



CRAFTED FROM NATURE. MADE TO LAST.

Sustainability Report 2025

BADER

Sustainability Report 2025

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Statement of our Management

As a leading manufacturer of premium leather for the automotive industry, we are committed to a global presence, to responding flexibly to market fluctuations and to pursuing visionary and sustainable innovations for our leather products.



In 2025, BADER continued to make clear progress in advancing its sustainability efforts across all areas of the business. The year was shaped by developments in climate action, circular economy, and social responsibility, which remain key elements of our long-term strategy.

A key milestone was the completion of our Double Materiality Assessment in preparation for the Corporate Sustainability Reporting Directive (CSRD). This process provided a clearer understanding of our most relevant impacts and supports the further integration of sustainability into our business decisions, ensuring a more structured and transparent approach going forward.

We also made further progress in our energy transition. In 2025, we reached 100% renewable electricity in Poland and Uruguay, and further expanded our photovoltaic systems in Mexico. These measures contribute to reducing our environmental footprint and support our long-term emission-reduction targets. At the same time, improving energy efficiency remains a continuous focus across all production sites.

In parallel, we continued to implement practical circular

solutions. Projects such as the recycling of foam cut-offs in Uruguay and the development of GRETA pro demonstrate how materials can be reused in new applications. The use of leather-based insulation material "CALOR" in construction projects further illustrates how circular approaches can extend beyond our core production processes.

Our activities were also recognized externally. Awards such as "Amigos del Planeta" in Mexico, as well as several recognitions in China, reflect the impact of our initiatives at a local level and the strength of our partnerships.

Another step in 2025 was our participation in the Hive AI Campus in Göppingen, Germany, creating opportunities for collaboration and the exploration of new technologies that may support future developments.

Sustainability remains a continuous process. We will continue to focus on implementing concrete measures, further integrating sustainability into our operations, and creating long-term value for our employees, customers, and society.

We hope you enjoy reading this report.

Yours sincerely,



Thomas Bader Lothar Bauhofer



Matthias Kröhn Marcus Röhling Steffen Straub

Our Mission is based on a passion for sustainability and a profound appreciation for the value of leather and craftsmanship. We are driven by a passion to protect our environment, utilizing ethically sourced materials and eco-friendly practices through our supply chain.

We aim to inspire conscious consumerism where durability and quality triumph over short lasting materials and to empower individuals to be part of a sustainable movement. BADER stands for unwavering commitment in excellent craftsmanship and relentless pursuit of sustainability in the automotive Industry.

MISSION

Crafted from Nature

VISION

Made to Last

Our Vision is to be a guiding light in the realm of sustainability and craftsmanship, illuminating a path towards a better, more conscious world. We aspire to be the leading force in redefining the way leather is valued and implemented by showcasing its sustainable and circular qualities and encouraging mindful consumption.

Together we strive to create a movement showcasing the exceptional value of leather, as a natural residual material, treasured for generations to come.



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Highlights 2025

January

Transition to 100% renewable electricity in Poland and Uruguay

100%
renewable
electricity

March

Completion of the Double Materiality Assessment in preparation for the Corporate Sustainability Reporting Directive (CSRD)

Further expansion of the photovoltaic system in Mexico

SA8000 Certification for BADER China



May June

Recycling of foam cut-offs in Uruguay, enabling their reuse in mattress and pillow production

Recognition by the local government with the "Amigos del Planeta" award for a project reducing environmental impact in Mexico

Development of GRETA pro, a biodegradable plant pot





September October

Participation in the opening of the Hive AI Campus in Göppingen, a collaborative innovation space focused on artificial intelligence and cross-industry cooperation

Circular Economy Award by the German Chamber of Commerce in China



November

In China, the Kunlun Youth Initiative received dual recognition for its contribution to education and sustainable development

Long-Term Sustainable Partnership Award from Volvo in China



December

Recognition for Excellence in Environmental, Social & Governance (ESG) Projects of German Companies in Dalian, China

