Our Responsibility 2018
About this report

In this report, we outline our approach to corporate social responsibility and report on our performance in 2018.

Corporate social responsibility statement
This report covers the financial year 1 January 2018 - 31 December 2018 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 2018 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.

Communication on Progress 2018 to the UN Global Compact
With this report we reaffirm our support of the 10 principles of UN Global Compact by describing our actions to continually improve the integration of the principles into our business, culture and daily operations.

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

Guided by the UN Global Compact principles, we focus on the issues representing a significant risk or opportunity for us, our business partners or society. This report is structured according to the material issues identified in our value chain in our 2017 materiality assessment (for more information see page 9).

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

We welcome and value your feedback
If you have any feedback and suggestions on how we can improve our reporting, please contact Lea Holm, Toms Group CSR and Communications Manager, at lsh@tomsgroup.com.

This report was published by Toms Group A/S digitally in English on 22 March 2018 and can be downloaded at tomsgroup.com.
Letter from our CEO

It is crucial for our ability to pursue and ensure our continued growth and success that we manage to integrate long-term sustainability along our value chain.

To succeed in this, we must ask ourselves:
What matters most?

Where, along our supply chain, do we risk having an adverse impact on people or the planet, and where do we have the best chances of making a positive impact?

To answer these questions, we developed a new CSR strategy in 2017, defining what we should focus on in order to develop our business in a responsible and sustainable way.

We did this based on a comprehensive assessment of which elements of our corporate social responsibility matter most.

This strategy guides us in our priorities and continued adaptation to new knowledge, technical possibilities, requirements and new consumer trends. It guides us in the often difficult and complex choices required to develop lasting, positive impact.

Looking back at 2018, I would like to highlight a few initiatives and achievements. These examples, among others, make me confident that we will succeed in this important task and manage to further develop our business sustainably:

• Our successful engagement in Ghana continued in 2018 with our Toms Sustainable Cocoa Sourcing Programme. Through education, training and support, we empower current cocoa farmers, their children and the young men and women in the smallholder societies to continue to improve their livelihood and end deforestation. The strong achievements in this programme motivate us to keep fighting to achieve even more results.

• Another important raw material from a CSR perspective is palm oil. In 2017, we were pleased to reach our goal of sourcing 100% responsibly sourced palm oil. In 2018, we continued our venture to make responsibly sourced palm oil the norm across the industry.

• In Denmark, our new energy saving project initiated with Ørsted is our strongest initiative for an environmentally sustainable development in 2018. Over the next few years, a range of energy saving initiatives at our Danish facilities will result in great energy savings for the benefit of the environment and our work environment, and the initiatives will release funds for further investments.

• Finally, in 2018, we decided to expand our support for renewable energy. Since 2015, our entire consumption of electricity at our two Danish facilities has been covered by renewable energy from Ørsted’s offshore wind farms. From January 2019, our entire consumption of electricity at our German, Polish and Swedish sites will also be covered by wind power. Looking at the strong development of renewable energy in Denmark and Europe, it is great to know that we are part of this important transition.

Results like these make me proud to share this report with you. And when meeting our customers and observing trends of still more consumers demanding sustainable sourcing and responsible production, I know that we are on the right track, and I look forward to continuing the development of Toms Group in 2019.

I hope you will enjoy reading this report.

Carsten Lyngsa Thomsen
Chief Executive Officer, Toms Group A/S
What should we focus on to constantly improve social, environmental and financial sustainability along our value chain?

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

WHAT IS OUR RESPONSIBILITY?
What is our responsibility?

To continue consolidating our competitive market position – while continuing to meet the different aspects of our corporate responsibility, we must constantly adapt. We must adapt to new knowledge in our supply chain; to new possibilities and requirements relevant for our production; and to new consumer trends and movements in the international society.

It is crucial that this adaption is based on an understanding of long-term sustainability along our value chain, covering environmental, social and financial sustainability. Consequently, it is crucial that this adaption is framed by a holistic, business-driven CSR strategy.

What matters most?
Motivated by this need for a holistic, business-driven CSR strategy, we asked this question in 2017: What matters most?

Where, along our supply chain, do we have the greatest impact and which responsibilities are we rightfully expected to handle?

