

Decarbonising
the chemical
industry,
**empowering
teams**

Activity
Report
2022

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Message of the President

Bertrand Conquéret



Dear TfS members, suppliers, and friends,

The past year has been an extraordinary one for TfS, with significant challenges and great achievements.

TfS has made considerable progress in the implementation of its Grow&Deliver strategy 2025, particularly in addressing the contribution of the chemical industry and its supply chains to the huge challenge of climate change and in enhancing the collective knowledge on sustainable supply chain topics.

The TfS members created the first-of-its-kind Product Carbon Footprint Guideline for the chemical industry, enabling companies and their suppliers to develop and share harmonised, standardised, and comparable high-quality carbon footprint data. Combined with the IT sharing solution which will be launched in 2023, the PCF Guideline will be an essential instrument to decarbonise the chemical and related industries.

TfS rolled out the TfS Academy, a one-stop upskilling hub with more than 300 exclusive and tailored capability-building contents in ten different languages.

The Academy is the major tool for procurement teams and suppliers to deepen their knowledge and take on an individual and collective responsible sourcing upskilling journey.

TfS strengthened its position as the de facto global standard for sustainable supply chains in the chemical industry. We were very proud to welcome seven new members: allnex, CABB Group, IMCD Group, Lenzing, Lonza Group, Mitsui & Co., and Sennics, bringing the total membership to 40. With the arrival of our first Japanese member, Mitsui & Co., and second Chinese member, Sennics, along with the other five new European members, TfS has increased its reach and impact on the sustainability performance of chemical supply chains.

The network of TfS Regional Operating Committees continued to facilitate and increase positive impact on the sustainability performance of suppliers in Asia (China, India, Japan, and Singapore), North America (US), and South America (Brazil). These committees continued their outreach activities in partnership with regional chemical associations

by organising joint events and with this further raising awareness of TfS and its programme elements.

On behalf of the Steering Committee, I thank the entire TfS team and ecosystem, all the TfS CPOs, TfS Coordinators, global and regional Work Stream members, buyer communities, suppliers, stakeholders, and key partners for their dedication and commitment to the TfS initiative.

Another extraordinary year lies ahead of us. Yet, another year that brings us closer to the target year 2030 of the United Nations Sustainable Development Goals and the 1.5 degrees Celsius global warming limitation target of the Paris Agreement. Thus, the call for sustainable businesses only intensifies. TfS is the crucial enabler to make supply chains and businesses at large more sustainable. Let us continue the journey of working together to develop and implement sustainable responsible sourcing solutions for a better world.

“

The past year has been an extraordinary one for TfS, with...**great achievements**

”

About TfS

€ 600 billion

global turnover of TfS member companies
in the chemical industry

(As per TfS member companies published Annual Reports 2021)

€ 400 billion

Global spend of TfS member companies
in the chemical industry

(Estimated figures)



A global organisation, with
headquarters in **Brussels,
Europe**



Regional representation by
TfS members in Asia (**China,
India, Japan, and Singapore**),
Brazil, and USA



Created in 2011



Develops and drives
**innovative responsible
sourcing solutions** through
the global chemical industry

Our 40 Members



At a glance

Driving Decarbonisation through the Chemical Industry and Beyond: the PCF Guideline

Launch of the **PCF Guideline** to calculate and share high quality carbon footprint data for companies and suppliers.



The **global launch event** of the Guideline on 9 November was attended by

835

stakeholders from around the world.

Empowering People and Teams – TfS Capability Building and Training

Launch of the **TfS Academy** as a one-stop upskilling hub for responsible sourcing.



Over

1,300

learners
registered

10

different
languages

More than

335

courses
available

1,134

courses
completed

984

courses in
progress

45.18

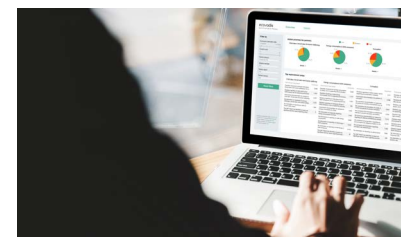
days
learning

TfS supplier training webinars in cooperation with EcoVadis drive continuous improvement. More than 1,900 participants in total attended the nine webinars in four languages.

Launch of several **Communities of Practice**, including 5 Round Table events for TfS Coordinators, helping to deliver tangible impact by learning from, and supporting, one another.

Assessments, Audits and Action Priority Dashboard

Launch of the **Action Priority Dashboard** for TfS Assessments to increase due diligence based on the urgency of emerging topics.



Remote Audits permanently embedded in the TfS Audit programme.

Focus on TfS Audits used by TfS members with up to 25% of non-TfS Audits (SMETA, SQAS and PSCI Audits) accepted per TfS member company.

SMETA

SQAS
Safety and Quality
Assessment
for Sustainability

PSCI
PHARMACEUTICAL
SUPPLY CHAIN
INITIATIVE
Building responsible supply chains

TfS Oasis dashboard provides visibility of critical topics from CAPs.

At a glance

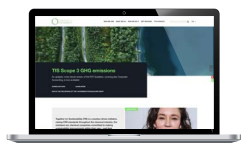
CAPs and Data Mining

Data mining of Assessments indicates the average score for all parameters increased by 1-2 points compared to 2021.

Analysis of 309 Audits revealed **3,795 findings**; **45 follow-up Audits** were carried out with **743 findings**. **55%** had improved.

Learn More

TfS provides a range of information, communication, and upskilling **resources**.



www.tfs-initiative.com

KPIs

TfS Assessments

TfS membership exceeded all targets.

KPI 1

13,471 TfS Assessments actively managed by TfS members

112%
of target

KPI 2

8,385 TfS Assessments conducted and shared across TfS members

140%
of target

KPI 3

64% New Assessments and re-Assessments

105%
of target

TfS Audit

Market uncertainties, together with availability constraints made it harder for the TfS membership to reach targets.

KPI 1

799 TfS Audits actively managed by TfS members

94%
of target

KPI 2

379 TfS Audits conducted and shared across TfS members

84%
of target

Regional Operating Committees

Regional Operating Committees in **China, Japan, Singapore, USA,** and **Brazil** support the implementation of the TfS programme in the regions.



Learning Community

TfS provides the platform - 4 CPO discussions, 3 #TfSTalks, 1 #TfSConnect and the Annual Workshop - where TfS leadership and professionals **exchange information and best practice**.



TfS **Connect**

TfS Organisation

With 7 companies (1 Chinese, 1 Japanese and 5 European) joining the initiative in 2022, the **total membership** is now **40**.

A member-driven initiative, representatives of TfS member companies who are part of the TfS global and regional work streams drive the initiative forward.

Governance - **commitment to CO₂ reduction in value chains** anchored in the TfS Articles of Association and membership criteria.

