



Procurement evolution

People- Sustainability - Technology , Croatia - October 2023



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26 years experience in materials management, sourcing, supplier relationship management and other supply chain related topics.

2018- Fazer

- CPO, April 2022 onwards
- Vice President, Direct Materials



2013-2018 Paulig

- Director, Indirect and Development



2010-2013 Fiskars

- Regional Sourcing Director



1997-2010 Nokia

- Head of Category Group

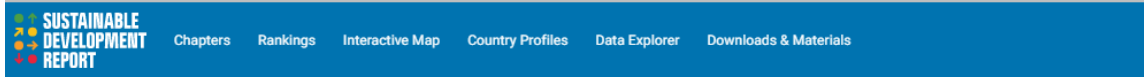


Procurement (r)evolution

- Intro
- Role of Procurement
- Value creation
 - Category management
 - Supplier Relationship management
 - Sustainable Sourcing
 - Procurement asset
- Key takeaways



Finland ranks first in international sustainable development comparison



Finland

OECD member



OVERVIEW INDICATORS POLICY EFFORTS

SDG Index Rank

1 / 163

SDG Index Score

86.5

Spillover Score

73.6

SDG Dashboards and Trends

Click on a goal to view more information.



Dashboards: ● SDG achieved ● Challenges remain ● Significant challenges remain ● Major challenges remain ● Information unavailable

Trends: ↑ On track or maintaining SDG achievement ↗ Moderately improving → Stagnating ↓ Decreasing ** Trend information unavailable



Fazer's Business Areas



Fazer Bakery

Fazer Bakery crafts a delicious range of breads, sweet pastries, and cakes for every taste.

In our shop-in-shop bakeries artisan bakers bake on-site, from scratch, by hand and without additives using domestic flours from our own mill in Lahti.



Fazer Confectionery

Fazer Confectionery is associated with high quality, craftsmanship and fearless creativity.

Our chocolates, sweets, biscuits, and crisps are well known and loved by consumers in all our home markets.



Fazer Lifestyle Foods

Fazer Lifestyle Foods meets the demand for healthy and plant-based food.

We offer plant-based products like oat drinks, gurts, porridges, mueslis, cereals and smoothies.

Fazer Lifestyle Foods also serves B2B customers, supplying for example flour, oat drinks and xylitol.

Fazer on a map



-  Fazer Bakery
-  Fazer Confectionery
-  Fazer Lifestyle Foods
-  Sales office
-  Headquarters

