



Group sustainability reporting

» TFL International GmbH – Rheinfelden, Germany
31 December 2022



TFL – Great chemicals. Excellent advice.

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Introduction



The Executive Board of TFL International GmbH is pleased to present its first Group sustainability reporting.

Sustainability is a key strategic theme for TFL and considered to be a driver for growth and value as well as an important element of risk management. In light of the Corporate Sustainability Reporting Directive introduced by the European Union, TFL has decided to early-adopt some of the disclosure requirements. The information provided in this report has been extracted from TFL's consolidated financial statements and group management report as of 31 December 2022 and covers the years 2022 and 2021.

Sustainability reporting is currently developing at top speed at national and international as well as sector-specific levels. TFL endeavours to follow these trends and to continuously develop its sustainability reporting.

We hope that you will find the information provided useful and that the following pages will give you an interesting insight into TFL's sustainability topics.

Rheinfelden, 31 March 2023

TFL International GmbH
Executive Board


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Company overview

TFL International GmbH (the “Company”) and its subsidiaries (collectively “TFL”, the “Group” or “TFL Group”) is a leading provider of products in the leather chemicals industry. Approximately half of the market is supplied by two major companies namely TFL and Stahl. The remaining portion of the market is supplied by many medium and small sized essentially regional players. TFL almost exclusively manufactures and distributes products for the leather industry. A substantial element of TFL’s business model is know-how in chemistry combined with deep application knowledge. In addition, speed of delivery and product availability are key factors in the market.

TFL Group owns operating companies on all continents, apart from Australia and Africa. At the end of the reporting period, TFL Group operates eight production/distribution plants (2021: nine production/ distribution plants) in six countries and eleven entities with sales organizations in eleven countries, and supplies its products to more than seventy countries around the world. The TFL top holding company is located in Rheinfelden, Germany.

Sustainability goals and strategy

According to the Methodological report published by the Platform on Sustainable Finance in March 2022, the manufacturing of leather is an economic activity that supports the transition to a circular economy in the context of the EU taxonomy for sustainable activities. TFL considers responsibly manufactured leather as a sustainable material. Farmers do not raise cattle for their hides to turn into leather as the value of a hide represents only a very small portion of the animal’s total value but raise cattle for their meat or milk. Therefore, hides are a by-product of the meat and milk industry that – if not turned into leather – would result in millions of tonnes of waste every year, going into landfill or being burned. Instead, the hides are “upcycled” and turned into leather, a high-performing, time-less, elegant, versatile and long-lasting material.

The Executive Board considers sustainability as a key strategic theme for the TFL Group and a driver for growth and value as well as an important element of risk management. Sustainability is firmly anchored into the organization. It is not the responsibility of one single function or department but it is the responsibility of each function to address, manage and drive sustainability-related matters.

The TFL Group is
a leading provider of products
in the leather chemicals industry.



Compliant business conduct

TFL has defined the following sustainability goals:

- Completion rate of TFL compliance program by relevant employees of 100% each year
- Reduction of lost time accidents (accident frequency rate = AFR) to < 0.40 per year in 2023 to 2025 and < 0.30 per year in 2025 to 2030 and a long-term AFR of zero
- Reduction of direct and indirect greenhouse gas emissions (scope 1/2) per kg produced of 20% by 2028 and of 50% by 2033 (compared to 2021) and carbon neutrality by 2040
- ZDHC gateway level 3 certified products as a percentage of the global portfolio of 100% each year
- Increase of gross sales of products with a bio-based content of 50% or higher in the global portfolio as a percentage of the Group's gross sales of 2 percentage points each year

Since this is the first year-end that TFL provides sustainability disclosures, the Group will start to report on the progress towards achieving its sustainability goals in its Group management report 2023.

