



# 2021

SUSTAINABILITY REPORT





# CONTENTS

3	Sustainability at the core
10	Climate and circularity
15	Sustainable products and innovations
18	Sustainable sourcing
23	People and well-being
<b>28</b>	<b>REPORTING PRINCIPLES</b>
29	Sustainability reporting principles and data
32	GRI Content index





# SUSTAINABILITY AT THE CORE

**At Fazer, we develop food as a solution for a more sustainable planet and business. We acknowledge the substantial impact that the way food is grown, produced and consumed has on people’s well-being, on the environment, and on society.**

More than ever before, the food industry is experiencing a period of rapid transformation. This widespread transition is strengthening consumer trends and shaping expectations. Today, sustainability and responsibility have a greater bearing than ever on consumers’ purchasing decisions.

At Fazer, sustainability is embedded into our strategy. It influences everything we do, starting from the way we manage our company, operate our businesses and supply chains, and develop new products, innovations and foodtech, to our marketing and branding activities.

To ensure that Fazer remains relevant, we regularly review and refine our strategy and goals. It was for this reason that we broadened the scope of our sustainability goals in 2021.

## Updating our sustainability focus areas in 2021

During the year, we conducted a materiality analysis encompassing our main markets. In order to understand and target the topics our stakeholders consider relevant, we gathered the views of hundreds of stakeholders, including our customers, partners and our own employees.

In this assessment, our stakeholders brought human rights, employee well-being, and other social responsibility topics to the fore in a manner that prompted us to update our sustainability approach. Although social responsibility has been an important part of Fazer’s sustainability agenda for decades, we had not previously named it explicitly as one of our main goals. Rather, we treated it as a critical aspect of other topics, such as responsible sourcing.

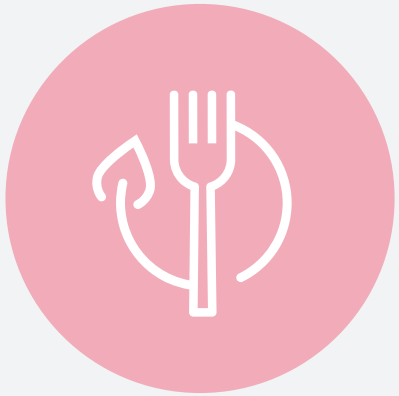
During the year, we re-organised our four sustainability core goals under four focus areas and renamed them as our Sustainability Ambitions. We think that by applying our sustainability efforts to these areas, we can best create value according to our mission Food with a purpose.

## OUR SUSTAINABILITY AMBITIONS



### CLIMATE & CIRCULARITY

We mitigate climate change and optimise our use of resources through circularity.



### SUSTAINABLE PRODUCTS AND INNOVATIONS

We innovate for a more sustainable food system.



### SUSTAINABLE SOURCING

Our supply chain is fair and sustainable.



### PEOPLE & WELL-BEING

We provide opportunities for growth in a modern, safe and inclusive culture.

Committing to science-based targets

Our commitment to the Science Based Targets initiative (SBTi) was a key highlight of 2021. Following concerted efforts aided by external experts, we identified the areas where we could improve our energy efficiency and reduce our use of fossil-based energy. We also determined the concrete measures and investments needed to reach our targets and prepared business-specific road maps for implementation.

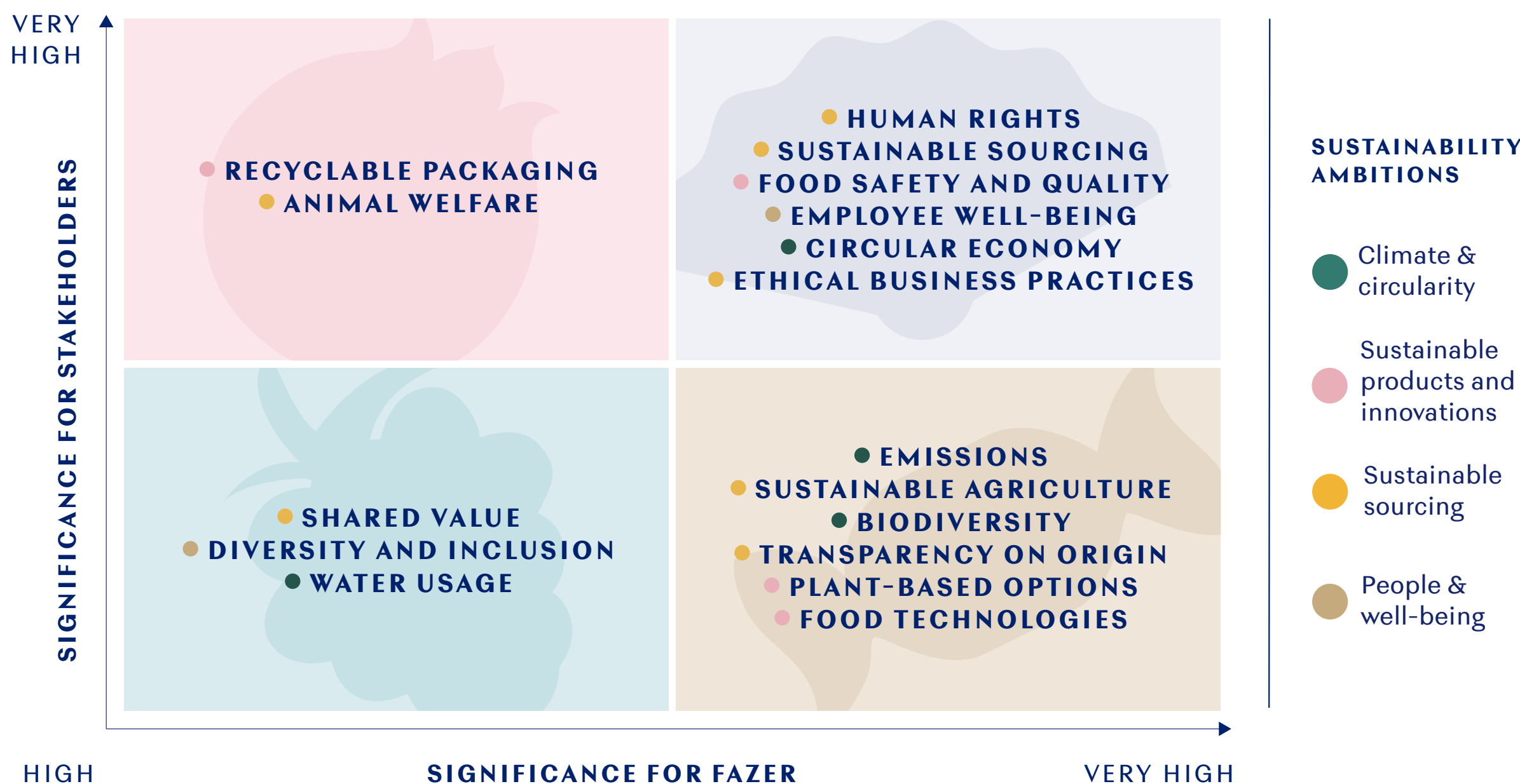
We are proud of the massive contributions Fazer's employees in our different businesses made to the comprehensive study on

our energy consumption, emissions, and reduction potential. At the end of the year, SBTi approved our ambitious climate targets, confirming that our emission reduction actions support the goals of the Paris Climate Agreement to limit global warming to 1.5°C.

Collaboration on regenerative farming e-learning course with BSAG and Reaktor

Our collaboration with the Baltic Sea Action Group (BSAG) and the digital technology company Reaktor on a regenerative farming e-learning course for farmers was another noteworthy initiative during 2021. Regenerative farming refers to agricultural

MATERIALITY MATRIX



FAZER'S PRIORITY SDGs

The United Nations Sustainable Development Goals, or SDGs, are 17 broad goals, with many sub targets, that all aim to ensure a sustainable future for generations to come, eliminate poverty and hunger and promote peaceful and inclusive societies for everyone, without distinction, by 2030. In 2021 Fazer took a deeper look at all the 17 goals to prioritise the ones we can most help advance. We reviewed our sustainability work and Sustainability Ambitions against the SDGs and concluded that eight SDGs stand out as most relevant for Fazer's work now, and in the near future.

Fazer's priority SDGs associated with sustainability work are

**SDG 2:** End hunger, achieve food security and improved nutrition and promote sustainable agriculture

**SDG 3:** Ensure healthy lives and promote well-being for all at all ages

**SDG 5:** Achieve gender equality and empower all women and girls

**SDG 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

**SDG 12:** Ensure sustainable consumption and production patterns

**SDG 13:** Take urgent action to combat climate change and its impacts

**SDG 14:** Conserve and sustainably use the oceans, seas and marine resources

**SDG 15:** Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



methods to mitigate climate change by sequestering carbon and binding it into the soil.

More than 1,200 farmers have initiated the e-learning course, which was a particularly valuable initiative in our collaboration with stakeholders and supplier-farmers during the coronavirus pandemic. While it will take time for the results to materialise, contributing to free education for farmers on climate and biodiversity-friendly farming is an important long-term investment for Fazer.

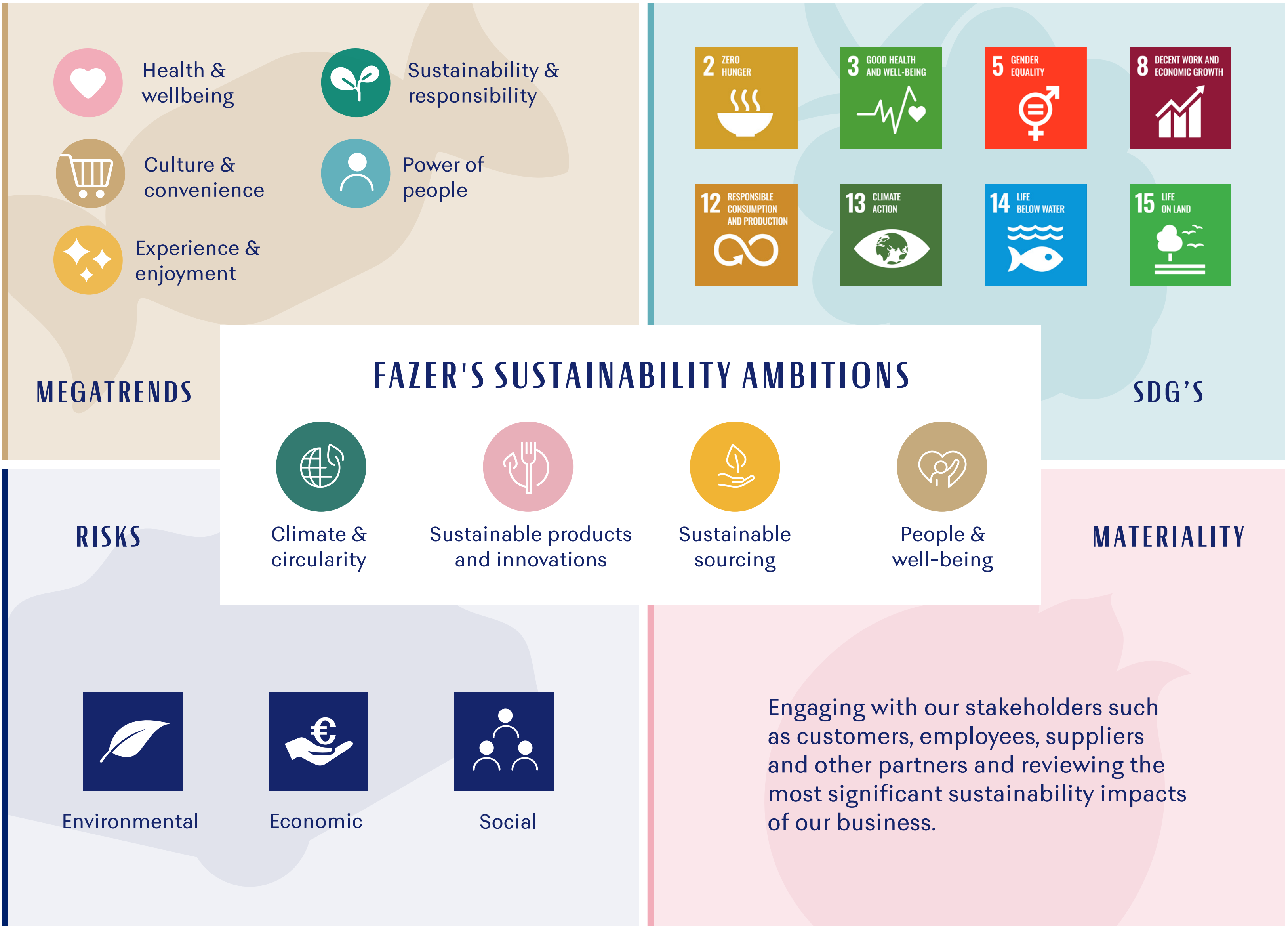
The circumstances of the pandemic in 2021 made it impossible to pursue our normal methods of stakeholder collaboration. Instead, webinars and other types of remote meetings were the norm, whereas ordinarily, we would have interacted with our stakeholders in person.

Our Sustainability Ambitions

Fazer’s Sustainability Ambitions address relevant global trends while taking the views and expectations of our stakeholders into account. The strategic reasoning behind them incorporates the societal megatrends that are the most closely related to our industry, a substantial materiality assessment and a thorough risk assessment. We believe that by applying our sustainability efforts to achieve these ambitions, we can best create value according to our mission Food with a purpose.

In addition, our Sustainability Ambitions consider our efforts to support the UN Sustainable Development Goals (SDGs), and through our services, operations and supply chain, contribute to their achievement by 2030.

In order to focus our actions and maximise our positive impact, we have mapped our contribution and determined our priorities towards 2030 across our value chain.





How we manage sustainability

At Fazer, our continuous sustainability work is managed by the group sustainability team and our sustainability and Quality, Environmental, Health and Safety (QEHS) network, which consists of experts from all our businesses and countries. It is steered by the Environment, Social and Governance (ESG) steering group, which we established in 2021 to place a stronger focus on sustainability and provide a clear decision-making body for these topics. Each of the above mentioned forums has a clearly defined role and specific responsibilities.

