

Sustainability

Our agenda “A Sweeter Future” focuses on creating joy and long-lasting value For You, For People and For the Planet. During 2021, progress flavored each area in a different way, including introducing more vegan options, enriching the social impacts in our supply chain through our partnerships, and setting ambitious targets and activating teams across the organisation to work towards our Science Based Targets.

As a signatory participant of the UN Global Compact since 2009, we support the Sustainable Development Goals (SDGs), both directly and indirectly through our work in our three pillars. As a fast moving consumer goods business with a global value chain we have chosen to focus on the following six Sustainable Development Goals; Responsible Consumption and Production (#12), Gender Equality (#5), Decent Work and Economic Growth (#8), Climate Action (#13), Life on Land (#15) and Partnerships for the Goals (#17).



Our Agenda

Reflecting the most important topics to our stakeholders and also where Cloetta can create the most economic, social, and environmental value, our three pillars demonstrate where we are able to make the Power of True Joy come to life.

For You

When it is time for life's sweetest moments, Cloetta delivers the best. From the most indulgent sweets to healthier treats, Cloetta is always innovating to bring joy to all tastes.

Approach:

Our consumers are at the center of our business, which is where the focus on innovating our products and meeting their diverse needs, but also ensuring safe, high quality, transparently labeled and trusted products.

Targets:

- 100 per cent non-artificially colored and flavored candy and pastilles by 2023
- Offer sugar-free, less sugar, as well as options with functional ingredients
- Offer more vegan options
- Lead the world in xylitol products for healthier teeth
- Continue offering healthier options, such as nuts

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For People

In the world's sweetest business, making a real impact is the key. From local communities to employees, farmers and societies, Cloetta strives to provide joyful moments, prosperous working lives and responsible involvement.

Approach:

Our internal programmes focus on health, safety, and well-being for our employees. Participating in impact-focused partnerships and dialogues works towards improving living conditions in our supply chain. Through community involvement and marketing our products in a responsible way, we set a positive example.

Targets:

- Continue to work towards zero work-related accidents
- Provide competence development programmes and a fair and equal place to work to all employees
- Improve living conditions in the supply chain through our partnerships
- Be a positive role model in our communities with our marketing practices and projects

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For the Planet

A healthy planet is the source of all our ingredients – and securing true joy for the future. We make sure to use resources efficiently, lower our climate impact and this year we're also committed to the Science Based Targets initiative.

Approach:

Climate action, sustainable sourcing, and less and better packaging are our three main priorities in improving our footprint. Within these, we work towards improving the environmental performance of our suppliers, assessing topics like biodiversity, energy usage, waste, and emissions in our own operations but also in our supply chain.

Targets:

- 46 per cent absolute greenhouse gas emissions reduction by 2030 compared to 2019 base year emissions
- 100 per cent recyclable packaging by 2025
- 100 per cent packaging from renewable sources or recycled materials by 2030
- Engage key suppliers and improve performance in sustainable sourcing programme
- Maintain 100 per cent Rainforest Alliance certified cocoa and RSPO segregated certified palm oil

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For You

Our consumers are at the center of our business, which is why we work towards meeting their diverse needs, but also ensuring safe, high quality, transparently labeled and trusted products.

Trusted quality

To ensure the safety and quality of our products, Cloetta fulfills environmental and food safety requirements, for example through BRC and ISO certification. All factories have a product safety system and work proactively to ensure more satisfied customers and fewer product complaints.

Listening to consumer trends

Consumers are voicing needs for more natural raw materials with their health in mind. Cloetta's discovery platforms and innovation teams work to find ways

to provide more options that meet these changing tastes while still staying true to our product offering.

How we meet them

Innovating for the future is a key success factor in order for Cloetta to stay in tune with consumers' changing demands. By providing options to the classic favorites, we see an increasing interest in vegan options, for example with Kexchoklad Vegan and Gott & Blandat. We develop lower-sugar or sugar-free alternatives for our major brands. Options that support health can

be found in the nut portfolio as well as in the xylitol offering. Cloetta has prioritised increasing the proportion of natural ingredients in our products. During 2021, we launched new recipes with natural flavors in our Nutisal portfolio, and functional ingredients and vitamins in Sportlife. All to ensure that all consumers can enjoy Cloetta while having a healthy and active lifestyle.



