



Human and Labor Rights Due Diligence

2023

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1. Directors Statement on Human and Labor Rights

TOMRA's Human and Labor Rights Policy and Business Principles for Suppliers and Partners include clear expectations towards all operations and our supply chain on sustainability matters, including fair and safe working conditions, human rights, compliance, and environmental protection.

Today, the Chief Executive Officer and the Board of Directors reviewed and approved the TOMRA Human and Labor Rights Due Diligence Report for 2023.

Asker, 21 March 2024

2. About TOMRA

TOMRA was founded in 1972, based on the design, manufacturing, and sale of reverse vending machines (RVMs) for automated collection of used beverage containers. Today TOMRA provides technology-led solutions that enable the circular economy with advanced collection and sorting systems, and food processing by employing sensor-based sorting and grading technology.

Altogether TOMRA has over 110,000 installations in over 100 markets worldwide and total revenues of 14.8 billion NOK. TOMRA's geographic footprint covers all continents, and the solutions supplied are increasingly relevant for serving sustainable societies.

As a member of the United Nations Global Compact (UNGC), TOMRA is committed to implementing the principles of the UNGC through responsible business conduct and actively supports and promotes Human and Labor Rights through its operations and supply chains.

The TOMRA Group employs around 5,400 people globally and has three Business Divisions: TOMRA Collection, TOMRA Food, and TOMRA Recycling.

TOMRA COLLECTION

TOMRA Collection is the world's leading provider of reverse vending solutions. Every year, TOMRA enables the collection of more than 46 billion empty cans and bottles and provides retailers and other customers with an effective and efficient way of collecting, sorting, and processing these containers.

TOMRA FOOD

TOMRA Food is the leading provider of sensor-based sorting and grading technology for the food industry. The solutions include advanced grading, sorting, peeling and analytical technology to help businesses improve returns, gain operational efficiencies, and ensure a safe food supply.

TOMRA RECYCLING

TOMRA Recycling has pioneered the use of sensor-based technology for automating the recovery and recycling of valuable resources. The flexible sorting systems perform an extensive range of sorting tasks and can sort various types of materials and minerals with the purpose of preparation for recycling, material upgrading, as well as sustainable sorting of ores, gemstones, and minerals.

3. Reporting on Fundamental Human and Labor Rights

SUPPLY CHAIN

The TOMRA supply chain is organized and managed by each individual Business Division's operations department. The departments' responsibilities include procurement, quality control, production, and shipping. Each such department works closely with Research & Development, Technology, Sales, and Service departments to keep efficient sourcing and purchasing. This includes individual components, machinery and frames needed in production, also called direct spend, and purchases to support the everyday running, also called indirect spend including freight, production machinery, tools, and miscellaneous services, of the organization. The supply chain is global with related activities across Europe, Asia Pacific, and the Americas with production in Norway, Germany, Poland, Slovakia, China, and New Zealand. Operating across such diverse geographies and markets, there is potential for negative impact on human and labor rights and such risks need to be assessed in relation to suppliers and sub-suppliers.

DUE DILIGENCE REPORT

TOMRA conducts due diligence in its supply chain to identify, manage, and resolve risks and breaches of fundamental human and labor rights. TOMRA applies the principles of the Organisation for Economic Cooperation and Development (OECD) guidelines and makes efforts to carry out due diligence following the OECD guidelines and the requirements in the Norwegian Transparency Act (2021). The 2023 report follows the format set for the 2022 report, in line with keeping the procedures set for performing due diligence, risk assessments, and supply chain interaction.

This report, thus, covers the risk management system, the identified results of the most recent evaluation, and information about implemented and planned measures to cease actual impact and mitigate potential risks. Additionally, it discusses future plans to strengthen the relevant risk management system. Finally, there is information on how interested parties can request information or report a concern about human and labor rights in the TOMRA supply chain.

4. Risk Management System

POLICIES AND PROCEDURES

TOMRA sets high standards of performance and ethical behavior for all employees, in its own operations, and with suppliers & partners. These are guided through the [Code of Conduct](#), [Business Principles for Suppliers and Partners](#), as well as the [Human and Labor Rights Policy](#) supporting TOMRA to deliver on fair business and labor practices.

