

RESPONSIBILITY 2009



Tom's

Preface

We have come a long way since 2005 where we made CSR a strategic priority and an integrated part of the way we conduct our business. Our Global Compact commitment then served as framework for our initial gap analysis. As we have furthered our focus on CSR the ten principles still guide us and are the foundation for the goals we set.

Although 2009 was a year with adverse business conditions, we still continued our CSR related projects as they fit into our strategy and our vision for the future of our company.

Toms Gruppen A/S
Jesper Møller
CEO

*Statutory statement of social responsibility, Statements Act § 99 a
This report is a component of the management report in its annual report.
The period covered in the report is the financial year 2009.*



Our responsibility perspective

Our overall commitment as a company is to generate value to our owner, employees, customers, consumers and partners. We believe that we can do so by doing what we do best: manufacturing confectionery on a high international standard.

We have a proud company history that dates back to 1867 and we believe that not only the manufacturing history but also the origin of our raw materials can play a significant role in fortifying the success of our company.

We have three production plants; two producing sugar confectionery and one chocolate plant. We are the only manufacturer in the Nordic Region which processes cocoa beans and make our own chocolate mass. This means, that we have full control of all processes from the cocoa beans arrive at our chocolate plant in Ballerup until they are transported as part of a finished product to our customers in Denmark and abroad.

In addition to being in control of the production it is important for Toms also to control our supply chain in order to ensure

our desired quality of raw materials and in terms of reducing our environmental impact and promoting human rights & labour standards with our suppliers. In other words – quality and control is at the core of our business strategy and it is in this context that our CSR commitments are mainstreamed.

In 2009 we finalized our CSR policy for the company putting into words our goals and our perspective on our responsibility.



Handling of our cocoa in the society, Abobboyyaa, in Ghana

Responsible consumption

We wish to help consumers make informed choices about their diet. Therefore, we continue to support the GDA (Guideline Daily Amount) standard by labelling a number of our products with this information. The GDA label summarises the contribution the product makes to a person's daily intake of calories, sugar, fat, saturates, and salt.

We recommend that our products are consumed as an expression of self indulgence, and represent only a small component of a nutritious and varied diet and as part of an active lifestyle.

We have a special focus on children and on their intake of our products. Therefore, information on nutrition and our products has been integrated in our visitor service where we welcome many school classes each year..

Through our membership of the Danish Food Industry Association, we continue to endorse the voluntary code on food advertising. As a result we refrain from advertising in media targeting children.

In addition we continue to promote our so called, 'Candy Guide', in which nutrition experts, experts on upbringing and pedagogy as well as a professional athlete give good advice to parents on how to limit children's consumption of confectionery and encourage children to lead an active lifestyle.

Working with suppliers

Consumers are increasingly interested in knowing that brands are responsible in protecting human rights and the planet all through the value chain. We know that these topics are often complicated and for us to be able to have an impact on the issues, our dialogue and partnership with suppliers is a precondition.

Our Supplier Code of Conduct, Supplier Questionnaire and audit of selected suppliers form the basis for our ongoing dialogue and partnership with suppliers.



Ghanaian cocoa farmers in the post harvest process

Our workplace

If for a second we imagined that we were our employees would not receive pay for working at the company but were in fact volunteers. Would they then go to work each day? That is a question that we need to ask ourselves as a company, as it pinpoints that it is essential that our employees are motivated and simply enjoy going to work. To be motivated and enjoy one's work is influenced by many factors some of which we as a company have an influence on.

Health

In 2009 the issue of employee health was again on the company agenda. Both in a more broad sense in terms of promoting good mental health based on a sound work-life balance but also more specifically related to the physical well being of our employees.

In 2009 we launched a new two years health programme to encourage employees to lead a healthy and active life. The health programme was based on a preliminary examination through an employee focus group. The health programme consists of multiple components many of which will be rolled out in 2010.

In 2009 the base for the project was initiated with health check ups offered free of charge to all employees. Approximately 45 % of the employees went through the check up which included measurement of cholesterol, blood sugar, fitness rating and



Our Chocolatier in action

BMI and a coaching dialogue about possible lifestyle improvements.

