



Fazer Group Supplier Code of Conduct

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Fazer Group Supplier Code of Conduct

Background

Our goal Fazer Group ("Fazer" or "we" or "our") is in strategic transformation path into a modern, sustainable food company. Fazer acknowledges having an impact on people and the environment, locally as well as globally. Therefore, until 2030 Fazer Group's four sustainability core goals are 1) 50% less emissions, 2) 50% less food waste, 3) 100% sustainably sourced and 4) more plant based.

We act in a sustainable way throughout the entire value chain and respond to consumers' expectations of responsibly produced goods and services. Therefore, we have set certain requirements on all our suppliers ("Supplier" or "Suppliers") through this Supplier Code of Conduct.

This Supplier Code of Conduct ("Code") is based on The Universal Declaration of Human Rights (UN 1948), Worst Forms of Child Labour Convention (ILO 1999, No. 182), Minimum Age Convention (ILO 1973, No. 138), Fundamental Principles and Rights at Work (ILO 1998), Occupational Safety and Health Convention (ILO Convention 155) and the Ten Principles of the UN Global Compact Framework (UN 2000).

Scope and compliance

All our Suppliers are expected to adhere to this Code that forms part of any agreement between us and the Supplier. In addition, this Code applies to all Supplier's employees and subcontractors. The Supplier shall be responsible for ensuring that its employees and subcontractors follow the standards laid down in this Code.

The Supplier shall actively improve its human rights, environment and occupational health and safety activities as well as ethical business conduct. The Supplier will abide by all applicable international and national laws, directives and regulations and this Code. In the event of any inconsistency, the Supplier shall follow the more stringent requirement.

1. Human rights and labour

The Supplier is encouraged to follow the UN Guiding Principles on Businesses and Human Rights (UNGP's) and have the relevant policies, processes and procedures in place as described in the guiding principles. Suppliers should especially be aware of and respect the rights of indigenous people, vulnerable groups, including, but not limited to migrant workers, women, children, and disabled people, as well as local communities in connection with the Supplier's activities and operations.

The Supplier is expected to inform Fazer about any severe human rights impacts that it may cause, contribute, or be directly linked to.

1.1. Fair treatment and non-discrimination

The Supplier shall treat all employees in a fair and equal manner in accordance with internationally proclaimed human rights. The Supplier shall respect all its employees' personal dignity, privacy, and personal rights. The Supplier may not accept any discrimination,



individuation, verbal, psychological, physical, or sexual harassment or abuse or offence at work such as humiliating or physical punishment.

1.2. Child labour and young workers

The Supplier shall not accept, use, or benefit from any form of child labour as prohibited by International Labour Organisation (ILO) and/or applicable law. The minimum working age is the age of completion of compulsory school, but never less than 15 years. Young employees within the age of 15 – 18 years shall not be exposed to work that is likely to harm their physical or mental health, safety, or morals. Young employees are not allowed to work night shifts or engage in work in hazardous conditions.

Unless prohibited by applicable local law or international conventions, a minor, between the age of 12 and 15 may do **light work**, in parallel with studying, under parents or guardian's supervision and only during limited daily and weekly hours. Work shall not be harmful to their health or development and not prejudice their attendance at school, their participation in vocational orientation or training programmes approved by the competent authority or their capacity to benefit from the instruction received.

1.3 Forced and bonded labour

Supplier shall not accept, use, or benefit from any forms of modern slavery, involuntary or forced labour, including but not limited to bonded, prison or compulsory labour and human trafficking. Consequently, Supplier, including their recruitment agencies, shall not engage in or tolerate restrictions of movement, excessive recruitment fees for employees, confiscation of identity documents and/or passports, withholding of wages, abusive working conditions, debt bondage, violence or any other kind of exploitation or abuse.

1.4. Freedom of association and collective bargaining

The Supplier shall respect freedom of association and employees' right to collective bargaining.

All Employees shall have the right to lawfully form, join or not join labour unions, bargain collectively, seek representation and join worker's councils in accordance with local law and international conventions. Employees shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, intimidation, or retaliation. Where local law sets restrictions on the right to freedom of association and collective bargaining, Supplier should aim to facilitate alternative forms of worker dialogue, representation, association, and bargaining.

1.5. Working hours and wages

The Supplier shall enter employment contracts with all employees and shall follow applicable legislation, regulations, and collective agreements (where applicable) regarding working hours and wages. All employees are entitled to their own copy of the employment contract and wage statement, which must be written in a language the employee understands.

Employees shall have the right to receive fair remuneration that is sufficient to provide them with a decent living for themselves and their families, as well as social benefits legally granted to the employee. The level of wages shall, as a minimum, comply with wages mandated by government's minimum wage legislation, or industry standards approved based on collective bargaining, whichever is higher. Deduction from wages is permitted only if and to the extent



prescribed by applicable law, regulations, or collective bargaining agreements. Wages shall always be sufficient to cover living expenses and provide some disposable income.

