

SØRENSEN

CSR STRATEGY, SUSTAINABILITY STATEMENTS & UN GLOBAL GOALS



At Sørensen Leather, we pride ourselves in being at the forefront of our industry and in tune with the world. We are the source of some of the most high-end, sustainable leather in the world, with over 45 years of experience and expertise. We recognise the importance of our own responsibility towards society and the environment at large. Sustainability is intrinsic to our company, reflected in our initiatives that support the UN Global Goals on Sustainable Development.

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INTRODUCTION

Introduction

Sørensen Leather is a global brand with some of the most high-end, sought-after, sustainable leather in the world, with customers in more than 40 countries around the globe. Our reputation is based on over 45 years of experience in the industry, our top quality leather, personalised customer service and extensive professional knowledge.

Leather, by definition, is a sustainable material. So for us, sustainability is more than a priority – it's intrinsic to our way of thinking and working.

We take great pride in providing the best quality leather on the global market, as high quality is a cornerstone of our company. We act as sparing partners, offering insights and advice to architects, designers and the industry in general - from concept to completion. Also to ensure that the leather purchased is the most appropriate for each specific project.

Since Denmark doesn't have the capacity to produce its own leather, production is outsourced to our partners, who are mainly located in Europe. Given our high demands as to how leather should look and feel, our production partners produce leather according to our own specifications. Each leather producer specialises in a specific line of leather and we only choose producers that are the best in their area of expertise.

For us to be able to deliver the highest quality leather possible, we put a great deal of trust in our skilled partners and staff. We do so by continuously training and developing our staff and by only working with the best, most relevant producers. Furthermore, we always conduct internal quality tests on every single batch. We also put our leather through additional, more meticulous tests, conducted by our external partners at their laboratories.

Background

Sørensen Leather was founded by Arne Sørensen in the early 1970s. An entrepreneur who began his career in sales, Arne soon realized that there was a great need for a leather supplier in Denmark. He seized the opportunity, travelled to Germany to visit a leather producer and left the meeting with a job as their Danish agent. After working his way up the ranks gaining expertise all along the way, Arne went on to establish Arne Sørensen Leather. Since then, it has blossomed into a global brand known as Sørensen Leather run by the second generation of the Sørensen family, Arne's daughter Louise V. Sørensen, Partner & CEO, and his son Mads Sørensen, Partner & Sales Director.

Purpose

Leather is our passion. It's a natural material with an innate beauty that resonates with humans everywhere in the world. It's also a durable material which, with proper care and maintenance, can last for generations.

At Sørensen Leather, sustainability is a key, underlying factor that drives our ambitions and decisions. What's more, we are aligned with the United Nations Global Goals (UNGG), known as the Sustainable Development Goals (SDGs). Reflecting our commitment as a company with sustainable products and procedures that support a circular economy.

- **Why**
Our aim is to apply our experience to broaden people's knowledge of leather and its use, based on our position as a global provider of high quality, genuine, sustainable leather.
- **How**
We challenge, inspire and introduce new leather types and applications in a variety of creative collaborations and arenas, where the use of sustainable leather creates value - which we promote in our global brand communication.
- **What**
Armed with the highest level of competences and industry knowledge, Sørensen Leather is a global company with the resources and the ambition to be the best source of high quality, genuine, sustainable leather.

CSR STRATEGY

Introduction

According to the International Organization for Standardization providing guidelines for social responsibility (ISO 26000), corporate social responsibility (CSR) is defined as the accountability of an organisation concerning the impact of its actions and decisions at a societal and environmental level. This involves demonstrating transparent, ethical behaviours and protocols which contribute to a more sustainable development.

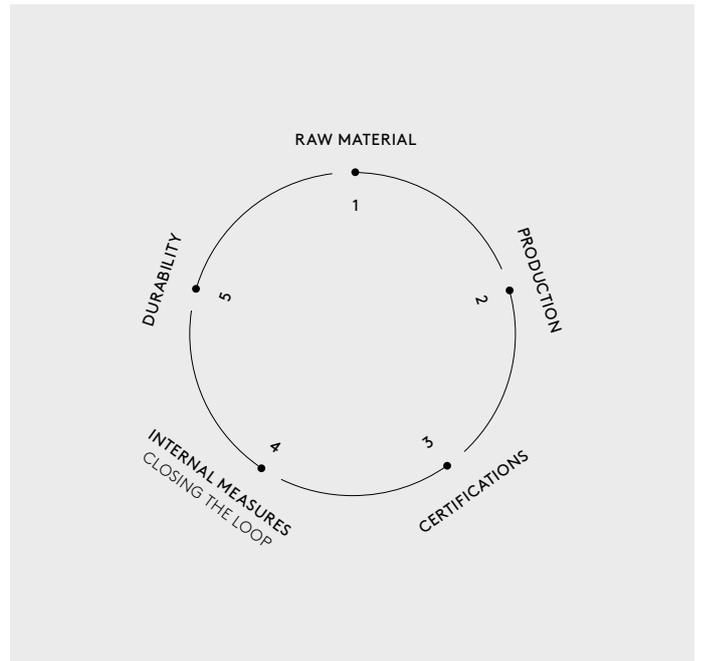
The overall aim of our CSR strategy is to minimise any negative impact on the environment by partnering with producers that comply with the strictest EU guidelines concerning resource consumption, water waste, chemical usage and working conditions. To have a positive influence on our partners in terms of their CSR actions, and to be the preferred employer among our staff based on our CSR practices that contribute to their wellbeing at work.

At Sørensen Leather, we recognise the importance of our own responsibility towards society and the environment at large. To that end, sustainability is a key factor that drives our decisions and ambitions. From our choice of raw material and the professionals we partner with to ensuring the highest quality leather so as to minimise waste. Along with numerous other initiatives that contribute to a circular economy.

Therefore, we developed our own sustainability statements that are aligned with the UN Global Goals (UNGG) on Sustainable Development, known as the Sustainable Development Goals (SDGs). The SDGs are a universal call to action intended as a "blueprint to achieve a better and more sustainable future for all."

