



Group Sustainability Reporting

TFL International GmbH – Rheinfelden, Germany
31st December 2024



TFL – Great chemicals. Excellent advice.



Sustainability is
a key strategic theme
for TFL.



Contents

TFL at a glance in 2024	4
Introduction	5
Company overview	
→ Sustainability goals and strategy	7
→ Material issues	8
Business conduct	9
Employees	
→ Employee structure	11
→ Employee compensation	14
→ Management body	15
Health and safety	16
Production sites	
→ Energy and CO ₂ emissions	18
→ Water	20
→ Waste	21
Product portfolio	
→ Product safety	23
→ Product innovation	25
Industry relations and advocacy activities	26

TFL AT A GLANCE IN 2024

EMPLOYEES

914

♀♂ 25% female
75% male



PRODUCTION
SITES

COMPLETION RATE
OF TFL COMPLIANCE
PROGRAM

100%



CO₂ (SCOPE 1 / 2)
EMISSIONS
DOWN

-21%

LEVEL 3
ZDHC- CERTIFIED
RELEVANT PRODUCTS

Ø ZDHC
100%



TOTAL
WATER
WITHDRAWAL

-40%

INCREASED REVENUE
WITH PRODUCTS
WITH BIO-BASED
CONTENT OVER 50%



0%

-31%



ENERGY
CONSUMPTION
DOWN

ACCIDENT
FREQUENCY
RATE

0.34





Introduction



The General Managers of TFL International GmbH are pleased to present the third Sustainability Reporting of TFL Group,

Sustainability is a key strategic theme for TFL and is widely seen as a driver for growth and value as well as an important element of risk management. Considering the Corporate Sustainability Reporting Directive introduced by the European Union, TFL has decided to adopt some of the disclosure requirements early. The information provided in this report has been extracted from TFL's consolidated financial statements and group management report as of 31st December 2024 and covers the years 2024 and 2023.

Sustainability reporting requirements are currently changing at national, international, and sector-specific levels. TFL is monitoring these developments closely.

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, 27th February 2025

TFL International GmbH
General Managers (Geschäftsführer)

David Blatch

Henrik Pedersen

Marc Schebben



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





Company overview

Sustainability goals and strategy

According to section “5. Services” of Annex II of the Environmental Delegated Act (i.e. Climate Objective 4, “The Transition to a Circular Economy”), 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 tons of waste every year, going into landfills or being burned. Instead, the hides are “upcycled” and turned into leather, a high-performing, timeless, elegant, versatile and long-lasting material. Sustainably manufactured process chemicals that enable a resource-efficient tanning process and competent advice on how to employ those chemicals are crucial factors, and this is where the TFL Group has its role.

The C-Suite 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 any single function or department, but it is the responsibility of all functions to address, manage and drive sustainability-related matters.

In the year 2022 TFL has defined the following sustainability goals:

- ➔ Completion rate of the 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 2026 to 2030 and a long-term AFR of zero
- ➔ Reduction of direct and indirect greenhouse gas emissions (scope 1/2) per kg produced by 20% until 2028 and by 50% until 2033 (compared to 2021) and carbon neutrality until 2040
- ➔ ZDHC gateway level 3 certified products as a percentage of the relevant 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

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 shift to green energy
- ➔ Focus R&D activities on innovating new bio-based solutions and on replacing or reducing fossil materials in the existing 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 to the industry and the consumer the sustainability cycle of leather as a material

Material issues

TFL has started to perform a materiality analysis under the double materiality concept in 2022. 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
- ➔ Health and safety
- ➔ 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 supports the United Nation’s Sustainable Development Goals (“SDGs”) and evaluates its contributions to achieving them. TFL has identified the key SDGs for the Group and has included references in the below chapters.

In the year 2023, TFL was awarded the EcoVadis silver medal for its sustainability management system, ranking within the top 25% of assessed companies. This shows an improvement compared to the bronze medal achieved in its prior assessment. A reassessment has been submitted at the end of 2024 and is currently under evaluation by EcoVadis.



Business conduct

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 of local Compliance Officers in TFL's subsidiaries, the Compliance Committee and the external Ombudsman. The Global Compliance Officer reports to the C-Suite but is independent in performing investigations and audits. In the event of significant compliance violations, the Global Compliance Officer informs management immediately and in detail. 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 that 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, and 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, 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 onboarding through online compliance sessions. In doing so, TFL contributes to SDG 16 – Peace, Justice and Strong Institutions.

