



Scottish Leather®
Group

Sustainability Report 2021



Sustainable
by Nature

“Innovation is essential to move ever closer to our ultimate goal of zero impact leather manufacturing.

This is exemplified by our use of Life Cycle Analysis to measure the true impact of our activities and to identify opportunities for impact reduction and verification of our supply chains.”



Dr Warren Bowden

Sustainability and Innovation Director
Scottish Leather Group

A stylized, handwritten signature in black ink, appearing to read 'W Bowden'.

Auditor Verification Statement from BSI Assurance UK Ltd

The sustainability activities reported by Scottish Leather Group have been independently verified by BSI over the course of an 8 day audit.

The scope of this audit has been:

- a. verification of environmental data (carbon, water, waste, energy and greenhouse gas) for our UK operations in line with the guidance set out in ISO14016:2020, to a reasonable level of assurance and a materiality level of 5%.
- b. verification of corporate social responsibility presence and claims via review of the Scottish Leather UNGC Gap Analysis Report – a robust, neutral and universally recognised framework.

Verification has been achieved through mechanisms that included (a) evaluation of the monitoring and control systems through interviewing employees, observation and inquiry and (b) verification of data through sampling recalculation, retracing, cross checking and reconciliation.

NOTE: BSI Assurance UK Ltd is independent to and has no financial interest in Scottish Leather Group. This verification opinion has been prepared for Scottish Leather Group only for the purposes of verifying its environmental and social data described in the scope above. It was not prepared for any other purpose. In making this Statement, BSI Assurance UK Ltd has assumed that all information provided to it by Scottish Leather Group is true, accurate and complete. BSI Assurance UK Ltd accepts no liability to any third party who places reliance on this Opinion Statement.

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**Welcome to Scottish
Leather Group's
Sustainability Report,
which details our
journey, activities and
commitments towards
a sustainable future.**

Introduction

We are very proud of the contribution we are making in leading our sector and creating a more sustainable future. This report demonstrates the work so far. Our long heritage and spiritual history has helped shape our values going forward.

We are particularly excited that we are closing in on two of our longer term 2025 'zero' targets.

We can report that all of our suppliers are signatories to our Code of Conduct, inspired by the requirements of the United Nations Sustainable Development Goals (SDGs) and our commitment to consolidate these standards in our supply chain.

We are pleased to reaffirm our commitment to the UN Global Compact. This year's report showcases our expanding effort to support all 17 of the UN SDGs.

We have continued on our sustainability journey in the past year despite Covid-19 lockdown restrictions and widespread business disruption. We are all reminded that sustainability is not only a virtuous steady state of operations but also a resilience and agility of business purpose.

At the heart of that purpose is a concern for the safety and wellbeing of our employees, contractors and the communities that surround our manufacturing sites; something on which we will never compromise.

Despite the recent challenges and alternative working arrangements, we have increased our local engagement and aided local charities, both financially and through the efforts of our staff. Our high standards of compliance have been retained throughout, despite these constraints.

We believe we will emerge from this crisis as a more resilient company and that these events have strengthened our core beliefs.

Our main customer sector has seen a dynamic shift in recent years with the advent of low, or even zero, emission vehicles becoming reality. Our novel and unique low carbon offering, as detailed in this report and measured using Life Cycle Analysis, directly supports its transition to electric platforms. There is no doubt that all sectors are seeing a shift towards a sustainable future, captured under a variety of initiatives, all with the same aim.



Robbie Brown

Chairman
Scottish Leather Group



Iain McFadyen

CEO
Scottish Leather Group

2021 is an auspicious year for those of us at the forefront of sustainable business in Scotland with Glasgow hosting the United Nations Climate Change Conference (COP26). The Group is playing its part in welcoming the global sustainability community to this landmark event in Glasgow in November 2021.

Scottish Leather Group is actively supporting the roadmap to COP26 ambitions in collaboration with Circular Glasgow, in partnership with Glasgow Chamber and as an ambassador for Circular Glasgow. We are delighted to be supporting others such as CBI on their own roadmap to COP26. We do this as an exemplar whilst also invited to mentor other local businesses. We are actively engaged with other Scottish business networks, including the Scottish Net Zero Community.

We were delighted to receive the VIBES award recognising our industry leading sustainability performance and our efforts in supporting the local recovery from Covid-19. These included manufacturing PPE for local schools and frontline medical staff, providing food distribution logistics and resources to several local charities, wellbeing initiatives and implementing our own Covid-safe protocols allowing adaptable working.

Data used throughout this report is generated or verified by third parties, and we are pleased to report improved metrics, full ongoing compliance and a reduced Life Cycle Impact of our product. We also include for the first time an innovation agenda which seeks to provide opportunities in a changing world, novel leathers and new materials to support our customers' sustainability journey and innovative opportunities for utilisation of our collagen raw material.

We anticipate a future where our traditions and values are maintained, with innovation and sustainability as pillars at the heart of our brand's future.

It is our pride and our responsibility to produce this most beautiful, long lasting and versatile leather in ways that do not use irreplaceable resources and do not damage the environment, either within our supply chain, or following its primary purpose.

We invite you to learn more about our progress, achievements and aspirations and to continue following our journey and events to COP26 and beyond.

The United Nations Global Compact



The UN Global Compact is a global network initiative that provides a framework for organisations to embed and promote sustainability practices and principles in business.

The annual communication is recognised by global initiatives focusing on principles on human rights, labour, environment and anti-corruption, as supported by the UN SDGs.

At the beginning of 2020 Scottish Leather Group committed as a signatory to the Compact and in early 2021 submitted our inaugural Communication on Progress.

We are also a signatory to the Race to Zero Campaign and the Science Based Targets Initiative to reduce emissions in line with limiting global temperature rise to 1.5°C.

The continuing expansion and improvement of our sustainability journey, in line with all of the UN SDGs, reflects the passion we have for our products and the responsibility we hold as sustainable manufacturers.



SUSTAINABLE DEVELOPMENT GOALS

01

**No
poverty**

02

**Zero
hunger**

03

**Good health
and wellbeing**

04

**Quality
education**

05

**Gender
equality**

06

**Clean water
and sanitation**

07

**Affordable
and clean
energy**

08

**Decent work
and economic
growth**

09

**Industry,
innovation and
infrastructure**

10

**Reduced
inequalities**

11

**Sustainable
cities and
communities**

12

**Responsible
consumption
and production**

13

**Climate
action**

14

**Life below
water**

15

**Life on
land**

16

**Peace, justice
and strong
institutions**

17

**Partnerships
for the goals**

Leather is naturally sustainable. So is our business.

2021

All of our suppliers are now signatories to our Code of Conduct. We will be accredited to, and exceed the requirements of, the Healthy Working Lives standards for employee wellbeing. We have already achieved 'Gold' standard.

2022

We will be accredited to the UN Global Compact. In early 2021 we restated this commitment in our communication on progress and have completed our self-assessment confirming compliance. This has been independently verified.

2023

We will have verified the integrity of our supply chain via an auditing protocol to meet internationally accepted standards. We are actively engaged with our supply chain – suppliers and contractors alike – and seeking assurance regarding the provenance of materials, supply chain footprint, behaviours and practices.

Sustainability is in our DNA and we continue to strive for improvement. We have made **seven major commitments** to increased sustainability, securing our future as industry leaders.

2025

Through circular manufacturing, we will have zero process waste to landfill. Progress has seen our metrics improve from 64% in prior years to 81% in 2020.

We will reduce our direct impacts to become carbon neutral as reported under SECR. Our GHG scope one and two emissions have already reduced by 90% from baseline to 1.1kg CO₂e per hide. Additionally, with the advent of renewable or zero impact heat sources we have the potential to display a carbon positive footprint. This would be pioneering.

Beyond 2025: Science Based Targets

The Science Based Targets initiative (SBTi) is a collaboration between Carbon Disclosure Project, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature. Over 800 companies have committed to science-based emissions reduction targets.

Iain McFadyen, CEO of SLG, comments: *“The science is clear: in order to limit the catastrophic impacts of climate change, global warming must not exceed 1.5°C. The ambition is high but achievable – and provides a roadmap for getting there by 2045. Corporations worldwide have an unprecedented opportunity to be at the very forefront of the transition to a net-zero economy – and there is no time to lose.”*

Scottish Leather Group will set verifiable science-based targets during 2021 through the SBTi, which independently assesses corporate emissions reduction targets in line with what climate scientists say is needed to meet the goals of the Paris Agreement by no later than 2045, for our direct emissions and scope one and two impacts of our supply chain.



Our customers value sustainability.

The Group's sustainability focus is key to our customer relationships, ever more so as brands make their own commitments to positive actions and manifestos.

Muirhead has become a strategic partner to British luxury brand Mulberry.

To mark 50 years of Mulberry, the brand has launched the Made to Last Manifesto, laying out their bold commitments to the future as they embark on a transformation to a regenerative and circular business model, from field to wardrobe, to be complete by 2035.

As part of this, they've joined forces with advocates for change to answer a series of bold and challenging questions set out in the manifesto, and Dr Warren Bowden, Scottish Leather Group's Sustainability and Innovation Director, was excited to be a part of this launch.

Mulberry's manifesto focuses on six key actions for change and the unique energy reclaim system of Scottish Leather Group complements Mulberry's circularity principles.

