



TOGETHER FOR
SUSTAINABILITY

**Towards
a strong,
impactful
initiative**

**Activity Report
2021**



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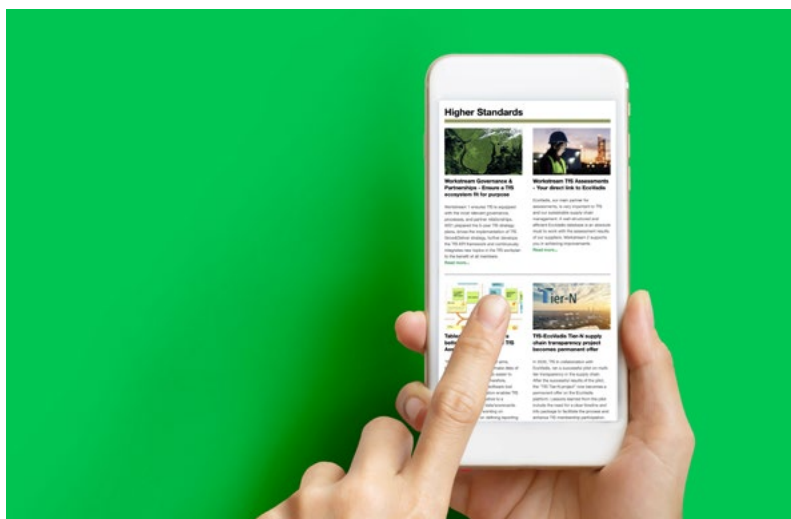
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TfS is open to any chemical company around the world who shares the ambition to engage with suppliers on sustainability improvements.

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We welcomed two new team members in 2021.



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A member-driven initiative requires an informed and connected community to drive it forward.

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Our online resources are available at any time.

Dear TfS members, suppliers and friends

The past year has been one of unprecedented challenges, major accomplishments, learnings, and celebration.

TfS celebrated its 10th anniversary. The vision of the founding members was that procurement will play an essential role in making supply chains and business at large more sustainable. Ten years later, we can be proud of our team and community achievements: TfS is recognised as the *de facto* global standard for sustainable supply chains in the chemical industry whilst membership has grown from six to the current thirty-four companies covering all segments of the chemical industry. The TfS strategy 2020-2025 has made the initiative pivot from measuring to creating impact, with a continuous and dedicated focus on accelerating the end-to-end sustainability performance of suppliers and team member companies.

Driving innovation for increased impact

In line with the strategy, TfS has been working hard in 2021 to grow further. We welcomed six new members: Givaudan, Chemours, Croda, Dow, LyondellBasell and OMV. We kicked off a new TfS team in Singapore, further enhancing the TfS mission and strategic impact through a strong and close regional presence and support. We implemented new programmes that will substantially increase the sustainability performance of supply chains, and new technological solutions to optimise processes and impact.

A series of learning sessions, the availability of new information sources, the exchange of best practices among peers, and cross-cooperation between global and regional workstreams enhanced our team performance and strong culture of cooperation.

Looking at the future

The call for immediate action on challenges posed by climate change is shared by all. Therefore, the ongoing development and roll-out of the TfS scope 3 GHG emissions Product carbon Footprint programme is crucial and a top priority for all of us. TfS is committed to deliver on the ambition!

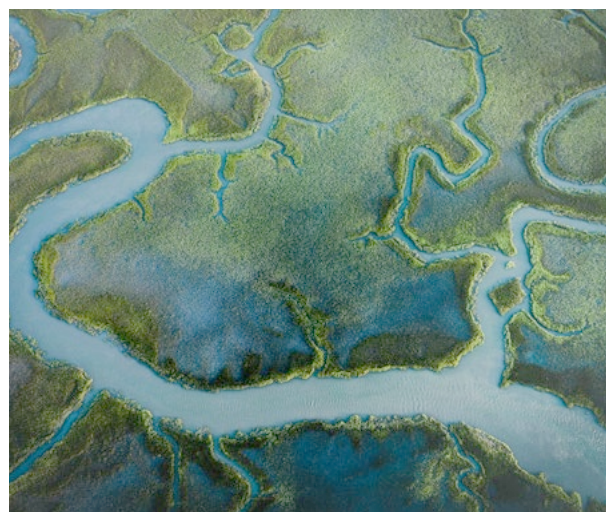
On behalf of the Steering Committee, I would like to express my deepest thanks to the entire TfS team and ecosystem, to all the TfS CPOs, workstream members and regional teams, to the entire and diverse buyer communities, suppliers, stakeholders, and strategic partners EcoVadis and TfS Audit companies, for their passion, dedication, energy, and commitment to the TfS initiative.

Sustainable, resilient, and innovative supply chains are more important than ever. Therefore let us keep striving to develop and manage outstanding responsible sourcing solutions to the benefit of people, planet, and prosperity.

Bertrand Conquéret

President TfS

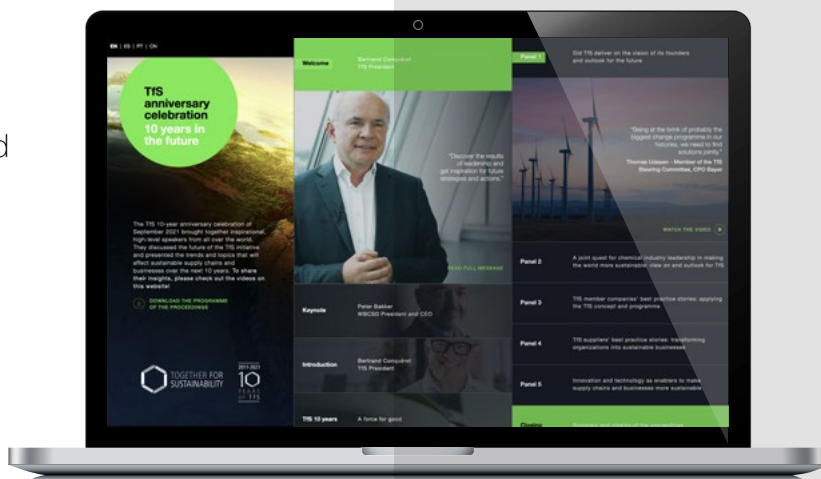




#TfS10years

TfS Anniversary celebrations

TfS celebrated its 10th Anniversary in 2021. Both TfS global and TfS China marked the occasion with events.



TfS Global

The TfS global anniversary celebration “**TfS – 10 years in the future**” brought together inspirational, high-level speakers from all over the world. Focusing on the future of TfS, they participated in lively and animated panel discussions presenting trends and topics that will affect sustainable supply chains and businesses over the next 10 years. Peter Bakker, of WBCSD, delivered the keynote speech. Founding members and key partners reflected on whether TfS delivered on its original vision and looked to the future. Chemical associations of Europe and China debated the joint quest for chemical industry leadership in making the world more sustainable and shared their opinion and outlook for TfS. A panel with CPOs of three TfS member companies shared their experience of applying the TfS concept and programme. Chemical suppliers from Brazil, China, and Poland told how applying the TfS concept transformed their organisations into sustainable businesses. Technology and IT experts discussed technology as an enabler for more sustainable supply chains and businesses.

The celebration gave the TfS stakeholder community the opportunity to learn about TfS and its activities, as well as sustainability, supply chains and sustainable businesses in general. Attendees could witness the results of leadership and get inspiration for future strategies and actions.