To pursue these goals, the business plan for the upcoming years presented to the Supervisory Board of TFL International GmbH has defined "Sustainability Drive" as a key strategic theme for the upcoming years and contains the following initiatives:

- Boost sustainable recycling concepts to turn tannery waste into products for new applications
- Further reduce energy usage, also by re-assessing the concentrated liquid format vs. powder format product mix, and move to green energy

- Focus R&D activities on innovating new bio-based solutions and on replacing or reducing fossil materials in the existent product portfolio
- Explore partnership options in the areas of chrome-free and biodegradable tanning technology as well as wastewater reduction in tanneries
- Strengthen its external sustainability ratings
- Effectively communicate and explain the sustainability cycle of leather as a material to the industry and to the consumer

Material issues

In 2022, TFL has started to perform a materiality analysis under the double materiality concept. The double materiality concept is based on the fact that an issue can be material from both a financial and a non-financial perspective. It means that on the one hand TFL has to manage the impacts of environmental and social issues on its financial performance and business value. On the other hand, TFL has to manage the impacts of its business activities on people, society and the environment. TFL has identified the following material issues:

- Compliant business conduct
- High-performing employees
- Safe and sustainable production sites
- Sustainable product portfolio
- Purpose-driven industry relations and advocacy activities

The below chapters describe how TFL is addressing these material issues.

TFL's mission is to be a good citizen for society – safe, clean and compliant.

TFL is committed to conducting its business in compliance with all applicable laws and company rules and requires all its managers, employees and third parties to act accordingly. To achieve this, the Group has established a comprehensive Compliance Program aiming at the prevention and detection of violations of law and company rules and, where required, the implementation of corrective measures for the avoidance of future violations.

The Global Compliance Officer is responsible for the overall implementation, monitoring and coordination of the Compliance Program. He plans, performs and supervises regular audits and leads investigations. He has in this respect authority to give instructions to every member of the Compliance Organization, which is comprised by local Compliance Officers in TFL's subsidiaries, the Compliance Committee and the external Ombudsman. The Global Compliance Officer reports to the Executive Board but is independent in performing investigations and audits. In the event of significant compliance violations, management is informed immediately and in detail by the Global Compliance Officer. Additionally, internal audits and external insurance appraisals contribute to the assurance of compliance of the Group.

TFL's Business Conduct Guidelines are the key element of the Compliance Program and an integral component of TFL's corporate culture. They are a set of basic rules of legal, business and ethical standards to which the TFL Group commits. The Business Conduct Guidelines define TFL's social responsibility and represent the standards which management, employees and all contractual partners of the TFL Group shall follow to protect the reputation of TFL as a well-respected company in the market that conducts its business ethically, fair, honestly and in full compliance with all laws and regulations. Amongst other topics, TFL's Business Conduct Guidelines cover anti-corruption, money-laundering, data privacy as well as environmental, competition and labour law. Furthermore, they contain procedural rules that provide concrete directions on business behaviour for topics such as sponsoring, donations and gifts.

All existing employees globally are trained in the Compliance Program and its associated detailed Business Guidelines. New employees are trained as part of their on-boarding through online compliance sessions.

With regards to compliance TFL monitors the following quantitative information:

	2022	2021
Completion of compliance program by relevant employees ⁽¹⁾	100%	99%
Reported allegations of non-compliance including corruption or bribery ⁽²⁾	-	-

(1) Percentage of relevant employees (all TFL employees excluding employees assigned to direct labour cost centres) that have successfully completed the TFL compliance program.

(2) Number of reported allegations of non-compliance (including corruption or bribery) received through whistleblowing channels / the external Ombudsman.



TFL's mission is to be a safe and attractive place to work for its employees.



High-performing employees

TFL's mission is to be a safe and attractive place to work for its employees. Well-qualified and highly-motivated employees as well as effective teaming are the prerequisites for the Group to achieve its financial and non-financial goals. Consequently, TFL is focussing on the following key points:

- Develop talent globally and at all hierarchical levels by providing interesting (cross-border) career opportunities as well as internal and external trainings
- Retain talent by providing competitive compensation (including retirement benefits), career opportunities as well as fostering a good corporate culture
- Boost (cross-functional) teaming and communication through tools such as the inhouse information exchange publication "Staff INsight" which is published quarterly and in 6 different languages
- Increase diversity in terms of gender and age (also considering upcoming retirements and succession planning), meanwhile the Group is already very diverse in terms of nationalities and cultural backgrounds

