

Environmental, Social & Governance Report 2025



Contents

Welcome to our 22nd Annual Report. Our Environmental, Social & Governance (ESG) Report is in reference to the Global Reporting Initiative (GRI) and details our approach, commitments, and progress as we strive towards a more sustainable future.

01

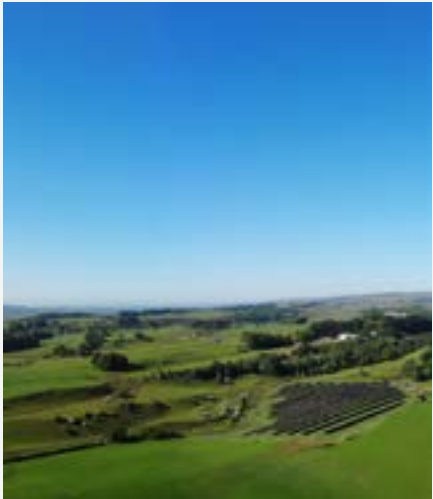
02

03

04

05

06



Introduction

1.1	About this report	06
1.2	Our approach for a more sustainable future	08
1.3	2024/25 performance highlights	10
1.4	Sustainability strategy & organisation	12



Materiality assessment

2.1	Double Materiality	16
2.2	Progress against our goals	18
2.3	Our approach for a more sustainable future and the integration of ESG in business strategy	19
2.4	Our milestones, awards and accreditations	20



People
Social

3.1	Management approach	24
3.2	Health & safety / colleague wellbeing	26
3.3	Colleague engagement	27
3.4	Equality, diversity & inclusion	28
3.5	Developing our talent is a key factor in our continued success	30
3.6	Innovation through community	32



Planet
Environmental

4.1	Management approach	36
4.2	Measuring and monitoring our products' environmental impact	38
4.3	Resource stewardship	40
4.4	Sustainable innovations	42



How we do business
Governance

5.1	Management approach	46
5.2	Transparency & traceability of raw materials	48
5.3	Responsible supplier relationships	49
5.4	Product quality & customer experience	50
5.5	Lucid	52
5.6	Globe-Trotter	54



Appendix

6.1	Appendix	
	Streamlined Energy & Carbon Reporting (SECR)	58
	Double Materiality matrix	60
	Gender Pay Gap Statement 2024	63
6.2	Glossary	66



01 Introduction

1.1	About this report	06
1.2	Our approach for a more sustainable future	08
1.3	2024/25 performance highlights	10
1.4	Sustainability strategy & organisation	12

1.1 About this report

Welcome to Scottish Leather Group's 22nd Annual Report.

This report details our approach, commitments, and progress of our 5-Year Plan. Integral to the plan is our ongoing commitment to the principles we have pursued for the past two decades, as detailed in our Double Materiality assessment, complemented with a desire to diversify our portfolio of innovative and sustainable solutions to our customers; and to improve the health, wellbeing and performance of our exceptional people. We continue to maintain our industry-leading position, based on a strong set of core values.

Our approach to open and transparent reporting demonstrates the confidence in our position, strong governance and management practices and provides our customers with the reassurance of the quality, custody, and credentials of our activities and products, as presented in this and previous reports. We were honoured to see one of our innovative products nominated for the prestigious Earthshot prize 2025 – a testament to the commitments made and which supports and celebrates those who turn bold ideas into real solutions to repair our planet.

We are pleased to continue our ongoing commitment to the United Nations Global Compact (UNGC) by submitting our Communication on Progress (CoP), continuing to report against the 17 Sustainable Development Goals (SDGs) and delivering the world's lowest carbon leather. Together we go further. We offer innovative and integrated leather solutions, and in collaboration with our partners, nurture long-term relationships and set new industry standards in quality and environmental responsibility.

THE
EARTHSHOT
PRIZE

We invite you to learn more about our progress, achievements, plans, innovations and aspirations in this report, which is in reference to the Global Reporting Initiative (GRI) and aligned with Corporate Sustainability Reporting Directive (CSRD) and other statutory and voluntary reporting requirements and obligations.



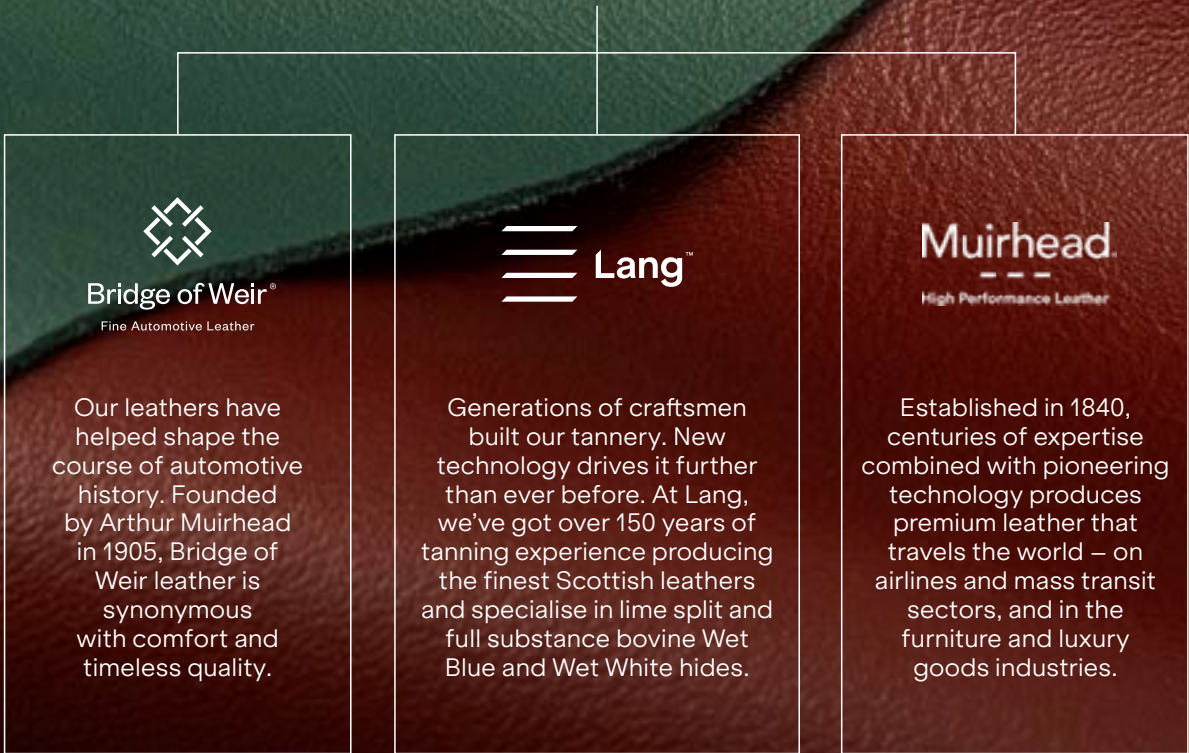

Stella Morse
Chair
Scottish Leather Group




Nicholas Muirhead
Chief Executive Officer
Scottish Leather Group

Together we go further

Group Structure



1.2

Our approach for a more sustainable future

Overview

We set near-term (2034) carbon reduction targets via the globally recognised SBTi, without offsetting. This year we are pleased to report that we are on target to meet these ambitious goals and report on the opening of our own onsite Solar PV array located adjacent to the Bridge of Weir site. This 4MWh array allows both livestock grazing within the field and PV creation simultaneously and has sufficient capacity to meet our peak day time demand whilst also offering export capability.

Some of our commitments and actions stemming from our 5-Year Plan are to increase our actions toward staff wellbeing, and roll out our supplier verification platform, along with several other initiatives from the ESG committee which have cemented our confidence in the supply chain and our ability to reach long-term commitments. By the end of 2025, we will have reduced our product carbon intensity to zero. The continuing diversification of our product portfolio through innovative techniques 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 of our products and corporate footprint and will continue to review this going forward.



Our commitments

Categories

People

We have sought internal feedback from colleagues through engagement surveys. We have been independently assessed through our membership of the Supplier Ethical Data Exchange (SEDEX) platform via a SEDEX Members Ethical Trade Audit (SMETA). We have revised our colleagues' guide in accordance with the International Labour Organisation (ILO) and Ethical Trading Initiative (ETI) and other standards to which we subscribe.

Planet

Through circular manufacturing, we will have zero process waste to landfill by 31st December 2025.

We will reduce our direct (Greenhouse Gas (GHG) Scope 1 & 2) impact to Net Zero by 31st December 2025.

How we do business

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

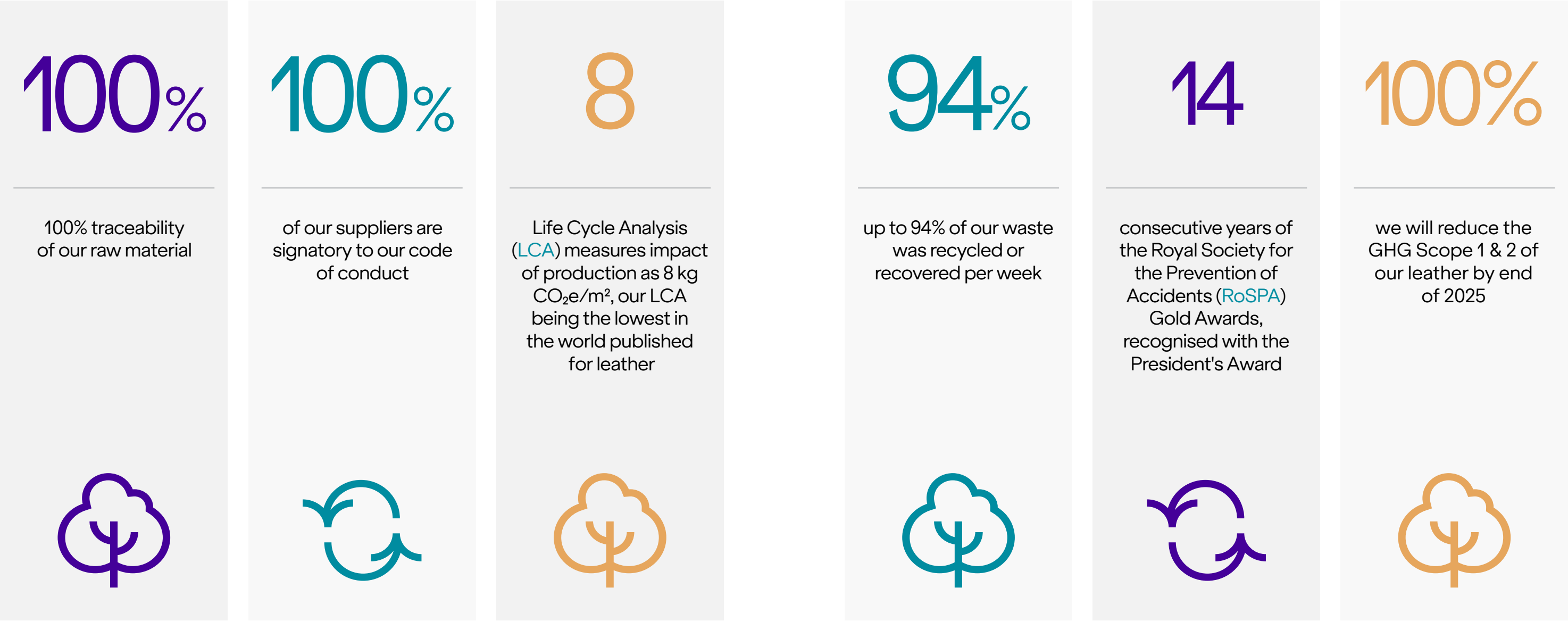
We have verified the integrity of our supply chain via an auditing protocol to meet internationally accepted standards by our vendor platform.

Developed in 2023, we established a Director-led ESG committee steering our ESG agenda.