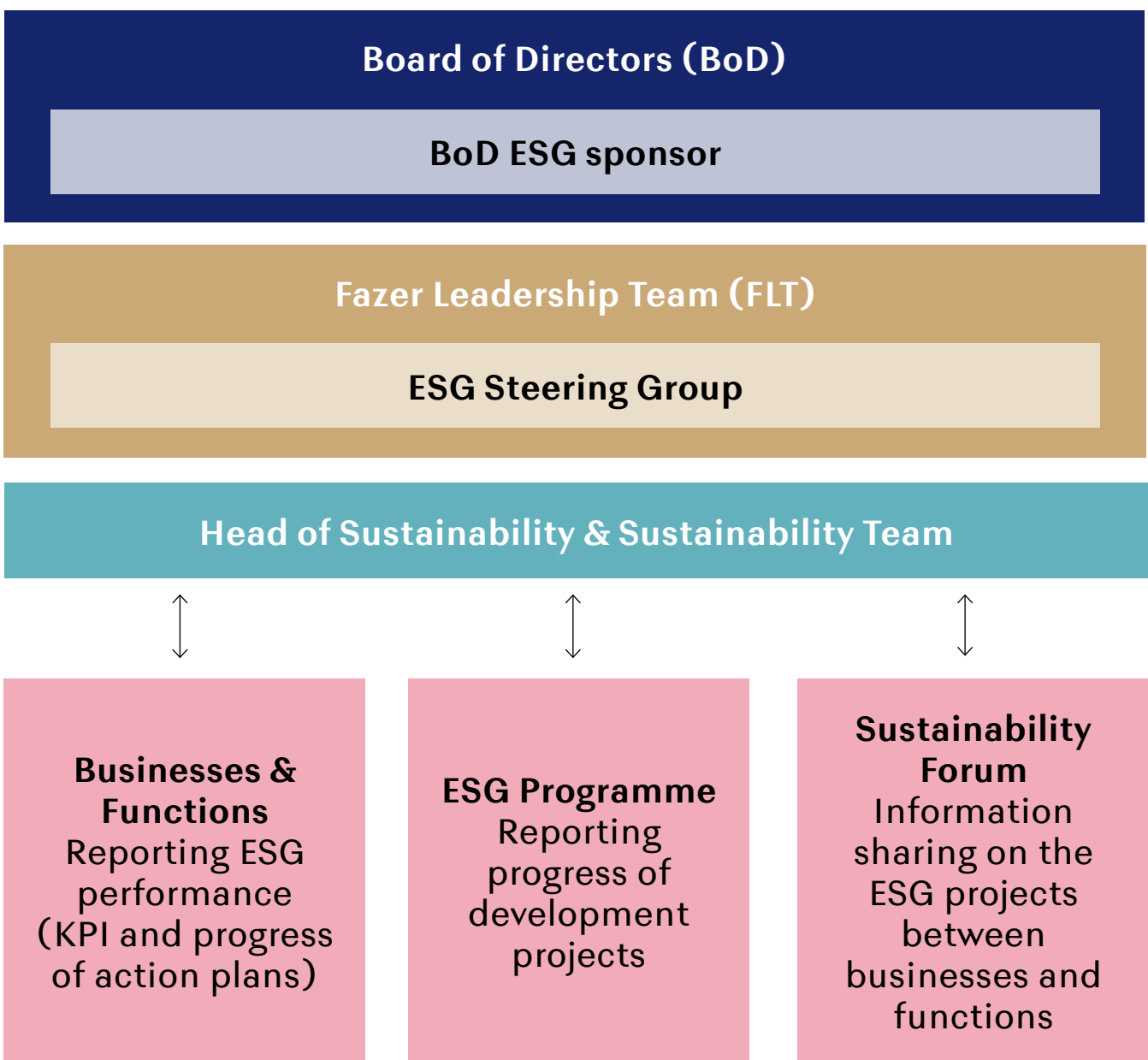
The highest authority in sustainability matters lies with our Board of Directors and the Fazer Leadership Team. Our efforts are guided by our Sustainability Policy, in addition to our Human Rights Policy and QEHS Policy, both of which were updated in 2021, as well as by our governance practices and procedures.

Upholding ethical business practices

As an organisation, Fazer always strives for excellence and endeavours to serve as a trusted partner to our customers and other business associates. In 2021, we revamped our Ethical Principles as Fazer’s Code of Conduct and introduced it throughout our whole organisation during the year.

Our Code of Conduct is based on the ten international principles of the UN Global Compact, which we joined in 2012. We are strongly committed to supporting the implementation of the United Nations’ Sustainable Development Goals (SDGs) and have defined the ways in which our work to advance sustainability through our operations contributes to them.

GOVERNANCE



Fazer’s Code of Conduct defines who we are as a company and describes the principles, standards, and ethical and moral expectations we hold ourselves to in our interactions with our colleagues, customers and business partners. Guided by our values Northern Liberty, True Relationships, and Fearless Creativity, we create and develop an ethical business culture jointly with all our employees and seek to uphold the highest level of ethical behaviour in all that we do.

Fazer is committed to responsible marketing practices and follows the guidelines set by the International Chamber of

Commerce (ICC) for Responsible Food and Beverage Marketing communication. During the year, there were no breaches against our marketing policy. One claim is still pending and in one case we changed the labelling practices based on the received feedback.

Systematic sustainability management

Quality, food safety, environment and occupational safety management systems are important means for driving sustainability at Fazer on the site level. Through site-specific management systems, we aim for systematic and unified ways of working, developing competences, strengthening risk management, and ensuring regulatory compliance. The certification status of all Fazer’s operational sites can be found on page 31.

Fazer works to ensure the first-rate safety and quality of its products, and all our production sites have food safety management certifications (FSSC 22000, IFS) approved by the Global Food Safety Initiative (GFSI). In addition, we maintain high quality standards and have various controls in place to protect food safety and consistent quality. In 2021, there were three product recalls regarding food safety. The product recalls were made due to safety precautions related to allergens or additives found to contain ethylene oxide more than the maximum limit set by the EU.

In the area of environmental management, the majority of our sites are ISO 14001 -certified and have a systematic way of identifying, monitoring, and minimizing their environmental impacts. In terms of health and safety, the Occupational Health and Safety (OHS) management systems of Fazer sites are based on local legislative requirements at the minimum. Most of our sites also hold the ISO 45001 certificate.

# STAKEHOLDER ENGAGEMENT

Key stakeholders	Key channels of dialogue	How we respond to stakeholder expectations
Consumers	We have a strong presence in the Nordic market and engage with consumers in our cafés, shop-in-shop bakeries and bakery shops, as well as through consumer service and online channels, surveys, websites and social media and packaging.	We understand consumers' needs for health, sustainability and convenience when it comes to their food experience. It is vital for us to engage with consumers to understand what they value, and to be able to turn these insights into new products and services. Consumers trust and have high expectations towards the Fazer brand and the quality and safety of our products and services. We provide reliable information on our products and services and Fazer as a company.
Customers	We maintain close relationships to our customers through meetings and other cooperation events, questionnaires, newsletters, and customer feedback surveys.	Our customers are particularly interested in how we ensure food safety and quality, the sustainability of our raw materials and our actions in emission reduction. We pay close attention to providing transparent information about the origins and other sustainability related information of our products. We bring value through both services and products that are of high quality, sustainable and right for the customer.
Employees	In addition to company wide processes such as the Individual Performance Management Process, employee engagement surveys and Fazer's whistleblowing service, we ensure active dialogue through day-to-day communication between managers and employees, personnel events, intranet and other internal channels and discussions with the local HR.	Ensuring the well-being, health and safety of all our employees is our priority. We have established workplace safety practices at all our production sites, emphasize competence development and work for a more diverse and inclusive working environment.
Shareholders and financial institutions	Annual general meeting and Annual Review, regular reports and information meetings, other regular events such as the summer meeting, shareholders' website	We provide accurate and reliable information on our performance, governance, business development and sustainability in channels which best suit the shareholders.
Suppliers and service providers	Supplier relationship management process, meetings, agreements, supplier requirements, audit questionnaires, audits, monitoring meetings and visits	Working together with our suppliers to ensure food safety and quality, ethical business practices as well as minimising environmental impact of raw material production is the foundation of our approach with suppliers. We have close supplier relationships and we cooperate with our suppliers for example in the area of sustainability. We equally want to safeguard human rights and fair working conditions throughout our supply chain.
Society (authorities and governments, media, NGOs and local communities)	Meetings, partnerships and collaboration, questionnaires, events	We create value to the society and engage in active dialogue. We are members in and have partnerships with various organisations and support numerous non-profit organisations. We believe in open and transparent communication.
Universities and research institutes, start-ups	We are an active participant in research consortiums and ecosystems that bring together actors in the food industry and beyond.	We want to continuously develop our offering for a more sustainable food system and strengthen our expertise in foodtech. Through partnerships and by combining our own research with university and start-up collaboration, we expand our own expertise and improve our capabilities to introduce sustainable innovations with social significance.

# MEMBERSHIPS AND INITIATIVES

**Fazer is an active member in several associations that drive sustainable practices in the food industry and Fazer's operating countries. We additionally support and work with organisations that provide aid or work for an important cause in our communities.**

## Food industry and trade associations

- Finnish Food and Drink Industries' Federation (ETL) with Fazer experts in its working groups
- Food industry associations in Sweden, such as DLF, a grocery retail and foodservice trade association with Fazer as Board member and Swedish Food Federation
- Other relevant food industry associations in our operating countries, such as the Finnish Bread Information (Leipätiedotus ry)
- Confederation of Finnish Industries (EK) with Fazer experts in its working groups
- Local Chambers of Commerce in Estonia, Lithuania and Latvia, with Fazer as a member company

## Research consortiums and projects

- Healthgrain Forum, a network of universities, institutes and industries focused on research and communications on grain and grain based products, with Fazer as founding member
- Global Plant Based Food Ecosystem, an ecosystem aiming to accelerate the transition towards a more plant-based diet, with Fazer as member
- Nordic Rye Forum, a collaboration platform for innovation and research in rye, with Fazer as an industry member company
- Research collaboration with universities and other educational institutions, such as the University of Helsinki and the Swedish University of Agricultural Sciences
- Several projects as part of our foodtech research network together with other stakeholders in the industry, such as Well on Wheat, an international research project on the health aspects of wheat, and Food without fields coordinated by the Natural Resources Institute Finland (LUKE) and the Technical Research Centre of Finland (VTT)

## Sustainability initiatives

- The United Nations Global Compact, with Fazer as member since 2012
- The Science Based Targets initiative for substantial emissions reductions in Fazer's operations and value chain by 2030
- Member in key sustainability associations on the sustainability of raw materials: Roundtable on Sustainable Palm Oil, Round Table on Responsible Soy Association and World Cocoa Foundation
- Several sustainability initiatives in Sweden, such as the DLF Plastic and Transport initiatives 2025, Fossil-free Sweden and Sustainable Food Chain (Hållbar Livsmedelskedja)
- Other topic-specific sustainability initiatives, such as the Water Stewardship commitment and the Baltic Sea Action Group
- Business networks for sustainability, such as the Climate Leadership Coalition and FIBS (Finnish Business & Society)

## Support and collaboration

- Non-profit organisations, such as WWF Finland, SOS Children's Villages, NPO Estonian Association of Large Families and the Lithuanian and Latvian Red Cross organisations
- Cooperation with schools and educational institutions, such as the Tallinn School of Service, Tartu Vocational College and the Kaunas University of Technology
- Sports events and associations, such as the Stafettkarnevalen event in Helsinki, Finland
- Partnership with Hanken School of Economics, Finland



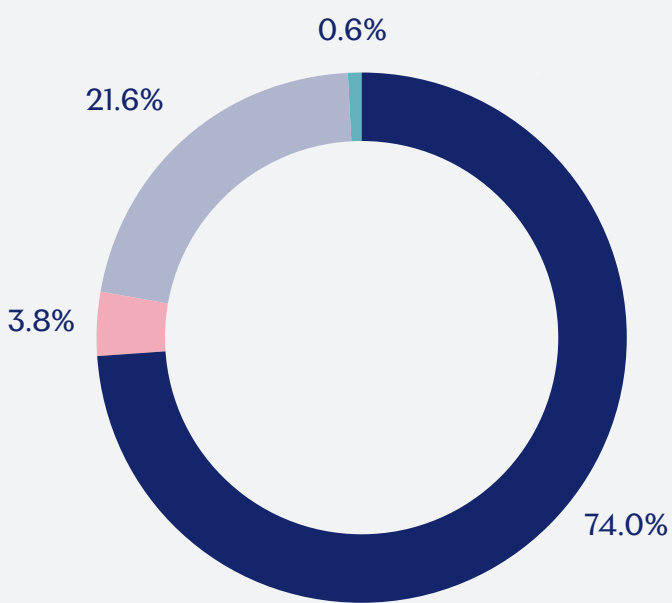


# ECONOMIC VALUE GENERATED AND DISTRIBUTED

MEUR	2021	2020
Economic value generated		
Customers (net sales, other operating income, financial income, sales of assets)	1,158	1,565
Suppliers		
Direct purchases	422	419
Indirect purchases	294	281
Added value	443	866
Economic value distributed		
Personnel (salaries, wages and other indirect employee costs)	332	347
Society (taxes and donations)	17	24
Owners (dividends)	97	58
Financiers (interest and other financial expences)	3	8
Economic value retained in business	-6	430

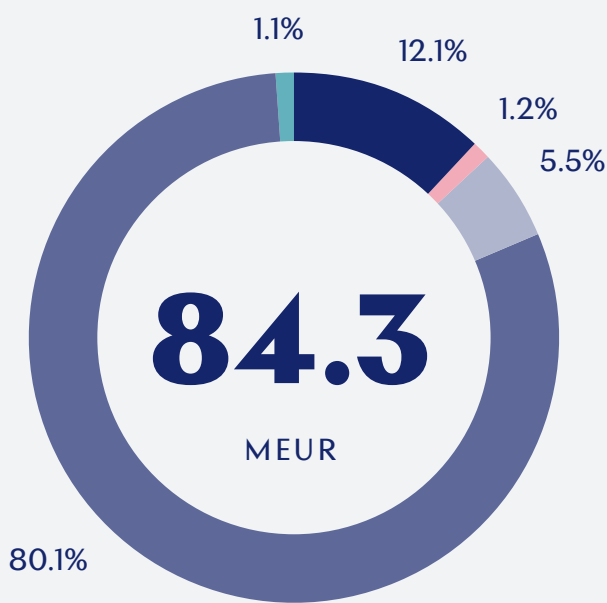
Fazer is a trusted partner to our customers and other business associates.