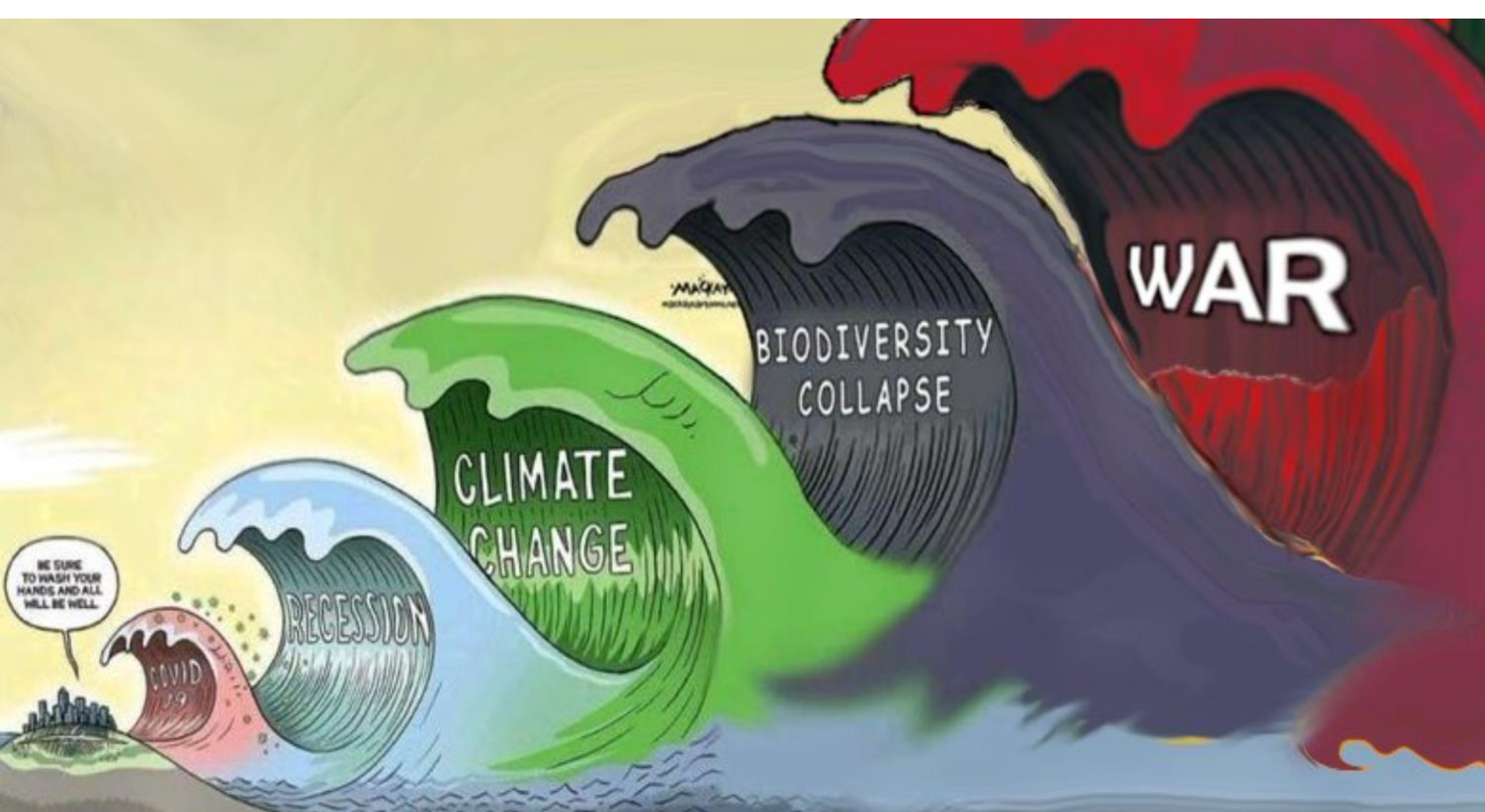




*Procurement organizations are in
the middle of (r)evolution*

-

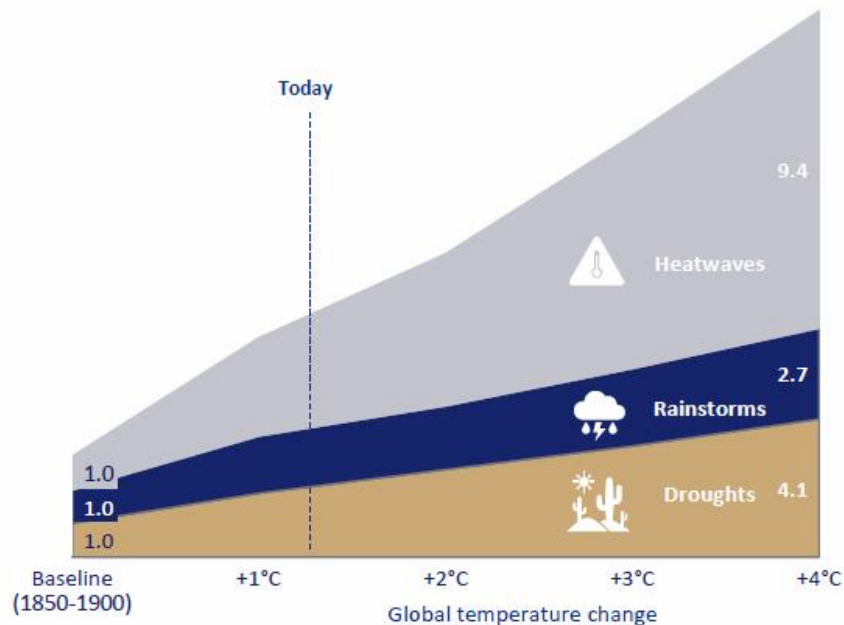
*from support function to business
partner to provide sustainable
value-add for the companies*



Extreme climate events are becoming more common due to climate change...



Frequency of extreme events that used to be once in a decade



Extreme heats reached 43.6 degrees in Europe. Greece saw the largest wildfire in EU history burning more than 810sq km of land



Flooding in Germany and Belgium in 2021 caused an estimated €50b in economic losses



Droughts caused by the El Nino phenomenon damages crops causing price hikes in key commodities out of Asia, Africa and South America

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Procurement needs new competences



Most important roles of sourcing and procurement



Source: Gartner SCM World Future of Supply Chain Survey 2018 (preliminary data)

Weighted average rating, 1-8

Biggest changes in Procurement



Procurement responsibility area is much wider

- Negotiations, supplier selection/management, availability
- Quality, Sustainability, Innovation, Risk management