The initial health check was conducted in 2009 and two follow up check ups will be offered over the coming year. All information related to the health check is kept confidential and only shared between the health professionals and the individual employee. Management only gets statistical reports to be able to monitor the status and communicate with employees at a general level. It is the ambition to inspire employees to make increasingly healthy life style adjustments.

Workplace injuries

In 2009 the health and safety organisation has been optimized and trained in order to improve the health and safety in the company. The development of accidents in the two Danish Factories is shown in the figure below.

To prevent and treat injuries the company offers free treatment to employees. This means that during working hours and on location employees can receive chiropractor treatment, physiotherapy and massage.

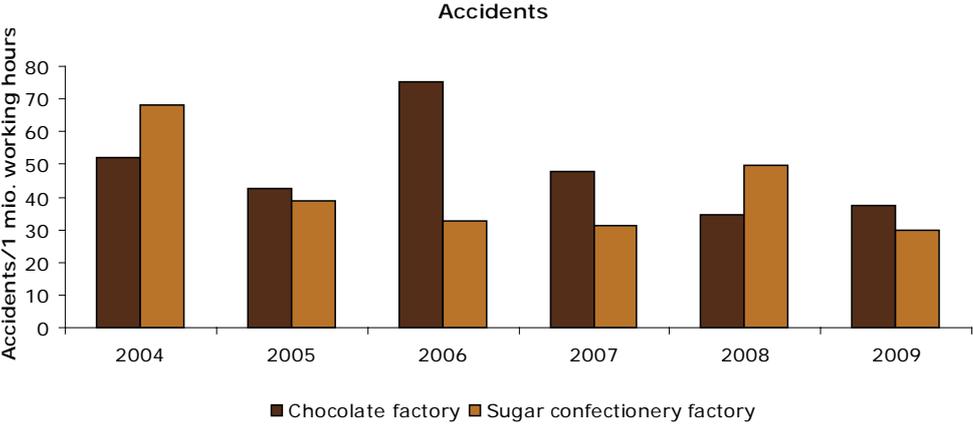


Figure 1. Accidents/1 mio. working hours at the two Danish Factories.

Training

Like many other companies Toms was affected by the global financial crisis in 2009 which decreased our sales turnover and production volume. The decrease in activity in our chocolate production plant was offset by offering comprehensive training courses in safety issues, conflict resolution, LEAN, production hygiene and planning.

The training benefited both the company and our employees as the dialogue and planning cycle in the production was improved and the employees acquired new qualifications during idle time instead of being made temporarily redundant.



Employee at the Chocolate Factory in Ballerup

Women in management

Based on an initiative from the Ministry of Gender Equality and the Confederation of Danish industries Toms endorsed a Charter on more women in management and our CEO was appointed as one of ten ambassadors to work for the same cause.

The purpose of the charter is to promote diversity in corporations and public organisations. In particular the charter aims to ensure that all talents are being used and that men and women have equal oppor-

tunities to develop their careers. Based on our endorsement we are obligated to outline concrete objectives, measure these and report them to the Ministry of Gender Equality. In 2009 we initiated the process of identifying and drawing up our targets and focus areas.



Training session of employees

The environment and climate

We acknowledge that we have an influence on the environment surrounding our facilities both the nearby societies and the global community. Our environmental impact is a great part of this. Therefore, environmental and climate initiatives are core elements of our responsibility agenda and are anchored in Executive Management, who form part of the environmental steering committee.

The daily environmental work is coordinated by the environmental manager.



Environmental certification (ISO14001)

We are working towards an ISO 14001 certification of all 3 factories within the company. In 2008 and 2009 the chocolate factory and the sugar factory in Denmark respectively obtained the environmental ISO certification. In the beginning of 2010 the Swedish confectionery factory will also be certified towards the ISO 14001 standard.