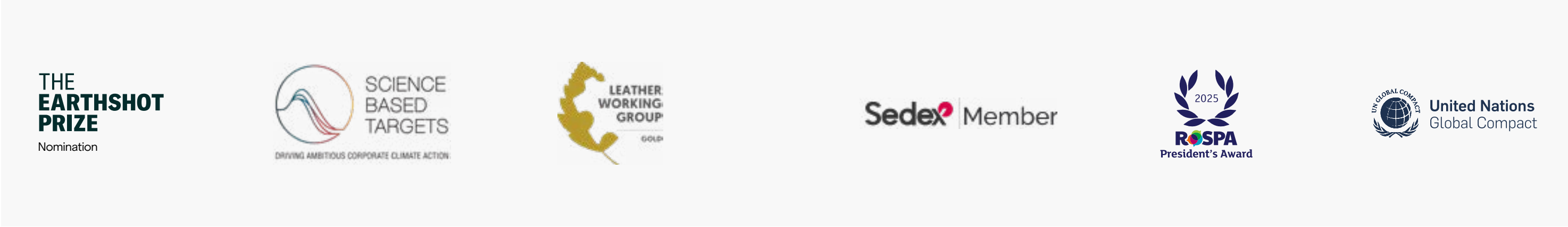
We are accredited to the UN Global Compact



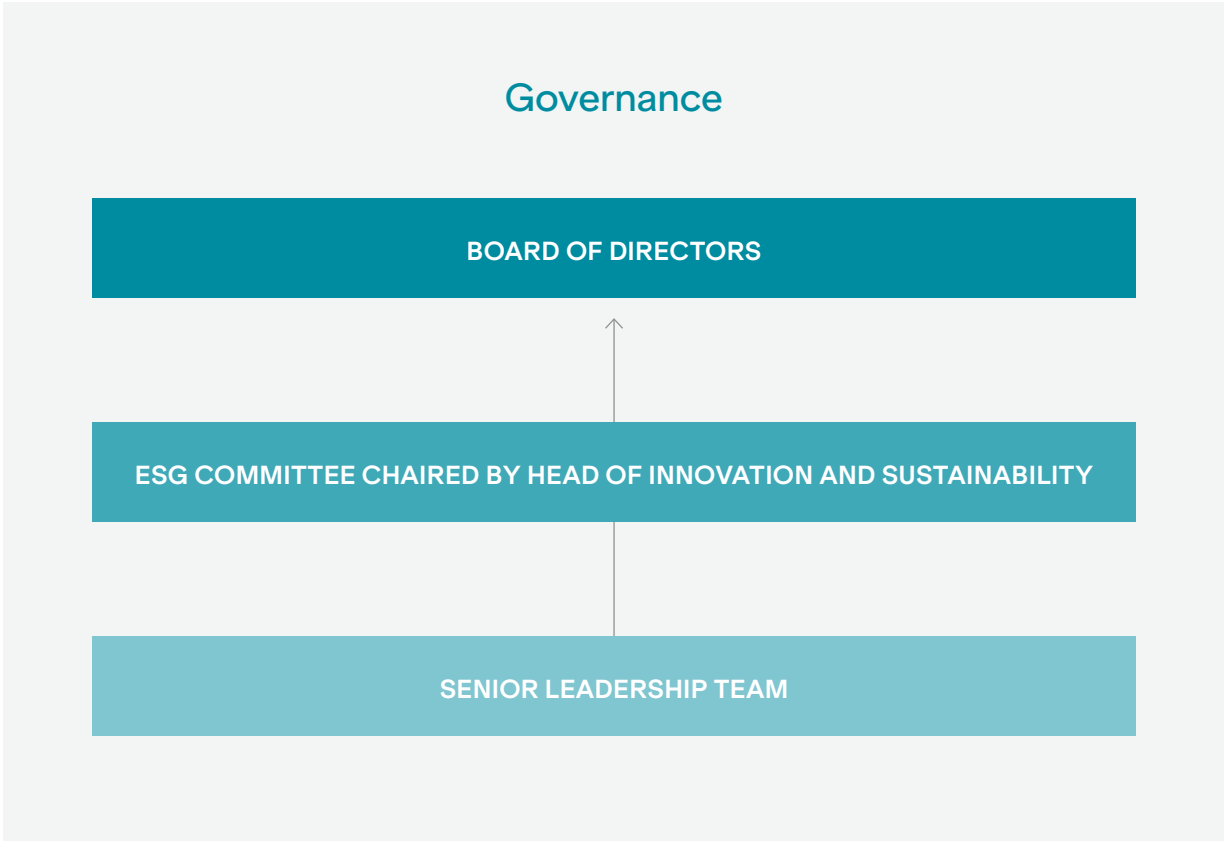
1.3 | 2024/25 performance highlights



Our awards and accreditations



1.4 Sustainability strategy & organisation



Good governance is essential to responsible business. Ensuring the health and safety of our people is critical to all our of operations and strategy. Our renewed emphasis on ethics, values and people focused culture has enabled improved clarity and confidence of transparent reporting.

The data provided within this report, and that previously reported, is independently audited and verified to the highest standards to which we openly subscribe. In addition to our International Organisation for Standardisation (ISO) verification and accreditations, other independent evaluations have been concluded reaffirming our regulatory compliance, performance and the statements made in this report. The Taskforce 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, with inclusion of double materiality assessment. Overview of governance matters is provided at Board level. Scottish Leather Group's Senior Leadership Team oversees the strategic delivery of the business.

The ESG Committee, reporting to the Board, reviews both ongoing and new standards of reporting and oversight requirements, in particular relating to business risk and climate risk, with the inclusion of double materiality assessment. This committee is chaired by the Head of Innovation and Sustainability and includes executive-level and Senior Leadership Team members across the E, S & G agenda who collate the impact and gap analyses conducted by a variety of independent sources to establish our near-term strategy and actions. The double materiality assessment and company risk register, which are reviewed quarterly, formally recognise operational and longer-term strategic risk.



We uphold rigorous ethical standards and are committed to fairness, transparency, and equality throughout our Group and supply chain. This commitment starts with gender equality and equal pay for equivalent roles, and is embedded in our Code of Conduct, which guides both our own practices and those of our suppliers. These principles are aligned with our obligations under the ILO and ETI commitments, and UN Global Compact are regularly assessed through our vendor evaluation protocols. These assessments cover key areas including carbon footprint, colleague welfare, trading standards, and risk management.

With the increasing importance of climate risks and supply chain obligations to our business and customers, this committee will continue to 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.

“We are committed to strict ethical standards, fairness, transparency, and equality practices”

02 Materiality assessment

2.1	Double Materiality	16
2.2	Progress against our goals	18
2.3	Our approach for a more sustainable future and the integration of ESG in business strategy	19
2.4	Our milestones, awards and accreditations	20

02

2.1 Double Materiality

The Corporate Sustainability Reporting Directive (CSRD) calls for greater transparency and accountability from businesses, aiming to accelerate sustainable progress across the EU. A key element is the Double Materiality Assessment (DMA), which will become a mandatory process for identifying the sustainability issues most relevant to both the organisation and its stakeholders. This involves assessing their impact on environmental and social issues, as well as how these issues affect the business. The approach merges both impact materiality and financial materiality into a unified framework.

Double Materiality

We have pioneered a Double Materiality Assessment. By considering issues from more than one angle, we now have a greater holistic view of the risks and opportunities we face. Our sustainability approach, guided by stakeholder input over two decades, prioritises material topics with the greatest impact and financial significance. This was achieved through stakeholder engagement and guidance from Sustainability Accounting Standards Boards (SASB), the Global Reporting Initiative (GRI) and the UN Global Compact and United Nations Sustainable Development Goals (UNSDG).

Material topics

- 1

Transparency & traceability of raw materials
Ability to track and trace from farm to finished product and prove the absence of deforestation.
- 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).
- 3

Health & safety / colleague wellbeing
Providing a secure and safe environment for colleagues to thrive.
- 4

Responsible supplier relationships
Ensuring suppliers meet the same criteria our customers expect from ourselves.
- 5

Customer experience
Excellence at every touchpoint throughout our delivery.
- 6

Product quality
Aspiring for brilliance in performance, longevity, design, and innovation.
- 7

Talent & lifelong learning
Actively encouraging colleague progression and promoting continual learning.
- 8

Sustainable innovations
Developing new technologies, designs and finishes that improve longevity and minimise impact.
- 9

Circularity of product design
Delivering high performance material that can be repurposed at end-of-life.
- 10

Low carbon product
Lowering the carbon footprint of our operations and products.
- 11

Resource stewardship
Ensuring and optimising use of natural resources.
- 12

Climate change
Contributing to the overarching aim to reduce impact.
- 13

Craftsmanship
Continually developing the care and skill required to produce our lowest carbon leather.
- 14

Equality, diversity & inclusion
Recognising, respecting and celebrating each other's differences and creating an environment where everyone feels welcome and valued.
- 15

Community investment
Supporting the local community financially and practically.

Stakeholder engagement

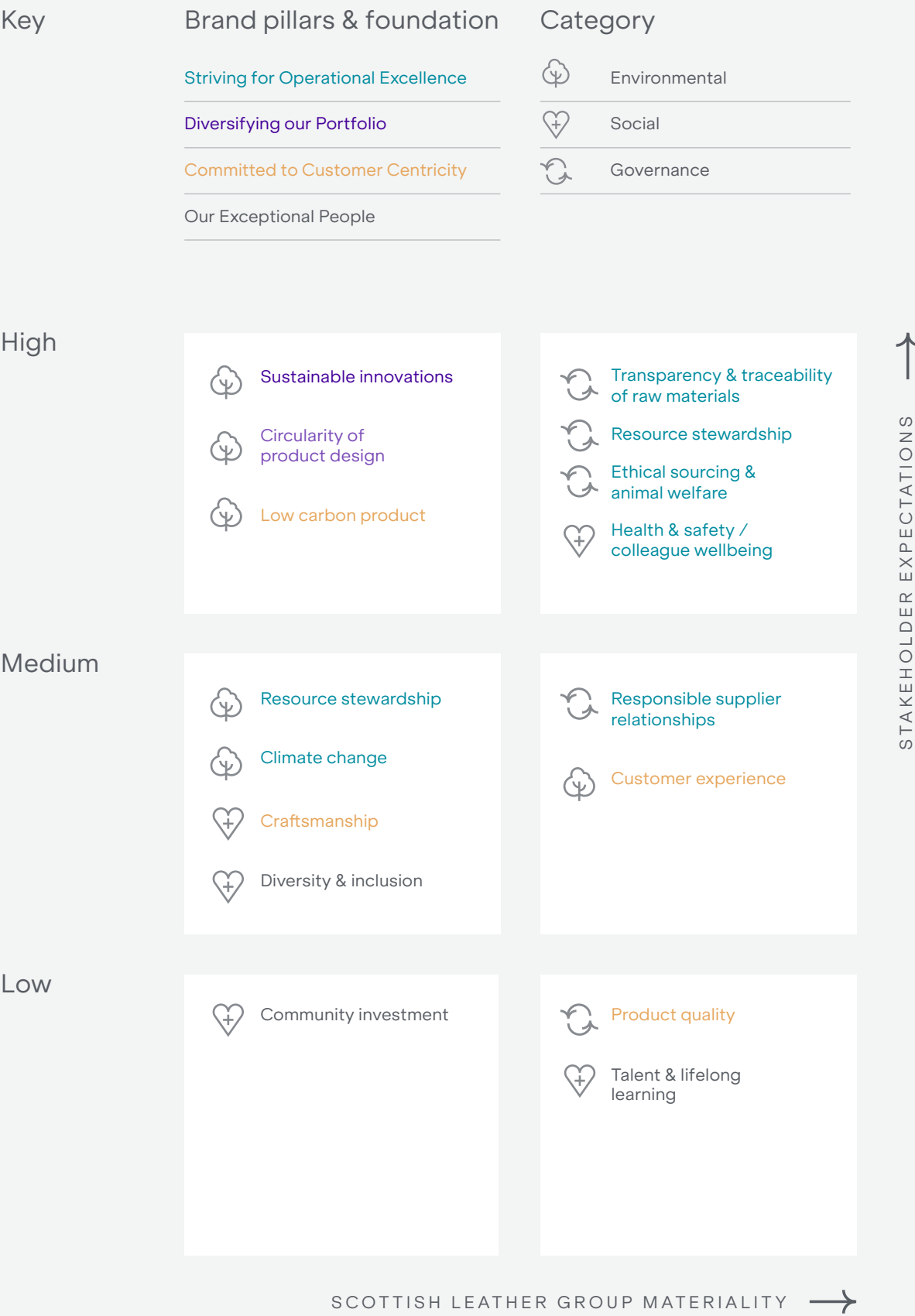
Previously, we conducted independent qualitative research with customers and stakeholders to understand their priorities. Our research partners held in-depth interviews with representatives from key sectors. We also partnered with a trends intelligence agency to identify end-consumer expectations. Analysing these findings, alongside topics from our ongoing communications, provided a comprehensive understanding of key issues. Including financial impact has informed our strategy, risk management, and activity prioritisation.

