



Annual report

2022 Non-financial report
Toms Gruppen A/S

Toms

About this Report

In this report, we outline our approach to corporate social responsibility and report on our performance in 2022.



Corporate social responsibility statement

This report covers the financial year from 1 January 2022 to 31 December 2022 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 2022 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 operations and financial results. The financial annual report can be downloaded at tmsgroup.com

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 ten principles of the UN Global Compact 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 organised based on the sustainability strategy of Toms Group, about which you can find more information in the next section.

Several terms used for the same company

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 suggestions as to how we can improve our reporting, please contact Lea Holm, Toms Group Sustainability and Communications Manager, at lish@tmsgroup.com

This report was made available online by Toms Group A/S on 21. April 2023 and you can find it on our website, tmsgroup.com

Toms Group A/S

Toms Allé 1, DK-2750 Ballerup, Denmark
Tel.: (+45) 4489 1000
Fax: (+45) 4489 1099
Web: tmsgroup.com
Email: infodk@tmsgroup.com
Company reg. (CVR) no.: 56759328
Established: January 30, 1924
Registered office: Ballerup

Ownership

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

Content

1. Letter from Executive Management

A welcome from the executive management describing our continued work with sustainability at Toms Group. **Page 4**

2. Sustainable Choices

Key issues in our sustainability strategy based on UN Sustainable Development Goals, stakeholder input and materiality analysis. **Page 6**

3. Responsible Sourcing

Our plan to require for all of our cocoa suppliers to meet specific standards and other efforts to combat deforestation and child labour throughout our supply chain. **Page 8**

4. Combatting Climate Change

How we plan to reduce emissions following the guidelines of the Science Based Targets initiative (SBTi) and support the green transformation. **Page 10**

5. Circular Packaging

Your favourite chocolate bar may look different in a year. This, and more about our efforts for circular packaging. **Page 12**

6. The 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 14**

7. Overview of ESG Data **Page 20**

8. Overview of Policies, Partnerships and Certifications **Page 22**



Letter from Executive Management

Sustainable sourcing of raw materials, as well as a reduction in resource consumption and climate impact, have been a central part of our sustainability efforts for many years. In 2022, we took the step to formally and fully integrate our sustainability ambitions into our strategy for the years up to 2026.

Our “Toms 26” business strategy will guide our decisions and priorities during the next four-year journey of transformation. Building upon our 100-year heritage, this journey will establish Toms Group as a profitable, growing, competitive and attractive company, with a clear commitment to sustainability. Our goal is not only to achieve financial and commercial success, but also to leave a lasting impact of which we can be proud.

Alongside the Toms26 strategy, we introduced our new corporate purpose and values. Our purpose of “bringing smiles to life - for everyone” encompasses a sense of gratitude for creating products that are a part of important moments of joy shared globally. It also reflects Toms Group’s fundamental drive to make a positive impact, not just for people around us, but also for those we may never meet, and to take responsibility for the climate, the forests and the development towards a circular economy.

This calls for a clear focus and a data- and science-based approach to ensure actual, sustainable and long-term impact.

Embedded into our business strategy and reflected in our corporate purpose, sustainability is fully integrated into our actions and choices throughout our value chain.

We made substantial progress and are on track with achieving our strategic sustainability targets across our focus areas of responsible sourcing, combatting climate change, and developing circular packaging. To highlight a few:

- We are on course in reaching our target of sourcing 100% certified cocoa by the end of 2023, and we will expand our efforts to protect children’s rights and fight deforestation beyond cocoa to cover all our raw materials.

- We reduced our CO2 emissions from own production by 19%; decided to invest in the construction of our first own solar power plant on our property in Nowa Sol, Poland, where the power plant will be running by 2024; and we helped to bring additional green energy to the electricity grid in Denmark and Poland through signing two Power Purchase Agreements which support the construction of new solar power plants in these countries.

- In February, we signed the Science Based Target initiative and embarked on the challenging, but vital, work of setting science-based targets by the end of 2023.

- We are on track in reaching our target of 100% recyclable packaging by 2025 as the first step towards circular packaging, up from 92% in 2021 to 94% today.

Our message is clear: Toms is stepping up on our sustainability ambitions. We expect the same from our suppliers and partners, and we assure our customers and all chocolate lovers that we will not compromise on nature, the climate, labour rights or children’s rights.

While we have achieved important milestones in recent years, we recognise that we have a complex and demanding journey ahead. Achieving our targets will require the engagement of the entire Toms Group, as well as investments in internal resources and in capabilities and partnerships. With a sharpened mindset, strong partnerships, targeted investments and tangible actions, we are on the path to creating a safer and more sustainable world.

Annette Zeipel, CEO
Lars Henrik Vejrup Hansen, CFO

Sustainable Choices: Operating License Essentials

In 2022, we launched TOMS26 - our strategy to guide Toms for the coming years. Our sustainability strategy - launched in 2021 - is firmly anchored in Toms26 as one of our four key themes. We care about our employees and the environment, and we are committed to leaving a lasting impact of which we can be proud.

Based on what matters

We developed our sustainability strategy in 2020-2021, following the guidelines set by the United Nations' Sustainable Development Goals and based on stakeholder interviews, impact assessments, and materiality and

risk analysis. This included input from top management and our board of directors, and identified the key issues, risks and opportunities identified as material to the Toms Group in terms of importance to our business and stakeholders.

We call our strategy "Sustainable Choices" because it turns our high ambitions for being sustainable into specific actions across our company and the way we do business throughout our value chain - from sourcing to production and consumption.

Below, you can see the key issues we identified as being important, and how these relate to Toms Group's way of conducting business.