Depending on our role, we are met with very different aspects of responsibility:

• We must deal with the broad responsibilities following from our role as employer of 1,100 people, including comprehensive research, inter-views and workshops involving both internal and external stakeholders.
• Inherent to the risk and materiality assessment were the areas, where Toms has the largest impact on society, as well as the business risk to Toms.
• These assessments helped us identify and prioritise the issues that matter most across our value chain.

The result: Our focus
The result of the assessment is shown in the heatmap on the right. All issues identified in the assessment are rated on a scale from 0 to 5 on their importance for our stakeholders and our business, respectively.

Illustrating the result of our materiality assessment this way gives a holistic and valuable overview of our corporate responsibility.

In 2017, it guided us in prioritising the three tracks of our corporate responsibility strategy. During 2018, it has worked as a framework for our ongoing specification and implementation of this strategy.

Going forward, we will continually revisit the materiality assessment to ensure that our priorities and approach to our corporate responsibility constantly address the right issues for our business, our stakeholders and society in a local and a global perspective.

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

Please note that the axes on the heatmap do not begin at “0”. All focus areas on the heatmap have some importance for our business as well as our stakeholders.
Governance
We aspire to good corporate governance, ensuring implementation and continued development of our Corporate Responsibility Strategy.

To accomplish this goal, we redefined our governance structure in 2017. Local ownership of the strategy’s focus areas has been enhanced with the development of a “CSR Team” working across the organisation to ensure that the development of each strategy track is aligned.

Also, our top management’s role as our “CSR Steering Committee” has been specified.

Together with a clear annual cycle for discussions, decisions and internal KPI development and reporting, this structure will help us implement our business-driven Corporate Responsibility Strategy, continuously adapting it to the ever-changing needs of our stakeholders and our business.

The heatmap on the previous page guided us in prioritising our efforts in all the very different areas of our corporate responsibility and our sphere of influence.

The three tracks in our Corporate Responsibility Strategy are illustrated on the left, showing a clear connection between our business model/value chain and our approach to corporate responsibility.
Being a manufacturer, we have a responsibility to protect and ensure sustainable utilisation of the earth’s resources. We have a special responsibility for sustainable sourcing of our primary raw material, cocoa. Read about our persistent initiatives in Ghana for sustainable sourcing and about how we in general integrate respect for the environment and for human rights along our supply chain.
OUR SOURCING

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

Our responsibility

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

Being a manufacturer, this leaves us with great responsibility to stay on top of developments in the supply chains of our critical raw materials and to ensure responsible, risk-based procurement practices for all of our 1,300 suppliers.

Our approach

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

Policy for Human Rights

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

Supplier Code of Conduct

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

Our fight for sustainable cocoa

For more than a decade, the focus of our sustainable sourcing efforts has been our primary raw material, cocoa. Our long-standing engagement and commitment in Ghana build on cooperation with the approximately 5,000 farmers who grow all of our West African cocoa.

Over the last decade, we have worked closely with competent partners such as Danida, Oxfam IBIS, Ecom and competent partners such as Danida, Oxfam IBIS, Ecom and

Our Sustainable Cocoa Sourcing Programme

In continuation of the former projects’ scope and results, the Toms Sustainable Cocoa Sourcing Programme aims to reach minimum 4,800 farmers through three programme components that include:

1. Improved access to agronomic knowledge and services to improve farmers’ capacity
   • Training in good agricultural, environmental and social practices
   • Development of demonstration farms (incl. education in soil fertility management)
   • Business management education and guidance and support to start up additional livelihoods
   • Farmer coaching and initiation of farm development plans to ensure lasting results

2. Improved access to products and services to enhance cocoa productivity and make farmers’ livelihoods more sustainable
   • Access to high-quality planting material
   • Access to responsible labour services
   • Access to agro-inputs
   • Access to responsible savings and loans

local NGOs. The public-private cooperation has shown strong results, proving that it is indeed possible to create changes if you are humble, patient and persistent.

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

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

Toms Sustainable Cocoa Sourcing Programme

To further the positive development achieved during the last decade, we continued our Toms Sustainable Cocoa Sourcing Programme with Ecom Sustainable Management Service as a partner in 2018.

The programme is being implemented in two cocoa growing regions of Ghana, Western and Brong Ahafo, in close cooperation with the 5,000 farmers who live in the 112 communities located in these districts.