SUSTAINABILITY STATEMENTS

Introduction



The UN Global Goals on Sustainable Development were adopted by all United Nations Member States as a universal call to action to protect the planet, end poverty and ensure that all people enjoy peace and prosperity by 2030. The SDGs are designed to be a "blueprint to achieve a better and more sustainable future for all." <https://www.globalgoals.org/>

Given the growing importance of sustainable practices and increase in demand for transparency from customers, we are keen on sharing what makes our leather a high quality, sustainable material. How we only partner with leather producers whose sustainable practices comply with the stringent requirements set forth by the European Union, which applies to both our European producers as well as our producers who sell to companies in Europe. From their responsible management of water and energy consumption to minimising waste and any use of chemicals to ensuring the wellbeing of staff and more. Including numerous internal measures that we have introduced in our warehouse and our own organisation that reflect our commitment to sustainability.

As a company at the forefront of our industry, in tune with market trends and responsive to the needs of customers, we have formulated our own Sustainability Statements, based on Priority Areas that we find most relevant to the lifecycle of leather. Including how our actions support the SDGs that pertain to our business most.

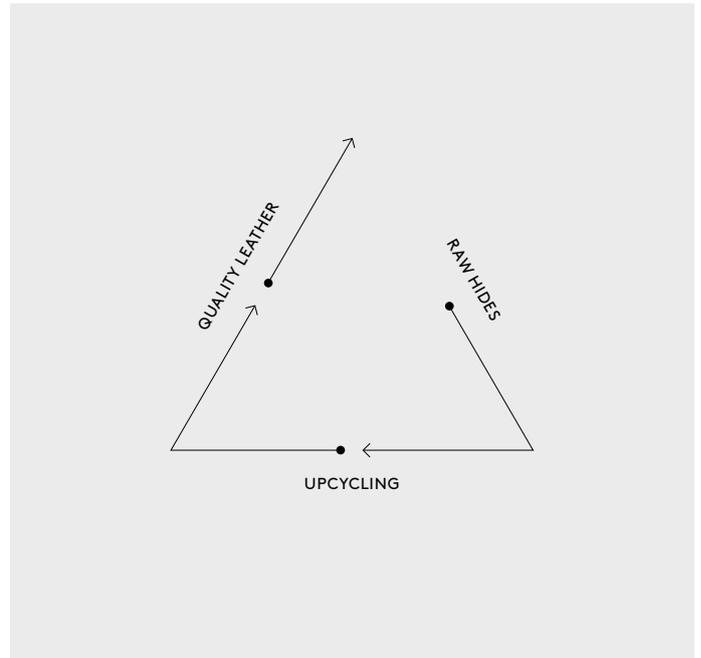
Our Sustainability Statements reflect our ongoing efforts as an eco-conscious company to help protect the planet. Our five Priority Areas are key focal points that represent the lifecycle of leather, from the raw material to the upcycled finished product. Highlighting

what makes leather a sustainable material, the importance we put on sustainability with our leather producers, our own role ensuring incomparable high quality, how our eco initiatives contribute to a circular economy and much more.

Each Sustainable Statement is connected to a SDG that we support, which we are committed to achieving, reflected in our own goal for each Priority Area.

1.

RAW MATERIAL



Sustainability Statement

Raw hides are a natural, circular material that's a by-product of the meat and dairy industry. Through upcycling, they are upgraded into leather.

Description

Raw hides are a natural, circular material that's a by-product of the meat and dairy industry. Through upcycling, they are upgraded into high quality leather for further use. In doing so, waste is reduced through recycling and reusing. If raw hides weren't transformed into leather, they would have to be disposed of by burying or burning, which would have a negative impact on the environment.

Understanding that leather is a by-product from the meat and dairy industry is key to understanding our business and our CSR initiatives. Leather is a natural material that comes from animals. The quality of the life they lived is reflected in the quality of their hide and the unique markings on the surface. Our ability to provide the finest leather possible starts with having the best raw material to begin with. To do so, we need to make sure that our producers treat the animals with the utmost respect throughout the duration of their life.

The ethical treatment of animals is of great importance to us.

To this end, we make sure that raw hides only come from approved abattoirs where the handling and treatment of cattle is in strict compliance with the standards governing animal welfare and hygiene. This is also why we only partner with the best producers and with people we trust professionally and ethically, who share our concern for the humane treatment of animals. For European producers and producers outside of the EU to be able to sell their leather to European companies, there are at least two very strict requirements concerning animal welfare which they must adhere to: the [EU Animal Welfare Strategy 2012-2015](#) and the [Council Directive 98/58/EC](#).

Our Goal

To create awareness that our leather is a natural by-product from the meat and dairy industry.

UN Global Goals

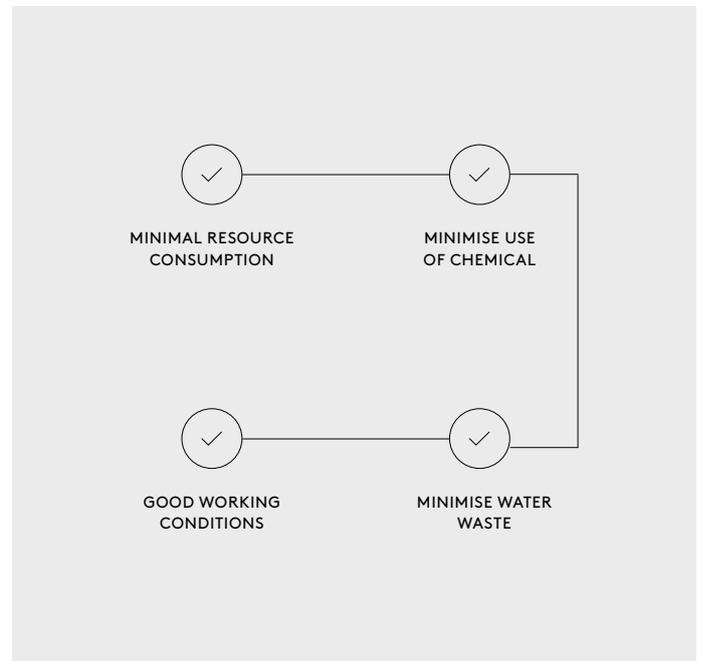


How we support the United Nation's Global Goals. SDG 12.

Leather is a circular material that supports a circular economy. By upcycling raw hides into sustainable, high-quality leather through the responsible production processes we outsource, we reduce waste. Furthermore, we contribute to the sustainable management of natural resources by keeping products and materials in use. This is aligned with the United Nation's Global Goal 12, which focuses on responsible consumption and production.

2.

