



2021

Non-financial Report 2021
Toms Gruppen A/S



About this report and ...

In this report, we outline our approach to corporate social responsibility and report on our performance in 2021.

Corporate social responsibility statement

This report covers the financial year 1 January 2021 to 31 December 2021 and represents the corporate social responsibility statement of 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 2021 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](https://www.tomsgroup.com).



With this report, we reaffirm our support of the ten 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.

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 and Sustainable Development Goals, we focus on the issues representing a significant risk or value-creating opportunity for us, our business partners or society. This report is structured in accordance with the sustainability strategy of the Toms Group. See next chapter for information on the development of this strategy which is based on a thorough assessment of the social and environmental impact of the Toms Group's business conduct.

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/or suggestions as to how we can improve our reporting, please contact Lea Holm, Toms Group CSR and Communications Manager, at lsh@tomsgroup.com.

This report was published by Toms Group A/S digitally on 23 March 2022 and can be downloaded at [tomsgroup.com](https://www.tomsgroup.com)

Toms Group A/S

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Company reg. (CVR) no.: 56759328
Established: 30 January 1924
Registered office: Ballerup

Ownership

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



... it's content

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A welcome from the executive management describing what drives our work for sustainability at Toms Group. / PAGE 4



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6. Foundation

The foundation of everything we do is respect and decency towards business partners and colleagues; a strong focus on employees' safety and wellbeing; responsible use of resources, and high food safety standards / PAGE 30



Letter from the Executive Management

Dear reader,

Thank you for your interest in our sustainability efforts. In this report, you can read about Toms' sustainability strategy, the work leading to it, and the very concrete actions, we are now driving.

We measure our actions up against the globally acknowledged UN Sustainable Development Goals.

In our opinion, sustainability must be regarded not only as a set of ambitious goals, but also as a discipline and a mindset that will keep us driving towards a better, greener, and safer world. Sustainability is not only about reaching a target, but about striving for the better forever.

Therefore, in Toms Gruppen, sustainability will be the way we operate and develop our business while developing and producing the chocolate and sweets that people love.

We started as pioneers back in the 1990'ies, setting sustainable standards for our cocoa-import. However, the complexity of sustainability calls for honest assessment of where along our entire value chain we potentially have negative impact today. And it calls for real, data-driven, and science-supported actions that lead to lasting changes - changes that matter not only for the engaged consumers now, but for the future we leave our children.

To accelerate our work, we initiated the development of a new strategy in 2020 and began analysing where to start and how to drive sustainability through mapping all raw materials and our entire value chain.

Based on this impact assessment we defined our focus areas: Raw materials, Climate, and Packaging.

Among the specific actions and targets set, we would like to highlight: We will be sourcing 100% sustainable cocoa as of 2023; we will expand our efforts to protect children's rights and end deforestation beyond cocoa, to cover all our raw materials; we signed Science Based Target initiative in February 2022 and will set science-based targets to combat climate change by the end of 2023; we will have 100% recyclable packaging by 2025 as a first step towards circular packaging - up from 92% today.

Our message is clear: Toms will aim higher. We expect our suppliers and partners to do the same. We promise our customers and all chocolate-loving consumers that we will not compromise on neither nature, climate or labour and children's rights.

While we have reached important milestones during the last years, we acknowledge that we have a complex and challenging journey ahead. Reaching our targets will require engagement from across the Toms Group and it will require investments in internal resources and capabilities as well as in partnerships.

With a changed mindset, strong partnerships, targeted investments, and concrete actions, we are on the path to contributing to a safer and more sustainable world.

We hope you will enjoy reading about our journey.

Lars Henrik Vejrup Hansen, CFO
Annette Ziepel, CEO



Sustainable Choices

PAGE 3-17

CHOICES

Caring is our business

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 of being part of the needed solutions.

We will make sustainable choices all along our value chain - for the people we interact with and the environment we impact. This is our basic approach. But how do we do this?

New sustainability strategy

Making sustainable choices is more than having a responsible approach in everything we do. It is also about being decisive about what to prioritise when it comes to fulfilling our responsibility as a caring company.

In 2021, the Toms management team and functional specialists across the Group continued our journey initiated in 2020 towards developing a new sustainability strategy.

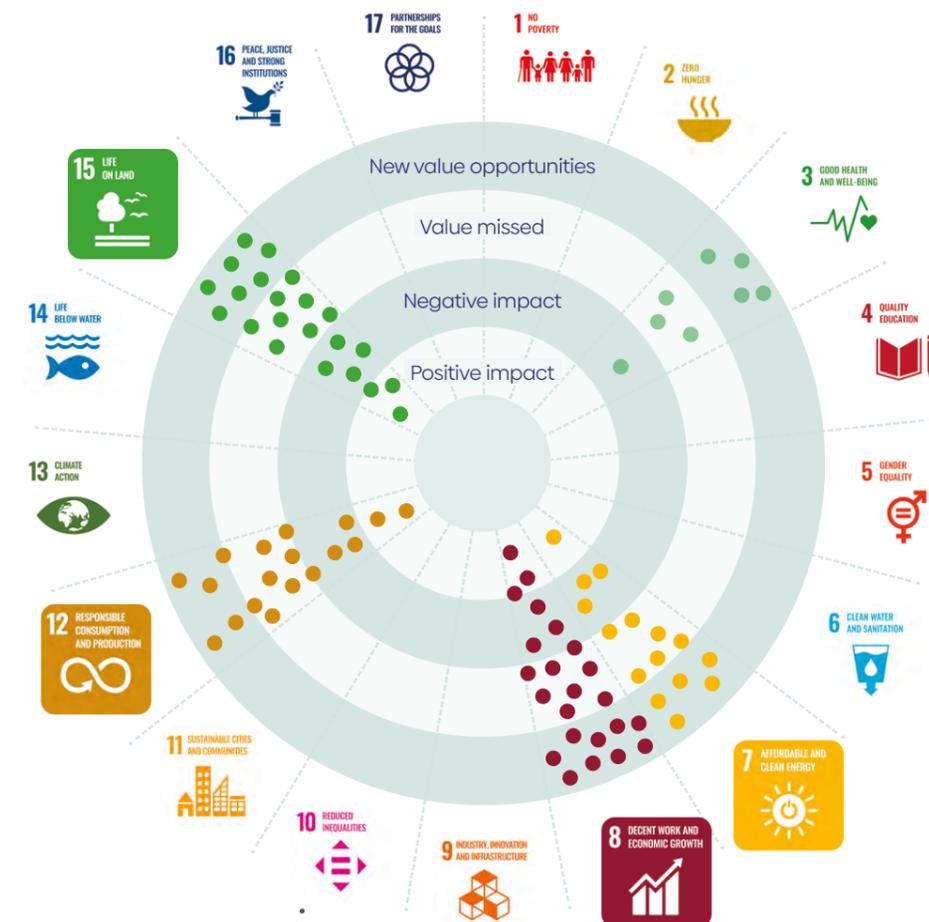
Based on stakeholder interviews, materiality and risk analysis, assessments of our current and potential social and environmental impact and possibilities for creating value, we identified the focus of our new sustainability strategy.

The initial results of this process are illustrated on the infographic: 'Value Scan' to the right. It shows the result of a "value scan", conducted with assistance from the Confederation of Danish Industry, and visualises on which of the 17 Sustainable Development Goals we have the strongest current or potential impact.

Based on the value scan and further assessments, the key issues along Toms Group's business model were identified. See infographic: 'Key Issues'. Subsequently, the key issues guided management and functional specialists to identify the themes of Toms Group's new sustainability strategy.