SDG commitment

Responsible Consumption and Production is at the core of A Sweeter Future, especially in this focus area. We take responsibility for product quality and food safety, we source sustainable ingredients and we provide options that consider consumers' health.

Progress towards targets during 2021

- Introduced more vegan options, now amounts to 15 per cent of the total sales
- On track for achieving 100 per cent non-artificial flavors & colors in candy and pastilles by 2023
- Launched fruit-based candy, which contains 50 per cent fruit
- Launched Sportlife Boost gum with functional ingredients and vitamins

Risks

- Brand-related risks resulting in decreased sales
- Consumer dietary preferences changing, allergic reactions
- Gaps between research findings and consumer perceptions
- Political decisions such as sugar taxes

Vegan options

Because joy looks different for our consumers in many different moments, we want to offer our consumers more options, including vegan options. During 2021, Kexchoklad Vegan was launched, a vegan and lactose-free alternative to the milkchocolate classic, Kexchoklad in Sweden. Across our chocolate, candy and refreshment portfolios we see many benefits towards moving to plant-based ingredients, including health and environmental impacts. We currently have 15 per cent of our offering as vegan.





For People

We contribute to true joy for people by impacting three key stakeholder groups: society, our employees, and our suppliers.

Taking care of the people involved in our products extends beyond the walls of our factories and offices. Engaging in partnerships and collaborating with organisations allows us to support farmers and improve living conditions throughout our supply chain.

Values

Cloetta's values help us – as a diversified pool of people with different skills, experiences, aspirations and different personal values – steer the company in the same direction.



Focus



Passion



Teamplay



Pride



SDG commitment

We continue to contribute directly to SDGs 5, 8, 12 & 17. Gender equality (5) and decent work and economic growth (8) are important in our own operations as well as in our supply chain. Through our partnerships we are able to strengthen these impacts (17). Responsible consumption & production (12) is at the core of our responsible marketing practices and our societal impact.

Progress towards targets during 2021

- A safety awareness methodology and improved process for risk assessments was implemented
- Leadership academy and Sustainability academy rolled out and more than 70 managers participated in the trainings
- Developed existing partnerships empowering women sourcing shea and enabling living income for cocoa farmers
- Continued supporting projects with local communities and structured Responsible Marketing initiative

Risks

- Workplace accidents
- Breaches of human and labor rights in our supply chain
- Non-conformities to responsible marketing practices

Employees

Our employees are essential to making any of our goals a reality. Initiatives involving our employees address areas that we consider essential for a meaningful, creative and joyful work environment. Priorities include competence development, equal pay, non-discrimination, parental leave and mental health advice and well-being initiatives. The programmes are in place within our HR organisation.

Health and Safety

Health and safety in the workplace is fundamental to Cloetta. Our health and safety work is focused on two areas. First, we are working to reduce physical risks in all work places. Second, our focus is on promoting an occupational health and safety mindset. The outcome of 2021 shows that the Health and Safety strategy and roadmap supports the culture journey towards zero incidents and a preventative state. The result of the detailed Health and Safety KPI's shows that we hit the target for e.g., reporting of safety observations and dialogues.

Lost time accidents (LTA) have increased by 22 per cent compared to the 2020 year-end result. The number of LTAs in 2021 was 11, compared to 9 in 2020. The lost time incident rate (LTIR) has increased by 16 per cent compared to the 2020 year-end result. The rate for 2021 was 4.3, compared to 3.7 in 2020.

