



# CORPORATE GOVERNANCE REPORT

2024

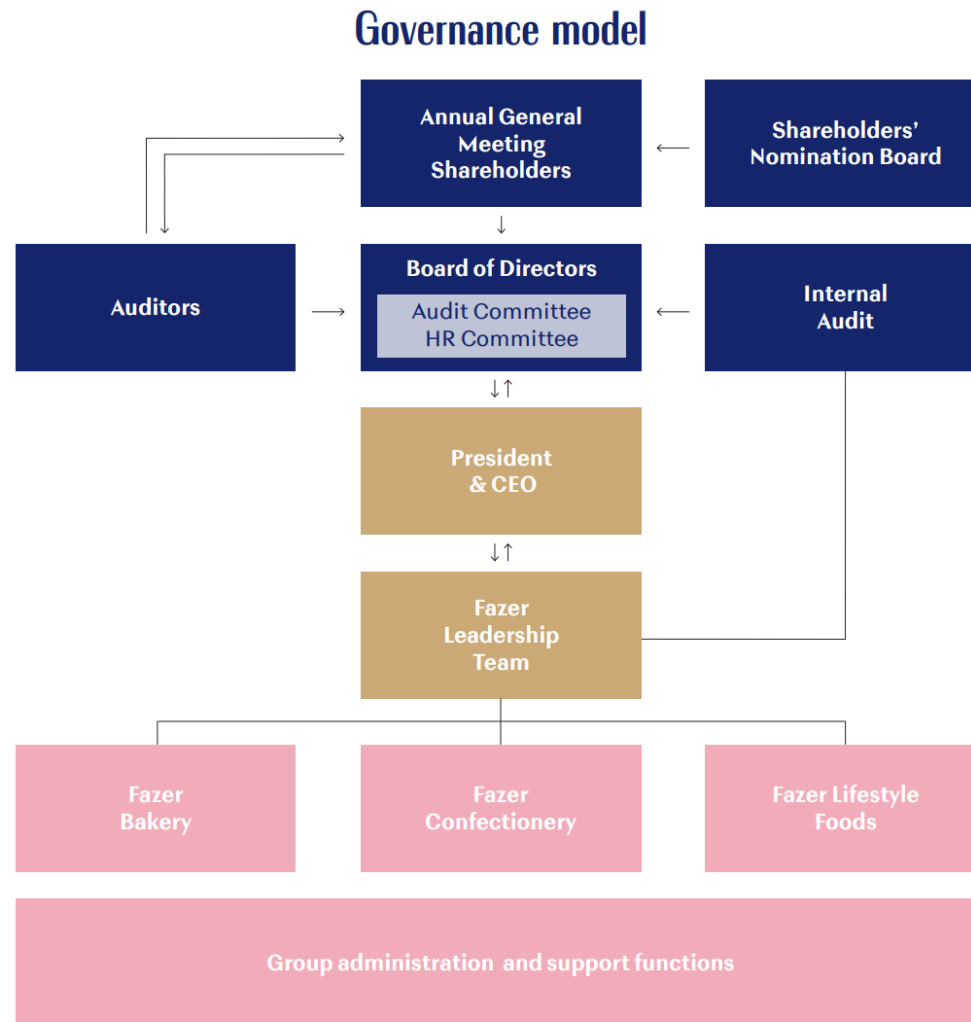


# Corporate Governance

Corporate Governance at Oy Karl Fazer Ab and its subsidiaries (Fazer Group, Fazer, or Group) follows the rules and regulations defined by the Articles of Association, the Finnish legislation and the corporate governance principles, which are based on the Finnish Companies Act and, to some extent, the Finnish Corporate Governance Code in force adopted by the Securities Market Association. The aim of the Corporate Governance is to support good corporate governance in the Group, maintaining and promoting high-quality decision-making and administration.

## FAZER'S GOVERNING BODIES

The General Meeting holds the highest governing body of Fazer Group in which the shareholders participate in the supervision, decision-making and control of the Company. The Board of Directors is responsible for the administration and the proper organisation of the operations of the Company. The President and CEO, assisted by the leadership Team oversees the day-to-day operative management of Fazer and its businesses.



## ANNUAL GENERAL MEETING OF SHAREHOLDERS

Annual general meeting of shareholders

The Annual General Meeting is held once a year, and before the end of June in Helsinki or Vantaa. The Annual General Meeting addresses issues it is responsible for, according to current legislation and Fazer's Articles of Association. Such issues include

- Adoption of the consolidated and parent company's financial statements;
- Use of the profit shown on the balance sheet;
- Discharging the Board of Directors and the President and CEO from liability;
- Election of the members of the Board of Directors and Auditors and the decision on their remuneration.

