



A drop makes a difference

Corporate Social Responsibility
Report 2018





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Dear reader,

Before you is our sixth Corporate Social Responsibility (CSR) report. It comes at a time when, more than ever before, sustainability in our industry is being openly discussed and challenged from multiple angles. If we want the leather supply chain to become more sustainable, transparency is crucial. This report gives you insight into our achievements, as well as our challenges, in the areas of sustainability and corporate responsibility.

When it comes to sustainability and corporate social responsibility, a drop can make a difference. As tiny as any specific action, initiative or innovation may seem, it always combines with all of the other efforts, big and small, that are taken. This holds true for everything we do at Smit & Zoon, which is mentioned in this report. And it also holds true for all the contributions that other parties in the leather supply chain are making. As well as giving you a look into our CSR efforts, we also aim to inspire others to take steps in the direction of a more sustainable leather supply chain.

JOINT EFFORTS

A great step towards the future of leather is our contribution to ZDHC, an organization in which fashion brands and their supply chain work towards Zero Discharge of Hazardous Chemicals. ZDHC has published a Manufacturing Restricted Substances List (MRSL) that itemises which substances should not be used in leather (or textile) production.

Smit & Zoon also continues to support Leather Naturally in its quest to get the industry onboard in sustaining the leather value chain. One of the approaches is by educating and promoting sustainability and showing its importance for future generations.

SMIT & ZOON'S INITIATIVES

We are constantly working on bringing innovative, new, sustainable products to the market. After having filed for a patent in 2017, we continue to research bio-based materials for the leather industry. Along with the release of a second (and improved) version of our Product Passport, we aim to become one of the the thought leaders in making the leather value chain sustainable by 2025.



We look forward to collaborate with you to make the leather value chain sustainable.

Family Business Legacy Award 2018





GROWTH INDIA

As a family-owned business with a long-term view and as one of the leading companies within the leather industry, we continue to grow. In January, we officially opened a production facility in Chennai, India, where a selection of Smit wet-end and finishing leather chemicals are produced for our customers on the Indian subcontinent.

FOOTPRINT IN CHINA

We are proud of the celebration of 10 years of production in China. Since 2008, Smit & Zoon strengthened its commitment to the Chinese market and continuously increased its production of leather processing products in China. The plant adheres to the highest safety standards with ISO 9001, ISO 14001, and OSHAS 18001 certifications as well as the Level II Certificate of Safety Standardization. Gaining a foothold in China will help Smit & Zoon to bring more sustainable practices to the Asian leather industry as well.

AWARDS

Furthermore, Smit & Zoon was awarded the EY Family Business Legacy Award; an oeuvre prize that rewards and recognizes the qualities of exceptional entrepreneurs from family businesses in the Netherlands.

All in all, 2018 was quite an exciting year! All the above only represents the metaphorical tip of the iceberg. More details of these and other interesting projects can be found in this report. We wish to wholeheartedly thank everyone who has supported us and very much look forward to continuing on this path in the year(s) to come.

Hans van Haarst
CEO

Marc Smit
7th generation owner



Strategy

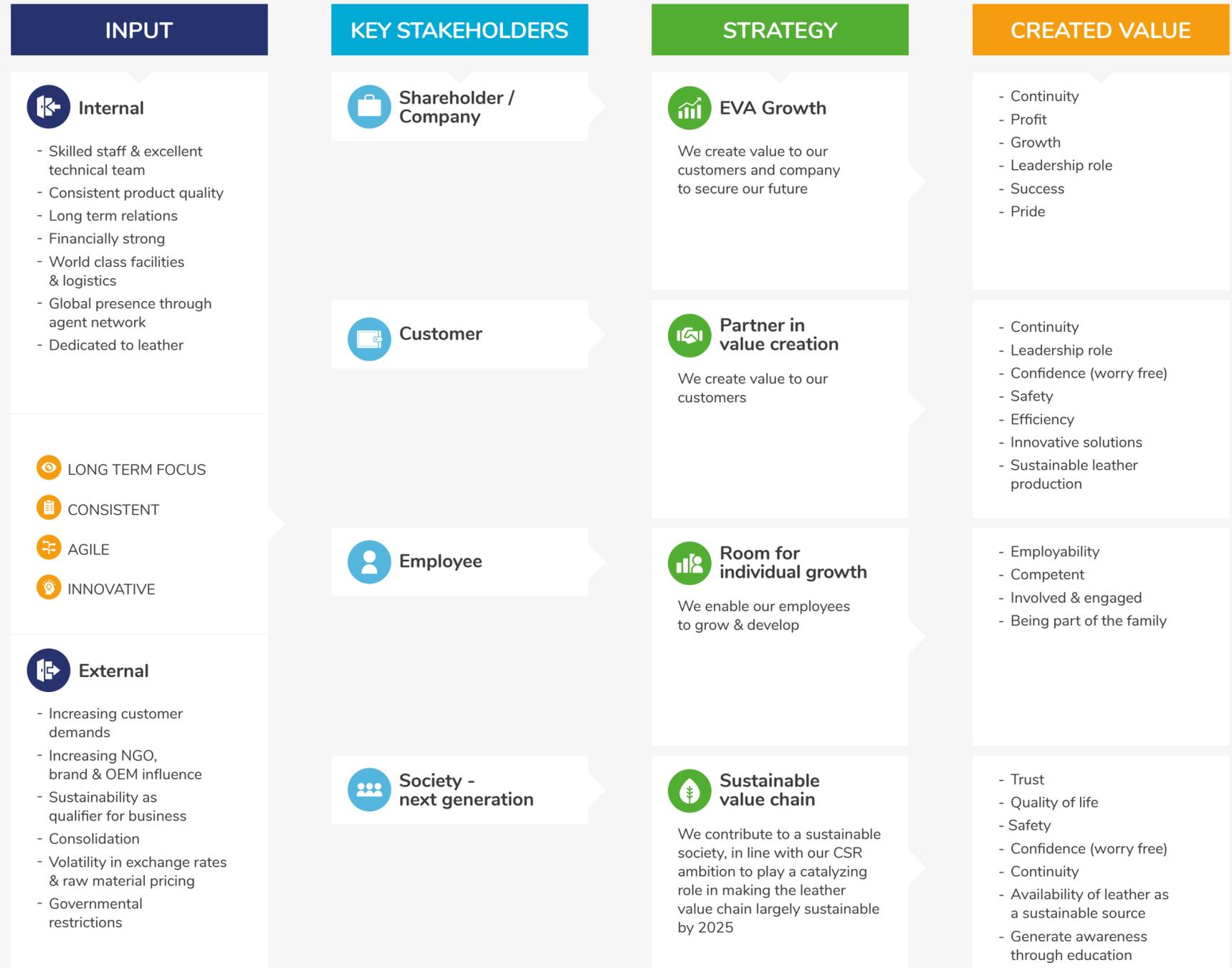
Strategy and value creation

Mission: Our mission is to raise awareness of the need for sustainable solutions in the entire supply chain. We aim to cooperate with all the stakeholders and share knowledge and innovations in order to arrive at more sustainable technologies and solutions for manufacturing leather. By working together towards the same goal, we aim to improve the leather industry as a whole and to keep Smit & zoon relevant and on top of the market.

OUR PHILOSOPHY

Towards the future of leather

As a 7th generation family business, we naturally think about the next generation. That is why we offer our customers sustainable solutions that meet the latest quality and safety standards. In our own research and application labs, our highly qualified chemists and leather technicians continuously search for quality improvements and environmentally friendly innovations that support the sustainability of our customers' businesses. We believe that their future is our future.





