

BEER *THAT DOES* THE WORLD OF GOOD



**TOAST ALE
IMPACT REPORT 2020**



We set up Toast to brew great beers and spread big ideas that could change the world. Food production is the biggest contributor to climate change and biodiversity loss, but one-third of all food is wasted. We're here to change that.

We brew our planet-saving beers with surplus fresh bread and all profits go to charities fixing the food system.

We align with UN Sustainable Development Goal 12.3, to reduce food waste by 50% by 2030. Reducing food waste is one of the fastest, safest and most equitable measures to limit global warming to 1.5oC (Project Drawdown).

Our 2020 Impact Report explains how we're creating positive change for the planet, what we achieved in 2020 and our plans for 2021. We hope it prompts conversations, over a cheeky pint.



HERE'S TO CHANGE

Covid-19 dominated our lives in 2020. We socially-distanced, home-schooled our children and dealt with unprecedented separation. But we also connected with our neighbours and found new digital ways to be with colleagues, friends and family all over the world.

The climate and ecological emergency was pushed out of headlines, but 2020 was the hottest year on record, with temperatures 1.2°C warmer than the pre-industrial average. In February, Antarctica reached nearly 21°C. In August, California's Death Valley registered 54°C, the highest temperature ever recorded on Earth.

Arctic sea ice is melting faster than predicted and the Antarctic and Greenland ice sheets look likely to pass irreversible thresholds, locking in substantial sea level rise. The Great Barrier Reef experienced its third bleaching event in five years and coral bleaching alerts were raised in Taiwan - stress reactions to warmer oceans.

There were droughts in Europe and wildfires raged across the world, including Australia, the Arctic (including carbon-rich peatland in Siberia), the Amazon, Angola, the Democratic Republic of Congo, and the Western US from California to Colorado. Primary forest and peatland clearance in Indonesia increased by 50% and Amazonian deforestation by 9.5%.

The instability of Earth's systems played out in severe weather events. The 2020 Atlantic hurricane season was the most active on record, with 30 named storms, and there were major floods all over the world, including China, India, Africa and the UK.

This climate and ecological emergency is already affecting millions of people in the poorest communities around the world and we're pushing ecosystems to critical tipping points. Plans to cut emissions still don't put us

on track to limit heating to 1.5°C, the ambition set in the Paris Climate Agreement (a pledge by 200 countries to reduce emissions). If trends continue, we face a 2.7% global temperature rise this century.

Yet there is hope. This year we spent more time outside for physical exercise, mental health and entertainment, gaining a greater appreciation for nature. Having experienced a pandemic caused by human infringement on the natural world, perhaps we now understand that we're part of nature, not separate from it.

There's been an increase in conversations about climate change, but we need to move beyond words to action. The travel and industrial pause forced by lockdowns caused a 7% decrease in global emissions - a decrease we need every year to 2030. It won't be easy, but we already have many of the solutions. A better future is within our grasp.

