

MALMÖ

CHOKLADFABRIK

SWEET FUTURE

SUSTAINABILITY STRATEGY

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1. INTRODUCTION FROM THE CEO

It's a brave new world, and we intend to not only survive or stay put in it but rather thrive and inspire others to contribute to a better tomorrow.

Malmö has been the chocolate capital of Sweden for more than 100 years and we see ourselves as heirs to the great entrepreneurs of confectionary Scandinavia such as Emil Mazetti-Nissen, whose original factory also turned out to be where we started.

You can have different opinions of whether an enterprise has obligations beyond the one of delivering profits for its investors, but we at least choose to expect more from the companies we do business with, and we hope you do so too.

The planet is not in the shape it should be, but it's not too late to solve many of the problems that come from thoughtless consumption and wasteful production.

Chocolate has a dark history with slave work, child labour and less than optimal use of natural resources. We address all of those issues, and more, and to keep doing this in an effective way we also need to be a profitable business and one that grows so we can make a bigger impact.

This sustainability strategy is designed to support our efforts to make a difference, and also to invite customers, consumers, collaboration partners, retailers and stakeholders to follow our journey toward a more sustainable company.



2. EXTERNAL ANALYSIS

Chocolate is a globally recognized treat and appreciated in most parts of the world, but it is also one of the more troubling products historically with negative consequences for both the people where the main ingredient cocoa grows and the environment as a whole.

The chocolate industry giants have promised, again and again, that they will pay fair for the cocoa, and that they intend to stop harming the ecosystem. We don't say the industry doesn't want to change this, but it goes far too slow and we urge all stakeholders to demand more. At the same time, the demand for cheap chocolate is as strong as ever.

A consumer can wish for a bar of sustainable chocolate that doesn't hurt the ecosystem or takes advantage of the cocoa farmers, but just as easily prioritise a low price and forget about the rest. It is up to companies such as ourselves to never stop raising the issues and challenges associated with cheap chocolate. What you pay is what you get: pay less and contribute not at all or very little to a better world, or pay more and support companies that take more responsibility for a sustainable chocolate industry.

With this in mind, we have listed several trends that we think help make a change in the world.

TRENDS THAT AFFECT THE BUSINESS

Trend 1: Customer demand for transparency and traceability in the whole value chain

- *Commerce* - clear markings on the packaging; Fairtrade, environmental impact, EU leaf, sourcing, where the ingredients come from, QR code to scan and get more information.
- *Infrastructure* - blockchain techniques to follow the product from bean to bar to end customer
- *Governance* - keeping up to date with the latest rules and regulations
- *Culture* - have a close bond with the customers and know their expectations regarding product information, adapt the communication and branding to make it crystal clear
- *Nature* - continue to use certified organic and Fairtrade ingredients that are better for the people and the planet

Trend 2: Value-driven business

- *Commerce* - quality and communication of values and environmental impact are important for the end consumer group LOHAS. Fairness and “a positive feeling” rather than fast and cheap.
- *Infrastructure* - choose transportation based on CO2 emission and values rather than price
- *Governance* - communicate why we use Fairtrade-certified products
- *Culture* - clearly communicate our values and take a stand, rather than pleasing everyone
- *Nature* - good quality sustainable products are in line with our values, our target groups values and care for the planet

Trend 3: Sustainability

- *Commerce* - sustainability is a USP, but it needs to be aligned within the whole company and its activities to avoid the feeling of dishonesty and greenwashing
- *Infrastructure* - all structural choices should have sustainability in mind
- *Governance* - the UN Global Goals is a clear and tangible way to steer in the right direction
- *Culture* - sustainability must be part of the company culture, otherwise, it will be noticed
- *Nature* - we have one planet, sustainability is not an option, it is a must, we dare to take the lead

3. STAKEHOLDER ANALYSIS



We have listened to our main stakeholders such as retailers, Makers, suppliers and employees to learn. What is expected of us, what is it we do that is already top notch and what is it we need to improve?

From surveys and interviews, we have learned that our stakeholders are more than content with the sustainability we offer regarding our main product, chocolate. However, we can still improve in lots of other ways when we look further such as packaging, logistics and production.

Below we have listed the main three areas of improvement that our stakeholders have stressed and that we will focus on in the coming years.