A dedicated [website](#) provides on-demand access to all presentations and panel sessions. Downloadable content is available in English, Chinese, Spanish, and Portuguese.

To support the roll-out of #TfS10years, TfS developed the following videos:

“A personal story of TfS”



“TfS – a force for good”





Together for Sustainability Initiative 携手可持续发展倡议 十周年庆典

宁波, 2021年10月26日



TfS China

TfS China organised its 10th anniversary celebration in Ningbo on October 26, 2021. Representatives of member companies and their chemical suppliers together with chemical industry experts reviewed TfS achievements in China, shared best practice in the field of sustainable supply chain management and expressed hope for the continuous sustainable development of China's chemical industry. At the event, TfS presented awards to chemical suppliers who have made outstanding achievements in improving their sustainability. We hope this will encourage more Chinese chemical companies to transition to a sustainable development path.

Li Shousheng, Chairman of the China Petroleum and Chemical Industry Federation (CPCIF) used his speech to highlight successful cooperation with TfS including building a community for sharing expertise and promoting global practice standards for sustainable supply chains in China.



The industry experts discuss sustainable chemical supply chain management



Robert Yang, Arkema Asia Pacific Procurement Director, Goods and Services, and TfS APAC President in Duty reviews TfS achievements in the past 10 years



Li Shousheng, Chairman of CPCIF, at the Ningbo celebration

Improve sustainability performance

Audits, Assessments and CAPS

TfS develops and implements a global supplier engagement programme to assess and improve sustainability practices within the supply chain of companies from the chemical sector. This enables TfS members to measure the Environmental, Labour and Human Rights, Ethical and Sustainable Procurement performance of their suppliers. The ultimate purpose is to drive and deliver tangible and measurable improvements of both suppliers and TfS member companies.

To achieve this, TfS conducts Assessments and Audits. These help to create transparency in the sustainability performance of chemical companies and their suppliers, providing a solid basis for collaboration among members. Tangible improvements are facilitated by the Corrective Action Plan (CAP), providing an overview of outstanding actions to improve performance. Data mining of TfS Assessments and TfS Audits enables TfS to focus on those areas where the biggest improvements can be made.

TfS Methodology Key concepts & terminology

TfS Shared infrastructure

Includes **standardised tools – Assessments and Audits** – and creates transparency of the sustainability performance of chemical companies and their suppliers across the globe.

Creates **transparency** for sustainability performance improvements.

Uniquely, the **results** of TfS Assessments and TfS Audits are **shared** with all TfS members (with supplier consent).

Both TfS member companies and their suppliers **benefit from this information-sharing**; for suppliers it reduces the bureaucratic burden of multiple requests for sustainability analysis.

This ensures **more time and energy can be spent on the improvement** of sustainability performance.

TfS Assessment

An **evaluation** of a supplier's sustainability management approach and performance.

Based on an **online questionnaire** tailored to the specificities of the chemical industry, supported by documents providing proof of implementation.

Conducted by TfS key partner and service provider **EcoVadis**, a global leader for CSR Assessments.

Usually conducted at **group level**.

Results of the analysis are combined on a **scorecard**, accessible by both suppliers and TfS members.

The scorecard summarises the **strengths and improvement potential** relating to the four TfS focus areas (Environment, Labour & Human Rights, Ethics and Sustainable Procurement).

A vital instrument for suppliers to improve their sustainability performance and to collaborate with TfS members on their individual **Corrective Action Plan (CAP)**.

Valid for 1-3 years (depending on the results).

TfS Audit

On-site evaluation of a company's sustainability practices.

Visit conducted by an independent **TfS-approved external auditor**.

Conducted at **site level**.

Includes **supplier business location** (production site or warehouse).

The supplier's sustainability performance is **verified against criteria** - tailored to the requirements of the chemical industry - encompassing: Management, Environment, Health & Safety, Labour & Human Rights, and Governance.

Yields a **Corrective Action Plan (CAP)** so that suppliers can work on **tangible sustainability improvements**.

Audits are not a certification or a "pass or fail" exercise for suppliers; they are the starting point of a **constructive dialogue between the supplier and TfS member**.

Valid for 1-3 years (depending on the results).

CAP (Corrective Action Plan)

Both the Assessment and Audit will result in a CAP, which is a **series of actions** that allow our members to take **action to make tangible improvements** in their own supply chains.

Mining of TfS Assessment and Audit data

To move from measuring scores to creating tangible impact, TfS must capitalise on the improvement potential provided by TfS Assessment and TfS Audit data. Data mining is an **instrument** for TfS members to focus on the **most impactful improvement areas** with their suppliers. The analysis of TfS Assessment and TfS Audit data provides a direction for capability-building in target countries.

TfS Assessments

TfS Tier-N Project

Multi-Tier transparency (insight into suppliers' direct suppliers) along the whole value chain provides a better understanding of sustainability practices.

Customers expect suppliers to be fully informed about the sustainability of their supply chains and raw materials. Supply chain management, including multi-tier transparency, is becoming increasingly important for risk management - enabling a much faster reaction to any supply chain crisis.

TfS successfully completed a pilot project on multi-tier transparency conducted via the EcoVadis platform. Seven TfS members participated in the Tier-N project and engaged their Tier-1 suppliers to invite their own suppliers (Tier-N) to conduct an Assessment. In total, 18 Tier-1 suppliers have actively used the feature and invited 137 Tier-N suppliers.

Participation in the pilot provided TfS members with valuable information for discussions with their direct suppliers on the sustainability of their supply chain and indicated what needs improvement for TfS members to make a positive impact on *their* supply chain.

Tier-N TfS Multi-Tier
Transparency Project

TfS Member Company

Tier-1

Tier-n

TfS Audits

Remote Audits

Covid19 restrictions resulted in a decrease in on-site Audits in 2020, with remote Audits proving a valuable alternative. To ensure their effectiveness, TfS has started a benchmarking study of these remote Audits. As the initial sample size was small, we encourage our members to increase the number of remote Audits conducted and will consequently update our benchmarking study at the end of Q2 2022.

SMETA and PSCI Audit Pilot

In 2021 we accepted 22 SMETA and 2 PSCI Audits. The TfS Steering Committee voted to prolong the pilot to accept SMETA and PSCI Audits to June 2022. At the end of the pilot phase, results will be evaluated to decide on future TfS Audits diversity.

SQAS

To avoid duplication of Audits, increase acceptance by suppliers and save resources, TfS and SQAS agreed to cooperate on Audits in 2016. In 2021, we received 21 SQAS Audits - a similar quantity to 2020. In 2022, the SQAS programme is inviting more assessors to follow online training for specific modules. This could increase the number of countries where SQAS Audits can be made both within and outside Europe.

