's environmental impact shall be minimized and that continuous improvements shall be made in the environmental area. Read more on page 46.

Implement sustainable sourcing

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 growers in the countries of origin to develop sustainable farming. Read more on page 43.

Cloetta's sustainability commitment

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, see page 38.

Cloetta has defined three central areas for sustainability work that provide guidance in its sustainability commitment; greater well-being among the employees and consumers, reduced environmental impact from the operations and the implementation of sustainable sourcing in our supplier chain. All prioritized issues related to Cloetta's sustainability work are encompassed in these three areas.

Cloetta's sustainability commitment is a long-term undertaking. Cloetta has therefore formulated a number of goals that extend

until 2020. However, the journey to a sustainable society will not end in 2020. Cloetta is therefore working continuously to evaluate the achieved results and improve its working methods within the framework of Cloetta's sustainability commitment in order to continuously improve our corporate responsibility work. Cloetta's goals for 2020 are shown under the respective headings; Greater well-being, Reduced environmental impact and Sustainable sourcing.

Sustainability every day

Cloetta's continuous striving for sustainable development is mainly focused on respect for the employees' health and development, control of raw materials and first line suppliers, manufacturing safe products, handling complaints/returns effectively and reducing the Group's environmental impact. Measures to achieve day-to-day sustainability are described in this annual and sustainability report within the affected

Corporate responsibility

areas, such as product safety in the Production section and efforts to create a good working environment in the Employees section.

Scope

Cloetta's sustainability work primarily covers the company's own operations, meaning Cloetta's direct impact on the environment and people. However, Cloetta's commitment to corporate responsibility is integrated throughout the entire 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.

Sustainability and Cloetta's overall strategies

Cloetta's sustainability commitment supports and is firmly grounded in the company's overall strategies:

- **Focus on margin expansion and volume growth**
By creating sustainability programmes for the prioritized raw material groups and communicating these programmes on Cloetta's packages, the brands are further strengthened among customers and consumers. UTZ-certified cocoa and palm oil certified according to the RSPO's principles are two such examples.
- **Focus on cost-efficiency**
Efforts to continuously reduce the company's environmental impact go hand in hand with lower costs. Decreased energy use and of waste volumes from the factories contribute to greater cost-efficiency.
- **Focus on employee development**
Cloetta works determinedly to create an attractive workplace for all employees and promotes the development of a high-performing organization by continuously developing and training its staff, designing competitive remuneration systems, upholding an inspiring corporate culture and building a clear corporate identity.

Organization for sustainability work

The overall strategies for Cloetta's corporate responsibility work are adopted by the Group Management Team and are controlled and monitored through business planning processes at several levels in the company. Ultimate responsibility for corporate responsibility lies with Cloetta's President.

Cloetta's sustainability work is overseen by the Director Corporate Responsibility, who functions as a spokesman for issues related to corporate responsibility and is responsible for identifying prioritized areas, acting as the stakeholders' link to the management and supporting the implementation of Cloetta's corporate responsibility strategy. Environmental and occupational health and safety managers are found in all factories.

Strategic components

Policy and prioritized areas	Cloetta's overall strategy and operational policy. Code of Conduct. Responsible marketing. Materiality analysis and Cloetta's sustainability commitment.
Goals and KPIs	Overall financial targets. Goals and KPIs have been defined for each part of Cloetta's sustainability commitment.
Data	See entire annual report.
Management systems, programmes and certifications	Lean 2020, IFRS. Cloetta's leadership platform. BRC and ISO 14001.
External statutes or initiatives	UN Global Compact and other relevant ILO conventions. EWC (European Works Council)

Cloetta supports

Cloetta is involved in projects primarily in its local markets but also takes part in initiatives at the global level. These can include environmental projects driven within the framework of Cloetta's sustainability work and projects to promote an active and healthy lifestyle.

Community engagement

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'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
- The ICC framework for responsible marketing of food and beverages
- The European Brand Association

From raw materials to cherished brands

Cloetta works with responsibility throughout the 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. The same requirements are placed on the suppliers, and in order to become an approved supplier to Cloetta, the supplier must undergo an approval process and accept Cloetta's general supplier requirements.

Cloetta – every day

Cloetta has clearly defined guidelines for mutual respect and a shared set of core values. Cloetta has joined the UN Global Compact and works to promote its ten principles 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
- Occupational health and safety
- Working hours



Cloetta's commitment 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 (No Artificial Flavours, No Artificial Colours), which is aimed at offering a portfolio of products that contain no artificial flavours or colours.