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   • Access to high-quality planting material
   • Access to responsible labour services
   • Access to agro-inputs
   • Access to responsible savings and loans

3. Improved child labour prevention system and support to youths in cocoa communities
   • Youth-focused initiative
   • Child Labour Monitoring and Remediation System (CLMRS)

Fighting deforestation

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

In 2018, Toms Group and the co-signatories of CFI announced the far-reaching Frameworks for Action to specify how each company will contribute to reaching the goal of CFI.

In line with our CFI Action Plan, elements of our Sustainable Cocoa Sourcing Programme for 2019 are:

- Map all farms by end-2019 and ensure that no farms contribute to deforestation
- Train 4,800 farmers in Climate Smart Agricultural Practices
- Distribute 70,000 multipurpose trees for farm restoration
- Distribute 165,550 cocoa seedlings
- Establish 24 community-based nurseries
- Promote farm diversification to 564 farmers
- Develop traceability up to farm level
Together we are stronger

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

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

- **International Cocoa Initiative (ICI)**
  Since 2009, we have been a partner in the ICI to support the initiative’s important efforts to improve the lives of children and contribute to the elimination of child labour in cocoa-growing communities and in the cocoa supply chain. 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, visit the [WCF website](#).

- **Cocoa Livelihoods Program**
  The Toms Foundation supports the WCF Cocoa Livelihoods Program running from 2014 to 2019. The programme is working to increase farm-level productivity of cocoa and food crops of 200,000 smallholder cocoa-growing households in Cameroon, Côte d’Ivoire, Ghana and Nigeria. For more information on the programme and its impressive results, [click here](#).

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

- **Danish Ethical Trading Initiative**
  In 2018, we continued our membership of the DIEH, which promotes ethical trade and responsible supply chain management among Danish companies and public institutions. For more info, [click here](#).

- **CEN/ISO standard**
  The European Committee for Standardization (CEN) and the International Organization for Standardization (ISO) are driving the development of a joint standard for traceable and sustainable cocoa, which can help align industry efforts and bring sustainably improved cocoa production into the mainstream. Toms has been an active participant in the development of this standard from the beginning. The standard is forecast to be finalised in 2019. Read about the standard [here](#).

**Responsible procurement**

We require all our suppliers to follow our Supplier Code of Conduct. This has been the case since 2009. In 2018, we strengthened the commitment by adding a signature form to the Code of Conduct for each supplier to sign when initiating or renewing its contract with Toms Group.

As part of our general work for responsible sourcing, we also use supplier questionnaires to assess all our suppliers. In 2018, all of our supplier audits conducted outside Denmark and Sweden (approximately two-thirds) included social and environmental issues, based on our supplier questionnaire.

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

**Our 2019 initiatives**

In 2019, we continue our fight for a sustainable cocoa industry through Toms Sustainable Cocoa Sourcing Programme. As mentioned above, our programme for 2019 will be adapted to our responsibilities as signatories of the Cocoa Forest Initiative.

We follow the development of the coming ISO/CEN standard for sustainable cocoa closely and will in 2019 review our possibilities for sourcing sustainable, certified cocoa.
Naturally, the part of our value chain that offers the greatest possibilities for affecting the social and environmental impact of our business is our own operations. Therefore, we are focusing on the areas Product Quality, Our Employees, Environment and Climate and Business Ethics.

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

The quality and safety of our products is our top priority. We aim to develop, produce and market a consistently high product quality that meets the expectations of the consumers, customers and regulatory requirements.

Integrated in supply chain
We have an important responsibility to ensure high product quality and to mitigate any food safety risks in our value chain. As a consequence, food safety (HACCP) and quality assurance cover our entire supply chain. It is integrated into the design of new products, new machinery and into our processes.

We carefully select our raw materials and follow rigorous procurement and auditing processes to ensure safe, high-quality raw materials. We require all our suppliers to demonstrate food safety (HACCP) performance equivalent to ours, and processes are in place to identify and act upon any negative food safety or quality impact in our supply chain.

Education and training
It is our objective that all employees in Toms Group take ownership of our product quality and food safety. We ensure this through extensive training and education.

Particularly in relation to cleaning, sanitation and food safety practices, where we follow certified procedures in every step of the production.

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

Mitigation of intentional risks
Unfortunately, the food industry also faces intentional food safety risks such as sabotage and food fraud.