Cheers,

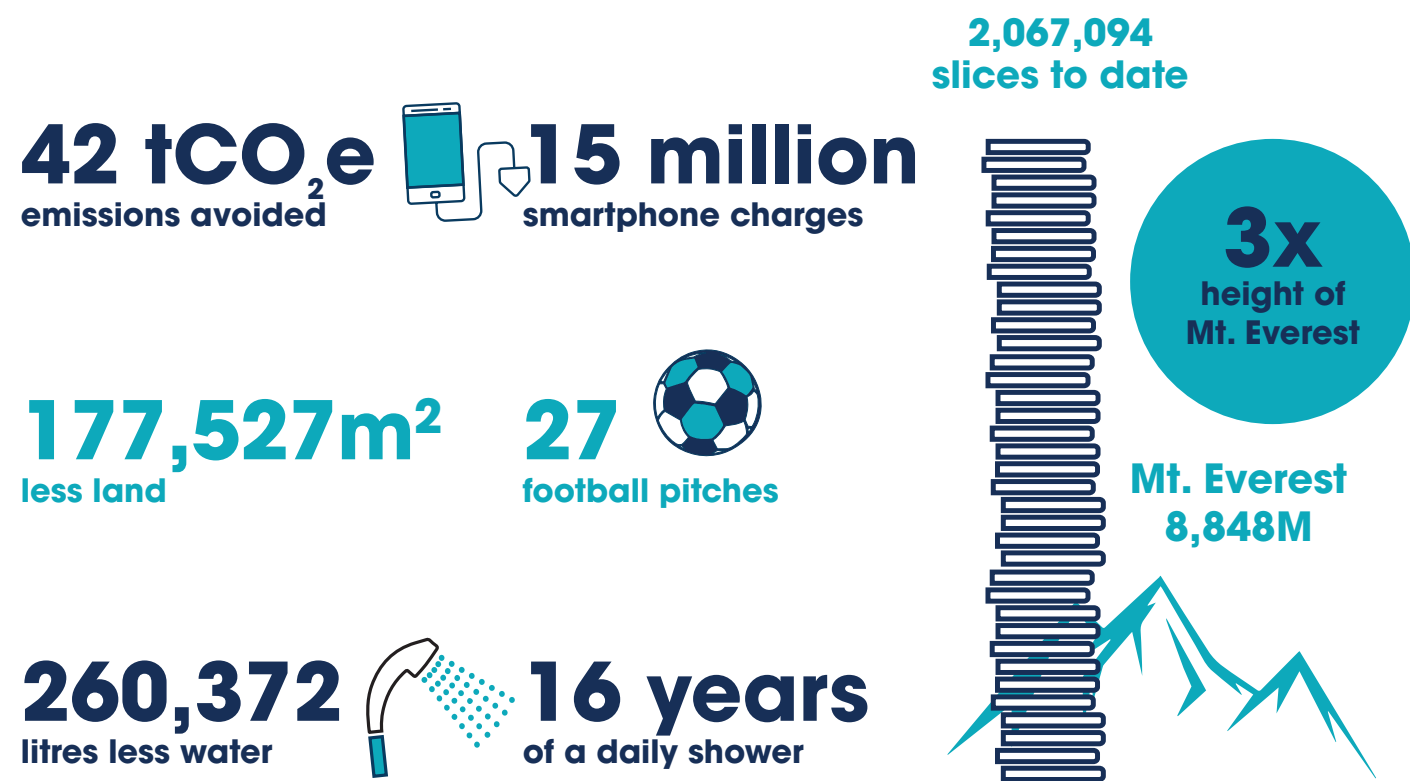
Louisa Ziane

Co-founder & Chief Operating Officer

RAISE A TOAST

We're a circular economy business. We use 30% less malted barley than other beers by brewing with surplus fresh bread. Then our spent grain becomes animal feed and spent hops are composted to return nutrients to the soil.

Preventing food waste and using less barley means we have a smaller footprint on the land, reduce demand for water and prevent carbon emissions.



SAVE THE WORLD

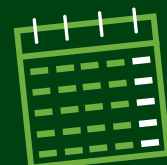
We are changing the drivers of food waste. We donate all our distributable profits (min. of 1% of revenue) to charities fixing the food system.

Our main charity partner is Feedback. In 2020 we also donated to and volunteered our time with charities and community groups redirecting surplus food to feed people during the pandemic.

£48,498
donated to charity to date



157 volunteering
days to charity to date



CHEERS

We inspire change. We produce delicious beers to engage drinkers and use positive messaging to prompt conversations.

We're building a brewing movement to grow our impact without growing our footprint. We collaborate with breweries all over the world to help them use surplus bread and guide a transition to circular brewing. We also open-source a recipe for home brewers to support local community initiatives.



TO THE BREWERS

62 direct collaborations in 10 countries + **53** brewers inspired (approx 2.2 million slices) + **84,000** home brewers (approx 685,000 slices)



TO THE DRINKERS

1.7 million planet-saving pints of Toast enjoyed



TO EVERYDAY CHANGEMAKERS

3.3 million people reached through Social Media + **238** press articles with national reach



A FORCE FOR GOOD

We have designed our business model with people and the planet at its heart.

SOCIAL ENTERPRISE

As a social enterprise, we aim to make a profit like other businesses, but it's the commitment to use those profits to create positive social change that sets us apart.