DIVISION OF ECONOMIC VALUE, MEUR



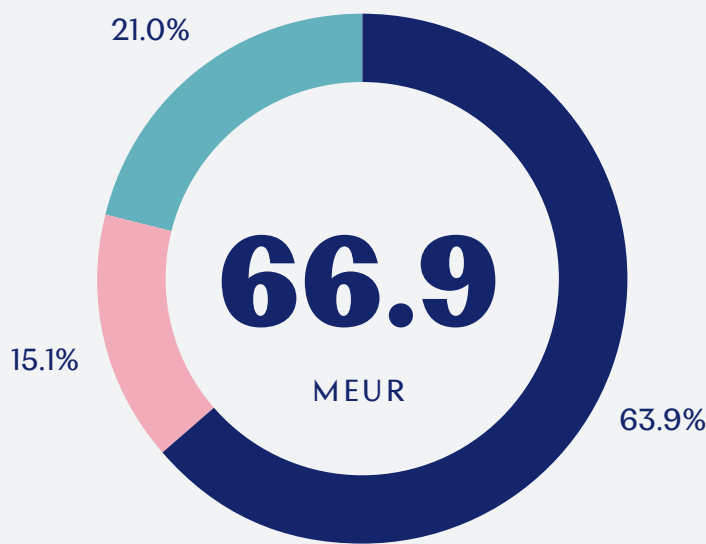
PERSONNEL 331.9  
SOCIETY 16.9  
OWNERS 96.8  
FINANCIERS 2.7

TAXES BORNE AND EMPLOYER CONTRIBUTION, MEUR\*



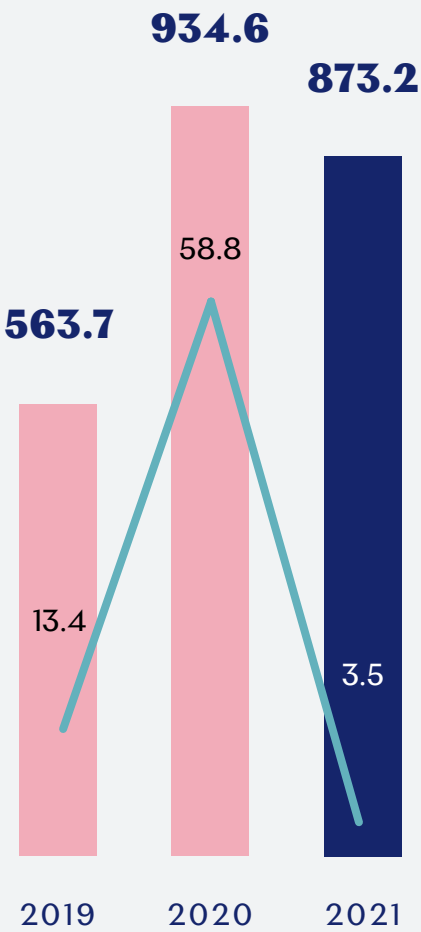
\* INSURANCE TAXES AND ENERGY TAXES NOT INCLUDED

TAXES COLLECTED, MEUR



PAYROLL TAXES 42.7  
VAT, NET 10.1  
OTHER TAXES 14.1

EQUITY AND RETURN ON EQUITY



EQUITY, MEUR  
RETURN ON EQUITY (ROE), %



# CLIMATE AND CIRCULARITY

We mitigate climate change and optimise our use of resources through circularity.

We at Fazer can make a difference by taking action to reduce the impacts of food production on our environment. The global food system and its emissions play a significant role in accelerating climate change, which in turn impacts the availability, accessibility, and cost of our raw materials. By doing our best to mitigate the climate crisis, we also protect the longevity of our business.

**DECREASING OUR EMISSIONS AND MITIGATING CLIMATE CHANGE**

We have recently updated our energy and climate long term plan. We have identified over 50 emission reduction actions in our own

operations as well as the main investments that Fazer must make in order to hasten our progress in curbing our CO<sub>2</sub> emissions. We will focus on further improving energy efficiency as well as on switching to renewable energy sources in our production sites.

In Finland, Sweden, and Latvia, the electricity we purchase already comes from 100% green, fossil-free sources, while on the Group level, the share was 82% in 2021. Our updated energy and climate LTP guides all our operations in the different markets where we operate. It further outlines actions such as switching from natural gas to biogas, increasing heat recovery, improving ventilation, and investing in bio-heating facilities.



Our work on climate and circularity most closely affects SDG 12 on Responsible consumption and production and SDG 13 on Climate action, and to a lesser extent, SDG 15 on Life on Land. Reducing our emissions in scopes 1, 2 and 3 positively impacts SDG 13, and this is indeed a key topic in our environmental work. Focussing on implanting circularity measures, reducing waste throughout the value chain, particularly food waste, are important ways we support SDG 12 on sustainable consumption and production patterns. Paying attention to the sustainable use and management of land, forests and water also supports SDG 15 regarding the sustainable management of land, including halting biodiversity loss.

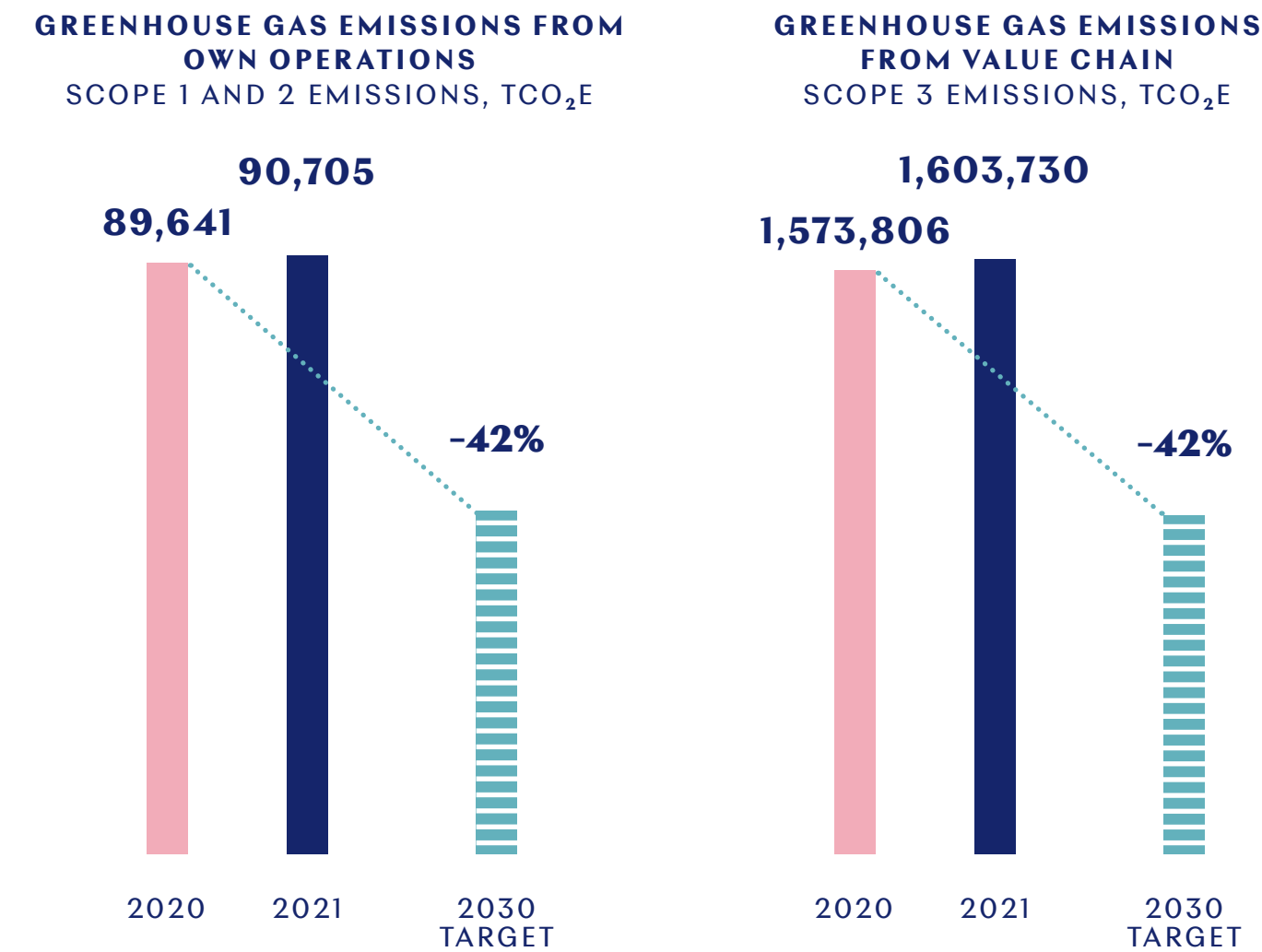




However, as the majority (95%) of Fazer’s total emissions come from our supply chain, it is vital that we further strengthen the work we do with our suppliers. We are also continuously developing our portfolio of plant-based products which have a lower environmental impact compared to animal-based ones.

In 2021, we continued the work towards our target of cutting down the emissions of our operations per produced tonne by half. By committing to the Science Based Targets (SBT), we pledged to reduce our emissions in absolute tonnes.

Our Group’s total CO<sub>2</sub> emissions amounted to about 1.7 million tonnes in 2021. Reported emissions were higher than the previous year due to widening of the scope of the calculation. The main



reason for the increase in emission intensity was a more energy-intensive product mix, such as frozen products, from fossil-dependent production.

We actively monitor the latest developments in science and technology and the new fossil-free and low-carbon solutions that are forthcoming. Together with our business partners, customers, and suppliers, we will find new ways to further reduce our emissions in the future and continue reporting on the progress of Fazer’s climate actions annually.

**REDUCING FOOD LOSS AND FOOD WASTE**

Reducing food loss is a high priority for Fazer. We have had long-term targets to reduce food loss and waste already since 2015. In 2021, we updated our sustainability approach where the ambition is to optimise the use of resources through circularity. Following this, we also updated our food loss related target to better steer the performance into minimising avoidable food loss. The updated target is 50% less avoidable food loss by 2030 compared to a 2020 baseline (112.7 kg/produced tonnes). We saw progress with a 1,4% reduction (111.1 kg/produced tonnes) in 2021.

Approximately a third of the food produced globally each year is either lost or wasted, bringing major negative impacts on the climate, water, land, and biodiversity. By promoting material efficiency and circularity, we can decrease costs, boost profitability, and reduce our environmental impact.

As part of our sustainability roadmap, each of our businesses pursues its own waste prevention and material loss plans, with actions that are assigned to the businesses’ production units. The

**CASE: FAZER COMMITS TO SCIENCE-BASED TARGETS**

Our aim is to reduce emissions in our own operations as well as throughout our entire value chain. In 2021, we stepped up our progress towards our climate ambitions by committing to the Science Based Targets initiative (SBTi). The SBTi’s approval of our climate targets at the end of 2021 confirms that our actions to reduce our emissions support the Paris Climate Agreement’s goal to limit the global temperature increase below 1.5°C above pre-industrial levels.

To attain the science-based targets, we have committed to the following actions:

- reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 42% from a 2020 base year by 2030
- reduce absolute Scope 3 GHG emissions by 42% from a 2020 base year by 2030
- engage 53% of our suppliers by spend to set their own Science Based Targets, with the aforementioned suppliers including those for purchased goods and services, upstream transportation, and distribution

The approved targets place Fazer at the forefront of international companies combating climate change. They include targets for reducing emissions in our own operations as well as in our value chain.





sustainability team follows up on progress, with the frequency of reporting varying according to the KPI.

Our waste bookkeeping allows us to examine the different kinds of waste fractions we produce throughout our organisation and monitor where our waste goes. We intend to track our material streams on a more accurate level, so that we can better analyse the potential for utilising waste and side streams in our operations.

**New Material Efficiency Commitment 2022–2026**

Our previous material efficiency long-term plan (LTP) ended in 2020. To fulfil new requirements related to material efficiency, we started the preparations for joining the new Material efficiency commitment 2022–2026 for the food and retail industries in Finland, a pledge set up between government ministries and sectoral industry associations.

At the centre of the material efficiency work at Fazer between 2022 and 2026 are the following efforts: To take an inventory of production side streams to decrease food loss and waste; make an inventory of production waste fractions to ensure better utilisation of production side and waste streams; and define priorities contributing to business area roadmaps including a new baseline, objectives and metrics.

We will first proceed with the material efficiency project in one business unit and take the experiences from that evaluation into account to refine our approach before expanding the project to other businesses. The objective of these actions is to enable us to gain a Group-wide view on material streams and gauge the potential to increase our material efficiency and contribute to circular economy.

**OPTIMISING OUR USE OF RESOURCES  
THROUGH CIRCULARITY**

We have a large number of ongoing research and development (R&D) projects that focus on circular economy and the utilisation of side streams. In addition to producing xylitol from oat hulls, Fazer’s major investment in Lahti also uses the rest of the inedible side stream from oat xylitol production as fuel for producing bioenergy at the biopower plant constructed on the same production site on Fazer’s Lahti facility. The plant will supply district heating and industrial steam to all of Fazer’s sites in Lahti. Our ambition is to utilise the entire oat kernel, and thus fully eliminate waste from the processing of oats.

