

Environmental, Social & Governance Report 2023



Contents

Welcome to our 20th Annual Report. Our Environmental, Social & Governance Report follows the guidelines issued by the Global Reporting Initiative. This details our approach, commitments, and progress as we strive towards a more sustainable future.

01 02 03 04 05 06



Introduction

1.1	About this report	06
1.2	Foreword	08
1.3	Sustainability strategy & organisation	
	Overview	10
	Our commitments	11
	Governance	12



Materiality assessment

2.1	Materiality matrix	16
2.2	Our approach for a more sustainable future	18
2.3	2022/23 performance highlights	19
2.4	Progress against our goals	20
2.5	Our milestones, awards and accreditations	22



People Social

3.1	Management approach	26
3.2	Health & Safety / Employee wellbeing	28
3.3	Inclusion & diversity	30
3.4	Talent & lifelong learning and craftsmanship	32
3.5	Community investment	34



Planet Environmental

4.1	Management approach	38
4.2	Measuring our products' environmental impact	40
4.3	Resource stewardship	42
4.4	Sustainable innovations, circularity of product design	44



How we do business Governance

5.1	Management approach	48
5.2	Transparency & traceability of raw materials	50
5.3	Transparency & traceability of raw materials	51
5.5	Product quality and customer experience	52
5.5	Collaborating for greater impact	
	PriestmanGoode	54
	Bentley	56
	Polestar	58



Appendix

6.1	Appendix	
	Streamlined Energy & Carbon Reporting (SECR)	62
	Gender pay gap statement 2022	66
6.2	Glossary	67

01 Introduction

1.1	About this report	06
1.2	Foreword	08
1.3	Sustainability strategy & organisation	
	Overview	10
	Our Commitments	11
	Governance	12

Section

01

Welcome to Scottish Leather Group's 20th Annual Report.

Introduction

This report details our approach, commitments, and progress as we strive towards a more sustainable future. We remain on a journey to Net Zero, without offsetting, with work ongoing to reduce our long-term impact further.

We offer the world's lowest carbon leather - that is our commitment. This report captures the increasing regulatory landscape including the Task Force on Climate -Related Financial Disclosures (TCFD), Global Reporting Initiative (GRI), United Nations Global Compact (UNGC) and long term Science Based Targets Initiative (SBTi). Continual innovation and sharing our practices and commitments is essential to achieve both our and our customers' goal: to reduce the impact of production on our planet.



Auditor verification statement from British Standards Institute (BSI) Assurance UK Ltd.

The 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 was:

- 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%.
- Verification of corporate social responsibility presence and claims via review of the Sedex Members Ethical Trade Audit (SMETA), adoption of the International Labour Organisation (ILO) convention, Ethical Trading Initiative (ETI) code, UNGC broad Communication on Progress (UNGC CoP), 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.



“We offer the world's lowest carbon leather - that is our commitment.”

We believe long-term success depends on tackling relevant climate issues and creating value for our customers and our people. The shared challenge requires an integrated approach that considers environmental concerns along with economic development.

In keeping with the broad regulatory landscape, we must focus on the most relevant climate-related risks and opportunities. Resource efficiency, low-emission energy sources, new innovative products, services, markets and resilience are all key to achieving continual progress towards our journey to zero and meeting our long-term commitments.

We welcome the forthcoming Green Claims Code and simplification of the ESG landscape. Our unique position allows us to act as a north star to lead the leather industry's response as an exemplar of low-carbon manufacture and product stewardship. With current climate projections of a 1.8-2.4°C temperature rise by 2050, industry progress towards a truly sustainable and responsible product and supply chain requires commitment, collaboration, and transparency.

Our team is very proud of the contribution we are making to create a more sustainable future with our own delivery against commitments; including our setting of Science-Based Targets, ESG benchmarking and gap analysis by Apex Group to support our work towards reducing impact below 1.5°C. The Apex Group report measures the work so far and informs our ambitions across the spectrum of Environmental, Social and Governance activities.

We reaffirm our commitment to the UN Global Compact and our commitment to the absence of deforestation in our supply chain, as independently verified. This was supplemented by the endorsement of our working practices on the Supplier Ethical Data Exchange (SEDEX) platform via an independent SMETA accreditation.

Our dedication to offering an exceptional experience to both our customers and our people and setting the benchmark for excellence in sustainable leather manufacturing, is upheld by the collective effort of our remarkable team.

With innovation and sustainability as a pillar at the heart of our business, we anticipate a future where our traditions and values are maintained, for both Bridge of Weir Fine Automotive Leather and Muirhead High Performance Leather for aviation, mass transit and custom projects.

We invite you to learn more about our progress, achievements, and aspirations and to explore our journey in this report, which is aligned with the Global Reporting Initiative.



Stella Morse, Interim Chair

Stella Morse
Interim Chair
Scottish Leather Group



Nicholas Muirhead, CEO

Nicholas Muirhead
CEO
Scottish Leather Group

“No one does more to tackle climate issues and care for our customers and our people.”



Group Structure



Bridge of Weir®
Fine Automotive Leather

Founded in 1905



Founded in 1872

Muirhead.
High Performance Leather

Founded in 1840

1.3

Sustainability strategy & organisation

Overview

We are determined to build a company that continually raises standards in quality, sustainability, ethics, and traceability – developing products without compromise and without costing the earth.

When it comes to reducing carbon emissions, we lead the global leather industry, and have reduced the carbon intensity of our leather by 90% since 2003. Continuously challenging ourselves to do better for the planet, our customers choose us because of our company values, how we contribute to their own Scope 3 reduction targets, and how we lead the way in the responsible production of leather.

We are also signatory to the Science Based Targets Initiative to reduce emissions in line with the Paris Agreement limiting global temperature rise to 1.5°C.

This year also saw the recertification of our activities as “Gold” standard per the Leather Working Group (LWG) protocol 7.2.2. This “Gold” award is highly sought after and provided further endorsement of the performance of our staff, our business structure, and our



We have reduced the carbon intensity of our leather by

90%



commitments to the breadth of topics evaluated including Health & Safety, environmental performance, compliance, traceability, and business resilience. Our track record in health & safety was recognised for the 12th consecutive year by Royal Society for the Prevention of Accidents (RoSPA) Gold awards. Following the publication of Forest Land and Agriculture Guidance (FLAG) in 2023, our submission of long term carbon targets for Scope 1, 2 & 3 per the SBTi was concluded.

This was supplemented by endorsement of our working practices on the Supplier Ethical Data Exchange (SEDEX) platform via an independent SMETA accreditation verifying our implementation of the ETI base code and verification of operation to the ILO standards. These were further supported by the completion of the UNGC CoP.

The continuing expansion of our product offering through innovative tannages and improvement of our operational performance across the ESG agenda, in line with all the United Nations Sustainable Development Goals (UN SDGs), reflects the passion we have for our products and the responsibility we hold as sustainable manufacturers.

During the year we also revisited the Life Cycle Analysis (LCA) dataset and will continue to revise this as we see further improvements or reductions in our direct product impact. The Super Tannery opening in September 2023 will bring further operational and environmental improvements.

Our commitments

Categories

People

We have sought internal feedback from staff through engagement surveys. We have been independently assessed through our membership of the SEDEX platform via a SMETA audit. We have revised our employee guide in accordance with the ILO and ETI and other standards to which we subscribe.

Planet

Through circular manufacturing, we will have zero process waste to landfill by 2025.

We will reduce our direct (GHG Scope 1 & 2) impact to Net Zero by 2025.

How we do business

All our suppliers are signatories to our Code of Conduct 2021.

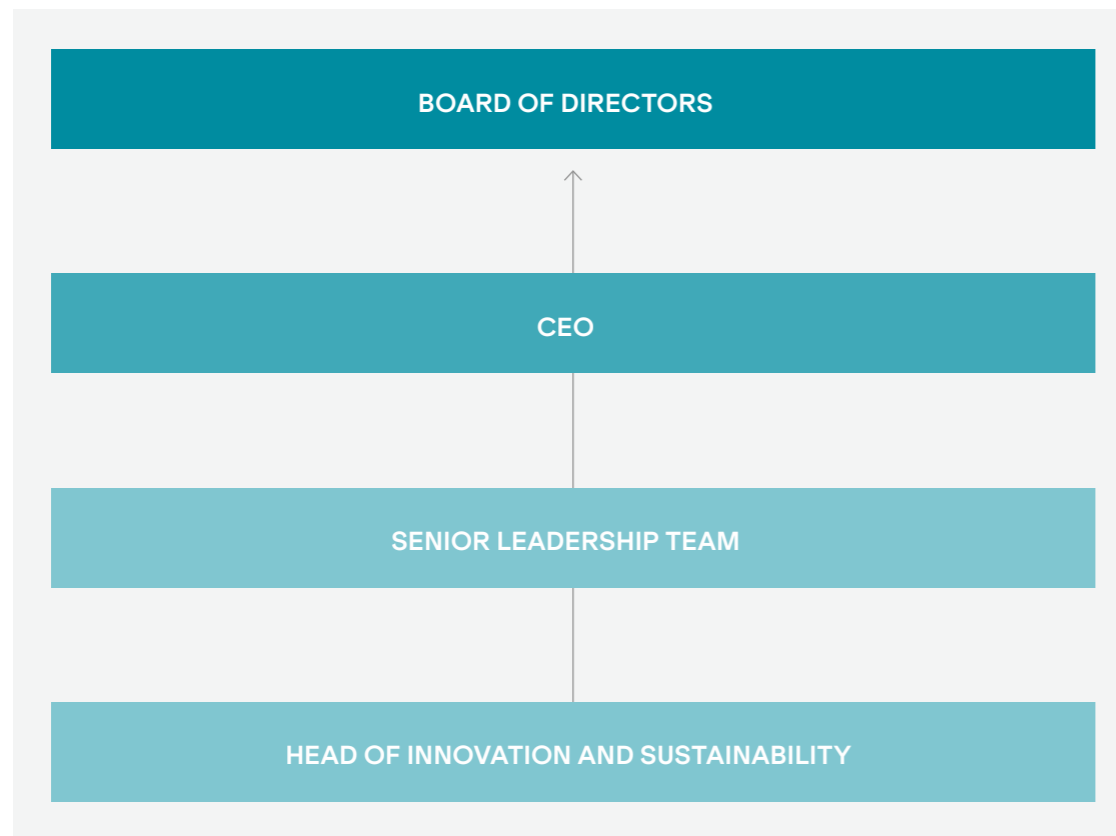
We have verified the integrity of our supply chain via an auditing protocol to meet internationally accepted standards by 2023.

We are accredited to the UN Global Compact



1.3 Sustainability strategy & organisation

Governance



Good governance is fundamental to responsible business. The data provided within this report, and previously, is independently audited and verified to the standards which we openly subscribe.

The ESG performance was independently assessed by Apex Group which benchmarked and illustrated our leading performance against industry peers and identified the gaps for strategic consideration.