REDUCE PLASTIC IN PACKAGING SOLUTIONS

Packaging is quite complex since we as consumers or society as a whole sometimes are “seduced” by vague promises of compostable solutions. The truth is that most of those materials demand industrial composting (70°C), something very few of us has access to normally. Chocolate also needs proper protection from light and humidity as well as odours, something a good packaging solution can deliver. We are in regular dialogue with our suppliers in the quest for smarter and less harmful packaging materials.



REDUCE CLIMATE EFFECTS FROM TRANSPORTATION

Transportation is probably the biggest negative effect Malmö Chokladfabrik is responsible for since our chocolate is shipped by freight cars every day to many retailers, bakeries and other customers of ours. Our aim however is that this will be done with renewable energy transportation in the coming years and this is a matter that we are looking into right now.



REDUCE ENERGY CONSUMPTION FROM PRODUCTION

A chocolate factory consists of many machines doing daily chores such as roasting, grinding, conching and tempering. All of those machines run on electricity wherefore energy consumption naturally is a big cost in a chocolate company. It is also something that has big negative climate effects, at least if the energy isn't renewable. Therefore, Malmö Chokladfabrik is investigating various ways to both reduce energy consumption as a whole and reduce fossil-based energy in favour of renewable energy.

4. IMPACT ASSESSMENT

We have conducted an impact assessment to see how we affect the world, our surroundings, our stakeholders and the different parts of our value chain. Some effects are positive and others are negative, some things should be done more and some less, and there are things we should start doing and others we should stop doing.



The "earth illustration" here shows the possible negative and positive effects cacao production can have on the planet and its inhabitants.

VALUE CHAIN CHOCOLATE PRODUCTION



Above is a detailed map of parts and processes that are involved in our end product, proper organic chocolate.

Malmö Chokladfabrik as a company manage to avoid many of the negative effects due to us being 100% organic as well as only dealing with ethically sourced ingredients, but there are of course aspects that we need to address moving forward (such as the negative effects conventional packaging lead to, as well as fossil fuel shipping).

We can happily state that we contribute to many of the positive effects shown above such as biodiversity and high traceability, and we look forward to making an even more positive impact when we use biodegradable and/or recycled packaging and shipping running on renewable energy.





WHAT WE DO TODAY

1. Buy cacao from Fairtrade suppliers and/or farms reviewed by trusted partners to us such as Uncommon Cacao or Tradin Organics.
2. Use organic ingredients.
3. Ongoing investments in our factory for more sustainable and local production (for example a wastewater tank, a local roasting facility, and effective packaging machines).
4. Use the most sustainable packaging alternatives we know that protect our chocolate effectively and will work with our current factory equipment .
5. Transparent communication regarding our values, production and efforts. We have nothing to hide.
6. Commit to the sustainability manifest that the Swedish Food Federation (Livsmedelsföretagen) announced in 2019.
7. Support organizations we believe in like Hand to Hand.

WHAT WE WILL DO TO REDUCE THE RISKS AND INCREASE POSITIVE OPPORTUNITIES

1. Closer collaboration with the cacao suppliers .
2. Demand that suppliers have good knowledge about the farmers and their cacao production.
3. Do a yearly review of the transportation alternatives to make sure we use the best solution.
4. Continue the search to find even more sustainable product packaging solutions.
5. Continue to be transparent regarding our production, choices and climate impact.

5. THE JOINT GOALS FOR A SUSTAINABLE FUTURE

If you're not already familiar with the SDGs, here is a short background: The United Nation and its member states agreed in 2015 to set 17 global goals to "end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity".

The 17 goals include 169 targets and hundreds of indicators to measure that we as a race are doing enough progress in reaching the goals. All countries participate, and companies such as Malmö Chokladfabrik must also do their part to make this vision come true.

Below you can see the main segments (production, transport, packaging etc) in our value chain matched to the United Nation's Sustainable Development Goals.



You could say that we are well prepared for this challenge since we already are 100% organic and mostly trade with fairtrade-certified ingredients (all of our sugar and cocoa butter is fairtrade, and the cacao that isn't is only bought from farms that we feel safe about regarding working conditions etc). Those two aspects (organic farming and sustainable trade) attribute to several positive effects on the sustainable challenges.

