

## CHIEF EXECUTIVE OFFICER'S REVIEW

**PURPOSE INTO PROFITS**

**At TOMRA our aspiration is to make a difference and generate substantial contributions to a better world. We provide transformative solutions for our customers, create exciting and meaningful jobs within and around TOMRA and deliver strong shareholder value. In sum, we deliver on the duality “better business for a better environment.”**

Transformative trends such as population growth, continued urbanization, fast emerging middle-class consumers, and resource scarcity are creating challenges, but also opportunities.

With our customer-focused strategy, we have carefully carved out our position in the business landscape and have placed TOMRA as a market leader in all niches we serve. With sensor-based solutions for optimal resource productivity, we demonstrate that it is possible to transform traditional methods in obtaining resources in the mining industry, using resources in the food industry and re-using resources in the recycling industry. Our solutions generate substantial productivity and quality gains for our customers.

**OUR BEST YEAR EVER**

Year 2015 turned out to be a highly successful year and the best ever in TOMRA's history. Revenues increased by 29% to NOK 6.1 billion, resulting in EBITA of NOK 1 billion, which was an increase of 38% compared to 2014. Earnings per share rose by 66%.

Both business areas, Collection Solutions and Sorting Solutions, demonstrated strong discipline in strategic execution and delivered solid short- and long-term value generation. Collection Solutions grew its top line by 35% (ending at NOK 3.8 billion) at an EBITA margin of 20%. Sorting Solutions increased revenues by 21% (ending at NOK 2.3 billion) and EBITA by 42%.

For Collection Solutions, the most important growth contribution is attributed to the German reverse vending replacement market and our

new technology platform, the T-9. We delivered more than 4,000 T-9s in 2015, a remarkable increase over year 2014.

The food sorting business showed significant growth, as did the recycling business. The order intake in the mining business, however, experienced headwinds as a result of low commodity prices and capital expenditure cuts in the sector.

**SUSTAINABLE BUSINESS MODEL**

Following divestments and acquisitions made over recent years, the business portfolio has become much better balanced and now consists of a mix of non-cyclical and cyclical as well as recurring and new businesses. Whereas TOMRA's growth profile historically was more event-driven, the company is now more geared for continuous growth with a broader portfolio and a wider set of drivers.

A large share of our business is generated in North America and Europe. We are confident that our business model, with adaptations, can be expanded globally. Our ambition is to continue a path of profitable growth with targeted investments in emerging markets while continuing to support our long-term partners in existing markets. In parallel, we will continue to explore opportunities to make strategically sound acquisitions for accelerated growth and even more relevance.

We aim to apply a holistic business model that serves diverse stakeholders, while fully living up to the legal and moral aspects of business ethics. As a member of the UN Global Compact since 2009, TOMRA continues to

support and integrate the principles of this program as part of our business strategy and operations. The 2015 Annual Report contains our sixth Communication on Progress to the UN Global Compact, which includes a review of the activities we are focused on as part of our Corporate Responsibility Program. We delivered fully on our CR objectives set for the period 2010-2015, and are now at a stage of defining our targets for the next five-year period.

**KEY SUCCESS FACTORS**

We recognize that our employees are our most important assets, and have invested a great deal in building a stronger and unified culture. As a part of this we have put significant effort over the past year in engaging employees in a process to further identify and adapt the elements that makes our company culture unique. Further, to assess employee satisfaction and drive improvements, we bi-annually request their participation in a survey as part of our involvement with the Great Place to Work® program. Together with our employees, we analyze the feedback and work out improvement programs. In 2015, almost 80% of our employees stated, “TOMRA is a great place to work.”

Innovative and leading product technologies are key success factors for TOMRA's business. Our products must provide our customers a competitive edge, leading quality and significant productivity gains. We will continue to invest in research and in cutting-edge product developments. To name a few, we successfully launched the T-9 and T-90 reverse vending platforms, the EasyPac backroom solution, the

food sorting products Nimbus BSI and Blizzard, and the Autosort Flake for the recycling industry. We further launched the high volume XRT for the diamond industry and continued developing our common sorting platform for the sorting business.

Some highlights in 2015 include:

- Nimbus BSI won the 2015 World Nut and Dried Fruit Congress Innovation Award
- TOMRA Common User Interface received international design excellence award
- Our XRT sorter discovered several large diamonds, including one sized 1,111 carat – the largest diamond found in more than 100 year (and the second largest ever)
- Significant sales of our new RVM flagship, the T-9
- TOMRA won the prestigious European Business Award as best European large company 2014/2015.
- Further progress in integrating legacy brands, optimizing internal processes and developing our unified company culture

**INVESTING FOR FURTHER GROWTH**

To immediately beat the very strong financial results achieved in 2015 will be somewhat challenging. We believe that Collection Solutions will remain on a similarly high level over the next two to three years. Sorting Solutions will launch a number of new products in 2016, but the growth effect of these will not be immediately visible. The reason is that our customers need to test, integrate and verify our new launches in their processing value chain. As part of this process, we will normally also need to do

some final adjustments and adaptations.

