

# Our Responsibility 2020

Non-financial annual reporting 2020  
for Toms Gruppen A/S

# 2020



# About this report

In this report, we outline our approach to corporate social responsibility and report on our performance in 2020.

## Corporate social responsibility statement

This report covers the financial year 1 January 2020 – 31 December 2020 and represents the corporate social responsibility statement of the Toms Group A/S as required by Sections 99a and 99b of the Danish Financial Statements Act.

It forms part of Toms Group's annual reporting, along with the 2020 annual reports of Gerda & Victor B. Strands Fond, Gerda & Victor B. Strand Holding A/S and Toms Group A/S, respectively, which present detailed information about our operating and financial results. The financial annual report can be downloaded at [tomsgroup.com](http://tomsgroup.com).



With this report, we reaffirm our support of the 10 principles of UN Global Compact by describing our actions to continually improve the integration of the principles of the United Nations Global Compact into our business, culture, and daily operations

## Toms Group A/S

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Established: 30 January 1924  
Registered office: Ballerup

## Material issues

To give a balanced report on corporate responsibility issues related to our business, we assess and report on material issues.

Guided by the UN Global Compact principles, we focus on the issues representing a significant risk or opportunity for us, our business partners or society. This report is structured according to the material issues identified in our continuing materiality assessments.

## Terms used

In this report, "the Toms Group", "Toms Group A/S", "Toms Group", "Toms Gruppen", "Toms" and "the Company" are used interchangeably in referring to Toms Gruppen A/S and its subsidiaries.

## We welcome and value your feedback

If you have any feedback and suggestions on how we can improve our reporting, please contact Lea Holm, Toms Group CSR and Communications Manager, at [lsh@tomsgroup.com](mailto:lsh@tomsgroup.com).

*This report was published by Toms Group A/S digitally in English on the 26<sup>th</sup> of March 2021 and can be downloaded at [tomsgroup.com](http://tomsgroup.com).*

## Ownership

Toms Group A/S is a fully owned subsidiary of Gerda & Victor B. Strand Holding A/S, Ballerup, Denmark.

## Layout and design

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## Design

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## Cover photo

Fortuna, R. (The National Museum of Denmark)

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# Letter from the Executive Management

This decade has begun with an unprecedented shock, calling our attention to the fragility and interdependence of the planet and human life.

2020 in many ways reminded us how interconnected and dependent we all are and how important it is that we all contribute to the development of a sustainable future.

2020 has been an incredibly challenging year for our employees and for our business. As is the case for many companies, the Toms Group was heavily impacted by the Covid-19 pandemic. During the year, our top priority has been to protect the health and wellbeing of our employees, ensuring business continuation and deliveries to our customers and consumers. At the same time, we have taken the actions required to protect the financial health of our business this year but also capture long-term growth opportunities for the future.

2020 required us to focus on what was just ahead of us: To arrange the production and sales work so that it still could be carried out safely and securely; To balance virtual homework with homeschooling and caring for elderly family members. But 2020 also required us to focus on the longer term: The sustainability of our business conduct in the long run - financially, socially, and environmentally.

We are proud and thankful that we managed to protect our employees, protect our business, and contribute to minimizing the spreading of the corona disease in the society. As the executive management of the Toms Group, we would like to thank each and every one of our employees for their role in supporting each other, adapting, and collaborating in new ways and protecting our business through these tough times.

As a consequence, we managed to continue the journey we initiated in 2016: Building a strong platform for future, sustainable growth. An important part of this journey is our continued development towards social and environmental sustainability.

In 2020 we managed to integrate sustainability in our business conduct. With the UN's Sustainable Development Goals as our guiding framework and with top-management engagement we conducted a comprehensive assessment of where Toms Group can have the biggest impact on sustainable development. In 2021, this process will continue with the identification of more key targets and roadmaps.

In this report we describe the status of this work, and we report on the initiatives and results of 2020. Let us highlight a few initiatives and achievements:

- Our successful engagement in Ghana continued in 2020 with the final year of our Toms Sustainable Cocoa Sourcing Program. Through education, training, and a broad range of initiatives, we have since 2007 supported the empowerment of cocoa farmers, their children and the young men and women in the smallholder societies to improve their livelihood and end deforestation. As we change our sourcing set-up from year-end 2020, this program is ending, but we continue and even intensify our fight for sustainable cocoa. We have now set the goal that 100% of all cocoa in our products will be sustainably sourced by 2025. See more from page 14.



- In 2020, we continued our investments in energy optimization at our Danish production sites. We finalized a huge project replacing 6,000 lighting sources and insulating 2km of piping. We also investigated the possibilities of heat pump utilization in our Danish chocolate production facility. See more from page 34.
- Finally, from page 42 we describe our initiatives for supporting our consumers to minimize their environmental footprint. As a key part of this, in 2019 we set the ambitious target, that our packaging materials by 2025 will be 100% recyclable.

Developments and results like these make us proud to share this report with you. We look forward to continue Toms Group's development towards sustainability during 2021 and beyond.

We hope you will enjoy reading this report.

Lars Henrik Vejrup Hansen, CFO and interim CEO since June 2020; Annette Zeipel, CEO since February 1, 2021

# RESPONSIBLE BUSINESS CONDUCT



What should we focus on to constantly improving social, environmental, and financial sustainability along our value chain? How do we contribute to the fulfillment of the Sustainable Development Goals?

In this chapter, you can read about our approach to choosing and managing the primary focus areas of our corporate social responsibility.

# Responsible business conduct at the Toms Group

Businesses have an increasingly important role to play in securing a sustainable future. We are all part of the challenges highlighted by the UN Sustainable Development Goals. And we all have the possibility to be part of the needed solutions.

At the Toms Group, we strive to making a positive difference for both our planet and people along our value chain. We strive to be part of the solution in the broad field of issues where we can make the biggest difference. Our approach spans from the origin of our natural raw materials, via our own operations, to the final consumer product and how we directly or indirectly affect our consumers' knowledge and possibilities to consume and act sustainably.

## Where we have the greatest impact

To prioritize the most important focus areas, we investigate where along our supply chain we have the greatest impact possibilities.

Here, we find very different aspects of responsibilities:

- We must deal with the broad responsibilities following from our supply chains starting for instance in Ghana's smallholder cocoa farms or in Malaysian palm oil plantations,
- We need to be aware of the climate and environmental responsibilities, which follow from our ownership of factories in Denmark and Poland,
- We are humble towards the social responsibilities following from our role as employer of 1,300 people, and
- We must deal with the multifaceted expectations and needs of customers and consumers all over the world. This includes a respectful and responsible approach to our possibilities for affecting the balance of the individual's lifestyle

To define the focus areas of our sustainability strategy, we conducted in 2016-2017 an extensive stakeholder, risk and materiality assessment, including comprehensive research, interviews and workshops involving both internal and external stakeholders.

From the risk and materiality assessment, we found the areas where the Toms Group has the largest impact on society as well as the areas imposing the greatest risks to the Toms Group.

## Towards business-integrated sustainability

In 2020, the management team of the Toms Group and local area managers in Toms embarked on a comprehensive process of integrating sustainability even more into the Toms Group. Assisted by experts on sustainable business development from DI, Confederation of Danish Industry, The process helped clarify where Toms has the best opportunities for the biggest impact for a sustainable development. Central to the process was the identification of the sustainability focus for the Toms Group and the key goals that will guide our work on sustainability in the years to come. An important part of the process was also specifying, which of the 17 goals for sustainable development that Toms Group will thereby help to achieve. (See box below).

In the beginning of 2021, the management team of Toms Group will finalize this process and the most important part of the work: implementing the strategy, will take form and continue across the group.

The process is an important step towards full integration of a holistic and value-creating approach for sustain-



ability in the future operation and development of Toms Group. Naturally, the new strategy builds on a strong foundation from our current approach to sustainability presented on the next page. Here we have illustrated the risks identified along our value chain and how we actively strive to mitigate these, making a positive difference contributing to the fulfillment of the sustainable development goals being most relevant for Toms.

## Governance

We aspire to good corporate governance, ensuring implementation and continued development of our Corporate Responsibility Strategy. In the above-mentioned section, you will find info regarding our current work to update our sustainability approach and ensuring top management engagement and leadership in the integration of sustainability in the company operation and development.

In 2017, our current sustainability governance structure were defined with local ownership of the strategy's focus areas and the development of a "CSR Team", working across the organization to ensure that the development of each strategy track is aligned.

Also, our top management's role as our "CSR Steering Committee" was specified. Together with a clear annual cycle for discussions, decisions and internal KPI development and reporting, this structure helps us implement our business-driven Corporate Responsibility Strategy, continuously adapting it to the ever-changing needs of our stakeholders and our business.

This governance set-up will be adjusted as part of the finalization of our new sustainability strategy during 2021.

## United Nations' Sustainable Development Goals

The UN Sustainable Development Goals (SDG) is a universal call for action. They are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace, and justice.



The 17 goals recognize that development must balance social, economic, and environmental sustainability and everyone is needed to reach the 169 targets of the ambitious goals. That is why we at Toms Group are integrating the SDGs in our business conduct. We strive to directly affect the SDGs where we have the greatest possibilities to do a positive difference along our value chain.

The goals form a framework and a compass for the sustainable development of the Toms Group. Together with our sustainability strategy they guide us in the choices, prioritization of initiatives and development of partnerships that is key towards a sustainable future for both the company and our surroundings.

## Our Responsibility Policy

Our Responsibility Policy sets the overall framework for our work with responsibility throughout our value chain. Read the full policy [here](#).

