

BUILDING A BETTER WORLD

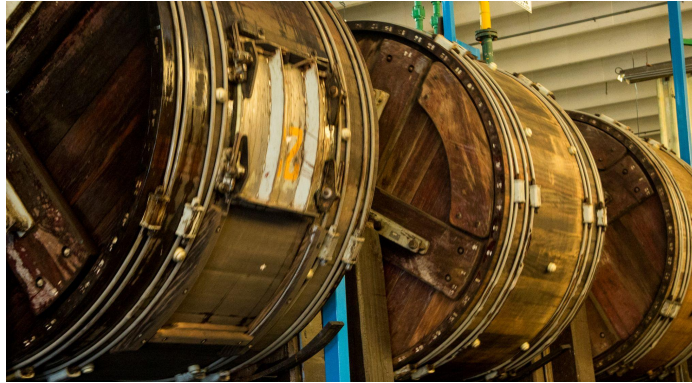


**SUSTAINABILITY
REPORT 2022**
sustainability.temola.com

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TEMOLA FUNDAMENTALS

EXECUTIVE MESSAGE FROM OUR MANAGING PARTNER, PABLO URIEGAS.

Dear stakeholders,

We are pleased to inform you that our first sustainability report is already published.

At Temola we have always strived to work through sustainable solutions for the company. As you know, leather is a by-product of the meat industry, letting us (tanners) begin with the life of a circular economy. The concept of working with sustainable tools and processes is in our DNA.

The world demands transparency on how products are made, environmental care due to a real climate change, and a holistic corporate culture. These are the three components that define us, it is our duty to share them with you.

By focusing our attention to this trend, we are able to stay relevant in the market. We do this while maintaining all the work that goes through our people's hands, and when facing difficult times.

COVID 19, has shown us, how resilient we are as a company. Teamwork is the base to overstep this pandemic and all the related issues that come along with it. Even-though this situation has been complex, it helped us to strengthen all related aspects that as a community we care about.

We are at our best when we are creating something that is larger than ourselves. In this time of deep changes, we will continue to lead the industry into a more sustainable future.



TEMOLA FUNDAMENTALS

COMPANY PROFILE

History

1939
Temola is founded in Mexico City to supply the needs of the local shoe market.

1967
The tannery is moved to the city of Cuautla. Located near Mexico City, Cuautla also has abundant water resources.

1993
Freudenberg sells its share of the company and Temola becomes fully owned and operated by a Mexican family.

2002
Temola is certified as "Industria Limpia" (Clean Industry). A certificate issued by the Mexican Government to industries that comply with the highest environmental standards.

2004
Temola is certified by QMI on ISO-14000

2019
Steering Wheel Wrapping reaching more than 9K SW/WEEK500 employees. Honda, Stellantis, Toyota, Mazda.

1963
The German group Freudenberg acquires Temola.

1984
Temola builds the first and most advanced effluent treatment plant in the Mexican tanning industry. Meeting the highest of international standards.

1999
Temola is certified by QMI on ISO-9000

2002
Temola continues producing high quality finished leather for the shoe industry and successfully launches its first Automotive SW program

2010
Temola continues its journey in the automotive industry as its primary business focus.

Mission & Vision



We seek to create positive impact with innovation, quality and sustainability. All of this, through experience and passion, transforming leather and related products in a global market.



Our vision is to be the best option in North America to supply leather and other materials with added value, through innovative and sustainable processes that generate competitive advantages for our customers.

Six Pillar Business Model

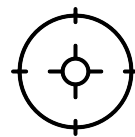
Our Quality and Consistency throughout the years is supported by our six pillar business model.

Read more on: quality.temola.com



TEMOLA FUNDAMENTALS

Temola at a Glance



People

- **Collaborators:** +320 as of April 2022.
- **Training:** over 70 different courses.
- **Football field, Basketball court, and equipped restrooms with showers and lockers.**

Environment

- **Water Recycled:** 30%.
- **Liters/ Square Feet:** 6.4 lt/sqft.
- **tCO2 emissions:** 84.
- **CO2 annually removed:** 17 tons.
- **Energy Produced:** 800 MWH in 2021.

Market Scope

- **Leather approved to produce for:** Honda, Stellantis, Mazda, Kia, Nissan, and Mitsubishi.
- **498 Million square feet of leather produced.**
- **Steering Wheel Wrapping.**
- **Artificial Coated Fabric for SW.**
- **Leather and Synthetic patches for garment industries.**
- **Shoe Leather.**
- **Upholstery Leather.**

Capacity

- **Location:** Cuautla, Morelos.
- **Manufacturing space:** 15,000 sqm.
- **Leather tanning:** From WB to finished leather
- **Steering Wheels.**
- **Finished Hides/Week:** 8,250.
- **Square Feet/Week:** 433,000.