The Task Force on Climate-Related Financial Disclosure (TCFD) and other relevant legislation apparent over the past few years, bring new reporting and oversight requirements, in particular relating to climate risk.

The Board and senior staff (as per Figure above) conduct an annual 'risk' review, including that of climate change (direct, indirect, physical and financial). These climate change risks include flood, drought, raw material sourcing, energy security and resilience to the changing climate. This includes our commitment to responsible sourcing and avoiding deforestation within our supply chain.

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 and measured against the obligations within UNGC.



Overview of governance matters is provided at Board level. Scottish Leather Group's Senior Leadership Team oversees the strategic delivery of the business. An executive level ESG committee was recently formed with the task of addressing the remaining gaps and ongoing ESG performance. This is chaired by the Head of Sustainability and includes executive level and senior leadership team across the E, S & G agenda.

With the increasing importance of climate risks and supply chain obligations to our customers, this committee will steer our strategy and deliver implementation of both short and long-term activities to support our target commitments. This will include the frequency and gravitas of ongoing external verifications and assessments to maintain and extend our industry leading position and de-risk the business.

“Good governance is fundamental to responsible business.”

02 Materiality assessment

2.1	Materiality matrix	16
2.2	Our approach for a more sustainable future	18
2.3	2022/23 performance highlights	19
2.4	Progress against our goals	20
2.5	Our milestones, awards and accreditations	22

Section

02

Materiality matrix

Our approach to sustainability has been guided by stakeholder input over two decades and it is imperative that we continue to prioritise the material topics of greatest importance. This facilitates informed decisions and assessments regarding the company's commitment to environmental, social, and economic progress.

In 2022 we conducted our most recent Materiality Assessment, as per the adjacent matrix. We sought a holistic understanding of key ESG topics through a combination of internal and external stakeholder engagement and guidance from global sustainability frameworks: Sustainability Accounting Standards Boards (SASB), the Global Reporting Initiative and the UN Global Compact and United Nations Sustainable Development Goals. Comprehensive analysis of these findings, coupled with reviewing the topics considered by our customers in our ongoing communications, delivered a broad understanding of the relative importance of the key topics across our stakeholders.

Ongoing evaluation of relevant sustainability topics

In 2023 we commissioned Apex Group to deliver an independent ESG ratings report and gap analysis, which rated us ahead of our peers across all three ESG pillars, but gave valuable insight for our continual improvement.

Stakeholder engagement

In 2023, we conducted further independent qualitative research with customers and stakeholders to learn about what is important to them. Our research partners held in-depth interviews with representatives from a cross section of functions across all the key sectors in which we operate. We also continue to partner with a trends intelligence agency to help us understand the end consumer expectations.

2024 will see us conduct further primary and secondary research to revisit the prioritisation of these topics through a double materiality matrix.

Material topics

- | | | |
|---|---|--|
| <p>1 Transparency & traceability of raw materials
Ability to track and trace from farm to finished product and prove the absence of deforestation.</p> <p>2 Ethical sourcing & animal welfare
All raw materials are by-products of the food industry and animals are raised to a high standard of animal welfare, as measured by the Animal Protection Index (API).</p> <p>3 Health & safety / Employee wellbeing
Providing a secure and safe environment for employees to thrive.</p> <p>4 Responsible supplier relationships
Ensuring suppliers meet the same criteria our customers expect from ourselves.</p> | <p>5 Customer experience
Excellence at every touchpoint throughout our delivery.</p> <p>6 Product quality
Aspiring for brilliance in performance, longevity, design, and innovation.</p> <p>7 Talent & lifelong learning
Actively encouraging employee progression and promoting continual learning.</p> <p>8 Sustainable innovations
Developing new technologies, designs and finishes that improve longevity and minimise impact.</p> <p>9 Circularity of product design
Delivering high performance material that can be repurposed at end-of-life.</p> <p>10 Low carbon product
Lowering the carbon footprint of our operations and products.</p> | <p>11 Resource stewardship
Ensuring and optimising use of natural resources.</p> <p>12 Climate change
Contributing to the overarching aim to reduce impact.</p> <p>13 Craftsmanship
Continually developing the care and skill required to produce our lowest carbon leather.</p> <p>14 Diversity & inclusion
Recognising, respecting and celebrating each other's differences and creating an environment where everyone feels welcome and valued.</p> <p>15 Community investment
Supporting the local community financially and practically.</p> |
|---|---|--|

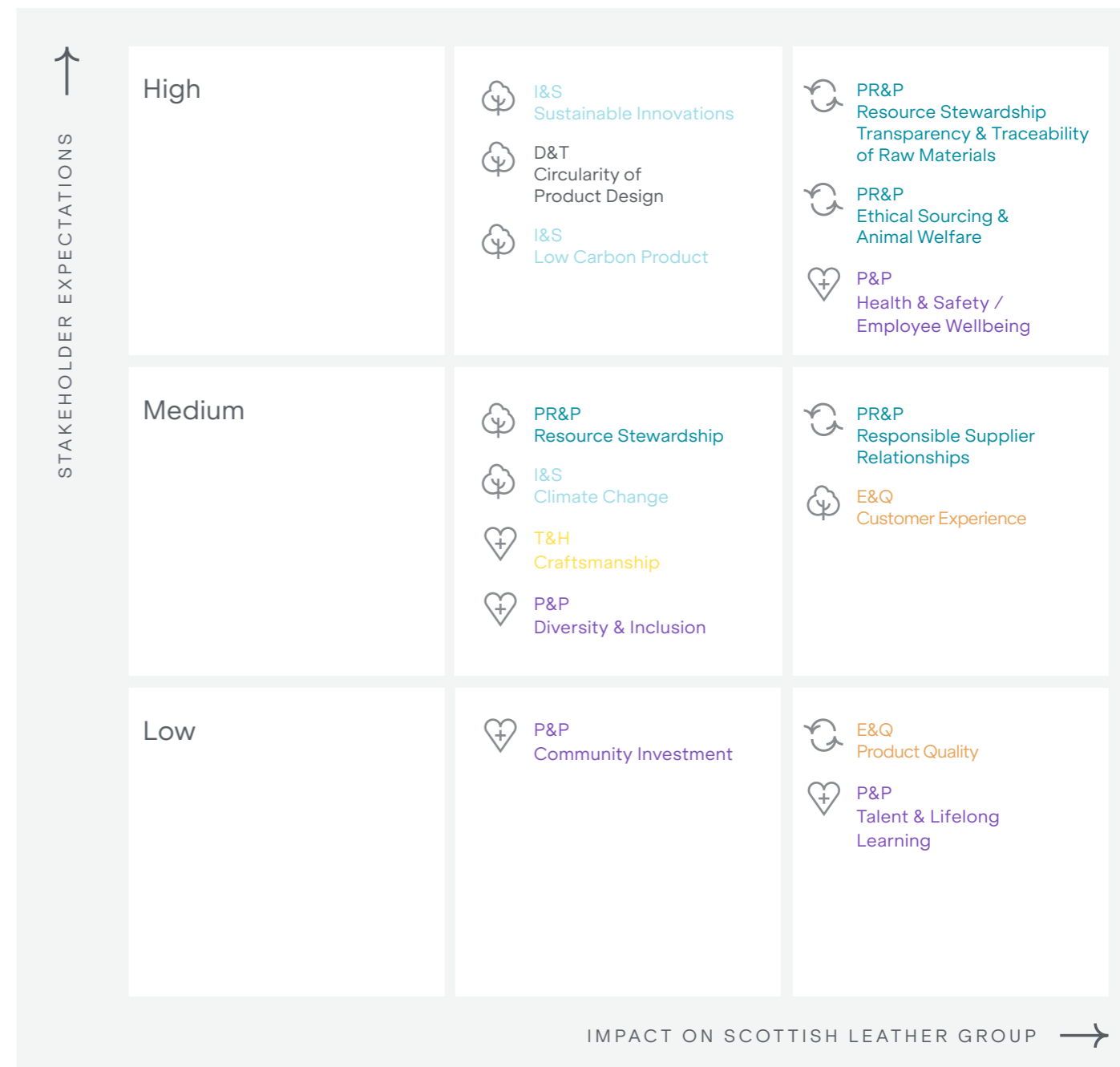
Key

Brand pillars

- I&S Innovation & Sustainability
- D&T Design & Technology
- PR&P Provenance & Place
- P&P Passion & People
- E&Q Expertise & Quality
- T&H Tradition & Heritage

category

- Environmental
- Social
- Governance



2.2 Our approach for a more sustainable future
Integration of ESG & business strategy

Our approach includes the most material sustainability topics and supports our vision to innovate and manufacture the world's lowest carbon leather to help our customers on their own journey to Net Zero.



2.3 2022/23 performance highlights

100%

100% traceability of our raw material as certified by Leather Working Group

100%

of our suppliers are signatory to our code of conduct

90%

90% decrease in energy intensity per hide in the last 20 years (Scope 1 & 2)

Life Cycle Analysis (LCA) measures impact of production as CO₂e/m², our LCA of

8kg

being the lowest in the world published for leather

77%

of our waste was recycled or recovered in 2022

Commitments & progress

1

Year 2023

Commitment
We will have verified the integrity of our supply chain via an auditing protocol to meet internationally accepted standards.

Materiality topic

- Transparency & Traceability of Raw Material
- Ethical Sourcing & Animal Welfare
- Responsible Supplier Relationships

Progress

We are actively engaged with our supply chain – suppliers and contractors alike – and seeking assurance regarding the provenance of materials, supply chain footprint, behaviours, practices and risk management.



2

Year 2025

Commitment
Through circular manufacturing, we will have zero process waste to landfill.

Materiality topic

- Sustainable Innovations
- Circularity of Product Design
- Resource Stewardship
- Low Carbon Product
- Climate Change

Progress

Progress has seen our metrics achieve 77% of our 2025 target.



3

Year 2025

Commitment
We will reduce our direct (Scope 1 & 2) impact to Net Zero as reported under **SECR**.

Materiality topic

- Sustainable Innovations
- Circularity of Product Design
- Resource Stewardship
- Low Carbon Product
- Climate Change

Progress

Our **GHG Scope 1 & 2** emissions have already reduced by 90% from baseline towards our 2025 target.

This has been independently verified.