Our ambition to grow in emerging markets is high on the agenda, but also for this, we need to adapt. For example, in the food sorting segment we traditionally serve large and very sophisticated customers in Western countries such as the USA. New customers, in markets such as China, can have different requirements. In China for example we encounter smaller farms, smaller distributors and processing companies. Further, only some 20-25% of food is currently being processed there, whereas in the US some 60-65% of the food is processed.

Building a competent sales and service organization to serve these areas is also necessary, and we have invested in new operations in Lithuania, Croatia, China and other countries in the Asia Pacific region. We see opportunities in these areas and are committed to executing on our strategy and aim for a leading position.

We are confident that our leading product technologies and services will bring greater value to our customers, contribute to better business and a better environment, and generate sound financial results for TOMRA and its shareholders in 2016 and the years thereafter.



Stefan Ranstrand  
President and CEO TOMRA Systems ASA

*S. Ranstrand*

CORPORATE  
Responsibility

TOMRA was one of the first to recognize that a better environment is better for business and has been a leader in creating solutions for resource productivity for more than four decades. TOMRA is still constantly striving to improve its own practices and optimize its own resources - led by the spirit of innovation.

TOMRA signed the UN Global Compact at the end of 2009 as it prepared to expand its environmental program to include other topics. It was, therefore, natural that the Corporate Responsibility (CR) Program should be linked to the ten principles of the United Nations Global Compact. The topics covered by the CR Program and the relevant area of the UN Global Compact are shown in the table below.

As a member of the UN Global Compact, TOMRA aims to consistently support doing business responsibly and implement the principles of the UN Global Compact. The following pages form part of TOMRA's annual Communication on Progress.

TOMRA's current CR Program expired at the end of 2015 and its overall objectives have been met, as shown in the

summary of main achievements. Much has changed in TOMRA since the program was developed in 2009. TOMRA now has a different spread of activities following the move into food sorting and out of compaction, and the transformation process that started in 2011 has resulted in ONE TOMRA with a new vision and mission statement. TOMRA is no longer simply looking to "help the world recycle;" it now aims to "Lead the Resource Revolution."

The process of developing a new Corporate Responsibility program started during the summer with several internal sessions looking at the status and discussing what the focus should be for the next five years to ensure that TOMRA continues to promote sustainable business.

The next step is to agree which areas are the most significant for TOMRA and its stakeholders and then determine the actions required. TOMRA has also noted that its activities can support the UN Sustainable Development Goals and therefore intends to reflect this in the final program. The review process will be completed in Q1 2016 and the final

2016-2020 CR program will be presented to the Board for approval in Q2 2016.

In 2015, TOMRA continued developing its culture program following its review of TOMRA's values and culture during the previous year. The aim is to shape a culture that will build a stronger organization that can support and deliver TOMRA's long-term goals. TOMRA's values of Innovation, Passion, Responsibility are reflected in its CR Statement and Codes of Conduct for employees and other business partners. More details of TOMRA's Culture Program can be found on page 16 of this report.

At TOMRA, it is the role of the Board of Directors to ensure that the Group's corporate governance, environmental, social and ethical practices are sufficient. The Corporate Responsibility Committee assists the Board by monitoring and reviewing TOMRA's practices and policies in this area.

Corporate Responsibility Program 2011-2015  
– Main achievements

Identified and implemented actions to achieve 25% reduction in eco-intensity (CO<sub>2</sub> emissions) by 2015

- + Eco-intensity target was achieved in 2013

Implement and follow-up TOMRA's ethical guidelines and other policies

- + Awareness sessions and workshops held throughout TOMRA each year

Implement Risk Management procedure including additional safety and security considerations

- + Risk review process introduced in 2012
- + Travel guidelines for Service employees introduced in 2013

Continued focus on employee satisfaction and being an attractive employer

- + Employment satisfaction survey rolled-out to all locations
- + 80% response rate in 2015
- + 77% agreed that TOMRA was a Great Place to Work®

Analysis of TOMRA's carbon footprint

- + Vehicle fleet identified as primary source of CO<sub>2</sub> emissions and actions taken to reduce emissions
- + Assessment of environmental impact of new products has shown a positive effect versus prior models

Reduce accident rate per employee

- + Accident rate of 3.8/FTE in 2015 significantly lower than 6.7/FTE in 2010
- + Specific focus in Material Recovery where most incidents tend to occur

TOPICS	UN GLOBAL COMPACT AREAS
25% reduction in eco-intensity by 2015	Environment
Anti-bribery program for TOMRA Group	Anti-corruption
Employment opportunities and working conditions	Human Rights, Labor
Managing risks in TOMRA's operations	Labor, Anti-corruption
Meeting stakeholder expectations	All



WE SUPPORT

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.





