

## ESG Policy

It is the policy of Scottish Leather Group Ltd that its affairs are managed in a manner which ensures that, wherever possible, the improvement in quality of emissions to water, land or air is a constant aim and that this is significant feature in process and investment decisions towards sustainable manufacture of leather.

Sustainable Development, either directly via our own activities or via our supply chain, is integral and fundamental to the business strategy of Scottish Leather Group Ltd.

It is the responsibility of the Head of Sustainability to identify relevant criteria, to comply and operate in accordance with the most up to date standards across the ESG agenda, and to satisfy the requirements to which we subscribe. This policy is reviewed annually.

We are committed to being the world leader in the sustainable manufacturing of leather, reducing both the direct and indirect impact of our activity; towards a zero-impact product and minimised corporate footprint.

It is Scottish Leather Group's Policy to:

- Comply with all relevant legislation, regulations and requirements pertaining to environment, commercial trading or matters regarding the proper and respectful employment and treatment of people in our direct employment and in our supply chain - (e.g. practices for welfare, ethical trading, anti-bribery and modern slavery, health, safety and the wellbeing of staff and the development of skilled and respected employees)
- Use customer focussed decision making, to inform and produce the lowest measured footprint leather to satisfy customer needs and objectives, and to go "beyond sustainability" by leading and influencing customers and suppliers through thought leadership and innovative product development.
- Innovate to create new and lower impact processes and products to underpin the cyclical, sustainable manufacturing of low embedded carbon products.
- Support the waste hierarchy (avoid, reduce, reuse, recycle) via internalisation of all residual waste.
- Maximise energy efficiency and to source economically competitive power from self-generation or certified low/ zero carbon sources
- Reduce the resources consumed in the manufacture of our products, through efficient manufacturing techniques, as measured using Life Cycle Analysis (LCA)
- To use our influence, within our supply chain and stakeholders, to create a sustainable platform for our products and to reduce risk to our customers.

It is the policy of Scottish Leather Group Ltd that the purchasing of all raw materials (energy, chemistry, hides, packaging) is managed in a manner which ensures that products are not sourced from areas of deforestation, (Forest risk Commodities) or regions of conflict (Conflict minerals). Raw hides will be responsibly sourced and preferably from local sources where the husbandry practices respect the requirements of the Five Freedoms principles and can be effectively traced to origin.

We source *sustainable* materials, where economically feasible to do so.

In accordance with our accreditation and commitment to the U.N. Global Compact, our operations and those of our immediate supply chain shall meet or exceed obligations stated in our Supplier Code of Conduct as audited accordingly and we restate that commitment annually in accordance with Policy.

Sustainable manufacturing is integral and fundamental to the business strategy of Scottish Leather Group Ltd.

Environmental and Sustainability metrics are scrutinised and reported consistently, both internally and externally on a frequent and regular basis.

It is our Policy to report environmental performance metrics in a transparent and factual manner, preferably using independently audited data, to maintain the highest standards of credibility.

To maintain compliance to regulatory reporting for Streamlined Energy and Carbon Reporting (SECR) and voluntary reporting, in accordance with the GHG Protocol, Scottish Leather Group Ltd. maintains a base-year emissions recalculation initiative, utilising the most up to date standard and current year carbon metrics. The base year emissions will be recalculated:

- If the calculation methodology changes
- If significant errors are found, amounting to more than 5% of the emissions for each scope
- If the structure of the company changes, such as the acquisition or disposal of a site
- If there are new categories added to the scopes
- If there are significant changes to published carbon metrics

All Carbon emissions will be recalculated if any of the above occurs and such changes will be documented and reported to senior management and any requisite external stakeholders. The base year will not be recalculated if new categories are added, where the requisite data was not available during the base year.



Steve Henning  
CEO

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