## Our Corporate Responsibility Strategy



UP  
STREAM

DOWN  
STREAM

### Value creation

We integrate respect for the environment and for human rights along our supply chain by:

- Carefully selecting suppliers
- Demanding responsible supplier behavior aligned with Toms Group Supplier Code of Conduct
- Collaborating with suppliers for continuous, responsible development

We persistently fight for sustainable raw materials by:

- A continuous and impactful development of a sustainable cocoa supply chain
- Supporting leading international partnerships driving sustainable development across the cocoa industry
- Sourcing responsible palm oil (RSPO) and supporting the global development towards making sustainable palm oil the norm



### Challenges & risks

- Sourcing from >1,000 suppliers around the world constantly poses potential sustainability issues
- Responsible sourcing must take into consideration all – sometimes contradictory – aspects of sustainability
- Sustainability issues in supply chain must be resolved in responsible manner focusing holistically and on the long run
- Full control of suppliers' sub-suppliers can be challenging
- Developing sustainable, lasting production practices in less developed, rural communities is highly complex
- Structural, political and cultural conditions and norms in rural communities can challenge sustainability initiatives
- Demand for non-palm oil products challenges the responsible, global transition to making sustainable palm oil the norm

### Value creation

We develop, produce and market a consistently high product quality and mitigate food safety risks in our value chain by:

- Carefully selecting all raw materials
- Following rigorous procurement and auditing processes
- Mitigating risks connected to sabotage

We take care of our employees by:

- Increasing employee skills
- Supporting our employees to live healthy, balanced lives
- Constantly developing a safer workplace with a strong safety culture
- Tracking and maintaining high work motivation

We minimize our use of resources by:

- Implementing comprehensive energy saving projects
- Maximizing utilization of raw materials, minimizing energy and water consumption
- Optimizing reuse and recycling through entire production chain

We base our business conduct on fairness, honesty and high ethical standards by:

- Demanding all suppliers to live up to our ethical standards
- Training all employees in our Employee Code of Conduct
- Providing externally hosted, anonymous Whistleblower scheme



### Challenges & risks

- Large number of suppliers and complex supply chains generate potential risk of food fraud and contamination
- High demands for efficiency present a potential risk for employee safety and well-being
- Hiring employees with sufficient competencies can be challenging due to low unemployment in Denmark and great competition for employees in Poland
- Free access to chocolate and sweets during working hours increases importance of access to alternative snacks, healthy food and sports at workplace
- Food production requires high amounts of energy and resources
- Energy reducing projects often require big investments and might affect the efficiency of production while being implemented
- Demand for fast changes in product design and complexity can challenge the optimal use of resources at production plants
- Sourcing and engaging in business partnerships all around the world poses risks of meeting corruption and other unethical behavior
- Keeping an inclusive and respectful work environment across cultural, national and professional differences can be challenging

### Value creation

We support our consumers to make conscious and responsible choices by:

- Educating school children and adults on production chain, sustainability and balanced lifestyle hereby contributing to a more nuanced dialogue and base for consumer choices
- Supporting students with insight into sustainable confectionary production for their assignments and theses

We support consumers in responsible consumption by:

- Setting ambitious target for 100% recyclable packaging by 2025
- Informing about correct sorting at all packaging by 2025
- Joining partnerships fighting food waste

We support our consumers to integrate active and fun joint-activities in their daily lives by:

- Sponsoring professional sports as OL partner
- Supporting family sports in partnership with DIF



### Challenges & risks

- A clear and professional distance between education and marketing for school children is important to maintain
- Honest and engaging dialogue with consumers poses potential risk of negative awareness too
- Current tax setup challenges initiatives to fight food waste
- Transition to responsible packaging requires structural changes and alignment in waste management across Denmark and EU
- Demand in retail for products with a very long shelf life left risks generating food waste before products reach the stores
- If not consumed as part of a balanced lifestyle our products have potential to be unhealthy
- Supporting balanced life styles must be done respectfully balancing the individual consumers' wish to choose for themselves

# OUR SOURCING

We persistently fight for sustainable production of our most critical raw materials, for the integration of respect for the environment, and for human rights along our supply chain.

Read in this chapter about our 2020 initiatives and achievements with the cocoa farmers in Ghana and the international partnerships we are active in.



# OUR SOURCING

Central aspects of our corporate responsibility are located at the beginning of our value chain. We must protect and ensure sustainable use of the earth's resources and act with respect for human rights along our supply chain, ensuring responsible procurement practices.

## Our responsibility

Many of our goods contain raw materials, which production poses a potential risk to humans or the environment along their often complex supply chains.

Being a manufacturer, this leaves us with great responsibility to stay on top of developments in the supply chains and to ensure responsible, risk-based procurement practices for all our more than 1,000 suppliers.

## Our fight for sustainable cocoa

For more than 15 years, the primary focus of our sustainable sourcing efforts has been our most important raw material, cocoa.

Our long-standing engagement and commitment in Ghana build on cooperation with approximately 5,000 farmers who grow cocoa in the districts from where we source all our West African cocoa. Over the last decade, we have worked closely with competent partners such as Danida, Oxfam IBIS, Ecom and local NGOs. The public-private cooperation has shown strong results, proving that it is indeed possible to create changes if you are humble, patient, and persistent.

Effort is required to ensure respectful and impactful cooperation with the farmers. We want to empower the farmers by assisting them today and supporting them with the knowledge they need to take the lead in the continued sustainable development of their own farms and their communities.

By taking this approach, our projects have wider scope and can support a larger segment of the Ghanaian farming communities – reaching our shared goal of sustainable, efficient production.

## Toms Sustainable Cocoa Sourcing Program

Since 2017, we have continued our efforts for sustainable cocoa sourcing with our own program, Toms Sustainable Cocoa Sourcing Program. We have done this with the same partner as the years before: Ecom Sustainable Management Service.

The program is being implemented in two cocoa growing regions of Ghana, Western and Brong Ahafo, in close cooperation with almost 5,000 of the cocoa farmers who live in the 125 communities located in these districts.

In continuation of the former projects' scope and results, our Toms Sustainable Cocoa Sourcing Program in 2020 reached 4,520 farmers (2,983 males and 1,537 females) through a range of program components including:

### 1. Additional livelihood:

Besides our free training of the cocoa farmers in efficient, environmentally safe cocoa production, our program also aims to support farmers to sustain their income, especially during off-cocoa seasons. In 2019, we trained 709 farmers on additional livelihoods. Due to lack of access to inputs and capital, only 2% of farmers trained were able to implement an additional livelihood activity. Some farmers grew rice and chili, others engaged in rabbit farming. To improve the effect of our efforts, we in 2020 combined the training of 1,540 farmers with the provisions of "starter kits" to farmers in 15 societies. These directly helped the farmers receiving the kits and served as inspiration for other farmers in the community.

The training included non-cocoa crop production, animal farming as well as local businesses/ vocational trades like soap making, food processing and beekeeping.



## 2. Shade tree distribution:

As part of our efforts fighting deforestation (see more in the info box next page), we in 2020 distributed 30,000 shade trees. 40 communities received an average of 500 shade trees. The trees are not to be used for expanding cocoa farms but were planted off-farm in desirable locations within the communities.

## 3. Fighting child labor and support the youths in cocoa communities:

A key part of our program is the continued fight against child labor. This is an issue that needs initiatives on several different areas concurrently. Farmers must be trained in children's rights; society mechanisms must be build up to spot and resolve any cases of child labor in the local community; farmers must earn enough to be able to hire workers on the farm; and the schools and the teaching must be a real and better alternative to the work with the parents – just to mention some.

In 2020, we chose to help some societies in the need for improving the local schools with basic equipment.

### Provision of toilets

According to UNICEF and Ghana Statistical services, only 2 out of 5 schools in Ghana have either toilet pit latrines or running water. In one of the societies of our program (Domeabra society), only one basic school serves the community as well as pupils from neighbor-

ing societies. Yet, the school does not have any toilet facility. Therefore, we in 2020 planned to construct a two-seater pit latrine at the school with hand-washing stations collecting rainwater. Due to COVID-19, the construction of these toilets will be finalized in spring 2021.

### Distribution of school furniture

Ecom has pointed out three societies in extra need for school furniture: Nzema Nkwanta, Amekukrom and Domuibo/Nyamebekyere, where basic school furniture like classroom desks are non-existing. Therefore, in 2020 we planned to distribute a total of 120 2-seater desks to the three schools in these societies. Due to COVID-19 these will be distributed in spring 2021.

## 4. The youth as ambassadors of change

Important for our program approach is also the support for the youth who in few years must take over and continue the sustainable development, we seek to set in motion in partnership with their parents. To create and sustain prosperity in cocoa communities, there is the need to build the capacity of youth in entrepreneurship. Our 2020 activities therefore included providing of training on innovative business ventures for youth in 20 societies. After training, participants were supported to develop business plans for their prospective businesses. They also were provided with resources to start their businesses.

## Our approach

Our Policy for Human Rights and our Supplier Code of Conduct provide the framework for our initiatives on responsible sourcing.

## Policy for Human Rights

Our main responsibilities towards human rights concern non-discrimination, employee rights, occupational health and safety as well as risks of human rights violations within our supply chain.

This is described in our Policy for Human Rights, which was prepared in consultation with our law firm validating that it complies with the UN Guiding Principles. The policy can be downloaded [here](#):

## Supplier Code of Conduct

Our pledge to respect human rights, labor standards, the environment and anti-corruption is reflected at an operational level too, as it forms a significant part of our Supplier Code of Conduct. Read the Code of Conduct [here](#):



## Fighting deforestation

Toms Group is signatory to the cross-industry Cocoa Forest Initiative, CFI. CFI gathers the world's leading cocoa and chocolate companies and the governments of Côte d'Ivoire and Ghana in the important fight to end deforestation and restore forest areas in the cocoa sector.

In March 2019, we reached an important milestone with CFI, when all signatories in CFI released action plans that spell out concrete steps to end cocoa-related deforestation. The action plans focus on:

1. Forest protection and restoration
2. Sustainable cocoa production and farmers' livelihoods
3. Community engagement and social inclusion.