ENVIRONMENTAL  
**Review**

TOMRA's mission is to create sensor-based solutions for optimal resource productivity so that its products and services contribute to better use of the world's limited resources.

Over the past few years, TOMRA has implemented a number of initiatives to reduce its direct emissions as part of meeting its objective of reducing eco-intensity by 25% by the end of 2015. As previously reported and shown in the graphs (below), TOMRA achieved the target for energy consumption and CO<sub>2</sub> emissions in 2013.

Targets for 2016 and future years will be established as part of the new CR Program that is currently being finalised.

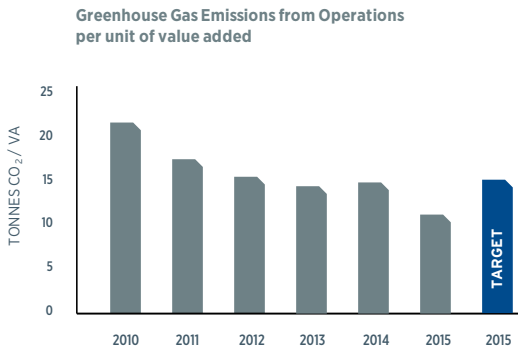
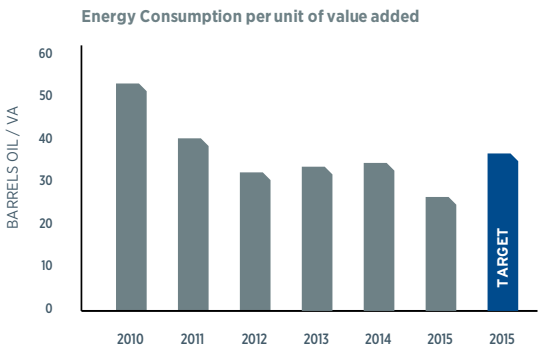
The 2015 target was achieved partly from a move out of carbon-intensive activities, and partly through other initiatives.

The most significant initiatives related to TOMRA's vehicle fleet in the United States which is a major source of our emissions. The US team established a group to analyze the emissions and consider actions to reduce fuel consumption and total emissions. The actions implemented included use of alternative fuels, changes to vehicle routing and reduction in engine-idling time.

There have also been a number of initiatives related to TOMRA's facilities, such as LED-lighting and movement sensors to reduce energy consumption, and the

provision of charging stations for electric vehicles. New facilities in Slovakia, Germany and the United States have also been recognised for being "green" and environmentally friendly.

This year's climate change account shows a slight increase in direct emissions (scope 1 + 2) from TOMRA's operations. This primarily reflects the high activity level during 2015. The complete environmental report is available on the following pages.



# Environmental

REVIEW 2015

### 1. CLIMATE CHANGE ACCOUNT

CARBON DIOXIDE EMISSIONS FROM OPERATIONS

TONNES CARBON DIOXIDE	2015	2014
<b>Emission from stationary sources (Scope 1)</b>	<b>1 900</b>	<b>3 300</b>
Heating oil	0	400
Natural gas	1 300	1 800
Propane	600	1 100
<b>Emission from purchased grid electricity (Scope 2)</b>	<b>3 400</b>	<b>3 100</b>
Norway	0	0
Europe EU25	800	800
North America	2 400	2 100
Rest of World	200	200
Certified low-carbon or renewable	0	0
<b>Emission from transportation</b>	<b>19 700</b>	<b>17 900</b>
Petrol vehicles (Scope 1)	3 400	3 700
Diesel vehicles (Scope 1)	13 900	12 900
LPG vehicles (Scope 1)	600	0
Employee-owned vehicles (Scope 3)	100	100
Air travel (Scope 3)	1 700	1 200
<b>Total direct emissions (tonnes CO2)</b>	<b>25 000</b>	<b>24 300</b>
<b>Emission from products during use-phase (Scope 3)</b>	<b>68 500</b>	<b>67 900</b>
RVMs owned and operated by TOMRA and customers	62 700	62 700
Scanners owned by customers	5 800	5 200
<b>Total direct and indirect emissions</b>	<b>94 000</b>	<b>92 000</b>