**Reducing waste from production**

Certain types of activities result in more waste due to the nature of the production process. For instance, bakeries produce fresh products which must be consumed quickly, and in Finland, bread comprises one of the largest category of food waste in both retail and household settings. We are cooperating even more closely with retailers to enable them to predict bread orders more precisely.

In 2021, our bakery in Vantaa invested in a recycling machine for surplus dough, allowing us to recycle the dough back into the production process. Previously, discarded dough left over from the shaping of bread loaves was the largest source of food waste. This leftover dough had been used as raw material for bioethanol in the past. The new recycling machine now allows us to cut 300,000 kg of food waste from the discarded dough per year in that one production line only.

In the Baltics, another development that greatly aided our waste reduction efforts was replacing our waste handling provider at our

**RAW MATERIALS AND WATER WITHDRAWAL**

	2021	2020	2019
Used raw materials (ton)	631,899	614,179	585,643
Raw materials intensity (tons/produced ton)	1.03	1.01	1.03
Water withdrawal* (m³)	1,094,031	1,111,412	963,468
Water withdrawal intensity (m³/produced ton)	1.79	1.84	1.70

**FOOD LOSS AND WASTE FRACTIONS**

Tonnes	2021	2020	2019
Prevented waste, e.g. donated food or used as a animal feed	4,907	3,254	2,372
Side streams to energy production	45,750	35,975	24,402
Side streams directed to animal feed production	41,685	40,472	44,406
Other use, e.g. composted biowaste	3,111	4,853	3,451
Landfill*	1,454	1,547	1,687
<b>Total side streams in production</b>	<b>96,907</b>	<b>86,100</b>	<b>76,318</b>
Recycled waste	3,670	4,140	3,740
Incinerated waste with energy recovery	1,656	13,523	14,040
<b>Total non-hazardous waste</b>	<b>5,326</b>	<b>17,662</b>	<b>17,780</b>
Incinerated, with energy recovery	61	18	7
Incinerated, without energy recovery	21	34	57
Hazardous waste to landfill and other use	13	5	4
<b>Total hazardous waste</b>	<b>95</b>	<b>57</b>	<b>67</b>
<b>Total side streams &amp; waste from Fazer's operations</b>	<b>102,328</b>	<b>103,819</b>	<b>94,166</b>

<b>Avoidable food loss/production volumes (kg/produced ton) **</b>	<b>111</b>	<b>113</b>	<b>91</b>
--	------------	------------	-----------

\*Can include also other waste streams than food loss  
\*\*Excludes side streams from milling operations

bakery in Kaunas, Lithuania. The change allowed us to stop sending waste from the facility to landfill.

For longer shelf-life products such as chocolate and biscuits, the largest volume of our waste comes from production. In manufacturing processes, waste is typically generated at the start and end of the manufacturing batch, for instance, as a result of chocolate tablets where the size or flavouring does not meet our standards.

Fazer has a long history of using recovered excess chocolate from our chocolate factory in different products, such Da Capo since 1916 and Pätkis since 1978. One example of food waste reduction is the Makea Moka bag of sweets, which has helped us significantly reduce production waste at our Lappeenranta confectionery factory.

Other waste reduction efforts

In addition to developing our production processes and reusing raw materials, we strive to decrease waste in various other ways. We cooperate with customers to optimize the order-to-delivery process and communicate with consumers through different channels. For example, our cafés have successfully reduced waste by utilising mobile applications to inform consumers about discounts concerning the products which we want to sell faster to avoid food waste. We also make food donations. Moreover, waste from our bakeries and facilities in Lahti are used by an energy company to produce bioethanol.

DIRECT GREENHOUSE GAS EMISSIONS (SCOPE 1)

CO <sub>2</sub> e ton	2021	2020
Fuels combusted for generation of electricity, heat, or steam	42,169	41,419
Fuels combusted for transportation of materials, products, waste, and leased vehicles	3,238	4,139
Fugitive emissions of cooling agents	11,805	14,061
Total scope 1 emissions	57,213	59,619
Biogenic emissions from fuel combustion	10,224	6,315

INDIRECT GREENHOUSE GAS EMISSIONS FROM PURCHASED ENERGY (SCOPE 2)

CO <sub>2</sub> e ton	2021	2020
Electricity	13,949	11,196
Steam	14,390	14,120
District heating	5,152	4,706
Total scope 2 emissions (market-based)	33,492	30,022
Total scope 2 emissions (location-based)	51,537	46,576

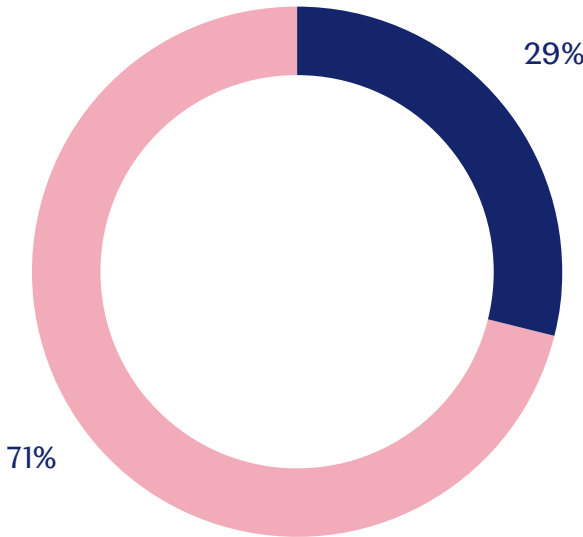
OTHER INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 3)

CO <sub>2</sub> e ton	2021	2020
Purchased goods and services, e.g. food raw materials and packaging	1,395,597	1,445,521
Capital goods, e.g. investments in production facilities and machinery	18,861	24,839
Fuel and energy related activities (not reported in scope 1&2)	14,099	11,572
Upstream transportation and distribution	133,538	41,041
Waste generated in operations	1,065	2,217
Business travel	98	276
Employee commuting	9,136	9,482
Downstream transportation and distribution	27,274	23,512
End-of-life treatment of sold products	4,062	15,345
Total scope 3 emissions	1,603,730	1,573,806

GREENHOUSE GAS EMISSION INTENSITY

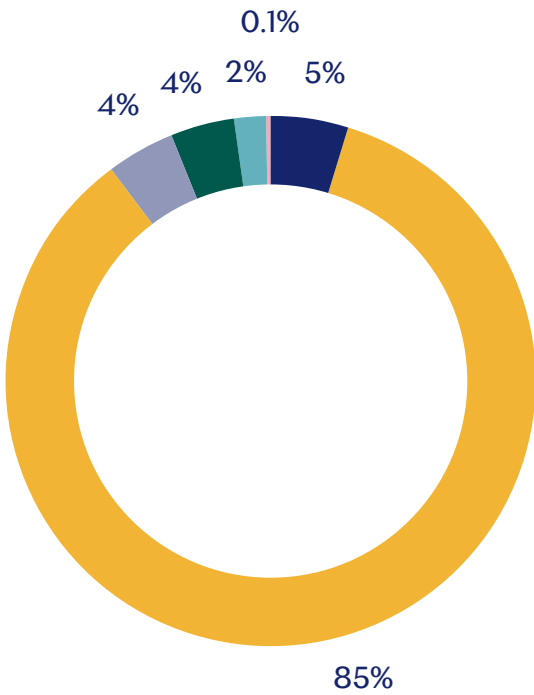
CO <sub>2</sub> e ton/produced ton	2021	2020
Scope 1	0.09	0.10
Scope 2	0.05	0.05
Scope 3	2.62	2.60
Total emission intensity	2.77	2.77

MATERIALS THAT ARE USED TO PRODUCE AND PACKAGE OUR PRODUCTS



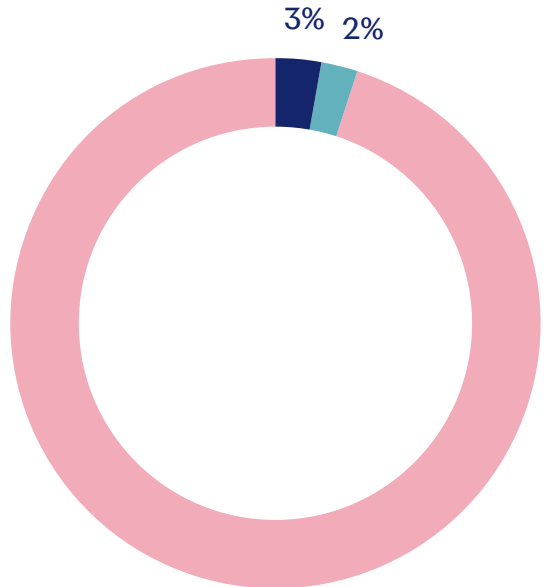
- NON-RENEWABLE
- RENEWABLE

FOOD LOSS AND WASTE, %



- FOOD LOSS, PREVENTED WASTE
- FOOD LOSS, SIDE STREAMS
- FOOD LOSS, OTHER USE AND LANDFILL
- RECYCLED WASTE
- INCINERATED WASTE
- HAZARDOUS WASTE

GREENHOUSE GAS EMISSIONS BY SCOPE, %

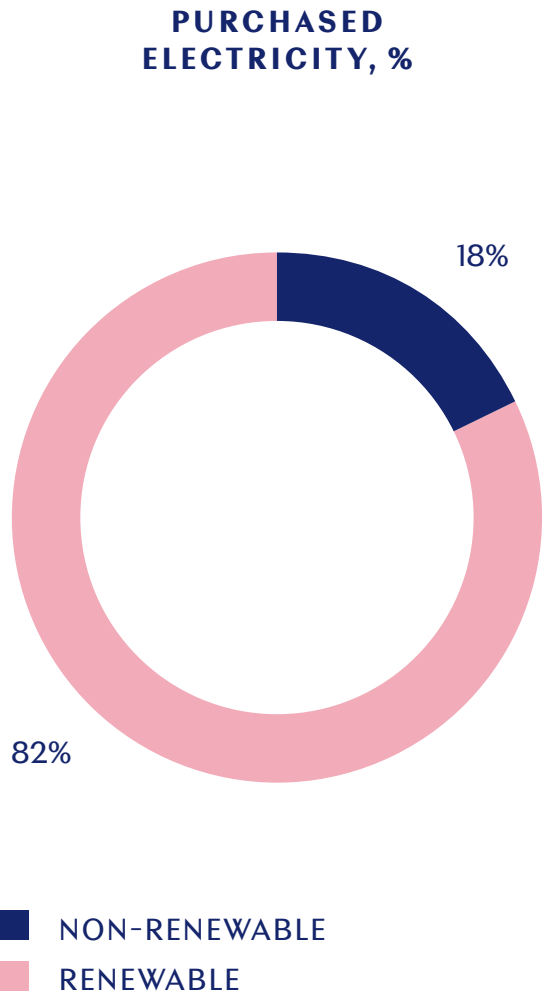


- SCOPE 1
- SCOPE 2
- SCOPE 3



FUEL COMBUSTION AND ENERGY CONSUMPTION

MWh	2021	2020	2019
Oil	6,876	9,851	12,524
Natural gas	202,639	193,249	203,363
Diesel	10,087	15,177	N/A
Petrol	1,552	617	N/A
Total non-renewable fuels	221,155	218,893	215,886
Wood pellets	5,275	5,312	3,394
Biodiesel	6,581	9,309	N/A
Biogas	1,556		
Total renewable fuels	13,412	14,621	3,394
Renewable electricity	174,737	195,657	184,518
Non-renewable electricity	38,748	31,101	28,967
Purchased steam	68,555	66,551	39,077
District heating	45,243	31,482	36,956
Compressed air	889	822	1,126
Total purchased electricity	213,485	226,758	213,485
Total energy consumption	562,738	559,127	509,924
Total energy intensity (MWh/produced ton)	0.92	0.92	0.90



CASE: RAISING RAINBOW TROUT WITH CIRCULAR-BASED FEED FROM BREAD WASTE

As a way to reduce food waste and promote circularity, Fazer took part in “Five tonnes of green fish on the counter”, a project of Axfoundation and the Swedish University of Agricultural Sciences (SLU). Through the use of circular-based fish feed made up mainly of insects, the project produced 4 tonnes of Sweden's first so-called “green rainbow trout”. The insects themselves were fed organic waste in the form of shells, kernels, and bread – about 60 tonnes of which was made up of unsold bread donated by Fazer.

Much of the world’s waters are depleted due to overfishing and farmed fish are often seen as a means to grow food without increasing pressure on the oceans. The project used only locally sourced circular-based feed produced from food industry waste, replacing the imported soy and imported fish that would typically be used as feed in farming the rainbow trout.

An evaluation of the project showed that fish grew as well or better when

fed on the circular-based feed than with conventional feed. Moreover, according to tests by top Swedish chefs, the rainbow trout tasted more like wild-caught fish than the fish raised on conventional feed.

The project proves the possibility to breed environmentally sustainable fish on a large scale, using local food industry waste that would have been unfit for human consumption.



# SUSTAINABLE PRODUCTS AND INNOVATIONS

**We innovate for a more sustainable food system.**

Innovation and continuous development are integral to sustainable food production, and to tackle climate change, comprehensive and expedient actions are needed. We believe that by creating new food solutions and alternatives, Fazer can enable consumers to make more environmentally and socially responsible choices.

Increasing the share of plant-based foods helps reduce climate emissions while also improving human health. Through Fazer’s expertise in foodtech, we can grow and strengthen our position in this attractive market.

**EXPANDING OUR PLANT-BASED OFFERING**

Plant-based food is a strong growth area for Fazer where we have invested heavily on the Group level. As part of our strategy to become a leader in plant-based foods in the Nordics, we established Fazer Lifestyle Foods in 2017, creating a brand new business area. Through Fazer Lifestyle Foods, we respond to growing demand for healthy and sustainable foods while establishing a firm foothold in the market for plant-based food solutions.



Fazer is increasing its plant-based offering and we have a diverse portfolio of healthy products. We are also researching ways to reduce sugar and salt in our products. This helps to improve people’s health which in turn advances SDG 3 Ensure healthy lives and promote well-being for all at all ages. Our work on sustainable packaging directly advances SDG 12 Ensure sustainable consumption and production patterns.