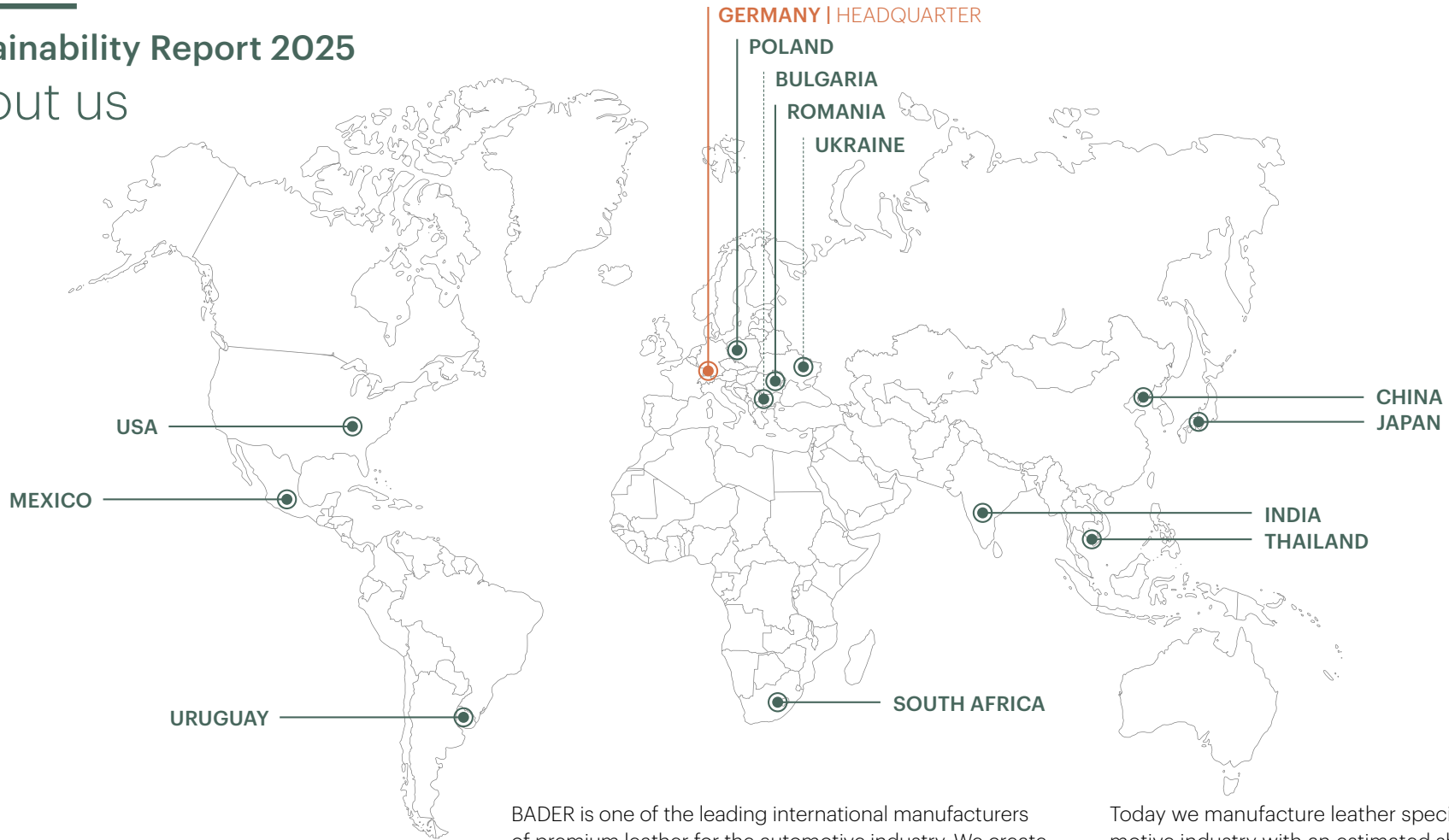
Jiangsu Provincial Green Factory Award in Nantong, China

Use of leather-based insulation material 'CALOR' in a large-scale construction project in Basel



Sustainability Report 2025

About us



BADER is one of the leading international manufacturers of premium leather for the automotive industry. We create automotive solutions for every area of application and every type of vehicle – from leather finishing and customized cutting to finished upholstery. BADER's exclusive leathers shape mobile living spaces – as seat covers, armrests, steering wheels, door trims, instrument panels, gearshift knobs or boots.