Business Milestones in 2018

- January**
 - Smit & Zoon joins ZDHC
 - Smit & Zoon opens production facility in India
- March**
 - Smit & Zoon publishes CSR report 2017
- April**
 - Smit & Zoon introduces Leer Group as new agent in India
- June**
 - Smit & Zoon presents new Product Passport at ACLE 2018
 - Smit & Zoon hands out scholarship fund to Shaanxi University, China
- August**
 - Smit & Zoon celebrates 10 years of production in China
- September**
 - Release of 2nd edition of the Product Passport
- October**
 - Smit & Zoon wins EY Family Business Legacy Award



WHY

Creating a 100% socially and environmentally sustainable leather supply chain.



MISSION

Working together towards a sustainable leather chain, we aim to improve the leather industry as a whole and to remain relevant and on top of the market.



VALUES

Innovative, family values, thought-driven leadership.

2025 STRATEGY

The heart of our strategy is creating sustainable leather together, keeping in mind the continuity of our family-owned company, building on its rich history since 1821. 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 of our customers, industry partners and stakeholders.

The basis of our business strategy lies in our purpose (why) and mission. We continue to play a catalyzing role in making the leather chain sustainable. To fulfill our role as a catalyst, we work with many stakeholders in the sector and act as transparently as possible. In the past year, we have refined our strategic objectives for 2025, in which we have defined our ambitions for growth and have drawn up a general roadmap for achieving that desired growth for each of our business areas and segments. In 2019, our business area managers will be making strategic plans for their respective business areas. Smit & Zoon's values and code of conduct will continue to constitute the guideline for all strategic plans.

CSR STRATEGY

In order to realize our CSR ambitions, we focus on three main themes: Footprint, Health and Safety, and Catalyzing. In this document, we will report on these three focal areas and detail our activities and achievements in each of them during 2018.

- **CSR Ambition**
Creating sustainable leather together.
- **Footprint sub ambition**
By 2025, Smit & Zoon will be a recognized leader in reducing the footprint in its value chain.
- **Health and Safety sub-ambition**
By 2025, Smit & Zoon will be a recognized leader in Health and Safety, with outstanding standards in our own company and involvement of our partners in the value chain.
- **Catalyzing sub ambition**
By 2025, Smit & Zoon will be a recognized catalyst, a thought leader for the entire leather supply chain.

Footprint

Footprint

Leather manufacturers use various chemicals in their production process that partly end up in the waste water. Our Product Passport is supporting them in choosing and developing the right chemicals to minimize the footprint.

Milestones in 2018

SYNTAN ZLR 100

Objective: Reduce waste in the leather value chain

Syntan ZLR 100, Smit & Zoon's zeolite-based retanning agent, was rewarded the highest level (Platinum) Cradle to Cradle Material Health certification (for details check www.c2ccertified.org). Apart from the certification, Syntan ZLR 100 has seen good market adoption in 2018.

Through the application of Syntan ZLR 100, Smit & Zoon was able to help leather manufacturers improve the quality of their leather, reduce their waste footprint and/or develop new leather articles. In the meantime, Smit & Zoon's Research & Development team is actively investigating ways, new acknowledgements and means of getting zeolite to yield its full potential in building the future of leather.

PRODUCT PASSPORT

Objective: Reduce waste in the leather value chain

In 2018, the second edition of the Product Passport was introduced after the initial launch in May, 2017. The Product Passport is an easy-to-use overview with data about the performance of Smit & Zoon's wet-end chemicals on both leather and the impact on environment. Leading leather manufacturers use these data to choose their chemicals more wisely, enabling the production of beautiful leather while at the same time reducing their environmental footprint. The second edition covers more products and provides a more in-depth description of the specifications that we analyzed.

“PrimeAsia values working with a chemical supplier that not only provides each individual chemical's performance qualities, but also details effects to the environment that are important to optimize our wastewater treatment facilities.”

Jon Clark – CEO PrimeAsia

 Video Product Passport? For more information about the Smit & Zoon Product Passport, please have a look at the video: https://www.youtube.com/watch?v=NKtcO_FfXfo



Ambition

By 2025, Smit & Zoon will be a recognized leader in making the leather value chain sustainable.





*In 2018,
we further enriched
our bio-based research
project portfolio*

LIGNIN-BASED PRODUCTS

Objective: Reduce waste in the leather value chain

We increased the bio-based content and assessing the impact on the degree of biodegradability in re-tanning agents in 2018. The project graduated from the conceptual research stage to the product development stage. In this project, we replaced a proportion of phenol (100% petro-chemical based) with lignin.

Our additional goals are to reduce the content of volatile organic compounds to extremely low levels and to use less energy during the production process.

As the development proceeds, the influences of the different physical and chemical properties of lignin are investigated. The chemical structures of the intermediate and end products are determined by optimized analytical methods. Comprehensive safety studies and stability tests have been conducted to deliver safe, robust and reproducible procedures to produce re-tanning agents, reducing waste in the leather value chain.

A natural polymer

Lignin is a natural cross-linked polyphenol derived from biomass that is formed in the cell walls of wood or agricultural crops and plants, providing structural strength. Lignin constitutes about 20-35% of the mass of every tree or plant and is the most abundant natural aromatic resource. As a by-product of the pulp and paper industry, at the present time, lignin is mainly burned to generate energy.

PROVIDING BIO-BASED SOLUTIONS

Objective: Reduce waste in the leather value chain

In 2018, we further enriched our bio-based research project portfolio and strengthened our position in fulfilling our commitment to provide bio-based solutions to the leather industry:

- In March, 2018, a second European patent application was filed on the application of a new type of biomass for the leather industry.
- From April, 2018 onwards, we have been participating in a Dutch Government subsidized (TKI-AF) project in a consortium, consisting of a knowledge institute and several industrial partners, aiming at the commercialization of research into a specific type of bio-based industrial side-stream.
- As a follow-up of the European patent filed in 2017, an international patent application was filed on the 'lignin modified polyphenolic leather chemicals' in September, 2018.
- Our team in the Netherlands joined forces with the R&D team at Codyeco in Italy to work on future bio-based solutions to further catalyze our company's ambition of making the leather value chain more sustainable.

LIFE BIOPOL

Objective: Reduce waste in the leather value chain

Codyeco is the project coordinator and one of the partners of the LIFE Biopol project: a project co-financed by the European Union as part of the LIFE 2014-2020 program. The main target of this project is the synthesis of a new class of biopolymers that represent an innovative, eco-friendly and suitable alternative to the traditional products based on petrochemicals that are currently used in leather manufacturing.

Biopolymers are produced by using raw materials that are industrial byproducts, such as animal and vegetable biomasses. These raw materials are obtained from leather and agrochemical industries in order to make a step towards circular economies.

The project also satisfies many aspects considered highly relevant in the leather industry, in particular: the improvement of water management, the reduction of hazardous substances and decreasing the carbon footprint of chemicals.

The development of new products began as a pilot project and has been transforming into an industrial prototype plant specifically designed and built for scaling up the new technology. The second quarter of 2019 will see the commitment of project partners to validating the environmental benefits of the biopolymers through their industrial application on different types of leather.





Compliance to industry standards like the ZDHC is important.

RESTRICTED SUBSTANCES LIST

Objective: All products to comply with (M)RSL

Since 2016, Smit & Zoon has its own Restricted Substances List (RSL). This is a list of substances that are not present in any of our products. A steering group reviews and updates the Smit & Zoon RSL annually, taking into account the following sources and criteria: Candidate List of Substances of Very High Concern (ECHA); Authorization List (Appendix XIV of REACH); List of Restrictions (Appendix XVIII of REACH); Manufacturing Restricted Substances List (ZDHC).