Value Scan

Each dot illustrates a specific area or issue where Toms Group has current or potential positive or negative impact along our value chain



Key Issues

The identified key issues along Toms Group's business model

1. Sourcing

- Farmer livelihood
- Children's rights and education
- Deforestation and biodiversity
- Anti-corruption



2. Transport

- CO2 emissions
- Packaging



3. Production

- Energy consumption
- Renewable energy
- Resource management
- Safety and wellbeing



5. Consumption

- Packaging and recycling
- Food safety
- Consumer information



4. Transport

- CO2 emissions
- Packaging



Three pillars based on a solid foundation

The three pillars of our new strategy are illustrated below. They cover the areas along our value chain where - currently or potentially - we have the biggest impact positive or negative. These are the pillars which guide and structure our approach, ambitions and priorities for the coming years. For each pillar, we have defined the overall ambition and targets.

New Sustainability Strategy

Sustainable Choices



Responsible sourcing

We protect forests and children's rights throughout our supply chain

- 100% sustainable cocoa sourcing by 2023
- No deforestation and no child labour in our cocoa supply chain by 2025
- No deforestation and no child labour in our full supply chain by 2030



Combat Climate Change

We do our part in combatting climate change

- Carbon neutral production by 2025
- Implement energy projects lowering carbon emissions by 2,000 tonnes of CO2e (2020 - 2030)
- By Q3 2023, set science based targets, incl. scope 3 target for 2030



Circular packaging

We minimise the use of packaging materials and maximise recyclability

- 100% recyclable packaging by 2025
- Additional targets to be identified Q1 2022

Decency & Respect

Safety & Well-being

Resource Management

Food Safety



The new strategy will lead to significant results within the four sustainable development goals: 7, 8, 12 and 15.

We will attune our focus, initiatives and targets to new solutions as these emerge.

In the next chapters, you will find more details about the three pillars - the targets set, the initiatives and the results already achieved.

From page 30, you will find more information on the foundation on which we build our sustainability strategy: Decency and respect, safety and well-being, resource management and food safety.

Governance

We aspire to execute good corporate governance, ensuring implementation and continued development of our sustainability strategy.

For each pillar of the strategy, a team coordinator is responsible for driving development towards the goals. Together with Toms' sustainability manager, the team coordinators ensure alignment across the pillars of the strategy and the sustainability steering group which consists of four selected directors and managers.

Learn more about our sustainability policy ...

Our Sustainability Policy sets the overall framework for our work with responsibility throughout our value chain. Read the full policy here:

[Read Our Policy](#)

To ensure continuous progress and strategic alignment with the development of the Toms Group in general, the Board of the Toms Group is presented with a status quarterly.

UN Sustainable Development Goals



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

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

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

A close-up photograph of a person's hands sorting cocoa beans. The hands are dark and weathered, with some dirt on the fingers. They are holding a small cluster of beans, and several others are falling from them into a large wooden bowl filled with more beans. The background is blurred, showing a blue wall and a wooden structure.

Responsible Sourcing

PAGE 10-17

SOURCING

We join forces to lead the way

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

Our responsibility

We must recognise that many of our goods contain natural raw materials, and that the extraction and processing of these implies potential risks to humans or the environment along complex supply chains.

Being a manufacturer, this leaves us with great responsibility to stay on top of the development in the supply chains and to ensure transparency and responsible, risk-based procurement practices for all of our approximately 2,000 suppliers.

Towards 100% sustainable cocoa

For more than 15 years, the primary focus of our sustainable sourcing efforts has been cocoa since

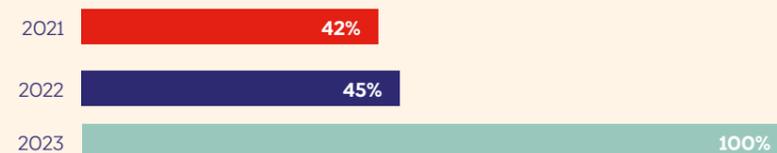
this is our most important raw material. In 2020, we set the goal of sourcing 100% sustainable cocoa by 2025. As part of our new sustainability strategy, we have decided to strengthen this ambition to reach 100% already by the beginning of 2023.

Consequently, from the onset of 2023, we will not only source our Ghanaian cocoa beans from sustainable sources – but we will also source 100% of all cocoa through programmes that are certified or verified by third party as being sustainable.

Our primary partner in this, Barry Callebaut, is the leading sustainable player in the cocoa industry. We have joined forces with them in their quest towards 100% sustainable cocoa.

By 2023, 100% of the cocoa that we source will be from Barry Callebaut's sustainability programme, Cocoa Horizon, or will be certified by the sustainability certification scheme, Rainforest Alliance.

Towards 100% sustainable cocoa



In 2021, 42% of our total cocoa supply was sourced through the sustainability programme, Cocoa Horizon. In 2022, 45% will be sourced through this programme or will be Rainforest Alliance certified. By 2023, we will reach our target of 100% cocoa sourced through Cocoa Horizon or the Rainforest Alliance certification scheme.

Cocoa Horizon – Toms Group's contribution in 2021

During 2021, Toms Group's contribution to the Cocoa Horizon activities has enabled the following:

ACTIVITY	TOMS GROUP CONTRIBUTION
No. of farmers with proven knowledge on sustainable cocoa production	788
No. of cocoa seedlings distributed	6500
No. of farmers who received Farm Service activities (FBP, coaching, inputs such as tools and seedlings, or income diversification)	505
No. of shade tree seedlings distributed to farmers	8200

A pioneer in the industry: Sustainable and holistic development

In 2006, Toms Group began to work towards sustainable development of the cocoa communities from where we sourced our cocoa. Ever since, we have been improving the lives and prospects of the farmers and children in our sourcing communities in Ghana. We have improved farmers' incomes, livelihoods, safety and environmental footprints – through educating the people on soil assessments and optimising crop volume and the quality of the cocoa.

We supported these efforts by structural and community-based initiatives: safe loan options, support to start livelihoods and plant cocoa and other trees on farms, access to water and environmentally safe fertiliser.

The eradication of child labour whilst protecting children's rights to education and a safe and secure

childhood was key and required for farmers to earn enough to hire workers so that their children could go to school. We trained locals in children's rights and built societal mechanisms to spot and resolve child labour. We helped ensure governance of school construction and management, including safe roads, toilets, meals and recreational spaces.

We have achieved lasting results through a persistent, humble and holistic approach, and will use our valuable learnings in a continued effort to develop a sustainable cocoa supply chain.

We will continue to fight for the livelihoods of the farmers, the protection of their children and the forests where the cocoa is grown, in partnership with Barry Callebaut through the programme, Cocoa Horizon.

Higher ambitions for responsible sourcing

As part of our development of the new sustainability strategy, in Q3 2021 we set targets for what to focus on and what to achieve in the pillar, 'Responsible Sourcing'.

We have set targets for the areas into which we will invest extra efforts – not only in our cocoa supply chain but also in our full supply chain.

These areas are the protection of children's rights and the protection of forests. In total, our targets for Responsible Sourcing are the following:

Our decision already by 2023 to source 100% of our cocoa through the sustainability programme, Cocoa Horizon or Rainforest Alliance, is an important step towards reaching our targets for our cocoa supply chain. In addition to the impact gained through our sourcing practice, we will collaborate with Barry Callebaut and our membership organisations, International Cocoa Initiative and World Cocoa Foundation, on initiatives to further support the development towards a cocoa supply chain protecting children's rights and the forests.



Responsible sourcing

We protect forests and children's rights throughout our supply chain

- 100% sustainable cocoa sourcing by 2023
- No deforestation and no child labour in cocoa supply chain by 2025
- No deforestation and no child labour in full supply chain by 2030

Cocoa is not enough

An important part of our new sustainability strategy is the inclusion of other raw materials to be 100% sustainable by 2030.