A part of the environmental certification is to establish environmental goals. Below are examples of the environmental goals for the Danish factories

Reduction of noise

One of the issues that we are particularly aware of in relation to our impact on the nearby community is our level of noise. As the town of Ballerup has grown since we established our chocolate factory in the 1960s our factory is now neighbouring a residential area. We are therefore in dialogue with both legal authorities and our neighbours to ensure that our production noise is limited. As a result we have invested in noise reduction measures around the worst sources of external noise. In 2010 we will continue to invest in further reduction measures.

Reduction of suspended dry matter in the waste water

At the chocolate factory we have started to collect fluid product waste, which is now re-used as an ingredient in feed production. At the same time we have optimized our processes in the factory in order to reduce suspended dry matter in the waste water. The results of these initiatives are shown on figure 1.

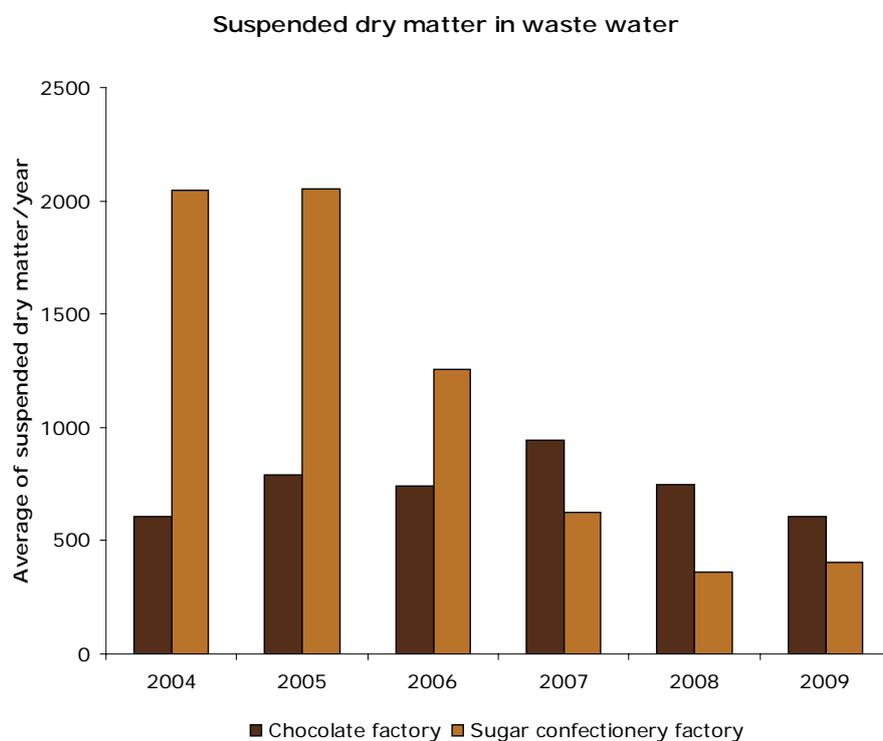


Figure 2. Average of suspended dry matter/year at the two Danish Factories.

Reduction of CO2 emission

We wish to limit our impact on the global environment, and the reduction of our CO2 emission is highly prioritized as one of our environmental goals. Therefore, we have established a partnership with DONG Energy.

The partnership includes 3 areas of initiatives:

1. Conversion from using heavy fuel to natural gas and district heating at the chocolate factory and several measures in order to reduce the energy consumption in the two Danish Factories. The conversion to gas is implemented over summer 2010. The other initiatives are implemented during the next years.
2. A campaign to train the employees to minimize the use of electricity at work and at home. This campaign was successfully executed in 2009.
3. It is our plan to have full conversion to green electricity from wind mills in the North Sea in 2012. The wind mill park was opened in 2009.

Simultaneously we have embarked on the process of making a climate strategy. Scope 1 and 2 for 2008 are established and selected scope 3 emissions are being researched and documented. In 2010 we will decide on the climate goals for the company.

Our cocoa commitment

Cocoa is one of our most strategic raw materials as it is the main ingredient in our recognized chocolate products. We source most cocoa from Ghana. Consequently our primary involvement is centred in Ghana, but we are also engaged in sourcing sustainable cocoa from Bolivia.