At Cloetta, we have a health and safety management system that contains all Cloetta factories and offices. During 2022 we aim to implement ISO 45001 as part of our way of working. All our employees, temporary personnel, consultants and visitors are part of our health and safety management system where the core is to identify hazards and risks and report all type of incidents. Investigation of incidents are managed by our HSE alert process that supports us in finding the root cause

Number of employees by category and region as per 31 December 2021

	Number of employees		Number of permanent employees		Number of temporary employees	
	Women	Men	Women	Men	Women	Men
Sweden	391	294	359	274	32	20
Slovakia	465	300	408	258	57	42
The Netherlands	188	364	160	298	28	66
Finland	266	51	172	39	94	12
The UK	173	53	173	51	0	2
Belgium	26	94	19	81	7	13
Denmark	76	46	74	44	2	2
Ireland	25	41	20	30	5	11
Norway	17	17	16	16	1	1
Germany	10	4	9	4	1	0
Italy	1	2	1	2	0	0
Others	3	3	3	3	0	0
Total Cloetta	1,641	1,269	1,414	1,100	227	169

See note 6 for average number of employees per country.

and take appropriate actions. Base for our health and safety work is competence and awareness that are in line with legislation and general awareness. Competence development takes place through training. To strengthen our health and safety awareness and behavior we introduced "60 second of thinking" methodology to enable all people to have the opportunity to stop and think before acting. Company health care services are available in each country to support in medical treatment and preventative measures, e.g. health examinations.

Number of employees

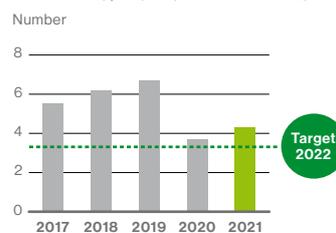
The number of employees as per 31 December 2021 was 2,910 (2,917), 70 per cent (77) of which are covered by collective agreements. In production there are certain periods with a higher workload, such as ahead of Easter and Christmas, when extra staff is hired. Other areas of operation also use temporary and extra staff. 14 per cent (14) of the employees (headcount) were temporary staff at the year end.

Gender distribution, per December 31, 2021

	Women	Men
Group Management team	20%	80%
Board of Directors	29%	71%
All Employees	56%	44%
whereof full-time employees	49%	38%
whereof part-time employees	8%	6%

Lost time incident rate (LTIR)

(LTIR is absence due to an incident (for more than 24 hours) per 1,000,000 hours worked.)

