



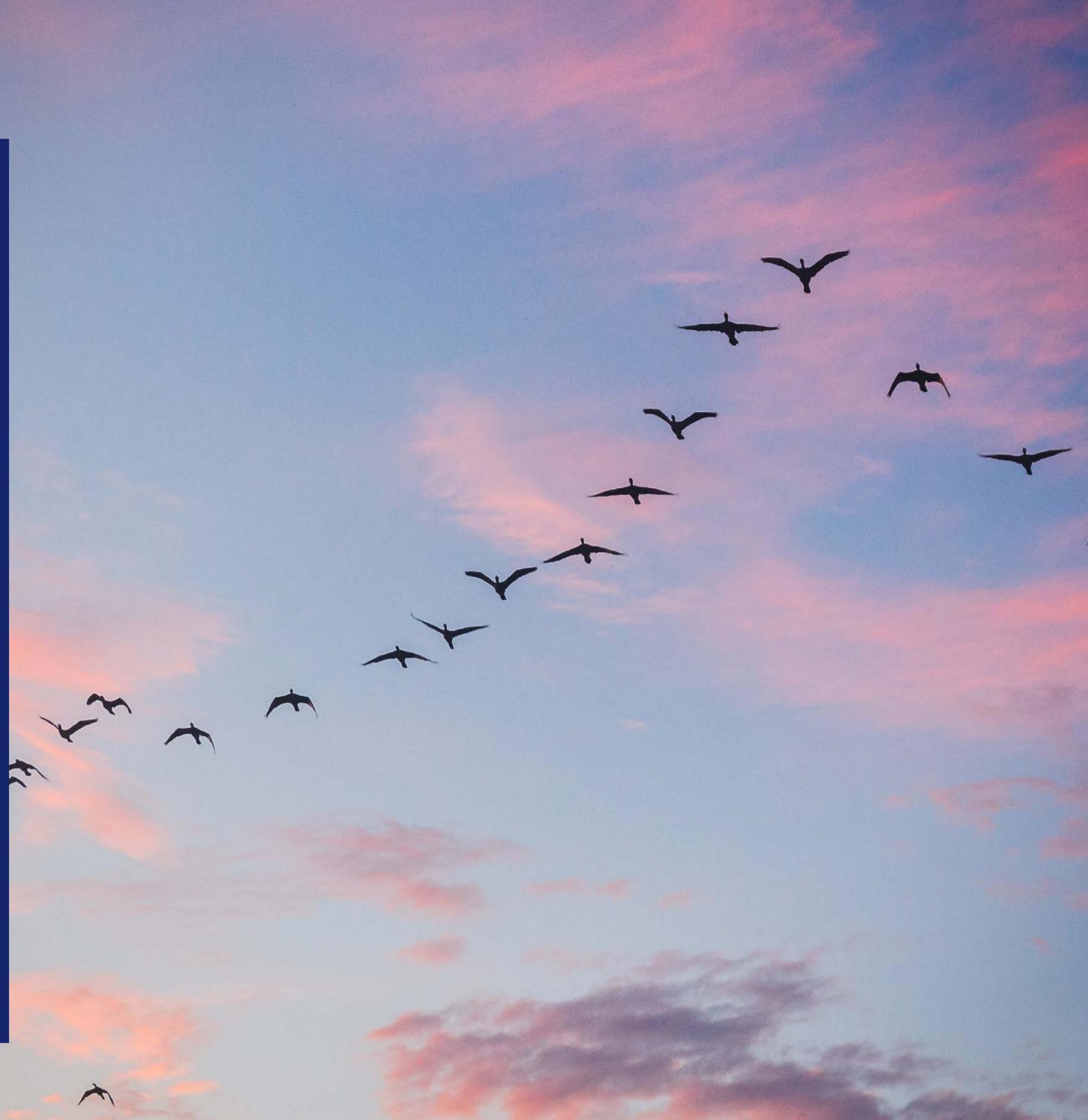
2021

ANNUAL REVIEW



FEARLESSLY FORWARD

In 2021, Fazer, The Food Experience Company, continued to evolve into an even more consumer-driven food company that fulfils people's needs and expectations in a rapidly changing world.



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In 2021, Fazer Group had bakery business in Russia, operated through its local subsidiary. Due to the crisis in Ukraine, Fazer decided in early March 2022 to exit all its operations in Russia, including exports. As this review regards year 2021, the Russian operations are still included.

FAZER IN 2021



Further reducing our carbon footprint

In 2021, we conducted a comprehensive study of our energy consumption, emissions, and the reduction potential of our operations and defined roadmaps to better align our goals with the Paris Agreement.

FAZER IN 2021

FAZER THE FOOD EXPERIENCE COMPANY

At Fazer, we create meaningful food experiences and moments of joy. By combining our 130-year heritage with fearless creativity, we innovate the sustainable food solutions of the future.

The story of Fazer began 130 years ago, when Karl Fazer opened his first café in Helsinki. Over the decades, Fazer has grown into an international Food Experience Company. Today, we focus on fast-moving consumer goods and our direct-to-consumer business in the Nordics, Baltics and beyond in some 40 different countries. We operate through our three Business Areas: Fazer Bakery, Fazer

Confectionery and Fazer Lifestyle Foods. We are also a major player in the Nordic grain milling market and increasingly in foodtech.

In our product portfolio, we combine our much loved and cherished brands with an unending curiosity for new tastes. Whether it is a nourishing breakfast, a quick snack in the afternoon or a sweet treat in the evening, Fazer's products bring joy and well-being into people's everyday lives. Our strong consumer centric approach allows us to craft the tastes of today, while already exploring those of tomorrow.



Our mission, **Food with a purpose**, describes our reason for being. It means that we create magical moments by pouring dedication and care into every bite. We draw from our expertise in innovations and foodtech to bring consumers tasty experiences that are increasingly plant based, and thus, better for both people and the planet. Sustainability is at the core of everything we do.

Our vision, **Towards Perfect Days**, defines our shared direction. It guides the journey we are taking with our consumers and customers, steering us forward. We want to make every day a little better, with a taste, a surprise, an experience. We think that happiness is made of moments, and we are here to make them special.

We gain endless insight and inspiration from our consumers' needs and values and develop our offering together with them, in continuous dialogue. We want our consumers to associate life's memorable moments with the Fazer brand, and in enjoying our products, experience our brand promise, **Northern Magic. Made Real.**

Fazer Group is financially robust and pursues a well-defined strategy for future growth. In 2021, we continued to evolve into an even more consumer-driven food company that fulfils people's needs and expectations in a rapidly changing world. Our Group's net sales amounted to 1,139.8 MEUR and comparable EBITDA to 127.8 MEUR, with Fazer Bakery achieving net sales of 553.9 MEUR, Fazer Confectionery of 433.5 MEUR and Fazer Lifestyle Foods of 179.5 MEUR.



Fazer Group is financially robust and pursues a well-defined strategy for future growth.

11.2%

Fazer Group's comparable EBITDA margin was 11.2%.

NET SALES, MEUR



CEO'S REVIEW

FAZER GROUP'S PRESIDENT AND CEO CHRISTOPH VITZTHUM:

In 2021, celebrating its 130th anniversary, Fazer continued its solid performance. The year was once again characterized by the COVID-19 pandemic and its impacts on the global economy. We continued to prioritise our employees' health and safety as regulations and restrictions on travel and movement influenced our ways of working and were able to secure business continuity. During the year we were challenged not only by the continued pandemic, but also by the rising costs and availability for raw materials, packaging materials and logistics. Increasing wages and energy costs also affected our business. While we were not totally unaffected by the crisis, our proactive mitigation actions, strong brand and beloved products combined with bold innovations clearly supported the resilience of our business. As a result, both Fazer Group's net sales and comparable EBITDA increased compared to the previous year.

Fazer Bakery's performance was solid in 2021, with net sales at the previous year's level. We continued to actively develop the Fazer Bakery business during the year. We introduced a new operating model in Fazer Bakery Sweden, including a reseller and distribution agreement with Polfärskt, and closed our bakery in Lund in September. The new model has been successful, and we already see positive results in terms of improved profitability, customer service and reduced environmental footprint. In Russia, demand has been strong, especially in bake-off. Our Russian business was, however, particularly challenged by the increases in raw material prices as well as the limited availability of production personnel. Fazer Bakery Finland had a very successful year with strong performance: we opened 17 new bakeries under our popular shop-in-shop concept, bringing their number to a total of 120. Fazer Bakery shop-in-shops already employ a total of 700

people in Finland. Our retail customers' interest in the concept remains high and the expansion of the bakery network is expected to continue. The successful bakery shop-in-shop concept has also been brought to Estonia, where there are currently 10 shop-in-shop bakeries, five of which opened in 2021. Furthermore, we are investigating the opportunities of further geographical expansion of the concept.

Fazer Confectionery performed particularly well during the year and net sales increased by 8%, with all time high sales in the last quarter of the year. The commercial performance was strong, with excellent growth in e.g., countlines, gifts and seasonal. Although the volatility in the Fazer Retail business, caused by continuously changing restrictions, continued throughout the year, we saw a partial recovery from 2020. Our Travel Retail business also started to recover from the very low numbers in 2020 but remained clearly at a lower-than-normal level. In the autumn, we launched a project to investigate and innovate solutions for confectionery production in the future and concluded that investing in a new world-class factory in Finland would meet future consumer expectations, enhance working conditions and improve energy efficiency. If the plan is realised, the new factory would replace the existing factories in Vantaa and Lappeenranta.

Fazer Lifestyle Foods' net sales were stable at the previous year's level. We continued to develop the business and reorganised the business into five business units to bring out the full potential in terms of top line growth and efficiency. In the autumn, we inaugurated our new oat mills in Sweden and Finland, thereby doubling our oat milling capacity in both markets. We also started the ramp up of operations in our xylitol factory. Through the acquisition of the Swedish market leading producer of plant-based drinks, Trensums Food, and the investments in Korja to support the expansion of oat drink capacity, Fazer has a solid platform to support growth in the oat drink category. I see strong momentum for Fazer Lifestyle Foods going forward.

The industry we are operating in and the whole food system is currently undergoing a fundamental change. The global climate crisis, increasing pace of food innovations and the rise of new technologies as well as fast evolving consumer trends are changing the way food is produced, distributed, and consumed. This has a significant impact on the environment, on society and on our well-being. In addition to the awarded circular economy innovation, Fazer xylitol factory, we progressed in sustainability on several fronts during the year. Key highlights include the approval of our Science Based Targets (SBTi) and our updated Sustainability Ambitions.

In 2022, we will continue our transformation journey by focusing on our FMCG strategy. Our in-depth understanding of consumers' needs and expectations guide the strategic choices we make in all our businesses today and will shape our portfolio for tomorrow – whether through product development, innovations, partnerships, or acquisitions.

The possibility for us to potentially expand our shareholder base by listing publicly, which we communicated in 2021, remains an option for Fazer in the future.