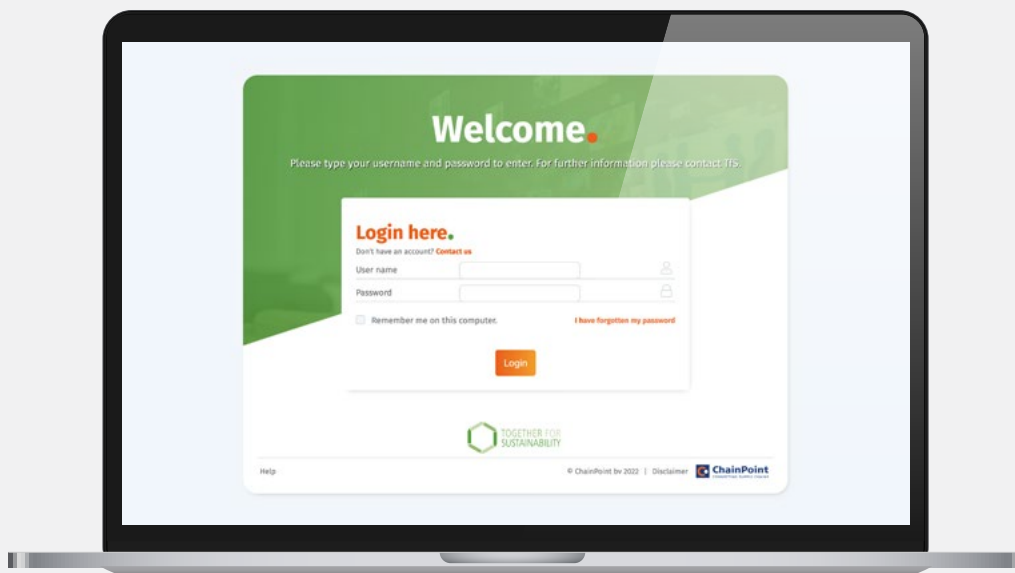
New Audit-sharing database



In April 2021, we launched our new Audit database - **OASIS** (Online Audit Sharing IT Solution). This platform enables auditors, members, and suppliers to join activities to improve Labour, Governance, Health & Safety and Environmental conditions in supply chains:

- Suppliers are - for the first time - included in TfS online activities, providing feedback on their respective Corrective Action Plans.
- Members can follow-up all the Corrective Actions in their network, and approach suppliers in their improvement cycle after the Audit.
- Members can keep track of their KPIs on the number of Audits as well as improved findings.
- Auditors are more involved in the process as they upload the Audits and have access to the progress on Corrective Actions.

This database will become a great tool to link Audit findings to the proper training and to perform a thorough data analysis on trends in Audit outcomes.



CAPS & Data Mining

TfS Assessments

To perform not only a quantitative but also a qualitative analysis of the data/scorecards, TfS uses *Tableau* software for business intelligence and analytics. *Tableau* enables TfS to pinpoint the main strengths and weaknesses across all scorecards and identify the parameters linked to the lowest scores.

Analysis of average scores per parameter indicates that, in 2021, **Labour & Human Rights** achieved the highest while **Sustainable Procurement** the lowest scores.

Sustainability performance of TfS Suppliers

5,817
Suppliers

48.9
Overall Score

50.0
ENV

51.9
LAB

46.5
ETH

40.1
SUP

Benchmarking the results of TfS suppliers and supply chains against non-TfS average scores demonstrates that TfS suppliers consistently rank above the overall EcoVadis population of rated suppliers.

Benchmarking TfS suppliers vs all Assessments in the last three years

11,116 vs 88,489
Companies

+ 2.9
46.7 vs 43.8
Overall Score

+ 3.7
47.5 vs 43.9
ENV

+ 3.2
49.8 vs 46.6
LAB

+ 2.1
44.0 vs 41.8
ETH

+ 1.6
37.9 vs 36.3
SUP

The 3,858 TfS Supplier re-Assessments in 2021 showed an improvement score of 64%. Across all those re-assessed suppliers, the improvement is 4 points in the overall score, whereby the improvement in the section LAB (Labour & Human Rights) is the biggest with 4.3 points.

Sustainability improvement of TfS Suppliers

3,858
Suppliers

+ 4
Overall Score

+ 4.1
ENV

+ 4.3
LAB

+ 4.1
ETH

+ 3.0
SUP

TfS Audits
cover

5

categories:

- 1 Management
- 2 Environment
- 3 Health & Safety
- 4 Labour & Human Rights
- 5 Governance

For 2021,

196

Audits were analysed
by TfS, which uncovered

2,495

findings - mainly minor.

TfS Audit Findings

Data mining and analysis of TfS Audit results also provide a wealth of improvement opportunities for suppliers. TfS Audits cover five categories: Management, Environment, Health & Safety, Labour & Human Rights and Governance, which are analysed through 150 standardised questions in each supplier Audit.

For 2021, TfS analysed 196 Audits, which uncovered 2,495 findings. Most of these concerned **Management**, though these tend to be minor issues. The aspect of *Business Partners* - getting transparency and assurance on their sustainability standards - stands out and highlights the importance of responsibility beyond tier-1 suppliers.

The most common **Environmental** issues relate to *Emissions to Air* and *Climate Change*. In **Health & Safety**, *Emergency Preparedness* was the most recurrent issue across suppliers and regions.

As for **Human Rights**, data analysis revealed most findings are related to *working hours and wages*.

Most of the critical Audit findings appear in the Labour & Human Rights as well as in the Health & Safety section and this is where immediate action is required.

In 2021, 30 follow-up Audits were conducted, involving around 500 findings. 66% were improved. Health & Safety had the highest level of improvement (75%), followed by Environmental (71%). Health & Safety topics are also the most common reason for a follow-up, as they account for 30% of all reviewed findings.

TfS KPIs for Audits & Assessments

TfS Methodology Key Terminology

TfS KPIs

Rationale

TfS KPIs for Assessments and Audits create transparency and positive impact; the sharing of Assessment and Audit results enables a dialogue on improvement between member company/customer and supplier. Many suppliers demonstrated sustainability improvement after an evaluation through the TfS programme.

Self-defined targets also strengthen the responsibility and ownership of member companies for their TfS Assessments and TfS Audits and follow-up.

How are TfS KPIs defined

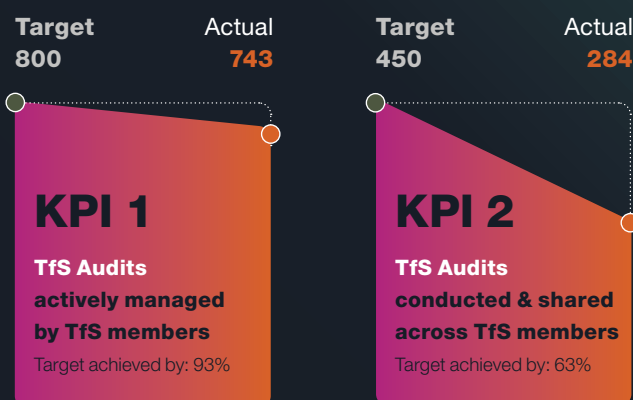
In line with their sustainability strategy and ambition, each TfS member company defines its own annual target to contribute to the TfS KPIs. The aggregation of each of these targets forms the global KPIs that the TfS community is collectively working towards. The KPIs reflect the idea that, whilst each TfS Member has its own individual strategy, through collaboration these contributions are amplified.

TfS Assessment KPIs



Against a backdrop of continued global uncertainty and considerable business challenges, TfS members performed well regarding the Assessment KPIs. The strong or solid KPI results show the robustness of the TfS methodology with its (online) tools – TfS Assessments. They are also a testimony to the resilience of the supply chains of our members and their ability to improve sustainability performance despite the challenging times.

TfS Audit KPIs



2021 was the first time TfS members proposed and worked towards self-defined Audit targets. With 450 forecasted Audits the ambition was high in an uncertain global situation influenced by Covid19. Although site access was less of an issue in 2021 vs. 2020, planning and availability constraints, along with market uncertainties, resulted in the completion of 284 Audits.

