

Appendices

Stakeholder Engagement

The process of identifying stakeholder interests, assessing our impacts and associated risks, engaging with them and implementing mitigating actions is a key business process within Royal Smit & Zoon. It is a recurring agenda topic for the Board of Management (BoM) and ESG Steering Committee team meetings. As part of our Double Materiality Assessment executed in 2023, we (re)identified twelve key internal and external stakeholder groups across our value chain, geographies, activities, business lines and relationships to Royal Smit & Zoon. For each stakeholder group, we defined their importance to the company, categorized whether they are 'affected stakeholders' and/or 'users of sustainability information'¹ and ranked them in their importance to the company². The table below summarizes the twelve stakeholder groups, their importance to Royal Smit & Zoon and how we engaged with them during 2023 (not in order of importance, selected summary).

Stakeholder	Importance to Royal Smit & Zoon	2024 stakeholder engagement
Employees	Our employees are the driving force behind our performance and our company. Only by providing employees a fair, safe, healthy, inclusive and inspiring workplace and offering them opportunities to cultivate their potential, we can maintain a committed and motivated workforce, attract talent and generate a successful business now and for the generations to come.	<ul style="list-style-type: none"> - Annual appraisals and performance reviews - Recruitment plan - Identifying training requirements and providing training and development opportunities. - Regular employee meetings to inform everyone about what is happening in the business, share company strategy and performance highlights. - Embed Guiding Principles within the employee experience - Multi-year training program Employee Code of Conduct - Running Office365 and a global intranet platform to connect worldwide with each other - Half-yearly employee magazine TISM, available in key languages and sent to all employees to share key projects and companywide developments. - IT security awareness learning program - Providing suitable equipment to work effectively from home and a clear home-work policy - Providing a healthy and safe working environment.

¹ European Sustainability Reporting Standards, ESRS 1 'General requirements', article 22: Stakeholders are those who can affect or be affected by the undertaking. There are two main groups of stakeholders: (a) affected stakeholders: individuals or groups whose interests are affected or could be affected – positively or negatively – by the undertaking's activities and its direct and indirect business relationships across its value chain; and (b) users of sustainability statements: primary users of general-purpose financial reporting (existing and potential investors, lenders and other creditors, including asset managers, credit institutions, insurance undertakings), and other users of sustainability statements, including the undertaking's business partners, trade unions and social partners, civil society and non-governmental organizations, governments, analysts and academics.

² To assess and rank the importance of stakeholders' to the company, an analysis was conducted on the level of influence by each stakeholder group while using the five attributes described in the AA1000 Stakeholder Engagement Standard (SES), "Dependency, Responsibility, Influence, Diverse Perspective and Tension". The analysis involved a two-fold approach: evaluating the company's influence on stakeholders (inside-out impact) and stakeholders' influence on the company (outside-in impact).



Stakeholder	Importance to Royal Smit & Zoon	2024 stakeholder engagement
Shareholders	As a family-owned company, shareholders are crucial to the company's strategic planning and management, directly benefit from the company's success but are also directly affected by its development. While keeping long-term focus and being dedicated to our mission to "create a sustainable leather value chain, together", it is crucial for our shareholders to create stable profits and return on investment, all supported by strong governance.	<ul style="list-style-type: none"> - Member of the Board of Management
Customers	Our customers are crucial to our business performance and the leather value chain as they use our solutions to upcycle hides and skins (as a byproduct of the meat industry) to leather. We offer sustainable, innovative and safe solutions that support our customers in choosing the right chemical solutions to minimize their footprint by further developing and innovating our product portfolio, and by collaborating with our customers using data-driven sustainability information. This directly impacts the degree to which leather is manufactured under sustainable conditions, contributes to a circular economy and the sustainability of the leather value chain.	<ul style="list-style-type: none"> - Frequent visits and regular meetings by responsible account managers, day-to-day contacts throughout multiple levels and disciplines in their own organisations. Topics discussed are linked to our products, solutions and value propositions, including driving innovation, creating shared value and a sustainable leather value chain, together. - Guest lectures about livestock ecosystem benefits and environmental impact advantages of leather and Zeology tanning. - Presence at global trade fairs giving customers the opportunity to meet and talk to sales staff, technicians, specialists, and management. - Explanation and adherence to Royal Smit & Zoon ESG Policy, implementation Business Partner Code of Conduct. - Partnering on sustainable solutions and technical collaborations. - ZDHC Conformance Level 3 for key product ranges - Regular audits - Instructions about IT security and phishing mails