The Supplier shall ensure that employees are not required to work more than 48 regular hours per week. Overtime shall be voluntary and is meant to be exceptional and shall not represent a significantly higher likelihood of occupational hazards.

Supplier shall grant its employees with the right to resting breaks in every working day and the right to at least one day off in every seven-day period unless exceptions stipulated in collective agreements or in applicable legislation apply.

2. Environment

2.1. Environmental Management System

The Supplier is expected to reduce negative environmental impacts by protecting the environment, conserving natural resources, and continuously striving towards reducing the environmental footprint of their production, products, and services throughout their entire life cycle.

The Supplier shall have an Environmental Management System (ISO 14000, EMAS or other corresponding system) or otherwise fulfil as a minimum the domestic and/or EU environmental regulations and legislation and permits obtained.

The Supplier shall optimise the usage of raw materials and shall take into consideration material and resource efficiency aspects.

Supplier aims to monitor, track, and document its emissions to air, water and soil from its facilities and transports as well as the effluent and solid waste generated by its operations to be able to identify aspects that Supplier can control and influence fostering opportunities for improvement.

Supplier shall handle environmental violations and complaints methodically and communicate them to affected employees and to external stakeholders including Fazer, if relevant.

The Supplier shall increase environmental awareness among its stakeholders and especially arrange environmental training for its own personnel.

2.2. Chemicals and waste

The Supplier shall secure that all chemicals are stored, handled, used, transported, labelled, and disposed of in a safe and responsible way. The Supplier shall ensure that employees handling chemicals have the right competence and, if needed, arrange training.

The Supplier has site specific procedures and plans how to prevent and respond to all environmental emergency situations (spills, leakages and releases/emissions and other risk) that have a potential to impact the environment.

The Supplier shall have a procedure for appropriate disposal of waste in accordance with domestic or EU waste legislation. The supplier shall pay attention to preventing and minimising



the waste and loss of raw materials according to the EU waste management principles (reduce, reuse, recycle, energy recovery or disposal/landfill).

The Supplier shall ensure that the employees handling waste maintain desired routines and have the right competence, and if necessary, arrange training.

2.3. Energy and emissions

The Supplier is expected to continuously increase energy efficiency in own operation and reduce greenhouse gas emissions by aiming to choose renewable or low carbon energy forms. Supplier is encouraged to set similar expectations to its material and service providers.

2.4 Water use and effluent treatment

The Supplier shall ensure effective water management procedure. Wastewater shall be properly treated on site or discharged to an authorised external wastewater treatment facility. Water withdrawal shall be according to legal permissions and not have adverse impact on local community or ecosystem. Recycling of water should be done to the extent it is viable.

2.5 Land rights

The Supplier shall demonstrate legal right to use land and evidence of respect for community land rights and free, prior, and informed consent of the local community regarding the Supplier's operations. (ref. FAO Voluntary Guidelines on Governance of Land and Land Tenure.)

2.6 Nature Conservancy

Preservation of Biodiversity on and around the site/supply chain is subject to a special management plan including restoration of biodiversity losses from the past, along with special care for future expansion plans including the protection of high conservation value areas that may exist in the community.

2.7 Responsible Forestry

Deforestation is defined, according to the European Commission, as permanent conversion of forests and woodlands to other land uses such as crops, roads, settlements, mining or grazing land. Fazer's No deforestation commitment covers four raw materials identified as key commodities in halting global deforestation: cocoa, palm oil, soy (direct and indirect consumption) and packaging materials.

Supplier shall ensure that sourcing of raw materials throughout the value chain:

- do not come from primary forests or any other pristine natural ecosystems and
- do not cause deforestation, which includes development of tropical peat lands, conversion of natural forests, high conservation value (HCV) forest or high carbon stock (HCS) areas to agriculture, tree plantations, or other land uses, or severe human-induced degradation.

Supplier should implement procedures to verify that forest/timber-based materials and derivatives purchased are legally harvested and traded.

2.8 Animal welfare

Animals shall be treated in accordance with the five principles of freedoms for animals (ref. EU Farm Animal Welfare Council/ OIE World Organisation for Animal Health),



allowing for natural behaviour and minimising animal suffering at any facility including transportation of live animals. Animal rights shall be attended to throughout the animal's lifecycle from birth to death.

- I. Freedom from hunger or thirst.
- II. Freedom from fear and distress.
- III. Freedom from physical and thermal discomfort.
- IV. Freedom from pain, injury, or disease.
- V. Freedom to express most normal behaviour; Cages, crates, and tie stalls shall be phased out in favour of free housing, free access stalls or free range.

Antibiotics and/or hormones shall not be used for preventive purposes in animal husbandry. All use of antibiotics in treatment of illnesses must be documented.

Production sites should use a third-party system to ensure acceptable animal welfare.

