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LOOKING BACK.. our year at a glance

To keep track of how we are doing, we've outlined goals and targets. These so-called 'Key Performance Indicators' help us track our progress and identify places where we can still improve. We've made an overview of the highlights looking back:

WHAT WE'VE ACHIEVED IN 2020 2021

NUMBER OF FARMERS IMPACTED

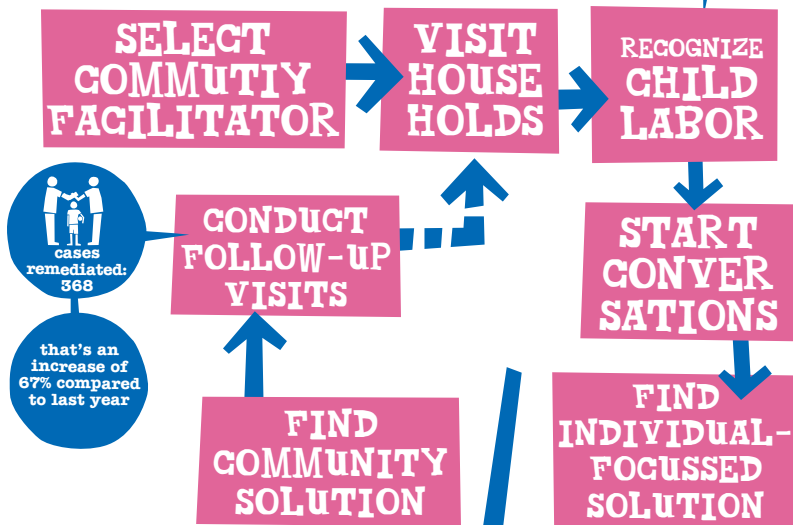
8,921

7 CO-OPS

with whom we have long-term commitments

CLMRS

child labor monitoring and remediation system



cases remediated: 368

that's an increase of 67% compared to last year

new cases found: 1,701

275 cases were found at the 5 long-term partner co-ops

1,426 cases were found at the 2 new co-ops

CHILD LABOR PREVALENCE RATE

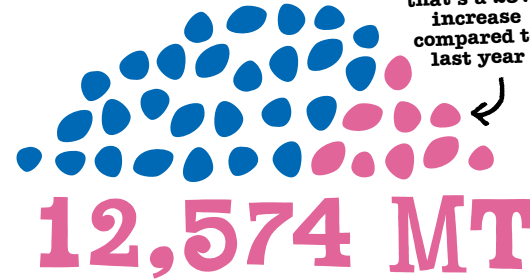
3.9% at the 5 long-term partner co-ops
50.5% at the 2 new co-ops

109,526 SERIOUS FRIENDS



TOTAL AMOUNT OF PREMIUM PAID 3.79 M

TOTAL AMOUNT OF BEANS USED

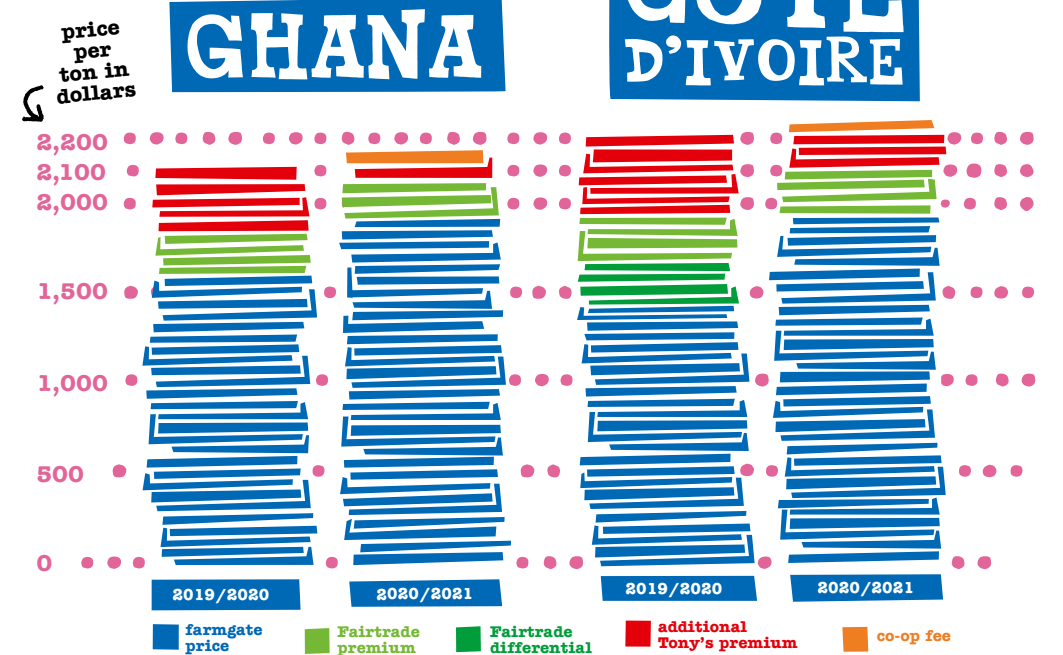


3 NEW MISSION ALLIES leading to 4 Open Chain mission allies in total

100% COMPENSATED CO2

(that means we're carbon neutral)

we crossed the 100 MILLION REVENUE MARK (and landed on €109.6 million in total)



(To make sure everything is in good order, we ask the audit firm PwC to review all our performance indicators, as well as the text of this Annual FAIR Report, providing limited assurance.)

PREFACE

On behalf of all the Chiefs, I'd like to express our gratitude for the enormous impact and growth that Tony's Chocolonely has accomplished this year – despite the strange times we're living through. We've remained actively concerned for the health and well-being of Team Tony's. Of family and loved ones. Of our farmer partners, Choco Fans, clients and suppliers. Within Tony's, everyone worked from home this year.. and here's to hoping that we're through the worst of it. But we know it's too soon to make that call yet.

It feels good to put everything into a company that strives to make the world a better place, and which – as far as I see it – actually puts its money where its mouth is. We're an impact company that makes chocolate, and not the other way around. Our vision is clear: 100% slave-free chocolate. And not just our chocolate, but all the chocolate produced around the world. Only together can we make this the norm. And chocolate is a gift! One you give yourself, or to others. But one fact that is too often ignored is that these gifts impact the lives of cocoa farmers and their families. It's absurd that there are people forced to live in poverty as a result of an unfair value chain, when this reality could be altogether avoided.

The first ever Tony's Chocolonely bars were produced in 2004 by Althaea-De Laet Int. in Borsbeek, Belgium. Last year we acquired that company from Mrs. De Laet, Mr. De Laet, Ingrid and Alain. And our partnership will continue. We are saddened, however, to report that the founder of Althaea-De Laet, Mr. Wilfried De Laet, passed away during the process of our acquisition. He will be missed by all during these next steps on our journey together.

In our continued endeavor to make our vision of 100% slave-free chocolate a reality, we follow the 3 pillars of our roadmap: creating awareness about illegal labor in the cocoa industry, leading by (scalable) example to prove slave-free chocolate is possible from bean to bar, and inspiring Big Choco to act and take their responsibility for creating a slave-free chocolate industry as seriously as we do. In order to spur Big Choco into action, this year we launched our Sweet Solution campaign. Bars inspired by famous chocolatey flavors, this time produced according to Tony's 5 Sourcing Principles.

The campaign was a success – with Choco Fans, as well as the Dutch marketing industry (in the form of awards recognizing our hard work!), contributing to increased issue awareness. We ended a year-long partnership with Pharrell Williams – thank you! And through it all we kept the faith and continued to push Big Choco to join us in our fight.

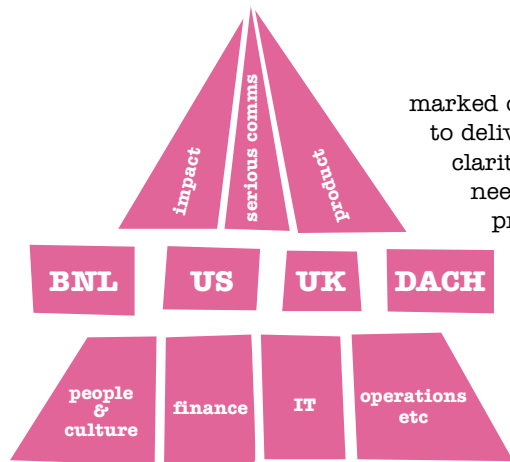
But let's briefly rewind. On 11 September, 2011, Tony's Chocolonely barely netted €1 million in turnover. At that time I bought a majority share of the company. 10 years and 2 weeks later, we've broken the €100 million milestone. How about that?! In the past year our international profile has grown ever-stronger. In financial terms, our turnover has gone from €88.4 million to €109.6 million.

For the past few years we have been working on realizing our dream of a mission-driven chocolate factory, called Tony's Chocolonely Chocolate Circus (TCCC). It is with a heavy heart that we inform you that we have decided not to continue in this pursuit. Despite our joint efforts and lots of work, we concluded that at this point we won't be able to make it happen in Zaandam.

We are transforming into a bigger and better version of Tony's. Our individual country teams are becoming increasingly self-sufficient, and the role of Homebase is changing. In order to streamline our operations, we'll keep our sights firmly set on 'impacting tomorrow.' This will continue to shape the future for Tony's. But the culture that



Henk Jan keeping it real, home-office style – we've lost track of which lockdown was which!



marked our beginnings needs to be reshaped in order to deliver on the next phase of our journey. More clarity concerning roles and responsibilities is needed. Success must be better defined. Internal processes and communication between teams and markets must be strengthened. Teams that support the markets and facilitate our impact make up our solid foundation, the market teams are responsible for our growth and teams that steer our roadmap enable Tony's as we pursue our mission.

The central focus of Tony's Chocolonely remains our vision, which our Impact, Serious Communications and Product Management teams will continue to protect and promote. Country teams will focus on spreading the word about our mission to a wider public, and Homebase will act as a facilitator across the markets.

In the coming year we aim to continue significant international growth, and we've set our sights on the strengthening of our relationship with clients and consumers.

At the end of the day, turning setbacks into opportunities is what long-term growth is all about. We'll increase our market share in the NL market again. And alongside growth in the US, UK and DACH, we'll continue to promote expanded distribution. These and other targets form part of an ambitious – but achievable – 3-year plan in which I have total faith. Tony's Chocolonely is well on its way to making major and disruptive international impact, especially through Open Chain.

Thank you for this past year. Thank you, because without all of you, I couldn't have dreamed that what we've accomplished could be possible.

Thanks.

On behalf of the Chiefs,
Henk Jan

HOW IT ALL BEGAN..

Tony's Chocolonely started on TV. On a popular Dutch program called Keuringsdienst van Waarde (kinda like 'Value Inspectors'.. but with a food pun). An episode on 16 May, 2003, investigated chocolate, and journalist Teun van de Keuken served as one of the investigators. The investigating team became aware of the extent of the chocolate industry's human rights abuses, including modern slavery and child labor.

They were outraged, and the unfolding story extended across multiple episodes through the years that followed. The team gathered eyewitness accounts from victims of modern slavery and brought a case before a public prosecutor in the Netherlands. They claimed Teun – an avid chocolate fan – was complicit in the crimes of the chocolate industry after filming him eat a chocolate bar in an attempt to set a legal precedent.

Though the judge couldn't prosecute on those grounds, the resulting decision laid the groundwork for our current traceability protocol. And thousands of other consumers got the message. On 29 November, 2005, an initial edition of 5,000 Fairtrade bars – milk chocolate packaged in a bright red wrapper – was produced. They flew from the shelves and another 8,000 were made. The point? For Teun – Tony's – to lead the lonely charge to change the norm in chocolate and prove to the industry that treats free of modern slavery could be possible. The outcome: Tony's Chocolonely was born.

The last cocoa season marked 15 years since we entered the chocolate game, which means that just as much time has passed without mission completion. Let's have a look at where we stand today.



Teun manning the phones in the early days.

chapter one:

OUR FIGHT FOR EQUALITY AND FAIRNESS

Hey there!

We're Tony's Chocolonely. An impact company that makes chocolate and fights for equality in the chocolate industry. We exist to make 100% slave free the norm in chocolate. Not just our own, but all chocolate worldwide. Because the system is broken and it's up to chocolate companies to fix it. And the only way to make this happen is by working together. All key players in the chocolate industry need to roll up their sleeves and work collectively to reach this ambitious – but necessary – goal.

At Tony's we've got a vision of equality across the entire supply chain. A future where all cocoa farmers earn at least a living income. Where all children can access education and spend their time learning and playing. Everyone gets a fairer share and consumers rest easy knowing a sweet treat doesn't come at the cost of human rights violations. In this Annual FAIR Report we'll outline our plan of action to make this happen.

The Annual FAIR Report is our chance to take serious stock, crunch the numbers and report back. You'll read about specific issues in the cocoa sector and Tony's impact in general. We'll reflect on things we managed to achieve this year and highlight those that haven't worked out (yet).

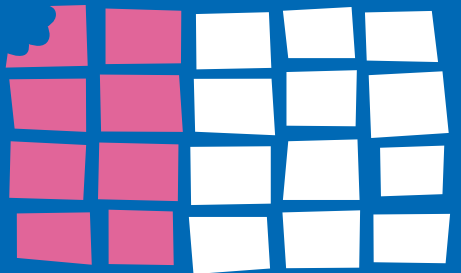
We've been fighting this fight for 15 years now, and there's still a lot to be done to make 100% slave free the norm. We believe inequality is fueled by an unchecked focus on maximizing profits at all costs – even human rights violations. This leads to an opportunity gap between the rich and the poor that's growing progressively wider almost everywhere on earth. What's important to remember is that poverty's got many causes that are interlinked. We need a new way of doing business if the system's ever going to change. In this report we'll break down our plan and catch you up on the ins and outs of the chocolate industry, while specifically flagging what needs to happen to change persisting inequality.

Human rights are not optional

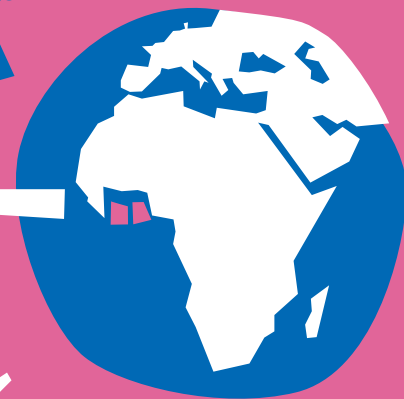
As billionaires jet around the moon, child labor and modern slavery share a known root cause on earth: poverty. Children are working illegally because cocoa farmers are unable to earn a living income (Cocoa Barometer 2020). The role of poverty often goes unaddressed – which probably isn't huge news to you. But what even fewer people realize is just how complex poverty really is.

Multiple complicit parties contribute to poverty, and the chocolate industry's no exception. Big Choco pays a price for cocoa, which is currently set so low that farmers struggle to make ends meet. But governments around the world are just as much to blame. By failing to legislate human rights due diligence both domestically and internationally, governments fail to hold companies accountable for human

over
60%



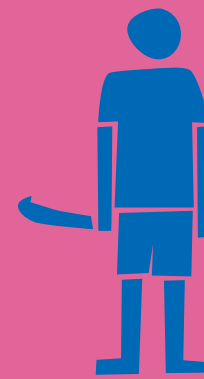
of the world's cocoa comes from



Côte d'Ivoire
Ghana

produced by

2,500,000
SMALLHOLDER FARMERS



1.56
MILLION
CHILDREN

work under illegal conditions because their parents are unable to earn enough (NORC report, 2020).

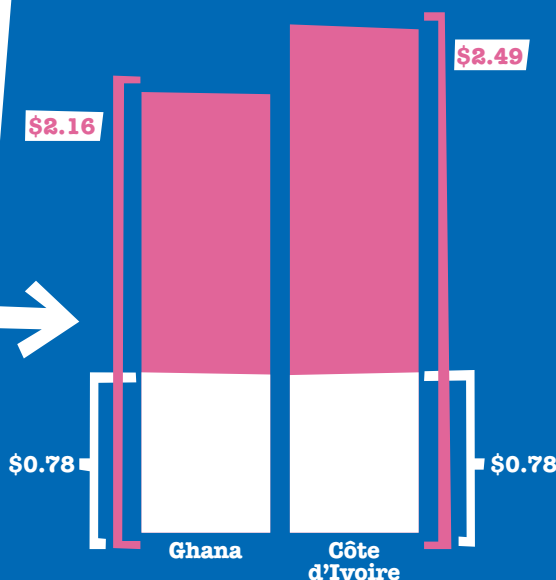
95% OF THOSE CHILDREN ARE DOING HAZARDOUS WORK

Living income is set at \$2.16 per person per day in Ghana and \$2.49 in Côte d'Ivoire (Living Income Community of Practice, 2018).

(find out more on p. 54)

Excessively low cocoa prices lead to a farmer income of only approximately \$0.78 per day (Cocoa Barometer, 2018).

That's far too little and simply unfair. It means cocoa farmers remain in poverty.



30,000
PEOPLE ARE VICTIMS OF MODERN SLAVERY

in the cocoa industry in Ghana and Côte d'Ivoire (Global Slavery Index).

rights violations in their entire supply chains. This hands-off approach leads to unfair sourcing practices and rampant exploitation that both go unchecked (Joint position paper on the EU's policy and regulatory approach to cocoa - Human rights and environmental due diligence, October 2020). But hang on: retailers are also responsible! Because the products they stock dictate demand. So too (we hate to break it to ya..) are Choco Fans who maintain the status quo when buying bars that are unfairly sourced. And yep, even cocoa farmers who don't implement responsible and sustainable practices contribute to the problem. It's a lose-lose.. lose – well, you get the picture.

Here's the bottom line: human rights are not optional. It's everyone's responsibility to uphold them – especially those at the top calling the shots. The ones with money, influence and power. But 2 things are true: though it's possible for any of us to be part of the problem, the good news is we can choose to be part of the solution instead.

Sub-target 8.7: Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms.



At Tony's we align our vision with the United Nations' Sustainable Development Goals (SDGs). They provide a blueprint for peace and prosperity for people and the planet, and address complex problems that farmers, their families and individuals forced into modern slavery face every day. The need to eradicate illegal labor is urgent. And it's also possible.

Spread the word on modern slavery in cocoa

Modern slavery and child labor are 2 separate issues. Our mission is 100% slave-free chocolate, so let's begin there. Modern slavery is still a problem in the cocoa industry. Adults and children are forced to work on cocoa farms without pay. We believe that modern slavery in all its forms is unacceptable, but we also know the term is jarring – so we want to make ourselves clear.

Let's talk about the history of slavery

Let's start with the second half of the term: slavery. Slavery has played a role in every period of human history. Many people probably think first of the transatlantic slave trade, which was active between the 16th and 19th centuries. Many of the social and economic conditions that gave rise to it back then are still alive and well today.

Ancient forms of slavery differ from more recent ones – like the transatlantic slave trade – because of the economic systems in which they took place. As liberal and globalized markets took shape and grew from the 16th through the 19th centuries, it became increasingly possible for people to be stripped of their humanity, then trafficked and sold like other commodities for which there was – and is – a global appetite: sugar, cotton, salt and cocoa.

What makes it 'modern slavery'?

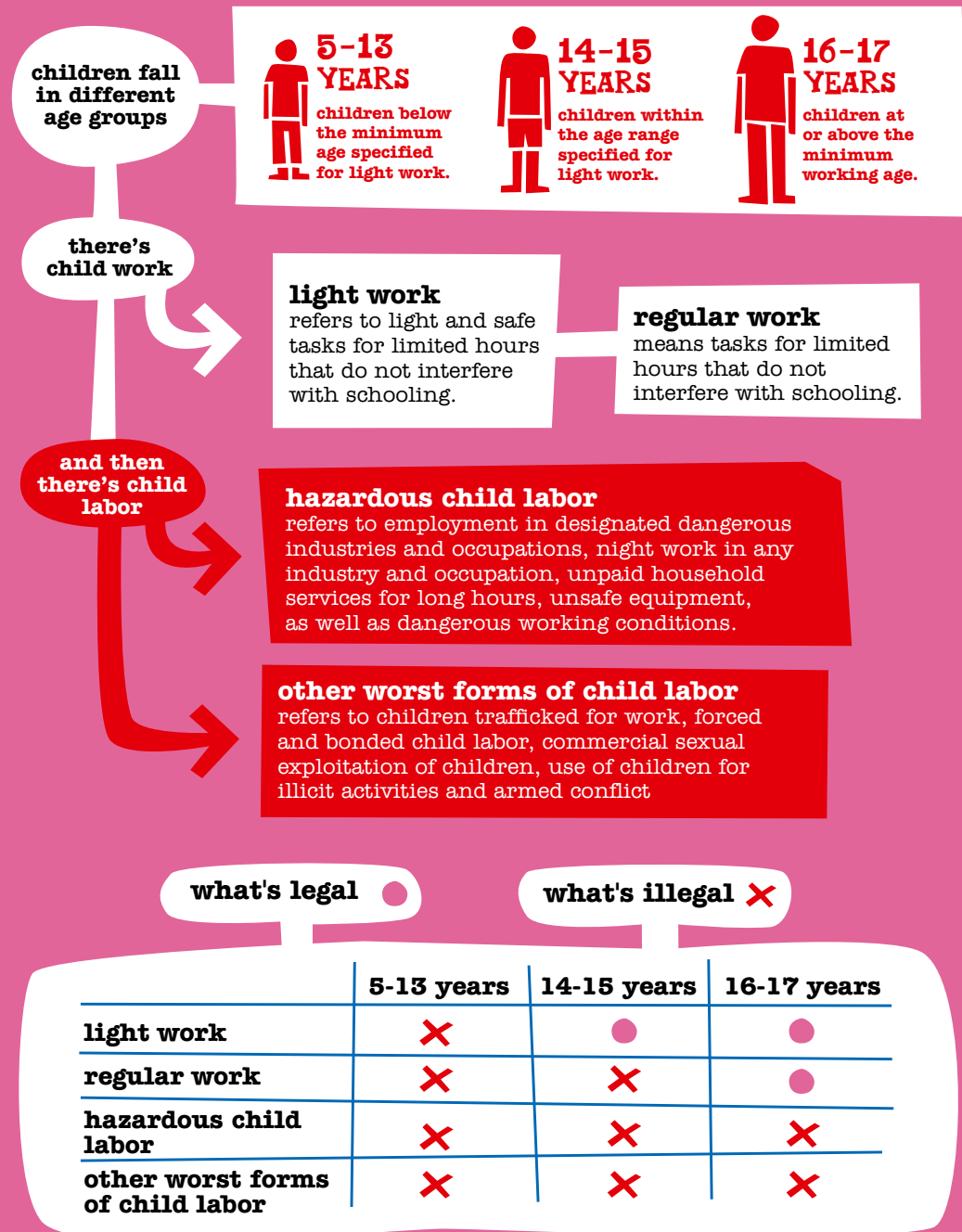
So what does slavery mean today? Though commercial slavery is now illegal everywhere on earth, the effects of the transatlantic slave trade live on through systemic inequality and institutional racism. These patterns are embedded in the way we live, work, think, socialize, do business and make decisions. Current global inequality and exploitative economics are the partial result of centuries of colonialism. The way that human lives are valued in our everyday realities shows that human exploitation is deeply ingrained in our modern view of the world. And some forms of exploitation still qualify as slavery.

But don't just take our word for it. The International Labor Organization defines modern slavery as "work that is performed involuntarily or under the threat of penalty. This includes violence or intimidation, as well as subtler forms of coercion, like invented debt."

According to the Global Slavery Index, in Ghana and Côte d'Ivoire there are at least 30,000 victims of modern slavery in cocoa. This is why we need to keep talking about modern slavery. It emphasizes the horror of its practice and alerts the powerful consumer to the problem. The word 'slave' is a no-go on its own because it does exactly the opposite: it dehumanizes and objectifies. We've used the term more broadly in the past but for now we only ever use it in combination with the word 'free', like the 'slave free' on our chain button. For now the phrase powerfully sums up our mission to eradicate child and forced labor from the cocoa supply chain. It's not perfect but it's powerful – and the conversation's ongoing.



WHAT IS CHILD LABOR?



Source: International Labour Organization (ILO) standards as applied at national level in Ghana and Côte d'Ivoire.

Child work and child labor: the not so fine line

Another note on language – which makes a huge difference! In this case, the one between labor and work.

When children assist their parents on the farm with light work after school it's called 'child work.' Which is perfectly legal! It's a bit like doing chores at home or getting to know the family business up close.

But if children work long hours, miss school or work under dangerous conditions – by using a machete, spraying chemical pesticides or lifting heavy loads – that's called child labor. And all child labor is illegal, meaning it's prohibited by national and international law. Worldwide more than 160 million children perform child labor. 70% of these children, or 112 million of them, work in the agricultural sector (2020 ILO Global Estimates report).

According to the latest reports, in Ghana and Côte d'Ivoire more than 1.56 million children are in child labor in the cocoa sector. On aggregate that's 1 in 2 children in every cocoa-growing household. And 95% of these children engage in particularly hazardous forms of labor too (NORC report, 2020).

So.. is there illegal labor in Tony's supply chain?

Modern slavery and child labor are not the same. We're constantly on the lookout for both in our supply chain because both are very real and possible in the places where we source our cocoa. And while we've never found any cases of modern slavery in our supply chain, we do find cases of child labor. But before your alarm bells go off, know this: finding cases of child labor in the supply chain means change is happening. We want to find the children performing illegal labor. Only then can we work with the families to address the problem.

Modern slavery and child labor in the cocoa sector are driven by a variety of factors related to global and systemic economic imbalance. But in short – and we'll keep hammering it home 'til something changes! – the root cause is clear: poverty.

It's our mission to change this and create a slave-free cocoa sector. But this goal demands a strategic plan. We're an impact company that makes chocolate – not the other way around. That's why we've laid out a roadmap towards lasting, positive change.

Psst! The roadmap may or may not be printed on the next page..

chapter two:

CREATING

VALUE,

CONNECTING

THE

DOTS

1 mission, 1 chain, 1 strategy

At Tony's we track value creation – the nuts and bolts of impact – across our entire supply chain. All in service of our mission, of course. The nitty-gritty can seem a little complicated at first. So let's take it step-by-step.

Ever since Tony's birthed our first bright red bar, creating positive impact has been our main goal – from cocoa sourcing to chocolate sales. We exist to serve our mission to make 100% slave free the norm in chocolate.

What's our strategy to realize our mission in practice? The simple answer: our roadmap.

The 3 pillars of Tony's roadmap

→ **Creating awareness**

For change to happen, everyone's gotta be aware of current problems, possible solutions and the role we each play. We want farmers

who grow cocoa to be aware of the rights of children that need protecting. And we need Choco Fans to be aware of the inequality wrapped up in some of their favorite sweet treats. When consumers and retailers ask questions and demand fair chocolate, companies are pressured to take responsibility.

→ **Leading by example**

By showing it's possible to do chocolate different, we rid the market of excuses. We're commercially successful while maintaining traceability, paying a higher price, investing in long-term partnerships and GPS mapping, achieving carbon neutrality and lots more! It can be done.

→ **Inspiring action**

And we're just getting the ball rolling. Because Tony's loves impact as much as we love chocolate (if you can believe it). Whether it's other companies or governments, any and all are welcome to follow us, copy us or even improve our business model.

And no matter where you're at on the road towards impact, each of our roadmap's pillars points towards the slavery-free button. Because our ultimate aim is mission completion! Which is possible, too. Last year we – for the first time ever! – visualized our strategy in action. And this year we've worked on an improved visual. Watch this space for an even better visualisation next year.

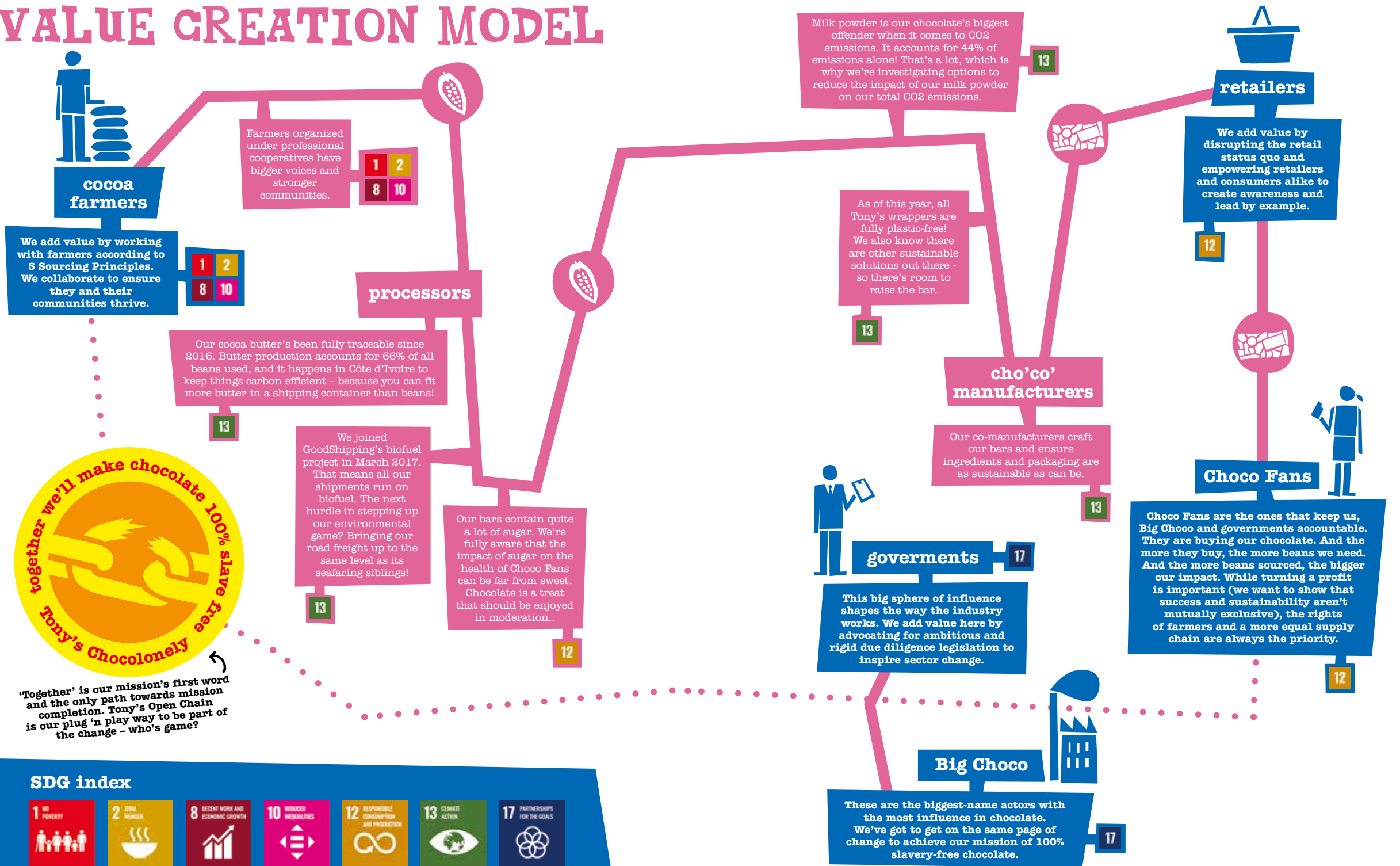
TONY'S CREATES AWARENESS

TONY'S LEADS BY
EXAMPLE

TONY'S INSPIRES
TO ACT



VALUE CREATION MODEL

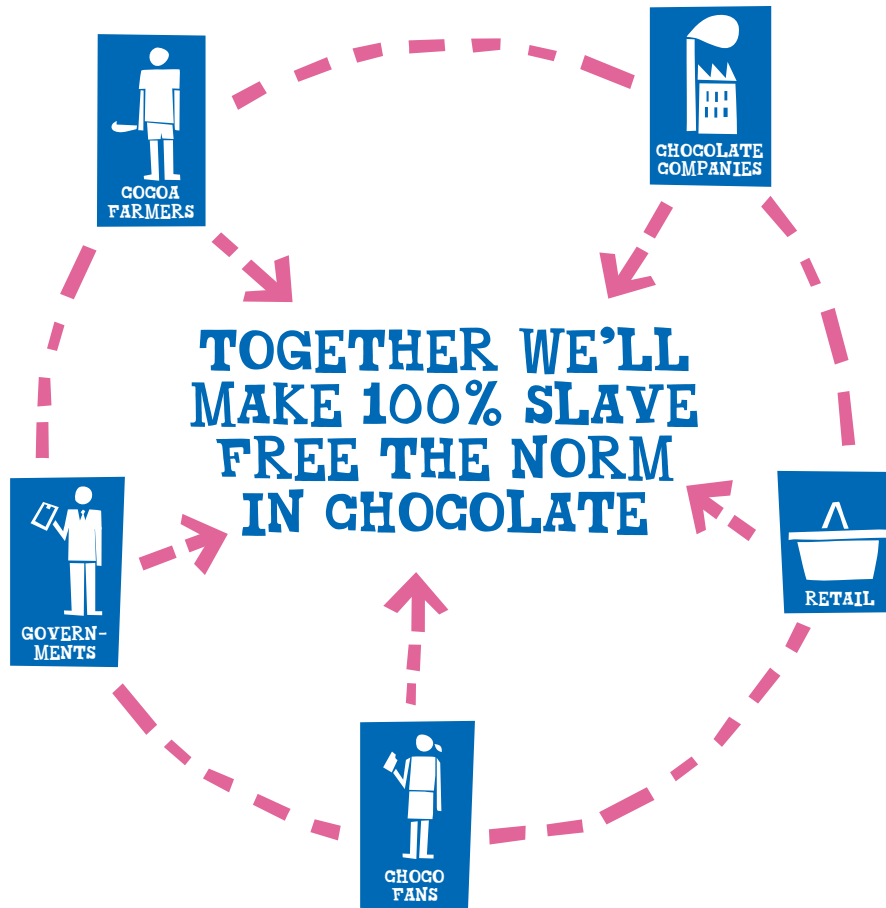


SDG index



Our long-term success and the achievement of our mission depend on our ability to create value for each stakeholder in the supply chain. If you follow along from cultivation to that first chocolatey bite, you'll meet: cocoa farmers, the cooperatives, the processors and manufacturers, then the chocolate companies, retailers, chocolate-munching consumers.. and, of course, the governments.

Quick Tony's vocab lesson! Cocoa farmers, chocolate companies, governments, retailers and consumers are what we call the 'key players' in the chocolate industry. We believe that the 5 of us have the strength and power to effectively change things for good.



From climate change to Covid and all the social and economic problems they pose, it's crucial we do business now that benefits everyone for the long-haul. From farmers and their families to Choco Fans (and their friends who sneak a bite), we're all about shared value that addresses individual and collective needs.

Because we see Tony's as one part of a whole that's gotta act together. The actions of each player contribute to our overall impact.

At the moment our approach is still the industry exception, and not the rule. The global marketplace has come to prioritize a company's profits above human rights. Tony's exists to change this, and show that commercial success and corporate accountability can go better together than dark chocolate and pretzel (okay, fine.. it's a tie).

When you get down to it, total value created is the sum of many, many moving parts. Every form of impact must be consistently measured – and sometimes recalibrated – in order to raise the bar. That's why we survey everybody with a stake in the Tony's chocolate game to ensure our independent values and interests align.

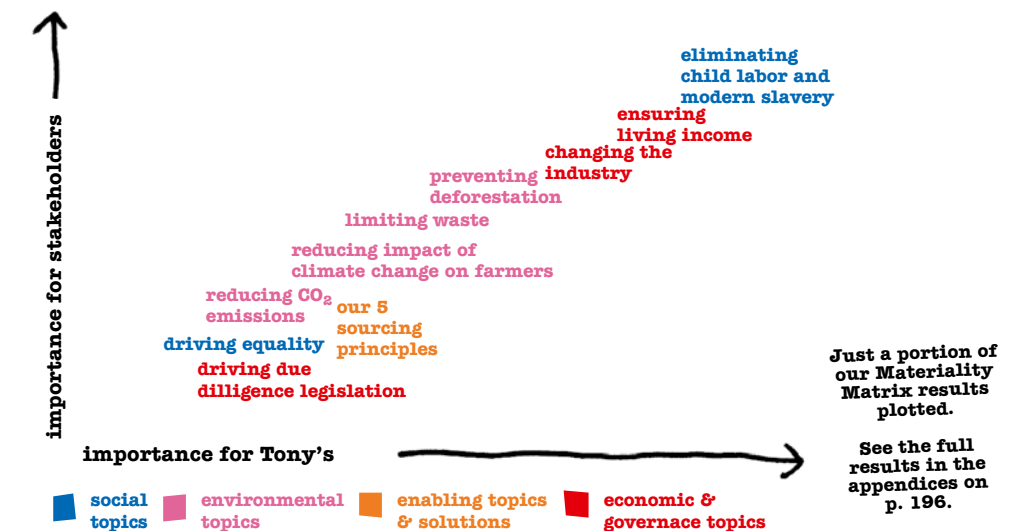
Welcome to the (materiality) matrix

Whether you choose a red bar or blue bar, we want to create a fairer cocoa sector for every stakeholder. But in order to put plans into action and value to the test, we've gotta ensure goals are aligned across the value chain.

That's where materiality assessments come in. Each year we ask our many stakeholders what they consider the main issues that need addressing. We plot all the issues on a materiality matrix – which is impact-speak for points plotted on a graph. The matrix helps us measure and keep track of the numbers over time.

This year's results reflect alignment between us and all our stakeholders on the issues nearest and dearest to our mission. That's because we've listened and adapted to input through the years. And the survey results directly shape our strategy and reporting practices.