PLANT-BASED OFFERING

%	2021	2020
Share of plant-based products in novelties	43	—*
Share of plant-based products in offering	45	45

\*Data not available

We have invested decisively in developing Fazer Lifestyle Foods and expanding the business’ capacity and expertise through strategic acquisitions. These include the acquisitions of Finnish company Kaslink in 2019, and most recently, the Swedish company Trensums Food, an acquisition that was completed at the beginning of 2022.

As of 2021, 45% of Fazer’s total offering was plant-based. We follow two figures to monitor the proportion of plant-based foods in our offering: The share of plant-based products among our total offering, and starting in 2021, the share of plant-based products among our new products or novelties.

Fazer already holds leading positions in key plant-based food categories. We aim to strengthen the position of Froosh as the foremost smoothie brand in the Nordics and solidify our position as the number one player in oat-based non-dairy with Fazer Aito and Fazer Yosa.

A unique pioneer in oats

As an ingredient, oat is a natural and responsible choice for Fazer. In addition to having a low carbon footprint, oat has grown in popularity in recent years due to its proven health benefits. More

importantly, Nordic conditions are ideal for cultivating oats. Fazer’s own mills are surrounded by oat fields, giving us convenient access to high-quality raw material.

We will expand our oat offering even further with plant-based meals, non-dairy, as well as breakfast products. In addition, we plan to grow sales of our new oat milling capacity by taking advantage of the global demand for oats and oat applications. A recent investment we made in oats was the expansion of our oat mills in Lahti, Finland, and in Lidköping, Sweden. These were finalised and became operational at the end of 2021.

A highly anticipated innovation pairing Finnish oats with responsible cocoa is Fazer Oat Choco, a product that is entirely plant-based and vegan. We announced our investment in the production line for Oat Choco following highly positive feedback in a test market. Consumers are looking forward to this exciting novelty.

To support flourishing demand for oat products in our bakery business, we are also investing further in a bread production line for oat breads at our Vantaa bakery.

CREATING SUSTAINABLE FOOD SOLUTIONS THROUGH FOODTECH, NEW PRODUCT DEVELOPMENT AND R&D

Health, well-being, and sustainable solutions are at the heart of our R&D activities at Fazer. We already offer plenty of healthier options among our offerings in all the markets we serve. Over the years, we have also made efforts to adjust many of our products to make them healthier.

CASE: FAZER AITO OAT DRINK HAS A MINIMAL CARBON FOOTPRINT

Oat drinks and non-dairy is a fast-paced and rapidly growing category where consumers are constantly getting acquainted with new products. The category continues to expand due to the products’ good taste profile and low environmental impact.

It is important to Fazer that the life cycles of all our products are as sustainable and environmentally friendly as possible. For this reason, we collaborated with an external expert to conduct a carbon footprint study on our Fazer Aito Oat Drink in 2021.

The study found that the Fazer Aito Oat Drink product, including its packaging, has a carbon footprint of 0.23 kg CO<sub>2</sub>e/kg, equivalent to the emissions produced when using a filter coffee machine for three hours – in other words, a minimal footprint for a food product.

The study included a calculation of the greenhouse gas emissions our oat drink product generates during its life cycle. The calculation accounted for the emissions caused by growing and producing the raw materials for the product, production, packaging, as well as energy and fuel consumption. While the recycling of the packaging material was included in the calculation, consumers’ use and storage of product was not. To further reduce the carbon footprint of Fazer Aito Oat Drink, we have minimised the use of fossil materials in the packaging, producing both cap and carton from bio-based alternatives. We also optimised the product’s production process.



For example, we have reduced salt levels in our breads and investigate opportunities to create confectionery products with a lower sugar content. Furthermore, we periodically adjust our recipes to make them purely plant-based by replacing ingredients that were previously of animal origin. We also produce specific packaging sizes for different purposes and use clear information in labelling our products.

### DEVELOPING AND USING MORE SUSTAINABLE PACKAGING MATERIALS

Fazer's Group-wide Sustainable Packaging Programme has four objectives:

1. to reduce the use of packaging materials; plastic in particular
2. promote recyclable, reusable, and renewable packaging materials
3. develop new environmentally friendly packaging
4. become a forerunner in participating in and promoting research with external partners.

Furthermore, we seek to ensure that our packaging materials are sourced responsibly, and thus follow similar goals as we do with sourcing our edible raw materials. We are currently in the process of setting more specific Group-wide targets with regard to improving the sustainability of our products' packaging.

Various initiatives during 2021 contributed to reducing our use of plastic. For example, Fazer bakeries in Finland, which aimed to cut plastic packaging by 20% by 2025 from the base year of 2018, already reduced its plastic use by 17.5%, or the equivalent of 50 million bread bags, by the end of 2021. Fazer Cafés also phased

out disposable plastics during the year in accordance with the EU's single-use plastics (SUP) directive.

As plastic is still the best available packaging material for sweets, improving their shelf life, and thus reducing waste, we also optimise our packaging by reducing packaging material weight and using less plastic when possible. Since 2019, we have been able to reduce the amount of plastic in Fazer Remix bag of sweets by 70,225 m<sup>2</sup> by adjusting their packaging size. The plastic used in Fazer Remix bags can be sorted for recycling as plastic waste, and every bag has a recycling symbol. For example in our bakeries in Finland, already 99% of all the packaging of our products is recyclable.

Our Sustainable Packaging Programme focuses on raising consumers' knowledge and commitment to recycling by using clear recycling information on packaging, among other means. For example, in Sweden, consumers recycling the plastic packaging of Skogaholm breads at any of 5,000 recycling centres were offered discounts on their next purchase. In Finland, Fazer also introduced the first food packaging in the market made entirely from PET bottles recycled into cake boxes. In addition to using less energy, no other material is needed for this groundbreaking packaging solution.

Other new types of ecological packaging launched during the year included fibre-based pie pans, which replaced the metal ones used previously for baked goods, as well as new and innovative oat-based paper bags developed in collaboration with external partners. We produced a test batch of 50,000 units of the bread bags made partly from oat hulls from our oat milling process, a material which is normally relegated to waste.

*I used to be a PET bottle - now I am a cake box.*





# SUSTAINABLE SOURCING

**Our supply chain is fair and sustainable.**

We strive to ensure the highest quality raw materials and responsible operations throughout our supply chain, selecting our suppliers and business partners based on their competence, trustworthiness and technical capabilities and compliance with our Supplier Code of Conduct. Furthermore, in order to minimise environmental impacts throughout our value chain, we pledged that by 2025, 53% of our suppliers by spend must commit to SBTi targets.

**DEVELOPING REQUIREMENTS FOR FAZER’S SUPPLIERS**

We work only with carefully selected suppliers and business partners, and to foster sustainable sourcing in our businesses, we measure the percentage of spend that comes from suppliers who have signed our Supplier Code of Conduct. We

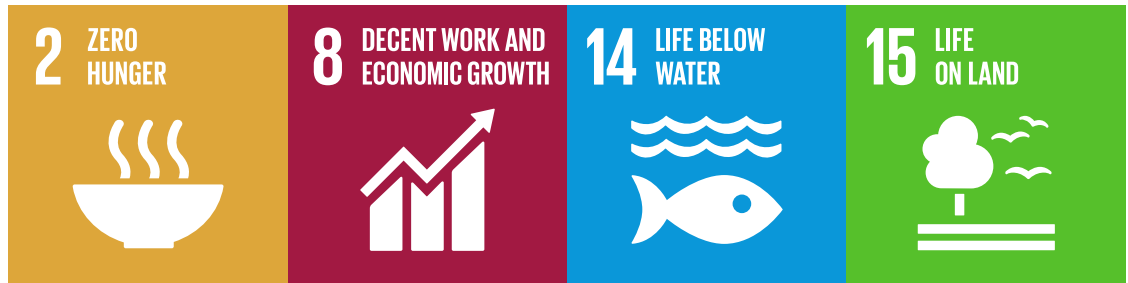
are continuously making progress on this KPI: in the end of 2021, 78% of the suppliers by spend have signed the Supplier Code of Conduct. After initially launching it our Supplier Code of Conduct in 2020, we renewed it in 2021, further increasing its requirements.

We regularly audit our suppliers towards our Supplier Code of Conduct, and in 2021, conducted 21 audits, involving roughly 25% of our high-risk supplier spend. Our target is to audit at least 100 suppliers by 2025.

Other aspects of fair and sustainable sourcing concern specific raw materials, as described in the following pages.

**Raising the bar for responsible cocoa**

Sustainable cocoa production is vital for the future of chocolate manufacture. As cocoa is our key raw material, we do our best to



Working together with farmers in the Nordics and also in cocoa producing countries through our partnership programmes provides producers with additional support and knowledge on sustainable farming practices that helps supporting SDG 2 related to sustainable agriculture. Sourcing sustainably and reviewing the working conditions within our supply chains strengthens SDG 8 that aims to ensure decent work for all. Sustainable sourcing and agriculture have bearings on SDG 14 related to marine life, an important topic often overlooked by companies. Our commitment to prevent deforestation is directly linked to SDG 15 regarding life on land.





## *Sustainable production is essential for Fazer's future.*

ensure the availability and responsible production as well as the livelihood of the cocoa farmers. 100% of our cocoa is sustainably sourced, and increasing the traceability of our cocoa is a fundamental focus area for us.

In sourcing cocoa, we consider all aspects of sustainability, starting from social responsibility, including human rights, environmental aspects such as deforestation and ethical business practices. All the same, we treat existing certifications for cocoa sourcing as a starting point and strive to go beyond them. In 2021, we began updating Fazer's Cocoa Vision programme, which includes principles and procedures for sourcing cocoa responsibly and managing of Fazer Cocoa Farmer Programmes, which we run in three countries: Ecuador, Nigeria, and the Ivory Coast.

Our Cocoa Farmer Programmes seek to direct the premiums from the cocoa raw material directly to the farmer communities and solve the most pressing issues in the cocoa value chain.

Both Fazer's responsible cocoa sourcing and our Cocoa Farmer Programmes underwent third-party verification during the harvest season of 2021 to 2022.

### **Promoting sustainable grain farming**

As one of the largest buyers of flour and a significant user of grain in the Baltic Sea Region, Fazer promotes sustainable agriculture in partnership with farmers. Our Grain Vision includes ten principles for sustainable farming, which farmers can use to make their activities more climate friendly. The principles compile existing good practices that are already being followed either fully or partially and focus on minimising eutrophication, protecting biodiversity, and minimising the use of chemicals.

We created the principles for sustainable farming in collaboration with Finnish and Swedish stakeholders. Diverse groups such as farmers, producers' associations and environmental organisations also participated in the work.

Our target is for all grain used in Fazer's consumer goods in Finland and Sweden to fulfil the sustainable grain farming principles by 2025. This initiative is part of our commitment to the Baltic Sea.

We continually work in partnership with the value chain for grain by piloting and developing sustainable grain farming principles together with farmers and creating a development plan. Furthermore, we monitor the progress in farming practises with an annual survey and will develop a method for studying the implementation and environmental impact at the pilot farms. We will re-evaluate and advance these principles further after gathering more knowledge and experiences.

## **CASE: IMPROVING THE TRACEABILITY OF COCOA**

100% of the cocoa Fazer uses comes from responsible sources, and we continue to increase the traceability of our cocoa. We source cocoa through our farmer programmes in Ecuador, Nigeria, and Ivory Coast, through which all our cocoa is traceable to farm level. To take even further measures in preventing deforestation, the farms are GPS-mapped to ensure they are not located in rainforests or buffer zones. In addition, we also source cocoa using the Cocoa Horizons programme.





## SUPPORTING HUMAN RIGHTS AND FAIR WORKING CONDITIONS

### Working towards sustainably sourced palm oil by 2024

We renewed our commitment to promote the responsible sourcing of palm oil in 2021 following the expiry of our original commitment at the end of 2020. In addition, we revised a roadmap to arrive at our goal of 100% sustainably sourced palm oil in line with our new commitment, including all our product categories and countries of operation by 2024.

We conform to the RSPO's requirements and are committed to using only RSPO-certified palm oil.

As part of our new commitment, by the target year, all our palm oil will be segregated. This means that the certified sustainable palm oil will be kept separate throughout our supply chain, and then closely followed, with records kept internally at our own production facilities. In 2021, we conducted supply chain audits at Fazer Confectionery and Fazer Bakery in Finland, and gained certifications from the Roundtable on Sustainable Palm Oil (RSPO) for our supply chain activities. In the years to come, we will continue to conduct RSPO supply chain audits at the production sites using palm oil. The RSPO is a global, multi-stakeholder initiative established to tackle the challenges related to palm oil production.

The circumstances for sourcing responsible palm oil in the Nordic and Baltic countries has been good in recent years. Until segregated palm oil is available in all markets, mass balance palm oil can be combined with the book and claim method, which supports independent smallholders. As of 2021, we continued to use the Book & Claim method but purchased only smallholder

credits. Fazer recognises the vital importance of smallholder farmers to a sustainable global supply chain and considers programmes to uphold fair working conditions as essential. A significant proportion of palm oil as well as cocoa is produced on smallholder farms.

Fazer continuously invests in R&D efforts to develop healthy and sustainable food products. In future, we will find ways to replace palm oil with more sustainable fats, oils and other ingredients of even greater health value, and thus also respond to consumers' demands.

### Committed to sourcing cage-free eggs

In 2019, we made the commitment to use only sustainable eggs, with a gradual shift to only cage-free eggs by 2024. In 2021, the share of cage-free eggs we used in our products was 42%.

Animal welfare is a critical sustainability topic for Fazer, and our commitment to sourcing cage-free eggs covers all our businesses and markets. This pledge is in line with our sustainability approach and our goal of sourcing sustainably produced raw materials. We created our commitment to sourcing only cage-free eggs in collaboration with our stakeholders, basing it on discussions with different actors along the value chain.