Employee structure

At the end of 2022, TFL Group employed a total of 1,081 employees that in the following table are broken down by region, gender and age:

	Europe	Asia	Americas	Total
Female	136	95	36	267
Male	391	340	83	814
Total TFL employees	527	435	119	1,081

	Europe	Asia	Americas	Total
Age group < 30 years	43	27	18	88
Age group 30-49 years	212	297	70	579
Age group ≥ 50 years	272	111	31	414
Total TFL employees	527	435	119	1,081



At the end of 2021, TFL Group employed a total of 1,119 employees that in the following table are broken down by region, gender and age:

	Europe	Asia	Americas	Total
Female	130	113	46	289
Male	417	330	83	830
Total TFL employees	547	443	129	1,119

	Europe	Asia	Americas	Total
Age group < 30 years	57	34	20	111
Age group 30-49 years	231	313	72	616
Age group ≥ 50 years	259	96	37	392
Total TFL employees	547	443	129	1,119

The Group uses the services of temporary workers, the majority of them supporting the production operations in India:

	2022	2021
Europe	11	26
Asia	72	104
Americas	5	7
Total temporary workers	88	137

At the end of the reporting period 2022, TFL employed 23 employees with disabilities that in the following table are broken down by region and gender:

	Europe	Asia	Americas	Total
Female	9	–	–	9
Male	12	–	2	14
Total employees with disabilities	21	–	2	23

At the end of the reporting period 2021, TFL employed 22 employees with disabilities that in the following table are broken down by region and gender:

	Europe	Asia	Americas	Total
Female	8	–	–	8
Male	12	–	2	14
Total employees with disabilities	20	–	2	22

Employee compensation

TFL provides market- and performance-oriented remuneration to its employees, also contemplating factors such as responsibility, competences, experience and success. Minimum standards defined in local law and collective bargaining agreements are always considered. Age, gender or cultural background are irrelevant.

The ratio of the annual base salary of the highest paid individual to the median annual base salaries for all employees (excluding the highest-paid individual), as weighted average by subsidiary, was 4.85x in the year 2022 and 4.63x in the year 2021.

On average a remuneration that meets the definition of “fair wage” was paid to 100% of TFL’s employees in 2022 and 87% of TFL’s employees in 2021. In this context “fair wage” is defined as being a remuneration that is above 50% of the average wage in the respective country of the subsidiary.

The percentage of TFL employees that were eligible for social security either through the company or government programmes amounted to 100% in the year 2022 and 99% in the year 2021.

The percentage of total employees covered by “collective bargaining agreements” amounted to 73% in the year 2022 and 71% in the year 2021. In this context “collective bargaining agreements” are defined broadly and include agreements with unions and agreements with official representatives of the employees, such as works councils.



Management body

TFL is operated through a global functional structure and considers as “management body” the Executive Board as well as the functional Global Heads that directly report into the individual members of the Executive Board.

The following table discloses the diversity of the management body in terms of region, gender and age at the end of 2022:

	Europe	Asia	Americas	Total
Female	15%	0%	0%	15%
Male	85%	0%	0%	85%
Total management body	100%	0%	0%	100%

	Europe	Asia	Americas	Total
Age group < 30 years	0%	0%	0%	0%
Age group 30-49 years	15%	0%	0%	15%
Age group ≥ 50 years	85%	0%	0%	85%
Total management body	100%	0%	0%	100%

The following table discloses the diversity of the management body in terms of region, gender and age at the end of 2021:

	Europe	Asia	Americas	Total
Female	15%	0%	0%	15%
Male	85%	0%	0%	85%
Total management body	100%	0%	0%	100%

	Europe	Asia	Americas	Total
Age group < 30 years	0%	0%	0%	0%
Age group 30-49 years	15%	0%	0%	15%
Age group ≥ 50 years	85%	0%	0%	85%
Total management body	100%	0%	0%	100%



Safe and sustainable production sites

The TFL chemical production sites are located in France, Italy, Germany, China, India and Brazil. The major production sites are ISO 14001 certified and several production sites are ISO 45001 certified.