These combined actions will play a crucial role in sequestering carbon stocks in West African forests and addressing global and local climate change, in line with the Paris Climate Agreement.

Our Sustainable Cocoa Sourcing Program is aligned with our obligations as CFI signatory. In line with our CFI Action Plan, we in 2020 planned and succeeded with the following initiatives included in our program.

CFI Pillar	Target	Status	Accomplishment Rate
Forest Protection & Restoration	Map <b>100% farms</b> and ensure that no farms in our program contribute to deforestation	100%	100%
	Distribute <b>30,000 shade trees</b> for farm restoration	33,000	110%
	Distribute shade trees to cocoa farmers	1,362 (farmers)	N/A
Sustainable Production and Livelihoods	Coach 600 farmers in Good Agricultural Practices	342	57%
	Train 3,616 farmers in Good Agricultural Practices	2,241	62%
	Train 450 farmers in <b>additional livelihood</b>	709	158%
	8 farmers adopting additional livelihood activities	38	475%
Social and Community Engagement	Train 3,616 farmers in <b>children's rights and child labor</b>	2,497	69%

Other 2020 activities were delayed due to COVID-19. School kit distribution and toilet construction were delayed since schools were closed. Mobilization will begin in Q1 2021.



**Together we are stronger**

Ghana produces approximately 20 per cent of the world’s cocoa – and Toms buys less than 0.5 per cent of the cocoa produced in Ghana. Changes that reach the whole cocoa production industry therefore require action by the leading cocoa and chocolate manufacturing companies and call for broad cooperation across the industry in different associations.

To fulfill our responsibility in making this happen, we actively take part in a range of national and international cooperation initiatives:



• **International Cocoa Initiative (ICI)**

Since 2009, we have been a partner in the ICI to support the initiative’s important efforts to improve the lives of children and contribute to the elimination of child labor in cocoa-growing communities and in the cocoa supply chain. Read about the impressive results [here](#).



• **World Cocoa Foundation (WCF)**

Since 2011, we have been supporting the WCF to help achieve our shared goal of cocoa sustainability. WCF supports cocoa communities, education, field programs and scientific research. For more information, visit the [WCF website](#).



• **German Initiative on Sustainable Cocoa**

Our group company Hanseatische Chocolate is member of The German Initiative on Sustainable Cocoa (GISCO), which is a joint initiative of the Federal Government, the German sweets and confectionary industry, the German retail grocery trade, and civil society. Jointly, the multi-stakeholder initiative aims to improve the livelihood of cocoa farmers and their families as well as to increase the proportion of sustainably produced cocoa. For more information, click [here](#).



• **CEN/ISO standard**

The European Committee for Standardization (CEN) and the International Organization for Standardization (ISO) have for the last five years been driving the development of a joint standard for traceable and sustainable cocoa, helping aligning industry efforts and bring sustainably improved cocoa production into the mainstream. Toms has been an active participant in the development of this standard from the beginning. The standard was finalized in 2019. Read about the standard [here](#).

**Responsible procurement**

We require all our suppliers to follow our Supplier Code of Conduct. This has been the case since 2009. In 2018,

we strengthened the commitment by adding a signature form to the Code of Conduct for each supplier to sign when initiating or renewing its contract with Toms Group.

As part of our general work for responsible sourcing, we also use supplier questionnaires to assess our suppliers.

We have not in any of these mechanisms registered or been made aware of any cases from our suppliers or other business partners related to corruption, violation of human rights or environmental issues. In the event of any such cases, they will be taken very seriously, and we will act immediately according to our Code of Conduct.

**Our 2021 initiatives:**

**Towards 100% sustainable cocoa**

The Toms Sustainable Cocoa Sourcing Program ended with 2020, as we by January 2021 changed our sourcing set-up. From sourcing cocoa beans through Ecom, we now source chocolate mass from Barry Callebaut to our brand-new chocolate factory in Nowa Sól, Poland; and cocoa mass from different suppliers to our Danish chocolate factory.

To ensure that our efforts result in real sustainable development, we always assess the progress and lasting

value of our initiatives through third party evaluations. In February 2021, we initiated a thorough third-party evaluation of the results, effects, and key learnings from our own program from 2017 to 2020. Ecom will use these learnings in their continued work with the farmers in our program, who will be included in other Ecom programs. Likewise, we will bring this knowledge with us in our continued work for sustainable cocoa.

Our ambitions for sustainable cocoa not only continue but will be strengthened further in the coming years. We have set the goal of sourcing 100% sustainable cocoa in 2025. In beginning of 2021, we will start supporting the Cocoa Horizon program of Barry Callebaut, covering the same amount of cocoa as our current program covers. Towards 2025, we will continuously strengthen this support, until we in 2025 have 100% of our cocoa covered by this program or equivalent sustainability programs or certifications.

In 2021, we continue our strong engagement in the leading international organizations and initiatives WCF, ICI and CFI.

**Palm oil**

Even though cocoa will always be the most important raw material for Toms Group, we have specific focus on other raw materials too, for example palm oil. With a highly complex supply chain, the transition to sustainable production and use of palm oil require dedicated efforts from a huge number of players in the industry.

Therefore, Toms Group is using 100% RSPO-certified palm oil in all our products. We work through a membership of RSPO, making sustainable palm oil the norm globally.



**Danish Alliance for Responsible Palm Oil**

**Danish Alliance for Responsible Palm Oil**

In 2020, we took additional steps in the important fight. Together with leading Danish companies, authorities, and organizations including DIEH (Danish Ethical Trading Initiative), Danish Agriculture and Food Council, WWF, Confederation of Danish Industry, and several others, we launched the Danish Alliance for Responsible Palm Oil. The goal of the collaboration is to ensure that the palm oil we import and use in Denmark is responsibly produced as well as contributing to the momentum of responsible production globally.

# OUR OPERATIONS

Naturally, the part of our value chain that offers the greatest possibilities for affecting the social and environmental impact of our business is our own operations. Therefore, we are focusing on the areas Product Quality, Our Employees, Environment and Climate and Business Ethics.

In this chapter, you can read about how these focus areas help us ensuring that the right processes, framework conditions and initiatives are in place to continue the responsible production of high-quality products.



# Food safety and product quality

The food safety and quality of our products are our top priorities. We aim to develop, produce and market a consistently high product quality, meeting the expectations of the consumers, customers and comply with legislative and regulatory requirements.

## Integrated in supply chain

We have an important responsibility to ensure high product quality and to mitigate food safety risks in our value chain.

Consequently, food safety (HACCP) and quality assurance cover our entire supply chain. It is integrated into the design of new products, new machinery, into our processes and insurance of competent staff.

We carefully select our raw materials, follow well-defined procurement and auditing processes to ensure safe, high-quality raw materials. All our suppliers are required to demonstrate food safety performance equivalent to ours through their food safety certification. We have a special focus on suppliers outside EU to ensure compliance to EU-legislation. We have processes in place to identify and act upon negative food safety or quality impact in our supply chains.

## Our approach

Our policy for food safety and quality describes our approach to ensure product food safety and quality to meet customer expectations and authority requirements. It describes the goals and principles which guide our ongoing work to ensure high food safety and quality along our entire supply chain. We have established measurable Key Performance Indicators that we are following up on continuously, which help us to ensure continuous improvement.

## Education and training

Through training and education, we ensure that all employees in the Toms Group are aware and take responsibility for our product quality and food safety.

Particularly in relation to personal behavior and hygiene, maintenance, cleaning, sanitation and food safety practices and awareness, we follow well established procedures in every step of the production.



It is an objective that Toms' employees take accountability of the food safety and quality management system that is integrated in our manufacturing processes. Training of staff and focus on management of suppliers to our supply chain are amongst the high prioritized principles supporting our aim in being our customers valued supplier



## Risk assessment

We have stringent procedures in place to ensure proper risk mitigation. We do this within the lines of the HACCP and GMP principles. In case of an identified risk, a multi-disciplinary team evaluates potential hazards. This evaluation leads to a risk assessment and to the subsequent implementation of mitigating actions and controls.

## Mitigation of intentional risks

Unfortunately, the food industry also faces intentional food safety risks such as sabotage and food fraud. To mitigate risks connected to sabotage, we are continuously improving our Food Defense Program. The goal is to prevent intentional contamination of our products. The program includes security and access control to our facilities. The control covers all incoming and outgoing personnel, guests, goods transports, etc.

Our comprehensive program for approval of suppliers plays a significant role in mitigating risk of food fraud. All our suppliers are approved through questionnaires, risk assessments and audits including screening on risks of food fraud and the authenticity of the supplied products.

Furthermore, Toms Group performs risk assessment of all raw materials. In this risk assessment, food fraud and food authenticity are important aspects evaluated per group of raw materials. If risks are identified, control procedures, such as specific analyses or supplier documentation, are initiated to ensure authenticity.

## Certified production plants

All of our production plants have been certified to meet internationally recognized standards of food safety such as FSSC22000 and IFS. These certifications help us to secure an adequate level of food safety and good manufacturing practice (GMP).

## How we monitor our progress

We have identified two key performance indicators (KPI) to help monitor the results of our work on food safety:

The one KPI is "Number of consumer and customer complaints regarding foreign bodies."

Our target for this KPI is 0 for all sites.

The level of critical foreign bodies as measured by consumer complaints has been decreasing over the last couple of years. In 2020, approximately 23.000 tons of chocolates and sugar candy were produced by Toms. During the year, we received in total 31 complaints on critical foreign bodies.

The 0-target is ambitious and was not met this year, despite an on-going and intensive focus to minimize and mitigate risks. However, Toms strives for this goal every day in the supply chain. One of the major risks of introducing foreign bodies in Toms products lies in the agricultural raw materials such as almonds, apricot kernels, nuts, stone fruits and cocoa. At Toms we have measures in place to minimize and mitigate these risks.

