

ISA Group Corporate Social Responsibility Report 2024



ISA nextgenmaterials

ABOUT THE REPORT

Responded topics of GRI 2-1, 2-2, 2-3, 2-6, 2-14

Introduction

GRI 2-1, 2-3

This report is the 2024 Corporate Social Responsibility (CSR) Report released by ISA Industrial Limited (ISA Next-Gen Materials Group, “ISA Group”) and our subsidiaries, communicating our philosophies, strategies and performance of corporate social responsibilities.

As part of our commitment to good corporate citizenship, we will continue to publish the CSR report on a yearly basis.

Reporting Scope

GRI 2-1, 2-2

This report covers the group-wide level management mechanisms and systems of ISA TanTec Ltd. Our headquarters is based in Macau (MIT). Our report includes the operational activities of our entities, including Heshan Bestway Leather Product Ltd. (HSBWL), Heshan TanTec Leather Co., Ltd. (HTL), Saigon TanTec Leather Ltd. (STL) and TransAsia TanTec Ltd. (TTL).

This report does only partly cover Mississippi TanTec Leather, Inc (MTL), since it is currently operated in a relatively small scale. We will work with perseverance to boost the scales and performances of this entity.

Reporting Period

GRI 2-3

This report covers the period from January 1, 2024 to December 31, 2024, while some information in this report is beyond this period and is intended to improve comparability.

Data Source

GRI 2-2, 2-14

Our management provides all information and data disclosed in this report and is responsible for reviewing and approving the reported information, including the Group’s material topics. All formal sources of information come from within or outside ISA Group, including internal and external documents.

Standards of Report

GRI 2-6

This report is prepared based on the core option of the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) issued by the Global Sustainability Standards Board (GSSB). In addition, the report also initiates alignment to the 2030 Sustainable Development Goals (SDGs) set by the United Nations, a universal call to address the significant economic, social and environmental challenges the planet faces.

The present report exhibits a continuity in the value chain, mirroring that of the ISA CSR Report 2023, released on June 27, 2024, with no significant deviations.



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MESSAGE FROM THE BOARD

Welcome from Uwe Hutzler, Chief Executive Officer

Being community-minded is one of the key factors driving ISA Group toward achieving its vision of becoming the world's most sustainable next-generation manufacturer

Responded topics of GRI 2-22



This is the fourth consecutive year we have published our Corporate Social Responsibility (CSR) Report. As a company approaching three decades of operation, with footprints extending across China, Vietnam, and America, and supplying materials to brands worldwide, we recognize the vital role that being community-minded has played in our journey thus far.

Looking back, from the inception of the LITE™ (Low Impact To the Environment) concept to the successful launches of our facilities in Vietnam and America, and further pursuing our ambitious goal of entering the bio-based materials market, ISA Group has evolved from a pioneer leather producer to a next-generation material manufacturer. Many of our

key milestones have been achieved by prioritizing community-minded principles, reflecting our sensitivity to social and environmental impacts, fostering positive relationships, and making decisions that contribute to the betterment of society as a whole.

This focus has enabled us to expand our business globally while nurturing a distinctive corporate culture – one that sustains our resilience in facing global challenges such as economic uncertainties, geopolitical conflicts, and market downturns.

With the continued publication of our CSR reports, we uphold transparency by openly disclosing and tracking our past and current actions. This commitment not

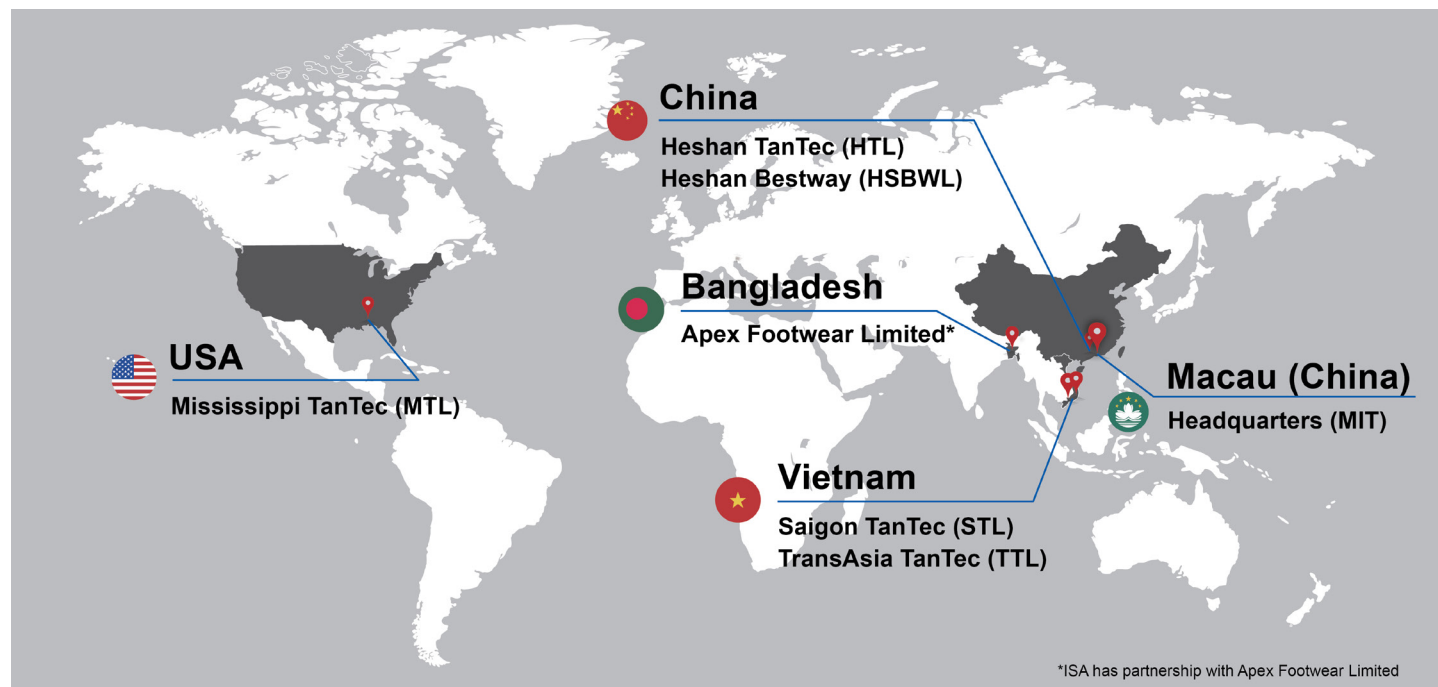
only ensures the well-being and welfare of our stakeholders but also allows us to respect and integrate into the local cultures where ISA Group operates. We embrace diversity, reciprocity, individuality, and talent development—whether within our micro communities or across the broader global community. Moreover, it lightens our path forward, helping us to identify the right next steps toward our vision of becoming the world's most sustainable next-generation manufacturer.

Yours sincerely,

Uwe Hutzler
Chief Executive Officer

ABOUT ISA GROUP

Responded topics of GRI 2-1, 2-6, 2-28



Founded in 1995, ISA Group is a private and majority private equity-owned company that currently has four ultra-modern tanneries located in the USA, Vietnam and China. In 2016, Navis Capital Partners co-invested in our group as a strategic partner to support further growth ambitions.

ISA Group is a global leader in the manufacturing of Next-Gen materials, specialized in producing sustainable leathers and sustainable additional materials for footwear, handbag, apparel and accessories. We are represented by our trademarked LITE (Low Impact to the Environment) manufacturing concept in all facilities. The LITE concept defines and guarantees a high standard

of environmental sustainability in the manufacturing process. We have been recognized throughout the years by global brands as a partner providing high-quality leathers, with a good reputation for reliable services and outstanding corporate social responsibilities. The LITE system is fully integrated into the manufacturing process, which is specially designed to reduce the usage of water, energy and chemicals. Our effort is consistently minimizing the impact to the environment by the Best Available Technology (BAT) in the industry and sustainably driving the business.

To meet customers' requirements for additional sustainable materials in response to the current market trends, we have also been investigating and

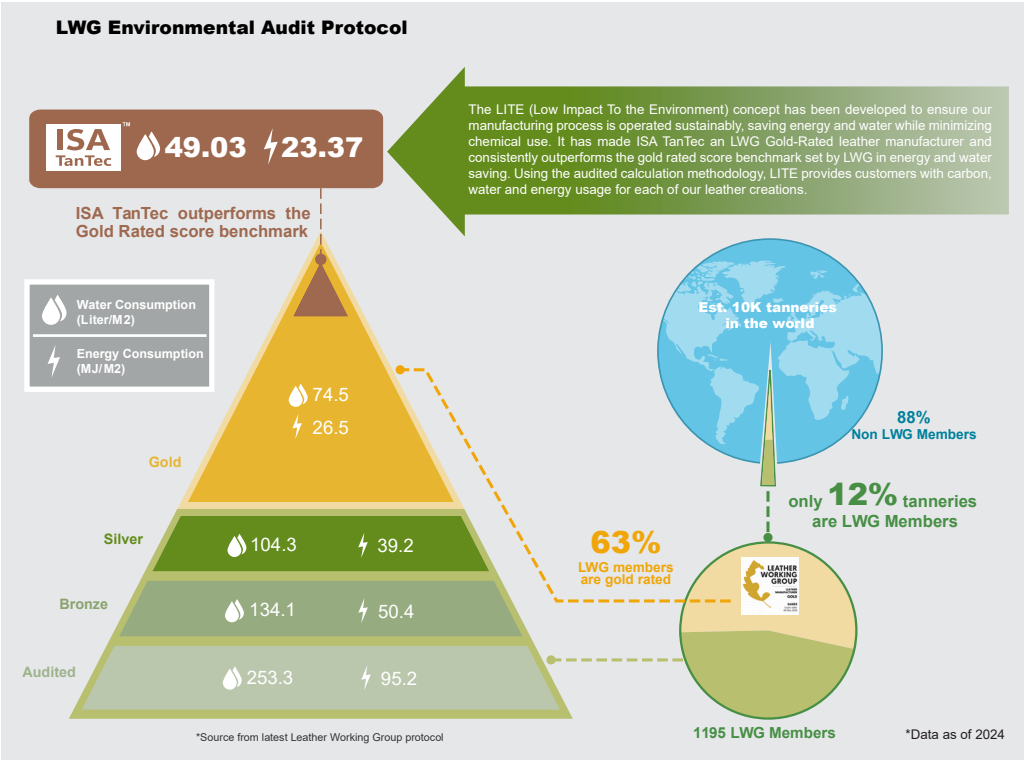
have already spent years in research and development with scientists to produce new sustainable additional materials along with our already recognized sustainable LITE leathers. We have launched the Creation of Sustainable Materials (COSM™) business unit, specializing in developing and producing sustainable additional materials, alternatives to petrochemical-based materials such as plastics that are non-environmental friendly. With the COSM™ materials already launched in the market, we are able to provide high-quality, reliable and environmentally compliant additional materials and premium services to brands that are already customers of our LITE leathers.

Certificates and Memberships

GRI 2-28

All our entities have earned the prestigious Leather Working Group (LWG) Gold Rating. HSBWL, HTL, STL, and TTL are certified with ISO14001 and ISO9001. Additionally, HSBWL, HTL, and STL also hold the ECO2L* certification.

*ECO2L is a Corporate Carbon Footprint Standard for leather products by internal energy consumption compared to the BEET energy benchmark or Best Energy Efficiency for Tanning in Europe.



LEATHER STANDARD

BJ041 228026
TESTEX



Management System
ISO 14001:2015
ISO 9001:2015

www.tuv.com
ID 9108622736



Saigon TanTec Leather Ltd.
Viet Hung 2 Industrial Park
An Tay Village, Ben Cat District, Binh Duong Province
Vietnam

produces at its site in an energy-efficient process and calculates the CO₂ / the PCF (product mix) in accordance with the ECOL-calculation tool.

Registered audit number: 054
Category of production: wet-blue/white/white-green to finished leather
Type of leather: Shoe Upper
Audit record: ECOL & 5.11-2023
Auditor: Dipl.-Ing. Jutta Knödel
Peer Review: FLK Freiberg Institute gGmbH

Andreas Meyer, Managing Director VDL

Audit date: 14. June + 19. July 2022 Audit valid until: 14. June 2025



Verband der
Deutschen Lederindustrie e.V.
German Leather Federation
Münster Lederstraße 15
48153 Münster im Bielefeld

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Telefax +49 571 9363309
info@vdl.de
www.vdl.de



HESHAN BESTWAY LEATHER PRODUCT LTD.
No. 1 Xing Li Road, Heshang Town
Heshan City, Guangdong Province
Postal Code: 529727
PR China

produces at its site in an energy-efficient process and calculates the CO₂ / the PCF (product mix) in accordance with the ECOL-calculation tool.

Registered audit number: 068
Category of production: wet blue/white/white-green to small shoe upper and automotive leather
Type of leather: shoe upper and automotive leather
Audit record: ECOL & 5.11-2023
Auditor: Dipl.-Ing. Jutta Knödel
Peer Review: FLK Freiberg Institute gGmbH

Andreas Meyer, Managing Director VDL

Audit date: 21. December 2022 Audit valid until: 21. December 2025



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www.vdl.de



HESHAN TANTEC LEATHER CO. LTD.
Unit 2, No. 1 Xing Li Road, Heshang Town
Heshan City, Guangdong Province
PR China

produces at its site in an energy-efficient process and calculates the CO₂ / the PCF (product mix) in accordance with the ECOL-calculation tool.