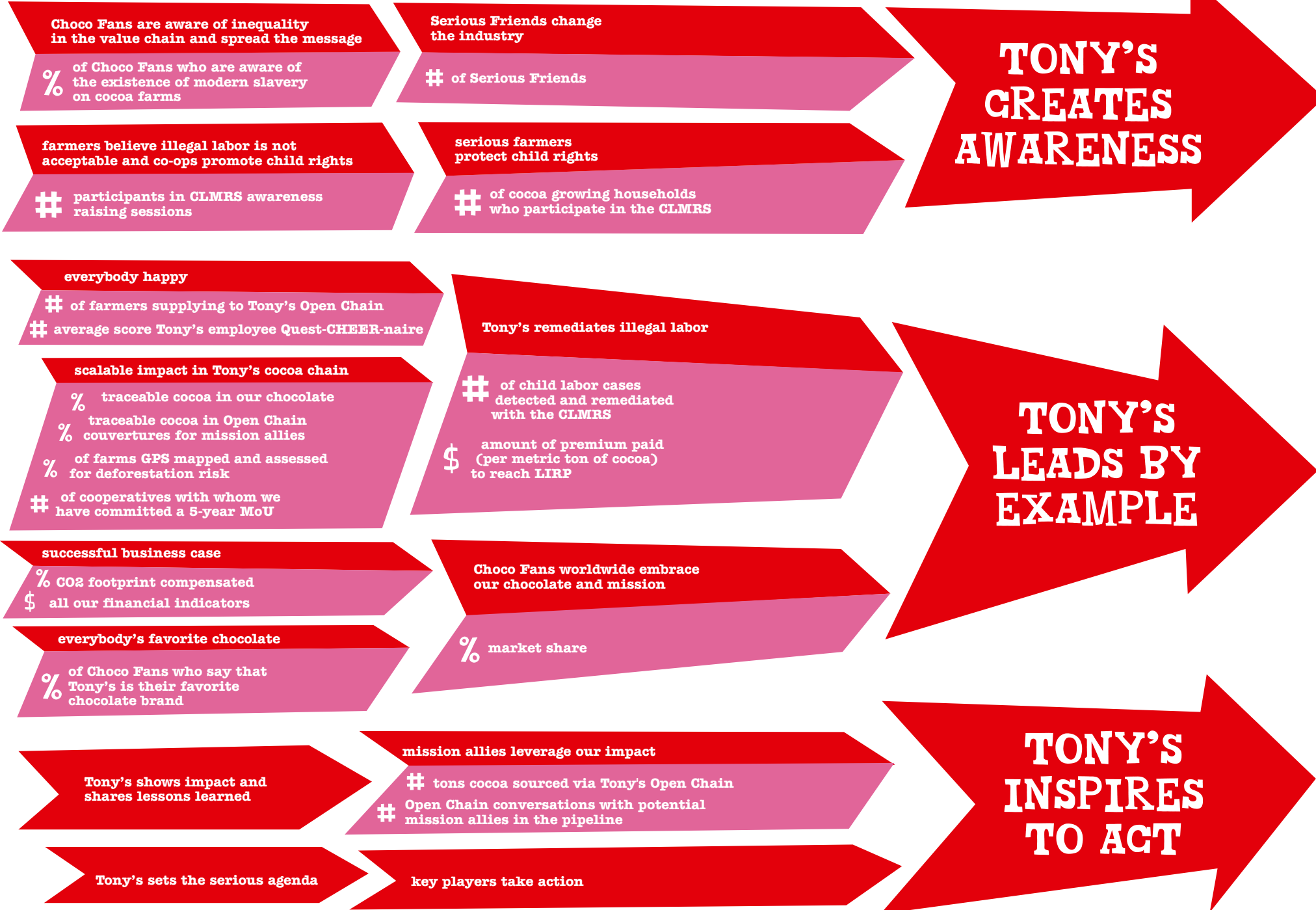
The common trend this year is across-the-board commitment to social topics like reducing inequality and eliminating child labor and modern slavery. We align on environmental topics like preventing deforestation and reducing CO2 emissions, as well as economic and governance topics like ensuring a living income and pushing legislation. This means we're on the same page, folks!



Just a portion of our Materiality Matrix results plotted.

See the full results in the appendices on p. 196.

THE ROADMAP



**TONY'S
CREATES
AWARENESS**

**TONY'S
LEADS BY
EXAMPLE**

**TONY'S
INSPIRES
TO ACT**

Unlocking achievement & keeping track
 This detailed roadmap outlines our theory of change, and we apply it to help realize our vision: a world without modern slavery or child labor in the chocolate industry. And we measure progress over time using 16 'key performance indicators' (KPIs) to keep us on track. This report is our impact story: it's where we outline targets for each of our pillars and report on our KPIs.

These KPIs help track our progress and identify opportunities to improve. All 16 get mapped against their corresponding pillars on the roadmap.

Consistent and transparent reporting is crucial to our success. Without it companies can too easily hide behind endless 'aspirations.' To make sure everything is in good order, we ask the audit firm PwC to review these performance indicators, as well as the text of this Annual FAIR Report, to provide limited assurance (you can check out their assurance report on p. 202.) And that's not all! This report has been prepared in accordance with global standards for sustainability reporting, the GRI Standards: Core option.

Can't get enough of all the initialisms and certification chat? Well flip that page, 'cuz we've got some Grade A B Corp news for you!

Tony's certifications

Fair chocolate isn't possible without clear checks and balances. And when it comes to the business of impact, certification's a great place to start. Certifications are third-party checks according to an external set of standards. A kind of compliance check on sustainability (if you wanna learn more about our external PwC assurance, check out Chapter 2).



Fairtrade

Some chocolate wrappers sport enough labels to make your head spin – and that's before your first buttery bite. What's with the certification kaleidoscope? Well, the first thing you should know is there are currently several different certification systems influential in the industry.

From the moment we wrapped our first bar we've been Fairtrade certified. 15 years ago Fairtrade was the only initiative that worked towards a fairer supply chain and better pay for farmers, which is why we joined forces with them on day 1.

However, it soon became clear that farm and cooperative certification alone just wasn't gonna cut it. Certification doesn't change the industry.. for example: the certification premium alone doesn't guarantee a living income for farmers.

Still, we think certification's an important place to start. By meeting a number of minimum requirements businesses can set out on a progressive road towards change. Kinda like a driver's license. Receiving that little slip of paper means your journey's only just begun. We believe chocolate companies are the ones responsible for their supply chains. Not the certifiers. Hear! Hear!

Business as a force for good

B Corp – which is a business certification – can be earned by for-profit organizations that use the power of the marketplace to help solve social and environmental problems. The 'B' in B Corp stands for 'benefit' because these companies don't simply refrain from the 'bad' stuff. They stay actively committed to the 'good' as an outcome. And this forms – in a cocoa shell – the core of Tony's values. As our Chief Chocolate Officer puts it: "There shouldn't be such a thing as 'social enterprises.' Instead, all companies that don't have a positive impact should be labelled 'a-social enterprises!'"

B Corp believes businesses must be purpose-driven, involving each stakeholder in the value chain. And this means prioritizing people and planet – not just profits. For more on how the B Corp community pushes for legislation to make these values the law of the land, check out Chapter 5. And for more on our B Corp commitments to Diversity & Inclusion check out p. 45.

Certifiably Tony's

At Tony's we believe business should always

be a force for good. We consider ourselves changemakers first and chocolate-makers second – and we've been making our mantra known since day 1. That's why we became a B Corp in 2013. The first European chocolate company and the second company in the Netherlands to be certified.

Our certification is one way we show how much we value every stakeholder at each level of the value chain. This fosters a community of leaders in a global movement for a better world. Being a B Corp helps us raise the bar by showing us where and how we can keep improving to have even bigger impact.

Hey friend, we've got benefits

The performance of B Corps is measured on a scale of 200, and we are currently in the process of recertification. We aim to secure our highest score yet, because we used the B Corp assessment to understand where and how we can raise the bar. Watch this space next year for our most up-to-date score!

Meeting the highest standards of social and environmental performance, public transparency and legal accountability to balance profit and purpose is (unfortunately) still the exception for most businesses. We support B Corp because we believe their standards can and will become the norm.

Now let's dive into one of the B Corp impact areas: workers, or as we call ourselves, Team Tony's! Turn the page to find out more about us.



chapter three:

ONE

TEAM

ONE

MISSION

Team Tony's

Tony's core values

When it comes to Tony's mission, impact strategy is what we do and culture is how we make it happen. We lead with 4 core values: an **entrepreneurial** spirit and an **outspoken** attitude, a **willful** push for change and that cheeky something extra that always **makes you smile**. These guide Tony's internal compass as we push towards a 100% slave-free chocolate industry.

OUTSPOKEN

We don't shy away from being critical of ourselves, the chocolate industry or the world. We are open, direct and always question the status quo. We're always learning and working to keep everyone on their A game.

WILLFUL

We are true pioneers. We believe in claiming the freedom to do things differently. That's what makes us original and disruptive. We explore new routes when we believe that doing so will make the world a better and fairer place. That way we can continue to reinvent ourselves and inspire others.

MAKES YOU SMILE

We like to look on the bright side and consider the good in people. Can-do over critical any day. Nothing unites people like a belly-laugh, and together we've got the willpower and energy to move chocolate mountains.

ENTREPRENEURIAL

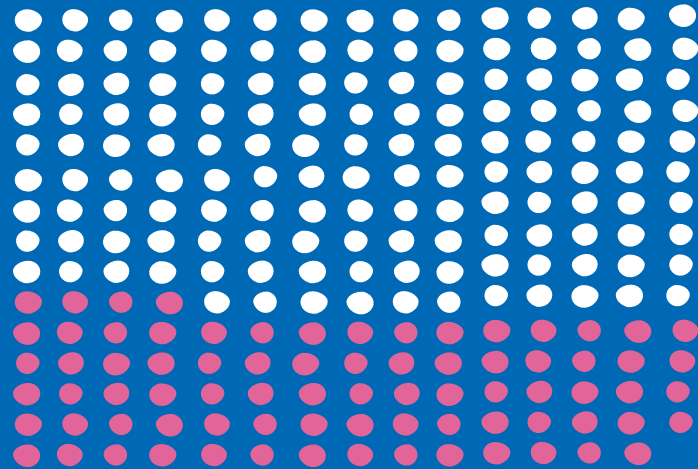
We are a commercial organization, a company that wants to make the world a better place. Money is not our goal. It's simply a means to realize our vision. We've got guts. We dare to reach for the stars, push the limits and break barriers to get things done. We never choose the easiest way to do things, and we persevere where others would give up.

146

with a permanent contract

78

with a temporary contract



76 HB + 27 


at Homebase at Team NL

16  **+ 12**  

at Team USA at Team UK

13   **+ 6** 

at Team DE at Team Beyond

26  **+ 2** 

at Althaea - De Laet at Team SE

25  **+ 21** 

at Tony's stores at the Chocolate Bar

19 employed through other contracts (freelancers + interns)

there are
= 243 Tony's worldwide

224 Tonys with permanent and/or temporary contracts plus 19 Tonys in the broader sense (freelancers, interns..)

Ch-ch-ch-changes

This year there was some shuffling at the helm, though we're keeping on course. Anne-Wil has left Tony's to further recover from a serious bike accident she suffered in February 2020. Tony's fully respects and supports her decision, though with a heavy heart.

We took a close look at our senior leadership team to make sure its structure still serves our mission of making 100% slave free the norm in chocolate. And we've decided to change some things around. As Tony's becomes a bigger and more international player, we require more targeted decision-making. That's why we've upped our number of Chiefs (Tony's fearless leaders) to ensure each of our organization's focus areas is covered. For example, the all-star Anne-Wil will actually be replaced by 2 new Chiefs!

We're planning to expand our circle of Chiefs to include a lucky 7 in total! Henk Jan as Chief Chocolate Officer, Jan as Chief Financial Officer, Thecla as our Chief of Marketing and Jo Lane as our new Chief of Product.

We're still looking for a new Chief of Markets, a Chief of People & Culture and a new Chief of Impact & Operations. For now we've found an interim solution: Pascal, a stellar old-hand at the cocoa game with all the needed know-how for Ops, and Quintin, one of our long-time Tonys who's worked in multiple teams within the company, stepped in briefly as interim Chief of People & Culture. Getting a bit lost? No sweat - we've mapped it out for you on the next page.

A big Tony's welcome (so, a goofy high five and at least 1 corny joke!) to this dashing dream team.

Tony's High 5

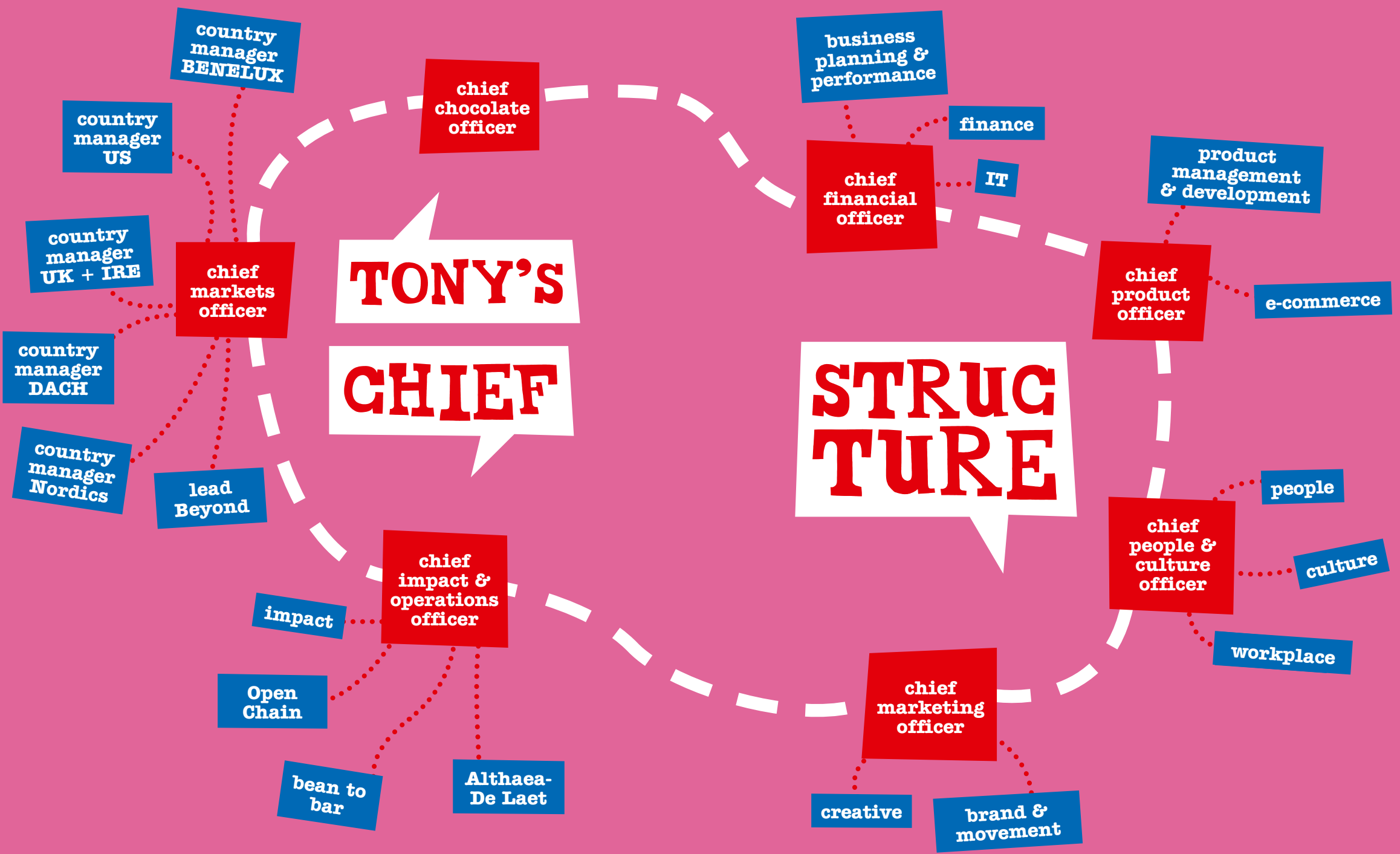
Tony's has a workers' council in the Netherlands because our Dutch team's so big. We call this the Tony's High 5. Members are selected by Team Tony's, and they maintain their roles for 2 years - after which time they may be re-elected.

This year was the third with a High 5 in place, and it's been an exciting one. We kicked things off by welcoming 3 new members: Wasken, Sanne and Ivan were replaced by Twerrel, Paul and Bas. Together with Henk and Carlijn, these 5 Tonys looked after both the company and the interests of the Team.



TONY'S CHIEF

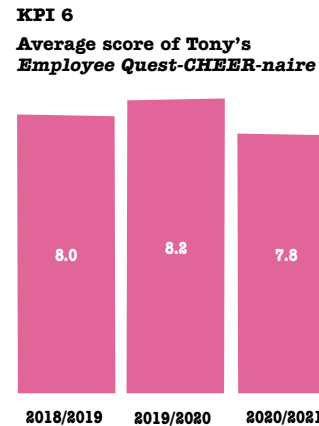
STRUCTURE



Throughout the year the High 5 covered the following topics: our new organizational structure, upcoming changes in the salary house and our pension plan. This is done in collaboration with our Supervisory Board and our People & Culture team. The High 5 also discussed ways of working from home in Covid times, as well as ways to safely return to our offices. The High 5 are also prepared to anonymously raise questions from Tonys with Chiefs if necessary.

Quest-CHEER-naire

In our bi-annual questionnaire – our Quest-CHEER-naire – we ask Tonys what’s going well and where we can still improve regarding teamwork and collaboration. Since 2017 we’ve asked individual Tonys to score categories like general engagement and efficiency, psychological safety at work and trust in the company’s mission and vision. And this year we added questions about autonomy within the company and alignment with operations, in order to ensure we’re checking in with teams as we continue to grow. This year we achieved an overall score of 7.8. This is our lowest ever score, which has made one crucial thing clear: it’s time for us to get to work.



This year there was a decline in overall confidence in the Chiefs, which resulted in the ch-ch-ch-changes we talked about earlier. Hopefully, with all the new Chiefs on board, confidence in leadership will start to improve again. There was also a decrease in the perception of Tony’s as a great organization to work for, and a slight decrease in commitment and engagement. We’ve grown from 179 Tonys a year ago, to a current total of 243 Tonys. Given such rapid growth within the team, we can acknowledge that the restructuring of roles and responsibilities should have received more attention, and general expectations should have been clarified. This represents a major opportunity for improvement in the upcoming year. Working from home over these past 18 months also meant that a collective understanding of Tony’s culture took a back seat. But we’re energized and ready to roll up our sleeves to ensure growth’s not just a matter of numbers – but of pride in all things Tony’s, too.

We did see positive trends in some categories, including trust among colleagues and within teams, as well as psychological safety. Which is when Tonys feel safe enough with each other to be outspoken (core value alert!) about their feelings, needs and concerns. In addition to the Quest-CHEER-naire, we also conducted a culture analysis (keep reading to find out more), which has shown us there’s some room for improvement regarding our no-blame philosophy. This, too, can be linked to the decline in confidence in the Chiefs.

Some of the feedback’s hard to hear – but so, so important! Our attention and energy are now focused on addressing each of these concerns. These categories form the foundation for the collaboration and teamwork that unite our teams around the world.

Culture analysis

This year we asked the team even more questions – and Marcia, our head of People & Culture at the time, did a comprehensive culture analysis (cue detective music). This involved a company-wide survey, as well as in-depth interviews with Tonys from each market team. We looked at Tony’s as a whole and also analyzed results from each market individually. This helped us get to the bottom of significant differences between local cultures. The aim was to check in and get the lowdown on what it’s like to be a Tony.

The result? We aim for a winning culture at Tony’s to achieve our ambitious mission of changing the industry. A winning culture is a bit like a high-performing sports team. And we’ve determined Tony’s winning culture consists of 5 elements. And while we’re already doing swimmingly on 3 through 5, 1 and 2 still require some elbow grease:

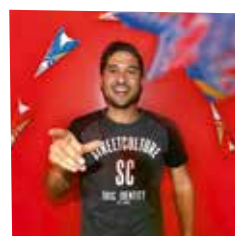
- ➔ **1. Constant communication and learning.** This is about the continuous and open exchange of feedback. Making expectations clear when it comes to roles and behaviors, and focusing on growth in both personal development and business results.
- ➔ **2. A no-blame philosophy.** This means the freedom to make mistakes without having to fear judgement or rejection, and the clear allocation of leadership responsibilities.
- ➔ **3. A one-team mindset.** Meaning a sense of camaraderie and collaboration combined with the celebration of successes. We rally around 1 clear mission.
- ➔ **4. Long-term perspectives.** Plain and simple: having a plan to guide us toward the future – and sticking to it.
- ➔ **5. Diversity & Inclusion.** This means accepting informal leadership, being comfortable with being uncomfortable and being open to alternative perspectives.

Informed by both Quest-CHEER-naire feedback and the culture analysis, we’ve gotten right to work addressing needs relating to elements 1-4 (more about number 5 on p. 44). This means clarifying roles and responsibilities (smooth-sailing’s hard when you’re not sure what’s being asked of you!) and ensuring decision-making processes are crystal clear. Goals must be set to ensure leadership responsibility is outlined properly, and all productivity gaps disrupting efficiency need to be filled. Improving team collaboration is key, too.

We’ve got a long road of cultural growth laid out ahead of us. But that’s okay. We’re already a few steps underway, as the Chiefs’ restructuring goes to show.

We believe we’ve also gotten the hang of team-based remote work. Together we embarked on a ‘Remote Team Journey’ this year. During 6 sessions we focused on topics like working from home, our own self-perception in a work context (mind equals blown!) and general well-being during Covid times. Word on the street? Remote Tonys felt the love and enjoyed the opportunity to connect and talk about their Covid experiences.

THIS IS TEAM TONY'S









Unfortunately not all Tonys have a Tony's mugshot yet. We will change that as soon as possible. Say choco cheese! (And have you spotted anything odd in this overview..?)

All aboard, the supervisory board

Our non-executive Supervisory Board consists of 5 members:

- Robert Schuman, co-founder of Nielen Schuman, co-founder and partner of Health Investment Partners.
- Adam Balon, co-founder of Innocent Drinks and co-founder of JamJar.
- Willemijn Verloop, partner and co-founder of Rubio Impact Ventures, co-founder of Social Enterprise NL.
- Erik Bras, chairman, CEO of Signature Foods.
- Ben Black, Director at Verlinvest.



Diversity & Inclusion..

..form one of our winning culture's building blocks. And taking them seriously means creating an organization where every member of the team feels seen and heard. Every Tony should feel like they belong – but not by merely 'fitting in.' Fitting in and belonging are fundamentally different. In fact, they're almost opposites. Fitting in means adapting to a status quo resistant to change, or unwilling to adapt itself. Belonging is about acceptance by a culture that adapts to include diverse experiences and identities. Belonging is at the core of inclusion, and sometimes inclusion means being comfortable with being a little uncomfortable.

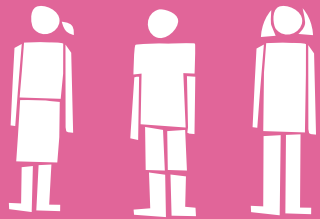
We've started with a big ol' analysis of our own 'status quo' (you might remember the culture analysis on p. 35). We took a long look in the mirror, which revealed the following insight: we went from being a relatively small and primarily Dutch company to a bigger and more international one in next to no time! This means we've got our work cut out for us.

Training & next steps

In 2021 we did an unconscious bias training for all Tonys. Our main takeaway? If you've got a brain, you've got biases. There's no one-stop shopping when it comes to Diversity & Inclusion. No one-size-fits-all solution. But there are evidence-based steps we can take to be and do better.

We kicked off a collaboration with the Dutch Ministry of Social Affairs & Employment, who've helped us make our recruitment process more objective. We're working hard to formalize an unbiased hiring strategy and we've revamped the way we write job listings to make them more inclusive.

Internally we aim to combat biases by making inclusive language – like clarified pronoun usage – the norm. In addition to identity-specific language, entry interviews are conducted by a diverse panel of interviewers representing a range of internal teams, gender identities, nationalities and seniority levels. Which means there is a seat at the table for any potential team player.

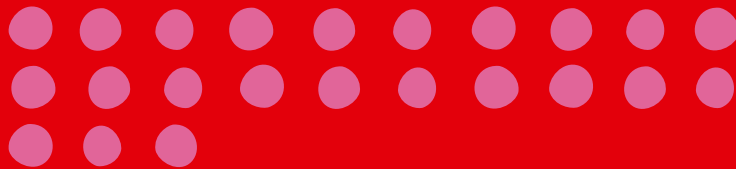


63% women
37% men
0% trans/non-binary

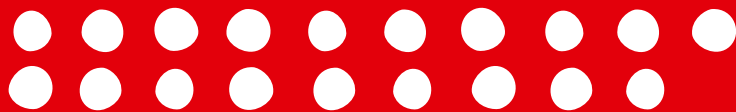
63% identify as women while 37% identify as men, and so far 0% identify as trans or non-binary

There are 19 women in leadership positions (meaning Tonys who manage a team) – compared to 23 men. Nearly all country managers are from the specific market they oversee: Ben is from the UK, Ester is Dutch, Niki is Austrian and John is Swedish. Frits is Dutch, but his accent’s changing so fast he sounds like a New Yorker already!

men in leadership positions



women in leadership positions



There are currently 18 nationalities represented within Tony's!

In March 2021 we adapted our performance management cycle too – it’s now called the Growth Cycle. Instead of only looking back, we’ve got our sights firmly set on future development goals too. In order to transform a culture of ‘fitting in’ we now cast all culture analysis through the joint lenses of ‘job fit’ and ‘cultural add’ – to ensure each unique experience actively enriches company culture. We’re also implementing feedback rounds twice a year. These include manager reviews, self-reviews and peer feedback (so colleagues can gush about how great their team members are, too).

This process is separate from salary reviews. This ensures our ‘How You Doin’ talks happen in safe environments where everyone’s on the same page about the importance of safeguarded growth and development. We want people who contribute to what Tony’s has yet to become. Who help shape the future of culture at Tony’s, instead of fitting in on arrival. A culture of continuous conversation means we keep on evaluating ourselves as we grow!

Our Diversity, Equity & Inclusion Board was formed in June 2020. Its members discuss current topics and make D&I recommendations specifically related to ongoing anti-racist initiatives across the Tony’s value chain. We publicly and vocally address inequality – both onstage at talks as well as in the media. And we’re committed to continued work on our internal culture to ensure we’re constantly equipped to adapt.. so that every Tony belongs.

Doing the work with B Corp

5 Benelux B Corps – Tony’s Chocolonely, Mud Jeans, Nextview, The Terrace and the Sustainable Recruiter – also joined forces to form the Anti-Racism Pro-Inclusion working group.

The objective? To help business communities reflect society by launching initiatives that have real, lasting impact. The group uses the concept of JEDI – justice, equity, diversity and inclusion – as its guide. The group tackles both antiracism, which is the dismantling of structural systemic racism, and pro-inclusion – ongoing action to create space for individuals who are Black, Indigenous or People of Colour (BIPOC).

We take people seriously and we’re serious about people. And not just within Team Tony’s – but with our business partners, too. Wanna know just how serious we take people? Check out Chapter 4!

chapter four:

WE'RE

SERIOUS

ABOUT

FARMERS

We're serious about farmers..

..and we're worried. Because the cocoa value chain remains unequally divided. A few big companies make huge profits while millions of smallholder cocoa farmers are underpaid for their cocoa. This leads to systemic poverty at the beginning of the cocoa supply chain, which in turn sustains the biggest issues cocoa farmers face: the inability to earn a living income, illegal labor and deforestation.

Most industry actors are coming around to agree (slow and steady wins the race, we guess..?) that a living income for cocoa farmers is a must. But income diversification and productivity improvement projects (which address the lack of a living income) are insufficient. Cocoa farmers have the right to a net annual income that enables a family to “afford a decent standard of living for all members of that household” (LICOPI, 2020). So there's no debate: a higher price for cocoa is necessary if the situation in the cocoa sector is ever going to improve.



A low cocoa price means many farmers remain in poverty. Which is why they're driven to drastic measures to make ends meet: roughly 1 in 2 children in cocoa growing households are involved in child labor. 1.56 million children work illegally in cocoa in Ghana and Côte d'Ivoire.

Without a doubt, cocoa-farming parents in Ghana and Côte d'Ivoire want what's best for their children. But sometimes there's no alternative to having them do work on the farm. Meanwhile 30,000 people are still exploited as victims of modern slavery. It's gotta stop.

On top of that, farmers in West Africa – where deforestation is widespread – are already feeling the consequences of climate change. That's why we've got to work to prevent deforestation and support reforestation. To structurally combat climate change and implement agroforestry measures (more on this big word below!) so yields increase and farming becomes more profitable.



The situation's urgent: if these 3 main challenges aren't tackled, cocoa farmers will be unable to move out of poverty.

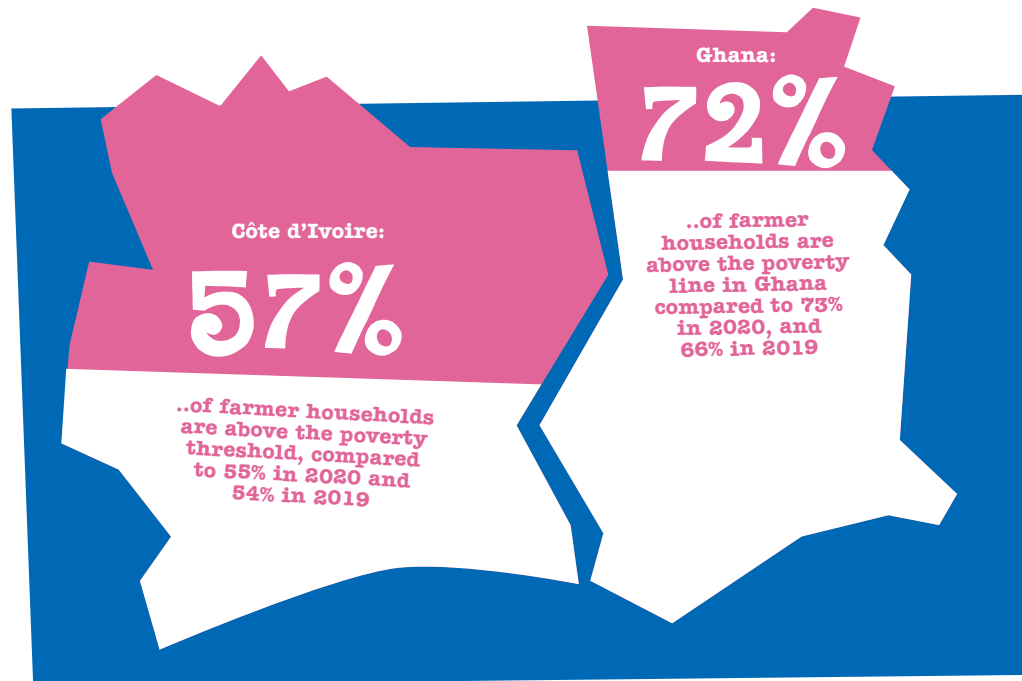
What is poverty?

Poverty is more than just a lack of money. It's the condition of lacking basic rights, opportunities and services like clean water, electricity, education and healthcare. To gain a more complete understanding of these issues, we commission an annual survey that's designed using the Global Multidimensional Poverty Index (MPI). The MPI looks at different dimensions of poverty beyond just money. It zooms in on the fields of health, education and standard of living. This allows us to better understand not just who is living in poverty, but also how and why.

For the third year in a row we've conducted this research in the cocoa communities we source from. This time we even included the 2 new co-ops we're onboarding in the upcoming year (more on that on p. 59). We also increased the sample size to make better use of the survey data. This means 579 farmers and caretakers were interviewed in Ghana, and 925 farmers in Côte d'Ivoire.

The results? We see improvement on some indicators: housing structures in Ghana improved, with farmers spending a portion of the premium on improving their homes. And in both countries more and more people are gaining access to electricity. At Kapatchiva, one of our Ivorian partner co-ops, additional water boreholes were built, meaning drinking water has become a lot more accessible.

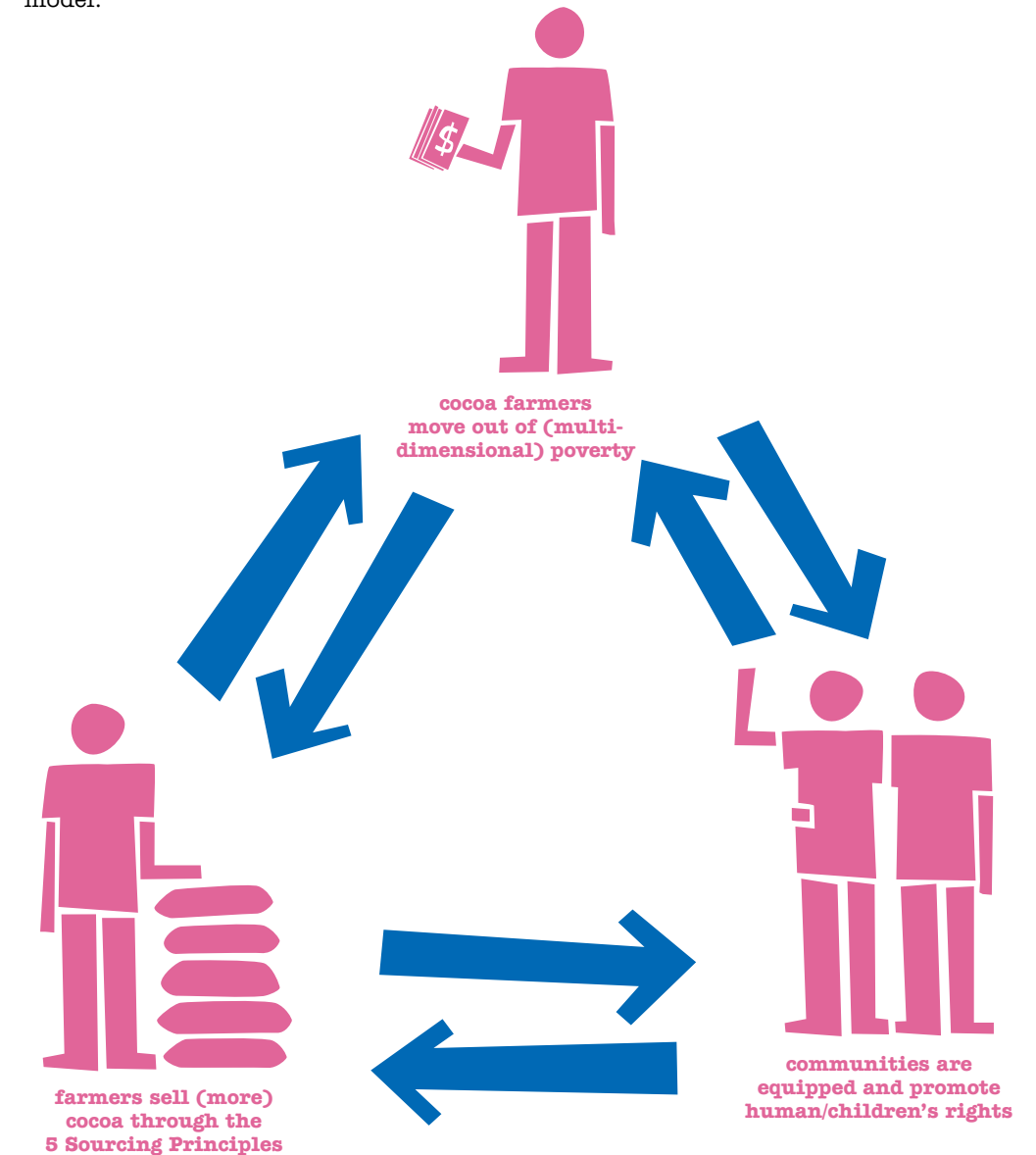
And the success stories keep on comin' in. Like the Ghanaian co-op Abocfa, where we've seen a steady increase in the number of farmer households living out of poverty over the past 3 years: that numbers' gone from 71.6% to 83.7% in 2021! Abocfa is the co-op we've sourced from the longest (since 2012), and by selling all their beans at a higher price (either through the Tony's additional premium or as organic) they prove that a higher price in the long term is the way to go.



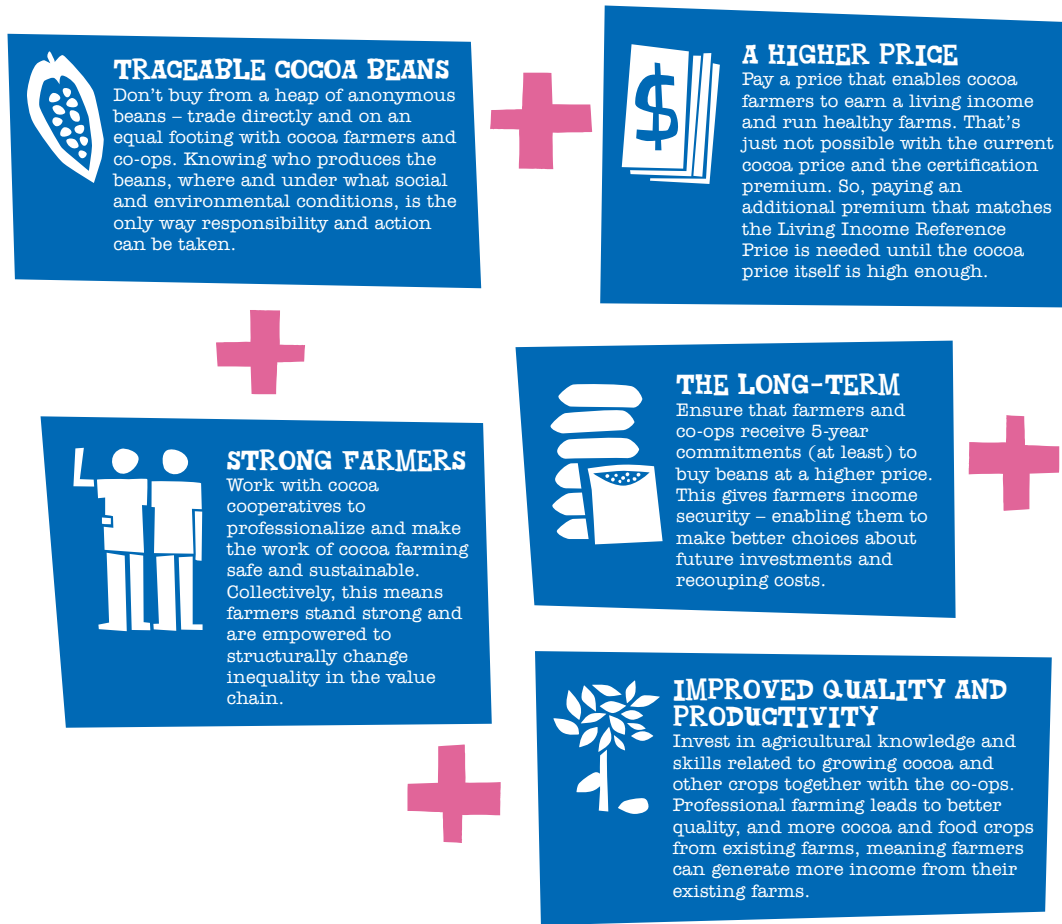
And there's more good news: we've seen a consistent decrease over time in the total number of households in Côte d'Ivoire with school-aged children not attending school. And this can be linked to our efforts in promoting children's rights and providing access to education.