This low number of complaints on foreign bodies is the result of especially these initiatives:

- Training in awareness and troubleshooting on foreign bodies in production,
- Introduction of equipment to minimize foreign bodies on the production lines,
- Manual sorting where required ,
- Improvements of the quality and food safety of our natural raw materials by executing supplier management according to Toms' sourcing principles.

**Quality**

We also follow the KPI "Number of consumer and customer complaints per 100 MT of produced product." See more info on this in the box below.

**Initiatives and results 2020**

Toms has not had any food safety related recalls or withdrawals in 2020. In addition to the mentioned, we have worked on several food safety and quality improving initiatives.

The most important ones are:

- The newly established production site in Nowa Sól (NOS) Poland started production by New year. The facilities and production lines are of high food safety and quality standards.
- At our candy confectionary factory in Hvidovre, Denmark there has been several improvements of production lines, improving our food safety and quality of production. This year, we aim to reducing risks of foreign bodies in raw materials through establishment of sieving bulk materials as sugar.

- A part of the reconstruction of the supply chain has also impacted the chocolate production factory in Ballerup, Denmark. Here we are closing some of the old lines and transferring production to the new facilities in NOS.
- The improvement of "start and close-down" procedures has improved the food safety of products.
- There is large, on-going focus on the hygienic behavior of staff in production at all sites.
- The QA-and Regulatory organizations have been empowered through organizational changes.
- During Corona, Toms has managed to keep the same high food safety and quality standards through high focus on hygiene and protection of staff in GMP-areas

**Our 2021 initiatives**

In 2021, we are going to continue the food safety and food defense initiatives in line with Toms' values. We keep our focus on prevention wherever we foresee is needed.

We will continue reducing complexity and food safety risks in the supply chain by transferring production internally, or by investments and improvements of current processes (e.g., marzipan production) and through strategic sourcing initiatives.

We will also take steps to further strengthen food defense especially on the Danish sites.



**Complaints (excl. heat damage)**  
No. of complaints per 100 tons products (excl. heat damage), 2018-2020.

There is a slight decrease in the number of complaints received at Group level per 100 Tons of produced products from 2018 to 2020.

Toms has processes in place to continuously safeguarding against non-compliant products. Toms uses the complaints to actively address the root causes and to conduct corrective actions.

**Number of complaints per 100 tons produced products**

Year	Number of complaints per 100 tons produced products
2018	8,1
2019	8,0
2020	7,5

# Employee

We strive to be an inclusive workplace where each employee is happy to come to work, is engaged and has the opportunity to develop. We support our employees in having a good work-life balance, as well as a balanced life. In 2020, this has been more important than ever, due to the new challenges brought in by the Covid-19 pandemic.

## Employee engagement survey

Every year, we conduct an employee engagement survey. We do this to identify any challenges and potential improvement areas regarding our employees' engagement and work environment. Through the employees' anonymous responses and open comments, the survey measures how employees experience their work at Toms. This is measured on a range of parameters covering Job satisfaction, Motivation and Dedication as well as several "drivers" for these: Reputation, Management, Cooperation, Job content, Remuneration, Working conditions and Learning and development.

The 2020 survey was launched across the Group in August, after several months of working in and dealing with the Covid-19 pandemic. Therefore, a new section evaluating the handling and learnings from the pandemic was included in the survey.

728 employees gave feedback through the survey, equal to 85% of those invited.

## Our approach

Our approach to ensure that Toms is a good and safe workplace is described in our Corporate Responsibility Policy. Furthermore, it is supported by a number of policies that focus on different areas, communicating how we define the conditions and expectations of working at Toms.

Our policies include primarily elements of:

- The well-being, safety and development of our employees,
- The terms and conditions of employment for different employee groups.

To mention a few examples of relevant policies, we have defined policies for: Personal relations in the workplace; anti-mobbing and anti-harassment policy; how we create more equality and diversity; how we show acceptance of each other's differences; and how

we best support colleagues dealing with personal grief. Other policies cover health/nutrition/substance abuse; recruitment processes and how to handle sickness absence. Our diversity policy also describes our approach and initiatives for gender equality in our management and among employees in general.

With these policies, we wish to capture the most important mutual obligations and responsibilities in the collaboration between managers and employees and colleagues in general. We want to ensure common understanding of how we both develop and protect our employees and create the best working conditions and highest level of engagement possible. All policies that regulate our approach to our employees' health and well-being are approved by our works council.

Our externally available policies are available for download [here](#).

## Employee engagement in numbers

Results from the two measures of engagement: Satisfaction & Motivation and Loyalty are displayed below. On a group level, we see a small decrease in Satisfaction & Motivation from 2019 to 2020, driven by small drops in engagement in Poland (-1) and Germany (-2). Loyalty is generally at a high level across the Group, particularly in Denmark and Sweden. The differences across countries can partly be explained by general variation in satisfac-

tion levels related to different national cultures – it is e.g. typical that Satisfaction & Motivation is lower in the Polish (benchmark 66), German (67) and Swedish (68) labor market than in the Danish (74).

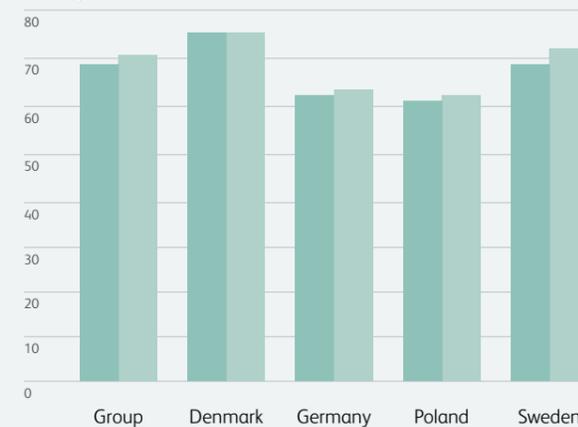
We continuously, also in 2020, have a great focus on the follow-up process, both at country level and at team level, to ensure dialogue regarding the identified challenges and strengths within the organization and teams.



## Satisfaction & Motivation

● 2020  
● 2019

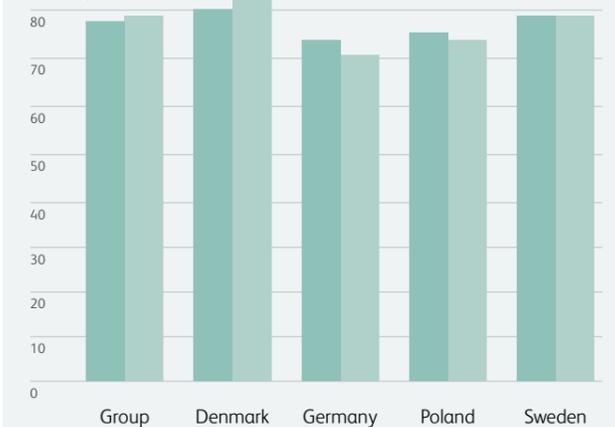
Rating scale (0-100)



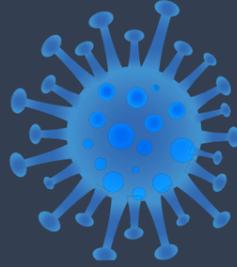
## Loyalty

● 2020  
● 2019

Rating scale (0-100)



# Covid-19



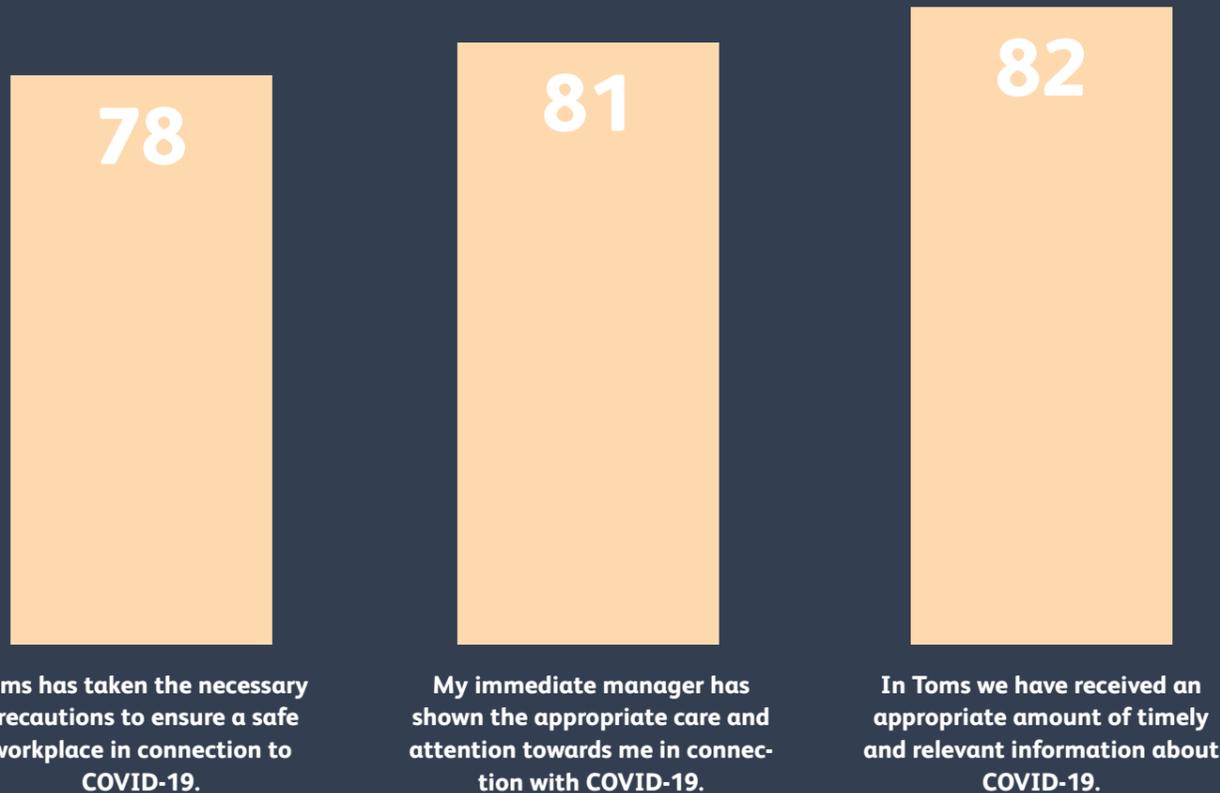
In 2020, Covid-19 had a major impact on our employees and business. During the initial lock down in spring, we had to adjust to a completely new workday, as all administrative employees across the Group worked from home, while the production and sales forces were still physically at work every day. During summer, the situation became more stable and more employees returned physically to the office, before implementing more restrictions again in the late fall.