Today we manufacture leather specifically for the automotive industry with an estimated share of the global market of 20–25%. BADER supplies all major automotive markets from local production sites in eleven countries and through an international supplier and logistics network. Worldwide, we produced 10,900 leather hides as well as seat covers for 3,341 vehicles every day in 2025.



Sustainability Report 2025

About this Report

The material Sustainable Development Goals (SDGs) for BADER



BADER is a signatory to the ► **United Nations Global Compact (UN Global Compact 2026)** and is committed to up-holding its Ten Principles concerning human rights, labor standards, environment and anti-corruption practices as well as the 17 Sustainable Development Goals (SDGs) of the ► **2030 Agenda for Sustainable Development (UN 2018)**. The Global Compact Principles act as a “compass” to help point the way and the SDGs as a “lighthouse” for orientation.

To meet the challenges of sustainable development, companies are asked to contribute their creativity and innovation and to act in a responsible and targeted manner within their own sphere of influence. To this end, we are embedding the Global Compact Principles and the SDGs into our strategy, policies and procedures, culture and ultimately our day-to-day business.

To determine the specific topics that we can really get behind, BADER has assessed the 17 SDGs for relevance and influence. In so doing, we have taken into account the societal and environmental effects of production processes and end-products as well as our ability to influence change. The 12 goals over which we have particular influence are highlighted in the figure above. They are listed numerically and do not correspond to any evaluative ranking. Our sustainability report provides more details on the SDGs that we consider essential. This is our ninth annual report since 2017 covering the reporting period for the 2025 calendar year (January 1 to December 31).

This sustainability report links BADER's activities to the Global Compact Principles and SDGs and assesses our contribution in the relevant areas. We have structured the report using the ► **3P concept (Elkington 1994)**, which describes the three dimensions of sustainability: product (economy), planet (environment) and people (society). We have added partnering (cooperation) to these three dimensions as it is only by working together with our customers, suppliers and other interest groups that we can achieve the SDGs holistically across the entire value chain. Sustainable management forms the basis of our commitment in these four areas. The structure underlying the sustainability report and how it links with the SDGs is shown in the figure below. The goals and the Global Compact Principles that are addressed by our sustainability activities are also indicated on the title page of each chapter.

Structure of the sustainability report and link to the UN goals

Product

Economic Responsibility

Sustainable Product / Research and Development

People

Social Responsibility

Social Engagement / Occupational Health and Safety / Employee Structure and Development

Sustainable Management

Sustainable Strategy / Policies and Compliance / Certifications

Planet

Environmental Responsibility

Resources / Chemicals / Water and Wastewater / Energy / Emissions

Partnering

Shared Responsibility

Sustainable Supply Chain / Animal Welfare and Traceability



Sustainable Management

Sustainable management integrates social and environmental concerns into business operations. BADER has embedded sustainable management into its strategy, goals, policies and code of conduct and has put in place structures and management systems to enable continuous assessment and improvement. The activities described in this chapter address the Global Compact Principle shown below.

Principle 10: Work against corruption

- ▶ **Sustainability Strategy**
- ▶ **Policies and Compliance**
- ▶ **Certifications**

B



Sustainable Management

Sustainability Strategy

Sustainable management serves to secure the long-term survival of our company and requires company commitment at all levels. In 2010, we formed our **Competence Center Sustainability (CCS)**, comprising a dedicated interdepartmental and cross-plant team. Since then, it has been responsible for initiating and implementing our sustainability strategies and goals under the leadership of the executive board.

Our CCS team

Board of Management	Business units
<ul style="list-style-type: none"> • Executive board • Site managers 	<ul style="list-style-type: none"> • Human resources • Technical Purchasing • Hide procurement (Animal welfare) • Integrated management • Sales • Research & Development • Supply Chain Management (SCM)



Our **business strategy** is based on a holistic assessment of economic, ecological, and social risks and opportunities. In this context, our strategy has four drivers: We aim to preserve and expand our traditional company in the long term. We therefore plan and invest across all sites and divisions in a sustainable as well as an environmentally and socially responsible manner.