Stakeholder	Importance to Royal Smit & Zoon	2024 stakeholder engagement
Suppliers	<p>Suppliers are crucial for the supply of raw materials in producing our chemical solutions. Suppliers and Royal Smit & Zoon have built a relationship of mutual benefits. Efficient and appropriate cooperation, based on clear agreements, is key.</p> <p>Procurement also involves a wide range of economic, social and environmental impacts and risks. These are related to the raw materials we source from our suppliers and can be country-specific, company-specific or product-specific. The existence of such relationships, impacts and risks make it necessary for RS&Z to manage our supply chain responsibly from the point of supply to the point of demand.</p>	<ul style="list-style-type: none"> - Regular one to one meetings - Partnering on sustainable solutions and technical collaborations. - Sharing our Business Partner Code of Conduct - Assessing and interacting on suppliers' sustainability performance based on recognized ESG standards, topics, risks, policy, transparency and ambitions. - Participating in our Sales Partner training program on the safe management & handling of chemicals.
Sales Partners	<p>Sales partners act on behalf of Royal Smit & Zoon. We expect them to work according to our mission and show leadership, dedication and positive impact on creating a more sustainable leather value chain. Working hand-in-hand with our Sales Partners also involves addressing a wide range of economic, social and environmental impacts and risks, meaning we have to ensure they meet (upcoming) laws and regulations, and work according to our company and industry principles and standards.</p>	<ul style="list-style-type: none"> - Frequent visits and regular meetings, day-to-day contacts throughout multiple levels and disciplines in their own organisations. - Presence at global trade fairs to give sales partners the chance to engage with customers, sales staff, technicians, specialists, and management - Sharing our Business Partner Code of Conduct - Partnering on sustainable solutions and technical collaborations. - Participating in our Sales Partner training program on the safe management
Banks	<p>Banks are crucial to support the company's strategic planning, investments, liquidity positions, operations and management.</p> <p>It is crucial for them that we meet payment terms agreed on and minimize any repayment risks, under strong governance and while complying with applicable standards and principles.</p>	<ul style="list-style-type: none"> - Regular contact moments and meetings



Stakeholder	Importance to Royal Smit & Zoon	2024 stakeholder engagement
Service Providers	<p>Royal Smit & Zoon collaborates with service providers to keep our business running, such as e.g. logistics and storage service providers, auditors, certifying bodies and insurers. Efficient and appropriate cooperation, timely payments and clear agreements, are key in the relationships with this stakeholder group.</p> <p>The existence of such relationships bring associated (potential) ESG impacts and risks, and principles, standards and applicable legislations to comply with, all key in supporting us in our mission to create a sustainable leather value chain, together.</p>	<ul style="list-style-type: none"> - Regular one to one meetings - Regular audits - Partnering on operational collaborations - Assessing and interacting on service providers' (non-product related suppliers) sustainability performance based on recognized ESG standards, topics, risks, policy, transparency and ambitions.
Brands	<p>Brands are a crucial driver in creating a sustainable leather value chain and directly impact our business as they influence the image of leather, the price of leather compared to alternatives, sustainable (product) solutions adopted in the manufacturing of leather and ESG standards required in the leather manufacturing process.</p> <p>Frequent Brand engagement, sharing educational fact-based data –driven information with them, and involving them in new innovative projects and our sustainable solutions is key to the leather sector's position and profile, our business success and the strategy of our Company.</p>	<ul style="list-style-type: none"> - Frequent contact with brands through educational sessions about leather and its unique proposition: Guest lectures about livestock ecosystem benefits and environmental impact advantages of leather and Zeology tanning. - Presence at global trade fairs giving brands the opportunity to meet and talk to sales staff, technicians, specialists, and management. - Involving brands in new innovative projects to make the leather value chain more sustainable - Engaging with brands in networking organizations - Including brands in our Zeology adoption - Actively publish and share communications that support responsible decision making when it comes to sustainable materials and promote sustainable tanning.



