

ESG Report 2024

Environmental, Social,
Governance Report

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Introduction

KEY FIGURES – 2024 AT A GLANCE



SUSTAINABILITY REPORTING

At TMD Friction, sustainability is not just a goal, it is embedded within our business operations as a commitment to play a key role in a more sustainable and equitable world.

We provide transparent and comprehensive sustainability reporting through regular materiality analysis that incorporates stakeholder expectations and interests.

This report outlines our progress and achievements in 2024, reflecting our continuous efforts to integrate environmental, social and economic sustainability into every aspect of our business.

MATERIAL SUSTAINABILITY ASPECTS IN TMD FRICTION

- Customer satisfaction
- Business ethics and compliance
- Sustainable supply chains
- Emissions with an impact on the climate
- Energy efficiency
- Waste management
- Attractiveness as an employer
- Health and safety at work
- Diversity and equal opportunity
- Corporate citizenship

OUR STAKEHOLDERS

-  CUSTOMERS AND END USERS
-  AUTHORITIES, GOVERNMENTS AND LEGISLATION
-  SOCIETY
-  NATURE
-  ANALYST AND RATING AGENCIES
-  EMPLOYEES AND REPRESENTATIVES
-  SUPPLIERS AND CONTRACTING PARTNERS

SUSTAINABILITY FRAMEWORK

TMD Friction's sustainability strategy aligns with the UN's Sustainable Development Goals (SDGs) from Agenda 2030, adopted by member states in 2015. Through our Sustainability Roadmap 2040, we focus on 12 of the 17 SDGs that align with our business model.

Our Supplier Code of Conduct defines our sustainability expectations and requirements for suppliers. Adherence to these principles is essential to our business relationship.

The code ensures suppliers operate responsibly and sustainably throughout the supply chain, promoting responsible conduct and fair competition, while identifying and mitigating legal and reputational risks early.

SUSTAINABLE DEVELOPMENT GOALS (SDG) SUPPORTED BY TMD FRICTION

	SDG 01: No poverty		SDG 12: Responsible consumption and production
	SDG 03: Good health and well-being		SDG 13: Climate action
	SDG 05: Gender equality		SDG 14: Life below water
	SDG 07: Affordable and clean energy		SDG 15: Life on land
	SDG 09: Industry, innovation and infrastructure		SDG 16: Peace, justice and strong institutions
	SDG 10: Reduced inequalities		

SUSTAINABILITY AT TMD FRICTION

TMD Friction's Sustainability Vision:

“We are committed to driving change towards a better future through pioneering sustainable braking, investing in a more efficient ecosystem and acting responsibly.”

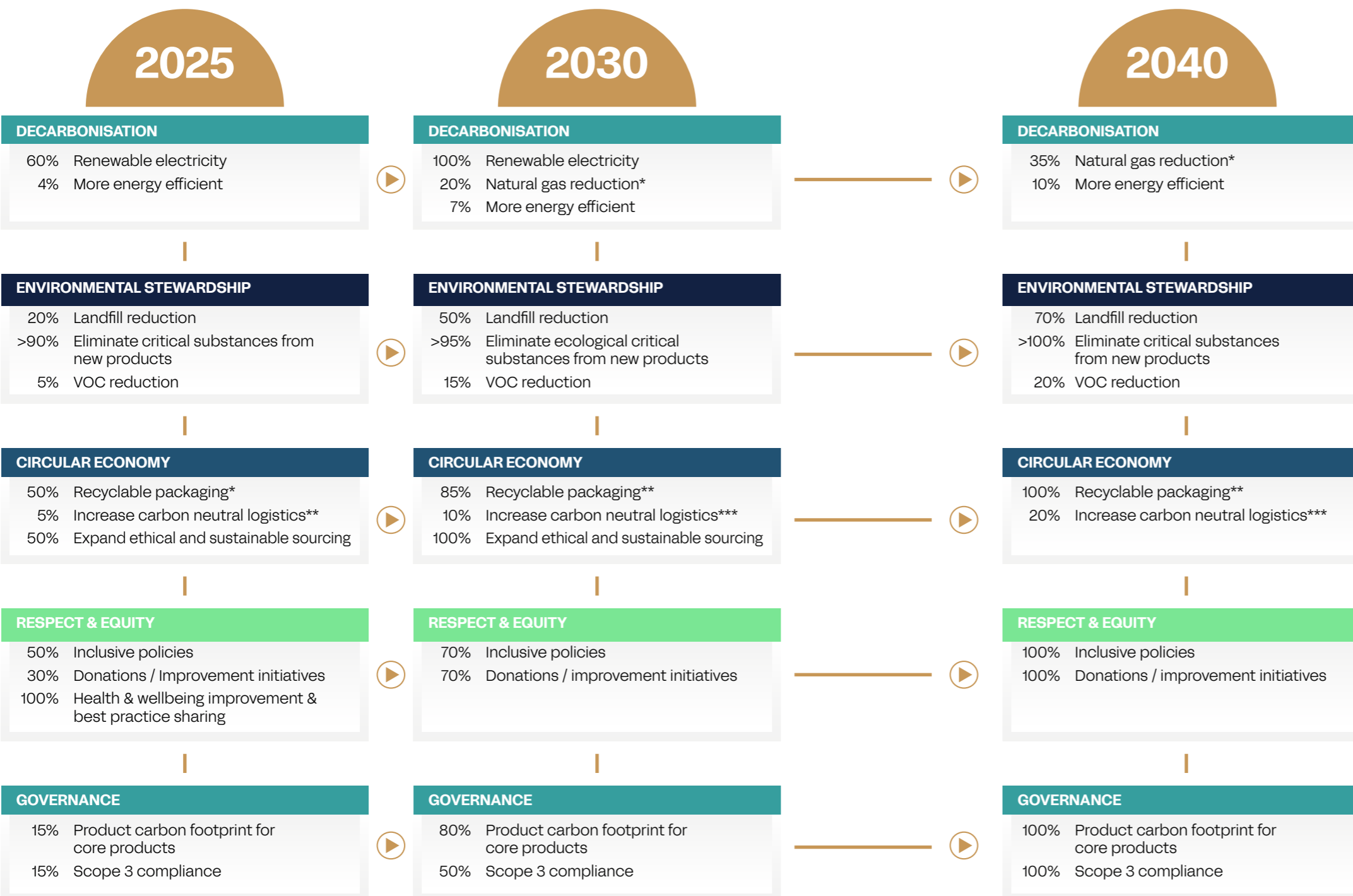


Sustainability is ingrained within our business operations and our vision will be achieved through the following practices:

- The Group strategy focuses on an industry-leading R&D programme that continually pushes the boundaries of braking to deliver the ultimate in performance, safety and sustainability.
- The purchase of machines and technologies to drive innovation.
- We challenge ourselves to achieve the highest quality standards and strive to exceed customer expectations.
- TMD Friction creates a safe and healthy working environment for employees, promoting a strong corporate culture.
- The financial strategy aims for continuous value creation, the generation of strong free cashflows and financial stability.
- Agreements with works councils and trade unions ensure stability and predictability.

OUR SUSTAINABILITY ROADMAP 2040

TMD Friction is committed to reducing emissions across Scopes 1, 2, and 3. Our Sustainability Roadmap 2040 sets clear environmental goals and establishes a robust, resilient ESG strategy for the short, medium and long term.



A sustainable future



*Utilising latest technology

**Passenger cars pad boxes

***Target subject to evaluation

COMPANY PROFILE








TMD Friction is a leading global supplier of high-quality brake friction solutions for the automotive and brake industries. We develop and manufacture disc brake pads and drum brake linings for passenger cars and commercial vehicles. Since 1878, TMD Friction has tackled the challenge of safety in motion, becoming a trusted leader in friction technology.

We supply vehicle manufacturers with premium braking products for original equipment (OE) as well as the international aftermarket (IAM) with our renowned brands Textar, Mintex, Don, Pagid, Cobreq and Bendix. With over a century of experience in motorsport, our portfolio also includes high-performance racing products under the Mintex Racing and Pagid Racing brands – ensuring exceptional braking performance under the most demanding conditions.