4

Long-term targets

Commitment

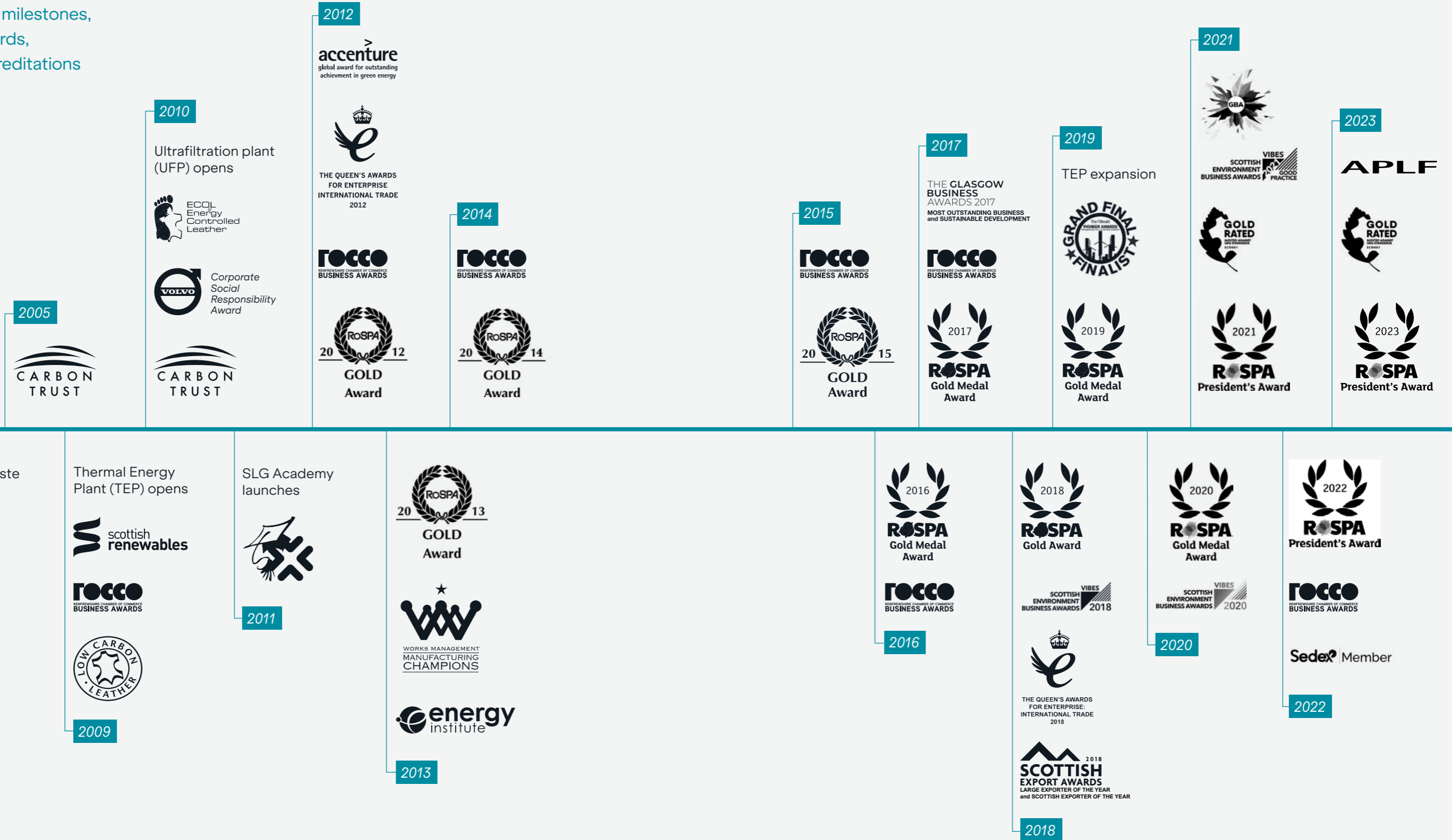
- Meet our long-term carbon reduction commitments as per Science Based Targets.
- Continue our biennial Gold certification to Leather Working Group.
- Regular independent benchmarking of our **ESG** performance.
- Continuation of **SEDEX** membership and **SMETA** 4 pillar audit.
- Continuation of **RoSPA** President's award.
- Innovation to support further reductions in product footprint and extending our product offering.



Key

- Environmental
- Social
- Governance

Our milestones, awards, accreditations



03 People

3.1	Management approach	26
3.2	Health & safety / Employee wellbeing	28
3.3	Inclusion & diversity	30
3.4	Talent & lifelong learning & craftsmanship	32
3.5	Community investment	34

Section

03

3.1 Management approach

“We’re proud to have built a company full of exceptional people.”



At the heart of our business 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.

We are proud to have built a company full of exceptional people, who live our company values – we make it personal; we are committed to quality; we are naturally progressive. Through their unique skillsets, knowledge and commitment, they form the foundation for what we do and the way that we do it.

We are very proud to have achieved **LWG** and **RoSPA** Gold standard status and successfully completed **SMETA** audit in 2022, in accordance with globally recognised good practice. These audits have confirmed high standards of labour, health and safety, environmental performance, and ethics across all of our business and operations. We are now a Scottish Credit & Qualification Framework employer. SCQF helps employers understand different types of qualifications and supports effective recruitment and workforce development.

Our materiality assessment cemented our existing understanding of key priorities:

People

Improve lives

Material Topics
 Health & Safety /
 Employee Wellbeing
 Inclusion & Diversity
 Talent & Lifelong Learning
 Craftsmanship
 Community Investment

3.2 Health & safety / Employee wellbeing

Employee wellbeing is critical to a productive and engaged workforce and to social gain. As well as comprehensive health and safety and wellbeing strategies, we conduct an annual employee engagement survey, Pulse. The survey asks all our employees 64 questions relating to a number of areas within Scottish Leather Group including health, safety and wellbeing, communication, collaboration, inclusion and growth and development.

We are very proud that in our second annual survey, conducted in November 2022, safety and wellbeing continued to score the highest in all categories, cementing the commitment we have made to our continued improvements.

We have also increased the frequency of recognising employees who raise safety improvements from monthly to weekly. We ask our employees, through a T-card system, to submit recommendations that will help improve our safety culture every day.

We are proud to have achieved 12 consecutive Royal Society for the Prevention of Accidents (RoSPA) Gold Awards, as well as 3 consecutive RoSPA President's Awards in recognition of our commitment to health and safety.

We are pleased that Pulse received a response rate of 82%, a 7% increase from 2021, and that our employee engagement score also increased 7% from 45% to 52%. With 61% being the UK benchmark, we have some further work to do however, we are moving in the right direction. We are confident in improving our engagement score in November 2023 as we close off over 150 improvement actions that have been identified across our teams in the 2022 survey.

12  Consecutive RoSPA Gold awards



“Our employee engagement score increased by 7%.”



Early in 2023, we launched our new SLG & Me employee engagement hub for all our employees. Within the hub we offer a wide range of wellbeing support initiatives including positive mental health, healthy eating and detailed advice on vitality and exercise. We also celebrate individual and company milestones and achievements, raising everyone's pride in being a part of the Scottish Leather Group family. Later in 2023, we will refresh our internal mental health first aiders' programme which has proven to be invaluable during times of need for some of our employees. We are also proud that during the current cost of living crisis, SLG & Me has offered extensive retailer discounts, including those at well-known UK supermarkets, making a real difference to many of our employees on a day-to-day basis.



3.3 Inclusion & diversity

Targets our commitment

The manufacturing sector continues to face structural and cultural challenges. We 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.

In January 2023, we engaged in an Equality, Diversity and Inclusion audit. The audit focused on our internal practices within areas such as recruitment, retention, advancement/promotion, policy and flexible working. From this audit a detailed action plan has been developed, providing a roadmap of improvements which will support our ambitions of improving our equality, diversity and inclusion practices.

In 2022 we appointed our own Talent Acquisition Specialist to continue our efforts on building our company profile and external visibility within local schools and colleges, focusing on being present at Science, Technology, Engineering and Mathematics (STEM) events, career fairs and hosting site visits. Over the past 12 months, we have revisited our external marketing for recruitment, ensuring that we convey to prospective candidates that we are an inclusive employer. One way of doing so is our new employee spotlight section within our website which features a range of employees from diverse backgrounds. We are now a Scottish Credit & Qualification Framework employer. The aim of SCQF Inclusive Recruiter is to help employers understand that many different qualifications have the same worth and to encourage the use of SCQF Levels in the recruitment process to offer clarity around skills and experience.



Female internships awarded in manufacturing roles

50%

We believe that an area where we can continue to make impact is to encourage more women into the company. We were delighted to continue with our Saltire Scholars Interns Programme in August 2022, with one female being offered a full-time role as a Manufacturing Engineer at the end of her internship. Furthermore, one of our recently identified Graduate Apprentices in Design and Manufacturing within Engineering, who will join us in August 2023, is female.

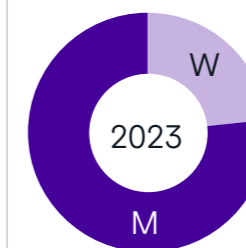
We are also very proud that two of our female employees have recently graduated from Northampton University with 1st Class Honours Degrees in Leather Technology, and been assigned to operational roles, improving the diversity in that area of our business.

Furthermore, two of the four non-executive directors on our board, are female.

“We engaged in an Equality, Diversity and Inclusion audit, providing a roadmap of improvements.”



Scottish Leather Group employee breakdown by gender



Men: 565 (77%)
Women: 170 (23%)

3.4 Talent, lifelong learning & craftsmanship

We are nurturing future generations of

Leather experts.



“Our highly skilled leather experts pass on their knowledge and expertise”

In 2023 we will enter our 12th year of the Scottish Leather Group Academy. We have already developed over 70 apprentices across Manufacturing & Production and Maintenance Engineering as we continue to pioneer the leather industry’s first recognised vocational qualifications, certified by the Scottish Qualifications Authority (SQA), building skills that benefit the whole manufacturing sector.


6

New apprenticeships covering IT security, data analytics, manufacturing engineering and sewing engineering.

Our annual succession planning process is designed to identify future talent requirements across Scottish Leather Group. In early 2023, we identified future key roles that will continue to support our manufacturing strategy. This has created 6 brand new apprenticeships covering IT security, data analytics, manufacturing engineering and sewing engineering. As well as continuing to support existing talent to achieve modern apprenticeships, in 2023 we have also specifically recruited 3 high calibre individuals to study towards Honors degrees as part of the Design and Engineering Graduate Apprenticeship at Strathclyde University.

As part of our annual Performance & Development Review process in 2022, over 100 of our employees identified specific individual training requirements which amounted to over 320 days of training. The training was primarily delivered through one of our external training partners, West College Scotland, and internal training delivered by our network of highly skilled Leather Experts.

In the summer of 2023, we launched our Coaching Academy, an internal network of trained coaches who have attended an intensive 4-day coaching development programme, guided by a world leading professional coach. We will develop coaching relationships which we are confident will unlock the potential of those embarking on a learning journey.

3.5 Community investment

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.

Our presence within the local communities in which we operate demonstrates the difference we can make beyond the workplace.

Community engagement is at the core of our CSR programme and at the heart of our ethos as a company. Many of our employees continue to be involved in a diverse range of local charitable causes, demonstrating their passion and commitment towards sustainable social change. Inputs vary from those giving their time or raising funds, to others who give professional knowledge or skills. This giving, in various forms, is part of our corporate culture.