Our 5-Year Plan

Our 5-Year Plan is a testament to our unwavering commitment. We aim to ensure no one does more to deliver innovative sustainable and integrated leather solutions to diverse markets. We foster long term relationships and set new industry standards for quality and environmental responsibility. This commitment is not just a promise, but a roadmap to a more sustainable future, one that we are confident in delivering.

Materiality Matrix

The original Materiality Matrix, excluding the financial impact, is shown below.



2.2 Progress against our goals

Commitments & progress

1

Year 2025

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

- Materiality topic**
- Sustainable innovations
 - Circularity of product design
 - Resource stewardship
 - Low carbon product
 - Climate change

Progress
During the reporting period we have recovered or recycled up to 94% of our waste.

This has been independently verified.



Key

- Environmental
- Social
- Governance

2

Year 2025

Commitment
We will reduce our direct (Scope 1 & 2) impact to Net Zero as reported under Streamlined Energy and Carbon Reporting (SECR) regulations.

- Materiality topic**
- Sustainable innovations
 - Circularity of product design
 - Resource stewardship
 - Low carbon product
 - Climate change

Progress
Our GHG Scope 1 & 2 emissions will reduce by 100% from baseline by the end of 2025.

This has been independently verified.



3

Long-term targets

- Commitment**
- Continue our biennial Gold certification to Leather working Group (LWG).
 - 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.
 - Vendor verification platform.
 - Science Based Targets Initiative (SBTi):

To reduce absolute Scope 1, 2 and 3 (non-FLAG**) GHG emissions 67.2% by FY2034 from a FY2018 base year.

To reduce Scope 3 FLAG** GHG emissions by 48.5% by FY 2034 from a 2018 base year*.

To maintain no deforestation across its primary deforestation linked commodities.

*The target includes FLAG emissions and removals.
** FLAG emissions are GHG emissions and removals related to Forest, Land, and Agriculture activities, as defined by the SBTi. They include Land Use Change (like deforestation) and Land Management (like fertiliser use and livestock) emissions, along with carbon removals. FLAG targets are distinct from energy/industry targets and require a separate accounting of emissions occurring up to the "farm gate" to better understand and reduce the climate impact of these specific sectors, which are a significant source of global emissions.

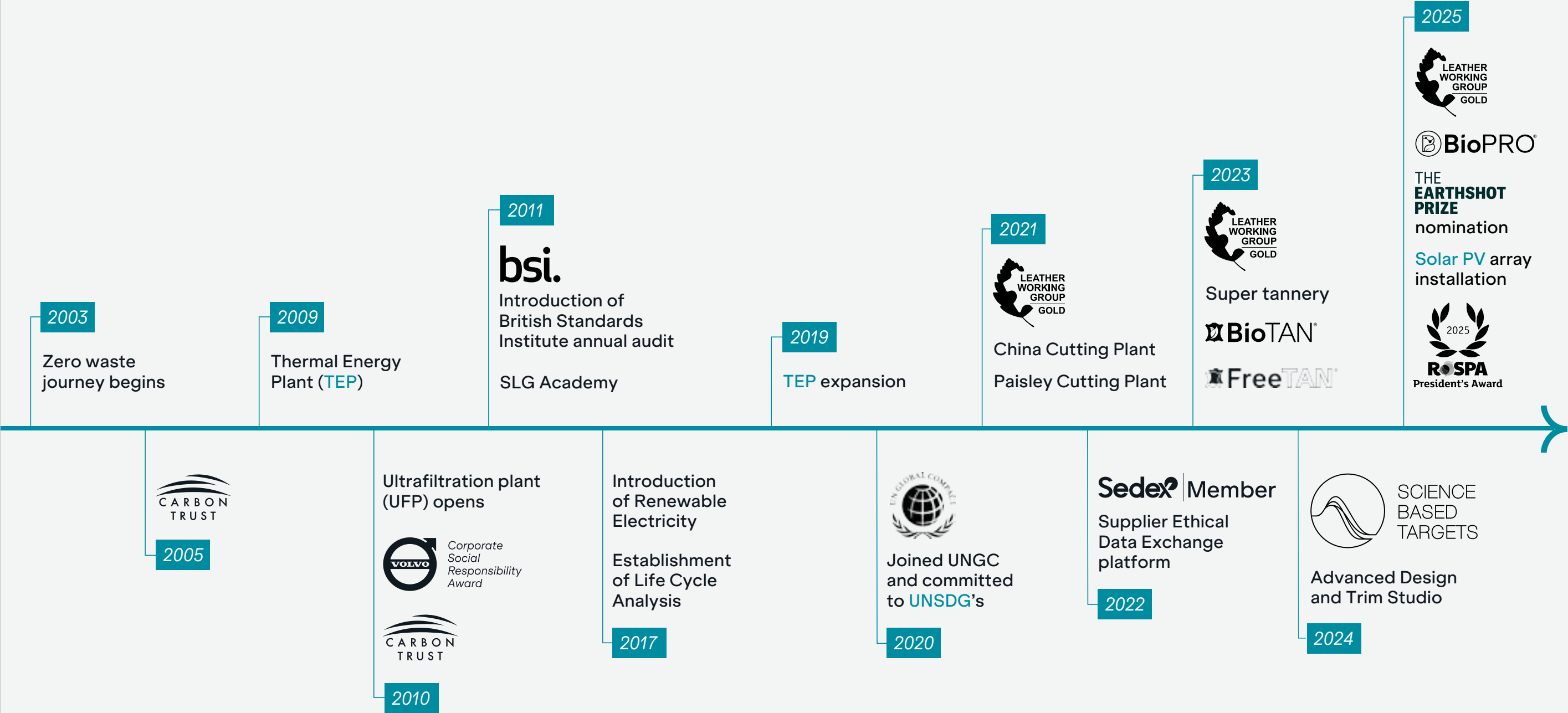
2.3 Our approach for a more sustainable future and the integration of ESG in business strategy

This framework encapsulates our mindset, ambition and strategy.



2.4 Our milestones, awards and accreditations

Investing, measuring and improving since 2003



£32M invested since 2009

03 People

3.1	Management approach	24
3.2	Health & safety / colleague wellbeing	26
3.3	Colleague engagement	27
3.4	Equality, diversity & inclusion	28
3.5	Developing our talent is a key factor in our continued success	30
3.6	Innovation through community	32



3.1 Management approach

As part of the delivery of our 5-Year Plan, in the last year we refreshed our Company Values and created a Ways of Working Framework. ‘How’ we do things is just as important as ‘what’ we do, and we are proud to have engaged with 70 of our colleagues through a series of workshops to create them. Our values are more than words. They define what we stand for and help us to create a shared sense of purpose. They work like guiding principles for the way we approach our work, and they influence our actions.

Without our Exceptional People, living our Values and Ways of Working every day, we would not fulfil our purpose of leading the industry by excelling in sustainability, technical excellence and customer centricity.

To embed our new Values and Ways of Working, we will be developing our recognition schemes and performance management frameworks, showcasing and rewarding colleagues who go over and above to ensure that we live them every day.

Our top priority remains the safety and wellbeing of our colleagues, contractors, and the communities surrounding our manufacturing facilities, which is something we will never compromise on. In 2025, we retained the Royal Society for the Prevention of Accidents (RoSPA) President’s Award, marking 14 consecutive Gold Awards. This achievement reflects our unwavering commitment to safety and strong management practices. It stands as a leading symbol of excellence, recognising our dedication to high safety standards, individual wellbeing, and continuous improvement.

We are also very proud to have successfully completed our 2nd Sedex Members Ethical Trade Audit (SMETA). A SMETA audit covers Health & Safety, Labour, Environment and Business Ethics, and a comprehensive review of our sustainability practices. We also continue to hold our Leather Working Group (LWG) Gold status which again recognises best practice and drives improvements in the leather industry. This was our third consecutive Gold status award.



“The way we work together shapes our culture, drives our impact, and reflects who we are as an organisation”

Our Double Materiality assessment cemented our existing understanding of key priorities:

People

Improve lives

Material Topics

Health & safety / colleague wellbeing

Equality, diversity & inclusion

Talent & lifelong learning

Craftsmanship

Community investment

1

PEOPLE

Icon of three people

2

ENVIRONMENT

Icon of a leaf

3

COMMUNITY

Icon of a group of people

4

QUALITY

Icon of a book

5

LEADERSHIP

Icon of a person with a star

10

INTEGRITY

Icon of a scale

11

TRANSPARENCY

Icon of a building

Our Values



Our Behaviours



3.2 Health & safety / colleague wellbeing

We are committed to creating a culture in which health, safety and wellbeing are our top priorities. We endeavour to provide a safe and healthy working environment for all of our colleagues, agency, contractors and visitors. We continually review and improve our management system to support our strategy and to help ensure compliance with legal requirements as a minimum. We are proud of our strong history of RoSPA President's award and our certification to ISO 45001.

Our health & safety strategy includes a variety of activities to help ensure that health & safety is a core part of everyone's role and responsibilities. By enrolling all people leaders on the Institution of Occupational Safety and Health (IOSH) Managing Safely course ensures they can manage health and safety effectively. Our Senior Leadership Team carry out scheduled audits to help demonstrate visible leadership on health, safety and wellbeing and promote colleague engagement. A programme of internal training courses is also being developed and will be implemented to further increase competence.

Our Health & Safety Committee sets terms of reference with the purpose of further increasing performance and colleague involvement.

The Wellbeing Committee, reinvigorated in early 2024, promotes and influences positive actions for an engaged and inclusive workplace culture that cares for the health and wellbeing of our people. It is composed of a cross-section of colleagues across Scottish Leather Group, with a number of notable achievements to date. We have introduced free period products across our sites in response to period poverty, which we know to be an issue due to cost of living challenges, created a separate Wellbeing Blog within our internal intranet and instigated various wellbeing activities.

In 2024, we launched our new Employee Assistance Programme (EAP), WeCare. This programme enhances colleague support by promoting positive lifestyle choices and offering proactive and reactive support to our colleagues.

Sickness absence is a recognised measure of colleague health and wellbeing. We are extremely proud that during 2025, we attained the lowest level of absence in the past 6 years.

Our dedication to colleague wellbeing, continues to be a priority for us.



3.3 Colleague engagement

We are extremely proud of our vision to become an employer of choice. A key measure of success is our colleague engagement score, which is measured annually through our colleague engagement survey – Pulse. We continue to listen to our colleagues' feedback and suggestions for improving the working environment, which has realised several positive changes. This includes improved communication through sharing our 5-Year Plan, recognition of Colleague of the Quarter, and our CEO holding quarterly all-hands calls.