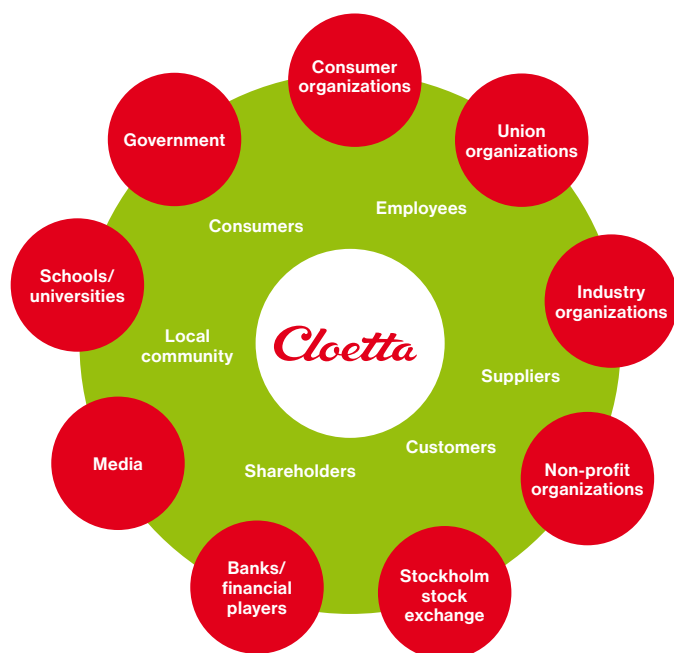
Cloetta's environmental impact

Systematic environmental management provides a foundation for Cloetta's efforts to minimize its environmental impact. Cloetta's environmental work is aimed at complying with the applicable laws and rules, engaging the employees and focusing on continuous improvements in the environmental area. Cloetta's foremost environmental impact arises through water and energy consumption, wastewater emissions, waste and transports.

Stakeholders and materiality issues

The areas that are prioritized in Cloetta's sustainability commitment have been defined through a materiality analysis. Every year, Cloetta performs a materiality analysis based on the sustainability issues that have been identified in discussions with Cloetta's stakeholders.

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 left. Cloetta has a continuous, open dialogue above all with the primary stakeholders based on the expectations and requirements of each stakeholder group.

The methodology behind Cloetta's materiality analysis is aimed at classifying different types of sustainability issues on the basis of two parameters:

- The stakeholder perspective – i.e. what importance a specific issue has for Cloetta's stakeholders.
 - The impact perspective – i.e. the direct impact a specific issue can have on Cloetta from a financial perspective, goodwill, etc.
- The issues that are classified as being of critical importance from both a stakeholder and impact perspective are those that have the highest priority for Cloetta. It is these sustainability issues and areas that are defined in Cloetta's sustainability commitment.

Materiality analysis



The stakeholders' key sustainability issues

Stakeholder	Key issues – sustainability	Communication and cooperation
Customers/ Consumers	<ul style="list-style-type: none">Product safety and quality.Clear declaration of ingredients.Eco-friendly packages.Cloetta takes responsibility for the environment and working conditions as far as possible.Ethical issues in general.Efficient transports to the retail trade.	<ul style="list-style-type: none">With consumers through various surveys and via websites and the social media.With customers through personal customer and sales meetings and via customer surveys, but also collaborative initiatives for eco-friendly transports.
Employees	<ul style="list-style-type: none">Good and stimulating working conditions.A safe working environment.Health and fitness activities.Ethical issues in general.Good financial development for the company.	<ul style="list-style-type: none">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 provided via managers, the intranet and union representatives.Employee survey Great Place to Work every other year.
Shareholders and investors	<ul style="list-style-type: none">Sustainable long-term financial value growth.Ethical issues in general.	<ul style="list-style-type: none">Annual report, website, analyst and investor meetings, interim reports and annual general meeting.
Suppliers and other business partners	<ul style="list-style-type: none">Ethics and business codes in procurements.Product safety.Sustainable long-term development.Support of human rights among raw material producers.	<ul style="list-style-type: none">Collaborative projects for sustainability.Supplier evaluations, sponsorship evaluations and development products.
The public/society	<ul style="list-style-type: none">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.	<ul style="list-style-type: none">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.

Awards and honours



Cloetta Netherlands nominated for National Business Success Award
Cloetta was sector winner in the chocolate and sugar confectionery category. Of the 300 nominated companies across all sectors in the Netherlands, Cloetta was placed among the top ten companies.

Cloetta – Listed Company of the Year for the second consecutive year
For the second consecutive year, Cloetta was named "Listed Company of the Year" after having won the sub-categories Best Annual Report and Best IR Website.



Cloetta Sweden winner in Best Practice Awards
Cloetta Sweden was named winner in the best Custom Assortment category in the annual Best Practice Awards, which are arranged by the International Category Management Association.



Bronze Effie Award Tupla
Tupla's campaign on YouTube (read more on page 19) won a Bronze in the Effie Awards, an international marketing communications competition that is highly prestigious in Finland.



Polly Goes Bananas wins the "Gyllene Hjulet" award
With a bold underlying idea and wildly creative execution, Polly Goes Bananas, with Sean Banan as front man, won Endorsement of the Year at the Gyllene Hjulet awards. This gala recognizes the best sponsorship and event marketing projects in Sweden.





Sustainable sourcing

Sustainable sourcing in Cloetta's supply chain is a prioritized 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 growers 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, i.e. 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 evaluated and tested by Cloetta's employees via physical visits according to an established schedule.

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 first line 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 has evaluated all raw material groups and prioritized them based on the existing sustainability challenges and Cloetta's opportunities to address these challenges.

Cloetta has defined sustainability programmes for a number of raw materials and the long-term goal is to have sustainability programmes in place for all prioritized raw materials by 2020. Cloetta already has programmes in place for cocoa and palm oil. In 2015 two new raw materials have been added; cane sugar and shea butter. Read more about Cloetta's sustainability programmes for these raw materials below.