AVOIDED CARBON DIOXIDE EMISSIONS THROUGH PRODUCT USE

TONNES CARBON DIOXIDE	2015	2014
<b>Beverage container collection through RVMs and ARCs (1)</b>	<b>2 773 000</b>	<b>2 773 000</b>
Plastic bottles	758 000	758 000
Glass bottles	517 000	517 000
Aluminium cans	1 464 000	1 464 000
Steel cans	34 000	34 000
<b>Packaging material transport and handling (2)</b>	<b>848 000</b>	<b>824 000</b>
Glass bottles	64 000	64 000
Aluminium cans	655 000	636 000
Plastic bottles, PET	124 000	120 000
Plastic bottles, HDPE	1 000	0
Cardboard and fiber	4 000	4 000
<b>Material sorted for recycling from mixed sources (3)</b>	<b>22 423 000</b>	<b>20 384 000</b>
Glass	101 000	92 000
Aluminium	4 529 000	4 117 000
PET	2 742 000	2 493 000
HDPE	480 000	437 000
Fiber	276 000	250 000
Non-ferrous metal	12 298 000	11 180 000
Other	1 997 000	1 815 000
<b>Total emission avoidance</b>	<b>26 040 000</b>	<b>23 980 000</b>
<b>Net carbon dioxide emission/(avoidance)</b>	<b>(25 900 000) (23 900 000)</b>	

### 2. ENERGY CONSUMPTION

ENERGY USED IN MANUFACTURING, SALES, SERVICE AND OPERATIONAL PROCESSES

BARRELS OIL EQUIVALENT	2015	2014
<b>Energy consumption, stationary sources (Scope 1)</b>	<b>400</b>	<b>1 600</b>
Heating oil	0	900
Natural gas	200	300
Propane	200	400
<b>Energy consumption, purchased grid electricity (Scope 2)</b>	<b>10 800</b>	<b>10 100</b>
Norway	2 400	2 300
Europe EU25	2 100	2 000
North America	6 100	5 600
Rest of World	200	200
<b>Energy consumption, transportation</b>	<b>48 600</b>	<b>42 300</b>
Petrol vehicles (Scope 1)	9 300	9 200
Diesel vehicles (Scope 1)	32 500	30 200
LPG vehicles (Scope 1)	2 700	0
Employee-owned vehicles (Scope 3)	0	0
Air travel (Scope 3)	4 100	2 900
<b>Total direct energy consumption</b>	<b>59 800</b>	<b>54 000</b>
<b>Energy consumption, products during use-phase (Scope 3)</b>	<b>82 000</b>	<b>81 200</b>
RVMs owned and operated by TOMRA and customers	75 000	75 000
Scanners owned by customers	7 000	6 200
<b>Total direct and indirect energy consumption</b>	<b>141 800</b>	<b>135 200</b>

### 3. WASTE GENERATION

WASTE FROM MANUFACTURING, SALES, SERVICE AND OPERATIONS

TONNES WASTE	2015	2014
<b>Waste generation</b>	<b>3 490</b>	<b>3 380</b>
Paper	0	0
Cardboard	225	175
Plastics	700	870
Wood	125	195
Electric and electronic waste (incl. TOMRA products)	40	40
Expanded polystyrene	0	0
Metal scrap	300	250
Batteries	0	0
Hazardous waste	0	0
Unsorted	2 100	1 850

### 4. WATER CONSUMPTION

WATER USED BY MANUFACTURING, SALES, SERVICE AND OPERATIONS

CUBIC METRES WATER	2015	2014
<b>Water consumed</b>	<b>15 700</b>	<b>15 700</b>
Norway	2 500	2 500
Europe EU25	9 900	9 900
North America	3 100	3 100
Rest of World	200	200

Scope 1: All direct GHG emissions  
Scope 2: Indirect GHG emissions from purchased electricity, heat or steam  
Scope 3: Other indirect emissions from purchased goods or services

### NOTES

Reported data for continuing operations only.

Emissions have been calculated using the GHG Protocol calculation tools(www.ghgprotocol.org), and ‘Waste Management Options and Climate Change’ (ec.europa.eu/environment/waste/studies/pdf/climate\_change.pdf).

**1. Beverage container collection through RVMs, TOMRA Collection (Reverse Vending)**

Calculated carbon dioxide savings based on the total number of beverage containers collected through TOMRA’s over 70,000 RVM installations; more than 35 billion units annually. All glass beverage containers are assumed to be non-refillable, giving significantly lower assumed weight. Split between packaging types is based on beverage consumption data and TOMRA estimates.

