

2023

SUSTAINABILITY REPORT



MUCH
MORE
than
leather



index

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MESSAGE FROM THE EXECUTIVE MANAGEMENT

GRI 2-22

In this third Arlei Sustainability Report, we would like to share our commitment to environmental, social and governance aspects that seek to generate value in the long term.

Market volatility, influenced by both the war conflict and specific factors impacting leather consumption, especially in Western markets, has generated a challenging start to 2023 in terms of sales volumes. Demand experienced a significant decline, although a gradual improvement was observed from the second half of the year onwards. However, this recovery has not yet reached the usual or ideal levels. This phenomenon is reflected in various industrial sectors, including automotive, home upholstery and footwear. Thanks to our efforts and ability to adapt, we were able to ensure business continuity and move forward.

This year, we were recognized with the “Argentina Eficiente” Award for the implementation and certification of the Energy Management System following the ISO 50001 standard. We are also proud to have achieved Carbon Neutrality in all our plants, considering GHG scope 2 emissions.

In addition to the internal calculation of the organizational carbon footprint, a Life Cycle Assessment (LCA) of four specific products was carried out, covering not only the global warming

impact, but all other environmental impact categories. The values obtained by LCA for the product carbon footprint (global warming impact) are reasonable and in line with the values recorded for the tanning industry.

At Arlei, we are committed to reducing all types of consumption by adopting technologies, improving responsible habits and behaviors, and designing efficient processes. Our environmental strategy includes preserving resources at every stage of the value chain, so we continue to work on traceability policies (both internally and with suppliers).

This year, we have included specific questions on carbon footprint in our social responsibility survey for suppliers, and we are developing an action plan based on the results. The objective is to make progress in the evaluation and reduction of scope 3 emissions.

We also strive to ensure that the products of our hide suppliers do not come from deforested areas or from suppliers linked to illegal practices. We work hard to secure our raw material sources. In terms of animal welfare, we have achieved a high level of performance and full traceability of fresh hides to their farms of origin. We conduct second-party audits to ensure that the companies that supply us comply with environmental and ethical standards.

Our sustainability efforts are integrated into Arlei's Life Program, where we promote social responsibility practices, animal welfare, traceability, native forest protection, responsible resource consumption and waste management.

At the same time, we ensure the safety and health of our team of employees, which is our priority and comes before any other aspect. Thanks to our management, occupational health and safety is available to all our staff and is an integral part of the company and the surrounding communities. This year we maintained our Great Place to Work certification, which fills us with pride.

These are some of the activities highlighted in this new Arlei Sustainability Report. We thank all our stakeholders for their continued support and trust, and invite them to continue on a path together towards a more sustainable future.





OUR THIRD REPORT

GRI 2-3

For the third consecutive year, we are proud to present the Sustainability Report of Curtiembre Arlei S.A. (hereinafter “Arlei”, “the company”, “the organization”) in which we describe the environmental, social and economic performance for the period between January 1 and December 31, 2023.

The topics developed are relevant for the industry and specifically to Arlei, and through them we seek to reflect our commitment and approach towards a more sustainable tannery industry. In line with global reporting trends, we prepare this document annually in accordance with the GRI Standards “GRI Referenced” option.

Within the scope of the information, all facilities are described: Las Toscas plant, Don Arturo, Salta plant, Lanús warehouse, Carcarañá shed and the corporate offices located in the City of Buenos Aires, which as a whole consolidate the Arlei group.

To contact us, you can write to the Sustainability Committee email box: **gruporss@arlei.com** and visit our website **<http://www.arlei.com/>**.

01

ARLEI
LEATHER
GROUP



ABOUT US

GRI 2-1, 2-2, 2-6, 2-7

We are a leading company in bovine leather manufacturing, which, thanks to the outstanding quality products offered, positions the country as a trusted supplier worldwide.

We have more than 1,300 employees and export raw materials to 29 countries.

As one of the main suppliers of leather for the automotive industry in the world, we have very strict standards of quality and compliance with environmental safety regulations. Likewise, we seek to innovate and maximize the use of by-products from our value chain.

Our identity keeps us on the path of continuous growth. We believe in agile decision making and are proud to maintain our entrepreneurial spirit from generation to generation.

Responsibility, reliability and sustainability are built into our institutional DNA, which generates trust and loyalty from our customers and suppliers, and promotes stable and long-lasting business relationships.

WE ARE ARLEI

MISSION

Remain alert to the opportunities offered by the market, preferably within the value chain of existing businesses. We move globally, seeking to maximize the use of our available resources and achieve maximum profitability.

VALUES

The main interest is the continuity of the company, preferably in the hands of the family.

Support measures that enhance growth and quality.

Attract and retain the best human resources.

Continuously update and plan business.

Seek to generate the greatest value for shareholders and managers.

Proposals that break up the family unity are not allowed.

Nobody is forced to work in the company if it is not their wish.

VISION

Be a family company engaged in the leather business that stands out for being trustworthy both for its internal and external customers as well as for its suppliers and for the communities with which it interacts, balancing the search for profitability with a sense of responsibility.

"Understand" instead of "justify".

Loyalty and solidarity with family members and members of the work team.

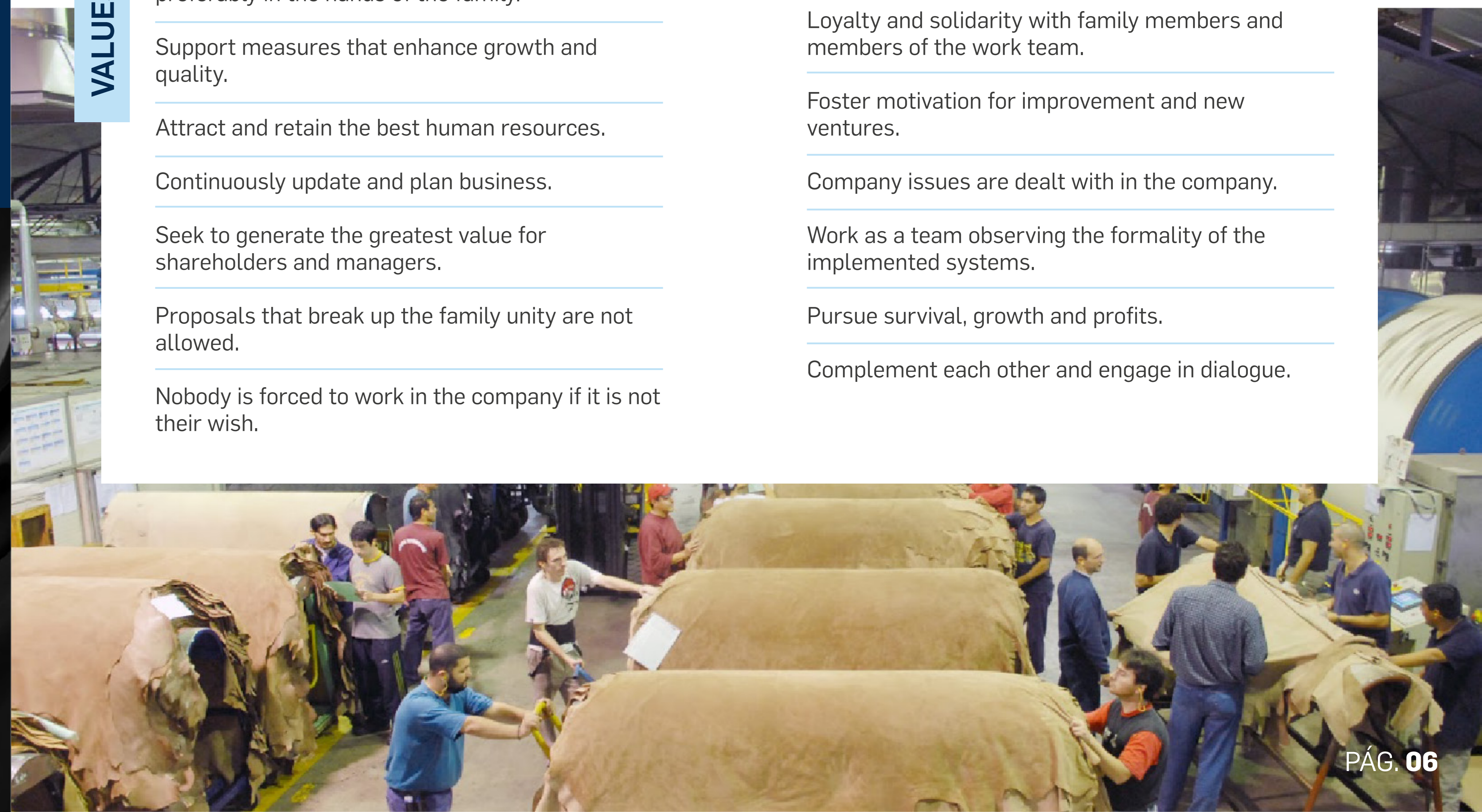
Foster motivation for improvement and new ventures.

Company issues are dealt with in the company.

Work as a team observing the formality of the implemented systems.

Pursue survival, growth and profits.

Complement each other and engage in dialogue.



MARKETS SERVED

We sell our products across **5 continents.**

Our consolidated experience and extensive production capacity allow us to meet sudden increases in demand, thus satisfying the needs of our customers and maintaining our commitment to sustainable development. Since most of our customers are located abroad, we ensure that our products comply with international requirements on restricted substances, avoiding the presence of any prohibited elements in the markets we serve.

Arlei's production process begins with the design and development of new products, in response to requests from our customers or as a result of strategic decisions made by the organization, based on market research and emerging trends.

Our main customers are leather finishing companies. In addition, we have a wide range of by-products originating from the waste of our own production, which we transform into marketable by-products for companies in other industries, mainly food and cosmetics producers.





PRODUCTS AND SECTORS SERVED

Chrome, vegetable, or chrome-free tanned bovine crust leather

For the automotive, furniture, footwear and leather goods industries

We produce and export a wide variety of crust leather articles (from 1.0-1.2 mm to 1.5-1.7 mm) for the automotive industry. The leather is customized to comply with the demands of each customer.

We hold a wide range of vegetable tanned products (as sole, welts and heel covers) for saddlery, leather goods and footwear.

In 2023, we continued working on different alternatives to replace the tanning agents in use, in order to make our products increasingly sustainable.

Blend of vegetables: It stabilizes itself leading to a simpler and water-saving formula in subsequent processes.

Zeolite: A naturally occurring product based on aluminum silicate, which requires a working chemical formulation more similar to chromium, allowing water and energy savings, since the drum processes are less time-consuming.

Tanning with recycled olive oil: Saves water and energy, advantage of being able to work the full range of colors (including pastels).

So far, the tests achieved positive results in both developments; although we will continue with the research stage until we are sure that the new solutions meet the high quality standards that characterize us, and that we can respond to the demands of the international market, both environmentally, socially and economically.

Finished cow leather

For the footwear and furniture industries

We have a wide range of finished leather products exclusively designed for the footwear and furniture upholstery industry, which allows us to offer new fashion trends to the market.

Our leather finishing plant has a production capacity of over 1 million square feet (ft²) per month and, together with the support of our research and development department, we can customize leathers according to the needs and requirements of our customers.

We are committed to maintaining the highest quality standards, subjecting the leather to rigorous tests and processes that meet the demands of customers and the industry worldwide.

Main by-products (shavings, split leather, tallow and scraps)

Mainly for the food and cosmetic industries

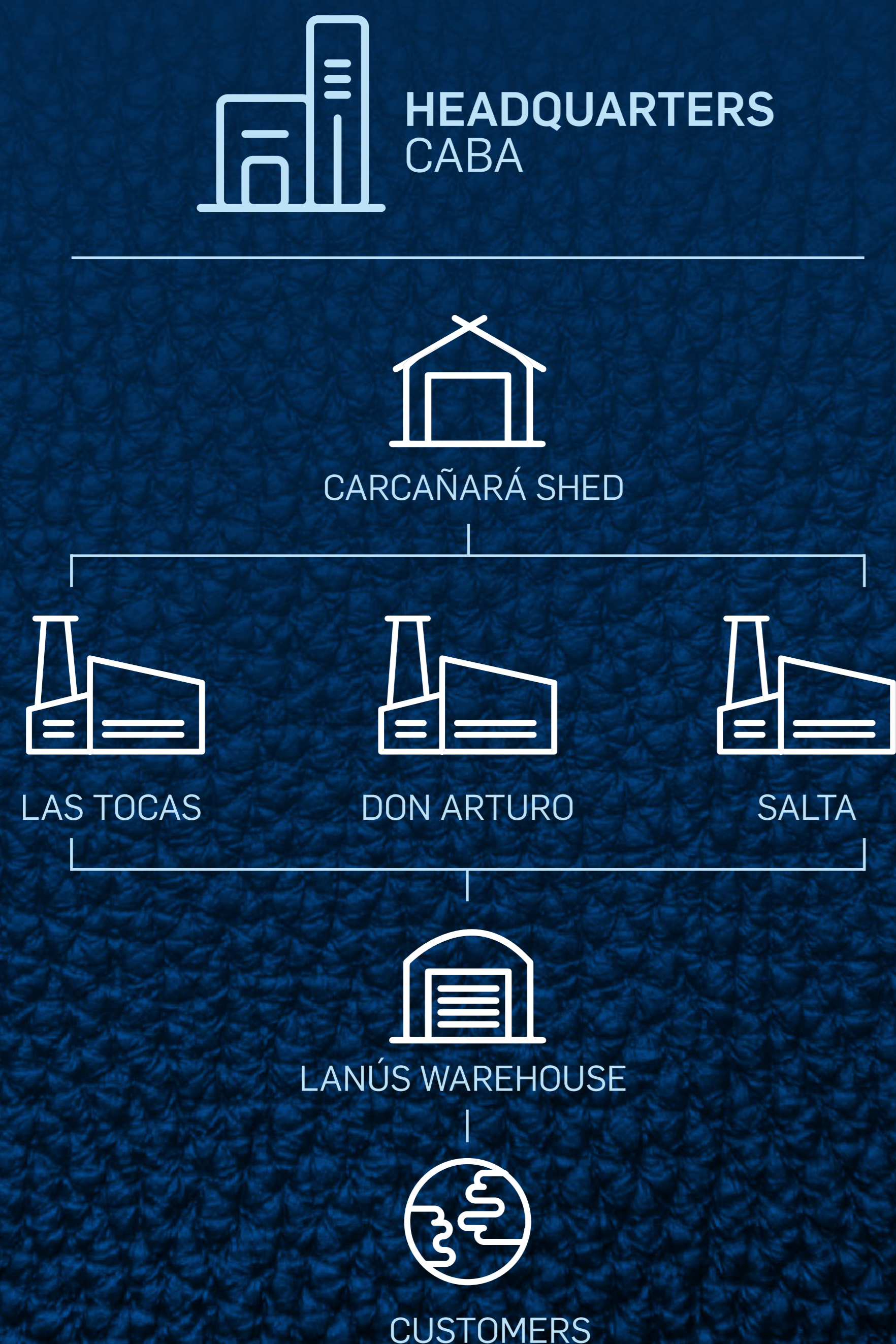
The **leather shavings** come from the shaving process where the thickness of the leather is unified and is used for the manufacture of reconstituted leather.

- During the tanning process, bovine leather is divided into two types: "grain leather" (hair side) and "**split leather**" (inner side). Said split leather is a leather that is sold for several uses such as shoes, aprons and gloves, among others.

- **Tallow** is a by-product that is generated from chippings, fat trimmings, and udders. From a process that we carry out in two of our plants, we transform this raw material into tallow, which is mainly used for the cosmetic industry.

- The **limed leather scraps** are sold to companies in the food industry.