Starting from 1 June 2021, the data presented below includes the acquired organic leather chemicals business from LANXESS.

Health and safety

Health and safety are of the highest priority at TFL. All production plants are subject to comprehensive general risk assessments covering all the risks of the plants, such as fire risk, chemical processing risk, operational risk (e.g. use of forklifts) and environmental risk. The implementation of the preventive measures is regularly checked by internal and external audits. In addition and particularly at its European and Chinese production sites, TFL is subject to significant governmental inspection and approval regimes. TFL operates to these same, high, standards worldwide, which may exceed local norms in some non-European countries. In the years 2022 and 2021 no significant incidents or enforcement actions have occurred at any of TFL's production sites.

Safety management is critical in a high-risk industry such as chemicals. The CEO is responsible for the leadership of safety improvement in the organization, assisted by the Global Head of Production and the Global Head of Engineering and EHS. Together, they set policies and targets, drive improvements through the local teams and measure and track performance. The safety performance is reported to the Executive and Supervisory Board on a monthly basis.

The method for chemical processing risk analysis chosen by TFL is called HAZOP (HAZard and OPerability) and is internationally accepted as the IEC 61882 standard.

TFL operates within the chemical manufacturing industry. The environmental risks for this industry are significant. The most material risk facing TFL is the significant environmental release of hazardous materials from one of the facilities. This would result in negative publicity and enforcement action from the authorities. This action could result in the forced closure of the site concerned, potentially causing business disruption. TFL is experienced in managing those risks and has put in place technical and operational measures such as technical safety reviews, vessel integrity inspections, provision of secondary containment for hazardous material storages and the requirement for trained and qualified operating teams.

In May 2020 TFL engaged a well-known expert consulting company to perform an in-depth review of its environmental, health and safety risks of its production sites, that did not identify any material issues during its assessment. TFL carries out such comprehensive external assessments every 3 to 5 years.

With regards to health and safety TFL monitors the following quantitative information:

	2022	2021
Lost time accidents (accident frequency rate = AFR) ⁽¹⁾	0.38	1.21
Employees covered by safety management system ⁽²⁾	100%	100%

(1) Accidents with lost days / Actual hours worked X 200,000. An accident is an unplanned event resulting in personal injury or illness, combined or not with property damages. Accidents during transport from residence to working place are not taken into account (i.e. only accidents that happen "on the clock"). Accidents that result in at least one day's absence are considered.

(2) The percentage of own employees who are covered by the undertaking's health and safety management system based on legal requirements and/or recognised standards or guidelines.

Energy and CO₂ emissions

The production of leather chemicals can be considered as energy intensive. Since the consumption of energy results in the emission of greenhouse gases, particularly CO₂, TFL has responsibilities regarding climate change and the environment. Both from a responsibility but also from a profitability point of view, the ongoing improvement of its energy efficiency is a key topic for TFL. The Global Head of Engineering and EHS and the Global Head of Production together with his direct reports at the local production sites are responsible for conducting energy reduction projects which often focus on process optimization and energy efficient equipment. It is also their responsibility to ensure that the wider team at the production sites is aware of the importance of energy efficiency so they are able to actively contribute to reducing the energy consumption.

If feasible and economically reasonable, TFL is improving its energy mix towards a higher percentage of renewables. Recent examples include the installation of solar electricity generation panels at its production sites in Hyderabad, India and in Medicina, Italy. The electricity generated by these panels reduces the CO₂ burden for these TFL sites and offsets part of the local electricity cost.

With regards to energy and CO₂ emissions TFL monitors the following quantitative information:

	2022 - kWh	2021 - kWh
Electricity – renewable ⁽¹⁾	415,977	326,763
Electricity – unrenovable ⁽²⁾	15,360,161	14,546,303
Natural gas ⁽³⁾	35,414,716	27,513,628
Fuel – petrol ⁽⁴⁾	3,286,190	4,532,170
Steam ⁽⁵⁾	31,259,916	28,662,239
Compressed air ⁽⁶⁾	967,171	1,028,354
Wood ⁽⁷⁾	4,879,655	6,411,606
Total energy consumption	91,583,786	83,021,063
<i>Energy consumption in kWh per kg of goods produced</i>	<i>0.74</i>	<i>0.61</i>