REDUCED NEGATIVE IMPACT DUE TO ORGANIC FARMING

Conventional farming use chemicals that pollute water systems as well as endanger the health of workers. Pesticides that affect health negatively are common, and artificial fertilizer is one of the causes of "dead zones" in the seas. Large-scale industrial agriculture has negatively affected the biosphere and the chemicals commonly used there hurt the biodiversity above and below the soil. Finally, the production of agrochemicals is known to have negative effects climate-wise.

INCREASED POSITIVE IMPACT DUE TO ORGANIC FARMING

Organic farming contributes to carbon sequestration and 30-50% more biodiversity. Organic products have higher levels of nutrients and are certified and recognizable to consumers which helps them consume responsibly.

THE SUSTAINABILITY CONTRIBUTION FROM FAIR TRADE

The Fairtrade organization states that close to every single of the 169 targets is somehow related to food or farming. Due to this, small-scale farmers and workers are a vital part of the solution for the future of the planet and Fairtrade have prioritized twelve goals that are closely linked to their work. We won't go to length here about all the sustainable aspects promoted by Fairtrade and the partners supporting their work but let's just say that any type of sustainable trade (Direct-trade, Fairtrade or any equivalent version) makes big difference compared to the "lowest price possible"-buying when it comes to raw materials.



The above twelve goals are the ones specifically addressed by the Fairtrade organization and we are strengthened in our commitment to sustainable trade when seeing all the positive effects it has.

HOW HAND IN HAND (OUR CHARITY PARTNER OF CHOICE) WORK WITH THE SDGS

Malmö Chokladfabrik has contributed to Hand in Hand's efforts to raise money for their poverty reduction work for the last couple of years. The method used by Hand in Hand (to support people in developing countries, mainly women, to start their businesses) is something that directly or indirectly has a positive effect on most of the SDGs.

They specifically name the goals listed below and we are more than pleased to see that we this way (too) support many of the issues that Fairtrade addresses.



PLANETARY BOUNDARIES

Professor Johan Rockström and the Stockholm Resilience Centre pioneered the work on the planetary boundaries framework, first published in 2009. The nine planetary boundaries presented in the framework, from climate to biodiversity, are argued to be fundamental in maintaining a "safe operating space for humanity".

These nine boundaries should not be crossed, or we risk triggering extremely dangerous environmental changes to the planet. Therefore, it is more than alarming that five of those nine boundaries are considered to have been transgressed ("Novel entities" can be described as "things created and introduced into the environment by human beings that could have disruptive effects on the earth system").