We will follow our progress towards these targets guided by the KPI 'Percentage of at-risk parts of our supply chain covered by due diligence mechanisms that effectively and sustainably prevent and remediate child labour and deforestation'.

The goal for this KPI is 100% by 2030. The path towards reaching this is still to be defined with the help of strong partnerships for both socially and environmentally sustainable sourcing practices.

A mission impossible?

We know we will be challenged, not only in the process, but also on the targets themselves, especially when it comes to eradicating child labour – is this even possible?

Let us be clear on the differentiation between child work and child labour: Child work, where children work on their parents' farm outside school hours with safe tasks

and for limited periods of time. The work is legal and commensurates with their ages and is not harmful.

Child labour is defined as work that deprives children of their childhood, their potential and their dignity. This is obviously harmful to physical and/or mental development and is neither legal, nor acceptable.

Our stance is that we are obliged to eradicate child labour, and we will approach this in the coming years for our entire supply chain with risk-based work across our raw material portfolio. The same will be the case for our quest to eradicate deforestation: Based on a thorough assessment of the risks in the supply chain of the individual raw materials, we will identify where there is a need for initiatives to be taken.

Our approach is not to end sourcing from the suppliers from areas where risks are identified. In line with the [United Nations Guiding Principles on Business and Human Rights](#), the solution lies in assessing, monitoring and remediating where there may be a risk of children becoming involved in child labour – or of forests being degraded or destroyed.

We follow the progress towards our goals for our cocoa supply chain with these KPI's:

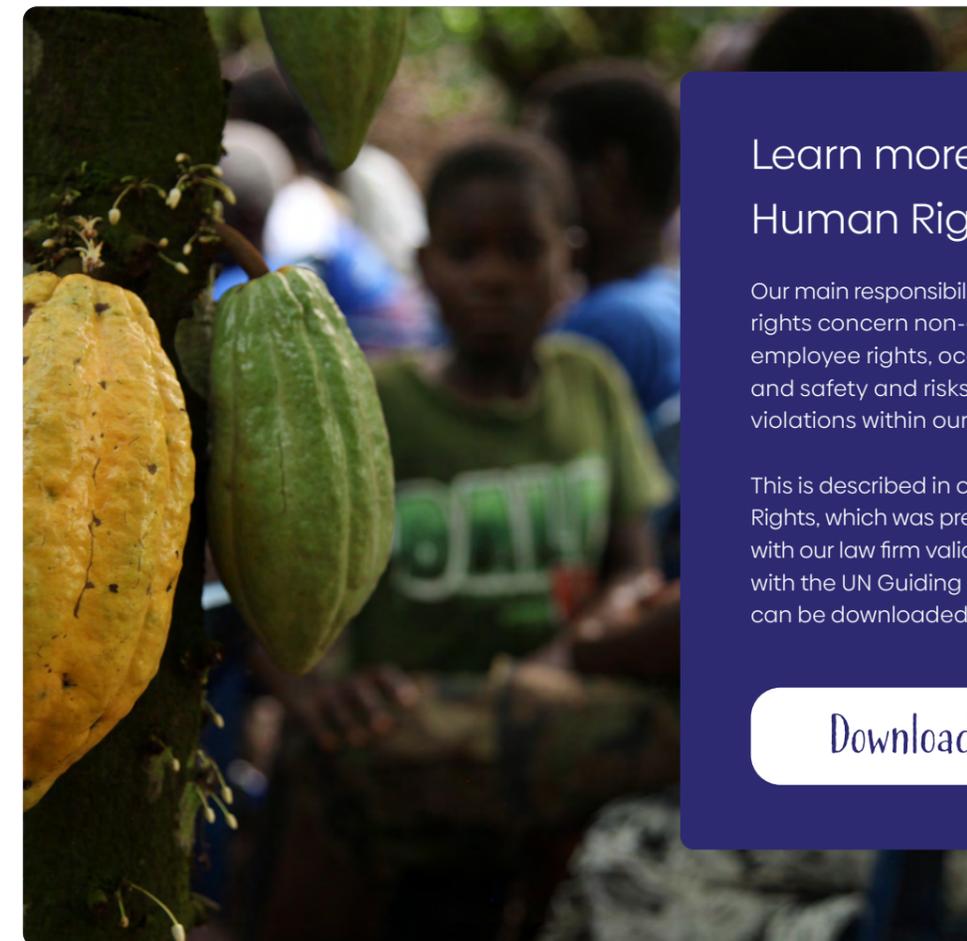
Percentage of farmer groups with systems in place to prevent, monitor and remediate child labour:



Percentage of cocoa proven to be free from deforestation. (That is, cocoa is not sourced from National Protected Areas as defined by the National Governments.)



Targets



Learn more about our Human Rights policy ...

Our main responsibilities towards human rights concern non-discrimination, employee rights, occupational health and safety and 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.

[Download Our Policy](#)



Together we are stronger

Ghana produces approximately 20% of the World's cocoa – and Toms buys less than 0.5% of the cocoa produced in Ghana. To make a real impact, action is required by the leading cocoa and chocolate manufacturing companies, and we need to 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 2002, Toms Group has been a member of the ICI to support this initiative's important efforts to improve the lives of children and contribute to the elimination of child labour in cocoa-growing communities and in the cocoa supply chain. [You can read about the impressive results here.](#)



- **World Cocoa Foundation (WCF)** Since 2011, Toms Group has been supporting the WCF to help achieve our shared goal of cocoa sustainability. WCF supports cocoa communities, education, field programmes and scientific research. For more information, you can [visit the WCF website here.](#)



- **Cocoa & Forests Initiative** 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. As signatory, Toms Group is obliged to set targets and actively fight deforestation in the cocoa industry. [Read more about CFI here.](#)



- **German Initiative on Sustainable Cocoa** Our group company, Hanseatische Chocolate GmbH, is a 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 livelihoods of cocoa farmers and their families as well as to increase the proportion of sustainably produced cocoa. [Get more information here.](#)

Palm Oil ...

Even though cocoa will always be the most important raw material for Toms Group, we have our focus directed on other raw materials too – palm oil, for example. Toms Group is using 100% RSPO-certified palm oil in all our products. We work through a membership of RSPO to make sustainable palm oil the norm globally.

Danish Alliance for Responsible Palm Oil

In 2020, together with leading Danish companies, authorities and organisations, 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.



A satellite view of Earth from space, showing the Americas. The image is oriented vertically, with North America at the top and South America at the bottom. The word "CLIMATE" is superimposed in large white letters across the center of the image.

Combating Climate Change

PAGE 18-23

CLIMATE

Teamplaying our way to a greener world

The global climate crisis calls for immediate action from all players, and we plan to do our part. This is why we lean on science-based targets and aim to reduce the total greenhouse gas emissions across our full value chain and in line with what science says is necessary to combat global warming.

Scientifically based targets ...

The Paris Agreement specifies the need for minimising global temperature rises to well below two degrees Celsius by 2100 as measured from a pre-industrial level. Toms Group has decided to set climate targets in alignment with what is scientifically recommended. In Q1 2022, we will sign up to the Science Based Targets initiative (SBTi) which guides companies in setting adequate emission targets, using the Greenhouse Gas (GHG) protocol - an international standard for mapping and calculating direct and indirect emissions.