Toms Group Business Model

Material key issues are identified along our value chain

1. Sourcing

- Farmer livelihoods
- 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



4. Transport

- CO2 emissions
- Packaging



5. Consumption

- Packaging and recycling
- Food safety
- Consumer information



Toms Group is signatory to the UN Global Compact, and we are implementing the ten UNGC principles into our business, culture and daily operations. The UN Sustainable Development Goals formed the framework for our sustainability strategy that is guided by a focus on these four targets in particular: 7: *Affordable and clean energy* 8: *Decent work and economic growth* 12: *Responsible consumption and production* 15: *Life on land*

Learn more about our sustainability policy ...

In 2022, we updated the policy to guide our work on being responsible. You can find more information on the actions we took, our progress and new plans in the following sections of this report. You can read the full policy by visiting the link provided [here](#).

Sustainable Choices



Responsible Sourcing

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



Combat Climate Change

We do our part in combatting climate change



Circular Packaging

We minimise the use of packaging materials and maximise recyclability

Supplier Relations · Resource Management · Safety & Wellbeing

The three pillars of our sustainability strategy cover the areas along our value chain where - currently or potentially - we have the biggest impact, positive or negative. These pillars guide and shape our priorities, targets and plans for the coming years.

From nice headlines to specific targets

For each pillar in our strategy, we have set overall ambitions and targets to guide our focus and priorities. As new solutions emerge, we will adjust our plans and actions accordingly. In the following sections, you will find more information about how we worked on these three strategic pillars during 2022. From page 14, you will find more information on the elements in the foundation on which we build our sustainability strategy: Supplier relations, Resource management and Safety & Wellbeing.

How we make our plans happen

The way we make decisions and manage our business follows the principles of good governance. This applies to all levels of our organisation. Our sustainability strategy, including both our strategic ambitions and specific targets, is approved by the Toms Group Board of Directors and our Top Management Team. Both bodies follow quarterly progress and review reporting.

Each of the sustainability targets is the responsibility of a senior manager at Toms Group. For each of the three pillars, we have set up a cross-organisational group to develop solutions and drive progress.

These groups are led by a team leader who reports to the Toms Group Sustainability Steering Committee. The Steering Committee comprises four directors and managers. It is the role of the Steering Committee to ensure alignment and prioritisation across the strategy and to ensure that the sustainability ambitions are met and support the overall corporate development and sustainable, profitable growth of the Toms Group.

Fighting for Sustainable Cocoa

Key elements of our corporate social responsibility lie at the beginning of our value chain. We must safeguard and promote a sustainable use of the resources of our planet, and act with care for human rights throughout our supply chain, ensuring responsible procurement practices.

Therefore, the first pillar in our sustainability strategy is Responsible Sourcing. We will protect forests and defend children's rights throughout our entire supply chain.

We will fight against deforestation and child labour – by 2025, in our cocoa supply chain, and by 2030, across our entire supply chain.

These are significant tasks. With decades of experience fighting for sustainable cocoa, we recognise that the complex social and environmental challenges in the cocoa supply chain will not be solved easily or quickly. The same applies to the issues related to some of our other raw materials. However, this is not an excuse for not doing what we can.

Increasing our efforts

For the last two decades, we have invested in local initiatives to improve the livelihoods of cocoa farmers and their children and to protect forests. We have sourced our cocoa beans through programmes supporting sustainable cocoa production, and have been involved in leading international



Responsible Sourcing

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

- 100% certified cocoa by the end of 2023
- Our fight against deforestation and child labour covers 100% of our cocoa supply chain by 2025
- Our fight against deforestation and child labour covers 100% of our full supply chain by 2030

organisations collaborating for lasting changes in the cocoa industry on a large scale.

We will continue all of this. However, we are now committed to increasing our efforts and pushing for more changes at a faster pace. By the end of this year (2023), 100% of our cocoa suppliers will be required to meet the same standards: the cocoa must be covered by standards where the farms are proven to have no deforestation and with

systems in place, that effectively prevent, monitor and remediate child labour.

This will not solve all the issues at once. But we believe it is a necessary and strong foundation for sustainable development of cocoa farming. By acting now, we aim to ensure and sustain an impact through our own supply chain. Additionally, we continue our cross-industry engagement in the leading organisations collaborating for a sustainable development of the full cocoa industry. (See list on page 22.)

A commitment across our supply chain

Our commitment to fight deforestation and child labour covers more than cocoa. We are committed to equivalent targets for all raw materials in our supply chain. The question is, which raw materials are at the biggest risk and what to prioritise first.

The path towards reaching this will be based on risk and materiality assessments of our raw materials. These complex assessments call for structured analysis and thorough planning, and they are still to be finalised with the help of strong partnerships and guidance on both socially and environmentally sustainable sourcing practices.

When we have finalised a full risk-mapping of our supply chain, we will follow our progress, measured by the KPI “percentage of at-risk parts of our supply chain covered by due diligence mechanisms that effectively fight deforestation and prevent, monitor and remediate child labour”.

Help instead of leaving behind

Our approach is not to stop buying from suppliers where risks are identified. Following the United Nations Guiding Principles on Business and Human Rights, the right thing to do is to support, pursue and push for sustainable development. Therefore, our approach is not to ignore the problems we find, but to ensure proper assessments and to monitor and remediate practices where there may be a risk of children becoming involved in child labour – or of forests being damaged or destroyed.



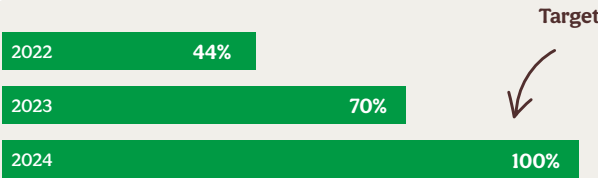
Focus on palm oil

Another material that we are focusing on, along with cocoa, is palm oil. Toms Group is using 100% RSPO-certified palm oil in all our products. We are a member of Roundtable of Sustainable Palm Oil (RSPO), an organisation promoting sustainable palm oil to be the standard globally.