If the day comes that a Mulberry bag really has reached the end of the line, the brand will still buy it back. Using Scottish Leather Group's unique Thermal Energy Plant, solid leather waste is converted into steam that powers the production of leather, ensuring that the line never ends, rather it just becomes a circle.

Nicholas Muirhead, Managing Director at Scottish Leather Group, adds: "We are proud to call ourselves strategic partners to Mulberry, offering our Thermal Energy Plant technology to support this incredible British brand in bringing their sustainable, responsible vision to life."



Bridge of Weir®

Fine Automotive Leather

Muirhead®



Fine Scottish Leather

“To help us achieve our ambitious commitment to transform the business to a regenerative and circular business model, encompassing the entire supply chain from field to wardrobe, we are delighted to be working with business partners, like Muirhead, who can support our responsible business goals and help us fulfil our Made to Last Manifesto.”

Rob Billington

Supply Chain Director
Mulberry



Above: Mulberry's Made to Last marketing campaign.

(Images supplied by Mulberry)

Left: Dr Warren Bowden features in Mulberry's Made to Last campaign.



Consumer products from Philips featuring Muirhead leather.
(Images supplied by Philips TV and Sound TPV)



“Our European Design partner Muirhead produce the world's lowest carbon leather and are committed to being sustainable leather producers. Meaningful and responsible innovation is at the heart of everything we and they do.

“Sustainable partnerships have become the guiding principle in our product development at TP Vision. The progressive sustainability and cutting-edge innovation program of Muirhead contributes to our ambition to become a fully responsible business.”

Rod White

Global Chief Design Officer
Philips TV and Sound TPV

UN Sustainable Development Goal 1: No poverty
UN Sustainable Development Goal 3: Good health and wellbeing



We make a positive and lasting impact on local communities.



The Group's charitable and community engagement aims to make a lasting impact in the communities local to our manufacturing sites. This has been particularly important in the past year of Covid-19.

A new CSR team, which I am privileged to lead, was formed this year. The focus remains on supporting the communities where our business operations are located.

It was, and is, particularly important during this Covid-19 pandemic to get help quickly to those who need it most. Our main area of focus was the very young and the elderly.

As well as our ongoing support of CHAS and St Vincent's Hospice, we continued to support local branches of Children 1st and Families First Johnstone, as well as Renfrewshire Woman's Aid and Home-Start Renfrewshire.

We respond to the agencies, who advise on point of need. We learned in the first wave that our support through food packs, essentials and activity packs to help with home schooling were greatly appreciated. Latterly there has been more of a focus on mental health.

Having asked our employees for suggestions, we have been delighted to add Darkwood Crew, who are doing amazing work in Ferguslie, to our regular recipients. Similarly, following colleagues' requests we have funded youth workers for both The Star Project Paisley and Youth Interventions Linwood.

As always, our marvellous colleagues responded to our collective Christmas fundraiser, raising hundreds of pounds in vouchers for children and donating more than 200 gifts within Glasgow and Renfrewshire.

In the early days of the pandemic when there was a shortage of PPE, we were

particularly pleased to be able to manufacture hundreds of visors for local health workers.

Despite being a difficult year, it is clear that in addition to our direct company support, a number of our employees have been involved in raising funds, or giving their time and skills, to benefit a wide range of causes in the communities around our sites. This giving, in its many forms, is testament to the corporate culture we aim to nurture. These efforts were recognised by the many local charities and organisations we served and once again we were delighted to be nominated for, and recipients of, the VIBES award, formally recognizing those efforts.



Karen Marshall

COO
Scottish Leather Group

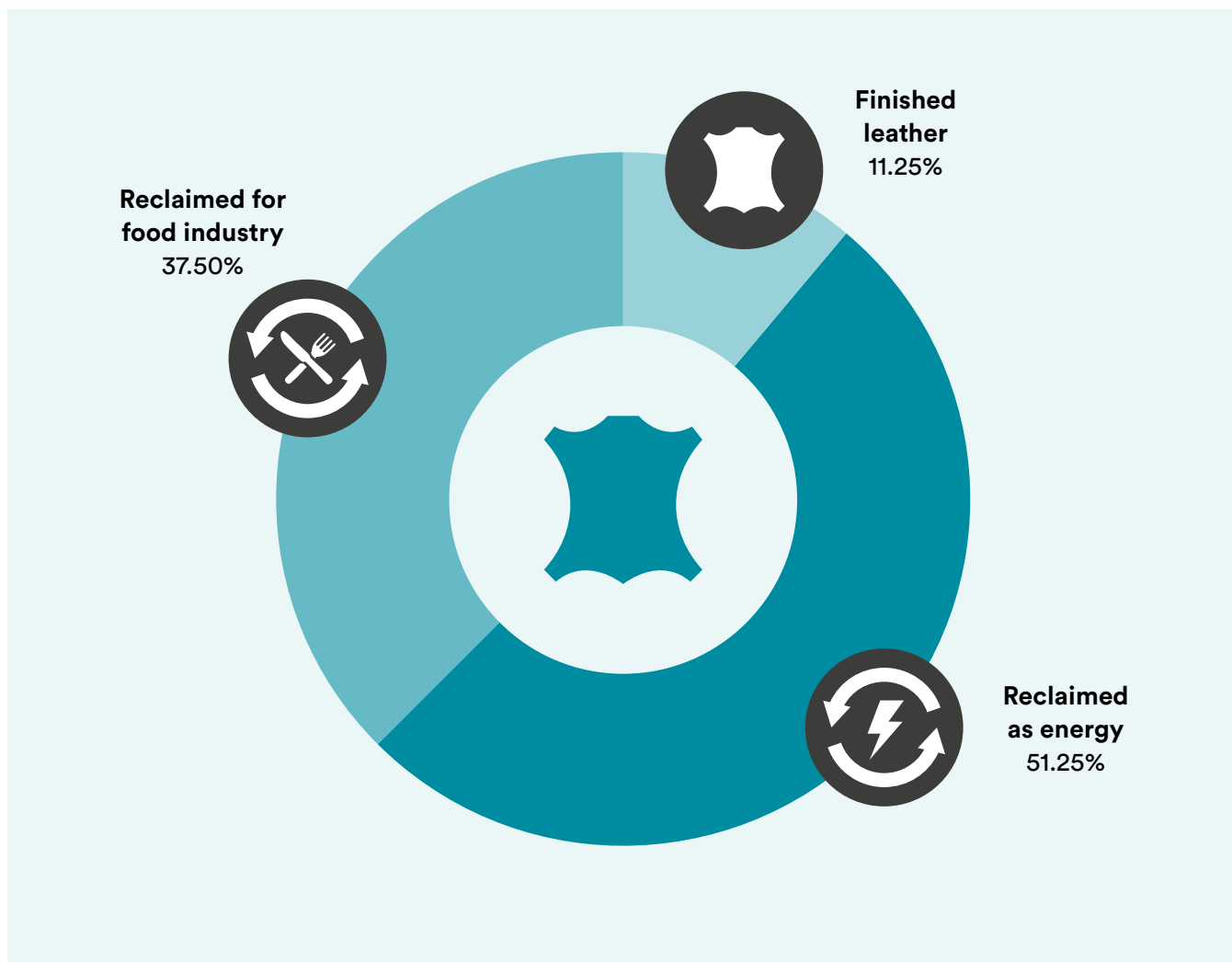
Karen Marshall



UN Sustainable Development Goal 2:
Zero hunger



We source from, and contribute back to, the food chain.



“The co-products which we produce include collagen for both food and technical use.”

All our raw hides are a by-product of the local beef and dairy industries, from which we have 100% traceability.

From a Life Cycle Analysis (LCA) perspective, the hides represent 1% of the economic value of the livestock.

They are sourced directly from abattoirs that are subject to daily inspections by Government veterinarians and licensed under UK and EU regulations. This procurement policy ensures that our hides come from healthy cattle herds, certified at the highest level for animal welfare by the UN Food and Agriculture Organisation.

This is directly relevant to SDG2, and in support of the ambition to create a sustainable food supply chain. Many of our co-products are returned as raw material into the food chain, as collagen – used widely in confectionery and other meat-based products.

Additionally, many of our local charitable efforts include provision of local food distribution and support of local food banks, required by those locally in times of hardship.

UN Sustainable Development Goal 4:
Quality education



We are nurturing future generations of leather experts.



Above: Harry Mills



Left: Calum Deacon



Above: Thomas Hodgson

Left: Sean Patrick



Mark Cowan

Head of HR
Scottish Leather Group

In 2021 we will enter our ninth year of the SLG Academy. We have already developed 70+ apprentices across Manufacturing and Production and Maintenance Engineering.

We created the leather industry's first recognised vocational qualifications, certified by the Scottish Qualifications Authority (SQA), building skills that benefit the whole manufacturing sector.

In 2021 we are widening our SLG Academy enhancing our offering to include career disciplines such as Laboratory, Production Support and Operational Excellence and extending our STEM commitments.

As well as promoting personal and professional development through our Performance Development Review process,

in 2020 we launched our leadership and management development programme. This has equipped over 100 of our Managers, Supervisors and Team Leaders with the required skills to ensure they are successful in their roles, improving their overall confidence and helping them reach their full potential.

Some of our apprentices have gone on to more advanced positions, having graduated or currently attending University to gain degrees in Leather Technology and Engineering and Design and Manufacturing.

We are supporting Science, Technology, Engineering and Mathematics (STEM) education and have a dedicated team who educate students of all genders and from all socio-economic backgrounds in local schools about the leather making process and how STEM subjects are vital across our industry.