Driving Decarbonisation through the Chemical Industry and beyond

The PCF Guideline

TfS's focus on Scope 3 greenhouse gas (GHG) emissions was fortified in 2022, recognising that urgent action is needed by chemical companies to meet the goals of the Paris Climate Agreement and limit the worst effects of climate change. Currently, 77% of the chemical industry's GHG emissions are produced within the value chain. These are known as Scope 3 GHG emissions. To tackle these indirect sources of GHG emissions, corporations need tools to quantify them more accurately and in a way that increases the transparency of their supply chains. Moreover, this information needs to flow between value chain partners to improve carbon transparency and foster engagement for GHG emission reduction.

With this backdrop, 2022 was a year of significant acceleration for the TfS Scope 3 GHG Emission Programme. Teams of experts from within and beyond the TfS membership collaborated extensively to develop the first building block of TfS's tailor-made, drop-in solution to address the Scope 3 challenge within the chemical industry.

From vision into action

Building on the vision developed in 2021, TfS accelerated activities, with member companies dedicating their top experts to contribute. A particular focus was made on the Scope 3 Category – purchased goods & services (also referred to as Scope 3.1). Today, it is common practice for companies to estimate GHG emissions for Scope 3.1 based on emission factors from databases or generic information. In the future, companies will need to utilise primary data to monitor actual GHG emission reductions – also known as Product Carbon Footprints (PCFs). Until recently, no harmonised approach existed amongst chemical companies on how to calculate PCFs. Many other industries are facing the same challenges and are developing specific solutions.



The TfS PCF Guideline provides a practical solution to the challenge of Scope 3 GHG emission measurement

Milestones achieved in 2022

The TfS Scope 3 GHG Programme achieved several key milestones in accordance with its plan for 2022, paving the way for a successful 2023 programme of activities.

PCF Guideline

TfS published a first of its kind guideline for the chemical industry. **The PCF Guideline** provides detailed guidance on how chemical companies should calculate the PCF of products, and how to integrate PCFs into corporate scope 3.1 accounting inventories to better capture reduction efforts taking place on site. Both TfS members and suppliers will benefit from the PCF Guideline, enabling them to calculate PCFs in a standardised way while acknowledging the particularities of the chemical industry. The guideline closes the gap on existing standards and builds specificity for the chemical industry. It was piloted and reviewed by more than 50 chemical value chain suppliers and is compliant with existing standards such as the ISO and GHGP.

To raise awareness and increase adoption of the PCF Guideline by associated industries, the Scope 3 GHG Programme began external engagement with related associations and initiatives.

In 2023, the TfS Scope 3 GHG Programme will publish a White Paper on open topics and use the feedback received as part of the PCF Guideline governance process.



Anna Stanley (WBCSD), Prof Dr Peter Saling (BASF), Dr Verena Buback (Merck) and Kentaro Mizuike (Mitsubishi Chemical Corporation) at the official launch of the PCF Guideline

Official launch of the PCF Guideline

The World Business Council for Sustainable Development (WBCSD) and TfS hosted a virtual panel session on 9 November. Attended by a global audience of 835, cross-sector sustainability leaders and chemical companies shared their experience with the PCF Guideline. Discussion topics included what the Guideline is, how suppliers and corporations can use it, how to roll it out in organisations, and why it matters.

Speakers included Anna Stanley of the WBCSD, host and moderator of the event; Bertrand Conquéret, President of TfS; Prof Dr Peter Saling of BASF, Dr Verena Buback of Merck; and Kentaro Mizuike of Mitsubishi Chemical Corporation.

Watch the full recording of the event at:
<https://youtu.be/niO1k0i9NLA>



Discover how a first-of-its-kind guide for calculating chemical Product Carbon Footprints (PCFs) can revolutionise one of the highest GHG-emitting industries.



9 NOVEMBER 2022
2–3pm CET / 8–9am EST / 9–10pm CST

Invitation to the Official launch of the PCF Guideline

Empowering People and Teams: TfS Capability Building and Training

In 2022, TfS took significant steps in driving forward its Grow&Deliver strategy 2025. With the strategy, TfS strives to close the gaps of supplier evaluation and re-evaluation by offering knowledge and upskilling opportunities for free for its two main target groups: purchasers in TfS member companies and suppliers to TfS members. In 2022, TfS launched its TfS Academy and, so, opened up the opportunity to “Unlock Your SustainAbilities” for all members of the TfS community.

Launch of the TfS Academy

Building a better world is everyone's responsibility. When it comes to making global chemical supply chains more sustainable, both TfS member companies and their suppliers play an essential part. That is why, in spring 2022, TfS launched the TfS Academy: a tailored learning and development platform designed to help upskill TfS member companies' procurement teams and their suppliers on sustainability. The TfS Academy is free to use for all TfS member company staff and their suppliers.

The TfS Academy – with its more than 335 courses in ten different languages – touches on everything from key concepts to the latest sustainable procurement trends. TfS member companies and their supply chain partners bring together a wealth of existing knowledge and expertise.

The TfS Academy builds on this and complements learners' existing skillsets with a range of courses that vary in length and depth, allowing them to learn at their own pace and meet their knowledge needs.

In 2022, over **1,300 learners** have registered profiles on the TfS Academy. Collectively, they spent **45.18 days learning**. **1,334 courses were completed** and **984 courses were in progress**. Popular topics include TfS Scope 3 and decarbonisation efforts such as "Managing Energy and Greenhouse Gas Emissions", "Get ready to decarbonise", and introductions to the circular economy.

Importantly, TfS connected the learning offer to the TfS OASIS database, its audit sharing solution. Suppliers who have completed an Audit and have corrective actions to carry out are automatically referred to courses that can address their knowledge gaps and help them implement their corrective actions. To help learners navigate the extensive course offer, learner and theme-specific learning plans are available. These are set up for a variety of audiences from C-suite to operational buyers. They also cover a variety of topics, including the circular economy and human rights.



In 2022, over

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Collectively, they
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“

What I like the most about the TfS Academy is the **enormous range of courses** on different aspects of sustainability or how TfS works. I love these courses as they seem to be created by TfS members that could have been at the same point of the journey where we are now. I also enjoy the option to be able to search content in the platform by keywords per my training needs, and then filter by language, duration, etc. As a buyer, **I also appreciate the fact that you don't have an additional fee to benefit from this.**

”