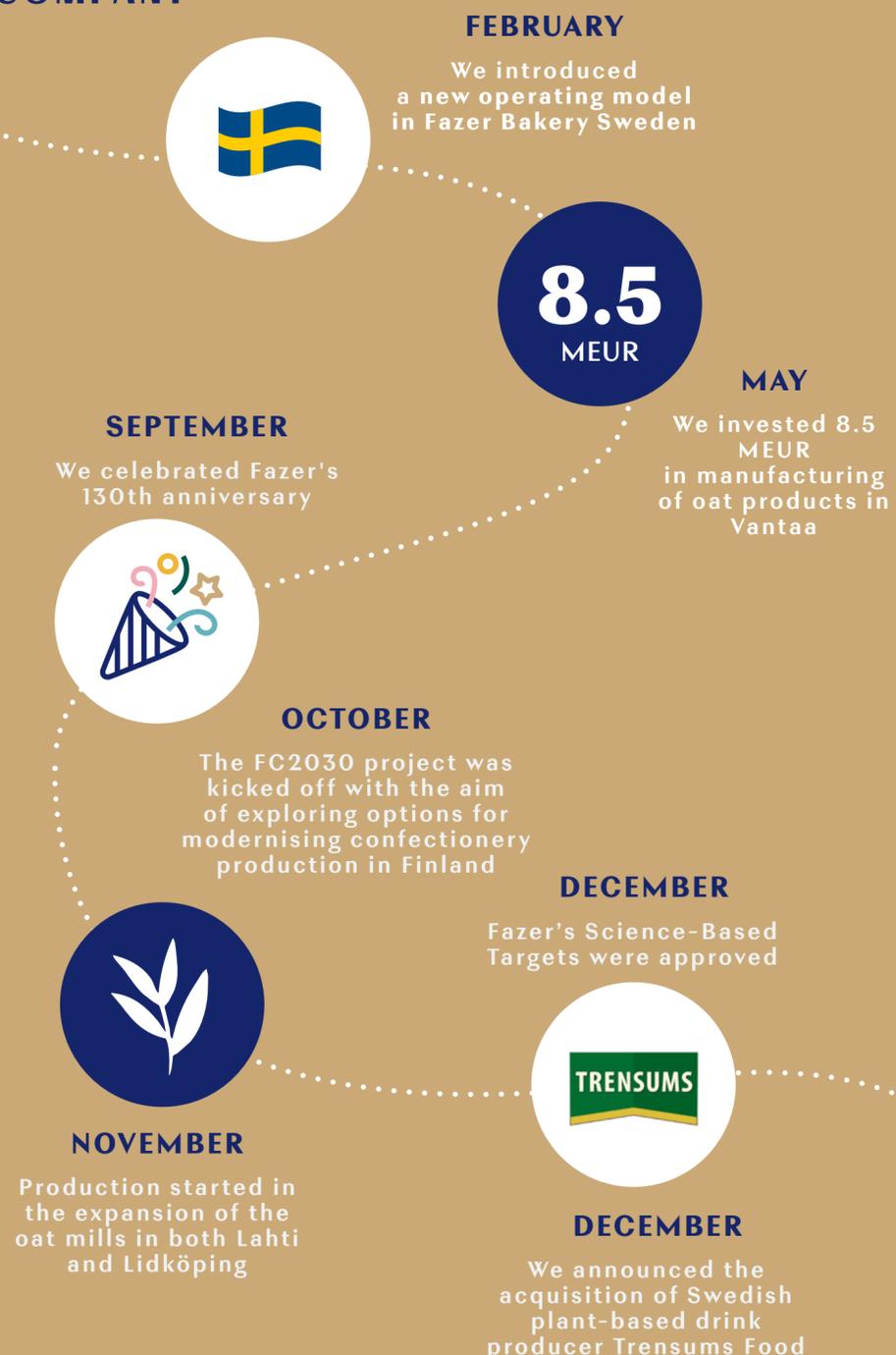
The geopolitical situation in Europe changed dramatically in the end of February 2022. In the beginning of March we announced the suspension of all our exports to Russia and a few days later we announced our decision to exit all operations in Russia. Russia's attack on Ukraine is an act of aggression which has tragic consequences across the region. The crisis is expected to continue creating uncertainty in the market throughout 2022.

I would like to thank all our employees, customers, partners, and stakeholders for their engagement and support.

Christoph Vitzthum
President & CEO
Fazer Group



IN 2021, WE CONTINUED TO EVOLVE INTO AN EVEN MORE CONSUMER-DRIVEN FOOD COMPANY



SUCCESSSES AND CHALLENGES IN 2021

The past year proved our resilience and capacity to achieve positive results even in unusual and unpredictable market conditions.

The pandemic continued to cause challenges in the markets where we operate. However, we learned how to adjust to a new normal. As in 2020, we at Fazer prioritised our employees' health and safety as regulations and restrictions on travel and movement influenced our ways of working. Day-to-day life was relatively normal for employees at our production facilities and production proceeded uninterrupted. Meanwhile, our office employees continued to adhere to remote working recommendations.

Particularly at the beginning of the year, there were constraints to the operation of our retail business, including Fazer Cafés, Gateau bakery shops, and Travel Retail. Nevertheless, the pandemic also brought notable opportunities for Fazer. Our businesses



were positively impacted by housebound consumption as consumers were taking a greater interest in preparing food and enjoying our products.

In 2021, we revisited Fazer Group's strategy and updated our business area strategies. We put a lot of emphasis to consumer insights, which give us clarity and direction regarding our focus areas. They show us where we can matter the most. They guide the strategic choices we make in our everyday business. Moreover, they support us in shaping our portfolio for tomorrow by enabling us to unleash specific opportunities for growth. By combining our strategic intent and insight regarding consumer needs and trends, we can expand beyond category boundaries and ultimately grow faster than the market.



COMMERCIAL SUCCESS

STRONG SALES PERFORMANCE IN CONFECTIONERY

Fazer Confectionery achieved exceptionally strong commercial success during 2021, with good sales growth especially in countlines and seasonal products and gifts. The volumes showed very strong growth, and after analysing our confectionery facilities, we identified the need to modernise our manufacturing footprint and further improve the efficiency of our production. We concluded that investing in a new world-class confectionery factory in Finland would meet future consumer expectations, enhance working conditions, and improve energy efficiency. If the plan is realised, the new factory would replace the existing confectionery factories in Vantaa and Lappeenranta. The construction of the new factory would begin in 2023, and the factory would be ready for operation in 2025, at the earliest. The decision on the potential construction and location of the new factory will be made in 2022.



EXPANSION OF RETAIL NETWORK

WE OPENED NEW FAZER CAFES AND BAKERY SHOPS

During the year, we were able to establish two new Fazer Cafés and three Gateau bakery shops in Helsinki and Malmö. In addition to strengthening our presence in new neighbourhoods in these cities, the new retail outlets also allow us to provide employment in an industry that has been heavily challenged by the pandemic.

DEVELOPMENTS IN SWEDEN

TRANSFORMING OUR OPERATING MODEL

We discontinued our own sales and distribution organisation, and entered a reseller agreement with the bakery sales company Polfärskt to improve our service level towards customers and consumers in Sweden. The agreement came into effect from the beginning of summer 2021, providing a more sustainable sales model that will raise the profitability of Fazer Bakery Sweden in the long term. This also resulted in closing the Lund bakery.

BAKERY NETWORK EXPANSION

BAKERY SHOP-IN-SHOPS ARE A FLOURISHING SUCCESS

We opened 17 new bakeries under our very popular shop-in-shop concept in Finland, bringing their number to a total of 120 at the end of the year. Fazer Bakery shop-in-shops already employ a total of 700 people in Finland. Retail's interest in the concept remains high and the expansion of the bakery network is expected to continue. The successful bakery shop-in-shop concept has also been brought to Estonia, where there are currently 10 shop-in-shop bakeries, five of which opened in 2021. Furthermore, we are investigating the opportunities of further geographical expansion of the concept.

MEETING CONSUMER DEMAND

EXPANDING OUR GLUTEN-FREE PRODUCT RANGE

In response to growing consumer demand, we introduced a dozen new gluten-free products to our bakery offering in Finland. Our strategic acquisition of a gluten-free bakery in Lahti in 2020 enabled us to gain a solid foothold in the market. We achieved market leadership in gluten-free bakery products during 2021. Development of our gluten-free product family continues strongly.

GREATER OAT MILLING CAPACITY

SCALING UP OUR OAT BUSINESS

In line with our goal to become one of the leading producers of plant-based food in Northern Europe, we capitalised on consumer preference for oat products by doubling our oat milling capacity. The expansion of our oat mills in Lidköping, Sweden and Lahti, Finland opened in November. We initiated work to construct two new production lines of oat products in Vantaa, one in the bakery and another in confectionery chocolate factory, with both projects set for completion in 2022. In 2021, our growth in the non-dairy category was limited by capacity constraints in Korja. We began investments to double our factory's capacity.

GROWTH STRATEGY EXECUTION

FAZER ACQUIRES TRENSUMS FOOD, A LEADING EUROPEAN OAT DRINK PRODUCER

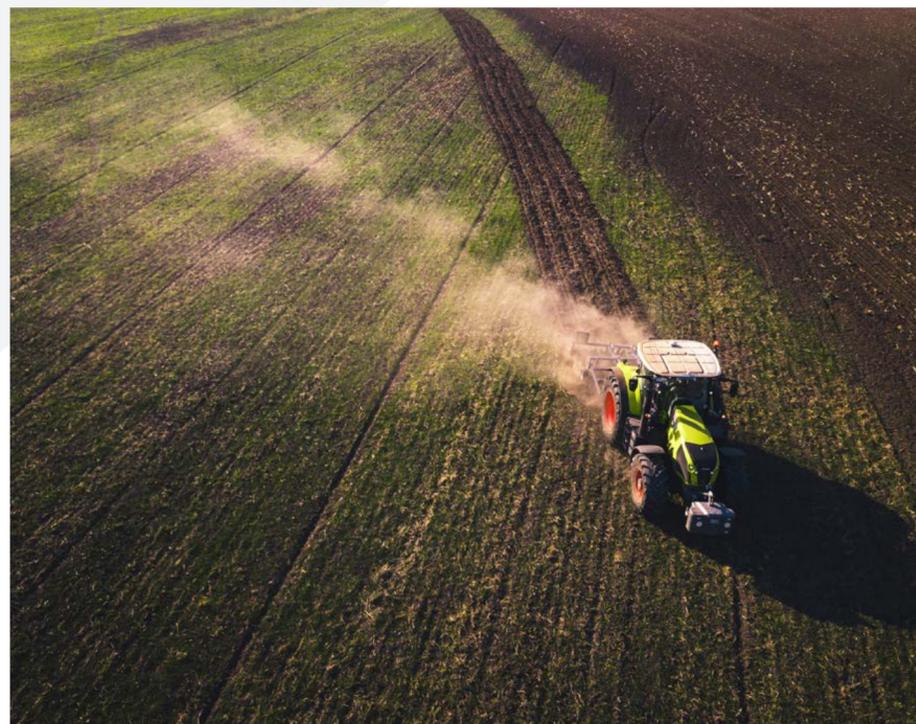
In December, we signed an agreement to acquire Trensoms Food AB, a Swedish market-leading producer of plant-based drinks, to multiply our oat drink production capacity. The step also brought us another step closer to our ambition to become a top Northern Europe player in non-dairy and plant-based food. The acquisition was closed in February 2022. Trensoms Food is part of Fazer Lifestyle Foods business area.



INNOVATION FROM OATS

FAZER INNOVATES THE WORLD'S FIRST OAT-BASED XYLITOL PRODUCT

In a true example of circular economy innovation, Fazer Xylitol factory uses state-of-the-art technology to produce the world's first xylitol product from oat hulls. Prior to this invention, the inedible side stream of the oat milling process had only been used for energy production. The xylitol market is expected to grow, and Fazer intends to market its plant-based raw material in Northern Europe and beyond. Our new xylitol factory in Lahti will start commercial production in spring 2022.



BUSINESS CHALLENGES

CONTENDING WITH THE GLOBAL SUPPLY CHAIN CRISIS

Throughout 2021, our business as a whole was challenged by the inflationary pressure and supply chain disruptions that affected markets worldwide. These forces impacted the procurement and prices of raw materials, packaging, energy, transport, and all other areas of sourcing. Due to the pandemic, workforce shortages impacted our performance in several markets. Addressing this situation remained a top priority throughout the year.

SUSTAINABILITY

SUPPORTING FINNISH FARMERS TO INCREASE REGENERATIVE FARMING

By means of a series of free e-learning courses developed in cooperation with the Baltic Sea Action Group (BSAG) and Reaktor, we contributed to a training programme that enables Finnish farmers to increase carbon sequestration through regenerative farming. The programme aims to make farming more sustainable by transforming Finnish farmland from carbon sources into carbon sinks. By restoring the carbon content in soil, regenerative farming also benefits soil health.

SUSTAINABILITY

FAZER'S AMBITIOUS CLIMATE TARGETS APPROVED AND VALIDATED BY THE SCIENCE BASED TARGETS INITIATIVE

We continuously seek ways to improve our climate actions and further support our ambitious sustainability agenda. As a natural continuum to our previous sustainability work, we committed to the Science Based Targets initiative in 2021. Our new climate targets are in line with the Paris Agreement targets to limit global warming to 1.5°C. With the new targets, we join the forefront of international companies combating climate change. In order to reach the targets, we focus our actions on fossil-free energy and energy efficiency. In 2021, we conducted a comprehensive study of our energy consumption, emissions, and the reduction potential of all our operations and defined roadmaps to meet our targets. We will also develop the cooperation models with our suppliers to reduce emissions throughout the entire value chain.