Science, technology, engineering and mathematics form the backbone of leather manufacture, and by working with local schools and engaging with community fairs, we hope to not only recruit the next generation of leather technologists, but also bridge the gender gap in STEM industries.

We look forward with enthusiasm to a new STEM program being developed for 2021/22 with Bridge of Weir Primary School and working with the students to create the leather interiors for their electric vehicle project.

UN Sustainable Development Goal 5: Gender equality
UN Sustainable Development Goal 10: Reduced inequalities



Our people form the foundation of everything we do.

The gender pay gap is the difference in pay of men or women across the whole company. The calculation takes into account all jobs at all levels and salaries.

The 2020 data is heavily distorted by the exclusion of employees who were on furlough on the snapshot date of 5th April 2020 and is not a true representation.

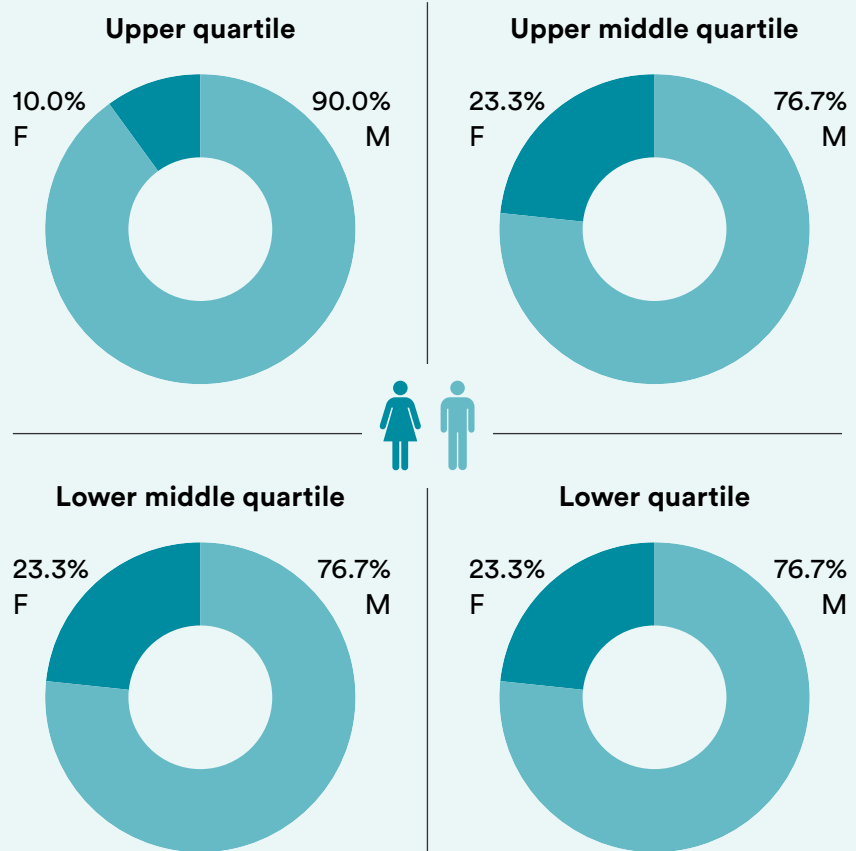
1:4 ratio of female to male employment.

0% pay difference between men and women in the same roles.

13.7% median difference in hourly pay across the business.

22.7% mean difference in hourly pay across the business.

Proportion of males and females in each pay quartile



“We work with schools, colleges and other organisations to raise awareness of career opportunities in the manufacturing sector.”

Our people are at the heart of our business. Through their unique skill sets, knowledge and commitment, they form the foundation for what we do and the way that we do it.

Having the right people in place and ensuring that they are provided with the platform to develop is crucial to our success and creating an environment which supports all of our employees to fulfil their full potential will help us achieve our ambitions of becoming the most successful and respected leather manufacturing company in the world.

The manufacturing sector continues to face structural and cultural challenges. We will, however, continue to increase our efforts in attracting a diverse workforce to Scottish Leather Group at all levels – working with schools, colleges and organisations who work with young people in Scotland to raise awareness of career opportunities within the manufacturing sector.

We have engaged with Entrepreneurial Scotland and their intern programme, Saltire Scholars. We are pleased that two of our five interns in the summer of 2021 will be female, working in manufacturing support roles, with the aim of creating a pipeline of talent for our future manufacturing aspirations.

We also have in place a robust talent review and succession planning process and, where possible, will encourage female team members to consider furthering their careers in senior positions throughout the business.

Our commitment

We will encourage more women into the company.

UN Sustainable Development Goal 6: Clean water and sanitation
UN Sustainable Development Goal 14: Life below water



We source natural, clean, local water from our own loch.*



“Our world class tannery uses 50% less water per hide** than the industry standard.”

We primarily source water from our own loch – a natural, local source of clean Scottish water. We filter and recycle up to 40% to save water and recover renewable heat.

The remainder is treated by a downstream plant and returns to the original watershed, reducing the measurable impact within our Life Cycle Analysis (LCA).

Our factories are provided with mains drinking water to supplement the provision of water fountains for safe drinking supplies. Sanitary facilities throughout exceed workplace requirements.

We source the majority of our water from natural sources, including our own managed loch.

Our ultrafiltration plant enables us to recycle up to 40% of our treated water back into use within production. This past year saw recycled water accounting for 27% of total water used. This recycling process significantly decreases our intake from the loch, minimising impact on the local watershed.

A further benefit of water recycling is heat recovery, accounting for up to half of our water heating demand.

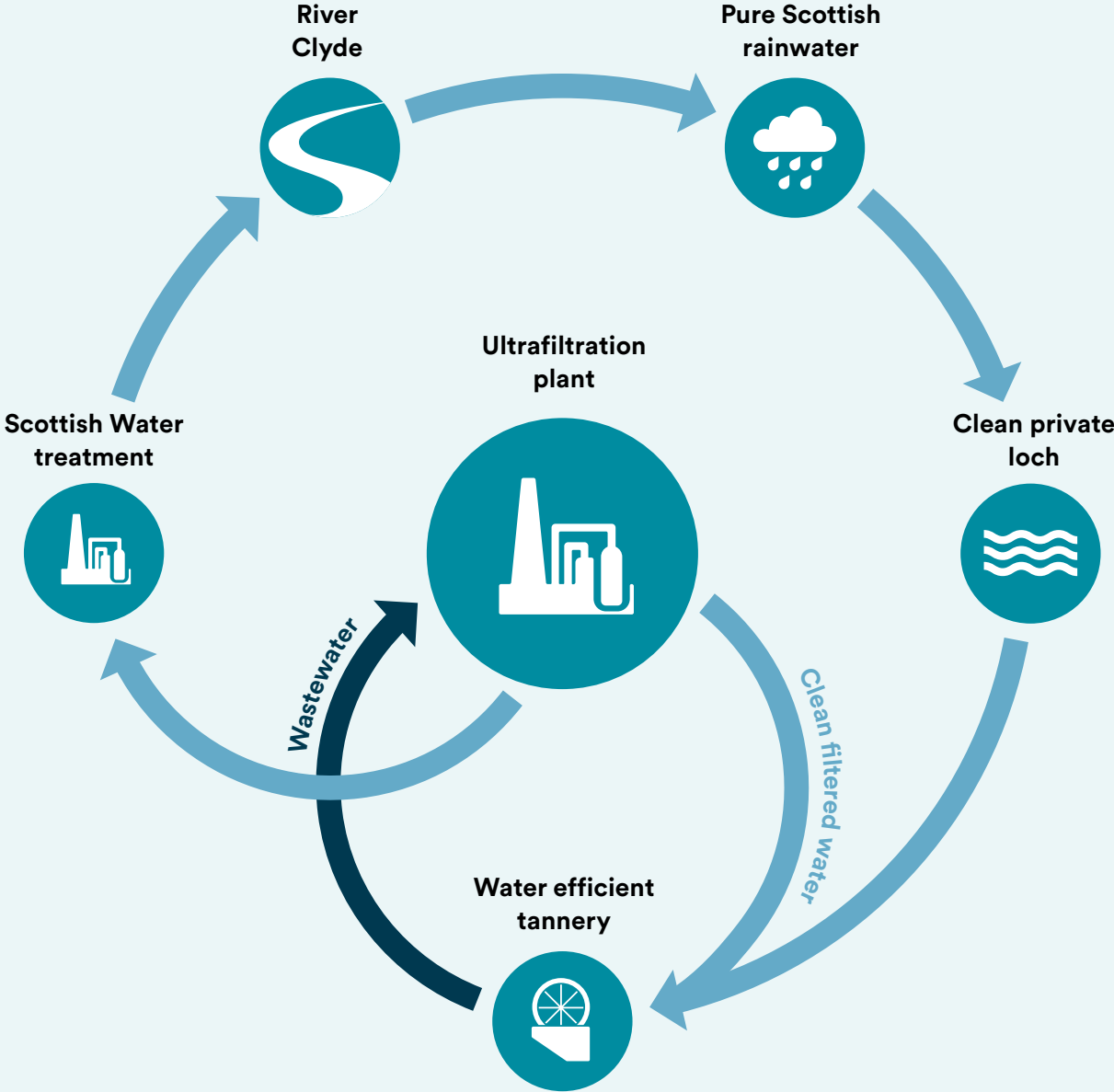
The upcoming expansion of our Water Treatment and Recycling Plant will allow us to recycle even more wastewater back into production.