In 2018, we successfully eliminated the use of medium chain sulfochlorinated paraffin from our products. The Smit & Zoon RSL remained unchanged, apart from changes in the official EU lists, which were, of course, included.

Product Development Finishing

All our pigmented pastes are nonphenolic and free from octylphenol ethoxylates. The elimination of Recopren ID – perfume containing octylphenol ethoxylates is ongoing.

- N-ethyl-2-pyrrolidone has been eliminated from all products.
- The elimination of formaldehyde from various products, among them cationic polyurethanes and some pre-bottom finishing products, is ongoing.
- The elimination of five polysiloxanes containing octamethylcyclotetrasiloxane is ongoing.

IMPROVEMENTS AT OUR OWN PREMISES

Objective: No negative impact from Smit & Zoon production process

Like every other company, we both have and feel responsibility to look at possibilities to reduce our energy consumption and lower our CO2 emissions to help limit climate change. The spray dryers in our syntans production facility in Amersfoort, the Netherlands, are by far the biggest energy consumers within our company. We have identified several options to reduce the energy consumption per ton of spray-dried product. In 2019, we will implement an optimization program. We expect to reduce the specific energy consumption per ton of spray-dried powder by 10%.

Outlook for 2019

- In 2019, the prime focus will be on expanding our knowhow concerning bio-based leather chemicals and we expect to introduce new products that will reduce the footprint in leather manufacturing.
- We intend to expand our Product Passport based on new experiences and to make use of its content in dialogue with our customers in order to help them improve their own footprint when it comes to leather manufacturing.
- Our R&D team will actively pursue opportunities to attain the full potential of zeolite to support our aims in building the future of leather.
- We will support the ZDHC organization in their efforts to determine and implement the next steps to make the leather value chain more sustainable.



Health and Safety

Health and Safety

Every leather product, be it a shoe, a bag or a car seat, is man-made. It takes many experienced workers to create the perfect leather product: from operators in a chemical plant to leather manufacturers and craftsmen in a shoe factory. As these people fulfill such an important role, our aim is that they should work in healthy and safe conditions and be treated with respect. Safe use of chemicals is an important aspect of that.

Milestones in 2018

CHEMICALS MANAGEMENT

Objective: Catalyzing the safe use of leather chemicals

For years, Smit & has been a strong supporter of including chemical management in the [Leather Working Group](#) (LWG) protocol in order to catalyze the safe use of chemicals in the manufacture of leather. In 2018, we supported the creation and release of a Chemicals Management Module (CMM) by the LWG. Currently, the CMM is still voluntary for leather manufacturers but it is expected to become a part of the LWG Audit protocol from 2020 onwards. The CMM helps leather manufacturers manage information on a large number of chemicals and chemical substances that are used in leather production in order to further improve Health and Safety for everyone in the leather value chain.

“Educating students on how to make leather has moved beyond just the science and technology of the leather production process. Now it involves many subsidiary topics including good health and safety practice and safe handling of chemicals.

We pride ourselves here at [ICLT](#) on producing industry-ready graduates. As a result, we work closely with companies, including Smit & Zoon, to ensure that we are delivering the most up-to-date industry practice, with regards to health and safety within the commercial environment.”

Rachel Garwood BSc MSc FSLTC - Director at the Institute for Creative Leather Technologies (ICLT) / University of Northampton



Ambition

By 2025, Smit & Zoon will be a recognized leader in Health and Safety with outstanding standards in our own company and the involvement of our partners in the value chain.





Safety in our plants is of utmost importance.

SAFE USE OF CHEMICALS CAMPAIGN

Objective: Minimal adverse impact of our products on Health and Safety anywhere downstream in the value chain

In 2018, we continued our Safe Use of Chemicals campaign. The focus continued on educating our own staff, our agent network and students in order to get more ambassadors for this campaign. We organized webinars and presentations on various topics including: Safety while working with chemicals, the importance of reporting near incidents, compliance with the LWG CMM, and the importance of the ZDHC MRSL. We distributed safety kits in order to improve awareness about using personal protection equipment where necessary.

IMPROVING HEALTH AND SAFETY AT OUR OWN PREMISES

Objective: No cases of occupational illnesses, accidents or injuries within the company

Meeting compliance challenges in China

In the past few years, the Chinese government (central Beijing, province, city, and industry district) has been introducing many new and strict rules on pollution prevention on all levels and has increased the level of enforcement of both these new and existing regulations. Our plant in China is located in the Nanjing Jiangbei New Area. The authorities of this recently formed new district are particularly ambitious about reaching the highest level of SHE (Safety, Health and Environment) performance. Although the emissions from our types of processes are relatively low, this does pose extra challenges for us. In the past year, we have installed several automated monitoring systems with direct real-time connections to the authorities' control rooms. Examples are flow meters and video cameras, in addition to already existing online emission measurements. Until now, these monitoring devices have consistently confirmed that our emissions are low and far below the permitted limits.

Risk Identification and evaluation (RI&E)

In 2017, we finalized new RI&E guidelines for our sites in the Netherlands, including an action plan. In 2018, we executed a big part of this action plan. The action plan mainly contains small actions at department level. The biggest actions are part of a more specific in-depth RI&E protocol on exposure of employees to hazardous chemicals and the set up of a program for sustainable employability. These actions will be the main focus for 2019.

Construction and start-up of a new production site in Chennai, India

On January 31, 2018, we officially opened our first production site in India. From the start of this project, we set ourselves the objective of maintaining the SHE standard at international chemical industry level. In India, this is less common than in some other parts of the world. We used clear definitions of what we mean by this SHE standard from the beginning of this project. The local team took pride in implementing the project and the quality standard in a very practical way. Clear consequences can be seen in washing and changing facilities for the operators, the use of electric forklifts instead of diesel-operated ones, many safety precautions and protective measures, and the use of PPE. We demonstrated that a high safety standard can be achieved at limited cost by including the right principles from the start of the project.

This definition of SHE standards will be used in the future for other group projects and sites.



SUSTAINABLE EMPLOYABILITY

Objective: Ensure that employees are able to work in a productive, motivated, and healthy way

'Work and life balance' is the name of a new Sustainable Employability program within Smit & zoon.

This program is in line with our motto 'we are in it for the long run'. Through this program, we intend to improve the sustainable employability of our employees. We aim to keep everyone healthy, whether it is someone who currently works for Smit & zoon until retirement or anyone in their next career step. This long-term program, initially focusing on employees in the Netherlands only, will be kicked off in January 2019. It is a follow up of the vitality wellness program of 2015 and contains more than just the focus on a healthy body and mind.

It is in the best interest of both Smit & Zoon and its employees that everyone is and remains healthy, competent, and happy, even when the age for retirement has been reached. In order to achieve this, Smit & zoon has opted for a thorough approach based on the House of Work Capacity program, developed by Edo Smit of Meijers Vitaal. This multi-pronged approach involves, inter alia, taking full responsibility for the management of absenteeism, working in close cooperation with the company doctor on task delegation, analyzing medical, personal and social factors on the basis of capacity for work, monitoring the legal steps, coaching managers in managing the file and strengthening the direction capacity of managers.

This approach for continuous improvement will only work if employees and managers collaborate and are involved from the design of the program all the way through its execution. Such collaboration will begin with a questionnaire that will be sent out to all employees based in the Netherlands. A working group will also be set up in which colleagues from all parts of the organization will be represented.