PRODUCTION



Sustainability Statement

We outsource all our leather production to external partners, who comply with the highest industry standards to produce the highest quality leather.

Description

Our European production partners, as well as our producers that sell to companies in Europe, are obliged to comply with the strin-

gent requirements set forth by EU legislation. Industry regulations to minimise waste, the use of chemicals, water, energy and resource consumption, in addition to ensuring good working conditions, animal welfare and more. We only partner with professionals who adhere to the strict standards governing animal welfare. Because the quality of the life they lead is also reflected in the quality of their hide.

Our leather production is outsourced to external partners, who operate in accordance with the highest industry standards to produce the highest quality leather. Partners who comply with international regulations, which enforce strict guidelines to minimise the use of any chemicals. Our leather is produced under controlled conditions, with minimal water waste and resource consumption, as well as proper water purification. Managed by the producers, who also ensure good working conditions for their staff.

Production Partners

Because it is no longer possible to produce leather in Denmark, we choose the best independent producers with the highest standards as our production partners. While each producer has complete control over their production processes, both our European producers, as well as our producers that sell to companies in Europe, are obliged to comply with the stringent requirements and high standards set forth by EU legislation regarding animal welfare, water, energy and resource consumption, chemical usage, good working conditions, etc. These requirements are evaluated and updated on a regular basis. As a result, leather producers must stay on top of their game at all times, by continually researching and adopting alternative, more sustainable production processes. Given this ongoing process of updating requirements and the responsibility of producers to adhere to them, the resource consumption necessary for the tanning process is regulated and controlled at all times - in order to have as little a negative impact on the environment as possible.

For us at Sørensen Leather, knowing that we provide the best quality and most sustainable leather to our customers is something we are very proud of. To ensure this top quality, not only do we choose the best production partners in the industry, we also choose partners based on the type of leather they are best at producing. Producers who live up to strict EU guidelines in terms of leather production.

Together with our leather producers, we discuss in depth what we envision for each collection, including any particular qualities or specifications. The look and amount of leather available for use is influenced by the sorting process according to the quality it can provide. Before a piece of leather leaves the producer, it goes through many hands. This process is key for us in terms of quality control.

We only work with reliable partners we can count on to meet our high standards and fulfil our requirements, because they continuously deliver the high quality we demand from each and every hide.

Before we engage in a new partnership, we take the time to screen possible candidates by visiting them in person. In the screening stage, we have a variety of different factors that form our criteria for choosing partners. For example, we focus on a partner's ability to meet our requirements in terms of desired quality, quantity and delivery time. Their commitment to sustainability and gre-

ener production processes. Whether they have a similar philosophy and set of value in their organisation. And their compliance with the United Nations Global Compact (UNGC). These factors help us determine whether they would be a suitable partner and a good match.

Once we decide to engage in a partnership, our production partners are given two extra contracts with two different sets of standards that they must comply with. The first standard is REACH, the Registration, Evaluation, Authorisation and Restriction of Chemicals. They are considered the industry authority on providing the rules and guidelines for producers to minimise the use of chemicals in production processes.

The other standard is the UN Global Compact. When signed, it certifies that neither our production partners nor their suppliers work with child labour. It further states in detail the need to respect human rights, to have an environmentally-friendly approach, to encourage the development and adoption of environmentally-friendly technologies and to work against corruption.

Afterwards, there are three main ways in which we monitor our partners' actions and activities. Firstly, through scheduled and unscheduled inspections of their facilities - which they agree to upon signing our contract. Secondly, by keeping an open and continuous communication with them. Thirdly, by visiting their facilities often. As a result, we are in a better position to determine if they are indeed meeting our requirements and expectations.

There are a variety of environmental certification standards for leather producers to live up to, reflecting their shared commitment to help protect the planet. See our Appendix 2 for a list of the most relevant in the industry.

Chrome, Vegetable & Synthetic-Tanned Leather

As previously explained, tanning is the process that a cowhide goes through in order to be transformed and upcycled into leather. A process we outsource to producers.

At Sørensen Leather, we feature chrome, vegetable and synthetic-tanned leather. In this section, you can learn more about these three tanning methods, including each of their advantages and disadvantages.

Around 85% of all leather produced worldwide is chrome-tanned using Chrome III salts. Chrome-tanning has become increasingly more popular, not only because of the low costs associated with its production, but also because it is a rather quick tanning process.

Chrome-tanned leather uses chromium sulphates and other chromium salts, which are the active ingredients found in the tanning agent Chrome III. Chrome III is naturally found in the environment, in rocks, soil, plants and lava, and it can be found in every food group, such as meat, fish, eggs, wholegrain cereals and nuts, as well as several fruits and vegetables. Chrome III compounds are essential trace elements and are vital for humans to keep parts of their metabolism working. In fact, Chrome III is a natural element and in no way hazardous to human health or the environment. Regular quality control checks and random tests on our leather performed by external test institutes are an extra step we take to confirm that our leather is free from Chrome VI. It is important to highlight that the European

chromium III salts used for our leather production must live up to the highest EU standards.

We also provide vegetable-tanned leather, which corresponds to 10% of all leathers tanned worldwide. This process replaces chromium by soaking leather in a solution made of vegetable tannins, which come from plants and trees, such as oak, chestnut or mimosa.

Vegetable-tanning is a more complex and time-consuming method compared to chrome-tanning. The slow process and special skills associated with this production method have resulted in very few leather producers worldwide being able to produce this type of leather. Not only does this increase the price of the material, it also reduces the demand for it.

Finally, we work with synthetic-tanned leather, which only represents around 5% of all leather tanned on a global level. Our synthetic leather is tanned using glutaraldehyde, which is a chrome-free, artificially produced tanning agent. The chemicals used in the synthetic tanning of leather are approved according to REACH guidelines. Chromium is not used in the production process of synthetic-tanned leather, which can be particularly interesting for people who might suffer from chrome-related allergies. This type of leather is also particularly appealing to the car industry, where currently about 50% of car leather is synthetically tanned.

In terms of environmental impact, all tanning processes leave their own specific footprint. This makes it difficult to claim that one method is better than the other. Compared to vegetable-tanning, chrome and chrome-free tanning use much less water and energy in production. On the other hand, vegetable-tanning uses tanning agents from trees, bark and fallen fruit, which can make it more appealing for some. It is worth emphasising that one method is not better than the other. It is important to understand how each production process works and to make a decision based on what is most relevant for a company or project and the values they identify with most.