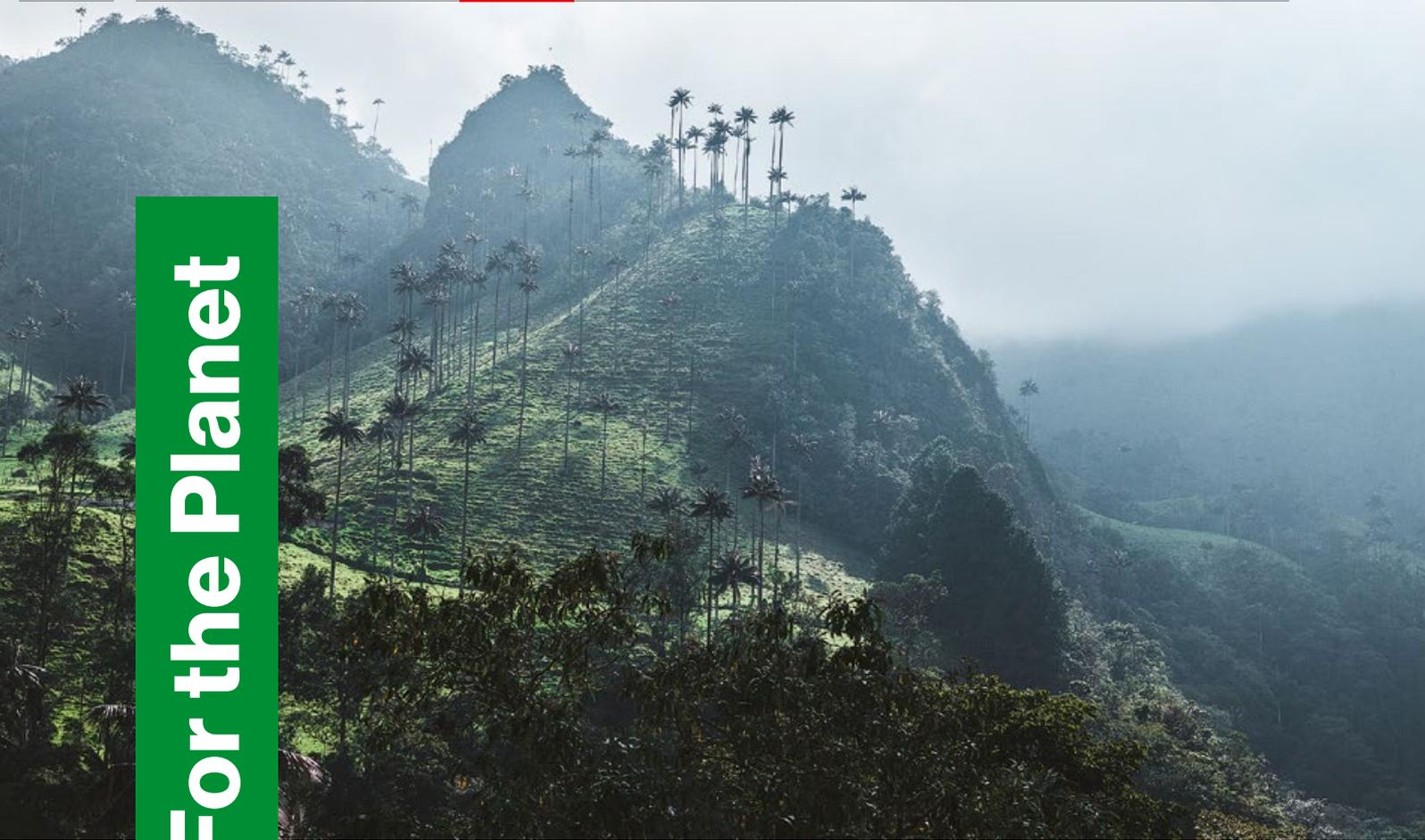


Society engagement

To work towards our goal to be a positive role model, we practice responsible marketing across all our markets by following the guidelines from the EU Pledge regarding marketing towards children. We create joyful and meaningful moments with our community involvement, meeting different needs and deepening our relationships and connections within our local communities. During 2021,

brands, offices and factories drove initiatives locally where they could meet a need and create joy in a meaningful way, including examples like the Smil Fund in Denmark, Red Band partnership with the National Fund for Child Aid in the Netherlands, and The Children's Foundation in Levice, Slovakia. Our partnerships with NGO's and suppliers help us reach the people growing the raw

materials. During 2021, we prioritised efforts where we can influence real change together via our partnerships: enabling living income for cocoa farmers and empowering women who are harvesting shea in West Africa.



For the Planet

A healthy planet is the source of all our ingredients – and all true joy.

Cloetta leads the way to A Sweeter Future for our planet with various initiatives, ranging from improving sourcing to decreasing packaging. To verify that our climate actions are effective, we're committed to the Science Based Targets initiative and we have set targets during 2021 which will be validated early 2022.

A Sweeter Future For the Planet considers environmental aspects in our business decisions and daily activities, as well as a raised ambition to improve our total planet footprint throughout our value chain. The three main initiatives are Climate Action, Sustainable Sourcing and Less and Better Packaging.



SDG commitment

Working towards A Sweeter Future For the Planet, SDGs Responsible Consumption and Production (12), Climate Action (13) and Life on Land (15) have the greatest significance for us. Our products are dependent on raw materials across the world, and the consumption and production of our products also create a greater responsibility on our climate footprint.

Progress towards targets during 2021

- Set science-based targets and started Climate Action Programme
- Maintained 100 per cent Rainforest Alliance certification and 100 per cent RSPO Segregated Certified palm oil
- More than 90 per cent recyclable packaging depending on volumes
- PlantPack accounting for approximately 5 per cent more of packaging compared to 2020

Risks

- Climate impacts on access to raw materials
- Disruptions in transportation and production caused by extreme weather
- Failing to act on climate crisis, deforestation, or biodiversity may influence relationships with customers and attractiveness to investors

Climate action*

Companies need to take responsibility for their environmental footprint. This is of increasing importance to all of our stakeholders, especially for our future generations. During 2021, we set our science-based target and activated a company-wide Climate Action Programme, to address and set a target of reducing our absolute scopes 1, 2 & 3 emissions by 46 per cent by 2030, with 2019 as our baseline-year. Our ambition behind this target is to keep our footprint from contributing to a global increase in temperature beyond 1.5°C.