However, Côte d'Ivoire continues to experience an increase in food insecurity. This reflects the ongoing effects of Covid, and could also be related to the mid-crop price drop.

We keep hard at work transforming the status quo by applying our rights-based model:



Interconnected issues need interconnected solutions



The main issues in cocoa – a lack of a living income, deforestation and illegal labor – are all interlinked. Problem solving requires both a birds-eye view and on-the-ground insight. So what's our solution? Here's where our rights-based way of doing business comes in: Tony's 5 Sourcing Principles. An integrated approach that aims to end structural poverty at the very beginning of the supply chain. All 5 Principles must be combined to ensure long-term change and more equal business relationships with suppliers in West Africa.

TRACEABLE COCOA BEANS

All of our 5 Sourcing Principles combine to guarantee fair cocoa. It all starts with traceability across the entire supply chain. This is key to ultimately taking responsibility. Because harvesting cocoa beans doesn't happen in a vacuum. We believe every chocolate company is responsible for knowing the social, environmental and logistical story behind each ounce of cocoa that ends up in their chocolate. Only then can we all start to raise the bar together. (That means there are different forms of traceability: social, environmental and operational. And we'll make sure to cover all of them on the following pages!)

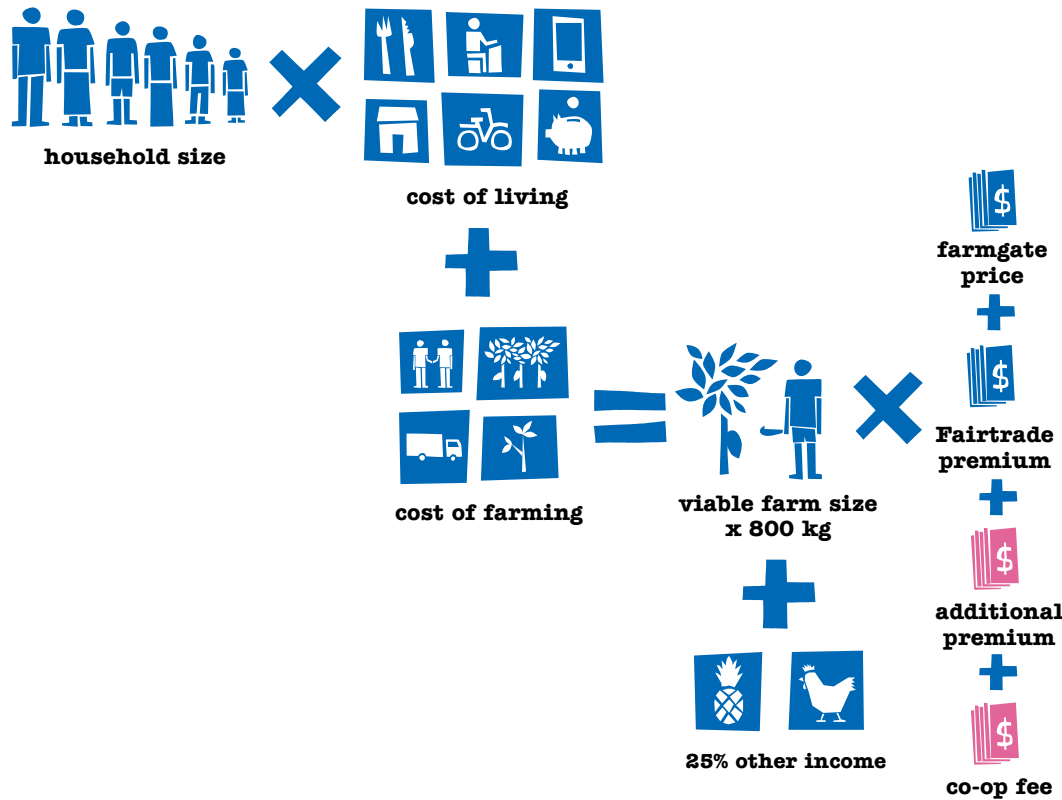
Farmers should earn a living income
 2 years ago we sat down together with Fairtrade and, based on industry research, developed a model for calculating a cocoa price that progressively enables farmers to earn a living income (check out our cheat-sheet on how to calculate a fair price for cocoa on p. 56). For Ghanaians, the cost of living comes out to \$2.16 per person, per day. For Ivorians it's \$2.49 per person, per day (Living Income Community of Practice, 2018).



A HIGHER PRICE

A substantially higher cocoa price is required to enable farmers to earn a living income – which, by the way folks, is a human right. That's why one of our Sourcing Principles is paying a higher price. It's the first step we take towards structurally addressing poverty.

Living Income Model

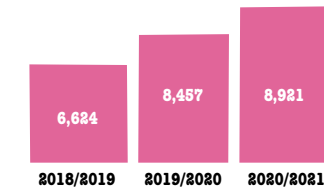


The Living Income Reference Price (LIRP) per ton of cocoa is set at \$2,200 in Côte d'Ivoire, and \$2,100 in Ghana. We paid these prices for the cocoa that 8,921 farmers supplied to us in 2020/21. This is necessary because the current Farmgate price – the cocoa price farmers receive for their cocoa, which is set by the government each year – is way too low.

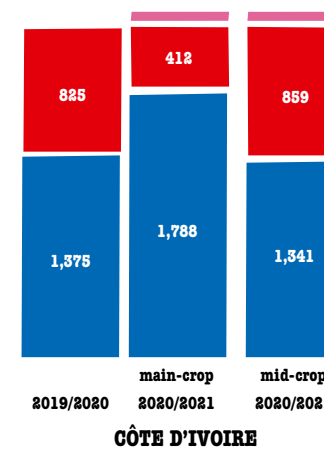
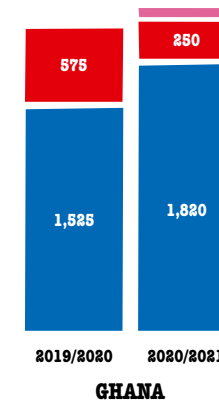
This year in Ghana we paid \$330 per ton in additional premiums, which is 18% higher than the existing Farmgate price of \$1,820. On 1 April, 2021, the official price of cocoa in Côte d'Ivoire dropped by 25%, which means farmers started earning even less for their cocoa. That's why we increased the total premium we paid from \$462 per ton (+26% over the Farmgate price) to \$909 (+68% over the Farmgate price) in Côte d'Ivoire. Premiums are paid directly to co-ops, and the payments are audited to ensure everything goes according to plan.

Premiums remain paramount for fair cocoa. And we paid a total of €3,798,883 in premiums on top of the Farmgate price and the Living Income Differential for the beans we sourced last year. This amount includes both the Fairtrade and Tony's additional premiums, including the co-op fee. (Wanna know the total amount our impact costs? Check out p. 130.)

KPI 4
of farmers supplying to Tony's Open Chain



KPI 15
Amount of premium paid (per metric ton of cocoa) to reach Living Income Reference Price



■ farmgate price ■ additional premium
■ additional co-op fee (\$50)








The farmers decide how to spend the premium using their voting power during an Annual General Meeting at their cooperative. This year, the amount of premium that ended up in the farmers' pockets rose from 68% to 69%. That's great, but it also means that most farmers do not earn a living income yet. This can be explained by the fact that Tony's and mission allies do not buy the co-ops' entire bean volumes yet. It can also be the result of many other factors, like low cocoa harvest yields.

Our goal was to pay a premium to 10,000 farmers this year. We fell a bit short of that, with 8,921 farmers supplying cocoa to Tony's and receiving their additional premiums. That's because we didn't source from 1 of the co-ops we've worked with in the past (read more on Socoopacdi on p. 69). This also meant, however, that we sourced more volume from our other partner co-ops last year.

Big chocolate companies benefit while millions of farmers and their families earn way too little. We estimate that if big chocolate companies were to pay a higher price that enables a living income for all cocoa purchased, it would cost an estimated \$1 billion – which is only 0.7% of global chocolate revenues. Big Choco cashes in while cocoa farmers foot the bill.. how fair is that?

Living Income table

Our Living Income Model calculates the Living Income Reference Price for cocoa in Ghana and Côte d'Ivoire. In Ghana a farmer should receive \$2.10 per kg cocoa, and in Côte d'Ivoire \$2.20.

	Côte d'Ivoire	Ghana	
 family size	8	6	
 cost of living	\$ 2.49	\$ 2.16	(per person per day)
 business costs	\$ 418	\$ 322	(fixed per hectare)
 viable farm size	4.4 ha	2.74 ha	
 productivity target	800 kg	800 kg	(per hectare)
 income from other activities	\$ 0.62	\$ 0.54	(per person per day)
 Living Income Reference Price	\$ 2.20	\$ 2.10	(per kg of cocoa)

We also refreshed the set of parameters we use to calculate the LIRP. The indicators stayed the same, but we felt the links between different units of measurement could be clearer. So we aligned them in terms of time frame, measurements per kilogram and currency.


You can see that we've also added an extra \$50 payout on top of the LIRP, which amounted to \$628,700 in 2020/21. A cooperative fee goes to partner co-ops – who are key players in the impact game. We pay \$50 extra per ton to cover the costs of traceability infrastructure, farm coaching and community facilitators. This fee covers the serious effort cooperatives make to implement Tony's 5 Sourcing Principles and to run their operations. Which ultimately means more of the premium ends up in farmers' pockets.

A LID'1 add-on to the Farmgate price

2 years ago the governments of Ghana and Côte d'Ivoire introduced the Living Income Differential (LID). A LID of \$400 per ton was added on top of the regular cocoa export price (which fluctuates as cocoa's traded on the international market). The LID's aim is to increase income and improve living standards for cocoa farmers. Even though it still doesn't quite cut a living income by our calculations – especially because adding fixed amounts of money to a fluctuating price makes for a mathematical head-scratcher – it's a step in the right direction. Good going, governments.

The problem here continues to be Big Choco. They don't seem keen to pay more for cocoa and repeatedly undercut the LID in.. 'creative' ways. By purchasing old cocoa just to get a cheaper price, for example.

And while we're at it! Big Choco, a living income for cocoa farmers cannot be achieved without paying a higher price for cocoa. Alternative income-generating activities are not enough and the bottom line remains: any serious living income strategy needs to include a higher price (the LIRP, if you ask us..).



IMPROVED QUALITY AND PRODUCTIVITY

This Sourcing Principle looks at productivity, diversification and quality programs to improve yields without increasing farm size or illegal labor. Sustainable practices like composting and pruning make for healthier farms, meaning higher yields of high quality cocoa.

Higher cocoa yields mean more cocoa per hectare, and more cocoa sold means more profits to get farmers closer to a living income. Together with our partner cooperatives we invest in agricultural know-how, skills and innovation to better equip farmers when it comes to growing cocoa and other crops. We've expanded shade tree nurseries in a move to help farmers introduce an agroforestry-based approach. This combines multiple kinds of crops (like mangos and avocados) for more sustainable farming. Agroforestry also means farmers can diversify their revenue streams, putting a living income more firmly within reach.



A farmer coaching session at Ecojad, one of our partner co-ops in Côte d'Ivoire.



Farmer coaching

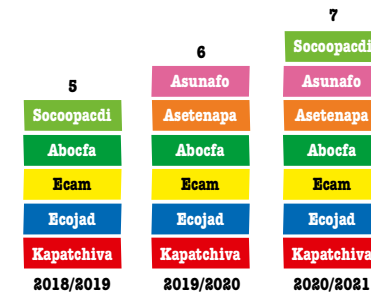
Our aim is to increase productivity on existing farmland to 800 kg per hectare (which is the viable target outlined in our Living Income Model). The good news is 63% of farmers in Côte d'Ivoire are operating at productivity levels of 600-799 kg/ha – which is very positive! The better news is that 2.2% of farmers have

achieved or even exceeded the ultimate 800 kg/ha target. In order to ensure everyone's caught up soon we launched farmer coaching programs at partner cooperatives in Côte d'Ivoire and Ghana this year. Individual farm plans break down how certain investments can maximize yield on a particular farm. Solutions could include new cocoa trees or a more widely distributed planting structure, guaranteeing cocoa trees enough space and light to grow. Of course, we always want farm plans (and the younger trees) to be fruitful. This takes 5 years – which is why we commit this amount of time to new cooperative collaborations.

THE LONG-TERM

There's no bones about it: long-term joint commitment with partner cooperatives is an absolute must. It ensures income security and enables farmers to plan properly and make strong financial decisions when investing or recouping costs. Normally cocoa farmers sell their beans per season and there's no guarantee they'll all be sold. Our partnerships guarantee at least 5 years of sales at a higher price with every partner cooperative by setting up a 'Memorandum of Understanding' – a 5-year cooperation agreement after a 1-year trial period. And we've reached a lucky number 7 in long-term agreements! That's because Asunafo and Asetenapa passed their 1-year trial period and we've re-entered into business with Socoopacdi (more on that on p. 69).

KPI 5
of co-ops with whom we have committed a 5-year MoU



With every new cooperative onboarded, we gain a new business partner who works according to Tony's 5 Sourcing Principles – making them a more widespread standard. And this year Tony's and Tony's Open Chain grew so fast (an 87% increase in total beans sourced compared to last year!) that we onboarded 2 new cooperatives. That means we're now working with 9 co-ops in total.

Say hello to CAYAT and ESCOPAG! We chose these cooperatives because they demonstrated serious motivation to create a more equal cocoa supply chain. CAYAT is already a well-oiled machine (it even has its own local radio station). ESCOPAG was founded in September 2020, and we look forward to growing with them in the years to come. But if you ask us, the coolest news is that both cooperatives are managed by women. 'Cuz representation's key – there's no beans about it!

STRONG FARMERS

Cocoa cooperatives allow farmers to stand stronger together. And we are in constant contact with our partner cooperatives to see challenges through together, from beginning to end. Our partner cooperatives are incredibly important mission partners: they're the implementors who deliver positive impact to each and every farmer. Together we endeavor to make the work of cocoa farming safe and sustainable.



Farmers and community members take part in an Annual General Meeting at Asunafo, one of our partner co-ops in Ghana.



All cooperatives organize Annual General Meetings where members meet to celebrate the end of the season and democratically decide how to spend premiums. This means farmers' voices are heard, and together they are better equipped to structurally correct inequality from inside the value chain.

Raising the bar means doing what it takes to ensure the work of farming is professionalized (to

the max!) for all involved. That's why our partner co-ops will start to work with Technoserve, a non-profit organization that provides personalized training and coaching that's calibrated to each specific cooperative's needs. Whether a more solid business plan is needed, or solutions to an operational challenge, the Technoserve team are on call and ready to help. But they're just one piece of the puzzle. Working together to achieve systemic change also means implementing a human rights-based approach to business, where a living income coincides with the elimination of child labor.



The right to childhood

We fight child labor in cocoa with our partner cooperatives. That's why together we've implemented the Child Labor Monitoring and Remediation System (CLMRS).

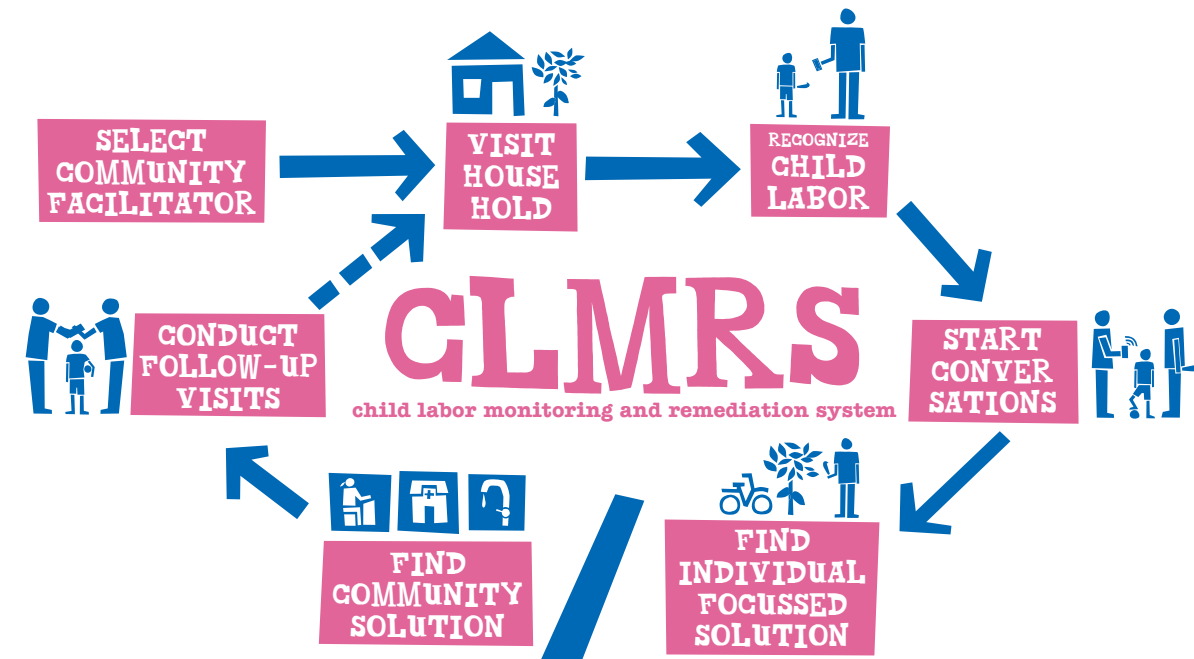


TRACEABLE COCOA BEANS

Each of our 5 Sourcing Principles combines to guarantee fair cocoa. It all starts with traceability across the entire supply chain. This is key to ultimately taking responsibility. Because harvesting cocoa beans doesn't happen in a vacuum. We believe every chocolate company is responsible for knowing the social, environmental and logistical story behind each ounce of cocoa that ends up in their chocolate. Only then can we all start to raise the bar together.

Oh, and remember how we mentioned social traceability? That's all about tracking child labor.

CLMRS works to identify and solve cases of child labor, as well as to prevent future cases by raising issue awareness. With support from the International Cocoa Initiative (ICI) and Tony's, cooperatives implement Tony's CLMRS at all member households.



Every Tony's partner cooperative has implemented the CLMRS, and the project's growing to include more community-members each year. Together with the co-ops and ICI, we work hard to build trust with farmers and communities, and we aim to shift mindsets by advocating for children's rights. This involves emphasizing every child's right to play with friends and go to school. To safely learn both in the classroom and beyond it.

Creating awareness is the first pillar of our roadmap – and for good reason. Normative change will only become possible once awareness about what child labor is, and how to protect children's rights, becomes widespread. Awareness-raising sessions take place at both community and household-levels. These take the form of public talks and get-togethers that aim to celebrate successes while also informing and inspiring parents and children alike.

And the number of participants at these sessions keeps growing from year to year. Since the implementation of the CLMRS at Asunafo and Asetenapa (the 2 Ghanaian co-ops we started working with last season), an additional 41,910 participants (that's a 41% increase!) have attended community awareness-raising sessions.

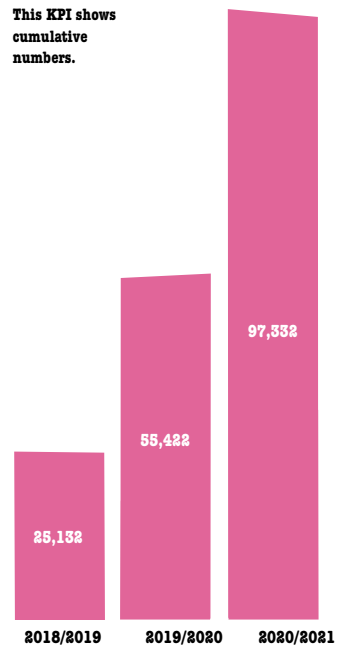
In addition to the work conducted at the community-level, we can report that 100% of our co-ops are in the CLMRS. It also means our entire supply chain is covered by the CLMRS. Three cheers for social traceability!

But listen up: we do still find cases of child labor. Which, to be clear, is the only way to resolve them. We don't blame that on the system – we take responsibility and remediate every child labor case we find, rather than look the other way.

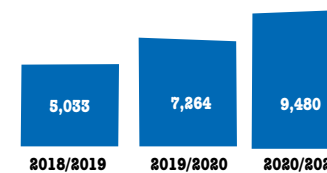
We found an increasing number of cases this year – 1,701, to be exact. Tony's chocolate sales are increasing, which means our total bean count is too. And more cooperatives are onboarded each year, increasing the number of children potentially involved in labor on the farms we source from.

KPI 3
of participants in CLMRS awareness raising sessions conducted in cocoa communities of Tony's Open Chain partner cooperatives

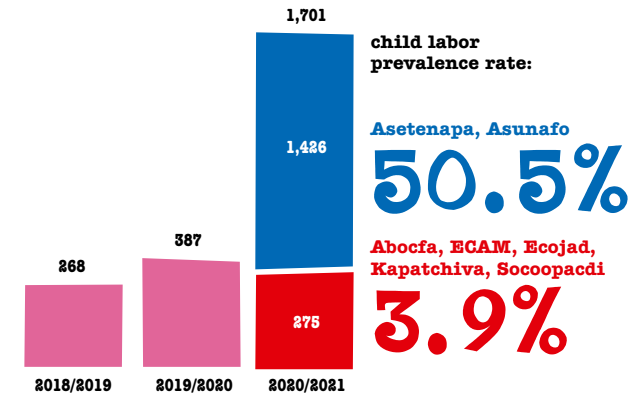
This KPI shows cumulative numbers.



KPI 10
of cocoa growing households who participate in CLMRS

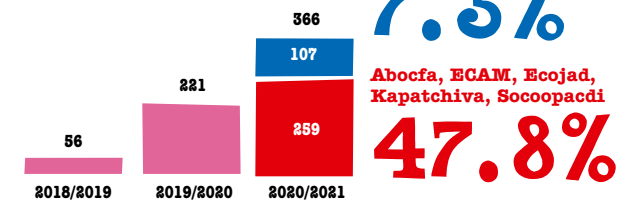


KPI 11.1
of cases of child labor detected at Open Chain partner cooperatives with the CLMRS



(Even though we stopped sourcing beans from Socoopacdi last season, we continued to support their traceability infrastructure and CLMRS on good faith that they'd get back on track. So Socoopacdi is included in these numbers – more on p. 68.)

KPI 11.2
of cases of child labor remediated at Open Chain partner cooperatives with the CLMRS



(We cannot claim to find all cases of child labor because not all households are part of the CLMRS yet. There is also the unavoidable risk that the CLMRS will not find all cases of child labor. This is because community facilitators are not always able to visit all households every year, and sometimes they're not able to find cases of child labor during their visits.)

We started clustering CLMRS activities according to how long we've been working with a co-op. We do this to gain a clearer picture of the effectiveness of our 5 Sourcing Principles in addressing child labor, and of the specific social factors driving child labor over time. And while 275 cases of child labor were found at longer-term partner co-ops, 1,426 cases were detected at the 2 new co-ops we onboarded. Let's unpack and contextualize these numbers.

Recent industry research shows that 1 in 2 children in cocoa-growing households in Ghana and Côte d'Ivoire are in child labor (NORC report, 2020). And the 2 most recently onboarded co-ops confirm this prevalence rate of 50%. However, we also see that the prevalence of child labor at longer-term partner co-ops is much, much lower at 3.9%.

What do these percentages show us? We've learned that the longer we work with a

cooperative (which always involves implementing Tony's 5 Sourcing Principles and rolling out the CLMRS) the lower the prevalence of child labor. And we never look the other way. We pursue partnerships where the issues are the most prevalent (that's also why we source from the 2 West African countries where forced and child labor are reported to be the worst). That means we choose to onboard co-ops that can really benefit from working with Tony's, and where we can create impact. Change is a process, and the stark difference in rates of prevalence shows that we're on the right track. Speaking of being on the right track: compared to the 221 remediated cases in 2019/20, 366 additional cases were remediated in 2020/21.

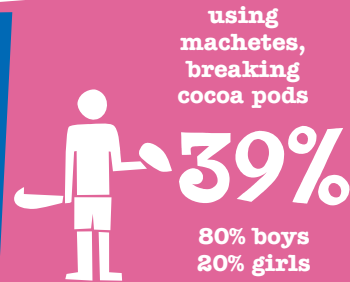
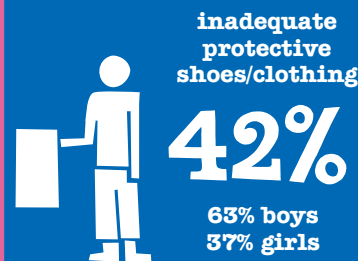
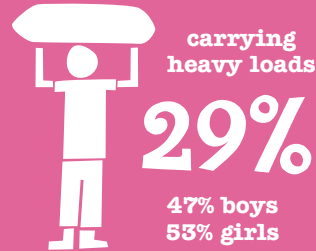
CLMRS ACTIVITIES OVERVIEW

What does the total number of child labor cases actually mean?

OF ALL CHILD LABOR CASES WE'VE FOUND



Types of child labor activities: (Note: a child can be involved in more than one type of child labor activity)



WHAT DOES REMEDIATION LOOK LIKE?

The funding for the different types of remediation activities was provided to co-ops to implement the following activities: (Note: All these remediation activities were planned, budgeted and paid for last year, but some might still be underway!)

712

children received a birth certificate

2,900

health insurance policies - so children can receive health care when they are sick

46

received vocational training (13 boys and 33 girls)

883

school kits were distributed to children and teenagers who are no longer attending school

133

bicycles for cycling to school (instead of having to take a long walk)

Effective remediation involves removing children for good from the circumstances that led to child labor in the first place. It means shifting the conversation about child labor to foster a culture of mutual trust, where discussion and intervention are both possible. And it takes at least 12 months to fully remediate a case of child labor. Following this window, a safety check must be carried out in the following cocoa season.

Achieving an increase of 67% of remediated cases means we're gaining a better understanding of individual and systemic factors that condition a case in the first place.

The CLMRS offers several 'quick-fix' solutions, like providing birth certificates so children can attend school, wheelbarrows to prevent heavy lifting, setting up health insurance policies and organizing bicycles for transport to and from school. In Côte d'Ivoire we provide school fee support, while in Ghana, where school is free, we help supply school kits and uniforms for students. Vocational trainings for adolescents prove to be a good way to keep children out of child labor in the long run, and we want to focus more on this going forward. We can currently see that if children are found to be in child labor when they are younger, the cases are more likely to be remediated.

Wondering how we, together with the co-ops, aim to ensure that children stay out of child labor? We do this by enhancing monitoring activities. That means the households where child labor cases were detected in the past are being prioritized by community facilitators performing household visits.

We've conducted many interviews with community members and farmers. And in the process we've identified a strong link between child labor and community factors like availability of electricity, school proximity and access to drinking water. (Sound familiar? Yep, those are the factors we track with the MPI.) We also track data about education as part of the CLMRS - specifically whether children are going to school - via the MPI survey. And in Côte d'Ivoire we're seeing a steady decrease over time in the number of school-aged children who are still not attending school. A decline from 30.5% (3 years ago) down to 21% this year is related to increased awareness as part of the CLMRS, the active promotion of children's rights as well as providing access to education.



Farmers at EGAM, a women-led co-op in Côte d'Ivoire, work with project manager Eloge to plant a shade tree nursery.

But cocoa farmers' social surroundings also play a major role in the elimination of both forced and child labor from the cocoa supply chain. Strong communities with good infrastructure make for firm foundations for members, equipping them to promote human rights and, ultimately, move out of poverty. That's why the Choccolonely Foundation funds development initiatives in our co-op farmers' communities.

Last year we sourced from 6 different cooperatives. These are served by many different communities with distinct needs. This means that different project-based approaches are sometimes required. That's why every cooperative produces its own community development plan, which is put together using needs-assessments and feedbacking processes within communities themselves. This year, for example, we're aiming to create jobs at 11 new school canteens, and these have been earmarked for women looking for work in the local communities.

Additional jobs were also created for women workers at the shade tree nurseries at Ecojad, a partner cooperative in Côte d'Ivoire. We've expanded shade tree nurseries that limit cocoa trees' direct exposure to sun, helping farmers embrace (cue trumpets) agroforestry!

Gender inequality (just as in most places on earth) is a major issue in the communities where we source cocoa. In Côte d'Ivoire women own 25% of the farms but earn only 21% of the income from cocoa. And it doesn't stop there! Women also do 68% of the heavy lifting on those farms.

Following talks with these women farmers, combined with input from some research and the experts who did it, we've developed a plan. We now aim to foster long-term social change by helping facilitate women's decision-making power in their households, communities and cooperatives. Because the right to call the shots is key when it comes to correcting gender inequality.



Into the woods

It's estimated Ghana and Côte d'Ivoire have lost 80-95% of their forests in the past few decades – and about 1/3 of that deforestation is the result of cocoa production. This is another huge reason why it's crucial we know how all our beans are produced.

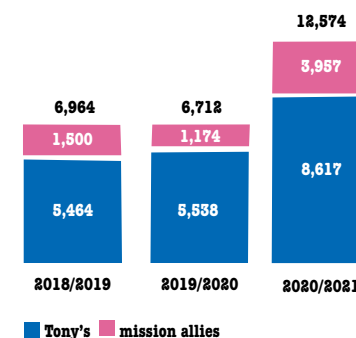


TRACEABLE COCOA BEANS

All of our 5 Sourcing Principles combine to guarantee fair cocoa. It all starts with traceability across the entire supply chain. This is key to ultimately taking responsibility. Because harvesting cocoa beans doesn't happen in a vacuum. We believe every chocolate company is responsible for knowing the social, environmental and logistical story behind each ounce of cocoa that ends up in their chocolate. Only then can we all start to raise the bar together. 'Environmental' and 'operational traceability' ringing any bells? GPS mapping data and bean-to-bar transparency are the big buzzwords here.

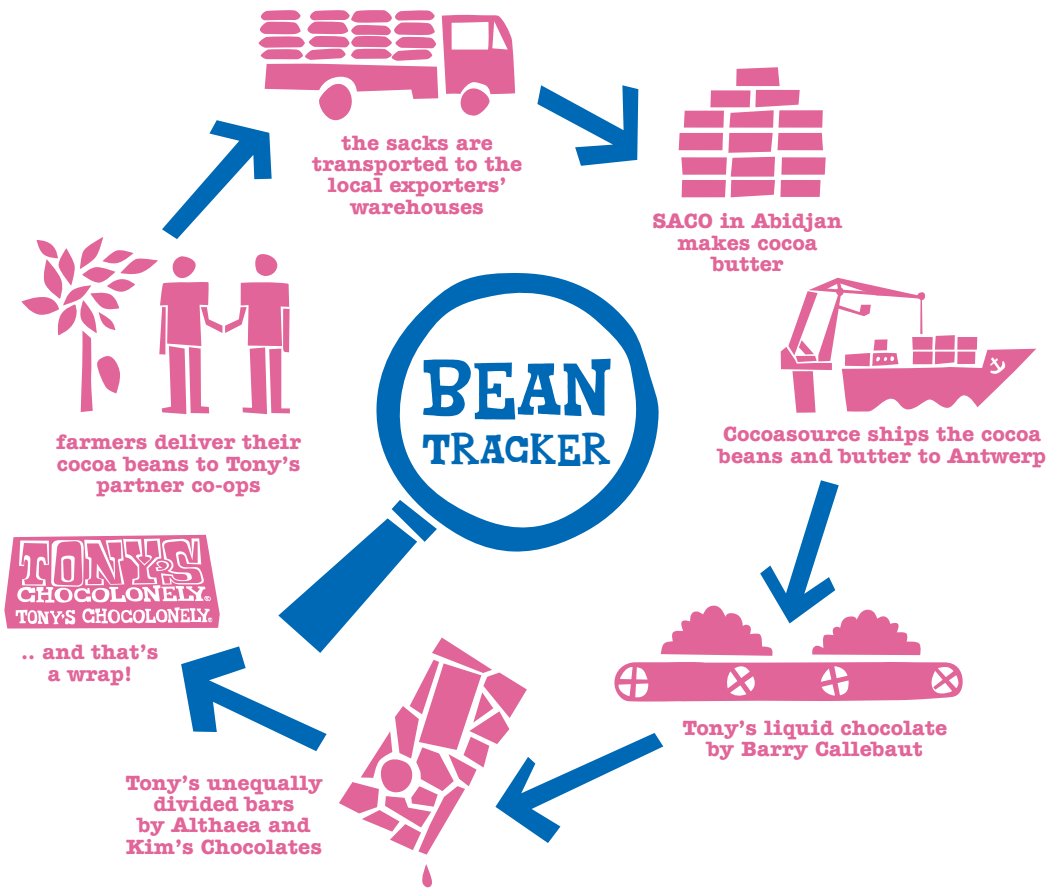
That's one of the reasons why we want to know exactly where our cocoa comes from. Our cocoa liquor became fully traceable in 2012, and our cocoa butter in 2016. Our fully transparent bean-to-bar traceability – meaning traced origin, flow and bean quantities – provides insights that allow us to make the supply chain fairer. Our bean-tracing software system, built using ChainPoint technology, is called BeanTracker. It provides transparent insights into our traceability.

KPI 13
% metric tonnes of cocoa sourced via Tony's Open Chain



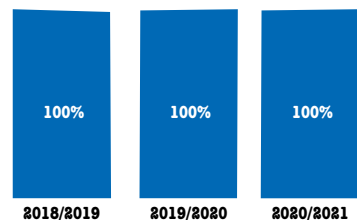
At any given moment we know the exact volume of beans currently in shipment. We also know how many are being processed in Belgium right now. And now! And even right.. okay we'll stop. We've got breakdowns for every shipping container indicating which farmers provided which beans. Last year we collectively bought a total of 12,574 mt of traceable beans, of which 8,617 mt will end up in Tony's bars!

We also link other data sources – like GPS mapping data and current productivity levels – in the BeanTracker. This gives an at-a-glance snapshot of where our cocoa comes from and whether deliveries are feasible.

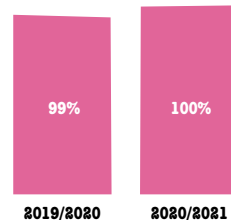


All farms at each of our long-term partner cooperatives have now fully mapped their plantations using GPS. 100% of the mapping data's been assessed against forest maps, which means we can guarantee that none of our cocoa comes from farms on protected land. This means no deforestation will result from our cocoa sourcing. At the end of the day, accurate data is everything. Which reminds us..

KPI 8
% of cocoa in our chocolate traceable up to our partner cooperatives



KPI 14
% of farms in the supply chain GPS mapped and assessed for deforestation risk



Guess who's back in the (traceability) house!

You might remember we were on a break with Socoopacdi, one of the cooperatives in Côte d'Ivoire. We found irregularities in their reporting relating to exaggerated farm sizes and excess bean deliveries. As a result, Socoopacdi's certification was suspended and we decided not to source any beans from the cooperative until their traceability profile got back on track. And boy, did they work hard to get their records straight! They've implemented a new team, done an overhaul of their membership and together we've improved our way of working as business partners. They also stepped up their traceability game by remapping all production areas and implementing regular households visits as part of the CLMRS. After an external audit of their premium payments for 2019/20, they've now regained both their Fairtrade and Rainforest Alliance/UTZ certifications. We're thrilled to have our business partner back in the game and we look forward to sourcing Socoo-beans again next season !

Co-op collaboration is how we do business, and community development happens when we work together. Which wouldn't be possible without funding from the Chocolonely Foundation. Turn the page to check out what they've been up to this year!



Ywe, Paul, Julie and Katie welcome our partner co-op Socoopacdi back!

CHOCOLONELY foundation

The Chocoloney Foundation shares a name with Tony's, and a mission too: a 100% slave-free chocolate industry. It's a foundation funded largely by Tony's, with an independent board to call the shots. It was founded in 2008 when our bright red Tony's bars started turning a profit. The Foundation supports projects that positively impact the societies in which cocoa farmers work and live. It's primarily funded by a dedicated 1% of Tony's annual turnover – and that's revenue, not just profit!

The Foundation focusses on strengthening the communities in Ghana and Côte d'Ivoire that produce our cocoa. The goal? Contributing to conditions that allow community-members to thrive, and not just survive. Working towards a future where illegal labor no longer exists. The Foundation also channels funds into research and lobbying activities that aim to improve the cocoa sector as a whole.

Strong cocoa communities

→ **Design-a-thon**

The mission of the Foundation's annual 'design-a-thon' is to equip children to imagine a better world for themselves and the planet. This year's event saw a group at Kapatchiva, one of Tony's partner cooperatives, design a solar-powered children's center. The Chocoloney Foundation was blown away by the concept. Not only are these kids brainy beyond belief, but their center will enable others to play, grow and learn for decades to come. The Foundation forked over the funds and look at the results!



A group of 20 Ivorian women attend a weekly financial literacy training.

→ **100Weeks**

This project is founded on the firm belief that women should be empowered to take charge of their own futures. Which is why the Foundation supports the 100Weeks program. This project provides 400 women in Côte d'Ivoire with financial literacy group training and unconditional cash transfers of €8 per week for – you guessed it – 100 weeks. Continuous financial support enables the women to provide for their families and put their entrepreneurial skills into practice. Last year the program was completed with 100 Ghanaian women who invested in start-up concepts ranging from dress-making to building banana stands. These women are now earning money off their original ideas, and they're actively moving out of poverty in the process.

→ **Inspire action**

In order to convince governments to change the cocoa sector alongside companies, solid and independent data is needed. That's why the Foundation supports the VOICE Network, a cocoa industry watchdog group. They conduct research into cocoa and publish the Cocoa Barometer, which reports every 2 years on the status of the sector and the progress of sustainability efforts. They also bring industry actors together for lobbying purposes. For example, Tony's teamed up with the VOICE Network alongside Barry Callebaut, Mondelez, Mars, Nestlé, Unilever, Fairtrade and Rainforest Alliance to call for EU legislation.





Adrien Bitibaly -
Quatre Yeux (Four Eyes)



→ **Creating awareness**

Spread the word! The Foundation also focusses on creating awareness. That's why it's currently busy promoting projects that platform creatives from West Africa. They're able to foster awareness by sharing perspectives through their work rooted in their own lived experience.

→ **World Press Photo's West African Visual Journalism Fellowship**

Have you heard of Ofoe from Ghana, Adrien from Burkina Faso and Nuits from Côte d'Ivoire yet? Well hang on to your hat. These 3 brilliant creatives each produced a photo series in their respective countries addressing the theme of inequality. And their work is taking the world by storm! Check it out for yourself.

→ **The independent dream team**

The board of the Foundation meets around 6 times a year to consider project proposals and settle on long-term strategy. This past year – after a stellar 6 of 'em! – we said goodbye to Mavis, our magnificent head of the board. That's why Anna's come in to fill some big shoes, bring fresh perspectives and lots of cocoa knowledge.