Water & Waste Management

Leather producers are responsible for complying with the proper protocols concerning water consumption, treatment and disposal, as well as waste management. All our producers, both European and those who sell to companies in Europe, must adhere to the high industry standards set forth by the EU.

Water is a component that plays a big role in leather production. It is used primarily in the tanning and dyeing processes, but also in some smaller steps along the way. For this reason, water supply and wastewater treatment represent the most important environmental concerns for the tanning industry.

Reducing the amount of water consumed per product unit has been a top environmental priority for producers over the years. Setting continuous improvement objectives aimed towards the development of water-efficient processes and water-recycling technologies has made this possible.

Approximately 95% of the water used by leather producers is subsequently discharged and then forwarded for purification. The wastewater from each of our producers must undergo a complete and very complex system of purification, involving very stringent guidelines, which the producers are responsible for complying

with. The remaining 5% represents water that either evaporates during the production process or the moisture content of waste for recycling and disposal.

To address the strict EU rules and regulations, most of our production partners already have their own water-treatment station at their facilities where they clean wastewater before disposing it. For those who don't, they dispose of their wastewater into a common water treatment facility that cleans water waste from a group of leather producers. This is a very good example of a successful inter-corporate collaboration that fosters environmental sustainability. Under all circumstances, every producer must comply with a rule that stipulates that the water that comes out of the production process must be as clean as the water that went into it to begin with. To make sure that producers meet these standards imposed by the EU, our partners are usually asked to conduct daily tests on the water to prove that they are abiding by these regulations. Unannounced inspections can also be expected, where external authorities check to ensure that producers are complying with the relevant regulations.

As for future developments, in addition to reducing the volume of wastewater discharges, producers are responsible for finding alternative sources of energy for not just the wastewater treatment process alone – but for every process throughout their entire production.

We are proud to say that our partners are committed to making a difference. Most of them are already working with renewable sources of energy. As an example, some of our partners have the capacity to produce their own energy by using a photovoltaic plant at their facilities. At the same time, they are continuously reducing the amount of water used in leather production.

Just like water plays a big role in leather production, so does waste management. Even though some waste is produced throughout the leather production process, it's worth noting that the majority of this waste can actually be re-purposed. In fact, only a very small portion of waste cannot be given a second life. As with wastewater that can be used after a proper purification process, re-purposing needs to take place under certain circumstances. That's why waste management plays a big role in leather production, where producers need to select companies specialised in waste disposal, whose aim is to either recycle or re-purpose their raw material waste.

For proper waste management, our partners primarily focus on one of these two scenarios: either they send their waste to specific companies that can transform it into biogas or they send their waste to specialised companies that can treat and transform it into organic fertilizer. It is very seldom that producers can handle these processes on their own. If their waste is transformed into biogas, they can then decide to sell it to external entities or use it internally at their facilities. Biogas can be used as a source of energy, heat or a combination of both. The organic fertilizer that originates from our producers' raw material waste will be sold to relevant third parties. Other industries interested in the waste from our producers are the medical and food industry, that can use waste to produce gelatine, glue or technical fats.

Our Goal

To evaluate all our producers according to social and environmental criteria during our annual visits.

UN Global Goals

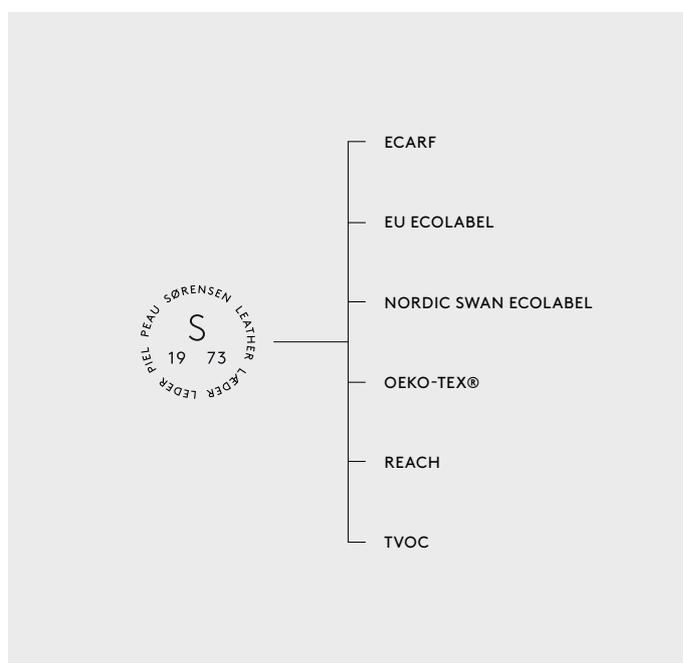


How we support the United Nation's Global Goals. SDGs 6 and 12.

Sørensen Leather is committed to supporting SDGs 6 and 12 throughout production. We do so by helping to minimise any impact on human health and the environment by choosing production partners who ensure that our leather is properly produced in compliance with industry standards worldwide. Reducing chemical emissions to air, water and soil, while at the same time, increasing the safe recycling of wastewater and ensuring good working conditions.

3.

CERTIFICATIONS



Sustainability Statement

We collaborate with independent test institutes and certification authorities to ensure that our producers meet the strict guidelines for sustainable production.

Description

Sørensen Leather features collections that have been awarded a variety of industry certifications. We collaborate with diverse, independent test institutes and certification authorities to ensure that our producers meet their strict guidelines for sustainable production. Different certifications focus on different criteria to fulfil, from specific phases of production to sustainable practices to every link in the lifecycle of leather.

We are proud to offer collections boasting some of the industry's most well-respected certifications. Given the growing demands for a greener profile and environmental certifications, we are continuously researching new certificates with sustainability as a guiding factor.

One of the advantages of working with certification authorities is that they are evaluating and updating their requirements on an ongoing basis based on the newest knowledge and developments in the industry. This gives us an increased awareness as to what we should expect and require from our partners in terms of sustainable production. Knowing the requirements from certification authorities makes it an imperative for our partners to find new, even more environmentally-friendly ways to produce leather.

We always want to be at the forefront in our industry to offer collections with relevant certificates. Since different customers and markets have different needs, we have taken a differentiation strategy to cover a variety of needs, reflected in our diverse range of leather certifications.

