



ARLEI

LEATHER GROUP

MUCH MORE THAN LEATHER



EXECUTIVE SUMMARY

2025

ABOUT US






We are an Argentine corporation, leader in bovine leather manufacturing, which offers products of excellence on a global scale, mainly supplying the automotive and footwear industries, and to a lesser extent the furniture, food and cosmetics industries.

It is our identity that keeps us on the path of continuous growth. We are flexible and believe in the benefits of agile decision making. We are entrepreneurial and we are proud to maintain this spirit generation after generation.

We have 3 production plants located in Argentina and we sell in 29 countries in all continents.



-  Planta de curtido vegetal (Salta)
-  Planta de curtido al cromo y libre de cromo Las Toscas (Santa-Fe)
-  Planta de procesado Don Arturo (Santa Fe)



(Oficina de ventas)

(Carolina del norte)



HIGH QUALITY STANDARDS

The quality of our processes is certified by the following standards:



Our commitment to the environment and sustainable production activities is endorsed by the standards:



We also work according to protocols and standards such as:



**Ethical
Trading
Initiative**

We comply with international requirements on restricted substances, under the following guidelines:



We prioritize the use of sustainable products, with low risk to human health and safety, and with lower environmental impact. We strive to substitute chemicals for alternatives with more sustainable formulations

THE BUSINESS



We process 25% of the national hides, and our production capacity is 10,000 hides/day. In the last year, we have sold an average of 1,230,136 equivalent hides and 26,735 tons of by-products, which represent approximately 22% of our annual turnover.

- **Our products:** finished, semi-finished and tanned bovine hides and by-products.

Our management of Environmental, Social and Governance (ESG) topics is coordinated from the Sustainability area and are framed in Arlei's "**Life Program**" and our **Sustainability Policy**.

Arlei contributes to the achievement of the 2030 Agenda, specifically:





Energy consumption

- We maintained our **ISO 50001** certification on Energy Efficiency Management.
- As part of our energy transition strategy, we maintain an **80% share of renewable energy** in our electricity consumption mix

	ENERGY CONSUMPTION BY SITE (MJ)		
	2025	2024	2023
Las Toscas	106.229.982	110.077.740	104.512.843
Salta	20.378.740	22.025.085	21.483.624
Don Arturo	6.538.726	8.820.803	8.636.579
Lanús Warehouse	1.327.335	1.539.165	1.508.919
Carcaraña Shed	929.258	976.215	1.428.947
Maipú offices	267.394	252.000	273.600
TOTAL CONSUMPTION	135.671.434	143.691.009	137.844.511

	ENERGY CONSUMPTION BY SOURCE (MJ)		
	2025	2024	2023
Renewable	105.763.824	107.060.832	99.352.008
Renewable electricity	59.572.800	58.197.600	54.601.200
Biomass	46.191.024	48.863.232	44.750.808
Non Renewable	29.907.610	36.630.177	38.492.502
Non-renewable electricity	12.105.662	17.271.000	19.537.200
Natural Gas	11.802.215	12.459.828	12.704.895
Diesel fuel	5.747.450	6.597.572	5.929.382
Bottled/liquefied gas	252.283	301.777	321.025
TOTAL CONSUMPTION	135.671.434	143.691.009	137.844.511

	ENERGY INTENSITY PER PLANT			
	Las Toscas		Salta	
	2025	2024	2025	2024
Total energy consumption (MJ)	106.229.982	110.077.740	20.378.740	22.025.085
Annual production (ft2)	69.950.980	75.817.588	7.612.430	9.334.638
ENERGY INTENSITY (MJ/ FT2)	1,52	1,45	2,68	2,36

During 2025, we recorded a decrease in absolute energy consumption aligned with lower production activity levels. However, the energy intensity indicator showed a slight increase due to fixed electrical consumption independent of production volume.

GHG emissions

Our decarbonization strategy focuses on achieving **carbon neutrality in indirect emissions (Scope 2)** through renewable energy sourcing and implementing biogenic offsetting mechanisms through our own eucalyptus plantations. During the last year, **we have successfully maintained our organizational footprint emission levels**, demonstrating consistent and effective decarbonization management.

GHG EMISSIONS			
	2025	2024	2023
GHG Emissions (tCO2eq)			
Direct emissions - Scope 1 (not including anthropogenic biogenic emissions, biomass combustion)	13.527	13.588	13.577
Indirect emissions - Scope 2	1.560	1.939	1.997
Indirect emissions - Scope 3 (partial)	5.402	4.854	4.853

Deforestation - Free

- **In collaboration with the Argentine Chamber of Tanners**, we are working towards compliance with the EU Deforestation Regulation (EUDR). Through a strategic alliance with a service provider, we are developing **full cattle traceability** down to farm level, linking our supply chain with **SENASA** data to ensure raw materials come from deforestation-free areas in compliance with the highest international standards.