In 2021 the board greenlit 11 projects (we've already introduced some of them! Check out the Foundation's website at chocolonelyfoundation.org). Total investment? €1,091,226. The board also spent some time reflecting on how to sharpen its approach to mission achievement. A revamped policy plan was produced in the process.

Supporting the Chocolonely Foundation is one of many ways we aim for impact beyond chocolate bars. All to serve a mission of 100% slave-free chocolate. But we know what you're thinking: community development, research and photography.. what about the environment? Now you've got the green light from us to turn the page and find out more!

Nuits Balnéaires - The Power of Alliances



Ofoe Amegavie - Between Sand and Water



Scan & go!

Sustainable from bar to bean.. and everywhere in between

We can't achieve social justice on a broken planet. And climate injustice often means the ones actively contributing to climate change feel its repercussions least. This reinforces the structural inequality of global industry and economy. Practically speaking, this also means cocoa farmers are already feeling the consequences of climate change. Deforestation is an urgent issue and cocoa-growing areas will continue to be impacted by unchecked industrial climate change in the coming decades.

We actively work on SDG 13 (Climate action) and 15 (Life on land) at the biosphere level.

Understanding our CO2 footprint

We calculate our total CO2 emissions following the True Price model. Calculating this total involves looking into our scope 1, 2 and 3 emissions (that's a lot of scopes – and pretty thorough, if you ask us!). Most of our emissions come from scopes 2 and 3. And as we grow as a company, so do our emissions.

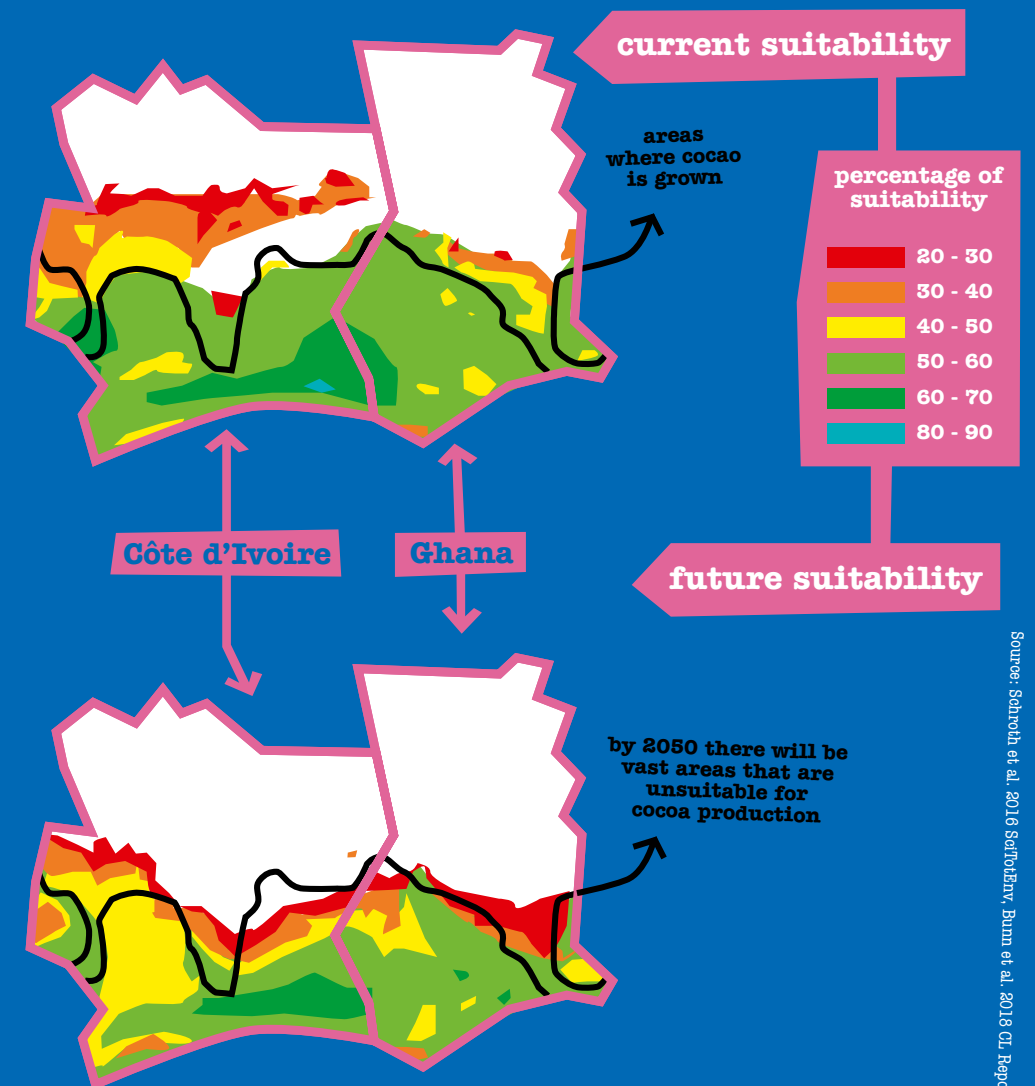
	2018/2019	2019/2020	2020/2021
Emissions in tCO2	33,903	39,631	51,656

We're fully committed to actively controlling and decreasing our emissions. We're committed to implementing target verification next year, too – by the Science Based Targets initiative (SBTi). Sustainability is not about sustaining the status quo, but striving to improve current circumstances. Which is why, above all, we aim to decrease our emissions. We already do this in many ways – by planting additional shade trees, for example (see Chapter 3). And where we do still produce emissions, we aim to reduce them. Let's dive into how we do that.

Sourcing

Our main focus is cocoa of course, and you can read more about our environmental efforts when it comes to sourcing cocoa on page 48. But chocolate also contains several other environmentally sensitive ingredients. We rely on our sourcing policy (and a super cool sourcing team) to

CLIMATE IMPACTS COCOA



Source: Schroth et al. 2016 Sefroffny, Bunn et al. 2018 GI Report

determine best practices when it comes to purchasing raw materials, like sugar. All suppliers provide an assessment of their social and environmental impact, and only the highest scoring suppliers make the cut. Overall we prefer to work with locally produced raw materials, inclusions and packaging materials. We strive to limit our environmental impact at every stage of the game, and we want to work with suppliers who have the same aim.

A closer look at the different sources of emissions in our chocolate shows that 98% of them come from the chocolate in our bars. Roughly 5.5 kg of CO₂ are produced per kilogram of chocolate, with milk powder being the biggest offender. It accounts for 44% of emissions alone (while sugar accounts for around 6%, in case you were wondering). We're constantly on the lookout for ways to reduce our carbon footprint, and we continue to explore traceable sugar and alternative milk powder. Full disclosure: this is much trickier than you'd think.. which is why it's taken us more than one cocoa season to hatch out a plan. But we'll keep on keepin' on!

Waste

We're also committed to cutting down the waste we produce. This too is an important factor when it comes to emissions reduction. We've actively measured our waste output for a few years now, and waste management's been policy since day 1.

When it comes to our bars, we keep our stock and forecast overview in tip-top shape. If we detect leftover chocolate stock and notice that time is extra tight (meaning shelf life is – gulp – less than a month!), we bring the chocolate to foodbanks or provide it as gifts to health workers. Last year we had a surplus of Sinterklaas bars due to tricky forecasting (thanks a lot, Covid) and they went straight to Dutchies who could really use them.

When a waste-issue looms over surplus of a particular ingredient, we call suppliers first. If that doesn't cut it, well.. that's when we get creative. For example, in 2019 our Choco Plan Fan Laura sounded the alarm on more pineapples than we had bars to fill with them. The solution? A piña colada bar. (Sometimes we wonder whether her clear culinary gifts are wasted on planning?)

When it comes to packaging, we occasionally run into issues when a Tony's bar size changes. Like this year – when we downsized our duty-free heavyweight from 300 g to 240 g. But we don't produce much waste from big bar wrappers because these can be recycled. Read on for the fine print!

Packaging

Several Big Choco heavyweights are among the companies that produce the most plastic worldwide. We want to do things differently. That's why this year we've taken the step to go fully plastic-free in all our wrappers. That means we're not contributing to the 260 million tons of plastic waste generated globally each year. Our next ambition is to go 100% plastic-free across our entire supply chain.

That's why we use uncoated, recycled FSC-certified paper for our wrappers. They're never coated with porcelain or kaolin. The paper is made from a mixture of recycled and FSC-certified paper. Just like this Annual FAIR Report! And now this is even true of our Tiny's wrappers, too. These used to contain plastic, but now they're made from a combination of aluminum and paper. This makes them harder to recycle. We know there are other, more sustainable plastic-free and recyclable solutions out there, so there's still more room to raise the bar. But for now we've taken a first step towards our goal of eliminating plastic from our supply chain.

GoodShipping

Shipping represents another sizeable chunk of our carbon footprint – which we're working to reduce. Which is why in March 2017 we joined GoodShipping's global initiative to promote sustainable shipping for companies by making biofuel the industry standard. For the third year in a row Tony's ran on biofuel, which meant full (environmentally friendly) steam ahead! We still need to consider how to reduce the emissions of our road freight. And as we expand our markets across continents, we'll need to keep asking ourselves the bigger questions. Like whether we'll need to expand our manufacturing operations to reduce the cost of transport.

Offsetting with JustDiggIt

While we aim to continuously reduce our emissions, we make sure to off-set the remaining emissions we still produce. Tony's is carbon neutral, which means we currently offset 100% of our CO₂. This also means we already meet the B Corp 2030 net-zero carbon commitments. This is a measurable way forward for businesses looking to take immediate responsibility and action.

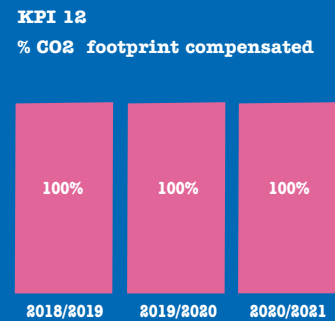
Our partnership with JustDiggIt is the most significant part of our strategy to offset bean-to-bar CO₂ emissions. Together we restore degraded land to positively impact nature, people and the climate. JustDiggIt has reintroduced vegetation that captures 51,656 tons of CO₂, which equals Tony's annual



emissions for 2020/21. In Kenya, half-moon-shaped water bunds are dug to collect rainfall. Through facilitated irrigation seeds and sprouts already present in the soil can flourish again. This year's efforts led to the – serious word-of-the-year buzz – re-greenification of 250 hectares of land in Kenya. In total we have re-greenified 1005 hectares of land together. In Tanzania, JustDiggIt regrows trees on smallholder farmland and stimulates naturally occurring sprouting through irrigation projects. Together we've returned 104,818 trees to Tanzania since the project began.

We're proud to be carbon neutral, especially in light of Tony's rapid growth. But there's certainly more to be done. We aim to keep raising the environmental bar through the upcoming year by decreasing our carbon emissions over time, and by exploring options for carbon sequestration (aka gettin' that carbon under control!) at the beginning of the supply chain. Remember how we spoke about shade trees? These trees also help capture CO2! In the future we hope to measure their positive impact. And our ultimate aim is to be carbon negative.

But not every company thinks like us. Which is why we also lobby for legislation to protect human rights and the environment by establishing due diligence frameworks. Oh go on, turn that page.. you know you want to!



chapter five:

CHANGING

THE

NORM

IN

COCOA

Industry under pressure (bum-bum-bum-bah-dee-bum-bum)..

The Tony's model aims to change the chocolate industry from within (more on how we do that in Chapter 4). But we also love to make noise about how important it is to change the legal system that determines the industry's inner workings.

Which does beg the question: why are the Tony's model and legislation both necessary? Simply put, it's more profitable to be unsustainable. Exploitative business practices allow for unfair commercial gains. (Kinda spooky how easy the answer is, eh?) Leading by example is one of the pillars of our roadmap because we want to show that it's possible to make profitable chocolate that's also fair. But unless external actors – like governments – step up to tell Big Choco 'the buck stops here!'.. human rights violations will continue in supply chains. Changing the industry from within requires putting necessary pressure on external factors to make internal change possible.

2 decades of empty promises

Change is a long time coming. It's been over 2 decades since Big Choco promised to end child labor in the cocoa supply chain. In 2001 they signed the Harkin-Engel protocol, which pledged to end the worst forms of child labor within 5 years. In 2010, after failing to meet their deadlines 3 times, the pledge was extended to reduce child labor by 70% by 2020.

But today 1.56 million children are still working illegally on cocoa farms in Ghana and Côte d'Ivoire.

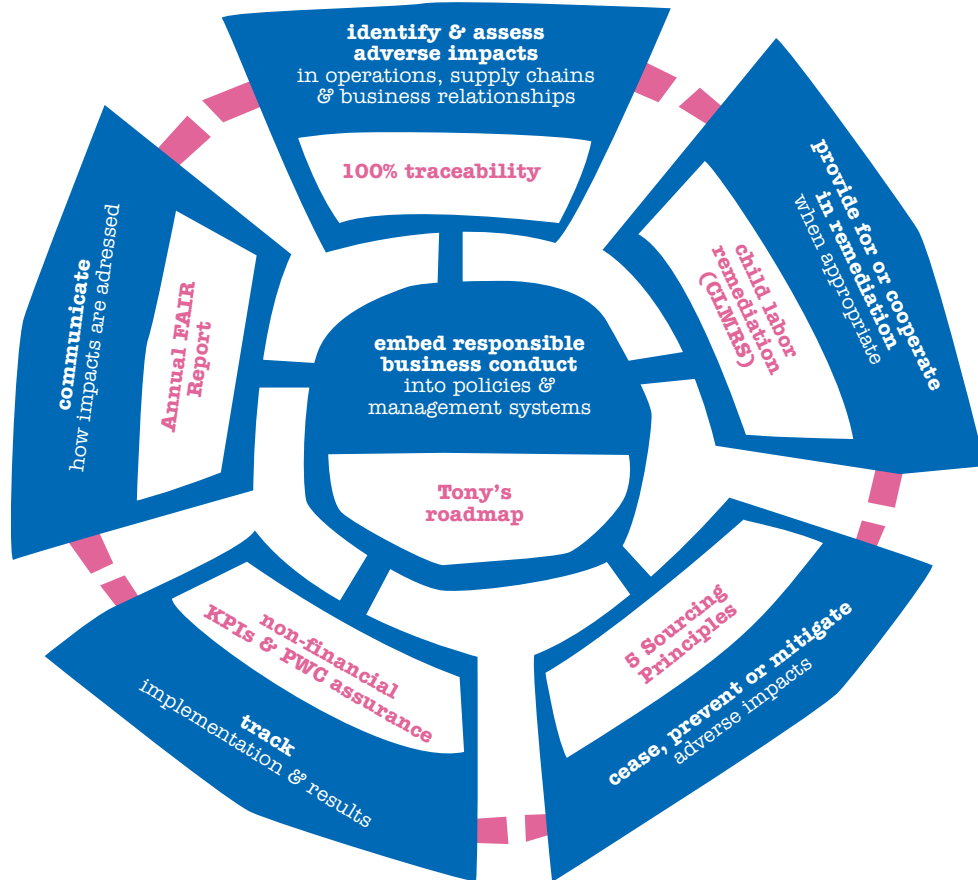
It's been over 20 years since Big Choco's pledge and, despite numerous voluntary programs and agreements, not much has changed. It's fair to say industry efforts are insufficient and that little progress has been made (Cocoa Barometer 2020). That's where external, legislative force comes in.

We need human rights due diligence legislation

At this point self-regulation just ain't cutting it. The prioritization of company profits over human rights needs to stop now. We have to change the norm in the cocoa industry. Governments must regulate corporate behavior to end injustice in value chains that span countries and continents. Tony's leads by example with our 5 Sourcing Principles. It's time to rethink the rules of doing business.

Officially this is called 'corporate accountability and human rights due diligence.' (Say that 5 times fast!) It really just means businesses must be held accountable for checking and resolving social and environmental injustices that happen when they source materials and manufacture products. In the chocolate industry that means taking 100% responsibility for tackling the biggest issues in cocoa: child labor, a lack of a living income and deforestation. Big Choco shouldn't pretend they don't know what's happening in their own backyard. Nor should the law permit them to.

6 STEPS OF DUE DILIGENCE



We think it's every company's responsibility to solve problems in their supply chains by building accountability right into their business models. This must become the standard way of working. Specifically, this means identifying and assessing adverse impacts. Proactively decreasing and preventing these while tracking the progress and results of implementation. Communicating about all efforts transparently, and ultimately providing for and cooperating on the remediation of all adverse impacts. The long and short of it: companies need to correct existing issues, and take concrete steps to prevent them from ever happening again. Pretty straightforward, right?

To change the cocoa sector, Human Rights & Environmental Due Diligence legislation must be introduced. And we demand that legislation take the following into account:

1
SIZE DOESN'T MATTER
Big or small, all companies must be bound by the law. Especially in high-risk sectors such as cocoa.

2
A DECENT STANDARD OF LIVING IS A HUMAN RIGHT
The definition of human rights violations must expand to include more than child labor and modern slavery alone. And prices paid for goods must enable farmers to earn a living income.

3
ACCOUNTABILITY REQUIRES TRANSPARENCY
All companies must use clear, understandable and publicly accessible reporting frameworks that include mandatory checks on key human rights and environmental issues.

4
JUSTICE MUST BE SERVED
All states must take legal action when companies do not fulfill their due diligence obligations. Victims of human rights violations must be guaranteed easy access to justice in courts, and to remediation when harm has been caused.

PETITION STATEMENT

Most of the chocolate made today is a product of modern slavery and child labor. Even though chocolate companies started formally agreeing to put an end to these problems way back in 2001. So let's nip the empty promises in the bud. We need clear legislation that holds companies accountable.

Let's make 100% slave-free (chocolate) the law

Your signature supports Tony's as we demand that companies across all sectors – not just Big Choco – be held legally responsible for human rights abuses in their supply chains.

“I demand that my government hold companies accountable for child labor and modern slavery in their supply chains.”

On top of that, Harkin-Engel was a non-binding protocol. So failing to meet its targets carries zero consequences. It's no surprise not a single target's been met.

BROKEN PROMISES

In 2001 the world's 8 biggest chocolate companies voluntarily signed the Harkin-Engel Protocol, effectively promising to eliminate the worst forms of child labor and modern slavery from their supply chains. A huge move, in theory! But in practice..

The Protocol was created to squash development of a compulsory 'no child slavery' label for all chocolate. Big Choco couldn't make that claim, and who'd want to buy their bars knowing the bitter truth?

Handing over petition signatures to the EU commission

There's some movement at the EU-level! We fully backed the report sponsored by MEP Lara Wolters calling for human rights due diligence and corporate accountability to be made EU law. And in March 2021 the EU parliament came one step closer to legislating industry reform by voting YES to holding companies accountable for human rights and environmental abuses in their supply chains.

Together with the more than 66,000 Choco Fans who signed our petition (was yours in the mix? You go, Glen Cocoa!) we demanded companies across all sectors – not just Big Choco – be held legally responsible for human rights abuses in their supply chains. Even though we didn't meet our initial goal of 1 million signatures (ambitious for sure, but hey, that's Tony's!), in June 2021 we handed our petition over to EU Justice Commissioner Didier Reynders, which is the highest rung on the justice ladder a petition like ours can climb.



Paul, Sebastien and MEP Lara Wolters hand over 66,099 Choco Fan signatures to EU Commissioner Reynders – all in support of EU-wide due diligence legislation.

And now? We wait.. for the EU Commission to publish their recommendations for legislation in fall 2021. This is one small step for Tony's and one giant leap towards serious positive change in the chocolate industry!

Wanted: order in the court, equality in the supply chain

But we're not only active in the EU. This past year we've been busy in that Land of Liberty, too! In December 2020 a case appeared before the US Supreme Court that determined whether companies active in the US can be held accountable for labor abuses abroad.

The case goes back to 2005 when 6 Malian men filed a lawsuit against Nestlé and Cargill. The men were trafficked as children and forced to work on cocoa farms in Côte d'Ivoire. They alleged that the 2 companies "aided and abetted" violations of international and US law through the way they sourced their cocoa. But Big Choco disagreed, saying they couldn't be held accountable for something that happened so far away in their supply chain.

We exist to make the entire chocolate industry 100% slave-free. That's why the 6 plaintiffs' lawyers asked us to submit an 'amicus curiae brief'. This literally means a 'letter of a friend to the court.' Amicus briefs can contribute to a case's outcome in US courts if particular experience or expert opinions are needed.

On 17 June, 2021, the court sided with the chocolate companies, suggesting the only way to change the outcome would be through new legislation passed by US Congress. We think it's appalling these men didn't see the justice they deserve. But the smallest glimmer of a silver lining lies in the decision's subtle suggestion that new legislation could transform the way future cases like this one are litigated. So let's get lobbying!

Sector initiatives

In the meantime, there are lots of other ongoing initiatives. The EU Commission held multi-stakeholder dialogues involving Côte d'Ivoire and Ghana (as 2 main cocoa-producing countries), reps from existing EU Member State initiatives, other countries and some international organizations to kickstart responsible EU business practices surrounding cocoa supply chains.

While we submitted our own feedback to the European Commission's public consultation on human rights and environmental due diligence legislation, we also responded together with B Lab Europe (the organization that serves as the eyes and ears of B Corp) and 60 other B Corps. Many of us are small or medium-sized companies, showing it's not just the top dogs that can (and should!) take responsibility. We called on the European Commission to require company directors to balance the interests of every stakeholder (and not just investors) in a business' success: employees, suppliers, customers, local communities and the environment. We think the best way to guarantee this is through a legal requirement to ensure 'Duty of Care' and 'Due Diligence'.

Tony's has also joined some initiatives that reflect all our stakeholders' commitments to progressive and lasting change (remember the stakeholder overview?).

We're part of the Dutch Initiative on Sustainable Cocoa, as well as its Belgian equivalent, Beyond Chocolate. These partnerships between companies, public sector organizations and civil society organizations aim to make the cocoa sector more sustainable by taking action together. Along with other signatories, we report on our progress and work towards a sustainable cocoa sector.

2 of our Open Chain mission allies (more on Tony's Open Chain on p. 90) are also part of sector initiatives. To keep things simple, here's an overview:

- ➔ Ahold Delhaize (Albert Heijn's mother company) and ALDI Nord are members of Beyond Chocolate
- ➔ Albert Heijn signed the Dutch Initiative on Sustainable Cocoa
- ➔ ALDI South is a signatory of the German Initiative on Sustainable Cocoa
- ➔ ALDI Suisse is a member of the Swiss Initiative on Sustainable Cocoa

So many A's, L's and D's and so little time! Don't worry.. it can definitely get confusing. The important thing to remember is that retailers can play a vital role in overall systemic change!

Get with the program, Big Choco

These sector initiatives suggest that issue awareness and sustainable business are both on the rise. And in the spirit of fairness we'll say this: Big Choco does seem to care about the issues that persist in the cocoa industry. But a snapshot of the current landscape shows that while most big players have a sustainability program in place, these don't cover their entire value chains.

On an annual basis, the Easter Scorecard (which is big sustainability news and about a lot more than egg hunts. More on that in Chapter 6) provides a broad comparison between different chocolate companies on key sustainability issues. And sadly, corporate accountability and responsibility are not so widespread across the industry. Big Choco's scores on due diligence, traceability & transparency, living income, child labor, agroforestry and deforestation & climate make clear there's still huge room for improvement. Like, ballroom-huge. Or an indoor arena?

This means that despite the 'talk' there's too little 'walk' happening on this marathon towards change. Industry actors need to stop hiding behind patchy sustainability efforts. Industry change must come from within, by transforming business practices to become more sustainable. Our roadmap's third pillar is to inspire others to act. One big way we do this is by inspiring other big chocolate companies to adopt our 5 Sourcing Principles.

Keep on reading to find out more about Tony's Open Chain and our current mission allies!

Dropped from the Slave Free List

Let's talk in more detail about what we mean by "changing the industry from within." In late 2020 Tony's was removed from the list of ethical chocolate companies published on slavefreechocolate.org's blog. Not because cases of modern slavery suddenly appeared in our value chain – we've never found 1 in our own value chain. But because our liquid chocolate producer, Barry Callebaut, has been accused of slacking on sustainability and human rights abuses in *their* supply chain.

Here's the important point that was missed: the fully traceable cocoa we use to produce chocolate is kept separate from Barry Callebaut's other beans every step of the way. And working with Barry Callebaut is key to changing the industry from within. In Tony's early days back in 2005, we chose to partner with Barry Callebaut to show Big Choco that it's possible to stay fully traceable while working with a large processor. Otherwise they'd dismiss us, saying our model can't be scaled to

accommodate their levels of production. Once again, nothing would change – which is why we're opening ourselves up to this kind of criticism (to prove the point!) and paying extra to process our beans separately. Working with Barry Callebaut allows us to scale up production and grow Tony's Open Chain by processing 100% traceable beans for our mission allies, too.

Check out this Tony's tank – proof of our 100% segregated and fully traceable flow at Barry Callebaut.



Our tank at Barry Callebaut chock-full of fully traceable cocoa butter.

Inspiring others to act: tony's open chain

Our mission: to make 100% slave free the norm in chocolate together. Our roadmap lays out our current plan, but the clincher's our third pillar: inspiring others to act. We know our mission won't succeed unless we bring other companies on board. Including Big Choco.

That's why we started Tony's Open Chain. An industry-led, collaborative initiative that helps companies exceed sustainability targets and transform the cocoa supply chain. Our blueprint for industry change lays the groundwork for adopting Tony's 5 Sourcing Principles.

The initiative's necessary because the current industry model operates on a 'take the money and run' mentality: corporate anonymity and maximized profits. The sustainability initiatives that do exist rarely lead to collaborative solutions. Tony's Open Chain is our invitation to do things differently and create impact together.

We're proud to have already onboarded 4 mission allies – which is what we call companies that join us in our fight.

Ready to plug and play

And we work hard to make Tony's Open Chain credible, scalable and available to other companies. All mission allies have access to a transparent and direct model for forecasting and ordering cocoa beans. They also receive insights into different data sets: CLMRS, GPS mapping information, farmer coaching and more.

This year the tracking of ongoing Open Chain efforts became one of Tony's non-financial KPIs. This is because the interval between a future ally expressing interest in Open Chain, to becoming a full-fledged mission ally, has several steps. And tracking this pipeline allows us to keep tabs on both scalability and potential volumes sourced through Open Chain. Tracking also helps us identify the barriers that prevent potential mission allies from converting. We also follow the number of interactions with potential mission allies so we can continually vet and revise

onboarding processes for new ones, and better understand our continued journey towards mission completion. We are currently in 33 ongoing conversations with potential future mission allies (full disclosure: there are no members of Big Choco in these conversations.. yet). That's exciting – but what really raises our impact pulse is the potential volume of traceable cocoa beans new mission allies could source. Because more beans = more impact! And looking at the current pipeline, this could amount to at least 37,000 mt of beans in total.

KPI 16

Open Chain conversations with potential mission allies in the pipeline



But we don't do it alone – and cocoa processors provide the necessary infrastructure. The chocolate manufacturer Barry Callebaut is our first enabler for Tony's Open Chain. This collaboration shows our model's scalability and replicability, and makes it impossible for Big Choco to claim otherwise.. since we produce our chocolate with the same processors they use.

The goal of Tony's Open Chain is to involve as many industry allies as possible. True ownership can only begin once companies know who they're buying from, and under what financial, environmental and social circumstances those transactions are taking place.

KPI 8.2

% of cocoa in Open Chain ouvertures for our mission allies traceable back to our partner cooperatives



2020/2021

We compete on chocolate, but collaborate on cocoa

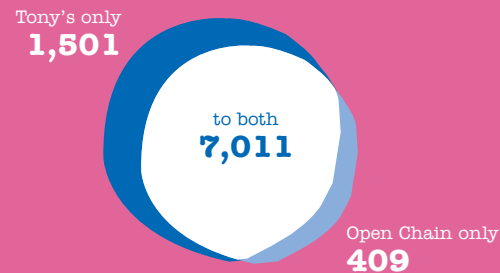
In total, 12,574 mt of beans were sourced via Tony's Open Chain in 2020/21. (To put that

into perspective, the Eiffel tower weighs around 10,100 tons. And in 2020/21, Ghana and Cote d'Ivoire produced around 3 million mt of beans!) Tony's sourced 8,617 tons of those cocoa beans. That's a 56% increase from last year. That means our Open Chain mission allies sourced 3,957 mt of beans, which is a whopping 237% increase! But that's not the only number we're excited about. For the first time ever, the cocoa in the couverture used by all mission allies is 100% traceable back to the partner co-ops. This is important because knowing exactly where your beans come from creates accountability, and the ability to take full responsibility.

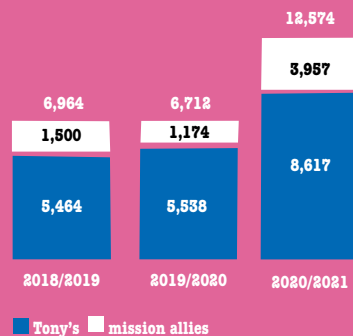
This also means a total of 8,921 farmers contributed to Tony's Open Chain in 2020/21. These numbers clearly show that collaboration's the key to transforming the norm in the chocolate industry.

An increase in bean volume is our biggest lever for change, and mission allies help maximize that lever's lifting power. Mission allies amplify both impact on the ground with farmers, as well as

KPI 4
of farmers supplying to Tony's Open Chain



KPI 13
% metric tonnes of cocoa sourced via Tony's Open Chain



messaging in the world of chocolate. Ultimately, mission allies become the proud co-owners of solutions to the systemic problems of their own industry.

Helping our mission allies transform their cocoa supply chains gave us great insights into how we can continue to scale the Tony's Open Chain model for future allies, and where we need to streamline it.

Together we take responsibility and encourage other chocolate makers to do the same, by walking the walk as much as we talk the talk.

Check out our current mission allies!

Albert Heijn: Delicata

Our Open Chain odyssey began with Albert Heijn's in-house Delicata range. They became our first mission ally back in 2019. We've learned a lot from each other along the way, and this year we've reached another brilliantly buttery milestone together! We're pleased to announce that, with the help of Barry Callebaut, Albert Heijn now uses 100% traceable cocoa butter for all Sinterklaas letters and Easter eggs, and in their chocolate bars too. This means they're using even more beans, which in turn means bigger impact. Way to go Albert Heijn!



ALDI: Choceur CHOCO CHANGER

With its Choceur CHOCO CHANGER bars, ALDI is a great amplifier of collaborative impact through Tony's Open Chain. ALDI was our second mission ally to come on board, and as the first global discount retailer to join the Open Chain, they're gamechangers for consumer awareness. From a great video explaining the 5 Sourcing Principles to consumers to living income webinar talks about paying a higher cocoa price, ALDI is driving change and raising consumer awareness in more than 10 countries.



Jokolade

We're jumping for joy that JOKOLADE has joined as our third mission ally. And their backstory sounds familiar: JOKOLADE is a combination of the German word for 'chocolate' and the name of their founder, Joko – a German television host and entrepreneur. When Joko learned about the issues in the cocoa industry, he felt compelled to act, and to him Tony's Open Chain was the only way forward. JOKOLADE launched 4 chocolate bars in the German market that have proven wildly popular – which goes to show how we're scaling up Tony's Open Chain and accelerating our real and measurable impact.



vly

And our newest mission ally is.. not a chocolate brand at all! This plant-based dairy brand is passionate about sourcing ingredients the right way – including cocoa for their chocolate milk. Which is why they've joined Tony's Open Chain. They're ambitious and scaling fast – and we love to see the impact grow.



chapter six:

CREATING

AWARE NESS

Movement in the right direction

We held our first Covid-era FAIR! For the newbies in the back: each year Tony's organizes a stakeholder meeting where we present our Annual FAIR Report (you know, that gorgeous little document you're reading right now). But this isn't your run-of-the-mill meeting. The FAIR brings inspiring speakers and artists together with every stakeholder in the chocolate supply chain. Team Tony's, consumers, retailers, suppliers and our partners from West Africa. We reflect on the past year, discuss next steps and bust some seriously corny moves. This year's twist? It was all digital.

This year the ongoing pandemic continued to highlight rapidly growing inequality around the world. The obvious links between widespread injustice, exploitative industry and the violent impact of racism became increasingly clear. That's why creating awareness about these issues formed the focus of our work – and of the FAIR – this year. When it comes to selling chocolate to create impact, we translate our commitment to the issues into campaigns that get Choco Fans to act. By signing our petition, for example, or by sharing info-rich content aimed at changing words into action. Which is exciting, too!

The FAIR featured a panel of top-notch speakers with powerful voices and visions to reduce global inequality. Among them were actor, director and UN Goodwill Ambassador Idris Elba, economist and creator of 'doughnut economics' Kate Raworth, Dutch rapper, poet and actor Akwasi, who fights for change through active conversation and ongoing commitment to a fairer world, and filmmaker, poet and visionary creative David Boanuh.

Golden Seeds with David Boanuh

We think the most impactful Tony's content comes from platforming visionary voices instead of speaking for them. That's why David Boanuh got free rein from Tony's to produce a documentary film featuring Ghanaian cocoa farmers' own perspectives, which are rarely represented in international media.



A still from 'Golden Seeds', David Boanuh's documentary about cocoa farming in West Africa.

'Golden Seeds' poetically combines interviews with experts, farmers and their families and glimpses into the daily lives of the cocoa farming communities that form the industry's bedrock. The project is the second collab between Boanuh and Tony's, as we continue to pursue content centering storytelling from West African perspectives.

Data don't lie

But how do we know whether our content's serving our mission of a 100% slave-free chocolate industry? Well, we use a few key indicators to measure our performance and profiles across our 4 Gold Markets: the Netherlands, the UK & Ireland, Germany and the US.

The first indicator's pretty straightforward: the percentage of Choco Fans who are aware of the existence of modern slavery on cocoa farms. During 2020/21 there was an increase in issue awareness across all Gold Markets. Global campaigns (like Sweet Solution – more on p. 100) contributed to this increase. Tony's made headlines when we were dropped from a Slave Free Chocolate list, but this may have also contributed to increased issue awareness. In Germany the steep increase in issue awareness is also related to a growing number of German-based mission allies. Because fans of allies are of course also ambassadors of our mission to make 100% slave-free chocolate the norm. (Wondering what a mission ally is? Turn to p. 90.)

These numbers are significant. Not least because once you know, you can't un-know. Which helps when making informed buying decisions. A conscious and responsible consumer choice has the power to influence the market. And that means we're a few

(Choco) Fans closer to achieving our mission of changing the norm in chocolate.

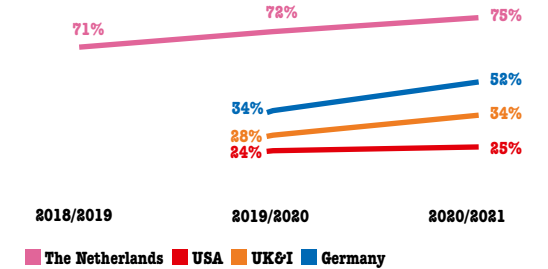
Our second important indicator is our number of Serious Friends – those who support our mission by taking part in campaigns, actively spreading the word and, of course, buying our chocolate. The increase in issue awareness is also reflected in the number of our Serious Friends: across all markets this circle grew massively (by 67%) this past year! So let's make some noise together!

Our Serious Friends are the ambassadors of our mission, as well as our brand. And as long as they keep spreadin' the impact word, more and more people will catch on.

These growing numbers are great news – because even though we're not everyone's favorite brand yet, people have heard of us..

Combined, these stats feed into the Tony's Choclonely brand monitor, which measures our progress as a brand aimed at maximum impact and serious solutions in the cocoa supply chain.

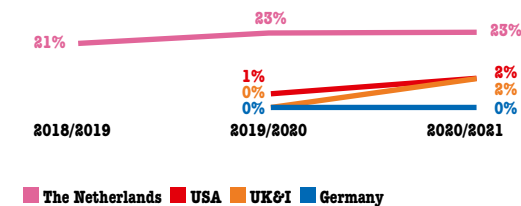
KPI 1 % of Choco Fans who are aware of the existence of modern slavery on cocoa farms



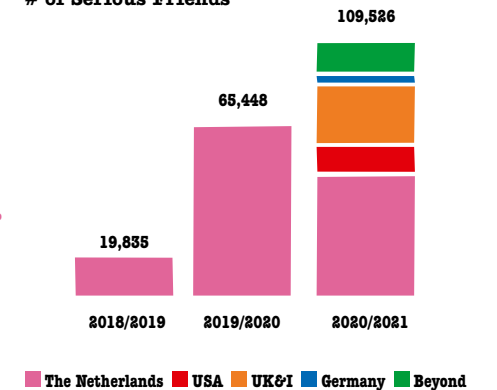
In the Gold Markets brand awareness went up:



KPI 9 % of Choco Fans who indicate that Tony's is their favorite chocolate brand



KPI 2 # of Serious Friends



The Good Egg Award

But we didn't just gain more Serious Friends.. we were also recognized by the Easter Chocolate Scorecard! This international guide for sustainable chocolate helps Choco Fans choose what they buy based on key sustainability issues. It's put together by 5 big-name organizations: Mighty Earth, Be Slavery Free, Green America, INKOTA and National Wildlife Federation. We were among the winners of the 2021 Good Egg Award – which means we literally won a giant, glittery egg (#lifegoals) – for leading the industry in social and sustainability policies through due diligence, traceability & transparency, living income, fighting against child labor and deforestation and fighting for the climate.



The big, glittery golden egg we've been banging on about. Cool eh?!

Our Chatty Chocolloquium

Choco-what-i-um? Oh, you know, just a casual play on the Latin word 'colloquium' – a kind of question-and-answer style seminar. We launched this series of digital talks about shaking up the status quo to solve some of the world's biggest issues and to address global inequality and injustice.

See, Tony's is often invited to share stories of changing the chocolate industry from within. Now, with our Chocolloquium, we've flipped the script and invited others to share how they've made waves in other industries and movements. Amelia Hoy – actor and antiracism activist – chatted with 5 of Tony's favorite impact all-stars for a dose of inspiration to make change happen.



Actor and activist Amelia Hoy leading the Chocolloquium.

Scan & go!



Stories range from industry influence to cultural reset. From tackling poverty and reshaping politics to laying down the law. Their common denominator? The need for change around the world.

At Tony's we know a fair chocolate industry alone won't solve widespread injustice. But we sure do believe in the power of a chocolate bar to get people talking. That's why this year we shook up the world with our Sweet Solution campaign..

if I had ears they'd be burning



LL

well you're looking redder than usual!



SS

hang on.. do I know you 2 clowns?



TT

this new wrapper's about to burst – flip that page!