Our legal constitution specifies that we will donate all distributable profits to charity. This means that we'll retain some profits to grow the positive impact of the business and donate all the remainder (money that other businesses would pay to shareholders as dividends).

CERTIFIED B CORP

We were the first UK brewery to become a certified B Corp and have recertified after three years. It makes us part of a community of businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability.

Our latest verified impact score is **111.8**, a huge improvement on our initial certification of 81. We're hugely proud, but committed to continue to improve.

OUR B CORP PERFORMANCE SCORES:



Certified



Corporation

We are proud to be
using business as
a force for good

UK Year 3 Cohort 2017-20

1 GOVERNANCE

We consider how our decisions will affect ALL stakeholders, not just our shareholders.

When we became a B Corp in 2018, we made this a legal commitment by changing our Articles of Association.

We extended this principal to our shareholders in our 2018 equity raise. Our Equity For Good shareholders must reinvest net capital gains into businesses with an environmental mission. The value we create supports a move to a sustainable and equitable economy.

Our Board reviews our financial performance and progress towards our ultimate Big Hairy Audacious Goal to save 1 billion slices of bread. We're hugely grateful for the support of our incredible non-executive directors who give their time to support our mission.



2 TEAM

Our team is critical to the success of our business and the achievement of our mission. We take our responsibility to them seriously.

We pay above London Living Wage and everyone owns part of Toast through Equity For Good.

Our team is diverse: 50% female, 25% from an underrepresented community. Listening to the Black Lives Matter movement we extended our diversity policies beyond our team e.g. asking digital panels we were invited to speak on to ensure they represented diverse voices.

During the lockdown, we had to furlough five of our team. Mindful of the risk to mental health (despite our fun digital get-togethers), we connected them with charities so they could volunteer to help get food to people who needed it (building on our policy of 2 paid volunteering days per year).



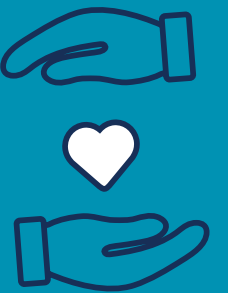
Our team volunteered
883 hours



**Voted #7 top employer
in the Escape 100**

3 CUSTOMERS

Our customers are the lifeblood of our mission. They support us to reduce food waste, reduce the environmental impact of brewing and fund charities working for a better food system.



DIRECT TO OUR DRINKERS

Moving to e-commerce brought us closer to our drinkers and gave us an opportunity to understand their priorities. A survey we conducted told us that whilst taste came first, 82% said it was important that our beer is sustainably produced, that we're tackling food waste and that we have an ethical approach to business.

And so we launched our Rise Up series, brewing great-tasting limited-edition beers in collaboration with other B Corps. Each beer uses surplus bread and ingredients from our partners to tell a story about the impact of our food system on forests, oceans, rivers, soil, biodiversity, climate and people.



SUPPORTING THE TRADE

Hospitality and wholesaler customers were hard hit by the lockdown so we put in measures to support them. Despite our own difficult position, we took back unsold beer and sold it discounted on our webshop or via food surplus apps TooGoodToGo and Karma.

A large order of kegs was cancelled when London ExCeL was converted into an NHS Nightingale Hospital. To avoid wasting the beer, we partnered with sustainable distillery Greensand Ridge and produced a moonshine. We donated £2 from every bottle to charity.



4 COMMUNITY

GIVING BACK DURING THE PANDEMIC

As covid-19 struck, our communities faced two problems: restaurant and pub supply chains with surplus food and people that needed help putting food on the table.

We pivoted to ecommerce and set up a Meal Deal, funding meal provision that also prevented food waste. Everyone who bought a beer or attended our beer masterclasses helped to fund the sourcing, cooking and distribution of a meal.

Cheers to everyone at Food For All, The Vale Kitchen, Alchemic Kitchen, The Gleaners Cafe, Dare to Care and the Horse & Jockey Pub for the incredible work you do.