It is important to us that our support is not just a one-off gift, but ongoing and builds on partnerships we have developed over many years. We are proud to continue our support of local causes that focus on supporting children. We know that our continued support is greatly appreciated by these groups.

This year we continued our well-established relationships with Families First Johnstone, Renfrewshire Toy Bank and With Kids in Glasgow, and we were pleased to be able to build on our partnership with Darkwood Crew in Ferguslie Park, Paisley. The charities are all very appreciative of the financial and practical support they receive from our company and the immense generosity of our employees who donate Christmas gifts each year for children and senior citizens local to our operating sites. We were pleased to be able to establish a new partnership this year with St Mirren / Kibble and to support their "Winter Coat Appeal" initiative. Our employees rose to



the challenge with a fantastic level of contributions which will undoubtedly have had a significant impact on those in need.

CHAS, St Vincent's Hospice and Bridge of Weir senior citizens remain regular and very appreciative beneficiaries, and this year we were delighted to be able to support the Trades House of Glasgow Spirit of Christmas Appeal which provided Christmas gift bags to young people aged 13+ through Barnardo's Easterhouse.

SLG is proud of its history in Bridge of Weir, dating back to 1905, and was delighted to make a substantial donation to 1st Bridge of Weir Scouts to assist them with renovations to their Scouting Hut, built in its present location in 1921. The Hut provides young people with a venue to meet, allowing them to prepare for the future and to build stronger communities.

Our support for community needs and charities goes beyond financial and charitable donations. We recognise the

value our employees can bring to communities and good causes through the giving of their time, skills and experience. We continue to collaborate with local schools on STEM events. Last year we reported that we had launched a multi-year STEM programme with Bridge of Weir Primary School to build and race an electric car. We were delighted to be invited to celebrate with the pupils their success in winning the Greenpower Electric Car Competition. A fabulous result and proud moment for both pupils and sponsors. This year, a diverse team of talent has started to build the foundations to collaborate on STEM projects with pupils at Gryffe High School and will develop this further in the coming year. We will also look to extend that remit to STEAM to encompass the Arts, drawing on our in-house expertise and sharing that knowledge with local schools.

We endeavour to continue to foster a culture of giving and sharing, be it via financial support or with our time and expertise. We are very grateful and proud of the support we receive from all of our employees and look forward to supporting the local communities further in 2024 with activities co-ordinated by our newly appointed Employee Engagement Committee.



04 Planet

- 4.1 Management approach 38
- 4.2 Measuring our products' environmental impact 40
- 4.3 Resource Stewardship 42
- 4.4 Sustainable innovations, circularity of product design 44

Section

04

4.1 Management approach

Our journey to zero is leading the leather industry.

The importance of the ESG agenda is a key learning from our assessment of broader climate risk, our stakeholder engagement and outcomes from materiality assessment. It is valued more highly than ever by consumers and customers across all industries – and rightly so. We are proud that our pioneering ‘journey to zero’, backed by rigorous analysis, leads the leather industry and provides a robust approach to meeting the needs of our customers. External verification of our approach is widely referenced in this and previous years’ reports.

The assessment of climate risk and direct impact locally were all material factors in our strategic thinking and Zero Strategy that continues to this day. In 2003 Scottish Leather Group launched its zero waste strategy. We have dramatically (by 90%) reduced the average carbon intensity (GHG Scope 1 & 2, measured as CO₂ equivalent) per hide of our leather by switching to 100% renewable electricity and converting our own process waste into energy.

The threats brought by climate change are self evident in our activities and bring opportunities. These threats include water (flood, drought) energy (renewable, energy security) and the impact of deforestation. Our deliberate choices have lead us to sourcing from a deforestation free supply chain, self generation of power and flood and drought mitigation.

The Super Tannery to be opened in 2023 brings together many of these strategic intentions with far superior water and energy use efficiencies. Furthermore, we also generate our own oxygen on site as well as having contingencies in the supply chain for this critical operation.

Our materiality assessment cemented our existing understanding of key priorities:


Planet 		
Reduce Impact		
Material topics		
Sustainable Innovations		
Circularity of Product Design		
Low Carbon Product		
Resource Stewardship		
Climate Change		
 6 CLEAN WATER AND SANITATION	 7 AFFORDABLE AND CLEAN ENERGY	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
 13 CLIMATE ACTION	 14 LIFE BELOW WATER	 15 LIFE ON LAND

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

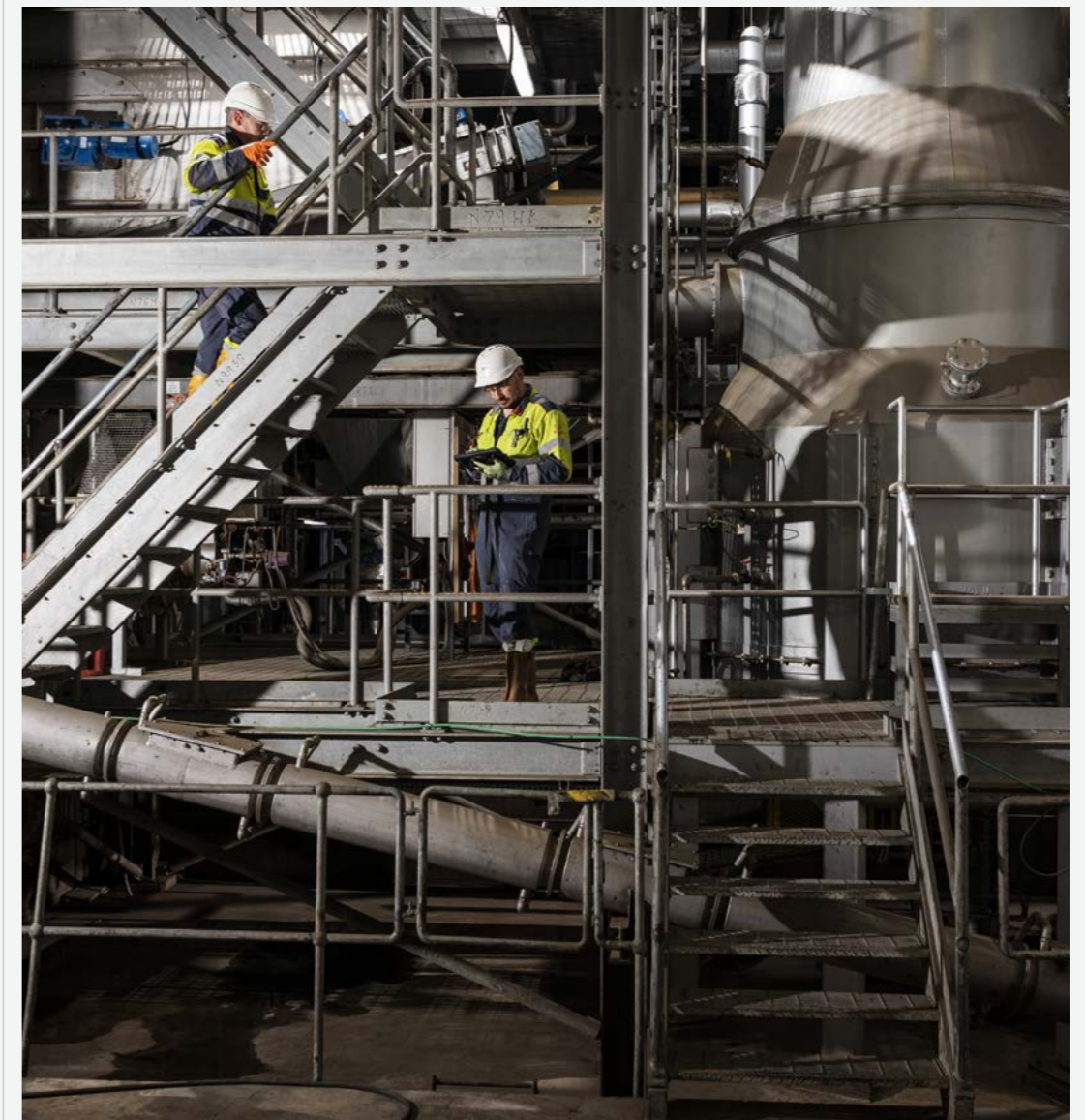
We have made formal commitments to carbon reduction and sustainable manufacturing as outlined in this document, including people metrics, governance, compliance, independently audited and founded on best practice.

We approach the final stages of that journey with our goal to reach zero for Scope 1 & 2 carbon and zero process waste to landfill by 2025.

We look forward to the conclusion and clarification of our longer term targets and commitments under the SBTi.


90%
 on our way to Net Zero.

Our commitments

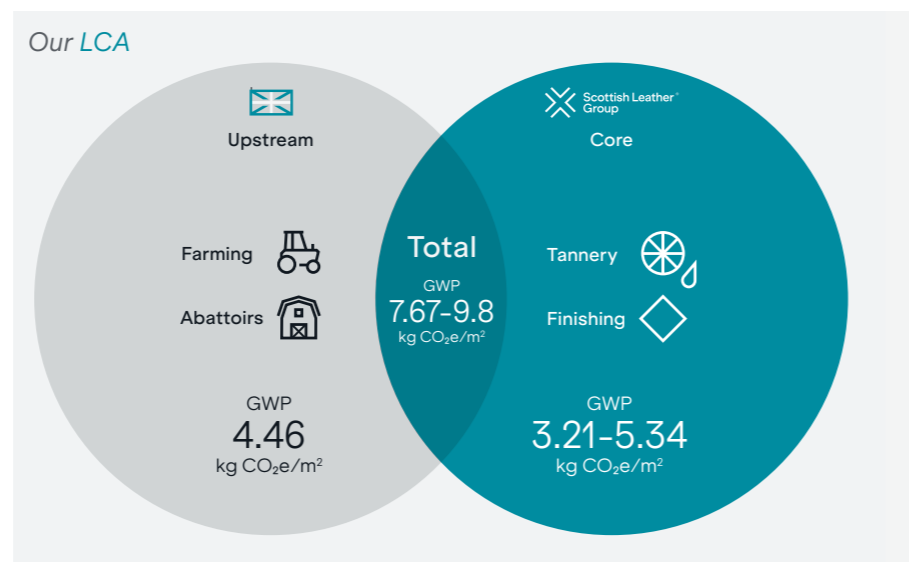


4.2 Measuring our products' environmental impact

Low carbon leather, climate change

We produce the world's lowest carbon leather as measured using Life Cycle Analysis (LCA). This 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.

Every 3 years the primary data used in the LCA is revisited. We anticipate significant further reductions in our product footprint as we utilise new information from our audited chemical supply chain, the positive impact of our new "Super Tannery" and the long awaited utilisation of our specific hide supply chain. The Super Tannery has brought noted improvements to the drum operations at Bridge of Weir, with reported reductions in water use (42%), energy (82%) and an improved chemical efficiency (11%) per hide.



Our LCA is conducted independently, according to international standards (ISO) using data collected separately by auditors and verified by third parties. The LCA study has undergone further rigorous review by both customers and regulators.