Registered audit number: 066
Category of production: wet blue/white/white-green to finished leather
Type of leather: wet blue/white/white-green to finished leather
Audit record: ECOL & 5.11-2023
Auditor: Dipl.-Ing. Jutta Knödel
Peer Review: FLK Freiberg Institute gGmbH

Andreas Meyer, Managing Director VDL

Audit date: 22. December 2022 Audit valid until: 22. December 2025



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Certificate

Standard ISO 9001:2015

Certificate Registr. No. 01 100 12700102

Organization: ISA Heshan Trading Co., Ltd.
Unit 3, No.1 Xingli Road, Heshang Town, Heshan City,
Guangdong Province, 529727, P. R. China

Site: c/o Heshan Bestway Leather Product Ltd.
Unified Social Credit Code: 9144070597327579C
Registration Address: No.81 Xingli Road, Heshang Town, Heshan City,
Guangdong Province, 529727, P. R. China
Operation Address: same as above

Scope: Manufacturing and Sales of Leather and Leather Goods

Proof has been furnished by means of an audit that the requirements of ISO 9001:2015 are met.

The certificate is valid in conjunction with the main certificate 01 100 127001 from 2022-03-20 until 2025-03-19.
It remains valid subject to satisfactory surveillance audits.
This certificate information can be searched on CNCA official website <http://www.cnca.gov.cn>

2022-01-11

Andreas Meyer, Managing Director VDL

Authorized responsible office TÜV Rheinland China Ltd., Room 301, 3F and Room
1003, 12F, Building No. 15, Ringhua South Road, BeijingGuomao Technological
Development Area, Beijing (China) group in high-end industrial area of Beijing (First
Floor Trade Zone), 100176, P. R. China

www.tuv.com



Certificate

Standard ISO 9001:2015

Certificate Registr. No. 01 100 12700104

Organization: ISA Heshan Trading Co., Ltd.
Unit 3, No.1 Xingli Road, Heshang Town, Heshan City,
Guangdong Province, 529727, P. R. China

Site: c/o SAIGON TANTEC LEATHER LIMITED
Lot M2 & M3, Road No. 05, Viet Hung 2 Industrial Park, An Tay
Village, Ben Cat District, Binh Duong Province, Vietnam

Scope: Manufacturing and sales of leather and Leather Goods

Proof has been furnished by means of an audit that the requirements of ISO 9001:2015 are met.

The certificate is valid in conjunction with the main certificate 01 100 127001 from 2022-03-20 until 2025-03-19.

2022-01-11

Andreas Meyer, Managing Director VDL

Authorized responsible office TÜV Rheinland China Ltd., Room 301, 3F and Room
1003, 12F, Building No. 15, Ringhua South Road, BeijingGuomao Technological
Development Area, Beijing (China) group in high-end industrial area of Beijing (First
Floor Trade Zone), 100176, P. R. China

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Certificate

Standard ISO 9001:2015

Certificate Registr. No. 01 100 12700103

Organization: ISA Heshan Trading Co., Ltd.
Unit 3, No.1 Xingli Road, Heshang Town, Heshan City,
Guangdong Province, 529727, P. R. China

Site: c/o Heshan Tante Leather Co., Ltd.
Unified Social Credit Code: 914407005790744840
Registration Address:
Unit 2, No.81 Xingli Road, Heshang Town, Heshan City,
Guangdong Province, 529727, P. R. China
Operation Address: same as above

Scope: Manufacturing and Sales of Leather and Leather Goods

Proof has been furnished by means of an audit that the requirements of ISO 9001:2015 are met.

The certificate is valid in conjunction with the main certificate 01 100 127001 from 2022-03-20 until 2025-03-19.
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Development Area, Beijing (China) group in high-end industrial area of Beijing (First
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Certificate

Standard ISO 9001:2015

Certificate Registr. No. 01 100 12700105

Organization: ISA Heshan Trading Co., Ltd.
Unit 3, No.1 Xingli Road, Heshang Town, Heshan City,
Guangdong Province, 529727, P. R. China

Site: c/o TRANSABA TANTEC LIMITED
Lot B6, 1, Ca Road, Thanh Thanh Cong Industrial Park, An Hai
Quarter, An Hoa Ward, Trang Bang Town, Tay Ninh Province,
Vietnam

Scope: Manufacturing and Sales of Leather and Leather Goods

Proof has been furnished by means of an audit that the requirements of ISO 9001:2015 are met.

The certificate is valid in conjunction with the main certificate 01 100 127001 from 2022-04-02 until 2025-03-19.

2022-04-02

Andreas Meyer, Managing Director VDL

Authorized responsible office TÜV Rheinland China Ltd., Room 301, 3F and Room
1003, 12F, Building No. 15, Ringhua South Road, BeijingGuomao Technological
Development Area, Beijing (China) group in high-end industrial area of Beijing (First
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Certificate

Standard

ISO 14001:2015

Certificate Registr. No.

01 104 12700193

Organization:

ISA TANTEC LIMITED
Avenida Da Praia Grande No. 619, Edificio Commercial St Tol, 5
Andar, Unidade 3, 4.8 & 9, 999078, em Macau

Site:

c/o Heshan Beilew Leather Product Ltd.
Hui Xing Road, Heshan Town, Heshan City, Guangdong
Province 529727, P.R. China

Scope:

Manufacturing and sales of Leather and Leather Goods

Validity:

Proof has been furnished by means of an audit that the
requirements of ISO 14001:2015 are met.
The certificate is valid in conjunction with the main certificate 01
104 127001 from 2022-01-10 until 2025-01-09.
It remains valid subject to satisfactory surveillance audits.

2022-01-10


TÜV Rheinland Cert. Dept.
Am Gärten Str. 11-113 Köln

Authorized responsible office TÜV Rheinland China Ltd., Room 301, 3F and Room
1203, 12F, Building 4, No. 15, Jinggang South Road, Beijing Economic/Technological
Development Area, Beijing (China) (group) and industrial area of Beijing Free
Trade Zone, 100176, P. R. China

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Precisely Right.

Certificate

Standard

ISO 14001:2015

Certificate Registr. No.

01 104 12700194

Organization:

ISA TANTEC LIMITED
Avenida Da Praia Grande No. 619, Edificio Commercial St Tol, 5
Andar, Unidade 3, 4.8 & 9, 999078, em Macau

Site:

c/o Heshan Tante Leather Co., Ltd.
Unit 2, Hui Xing Road, Heshan Town, Heshan City,
Guangdong Province 529727, P.R. China

Scope:

Manufacturing and sales of Leather and Leather Goods

Validity:

Proof has been furnished by means of an audit that the
requirements of ISO 14001:2015 are met.
The certificate is valid in conjunction with the main certificate 01
104 127001 from 2022-01-10 until 2025-01-09.
It remains valid subject to satisfactory surveillance audits.

2022-01-10


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Am Gärten Str. 11-113 Köln

Authorized responsible office TÜV Rheinland China Ltd., Room 301, 3F and Room
1203, 12F, Building 4, No. 15, Jinggang South Road, Beijing Economic/Technological
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Certificate

Standard

ISO 14001:2015

Certificate Registr. No.

01 104 12700192

Organization:

ISA TANTEC LIMITED
Avenida Da Praia Grande No. 619, Edificio Commercial St Tol, 5
Andar, Unidade 3, 4.8 & 9, 999078, em Macau

Site:

c/o ISA Heshan Trading Co., Ltd.
Unit 3, Hui Xing Road, Heshan Town, Heshan City,
Guangdong Province 529727, P.R. China

Scope:

Sales of Leather and Leather Goods

Validity:

Proof has been furnished by means of an audit that the
requirements of ISO 14001:2015 are met.
The certificate is valid in conjunction with the main certificate 01
104 127001 from 2022-01-10 until 2025-01-09.
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2022-01-10


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Am Gärten Str. 11-113 Köln

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Certificate

Standard

ISO 14001:2015

Certificate Registr. No.

01 104 12700191

Organization:

ISA TANTEC LIMITED
Avenida Da Praia Grande No. 619, Edificio Commercial St Tol, 5
Andar, Unidade 3, 4.8 & 9, 999078, em Macau

Site:

c/o ISA TANTEC LIMITED
Avenida Da Praia Grande No. 619, Edificio Commercial St Tol, 5
Andar, Unidade 3, 4.8 & 9, 999078, em Macau

Scope:

Manufacturing and Sales of Leather and Leather Goods

Validity:

Proof has been furnished by means of an audit that the
requirements of ISO 14001:2015 are met.
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104 127001 from 2022-01-10 until 2025-01-09.
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2022-01-10


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Certificate

Standard

ISO 14001:2015

Certificate Registr. No.

01 104 12700196

Organization:

ISA TANTEC LIMITED
Avenida Da Praia Grande No. 619, Edificio Commercial St Tol, 5
Andar, Unidade 3, 4.8 & 9, 999078, em Macau

Site:

c/o SAGON TANTEC LEATHER LIMITED
Lot M2 & M3, Road No. 05, Viet Huong 2 Industrial Park, An Tay
Village, Ben Cat Town, Binh Duong Province 72000,
Vietnam

Scope:

Manufacturing and sales of Leather and Leather Goods

Validity:

Proof has been furnished by means of an audit that the
requirements of ISO 14001:2015 are met.
The certificate is valid in conjunction with the main certificate 01
104 127001 from 2022-01-10 until 2025-01-09.

2022-01-10


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Am Gärten Str. 11-113 Köln

Authorized responsible office TÜV Rheinland China Ltd., Room 301, 3F and Room
1203, 12F, Building 4, No. 15, Jinggang South Road, Beijing Economic/Technological
Development Area, Beijing (China) (group) and industrial area of Beijing Free
Trade Zone, 100176, P. R. China

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Precisely Right.

Certificate

Standard

ISO 14001:2015

Certificate Registr. No.

01 104 12700198

Organization:

ISA TANTEC LIMITED
Avenida Da Praia Grande No. 619, Edificio Commercial St Tol, 5
Andar, Unidade 3, 4.8 & 9, 999078, em Macau

Site:

c/o TRANSASIA TANTEC LIMITED
Lot B6, 1, CA Road, Thanh Thanh Cong Industrial Park, An Hai
Quarter, An Hoa Ward, Trang Bang Town, Tay Ninh Province,
Vietnam

Scope:

Manufacturing and Sales of Leathers and Leather Goods

Validity:

Proof has been furnished by means of an audit that the
requirements of ISO 14001:2015 are met.
The certificate is valid in conjunction with the main certificate 01
104 127001 from 2022-04-02 until 2025-01-09.

2022-04-02


TÜV Rheinland Cert. Dept.
Am Gärten Str. 11-113 Köln

Authorized responsible office TÜV Rheinland China Ltd., Room 301, 3F and Room
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Trade Zone, 100176, P. R. China

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Manufacturing Facilities of ISA

GRI 2-1, 2-6



Heshan TanTec Leather Co., Ltd. (HTL)

Heshan Bestway Leather Product Ltd. (HSBWL)

- Production started in March 2012
- The monthly production capacity is 6 million square feet for HSBWL from wet-blue to crust and 2 million square feet for HTL from crust to finished leather*
- HSBWL is processing crust for footwear and automotive leather. The automotive crust is processed for an external customer. The crust for footwear and leather goods will be finished in HTL
- HSBWL and HTL are located in the same building and in the shoe leather process there is one consistent workflow
- HSBWL and HTL sit on approximately 58,000 square meters of land (approximately 25,000 square meters for production)
- Approximately 490 employees for both entities*

*Data as of December 2024



Saigon TanTec Leather Ltd. (STL)

- Production started in January 2010
- The monthly production capacity is 6 million square feet*
- STL is producing from wet-blue to finished leather for mainly footwear brands
- STL sits on approximately 44,000 square meters of land (approximately 15,000 square meters for production)
- Approximately 760 employees*

*Data as of December 2024

Manufacturing Facilities of ISA

GRI 2-1, 2-6



Mississippi TanTec Leather, Inc (MTL)

- Production started in January 2015
- The monthly production capacity is 1 million square feet*
- MTL is producing wet-blue to finished leather for footwear brands, whereas the majority of articles are for the domestic military market
- MTL sits on approximately 210,000 square meters of land (approximately 10,000 square meters for production)
- Approximately 40 employees*

*Data as of December 2024



TransAsia TanTec Ltd. (TTL)

- Production started in March 2020
- The current monthly production capacity is 3 million square feet at the current ramp-up stage and will reach a designed capacity of 10 million square feet per month over the next years*
- TTL is producing wet-blue to finished leather mainly for footwear brands and owns the COSM™ production for additional materials to leather
- TTL sits on approximately 61,000 square meters of land (approximately 24,000 square meters for production)
- Approximately 340 employees*

*Data as of December 2024

Our Customers

GRI 2-6

Our multiple production locations are strategically positioned in proximity to our customers' factories. We collaborate with some of the world's leading brands. For details, please refer to our website: <https://isanextgenmaterials.com>

Vision & Mission

Our Vision

To be the world's most sustainable Next-Gen Material manufacturer, driven by our commitment to superior products and services while ensuring the lowest environmental footprint in our supply chain.

Our Mission

Being a global leader in the manufacturing of Next-Gen materials, sustainability is the core of our business. We continuously commit to building a sustainable relationship with our stakeholders.