Supplier relations

Fighting deforestation and tackling child labour are major parts of our sustainability strategy. The strategy is based on a foundation of general responsible business conduct with supplier relations being a key element. Find more information about our efforts for responsible supplier relations on page 14.

Supporting sustainable cocoa



In 2022, 44% of our total cocoa supply was sourced through the sustainability programme, Cocoa Horizon, or certified by Rainforest Alliance.

During 2023, we will keep increasing the amount of Rainforest Alliance-certified cocoa that we use so that, by the end of 2023, we will only be sourcing certified cocoa. We estimate that, on average, 70% of the cocoa that we source in 2023 will be certified.

From primo 2024, it is our target that 100% will be covered by certifications where the farms are proven to have no deforestation and with systems in place that effectively prevent, monitor and remediate child labour.

Pillar 2: Combat Climate Change

Taking bold Actions

To make sure we are focusing on the right actions to address the climate crisis, we are letting science guide us. In 2022, we joined the Science Based Targets initiative (SBTi). This will help us on our journey to reduce emissions of greenhouse gases across our entire business, in line with the targets set in the Paris Agreement.



Scope 1

Covers direct emissions from own production



Scope 3

Covers emissions from the full value chain

19% reduction in emissions

For years, we have been working on using less energy and switching to renewable energy sources at our facilities. With these initiatives and by also using 'Guarantees of origin' (GoO's) from windfarms to cover all our electricity, we are gradually reducing the emissions from our own production and operations – scopes 1 and 2. In 2022, we managed to decrease emissions from our own production by more than 19%, and we used 15% less energy. This was due to a number of initiatives and investments, including the first full year of using a heat pump at our Danish chocolate factory, improvements to the heat pump and better air handling at our Polish chocolate factory, as well as installing electric boilers at our Polish packaging facility.

We also installed electric vehicle charging stations at our two sites in Denmark to help us reach our goal of having a 100% electric company vehicle fleet by 2025.



Combat Climate Change

We do our part in combatting climate change

- Maintaining sourcing of 100% renewable electricity
- By 2030, reduce absolute scope 1 and 2 GHG emissions by 69% (baseline year: 2021)
- By Q3 2023, submitting Science Based targets representing scope 1, 2 and 3 for 2030



Scope 2

Covers indirect emissions connected to own production

In line with Science Based Targets

In 2021, we set a target to reach zero carbon emissions in scopes 1 and 2 by 2025. This was a challenging, but achievable goal, due to our efforts to reduce our energy consumption and switch to using renewable electricity.

To reach zero emissions by 2025, we originally planned to offset some of our energy consumption with climate credits approved by the United Nations Carbon Offset Platform. However, these are not currently accepted by the SBTi and the Green House Gas Protocol. Therefore, we revised our target in 2022. We also changed our baseline year to 2021, and our new targets are these (based on market-based emissions): By 2025, we will reduce our GHG emissions from scopes 1 and 2 by 31%. By 2030, we will reduce them by 69%.



We will submit these targets to the SBTi for approval by the end of September 2023 at the latest, when we also plan to submit targets for our scope 3 emissions.

Investing in several solar plants

The SBTi does not require for us to invest in adding more renewable energy to the electricity grid. But, driven by a desire to support the important green transition even more than Guarantee of Origins (GoO's) sets out to do, we are investing in the establishment of additional renewable energy production.

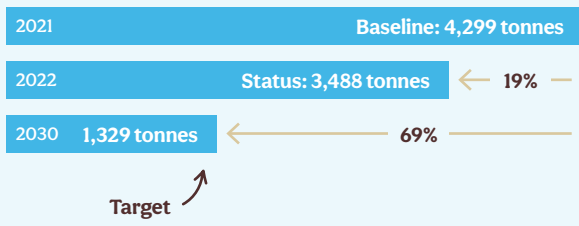
In April 2022, we signed our first Power Purchase Agreement (PPA) with Better Energy on a solar plant located in Denmark. This plant will add 56 gigawatt hours per year (GWh/year) to the grid – of which four GWh are earmarked for Toms, covering 73% of the electricity consumption at our Danish sweets factory – and 27% of our total Danish electricity consumption.

In December, we signed our second PPA, this time in Poland. By late summer 2023, this plant will add 22 GWh/year to the grid – of which one GWh is earmarked for Toms, covering 15% of the electricity consumption in our Polish chocolate factory. Additionally, construction of a solar power plant on our property in Nowa Sol, Poland, will be initialised in 2023.

Since we already use carbon neutral power sources, covered with GoO's, our target of reducing emissions by 69% by 2030 (compared to 2021) is ambitious, and will require ongoing efforts to save energy and use electric power in our production. Therefore, we keep track of our progress by monitoring both how much energy we use and by how much we reduce our carbon emissions.

On page 20, we share the data used to track our progress. The graphic to the right shows our progress towards reaching our target of a 69% reduction of scopes 1 and 2 GHG emissions.

Towards a 69% reduction in GHG emissions (scopes 1 and 2):



Our target is, by 2030, to reduce the amount of greenhouse gasses from our own production (scopes 1 and 2) by 69% compared to the baseline year 2021. In 2022, we were able to achieve a reduction of 19%.

Value chain emissions: Scope 3

The majority of our total GHG emissions comes from our value chain, as is the case for most production companies. Therefore, reducing emissions in this area will be a focus point for us in the coming years.

Following the guidelines of Science Based Targets (SBTi), we began this important work in 2022, with the goal of submitting our targets for all three scopes to SBTi by the end of September 2023.

In 2022, we accomplished important tasks on the journey towards submission of SBTi targets, including implementing the Green House Gas Protocol in our data management, mapping our scope 3 emissions according to SBTi guidelines, and building a reporting tool for energy consumption data in Power BI for all our sites.