As an indirect discharger, the treated wastewater from our manufacturing process that is not re-used by us is further treated by Scottish Water before rejoining the ecosystem of the River Clyde Estuary as clean water.

We complete this circular process by managing and maintaining the welfare of our loch, our own water supply. Annually we conduct analysis of the true impact of our operations on the aquatic environment.

Water re-use is part of our circular manufacturing process.

“Our ultrafiltration plant enables us to recycle up to 40% of our treated water back into use within production.”



UN Sustainable Development Goal 7: Affordable and clean energy
UN Sustainable Development Goal 13: Climate action



We make the world's lowest carbon intensity leather at 1.1kg of CO₂ per hide.



“Our customers select us as a supplier because we ‘lead the way in responsible production of leather’ – a choice that reflects positively on their own brands. Our forthcoming SBTi targets will set new standards for the leather sector supply chain for the next 20 years.”

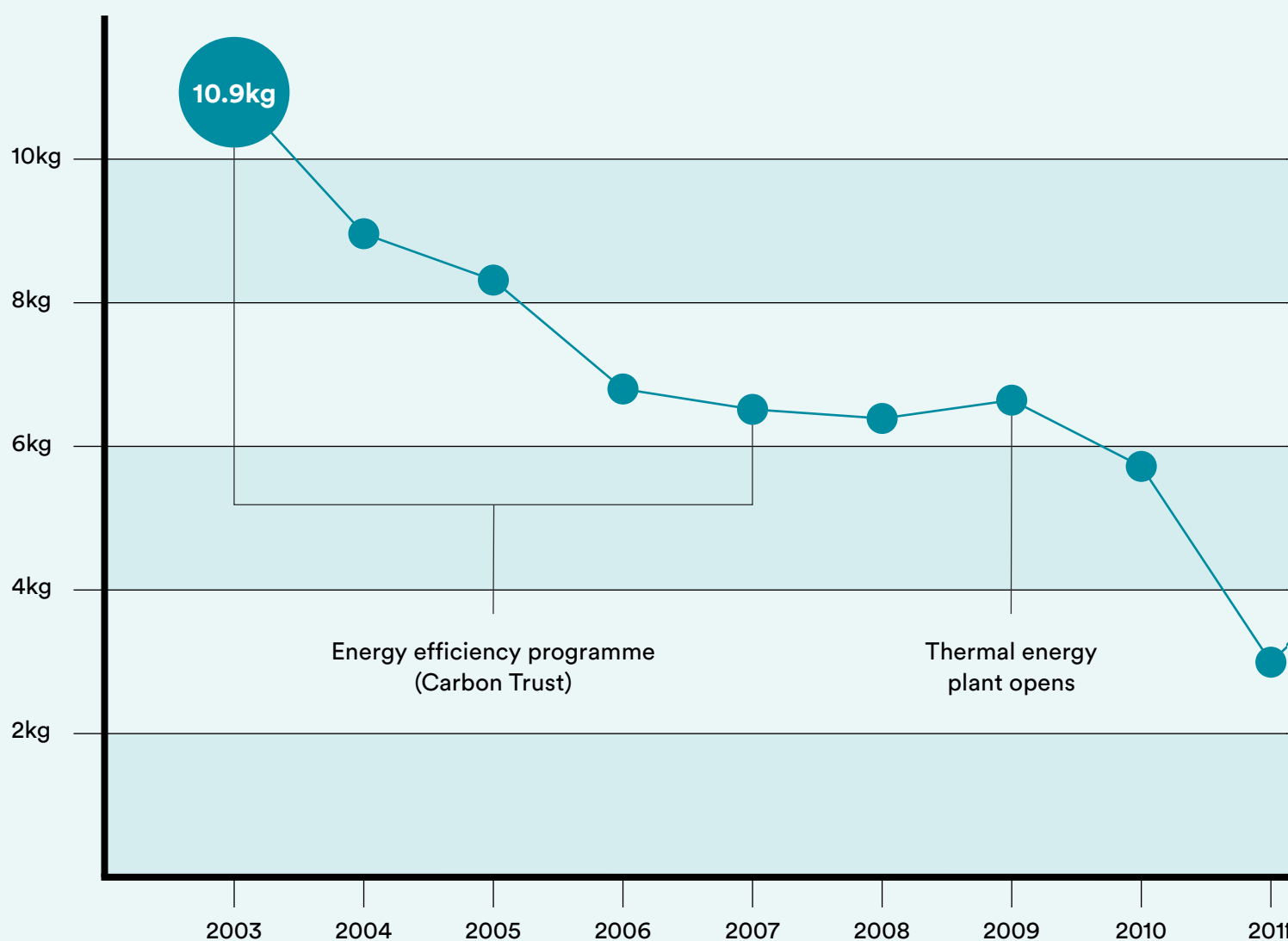
The Group ensures that all materials used throughout our leather production are responsibly sourced and that our production carbon intensity is constantly improving, such as through the use of certified 100% renewable electricity.

We are committed to setting long term Science Based Targets and utilise GHG 100 metrics and published carbon intensity factors in presenting our data.

We anticipate a ‘zero carbon intensity’ leather on Net GHG scope one and two by 2025, as well as achieving our corporate goal of a carbon neutral footprint measured according to SECR.

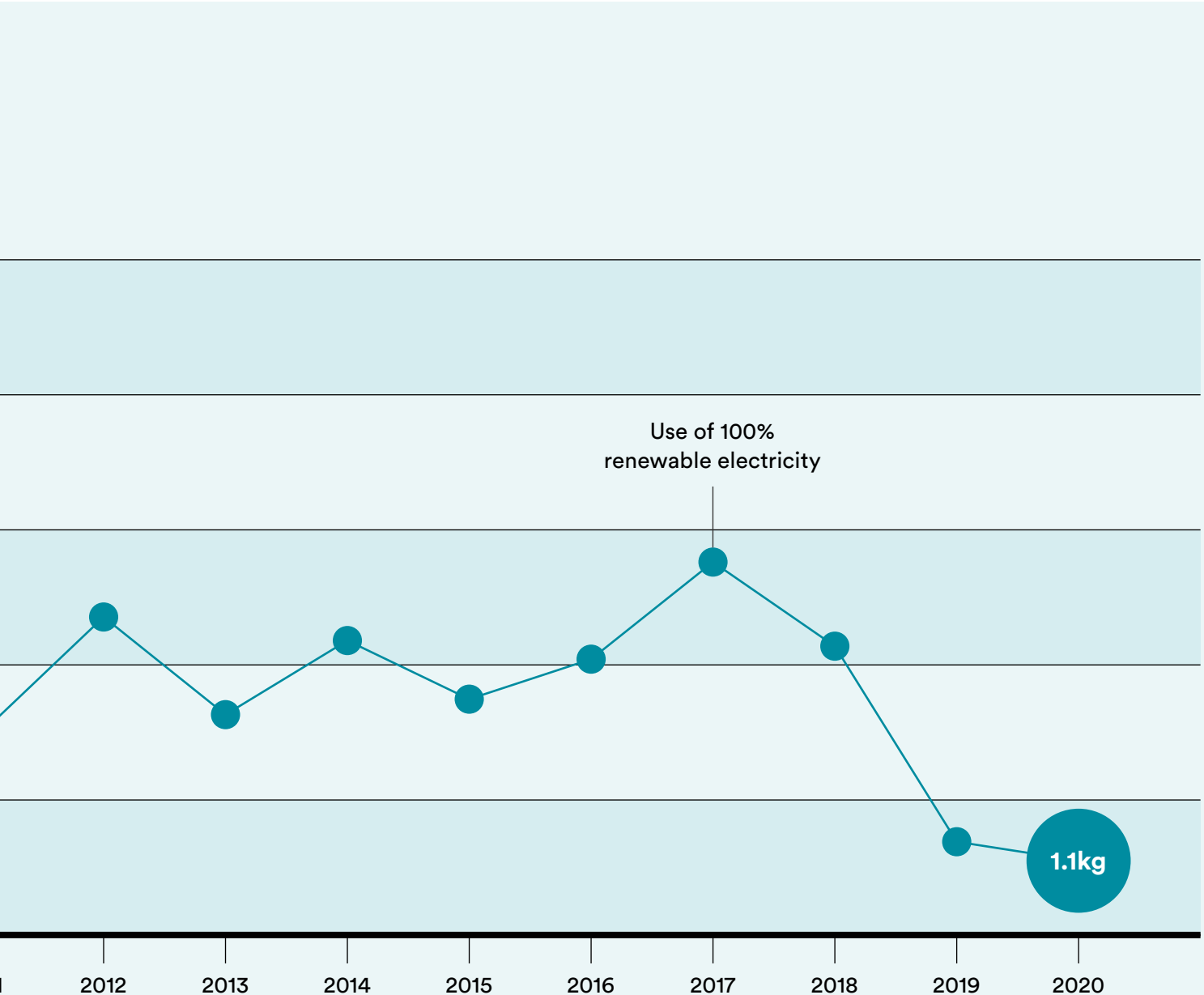
Additionally, in 2021, the Group will be setting our Science Based targets, applicable to ourselves and our supply chain. This, in conjunction with our targeted reduction of impact on a corporate and product specific basis, is driving change to support the business ambition to 1.5°C and Race to Zero campaign.

