

SUSTAINABILITY  
REPORT

2024



MUCH  
MORE  
than  
leather



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# Message from the Executive Management

GRI 2-22

In this fourth 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.

This year, the market volatility resulted in a reduction of the demand, particularly in the automotive industry. The impact is due, in part, by the misinformation regarding the actual advantages and sustainable features of our product, generating a belief that the articles made of bovine leather are more harmful to the environment than other alternative materials. However, thanks to our efforts and resilience, we have managed to ensure business continuity and move forward.

We are committed to reducing the use of natural resources. Even when 2024 was a year with little investment in terms of energy efficiency, we managed to complete the yearly plan with regard to the change of certain motors for others more energetically friendly. Furthermore, we have fulfilled the startup of the Don Arturo water recovery plant, which allows us to reuse 100% of the effluents.

Our Management has made the decision to change the strategy towards neutralizing scope 2 GHG emissions. Instead of compensating the emissions with certificates of renewable energy, we will invest that amount in enlarging our forestation, to capture more carbon, thus reducing our emissions. Furthermore, we have committed to continue with the evaluation and reduction of scope 1 and 3 emissions.

Our environmental strategy includes the preservation of resources in every stage of the value chain, so we keep working on traceability policies (both internally and with suppliers) and we work hard to guarantee that the products of our hide suppliers do not come from deforested areas, or from suppliers linked to illegal practices. In terms of animal welfare, year after year we renew the yearly plan of second party audits, and adjust the check list of the audit to ensure that our suppliers will comply with ethical and environmental standards.

This year we have made our first materiality assessment, based on the context analysis developed by our Quality Department, our Board of Directors, and other members of our Company, from which we have identified relevant topics that were added to our existing list. The assessment was supported by the survey to

our stakeholders, through which we got to know their opinion about the need to add new topics.

In terms of the safety and health of our collaborators, which is a priority for our company, once again we have managed to reduce the incidence rate of labor accidents, and we keep supporting the awareness of safety and health, by means of speeches given by our emergency brigades, and staff specialized in different topics.

In November, there was an incident in our Las Toscas plant, in Santa Fe, where the dispatch area caught fire. The sinister was quickly contained, and the action of Arlei's emergency brigade with the cooperation of the regional and Las Toscas fire departments prevented it from spreading to other areas in the plant. Notwithstanding the material damage, we highlight that there were no victims and that no one was wounded, and that it did not take long until we took up our regular activities.

We emphasize our gratefulness for the commitment of the people who make up the Arlei family, which shows in our 9th position in the Great Place to Work ranking, which fills us with pride. We would also like to thank all our stakeholders for their continued support and trust.

We invite you to read our report, where we share details of the activities outlined above.

Alan y Viviana Leiser.







# Our fourth report

GRI 2-3

For the fourth 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, 2024.

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](mailto: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, with outstanding quality products, which allow us to position both Arlei and Argentina as a reliable supplier worldwide. We export raw materials for other industries to more than 29 countries and we have more than 1,200 collaborators.

As exporters for the automotive, footwear, furniture and leather goods industries, at Arlei we are governed by the highest quality standards and rigorously comply with environmental safety regulations. In addition, we strive to innovate, maximize the use of by-products from our value chain, and be more sustainable.

We are much more than leather. Responsibility, credibility and sustainability are reflected in our products and position us as a leading company.

# 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.

## 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.

## 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.
- “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 are a company committed to sustainable development; we have a mechanism for identifying all of our clients’ requirements, as well as the standards and regulations applicable to the markets served; guaranteeing compliance with each of them.

Our main client portfolio is made up of companies that finish leather, with which we are committed to supplying high quality products, establishing stable and lasting business relationships.

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, closing the cycle of the circular economy, one of the fundamental pillars of the sustainability of our business.

In 2024 we were mainly focused on the development of new products, meeting all the requirements for restricted substances in the materials used and in the final product, and in the new European Union regulation on deforestation.

 CONTACT POINTS

 SALE POINTS

 CONTINENTAL PARTICIPATION



# Products and sectors served

## Chrome, vegetable, chrome-free or chrome and glutaraldehyde-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.

We are constantly searching for new alternatives to replace the tanning agents in use, in order to make our products increasingly sustainable.

## Finished leather

For the footwear and furniture industries

Our finished leather products, for the footwear and furniture upholstery industry, allow us to supply these markets with new fashion trends.

Our leather finishing plant has a production capacity of over 1 million square feet (ft<sup>2</sup>) per month. Thanks to the support and knowledge of those who make up the research and development department, we can customize leathers according to the needs and requirements of our customers.

We guarantee the highest quality standards, for this, we subject the leather to different tests and processes, complying with the demands of clients 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.

■ From the result of dividing the thickness of the leather into two parts, the “**split leather**” (inner side) is obtained, which is sold for several uses, such as shoes, gloves, aprons.

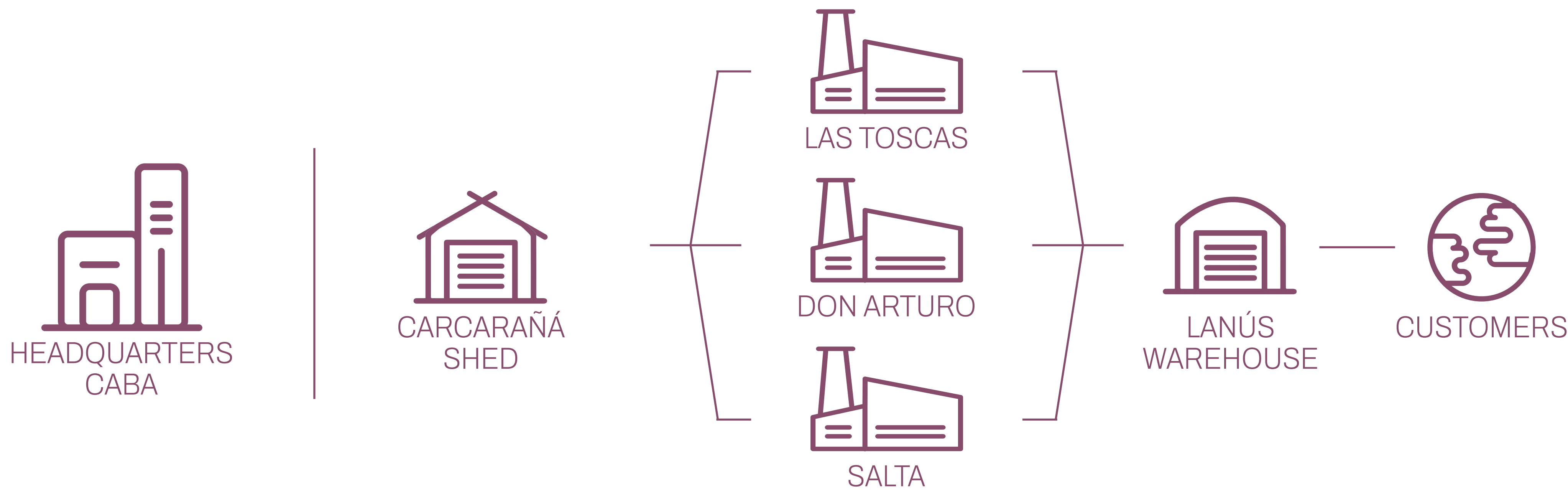
■ **Tallow** is a by-product that is generated from chippings, fat trimmings, and udders, coming from different production processes. From a process that we carry out in two of our plants, we transform this raw material into tallow, which is mainly used for the cosmetic industry.

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





# Our plants



## Las Toscas plant - Las Toscas, Santa Fe

Production: chrome and chrome free-tanned leather  
Production capacity: 200,000 hides per month  
937 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  
59 workers  
Target: footwear and furniture upholstery industries

## 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

## Carcarañá shed - Santa Fe

Production: receipt, washing, classification and trimming of fresh hides  
Production capacity: 16,000 hides per month.  
25 workers

## Salta Plant - Rosario de Lerma, Salta

Production: vegetable leather  
Production capacity: 45,000 processed hides/month  
191 workers  
Effluent treatment plant: 700 m3  
Target: leather goods, footwear, saddlery

## Headquarters - Maipú offices, CABA, Buenos Aires

Commercial, administration, export, supply and plant support offices  
54 workers





02

# Governance Ethics and Integrity



# Structure of the organization

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

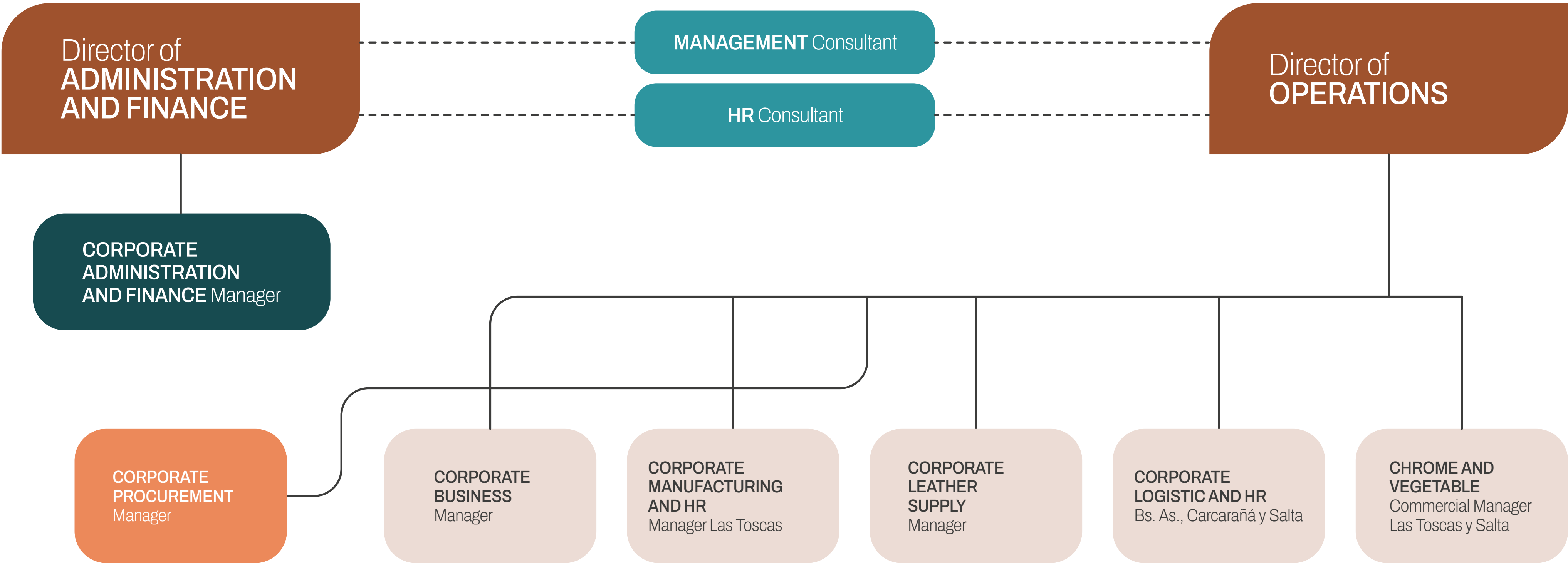
In accordance with the provisions of Law 19,950, the Board of Directors is appointed every three years through the General Assembly, convened by the shareholders.

Two Executive Directorates are formed, according to the responsibilities divided between financial and non-financial matters. In the case of financial matters, we work comprehensively on credit management, collections and payments, bank-

# Composition of the Board of Directors and Executive Management

ing procedures, and everything that indirectly measures the result of the operational management, through balance sheets. For non-financial matters, the teams under the orbit the Chief Operating Officer are dedicated to matters involving customer management, production, quality, training, human resources, sustainability, supply logistics and delivery of finished products.

This is reflected in the following graph:





# Supervision of impact topics

The Management team periodically assesses the performance of the Management Systems through the Management Review Report, which allows communication between the relevant parties and the making of strategic decisions for the continuous improvement of the business.

Furthermore, through the Sustainability Report, environmental and social issues, as well as accountability, are analyzed and communicated proactively and transversally.

# Committees and responsibilities

## Sustainability Committee

We have an interdisciplinary Sustainability Committee, with representatives from our different workplaces, which coordinate actions related to the company's sustainable issues.

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.

The development of said Management System follows a line of work from which, after data collection, based on the interest of the stakeholders, the standards and models implemented and certified and the company's policies, it is supported by the continuous improvement cycle, PDCA (Plan, Do, Check, act).



Senior Management also relies on the organization's context analysis, based on a risk approach, which allows it to face the increasingly complex and dynamic environment, and address risks and opportunities to achieve better results and prevent negative effects.

## 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)

We have a technical team made up of people from the Human Resources, Legal, Safety and Health, and Medical Service areas, 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 actions designed in this Las Toscas Committee are replicated in the rest of Arlei's productive sites.

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.

In this same sense, the possibility of forming specific committees (ad hoc) is established, in response to the specific requirement of health and safety management, given the occurrence of work accidents or professional diseases, which warrant a detailed analysis, either to comply with legal requirements or address a specific issue, for example: Ergonomics Committee.



# Control and communication mechanisms

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

Our policies, codes and manuals, applicable to 100% of collaborators, help us maintain the standards that we consider essential for our management, the quality of our products and the strengthening of the organizational culture, the wellbeing and health of labor relations.