Outlook for 2019

- We will continue to educate our own teams, agents, and others to be ready for the LWG CMM (safe use of leather chemicals) that will be introduced to our customers.
- In both plants in the Netherlands, the system of instructions and training for operators will be revised and will be based on the TWI 2.0 method. The TWI system is one of many lean tools and stands for 'Training Within Industry'. After we build up more experience with this TWI method, we plan to use this standard method in other parts of our group.
- In the Netherlands, we will implement the 'House of Work Capacity' program as detailed above.
- In Nanjing, we will revise several risk assessments, including the explosion risk assessment. Also in 2019, it is expected that the new and stricter regulations will lead to extra measures to be implemented.
- As a follow up of the RI&E, major actions that are planned for 2019 are a specific in-depth RI&E on exposure of employees to hazardous chemicals as well as the setting up of a program for sustainable employability.



Catalyzing

Catalyzing

The leather industry is big and we cannot change it on our own. However, with our long-term vision and thought leadership in mind, our continuous desire for innovation and our strong family values, we believe that one of our main roles should be that of a catalyst.

Milestones in 2018

BUSINESS PARTNER CODE OF CONDUCT

Objective: CSR is the mindset of all Smit & Zoon employees and partners

In 2018, we shared our Business Partner Code of Conduct with most of our agent network, including some of our key suppliers. We drew up this document to set standards, derived from international standards like the ILO and the Ethical Trading Initiative (ETI) Base Code, on top of compliance to the laws under which our business partners operate. In 2019, we intend to share this Code of Conduct with 100% of our agent network, including extending its introduction to our key suppliers.

RESPONSIBLE LEATHER ROUND TABLE

Objective: Accelerate the CSR flywheel within the leather value chain

In 2018, we committed ourselves to the Charter of the Responsible Leather Round Table (RLRT), an initiative started by the Textile Exchange. The mission is to advance responsibility and continuous improvement in the global leather value chain through leadership, science, and inclusive multi-stakeholder engagement and collaboration. A prime goal is to develop a global farm-to-product Responsible Leather Assessment (RLA) tool. We supported this initiative by sharing our knowhow and network through various conference calls and by participating in the first ever RLRT meeting, together with the Round Table for Sustainable Beef. In 2019, we intend to further collaborate in shaping the RLA tool.

“The Responsible Leather Assessment tool (RLA) will set a global benchmark for minimum best practices and allow brands sourcing leather to send clear demand signals to their supply chains. The RLA recognizes and adds value to existing programs and standards and will enable the industry to align around actions and targets that will deliver meaningful change on a global scale. We are excited to have Smit & Zoon as a valued contributor to this work. Not only do we benefit from their expertise and experience, we share a vision of a leather industry that is recognized for the great work that it does.”

Ann Gillespie, Director of Industry Integrity, [Textile Exchange](#)



Ambition
By 2025, Smit & Zoon will be a recognized leader in accelerating the CSR flywheel within the leather value chain.



We support the leather industry initiatives to make the industry more sustainable.

TANNERY OF THE FUTURE

Objective: Accelerate the CSR flywheel within the leather value chain

In 2018, the online ‘Tannery of the Future’ tool reached a total of 600 downloads from brands, leather manufacturers, NGOs, and others. This tool helps leather manufacturers understand the status quo and acts as a prelude to full certification, e.g. from the Leather Working Group. In 2018, it was actively used as an awareness creator in industry projects in India and Ethiopia. New translations into Spanish and Bengali were initiated and a new sponsorship deal was signed with a tannery equipment producer. In 2019, the focus will be to further introduce the tool throughout the industry to create awareness of a broad range of sustainability topics. Smit & zoon is a founding partner and is taking a seat on the Board.

“ *The Tannery of the Future Tool is an integral component of one of our flagship programs: Pollution Prevention and Efficient Water Use in Kanpur - Unnao Leather Cluster. Solidaridad took the lead in translating this meaningful tool into Hindi and Bengali. Solidaridad is building the competency of leather manufacturers in using the Tannery of the Future tool, which is extremely relevant to the industry, and is scaling up to build competency in the use of this tool in India and adjoining countries.* ”

Tatheer Zaidi - Senior Program Manager - Leather, Solidaridad Asia

LEATHER NATURALLY

Objective: Inspire the public about leather through education and promotion



Leather Naturally is the initiative that promotes the use of globally-manufactured sustainable leather and seeks to inspire and inform designers, creators, and consumers about its beauty, quality, and versatility. In 2018, its member base doubled, several recognized industry organizations endorsed Leather Naturally as the image pillar for the leather value chain, young designer workshops were organized, and communication via the website and social media was intensified. In consultation with a PR company, the industry was presented with a global digital PR campaign, for which crowdfunding has started. We support this initiative through membership, by funding the PR campaign and by providing time for our Global Director of Sustainability to chair the association.

“ *Support from Smit & zoon allowed Leather Naturally to gain traction during 2018, with its membership growing substantially. It has efficiently built its objectives in promotion and education, and crowdfunding for the new campaign has had a strong start. We thank Smit & zoon for freeing their Global Director of Sustainability to be chairman and catalyze this vital progress for the industry.* ”

Dr. Michael Redwood, Founder of Leather Naturally

Outlook for 2019

- In 2019, Smit & Zoon will continue to support the leading industry initiatives, including the [LWG](#), [ZDHC](#), [RLRT](#), and [Leather Naturally](#).
- The focus will be on supporting Leather Naturally to go live with a global leather promotion campaign, to obtain the next level of ZDHC certifications, to support our customers to be ready for LWG CMM implementation, and to support the RLRT in their aim to create the Responsible Leather Assessment tool.
- We will continue to support the foundation of the Tannery of the Future and ensure that this sustainability awareness tool will remain an entry tool for leather manufacturers in less developed countries, enabling them to become sustainable partners in our industry.

Our People



Our people

Our people are our greatest asset. We want our employees to be safe, healthy, and engaged in their work, now and in the future. Enabling our employees to develop and grow is an important aspect of that.

Milestones in 2018

COMPETENCE PROGRAM

In 2018, we finalized our Competence Program for all employees in the Netherlands. The goal of this extensive training program was to enable employees to work 'the Smit way'. This included working according to the company's core values, being able to maintain a healthy work-life balance, and giving and receiving feedback properly. The 'Competence Program' consisted of three days of training and coaching for everyone and offered our managers eight days of training and coaching.

Focus areas and trends

COMPETENCE PROGRAMME

Smit & Zoon strives to be a good employer. Skilled and committed employees are crucial to our success, now and in the future, as well as to making a contribution to society. Enabling our employees to develop and grow is an important aspect of that. Improving skills, competence and cooperation is just as important to us as increasing knowledge. In 2018, we continued with the Competence Program. All our employees in the Netherlands followed either a three-day or an eight-day training program to improve cooperation and personal effectiveness within our company.



Fact:

In 2017, Smit & Zoon had 250 employees in full-time employment. This number increased to 360 by the end of 2018.





Our focus is on sustainable employability, talent management and succession planning.

SUSTAINABLE EMPLOYABILITY

Objective: Ensure that employees are able to work in a productive, motivated, and healthy way.

The international labor market is constantly changing. This demands adaptation by employers and their employees. Motivated and sustainable employable staff is very important for a future-proof organization. This asks for a clear path and an inspiring way of managing employees in which structure, continuity, and continuous dialogue are key. Managers and employees share responsibility for this, with employees taking control of their own career development and employers providing support.

Our Sustainable Employment Program being run initially in the Netherlands as a follow-up to the vitality wellness program of 2015 has already been mentioned

above. It contains more than just the focus on a healthy body and mind. It is in the best interest of both Smit & zoon and its employees that everyone is and remains healthy, competent, and happy, even when the age for retirement has been reached.

To achieve this, Smit & Zoon has opted for a thorough approach through the House of Work Capacity program also described above.