Stakeholder	Importance to Royal Smit & Zoon	2024 stakeholder engagement
Industry Associations (Leather Working Group, Sustainable Leather Foundation, Leather Naturally, ZDHC, TEGEWA, UNPAC, Federchimica, CLE)	Active membership and engagement with industry associations allows us to exchange views and gain knowledge of key topics, emerging trends, relevant developments and (upcoming) regulations, always ensuring we comply with the applicable competition legislation. Working together as an industry is particularly valuable when a common interest topic, such as sustainability, is concerned or when we need to tackle non-competitive issues.	<ul style="list-style-type: none"> - Regular meetings and joint activities with the mentioned organizations. - Leather Working Group takes an active role in implementing best practices in the leather value chain: Royal Smit & Zoon is an active member, a.o. in the Supplier Subgroup. - Sustainable Leather Foundation's mission is to support the global leather industry to learn, improve, and protect for future generations, through the People - Planet - Profit principle. - Leather Naturally is an industry member association that focuses on education and the promotion of leather. Royal Smit & Zoon is an active member, financially contributes to the association and the Director ESG actively participates in the Managing Board. - ZDHC's mission is to protect the planet by reducing the industry's chemical footprint. Royal Smit & Zoon takes an active role in different Task Teams, supporting the Sustainable Chemistry Lead Team and will have its products and production facilities in accordance with the highest conformance levels - TEGEWA, UNPAC, FEDERCHIMICA, are industry associations for chemical companies focusing on the leather industry. Royal Smit & Zoon is member and participates actively in selected industry initiatives convened by the associations. - CLE India: focussing on export promotion activities and development of the Indian leather industry.
Governments (including municipal, provincial authorities)	(Upcoming) applicable laws and regulations, governmental policies, required meetings and audits determine the governance framework in which we are required to operate and in which we have the ambition to exert exemplary and guiding behavior as leading sustainable chemicals supplier.	<ul style="list-style-type: none"> - Keep government bodies pro-actively informed and involved in several ways, e.g. through regular meetings. Depending on the level we need to deal with (local, regional, national and international), and the relevance and urgency of the topic at hand. For our operations, local governments (city councils) are particularly important because of their involvement with permits. - Regular audits - Ensure our production equipment meets all requirements.
Educational Institutions	Through efforts in education and active engagement with academic institutions, we are able to test new ideas and collaborate on developing innovations, profile ourselves as a leading player in the leather industry and cultivate and explore potential talents for the future.	<ul style="list-style-type: none"> - Research, industrial-academic collaboration and guest lectures demonstrating thought leadership in the leather industry, supporting the development of the next generations of leather technicians and educating designers on the knowledge and use of leather. - Offer trainings and traineeships to the next generations of leather technicians. - Offer students the opportunity for an internship or a graduation project within the company.



Stakeholder	Importance to Royal Smit & Zoon	2024 stakeholder engagement
Society (consumers, community incl. neighbours & local residents, NGO's civil society organizations, media)	<p>Sharing educational fact-based information with society (incl. consumers and media), engaging constructively with neighbours, local residents communities and civil society parties, and collaborating with NGO's, positively impacts our business and catalyzes on making the leather value chain more sustainable; It supports counterfeiting societal biases on a.o. the image of leather (considered a less sustainable alternative to synthetic materials), the vegan trend (reduced leather consumption, and indirectly less meat consumption could lead to reduced availability of hides and skins) and implied (indirect) negative animal and environmental impact related to the production of leather. Collaboration with NGO's provides for collective efforts ('together') in industry-wide projects that contribute to creating a sustainable leather value chain, minimizing the adverse impacts of our products anywhere in the supply/value chain, and exchange of know-how and expertise benefitting the entire sector.</p> <p>Considering our global presence and world-wide operations, community issues like a safe environment for residents, directly affect our business as well; Through engaging with our neighbors, local residents and communities, we can have a positive impact on the economic and social welfare of the communities in which operate.</p>	<ul style="list-style-type: none"> - Stay engaged with society (incl. consumers and media) through sharing educational fact-based information via industry organizations such as e.g. Leather Naturally, communications by e.g. using social media and publishing articles and news. Research is regularly performed to understand deeper needs of consumers regarding leather. - Engage with NGOs like Solidaridad and others directly or indirectly through industry associations such as TEGEWA. We embrace open and honest communication with NGO's and welcome constructive discussions when needed on any relevant topic of mutual interest and public concern. - Regular audits, regular contact and meetings with our neighbours and local residents, a.o. to ensure a good relationship with Royal Smit & Zoon and safe environment for local residents. - Publish and implement Royal Smit & Zoon ESG Policy, implement and embed Business Partner Code of Conduct in our value chain, executing our Sales Partner Program training program on the safe management & handling of chemicals.



Key impacts, risks, and opportunities

Our business operations inherently entail risks, like any other business. As such, risk management is an essential element in our corporate governance framework and strategy development. It is integrated in our regular management tasks and is present at management and operational levels. Through our risk management process, we aim to achieve our objectives and meet our obligations to customers, employees, suppliers, and other stakeholders.

Our risk management system is designed to timely identify risks and take adequate action to mitigate and control them effectively. The process of identifying risks, their impact on the company and its stakeholders, defining mitigating actions and monitoring controls is a key business process within Royal Smit & Zoon. This risk assessment process is annually reviewed and discussed by the Board of Management. Internal controls, mitigating measures and key performance indicators are incorporated in our daily procedures, production process, operations, and strategic development, and are monitored on a regular basis. Moreover, Royal Smit & Zoon has a strong focus on catalysing projects and initiatives for continuous improvement, product and process innovation, education, and the promotion of leather.