46,611 meals

were funded by our customers



Covid-19 Contribution Award - 2020 Winner



CALLING FOR SYSTEMIC CHANGE

As a small business our direct impact is limited, but we can drive meaningful change by acting with others. We supported several campaigns advocating for policy change in 2020.



In January we joined **Friends of the Earth** to send an open letter to MPs and ministers. It called for amendments to the Environment Bill to set targets to reduce plastic pollution and waste. In the final Bill, measures were included but it didn't go far enough. We need a binding timetable to phase-out non-essential single-use plastic.



In May we joined the **Green Alliance** calling for a green recovery from covid - a climate-safe, nature-rich, healthy world for all. We set out a vision of a more resilient economy, more space for wildlife and people (including supporting sustainable food, farming and fishing), stronger protection for nature, and a lower collective global footprint on nature.



In September we joined **Business for Nature's** Call to Action urging governments to adopt policies to reverse nature loss in this decade as part of a Global Biodiversity Framework. Healthy societies, resilient economies and thriving businesses rely on nature. We need ambitious, collective action to protect, restore and sustainably use our natural resources.



In October we joined **Feedback** writing to Boris Johnson, urging him to include targets to halve food loss and waste by 2030 as part of our Nationally Determined Contributions (the climate actions we'll commit to at COP26). Food's still not on the agenda and we're still waiting for the postponed consultation on mandatory food waste reporting.

And then we launched our own campaign!

Rise Up demands changes to our food system to meet climate and nature targets. We're releasing limited edition beers with fellow B Corps to raise awareness of the environmental impact of food and inspire positive action. Cans include a QR code navigating drinkers to write to their MP.



5 ENVIRONMENT



CARBON FOOTPRINT

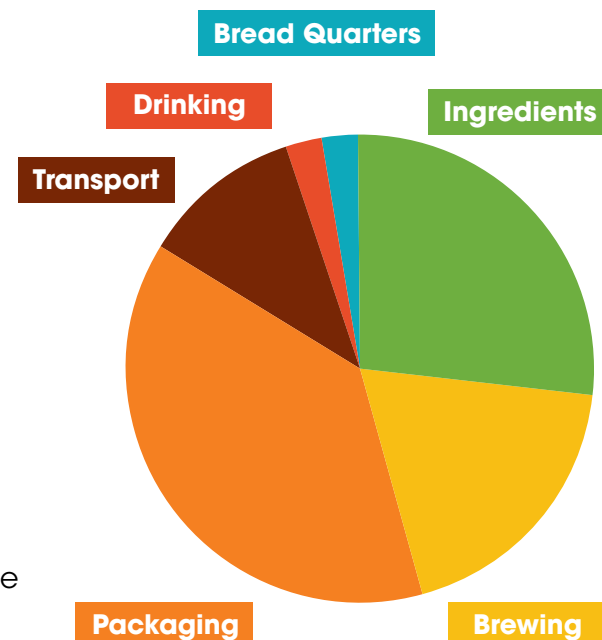
Despite our positive impact, we leave a footprint on the planet. We are measuring, reducing and compensating for our full carbon footprint.

We worked with ClimatePartner to ensure our carbon footprint is aligned with the GHG Protocol (including all Greenhouse Gases and all lifecycle phases scope 1, 2 and 3).

Our total 2020 carbon footprint is 92 tCO₂e.

This includes 4.5 tCO₂e for bread so doesn't recognise the circular nature of our business.

If we also account for 1.2 tCO₂e avoided emissions by preventing surplus bread from being wasted, our net carbon footprint would be **86 tCO₂e**.