REACH

All our Sørensen Leather collections comply with the EU standards and regulations established by REACH. According to EU regulations, all parties working with chemical substances must gather the most up-to-date information about any chemicals used in production processes. If companies have no information on the chemicals, they are not allowed to sell such products. To ensure the compliance of our partners, we have them sign a document twice a year confirming their adherence to the newest REACH regulations.

Nordic Swan Ecolabel & the EU Ecolabel



Our DUNES® collection has received the Nordic Swan Ecolabel, verifying that it meets strict environmental guidelines as to the use of energy and resources. The pre-requisites for certification encompass a vast range of criteria throughout the entire production process, from the choice of raw materials, minimal use of hazardous chemicals, water and energy consumption to proper waste disposal. Including other factors, such as complying with rigorous standards regarding health, safety and human resource management.

Additionally, as a result of meeting a separate set of criteria, DUNES® can be specified as one of the components as part of the certification process for a design to be awarded the EU Ecolabel (EU Blomst in Danish). Both are highly-respected certifications verifying that a product meets their rigorous requirements to reduce the overall impact from production and resource consumption. Boasting stringent standards beyond the typical legislation, they proactively encourage production processes that value people and the planet.

OEKO-TEX®

The LEATHER STANDARD by OEKO-TEX® certification is a scientifically-founded, worldwide testing and certification system for leather that covers all stages of production. Based on international test standards and other recognised test processes, the certification involves around 100 test parameters, including numerous environmentally-relevant substances and chemicals harmful to the health. The more intensively an article comes into contact with the skin, the stricter the human-ecological requirements it must fulfil. Our NOIR/NOIR+, SPECTRUM and SAVANNE® collections are OEKO-TEX® certified.

ECARF



ECARF certification is granted when a product fulfils specific quality requirements set forth by the European Centre for Allergy Research Foundation, which verifies that a product can be used by consumers suffering from allergies, without triggering an allergic reaction. The ECARF Foundation, the organisation behind the certificate, refers to an independent, qualified advisory board for the evaluation criteria from a scientific perspective. Products certified with the ECARF label live up to high-quality standards and contribute to the wellbeing of consumers with allergies worldwide. Additionally, allergy-friendly products promote a responsible use of resources and encourage sustainable production. Our PURE collection is ECARF certified, guaranteeing that it is suitable for people with allergies.

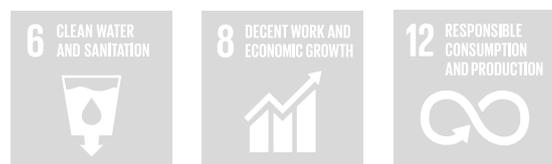
TVOC - Total Volatile Organic Compounds

Testing for a TVOC certificate involves a special procedure that accurately assesses the amount of emissions and other factors as to their effect on air quality. Part of TVOC's protocol is to meticulously measure substances emitted from materials in a special climate chamber, under controlled conditions. A TVOC certificate guarantees that no harmful emissions are released into the atmosphere, thus contributing to a healthy indoor atmosphere. An extra appealing attribute of NUANCE, ULTRA and DUNES®, our TVOC certified collections.

Our goal

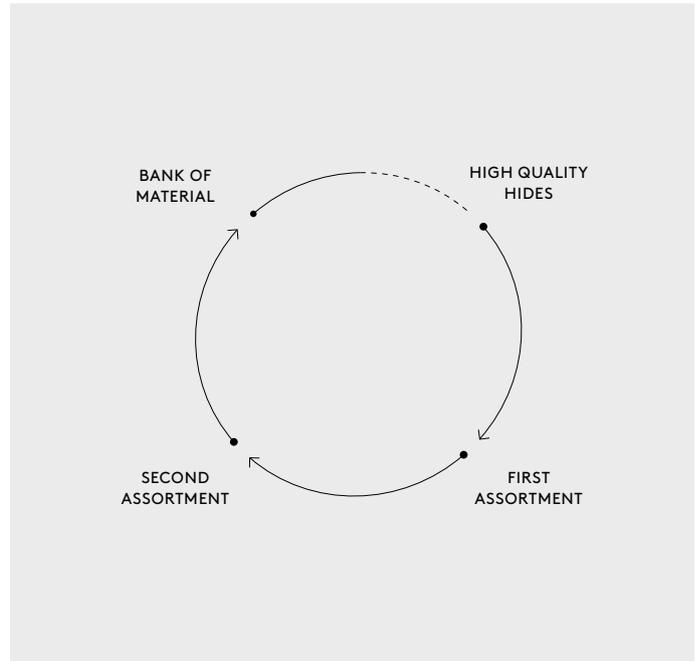
To have as much as 50% of our collections certified by 2025.

UN Global Goals



How we support the United Nation's Global Goals. SDGs 6, 8 and 12.

By offering leather collections that have been awarded these industry certifications, we are actively supporting the United Nation's Global Goals 6, 8 and 12. As a consumer, you are assured that our leather is produced with a minimal use of chemicals and water waste. That our production partners promote a safe working environment. And that emissions to air, water and soil are substantially reduced to minimise any adverse effects on human health and the environment.



Sustainability Statement

Each hide goes through our extensive quality controls. We recycle leftovers to third parties in keeping with our policy that every hide is used. All internal activities involve the sustainable management of resources.

Description

Each hide must go through our extensive quality controls, where we assess, evaluate and select our leather. Hides that don't meet our high standards are sold as second assortment to third parties. We also use them in the production of marketing materials. Additionally, we sponsor Bank of Materials (BOM) with leather remnants, which are used for educational purposes. Consequently, every single piece of leather from us is used, thus minimising any leather waste. Furthermore, we have an array of other procedures in place that involve recycling, reducing waste and responsibly managing resources.

Providing the best and most sustainable leather all starts with high quality, which is of paramount importance to us. A value at the forefront of everyone's mind, from each process of production with our partners and external checks at labs to our in-house quality control checks, sales, staff and customer service.

Of course, the higher the quality of leather, the more likely it will be upcycled for use for furniture, product design and a range of creative sectors. There are various factors that contribute to the quality of leather, beginning with the raw material. Each hide is unique, depending on the quality of life lived by the cow, which will result in unique variations in the look, feel and quality of the raw material.