Lowering carbon intensity





We have dramatically reduced the average carbon intensity (measured as CO₂ equivalent) per hide of our leather by switching to 100% renewable electricity and converting our own process waste into energy.



UN Sustainable Development Goal 8:
Decent work and economic growth



We take pride in employee wellbeing and wise investments.



“Industry 4.0 has provided insight into possibilities for the tannery of the future.”

We are committed to strict ethical standards, fairness, transparency, and equality practices across the Group and within our supply chain. This begins with gender equality, with equal pay for equivalent roles, and extends across all our behaviours – and is enshrined in our commitments under the UNGC.

The health, safety and wellbeing of our employees is paramount. We continue to promote the workplace based Healthy Working Lives initiative, encompassing employee workplace recognition, equal pay and equal rights.

Scottish Leather Group maintains policies and practices to prevent modern slavery

and promote a safe working environment. These values are also passed down to our supply chains through adherence to our Code of Conduct.

We take great pride in being an employer who promotes employee wellbeing. We are committed to exceeding ‘Gold’ standards of the Healthy Working Lives Programme, an NHS Scotland initiative to help promote positive mental health, health improvement and health and safety.

This year we are investing further in new facilities, with enhanced welfare and working conditions with significant investments in new plant, buildings and automation to mitigate risk.

The Health and Wellbeing committee has been supplemented with a new CSR committee. Internal communications have also

increased, with the launch of our internal newsletter, sharing staff successes and activities.

Industry 4.0 has provided insight into possibilities for the tannery of the future with a more efficient and automated process based on the integration of cloud-based systems, enabling higher levels of productivity.

As part of our Operational Excellence programme, the Group is investing in new accounting and automation systems to provide greater integration and automation of processes, to improve production scheduling and right first-time operations. This will be augmented in the coming years with increased traceability of hides using visual tracking systems – each hide of leather will be individually marked with a unique reference, enabling the leather to be traced to the point of origin using blockchain.

UN Sustainable Development Goal 9:
Industry, innovation and infrastructure



Our innovations are quickly being commercialised.



“Leather is one of the oldest manufactured products, and the original upcycled material. Nevertheless, innovation is at the heart of our progress at Scottish Leather Group.”

Sustainability and innovation go hand-in-hand. Continuous innovation is how we will reach our goal of net zero carbon by 2025, and our customers demand the same innovation in our products and services.

The Group has committed to a formal innovation agenda, putting in place a system that encourages and nurtures new ideas – a platform to take our business forward.

We work proactively in ‘innovation hubs’ that bring together our own teams with external specialists. These hubs include our manufacturing partners, our customers, research groups and universities.

New ideas are evaluated through collaborative discussion, focus groups and sales team feedback and reviewed for commercial viability and regulatory compliance.

Our iterative approach to research and development ensures that new process or product ideas are robust and fully formed before reaching a commercial evaluation and then, if appropriate, marketing input. Commercialising innovative ideas is the end goal, and during the past year the Group has enjoyed notable successes.

Muirhead Active Hygiene Leather addresses the challenges of post-pandemic passenger travel head-on. Our sustainable natural leather with added antiviral properties, using ViralOff® technology.

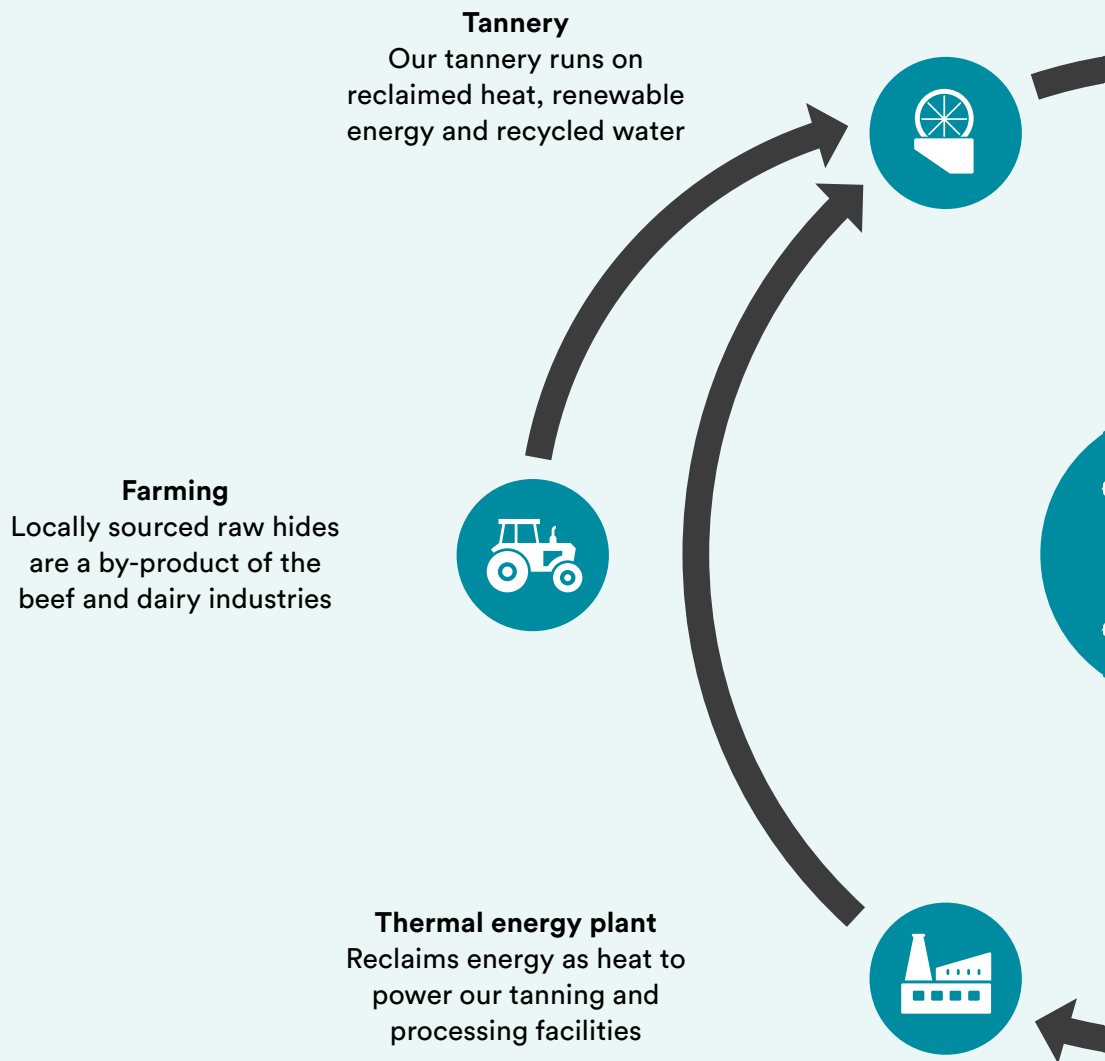
Our Life Cycle Analysis (LCA) audits our environmental impact holistically. The hotspot evaluation tool at the heart of the LCA has helped us identify opportunities to continuously reduce our impact.

Our take back scheme for end-of-life leather circularises the entire supply chain and helps our customers achieve their own sustainability goals beside ours.

The year ahead will see us focus on introducing more biobased content into our leather making processes, reducing our reliance on potentially harmful chemicals. Commercially this will lead to us presenting customers with next generation leathers.

Our co-products agenda will also evolve rapidly, finding novel applications for proteins in entirely new fields and helping new partners who, like us, are seeking to reach net zero.

Our innovative take back scheme.



“By recovering ‘end of life’ leather we circularise the whole leather supply chain.”



UN Sustainable Development Goal 11: Sustainable cities and communities
UN Sustainable Development Goal 17: Partnerships for the goals



We are a Circular Glasgow ambassador.



“We are directly supporting the COP26 event in our home city of Glasgow in November 2021.”

We are a Circular Glasgow ambassador, promoting Scotland’s place at the forefront of the circular economy. With COP26 on the horizon, we are actively playing our part promoting the good practices we employ, as an exemplar to our sector and others.

Our circularity is based on our patented thermal process and provides Scottish Leather Group with its own renewable heating system, enhanced by recovery and reuse of water, significantly lowering our product and corporate carbon footprint.

We are delighted to be engaged in the Circular Glasgow initiative, and supporting Confederation of British Industry (CBI), Government departments (BEIS) and others on their respective roadmaps to COP26; allowing us to share experiences, act as an exemplar, assist in mentoring others on their journey to circularity, and to promote the efforts of our local civic and business community on our collective approach.

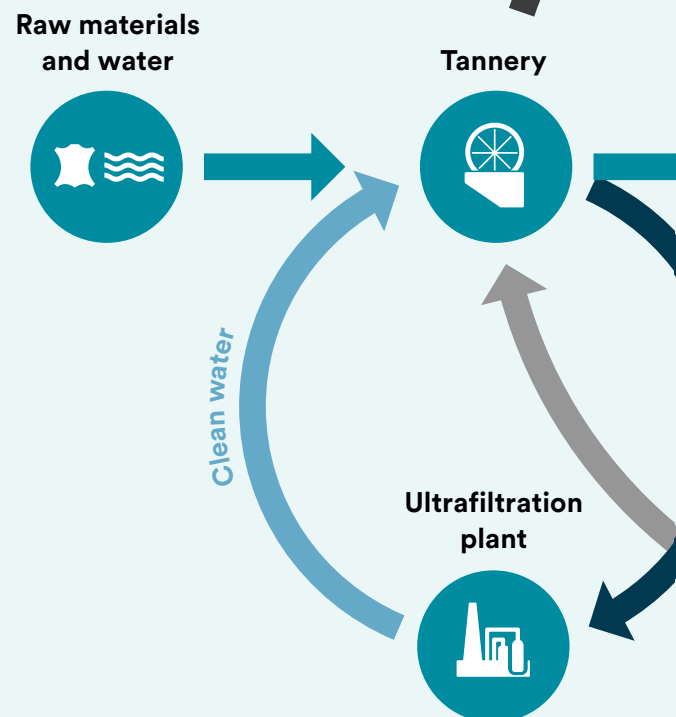
This is to directly support the COP26 event in our home city of Glasgow in November 2021.