## 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
- Agreement with Suppliers Manual – Code of Conduct
- Contractor regulations
- Ethics and Anticorruption (whistleblower channel procedure)

We offer various communication channels for our stakeholders, such as; social networks, so that they can be aware of all the news; telephone or message channels so that they can express their concerns, suggestions or complaints. We are also open to receiving such messages in person at our facilities.





# Ethics and anti-corruption

Based on the transparency and ethics of our actions and operations, we maintained our integrity helpline through which stakeholders can confidentially and securely communicate any irregularity or non-compliance with the organization's codes and procedures.

The procedure for receiving, investigating and making decisions is formalized through the Ethics and Anti-Corruption Procedure. And there are different channels available to do so: like phone calls, WhatsApp, our website, email and in person directly to the Human Resources area; in order to guarantee access to it at any time and for everyone

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 2024, no formal complaints were received through any of the enabled channels; however, these were tested monthly by the sustainability coordination to ensure their proper functioning.



# 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

At least once a year, the Supplier Agreement Manual – Code of Conduct, in which all Arlei's Policies are published, is sent. It must be signed, expressing adherence and compliance with the guidelines set forth by our organization.

## 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. Also, during the visits received at the plants, our policies and culture are spread.



# Code of coexistence

Our Code of Coexistence defines the guidelines that must be respected and followed, aligned with our policies and philosophies, to strengthen the work environment.

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 this code that determines the behaviors that must be adopted and the measures to be taken in case non-compliance is detected.

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 Management



# Sustainability strategy

Moving towards a sustainable development, our strategy is outlined in the Sustainability Policy, which is aligned with our Code of Conduct for Corporate Sustainability, both documents developed by the Sustainability Committee. In this multidisci-

plinary and interplant team, along with the corresponding areas, we also coordinate actions regarding social investment and the environment; we identify Stakeholders and carry out social audits, among other responsibilities.





# Management with a sustainable approach

GRI 3-1, 3-2

During 2024, Arlei's Sustainability committee continued to work committed within the “Life Program”, focusing mainly on traceability within our supply chain, and seeking initiatives and good practices that allow us to meet the established goals and continue on the path of continuous improvement of our sustainability Management System.

## Materiality Assessment

In 2024, for the first time, we decided to carry out a materiality analysis, a tool that allows us to identify material topics, both for stakeholders and for the company itself, associated with the Environmental, Social and Governance values of sustainability.

In previous reports, the material topics were defined within the framework of the 2021 GRI Competitive Business Program, which proposed a list of topics that were predefined based on their relevance, both for companies that produce raw materials and for those that offer goods and services. Likewise, it has taken into consideration the topics that are particularly relevant within each industry, in our case: the tannery industry.

To carry out the assessment, we use as a basis the context analysis that is reviewed and updated every year by different areas of the company. From this, we were able to identify some material topics, which were added to those we had already considered in previous reports, which in turn align with the relevant topics found in our policies and procedures.

At the same time, we carried out a survey for stakeholders, through which we wanted to know their opinion on the need to add new topics or deepen those already reported. See the results on [page 22](#)

From this assessment emerges that the material topics of this report are the following:

## Life Program



### Business Management

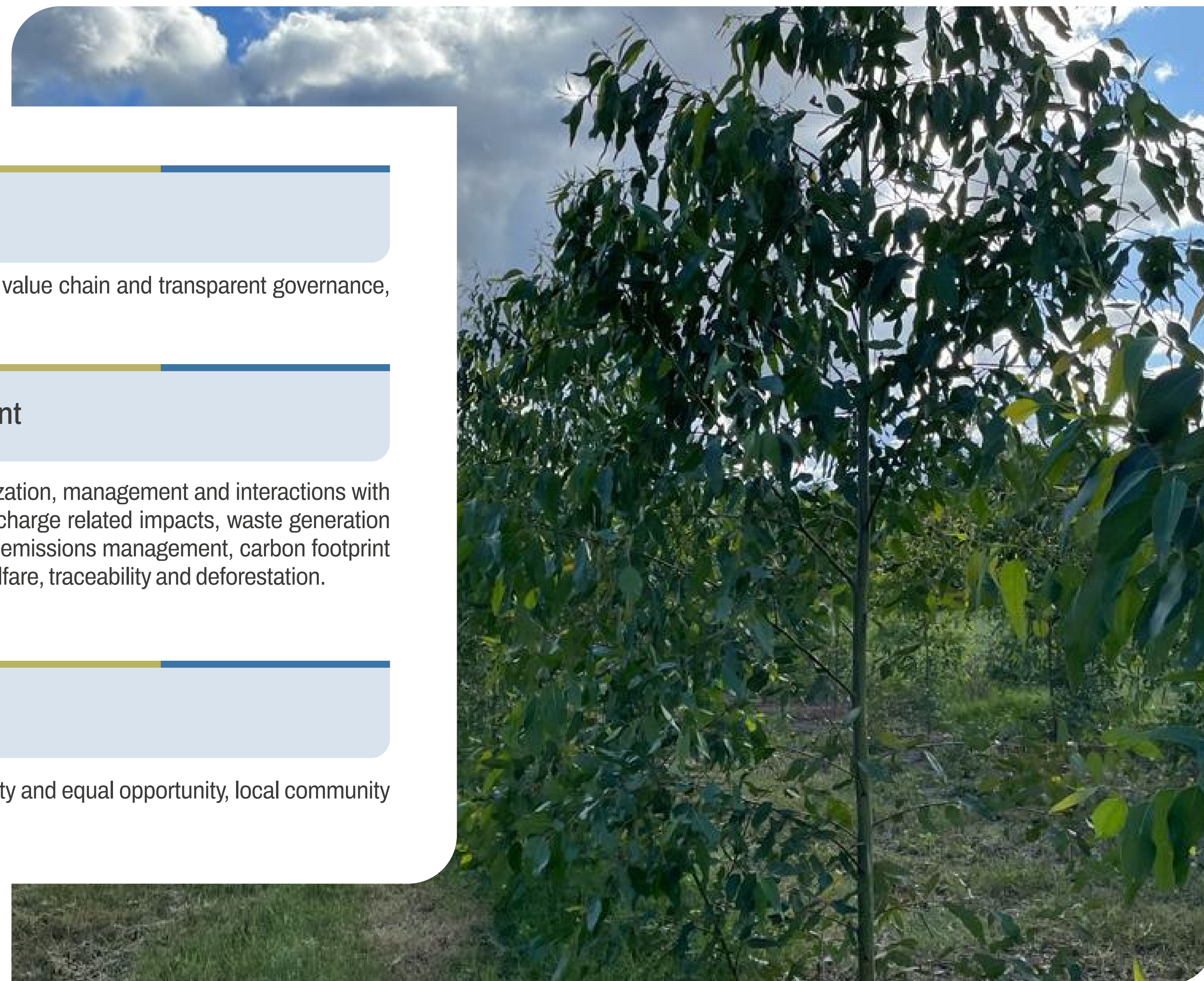
Development of a responsible, ethical value chain and transparent governance, procurement practices.

### 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, carbon footprint and Life-Cycle Assessment, animal welfare, traceability and deforestation.

### Social Management

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





# Authorizations, audits and certifications

Following the basis for a sustainable management of our production processes, year after year we carry out audits in order to certify or maintain, the environmental management standards ISO 14001, the Energy Management System ISO 50001, the Quality Management System ISO 9001, Good Manufacturing Practices for Cosmetic products ISO 22716 and Automotive Quality Management System IATF 16949.

Additionally, as members of the [Leather Working Group \(LWG\)](#), we align ourselves with the best environmental, social and governance practices for the tannery sector, managing to maintain the GOLD Level in each audit, with the goal of achieving more sustainable and safer leather.

To export by-products to the European Union, we have been authorized by SENA-SA (National Agri-Food Health and Quality Service), in compliance with all established requirements.

On the other hand, we undergo various audits to comply with the specific demands of our clients and legal requirements at a national and international level.

## In 2024

- Maintenance audit of the ISO 9001 standard at the Salta plant.
- Recertification audit of the IATF 16949 standard and maintenance audits of the ISO 14001, ISO 27716 and ISO 50001 standards, at the Las Toscas plant.
- We again underwent the SMETA audit at the Salta plant 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:

|  |   |
|--|---|
| <b>2</b> ZERO HUNGER<br>                  | <ul style="list-style-type: none"> <li>Donations to soup kitchens.</li> <li>Monthly contribution to San Miguel Arcangel Foundation (Las Toscas).</li> </ul>   |
| <b>3</b> GOOD HEALTH AND WELL-BEING<br> | <ul style="list-style-type: none"> <li>Campaigns for employees on flu vaccination, nutrition, first aid, etc.</li> <li>Donations in hospitals and emergency rooms near the plants.</li> </ul>   |
| <b>4</b> QUALITY EDUCATION<br>          | <ul style="list-style-type: none"> <li>"Feel Useful" ("<i>Sentite Útil</i>") campaign, in which we donated school supplies.</li> </ul>  |
| <b>5</b> GENDER EQUALITY<br>            | <ul style="list-style-type: none"> <li>Procedures to avoid discrimination bias during recruitment processes within the organization.</li> <li>Application of the Code of Coexistence and the Code of Conduct for Corporate Sustainability.</li> </ul> |



|   |   |
|---|---|
| <b>7</b> AFFORDABLE AND CLEAN ENERGY<br>               | <ul style="list-style-type: none"> <li>Purchase and use of renewable energy in production plants.</li> <li>ISO 50001 certification (energy efficiency) in Las Toscas.</li> </ul>  |
| <b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE<br>  | <ul style="list-style-type: none"> <li>R&amp;D in tanning processes that seek to be more sustainable, such as alternatives with more sustainable formulations.</li> <li>Annual investment plan for infrastructure and fixed assets that imply improvements.</li> </ul>  |
| <b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION<br> | <ul style="list-style-type: none"> <li>Continuous internal improvement, associated with best manufacturing practices, to achieve more sustainable and better quality processes.</li> <li>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.</li> <li>Start-up of the Water Recovery plant in Don Arturo.</li> <li>Animal welfare and free of deforestation awareness campaigns with suppliers.</li> </ul> |
| <b>13</b> CLIMATE ACTION<br>                           | <ul style="list-style-type: none"> <li>Carbon footprint measurement since 2021.</li> <li>Life Cycle Assessment of some of our products.</li> <li>Greenhouse for own crops. Tree plantations in different projects at the plant and in alliances.</li> </ul>   |
| <b>15</b> LIFE ON LAND<br>                           | <ul style="list-style-type: none"> <li>Traceability in the supply chain to address problems related to animal welfare, deforestation, climate change.</li> <li>Separation and composting of 100% of discarded hair into soil fertilizer.</li> </ul>   |
| <b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS<br> | <ul style="list-style-type: none"> <li>Strengthen transparency and accountability in sustainability matters through stronger communication and more effective delivery of information.</li> </ul>   |
| <b>17</b> PARTNERSHIPS FOR THE GOALS<br>             | <ul style="list-style-type: none"> <li>Remediation of old effluent treatment pools for Pacu fish farming.</li> <li>Partnerships with different organizations, foundations, municipalities (firefighters, hospitals, schools, consulting firms, etc.).</li> </ul>  |



# Stakeholders, commitments and communications

GRI 2-28, 2-29

We are distinguished by our commitment to the client and other stakeholders, maintaining a continuous communication process through multiple channels: such as emails, WhatsApp, phone calls and, when possible, face-to-face meetings or attendance at international fairs. This allows us to know and meet their needs and expectations, guaranteeing lasting and satisfying relationships through time.



## 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




# Stakeholder satisfaction survey


During 2024, once again, we conducted a stakeholder satisfaction survey, regarding the information contained in the 2023 Sustainability Report. This time, specific questions on the material topics were included, according to each sustainable, environmental, social and governance aspect.


The survey was addressed to employees, customers, suppliers, government and the community. Of the 100% of the responses received, 70% corresponded to suppliers, 11% to customers and 19% to employees, while there were no responses from the community and the government.