Paula Martin

Responsible Procurement Leader
Chemours

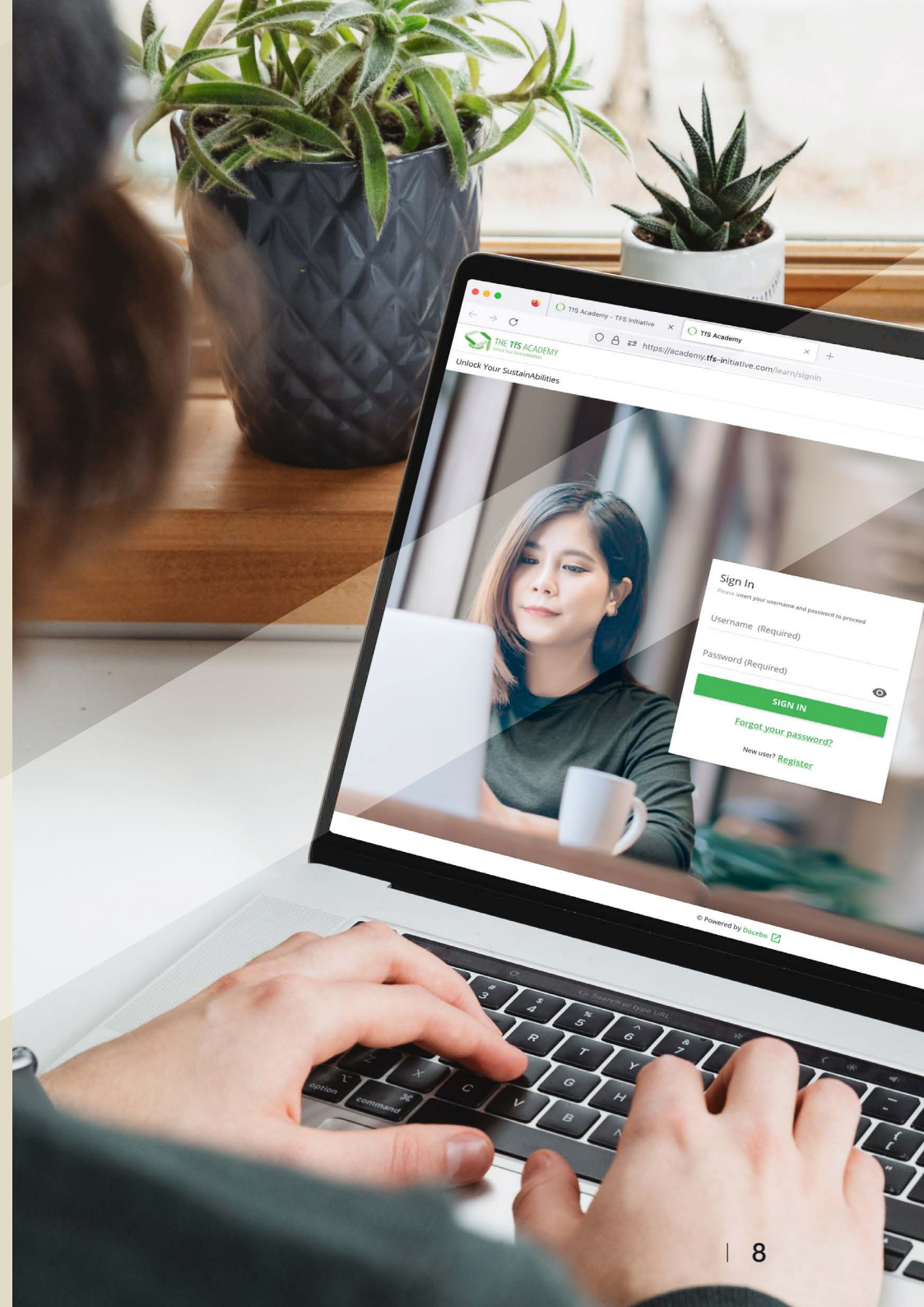
“

I took the first steps in the TfS Academy and was **very impressed by the broad offer on various topics** concerning sustainability in buyer-supplier relationships. We quickly found training offers that provided answers to questions we face day-to-day. **I would recommend visiting the TfS Academy.**

”

Annette Wolff

Head of Indirect Materials Western Europe
Henkel



TfS Capability Building and Training

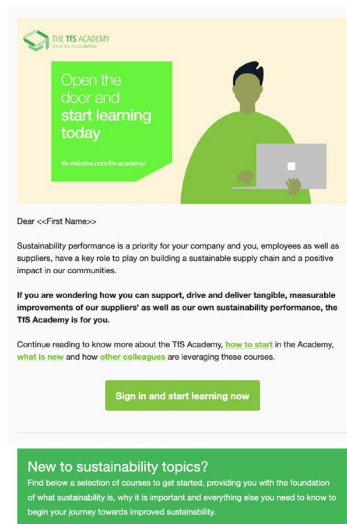
Launch of dedicated
TfS Academy Newsletter

Driving continuous
improvement via co-hosted
Webinar Series with EcoVadis

New TfS Communities of
Practice launched: pivoting
to delivering tangible Impact
by learning from and
supporting one another

TfS Coordinators'
Roundtable

TfS Capability Building
Community of Practice



To inform learners about the continuously growing offers on the TfS Academy and upcoming webinars and talks, TfS launched a dedicated monthly TfS Academy newsletter. Over 1,000 global subscribers are now signed up.

During 2022, TfS and EcoVadis co-hosted two waves of webinars to equip TfS suppliers with the knowledge to utilise the EcoVadis platform and to prepare them for Assessment.

ecovadis

The webinars also focused on following up on corrective actions and included hands-on case studies to showcase how to implement sustainability policies and actions. The nine webinars (in four languages) were attended by more than **1,900 participants**. All training sessions were recorded and are available on-demand from the TfS Academy.

In line with the TfS Grow and Deliver strategy to pivot from a collaboration focused on measurement to a community that delivers tangible impact over the next five years, TfS launched several Communities of Practice. These seek to enable TfS members to learn from each other, address common issues, and utilise good practice examples and shared approaches to tackle decisive issues.

The TfS Coordinators' Roundtable is where employees across TfS member companies share ideas and challenges specific to their role as a TfS Coordinator. This Coordinator-driven initiative creates value and expands access to resources by:

- Sharing TfS related work practices, experiences, and best practice
- Supporting each other with solutions and ideas in Coordinators' daily challenges
- Assisting with Coordinators' onboarding

The TfS Coordinators' Roundtable offers the opportunity to all TfS Coordinators to address topics of interest and requests, connect the right people for specific topics on experience exchange sessions, and benchmark.

This community brings together capability building and supplier development specialists in TfS member companies to share insights and practices on sustainability learning and development strategies. Participants learn from each other and share challenges and questions. They also collaborate in areas where they can best utilise synergies under the TfS umbrella.

Assessments, Audits and Action Priorities Dashboard

The TfS global supplier engagement programme assesses and improves sustainability practices within chemical supply chains. TfS Assessments and Audits measure the Environmental, Labour & Human Rights, Ethical and Sustainable Procurement performance of suppliers.

TfS Assessments are completed by EcoVadis - our key partner and a global leader for CSR Assessments, while Audits are conducted by selected TfS-approved Auditors. Results are shared with all TfS members under the principle “an Assessment or Audit for one is an Assessment and Audit for all”, enhancing efficiency and cost-effectiveness while simultaneously encouraging industry-wide collaboration and continuous improvement.

TfS Assessments: Action Priorities Dashboard

In the summer of 2022, TfS launched the TfS **Action Priorities Dashboard** together with EcoVadis. Using Tableau software, the dashboard enables TfS member companies to better detect emerging risks in their supplier pool. It also enables TfS to detect common problems.