According to the Articles of Association, notices of meetings for the General Meeting are sent by regular mail at the latest 14 days before each General Meeting. Extraordinary General Meetings are held, when the Board of Directors considers it necessary. In 2024, one Extraordinary General Meeting was held.

### General meeting of shareholders in 2024

In 2024, the Annual General Meeting (AGM) of Shareholders was held on 21 March 2024. The AGM discharged the Board of Directors and President and CEO from liability for the financial year 2023. As proposed to the AGM 2024 Harry Brouwer, Ketil Eriksen, Jan Fazer, Casper von Koskull, Johan Linder, Juhani

Mäkinen, Laura Tarkka and Elisabeth Dreijer von Sydow were re-elected as members of the Board of Directors and Katharina Stenholm was elected as new member of the Board of Directors. Casper von Koskull was re-elected as the Chairman of the Board of Directors. In accordance with the proposal of the Board, a dividend of EUR 20.5 million, or EUR 3.00 per share was paid for the year 2023.

## SHAREHOLDERS' NOMINATION BOARD

The Shareholders' nomination board is responsible for preparing proposals regarding the composition of the Board of Directors and the compensation of Board members.

## BOARD OF DIRECTORS

The Board of Directors has general jurisdiction in all issues that are not required of other institutions under the Finnish Companies Act and the Articles of Association. According to Fazer's Articles of Association, the Board of Directors consists of no less than five and no more than ten members who are elected annually at the Annual General Meeting of Shareholders.

Under the terms of the Finnish Companies Act, the Board of Directors is responsible for ensuring that the Group's administration and operations are managed appropriately. The Board of Directors has a general obligation to pursue the best interests of the Company and all of its shareholders, to which it is accountable.

The Board of Directors is responsible for:

- approving the Group's strategy, financial and ESG targets
- ensuring that accounting and financial as well as non-financial control are managed appropriately
- approving annual business plans
- deciding on strategic acquisitions, divestments and strategic investments
- ensuring monitoring the financial performance and position of the Group
- overseeing measurement and monitoring of ESG progress against targets
- appointing, and if needed dismissing, the Chief Executive Officer (President and CEO) and deciding on the remuneration of the Group's senior management
- approving Fazer's corporate policies in key management areas, such as corporate governance, sustainability, risk management, financial control, treasury, internal control, corporate communications, human resources, environment and code of conduct
- conducting an annual evaluation of its operations and working methods; and
- deciding on other matters falling under the Board's responsibility by law.

The Board of Directors holds at least eight meetings per year. The Financial Statements are adopted in April at the latest. The Group's strategy is revised and approved whenever necessary. The business plans for the year and bonus programmes for senior management are approved at the beginning of the year. Additional

meetings can be convened, if necessary, by the Chairman of the Board, the President and CEO or a member of the Board.

The Board of Directors shall meet as often as necessary to discharge its responsibilities.

### Board diversity principles

Fazer recognises the importance of diversity at all levels of the Company and is committed to increasing diversity across all its operations. The Board of Directors has adopted the following principles and targets concerning the diversity of the Board of Directors. When designing the composition of the Board of Directors the Board composition is assessed from the viewpoint of the company's current and future business needs while considering the diversity of the Board. The diversity of the Board of Directors will be assessed from various viewpoints. Fazer's Board of Directors shall have sufficient and complementary experience and expertise in the key industries and markets relevant to Fazer's business. In addition, skills and experiences relevant to Fazer, industrial knowledge as well as personal qualities and integrity. Consideration shall also be given to the requirements set by the Fazer's operations, geographical presence, its development stage and future ambitions.

### Board of Directors in 2024

As of 21 March 2024, the Board of Directors comprised of Casper von Koskull (Chairman), Harry Brouwer, Elisabeth Dreijer von Sydow, Ketil Eriksen, Jan Fazer, Johan Linder, Juhani Mäkinen, Laura Tarkka and Katharina Stenholm. Cecilia Marlow acted as a member of the Board of Directors till AGM in March. All Board members were determined to be independent except Jan Fazer who is dependent of company and significant shareholders.

In 2024, the Group's Board of Directors convened 8 times. Major items on the agenda of the Board of Directors were the evaluation and implementation of Fazer's strategy as well as the company's financial development. Other important topics discussed included procurement, ESG and ESG risks, production development, investments, as well as personnel and competence development.