Our target spans beyond our own operations (scopes 1 and 2). Being a food company, approximately 86 per cent of our total carbon footprint comes from emissions from raw materials, packaging, transportation, and services we purchase (scope 3). This calls for collective action, as well as innovative ideas and collaborations beyond our operations. Total carbon emissions (scope 1, 2 and 3) increased with 3.7 per cent during 2021 driven by the increased production volumes. Compared to 2019 (base-year) the total carbon emissions have decreased with 8.7 per cent.

Scopes 1 and 2

Scope 1 emissions from stationary combustion increased by 4 per cent, while indirect emissions (scope 2) from the use of electricity and district heating increased by 3 per cent. The KPI for carbon emissions remained flat versus 2020 amounting to 0.33 tCO₂e/produced tonne. When looking at our absolute emissions, we see a slight increase by 3.6 per cent in scope 1 and 2 compared to 2020.

While still seeing some effects from the Covid-19 pandemic, production in Cloetta's factories increased from approximately 97,000 tonnes in 2020 to about 99,000 tonnes in 2021. Total energy consumption increased slightly compared to 2020 due to volumes. Offices are now included in the total energy consumption. Energy KPI decreased compared to 2020. Even though the total energy consumption increased from 186 GWh to 189 GWh, the KPI decreased from 1.95 MWh/tonne to 1.91 MWh/ton, which meant higher energy efficiency for 2021. To reach our 46 per cent absolute reduction target, we see that we need to continue to work towards 100 per cent renewable sources.

Scope 3

In 2021, we finalised our data collection and compilation for our scope 3 emissions, in order to set the foundation and priorities in setting our science-based target. Within this exercise, we're including emissions now from our raw materials, packaging, employee commuting, and more in addition to what we had reported previously (mainly emissions coming from logistics and waste). In 2021, Scope 3 emissions amounted to 251,042 tCO₂e and account for the majority of our total carbon footprint, which is why

we aim to obtain better data from our supply chain, including accurate emissions factors for our specific raw materials, instead of working with generic open-source estimations.

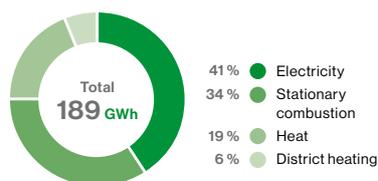


Climate Action Programme

Launched during 2021, in tandem with setting our science-based targets, the Climate Action Programme is Cloetta's company-wide effort to work towards our absolute emissions reduction target across all three scopes. With 12 different workstreams, the programme covers departments from manufacturing, innovation, procurement, to marketing. The idea behind this programme is to invigorate and inspire cross-company collaboration to work towards the ambitious science-based target. Each workstream will support each other, as well as looking for inspiration and learnings outside the company, to create creative, realistic, and innovative ways to reach our 46 per cent absolute emissions reduction target by 2030.