Evaluation methodology

In prioritizing Cloetta's raw materials portfolio, the following aspects have been taken into account:

- What are the sustainability challenges for each raw material?
- What types of sustainability initiatives have been defined?

- Is this a strategic raw material for Cloetta?
- How large are the volumes purchased by Cloetta?
- Cloetta's scope to create sustainability projects independently?
- Delivery and quality risks?

Sustainable cocoa

Since 2014 Cloetta buys only sustainable cocoa from UTZ-certified farmers. This means that all cocoa and chocolate that is delivered to Cloetta's factories is UTZ-certified. For Cloetta it is vital to address the challenges facing the cocoa growers in West Africa. By switching to sustainable cocoa from UTZ-certified farmers, Cloetta creates a platform for securing a supply of high quality cocoa to the factories while providing better possibilities for West Africa 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 smallholder farmers, and each farm consists of an average of 2–4 hectares of land with an average yield of 1–2 tonnes of cocoa beans per year. Local intermediaries then distribute the raw materials to the international cocoa wholesalers and exporters, after which the cocoa is sent to Europe. Every year, Cloetta buys approximately 3,000 tonnes of cocoa in the form of cocoa liquor, cocoa butter and cocoa powder from suppliers in Europe.

Low productivity 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 grow high quality

Sustainable cocoa farming through UTZ

Cocoa is produced by around 5 million farmers and employs some 40 million people, of whom 70 per cent are found in West Africa, primarily Ghana and Cote d'Ivoire.

Challenge:

- aging trees
- diseases in the cocoa trees
- reduced soil fertility

Leads to:

- lower yields
- lower income
- lower quality of life

at the same time that demand for cocoa has been rising steadily for 100 years



Through UTZ the cocoa farmers are given

- Training in new farming methods
- Support to buy better plants, which leads to higher yields
- UTZ-certified cocoa farmers produce more than growers who are not affiliated with UTZ

Cocoa farmers in Cote d'Ivoire

UTZ-certified
453 kg/hectares

Not UTZ-certified
329 kg/hectares

Cocoa farmers in Ghana

UTZ-certified
444 kg/hectares

Not UTZ-certified
405 kg/hectares

Greater knowledge results in higher quality crops

UTZ-certified cocoa farmers in Cote d'Ivoire have higher knowledge levels than those who are not UTZ-certified, and 83% have shared this knowledge with their families, their employees and others.

In Cote d'Ivoire, **98%** of UTZ-certified farmers say that their cocoa beans meet the cooperatives' quality standards.

In Cote d'Ivoire, **37%** of UTZ-certified farmer feel that the quality of their cocoa beans has improved since joining the UTZ programme.

cocoa in an efficient manner is a root cause behind the farmers' low productivity. The farmers are also struggling with aging cocoa trees and declining soil fertility at the same time that they often lack the means to finance investments in new plants, fertilizers, etc.

UTZ-certified cocoa – for a better future

With UTZ-certified cocoa, the growers are assisted in building a better future with sustainable farming practices. 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 plants. 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 at www.utz.org.

Palm oil

From a sustainability perspective, there are a number of problems surrounding cultivation and production of palm oil and palm kernel oil. As a result, in April 2014 Cloetta adopted a new palm oil policy

Goals for sustainable sourcing

Goal 2020

Responsibility for raw material suppliers

- Sustainability programmes implemented for all prioritized raw materials.
- By the end of 2015, Cloetta's suppliers of oils and fats must have a fully traceable pipeline of palm oil fractions back to known mills. By 2020, the same pipeline will be traceable back to known plantations.
- 100 per cent of the cocoa and chocolate purchased by Cloetta will be UTZ-certified.

Outcome 2015

Responsibility for raw material suppliers

- Sustainability programmes for two new raw materials, cane sugar and shea butter, are under development.
- All of Cloetta's suppliers of oils and fats were audited against Cloetta's policy.
- 97.5 per cent of the palm oil that indirectly purchased by Cloetta has been verified against Cloetta's policy (2015 goals).
- All cocoa that Cloetta purchased during 2015 was UTZ-certified.



Shea butter comes from the nuts of shea trees, which grow wild in central Africa. Collection and drying of shea nuts currently employs around 16 million poor rural women in 21 African countries.

that is aimed at preventing destruction of rainforest in the countries of origin and increasing the traceability of the palm oil that Cloetta uses indirectly.

Palm oil is a high-yield crop that is one of the most traded vegetable oils in the world. Malaysia and Indonesia account for around 90 per cent of total global palm oil production, and if cultivated in a sustainable manner it can be an important source of income and economic development in these countries. However, there are a number of environmental and social challenges associated with production of palm oil, such as deforestation in environmentally sensitive areas, which has a negative impact on the entire ecosystem.

Due to the urgency of combating the long-term negative effects of palm oil production, Cloetta has decided to formulate a sustainable plan that contributes to preserving the rainforests for future generations. Consequently, in its palm oil policy Cloetta declares a commitment to zero deforestation by implementing new ways of working with its suppliers of oils and fats containing palm oil.