The dashboard is the result of the data mining project jointly managed by the TfS Work Stream Assessments and EcoVadis. The aim is to increase due diligence based on the urgency of emerging topics such as child labour, forced labour, human trafficking, corruption, as well as scope 1 and 2 energy consumption and GHG emissions from suppliers.

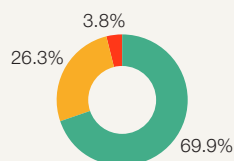
These topics can be analysed on a macro level and brought to the attention of all members, as well as at individual supplier level.

Topics use data from a list of areas for improvement to define either low, medium, or high priority.

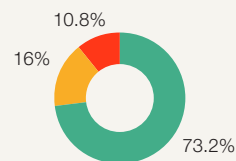
The topics are reviewed regularly in the Work Stream and can be adjusted if necessary. At a later stage, comparison of Assessment and Audit risk priorities will be conducted to better understand trends in risk areas.

Action priorities for partners

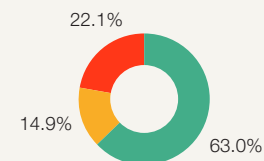
Child labour, forced labour
& human trafficking



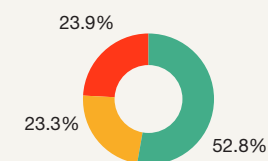
Energy consumption
& GHG emissions



Corruption



Reporting on KPI



Low Medium High

TfS Audits

Remote Audits

With Covid-19 restrictions still in place in some regions, remote Audits are now considered a valid alternative to on-site Audits. A benchmark study and interviews with other sustainability Audit programmes concluded that the differences in outcome between the two types of Audits are not significant. With many companies increasingly allowing remote work, remote Audits are becoming a certainty. Nevertheless, we follow the guidelines of the Audit firms in cases where remote Audits are not applicable. To remain diligent, when the supplier participates in an online Audit, we require that the next Audit be on-site.

Acceptance of similar Audit programmes

Several of our members rely on Audit programmes such as SMETA, SQAS and PSCI to improve sustainability in their supply chains. TfS considers and accepts these valid alternatives to avoid duplication of efforts by suppliers. TfS continues to focus on the TfS Audit programme and the quota of the member company can include up to 25% of SMETA, SQAS and PSCI Audits. In 2022 TfS accepted 18 SMETA and 19 SQAS Audits. TfS did not receive any PSCI Audits.

Audit-sharing and improvement

The TfS Audit database - **OASIS** (Online Audit Sharing IT Solution), launched in 2021, enables Auditors, members, and suppliers to join activities to improve labour, governance, health & safety, and environmental conditions in supply chains:

- An increasing number of suppliers are providing feedback on the corrective actions identified during the Audits.
- Members can filter all corrective actions by supplier, gravity, date, or country and track them in real time.
- A comprehensive dashboard allows members to track their Audits and corrective actions to meet their annual targets.



TfS is constantly improving this system to increase visibility and ease of use. In 2023 we will set up a data filtering dashboard to identify action priorities analogue to Assessments. The system will also better support suppliers pre- and post- Audit by integrating the TfS Academy for preparation and CAP resolution as well as sending reminders when new Audits are due.



CAPs and Data Mining

Both TfS Assessments and TfS Audits result in Corrective Action Plans (CAPs) - a set of actions that allow member companies to take action to make tangible improvements in their own supply chains. Data mining from TfS Assessments and TfS Audits allows TfS to focus on those areas where the greatest improvements can be made. Analysis of Assessment and Audit data provides direction for capability building in target countries and suppliers.

TfS Assessments

Tableau software used to qualitatively and quantitatively analyse the data/scorecards

TfS uses Tableau business intelligence and analytics software to perform both qualitative and quantitative analysis of Assessment data/scorecards. Tableau enables us to identify key strengths and weaknesses of all scorecards and identify the parameters associated with the lowest scores.

Analysis of average scores per parameter indicates that in 2022 all parameters increased by 1-2 points compared to 2021. **Labour & Human Rights** scored the highest and **Sustainable Procurement** the lowest.

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.

TfS Supplier re-Assessments in 2022 showed an improvement score of 64%. Across all those re-assessed suppliers, the improvement is 3.7 points in the overall score, whereby the improvement in the section SUP (supplier procurement score) is the biggest with 4.1 points. This is also the area where most improvement is required.



All



Environment



Labour/Human
Rights



Ethics



Sustainable
Procurement

Sustainability performance of TfS Suppliers

7,818
Suppliers

50.8

52.2

53.3

48.5

42.4

Benchmarking TfS suppliers vs all Assessments in the last three years

13,471 vs 107,416
Companies

+ 3.5
48.3 vs 44.8

+ 4.5
49.2 vs 44.8

+ 3.6
51.2 vs 47.6

+ 2.8
45.7 vs 42.9

+ 2.7
39.7 vs 37.0

Reassessments of TfS Suppliers

64%
Improvement score

+3.7

+4.0

+3.3

+3.8

+4.1

Figure: Tableau average scores per section

TfS Audit Findings

TfS Audits cover 5 categories:

Management, Environment, Health & Safety, Labour & Human Rights, and Governance.

These are analysed through 150 standardised questions in each supplier Audit.

For 2022, TfS analysed **309 Audits**, which revealed **3,795 findings**, most of these related to **Health & Safety**. As this topic also had the most critical issues, and Emergency handling and preparedness remains a concern, the TfS Academy offers suppliers courses on the subjects.

The most common **Environmental** issues relate to the monitoring of GHG emissions. In terms of Human Rights, data analysis showed that most findings are related to **working hours and wages**.

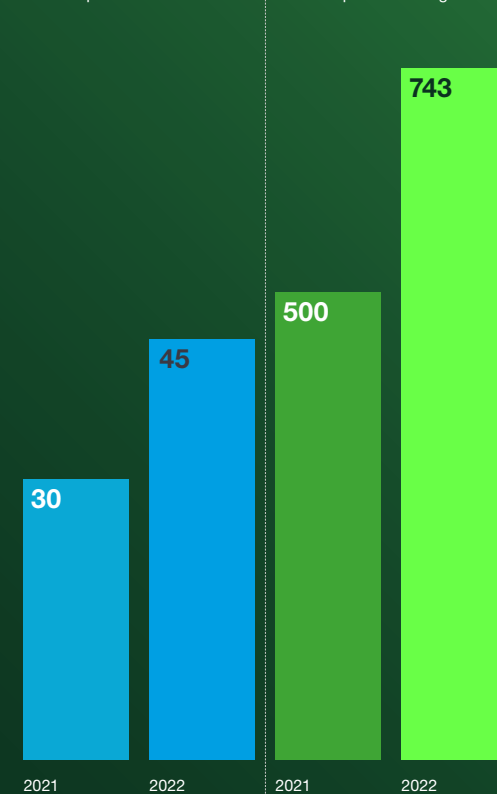
In the **Management section**, monitoring and documenting supplier and contractor risks and human rights violations remains a problem, but the severity of these problems is declining.