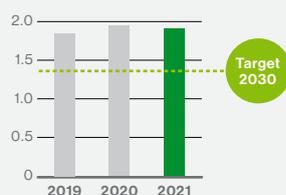
Sources of energy

GWh



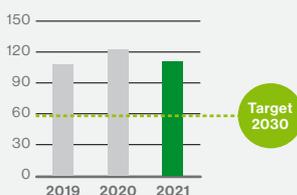
Energy consumption

Mwh/prod. tonne



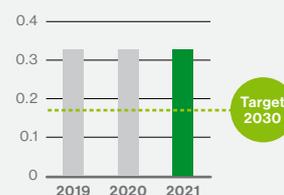
Waste

kg/prod. tonne

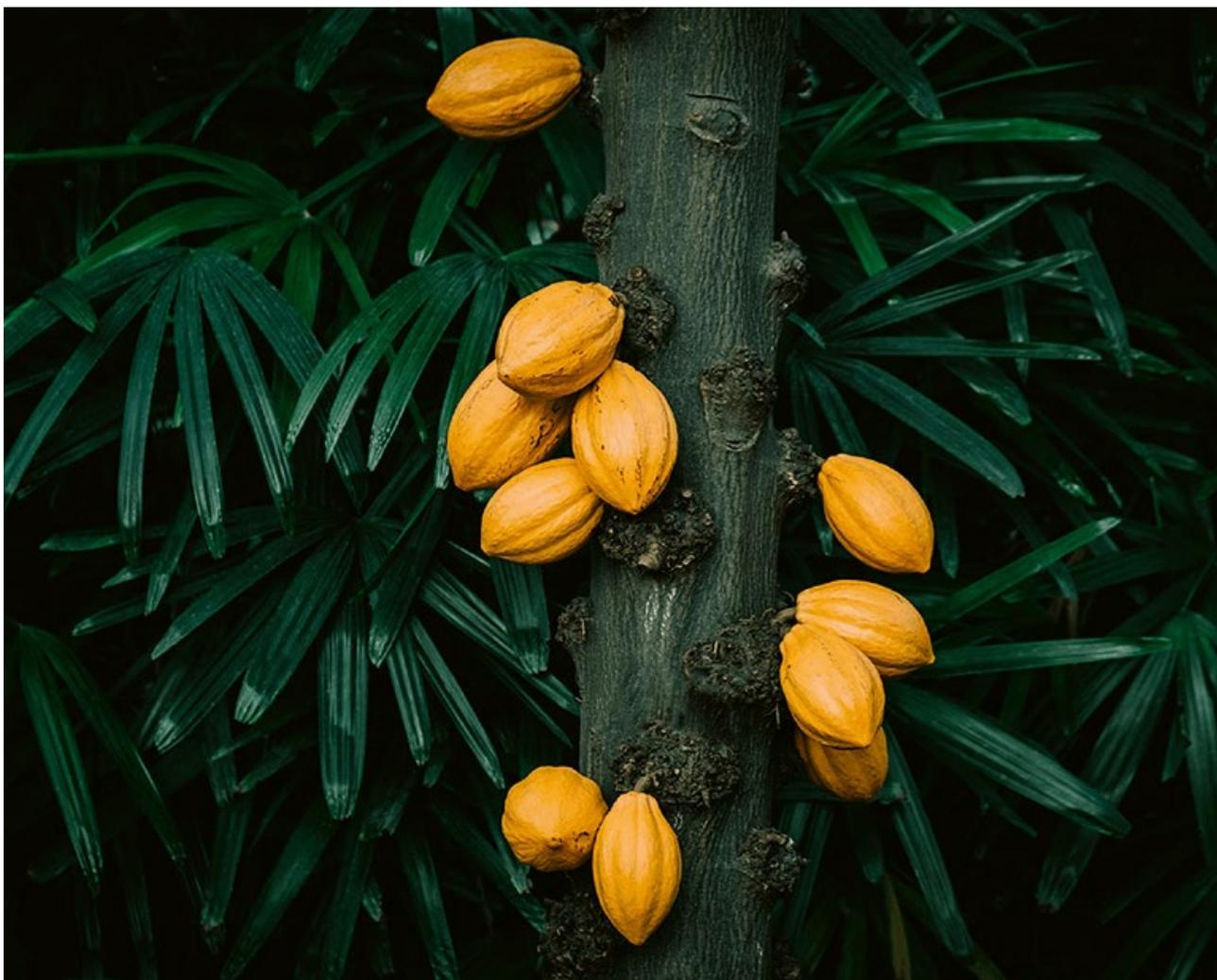


Carbon dioxide emissions

CO₂e (Scope 1+2) per prod. tonne



*The calculation for energy consumption, waste and CO₂e emissions have been updated compared to previous years and reported according to GHG protocol and GRI (baseline 2019). The numbers for 2019 and 2020 have also been recalculated. Page 138 provides further information on changes in our accounting principles.