Progress with the above was recognised externally. We are extremely proud to have won the Renfrewshire Chamber of Commerce Awards for Employer of the Year, Family Business of the Year and International Trade, presented to us in December 2024. These awards are in recognition of all the hard work that all our teams have put into improving our culture and working together to achieve excellence.

“We are also extremely proud to have won the Renfrewshire Chamber of Commerce Award for Employer of the Year”



“We endeavour to provide a safe and healthy working environment for all of our colleagues, agency, contractors and visitors”

3.4 Equality, diversity & inclusion

We are proud to continue attracting and retaining diverse talent at Scottish Leather Group, and at all levels.

Building on our Equality, Diversity and Inclusion (EDI) audit in 2023, in 2025 we launched our Equality, Diversity & Inclusion Strategy and Action Plan. Our action plan includes creating workplaces that are inclusive environments where everyone feels supported and able to bring their whole selves to work and succeed. It is envisaged that our 5-Year Action Plan will continue to build an inclusive culture that inspires, engages and celebrates the diversity of our colleagues. We want everyone to fulfil their potential and feel they belong in our business.



Stella Morse
Chair



Michelle McDonald
Chief Financial Officer



Pamela Scott
Non-Executive Director



Percentage of females on
our Board of Directors

43%

Equality, Diversity and Inclusion (EDI) Action Plan

This action plan outlines how we will deliver our EDI strategy.

In the next 5 years of this strategy to 2030 our responsibilities are to:

- Develop an inclusive environment within our workspaces and to ensure that we live our values within EDI.
- Embed EDI throughout the work that we deliver within those workspaces.
- Build an inclusive workforce with a true sense of belonging which celebrates diversity.
- Inspire the next generation and ensure inclusive practices throughout all levels of the organisation.
- Inform and support individuals in promoting and advocating for improved EDI across the organisation.



External Initiatives



Internal Initiatives



Awards



Media (inc social)



Imagery



Language

3.5 Developing our talent is a key factor in our continued success

We are supporting the development of Future talent



227 

of our colleagues achieved
SVQ levels 2 or 3 in leather
manufacturing.

Early in 2025, we are proud to have celebrated the development of a further four Engineering Apprentices through our Scottish Leather Group Academy. Ewan McGeoch, Callum Terrey, Neil Warren and Jordan Paul are now time-served engineers in their own fields. Since 2012, we have developed 31 Engineering Apprentices.

Our commitment to developing our talent continues with 180 of our colleagues being part of our annual Performance Development Plan process.

We also continue to support nine of our colleagues in Graduate Apprenticeships, allowing those already in a role to further their education and gain a degree from local universities, studying Engineering, Business Management, Data Science and Cyber Security. We also have a MSc Graduate member of the Engineering team studying for a PhD. Her learning will be fully transferable, support our Engineering processes internally and allow her to excel in her career.

We developed a further 18 of our colleagues to become qualified coaches through our Coaching Academy programme. This takes our internal network of coaches to 25. Our long-term vision of creating a coaching culture will unlock the unique potential of all our colleagues at all levels. Every colleague in the company can request a coach to support them in their journey, no matter their ambition.

We are also very proud to launch our six sigma development programme, with 78 colleagues trained across our operations.

Additionally, we have supported a further 11 colleagues to achieve SVQ levels 2 or 3 in leather manufacturing. This takes our total SVQ-qualified colleagues to 227 since the Academy opened in 2012.

“Our long-term vision of creating a coaching culture will unlock the unique potential of all our colleagues at all levels”

3.6 Innovation through community

The Group's innovation shapes not only how we make leather, but how we connect with the world around us. We deepened our investment in creative, educational, and community-led initiatives, working alongside schools, charities, and local groups to spark meaningful, long-lasting impact and develop the talent of the future.

From pioneering Science, Technology, Engineering and Mathematics (STEM) projects to celebrating the arts, our commitment to innovation has guided every step of our community strategy.

This year, our Corporate Social Responsibility (CSR) strategy focused on creating opportunities through creativity, access, and empowerment. We continued to support our long-term connections with St Vincent's Hospice, CHAS (Children's Hospices Across Scotland), the Bridge of Weir Senior Citizens Group, St Machar's Warm Street Café and The Trades House of Glasgow Spirit of Christmas Appeal. We were also delighted to add Brightest Star who support bereaved families, as a beneficiary of our Christmas Jumper Day collection. These partnerships remind us that innovation also means being responsive and making space for compassion alongside progress.

At Bridge of Weir Primary School, our support for STEM education grew stronger this year. We were proud to fund a second-generation VEX Robotics kit that enabled pupils to compete in the VEX Robotics Competition, a national initiative encouraging engineering, coding, and critical thinking. The pupils shared their gratitude with a heartfelt thank you letter:

“We are VERY grateful that you gave us an opportunity to compete at a higher standard... We didn't win, but we had loads of fun and it was a great experience”

This highlighted how much they learned from competing, troubleshooting, and seeing other designs in action. Their optimism, adaptability, and enthusiasm embody the spirit of innovation, and show how every experience can fuel progress.

We also celebrated the Bridge of Weir Primary STEM Club's third consecutive overall win at the Electric Car Races. These achievements showcase the incredible results that come from long-term, consistent investment in young minds.

And in Bishopbriggs, Hollie Mooney, who was our first female engineering apprentice, visited Meadowburn Primary School to speak about diversity in engineering. Hollie's talk sparked wide interest and showed pupils that innovation thrives when everyone has a seat at the table, regardless of gender or background.

At our Seedhill site in Paisley, we supported a youth led mural project in partnership with Renfrewshire Council Youth Services, and street artists Tragic O'Hara, and Peter Stewart Arts, and the Corra Foundation's Youth-Led Promise Partnership. Three vibrant murals have been painted, capturing themes on: Supporting care-experienced young people; Primary Pupils' Aspirations; and Community & Family. One further mural with a Net Zero & Sustainability theme will soon be added to the collection.

We believe in the power of community and the importance of supporting local talent. This year, we are thrilled to announce our sponsorship of the Johnstone Burgh 2017 boys' football team, a decision that aligns perfectly with our values and commitment to fostering young local talent. This initiative was inspired by Adam Spence, one of our dedicated colleagues, who volunteers as the team's coach. Adam's passion for youth development and sport resonated deeply with our values, prompting us to provide the team with new football strips. The boys now take to the pitch with a renewed sense of pride and unity.

Our continued sponsorship of the Gryffe Valley Rotary Club 10K Run helped raise essential funds for charities supporting mental health and dementia care. We also supported event promotion at our Bridge of Weir site, helping bring the community together for a worthy cause.

In 2024, we proudly sponsored the inaugural Gryffe Valley Book Festival. Thanks to our support, the festival brought together celebrated authors and drew a vibrant turnout. We are excited to continue supporting this growing cultural initiative.

We were also thrilled to support the Bridge of Weir Gala Day, where we once again hosted a fun, interactive stall. This year's theme, “Down on the Farm”, provided a day of imagination, family fun, and meaningful local connection.

Whether through robotics or reading, murals or 10K Run sponsorships, we have shown that innovation isn't just about technology – it's about opportunity, optimism, and openness. We are proud of the creativity and energy our colleagues bring to these efforts, and grateful to every partner, school, and young person we have worked with this year.

Together, we are shaping a more sustainable business, and helping to build stronger, more inspired communities.



04 Planet

4.1	Management approach	36
4.2	Measuring and monitoring our products' environmental impact	38
4.3	Resource stewardship	40
4.4	Sustainable innovations	42



4.1 Management approach

Building resilience
Sustainability and innovation are embedded within the heart of Scottish Leather Group and the expectations of our supply chain. By improving our collaboration with our supply chain, we are able to deliver a de-risked approach to achieving broader targets. Having a shared ESG vision and agenda demonstrates commitment to customers and suppliers alike. Beginning with the sourcing of our raw materials through to recovery of end product, our operations, management and innovation approaches are supported by team engagement, internal and external data reviews, and continuous improvement projects – all of which contribute to our drive towards self-sufficiency. These activities provide a robust approach to meeting the needs of our customers and sets the standard of expectations for our supply chain.

The ever-changing impacts of climate risk continue to be material factors in our ESG and decarbonisation strategy. As the severity of climate change has been largely due to human activities, governments, organisations, and industries must measure, monitor and review their activities and not only recognise but seize opportunities to implement best available approaches for improvement.

Since 2003, we have been working to achieve our Journey to Zero having dramatically reduced the average carbon intensity (GHG Scopes 1 & 2, measured as CO₂ equivalent) per hide of our leather by undertaking such activities as installing our Super Tannery, switching to 100% renewable electricity and converting materials generated by our own processes into heat. By the end of 2025, we will have achieved our target of zero carbon intensity. We also ensure full compliance to voluntary and mandatory obligations, for example, the Energy Savings Opportunity Scheme (ESOS), Climate Change Agreements (CCA), and Extended Producer Responsibility (EPR).

Our Double 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

Our commitments

Our formal commitments and progress to carbon reduction and sustainable manufacturing are outlined in this document, including the final stage of our goals to reach Net Zero for Scopes 1 & 2, and zero tonnes process waste to landfill by 2025.

We are proud to have had our SBTi targets validated in October 2024, during which we provided advice on the leather industry approach and inclusive tools, resulting in long-term commitments of:

- to reduce absolute Scope 1, 2 and 3 GHG emissions by 67.2% by FY2034 from a FY2018 base year.
- to continue active annual sourcing of 100% renewable electricity through FY2030.
- that 5% of its suppliers by emissions covering of purchased goods and services, will have science-based targets by FY2028.



We will reduce the GHG Scope 1 & 2 of our leather by end of 2025 by

100%

- to reduce scope 3 FLAG GHG emissions by 48.5% by FY2034 from a FY2018 base year*.
- Scottish Leather Group also commits to maintain no deforestation across its primary deforestation-linked commodities.

*Target includes FLAG emissions and removals.

4.2 Measuring and monitoring our products' environmental impact

Lowest carbon leather

We are proud to produce the world's lowest carbon leather as independently measured using Life Cycle Analysis (LCA). LCA measures the true long-term impact of a service or product by examining all of the steps in a product's life from extraction of raw materials, through all the working processes, to distribution. The LCA for our leathers was revisited this year as part of its 3 yearly recertification cycle. The entire data set is now based on primary data, independently created by specialist consultants according to ISO 14040 and ISO 14044 using Sector Guidance – Environmental Delivery Plan (EDP), Product Environmental Footprint Category (PEFCR), and Product Category Rules (PCR) standards, calculated using proprietary SimaPro software and reference to the ecoinvent 3.10 database.