- (1) Electricity either produced on-site or purchased externally and obtained from a renewable energy source which is an energy source that is capable of being replenished in a short time through ecological cycles or agricultural processes, such as wind, solar, hydro, biomass or geothermal.
- (2) Electricity purchased externally and obtained from a non-renewable energy source which is an energy source that cannot be replenished, reproduced, grown or generated in a short time period through ecological cycles or agricultural processes, such as coal, fuel, gas, oil or nuclear power. This category also includes electricity contracts that do not specify the energy source, in which case the electricity mix is reflected in the conversion factor applied in the CO₂ calculation.
- (3) Natural gas purchased externally, including compressed natural gas or liquefied natural gas.
- (4) Petrol (gasoline) fuel purchase externally. It includes fuel purchased for the production plants but not for cars.
- (5) Steam purchased externally.
- (6) Compressed air purchased externally.
- (7) Energy consumption from wood, such as pallets burned.

	2022 - kg	2021 - kg
Direct greenhouse gas emissions (scope 1) CO ₂ e ⁽¹⁾	7,262,575	6,196,763
Indirect greenhouse gas emissions (scope 2) CO ₂ e ⁽²⁾	10,844,325	10,285,511
Total direct and indirect greenhouse gas emissions (scope 1/2) CO₂e	18,106,900	16,482,274
<i>Scope 1/2 CO₂e emissions in kg per kg of goods produced</i>	<i>0.15</i>	<i>0.12</i>

(1) Conversion factors obtained from Carbon Trust "Energy and carbon conversion factors".

(2) Conversion factors obtained from Carbon Footprint "Country specific electricity grid greenhouse gas emission factors".

Water

Water is a key resource in the production of leather chemicals. Water is used as a solvent within the products, as cooling water and to clean. Since water is a scarce resource, TFL is committed to use it responsibly and reduce the water withdrawal whenever possible. All of TFL's wastewater is going through a water treatment process before it is returned to nature or to the water cycle.

With regards to water TFL monitors the following quantitative information:

	2022 - m ³	2021 - m ³
Tap water - municipal or other utilities ⁽¹⁾	97,936	91,800
Surface water ⁽²⁾	999,214	796,180
Ground water ⁽³⁾	49,355	31,471
Total water withdrawal	1,146,505	919,451
Total once-through water ⁽⁴⁾	998,256	795,074
Untreated wastewater ⁽⁵⁾	–	–
Treated wastewater ⁽⁶⁾	55,202	56,721
Total wastewater discharge	55,202	56,721

(1) Water supplied by municipal water suppliers or other public or private utilities.

(2) Water that occurs naturally on the earth's surface in ice sheets, ice caps, glaciers, icebergs, bogs, ponds, lakes, rivers and streams.

(3) Water that is being held in, and that can be recovered from, an underground formation.

(4) Once-through cooling water and water that is withdrawn and returned as clean water (e.g. from deionized water preparation).

(5) All wastewater that is discharged and that does not meet the definition of "treated wastewater" or "untreated water".

(6) Wastewater that is discharged after having passed through a process of improving the quality of wastewater and converting it into an effluent that can be either returned to the nature or incorporated to the water cycle with minimum environmental issues or that can be reused. This process can either be carried out by TFL on site or by a third-party provider outside TFL's premises.

The difference between the total water withdrawal and the total once-through water and wastewater discharge is due to the introduction of water into sales products, evaporation during production of powder products and use of water for gardening on the sites. The respective volumes are monitored.

Waste

The production process of leather chemicals leads to non-hazardous and hazardous waste. The primary goal is always to avoid waste; however, if this is not possible recycling options are explored. Non-recyclable waste is disposed responsibly.

With regards to waste TFL monitors the following quantitative information:

	2022 - kg	2021 - kg
Non-hazardous waste ⁽¹⁾	945,462	1,308,570
Hazardous waste ⁽²⁾	1,050,492	877,961
Total waste	1,995,954	2,186,531
<i>Thereof recycled ⁽³⁾</i>	35%	43%
<i>Thereof not recycled ⁽⁴⁾</i>	65%	57%

(1) All waste that does not meet the definition of "hazardous waste".