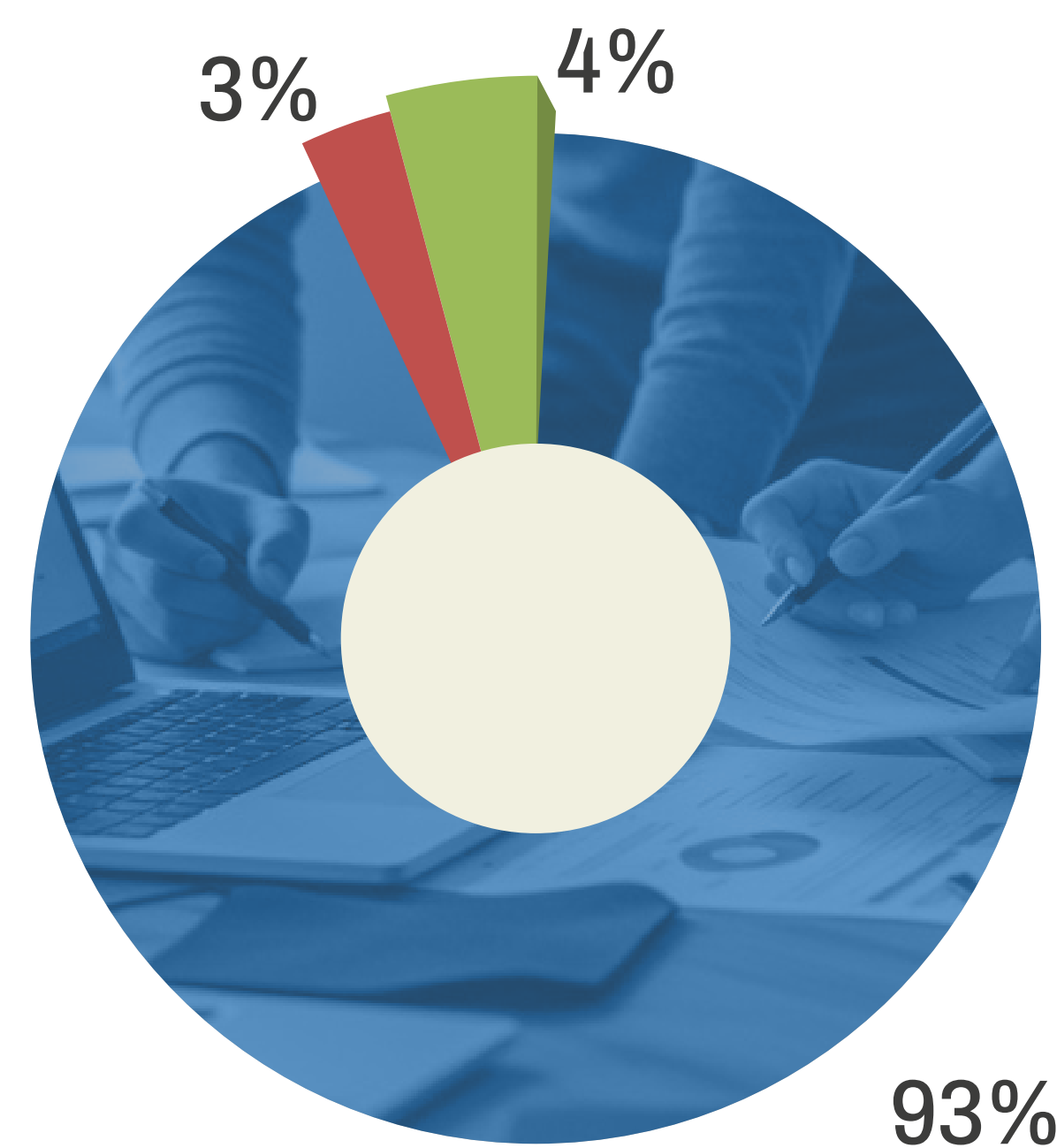
In general terms, stakeholders are satisfied with the information reported and the actions carried out by the company. As a result of some answers, in the environmental chapter, we will expound on carbon footprint, deforestation and traceability issues.

The results obtained are detailed in the following graph:

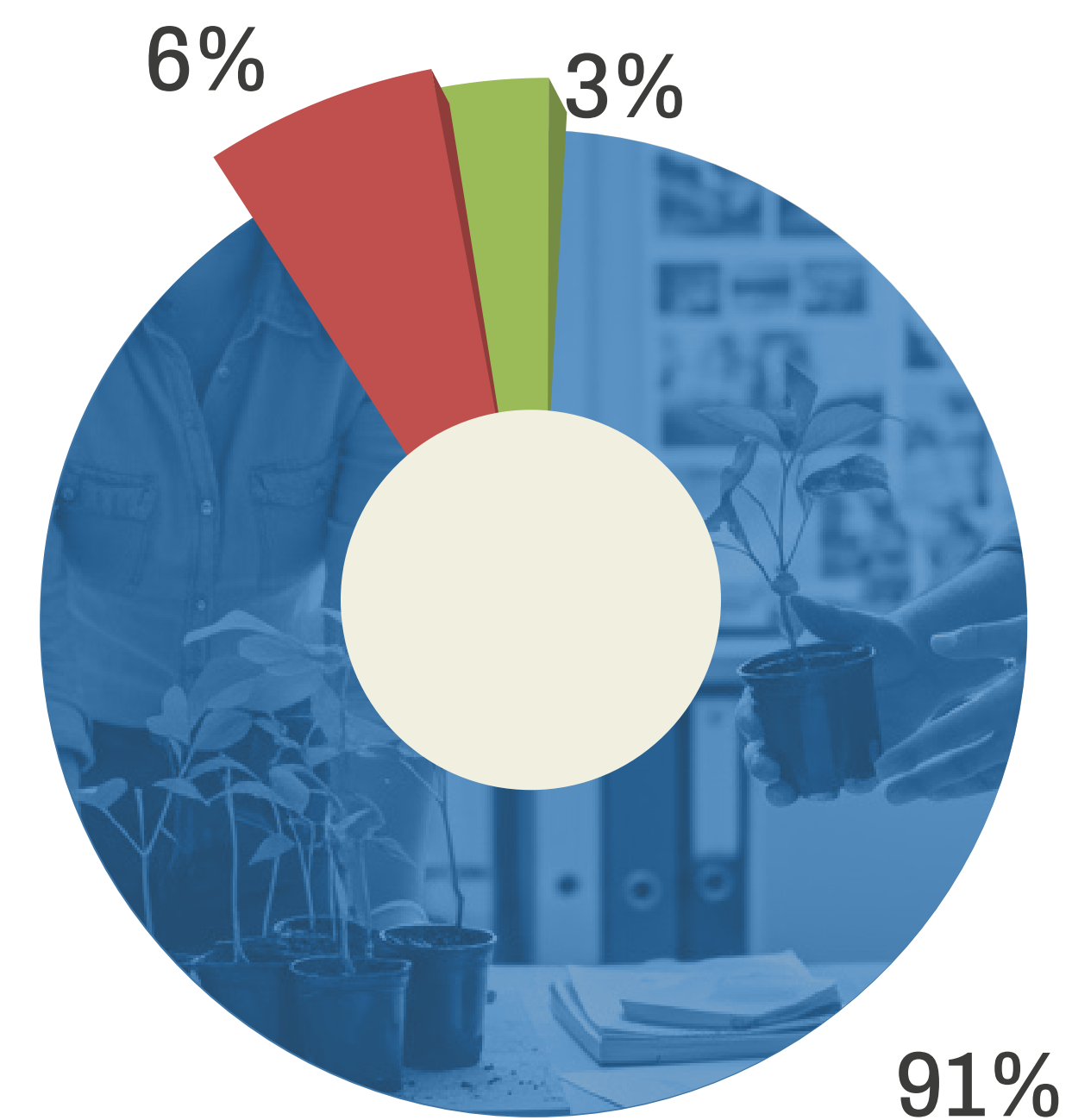
They consider the information and topics reported to be adequate and sufficient. 

They consider that more information on the reported topics should be included. 

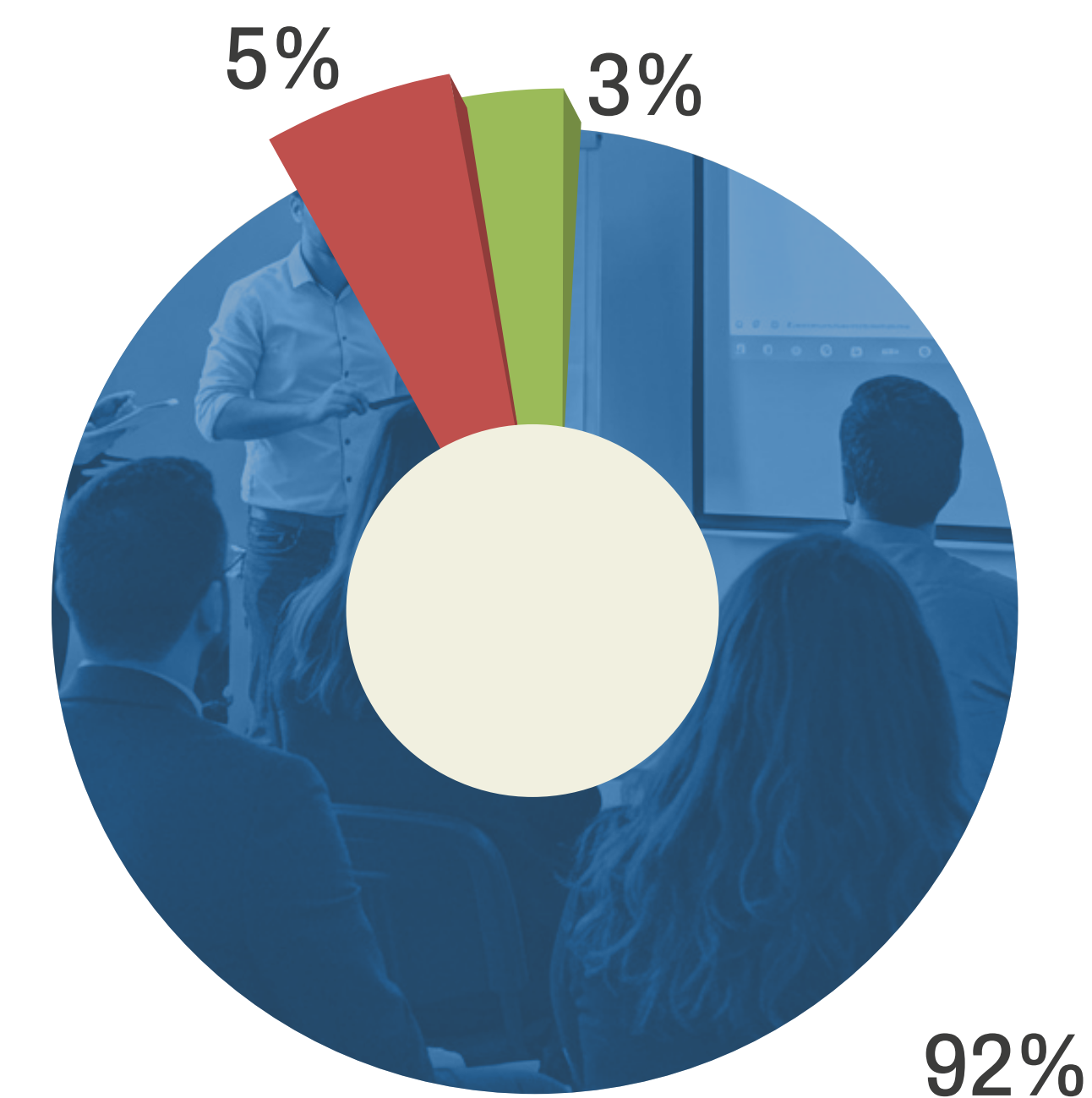
They consider that other topics not reported should be included. 



Business management



Environmental management



Social management





# 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, currently occupying the vice presidency. The main objective of the Board is to promote research and development of forestry activity, marketing, industrialization of wood and its derivatives, tending to the generation of forest biomass in a sustainable manner, seeking continuous improvement in its economic and productive performance, the preservation of the environment and the harmony of relationships between the different areas of the value chain.

## 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.

This year, we worked together with the other members of the chamber, in order to align ourselves and comply with the requirements of the European Union regulations. See more detail in chapter 5.

## LWG (Leather Working Group)

International organization responsible for environmental certifications for the leather manufacturing industry, whose protocol continues to evolve towards a responsible and transparent supply chain for obtaining sustainable leather. In 2024, the audit was carried out in all production plants, once again obtaining the GOLD level in each one.

## 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 is based on the ETI Code (Ethical Trading Initiative), for social accountability.





# Sustainable initiatives

As part of our sustainable management “Life Program”, we have strategic objectives and initiatives aimed at minimizing the negative impact and maximizing the positive impact of the organization on the environment, improving the well-being of society and at the same time guaranteeing the viability and economic prosperity of the organization.



# Responsible production

| Topic        | Objectives  | Achievements  | SDG   |
|--------------|---|---|---|
| Transparency | To achieve transparency and accountability in sustainability matters. | We are working on our 4th Sustainability Report. Publication will be in 2025. | <div><div>16</div><div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div> <div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div> |



# 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 operating, and 100% of the water is recovered. | <div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div> <div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div> |



Society



| Topic  | Objectives   | Achievements   | SDG          |
|--|--|--|--------------|
| Occupational Safety and Health               | Prevent injuries and strengthen our safety culture.  | Prizes were awarded for consecutive days without accidents within the framework of the mechanism of recognitions and awards for absence of accidents in our production plants.   |              |
| Ethics and Anti-Corruption                   | Update and implement sustainability, ethics, transparency and anti-corruption policies.  | In 2024, the procedure was reviewed and did not require any modifications.   | <br><br><br> |
| 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.  | <br>         |
| Organizational Culture                       | Maintain good relations with the employees, maintain a good organizational culture and work environment.   | In 2024, in the framework of the Great Place to Work survey, we were ranked:<br>- N°1 for the Silver generation (over 55 years old).<br>- N°6 for the “Companies that care”.<br>- N°9 in the ranking of the best places to work. |              |
| 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.   | <br>         |



# 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.

## 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.

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

## 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

Our organizational culture emphasizes innovation and the responsible use of natural resources. Thanks to this, we are able to add value to certain byproducts generated in our process through research and development, contributing to preserving environmental conditions and strengthening the company's finances.

We have a production capacity of 10,000 hides per day in our three production plants, which allows us to produce in our tanneries 25% of the leather processed in Argentina.

In 2024, we sold 50,151,823 million sq. ft., representing some 1,194,091 equivalent hides. As for by-products, we were able to sell 26,875 tons, representing 17% of the annual turnover.

| Industry           | %   |
|--------------------|-----|
| Automotive         | 41% |
| Shoe upper         | 16% |
| Furniture          | 7%  |
| Leather goods      | 14% |
| Footwear (vegetal) | 7%  |
| Byproducts         | 15% |

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.