OUR PLANTS



Headquarters: Maipú offices

CABA, Buenos Aires

Commercial, administration, export, supply and plant support offices

55 workers

Carcarañá shed

Santa Fe

Production: **receipt, washing, classification and trimming of fresh skins**

Production capacity: **150,000** hides

23 workers

Las Toscas plant

Las Toscas, Santa Fe

Production: **chrome and chrome free-tanned leather**

Production capacity: **200,000** hides per month

981 workers

Effluent treatment plant of **30,000 m²**

Target: **automotive, upholstery, footwear industries**

Don Arturo finishing plant

Las Toscas, Santa Fe

Production: **leather equalizing and finishing**

Production capacity: **80,000** finished hides/month

60 workers

Target: **footwear and furniture upholstery industries**

Salta plant

Rosario de Lerma, Salta

Production: **vegetable leather**

Production capacity: **45,000** processed hides/month

186 workers

Effluent treatment plant: **700 m³**

Target: **leather goods, footwear, saddlery**

Lanús warehouse

Lanús Este, Buenos Aires

Receipt of inputs and materials for production

Receipt of product for consolidation and dispatch to final destination

20 workers



02

GOVERNANCE, ETHICS AND INTEGRITY





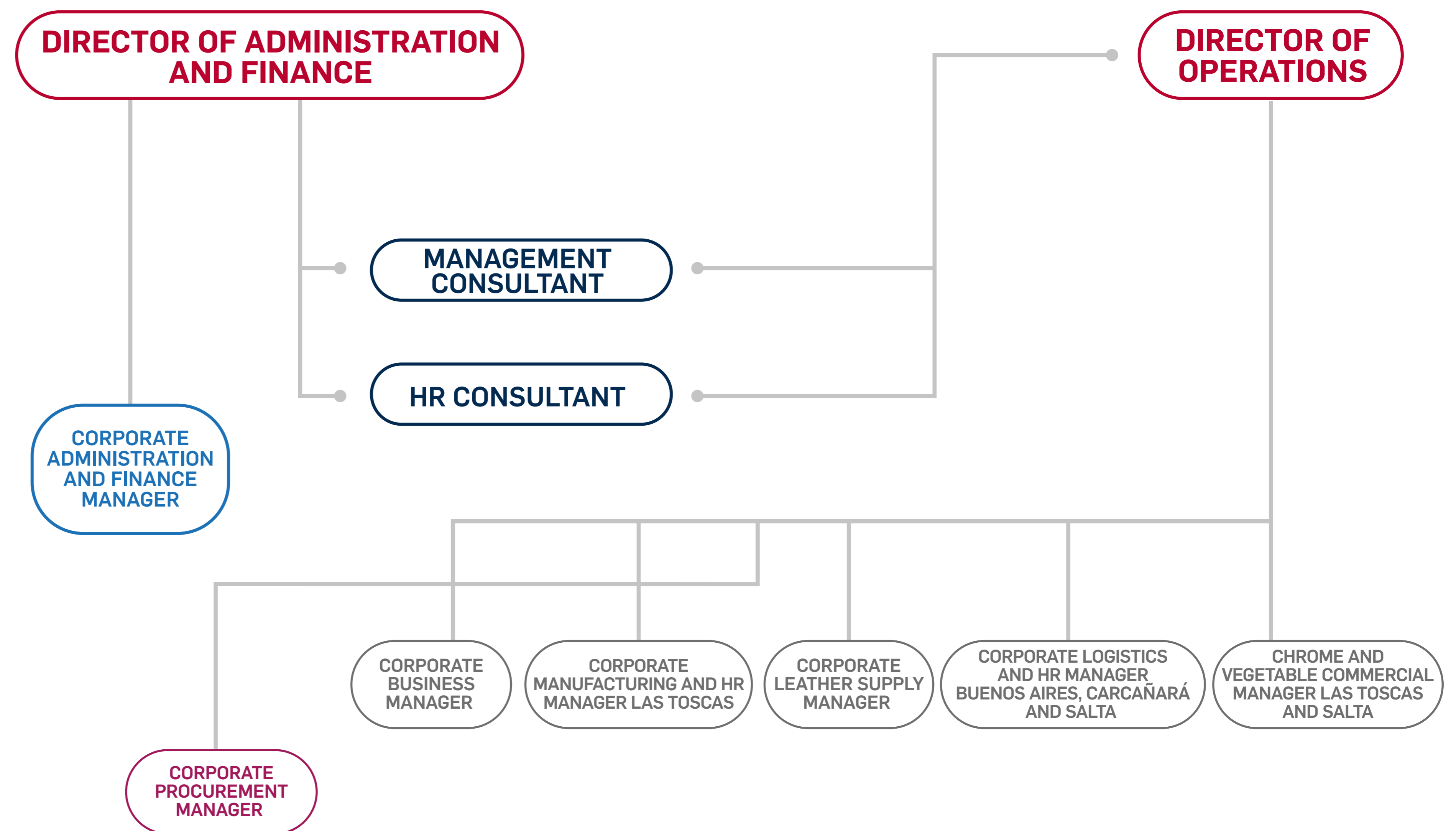
STRUCTURE OF THE ORGANIZATION

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14

Every 3 years, the shareholder partners convene a General Assembly to appoint the Board of Directors, as required by Law 19550, which will be responsible for carrying out the business strategy.

The areas of the company are clearly defined according to the responsibilities of each one, divided between financial and non-financial matters. In the case of financial matters, we work comprehensively on credit management, collections and payments, banking procedures, and everything that indirectly measures the result of the operational management, through balance sheets. For non-financial matters, the teams work on matters involving customer management, production, quality, training, human resources, sustainability, supply logistics and delivery of finished products.

COMPOSITION OF THE BOARD OF DIRECTORS



SUPERVISION OF IMPACT TOPICS

The Management team periodically reviews the results and achievements related to the management systems, which are provided by the different areas. Once this information has been analyzed, an action plan is designed and proposed with instances to improve or maintain the results obtained, designate new resources and adjust strategies, among others. In most cases, the processes are audited by the organization's internal auditors.

Regarding the management of environmental and social topics, as well as accountability through the Sustainability Report, Management delegates the procedures to the Sustainability Committee. It submits reports and progress to Management for review and approval. In this way, economic, social and environmental impacts are addressed proactively and transversally.

COMMITTEES AND RESPONSIBILITIES

Sustainability Committee

Since 2019, we have a Sustainability Committee that coordinates the actions of the entire organization on sustainability issues. Given the geographic and cultural diversity of our plants, as well as the different production technologies, this committee is made up of representatives from each of our workplaces.

The leadership is in charge of the person responsible for the Sustainability Department, and its objective is to unify the processes in a common line of work. Likewise, the committee is supported by a Sustainability Management System that is reflected in the "Life Program", the sustainable brand under which Arlei enhances its commitment to economic, social and environmental values.

Joint Committee (Las Toscas)

The province of Santa Fe provides as a legal requirement that companies have a Joint Committee, which is made up of representatives of the union and staff from Health and Safety, Human Resources, Legal Affairs, and Medical Service departments, among others. This committee deals with issues related to the health and safety of Arlei employees through several procedures, such as:

Support policies and guidelines

Analyze relevant occupational accidents and their statistics to suggest solutions.

Support and monitor compliance with the Safety Plans.

Collaborate with and encourage the development of safe attitudes and practices.

Collaborate in staff training programs.

Help enforce the rules.

Instruct each of its members to carry out inspections within their roles to maintain safety.

Inform Management of the conclusions of the analyzes carried out.

Technical Committee (Las Toscas)

Following the declaration of the World Health Organization (WHO) on the Coronavirus pandemic, and in compliance with the legal and technical regulations that were published over the years, we created a technical team made up of people from the Human Resources, Legal, Safety and Health, and Medical Service areas. This committee began by addressing the COVID-19 issue, and over time it has remained in force up to the present day, working to receive, consult and analyze any scenario involving new health regulations, as well as to provide support for cases involving staff safety and health.

The team has been formed according to the criteria established in our Health and Safety Manual; its current role is preventive and of the utmost importance, since it attends to the responsibilities assigned in OSH (Occupational Safety and Health) management. This involves defining and endorsing internal standards, analyzing specific situations or repetitive events, statistics and all kinds of situations associated with this dimension, in which a multidisciplinary approach is required.

The actions designed in this Las Toscas Committee are replicated in the rest of Arlei's productive sites. The details of each of these actions can be found in the Safety and Health chapter.





CONTROL AND COMMUNICATION MECHANISMS

GRI 2-15, 2-16, 2-23, 2-24, 2-25, 2-26, 3-3, 205-2

In order to strengthen the organizational culture of Arlei in every area of work, we have policies that help us maintain the standards that we consider essential not only for the quality of our products, but also for the wellbeing and health of labor relations. In addition, we have codes that establish guidelines on how to act, and communication channels in which we publish our news.

These apply to 100% of our staff.

Policies:

Integrated Human Resources Policy

Wellbeing and Open Doors Policy

Corporate Ethics Policy

Integrated Management Policy

Traceability Policy

Sustainability Policy

Restricted Substances Policy

Chemical Management Policy

Codes and other control and communication mechanisms:

Code of Coexistence

Code of Conduct for Corporate Sustainability

Sustainable Management Manual

Audit and Traceability Program

Health and Safety Manual

Human Resources Management Manual

Customer Service and Technical Assistance

Customer Satisfaction Measurement

Letter of Commitment with Suppliers - Contractor Regulations

Ethics and Anticorruption (Whistleblower Channel Procedure)

We have communication channels for our stakeholders, to whom we provide our social networks to contact us, either for complaints, concerns or suggestions. We also have the entrance of our facilities open so that people can communicate directly with our team.

ETHICS AND ANTI-CORRUPTION

We have an Ethics and Anti-Corruption Procedure, which establishes the reporting channels in force, the bodies for receiving, investigating and making decisions, and the standards of confidentiality of information. Our channels are open and available to both internal and external Arlei staff.

Through these means, employees can report any breach of the codes of conduct defined by the organization. These concerns can be communicated directly to the Human Resources area or, alternatively, through some of our virtual channels: calls, WhatsApp and complaints section on our website, to ensure anonymity (if necessary for the whistleblower).

Within our procedure, we also ensure the effectiveness of the process to avoid conflicts of interest, so that the representatives of the reported area cannot participate or be part of the analysis and decision making bodies of the case in question.

In 2023, a new review of the ethics procedure was carried out, including points such as replacement of the receiver in case of leave, monthly verification of the correct operation of the channels and an annual report with statistics to be submitted to the head of sustainability, among others. We trained 100% of our staff on the new review.

During the year, our hotline, enabled to receive complaints, received calls. However, due to the lack of details provided by the whistleblowers, it was not possible to follow up on them and, therefore, they did not become formal complaints.

COMMUNICATION OF INTERNAL POLICIES AND PROCEDURES

Each area prepares its operating policies and procedures, which are reviewed and published. All of these are integrated into the document management computer system and are accessible to all levels of the plants. To communicate these to staff, trainings are planned and conducted when relevant.

We communicate our policies and procedures to our stakeholders through different channels:

Suppliers of chemicals, materials, raw materials and contractors

Policies are systematically sent and adherence and compliance with the guidelines set forth by our organization is required.

Customers

Policies are systematically sent by email. Likewise, for these and other stakeholders, all documentation is available for free download on the Arlei website.

Nearby community and plant visits

We have Integrated Management and Sustainability policies available on posters located at the entrances of each plant and available printed on paper at the front gates.



CODE OF COEXISTENCE

In order to guarantee the quality of the final product, the wellbeing and harmony among all the people who make up the company is fundamental. For this reason, we have established a Code of Coexistence, which defines guidelines and procedures for cases in which the established rules are not respected.

Some of the aspects referred to in the document are as follows:

Personal conditions to report to work each day.

Maintain behaviors where the health and safety of the person and their colleagues are prioritized.

Encourage teams to always act in good faith, avoiding negligent attitudes, and being honest when work mistakes are made.

Conditions for moments of rest and relaxation.

Invitation to respect political and religious opinions, common spaces and differences in terms of work management.

In addition, Arlei employees are also required to refrain from working for other competing establishments, as well as to maintain the confidentiality of the production processes and the company's own internal information.

This code, together with all the principles and values of the organization, is transmitted through the induction of all employees and is reinforced with periodic trainings on different topics.



03

SUSTAINABILITY
STRATEGY



The Sustainability Committee is responsible for directing the strategy outlined in our Sustainability Policy, which is aligned with our Code of Conduct for Corporate Sustainability. In this team, we also coordinate the different actions regarding social investment and stakeholder identification, among other responsibilities.

MANAGEMENT WITH A SUSTAINABLE APPROACH

GRI 3-1, 3-2

LIFE PROGRAM

Practices related to social responsibility, animal welfare, traceability, resource consumption and the 5Rs are integrated into the "Life Program", a Sustainability Management System developed by Arlei. It provides support and offers all the necessary dynamic elements to monitor progress against each of the established goals.

In 2023, the "Life Program" was maintained and the planned external and internal audits were carried out.



MATERIAL TOPICS OF THIS REPORT

The topics published in this Report were defined within the framework of the 2021 GRI Competitive Business Program. As an alternative to the Materiality Assessment that is usually carried out, this program proposes a list of topics that are predefined based on their relevance, both for companies that produce raw materials and for those that offer goods and services. Likewise, it takes into consideration the topics that are particularly relevant within each industry, in our case: the tannery industry.

After the experience of our first publication in 2021, we reviewed the topics reported and expanded those that were most relevant to Arlei. In 2023, we made no adjustments to the previously defined materiality and maintained the following list of material aspects:

BUSINESS MANAGEMENT

Development of a responsible, ethical value chain and transparent governance.

ENVIRONMENTAL MANAGEMENT

Energy consumption within the organization, management and interactions with water as a shared resource, water-discharge related impacts, waste generation and significant waste-related impacts, emissions management and carbon footprint, animal welfare and traceability.

SOCIAL MANAGEMENT

Occupational health and safety, diversity and equal opportunity, local community relations.

AUTHORIZATIONS, AUDITS AND CERTIFICATIONS

In 2001, we certified for the first time our environmental management to the ISO 14001 standard, and thus began to establish the basis for a sustainable management of our production processes. Currently, we certify and implement ISO 50001 (Energy Management Systems), ISO 9001 (Quality Management Systems), ISO 22716 (Good Manufacturing Practices for Cosmetics) and IATF 16949 (Automotive Quality Management System).

Since 2011, we have been members of the Leather Working Group (LWG), with whom we have undergone assessments since 2019, and in which we have (successfully) been granted the GOLD level, placing us among one of the tanneries with the highest environmental performance worldwide. The next audit is planned for March 2024, according to our certification schedule.

Finally, since 2022 we have been authorized by SENASA (National Service for Agrifood Health and Quality of Argentina) to export by-products to the European Union.

IN 2023

We certified the ISO 9001 standard at the Salta plant.

We recertified ISO 14001, ISO 27716 and ISO 50001 standards, and maintained ISO 9001 certification at the Las Toscas plant.

We again underwent the SMETA audit at the Las Toscas, Don Arturo and Salta plants (January 2024), all with positive results.




SUSTAINABLE DEVELOPMENT GOALS

Regarding our contribution to the United Nations 2030 Agenda and its Sustainable Development Goals (SDGs), we took up the challenge of beginning to identify to what extent what we do (in social and environmental matters) is aligned with the SDGs.

Some of our contributions to the 2030 Agenda are as follows:

2 ZERO HUNGER 	<ul style="list-style-type: none"> ▪ Weekly donations to soup kitchens. ▪ Monthly contribution to San Miguel Arcángel Foundation (Las Toscas).
3 GOOD HEALTH AND WELL-BEING 	<ul style="list-style-type: none"> ▪ Campaigns for employees on flu vaccination, nutrition, first aid, etc. ▪ Donations in hospitals and emergency rooms near the plants.
4 QUALITY EDUCATION 	<ul style="list-style-type: none"> ▪ “Feel Useful” (“Sentite Útil”) campaign, in which we donated school supplies.
5 GENDER EQUALITY 	<ul style="list-style-type: none"> ▪ Procedures to avoid discrimination bias during recruitment processes within the organization.

7 AFFORDABLE AND CLEAN ENERGY 	<ul style="list-style-type: none"> ▪ Purchase and use of renewable energy in production plants. ▪ ISO 50001 certification (energy efficiency) in Las Toscas.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	<ul style="list-style-type: none"> ▪ R&D in tanning processes that seek to be more sustainable, such as alternatives with more sustainable formulations. ▪ Annual investment plan for infrastructure and fixed assets that imply improvements.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	<ul style="list-style-type: none"> ▪ Continuous internal improvement, taking care of production processes, researching new formulas, etc. ▪ Recycling and reuse campaigns: donation of scraps to local people to design handicrafts, leather trimmings for sausage casings and gelatin, and wet blue split to make leather goods, handbags and footwear. ▪ Awareness and animal welfare campaigns with suppliers.
13 CLIMATE ACTION 	<ul style="list-style-type: none"> ▪ Carbon footprint measurement since 2021. ▪ Project to perform Life Cycle Assessment of some of our products. ▪ Greenhouse for own crops. Tree plantations in different projects at the plant and in alliances.

15 LIFE ON LAND 	<ul style="list-style-type: none"> ▪ Actions on freedom from illegal or indiscriminate deforestation of native forests. ▪ Separation and composting of 100% of discarded hair into soil fertilizer.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	<ul style="list-style-type: none"> ▪ Strengthen transparency and accountability in sustainability matters through stronger communication and more effective delivery of information.
17 PARTNERSHIPS FOR THE GOALS 	<ul style="list-style-type: none"> ▪ Remediation of old effluent treatment pools for Pacu fish farming (through an agreement with the National Institute of Agricultural Technology - INTA for its acronym in Spanish). ▪ Partnerships with different organizations, foundations, municipalities (firefighters, hospitals, schools, consulting firms, etc.).



STAKEHOLDERS, COMMITMENTS AND COMMUNICATIONS

GRI 2-28, 2-29

Due to the diversity of our facilities' locations throughout the country and the export-oriented nature of our products, relations with our stakeholders are managed from different areas of the company. We conduct periodic evaluations of our stakeholders to determine whether we are meeting their needs and expectations and maintaining strong long-term relationships.

Currently, we use a variety of communication channels, such as emails, WhatsApp, social networks and telephone calls and, when possible, we also rely on face-to-face meetings.

STAKEHOLDER	COMMITMENT
Employees and families	Culture of social responsibility Training and communications Implementation of policies, initiatives and best practices
Shareholders	Main shareholder: Leiser family Promote and demonstrate responsible and sustainable performance
Nearby community	Strengthen the link with the communities Promote local and regional sustainable development
Critical and non-critical suppliers	Alignment with Arlei's CSR standards To be recognized for commitment to sustainable supply chain management
Customers	To be recognized for sustainable management Good performance and proactive communication
National, provincial and local governments	Promote a culture of social responsibility and sustainability Projects and initiatives of mutual interest
Future generations (environment)	Responsible management, aimed at minimizing negative environmental impacts Reliable communication on the topic and achievements
Media	Strengthen the company's positive image Dissemination of truthful and reliable information
Unions	Deepen ties and strengthen collaboration and commitment Promote a culture of social responsibility and sustainability
Business chambers	To be recognized and differentiated by leadership in sustainability-oriented management





During 2023, we conducted a stakeholder satisfaction survey, which included questions related to sustainability reporting and the actions we take in terms of environmental, social and governance issues.