Follow-up Audits

In 2022, **45 follow-up Audits** were carried out with approximately **743 findings**. **55% had improved**. Over 100 suppliers indicated improvement after the Audit by updating their CAPs online. This translates into around 800 minor, major, and critical findings displaying progress.

Thanks to efforts of our members, the number of follow-up Audits and follow-up Audit findings has **increased by 50%** year-on-year.

Follow-up Audits



KPIs

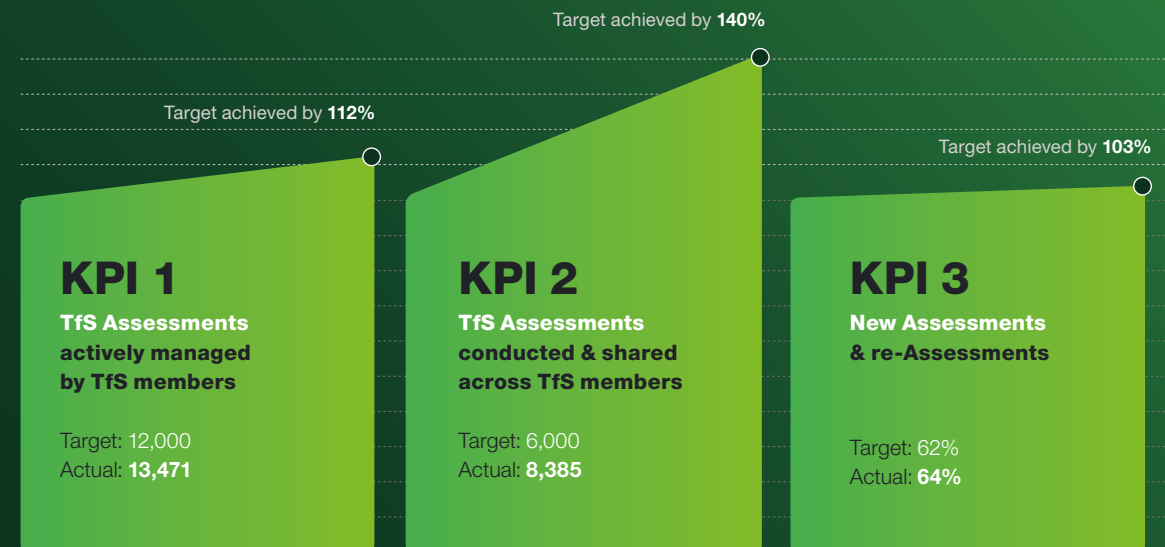
TfS KPIs for Assessments and Audits create transparency and positive impact. The sharing of Assessment and Audit results enables a dialogue on improvement between member company/customer and supplier. Many suppliers demonstrated sustainable improvements after an evaluation through the TfS programme.

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, reflecting the idea that, whilst each TfS Member has its own individual strategy, through collaboration these contributions are amplified.

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

Assessment KPIs

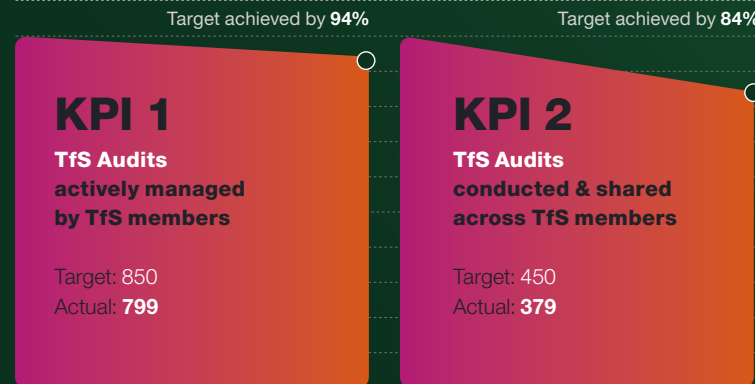
As of 31 December 2022



TfS members exceeded all TfS Assessment KPI targets. The strong results show the robustness of the TfS Assessment approach with its online tools. They are also a testament to the resilience of the TfS members' supply chains and their ability to improve sustainability performance despite challenging times.

Audit KPIs

As of 31 December 2022

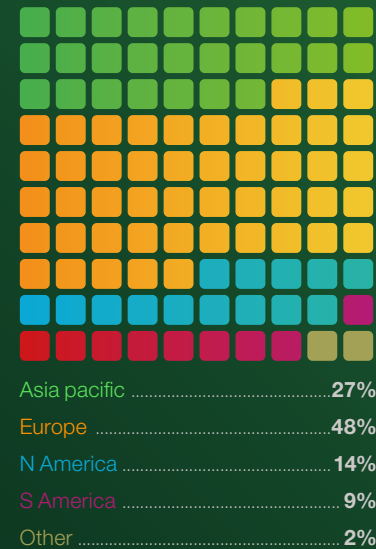


With a target of 450 Audits, the ambition was high, given the uncertain global situation due to supply chain issues in Asia, the war in Ukraine and associated high energy prices. While site access has been less of an issue this year than during the pandemic, scheduling and availability constraints, along with market uncertainties, meant fewer Audits were completed than expected.

The OASIS database enabled a shift of resources to **supplier improvement**. Suppliers are increasingly directly involved in the online process and can be approached by multiple members to discuss progress. TfS members can follow the live progress of these key findings. Throughout 2023, TfS aims to better prepare suppliers for an Audit so that more time can be spent resolving corrective actions rather than in preparation.

Regional Perspective

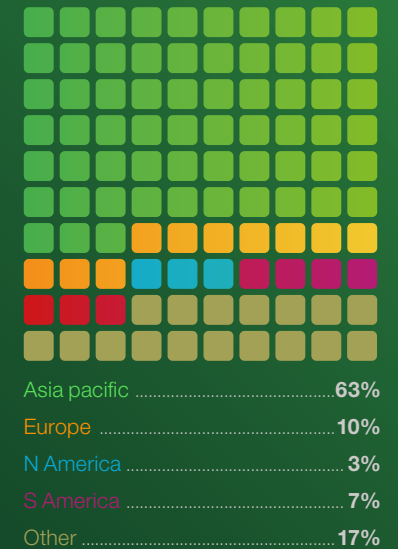
TfS Assessments per region 2022



TfS Assessments top 3 countries



TfS Audits per region 2022



TfS Audits top 3 countries



Learning Community

TfS
Talks

TfS Connect

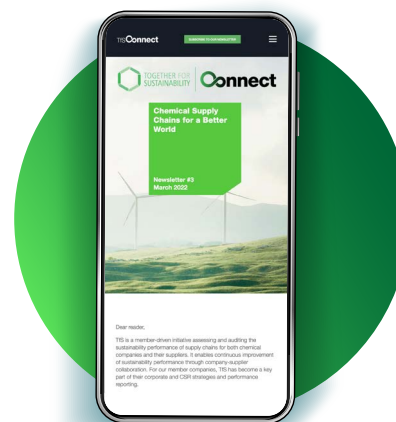
To succeed in its core mission of improving the sustainability performance of chemical suppliers around the world, TfS fosters a connected and learning community.