## This management integrates the following standards



Our comprehensive business model can be simplified into three fundamental elements: **Leadership, Management System and Results**. In turn, they are supported by the development of Continuous Improvement by applying the Plan, Do, Check, Act (PDCA) model, which makes them more dynamic.

Proactive sales and innovation enables us to identify new customer needs and design products and services that meet them. Deciding which products to sell, at what price, in which distribution channels, and how to promote them is a constantly evolving planning and positioning task, which drives us to make dynamic strategic decisions.





# Systems of ideas for improvement

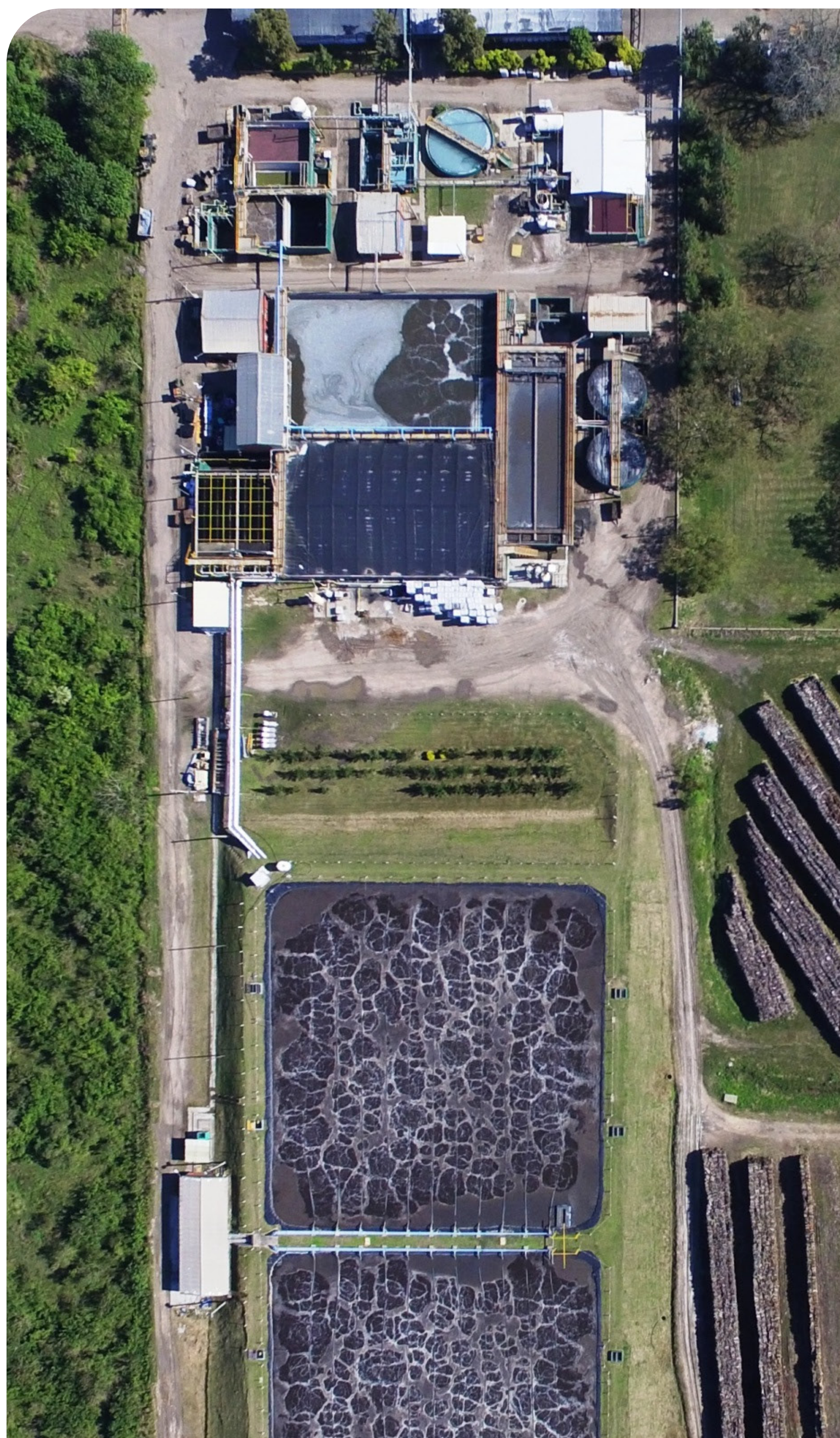
At Arlei we maintain a System of Ideas for Improvement, which consists of a mechanism designed to receive, manage and evaluate ideas and suggestions from collaborators, which allows for the contribution of improvements in aspects such as quality, productivity, safety, environment and energy efficiency.

This system motivates employees to find ways to improve the way they work, promotes innovation and is key to improving efficiency and fostering a participatory organizational culture.

If an implemented idea results in a real benefit, the employee who suggested the idea will receive a reward. In addition, monthly and annual prizes are awarded to those who participate in the system.

In 2024, we maintained communication and incentives for participation in the System of Ideas for Improvement for all staff through bulletin boards and for new staff through inductions. We also continued with weekly meetings with the analysis team to define the implementation of the suggestions and communication of the status of those ideas to the originators.

**In 2024, our collaborators actively participated in the System of Ideas for Improvement, with 145 ideas submitted.**



# Restricted substances

We are committed to caring for the environment and natural resources through responsible management of the chemicals we use throughout our production process. 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.

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, through valid certifications and/or Letters of Commitment.

Furthermore, through effective communication with our clients, we identify the specific requirements for restricted substances in leather, which are documented and analyzed by the Technical, Quality and Laboratory team; and are taken into account when designing the product.

In addition, our finished products are continually tested to confirm the absence of these substances, to ensure compliance with standards such as RSL-ZDHC (Restricted Substance List-Zero Discharge of Hazardous Chemicals), GADSL (Global Automotive Declarable Substance List), REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) and the specific requirements of our customers.



# Procurement practices

GRI 3-3, 204-1

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, in which each has their own staff and resources, and are responsible for the efficiency of their own management: Raw Materials, Supply (supplies and services) and Logistics, adapting to the purchasing volumes and distances to the production points.

In 2024, we established the Supplier Agreement Manual – Code of Conduct, which includes all the company's Policies in a single document and requires the supplier's signature, adhering to them. Likewise, a monthly monitoring of the suppliers' performance is carried out, through key indicators, which allows us to ensure the quality and delivery time of the products. In case of deviations, we have a claim method defined in the "Supplier Problem Report", so that the necessary actions are taken to solve said deviation and avoid its recurrence.

Both the Raw Material and Supply areas work together with the Quality department, leading the "Supplier Development" project through which, suppliers are selected based on risk analysis, to carry out second-party audits and make strategic decisions to establish a sustainable supply chain for both organizations.

In 2024, after reviewing and updating the questions in the annual supplier survey, it was decided to send the survey again to suppliers, with the aim of learning about their progress in relation to their sustainability-oriented management.

## Local impact

Our production plants are located in different areas of the country, in zones where we seek to socioeconomically develop local communities by generating jobs. To this end, the procurement of supplies and Services area allocates part of the value of its domestic purchases to cooperatives, SMEs and micro-SMEs.

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.

### Proportion of spending on local suppliers of products and services

|                    | 2024 | 2023 | 2022 |
|--------------------|------|------|------|
| Local <sup>1</sup> | 66%  | 67%  | 62%  |
| National           | 14%  | 14%  | 15%  |
| Foreing            | 20%  | 19%  | 23%  |

<sup>1</sup>. “Local” refers to purchases and contracts made in Santa Fe, Salta, Buenos Aires and Chaco.

| Suppliers<br>(materials and supplies)  | Raw material suppliers<br>(hides)   | Logistics providers   |
|--|---|---|
| <div><div><div><div><div></div><div>+600 active national and international suppliers</div></div></div><div><div></div><div></div></div></div><div><div><div><div></div><div>62% of the value of purchases made corresponds to national suppliers</div></div></div><div><div></div><div></div></div></div><div><div><div><div></div><div>30% of the value of national purchases are assigned to cooperatives, SMEs and micro-SMEs located in cities near our production plants</div></div></div><div><div></div><div></div></div></div></div> | <div><div><div><div></div><div>100% national raw material suppliers</div></div></div></div> | <div><div><div><div></div><div>100% national logistics providers:</div></div></div><div><div><div><div></div><div>55% from Buenos Aires</div></div></div><div><div></div><div></div></div></div><div><div><div><div></div><div>31% from Santa Fe</div></div></div><div><div></div><div></div></div></div><div><div><div><div></div><div>8% from Mendoza</div></div></div><div><div></div><div></div></div></div><div><div><div><div></div><div>The rest are from: Mendoza, Cordoba and Tucumán</div></div></div><div><div></div><div></div></div></div></div> |

Regarding raw material suppliers, we have a staff of qualified personnel who make regular visits to slaughterhouses and interact technically on-site to improve the presentation and quality of raw materials, in addition to strengthening ties that encourage teamwork and efficient communication.

They focus on training, coaching and awareness-raising tasks regarding the care of raw materials. In 2024, satisfactory results were achieved in terms of preservation and reduction of flaws due to the operation of the applied methodologies.







05

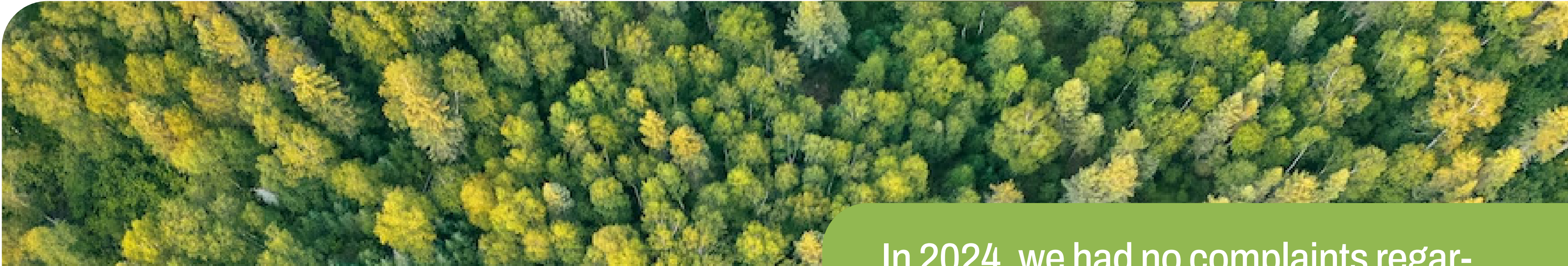
## Environmental management



# Our approach

As stated in our [Integrated Management Policy](#), at Arlei we are committed to supplying products that meet the needs and expectations of our customers within a framework that guarantees compliance with legal requirements and environmental care, optimizing the use of resources and the energy performance of our activities.

**We promote good practices in our supply chain** to raise awareness and **ensure animal welfare and the preservation of natural areas**. Focusing on the philosophy of Circular Economy, we employ practices that allow the reduction, recycling and, when possible, the betterment of our waste, converting it into raw material for other industries.



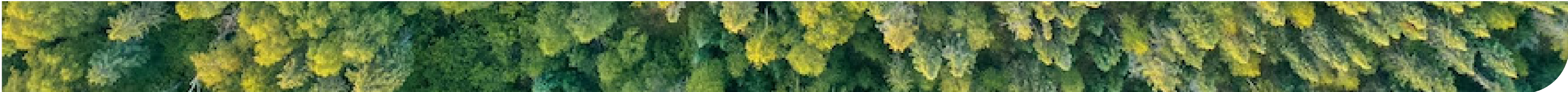
In 2024, we had no complaints regarding negative environmental and social impacts.

We maintain an environmental risk analysis through the use of a tool that allows us to identify and evaluate the environmental aspects and impacts associated with our activities and implement preventive controls on those that may be negative for the environment and take advantage of those associated with opportunities.

We also have a robust mechanism for responding to abnormal and emergency situations and a management mechanism that allows stakeholders to report situations that result in uncomfortable conditions or may affect them, as a result of the company's activities.

In 2024, even though we received certain concerns from the community surrounding our plants regarding unpleasant odors, the analysis concluded that they were not related to production or odors that may come from our plants. Our environmental management is supported by the implemented standards and policies, which are detailed below:

| 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 again in 2024 in the Leather Working Group (LWG) audit.</p> | <p>ISO 14001 has been implemented and the principles of the ISO 50001 are being applied.</p> <p>Gold Medal obtained again in 2024 in the Leather Working Group (LWG) audit.</p> | <p>ISO 14001 has been implemented and the principles of the ISO 50001 are being applied.</p> <p>Gold Medal obtained again in 2024 in the Leather Working Group (LWG) audit.</p> | <p>The principles of the ISO 14001 have been implemented, through the application of procedures and good practices.</p> |
| Herramientas internas complementarias  |   |   |   |
| <div><div>• Traceability Policy</div><div>• Sustainability Policy</div><div>• Restricted Substances Policy</div><div>• Chemicals Management Policy</div><div>• Health and Safety Manual</div></div>          |   |   |   |





# Energy

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

## Energy management

At Arlei, we are focused on achieving highly competitive products and processes, not only in terms of quality, but also in being environmentally friendly and energy efficient.

As part of our organizational policy we take environmental and energy performance into account in every purchase of machinery, equipment, and installations, as well as in the design of the processes and products we offer.