Some of Cloetta's products contain small amounts of palm oil. However, Cloetta does not buy pure palm oil but only oils and fats that contain derivatives of palm oil to a varying extent.

All palm oil (part of the content in an oil or fat) that is purchased by Cloetta is covered by GreenPalm certificates in accordance with the Roundtable on Sustainable Palm Oil (RSPO). This means that for each tonne of palm oil that is used in production, Cloetta pays a premium to palm oil producers that work according to the RSPO standard. Today, RSPO is the most widely supported method for achieving sustainable palm oil production.

Cloetta's palm oil policy

Cloetta's palm oil policy goes beyond that which is required in the RSPO standard and states that by the end of 2015, Cloetta's suppliers must have a fully traceable pipeline back to known mills. By 2020 the same pipeline must be traceable down to known plantations. In addition, Cloetta will only buy oils and fats from suppliers that can verify that the palm oil plantations comply with local laws in the countries of origin and guarantee that production is carried out in a sustainable manner and according to Cloetta's policy. No later than in 2017, Cloetta's suppliers must be able to verify that the plantations are run sustainably in compliance with Cloetta's policy. Furthermore, Cloetta will not permit palm oil extraction in primary forest, peatlands, areas with protected forest or areas where slash and burn farming is used in plantation operation.

Compliance with the policy

In 2015 all suppliers of oils and fats were audited by Cloetta. The results show that 97.5 per cent of all palm oil found in the oils and fats purchased by Cloetta met the traceability requirement back to known

mill by 2015. In 2016 the suppliers of the remaining 2.5 per cent will either be phased or that amount of palm oil will be replaced with other vegetable oils.

Sugarcane

To address the sustainability challenges found in the sugarcane industry, Cloetta has become a member of Bonsucro – a global non-profit organization that fosters sustainability in the sugarcane industry.

There are a number of sustainability challenges in the sugarcane industry. Deforestation to prepare the land for new sugarcane plantations is one of the biggest problems, but other problems related to the rights of indigenous peoples and the work environment also exist.

Most of the sugar purchased by Cloetta is of European origin and comes originally from sugar beets. As a result of the current market dynamics in Europe, Cloetta also buys sugar derived from sugarcane. For a long time the European sugar market has been regulated, which has made Europe a net importer of sugar. Every year, Europe imports 3 million tonnes of sugarcane-based sugar.

With more than 400 members from 32 countries that represent all parts of the delivery chain, Bonsucro is an organization that has the resources to realize its vision: "A sugarcane sector that is continuously improving and verified as sustainable". In addition to support Bonsucro's vision, this membership will give Cloetta the opportunity to better understand the challenges found in the sugarcane industry.

Shea butter

Shea butter is a vegetable oil that is found in some of Cloetta's chocolate products. The oil comes from the nuts of the shea trees that grow wild in central Africa, which are collected and dried in small villages on the savannah. The shea industry has nearly doubled over the past ten years and currently employs around 16 million poor rural women in 21 African countries. Shea butter is an important ingredient in food products, cosmetics and pharmaceuticals around the world.

But there are a number of major challenges for the shea industry in Africa. One primary problem is the declining quality of the shea nuts that are collected from year to year. Another problem is that the women who collect shea nuts have been largely alienated from the rest of the market, and are thereby prevented from receiving adequate compensation for their harvest. Furthermore, the number of shea trees is decreasing continuously, which indicates lower volumes in the future.

To overcome the sustainability challenges in the shea industry, Cloetta has joined the Global Shea Alliance (GSA). The GSA is a non-profit organization that promotes sustainability in the shea industry. The GSA's mission is to design, develop and propose strategies that provide a foundation for a competitive and sustainable shea industry worldwide, and to support and empower the rural African women and their communities.

Reduced environmental impact

Cloettas' 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. 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.

Environmental work in the factories

All of Cloetta's factories conduct systematic environmental management that includes action plans and monitoring in a number of different areas. Seven of the 13 factories are certified according to the ISO 14001 standard.

In 2015 all production units that already had ISO14001 certification will be added to Cloetta's multi-site certificate. The six factories that are not yet certified will be added to Cloetta's multi-site certificate successively.

Central environmental management system

To ensure the use of a structured and systematic approach to Cloetta's environmental issues, a decision was made in 2014 to implement a central environmental management system encompassing the entire Group.

The goal is to develop and integrate the environmental management system together with Cloetta's central ERP system. A fully integrated methodology creates better potential to live up to the Code of Conduct and deliver results in line with Cloetta's production policy.

Environmental goals 2020

Continuous reduction of the company's environmental impact is a central component of Cloetta's sustainability management. One important part of this work is the formulation of long-term goals and action programmes with clearly defined roles and responsibilities in order to meet the targets. For this purpose, Cloetta has defined three long-term environmental goals that extend until 2020, see fact box on page 47.

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.