Through our years of commitment to especially Ghana we have been able to build a strong dialogue with stakeholders with an interest in cocoa as well as stakeholders with competences in relation to the social and environmental agenda in the cocoa communities. We believe that this dialogue can enable us to continuously improve our programmes and involvement in Ghana.



Loading of cocoa at the port in Takoradi



Traceable cocoa

One of our biggest accomplishments in 2009 has been the establishment of a traceability system covering all our supply of cocoa from Ghana. Generally, it is not possible to know the exact origin of cocoa from Ghana but as one of few importers of cocoa we are now able to trace the cocoa back to the buying station where the Ghanaian farmers sell their crop. As a result we can with certainty say that all our Ghanaian cocoa originates from three selected districts: Bibiani, Sefwi-Wiaso and Sankore in the western part of Ghana.

With our traceability system we have the opportunity to further influence the quality of our products by tailor made initiatives at farm level. Simultaneously we will be able to help address some of the challenges that cocoa farmers are facing.

We pay a premium for sourcing traceable cocoa. Half of the premium covers the costs of handling cocoa separately and traceable. The other half is allocated to the Source Trust, a Not-For-Profit organization which in accordance with the UN Millennium Goals allocates and implements social investments in the three districts.

Through the Source Trust we have in 2009 supported the distribution of Malaria bed nets with Malaria No More and the drilling of water boreholes. Additionally we support the extension service to train farmers in improving their farming skills to secure a higher yield and improve sustainable farming practices.



Child labour

One of the recurrent topics in relation to cocoa from Ghana is the issue of child labour. We are actively engaged in the elimination of child labour through the membership of the International Cocoa Initiative (ICI), which is a partnership between NGOs, labour unions, cocoa processors and the major chocolate brands all committed to working towards responsible labour standards for cocoa growing and especially focussing on children and their rights. Furthermore, we are a member of the World Cocoa Foundation, which is non-profit organization working to promote social and economic development as well as environmental stewardship in cocoa growing communities.

In 2006 we decided to further Toms involvement in the child labour agenda. This resulted in a partnership between Danida, Toms and IBIS, an NGO focusing on education in developing countries.

The three year project was initiated in 2007 and seeks to support the Ghana

government's efforts at improving the quality of basic education in the cocoa growing districts, as a strategy to eliminate child labour in the country's cocoa sector.

In a study commissioned by the Government of Ghana, poor quality of education was identified as one of the major causes of child labour in Ghana's cocoa sector. Consequently, the government, organisations and companies support the education sector in the cocoa growing districts to improve teaching and learning in primary schools.

Two years into the implementation of the Toms Education Project, there has been significant impact in the area of improved capacity of teachers, girls' education, awareness of childrens rights and access to and utilisation of teaching and learning materials in the project districts (Asunafo South and Tano South Districts).

Improved teaching

The Toms Education Project has provided financial support for 330 untrained teachers to pursue a distance learning programme (Untrained Teachers Diploma in Basic Education (UTDBE)) to enhance their professional competence. Furthermore, over 400 trained teachers and officials of District Education Offices in the two districts have had further training in learner centred teaching methodologies and facilitation skills.

The impact of these activities is evident in the improved quality of teaching in the primary schools of the two districts. The teachers now teach with much confidence, and they use innovative methods to involve the school children in the teaching–learning process. Below are comments by some of the teachers that were supported by the project;

"Honestly, the UTDBE programme has helped me to understand the fact that I have to take individual differences into consideration when I am teaching. Another important thing I have learnt is that, it is not good for us teachers to be caning the children. It puts unnecessary fear into some children and they don't enjoy being in school" -Stephen Kwadwo Awuah (a teacher at Naketey Local Authority Primary School, Asunafo South District)

"Before I started the UTDBE Programme, I was always afraid whenever I heard that an officer was coming from the District Education Office to visit our school. This is because I was not able to prepare my lesson notes well and this negatively affected my lesson delivery. This problem is now a thing of the past." –Stella Quansah, (a teacher at Boafoyena Local Authority Primary School, Asunafo South District)



Outdoor teaching in Amekukrom in Ghana

Improved Girls' Education



The project has also supported girl-child related activities such as the formation of Girls Clubs in some schools and the organisation of an annual event called, Girls Education Clinic. These activities are aimed at reducing high incidences of teenage pregnancy, early marriage and related factors that militate against the ability of girls to complete their basic education and aspire to become professionals in various fields.