Reducing direct emissions has been one of our ambitions for years, and reduction of emissions and energy consumption has been integrated into the development at our facilities. We have now started to specify and calculate targets which meet the requirements of the SBTi standards. SBTi divides targeting into three scopes:

Scope 1

covers direct emissions from own production



Scope 2

covers indirect emissions connected to own production

Scope 3

covers emissions from the full value chain



Targets and governance

For scope 1 and 2, Toms has set the target to reach carbon neutral production in 2025. This ambitious goal will be achieved through our continued procurement of renewable power and through reductions in our own energy consumption. Specifically, we will implement energy projects lowering our direct carbon emissions. With 2020 as the baseline, the target is to reduce our direct emissions with 2,000 tonnes CO2e by 2030.

Establishment of a climate team

To ensure the best possible start in succeeding with our climate ambitions, the necessary governance has been secured by establishing a climate team and a steering committee in Toms Group. The climate team will develop and lead projects contributing to lowering energy consumption and CO2e emissions in SBTi scope levels 1, 2 and 3. The members of the climate team represent multiple departments across Toms Group, and representatives will report ongoing activities and recommend new projects/initiatives to the steering committee on a regular basis. Regarding the significant analysis of scope 3 emissions, our target is to have a full set of Science Based Targets for 2030 by Q3 2023, including a target for a reduction in emissions related to our value chain (scope 3).



Combat Climate Change

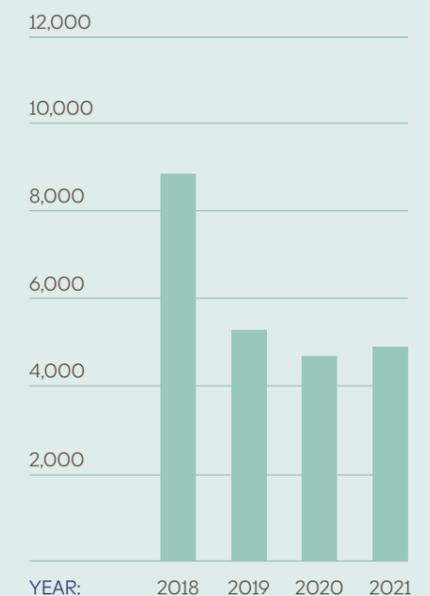
We do our part in combatting climate change

- Carbon neutral production by 2025
- Implement energy projects lowering carbon emissions by 2,000 tonnes CO2e (2020 - 2030)
- By Q3 2023, set science based targets, incl. scope 3 target for 2030

Toms Group's direct and indirect CO2 emissions

In 2021, we reduced CO2 emissions per ton produced. (Tonnes total is slightly higher than in 2020 only because we produced more in 2021.) Nevertheless, we are heading towards our ambition of reaching carbon neutral production by 2025, and significant reductions are expected in the coming years. The CO2 emissions for Toms Group cover natural gas, district heating and diesel. The emission factors used are 2,070 kg/m³ for natural gas, 64 kg/MWh for district heating and 25,232 kg/L for diesel. Consistent factors have been used since 2012 to ensure comparability over the years.

TOTAL TONNES OF CO2



Four initiatives towards reaching our targets

Combatting climate change calls for a range of initiatives. Each initiative contributes to reaching our targets.

1) Energy Power measurement System

An Energy Power measurement System (EPmS) is being introduced in Toms Group. The implementation is almost completed and will be finalised during 2022; providing Toms with the first reports on total energy consumptions and emissions for each production site.

EPmS will be our energy compass which we will use for navigation. It provides transparency of where, when and how energy is used in the factories, and is a visualisation of how Toms stays on track regarding activities related to reducing CO₂e emissions. The system will provide important energy data to projects, local regulations, taxes and systems as well as for management purposes.

2) Heat pump Ballerup completed

Installations and commissioning of a new heat pump (1,350 kW) in Ballerup was finalised in the autumn of 2021 and has been running since November. This heat pump recovers and transfers energy from a refrigeration plant into the hot water system, supplying the factory all year. Most energy which heats the factory now comes from electrical power instead of district heating. It is estimated that it reduces emissions by 540 tonnes of CO₂e per year with an energy recovery of up to 70% of total heat energy needed. An evaluation of the heat pump has begun and will be ongoing until the end of 2022.

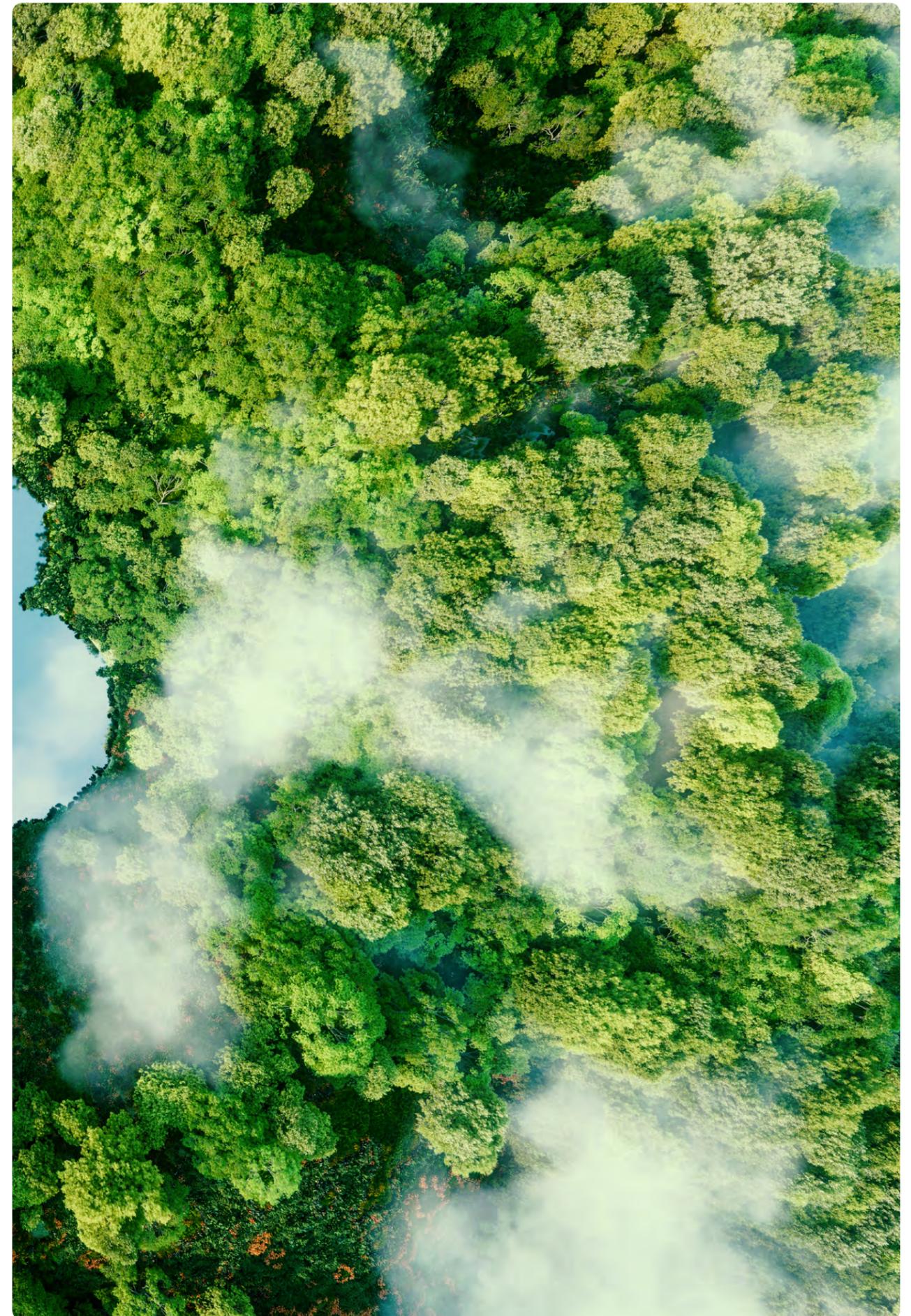
3) New car policy

For achieving and supporting Toms' objective of becoming carbon neutral by 2025, it has been decided to start a transition to a fleet of electric company cars. Consequently, when leasing contracts are renewed, all benefit cars must be 100% electric. Likewise, when leasing contracts for field sales cars are renewed, these must be electric with few exemptions; if the infrastructure is not yet fully available across Toms' sales districts in Denmark, Sweden and Germany. Further, Toms Group will establish charging boxes at the production sites in Denmark and Poland.