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 scope of Cloetta's impact as a whole, 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 prioritized areas for Cloetta's environmental work are:

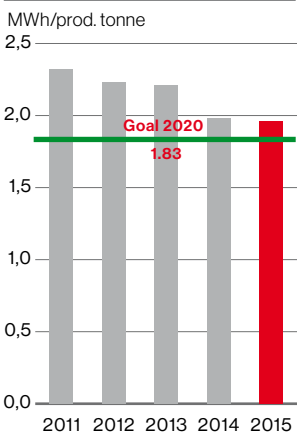
- Energy consumption
- Waste volume, type and recycling
- Reduction carbon dioxide emissions

Environmental key performance indicators

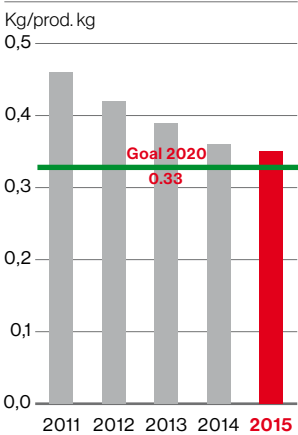
	2011	2012	2013	2014	2015
Total energy consumption, GWh	226	215	219	209	208
Energy consumption per produced tonne, MWh	2.32	2.23	2.21	1.98	1.96
CO ₂ per produced kilo, kg	0.46	0.42	0.39	0.36	0.35
Wastewater per produced tonne, m ³	4.4	5.0	4.0	2.9	2.9
COD* per produced tonne, kg	22.6	28.1	26.7	16.6	17.6
Waste per produced tonne, kg	70	80	72	66	67
Recycled waste, %	64	49	71	80	81

* See next page.

Energy consumption

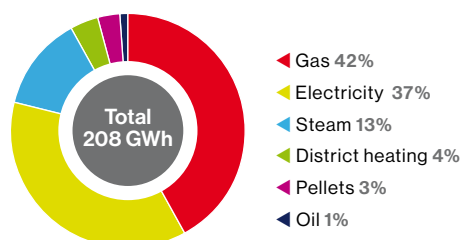


Carbon dioxide emissions



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

Energy sources



Energy consumption

The Group's aggregate energy consumption during the financial year was around 208 GWh (209). 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.

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-related and other waste. A decrease in raw material waste has a positive impact on both the environment and the Group's total costs. At present, 81 per cent (80) is recycled.

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.

Transports

Since 2014 Cloetta calculates CO₂ emissions from transports that Cloetta is responsible for. In 2015 48.7 kg of CO₂ were released per produced tonne. To reduce both freight costs and CO₂ emissions, Cloetta uses stackable pallets for transports between the factories and finished inventory. Furthermore, Cloetta chooses transporters that have two-level trailers and extra long bodies and that use a combination of road/rail/water transports, when possible. If viable, without jeopardizing product quality, refrigerated transports are avoided.

Goals for reduced environmental impact

Goal 2020

Energy consumption

- Reduce energy consumption in relation to the produced volume (MWh/tonne) by 5 per cent.

Waste

- Reduce the volume of waste in relation to the produced volume (kg/tonne) by 25 per cent.

Carbon dioxide emissions

- Reduce CO₂ emissions from production in relation to the produced volume (kg/kg) by 5 per cent.

Outcome 2015

Energy consumption

- Energy consumption in relation to the produced volume decreased by 1.5 per cent.

Waste

- The volume of waste in relation to the produced volume increased by 1.0 per cent.

Carbon dioxide emissions

- CO₂ emissions from production in relation to the produced volume decreased by 2.8 per cent.

The base year for the above-mentioned reduction targets is 2014.

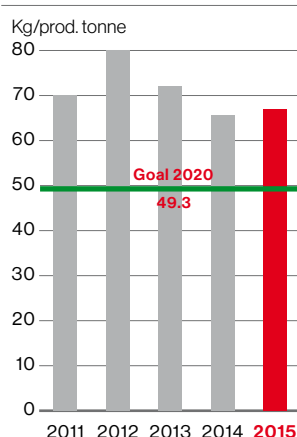
Wastewater

The volume of wastewater was 2.9 m³ (2.9) per produced tonne. In addition to the three prioritized goals, Cloetta is working 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 or organic compounds in water. There are several projects underway to improve the quality of the wastewater.

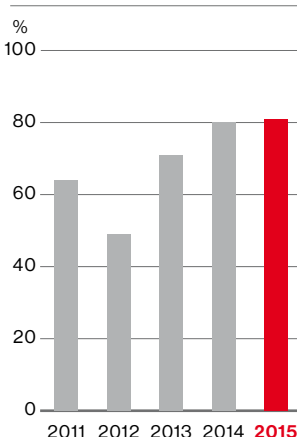
Packaging

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 common method for consumer packaging is so-called "flexibles", a material that can be recycled or incinerated.

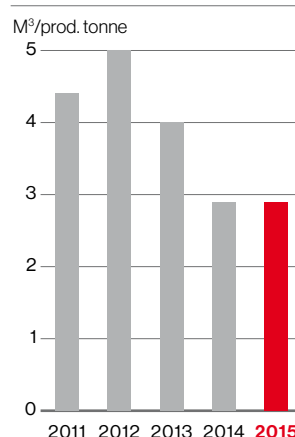
Waste



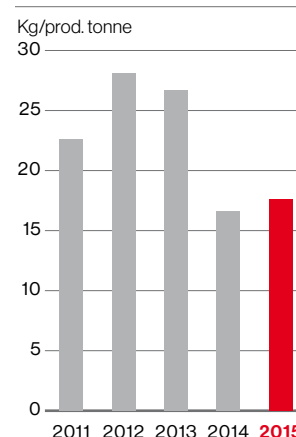
Recycled waste



Wastewater



COD*



* COD (Chemical Oxygen Demand), is a measure of the amount of oxygen consumed in complete chemical decomposition or organic compounds in water.