### Sustainable fish according to the WWF fish guide

After divesting our food service business in early 2020, Fazer no longer uses large volumes of fish, although we do serve some fish and seafood in our cafés. Our criteria for sustainable seafood are in accordance with the fish guide provided and updated by the WWF each year. The guide evaluates which fish species are not

*We pledge  
that by 2025,  
53% of our  
suppliers by  
spend will also  
be committed  
to SBTi targets.*



endangered and are therefore considered safe to consume. Species that may be consumed can vary by area because, for example, a certain type of salmon could be endangered in one area but not in others. The share of green-listed fish in 2021 was 71%.

#### **Monitoring our suppliers' progress in securing sustainable and certified soy**

Soy is only present in a few of our ingredients, hence Fazer does not use large amounts of soy. Nevertheless, soy is a component of many animals' feed, and our efforts stretch to the extent of making sure that, for example, the eggs we buy are laid by chickens that are not fed with uncertified soy. In other words, the complexity of the work to ensure the sustainability of our raw materials is not immediately evident to a wider audience.

As soy is not a core raw material for us, we follow our suppliers' progress in securing sustainable and certified soy annually. We purchase credits for the specified amount of soy as part of the book and claim certification system.

In a similar way as palm oil farming can, soy farming may contribute to deforestation. Therefore, we continue our efforts to improve our performance in using only certified raw materials.

#### **Switching to certified and sustainably produced hazelnuts**

We investigated the best way forward in sourcing sustainably produced hazelnuts in 2021, and based on the risk evaluation for raw materials, decided to gradually transition to sourcing certified hazelnuts at Fazer. All hazelnuts we use in our products from 2023 onwards will be certified and sustainably produced.



*Our target is for all grain used in Fazer's consumer goods in Finland and Sweden to fulfil the sustainable grain farming principles by 2025.*



SUPPORTING SUSTAINABLE FARMING PRACTICES  
TO PROTECT BIODIVERSITY

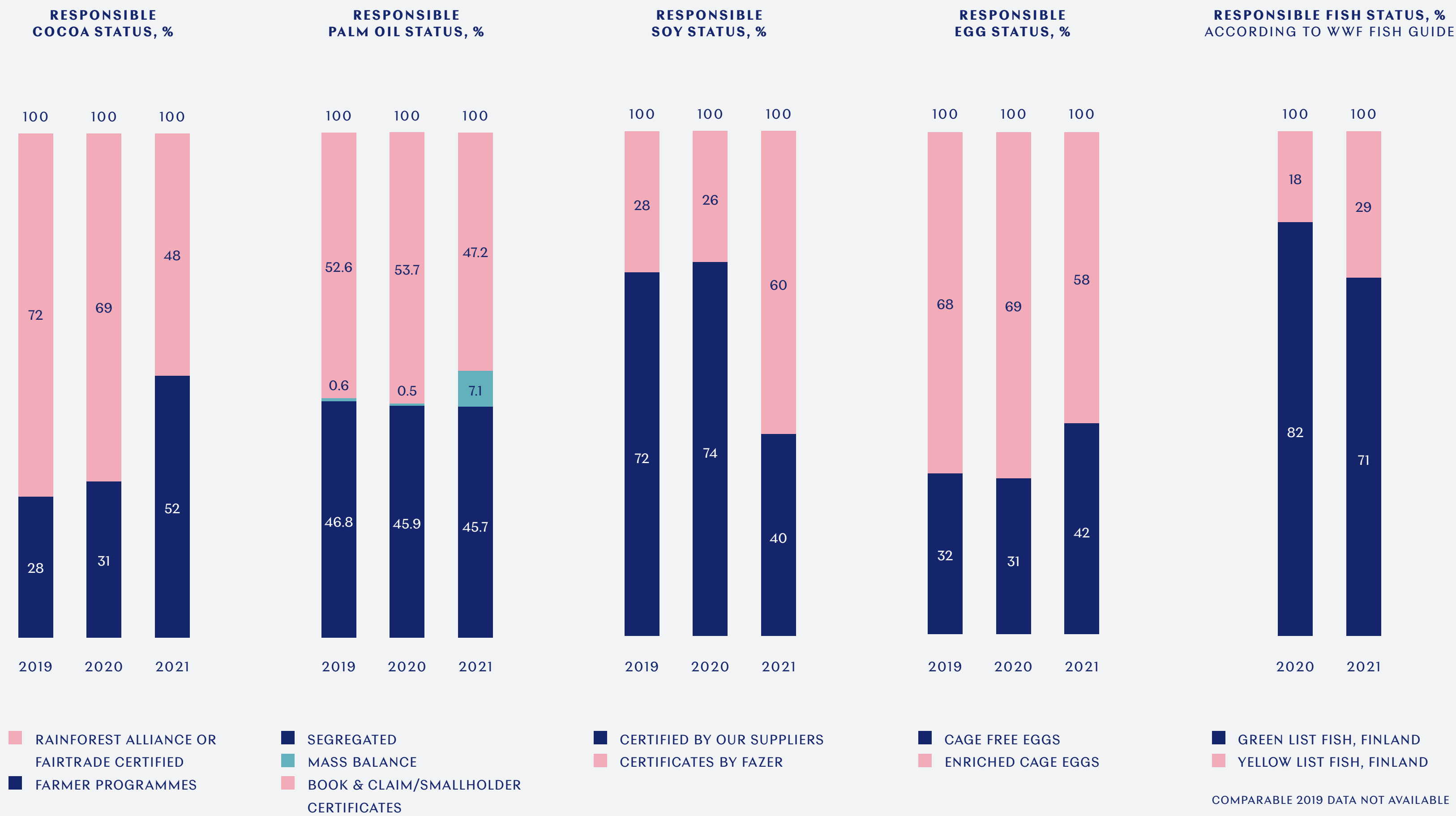
In order to increase biodiversity as well as provide sources of income for the smallholder farmers who produce cocoa for our products, we advise the planting of shade trees as well as a variety of other types of plants in the same area. The shade trees protect the cocoa trees underneath them. We also share seedlings to support farmers in these practices.

In addition, a pertinent topic that we highlight in our collaboration with our farmer network is the prevention of excess eutrophication. Agriculture is the largest source of the nutrient overload in the Baltic Sea. Hence, we offer farmers guidance on preventing the eutrophication of waterways. We also work together with the WWF to promote the proper management of wetlands.

Introducing a commitment  
to prevent deforestation

At the end of 2021, we published a statement regarding the prevention of deforestation, a topic that has been relevant to the public. We analysed which raw materials in our portfolio may be contributing to deforestation, and concluded that these are cocoa, soy, and palm oil, which come from tropical areas. Of our other ingredients, fibre-based packaging materials were also identified as possible contributors. During 2021, we began to prepare a commitment to prevent deforestation caused by our actions.

100% SUSTAINABLY SOURCED



# PEOPLE AND WELL-BEING

We provide opportunities for growth in a modern, safe, and inclusive culture.

Fazer aims to make a difference in the lives of people, including our employees and consumers, the farmers producing our raw materials, and our partners and owners. We strive to create a safe and inspiring working environment in which our employees can thrive.

**THE HEALTH AND SAFETY OF OUR PEOPLE  
ALWAYS COMES FIRST**

Safety is a top priority at Fazer and is deeply ingrained in our work culture. Our attention to safety is built into all our structures, routines, and daily interactions. We monitor our safety data constantly to search for areas of improvement. Our target is “zero accidents”.

To increase awareness of safety and maintain a proactive safety culture, employees are encouraged to actively report safety observations and conduct safety dialogues. Employees are also advised to remove themselves from work situations which they believe could cause injury or ill health.

Learning from incidents and taking preventive and corrective actions is crucial to ensure that similar incidents do not happen again. For this reason, all work-related incidents must be reported and investigated and information on the root causes and corrective actions must be shared within the organisation. Employee representatives also participate in the development of



Our focus on people and well-being, including our work on health and safety, and our initiatives in strengthening the workplace culture help ensure everyone has a safe and secure working environment. A workplace where everyone’s rights are respected supports SDG 8 Decent work and economic growth. The trainings we have launched on diversity and inclusion additionally support SDG 5 on gender equality and we are in the process of setting targets to advance gender equality and diversity. Our healthier and plant-based offering development enables consumers to make healthier choices that benefit their health and well-being, positively impacting SDG 3.





our health and safety management systems, for example, through the local health and safety committees.

Employees receive both generic company-level safety training and local safety training relevant to their roles and jobs. Job-specific safety training is a mandatory part of the new employee induction programme, and is available in the local languages. Employer offers safety trainings and conducted during working hours, except those online safety trainings which must be completed before entering a site. Employees working in production have annual refresher trainings, and certain qualifications such as electrical safety and working in confined spaces must be renewed regularly.

**We create a zero-accident culture**

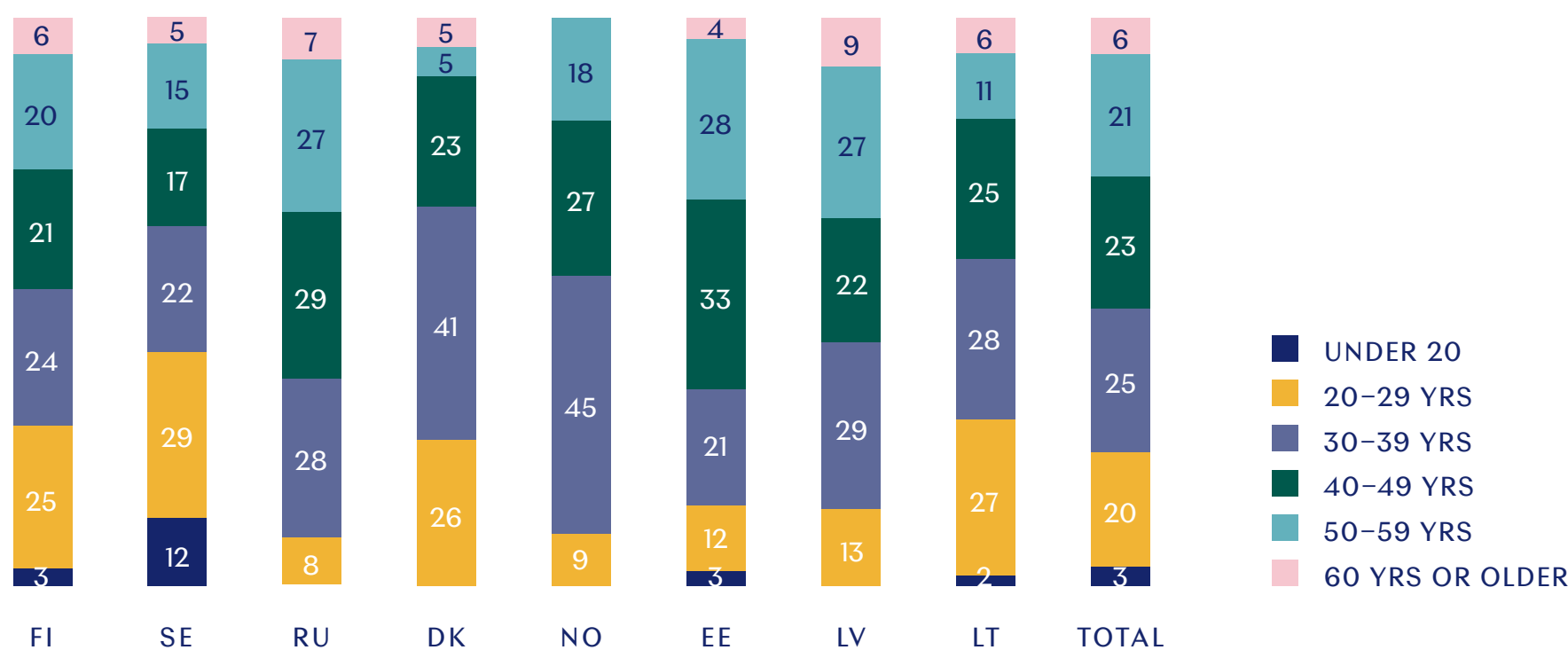
The Group's Lost Time Accident Frequency (LTAF) was 5.0 in 2021, which means that we did not reach our target of 4.2. A total of 11,783 safety observations were made, which is an increase of 16% compared to previous year. There were no fatalities in 2021. In order to reach the zero-accident target, it is necessary to improve the safety of our working environment and ways of working. This will require systematic daily work and the engagement of all our employees over the long term.

**PROMOTING ENGAGEMENT AND WELL-BEING**

Our employees are at the heart of our company. For us to retain talent, it is essential that our people are engaged and motivated by the work they do, and that they feel Fazer is a good match for them.