CSR GOVERNANCE

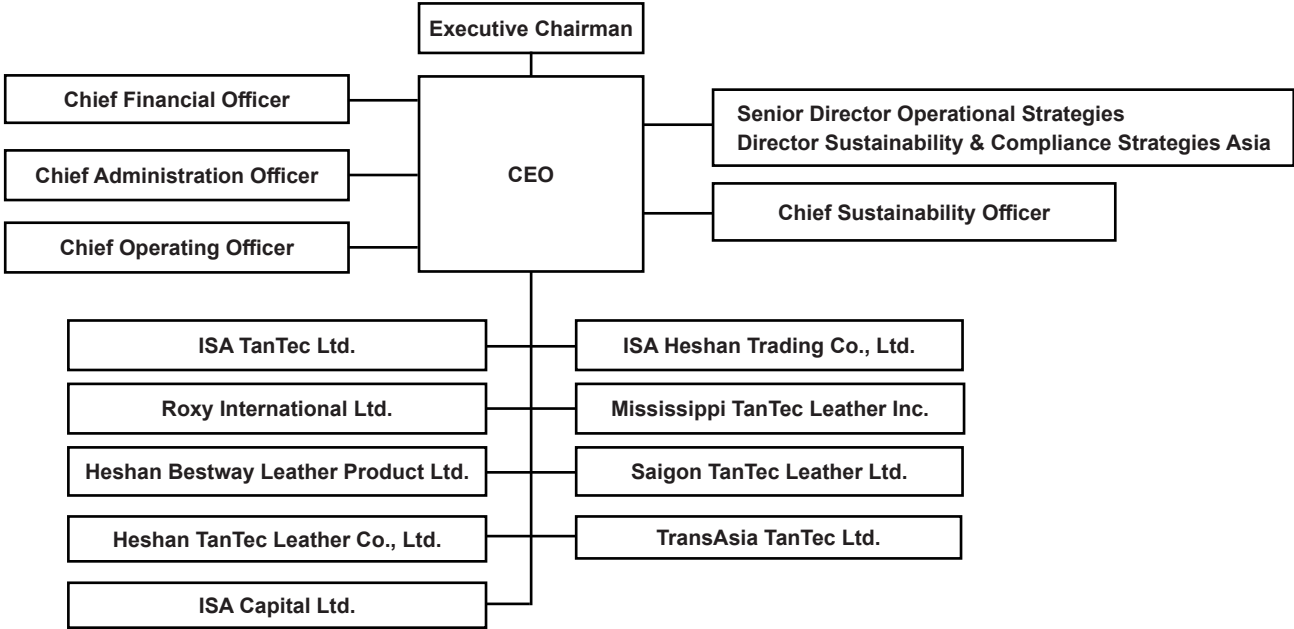


Responded topics
of SDGs

Responded topics of GRI
2-9, 2-11, 2-17, 2-26, 205-2,
205-3

Management Governance Framework

GRI 2-9, 2-11



*Remark: We are a privately owned company, therefore it is not necessary to have independent chair of the highest governance body.

Rules and Regulations of ISA Group

Key policies and regulations are below:

Topics	Regulations
Public Health Emergency	<ul style="list-style-type: none">• Flow chart of emergency response for prevention and control of public health emergencies such as infectious disease
CSR Governance	<ul style="list-style-type: none">• ISA Group Code of Conduct• ISA Compliance Policy
Product Responsibility	<ul style="list-style-type: none">• WB Sorting Standard• Deviation Sheet Retanning Formula• Retanning Master File• Worksheet Deviation• Chemical Management Procedure• ISA Restricted Substances List for Finished Products• WB-WW Restricted Substances Specification• VF CHEM-IQ Program
Occupational Health and Safety (OHS)	<ul style="list-style-type: none">• Chemical Classification• SDSs (Safety Data Sheets) for All Chemicals Onsite• ISA Group Code of Conduct- Chapter 2• Security Guideline• HSE guide (6.0)• Internal Traffic Regulations• Visitor and Contractor Safety-Environment Guidelines• Accident Contingency Plan for Work Safety• Personal Protection Equipment Management Rules• Regulation on Fire Fighting Management• Accident and Near Miss Reporting and Management Procedure• Supervise and Management Rules for Production Safety• Regulation on Work Safety• Medical Contingency Management Rules• Building Safety Management Policy & Procedure• Asbestos-Containing Material Management Procedure• Management of Materials Containing PCB Procedures• Management Rules of Firefighting Boost Pump Room• Booster Pump Safe Operation Procedure• Occupational Disease Protective Facilities Three Simultaneous Management Rules• Occupational Hazards Monitoring Rules• Occupational Health Reporting Rules• Occupational Health Warning and Signing Rules• Occupational Health Education and Training Rules• Occupational Disease Protective Facilities Maintenance and Repair Rules• Occupational Health Surveillance and Filing Rules

Rules and Regulations of ISA Group

Key policies and regulations are below:

Topics	Regulations
Occupational Health and Safety (OHS)	<ul style="list-style-type: none">• Occupational Disease Accident Handling and Reporting Rules• Position Operation Procedure of Occupational Health• User Information Transmission Device Safe Operation Procedure• Confined Space Operation Management Rules• Letter of Authorization for Confined Space Operation Approval• SOP of Fire Alarm Host• Management Rules of Special Operations and Special Equipment Operations with Certificate• SOP of Fire Alarm Host (For Class C Warehouse)• Safety Management Rules of Equipment and Facilities• Lock-out Tag-out (LOTO) Management Rules
Employment and Human Rights	<ul style="list-style-type: none">• Training Plan• Suggestions and Complaint Form• Recruitment Procedure• The Procedure of Protecting Non-adult Employees• Child and Juvenile Procedure• Suggestion and Complaint Management Procedure• Grievance Procedure• Prohibiting Forced Labor Policies and Procedures• Protecting Employees from Retaliation Procedures• Anti-violence, Anti-harassment and Anti-abuse Management Procedure• ID Card Verification Procedure• Job Application Document Verification Procedure• Child Labor Verification and Salvation Procedure• Training Control Procedure• Anti-discrimination Management Procedure• Non-discrimination Policy (policy of STL)• Procedures of Protecting Female Employees• Working Overtime Management Procedure• Payroll Management Procedure• Anti-bribery Procedure• Foreign Employee Management Procedure• Freedom of Association Procedure
Supply Chain with CSR	<ul style="list-style-type: none">• ISA Restricted Substances List (RSL) and Manufacturing Restricted Substances List (MRSL) for Chemical Suppliers• Collection of All SDSs (Safety Data Sheets) for All Chemicals• List of Overseas Purchase Suppliers for Declaration of Compliance• Greener Pastures™ Handout• Greener Pastures™ Customer Presentation

Rules and Regulations of ISA Group

Key policies and regulations are below:

Topics	Regulations
Supply Chain with CSR	<ul style="list-style-type: none">• Wet Blue Supplier Traceability• Formal Annex Greener Pastures™ Traceability Flow Chart• New Supplier Evaluation Form• Yearly Comprehensive Suppliers Evaluation List• Local Supplier Management Procedure• Local Purchase Workflow• Responsible Sourcing Policy Standard for Cattle hides• The “CSR Survey on Selected Key Supply Chain Partnership” for CSR information
Environmental Protection	<ul style="list-style-type: none">• Energy, water consumption and air emission data are reported annually via FEM self-assessment and the verification by the qualified third-party, which has been shared to our brands upon request

Executive Management by Experienced Professionals

GRI 2-9, 2-17

We are committed to adopting best practices in corporate governance to ensure that it is well-managed in the interest of its key stakeholders while attaining long term sustainable growth.

The board of management is the highest governing body in the Group and is responsible for overseeing the corporate governance management and the management of the company's impacts on the economy, environment, and people. The board of management comprises members with a diverse and balanced set of professional skills and knowledge, extensive experiences and perspectives. Training was conducted in place for the highest governance body to advance their collective knowledge, skills, and experience on sustainable development. Please refer to our website for more information:

<https://isanextgenmaterials.com/isanextgenmaterials/about-us/company-info>

Anti-Bribery and Corruption

GRI 2-26, 205-2, 205-3

Our group operates in a wide range of legal, regulatory, taxation and business environments, many of which may challenge our business operation ability to meet ethical requirements and integrity. We strive to fulfill and satisfy ourselves at high degree of compliance according to the latest highest standards of business ethics and integrity. Throughout our operations, we seek to prevent and avoid the occurrence of any improper business practices and misconduct of our directors, officers, managers, employees, agents and other third-party representatives.

This Anti-Bribery and Corruption Policy reiterates our commitment to ethical compliance and integrity. It explains the specific requirements and prohibitions applicable to our operations under anti-bribery and corruption laws in the countries and regions where we operate, including but not limited to the Law on the Prevention and Suppression of Bribery and Corruption in the Private Sector (PSBCPS) of Macau. The Anti-Bribery and Corruption Policy also considers the compliance standards of Navis Capital and its limited partners' compliance policies.

We have established ISA Compliance Policy and the ISA Group Code of Conduct, which have included the Anti-Bribery and Corruption Guide and E-Learning Guide with specific themes of Anti-Bribery and Corruption compulsory for every director, officer, manager, employee, agent and where appropriate other third-party representatives. We have maintained proper documentation of the Policy and the Code of Conduct.

The Group's Anti-Bribery and Corruption Policy, Compliance Policy and Code of Conduct have been well communicated to all of our senior management and employees via the Company Handbook.

We follow a Grievance Procedure*, according to which our Ethics and Compliance Committee (ECC) will conduct investigations of reported matters and, if applicable, take proper and necessary follow-up actions, which may include reporting the matter to the Board of Directors and/or to appropriate governmental/regulatory bodies. There were no incidents of corruption occurred during the Reporting Period. In addition, 100% of the employees received anti-corruption training in 2024.

*The Grievance Procedure stipulates that employees and relevant third parties such as customers and suppliers who have business dealings with our group may, anonymously or with confidentiality, report any misconduct, fraud, unlawful act, violation of our group's financial reporting standards, internal control requirements and/or any other non-compliance matters.

Tax Compliance

We are committed to full compliance with each jurisdiction’s applicable tax laws and regulations and treat them as a crucial element of our corporate social responsibilities.

Compliance with tax laws and regulations plays an essential compliance role in the countries and regions in which our group operates and contributes to our sustainable development and corporate value enhancement. Recognizing that tax-related risk is a crucial element among the many business risks, we address tax-related risks following our risk management principles.

Transfer Pricing

All intercompany transactions within our group are conducted at an arm’s length basis as described in the OECD Transfer Pricing Guidelines and are consistent with local laws and regulations. We engage one of the international big four accounting firms to assess and review the policies and methodologies for transfer pricing implemented within our group.

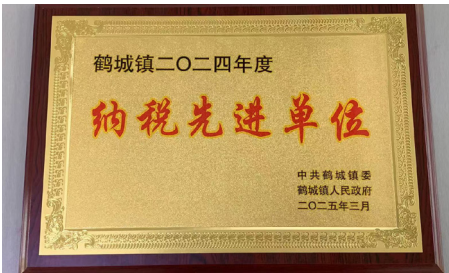
Level of Tax Risk Accepted

We seek advice from the international big four accounting firms to address various issues such as tax audits, tax health checks, transfer pricing, withholding tax, employee’s individual income tax and tax planning. Such advice can continually help our group to comply with accounting and tax laws in midst of the ongoing and latest complex regulatory development.

Approach to Dealing with Tax Authorities - Trust and Transparency

We strive to act in good faith and maintain an open, transparent, constructive and cooperative relationship with related tax authorities. We also aim to achieve a robust and predictable tax position through the approach described above to ensure full compliance with the latest tax laws and regulations.

We demonstrate to commit our legal and compliance obligations to transparency by disclosing information required under applicable laws and regulations upon request of tax authorities. During the reporting period, there was no tax controversy between our group and tax authorities.



Our China Facility Awarded as Excellent Tax-Contributing Enterprise

Awards

证书编号: A44072024003779

纳税信用 A 级荣誉证书

鹤山英飒贸易有限公司:

经 评定为 2024 年度纳税信用 A 级纳税人。

出具机关 (盖章): 

出具时间: 2025年05月30日

备注: 本证书不做任何法定承诺, 一切均以主管税务机关最终确认的纳税信用评价信息为准。

ISATR – Grade A taxpayer in 2024

证书编号: A44072024003780

纳税信用 A 级荣誉证书

鹤山腾泰皮革有限公司:

经 评定为 2024 年度纳税信用 A 级纳税人。

出具机关 (盖章): 

出具时间: 2025年05月30日

备注: 本证书不做任何法定承诺, 一切均以主管税务机关最终确认的纳税信用评价信息为准。

HTL – Grade A taxpayer in 2024

证书编号: A44072024003781

纳税信用 A 级荣誉证书

鹤山柏威皮革制品有限公司:

经 评定为 2024 年度纳税信用 A 级纳税人。

出具机关 (盖章): 

出具时间: 2025年05月30日

备注: 本证书不做任何法定承诺, 一切均以主管税务机关最终确认的纳税信用评价信息为准。

HSBWL – Grade A taxpayer in 2024

Anti-Money Laundering

Our group will never deal with any individual, party or organization suspected of being involved in any money laundering activity. We have established a series of due diligence policies and procedures (e.g., Know Your Customer Procedures in Appendix 5 of the ISA Group Code of Conduct). All employees are responsible for protecting our group from exploitation by money launderers by following the due diligence policies and procedures as mentioned above. During the past and current reporting periods, no allegation or lawsuit has been brought against any of our group entities for any commercial bribery, corruption, blackmailing, fraud or money laundering.