Several TfS initiatives enhance the exchange of information and best practices between all TfS members - in full compliance with antitrust laws.

TfS provides market leaders with a global platform where they can shape the future of the chemical industry. TfS operates as a peer-to-peer network and enables the CPOs of the 40 member companies to exchange ideas, share best practices in sustainability activities, learn from and be inspired by their peers.

The online discussions **#TfSTalks** facilitate the sharing of information and the exchange of ideas and best practices.

The newsletter, **#TfSConnect**, keeps the wider TfS community informed about new initiatives and progress on the four pillars of the TfS Grow&Deliver strategy 2025. The TfS Annual Workshop enables the internal TfS community to meet, learn about the latest developments in the TfS initiative, discuss and actively contribute to key topics.



#TfSConnect keeps the wider TfS community informed about new initiatives and progress

CPO Discussions

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

In 2022 topics covered by TfS CPOs included supplier coverage, challenges and adjustments needed given the recent and upcoming supply chains laws, approach to sustainability, sustainability procurement targets, applying TfS processes for future Supply Chain Due Diligence and upcoming EU CSDD, and supplier decarbonisation journey.

TfS CPOs **Joachim Christ**, Merck; **Klaus Blachnich**, OMV; **Erk Thorsten Heyen**, Wacker; and **Thomas Roemer**, Covestro led the discussions.

#TfSTalks

#TfSTalks are online discussions and knowledge-sharing opportunities prepared by, and for, TfS members on sustainability topics of joint interest to the TfS community. In 2022, TfS organised three #TfSTalks reaching a total audience of 529; the average audience per session was 176, up from 143 in 2021 - **an increase of 23%**.



The three #TfSTalks of 2022 featured the following topics and speakers:

1. “Exploring the Sustainability Case for Supplier Diversity”

(**Sara Nickovich**, Director Supplier Inclusion & Diversity and Sustainability Bayer; **Gen Lund**, Head of Controlling & Governance, Procurement BASF; **Marisa Jakubovic**, Sourcing Manager for HR Services, Supplier Diversity Covestro; and **Michelle Morin**, Global Procurement Leader Supplier Diversity & Sustainability Corteva Agriscience)

2. “How to Integrate the TfS Academy into Your Company’s Learning Environment”

(**Astrid Bosten**, Global Senior Communication Manager Purchasing and Global Supply Chain Henkel; **Rebecca Weight**, Capability Building and Trainings Project Manager TfS; **Maren Hübschmann**, Senior Manager Sustainability Development Bayer; **Doerte Lorenz**, Program Lead Global Sustainable Procurement Lyondell-Basell; and **Yvonne Jamal**, CEO JARO Institute for Sustainability and Digitalisation)

3. “International Sustainability Supply Chain Legislation- How to conduct Due Diligence and Meet Requirements”

(**Melina Gonçalves**, Senior Sustainability Consultant EcoVadis; **Andreas Zamostny**, Managing Partner Schlange, Zamostny & Co. Consultants for Corporate Responsibility; **Sascha Ceylan**, Head of Sustainability, risk & Compliance / Procurement Evonik; **Yun Zheng**, Global Sustainability Manager, IFF; and **Lisa Schroeter**, Global Director of Trade & Investment Policy Dow)



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

#TfSConnect

The **#TfSConnect** newsletter keeps the broader internal TfS community informed on new initiatives and progress made on the four pillars of the TfS Grow&Deliver strategy.

The community includes representatives from member companies' Buyer, CSR, Investor Relations, Public Affairs, Human Resources, and CEO office departments.

#TfSConnect was published in March 2022 with the number of subscribers increasing from 850 to 940.

To provide broader insights, #TfSConnect references articles 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.

#TfSConnect
subscribers
increased
from

850

to

940

in 2022

#TfSConnect
issue 3 was
published in
March 2022



TfS Annual Workshop

TfS Annual Workshop 2022 (28-29 September), welcomed more than 250 online participants, including TfS CPOs, Coordinators, Work Stream, and Regional team members, as well as Buyers from TfS member companies.

Opening the workshop, TfS President Bertrand Conquéret warmly welcomed the global TfS community, summarising the most recent TfS achievements.

Capability building and training as well as the TfS Scope 3 GHG emissions programme were the focal points of this year's discussions. Every TfS Work Stream and Regional team had the opportunity to provide insight on their projects. New for 2022 were sessions dedicated to new TfS members (joining since autumn 2021), training for buyers, and a TfS CPO led session.

Two days of engaging discussions and new ideas gave participants insight into the future scope and structure of TfS; re-evaluate the TfS Audit approach; discuss opportunities to better engage members locally and skills needed; brainstorm how to work with suppliers on pathways to reduce greenhouse gas emissions; check out the new risk dashboard, and much more.

Recordings are available on the **TfS Academy**.

More than
250
participants
at TfS
Annual
Workshop

The TfS Annual Workshop
featured a packed schedule
of interactive sessions

TfS Regional Operating Committees

Through its network of Regional Operating Committees consisting of representatives of member companies in the region, TfS ensures that the implementation of its programme is properly supported globally. Developing and fostering regional partnerships and close cooperation with regional chemical associations are crucial for TfS to increase membership, work on supplier improvement programmes and advance specific topics of joint interest.



TfS China

TfS China continued its successful partnership with CPCIF by jointly organising industry and training events. The TfS supplier training at the annual CPCIF event in Ningbo on 15 November not only focused on online Assessments and onsite Audits, but also introduced the PCF Guideline. Whilst Covid restrictions limited physical attendees to 70, online streaming received 280,000 views/clicks.

The TfS AP President in duty, Robert Yang, delivered keynote and other speeches at several events and the number of followers of the TfS WeChat account increased to 3,702 (a +24% year-on-year increase).

Regional supplier trainings, in cooperation with EcoVadis, delivered significant results: 303 participants attended the first training in Chinese in June, 101 participants the second Chinese training in October, and 450 participants the English session in October.

In addition, two TfS Academy training events were held in May in Chinese, targeting suppliers and TfS member companies in China. Following the creation of the TfS global work stream on scope 3 GHG emissions, TfS China established a regional work stream with the same focus. This will support global activities and act as a counterpart to the CPCIF GHG experts during their regular exchanges.



TfS China organised supplier training at the CPCIF event, Ningbo, 15 November 2022.

TfS Singapore

In 2022, member companies of the TfS Singapore Regional Operating Committee - Henkel, Arkema, Azelis, Evonik, Semperit, Solvay and Syngenta - welcomed Dow as its eighth member. The regional team participated in the "Sustainability in Business,

Sustainability as Business" webinar hosted by Enterprise Singapore, a government agency working with companies to build capability, innovate and internationalise. Attended by many local SMEs, the Singapore team promoted the TfS initiative as well as the new

PCF calculation methodology, encouraging its adoption. The team further raised awareness of TfS in Southeast Asia by publishing an advertorial in the South China Morning Post and Facebook (edition 28 November) focusing on the general TfS framework.