We are committed to maintaining human rights, fair working conditions, and a culture of diversity, mutual respect, and equal opportunities. To promote lifelong learning, we invest in education and continuous professional development throughout an employee's professional career. In order to ensure the best possible health and safety conditions at work, ISO 45001 has been part of our integrated management system since 2020. Since 2022, the required regular internal ISO 45001 system audits have included social audit requirements. The BADER internal audit questionnaire has been expanded to include requirements from the international standard on social accountability SA8000: 2014.

We invest significant resources into researching and developing sustainable products, processes and technologies. These are assessed on a holistic and life cycle basis and further minimize resource consumption and emissions.

After committing in 2021 to setting science-based emissions reduction targets, BADER achieved a major milestone in 2024 when these targets were officially validated by the **► Science Based Targets initiative (Science Based Targets initiative 2026)**. We support this commitment with the environmental and sustainable certifications ISO 14001, ISO 50001, ECO₂L, and LWG.

Cooperation with our customers and suppliers is another important component of our strategy. In addition to ensuring product integrity, we pursue important goals such as testing suitable methods for traceability back to the animal owner, LWG certification of our raw and semi-finished product suppliers, and the definition of minimum animal welfare standards.

As part of the Corporate Sustainability Reporting Directive (CSRD), the European Union (EU) regulation on sustainability reporting, which aims to achieve greater transparency and comparability of sustainability-related information between companies, BADER completed its double materiality assessment in 2025, building on the identification of material sustainability topics initiated in 2024.

The assessment provides a structured evaluation of both BADER's impacts on people and the environment, as well as the financial risks and opportunities arising from sustainability-related topics. It forms a key basis for CSRD-compliant reporting and the further development of BADER's sustainability strategy.

BADERS strategy drivers

We act in a long-term and forward-thinking manner	We set standards for health and well-being
We research and develop sustainably and holistically	We address goals together with customers and suppliers



Sustainable Management

Policies and Compliance

BADER is committed to legal compliance and fair business practice and works continuously on strategies to minimize risk. Our ► **BADER Group Policy (BADER 2025a)** lays out our fundamental values and principles of conduct which significantly exceed the minimum legal requirements. It reflects our commitment to human rights protection, fair labor practices, protecting the environment and anti-corruption practices. All employees at BADER locations sign our Anti-Corruption Guideline, underscoring our shared responsibility to uphold ethical conduct and integrity in all operations. Furthermore, our ► **Code of Conduct (BADER 2024c)** for all contract and business partners lays down basic principles of conduct for day-to-day practice and business policy.

These rules are to be understood as the framework within which we as a company operate in society. They can only be implemented through the commitment of all employees and business partners. We have made our Group Policy available to all BADER employees through the internet and our intranet and information boards. In addition, awareness is strengthened in regular training sessions. BADER's Code of Conduct has also been published on the internet. The documents are available in the specific language of our employees and business partners.

We pursue a zero-tolerance policy and do not tolerate violations of the law or our values and principles of conduct. If there is any suspicion of possible violations,

or if actual violations are identified, internal and external stakeholders can contact us confidentially and anonymously if they wish to. We investigate the concerns raised, take appropriate action and provide feedback.

Implementation and monitoring of compliance are embedded in our integrated management system. Compliance itself is ensured through management reviews, regular employee training and supplier meetings and audits. We regularly review and revise requirements and clearly define responsibilities in specifications and instructions. Management at each plant monitors compliance with the relevant national and local laws and regulations with respect to all company operations and on all operational levels.

For example, we ensure the enforcement of the EU General Data Protection Regulation concerning the collection, handling and processing of personal data and train all BADER employees who are involved in digital data exchange annually. To guarantee information security, participation in ► **TISAX (TISAX 2026)** enables us to independently confirm compliance with objective standards when storing and exchanging sensitive information and data.

There were and are no legal proceedings pending against BADER regarding corruption issues. No incidents of forced or child labor or human trafficking have ever been reported at BADER. No penalties have been imposed.