Our Energy Management follows the scheme defined by the ISO 50001 standard, managing to maintain this certification in 2024. The sustained work of the Energy Management Team, the implementation of improvement plans, and the support of Senior Management and the guidance and awareness of all employees allows us to maintain our organization's energy performance continuous improvement.

This improvement is reflected in the monthly indicators that are measured and evaluated every month, referring to the units sent into production.

### Results achieved at the Las Toscas plant

|        |  |
|--------|--|
| -3%    | Total energy consumption               |
| -11%   | Electricity consumption                |
| -18,1% | Boiler losses                          |
| -11%   | Electricity consumption in compressors |

## 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.

### ENERGY CONSUMPTION BY WORKPLACE (in MJ)

|                   | 2024        | 2023        | 2022        |
|-------------------|-------------|-------------|-------------|
| Las Toscas        | 110.077.740 | 104.401.243 | 120.560.680 |
| Salta             | 22.025.085  | 21.483.624  | 21.825.369  |
| Don Arturo        | 8.820.803   | 8.636.579   | 8.923.823   |
| Lanús Warehouse   | 1.539.165   | 1.508.919   | 1.463.744   |
| Carcaraña shed    | 976.215     | 1.428.947   | 1.636.138   |
| Maipú Offices     | 252.000     | 273.600     | 224.640     |
| Total consumption | 143.691.009 | 137.844.511 | 154.634.396 |

### In the reporting period we registered:

An increase in energy consumption at the Las Toscas Plant, due to increased production and higher levels of diesel, resulting from the use of generators after the fire.

In Don Arturo, there was an improvement in specific electricity consumption, and renewable energy consumption increased by more than 60% from 2023 to 2024.

In Carcaraña, the decrease was due to lower diesel consumption, as fewer hides were processed.

In Salta, the slight increase in consumption is due to increased production and changes in the product mix, as consumption may be higher or lower depending on the type of product processed.



| ENERGY CONSUMPTION BY SOURCE (MJ) |             |             |             |
|-----------------------------------|-------------|-------------|-------------|
|                                   | 2024        | 2023        | 2022        |
| Renewable                         | 107.060.832 | 99.352.008  | 113.809.241 |
| Renewable electricity             | 58.197.600  | 54.601.200  | 58.319.280  |
| Biomass                           | 48.863.232  | 44.750.808  | 55.489.961  |
| Non-renewable                     | 36.630.177  | 38.492.502  | 40.825.153  |
| Non-renewable electricity         | 17.271.000  | 19.537.200  | 21.292.560  |
| Natural gas                       | 12.459.828  | 12.704.895  | 12.706.101  |
| Diesel oil                        | 6.597.572   | 5.929.382   | 6.534.339   |
| Bottled/liquefied gas             | 301.777     | 321.025     | 292.154     |
| Total Consumption                 | 143.691.009 | 137.844.511 | 154.634.394 |

Our consumption of renewable electricity is subject to production volume. The graph shows that renewable electricity consumption increased in 2024, not only due to increased production but also to the increase in the proportion of renewable vs. non-renewable energy in the DA plant.

| ANNUAL ENERGY INTENSITY             |             |            |            |
|-------------------------------------|-------------|------------|------------|
|                                     | LT          | DA         | SALTA      |
| Total energy consumption (MJ)       | 110.077.740 | 8.820.803  | 22.025.085 |
| Annual production (ft2)             | 75.817.588  | 15.591.589 | 9.334.638  |
| Energy intensity (MJ consumed/ ft2) | 1,45        | 0,56       | 2,36       |

Regarding energy intensity per plant, in 2024, compared to the previous period, we can mention a decrease at the Las Toscas and Don Arturo Plants, which could be due to the planning of the production mix between the two plants. Regarding the intensity of the Salta Plant, a decrease is also contemplated from one year to the next.

2024 was a year that did not see major investments in energy efficiency. However, the final stage of the retanning agitator replacement was completed, we continued to replace electric motors with more efficient equipment, and changes were made to compressed air treatment to improve its efficiency and reduce the compressors' power consumption.



# Renewable Energy

In pursuit of our sustainability-oriented management and in our quest to generate a lower environmental impact and reduce our greenhouse gas emissions, we maintain a purchase agreement with two energy suppliers so that a percentage of our electricity consumption comes from renewable sources (e.g., wind power), for the Las Toscas, Don Arturo, and Salta Plants.

In 2024, we achieved that 77% of the electricity consumption of the Las Toscas plant, 92% of the Salta plant and 82% 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

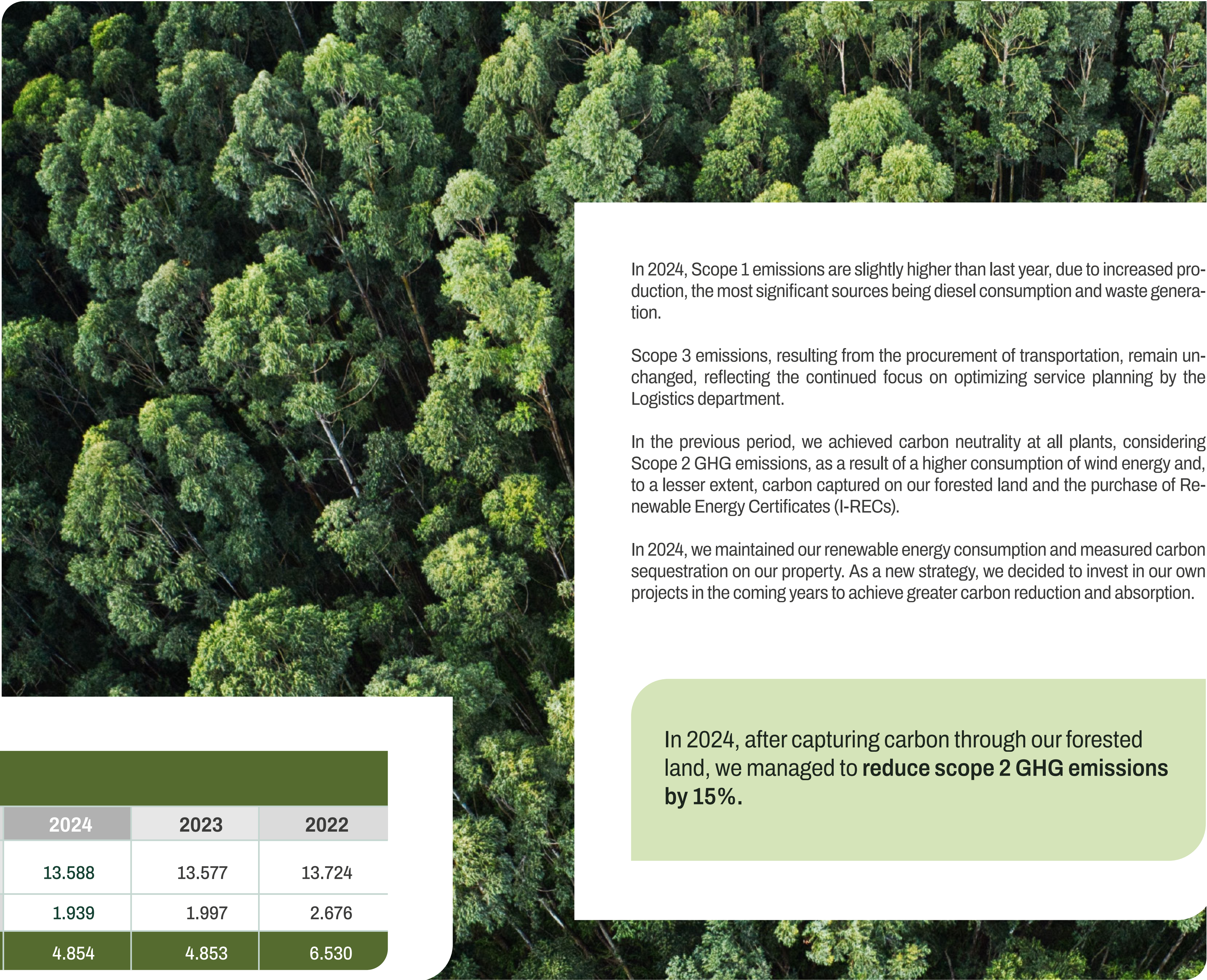
At Arlei, we manage our emissions responsibly. Supported by our Greenhouse Gas Emissions Inventory (in accordance with ISO 14064-1) we identify, plan and implement mitigation initiatives and thus contribute to the fight against global warming.

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 ofCO2eq. 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.

| GHG EMISSIONS   |        |        |        |
|---|--------|--------|--------|
| GHG emissions (tCO <sub>2</sub> eq)*  | 2024   | 2023   | 2022   |
| Direct emissions - Scope 1 (not including anthropogenic biogenic emissions, biomass combustion) | 13.588 | 13.577 | 13.724 |
| Indirect emissions - Scope 2  | 1.939  | 1.997  | 2.676  |
| Indirect emissions - Scope 3 (partial)  | 4.854  | 4.853  | 6.530  |

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



In 2024, Scope 1 emissions are slightly higher than last year, due to increased production, the most significant sources being diesel consumption and waste generation.

Scope 3 emissions, resulting from the procurement of transportation, remain unchanged, reflecting the continued focus on optimizing service planning by the Logistics department.

In the previous period, we achieved carbon neutrality at all plants, considering Scope 2 GHG emissions, as a result of a higher consumption of wind energy and, to a lesser extent, carbon captured on our forested land and the purchase of Renewable Energy Certificates (I-RECs).

In 2024, we maintained our renewable energy consumption and measured carbon sequestration on our property. As a new strategy, we decided to invest in our own projects in the coming years to achieve greater carbon reduction and absorption.

In 2024, after capturing carbon through our forested land, we managed to **reduce scope 2 GHG emissions by 15%.**



# 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, chrome-free crust, sustainable crust and finished chrome leather, 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.

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.

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:

# Afforestation and green spaces management

In 2022, 4,200 eucalyptus camaldulensis, a **variety with a high percentage of CO<sub>2</sub> absorption**, were planted at the Las Toscas plant, reaching heights of 10 meters by 2024.

**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 CO<sub>2</sub> emissions.**

Furthermore, on the same property and alongside Don Arturo's, we preserve a wide variety of native tree species. While not included in our CO<sub>2</sub> sequestration measurement, they contribute to the same goal in addition to providing other benefits such as regulating the climate and air quality.

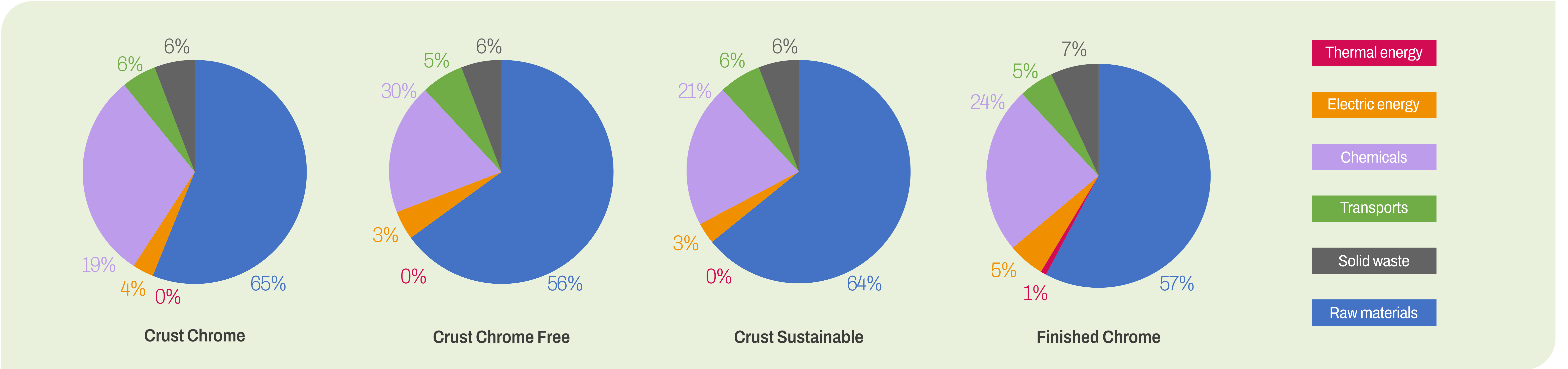
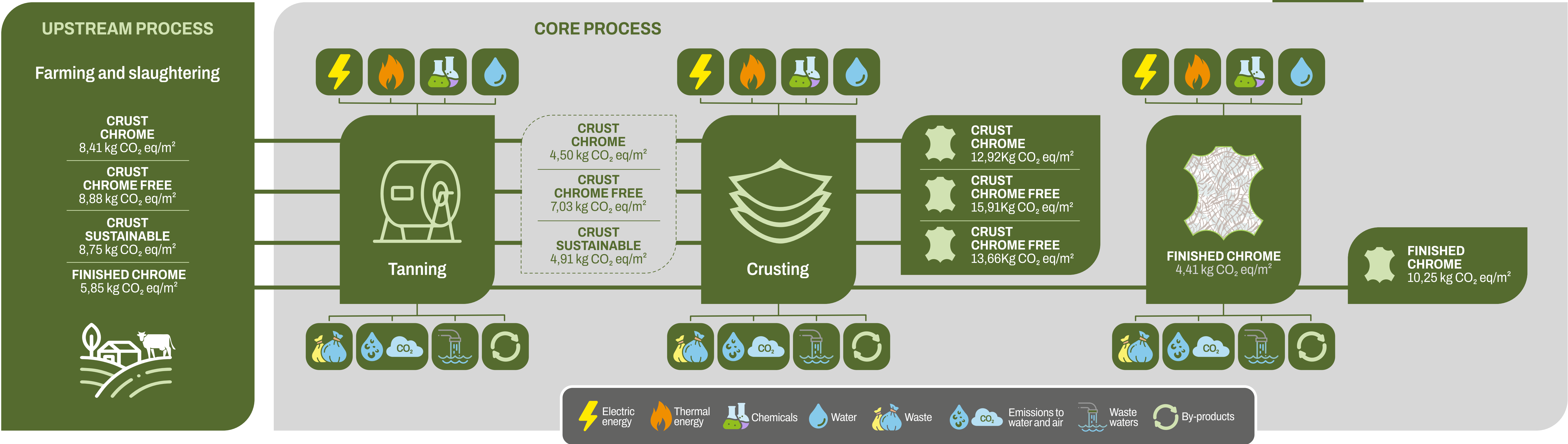
**At the end of 2024, we conducted a carbon sequestration study in the Las Toscas plantation, which resulted in an absorption of more than 300 tons of CO<sub>2</sub>.**



We also participated in other projects, such as the planting of 1,050 seedlings in Tacuarendi, a city neighboring Las Toscas, together with the Forestry Industrial Board of Santa Fe and in partnership with the Ministry of Production. On Don Arturo's property, year after year, together with family members, we plant a fruit tree for each deceased Arlei employee, and in celebration of life, we hand over a fruit tree for each employee's child born during the year.