→ Enabler, Facilitator



Data availability is not an issue

- IT tools in procurement processes (Spend, eRFX)
- Market intelligence, AI, Block Chain

→ Predictor



Procurement competences development

- Procurement professionals on different degrees
- Wide range of learning opportunities

→ Category specific education

Procurement (r)evolution

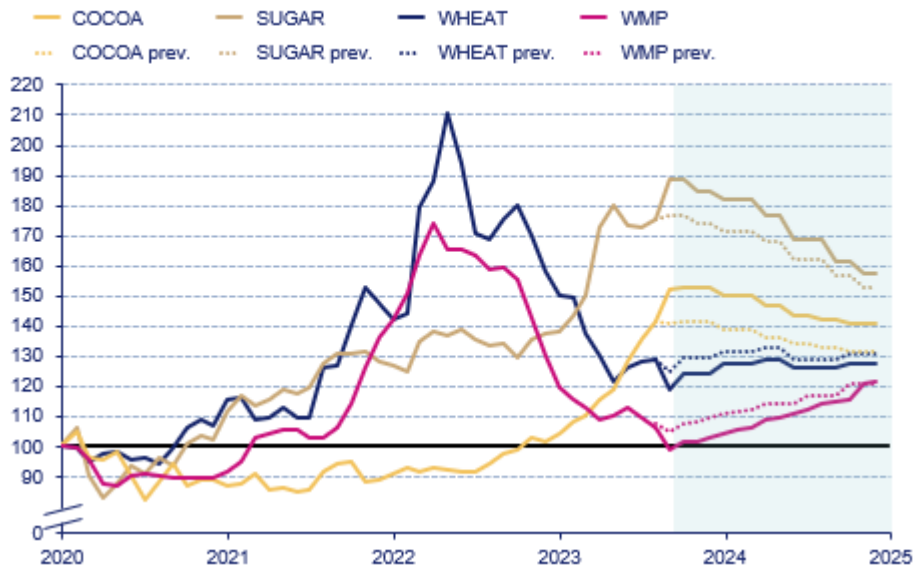
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Commodity desk - Better understanding of commodity markets



Raw materials (2020=100)



The aim of Fazer Group's Commodity Desk is to develop Fazer's capabilities in understanding commodity markets and further develop related processes and tools

Commodity desk aims at:

- Standardise market follow-up tools and presentations
- Increase transparency of commodity price behaviour throughout Fazer
- Facilitate a dialog on the impact of commodity fluctuation on the business and **advise** business decisions on **reacting** to the fluctuations and manage risk
- Educate and build capabilities of procurement and other functions
- Measure **price performance** with strong link to market

Commodity desk *does not* aim at systematically beating the market

What does it mean to be a Strategic or Preferred Supplier in terms of SRM?



Strategic

- SRM meeting: 1-4 times/year or by need
- Senior sponsor appointed based on the business needs
- Extra Partnership/Management board meeting: Yearly
- Relationship structure mandatory: SRM x-functional organization, SRM meetings calendar, initiatives tracker
- Relationship dashboard: SWOT, Value creation and KPI's, e.g., cost take-out, innovation, sustainability
- Strong X-functional engagement


Preferred

- Cooperation meeting: by need and focus on operational cooperation
- Relationship structure recommended: e.g., agenda and dashboard
- Category Manager drives the relationship and engages other functions on request

Fazer's Sustainability Ambitions



We mitigate climate change and optimise the use of resources through circularity

- 
- Decrease emissions
 - Reduce food loss and waste
 - Circular economy




We innovate for a more sustainable food system

- More plant-based products
- Foodtech
- Sustainable packaging



Our supply chain is fair and sustainable

- 
- Develop supplier requirements
 - Promote sustainable farming
 - Respect human rights and ensure fair working conditions
 - Minimise environmental impact of value chain



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

- Prioritise employees' health and safety
- Promote engagement and well-being
- Diversity and inclusion

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

Three categories are very dominant Emission sources for Fazer



Emissions (tonnes CO2-eq)



Sustainably sourced raw materials



100% responsible cocoa.
All our cocoa comes from
sustainably managed sources.



By 2025 all grain we use in consumer
products in Finland and Sweden will
meet the Sustainable Grain Farming
Principles.



Our ambition is to use only
Segregated palm oil by 2024.



We are committed to using only
cage-free eggs by 2024.



We use 100% sustainable
certified soy.



We do not use endangered, red-listed
fish or seafood.



All hazelnuts we use in our products
from 2023 onwards will be
Rainforest Alliance certified.