We have, during the entire pandemic, followed the restrictions and recommendations of local authorities, doing our utmost to care for our employees' health and safety. Besides from safeguarding employees against covid-19 by initiating e.g. temperature measurements when entering the sites, mandatory face masks, increased disinfection

of surfaces in administration and production, virtual meetings and single-wrapped food in our canteen, we have also continuously emphasized the importance of open dialogue around our employees' psychological wellbeing, in a time with many human and social concerns.

In our employee engagement survey in August, we were happy to see that employees generally felt, that the first period of Covid-19 had been handled well within the Toms Group.

Below is the results of the employees' answers on three additional corona-related questions added the survey in 2020. The pillars show on a rating scale from 0 to 100 how well the employees agree in the assertion below each pillar.



## Diversity

We strongly believe that a diverse workforce improves our performance potential, strengthens our competitiveness, and makes Toms a better place to work. In all recruitment processes for employee and management positions, we strive to have at least one male and one female candidate in the final candidate pool. Likewise, we generally also strive to maintain a diverse workforce in terms of other diversity parameters. Other examples of how we put action behind the words of our diversity policy are:

- **People development:** In the annual personal development dialogues, we discuss our employees' needs for training and development. The purpose is to ensure a continued match between employee competences and the future requirements of the organization.
- **Language teaching:** In addition to the training and educational opportunities offered employees within their own specific job area, we offer language classes to employees who, for various reasons, need to improve their language skills.

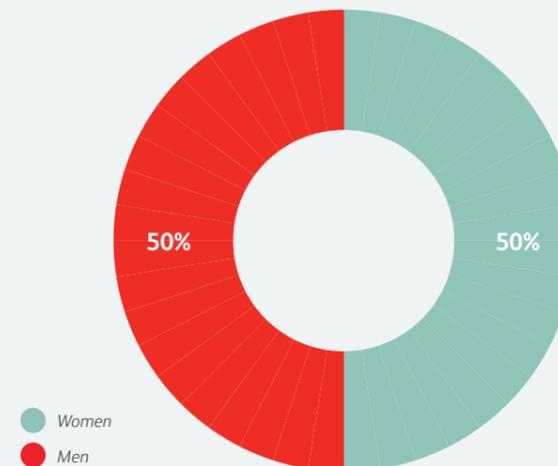
- **Systematic engagement survey:** Annual employee engagement survey. (See details and results of recent survey in the previous section "Employee engagement survey"). The survey allows us to investigate differences in engagement amongst different employee groups, gender, and organizational levels.
- **Flexible working conditions and wage subsidies:** In 2020, the flexibility at the workplace was taken to a completely new level due to the Covid-19 pandemic. We have continuously communicated and supported our employees in finding the balance between working from home while also taking care of smaller children and home schooling. Generally, we strive to support the needs for arrangements with flexible jobs and wage subsidies to help employees stay connected to the labor market. These initiatives help us in our efforts to meet our employees' diverse and changing needs for training, support, and development, and strengthen the benefits of a diverse workforce for Toms.

## Gender distribution in management

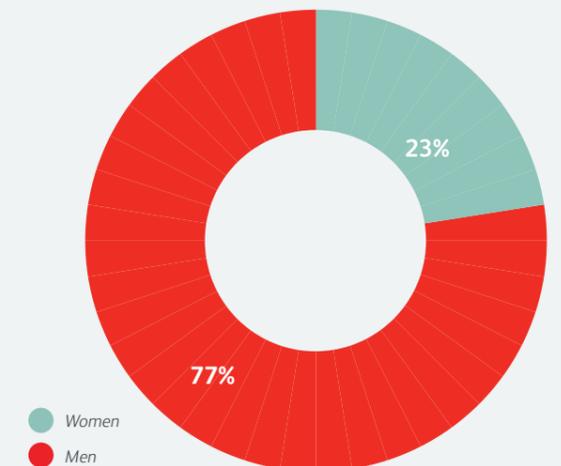
The six Board Members of the Board of Toms Group A/S are elected by the general meeting and are up for election annually. In 2020, the previous 100 per cent male gender distribution was changed, with one new female member elected for the Board. Additionally, there are, three staff-elected Board Members, one of whom is female. The Board of Directors aims to have at least two female board member elected by the general meeting by 2025.

The executive management group at Toms normally comprises seven members. During the second half of 2020, there has only been six members due to a change of CEO, three of whom were women. The group of managers below the executive management level\* comprises 66 members: 23 per cent women and 77 per cent men. The share of women leaders below executive level has decreased significantly in 2020.

Executive management (2'nd half of 2020):



Middle Management:



\*Definition of middle management: All managers with staff responsibilities: The mandate to hire and fire, budget responsibility and employee- / organizational development responsibilities for a function.

## Occupational health and safety

We acknowledge the fact that ongoing adjustment and adaption to market and high demands for efficient and fast production present potential risks for employee safety and well-being.

Consequently, we have a general duty to ensure the safety and health of our employees in every aspect of their daily work. Below, we describe the efforts implemented at each of our sites.

### Denmark

Our organizing of our health and safety at our two factories in Denmark is structured in 15 safety groups, all responsible for maintaining and improving the working environment and safety for a workplace area.

In 2016, all safety groups made a complete workplace assessment of their work area and on this basis defined an action plan.

In 2018, we implemented yearly workplace assessments. To ensure that we have reviewed all the topics relevant

for our industry over a 3-year period, we each year go into depth with one-third of the relevant topics. The topics of 2019 were Health & Safety Walks and solving the Health & Safety challenges at the level in the organization with the power to do so. This is part of our continued focus on accident prevention.

The topic for 2020 were prevention of work-related accidents. To ensure a deeper study and better learning of our near-miss and workplace accidents, we have improved our template to report and investigate all reported near-misses and work-related accidents with and without absence. Furthermore, we have set up a KPI for the implementation of these new procedures. Every second month, we follow up on the KPI, and by end 2020, 80 % of reported incidents were investigated following the improved template.

Additional to our workplace assessments, we continuously adjust our procedures and training whenever we observe situations in risk of causing any danger to the health and safety of our employees.

### Poland

The focus for 2020 in our two Polish sites located in Nowa Sól and Leszno, were risk assessments and safety machinery. We have updated safety instructions and completed thorough assessments of the production sites to identify any potential risks and possibilities to enhance the safety of the employees with for instance personal protective equipment.

In 2020, our two Polish sites were SMETA audited with 2-pillar audit. The audit confirmed that our Health and safety approach and initiatives including our procedures for dealing with safety incidents and near-misses are sufficient.

### Our 2021 initiatives

The main focus for 2021 will be to continuously consolidate the broad span of people related initiatives established throughout the past years to improve the engagement, motivation, and conditions for each employee.

We plan to, amongst other things, enhance our focus on creating a balanced lifestyle at work, including new initiatives around flexibility for e.g. families and senior employees and prevention and management of stress.

Late 2019, we launched a new set of Leadership Capabilities across the Group and a One Toms Leadership Training Program to support the implementation of the identified capabilities, consisting of 3 modules. The purpose of the program is to build a common understanding of good leadership behavior and create a strong leadership culture across all levels of management, functions and countries in the Toms Group. The first module was completed in 2019, and the second and third module were planned for 2020. Unfortunately, these had to be postponed due to the pandemic but will be resumed in 2021.

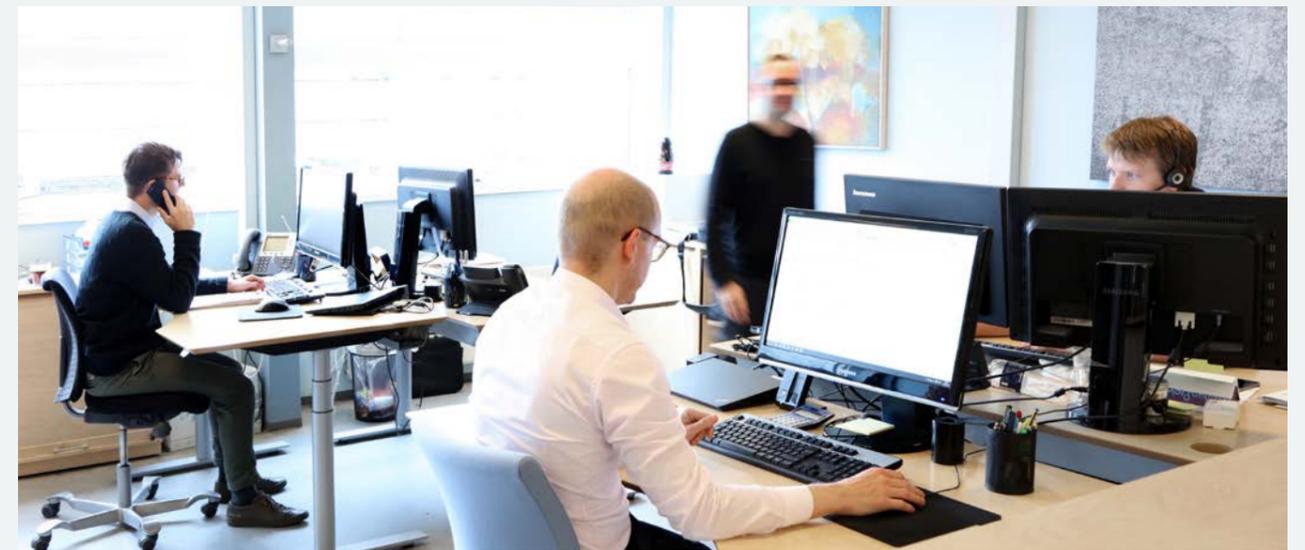
To cover more key topics of our corporate responsibility, the SMETA audits of our Danish production sites will



### Our approach

At our Danish, German and Polish facilities, our Health and Safety work is structured systematically and we have developed a new Health & Safety Policy in corporation with our working environment groups in 2020.

