

February 2011



To: The Global Compact Office

As Cloetta Fazer – the former GC company – split in 2008 into two companies, Fazer Confectionery, now a part of Fazer Group, proudly continues the work with the Global Compact.

Though a full description of our Corporate Responsibility actions can be found in our Corporate Responsibility report, which is a part of our Annual Review, I would still like to mention a few issues that Fazer has been working on in 2009.

In order to manage the actions and to better measure progress, corporate responsibility was in 2009 divided into six areas. Each area contains development needs and objectives, as well as policies and achievements. For Fazer, corporate responsibility means target-oriented management of the following areas:

- Responsible Business
- Responsibility and Consumer
- Responsible Human Resources
- Environmental Responsibility
- Responsible Sourcing
- Stakeholder Relations

The focus areas of the Corporate Responsibility work in 2009 were environmental responsibility and responsible sourcing. In Finland, Fazer Confectionery has signed the Energy Efficiency Agreement of the Confederation of Finnish Industries (EK) that aims to improve energy use efficiency by nine per cent by 2016. The actions to improve energy efficiency of production continued in 2009 and will continue also in 2010 in the form of systematic energy analysis at production sites.

As part of its corporate responsibility, Fazer monitors the quality and origin of the materials and ingredients it uses as well as the overall responsibility of the supply chain. Fazer's centralised sourcing organisation is responsible for the sourcing of raw materials for the entire Group. Suppliers also sign separate sourcing contracts specifying the quality requirements for raw materials, products and services supplied.

Since the 1990s, Fazer has used a systematic process to collect information on its suppliers prior to selection and approval. Auditing a potential supplier is part of the process. The purpose of the audit is to assess the level of the supplier's performance regarding production, quality and environmental issues.

During 2009, the biggest suppliers were sent a separate questionnaire on corporate responsibility in addition to the regular supplier surveys. The unsatisfactory answers were discussed in more detail with the supplier, and follow-up procedures were agreed together.

In future, corporate responsibility related questions will be a part of the normal supplier approval process. By the end of 2009 the answers to the questionnaire received from the suppliers covered 45.3 per cent of the total volume of purchases.



Fazer recognises that there are adverse environmental impacts and other challenging issues related to the production and sourcing of certain raw materials. Detailed actions have been implemented concerning for example palm oil and cocoa.

Most of the palm oil used by Fazer is in vegetable oil mixes. Pure palm oil is used only in small amounts. Fazer Group is aware of the environmental problems connected to the production of palm oil. To support the sustainable production of palm oil, Fazer has made a decision to completely convert to the RSPO certified palm oil by the end of 2012. The conversion will be gradual and a prerequisite for the conversion is the availability of certified palm oil. Fazer Group will also become a member of the Roundtable of Sustainable Palm Oil (RSPO). Fazer Confectionery has been a member since 2005.

Fazer produces chocolate from refined cocoa products purchased from European suppliers. The raw materials for the refined cocoa products, cocoa mass, cocoa powder and cocoa butter, are imported from Ecuador and West Africa. At the start of 2010 Fazer updated its cocoa sourcing strategy specifying the criteria for the responsible sourcing of cocoa. Developing traceability and following the principles of the World Cocoa Foundation: profitability, people's well-being and caring for the environment form the basis for the cocoa strategy.

In line with the strategy, Fazer will continue the systematic work to improve the responsibility of the cocoa procurement chain. Fazer aims to increase the share of cocoa grown according to Fazer's principles of sustainable cocoa farming by 10–15 per cent per year, depending on availability and market situation. The goal is to only use cocoa that fills Fazer's requirements by 2017.

The more systematic and goal-oriented corporate responsibility work at Fazer started in 2009. The objective is to establish Fazer's corporate responsibility programme based on the six areas, and to define the concrete targets and indicators in 2010.

Yours Sincerely

Tom Lindblad
Managing Director
Fazer Confectionery