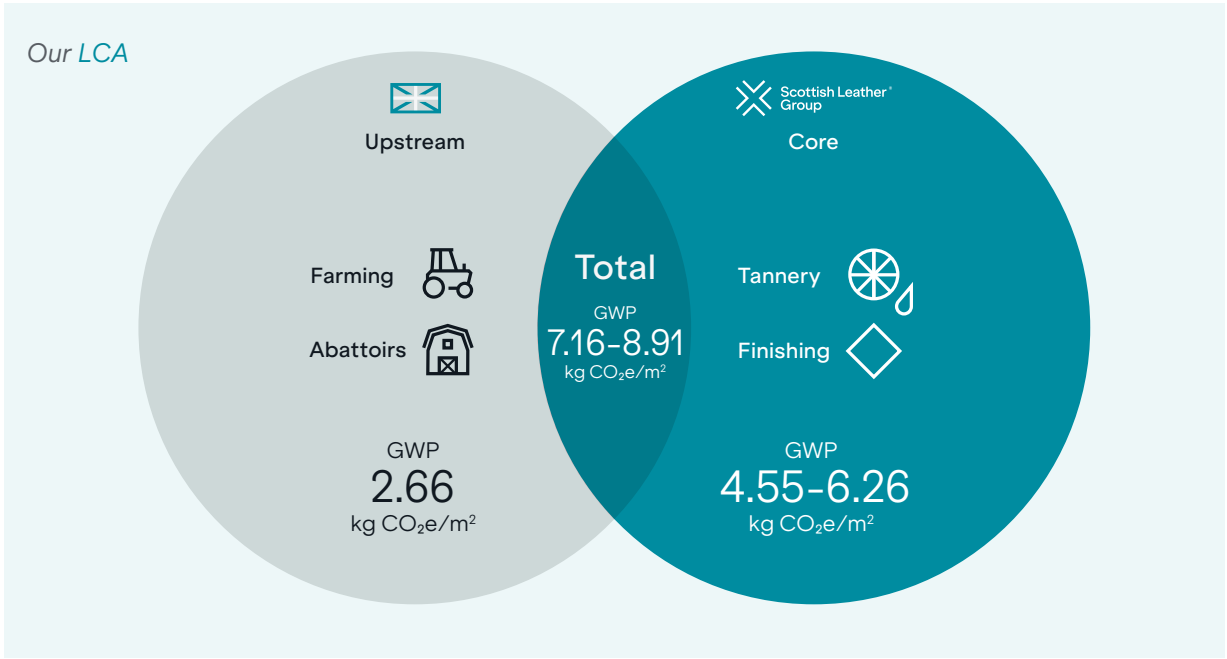
During the past year, the primary data used in the LCA was revisited including updated information from our chemical supply chain, and verified along with externally audited data from production and our specific hide supply chain. This work illustrated significant reductions in our upstream product footprint and reaffirmed the low impact of our newly introduced BioTAN® and FreeTAN® products.

The assessment of our UK-sourced hide supply chain, using primary data, affirms the long-held belief that our low impact product

is underpinned by the high standard of farming and welfare practices cherished in UK Agriculture and food supply systems. This data showed a 50% reduction compared with global averages. Our revised 2025 LCA reflects this reduction in impact and allows us, for the first time, to accurately present our product LCA, based entirely on primary data.

Our LCA is conducted by an independent third party, according to international standards (ISO), using primary data collected separately by auditors and verified by third parties. The LCA study has undergone further rigorous review by both customers and regulators. Our LCA audits our environmental impact from cradle to grave. The hotspot evaluation tool at the heart of the LCA has helped us identify opportunities to innovate and introduce new concepts and chemistries to reduce our impact of manufacture. This analysis, however, does not include the "use" phase of leather and has triggered a need to develop innovative concepts for end-of-life leather, reducing our customers' Scope 3 emissions in secondary biomaterials.

The potential for full recovery of the products at end-of-life presents further opportunity to reduce the product impact. This, too, is supplemented with the extended life of the product and dilution of use phase impacts.

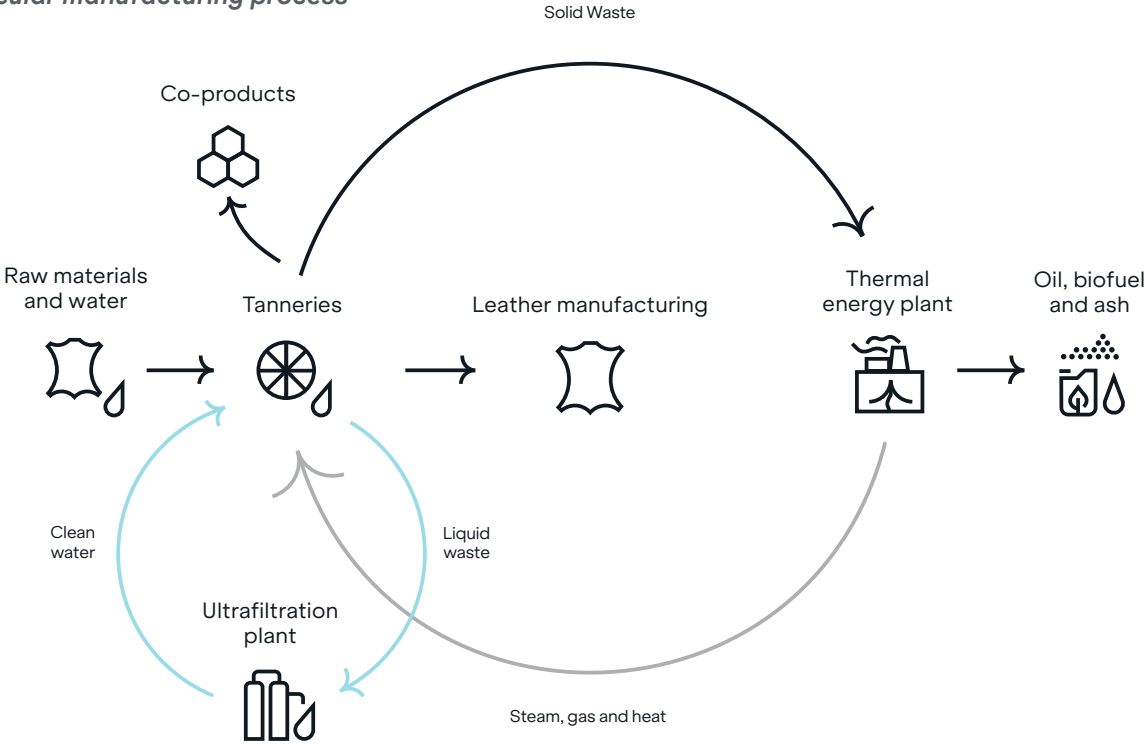


Circularity of product design

Circular manufacturing

A key component of our lowest carbon leather is our patented circular manufacturing process. We use or reuse our own process materials as fuel or recovered resources. Our on-site thermal energy plant reclaims energy as both a biofuel co-product and steam and uses some of this heat to directly power our tannery. This minimises materials to landfill and radically reduces our corporate and product LCA. Additionally, generating our own electricity and recovering our own effluent as a source of water further reduces this impact.

Our circular manufacturing process



4.3 Resource stewardship

Conserving and optimising resources

As a responsible manufacturing company, we recognise that resource stewardship involves responsible management of resources, transparency, traceability, and collaboration among all stakeholders to ensure sustainable practices and build trust with customers.

We continually work to improve our conservation of resources in order to minimise our environmental impact, improve our [LCA](#) and reduce our carbon intensity. We want to demonstrate how we use our resources in a sustainable manner, and collaborate and share best practices with our supply chain and customers.

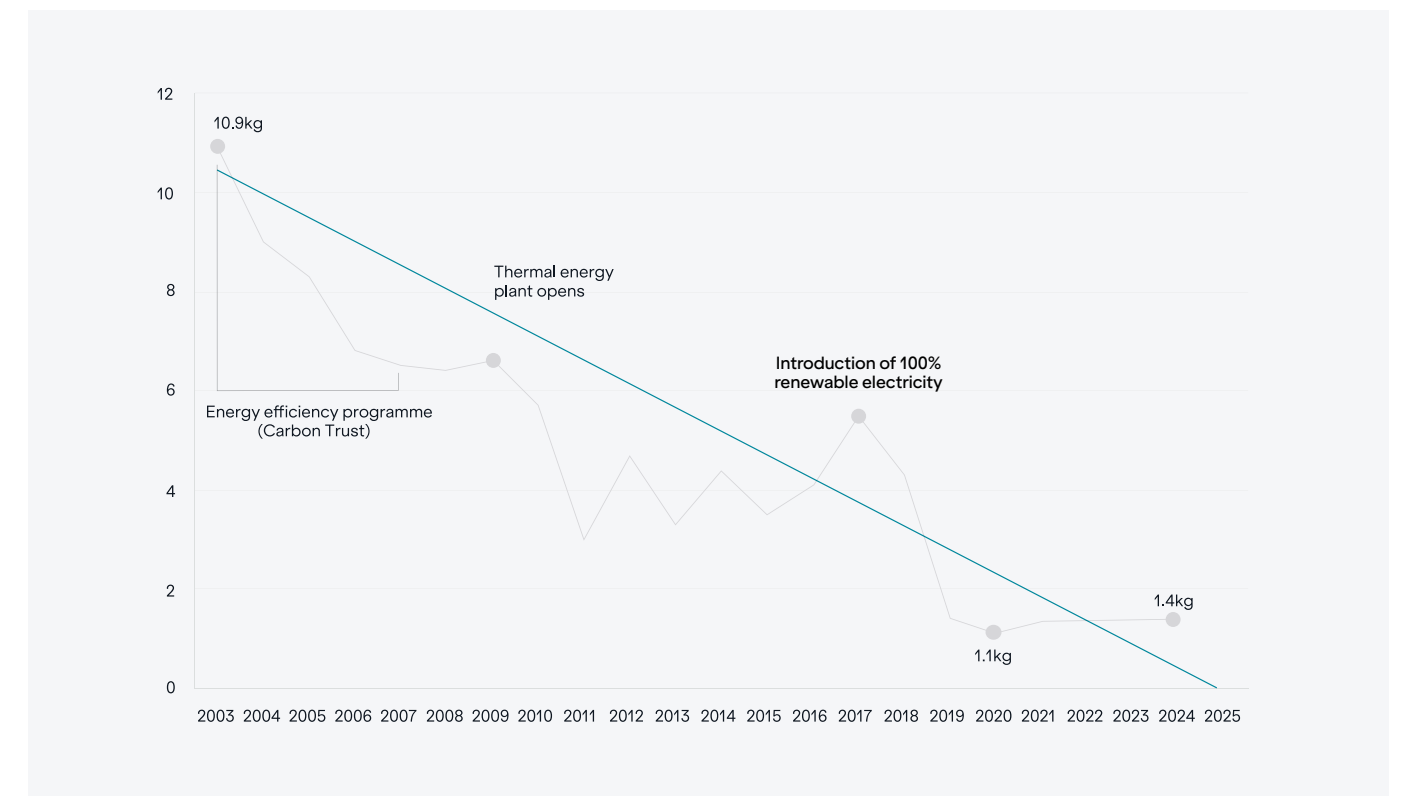
- Managing and maintaining our loch, which is our main source of water, regularly monitoring water levels, conducting water scarcity assessments and efficiency reviews, as well as understanding and minimising our water consumption across our operations.
- Sourcing materials responsibly; ensuring no deforestation and our supply chain aligns with our values by signing our Code of Conduct and being formally audited via our vendor assessment platform.

- Installing and utilising [Solar PV](#) array for c.25% of our electricity consumption as well as continuing to use certified renewable electricity (since 2017), certified renewable heat and efficient consumption across our operations to drive the reduction of our product carbon intensity to zero.
- Regularly review and (re)measure our [LCA](#) to include the most up-to-date recipes and processes.
- Working to achieve our 2025 target of zero tonnes process waste to landfill with improved materials segregation activities, additional external recovery and innovating further reuse of our by-products.



Carbon intensity

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



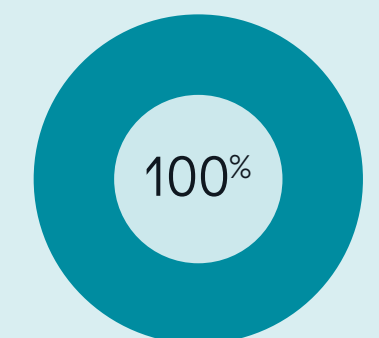
Our groundbreaking [SBTi](#) targets will drive a collaborative effort to bring about systemic change within the UK leather sector supply chain for the next 20 years. This includes:

- an absolute reduction of 67.2% for Scope 1, 2 and 3 GHG emissions (from a 2018 base year); and
- a reduction of 48.5% for Scope 3 (from 2018 baseline) ([FLAG](#)).

Carbon Intensity

0kg CO₂e/m²

finished leather
by end of 2025



We will reduce the GHG
Scope 1 & 2 of our leather
by the end of 2025

4.4 Sustainable innovations

Approach

Our innovation agenda has largely been driven through the lens of sustainability, in an ever-rapidly changing landscape of customer expectations and challenges of scarce resources. This direction concentrates on the efficient use of bio-based components, i.e., alternative uses of co-products (collagen, keratin), adoption of natural colourants and tanning biomaterials, rather than fossil fuel components, and enabling circularity for end-of-life applications. Additionally, we have discovered innovative manufacturing approaches which will bring improved operational efficiency and reduced product footprint.