4) Renewable energy procurement

Since 2011, Toms has supported the green transformation towards production of more renewable energy. This has been achieved by covering the power consumption at our factories by Certificates of Origin (GOOs) from Ørsted offshore wind farms, with the purpose of supporting the development of more renewable energy projects. As part of our ambition to reach carbon neutral production by 2025, we will invest in corporate Power Purchase Agreements (PPAs) in the coming years, where additional renewable energy is produced. PPAs are planned to cover most of the power consumption across the Toms Group.

By 2025, the remaining consumption of power and other energy sources used for our production will be fully covered by PPAs or GOOs or so-called 'UN Carbon Credits'. These are approved by the UN to compensate for any remaining emissions we cannot eliminate, by reducing CO₂ emissions elsewhere.





Circular Packaging

PAGE 24-27

PACKAGING

Exploring new opportunities

Packaging plays many important roles in ensuring that our products meet the highest quality and food safety standards. It helps preserve the freshness of our products, avoid food waste and provides consumers with helpful information. We need to maintain all these benefits while also finding a way to ensure that our packaging can be part of a circular economy.

We are committed to reducing the environmental impact of the packaging that we use, without compromising the safety, quality and consumer acceptance of our products.

Our objective is to produce the best chocolate and sweets products packed in the most efficient and appropriate packaging materials available while, at the same time, satisfying consumer requirements and meeting their expectations.

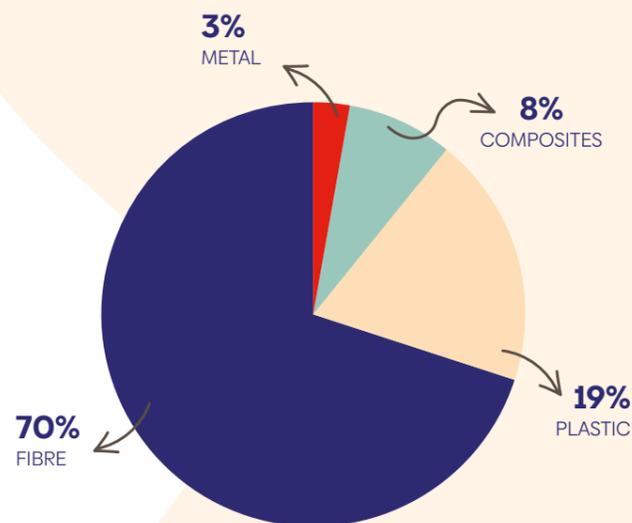
We currently have packaging materials within these four material categories: plastic, fibre-based, metal and composites.

Supporting the transition towards circularity

Circular Packaging is one of the three pillars in the sustainability strategy of Toms Group. The overall ambition for this area is to support the important development from a linear model to circular packaging.

Plastic, fibre (paper and cardboard) and metal accounts for 92% of the packaging materials used for our products. These materials are easy and efficiently recyclable. 8% of the packaging mass used is based on a mix of materials (called composites) which is currently not efficiently recyclable. (Percentage of recyclable packaging material is calculated from the ratio between the mass of recyclable packaging materials and the total mass of packaging materials used.)

Packaging categories used at Toms:



We hereby support the EU ambition to build a circular economy for packaging by 2050. Circular packaging solutions incorporate the principles of the circular economy, which is focused on products and materials being used over and over, in a continuous loop, rather than being discarded.

This ambition guides our approach to packaging going forward, where we will maximise recyclability, minimise

packaging use and develop our packaging to contribute to a sustainable, circular development.

Towards 100% recyclable packaging

For years, we have been working towards a higher degree of circularity in our packaging solutions. The first official target set to guide us in this is to reach 100% recyclable packaging materials by 2025 at the latest.

During 2021, we managed to convert a significant part of our plastic packaging materials from being based on composite (mixed) materials with a low recycling value to be recyclable mono-material based. These efforts brought us to 92% recyclability.



92% of the packaging mass used by Toms Group for product packaging is easily and efficiently recyclable.

Plans for converting the remaining 8% of poorly recyclable composite materials are made, and we will continue to execute these plans in the coming years. By 2025 at the latest, the composite category will be eliminated, and our target reached.

Beyond recyclability

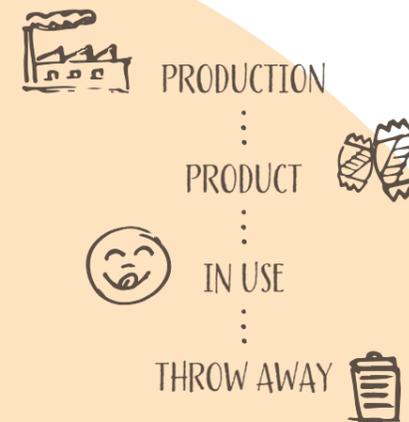
The recyclability target is key in our efforts towards circularity, but our ambitions in this field are not met by reaching this target alone. In the beginning of 2022, additional targets will be set to guide the wide range of other initiatives. The packaging solutions must:

- have the lowest possible weight and volume
- be based on as much recycled material as possible
- be based on materials that do not use substances that can adversely impact the environment
- clearly communicate material used and how to sort the packaging waste

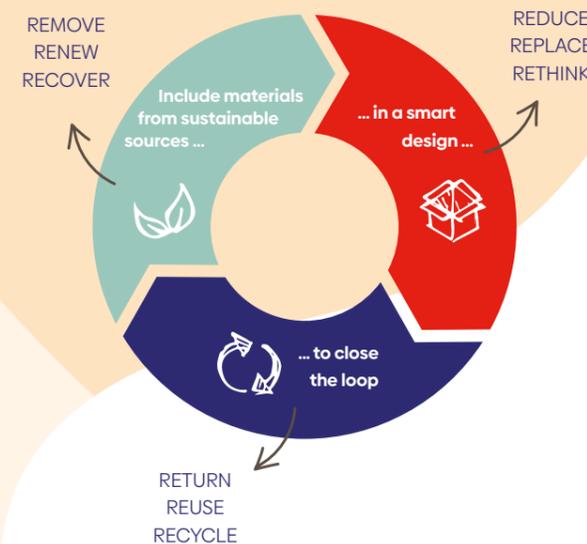
All new packaging developments are in accordance with these guidelines.

Alternative packaging developments have been initiated in 2021. We expect to be able to introduce a lot of these to the market in the coming years.

From linear...



... towards circular packaging:





Foundation

PAGE 28-43

FOUNDATION

The backbone that raises the bar

The foundation on which we build our sustainability strategy is respect and decency towards business partners and colleagues; a high level of safety and well-being; responsible use of resources and high quality and food safety standards. These four elements are crucial for sustainable development, and form the backbone in how we operate and develop Toms.



Sourcing and engaging in business partnerships all around the World pose risks of encountering corruption and other unethical behaviour. It is our responsibility to mitigate these risks.