To mitigate any risks connected to sabotage, we have a Food Defence Programme in place. The goal is to prevent intentional contamination of our products. The programme includes security and access control to our facilities. The control covers all incoming and outgoing personnel, guests, goods transports, etc.

Our comprehensive programme for approval of suppliers plays a significant role in mitigating any risk of food fraud. All our suppliers are approved through questionnaires, audits and risk assessments. During this risk assessment, suppliers are thoroughly screened on the aspect of food fraud and the authenticity of the supplied products.

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

Our Certified production plants
All of our production plants have been certified to meet the requirements of a standard recognised by the Global Food Safety Initiative (GFSI). This certification helps us to secure an adequate level of food safety and good manufacturing practice (GMP).

How we monitor our progress
We have identified two key performance indicators to help monitor the results of our work on product quality and food safety. They are:

- Number of major non-conformities from authorities, customers or certifying body.
- Number of consumer and customer complaints per 100 tonnes of sold product. Each factory has individual goals for this KPI, and they are subject to monthly follow-up.

Initiatives and results 2018
In 2018, we have worked on several food safety initiatives. The most important ones are:

- Review and improvement of our food safety evaluations
- Risk awareness and risk prevention initiatives in the production
- Improvement of our complaint handling and crisis management processes. This includes increased focus on training of related processes in the organisation
- Further implementation of food defence initiatives in our supply chain.

Our 2019 initiatives
In 2019, we are going to continue the food safety and food defence initiatives mentioned. Our focus will be on further improvement of our quality system, ensuring efficient implementation of procedures and improvement of hygiene controls and certain quality controls.
Employees

“We strive to be an inclusive workplace where each employee thrives and has the opportunity to develop. We believe in the importance of our employees having a good work-life balance, and we want to support employees having a healthy and active life.”

This is from our Corporate Responsibility Policy, where we describe how we aim to make a positive contribution along our value chain. This applies in particular to our 1,100 employees who, as the key to our long history and success, have developed Toms into the company we are today.

Below, we describe how we have continued our efforts in 2018 to ensure our employees’ engagement, health, safety and opportunities to develop at Toms.

Employee engagement survey
Every year we conduct an employee engagement survey. We do this to highlight any challenges and potential for improvement of our employees’ engagement and work environment. Through the employees’ anonymous responses, the survey measures how employees evaluate their work at Toms on a range of parameters covering job satisfaction, motivation and dedication as well as a number of “drivers” for these: reputation, management, cooperation, job content, wages, working conditions and opportunities for learning and development.

The 2018 survey conducted in Denmark, Sweden and Poland had a response rate of 91 per cent.

Employee engagement in numbers
The 2018 survey showed a high level of job satisfaction and loyalty across the Group, with major improvements in the Polish organisation and a small decline in the Swedish organisation.

Looking at the overall Toms Group results, the survey shows scores above the Food & Beverage Industry benchmark on almost all parameters.

We are very happy with the positive results across the Group. But the value of the survey is first and foremost its ability to show us areas where we can improve, and despite overall positive results, there are still areas that need to be improved locally or at team level. We therefore continuously work on improving the follow-up process, both at country level and at team level, to ensure identified challenges are handled properly.

Our approach
Besides our described Corporate Responsibility Policy, our approach to ensuring that Toms is a good and safe place to work is supported by a number of more specific policies that focus on different areas, communicating how we define the conditions and expectations.

These include primarily elements of:
- the well-being, safety and development of our employees;
- the terms and conditions of employment for different employee types.

To mention a few examples of relevant policies, we have defined policies for: Personal relations in the workplace; recruitment processes; how we create more equality and diversity; health/nutrition/substance abuse; and how to handle sickness absence.

Our diversity policy also describes our approach and initiatives for gender equality in our management and among employees in general.

The aim is to capture as many aspects of the mutual obligations and responsibilities incorporated in the collaboration between managers and employees, supporting clear rules and communication of how we both develop and protect the employees, creating the best working conditions possible.

All policies that regulate our approach to our employees’ health and well-being are approved by our works council.

Our externally available policies are available for download here.

Satisfaction & Motivation

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Danish, Swedish, Polish and Industry.
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 both employee and management positions, we always strive to have at least one male and one female candidate in the final candidate pool. Likewise, we generally also strive to maintain a diverse workforce in terms of other diversity parameters.