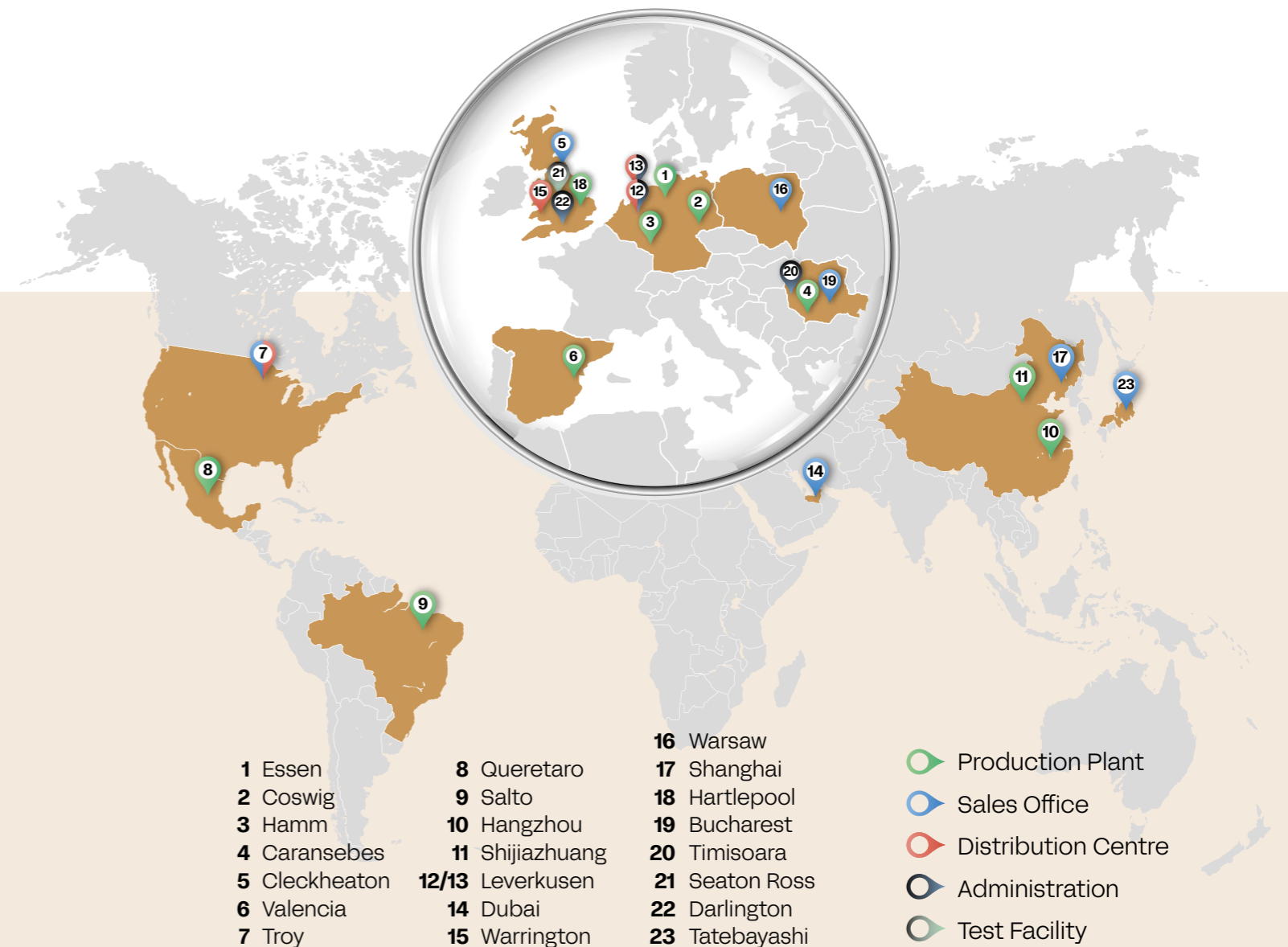
Our dedicated global network of more than 4,200 friction experts across Europe, the Middle East, the USA, Brazil, Mexico, China and Japan ensures we continually master and manage the complexity of friction and motion to unleash the advancing power of mobility.

Guided by a mission to develop premium brake friction solutions for today's journeys whilst driving future advancements, TMD Friction envisions a future of mobility that is safer and more sustainable, built on precision engineering and deep material expertise. At TMD Friction, we don't just engineer solutions – we engineer trust in a safe and sustainable future of mobility.

TMD FRICTION AT A GLANCE

-  Established in 1878
-  Headquarters in Leverkusen (Germany)
-  4,200+ employees
-  23 locations across Europe, America and Asia Pacific
-  €894m turnover (2024)
-  Brake pads and brake linings for OE, IAM and Racing
-  Shareholder: AEQUITA SE & Co KGaA

- 140+** Years of expertise
- 110+** Years of OE excellence
- 50k** Friction formulations
- 23** Locations in 12 countries
- 8** Brands in aftermarket and racing
- 4** Global R&D centres
- 1** Global network





OUR VISION

We aim to be a driving force for a **safe and sustainable future** of mobility.

We envision a world where cutting-edge material science and deep expertise in friction and motion drive a safer and more sustainable future of mobility.



OUR MISSION

Developing brake friction **solutions** and services for today's journeys and tomorrow's advancements.

Our success is built on over a century of expertise in friction technology, global capabilities, the highest quality standards and a dedicated global network of friction experts passionate about shaping a safe and sustainable future of mobility.



OUR VALUES

Responsibility and **Entrepreneurship**

Quality and **Performance Excellence**

Global Collaboration as **ONE**



WHAT WE OFFER

	OEM / OES		INDEPENDENT AFTERMARKET			RACING
	PASSENGER CARS	COMMERCIAL VEHICLES	PASSENGER CARS	COMMERCIAL VEHICLES	MOTORCYCLE / BICYCLE	PASSENGER CARS
BRAND	 		 	 		
PRODUCT PORTFOLIO	» Brake pads	<ul style="list-style-type: none"> » Brake pads » Brake linings 	<ul style="list-style-type: none"> » ABS sensors » Accessories » Brake fluid » Brake discs » Brake drums » Brake pads » Chemicals » Hydraulics » Shoe kits » Tools » Wear indicators 	<ul style="list-style-type: none"> » Accessories » Brake pads » Brake discs » Brake linings » Shoe kits » Wear indicators 	<ul style="list-style-type: none"> » Brake pads » Brake fluid » Clutches » Shoe kits 	<ul style="list-style-type: none"> » Brake fluid » Brake discs » Brake pads
CAPABILITIES	<ul style="list-style-type: none"> » Product range from small bicycle pads up to industrial and commercial vehicle applications. » Manufacturing expertise ranges from small to high volume series production. » Extensive experience in Research & Development and Application Engineering. 					

1 – only South America
 2 – BENDIX is not owned by TMD Friction, but TMD Friction owns the license for selected countries
 3 – only Central America

WHAT WE STAND FOR

Delivering trust in motion.

Motion drives the world.

At its core lies friction – the force that stops, controls, and empowers every move.

For over a century, we’ve mastered this force. As pioneers of material in motion, we create precision-engineered solutions that deliver total control and uncompromising performance.

We push boundaries, redefining driving dynamics and ensuring that every stop is as reliable as every start.

Committed to sustainable mobility, we shape a future where performance and responsibility go hand in hand.

We don’t just create friction solutions. **We deliver trust in motion.** We are TMD Friction.

THE EXECUTIVE BOARD



David Baines

CEO and President

Chairman of the Board since 2019

Executive member since 2013

With TMD Friction from 1988



Robert Roiger

Co-CEO

Co-Chairman of the Board since 2023

Executive member since 2023

With TMD Friction from 2023



Sebastian Despineux

CFO and EVP Finance, HR, Legal and IT

Chief Financial Officer since 2022

Executive member since 2021

With TMD Friction from 2009



Liam Booth

EVP Operations, HSE, Sustainability and PMO

Executive member since 2019

With TMD Friction from 2017



Clément de Valon

EVP Independent Aftermarket and Communications

Executive member since 2019

With TMD Friction from 2019



Christian Stolz

EVP OE Sales and Engineering

Executive member since 2025

With TMD Friction from 2011

CEO MESSAGE

Following the purchase of the business by AEQUITA, 2024 marked a new chapter for TMD Friction, introducing a different mindset and focus for the future.

Our vision is to be a driving force for a safe and sustainable future of mobility.

Our ambitious sustainability goals call for net zero carbon emissions by 2030; by 2025, we intend to have already halved our net carbon emissions* relative to the 2021 starting level. We continue to invest in new technologies to support our overall carbon emission reduction.

We are reviewing different VOC adhesive technologies while working closely with the industry to identify low emission practices and optimising our processes. We are also committed to reducing packaging. In this report, we are pleased to announce the new packaging systems that we are introducing into certain sectors of the business.

This demonstrates to our customers that we can provide a quality product without the long-term environmental impact from the use of plastics and excessive packaging. Our sustainability strategy is simple – to reduce the impact on the environment by creating an ecosystem that enables change to be visible and beneficial.

Our employees are an essential part of TMD Friction, and our approach to their safety and wellbeing is an intrinsic part of our success. Investment in health and safety is at the forefront of our core values; safety is first and shall never be compromised.

Together, we intend to continue the company's positive development for the benefit of our customers, employees and stakeholders. Despite the challenging environment, which is dominated by macroeconomic uncertainties, our aim is to maintain a robust business. Investing in the future starts with the sustainable changes we make today. We are pleased to share our progress achieved to date in this ESG Report.

David Baines
CEO and President
TMD Friction

Robert Roiger
Co-CEO
TMD Friction

* Achieve carbon neutrality in the use of electricity by 2030

Environment



OUR SUSTAINABILITY STRATEGY

At TMD Friction, we developed a sustainability strategy that would transform our operations to benefit both people and planet. Our strategy will be delivered through responsible management, active employee engagement, equitable partnerships and a comprehensive ESG framework.

SUSTAINABILITY MANAGEMENT

Our approach and management systems shape the strategy. They inform all operations and help to secure the ethical conduct of our business to achieve our compliance goals.

EMPLOYEE ENGAGEMENT

Driven by the commitment and engagement of our employees, we design and develop innovative solutions that challenge our market to make mobility more sustainable.

CREATING VALUE IN OUR ECOSYSTEM

Aligning with our communities, suppliers and customers, we are at the interface of a joint effort towards sustainable and fair automotive value chains.

STRONG FRAMEWORK




By adopting an Environmental, Social, Governance (ESG) framework, we have assessed our business practices and performance on various sustainability and ethical issues.

OUR APPROACH

Our global sustainability system is built on a framework derived from our double materiality assessment. This assessment established the core goals that shaped our Sustainability Roadmap 2040.

The roadmap aligns with the UN Sustainable Development Goals (SDGs), with TMD Friction identifying 12 of the 17 goals where we can make a meaningful positive impact.