Thanks to the OASIS database, more resources could be focused on **supplier improvement**. Increasingly, suppliers are directly involved in the online process and can be approached by several members to discuss their progress. TfS members can follow live progress on the most important findings. Throughout 2022, we will aim to increase activity on CAPs, and supplier improvements and develop additional improvement KPIs.

Supplier Improvements 2021

Documented in TfS Assessment or TfS Audit follow-up or re-Audits

2,512

total supplier improvements

Regional Perspective

TfS member companies prioritise those suppliers who represent the highest sustainability risk for a TfS Assessment or TfS Audit. While Assessments are, in many cases, conducted at group level, an Audit concerns a single geographic site.



Footprint

More than

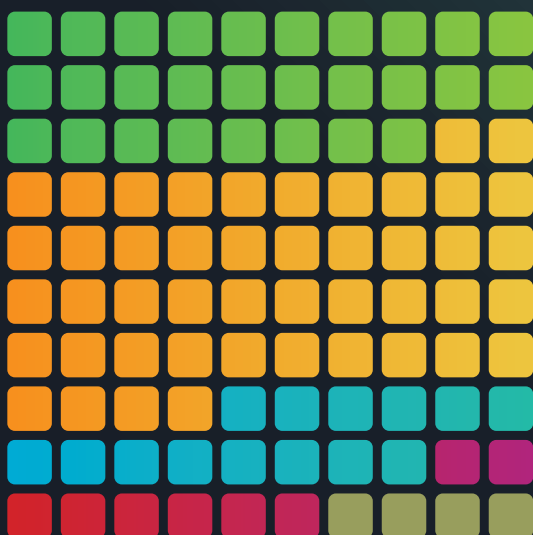
17,500

Suppliers evaluated since creation of TfS

To date, TfS has evaluated more than 17,500 suppliers globally. The resulting data provides transparency on how a significant proportion of the chemical industry is operating in terms of sustainability.

TfS Assessments per region 2021

| | |
|--------------|-----|
| Asia pacific | 28% |
| Europe | 46% |
| N America | 14% |
| S America | 8% |
| Other | 4% |

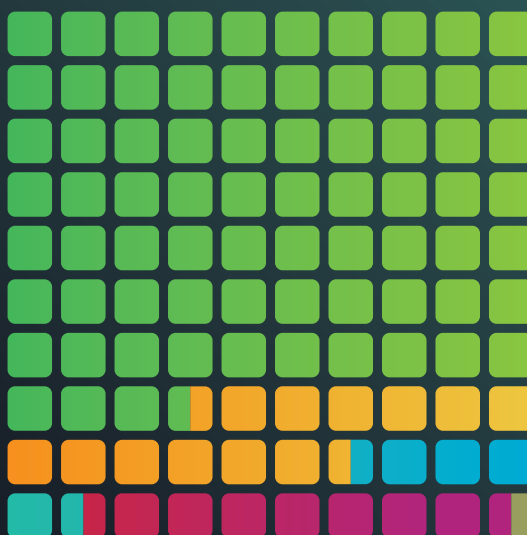


TfS Assessments top 3 countries

| | |
|---------|-----|
| Germany | 16% |
| China | 15% |
| USA | 13% |

TfS Audits per region 2021

| | |
|--------------|-------|
| Asia pacific | 73.5% |
| Europe | 13% |
| N America | 5% |
| S America | 8% |
| Other | 0.5% |



TfS Audits top 3 countries

| | |
|---------|-----|
| China | 64% |
| Brazil | 8% |
| Germany | 6% |

Scope 3 GHG Emissions

Product carbon footprint calculation & sharing solution

The TfS Scope 3 GHG emissions Product Carbon Footprint calculation and sharing solution will create transparency on GHG in the chemical supply chain, enabling effective reduction management.

Many companies currently estimate greenhouse gas (GHG) emissions of their purchased goods based on global emission factors or generic information. To monitor reduction efforts for such “purchased emissions”, data at product- and supplier-level are required. This is known as Product Carbon Footprint, or PCF. There is currently no harmonised approach amongst companies how to calculate PCF, and the limited available data is often not directly comparable. Many industries are facing the same challenges and are developing specific solutions.

PCF Calculation and sharing solution

TfS takes the lead for the chemical industry and will develop a drop-in solution for chemicals that connect with other initiatives.

We have already started to develop a guideline to measure GHG emissions data, design a data collection & sharing approach, engage with suppliers to improve, and co-operate with external stakeholders.

Guideline for the chemical industry

TfS will develop a guideline for the chemical industry on how to calculate PCFs of products. Based on this guideline, suppliers will be able to provide PCF data to TfS members. TfS members will, in turn, use those PCFs for the calculation of their individual GHG-upstream (or *scope 3-upstream*) emissions.

The guideline will build on existing standards, provide additional guidance for specific accounting issues, be ISO-compliant and reviewed by the ‘GHG Protocol’.

Global ambition

TfS will partner with major non-governmental organisations and other relevant partners, such as the World Business Council for Sustainable Development (WBCSD), the GHG Protocol, the Science-based Targets initiative, etc.

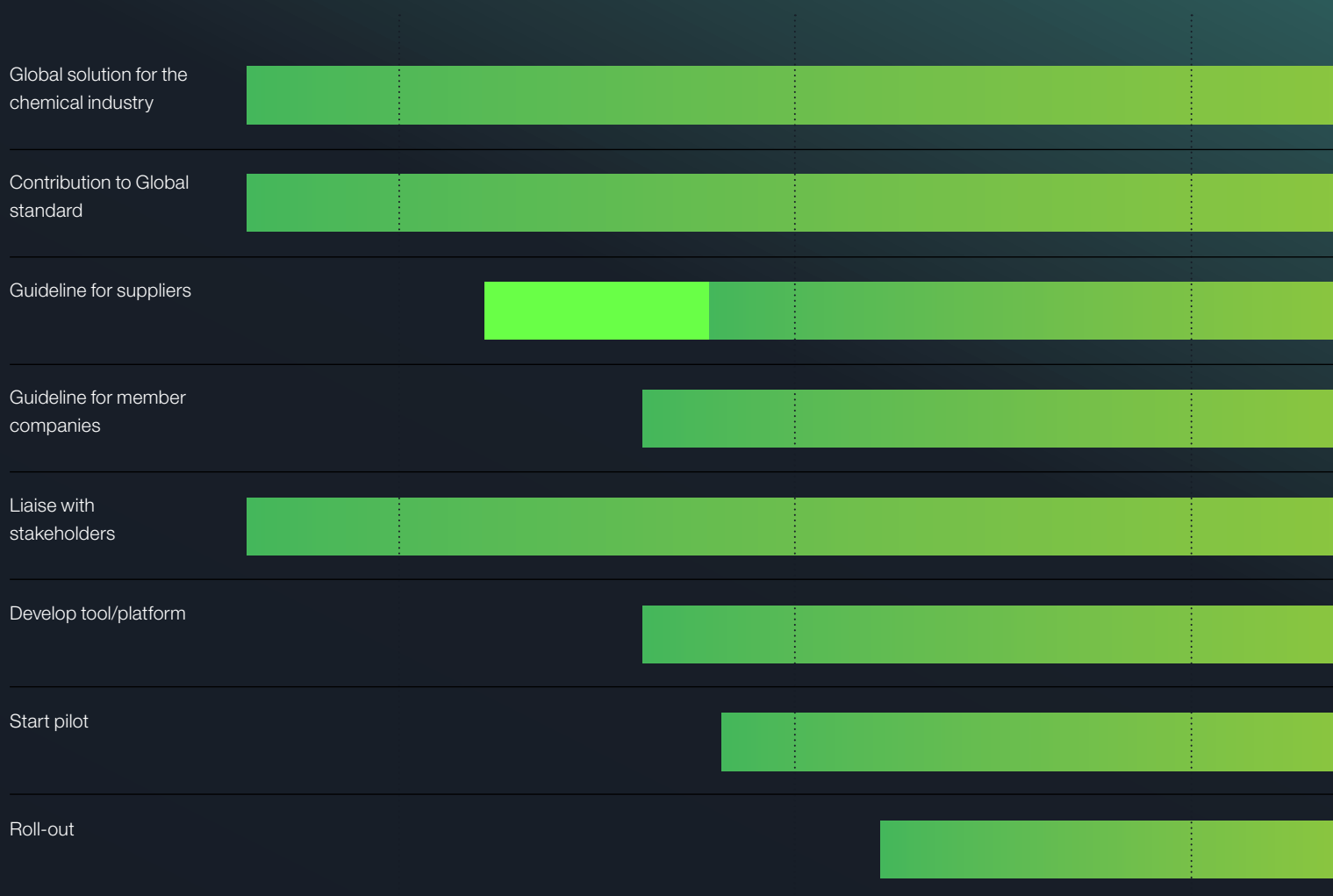
Delivery of the supplier guideline and engagement with suppliers and peers