In 2025, BADER initiated a structured risk assessment using the ► **CSR Risk Check (2026)** methodology. The assessment aims to identify potential risks related to corruption, human rights, environmental and governance topics in the countries where BADER operates and covers both our own operations worldwide and relevant parts of the value chain.

Sustainable Management Certifications

At least once a year, BADER uses a range of management reports and internal audits to review aspects of sustainable management to produce measures and goals for continuous improvement. On the operational level, we support our company’s sustainable development through consistent implementation of our integrated management system. It is based on a range of international standards, which we use to ► **certify our sites (BADER 2026b)** and have them regularly reviewed through external audits.

All BADER sites have a quality management certification in accordance with ISO 9001 and/or the specific automotive quality management system IATF 16949. Three sites with testing and calibration laboratories are certified according to ISO 17025. All leather-manufacturing sites have the ISO 14001 certification for environmental management. Three sites have an energy management system certified to ISO 50001. The ISO 45001 standard for occupational health and safety management has been introduced at 13 sites already. In 2024, BADER Thailand achieved a Silver Medal in the social audit ► **RBA (Responsible Business Alliance) (RBA 2026)**. In 2025, BADER Mexico also obtained a Silver Medal under the same framework. In addition, BADER China achieved SA8000 certification, further strengthening our commitment to internationally recognized social standards. We plan to undertake more social audits in other locations. Until 2025, we have conducted internal social audits at 86% of our sites, with ongoing audits planned.

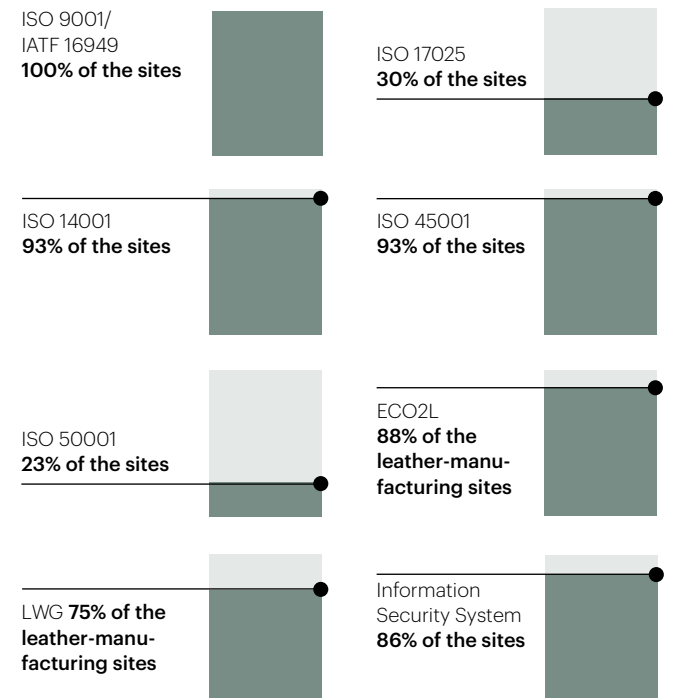
Approximately 86% of our sites have a certified Information Security Management System. We aim to further increase this number, with additional sites expected to achieve certification in 2026.

All leather-manufacturing sites operating until 2021 had obtained the ► **Energy Controlled Leather (ECO₂L) Certification (VDL 2023)**. As a result of our recent expansion to Nantong, China, this site is preparing for ECO₂L certification. This first international benchmark for tanneries on energy and carbon dioxide (CO₂) builds on the experience and energy analyses of approximately 20 leading tanneries worldwide. At the same time, seven of our nine leather-manufacturing sites were audited according to the globally valid ► **Leather Working Group (LWG) audit protocol (LWG 2026)** which sets requirements for the assessment of the environmental performance of tanneries (► **Chapter Planet**).