SUSTAINABLE DEVELOPMENT GOALS

Manufacturing  	Energy / efficiencies	Renewable electricity
	Environmental impact	Gas
		Waste reduction
		VOC reduction
		Ecological critical raw materials
Sourcing & Supply Chain 	Environmental impact	Recyclable packaging
		Carbon neutral logistics
		Ethical sourcing
HR 	Social initiatives	Inclusive and fair pay
		Initiative / donations
		Health and wellbeing

To enable our vision, we have a strategy that has been built around the following principles:

- Promote TMD Friction's Sustainability Policy to all suppliers and partners, expecting that they will adopt the same responsible and proactive approach to sustainable improvements.
- Source products from sustainable suppliers, reducing the use of earth sourced materials and using products manufactured from recycled and recyclable materials, where possible.
- Monitor our energy usage, source renewable energy, as well as invest in appropriate technology for efficiency.
- Continually engage with customers and suppliers to ensure they are ethical.
- Identify opportunities to reduce our environmental impact, e.g. reducing landfill waste.
- Maximise our resources and minimise waste through redesigning our product packaging.
- Ensure compliance with relevant environmental legislation.
- Educate, train and engage our employees to understand their environmental impact and empower them to help reduce our business' environmental footprint.

E	S	G	ACTION
   	 		Removal of carbon emissions to atmosphere Reduction of gas emissions to atmosphere and off setting Resource conservation and reuse of materials Reduction of harmful emissions to atmosphere and elimination of hazardous substances Protecting Earth's resources through sustainable purchasing programmes
  			Re-usage and reduction of packaging materials Reducing transportation or using alternative fuels or off setting Early detection of legal violations, correct and prevent
	  	 	Global employee policies and systems that set and meet the SDG framework Giving back to local communities; sponsorship, matching donations etc. Provide a workplace where people are happy and healthy

CLIMATE ACTION GOALS

TMD Friction has set ambitious climate protection goals. We aim to achieve carbon neutrality in the use of electricity by 2030. Overall, we have committed to reduce net carbon emissions by using certified renewable electricity, as well becoming more efficient in our operations.

As an additional goal, TMD Friction has committed to further reduce our energy usage by 2040.

TMD Friction is determined to reduce or offset CO₂-emissions for our business as part of our Group Sustainability Policy. Based on the data provided for 2021, the total Scope 1 and Scope 2 CO₂ emission equivalents of the TMD Friction business amounted to approximately 49.5 t/CO₂. This amount includes Scope 1 (direct emissions resulting from gas combustion, solvent use etc.) and Scope 2 emissions (indirect emissions e.g. those resulting from purchased electricity) only.

In 2021, approximately 30% of the CO₂ emissions were related to consumption of natural gas, which is mainly associated with the operations of the ovens (scorching, curing) and the afterburner units that are required for treatment associated with VOCs.

Electricity accounts for approximately 69% of the CO₂ emissions. Compared with this, emissions related to VOCs and company vehicles are of minor importance, relating to only 1% of TMD Friction's greenhouse emissions.

SECTOR DATA* IN t-CO ₂	2021 Status	2025 Target	2030 Target
Electricity consumption	34,029	14,919	0
Gas consumption	15,569	9,561	11,607
Solvents (VOCs)	144	136	122
Total	49,742	24,616	11,729

* Scopes 1 and 2 CO₂ emissions plus solvents



TOOLS FOR ACHIEVING OUR CLIMATE GOALS



Implement PPAs for our facilities in Germany in 2027 to drive our processes to carbon neutral.



Purchasing certified renewable electricity for our facilities in Romania, the Americas and China.



Reduce the use of natural gas by considering new energy efficient technologies to enable our carbon reduction goals to be realised.



Efficiency in manufacturing through energy efficient tools to reduce carbon emissions, including new technologies.



Reduce VOC emissions by developing new adhesive technologies.

STATEMENT OF EMISSIONS

In 2024, we extended our reporting to include more Scope 3 data. This expansion was enabled by internal investments in systems and training to support enhanced data collection.

Our data capture systems were updated to allow validation of more information, while collaboration with energy suppliers provided access to additional data.

The use of green energy in 2023 enabled a significant reduction in GHG emissions. TMD Friction was able to procure green energy, which assisted this improvement.

However, in 2024 energy market conditions were harder and access to green energy was not as available.

Therefore, we increased Scope 2 emissions by 6,090 t/CO_{2e}**. Included in these figures is the use of city heating. Historically, this was not captured but has now been included to show a complete picture of GHG in TMD Friction.

EMISSIONS*		2021 t(CO _{2e})	2024 t(CO _{2e})	VARIANCE	
				%	t(CO _{2e})
SCOPE 1 and 2		49,598.03	26,630.15	-46	22967.88
SCOPE 3	Goods in transportation	260,578,517	186,612,187	-25	739,663,330
	Goods out transportation	709,330,990	459,400,435	-35	249,930,555
	Solvent	144	99	-31	45
	Waste	2516.02	1827.77	-27	-688.25
	Business travel	327	1,368	319	-1041
Totals		969,962,714	640,042,546	-34	-323,920,167

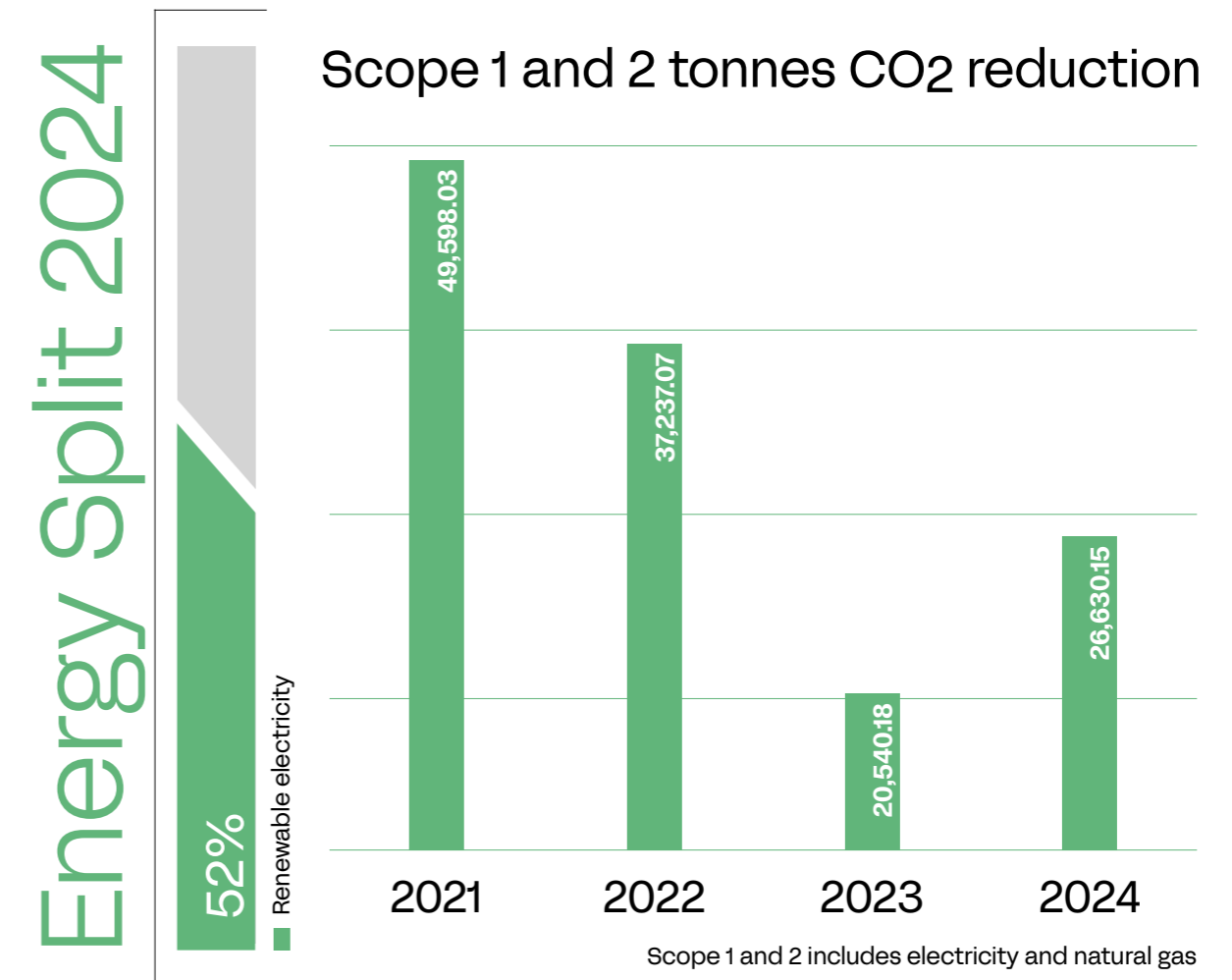
In 2021, a commitment was made to reduce GHG emissions for electricity by 60%. This equates to a 13,612 t(CO_{2e}) usage target by 2025. In 2024, our t(CO_{2e}) from electricity (Scope 2) consumption was reduced by 56%.

A commitment was also made in 2021 to reduce the overall use of natural gas by 20% in 2030. In 2024, we showed a natural gas reduction of 24% against our 2021 baseline. Currently, we are ahead in meeting our future targets.

We recognise that certain manufacturing processes contribute to our GHG emissions. In 2021, TMD Friction committed to remove 20% of volatile organic compounds (VOCs) from our workstream by 2040. This initiative delivers dual environmental benefits as reducing VOCs also decreases natural gas consumption in our Regenerative Thermal Oxidizers (RTOs), which burn off these compounds during the manufacturing process.

We are pleased to report a 31% reduction in VOCs against our 2021 baseline, exceeding our target significantly and delivering substantial environmental benefits.