3. Occupational health and safety

3.1. Health and Safety Management

The Supplier is required to have an Occupational, Health and Safety (OHS) management system or otherwise fulfil at least the domestic and/or EU regulations and legislation regarding occupational health and safety.

The Supplier shall secure that its employees have a safe working environment. The Supplier needs to have a documented process to manage work related illnesses.

3.2. Accidents, communication, and training

The Supplier shall:

- minimise the risk of accidents, injury, and exposure to health risks in the workplace.
- identify hazards and unsafe behaviours and deliver necessary improvements through an effective health and safety management system.
- ensure workers have the skills, knowledge, and resources necessary to maintain a safe and healthy working environment, enabling them to raise safety concerns.
- provide details to its employees on the effects of potentially harmful substances and the measures to be taken to protect employees' health and safety in their use.
- provide necessary personal protective equipment and ensure employees are trained in their use.
- investigate work-related accidents, keep records of incidents, stating their cause and taking remedial measures to prevent similar accidents.
- provide measures to deal with emergencies and accidents, including first aid arrangements.
- ensure there is a fire prevention plan including all first aid-equipment.



- provide necessary accident insurances for employees according to local rules and regulations.
- allow workers to remove themselves from potentially unsafe or unhealthy work situations, not subjecting them to adverse consequences as a result and not requiring them to return to work if the condition(s) continues.

4. Business ethics

4.1. Anti-bribery

The Supplier shall comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and anti-corruption and the Supplier shall have and maintain in place its own policies and procedures to ensure compliance with said laws and regulations.

The Supplier shall ensure that its employees or third parties acting on its behalf do not offer, promise, give, or accept any bribes, or make or accept improper payments or anything of value to secure any improper advantage or otherwise improperly influence the outcome of its business dealings.

4.2. Gifts and entertainment

The Supplier shall refrain from offering lavish gifts and extravagant entertainment or hospitality to any employees of Fazer to influence their business decisions. The Supplier shall ensure that all gifts and entertainment offered to Fazer employees are transparent and have a justifiable business rationale.

4.3. Fair competition

The Supplier shall compete fairly and in compliance with all applicable competition and anti-trust laws and regulations.

4.4. Protection of intellectual property rights and confidential information

The Supplier respects its role as the custodian of Fazer's information and respects the confidential nature of business information. Intellectual property rights shall be respected and dealt with in a manner that does not endanger the rights of Fazer or its customers or other business partners.

4.5. Conflicts of interest

The Supplier is expected to avoid situations which conflict or could be perceived as conflicting business interests. The Supplier shall not utilize its position or information received from Fazer to gain unfair or personal benefit.

4.6 Economic Sanctions

The Supplier shall comply with economic sanctions imposed by the United Nations, the European Union, the United States, and any country with jurisdiction over the Supplier.

Any Supplier incorporated in the Russian Federation shall also comply with all applicable sanctions' regulations of the Russian Federation.



The Supplier shall not supply to Fazer any goods that have been sourced from parties that are subject to sanctions imposed by the United Nations, the European Union, the United States, or any other country with jurisdiction over the Supplier.

5. Monitoring and documentation

5.1. Documentation and general management

The Supplier shall ensure and monitor that the requirements in this Code can be met.

The Supplier is expected to maintain transparent and reliable documentation and records at all time.

5.2. Follow-up and audits

Fazer will follow up the risks and compliance of the Code among its Suppliers.

Fazer, or a third party appointed by the Fazer, shall have the right to perform audit on the Supplier's premises by notifying the Supplier not later than 14 days in advance. Audits include (without limitation) Supplier's facilities, management system, instructions and documents related to the Suppliers' performance towards Fazer under this Code. In case of suspicion of severe violation of the Code by the Supplier or its sub-suppliers, Fazer reserves the right to audit the Supplier unannounced. The Supplier shall at its own expense assist in the audit and provide Fazer with the required documentation.

Fazer performs a pre-audit of the Supplier through a digital system questionnaire and Supplier shall respond to the questionnaire before the audit.

The Supplier shall conduct internal audits periodically and the audits need to be documented to show the transparency and reliability of the Supplier's activities.

5.3. Grievance mechanisms

The Supplier shall investigate, address, and respond to concerns of employees about compliance of the Supplier's policies and/or the requirements of this Code.

The Supplier shall establish or participate in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted. Such a grievance mechanism aims at ensuring the rights to effective remedy of employees at the workplace, or other affected individuals of the local community.

5.4. Violation of the Code

In the event of violation of this Code, the Supplier must present a corrective action plan approved by Fazer, which must be implemented and documented within a specific period.

Fazer has established a grievance mechanism for its employees and external parties for reporting suspicions on unethical business conduct, potential and actual adverse human rights impact via Fazer's whistleblowing service, where employees and external parties are encouraged to report their concerns. Reports can be submitted anonymously and without reprisal or retaliatory actions were provided in good faith.



By: _____ Name: Title: Company: Place and date:

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Related documents: Fazer Human Rights Policy, Fazer Group Code of Conduct