We are also a member of the Scottish Net Zero Community and actively support and encourage a net zero future amongst a variety of sectors to help support Scotland’s ambition to net zero by 2045.

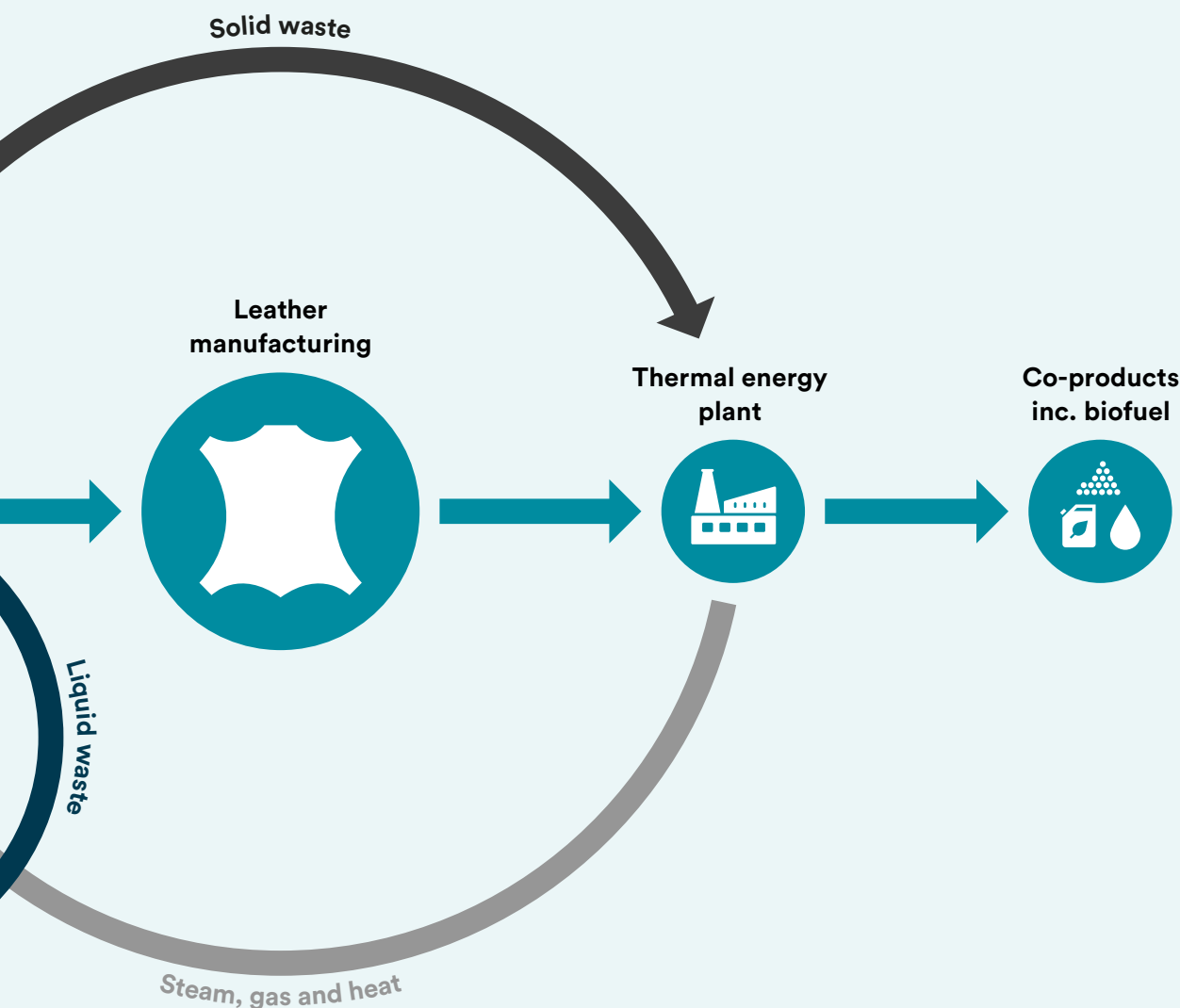
Circular manufacturing.

We use our own process waste as fuel in a patented circular manufacturing process.

Our thermal energy plant reclaims energy as both steam or a biofuel co product from our waste streams and uses some of this heat to directly power our tannery. This minimises waste to landfill and radically reduces our carbon footprint.



“Our patented circular manufacturing process minimises waste to landfill and radically reduces our carbon footprint.”



UN Sustainable Development Goal 12:
Responsible consumption and production



Our journey to zero is leading the leather industry.



“We are committed to the sustainable manufacturing of leather and reducing the footprint of our own operations.”

Sustainability is valued more highly than ever by consumers and customers across all industries – and rightly so. We are proud that our journey to zero, backed by rigorous analysis, leads the leather industry.

Life Cycle Analysis (LCA) is a methodology for measuring the true long-term impact of a service or product. LCA examines all the steps in a product's life from the extraction of raw materials, through all working processes, to distribution, maintenance and what happens to it at end-of-life.

LCA's 'cradle to grave' analysis is a powerful tool for measuring how responsible our consumption and production is, enabling a true and fair comparison against the impact of other products and materials.

We ask independent specialist consultants to measure the true impact of our activities, verify the impact of our supply chains, and identify opportunities for impact reduction.

Our Life Cycle Analysis backs up our claim and verifies that we make the world's lowest carbon intensity leather. Today's customers demand transparency and independently verified sustainability data, which our LCA provides. All of the data used in our LCA study is third party accredited and verified to ISO14016 – energy use, waste carbon intensity, carbon footprint, chemical use, water use, and more.

The Group is committed to the sustainable manufacturing of leather and reducing the carbon footprint of our operations. Life Cycle Analysis is a living tool, not just a snapshot and we are driven to continuously improve.

Regularly measuring the impact of every part of our supply chains and processes enables us to identify 'hotspots' and opportunities for improvement.

This LCA-driven 'responsible innovation' process encourages us to increase our use of renewable energy, find new ways to increase the value and reusability of our co-products, and review our intake of chemicals – we are looking more and more to replace conventional chemistry with biobased materials of assured provenance.

The Life Cycle Analysis for our leather is based on primary data, independently created by specialist consultants according to ISO14040 and ISO14044 using Sector Guidance - EDP, PEFCR, and PCR standards, calculated using proprietary SIMAPRO software and in reference to the EcolInvent 3.6 database.

UN Sustainable Development Goal 15:
Life on land



We procure over 98% of our raw hides from the UK and Ireland.



We source our raw hides locally from responsible suppliers, without risk of deforestation, transparently and with full traceability.

We are privileged to be able to source and trace our raw hides within the UK and Ireland as regulated within the Cattle Tracing Scheme. This ensures we can provide our customers with guaranteed provenance and ethical practices which are independently rated by the Animal Protection Index as being of the highest global standard.

We procure over 98% of our raw hides from UK and Irish sources. These include 79.9% of all Scottish grass-fed livestock – which enjoy the assurance of the UK Cattle Tracing Scheme (CTS) managed by the British Cattle Movement Service and considered to be ‘net zero’.

All cattle in the UK and EU are individually identified and have their movements traced throughout their lives. This is important for two reasons: It supports control and eradication of bovine diseases and it protects consumers by ensuring that both hides and food products going into the human food chain are fully traceable and safe.

In addition to the benefit of transparency provided by the CTS, and in support of SDG12, we are actively working with our supply chain to apply blockchain technologies to reinforce the security and transparency of the whole supply chain, from farm to customer.

We are actively engaged with meat sector bodies implementing model farming practices and increasing the value of the natural grass-fed landscape. This UK grass-based farming network provides for a net zero source of raw material. The UK Committee on Climate Change have suggested UK agriculture will, as a whole, be net zero by 2030.

The UK has also, through its Agriculture Bill, recently introduced initiatives towards reforestation.