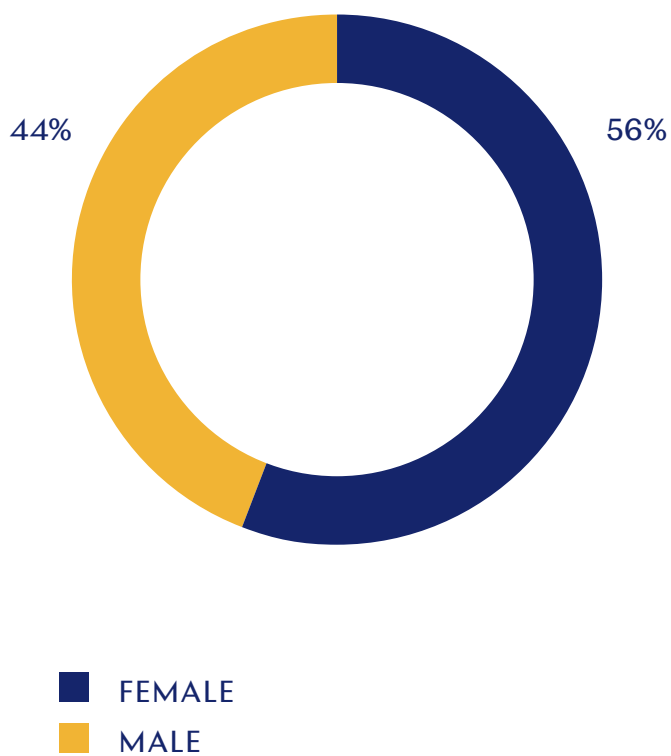
Our employee engagement survey in 2021 found that Fazer employees are proud of their work and willing to make additional efforts. They are also highly likely to recommend Fazer as an

EMPLOYEES BY AGE, %

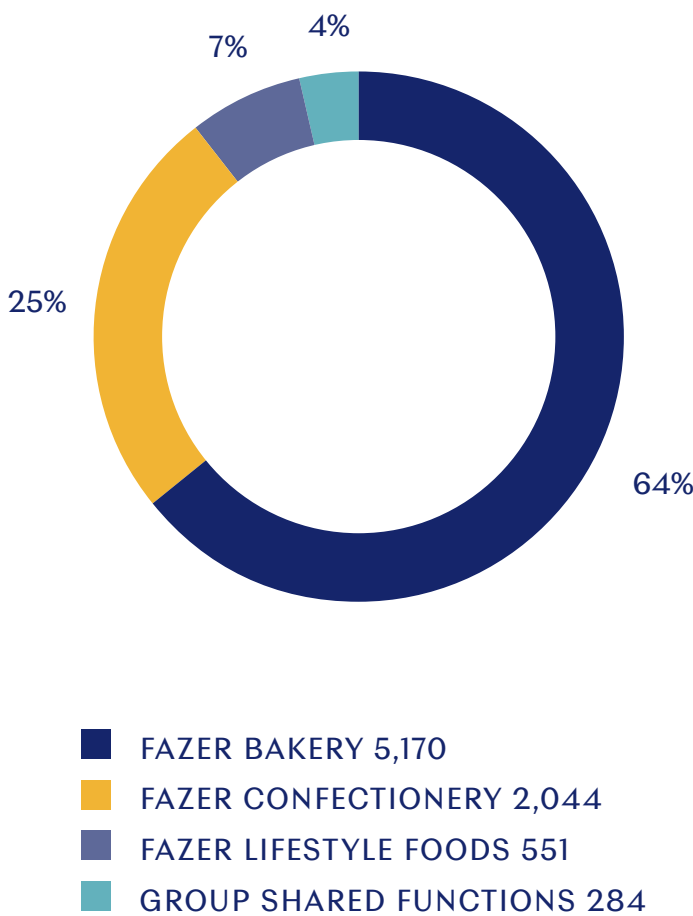


Our people's well-being is our top priority.

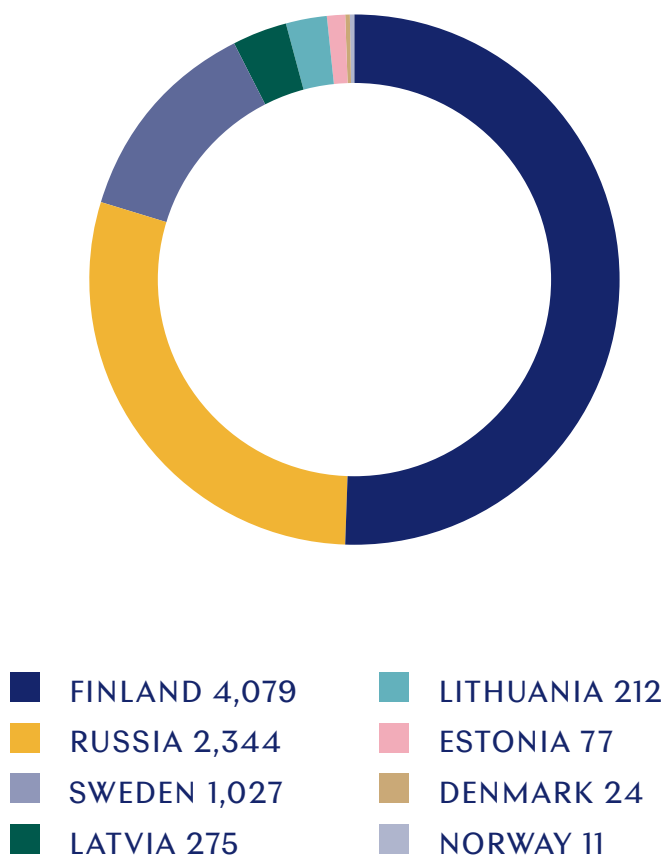
EMPLOYEES BY GENDER, %



EMPLOYEES BY BUSINESS AREA



EMPLOYEES BY COUNTRY





employer. Moreover, employees say they feel safe at work and feel that action is taken in unsafe events. Nearly 77% of employees responded to the survey in total.

In order to ensure that employee health and well-being remains a priority within the company, we have assembled a well-being team. This small and dedicated group works closely with managers, individual employees, and our health care providers to gather feedback on any areas of concern. In addition, the team develops a variety of content for Fazer, including trainings, seminars, and systems that help us manage well-being in a holistic way.

We are building a culture that fuels innovation, engagement, and ownership. We place great emphasis on developing key competences, engaging our people, providing opportunities for internal rotation, and fostering individual accountability. Furthermore, to inspire and empower future leaders at Fazer, we encourage continuous learning by offering our employees a portfolio of training and leadership programmes. The European Works Council (EWC), which acts as a forum for active dialogue between employees and employers, restarted in 2021 and held two meetings during the year.

Digital competence is important in today's society. As such, we make sure that our employees are well-versed in new and emerging technologies, whether they are working on digital marketing, e-commerce, or on different types of automation linked to production. Digital competence also fosters innovation and gives people the confidence to make mistakes and learn from them. Therefore, it makes sense to arm our employees with as much access to knowledge as possible. We encourage a

learning culture within Fazer through various initiatives so that our employees can remain open-minded, fearless, and interested in proactively developing their capabilities.

### **Fazer's values and behaviours**

To make sure that as we change and transform, our company culture changes and transforms along with it, we updated our values and behaviours in 2020 to better reflect Fazer as it is today. The purpose of this effort was to make our values more understandable and actionable, as well as more unique to our company.

Fazer's values are: Northern Liberty, True Relationships, and Fearless Creativity. We believe that these reflect our distinctive identity as a modern food experience company. They also create a clear path for us to follow, allowing us to uncover and realise our potential through our updated behaviours. By applying these values in our daily tasks as well as in our encounters with each other, we can build an even stronger, more innovative work culture that inspires us to do our best every day.

### **Fazer sustainability week**

At the end of the year, we organised a dedicated theme week to promote and raise awareness on sustainability topics that are relevant at Fazer. The events of the week included internal expert presentations and a keynote guest external speaker.

### **FOSTERING A DIVERSE AND INCLUSIVE WORKING ENVIRONMENT**

Diversity is a key enabler for us as we work to become a modern sustainable food company. We seek to create an inclusive working



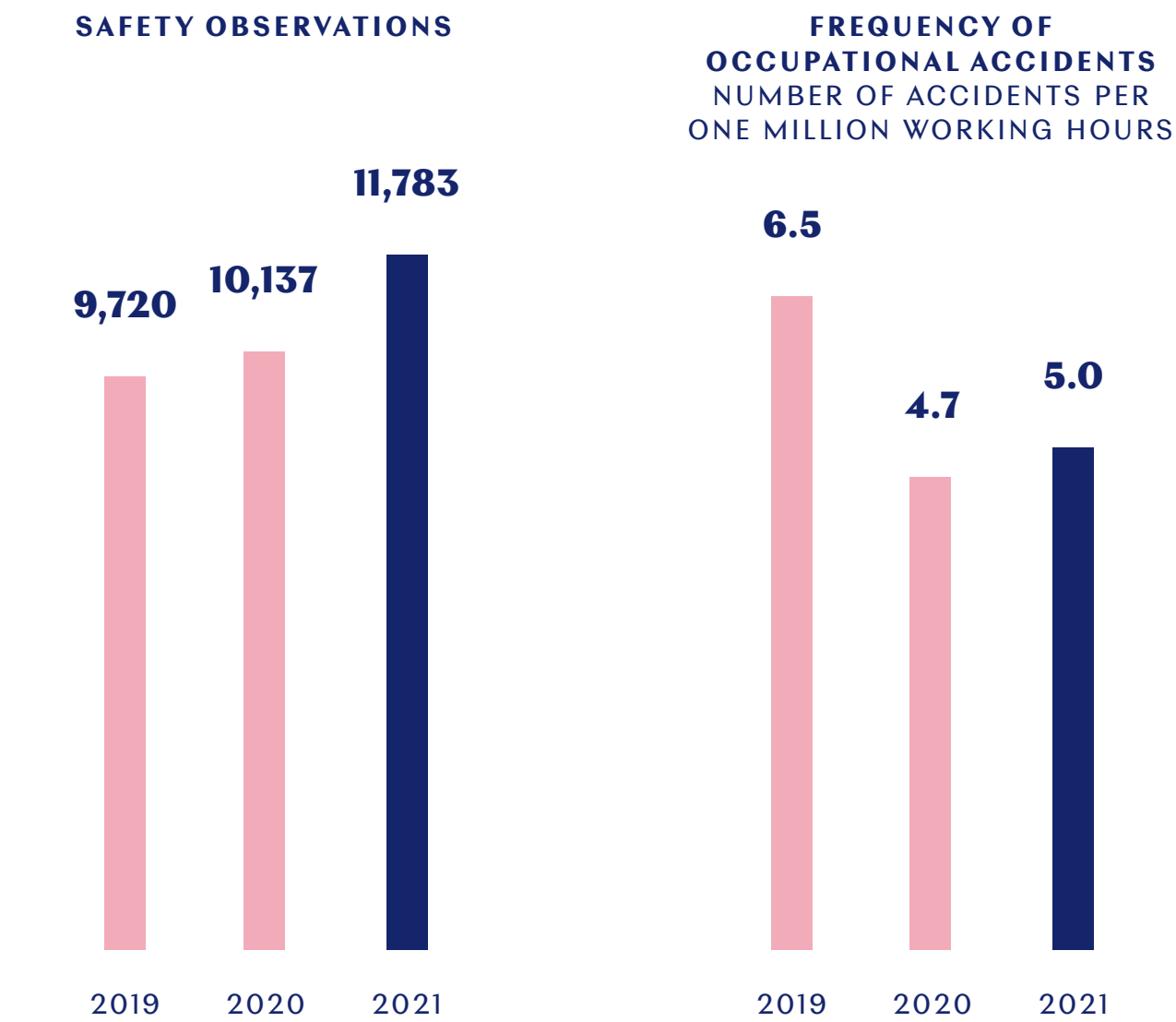


environment where everyone can be themselves. Furthermore, our values support cultural change as we develop into a more diverse and inclusive Fazer. Human rights have always been high on our agenda, and embracing diversity is part of the work we do to improve our business.

An essential aspect of culture and values is Northern Liberty, which reflects how everyone at Fazer can be themselves. Valuing different points of view is vital and is a principle that is reflected in our workplace. Our consumer base is diverse, and in order to understand them best, we also need to represent a range of viewpoints and approaches. We encourage our team members to speak up and express what they believe in, as true inclusion within our teams is best represented by how well our employees feel they can be their authentic selves.

Open-mindedness, diversity, and inclusion are all instrumental to Fazer’s continued success. Therefore, in 2021, we added inclusion-related questions to our employee engagement survey. We also launched a Diversity & Inclusion e-learning to help our employees recognise potential biases and challenge them.

In addition, topics related to human rights are included in our Code of Conduct training, which is an update from our Ethical Principles training in 2021, and has been available since 2018. The training is mandatory for all employees and the Board of Directors. We also renewed our human rights policy and trained our top top management in 2021, with the aim of training our entire organisation during 2022.



FREQUENCY OF OCCUPATIONAL ACCIDENTS			
Number of accidents per one million working hours	2021	2020	2019
Fazer Bakery	3.6	4.0	4.2
Fazer Confectionery	6.8	5.9	14.1
Fazer Lifestyle Foods	16.8	10.1	12.2
Others	0.0	2.7	2.3
Total in Group	5.0	4.7	6.5

MANAGEMENT BY GENDER, %

	Female	Male
Board of Directors	37.5	62.5
Fazer Leadership Team	37.5	62.5

MANAGEMENT BY AGE, %

	Under 30	30-50	Over 50
Board of Directors	-	25	75
Fazer Leadership Team	-	50	50

GROUP EMPLOYEES BY GENDER, %

	Female	Male
Management	44	56
Senior Salaried	59	41
Salaried	48	52
Blue Collar	60	40

GROUP EMPLOYEES BY AGE GROUP, %

	Under 30	30-50	Over 50
Management	-	63	37
Senior Salaried	3	68	29
Salaried	13	58	30
Blue Collar	31	43	26



### Whistleblowing

Whistleblowing is a tool for reporting serious suspicions of misconduct in good faith. We make the whistleblowing service available for our employees and external parties, and anyone can use the tool anonymously.

All Fazer employees are obligated to follow Fazer Group's Code of Conduct, policies, rules, and legislation in their daily work.

Whistleblowing reports may include but are not limited to bribes and improper gifts, competition law infringements, data protection law infringements, and other serious violations of legislation or Fazer Group's Code of Conduct.

The whistleblowing service is provided by an external partner and is both encrypted and password protected. No metadata is saved, and IP addresses cannot be tracked. Thus, identification of the anonymous whistle-blower is impossible. The anonymous whistle-blower gets an ID and a password before submitting their report, which they can then use to log in and read responses from the whistleblowing team and send messages in reply.

Whistleblowing reports are available to the Fazer whistleblowing team and other selected people, when necessary. In 2021, 22 cases were reported through the whistleblowing channel and investigated. These cases were related to HR, QEHS, conflicts of interest and other alleged violations. The handling of cases takes the interests of all the persons involved into account, and personal data is deleted or anonymised when the case is closed or no longer relevant.

### CASE: USING GENDER-NEUTRAL TITLES

The use of gender-neutral titles can have a powerful impact on company culture, so, in early 2022, we will launch a company-wide initiative promoting their use at Fazer. The project was first introduced in our Fazer Lifestyle Foods business area in 2020.

We already train our recruiters and managers in gender neutrality, enabling them to be open-minded when it comes to selecting candidates. We believe this undertaking will also have an impact on recruitment advertising, job descriptions, policies, instructions, and the guidance that we provide.