ORGANIZATIONAL STRUCTURE

In 2018, we made some adjustments to our organizational structure so as to bring employees from different locations and brands closer together in order to facilitate closer collaboration.

We strengthened the top of our organization by implementing a Board, designating who reports directly to them, and setting up a Global Leadership Team (GLT). The GLT is assigned to jointly attain the 2025 ambition. To achieve this, each GLT member made a strategic long-term plan for his/her responsibility area(s). These plans have been coordinated in 2018 in order for all of us to have the same priorities and obtain maximum customer satisfaction. The GLT will meet each quarter to align, monitor progress, and fine-tune the strategy.

Commercial organizational structure: the Business Directors worked on a new setup by classifying all commercial staff in their business teams. This reclassification was made in order to create smaller, extremely focused teams that have short communication lines and are close to their customers. At the same time, we expect this reclassification to support us in optimizing our order fulfillment processes and procedures.

Outlook for 2019

- In 2019, the focus will be on sustainable employability, talent management, and succession planning.



The Koornzaayer Foundation



The Koornzaayer Foundation

In 1969, Joost Smit, 6th generation then owner of Smit & Zoon, set up the Koornzaayer Foundation. This foundation supports local initiatives on education and health care projects in Kenya and Uganda. Education gives children an opportunity to make changes in their own country that will also benefit the next generation. In order to be able to learn and go to school, children have to be healthy.

Since 2014, the Koornzaayer Foundation teamed up on a project with Victoria Friendly Foundations (a group of local villagers on Rusinga Island, off the coast of Kenya). This project first started in 2005 with the aim of supporting orphaned and needy children on the island to meet their unmet basic needs.



Litare Beach. Victoria Montessori lies next to this fishing village.

Achievements to date? A proper integrated early childhood development education package has been successfully integrated into the community. Not only do children in the community now receive inclusive education but there are also a feeding program, school based health activities and, indirectly, food security and economic development.

It is our aim to work towards a society where all people are able to live a dignified life with equal access to education and healthcare and to take control of their own future.

History: Almost half of the 35,000-strong population on Rusinga Island lives below the poverty line. Families on the island have less than \$1.32 to spend per day. Because it is mainly the Abasuba and its fishermen who own the island, agriculture has barely been developed. Also, many parents have died from HIV/aids, TBC or malaria, leaving many orphaned children underfed, abused, and exploited.

With help from the community, a group of local villagers on the island decided to take these children under their wing and started to feed and educate them. In 2014, the Koornzaayer Foundation and Imani Foundation bought a piece of land on which the building of a school started a year later and was finished in 2018.



New school building.



Apart from this, the Koornzaayer Foundation also managed to get caretakers to the school who additionally give training courses in subjects such as agricultural techniques. It is our hope that this will promote food security and also educate people to look at different solutions to further prevent soil erosion, which is a problem on the island that affects the food supply.

The integrated community development program is a six-year program which is the joint initiative of the Victoria Friendly Montessori, De Koornzaayer Foundation, FEMI, Talud, the Catz Charity Foundation and the Peter van Vliet Foundation.



Facts and Figures

Facts and Figures

KPI 1: Employees

Employees	Smit & Zoon total			Netherlands			Italy			China		
Male	153.9	160.6	146.0	106.2	109.6	117.0	25.8	28.0		17.0	28.0	22.0
Female	46.0	50.5	41.0	29.2	29.6	29.0	6.8	8.9		9.0	22.0	11.0
Total	199.9	211.1	187.0	135.4	139.2	146.0	32.4	36.9		26.0	29.0	33.0
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018

Employees	Smit Germany		
Male	5.0	5.0	5.0
Female	1.0	1.0	1.0
Total	6.0	6.0	6.0
	2016	2017	2018

Supervised workers Smit Germany / Netherlands	Smit Germany / Netherlands		
Male	16.0	13.0	11.0
Female	1	0	0
Total	17.0	13.0	11.0
	2016	2017	2018

*no figures are known for Codyeco 2018 due to the purchase and integration

KPI 2: Training and education

Employees	Smit & Zoon total			Netherlands			Italy			China		
Average hours Male	20	25	7	18	22	3	13	15		36	57	39
Average hours Female	20	32	9	7	25	1	21	16		54	67	34
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018



KPI 3: Water consumption

(M3/ton of product produced)

Water consumption	Smit & Zoon total			Netherlands			Italy			China		
Surface water	10.35	11.22	11.61	12.08	13.22	12.11	0	0		0	0	0
Ground water	5.21	5.38	6.66	6.07	6.34	6.95	0	0		0	0	0
Tap water	0.42	0.44	0.46	0.35	0.37	0.39	0.97	0.95		0.79	0.77	0.87
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018

KPI 4: Water discharge

(M3/ton of product produced)

Water discharges	Smit & Zoon total			Netherlands			Italy			China		
Volume	0.10	0.11	0.10	0.07	0.07	0.08	0.33	0.33		0.27	0.24	0.25
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018

KPI 5: Waste

(Kg/ton of product produced)

Waste	Smit & Zoon total			Netherlands			Italy			China		
Non-hazardous	7.65	3.64	8.83	7.45	2.81	9.10	16.08	17.57		1.19	0.48	0.49
Hazardous	5.49	8.21	6.65	4.53	8.36	6.09	11.78	4.94		10.68	9.34	8.50
Total	13.61	12.22	15.78	12.22	11.27	15.51	27.86	22.51		11.87	9.82	8.99
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018

KPI 6: Raw Materials

(%)

Raw Materials	Smit & Zoon total			Netherlands			Italy			China		
Renewable	40.64	31.09	35.19	45.43	35.36	36.49	1.64	1.40		0.08	0.07	20.81
Non-renewable	59.36	68.91	64.81	54.57	64.64	63.51	98.36	98.60		99.92	99.93	79.19
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018



KPI 7: Energy consumption

(GJ/ton of product produced)

Energy	Smit & Zoon total			Netherlands			Italy			China		
Gas (scope 1)	1.05	1.23	1.44	1.20	1.43	1.50	0.32	0.34		0	0	0
Fuel (diesel – scope 1)	0	0	0.64	0	0	0	0	0		0	0	0
Fuel (gasoline – scope 1)	0	0	0	0	0	0	0	0		0	0	0
LPG (scope 1)	0	0	0	0	0	0	0	0		0	0	0
Total scope 1	1.05	1.23	2.08	1.20	1.43	1.50	0.32	0.34		0	0	0
Electricity non-renewable (scope 2)	0.83	0.14	0	0.81	0	0	1.00	0.99		0.86	0.87	0
Electricity renewable (scope 2)	0	0	1.07	0	0.90	1.0	0	0		0	0	0.99
Purchased heat (scope 2)	0.74	0.59	0.72	0	0	1.0	0	0		0.74	0.59	0.72
Total scope 2	0.88	0.19	1.14	0.81	0.90	2.01	1.00	0.99		1.61	1.46	0.72
Total scope 1+2	1.93	1.42	3.23	2.01	2.33	1.50	1.32	1.32		1.61	1.46	0.72
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018

KPI 8: Packaging

(%)

Packaging	Smit & Zoon total			Netherlands			Italy			China		
Renewable	34.67	42.62	45.85	35.77	44.84	48.60	39.83	43.62		12.94	17.12	17.12
Non-renewable	65.33	57.38	54.15	64.23	55.16	51.0	60.17	56.38		87.06	82.88	82.88
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018



KPI 9: Health and Safety Discharges

Spills	Smit & Zoon total			Netherlands			Italy			China		
Category 1	57	70	54	52	59	50	4	4		1	7	4
Category 2	1	0	1	1	0	1	0	0		0	0	0
Category 3	0	0	0	0	0	0	0	0		0	0	0
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018