TfS will launch the guideline targeting suppliers of the chemical industry and beyond by the end of Q1 2022. This will support suppliers with an efficient, clear, and comparable PCF calculation, giving clear instructions for verifiable PCF calculation and automated data processing.

To support the launch, TfS will also step up its support activities for suppliers and TfS members by providing basic training materials, thereby simplifying the use of the methodology and ensuring wide application.

Programme timeline

2021 → 2022 → 2023 →



Accelerated development

TfS Capability-Building and Training Programme

The TfS Capability and Training Programme continues to engage more and more learners

TfS member companies drive continuous sustainability improvements in their global supply chains. The TfS Capability and Training Programme is core to these endeavours and in 2021 it has managed to train a record number of over 1,800 learners.

Upskilling supplier companies

With global supply chains, come global learners. In 2021, TfS delivered over nine training sessions in several languages to over 1,800 learners. This helps suppliers to upskill and drive sustainability improvements in their businesses as well as in their own supply chains.

Together with EcoVadis, TfS conducted supplier training in North and Latin America, Europe and China dedicated to supporting their Assessments and follow-up.

TfS also co-hosted training focussed on the follow-up to an Assessment. Drawing upon case studies in the areas of Labour & Human Rights Policies, Whistle-blower Procedures, Environmental Reports, and Sustainable Purchasing Policies, the webinars covered the corrective actions necessary to remedy findings.

In addition to the Q&A sessions, the post-training review questionnaires provided important insights and opened opportunities for dialogue with suppliers for further improvement.

9

webinar training sessions were provided in English, Chinese, Spanish and Portuguese

Over

1,800

Participants attended the EcoVadis webinars

92.6%

Of attendees found the webinars to be useful

Rollout of the TfS Academy: The one-stop shop for sustainability upskilling



THE TfS ACADEMY
Unlock Your SustainAbilities

TfS has begun the rollout of its new TfS Academy – a one-stop learning environment for TfS member companies' buyers and suppliers. The Academy helps to upskill the TfS community in topics related to sustainability and responsible sourcing.

The Academy launched with 250 e-learning, guidelines, webinar recordings, and quick reference guides in seven languages (English, Chinese, Spanish, Portuguese, Japanese, Vietnamese, Bengali). They are suitable for all levels of experience (beginner, intermediate, and advanced) and roles (from blue-collar to C-Suite). The learning content covers aspects across the evaluation pillars in both the TfS Assessments and Audits: Environment, Governance, Health and Safety, Labour and Human Rights, Management, and Sustainable Procurement.

Training content is particularly helpful for suppliers who want to prepare for an Audit or Assessment; those who want to act on findings; and the buyer who accompanies this process. Buyers can use the Academy to integrate learning goals in their supplier dialogue to foster continuous improvement.

Launch in Q1/2022

The soft launch of the TfS learning platform took place on December 15, 2021 with a selected pilot group. The public launch is planned for Q1/2022.

Feedback on the training provided was very positive:

“Intuitive tool and **very attentive support team**, which makes it easy to understand when filling out the requirements.”

“It is very interesting to know **how we can improve as suppliers** on sustainability topics.”

“I thought it was very important for **our perfect understanding** of what needs to be filled out.”

“**Very well-structured webinar.** The team that presented masters the subject very well and were very clear.”

In addition to the Q&A sessions, the post-training review questionnaires provided important insights and opened opportunities for dialogue with suppliers for further improvement.

Growth of membership

2021 has been a very successful year
in terms of membership growth.

The following companies joined TfS:

Chemours

A global chemistry company delivering Titanium Technologies, Thermal & Specialised Solutions, Advanced Performance Materials, and Chemical Solutions

Croda

A global speciality chemicals company

Dow

An American plastics, chemicals, and agricultural products company

Givaudan

A global leading company in taste and wellbeing, and fragrance and beauty

LyondellBasell

A Dutch plastics, chemicals, and refining company

OMV

An Austrian integrated oil, gas, and petrochemical company. OMV takes over the TfS membership previously held by daughter company Borealis.

The growth of membership to 34 companies increases TfS's reach and impact on the sustainability performance in chemical supply chains around the world. Our network of member companies - both large and small - represents all segments of the chemical industry.

34

members

TfS membership at 31/12/2021

€411

billion

Global turnover of TfS member companies
in the chemical industry ¹

€267

billion

Global spend of TfS member companies
in the chemical industry ²

ADVANSIX

AkzoNobel

ARCHROMA
LIFE ENHANCER

ARKEMA
INNOVATE. CHEMISTRY.

azelis

BASF
We create chemistry

BAYER

BRENNTAG

Chemours

CLARIANT

CORTEVA
agriscience

covestro

CRODA

DOW

DSM

EASTMAN

EVONIK
Leading Beyond Chemistry

Givaudan

Henkel

ICL

IFF

KRATON

LANXESS

lyondellbasell

Merck

OMV

SANOI

SEMPERIT

BUILDING TRUST
Jika

SOLWAY

syngenta

UPM

WACKER

WANHUA

¹ As per TfS member companies published Annual Reports 2020

² Estimated figures

Global Member-driven organisation

TfS is Global

Chemical supply chains are complex and global, therefore TfS maintains an inclusive approach and is open to any chemical company around the world who shares the ambition to engage with suppliers on sustainability improvements.

Growth of membership is essential for TfS to increase its reach and impact on the sustainability performance of chemical suppliers and member companies.

While two US, one British, one Austrian, one Dutch and one Swiss company joined TfS in 2021, TfS wants to grow in other regions in the world as well. China is a priority, as are other countries in the Asia-Pacific region, specifically Japan, India, and Singapore. Developing and fostering regional partnerships is crucial for TfS to increase membership, work on supplier improvement programmes and specific topics of joint interest.