Gathering Scope 3 emissions data in our value chain continues to be a challenge. We have identified our key suppliers and engaged with them to gather relevant information. In 2024, we invested further in our data collection processes to prioritise primary data from suppliers. TMD Friction continues to work proactively with suppliers to encourage their own carbon emission reductions.



*TMD Friction Green House Gas (GHG) inventory is reported in terms of CO₂ and includes all sites that are:

- Majority owned or under operational control by TMD Friction
- In operation during the reporting year
- Creating a carbon emission as defined by Scope 1 and 2 of the GHG emissions protocol.

**Included in these figures is the use of city heating (8%). This was not previously captured in our reporting and existing calculations.

ACHIEVING CLIMATE GOALS IN 2024



REDUCED VOC

As part of our commitment to reduce VOCs in brake pad manufacturing, we have invested in new technologies to develop a VOC-free adhesive.

During 2024, our R&D team conducted extensive dyno testing of the new adhesive, achieving positive results that have advanced the project to the next approval phase. This initiative demonstrates the level of ambition required to meet our Sustainability Roadmap 2040 targets for VOC and greenhouse gas emission reductions.



PURCHASING CERTIFIED RENEWABLES

Following limited PPA market availability, TMD Friction shifted focus to securing green energy directly from our energy providers. In 2024, we achieved 52% green energy procurement from our suppliers.

Our sourcing team is currently negotiating guaranteed certified renewable energy contracts for our sites to further reduce carbon emissions.



REDUCED NATURAL GAS

In 2024, several ovens were converted to or replaced with electric power, resulting in the reduction of natural gas usage.



EFFICIENCY IN MANUFACTURING

We continued investigating methods to reduce energy consumption and improve process efficiency, including installing energy monitoring systems at our Romanian and United Kingdom facilities.

ENERGY EFFICIENCY

In 2024, we reduced our energy usage by 3% through energy efficiency initiatives.

Improving energy efficiency of existing equipment remains a key objective for TMD Friction in reducing our carbon footprint.

Our Sustainability Roadmap 2040 sets a target of 4% reduction in electricity demand across the business by upgrading or replacing older equipment. Throughout our production plants, we have installed numerous measuring devices to monitor energy performance, enabling us to determine energy performance indicators for individual production processes and facilities, including individual ovens.

We have invested in specialised energy management software, which enables us to analyse energy consumption data online and achieve transparency in the breakdown of energy costs according to their source. This software was originally installed in our German production plants. In 2024, we launched the energy management system globally, extending it to our sites in Hartlepool, UK and Caransebes, Romania.

As part of our energy audits conducted according to ISO 50001 across eight TMD Friction facilities, local energy managers have identified additional site-level measures for energy efficiency improvements. These measures include improvements to compressed air leakage management, optimisation of heat recovery at afterburners, adaptation of combustion chamber temperatures at afterburners and advanced shutdown management. Education continues to be an essential tool in enabling our employees to participate in the energy streamlining process.



PRODUCT STEWARDSHIP

At TMD Friction, we take a comprehensive approach to managing the environmental, health and safety impacts of our products throughout their entire lifecycle. R&D underpins every product – from raw materials to testing on our own track, everything is carefully considered.

We are actively working towards our ambitious objectives to eliminate 100% of critical substances from new products and 20% of VOCs by 2040. With more than €30 million invested in R&D and 275 specialist experts, research and development will play an integral role in helping us to achieve these goals.

As a minimum, all TMD Friction facilities are compliant with local, regional, and international legislation and regulations. Our teams are continuously horizon-scanning to stay ahead of upcoming legislative requirements, ensuring all TMD Friction operations and products are compliant and readily available for each global market.

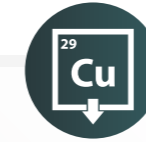
€1.5 million investment in emissions testing



In 2024, TMD Friction invested €1.5 million in a new test bench to comply with the latest Euro 7 regulations, reducing time to market for new brake pads. The new emissions dyno will work alongside our global suite of 36 dynamometers within the R&D department to specifically measure brake emissions according to GTR24 requirements.

The dyno will give us the freedom to test products in-house using the same equipment as independent testing agencies, rather than waiting for availability externally,

which could lead to delays for customers. The new test bench reaffirms our dedication to innovation and commitment to sustainability.



COPPER-FREE UPDATE

We conducted R&D activities related to the next phase of copper friction material regulations, which will further limit microparticle emissions caused by wear and tear in brake systems to comply with applicable US environmental regulations.

From 2025, US regulations will further reduce the copper content in friction material from 5% to 0.5%. However, TMD Friction already meets these requirements as we have been producing copper-free brake pads since 2013.



MEMBERSHIP ORGANISATIONS

TMD Friction has been a member of CLEPA and FAAS since 2021.

We collaborate with automotive industry stakeholders on pertinent topics to establish sustainable standards and guidelines for the industry. This includes participation in CLEPA's activities on a sustainability manifesto.



ASSESSING SUSTAINABILITY

Engaging in sustainability topics across the automotive value chain is important to us.

TMD Friction is currently part of the following platforms that assesses and reports sustainability ratings:

- Ecovadis
- SupplyAssurance
- Supply-On
- Integrity-Next



EXCEEDING STANDARDS

All our aftermarket products comply with the ECE R90 regulations. We test against our OE standards, going above and beyond the legal minimum requirements for maximum quality.

WASTE REDUCTION

As we know, every business will generate waste in some form. Here at TMD Friction, we are conscious of the impact of waste if not managed properly and put back into the supply chain for future use.

Our improvement strategy on landfill reduction is essential in meeting our goals. Our focus on the 5Rs – refuse, reduce, reuse, repurpose and recycle - is enabling our targets to be met. In 2024, we saw many projects being put forward. As a result, we are pleased to announce that our onsite recycling has increased by 14%*.

Mexico reviving wood waste

Our team in Mexico has partnered with VooDoo, a local company specialising in designing and crafting furniture from reclaimed wood. The team in Mexico sends wood that would otherwise end up in landfill to VooDoo, where it is transformed into quality, functional furniture, giving this wood a second life and helping to reduce waste. In 2024, 16 tonnes of wood was recycled via VooDoo's sustainable furniture, preventing its final disposal in landfill.



* Compared to 2021

Social

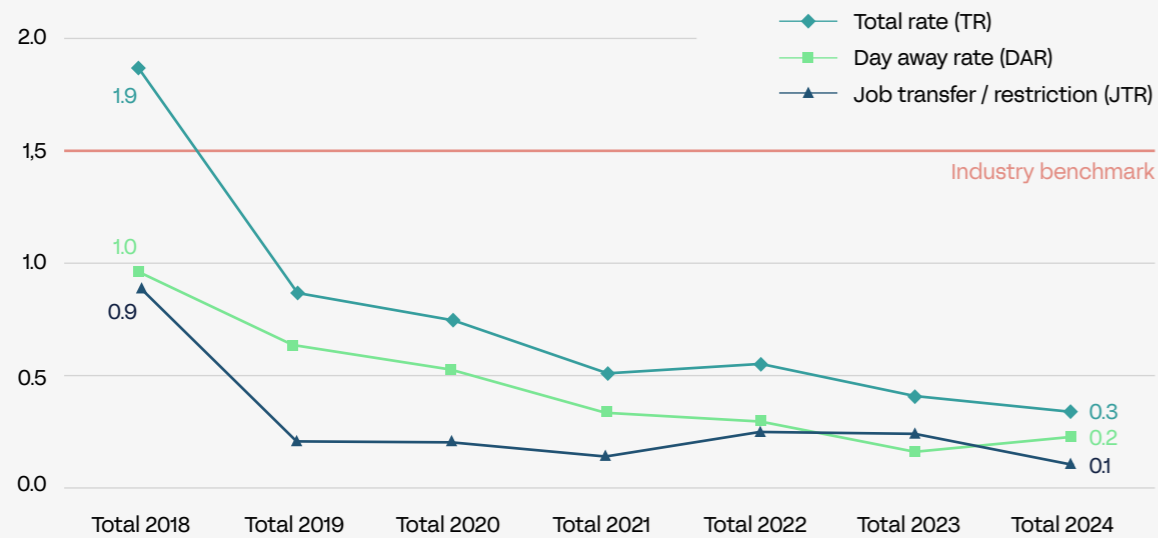
HEALTH & SAFETY

At TMD Friction, we are dedicated to safeguarding our employees' health and safety. In 2019, we committed to a health and safety improvement roadmap aimed at reducing incidents and empowering our people to Say No to Risk! We have invested continuously in health and safety improvements, implementing global safety standards across all countries where we operate.

We entered our third year of health and safety auditing in 2024, reviewing all global facilities to ensure alignment with our group safety standards.

Following global training investment, our on-site teams conducted regular risk awareness training (Kichen Yochi) designed to empower our people to Say No to Risk!

In 2024, we saw continued improvement in our accident reduction programmes. TMD Friction benchmarks against the motor vehicle braking system manufacturing sector*, and we are pleased that our DART rate of 0.2 is below the industry average of 1.5. This achievement stems from our open culture of reporting all incidents, regardless of severity. Effective reporting and investigation enable us to identify potential accidents and focus on improvement.