The formation of Girls Clubs has already proven to help reduce the upsurge of pregnancy among school girls. At their weekly and quarterly club meetings, the girls and their facilitators discuss adolescent reproductive health issues. The aim is through these meetings to equip the girls to make informed choices and protect themselves from premature pregnancies.

The annual Girls' Education Clinic has been designed for Junior High School (JHS) girls who live in the very remote and deprived

rural communities with little or no opportunities for interaction with role models. The objective of the clinic is to increase school retention and achievement rates among school girls, by offering them the opportunity to develop the virtues of self-confidence and assertiveness through socialisation and interaction with their peers and role models.

At the event resource persons are invited to facilitate interactive sessions on the various topics including HIV/AIDS and Sexual Transmitted Infections. During the Girls' Education Clinic, the girls are given the opportunity to undertake excursions to various locations such as the Airport, Senior High Schools, and some participate in live programmes on a local radio station. Undoubtedly, these activities and exposure to modern society, opportunities and multiple professions give the girls something to aspire to, thereby expanding their horizon.

Increased awareness on children rights

A sponsored weekly radio programme and community meetings being organised in the project districts have created opportunity for the cocoa farmers to discuss and learn the dos and don'ts in children's involvements in the cocoa production process. At the community and School Management Committee (SMC) meetings parents discuss ways of curbing children involvement in hazardous activities such as carrying of heavy loads, the use of machete/cutlass, working alone on the farm without the supervision of adults, following their parents while they spray the cocoa farms with insecticides and so on. Due to the parents' change of behaviour because of the initiative in the Education Project these practices have reduced considerably in the project communities.

One of the project activities is a radio programme which is broadcast on a local radio station to further discuss the children

and educational rights and issues that are discussed in the community meetings and the School Management Committee (SMC) meetings and refresher trainings that were being carried out concurrently in the project communities. Some of the topics discussed include preparation of the School Performance Improvement Plan (SPIP). Among other things, SPIP includes how the school intends to spend the funds they receive from the central government, called Capitation Grant. Ideally, the SMC should play an active role in the decision making processes on how to raise and use the school's funds. This ensures transparency, accountability and community ownership of the governance process in the schools. Other topics discussed on the radio as well as in the SMC meetings include the role of parents in provision of good quality basic education, and how to do effective supervision in the schools.

Increased access to Teaching and Learning Materials

Supplementary readers and exercise books have been supplied to 50 basic schools in the two project districts. As a result, the children in these schools now have access to story books which are intended to help them improve their ability to read, write and speak English. With this support, the benefiting schools have included reading on their weekly time tables to enable the children make good use of the books.





Bolivia

Based on a pilot project in 2008 we have decided in partnership with Danida and a local partner to get involved in developing sustainable high quality cocoa in Bolivia. This is done through capacity building of the local partner and Bolivian farmers both in terms of farming practices and post harvest management as well as support to the local partner's quality system, production and marketing efforts.

Visiting Toms

Each year we welcome approximately 12.000 children visiting Toms. The children hear about our company, focus areas, brands and products. Furthermore, the children are given a tour of the chocolate production plant.

In 2009 we developed and designed a new concept for the visitor service with the aim to demonstrate the capabilities of the company but also to broaden the children's notion of quality and to include the entire value chain from the choice of

raw materials, conditions in the supply chain, choices made in the production to the wrapping of the product.

In the new concept a special focus is given to our cocoa commitment, and in partnership with IBIS we share stories of challenges and progress being made in the cocoa communities of Ghana – all of which is communicated to the children in an interactive way using the internet, movie clips and exercises.