Sanctions

Sanctions restrict doing business in certain countries, with certain people and companies, and in relation to certain products and services. Breaching sanctions may result in penalties including significant fines for companies and imprisonment for individuals.

We are committed to full compliance with international sanctions, all export and import controls which are crucial to protect the integrity of our business. Any of our new customer, supplier, third-party or agent must be put through our four-step Sanction Screening process found in ISA Group Code of Conduct – Appendix 6, as outlined below.

Step 1: Due diligence

We conduct due diligence as reasonably necessary to understand who our customer/supplier/third-party is, and who owns and controls them to the best of our knowledge available. Knowing about any relevant third-parties, such as the end-user of products, could also help us to understand the case.

Step 3: Check relevant country guidance

If the transaction/business activity has links to a sanctioned country, then we will check the relevant country guidance from our key investor's sanctions guide - the Navis Sanctions Guide.

Step 2: Screening

Check the relevant parties against various international sanction lists including but not limited to that of UN Security Council, US and UK. The relevant parties subject to screening include new customers, suppliers or third-parties (and their beneficial owners, controllers and principals).

Step 4: Seek legal advice

If there is any doubt as to whether sanctions are applicable to the transaction/business activity, further advice will be sought from our Ethics & Compliance Committee which will then confirm with the legal team of our key investor – Navis Capital.

PRODUCT RESPONSIBILITY

Responded Topics of GRI
416-1, 416-2, 418-1



Sustainable Operational Management (SOM) Strategy

We attribute the excellence of our operations to the relentless pursuit of innovation in Next-Gen Material manufacturing management, material research and development, customer satisfaction and treatment of employees according to their job abilities, fitness conditions and positions.

As a world-leading sustainable material manufacturer in a fast-changing market, we confront from time to time different operational challenges.

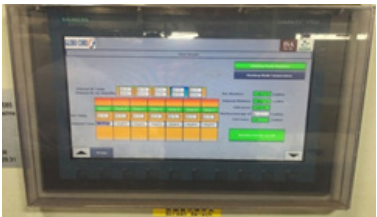
We have developed a manufacturing management system by integrating up-to-date best available technologies (BAT) of leather industry in the chemical management system, traceability system, etc.

With environmental sustainability and occupational safety as our top priority, we continuously upgrade our machinery and equipment based on BAT to ensure the operation safety of all facilities and the lowest impact on the environment. Below are updates, including examples from previous years, highlighting further contributions to energy-saving initiatives and OHS (Occupational Health and Safety) risk mitigation:



Water mixer system upgrade

Shortening recirculation cycles of conventional mixing systems, resulting in water and energy savings



PHK toggling machine upgrade

Drying without using high temperature, running with low energy consumption



Windmill

Windmill to generate power for water pumps and road lights



Solar panel heaters were installed on the roof for hot water

In 2024, the hot water system generated approximately 2,002,372 kWh of heat energy: 566,939 kWh in China facility HTL, 812,603 kWh in Vietnam facility STL, and 622,830 kWh from in Vietnam facility TTL. As a result, approximately 2.9 kilotons of CO₂ emissions were avoided.

In 2024, we continued to invest in our machinery and equipment to proactively promote sustainability and control risk:



Replace mechanical water meters

Replaced 39 traditional mechanical water meters by smart water meters.



Noise covers for the staking machine

Continuously to install extra noise covers for two staking machines to reduce noise hazard at workplace.



Heat exchanger

Installed the heat exchanger of the boiler chimney which reduces carbon emission of 18,000 Kg CO₂e/ month.



Enhanced air emission treatment of spraying machine

The enhanced active carbon box increases the effective of VOC treatment.



Sludge cutter refining

Optimize the operation and maintenance methods of the sludge thickening machine to reduce the processing time from 8 hours to 1.5 hours per cake batch and lower electricity consumption.



DATA MORNING											
SPRAYING 1				SPRAYING 2				SPRAYING 3			
Substance: 1.12				Substance: 2.29				Substance: 0.87			
33.5 %	96 %	689	668	68.5 %	61 %	2083	1283	87.7 %	67 %	2425	1641
0.00	0.00	5.52	5.52	0.00	0.00	3.39	3.39	0.00	0.00	3.19	3.19
Machine: 1.12				Machine: 2.29				Machine: 0.87			
33.5 %	96 %	777	587	49.2 %	96 %	958	922	64.6 %	89 %	1357	1211
0.00	0.00	5.52	5.52	0.00	0.00	5.13	5.13	0.00	0.00	4.48	4.48
Total: 1.12				Total: 2.29				Total: 0.87			

Spraying process data monitoring

The data monitoring system helps to manage and control the running time, downtime and output of the machine.



Photovoltaic Solar System in STL

With a capacity of 1,480 KWP, 1.82K tons of standard coal was saved and 2.17K tons of CO₂ was avoided in 2024.

All the above examples clearly demonstrate our commitment to sustainability in our daily operations. Among the various initiatives we have undertaken, the most significant one was the investment of millions (RMB) on a new Class C warehouse, which enhanced the stock management of our China facility. This strategic investment has enabled more refined management and control of our China facility.

We employ state-of-the-art technology in the industry, ensuring optimal energy efficiency and safety across all facilities. Our commitment to minimizing environmental impact is reflected in the conscious use of the most advanced available technology.



New Class C Warehouse for non-hazardous chemicals/finished goods

In addition to the new Class C warehouse, we are continuously enhancing our operational mechanisms.



Cooling tower/water tanks

Relocating the cooling tower system from the workshop's roof to the ground to reduce the load and ensure building safety. The new energy-saving model exhibits improved efficiency.



Dormitory hot tanks

Relocating the hot tanks from the roof to the ground to reduce the load, ensuring building safety.

We also continually take proactive steps to mitigate OHS risks, such as:



The buffing room at our China facility has had its fire alarm system upgraded to be explosion proof to reduce the risk of dust explosions.



Measures have been taken to enhance fall protection safety on platforms and during aerial work in our China facility. This includes securing electric control boxes for “lock-out” procedures.

The buffing room at our Vietnam facility (STL) had installed the dust collection system to protect the employees who work inside the room and support to dust monitoring.

We have been continuously striving to increase the use of renewable energy to move closer to carbon neutrality. Our Vietnam facility (TTL) plans to install a Photovoltaic (PV) Solar system for electricity generation by the end of 2025.

Meanwhile, due to recent changes in our business strategy, the PV solar project for our China facility (HTL) has been temporarily suspended. We plan to reactivate the project at an appropriate time in the future.



In 2024, we carried out renovations on our production workshop, including the installation of transparent panels on the building roof to enhance natural lighting in the workplace.

In addition to these sustainability initiatives, we also invested over USD 70,000 in renovating the laboratory at our China facility to further strengthen our quality assurance capabilities. The upgraded laboratory will feature a hygrothermostat control system to ensure strict regulation of temperature and humidity. This renovation began in the last quarter of 2024 and is expected to be completed in the first quarter of 2025.



FY 2025 Target: In pursuit of sustainability, we consistently strive to upgrade our machinery, fostering the progression of a higher percentage of using renewable energy structure within our group.

Key Initiatives: Expanding the photovoltaic power generator to further diminish reliance on traditional energy sources.

Chemical Management

Chemical Management System

GRI 416-1

The Chemical Management Policy reiterates our commitment with respect to chemicals. It explains specific requirements applicable to the operations under the laws and regulations of the countries we operate in and the leather industry's BAT. All our employees shall follow such requirements that provide guidance in selecting suppliers and chemicals, ensuring the Manufacturing Restricted Substances List (MRSL) and Restricted Substances List (RSL) are in compliance, guaranteeing chemical safety and reducing negative environmental impacts.

We have established a chemical management system for the whole production chain with the purpose of:

- avoiding all restricted substances in our leather and leather products to protect our employees, customers and consumers
- avoiding the use of harmful chemicals in the manufacturing process to reduce the risk of employees' exposure to chemicals
- avoiding any hazardous and restricted substances in the wastewater
- preparing chemicals based upon specified formulations and "doing it right the first time" to avoid chemical waste
- making careful chemical purchase decisions based on customer forecasts to avoid overstocking/understocking

Department	Responsibilities	Relevant Documents
Purchase Department/ QA Department	Supplier Management, Chemical Purchasing, Transformation and Production Safety	<ul style="list-style-type: none">• Supplier Management Procedure• Restricted Substances List (RSL)• Manufacturing Restricted Substances List (MRSL)
Chemical Warehouse	Chemical Storage	<ul style="list-style-type: none">• Chemical Warehouse Work Instruction• Hazardous Chemical Management• Class A Chemical Warehouse Regulations• New Class C Chemical Warehouse put into use, and liquid and powder chemicals are separated• Underground Storage Tank of Sulfuric Acid & Hydrogen Peroxide Regulation
Environment Department	Chemical Disposal	<ul style="list-style-type: none">• Precursor & Explosive Prone Chemical Safety Regulation
Health & Safety (HS) Department	Chemical Safety	<ul style="list-style-type: none">• Control Procedures in Laws and Regulations and Other Requirements• Supervision and Management Rules of Production Safety• The Contingency Plan of Chemical Spill and Safety Operation Procedures (SOPs)
Technical, Production, Environment, Engineering and Lab	Chemical Consumption	<ul style="list-style-type: none">• Chemical Container Cleaning Process

Chemical Safety Measures

We offer services and products aligned with customer preferences while ensuring environmental compliance to safeguard human health. Adhering strictly to global chemistry management policies and regulations, we implement a range of chemistry management mechanisms.

Processes	Measures
Chemical Storage	<ul style="list-style-type: none">• The unloading procedure for the tank car• A brand new Class C chemical warehouse• An internal management system of warehouse-in and out and for the flow of hazardous chemicals• The systematic organization of chemicals by warehouse, category, and designated areas, coupled with stringent control measures for hazardous chemical stocks and the monitoring of temperature/humidity conditions within storerooms• ISA Group Code of Conduct• Storeroom management and periodic safety hazard inspections are conducted by dedicated staff• Deviation Sheet Retanning Formula
Chemical Use	<ul style="list-style-type: none">• Adherence to chemical regulations and customer requirements• Addressing Worksheet Deviations• Compilation and review of Manufacturing Restricted Substances List (MRSL)/Restricted Substances List (RSL) requirements from global brands, with group goals to meet stringent limits and expectations• Implementation of ISA Restricted Substances List (RSL) for Finished Products
Chemical Disposal	<ul style="list-style-type: none">• Proper transfer and disposal of waste chemicals through qualified hazardous waste disposal organizations

Rigorously following the First In, First Out (FIFO) principles ensures that all chemicals remain within their shelf life.

We have established the Chemical Safety Management System with reference to the Chemical Inventory Report and Chemical Classification. We keep a daily list of chemicals with up-to-date stock against the safe stock to maintain storage safety.

We categorize chemicals according to various risk factors:

- Flammability
- Oxidization
- Corrosiveness
- Health risk
- Environmental risk
- Toxicity

Clear hazard labeling, precautionary statements, and storage condition requirements are in place on the chemical barrels. This fundamental information is also prominently featured on the Chemical Inventory, serving as easy guidance for on-site operators to respond promptly in case of any chemical accidents.

Restricted Substances Management

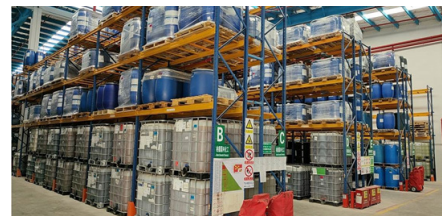
The Quality Assurance Department (QA) is tasked with identifying and monitoring chemical restriction-related regulations, encompassing product safety legislations aligned with international and industrial standards. This includes:

- developing the ISA Restricted Substances List (RSL) and Manufacturing Restricted Substances List (MRSL) based on the requirements of customers and regulations
- applying the above lists to our products and supply chain
- setting the strictest parameters for our internal RSL, ensuring the fulfillment of the requirements of both customers' updated RSLs and the latest regulations

The Purchasing Department has implemented the Supplier Management Procedure and Purchasing Workflow to guarantee full compliance by our suppliers with restricted substances requirements. In this context, we have identified chemicals listed in the RSL for suppliers. It is mandatory for all chemical suppliers to sign a Certificate of Compliance, confirming adherence to the limits specified in the Restricted Substances Specification.

New Class C Chemical Warehouse

Moreover, we have constructed a new Class C chemical warehouse, where liquid and powder chemicals are stored separately.



Hazardous Chemical Management

In our tanneries, we have identified inherent hazards of chemicals and exposure risks. Necessary engineering controls have been in place before the purchase of hazardous chemicals.

Employees handling chemicals undergo mandatory training and examination before commencing work. In instances where engineering controls prove insufficient for managing hazards, appropriate Personal Protective Equipment (PPE) is provided to employees exposed to the chemicals.