KPI 10: Emissions

(CO²/ton of product produced)

Emissions		Smit & Zoon total			Netherlands			Italy			China		
Direct Greenhouse Gas (GHG) emissions in tons CO2 equivalent	Gas (scope 1)	0.06	0.07	0.08	0.07	0.08	0.08	0.02	0.02		0	0	0
	Fuel (diesel - scope 1)	0	0	0	0	0	0	0	0		0	0	0
	Fuel (gasoline - scope 1)	0	0	0	0	0	0	0	0		0	0	0
	Fuel (LPG - scope 1)	0	0	0	0	0	0	0	0		0	0	0
	Methane (scope 1)	0	0	0	0	0	0	0	0		0	0	0
	Nitrous Oxide (scope 1)	0	0	0	0	0	0	0	0		0	0	0
	Emission CFCs (scope 1)	0	0	0	0	0	0	0	0		0	0	0
	Total GHG Scope 1	0.06	0.07	0.08	0.07	0.08	0.08	0.02	0.02		0	0	0
	Electricity (scope 2)	0.06	0.08	0.08	0.06	0.07	0.07	0.07	0.07		0.06	0.07	0.07
	Purchased heat (scope 2)	0	0	0	0	0	0	0	0		0.05	0.04	0.04
	Scope 2	0.07	0.07	0.08	0.06	0.07	0.07	0.07	0.07		0.11	0.10	0.11
	Total scope 1 + 2	0.12	0.14	0.16	0.13	0.15	0.16	0.09	0.09		0.11	0.10	0.11
	Emissions to air	Emission NOx	1.81	2.08	2.34	1.81	2.08	2.34	0	0		0	0
Emission Phenol		0	0	0	0	0	0	0	0		0	0	0
Emission Formaldehyde		0	0	0	0	0	0	0	0		0	0	0
		2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018



KPI 11: Health and Safety

Safety & health	Smit & Zoon total			Netherlands			Italy			China		
IR = Injury Rate	1.92	0.46	0.52	2.87	0.69	0	0	0		0	0	6.13
LWD = Lost Work Days	29.01	34.76	0	43.40	51.93	0	0	0		0	0	0
AR = Absentee Rate	3.33	3.51	5.80	3.98	4.64	7.04	1.52	1.53		3.05	0.81	0.69
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018

KPI 12: Compliance

(Stakeholder complaints)

Compliance	Smit & Zoon total			Netherlands			Italy			China		
External complaints	4	6	5	4	6	5	0	0		0	0	0
Environmental incidents – category 2	9	4	7	9	0	7	0	0		0	0	0
External complaints – category 3	0	0	0	0	4	0	0	0		0	0	0
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018



Appendices

Company profile

Business Units and Brands

SMIT & ZOON WET-END

Smit & Zoon wet-end supports leather manufacturers with performance products and technical advice for wet-end operations. These operations constitute the third step in the process of producing leather (after the beamhouse and tanning). During the wet-end process, the leather is given its haptic properties such as softness and tightness, while the required color is introduced by the application of dyestuffs. Leather manufacturers use our fatliquors and syntans to make leather suitable e.g. for hiking boots (by waterproofing), garments (by softening), upholstery or automotive use (by ensuring low emissions).

More info: www.smitzoon.com

SMIT & ZOON FINISHING

Smit & Zoon Finishing develops and produces leather chemicals for the final step after the tanning and re-tanning/fatliquoring processes. End-users expect their leather to have more than the basic properties of the crust. For example, the leather may need to have certain color intensity, a structure or print, waterproofing or certain other properties to enhance usability. The finishing process ensures that the leather has the properties required by the customer. The dry leather is washed, lacquered, pigmented, colored, and processed until the required effect is obtained. Leather finished with Smit & Zoon products is used by leading brands in the shoe, bag, clothing, and furniture sectors.

More info: www.smitzoon.com

CODYECO

In November 2017, Smit & Zoon acquired the Italian leather chemicals company Codyeco. Codyeco is an Italian producer of leather tanning chemicals, headquartered in Santa Croce sull'Arno, Italy. Codyeco's product portfolio includes beamhouse, wet-end, and finishing products. In 2016, Codyeco acquired Kemiter, which is now also part of Smit & Zoon's brand and product portfolio.

More info: www.codyeco.com



*Leading brands use
leather made with
Smit & Zoon products*





Global Operations

- 1. **WEESP, THE NETHERLANDS**
Headquarters, Plant, Leather Application Center

- 2. **AMERSFOORT, THE NETHERLANDS**
R&D Wet-end, Plant

- 3. **SANTA CROCE SULL'ARNO, ITALY**
Codyeco and Kemiter Sales office, Plant,
Leather Application Center

- 4. **MONTORSO, ITALY**
R&D Finishing, Plant

- 5. **MÜNSING, GERMANY**
Sales office

- 6. **RANIPET, INDIA**
Leather Application Center

- 7. **CHENNAI, INDIA**
Sales office, Production Plant

- 8. **NANJING, CHINA**
Plant

- 9. **NOVO HAMBURGO, BRAZIL**
Leather Application Center



Organizational Development

SMIT & ZOON INDIA

In January 2018, Smit India inaugurated its factory in Chennai, focusing on production for the local market. Through Smit India, we now take care of the order management and supply chain support for the customers of all our brands throughout India, Pakistan and Bangladesh (the IPB region). Smit India also has a team of technical experts supporting our customers and dealers for the development of new articles with support from a local R&D team focusing on developing new products for the IPB region.

CODYECO

As mentioned above, in November 2017, Smit & Zoon acquired Italian leather chemicals manufacturer Codyeco. In 2018, Smit & Zoon focused on integration and the sharing of best practices among the different brands.

Risk Management

Smit & zoon's Global Leadership Team has final accountability for risk management. It gets advice on emerging risks from several experts within the organization, each with his or her own area of expertise, and is kept informed through regular reporting.

We have Safety, Health and Environment (SHE) Officers at each of our plants, reporting to the Global Director of Operations and/or to the General Manager of the plant concerned. They monitor compliance with our SHE management systems (ISO 14001, HACCP, GMP+, VBS, BRZO, OSHAS 18001), define risk mitigation measures, and take corrective or preventive measures where necessary.

In the event of an operational emergency, we have a crisis management plan of which all new employees are informed when they start working at Smit & Zoon. Our crisis management team also regularly checks the plan.

Supply Chain



1. LIVE STOCK

Bovine, sheep, goat, specialties (snake, crocodile etc.) corrective or preventive measures where necessary.



2. SLAUGHTERHOUSE

Hides and skins are a by-product of slaughtered animals. If these hides and skins were not used for leather, they would be wasted.



3. BEAMHOUSE

Hides are cleaned from dirt, blood, salt and hair, the collagen structure is opened, they are fleshed, split into grain skin and split side - at this stage mainly for upholstery and automotive products - and prepared for tanning.



4. (RE)TANNING/FATLIQUORING

Hides are converted into durable material that is protected against water, heat and micro-organisms: they are sammied to reduce water content, shaved to reduce thickness, split into grain skin and split side - at this stage mainly for shoes and leather goods - retanned, dyed, fatliquored, set out, dried, staked and milled to soften the leather.



5. FINISHING

Leather is upgraded, embossed and basecoat and topcoat are applied, giving the leather nice patterns, colors etc.



6. MANUFACTURING

The manufacturer of the leather article



7. CONSUMER

Purchasing a leather product.