Sustainable sourcing

Sourcing sustainable ingredients is critical to securing A Sweeter Future – not only for Cloetta’s business and products, but also for our consumers, suppliers and the farmers in our supply chain.

Within our Sustainable Sourcing programme, we focus on improving the performance of our suppliers and sourcing raw materials in a way that protects or improves the environmental and social impacts in the supply chain.

Suppliers

Our work is based on Cloetta’s Supplier Code of Conduct, which covers human and labour rights, business ethics, anti-corruption, health and safety, environmental protection and the Cloetta Quality Agreement, covering both product quality and food safety.

Suppliers are obliged to adhere to these governance documents and report any changes in their operations that may lead to

deviations from agreements with us. During 2021, we worked with a digital tool to expand our monitoring activities to include other aspects of sustainability. Suppliers are monitored based on risks related to country and sector-specific circumstances, and their own performance over time. The objective is for suppliers to continuously improve their performance. Due to Covid-19, on-site audits were limited. In total, audits were performed at 11 suppliers during 2021. 15 first-tier suppliers (direct suppliers) were approved in our Sustainable Sourcing programme. All new suppliers were assessed in terms of their food safety, product quality, environmental considerations, workplace conditions and human rights.

The risk for incidents of child labour is not high for Cloetta’s first-tier suppliers. However, in the agricultural sector child labour is a problem and Cloetta is working together with suppliers and NGOs to help eradicate child labour.

Raw materials

Sourcing raw materials in a way that protects the people and planet producing them is possible with a holistic approach. For example, protecting biodiversity is intimately connected to climate change where deforestation adds to the crisis, while reforestation can provide part of the solution. Cloetta purchases 100 per cent certified cocoa and palm oil by third parties and biodiversity protection is a central requirement in these certification programmes. Cloetta aims to source ingredients in a transparent way, where human rights and living conditions are supported, and the farming communities are thriving. Cloetta works together with suppliers and third-party organisations who are driving social and environmental projects connected to the raw materials.

Better resource use

As a participant of the UN's Global Compact, Cloetta applies the precautionary principle in its environmental work. The precautionary principle is particularly relevant to how we deal with the impact of our emissions into the air and water, as well as chemical usage. We also apply the principle of caution concerning allergies and food safety, supported by our quality and food safety programmes.

Using our resources in an efficient way is important throughout our value chain. We monitor the environmental impact of products and packaging throughout the entire lifecycle.

Within operations, all functions and factories work systematically with environ-

mental matters, including action plans and follow-up in a number of different areas. Cloetta's management system is based on ISO 14001 and our environmental goals and activities are defined within the management system.

Waste management and recycling

Our main environmental focus is on climate-related issues, such as renewable sources and resource consumption of our manufacturing facilities, including recycling and waste.

Programmes are in place in our factories to improve efficiency and reduce physical waste. Total waste is now 111 kg/tonne produced, compared to 129 kg/tonne produced in 2020.

Less and Better packaging

CO₂e emissions related to packaging is a tangible area of focus for our stakeholders, most importantly our consumers. We continue to work towards more circular packaging, with our goal of 100 per cent recyclable packaging by 2025. Plastic-free, less packaging, and renewable sources are other areas of focus in the Less and Better packaging vision. During 2021, approximately 5 per cent more of our packaging came from PlantPack, which is an innovation replacing up to 50 per cent of the previous packaging with plant-based plastic, and thereby improving our CO₂e footprint and securing more renewable sources for packaging for our future.

Taxonomy Regulation

The Regulation (EU) 2020/852, (the Taxonomy Regulation) is designed to support the transformation of the EU economy to meet its European Green Deal objectives, including the 2050 climate-neutrality target. The Taxonomy Regulation establishes six environmental objectives and for the financial reporting year 2021 the focus is on the first two environmental objectives, Climate change mitigation and Climate change adaptation.

At the core of the regulation is the definition of a sustainable economic activity. An activity must contribute to at least one of six listed environmental objectives and do no significant harm to any of the other objectives, while respecting basic human rights and labor standards.