Water and effluents

- We maintain a strict commitment to the quality of our liquid effluents, complying with all current legal parameters for liquid discharges and with objectives framed within the ISO 14001 Environmental Management standards.
- Through a continuous improvement approach, we align our processes with the LWG protocol in order to maintain the Gold Level and with the ZDHC program in order to achieve the most restrictive discharge standards globally.

WATER CONSUMPTION			
FRESHWATER WITHDRAWAL BY SOURCE (ML)	2025	2024	2023
Groundwater	792	946	724
Third – party water	9	13	5
Groundwater in areas with water stress	117	127	115
TOTAL WATER WITHDRAWAL	918	1.086	844
WATER DISCHARGE BY DESTINATION (ML)			
Groundwater	710	884	
Surface water in areas with water stress	105	115	102
TOTAL WATER DISCHARGE	815	999	793
WATER CONSUMED (ML)	103	87	51

Although absolute water consumption increased in 2025 compared to the previous year, relative consumption intensity per square foot produced decreased. This improvement is attributed to the adoption of efficient water management practices and the implementation of more sustainable processes, reaffirming our commitment to preserving natural resources.



Waste and circularity

- We have identified, accounted for, and properly managed each type of waste generated by our activities.
- We add value to waste under a **circular economy** model, integrating part of this waste as new raw materials within our own and other production chains.

WASTE GENERATED	Unit	2025	2024	2023
Recycled or reused	T	2.239	2.374	2.476
Hair	T	2.153	2.261	2.365
Nylon	T	22	25	28
Hard Plásticos	T	11	12	8
Cardboard	T	3	4	6
Scrap	T	50	72	69
Raffia	T	0,26	0,09	0,13
Treated in effluent plant and CWL	T	16.573	15.224	16.376
Tanned scrap, sludge, fats, chippings, salt, shavings, dust, among others	T	16.573	15.224	16.376
Treated by external operator	T	12	14	15
Oils	T	5	6	5
Paints, batteries, impregnated with grease and oil	T	7	8	10
Sold	T	161	186	165
Bins	T	4	2	6
Containers	T	157	184	159
TOTAL WASTE GENERATED (T)	T	18.985	17.798	19.032
SOLD AS BY-PRODUCTS (T)		2025	2024	2023
Trimmings, tallow, split leather, shavings		30.576	42.676	26.308

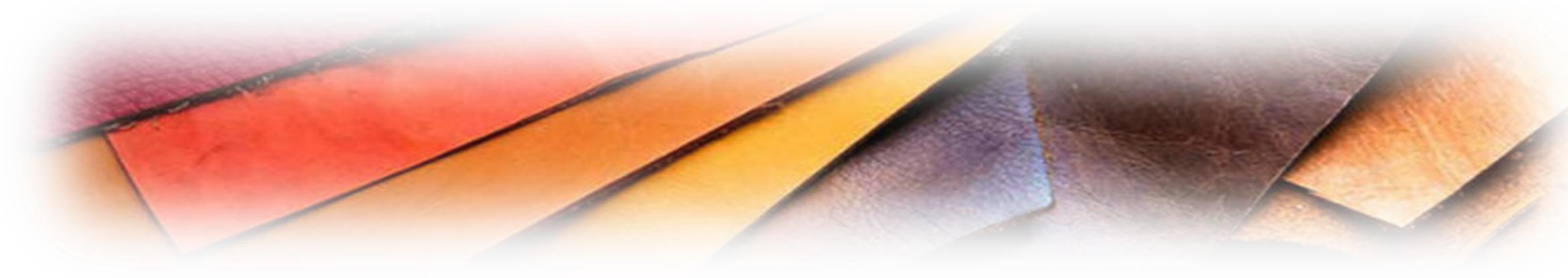


Animal welfare (AW)

- Our goal is to promote values and raise awareness internally and throughout our value chain. Through second-party audits, we verify that our suppliers align with our sustainability, environmental management and traceability policies.
- This commitment is formalized through adherence to our **Supplier Agreement Manual and Code of Conduct**, integrating ethical and environmental standards compliance into our value chain.

In 2025:

- **100%** of the annual second-party audit plan was completed.
- **88% of suppliers implemented practices aligned with animal welfare** principles and 44% held certifications supporting such compliance.