Detailed guidance and requirements are outlined as follows:

- Chemical Warehouse Work Instruction
- Supervision and Management Rules of Production Safety
- Contingency Plan for Hazardous Chemical Spill
- Restricted Substances Control Procedure
- Prevention and Control Procedure of Water Pollution
- Safety Operation Procedures (SOPs)
- Training Control Procedure



In our China facility, we store hazardous chemicals separately at the Class A warehouse, which was built in line with the Code for Fire Protection Design of Building, aiming to guarantee the safety of the chemicals



Brand new Class C chemical warehouse in China



We have installed a fence to prevent unauthorized individuals from entering the Hazardous Chemical Warehouse



The warehouse was divided into four separate areas to fulfill different chemical storage requirements

Participation in Zero Discharge of Hazardous Chemicals (ZDHC)

Together with leading brands, value chain affiliates and associate contributors of the Zero Discharge of Hazardous Chemicals (ZDHC) Program, we are committed to achieving zero discharge of hazardous chemicals in the textile, leather and footwear value chain.

We conduct ongoing control of restricted substances (MRSL and RSL) and wastewater testing based on the wastewater guidance of the leather industry on ZDHC.

FY 2025 Target

Key Initiatives

To reduce the total amount of chemical consumption

To improve the process of production continuously

To control the quality of chemicals provided by suppliers

To increase the frequency of regular tests on chemicals provided by suppliers

To eliminate hazards and risks to employees

To optimize workflow, especially the exposure to hazardous chemicals

Customer Privacy

GRI 418-1

Customer privacy has always been strictly observed by our group. There has been increasing public concern about data protection and privacy. Following the ISA Group Code of Conduct, we are committed to respecting people’s privacy and confidentiality of personal information. All sensitive personal data and information we have obtained and accessed to are kept strictly confidential.

The management structure of our group to manage customer privacy includes the following:

- (a) The Customer Service Department and the Sales Department jointly engage in protecting customers’ privacy; and
- (b) The general information technology infrastructure is established to commit to ensuring and protecting data and information security technologically

Customer Privacy Policies

The Customer Privacy Protection Policy elaborates our commitment to data and information protection and security. It explains the specific requirements and prohibitions applicable to our operations under related privacy protection laws and regulations, including but not limited to the General Data Protection Regulation (GDPR).

We keep and preserve all records and information according to local rules and regulations, as well as the code of conduct by technical methods. We will take adequate and appropriate steps to comply with our legal obligations and relevant laws and regulations if any third-party requests for customers’ private data and information.

Privacy Breaches

We are proud to report that the Group has not received complaints concerning breaches of customer privacy during the Reporting Period. No incident of identified leak, theft, or loss of customer data and information has happened. This good track record applies to our entire group. We will maintain this track record and will continuously revise, enhance and implement more customer privacy policies in an effort to provide even more professional and reassuring services.

Customer Health and Safety

GRI 416-2

The Group has not identified and has not been reported for non-compliance concerning the health and safety impacts of products and services during the Reporting Period.

FY 2025 Target	Key Initiatives
To create a better experience for customers	To launch more information management and privacy protection rules in line with latest best practices
To observe and raise concerns of individuals in the relevant privacy policy or notice	To administer relevant privacy training for the employees
To ensure the data and information security of our business partners and stakeholders	To carry out regular privacy risk assessments/audits

OCCUPATIONAL HEALTH AND SAFETY (OHS)

Responded topics of GRI
403-1, 403-2, 403-5, 404-2



3 GOOD HEALTH
AND WELL-BEING



6 CLEAN WATER
AND SANITATION



Responded topics
of SDGs

Introduction to Occupational Health and Safety (OHS) Management System

We are committed to providing employees with a healthy and safe working environment, coupled with continuous improvements in daily activities. Our Health and Safety Department (HS) at each site is dedicated to addressing compliance issues with local authorities regarding work safety, fire safety, and occupational health (WSFSOH) in each facility. A formal Occupational Health and Safety (OHS) Committee, comprising managers at multiple levels, has been established at each facility. The committee reports directly to senior management, led by the Chief Executive Officer.

Primary duties of HS:

- To deal with WSFSOH topics to fulfill legal compliance, including contractor safety
- To implement the WSFSOH management system in all departments to carry out the internal system such as Safety Operation Procedures (SOPs)
- To set up emergency plans for regular drills and actual accident contingency responses
- To organize OHS trainings and regular meetings
- To perform compliance audits internally and externally with CAPs (Corrective Action Plan) for improvements

With continuous improvements through “P-D-C-A” cycle, we have established the OHS Management System and other operational guidelines to avoid injuries and accidents, ensuring a safe and healthy workplace for employees.

GRI 403-1, 403-2

Overview of primary documentations on the OHS Management

- Control Procedure of Laws and Regulations and Other Requirements
- Compliance Assessment Procedure
- Regulation on Work Safety
- Supervision and Management Rules of Production Safety
- Confined Space Operation Management Rules
- Personal Protective Equipment Management Procedure
- Accident Contingency Plan of Work Safety
- Medical Contingency Management Rules
- Accident and Near Miss Reporting and Management
- Regulation on Fire Fighting Management
- Lock-out Tag-out (LOTO) Management Rules
- Management Rules of Special Operations and Special Equipment Operations with certificate
- Confined Space Operation Management Rules
- Letter of Authorization for Confined Space Operation Approval
- Building Safety Management Policy & Procedure
- Asbestos-Containing Material Management Procedure
- Management of Materials Containing PCB Procedures
- Occupational Hazards Monitoring Rules
- Occupational Health Reporting Rules
- Occupational Health Surveillance and Filing Rules
- Occupational Disease Accident Handling and Reporting Rules

Each OHS management procedure or workflow has been developed and/or maintained based on relevant latest WSFSOH local laws, regulations, as well as expectations from stakeholders such as worldwide brands in 2024. The OHS system covers work safety, firefighting, operating and manufacturing workflows, occupational hazards and occupational health, divisional internal risk assessment procedure and engineering control measures. Each department implements a control mechanism to eliminate hazards by risk mitigation and accident prevention. Field employees are required to inform their department managers about possible risks and report them to the HS/HSE department or the OHS committee. All workers have the right to refuse or stop unsafe or unhealthy work and are protected against reprisals. If any work-related injury occurs, employees shall follow the medical emergency rescue procedures and approach the HS/HSE department for first aid.

FY 2025 Target

To raise awareness of unsafe employee behaviors for proactive self-protection/safety culture

Key Initiatives

To involve more workers in practical safety training/activities (e.g: finding hazards)

Chemical Safety of Employees

GRI 403-2, 403-5

Chemicals are often used and handled at different steps of the production processes and wastewater treatment plant (WWTP). If employees are not aware of the possible harm arising from their exposures to different chemical substances under work conditions, hazards may occur and cause accidents in the workplace. We have established internal management systems to evaluate potential work-related hazards and have in place for necessary chemical storing/using/disposing safety procedures together with risk control measures including training and drills.

Our group also assesses chemical hazards and provides sufficient Personal Protective Equipment (PPE) to protect our employees against the hazards of chemical operation. Our line managers always ensure that the production workers are properly following the PPE procedures at work.

To ensure our chemical safety management is effectively implemented at the workplace, our site inspectors carry out daily chemical safety inspection to identify the potential hazards and assess the risks arising from the production process so that necessary adjustments can be made in time.

With an appropriate level of supervision on employees, we ensure that all the safety requirements are well complied with. Employees with adequate training can obtain the necessary knowledge

and skills to work safely and healthily. We implement the following measures to maintain a high standard of chemical safety:

- Compulsory training for employee whose positions require exposure to chemicals regularly
- Including chemical safety as part of induction training for new employees, while maintaining refreshing training for existing employees in chemical positions and management
- Educating employees on chemical hazards, emergency operations and chemical regulations
- Conducting chemical drills to enhance employees' emergency handling capabilities which includes purchasing team's know-how if the chemical accident is caused by a supplier/ forwarder
- Active monitoring of truck loading and feedback to the buyer for urgent corrective action in case a safety issue is identified

For easy understanding of chemical hazards, our China HS team also edited SDS content based on the GHS into HSE Guide (posted on each exit), as a briefing for each employee/visitor on general chemical safety and how to respond or get help in an emergency.

We conduct chemical drills regularly for employees to familiarize themselves with emergencies. In 2024, HSBWL/HTL, STL and TTL conducted 21 chemical drills.

Through continuous practices, we assess the effectiveness of our chemical safety contingency plans and issue reports to make further improvements.

During 2024, two chemical-related injuries were recorded at HTL: In one case, a technician threw a chemical solution at his supervisor's head due to an emotional issue. The police were involved. In the second case, another technician suffered minor burns from hot-melt wax while moving a tray. Both incidents resulted in minor burns. In addition, two chemical leakage incidents were recorded: At STL, a forklift driver was transporting chemicals from the warehouse to the workshop when several barrels fell due to a lack of secure restraints. At HSBWL, a leakage occurred in the H₂SO₄ tank area. The acid was ejected from a pump due to a corroded and loose joint. Both leakage cases were promptly handled by our contingency team. No injuries occurred, and there was no environmental impact. We have urged the relevant teams to strengthen accident prevention measures and improve operational control. Additionally, an automatic pH control alarm system has been installed at the H₂SO₄ tank in our China facility.

FY 2025 Target	Key Initiatives
To continuously focus on contingency practices	To maintain refreshing chemical safety training/drills
To build solid emergency responsible ability	

Occupational Health Monitoring of Employees

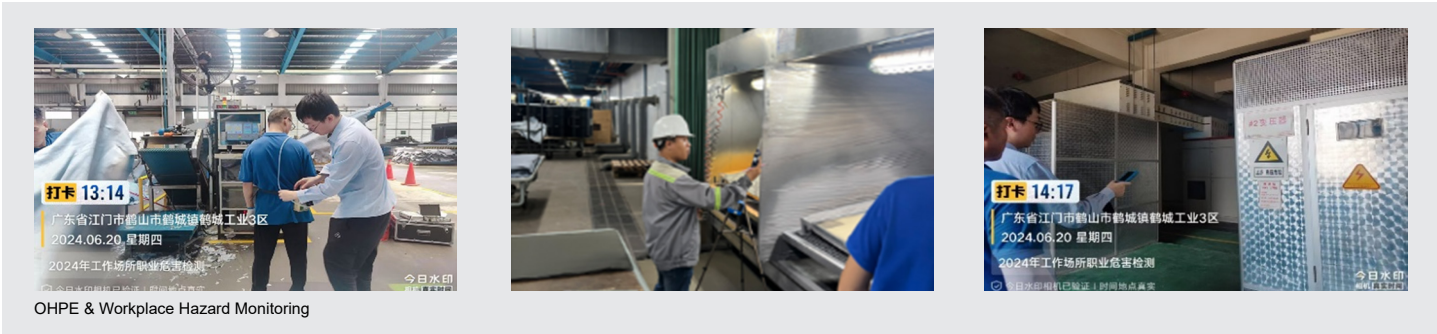
In conformity with local occupational disease control and prevention laws and in line with the relevant technical standards and specifications of the Occupational Health Monitoring of China and Vietnam, we continue to carry out regular Occupational Hazard Monitoring in all workplaces. Additionally, we conduct Occupational Health Monitoring on our employees to prevent, control, and eliminate occupational hazards:

- Arranging ongoing occupational health physical checks for employees who are exposed or potentially exposed to occupational hazards
- Organizing occupational disease prevention education and training courses for all functional departments
- Performing regular hazard monitoring and assessments in the workplace
- Investing extra money to minimize the impact from the machinery with noise (e.g: staking)
- Encouraging proper utilization of PPE (Personal Protection Equipment) within the facilities to avoid occupational accidents and prevent occupational diseases

In compliance with the occupational health and safety regulations, we adhere to strict workplace requirements to safeguard the health and safety of all employees.

Annual Key Performance of Occupational Health Management

- No employee suffered from major occupational diseases
- Full compliance with the legal requirements of occupational hazard monitoring in the workplace
- Physical examinations with good results for positions with potential occupational hazards
- Special work positions are all 100% certified





Health checks for employees

Contingency Preparedness and Response (Including OHS Training)

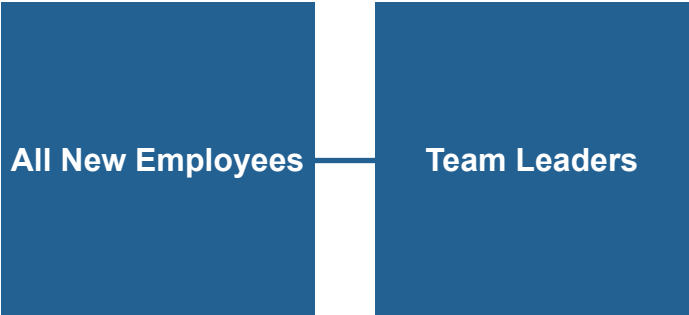
GRI 403-5, 404-2

We emphasize occupational safety and keep updating our contingency measures based on latest laws and regulations.