### Chairman of the Board of Director

The Board of Directors appoints a chairman from amongst its members. The Chairman of the Board of Directors is responsible for managing the activities of the Board, convening the Board and preparing Board meetings in cooperation with the President and CEO. The Chairman works closely and actively with the President and CEO and should be well informed on significant issues affecting the Group and its stakeholders. The Chairman and the President and CEO

are responsible for ensuring that the members of the Board are informed about matters concerning the Group and that notices of meetings, agendas and all relevant documents are delivered to the members of the Board of Directors well in advance of meetings.

### Committees of the Board of Directors

The Board of Directors nominates committees and appoints committee members. Committees are responsible for preparing issues for decision at the Board of Directors' meetings. Fazer's Board of Directors appoints annually an Audit Committee and an HR Committee.

### Audit Committee

The task of the Audit Committee is to assist the Board of Directors in its responsibilities related to the appropriate arrangement of the control of the Group's accounts and finances. The Audit Committee monitors the Group's financial situation, the financial statement reporting processes, the efficiency of internal control, internal auditing, and risk management systems, oversees external ESG reporting and compliance with relevant ESG reporting frameworks, monitors ESG processes and controls to ensure accuracy, comparability and consistency of ESG disclosures, monitors the statutory audit of financial statements and consolidated financial statements, evaluates the independence of the statutory audit firm, and prepares

the proposal for resolution on the election of the auditor.

In 2024, the Audit Committee comprised of Jan Fazer (Chairman), Ketil Eriksen, Juhani Mäkinen and Laura Tarkka. The Committee held five meetings during the financial period and, apart from ordinary issues, it dealt with questions related to e.g., information security and non-core assets.

#### HR Committee

The task of the HR (Human Resources) Committee is to assist the Board of Directors in its responsibilities related to employment and rewarding of the President and CEO and the Group's senior management, monitoring the total compensation of the management and incentive programmes of the personnel and to evaluate the management's work including reviewing the employee engagement survey results.

In 2024, the HR Committee comprised of Casper von Koskull (Chairman), Elisabeth Dreijer von Sydow and Johan Linder. The Committee met four times during the financial period and prepared issues for the Board related to, for example, the Fazer people strategy, leadership & capability development, and incentive programmes.

#### PRESIDENT AND CEO AND DEPUTY TO THE PRESIDENT AND CEO

Fazer's Board of Directors appoints and dismisses, if needed, the President and CEO. Under the requirements of the Finnish Companies Act, the President and CEO is responsible for the day-to-day administration of the company, in line with the instructions of the Board of Directors, and for ensuring that the company's accounting is carried out in accordance with legal requirements and that the company's financial management is handled appropriately. The President and CEO reports to the Board of Directors and informs the Board of Fazer's operating environment, e.g., customers, competition and market situation and the company's financial position and development. The President and CEO is assisted by the Fazer Leadership Team and the Deputy President and CEO, who is nominated by the Board of Directors, when needed. Christoph Vitzthum is Fazer Group's President and CEO.

#### FAZER GROUP LEADERSHIP TEAM (FLT)

The Fazer Group Leadership Team consists of the President and CEO (Chairman), the Managing Directors (MD) of the Business Areas, and the Heads of key Group functions. The duties of the Fazer Leadership Team are to assist the President and CEO in his/her tasks and to draft propositions to the Board. The Fazer Leadership Team also coordinates operations across the Group and secures efficient operations on Group level

among other things. In 2024, the Fazer Leadership Team comprised Christoph Vitzthum (President and CEO, Chairman), Aaron Barsness (EVP, CMO), Jenni Gallagher (EVP, CHRO) Jouni Grönroos (CFO & Deputy CEO) until May after which Jukka Erlund assumed the role of EVP, CFO, Sebastian Jägerhorn (EVP, Legal & Compliance), Joséphine Mickwitz (EVP, Communications & Sustainability), Lara Saulo (MD, Fazer Confectionery), Tero Tynkkynen (EVP, CCO) as of July and Krister Zackari (MD, Fazer Lifestyle Foods).

The Group also has an extended Fazer Leadership Team. In addition to the members of Fazer Leadership Team, the extended Fazer Leadership Team also includes Marko Bergholm (MD, Fazer Bakery Finland), Anne Mere (MD, Fazer Bakery Baltics) Petteri Nisonen (Head of Fazer Group Procurement) until July and as of September Mattias Wivesson (Head of Fazer Group Procurement), Patrik Hellgren (MD, Fazer Bakery Sweden), Mats Liedholm (MD, Fazer Sweden) and Mikko Mäkelä (VP, Strategy and M&A).