TT

The Sweet Solution to a bitter truth

20 years ago the world's biggest chocolate companies pledged to eradicate child labor from their supply chains. The bitter truth is that next to nothing has changed. 1.56 million children in Ghana and Côte d'Ivoire currently work under illegal conditions because their parents live in extreme poverty (Cocoa Barometer 2020).

That's why we launched our Sweet Solution campaign.

In January 2021 we wanted to inspire the world's biggest chocolate companies to act. So we released 4 limited-edition bars that may have looked and tasted like theirs, but were made different – using Tony's 5 Sourcing Principles aimed at making 100% slave free the norm.

At the campaign's core was a bid to have Big Choco significantly change their way of doing business. We penned an open letter urging them to join Tony's Open Chain (more on p. 90). Though they've mostly left us on read, the campaign's success among consumers proves that all chocolate – no matter the name, brand or crunch-factor – could one day be enjoyed guiltlessly.

A little chocolate goes a long way

Choco Fans gave the campaign a big thumbs up. That's why, since May 2021, the Sweet Solution bars are here to stay.. for now. With typical Tony's branding on the outside and copycat wrappers within, we're waiting for Big Choco to finally copy us.

At the end of the day we sell bars for the greater good – so we're happy when stock flies from the shelves. But nothing could make us happier than 100% slave free being the norm in chocolate. That's why the campaign's call-to-action also directed Choco Fans to sign a petition calling on governments to put due diligence legislation into motion once and for all.

The bars were created solely to raise issue-awareness by inspiring everyone in the chocolate chain to act. That's why the campaign's profits were donated to 100Weeks, an independent platform that uses direct cash transfers and financial training to assist women escaping the cycle of extreme poverty (sound familiar? The Chocolonely Foundation also funds them!).

Crunching the numbers

And boy oh boy, did the Sweet Solution campaign make waves! Beginning on 18 January, 2021, we teased the campaign on socials

for a week before the official launch on the 25th, which kicked off the #sweetsolution trend. A press explosion ensued: our Chief Chocolate Officer was interviewed live on Sky News (UK) and we were featured on select Dutch news and lifestyle websites, YouTube and social media for a week. In the Netherlands we even strategically aired a 60-second TV commercial on 25 January! We made sure it bookended news programming to maximize impact. It was broadcast 19 separate times and reached a total of 5.6 million viewers.

But the bars were the stars of the show. We sold the bars via selected retailers and the Tony's webshop in the Netherlands, the UK, Ireland, the US, Germany and Belgium. And we sent Solution Kits to Serious Friends, journalists, brand ambassadors and influencers worldwide.

Over 300 influencers repped our Sweet Solution on their channels. Their compensation? Chocolate. Their motivation? The power of the message. Which was ultimately so strong Big Choco swiftly descended on the campaign's UK retailer. Displays were banned from stores less than 24 hours after installation. But not to fear! We snatched the bars back up and managed to sell all of them via Tony's UK web shop. Nice try, Big Choco.

A few of our Big Choco peers shared their thoughts on the campaign though! Some “welcomed our commitment” to tackling child and forced labor, while others stated they're “working with us on this shared agenda.” Which got us thinking: if everyone agrees illegal labor has no place in the cocoa supply chain, why not go the extra mile and.. do something about it?

Overall, the Sweet Solution campaign boosted issue awareness by an average of 10% in Tony's markets. It added 31,723 new signees – that's a 130% increase – to our petition demanding due diligence legislation for companies across sectors (which we hand-delivered to a VIP for industry change. The full scoop's on p. 80). What's more, 14,710 new Serious Friends came on board! In the end our campaign reached 32 million people across all Tony's owned channels.

Dutch Creativity Awards

We also won big in September for our work on the Sweet Solution campaign. While it's not why we entered the game, it sure is nice to be recognized for hard work along the way. We won 2 silver lightbulbs, 3 gold.. and the Grand Prix for the best Dutch campaign. We cleaned up in the categories of Strategy, Business Ideas, Packaging Design, Society and Product Design. All eyes in the marketing world were on Tony's, and together we toasted everyone's efforts (a few times..)!

Craving more gold and silver? Flip the page and find out more about Tony's markets!

Tony's creative all-stars (from left to right) Ghel, Ingeborg, Klink, Thecla, Nöelle & Dorien flash their ACDN Lightbulb bling.



chapter seven:

THE

WORLD

OF

BUSINESS

Raising the bar with Althaea-De Laet Int.

We've always dreamed of owning our very own chocolate factory.. and now we do! And it's a very special one indeed: it belongs to the Belgian choco-molding masters and Fairtrade aficionados Althaea-De Laet Int. Yes, they're the extra-special family-run business we partnered with from day 1, and they've made a portion of our chocolate bars since the start. They've supported our mission and all our wild ideas along the way (unequally divided bars, anyone?), so it's fair to say they feel like family to us.



Henk Jan, Anne-Wil and the De Laet family raise a.. pallet together! Here's to a beautiful new partnership.

When the time came for the De Laets to find a successor, we were honored to be asked to step up. And we're thrilled to carry our businesses into the future together, with all the possibilities that could bring: faster innovation, more flexibility in new product development and the possibility of scaling up to source more beans using Tony's 5 Sourcing Principles. Win, win, win! For family, friends and cocoa farmers.

And although we're already 100% owners, onboarding Althaea-De Laet's business won't happen overnight. Happily, the De Laet family and management team will be staying on to show us the ropes for the next 2 years. Meanwhile we'll also keep on working with all our existing partners – from mission allies to suppliers, manufacturers and retailers – to deliver to our growing club of Choco Fans the Tony's bars they know and love.

Tony's Choclonely Chocolate Circus – an update!

Speaking of the fans.. what about the out-of-this-world mission driven chocolate factory? In 2018, we started a project to open our very own chocolate factory in the Netherlands: Tony's Choclonely Chocolate Circus. This was going to be a mission-driven chocolate factory with a visitor center, roller coaster and our Dutch offices.

In June 2020, due to Covid uncertainties, we announced that this project was put on hold as we were not able to take next steps. This year we haven't come closer to realizing this dream, and therefore have decided to stop all development of TCCC.

We are gutted by this decision, as we still believe our mission of 100% slave-free chocolate needs a physical footprint and experience center in our home country. However we don't want to pursue projects that are not currently feasible. Luckily we were able to take a step in the right direction this year, and now we're the proud owners of our very own chocolate factory in Borsbeek, Belgium.

Introducing our magnificent markets

Whether with Althaea-De Laet Int., Kim's or Barry Callebaut, we've got lots of orders to fill. So many, in fact, that we've got a special system to divvy up our markets all around the world:

➔ Gold Markets

These are the go-getters where chocolate is eaten big time and Big Choco is firmly established. That's why these Tony's golden oldies are here to stay: The Netherlands, the UK, US and DACH (wanna know what DACH stands for? Turn to p. 108). Markets so nice they bought our bars twice.. and a third time.. and, well, we just ended up building offices there!

➔ Silver Markets

These are markets with a definite taste for chocolate on a mission.. and, usually, caramel and sea salt, too. In these markets Tony's has listings with major distributors.

➔ Bronze Markets

Last but most certainly not least. We work via our export partner with distributors and retailers in many different countries. This way our bars are available in more and more countries across the globe.

And we've got tons more to say about our markets and all they've been up to this year. Flip the page and dive right into Tony's around the world!

ALTHAEA GALLERY



we are sold at a growing number of airports in (at least) 10 countries


TONY'S WORLD MAP

gold markets: Austria, Germany, Switzerland, the Netherlands, United Kingdom, United States


silver markets: Belgium, Denmark, Finland, France, Ireland, Luxembourg, Norway, Portugal, Spain, Sweden

bronze markets: Croatia*, Cyprus, Greece, Hong Kong, Iceland, Israel*, Japan*, Kosovo, Malta*, Mexico, New Zealand*, Philippines, Russia, Saudi Arabia*, Singapore, Slovenia*, Taiwan, Turkey, United Arab Emirates


*new countries this book year




issue awareness	75%
brand awareness	85%
market share	8.9%



issue awareness	26%
brand awareness	11%
market share	2.2%



issue awareness	34%
brand awareness	19%
market share	2.0%



issue awareness	52%
brand awareness	7%
market share	0.5%

Guten Tag.. and good times all around

But German's not the only thing we're getting the hang of! We've made huge progress in our German and Austrian markets in the past year.

Business is booming

We've grown our DACH team from a fierce 4 to a top-notch 13.

DACH represents the 3 countries the team covers: Deutschland, Austria and Confoederatio Helvetica (aka Switzerland). The team's now spread across 4 sensational cities: Hamburg (relocated to a converted chocolate factory in June 2021), Berlin, Cologne and Salzburg, our newest addition.

A triple threat

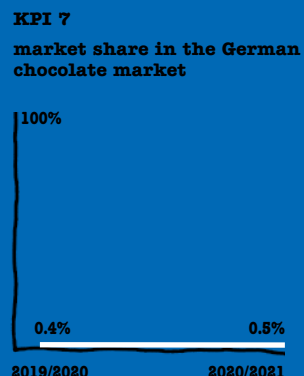
In the first 7 months of 2021 we managed to increase our sales in Germany and Austria by about 190% compared to 2020. That's €4.4 million! Which means – we see you, math nerds – we tripled our sales to €6.7 million!

How'd we manage this? Well for one we entered the Austrian market and secured a national listing with Austria's biggest grocer, SPAR. And in Germany we gained new distribution partners while continuing to grow existing relationships across all channels. We're particularly proud of new listings with EDEKA North and Hit, and growing partnerships with REWE, Budni and Butlers.

This year Tony's claimed a 0.5% share of the German market, a 20% increase from last year.. all thanks to through-the-roof distribution and some seriously masterful marketing skills from team DACH. Let's cheers a stein to that!

Over the past year, our number of Serious Friends in Germany more than doubled, expanding our group of friends

Disclaimer: Last year we reported that our market share was 0.3%. That's because we also included sales at discount stores in that number. Seeing as our presence in those stores is pretty miniscule, we've decided it's best to track this KPI without them. The numbers you see here reflect this change.



to 3,584. With so many new buddies on board, as well as our new mission allies (we're looking at you ALDI and JOKOLADE!), we can report a 35% increase in issue awareness. This is excellent news because the more people that know about the issues in the cocoa industry, the more noise can we make to advocate for sector change together!

Tony's brand in the making

Tony's Dutch roots go deep, and the Netherlands is where our brand recognition blossomed first. Now we've put the work in to cultivate a version of that brand that's still quintessentially Tony's, but is specifically relevant for our German-speaking Choco Fans. We began by defining a targeted DACH brand personality, which we documented in a brand-spanking-new German brand manual (a massive Danke to our Mr. T, Klink, and our Marketing Magic Maker Thecla for their help). This process has helped ensure we're always speaking to Serious Friends in Germany, Austria and Switzerland in a tone of voice that accurately communicates the mood and message of the Tony's brand. And it's already working: our Instagram following grew to over 10k in just a few months!

But sometimes brand translation involves literal translation, too. For example, in German '100% slave-free' sounds a little too much like '100% lactose-free'.. so we say '100% free from modern slavery' – 100% frei von moderner Sklaverei. We also always strive to remain fully inclusive in our communication, and that means accounting for multiple gender identities when speaking in German. For example, instead of only referring to 'Kakaofarmer' (which implies male farmers only) we now write 'Kakaofarmer:innen' to include all the women farmers we work with, too.

And speaking of translation.. this report also exists in German, so go grab yourself a copy and schau' es Dir selber an!

Teamwork makes the dream work

But we don't do it alone. Our super supportive partners mean more to us now than ever. They provide creative support and are true word wizards when it comes to punchy copy aimed at the German-speaking market. And the same is true of the folks from Heroes & Heroines, who have offices in Berlin and Vienna. We mesh well because they're creative and unconventional, and they're 110% behind the Tony's mission.



The new Hamburg office – which just happens to be a renovated chocolate factory!



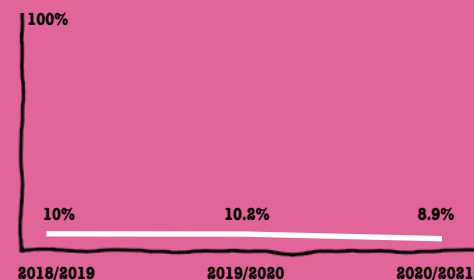
High spirits in the low countries

The Dutch market's revenue this year was €61.7 million, which represents a 1% increase from last year, thanks mostly to direct sales. On top of that, around half of the chocolate bars at retailer (and Open Chain mission ally) Albert Heijn are sourced according to our 5 Sourcing Principles. Not half bad for a gang of hard-working dreamers hoping to change the world!

Tony's is one of the biggest chocolate brands in the Netherlands, where there's constant competition for market leadership. In recent years we've seen a declining trend in our market share there. For starters, we're not permanently listed in any of the hard discount stores – which is our decision. Our game changing flavors are increasingly copied, which means Choco Fans have more than one sea salt caramel bar to choose from (though we all know there's no competition!). We are also no longer the only ones talking about sustainability in the sector. Which is great! Because we need more

companies to take human rights and environmental protection seriously. But we also need them to step up their game, and go all the way with us by adopting our 5 Sourcing Principles. They've gotta do more than just talk about being certified. Because certification alone doesn't mean you're fully sustainable..

KPI 7
market share in the Dutch chocolate market



Disclaimer: Last year we reported on our market share including discount stores. Seeing as our presence in those stores is pretty minuscule, we've decided it's best to track this KPI without them. The numbers you see here reflect this change.



One of our larger-than-life Chocolate Check-out Stations at an Albert Heijn supermarket in Nijmegen, the Netherlands.

That said, we're eager to become market leaders again. As always, our aim is to prove it's economically possible to create impact and to make great chocolate without relying too heavily on discounts and lower prices (which, you can imagine, isn't great for a higher price paid for cocoa..).

And we've been busy making impact together. We have 50,487 Serious Friends, and 8 out of 10 Dutch people have heard of Tony's. On top of that, 23% of the people in the Netherlands say we're their favorite brand, and we can report issue awareness of 75%. Talk about spreading the word about fair chocolate!

And we also manage to have tons of fun in the process. We released a special edition 'Sugar Fest' bar to celebrate Eid El Fitr (the end of Ramadan), and we released 2 Eurovision bars when the Netherlands hosted the event last spring. We set up a larger-than-life Chocolate Check-out Station at one of Albert Heijn's retail stores in Nijmegen, and on April Fools' we (temporarily!) removed our caramel and sea salt bars from the shelves. The disappearance of the best-selling bar in the Netherlands caused quite a stir! We also forged partnerships with Bol.com and Amazon in the Netherlands. Through it all we've stayed true to our mission and continued to speak out about a serious need for change.

Condemning Zwarte Piet, celebrating Keti Koti

Throughout the past year we've consistently spoken out about social issues related to our mission. This year (as before) we spoke out against 'Zwarte Piet' (a racist blackface caricature) in the Netherlands and Belgium, and we'll keep doing so until the tradition changes for good.

But there was also cause for remembrance and serious celebration on Keti Koti, which commemorates 1 July, 1863 – the day slavery legally ended in former Dutch colonies. Keti Koti, which in Surinamese means 'broken chains,' was a paid holiday for all Dutch Tonys (for the second year in a row)! We also support the push to make it a national holiday in the Netherlands, and aim to inspire other companies to join us. So we launched a campaign with KIP Republic and their initiative, 'Free Heri Heri For All', to promote awareness of the colonial history of the Netherlands.

The initiative raises awareness by distributing 10,000 plates of 'heri heri,' a dish consisting of cassava, banana, sweet potato, egg and salty fish that was eaten by people who were enslaved in Suriname. The project aims to foster dialogue about the past. And on 1 July we shared 500 free heri heri meals at the Tony's Chocolate Bar. We also produced



10,000 personalized 'Free Heri Heri' bars, which we gave away with the meals. The Dutch press picked up the story and helped us spread the word, too.

On 30 June we also hosted a digital talk at Tolhuistuin in Amsterdam with Free Heri Heri For All, Patta, Joris Bijdendijk and Mitchell Esajas.

Setting up shop

Meanwhile, the Tony's choco-experience expanded! We now have 3 locations: a brand-new store at Schiphol airport, our Home Store at Westergasterrein and our Super Store in the Beurs van Berlage in Amsterdam, where we also have our ChocoLAB. We know what you're thinking: the ChocoLAB must be

where they conduct wild, chocolatey experiments and let Choco Fans join in the fun? Bingo! We also offer workshops for groups of friends, family and colleagues curious about all things chocolate.

This year we re-opened the Tony's Chocolate Bar, too. This is where we tell our story through scrumptious chocolate offerings and savory dishes! Our team of 21 Bar Stars serve food and share their knowledge about the Tony's story and mission, while our chocolatiers and chefs create the chocolate

dishes. Everything's either vegetarian or vegan – which is in line with our objective to decrease Tony's carbon footprint!

The choco-experience combines the fun of the Tony's brand with the seriousness of our mission. We bring Choco Fans, Serious Friends, tourists and businesses together to strengthen issue and brand awareness.

Chocolate subscription

The launch of our Chocolate Club was a big Dutch to-do this year, too. The chocolate subscription service provides Choco Fans with an out-of-this-world assortment delivered monthly, right to their doorsteps. We tested the program on 138 Tonys first, and then rolled it out to our Choco Fans, and 1,850 of them are now part of the Club!

Scan & go!



The bright and shiny Tony's Chocolate Bar – come raise the bar with a delicious bar at our bar with us!



Keep calm and carry chocolate

Team UK & Ireland have been rocking it this past year with mega growth in chocolate sales going from €8.7 million to €20.3 million in market revenue. That's a 133% increase in sales. Not bad for a year in a pandemic, eh?

And the team is growing, too. When we left our Richmond office to set up at home last March we were 6 Tonys, and now there are 12 of us. We might need a bigger office.. Working from home for so long has been no small feat, but we worked out some ways to bring the team together online – highlights included a virtual wine and cheese night, a cocktail-course and even an escape room.

The biggest boost in our market to date is an overall increase in awareness – of both the Tony's brand and of modern slavery and child labour in the chocolate industry. Issue awareness has jumped from 28% to 34%. Brand awareness also grew from 9% to 19%! Which has certainly put a spring in our step. And in line with this increase, we've doubled our following on our social media channels and we've more than doubled our number of Serious Friends to 31,684. Go team and go Serious Friends!

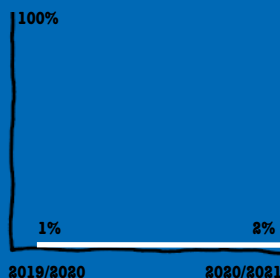
This continued growth means we're becoming a more established chocolate company in the UK. One that can claim a seat at the table. And Britons and Irish folks love their chocolate: we eat roughly 8 kg of it every year. That's about 50 Tony's bars. So we've definitely got our mission-driven work cut out for us in the year ahead. Some highlights along the way have also included our new listings at The Co-op, Tesco Ireland and Tesco UK, as well as more than 200 other independents. This means we're now at a market share of 2% compared to last year's 1% – talk about explosive growth!

Makin' moves, makin' mates

Other exciting moments this year included launching our online Choco Shop's 'Create Your Own Wrapper' service last November and winning – not 1, but – 2 (!) Ocado Rising Star awards

Disclaimer: Remember we reported a market share of 0.2% last year? That's because back then (early days for Team UK/IRE!) we took the whole chocolate category into consideration, instead of just chocolate bars. But we're mostly a bars business (for now), so it makes more sense to track our share of that segment alone. The numbers you see here reflect this change.

KPI 7
market share in the UK chocolate market



in May. We also doled out 18,000 bars to Choco Fans at the Wavelength Newquay drive-in cinema throughout the summer. We managed to hand out 550,000 samples to people through Ocado and Gousto (food delivery services that rewarded their customers with Tony's bars), and other third parties like Gorillas and Zapp followed suit. While Brexit threw a spanner in the works with new rules and shipping delays, we worked hard to get every order out to expectant Choco Fans. There was also big buzz surrounding Sweet Solution in the UK market, which led to more than 10,000 additional Instagram followers (check p. 100 for the full scoop on our Sweet Solution campaign).



Choco Fans went wild for the Tony's message (and the bars, and the swag) this summer at the Wavelength drive-in cinema in Newquay, England.

Tony's on tour

In August and September we took Tony's on the road across the UK and Ireland to meet Serious Friends and new Choco Fans in 4 cities: Bristol, Cardiff, Manchester and Edinburgh. We invited people to Choose Change at our 'Choose Agents' pop-up (like 'news agents,' get it?) and we met a whopping 31,000 of you! Thanks to all who welcomed us to their hometowns and joined our mission in the process.

Jingle bells, jingle bars

And there's tons more on team UK & Ireland's horizon. We have some extra-special new Christmas creations coming this year, as well as some new locations where Choco Fans can stock up on their favourite bars. And through it all we'll stick to our mission and rely on Serious Friends this side of the Channel to choose our chocolate and keep spreading the word.

I bleedin' love this page. Can you lot guess why – hiccup! – it's my favourite?



was it the wine and cheese night, mate?



don't be naff.. there's a sweet treat in it for whoever gets it right!



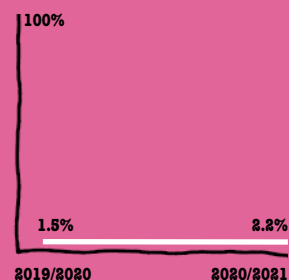
Land of the free and home of the scrumptious

Howdy from a newly reunited US office, now nestled together – and grown from 8 to 16 – in NYC. We’re a fun-loving team who are in it to win it, and we’ve got a strong contingent of women leaders (60%) repping at the helm.

We’re also pleased to report major growth! We made a net revenue of €14.2 million this year, and can boast a 5.8% share of the natural market for 2020/21, including Whole Foods Market. We’re also thrilled to have been recognized by Whole Foods in their ‘Purpose and Core Values’ product category as part of the company’s 9th-annual Supplier Awards in May. Overall we stand at a market share of 2.2%, which is a 47% increase from last year. This is mostly driven by the Whole Foods market, where we’ve more than doubled our market share. We’ve come a long way since those humble farmers’ markets just 5 years ago..

The Sweet Solution launch went without a hitch stateside, and we teased a limited edition ‘Space Bar’ as a far-out and uber-green April Fools’ prank.. to the delighted disappointment of our munchiest Choco Fans. We appeared in Instagram Lives with friends like Dana’s Bakery and Just Water, and were featured in big-name publications like Fortune magazine. And all this meant Serious Friends totals skyrocketed: the US number went up to 11,367 Serious Friends in the past year. The number of people who say Tony’s is their fave doubled, and 11% of the American market has already heard of Tony’s. We’re getting there!

KPI 7
market share in the US
chocolate market



With our sights set on the coming year, we’re looking forward to increasing issue and brand awareness, and to launching exciting new collabs with the many partners we gained this year.

Partners and listings galore

This year we rolled up our sleeves and landed listings with national giants Target, CVS and Hudson News. We’ve earned increased brand awareness, which translated into 25-40% velocity

increase with existing customers. (That’s sales-talk for how many bars we sell in each store!)

Distribution at Target grew from 88 to 914 locations, and at CVS from 2,300 to 5,930 – all within a year of launching. This represented \$ 5 M growth in revenue for the year. The cherry on top was news that Tony’s was the fastest-growing natural chocolate bar brand across all US channels! But the friends we made (and pranks we pulled!) really took the cake.

Throughout the year we enjoyed shout-outs on socials from celebrity Choco Fans like Cara Delevingne, Sarah Michelle Gellar and Adison Rae. And we nurtured partnerships with Global Citizen, Patagonia and HeadCount.

Black Ambition

This year Team US leaned in on supporting the Black Ambition initiative. We created special educational opportunities for Black Ambition Prize finalists, like the panel on inclusive entrepreneurship we hosted over the summer. Serious about people: check!

Over the summer we turned something sticky into something sweet with our s’mores campaign. We whipped up a bunch of crazy s’mores recipes featuring our Choco Fans and sent ‘s’mores kits’ out to 170 of our closest friends. How’d it go? Well, together they helped us generate more than 100 million potential impressions on content centering the Tony’s story. Not too shabby, if you ask us!

Election Year 2020

At Tony’s, we believe in making your voice heard. Outspokenness is even one of our core values. And the most important time to make it heard is when your voice has the potential to change the world. 2020 was an election year in the US, which means citizens had an opportunity to be outspoken and to help directly shape their future.



Our voter registration bus hit the road (Route 66 style..) to register voters before the presidential elections in 2020.

We knew we had to step in. So, we partnered with HeadCount, a non-profit, non-partisan organization that promotes civic engagement. Together we helped people register and prepare to vote while spreading the word about important dates and deadlines.

The Amicus Brief on Insta

Remember the letter we sent to the US Supreme Court? (Full scoop in Chapter 5.) Turns out we're as good at penning impassioned letters as we are at boiling things down for Choco Fans on Instagram! The proof was in the social media pudding.. aka all the sweet likes and comments our post on the subject received!



Collegiate Changemakers

In 2021 Team US launched our first year of the Collegiate Changemaker program. Collegiate Changemakers are student movers and shakers who work to change the world with chocolate, starting right on their own campuses. High achievers? Check. World-class chocolate lovers? Who else!



Some collegiate changemakers spreading the word on campus!

Our Collegiate Changemakers hail from 5 universities: Columbia University, Spellman College, UC Berkeley, NYU and Arizona State University. Each one networks within their community to create strong, direct relationships with Choco Fans and raise awareness about issues in the cocoa industry. This year our Collegiate Changemakers created impact by sharing our mission – along with our chocolate – by hosting at educational events and special screenings of Tony's films. One of them even put on a hybrid digital-physical egg hunt! That's a 4.0 CPA from us – cocoa-point average, that is!

A decent proposal

We're also thrilled to report that Team US Choco Fan Care helped pull off a Tony's marriage proposal for the ages!



Super Choco Fan-turned-Tony Jen popped the question Tony's-style.. and Li said yes!

To infinity and..

..Team Beyond! We're the Tony's team responsible for spreading the mission in Silver and Bronze markets, as well as for Duty Free Travel Retail (aka airports). We're small but mighty and keep committed to finding nuggets of industry-changing potential all around the world. This happens in terms of turnover as well as through telling new audiences the Tony's story for the first time.

Swings and roundabouts

In 2021 Beyond's annual revenue increased from €6 million to €6.1 million. There was a decline in Duty Free Travel Retail business (if you've blocked out much of the past 2 years.. fair enough). This year Duty Free traffic was as sparse on the ground as it was in the air – with €663,097 in revenue, we made about half a million euros less than in 2019/20.

Which doesn't mean we didn't keep busy! We introduced 240 g bars in 6 top-selling flavors. And we launched a Tony's Chocolonely store at Schiphol Airport in the Netherlands, which is huuuge!

In Bronze we almost doubled our sales compared to last year. And we now have 12,404 Serious Friends! There's tons of other great stuff to report too: we introduced the dark milk pretzel toffee bar (y'know, the gloriously purple one!), making this delicious flavor available pretty much across the globe. We also launched in Australia, New Zealand, Israel, Saudi Arabia, Dubai, Malta and Croatia, as well as in Slovenia (at their 2 biggest retailers)! In Greece we offer 8 of our bars in every Delhaize supermarket. But that's just the tip of the iceberg (so make some room on that door, Rose).

The bars are finally flying at our new location at Schiphol Airport in the Netherlands.





Belgium

This past year we launched a Belgian web shop, including the wrapper-creator for personalized bars. We also moved from a made-to-order model to dedicated stocking, and we secured listings for Sweet Solution at Delhaize and Easter Eggs at Colruyt. We also introduced our Rainbow Pack and launched the ‘Thank Your Teacher’ field campaign.

This year the Belgian market share grew by 6%, and we’ve got all the faith in the world. Keep your eyes peeled for online Belgian distribution through Hopr and Bol.com.. coming soon!



Nordics

Meanwhile we’ve been prepping Sweden, Norway and Denmark to go for Gold. In Sweden alone our total market share increased by 11%! We’ve ended our partnership with Scandinavian distributor Arvid Nordquist as of October 1st 2021 (though we remain avid Nordquist fans), and new Tonys Mattias and John are ready to assemble a team to trailblaze the Nordic operations of Tony’s 100% slave-free mission.

And the Scandi Choco Fans are on board too. Nordic influencers answered the Sweet Solution call this year and spread the word on socials. And they jumped on the Valentine’s Day launch-wagon, too! We introduced white raspberry bars through our listing at ICA in Sweden, and Easter products and custom displays through Irma in Denmark.

We also teamed up with fellow B Corp TAKT – a sustainable furniture company – in Denmark. They shared our story with a substantial Danish audience across their channels, and we created a personalized bar for them in return.



Finland

This year we launched at SOK, a big retailer in the Finnish market where we’ve been listed since 2018. We also sold our Valentine’s bars at Ruohonjuuri, a premium Finnish retailer.



Spain

Huge news from the Iberian Peninsula: Spain went from Bronze to Silver this year! Chef Sam (our distributor there) helped secure our first listings at El Corte Inglés and Carrefour. We’ve also secured a distributor for Ibiza.



France

We managed to secure new listings in the Paris region with Carrefour, Diya, Casino and Leclerc, as well as with the independent wholesaler Puig. We also scored a Christmastime collab with Monoprix.

Meddling with bronze



Japan

And last but not least, we got to work together with Kokubu, our Japanese distributor, and Marui Department Store in Tokyo to create an out-of-this-world Pop-Up Shop in November 2020. Its success meant we rolled out 6 more shops in April and May. Unfortunately a spike in Covid cases meant some of them closed their doors earlier than planned – but our bond with Japanese retailers remains strong, with plenty new distribution points yet to come (pretty typical for Tony’s, eh?).

Our numbers were strong and we made some big moves this year, but Beyond’s just one piece of the pie. Keep reading for the whole numerical shebang!



Japanese Choco Fans queue up to sample some chocolate learn more about the mission.

chapter eight:

THE

NUMBERS

THE

NUMBERS

The name of the numbers game

If there's 1 thing our roadmap makes clear, it's that accomplishing our mission means we've gotta be commercially successful, too. Financial success and the greater good for people and planet don't have to cancel each other out.

We aim to change the system from within by showing the industry that commercial success can go hand-in-hand with positive impact on the world around us. If we can do it, Big Choco can too!

But let's put on the brakes for a sec.. 'cuz we didn't make a profit this year! Huh? Is it possible to be commercially successful and also go a year without profit? Luckily, our number-crunching dream team's here to help break things down and take a closer look at what this means for mission and cocoa alike.

Last year we continued to lay the foundation for growth in key markets. We've stayed focused on building an international brand that helps create issue awareness, and growth will always increase our capacity for impact.

Most of our markets are still quite young and in the scale-up phase. This means upfront investments are necessary to boost revenues. For the past 2 years our net revenues grew less rapidly than our ambition, but our markets and teams have continued to secure top-line growth now and for the years to come.

This year's numbers at a glance

The financial targets we strive for are: 50% revenue growth, 40% gross margin and 4% net margin. We recognize that these are ambitious – which is why we revise them on an annual basis. Last year we projected growth between 30-35% in net revenues. We anticipated we'd reach a gross margin of at least 44%, and a net profit (after tax) of 1.5%.

For the first time in Tony's history (drumroll please..) our net revenues surpassed a landmark €100 million, and grew by 24% – from €88.4 million to €109.6 million. We came close to our projection, and marked a huge milestone in the process. Our gross margin exceeded our target and increased from 42.4% to 46.2%! Meanwhile our net profit totaled -4.3%, falling short of our goal.

Itching to know how individual markets performed? Check out the spiffy visual we put together in Chapter 6 on page 107.

Key Financials (in €)

	2020/2021	2019/2020	2018/2019
Net Revenue	109.558.949	88.396.835	69.619.907
Cost of Sales	58.920.226	50.886.441	41.491.568
Cost of goods sold	56.725.216	49.363.683	40.006.418
Tony's Additional Premium	2.195.010	1.522.758	1.485.150
Gross Margin	50.638.723	37.510.394	28.128.339
Gross Margin Percentage	46,2%	42,4%	40,4%
Personnel expenses	17.470.862	12.325.199	9.293.503
Other operating expenses	34.262.902	23.247.099	17.442.744
Selling expenses	18.852.912	14.164.708	10.396.357
Marketing & PR expenses	6.484.985	3.174.207	2.029.276
Promotional contributions	10.208.966	8.942.538	6.454.402
Fairtrade License Fee	483.444	394.200	334.566
Chocolonely Foundation Contribution	1.091.226	879.748	700.420
Travel and representation expenses	147.346	336.539	546.100
Other selling expenses	436.945	437.476	331.593
Logistics expenses	6.357.360	4.561.490	3.470.324
General expenses	9.052.630	4.520.901	3.576.063
EBITDA	(1.095.041)	1.938.096	1.392.092
Depreciation	4.794.463	1.292.292	1.024.347
EBIT	(5.889.504)	645.804	367.745
Interest costs	370.606	269.806	248.863
Income Taxes	(1.586.661)	114.698	116.226
Net Profit	(4.673.449)	261.300	2.656
Net Profit Percentage	-4,3%	0,3%	0,0%

Key Financials (in €)

	30-09-21	30-09-20	30-09-19
Fixed assets	16.726.439	8.246.132	5.654.666
Inventories	16.152.501	11.483.648	6.515.737
Trade and other receivables	21.778.111	19.671.369	17.457.514
Trade receivables	17.389.408	13.231.358	12.829.706
Other receivables	4.903.095	4.669.108	2.871.596
Prepaid Tony's additional premium	1.294.263	1.996.958	1.756.212
Cash and cash equivalents	26.537.812	23.123.305	1.121
Total Assets	81.194.863	62.524.454	29.629.038
Shareholder's equity	27.625.055	32.305.565	3.003.245
Issued and paid up share capital	48.248	49.987	37.086
Share premium reserves	28.866.997	28.952.525	-
Legal reserves	(58.870)	(88.630)	237.285
Other reserves	3.442.125	3.130.384	2.728.874
Undistributed profit for the year	(4.673.443)	261.300	-
Current liabilities	44.387.594	29.819.051	25.217.859
Amounts owed to banks	18.964.224	14.007.414	12.227.267
Repayment obligations	1.090.119	117.600	886.957
Accounts payable	12.117.096	11.097.330	7.839.051
Derivative instrument	50.088	-	-
Taxes and social security contributions	1.619.501	1.233.324	1.300.222
Other liabilities and accrued expenses	10.546.566	3.363.383	2.964.362
Long-term liabilities	9.182.214	399.838	1.407.934
Total Liabilities	81.194.863	62.524.454	29.629.038

Net revenue and gross margin

Our net revenue grew by €21.2 million, from €88.4 to €109.6 million. The Dutch market remains our main source of income, and revenue grew there by €0.5 million – capping off at €61.7 million. However, the Dutch market's share of total revenue decreased from 69% to 56%.

This means that other markets were accountable for €20.6 million in top-line growth. The UK and Ireland was our fastest growing market in absolute terms, where our sales more than doubled again – from €8.7 million to €20.3 million. Quite impressive, given that this market's only 3 years old! In the US, our sales increased by 38%, from €10.3 million to €14.2 million. In DACH our sales almost tripled, growing from €2.3 million to €6.7 million. We worked together with our distributing partners to grow our business in Silver and Bronze markets to €6.1 million. Lastly, Althaea-De Laet generated €0.7 million in revenue.

Meanwhile, business in the Netherlands has reached a mature market phase. During the years to come, growth is expected primarily to happen in other markets. And the substantial growth of our scale-ups in the US, the UK & Ireland and DACH make us confident in our continued investment in them, and further expansion in Europe.

Last but not least, our gross margin (which is net sales minus cost of goods sold and Tony's Additional Premium) continued to follow a several-year trend of positive growth, jumping from 42.4% to 46.2%. Key factors here include the acquisition of our own factory in Belgium (more on our partnership with Althaea-De Laet on p. 103) and scale efficiencies. On top of that, we benefitted from both a positive market mix and a rich product mix.

Keeping the ball rolling

As mentioned, we continued to focus on laying the foundation in markets around the world by investing in our team. We grew to 243 Tony's this year, and personnel expenses grew from €12.3 million to €17.5 million. We're really serious about people! Our selling and marketing expenses grew from €14.2 million to €18.9 million this year. We invested to increase brand awareness, we launched several campaigns, we collaborated with Pharrell Williams, introduced new products and developed new sales opportunities. This means our marketing & PR expenses increased from €3.2 million to €6.5 million. Selling expenses also included the cost of our Fairtrade license and the 1% of net revenue that we reserve for the Chocolonely Foundation (more on p. 70). Partnerships with customers and clients and other selling expenses grew in line with our net revenue.

Logistical expenses grew from €4.6 million (or 5.2% of net revenue) to €6.4 million (or 5.8% of net revenue). The relative increase of 0.6% is primarily driven by an increased revenue share in the US, UK & Ireland and DACH. Given that our chocolate is produced in Belgium, we have higher logistical expenses there. And because e-commerce sales also skyrocketed this year, logistical expenses in that channel cost a pretty penny.

Our general expenses grew from €4.5 million to €9.1 million. This increase predominantly relates to the write-off of prepaid expenses related to Tony's Chocolonely Chocolate Circus (TCCC), and impact related expenses which grew by

31% to €1.2 million. Besides this, our general expenses included costs like housing, computer and IT, car expenses, consultancy fees and insurance.

Not your average year

The revenues and expenses mentioned above comprise our (easy-to-remember-and-pronounce financial term alert!) EBITDA – earnings before interest, taxes, depreciation and amortization – which comes to -€1.1 million. Our depreciations and amortizations grew from €1.3 million to €4.8 million. This increase is mostly driven by the acquisition of Althaea-De Laet and the impairment of TCCC related assets. When we deduct depreciations and amortization, our operating profit (or EBIT) comes to -€5.9 million. After interest and taxes, our net loss totals €4.7 million, or -4.3% of net revenues.

Reporting a loss hurts, and it's not in line with our financial strategy. Which is why we'd like to give a little more context. Last year was an exceptional year, with several one-off costs compared to previous years. These costs include, among others, the impairment of all capitalized expenses related TCCC, expenses related to our partnership with Pharrell Williams, and the fact that we decided to reward team Tony's with a bonus we typically only pay out in years when we realize our net margin target (Tony's profit-sharing arrangement). Important to note is that, without these one-off expenses and depreciations, our chocolate business is profitable (with a net profit of ~1%).

Keeping the balance

This year our assets more than doubled, growing from €8.0 million to €16.7 million. The main reason? Our acquisition of the Althaea-De Laet chocolate factory. We also took over assets from Vermaat, in relation to our 'Chocolate Bar' in the Beurs van Berlage in Amsterdam. This means our current assets include a production plant and The Chocolate Bar!