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 Eco Invent 3.6 database.

“Our Life Cycle Analysis of 8kg CO₂e/m² on average offers our customers an independently verified and quantifiable contribution to their Scope 3 reduction targets.”

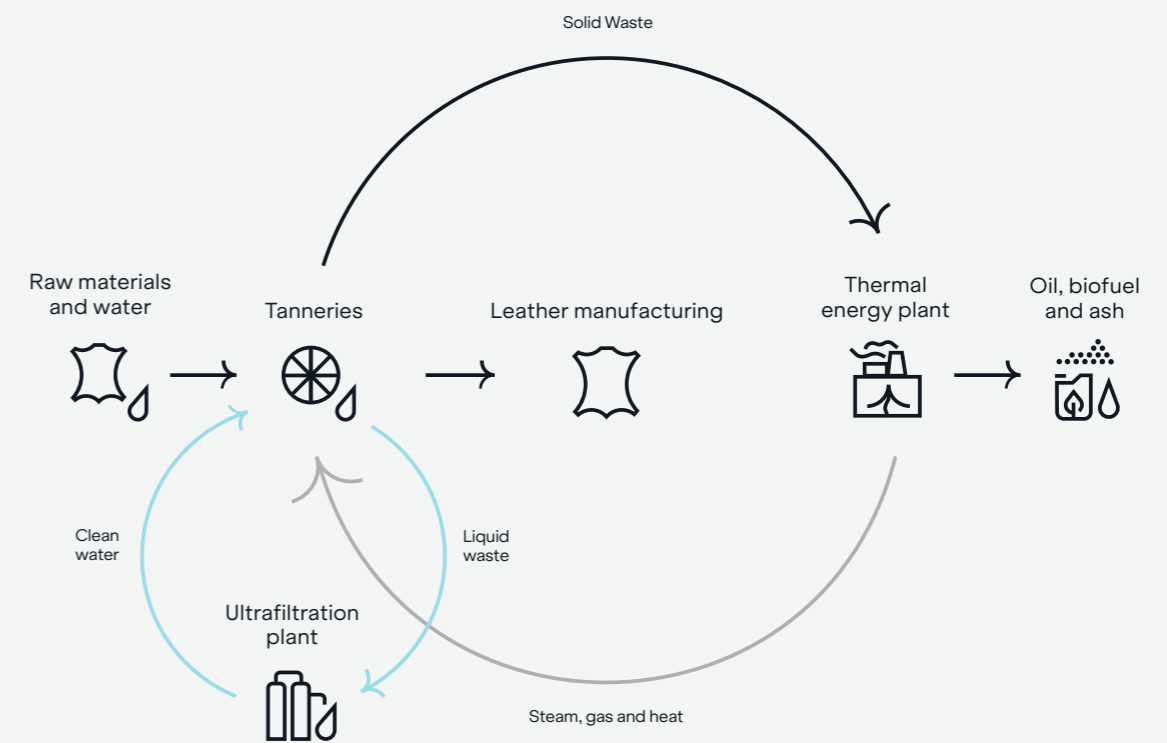
Circularity of product design / sustainable innovations

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 corporate and product LCA.

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

Our circular manufacturing process



4.3 Resource stewardship

Scarce resources

We make the world's lowest carbon intensity leather. Decoupling production from fossil fuel will further reduce our future intensity and enable us to meet our targets.

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

Annually we conduct analysis of the true impact of our operations on the aquatic environment and its impact on us, via drought or flood as well as conducting water scarcity assessments.

We complete this circular process by managing and maintaining the welfare of our loch, our own water supply as well as using less than half of water used per m² elsewhere in the sector.

Low carbon product

Lowering carbon intensity

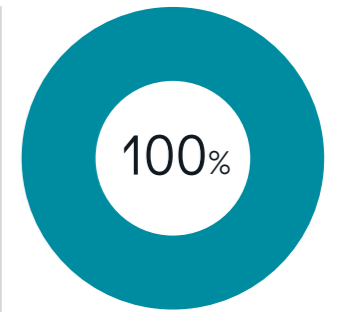
While fluctuations are inevitable, our overall trajectory towards our target of Net Zero by 2025 remains on track. Our forthcoming SBTi targets will set new standards for the leather sector supply chain for the next 20 years.

We source all of our electricity from wind generated sources and in the forthcoming years will supplement this with self generation and increased security of supply via our own forthcoming Solar PV array, producing equivalent of up to 25% of our consumption. This strategic initiative will allow us to de-risk and decouple.

The use of renewable energy has already been evident in reducing our Carbon intensity (Scope 1 & 2) and, reducing the measurable impact within our LCA.

The use of our own recovered oil or heat is critical to reducing our demand for gas and to reducing our Scope 1 emissions.

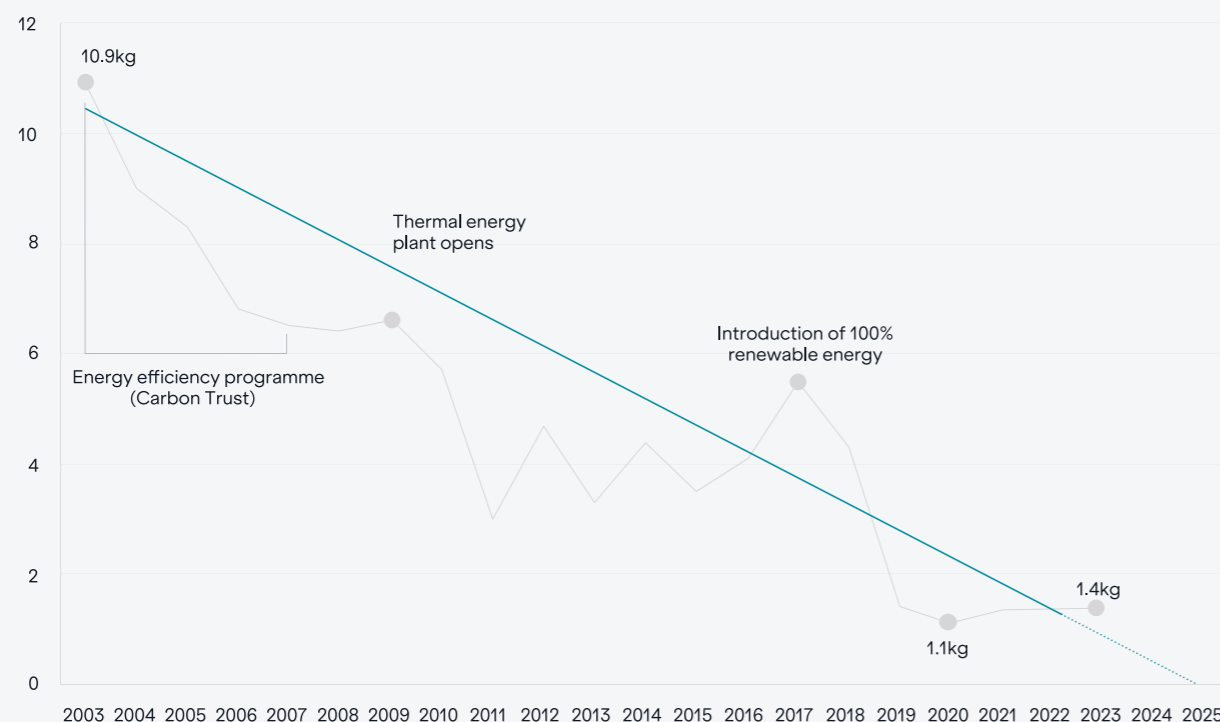
“Our reduced carbon intensity and lowest carbon leather seeks to reduce our customers’ Scope 3 GHG emissions, by up to 1 Tonne per vehicle.”



Our production carbon intensity is constantly improving, such as the use of certified 100% renewable electricity.

Carbon intensity

This graph represents the energy intensity of our leather, shown as kg CO₂e per hide, reducing by calendar year.



4.4 Sustainable innovations

We work closely with customers in achieving their ambitions towards a Net Zero future. This is captured in the aforementioned initiatives as well as in our innovation agenda. Key to this in forthcoming years is the added value of co-products (collagen) and end-of-life leather applications. We have set a direction toward developing the “sustainable seat”, using collagen and end-of-life leather in novel ways. All of these activities are underpinned by provenance of co-products and LCA to compare with materials currently in use, e.g. from plastics or those made in a linear manner.

Our iterative approach to research and development, established over recent years, ensures that new process or product ideas are robust and fully formed before reaching a commercial evaluation. We are working closely with both new and existing customers on novel applications of our collagen derived products. Some of these, including antiviral leather, non-flammable leather and seating are already in the commercial world, with SLG being first to market.

Muirhead Active Hygiene Leather addresses the challenges of post-pandemic passenger travel head-on, sustainable natural leather with added antiviral properties, using Polygiene Biomaster technology from Polygiene AB. Active Hygiene Leather eliminates 99% of viruses and bacteria from seat surfaces within two hours – no additional sanitising or cleaning required.



Our 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 of manufacture. This analysis however does not include for the “use” phase of leather and has triggered a need to develop alternative uses for end-of-life leather, reducing our customers’ Scope 3 emissions in secondary biomaterials.

The year ahead will see us focus on introducing more biobased or benign content into our leather making processes, with C14 analysis, including the advent of a bisphenol free product (7 years ahead of regulatory deadlines) and novel protein applications in replacing plastic and PU within interior seating. Commercially this will lead to us presenting customers with next generation, sustainable seating.

Our co-products agenda will also evolve rapidly, along with commercial R&D partners and customers finding novel applications for proteins in entirely new fields and helping new partners who, like us, are seeking to reach Net Zero. We see this decoupling of resource utilisation and increased bio-content as crucial to underpinning our products’ place within the landscape of truly “sustainable” manufacturing.

BioTAN®

A hybrid technology that incrementally increases the plant/bio content within the chrome free leather process, resulting in finished products without compromise on performance.

FreeTAN®

A full replacement of existing tanning chemistry with compostable technology and is free from chrome and glutaraldehyde yet still delivers finished products which meets our customers’ exacting standards.

“The year ahead will see us focus on introducing more biobased or benign content into our leather making processes with the introduction of BioTAN® and FreeTAN® products”



05 How we do business

- 5.1 Management approach 48
- 5.2 Transparency & traceability of raw materials 50
- 5.3 Product quality and customer experience 52
- 5.4 Collaborating for greater impact
 - PriestmanGoode 54
 - Bentley 56
 - Polestar 58

Section

05

5.1 Management approach

Since the advent of our inaugural report, SLG has pursued a strategy to zero – de-risking the direct and indirect activities that affect our business. Since then, and including this year’s opening of the “Super Tannery”, we have focused on key climate impacts affecting our supply chain and the direct impacts for which we are responsible. Environmental and societal risks have therefore inspired opportunities to innovate and de-risk. To date in excess of £14m has been invested. Further, the wider impacts of climate change have increased the likelihood of flood and indeed drought. We have bolstered our flood defences since 2020 and increased the robustness and engineering status of the water supply from our own private source, as well as our unique water recycling facility, to further mitigate impacts of water scarcity. Our factories, in particular the Super Tannery, were built on the premise of production with the lowest impact.