* US Bureau of labour statistics

Other 2024 highlights:

- **Global health and safety induction:** We standardised safety information across all our global operations.
- **Knife injury reduction:** Knife-related incidents represent our highest injury risk category. To address this, we developed a visual safety stand in Caransebes that uses clear "yes/no" indicators to show when knives are safe to use. This innovation is now available globally.
- **Slip reduction:** We introduced floor slip resistance testers across all facilities to address slip hazards. All sites now test their floors and remediate identified risk areas to achieve low-risk status.
- **Spill response:** We successfully delivered spill response training that meets legislative requirements, ensuring employees are prepared for emergency situations.
- **Lost time accidents (LTAs):** Our Queretaro facility celebrated 365 accident-free days. The team were recognised for not compromising safety.
- **Work at height risk reduction:** We continued investing in fall prevention measures, including the decision to eliminate leaning ladders from certain work activities.
- **Leadership training:** Enabling our leaders to be safety advocates is crucial to our success. Throughout 2024 this special education programme continued the focus of Say No to Risk!



13%
REDUCTION
IN LOST
TIME
ACCIDENTS



10%
REDUCTION
IN LOST
WORK DAYS



4,981
NEAR MISSES
REPORTED

“We have a sustained practice of mitigating exposure to anyone who interacts with our organisation, its activities and products. As a values-driven organisation, it’s not just our employees, but also our visitors and contractors who are empowered to Say No to Risk!”



Mark Adams
Global HSE Manager

SUSTAINABILITY COMMUNICATION

Transparent communication of our sustainability journey is vital.

Our 2023 Voice survey revealed that employees sought clarity on TMD Friction’s sustainability vision. In response, we launched **Braking News**, a dedicated newsletter delivering comprehensive updates on our global sustainability initiatives and showcasing the impactful environmental and community projects led by our regional teams.

We further reinforce sustainability communication through **Town Hall meetings** and our **myTMD internal platform**, ensuring all employees remain informed and engaged with our progress towards our **Sustainability Roadmap 2040**.



PEOPLE

TMD Friction employs 4,200 people across 12 different countries. We care about employee experience, respect labour rights and partner with employee representatives globally to ensure the wellbeing of our people. We provide them with opportunities to develop their skill sets and careers.

PEOPLE-LED SUSTAINABILITY

Sustainability is a priority for our business, and our employees are vital partners in this journey. Together, we’re working to achieve our ambitious sustainability strategy via collaborative effort and shared purpose.

Through our Kaizen projects, team members actively identify, propose and lead initiatives that create positive impacts across our operations. From implementing energy efficiency improvements and enhancing waste management systems to developing innovative recycled packaging solutions, our people are driving meaningful progress in reducing our environmental impact.

Every employee contribution is essential to our collective success in building a more sustainable future.

CONTINUITY

We create an environment that encourages our people to build long-term careers with us, whatever their age. We are proud of the large number of employees who look back on a long-standing career with TMD Friction.

GLOBAL COMMUNICATION

Maintaining open lines of communication across our business is vital. Our employee app, myTMD, hosts content mainly written by our employees and teams across the world, fostering global exchange and awareness.

INTERNATIONALITY AND DIVERSITY

We operate in multiple countries around the world and value diversity in our workforce. We strive to create an inclusive environment where our employees feel valued and respected regardless of their background, gender, religion or ethnicity.

TEAMWORK

Everything we do is founded on close teamwork. We place a strong emphasis on relationship-building and collaboration in teams to maintain our success.

KAIZEN

Our people’s knowledge and expertise are vital to our success. We actively encourage improvement suggestions by providing platforms for employees across all business areas to share their ideas as part of our Kaizen programme.

In 2024, teams across our global operations submitted nine sustainability projects. Kaizen facilitators supported these initiatives, which were presented by local site representatives. The nine projects delivered combined savings of over €631,000 across our operations.

These projects serve as enablers for TMD Friction, creating diverse opportunities that can be adopted by other sites to drive continual improvement. Good practice sharing is instrumental to our success. This Kaizen-based model operates across all company areas with each department using these principles to improve their business processes.

Improving ergonomics through Kaizen



A Kaizen project team in Valencia tackled ergonomic concerns in the pressing process by examining solutions to bring moulds closer to operators. When loading the preforms into the mould, the operator’s arms needed to be straight and raised, which can cause injuries over time. The Kaizen project team wanted to review options that would move the mould closer to the operator for loading.

After in-depth evaluations, the team worked with the manufacturer to modify the machine to include a slide system. The modification resulted in a much easier and more comfortable loading of the preform for the operator and will reduce strain injuries in the future.

Reducing plastic in packaging

In our continuous efforts to make our packaging more sustainable, one Kaizen project team in 2024 focused on finding alternatives to reduce environmental impact, while maintaining functionality. After evaluating various options, honeycomb paper proved to be the best solution. Inspired by nature’s beehive structure, this innovative material is made entirely from recycled paper, and it can be fully recycled itself.

During the testing phase, it not only performed well in all applications, but it also replaced 19 different types of foam. Honeycomb paper will reduce costs by more than 80% and marks a crucial milestone in our ongoing sustainability packaging improvements.



“Every year, our growing Kaizen improvement community supports the business through innovation and best practice standardisation. Since the introduction of the functional Kaizen structure, the increased engagement and communication across our global network has been fantastic.”



David Skaife
Operations Development
Manager

EMPLOYEE DEVELOPMENT

Our people are the cornerstone of our success. We cultivate an environment where every employee feels supported and empowered to develop both professionally and personally. The multi-generational families who have chosen careers at TMD Friction across our global operations reflect our strong workplace culture. Through meaningful community engagement, we've established deep roots in our operating regions, positioning TMD Friction as an employer of choice in these communities.

FROM INTERN TO GLOBAL QUALITY SPECIALIST

Natalia Torres
Quality Specialist

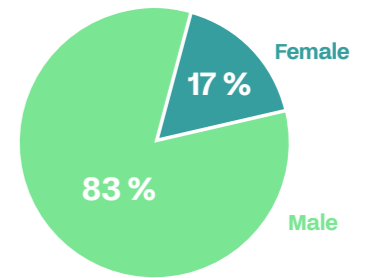


Natalia Torres joined TMD Friction in 2011 as a Continuous Improvement and Environment Intern in Brazil. Since then, Natalia has progressed through various roles within the business, including Management System Assistant, Environmental Analyst and Quality Engineer.

At the end of 2024, an opportunity arose for a Group role in Germany as a Quality Specialist with global responsibilities. TMD Friction supported Natalia and her family with a relocation package, including dedicated assistance to help find accommodation, arrange education for her children and process the necessary documentation. Natalia commented: *"I have been with TMD Friction since 2011 and have progressed through different roles, developing my career with the company. TMD Friction has provided me with numerous opportunities to enhance my skills, from engineering courses to English language support. I look forward to further development in this global position as part of the Quality team."*

DIVERSITY AND EQUAL OPPORTUNITIES

The automotive industry is still heavily biased towards males with an average female workforce of only 18% in the sector. At TMD Friction, we recognise we have work to do in this area. Therefore, we are increasing our understanding of what needs to be changed and how we implement this across our global operations.



TMD Friction's total gender split in 2024 comprised of 17% female employees in our workforce. In 2025, we aim to include key objectives on diversity and inclusion, including talent attraction and retention, into our TMD Friction Sustainability Roadmap 2040. This will further develop an inclusive and diverse culture.

WOMEN IN BUSINESS NETWORK

Launched in 2023, the Women in Business Network at TMD Friction was established to provide a place for females to come together and provide a space to share via peer support.

Meeting monthly, the 18 women from Germany, the UK, Romania and Spain meet to address any obstacles they are experiencing, as well as working on a wider global initiative to discuss how the company can attract, support and retain more females.



TMD Academy is our umbrella learning platform globally. It includes a wide range of live online training courses covering topics related to our internal business operations, soft skills development and technical skill enhancements.

In 2024, we integrated GoodHabitz into our TMD Academy programme to provide state-of-the-art e-learning courses in several languages. Employees can now choose from a broad range of topics to enhance their development at a time, scope and pace that is convenient for them.

In addition to the global TMD Academy, each region has its own dedicated HR and development programme in place and supports the development of our employees with individual measures.

"TMD Friction's global in-house training programme is designed to help close relevant skills gaps through a blended learning approach in key skill areas."



Anika Metten
Manager Global Learning

TMD Academy in figures (per year):



EMPLOYER ATTRACTIVENESS

Employee engagement

TMD Friction conducts a bi-annual voluntary employee survey, Voice, to measure our engagement index and assess our attractiveness as an employer. The survey evaluates how strongly employees identify with the company, their commitment levels and their willingness to recommend TMD Friction to others as an employer. The survey's purpose is to identify areas where TMD Friction can improve as an employer. Our 2023 Voice survey demonstrated its value by generating over 40 improvement projects based on employee contributions.

We remain committed to actively listening to and engaging with our employees. Voice 2025 is already planned, through which we will identify new projects, assess their impact, implement necessary adjustments and develop targeted improvement measures.

New collective agreements

In 2024, TMD Friction, represented by the relevant industry associations or their subsidiaries, concluded several new wage agreements with its collective bargaining partners.

This meant that, at the end of 2024, collective bargaining agreements had been concluded and were in force for all employees in the United Kingdom, Germany, Romania, Brazil, China and Mexico covered by these agreements, and for many employees involved in the TMD Friction Group's main companies.

Staff covered by collective agreements	
91%	Germany
55%	UK
100%	Romania
100%	Brazil
16%	China
66%	Mexico

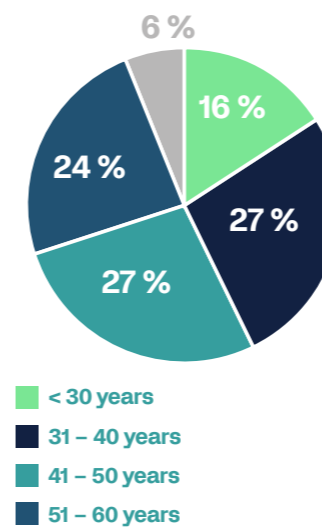
TMD Friction aims to provide an inclusive workplace where everyone feels they belong and their contributions matter. We ensure our policies and practices are fair, supporting diverse teams to work together effectively. Through global communication and a supportive culture, we encourage employee engagement whilst promoting health, safety and wellbeing.