Circular Packaging

We minimise the use of packaging materials and maximise recyclability

- 100% recyclable packaging by 2025
- 100% of packaging labelled with recycling information by 2025
- 100% of plastic trays are transparent by 2025

Pillar 3: Circular Packaging

Closing in on our 100% Target

We are dedicated to supporting the shift towards circular packaging which involves reducing the use of packaging materials and increasing recyclability. We align with the EU goal of building a circular economy for packaging by 2050.

Our target is to achieve this without compromising our high safety and quality standards, and whilst meeting the needs and expectations of consumers.

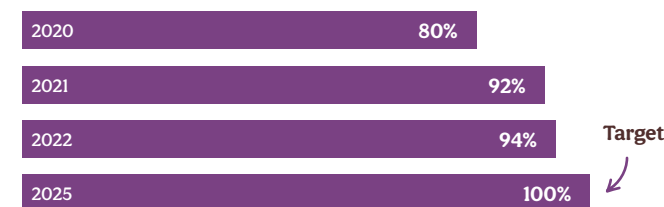
We have specific targets to guide our efforts in this area for which we made progress in 2022, bringing us closer to our target of 100% recyclable packaging materials, currently at 94%.

Changes in appearance is inevitable

We have been working to make our packaging more circular for years. In 2021, we reached 92% of recyclability, and, in 2022, we converted a significant part of our composite plastic packaging to a single material which increased our recyclability to 94%.

To reach 100% recyclability, we will need to make some changes to the appearance of some of our products,

Towards 100%



Toms Group aims to make all our packaging recyclable by 2025. Currently, 94% of our packaging materials can be easily and efficiently recycled.

such as removing plastic windows from giftboxes and using transparent trays. These changes call for care and respect for customers' and consumers' perceptions of our brands and products, and we are continuously working on the development of the best suitable solutions for converting the remaining six per cent.

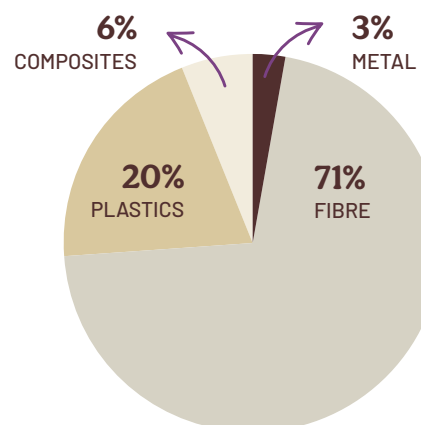
How to achieve the most environmentally friendly packaging

The recyclability target is key in our efforts towards circularity, but this is not all – our packaging should also be:

- as lightweight and compact as possible
- made from as much recycled material as possible
- free from substances that can impact the environment in an adverse way
- clearly labelled for easy recycling

We are constantly researching new, eco-friendly packaging options, and expect to introduce these in the near future.

Packaging categories used at Toms:



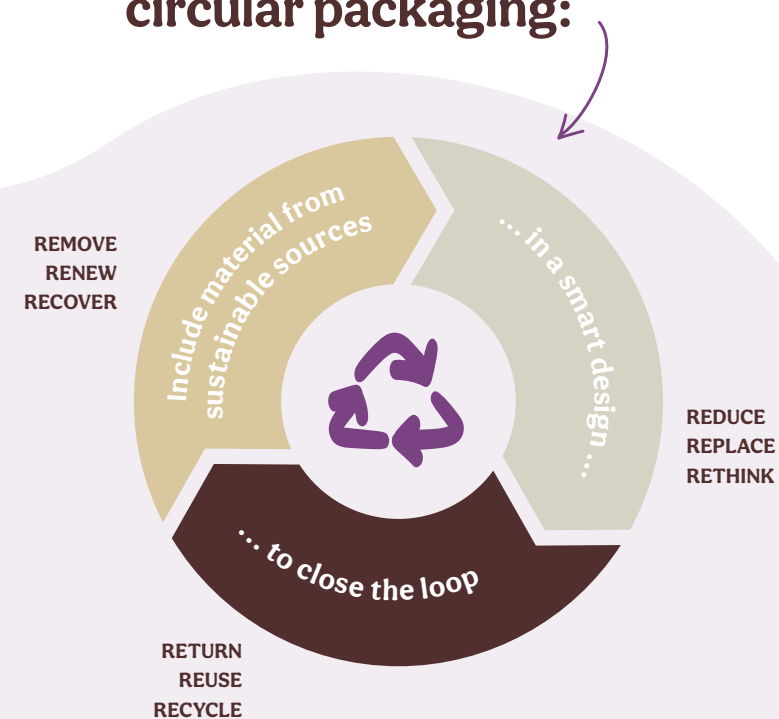
94% of the packaging materials used for our products are made of plastics, fibre (paper and cardboard) and metal. These materials are easy to recycle, and it can be done efficiently. However, six per cent of the packaging mass used is made of a combination of materials, known as composites which are not currently efficiently recyclable.



From linear ...

Produce - Use - Discard

... towards circular packaging:



The Foundation of Our Strategy

Our sustainability strategy is built on a strong base that includes material issues within human rights, labour, the environment and anti-corruption.

Decent relations with suppliers, managing resources responsibly, and securing a high level of food safety and

well-being of people – all of this forms the backbone of how we operate and develop Toms Group. Below, we explain our approach, key actions, and how we are progressing on the above. You will also find a table on page 20 that shows the KPIs and the data we use to track our progress on this as well as in our three strategic areas.

Supplier Relations · Resource Management · Safety & Wellbeing

Supplier Relations

Conducting business the right way

Sourcing and engaging in business partnerships around the world pose a risk of encountering corruption and other unethical behaviour. It is our responsibility to mitigate these risks. Responsible business conduct depends at large on our success ensuring that our suppliers follow the rules and standards of Toms Group.

Working with suppliers

To ensure ethical sourcing, we have a set of rules for our suppliers called Supplier Code of Conduct. This code reflects our demands for suppliers to respect human rights, have good working conditions, take care of the environment, and to avoid corruption.