Concerning compliance, TFL monitors the following quantitative information:

	2024	2023
Completion of compliance program by relevant employees ⁽¹⁾	100%	100%
Reported allegations of incompliance 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 incompliance (including corruption or bribery) received through whistleblowing channels / the external Ombudsman.

TFL's goal of a completion rate of the compliance program by relevant employees of 100% each year has been achieved in 2024.



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



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 focusing 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 training
- 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
- 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 2024, TFL Group employed a total of 914 employees, in the following table broken down by region, gender and age:

	Europe	Asia	Americas	Total
Female	114	80	30	224
Male	280	328	82	690
Total TFL employees	394	408	112	914

	Europe	Asia	Americas	Total
Age group < 30 years	35	27	16	78
Age group 30–49 years	174	264	62	500
Age group ≥ 49 years	185	117	34	336
Total TFL employees	394	408	112	914

At the end of 2023, TFL Group employed a total of 1,017 employees, in the following table broken down by region, gender and age:

	Europe	Asia	Americas	Total
Female	129	91	33	253
Male	349	334	81	764
Total TFL employees	478	425	114	1,017

	Europe	Asia	Americas	Total
Age group < 30 years	42	34	18	94
Age group 30–49 years	215	300	68	583
Age group ≥ 49 years	221	91	28	340
Total TFL employees	478	425	114	1,017

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

	2024	2023
Europe	9	5
Asia	85	76
Americas	1	4
Total temporary workers	95	85

At the end of the reporting period 2024, TFL employed 19 employees with disabilities, in the following table broken down by region and gender:

	Europe	Asia	Americas	Total
Female	7	0	0	7
Male	12	0	0	12
Total employees with disabilities	19	0	0	19

At the end of the reporting period 2023, TFL employed 19 employees with disabilities, in the following table broken down by region and gender:

	Europe	Asia	Americas	Total
Female	7	0	0	7
Male	12	0	0	12
Total employees with disabilities	19	0	0	19





Employee compensation

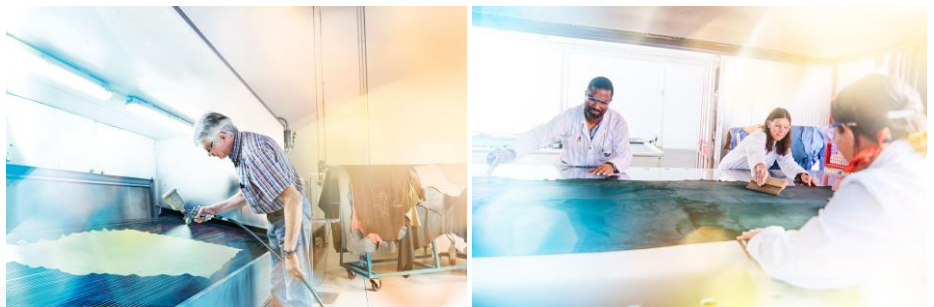
TFL provides market- and performance-oriented remuneration to its employees, also contemplating factors such as responsibility, competencies, experience and success. Minimum standards defined in local law and collective bargaining agreements are always considered. Age, gender or cultural background are irrelevant. In doing so, TFL contributes to SDG 8 – Decent Work and Economic Growth and SDG 10 – Reduced Inequalities.

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 5.53x in the year 2024 and 5.24x in the year 2023.

On average a remuneration that meets the definition of “fair wage” was paid to 100% of TFL’s employees in 2024 and 2023. 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 programs amounted to 100% in the years 2024 and 2023.

The percentage of total employees covered by “collective bargaining agreements” amounted to 72% in the year 2024 and 73% in the year 2023. 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 since 2024 considers as management body the corporate senior leadership team (CSLT). Before 2024, the management body included the Executive Board as well as the functional Global Heads that directly report to 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 2024:

	Europe	Asia	Americas	Total
Female	8%	0%	0%	8%
Male	84%	8%	0%	92%
Total TFL employees	92%	8%	0%	100%

	Europe	Asia	Americas	Total
Age group < 30 years	0%	0%	0%	0%
Age group 30–49 years	8%	0%	0%	8%
Age group ≥ 49 years	84%	8%	0%	92%
Total TFL employees	92%	8%	0%	100%

The following table discloses the diversity of the management body in terms of region, gender and age at the end of 2023:

	Europe	Asia	Americas	Total
Female	15%	0%	0%	15%
Male	85%	0%	0%	85%
Total TFL employees	100%	0%	0%	100%

	Europe	Asia	Americas	Total
Age group < 30 years	0%	0%	0%	0%
Age group 30–49 years	8%	0%	0%	8%
Age group ≥ 49 years	92%	0%	0%	92%
Total TFL employees	100%	0%	0%	100%



Health and safety

Health and safety are of the highest priority at TFL worldwide.