**FACTS
AND
FIGURES**

BUILDING A BETTER WORLD

INTRODUCTION

We have been building a better world since 1939. But it is not necessary to go back to witness what we have accomplished.

At Temola (TWM) we believe that in order to continue growing as a company, the future must come alongside with sustainability as an ally. It is our responsibility to ensure that as a community, all related stakeholders thrive in a safe, healthy and sustainable environment. Through innovation and creativity as tools, we are constantly seeking to enhance our products and services considering the environmental impact.

Among our goals are: reduce the waste in our processes, increase the use of renewable energy sources, and increase green areas. We know that being a 0 emissions and 0 waste company, requires working closely with our suppliers, employees, and customers.

This report is intended to show in a very clear way, the progress we have made and what we expect for the future.



“ Our biggest differentiator is that we care about leaving a positive footprint in our world.

Pablo Uriegas, Managing Partner

SUSTAINABILITY GOALS

We have carefully selected and developed a number of strategies that will help us reach our goals outlined below:




OUR GOALS INTO ACTION



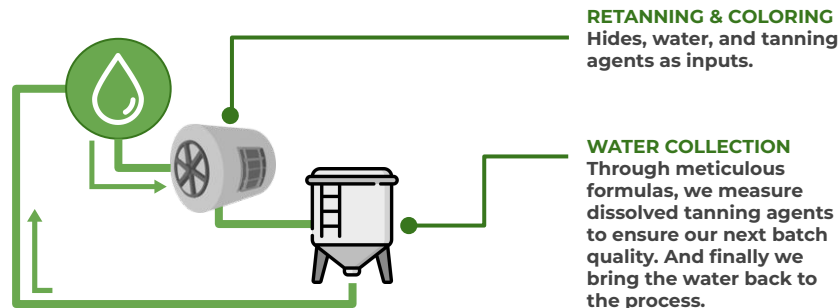
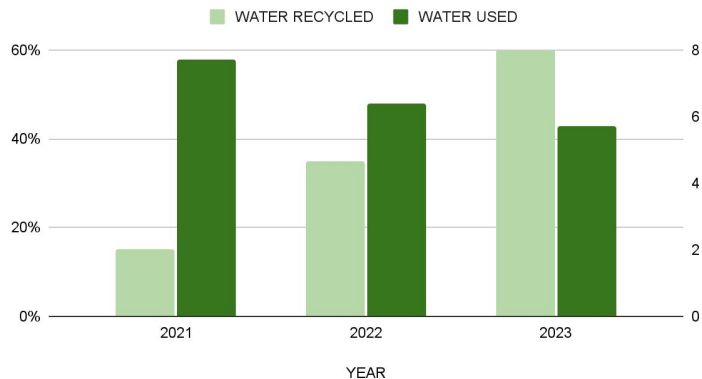
Water is a crucial resource for leather tanning. With this in mind, we have come to sustainable solutions in its use. Our key metrics are water usage and water recycling.

WATER DISCHARGES



We have been able to reuse water from previous batches, allowing us to withdraw less tanning agents and less water, thus leading to a substantial reduction in overall discharges and monitoring the critical parameters for every batch, while keeping the quality of our products.

WATER RECYCLED (%) & WATER USED (L/SQFT)



OUR GOALS INTO ACTION

AIR



Energy in our world is required for almost every single purpose, the difference is how it is obtained. Climate change is a reality that we are facing, taking action is a must for everybody.



CLEAN ENERGY

1.5K SOLAR PANELS

This investment is a reflection of the actions that are leading us toward our goals.

864 MWH

Total energy generated in 2021

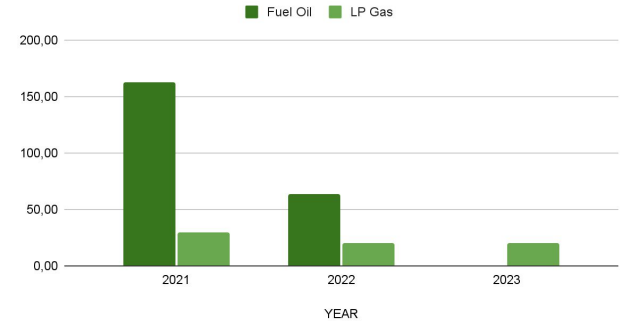


80%

Of the total energy consumed in 2021

56.4%

EMISSIONS (tCO₂e)



100 tons of CO₂ avoided

(from 2021 to 2022)

equivalent to reforesting:

8300. TREES.

OUR GOALS INTO ACTION



Contributing to climate change is not only limited to become carbon neutral, but also to reverse the problem through sustainable reforestation. As a community we have to give back the resources given.

SUSTAINABLE REFORESTATION

20 ACRES

The beginning of a task projected to expand over the next years.



