

Environment, Social, Governance (ESG) Policy Statement

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Preamble

At Royal Smit & Zoon, we collectively embrace the concept of sustainability. To us, being sustainable means simultaneously creating value along three dimensions: human, environmental and economic. In other words, it means a commitment to meeting the triple bottom line of People, Planet and Profit. It is this triple bottom line that forms the framework for this Environment Social Governance (ESG) Policy Statement.

At the heart of our strategy is ensuring the continuity of the company, a family owned business, building on its rich history (since 1821) acknowledging and stimulating that 'every drop makes a difference'. In this context, 'taking care of the next generation' is not only relevant in the family setting, but it is also something that will speak to all our customers, industry partners and stakeholders.

For us, compliance to the laws of the countries where we operate is essential but not enough. Our mission is: 'to create a socially and environmentally sustainable leather value chain'. Our ESG strategy focuses on five United Nations Sustainable Development Goals (UN SDG's), being: 6) Clean water & Sanitation; 8) Decent work & economic growth; 12) Responsible consumption & production; 13) Climate Action; 17) Partnerships for the Goals.

With '17 Partnership for the Goals' we label our activities to take initiatives with supply chain organizations, NGO's, sustainability initiatives and with other stakeholders to accelerate ESG developments in our value chains inside and outside our company.

In our annual ESG report, that can be found on our website (<https://www.smitzoon.com/en/>), we communicate our ESG progress.

Purpose of this document

The Royal Smit & Zoon ESG Policy Statement lays out the principles that guide us in everything we do to help us achieve our mission. It has an umbrella function for, among other things:

- Royal Smit & Zoon Safety, Health and Environment Policy
- Trade Control Compliance
- Competition Law Compliance
- Royal Smit & Zoon Business Partner Code of Conduct
- Royal Smit & Zoon Employee Code of Conduct

Our target principles are:

Human Rights:

Royal Smit & Zoon acknowledges and embraces the responsibility on human rights across its own business operations, its relationships with other businesses and the communities in which it operates. Royal Smit & Zoon respects the human rights of all people affected by its operations, products or

services or those of its business partners. Therefore, Royal Smit & Zoon has given its commitment to respect human rights as laid down in the:

- Universal Declaration of Human Rights;
- International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

Moreover, Royal Smit & Zoon adheres to the expectations of companies expressed in:

- The Ethical Trading Initiative Base Code;
- The Responsible Care Global Charter.

In cases where the implementation of these international standards is restricted by national law, Royal Smit & Zoon will look for opportunities to adhere to the underlying principles as described in the listed standards.

Royal Smit & Zoon engages with its stakeholders to identify and address human rights concerns. Special attention is given to certain stakeholder groups such as Royal Smit & Zoon employees, Royal Smit & Zoon business relations (and their employees) and the local communities in which Royal Smit operates.

Labor Practices:

The labor rights and working conditions of our employees, both Royal Smit & Zoon employees and contractors are, at minimum, in compliance with both internationally recognized labor standards as well as the national laws of the countries in which Royal Smit & Zoon operates.

Health and safety

With respect to health and safety Royal Smit & Zoon implement strict policies with the aim to create an incident- and injury-free work environment and to prevent the occurrence of occupational illness and health problems associated with our activities.

Regular Employment

Royal Smit & Zoon will only have work performed based on recognized employment relationship established through national law and practice. We respect all obligations to employees under labor or social security laws and regulations arising from the regular employment relationship.

Freedom of association

Royal Smit & Zoon recognizes the right of employees to become, and remain, members of Trades Unions and the right of their representatives to negotiate and bargain collectively on their behalf. In circumstances where Freedom of Association and Collective Bargaining are restricted (or prohibited) under legislation, Royal Smit & Zoon works with its employees, where they wish to do so, to establish alternative means of representation that are mutually acceptable.

Child labor

Royal Smit & Zoon does not permit the use of child labor. Child labor is defined by the stricter of either United Nations regulations or locally applicable laws and regulations.

Forced labor and abuse

Royal Smit & Zoon is committed to treating its employees in a humane manner and does not support or condone forced labor or physical abuse. Royal Smit & Zoon does not tolerate any other form of abusive behavior not only in respect of its employees, but also in respect of those whom we conduct business with, e.g., suppliers, customers, members of host communities, local and national officials.

Protection of personal information

Royal Smit & Zoon respects the privacy of its employees and that of its business partners, and stores and uses personal data in accordance with good practices with regards to applicable privacy regulation and protection.

Diversity and non-discrimination

Being a multinational company, Royal Smit & Zoon values the differences reflected in its diverse workforce. The Company is committed to a working environment which rejects discrimination on any grounds and to the elimination of any unfair practices which may arise in day-to-day conduct of the business in the process of recruitment, internal promotion, selection for training or any other activity. In addition, Royal Smit & Zoon is committed to treating fairly and without prejudice, those with whom there is contact externally.

Working Hours

Royal Smit & Zoon minds all applicable national labor laws, regulations and collective agreements concerning working hours. In absence of any local provision stipulating other working hours, the Company restricts its employees' routine scheduled working hours—in accordance to the International Labor Organization—to 48 hours per week and aims to provide at least 24 consecutive hours off.

Fair compensation

Royal Smit & Zoon compensates employees and provides benefits and services that meet or exceed the legal or industry minimum standards to provide an appropriate living standard.

Employee development

Continuous training and development of employees is a key objective of Royal Smit & Zoon, to encourage each employee to reach his / her maximum potential and to be sustainable employable on short and long term. Royal Smit & Zoon supports learning and development programs reflecting the necessity to constantly review and, where the necessity arises, raise, the standards of business performance. Royal Smit & Zoon encourages the exchange of "best practices", knowledge and skill transfer.