Additionally, we have a responsibility to ensure a respectful work environment inside the Toms Group, across cultural, national and professional differences.

To put it simply, our job is to ensure that our relationship with our approximately 2,000 suppliers, 1,000 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, 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 expectations regarding human rights, labour standards, the environment and anti-corruption are reflected at an operational level as a significant part of our Supplier Code of Conduct.

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 related to corruption, violation of human rights or environmental issues in our business. In the event of any such case, we will act immediately in accordance with our Code of Conduct.

Employee Code of Conduct

To ensure high standards of business ethics in general, our internal Code of Conduct guides us 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. This 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 Toms Group.

At the beginning of 2020, 91.5% of all employees completed the Code of Conduct module. In the spring of 2022, we will start the process of having all employees complete this module again.

Our approach

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

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

We describe 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:

[Code of Conduct](#)

Whistleblower scheme

Safeguarding high ethical standards requires accessibility, credibility and trust. This is why we established a whistleblower scheme in 2018, and it is run by an impartial external party to guarantee security and anonymity.

This scheme allows for reporting any offence that violates the law or regulations or the Toms Group's policies and Code of Conduct. As part of the employee code of conduct e-learning, all employees are informed about the possibility to report through the whistleblower scheme. Reports are confidential and - if requested - fully anonymised. We did not receive any reports through this scheme in 2021.

SAFETY AND WELL-BEING

We strive to be a safe and inclusive workplace where each employee is happy to go to work, safe and dedicated – and is offered the opportunity to develop. We support our employees in having balanced lives, also during the challenges continuously brought on by the Covid-19 pandemic.

Employee engagement survey – this year including sexual harassment

Every year, we conduct an employee engagement survey where our employees rank parameters like 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 results help us to identify strengths as well as potential areas for improvement regarding our employees' engagement and our work environment.

The 2021 survey included two extra sections: one evaluating the new ways of working and another measuring psychological well-being, i.e. if employees have experienced sexual harassment, bullying, violence or threats of violence. As we have no tolerance of these behaviours, we were happy to see that, across the group, no incident of sexual harassment was reported. In 2021, 724 employees gave feedback through the survey, equal to 88% of those invited.

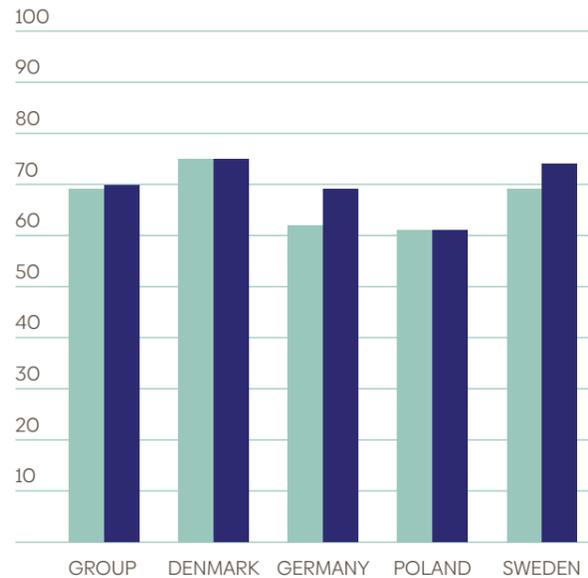
Employee engagement in two parameters

To the right, you see the results of the two surveys measuring engagement, satisfaction & motivation and loyalty. At group level, we notice a small increase in satisfaction & motivation from 2020 to 2021, driven by great improvements in Germany (+7) and Sweden (+5) and status quo results in Denmark and Poland. Loyalty is generally at a high level across the group, particularly in Denmark and Sweden, and in 2021 also in Germany (+6).

We continue to have a sharp focus on the follow-up process, both at country and team levels, to ensure dialogue regarding the identified challenges and strengths within the organisation and teams.

Satisfaction & motivation

RATING SCALE (1-100)



Our annual engagement survey invites all permanent employees to give feedback confidentially through an online survey. The survey is managed by an external consultancy, ensuring both confidentiality and proper data analysis.

Loyalty

RATING SCALE (1-100)



Our approach

Our approach to ensuring that Toms is a good and safe workplace is described in our Corporate Responsibility Policy. Further, it is supported by a number of policies which covers the well-being, safety and development of employees, as well as the terms and conditions of employment for different employee groups. The policies cover areas as: Personal relations in the workplace, anti-bullying and anti-harassment, equality and diversity, acceptance of differences and how to support a colleague dealing with personal grief. We also have policies covering health/nutrition/substance abuse, handling absence due to sickness and a diversity policy that describes the approach to achieve and maintain gender equality in both management and other employee groups.

All policies that regulate our approach to employee health and well-being are approved by our work council. Our externally available policies can be downloaded here:

[Our Policies](#)

Covid-19 – how to lead online

In 2021, Covid-19 continued to have a major impact on our employees and business. We started the year by training all people managers on how to manage and lead their teams under the difficult circumstances that we were faced with. During the year, our administrative employees have worked both from home and from the office, depending on the developments in Covid-19 locally. Our production workers and sales forces were still physically at work every day.

We have followed the restrictions and recommendations of local authorities. Doing our utmost to care for our employees' health and safety, initiatives have included for example, mandatory corona passes where possible, temperature measurements when entering the sites, mandatory face masks, virtual meetings, extra cleaning, distancing and single-wrapped food in our canteen. We have also continuously emphasised the importance of open dialogue around the mental well-being of our employees at a time of many human and social concerns.

Employee 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 management positions, we strive to have at least one male and one female candidate in the final candidate pool. Likewise, we generally strive to recruit and maintain a diverse work force in terms of other diversity parameters. Other examples of how we put action behind our words are:

- People development: In personal development dialogues, we discuss our employees' needs for training and development, as well as engagement and work-life balance. The purpose is to ensure continued development of employee competences to meet the future requirements of the organisation, as well as to keep employees motivated. Combined with dialogues around work-life balance, for example, we want to ensure that all employees can develop at Toms and to support them in reaching their ambitions.
- Language teaching: We offer language classes to those of our employees who want to improve their language skills.
- Systematic engagement survey: Our annual employee engagement survey (details on previous page) allows

us to investigate differences in engagement amongst different employee groups, gender and organisational levels. Further, it provides insights into whether employees feel they are given equal opportunities at Toms.

- New ways of working: Flexibility at the workplace has been taken to a new level based on the learnings from the Covid-19 pandemic. We have supported our employees in finding the balance between working from home while also taking care of smaller children and home schooling. In August 2021, we made it a permanent possibility for employees to work from home for up to two days a week to foster more flexibility. We encourage managers, employees and teams to continuously discuss how the individual as well as the team thrive and collaborate with the new ways of working.
- Flexible working conditions and wage subsidies: Generally, we strive to support the needs for arrangements with flexible jobs and wage subsidies to help employees stay connected to the labour market.



Gender distribution in management

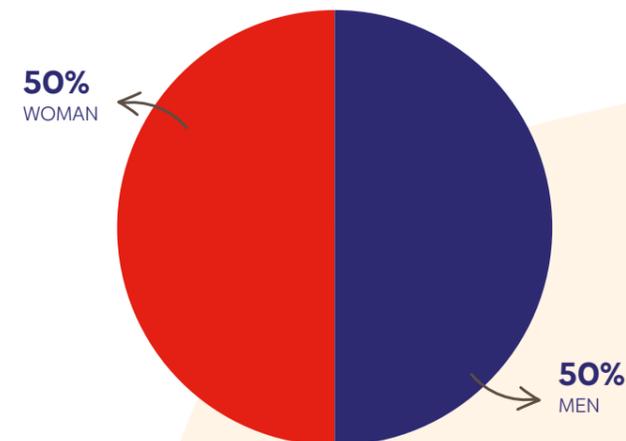
The six members of the Toms Group Board of Directors are elected at the general meeting and are up for election annually. In 2021, the gender distribution continued to be one female and five male members, as no member was up for election. Additionally, there are three staff-elected board members, two of whom are female. The board of directors aims to have at least two female board members elected by the general meeting by 2025.