Our longer term targets per the SBTi are to be set in 2023. In advance of this we undertook a benchmarking and Gap analysis working with Apex Group.

As an ongoing commitment to energy security, which has been identified as a potential risk, we are investing in a Solar



PV plant to supply the main production site. We anticipate this will become the first of several similar plants, enabling us to decouple our manufacturing from the grid. This follows our original commitments to internalisation.

The Group operates a robust zero tolerance approach toward non-compliance. The overview by our Executive Board and real time monitoring by regulatory and other third parties ensure compliance is consistent to, or exceeds requirements of, the highest standards. We continue our commitment to The United Nations Global Compact (UNGC) and its requirement to meet and report on the Sustainable Development Goal (SDG) principles and supply chain governance.

Our materiality assessment cemented our existing understanding of key priorities:

How we do business

Sustain growth

Material topics

- Transparency & Traceability of Raw Materials
- Ethical Sourcing & Animal Welfare
- Responsible Supplier Relationships
- Product Quality
- Customer Experience

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

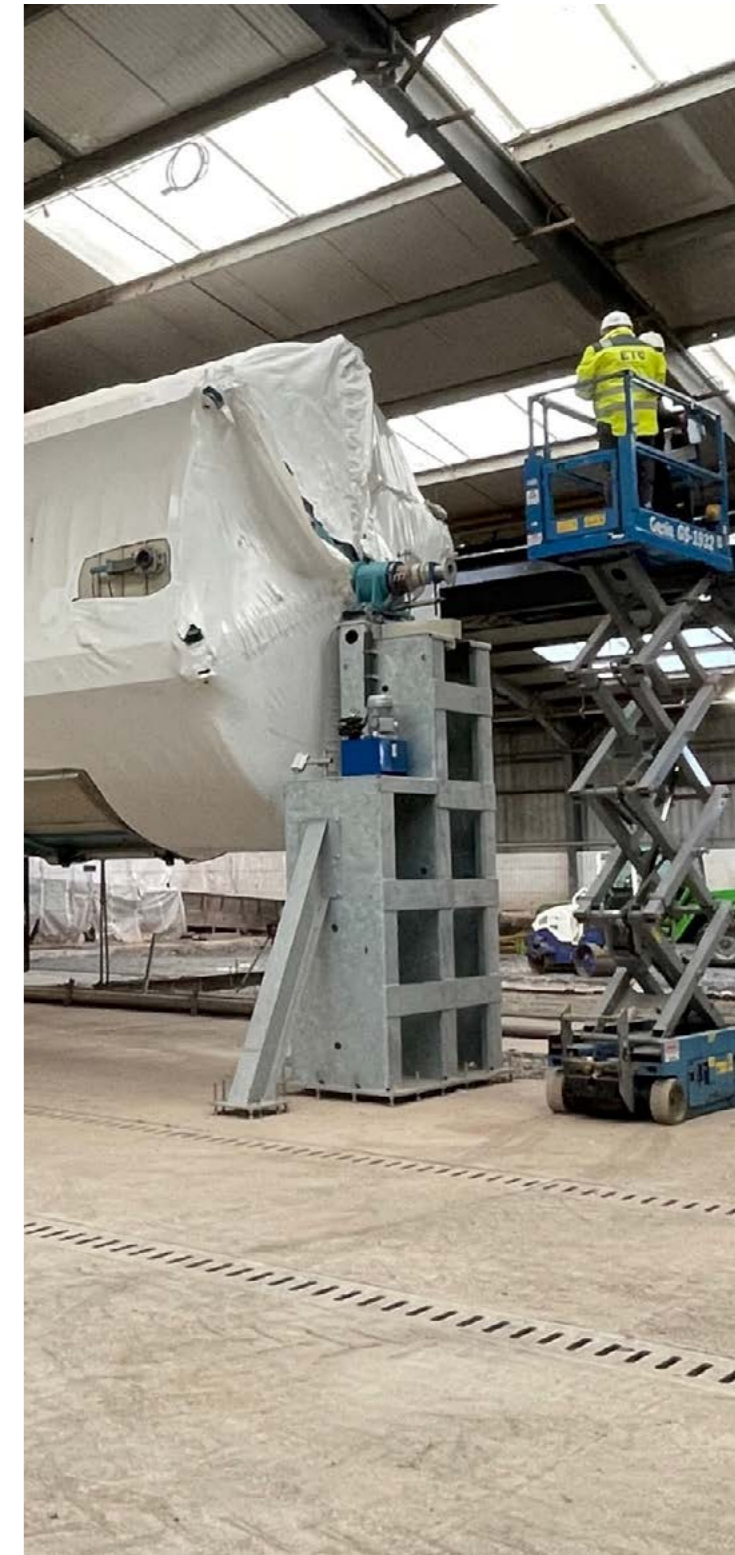
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

Furthermore we have been independently assessed, on our performance in relation to Social governance through our membership of the SEDEX platform, conducting SMETA audit, revised our employee guide in accordance with the ILO and ETI to which we subscribe and can demonstrate compliance. This was further enhanced in our LWG audit, once again achieving Gold status.

Our registration to independent platforms such as Climate Disclosure Project (CDP), our presentation of independently audited data (BSI) and our transparent and traceable supply chains, including that of a no-deforestation commitment are all exemplars within the sector.

The setting of long term climate targets through the Science Based Targets initiative has been completed and we await confirmation of those targets. We remain committed to conducting our business in a transparent, robust, de-risked and compliant manner, and with suppliers who are themselves signatories to our own commitments.



“Our commitment to The United Nations Global Compact requires adherence to all of the SDG principles and supply chain governance.”

5.2 Transparency & traceability of raw materials

We source from, and contribute back to, the food chain. All our raw hides are a by-product of the local beef and dairy industries, from which we have 100% traceability. We source raw hides locally within the UK & Ireland from responsible suppliers, without risk of deforestation, transparently and with full traceability. WWF recently endorsed the fact that 'Leather is an important by-product of cattle farming'.

Many of our co-products are returned as raw material into the food chain, as collagen – used widely in confectionery, other meat-based products and increasingly in the beauty industry. Ensuring no part of our raw material is wasted helps to reduce our overall impact.

From an LCA perspective, the hides represent 1% of the economic value of the livestock. We include emissions from cattle into our LCA however this is currently based on 1% of a global

average figure and we are working towards obtaining a verified figure for UK sourced hides that would meaningfully reduce our impact.

In 2023 we accredited for the second time to the LWG Protocol, following an extensive business audit. This "Gold" award provides further endorsement of our environmental performance, compliance, traceability, and business resilience.



“We can demonstrate a supply chain with no risk of deforestation.”



5.3 Responsible supplier relationships

Ethical sourcing & animal welfare

All suppliers sign up to and are audited against our Supplier Code of Conduct

All our raw hides are sourced directly from meat processors that are subject to daily inspections by Government veterinarians and licensed under UK and EU regulations.

All our raw materials require British Retail Consortium (BRC) accreditation, Food Standards Scotland or Food Standards Agency (FSS/FSA) approval. The BRC and FSS/FSA accreditation ensures that a supplier maintains the highest standards regarding management of commitments and systems, food safety management (HACCP), hygiene requirements, employee welfare, animal welfare, record management and good practice. These are globally recognised as accreditations of the highest standards.

The Animal Protection Index (API) ranks 50 countries according to their animal welfare legislation and policies. Each of the 50 countries is assessed according to 10 indicators, grouped into 4 goals, which address key

animal welfare issues found around the world. The UK is one of the highest rated territories within the Animal Protection Index and enjoys the assurance of the UK Cattle Tracing Scheme (CTS) managed by the British Cattle Movement Service and ScotEID (Livestock 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 procurement policy ensures that our raw hides come from healthy cattle herds and we can provide our customers with guaranteed provenance without deforestation.

In addition, the UK government's 25 Year Environment Plan and Clean Growth Strategy will see agroforestry play an important role in climate change mitigation and adaptation. Agroforestry is a land management approach that combines trees and shrubs with crop and livestock farming systems to help improve biodiversity and soil health, cut carbon emissions and produce healthy nutritious food and sustainable timber.

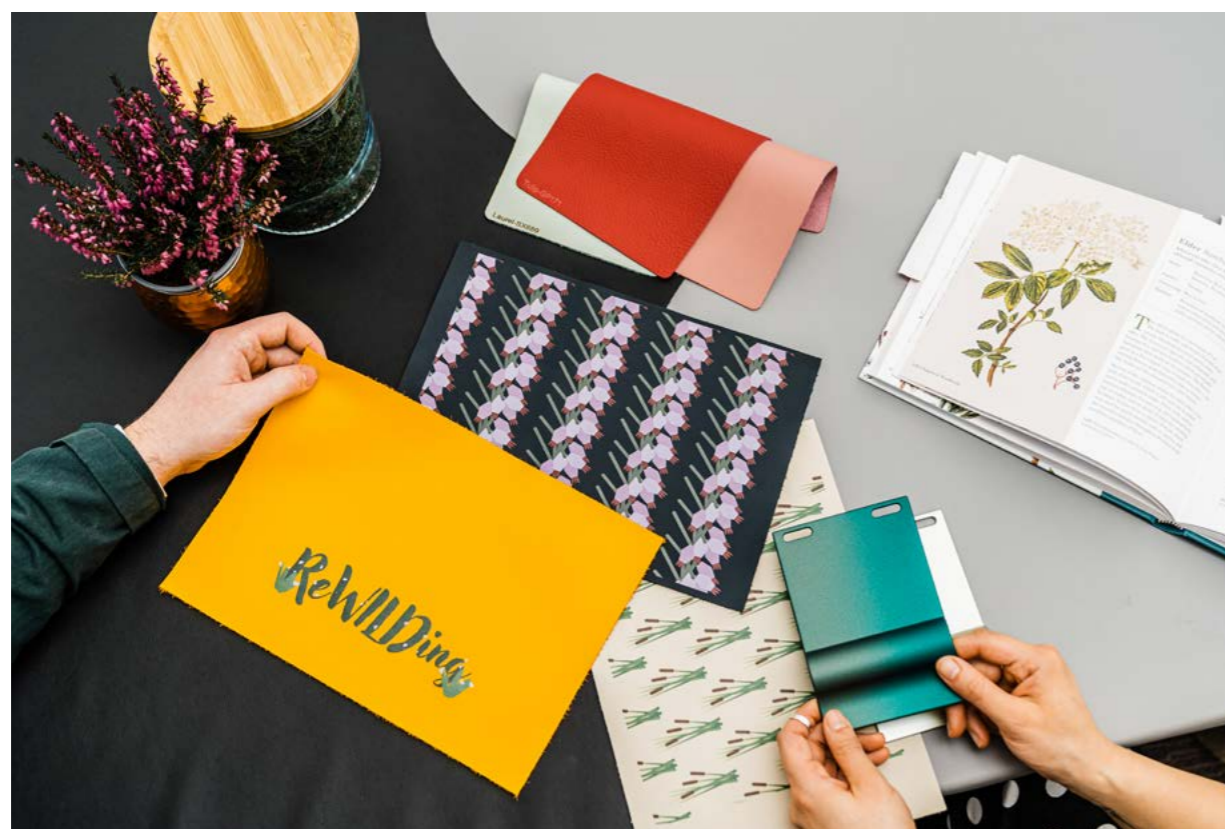
5.4 Product quality and customer experience

Our pursuit of Operational Excellence challenges us all to change and find new ways to operate better. To be more streamlined, agile, and more efficient. That includes a project pipeline that captures every new idea and project, which we use to set monthly business priorities. We never stop working to create and embed the highest standards across the Group.