Other examples of how we put action behind the words of our diversity policy are:

- People development: In the annual personal development dialogues, we discuss our employees’ needs for training and development. The purpose is to ensure a continued match between employee competences and the future requirements of the organisation.
- Language teaching: In addition to the training and educational opportunities we offer our employees within their own specific job area, we offer classes in Danish and English to employees who, for various reasons, need to improve their language skills.
- Systematic engagement survey: Annual employee engagement survey. (See details and results of recent survey in the previous section "Employee engagement survey").
- Flexi jobs and wage subsidies: As far as possible, we meet the needs for arrangements with flexible jobs and wage subsidies to help employees stay connected to the labour market.

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

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

Denmark
Our health and safety organisation at our two factories in Denmark is structured in 15 safety groups, each responsible for a workplace area and the people employed in that area.

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

In 2018, we have implemented yearly workplace assessments. In order to ensure that we have reviewed all the topics relevant for our industry over a 3-year period, we each year go into depth with one third of the relevant topics. The topics for 2018 were accidents, training and instruction – which is in line with our continued focus on accident prevention.

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

Germany
In 2018, our workers at our German site were trained in correct handling of hazardous materials. This included guidance in proper use of protective equipment such as gloves and safety glasses.

At our German site we use the DGUV regulation 2, company doctors and occupational safety specialists to ensure ongoing adjustment and adaption to the potential occupational health and safety risks.

Our approach
At both our Danish, German and Polish facilities, our health and safety work is structured according to our QES policy.

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

This policy describes Toms Group’s approach, goals and principles on product quality, environment and health and safety. In 2019, this policy will be renewed when the three elements will be covered in three separate policies.

Gender distribution in management
The six Board Members on the Board of Toms Group A/S are up for election every four years and are elected by the general meeting. In 2016, Board Member Flemming Sundøe retired and Carsten Wehrmann was elected to the board; accordingly, the 100 per cent male gender distribution was maintained. No female candidates were identified in the recruitment process. There are, in addition, three staff-elected Board Members, one of whom are female.

The Board of Directors aims to have at least one female board member elected by the general meeting by 2021.

The executive management group at Toms comprises eight members, two of whom are female.

The group of managers below the executive management level comprises 68 members: 28 per cent women and 72 per cent men. This is the same gender distribution as in 2016.
Occupational accidents

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

We believe that our total efforts on health and safety at work are best measured by the accident frequency, which is why this is the key indicator we measure our performance against.

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

### Occupational accidents per 1 m working hours

The number of occupational accidents showed an increase in 2018 for our candy confectionery factory and a minor increase at our Danish chocolate factory. At our Polish packing facility and especially at our German chocolate factory the level decreased further in 2018, continuing the positive development during the last years.

In 2019, we intensify our efforts for accident prevention with our safety organisation in general. Our investments in new production equipments at our candy confectionery factory also result in improved safety for the employees.

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.

### Occupational accidents

- Waste management
- Cleaning and hygiene management in a factory, including correct handling of chemicals
- Registration of chemicals for cleaning and disinfection
- Registration of chemicals in workshops

### Our 2019 initiatives

In the beginning of 2019, we will be launching a new onboarding programme, developed in 2018. The programme plays an important role in our onboarding of all new employees, and the purpose is to help all employees feel welcome, motivated and well-informed about our corporate history, culture, good manufacturing practices and health and safety.

During 2019, we also plan to develop a health and safety module, which will help strengthen our safety culture going forward. Employees must revisit this as well as the GMP module every year to ensure constant awareness of these important fields.

To further enhance our safety culture, we will in 2019 work targeted on enhancing our accident prevention culture. We will do this with a strong focus on the tools and procedures which enable the identification and prevention of accidents, and strengthen the cross-group vigilant behaviour and use of PPE (Personal Protective Equipment).
**Environment and climate**

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

**Comprehensive energy savings**

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

In 2018, we initiated a new project with Ørsted with the ambitious goal of generating comprehensive energy savings at our Danish factories. With financing and consulting services from Ørsted, we are looking forward to reducing our consumption of electricity, gas and district heating by approx. 20%.

The first part of this project involves replacing the lighting sources in our production and administration. This will produce annual savings of 1,377 GWh, which corresponds to more than 300 families’ consumption of power. And as an added benefit, the indoor climate will be improved, which will benefit our employees and our production.