Smit & Zoon Supply Chain

Top 10 markets Wet-end, based on 2018 sales volume.	
1.	China
2.	Italy
3.	India
4.	Germany
5.	Bangladesh
6.	Russia
7.	Turkey
8.	South-Korea
9.	Spain
10.	Taiwan

Top 10 markets CODYECO, based on 2018 sales volume.	
1.	Italy
2.	Poland
3.	India
4.	Turkey
5.	Ukraine
6.	Egypt
7.	China
8.	Hong Kong
9.	Portugal
10.	Peru

Top 10 markets Smit Finishing, based on 2018 sales volume.	
1.	Italy
2.	Taiwan
3.	China
4.	Vietnam
5.	Russia
6.	Pakistan
7.	Ukraine
8.	Turkey
9.	India
10.	Portugal



KEY LOGISTICS PARTNER (16)

- Storage and outsourcing (2)
- Sea transport (3)
- Road transport (8)
- Air transport (1)
- Couriers (2)



PRODUCTION FACILITIES (4)

- Amersfoort (NL)
- Weesp (NL)
- Montorso (IT)
- Nanjing (CN)



KEY SUPPLIERS¹

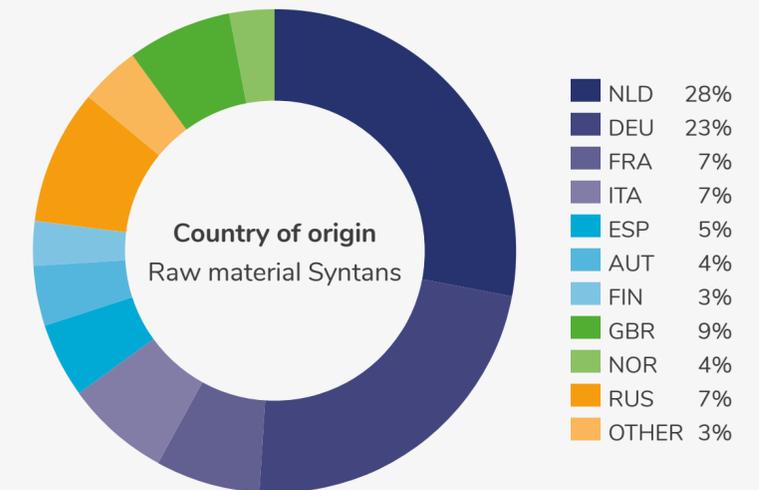
- Product-related goods (50)**
 - Raw materials (44)
 - Packaging (6)
- Non-product related goods and services (89)**
 - Consultancy
 - Energy
 - Facilities
 - ICT
 - Laboratory
 - MRO (Maintenance, Repair and Overhaul)

(1) Key suppliers and key logistics partners are the 20% that account for 80% of our procurement volume.

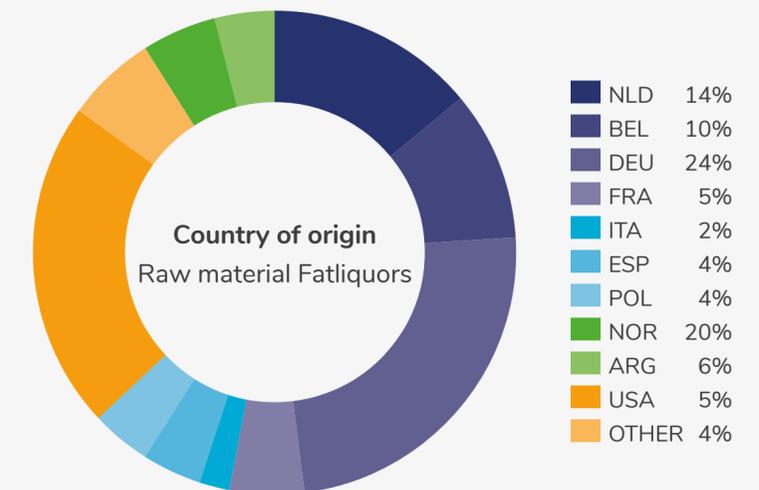


RAW MATERIALS AND ORIGIN

Plants at Weesp and Amersfoort
Smit Wet-end, syntans



Plants at Weesp and Amersfoort
Smit Wet-end, and Smit Functional Oils, Fatliquors



Governance

Smit & Zoon's Supervisory Board meets five times a year. The CEO is also present at these meetings. The Smit & Zoon Supervisory Board consists of three members, one of whom serves as the Smit family representative.

Smit & Zoon's Board of Management presents its business plans for the coming year to the Supervisory Board for its approval each year in December.

Global Leadership Team

The Global Leadership team was implemented in 2018 and consists of the Board members and the directors responsible for specific areas, including: Business, Commercial, R&D, Operations, Human Resources, Marketing and Communication, and CSR. The GLT meets every quarter to monitor the progress of the company goals. The GLT replaced the former CSR board, ensuring that CSR is the main focus for management.

Works Councils

We have an active Works Council at our headquarters, representing all employees in the Netherlands and serving as local representatives in national labor negotiations. The Works Council meets on a regular basis with our Global Director of Operations and HR Manager.



Stakeholder engagement

Stakeholder	Key topics for the stakeholder	2018 stakeholder engagement
Current and potential employees	<ul style="list-style-type: none"> - Attracting the right employees who fit into the organization - Training and development - Openness, effective internal communications - Prioritize CSR throughout the organization - Sustainable employability 	<ul style="list-style-type: none"> - Annual appraisals and progress reviews for all employees - Life and Work in Balance program - Regular employee meetings to inform everyone about what is happening in the business - Lunch sessions in all our offices to share and discuss our CSR activities - Provide student training at the Institute for Creative Leather Technologies at the University of Northampton
Customers	<ul style="list-style-type: none"> - Good products and service - A reliable, stable, and responsive network - Product safety - Understanding new regulations and brand requirements - Sustainability - Compliance 	<ul style="list-style-type: none"> - Regular face-to-face meetings during which our products and service level are evaluated - Presence at global trade fairs to give customers and agents the chance to meet and talk to sales staff and technicians - Workshops on 'Safe Use of Chemicals' - Webinars organized for our agent network - Publishing regular newsletters (News-4-You) with updates on trends and regulations
Suppliers (and outsourcing partners)	<ul style="list-style-type: none"> - Efficient and appropriate cooperation based on clear agreements 	<ul style="list-style-type: none"> - Regular one-to-one meetings
Municipal and provincial authorities	<ul style="list-style-type: none"> - Good relationship with Smit & Zoon - A safe environment for local residents 	<ul style="list-style-type: none"> - Regular meetings. For example, Smit & Zoon Amersfoort hosts meetings for a local business group
Industry associations (MVO Nederland, Leather Working Group, Leather Naturally, Tannery of the Future, ZDHC, Responsible Leather Round Table)	<ul style="list-style-type: none"> - Constructive cooperation to help improve the value chain 	<ul style="list-style-type: none"> - Regular meetings and joint activities. For example, MVO Nederland industry meetings on corporate social responsibility. - Founding Tannery of the Future: an easy to understand sustainability checklist for leather production. Smit & zoon is a founding partner, financial contributor, and takes a seat on the board. - ZDHC (Zero Discharge Hazardous Chemicals): supporting the development of a Chemical Management Module that is improving transparency, Health and Safety, and reducing the footprint when using chemicals. - Leather Working Group: takes an active role in implementing best practices in the value chain. - Leather Naturally is a supporter of improving the image of leather with factual PR. Smit & Zoon is a financial supporter and takes part in the Management Board. - In the Responsible Leather Round Table, Smit & Zoon took part in the first ever joint meeting with the Global Roundtable for Sustainable Beef and is a member of the working group to develop a Responsible Leather Assessment tool.