Our rigorous, iterative data-based management approach to innovation, research and development, through prototyping, established over recent years per ISO 56000, ensures that new processes or product ideas are robust, reliable and fully formed before launching a new product to the customer base.

We work in a forum of “open innovation” with universities and other partners focusing on new techniques to apply to our base materials and the creation of novel products. These include novel applications of our collagen derived products. Some of these innovations, including our patented BioPRO®, BioTAN®, and FreeTAN® products are already in commercial supply, with SLG being first to market with these novel challenger products.

The development of our own in-house Burn Laboratory underpins our objective to become a fire centre of excellence. Flame Retardant (FR) seating development has elevated our knowledge of opportunities in domestic, automotive, aviation and rail sectors. The wider innovation agenda in support of our customer centric and data driven decision making includes the broad adoption of novel digital (AI) applications, in product selection, quality control, chemical dosing, cutting, nesting and ultimately to improving our operational efficiency.

“We were delighted that BioPRO® was nominated for the Earthshot Prize 2025”

Actions

The year ahead sees further open collaboration with universities, through Knowledge Transfer Partnership (KTP), through PhD, post-doctoral R&D, Fellowships and internships, actively developing further people skills base and intellectual property. The innovation agenda is key to diversifying our portfolio and creating novel but complementary product offerings with IP ownership at its core. We were delighted to receive the national KTP award for technical excellence, awarded to Luc Vogtlander, following our joint research with the University of Northampton.

Our portfolio of new products has evolved further towards provision of complete “solutions”, leveraging the unique properties and applications of our core materials. We are enhancing our fully vertically integrated process, from leather production to cut leather parts and sewn covers, by incorporating the newly introduced BioPRO® foam, enabling us to offer a whole seat cushion solution.

We were delighted that BioPRO® was nominated for the Earthshot Prize 2025, recognising the step change this novel bio-material brings in the global world of aviation and its replacement of polyurethanes in seating and other uses, particularly at end-of-life. This disrupter product will become a launchpad for new market penetration and, in conjunction with our established cut and sew offering, allow further demonstration of our vertically integrated capability.



BioPRO®
BioPRO® Foam creates a new product category. With 20% bio-protein content and remarkable durability, it's a smarter, more environmentally sustainable alternative to traditional seat foams, designed to exceed industry standards.



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 and includes in the range a fully bio-tannage, compostable at end of life.



FreeTAN®
A full replacement of existing tanning chemistry with compostable technology and is free from chrome and glutaraldehyde, yet still delivers finished products which meet our customers' exacting standards.



THE
EARTHSHOT
PRIZE

05 How we do business

5.1	Management approach	46
5.2	Transparency & traceability of raw materials	48
5.3	Responsible supplier relationships	49
5.4	Product quality & customer experience	50
5.5	Lucid	52
5.6	Globe-Trotter	54



5.1 Management approach

Since the advent of our inaugural report, SLG has pursued a circular manufacturing approach, with the principles of sustainable development at its core and enshrined in our Journey to Zero. Since then, we have focused on key climate impacts affecting our operations, supply chain and the direct impacts for which we are responsible. Environmental and societal risks have therefore inspired opportunities to innovate and de-risk.

Our near-term targets per the SBTi were validated in October 2024 and, as part of the wider remit, will see increased collaboration with our supply chain to share information, undertake focused audits and cascade carbon reduction actions.

As an ongoing commitment to internalisation, our energy security and de-risking from grid, which has been identified as a potential risk, we instigated our Solar PV array to supply our main production site. We expect this will be the first of several similar plants, potentially helping us to decouple our manufacturing from the grid.



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 with, or exceeds, the requirements of the highest standards. We continue our commitment to all 17 SDGs of The United Nations Global Compact (UNGC).

Furthermore, in addition to our third consecutive “Gold” rating by LWG, we have been independently assessed on our performance in relation to social governance through our membership the SEDEX platform, conducted of our second SMETA audit, revised our colleague guide in accordance with the ILO and ETI to which we subscribe and can demonstrate full compliance.

We continue to subscribe to independent platforms such as SBTi and Carbon Disclosure Project (CDP) to present our independently audited data, transparent and traceable supply chains, including that of a no-deforestation commitment as exemplars within the sector.

We continue to conduct our business in a transparent, robust, de-risked and compliant manner, and with suppliers whose commitments reflect our own.

Our Double 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



“The Group operates a robust zero tolerance approach toward non-compliance”

5.2 Transparency & traceability
of raw materials

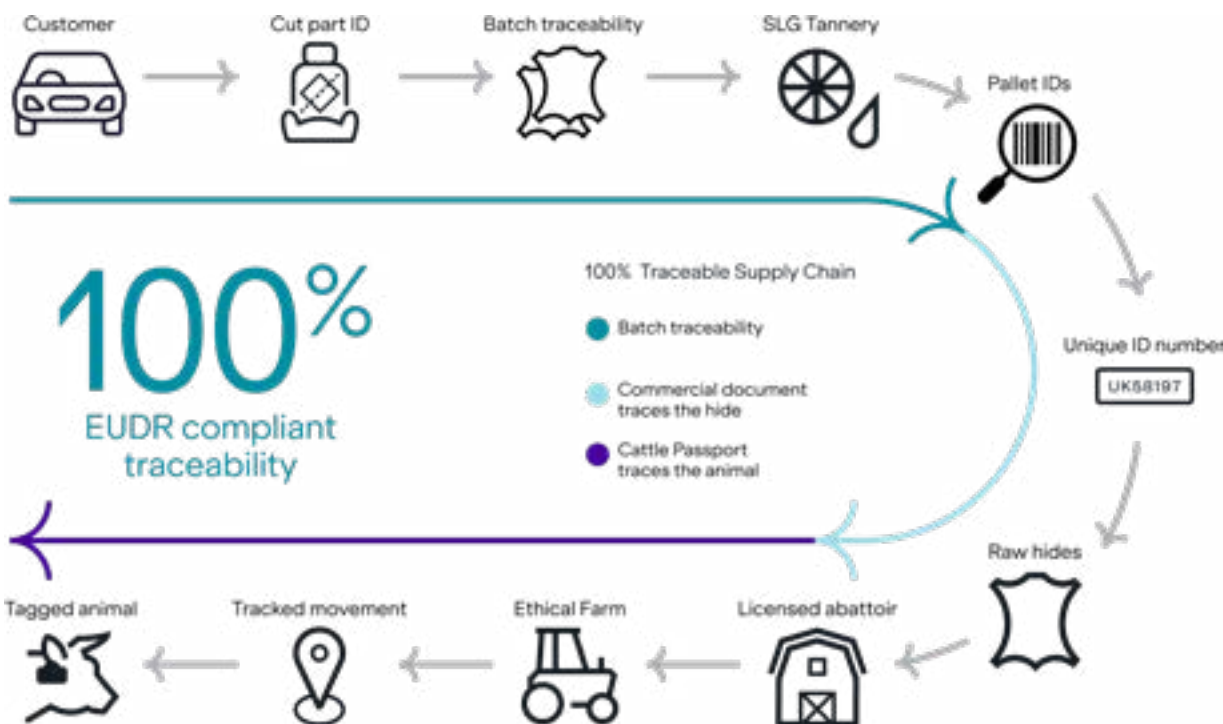
All our raw hides are sourced as by-products from the local beef and dairy industry, with 100% traceability. We procure our hides from responsible UK and Irish suppliers, ensuring transparency and zero deforestation risk throughout our supply chain.

Transparency and traceability of our raw materials are important for three reasons:

- Lowest carbon: sourcing locally (within the UK and Ireland) reduces the emissions associated with transportation which fall under our [Scope 3](#).
- Animal welfare and provenance: the UK and Ireland have one of the highest animal welfare standards, thus meeting the benchmarks for quality.
- Externally via regulatory and customers: despite the European Union Deforestation Regulation ([EUDR](#)) being delayed to December 2025, we continue to proactively ensure and demonstrate compliance.

From the raw hide we produce leather but also co-products, many of which are returned as raw material into the food chain, such as collagen, used widely in confectionery, other meat-based products and increasingly in the beauty industry. Maximising our raw material by ensuring no part is wasted helps to reduce our overall impact.

While the hide typically represents 1% of the economic value of the livestock, from an [LCA](#) perspective, we account for the upstream emissions from the cattle. Previously, this was based on a global average; however, during the recent [LCA](#) review, we were able to incorporate primary data on UK-sourced hides into our [LCA](#), which showed a significant impact reduction.



5.3 Responsible supplier
relationships

Ethical sourcing & animal welfare
All suppliers are issued our ESG Policy and are signatories to and audited against our Supplier Code of Conduct.

Supplier accreditations / inspections
All our raw materials require:

- British Retail Consortium ([BRC](#)) accreditation, and
- Food Standards Scotland or Food Standards Agency ([FSS/FSA](#)) approval.

By having these a supplier maintains the highest standards regarding management of commitments and systems, food safety management (Hazard Analysis and Critical Control Points or HACCP), hygiene requirements, colleague 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, support and policies. Each of the 50 countries is assessed according to 10

indicators, grouped into four 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 also has the assurance of the UK Cattle Tracing Scheme ([CTS](#)), managed by the British Cattle Movement Service, and ScotEID (Livestock Traceability). This means that we can trace the movements of the livestock throughout its life within the UK and Ireland. Our hide procurement policy ensures that our raw hides come from healthy cattle herds, and we can provide our customers with guaranteed provenance without deforestation. This supply chain was audited independently for purposes of establishing the true footprint of livestock production in the UK. The primary data from this is now utilised in our 2025 [LCA](#) study which gives a true reflection of the benefit of the UK supply chain.

Within the UK and Ireland there are a number of agricultural schemes with a focus on climate change mitigation, improving soil quality, and helping the farming industry to modernise.



5.4 Product quality & customer experience

Together we go further. We offer innovative and integrated leather solutions, and in collaboration with our partners, nurture long-term relationships and set new industry standards in quality and environmental responsibility.

From raw hide to finished leather, all leather production takes place at our fully integrated facility in Bridge of Weir, Scotland. As dedicated leather manufacturers, we possess deep expertise in the unique qualities of this natural material and understand how each stage of the process impacts the durability and excellence of the final product.

During the year, we introduced BioPRO®, launching this initially in the aviation seating sector; the world’s first naturally intumescent, protein-based biofoam, that delivers exceptional fire resistance without melamine or PFAS. Combined with our cut and sew service and full seat cover design and production, this expands our leather solutions and reinforces our commitment to innovation and sustainability. We offer complete packages from concept to installation, collaborating with our Design team to create foam and covers that meet exact customer specifications and the highest quality standards. Our advanced technology enables innovative cutting techniques, maximises leather yield and simplifies the supply chain, further reducing the carbon footprint of our vertically integrated products.

Muirhead also operates a dedicated high-quality leather seat cover facility in Guangzhou, China. This 50,000 sq. ft factory uses the same state-of-the-art equipment as in the UK and is staffed by a highly skilled Sewing team. Hongxing Auto Leather is Bridge of Weir’s manufacturing and finishing partner in China. Our experienced Leather Technicians and Quality Engineers from Bridge of Weir ensure consistent product quality across the supply chain.

We continually redefine traditional leather design through innovative techniques such as digital printing and Computer Numerical Control (CNC) perforation, creating distinctive textures, patterns, and decorative effects. Our focus is to broaden our design capabilities to deliver unique options. Working closely with internal teams and suppliers, we explore new possibilities while ensuring our finishes meet aesthetic and technical standards. Additionally, we work directly with customers to understand their design requirements and collaborate on bespoke designs that align their brand’s identity and vision.