TfS Regional Operating Committees



Latin America

For more than 6 years, TfS LATAM has contributed to improving the sustainability performance in regional supply chains and engaging with suppliers to improve sustainable practices.

The LATAM Regional Committee consists of 12 TfS members and, together, they achieved good results. Currently, the South American region occupies the third position in the global ranking of TfS Audits. This result has been achieved thanks to the excellent collaboration of the LATAM team.

Since 2020, TfS LATAM focuses on the “About TfS” training webinars, which has significantly increased supplier participation.

TfS LATAM was looking for collaboration with chemical associations and had the honour of being invited by Abiquim (Brazilian Chemical Association) to attend the Responsible Care Conference in Brazil in 2018 and 2022. In November 2022, the regional team attended the Climate Change panel; Alessandro Pistillo, Co-Chair of the Scope 3 GHG Emissions work stream, shared the newly released PCF Guideline with over 350 participants.



North America

The NA Committee includes 23 companies, representing 57.5% of the TfS membership. In March 2022, NA launched the first (un-staffed) Sustainability Hub as a partner to IHS Markit at the **World PetroChemical Conference (WPC)** and Genius Exchange, in the USA, where 1,500+ leaders converged to support ‘Navigating toward NetZero’.

TfS branding, purpose, and member company logos were displayed within the Hub, video of the TfS Academy and other TfS marketing materials were streamed throughout.

A TfS Fireside Chat was held, featuring in person speakers: Jennifer Jewson, VP Global Procurement at LyondellBasell; and Mitch Toomey, Director of Sustainability of BASF Corporation. Dr Gabriele Unger of TfS provided a pre-recorded message (<https://youtu.be/fUrCNiF2M5U>). The conversation was moderated by Rob Westervelt, Editor-in-Chief of ChemWeek at IHS Markit.

Also in March, TfS NA hosted a **#TfSTalks** webinar, entitled “Exploring the sustainability case for Supplier Diversity”. Global supplier diversity leaders located in North America and working for Bayer, BASF, Covestro and Corteva Agriscience presented.



TfS Sustainability Hub at the World Petrochemical Conference, USA, March 2022



TfS Fireside chat at the WPC 2022 featuring Jennifer Jewson, VP Global Procurement at LyondellBasell and Mitch Toomey, Director of Sustainability of BASF Corporation

TfS Organisation

TfS is Global

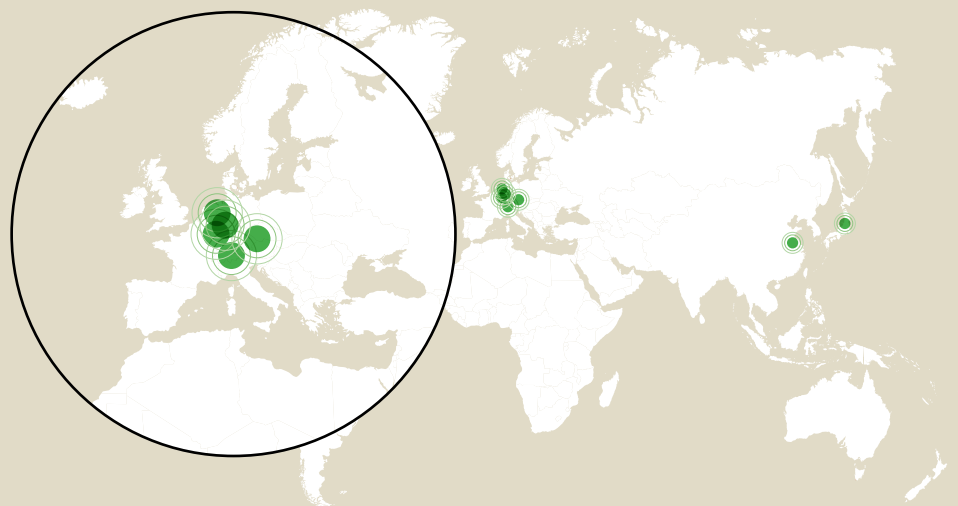
Chemical supply chains are complex and global. Our membership and their suppliers span the globe, with regional support from TfS.

Global operations are managed from the TfS headquarters in Brussels, Belgium, with TfS member groups in Asia Pacific, Latin America, and North America.

To increase its impact on sustainability improvements, TfS needs to expand its reach and increase its impact around the world.

Therefore, TfS has an inclusive approach and is open to any chemical company around the world that shares the ambition to engage with suppliers in sustainability improvements.

The TfS network of companies represents all segments of the chemical industry. While TfS is committed to grow in all regions in the world, China remains a priority, as well as other countries in the Asia-Pacific region, especially Singapore, India, and Japan.



New members

Seven companies joined TfS in 2022: one Austrian, one Dutch, two German, one Swiss, a first Japanese and a second Chinese. This brings the total number of members to 40.

New members in 2022:

allnex, a producer of coating resins and additives, headquartered in Frankfurt, Germany

CABB Group, a contract development and manufacturing company (CDMO) for starting materials, active ingredients, and advanced intermediates

IMCD Group, a Dutch formulator and distributor of specialty chemicals

Lenzing, a global producer of dissolving wood pulp and cellulosic fibers

Lonza Group, a Swiss-based global manufacturing partner to the pharmaceutical, biotechnology and nutrition sectors

Mitsui & Co., a Japanese trading company dealing globally in chemicals, energy, metals and active in infrastructure projects

Sennics, a service provider of polymer additives, and member of Sinochem International



Members Drive the Initiative

TfS Global Work Streams and Regional Operating Committees

A truly unique feature of TfS is that members drive the initiative forward, a crucial factor in its success. Representatives of member companies ensure progress is made through active participation in five Work Streams. These Work Streams also submit proposals to the TfS Steering Committee for ongoing projects.

TfS Global Work Streams

1 Governance and Partnerships

Definition of governance structure of the initiative.

Coordination of TfS external partnerships.

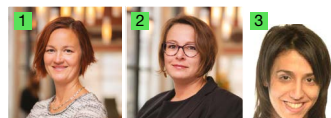


Chair: **Virginia Morton** (Sika) ¹
Co-chair: **Morne Labuschagne** (Lanxess) ²
Co-chair: **Sascha Ceylan** (Evonik) ³

2 TfS Assessments

Improve and further develop TfS Assessments.

Management of the relationship with service provider EcoVadis, together with TfS office.

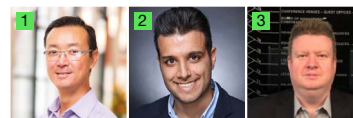


Chair: **Sabine Zallinger** (Wacker) ¹
Co-chair: **Judit Berger** (Evonik) ²
Co-chair: **Athina Michalakopoulou** (UPM) ³

3 TfS Audits

Improve and further develop TfS Audit programme and process.

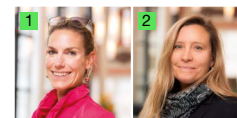
Management of the relationship with Audit companies, together with TfS office.