27.2%

INGREDIENTS

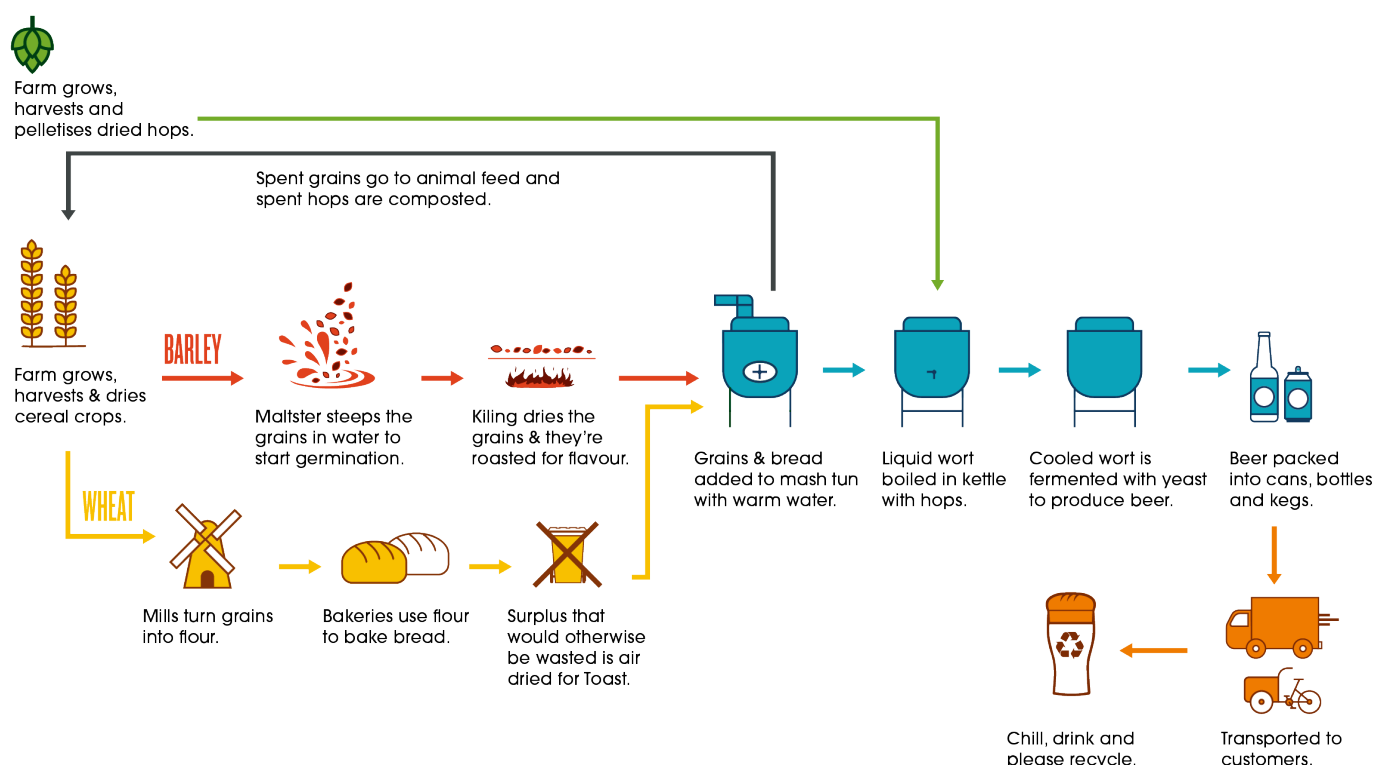
We use five main ingredients to brew our beer: malt, bread, hops, yeast and water.

Malt is the key ingredient in brewing. It affects the colour and flavour of the beer, provides nutrients for the yeast and contains enzymes that break down starches into fermentable sugars to produce alcohol.

However malt is a huge part of the carbon footprint of beer due to the land required to grow barley and because the process of malting is very energy intensive. So we replace some with surplus bread.

In early 2020 we used the leftover heel ends of loaves from Adelie Foods, a packaged sandwich producer. It would otherwise go to Anaerobic Digesters (AD) and be used to produce biogas for fuel and digestate for fertiliser.

In mid-2020 we began working with EF Bakers who produce loaves for wholesale and retail customers. They bake to forecasts which are often different to the final customer order, leaving them with surplus that would otherwise go to landfill.



18.8%

BREWING

We partner with breweries, using their space and equipment to produce our beer. This reduces our land footprint and uses slack in the system (although this is not factored into our carbon footprint). In 2020 our main partner was Hepworth Brewery in Sussex.