6.5K TREES

Planted in 2021

17 TONS

of CO2 annually removed.



238 TONS
of Oxygen annually produced

376 KG
of dry nitrogen annually removed.

OUR GOALS INTO ACTION

MATERIALS



A very important part of this running change, is to have a responsible material source. That is the only way we can conceive a real sustainable supply chain.



TRANSPARENCY



100% WB

Source, comes from a Gold Rated LWG member.



74% TRACEABILITY

For all of its purchased hides.

73.9% PHYSICALLY MARKED

Hides.

100% Suppliers

Have confirmed their compliance against the ZDHC MRSL 1.0, at minimum under Compliance Level 0.

Our efforts will continue to create a sustainable and engaging supply chain.



CHEMICALS

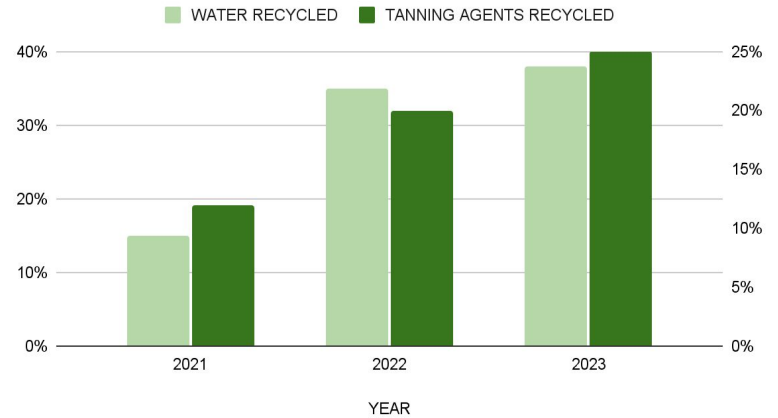
OUR GOALS INTO ACTION

WASTE



100% of our water/tanning agents discharge mixture is treated in the water plant. We are looking forward to reduce this process up to the point where there is 0 discharge.

WATER & TANNING AGENTS RECYCLED



SMALL GENERATOR

We comply with all gubernamental regulations

.225 TONS
Paper recycling

3.5 TONS
Gardening & pruning
(applied for soil enhancement)

.982 Tons
Cardboard recycling



PEOPLE FIRST

EMPLOYEE WELL-BEING



COVID-19 Response

Since the very beginning of this challenging situation for the entire world, we have taken actions to minimize the exposure of this virus to our collaborators. By going beyond of what the local laws compel us to follow, we installed a body sanitizer at the entrance of the factory, so that everyone gets sanitized before arriving and after leaving the company. We also have a vaccination campaign encouraging our collaborators to get vaccinated, with a successful rate of 80% of all Temola members. We continue utilizing facemasks and hand sanitizer, and monitoring on a daily basis the health of each of our collaborators.



The drive for innovative and sustainable business solutions, hatches in our people's well-being.

EMPLOYEE JOURNEY



Our People in Numbers (apr 2022)

CONCEPT	WOMEN	MEN
By gender	135	193
Type of contract: Indefinitely	15	77
Type of contract: Fixed Time	120	116
Full-Time	135	193
Part-Time	0	0
Tannery Avg. Years	2.5	9.2
Cut Sets Avg. Years	1.8	3.8
Steering Wheel Avg. Years	1.4	1
Training hours / year.	472	484
Job Category: Manager	2	6
Job Category: Employee	23	31
Job Category: Workers	110	156
Average age	34.6	37.3

PEOPLE FIRST

EMPLOYEE WELL-BEING



PEOPLE FIRST

Health &
Safety



**OUR CHALLENGE: 0
ACCIDENTS**



Accident Index 2022
.003, i.e. we are 99.88% below
the the national average (2.44).



Accident Index 2021
.008, i.e. we are 99.67% below
the the national average (2.44).

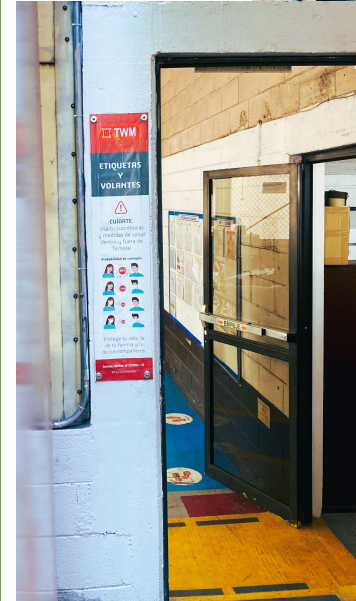
223,000 HRS
Worked until April 2022

↳ **268 HRS**
Lost until April 2022

↳ **.12%**
Injury rate.

Emergency brigade

We have a
specialized team
that has been
trained to react in
this extraordinary
occasions.