A good example of a non-neutral term is esimies, which translates to “foreman” or “supervisor” in Finnish. When we instead use the title esihenkilö, or “supervising person”, it minimises the unconscious bias of associating the supervisor title with the male individuals.





# REPORTING PRINCIPLES



The reporting period covers 1 January–31 December 2021

In 2021, we re-organised our four sustainability core goals under four focus areas and renamed them as Fazer's Sustainability Ambitions.





# SUSTAINABILITY REPORTING PRINCIPLES AND DATA

## Reporting principles

Fazer aims to continuously improve the company's sustainability reporting. In previous years, Fazer has referenced select standards from the Global Reporting Initiative (GRI). This year and for the first time, Fazer has aimed to report in accordance with GRI's Core option. We have also reported on Fazer's own topics in accordance with GRI reporting practice.

The reporting period corresponds with the calendar year and with Fazer's financial year of 1 January –31 December 2021. The content and selected indicators are based on stakeholder feedback and a materiality analysis. The reporting scope covers all major sites and production units, unless otherwise indicated.

Our approach to sustainability has also been described in the Sustainability at the core section **on page 3**.

## Data collection

All financial data has been collected through Fazer's financial reporting systems. All financial figures presented in this report are based on Fazer's consolidated and audited Financial Statements.

The personnel data covers all Fazer's operating countries and our personnel. The data is collected by our HR organisation through a centralized HR information system and in individual cases, through a separate spreadsheet.

The environmental data has been collected from all our production units in Finland, Sweden, Russia, Latvia and Lithuania. The environmental data concerning energy, waste, water withdrawal and effluents, has been collected from manufacturing sites using a data collection spreadsheet. Transport, distribution and leasing car fuel consumption data has been collected from the service providers of Fazer Bakery Sweden, due to a change in the

distribution model. For the remaining Fazer Group units, a spend-based average is used to estimate the fuel combustion emissions. The logistics data covers the inbound raw material transport paid for by Fazer, inter-Fazer transportation and outbound finished goods transportation from Fazer's production units to customers. Business travel data has been collected from Fazer's travel agency. The data has been further consolidated at the Group level.

Fazer's environmental performance has been reported in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, with an Operational Control approach. In the process of setting Science Based Targets, we performed an emissions screening. As consequence, several emission categories were added to our inventory: fugitive emissions, purchased services, capital goods, employee commuting, downstream transportation and distribution (including the Well-to-Tank emissions), and end-of-life treatment of sold products.



For Scope 1 emissions calculations, the used emission factors have been combined from the DEFRA database (UK Government GHG Conversion Factors for Company Reporting, 2021) and Statistics Finland; Fuel classification. The Scope 2 emissions have been calculated according to the dual reporting principles of the GHG Protocol Scope 2 Guidance (market and location-based method). The appropriate emission factors have been obtained from Statistics Finland, the Association of Issuing Bodies (EU Residual Mix) and the International Energy Agency (IEA). Our energy service provider guarantees the renewable origin of our purchased electricity.

The Scope 3 purchased goods and services-related emissions are calculated by using the World Resource Institute’s Cool Food Pledge Calculator CO<sub>2</sub>e emission factors, Fazer’s in-house life cycle assessments, and a research paper on large-scale regionalised LCA by Liao, X. et al. and the DEFRA Database (packaging and indirect materials). The waste emissions were calculated by using a combination of the DEFRA database and Helsinki Region Environmental Services’ Julia 2030 Project. The logistics emissions (transport, storage and distribution) were calculated with a mix of supplier-specific emission factors, the EXIO database spend-based factors and the DEFRA Database. Fazer Group maintains an emission factor library and a matching table to ensure consistent use of relevant emission factors.

The classification of production tonnes excludes the milling side stream fractions classified as human non-edibles. The production volumes used for any intensity calculation are based on the data from Fazer’s Enterprise Resource Planning (ERP) system.

## MATERIALITY ANALYSIS

During the year, we conducted a materiality analysis encompassing our main markets. In order to understand and target the topics our stakeholders consider relevant, we gathered the views of hundreds of stakeholders including our customers, partners and our own employees. We additionally conducted in-depth interviews with important stakeholder

representatives to obtain invaluable qualitative information. During the year, we re-organised our four sustainability core goals under four focus areas and renamed them as Fazer’s Sustainability Ambitions. **Read more about our materiality assessment in the Sustainability at the core section on page 3.**









# GRI CONTENT INDEX

GRI STANDARDS DISCLOSURE		LOCATION (2021)	REPORTED FULLY /PARTIALLY	COMMENTS (2021)
GRI 102: General disclosure (2016)				
Organisational profile				
102-1	Name of the organisation	Financial review: Governance	<div></div>	Fazerintie 6 PO Box 4 FI-00941 HELSINKI FINLAND
102-2	Activities, brands, products, and services	Financial review: Board of Directors' report	<div></div>	
102-3	Location of headquarters	GRI index	<div></div>	
102-4	Location of operations	Financial review: Board of Directors' report	<div></div>	
102-5	Ownership and legal form	Financial review: Corporate Governance	<div></div>	
102-6	Markets served	Financial review: Board of Directors' report; Annual review: Fazer The Food Experience Company	<div></div>	Information on temporary employees not reported.
102-7	Scale of the organisation	Financial review: Board of Directors' report, Group key figures, Financial statements; Annual review: Fazer The Food Experience Company, Key figures	<div></div>	
102-8	Information on employees and other workers	Annual review: People and wellbeing	<div></div>	
102-9	Supply chain	Financial review: Board of Directors' report; Annual review: Sustainable sourcing	<div></div>	
102-10	Significant changes to the organisation and its supply chain	Financial review: Board of Directors' report	<div></div>	
102-11	Precautionary Principle or approach	Financial review: Board of Directors' report; Annual review: Climate and circularity	<div></div>	
102-12	External initiatives	Annual review: Sustainability at the core	<div></div>	
102-13	Membership of associations	Annual review: Sustainability at the core	<div></div>	
Strategy				
102-14	Statement from senior decision-maker	Annual review: CEO's review	<div></div>	



GRI STANDARDS DISCLOSURE		LOCATION (2021)	REPORTED FULLY /PARTIALLY	COMMENTS (2021)
Ethics and integrity				
102-16	Values, principles, standards, and norms of behavior	Annual review: Fazer The Food Experience Company, Our strategy, Sustainability at the core, People and wellbeing		
102-17	Mechanisms for advice and concerns about ethics	Annual review: People and wellbeing		
Governance structure				
102-18	Governance structure	Financial review: Corporate Governance		
Stakeholder engagement				
102-40	List of stakeholder groups	Annual review: Sustainability at the core		
102-41	Collective bargaining agreements	GRI index	NA	Information unavailable.
102-42	Identifying and selecting stakeholders	Annual review: Sustainability at the core		
102-43	Approach to stakeholder engagement	Annual review: Sustainability at the core		
102-44	Key topics and concerns raised	Annual review: Sustainability at the core		
Reporting practice				
102-45	Entities included in the consolidated financial statements	Financial review: Notes to consolidated financial statements		
102-46	Defining report content and topic boundaries	Annual review: Sustainability at the core		Topic boundaries not defined.
102-47	List of material topics	Annual review: Sustainability at the core		
102-48	Restatements of information	Financial review: Board of Directors' report; Annual review: CEO's review, Successes and challenges, GRI index		The methodology for calculating food waste was modified, resulting in more detailed data and accounting for the different characteristics of Fazer's business units.
102-49	Changes in reporting	Annual review: Sustainability at the core		Fazer's material topics were updated based on the materiality assessment conducted in 2021.
102-50	Reporting period	Annual review: Sustainability reporting principles and data		1 January –31 December 2021.
102-51	Date of most recent report	GRI index		15th April 2021
102-52	Reporting cycle	GRI index		Annual
102-53	Contact point for questions regarding the report	GRI index		Joséphine Mickwitz, josephine.mickwitz@fazer.com
102-54	Claims of reporting in accordance with the GRI Standards	Annual review: Sustainability reporting principles and data, GRI index		This report has been prepared in accordance with the GRI Standards: Core option
102-55	GRI content index	Annual review: GRI index		
102-56	External assurance	GRI index		The report is not externally assured.



GRI STANDARDS DISCLOSURE		LOCATION (2021)	REPORTED FULLY /PARTIALLY	COMMENTS (2021)
GRI 103: Management approach (2016)				
103-1	Explanation of the material topic and its boundary	Annual review: Sustainability at the core		Topic boundaries not defined.
103-2	The management approach and its components	Annual review: Climate and circularity, Sustainable products and innovations, Sustainable sourcing, People and well-being; Financial review: Corporate Governance		
103-3	Evaluation of the management approach	Annual review: Sustainability at the core, Climate and circularity, Sustainable products and innovations, Sustainable sourcing, People and well-being		
ECONOMIC STANDARDS				
GRI 201: Economic performance (2016)				
201-1	Direct economic value generated and distributed	Financial review: Group key figures, Financial statements; Annual review: Fazer creates value, Fazer The Food Experience Company, Sustainability at the core		
GRI 203: Indirect economic impacts (2016)				
203-2	Significant indirect economic impacts	Financial review: Board of Directors' report; Annual review: CEO's review, Successes and challenges, GRI index		
ENVIRONMENTAL STANDARDS				
GRI 301: Materials (2016)				
301-1	Materials used by weight or volume	Annual review: Climate and circularity		The data refers to packaging materials.
GRI 302: Energy (2016)				
302-1	Energy consumption within the organisation	Annual review: Climate and circularity		
302-3	Energy intensity	Annual review: Climate and circularity		Energy intensity has been calculated on the sum of all energy types.
GRI 303: Water and Effluents (2018)				
303-1	Interactions with water as a shared resource	Annual review: Fazer Confectionery, Sustainability at the core, Climate and circularity, Sustainable sourcing		We are still in the process of assessing water-related impacts and forming our process. No goals set.
303-3	Water withdrawal	Annual review: Climate and circularity		Water withdrawal not broken down by source.



GRI STANDARDS DISCLOSURE		LOCATION (2021)	REPORTED FULLY /PARTIALLY	COMMENTS (2021)
GRI 304: Biodiversity (2016)				
304-2	Significant impacts of activities, products, and services on biodiversity	Annual review: Sustainable sourcing		Species, duration and reversability of impacts not reported. Management approach in progress and governed by Group Sourcing and Sustainability team.
GRI 305: Emissions (2016)				
305-1	Direct (scope 1) GHG emissions	Financial review: Board of Directors' report; Annual review: Sustainability results, Climate and circularity, Reporting principles		All gases included as Fazer's uses CO <sub>2</sub> equivalents in GHG emission calculations.
305-2	Energy indirect (scope 2) GHG emissions	Annual review: Climate and circularity, Reporting principles		All gases included as Fazer's uses CO <sub>2</sub> equivalents in GHG emission calculations.
305-3	Other indirect (scope 3) GHG emissions	Financial review: Board of Directors' report; Annual review: Climate and circularity, Reporting principles		All gases included as Fazer's uses CO <sub>2</sub> equivalents in GHG emission calculations.
305-4	GHG emissions intensity	Sustainability results, Reporting principles		All gases included as Fazer's uses CO <sub>2</sub> equivalents in GHG emission calculations. Organisation-specific metric is produced tonnes.
GRI 306: Waste (2020)				
306-1	Waste generation and significant waste-related impacts	Annual review: The future of food, Climate and circularity, Sustainable products and innovations		
306-2	Management of significant waste-related impacts	Annual review: The future of food, Climate and circularity, Sustainable products and innovations		
SOCIAL STANDARDS				
GRI 403: Occupational health and safety (2018)				
403-1	Occupational health and safety management system	Annual review: Sustainability at the core, People and wellbeing		Workers who are not employees but whose work and/or workplace is controlled by the organisation is not included in the reported information.
403-2	Hazard identification, risk assessment, and incident investigation	Annual review: People and wellbeing		See comment above.
403-4	Worker participation, consultation, and communication on occupational health and safety	Annual review: People and wellbeing		See comment above.
403-5	Worker training on occupational health and safety	Annual review: People and wellbeing		See comment above.
403-9	Work-related injuries	Financial review: Board of Directors' report; Annual review: People and wellbeing		See comment above.



GRI STANDARDS DISCLOSURE		LOCATION (2021)	REPORTED FULLY /PARTIALLY <div><div></div><div></div><div></div></div>	COMMENTS (2021)
GRI 405: Diversity and equal opportunity (2016)				
405-1	Diversity of governance bodies and employees	Financial review: Corporate Governance; Annual review: People and wellbeing	<div><div></div><div></div><div></div></div>	Gender and age reported.
GRI 412: Human rights assessment (2016)				
412-2	Employee training on human rights policies or procedures	Financial review: Board of Directors' report; Annual review: People and wellbeing	<div><div></div><div></div><div></div></div>	
GRI 416: Customer health and safety (2016)				
416-1	Assessment of the health and safety impacts of product and service categories	Financial review: Board of Directors' report	<div><div></div><div></div><div></div></div>	Aggregated figure at Group-level not collected.
GRI 417: Marketing and labelling (2016)				
417-3	Incidents of non-compliance concerning marketing communications	Annual review: Sustainability at the core	<div><div></div><div></div><div></div></div>	During the year, there were no breaches against our marketing policy, one claim is still pending and in one case we changed the labelling practices based on the received feedback.
Fazer's own indicators				
	Plant-based products in offering	Annual review: The future of food, Fazer Lifestyle Foods, Sustainable products and innovations		
	Cage-free eggs	Annual review: Sustainable sourcing		
	Responsible fish	Annual review: Climate and circularity, Sustainable sourcing		
	Responsible palm oil	Annual review: Sustainable sourcing		
	Responsible soy	Annual review: Sustainable sourcing		
	Responsible cocoa	Annual review: Sustainable sourcing		
	Food loss	Annual review: Sustainable sourcing, Climate and circularity		
	Food technologies	Annual review: The future of food		



[fazergroup.com](https://fazergroup.com)