The policy and procedures are guided by the human rights enshrined in the Universal Declaration of Human Rights (1948), the two international covenants on civil and political rights (1966) and economic, social, and cultural rights (1966) and the core conventions of the International Labour Organization (ILO). The associated work on supply chain due diligence is guided by the Norwegian Transparency Act (2021) and the OECD Due Diligence Guidance.

HUMAN AND LABOR RIGHTS DUE DILIGENCE PROCESS

TOMRA's human and labor rights due diligence process is based on the OECD Due Diligence Guidance for Responsible Business Conduct, which is illustrated in the figure below.



Relevant TOMRA policies, procedures, and processes are designed to protect human and labor rights and to follow relevant laws, regulations, and internationally recognized standards throughout the operations. This includes engagement and supply chain due diligence communication and reporting to the Board of Directors and senior Management. The operations departments perform risk mapping and audits with suppliers, contractors, and other business partners to manage the understanding of risk and to implement appropriate actions needed. This supports, both directly and indirectly, the general wellbeing of the communities in which we work.

TOMRA has followed a structured approach to map human and labor rights risks in the supply chain. The structure has been built with the engagement of a project team including operational staff from each Division and the Group Compliance Department to ensure fit, understanding, and acceptance of the purpose, goals, and benefits of performing supply chain due diligence. The engagements have included training sessions, workshops, supplier base review, supplier visits and audits, and discussions on appropriate processes and actions.

SUPPLIER COMMITMENT

TOMRA collaborates actively with suppliers to sign and confirm compliance with the Business Principles and Code of Conduct. These documents clearly lay out TOMRA's expectations from suppliers and partners, including expectations on how these manage their supply chains. The Business Principles, that are signed by suppliers and partners as part of TOMRA's standard terms and conditions, give TOMRA the right to receive relevant information from suppliers and partners to perform the needed due diligence, investigations, reporting, and information requests about human and labor rights.

GOVERNANCE

The policy and associated guidance on due diligence on human and labor rights are reviewed and approved by the Board of Directors (the Board). Policies and Procedures kept by the Group Compliance Department are reviewed and updated annually before being presented to the Board. The review includes a confirmation on the regulatory environment and any changes in the legal framework and / or industry standards.

TOMRA acknowledges that human rights due diligence is a continuous process, and TOMRA is constantly working to better understand and map its risks to further integrate and implement required improvements.

NOTIFICATION PORTAL

TOMRA promotes openness and transparency in all its activities and all employees and business partners are encouraged to report any violations of TOMRA's Code of Conduct or other policies. This includes any concerns, actual or perceived, on breaches of human and labor rights. To report a concern any interested party can register a case on the [TOMRA Notification Portal](#). All cases are directed to the Group Compliance Department. Concerns or complaints can be reported anonymously. TOMRA will not tolerate any form of retaliation directed against anyone who raises a concern in good faith about a violation.

Any concern, complaint or the like reported to the notification portal is investigated by the Group Compliance Department. The notifier will be consulted throughout the investigation and will be informed of any relevant conclusion and action on TOMRA's part. The process of investigation, giving recommendations, and reporting to senior management is performed according to the internal policy on incident management.

INFORMATION REQUESTS

Any person has the right to request information from TOMRA on how TOMRA addresses actual or potential adverse impacts on human and labor rights. This includes both general information and information relating to a specific product or service offered by the enterprise. How to make an information request is available at TOMRA's [webpage](#).

5. Risk Evaluation

DUE DILIGENCE ROUTINES

TOMRA's implemented due diligence framework is designed to fit with the organization's and Business Divisions' existing supply chain procedures and processes. The relevant routines are undertaken in each of the three Business Divisions with coordination, calibration, and collation performed by Group Compliance. The data set used in the framework includes group-wide purchases. Certain assumptions are made on TOMRA's ability to influence supplier behavior and initiate change to set the risk review scope.