Our most recent Double Materiality Assessment (DMA) executed in 2023, provided us with insights in specific risks and opportunities associated with our material topics. As a direct outcome of our DMA, the table below provides a summary of the identified risks and opportunities (associated with our material topics, presented not in order of importance). The table also outlines how we mitigate these risks and opportunities, aligned with the Key Performance Indicators (KPI's) in our ESG Roadmap 2025 and achievements as presented in our ESG Report.

Key risks and opportunities (associated with our material topics, not in order of importance) ³	Mitigated by
Negative or weak image of leather ('The vegan Trend').	<p>Lack of understanding and valuing leather, lobbying for tighter regulation, and changes in consumer preferences ('the Vegan Trend') could reduce the global consumption of meat and availability of hides & skins, making leather chemical products and specialized support services in less demand or obsolete (risk). We mitigate this by ensuring that leather manufacturers can upgrade their leathers towards more luxury and unique characteristics through our product innovations and suggested processes, and communicate about the sustainability of leather to relevant stakeholders.</p> <p>Improving transparency in the leather value chain, engaging with NGOs where possible, and supporting initiatives that focus on the education about leather (e.g. Leather Naturally). Educating brands, designers, and consumers about the sustainability of leather compared to other materials.</p> <p>Society (incl. regulators) is searching for sustainable and preferably circular products and processes. Therefore, we invest in R&D, leather application specialists, and collaboration with knowledge providers to develop new solutions towards a circular economy.</p>

³ We acknowledge that, next to the above, animal welfare and traceability of hides and skins (related to e.g. deforestation) are an important issue in creating a sustainable leather value chain. We mitigate this by supporting organizations like the Leather Working Group (LWG) and the Sustainable Leather Foundation, and connecting to the meat industry via different organizations, to ensure that animal welfare is improved where needed and hides and skins are traceable back to the slaughterhouse and ultimately to the farm. However, when considering our Value Chain, "Livestock, slaughterhouse (hides, hide sourcing) and beamhouse are not directly part of our company value chain. Hides are used as input-resource downstream (Tanning, Wet-End, Finishing, Leather manufacturing and Consumption, Use and Recycling). ESG related impacts such as deforestation, cattle emissions and biodiversity loss are therefore not considered part of (connected with) our direct impact. As active members of multi-stakeholder groups like LWG, we promote sustainable and appropriate environmental business practices within the leather industry.



Key risks and opportunities (associated with our material topics, not in order of importance) ³	Mitigated by
Product innovation: Offering products that differentiate Royal Smit & Zoon in the market (opportunity).	<p>The development of new products and sustainable solutions, including smart choices of resources and using (sustainable) raw materials, contributing to a lower environmental impact throughout the leather value chain and the leather end-product, and differentiating Royal Smit & Zoon in the market.</p> <p>Developing innovative chemistry and leather making processes to increase circularity. Keeping a good focus on new innovations and sustainable products in the leather processing industry.</p> <p>Considering the desire from brands to move away from Chrome and Aldehyde free tanning, Zeology is provided as a chrome-free, heavy metal-free, and aldehyde-free sustainable tanning method.</p>
Leather is demonstrably more sustainable than synthetic materials (opportunity).	<p>Supporting leading industry initiatives and communicating ourselves that leather is the perfect material in a circular economy. As long as people consume meat, making leather out of hides is the best upcycling option. Sustainability starts with longevity, which is one of the educational messages towards brands, designers, and consumers and a unique characteristic of leather.</p>
Compliance with strict (upcoming) legislations. E.g. on emissions, carbon taxes, water withdrawal, water usage, (waste) water quality and discharge, hazardous and/or restricted substances in products (risk).	<p>Having processes and procedures in place to ensure that we are well informed about future (legislative) developments and by ensuring that our processes and activities are in compliance with laws and regulations and our products meet the highest conformance levels in the ZDHC MRSL.</p>
Extreme weather events (risk).	<p>Climate change risks, such as extreme weather events of floods or droughts, can cause operational, transport and supply chain disruptions, and impact the availability and quality of raw materials and hides and skins. To mitigate these risks, the company focuses on reducing the greenhouse gas emissions in our own premises, positively influence these in our supply chain and off-set our footprint. Measuring GHG emissions of our own operations and setting annual targets for further reduction.</p> <p>Supporting and engaging with organizations like the Leather Working Group and the Sustainable Leather Foundation, and connecting to the meat industry via different organizations, to ensure that climate change impact across the leather value chain is addressed and mitigated.</p>
Increasing energy prices (risk).	<p>Ensure 100% of our energy consumption is renewable or compensated, install energy efficiency measures and operate with energy-efficient equipment. Investigate opportunities for improving energy efficiency of processes and equipment to continuously reduce our energy consumption further.</p>
Energy efficiency measures (opportunity).	<p>Investigate opportunities for improving energy efficiency of processes and equipment to continuously reduce our energy consumption further and operational costs.</p> <p>Collaboration with value chain partners (suppliers, logistics partners, tanneries) on reducing emissions by implementing energy efficiency measures, low emissions logistics and product developments.</p>