During brewing, we use energy to heat liquid during the mash and boil stages, and to cool the beer for fermentation. Heating uses natural gas (though Hepworth also has a beer-source heat pump!) and chilling uses electricity (partly from Solar PV). There's also heat recovery on the chillers to reduce the energy for heating - a clever circular approach.

The fermentation process also releases CO₂ as the yeast converts sugars to alcohol.



38%

PACKAGING

Our beer is packaged in glass bottles, aluminium cans and reusable steel kegs. The carbon footprint depends on what happens to them after use and how much recycled material they contain.

For example, the mining and processing of virgin Bauxite to produce aluminium is very energy intensive, but recycled aluminium is relatively low impact and infinitely recyclable (your recycled can could become a spacecraft component!).

We need to improve recycling of glass and aluminium - we hope the proposed Deposit Return Scheme will foster a more circular economy for packaging.

We use fully recycled and recyclable FSC certified cardboard for packing. In 2020, the volume and weight of boxes increased due to us using more postal safe cases to send beer directly to customers all over the UK.



2.4%

DRINKING

Our beer is stable and can be stored under ambient conditions, but needs to be chilled before drinking so will be refrigerated in people's homes.

Once consumed, the empty packaging is disposed of. Many people can recycle with kerbside collection, but there is no common standard for recycling by Local Authorities.

The UK government has committed to changing this, and is consulting on introducing a Deposit Return Scheme by 2023 to reduce confusion and incentivise recycling.

PLASTIC PACKAGING

In 2020 we reduced single-use plastic to reduce demand for fossil fuels. We removed shrink wrapping from our bottles cases and replaced it with fully FSC recycled and recyclable cardboard boxes. For our Rise Up cans we are trialling a new label material that is made from sustainable wood sources.



11.1%

TRANSPORT

We have a policy against export for environmental reasons so we only distribute within the UK. We can't justify shipping heavy liquid internationally and instead collaborate with incredible breweries all over the world.

We move beer from the brewery to storage and fulfillment partners by road, before it goes out to our customers. During 2020 we partnered with bike couriers PedalMe to distribute to our London-based customers and continued to work with a national distributor for others.



2.5%

BREAD QUARTERS

Our office is usually based at our Bread Quarters at Sustainable Bankside, a co-working space in central London.

However, most of our team worked from home during 2020 (except our brewer) and we all use renewable energy providers for electricity.

For the first time this year we have also included the emissions associated with running our website.

JOURNEY TO NET ZERO

We are committed to be **Net Zero by 2030**. To achieve this we must first reduce emissions in line with the Paris Agreement's 1.5°C limit, and then permanently remove greenhouse gases equivalent to the remaining emissions.

Whilst we make changes to reduce our emissions, we are compensating for our footprint by regenerating UK soil. On a net basis we are carbon neutral, but we will only be truly Net Zero when we've sufficiently reduced our emissions.

We are
CARBON NEUTRAL
by investing in
UK regenerative
agriculture

A. REDUCTIONS

In 2019, we committed to changing business travel to reduce emissions. Lockdown made this simple, and the change in attitudes about travelling for physical meetings will make this an easier permanent shift.

We'll continue to improve our brewing efficiency to get more beer from less ingredients and resources. We've already made huge improvements that aren't reflected in our reporting whilst we test and embed the process.

We will work with our partners to identify opportunities to reduce the energy consumption and direct emissions associated with brewing, packing and moving our beer.

B. REMOVALS

Whilst we work to reduce our carbon footprint, we are investing in nature-based solutions to balance our emissions with removals and build resilience into food supply chains.

We are not buying offsets (read overleaf for our thoughts). Instead we're working with **Soil Heroes** to invest in UK farms on regenerative journeys. Changes they make - which are measured, quantified and verified - will nurture healthy soils that can sequester more carbon and also hold more water and enhance biodiversity. They'll also improve nutrient levels in crops to make our food healthier and tastier.

The science on soil systems is relatively new so this is a collaborative learning journey that will inform policies and practices more widely. We're excited to be working with farmers to build a resilient and restorative farming system that feeds us (and gives us beer) whilst nurturing the planet.