#### REMUNERATION

##### Remuneration of the Board

The Annual General Meeting decides on the remuneration of the Board members based on the recommendation of the Shareholders' Nomination Board. The remuneration of the Board of Directors consists of a fixed fee which is paid in two instalments during the Board period and a meeting specific fee. The

Board members do not receive shares or share derivatives as remuneration for their membership nor do they participate in Fazer's incentive programmes. In 2024, remuneration to the Board of Directors totalled EUR 756 thousand.

#### **Remuneration of the President and CEO and the Fazer Leadership Team**

The Board of Directors decides on the compensation and benefits of the President and CEO. The Chairman of the Board of Directors approves the salary and other benefits of the Fazer Leadership Team. The remuneration of the President and CEO and the members of the Fazer Leadership Team consists of a fixed monthly salary, fringe and other benefits and short- and long-term incentive plans.

#### **Short-term incentive (STI) plan**

The Board of Directors decides annually the Short-term Incentive (STI) plan structure, terms and performance criteria for the CEO and Members of the Fazer Leadership Team. In Fazer's 2024 STI plan, the other performance criteria were based on Fazer Group's financial (EBITA) performance and either Group or relevant Business Area's or Unit's ESG performance (avoidable food loss and lost time accident frequency, LTAF). For 2025 the Board of Directors decided to continue with same STI plan structure as in 2024.

#### **Long-term incentive (LTI) plan**

Fazer's Long-term Incentive (LTI) plan is an incentive programme aiming to drive the success of the company and to engage and motivate key employees to strive for company's long-term success. Fazer's LTI plan structure, terms, performance criteria, earning potential and the eligible target group is defined annually, in the beginning of each performance period, by Fazer's Board of Directors. The terms for eligibility are a role in Fazer Leadership Team, Extended Fazer Leadership team, Business Area Management Team or other key leader role, at least 8 months of employment in an LTI-eligible position during the performance period and the eligible has to be employed by Fazer Group at the time of the respective LTI payment.

The eligible employees will receive the reward, if the performance criteria levels set by the Board of Directors, are achieved. Once the LTI outcome has been approved by the Group's Board of Directors, 1/3 of the earned LTI reward is paid during the following spring succeeding the performance period. For commitment creation, 2/3 of the earned LTI bonus is banked, out of which 1/3 of the full reward is paid in 2nd year and 1/3 in 3rd year succeeding the performance period.

#### **Period of notice and retirement**

The President and CEO's period of notice is six (6) months for the individual and twelve (12) months for the Company unless otherwise decided. If the President

and CEO's executive contract is terminated, any payable remuneration is determined in compliance with local legislation, Company policies, contractual obligations and the terms and conditions of the applicable short- and long-term incentive and benefit plans. In the event that the Company terminates the President and CEO agreement, any severance payment will not generally exceed the value of twelve (12) months' fixed base salary and financial benefits (excluding bonus). The President and CEO has the possibility to retire at 62 years of age. The President and CEO is entitled to a supplementary pension that exceeds the statutory scheme. Some of the members of the Fazer Leadership Team have a collective pension arrangement, which gives them the right to retire at the age of 62.

**President and CEO and Fazer Leadership Team**

<u>EUR thousand</u>	<u>2024</u>	<u>2023</u>
Paid salary	2,638	2,321
Short-term benefits	1,007	1,161
<u>Long-term benefits</u>	<u>552</u>	<u>1,025</u>
<b>Total salary</b>	<b>4,196</b>	<b>4,507</b>
<u>Fringe benefits</u>	<u>109</u>	<u>97</u>
<b>Total</b>	<b>4,305</b>	<b>4,604</b>

**AUDIT**

The Group's auditors are appointed by the Annual General Meeting for a term of one year. The auditors are responsible for auditing the Group's accounts, financial statements and administration. The details of these duties are contained in the relevant legislation and regulations covering good auditing practices. The auditors participate in the meeting of the Board of Directors devoted to consideration of the Group's Financial Statements and to meetings of the Audit Committee.

The 2024 Annual General Meeting elected PricewaterhouseCoopers Oy as the company's auditor, with Martin Grandell, Authorised Public Accountant, acting as the principal auditor.