Key risks and opportunities (associated with our material topics, not in order of importance) ³	Mitigated by
Value chain dynamics (risk).	<p>Value chain dynamics could be due to e.g. overdependence on a single sustainable raw material coming from a niche, supply chain disruptions (e.g. scarcity of raw materials) combined with price increases (due to e.g. weather conditions, failed harvests or supply/demand imbalances), or macro-economic and political instability in certain regions/countries.</p> <p>We mitigate these by ensuring we work with sound and professional companies, avoid single source situations, pursue sufficient flexibility in the supply chain, diversify markets and manage our financial risks. Ensuring tight debt control during stressed periods, close monitoring of cashflow position, and focus to work with tomorrow's market leaders.</p>
Using sustainable raw materials (opportunity).	<p>Sourcing sustainable and low impact raw materials, where possible confirmed by meeting industry standards and/or certification, lowering environmental impact of our products and end-product of leather, enhancing reputation, customer loyalty and providing a unique selling proposition. Optimizing use of sustainable raw materials. Continuing to seek renewable resources and innovations as a long-term trend.</p>
Business partners not meeting ESG standards (risk).	<p>Ensuring (key) suppliers, sales partners and service providers meet standards and business principles as set forward in our policies (Business Partner Code of Conduct), and engaging with them to manage environmental and social risks, impacts and issues, improve supply chain resiliency, mitigate reputational risks and improve transparency and traceability.</p> <p>Supporting and actively engaging with industry initiatives to raise the standards with measurable and auditable programs including training, like e.g. for sales partners on the safe management & handling of chemicals and the training project in collaboration with TEGEWA in Bangladesh.</p>
Meeting or exceeding industry standards and certifications (opportunity).	<p>See above. In addition, engaging with suppliers' on their sustainability performance, ultimately via a supplier scorecard (2025 goal), and encouraging suppliers to explore innovative solutions and technologies.</p>
Extensive water usage in water stress areas, water scarcity or improper waste water treatment (risk).	<p>Reducing and managing water consumption at our own sites by source (surface water, ground water, rainwater, wastewater from other sources, municipal waters), by recycling and re-using water, and by wastewater treatment. Where possible confirmed by meeting industry standards and/or certifications.</p> <p>Developing and promoting leather manufacturing processes with minimum amounts of water used and the least possible impact on the water quality (wastewater). Our Product Passport is our transparent way to communicate about the impact of our products.</p> <p>Mitigation strategies (general) for production process continuity: Having contingency plans and safety protocols in place, in case of production outage or business interruption on locations sites. Management Systems and compliance checks through ISO certifications.</p>
Water efficient management processes or wastewater treatment technologies (opportunity).	<p>See above, aimed at optimizing water use, wastewater treatment processes and reduce operational costs)</p>



Key risks and opportunities (associated with our material topics, not in order of importance) ³	Mitigated by
Shortage and/or competition of required skills in tight labour market (risk).	To mitigate the risk of an insufficiently qualified workforce, we are working on the sustainable employability of our employees by offering development opportunities and growth trajectory, and partnering with educational institutions. In addition, we attract and retain a diverse workforce, and a healthy mix of young and experienced people. The ambition of Royal Smit & Zoon is to be an employer of choice.
Attract and retain talents (opportunity).	See above.

Definitions Double Materiality Matrix topics (in alphabetical order)

Topic	Definition
Biodiversity protection (Environmental).	Protecting and managing material biodiversity and ecosystems related impacts within the areas we operate in, and addressing biodiversity and deforestation-related risks across the value chain through industry-collaborations.
Business conduct & Ethics (Governance).	Addressing the company's corporate governance approach, implementing the highest standards of business ethics and transparency, and promoting a culture of trust with the purpose of doing business fairly.
Chemical waste (Environmental).	Reducing and managing various types of waste, the disposals of waste and spills at our own sites (including effluent management and recycling of materials) and within the leather making process through innovations & collaborations.
Climate change (Environmental).	Reducing GHG emissions in our own premises (scope 1 & 2) and direct energy consumption, assuring that 100% of our energy consumption is renewable or compensated through using certification programs, and positively influencing GHG emissions across our value chain (scope 3) to adapt and mitigate the impacts and risks associated with climate change.
Community management and engagement (Social).	Pro-actively managing our (potential) economic, environmental and social impact in the communities in which we operate and across our value chain, and engaging with local residents, our neighbors and communities for a positive impact on their economic and social welfare.
Diversity, Equity & Inclusion (Social).	Offering equal opportunities, recognizing, respecting and celebrating each other's differences, and ensuring a company culture where everybody feels welcome and valued.
Human rights and labor practices (Social).	Assuring respect for human rights & fair labor practices, including topics such as non-discrimination, child labor, forced labor, freedom of association and living wages, across our own business operations and our value chain.
Occupational Health & Safety (Social).	Providing a safe and healthy work environment for employees and contractors at all Royal Smit & Zoon sites.