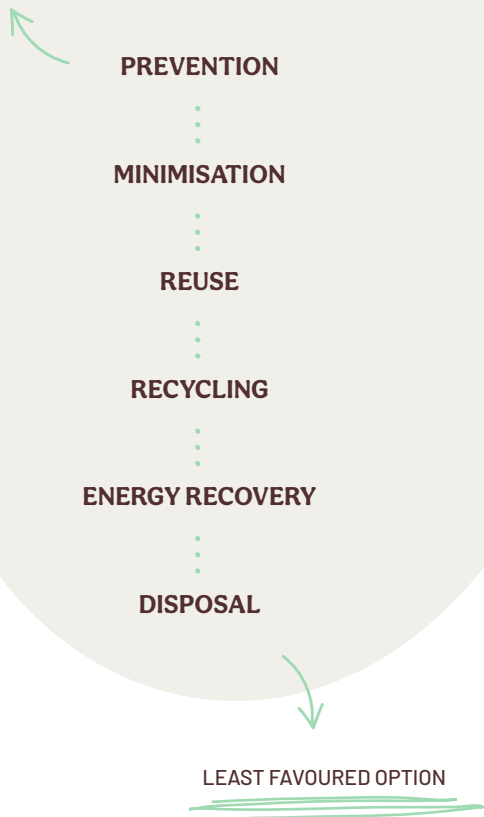
We also use surveys and audits to assess our suppliers. We have not, in any of these mechanisms, registered or been made aware of any cases related to corruption, violation of human rights or environmental issues in our business. If we do encounter any problems, we will take action immediately, following our Code of Conduct.

Read more here: [Supplier Code of Conduct](#)



Our waste hierarchy

MOST FAVOURED OPTION



LEAST FAVOURED OPTION

Resource Management

Dealing with waste

We focus on handling waste at the highest possible level of the waste hierarchy, and our 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.

We keep a close eye on how we are dealing with waste, with an extensive mapping of waste categories and sub-categories, and we are always looking for ways to improve. In 2022, the procedure for sorting dangerous waste at our Danish production sites was further improved, and waste category mapping is also a focus area in 2023.

Tracking chemicals

We keep track of all chemicals used at our production sites, using the chemical management system, iChemistry. This helps us to use fewer chemicals in our production, to substitute to environmentally friendly chemicals and conduct efficient trainings in safe handling and disposal.

Wastewater solutions

Water is an important resource, and water consumption and the handling of wastewater are focus areas at our

production sites. With the aim of using even less water, a more detailed data collection on how water is consumed will be initialised in 2023.

Moreover, responsible handling of wastewater is achieved by implementing and optimising technical and technological solutions to minimise water fractions with soluble and non-soluble substances (e.g. sugars and fats). In 2022, we added an additional technological process to the wastewater treatment system at our Polish production site to reduce the amount of emulsified fat, and we also proceed the work on removing sugar from wastewater at our sweets production site in Denmark in 2023.

Safety and Wellbeing

Making sure our food is safe

It is our responsibility to ensure food safety and a high standard of quality as well as to mitigate 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.

We continuously develop staff competences through establishing a food safety culture and mindset, and our suppliers are required to demonstrate food safety performance equivalent to ours, through their food safety certifications.

Safety and security in the supply chain

Toms Group is certified according to the industry standard, ISO28000 Security and resilience. This is a risk-based approach to secure the entire supply chain and to address and mitigate any vulnerability, maintaining a steady supply and managing risks, inbound and outbound. The programme includes measures to ensure security and control access to our facilities, including monitoring all incoming and outgoing personnel, guests, deliveries and more.

Food safety

Our factories have been certified by FSSC22000 (in Denmark and Poland) and IFS Food (in Poland) to meet international standards for food safety. These certifications help us secure an adequate level of food safety and good manufacturing practice (GMP).

Toms Group systematically works with crisis management, and proactively with food safety risk mitigation. We aim to have no recalls, and in 2022 we achieved this target with no recalls related to food safety.

Certifications for raw materials

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

Labelling and marketing of products

It is our responsibility to provide our customers and consumers with accurate information about our products. This includes information about nutrition, ingredients and any claims we make.

We keep track of changes in legislation and regulations to be able to be compliant and to make any updates in a timely



manner. In doing so, we minimise waste materials. Additionally, we have strict procedures in place for fast and adequate handling and mitigation of any issue of non-compliance with labelling and marketing regulations.

We are particularly mindful of the vulnerability of children to certain types of marketing, and follow the guidelines set by the Danish Marketing Practices Act.

Consumer health and nutrition

We recognise that confectionary products may have a negative effect on health and nutrition if consumed in large amounts. Our ambition is to make information available to help consumers make more informed and conscious decisions.

As a result, teaching about labelling, energy intake and a balanced diet are important parts of our education programmes for Danish pupils.

In addition, Toms Group is a member of the Danish Veterinary and Food Administration's "Fødevareselskab for snacks og søde sager". As part of this initiative, the industry has come together to set goals for reducing sugar and controlling the sizes/amount of package contents.

Employee wellbeing

We aim to create a secure and inclusive working environment where each employee is content in coming to work and feels safe and motivated whilst also being offered opportunities to develop. Our policy on human rights, anti-corruption and labour provides guidance on managing and

maintaining our employees' mental and physical working conditions. Every other year, we conduct a SEDEX (Supplier Ethical Data Exchange) Members Ethical Trade Audit (SMETA) to assesses our standards in these areas.

In 2023, we will be launching new initiatives to support healthy work-life balance for our employees. This will include efforts to improve both physical and mental health.

Employee engagement survey

Through annual surveys, we gauge our employees' mental and physical working conditions. A key measure in the survey is satisfaction & motivation, and the results from 2022 are shown in the graphic to the right. In 2022, we observed a slight increase in satisfaction and motivation, primarily due to significant improvements in Poland. Along with data from other survey parameters, these results assist us in identifying areas of strengths and potential areas for improvement in our employees' engagement.