All of TFL's areas, offices, application centres, laboratories and production sites are subject to comprehensive general risk assessments covering all the risks, such as fire risk, chemical 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 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 the years 2024 and 2023, no significant incidents or enforcement actions have occurred at any of TFL's sites.

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

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. The results of the risk identification and assessments are documented and used for the development of EHS objectives, plans and risk control measures. TFL also uses these results to create and update standard operating procedures for routine tasks. For non-routine tasks, the TFL management system requires work permits to be issued, confirming recognition and control of risks for all work performed.

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.

Concerning the supply chain, TFL aims to minimize risk at all stages in the shipping process— from loading right through transportation to unloading. TFL takes special care when shipping dangerous goods. Moreover, safety standards for especially dangerous products and raw materials go beyond the regulations for such substances.

Over the long term, TFL aims to prevent all workplace accidents and work-related occupational diseases. For this reason, TFL regularly analyses the accident rate by site as well as by region and type of accident.

Regarding health and safety TFL monitors the following quantitative information:

	2024	2023
Lost time accidents (accident frequency rate = AFR) ⁽¹⁾	0.34	0.17
Fatal accidents	-	-
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.

TFL's goal of an accident frequency rate below 0.40 per year from 2023 to 2025 was achieved in 2024.



Production sites

The TFL chemical production sites are located in France, Italy, China, India and Brazil. All major production sites are ISO 9001 certified; most production sites are ISO 14001 certified, and several production sites are ISO 45001 certified.

Energy and CO₂ emissions

The production of leather chemicals can be considered 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 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 can actively contribute to reducing energy consumption.



Sustainability is present in the daily life of the production sites. Sustainability begins with the conception of new products where the sequence of production steps and their process variables are planned, considering the greatest possible optimization and the best technical use of the equipment. Planning the correct sequence of heating, cooling and chemical reactions directly impacts the reduction of necessary natural resources. Positive impacts are achieved by critically thinking about the daily planning of production batches, by reducing activities that do not add value and by optimizing the resources used according to the principles of lean manufacturing. Further positive impacts are achieved by smart designs of new equipment or technical improvements to current equipment. The equipment is planned or resized taking into account state-of-the-art monitoring and control technologies, aiming to optimize the energy consumption in kWh per kg of goods produced.

Where practicable and economically reasonable, TFL is improving its energy mix towards a higher percentage of renewables. The use of sustainable energy sources such as solar energy contributes positively to the reduction of CO₂ emissions. The replacement of all site lamps with LED technology, the continuous maintenance of thermal insulation lines and the replacement of obsolete equipment such as large compressors with optimized equipment demonstrate the strong sustainability focus of TFL's investments. Other examples of actions related to reducing CO₂ emissions are the application of virtual modelling techniques to optimize temperatures and process speeds in spray-dryer equipment across several production sites and the use of modern fuels to generate steam with less environmental impact at the Brazilian plant. Thinking outside the box and critically reviewing all energy sources necessary for production processes has led the TFL production sites to constantly reduce their energy consumption per kg of goods produced.

Therefore, TFL contributes to SDG 7 – Affordable and Clean Energy and to SDG 13 – Climate Action.

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

	2024 - kWh	2023 - kWh
Electricity – renewable ⁽¹⁾	74,272	86,826
Electricity – unrenewable ⁽²⁾	10,885,130	13,678,200
Natural gas ⁽³⁾	11,071,528	19,883,885
Fuel – petrol ⁽⁴⁾	2,916,015	3,787,791
Steam ⁽⁵⁾	17,809,659	26,361,880
Compressed air ⁽⁶⁾	428,465	615,168
Wood ⁽⁷⁾	5,478,090	5,797,982
Total energy consumption	48,663,159	70,211,732
<i>Energy consumption in kWh per kg of goods produced</i>	<i>0.42</i>	<i>0.61</i>

- (1) Electricity produced on-site 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 sites but not for cars.
- (5) Steam purchased externally.
- (6) Compressed air purchased externally.
- (7) Energy consumption from wood, such as pallets burned.