Performance Testing

Textile testing is often applied to new materials which do not reflect real-world use. We ‘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 meet both customer’s exacting specifications and ensuring legislative compliance.

Our rigorous testing includes strength, stretch, flexibility, rub and abrasion testing, colour consistency, fastness and soil resistance. During the year, this has been enhanced with testing and accreditation in the aviation sector with specific tests to seating requirements, as well as Burn Testing and combined Burn Testing.

In addition, we are approved to conduct FAA 25.853 vertical burn and ABD0031 smoke density and toxicity testing. Our state-of-the-art burn lab is equipped to test full-seat constructions to EN 45545-2 and EN 16989.

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

We have the following accreditations:

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



Driving sustainable luxury

Lucid, founded in 2016, is a US-based electric vehicle company focused on creating the most advanced EVs in the world, which deliver best-in-class performance, sophisticated design, expansive interior space and unrivalled energy efficiency.

The partnership with Bridge of Weir Leather officially began in 2017, with the development of the Hollister product, bringing new levels of craftsmanship and sustainability to Lucid's interior design.

The Lucid Air, which launched in 2021, represented a major milestone in our collaboration and has since become a benchmark for electric vehicles.

Lucid's evolving design language is reflected in the use of sophisticated 'themes' within each Air using dual-tone Bridge of Weir leather applications, to elevate both the visual and tactile experience of their interiors.

The Lucid Air is the most energy-efficient electric car available in North America, offering up to 512 miles of EPA-estimated range on a single charge in a sleek and sophisticated sports sedan package. We are also incredibly proud to supply the Lucid Air Sapphire and the recently created one-of-one Air Sapphire Saudi Cup Edition.



The Saudi Cup Edition is a completely bespoke Lucid Air Sapphire, finished with a unique lavender leather interior. It was awarded to the 2025 Saudi Cup winner and represented cutting-edge innovation with sustainable luxury and bespoke craftsmanship.

We supply both full hides and cut parts to Lucid, ensuring optimal material use and minimal waste. We are fully behind Lucid's mission to inspire sustainable energy adoption without compromising luxury.

“At Lucid, material choices are driven by purpose. We love working with Bridge of Weir leather because of its exceptional quality, low environmental impact, and the trust that comes from a true, collaborative partnership”

Nicola Danks
CMF Design Director
Lucid Motors



“Our partnership with Lucid represents more than just a supply relationship; it’s a shared journey towards redefining what sustainable luxury can be. From the earliest stages of development to the refined interiors of the Lucid Air, we’ve worked together to push the boundaries of innovation, craftsmanship, and environmental responsibility”

Ryan Boyce
Business Development Director
Bridge of Weir



Bridge of Weir®
Fine Automotive Leather



5.6 Globe-Trotter

A beautiful British collaboration

The collaboration between Globe-Trotter and Muirhead showcases the finest British craftsmanship and sustainable luxury. The Crafted Collection combines Globe-Trotter's renowned expertise in luggage with Muirhead's premium, sustainable leather. This beautiful collection is the result of a seamless partnership between two companies that reflects the shared values and commitment to exceptional craftsmanship, quality, and sustainability.

The inspired leather colour selection

The three colours chosen for the Crafted Collection: Black, Leaf Green, and Sherry Red, are deeply inspired by the natural beauty surrounding Muirhead's Scottish factory. Each colour was selected to reflect the luxurious, nature-infused vision of the collection.

Ensuring durability and longevity

The durability and lasting beauty of Globe-Trotter suitcases are celebrated worldwide. The leathers used in the Crafted Collection are from Muirhead's Natural Performance range, 100% sourced and manufactured in Great Britain. Each piece of leather undergoes rigorous testing to ensure its resilience, withstanding the rigours of travel while maintaining its flawless appearance. The high-quality leathers resist wear and tear, fading, and remain supple, ensuring that the suitcases crafted from them are not only worthwhile investments but travel companions designed to last for generations.



“We always look to partner with best-in-class leaders in their field, and Muirhead immediately came to mind. Their dedication to craftsmanship and forward-thinking approach resonated with Globe-Trotter, making them the right partner for us”

Ed Walsh
Marketing Director
Globe-Trotter

Commitment to sustainability

Sustainability is woven into the fabric of both Globe-Trotter and Muirhead. Our local sourcing strategy supports our goal of achieving Net Zero emissions and provides complete traceability throughout the supply chain, ensuring transparency for Globe-Trotter and other customers who care deeply about the environmental impact of their purchases.

Globe-Trotter has crafted a collection that embodies the very best of both brands: timeless luxury, unmatched quality, and a deep respect for tradition and the environment.

Muirhead.
High Performance Leather

“Globe-Trotter’s dedication to craftsmanship and quality aligns perfectly with our own, and we’re proud to be a part of the Crafted Collection suitcases that will be timeless pieces for generations to come”

Jonathan Lord
Head of Upholstery Leather & Custom Projects
Muirhead



06 Appendix

6.1

Appendix

Streamlined Energy & Carbon Reporting (SECR)

58

Double Materiality matrix

60

Gender Pay Gap Statement 2024

63

6.2

Glossary

66



Streamlined Energy & Carbon Reporting (SECR)

Energy use and carbon emissions

The Streamlined Energy and Carbon 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 decreased 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 annually by [BSI](#). Additionally, the data presented is audited to ISO 14016. The Group's products (marketed as Lowest Carbon Leather) are subject to published ([PCR](#), [PEFCR](#)) Life Cycle Analysis ([LCA](#)) measurement which includes upstream carbon assessment.



Scope 1	Units	2024-2025	2023-2024	2022-2023	2018-2019
Gas consumption	kWh	34,730,182	31,539,471	39,728,940	40,858,498
Electricity consumption	kWh	14,900,786	14,556,322	17,546,442	17,596,923
Gas consumption	T CO ₂ e	6,352	5,769	7,266	7,473
Owned transport	T CO ₂ e	77	85	199	176
Process emissions	T CO ₂ e	64	61	91	96
Total Scope 1		6,493	5,915	7,556	7,745

Scope 2					
Emissions from purchased electricity	T CO ₂ e	3,085	3,014	3,855	4,990
Total Scope 2		3,085	3,014	3,855	4,990

Chosen intensity measurement: S1 & S2 gross emissions	kg CO ₂ e/m ²	1.12	1.04	0.93	1.15
--	-------------------------------------	-------------	-------------	-------------	-------------

Scope 3					
Fuel and energy related activities not included in Scopes 1 & 2	T CO ₂ e	2,006	1,887	2,327	1,343
Business travel	T CO ₂ e	987	493	577	N/A
Waste generated in operations – disposal emissions	T CO ₂ e	3,446	4,291	6,272	10,735
Total Scope 3		6,439	6,671	9,176	12,078

Offsets					
Gross emissions S1, S2 and S3	T CO ₂ e	16,017	15,600	20,587	24,813
Offset – Steam and oil exported	T CO ₂ e	(1,435)	(1,968)	(3,125)	(4,131)
Offset – REGO electricity supply	T CO ₂ e	(3,085)	(3,014)	(3,633)	(3,643)
Net emissions	T CO₂e	11,497	10,618	13,829	17,039

Chosen intensity measurement: S1, S2 and offsets	kg CO ₂ e/m ²	0.58	0.46	0.38	0.45
---	-------------------------------------	-------------	-------------	-------------	-------------

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.

Double Materiality matrix

Double Materiality matrix

E, S or G	Material Risks	Company Risks	What we are doing about it / Opportunity		Strategic Initiatives (5-Year Plan)	Financial	Material Topics
E	Energy and carbon	Corporate drive to reduce consumption and carbon emissions, potential for decreased availability and increasing costs.	We have been using renewable electricity since 2017, have a 2025 target of being Net Zero for Scopes 1 and 2, are building our resilience to supply challenges (i.e., Solar PV installation at Bridge of Weir site), on-site thermal treatment self-sufficiency and circularity, and investment in industry-leading energy-efficient equipment.		100% renewable energy, Solar PV , introduction of green gas where required, energy efficiency projects to decrease consumption in accordance with ESOS . Achieving near-term carbon targets via SBTi . Working with suppliers to reduce our Scope 3 emissions.	Company investment of c.£25M between 2021-2023 in buildings/ plant to drive our self-sufficiency and build resilience. Investment in green energy.	<ul style="list-style-type: none"> Low carbon product Climate change Circularity of product design
E	Waste / resources management	Increasing costs of disposal (Landfill Tax), regulatory implications (compliance, landfill bans), underutilisation of resources.	2025 target of Zero Tonnes process waste to landfill (Journey to Zero), smarter resource utilisation, materials mapping and management to support circularity of materials streams. Development of cutting facilities and technology to maximise utilisation of leather.		Explore opportunities for new products from current material streams, de-chroming and using benign chemistry, increased supplier engagement (platform) as part of wider cascade of SBTi targets. Vertical integration of our supply offering, increased automation, digitalisation of cut and sew operations.	Investment in our Thermal Energy Plant (£7m in 2009-2010), ongoing segregation, and innovation agenda to create benign products.	<ul style="list-style-type: none"> Resource stewardship Sustainable innovations Responsible supplier relationships Customer experience
E	Water and effluent	Security and management of our private water source and on-site WTRP .	Increased resilience of on-site WTRP including ultrafiltration and water recycling/recovery ability, recently installed super-efficient liming and tanning drums, regular water auditing and evaluation exercises.		Improved efficiency and performance within the facilities (i.e. less drums required) and water efficiency.	WTRP initial investment and running costs, and new drum installation.	<ul style="list-style-type: none"> Resource stewardship Transparency & traceability of raw materials
E	Climate change and biodiversity	Extreme changes in weather patterns and events may affect not only SLG but wider supply chain.	Building resilience to supply chain and infrastructure challenges, installation of site wide flood defences, and de-carbonisation of operations.		Deforestation-free hide supply chain, encourage improved biodiversity throughout supply chain, continue to source locally from farms practicing agroforestry, vendor verification platform.	Investment in LCA data and reduced impact sourcing.	<ul style="list-style-type: none"> Resource stewardship Transparency & traceability of raw materials Climate change Ethical sourcing and animal welfare
S	Working conditions and rights, health & safety of workforce	Talent acquisition, global employment standards.	Enhanced standards of colleague conditions and welfare, per ETI ; external auditing via SEDEX (SMETA Audit) ; siting of local cut and sew facility deliberately chosen to maintain legacy within community.		Building on our skills development program - investment in our people by offering degree-level training (SLG Academy), enhanced wellbeing offering.	Continuing to invest in our on-site welfare facilities.	<ul style="list-style-type: none"> Talent & lifelong learning Community investment Health & safety / colleague wellbeing Craftsmanship
S	Inclusion & diversity	Limited diversity of thought, reputational risk.	Equality, Diversity, and Inclusion (EDI) audit.		Signing up to the Government's Disability Confident employer scheme.	Investing in educating and promoting EDI initiatives, through the Wellbeing Committee.	<ul style="list-style-type: none"> Equality, diversity & inclusion
G	Supplier risk management	Supply chain integrity.	Sourcing hides locally (as by-product of meat industry) via Cattle Tracing Scheme (CTS) with 100% traceability which is independently verified; diversity of chemical suppliers. Approved suppliers sign up to SLG's Code of Conduct - which is included in both internal and external auditing.		Digital traceability platform, vendor platform (auditing of accredited supply chain).	Reduce financial exposure.	<ul style="list-style-type: none"> Transparency & traceability of raw materials Ethical sourcing and animal welfare
G	Customer and product quality	Market change, legislation, consumer demand and response.	Innovation agenda and delivery of new products, vertical integration of service offering (i.e. covers), alternative products, building and maintaining strong customer relationships, digitalisation, Customer Relationship Management (CRM).		Thought leading communications, agile operations, alternative markets (fireproof products), leather goods, vertical integration (covers).	Investment in cut and sew facilities and technology, innovation, and marketing communications.	<ul style="list-style-type: none"> Product quality Customer experience
G	Reputational and financial loss	Corruption and bribery, greenwashing .	Risk and sensitivity analysis, transparent reporting, company risk register, due diligence system, third-party verification, sector leadership, ESG Committee, auditing accreditations (external and internal), Non-Executive Director (NED) oversight.		Improved robust financial reporting and cost centre management.	5-Year Plan.	<ul style="list-style-type: none"> Responsible supplier relationships

Journey to Zero – 2024		
Disposal Route	Total Tonnage	Percentage
Total Waste	35,996.58	
Landfill	6,124.76	17%
Recycled/Recovered	29,871.82	83%

Production Energy – 2024		
	kWh	%
Group Gas	33,995,088.89	
Purchased Gas	24,048,659.68	71%
Group Electricity	14,921,854.20	
Renewable Electricity	13,621,509.10	91%

Wastewater – 2024		
	kWh	%
Total Treated m ³	310,610	
Recycled m ³	671	0%
Discharged m ³	309,939	100%

Non-compliance – 2024	
Effluent > threshold	0
Air Emission > threshold	0
Waste > threshold	0

LWG Rating (P7.2.2)	Gold
---------------------	------

External auditor verification statement provided by British Standards Institute (BSI) Assurance UK Ltd.