The survey was addressed to employees, customers, suppliers, government and the community.

Of the 100% of the responses received,

22% corresponded to suppliers,

10% to customers,

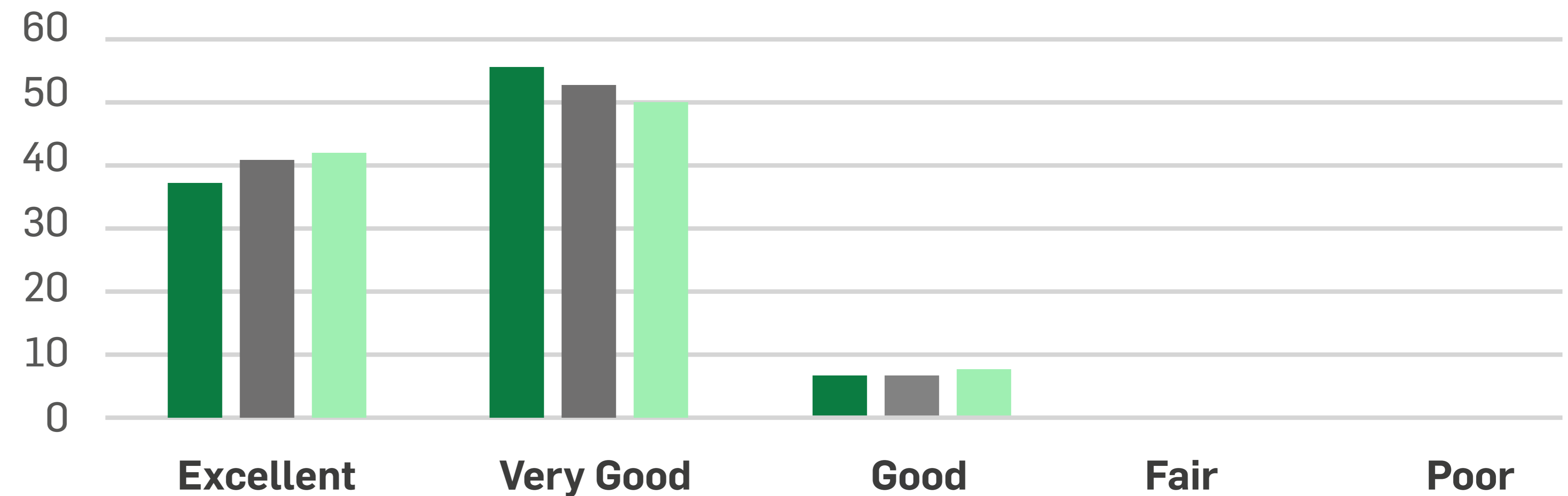
63% to employees

and 5% to the community,

while there were no responses from the government.



STAKEHOLDER SATISFACTION SURVEY



Arlei covers all needs and expectations with regard to sustainability.	The information received in the sustainability report was clear and sufficient for you.	How do you view Arlei's intent and ability to address your environmental, social and governance concerns?
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We can conclude that the groups are satisfied with the information reported and the actions taken by the company.

However, in this Sustainability Report 2023, as a result of the answers to the open questions in the survey, carbon footprint and product life cycle analysis issues are added and detailed, as well as recycling issues.

AFFILIATIONS AND MEMBERSHIPS

INDUSTRIAL FORESTRY BOARD (MESA FORESTO INDUSTRIAL)

We are a founding member of the Industrial Forestry Board, together with the most important companies in the area. Our main objective is to promote the sustainable use of biomass as fuel as well as the permanent search for alternative fuels to replace it. We carry out permanent training and awareness on this subject.

MINISTRY OF AGRICULTURE OF SANTA FE AND ENVIRONMENTAL NGO

We participated in a pilot project in collaboration with the Ministry of Agriculture of Santa Fe and an environmental NGO to ensure traceability from the source. We worked together with farms, slaughterhouses and other tanneries to offer deforestation-free meat and leather products.

A pilot test was carried out with a slaughterhouse plant in Santa Fe, obtaining deforestation-free certifications from the government, the results of which were sent to a selected customer in Europe. For confidentiality reasons, we cannot provide further details at this time. We have made every effort at Arlei and are currently awaiting instructions on how to proceed.

CHAMBER OF THE TANNING INDUSTRY OF ARGENTINA

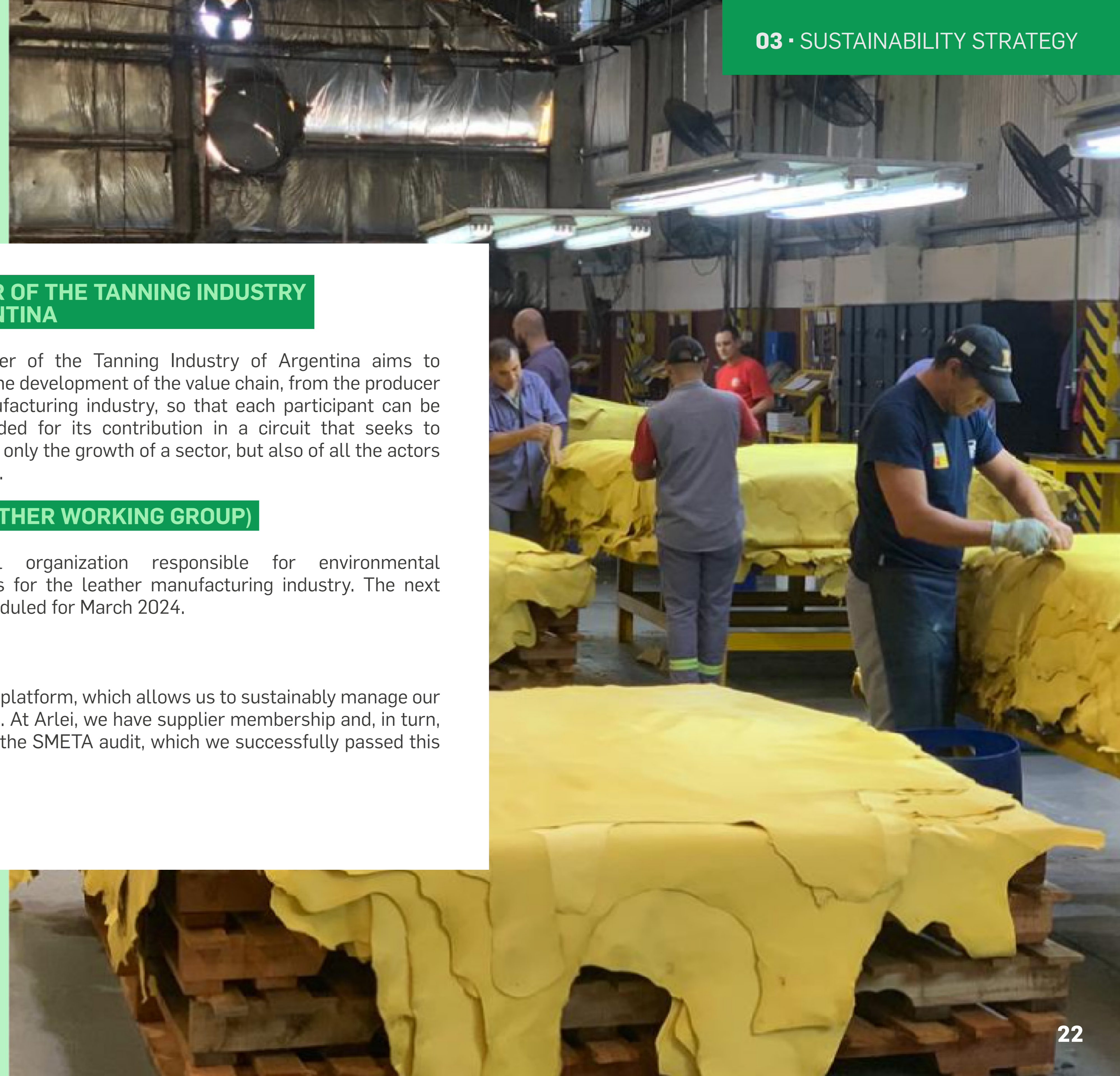
The Chamber of the Tanning Industry of Argentina aims to encourage the development of the value chain, from the producer to the manufacturing industry, so that each participant can be fairly rewarded for its contribution in a circuit that seeks to promote not only the growth of a sector, but also of all the actors involved in it.

LWG (LEATHER WORKING GROUP)

International organization responsible for environmental certifications for the leather manufacturing industry. The next audit is scheduled for March 2024.














SEDEX

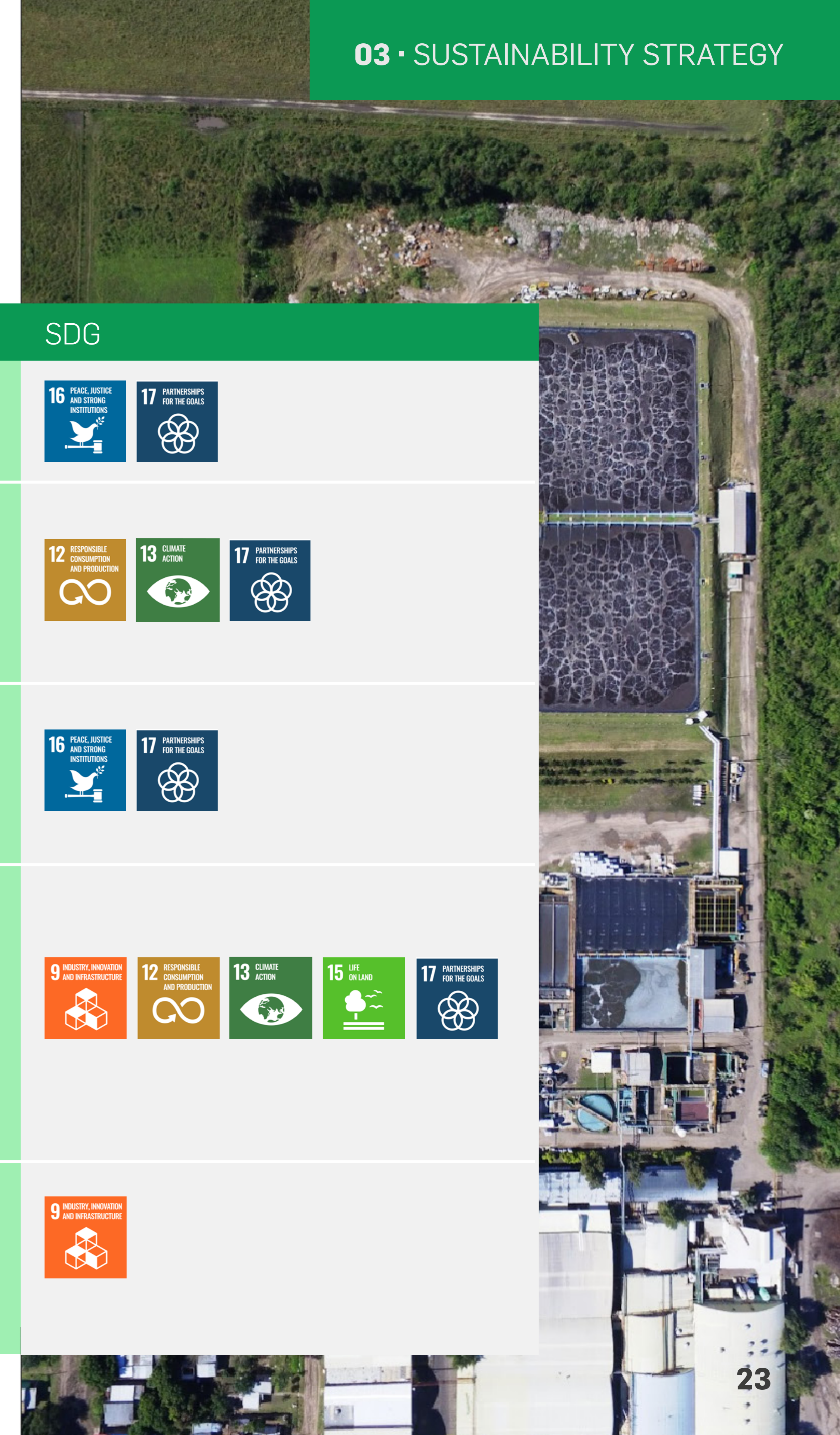
It is a global platform, which allows us to sustainably manage our supply chain. At Arlei, we have supplier membership and, in turn, we undergo the SMETA audit, which we successfully passed this year.



SUSTAINABLE INITIATIVES









As part of our sustainable management, we have strategic objectives and initiatives that we began to implement and materialize in 2023, and on which we will continue working towards the future.

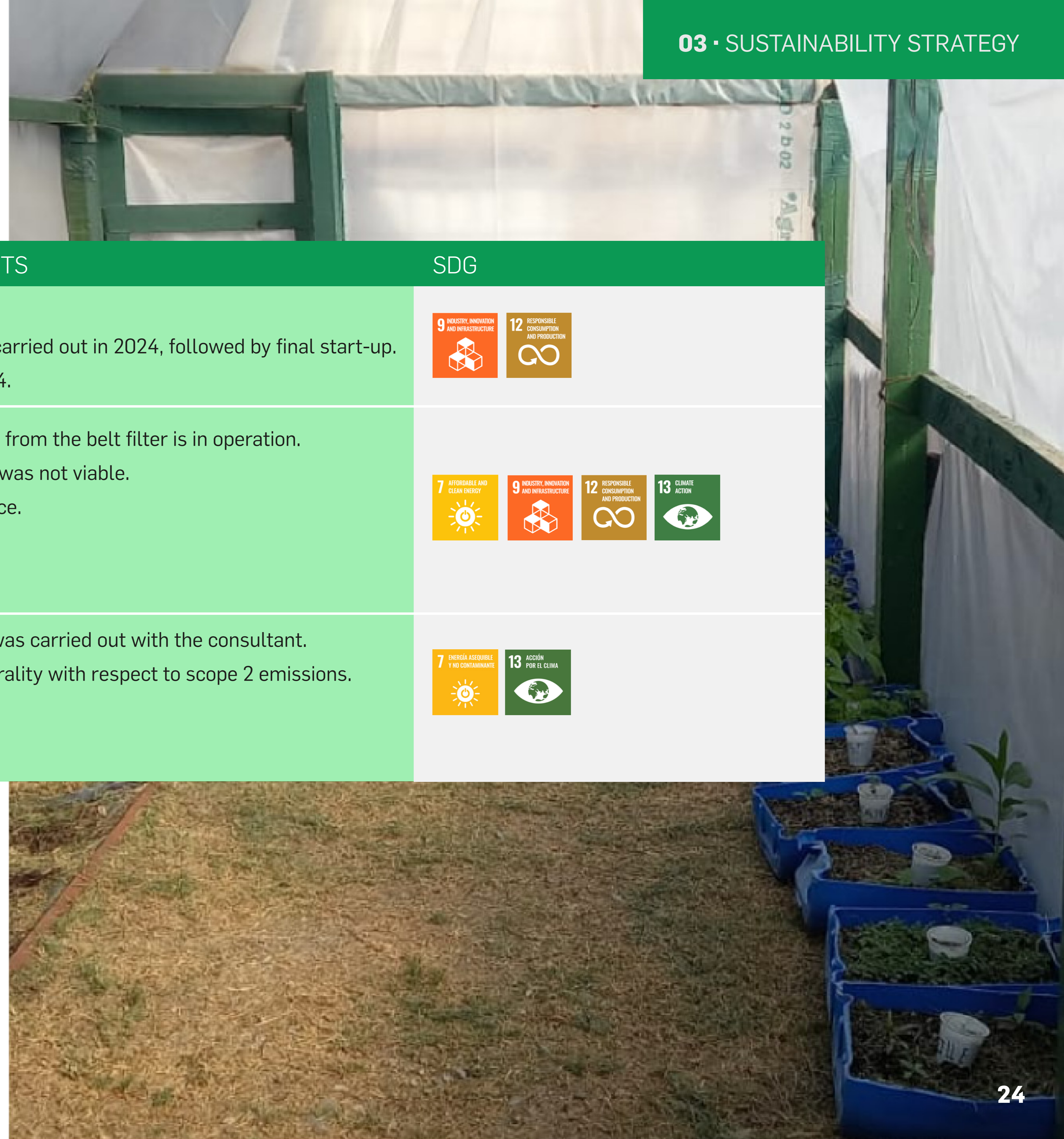
RESPONSIBLE PRODUCTION			
TOPIC	OBJECTIVES	ACHIEVEMENTS	SDG
Transparency	To achieve transparency and accountability in sustainability matters.	We are working on our third Sustainability Report. Publication will be in 2024.	 
Social Responsibility	Ensure alignment and compliance with Arlei's social responsibility and sustainability standards by supplier companies.	In 2023, a question related to Carbon Footprint was included in our social responsibility survey and in the second-party audits to service and input suppliers, with the objective of getting them to start measuring it. Achieved in 2023.	  
Communication	Strengthen communications and delivery of information.	We reach 100% of the supplier companies, through the quarterly newsletter and information mailing. These companies also adhere to Arlei's policies and manuals. Achieved in 2023.	 
Supply Chain - Traceability	<p>Guarantee traceability, animal welfare and protection of native forests.</p> <p>Assure our customers that materials do not come from deforested areas or suppliers linked to illegal practices.</p>	<p>We are working on enabling our customers to have access to greater detail in the traceability of hides.</p> <p>We are looking to migrate from a pallet traceability (current) to a hide by hide search.</p> <p>This would allow our customers to search and obtain where each hide comes from (in particular), since, so far, they can only search and obtain general information by pallet, not differentiated by hide.</p> <p>To be achieved in 2024/2025.</p>	    
Innovation	Leverage our innovative strength.	<p>The design and search for new, more efficient formulas is a continuous action of the technical management.</p> <p>We are implementing new actions and others are in process, such as, for example, automatic retaining draining.</p> <p>To be achieved in 2024/2025.</p>	