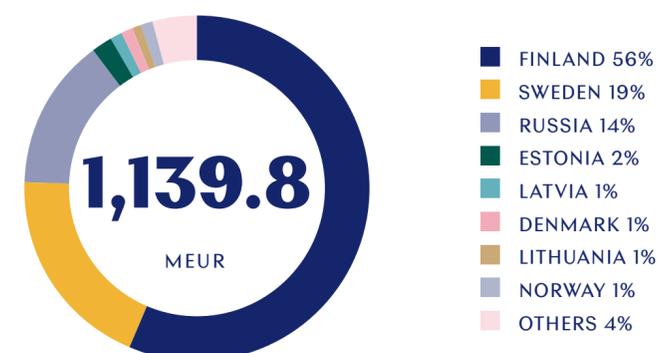
KEY FIGURES 2021

KEY FIGURES

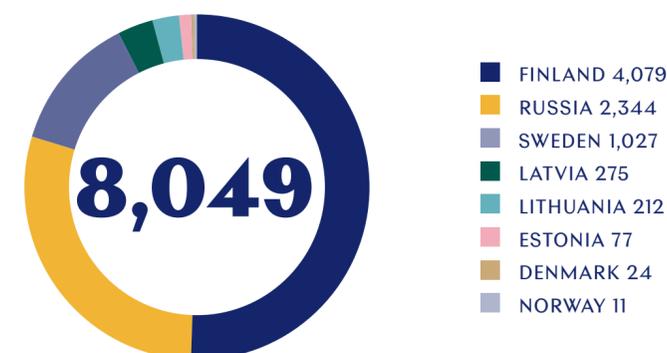
	2021	2020
Group net sales, MEUR	1,139.8	1,101.2
Comparable EBITDA, MEUR	127.8	125.0
Comparable EBITDA, %	11.2%	11.4%
EBITDA, MEUR	104.6	117.4
EBITDA, %	9.2%	10.7%
Comparable operating profit, MEUR	62.8	60.8
Comparable operating margin, %	5.5%	5.5%
Operating profit, MEUR	39.9	51.9
Operating profit, %	3.5%	4.7%
Profit before taxes, MEUR	45.9	41.8
Profit for the period, MEUR	32.0	440.4
Nr. of employees at the end of the period	8,049	8,496
Nr. of employees on average in the period (FTE)	7,123	7,316
Return on equity, %	3.5%	58.5%
Equity ratio, %	68.3%	70.7%
Gearing, %	-10.9%	-22.8%

FAZER BY COUNTRY

GROUP NET SALES BY COUNTRY, %

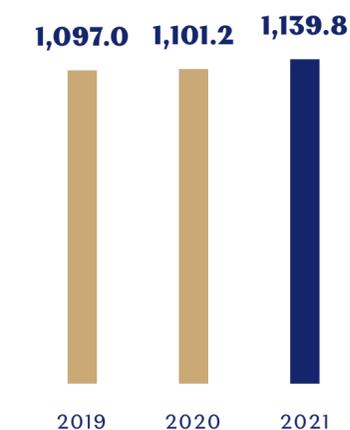


EMPLOYEES BY COUNTRY

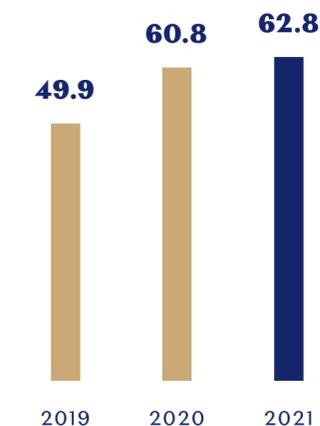


FINANCIAL INDICATORS

GROUP NET SALES, MEUR



GROUP COMPARABLE OPERATING PROFIT, MEUR

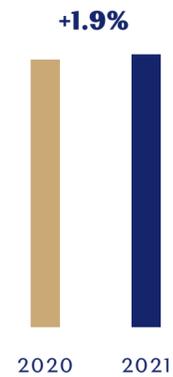


SUSTAINABILITY RESULTS

SUSTAINABILITY INDICATORS

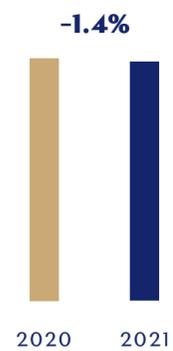
42% LESS EMISSIONS BY 2030

GREENHOUSE GAS EMISSIONS, TCO₂E



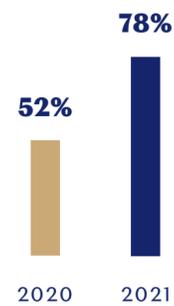
50% LESS FOOD LOSS BY 2030

AVOIDABLE FOOD LOSS KG/ PRODUCED TONNE



SUSTAINABLY SOURCED BY 2030

SHARE OF SPEND WITH SIGNED SUPPLIER CODE OF CONDUCT, %



MORE PLANT-BASED

SHARE OF PLANT-BASED IN OFFERING (SKU), %



For more detailed information about our performance, see the Climate and circularity section on **page 40**, Sustainable products and innovations on **page 45**, and Sustainable sourcing on **page 48**.



FAZER CREATES VALUE

At Fazer, we create value by developing the food of the future while prioritising the sustainability of our operations, thereby driving profitable growth.

To bring long-term value to our stakeholders, in addition to conducting profitable business, we also want to contribute actively to building a more sustainable society and planet.

Our in-depth understanding of consumers' needs and expectations enables us to continue operating successfully in a rapidly changing world. We can expand beyond category boundaries by developing products based on our insight into consumers' evolving needs.

Fazer creates value for a wide range of stakeholders – from consumers and customers, shareholders, and employees, to suppliers, service providers and partners. We invest significant amounts into our own operations and pay taxes responsibly, providing direct and indirect employment to thousands of people and offering development opportunities to our own employees.

In addition, we purchase goods and services from thousands of suppliers and service providers, collaborating with farmers and other partners to advance sustainability and working systematically to minimise our negative environmental and social impacts. Our aim is to continuously enhance the sustainability of our entire value chain. Furthermore, we support local communities through partnerships and donations.

We consider universities and research institutes as essential stakeholders for Fazer. We generate innovations and advance academic research by sharing knowledge with them on a broad range of topics relating to food, health, and sustainability. In this way, we create further shared value for society.

FOLLOWING OUR STRATEGIC PRIORITIES AND THROUGH OUR OPERATIONS,

- We are building an even stronger position as the number one FMCG brand in Finland
- We accelerate our growth through innovations, on-trend categories and foodtech
- We develop leading positions in Northern Europe
- We evolve our culture and drive critical capabilities to enable continuous success
- We develop food as a solution for a more sustainable planet and business
- We excel in our ways of working to become the industry leader in profitability



CREATING SHARED VALUE

OUR CORE INGREDIENTS

OUR PEOPLE

- » Approx. 8,000 consumer-oriented and engaged professionals

PARTNERSHIPS

- » Close customer and supplier relationships
- » Collaboration with partners and stakeholders

NATURAL RESOURCES

- » Raw materials e.g. cocoa & grain
- » Packaging raw materials e.g. recyclable and biodegradable materials
- » Energy and water

PRODUCTION, DISTRIBUTION AND SERVICES

- » Production units: factories & bakeries
- » Cafés, shop-in-shops, online stores
- » Distribution network

INNOVATIONS

- » Research and product development

BRANDS & REPUTATION

- » Iconic Fazer brand and over 100 other brands
- » High-quality products and services

THE FINANCIALS

- » Strong balance sheet
- » Significant debt capacity
- » Healthy profitability and cash flow

OUR RECIPE

CONSUMER FIRST

Strong customer relationships combined with direct access to consumers in multiple channels

INCLUSIVE CULTURE

Organisation powered by shared purpose and strongly rooted values

PREFERRED PORTFOLIO

Consistently satisfying evolving consumer tastes, expectations and trends

REGIONAL FMCG CHAMPION

Winning formula for local markets with an iconic cross-category brands

WE ARE THE FOOD EXPERIENCE COMPANY

OUR MENU



BUSINESS AREAS



SUSTAINABILITY AMBITIONS

UN'S SUSTAINABLE DEVELOPMENT GOALS



OUR VALUE CREATION

WE CREATE FINANCIAL BENEFITS FOR OUR OWNERS AND SOCIETY

Economic value distribution 2021

Personnel **332 MEUR** | Owners **97 MEUR**

Society **17 MEUR** | Financiers **3 MEUR**

In addition to economic value

67 MEUR Taxes collected | **82 MEUR** Investments

To suppliers and service providers:

715 MEUR worth of goods and services from 7,040 suppliers

To local communities: support through partnerships and donation

To owners: increased shareholder value

To universities and research institutes: co-operation and support

FEARLESSLY FORWARD



Sustainability and innovation are integral to our strategy

By investing in foodtech and food innovations, we are strengthening our focus on the sustainable food solutions of the future.



FUTURE OF FOOD

We are in the midst of momentous change in the food industry, with the introduction of innovative technologies and new ingredients. Moreover, consumers are increasingly considering the role that food can play in shaping the future of our planet.

At Fazer, we aim to be part of the memorable food moments of the future. Part of that goal involves staying ahead of trends.

After conducting interviews with over 8,000 people, with 16,000 consumption moments logged, we looked at the occasions when people consume and why, and what they do around those moments. Through our consumer benefit platforms, which were introduced in the beginning of 2021, we analyse consumer behaviour and plot where growth is possible in our categories. We constantly develop innovative ideas for food in so-called consumer “white spaces”, or gaps in the market where we can generate new opportunities.

For example, many individuals want to cut down on eating meat and animal products to help fight climate change, and an increasing number are doing so to boost their own well-being. A link that has been explored in scientific research and is also reflected in Nordic nutritional recommendations is that plant-

based products that are rich in fibre and other essential nutrients may help prevent several health problems.

Plant-based is the future of food

Plant-based food is a clear, visible direction for the future of food as the interest in and demand for plant-based products keeps growing year after year. By plant-based, we at Fazer mean products that contain no animal-derived ingredients, such as milk, honey, eggs, meat, or animal fats. In practice, plant-based at Fazer means the same as vegan. Our businesses – Fazer Bakery, Fazer Confectionery, and Fazer Lifestyle Foods – continuously develop our plant-based portfolio to respond to and anticipate the changing eating habits of consumers.

Sustainability and innovation are integral parts of Fazer’s strategy. Accordingly, innovations supporting the circular economy, such as the production of xylitol from oat hulls derived as a side stream from the oat milling process, represent a future direction for us.

Our factory in Lahti, Finland, is the first fully backwards integrated xylitol production facility and uses state-of-the-art technology.

Xylitol made from oat hulls is only one of Fazer’s innovations from oat. Another is Fazer Oat Rice, which has excellent nutritional value and a smaller carbon footprint than competing products in its category. In 2021, Fazer Oat Rice was awarded the food service product of the year in Sweden. This honour makes Fazer Oat Rice a great example of innovation that meets consumer needs.

At the forefront of this new frontier in innovation, research, and foodtech is the team at Fazer Lab, who work tirelessly to develop new advancements. Their discoveries of today are sure to be in the mouths and minds of tomorrow’s consumers.

Breakthrough research themes inside Fazer Lab have given us new insights into how we can make better food for a brighter future. These themes include Fazer Xtech, which is a foodtech deep dive to new sustainable food solutions; Fazer Oathow, which focuses on oats and future oat technologies; and Fazer Brainhow, which studies and develops brain-friendly products and solutions that promote well-being. Fazer is a major shareholder in the Finnish start-up Solar Foods, with whom we have partnered on Solein2Food, a project that aims to commercialise their novel sustainable protein ingredient Solein®, which is made from CO₂.

At Fazer, we see food as a solution. How we grow, produce, and consume food has a significant impact on the environment, on society, and on our well-being. Innovations such as the ones being dreamed up at Fazer Lab make food systems more productive, sustainable, and healthy.

This is what we consider the true future of food.

How will food waste shape the future of food?

We cannot talk about the future of food without mentioning food waste. At Fazer, we believe that tackling food waste today presents an enormous opportunity to decrease the environmental impact of our food production and enable resilient food systems tomorrow.

We are driving several projects where we look at the production scrap and side streams coming out of different product lines that we can upcycle in our production. As a result, for example, we are offering a bag of sweets that contains misshaped pieces of sweets. We are also working on how to valorise the side stream of the oat drink we manufacture. By upcycling various side streams, we are doing our part in building a circular food system that cuts down on waste by design while creating new products to delight consumers.

Sustainability in food and nutrition is high on our agenda, and we see innovation as a key enabler in executing our strategy. The less waste we produce, the better possibilities we will have in contributing to a healthier business and planet.

THE ONGOING FOOD TRANSITION STRENGTHENS CONSUMER TRENDS AND CREATES NEW EXPECTATIONS



HEALTH & WELLBEING

Consumers are increasingly proactive in their choices and long-term wellness is becoming a top consumption driver. Supported by advancements in foodtech, a range of functionalities will be integrated into different food products.

EXPERIENCE & ENJOYMENT

Consumers crave amazement and seek comfort through pleasures. Experiences will gain greater importance than material possessions, with food playing a key role.

CULTURE OF CONVENIENCE

Consumers are growing accustomed to ever-increasing convenience in the form of new service and product formats. Convenience in food takes on a broader meaning, including service elements, packaging improvements, and product design.



SUSTAINABILITY & RESPONSIBILITY

Climate anxiety and the demand for sustainable options drives younger generations to revolutionary behaviour, which in turn also strongly influence older consumers. More and more consumers are making dietary choices that support their own health while doing better for people and the planet.