The principal internal management regulations are as follows:

- Security Guideline
- HSE guide (6.0)
- Internal traffic regulations
- Visitor and Contractor Safety-Environment Guidelines
- Accident Contingency Plan for Work Safety
- Personal Protection Equipment Management Rule
- Regulation on Fire Fighting Management
- Accident and Near Miss Reporting and Management Procedure
- Supervision and Management Rules of Production Safety
- Regulation on Work Safety
- Medical Contingency Management Rules
- Accident Handling and Reporting Rules
- User Information Transmission Device Safe Operation Procedure
- SOP of Fire Alarm Host
- SOP of Fire Alarm Host (For Class C Warehouse)

General OHS Training



Three levels of safety education

Education on fundamental occupational health, covering national safety laws and regulations

Safety awareness, safe operations and emergency procedures

Safety management knowledge learning

We consistently educate our employees on Occupational Health and Safety (OHS) through regular training, exercises, and assessments to reinforce their understanding. In 2024, HSBWL/HTL, STL, and TTL conducted WSFSOH training programs covering safety, firefighting, and first aid, totaling 30,221 training hours. This included 5,635 hours dedicated to drill training, which began incorporating contractors in selected exercises and introduced hands-on Cardiopulmonary Resuscitation (CPR) training at our China facility. These initiatives significantly enhanced the practical skills and contingency response readiness of both our employees and contractors.



Chemical spillage in China and Vietnam facilities

Work Safety Drill

Regular workplace drills are essential for safeguarding employees from emergencies and accidents. Throughout 2024, our group consistently organized a diverse array of work safety and emergency drills, including:

- Forklift truck accident
- Mechanical accident
- Chemical leakage emergency
- Special emergency of electric shock accident
- Heatstroke
- High fall injury
- Contingency handling of hydrogen sulfide (H2S) poisoning accident in confined space
- On-site emergency on road vehicle injury in the factory



H2S evacuation drill in China facility

Fire Safety Drill

Fire drills contribute to reducing fire accidents by promptly extinguishing primary fires to prevent spreading and avoid serious consequences. We have been carrying out various fire drills in different locations of HSBWL/HTL, STL and TTL, covering both day shift and night shift while 3 shifts were covered in our Vietnam facilities.



Fire drills in China facility



Fire drills in Vietnam facilities



Contingency Response Training

We formulate contingency plans concerning work safety accidents, fire safety accidents, occupational diseases and health hazards, public health contingency, etc. The training takes place regularly, including but not limited to common skills in the WSFSOH emergency and prevention.

The training plan is highly specialized in building practical skills for our onsite personnel, focusing on how to respond effectively to emergencies. This helps minimize potential losses caused by accidents.



Contingency Response Trainings in Vietnam facility



Contingency Response Trainings in China facility



In 2024, our China facility continued to host various safety contests among our employees such as skill competitions of first-aid/CPR, fire putting-off and PPE wearing set.



Safety contests in China facility

EMPLOYMENT AND HUMAN RIGHTS

Responded topics of GRI
2-7, 2-30, 201-1, 401-2,
404-1, 404-2, 406-1, 407-1,
408-1, 409-1



Responded topics
of SDGs

Management System

Employees are our greatest asset. The Company Handbook has been formulated based on local laws and regulations in a bid to enhance labor discipline management, guarantee optimal operation and production and improve labor productivity and financial results. We prepare the handbooks in three languages, English, Chinese and Vietnamese, and distribute them to every employee on their onboarding date. Due to the variance in employment and labor laws, each tannery has set up its own Human Resources (HR) department, fully responsible for local labor compliance.

The Company Handbook provides an overview of the code of conduct for the company and employees and delineates details such as attendance, benefits, recruitment, ranking system and assessment.



Labor Standards

GRI 408-1, 409-1

We always protect employees' rights and interests. We provide employees with a fair, safe and free working environment. Our policies comply with local labor laws and regulations, including:

- Prohibiting Forced Labor Policies and Procedures
- Anti-discrimination Management Procedures
- Protecting Employees from Retaliation Procedures
- Staff's Suggestion and Complaint Management Procedures
- Child Labor Verification and Salvation Procedures
- Anti-violence, Anti-harassment and Anti-abuse Management Procedure
- Procedures of Protecting Female Employees

To ensure employees' rights, interests and personality are not infringed upon, and to comply with the labor laws and regulations of the country and the requirements of customers, our company implements the Prohibiting Forced Labor Policies and Procedures firmly. Our stance on employees' rights is simple - we do not condone any kind of forced labor. The Human Resources department works with employees to combat forced labor and protect human rights across all operations of our group. No operations and suppliers are considered to have significant risk for incidents of forced labor.

Child Labor/Human Rights Assessment

We comply with local and national legislation and meet/outperform the requirements for labor set by our customers. Our stance on children's rights is simple - we do not condone any form of child labor. We protect young workers from hazardous conditions in all business operations. The Human Resources department works with employees to combat child labor and protect human rights across all operations of our group. To eliminate child labor, we established a child labor verification and salvation procedure. No operations and suppliers are considered to have significant risk for incidents of child labor and young workers exposed to hazardous work. We will maintain direct surveillance of the recruitment procedure of each facility to identify child labor.

To minimize the potential risk of exposure to hazardous environments, we make continuous efforts to improve workplaces to guarantee a safe and healthy work environment.

FY 2025 Target: To prohibit child labor in all operations

Key Initiatives: Fulfill the commitment to “no child labor” and provide training on human rights to strengthen compliance with human rights policies

Wages, Benefits and Working Hours

GRI 201-1, 401-2

To attract and retain talents, the salaries we offer for our employees are always beyond the legal minimum salary of our operation locations. We also pay overtime compensation according to local labor laws. We occasionally provide bonuses to further retain our employees.

We offer a package of benefits to our employees. In China, benefits include free meals, air-conditioned dormitories, shuttle buses, transportation allowance, night-shift allowance, annual leave, maternity leave, marriage leave, child-care leave, parent care leave for single child, social insurance, housing fund, travel insurance for business trips, etc. In Vietnam, benefits include free meals, shuttle buses, job performance allowance, job allowance, housing allowance, attendance allowance, seniority allowance, woman period time allowance, child care allowance, annual leave, maternity leave, social insurance, etc.

In general, our employees work five days a week in China and six days a week in Vietnam, which is in line with the local labor laws. Some employees work on shifts or occasionally overtime depending on the actual demand of production.

We organize activities to celebrate special occasions with our employees.



Mid-autumn Festival gifts for the employees in our China company



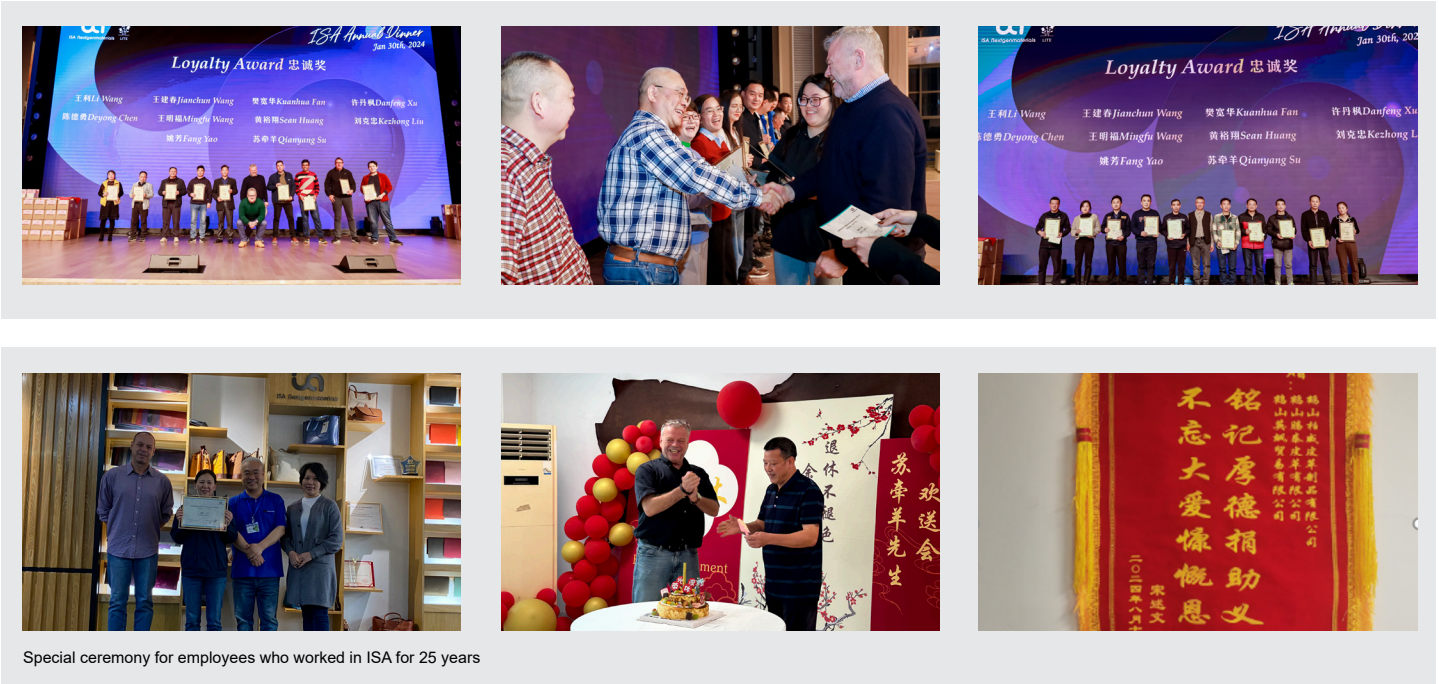
Monthly birthday party for employees



Chinese New Year Dinner Party



In 2024, our company rewarded 50 people who served ISA for more than 15 years.



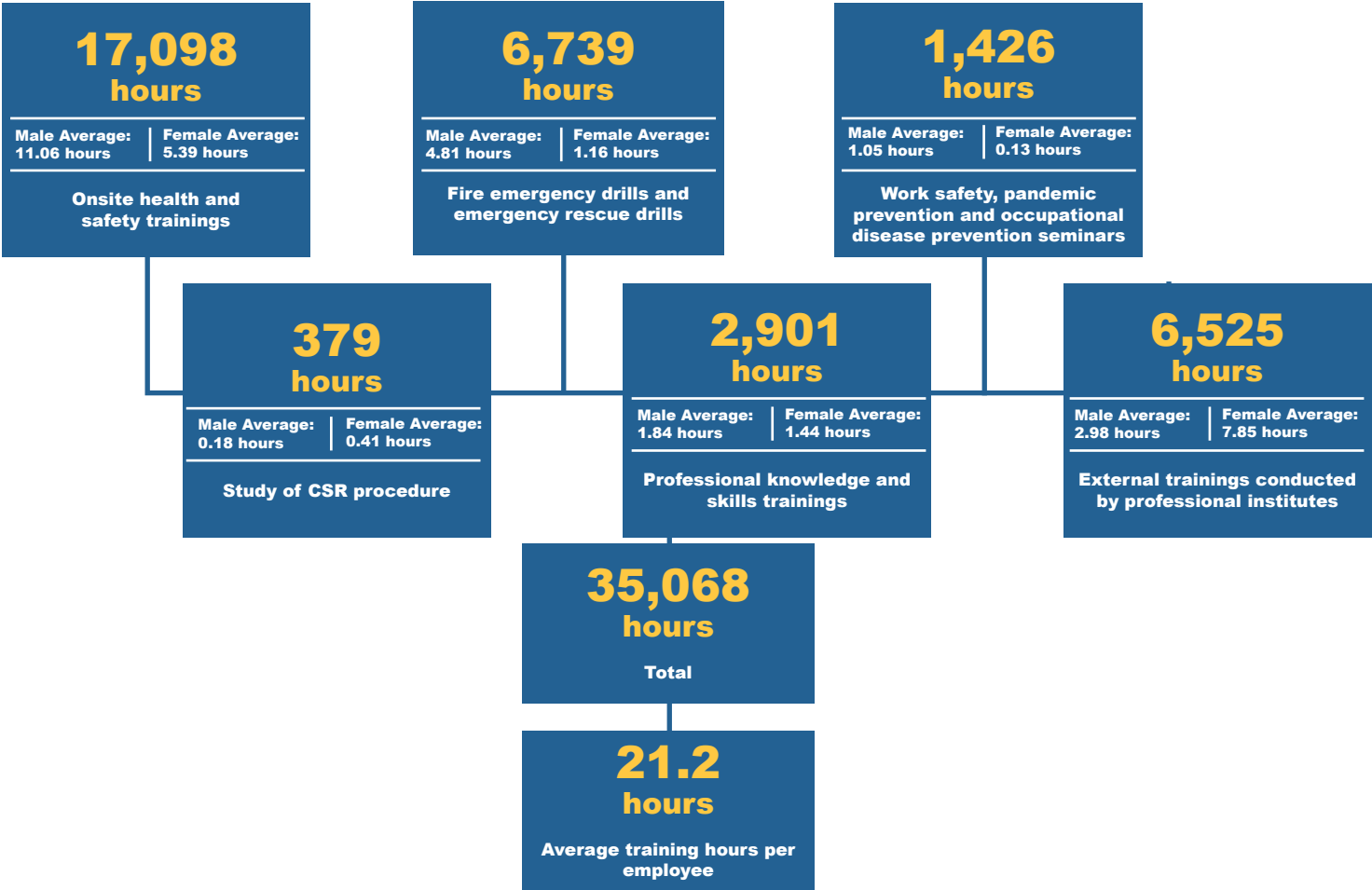
ISA is like a big, warm family. Whenever employees face difficulties, the company strives to support them to the best of its ability. In June 2024, one of our production workers suddenly fainted on a bus due to a cerebral hemorrhage and was sent to the ICU for treatment. Fortunately, he survived after an emergency operation. Upon learning of the situation, the management promptly rallied the entire company to contribute. Over 65,000 RMB was donated and passed to his family in a very short time. The company not only provided financial support but also extended warm care and assistance in other aspects. With the company's help, his family was able to get through the most difficult time.