In this policy we describe our approach to ensuring continuous improvement within health and safety by adequate plans and activities, which ensure implementation along our entire supply chain. In addition, the policy describes our aim to continuously develop a proper HSE mindset and responsible behavior through training and guidelines for employees and contractors.



### Occupational accidents

We work systematically to continually improve workplace safety at our factories. Our focus in this work is both on optimization of the physical conditions and on creating a culture where safety is balanced against the company's other goals.

We believe that our total efforts on health and safety at work are most accurate measured by the accident frequency, which is why this is the key indicator we measure our performance against. That all said, we focus in our daily work on the processes supporting the prevention of accidents.

The graph below shows the accident frequency for the past years at our two factories in Denmark, our German chocolate factory, and our Polish packing facility.

#### Occupational accidents

Number of accidents per 1 m. working hours



At our Danish candy confectionery factory, we in 2020 were able to maintain the level we reached in 2019 after the marked decrease from 2018 to 2019. And at our Danish chocolate factory, we saw a small decrease from 2019 level. In Leszno packing facility we had a small increase in the number of occupational accidents. And finally, in Nowa Sól where we started producing during end 2019 and 2020, we saw a relatively high accident frequency. This was caused by new staff of employees, lack of knowledge of the risks and production processes, and problems with machine settings.

*An accident is defined as a work-related accident involving lost working time, excluding those accidents in which time lost is restricted to the day of occurrence. It is worth mentioning that our statistics cover all accidents, but only count the working hours of the hourly workers.*

from 2021 be 4-pillar audits. These cover Environment and Business Ethics - in addition to Labor Standards and Health & Safety, which are already covered by our current 2-pillar audits.

To further enhance our safety culture, we in 2021 continue to work targeted on enhancing our accident prevention culture. As described above, we will do this with a strong focus on transferring from a safety culture to a



preventive culture. Our way of conducting Safety Walks will be improved by using new and improved tools and a increased follow up. They not only guide us on how we best can ensure the health and safety of our employees working in production, but also inform us on how to plan and schedule activities in our production in a way, which ensure the safety and well-being of the colleagues in the production.

To further support this, we have decided to expand our Health and Safety organisation with more work environment groups in the administrative part of our business. We believe that in this way we can increase cooperation on occupational safety and health between administrative functions and production. From May 2021, our health and safety organization at our two factories in Denmark is structured in 18 safety groups.

During 2020, we have developed a health and safety module for our e-learning program. This program will be launched in the early 2021. Together with "face-to-face"-talks, this will strengthen our safety culture going forward. Employees must revisit this as well as the GMP e-learning module every year to ensure constant awareness of these important fields.

In 2021, we continue our efforts for accident prevention with our safety organization in general. Our investments in new production equipment at our candy confectionery factory also result in improved safety for the employees.

At our Polish sites we will in 2021 work to minimize the number of accidents through training and education in production processes, the technical specification of machinery, and the potential risks at the workplace. Additionally, we will conduct more frequent audits in production areas and more safety walks with coordinators. Together we will assess the work conditions and set priorities for the continued work on optimization of the conditions.

Additionally, we have for our Polish sites planned monthly awareness campaigns on Health Safety and Environment. This could for instance cover safety, accident prevention or health-issues as smoking.

# Environment and climate

Environment and climate are the cornerstones of our approach to our responsibility. We have an objective to minimize our impact on both global climate and the local environment through targeted efforts within energy savings, support of green transformation and responsible use of resources in our supply chain.

## Comprehensive energy savings

In 2009, the Toms Group entered a climate partnership with the energy supplier Ørsted (then DONG Energy). Since then, the partnership has supported us achieving energy savings, by reducing energy consumption, and reducing our factories' overall impact on the climate.

In 2018, we initiated a new project with Ørsted with the ambitious goal of generating comprehensive energy savings at our Danish factories.

The first part of this project involves replacing approximately 6,000 lighting sources in our production and administration. This will produce annual savings of 1.377 GWh, which corresponds to more than 300 families' consumption of power. As an added benefit, the indoor climate has been improved, benefitting our employees and our production. We have worked on this huge project during 2019 and 2020 and got the final lighting sources replaced in beginning of 2020.

In 2019, we initiated another key sub-project on insulation of 1.3km of piping in our Danish chocolate production facility. In 2020, we have continued this work, where additionally 700 meters of pipes have been insulated. This technical insulation will save more than 2 GWh annually and will improve the indoor climate as well.

During 2020, we also finalized our investigation of the possibilities of heat pump utilization in our Danish chocolate production facility. In spring 2021, we will start the transformation of our chiller system and implementing a heat pump (1,350 kW) with an outcome to recover energy and utilize it for heating purposes in our factory.

## Our approach

Our CSR policy describes our recognition of the fact that business activities have a crucial impact on the development of society. This is not least the case for manufacturing companies like Toms Group. With production and packaging facilities in Denmark and Poland, we have a great responsibility to integrate precautionary principles towards environment and climate as well as constantly seeking to minimize our consumption of energy and support the development of environmental sustainability along our value chain.



In our Polish chocolate production facility, a heat pump (1,250 kW) is already installed and was commissioned during 2020. It is utilized in a similar method as mentioned above to recover and transfer heat energy to be reused in our facility. The heat pump implementation

makes it possible in a great extent to reduce our natural gas and district heating consumptions.

## Support for green transformation

Another key element in our climate partnership is our

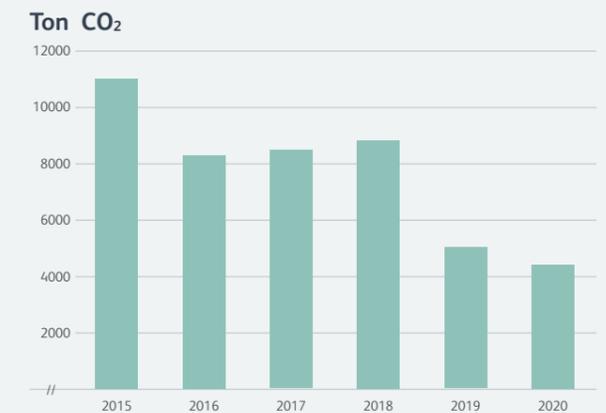
### Toms Group Energy Consumption



Our total energy consumption in Toms Group is now 8.8% below the total consumption in 2015.

The blue line at the 2019 pillar indicates the total energy consumption without the energy used in connection with our construction of the new factory in Nowa Sól, Poland. The CO2 emissions for the Toms Group cover natural gas, district heating, electrical power and diesel. The emission factors used is 2,070 kg/m<sup>3</sup> for natural gas, 64 kg/MWh for district heating and 2,5232 kg/L for diesel. Consistent factors are used since 2012 to ensure comparability over the years.

### Toms Group CO<sub>2</sub> emissions



Compared to 2015, Toms Group has by the end of 2020 reduced the emission of CO<sub>2</sub> by 43%.

The Energy Consumption for the Toms Group comprises of natural gas, district heating, and electrical power. The usage is based on invoices from our suppliers Evida Nord A/S, I/S Vestforbrænding, Fjernvarmecentralen Avedøre Holme, Ørsted A/S, swb Enordia GmbH, HBL Nord-energie GmbH, ENEA Operator Sp. z o.o., PGNiG Obrót Detaliczny sp. z o.o and by car rental accounts in cooperation with Fleggaard Leasing A/S, Arval Deutschland GmbH and PKN ORLEN SA.

These data are collected monthly by technical operational department and finance department.



procurement of wind power. In 2011, Toms began purchasing wind power from Ørsted's offshore wind farms. By 2015, all electricity used at our Danish facilities has been covered by wind power.

"Guarantee of Origin" certificates ensure the earmarking of production of wind power equivalent to the volume of our consumption.

From beginning of 2019, we expanded our support for green energy by covering our entire electricity consumption across the group including Poland, Germany and Sweden with wind power from Ørsted's European offshore wind farms.

**Reduction in CO<sub>2</sub> emissions**

Our total energy consumption at Toms Group decreased by 13.1% in 2020 and is now 8.8% below the total consumption in 2015.

By the end of 2020, Toms Group had a decreased emission of CO<sub>2</sub> by 43% compared to 2015. This is mainly a result of our support for wind power and our energy saving projects mentioned on the previous page.

**Waste management**

We consider it highly important to minimize the environmental impacts of our waste, which is why we prevent or recycle as much of our waste as possible. We focus on handling waste at the highest possible level of the waste hierarchy.

This means that we first attempt to prevent waste and limit the loss of raw materials. However, as this is not always feasible, we seek to recycle as much of our waste

as possible. Waste that cannot be recycled is utilized for production of district heating or discarded in an environmentally sustainable manner in line with the most stringent waste disposal standards.