Topic	Defination
Product stewardship (Social).	Assuring the safe management & handling of our chemicals, safe use of our chemicals by customers and safe use of leather materials (without a health risk) by the end consumer, whenever possible confirmed by industry standards and/or certifications.
Responsible supply chain management and engagement (Governance).	Ensuring (key) suppliers, sales partners and service providers meet our business principles, standards and policies, and engaging with them to manage environmental and social impacts and risks, improve supply chain resiliency, mitigate reputational risks and improve transparency and traceability.
Sustainable product innovations & Circularity (Environmental).	Developing and investing in products, solutions and services to anticipate on customer preferences, reducing the environmental impact of our products and taking steps towards a circular economy. This includes the use of renewable (bio-based) raw materials and resources, Life Cycle Analyses' methodology and deliver high performance products and sustainable solutions that contribute to a lower environmental impact of leather and support repurpose of leather at end-of-life.
Sustainable raw materials (Environmental).	Sourcing sustainable and low impact raw materials, where possible confirmed by meeting industry standards and/or certifications.
Talent attraction, Staff retention and development (Social).	Attracting and retaining talent in order to execute the business strategy successfully, and continuously developing our employees' skills required through providing training and development opportunities.
Water & Waste water treatment (Environmental).	Reducing and managing water consumption at our own sites by source (surface water, ground water, rainwater, wastewater from other sources, municipal waters), by recycling and re-using water, and by wastewater treatment.



GRI Index⁴

Disclosure number	Reporting Requirements	Disclosed information	Source of evidence
ORGANIZATIONAL PROFILE			
102-1	Name of the organization	Exploitatiemaatschappij Smit-Vecht B.V. The holding company known as Royal Smit & Zoon.	
102-2	Activities, brands, products, and services		About Royal Smit & Zoon (including product groups)
102-3	Location of headquarters		Colophon
102-4	Location of operations	Royal Smit & Zoon is active in approximately 60 countries and has offices, production plants, leather service centers, and R&D facilities across The Netherlands, Germany, Italy, China and India. It has minority ownership in Codymex S.A. De C.V. in Mexico.	https://www.smitzoon.com/en/contact/global-network/
102-5	Ownership and legal form	Privately owned	
102-6	Market served	Royal Smit & Zoon is a global player servicing customers that manufacture leather in the transportation (automotive & aviation), upholstery (furniture), fashion, and lifestyle segments.	https://www.smitzoon.com/en/our-story/leather/
102-7	Scale of the organization	Not obliged to disclose financial information.	
102-8	Information on employees and other workers	<p>Employees (FTE, average year-end) by type of employment contract: 92% permanent contract and 8% temporary (fixed-term) contract.</p> <p>Employees (headcount, as per December 31, 2024) by region (permanent and temporary, %): 74% Europe, 26% Asia.</p> <p>In total, our global workforce (headcount, as per December 31, 2024) exists of 71 % male and 29% female employees, representing 22 nationalities. Women hold 33% of the positions on our Board of Management and 32% of our global top management roles.</p> <p>Some of the production and manufacturing is outsourced in the Netherlands, Italy, and India to companies that are closely managed and contracted by Royal Smit & Zoon.</p> <p>In those countries where Royal Smit & Zoon does not have legal entities but still requires people and services, individuals are contracted via a proper legal and tax structure.</p>	Social, Diversity & Inclusion

⁴ According to GRI General Disclosures 2016, option Core.



Disclosure number	Reporting Requirements	Disclosed information	Source of evidence
102-9	Supply chain	Royal Smit & Zoon is engaging with approximately 84 key suppliers ⁵ (2024: Logistics 8 %, Product related goods 74 %, others 18 %).	
102-10	Significant changes to the organization and its supply chain	Not applicable	
102-11	Precautionary Principle or approach	Royal Smit & Zoon is actively involved and engaged with ZDHC MRSL programs, focussing on reducing and eliminating unwanted ingredients in its end products. Royal Smit & Zoon is a strong advocate to drive sustainability in the leather value chain through transparency and engagement.	Environment, Partnerships, Appendices (Stakeholder engagement) https://www.smitzoon.com/en/sustainability/partnerships-stories/
102-12	External initiatives	Royal Smit & Zoon is encouraging business partners to comply with human rights as set out in the Universal Declaration of Human Rights, by the International Labour Organization (ILO), the Declaration of Fundamental Principles and Rights of Work, and the Ethical Trading Initiative base code. Royal Smit & Zoon specifically endorses the business-relevant UN SDGs: (6) Clean water and sanitation; (8) Decent work and economic growth; (12) Responsible consumption and production; (13) Climate Action and (17) Partnerships for the goals.	Our ESG Landscape https://www.smitzoon.com/en/sustainability/
102-13	Membership of associations		Partnerships, Appendices (Stakeholder engagement) https://www.smitzoon.com/en/leather-industry/partnerships-stories/