**Green power**

Another key element in our climate partnership is our procurement of wind power.

In 2011, Toms began purchasing wind power from Ørsted’s offshore wind farms. By 2015, all electricity used at our Danish facilities has been covered by wind power. “Guarantee of Origin” certificates ensure the earmarking of production of wind power equivalent to the volume of our consumption.

**Our approach**

Our CSR policy describes our recognition of the fact that business activities have a crucial impact on the development of society.

This is not least the case for manufacturing companies like Toms Group. With production and packaging facilities in Denmark, Poland and Germany, we have a great responsibility to integrate precautionary principles towards environment and climate and to constantly seek to minimise our consumption of energy and support the development of environmental sustainability along our value chain.

From 2019, we have chosen to expand our support for green energy by covering our entire electricity consumption across the group including Poland, Germany and Sweden with wind power from Ørsted’s European offshore wind farms.

**Saving of 100,000KWh**

In 2018, we continued the comprehensive task of testing around 100 connections and pipelines for leaks at our German facility in Bremen.

Even a small leakage results in substantial loss of energy. We have started repairing the leaks and expect to save around 100,000 KWh in total as a result of these repairs.

**Reduction in CO₂ emissions**

Our total energy consumption at Toms Group increased by 1,25% in 2018, and is now 1,9% below the total consumption in 2013.

By the end of 2018, Toms Group had a decreased emission of CO₂ per MT product produced by 32,9 % compared to 2013. This is mainly a result of purchasing green energy for our Danish facilities.
Waste management
We consider it highly important to minimise the environmental impacts of our waste, which is why we prevent or recycle as much of our waste as possible. We focus on handling waste at the highest possible level of the waste hierarchy.

This means that we first attempt to prevent waste and limit the loss of raw materials. However, as this is not always feasible, we seek to recycle as much of our waste as possible. Waste that cannot be recycled is utilised for production of district heating or discarded in an environmentally sustainable manner in line with the most stringent waste disposal standards.

Our 2019 initiatives
In 2019, we are looking forward to developing a roadmap for our group’s approach to climate and environment. This strategic process will lead to an upgrade of our group policies and identification of our KPIs and targets for these important areas.

The central aspects of this roadmap are our continued efforts within energy optimisation of our Danish factories. In 2019, we will initiate our sub-projects comprising insulation of piping, investigation of heat pump utilisation in production areas and ventilation and steam projects.

For the benefit of both employees and the environment we will also optimise our procurement procedures and handling of chemicals to ensure we act as responsibly and environmentally safe as possible.

Last but not least, another strong initiative on our roadmap for climate and environmental sustainability is our support of the important transition to green energy. This is, as mentioned, further strengthened in 2019 by our mentioned initiative to cover our entire electricity consumption with wind power from Ørsted’s European offshore wind farms.

Valuable waste
An example of our waste management is our use of cocoa shells. As part of our partnership with Ørsted, we use our cocoa shells, a biodegradable waste product in chocolate production, to produce district heating. The heating is then used in Danish households, thus contributing both to the environment and to savings for Toms.

In 2018, we supplied 306 MT of cocoa shells to Avedøre Power Station. At the power station, the cocoa shells are used as biofuel to produce district heating.

In 2018, the 306 MT of cocoa shells produced district heating equivalent to the annual heat consumption of approx. 80 Danish households.
Business ethics

We have 1,500 suppliers, more than 1,100 employees and customers in 100 countries. A major part of our responsibility towards all of these people is to ensure that our relationship with them is based on fairness, honesty and high ethical standards.

Supplier Code of Conduct
As part of a long value chain, our continued responsible business conduct depends to a great extent of our suppliers’ approach. That is why the expectation to respect human rights, labour standards, the environment and anti-corruption is reflected on an operational level as a significant part of our Supplier Code of Conduct.

The document was renewed in 2018 with the inclusion of more topics to reflect the whole spectrum of the environmental and social responsibilities facing all partners in our supply chain. We also chose to add a signature form to the Code of Conduct, which all suppliers must sign when a new or renewed contract is signed with Toms Group.

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 on ethical, moral, social and environmental responsibility.