Gareth Scott

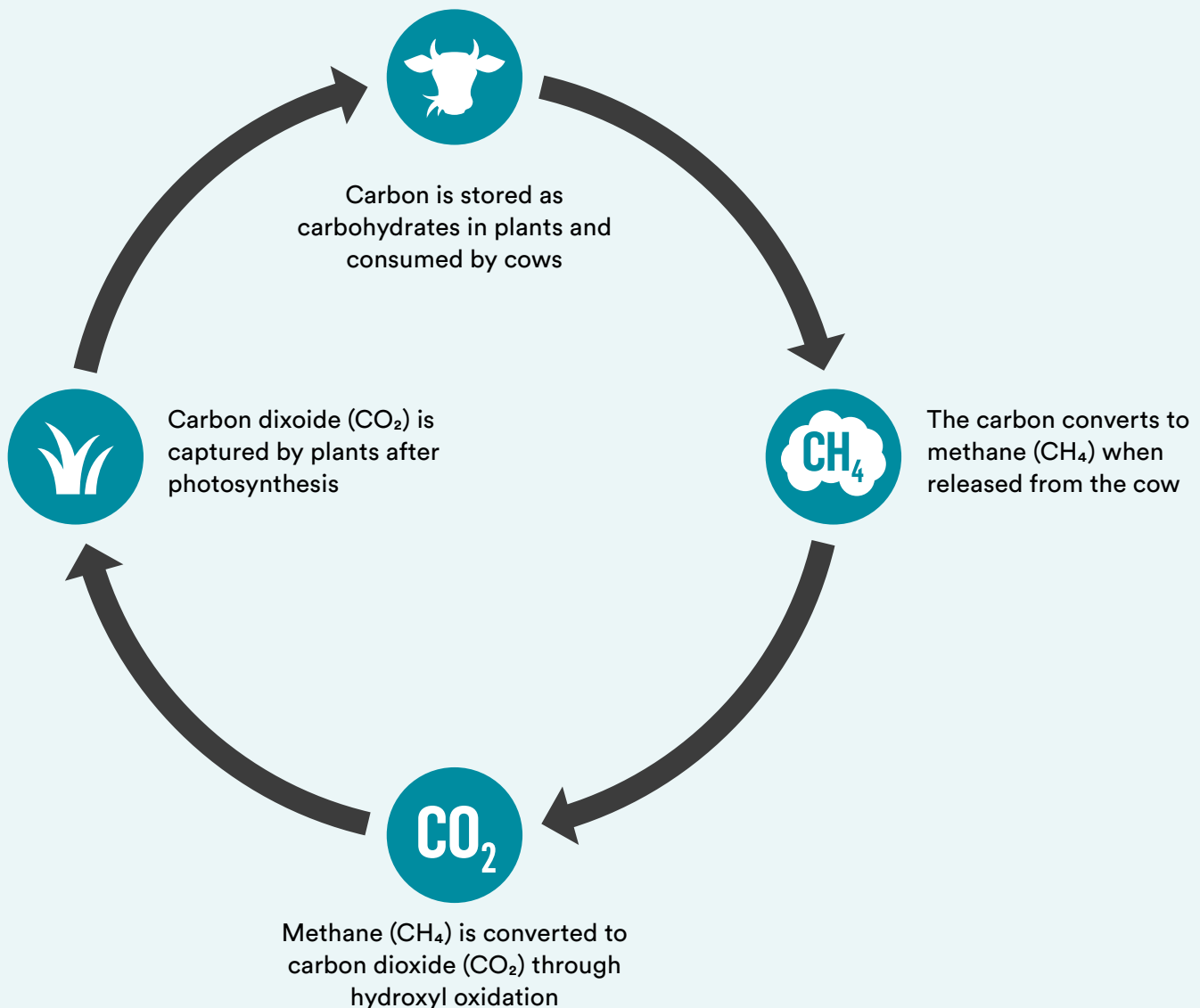
Hide Procurement and
By-Product Sales Director
Scottish Leather Group

Net zero carbon local farming.

Over 98% of our raw hides are procured locally within the UK and Ireland. UK farms rank among the highest on the World Animal Protection Index.

We procure 79.9% of our hides from abattoirs, part of Quality Meat Scotland's whole of life, whole of supply chain assurance scheme. Quality Meat Scotland

are world pioneers in Quality Assurance, building standards around principles of high animal welfare, and sustainable Scottish production.

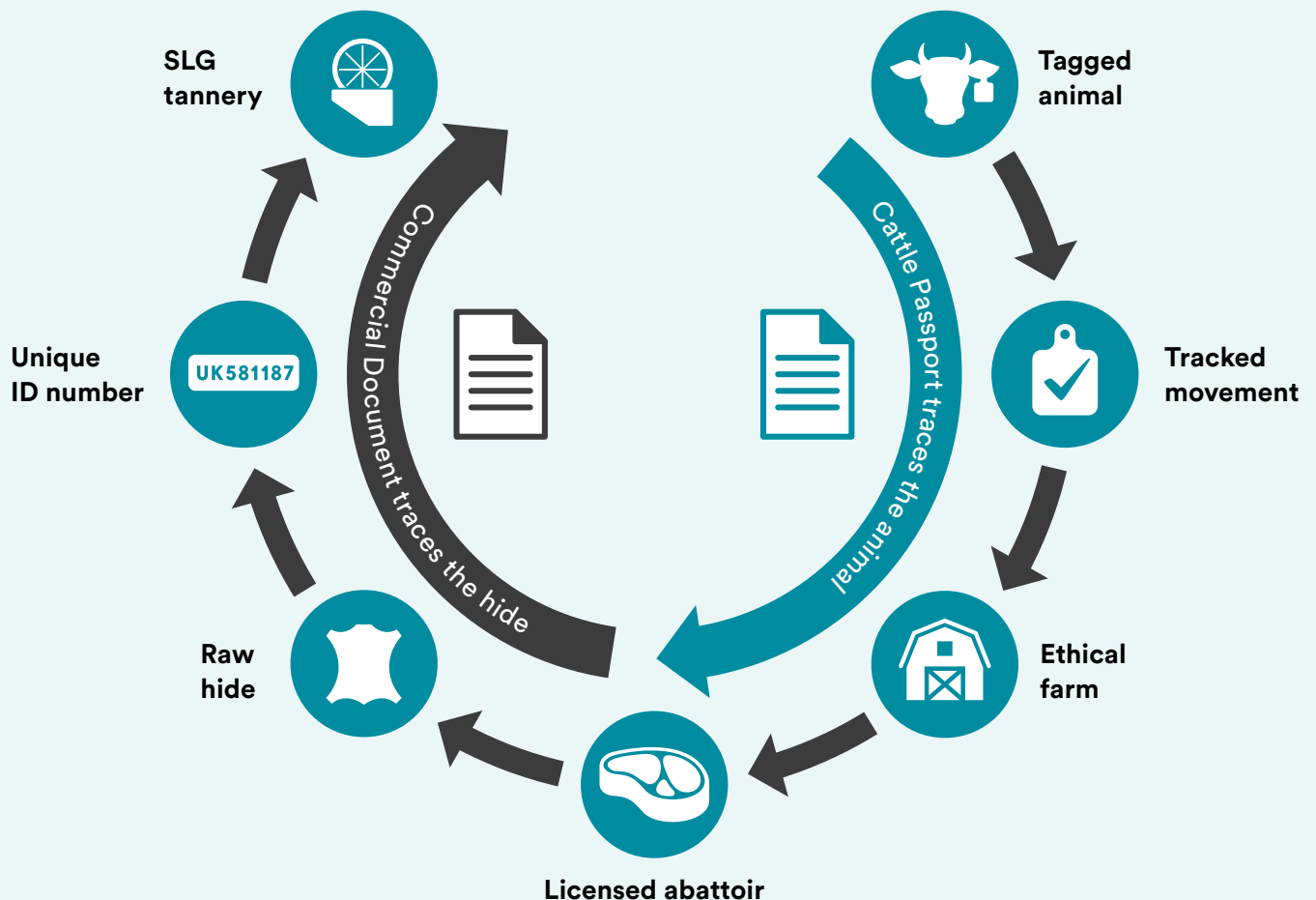


100% traceable supply chain.

The British Cattle Movement Service's online Cattle Tracing System works alongside the Cattle Passport to trace cattle births, deaths and movements.

The licensed abattoir supply a Commercial Document that provides a unique ID number which traces each delivery through SLG's tannery.

Local provenance guarantees farm-to-finish traceability, verifying animal welfare, net-zero and low-carbon farming, and ethical agroforestry.



UN Sustainable Development Goal 16:
Peace, justice and strong institutions



Good governance is fundamental to responsible business.

The Group operates a robust zero tolerance approach toward non-compliance. The oversight by our Executive Board and real time monitoring by regulatory and other third parties ensures compliance is consistent to, or exceeds requirements of, the highest standards. This is fundamental to being a responsible business and an exemplar in our sector.

Our commitment to The United Nations Global Compact (UNGC) requires adherence to all of the SDG principles and supply chain governance. We have satisfied ourselves and our auditors in meeting the UNGC gap analysis self-assessment.

The UNGC broadly defines good governance via eight metrics, as a measure towards conforming to SDG 16:

1. Participation, via freedom of association and expression by all;
2. Impartial implementation of the rule of law where compliance is an obligation;
3. To meet the broad consensus for the best interests of all within an equitable society where societal wellbeing is increased;
4. Using processes and functions for maximum output and shareholder return;
5. Being accountable to customers;
6. Being accountable to regulators;
7. Being accountable to stakeholders;
8. Operating transparently, providing clear, understandable information and being independently accredited.

We actively consult, seeking feedback from customers, stakeholders and staff alike. We act upon that and continually strive to perform better. We practice fairness in all of our dealings with stakeholders, suppliers and employees. Our staff are trained to identify poor or unwelcome practices and for these to be reported and acted upon. The directors are responsible for ensuring this integrity is maintained and subjected to oversight by the main board and its Non-Executive Director representation.

We believe compliance is a given. We operate a robust hierarchy of daily (real time), weekly KPI and monthly compliance assessments, to the most stringent global regulatory standards. These results are reported internally to our Executive Board and externally to our regulatory bodies.