Employee Code of Conduct

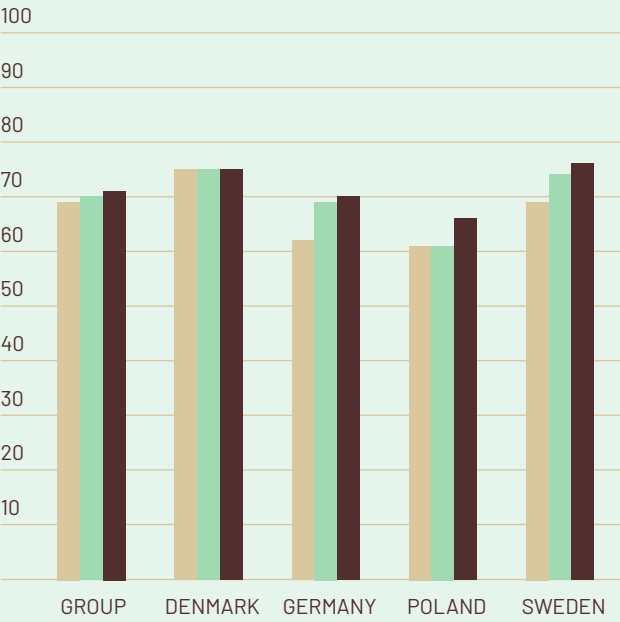
To maintain high standards of business ethics, including anti-corruption and protection of human rights, our internal Code of Conduct guides us in our daily work. Our Employee Code of Conduct forms the basis for a learning module in our corporate e-learning scheme which is mandatory for all new employees, and must be revisited every second year.

Whistleblower scheme

To ensure accessibility, credibility and trust in safeguarding high ethical standards, our whistleblower scheme is

Satisfaction & motivation

RATING SCALE (1-100)



Satisfaction and motivation scores from the annual engagement survey inviting 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.

2020 2021 2022

run by an impartial external party to guarantee security and anonymity. This scheme allows for the reporting of serious offences that violate the law or regulations or the Toms Group's policies and Code of Conduct. All reports are confidential and, if requested, fully anonymous. We did not receive any reports through this scheme in 2022.

Employee safety and health

It is our duty to ensure the safety and health of our employees in all aspects of their daily work at our production sites and offices.

The area of Health and safety is analysed in detail

At our production sites, health and safety work is organised into groups; each one responsible for maintaining and improving the working environment and safety for specific workplace areas. Assessments of these areas are carried out regularly. Whenever an area experiences a Lost Time Accident (LTA), a non-LTA or a near-miss, the situation is communicated and analysed, and corrective actions are implemented. This safety net methodology ensures that procedures and trainings are adjusted based on all situations that may pose a danger.

In 2022, the system for Lockout Tagout (LOTO) at our Polish chocolate production site was expanded with respect to cleaning sequences, and by the end of 2023, it will be fully activated during cleaning on all production lines.

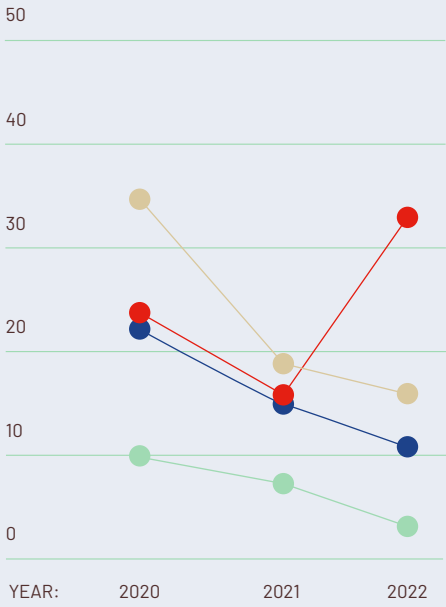
Intensified focus on accidents

Our Health and Safety app helps us track the number of incidents on a weekly basis. Incidents are divided into LTAs (Lost Time Accidents), non-LTA's and near-misses, and the app facilitates faster communication of safety issues throughout our organisation. Our focus in this work is both on optimising the physical conditions and on creating a culture where safety is an active mindset to avoid accidents and near-misses.

Our ambition is to prevent every single accident at our production sites, and our key performance indicator for occupational accidents is zero. The below graph shows the accident frequency from 2020-2022 at our production sites. In 2022, we were able to decrease further the frequency of accidents at our Polish sites and Danish chocolate production site, demonstrating that audits on production areas, initiatives towards instructions, trainings and prevention continue to be effective.

Unfortunately, the accident frequency increased at the Danish sweets production site. Therefore, we have intensified focus on prevention, and now start all team meetings by discussing safety risks and observed LTA,

Accidents
(per one million working hours)



Occupational accidents

Accident frequency from 2020-2022 at our production sites. 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.



non-LTA and near-misses. Further, a systematic investigation of procedures and trainings has been initiated, with the aim of reversing this year's negative trend.

Diversity in the Toms Group

A diverse workforce improves performance potential, strengthens competitiveness, and makes Toms a better place to work. We generally strive to recruit and maintain a diverse workforce by including a range of diversity parameters in our employee initiatives. Our diversity policy sets the frame for this work.

When recruiting, the Toms Group ensures that at least one male and one female candidate are in the final candidate pool.

Personal development dialogues are held in which work-life balance and possibilities for training and development are discussed. The aims are to ensure that all employees are given the opportunity to develop, and to support our employees in reaching their ambitions.

The annual employee survey enables a systematic investigation of engagement across different

employee groups, genders and organisational levels.

Gender distribution of board and management

The three circular graphs show the gender distribution of Toms top management, middle management and the board. The top management team at Toms has a gender distribution of four women and five men. This fulfils our ambition of equal gender distribution in our top management.