To make sure that we only deliver the highest quality leather possible, we put it through rigorous quality control tests. Every single batch goes through a diverse series of internal tests to check the colour calibration, comfort, thickness, shine, look, durability

ty and more. Every single hide is checked by our highly-skilled in-house experts, who go to great lengths to evaluate every aspect of a hide. They are the first ones to spot the most discrete details, such as a subtle variation on the surface, a glitch in a glossy finish or a millimetre difference in measurement. Once the hides have been through this extensive internal quality control, they will be further checked upon export while packing a customer's order to make sure the leather meets the particular requirements and any special requests.

In addition to these assessments, our leather is regularly sent out to various external laboratories, where our partners perform extensive procedures to check colour fastness to-and-from rubbing, tear load, colour fastness to artificial light, dry finish adhesion and flex resistance.

At Sørensen Leather, we have various practices in place to ensure that every single hide is used. Depending on the type of project, leather should meet certain criteria, otherwise it will serve another purpose. If a hide doesn't live up to our high standards during our internal quality controls, we pursue a variety of options. It can be sold as second assortment to third parties. It can be used for the production of our own line of accessories or we can use it to sponsor our valued partners, such as Bank of Materials (BOM). BOM connects makers with materials and provides opportunities for our leather remnants to be used for educational purposes by students and other creatives. They are all steps we take to re-cycle and re-purpose our leather and thus minimise any leather waste. We call this closing the loop with Sørensen Leather.

Regarding the environment, we have taken extra initiatives to minimise any negative impact. By switching to a greener energy supplier, we have reduced our environmental footprint to zero, because we buy "leftover energy" from other industries. Furthermore, the material we use to pack our orders is 100% recyclable. We also have recycling containers to sort our paper and cardboard, as well as small combustible waste.

Different measures have also been taken at our warehouse to ensure that we have as little waste as possible. By working with The European Pallet Association (EPAL), no pallet goes to waste. Every time we receive a new EPAL pallet, we give one back in return. Since EPAL products can be found almost everywhere, it's quite an efficient exchange system. Occasionally, we also receive single-use pallets at the warehouse. Instead of disposing of them after one use, we reuse them until they no longer serve their purpose. We are proud to say that it has been a few years since we have purchased new pallets. As for the "horses" used for leather storage, we have implemented a successful return system, where a fee is paid every time a "horse" is sent out, which is then credited upon its return to our warehouse. All these measures are part of our efforts to stay in the circular loops.

Our Goal

To achieve zero waste in our internal procedures by 2022.

UN Global Goals

How we support the United Nation's Global Goals. SDG 12.

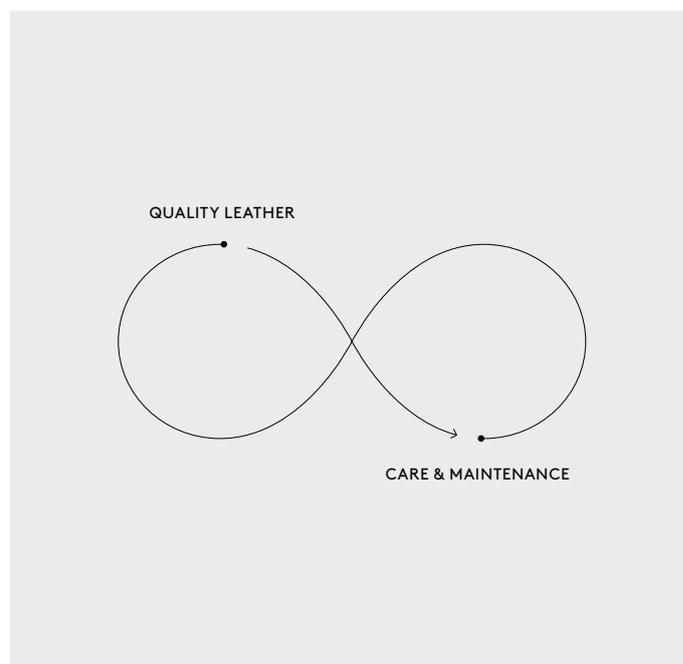


The extensive internal quality checks of all our hides involves the efficient management and consumption of natural resources. Our pallet exchange system, use of recycled packaging, green energy supplier and other internal practices mentioned above all contribute to a circular economy. In addition, it is also our policy to ensure that

all hides are used, which minimises any leather waste. By re-purposing leather ourselves and sponsoring the recycling of leather with our partners, we are keeping the material in use and further contributing to the sustainable management of natural resources. We call it closing the loop with Sørensen Leather, and it is how we support the United Nation's Global Goal 12.

5.

DURABILITY



Sustainability Statement

By definition, leather is a sustainable material because it is durable and long-lasting. A natural, upcyclable material that increases in appeal as it ages with grace.

Description

Leather is one of the most durable, natural materials used for furniture, product design and other creative sectors. High-quality, high-end leather can last for generations. Proper care and maintenance will help keep the attributes of each leather intact, prolonging the durability of leather even more. A material that's also appreciated for growing old with grace.

The very nature of leather as durable and long lasting makes it a sustainable material. Especially given leather's ability to stand the test of time without significant deterioration in quality or value. Unlike other such fabrics, leather will not only retain its value, it often increases in appeal as it ages with grace. With use and exposure to light, a beautiful patina will emerge, which adds character to the leather and the design. In fact, maintenance will prolong the durability even more. If properly taken care of, high-end, high quality leather like ours will last for generations.

Leather can be upcycled, recycled and re-purposed into another design, therefore prolonging the life of leather even further and contributing to a circular economy. Since raw hides are a by-product from the meat and dairy industry that we upcycle into high-quality leather, we are already reducing waste and pollution. Providing sustainable leather, which is then used for a vast

variety of designs and interiors in countless scenarios around the world. Furthermore, by keeping products and materials in use, we are reducing any negative impact on the environment.

At Sørensen Leather, our goal is to provide sustainable, high quality leather that supports a circular economy. We stay in the circular loop with a product that, by definition, is durable and long lasting. A natural material that, with proper care and maintenance, can last lifetimes.

Our Goal

To ensure high quality, sustainable leather that is long lasting, which minimises waste and supports a circular economy by staying in the circular loop.

UN Global Goals



How we support the United Nation's Global Goals. SDG 12.

Sørensen Leather is the exclusive source of some of the most high-end, sustainable leather in the world. Our leather is high quality, durable and able to last for generations to come, thus minimising any waste through prevention. By providing a more durable product to begin with that is upcycled, re-purposed and then recycled through the partners we sponsor, we reduce the use of natural resources. This is how we are committed to supporting the United Nation's Global Goal 12.