TfS Regional Operating Committees - Update

Through its network of Regional Operating Committees, consisting of representatives of TfS member companies in the region, TfS ensures that the implementation of its programme is properly supported globally. Partnerships and close cooperation with regional chemical associations enable TfS to advance its regional impact and reach potential new member companies. To enhance the supplier improvement process, Regional Committees also play a crucial role in the successful roll-out of supplier training.

TfS was therefore very happy to support members in the formation of the TfS Singapore Regional Committee. TfS Singapore represents a milestone for TfS regarding expanding its reach into Asia as well as progressing in its global mission to push the sustainability performance of chemical suppliers around the world in both mature and emerging markets.

TfS Singapore will drive sustainable supply chains in the chemical industries in Singapore, Southeast Asia and beyond and will ensure engagement in the chemical ecosystem.





TfS China

The major highlight in 2021 was the organisation of the TfS 10th Anniversary event in Ningbo. At the event, six suppliers received a Top 3 Best Improved Supplier award for online Assessments and online Audits.

TfS continued its successful cooperation with CPCIF, focusing on organising joint industry and other training events and awareness raising activities.

TfS China successfully increased its outreach efforts; Robert Yang, TfS AP President in duty, delivered keynote and other speeches at several key events and the number of followers of the TfS WeChat account increased to 2,974.

The regional supplier training programme, in cooperation with EcoVadis, delivered significant results: 381 participants for the first training in Chinese on 12 April, 313 participants for the second training in English; and 208 participants for the third training in Chinese.

TfS Singapore

Representatives from member companies Henkel, Arkema, Azelis, Semperit, Solvay and Syngenta created the TfS Singapore Regional Operating Committee. TfS member Evonik joined the team – which is open to all TfS member companies – later. The creation of TfS Singapore is major step forward to increase the TfS footprint in the Southeast region.

By sharing experiences and combining resources and scale, TfS Singapore aims to drive sustainable supply chains in the chemical industries in Singapore, Southeast Asia and beyond.

TfS Singapore is increasing its engagement in the chemical ecosystem. Initial discussions have commenced with the Singapore Chemical Industry Council to explore opportunities for cooperation. TfS Singapore will continue to connect with other TfS members, welcome new members to join the team, and strengthen its collaboration with suppliers and business partners.



More than 650 participants of supplier companies of the TfS LATAM region attended the webinars on the Onboarding Process, Improvements and Correction Action Plan in Portuguese and Spanish.

TfS LATAM has been reaching out broader and deeper in the Latina American community in countries like Brazil, Argentina, Chile, Colombia, Peru, and Mexico, connecting with approximately 1,100 suppliers who benefited from the supplier training programme. This raised the interest of the chemical supply chain.

TfS LATAM will continue to encourage supplier process improvements. The team also reached out to and cooperated with other regional teams and global workstreams, enabling better integration of the TfS LATAM team into the global TfS initiative.



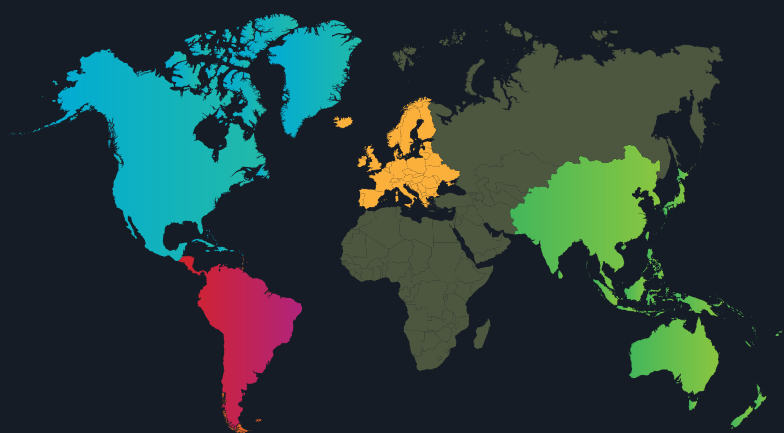
As the TfS membership grows, the TfS NA Regional Committee welcomed many new faces, and their fresh look was valuable in helping to shape the structure of the team.

North America supported the global training initiatives and was also the location for many successful training events in 2021, holding both member training and supplier training multiple times during the year.

TfS NA was the headline sponsor for the Chemical Week Financial Outlook & Sustainability Conference.

To identify new best practices, the team performed a benchmarking exercise on the Assessment nomination process. This will be very helpful for member companies as they plan for 2022 activities.

Finally, the TfS NA team partnered with Rutgers' Business School's Supply Chain Management Industry Client Projects programme to evaluate the sustainability organisational landscape in North America and completed a SWOT analysis.



TfS Global Work Streams and Regional Operating Committees

Overview

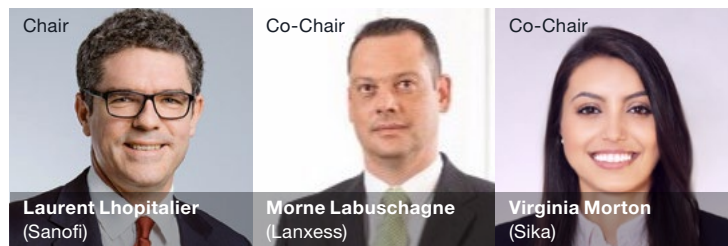
TfS progress is driven by five Work Streams, each one responsible for developing and managing different projects. As a true member-driven initiative, the Work Streams are composed of representatives of TfS member companies. TfS Work Streams also submit proposals to the TfS Steering Committee for ongoing projects. Active participation of TfS members is crucial to the success of the initiative.

TfS Global Work Streams

Work Stream 1

Governance and Partnerships

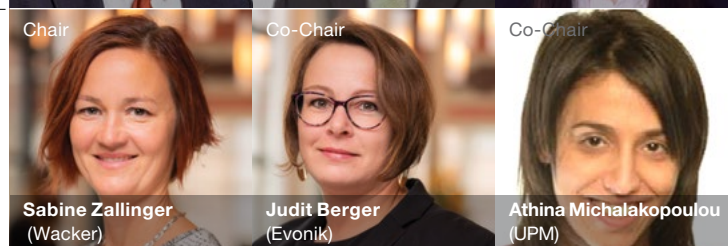
Definition of governance structure of the initiative; Coordination TfS external partnerships



Work Stream 2

TfS Assessments

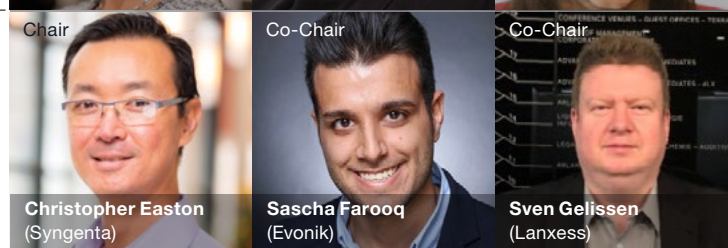
Improve and further develop TfS Assessments; Management of the relationship with service provider EcoVadis, together with TfS office



Work Stream 3

TfS Audits

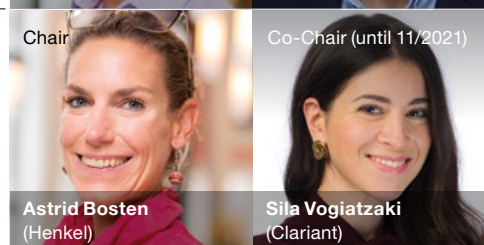
Improve and further develop TfS Audit programme and process; Management of the relationship with Audit companies, together with TfS office