FY 2025 Target		Key Initiatives	
To keep adequate workforce to maintain production capacity		Provide more job opportunities	
To maintain/improve employee welfare and comply with labor laws		Provide competitive salaries and benefits	

Development and Training

GRI 404-1, 404-2

We formulate an annual training plan every year to ensure that our employees are equipped with the necessary skills and knowledge to perform their duties and provide satisfactory outputs. The training programs of 2024 covered orientation for new employees, occupational health and safety, firefighting training and drills, finance, production, HR, CSR procedures, LCA Training, etc.



FY 2025 Target	Key Initiatives
To ensure that all employees are fully trained	Strictly adhere to the training policy and review and update the policy as changes arise

Workplace and Residence

GRI 401-2

In some facilities, employees are offered air-conditioned dormitories. In addition, there are amenities such as basketball courts, shuttle buses, free parking and convenience stores to improve employees' quality of life. We respect different cultures of our employees from different countries. For example, for employees from different countries who have different dietary habits, we set up kitchens to accommodate their needs.

We enforce safety and security regulations to prevent inappropriate behaviors such as drug use, unapproved tenancy, using open flame, smoking, unauthorized installation of appliances, etc. to ensure a safe living environment in the dormitories.

To provide better living conditions, our company in China replaced 128 sets of furniture in the employee dormitory in 2024, including beds, mattresses, wardrobes, and desks with shelves.

In case of emergency, there are safety control facilities such as smoke detectors in each room and emergency exits with evacuation plans to safeguard our employees.

FY 2025 Target	Key Initiatives
To ensure the safety of the workplace and the comfort of employees in dormitories	Enforce policies and regulations to prevent inappropriate behaviors and provide access to a range of amenities

Diversity and Equal Opportunity

GRI 2-7, 406-1

As of December 31, 2024, the Group had a total of 1,651 employees. In 2024, there was no reported incidents of non-compliance or grievances in relation to human rights or labor practices standards and regulations that would have a material or significant impact on the Group.

**Please refer to the CSR Report of 2020-2021, 2022, 2023 for comparison

Indicators	Number of Employees
Total employees	1,651

By gender

Indicators	Number of Employees
Female	330
Male	1,321

By region

Indicators	Number of Employees
Asia	1,599
US	50
Europe	2

By employment type

Indicators	Number of Employees
Permanent/Fixed term	1,651
Temporary	0

Others

Indicators	Number of Employees
Disabled	7

It is our policy that all applicants for employment will be considered regardless of race, color, sex, religion, age, national origin, disability or any other basis of unlawful discrimination. Everyone shall be valued equally. Embracing ethnic diversity, we have built a team of 12 nationalities. We position people with disabilities allowing them to better utilize their ability. Equal career opportunities and benefits are provided regardless of gender. Our executive management includes a number of female members who contribute greatly to different fields. It is a pleasure for our group to be a platform which showcases everyone’s talents. No incidents of discrimination were observed during the Reporting Period.

FY 2025 Target	Key Initiatives
To prohibit discrimination in all operations	Educate employees on acceptance and inclusivity
To achieve better gender balance	Actively promote gender inclusivity in the workforce and establish clear goals
To promote diversity in the workforce	Provide more job opportunities for minorities and people with disabilities

Freedom of Association and Collective Bargaining

GRI 2-30, 407-1

Our employees have the right to participate in trade unions and collective bargaining. Our group holds regular meetings with union members and all employees are covered by collective bargaining agreements. HSBWL, HTL, and ISATR signed a special labor safety and health collective contract with the trade unions in September 2021, which was renewed in September 2024. In 2023, HSBWL, HTL and ISATR signed collective contract on Special Protections for Female Employees with the trade unions. TTL signed a Labor Collective Agreement in July 2020 and STL signed it in February 2022.

No operations and suppliers in which workers’ rights to exercise freedom of association or collective bargaining may be violated or at significant risk.



SUPPLY CHAIN WITH CSR

Responded topics of GRI
2-6, 302-5, 308-2, 414-2

Responded topics
of SDGs

17 PARTNERSHIPS
FOR THE GOALS



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Supplier Environmental Assessment

GRI 308-2, 414-2

Apart from the economic and product-specific performance aspects, we emphasize the sustainability aspect in the selection of our suppliers. Our sustainability standards are incorporated into our procurement decision-making. We look for suppliers whose business values align with ours and expect them to comply with a high legal and ethical standard. Our procedures for supplier assessments are as follows:

Supplier Assessments	Purposes
Suppliers are required to comply with environmental regulations	Improve the environmental performance of our supply chain
Procurement processes are in line with ISO14001: 2015 and/or other industry standards	Enhance the sustainability performance of our supply chain
Prioritize suppliers that source responsibly	Adhere to global best practices
Suppliers are required to provide the QA department periodically with RSL or ZDHC MRSL compliance declaration, SDS (Safety Data Sheets) information and test reports	Continuously deepen environmental efforts

Our Overseas Purchase Department manages the overall Environmental Management System (EMS) of the supply chain, monitors and assesses the supply chain’s sustainability performance. They are also responsible for identifying potential environmental effects of the products and services offered by our suppliers. All of our wet-blue suppliers are LWG audited. In addition, we provide them with monthly quality reviews to ensure timely assessments and compliance.

Non-compliance Incidence

All of our suppliers adhere to responsible sourcing; none of them were reported to have sourced directly from illegal farms, causing biodiversity loss and deforestation. Furthermore, any supplier located in the proximity of the Amazon Biome is required to prove beyond any reasonable doubt that no hides supplied by slaughterhouses originated from the biome or other places where deforestation is an issue.

Employment and Human Rights of Supplier’s Employees

We encourage our suppliers to work with their local trade unions to improve their working environment and relationship with their employees.

Ethics and Compliance of Suppliers

We value our suppliers and strive to conduct business by following the highest standards of ethics. To prevent bribery and corruption, we comply with and strictly follow international sanction laws. All the suppliers have been assessed for environmental impacts and no significant actual and potential negative environmental impacts were identified.

FY 2025 Target	Key Initiatives
To elevate the environmental performance of our supply chain	Strictly follow our Local Supplier Management Procedure and prioritize suppliers that demonstrate environmental awareness
To maintain a record of all suppliers complying with global best practices and operating in line with high ethical standards	Require suppliers to regularly conduct and pass audits
	Penalize suppliers that fail to meet given requirements

Managing the Working Environment of Our Suppliers

Supplier Code of Conduct

To ensure that all raw materials are sourced responsibly, we thoroughly evaluate our suppliers by reviewing their raw material management policies and prioritizing those that adhere to global best practices.

Our suppliers are required to:

- declare their compliance with our supplier management requirements
- submit required compliance materials, including but not limited to Supplier Information List, RSL or ZDHC MRSL compliance declaration and LWG Compliance Letter
- pass ISO9001 and ISO14001 certifications and meet requirements of new systems launched (if any)
- send samples for confirmation by our technical department
- submit the RSL compliance declaration and provide test report for wet-blue
- submit the ZDHC MRSL compliance declaration, register the products in ZDHC Gateway, and provide a Certificate of Analysis for chemical products
- use recyclable materials for packaging and inform us when there are new sustainable materials/products

Self-assessments

To encourage our suppliers to improve their overall performance continuously, we require them to carry out regular self-assessments on their operations and make necessary changes.

Field Audit

We require our suppliers to conduct regular field audits and consider their audit results when reviewing our partnership with them.



The LITE™ Concept: An Evolution*

GRI 302-5

The concept started with a vision of our group and the requirements from brands to offer environmentally friendly leather. LITE was born to provide our customers with the knowledge of energy, water and carbon footprint of each leather product we make, enabling customers to choose the most environmentally friendly product by the footprint parameter. The LITE system is fully integrated into the manufacturing process and specially designed to reduce and control water, energy and chemical usage in the process. Our efforts consistently minimize the impact to the environment by the BAT in the industry.

LITE Index*

We have been consistently reducing the impact of our manufacturing process on the environment. The LITE index is the data that shows the energy and water an article will save per square foot, comparing to the Bronze Rate (65%) in the latest LWG Protocol of 50.4 MJ/m² (4.68 MJ/sqf) for energy consumption and 134.1 L/m² (12.46 L/sqf) for water consumption.



LITE Sourcing

Adhering to the LITE philosophy, we strive to elevate supply chain management from sourcing raw materials and managing chemicals to water, energy and chemical usage in our manufacturing process. We established the LITE Sourcing program to amplify management efforts that promote the sustainable use of natural resources, transparency in our supply chain and ethical treatment of animals. Working together with our suppliers to source raw materials more responsibly, we aim to improve social and environmental performance and give back to the communities. Implementing more socially responsible practices gives consumers confidence that our leather products adhere to the highest standards of ethically and environmentally sustainable practices and animal welfare.



*Please refer to our website for more information:

<https://isanextgenmaterials.com/isanextgenmaterials/lite-concept-main/background-of-lite>

Traceability of Materials

We uphold a fundamental principle that complies with the Leather Working Group (LWG) protocol and its latest audit requirements which integrate traceability as a scored element for the first time and add due diligence checks for areas at risk of deforestation. All of our tanneries have achieved over 91% traceability, such as tracing back to the country of origin and slaughterhouses.



To advocate the LITE sourcing strategy with continuous improvement in traceability, we launched a “Greener Pastures™” program explicitly designed to ensure compliance with protocols and requirements regarding animal welfare and traceability in sourcing cattle hides. Greener Pastures™ hides are procured from our trusted tier 1 supply chain partners in the United States and South America, meeting more stringent criteria as follows:

Greener Pastures™ Protocols

Driving Factor	
► Transparency and traceability back to birth farms	Traceability Our hides are fully batch-by-batch traceable to farms or ranches with a chain of custody documentation
► The authenticity of materials and guarantee of product integrity	
► Consumers are willing to pay more for guarantees of transparency, authenticity, and sustainability	
► Strict standards for animal welfare	BQA Certification Beef Quality Assurance works to improve the quality of animal welfare by connecting producers with the latest research and animal care techniques
► Animals are raised more sustainably	
► Animals are well taken care of through observation of proper protocols for herd health	
► Humane conditions and handling in animal transportation	BQAT Certification Transportation of animals must be Beef Quality Assurance Transportation certified. BQAT ensures the proper handling and transportation of animals
► Harvesting of animals is done humanely	Humane Harvesting The harvesting of animals meets the United States Department of Agriculture (USDA) Humane Handling program protocol, verified by third-party independent auditors
► Proper and healthy diets are fed to animals	100% Vegetarian Diet Animals are fed a 100% vegetarian diet with no animal by-products

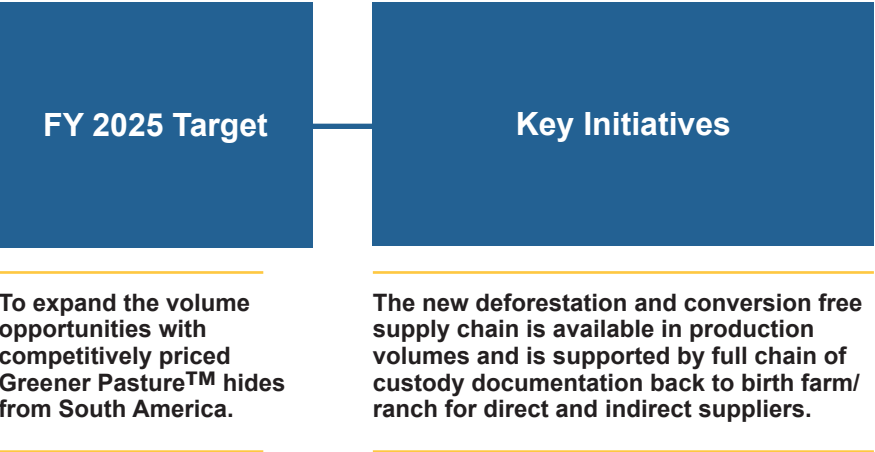
Regenerative Leather

We have been working with brands and organizations to develop and expand a traceable regenerative cattlehide supply chain in support of farmers and ranchers practicing and employing regenerative agricultural principles.

Regenerative agricultural principles have a strong focus on soil health and regeneration, biodiversity and ecosystem support, water management and conservation, carbon sequestration and climate resilience, and the integration of livestock and crops.

Hides sourced from regenerative farms/ranches can be traced back to the birth farm by lot using ear tags.

In 2022, we became the first tannery partner to Savory Land to Market, the world's first outcome based and verified regenerative sourcing solution.



Cooperation with Suppliers

We operate a customer-specific “Regenerative Hides” program with globally recognized brands. Our raw materials are 100% traceable from the original farm or ranch to the wet-blue and finished leather stage. We continue to source all our regenerative hides programs exclusively through our partner, Other Half Processing (OHP), a raw hides supplier that certifies regenerative cattle farms, ranches, and processors. Regenerative agriculture for cattle hides closely resembles the natural movements of herd animals. In this approach, farmers rotate cattle in dense herds across the land, allowing for intensive grazing in specific areas with extended rest periods in between. This practice promotes the growth of grasses with deep root systems, enabling them to extract carbon from the atmosphere and store it deep within the soil. This has been considered a solution to issues caused by conventional ranching practices, such as soil degradation and the exacerbation of climate change due to atmospheric methane.