COVID 19 Campaign

Inside our
facilities we
installed banners
reminding that
their safety is the
safety of all.

PEOPLE FIRST

Corporate Ethics



Human Rights and Working Conditions.

Safety & Hygiene

To provide and sustain a safe working environment for every TWM employee.

Child Labor & Forced Labor

Employ according to the legally established minimum ages those who seek working with us. It is forbidden to employ 15 year old people and it will be not tolerated any form of practice that may abuse verbally or physically to any of our employees.

Fair Labor Conditions

Working hours, working conditions and compensation must be fair and follow gubernamental regulations in the country where the job is done.

We have carefully defined according to the UN and other organizations principles, what for us stands as a code that drives ethics in an organization.



Non-harassment & Non-discrimination

Zero tolerance towards any form of stalking, harassment or discrimination. Following gubernamental regulations but not limited to age, race, religion, personal beliefs, gender, disabilities, citizenship, civil status, sexual preferences or any other characteristic forbidden by law for the job description.

Freedom of association & collective bargaining

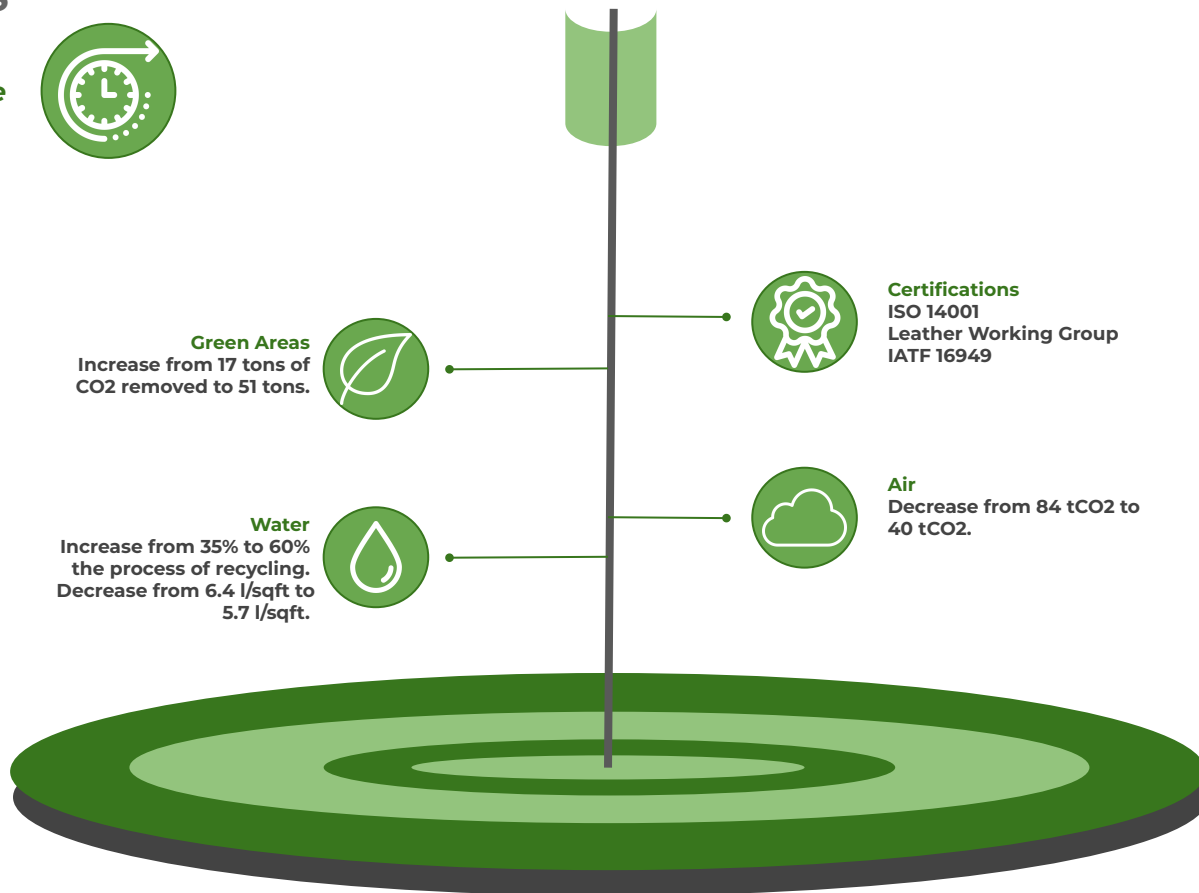
Respect and acknowledge employee freedom to come together and join or not a union according to local laws. Union regulations must be recognized as well as the employee's right to be represented or not by a union.

Conflict Minerals

We do not use conflict minerals in our processes nor in our products.

NEXT STEPS

Incoming Future
(2023)





TEMOLA WRAPPING MATERIALS S.A. DE C.V.



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