SUSTAINABLE INITIATIVES

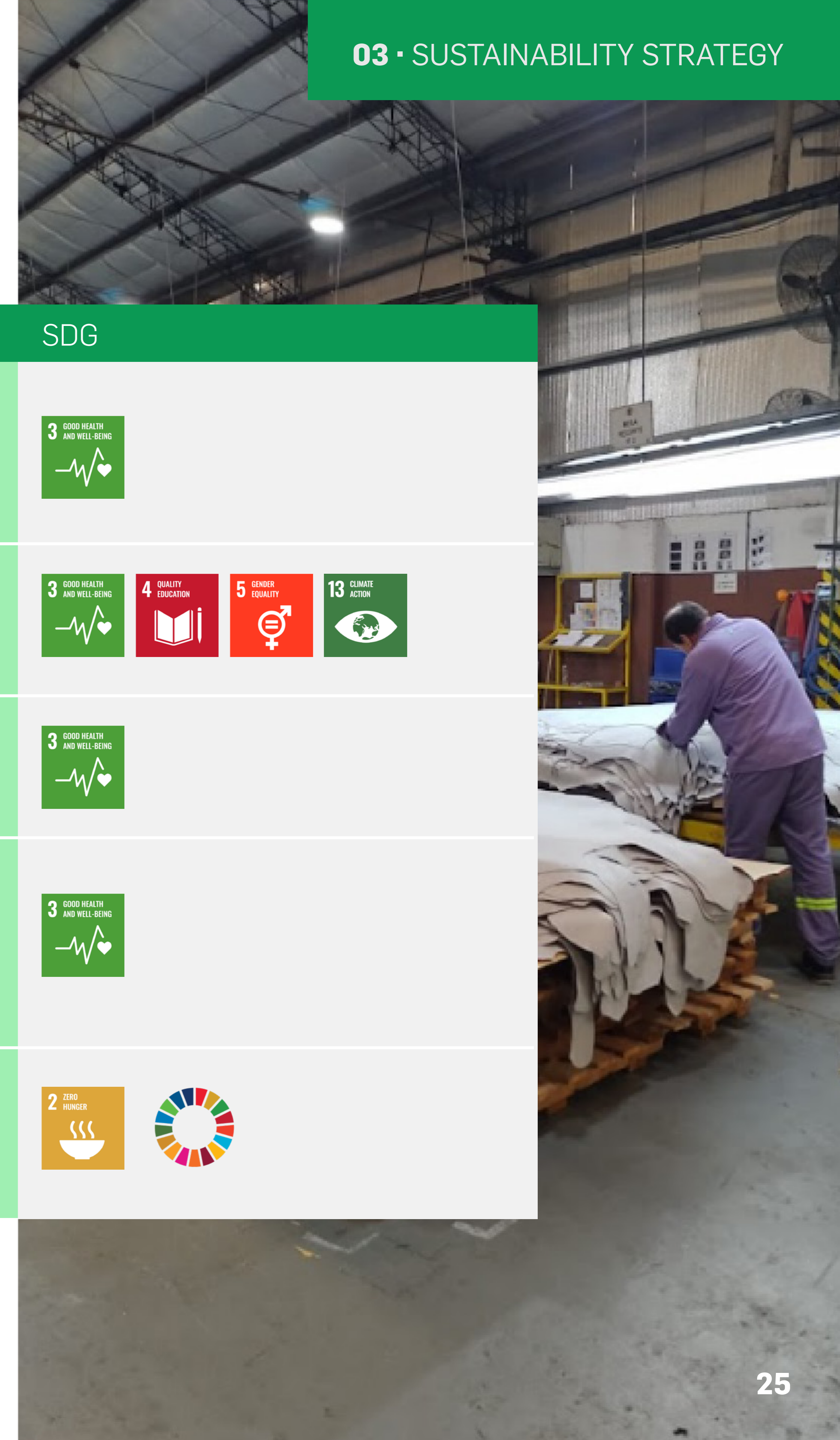
ENVIRONMENT

TOPIC	OBJECTIVES	ACHIEVEMENTS	SDG
Water Consumption	Install a water recovery plant in Don Arturo, with the intention of reusing it in the gas treatment systems of the painting machines.	The plant is installed. Cold start-up will be carried out in 2024, followed by final start-up. To be achieved in 2024.	 
Energy Consumption Water Consumption Water Waste Management	Continue the constant search to reduce the consumption of natural resources such as water and energy.	Water reuse (effluent) from the belt filter is in operation. Water reuse in liming was not viable. Hair recovery is in place. Achieved in 2023.	   
Carbon Dioxide Emissions	Consolidate Arlei as a carbon neutral company in scope 2 in the medium term. In the long term, continue with the challenge of extending neutrality to scopes 1 and 3.	The LCA calculation was carried out with the consultant. Achieved carbon neutrality with respect to scope 2 emissions. Achieved in 2023.	 



SUSTAINABLE INITIATIVES

SOCIAL			
TOPIC	OBJECTIVES	ACHIEVEMENTS	SDG
Occupational Safety and Health	Prevent injuries and strengthen our safety culture.	At the Salta Plant, the mechanism of recognitions and awards for absence of accidents that is carried out in Las Toscas was implemented. The methodology was fully implemented and put into operation. Achieved in 2023.	
Ethics and Anti-Corruption	Update and implement sustainability, ethics, transparency and anti-corruption policies.	A new review of the procedure was carried out in 2023. Achieved in 2022/2023.	   
Awareness and Training	Promote a culture of social responsibility and sustainability with employees through awareness-raising, training 100% of the staff.	Annual trainings related to environment and social issues were carried out. Achieved in 2023.	
Organizational Culture	Maintain good relations with the employees, maintain a good organizational culture and work environment.	We underwent the Great Place to Work survey to validate this management. The survey was conducted in December 2023 and we obtained 85% favorability. We are awaiting the results of the ranking, which will be available in March 2024.	
Sustainable Development and Humanitarian Aid	Form alliances with educational institutions (kindergartens and schools), health agencies, NGOs and organizations (homes, soup kitchens, firefighters, clubs), among others.	Alliances were maintained and new ones were established.	 



CODE OF CONDUCT FOR CORPORATE SUSTAINABILITY

We seek to promote a culture of social responsibility and sustainability. In the onboarding inductions, we include the Code of Conduct for Corporate Sustainability, the Coexistence Code and policies, among others.



Our Code of Conduct for Corporate Sustainability seeks to maintain the economic, social and environmental balance of the company. It establishes the following:

ENVIRONMENTAL GUIDELINES

Comply with the guidelines and signs corresponding to the proper disposal and separation of waste.

Ensure that waste and effluents from each process are disposed of properly.

Reduce unnecessary energy, paper and water consumption.

Promote the reuse of materials whenever feasible.

ETHICAL GUIDELINES

Maintain equal treatment with other employees regardless of religion, gender, nationality, race, age or sexual orientation.

Refrain from dishonestly obtaining benefits from stakeholders.

Avoid behavior that could damage the company's reputation and image.

Act with honesty and transparency in all activities.

Safeguard the confidentiality of information regarding employees, customers, suppliers and other stakeholders.

SOCIAL GUIDELINES

Encourage participation in training, campaigns or initiatives related to sustainability.

Collaborate with the system of proposals for continuous improvement, which focuses on aspects related to sustainability.

Promote, among family and social circles, the actions proposed by the company, with the aim of generating a positive impact beyond the workplace.

04

BUSINESS
MANAGEMENT



INTEGRATED MANAGEMENT AND QUALITY



We stand out for our culture of innovation and responsible use of natural resources. We invest in research and development to add value to the by-products generated in our activities. This initiative not only strengthens the company's finances, but also contributes to preserving environmental conditions.

In 2023, we sold 41,759,928 million sq. ft., representing some 994,284,284 equivalent hides.

As for by-products, we were able to sell 17,944 tons, representing 15.8% of the annual turnover.

Part of our integrated management is based on our products being designed to be competitive, of high quality, environmentally friendly and energy efficient. We are constantly assessing business risks and opportunities in order to minimize adverse or negative impacts, and at the same time be prepared to respond in a flexible, timely and effective manner to changes that may arise.

25% of Argentina's bovine leather is processed in our tanneries

Our management systems are based on ISO 9001, ISO 22716 and IATF 16949 standards, with the aim of guaranteeing the quality of our processes and products.

Our production capacity is

10.000 hides per day

In addition, our ISO 14001 and ISO 50001 certifications, together with LWG certification and SMETA audits, reinforce our commitment and work towards sustainable production.



SYSTEM OF IDEAS FOR IMPROVEMENT

In order to encourage greater employee participation in the evolution of our business, we implemented a system for making comments and suggestions regarding Arlei's management. The main objective is to improve different aspects of the company, such as economic savings, product quality, processes or machinery design, energy efficiency, resource consumption, environment, waste management, occupational health and safety, 5S tool practices, sustainability and work methodologies, among others.

The **System of Ideas for Improvement** involves receiving these documented proposals, which are then evaluated by management in terms of their feasibility for implementation. If an idea is determined to be feasible, it is implemented and then evaluated in terms of the benefits obtained. As an incentive, the employee who suggested the idea will receive appropriate financial compensation. In addition to this reward, monthly and annual prizes are awarded among the participants.

The following actions were carried out in 2023:

- Training for all staff.
- Inclusion of the topic in the inductions for new employees.
- Surveys to know the opinion of the staff, in order to obtain improvements.
- Participation of Arlei's management in the consultation with staff.
- Weekly meetings of the representatives of each area, to analyze ideas and implement them, and propose issues that require improvement in order to seek solutions.

In 2023,
the number of
awarded ideas
increased by

30%
compared to 2022

RESTRICTED SUBSTANCES

To ensure the continuity and profitability of our business, we are committed to complying with three key factors: national legal requirements, the standards of the countries in which we sell our products and the specific requirements of each customer.

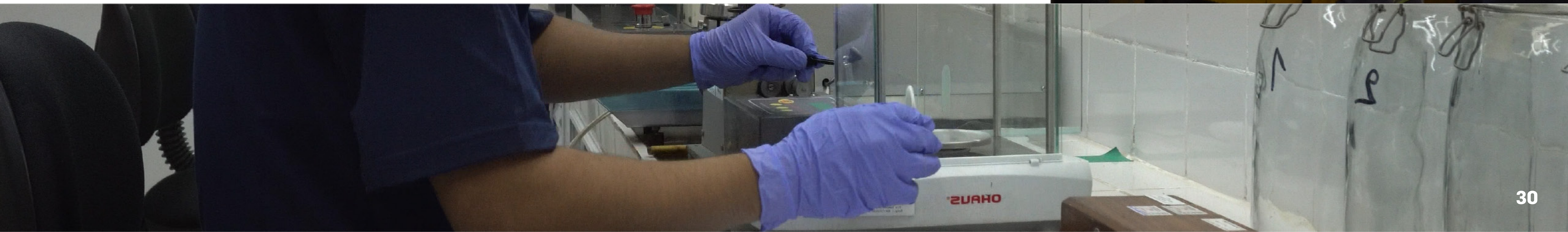
In addition to having internationally valid certifications, we have established a Restricted Substances Policy, which defines the principles for their management and control. This approach is fundamental, as these substances may be subject to limitations or prohibitions due to their negative impact on people or the environment.

We maintain constant communication with our suppliers to ensure compliance with the list of restricted substances during

the manufacturing process, following the guidelines established by the ZDHC (Zero Discharge Hazardous Chemicals) system.

In addition, our finished products are continually tested to confirm the absence of these substances, based on standards such as GADSL (Global Automotive Declarable Substance List), REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) and the specific requirements of our customers.

In our management of chemical products, we prioritize those with a lower environmental impact, which are sustainable and represent a low risk to the health and safety of our staff, customers and the community in general.



PROCUREMENT PRACTICES

GRI 3-3, 204-1

Our facilities are located in remote areas of the country, distant from supply and distribution centers. Therefore, ensuring efficient transportation of all raw materials, materials and finished products is essential to optimize our operational processes. The availability of the right raw materials, such as hides, and the necessary inputs is key to guarantee the quality of the final product.

The procurement area is divided into three sub-areas: Raw Materials, Supply (supplies and services) and Logistics, adapting to the purchasing volumes and distances to the production points.

- Each sub-area has its own staff and the necessary resources to fulfill its tasks, and is responsible for the level of efficiency of its management.
- Hiring methodologies are specific to each sub-area, but are defined within the Arlei Management System.

Both the Raw Material and Supply areas work together with the Quality department to select suppliers that meet the requirements established by the company. They also lead the "Supplier Development" project, which focuses on strategic decisions to establish a sustainable supply chain for both organizations.

- We have a Supplier Commitment Letter in which compliance with our values, policies and management systems is established.
- In addition, we have a claim method defined in the "Supplier Problem Report".

In 2023, we again sent the social responsibility survey to all input and service supply companies.

This year, in addition to modifying some questions, we added a specific question on Carbon Footprint to analyze their approach to this issue.

We are working on an action plan to address the results obtained.

LOCAL IMPACT

Aware of our responsibility in the local community, the Procurement of supplies and services area allocates 30% of the value of its domestic purchases to cooperatives, SMEs and micro-SMEs located in cities near our production plants. This supports their development and promotes their participation in company projects.

We focus on optimizing Arlei's value chain to effectively meet the demands of our customers. We aim to obtain better prices, meet payment deadlines and delivery conditions, negotiate recoveries and keep our plants supplied according to their specific needs, among other aspects.

A significant percentage of the value of our purchases of supplies and services comes from domestic suppliers, who must maintain high standards of quality and competitiveness in order to continue to be considered as viable options. In particular, when evaluating suppliers of raw materials, we consider animal welfare and the traceability of the process from the origin of the livestock to the entire value chain, ensuring that they do not come from deforested or unprotected areas.

In 2023, we continued with our work and managed to obtain more certified slaughterhouses. The objective is to have a greater number of certified suppliers and that, in turn, they work on certifying their suppliers, whether they are farms or feedlots, to maintain an aligned commitment along the entire supply chain.

This topic is developed in detail in the last section of the **Environmental Management chapter**.

Proportion of spending on local suppliers of products and services

	2023	2022	2021
LOCAL¹	67%	62%	54%
NACION	14%	15%	24%
FOREIGN	19%	23%	22%

¹ "Local" refers to purchases and contracts made in Santa Fe, Salta, Buenos Aires and Chaco.

SUPPLIERS (saterials and supplies)	RAW MATERIAL SUPPLIERS (hides)	LOGISTICS PROVIDERS
+600 active national and international suppliers		
67% of the value of purchases made corresponds to national suppliers	100% national raw material suppliers	100% national logistics providers: • 54% from Buenos Aires • 31% from Santa Fe • 9% from Mendoza • The rest are from: Entre Ríos, Salta, Río Negro and Tucumán
30% of the value of national purchases are assigned to cooperatives, SMEs and micro-SMEs located in cities near our production plants		

05

ENVIRONMENTAL MANAGEMENT



OUR APPROACH

GRI 3-3, 2-25

As stated in our Integrated Management Policy, at Arlei we strive to comply with the best practices in the manufacturing of products, in order to prevent environmental pollution and guarantee the quality of our products.

EXTERNAL FRAMES OF REFERENCE

- **ISO 9001, 14001, 26000, 50001 and IATF 16949 standards**
- **Tools such as the PDCA cycle** (management methodology of constant process improvement in 4 stages: plan, do, check and act)

COMPLEMENTARY INTERNAL TOOLS

- **Traceability Policy**
- **Sustainability Policy**
- **Restricted Substances Policy**
- **Chemicals Management Policy**
- **Health and Safety Manual**

LAS TOSCAS PLANT	SALTA PLANT	DON ARTURO PLANT	LANÚS WAREHOUSE
<p>Our most active plant is certified to ISO 14001: Environmental Management and ISO 50001: Energy Management System.</p> <p>Gold Medal obtained in 2019 and 2022 in the Leather Working Group (LWG) audit.</p>	<p>ISO 14001 has been implemented and ISO 50001 is in the process of being implemented.</p> <p>Gold Medal obtained in 2019 and 2022 in the Leather Working Group (LWG) audit.</p>	<p>ISO 14001 has been implemented and is expected to be certified during 2024/2025.</p>	<p>In process of implementing the principles of the ISO 14001 standard and work will continue in order to obtain this certification.</p>

We promote good practices in our supply chain to ensure animal welfare and the preservation of natural areas. We implement the philosophy of responsible use of resources, including their recycling, recovery and, when feasible, their reuse to create value-added products.

We prioritize the acquisition of more energy-efficient equipment, facilities and machinery to improve our company's environmental and energy performance. We also have environmental management matrices that enable us to evaluate

risks and opportunities, identify possible causes and effects, and determine their relevance.

These practices are supported by the definition of preventive actions and detection controls, which help to mitigate potential environmental impacts and identify opportunities for improvement in our production plants. Regarding the remediation of negative impacts, we have procedures in place to act immediately as soon as we identify them, or when we receive reports from third parties.

In 2023, we had no complaints regarding negative environmental and social impacts.

ENERGY

GRI 3-3, 302-1, 302-3, 302-4, 302-5

ENERGY MANAGEMENT

At Arlei, we address the management of our energy consumption from both the economic and environmental aspects. We work so that our products and processes are environmentally friendly, energy efficient and highly competitive. When purchasing equipment, machines and installations, as well as in the design of products and processes, we take energy performance into account.