Taxonomy non-eligible

We have examined all Taxonomy-eligible economic activities listed in the Climate Delegated Act, under the EU Taxonomy Regulation, based on our activities as a confectionary company. The Climate Delegated Act focuses on those economic activities and sectors that have the greatest potential to achieve the objective of climate change mitigation, i.e., the need to avoid producing greenhouse gas emissions, to reduce such

emissions or to increase greenhouse gas removals and long-term carbon storage. The sectors covered include energy, selected manufacturing activities, transport, and buildings.

After a thorough review involving all relevant departments and functions, we concluded that our core economic activities are not covered by the Climate Delegated Act and consequently are Taxonomy-non-eligible. In this context, we, as a confectionery company, define the manufacturing of cocoa, chocolate, and sugar confectionery as the core of our business activities. The activities consist of the sales, marketing, production and trading of branded candy, chocolate, pastilles, chewing gum and nuts.

Activities, such as construction of new buildings (for our production facilities) or transport of our products to our customers, are provided by suppliers and defined as underlying activities, necessary to conduct our core economic activities. They are not reported as Taxonomy-eligible activities and not included in our turnover Key Performance Indicators (KPI's) as they are not generating external turnover on a standalone basis. The KPI's include the turnover KPI, the Capex KPI and the Opex KPI. For the reporting period 2021, the KPI's must be disclosed in relation to Taxonomy-eligible economic activities and

Taxonomy-non-eligible economic activities (Art. 10 (2) of the Art. 8 Delegated Act).

As our economic activities as a confectionary company are not covered by the Climate Delegated Act, the share of Taxonomy-eligible economic activities in our total turnover is 0 percent and – consequently – the related capital and operating expenditure are also 0 percent.

The above assessment is made on information that was available on 31 January 2022.



Operations

All of Cloetta's factories are certified according to the BRC Global Standard for Food Safety, an international standard that outlines requirements to manage product safety, integrity, legal compliance and quality, and the operational controls in the food industry. To support and facilitate compliance with BRC and EU regulations, Cloetta has also developed its own Good Manufacturing Practice (GMP) Manual, aligned and updated with the best reference standards in the food industry, which is being implemented in all factories.

We have seven factories and we also use third-party suppliers for part of the production. External production is only outsourced to manufacturers with the same high-quality standards that are applied to production in Cloetta's own factories. External manufacturers are evaluated and tested regularly.

The backbone of operations is the Cloetta Leading Performance Programme (CLPP) with the vision to create the Perfect Factory. The aim of the programme is to create a trustworthy, engaging and sustainable environment in which people feel empowered to deliver improvements. This programme improves efficiency further, reduces waste and leftovers, and create increased flexibility and capacity in the factories. The programme involves improving operational

excellence, and also strategic investments to modernise the factory network.

We have a central management system to ensure standardised working methods in our operations. Each production unit has a locally adapted management system that is linked to the central system. Central policies, goals and procedures are broken down and implemented at a local level. The man-

agement systems cover health and safety, environment, quality and product safety. These systems are based on international standards BRC Global Standard for Food Safety, ISO 14001 for recurring risk assessments and continuous improvements. The core of these standards aims to improve the business process performance and its expected outcome.

Production by factory in 2021



Factory location	Certifications
Levice, Slovakia	UTZ/Rainforest Alliance (RA), BRC Global Standard for Food Safety, IFS Food, RSPO
Ljungsbro, Sweden	BRC Global Standard for Food Safety, ISO 14001, RSPO, UTZ/RA, Koscher
Roosendaal (Sporstraat), NL	BRC Global Standard for Food Safety
Turnhout, Belgium	BRC Global Standard for Food Safety, ISO 14001
Roosendaal (Borchwerf), NL	UTZ/RA, RSPO, IFS, GMP and BRC global standard for Food Safety
Sneek, NL	IFS, GMP and BRC Global Standard for Food Safety and ISO 14001
Dublin, Ireland	BRC Global Standard for Food Safety and ISO 14001



“ Let the movie begin! ”