	2024 - kg	2023 - kg
Direct greenhouse gas emissions (scope 1) CO ₂ e ⁽¹⁾	2,728,897	4,539,223
Indirect greenhouse gas emissions (scope 2) CO ₂ e ⁽²⁾	8,917,678	9,790,977
Total direct and indirect greenhouse gas emissions (scope 1/2) CO₂e	11,646,575	14,330,200
<i>Scope 1/2 CO₂e emissions in kg per kg of goods produced</i>	<i>0.10</i>	<i>0.13</i>

- (1) Conversion factors obtained from the UK Department for Energy "Government GHG Conversion Factors for Company Reporting".
- (2) Conversion factors obtained from Carbon Footprint "Country specific electricity grid greenhouse gas emission factors".

In 2024 TFL has reduced scope 1/2 CO₂e emissions in kg per kg of goods produced by 21% compared to 2023. This significant reduction is primarily the result of the closure of the production site in Leverkusen, Germany, by the end of 2023. TFL's goal to reduce emissions by 20% until 2028 compared to 2021 has resulted in a 2024 target of 0.11 scope 1/2 CO₂e emissions in kg per kg of goods produced. Therefore, TFL has exceeded its 2024 target by 11%, achieving a greater reduction in emissions than originally aimed for.

The energy and CO₂ emissions presented above relate to the TFL production sites. Offices and laboratories are not included under materiality considerations.



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 using it responsibly and reducing water withdrawal whenever possible. All of TFL's wastewater goes through a water treatment process before it is returned to nature or to the water cycle. By strictly following this process, TFL contributes to SDG 6 – Clean Water and Sanitation.

	2024 - m ³	2023 - m ³
Tap water - municipal or other utilities ⁽¹⁾	84,719	84,888
Surface water ⁽²⁾	426,852	791,366
Ground water ⁽³⁾	38,487	39,242
Total water withdrawal	550,058	915,496
Total once-through water ⁽⁴⁾	425,321	781,325
Untreated wastewater ⁽⁵⁾	-	-
Treated wastewater ⁽⁶⁾	41,971	66,491
Total wastewater discharge	41,971	66,491

⁽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 nature or incorporated into 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 of responsibly.

Regarding waste, TFL monitors the following quantitative information:

	2024 - kg	2023 - kg
Non-hazardous waste ⁽¹⁾	2,121,086	1,286,556
Hazardous waste ⁽²⁾	1,978,718	982,080
Total waste	4,099,804	2,268,636
<i>Thereof recycled ⁽³⁾</i>	<i>34%</i>	<i>34%</i>
<i>Thereof not recycled ⁽⁴⁾</i>	<i>66%</i>	<i>66%</i>

(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).

Non-hazardous waste increased in 2024 compared to the prior year mainly due to the one-time disposal of accumulated briquette ash at TFL's production site in Hyderabad, India.

Hazardous waste increased in 2024 compared to the prior year mainly due to the one-time disposal of damaged inventories as a consequence of severe flooding that significantly impacted TFL's production site near Porto Alegre in southern Brazil in the first week of May 2024.



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



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 and brands, 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 competencies. In 2024 TFL continued its work for the SIEF ("Substance Information Exchange Forums") which it 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 the 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 remain a significant activity for TFL, not only in Europe but also in other countries that have already or are currently implementing REACH-like registries, such as Korea, Taiwan, Turkey or the UK.

TFL is an active contributor to the Zero Discharge of Hazardous Chemicals ("ZDHC") initiative. The Roadmap to Zero program of the ZDHC is the globally 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 is certified by a ZDHC-approved service provider for compliance with the absence of MRSL substances in all gateway-listed products. Additionally, TFL is preparing to move into the "progressive" level of certification, providing advice on the RSL impact of the products, technical support on use and planning a hazard rating to simplify the selection of safer products. The certification validates TFL's processes in all major aspects of sustainable chemical 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 delivering the highest levels of product safety and sustainability in the industry.



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





At the end of the year 2022, 88% of TFL's relevant global product portfolio has achieved the ZDHC gateway level 3 certification. Re-certification has been completed in the year 2023 and 100% of the relevant portfolio in the scope of the certificate is approved and published in the ZDHC gateway.

By following this certification process, TFL contributes to SDG 12 – Responsible Consumption and Production.