Our inventory level increased from €11.5 million to €16.2 million. This increase is higher than sales development, partly because we took on inventories of raw materials at our new chocolate factory. Also, long lead-times for shipments to Gold Markets overseas (responsible for a large part of our growth) drive up group inventory levels. Going forward, keeping control of our inventory levels in an increasingly complex supply chain will be one of our biggest challenges.

Our trade and other receivables grew by 11%, to €21.8 million, while revenues grew by 24%. We managed to keep these rates under control by improving payment terms with customers, and also implementing supply chain financing programs with 1 new key national account.

Our equity position remained fairly stable – while liabilities, on the other hand, increased. Long-term liabilities rose to €9.2 million, which was primarily driven by the acquisition of our factory in Belgium. Liabilities to banks grew to €19.0 million, in order to finance day-to-day operational activities and maximize our cash pooling arrangement with our external bank. An increase in trade payables was also primarily due to the acquisition of Althaea-De Laet Int. It's worth mentioning that there are no serious overdue positions payable to third parties at balance date.

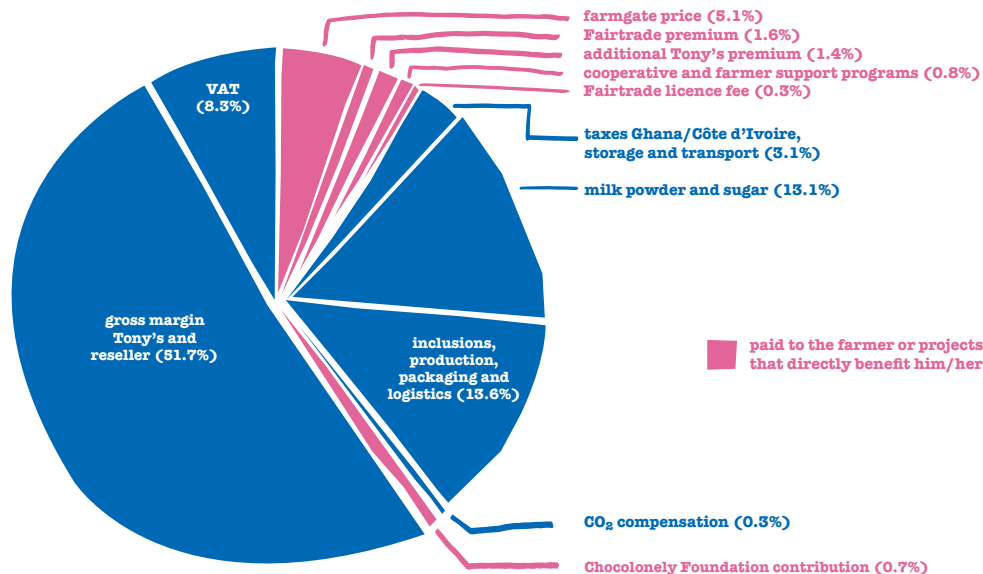
Hey finance! I'm impact

As an impact company that makes chocolate, and not the other way around, we consider money as a means and never the end. We put our money where our mouth is and that means our starting point is spending money on the change we want to see in the sector. Putting people before profit for us means we spent €8.1 million in making impact this year – which is 7.4% of our total revenue. The premium we pay to enable a living income for farmers is only part of what we spend on making impact. We also invest in professionalizing partner cooperative management, the CLMRS and farmer coaching & productivity programs. This is necessary for the direct and indirect benefit of farmers and cocoa communities and to ultimately reach our mission to make 100% slave-free chocolate the norm.

Impact Costs (in €)	2018 / 2019	2019 / 2020	2020 / 2021
Tony's premium	2,305,490	2,471,850	4,863,881
Fairtrade-premium	820,340	949,092	2,668,871
Tony's additional premium	1,485,150	1,522,758	2,195,010
impact project costs	666,699	912,034	1,199,290
Fairtrade licence fee	334,566	394,200	483,444
Chocolonely Foundation	700,420	879,748	1,091,226
CO₂ compensation	305,131	357,822	429,024
total impact costs	4,312,306	5,015,654	8,066,864

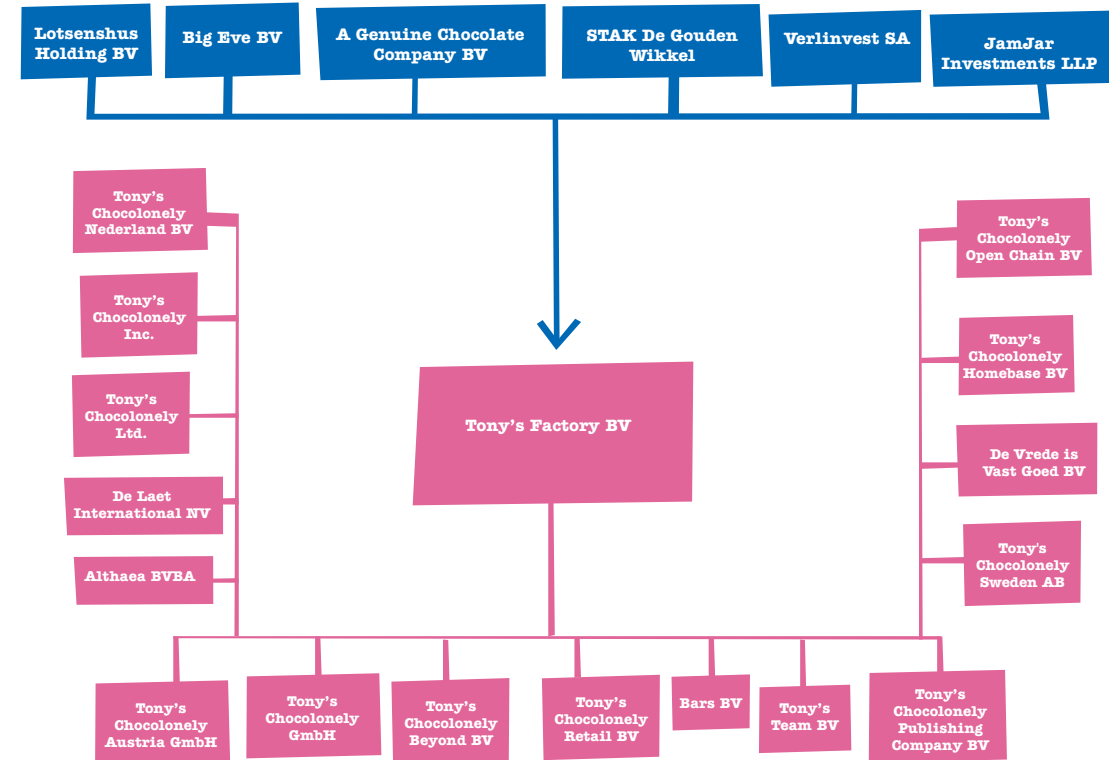
Anatomy of a bar

As you can see in our handy little pie chart, the price of fair cocoa only makes up a tiny fraction of a bar's total price, so a bar wouldn't have to be much more expensive to have fair cocoa in it. (Values are based on averages.)



Tony's ownership structure

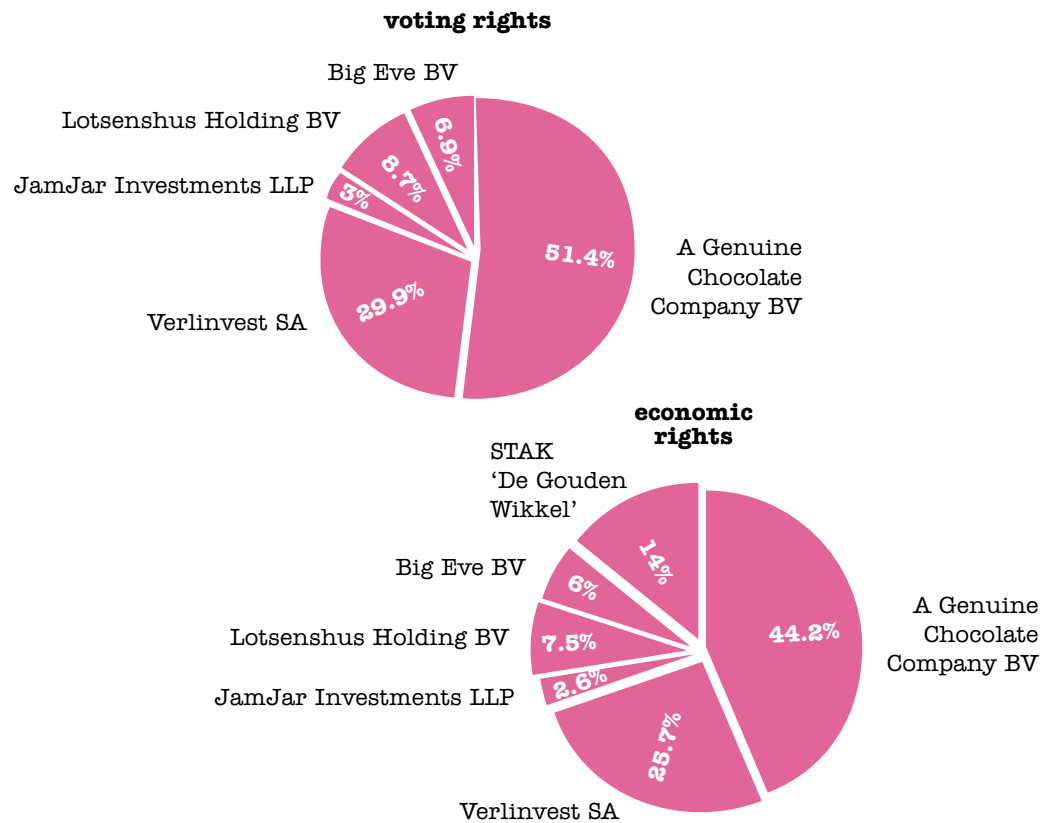
This section of the report is all about operations and financial results for Tony's Factory B.V. and its 16 subsidiaries in the 2020/21 book year. These are collectively referred to as Tony's Chocolonely. Tony's Factory B.V. has 6 shareholders.



Golden Wrappers

Every Tony on a permanent contract whose year-end performance rating is spot-on has the opportunity to buy a Golden Wrapper: a set number of shares with no voting rights attached. On September 30, 2021, 13.96% of the beneficial ownership of Tony's Chocolonely was in the hands of 75 Tonys holding Golden Wrappers.

The Golden Wrapper dividend policy is discussed during a general meeting, which takes place after the close of the book year. During our 2019/20 general meeting, it was decided that no dividend would be paid over the course of the book year. Since the profitability target was again not met, management's recommendation was to withhold payment of dividends this year, too. Bummer!



Back to the future

Over the past year our revenue has grown by 24%, and our gross margin reached an all-time high. Net profit fell substantially below target, but, when corrected for one-off expenses, our business is profitable.

Let's continue to raise the bar in the coming book year, in part by revising some targets:

- ➔ Net revenue growth between 30-35%, primarily driven by US, UK, DACH and Belgium. To realize this, we foresee team growth in the form of new Tonys in these markets as well.
- ➔ A gross margin of at least 50%. 50? Yeah, 50%! That's quite a big step up, but one we feel is within reach, now that we have our own production facility.
- ➔ A net profit (after tax) of at least 1.0%, resulting in our highest absolute net profit yet. This number reflects the investments needed to scale-up our factory, investments in future growth and investments needed to increase our impact.
- ➔ 150,000 Serious Friends supporting our mission worldwide. That's 40,000 more friends than we currently have. After all, you gotta have friends!
- ➔ 13,950 metric tons (mt) of traceable beans. We'll purchase at least 13,950 mt of traceable beans from our 9 partner cooperatives, with Tony's premium added on top. That's 9,825 mt from Tony's side, and 4,125 mt via Tony's Open Chain.
- ➔ 12,000 partner cocoa farmers supplying to Tony's and Tony's Open Chain. This number is higher than last year because we'll be buying more beans than ever before.
- ➔ 7 mission allies – meaning we're aiming to bring 3 new mission allies on board for Tony's Open Chain. They too will source their cocoa according to the 5 Sourcing Principles.
- ➔ 100% slave-free chocolate. Not just our chocolate, but all chocolate worldwide. We won't settle for less. That's why we're aiming to buy a lot more beans. Because more traceable beans mean bigger impact.

We'll keep working hard to make this world a fairer place for every stakeholder in the cocoa value chain. Together – and only together – can we accomplish our mission. Which is why we track our progress down to the last decimal point. Impact is in the details!

Craving more number-crunching goodness? Well flip that page!

chapter nine:

**CRUN
CHING**

THE

NUMBERS

**Tony's Factory B.V.
Amsterdam**

Financial report
1 October 2020 until 30 September 2021

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2021
(Before distribution of result)
ASSETS

	30-09-2021		30-09-2020	
	€	€	€	€
Fixed assets				
<i>Intangible assets</i>	1			
Development costs		72.793		133.663
Intellectual property rights		575		938
Goodwill		7.294.663		-
Website and software		2.141.151		1.659.173
Intangible assets in progress		233.930		-
		9.743.112		1.793.774
<i>Tangible assets</i>	2			
Renovations		1.465.870		1.062.546
Production equipment		2.754.585		1.603.710
Transportation		256.188		328.439
Other fixed assets		689.936		595.259
Assets under construction		8.094		2.636.349
		5.174.673		6.226.303
<i>Financial assets</i>				
Deferred tax assets	3	1.808.654		226.055
Total fixed assets		<u>16.726.439</u>		<u>8.246.132</u>
Current assets				
<i>Inventories and work in progress</i>				
Raw materials and consumables	4	1.128.150		-
Finished goods		15.024.351		11.483.648
		16.152.501		11.483.648
<i>Receivables</i>				
Trade receivables	5	17.389.408		13.231.358
Deferred tax assets		173.018		-
Loans receivable		237.997		108.947
Current account board of directors		27.908		16.486
Other receivables, prepayments and accrued income	6	3.949.780		6.314.578
		21.778.111		19.671.369
<i>Cash and cash equivalents</i>	7	26.537.812		23.123.305
Total current assets		<u>64.468.424</u>		<u>54.278.322</u>
Total assets		<u>81.194.863</u>		<u>62.524.454</u>

EQUITY AND LIABILITIES

		30-09-2021	30-09-2020
		€	€
Group equity	8	27.625.055	32.305.565
Long-term liabilities	9		
Loans	10	7.682.214	399.838
Other long-term liabilities	11	1.500.000	-
		9.182.214	399.838
Current liabilities and accruals	12		
Amounts owed to banks	13	18.964.224	14.007.414
Repayment obligations		1.090.119	117.600
Accounts payable		12.117.096	11.097.330
Derivative instrument	14	50.088	-
Value added tax		1.134.666	1.001.524
Wage tax		484.835	231.800
Other liabilities and accrued expenses	15	10.546.566	3.363.383
		44.387.594	29.819.051
Total equity and liabilities		<u>81.194.863</u>	<u>62.524.454</u>

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 1-10-2020 UNTIL 30-9-2021**

	1-10-2020 / 30-9-2021		1-10-2019 / 30-9-2020	
	€	€	€	€
Net Sales	16	109.558.949		88.396.835
Cost of sales	17	58.920.226	50.886.441	
Personnel expenses	18	17.470.862	12.325.199	
Amortization and depreciation	19	2.207.225	1.292.292	
Impairment of current assets	20	2.587.238	-	
Other operating expenses	21	34.262.902	23.247.099	
Total operating expenses		<u>115.448.453</u>	<u>87.751.031</u>	
Total of operating result		(5.889.504)	645.804	
Other interest and similar income	22	2.531	42.344	
Interest and similar expenses	23	(373.137)	(312.150)	
Financial income and expense		<u>(370.606)</u>	<u>(269.806)</u>	
Total of result of activities before tax		(6.260.110)	375.998	
Income tax expense	24	1.586.661	(114.698)	
Total of result after tax		<u>(4.673.449)</u>	<u>261.300</u>	

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD 1-10-2020 UNTIL 30-9-2021**

	1-10-2020 / 30-9-2021		1-10-2019 / 30-9-2020	
	€	€	€	€
Total of cash flows generated from (used in) operating activities				
Operating result		(5.889.504)		645.804
<i>Adjustments for</i>				
Amortization and depreciation	19	2.207.178	1.292.242	
Impairments		2.587.238	-	
		4.794.416		1.292.242
<i>Changes in working capital</i>				
Decrease (increase) in inventories		(3.223.032)	(5.016.929)	
Movements accounts receivable		583.944	(1.629.998)	
Increase (decrease) in other payables	12	6.054.834	2.747.954	
Other cash flows		7.386	-	
		3.423.132		(3.898.973)
Total of cash flows generated from (used in) operations		2.328.044		(1.960.927)
Interest received	22	2.531	9.772	
Interest and similar expenses paid	23	(346.429)	(311.336)	
Income tax paid	24	(143.053)	(425.267)	
		(486.951)		(726.831)
Total of cash flows generated from (used in) operating activities		1.841.093		(2.687.758)
Total of cash flows generated from (used in) investment activities				
Purchase of intangible assets	1	(1.054.394)	(1.006.323)	
Purchase of property, plant and equipment	2	(1.188.956)	(2.500.640)	
Purchase of investments in assets under construction		(192.913)	-	
Acquisitions, net of cash acquired		(8.206.950)	-	
Proceeds from sales of tangible fixed assets	2	4.878	-	
Total of cash flows generated from (used in) investment activities		(10.638.335)		(3.506.963)
Total of cash flows generated from (used in) financing activities				
Receipts from issuance of share capital		98	-	
Capital call		(1.837)	(19.455)	
Share premium issue shares		336.922	34.175.445	
Share premium buy back shares		(422.448)	(4.889.850)	

Proceeds from borrowings	9	8.000.000	-
Repayments from borrowings	10	(447.440)	(1.777.452)
Total of cash flows generated from (used in) financing activities		<u>7.465.295</u>	<u>27.488.688</u>
Net cash flow		(1.331.947)	21.293.967
Exchange rate and translation differences on cash		(210.356)	48.070
Total of (decrease) increase in cash and cash equivalents		<u>(1.542.303)</u>	<u>21.342.037</u>

Movement in cash and cash equivalents

Cash and cash equivalents at the beginning of the period		9.115.891	(12.226.146)
(Decrease) increase cash and cash equivalents		(1.542.303)	21.342.037
Cash and cash equivalents at the end of the period		<u>7.573.588</u>	<u>9.115.891</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Entity information

Registered address and registration number trade register

The registered and actual address of Tony's Factory B.V. is Polonceaukade 20, 1014 DA in Amsterdam, The Netherlands. Tony's Factory B.V. is registered at the Chamber of Commerce under number 34241705.

General notes

The most important activities of the entity

The activities of Tony's Factory B.V. and its group companies ('the Group') are mainly comprised of producing and trading in Fairtrade and slave free chocolate products.

Disclosure of going concern

The equity of Tony's Factory B.V. amounts to € 27,6 million as at 30 September 2021 (€ 32,3 million as at 30 September 2020). The company experienced a positive operating cash flow in the year, but overall a negative cash flow mainly resulting for the acquisition of Althaea de Laet. Based on the budget and forecast, which shows a continued growth in revenues, management has prepared an analysis of the projected cash flows for 12 months as from the date of these accounts.

Irrespective of the tremendous impact of COVID-19 on world-wide macro-economic level, it is expected that COVID-19 may have some impact, though not significant on our current business, in relation to expected future performance, effects on future asset valuation or the entity's activities in general. Whilst uncertain, we do not believe, however, that the impact of the COVID-19 virus would have a material adverse effect on our financial condition or liquidity. Therefore the management believes that there is no doubt on the entity's ability to continue as a going concern and the going concern assumption has been applied for the preparation of the financial statements.

Disclosure of group structure

The company is a private limited liability company under Dutch law, the shares are distributed as follows:

1) Voting shares:

- 51,41% is held by A Genuine Chocolate Company B.V.
- 29,88% is held by Verlinvest SA
- 3,04% is held by JamJar Investments LLP
- 8,73% is held by Lotsenshus Holding B.V.
- 6,94% is held by Big Eve B.V.

2) Shares in profits:

- 44,23% is held by A Genuine Chocolate Company B.V.
- 25,71% is held by Verlinvest SA
- 2,62% is held by JamJar Investments LLP
- 7,51% is held by Lotsenshus Holding B.V.
- 5,97% is held by Big Eve B.V.
- 13,96% is held by Stichting Administratiekantoor de 'Gouden Wikkel'

Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of Tony's Factory B.V. make different estimates and judgments that may be essential to the amounts disclosed in

the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

Disclosure of consolidation

The consolidation includes the financial information of Tony's Factory B.V., its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which Tony's Factory B.V. exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or whose financial and operating policies it otherwise has the power to govern. Potential voting rights that can directly be exercised at the balance sheet date are also taken into account.

Group companies and other entities in which Tony's Factory B.V. exercises control or whose central management it conducts are consolidated in full. Minority interests in group equity and group result are disclosed separately. Participating interests over which no control can be exercised (associates) are not included in the consolidation.

Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated, unless these results are realized through transactions with third parties. Unrealized losses on intercompany transactions are eliminated as well, unless such a loss qualifies as an impairment. The accounting policies of group companies and other consolidated entities have been changed where necessary, in order to align them to the prevailing group accounting policies.

Tony's Factory B.V. is the holding company in which all intangible assets as well as costs incurred for the whole group are posted. Tony's Factory B.V. holds sixteen fully owned subsidiaries:

- Tony's Chocolonely Nederland B.V. (100%), holds our Dutch business activities;
- Tony's Chocolonely Inc. (100%), holds our US business activities;
- Tony's Chocolonely Ltd. (100%), holds our UK business activities;
- Tony's Chocolonely Retail B.V. (100%), holds our Brand Store(s);
- Tony's Chocolonely GmbH (100%), holds our German business activities;
- Tony's Chocolonely Beyond B.V. (100%), holds our Bronze and Silver business activities;
- Tony's Chocolonely Austria GmbH (100%), holds our Austrian business activities;
- Tony's Chocolonely Sweden AB (100%), holds our Swedish business activities;
- Tony's Chocolonely Homebase B.V. (100%), holds our head office supporting activities;
- Tony's Team B.V. (100%), holds all our Dutch employee contracts;
- Tony's Chocolonely Publishing Company B.V. (100%), holds the movie rights of our film 'The Chocolate Case' and our photo book 'Bitter Chocolate Stories';
- Tony's Chocolonely Open Chain B.V. (100%), holds our mission allies activities;
- De Vrede is Vast Goed B.V. (100%), holds OPEX and CAPEX for project 'Tony's Chocolonely Chocolate Circus';
- Tony's Chocolonely Bars B.V. (100%), holds the buying activities of finished goods for all markets;
- De Laet International N.V. (100%), holds manufacturing activities of Tony's Chocolonely Bars B.V.;
- Althaea N.V. (100%), holds intercompany sales activities of Tony's Chocolonely's chocolate bars.

Disclosure of mergers and acquisitions

As per 14 February 2020 Tony's Factory B.V. and Vermaat Leisure B.V. together ran Tony's Chocolonely Chocolate Bar in Amsterdam. It was mutually agreed to terminate this cooperation prematurely. As per 29 November 2020, Tony's Factory B.V. purchased € 120.622 (excl. VAT) in assets from Vermaat Leisure B.V. related to the Chocolate bar, and continued the exploitation autonomously.

As per 14 April 2021 Tony's Factory B.V. acquired 100% of the shares in Althaea N.V. and De Laet International N.V. situated in Borsbeek, Belgium. The equity purchase consideration amounts to € 16.250.000, consisting of € 13.250.000 at closing date. € 3.000.000 in deferred payments.

The goodwill will be straight-line depreciated over 20 years.

General accounting principles

The accounting standards used to prepare the financial statements

General

The consolidated financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year.

Conversion of amounts denominated in foreign currency

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation currency of Tony's Factory B.V.

Basis of Conversion and Processing of Exchange Rate Differences Relating to Foreign Currency Transactions for the Balance Sheet

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the consolidated profit and loss account, unless hedge accounting is applied.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency are translated at the applicable rate of exchange prevailing at the balance sheet date; income and expenses are translated at average exchange rates during the financial year. Any resulting exchange differences are taken directly to the legal reserves for translation differences within equity.

Finance leases

The company has lease contracts whereby it retains substantially all the risks and rewards of ownership of these assets. These assets are recognized on the balance sheet upon commencement of the lease contract at the lower of the fair value of the asset or the discounted value of the minimum lease payments. The lease instalments to be paid are divided into a repayment and an interest portion, using the annuity method. The liabilities under the lease, excluding the interest payments, are included under long-term debts.

The interest component is included in the consolidated profit and loss account for the duration of the contract on the basis of a fixed interest percentage of the average remaining redemption component. The assets are depreciated over the remaining economic life or, if shorter, the duration of the contract.

Operating leases

The company has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of or incurred by the company. The lease contracts are recognized as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the consolidated profit and loss account for the duration of the contract.

Share based payments

The company operates an employee share participation plan, under which selected and eligible employees of the Group participate indirectly in the share capital of the Company through the acquisition of certificates over shares in the Company (certificates) issued by Stichting Administratiekantoor 'De Gouden Wikkel'.

For every five certificates an employee acquires, the employee is entitled to a bonus certificate after five years subject to still holding the certificates and being employed by a Group company. Since the entitlements to bonus certificates are classified as equity-settled share-based payment transactions, the grant date fair value of the bonus certificates should be expensed over the five-year vesting period with a corresponding credit to equity. However, due to the limited yearly impact, the fair value of the bonus certificates are expensed at the time the bonus certificates are issued. At 30 September 2021 the total number of certificates held by employees and related parties amounts to 673,470 (2019/2020: 847,314), of which a total number of 23,948 (2019/2020: 16,200), certificates is eligible for participation in aforementioned bonus certificate program.

Financial instruments

MARKET RISK

Currency risk

The currency risk concerns positions and future transactions in US dollars, GB pounds and SE krona. Management has determined, based on a risk assessment, that given the current limited amounts the currency risk does not have to be hedged yet. The current volatility in the FX market and expected increase in our US and UK businesses for next year will ask for more active hedging policies. Forward exchange contracts are most likely to be used for this purpose.

Price risk

Fluctuations in cocoa terminal market prices is the main price risks that needs to be managed. Management actively monitors relevant market- and price developments, collaborates with specialized trading desk Cocosource and hedges risks by writing long term couverture contracts with cocoa processing partner Barry Callebaut based on gross profit margin analysis. This policy results in a stable and predictable gross profit margin.

Interest rate and cash flow risk

This bookyear 2 loans were contracted, simultaneously, Tony's Factory B.V. bought 2 floating to fixed interest rate swaps for € 8,0 mln moving down to € 4,0 mln in which it receives a floating interest rate and pays a fixed rate and thereby effectively converting a floating interest rate on the term loan to a fixed interest rate. The duration of this hedge instrument is identical to the underlying term loan. This interest rate swap qualifies as a cash flow hedge since it protects against the variability in cash flows that are attributable to the floating interest rate risk on the term loan and that could affect profit or loss.

There is currently no need for a credit facility to finance Tony's working capital needs, due to last year's capital injection of the new investors. Management has updated its new 3 year plans, based on which there are no additional needs to finance Tony's working capital needs for the coming year. Depending on any new future large capital investment (such as TCCC), management will reassess its additional need for potential financing.

CREDIT RISK

Sales are made to customers that meet the Company's credit rating. Goods and services are sold subject to payment deadlines ranging between 14 and 60 days. A different payment period may apply to major customers, in which case additional securities are demanded, including guarantees. Issued loans to related parties, as well as to shareholders do not have a history of non-performance.

LIQUIDITY RISK

The Company has implemented a cash pool system, allowing a more efficient management of the daily working capital needs for the participating operating entities. The settlement mechanism of the cash pool is provided by the Rabobank. The cash pool system exposes the Company to a single net amount with that financial counterparty rather than the gross amount of several current accounts and bank overdraft balances. From an operational perspective, the balances in the cash pool are netted. However, in accordance with the guidance of Dutch GAAP regarding offsetting of debit and credit balances for financial reporting purposes, these balances have to be presented on a gross basis in our balance sheet (see Note 6 and 11).

Current value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and/or option pricing models, making allowance for entity-specific inputs.

Derivatives are initially recognised in the balance sheet at fair value, the subsequent valuation of derivative financial instruments depends on whether or not the instrument is quoted in an open market. If the underlying object of the derivative financial instrument is listed on a stock exchange, it is valued at fair value. If the object is not quoted in an open market, it will be stated at cost or current value, if lower. Recognition of changes in the value of a derivative financial instrument is dependent on whether or not the instrument is designated as a hedging instrument to which hedge accounting is applied.

Derivatives embedded in a host contract ('embedded derivatives') are always separated from the host contract if:

- no close relationship exists between the economic characteristics and risks of the derivative and the host contract;
- a separate instrument under the same conditions would satisfy the definition of a derivative.

Tony's Factory B.V. applies hedge accounting. The company documents the relationship between hedging instruments and hedged items at the inception of the transaction. The company also tests its assessment, both at hedge inception and on an ongoing basis, or whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. This can be done by comparing the critical characteristics of the hedge instrument with those of the hedged position, and/or by comparing the change in the fair value of the hedge instrument with the hedged position. If there is an indication of ineffectiveness, the company measures this potentially ineffective part by conducting a quantitative ineffectiveness analysis.

Derivatives quoted in an open market not designated as hedging instruments are stated at fair value. Changes in the fair value of these derivative instruments are recognised directly in the consolidated profit and loss account.

Derivatives not quoted in an open market not designated as hedging instruments are stated at cost or current value, if lower, after initial recognition at fair value. If the fair value as at balance sheet date is lower than the cost of the derivative financial instrument, the difference is recognised in the consolidated profit and loss account.

In applying derivative financial instruments valued at cost for which cost price hedge accounting is applied the initial recognition of, and the accounting policies for, the hedging instrument are dependent on the hedged item. This means that when the hedged item is carried at cost, the derivative instrument is also carried at cost.

If the hedged item qualifies as a monetary item denominated in a foreign currency, the derivative instrument, where it has currency elements, is also stated at the spot rate at the balance sheet date. If the derivative instrument has currency elements, the difference between the spot rate on the date the derivative instrument is contracted and the forward rate at which it will be settled is spread over the maturity of the derivative instrument.

The ineffective portion of the hedge is recognised directly in profit or loss.

The company shall discontinue prospectively the cost price hedge accounting if:

- the hedging instrument expires or is sold, terminated or exercised;
- the hedge no longer meets the criteria for hedge accounting.

Tony's Factory B.V. applies cost price hedge accounting to interest rate swaps that ensure that certain liabilities with variable interest rates are converted into loans with fixed interest rates. The ineffective portion of the change in value of the interest rate swaps is recognised in profit or loss under the financial income and expense.

Tony's Factory B.V. also uses cost price hedge accounting for its forward exchange contracts intended for future purchases in pounds sterling and sales in US dollars. Where appropriate, the gain or loss relating to the ineffective portion of the change in value of forward exchange contracts is recognised in the consolidated profit and loss account within financial income and expense.

Foreign exchange differences on a loan denominated in a foreign currency that was contracted to fund or hedge a net investment in a foreign operation are recognised in the reserve for currency translation differences within equity.

Accounting principles

Intangible assets

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset is higher than its realizable value.

Impairment of intangible assets

On each balance sheet date, the company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the realisable value and the value in use. An impairment loss is directly recognised in the consolidated profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

Development costs

Research costs are recognized in the profit and loss account. Expenditure on development projects is capitalized as part of the production cost if it is likely from both a commercial and technical perspective that the project will be successful and the cost can be determined reliably. A legal reserve has been formed within equity with regard to the recognized development costs for the capitalized amount. The amortisation of capitalized development costs commences at the time when the commercial production starts and takes place over the expected future useful life of the asset.

Costs of goodwill acquired from third party

Goodwill resulting from acquisitions is capitalised and amortised on a straight-line basis over the estimated economic life.

Negative goodwill is released in the consolidated profit and loss account to the extent that charges and losses occur, if it is taken into account in the allocation of the acquisition and these charges and losses can be measured reliably. If expected charges and losses have not been taken into account, the negative goodwill is released based on the weighted average of the remaining life of the acquired amortisable assets. Insofar as the negative goodwill exceeds the fair value of the non-monetary assets identified, the surplus is recognised directly in the consolidated profit and loss account.

Property, plant and equipment

Tangible fixed assets are valued at acquisition costs or production costs plus additional costs less straight-line depreciation based on the expected life, unless stated otherwise. Impairments expected on the balance sheet date are taken into account.

Impairment of property, plant and equipment

On each balance sheet date, the company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the realisable value and the value in use. An impairment loss is directly recognised in the consolidated profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

Financial assets

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as Tony's Factory B.V. can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Newly acquired participations are initially recognised on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognised in the consolidated profit and loss account.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the recoverable amount; an impairment is recognised and charged to the consolidated profit and loss account.

Receivables recognised under financial fixed assets are initially valued at the fair value less transaction

costs. These receivables are subsequently valued at amortised cost price, which is, in general, equal to the nominal value. For determining the value, any depreciation is taken into account.

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred tax assets are valued at their nominal value.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

For the tax loss carry-forwards of which it is assumed that they will be realised within a reasonable period of time a tax asset is formed.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred income taxes are recognised at nominal value.

Inventories

Inventories (stocks) are valued at cost price based on the FIFO method or lower realisable value.

The cost price consists of the historical cost or production cost and costs incurred in order to bring the stocks to their current location and current condition. The production cost includes direct labour and fixed and variable production overheads, taking into account the costs of the operations office, the maintenance department and internal logistics.

The realisable value is the estimated sales price less directly attributable sales costs. In determining the realisable value the obsolescence of the inventories is taken into account.

Receivables

Receivables are initially valued at the fair value of the consideration to be received. Receivables are subsequently valued at the amortized cost price. If there is no premium or discount and there are no transaction costs, the amortized cost price equals the nominal value of the accounts receivable. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognized using the effective interest method. Provisions for bad debts are deducted from the carrying amount of the receivable.

Current liabilities

On initial recognition current liabilities are recognized at fair value. After initial recognition current liabilities are recognized at the amortized cost price, being the amount payable taking into account

premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

The result is the difference between the realizable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognized in the year in which they are realized.

Revenue recognition

Net turnover comprises the income from the supply of goods and services after deduction of discounts and such like and of taxes levied on the turnover.

Applied policy of pension costs

Tony's Factory B.V. applies the liability approach to account for all pension schemes. The premium payable during the reporting year is recorded as an expense. The contributions are recorded as personnel costs from the date that they become payable. Prepaid contributions are reported as receivable if this results in a repayment or a reduction in future payments. Contributions that are not yet paid are included as a liability in the balance sheet.

Amortisation of intangible assets and depreciation of property, plant and equipment

Intangible fixed assets and tangible fixed assets are depreciated or amortized from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to buildings, investment property and other tangible fixed assets. Land is not depreciated.

Future depreciation and amortisation is adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

Amortisation of intangible assets

Intangible fixed assets are amortised from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to capitalised goodwill.

Future amortisation is adjusted if there is a change in estimated future useful life.

Depreciation of property, plant and equipment

Tangible fixed assets are depreciated from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to buildings, investment property, other tangible fixed assets. Land is not depreciated.

Future depreciation is adjusted if there is a change in estimated future useful life.

Income tax expense

Tax on the result is calculated based on the result before tax in the consolidated profit and loss account, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

In the financial statements of group companies a tax charge is calculated on the basis of the accounting result. The corporate income tax that is due by these group companies is charged into the current accounts with Tony's Factory B.V.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognized as cash used in financing activities. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognized in the cash flow statement. The value of the related asset and lease liability are disclosed in the notes to the balance sheet items. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

Specification of related party transactions of importance and not taken under market conditions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the Company are considered to be a related party. In addition, statutory directors, other key management of Tony's Factory B.V. are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

Transactions with related parties which are outside the normal course of business include:

Chocolonely Foundation

Tony's Factory B.V. donates 1% of net revenue to the Chocolonely Foundation (Foundation premium). The Chocolonely Foundation finances projects that create pre-conditions that helps to eliminate slavery in the cocoa industry and increases consumer awareness on this topic. The Chocolonely Foundation has an independent board. The funding policy is that funds from Tony's Factory B.V. will only be transferred to the Chocolonely Foundation on specific payment request. Payment requests are based on project status reports approved by the Foundation board. In this manner cash stays within Tony's Factory B.V. up until approved payment request is received. Tony's Factory B.V. makes accruals for amounts owed to the Chocolonely Foundation. No interest is applicable.

A Genuine Chocolate Company B.V.

A Genuine Chocolate Company B.V. is the majority shareholder in Tony's Factory B.V. (51,41% of the shares with voting rights). This shareholder has a current account with Tony's Factory B.V. that is used for non-business expenditures. This account is settled periodically based on a 4% interest rate agreement.

NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2021

ASSETS

Fixed assets

1 Intangible assets

Movements in intangible fixed assets can be broken down as follows:

	Development costs	Intellectual property rights	Goodwill	Website and software	Intangible assets in progress
	€	€	€	€	€
Balance as at 1 October 2020					
Acquisition costs	420.626	24.389	-	2.407.755	-
Accumulated amortization	(283.174)	(23.451)	-	(749.073)	-
Accumulated exchange differences	(3.789)	-	-	491	-
Book value as at 1 October 2020	<u>133.663</u>	<u>938</u>	<u>-</u>	<u>1.659.173</u>	<u>-</u>
Movements					
Additions	-	-	7.481.706	1.061.868	233.930
Acquisition	-	-	-	8.464	-
Exchange differences	1.006	-	-	(421)	-
Amortizations	(61.876)	(363)	(187.043)	(587.933)	-
Balance movements	<u>(60.870)</u>	<u>(363)</u>	<u>7.294.663</u>	<u>481.978</u>	<u>233.930</u>
Balance as at 30 September 2021					
Acquisition costs	420.626	24.389	7.481.706	3.469.623	233.930
Accumulated corrections	-	-	-	8.464	-
Accumulated amortization	(345.050)	(23.814)	(187.043)	(1.337.006)	-
Accumulated exchange differences	(2.783)	-	-	70	-
Book value as at 30 September 2021	<u>72.793</u>	<u>575</u>	<u>7.294.663</u>	<u>2.141.151</u>	<u>233.930</u>

	Total
	€
Balance as at 1 October 2020	
Acquisition costs	2.852.770
Accumulated amortization	(1.055.698)
Accumulated exchange differences	(3.298)
Book value as at 1 October 2020	<u>1.793.774</u>
Movements	
Additions	8.777.504
Acquisition	8.464
Exchange differences	585
Amortizations	(837.215)
Balance movements	<u>7.949.338</u>
Balance as at 30 September 2021	
Acquisition costs	11.630.274
Accumulated corrections	8.464
Accumulated amortization	(1.892.913)
Accumulated exchange differences	(2.713)
Book value as at 30 September 2021	<u>9.743.112</u>

Intangible assets: Economic life

	Development costs	Intellectual property rights	Goodwill	Prepayments of intangible assets	Website and software
Amortisation rate	20,00	10,00	5,00	-	20,00

2 Tangible assets

Movements in tangible fixed assets are broken down as follows:

	Renovations	Production equipment	Transportation	Other fixed assets	Assets under construction
	€	€	€	€	€
Balance as at 1 October 2020					
Acquisition costs	2.028.936	2.459.097	452.182	1.006.809	2.636.349
Accumulated depreciation	(966.897)	(855.387)	(129.497)	(412.152)	-
Accumulated exchange differences	507	-	5.754	602	-
Book value as at 1 October 2020	<u>1.062.546</u>	<u>1.603.710</u>	<u>328.439</u>	<u>595.259</u>	<u>2.636.349</u>
Movements					
Additions	824.332	254.635	2.679	309.278	-
Acquisition	55.527	1.473.339	24.028	2.714	-
Amortization and depreciation	(475.941)	(577.099)	(94.877)	(217.215)	-
Impairment	-	-	-	-	(2.587.238)
Exchange differences	(594)	-	(4.081)	(100)	-
Corrections	-	-	-	-	(41.017)
Balance movements	<u>403.324</u>	<u>1.150.875</u>	<u>(72.251)</u>	<u>94.677</u>	<u>(2.628.255)</u>
Balance as at 30 September 2021					
Acquisition costs	2.853.268	2.713.732	454.861	1.316.088	8.094
Accumulated revaluations	55.527	1.473.339	24.028	2.714	-
Accumulated depreciation	(1.442.838)	(1.432.486)	(224.374)	(629.368)	-
Accumulated exchange differences	(87)	-	1.673	502	-
Book value as at 30 September 2021	<u>1.465.870</u>	<u>2.754.585</u>	<u>256.188</u>	<u>689.936</u>	<u>8.094</u>

	Total
	€
Balance as at 1 October 2020	
Acquisition costs	8.583.373
Accumulated depreciation	(2.363.933)
Accumulated exchange differences	6.863
	<u>6.226.303</u>
Book value as at 1 October 2020	
Movements	
Additions	1.390.924
Acquisition	1.555.608
Amortization and depreciation	(1.365.132)
Impairment	(2.587.238)
Exchange differences	(4.775)
Corrections	(41.017)
	<u>(1.051.630)</u>
Balance as at 30 September 2021	
Acquisition costs	7.346.043
Accumulated revaluations	1.555.608
Accumulated depreciation	(3.729.066)
Accumulated exchange differences	2.088
	<u>5.174.673</u>
Book value as at 30 September 2021	

The machine which enables consumers to design and produce their own Tony's Chocolatebar and produces the bars for our chocosubscriptions is included in production equipment, as well as the product and packaging line from De Laet International N.V. A financial lease was constructed for the financing of the machines. Other tangible fixed assets regards chocolate molds, bar dispensers and office furniture. Impairment of assets under construction are related to Tony's Chocolonely Chocolate Circus.

Property, plant and equipment: Economic life

	Renovations	Production equipment	Transportation	Other fixed assets
Depreciation rate	20,00	20,00	20,00	20,00

Financial assets

3 Deferred tax assets

	<u>30-09-2021</u>	<u>30-09-2020</u>
	€	€
Deferred tax asset	<u>1.808.654</u>	<u>226.055</u>

Current assets

	<u>30-09-2021</u>	<u>30-09-2020</u>
	€	€
4 Raw materials and consumables		
Stock Althaea, intermediate goods	<u>1.128.150</u>	<u>-</u>

Receivables

5 Trade receivables

Trade receivables	17.499.751	13.396.673
Provision for doubtful debtors	(110.343)	(165.315)
	<u>17.389.408</u>	<u>13.231.358</u>

6 Other receivables, prepayments and accrued income

Other amounts receivable	1.885.068	1.480.775
Prepaid expenses	<u>2.064.712</u>	<u>4.833.803</u>
	<u>3.949.780</u>	<u>6.314.578</u>

The prepaid expenses last year included a prepayment of € 2,5 mln related to the development of Tony's Chocolonely Chocolonely Chocolate Circus.

	<u>30-09-2021</u>	<u>30-09-2020</u>
	€	€
7 Cash and cash equivalents		
Petty cash	2.640	671
Cash in transit	7.385	-
Cash equivalents	<u>26.527.787</u>	<u>23.122.634</u>
	<u>26.537.812</u>	<u>23.123.305</u>

The Cash and cash equivalents are not freely available for an amount of € 2,0 mln (2019-2020 € 2,0 mln). This concerns a trade pledge for an amount of € 2,0 mln (2019-2020 € 2,0 mln).

Cash equivalents are cash balance which are part of the cash pooling arrangement (see Note 11). From an operational perspective, the balances in the cash pool are netted. However, in accordance with the guidance of Dutch GAAP regarding offsetting of debit and credit balances for financial reporting purposes, these balances have to be presented on a gross basis in our balance sheet (see Note 11).

EQUITY AND LIABILITIES

8 Group equity

The shareholders' equity is explained in the notes to the company-only balance sheet.

Long-term liabilities

9 Long-term liabilities

	Balance as at 30 September 2021	Repayment due one year	Remaining pay-back time > 1 year	Average interest percentage
	€	€	€	%
Loans	8.768.217	1.086.003	7.682.214	3,57
Other long-term liabilities	1.500.000	-	1.500.000	-
Total	10.268.217	1.086.003	9.182.214	

10 Loans

	30-09-2021	30-09-2020
	€	€
Loans contracted	7.166.665	-
Lease liabilities	515.549	399.838
	7.682.214	399.838

Loans contracted

This bookyear 2 loans were contracted.

- Loan 1: a 6 year long term loan of € 4,0 mln with an interest of 3,4% plus 3 months Euribor. Loan is repaid linearly.

- Loan 2: a 6 year long term loan of € 4,0 mln with an interest of 3,75% plus 3 months Euribor. Loan is repaid in a bullet payment at the end of the term.

Simultaneously, Tony's Factory B.V. bought 2 floating to fixed interest rate swaps for € 8,0 mln moving down to € 4,0 mln in which it receives a floating interest rate and pays a fixed rate and thereby effectively converting a floating interest rate on the term loan to a fixed interest rate. The duration of this hedge instrument is identical to the underlying term loan. This interest rate swap qualifies as a cash flow hedge since it protects against the variability in cash flows that are attributable to the floating interest rate risk on the term loan and that could affect profit or loss.

One of the consequences of our negative EBITDA of EUR 1,1 million (as a result of several significant one-offs, amongst others the write off of the capitalized expenses relating to TCCC) is that we did not meet our banking covenant of EUR 3,0 million EBITDA and the guarantor cover test. We have received a waiver from our bank on this, reflecting their understanding of the one-offs (without which we would have made the required EBITDA threshold), the underlying strength of our business proposition and trust in our international growth.

Loan

	2020 / 2021 €	2019 / 2020 €
Balance as at 1 October		
Principal amount	3.200.000	3.200.000
Cumulative repayments	(3.200.000)	(1.546.680)
Balance as at 1 October	-	1.653.320
Movements		
Increase	8.000.000	-
Repayment	(166.667)	(1.653.320)
Balance movements	7.833.333	(1.653.320)
Balance as at 30 September		
Principal amount	8.000.000	3.200.000
Cumulative repayments	(166.667)	(3.200.000)
Current portion	(666.668)	-
Balance as at 30 September	7.166.665	-

	<u>30-09-2021</u>	<u>30-09-2020</u>
	€	€
Lease liabilities		
Lease liabilities	<u>515.549</u>	<u>399.838</u>

A financial lease was constructed for the financing of a machine which enables consumers to design and produce their own Tony's Chocolatebar. The company is not the legal owner of the leased machine. The production- and packaging line of De Laet International N.V. is also financed through financial lease.

	<u>2020 / 2021</u>	<u>2019 / 2020</u>
	€	€
Lease liabilities		
Balance as at 1 October		
Principal amount	781.095	781.095
Cumulative repayments	<u>(263.657)</u>	<u>(141.947)</u>
Balance as at 1 October	<u>517.438</u>	<u>639.148</u>
Movements		
Acquisition	702.335	-
Repayment	<u>(284.889)</u>	<u>(121.710)</u>
Balance movements	<u>417.446</u>	<u>(121.710)</u>
Balance as at 30 September		
Principal amount	1.483.430	781.095
Cumulative repayments	(548.546)	(263.657)
Current portion	<u>(419.335)</u>	<u>(117.600)</u>
Balance as at 30 September	<u>515.549</u>	<u>399.838</u>
Average interest percentage	2,25%	3,50%
Remaining terms	34 months	46 months

	<u>30-09-2021</u>	<u>30-09-2020</u>
	€	€
11 Other long-term liabilities		
Deferred consideration acquisitions	<u>1.500.000</u>	<u>-</u>

The deferred payments for the acquisition of 100% of the shares in Althaea N.V. and De Laet International N.V. exist of a short term (€ 1.500.000) and a long term liability (€ 1.500.000). The short term liability will be paid 1 year post closing and the long term liability will be paid 2 years post closing, under the condition of a smooth transition of leadership.

Current liabilities and accruals

12 Current liabilities and accruals

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short term character.

	<u>30-09-2021</u>	<u>30-09-2020</u>
	€	€
13 Amounts owed to banks		
Bank overdraft	<u>18.964.224</u>	<u>14.007.414</u>

With the onboarding of the new investors Verlinvest and JamJar and their capital contribution, Tony's Chocolonely Netherlands B.V. and Tony's Factory B.V. cancelled its working capital financing agreement with Rabobank Amstel en Vecht U.A., as there is currently no need for a credit facility to finance Tony's working capital needs.

Last year, the Company has implemented a cash pool system, allowing a more efficient management of the daily working capital needs for the participating operating entities. The settlement mechanism of the cash pool is provided by the Rabobank. The cash pool system exposes the Company to a single net amount with that financial counterparty rather than the gross amount of several current accounts and bank overdraft balances. From an operational perspective, the balances in the cash pool are netted.

However, in accordance with the guidance of Dutch GAAP regarding offsetting of debit and credit balances for financial reporting purposes, these balances have to be presented on a gross basis in our balance sheet (see Note 5).

	<u>30-09-2021</u>	<u>30-09-2020</u>
	€	€
14 Derivative instrument		
Derivative instrument	<u>50.088</u>	<u>-</u>

As per April 14th 2021 Tony's Factory B.V. bought 2 floating to fixed interest rate swaps for € 8.0 mln moving down to € 4.0 mln in which it receives a floating interest rate and pays a fixed rate and thereby effectively converting a floating interest rate on the term loan to a fixed interest rate. The duration of this hedge instrument is identical to the underlying term loan. This interest rate swap qualifies as a cash flow hedge since it protects against the variability in cash flows that are attributable to the floating interest rate risk on the term loan and that could affect profit or loss.

	<u>30-09-2021</u>	<u>30-09-2020</u>
	€	€
15 Other liabilities and accrued expenses		
Other payables	181.032	45.770
Accrued expenses	10.116.967	3.231.969
Payable to Chocolonely Foundation	226.302	85.644
Giftcards	2.478	-
Subscription	19.787	-
	<u>10.546.566</u>	<u>3.363.383</u>

The growth in accrued expenses is mainly driven by a deferred payment for the acquisition of the shares in Althaea N.V. and De Laet International N.V. Laet, accrued costs of strategic partnerships and accrued selling expenses.

Contingent assets and liabilities

Disclosure of off-balance sheet commitments

Tony's Factory B.V. has several bank guarantees.

The bank guarantees in total are € 2.157.013.

Disclosure of contingent liabilities on behalf of group companies

Tony's Factory B.V. has issued a declaration of joint and several liability as referred to in Section 403, Book 2, of the Dutch Civil Code in respect of its consolidated subsidiaries. The declaration concerns Tony's Chocolonely Nederland B.V., Tony's Chocolonely Retail B.V., Tony's Chocolonely Beyond B.V., Tony's Chocolonely Homebase B.V., Tony's Team B.V., Tony's Chocolonely Publishing Company B.V., Tony's Chocolonely Bars B.V., De Vrede is Vast Goed B.V. and Tony's Chocolonely Open Chain B.V.

Tony's Chocolonely Limited (company number 11565535) has taken the exemption from an audit for the period ended 30 September 2021 permitted by s479A of Companies Act 2006. In order to allow the subsidiary to take the audit exemption, the parent company, Tony's Factory B.V., has given a statutory guarantee, in line with s479C of Companies Act 2006.

The off-balance sheet liabilities relating to the fiscal unity

Tony's Factory B.V. forms an income tax group with Tony's Chocolonely Nederland B.V., Tony's Chocolonely Retail B.V., Tony's Chocolonely Beyond B.V., Tony's Chocolonely Homebase B.V., Tony's Team B.V., Tony's Chocolonely Publishing Company B.V., Tony's Chocolonely Bars B.V. and De Vrede is Vast Goed B.V. under the Tax Collection Act, the members of the tax group are jointly and severally liable for any taxes payable by the Group.

Off-balance sheet commitments relating to guarantees

Tony's Factory B.V. has guaranteed the financing of a chair on the University of Utrecht regarding the curriculum Social Entrepreneurship (Stichting Leerstoel Social Entrepreneurship UU) for € 158.347 (2019-2020 € 187.554) up until 30 September 2022.

Disclosure of operating leases

The obligations from operational leases at the end of the reporting period can be specified as follows:

Assets and liabilities not recognised in balance sheets: Operating lease commitments: Breakdown maturity

	<u>30-09-2021</u>	<u>30-09-2020</u>
	€	€
Minimal lease payments of operational leases with a maturity within one year	1.911.725	849.705
Minimal lease payments of operating leases with a maturity exceeding one year and within five years	<u>2.562.952</u>	<u>1.102.895</u>
Total of minimal lease payments of operating leases	<u><u>4.474.677</u></u>	<u><u>1.952.600</u></u>

Subsequent events

The Company has evaluated events subsequent to September 30th, 2020 to assess the need for potential recognition or disclosure in this report. Such events were evaluated through the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or disclosure in the financial statements.

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1-10-2020 UNTIL 30-9-2021

	1-10-2020 / 30-9-2021 €	1-10-2019 / 30-9-2020 €
16 Net Sales		
Turnover	<u>109.558.949</u>	<u>88.396.835</u>
Geographic segmentation turnover		
Turnover Netherlands	61.723.759	61.186.830
Turnover USA	14.159.419	10.274.834
Turnover UK	20.260.733	8.715.683
Turnover Germany	5.346.915	2.267.157
Turnover Austria	1.314.386	-
Turnover other EU	6.753.737	5.952.331
	<u>109.558.949</u>	<u>88.396.835</u>
17 Cost of sales		
Cost of sales	<u>58.920.226</u>	<u>50.886.441</u>
Cost of goods sold	56.725.216	49.363.683
Additional Tony's Premium	2.195.010	1.522.758
Total	<u>58.920.226</u>	<u>50.886.441</u>
18 Personnel expenses		
Wages and salaries	12.402.544	8.098.539
Social security charges and pensions cost	2.181.189	1.456.484
Other staff expenses	2.887.129	2.770.176
	<u>17.470.862</u>	<u>12.325.199</u>
Remuneration of directors	<u>540.109</u>	<u>616.788</u>

The directors' remuneration includes management fees, salaries, holiday allowance and social premiums, pensions, bonus payments, to the extent that these items were charged to the Company and all subsidiaries of the Company.

	1-10-2020 / 30-9-2021 €	1-10-2019 / 30-9-2020 €
Remuneration of supervisory board	<u>120.000</u>	<u>82.500</u>

The supervisory boards' remuneration includes supervisory fees to the extent that these items were charged to the Company and all subsidiaries of the Company.

Average number of FTE's

	1-10-2020 / 30-9-2021	Active within the Netherlands	Active outside the Netherlands	Total
Average number of employees		118,00	37,00	155,00
	1-10-2019 / 30-9-2020	Active within the Netherlands	Active outside the Netherlands	Total
Average number of employees		96,00	20,00	116,00

	1-10-2020 / 30-9-2021 €	1-10-2019 / 30-9-2020 €

19 Amortization and depreciation

Amortization of intangible fixed assets	837.215	413.707
Depreciation of property, plant and equipment	1.370.010	878.585
	<u>2.207.225</u>	<u>1.292.292</u>

20 Impairment of current assets

Impairment TCCC	<u>2.587.238</u>	<u>-</u>
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21 Other operating expenses

Housing expenses	1.209.786	1.048.746
Selling expenses	18.852.912	14.164.708
Car expenses	396.051	395.416
Office expenses	1.310.399	920.406
General expenses	6.136.394	2.156.333
Logistic expenses	6.357.360	4.561.490
	<u>34.262.902</u>	<u>23.247.099</u>

	1-10-2020 / 30-9-2021	1-10-2019 / 30-9-2020
	€	€
Selling expenses		
Marketing expenses	6.484.985	3.174.207
Representation expenses	147.346	336.539
Sales promotions	10.208.966	8.942.538
Other selling expenses	436.945	437.476
Fairtrade premium	483.444	394.200
Foundation premium	1.091.226	879.748
	<u>18.852.912</u>	<u>14.164.708</u>

Specification independent auditor fees

Audit of the financial statements	160.856	214.377
Other audit services	72.506	37.508
Tax services	90.419	136.202
Other non-audit services	149.246	89.579
Total	<u>473.027</u>	<u>477.666</u>

The fees listed above relate to the services rendered to the Company and its consolidated group entities by our auditors PricewaterhouseCoopers Accountants N.V. as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties Wta'), including its affiliated tax and advisory groups.

These fees relate to the audit of the 2020/2021 financial statements, regardless of whether the work was performed during the financial year.

22 Other interest and similar income

	1-10-2020 / 30-9-2021	1-10-2019 / 30-9-2020
	€	€
Interest current account shareholders	919	9.772
Interest other receivables	1.338	496
Received bank interest	274	-
Exchange differences	-	32.076
	<u>2.531</u>	<u>42.344</u>

23 Interest and similar expenses

Paid bank interest	346.579	312.150
Exchange differences	26.558	-
	<u>373.137</u>	<u>312.150</u>

Income tax expense from current financial year

	1-10-2020 / 30-9-2021	1-10-2019 / 30-9-2020
	€	€
Income tax expense from current financial year fiscal unity NL	2.209.655	36.230
Income tax expense from current financial year US	(94.769)	(151.012)
Income tax expense from current financial year UK	(490.429)	(3.568)
Income tax expense from current financial year DE	141.001	4.293
Income tax expense from current financial year AT	143.680	-
Income tax expense from current financial year BE	(321.905)	-
	-	-
Total	<u>1.587.233</u>	<u>(114.057)</u>

24 Income tax expense

Income tax expense: Breakdown

Income tax expense from previous financial years	(572)	(641)
Income tax expense from current financial year	1.587.233	(114.057)
Total of income tax expense	<u>1.586.661</u>	<u>(114.698)</u>

Effective tax rate	25,34	30,33
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COMPANY-ONLY FINANCIAL STATEMENTS

COMPANY-ONLY BALANCE SHEET AS AT 30 SEPTEMBER 2021

ASSETS

	30-09-2021		30-09-2020	
	€	€	€	€
Fixed assets				
<i>Intangible assets</i>				
Development costs	25	4.283	21.413	
Intellectual property rights		575	938	
Goodwill		7.294.663	-	
		7.299.521		22.351
<i>Financial assets</i>				
Participation in group companies	26	32.870.082	9.934.271	
Deferred tax assets	28	2.202.914	400.837	
		35.072.996		10.335.108
Total fixed assets		42.372.517		10.357.459
Current assets				
<i>Receivables</i>				
Receivables from group companies	29	16.254.929	21.983.975	
Value added tax	30	19.095	37.871	
Deferred tax assets		173.018	-	
Other receivables, prepayments and accrued income	31	414.497	769.082	
		16.861.539		22.790.928
<i>Cash and cash equivalents</i>		2.000.434		2.745.113
Total current assets		18.861.973		25.536.041
Total assets		61.234.490		35.893.500

EQUITY AND LIABILITIES

	30-09-2021		30-09-2020	
	€	€	€	€
Equity	32			
Issued share capital	33	48.248	49.987	
Share premium		28.866.997	28.952.524	
Legal and statutory reserves		(58.870)	(88.630)	
Other reserves		3.442.125	3.130.384	
Undistributed profit for the year		(4.673.449)	261.300	
		27.625.051	32.305.565	
Provisions				
Other provisions	34	20.531.032	3.333.752	
Long-term liabilities				
Loans contracted		7.166.665	-	
Other long-term liabilities	35	1.500.000	-	
		8.666.665	-	
Current liabilities and accruals	36			
Payables to banks		666.668	-	
Accounts payable		376	73.710	
Derivative instrument	37	50.088	-	
Liabilities to group companies	38	100	100	
Payables relating to taxes and social security contributions		168.517	4.476	
Other liabilities and accrued expenses		3.525.993	175.897	
		4.411.742	254.183	
Total equity and liabilities		<u>61.234.490</u>	<u>35.893.500</u>	

**COMPANY-ONLY PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 1-10-2020 UNTIL 30-9-2021**

	1-10-2020 / 30-9-2021		1-10-2019 / 30-9-2020	
	€	€	€	€
Result of participations		(3.426.742)	1.678.906	
Company result after taxes		(1.246.707)	(1.417.606)	
Net result after taxation		<u>(4.673.449)</u>	<u>261.300</u>	

NOTES TO THE COMPANY-ONLY FINANCIAL STATEMENTS

General notes

Disclosure of mergers and acquisitions

As per 14 February 2020 Tony's Factory B.V. and Vermaat Leisure B.V. together ran Tony's Chocolonely Chocolate Bar in Amsterdam. It was mutually agreed to terminate this cooperation prematurely. As per 29 November 2020, Tony's Factory B.V. purchased € 120.622 (excl. VAT) in assets from Vermaat Leisure B.V. related to the Chocolate bar, and continued the exploitation autonomously.

As per 14 April 2021 Tony's Factory B.V. acquired 100% of the shares in Althaea N.V. and De Laet International N.V. situated in Borsbeek, Belgium. The equity purchase consideration amounts to € 16.250.000, consisting of € 13.250.000 at closing date. € 3.000.000 in deferred payments.

The goodwill will be straight-line depreciated over 20 years.

General accounting principles

The accounting standards used to prepare the financial statements

General

The company-only financial statement is drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

The accounting policies for the company financial statements and the consolidated financial statements are the same. Group companies are stated at net asset value in accordance with the accounting principles as disclosed below on this page.

For the accounting policies for the company balance sheet and income statement, reference is made to the notes to the consolidated balance sheet and income statement.

Section 402, Book 2 of the Dutch Civil Code

The consolidated financial statements include the profit and loss account of Tony's Factory B.V. Therefore, the company profit and loss account of Tony's Factory B.V. has been abbreviated in accordance with Article 402 of Book 2 of the Dutch Civil Code.

Accounting principles

Financial assets

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as Tony's Factory B.V. can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognized for this.

Newly acquired participations are initially recognized on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for

these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognized in the company-only profit and loss account.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

Specification of related party transactions of importance and not taken under market conditions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the company are considered to be a related party. In addition, statutory directors, other key management of Tony's Factory B.V. or the ultimate parent company and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

Transactions with related parties which are outside the normal course of business include:

Chocolonely Foundation

Tony's Factory B.V. donates 1% of net revenue to the Chocolonely Foundation (Foundation premium). The Chocolonely Foundation finances project that create pre-conditions that helps to eliminate slavery in the cocoa industry and increases consumer awareness on this topic. The Chocolonely Foundation has an independent board. The funding policy is that funds from Tony's Factory B.V. will only be transferred to the Chocolonely Foundation on specific payment request. Payment requests are based on project status reports approved by the Foundation board. In this manner cash stays within Tony's Factory B.V. up until approved payment request is received. Tony's Factory B.V. makes provisions for amounts owed to the Chocolonely Foundation. No interest is applicable.

A Genuine Chocolate Company B.V.

A Genuine Chocolate Company B.V. is the majority shareholder in Tony's Factory B.V. (51,41% of the shares with voting rights). This shareholder has a current account with Tony's Factory B.V. that is used for non-business expenditures. This account is settled periodically based on a 4% interest rate agreement.

NOTES TO THE COMPANY-ONLY BALANCE SHEET AS AT 30 SEPTEMBER 2021

ASSETS

Fixed assets

25 Intangible assets

Movements in intangible fixed assets can be broken down as follows:

	Development costs	Intellectual property rights	Goodwill	Website and software	Total
	€	€	€	€	€
Balance as at 1 October 2020					
Acquisition costs	192.106	24.389	-	41.210	257.705
Accumulated amortization	(170.693)	(23.451)	-	(41.210)	(235.354)
Book value as at 1 October 2020	21.413	938	-	-	22.351
Movements					
Additions	-	-	7.481.706	-	7.481.706
Amortizations	(17.130)	(363)	(187.043)	-	(204.536)
Balance movements	(17.130)	(363)	7.294.663	-	7.277.170
Balance as at 30 September 2021					
Acquisition costs	192.106	24.389	7.481.706	41.210	7.739.411
Accumulated amortization	(187.823)	(23.814)	(187.043)	(41.210)	(439.890)
Book value as at 30 September 2021	4.283	575	7.294.663	-	7.299.521

Intangible assets: Economic life

	Development costs	Intellectual property rights	Goodwill	Website and software
Amortisation rate	20,00	20,00	5,00	20,00

26 Financial assets

	Participation in group companies	Deferred tax assets	Total
	€	€	€
Balance as at 1 October 2020	9.934.271	400.837	10.335.108
Investments	9.074.643	-	9.074.643
Increasing	-	1.802.077	1.802.077
Result	(3.426.741)	-	(3.426.741)
Addition to provision	16.978.231	-	16.978.231
Currency translation differences	309.678	-	309.678
Balance as at 30 September 2021	32.870.082	2.202.914	35.072.996

Disclosure of financial assets

Register of participations

Tony's Factory B.V. has direct interests in the following subsidiaries:

	Share in issued capital in %	Result latest adopted accounts
		€
Participation Tony's Chocolonely Nederland B.V., Amsterdam, the Netherlands	100,00	10.458.526
Participation Tony's Team B.V., Amsterdam, the Netherlands	100,00	-
Participation Tony's Chocolonely Publishing Company B.V., Amsterdam, the Netherlands	100,00	-
Participation Tony's Chocolonely Retail B.V., Amsterdam, the Netherlands	100,00	(713.324)
Participation De Vrede is Vast Goed B.V., Amsterdam, the Netherlands	100,00	(3.816.108)
Participation Tony's Chocolonely Bars B.V., Amsterdam, the Netherlands	100,00	218.927
Participation Tony's Chocolonely Beyond B.V., Amsterdam	100,00	5.441
Participation Tony's Chocolonely Homebase B.V., Amsterdam	100,00	(11.923.644)
Participation Tony's Chocolonely Open Chain B.V., Amsterdam	100,00	-
Participation Tony's Chocolonely Inc. , Portland (OR), USA	100,00	268.098
Participation Tony's Chocolonely Ltd., London, UK	100,00	1.961.718
Participation Tony's Chocolonely GmbH, Hamburg	100,00	(329.004)
Participation Tony's Chocolonely Austria GmbH, Salzburg	100,00	(431.337)
Participation Tony's Chocolonely Sweden AB, Stockholm	100,00	(21.875)
Participation Althaea N.V., Borsbeek	100,00	403.959
Participation De Laet International N.V., Borsbeek	100,00	491.881

	<u>30-09-2021</u>	<u>30-09-2020</u>
	€	€
27 Participation in group companies		
Participation Tony's Chocolonely Nederland B.V.	19.658.233	8.941.780
Participation Tony's Team B.V.	100	100
Participation Tony's Chocolonely Publishing Company B.V.	100	100
Participation Tony's Chocolonely Beyond B.V.	5.441	-
Participation Tony's Chocolonely Inc.	1.145.821	858.938
Participation Tony's Chocolonely Ltd.	2.092.356	97.681
Participation Tony's Chocolonely GmbH	-	672
Participation Tony's Chocolonely Austria GmbH	-	35.000
Participation Althaea N.V.	1.666.876	-
Participation De Laet International N.V.	8.301.155	-
	<u>32.870.082</u>	<u>9.934.271</u>
	<u>30-09-2021</u>	<u>30-09-2020</u>
	€	€
28 Deferred tax assets		
Deferred tax asset	<u>2.202.914</u>	<u>400.837</u>

Current assets

29 Receivables

Accounts receivable all have a remaining term to maturity of less than one year, unless stated otherwise. The fair value of the accounts receivable is close to the carrying amount, given the current nature of the accounts receivable and the fact that, where necessary, provisions for bad debt have been recognized.

	<u>30-09-2021</u>	<u>30-09-2020</u>
	€	€
30 Receivables from group companies		
Receivable from Tony's Chocolonely Nederland B.V.	<u>16.254.929</u>	<u>21.983.975</u>
31 Other receivables, prepayments and accrued income		
Net wages	-	4.000
Receivables from staff	209.132	-
Other amounts receivable	<u>205.365</u>	<u>765.082</u>
	<u>414.497</u>	<u>769.082</u>

EQUITY AND LIABILITIES

32 Equity

	Issued share capital	Share premium	Legal and statutory reserves	Other reserve	Deferred tax liability
	€	€	€	€	€
Balance as at 1 October 2020	49.987	28.952.524	(88.630)	2.831.010	299.374
Result for the year	-	-	-	-	-
Appropriation of result	-	-	-	261.300	-
Addition in financial year	-	336.951	-	-	-
Issue of shares	98	-	-	-	-
Withdrawal in financial year	-	(422.478)	-	-	-
Release R&D reserve	-	-	(60.869)	60.869	-
Withdrawal of shares	(1.837)	-	-	-	-
Currency translation differences	-	-	90.629	39.660	-
Balance as at 30 September 2021	<u>48.248</u>	<u>28.866.997</u>	<u>(58.870)</u>	<u>3.192.839</u>	<u>299.374</u>

	Cash flow hedge reserve	Undistributed profit for the year	Total
	€	€	€
Balance as at 1 October 2020	-	261.300	32.305.565
Result for the year	-	(4.673.449)	(4.673.449)
Appropriation of result	-	(261.300)	-
Addition in financial year	(50.088)	-	286.863
Issue of shares	-	-	98
Withdrawal in financial year	-	-	(422.478)
Release R&D reserve	-	-	-
Withdrawal of shares	-	-	(1.837)
Currency translation differences	-	-	130.289
Balance as at 30 September 2021	<u>(50.088)</u>	<u>(4.673.449)</u>	<u>27.625.051</u>

Share premium movements are caused by:

- Issue of certificates of shares for the employee participation plan: STAK 'De Gouden Wikkel' causes a decrease of € 336.951.
- Buy back of certificates of shares of former participant of the employee participation plan: STAK 'De Gouden Wikkel' causes a decrease of € 422.478.

33 Issued share capital

The authorized share capital of Tony's Factory B.V. amounts to EUR 90.000, divided into 90.000 ordinary shares of EUR 1. Issued share capital consists of 48.248 ordinary shares.

Provisions

34 Other provisions

Provision participations

Provision participations

	30-09-2021 €	30-09-2020 €
Provision participation Tony's Chocolonely Retail B.V.	2.706.540	1.993.217
Provision participation De Vrede is Vast Goed B.V.	3.929.326	113.217
Provision participatie Tony's Chocolonely Bars B.V.	1.227.440	1.227.318
Provision participatie Tony's Chocolonely Homebase B.V.	11.923.644	-
Provision participatie Tony's Chocolonely GmbH	328.332	-
Provision participatie Tony's Chocolonely Austria GmbH	396.337	-
Provision participatie Tony's Chocolonely Sweden AB	19.413	-
	<u>20.531.032</u>	<u>3.333.752</u>

35 Other long-term liabilities

Deferred consideration acquisitions

30-09-2021 €	30-09-2020 €
1.500.000	-

The deferred payments for the acquisition of 100% of the shares in Althaea N.V. and De Laet International N.V. exist of a short term (€ 1.500.000) and a long term liability (€ 1.500.000). The short term liability will be paid 1 year post closing and the long term liability will be paid 2 years post closing, under the condition of a smooth transition of leadership.

Current liabilities and accruals

36 Current liabilities and accruals

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

37 Derivative instrument

Derivative instrument

30-09-2021 €	30-09-2020 €
50.088	-

As per April 14th 2021 Tony's Factory B.V. bought 2 floating to fixed interest rate swaps for € 8.0 mln moving down to € 4.0 mln in which it receives a floating interest rate and pays a fixed rate and thereby effectively converting a floating interest rate on the term loan to a fixed interest rate. The duration of this hedge instrument is identical to the underlying term loan. This interest rate swap qualifies as a cash flow hedge since it protects against the variability in cash flows that are attributable to the floating interest rate risk on the term loan and that could affect profit or loss.

38 Liabilities to group companies

Liability to Tony's Chocolonely Publishing Company B.V.

	<u>30-09-2021</u>	<u>30-09-2020</u>
	€	€
	<u>100</u>	<u>100</u>

An interest rate of 4% (2019/2020: 4%) per annum applies to the average intercompany balances. In respect of repayment and securities provided, no agreements have been made.

Appropriation of result

The management of the company proposes to appropriate the result as follows:

The loss for the period 1 October 2020 until 30 September 2021 in the amount of € 4.673.449 will be deducted from in full the other reserves.

This proposal needs to be approved by the General Meeting and has therefore not yet been processed in the annual accounts 1 October 2020 until 30 September 2021 for the company.

NOTES TO THE COMPANY-ONLY PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1-10-2020 UNTIL 30-9-2021

Average number of FTE's

1-10-2020 / 30-9-2021

	Active within the Netherlands	Active outside the Netherlands	Total
Average number of employees	-	-	-

1-10-2019 / 30-9-2020

	Active within the Netherlands	Active outside the Netherlands	Total
Average number of employees	-	-	-

	<u>1-10-2020 / 30-9-2021</u>	<u>1-10-2019 / 30-9-2020</u>
	€	€

Social security charges and pensions cost

Social security contributions	-	17.217
Accrued social security contributions	-	1.043
	-	18.260
Pension premium paid	-	4.626
Pension premium employees	-	(1.157)
	-	21.729

Other operating expenses

Other staff expenses	414.598	683.033
Selling expenses	-	1.512
General expenses	434.912	735.576
	849.510	1.420.121

Financial income and expense

Other interest and similar income	10.779	-
Interest and similar expenses	(188.595)	(44.091)
Currency translation differences	35	-
	(177.781)	(44.091)

Income tax expense

Income tax expense: Breakdown

	1-10-2020 / 30-9-2021	1-10-2019 / 30-9-2020
	€	€
Income tax expense from previous financial years	(572)	-
Income tax expense from current financial year	285.692	463.069
Total of income tax expense	<u>285.120</u>	<u>463.069</u>
Effective tax rate	18,65	29,94

Effective tax rate

Profit according to the financial statements	1.538.719
CIT based on applicable rate CIT 25%	384.680
Tax non-deductible costs	(50.505)
Tax amortization of goodwill	(48.483)
Corporate income tax payable	285.690
Effective corporate tax rate 18,65%	-

The effective tax rate differs from the previous year due to non deductible amounts.

The numerical reconciliation between the average effective tax rate and the applicable tax rate

	1-10-2020 / 30-9-2021	1-10-2019 / 30-9-2020
	€	€
Share in result of participations		
Result from Tony's Chocolonely Nederland B.V.	10.458.526	3.330.028
Result from Tony's Chocolonely Retail B.V.	(713.324)	(975.109)
Result from De Vrede is Vast Goed B.V.	(3.816.108)	(61.859)
Result from Tony's Chocolonely Bars B.V.	218.927	(1.021.171)
Result from Tony's Chocolonely Beyond B.V.	5.441	-
Result from Tony's Chocolonely Homebase B.V.	(11.923.644)	-
Result from Tony's Chocolonely Inc.	268.098	416.593
Result from Tony's Chocolonely Ltd.	1.961.718	14.752
Result from Tony's Chocolonely GmbH	(329.004)	(24.328)
Result from Tony's Chocolonely Austria GmbH	(431.337)	-
Result from Tony's Chocolonely Sweden AB	(21.875)	-
Result from Althaea N.V.	403.959	-
Result from De Laet International N.V.	491.881	-
	<u>(3.426.742)</u>	<u>1.678.906</u>

Amsterdam, 17 november 2021,
Tony's Factory B.V.

H.J. Beltman J.H.A. Huij

Board of directors

E.P. Bras J.W. Verloop B.D.L. Black

A.R. Balon R.W. Schuman

Non-executive supervisory board

OTHER INFORMATION

Provisions of the Articles of Association relating to profit appropriation

According to article 18 of the company's Articles of Association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate the profit wholly or partly to the general or specific reserve funds.

The company can only make payments to the shareholders and other parties entitled to the distributable profit for the amount the shareholders equity is greater than the paid up and called up part of the capital plus the legally required reserves.

Independent auditor's report

To: the general meeting and the non-executive supervisory board of Tony's Factory B.V.

Report on the financial statements 2020/2021

Our opinion

In our opinion, the financial statements of Tony's Factory B.V. ('the Company') give a true and fair view of the financial position of the Company and the Group (the company together with its subsidiaries) as at 30 September 2021, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2020/2021 of Tony's Factory B.V., Amsterdam. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:

- the consolidated and company-only balance sheet as at 30 September 2021;
- the consolidated and company-only profit and loss account for the period 1 October 2020 until 30 September 2021; and
- the notes, comprising the accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independence

We are independent of Tony's Factory B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Report on the other information included in the Annual FAIR Report

In addition to the financial statements and our auditor's report thereon, the Annual FAIR Report contains other information that consists of:

- the board of directors' report as included in chapter 8 – the numbers, the numbers;
- the information included in preface, chapters 1 up and until 7 and the important appendices, and;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the board of directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors and the non-executive supervisory board for the financial statements

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The non-executive supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 17 November 2021
PricewaterhouseCoopers Accountants N.V.