POWER OF PEOPLE

A new era of power to the people is arising, with transparency and the free flow of information enabling empowered consumers. Authenticity and local connections are becoming more important in consumers' decision making.

OUR STRATEGY

As the entire industry and food system undergo fundamental changes, Fazer aims to accelerate growth by developing sustainable products and cultivating innovation based on in-depth consumer insight.

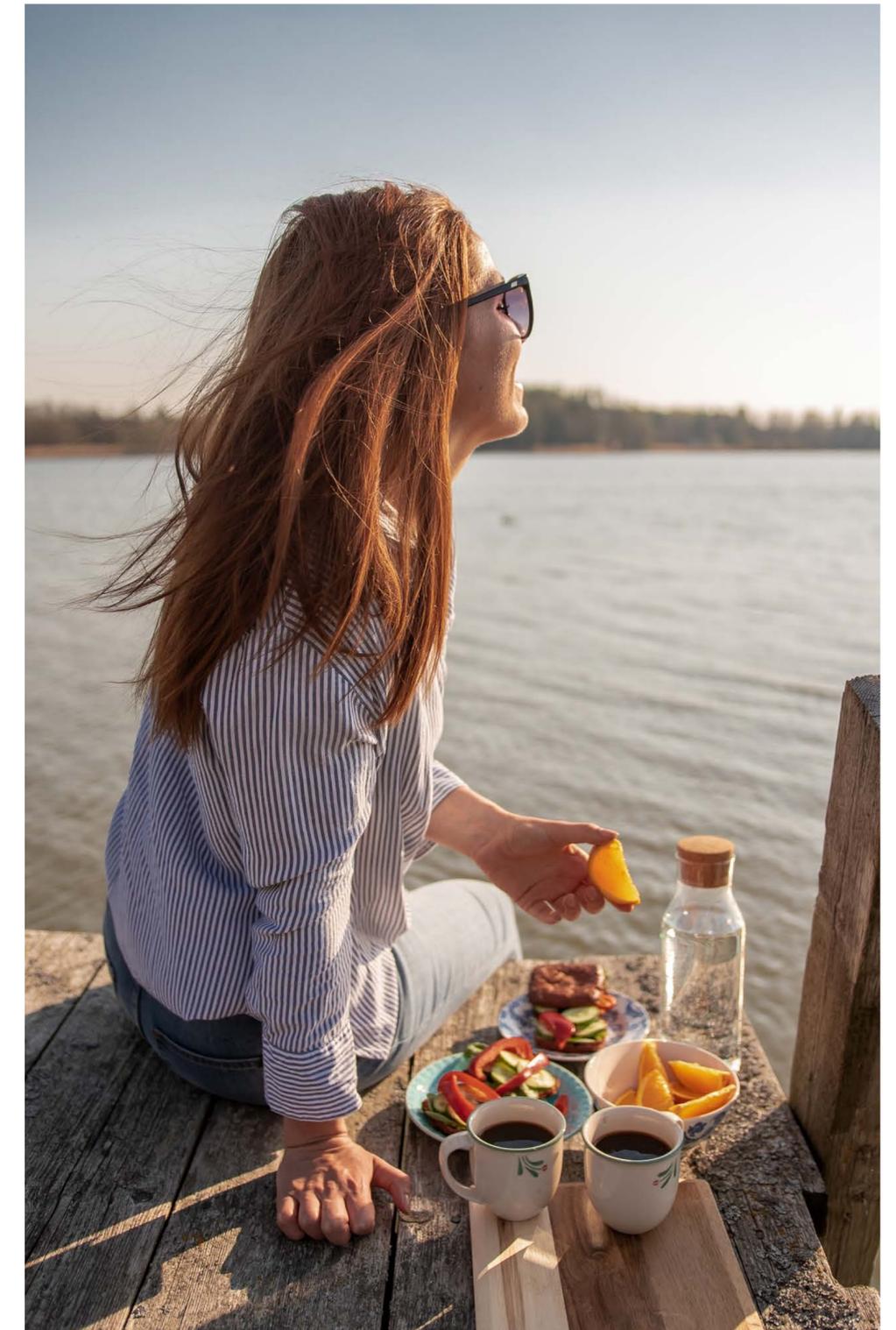
Anticipating consumers' needs to safeguard Fazer's progress in a rapidly changing world will be even more critical as we master the food transition. For this reason, in 2021, we updated our strategy to better express Fazer's consumer orientation.

As it stands today, our strategy serves as a compass pointing to where we want to take the company. At the same time, it reflects the competitive advantages we already possess that pave our way forward.

At Fazer, we see food as a solution. Our vision, Towards Perfect Days, guides us on the path we take with consumers and customers as we offer them new tastes and experiences that make the best of every moment.

In line with our mission, we strive to create Food with a purpose. This means offering delicious and inspiring products that bring people nourishment, health, and well-being, while simultaneously doing good for the planet. Our businesses are driven by a shared passion for creating food experiences and new products for sustainable lifestyles.

In 2021, we celebrated Fazer's 130th anniversary. Fazer is a financially strong company with a clear future strategy. Our ambitions for growth are high, and we may, in due course, broaden our shareholder base by listing the company publicly. Over the coming years, we will seek to expand organically as well as through various transformational mergers and acquisitions, both in large and small scales.



FAZER GROUP'S STRATEGY FOCUSES ON SIX AREAS

We are building an even stronger position as the number one fast-moving consumer goods brand in Finland.

We aim to win market share in our core categories while developing our portfolio by driving innovation and anticipating consumer needs. In addition to becoming a strategic partner for our key customers, we are developing a leading online presence across channels and expanding successful concepts.

We are accelerating growth through innovations, on-trend categories, and foodtech.

One of our key targets is to become a leader in plant-based foods. As categories merge and develop, we aim to capture first-mover opportunities and drive growth through innovations that scale. Growing and leveraging our foodtech business will help us ensure our role in creating the future of food.

We are developing leading positions in Northern Europe.

We want to grow and win market share and as part of this effort, we are launching our broader premium portfolio of indulgent and better-for-you products to meet consumer needs across these markets. We see mergers and acquisitions as a vital tool for driving growth in the future and are actively working on a broad pipeline of M&A opportunities.

We are excelling in our ways of working to become the industry leader in profitability.

We aim to achieve operational excellence across all our functions by driving synergies through more integrated ways of working, while maintaining independent business areas. In addition, we are enhancing efficiency in our manufacturing footprint, optimising production, and enabling further productivity with the aid of digitalisation.

We are developing food as a solution for a more sustainable planet and business.

Doing good for people and for the planet is part of our heritage as well as of our future. We aim to lead the food transition through our innovations, driving consumer engagement by developing sustainable, healthy, and high-quality products as well as sustainable packaging. We are promoting circular economy in our own operations and in our value chain and have renewed our targets to further minimise our environmental impact. Moreover, we will continue our efforts to safeguard the sustainability, transparency, and fairness of our supply chain.

We are evolving our culture and driving critical capabilities to enable continuous success.

We want to be able to retain and attract the top talents in the business and to provide our people with a safe and inclusive working environment where they can feel engaged and able to perform at their best. To support this effort, we are leading capability development initiatives across our businesses and functions, building a more integrated organisation, and fostering a culture that enables transformation.

OUR KEY STRATEGIC THEMES

The ongoing food transition and rising consumer trends underpin key themes in our strategy where Fazer can make a difference.



SUSTAINABILITY

Expectations to consume with peace of mind and a positive environmental impact.



DIGITALISATION

Expectations of freedom and convenience.



INNOVATION

Expectations of continuous improvement and magic in products.

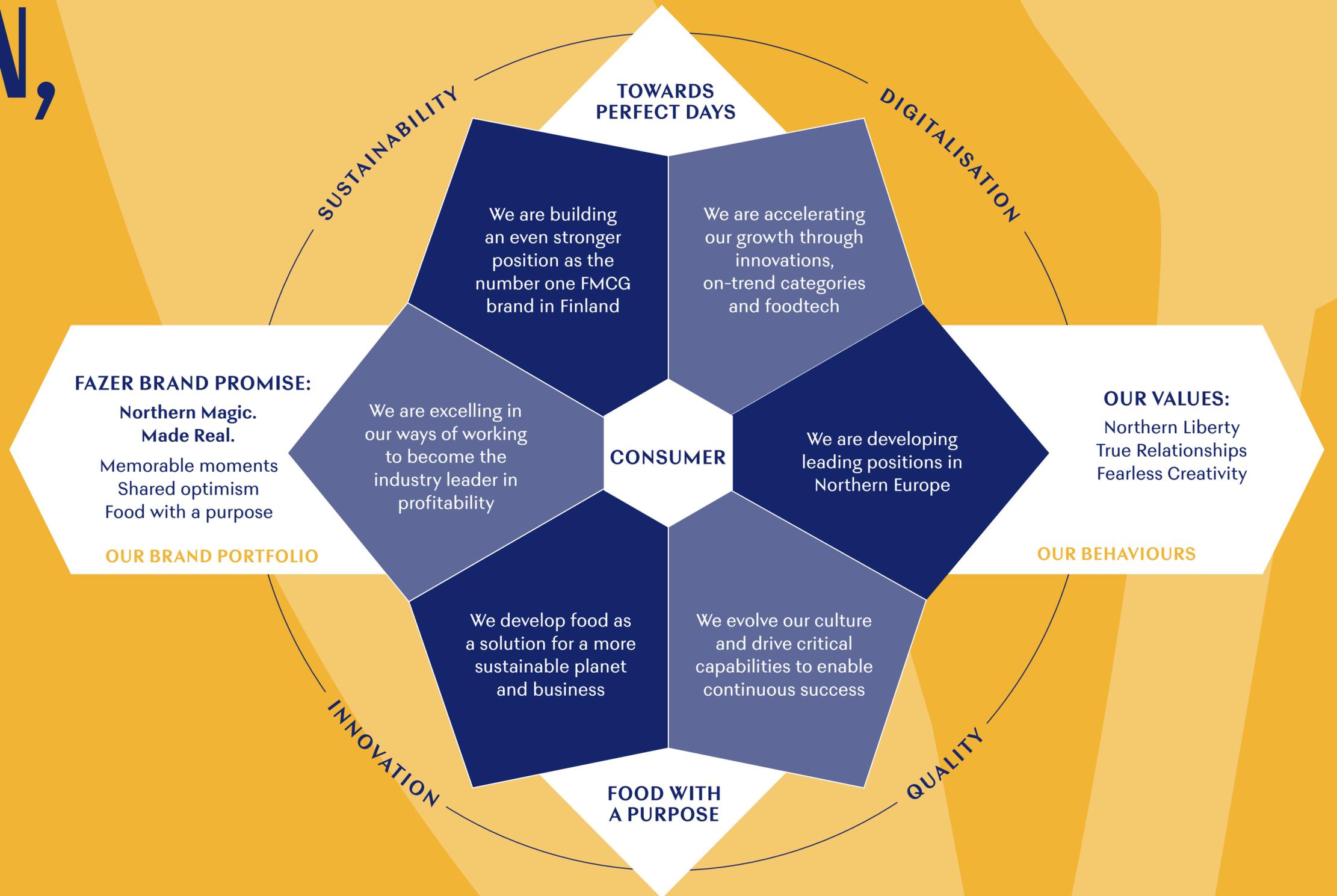


QUALITY

Expectations regarding trust and consistency amidst a changing environment.

OUR MISSION, VISION AND STRATEGY

The Food Experience Company



OUR BUSINESSES:

FAZER BAKERY

We implemented significant changes and attained several successes at Fazer Bakery in 2021.

Fazer Bakery crafts a wide range of tasty breads as well as delectable sweet pastries and cakes. Alongside our highly valued and well-established product portfolio, we also create tempting novelties in packed, frozen, and freshly baked shop-in-shop ranges. We offer delicious baked goods for every taste.

In 2021, we refined our business area wide strategy. We set priorities for the local business units in countries, in line with Fazer Bakery's strategy and worked on defining the operating model for the whole business area.

To reach our target state in the coming years, we will establish a multi-presence model from pre-packed all the way to in-store baked experiences in every market. We also target excellence in experience at every point of purchase, such as in-store, e-commerce, and other channels. By innovating at scale, we will be able to claim the innovator role in our markets. To drive cross-border synergies and agility, we plan to develop and optimise our production footprint. Finally, to reflect the needs of responsible food, we will work to improve the sustainability of our operations, including reducing emissions, minimizing food waste and ensuring the sustainability of our raw materials in cooperation with our farmers and suppliers. More environmentally friendly packaging is also heavily in our focus.