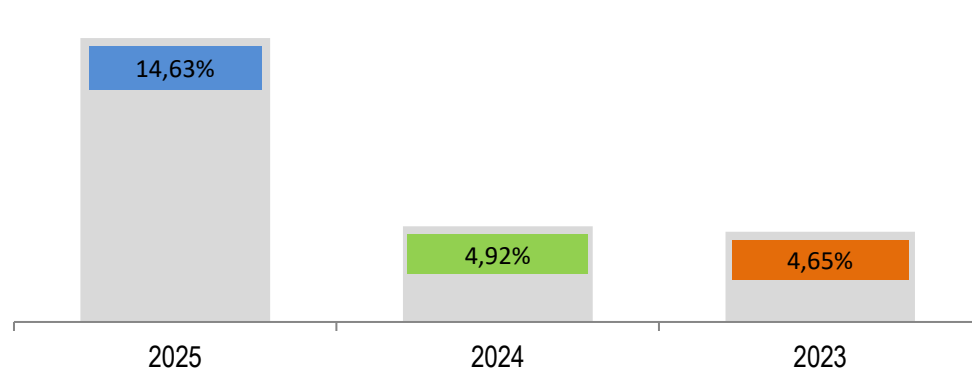




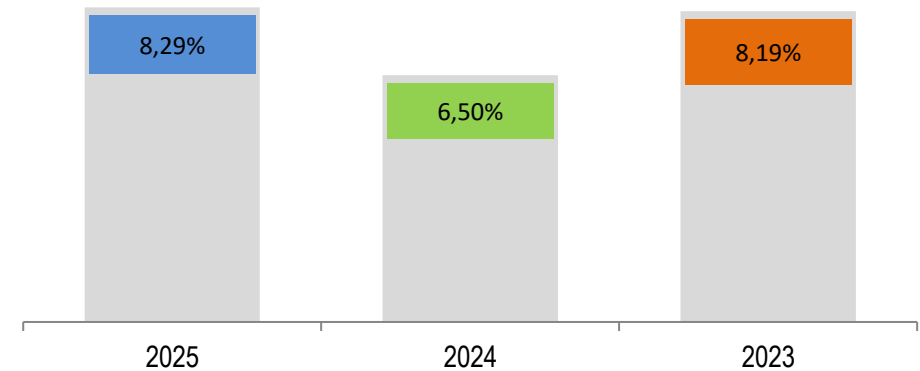
Work practices

- Our workforce of more than **1,150 employees** is the cornerstone of our operations.
- 90% of our team has union representation.
- We ensure a culture of integrity by training **100% of our staff** on our whistleblowing channels and ethics and anti-corruption procedures.

Arlei global turnover rate



Arlei's global absenteeism rate



Safety and Health

- The well-being of our team is our priority. Therefore, we have an Occupational Health and Safety (OHS) management system aligned with **ISO 45001** and integrated with the Japanese '5S' methodology to optimize the organization and ensure a safe working environment (Sort, Set in Order, Shine, Standardize, and Sustain).
- To guarantee immediate response capabilities, we have **specialized emergency brigades** on all shifts, together with dedicated on-site medical and nursing teams focused on prevention, monitoring and employee healthcare.

During 2025, we identified opportunities for improvement in operational safety following minor incidents related to load handling and machinery operation. In response, we immediately implemented a comprehensive corrective action plan, including ergonomic workstation redesign, updated machine safety documentation and intensive safe-operation training programs. Our focus remains on proactive risk mitigation to ensure a safe work environment.

HEALTH AND SAFETY INDICATORS			
	2025	2024	2023
Occupational injuries – employees			
Fatalities	0	0	0
Serious injuries	6	1	2
Minor recordable injuries	58	68	85
Hours worked	2.094.565	2.275.820	2.317.515
Occupational injury rate	28	30	37
Occupational injuries – contractors			
Fatalities	0	0	0
Serious injuries	0	0	0
Recordable injuries	0	0	3
Hours worked	14.976	90.337	201.000
Occupational injury rate	0	0	12

We also strengthened induction protocols and personal protective equipment distribution procedures, reinforcing our commitment to continuously evolving toward a total prevention culture.



Commitment and transparency

- Our governance is based on a culture of integrity and continuous improvement. During 2025, we reaffirmed this commitment by successfully undergoing the **SMETA 4-pillar social audit** (Labor Standards; Health and Safety; Environmental Management; and Business Ethics), obtaining satisfactory results that validate our ethical and labor performance.
- To ensure a transparent environment, we maintain **anonymous whistleblowing channels** accessible to all personnel, supported by our **Code of Co-existence and our Code of Conduct for Corporate Sustainability**.

Supplier companies

- Our commitment to the country's development is reflected in a supply chain deeply integrated into the local economy: **100% of our raw material and logistics suppliers are domestic companies**.
- We implemented Corporate Social Responsibility consultation processes for all chemical suppliers, achieving full alignment and commitment with our corporate standards and policies on sustainability and restricted substances.