Chair: **Christopher Easton** (Syngenta) ¹
Co-chair: **Sascha Farooq** (Evonik) ²
Co-chair: **Sven Gelissen** (Lanxess) ³

4 TfS Capability Building and Communications

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

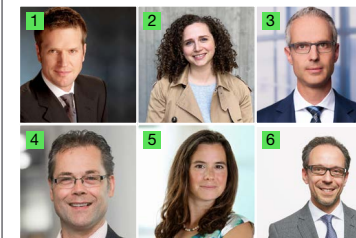


Chair: **Astrid Bosten** (Henkel) ¹
Co-chair: **Nina Baumann** (Merck) ²

5 Scope 3 GHG Emissions

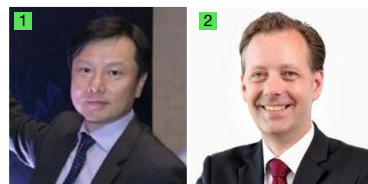
TfS approach to measure and reduce GHG emissions including data collection and sharing.

Engaging suppliers to improve as well as cooperating with external stakeholders.



Chair: **Michael Heite** (Bayer) < 04/22 ¹
Chair: **Katherine Agapitos** (Sika) > 05/22 ²
Co-chair: **Jens Plambeck** (Bayer) ³
Co-chair: **Peter Saling** (BASF) ⁴
Co-chair: **Verena Buback** (Merck) ⁵
Co-chair: **Alessandro Pestillo** (BASF) > 07/22 ⁶

TfS Regional Operating Committees



TfS Asia Pacific

Chair:

Robert Yang¹ (Arkema)
TfS AP President in Duty
Cross work stream
responsibilities

TfS Singapore

Chair:

Thomas Holenia² (Henkel)
Cross work stream
responsibilities



TfS Latin America

Chair:

Sheila Tazinazzo
(Clariant)
Cross work stream
responsibilities

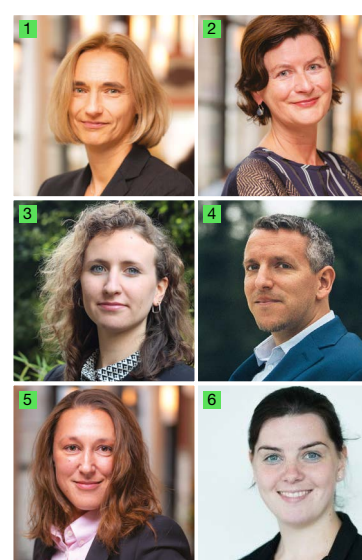


TfS North America

Chair:

Rachel Sheridan
(Evonik)
Cross work stream
responsibilities

TfS Office



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.

Dr Gabriele Unger¹ General Manager
Maria De Rycke² Communications Manager
Margherita Locatelli³ Project Assistant
Jakob Smets⁴ Manager
Marina Vese⁵ Manager
Rebecca Weicht⁶ Capability Building
and Training Manager*

* Until December 2022.

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 approved an update of the TfS Articles of Association relating to the 50% increase in TfS membership fees, effective 2022.

A commitment to CO₂ reduction in the value chains will also be anchored in the TfS Articles of Association and membership criteria.



The TfS membership criteria now includes that an applicant company:

- is committed to climate action in line with the Paris Agreement.
- implemented reduction targets of GHG scope 1 and scope 2 emissions and publishes targets and progress.
- is committed to putting a programme in place to reduce Scope 3 GHG emissions in its supply chain and to contribute to the TfS programme on Scope 3 GHG Emissions.

The TfS General Assembly elects the TfS President and TfS Steering Committee every two years. The next election will be in 2023.

The 2022 TfS General Assembly featured both in-person and online attendees

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:

President: **Bertrand Conquéret**¹ (Henkel)
Steven Brughmans² (BASF)
Joachim Christ³ (Merck)
Lynn De Proft⁴ (Solvay)
Erk Thorsten Heyen⁵ (Wacker)
Markus Mirgeler⁶ (Clariant)*
Thomas Udesen⁷ (Bayer)
Nicola Comiotto⁸ (Clariant)

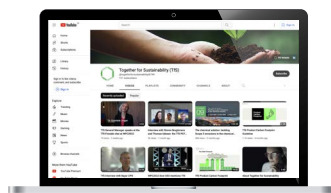
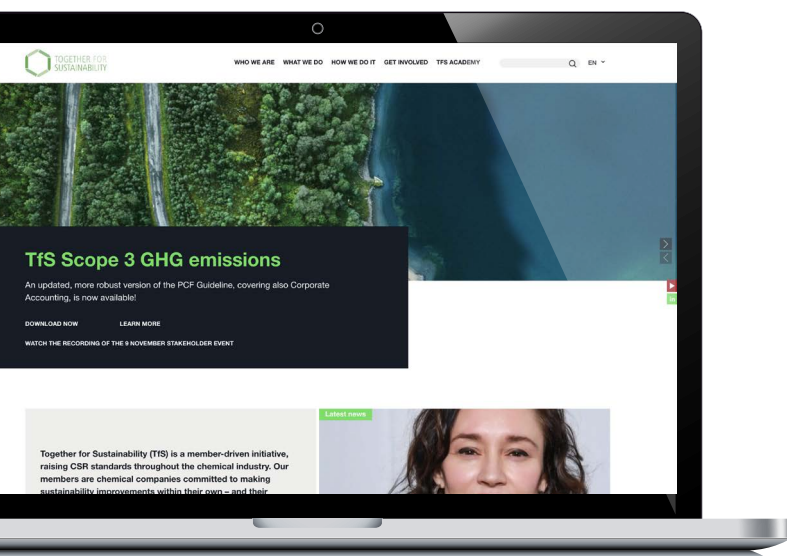
* Until November 2022, Markus Mirgeler was replaced by colleague Nicola Comiotto, CPO Clariant. Mr Comiotto will take the Clariant seat for the remaining time of the two-year term (until the TfS General Assembly of 2023).

Learn more



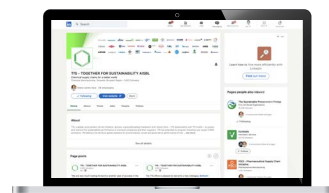
TfS website

Your information platform for all TfS info, including the latest news on the **TfS Scope 3 GHG emissions programme**, **PCF Guideline**, and **TfS Academy**.



TfS YouTube channel

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



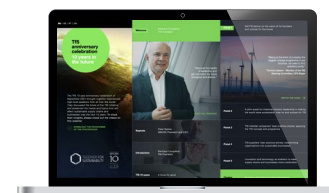
TfS LinkedIn

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



TfS Academy

Capability-building hub for TfS members and their procurement team, as well as for suppliers, to learn about the most pertinent and trending sustainability procurement topics.



TfS Anniversary website:

Keynote, speeches, and panel session recordings of the global TfS Anniversary celebration “TfS – 10 years in the future” (2021). View or download videos in English, Spanish, Portuguese, and Chinese.

tfs-initiative.com

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