Original has been signed by drs. B.A.A. Verhoeven RA

Appendix to our auditor's report on the financial statements 2020/2021 of Tony's Factory B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the non-executive supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

for the detail enthusiasts:

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explanation of Tony's non-financial KPIs: p. 191

about this Annual FAIR Report : p. 195

GRI Content Index: p. 198

PwC Assurance Report: p. 202

Explanation of Tony's KPIs important appendix 1

Our most important non-financial Key Performance Indicators provide insight into our performance on most material topics – which is why we ask PwC to review them. It shows us, but also you, how we are doing in the areas that together with the financial KPIs track and prove our impact. This helps us understand if we are on the right track to changing the cocoa sector.

Pillar 1: Tony's creates awareness

1. % of Choco Fans who are aware of the existence of modern slavery on cocoa farms.

This KPI measures consumer awareness of modern slavery in the cocoa industry in West Africa. Because only once you know that there is a problem, can you take responsibility and action to solve it.

Scope:

- Choco Fans are defined as: People living in the Netherlands, Germany, UK and the USA who purchased at least one chocolate bar no more than 3 months before the survey conducted by a third party.
- % of Choco Fans who are aware of the existence of modern slavery on cocoa farms defined as: those Choco Fans who said they had 'often' or 'sometimes' heard about the existence of modern slavery in the cocoa sector.

Consumer awareness is needed to make 100% slave free the norm in chocolate.

2. # of Serious Friends.

This KPI measures the number of people who feel particularly committed to Tony's mission and want to be actively involved in achieving it.

Scope: The number of people registered as Serious Friends worldwide (via our website). Consumer support is essential for industry change.

3. # of participants in CLMRS awareness raising sessions conducted in cocoa communities of Tony's Open Chain partner cooperatives.

This KPI measures the extent to which the members of our partner cooperatives have been informed about child labor.

Scope: The number of participants (men, women and children; cocoa producers or community members) who attended public awareness raising session(s) on child labor and child rights violations presented by CLMRS community facilitators since the beginning of the project. This is a cumulative KPI.

We believe awareness-raising plays a crucial role in reducing child labor.

Pillar 2: Tony's leads by example

4. # of farmers supplying to Tony's Open Chain who receive additional premium.

Scope:

- Farmers who are members of Tony's Open Chain partner cooperatives in Ghana and Côte d'Ivoire who sold at least 1 kg of cocoa beans to Tony's and/or Tony's Open Chain mission allies during the book year. All farmers who sold cocoa to Tony's Open Chain receive an additional premium on top of the farmgate price.
- The additional premium includes the Fairtrade premium, Fairtrade minimum price differential (if applicable), the additional LIRP premium and the co-op management fee.

We believe in supply chains without anonymity, each person in our supply chain contributes to our success, so we want to know who they are. An increase in number of farmers who receive an additional premium means an increase in number of farmers who are enabled to earn a living income and therefore a decrease in overall poverty.

5. # of cooperatives with whom we have committed to a 5-year Memorandum of Understanding.

The KPI tracks the number of cocoa cooperatives in Ghana and Côte d'Ivoire that supply beans to Tony's with which we had a 5-year Memorandum of Understanding at the end of the book year.

We form long-term relationships with co-ops which means they can plan for a longer-term horizon and make investments further into the future.

6. Average score of Tony's Employee Quest-CHEER-naire.

This KPI monitors systematic feedback from our employees. The total average of the scores for each aspect of Tony's Employee Quest-CHEER-naire: (1) commitment, (2) engagement, (3) employership, (4) efficiency, (5) trust, (6) psychological safety, (7) autonomy and (8) alignment.

Scope:

- In 2020/21, while the methodology remained the same, the themes that were measured changed to include autonomy and alignment in place of 'ready for take-off'. The new themes are our our employee engagement partner Effactory's official themes which we can benchmark externally to enhance validity.
- The biannual survey is completed anonymously by all Tony's employees that have a temporary or permanent contract, or are working as interns, and have been with the company at least 2 months at the time of the survey.

We believe that if Team Tony's is committed, happy and working together, Tony's will be able change the chocolate industry.

7. % market share.

This KPI relates to the moving annual total period from October 1 to September 30 and its assessment differs per Gold market.

Scope:

- The Netherlands is our most mature market. The KPI includes percentage market share (in Euros) in the whole chocolate category in regular supermarket channels in The Netherlands, excluding discount stores like Aldi and Lidl. Organic and niche supermarkets are not included because the data is not available. This year, the scope of definition changed to exclude discount stores while in the previous year it included discount stores. The main reason for this exclusion is because we are not permanently listed in any discount stores.
- Germany: Chocolate bars segment in the German Grocery Chocolate Market. This excludes discount stores.
- The UK and Ireland: Chocolate bars segment in the UK Grocery Chocolate Market. This excludes discount stores.
- The US: Chocolate bars segment in the total of US Supermarkets (including natural and conventional grocery stores, excluding discount and drug stores).

The bigger our market share, the more pressure it puts on the industry to follow our example.

8. % of beans in our chocolate that can be traced to our partner cooperatives.

This KPI shows the traceability of beans, from the cooperatives to the companies that co-manufacture Tony's bars. It tracks the percentage of traceable cocoa beans in the five different kinds of couverture produced during the book year.

Scope: This year we also added the % of cocoa in Tony's Open Chain couvertures/liquid chocolate for our mission allies traceable up to our partner cooperatives to this KPI.

Traceability is the enabler for sustainability: companies need to take full responsibility for their entire supply chains, which is only possible if they know where their beans come from and under which labor and environmental conditions the beans were produced.

9. % of Choco Fans who say Tony's is their favorite chocolate brand.

Scope:

- Choco Fans are defined as: People living in the Netherlands, Germany, UK and the USA who purchased at least one chocolate bar no more than 3 months before the survey conducted by a third party.
- % of Choco Fans who say Tony's is their favorite chocolate brand defined as: those Choco Fans who said

indicated Tony's was their favourite brand in the brand tracker survey.

- This KPI falls under the pillar: Tony's leads by example. We want to prove that it is possible to make commercially successful slave free chocolate. We want our chocolate to be people's favourite, on account of its flavour, our brand and the social impact it has made. Increasing sales lead to more social impact and makes it easier for us to put more pressure on all parties involved to change the chocolate supply chain.

10. # of cocoa growing households who participate in the CLMRS.

This KPI tracks the # of farmer households that are members of one of Tony's Open Chain's partner cooperatives who are registered in CLMRS and who have been interviewed at least once by a CLMRS community facilitator since the respective co-op started implementing the CLMRS.

During these visits, the CLMRS community facilitators note the composition of the household and create a profile of each member of the household and assess the risk of child labor.

This mapping is crucial as household is the basic setting to understand circumstances that possibly lead to child labor. Only when understanding the underlying situation can child labor be tackled sustainably in the long term.

11. # of illegal child labor cases detected and remediated at Tony's Open Chain partner cooperatives with CLMRS.

Scope: This KPI tracks the number of children between the ages of 5 and 17 who were found to be in child labor on a cocoa farm in the previous 12 months.

We also include the cases (# and %) of child labor remediated in the scope of this KPI because remediation is a key part of the CLMRS, and the goal is to ultimately remediate all cases.

Our model for a slave free chocolate is based on our 5 Sourcing Principles. This together with the implementation of a child labor and monitoring and remediation system will hopefully eliminate the existence of slavery and child labour in the sector. This is a crucial KPI to measure the efficiency of these impact activities.

12. % carbon footprint compensated.

Scope:

- We use a model developed by True Price to calculate average (Scopes 1, 2 and 3) carbon emissions from the cocoa farmer to our distribution centers in the Netherlands and the US. Scope 1 – direct emissions from sources owned or controlled by a company. Scope 2 – indirect from energy that's purchased. Scope 3 – all other emissions associated with a company's activities.
- The model also calculates the total carbon emissions of all chocolate. JustDiggIt is responsible for calculating the number of hectares of dry land that need to be re-greened to offset Tony's carbon footprint.

14. % of farms in the supply chain GPS mapped and assessed against protected areas.

This KPI includes the percentage of farms that have been GPS mapped. The GPS mapping data is assessed against protected area maps (as outlined by the Cocoa Forest Initiative) to ensure that there is no nor any potential risk of deforestation in our supply chain.

15. Amount of premium paid (per metric ton of cocoa) to reach the Living Income Reference Price (LIRP).

This is a financial KPI that has been added under the non-financial KPIs as it relates to our Sourcing Principle: paying a higher price. The higher price that enables a living income is defined based on our Living Income Model. As part of this KPI we evaluate the amount of premium paid per metric ton of cocoa to reach the Living Income Reference Price.

The additional premium includes the Fairtrade premium, Fairtrade minimum price differential (if applicable), the additional LIRP premium. It does not include the co-op management fee which is paid on top of the Living Income Reference Price.

This ensures we walk the talk of paying a higher price for cocoa.

Pillar 3: Tony's inspires to act

13. # tons of beans purchased through Tony's Open Chain.

This KPI measures the number of tons of cocoa beans purchased by Open Chain mission allies via the 5 Sourcing Principles during the book year.

To achieve our mission of making 100% slave free the norm in chocolate, we need more companies to join us in our way of sourcing cocoa. We want all cocoa to be sourced via the 5 Sourcing Principles. Thus, this is a crucial KPI to measure how much cocoa is sourced via the BSPs, not just by Tony's but also by mission allies.

16. # of Open Chain conversations with potential mission allies.

We added this KPI this year because the process interval between a future mission ally expressing interest in Tony's Open Chain, to becoming a full-fledged mission ally, has several steps and tracking this pipeline allows us to keep tabs on both calability and potential volumes sourced through Tony's Open Chain. Tracking this pipeline also helps us identify the barriers that prevent potential mission allies to converting. We also follow the number of interactions with potential mission allies so we can continually vet and revise onboarding processes, and better understand our continued journey towards mission completion.

About this report important appendix 2

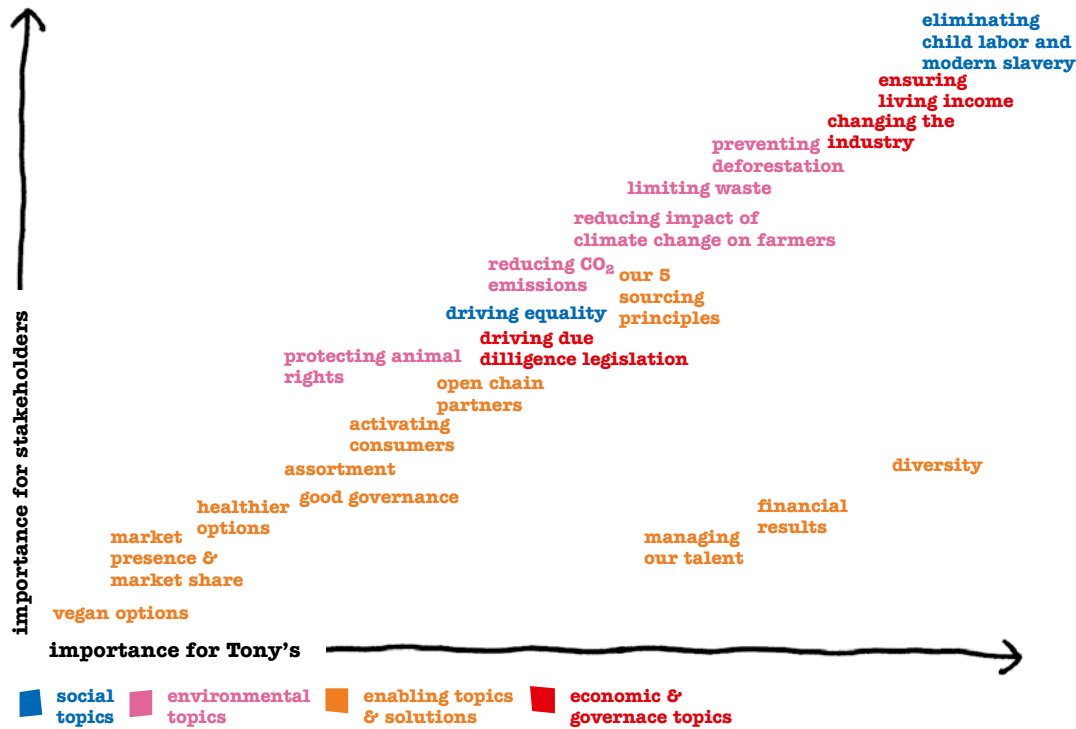
We publish our Annual FAIR Report to update our stakeholders about the progress (or the lack thereof) of our mission and goals. This report covers the period from October 1, 2020 to September 30, 2021, aligning our reporting cycle with the cocoa season in West Africa. And we also continue to report in accordance with the GRI Standards: Core option.

Every year, we ask you – our different stakeholders – what you consider the main issues and topics we need to address in our strategy and in our Annual FAIR Report. If you are part of our value chain, you're an important stakeholder for us. The table below highlights how we reached out to different people and which key topics they mentioned.

stakeholder	how we engaged	key topics
Team Tony's	Employee Quest-CHEER-naire, online stakeholder survey	Elimination of child labor and forced labor, ensuring a living income for cocoa farmers, industry change, preventing deforestation
Cocoa farmers	Online stakeholder survey, quarterly meetings with the cooperatives, community needs assessment	Ensuring a living income for cocoa farmers, elimination of child labor and forced labor, industry change, traceability, long term partnerships.
Choco Fans (consumers)	Online stakeholder survey, social media, Choco Fans survey	Elimination of child labor and forced labor, ensuring a living income for cocoa farmers, industry change, preventing deforestation
Customers (retailers)	Online stakeholder survey, interviews, customer calls	Elimination of child labor and forced labor, ensuring a living income for cocoa farmers, industry change, preventing deforestation
Suppliers	Online stakeholder survey, regular conversations	Elimination of child labor and forced labor, ensuring a living income for cocoa farmers, industry change, preventing deforestation

The online stakeholder survey was open from mid-June through late-July 2021. We changed the set-up of the questionnaire, making a clearer split between issues and other topics. We also – like every year - adjusted the list of social, environmental and economic issues and topics to reflect changes in our context. We supplemented the online survey with interviews with suppliers and retailers, to increase input from their end as these people were less likely to participate in surveys in previous years. We also welcomed input from the cocoa farmers we work with through the online survey for the first time this year.

Based on the results of the online stakeholder survey and other sources, we plot the key topics on a matrix. In this materiality matrix, we weigh the interests of our stakeholders against the topics we consider to be important. The draft matrix was validated in a workshop with former Choco Co-Captain Anne-Wil and reviewed by all Choco Chiefs.



As there were quite some changes in the survey this year, we've plotted all issues and (nearly all) topics on the matrix. Compared to previous years, we are more aligned with our stakeholders, shown by a nearly diagonal trend across the matrix. So where are the differences?

- ➔ As Tony's, we place a higher importance on diversity, managing our talent and our financial results than our stakeholders do, as we feel these are all essential to achieving our mission.
- ➔ External stakeholders place a slightly higher importance on environmental topics than Tony's employees.
- ➔ Stakeholders outside the Netherlands place a slightly higher importance on nearly all topics. Key exception? Cocoa suppliers are more focused on social and economic topics that affect them directly and less so on topics like the protection of animal rights for the dairy products used in our bars.

The table on the following page lists the most important – or material - topics together with the KPIs we use to measure our progress. Many of our KPIs stem from the GRI standards, which are used by Big Choco and many other companies around the world. Whenever there are no GRI standards that fit our objectives, we create our own Tony's KPIs. In Appendix 1 you can find more details about Tony's KPIs, including information on the scope and boundaries.

Material topics	KPIs
Elimination of all forms of child labor in the cocoa sector in Ghana and Ivory Coast	GRI408-1 Operations and suppliers at significant risk for incidents of child labor TKPI3 CLMRS participants TKPI10 # households participating in CLMRS TKPI11 # of detected illegal child labor cases GRI414-1 Social screening of new suppliers GRI414-2 Negative social impacts
Elimination of modern slavery in the cocoa sector in Ghana and Ivory Coast	GRI409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor GRI414-1, GRI414-2
Ensuring that cocoa farmers reach a living income to provide a decent living for their families	GRI201-1 Direct economic value generated and distributed TKPI4 # of farmers supplying to Tony's Open Chain who receive additional premium TKPI15 amount of premium paid (per metric ton of cocoa) to reach Living Income Reference Price
Changing the industry to make 100% slave-free the norm	TKPI13 # of tons of beans purchased through Tony's Open Chain TKPI 16 # of Open Chain conversations with potential mission allies
Preventing deforestation and degradation in cocoa growing landscapes	GRI308-1 Environmental screening of new suppliers GRI308-2 Negative environmental impacts TKPI14 % of farms GPS mapped
Limiting waste in our value chain	New to be decided
Reducing the impact of climate change on cocoa farmers	GRI102-11 Precautionary principle or approach
Reducing our CO ₂ - emissions along our value chain	GRI308-2 Negative environmental impacts GRI305-4 GHG emissions intensity TKPI12 CO ₂ footprint compensated
Driving equality (racial, gender, sexual orientation) in society	To be decided
Our 5 sourcing principles Traceable cocoa beans A higher price The long-term Improved quality and productivity Strong farmers	TKPI8 % of traceable beans GRI201-1, TKPI4 and TKPI15 TKPI5 # of co-ops with a 5-year MoU Productivity estimates ScopeInsight score MPI headcount
Diversity	GRI102-8 Information on employees and other workers and GRI405 Diversity and equal opportunity
Managing our talent	TKPI6 Score Quest-CHEER-naire
Our financial results	GRI102-7 Scale of the organization Turnover, profitability, growth

GRI Content Index important appendix 3

GENERAL DISCLOSURES			
GRI Standard	Information	Description	Page/information
GRI 101: Foundation 2016		Reporting principles	
GRI 102: General Disclosures 2016	Organizational profile		
	102-1	Name of the organization	11, 131
	102-2	Activities, brands, products, and services	206
	102-3	Location of headquarters	143
	102-4	Location of operations	103, 108, 110, 114, 116, 120
	102-5	Ownership and legal form	131, 132
	102-6	Markets served	106
	102-7	Scale of the organizations	125-127
	102-8	Information on employees and other workers	30
		a. Total number of employees by employment contract (permanent and temporary), by gender.	146 people with a permanent contract (53.1% women, 46.9% men), 78 people with a temporary contract (70.1% women, 29.9% men)
		b. Total number of employees by employment contract (permanent and temporary), by region.	146 with a permanent contract (56 % in NL, 8% in the UK, 10% in the US, 6% in DACH, 18% in BE, 2% in SE), 78 people with a temporary contract (94% in NL, 0% in the UK, 1% in the US, 5% in DACH)
		c. Total number of employees by employment type (full-time and part-time), by gender.	150 people work full-time (54.7% women, 45.3% men), 74 people work part-time (67.6% women, 32.4% men)
		d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees.	19 people were engaged through different types of contracts (interim, management). In addition, experts such as lawyers are used incidentally.
		e. Any significant variations in these numbers reported (such as seasonal variations).	No fluctuations, yet significant growth.
		f. An explanation of how the data have been compiled, including any assumptions made.	Numbers are collated based on our own personnel files and exclude interns. Full-time is defined as 100% FTE.
	102-9	Supply chain	20
	102-10	Significant changes to the organization and its supply chain	31, 69, 103, 122
	102-11	Precautionary Principle of approach	74
	102-12	External initiatives	20, 26, 74
	102-13	Membership of associations	International Cocoa Initiative, FairTrade, Food Service Netwerk, B Corp, Social Enterprise NL, EFMI, De Jonge Turken, Huurdercommissie Westergasfabriek
	Strategy		
	102-14	Statement from senior decision maker	6
	Ethics and integrity		
	102-16	Values, principles, standards, and norms of behavior	29, 52

	Governance		
	102-18	Governance structure	31, 32, 44
	Stakeholder engagement		
	102-40	List of stakeholder groups	195
	102-41	Collective bargaining agreements	0%
	102-42	Identifying and selecting stakeholders	195
	102-43	Approach to stakeholder engagement	195
	102-44	Key topics and concerns raised	195
	Reporting practice		
	102-45	Entities included in the consolidated financial statements	131
	102-46	Defining report content and topic Boundaries	191-193
	102-47	List of materials topics	23, 197
	102-48	Restatement of information	There have been no restatements.
	102-49	Changes in reporting	90, 192, 194 We've added a new indicator (TKPI16) and we've adjusted the scope of KPI8.
	102-50	Reporting period	195
	102-51	Date of most recent report	December 3, 2020
	102-52	Reporting cycle	195
	102-53	Contact point for questions regarding the report	209
	102-54	Claims of reporting in accordance with the GRI Standards	25, 195 This report has been prepared in accordance with the GRI Standards: Core option.
	102-55	GRI content index	198-201
	102-56	External assurance	25, 202-205

MATERIAL TOPICS			
GRI Standard	Information	Description	Page
Social Topics			
Farmer welfare			
GRI 103: Management Approach 2016	103-1	Explanation of material topics and its Boundary	191-193
	103-2	The management approach and its components	49-51, 61
	103-3	Evaluation of the management approach	63
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	15
GRI 409: Forced or Compulsory Labor 2016	409-1	operations and suppliers at significant risk for incidents of forced or compulsory labor	15
	TKPI3	Number of participants of CLMRS awareness raising sessions conducted in cocoa communities of Tony's Open Chain partner cooperatives	62
	TKPI10	Number of cocoa-growing households that participate in the CLMRS	62
	TKPI11	Number of illegal child labor cases detected and remediated at Tony's Open Chain partner cooperatives with the CLMRS	63

GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	59
	414-2	Negative social impacts in the supply chain and actions taken	64
	a.	Number of suppliers assessed for social impacts.	7 out of 7 cooperatives
	b.	Number of suppliers identified as having significant actual and potential negative social impacts.	7 cooperatives
	c.	Significant actual and potential negative social impacts identified in the supply chain.	1701 child labour cases identified across the 7 cooperatives
	d.	Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment.	100% All child labor cases identified go through a remediation process.
	e.	Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.	None, as child labor cases are remediated.
Team Tony's			
GRI 103: Management Approach 2016	103-1	Explanation of material topics and its Boundary	192
	103-2	The management approach and its components	31, 34, 47
	103-3	Evaluation of the management approach	35
	TKPI6	Average score of Tony's Employee Quest-CHEER-naire	34
GRI405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	46
Economic Topics			
Farmer welfare: Improvement of economic circumstances			
GRI 103: Management Approach 2016	103-1	Explanation of material topics and its Boundary	191-193
	103-2	The management approach and its components	53-54
	103-3	Evaluation of the management approach	55
	TKPI4	Number of farmers supplying to Tony's Open Chain who receive additional premium	55, 92
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	126, 131
	TKPI5	Number of cooperatives with which we have committed to a 5-year Memorandum of Understanding	59
	TKPI8	Percentage of beans in our chocolate that can be traced to our partner cooperatives	68, 91
	TKPI15	Amount of premium paid (per metric ton of cocoa) to reach Living Income Reference Price (LIRP)	55
Transforming the industry			
GRI 103: Management Approach (2016)	103-1	Explanation of material topics and its Boundary	194
	103-2	The management approach and its components	81-83, 85-87, 90
	103-3	Evaluation of the management approach	87
	TKPI13	Number of tons of beans purchased through Tony's Open Chain	67, 92
	TKPI16	Number of Open Chain conversations with potential mission allies	90, 91

Everyone's favorite chocolate				
GRI 103: Management Approach 2016	103-1	Explanation of material topics and its Boundary	191-192	
	103-2	The management approach and its components	95-97, 100	
	103-3	Evaluation of the management approach	97	
	TKPI1	Percentage of Choco Fans who are aware of the existence of slavery on cocoa farms	97	
	TKPI2	Number of Serious Friends	97	
	TKPI7	Percentage market share	108, 110, 114, 116	
	TKPI9	Percentage of Choco Fans who say Tony's is their favorite chocolate brand	97	
	Environmental Topics			
	Climate change and cocoa			
GRI 103: Management Approach 2016	103-1	Explanation of material topics and its Boundary	74	
	103-2	The management approach and its components	49, 74, 76	
	103-3	Evaluation of the management approach	68	
	TKPI14	Percentage of farms in the supply chain GPS mapped and assessed against protected areas	68	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	59	
	308-2	Negative environmental impacts in the supply chain and actions taken	74, 76	
	a.	Number of suppliers assessed for environmental impacts.	7 out of 7 cooperatives	
	b.	Number of suppliers identified as having significant actual and potential negative environmental impacts.	7 cooperatives	
	c.	Significant actual and potential negative environmental impacts identified in the supply chain.	No cases of deforestation were identified.	
	d.	Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment.	None	
	e.	Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why.	None	
Waste				
GRI 103: Management Approach 2016	103-1	Explanation of material topics and its Boundary	76	
	103-2	The management approach and its components	76-77	
	103-3	Evaluation of the management approach	76	
Our CO2 impact				
GRI 103: Management Approach 2016	103-1	Explanation of material topics and its Boundary	74	
	103-2	The management approach and its components	74, 76-77	
	103-3	Evaluation of the management approach	78	
GRI 305: Emissions 2016	305-4	GHG emissions intensity	76	
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	74	
	TKPI12	Percentage of CO2 footprint compensated	77, 78	



Assurance report of the independent auditor

To: the board of directors and the supervisory board of Tony's Factory B.V.

Assurance report on the sustainability information in the annual FAIR report 2020/2021

Our conclusion

Based on our procedures performed nothing has come to our attention that causes us to believe that the sustainability information included in annual FAIR report 2020/2021 of Tony's Factory B.V. does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to sustainability; and
- the thereto related events and achievements for the year ended 30 September 2021 in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the internally applied reporting criteria as included in the section 'reporting criteria'.

What we have reviewed

We have reviewed the sustainability information included in the annual FAIR report for the year ended 30 September 2021, as included in the following sections in the annual FAIR report (hereafter: "the sustainability information"):

- Preface
- Chapter 1 – Our fight for equality and fairness;
- Chapter 2 – Creating value, connecting the dots;
- Chapter 3 – One team, one mission;
- Chapter 4 – We're serious about farmers;
- Chapter 5 – Changing the norm in cocoa;
- Chapter 6 – Creating awareness;
- Chapter 7 – The world of business.

The sustainability information comprises a representation of the policy and business operations of Tony's Factory B.V., Amsterdam (hereafter: Tony's) with regard to sustainability and the thereto related business operations, events and achievements for the year ended 30 September 2021.

The basis for our conclusion

We have performed our review in accordance with Dutch law, which includes the Dutch Standard 3810N 'Assuranceopdrachten inzake maatschappelijke verslagen' ('Assurance engagements on corporate social responsibility reports') which is a specified Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. This review is aimed at obtaining a limited level of assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of this assurance report.

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We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence and quality control

We are independent of Tony's in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other for the engagement relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Dutch Code of Ethics).

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS – Regulations for quality systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Reporting criteria

The sustainability information needs to be read and understood in conjunction with the reporting criteria. The board of directors of Tony's is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied reporting criteria developed by the company, as disclosed in 'important appendix 1' of the annual FAIR report. The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Limitations to the scope of our review

The sustainability information includes prospective information such as expectations on ambitions, strategy, plans and estimates and risk assessments. Inherently, the actual results are likely to differ from these expectations. These differences may be material. We do not provide any assurance on the assumptions and the achievability of prospective information in the sustainability information.

The links to external sources or websites in the sustainability information are not part of the sustainability information reviewed by us. We do not provide assurance over information outside of this annual FAIR report.

Emphasis of matter

We draw attention to the to the disclosure in the sustainability information on the number of cases of child labour included in the chapter 'We're serious about farmers', paragraph 'The right to childhood', which explains that there are inherent circumstances that cause the amount of reported cases of child labour in reality to be possibly higher than the number registered in the Child Labour Monitoring and Remediation System ('CLMRS'). Our conclusion is not modified in respect of this matter.

Responsibilities for the sustainability information and the review

Responsibilities of the board of directors and the supervisory board

The board of directors of Tony's is responsible for the preparation of reliable and adequate sustainability information in accordance with the reporting criteria as included in section 'reporting criteria', including the identification of stakeholders and the definition of material matters. The choices made by the board of directors regarding the scope of the sustainability information and the reporting policy are summarized in 'important appendix 1' of the annual FAIR report. The board of directors is responsible for determining that the applicable reporting criteria are acceptable in the circumstances.

The board of directors is also responsible for such internal control as the board of directors determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or errors.

The supervisory board is responsible for overseeing the company's reporting process on the sustainability information.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence to provide a basis for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review engagements is therefore substantially less than the assurance obtained in audit engagements.

Procedures performed

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our procedures included amongst others:

- Performing an analysis of the external environment and obtaining insight into relevant social themes and issues and the characteristics of the company.
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the board of directors.
- Obtaining an understanding of the reporting processes for the sustainability information, including obtaining a general understanding of internal control relevant to our review.
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatement, whether due to fraud or errors. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted amongst others of:
 - Interviewing management and/or relevant staff responsible for the sustainability strategy, policy and results;
 - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information;
 - Obtaining assurance evidence that the sustainability information reconciles with underlying records of the company;
 - Reviewing, on a limited test basis, relevant internal and external documentation;

- Performing an analytical review of the data and trends.
- Reconciling the relevant financial information with the financial statements.
- Evaluating the consistency of the sustainability information with the information in the annual FAIR report, which is not included in the scope of our review.
- Evaluating the presentation, structure and content of the sustainability information.
- To consider whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the supervisory board on the planned scope and timing of the engagement and on the significant findings that result from our engagement.

Amsterdam, 17 November 2021
PricewaterhouseCoopers Accountants N.V.

Original signed by B.A.A. Verhoeven RA

3.. 2.. 1.. lift off!

This past year featured some stellar product launches that kept Choco Fans coming back in 2020/21.

November 2020 We raced to launch a new Relay Bar (available for just 1 year) for Dutch Choco Fans, who've hailed the raisin and hazelnut combo as a clear winner. All nuts are sourced from Spain and Italy.



available in:



December 2020 The reason for the season is sharing with those we love most.. Tiny Tony's, that is! Extra give-away-able chocolate bites to hang from the tree or pass around the room now come in a colorful grab-bag of flavors. From classic milk to milk hazelnut to creamy white chocolate. Pouches became available in the Netherlands this year.



available in:



January 2021 And just when you thought our Tiny's game couldn't get any tighter, we relaunched them in plastic-free aluminum and paper packaging! A big green win (with some other colors mixed in).



available in:



May 2021 And they're off! Another relay bar released in the Dutch market, this one White Blueberry Waffle. Think Sunday brunch with real Belgian waffles!



available in:



December 2020 2020 was one tough cookie, so we knew we had to bake the holidays extra special. That's why we welcomed Milk Chocolate Gingerbread into our bar family! They're packed with spiced gingerbread cookie pieces baked by the Farmbrothers, a B-corp on a mission to transform run-down land into organic farms.

available in:



January 2021 Our biggest launch to date (by numbers and flair!) came in the form of 4 look-alike bars made different.. our Sweet Solution to the bitter truth of illegal labor in the cocoa industry. Check out p. 100 for the full scoop!

were available in:



June 2021 When life gives us lemons we make chocolate.. with a twist. Introducing Dark Lemony Caramel – packed full of citrusy caramel goodness. And chocolate cookies for good measure? Heck yeah. Totally vegan? Absolutely.

available in:



July 2021 This summer we welcomed the New Classics into the Tony's flavor family: our bestselling Sweet Solution recipes repackaged for the long haul. Or.. at least 'til the rest of the industry finally copies us.

available in:



THAAAANK YOUUUUUU!

OK.. here's the plan: close this report for 1 minute, do the happy dance, then power through this last little bit. Because we've made it to the end, and what a year it's been!

Hats off to our Choco Evangelist **Ynzo**, he led us to the finish line with verve. But we wouldn't have made it far without Impactacular Storyteller **Belinda**. Another massive thanks to Impact Navigator **Pavithra**. We've got her to thank for keeping us sharp. And speaking of accuracy.. Catalyst for Positive Change **Marjolein Baghuis** was on the case once again! If you're enjoying this particular sentence, or any of the thousands of words in this Brobdingnagian document – you've got our copywriter **Derek** to thank!

Meanwhile **Noëlle** went and Sistine Chapel-ed (or art directed) the heck outta this year's report. And if you're reading a digital edition right now, the little bits of clickable magic are all **Chiel's** handiwork. A big round of applause to our numero uno numbers ninja **Teun** for heading up the finance front! Thanks go to our left-hand(ed) man, **Mike** for translating oodles of facts and figures into KPI charts and graphs.

And we've got **Diara** to thank for managing content collection. Thank you **Livewords!** Merci beaucoup to **Camille** and **Marie**, vielen Dank to **Line's** team en een dikke dank en veel liefs to **Tim** and **Bibi**. And **def.** – our graphic design firm did a stellar job in 4 languages.

Thank you to: **Paul S, Thecla, Joke, Joost, Anne-Wil, Henk-Jan, Jan, Abby Noel, Nicola, Renata, Ruben, Ben, Frits, Ester, Aidaly** and **Eveline**.

Thank you to everyone..
.. who cultivates cocoa for us

And thanks to..
.. everyone who makes chocolate for us
.. everyone who wraps our chocolate bars
.. everyone who sells our chocolate
.. everyone who eats our chocolate
.. everyone who embraces our vision
and takes action

Only together can we make all chocolate 100% slave free.

1 last ask before our final pun.. let us know what you think about our ideas, approach and results! We'd love to hear from you on LinkedIn, Instagram, Facebook and Twitter. Or you can email, call or snail-mail us. If you're out and about in Amsterdam, pop into 1 of our stores, or the Choco Bar too! You can find us at Oudebrugsteeg 15, Beurs van Berlage and at Pazzanistraat 1, where you can also find our Homebase office.

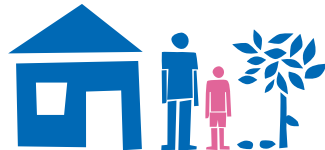
And with that, we bid you all FAIRwell!

LOOKING AHEAD.. to the year to come

To create global, systemic and lasting change, all key players must do their part to reduce inequalities around the globe. At Tony's, we focus our efforts on our mission and creating more equality in the cocoa industry.

WHAT WE PLAN TO ACHIEVE IN
2021
2022

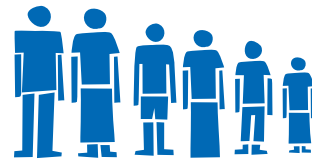
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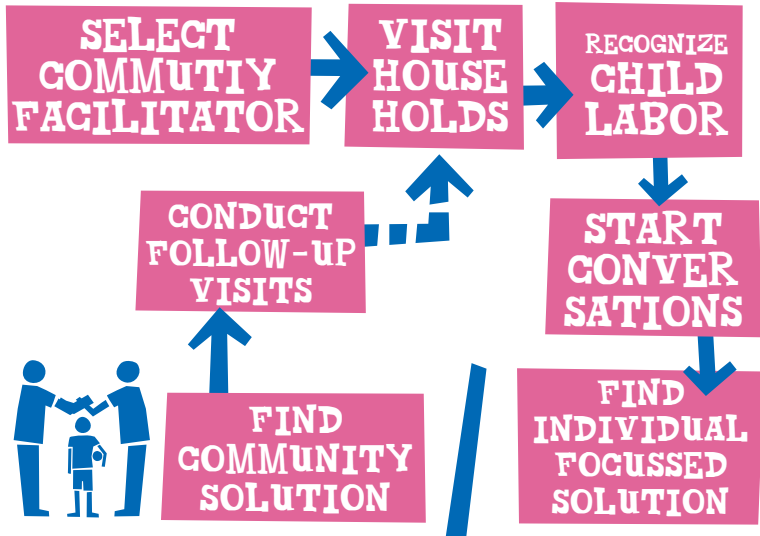
12,000 FARMERS

commit to
9
CO-OPS
in total for long-term relationships

CLMRS



child labor monitoring and remediation system



CHILD LABOR REMEDIATION RATE

aim to remediate all 1,701 child labor cases found in 2020/21



CONTINUE TO PAY A HIGHER PRICE

that enables farmers to earn a living income

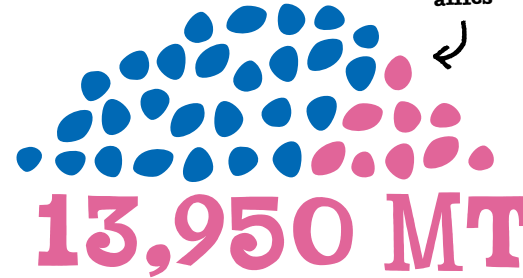
150,000 SERIOUS FRIENDS



TOTAL

AMOUNT OF BEANS BEING USED

4,125 mt sourced by Open Chain mission allies



reduce our emissions and continue to compensate

100% OF OUR CO2 FOOTPRINT

(moving towards climate positivity..)



expand Tony's Open Chain to

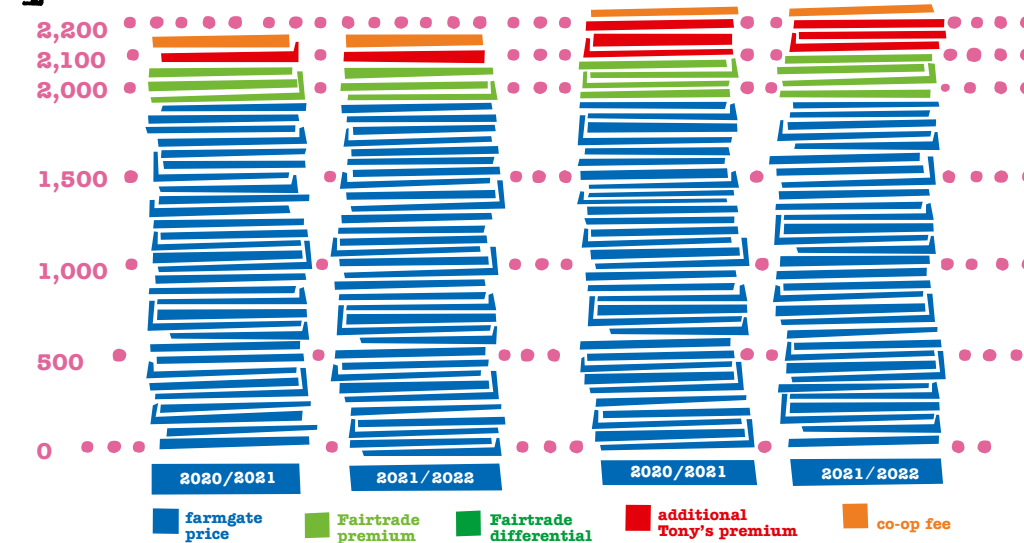
7 MISSION ALLIES IN TOTAL

GROW OUR REVENUE TO 146.5 MILLION

price per ton in dollars

GHANA

CÔTE D'IVOIRE



We'll keep working hard to make this world a more just and a more righteous place. Together, and only together, can we make that happen. Let us all be part of the movement of change!

done!