All our leather processes, from raw hide to finished material, take place at our fully integrated facility in Bridge of Weir, Scotland. Our manufacturing facilities enjoy consistent investment to optimise quality and efficiency. We have invested £14 million with fourteen new drums are now in place at our world-class Super Tannery, helping us improve our tanning efficiency and reducing our energy and water consumption.

Our recently launched cut and sew and full seat cover design and production service takes our commitment to innovation and improved sustainability one important stage further.

We believe design is about creating unique and relevant experiences that leave a lasting impression. Our in-house design experts work with product development teams and Colour Material Finish (CMF) design houses to co-create the perfect leather for their needs and the needs of their customers. Our on-site colour lab offers a custom colour matching service, where our skilled technicians mix, test, and perfect the exact shade to meet customer requirements.



Performance Testing

Textile testing is often applied to new materials which do not reflect real-world use. Scottish Leather Group 'pre-stress' test samples by exposing them to extreme ranges of temperature and humidity to simulate years of real-world service and to gather more realistic, useful data. Only then do we begin evaluating our leather's performance. Every batch of leather is assessed in-house at our state-of-the-art material testing laboratory. We test to the individual customer's specification and supply a laboratory report ensuring that our product performs exactly to their specification.

Our rigorous testing includes strength, stretch, flexibility, rub and abrasion testing, colour consistency, fastness and soil resistance.

In addition, we are approved to conduct FAA 25.853 vertical burn and ABD0031 smoke density and toxicity testing. We are in the final phase of commissioning our state-of-the-art burn lab to test full-seat constructions to EN45545-2 and EN16989.

We also have Marine Equipment Directive (MED) Approval and Vehicle Certification Authority (VCA) Type Approval.

With full control of the process from natural raw material sourcing to finished product, we pride ourselves on being able to create bespoke products that perfectly complement and elevate our customers' brands.

We have the following accreditations:

- ISO 9001, Quality Management System Standard
- ISO 14001, Environmental Management System Standard
- ISO 50001, Energy Management System Standard
- ISO/TS 16949, Automotive Quality Management System Standard
- OHSAS 45001, Occupational Health & Safety Management System Standard
- AS/EN 9100, Quality Management System Standard for aviation, space & defence organisations
- ISO/IEC 17025, General Requirements for the Competence of Testing & Calibration Laboratories

5.5 Collaborating for greater impact
– the future is electric

PriestmanGoode

Muirhead is a proud collaborative partner of like-minded, environmentally sensitive companies like PriestmanGoode, a multidisciplinary design company with a purpose of designing a better, more sustainable future.

Their innovative and flexible Proteus rail interior system was unveiled at London's Marylebone Station and features Muirhead's lowest carbon High Performance Leather and digitally printed panels. This new system responds to evolving travel patterns following the pandemic and supports the goal of bringing more passengers back to rail and decarbonising public transport. Muirhead's premium leather delivers on these ambitions by offering improved comfort, the lowest carbon leather, and technical features that address concerns around personal space and hygiene, thus enhancing the experience for commuters and leisure travellers and supporting decarbonisation.

"We are delighted to be able to offer our considerable expertise to help transform the rail experience and elevate rail interiors to match that of the airline industry."

Archie Browning
Sales Director
Muirhead

PriestmanGoode was awarded funding for the project through the Department of Transport's 'First of a Kind' competition, run by Innovate UK.

PriestmanGoode is also a leader in sustainable seat innovation in aviation, often working with Muirhead's reduced-weight, lowest-carbon aviation products.

Muirhead.
High Performance Leather



"We've taken a pragmatic approach to the First of a Kind brief, balancing ground-breaking ideas with the constraints of existing rolling stock. The outcome provides interesting options for both new rolling stock and retrofit opportunities as operators around the world look to build flexibility into their train interiors."

Mike Lambourn
Senior Project Head
PriestmanGoode



5.5 Collaborating for greater impact
– Beyond 100 with Bentley Motors

Bentley

Bentley is creating a future driven by new technologies, materials, fuels and skills, in the pursuit of a progressive, new world: one in which the highest levels of luxury mobility are achieved with sustainable methods. Bentley's "Beyond 100" strategy outlines how they plan to make this future a reality and, in turn, become the leading maker of luxury electric cars with the intention of becoming climate neutral, end-to-end, from 2030.

Reaching these aggressive targets whilst also maintaining their ability to deliver an in-car experience that delights the senses, means working with partners who can deliver on strict sustainability criteria without compromising on the company's philosophy of unrivalled craftsmanship and performance.

“Within a decade, Bentley will transform from a 100-year-old luxury car company to a new, sustainable, wholly ethical role model for luxury.”

Adrian Hallmark
Chairman and Chief Executive Officer
Bentley Motors



Bridge of Weir has been supplying the Mulliner workshop, where unique bespoke cars are created, since 2016. With our UK sourcing, vertical control and leading manufacturing practices, we are a progressive partner whom Bentley can rely on to help them achieve their ambitions. Our reduced carbon intensity and lowest carbon leather directly supports the reduction of Bentley's Scope 3 GHG emissions. Our expertise, care and innovation is powered by a family obsession that never stops – to make the world's finest most sustainable automotive leather. We are honoured and proud to support Bentley's "Beyond 100" strategy.

“Bridge of Weir's 100% traceable UK supply chain, uncompromising standards and progressive innovations support the delivery of our 2030 ambitions.”

Marc Stang
Leather & Colour Development
Bentley Motors



5.5 Collaborating for greater impact
– leading by example

Polestar

Polestar embraces transparency with regards to measuring and communicating carbon footprints and materials' traceability and publishes the Life Cycle Analysis of all models. By being completely transparent about their methods and progress towards a climate neutral future, Polestar aim to set a standard that others who want to make similar claims must follow.

We were first leather manufacturer to share our Life Cycle Analysis (LCA) value of 8kg CO₂e/m², the lowest published in the world. This is calculated using detailed primary data from our own operations. We worked with independent consultant Spin 360 to establish this LCA process to measure leather's impact from the sourcing of raw material through to manufacturing and finishing. We employ leading environmental practices and endeavour to share our learning with the wider industry and beyond.

Bridge of Weir are proud that Polestar will feature a block of text on the backrest of each front seat, proudly declaring the carbon footprint of the material chosen. From design and materials, to sourcing and assembly, to use and reuse, Polestar 3 represents another step on the journey towards more circular electric cars.



“We deliver full supply chain transparency with 100% traceability and 0% deforestation by sourcing 100% by-product of the food industry. Our Life Cycle Analysis of 8.1kg CO₂e/m² offers Polestar an independently verified and quantifiable carbon reduction.”

Dr Warren Bowden
Head of Sustainability & Innovation
Scottish Leather Group



“We were really happy to be able to work with Bridge of Weir around the leather in Polestar 3, which is an amazing company in terms of sustainability ambition. They have full traceability, down to the farm, and also they only have animals coming from the food industry – which means this is a by-product of the food industry.”

Fredrika Klarén
Head of Sustainability
Polestar



Polestar 3
100% traced Nappa leather
8.1 kg CO₂e / m² material
Animal welfare secured

06 Appendix

6.1	Appendix	
	Streamlined Energy & Carbon Reporting (SECR)	62
	Gender Pay Gap Statement 2022	66
	Glossary	67

Section

06

Streamlined Energy & Carbon Reporting (SECR)

Energy use and carbon emissions

The Streamlined Carbon and Energy Reporting (SECR) data is presented in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The data collected includes the emissions for the UK operations of Scottish Leather Group Limited. UK Government (greenhouse gas) conversion factors were used to calculate carbon emissions and offsets, from primary data (meter readings and invoices). Several of these conversion factors (e.g. waste, [Scope 3](#)) have increased during the year. All purchased electricity is from 100% renewable (REGO) and carbon neutral sources. The 2018-2019 financial year continues to be used as the base year. The chosen intensity measurement is kg CO₂e/m² of finished product which replaces the kWh/m² metric used previously within Climate Change Agreement reporting. Annual targets for absolute and relative energy use and carbon intensity KPIs for product mix are set within the Energy Management System. The energy and carbon data presented is audited bi-annually by BSI. Additionally, the data presented is audited to ISO14016. The Group's products (marketed as Lowest Carbon Leather) are subject to published (PCR, PEFCR) Life Cycle Analysis measurement which includes upstream carbon assessment.

Scope 1	Units	2022-2023	2021-2022	2018-2019
Gas consumption	kWh	39,569,246	34,045,810	40,858,498
Electricity consumption	kWh	17,546,442	14,904,943	17,596,923
Gas consumption	T CO ₂ e	7,223	6,215	7,458
Owned transport	T CO ₂ e	198	156	175
Process emissions	T CO ₂ e	138	123	148
Total Scope 1		7,559	6,494	7,781

Scope 2				
Emissions from purchased electricity	T CO ₂ e	3,393	2,882	4,661
Total Scope 2		3,393	2,882	4,661

Chosen intensity measurement: S1 & S2 net emissions	kg CO ₂ e/m ²	0.91	1.08	1.12
---	-------------------------------------	------	------	------

Scope 3				
Fuel- and energy-related activities not included in Scopes 1 & 2	T CO ₂ e	2,353	2,012	2,081
Business travel	T CO ₂ e	578	61	N/A
Waste generated in operations – disposal emissions	T CO ₂ e	5,650	4,323	9,653
Total Scope 3		8,581	6,396	11,734

Offsets				
Gross emissions S1, S2 and S3	T CO ₂ e	19,533	15,772	24,177
Offset – Steam and oil exported	T CO ₂ e	(2,348)	(2,255)	(3,255)
Offset – REGO electricity supply	T CO ₂ e	(3,186)	(2,656)	(3,403)
Net emissions	T CO₂e	13,999	10,861	17,519

Kg CO₂e/m² carbon intensity – Kg carbon dioxide equivalent per square metre product; T CO₂e – Tonnes carbon dioxide equivalent emissions; equivalent emissions are all emissions converted and reported on carbon dioxide; kWh – Kilowatt hours – Standard unit of gas & electricity measurement.