STRATEGY

102-14	Statement from senior decision-maker		Message from the CEO
102-15	Key impacts, risks, and opportunities		Double Materiality Assessment, Appendices (Key risks and opportunities)
102-16	Values, principles, standards, and norms of behavior		Our Strategy, Our ESG Approach

⁵ Related to the Dutch Entity



Disclosure number	Reporting Requirements	Disclosed information	Source of evidence
102-17	Mechanisms for advice and concerns about ethics	<p>Royal Smit & Zoon values and promotes transparency in communication and openness in communication throughout our organizational structure. In those cases where this would not be workable, a Whistle Blower Policy and Procedure, and a local confidential Counselor are in place to provide the opportunity to report on (suspected) unlawful and inappropriate behavior.</p> <p>Per entity (Netherlands, China, India, Italy, Germany), Managing Directors are requested to complete and sign an annual management statement on incidents reported on Human & Labor Rights, Business Ethics and Sustainable Procurement.</p>	Governance, Facts & Figures

GOVERNANCE

102-18	Governance structure	Royal Smit & Zoon is a family-owned business. There is a Supervisory Council, appointed by the shareholders, to advise and guide the Board of Management (CEO/ Owner, CFO, Board Member/Owner and Director Operations and QESH) that is responsible for strategy formulation and meets weekly. Managers and teamleads are responsible to manage the day-to-day business. Employee representation bodies are in place in those countries where this is a legal or regulatory requirement. These meet with local management as needed in line with the local legal guidelines.	
102-19	Delegating Authority	Company strategy and yearly operational plans (budget) are reviewed and approved by the Supervisory Board. Monitoring takes place via monthly reporting on key topics and initiatives to the Board of Management and on a regular basis to the Supervisory Board. The ESG Steering Committee monitors and facilitates the implementation of the ESG Roadmap 2025 and discusses relevant developments and new initiatives related to ESG performance. It meets every 6 weeks and consists of the CEO, CFO, Director Operations & QESH (also Board of Management Member), Managing Director of our Italian subsidiary Codyeco, and the Directors for Marketing & Communication, R&D and Product Management, Human Resources and ESG. In addition, a global team of 4 ESG ambassadors at our various global operations support the implementation of ESG across our global workforce and operations.	



Disclosure number	Reporting Requirements	Disclosed information	Source of evidence
102-20	Executive level responsibility for economic, environmental and social topics	The CEO has delegated responsibility for ESG and is accountable to the Supervisory Board of the company. For ESG, the CEO is supported by specific functional roles and expertise (incl. a dedicated Director ESG), in fulfilling his responsibilities.	
102-21	Consulting stakeholders on economic, environmental and social topics	The Supervisory Board is informed by the Executive Board and the Global Director ESG on economic, environmental, and social topics, including relevant matters resulting from stakeholder engagement.	Appendices (Stakeholder engagement)
102-22	Composition of the highest governance body and its committees	The Supervisory Board has 1 member, which has no executive role in the company. Nomination and appointment are per the Dutch legal and regulatory framework. The appointment is for a period of 4 years. A finance/audit committee and Executive Board remuneration committee is in place. The Supervisory Board member has significant C-level experience and expertise in organizations that operate in other fields than Royal Smit & Zoon. In their role, they are supported by the external auditor (PWC) and specialized consulting firms for legal, tax, and other expertise.	
102-23	Chair of the highest governance body	The Chair of the Supervisory Board has no executive role in the company.	
102-24	Nominating and selecting the highest governance body	The Supervisory Board is selected and nominated within the guidelines of the Dutch legal and regulatory framework.	
102-25	Conflicts of interest	Conflict of interest is avoided through the selection process of Supervisory Board members. Per Dutch law, they are required to announce possible conflict of interest cases.	
102-26	The role of the highest governance body in setting purpose, values, and strategies	The Supervisory Board challenges and approves (on behalf of the shareholder) the Purpose, Values, and Strategies of the company. These are proposed by the Executive Board. In quarterly meetings, specific topics are discussed in-depth, also using outside expertise and input.	
102-27	The collective knowledge of the highest governance body	The Supervisory Board enhances its knowledge through the regular meetings with the Executive Board, invited to discuss their area of responsibility. Moreover, the Supervisory Board is encouraged to visit other Royal Smit & Zoon locations and trade fairs. The Supervisory Board is regularly present in the company and one member meets once a year with the works council in the Netherlands.	