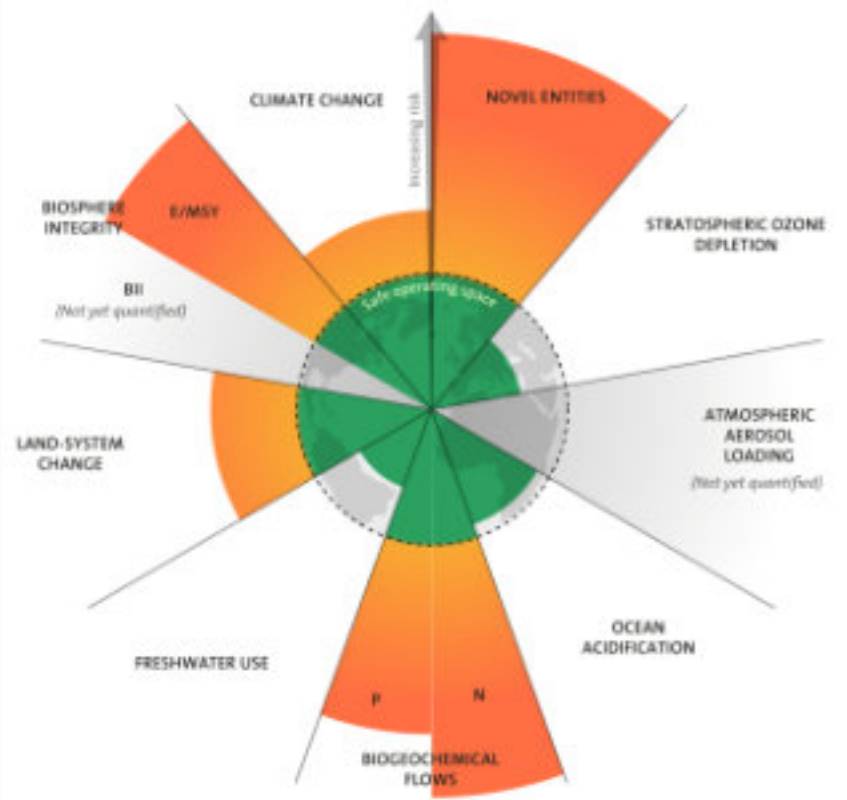


Illustration: Designed by Azote for Stockholm Resilience Centre, based on analysis in Persson et al 2022 and Steffen et al 2015

The planetary boundaries framework goes hand in hand with the SDGs so to speak when overlooking the challenges we face to keep the planet safe. We must reduce actions that burden the climate system, the seas and the land. We must increase our efforts to counter the negative effects of human activities.

6. SDG FOCUS AREAS

When reviewing the SDGs and their underlying targets, we at Malmö Chokladfabrik have chosen to focus our attempts for improvement on the following four SDGs:

- SDG 9: Industry, Innovation and Infrastructure
- SDG 12: Responsible Consumption and Production
- SDG 13: Climate Action
- SDG 17: Partnership for the Goals



SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

We believe in the power of innovation and human creativity. We strive to create positive sustainable solutions, whether it is a technical challenge or a new range of chocolate.

We are driven by a passion for quality and the possibility to optimize every part of our production to perfect our chocolate both in terms of flavour, and sustainability and as a component for our professional customers in their continued production of pastry etc.

We have invested in a new factory which makes it possible for us to reduce our use of non-renewable energy through smarter use of excess heat generated in the production. We continuously look for more ways to shrink our climate footprint.

SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

We hold the view that good quality, sustainably sourced chocolate in reasonable amounts is superior to large amounts of cheap, low-quality chocolate. Quality over quantity is in line with fighting metabolic food waste. Our production facilities are constantly adapted to the latest standards to lower our impact and increase food safety.

We are transparent about the ingredients in our chocolate as well as their origin. Our promise to the world is to make world-class chocolate available for everyone, including the ones not being able to enjoy other chocolate due to the traces of nuts, gluten or soy. In the same spirit, we produce premium quality vegan alternatives for consumers or businesses looking for plant-based chocolate.

SDG 13: CLIMATE ACTION

All important decisions at Malmö Chokladfabrik are taken with the planet in mind and when possible, we aim to improve our climate footprint be it in production, packaging, transportation or collaboration with partners. When we can, we change to better alternatives and encourage our stakeholders to help us strengthen and not weaken the health of our planet, which is a matter of life or death in the long run.

SDG 17: PARTNERSHIP FOR THE GOALS

The ambitious goals set up by United Nation and its member states can only be reached with joint efforts and we consider ourselves to be team players. We have supported various NGOs in the past with great impact for both parties and have had a solid partnership with the charity foundation Hand in Hand since a few years back. We hope to be able to do even more for partners in the future that aim to make a difference within the aspects of planetary, economic and social sustainability.





7. VISION AND MISSION

VISION

Our company vision is stated as follows: Malmö Chokladfabrik is the number one premium chocolate brand in Sweden.

We consider our sustainability vision to support this overarching vision:

“World-class, world-positive chocolate made together.”

MISSION

The mission that guides us, in general, is that "Everyone should be able to enjoy world-class chocolate" and from this phrase, we extrapolate also our sustainability mission:

“To provide world-class, world-positive chocolate for proud enjoyment.”

The pride and joy originate from the fact that chocolate not only does not harm the climate or our fellow human beings but helps make the world a better place.

8. GENERAL FOCUS AREAS

Most sustainable strategies target social issues, business issues, as well as environmental issues and this, is something we also have chosen to do. We have named the three focus areas Green Planet, Smiling People and Sound Business.

GREEN PLANET

Perhaps the strongest association our company holds is the fact that we are "the organic chocolate factory". This claim is attributed to our chocolate and its ingredients. Now we, as well as the rest of our industry and the world as a whole, need to broaden the scope of our efforts. Smaller climate footprints, smarter solutions for packaging & shipping – there are many things that we can and aim to do.