Responsibility for the consumer's well-being



Fewer calories with stevia

In order to offer products with a reduced calorie content, stevia plays a key role for Cloetta's products. Stevia is a plant native to South America whose leaves contain an intense and natural sweetness. Cloetta uses stevia extract in products such as Läkerol, chewing gum, Dietor and Dietorelle.

Nuts

Nuts are a natural source of many vital nutrients and also contain antioxidants. Cashew nuts are rich in iron, folic acid and zinc, peanuts (which are actually seeds) are rich in protein and contain high levels of Vitamin B3, almonds (actually seeds) are rich in Vitamin E and pistachios are very rich in antioxidants.

Dental benefits with xylitol

Production of the sweetener xylitol, which has fewer calories than natural sugar, was originally started in Finland in the 1970s through extraction from birch sap. Today xylitol is extracted from various hardwoods and from corncobs. Xylitol protects from tooth decay.

Natural raw materials

Goody Good Stuff and The Jelly Bean Factory are two examples where Cloetta has implemented the idea of 100 per cent natural ingredients. All artificial colours and flavours have been replaced by natural fruit and plant extracts and all other food additives have been removed.

In addition, both Goody Good Stuff and The Jelly Bean Factory are free from allergens and contain no animal-based gelatine, which makes the products suitable for vegetarians and people with food allergies.



Clear declaration of ingredients

Cloetta works continuously to develop responsible and clear information about the contents of the products via packages and the website.

Product safety

High quality and product safety are vital in food production and are strictly adhered to in every step of Cloetta's production processes, from inspection of raw materials to finished products. First class raw materials, correct handling and processes according to the recipes create the right flavour, appearance and consistency and eliminate any risks to the consumers.





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 decisive for the company's future.

Cloetta works determinedly to create an attractive workplace for all employees and promote the development of a high-performing organization by continuously developing and training its staff, designing competitive remuneration 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 that there is a genuine interest in understanding how the employees see their place of work, i.e. what they appreciate and what they find lacking or are simply dissatisfied with.

According to Great Place to Work, the best workplaces are built through day-to-day relationships. From the employees' perspective, a good workplace is one where you:

- *Trust* the people you work for,
- *Have pride* in what you do, and
- *Enjoy* the people you work with.

Cloetta conducted the recurring employee survey "Great Place to Work" at the end of 2014. The response rate was 85 per cent and Cloetta achieved a Trust Index® of 60 per cent. The target for the next survey is to reach 63 per cent.

In 2015 the respective country and factory and department results were analyzed in greater detail. In most of Cloetta's work groups, the main focus has been on improving communication both between the management and employees and between departments. At the end of 2015 Cloetta started preparations for sending out the next employee survey, which is scheduled for the beginning of 2016. In order to optimally handle and focus on the ongoing projects and work with the

results of the survey, this will first be done in the commercial organizations and thereafter in the various production areas.

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 trade unions organizations. 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 International Labour Organization (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.

Goals for greater well-being

Employees

- The number of days between occupational accidents with >1 day of sickness absence will exceed 28 days in 2016. The outcome in 2015 was 26.
- Great Place to Work – the Trust Index will exceed 63 per cent in 2016. The outcome in 2014 was 60 per cent. The next survey will be conducted in 2016.

Whistle blower service

Cloetta strives to uphold an open business climate and high business ethics, and to safeguard safety and respect for the people who are affected by our operations. In 2015 Cloetta implemented a whistleblower service that gives all Cloetta employees the opportunity to report concerns about conduct that is not in line with the company's values or ethical principles. The whistleblower service is an early warning system to reduce risks, ensure good corporate governance and preserve the customers' and public's trust in the Group. As a first course of action, Cloetta's employees are encouraged to contact their manager. If an employee feels unable to openly disclose the information, Cloetta offers an opportunity to report their concerns anonymously.

To ensure the employees' anonymity, the service is operated by an independent third party where the reporting channel is encrypted and password protected. All reports are treated confidentially. Personal data relating to violation of laws is handled only by key persons or individuals in management positions.

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 secure working environment is to ensure that no one is subject to discrimination or sexual harassment.

Diversity

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. Questions that take up whether anyone feels that they have been harassed or discriminated against are included in the employee survey "Great Place to Work".

The right expertise

Cloetta is committed to continuously renewing and utilizing the Group's aggregate expertise. Competent employees that are given scope to realize their full potential create the conditions for Cloetta to maintain its position as an attractive and innovative partner not only for the employees but also for customers, suppliers and business partners. A learning-driven organization 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 jobs and to continuously clarify and improve roles, responsibilities and working methods throughout the organization. Cloetta strives to be an attractive employer in the markets where the company is active and thereby retain valuable employees.