The framework includes guidance from external experts on best practice and has resulted in a three-pronged approach to assessing and measuring risk:

- Firstly, the supplier country and product country of origin are risk rated using [Transparency International](#) corruption perception index. This uses the level of corruption and standard of the legal and institutional framework as a proxy for the level of respect for human rights.
- Secondly, each supplier's industry is mapped a GICS code following MSCI's [The Global Industry Classification Standard \(GICS®\)](#). Each GICS industry is then used to understand the risk in relation to human and labor rights. The GICS industry risk mapping does consider risks across the value chain, going back to e.g., extraction of metals and minerals, of the industry.
- Thirdly, TOMRA risk rates individual suppliers using country and industry risks as valuable context for the supplier's location and products or services. This risk rating exercise is extended based on TOMRA's relationship, knowledge and understanding of the supplier's supply chain, operations, labor relations, and other key parameters.

RISKS AND FOCUS AREAS

In the risk mapping process across the TOMRA's direct operations and supply chain the organization found the following potential human rights risks as relevant to its operations, supply chains, and business partners:

- Labor Rights
- Discrimination
- Safe & Hygienic Working Conditions
- Harsh or Inhumane Treatment
- Child Labor
- Forced Labor
- Human Trafficking
- Indigenous & Tribal People's Rights
- Community Rights

During the risk rating step of the due diligence process of individual suppliers TOMRA found that the most relevant risks in its supply chain arising from suppliers remained the same during 2023 as in 2022, namely in relation to labor rights, safe & hygienic working conditions and discrimination. TOMRA has continued to focus on these when engaging with its suppliers. The remaining human rights listed above were deemed to be low risk in the company's supply chain. The associated risks relating to these were highlighted to suppliers where relevant based on geography and industry.

RISK MANAGEMENT ROUTINES

The TOMRA framework for human and labor rights due diligence prioritizes engagement with medium and high-risk suppliers and sub-suppliers. This is both for actual events and where significant risks are present. Companies found from the risk assessment and knowledge of events are further engaged in the specifics of their policies, procedures, and practices related to human and labor rights.

TOMRA will consider remediation where significant breaches of human and labor rights have occurred. The consideration will include the needed scale, scope, and actual possibility of remediation before making any conclusions or recommendations.

The due diligence process requires further investigation of individual suppliers and their sub-suppliers through the following:

- Self-assessment form: The form requires suppliers to answer, explain, and document relevant policies and procedures for both the company and its suppliers. Relevant suppliers must also confirm the existence of certain metals and minerals, known as challenging to human rights, in their products and production chains. Self-assessment forms are typically performed yearly. The majority of TOMRA's strategic suppliers completed the self-assessment form during 2023 and all existing contracted suppliers are reminded of the condition of compliance with the TOMRA Code of Conduct and Business Principles. Deviations from TOMRA expectations are followed up in the next sections of interaction. The Collection Business Division has in addition promoted awareness through human and labor rights specific communications and forms.
- Interviews and discussion: The TOMRA Business Divisions also engage suppliers in regular interviews and discussions for their production, procurement, and supply chains, related to human and labor rights. Such supplier engagements and interactions occur frequently across supply chain locations including Germany, Belgium, Slovakia, Norway, China, and New Zealand.
- Supplier audit: Strategic suppliers are subject to physical audits from TOMRA including senior management interview, documentation request, and factory inspection. Health & Safety, labor conditions, discrimination, and sub-suppliers are part of the audit plan under the due diligence framework. During 2023 TOMRA conducted supplier audits of over 60 strategic suppliers globally including in the USA, Germany, Slovakia, Poland, Sweden, China, and New Zealand. This was a significant increase over 2022.

- Documentation review: Documentation received from the above interactions is carefully reviewed and confirmed where human and labor rights issues are under discussion. Examples include ensuring that health and safety training is completed at site, relevant policies and procedures are shared and explained, information regarding sub-suppliers is shared and analyzed.
- Third-party information check: TOMRA screens and verifies the integrity of new suppliers through a third-party service before entering a business relationship, and existing suppliers are monitored through the same service. The screening and monitoring include results on sanctions, penalties & fines, and negative media reports covering human and labor rights abuses. This is an ongoing process that is tested by Group Compliance and is followed up by the Board and Executive Leadership Team on a quarterly basis.