As for the groups of middle and line managers below top management level, a major part of the positions are occupied by men. However, the share of female leaders has increased from 26% to 32% across the Group in 2022, and we continue to focus on how to ensure a better balance in order to reach our target of equal gender distribution.

The Toms Group's board of directors is currently comprised of one female and five male members. The board aims to have at least two female board members elected by the general meeting by 2026. In 2022, the employee election of board members resulted in three men being elected. We will continue to encourage our female employees to run for the board elections.

Overview of ESG Data

Environmental

| KPI | Unit | Target | 2020 | 2021 | 2022 | Definition | Accounting Method |
|--|-------------|----------------------|------|--------|--------|---|---|
| Energy consumption | MWh | - | | 50,438 | 42,946 | Energy consumption on all plants - heating, electricity and gas | Reading meters and invoices |
| Water consumption | m3 | - | | 94,013 | 89,736 | Water consumption on all plants | Reading meters and invoices |
| Renewable electricity share | % | 100% | 100 | 100 | 100 | Percentage of own energy consumption that comes from Green Energy sources (covered by Guarantees of Origin (GoO's)) | Green Energy / Energy consumption |
| GHG emissions scopes 1 and 2 | Tonnes CO2e | 1.329 tonnes by 2030 | | 4,299 | 3,488 | GHG emissions from scopes 1 and 2. Scopes 1 and 2 covering direct emissions from own production and indirect emissions connected to own production. | Market-based according to the Green House Gas protocol |
| Reduction of GHG emissions (scopes 1 and 2) | % | 69% by 2030 | | 0 | 19 | Reduction of scopes 1 and 2 GHG emissions relative to the scopes 1 and 2 GHG emissions in baseline year 2021. | (GHG emissions in baseline year GHG emissions in current year) * 100 / GHG emissions in baseline year |
| Submission of Science Based Targets representing scopes 1, 2 and 3 | | Q3 2023 | | | | Process goal | |
| Recyclable packaging | % | 100% by 2025 | 80 | 92 | 94 | Covering the packaging reaching end users | Volume recyclable packaging material *100 / volume total packaging material |
| Share of electricity cars in our car fleet | % | 100% by 2025 | | | 14 | Share of electricity cars in our car fleet | Number of electric cars / total number of cars |
| Cocoa sourced deforestation-free | % | 100% by 2025 | | 31 | 39 | Cocoa covered by standards where farms are proven to be free from deforestation. | Certified cocoa * share of cocoa plots demonstrated free from deforestation¹ |

Social

| | | | | | | | |
|-------------------------------------|----------------------|--------------|----|-------|-------|--|---|
| Certified cocoa | % | 100% by 2024 | | 42 | 44 | Cocoa covered by Rainforest Alliance certificates, Cocoa Horizon or similiar. | Volume certified cocoa / total cocoa volume |
| Fight child labour | % | 100% by 2024 | | 34 | 42 | Cocoa covered by standards where farmer groups have systems in place to prevent, monitor and remediate child labour. | Certified cocoa * share of farmer groups with systems in place for child labour monitoring² |
| Number of recalls | # | 0 | 0 | 0 | 0 | Recall of products | Sum of recalls during the year |
| Customer retention rate | % | | | 80 | 89 | Exsisting customers who remain customers during the year. | Retatined customer / # of customers end of last year |
| FTE | # Average | None | | 1,163 | 1,215 | The average # FTE in all locations combined - including temporary workforce | Average FTE for whole year |
| Satisfaction & Motivation - Group | Rating scale (1-100) | - | 69 | 70 | 71 | Survey managed by external consultancy, ensuring both confidentiality and proper data analysis. | Rating as calculated by People Matter survey |
| Satisfaction & Motivation - DK | Rating scale (1-100) | - | 75 | 75 | 75 | Survey managed by external consultancy, ensuring both confidentiality and proper data analysis. | Rating as calculated by People Matter survey |
| Satisfaction & Motivation - GE | Rating scale (1-100) | - | 62 | 69 | 70 | Survey managed by external consultancy, ensuring both confidentiality and proper data analysis. | Rating as calculated by People Matter survey |
| Satisfaction & Motivation - PL | Rating scale (1-100) | - | 61 | 61 | 66 | Survey managed by external consultancy, ensuring both confidentiality and proper data analysis. | Rating as calculated by People Matter survey |
| Satisfaction & Motivation - SE | Rating scale (1-100) | - | 69 | 74 | 76 | Survey managed by external consultancy, ensuring both confidentiality and proper data analysis. | Rating as calculated by People Matter survey |
| Gender diversity, Top Management | % | 40 - 60 | 50 | 44 | 44 | TMT³ members (Group) | # females in TMT / # in TMT |
| Gender diversity, Middle Management | % | 50 | 23 | 26 | 32 | All managers in Toms Group excluding TMT members | # female managers in middle management / total # managers in middle management |
| Accidents - BAL | # per million hours | 0 | 22 | 15 | 11 | # of reported accidents on plant per 1M working hours | Reported accidents / hours * 1,000,000 |
| Accidents - HL | # per million hours | 0 | 24 | 16 | 33 | # of reported accident on plant per 1M working hours | Reported accidents / hours * 1,000,000 |
| Accidents - NOS | # per million hours | 0 | 35 | 19 | 16 | # of reported accident on plant per 1M working hours | Reported accidents / hours * 1,000,000 |
| Accidents - LEZ | # per million hours | 0 | 10 | 7 | 3 | # of reported accident on plant per 1M working hours | Reported accidents / hours * 1,000,000 |

Governance

| | | | | | | | |
|-------------------------|---|--------|---|----|----|---|---|
| Gender diversity, Board | % | 40 -60 | 0 | 17 | 17 | Women vs. men in the Board of Directors (Members selected by employees not included). | # women in Board of Directors / # in Board of Directors |
| Whistleblower | # | 0 | 0 | 0 | 0 | Reports recieved by impartial external party. | # of cases reported through scheme runned by impartial external party |