Work Stream 4

TfS Capability Building and Communications

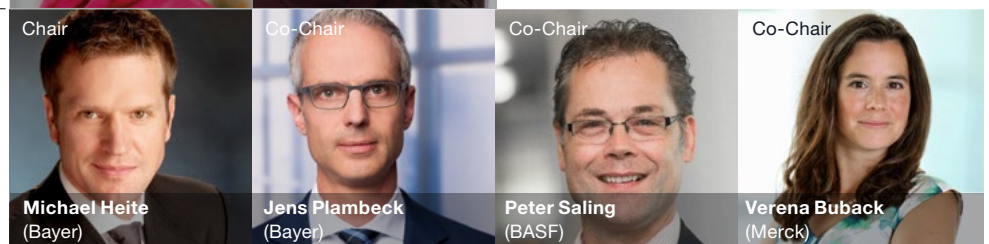
Supplier capability building, development of training for buyers and suppliers, internal and external communications



Work Stream 5

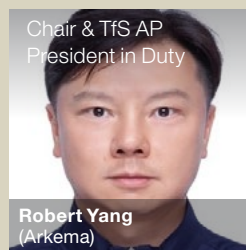
GHG Emissions

TfS approach to measure and reduce GHG emissions including data collection and sharing; Engaging suppliers to improve as well as cooperating with external stakeholders



TfS Regional Operating Committees

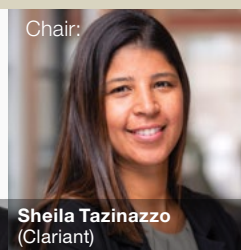
TfS AP



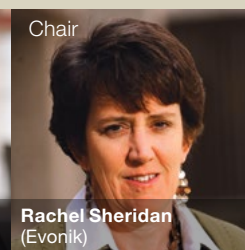
TfS SINGAPORE



TfS LATAM



TfS NA



Cross Work Stream responsibilities

TfS Office

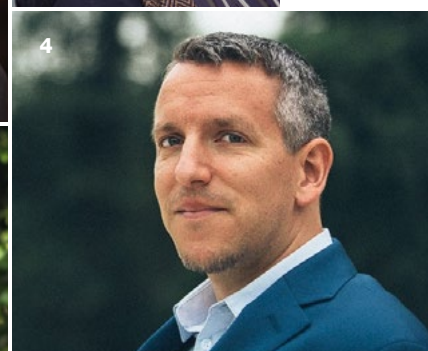
The TfS office team welcomed Rebecca Weicht and Margherita Locatelli to the team in 2021.

Rebecca Weicht, TfS Capability Building and Training Manager, leads the development of our practice-oriented programme for both supplier and buyer communities.

Margherita Locatelli, TfS Project Assistant, is responsible for all TfS office administrative tasks. In addition, she is involved in Audit-related tasks, supports the organisation of TfS meetings and events, and communication activities.

The members of the TfS office are involved in the activities of the TfS Work Streams, prepare, and facilitate the meetings of TfS bodies and are in contact with existing and potential TfS members and cooperation partners. The TfS General Manager assumes the day-to-day leadership of the organisation.

- 1 **Dr Gabriele Unger**
General Manager
- 2 **Maria De Rycke**
Communications Manager
- 3 **Margherita Locatelli**
Project Assistant
- 4 **Jakob Smets**
Manager
- 5 **Marina Vese**
Manager
- 6 **Rebecca Weicht**
Capability Building and Training Manager



A strong community

A strong and successful member-driven initiative requires an informed and connected community to drive it forward. TfS initiatives enhance information-sharing and exchange of best practice within this community. All information exchange happens in full compliance with anti-trust laws.

Strengthening the Leadership Community

TfS is a global platform of chemical industry leaders aiming to positively shape the sustainable future of the chemical industry. Operating as a peer-to-peer network, TfS enables CPOs from its 34 member companies to share ideas, exchange best practices on sustainability activities, learn from and be inspired by their peers.

TfS organises CPO discussions four times a year, around the TfS Steering Committee meetings and at the General Assembly.

Topics discussed in 2021 included supplier sustainability consequence management, Supplier engagement through purpose-driven procurement, GHG targets and PCFs for a product portfolio and supplier CO₂ management PCFs, and the process of supplier prioritisation for Assessments and Audits as well as experience with climate related financial disclosure.

Connected and Informed TfS Community

For TfS to grow and become more impactful, a more connected and informed TfS Community is a prerequisite. This happens through information-sharing and the exchange of ideas on a regular basis.

#TfSTalks are online discussions on sustainability topics of joint interest to the TfS community. During each webinar, a TfS member presents their best practice around a specific and joint sustainability topic and encourages discussion and exchange of learnings. #TfSTalks are scheduled every quarter.

TfS Talks

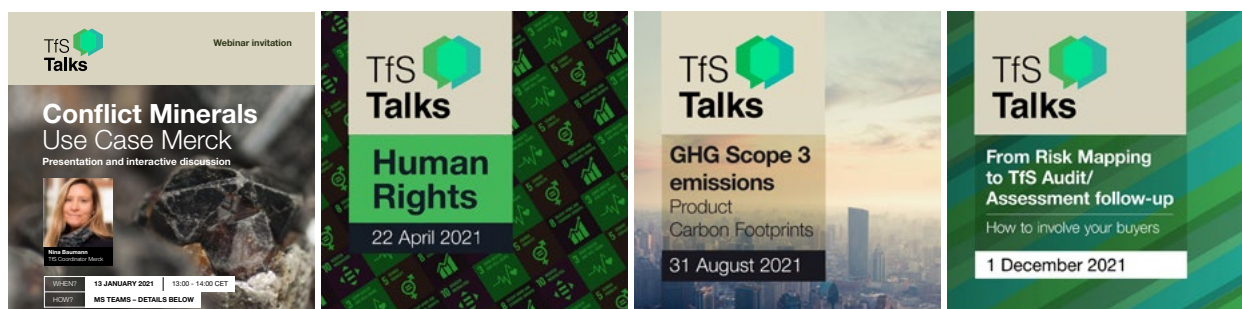
TfS organised four #TfSTalks in 2021 reaching an average audience of 143 stakeholders:

- **“Merck company use case on conflict minerals”**
(Nina Baumann, Sustainability Manager, Merck)
- **“Human Rights due diligence in line with UNGP”**
(Petra Lehmann, Sustainable Procurement Manager, AkzoNobel; and Janina Lukas, Head of Ethics & Social Impact, Bayer)
- **“GHG Scope 3 emissions: Product Carbon Footprint”**
(Norbert Mahr, Director Supplier CO₂ Management Programme, BASF, and Dr. Yvonne Heischkel, Supplier CO₂ Management, BASF)
- **“From Risk Mapping to TfS Audit/Assessment follow-up: How to involve your buyers”**, (Petra Lehmann, Sustainable Procurement Manager, AkzoNobel; and Morne Labuschagne, Head of Sustainability and Governance, Global Procurement and Logistics, Lanxess)

Each of the four #TfSTalks were followed by a lively Q&A session.



The four #TfSTalks organised in 2021



TfS Connect

The TfS newsletter - **#TfSConnect** - provides insights, updates, and background information on the TfS initiative to the broad internal TfS community. All TfS stakeholders are encouraged to share the newsletter with their buyers, as well as CSR, Investor Relations, Public Affairs, Human Resources colleagues and the CEO Office.