**INTERNAL CONTROL AND RISK MANAGEMENT**

The purpose of internal control and risk management is to ensure that the company's operations are effective, that financial and other information is reliable, and that

the company complies with the relevant regulations and operating principles. The Board of Directors, assisted by the Audit Committee, is responsible for monitoring and assessing the effectiveness of the company's internal control and risk management systems. Internal audit assists the Board of Directors with its monitoring responsibility by ensuring that the Group's control measures have been planned and set up effectively.

**Internal Audit**

The role of Fazer's internal audit is to enhance and protect corporate value by providing independent, objective assurance and to contribute to the continuous improvement of risk management and internal controls. Internal Audit reports to the Audit Committee. Internal Audit conducts audit assignments according to the annual audit plan that is approved by the Audit Committee. The results of these assignments are regularly reported to Group Management, auditors and the Audit Committee.

**Risk management**

Risk management is an important part of the management system of Fazer Group. The Board of Directors approves the risk management policy and monitors its compliance. Risk management is a continuous and systematic process, and its task is to support the implementation of the Group's strategy and business targets, secure the recognition of risks

affecting the company's business, assess, monitor and anticipate threats and opportunities affecting business and secure the continuity of operations.

The management of the Business Areas, Business Units and Group functions is responsible for the identification and evaluation of strategic, operational and sustainability risks of their respective areas and for mitigating these risks as part of their operative activities. Financial risks are managed by Group Treasury.

The Group's Chief Financial Officer (CFO) is responsible for the management and development as well as reporting of risk management to the Board and the Audit Committee. The CFO also supports the Business Areas, Business Units and Group functions in risk management.

Fazer defines risk as external or internal uncertainty that may affect the Group in the execution of its strategy, achievement of its goals or continuity of its businesses. Risks may be caused by events within Fazer, or by external conditions or events. For the identification and monitoring of risks, these are divided into four categories: strategic risks, operational risks, hazard risks and financial risks. ESG risks are integrated in all four categories.

Fazer Group's key risks for 2024 are described in the Board of Directors' Report in conjunction with the Consolidated Financial Statements.

# Board of Directors



## CASPER VON KOSKULL

**b. 1960**

M. Sc. (Economics)  
Chairman since 2022  
Independent of company  
and significant  
shareholder

### Primary working experience

CEO of Nordea Bank AB 2015-2019. Long career in international banking including Partner at Goldman Sachs.

### Other positions of trust

Chairman of European Business Leaders Convention (EBLC). Board Member of Citigroup Inc, Stena AB and A. Ahlström Oy.

### Principal competencies

Business Leadership, Finance, Governance, Global Business, Sustainability & ESG, Operative Management.



## HARRY BROUWER

**b. 1958**

Master of Business  
Administration  
Member since 2023  
Independent of company  
and significant  
shareholder

### Primary working experience

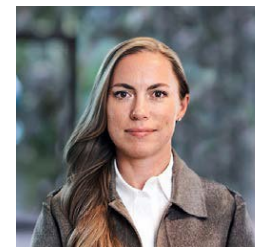
CEO of Unilever Food Solutions 2014-2021. Executive Vice President & Chairman of Unilever DACH 2009-2015. Chairman of Unilever Benelux 2005-2009.

### Other positions of trust

Member in Supervisory Board Hutten Group since 2021. Member in Supervisory Board University Medical Centre Groningen since 2021. Advisory Board Cornelis Vrolijk Seafood BV since 2021. Founder/CEO of The Accelerator Company. Non-Executive Director of B&M 2014-2018.

### Principal competencies

Business Leadership, Global Business, Industry, Innovation, Sustainability & ESG.



## ELISABETH DREIJER VON SYDOW

**b. 1985**

M. Sc. (Business Administration  
and Intellectual Capital  
Management)  
Member since 2021  
Independent of company and  
significant shareholder

### Primary working experience

Private equity investment professional at Adelis Equity since 2013. Investment banking at Handelsbanken Capital Markets 2010-2013. Private equity Associate at Collier Capital in 2010.

### Other positions of trust

Board member of Bellaria AB, Socolate AB, Sorbum Förvaltnings AB, Prudaktia AB, and Lia och Erik von Sydows stiftelse.

### Principal competencies

Business Leadership, Finance, Governance.



### KETIL ERIKSEN

**b. 1963**

B. Sc. (Economics)

Member since 2009

Independent of company  
and significant  
shareholder

#### Primary working experience

Senior Advisor & Private Investor since 2009. CEO Vin & Sprit AB / The Absolut Company 2004-2009.