CASE: FAZER SHOP-IN-SHOPS BAKE BREAD BY HAND AND FROM SCRATCH, EVERY DAY

Each Fazer shop-in-shop is a real Fazer bakery located inside a grocery shop. Artisan bakers bake on-site and from scratch using domestic flours from Fazer's own mill. We offer high-quality artisan breads baked in the traditional way – by hand, with long-resting doughs, and without additives. The result is super fresh and local bread.

Fazer's shop-in-shop concept is inspired by the look and feel of small French bakeries. The mouth-watering aroma of baking bread greets consumers as they enter the shop, enticing them to the Fazer shop-in-shop bakery where they can enjoy the experience of choosing from the array of delicious artisanal and handmade breads.

Features like these result in consumers' willingness to pay a little extra, which in turn increases the sales of the shops's entire bread department, including the packed bread. It's no wonder that Fazer's shop-in-shop bakeries have won retail customers over. To date, no

other bakery in Finland offers a similar concept, at least not in this scale.

By the end of 2021, Fazer had established 120 shop-in-shop bakeries in Finland and ten in Estonia. Growth is expected to continue, with Fazer investigating possibilities to expand the concept further to other countries. Already today, the shop-in-shop bakeries employ 700 artisan bakers in Finland. To support the development of the shop-in-shop concept and respond to labour shortages, Fazer has established the Fazer Artisan baker school, an apprenticeship training programme which it runs together with vocational schools.

The keys to the shop-in-shop concept's success have been continuous development in many areas, such as inspiring assortments, cooperation with retailers, and training bakers in customer service and on improving the overall consumer experience.



Close collaboration with our customers leads to a better response to their needs.

Fazer Bakery performed well in all markets

We carried out numerous changes and achieved many successes despite a turbulent operating environment in 2021. While record-high raw material, transportation, and energy costs accentuated supply chain challenges, our scale, large portfolio, attractive novelties, and good cooperation with customers allowed us to remain competitive.

In February, we announced the introduction of a new operating model in Sweden. The new model came into effect in May and includes a reseller and co-distribution agreement with the Swedish bakery sales company Polfärskt. In line with this change, the number of Swedish bakeries was reduced from four to three as we moved production from Lund to Fazer's bakeries in Eskilstuna, Umeå and Lidköping. This involved investments in new capabilities in those bakeries. With these changes, we aim to increase our agility and service levels with regard to customers. We are confident that these developments will provide a strong and profitable foundation for the future business.

Our successful shop-in-shop network and concept continued its expansion. In 2021, we opened 17 new shop-in-shops in Finland,

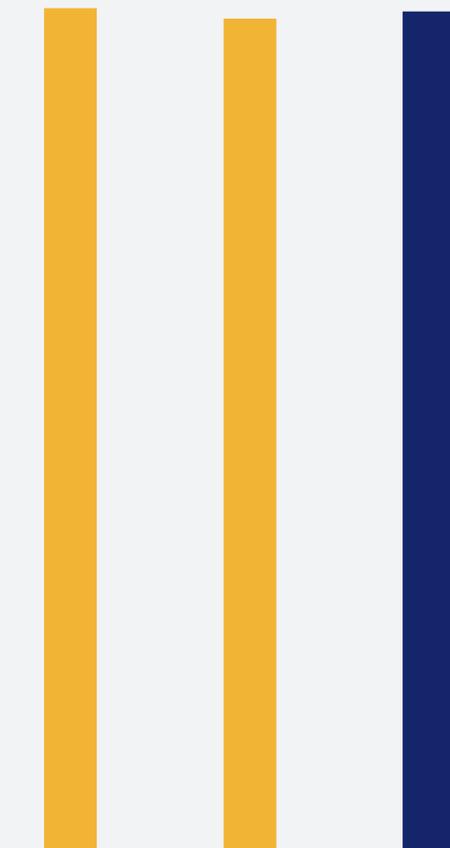
reaching to a total of 120 bakeries at the end of the year. In Estonia, there are ten shop-in-shop bakeries in total of which five were opened in 2021. Close collaboration with our strategic customers has led to a better response to their needs, and greater differentiation in portfolio and design in the shop concepts. We are exploring the possibility of extending the shop-in-shop concept to other markets as well.

In Finland, Fazer is a market leader in the bakery business. In 2021, we gained market leadership also in the sizeable dark portion bread and gluten-free segments. We also started the construction of a new portion bread line at our Vantaa bakery. This significant investment will enable us to focus heavily on producing oat products in future. In our Lappeenranta bakery, we took into use a new porridge cooking capacity expansion to help us improve our Karelian pastry production.

In Russia, we continued to build our position in the fast-growing bake-off business. At our Smolenskaya bakery, we invested in a line that can flexibly produce both frozen and pre-packed fresh bread, creating additional agility for us to respond to market needs. We also approved an investment in a rustic bake-off bread line in our Neva

NET SALES FAZER BAKERY, MEUR

555.6 548.0 553.9



2019

2020

2021

bakery to generate more capacity and capability in segments that are attractive to local consumers.

In the Baltics, we were able to regain market share in Latvia and Lithuania due to our intense focus on emerging categories such as street food and other specialty segments. Our biggest investment in the Baltics has been to the growing toast segment, and our new line will be ready in March 2022.

Sustainability is high on Fazer Bakery's agenda

Fazer is one of the largest grain buyers in the Baltic Sea region and a major user of mill grain. More sustainable grain farming is an important part of our sustainability work. Our target is that all grain used by Fazer in consumer goods in Finland and Sweden will fulfil the sustainable grain farming principles by 2025.

Above all, we continuously collaborate with colleagues across Fazer and with partners and stakeholders across the value chain to achieve our sustainability goals. For example, through Fazer's Grain Vision programme, we cooperate very closely with Fazer Mills and local farmers to minimise eutrophication and the use of chemicals, support resource efficiency and productivity, and implement regenerative carbon farming methods.

In Finland, we reduced our plastic use by 55,000 kg in the past year alone. Over the past three years, we have decreased the use of plastic nearly 130,000 kg. We have also started to use a new, more recyclable type of plastic in our packaging. We invested in a dough recycling scheme which will decrease our food waste by nearly 300 tonnes every year. Additionally, we introduced high-capacity transport in the form of five longer trucks for use in Finland,

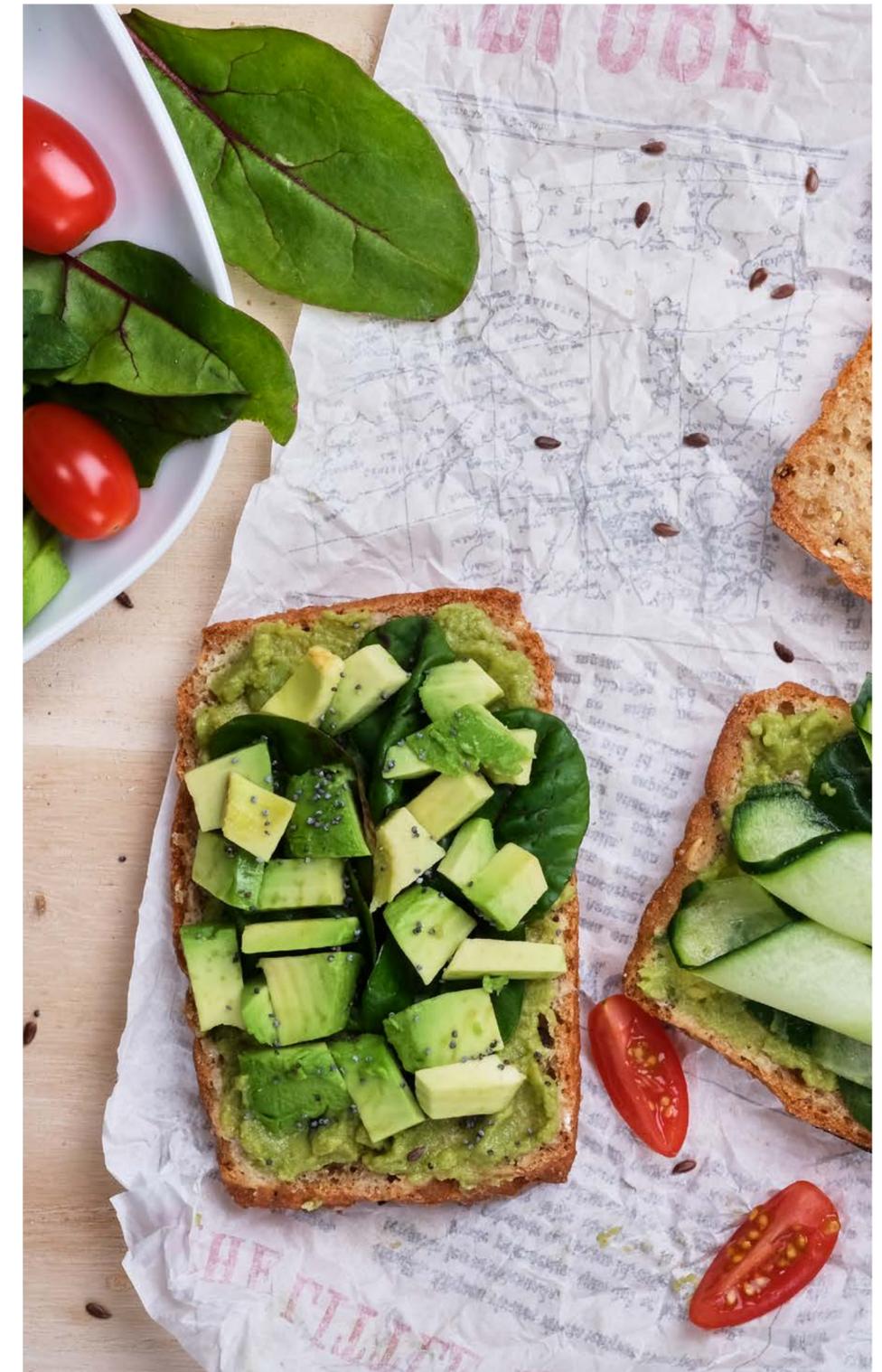
which will have a significant impact in reducing the emissions we produce. Furthermore, we also decreased emissions in Sweden, largely due to the new reseller agreement with Polfärskt. In the Baltics, our focus was on waste management.

Fearlessly forward

To be the leader in baked food experiences, we need to continue investments into digitalisation. Consumer e-commerce grew during the pandemic, opening up new possibilities for innovation and development. As new players enter the market, we need to enhance our digital capabilities across our operations, understand the consumer even better, and seize the opportunities that data and digital channels provide.

Workforce availability remains a critical factor for the success of our business in future. It has become increasingly challenging to attract skilled labour, especially in Russia and in the Baltic region. We must take active mitigation measures to ensure our future successful performance.

We also need to constantly develop our offering to suit the taste of consumers and adapt to the trends that continue to surface. We foresee that the artisanal trend is gaining further momentum in the years to come. We likewise need to make sure that we fulfil the growing need for food that promotes health and well-being. Our plant-based offering ties into the sustainable lifestyles that consumers increasingly pursue, and we are continuing to strengthen that area going forward.



OUR BUSINESSES: FAZER CONFECTIONERY

In 2021, Fazer Confectionery crystallised its strategy and defined its aspiration to become a consumer-centric international confectionery brand with leading positions in Northern Europe.

The name Fazer is associated with high quality, craftsmanship and fearless creativity. Fazer Confectionery's chocolates, sweets, biscuits, and crisps are well known and loved by consumers, as are our Fazer Cafés in Finland and Gateau bakery shops in Finland and Sweden. We are present in people's daily lives, bringing joy and helping to create unforgettable moments and times of celebration.

Fazer Confectionery contributes to Fazer Group's strategic priorities by accelerating our growth through innovations and developing products to meet new consumer trends. We are excelling in our ways of working and aim to become the industry

leader in profitability. Defining different roles for various markets has allowed us to adopt leading positions in Northern Europe. Through consumer-driven novelty launches and by building e-commerce and activating consumers in Fazer Retail channels, we are establishing an even stronger position as the number one FMCG brand in Finland. To enable continuous success, we are developing our culture and driving critical capabilities.

As part of our strategy execution, we have defined five key focus areas: First, we will fully use our brand positions across markets. With Fazer as our umbrella brand, we are working to centralise our marketing investments for chosen brands. Second, we will innovate with the consumer in focus to develop new-to-the-market offerings. Third, to enhance efficiency, we are optimising and harmonising our portfolio. Moreover, we are recreating an efficient

CASE: FAZER CONTINUES TO GROW AS A LEADER IN THE COUNTLINE MARKET

In 2021, the Crunchy series won the hearts of Finns, serving as a growth driver in the countline category, where Fazer is already a leading player.

Geisha Crunchy is a delicious combination of milk chocolate wrapped around two different hazelnut nougat fillings and crunchy rice crisps. Deliveries of the Geisha Crunchy countlines took place from April to June, paving the way for the official launch in May.