This year we were recognized with the “Argentina Eficiente” Award for the implementation and certification of the Energy Management System, through the ISO 50001 standard.

This award is granted to the Argentine organization that, having participated in the international CEM (Clean Energy Ministerial) Energy Management Leadership Awards program, has the highest score at the country level.

Having been recognized with this award makes us a reference in energy issues at national and international level, sharing our experience in the ISO standard implementation project and the results achieved.

As part of our sustainability policies and strategies, our company

maintains this certification and systematic work for continuous improvement in energy efficiency. We also have awareness campaigns on the responsible use of energy, good practices and the presentation of ideas for improvement by our staff.

Under the energy management implemented by Arlei (ISO 50001), in 2023, we established baselines for significant indicators related to plant energy consumption and improvement targets for each one. These were monitored monthly, establishing action plans to achieve improvement.

RESULTS ACHIEVED AT THE LAS TOSCAS PLANT*

- ↓ 9% total energy consumption
- ↓ 14% electricity consumption

	Proyectado (MJ)	Real (MJ)
Total energy consumption (baseline kg limed)	9,786,787	9,360,860
Electricity consumption (baseline ft ² produced)	5,235,627	4,930,218



This year, at the Las Toscas Plant, we achieved a reduction in consumption of 425,927 MJ (total energy consumption) and 305,409 MJ (electricity consumption).

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

We measure the optimization of energy consumption based on total specific energy consumption (kWh/kg hides loaded to liming) and other indicators such as electricity consumption, compressor consumption, boiler energy losses, etc.

In 2023, we achieved an **11%** reduction in total energy consumption compared to 2022.

ENERGY CONSUMPTION BY WORKPLACE (in MJ)			
	2023	2022	2021
Las Toscas	104,401,243	120,560,680	139,980,481
Salta	21,483,624	21,825,369	24,801,568
Don Arturo	8,636,579	8,923,823	5,951,787
Lanús warehouse	1,508,919	1,463,744	1,401,011
Carcarañá shed	1,428,947	1,636,138	1,662,420
Maipú offices	273,600	224,640	216,000
Total consumption	137,732,911	154,634,396	174,013,266

In the reporting period, we recorded a reduction in energy consumption at the Las Toscas plant, due to a reduction in activity and in leather processing. At Don Arturo, we recorded an improvement in specific energy consumption, due to the items produced which, by design, consume less energy, and to the continuous increase in staff awareness regarding energy efficiency.

ENERGY CONSUMPTION BY SOURCE (MJ)			
	2023	2022	2021
Renewable	101,760,408	113,809,241	120,294,252
Renewable electricity	57,009,600	58,319,280	55,857,600
Biomass	44,750,808	55,489,961	64,436,652
Non-renewable	35,972,502	40,825,153	53,719,014
Non-renewable electricity	17,017,200	21,292,560	32,173,200
Natural gas	12,704,895	12,706,101	14,873,972
Diesel oil	5,929,382	6,534,339	6,440,869
Bottled/liquefied gas	321,025	292,154	230,973
Total consumption	137,732,911	154,634,394	174,013,266

Our consumption of renewable electricity is subject to production volume. Although it can be seen in the graph that in 2023 electricity consumption was reduced, due to a lower activity at the Las Toscas plant; it can be seen that the proportion of renewable energy consumed was higher in this period with respect to non-renewable energy. As for biomass, the reduction in its value is explained by a lower annual production, and by the positive result of the actions taken to improve boiler efficiency (reflected in the values of the indicators).

ANNUAL ENERGY INTENSITY			
	2023	2022	2021
Total energy consumption (MJ)	137,731,911	154,634,394	174,013,266
Annual production (ft ²)	78,303,581	88,072,907	104,591,086
Energy intensity (MJ consumed/ ft ²)	1.75	1.75	1.66

In 2023, specific consumption (per unit of production) remained constant. On the other hand, despite a reduction in energy consumption, the index was maintained, because this reduction is accompanied by a drop in production.

The following are some of the actions taken to reduce energy consumption during the reporting period:

- We continued to replace electric motors with more efficient equipment.
- We worked on the optimization of electricity consumption and costs at the Lanús plant, where we started the program to replace traditional lighting fixtures with LEDs.
- The last stage of the replacement of compressed air-driven agitators with similar ones driven by electric energy was completed.
- The concentration of oxygen and sludge in the reactor was systematically monitored by means of reports, in order to analyze and take actions (in real time) to improve the energy efficiency of the blowers.

We continue to work in line with the low carbon economy trend, with less environmental impact. Therefore, we purchased energy from wind power sources; this is supplied by two supplier companies, which provide service to the Las Toscas and Salta plants. Additionally, in November 2023, we signed a contract to purchase this energy to supply the Don Arturo production plant.

In 2023, we achieved that 85% of the electricity consumption of the Las Toscas plant, 67% of the Salta plant and 16% of the Don Arturo plant was supplied by renewable energy.

In this way, we exceeded the requirements of Law 27,191: Legal Regulations on National Promotion for Use of Sources of Renewable Energy, and contributed to reduce the negative impacts associated with the greenhouse gas (GHG) emissions of scope 2, given by the energy purchased.



EMISSIONS

GRI 3-3, 305-1, 305-2, 305-3

EMISSIONS MANAGEMENT

At Arlei, we manage our emissions responsibly. Supported by our Greenhouse Gas Emissions Inventory (in accordance with ISO 14064-1) we identify, plan and implement mitigation initiatives and thus contribute to the fight against global warming.

The limit established for the analysis of this inventory was scope 1 and 2 emissions for all activities carried out at the Las Toscas and Don Arturo plants (direct and indirect). Scope 3 emissions were partially considered, including indirect emissions related to the transportation of raw materials, inputs and products.

In this way, CO₂, CH₄ and N₂O emissions were identified and quantified as tons of CO₂eq. In the case of other less significant GHGs (NF₃, SF₆, HFCs, PFCs, etc.), work will be done in future reports, in which it is planned to include new limits and activities that generate them, and which are not within the scope of the current analysis.

GEI EMISSIONS

GHG emissions (tCO ₂ eq)*	2023	2022	2021
Direct emissions - Scope 1 (not including anthropogenic biogenic emissions, biomass combustion)	13,577	13,724	14,282
Indirect emissions - Scope 2	1,997	2,676	3,695
Indirect emissions - Scope 3 (partial)	4,853	6,530	6,759

*Corresponds to emissions from Las Toscas and Don Arturo plants.

In 2023, there was a reduction in emissions generated. In the case of scope 2 emissions, they were reduced due to the higher incidence of the purchase of renewable energy. Scope 3 emissions, resulting from the procurement of transportation, were significantly reduced due to good planning by the Logistics department.

In 2023, we achieved carbon neutrality for all plants, considering scope 2 GHG emissions scope 2.

This result was achieved thanks to the consumption of wind energy, the purchase of Renewable Energy Certificates (I-REC) and carbon sequestration in our forested land.

LIFE CYCLE ASSESSMENT

In addition to the internal calculation of the organizational carbon footprint, together with the Italian consulting firm SPIN 360, a Life Cycle Assessment (LCA) was carried out for four specific products: chrome crust (C.C.) , chrome-free crust (F.O.C.), sustainable crust (C.S.) and finished chrome leather (F.C.), covering not only the global warming impact, but also all other environmental impact categories. In this way, the environmental footprint of each of the above-mentioned leather types has been defined within the "cradle-to-gate" limits.

From the analysis, five points of interest have been identified to work on reducing emissions: raw materials, chemicals, solid waste, transportation and electrical energy.

The product carbon footprint values for leather are expressed "per square meter", this being the reference unit defined for this product, in accordance with the product category rules (PCR), developed within the framework of the International EDP (Environmental Product Declarations) System, according to ISO 14025:2006.

The analysis of the results of the other impact categories is still under study.

LCA - PRODUCT CARBON FOOTPRINT

Product	Kg CO ₂ eq/m ²
C.C.	12.92
F.O.C.	15.91
C.S.	13.66
F.C.	10.25

The values obtained by the LCA for the product carbon footprint (global warming impact) are reasonable and in line with the values recorded for the tanning industry.

AFFORESTATION PROJECTS


We have an afforestation project on the land where our plants are located.

- 4,200 eucalyptus camaldulensis, a variety with a high percentage of CO₂ absorption at the Las Toscas plant (year 2022).
- +200 pine plants and other species, such as ash and crown thorn, at the Carcarañá shed.

This project has three main objectives:

- Act as a barrier to minimize the impact of odors in the surrounding area.
- Offset our GHG emissions to meet the objectives we have set ourselves and, in addition, provide biomass to obtain energy for the boilers.
- Gather information on the potential difficulties, maintenance and growth times, and the possibilities that the plantation will offer us to capture CO₂ emissions.

The monitoring of the afforestation project, carried out in 2023, showed that the Las Toscas trees are in optimal development, reaching average heights of 4 meters and maximum heights of 6 meters.



At the end of 2023, we conducted a carbon sequestration study in the Las Toscas plantation, which resulted in an absorption of more than 300 tons of CO₂.

WATER AND EFFLUENTS

GRI 3-3, 303-1, 303-2, 303-3, 303-4, 303-5

Water represents an essential resource for the leather tanning process. We understand that it is a limited natural resource and, for this reason, we train our staff on water-use efficiency. As with other environmental dimensions, we establish consumption targets based on the amount of m³/leather based on ISO standards.

We control extraction flow rates, water quality, levels in each well and work and rest regimes in each drilling, among others. Although we have greater capacity of the resource used (groundwater to supply the demand of the business units), we believe it is important to maintain consumption within the best standards for the activity.

Both in Las Toscas and Salta, we have a measurement and monitoring program, where each area manager monitors the variables for compliance with the objectives set. This program is controlled by a group of internal auditors and, when applicable, by external certification audits. Based on the results obtained, management system tools are used to identify nonconformities and/or corrective actions. Thanks to this control mechanism and the matrix of aspects and impacts, we ensure that the entire company makes efficient use of water.

Regarding effluent management, we carry out a monthly measurement and analysis of water consumption, discharges and discharge parameters. We also have Effluent Treatment Plants (ETP) in our two largest production plants.

In 2023, we set a target to reduce water consumption per processed leather compared to 2022, and we met the target, achieving a 6% reduction.



CONSUMPTION AND DISCHARGE MANAGEMENT

The supply of water for all uses, including the production process of the different plants, is carried out through different aquifers and wells located in the areas surrounding each site. On the contrary, the water necessary for restrooms and personal use is supplied in drinking quality by local cooperatives or service agents, as the case may be.

We continuously strive to reduce water consumption through the adoption of technologies that optimize consumption, responsible habits and behaviors, and the design of efficient processes.

Don Arturo Plant Las Toscas, Santa Fe	Lanús Warehouse Lanús Este, Buenos Aires	Las Toscas Plant Las Toscas, Santa Fe	Salta Plant Rosario de Lerma, Salta	Carcarañá Shed Santa Fe
SUPPLY Two drillings that exploit the Puelche and Paraná aquifer, distributed in different areas of the plant.	SUPPLY It does not carry out any exploitation of groundwater. The water is provided by Aysa S.A. Public Network.	SUPPLY Drillings that exploit the Puelche and Paraná aquifer, distributed in different areas of the plant.	SUPPLY Two own pumping wells, located on the property.	SUPPLY Drilling that exploits the Carcarañá aquifer.
PROCESSES INVOLVING WATER CONSUMPTION <ul style="list-style-type: none"> · Equalizing, painting and finishing of leathers, filtration of solids from paint booths, paint preparation, machine washing, and cleaning. · The water for restrooms and personal uses is supplied in drinking quality by CODESELT. 	PROCESSES INVOLVING WATER CONSUMPTION As it is a warehouse, there are no production processes. The water consumed is used for industrial and human use.	PROCESSES INVOLVING WATER CONSUMPTION <ul style="list-style-type: none"> · Liming, tanning, retanning, and cleaning. · The water for restrooms and personal uses is supplied in drinking quality by CODESELT. 	PROCESSES INVOLVING WATER CONSUMPTION <ul style="list-style-type: none"> · Liming, deliming, tanning, bleaching, and cleaning, among others. · The water necessary for restrooms and personal use is supplied in drinking quality by Aguas de Salta. 	PROCESSES INVOLVING WATER CONSUMPTION <ul style="list-style-type: none"> · Leather washing, making of industrial ice*, plant cleaning and staff restrooms. · The water necessary for staff consumption is supplied as mineralized water in drums. <p>* The ice produced by Arlei is exclusively for the protection and conservation of bovine hides.</p>
EFFLUENT MANAGMENT The effluents are transported in a tanker to the Las Toscas plant.	EFFLUENT MANAGMENT Currently, this site does not generate effluents derived from any production.	EFFLUENT MANAGMENT Own effluent treatment plant. Authorization to discharge liquid effluents under Resolution 138/2012.	EFFLUENT MANAGMENT Effluent treatment plant designed to have a treatment capacity of 700 m ³ per day.	EFFLUENT MANAGMENT Easement agreement for the discharge of its effluents.

WATER CONSUMPTION ¹			
Freshwater withdrawal by source (ML)	2023	2022	2021
Groundwater	724	939	1,070
Third-party water	5	4	6
Groundwater in areas with water stress ²	115	136	139
Total water withdrawal ³	844	1,079	1,216
Water discharge by destination (ML)			
Groundwater	691	880	1,011
Surface water in areas with water stress	102	124	126
Total water discharge ⁴	793	1,004	1,137
Water consumed (ML)	49	75	79

¹ The water and effluent data of the Maipú offices in Buenos Aires are not included within the scope of this Report.

² Measurements are taken directly with flow meters located at the outlet of the water well.

³ The Salta plant withdraws a percentage of water from sources with water stress.

⁴ Substances present in discharges: BOD, COD, sulfides, chlorides, Ph. and temperature, among others.

Although the main cause of the reduction, as shown in the table, is related to the drop in production, there is also a reduction in specific consumption (relative to the production level).

Improvements are evidenced in relation to the action plans implemented by the organization and the monitoring of indicators, for example:

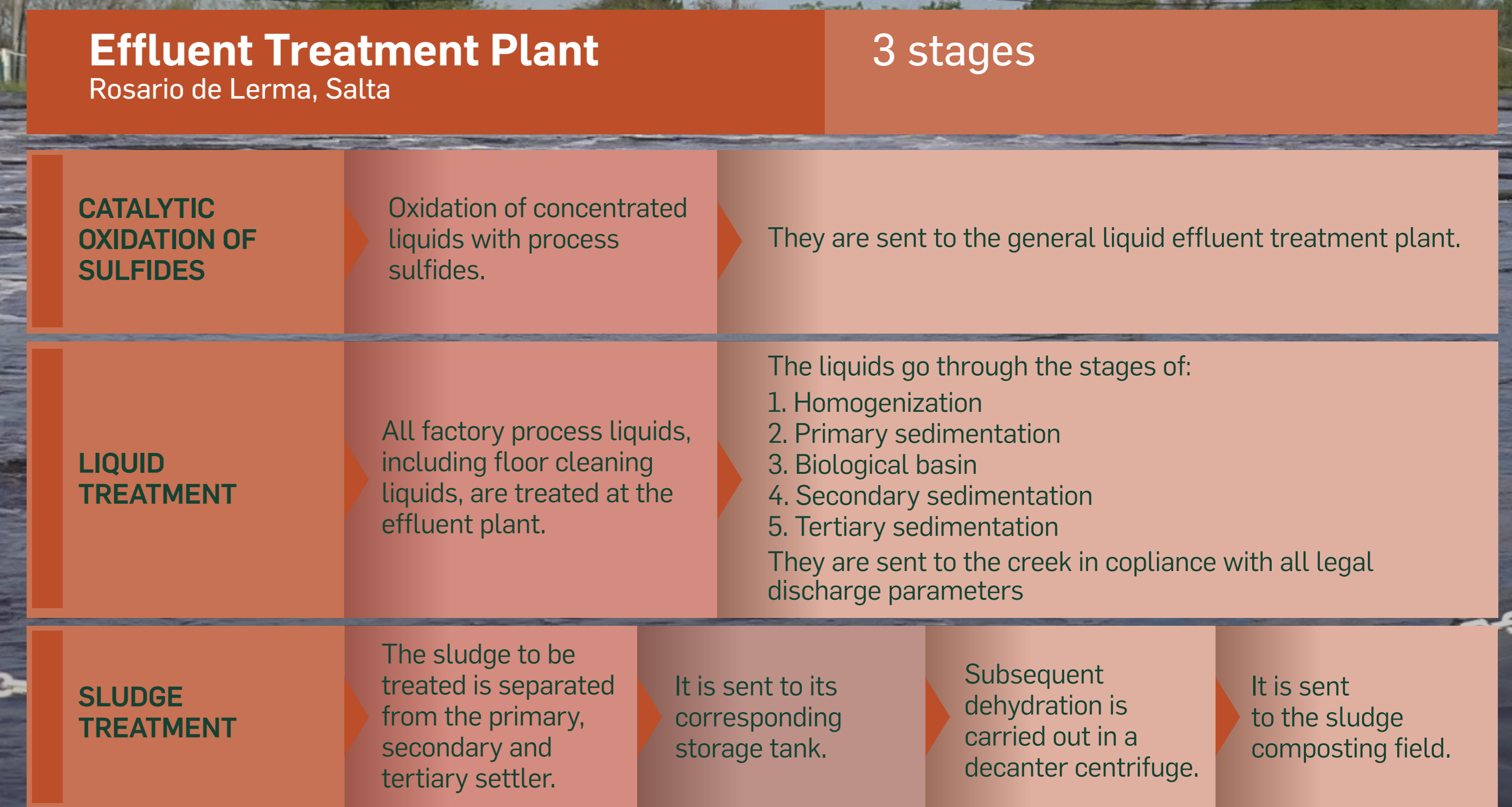
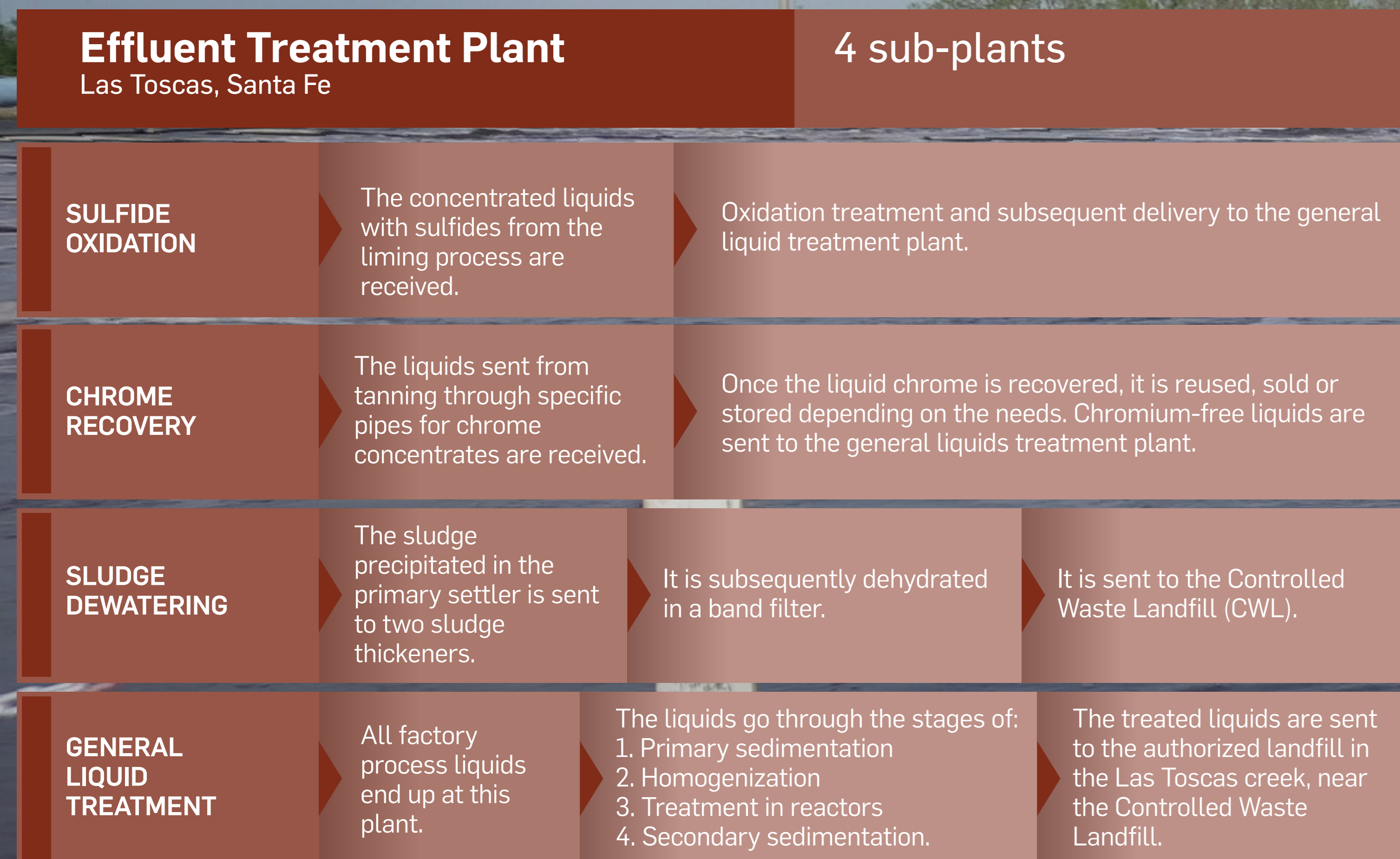
- Raising staff awareness of good water use practices. Work was done to improve the management of groundwater collection, especially in relation to the rotation and resting of drillings, implemented through automation.
- In Carcarañá, water consumption was reduced by approximately 90% due to the reduction in the amount of hides passing through the shed. Most of the hides are sent fresh directly from the slaughterhouse to Las Toscas.
- The Las Toscas testing laboratory was expanded to incorporate new fulling drums, increasing the testing capacity of the technical team to continue the search for more efficient processes and more sustainable products that consume less water while maintaining quality standards.

EFFLUENT TREATMENT PLANTS

Both in Las Toscas and in Salta, we have Effluent Treatment Plants (ETP), which allow us to strictly comply with the quality parameters of effluents discharged.

The ETP of Las Toscas has about 30,000 m², with a treatment capacity of 6,000 m³ per day, and treats both its effluents and those coming from Don Arturo, since they are only 5 km away. This ETP has 4 sub-plants to perform the appropriate types of treatment for each case:

The Salta ETP is designed to have a treatment capacity of 700 m³ per day, and has the following treatment stages:



WASTE

GRI 2-4, 3-3, 306-1, 306-2, 306-3, 306-4, 306-5

We have detailed protocols and guidelines to ensure proper waste management, where each type of waste receives specific treatment according to its nature (classification). Our goal is to avoid any negative impact on the environment, so each waste stream is handled carefully and individually.

Thanks to the good practices implemented and the work done to raise awareness among the staff, in 2023 we managed to:

- Minimize waste through processing, recycling and reuse.
- Minimize odor impacts by planting a vegetation barrier of 4,200 eucalyptus seedlings.

The largest volume of waste is generated in the processes and activities of our production plants. However, in all Arlei's facilities, we have a solid waste management system, where the different waste streams generated in each work area are identified, as well as the specific methods of separation and final disposal according to their destination. It is also informed whether said waste is recyclable or not, and who is responsible for managing its conditioning, recycling or final disposal.

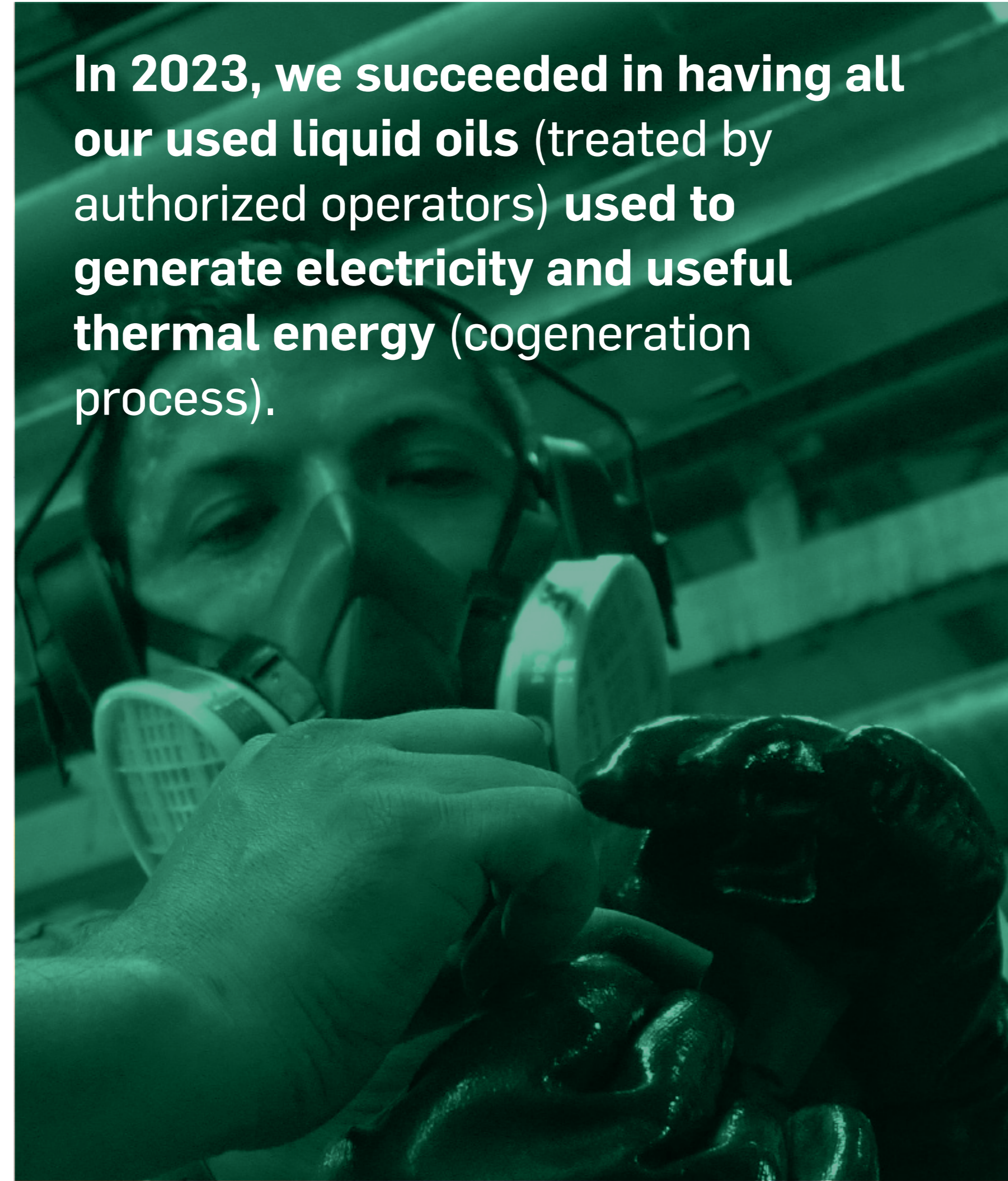
In the case of waste that cannot be recycled or reused, there are two management methods: at the Salta Plant, it is sent to a municipal sanitary landfill, while for the Las Toscas and Don Arturo plants, we have our own Controlled Waste Landfill (CWL), duly authorized by the Secretariat of the Environment, through Resolution 0096/2003. All operations at this site are aligned with Arlei's management systems and the procedures established in ISO standards.

The design of the CWL and its correct operation ensure that there will be no negative impacts on living beings or the environment. With regard to odor emissions, we conduct regular air quality monitoring and take corrective action if necessary to ensure that it does not adversely affect the surrounding inhabited areas.

HAZARDOUS WASTE MANAGEMENT

Special or hazardous waste is treated according to the legislation in force for each case. Waste impregnated with oil and grease, solvents and paints, batteries and others are sent for treatment to Hazardous Waste Operators, with their corresponding manifests and certificates of destruction.

In 2023, we succeeded in having all our used liquid oils (treated by authorized operators) used to generate electricity and useful thermal energy (cogeneration process).



NON-HAZARDOUS WASTE MANAGEMENT AND CIRCULARITY

The constant search for reuse or recycling of the waste generated in Arlei not only minimizes the negative impacts that may exist, but also adds value through the circular economy.

For those discards and surpluses that would normally represent waste, we seek to add value with our own production processes in the plant (by-products) or through strategic alliances that allow us to give circularity and turn them into raw material for other processes.

WASTE TREATED INTERNALLY

BOVINE HAIR

After the liming process, the hair is filtered and separated from the effluent, to be taken to a composting field where it is transformed into compost.

SALTS

The salts that result from the skin preservation process are processed in an oven to eliminate bacteria, and are reintroduced into the process. The big bag containers are also reused for this purpose: transporting salt in bulk.

WASTE TREATED WITH THIRD PARTIES

HARD PLASTICS

They are recycled to make pots. If they are mixed with nylon, other products are achieved, such as wood-like boards and strips for benches, tables, playground equipment.

METAL SCRAP

It is sold to scrap companies authorized for the recycling of the material.

CHEMICAL PRODUCTS CONTAINERS

100% of chemical containers are washed and returned to suppliers, or sold to companies that are authorized by the Official Body for recycling and reuse.

BATTERIES

They are used on forklifts, tractors and backhoes. They are replaced by new batteries with manufacturers and distributors.

CARDBOARD

100% of the cardboard is compacted and packed to be reused by third parties.

PAPER

All administrative and production offices separate paper. For the third consecutive year, we were able to donate an average of 2,500 Kg of paper/year to the Garrahan Foundation.

PALLETS

100% of pallets used in production and/or to support materials are repaired and reused.

NYLON

100% of the nylon is washed and sent to third parties for reuse. A percentage is used for the production of lower quality nylon, and the other for various articles of recovered nylon.

OIL

100% of the hydraulic oil that is changed from the factory machines is delivered to a licensed waste operator to be used as fuel and power generation.

WASTE TRANSFORMED INTO BY-PRODUCTS

SURPLUS LEATHER (CLAWS, UDDER, FAT)

They are used and processed to produce tallow for commercial use (by-product), certified under the guidelines of ISO 22716 standard.

LEATHER SHAVINGS

It is generated in the shaving process and is sold as a raw material for other uses such as reconstituted leather.

SPLIT LEATHER

It is a leather that is obtained after the splitting process, and that is sold for different uses such as shoes, aprons, and gloves, among others.

UNHAIRD LEATHER SCRAPS

After the liming process, the scraps are sold to companies in the food industry, mainly.

WASTE GENERATED BY TYPE OF TREATMENT

As for waste generation, in 2023 there was a decrease that accompanied the reduction in production for the period.

WASTE GENERATED	UNIT	2023	2022	2021
Recycled or reused	T	2,476	3,664	3,779
Hair	T	2,365	3,464	3,629
Nylon	T	28	35	59
Hard plastics	T	8	6	8
Cardboard	T	6	2	10
Scrap	T	69	157	73
Raffia ¹	T	0,13	0,38	0,38
Treated in effluent plant and CWL	T	16,376	18,126	20,438
Tanned scrap, sludge, fats, chippings, salt, shavings, dust, among others	T	16,376	18,126	20,438
Treated by external operator	T	15	16	16
Oils ²	T	5	7	4
Paints, batteries, impregnated with grease and oil	T	10	9	12
Sold	T	165	234	187
Bins ²	T	6	8	6
Containers ²	T	159	225	181
Total waste generated (t)	T	19,032	22,040	24,421