We celebrate and take pride in our employees' length of service, with many choosing to build their entire careers with us. In 2024, 44% of our employees had more than 10 years' service with TMD Friction.

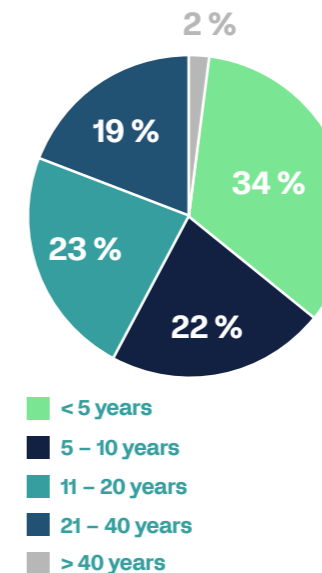
Retaining our employees' expertise, skillsets, sector experience and knowledge is important to us. We value what every employee contributes and brings to TMD Friction.

We recognise that increased flexibility improves employees' work-life balance, particularly for parents and those caring for family members requiring long-term support. TMD Friction offers flexibility in various forms, including part-time working models and work from home opportunities for eligible employees.

Age distribution



Length of service



Employee country distribution

GERMANY	1691
BRAZIL	577
ROMANIA	666
UK	456
CHINA	354
MEXICO	161
FRANCE	7
SPAIN	97
USA	14
JAPAN	9
RUSSIA	1
POLAND	8
UNITED ARAB EMIRATES	7
ITALY	1
PORTUGAL	1

Meet a long-standing employee:



Kara Houseman
Product Support Engineer

Kara Houseman started at TMD Friction in 2000 as a Technical Engineer. She worked within tooling for 15 years as a Tooling Engineer and a Process Improvement Coach.

However, when the opportunity came up to join the new product introduction (NPI) team as Product Support Engineer, it was perfect timing for Kara who was ready for a change.

Kara, who has been working in the NPI team for three years now, said: "I really enjoy the job, as day to day it varies a lot. You are never stuck doing one thing; I can be helping sort out issues on the shop floor or helping to introduce to new parts and items into the range."

"It's interesting to see how things have changed in my time with the business too."

"There is a far greater focus on safety, and the factory itself is much cleaner and brighter now. We are also much more organised, I think because of the sheer volume of products we make, we have to be. The products we make now have advanced greatly. Each pad can have up to six accessories to make them quieter and cleaner on the roads."

Kara has worked in the automotive industry for 35 years in total and started out as an apprentice.

WELLBEING

Our Employee Assistance Programme (EAP) enables all TMD Friction sites to actively promote physical and mental health globally. It is there to provide employees, managers and their families practical information, emotional support and coaching. It's available any time of the day or night, 365 days a year. The EAP, which is confidential and free of charge, has seen a year-on-year increase in the utilisation of the system.



Loredana Domanyek
Senior Manager
Wellbeing

“When employees feel valued and supported, they perform at their best. Wellbeing is not just a benefit, it’s a necessity.”

The EAP provides a global-wide wellbeing initiative; however, on a regional level, sites tailor their wellbeing needs to cater for the local and individual needs of the facility.

EMPLOYEE WELLBEING AND COMMUNITY ENGAGEMENT

In Brazil, the team has established a comprehensive wellbeing programme led by an internal employee committee. The team has several health initiatives in place including massage therapy, flu vaccinations, vision tests and dental care to support both physical and mental health.

Employees receive Gympass benefits to encourage sports participation and are also encouraged to exercise for 10 minutes daily during working hours. The programme extends beyond individual wellness through regular family-focused events, celebrating life milestones such as newborn gifts for new parents and seniority celebrations every five years.

Additionally, employees are actively encouraged to participate in community volunteer work, fostering social responsibility alongside personal wellbeing.

WEEKLY MASSAGE THERAPY TO IMPROVE MENTAL HEALTH

In Romania, all employees have access to weekly massage therapy as part of our regional wellbeing strategy.

These 15-minute personalised sessions – available every Thursday and Friday – target the head, neck, shoulders, arms and back while remaining fully clothed in a professional setting.

The programme supports mental health by addressing stress and anxiety while improving physical wellbeing through enhanced circulation, muscle tension relief and natural endorphin release.

The initiative demonstrates our commitment to comprehensive employee wellness and work-life balance.

THE SAFE BRAKERS PARTICIPATE IN CITY CYCLING



On 2nd June 2024, employees in Leverkusen took part in a 21-day challenge – the Germany-wide initiative “Stadtradeln” (City Cycling) – to cover as many everyday journeys as possible by bike.

Starting with five participants, the “Safe Brakers” team quickly grew to 28 participants. Over the challenge, almost 10,000 kilometres were covered, and the team finished in 15th place out of the 141 participating teams.

As part of the City Cycling initiative, TMD Friction offered employees a professional bike fitting, where a partner from the company health insurance adjusted the handlebar and saddle height to improve ergonomics.

TMD Friction Germany also offers bike leasing as a benefit for employees through our approved partner.

COMMUNITY & CHARITY

As both an employer and corporate citizen, we acknowledge our responsibility to the communities where we operate and respect the rights of local residents. We monitor and mitigate our environmental impact on neighbouring areas while creating positive community outcomes through targeted local engagement initiatives and strategic charitable partnerships.

As part of our commitment to the communities we operate in, our teams are active in raising money for local charities that are close to their hearts.

ROMANIA EASTER FOOD DONATION



When Easter approached, the Romanian team saw an opportunity to make a difference. Through their “Hope on the Plate” initiative, team members collected essential staples, fresh vegetables, canned goods and treats for ten struggling families. As volunteers delivered these food packages, they witnessed first-hand how a simple meal could transform a holiday for those facing financial hardship.

BRAZIL’S TREE-PLANTING INITIATIVE



In partnership with the Salto Environment Secretariat, the Brazil team organised two tree-planting campaigns in 2024, engaging over 30 employees in planting more than 100 seedlings. Through these efforts, TMD Friction donated a total of 200 seedlings, with planting events held in February and September.

MEXICO’S RECYCLING PROGRAMME FOR CANCER CHARITY



The TMD Friction Mexico team is part of a recycling initiative that generates money towards programmes for children under the age of 21 who have been diagnosed with cancer.

Tapitas Con Vida – meaning ‘caps with life’ – encourages employees and family members to collect plastic bottle caps. TMD Mexico collects, stores and recycles all types of plastic bottle caps, which are then deposited in a container in collaboration with a non-governmental organisation recognised by the Mexican Centre for Philanthropy (CEMEFI), CAF America and Benevity at the international level. Since starting the initiative in 2022, an outstanding 312 kilograms of plastic have been recycled.

VALENCIA FLOOD RELIEF INITIATIVE

In response to the devastating floods that struck Valencia in October 2024, TMD Friction rallied to support our affected colleagues. The company established a relief fund, which garnered generous donations from team members across multiple regions. With TMD Friction contributing €10,000 alongside individual donations, we raised a total of €14,433.73 to provide direct assistance to our Valencia team members during this challenging time.

A FUN-FILLED DAY OF APPRECIATION FOR HARTLEPOOL EMPLOYEES AND FAMILIES



In 2024, our Hartlepool site hosted a summer fete for employees and their families, filled with food, fun and festivities. The event supported local businesses, offering treats like ice cream, cakes and a variety of food options.

Entertainment included a gaming van, inflatables, a soft play area and even a visit from an animal rescue centre. One of the highlights was a performance by one of our talented employees and their band, adding a personal touch to the day.

GOVERNANCE

RISK MANAGEMENT

TMD Friction's risk management system provides a structured approach to systematically identify and address business risks, including sustainability and climate risks. The process involves identifying, analysing and assessing risks based on their likelihood and potential impact, then defining control measures.

The Executive Board has operational responsibility for risk management oversight. Individual risk owners are designated for significant risks. In the case of sustainability and climate risks, it is the Vice President HSE and Sustainability. These risk owners determine specific mitigation actions and monitor their implementation.

Our internal Compliance department produces a risk report for the Board of Directors every other year, whilst significant risks are regularly discussed at Executive Board meetings.

The risk management process involves risk identification and classification, systematic identification, and assessment of significant risks. These are reviewed annually by the Executive Board and Compliance department.

- **Risk analysis:** Assessment of specific business risks and analysis of the changes since the last survey. The former is assessed with the probability of the risk occurring (PO), on a scale of improbable (1) to frequent (5). To scale the effects of a risk that has been identified, the scale of the impact of the risk event (IRE) when it occurs is used. The scale ranges from insignificant (1) to very critical (5). The risks are classified on the basis of the combined scores.
- **Risk management/checks:** Instruments, measures and responsibilities are defined for each risk. These are checked at regular intervals.
- **Risk monitoring:** Risk monitoring is part of regular reporting to the Executive Board and is also part of the annual (or when changes occur) assessment.
- **Risks associated with climate change:** These are an integral part of the overall risks of the company and are therefore also taken into account in risk assessment.



COMPLIANCE

At TMD Friction, we take our business compliance very seriously. Our Company Code of Conduct is at the centre of our compliance function and is used as a strategic tool to reinforce our commitment to ethical business practices, ensuring that sustainability and integrity remain at the core of every decision we make. By extending these principles to our suppliers, we are fostering a responsible value chain that aligns with global ESG standards and our Sustainability Roadmap 2040.