(2) Waste that possesses any of the characteristics contained in Annex III of the Basel Convention, such as being explosive, flammable, toxic or corrosive, or that is considered to be hazardous by national legislation.

(3) Share of total waste that is disposed into a process of converting waste into reusable material.

(4) Share of total waste that is not recycled (e.g. disposed through incineration, landfilling).



Health and safety are of the highest priority at TFL.





Product safety is
a key element of TFL's
risk management.



Sustainable product portfolio

Product safety

Product safety is a key element of TFL's risk management. Chemical safety legislation and rules are continually tightening, examples applicable to TFL include the Restricted Substances List ("RSL") from customers, Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") in Europe, new REACH-like legislation in many other countries (such as Turkey and South Korea) and the Toxic Substances Control Act ("TSCA") in the USA. The legislation and rules are fragmented, specific to certain customers and differ across the world. Additional complexity is coming from the multiple step nature of the value chain in which TFL's products are used and the requirement for TFL to assure chemical safety and the absence of contaminants through the value chain in multiple uses and multiple locations. TFL makes a significant effort to assure and prove the safety of all its products. Additionally, TFL monitors regulatory activities closely and constantly updates its products to remove substances of concern where necessary.

The REACH regulation will continue to develop in the chemical industry. All of TFL's current products made or sold in Europe are registered as required to ensure TFL's long-term market potential, especially in the field of its core competences. In 2022 TFL continued intensifying the work in the SIEF ("Substance Information Exchange Forums") which started in 2010. For each individual substance, the corresponding SIEF arranged and analysed the tests required for registration. TFL submitted the required REACH registration dossiers for the substances which accounted for sales of 100 to 1,000 tons per year for registration by end of 2013. All other substances have been

registered by the end of May 2018. Registrations for new materials for future sale and follow-up of current registrations remains a significant activity for TFL.

TFL is an active contributor to the Zero Discharge of Hazardous Chemicals ("ZDHC"). The Roadmap to Zero program of the ZDHC is the world leading initiative to guide value chains in the fashion industry towards the use of safer chemistry. With its Manufacturing Restricted Substances List ("MRSL") it sets a standard in the industry. The MRSL lists more than 150 chemicals to eliminate from intentional use in chemical products utilized for leather manufacture. TFL holds the ZDHC certifications of Level 1 and Level 2 which validates TFL as one of the few suppliers whose entire product portfolio is MRSL compliant. Additionally, and as one of the first companies in its industry, TFL achieved the highest ZDHC certification of Level 3 for its manufacturing plants and products. The Level 3 certification validates TFL's processes in all major aspects of sustainable chemicals manufacture, such as: management control, product stewardship practices, raw materials selection and assessment, chemical manufacturing with regards to EHS, and communication of safety relevant information to customers and brands. The ZDHC certifications are a strong recognition of TFL's commitment to deliver the highest levels of product safety and sustainability in the industry.

At the end of the year 2022, 88% of TFL's global product portfolio has achieved the ZDHC Gateway Level 3 certification. Re-certification is currently ongoing and is planned to be completed in the third quarter of 2023 with then over 98% of the portfolio being in scope of the certificate.



Innovation for TFL is a core element to safeguard the leather business for a regenerative future.

Product innovation

Innovation for TFL is a core element to safeguard the leather business for a regenerative future. New business developments require new thinking outside of the traditional box. TFL provides the room and the resources internally as well as is open to expand in new, sustainable business ideas, as long as they are not in conflict with the leather industry. TFL has set up partnerships to develop new material solutions based on natural sources and offers the tanning industry as a solution provider recycling- and upcycling technology concepts to generate value out of the by-products of the leather manufacturing process. TFL has the strong believe, that the focus on regenerative business concepts also opens up many new business opportunities for the leather industry.