A combination of product, brand choice, strong in-store visibility and availability, and media support all contributed to the successful introduction of Geisha Crunchy in Finland. For the period from April to August, Geisha Crunchy was the best-selling countline with a notable share of the market.



We look forward to seeing double-digit market growth continuing.

and agile supply chain for the future, which involves investing in automation and other new technologies. Finally, we are striving to become a forerunner in sustainability.

Exceptional commercial performance spurring future investments

One of the key highlights of 2021 has been our exceptional commercial performance. Sales of some products, like our countlines, rose considerably compared to the previous year. In addition, sales of gifts and seasonal products also grew notably versus the previous year. The Geisha Crunchy countline was one of our most successful products of 2021.

Also, our e-commerce business saw rapid growth from 2020. Fazer's Travel Retail – the confectionery business in all travel channels – and Fazer Retail, which includes the Fazer Cafés in Finland and the Gateau shops in Finland and Sweden, began to recover from the negative effects of the pandemic during the year. We are looking to regain our position and progress even more quickly as these healthy growth markets bounce back.

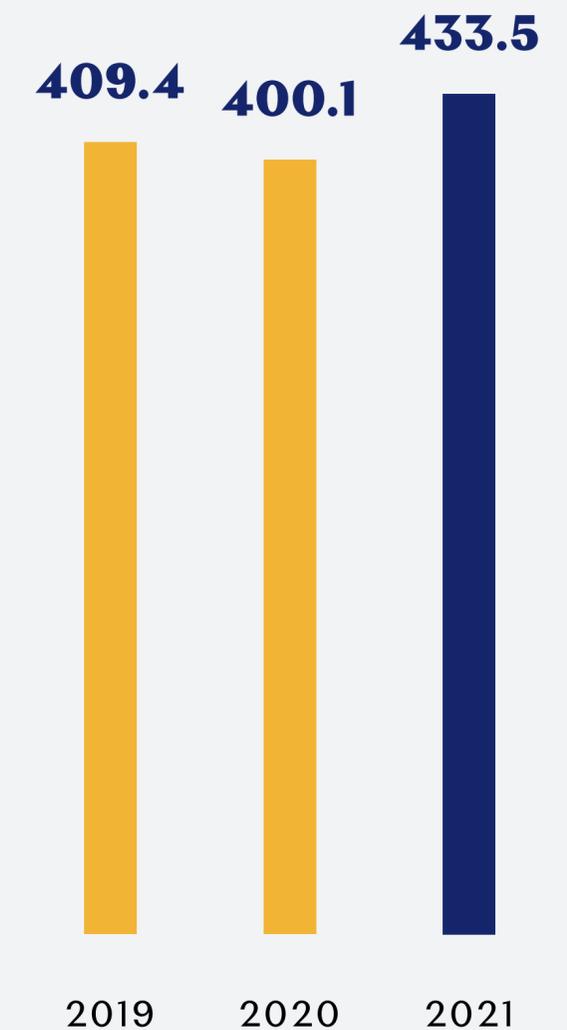
In 2021, we initiated a programme to extensively upgrade our supply chain. This programme will focus on the production capabilities

that will be necessary for us to meet future requirements in a more flexible, lasting, and efficient way. In order to fulfil these needs, we are now planning to invest in a new world-class confectionery factory in Finland, which would meet future consumer expectations, enhance working conditions and improve energy efficiency. If the plan is realised, the new factory would replace the existing confectionery factories in Vantaa and Lappeenranta. The construction of the new factory would begin in 2023, and the factory would be ready for operation in 2025, at the earliest.

Our work to improve sourcing efficiency continues, along with efforts to drive growth through unified marketing and the reduction of portfolio complexity. We have also added to our flow packing capacity, which will allow us to grow in the countlines that have already been performing well in 2021.

To innovate with the consumer in focus, we have invested in the renewal of a production line at our chocolate factory in Vantaa to produce oat-based Fazer Oat Choco products. Efficiency enhancements related to packaging capabilities were also made in Lappeenranta. In our Lahti crisp factory, our focus was on further supporting the extensions of lines for healthier snacking products.

NET SALES FAZER CONFECTIONERY, MEUR



Pursuing leading positions in key markets

In Finland, we are working to maintain and strengthen our number one position going forward. In Sweden, Norway, and Denmark we seek to grow and win market share. We want to become the first-in-line challenger.

In Poland, and the three Baltic countries – Estonia, Latvia, and Lithuania – our aim is to maintain price positions and margins while driving net sales. Asia and e-commerce, meanwhile, are our growth accelerators. Although competition is considerable, particularly in the vast Asian market, there are also many opportunities for us to capture a good share of growth.

Emission reductions and supply chain transparency in focus

We do good for the planet and make mindful, sustainable choices in our production and operations. We monitor the impact of our CO₂ emissions and have invested in ventilation and illumination systems that consume less energy. Our energy and climate road map guides the way towards a gradual emissions-free business approach for our individual businesses. Over time, we will also shift from fossil fuels to fossil-free energy sources. In addition, we are continuously working to reduce our water consumption density.

Supply chain transparency, the traceability of the source of origin, and the manner in which raw materials have been produced or cultivated are increasingly important considerations for consumers, and we need to be able to provide transparency on these topics. According to Fazer's cocoa vision, the origin of the cocoa we use to make chocolate is traceable and all the cocoa in

our products meets responsibility criteria. We have likewise begun to only purchase certified hazelnuts from Turkey.

We have created a palm oil free roadmap which aims to replace palm oil in our confectionery and biscuit products by the end of 2024. To respond to the discussion around the sugar content in confectionery products, we offer innovations sweetened using oat xylitol.

Fearlessly forward

In the coming years, we at Fazer Confectionery will continue our work to expand and grow in the markets we prioritise. At the same time, we expect to see a step change in terms of our consumer-centric innovation efforts. We look forward to seeing double-digit market development continuing.

It is essential that we continue to develop and retain talent within the company. It is only when our people feel well and are motivated to give their very best every day that we can truly enable continuous success.



OUR BUSINESSES: FAZER LIFESTYLE FOODS

Fazer Lifestyle Foods places a strategic focus on Nordic oats and possesses the world-leading competence, technology and ability to turn this grain into valuable consumer products. By entering the attractive xylitol market, we continue to create outstanding products that do good for people and the planet.

Fazer Lifestyle Foods responds to the increasing demand for healthy and plant-based food, particularly amongst health-conscious consumers. Our guiding star is to facilitate a plant-powered lifestyle, without compromises, making people feel better. We are seeking to grow with a wide portfolio, offering engaging consumer solutions, and building on our strong position within oats.

Our offering consists of healthy non-dairy and dairy snacks and drink products made of Nordic oats under the Fazer Yosa and Fazer Aito brands. Froosh smoothies contain only fruits and vegetables without any additives. Additionally, Fazer Lifestyle Foods offers

Fazer Mills' breakfast products such as porridges, mueslis, and cereals carrying the Fazer Alku and Frebaco brands. The mills also serve business-to-business (B2B) customers with high-quality grain products and added-value solutions.

The latest addition to the Fazer Lifestyle Foods business is Fazer Foodtech, a business unit established to support all of Fazer. By investing in foodtech and food innovations, we are strengthening our focus on the sustainable food solutions of the future. Our aim is to commercialize and build a winning foodtech portfolio and drive profitable growth by seeking scalable innovations.

Our ambition is to become one of the leading plant-based players in Northern Europe

We are working to expand our oat offerings in the breakfast, plant-based meals and B2B businesses. We will accelerate the growth of non-dairy by growing the capacity and by building efficient operations in our Koria factory.



We are expanding our oat offerings in our breakfast, non-dairy, and B2B businesses.

We are proactively scanning the markets to pursue mergers and acquisitions opportunities that support our strategy execution. As a result of that, in December 2021, we agreed to buy Trensoms Food AB, a Swedish market-leading producer of plant-based drinks, with a strategic focus on oat drinks. The acquisition, which was closed in February 2022, is set to multiply Fazer's oat drink production capacity, providing us a platform for further growth and access to new non-dairy markets.

In 2021, we doubled our oat milling capacity both in Lahti and Lidköping. With this boost, we are opening up opportunities for both Fazer and our industrial customers to tap into a booming global market where, for example, demand for oat-based non-dairy currently outpaces industrial production capability.

We are also continuously strengthening Froosh's position as the top smoothie brand in the Nordics.

Sustainability at the core of the business

During the past year, we also continued to build the Fazer Xylitol factory in Lahti, Finland, which is a result of true Nordic sustainable innovation and circular economy. Xylitol is an

important part of our Foodtech business, and we will explore the opportunities to grow our oat-based offering into new product categories around it. While production was still in a ramp-up mode at the end of the year, we have taken a huge step forward by introducing the first oat-based xylitol product to the world market. What makes the Fazer Xylitol business unique is that we make use of the side streams of the oat milling process. We extract xylose out of the oat husks which are then refined and ultimately turned into xylitol, a natural sweetener with far fewer calories than refined white sugar.

As far as sustainability is concerned, we make it a point to work with raw materials that are produced and refined locally, and we take pride in always sourcing oat from within a 100 km distance from our mills. Additionally, we have improved the sustainability of our Lahti mill's operations by converting yet another sidestream from our production to bioenergy.

When it comes to non-dairy processing, we are exploring ways to create value out of residues by turning them into potential enhancers, protein enrichers, and other interesting by-products. Beyond these, we are likewise looking into the business of turning

NET SALES FAZER LIFESTYLE FOODS, MEUR



oat into proteins, oil, and foodtech ingredients, which may be used in a range of industries, from food to cosmetics.

As we continue to invest for growth, our focus in the coming years will lie in accelerating the pace and development of our business to enable us to create the proper value out of these investments. Oat is a sought-after ingredient that brings more circular value than any other raw material, and demand for oat-based products is surging.

Fearlessly forward

Fazer Lifestyle Foods is strengthening its positions in all countries where we operate. We are moving forward with innovative, premium-positioned offerings, which add value for consumers, our customers and ultimately for us.

Our successes in the past year centred around our core business in the mills. We achieved favourable outcomes in the consumer offerings in the breakfast categories, which are growing significantly in stable markets.

On the other hand, the challenges we faced in 2021 revolved around our non-dairy business. Demand far outweighed supply, and our operations have been unable to meet the excess demand. Our investments in increasing the capacity in the Korja factory and the modern and efficient production facilities at the recently acquired company Trensoms Food support fully our growth agenda.

During 2021, we prepared a Nordic-level launch of the Fazer Willja product family. Fazer Willja responds to consumers' changing

preferences by offering healthier, plant-based options for every meal of the day. The new range includes non-dairy alternatives for drinks, snacks, cooking and baking. All Fazer Willja products are made with Nordic oats and are dairy-free. Fazer Willja products arrived on shop shelves in Nordic countries in February 2022.

To become a forerunner in the field of plant-based solutions and become known for our ability to combine delicious taste with a sustainable lifestyle, we continuously work to improve our production and supply footprint as well as develop our operations in a holistic manner.



CASE: FAZER XYLITOL IS A TRUE EXAMPLE OF A MODERN CIRCULAR ECONOMY INNOVATION

Our newly built xylitol manufacturing facility strengthens Fazer's position as a forerunner in value added grain-based products. The factory, located next to Fazer's oat mill on the Lahti site in Finland, is the first fully backwards integrated xylitol manufacturing facility in the world capable of producing many forms of xylitol. It holds the potential to support the market needs of the food, cosmetics and pharmaceutical industries.

In Fazer's oat milling process, a substantial amount of oat hulls is derived as a side stream. Used mainly for energy production, these oat hulls contain xylose, which can be utilised to produce xylitol. The residual oat cakes do not go to waste either; we turn those into energy together with Lahti Energy.

The xylitol market continues to broaden as consumers look for healthier options to replace refined white sugar. Fazer aims to be the leading manufacturer producing xylitol from plant-based raw materials with Nordic origins.

FOOD WITH A PURPOSE



Sustainability influences everything we do

We have identified a host of actionable measures for decreasing our CO₂ emissions and increasing our use of renewable energy sources.



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.

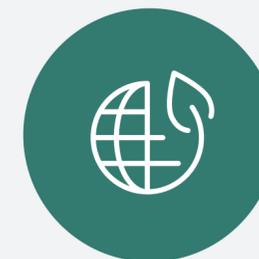
Updating our sustainability focus areas in 2021

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.