SMILING PEOPLE

Chocolate has a dark history with slave-like work conditions as well as child labour. Many farmers live in poverty due to the low prices being paid by cocoa bean buyers. Furthermore, many plantations have not been operated in a manner that contributes to the long-term good of the area where they have been located.

Finally, the workers in many plantations (as well as the general public) have been exposed to dangerous and banned pesticides. We want to be reckoned as a force for good, a company that turns this around and contributes to better (=higher) prices for farmers, a better environment for the local communities where our cocoa is grown and less hazardous work conditions. This is something mainly done by our partners such as Fairtrade and the companies that broker the cocoa from the farmers to us, but we also plan to seek involvement ourselves as a company among "our" farmers.

SOUND BUSINESS

We believe a profitable business is the best guarantee for a long-term commitment to our stakeholders, be it employees, suppliers or consumers. We are convinced we fill a gap in the market in more ways than one, and we hope many others think so too. We need to grow bigger as a company to be less dependent on specific individuals and to become a stable partner.

Our owners invest heavily in the company to make this possible and they also need a return on their investments. A sustainable Malmö Chokladfabrik is better equipped to make a positive difference in the world and the aim of this strategy is to support this endeavour.

9. GOALS

The goals presented below are revised annually to make sure we're on the right track and that we don't put effort into the wrong projects. Some goals have a longer time frame than one year for completion, but will still be reviewed annually to monitor progress and/or setbacks.

Green Planet			
No.	Goal	Completion year	Coupling the UN SDGs
1	All delivery freights commissioned by us in the Nordics are fossil-free	2030	13. Climate action
2	All paper packages are made of FCS licensed materials	2023	12. Responsible consumption 13. Climate action 17. Partnership for the goals
3	All plastic packages are either bioplastics or recycled materials	2026	12. Responsible consumption 13. Climate action 17. Partnership for the goals
4	100% material recyclability for all types of packaging*	2030	12. Responsible consumption 13. Climate action 17. Partnership for the goals
5	Install solar panels on the factory	2022	13. Climate action
6	Explore Science Based Targets initiative (SBTi), how we can lower our current climate footprints and present conclusions and recommendations to board	2024	13. Climate action
7	Design biodiversity collaboration with one of our cacao plantations	2024	13 Climate action. 17 Partnership for the goals
8	Fossil-free company*	2030	13. Climate action

Smiling People

No.	Goal	Completion year	Coupling the UN SDGs
9	Request that all bigger suppliers (=top ten in value) either provide us with social goals certification (fairtrade och equivalent) or pass our self-assessment social goal evaluation.	2023	1. No poverty 8. Decent work and economic growth
10	Initiate system and monitor employee satisfaction at the factory to reach 100% happy employees.	2023	8. Decent work and economic growth
11	Monthly education opportunity for factory employees to deepen understanding of chocolate, business and well-being	2022	8. Decent work and economic growth

Sound Business

No.	Goal	Completion year	Coupling the UN SDGs
12	Sales of plant-based "vegan alternatives" chocolate increased by 100% compared to 2021	2024	11. Industry, innovation & infrastructure
13	Develop a measurement method for monitoring material waste at the factory, to reduce waste by 25% within 24 months	2023	12. Responsible consumption
14	Cut chocolate waste with half in own production*	2030	12. Responsible consumption

* = Goal connected to Livsmedelsföretagens Hållbarhetsmanifest



10. CONCLUDING REMARKS

We don't fear the future but embrace it, with challenges and all. We look forward to making a difference together with our customers, retailers and partners. We believe our company is well positioned to take advantage of the demands of a new generation and this further strengthens our ambition to grow and with that also make a bigger impact sustainability-wise.

This strategy would not have seen the light of day without the support of the wonderful team at Super – thanks Erik Rosin and Mikaela Schain for your patience with stupid questions, thanks for valuable remarks and continuous encouragement.

Also, a big thank you to Ulrika Nilsson who, as a student of sustainability at Folkuniversitetet, has made this work come alive. Ulrika contributed to all matters, from early brainstorming sessions to the final copy of this strategy.

Finally, thanks to all stakeholders that took part in our interviews and questionnaire – your suggestions, requests and appraisal motivate us to become a better version of ourselves.

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