The executive management group at Toms comprises eight members with a 50/50 gender distribution. The group of managers below the executive management level* comprises 66 members: 26% women and 74% men. The share of female leaders below executive level has increased slightly in 2021.

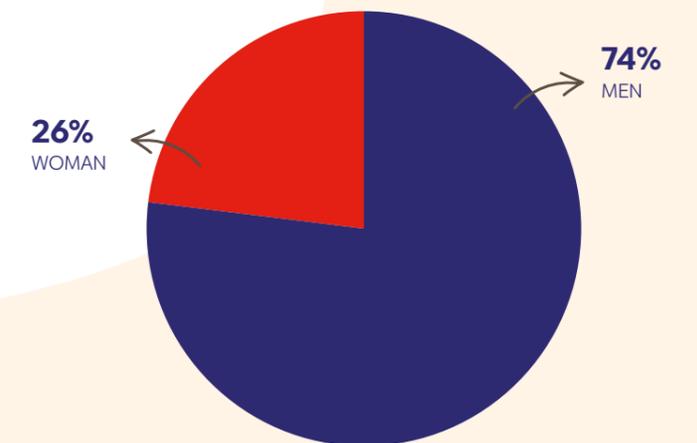
**All managers with staff responsibilities, including budget and employee- / organisational development responsibilities for a function.*

These initiatives help us meet our employees' diverse and changing needs for training, support and development, and strengthen the benefits of a diverse workforce for Toms.

Executive management



Middle management



4-pillar SMETA audit of all production sites from 2022



SMETA is recognised globally and one of the most widely used social audit procedures in the World. In Toms Group, we use the SMETA audit to assess our socially responsible supply chain activities, and from 2022, all audits of our production sites in Denmark and Poland will be 4-pillar audits. This means they will cover Environment and Business Ethics as well as Labour Standards and Health & Safety that were previously covered in the 2-pillar SMETA audit. 4-pillar audits were conducted at our Danish sites already in 2021.

Initiatives in 2022 on employee well-being

The main focus for 2022 is to continuously consolidate the broad span of people-related initiatives established during past years to improve the engagement, motivation and conditions for each employee. We plan to have new initiatives focusing on both physical and mental health to support our employees' well-being at different stages of their lives.

Our One Toms Leadership Programme, which was initiated in 2019, will be finalised in 2022. The purpose of this programme is to build a common understanding of good leadership behaviour and to create a strong leadership culture across all levels of management, functions and countries in the Toms Group. The completion of the programme does not mean an end to leadership development, as we recognise the need for continuously developing and engaging with our people leaders to drive the business forward and ensure high levels of engagement amongst our employees.

Health and safety efforts at our sites

We acknowledge the fact that ongoing adjustments and adaption to the 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. Here is an overview of various efforts during 2021 at our sites:

Denmark

Health and safety at our two Danish production sites is structured in 18 work environment groups, all responsible for maintaining and improving the working environment and safety for a workplace area. In 2016, all working environment groups completed a workplace assessment, and action plans were defined on this basis. In 2018, running workplace assessments were implemented, and a Health & Safety walk is conducted every second month to ensure that all relevant topics for our industry are included, and that all areas and environmental issues are covered. In 2021, improved forms for these health and safety walks were successfully implemented.

To ensure maximum learning outcome from workplace accidents and near-misses, our template to report and investigate all reported near-misses and work-related accidents has been improved. The KPI on this area is that 100% of the reported incidents are investigated with help of the improved template. Every second month, we follow up on the KPI, and by the end of 2021, 86% of reported incidents were investigated following the improved template. We expect that our initiatives towards our employees' health and safety knowledge will bring the use of the template close to 100% by 2022.

In 2021, we implemented that, if a workplace area has more than one Lost Time Accident (LTA), the work environment group must investigate if there are overall reasons. For these investigations, we use the 'Safety Net' methodology. In addition to our workplace assessments, we continuously adjust our procedures and trainings whenever we observe situations at risk of causing any danger to the health and safety of our employees.



Another important initiative is the introduction of a Health and Safety app which helps us to follow incidents on a weekly basis. Incidents are divided into LTA's (Lost Time Accidents), non-LTA's and near-misses, and the app supports a faster communication of safety issues throughout our organisation. Additionally, in 2021, new production equipment at our sweets confectionary site has enhanced the safety level, and an e-learning in Health and Safety has been launched and completed by all Danish employees.

Poland
The focus at our two Polish sites is on risk assessments, safe machinery, protective equipment and prevention of accidents. In 2021, we continued the health and safety approach by encouraging the employees to a mindset of safety and prevention.

Overall, our foremost goal is to avoid all accidents. In order to achieve this, an important KPI is to investigate all incidents (accidents and near-misses) and to complete 100% on the tasks prompted by these. In 2021, completed tasks after investigation of accidents were 100%, and completed tasks after near-misses were 97%. We continue to strictly follow up on all incidents in order to correct all identified issues through adjustments of production lines and working procedures.

In 2021, we have improved various elements within health and safety. This includes improving working procedures, introducing protective equipment and technical installations. For example, a LOTO system has been coupled to a main production line, and we have introduced a range of of personal protective equipment that facilitates our employees' adaption to new procedures.



Health and safety policy – At our Danish and Polish facilities, the health and safety work is structured systematically. Our Health & Safety Policy describes the approach to ensuring continuous improvement within health and safety by adequate plans and activities, which ensure implementation along our entire value chain. In addition, the policy describes our aim to continuously develop a proper HSE mindset and responsible behaviour through training and guidelines for employees and contractors.

Number of accidents decreased

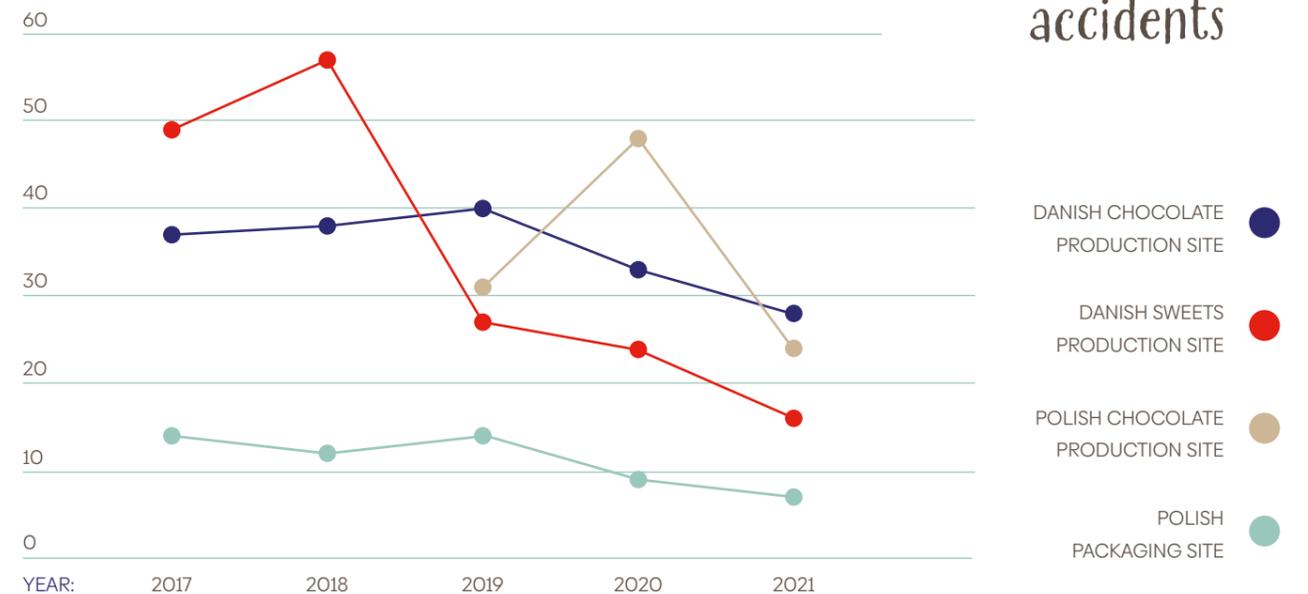
We work systematically to continually improve workplace safety at our sites. Our focus in this work is both on optimisation of the physical conditions and on creating a culture where safety is an active mindset to avoid accidents and near-misses. Our KPI for this area is zero accidents. The graph below shows the accident frequency for the past years at our factories.