SUSTAINABLE GOALS

Social Aspects - Internal

At Sørensen Leather, we see every member of our staff as important and a contributing factor to our positive results as a company. An openness to diversity is key for our global business, as different ways of thinking help in better servicing our international customers. We have values, goals and high ethical standards that involve the integrity and professionalism of our staff. We actively support their success and provide a healthy work environment where they can thrive with opportunities to grow. The social environment and feeling part of a team is a vital for us. We encourage a positive atmosphere, where everyone respects each other. And where everyone feels equally valuable.

Employer of Choice

Clearly our employees are one of the keys to our success. They help us stay aligned with our vision and competitive on a global level. As a result, we focus a lot of our efforts on attracting, developing and retaining the most qualified, competitive and innovative employees in the industry. In return, they can expect an attractive workplace, with a healthy, flexible and productive work environment, where they can engage in a challenging career and enjoy a healthy balance between work and personal life.

Employee Development

We have an HR philosophy that encourages a learning and knowledge-sharing culture to foster innovative thinking and career development. Whenever possible, we try to help our staff get closer to reaching their full potential and high-performance goals. This will contribute to a personal sense of success, which will help us continue to prosper as a company. To this end, a lot of our resources are invested in the on-going training and further education of our staff.

We do so not only for them to develop their skills, but also so they can become even better employees, better brand ambassadors and provide the best service to our customers.

Work Environment

One of our priorities as a company is to create a physical and psychological work environment where our employees can thrive, without any risk of physical or emotional harm.

According to Danish law, we need to have an Arbejdspladsvurdering (APV), where both employees and leadership are involved in the process. The goal is to evaluate our workplace on a physical and psychological level. Based on their constructive feedback, the leadership develops a plan with a course of action that includes making the necessary changes so that we can provide an even better workplace. Research shows that the majority of the companies who conduct this internal analysis and make the necessary changes end up with a better work environment than before the analysis. A good work atmosphere can help increase motivation, decrease the amount of sick days per year and enhance overall productivity. At our company, sick days are at a very low 2% per year, which is a good indicator of high engagement, motivation and dedication.

When new members of our staff start working at Sørensen Leather, they are given an on-board plan where mutual needs and expectations are discussed. They go on a tour of the company to familiarise themselves with other departments and to see how they operate. As their tasks and areas of responsibility get better defined, they have the chance to get to know our culture and start integrating with our company. Our goal is for new employees to know the company, the culture and other members of the staff, and feel motivated to perform at their best. Throughout the year, we have employee development meetings where performance and future plans are discussed.

The social environment and the feeling of being part of a team is very important at Sørensen Leather. We encourage a positive atmosphere where everyone respects and supports each other. And where everyone feels equally valuable.

Social Aspects - External

Our CSR wouldn't be complete without our efforts to give back to society and, at the same time, inspire the next generation. We donate funds to several worthy causes that foster a safe environment for orphans and children in disadvantaged situations, with educational opportunities that will help them have a better future to look forward to. We also offer internships to students and share our knowledge about leather at schools to educate students and faculty alike.

SOS Children's Villages (SOS Børnebyer)

SOS Children's Villages is an organisation working with the long-term development of orphans and vulnerable children in their designated villages worldwide. Their mission is to provide "a loving home for every child" by giving children a caring childhood with a safe family and access to an education. They believe that growing up with a loving family and receiving an education will give these children a better chance of living a healthy, independent life once they are old enough to leave these villages. By supporting SOS

Children's Villages, we are assigned a specific child who we are accountable for. Our donation funds our child's education, living and health expenses, and it provides a salary for the "care-mothers" working at SOS Children's Villages. Our support helps to safeguard vulnerable children from being alone or at risk and helps the family as well as the social development of the specific community. We receive regular updates from the child we support, with a picture and a letter telling us about their life at their village. This allows us to follow how our child is developing and how our support is making a difference.

Children's Rights (Børns Vilkår)

On a more local level, we want to ensure that children in Denmark have a good and healthy upbringing, which is why we chose to support Børns Vilkår. This is a private, humanitarian organisation with the resources to support and give anonymous professional advice to children and youth at risk. These children may be experiencing bullying, grief, divorce or violence in their surroundings. Børns Vilkår's goal is to make sure that no child in Denmark has to suffer being abandoned, betrayed or forsaken by our society.

Børnelejren på Langeland

Børnelejren på Langeland is a non-profit, volunteer-based organisation whose objective is to send children living in disadvantaged conditions on a well-deserved weekend experience out in the nature in South Langeland. Sadly, we all know about children living in a disadvantaged situation, either because they are handicapped, come from a poor family, are bullied, chronically ill, orphans, victims of violence or divorce. Denmark is unfortunately no exception, and we find children living in these situations around our communities. Børnelejren på Langeland's intention is to help as many children as they can. To do so, they rely on funding from private people and organisations that help them cover the costs of these weekends, maintenance costs and salaries whenever appropriate. Our support allows the organisation to take care of administrative costs and to keep on hiring relevant people, so that ultimately, they can continue to help as many children as possible.

Inspiring Students

What's more, we take initiatives to engage with the next generation of workforce. On one level, we work with internships, which means students from different educational backgrounds have the opportunity to come and work at Sørensen Leather. While they benefit from a hands-on learning experience, we also benefit from them bringing fresh, new ideas into our company. On another level, one of our Sales Managers teaches at VIA University College and Skive Tekniske Skole, where he shares his in-depth knowledge and experience working with leather. It's also where he acts as an advisory partner on the subject of leather—for students and especially other lecturers at the University. Consequently, he can spread his knowledge of leather, different ways leather can be used, and in turn, be inspired by new, creative ideas and applications for leather.

Credit AAA Certification

Sørensen Leather has achieved a AAA credit rating for several years in succession. Certified by Soliditet A/S, it is the highest credit ranking possible for a Nordic-based company. A credit rating system is a very useful tool that helps companies making safe,

profitable decisions and avoid potential credit losses. Looking into our AAA certificate, our partners can easily see that we have a solid financial standing and that over the years, we have continuously met our payment obligations. Soliditet's credit rating system is a well-known expert model that is based on specialised experience within credit allowances. The system is updated on an on-going basis with rating statistics and other relevant information, which attest to its accuracy. We see this high credit rating as relevant to our CSR profile, demonstrating that we are a company that takes its responsibilities seriously.