We have updated our regenerative protocol requirements to align with the Generalized Regenerative Agriculture Sourcing Specification (GRASS). The GRASS protocol criteria are outlined in the following table:

Requirement (A+B+C)	Acceptable Certifications/Programs
A. 100% grass fed system that meets animal welfare, biodiversity, non-GMO, and includes prohibition of confinement feeding.	<ul style="list-style-type: none">American Grassfed Association (AGA)A Greener World (AGW) Certified GrassfedGreenham Never Ever Beef Program
B. Management Intensive Rotational Grazing (MIRG)	<ul style="list-style-type: none">AGA Managed Grazing ModuleSavory Environmental Outcomes Verification (EOV)USDA Organic**
C. Regenerative Outcome Verification (currently only possible through soil testing*)	<ul style="list-style-type: none">Savory Environmental Outcomes Verification (EOV)AgriProve Soil Testing ProgramComparable Soil Test (Appendix B/D)

We collaborate closely with our suppliers to enhance the quality of our leather and reduce our environmental impact. To achieve this, we have implemented a Supply Capability Improvement Plan to enhance communication with our suppliers and foster a mutually beneficial and long-term partnership.

CORPORATE CITIZENSHIP

Responded topics of GRI
201-1, 413-1



Vision of ISA Group

GRI 413-1

We continue to play an active role in bringing positive environmental, economic and social changes to our communities. We are well-positioned to support community members and improve residents' quality of life in our operation areas. We established a mutually beneficial relationship with local stakeholders and took effective measures to respond to their demands.

Members of local communities are divided into three distinct stakeholder groups:

- Employees who live in on-site dormitories at each of our four manufacturing facilities
- Individuals who reside and work near or within the industrial park
- Local governments/governors on the premises of the manufacturing facilities

We contribute to the development of local economies by sourcing raw materials and goods from local/domestic channels and paying taxes according to local laws. All

of our operations have implemented the mentioned local community engagement in the Report.

While our business has become more globalized with clientele worldwide, we choose to invest in the local economies and talent pools where the local employees make up the majority workforce of our daily manufacturing operations. We are committed to reinvesting in the communities we hire from and rewarding employees with a robust local economy.

Donations and Charities

GRI 201-1

We have always been dedicated to shouldering social responsibilities, as well as giving back to the local communities where our business operates. Some examples of our community initiatives in 2024 are as follows:

- Donation to Caritas in Macau
- Visit and Donation to the Welfare House of Heshan City in China before the Mid-Autumn Festival
- Donation to Deutsche Cleft Kinderhilfe to fund life-changing surgeries for cleft children
- Donation to the Tu Tam Nhan Ai Social Protection Center and May Ngan Homeless with essential supplies



Donation to Caritas in Macau



Visit and Donation to the local Welfare institute in China before the Mid-Autumn Festival



Donation to the Deutsche Cleft Kinderhilfe to support cleft children



Donation to Local Organizations in Vietnam

Active Engagement with Stakeholders

Our group aims to play an active role in championing advancements and positive changes in the local communities. We offer help and support to charities and non-profit organizations to promote social equality and make a positive difference to local communities.

Our commitment to aiding community development is represented in our regular participation in volunteering activities. Some examples are as follows:

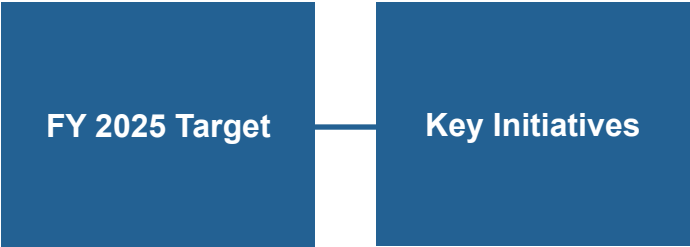
- In support of the Macau Institute for Corporate Social Responsibility in Greater China (MICSRGC) and our shared commitment to sustainability, we crafted a grand opening banner using our LITE leather to promote social responsibility and raise community awareness
- Sponsorship of MECC Anniversary Reception
- Visit from Ambassador-elect Nguyen Dac Thanh in Vietnam



Supporting MICSRGC Events in Macau



Visit from Ambassador-elect Nguyen Dac Thanh in Vietnam



To actively get involved in volunteering programs to give back to society

Encourage employees to be volunteers and promote altruism

We are actively engaging with many NGOs to achieve sustainability goals in the leather industry and relevant associations:

China Leather Industry Association	Guangdong Leather Association	USDA
Leather Working Group	Leather Naturally	SATRA
UNESCAP ESNB (ESCAP Sustainable Business Network) Membership	The American Chamber of Commerce in South China	German Chamber of Commerce in China, South & Southwest

ENVIRONMENTAL PROTECTION



Overview of Environmental Management

Although emissions during manufacturing processes are inevitable, we strive to minimize greenhouse gas (GHG) emissions and environmental impacts as much as possible by investing in clean technologies and ensuring a good executions by professional team at each

location of our group. We have also established the ISO14001 Environmental Management System within our group and set emission reduction targets by the principal of “Avoidance, Minimum, Reuse, Recycling and Disposal”.

Note: Energy, water consumption and air emission data are reported annually via FEM self-assessment and the verification by the qualified third-party, which has been shared to our brands upon request.

Wastewater control

The domestic and industrial wastewater of our Vietnam facilities are collected by the wastewater treatment plant (WWTP) and treated by biological and physical-chemical methods in order to meet discharge standards for further treatment at the industrial park wastewater collection system.

The domestic and industrial wastewater of our China facility are collected by internal wastewater treatment plant (WWTP) and treated by constructed wetland. The treated wastewater is discharged to local water body after meeting the local discharge standard.

Local government is constructing a new WWTP which will collect all industrial wastewater from the industrial park which our China facility located at, our wastewater will be sent to the township WWTP after pre-treatment once the new WWTP of the local government is put into operation in coming year of 2025.



WWTP and Wetlands of China facility



WWTP of Vietnam facility

Air pollution control

All polluting emissions from production activities are treated to meet air emission standards before being released into the environment.

In 2024, we continued to implement active optimization actions which was demonstrated on the chapter of Sustainable Operational Management (SOM) Strategy.



New activated carbon absorption device for VOC treatment at finishing of China facility (HTL), including exhaust gas collection cover for roller coating.

Solid waste control

Prior to being transported to the designated waste recycling center, waste is classified into either hazardous or non-hazardous waste and stored accordingly in restricted areas, where unauthorized access is strictly prohibited. It is a unified site management for all our facilities.



In compliance with local laws and regulations, Vietnam facilities adopt recycling and heat recovery practices for most of the waste:

- Non-hazardous sludge is transferred to the organic fertilizer production company
- Shaving, buffing dust and trimmings are transferred to the cement factory for generating clinker production
- Carton, plastic and metal are transferred to the recycling company
- Food waste (from the canteen) is transferred to pig farms nearby

Due to restrictions by local environmental protection laws and regulations, our facility in China cannot recycle the same types of waste as our facilities in Vietnam (VN-STL, VN-TTL).

In China, we focus on minimizing waste generation by avoidance, reuse and selecting more environmentally friendly handling methods. Compared to 2023, the percentage of waste disposed via co-generation/energy recovery decreased from 13% to 2% and the percentage of waste re-using and recycling increased from 25% to 42% in the year of 2024.



Overview of the Performance of Facility Environmental Module (FEM)

We continuously use the Higg Index which had been renamed as the Worldly “Higg Index”, a suite of standardized value-chain measurement tools, to assess our facilities’ sustainability performance by using the FEM 4.0 frame work.



PERFORMANCE SUMMARY

Data as of 31 December 2024

GRI 2-7, 201-1, 404-1

Employees

Key Performances	Unit	2024
Total employees	person	1,651
Male	person	1,321
Female	person	330
Disabled	person	7

Safe Production

Key Performances	Unit	2024
Qualification rate of occupational hazards detection	%	100
Physical examination rate of on-the-job personnel at occupationally hazardous posts	%	100
The certificated employment rate for special work positions	%	100
Accidents related to chemical management	case	2 (CN)
Breaches related to chemical management	case	2 (CN:1, VN:1)
Occupational disease	case	0

Training

Key Performances	Unit	2024
Total hours for HR training	hour	35,068
Total hours for WSFSOH safety training	hour	30,221
Total hours for drills	hour	5,635
Total hours health and occupational disease promotion	hour	1,842

Donation

Key Performances	Unit	2024
Distributed in grants	RMB	Over 235,000

**Please refer to the CSR Report of 2020-2021, 2022, 2023 for comparison.

VISION OUTLOOK

Our dedication to sustainability is now more important than ever as the world recovers from the pandemic. In the face of the current challenges and to build a sustainable future for all, we will continue to focus on enhancing the quality of our products, providing transparency in our supply chain, and fulfilling our corporate social responsibilities.

Being a leading Next-Gen Materials manufacturer, we are aware that sustainability is an ongoing journey, and we will continue to innovate, explore new possibilities for sustainable additional materials alongside leather, and invest in sustainable technologies to meet the needs of our customers.

Our employees are the backbone of our company, and we will continue to offer competitive salaries, benefits, and career development opportunities to retain talent. We are committed to providing a safe and healthy work environment, and we have enhanced our occupational health and safety policies to reduce the risk of preventable work-related injuries.

We remain committed to giving back to our community and improving the wellbeing of society in different areas. We recognize that sustainability is not just about our products and operations but also about the impact we have on society and the environment. To that end, we will keep working toward creating a world in which sustainability thrives, and no one is left behind. As we move forward, we will continue to share our progress and metrics to generate meaningful long-term value for our stakeholders.

GRI CONTENT INDEX*

Statement of use	ISA Industrial Limited has reported the information cited in this GRI content index for the period from January 1, 2024 to December 31, 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standards		Disclosure Title	Report Section(s)
GRI 2: General Disclosures 2021	2-1	Organizational details	Introduction, Reporting Scope, About ISA Group, Manufacturing Facilities of ISA
	2-2	Entities included in the organization’s sustainability reporting	Reporting Scope, Data Source
	2-3	Reporting period, frequency and contact point	Introduction, Reporting Period, Back Cover Page
	2-4	Restatements of information	ISA Group has not made any restatement in the Reporting Period.
	2-6	Activities, value chain and other business relationships	Standards of Report, About ISA Group, Manufacturing Facilities of ISA, Our Customers, Cooperation with Suppliers
	2-7	Employees	Diversity and Equal Opportunity, Performance Summary
	2-8	Workers who are not employees	All the workers performing work for the organization are employees and the organization does not have any workers who are not employees
	2-9	Governance structure and composition	Management Governance Framework, Executive Management by Experienced Professionals
	2-11	Chair of the highest governance body	Management Governance Framework
	2-14	Role of the highest governance body in sustainability reporting	Data Source
	2-17	Collective knowledge of the highest governance body	Executive Management by Experienced Professionals
	2-22	Statement on sustainable development strategy	Message from the Board
	2-26	Mechanisms for seeking advice and raising concerns	Anti-Bribery and Corruption

GRI Standards		Disclosure Title	Report Section(s)
GRI 2: General Disclosures 2021	2-27	Compliance with laws and regulations	There were no significant instances of non-compliance with laws and regulations and no fines were paid for the Group during the Reporting Period.
	2-28	Membership associations	Certificates and Memberships
	2-30	Collective bargaining agreements	Freedom of Association and Collective Bargaining
Material Topics			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Donations and Charities, Performance Summary, Wages, Benefits and Working Hours. Due to confidentiality, economic value generated and retained are not disclosed, while information related to community investments are included in these sections.
	205-2	Communication and training about anti-corruption policies and procedures	Anti-bribery and Corruption
	205-3	Confirmed incidents of corruption and actions taken	Anti-bribery and Corruption
GRI 302: Energy 2016	302-5	Reductions in energy requirements of products and services	The LITE™ Concept: An Evolution
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	Supplier Environmental Assessment
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Wages, Benefits and Working Hours, Workplace and Residence
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Introduction to Occupational Health and Safety (OHS) Management System
	403-2	Hazard identification, risk assessment, and incident investigation	Introduction to Occupational Health and Safety (OHS) Management System, Chemical Safety of Employees

GRI Standards		Disclosure Title	Report Section(s)
GRI 403: Occupational Health and Safety 2018	403-5	Worker training on occupational health and safety	Chemical Safety of Employees, Contingency Preparedness and Response (Including OHS Training)
	404-1	Average hours of training per year per employee	Development and Training, Performance Summary
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	Contingency Preparedness and Response (including OHS Training), Development and Training
	406-1	Incidents of discrimination and corrective actions taken	Diversity and Equal Opportunity
GRI 406: Non-discrimination 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Freedom of Association and Collective Bargaining
GRI 407: Freedom of Association and Collective Bargaining 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Labor Standards
GRI 408: Child Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Labor Standards
GRI 409: Forced or Compulsory Labor 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Vision of ISA Group
GRI 413: Local Communities 2016	414-2	Negative social impacts in the supply chain and actions taken	Supplier Environmental Assessment
GRI 414: Supplier Social Assessment 2016	416-1	Assessment of the health and safety impacts of product and service categories	Chemical Management
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Health and Safety
GRI 416: Customer Health and Safety 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy
GRI 418: Customer Privacy 2016			

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