All recruitment takes place locally with the support of centrally developed tools that include both skills tests and self-assessment tests. For all positions, the selection is based on a job description with specific set of competencies against which the candidates' performance is measured, in combination with analysis of the various tests and interview material.

Trust in leadership and each other

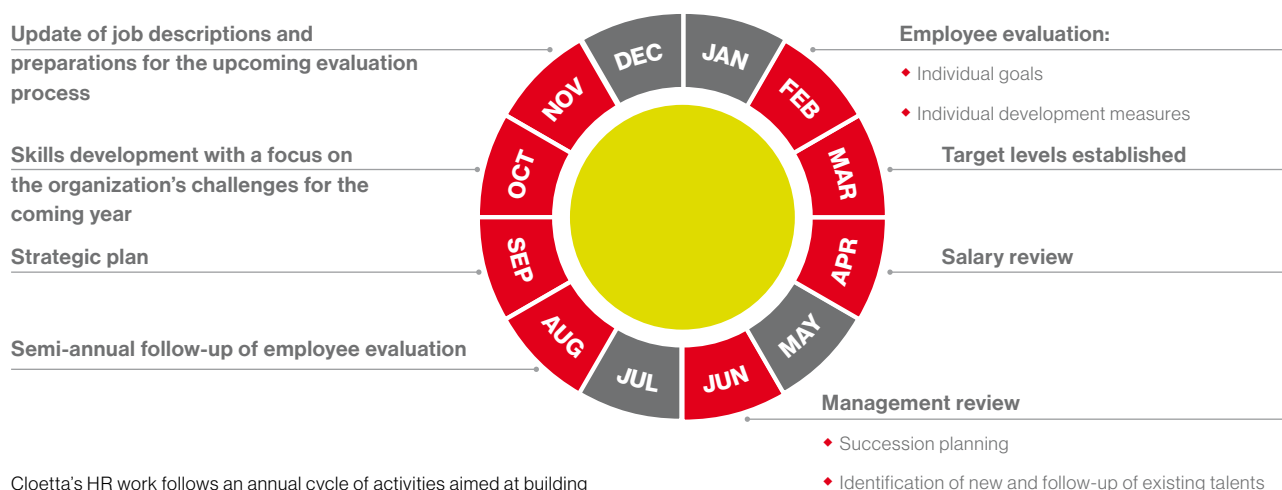
As a leader, it is vital that you dare to trust in both your own leadership and in others. It is also essential to understand each other and why different individuals behave the way they do.

For some time Cloetta has worked with the leadership tool Management Drives, which is based on the use of a questionnaire that among other things identifies the drives for each employee, what energizes them and what drains them of energy. By using this leadership tool, both managers and employees are made aware of their own profiles and thereby which working methods suit them best. In 2015 the company further developed its leadership tool through the launch of Cloetta's Leadership Dimensions, which are as follows:

- Visionary Leadership
- People Leadership
- Entrepreneurial Leadership
- Structured Leadership
- Committed Leadership
- Trusted Leadership

Each dimension is briefly described with the help of a number of competencies and behaviours that are tied together with Management Drives. By interconnecting these two, the Group has created its own terminology that describes who we are and why good leadership is necessary in order to realize the Group's vision, inspire maximum motivation and performance among the employees and create profitable long-term growth.

Cloetta's HR wheel



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

Safety – the foundation for operational excellence

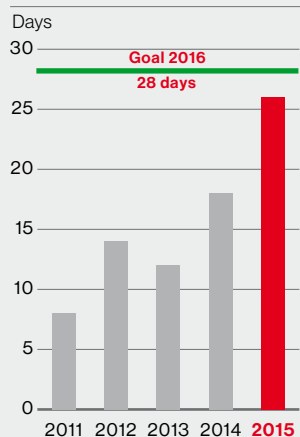
The single most important reason for creating a safe and healthy working environment at Cloetta is to ensure that the employees can return home to their families every day in the same physical condition they left in. But there are also other good reasons. Cloetta aims for operational excellence in everything the company does. As a first step towards achieving operational excellence Cloetta focuses on safety. Being and feeling safe on the job are essential in order to develop and perform well in the workplace.

All accidents can be avoided, and by investigating accidents and incidents Cloetta will continue to eliminate the root causes of injuries. To support these efforts there is also a programme aimed at minimizing the risks in our business, even if it is not possible to create a risk-free environment.

In 2015 considerable resources and effort were devoted to further developing Cloetta's safety culture. The results for 2015 show a substantial improvement, but it is crucial to remember that every accident can lead to suffering for the individual. Cloetta measures the number of working days between accidents (accidents with more than one day of absence) and compared to 2014 the average number of days between accidents has increased from 18 to 26.

Days between occupational accidents

(average number of days between incidents leading to >1 day of absence)



Cloetta has continued to work with attitudes toward risks, improvements in the equipment and implementation of policies. The use of discussions and workshops promotes safety awareness, which is critical in changing behaviour.

In spite of the excellent results and improvements achieved in 2015, Cloetta will continue to drive its safety culture in 2016 by focusing on the three following areas:



Leadership

Cloetta applies the principle of leading by example. Leaders at all levels in Cloetta must make safety their top priority and act accordingly.