The activities reported by Scottish Leather Group have been independently verified by BSI over the course of a 6-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 ISO 14016:2020, to a reasonable level of assurance and a materiality level of 5%.
- Verification of corporate social responsibility presence and claims via review of the SMETA, adoption of the ILO convention, ETI code, UNGC CoP, a robust, neutral, and universally recognised framework.

Journey to Zero – 2023		
Disposal Route	Total Tonnage	Percentage
Total Waste	38,814.64	
Landfill	6,390.41	16%
Recycled/Recovered	32,424.23	84%

Production Energy – 2023		
	kWh	%
Group Gas	33,410,891.18	
Purchased Gas	24,507,617.30	73%
Group Electricity	14,812,535.80	
Renewable Electricity	14,151,053.60	96%

Wastewater – 2023		
	m ³	%
Total Treated m ³	320,241	
Recycled m ³	3,893	1%
Discharged m ³	316,348	100%

Verification has been achieved through mechanisms which included: (a) evaluation of the monitoring and control systems through interviewing colleagues, 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 Operations Limited. This 3rd party Verification Opinion has been prepared for Scottish Leather Group Operations Limited only for the purposes of verifying its statement relating to its GHG emissions more particularly 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 Operations Limited is true, accurate and complete. BSI Assurance UK Ltd accepts no liability to any third party who places reliance on this statement.



Gender Pay Gap Statement 2024

Understanding the Gender Pay Gap

Scottish Leather Group is committed to fostering an inclusive and diverse workplace. As part of this commitment, we continuously monitor and report on our gender pay gap to ensure fairness and transparency in our compensation practices.

The gender pay gap refers to the difference in average earnings between men and women across the organisation, regardless of their roles. This differs from equal pay, which ensures individuals in the same roles receive identical remuneration.

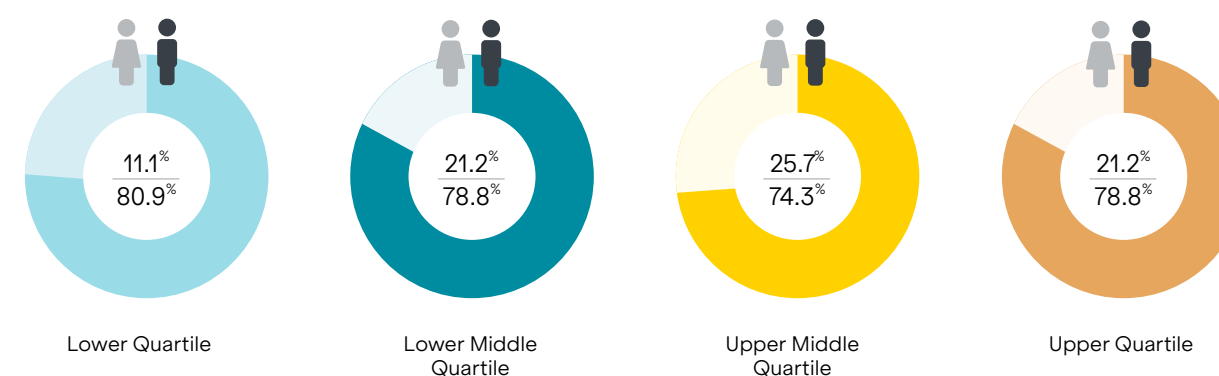
Gender Pay Gap Data Analysis 2024

The gender pay gap at ScottishLeather Group is primarily driven by the representation of men in senior and technical roles. Our key findings for 2024 are:

- 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
- (1.5)% Median difference in hourly pay across the business (female to male employment ratio 1:3.59)
- 8% Mean difference in hourly pay across the business (female to male employment ratio 1:3.59)

Difference between men and women		
	Mean	Median
Hourly Rate of pay	8.0%	(1.5)%
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 2024.

Gender Pay Gap Statement 2024 Continued

These figures indicate that while men and women are paid equally within the same roles, the overall pay gap is influenced by the higher proportion of men in senior and technical positions. At Scottish Leather Group, we can confidently say that men and women are paid equally for doing equivalent jobs across our business.

Interpretation of Results

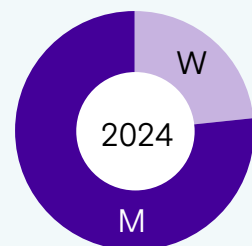
Why Does the Gender Pay Gap Exist?

The key reasons behind our gender pay gap include:

Industry Factors: The manufacturing sector has traditionally been male dominated, particularly in technical and leadership roles. This structural imbalance is a key driver of the gender pay gap.

Workforce Composition: At Scottish Leather Group, a significant proportion of our senior leadership and highly skilled technical roles are held by men, impacting the average pay figures. While pay equity is maintained within individual roles, the overall distribution of colleagues across different levels influences the reported gap.

2024 proportion of men and women (%)



Men: 474 (78%)
Women: 132 (22%)

Historical Data Analysis

Over the years, Scottish Leather Group has made significant progress in closing the gender pay gap with a substantial reduction in mean gender pay gap from 22.7% in 2020 to 8.0% in 2024. The (1.5%) median gender pay gap in 2024 indicates that, on average, women's median hourly earnings are slightly higher than men's, suggesting progress toward gender pay equity within Scottish Leather Group. Compared to other manufacturing businesses, where the median pay gap often ranges between 5%-10% in favour of men, this result demonstrates a more balanced pay structure and highlights the company's success in promoting pay parity, particularly at the mid-level workforce. However, continued efforts are needed to ensure this trend extends to senior roles and across all pay quartiles.

Action Plan and Initiatives

Scottish Leather Group is committed to addressing the gender pay gap and promoting gender diversity through a structured approach. Our key initiatives include:

Recruitment & Attraction Strategies

Expanding outreach programs to encourage more women to apply for technical and senior roles.

Partnering with universities and technical colleges to attract female talent in STEM fields.

Reviewing recruitment processes to eliminate unconscious bias and ensure a diverse candidate pool.

Career Development & Progression

Introducing leadership development programs to foster female talent.

Establishing mentorship programs where senior female leaders guide and support emerging female professionals.

Implementing structured career pathways to encourage women to progress into senior positions.

Outreach & Community Engagement

Collaborating with universities, technical colleges, and schools to encourage female students to pursue careers in manufacturing and STEM fields.

Organising networking events and workshops where female professionals can connect, share experiences, and receive guidance.

Offering apprenticeship opportunities to increase female representation in technical roles.

Participating in career fairs with a focus on attracting female candidates.

Flexible Working & Inclusive Policies

Enhancing flexible working arrangements to support work-life balance.

Reviewing parental leave policies to encourage shared responsibilities.

Promoting a workplace culture that values diversity and inclusivity.

Future Goals & KPIs

Scottish Leather Group has set measurable targets to ensure continued progress toward gender pay equity:

Align female representation in senior leadership and management roles to the manufacturing sector at 25%.

Reduce the mean gender pay gap to below 8% by 2026, bringing Scottish Leather Group closer to industry leading levels of pay equity.

Maintain the median gender pay gap within +/- 2%, ensuring gender pay equity at the midpoint of the company.

Commitment from Leadership

At Scottish Leather Group, we remain steadfast in our commitment to gender equality. While our gender pay gap is primarily influenced by workforce composition, we recognise the importance of creating opportunities for women at all levels.

Through targeted recruitment, leadership development, and inclusive workplace policies, we aim to close the gender pay gap and foster a culture of equality. We will continue to review our progress annually and refine our strategies to ensure continuous improvement.

28th March 2025

Michelle McDonald

Chief Financial Officer
Scottish Leather Group

Terminology

Carbon intensity: The net carbon emissions of energy use (electricity + gas) per hide. Unit detailed as kg CO₂e/hide

CRM: Customer relationship management. A set of integrated, data-driven software solutions that help manage, track, and store information related to your company's current and potential customers

Double Materiality Assessment: DMA concept combines impact materiality with financial materiality

ecoinvent: A cross-sector database of datasets for use in life cycle assessments.

Greenwashing: Greenwashing is the act of making false or misleading statements about the environmental benefits of a product or practice

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 it 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

SimaPro: Life cycle assessment software

Acronyms

AI: Artificial Intelligence

API: The Animal Protection Index

BRC: British Retail Consortium

BSI: British Standards Institute who verify the data issued in this report

CCA: Climate Change Agreements

CDP: Carbon Disclosure Project

COP: Communication on Progress

CSR: Corporate Social Responsibility

CSRD: Corporate Sustainability Reporting Directive

CTS: Cattle Tracing Scheme ScotEID (Livestock Traceability)

EAP: Employee Assistance Programme

EDI: Equality, Diversity, and Inclusion

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)

EPR: Extended Producer Responsibility

ESG: Environmental, Social & Governance

ETI: Ethical Trading Initiative

ESOS: Energy Savings Opportunity Scheme

EUDR: European Union Deforestation Regulation

FLAG: Forest, Land and Agriculture – refers to FLAG guidance for SBTi (guidance for land-intensive sectors)

FR: Fire Retardancy

FSA: Foods Standards Agency

FSS: Food Standards Scotland

GHG: Greenhouse Gases

GRI: Global Reporting Initiative

ILO: International Labour Organisation

IOSH: Institution of Occupational Safety and Health

ISO: International Organization for Standardization

KTP: Knowledge Transfer Partnership

LCA: Life Cycle Analysis

LWG: Leather Working Group

Non-FLAG: Scope 3 emissions that are not directly related to land-intensive Forest, Land and Agriculture activities.

PCR: Product Category Rules – these rules provide the guidelines for developing an EPD

PEFCR: Product Environmental Footprint Category Rules

PFAS: Per- and polyfluoroalkyl substances

PU: Polyurethane

REGO: Renewable Energy Guarantees of Origin

RoSPA: Royal Society for the Prevention of Accidents

SASB: Sustainability Accounting Standards Boards

SBTi: Science Based Targets Initiative

SDG: Sustainable Development Goals

SECR: Streamlined Energy & Carbon Reporting

SEDEX: Supplier Ethical Data Exchange

SLG: Scottish Leather Group

SMETA: Sedex Members Ethical Trade Audit

Solar PV: Solar Photovoltaics

STEM: Science, Technology, Engineering, and Mathematics

TCFD: Taskforce on Climate-Related Financial Disclosure

TEP: Thermal Energy Plant

UNGC: United Nations Global Compact

UNGC CoP: United Nations Global Compact Communication on Progress

UNSDG: United Nations Sustainable Development Goals

WTRP: Water Treatment and Recycling Plant

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

*44 (0)1505 801 900
enquiries@scottishleathergroup.com
scottishleathergroup.com