In 2024, we updated our Company Code of Conduct to enhance our global policies for Risk and Fraud Management and Anti-Trust Law, Corruption Prevention and Human Rights, including harassment in the workplace. These policies are designed to ensure compliance with the demands of international corporate governance standards.

Using the COSO (Committee of Sponsoring Organizations) system framework, we carry out comprehensive internal audits three times a year. In 2024, the audits identified key areas for improvement in our control environment, ensuring better transparency, fraud prevention and operational resilience. This not only safeguards our business, but it also supports long-term sustainable growth.

Topics such as corruption prevention and fraud management are regarded as an integral component of corporate governance within TMD Friction, and applicable training modules have been designed to increase awareness among the relevant employees.

As part of the Code of Ethics, TMD Friction has implemented a whistleblower system to give the opportunity to all employees to raise any allegedly fraudulent activities or improper behaviours. For questions in connection with infringements of the Code of Ethics, we have nominated an external point of contact who can be anonymously contacted via a web portal or a phone hotline in mother-tongue language.



PROCUREMENT

At TMD Friction, we have reshaped and transformed our Procurement function to ensure we continue meeting rising expectations around ESG, sustainability, quality and risk management.

In 2024, we put greater importance on procurement and restructured the team to create a Supplier Relationship Management team (SRM). The entire function now has a clear, global structure led by senior management. The new structure allows the SRM team to put ESG and sustainability requirements at the centre of compliance. A key area of this is managing the supply-base to ensure all suppliers meet TMD Friction's increasingly strict ESG requirements in line with the company's overall vision.

The team focuses on three areas:

Supplier development based on ESG-rating

We aim for full ESG compliance across our supply-base by 2030. To get there, we are enhancing transparency and traceability by using digital tools. We require all strategic suppliers to adhere to our Supplier Code of Conduct and sustainability criteria. Our current ESG risk assessment shows that 75% of our global suppliers present no to low ESG risk, which is a strong foundation for our sustainable supply chain development. The remaining suppliers have either just started their improvement journey or have not yet responded at this initial stage of the overall assessment.

Our intention is to actively develop and improve all suppliers without exception in order to achieve full compliance by 2030. We believe in partnership, working closely with suppliers to support capability building and ensure alignment with our ESG standards.



“Sustainable sourcing and smart risk management is how we future-proof our supply base.”

Marco Doggen
VP Sourcing & Supplier Management

Reducing supply chain emissions

As part of our Sustainability Roadmap 2040, we will calculate 80% of Scope 3 emissions for our core products by 2030. We are using third-party software to quantify and manage the carbon footprint across our supply chain. For key customers who also need to report their Scope 3 emissions, the Product Carbon Footprint (PCF) assessments are becoming increasingly critical. It is a must-have when quoting for new business.

Embedding ESG in procurement processes and award decisions

ESG criteria is fully integrated into our sourcing decisions. For all potential new suppliers, an ESG risk assessment is part of the onboarding process. A bad score on ESG criteria is a competitive disadvantage and drives us to select partnerships with a long-term perspective.

HUMAN RIGHTS

At TMD Friction, we integrate human rights protection into our business operations. It is part of the Compliance function, who works in close partnership with our Procurement team. Our commitment is embodied in our enhanced Company Code of Conduct, which underwent significant strengthening in 2024 with human rights considerations at its core.

We've implemented targeted policy improvements to safeguard our employees' wellbeing, including comprehensive revisions to our sexual harassment protocols and developing more robust methodologies for human rights risk assessment throughout our operations and supply chain.

Our data-driven approach employs Integrity Next software to conduct systematic internal audits across all operating regions, enabling us to establish risk ratings and implement tailored remediation strategies where needed. This same methodical framework guides our collaboration with suppliers. In 2024, we assessed 358 of our 502 tier one suppliers against our stringent Human Rights Standards, with further evaluations planned for 2025.

Employee education remains fundamental to embedding human rights awareness throughout our business. Our regular training programmes ensure all team members understand and uphold our shared values and guidelines.

In 2024, we delivered specialised training to our Procurement team on human rights compliance in line with the German Supply Chain Act, reinforcing our commitment to responsible business practices at every level.

“Human rights isn't just a compliance checkbox, it's the foundation of a responsible business. These principles remind us that we have a duty to protect both our people and our planet. By prioritising employee wellbeing and creating safe workplaces, we don't just avoid risks, we build a more resilient and meaningful business.”



Bogdan Ficiu
Human Rights Officer

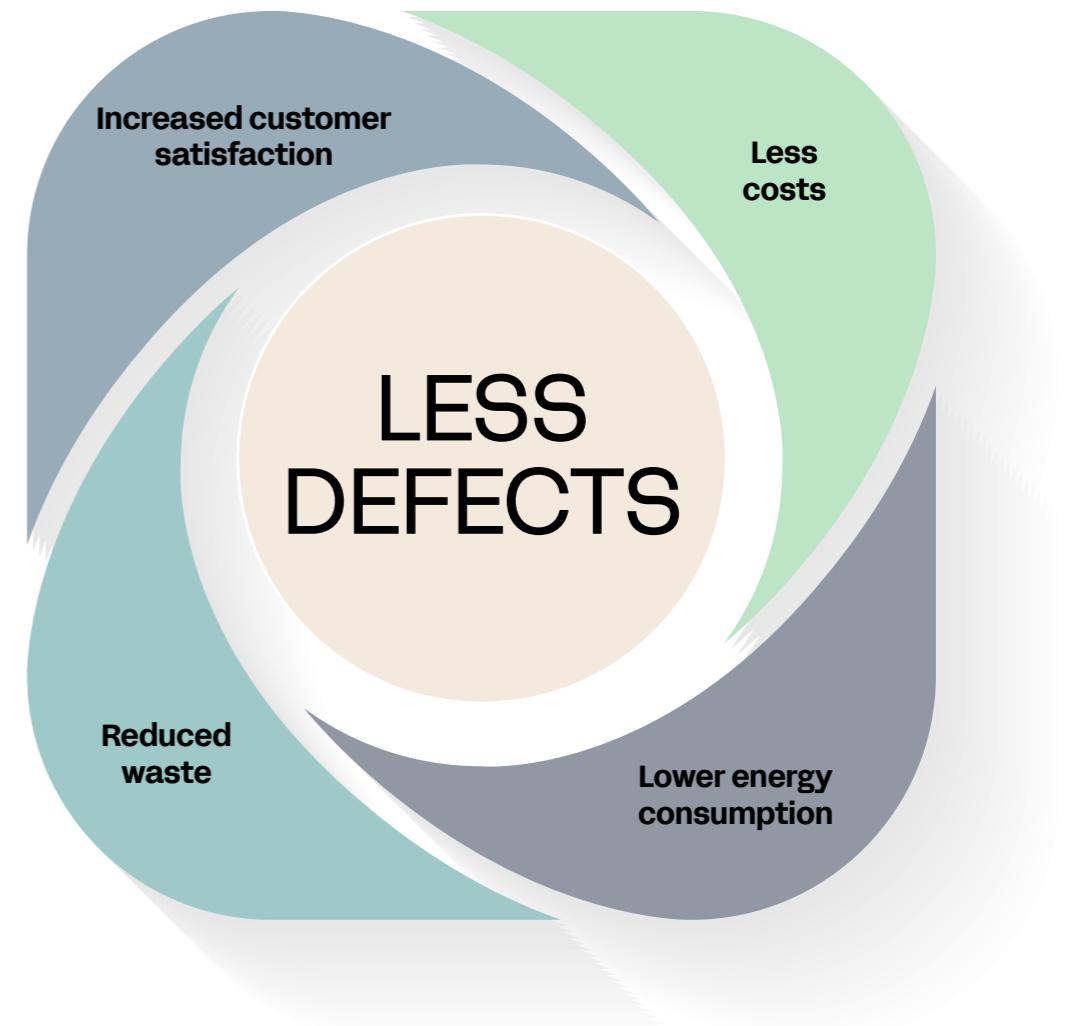
QUALITY

We operate a global quality management system with structured processes to ensure our products meet the highest safety and performance standards.

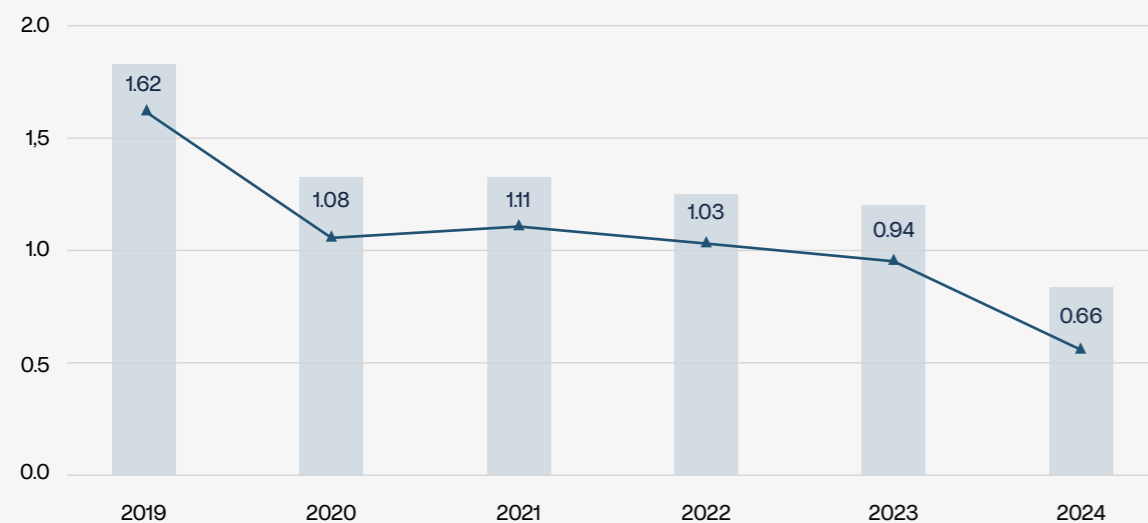
Through rigorous quality checks and real-time monitoring, we ensure our brake friction products consistently meet customer expectations, legal requirements and environmental responsibilities. All 12 manufacturing sites are certified to ISO 9001, with nine additionally certified to IATF 16949, demonstrating our commitment to automotive quality excellence. In 2024, our global Quality team, comprising over 220 dedicated specialists, worked collaboratively across regions to maintain strict specifications and share best practices, ensuring worldwide consistency and excellence.