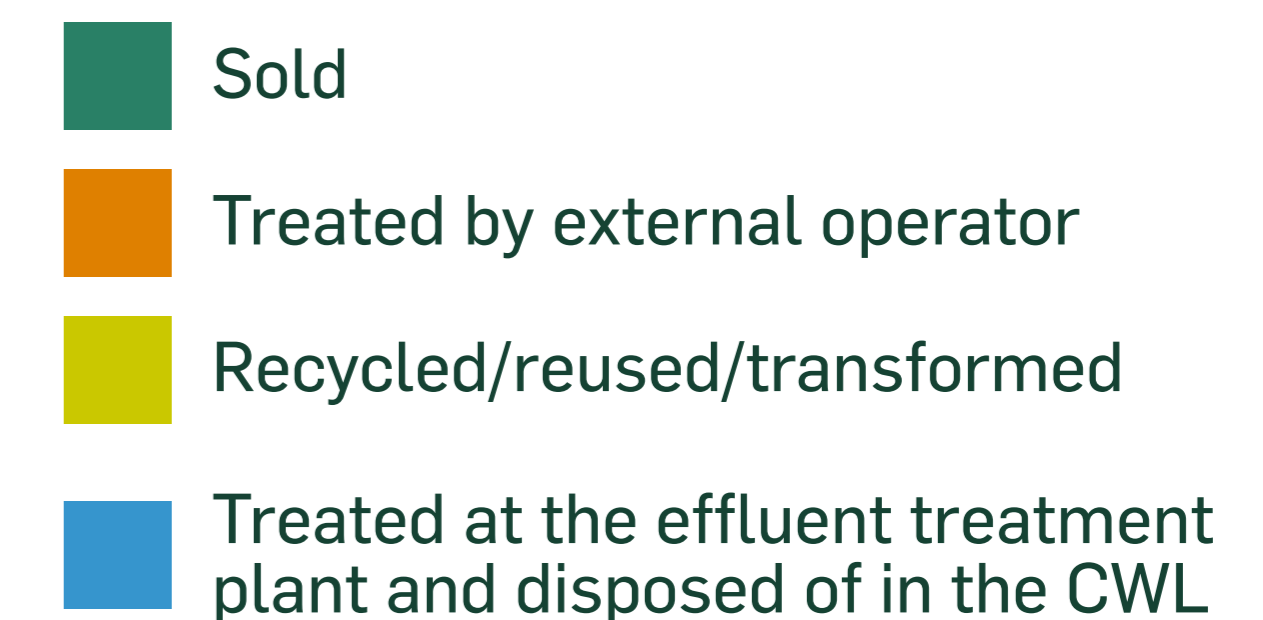
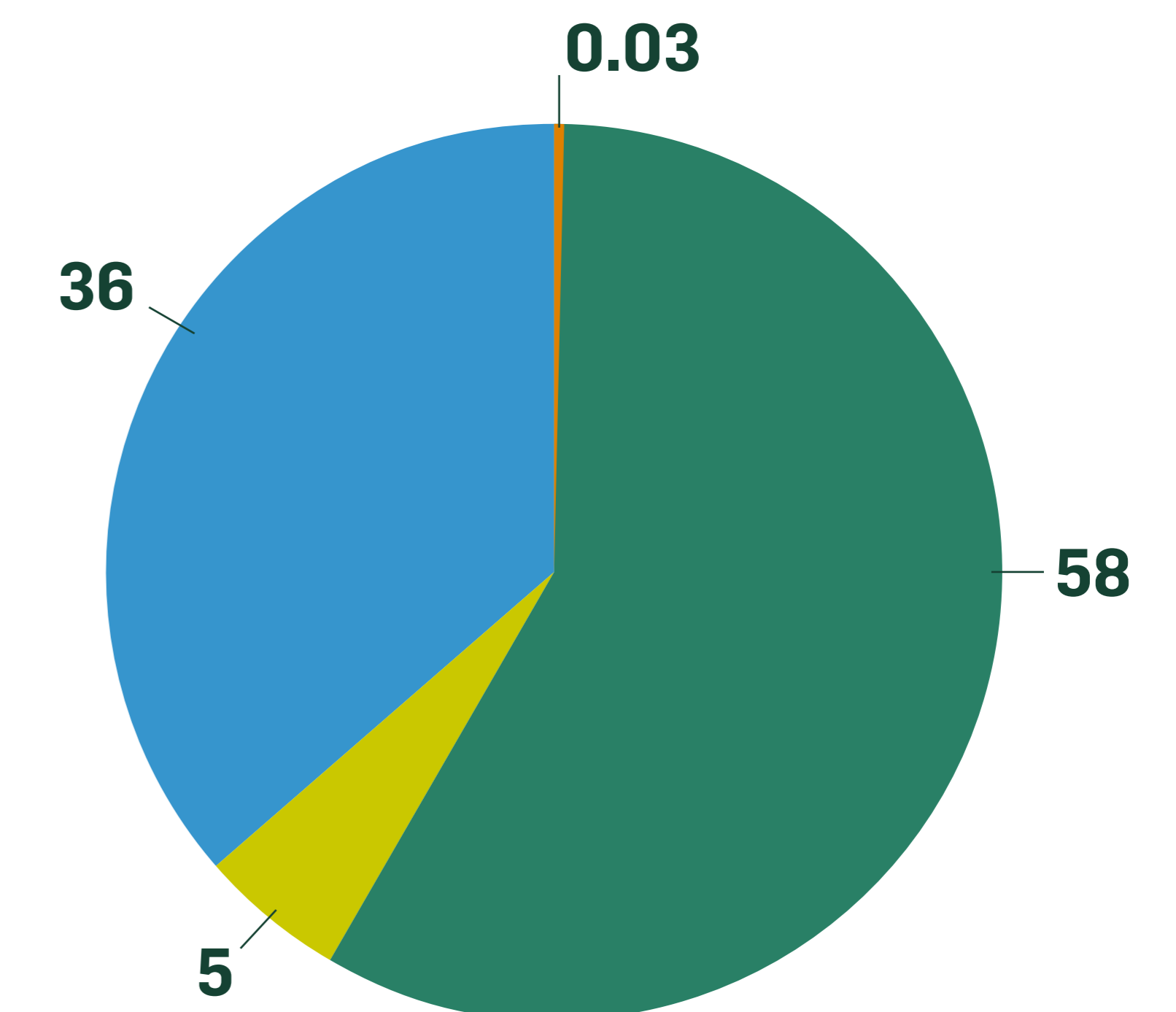
¹ Raffia is recyclable, although when treatment has not been possible, it is considered within assimilable waste.

² Oils (l), bins (units) and containers (units) are counted as: oils = 1x1, bins= 8 kg each, containers=50 kg each.

SOLD AS BY-PRODUCT (t)*	2023	2022	2021
Trimmings, tallow, split leather, shavings	26,308	34,812	37,245

* By-products generated: discards and surpluses that would normally represent waste, to which value is added and converted into raw material for other processes.

Waste generated by type of treatment or valorization (%)



ANIMAL WELFARE AND TRACEABILITY

GRI 3-3

Our main raw material is bovine hides. For Arlei, it is essential to have a Traceability Policy, as it is fundamental to move towards a sustainable manufacturing process. Aspects such as circular economy and the living conditions of cows and steers are key to ensure the high quality of our products.

Although we do not have direct responsibility for animal husbandry, as hides are unavoidable by-products of the food industry, we implement management systems that promote animal welfare and protection throughout the supply chain. This includes measures to improve the quality of life of the animals during their breeding and transport up to the time of slaughter. We aim to meet specific standards throughout the value chain to ensure that they are treated with due respect and care.

We also understand the importance of ensuring the **traceability** of animals back to the farm. We work with our suppliers throughout

- Free from hunger and thirst
- Free from discomfort
- Free from pain, injury, or disease
- Free from fear and distress
- Free to express normal behavior

the supply chain to ensure that they are not involved, directly or indirectly, in deforestation, conversion of natural habitats, appropriation of indigenous lands and/or protected areas.

Our goal is to spread values and raise awareness internally and in our value chain. We provide information, conduct second party audits and provide training on animal welfare, traceability and protection of native forests, our three main management axes.

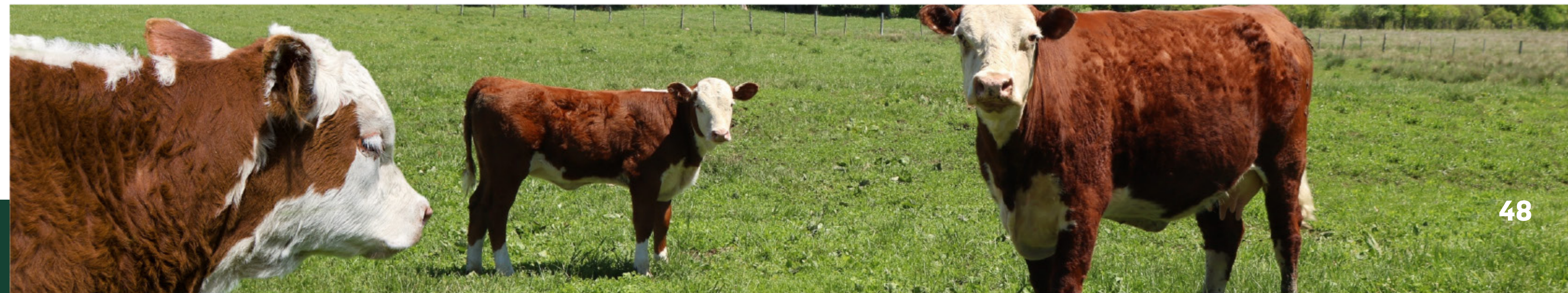
The audits are based on our Integrated Management Policy, Sustainability and Traceability Policy, and include the control of sustainability, environmental management and traceability variables, among others. In this way, we verify their degree of compliance and define joint actions, establishing mutually beneficial relationships with suppliers to improve both parties.

We are proud to announce that Arlei remains active and that, during

We are constantly looking for mechanisms to ensure that hides come from areas free of deforestation and conversion of natural habitats.

2023, we focused especially on deforestation issues, following the publication in the Official Journal of the European Union of the regulation prohibiting the import of products from deforested areas.

We are currently experiencing a remarkable acceptance and willingness on the part of our suppliers to carry out second-party audits and commit to comply with the Supplier Agreement. As time goes by, our assessments are becoming more and more rigorous.



Animal welfare control metrics (AW)	2023	2022	2021
TRACEABILITY			
Suppliers that document traceability ¹	100%	100%	100%
CERTIFICATION			
Suppliers with AW CERTIFICATE	56%	42%	35%
Suppliers with AW implemented	31%	37%	45%
Suppliers with AW not implemented	13%	21%	20%
Suppliers without information	0%	0%	0%
	100%	100%	100%
Suppliers that implement and certify AW	87%	79%	80%
AUDITS			
Audit plan compliance	92%	87%	94%
AW audit average score	86%	87%	88%

¹ Applies only to suppliers of fresh hides.

In 2023 there was a decrease in the number of suppliers with AW implemented, explained by the large increase in suppliers with AW CERTIFIED.

The average AW audit score remained almost the same, due to the fact that the audit checklist was modified in 2023, being even more demanding in the questions and requirements for our supplier companies.



In 2023, we achieved 86% performance in animal welfare and 100% traceability of fresh hides to the farms of origin.

With second-party audits and intense work, we seek to ensure that the products of our hide suppliers do not come from deforested areas or from suppliers linked to illegal practices.



DEFORESTATION-FREE PRODUCTION AND EXPORT PILOT PROJECT

In 2022, we entered into an alliance with environmental non-profit organizations and government bodies, particularly the Ministry of Agriculture of the province of Santa Fe, to work on the project for the production and export of deforestation-free meat and hides.

In 2023, we took part in a joint test with a local slaughterhouse and a European customer, in which we received hides marked at origin, complying with the deforestation-free attribute, certified by the Government of Santa Fe. Once the hides are received, we process them in our plant maintaining this code, and then send the final product to the customer with the corresponding certificates.

In addition, we collaborate with our suppliers to take this project to a national level, seeking to comply with the regulations established by the European Union regarding deforestation.

At this time, we have no further details about the project. We have completed our part and are now waiting for the other parties involved to coordinate the next steps. The pilot stage has concluded and we are open to explore new opportunities in the future.



06

SOCIAL
MANAGEMENT



The wellbeing of people, inside and outside the organization, requires an approach that reflects our corporate values and the culture that defines us, in harmony with environmental management and the prosperity of the business. Therefore, our comprehensive human resources management is aligned with the business plan and the quality and environmental management system.

In turn, we rely on our Ethics and Sustainability Policies, and Codes of Coexistence and Conduct for Corporate Sustainability. These apply to all of the company's workplaces and reflect our commitment to non-discrimination based on gender, religion, political opinion or any other condition.



DIVERSITY AND EQUAL OPPORTUNITY

GRI 2-7, 2-8, 2-30, 3-3, 405-1

The richness of a diverse workforce and equal opportunity are very important to Arlei. We work tirelessly to ensure an inclusive and welcoming work environment for all people.

When hiring new employees, we follow a process that includes detailed job descriptions, specific training profiles and the skills needed to perform the roles effectively. In our selection process, we do not tolerate any bias related to gender, religion, political opinion or other social characteristics.

Although our industry has traditionally been male-dominated, due to the physical nature of the work in the past, we have seen significant changes with the advancement of technology. Despite this, female representation in tanneries remains an industry challenge we face.

OUTSOURCED SERVICES

A large proportion of the outsourced staff is dedicated to security, cleaning and canteen services. All these activities are under the control of our organization, so we apply the "Internal Contractors Regulation", which is delivered to each of these companies.

This regulation establishes guidelines that must be followed to provide services within our facilities and in line with our standards. From Arlei, we carry out periodic internal controls to verify compliance.

WORKFORCE PROFILE

	2023	2022	2021
By gender			
Women	62	67	65
Men	1,260	1,303	1,326
By age group			
Under 30 years old	150	160	194
30-50 years old	887	922	964
Over 50 years old	285	288	233
By contract type			
Temporary	112	114	166
Permanent	1,210	1,256	1,225
Total	1,322	1,370	1,391

In 2023, the reduction in the number of temporary/permanent employees was directly related to the contraction of the company's production activity.

Since 2016, we have conducted the annual Great Place To Work survey, in which topics related to non-discrimination based on race, gender or religion are assessed. Historically, this area exceeds 80% favorability, showing that the people who work at Arlei feel comfortable, integrated and respected as regards diversity.

In 2023, Great Place to Work questions related to NON-discrimination based on gender, race, age, sexual orientation and others yielded a score of 88%.

DISTRIBUTION BY JOB CATEGORY 2023

	Women	Men	< 30 years old	Between 30 and 50 years old	> 50 years old
Operators	21	1038	142	716	201
Analysts and assistants	27	89	7	81	28
Supervisors and heads	1	61	1	43	18
Chiefs	9	34	0	26	17
Coordinators	3	28	0	17	14
Directors and managers	1	10	0	4	7
Total	62	1260	150	887	285

	2023		2022		2021	
	Temporary	Permanent	Temporary	Permanent	Temporary	Permanent
Las Toscas + Don Arturo	95	946	95	975	140	947
Salta	17	169	17	168	16	166
Lanús + CABA offices	0	72	0	76	0	75
Carcarañá	0	23	2	37	10	37
Subtotal	112	1,210	114	1,256	166	1,225
Total	1,322		1,370		1,397	

In relation to the metrics in the tables, the only significant change (with respect to the previous period) is the reduction of temporary staff at the Carcarañá plant. This was due to the decrease in production, which resulted in a lower amount of raw material in stock and, consequently, in a lower need for temporary employees to manage it in the shed.

Below, we mention our global turnover and absenteeism indicators in 2023.

Arlei global turnover rate*	2023	2022
Total %	11.68%	2.97%

The difference between one year and another is mainly due to the decrease in the number of employees at the Carcarañá shed.

Arlei's global absenteeism rate	2023	2022
Total	6.80%	5.09%

The slight difference from year to year is mainly due to an outbreak of dengue fever in one of the plants at the beginning of 2023.



ETHICAL AND TRANSPARENT RELATIONSHIPS

The Human Resources team has a series of Policies and Codes that establish the premises for maintaining open, ethical and transparent relationships within labor relations.

All of them are reviewed annually and, when updated, are communicated both internally and externally throughout our value chain. We share them with customers and suppliers, and they are also posted at the entrance of our plants, so that people in the community can read them.

All our policies are approved by Senior Management, who assume the commitments established in them. They are communicated to all relevant stakeholders through trainings, posters, mailings, newsletters, etc., and some of them are publicly accessible through our website.

MANAGEMENT POLICIES

The Human Resources and Institutional Relations teams are supported by the following:

Wellbeing and open doors policy:

It is intended to support, internally and externally, the continuous improvement of the quality of work and environmental life, with programs aimed at the wellbeing of staff and their families. In addition, it promotes:

Support for family members in difficult situations.

People with doubts or concerns can tour the facilities.

Guided tours for students, family members, neighbors and institutions.

Work internships, talks and presentations.

Community relations.

Integrated Human Resources Policy:

It establishes guidelines aimed at attracting, incorporating, managing, motivating, developing, directing and organizing human talent, focusing on the optimization of competitive results for the company. In addition, it proposes:

Guidelines when selecting employees and accompanying them in their adaptation.

Promotion of a healthy and safe work environment.

Equal opportunity.

Personal and knowledge development.

Strengthening of self-improvement attitudes and contribution of ideas.

Approach to labor and union relations.

Transparency in the relationships during the hiring and dismissal instances.

Corporate Ethics Policy:

It establishes the commitment to the definition of the principles and values that govern each of the company's activities, and the relationship with employees, customers, suppliers, the government and society in general. In addition, it promotes:

Respect for current legal regulations.

Prevention of corruption, ethics escalation and confidentiality in the event of complaints.

Freedom of collective association.

Zero tolerance for forced, compulsory or involuntary labor.

Zero tolerance for unequal or discriminatory treatment based on political, religious, racial, age, disability, gender or sexual orientation grounds.

Payment of fair salary and benefits according to activities.

Protection of people's safety and health.

Respect for the rules of the established coexistence code and code of conduct for corporate sustainability.

OPEN RELATIONSHIPS

Arlei allows its employees the freedom to join the unions that they consider best represent them. Communication between the company and union representatives is very good, allowing for mutually beneficial agreements.

More than 90% of Arlei's employees are covered by collective bargaining agreements.

Some of them are:

Leather Workers' Union (STIC for its acronym in Spanish).

Association of supervisors, employees, managers and technicians of the leather industry (ASEETIC for its acronym in Spanish).

Tannery Workers' Union (SOC for its acronym in Spanish).

Union of Employees, Foremen and Managers of the Leather Industry (SECEIC for its acronym in Spanish).

COMMITMENT TO EMPLOYEES

Human capital is a great asset for the company. For this reason, we design initiatives that seek to promote their wellbeing from different areas of personal development and with different goals.

Some of the initiatives already included in the company's annual programming include:

Paternity leave: days granted by law + 2 extra paid days.

Relocation of people with reduced capacities to manage their work.

Filling of senior level positions with employees who have developed internally.

Recognition of Workers' and Tanners' Day, awards of medals for 20, 30 and 40 years of seniority and celebrations of traditional days.

In 2023, 35 medals were awarded among the 3 seniority categories.

Recreational initiatives such as photography contests, calendars, murals, and Christmas card drawings competitions, inter-area breakfasts, and gym classes.

In 2023, 198 children of employees participated in the drawing contest (for all plants).

Support plan/assistance program for immediate family members who are going through a difficult situation.

In 2023, we assisted 2 families in Las Toscas and 7 families en Salta.

Training courses for staff in activities outside the work environment, such as welding and blacksmithing, durlock, bakery, etc.

In 2023, 35 employees from the Salta plant attended these courses.



OCCUPATIONAL SAFETY AND HEALTH

GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

The safety and health of our people is a priority and comes before any other aspect. In addition to strictly complying with legal regulations, our purpose is to preserve their psychophysical health, identify hazards, assess them and establish control measures to minimize their impact and ensure an efficient response in the event of an occasional emergency.

All activities are associated with hazards that can lead to an accident or occupational disease. Therefore, the scope of our management contemplates the activities within the facilities and those in the area of influence, and in the transportation to and from the production sites.

We rely on the criteria established by:

ISO 45001, which frames international standards.

Health, Safety and Environment (HISE for its acronym in Spanish) Manual, which sets out the internal philosophy of Occupational Safety and Health.

Integrated Management Policy and its guiding principles for each of the management systems implemented.

Japanese tool called “5S”, which Arlei's teams have been applying to their daily work since 2011 and which is included in the HISE Manual.