At the Salta plant, a reforestation campaign was carried out, with more than 80 trees planted in the composting field, and seedlings and trees were delivered to educational institutions for World Environment Day celebrations.







# 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 and we understand that it is a limited natural resource. Therefore, we use it responsibly and efficiently through the application of good practices, awareness-raising among all staff, and the design of processes and products that consider alternatives to reduce water consumption.

The water extracted comes from underground wells, of which we control extraction flow rates, water quality, levels in each well and work and rest regimes in each drilling.

We set consumption goals, based on the amount of leather processed, and keep action plans to achieve them. The results achieved are monitored monthly to evaluate them and take action to address any nonconformity.

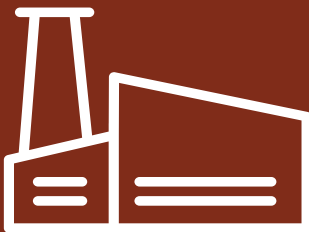




Regarding effluent management, we ensure compliance with all applicable legal regulations through appropriate treatment according to the characteristics of each type of effluent generated. We carry out a monthly measurement and analysis of water consumption, discharges and discharge parameters. We also have Effluent Treatment Plants (ETP) in our three production plants.



# Consumption and discharge management

The water used for production and cleaning processes is carried out through different aquifers and wells located in the areas surrounding each site, while the water for personal use is supplied by cooperatives or service agents at each site.

In 2024, we installed a water recovery plant in Don Arturo, allowing for the reuse of 100% of the liquid effluents generated.

|  |   |  |   |   |
|--|---|--|---|---|
| <div><div><b>Don Arturo</b><br/>Las Toscas, Santa Fe</div></div>  | <div><div><b>Las Toscas</b><br/>Las Toscas, Santa Fe</div></div>   | <div><div><b>Salta</b><br/>Rosario de Lerma, Salta</div></div>  | <div><div><b>Carcarañá Shed</b><br/>Santa Fe</div></div>   | <div><div><b>Lanús Warehouse</b><br/>Lanús Este, Buenos Aires</div></div>              |
| <div>SUPPLY</div> <p>Two drillings that exploit the Puelche and Paraná aquifer, distributed in different areas of the plant.</p>   | <div>SUPPLY</div> <p>Drillings that exploit the Puelche and Paraná aquifer, distributed in different areas of the plant.</p>  | <div>SUPPLY</div> <p>Two own pumping wells, located on the property.</p>   | <div>SUPPLY</div> <p>Drilling that exploits the Carcarañá aquifer.</p>  | <div>SUPPLY</div> <p>It does not carry out any exploitation of groundwater. The water is provided by Aysa S.A. Public Network.</p>  |
| <div>PROCESSES INVOLVING WATER CONSUMPTION</div> <ul style="list-style-type: none"><li>· Equalizing, painting and finishing of leathers, filtration of solids from paint booths, paint preparation, machine washing, and cleaning</li><li>· The water for restrooms and personal uses is supplied in drinking quality by CODESELT.</li></ul> | <div>PROCESSES INVOLVING WATER CONSUMPTION</div> <ul style="list-style-type: none"><li>- Liming, tanning, retanning, and cleaning.</li><li>- The water for restrooms and personal uses is supplied in drinking quality by CODESELT.</li></ul> | <div>PROCESSES INVOLVING WATER CONSUMPTION</div> <ul style="list-style-type: none"><li>- Liming, deliming, tanning, bleaching, and cleaning, among others.</li><li>- The water necessary for restrooms and personal use is supplied in drinking quality by Aguas de Salta.</li></ul> | <div>PROCESSES INVOLVING WATER CONSUMPTION</div> <ul style="list-style-type: none"><li>- Leather washing, making of industrial ice*, plant cleaning and staff restrooms.</li><li>- The water necessary for staff consumption is supplied as mineralized water in drums.</li><li>* The ice produced by Arlei is exclusively for the protection and conservation of bovine hides.</li></ul> | <div>PROCESSES INVOLVING WATER CONSUMPTION</div> <p>As it is a warehouse, there are no production processes. The water consumed is used for industrial and human use.</p> |
| <div>EFFLUENT MANAGEMENT</div> <p>Own effluent treatment and water recovery plant.</p>   | <div>EFFLUENT MANAGEMENT</div> <p>Own effluent treatment plant. Authorization to discharge liquid effluents under Resolution 138/2012.</p>  | <div>EFFLUENT MANAGEMENT</div> <p>Effluent treatment plant designed to have a treatment capacity of 700 m3 per day.</p>  | <div>EFFLUENT MANAGEMENT</div> <p>Easement agreement for the discharge of its effluents.</p>  | <div>EFFLUENT MANAGEMENT</div> <p>Currently, this site does not generate effluents derived from any production.</p>   |



| WATER CONSUMPTION <sup>1</sup>                      |       |      |       |
|---|-------|------|-------|
| Freshwater withdrawal by source (ML)                | 2024  | 2023 | 2022  |
| Groundwater   | 946   | 724  | 939   |
| Third-party water                                   | 13    | 5    | 4     |
| Groundwater in areas with water stress <sup>2</sup> | 127   | 115  | 136   |
| Total water withdrawal <sup>3</sup>                 | 1.086 | 844  | 1.079 |
| Water discharge by destination (ML)                 |       |      |       |
| Groundwater   | 884   | 691  | 880   |
| Surface water in areas with water stress            | 115   | 102  | 124   |
| Total water discharge <sup>4</sup>                  | 999   | 793  | 1.004 |
| Water consumed (ML)                                 | 87    | 51   | 75    |

<sup>1</sup> The water and effluent data of the Maipú offices in Buenos Aires are not included within the scope of this Report.  
<sup>2</sup> The Salta plant withdraws a percentage of water from sources with water stress.  
<sup>3</sup> Measurements are taken directly with flow meters located at the outlet of the water well.  
<sup>4</sup> Substances present in discharges: BOD, COD, sulfides, chlorides, Ph. and temperature, among others.

The variation in water consumption between this period and the previous one is largely due to increased production and is also influenced by the mix of products that were processed, as each process has a different level of consumption.

The most significant actions in terms of responsible water consumption management were the implementation of the water recovery plant at Don Arturo, which recovers effluent from the painting machines and uses it for washing gases, thus avoiding the need to extract water for this purpose. And at the Las Toscas Plant, the automation of the draining process in five retanning drums, resulting in a 35% reduction in consumption compared to drums without this technology.

Additionally, water indicators were monitored monthly throughout the year to analyze their variation and set out associated actions for improvement, such as:

- Raising staff awareness of good water use practices.
- Developing and searching for more efficient processes and products.



# Effluent treatment plants

We have Effluent Treatment Plants (ETP) in our three production plants, 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. This ETP has 4 sub-plants to perform the appropriate types of treatment for each case:

| EFFLUENT TREATMENT PLANT<br>Las Toscas, Santa Fe |  | 4 sub-plants   |  |  |
|--|--|--|--|--|
| SULFIDE OXIDATION                                | The concentrated liquids with sulfides from the liming process are received.               | Oxidation treatment and subsequent delivery to the general liquid treatment plant.   |  |  |
| CHROME RECOVERY                                  | The liquids sent from tanning through specific pipes for chrome concentrates are received. | Once the liquid chrome is recovered, it is reused, sold or stored depending on the needs. Chromium-free liquids are sent to the general liquids treatment plant. |  |  |
| SLUDGE DEWATERING                                | The sludge precipitated in the primary settler is sent to two sludge thickeners.           | It is subsequently dehydrated in a band filter.  | It is sent to the Controlled Waste Landfill (CWL).   |  |
| GENERAL LIQUID TREATMENT                         | All factory process liquids end up at this plant.  | The liquids go through the stages of:<br>1. Primary sedimentation<br>2. Homogenization<br>3. Treatment in reactors<br>4. Secondary sedimentation                 | The treated liquids are sent to the authorized landfill in the Las Toscas creek, near the Controlled Waste Landfill. |  |

The Don Arturo Water Recovery Plant has a treatment capacity of 40 m³ per day, allowing 100% of the effluent to be reused for washing gases from the painting machines used in the finishing processes. It consists of the following stages:

| Water recovery plant<br>Don Arturo        |  |
|---|--|
| RECEPTION AND PHYSICAL-CHEMICAL TREATMENT | Receives process effluents, corrects pH and incorporates flocculants and coagulants.       |
| LIQUID TREATMENT                          | Liquids and solids are separated in a settling tank. The liquids are recovered for reuse.  |
| SOLID TREATMENT                           | The sedimented solids are sent to a filter press, once separated they are sent to the RRC. |

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

| Effluent treatment plant<br>Salta |   | 3 stages   |   |  |
|-----------------------------------|---|--|---|--|
| CATALYTIC OXIDATION OF SULFIDES   | Oxidation of concentrated liquids with process sulfides.  | They are sent to the general liquid effluent treatment plant.  |   |  |
| LIQUID TREATMENT                  | All factory process liquids, including floor cleaning liquids, are treated at the effluent plant. | The liquids go through the stages of:<br>1. Homogenization<br>2. Primary sedimentation<br>3. Biological basin<br>4. Secondary sedimentation<br>5. Tertiary sedimentation<br>They are sent to the creek in compliance with all legal discharge parameters |   |  |
| SLUDGE TREATMENT                  | The sludge to be treated is separated from the primary, secondary and tertiary settler.           | It is sent to its corresponding storage tank.  | Subsequent dehydration is carried out in a decanter centrifuge. | It is sent to the sludge composting field. |



## Waste

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

At Arlei, each type of waste generated by our activities is identified, accounted for, and appropriately managed.

We have methodologies and guidelines that allow us to separate and manage each type of waste according to its nature, for subsequent specific treatment, thereby reducing the negative impact on the environment and, where possible, adhering to the guidelines of the circular economy.

At the Las Toscas plant, in the case of waste that, due to its nature or available technology, cannot be reused, recycled, or recovered is disposed of in our own controlled waste landfill (CWL), duly authorized by the Secretariat of the Environment, through Resolution 0096/2003. At the Salta plant, however, the waste is sent to a municipal sanitary landfill. All operations at these sites 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 2024, 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.