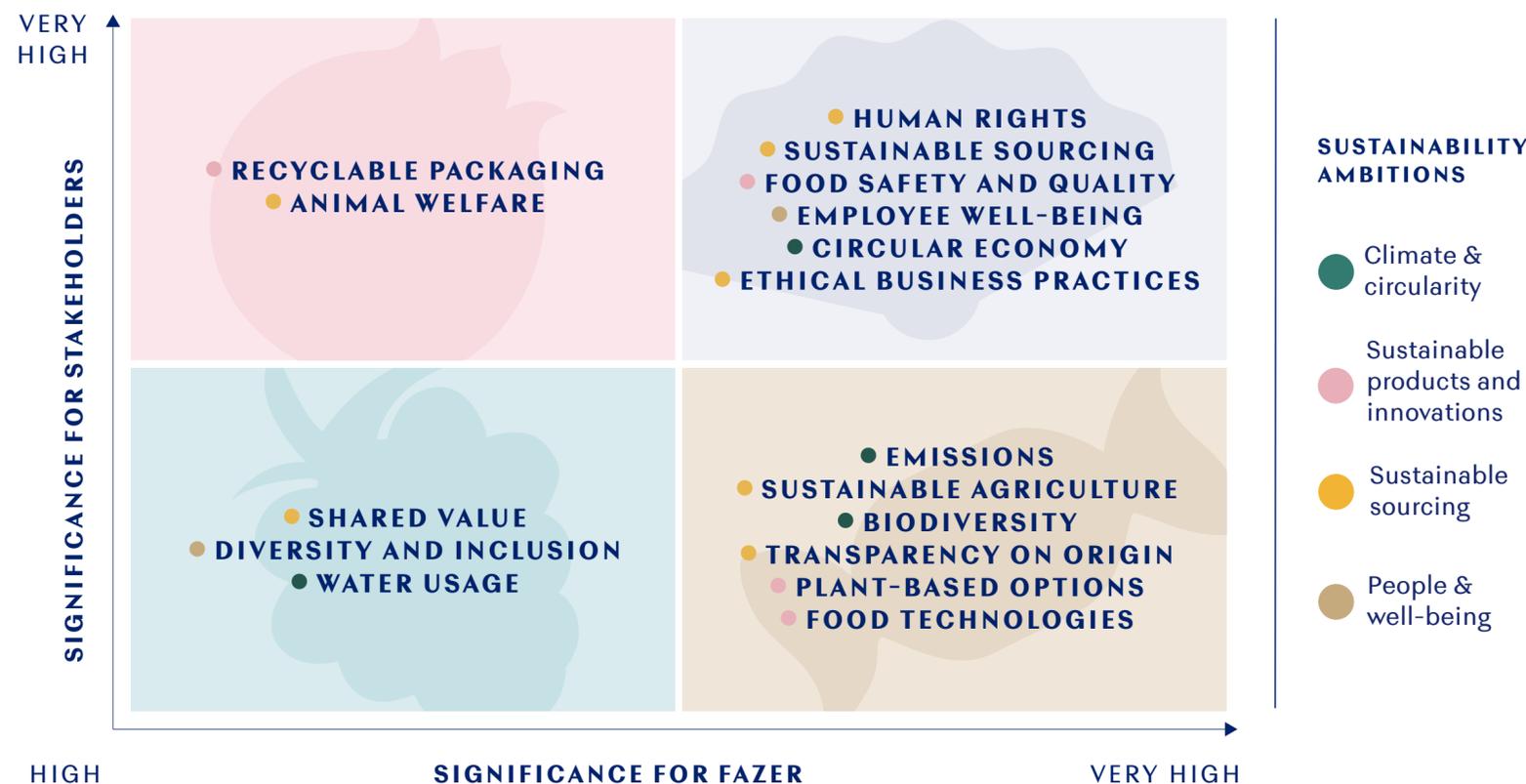
We are proud of the massive contributions Fazer's employees in our different businesses made to the comprehensive study on

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 61.

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

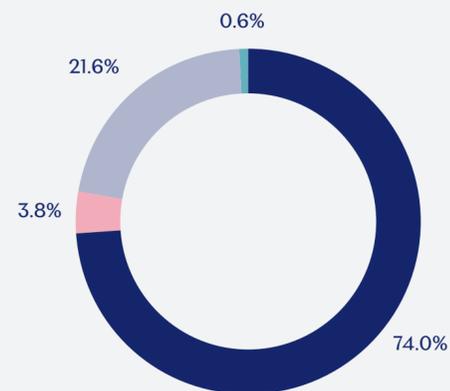


ECONOMIC VALUE GENERATED AND DISTRIBUTED

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

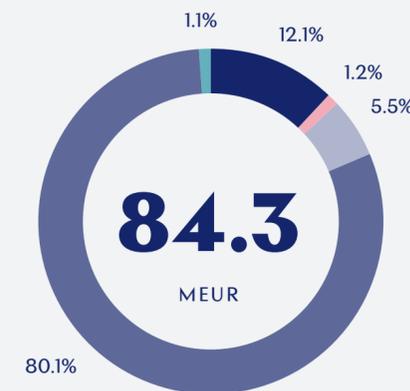
Fazer is a trusted partner to our customers and other business associates.

DIVISION OF ECONOMIC VALUE, MEUR



- PERSONNEL 331.9
- SOCIETY 16.9
- OWNERS 96.8
- FINANCIERS 2.7

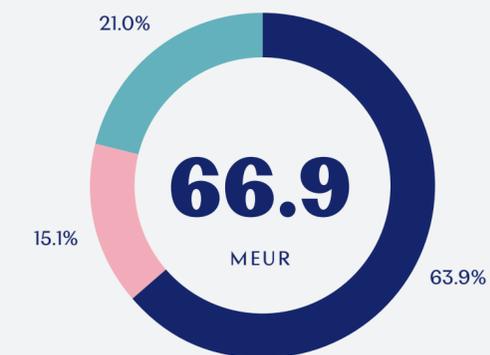
TAXES BORNE AND EMPLOYER CONTRIBUTION, MEUR*



- INCOME TAXES 10.2
- TAXES ON PROPERTY 1.0
- EXCISE DUTY 4.7
- EMPLOYER'S CONTRIBUTIONS 67.5
- OTHER TAXES 0.9

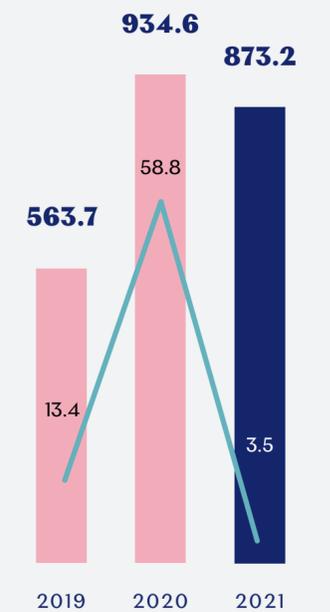
* INSURANCE TAXES AND ENERGY TAXES NOT INCLUDED

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 CO₂ 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 CO₂ 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.

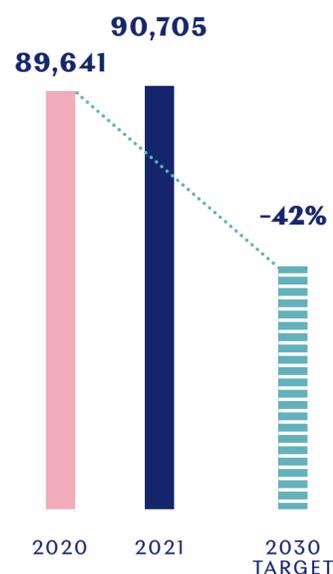
REDUCING FOOD LOSS AND FOOD WASTE

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.

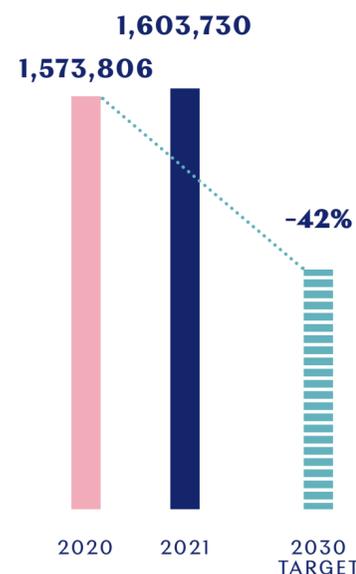
Approximately a third of the food produced globally each year is either lost or wasted, bringing major negative impacts on the climate, water, land, and biodiversity. By promoting material efficiency and circularity, we can decrease costs, boost profitability, and reduce our environmental impact.

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

GREENHOUSE GAS EMISSIONS FROM OWN OPERATIONS
SCOPE 1 AND 2 EMISSIONS, TCO₂E



GREENHOUSE GAS EMISSIONS FROM VALUE CHAIN
SCOPE 3 EMISSIONS, TCO₂E



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* (m ³)	1,094,031	1,111,412	963,468
Water withdrawal intensity (m ³ /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
Total side streams in production	96,907	86,100	76,318
Recycled waste	3,670	4,140	3,740
Incinerated waste with energy recovery	1,656	13,523	14,040
Total non-hazardous waste	5,326	17,662	17,780
Incinerated, with energy recovery	61	18	7
Incinerated, without energy recovery	21	34	57
Hazardous waste to landfill and other use	13	5	4
Total hazardous waste	95	57	67
Total side streams & waste from Fazer's operations	102,328	103,819	94,166
Avoidable food loss/production volumes (kg/produced ton)**	111	113	91

*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 ₂ 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 ₂ 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

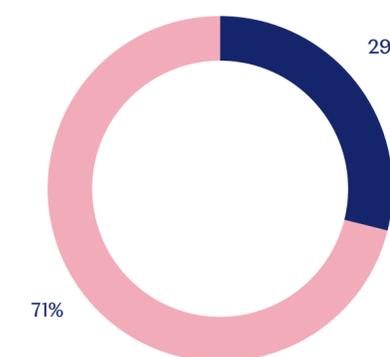
OTHER INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 3)

CO ₂ 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

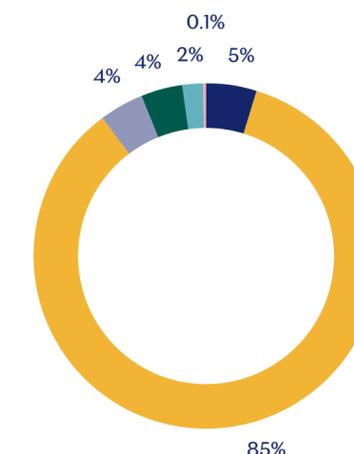
CO ₂ e ton/produced ton	2021	2020
Scope 1	0.09	0.10
Scope 2	0.05	0.05
Scope 3	2.62	2.60
Total emission intensity	2.77	2.77

MATERIALS THAT ARE USED TO PRODUCE AND PACKAGE OUR PRODUCTS



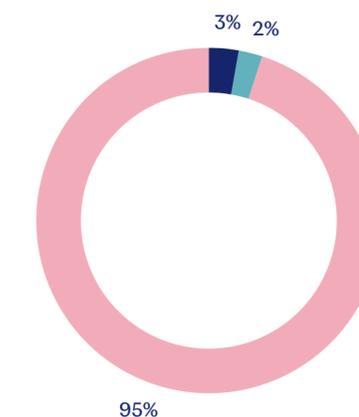
■ NON-RENEWABLE
■ RENEWABLE

FOOD LOSS AND WASTE, %



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

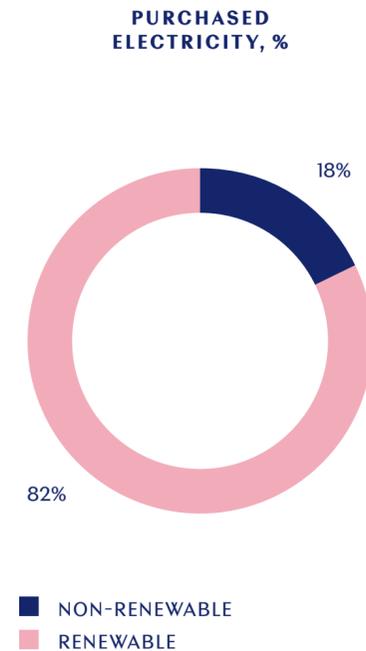
GREENHOUSE GAS EMISSIONS BY SCOPE, %



■ 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

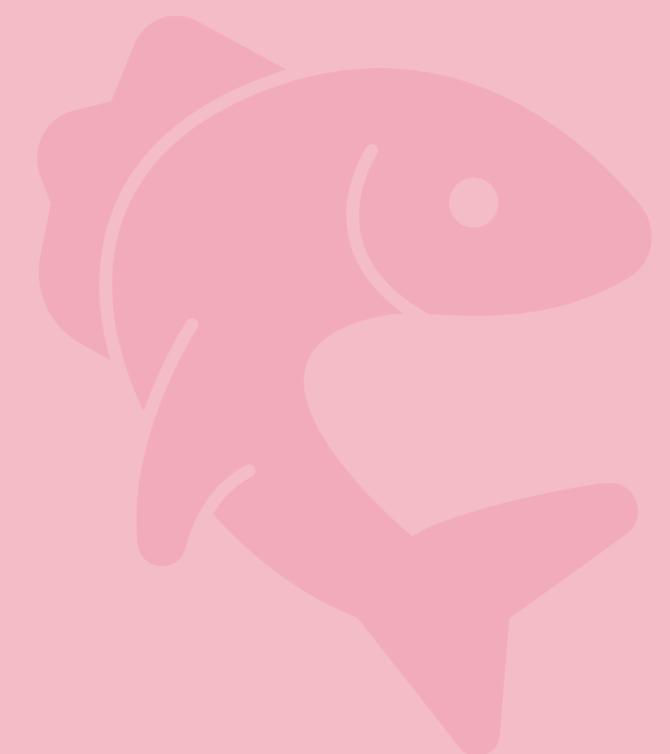
As a way to reduce food waste and promote circularity, Fazer took part in “Five tonnes of green fish on the counter”, a project of Axfoundation and the Swedish University of Agricultural Sciences (SLU). Through the use of circular-based fish feed made up mainly of insects, the project produced 4 tonnes 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 CO₂e/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 m² 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

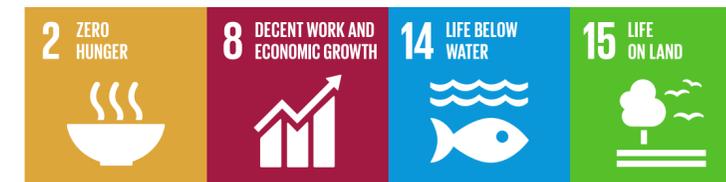
are continuously making progress on this KPI: in the end of 2021, 78% of the suppliers by spend have signed the Supplier Code of Conduct. After initially launching it our Supplier Code of Conduct in 2020, we renewed it in 2021, further increasing its requirements.