Product innovation

Innovation is integral to TFL's mission, ensuring a sustainable future for its customers. TFL has formed successful partnerships with suppliers of new and natural raw materials to strengthen this sustainable path. As leather is a natural by-product, it is logical for TFL to increase the utilization of other natural materials from various industries. TFL recognizes the importance of sustainability and has developed and launched valuable products that meet the needs and demands of customers.

TFL has proactively integrated sustainability initiatives into various events worldwide. The efforts to raise global awareness have included showcasing TFL's fashion collection, advertising, and producing podcasts. TFL has presented its concept and sustainable solutions at international and local events such as The All-China Leather Exhibition ("ACLE"), The India International Leather Fair ("IILF"), held workshops for the Asia Pacific region at TFL's facilities in Changzhou, China, and presented at The American Leather Chemists Association ("ALCA"). In addition,

TFL offers individual presentations with a focus on sustainability for major customers through webinars or on-site meetings.

TFL, the leading supplier of chemicals for natural leather, has already launched several innovative products in both the wetend and finishing sectors. Here TFL clearly identifies any product, whether wetend or finishing, with a renewable content of a minimum of 50% with a "PURE" name. TFL has developed a unique IT tool that allows customers to easily calculate the bio content of leather, removing any guesswork. This tool has been highly appreciated by tanneries.

At the end of the year 2024, TFL's portfolio contains 114 products (2023: 116 products) with a bio-based content of 50% or higher. In the year 2024, the products with a bio-based content of 50% or higher accounted for 4.2% (2023: 4.3%) of the Group's revenue. TFL's goal to increase this percentage by 2 percentage points each year resulted in a 2024 target of 6.3%. The percentage has reduced by 0.1 percentage points compared to the prior year and is 2.1 percentage points behind target. TFL was not able to achieve the ambitious target in 2024 since the challenging business environment for leather continued to limit the tanneries' willingness and ability to change to innovative products.



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 the 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 active involvement in several industry associations is the best way to form a strong “sustainability industry alliance”. In doing so, TFL contributes to SDG 17 – Partnerships for the Goals.

TFL is an active member of 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 manufacturers, four representatives of brands and one representative of suppliers. Since April 2021, a TFL senior manager has been 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 of 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.

TFL in addition is one of the founding members and supporters of One4Leather, a special industry campaign focusing on the use of leather in automotive interior applications. Furthermore, TFL strongly supports the “Is it Leather?” campaign, an international consumer awareness initiative aimed at promoting real leather and its many benefits as a high-quality material worth protecting. In this way, TFL wants to reach consumers around the world with its pro-leather message and highlight the growing problem of confusing advertising for artificial leather alternatives.

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

Disclaimer

The information contained in this document (the “Information”) has been compiled by TFL International GmbH and its subsidiaries (“TFL”) to assist interested parties in making their own evaluation of TFL and does not purport to contain all of the information that an interested party may desire. In all cases, interested parties should conduct their own investigation and analysis of TFL and the data set forth in the Information. The Information is unaudited.

TFL makes no representations or warranties, express or implied, as to the accuracy or completeness of the Information. TFL makes no representations or warranties, express or implied, as to the accuracy or completeness of any other written or oral communications in relation to the Information or transmitted to the recipient in the course of its evaluation of TFL. The Information contains certain statements, estimates and projections by TFL with respect to TFL's anticipated future performance. Such statements, estimates and projections have been prepared by the management of TFL and involve significant elements of subjective judgment and analysis, including assumptions by TFL concerning anticipated results from operations, infusion of any necessary operating capital, adequacy of personnel, expertise at all levels of operations, including management, and a firm dedication to attain growth and prosperity, which assumptions may or may not prove to be correct. Furthermore, the Information cannot anticipate the impact of other factors, including economic, socioeconomic and political, which might thwart expectations. No representations or warranties are made as to the accuracy or completeness of any such statements, estimates or projections. Delivery of this Information is neither an offer to sell nor a solicitation to buy securities in TFL and should not form the basis of an investment decision. Any recipient or other person who receives this Information agrees to be bound by this Disclaimer and, accordingly, assumes any and all risks associated with using the Information for whatever purpose and verifying the truth, completeness and accuracy of any and all matters contained herein. Such parties hold harmless and expressly indemnify TFL and its affiliates against any and all liability arising from or related to the recipient's breach of any of its undertakings hereunder.



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



www.tfl.com