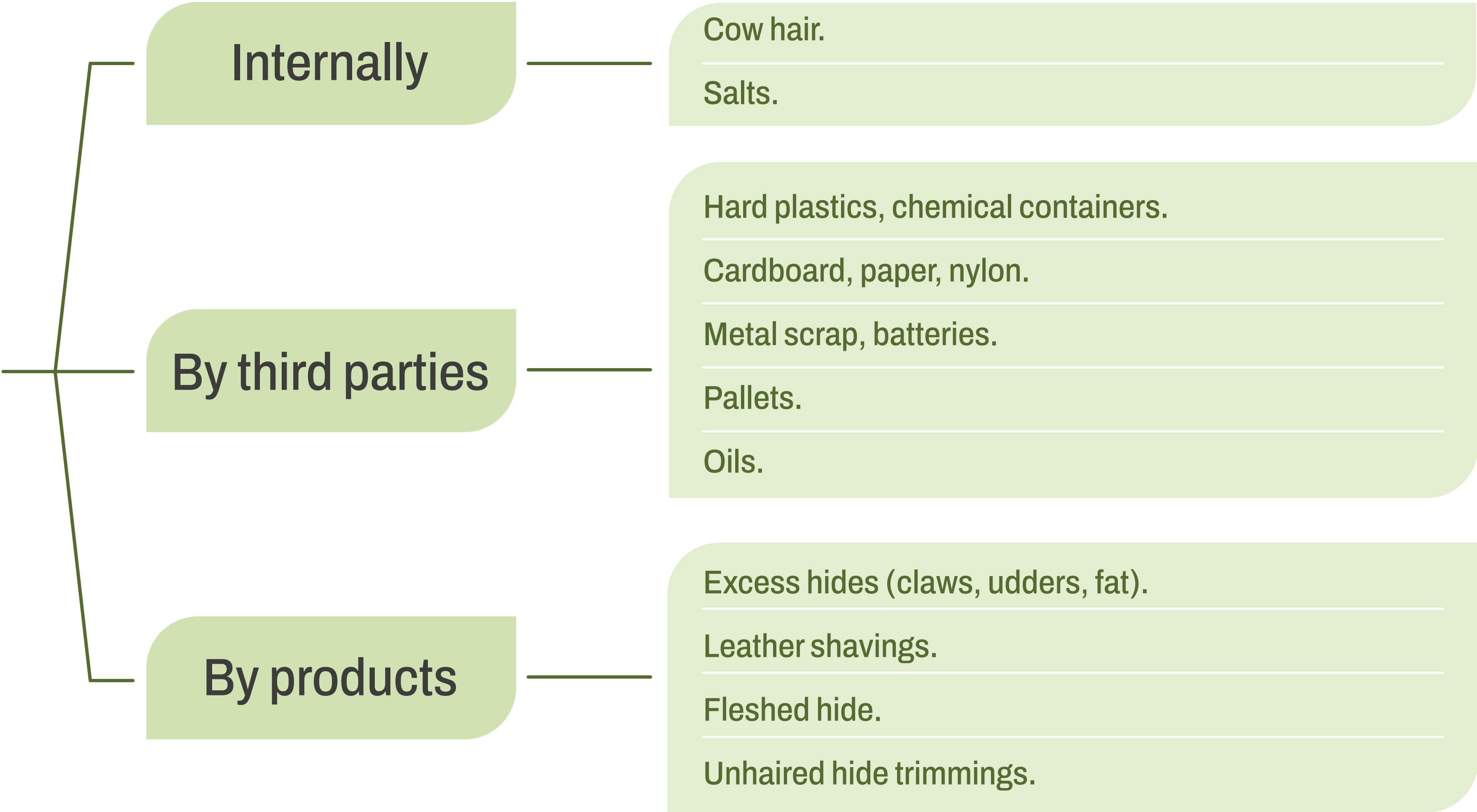
During 2024, we analyzed two new alternatives for the betterment of trimmings currently destined for external processing in gelatin factories:

- Pig feed
- Dog treats

The technical feasibility of both developments proved satisfactory; however, it remains economically more profitable to continue selling these casing trimmings to their original destination.



100%  
of this waste  
is treated





# Waste generated by type of treatment

As for waste generation, in 2024 there was a decrease in various types of waste, due to improvements in waste management, including training and awareness campaigns and process optimization.

| WASTE GENERATED   | Unit | 2024   | 2022   | 2021   |
|---|------|--------|--------|--------|
| Recycled or reused  | T    | 2.374  | 2.476  | 3.664  |
| Hair  | T    | 2.261  | 2.365  | 3.464  |
| Nylon   | T    | 25     | 28     | 35     |
| Hard plastics   | T    | 12     | 8      | 6      |
| Cardboard   | T    | 4      | 6      | 2      |
| Scrap   | T    | 72     | 69     | 157    |
| Raffia <sup>1</sup>   | T    | 0,09   | 0,13   | 0,38   |
| Treated in effluent plant and CWL   | T    | 15.224 | 16.376 | 18.126 |
| Tanned scrap, sludge, fats, chippings, salt, shavings, dust, among others | T    | 15.224 | 16.376 | 18.126 |
| Treated by external operator  | T    | 14     | 15     | 16     |
| Oils <sup>2</sup>   | T    | 6      | 5      | 7      |
| Paints, batteries, impregnated with grease and oil                        | T    | 8      | 10     | 9      |
| Sold  | T    | 186    | 165    | 234    |
| Bins <sup>2</sup>   | T    | 2      | 6      | 8      |
| Containers <sup>2</sup>   | T    | 184    | 159    | 225    |
| Total waste generated (t)   | T    | 17.798 | 19.032 | 22.040 |

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

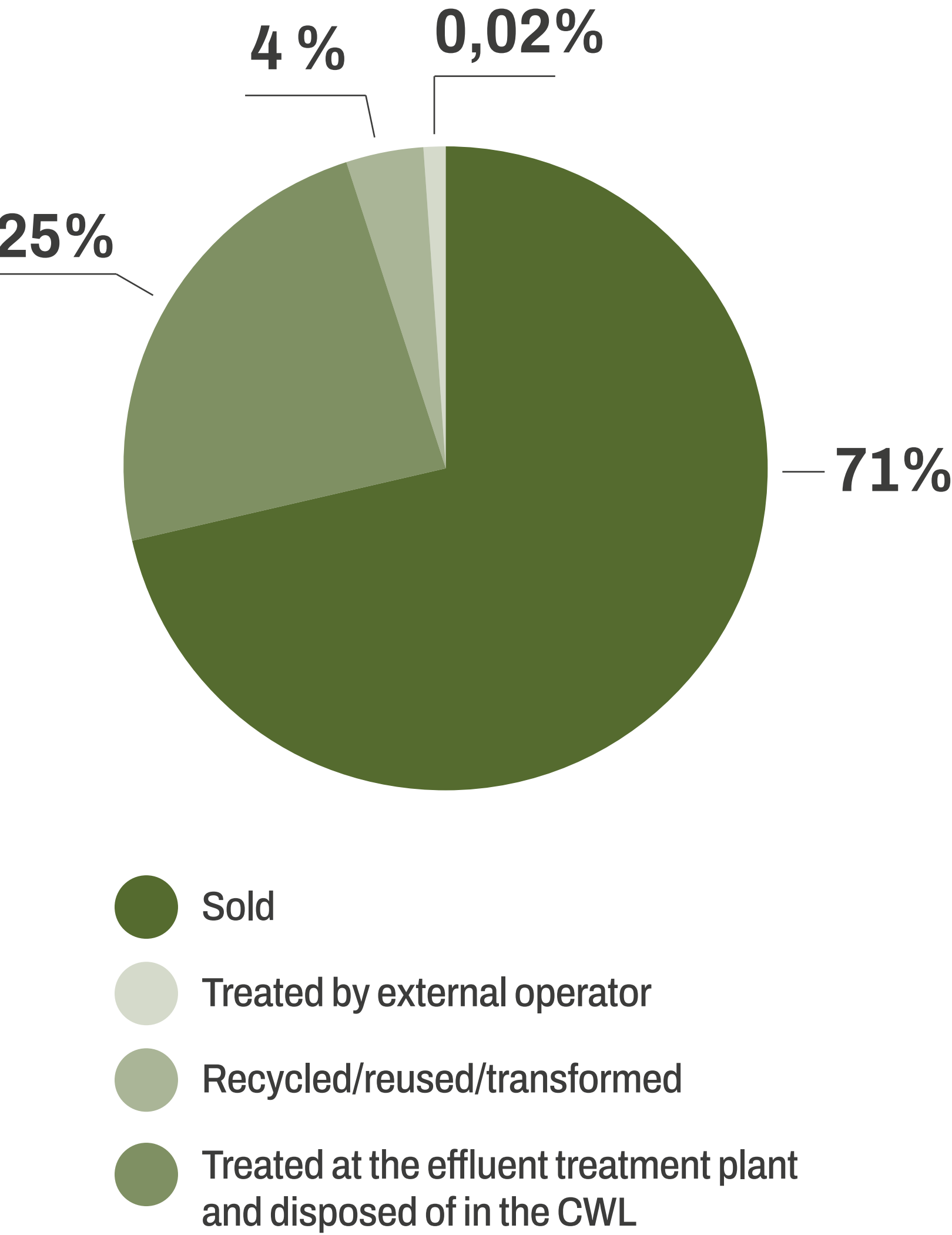
<sup>2</sup> Oils (l), bins (units) and containers (units) are counted as: oils = 1x1, bins= 8 kg each, containers=50 kg each.

| Sold as by-products (t)*                   | 2024   | 2023   | 2022   |
|--|--------|--------|--------|
| Trimnings, tallow, split leather, shavings | 42.676 | 26.308 | 34.812 |

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

The amount of byproducts generated is directly related to production volume, as they correspond to discards and surpluses resulting from the different production processes of our main products.

Waste generated by type of treatment or valorization (%)





# Animal welfare and traceability

GRI 3-3

Our raw material, bovine hides, are an unavoidable by-product of the food industry. For this reason, although we do not have direct responsibility for animal husbandry, we have developed and implemented a management system that promotes animal welfare and protection, as well as the care and preservation of native forests. We ensure that the hides we receive come from deforestation-free areas, and that they are not appropriated from indigenous lands and/or protected areas, working directly with our suppliers, throughout the supply chain.

Sustainability is in our DNA, and to achieve a sustainable product, we believe it is essential to have a Traceability Policy, in which we include measures to improve the quality of life of the animals, from birth, breeding, and transport up to the time of slaughter, based on the 5 global freedoms:

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

Our goal is to spread values and raise awareness internally and in our value chain. To this end, we conduct second-party audits through which we can verify our suppliers' alignment with our policies, especially in relation to sustainability, environmental management, and traceability. We can also define joint improvement actions, establishing mutually beneficial relationships for both parties.

Our suppliers also take on the commitments established by Arlei, through receipt and signed agreement with the Supplier Agreement Manual – Code of Conduct.

| Animal welfare control metrics (AW)                    | 2023 | 2022 | 2021 |
|--|------|------|------|
| TRACEABILITY   |      |      |      |
| % of suppliers that document traceability <sup>1</sup> | 100% | 100% | 100% |
| CERTIFICATION  |      |      |      |
| % of suppliers with AW CERTIFICATE                     | 50%  | 56%  | 342% |
| % of suppliers with AW implemented                     | 36%  | 31%  | 37%  |
| % of suppliers with AW not implemented                 | 14%  | 13%  | 21%  |
| % of suppliers without information                     | 0%   | 0%   | 0%   |
|  | 100% | 100% | 100% |
| % of suppliers that implement and certify AW           | 86%  | 87%  | 79%  |
| AUDITS   |      |      |      |
| Audit plan compliance                                  | 92%  | 92%  | 87%  |
| AW audit average score                                 | 91%  | 86%  | 87%  |

<sup>1</sup> Applies only to suppliers of fresh hides. They have traceable information back to the direct supplier.



In 2024, there was a decrease in the number of suppliers with Animal Welfare (AW) certification, due to the fact that the total number of suppliers we worked with during the year decreased compared to the previous year. However, it can be seen that the number of suppliers that certify and implement AW, remained unchanged in comparison to the previous year, with a result greater than 85%.

Also, in 2024 we achieved the same audit plan compliance as the previous year, given that we had only one audit pending due to scheduling differences, which will be rescheduled for 2025.

The average AW audit score remained almost the same, due to the fact that the audit checklist was modified in 2024, being even more demanding in the questions and requirements for our supplier companies.

**In 2024, we achieved 91% performance in animal welfare and 100% traceability of fresh hides to the farms of origin.**



## Deforestation-free production and export

During 2024, we have been working to achieve a traceability system that meets the requirements of the new European Union Deforestation Regulation (EUDR), which prohibits the import of products or their derivatives coming from deforested areas.

We work with our direct suppliers to promote compliance with these regulations, not only with slaughterhouses that export, but also with those that destine their products for local consumption and sell their byproducts to exporting companies.

We held regular meetings with the Argentine Tanning Industry Chamber (CICA in Spanish) to find the best way and fit for our industry to meet our clients' requirements regarding EUDR. We were also in contact with the Ministry of Foreign Affairs, the National Food Safety and Quality Service (SENASA), and the Ministry of Agribusiness to request joint efforts to achieve the established goals.







06

## Social Management





The wellbeing of people is paramount to our corporate values and the culture that defines us. For this reason, our comprehensive human resources management is aligned with our business plan and our 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 2-4, 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.

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

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.

## Talent attraction and motivation

Arlei establishes criteria and guidelines for staff attraction through policies in the Human Resources Management Manual. Highlights include: managerial awareness of the importance of attraction, adequate leadership, ongoing training, individual development plans, effective communication, equitable compensation, personalized recognition, and a healthy work environment.

The company also offers its employees benefits such as advances with installments, English courses for people in positions requiring this skill, paid health insurance, and two paid Saturdays off per month for non-collective employees, among others.

## Workforce profile

|                    | 2024  | 2023  | 2022  |
|--------------------|-------|-------|-------|
| By gender          |       |       |       |
| Women              | 60    | 62    | 67    |
| Men                | 1.225 | 1.260 | 1.303 |
| By age group       |       |       |       |
| Under 30 years old | 96    | 150   | 160   |
| 30-50 years old    | 860   | 887   | 922   |
| Over 50 years old  | 329   | 285   | 288   |
| By contract type   |       |       |       |
| Temporary          | 29    | 112   | 114   |
| Permanent          | 1.256 | 1.210 | 1.256 |
| Total              | 1.285 | 1.322 | 1.370 |

During 2024, the most notable change is the reduction in the number of temporary employees, primarily due to those from the Las Toscas plant becoming permanent employees. This change is reflected in the table below, broken down by plant and work type.

Since 2016, we have conducted the annual work environment survey according to the Great Place to Work tool, 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.