Our initiatives in 2018 to ensure that these documents cover all relevant areas of our corporate responsibility and that they work as effective tools for ensuring high ethical standards along our value chain are described below.

Our Supplier Code of Conduct can be downloaded here.

Employee Code of Conduct
To ensure high business ethics standards in general, we introduced an internal Code of Conduct in 2017 to guide us all through large and small choices in our daily life. In 2018, we renewed the code with inclusion of for instance topics related to our environmental responsibility and responsibilities to ensure correct data protection.

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

The scheme allows for reporting of serious offences that violate the law, regulations or the Toms Group’s policies and Code of Conduct. All reports are confidential and – if requested – fully anonymised.

We did not receive any reports through this new scheme in 2018.

Our 2019 initiatives
In 2019, our renewed Employee Code of Conduct will form the basis of a new learning module in our corporate e-learning platform.

The module will be part of our mandatory onboarding training and education for all new employees and will be part of the mandatory training package which each employee must revisit each year to stay aware of the security, safety and ethical standards and norms at Toms Group.
We see it as part of our corporate responsibility to be a proactive and responsible partner in our home market communities.

In this chapter, you can read about our approach to and initiatives in supporting a balanced and active lifestyle and how we support especially the future consumers with the information and knowledge needed to make conscious and responsible choices.
Our consumers

Because we see it as part of our responsibility to be a proactive and responsible partner in our home market communities, we have chosen to use sponsorships and partnerships to support balanced lifestyles. And we take a special responsibility to support the future consumers with knowledge on balanced lifestyle, production chain and sustainability.

Consumer education
Toms has a long and proud tradition of welcoming school classes to chocolate production facilities. In recent years, we have supplemented these visits with strong educational material in order to equip our future consumers with information on production chain, responsibility, and balanced lifestyle.

Additionally, an outward-oriented concept combining physical chocolate materials with an interactive education portfolio is well-implemented and brings knowledge on sustainable chocolate production to school classes all over Denmark.

Conscious consumers are our ambition
At Toms we strive to reach our consumers with education strongly focusing on production chain, sustainability and balanced lifestyle.

We consider it our special responsibility to provide future consumers with the information and knowledge needed to make conscious and responsible choices. Towards this goal, we give high priority to continuing and developing the outward-oriented education concepts, utilising the potential to reach a large number of primary schools.

Furthermore, we aim to strengthen our support to the large number of students at high schools and universities needing insight into sustainable confectionary production for their assignments and theses.

Finally, we are pleased to see that a growing number of our consumers of all ages ask for information on confectionary production, thereby generating a substantial platform for having a dialogue on responsibility and sustainable production.

Sponsorships supporting a balanced lifestyle
We seek to support balanced and active lifestyles through sponsorships and partnerships. This is in line with the long history of Toms Group as an active commercial partner to a broad variety of sports.

In 1955 Toms signed the first commercial sponsorship agreement becoming an active partner within football. This was the beginning of a vast array of partnerships between Toms and a long line of Danish athletes. For many years, we have sponsored sports through Toms Ligaen, women’s handball, The Gold Bar race, speedway, as well as sailing, equestrian sports, football and golf.

Olympic partner
In 2016, Toms made a comeback to the world of sports with a five-year partnership with DIF and Team Danmark as sponsor of the Danish Olympic athletes.

During 2018, we have used this sponsorship to help strengthen the awareness of different sports in cooperation with a number of Olympic athletes.

Olympic sponsorship is a five-year deal, and we are looking forward to backing the Danish Olympians at Tokyo 2020.

Going forward
From 2019, we are planning to turn our focus towards regular sports at amateur level. We are looking forward to starting traditions in this field and supporting a balanced and active lifestyle by supporting regular sports locally on our Danish home market.

Our Olympic sponsorship is a five-year deal, and we are looking forward to backing the Danish Olympians at Tokyo 2020.

Successful experience boxes
In 2018, more than 200 groups of Danish school children have spent eight or more lessons in their respective schools working with this education concept.

The boxes contain cocoa and chocolate materials and give access to interactive education material taking the students through all essential parts of the chocolate production chain. As an example, the classes have worked intensively with the concept of farmer training in cocoa production, supported by videos and data from Toms’ engagement in Ghana.

The school teachers using our experience boxes continually send us very positive feedback on the learning outcome for the young students, encouraging us to continue our work.

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