In 2015 all leaders in the supply chain attended a full-day training course on safety that covered leadership and safety conversations according to the watchword "take 60 seconds to think before acting". This has already had a significant impact on the safety culture, which has led to a doubling in reporting of unsafe acts and conditions and near misses.



Risk reduction

It is not possible to eliminate all risks. Instead, Cloetta's focus is on reducing the greatest risks while at the same time managing other risks in our activities. This is done through a system in which Cloetta analyze all current risks in its business and then establishes group-wide projects to reduce them. One such example is the ongoing programme to upgrade the forklift truck fleet to safer machines equipped with additional safety features. In combination with this, the drivers are being trained according to a uniform standard to ensure that the right behaviours are established. And lastly, investments are being made in the factory infrastructure to create separate areas for forklift trucks.



Behaviour

Human behaviour is decisive for management of safety aspects. Every employee at Cloetta is responsible for his or her own behaviour when it comes to safety. Furthermore, all Cloetta employees must take responsibility for the behaviour of their colleagues. The concept of "my brother's keeper" is a mindset that will be developed through activities in the safety conversation programme, where all employees are given the opportunity to challenge unsafe acts and discuss more effective methods for performing tasks so that the risks are reduced. The programme is long-term and group-wide.



This concept was launched with the help of a digital “playing field” where managers cooperated in groups to work through a number of exercises aimed at providing a better understanding and insight into the different Leadership Dimensions. A simple digital PC- and mobile-adapted tool was created to assist the managers with follow-up of their activities in day-to-day leadership. In 2016 Cloetta is planning training activities to strengthen Cloetta’s Leadership Dimensions in day-to-day work and create an understanding of how each individual’s own leadership can be developed in a way that boosts employee motivation and performance.

New salary framework

One major factor in how employees perceive the attractiveness or their workplace is the feeling that they are fairly paid and that there is a well supported salary structure in the company.

For several years Cloetta has been working closely with one of the major consulting companies to develop an optimized framework and strategy for Cloetta’s remuneration/salary structure. All positions at Cloetta have been evaluated and plotted on a matrix where comparable jobs are ranked similarly regardless of company or function. This has then been supplemented with a salary structure that is benchmarked against other food producing companies in each country. The results provide an excellent basis for upcoming salary reviews, where the existing salary level and the year’s performance are key parameters in the framework that has now been established.

Number of employees

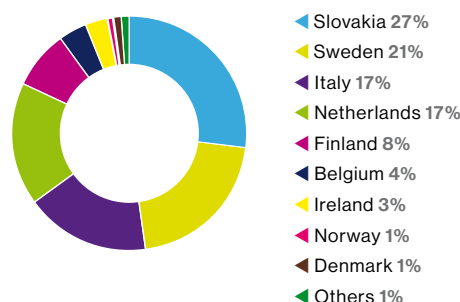
The average number of employees in 2015 was 2,583 (2,533). The increase is due to the acquisitions during 2014 and 2015, but was offset somewhat by the factory restructurings that were carried out successively during 2014. Of the total number of employees, 54 per cent are employed under collective agreements and 46 per cent are salaried employees.

Flat organization for shorter decision-making processes

Cloetta has employees in 14 countries who are active in sales and marketing, production, innovation and support functions. Cloetta’s head office is located in Stockholm.

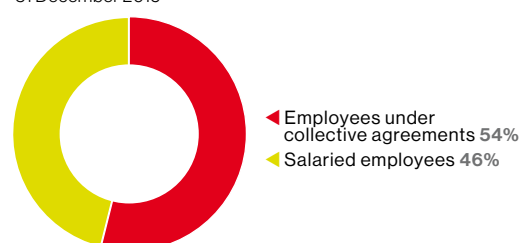
Cloetta is organized according to function and its commercial organization is separate from the supply chain organization. Personnel, finance and administrative units are found in each main market and serve as support functions for both the local sales and marketing organization and for production. Responsibility 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.

Employees by country



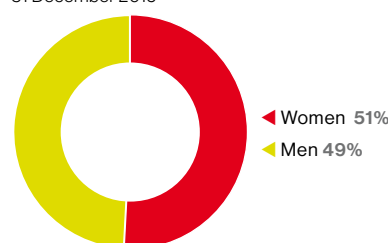
Employee categories

31 December 2015

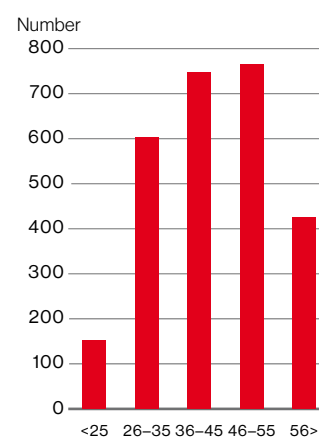


Gender distribution

31 December 2015



Age distribution



Employees	Slovakia	Sweden	Italy	Nether-lands	Finland	Belgium	Ireland	Denmark	Norway	Germany	UK	Other	Total
Average number of employees	706	553	440	426	193	106	68	38	35	7	6	5	2,583
– of whom, women	480	253	179	159	160	24	25	21	16	3	3	4	1,327
Sickness absence, %	7.1	5.6	4.7	4.8	2.2	6.9	4.0	1.7	7.9				