Distribution by job category 2024

|                         | Women     | Men          | < 30 years old | Between 30 and 50 years old | > 50 years old |
|-------------------------|-----------|--------------|----------------|-----------------------------|----------------|
| Operators               | 20        | 1.017        | 91             | 705                         | 241            |
| Analysts and assistants | 26        | 73           | 4              | 67                          | 28             |
| Supervisors and heads   | 0         | 63           | 1              | 40                          | 22             |
| Chiefs                  | 9         | 38           | 0              | 28                          | 19             |
| Coordinators            | 4         | 24           | 0              | 16                          | 12             |
| Directors and managers  | 1         | 10           | 0              | 4                           | 7              |
| <b>Total</b>            | <b>60</b> | <b>1.225</b> | <b>96</b>      | <b>860</b>                  | <b>329</b>     |

|                         | 2024         |           | 2023         |           | 2022         |           |
|-------------------------|--------------|-----------|--------------|-----------|--------------|-----------|
|                         | Temporary    | Permanent | Temporary    | Permanent | Temporary    | Permanent |
| Las Toscas + Don Arturo | 15           | 980       | 95           | 946       | 95           | 975       |
| Salta                   | 14           | 177       | 17           | 169       | 17           | 168       |
| Lanús + CABA offices    | 0            | 74        | 0            | 72        | 0            | 76        |
| Carcarañá               | 0            | 25        | 0            | 23        | 2            | 37        |
| Subtotal                | 29           | 1.256     | 112          | 1.210     | 114          | 1.256     |
| <b>Total</b>            | <b>1.285</b> |           | <b>1.322</b> |           | <b>1.370</b> |           |

Below, we mention our global turnover and absenteeism indicators in 2024.

| Arlei global turnover rate* | 2024         | 2023          |
|-----------------------------|--------------|---------------|
| <b>Total</b>                | <b>4,92%</b> | <b>4,65%*</b> |

\*In 2023, the data reported for this indicator was incorrect due to a calculation error. This year, this data has been corrected, and the 2023 and 2024 number is reported correctly.

| Arlei's global absenteeism rate | 2024         | 2023           |
|---------------------------------|--------------|----------------|
| <b>Total</b>                    | <b>6,50%</b> | <b>8,19%**</b> |

\*\*In 2023, the data reported for this indicator was incorrect due to a calculation error. This year, this data has been corrected, and the 2023 and 2024 number is reported correctly.

The improvement in the absenteeism indicator is reflected in the corrective and participatory actions carried out by the management team at the Las Toscas plant, where the various causes associated with the problem were analyzed and the necessary measures taken to improve the situation. One of the most impactful actions was the talks carried out by management to raise awareness about the effects of absences on the company's operations.





# 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. These are reviewed annually and, when updated, are approved by Senior Management and communicated through various channels to our entire value chain.

## Management policies

The Human Resources and Institutional Relations teams are supported by the Well-being and Open Doors, Integrated Human Resources, and Corporate Ethics Policies to:

- Improve the quality of work and environmental life of staff and their families through different tools, such as support for family members in difficult situations.
- Attract, motivate, and develop human talent focusing on the optimization of results, for example, by providing equal opportunities and tools for personal and knowledge development.
- Define the principles and values that govern the company's activities and its relationships with stakeholders. Fostering zero tolerance for forced labor, discriminatory or unequal treatment, among others.

## 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.
  - Support plan/assistance program for immediate family members who are going through a difficult situation.
  - Recognition of Workers' and Tanners' Day, awards of medals for 20, 30 and 40 years of seniority and celebrations of traditional days.
- In 2024, 56 medals were awarded among the 3 seniority categories.



# 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

Beyond strictly complying with legal regulations and any other requirements, the health and safety of our people is a priority to us. For this reason, our purpose is to preserve their psychophysical health, identify hazards associated with each task performed within the company, assess them and establish control measures to minimize their impact and ensure an efficient response in the event of an occasional emergency.

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, since all activities are associated with hazards that can lead to an accident or injury, depending on the probability of occurrence and potential severity.

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.

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

To manage the prevention and treatment of occupational diseases, we have a medical team specializing in occupational health.

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:

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

In 2024, employee trainings focused on healthcare were conducted; we maintained communication with the ART's periodic screening department to monitor our employees undergoing tests and/or treatment.



# Accident management

On November 16, 2024, a significant fire broke out in the shipping and handling area of the Las Toscas plant.

The fire originated in the compressor area, adjacent to the shipping area, and began with a mechanical failure in one part of the equipment, which caused excessive temperatures and thus the ignition of the cabin's sound insulation. As a result, the fire spread to nearby combustible material and the roof of the area, reaching the boarding area and causing damage to structures and stored materials. Immediately upon detection of the fire, the emergency plan was activated, and the Arlei emergency brigade and local volunteer firefighters began responding.

Emergency crews worked for approximately an hour to control and extinguish the fire, preventing it from spreading to other areas of the plant. The accident resulted in an impact on the structures in the shipping area and complications in production throughout the plant in the following days.

Regarding the environmental impact, a considerable amount of smoke was released into the air from the burning of the roof; however, no complaints or reports of negative effects on the health of residents were reported. We also emphasize that during the extinguishing, removal, adaptation, and reinstallation activities, no physical injuries were reported to the personnel involved.

After activity resumed, immediate containment measures included relocating the boarding area and inspecting the condition of the service facilities to ensure continued shipments.

As part of the corrective measures, together with the compressor manufacturer we analyzed the equipment's construction conditions and implemented possible improvements based on the incident. Preventive maintenance routines were increased for the equipment involved, such as thermography of electrical panels and vibration measurements. Hazard and associated risk assessments, as well as environmental aspects and impacts, were also re-evaluated.

Beyond the material damage, the most important thing is that no victims or injuries were reported, thanks to the actions of our brigade members and the implementation of the ACODE plan.

## 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, Don Arturo and Salta are volunteers and are made up of 1 emergency brigade member for every 30 people on average. In Lanus we have volunteer team trained mainly in responding to emergencies involving hazardous materials, CPR, first aid, preventing and containing indoor fires, and more.

They are present in all production shifts.

- Simulations of different emergency scenarios are conducted to analyze the actions and training of brigade members and the effectiveness of the ACODE Plan, in order to implement corrections and improvements.

In 2024, 34 simulations of different emergency scenarios were carried out at all production plants.



# 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.

We continue to develop job profile diagrams for each position, which are used to determine which activities could allow for relocation. Furthermore, by defining ergonomic maps, we clearly identify the positions with the greatest demands on certain body parts.

We currently have some staff relocated due to lower or upper musculoskeletal problems, injury or illness, or dermatitis or allergies; assigned to positions where they are not exposed, in compliance with the conclusions of the aforementioned studies.



# 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, which are reviewed periodically.

We also maintain an audit process conducted by Occupational Safety and Health specialists to assess working conditions and detect potential risks, in order to take the necessary preventive measures.

In our production facilities, we have exclusive areas dedicated to Health, Safety and Environment, managed by teams specialized in these areas, whose main responsibilities are to provide advice to the chain of command on this matter, establish safety guidelines, assess compliance with said guidelines, and implement the corresponding corrections to ensure safe and healthy working conditions.

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 mechanical and methodological 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 allows us to follow different parameters and performance of accidentology in order to monitor and improve year after year.

We also have a mechanism that allows all incidents to be reported, after which a cause investigation is initiated to identify the root of the problem and take the necessary corrective actions and prevent its recurrence.



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.
- Training and awareness campaigns.



## 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. Likewise, 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 participates actively, contributing their perspective on risks and collaborating in problem solving.

We also encourage employee participation in the management of health and safety at work, through our System of Ideas for Improvement, which encourages the generation of proposals and suggestions for improving or modifying work environments and operating methods, aligned with the organization's strategies.

In Buenos Aires, training courses related to Ergonomics at work and at home are offered annually by a Health and Safety specialist.



## 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 10 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 2024, 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.

- **20%** reduction in the number of lost-time accidents at the LT plant.
- **23%** reduction in the number of lost days at the LT plant.
- **43** consecutive days without accidents at the Salta plant.

## 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:

- Application of catarrhal, tetanus and flu vaccines to all employees who require it
- Prevention of problematic consumption, smoking and obesity
- Prevention of brucellosis
- Handling of snakes
- Training in: First aid, CPR, HEIMLICH
- Healthy nutrition and physical activity campaign
- Heat stroke, thermal stress prevention
- COVID-19 swab testing and diagnosis and follow-up of dengue fever
- Ergonomics campaign: ensuring good posture, active breaks, etc. during work (for positions that require it)



# Metrics



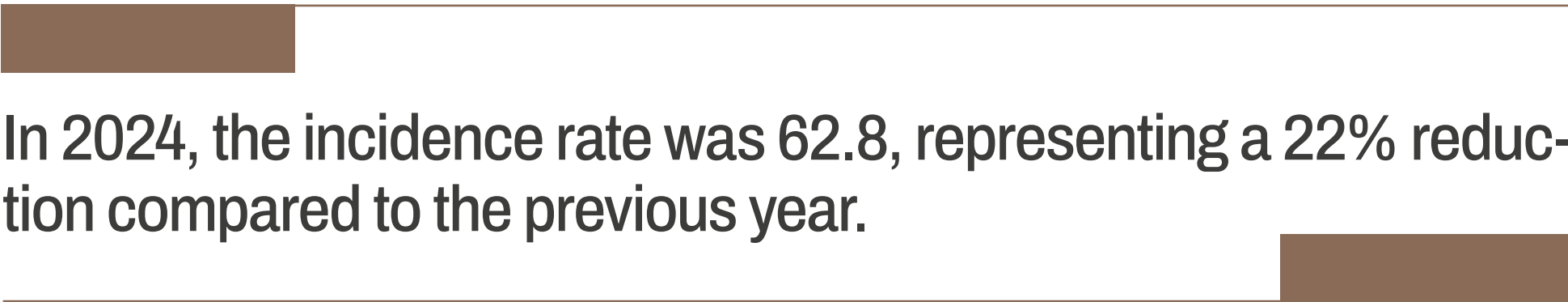
| Health and safety indicators           | 2024      | 2023      | 2022      |
|--|-----------|-----------|-----------|
| Occupational injuries – employees      |           |           |           |
| Fatalities                             | 0         | 0         | 0         |
| Serious injuries <sup>1</sup>          | 1         | 2         | 2         |
| Minor recordable injuries <sup>2</sup> | 68        | 85        | 78        |
| Hours worked                           | 2.275.820 | 2.317.515 | 2.098.619 |
| Occupational injury rate <sup>3</sup>  | 30        | 37        | 19        |
| Occupational injuries – contractors    |           |           |           |
| Fatalities                             | 0         | 0         | 0         |
| Serious injuries                       | 0         | 0         | 0         |
| Recordable injuries <sup>4</sup>       | 0         | 3         | 1         |
| Hours worked                           | 90.337    | 201.000   | 251.750   |
| Occupational injury rate <sup>3</sup>  | 0         | 12        | 5         |

<sup>1</sup>Serious Injuries: Trapping in moving parts of machinery.  
<sup>2</sup>Minor injuries recorded in employees: muscular injuries, traumatisms, sprains, cut injuries.  
<sup>3</sup>Occupational injury rate: calculated based on the number of accidents over the hours worked per million hours.  
<sup>4</sup>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.



During 2024, there were 68 accidents resulting in injuries among employees at the different plants, a decrease compared to the previous year. This improvement is based on sustained training, monitoring, and incentivizing safe behavior throughout the year for all employees. The necessary training was provided according to the risk analyzed in each job, maintaining routine controls on staff behavior and general working conditions, and encouraging staff to monitor themselves by rewarding periods of time or processes without workplace accidents.

For 2025, we have set a target of reducing the rate by 5% compared to the base year.



# Training

In 2024, 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 Las Toscas employees, conducted by people specialized in the subject, as well as trainings on occupational hazards, including specific hazards in production areas.

There were also specific training sessions, such as chemical product handling, ergonomic risk, forklift handling, emergencies, and first aid, in accordance with the annual plan.

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, we conducted a total of 7,118 hours of training, with an average of approximately 6 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. They also participate in relevant training provided by the company.





# Local communities

GRI 3-3, 413-1



Actions aimed at community development are coordinated by the Institutional Relations team, which includes some members of the Sustainability Committee.

Through our Community Relations Program, we seek to coordinate our support initiatives with the communities surrounding our plants and other stakeholders, such as employees, maintaining a transparent and constant dialogue, in order to accomplish the goal of meeting their expectations and achieving 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 are proud to share and contribute to the development and wellbeing of communities, understanding them as an important part of the society in which we operate." Alan Leiser – COO.

## Initiatives of investment in the community

Some initiatives are generated within our facilities through internal planning. We also respond to requests that arise in answer to the specific needs of the communities where our plants are located.

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

Some of the actions implemented in 2024 were:



- Tree planting campaign in partnership with the Industrial Forestry Board.
- Fruit plants for each child born during the year (of employees) and in celebration of World Environment Day.
- Compost donation to neighboring sports institutions.



- Contribution to senior living homes
- Donation of flu vaccines for seniors
- Contribution to nursing homes for institution activities
- Electronic items to be recycled into consoles for children with oncological and terminal illnesses in Children's Hospitals
- Donations of paper and bottle lids for the Garrahan Hospital recycling program.



- Crust leather scraps and vegetable scraps for local craft workers, entrepreneurs, and educational institutions.
- School supplies as part of Arlei's "Feel Useful" campaign.
- Donations and other contributions to soup kitchens and food banks, firefighters, prison services, and other institutions.



# GRI content 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, 2024, using the GRI Standards as a reference.

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REPORTE DE  
**SUSTENTABILIDAD**

# 2024



**MUCH  
MORE**  
than  
leather

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