OUR THOUGHTS ON OFF-SETTING

In 2020, environmental performance became a point of competitive advantage with businesses making bold statements that they were carbon neutral or carbon negative. But for many this meant offsetting rather than taking action to reduce emissions.

So what's the problem with offsetting?

The biggest risk is that allows business as usual to continue, or even emissions to increase, by paying for offsets. We are in a climate emergency. We need to reduce emissions and remove carbon from the atmosphere.

There are also issues to do with time horizons (we need to reduce levels of greenhouse gases now), additionality (we need to fund change that wouldn't have happened anyway) and climate justice (we need to address the social injustice of climate change and develop solutions by including voices of marginalised people).

Let's take tree planting schemes as an example.

Forests of diverse species of trees are great for climate, nature and our own health, provided they're located where they will flourish in harmony with local ecosystems and rights of indigenous peoples are respected. But tree planting presents challenges for offsetting.

A tree must live to about 40 years old to absorb 1 tonne of CO₂. So for any tree planting offsets bought today, we have to wait 40 years for the emissions to actually be removed. Unfortunately we will reach tipping points well before then. And this relies on the survival of the forest - many trees planted for offsets were cut down within 15 years. It's hard to adequately monitor all offset projects so it's difficult to guarantee.

Good quality offsets incentivise investment in carbon mitigation and removal projects.

Good quality offsets are based on trees planted (or other measures) with verified carbon removals. The sale of carbon credits - which represent emissions savings that have already occurred (ex-post) or where they will in the future (ex-ante), and are 'retired' so there is no double counting - provide funding for important afforestation projects. Without this capital, projects are vulnerable and at risk of no longer existing.

So the problem is not with (good quality) offsets themselves. But we should be very careful about how we use them and the claims we make in using them so not to mislead people.

We need to preserve existing forest.

Richly biodiverse forests are being destroyed all over the world. By investing to protect existing forests, we can preserve important carbon sinks and the other ecosystem services they provide.

Last year we used a donation to Rainforest Trust UK to support projects to protect ancient forest and balance our 2019 carbon footprint. There is limited funding for NGOs and many forest protection projects also rely on the carbon markets, so we wanted to support their important work.

But protecting particular forests risks pushing demand for land elsewhere.

We need to change the drivers of deforestation.

Food production is responsible for 80% of deforestation (yet 1/3 of food is wasted). This is why our focus has always been on reducing food waste and raising awareness about the environmental impact of our food - meat and dairy is the key cause of deforestation in South America, and palm oil the main driver in Indonesia. If we can change the system we can change the world.

C. BREAKING BREAD, BREAKING BOUNDARIES

Our footprint only tells part of our story. Our bigger impact is in leading a change to a circular economy.

In the UK, 20 million slices of bread are wasted daily. If all UK breweries used just 10% surplus bread in their grain bill, we could halve bread waste to achieve Sustainable Development Goal 12.3. This would also reduce malted barley use, and its environmental impact.

We've worked directly with bakeries and brewers all over the world. For example, in 2020 we used Warburton's wonky crumpets to create new beers (to the delight of crumpet fans).

We're inspiring a movement by sharing our approach. In 2020, Morrisons became the latest UK supermarket to list an own-brand bread beer, Guinness Open Gate Brewery launched a bread beer, and there were new brewery launches in Italy, France, Australia and the US.

We believe collaboration and transparency is key to changing systems.

Our biggest positive impact won't show in analysis of our footprint, but in reducing the footprint of our entire industry.

Here's to change.



Cheers



RAISE A TOAST.

**HERE'S TO THE BAKERS, USING YOUR LOAVES,
CHANGING THE WORLD ONE SLICE AT A TIME.
TO THE BREWERS, GOING AGAINST THE GRAIN,
FERMENTING CHANGE WITH EVERY BARREL.
TO THE LANDLORDS, SERVING THE COMMUNITY,
FIXING THE SYSTEM DOWN THE LOCAL.
TO THE PUNTERS, PUTTING THE WORLD TO RIGHTS,
SAVING THE PLANET OVER A PINT.**

**TO A BEER WITH MORE TASTE
AND A WORLD WITHOUT WASTE.**

Cheers

toastale.com



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