Basic sustainability requirements for all Fazer's suppliers



- We work only with carefully selected suppliers and business partners
- 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: in the end of 2021, 78% of the suppliers by spend have signed the Supplier Code of Conduct.
- After initially launching our Supplier Code of Conduct in 2020, we renewed it in 2021, further increasing its requirements.



Sustainably sourced by 2030



78% of the suppliers by spend have signed the Supplier Code of Conduct

52%

2020

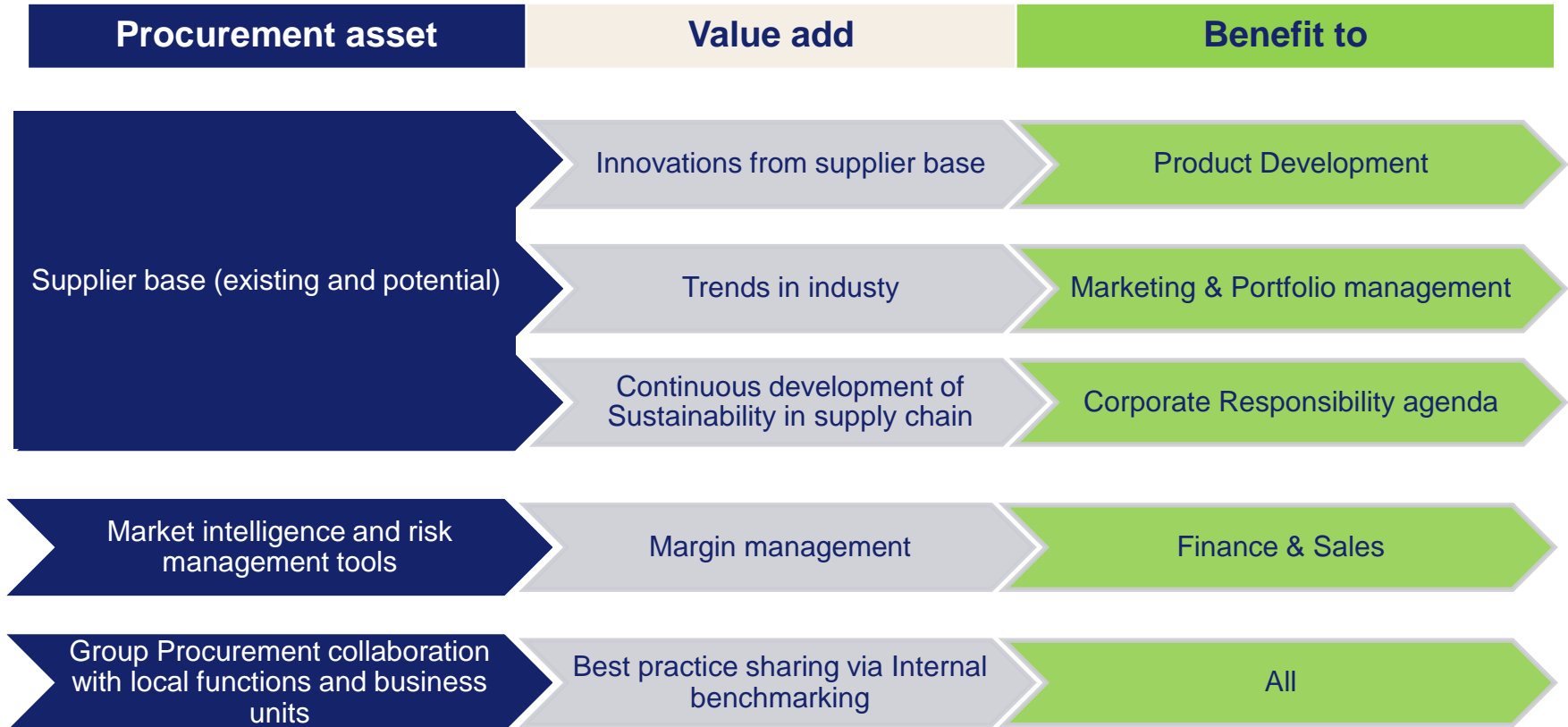
78%

2021

Share of spend with signed supplier code of conduct.



How Procurement can provide Sustainable value-add?



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Key takeaways to drive transformation in Procurement

- Build your procurement roadmap on your company strategy
- Secure internal alignment – join to relevant forums
- Be realistic and analytic, speak the same language with your stakeholders
- Take care of your people
- Invite your key suppliers to the joint journey
- Keep tracking and be ready to adjust



Hvala lijepa !
Thank You !