One example of TFL's sustainable product portfolio is MAGNOPAL® Pure A launched in 2020, an environmental-friendly, film-forming bio-polymer based on vegetable biomass. It is produced with sustainable chemistry and therefore free of acrylates, formaldehyde, phenol and naphthalene. It has not only been designed to substitute fossil fuel-based polymers, but also offers interesting, economic application features for a wide range of different leather articles. MAGNOPAL® Pure A is a primary ingredient of the wet-end process.

A case to illustrate TFL's efforts towards a circular economy is the modular plant concept ReeL (resource-efficient manufacture of leather chemicals), a sustainable recycling concept for tanneries. It is used for recycling shavings from leather production in the tannery directly on-site and using these to produce X-Biomer retanning agents fully automatically. This approach com-

pletely eliminates any of the costs involved in transporting the materials to recycling companies or for disposal.

In order to enable both TFL's technicians and TFL's customers to choose the right products with the right performance and bio content for their articles, TFL has put together a whitelist, which features all TFL products that contain renewable raw materials. A considerable number of wet-end products contain high amounts of renewable components. The natural sources may derive from animal-based protein hydrolysates to improve filling, vegetable based rape seed and lecithin oils for softening the leather and cellulose to produce biopolymers with excellent tightening effects. Finishing products contain natural components like caseins, natural oils, waxes and nitrocellulose. Sugars which derive from e.g. corn starch are one important group of renewable raw materials which are used in polyurethane dispersions or in isocyanate crosslinkers. This relatively new technology now enables the leather industry to develop not only elegant and classic casein- and polishing finishes but also high-performance leather articles like automotive leather. In addition to the whitelist, TFL has also developed a calculation tool which automatically calculates the renewable bio content of each recipe depending on the application rates. TFL expects that these tools provide transparency of the true bio content of leather and lead to a better understanding of leather as a sustainable material.

At the end of the year 2022 the whitelist contains 98 products with a bio-based content of 50% or higher. In the year 2022 the products with a bio-based content of 50% or higher accounted for 4% of the Group's revenue.



Purpose driven industry relations and advocacy activities

As one of the leading manufacturers of leather chemicals in the world in a very fragmented leather market with many medium and small sized players, TFL believes that production of natural and sustainable leather will have a great future if everyone in the extended supply chain works together towards this common goal. TFL acknowledges the significant role it has within the leather community and strongly believes that an active involvement in several industry associations is the best way to form a strong “sustainability industry alliance”.

TFL is an active member in the Leather Working Group (“LWG”), a not-for-profit organisation responsible for the world’s leading environmental certification for the leather manufacturing industry. The LWG has over 1,300 members from the entire leather supply chain, including brands, retailers, traders, tanneries, manufacturers and suppliers of chemicals, machinery and testing. The LWG has defined industry standards and audit tools to assess the environmental performance of leather manufacturing facilities. Furthermore, the LWG performs audits of leather manufacturing facilities and provides certification if the industry standards are met. The LWG’s Executive Committee has nine members, thereof four representatives of audited leather manufactures, four representatives of brands and one representative of suppliers. Since April 2021, a TFL senior manager is the supplier representative in the LWG’s

Executive Committee which evidences TFL’s very strong engagement in the organization.

TFL supports and is a member in Leather Naturally, a not-for-profit industry organization that focuses on education and the promotion of the use of globally-manufactured sustainable leather and seeks to inspire and inform designers, creators and consumers about its beauty, quality and versatility. Leather Naturally strongly believes that leather responsibly manufactured through efficient and modern processing techniques is a valuable alternative for oil-based products such as plastics (e.g. PVC, Polyester). Furthermore, Leather Naturally supports best practices towards a circular economy in the leather manufacturing process. TFL is deeply involved in the Leather Naturally organization, as two TFL senior managers hold positions in their Supervisory Board and are Directors of its Management Board.

TFL in addition is one of the founding members and supporters of One4Leather, a special industry campaign focussing on the use of leather in automotive interior applications.

In addition to these major industry initiatives, TFL is a member and supports financially many local industry associations around the world that work towards the common goal of responsible chemical production and natural and sustainable leather manufacturing.

Disclaimer

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An active involvement in several industry associations is the best way to form a strong “sustainability industry alliance”.