#TfSConnect reports on new initiatives and progress made on the four pillars of the TfS strategy 2020-2025: Higher Standards, Collaborative Action, Stronger Community, and Strategic Extension.

To provide broader insights, new articles occasionally cross-reference to articles already published on the TfS website or TfS SharePoint. Contact details of all workstream members are included with each article, facilitating further networking and exchange of information among the TfS community.

Previous editions of the newsletter are stored in an "Archive" as a useful source of information.

#TfSConnect was published in March and October 2021. The global #TfSConnect community has, since March, grown from 177 to over 850 subscribers.

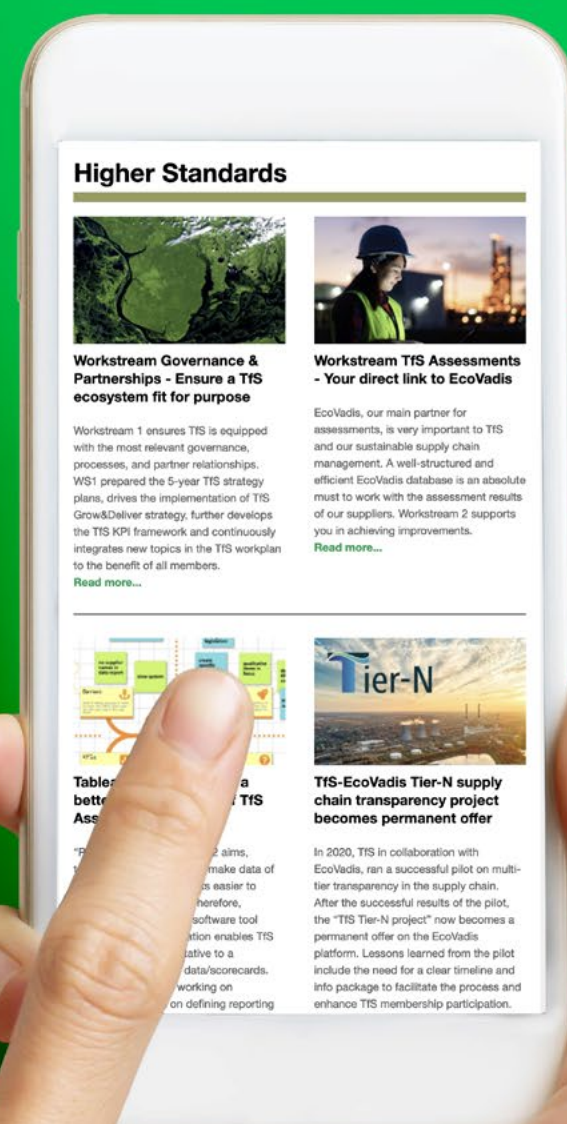
TfS Annual Workshop

The TfS Annual Workshop took place online on 29 September 2021 and brought together more than 80 participants from TfS Member companies from across the globe.

TfS President Bertrand Conquéret expressed gratitude for the resilience, passion, and energy everyone devoted to building the foundations of TfS over the past 10 years. He also thanked those who will continue improving TfS in the next decade with a commitment to grow, deliver and create impact.

Parallel breakout sessions focused on key topics addressed by the different workstreams. These included a discussion on Human Rights as a crucial area for all TfS member companies and the results of a survey to better understand the needs shared by all in this regard. Members also addressed the difficulties they encounter in nominating suppliers for TfS Audits and were informed on the developments of Remote Audits. Participants were invited to offer their suggestions on the way forward for the newly implemented Capability Building programme and Tier-N project. Finally, the concluding plenary session outlined the objectives and challenges for decarbonising supply chains.

Figure: First #TfSConnect newsletter published in March 2021



TfS

Governance

TfS is an international, non-profit association under Belgian law.

TfS General Assembly

The highest decision-making body of the organisation, the TfS General Assembly is composed of one CPO representative per member company who holds the voting rights in the Association.

The TfS General Assembly 2021 unanimously approved an update of the TfS Articles of Association including the use of online meetings for all bodies of the association in line with the new Belgian Law on Companies and Associations.

Every two years, the TfS General Assembly elects the TfS President and the TfS Steering Committee. In the most recent election of May 18, 2021, Bertrand Conquéret, Henkel, was re-elected as TfS President for a second and final term 2021-2023. Representatives of Henkel (President) and BASF, Bayer, Clariant, Merck, Solvay and Wacker were elected to the TfS Steering Committee.

TfS Steering Committee

The Steering Committee is the executive body of the association.

As of May 2021, the TfS Steering Committee consists of the following persons:



1 President: **Bertrand Conquéret** - Henkel



2 **Steven Brughmans**, BASF



3 **Joachim Christ**, Merck



4 **Lynn De Proft**, Solvay



5 **Erk Thorsten Heyen**, Wacker

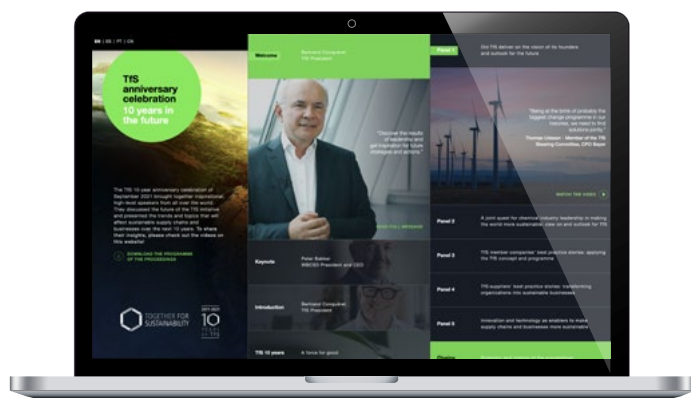


6 **Markus Mirgeler**, Clariant



7 **Thomas Udesen**, Bayer

Useful resources



TfS Anniversary website

Keynote, speeches, and panel session recordings of the global TfS Anniversary celebration “TfS – 10 years in the future” are available. View or download videos in English, Spanish, Portuguese and Chinese.



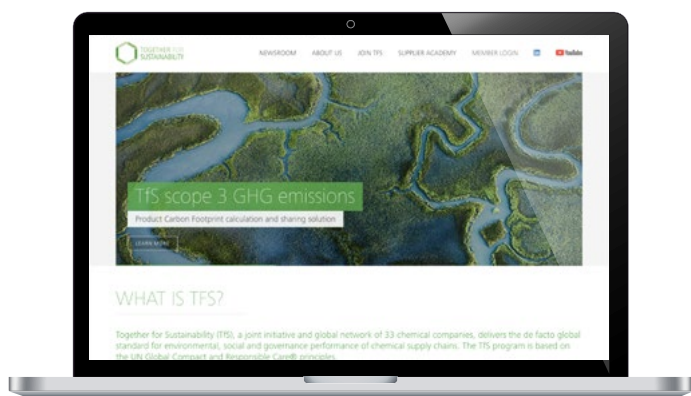
TfS YouTube channel

Containing several videos that help you better understand TfS, its strategy, activities, and processes.



TfS LinkedIn

Connect and follow the TfS LinkedIn to stay abreast of the latest TfS news and activities.



TfS website

Your information platform for all TfS info, latest news, videos, supplier academy, etc.

Interested to join TfS?

For more information – visit the TfS website and contact info@tfs-initiative.com