In 2021, we were able to further decrease the frequency of accidents, showing that our initiatives towards HSE mindset and responsible behaviour are effective. In 2022, a major focus is to further improve our procedures on safety instructions and training, and hereby continue the positive development towards a fully safe working environment.

Initiatives in 2022 for health and safety

Our focus on shifting from a safety culture to a preventive culture in Toms Group continues in 2022. Fast adaptations to changes in the confectionary market call for agility and ongoing corrections at our production sites. In 2022, we will strengthen our employees' knowledge of safety and health by a scheduled course on 'Prevention Culture', and we will aim at inviting each employee to be an active contributor in blackboard meetings on incident prevention.

ACCIDENTS (PER 1 MILLION WORKING HOURS)



Occupational accidents

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.



RESOURCE MANAGEMENT

It is our ambition to minimise the environmental impact of our production by optimising our consumption and handling of resources.

Waste management

We focus on handling waste at the highest possible level of the waste hierarchy, and our first priority is to prevent or minimise the generation of waste and to 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 utilised for production of district heating or discarded in an environmentally sustainable manner in line with the most stringent waste disposal standards.

Efficient mapping minimises the use of chemicals

All chemicals used at our Danish and Polish production sites are implemented in the chemical management system, iChemistry. The system enables us to minimise the number of different chemicals in our production; plan the most efficient training according to the correct handling and disposal of used chemicals and to prioritise the substitution of chemicals with less dangerous ones.

In 2021, a tender for cleaning products with primary focus on substitution to environmentally friendly cleaning has been completed. This substitution of cleaning products will benefit the environment as well as the working environment during our regular cleaning processes.

Initiatives in 2022 on resource management

A broad application of the systematic mapping of chemicals is our ambition. In 2021, we have seen that the system supports our procurement, product development, production and wastewater management in selecting the environmentally strongest solutions. In 2022, we will further improve our iChemistry system to support resource management at Toms.

An extensive mapping of all waste categories has been initiated with the aim of ensuring the optimal foundation for optimising recycling at our production sites. This work continues in 2022, and for each waste category, we expect to be able to define the optimal handling in order to recycle as much as possible.

Water is a major resource at our production sites, and responsible handling of wastewater is important. In 2022, we will continue investigations of the handling of wastewater at our Danish production sites. The aim is further minimisation of fractions with soluble and non-soluble substances (e.g. fats and sugars) to facilitate a higher degree of water recycling.

Our Waste Hierarchy

MOST FAVOURED OPTION



LEAST FAVOURED OPTION



Food safety, quality and compliance comprise our license to operate. We ensure these by working with a strong quality and food safety culture throughout the whole organisation.



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 and are integrated into the design of new products, new machinery, and into our processes. Further, we continuously develop staff competences through establishing a food safety and quality culture and mindset.

We carefully select our raw materials and follow well-defined processes to ensure safe and high-quality raw materials. All our suppliers are required to demonstrate food safety performance equivalent to ours through their food safety certifications. We have a special focus on suppliers outside the EU to ensure compliance to EU legislation. We have processes in place to identify and act upon hazards to food safety and quality.

Food Safety and Quality Policy

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 on which we are following up continuously.

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 are amongst the highly prioritised principles sustaining our position of being our customers' valued supplier.

100% certified production sites and products

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

Where palm oil is used, only RSPO-certified palm oil is accepted, and Toms can deliver products to customers with claims of Fairtrade and Rainforest Alliance (UTZ).

Also, in line with our food safety certifications, we have strict procedures in place to ensure proper risk mitigation. We do this within the parameters of the HACCP and GMP principles. In case of an identified risk, a cross-functional team evaluates potential hazards. This evaluation leads to a risk assessment and to the subsequent implementation of improvement and mitigating actions and controls.

No recalls in 2021

In 2021, we succeeded in this, and Toms had no larger food safety incidents that lead to a recall or withdrawel of products.

Another key factor to monitor food safety at Toms is foreign bodies. The KPI is 'Number of consumer and customer complaints regarding critical foreign bodies'. Critical foreign bodies are defined as plastic, metal and glass. Our target for this KPI is zero for all production sites.

In 2021, we had a total of 24 complaints related to critical foreign bodies (none on glass). This is a 39% reduction since 2020. Further investigations have been initiated to ensure proper handling and investigation of the deviations and to ensure that corrective action has been implemented where possible.

The ambitious zero-target was not met this year, despite an ongoing and intensive focus to minimise and mitigate risks, with particular focus on the following initiatives:

- Training in awareness and troubleshooting on foreign bodies in production
- Introduction of equipment to minimise 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

The work to reduce the risk of foreign bodies is highly prioritised and continues in 2022.

Mitigation of intentional risks

We recognize the impact of intentional risks in the supply chain. To mitigate these risks, we are continuously improving our food fraud and food defence programme. We implement the Industry standard ISO28000 to address vulnerability in sourcing and manufacturing, supply continuity, risk in transportation and vendor management. This program includes security and access control to our facilities, and the control covers all ingoing and outgoing personnel, guests, goods transports and more.

Our comprehensive programme 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 screenings on risks of food fraud and the authenticity of the supplied products.

Further, 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 are initiated to ensure authenticity.

Food safety initiatives in 2021

In 2021, we have worked on several quality and food safety improving initiatives. The most important ones are:

- The QA- and regulatory organisations have been empowered through organisational changes and allocation of extra resources
- Creating a group approach to internal audit
- Intensive work to reduce the risk of mineral oil contamination (MOSH/MOAH) in the products. This is done by mapping, risk evaluation, intensive testing and follow-up improvements.

Initiatives in 2022 on Food Safety

We continue to reduce complexity with an extended focus at group level, and to align between production sites. We will continuously reduce food safety risks in the supply chain and keep our focus on strong corrective actions and prevention. Identified initiatives for 2022 are:

- Implement and grow a Quality and Food Safety Culture across all production sites and functions to ensure food safety and quality performance
- Increase Group Quality approach and secure collaboration and alignment of processes across functions and production sites
- Continue and increase work with risk management and identify further improvement projects related to food safety management and risk reduction
- Continue work with reducing the risk of foreign bodies by strong and deep root cause and corrective action for all complaints about critical foreign bodies
- We implement the Industry standard ISO28000 to address vulnerability in sourcing and manufacturing, supply continuity, risk in transportation and vendor management.
- Strengthen and develop our Supplier Quality Management to broadly cover all food safety, food fraud, food defence, quality and sustainability perspectives.