“We operate a robust auditing program in accordance and beyond the requirements of our ISO accreditations.”

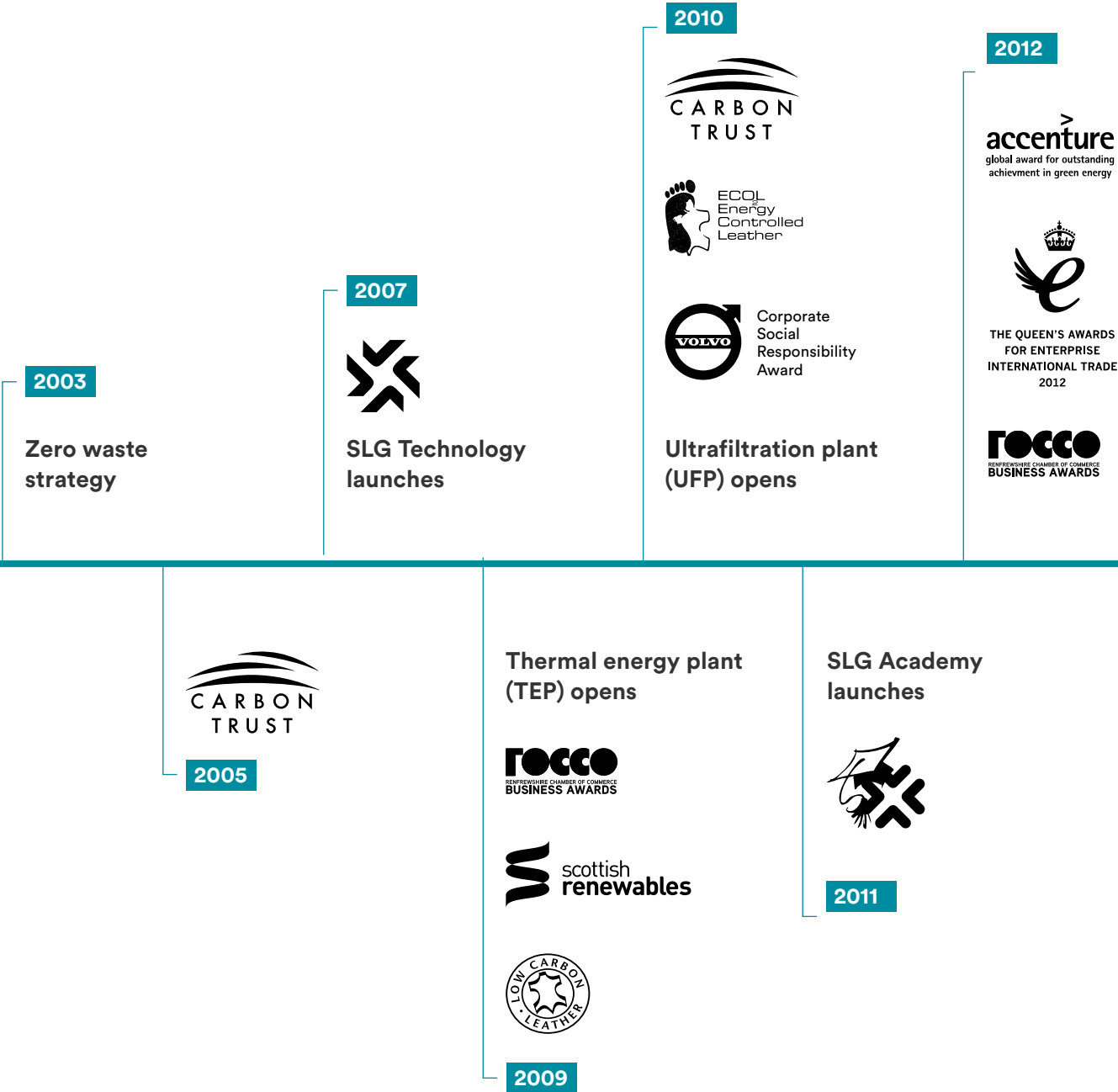
We operate a vigorous auditing program in accordance with and beyond the requirements of our ISO accreditations, and are pleased to report full compliance to all of these metrics. The data and commitments provided within this report are also independently audited and verified by BSI.

Our supply chain partners, contractors and suppliers have ALL signed our Code of Conduct which expressly requires them to apply, as a minimum, the same standards of employment, behaviours, legality, and ethical practices as we do, and encourages them to continue this philosophy of supply chain integrity. Over the year to come we will be setting standards for scope one and two emissions within that supply chain, as per the Science Based Reporting Initiatives.

We are committed to ensuring that there is transparency and fairness in all areas of our business. Key areas of focus have included the issue of modern slavery in our supply chain, and we require our contractors and suppliers to follow the same high standards that we hold ourselves to. We ensure that our staff are trained to look for indicators that could point to human exploitation and if there is any suspicion, however small, it is reported. No incident has been evident or reported from within our supply chain.

Scottish Leather Group has already taken steps with our supply chain to determine the origin of any potential conflict minerals (3TG) and work closely with them to actively seek to identify and eliminate the use of conflict minerals or support armed conflict or violence. This has recently included the application of blockchain techniques. No such materials have been identified.

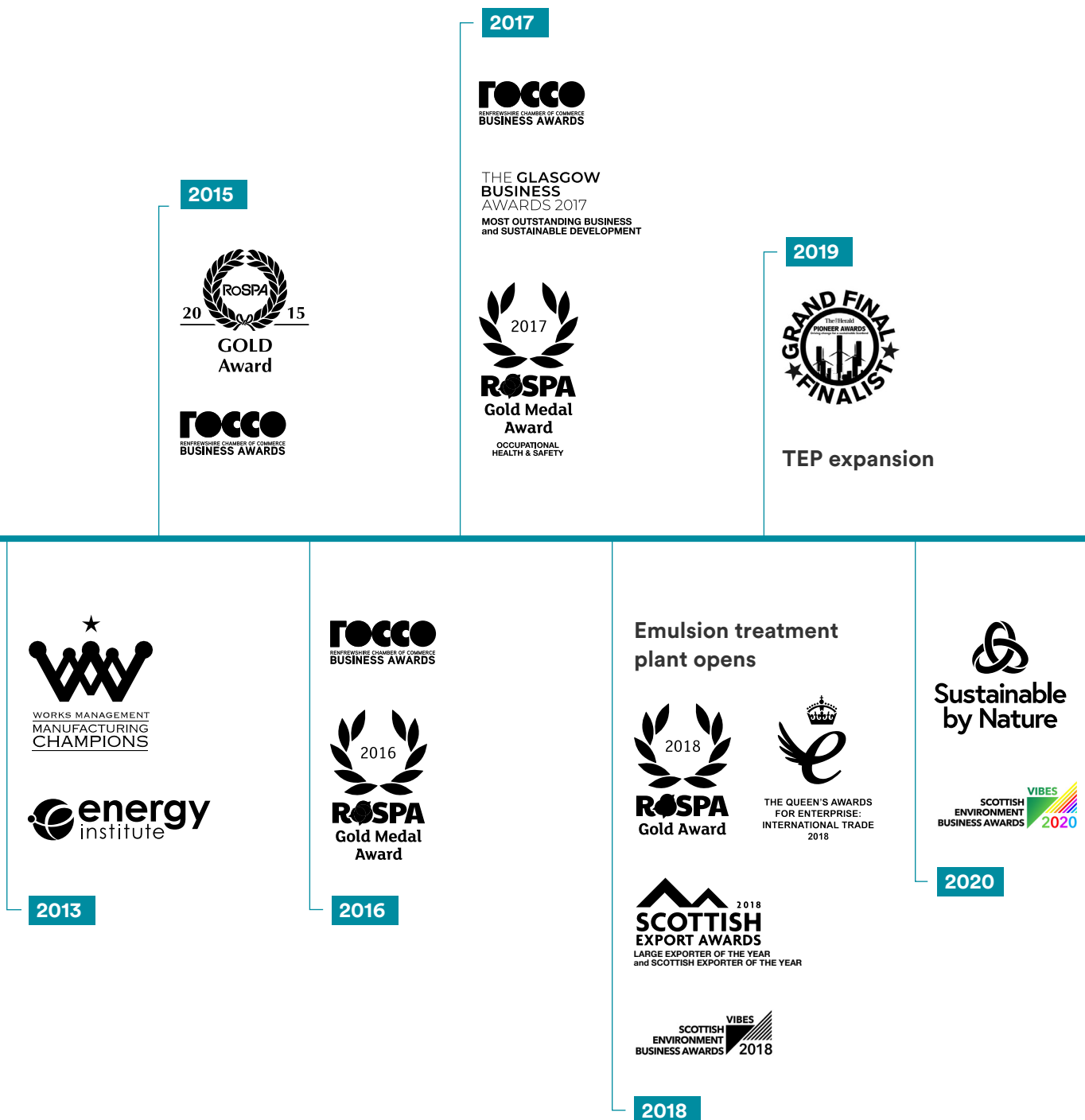
Our journey to zero.



In 2003 Scottish Leather Group launched its zero waste strategy.

We have since made formal commitments to carbon reduction and sustainable manufacturing.

We approach the final stages of that journey with our goal to reach zero embedded carbon and zero process waste to landfill by 2025.





Bridge of Weir®

Fine Automotive Leather

Muirhead®



Fine Scottish Leather



**Scottish Leather®
Group**



Lang®

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