#### Other positions of trust

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#### Principal competencies

Business Leadership, Global Business, Industry, Finance, Governance, Operative Management.



### JAN FAZER

**b. 1975**

Member since 2012

Dependent of company  
and significant  
shareholder

#### Primary working experience

Several positions in Fazer Group related to business and strategy development as well as financing.

#### Other positions of trust

Board member of Oy Cacava Ab.

#### Principal competencies

Finance.



### JOHAN LINDER

**b. 1959**

Master of Laws

Member since 2000

Independent of company  
and significant shareholder

#### Primary working experience

CEO of United Bankers Plc 1986–2006. Lawyer at Procopé & Hornborg Attorneys Oy 1983–1986.

#### Other positions of trust

Chairman of United Bankers Plc and Oy Svartå Gård Ab.

#### Principal competencies

Business Leadership, Global Business, Finance, Governance, Operative Management.



## JUHANI MÄKINEN

**b. 1956**

Master of Laws

Member since 2006

Independent of company and significant shareholder

### Primary working experience

Attorney at law Hannes Snellman attorneys 1979–2011. Senior Partner 2003–2010. Managing Partner, Partner, Non-Executive Board Memberships in public and private companies.

### Other positions of trust

Vice Chairman of Viking Malt Oy, Jane and Aatos Erkko Foundation and Pالمills Oy. Board member of Pontos Oy and certain other positions of trust.

### Principal competencies

Finance, Global Business, Governance, Industry, Business Leadership.



## KATHARINA STENHOLM

**b. 1967**

Dr. Tech. Biotech and

Applied Biochemistry

Member since 2024

Independent of company and significant shareholder

### Primary working experience

Chief Sustainability Officer of dsm–firmenich 2023–. Chief Sustainability Officer of Pepsico Europe 2022–2023. SVP Chief Cycles & Procurement Officer of Danone 2017–2021. CEO of SABMiller Procurement GmbH 2014–2016, CEO of Polttimo Group 2005–2010. Non-executive board memberships.

### Other positions of trust

Council member, World Business Council for Sustainable Development 2023–. Member of the WBCSD Food & Agriculture Board 2019–2021, 2023–.

### Principal competencies

Business Leadership, Global Business, Governance, Industry, Innovation, Operative Management, Sustainability & ESG.



## LAURA TARKKA

**b. 1970**

Master of Science.

(Engineering)

Member since 2021

Independent of company and significant shareholder

### Primary working experience

Head of Scandic Hotels in Finland 2023–. MD of Gigantti Oy 2020–2023. CEO Kämp Collection Hotels Oy 2014–2020. CFO & Deputy CEO Diacor Terveyspalvelut Oy 2013–2014.

### Other positions of trust

Board member of Caruna Oy, Caruna Espoo Oy and Ukko.fi.

### Principal competencies

Business Leadership, Operative Management.

# Fazer Leadership Team



**CHRISTOPH VITZTHUM**

b. 1969

President and CEO,  
Fazer Group

Master of Economic  
Sciences



**AARON BARSNESS**

**b. 1973**

Chief Marketing Officer and  
Executive Vice President,  
Fazer Group

Bachelor of Arts, Biology  
and Environmental Studies



**JUKKA ERLUND**

**b. 1974**

Chief Financial Officer and  
Executive Vice President,  
Fazer Group

Master of Economic  
Sciences, eMBA



**JENNI GALLAGHER**

**b. 1972**

Chief HR Officer and  
Executive Vice President,  
Fazer Group

Bachelor of Arts (Business  
& Human Resources  
Management)



**SEBASTIAN JÄGERHORN**

**b. 1969**

Legal and Executive Vice  
President, Fazer Group

Master of Laws, Master of  
Economic Sciences



**JOSÉPHINE MICKWITZ**

**b. 1968**

Communications & Sustainability and Executive Vice President, Fazer Group

Master of Economic Sciences



**LARA SAULO**

**b. 1972**

Managing Director, Fazer Confectionery and Executive Vice President, Fazer Group

Master of Economic Sciences



**TERO TYNKKYNYN**

**b. 1969**

Chief Commercial Officer and Executive Vice President, Fazer Group

Graduate in Economics and Business Administration



**KRISTER ZACKARI**

**b. 1963**

Managing Director, Fazer Lifestyle Foods and Executive Vice President, Fazer Group

Bachelor of Economic Sciences



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