Disclosure number	Reporting Requirements	Disclosed information	Source of evidence
102-28	Evaluating the highest governance body's performance	The Supervisory Board's performance is a yearly item on the meeting calendar with the Executive Board. Performance is evaluated based on self-assessment and input and feedback from the Executive Board.	
102-29	Identifying and managing economic, environmental and social impacts	Identification of economic, environmental, and social impact takes place through continuous dialogue with key stakeholders in the leather value chain, active participation in industry organizations, and cooperation in important value chain initiatives. This input is translated into operational and strategic initiatives via the regular management processes. The Executive Board and Supervisory Board are herein actively engaged.	Double Materiality Assessment, Appendices (Stakeholder Engagement)
102-30	Effectiveness of risk management process	The organization has a comprehensive risk identification process that identifies and quantifies risks on a yearly basis. These risks include social, environmental, and economic topics. The outcome of this process is reviewed every year with the Supervisory Board and by the external auditor.	Appendices (Key risks and opportunities)
102-31	Review of economic, environmental and social topics	The Supervisory Board meets on a quarterly basis with the Executive Board to discuss and give guidance on economic, environmental, and social topics.	
102-32	Highest governance body's role in sustainability reporting	The Executive Board reviews and approves the organization's ESG (sustainability) report and thus ensures that all material topics are covered.	
102-33	Communicating critical concerns	Critical concerns are reported to the Supervisory Board in formal meetings which are held on a quarterly basis. If concerns are of such urgency that immediate consultation is needed, the Supervisory Board is contacted.	
102-34	Nature and the total number of critical concerns	No critical concerns were reported in 2024	
102-35	Remuneration policies	The organization's policy on remuneration is to offer a compensation package that complies with local laws and regulations, enables attracting the right level of competencies and skills to the company, and is in line with what the market offers for similar roles and positions.	
102-36	Process for determining remuneration	External benchmarks, published indices, and consultants are used which are independent of the executive team and management. The process takes place on an annual basis.	



Disclosure number	Reporting Requirements	Disclosed information	Source of evidence
102-37	Stakeholders' involvement in remuneration	Not involved.	
102-38	Annual total compensation ratio	Not disclosed	
102-39	Percentage increase in annual total compensation ratio	Not disclosed	

STAKEHOLDER ENGAGEMENT

102-40	List of stakeholder groups		Appendices (Stakeholder Engagement)
102-41	Collective bargaining agreements	Royal Smit & Zoon does not have collective bargaining agreements. In some countries, employees are organized by law in employee/employer forums in which collective agreements are discussed and made.	
102-42	Identifying and selecting stakeholders		Appendices (Stakeholder Engagement)
102-43	Approach to stakeholder engagement		Appendices (Stakeholder Engagement)
102-44	Key topics and concerns raised		Appendices (Stakeholder Engagement)

REPORTING PRACTISE

102-45	Entities included in the consolidated financial statements	Royal Smit & Zoon is a privately owned company and does not publish financial statements other than statements required by law. This report includes 1 entity in the Netherlands, 1 entity in Germany, 1 entity in Italy, 1 entity in India, and 1 in China.	
102-46	Defining report content and topic boundaries	The report content is based on the Double Materiality principle. Through engagement with stakeholders including customers, brands, authorities, industry associations, and employees, the materiality topics and their boundaries have been defined.	Materiality Matrix
102-47	List of material topics	Royal Smit & Zoon has made a selection out of the 33 GRI topics that have the most impact.	Double Materiality Assessment
102-48	Restatements of information	Not applicable	
102-49	Changes in reporting	Not applicable	Double Materiality Assessment
102-50	Reporting period	2024	
102-51	Date of the most recent report	March 2024	
102-52	Reporting cycle	Annual basis	



Disclosure number	Reporting Requirements	Disclosed information	Source of evidence
102-53	Contact person for questions regarding the report	Aukje Berden – Global Director ESG	info@smitzoon.com
102-54	Claims of reporting in accordance with GRI Standards	This report has been prepared with guidance from the GRI Standards: Core Option where possible and applicable	
102-55	GRI content index	Not applicable	
102-56	External assurance	This is Smit & Zoon's 11th ESG/CSR report, addressing the approach taken and performance throughout our business in terms of Environment, Social and Governance (ESG). This report has not been externally assured.	



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