**Mapping of chemicals**

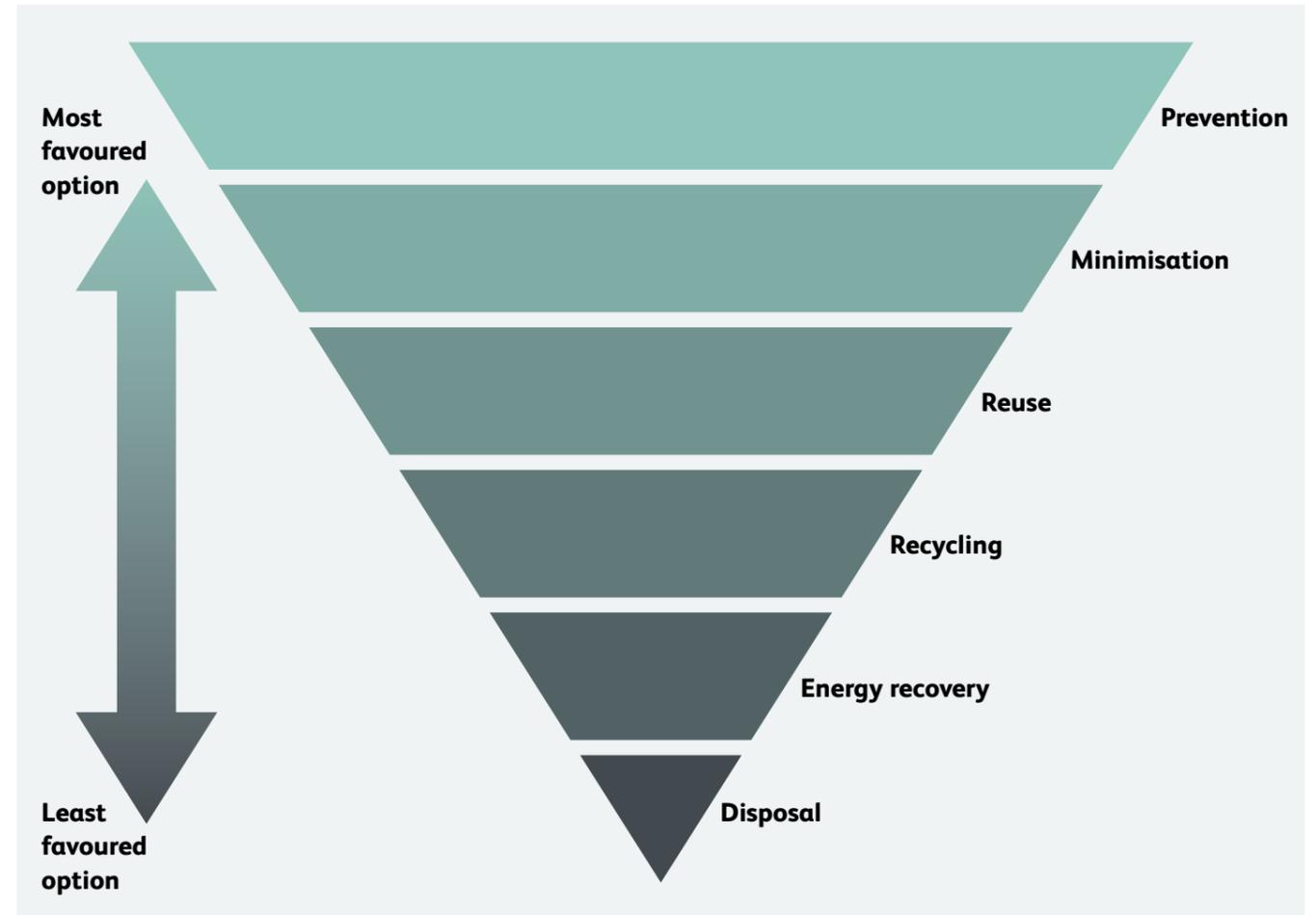
We have mapped all chemicals at our Danish and Polish factories and implemented this in a chemical management system called iChemistry. The system enables us to minimize the number of different chemicals in our production; plan the most efficient training according to the correct handling of used chemicals and prioritize which chemicals we plan to substitute with less dangerous ones.

**Our 2021 initiatives**

We are in a process of finding the best possible use of the chemical management system mentioned above. When fully implemented, the management system will benefit purchase, development, production, and management of wastewater.

As mentioned above, we will in spring 2021 start the transformation of our chiller system at our Danish chocolate factory where we will implement a heat pump (1,350 kW) with an outcome to recover energy and utilize it for heating purposes in our factory. Also, at our Danish chocolate factory, we will implement an air-to-water heat pump (16 kW) for our concierge building, which is physically separated from the main building and therefore has its own cooling and heating system.

From 2021, we have allocated more resources to continuing the improvement of our energy efficiency and composition across the group for the benefit of our climate footprint and CO<sub>2</sub> emissions. During 2021, this enables



us to analyze the energy needs and set-up at our candy confectionery factory in Hvidovre, Denmark, investigating further possibilities for energy and emission reductions.

In 2021, we are going through our waste categories, and based on this assessment we will further ensure, that we are recycling as much of the waste categories as possible.



# Business ethics

Sourcing and engaging in business partnerships all around the world poses risks of encounter corruption and other unethical behavior. It is our responsibility to mitigate these risks. Additionally, we have a responsibility to ensure a respectful work environment internally in the Toms Group across cultural-, national- and professional differences.

Our job is simply put; to ensure that our relationship with our approximately 3,000 suppliers and partners, 1,300 employees and customers in 100 countries is based on fairness, honesty, and high ethical standards.

## Supplier Code of Conduct

As part of a long value chain, our continued responsible business conduct depends to a great extent on our success in ensuring the same ethical standards with our suppliers as we have internally at Toms Group. That is why the expectation to respect human rights, labor standards, the environment and anti-corruption is reflected on an operational level as a significant part of our Supplier Code of Conduct.

The document was renewed in 2018 with the inclusion of more topics, reflecting the whole spectrum of the environmental and social responsibilities facing all partners in

## Our approach

Our Supplier Code of Conduct and our Employee Code of Conduct describes our corporate approach to business ethics.

These documents describe our demands and expectations of all employees as well as all suppliers on ethical, moral, social, and environmental responsibility.

We describe below our recent initiatives to ensure that these documents cover all relevant areas of our corporate responsibility and that they serve as effective tools for ensuring high ethical standards along our value chain.  
Our Supplier Code of Conduct can be downloaded [here](#).



our supply chain. We also chose to add a signature form to the Code of Conduct, which all suppliers must sign when a new or renewed contract is signed with the Toms Group.

## Employee Code of Conduct

To ensure high business ethics standards in general, our internal Code of Conduct guide us all through large and small choices in our daily lives.

In 2019, our renewed Employee Code of Conduct formed the basis for a new learning module in our corporate e-learning platform. The module is part of our mandatory onboarding training and education for all new employees and is part of the mandatory training package, which each employee must revisit every second year to stay aware of the security, safety and ethical standards and norms at the Toms Group.

In beginning of 2020, 91.5% of all employees completed the Code of Conduct module. In November 2021, we will start the process of having alle employees completing this module again.

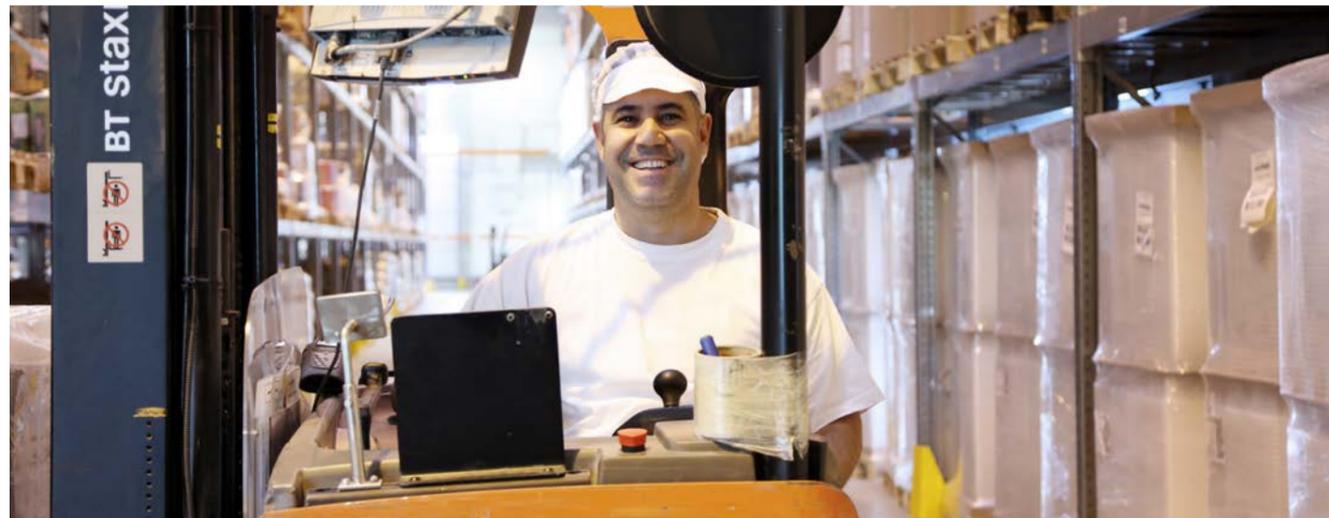
## Whistle blower scheme

Safeguarding high ethical standards requires accessibility, credibility, and trust. In 2018, we therefore established a whistleblower system run by an impartial external party, which guarantees security and anonymity.

The scheme allows for reporting of serious offences that violate the law, regulations or the Toms Group's policies and Code of Conduct. All reports are confidential and – if requested – fully anonymized. We did not receive any reports through this new scheme in 2020.

## Our 2021 initiatives

As part of our Employee Code of Conduct training, we provide all employees with our guidelines on how to avoid conflicts of interest and distortion of competition in the market. All employees across the Toms Group will again in 2021 complete our e-learning including the Code of Conduct module.



# OUR CONSUMERS

We see it as part of our corporate responsibility to be a proactive and responsible partner in our domestic market communities. In this chapter, you can read about our approach to and initiatives in supporting a balanced and active lifestyle. Furthermore, you can read about how we support especially the future consumers with the information and knowledge needed to make conscious and responsible choices.