SUMMARY

At Sørensen Leather, we recognise the importance of our own responsibility towards society and the environment at large. Our CSR Strategy reflects our corporate commitment concerning the impact of our actions and decisions at a societal and environmental level.

We are aligned with the United Nations Global Goals (UNGG) / Sustainable Development Goals (SDGs) most relevant to our industry, as part of our efforts to protect the planet and the people who inhabit it. Leather is a sustainable material because it is upcycled from raw hides, thus minimising waste and contributing to a circular economy. It is a natural, durable, long-lasting material that resonates with people everywhere around the world.

Sustainability is a key factor that drives our ambitions and decisions, reflected in a variety of initiative with the overall goal of minimising any negative impact on the environment. We only partner with producers that comply with the strictest EU guidelines concerning resource consumption, water waste, chemical usage and working conditions.

To capture our stance on sustainability, we have formulated our own Sustainability Statements, based on Priority Areas representing highlights from the lifecycle of leather that pertain to our company:

- 1. Raw Material** — We are able to provide the finest leather possible because it starts with having the best raw material to begin with. Raw hides are a natural, circular material that's a by-product of the meat and dairy industry. Through upcycling, they are upgraded into leather. Our goal: To create awareness that our leather is a natural by-product from the meat and dairy industry. Supporting SDG 12.
- 2. Production** — We outsource all our leather production to external partners, who comply with the highest industry standards to produce the highest quality leather. Our goal: To evaluate all our producers according to social and environmental criteria during our annual visits. Supporting SDGs 6 and 12.
- 3. Certifications** — We collaborate with diverse, independent test institutes and certification authorities to ensure that our producers meet the strict guidelines for sustainable production. Our goal: To have as much as 50% of our collections certified by 2025. Supporting SDGs 6, 8 and 12.
- 4. Internal measures** — Each hide goes through our extensive quality controls involving the sustainable management of

resources. We recycle leftovers to third parties in keeping with our policy that every hide is used. Our goal: To achieve zero waste in our internal procedures by 2022. Supporting SDG 12.

5. **Durability** – By definition, leather is a sustainable material because it is durable and long-lasting. A natural, upcyclable material that increases in appeal as it ages with grace. Our goal: To ensure high quality, long-lasting leather, which supports a circular economy by staying in the circular loop. Supporting SDG 12.

What's more, we have internal sustainable goals as a responsible employer that is open to diversity and supportive of the wellbeing of our staff. As well as external sustainable goals involving our contribution to a variety of charities. Including our role inspiring the next generation to explore the creative possibilities of leather.

We continue to seek sustainable solutions and hope to encourage other companies in our industry, as well as our production partners, to invest in more CSR initiatives and production practices that are socially and environmentally friendly.

For further information about our CSR and sustainable initiatives, you are welcome to contact us at info@sorensenleather.com

APPENDIXES

Appendix 1

United Nations Global Compact (UNGC)

At Sørensen Leather, we act according to the 10 principles presented on the United Nation's Global Compact Initiative:

Human rights

1. Businesses should support and respect the protection of internationally proclaimed human rights
2. Make sure that businesses are not complicit in human rights abuses
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Labour

4. Elimination of all sources of forced and compulsory labour
5. Effective abolition of child labour
6. Elimination of discrimination in respect of employment and occupation

Environment

7. Businesses should support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility
9. Encourage the development and diffusion of environmentally friendly technologies

Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery

Appendix 2

Environmental Standards for Leather Production

As a company, we want our actions to have as little an impact in the environment as possible. To achieve this, it is crucial that our production partners have a similar commitment to sustainable and responsible production practices. Here is an overview of the most relevant, well-respected standards and certificates in the industry.

REACH

REACH is the European Community Regulation on chemicals and their safe use, encompassing the registration, evaluation, authorization and restriction of chemical substances. The aim of REACH is to improve the protection of human health and the environment from the risks of hazardous chemicals. All leather producers working with EU companies are obliged to comply with REACH, which limits and minimises the use of chemicals in finished products, in strict compliance with the European Candidate list of Substances of Very High Concern (SVHC), which is continuously updated on an ongoing basis. All our Sørensen Leather collections are [REACH](#) compliant.

The ISO 9001– Quality Management System

The ISO 9001– Quality Management System is an international set of standards that emphasises a company’s commitment to improving the quality of their products and services, and continuously meeting the different requests set by their various stakeholders. Having production partners certified with ISO 9001 reassures us that not only do they have our best interests in mind, but also that they run an efficient business.

www.iso9001.com

ISO 50001 – Energy Management System

Energy management systems help our partners with practical ways to improve their energy consumption. Meeting this international standard demonstrates our partners’ commitment to addressing their impact, conserving resources and to improving their bottom line through efficient energy.

www.iso.org/iso-50001-energy-management.html

ISO 14001 – Environmental Management System

This standard establishes a framework for a leather producer to follow in order to set up an effective environmental management system. It provides producers with the practical tools to manage their environmental responsibilities and to improve their environmental performance.

www.iso.org/iso-14001-environmental-management.html

Leather Working Group Certificate

The Leather Working Group (LWG) is a non-profit organisation promoting sustainable and environmental business practices. Their certificate is very holistic, focusing on different areas such as traceability, restricted substances, energy and water consumption, waste management or effluent treatment. LWG members are audited frequently to assess their environmental compliance and performance.

www.leatherworkinggroup.com

Blue Angel – The German Ecolabel

The Blue Angel (BA) certificate sets standards for environmentally friendly, healthy and durable products and serves as a reliable guide for a more sustainable consumption. The BA certificate proves compliance with strict environmental standards that cover the entire manufacturing process, also focusing on the usage of materials that do not place a big burden on the environment, reduced emissions from wastewater and air. Including social aspects, such as employee working conditions during production. All BA certified products are tested to ensure that there are no harmful substances in the end-product.

www.blauer-engel.de/en

ECO2L Certificate – Energy Controlled Leather

ECO2L is the world’s first label focusing on energy efficiency and CO2 emissions of a leather producer. It does so by providing a calculation and auditing model to determine the energy efficiency and CO2 emissions of a producer. The ECO2L label demonstrates our partners’ focus on climate protection and sustainable leather production practices.

www.eco2l-leather.com/en/guideline