Any actual or perceived breaches of human and labor rights are documented and communicated back to the supplier. TOMRA logs such communication and monitors that the rectifying actions are taken. An example of this is a supplier improvement plan at the end of a supplier audit.

6. Risk Management Actions

SOLVING ACTUAL IMPACT AND MITIGATING POTENTIAL RISKS

TOMRA engages suppliers on health and safety, labor conditions, and human rights protection in its normal course of business. When actual events or significant risks are found, or uncovered, prompt action is taken with the supplier to correct and mitigate future negative events. Actual events and uncovered risks in the past and during 2023 have included the following situations:

- Lack of policies and procedures: TOMRA verifies through onboarding and annual self-assessment forms if suppliers have the necessary policies and procedures in place to protect human rights and labor conditions. When these are missing TOMRA will ask for such policies and procedures to be implemented. This is then tested and confirmed at following interactions, including physical audits.
- Labor Conditions and Health & Safety Risks: TOMRA visits the factory floors of key suppliers and performs walk-throughs to see the operational workflow, cleanliness, and adherence to health and safety. Found issues, hazards etc. are communicated in writing including expectations on improvements. Typical observations include lack of safety equipment, proper marking of safety lanes, clutter, and medical supplies. TOMRA will document any shortcomings and share in writing with the relevant suppliers including any recommendations and expectations to improve.
- Human Rights awareness: TOMRA inquiries on procedures to protect human rights, such as discrimination, forced labor of undocumented workers, and community rights to suppliers. TOMRA requests that such procedures are implemented when needed. The results are verified at the next checkpoint.
- Supplier Risk Oversight and Controls: TOMRA explicitly states in the Business Principles for Suppliers and Partners that suppliers must manage the risk in their supply chains to ensure that the situation for TOMRA's sub-suppliers is understood and managed. TOMRA questionnaires, discussions and audits include communication on this to understand supply chain risks. Where suppliers do not have the appropriate level of oversight and controls TOMRA clarifies the commitment to the Business Principles and suggests relevant standards and procedures.

Overall TOMRA actively engages with its suppliers and supply chain to prevent incidents and mitigate the risk for negative impact on human and labor rights. Since the implementation of the Transparency Act TOMRA has increased its efforts to help suppliers implement the needed changes for such prevention and mitigation and has shared documentation on policies and procedures, supplier audit forms, health and safety training, and education on human and labor rights. In the cases where a supplier will not follow international laws and standards, even after improvements are suggested and assisted by TOMRA, the supplier relationship with TOMRA will be severed to not further support actors that do not respect human and labor rights.

PROCEDURE ON MANAGING CONCERNS AND PROVIDING REMEDIATION

TOMRA recognizes its responsibilities to the communities affected by its operations and business. This includes all relevant human and labor rights. TOMRA has invested in a notification portal on which interested parties, external and internal, can notify the company of concerns and complaints. Suppliers are specifically informed of the portal and encouraged to speak up on human and labor rights risks in their supply chains. Group Compliance, as an independent party, will investigate any concern or complaint reported and where appropriate recommend remediation, including compensation.

Concerns and complaints about human labor rights may also lead to needed changes in TOMRA's supply chain procedures and management. This means that procurement will be involved in the investigation and informed of such reports where needed to prevent or reduce the risk of future incidents. Senior Management supply advice and guidance on such investigations and are informed of the findings and outcomes.

Where significant harm is found TOMRA will cooperate with the relevant stakeholders, according to international standards and laws.

To protect the community TOMRA also takes part in global initiatives, such as being fully committed to delivering on the UN (United Nations) Sustainable Development Goals (SDGs). Additionally, TOMRA funds several local initiatives and charities including donations to relief efforts in Ukraine and environmental causes.

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