The full benefit of collecting and recycling the beverage containers into new material, versus landfill, is included in the calculation.

**2. Packaging material transport and handling, TOMRA Collection (Material Handling)**

Carbon dioxide saving based on the tonnage of beverage container material transported and handled by TOMRA in USA. The full benefit of collecting and recycling beverage containers

into new material, as opposed to landfill, is included in the calculation, meaning that some of the saving is also included under “Beverage container collection through RVMs.”

**3. Material sorted for recycling from mixed sources, TOMRA Sorting (Recycling)**

Estimated material throughput in TSS Recycling installations is used in the calculation of avoided carbon dioxide emission. The full benefit of sorting

materials and recycling into new is included in the calculation.

*The provision of information on carbon dioxide emission avoidance is illustrative only, and intended solely as an aid to illustrate the benefit to society supported by the TOMRA Group. The above information does not constitute a full Life Cycle Analysis. The methodology and assumptions used in calculating carbon dioxide avoidance are available upon request.*





# Social and ethical

REVIEW

**RESPONSIBLE BUSINESS**

TOMRA is committed to doing business ethically and operates with zero-tolerance for corruption. TOMRA respects internationally recognized human rights principles and does not accept any form of discrimination or harassment.

TOMRA has developed a Corporate Responsibility Statement and Code of Conduct along with other policies and guidelines that apply to TOMRA's employees and business practices world-wide. Policies that apply to TOMRA Group have been published on the company intranet and local versions of selected policies are also available.

Information on company policies is also regularly included in internal company presentations. In addition, further information sessions and/or in-depth workshops are held throughout the year.

Awareness of and compliance with TOMRA's policies is monitored as part of internal audit and the non-financial reporting process. This is part of ensuring that the TOMRA team promotes the core values by acting responsibly at all times.

TOMRA's Code of Conduct details how employees can raise concerns or report violations of TOMRA's policies. Some of these channels, including [ethics@tomra.com](mailto:ethics@tomra.com), are also available externally and it is possible to remain anonymous. During 2015, three concerns were raised via the email channel, which were mainly HR-related.

**FOCUS ON EMPLOYEES**

TOMRA aims to be an attractive employer and promotes equal employment opportunity.

The Group Talent Programme was initiated in 2012 to support TOMRA's strategic goal of developing and retaining key employees in the organization, and preparing them for leadership/next-generation positions. The second program will finish in June 2016 with presentations to Group Management and the management teams of Collection Solutions and Sorting Solutions.

TOMRA also recognizes the importance of attracting the best people and being an employer of choice. TOMRA's policies ensure that TOMRA recruits and promotes individuals on the basis of their qualifications and performance. When recruiting, TOMRA shall prioritize attracting and recruiting women and ethnic minorities to positions in which they may be historically under-represented to achieve a better workplace balance over time.

TOMRA measures employee satisfaction through a regular online survey. The results of the 2015 survey were similar to recent years with 77% of employees reporting that they were satisfied overall with working at TOMRA.

**TOMRA CULTURE**

Culture, and what that means in practice, was the focus of a three-day meeting of over 90 TOMRA leaders in May 2015. The outcomes from that meeting and other sessions helped to define TOMRA's Culture House built on the foundations of leadership principles,

brand promise, values/behaviors, corporate responsibility and TOMRA's vision and mission.

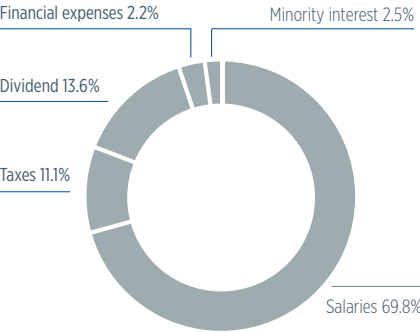
The resulting workshop on culture and values was held in a number of US and European locations during the last quarter of 2015, and workshops will take place across the rest of the organization during 2016.

**ECONOMIC IMPACT**

TOMRA reports the value distributed to different stakeholder groups as a means of measuring the impact of its activities. These stakeholders include employees, shareholders and society in general.

In 2015, TOMRA created added value of over 2,200 MNOK, an increase of around 30% compared to 2014 (continuing operations). This was distributed to stakeholders as shown in the chart below.

**VALUE DISTRIBUTED 2015**



IMPACT ON PEOPLE WITHIN TOMRA GROUP		2015	2014	2013
Number of employees	(#)	2,622	2,448	2,406
Female employees	(%)	16	18	18
Female managers	(%)	20	18	16
Reportable injuries	(#)	95	74	107
-- per 100 FTE	(#)	3.8	3.1	4.6