Since our facilities are located in different provinces of Argentina, we adapt our management based on compliance with each of the laws, resolutions and decrees of Buenos Aires, Salta and Santa Fe.

The combination of all these approaches allows us to clearly identify the hazards, associating, to each of the tasks performed within the company (whether production, services or others), a detailed management, defined by its risk according to the probability of occurrence and the potential severity of the injury.

External staff, who maintain commercial ties with our company, are required to commit to comply with the Internal Contractors Regulation.

OCCUPATIONAL INJURY AND DISEASE MANAGEMENT

We have a medical team specialized in occupational health, in charge of managing both the prevention and treatment of occupational diseases.

Together with the prevention department of the Occupational Risk Insurer (ART for its acronym in Spanish), annual campaigns of periodic examinations are carried out to detect the existence of occupational diseases among workers exposed to risk agents. If any cases are detected:

- 1. An assessment is made of the state of the disease.**
- 2. The most appropriate control measure is determined so that said situation does not reach the degree of occupational disease.**
- 3. Ongoing injuries or diseases are constantly monitored by the medical service.**

In 2023, we intensified our work in the control of hearing loss, with follow-up of detections in ART's periodic exams and constant communication with its occupational medicine areas, to improve actions, especially in health examinations.

EMERGENCY BRIGADES

We have a procedure called ACODE (Coordinated Emergency Action) Plan, which defines the planning, preparation and actions to be taken in the event of an emergency, as well as the creation of an operational team to deal with them.

- The objective is to deal with the emergency in the initial phase until the corresponding professional teams can intervene.
- Continuous training, theoretical and practical training, and equipment review and adaptation are provided.
- An annual amount of money is allocated for specialized training and for the replacement and purchase of equipment.
- The teams in Las Toscas and Don Arturo are volunteers and are made up of 1 emergency brigade member for every 30 people on average. In Salta the average is lower and in Lanús we have a group of people trained mainly in dealing with emergencies involving hazardous materials.

In 2023, the training of all groups was consolidated, new brigade members were added at the Las Toscas plant and a training plan was implemented in collaboration with the Don Arturo plant, which included activities with an external training company hired by the company.

RELOCATIONS

The Human Resources Department and the Health and Safety Department are constantly managing the relocation and adaptation of employees with reduced operational capacities due to injuries or diseases, either due to natural or work-related causes.

Management stages:

1. Risk assessment in each job position based on the assessment of hazards and risks, morbidity rates and the profile diagram of each job.
2. Once the situation is identified, an analysis of the remaining capacities and psychophysical restrictions of the person in question is carried out.
3. Internal incapacity report.
4. Cross-assessments of the job positions with the report.
5. Definition of the activity with the greatest possibility of adaptation.
6. Relocation of the person.
7. Follow-up within defined periods to evaluate the person's adaptation to the new position.

We have had some cases of relocations, in which people with lower or upper musculoskeletal problems, due to injury or illness, or dermatitis or allergy problems, were relocated to positions where they were not exposed (such as, for example, surveillance, administration, maintenance of green spaces, care and maintenance of restrooms and locker rooms, and other operational tasks without repetition of movement or exposure to sensitizing substances).

Based on the elaboration of job diagrams for each position, the activities that could allow relocations were determined. In addition, with the definition of ergonomic maps, the jobs with greater demands on certain body sectors were clearly identified. Thanks to this information, a more efficient requalification was achieved during the last period.

CONTROL AND MONITORING MECHANISMS

We have matrices that identify the hazards and risks associated with each activity, allowing us to control and assess our performance in terms of safety and health. This process is complemented with periodic audits focused on specific areas, defined according to the risks identified, in order to adapt working conditions to optimal standards.

In our production facilities, we have areas dedicated to Health, Safety and Environment, managed by teams specialized in these areas.

In every plant, the prevention teams have the following roles:

Provide advice to the chain of command.

Establish safety guidelines.

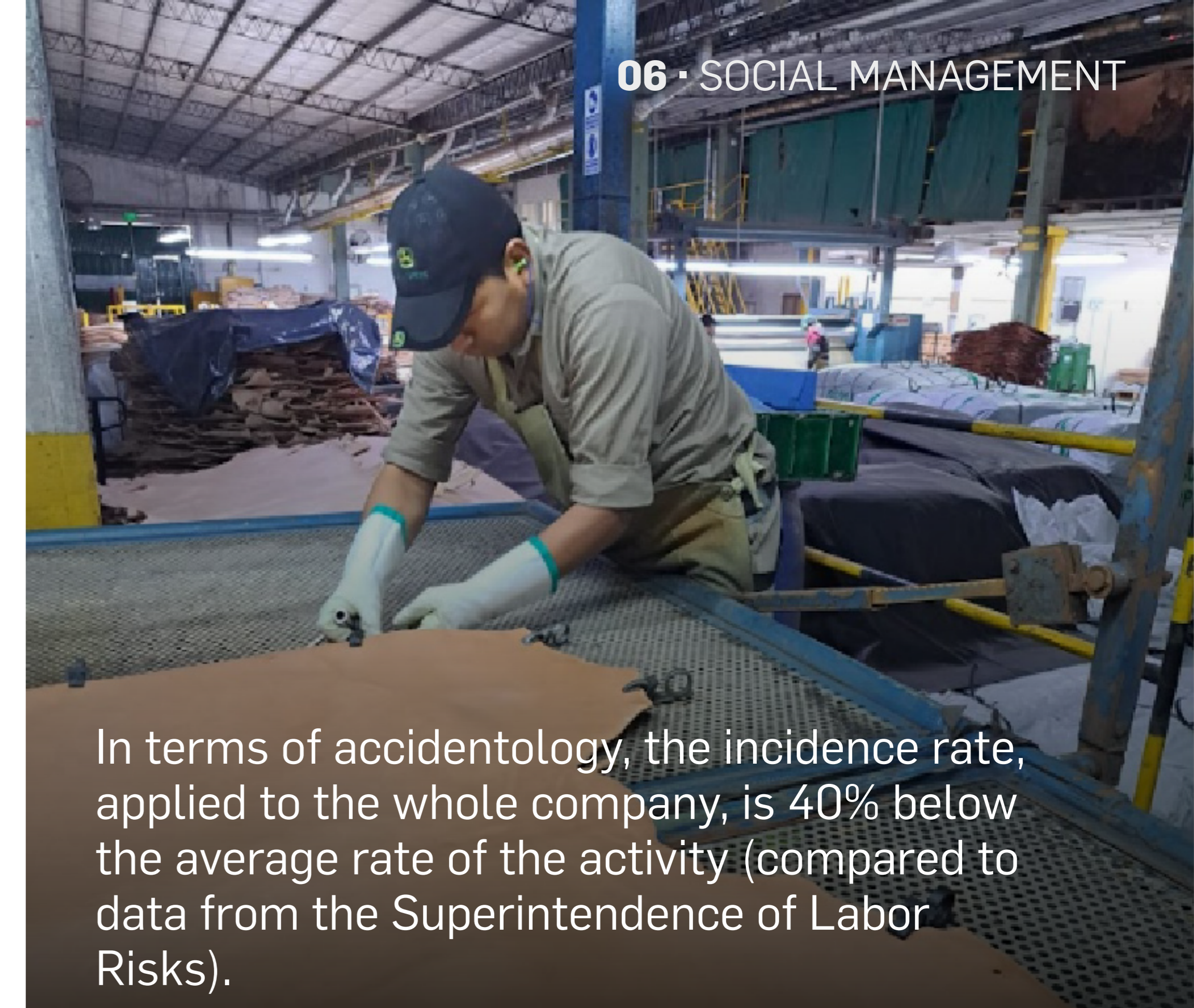
Assess compliance with said guidelines.

Implement the corresponding corrections.

Thanks to our management, occupational health and safety is available to all employees and is an integral part of the company.

In recent years, we have implemented improvements in working conditions that have a direct impact on the prevention of accidents and occupational diseases. These include the implementation of mechanical aids, such as dragging leather transfer systems and automation in the addition of chemical products, among other examples.

Likewise, we have an indicators base that allow us to follow different parameters and performance of accidentology in order to monitor and improve year after year.



In terms of accidentology, the incidence rate, applied to the whole company, is 40% below the average rate of the activity (compared to data from the Superintendence of Labor Risks).

In the event of an accident, an investigation is carried out using the cause tree to identify the root cause of the problem, and all necessary actions are taken to correct it and prevent it from happening again.

We also carry out a list of controls and audits to examine the risks at the different job positions:

- **Controls on the use of elements and safety conditions in personal protection installations such as fire extinguishing systems, eye showers, chemical identification, spill containment, noise measurement, etc.**
- **Machine safety audits, forklift inspection and ergonomic studies.**

EMPLOYEE ACTIVE PARTICIPATION

We have a Joint Committee, made up of representatives of the union and staff from Health and Safety, Human Resources, Legal and Medical Services areas. This committee is responsible for overseeing the company's policies and guidelines, analyzing occupational accidents and statistics, and proposing solutions, among other responsibilities.

We also encourage employee participation through our System of Ideas for Improvement, which encourages the generation of proposals and suggestions for improving or modifying work environments and operating methods.

A committee was established to analyze ergonomic risk in the workplace, with the participation of several areas related to prevention and operations. In addition, line staff participate actively, contributing their perspective on risks and collaborating in problem solving.

SAFETY CULTURE FOSTERING

We have a system of awards for accident prevention and achievement of goals regarding accidentology. This is done with the aim of awarding prizes to people who demonstrate optimal performance in matters associated with prevention.

We reward the following achievements:

- Every 7 calendar days without lost time accidents.**
- Every 30 calendar days without lost time accidents.**
- If the accidentology goals of the plant are improved annually.**

During 2023, each employee was provided with information material on accident prevention and all staff was updated and trained on the updated risks of their respective job positions.

MEDICAL SERVICES

Medical services are available at all our plants. These operate following different methodologies adapted to each situation and fulfill the functions of occupational medicine and current legal regulations.

The medical staff in charge performs several tasks, such as the follow-up of occupational diseases and accidents, morbidity studies of the employees, risk factor control, absenteeism management, prevention and training campaigns, among other functions related to the health of our employees.

In the Las Toscas, Salta and Lanús plants, we have in-house occupational physicians and nurses. In case it is not possible to have an internal service, we hire external professionals, who work in the facilities and report to the company's internal departments. In addition, we have a protected area, which covers urgencies and emergencies of any person in the facilities, and we offer 24-hour transfer and emergency services.

Each year, we conduct training and awareness-raising activities to maintain high health standards and reduce absenteeism. We also conduct preventive activities and campaigns led by our teams of healthcare professionals at each site:

- 1. Application of catarrhal vaccines to all employees who require it**

- 2. Application of tetanus vaccines**

- 3. Flu vaccine campaigns**

- 4. Prevention of problematic consumption**

- 5. Prevention of brucellosis**

- 6. Handling of snakes**

- 7. Training in: First aid, CPR, HEIMLICH**

- 8. Healthy nutrition and physical activity campaign**

- 9. Prevention of smoking and obesity**

- 10. Heat stroke, thermal stress prevention**

- 11. COVID-19 swab testing (in suspected cases or infection)**

- 12. Ergonomics campaign: ensuring good posture, active breaks, etc. during work (for positions that require it)**

- 13. Diagnosis and follow-up of dengue fever**



METRICS

HEALTH AND SAFETY INDICATORS

	2023	2022	2021
Occupational injuries – employees			
Fatalities	0	0	0
Serious injuries ¹	2	1	2
Minor recordable injuries ²	85	39	78
Hours worked	2,317,515	2,098,619	2,681,408
Occupational injury rate ³	37	19	29
Occupational injuries – contractors			
Fatalities	0	0	0
Serious injuries	0	0	0
Recordable injuries ⁴	0	3	1
Hours worked	201,000	251,750	206,976
Occupational injury rate	0	12	5

¹ Serious Injuries: Trapping in moving parts of machinery.

² Minor injuries recorded in employees: muscular injuries, traumatismos, sprains, cut injuries.

³ Occupational injury rate: calculated based on the number of accidents over the hours worked per million hours.

⁴ Minor injuries recorded in contractors: muscle injuries and trauma.

ACCIDENT INCIDENCE RATE

According to current regulations, a comparison is made between Arlei's accident incidence rate and the average rate of the tannery industry. When a company's rate exceeds the industry average, it enters into an action plan with commitments and initiatives that are followed up until the agreed standard is reduced.

The formula used is as follows: number of occupational accidents (with more than 10 days of sick leave) X 1,000 / workforce (average of the last 12 months).

This calculation takes into account accidents with 10 or more lost days, and uses the Program for the establishment of high accident rates (PESE for its acronym in Spanish) and the Program for the reduction of accidents (PRS for its acronym in Spanish) tools.

In 2023, the incidence rate was 73.28, while the average rate for the activity was 119, placing us well below the indicator.

Although the accident incidence rate showed a year-on-year increase, in line with the increase experienced by all economic activity, according to the Superintendence of Labor Risks statistics, the overall incidence rate of our company remains well below the average rate of the activity.

For 2024, we have set a target of reducing the rate by 5% compared to the base year.



TRAINING

In 2023, we provided preventive measures along with our pay slips, addressing topics such as noise, ergonomics, personal protection, emergencies, firefighting and first aid. There were road safety trainings for some 200 operators (in activities of 3 hours each), as well as more than 1,000 hours of training on occupational hazards, including specific hazards in production areas.

There were also specific training sessions, such as chemical product handling and ergonomic risk, and annual internal and external sessions were held on different topics, such as forklift handling, chemical products, emergencies, and first aid.

In addition, we seek to raise awareness on topics such as: use and care of personal protective equipment; noise in the workplace, hearing loss and hearing protection; manual handling of loads; prevention of musculoskeletal injuries; first aid in the workplace; coordinated action plan for emergencies; fire extinguishers, classes and use; road safety and risk of commuting accidents.

This year, at the Las Toscas and Don Arturo plants, we provided a total of 1,828 hours of training, with an average of 2.9 hours of training per employee.

As for external workers, our internal regulations for contractors and company policies are distributed and communicated, requiring compliance with them.

LOCAL COMMUNITIES

GRI 3-3, 413-1

The company has implemented a comprehensive management system based on respect for ethical values, both towards Arlei's members and the surrounding communities. Actions aimed at community development are coordinated by the Institutional Relations team, which includes some members of the Sustainability Committee.

We have a Community Relations Program, which seeks to direct our support initiatives through a transparent and constant dialogue with these communities and other stakeholders, such as employees, customers, suppliers and the media, in order to meet their expectations and achieve our proposed goals.

We also contribute to the strengthening of civil society through strategic alliances and collaborations with various non-governmental organizations, government bodies and educational institutions.

We allocate resources and efforts to initiatives that promote community development and wellbeing, especially focused on vulnerable populations, such as those with high rates of Unsatisfied Basic Needs (UBN), rural school students, and organizations that support sustainable and solidarity-based entrepreneurships. This includes social assistance institutions, school cooperatives, neighborhood associations, senior living homes and children's soup kitchens.



INITIATIVES OF INVESTMENT IN THE COMMUNITY

Some initiatives are implemented within our production facilities, while others arise in response to the specific needs of the communities where our plants are located.

We strive to maintain our existing alliances and establish new collaborations with nearby health institutions, schools and other organizations.

“Feel Useful” (“Sentite Útil”) and “Cherish the hope” (“Abrigando Esperanza”) are corporate volunteering programs open to our entire workforce. They aim to provide support through school supplies and materials for the beginning of the school year, as well as donating warm clothing.

As regards the specific activities implemented in the plants, the following stand out:

Las Toscas y Don Arturo:

Contributions to entities such as neighborhood soccer schools, senior living homes, children's day homes, volunteer firefighters, local police stations, soup kitchens, Las Toscas Social Club, crust leather cuttings for local craft workers and school workshops, tools for community vegetable gardens, public tree planting campaign in partnership with the local municipality, among others.

This year we donated an air conditioner to the pediatric area of the SAMCO Hospital in Las Toscas, together with didactic games, toys and furniture for the waiting room; also, school supplies, didactic games, toys and furniture to the San Miguel Arcángel



Children's Home and school supplies to Los Ángeles Soup Kitchen, as part of the Feel Useful campaign. Also, more than 37 fruit plants were delivered, one for each child born during the year (sons and daughters of employees).

Salta Plant:

Donations of leather scraps to school and adult workshops for leather handicrafts manufacturing; donations of compost to sports institutions to improve the playing fields and in collaboration with the Provincial Secretary of the Environment to the Forest Nursery, which uses the compost for tree germination; monthly contributions are also made to hospitals, police stations, clubs, firefighters and local soup kitchens. In 2023, we continued training our employees in activities outside the work environment, such as welding and blacksmithing, durlock, pastry, among others.

Lanús warehouse:

Several collaboration actions were maintained, including follow-up visits to the hospital to evaluate the implementation of ecological waste bins, donation of furniture and work material to the local police station, agreements with the Lanús Fire Department for the storage of units and free talks, donations of supplies to maintain the cleanliness of the community kitchen soup in the Villa Porá neighborhood, collaboration with the Lanús Metallurgical Cooperative through donations and participation in recycling programs, occasional donations of sewing supplies to the CURT-IMPEX Cooperative, in association with the Tannery Workers' Union, and donations of handicraft supplies to Kindergarten No. 7 of Avellaneda.

GRI CONTENTS INDEX

Statement of use

Curtiembre Arlei S.A. has presented the information cited in this GRI content index for the period from January 1 to December 31, 2023, with reference to the GRI Standards.

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SUSTAINABILITY REPORT

2023



**MUCH
MORE**
than
leather

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