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

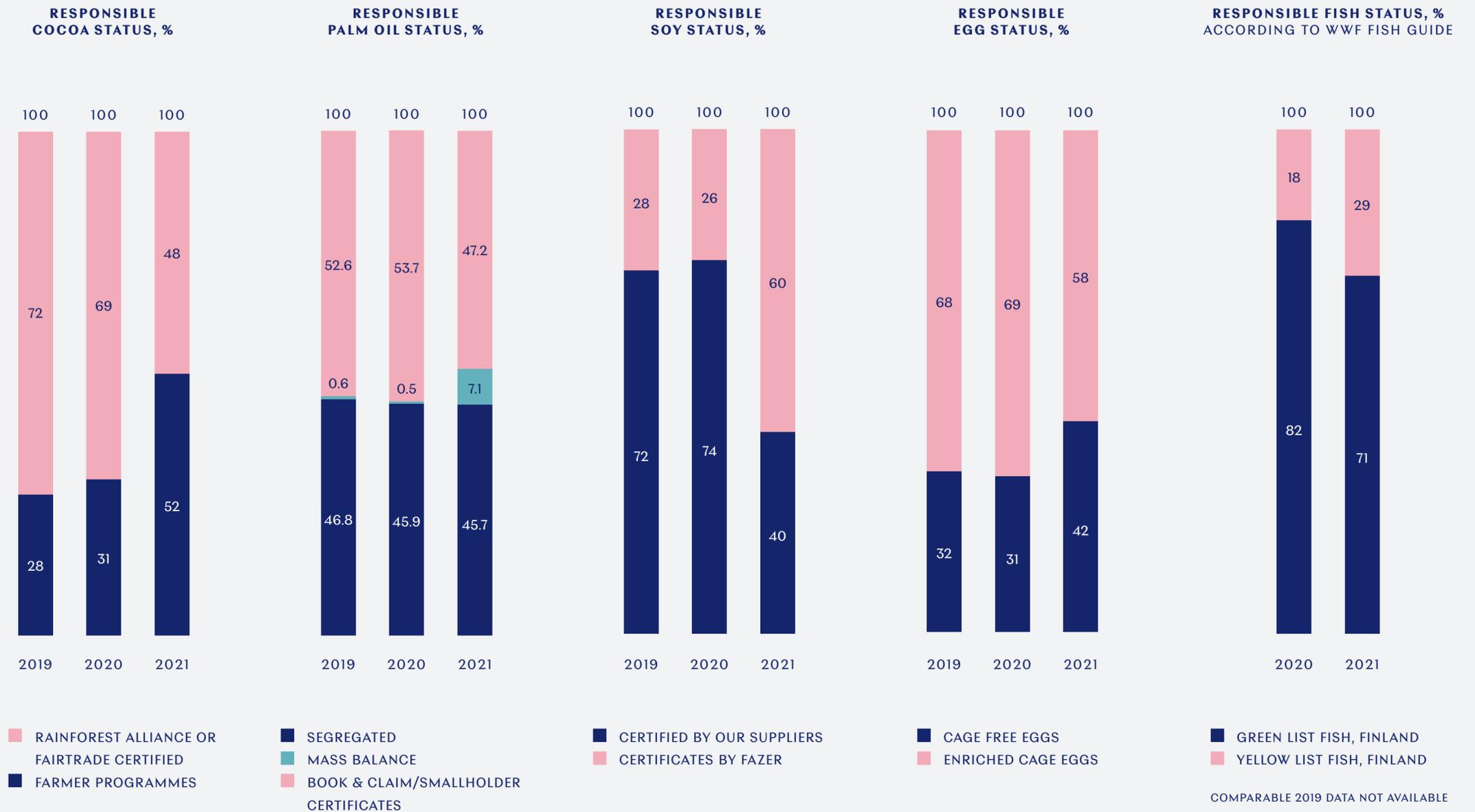
In order to increase biodiversity as well as provide sources of income for the smallholder farmers who produce cocoa for our products, we advise the planting of shade trees as well as a variety of other types of plants in the same area. The shade trees protect the cocoa trees underneath them. We also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

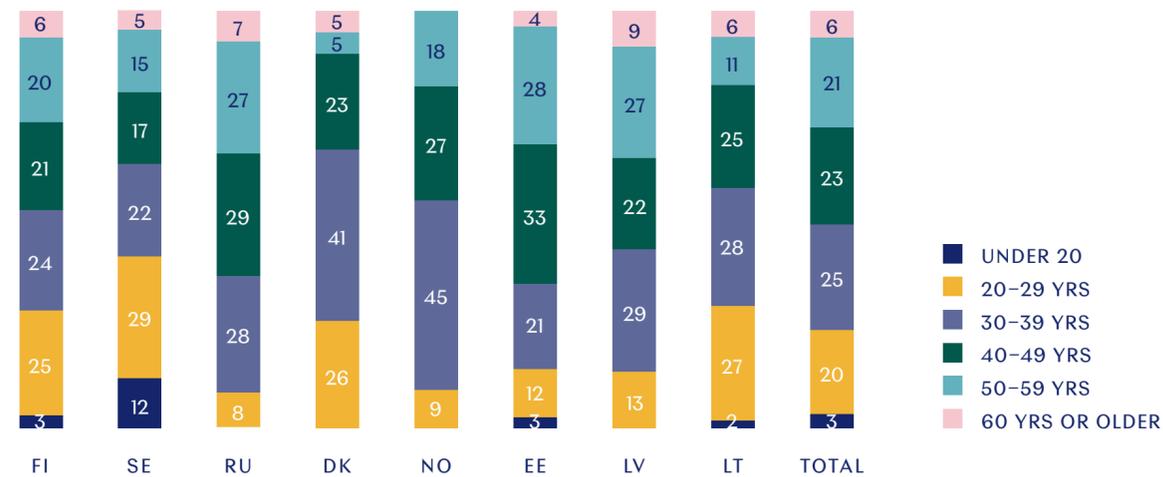
The Group's Lost Time Accident Frequency (LTAF) was 5.0 in 2021, which means that we did not reach our target of 4.2. A total of 11,783 safety observations were made, which is an increase of 16% compared to previous year. There were no fatalities in 2021. In order to reach the zero-accident target, it 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.

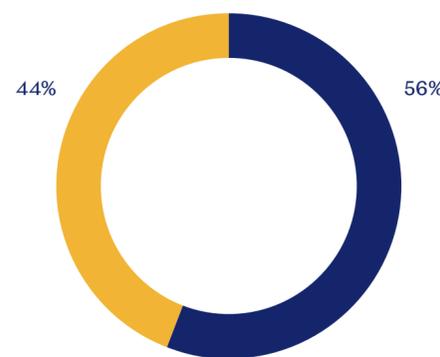
Our employee engagement survey in 2021 found that Fazer employees are proud of their work and willing to make additional efforts. They are also highly likely to recommend Fazer as an

EMPLOYEES BY AGE, %



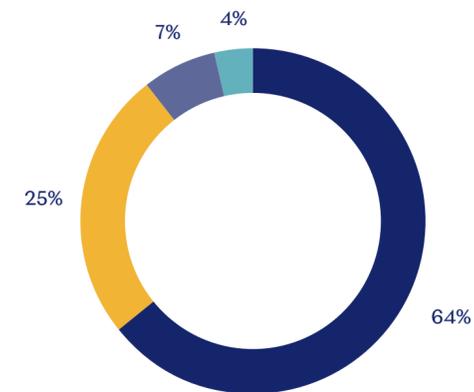
Our people's well-being is our top priority.

EMPLOYEES BY GENDER, %



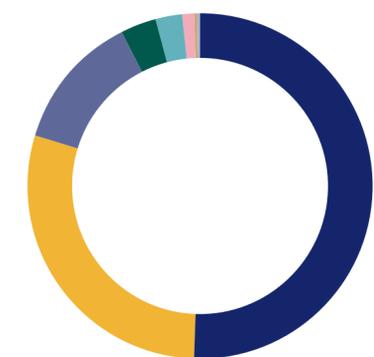
■ FEMALE
■ MALE

EMPLOYEES BY BUSINESS AREA



■ FAZER BAKERY 5,170
■ FAZER CONFECTIONERY 2,044
■ FAZER LIFESTYLE FOODS 551
■ GROUP SHARED FUNCTIONS 284

EMPLOYEES BY COUNTRY



■ FINLAND 4,079
■ RUSSIA 2,344
■ SWEDEN 1,027
■ LATVIA 275
■ LITHUANIA 212
■ ESTONIA 77
■ DENMARK 24
■ NORWAY 11

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



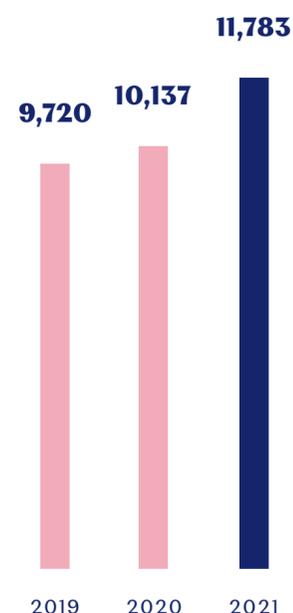
environment where everyone can be themselves. Furthermore, our values support cultural change as we develop into a more diverse and inclusive Fazer. Human rights have always been high on our agenda, and embracing diversity is part of the work we do to improve our business.

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.

SAFETY OBSERVATIONS



FREQUENCY OF OCCUPATIONAL ACCIDENTS
NUMBER OF ACCIDENTS PER ONE MILLION WORKING HOURS



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 33**.

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 CO₂e 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 33.**



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	●
102-2	Activities, brands, products, and services	Financial review: Board of Directors' report	●
102-3	Location of headquarters	GRI index	●
102-4	Location of operations	Financial review: Board of Directors' report	●
102-5	Ownership and legal form	Financial review: Corporate Governance	●
102-6	Markets served	Financial review: Board of Directors' report; Annual review: Fazer The Food Experience Company	●
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	●
102-8	Information on employees and other workers	Annual review: People and wellbeing	●
102-9	Supply chain	Financial review: Board of Directors' report; Annual review: Sustainable sourcing	●
102-10	Significant changes to the organisation and its supply chain	Financial review: Board of Directors' report	●
102-11	Precautionary Principle or approach	Financial review: Board of Directors' report; Annual review: Climate and circularity	●
102-12	External initiatives	Annual review: Sustainability at the core	●
102-13	Membership of associations	Annual review: Sustainability at the core	●
Strategy			
102-14	Statement from senior decision-maker	Annual review: CEO's review	●

Fazerintie 6
PO Box 4
FI-00941 HELSINKI
FINLAND

Information on temporary employees not reported.

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.
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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 ₂ 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 ₂ 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 ₂ equivalents in GHG emission calculations.
305-4	GHG emissions intensity	Sustainability results, Reporting principles	●	All gases included as Fazer's uses CO ₂ 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	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	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	
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	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	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	



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