We foster continuous improvement through data-driven insights and structured problem-solving to enhance product quality and process efficiency. Customer satisfaction is central to our quality philosophy. We integrate sustainability throughout our quality processes. From responsible sourcing and energy-efficient manufacturing to durable product design and end-of-life recyclability, our products are both high-performing and responsibly produced.

Through standardised, transparent reporting, TMD Friction focuses more effectively on root cause analysis using structured problem-solving. This has delivered year-on-year reductions in cost of non-quality (ratio between cost of non-quality and net sales) and, more importantly, product scrap, directly contributing to measurable decreases in our greenhouse gas emissions.



Cost of non-quality ratio (%)



“The connection between Quality and Sustainability is not just a coincidence nor a standard – it’s a promise. We are committed to producing high-quality, safe brake pads while minimising our environmental impact. Through responsible sourcing, energy-efficient manufacturing, and durable product design, we align quality with sustainability to ensure performance that protects both people and the planet.”



Thorsten Schroll
VP Quality & ISM

INFORMATION TECHNOLOGY & CYBER SECURITY



At TMD Friction, our Information Technology (IT) and Cyber Security team operates with a clear mission: safeguarding the confidentiality, integrity and availability (CIA) of data entrusted to us by customers, employees and suppliers.

Our comprehensive security strategy is built upon the Trusted Information Security Assessment Exchange (TISAX) framework, the European automotive industry's standard for protecting sensitive information throughout production and supply chain operations.

We employ a multi-layered security approach that combines:

- Industry-leading technologies and expertise to identify and mitigate emerging threats.
- Rigorous risk assessments for all new tools and suppliers before implementation.
- Regular external perimeter testing and penetration testing to proactively identify vulnerabilities.
- Continuous monitoring of our security posture with rapid remediation protocols.
- Recognising that human factors remain the primary source for cyber incidents, we've established:
 - Comprehensive phishing simulation campaigns across all organisational levels.
 - Targeted training interventions for employees requiring additional security awareness.

In 2024, our phish-prone score reached 11.5%, significantly outperforming the industry average of 17.4%. To strengthen our security position, we conducted a security culture assessment with executive leadership and senior management in 2024, identifying opportunities for enhancement. This programme will expand to include all employees in 2025, reinforcing our commitment to global security awareness. Our approach balances technological solutions with human-focused initiatives, ensuring the protection of sensitive information remains at the core of our operations and business relationships.

“It is no longer a matter of if or when you'll be compromised. It's a matter of how quick you can recover.”



Alexandru Breban
Manager Information Security

LOOKING AHEAD: 2025

As part of our Sustainability Roadmap 2040, 2025 is a target year for TMD Friction. In 2022, we set specific improvement goals using 2021 as our baseline. These targets are ambitious but achievable. We have outlined our improvement activities and look forward to sharing our progress update in 2026. Here is an overview of key initiatives TMD Friction will be working on during 2025:

Decarbonisation

Exploring renewable energy sources

TMD Friction is actively exploring opportunities to increase our sourcing of renewable energy, whether through on-site generation or guaranteed renewable energy from our energy suppliers. Following the success of solar panels at our Valencia facility, we are exploring further solar opportunities at our Hartlepool and Caransebes facilities, which would help achieve further reductions in fossil fuel energy and meet our decarbonisation objectives. We will also investigate the benefits of committing to Science Based Targets (SBTi) to demonstrate our continued decarbonisation efforts.

Environmental stewardship

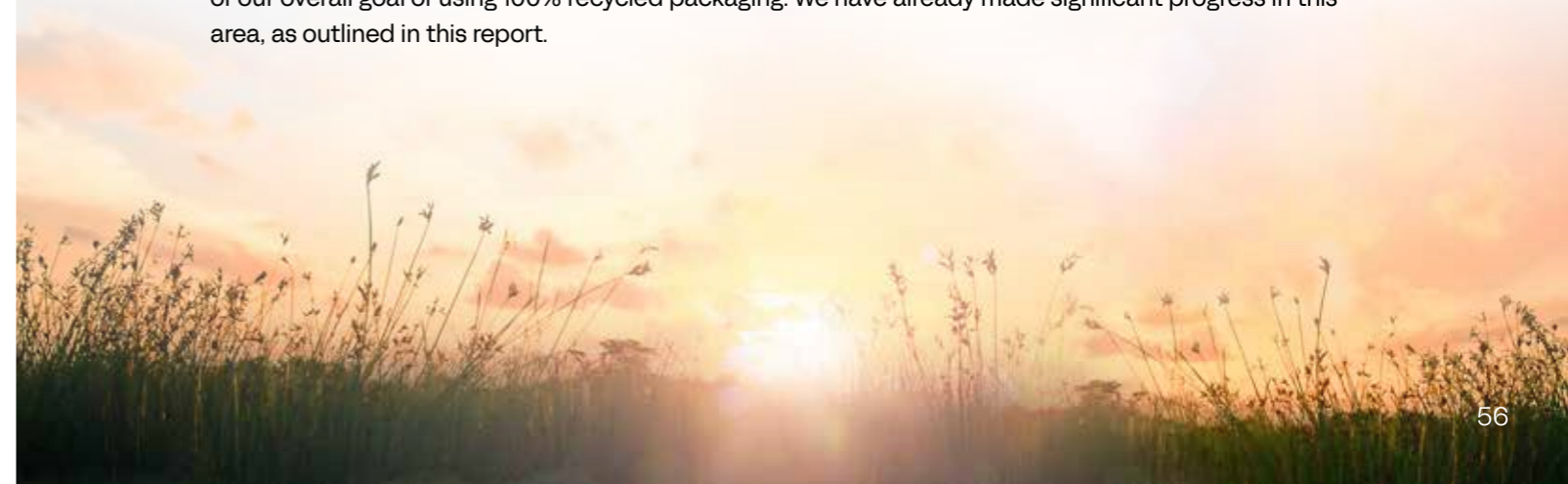
Eliminating critical substances

We recognise the benefits of eliminating critical earth-sourced materials from our products. This requires a complete rethink of our technical development, ensuring that all new products use materials that do not draw on the Earth's depleting resources. We will continue working with our customers to educate them about the benefits of removing Earth-critical substances from our products.

Circular economy

Increasing the use of recyclable packaging

We have set a substantial target to increase our use of recycled packaging. Given that our products are safety-critical, it is essential they arrive to customers in perfect condition, making packaging crucial for protection. Our goal is to maintain the same packaging standards but with 50% recycled content, as part of our overall goal of using 100% recycled packaging. We have already made significant progress in this area, as outlined in this report.



GLOSSARY OF TERMS

RTO	A Regenerative Thermal Oxidizer (RTO) is an air pollution control device that destroys volatile organic compounds (VOCs), hazardous air pollutants (HAPs) and odours by converting the solvent-laden emissions into CO ₂ and H ₂ O using heat before exhausting them to the atmosphere.
VOC	VOCs (Volatile Organic Compounds) are chemical substances that easily evaporate at room temperature. In brake pad manufacturing specifically, VOCs are found in adhesives that bond friction materials together and in various coating processes. These compounds contribute to air pollution and greenhouse gas emissions when released into the atmosphere, which is why automotive companies like TMD Friction are working to reduce or eliminate VOCs from their manufacturing processes to meet environmental regulations and sustainability goals.
Scope 1 & 2 emissions	Scope 1, 2, and 3 emissions are categories that help companies measure their total carbon footprint. Scope 1 covers direct emissions from sources the company owns or controls, like fuel burned in company vehicles or factory boilers. Scope 2 includes indirect emissions from purchased electricity, heating, or cooling that the company uses but doesn't generate itself. Scope 3 encompasses all other indirect emissions throughout the company's value chain, including suppliers, business travel, employee commuting, and how customers use and dispose of the company's products.
Power Purchase Agreement (PPA)	A Power Purchase Agreement (PPA) is a long-term contract between a renewable energy generator and a buyer that secures clean electricity at a fixed price over a set period, typically 10–25 years.
Kaizen	Kaizen is a Japanese philosophy of continuous improvement through small, incremental changes. It involves everyone in an organisation making consistent improvements to processes, efficiency and quality, with the belief that small changes result in significant long-term benefits.
Accreditations explained	<ul style="list-style-type: none"> • ISO 50001 is an international standard for energy management systems (EnMS). • ISO 45001 is an international standard for occupational health and safety (OH&S) management systems. • 16949:2016 is an international standard for quality management systems specifically for the automotive industry. • ISO:9001 is the world's most recognised quality management system (QMS) standard. • ISO 14001 is the international standard for Environmental Management Systems (EMS).



TMD friction

TMD Friction Group GmbH
Schlebuscher Str. 99
51381 Leverkusen / Germany

+49 2171 703 0
info@tmdfriction.com
tmdfriction.com

Delivering trust in motion.