The Environment:

Ensuring responsible use of the environment and of natural resources are essential principles of Royal Smit & Zoon's responsible business practices. Based on compliance with the law and voluntary obligations, Royal Smit & Zoon is committed to continuously improve its performance and management systems in this regard.

Choice of products and production processes

In deciding what products Royal Smit & Zoon wants to make, what production processes it wants to

use and what new technologies it wants to develop, the company is guided by its commitment to sustainability and safety and takes public opinions seriously into account.

Energy and raw materials

Royal Smit & Zoon makes an ongoing effort to maximize the efficiency in the use of raw materials and energy in its operations and developments. In development of new products, we strive to increase the share of renewable raw materials and reduce our footprint with respect to carbon dioxide and exhaustion of natural resources. In improvement of existing processes and investments in new facilities, we choose for solutions that help reduce energy consumption and carbon footprint per unit of product.

Our energy consumption's footprint is compensated by the purchase of Certificates of Origin of sustainable origin and compensation through Gold Standard Credits.

Product Stewardship

In accordance with the principles of product stewardship, Royal Smit & Zoon identifies the risks and environmental impact attached to its products during production processes as well as during their entire lifecycle and looks for opportunities to reduce these. In this context, Royal Smit & Zoon actively shares relevant knowledge, expertise and experiences with its suppliers, customers and other parties.

Royal Smit & Zoon is an active member of the Leather Working Group. The objective of this multi-stakeholder group is to develop and maintain a protocol that assesses the environmental compliance and performance capabilities of leather manufacturers and promotes sustainable and appropriate environmental business practices within the leather industry.

Royal Smit & Zoon is an active member of Leather Naturally. This initiative promotes the use of globally-manufactured sustainable leather and seeks to inspire and inform designers, creators, and consumers about its beauty, quality and versatility.

Royal Smit & Zoon is a supporter of the Leather Impact Accelerator, under the umbrella of Textile Exchange, and takes an active role in realizing their vision in the leather industry, 'envision a world in which all aspects of the leather value chain are environmentally and socially responsible, economically viable, and promote animal welfare'.

Hazardous chemicals in products

Royal Smit & Zoon develops its products and product portfolio in such a way that it meets and exceeds standards and requirements set for Restricted Substances. Royal Smit & Zoon is committed (contributor) to the Zero Discharge of Hazardous Chemicals (ZDHC) Program for tackling the issue of hazardous chemicals in the global textile and leather value-chain and is actively involved in further development of the program including realizing the highest level of ZDHC Conformance for our product range.

Responsible Sourcing

Royal Smit & Zoon is committed to responsible sourcing. Our Partners are requested to commit themselves to our Business Partner Code of Conduct.

Royal Smit & Zoon is a large processor of fish oil and is committed to responsible sourcing. We only source our fish oils from fish farming or from fishing areas where fish stocks have been monitored and

assessed by both the FAO and local research institutes as not being at risk of depletion. Smit & Zoon guarantees that the fish species used in the production of its fish oils and fish oils based products are not on the IUCN red list of threatened species or the appendices I to III of the CITES Convention. All of the fish oil we use is sourced in such a way that we guarantee that it does not originate directly or indirectly from Illegal, Unreported and Unregulated (IUU) fishing as defined by the FAO and in EU regulation EC 1005/2008.

Fair Operating Practices:

Laws and regulations

Royal Smit & Zoon markets and sells its products in compliance with all applicable rules and regulations, and in line with ethical standards.

Free and fair competition

Royal Smit & Zoon values free and fair competition in all countries of the world. Therefore the Company complies with competition laws in all areas where it operates.

Embargoes and trade law

Royal Smit & Zoon respects applicable trade laws and restrictions as imposed by the United Nations or other national or supranational bodies or government.

Gifts

Royal Smit & Zoon does not accept any gifts or favors that could compromise or raise doubts about the neutrality of the decisions made by the Company or its partners. Therefore Royal Smit & Zoon sets (local) limits of acceptable levels.

Bribery

Royal Smit & Zoon rejects any form of corruption including extortion and active or passive bribery.

Commission payment

Royal Smit & Zoon ensures that any commission payment, agent fee, etc. is based on a real, legitimate, documented service.

Money-laundering and suspicious transactions

Royal Smit & Zoon refrains from any arrangement which appears to be used, or is suspected to be used, for money-laundering or other violations of the law.

Transparent accounting

Royal Smit & Zoon's accounting records and supporting documents truly, fairly and completely describe and reflect the nature of the underlying transactions.

Conflict of interest

Royal Smit & Zoon's employees avoid any conflict of interest between the Company's interests and their private interests and avoid any behavior that could raise doubts about their integrity or the integrity of the company.

Donations to political parties

Royal Smit & Zoon does not make any payments or donations in kind to political parties or their institutions, agencies or representatives.

Inside information and Intellectual Property

Royal Smit & Zoon instructs its employees on the prohibition of abuse of inside information and intellectual property and on the need to handle such with due care. This applies to the Company's own information and property as well as to the property of and information about its business partners.

Standards of business partners

We strongly encourage and support our suppliers, agents, distributors and other partners to work according to business principles as set forth in this Policy Statement and in the Partner Code of Conduct.

Consumer Issues: Information

Royal Smit & Zoon provides its customers and the general public with clear information about the environmental and safety aspects of its products and production processes.

Community Involvement and Development:

Royal Smit & Zoon has its own Foundation, the Koornzaayer Foundation that supports local education and health initiatives in Africa.

Royal Smit & Zoon employees regularly provide community welfare support by actively participating in projects.

Financial donations are made to charity organizations and local initiatives in the communities Royal Smit & Zoon is active in or where Royal Smit & Zoon employees are connected to.

Signed by:



Hans van Haarst - CEO