Selection of topics for this report

Smit & Zoon focuses its sustainability policy on three areas: Footprint, Health and Safety, and Catalyzing. These three themes are the pillars on which this report rests. The matrix was set up based on discussions with employees, customers, agents and other stakeholders.

The placement of a topic along an axis indicates that it has an impact on us (horizontal axis) or that it is a topic our stakeholders have concerns about (vertical axis). The topics at the top right are particularly important, both to us and to our stakeholders.

Ethics and Integrity

Smit & Zoon Protocols:

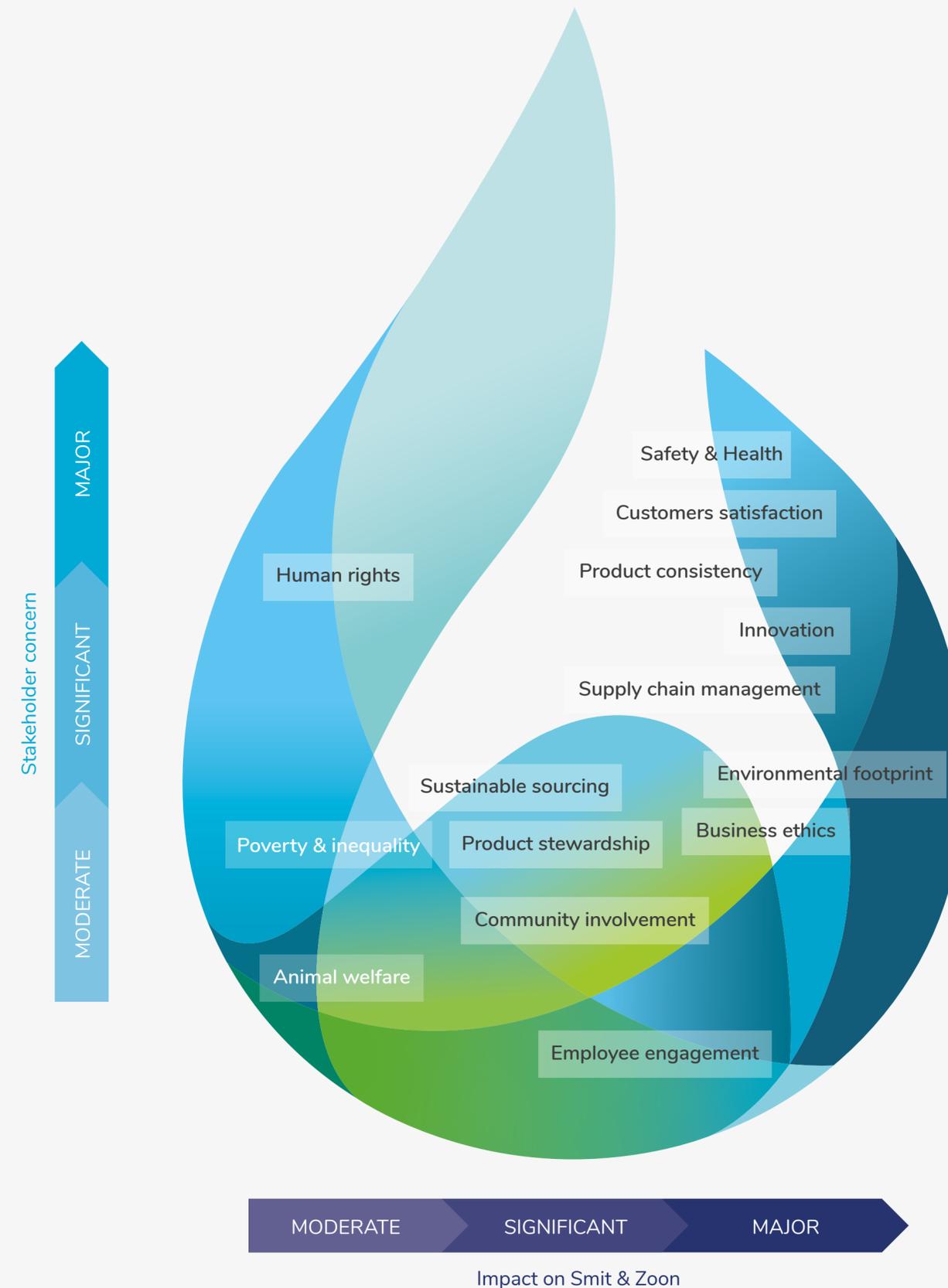
- [Sustainability Declaration](#)

- [Quality Declaration](#)

- [Harassment code](#)

- [Absenteeism regulations](#)

- [Corporate information code](#)



Black = included in report



Clarification of materiality matrix

Material topic	Clarification
Health and Safety	The goals of Occupational Safety and Health (OSH) programs aim to foster a safe and healthy work environment. OSH may also protect co-workers, family members, employers, customers, and many others who might be affected by the workplace environment.
Satisfied Customers	Satisfied customers are of vital importance to a successful and healthy business.
Product Consistency	We believe in consistency of product quality, by which we mean a consistent outcome when working with the product and the predictability of the product's impact. This leads to fewer complaints about the product and less waste in the supply chain.
Innovation	Explore the new, in order to lead the industry into a new era. Our innovation ambition is: To upgrade leather quality through a simple wet-end process with zero added footprint. Innovation can also include new innovative ways to pleasantly surprise our customers in any way.
Supply Chain Management	We manage/encourage efficiencies in the whole supply chain by optimizing the logistical flow of goods and services.
Environmental Footprint	The effect that a person, company, activity, etc. has on the environment, for example the amount of natural resources that they use and the amount of harmful gases that they produce. Smit & Zoon focuses especially on the footprint in water, waste, and CO2.
Business Ethics	Business ethics are implemented with the purpose of ensuring that trust is promoted in the supply chain through: Code of Conduct, contracts, certificates etc.
Sustainable Sourcing	We source sustainably, maintaining respect for people, the planet, and profit. We use different indicators depending on the source, ranging from raw materials to packaging and transport.
Product Stewardship	Everyone involved in the lifespan of the product is called upon to assume responsibility for reducing its environmental, health, and safety impacts
Community Involvement	Our company and its co-workers make it a priority to contribute to charitable programs and events.
Employee Engagement	Employee engagement is a workplace approach resulting in the right conditions for all our employees to give their best each day, committed to our business goals and values, motivated to contribute to organizational success. An engaged employee is enthusiastic about his/her work and so takes positive action to further Smit & Zoon's reputation and interests.

Measurement and data collection

We used a recently developed protocol and monitoring instrument to collect the data for this report. This instrument ensures that data from our different locations can be compared and the Board and GLT can easily be updated on the status of CSR related projects.

Due to our divestment of Functional Oils (FO) as of January 1, 2018, all FO related operations have been terminated at our Weesp site as of that date. The termination of FO operations resulted in a downsizing of the total volume for Weesp.

About this report

This is Smit & Zoon's sixth CSR report. It addresses the performance and approach taken throughout our business in terms of corporate social responsibility. This annual report is intended to inform our stakeholders about how we add value for our customers and for society. It covers Smit & Zoon's offices and plants in:

- The Netherlands: A. Smit & Zoon BV
- Italy: Codyeco S.p.A. and Smit Finishing S.p.A.
- China: Smit (Nanjing) Leather Chemicals Co. Ltd
- Germany: Smit GmbH

Data in the Appendices exclude our plants in Italy and India, due to the integration process, respectively the recent start of the production. These plants will be part of the reporting in 2019. GRI (Global Reporting Initiative) standards were used as a guideline where possible in compiling this report.

Smit & Zoon does not warrant the accuracy and completeness of the data in this report and therefore can not be held responsible in any way.



Colophon

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