Notes: 1 & 2: Forever Chocolate Progress Report 2021/2022 3: TMT: Toms Management Team

Overview of Policies, Partnerships and Certifications

Policies and Codes of Conduct

| Name | Description | Related information on page | Link |
|--------------------------|--|--|---|
| Sustainability policy | Sets the overall framework for our work with responsibility throughout our value chain | Sustainable choices - page 6 | https://tomsgroup.com/en/sustainability/annual_reports_and_policies/ |
| Human Rights policy | Frames responsibilities towards human rights, including non-discrimination, employee rights, occupational health and safety and risks of human rights violations within our supply chain. | Foundation, Safety and wellbeing - page 16 | https://tomsgroup.com/en/sustainability/annual_reports_and_policies/ |
| Diversity policy | Sets the frame for recruiting and maintaining a diverse work force in terms of gender and other diversity parameters. | Foundation, Safety and wellbeing - page 16 | https://tomsgroup.com/en/sustainability/annual_reports_and_policies/ |
| Supplier Code of Conduct | Our Supplier Code of Conduct describes the requirements for all Toms Group suppliers in the fields of human rights, labour standards, the environment and anti-corruption. | Foundation, Supplier relations - page 14 | https://tomsgroup.com/en/sustainability/annual_reports_and_policies/ |
| Employee Code of Conduct | Based on Toms Group Human Rights and diversity Policy, our Employee Code of Conduct guides all employees through ethical and moral choices in our daily work life supporting a work environment free from discrimination and corruption. | Foundation, Safety and wellbeing - page 16 | Internal document |

Certifications

| | | | |
|---|---|---|---|
| SMETA - Sedex Members Ethical Trade Audit | SMETA is a bundle of social audit procedures, and a four-pillar audit is used to assess socially responsible supply chain activities, environment and business ethics, as well as labour standards and health & safety. | Foundation, Safety and wellbeing - page 16 | https://www.sedex.com/our-services/smeta-audit/ |
| ISO28000 (Supply chain security and resilience) | Group certification - achieved in 2022. ISO 28000 is a management system for security and resilience. We work with a risk-based approach to secure our whole supply chain and ensure that we can deliver our products to our customers on time. | Foundation, Safety and wellbeing - page 16 | https://www.iso.org/standard/79612.html |
| FSSC (Food Safety System Certification) | FSSC: Group certification. Food safety and quality management system to ensure safe products of high quality to our consumers | Foundation, Safety and wellbeing - page 16 | https://www.fssc.com/schemes/fssc-22000/ |
| IFS Food (International Food Standard) | Food safety and quality management system to ensure safe products of high quality to our consumers. (Sites in Poland are certified.) | Foundation, Safety and wellbeing - page 16 | https://www.ifs-certification.com/index.php/en/standards/4128-ifs-food-standard-en |
| Rainforest Alliance | Certification scheme supporting development of a more sustainable cocoa supply chain. In 2022, Toms Group chocolate production sites were certified to live up to the Rainforest Alliance standard (former UTZ-certification). | Responsible sourcing - page 8 Foundation, Safety and wellbeing - page 16 | https://www.rainforest-alliance.org/for-business/2020-certification-program/ |
| Fair Trade | Certification scheme supporting development of a more sustainable cocoa supply chain. | Foundation, Safety and wellbeing - page 16 | https://www.flocert.net/solutions/fairtrade/fairtrade-overview/ |

Partnerships and Memberships

| | | | |
|---|---|---------------------------------|---|
| UN Global Compact | Since 2006, Toms Group has been member of the UN Global Compact which is the world's largest corporate sustainability initiative that supports companies to align their sustainability strategies and operations. | Sustainable choices - page 6 | https://www.unglobalcompact.org/ |
| ICI - International Cocoa Initiative | ICI works to improve the lives of children and contributes to the elimination of child labour in cocoa-growing communities and in cocoa supply chain. (Toms Group member since 2002.) | Responsible sourcing - page 8 | https://www.cocoainitiative.org |
| WCF - World Cocoa Foundation | 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. | Responsible sourcing - page 8 | https://www.worldcocoafoundation.org/ |
| CFI - Cocoa Forest Initiative | Toms Group is signatory to the cross-industry Cocoa & Forest Initiative, CFI. CFI gathers the world's leading cocoa and chocolate companies and governments of Côte d'Ivoire and Ghana in the fight to protect forests in the cocoa industry. | Responsible sourcing - page 8 | https://www.idhsustainabletrade.com/initiative/cocoa-and-forests/ |
| Cocoa Coalition | Toms Group has joined the Cocoa Coalition, an informal group of companies, certification organisations and NGO's aiming to support the development of relevant policy measures on human rights and deforestation with the European Union. | Responsible sourcing - page 8 | - |
| Forum Nachhaltiger Kakao | A German joint initiative on sustainable cocoa aiming to improve the livelihoods of cocoa farmers and their families as well as to increase the share of sustainably produced cocoa. | Responsible sourcing - page 8 | https://www.kakaoforum.de/en/about-us/german-initiative-on-sustainable-cocoa/ |
| RSPO - Roundtable on Sustainable Palm Oil | Toms Group is a member of RSPO - a global, not-for-profit organisation working to transform the palm oil industry to make it sustainable. 100% palm oil in Toms Group's products is RSPO certified. | Responsible sourcing - page 8 | https://rspo.org/ |
| SBTi - Science Based Targets | In 2022, Toms Group signed up to SBTi. SBTi guides companies in setting adequate emission targets, using the Greenhouse Gas (GHG) protocol - an international standard for mapping and calculating direct and indirect emissions. | Combat climate change - page 10 | https://sciencebasedtargets.org/ |

Thanks for reading