# Our consumers

We see it as part of our responsibility to support our consumers with knowledge and better possibilities to a more sustainable consumption – for the environment as well as for themselves. Our efforts in this cover recyclable packaging, food waste, consumer education and sponsorships and partnerships supporting balanced lifestyles.

To enable our consumers to recycle more packaging material and minimize their food waste, we have set ambitious targets on recyclable packaging and have engaged in cross-industrial partnerships fighting food waste.

## 100% recyclable packaging

There are many and often contradictory requirements to our packaging materials, which must protect the products for months. We need to balance these requirements while at the same time develop the most responsible and sustainable setup.

In 2020 we have been working intensively on developing of several alternative recyclable packaging solutions. The alternative packaging solutions are ready to go through Toms qualification process and will gradually be implemented as they qualify.

Even though we must acknowledge that it will require development and constant adaptation in the coming years, we have chosen to set the ambitious target of reaching 100% recyclable packaging materials by 2025 at the latest. We are currently at an 80% level concerning packaging material that is recyclable, but that will change fastly as the alternative packaging solutions are implemented over the coming years.

To optimize the positive effect of our effort we will additionally ensure that all products inform the consumer about correct waste sorting.

## Consumer Education

It is our high priority to provide our consumers with the information and knowledge needed to make conscious and responsible choices.

We continue to develop our concepts for educating school children and students in chocolate production, sustainability, and balanced lifestyle. In 2020, our long tradition of welcoming school classes to our chocolate production facilities has been challenged by the covid-19 pandemic, and we have therefore intensified our outward-oriented education concepts.

Our experience boxes have in 2020 delivered cocoa and chocolate materials accompanied with interactive education portfolios for up to 10.500 danish school children. Furthermore, we are about to launch a web-based



education platform to expand the opportunities of using our education concepts.

In all information to our consumers we strive to ensure high learning outcomes and to stimulate high consciousness of the individual. We always highlight central sustainability issues from Toms' engagement in cocoa production, energy saving and renewable packaging. Lately, the debate on renewable packaging is intensified by including more packaging information in our interactive education portfolios and by SoMe communication directly reaching our consumers.

It is a pleasure for Toms to receive valuable inputs from our consumers through these channels where we are pleased to have nuanced dialogues on these more complex issues.



## Fighting food waste

Too much food ends up in the trash today. To contribute to a significant change of this waste, the Toms Group in 2019 joined a cross-industrial initiative called "Bedst før – ofte god efter" ("Best Before – Often Good After").

The initiative, developed in collaboration with Too Good To Go and industry players including the Toms Group, aims to reduce food waste at the consumer level. This by helping the consumers to decode, which products are safe to eat even though they might have past their "Best Before" date.

The extra label will first of all guide the consumers to differentiate the "Best Before" label from the "Use By" label. "Use by" is an expiry date. It is used on products where the consumer risks being ill by eating the product if this date is exceeded. The "Best before" label is only an indicative date label used on products where it is health-safe to eat it after this date as well.

None of our products have the "Use by" label but only the "Best before" as all are health-safe to eat even long after this date. At Toms Group we will continuously add the "Often Good After" to all the products where the consumer doesn't risk a bad taste experience by eating it after the "Best before" date, but only risk that the color and/or taste have faded. At Toms Group we will continuously add the "Often Good After" to all the products where the consumer doesn't risk a bad taste experience by eating it after the "Best before" date, but only risk that the color and/or taste have faded.

### Sponsorships supporting a balanced lifestyle

We seek to support balanced and active lifestyles through sponsorships and partnerships. This is in line with the long history of the Toms Group as an active commercial partner to a broad variety of sports. In 1955, Toms signed the first commercial sponsorship agreement becoming an active partner within football. This was the beginning of a vast array of partnerships between Toms and a long line of Danish athletes. For many years, we have sponsored sports through Toms Ligaen, women's handball, The Gold Bar race, speedway, as well as sailing, equestrian sports, football and golf.



### Support for family sports

Toms started in 2019 a new initiative in partnership with DIF (Danish Sports Confederation) called Toms Guld-puljen (Toms Gold Pool). The purpose of this pool is to support and reward initiatives that enable families to do more sports activities together. We made this initiative into a tradition in 2020. All sports associations in Denmark could in the early summer 2020 apply for funding and in September, a total of 91 local sports associations received grants from the pool, which distributed a total of DKK 1 million. The funds in the pool are sponsored by Toms Foundation.



### Olympic partner

In 2016, Toms made a comeback to the world of sports with a five-year partnership with DIF and Team Danmark as sponsor of the Danish Olympic athletes. The summer of 2020 should have been the great year of the Summer Olympics, but it was postponed one year due to the Corona situation. So we have used the sponsorship to help strengthen the awareness of different sports in cooperation with a number of Olympic athletes and we are looking much forward to seeing the athletes in action in Tokyo in the summer of 2021.

### Going forward

Our Olympic sponsorship is a five-year deal, and we are looking forward to supporting the Danish Olympians at Tokyo 2021. In 2021, Toms Guld-puljen will continue the partnership with DIF. The pool will distribute a total of DKK 2 million among a broad range of sports associations across Denmark that support family sports activities. From April to September 2021, all sports associations with DIF membership can apply for funds to enable family activities in their association.

### The history of danish confectionary production is reaching our consumers

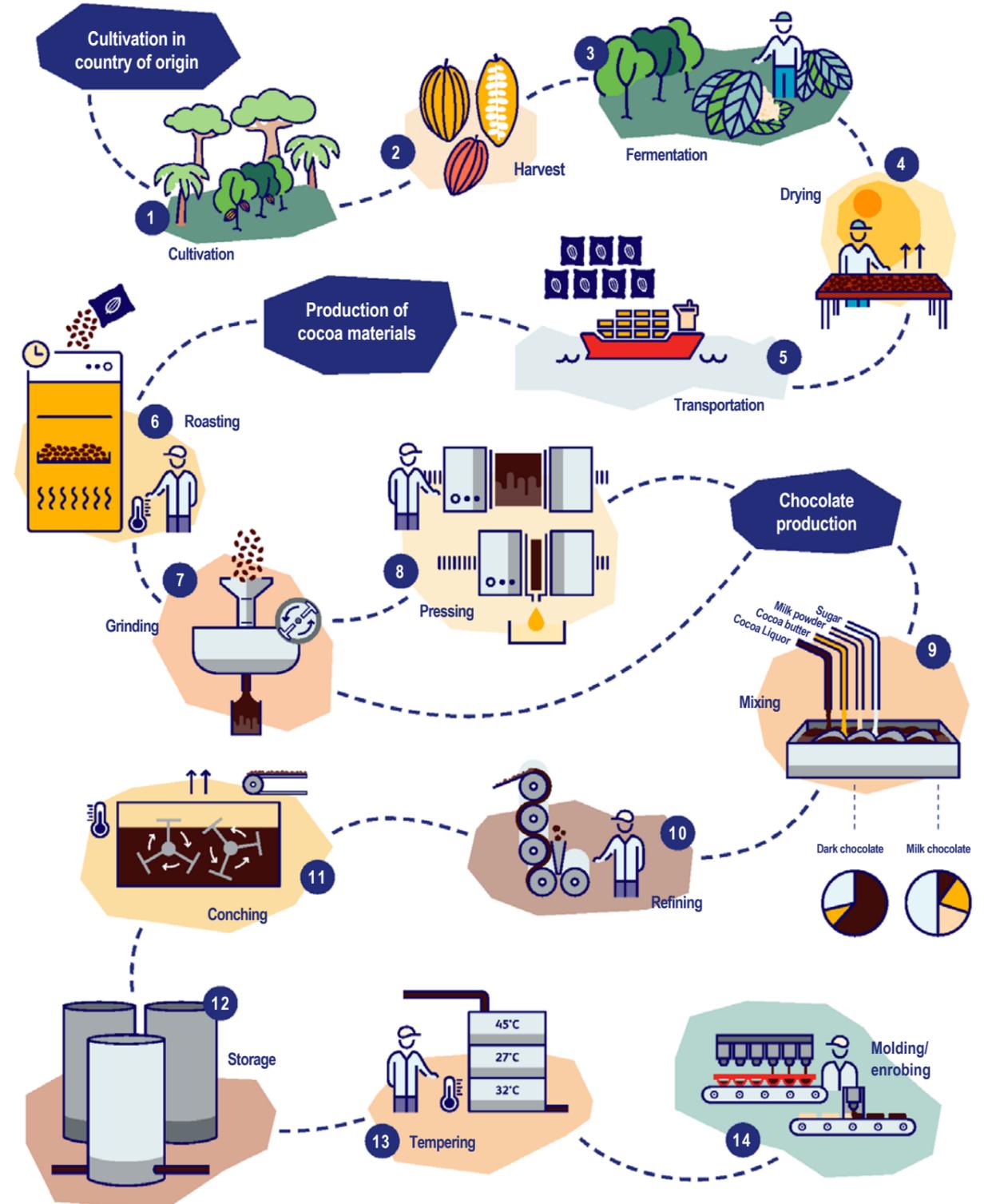
Danish confectionary production goes back to the late 1800's and has ever since strongly impacted working lives, family lives and the social community in Denmark during periods of industrialization-, product- and business development. As the major inheritor of Danish confectionary production, the Toms Group sees it as our obligation to ensure that this cultural heritage is safeguarded and disseminated to our consumers.



We are convinced that a knowledge of the past will form a valuable basis for the understanding of future environmental and social initiatives related to our production. In 2020, we have initiated a systematic digitalization of historical objects, photos and documents, and we are inviting former colleagues to contribute with memories from their working lives at Toms Group. All information will be collected and reach our consumers via articles and videos on our website and in relevant communication channels.



## Toms FROM BEAN TO BAR





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Financial year:	1 January - 31 December