Journey to Zero – 2022		
Disposal Route	Total Tonnage	Percentage
Total Waste	44,838.64	
Landfill	10,337.99	23%
Recycled/Recovered	34,500.65	77%

Journey to Zero – 2021	
Total Tonnage	Percentage
49,388.02	
8,079.66	16%
41,308.36	84%

Production Energy 2022		
	kWh	%
Group Gas	40,223,399.10	
Purchased Gas	31,132,437.70	77%
Group Electricity	17,885,019.15	
Renewable Electricity	16,563,039.85	93%

Production Energy 2021		
	kWh	%
Group Gas	33,586,061.00	
Purchased Gas	21,868,331.75	65%
Group Electricity	14,349,097.70	
Renewable Electricity	13,546,540.80	94%

Waste Water 2022		
	kWh	%
Total Treated m ³	392,185.00	
Recycled m ³	18,248.00	5%
Discharged m ³	334,115.00	85%

Waste Water 2021		
	m ³	%
Total Treated m ³	318,383.00	
Recycled m ³	37,372.00	12%
Discharged m ³	245,748.00	77%

Hides Purchased 2022		
		%
Total	734,129	100%
UK	683,160	93%
Non UK	8,539	7%

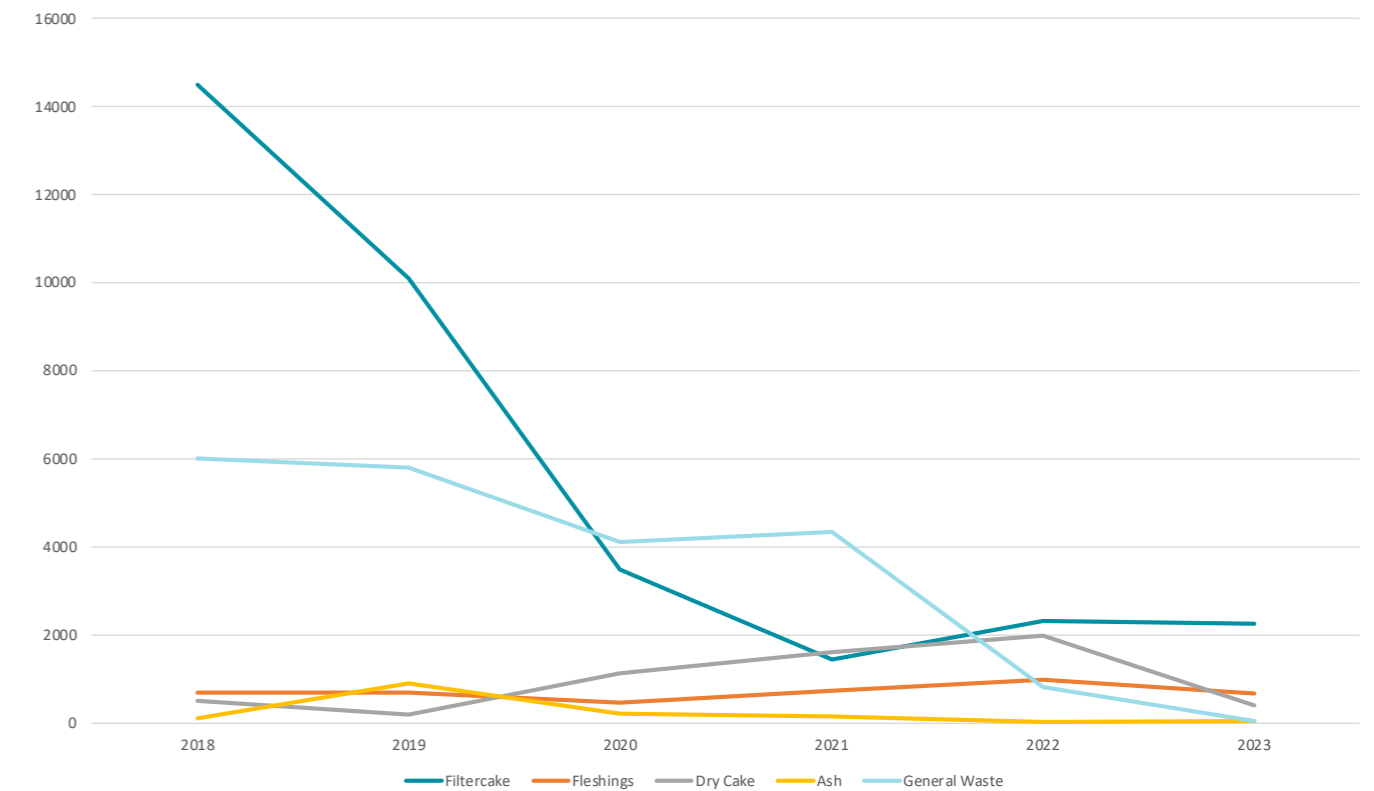
Scotland	346,101	47.14%
Northern Ireland	169,082	23.03%
England	163,307	22.25%
Republic of Ireland	42,430	5.78%
USA	5,669	0.77%
Wales	4,670	0.64%
France	2,870	0.39%
Total	734,129	100%

Non-compliance	
Effluent > threshold	0
Air Emission > threshold	0
Waste > threshold	0

LWG Rating (P6.7 and P7.2.2)	Gold
------------------------------	------

ISO 9001, 14001, 45001, 50001, IATF, MED
 ISO 14016 Environmental Reporting

Waste to Landfill 2018-2023 YTD



Gender Pay Gap Statement 2022

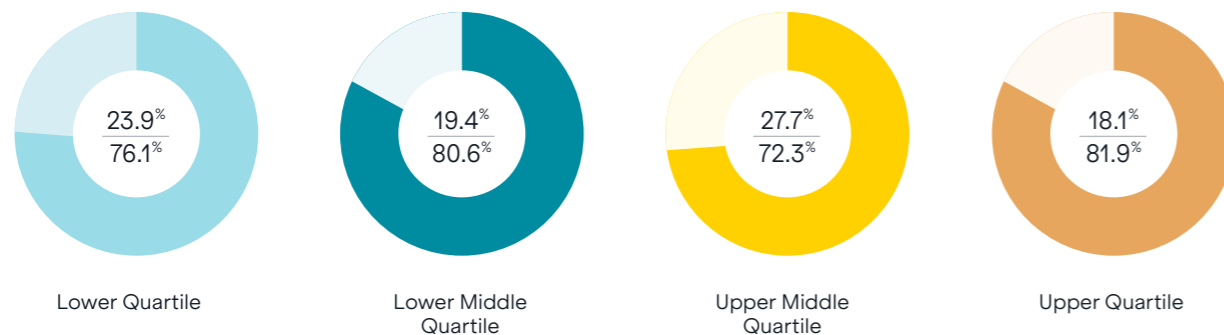
Gender Pay Gap is the difference in the pay of men or women across the whole company. The calculation therefore takes into account all jobs at all levels and salaries. In terms of the mean and median statistics across our business, there are differences, and this is down to the fact that there are more males employed in our manufacturing business than there are women.

Our illustrative charts below outline these differences, and the key numbers are as follows:

- 0% Pay difference between men and women in the same roles
- 0% Pay difference in bonuses paid to men and women in the same roles
- 0.3% Median difference in hourly pay across the business (female to male employment ratio 1:3.49)
- 9.1% Mean difference in hourly pay across the business (female to male employment ratio 1:3.49)

Difference between men and women		
	Mean	Median
Hourly Rate of pay	9.1%	0.3%
Bonus Pay	0%	0%

Proportion of men and women in each pay quartile (%)



The data above shows our overall mean and median gender pay gap based on the snapshot date of 5th April 2022.

Terminology

- **APEX** – Apex Group, a global financial services provider, provides a verified ESG database and benchmarking index for private markets
- **GHG** – Green House Gases
- **KG CO₂e/m²** – Kg Carbon Dioxide equivalent per square metre product
- **Net Zero** – When human-induced emissions are balanced globally by human-induced removals over a specific period
- **Scope 1** – The Green House Gas (GHG) emissions that a company makes directly, for example while running its boilers and vehicles
- **Scope 2** – The emissions is makes indirectly, where the electricity or energy it buys for heating or cooling buildings is produced on its behalf
- **Scope 3** – All emissions that the company is indirectly responsible for throughout its value chain, e.g. from products bought from its suppliers and from its products when used by customers
- **ETI** – Ethical Trading Initiative
- **FLAG** – Forest, Land and Agriculture – refers to FLAG guidance for SBTi (guidance for land-intensive sectors)
- **FSA** – Foods Standards Agency
- **FSS** – Food Standards Scotland
- **GRI** – Global Reporting Initiative
- **HACCP** – Hazard, Analysis, Critical, Control, Point
- **ILO** – International Labour Organisation
- **ISO** – International Organization for Standardization
- **LCA** – Life Cycle Analysis
- **LWG** – Leather Working Group
- **PCR** – Product Category Rules – these rules provide the guidelines for developing an EPD
- **PEFCR** – Product Environmental Footprint Category Rules
- **PU** – Polyurethane – artificial leather
- **R&D** – Research & Development
- **RoSPA** – Royal Society for the Prevention of Accidents
- **SASB** – Sustainability Accounting Standards Boards
- **SBTi** – Science Based Targets Initiative
- **SCQF** – Scottish Credit & Qualification Framework
- **SECR** – Streamlined Energy & Carbon Reporting
- **SEDEX** – Supplier Ethical Data Exchange
- **SLG** – Scottish Leather Group
- **SMETA** – Sedex Members Ethical Trade Audit
- **Solar PV** – Solar Photovoltaics
- **STEAM** – Science, Technology, Engineering, Arts and Mathematics
- **TCFD** – Taskforce on Climate Related Financial Disclosures
- **UNGC** – United Nations Global Compact
- **UNGC CoP** – United Nations Global Compact Communication on Progress
- **UN SDG** – United Nations Sustainable Development Goals
- **WWF** – World Wide Fund for Nature

Acronyms

- **API** – The Animal Protection Index
- **BRC** – British Retail Consortium
- **BSI** – British Standards Institute who verify the data issued in this report
- **C14 analysis**: Referred to as carbon dating or carbon-14 Dating. A way of determining the age of organic materials by determining the decay of radioactive isotope carbon-14
- **CDP** – Climate Disclosure Project
- **CMF** – Colour Material Finish – a design discipline that focuses on the chromatic, tactile, and decorative character of goods and settings
- **CTS** – Cattle Tracing Scheme ScotEID (Livestock Traceability)
- **EDP** – Environmental Product Declaration – a document which states the environmental performance or impact of a product over its lifetime based on LCA (and externally verified)
- **ESG** – Environmental, Social, Governance

Scottish Leather Group Limited
Locher House
Kilbarchan Road
Bridge of Weir
Renfrewshire
PA11 3RN
Scotland

+44 (0)1505 691700
enquiries@scottishleathergroup.com
scottishleathergroup.com