Since 2015, BADER has regularly completed customer sustainability questionnaires from the established providers such as Ecovadis, NQC and CDP, reflecting continuously increasing requirements. In 2025, with Ecovadis, BADER attained a Silver Corporate Social Responsibility (CSR) rating, positioning us among the top 7% of the evaluated suppliers. Through the Sustainability Assessment Questionnaire (SAQ) on the NQC platform, our reportable sites achieved scores between 92% and 94%, with an average of 94%. In the CDP 2025 disclosure cycle, BADER achieved a B (Management level) rating in the Climate Change, Forests and Water Security questionnaires, reflecting our structured approach to managing environmental risks and opportunities. As part of their regular supplier management processes, our customers have additionally audits at some of our sites, focusing on to sustainability-related topics such as human rights and environmental aspects.

New certifications achieved in 2025:

- Information Security Management System (TISAX) in Romania and Bulgaria
- SA8000 certification for BADER China



Product – Economic Development

Companies can effectively support the Sustainable Development Goals by also taking social and environmental concerns into consideration parallel to their economic development. As a family-owned company already in the fourth and fifth generation we plan for the long term, investing heavily in research and development of sustainable products, processes and technologies, and are committed to legal and fair competitive behavior at our sites. The activities described in this chapter address the Global Compact Principle and SDGs shown below.

Principle 9: Develop and diffuse environmentally friendly technologies

- ▶ **In Focus: GRETA pro - Advancing the Degradable Plant Pot Concept**
- ▶ **Sustainable Product**
- ▶ **Research and Development**



B



In Focus:

GRETA pro – Advancing the Degradable Plant Pot Concept

At BADER, sustainability is about making full use of resources. Materials that arise during production are not seen as waste, but as part of an ongoing material cycle. Natural collagen fibers generated as sidestreams therefore represent valuable resources for new applications beyond our core business.

Partnering with AVEMA, BADER used this perspective to develop innovative fiber composite materials. The initial GRETA plant pot concept, introduced in 2021, was an early example of how collagen-based sidestreams can be transformed into new applications. Building on this concept, AVEMA has further developed GRETA pro as the next stage of this approach.

GRETA pro is a biodegradable plant pot made from natural materials and stabilized collagen fibers derived from industrial sidestreams. Through the transformation of these fibers into a functional product, valuable secondary resources are reintegrated into a new material cycle. The pot is planted directly into the soil together with the seedling and gradually decomposes without leaving harmful residues.

The biodegradation behavior of GRETA pro has been examined in cooperation with Hochschule Weihenstephan-Triesdorf under natural soil conditions. The study confirmed clear material degradation over time, while conventional polyethylene samples showed no measurable changes. During decomposition, GRETA pro gradually releases nitrogen into the soil, helping to support plant growth and improve soil quality.

GRETA pro combines environmental benefits with practical usability. It is compatible with standard horticultural machinery and suitable for both professional horticulture and private gardening. Building on this experience, BADER continues to explore further applications for collagen-based fibers and other recyclable sidestreams.

By rethinking material flows and expanding circular product concepts, we aim to contribute to solutions that go beyond our core business and connect industry with regeneration. Sometimes innovation does not require new resources. It requires a new way of seeing them.



Product – Economic Development

Sustainable Product

Leather is one of the oldest and most versatile materials known to mankind. At BADER, we have been working with this sophisticated natural material for over 150 years. We are convinced that properly made and sourced leather is a truly sustainable choice.

There are a number of properties that make leather such a unique material. It is highly versatile, non-flammable, flexible, easy to clean and at the same time luxurious and naturally beautiful. It is also extremely durable which is why it almost never needs to be replaced. This longevity is an important factor in leather's sustainability. What is more, if a leather product comes to the very end of its life, it is both biodegradable and compostable – in contrast to alternative materials.

As raw hides are natural **►by-products of milk and meat production (UNIDO 2017)**, the demand for leather has no impact on the number of animals slaughtered. So, upcycling these hides into leather is not only an appropriate use of an available, renewable resource, it can also substitute products made from non-renewable raw materials such as petroleum-based plastic sheets and textiles.

In addition to this, leather production results in many different by-products (► **Chapter Planet**). We are constantly developing new ideas to make sensible use of by-products from leather production, as is the case with ► **AVEMA (AVEMA 2026)**. Our passion for leather also means that we deal with this material responsibly. We are therefore constantly looking for new ways to use our existing products and residual materials in the widest possible range of high-quality applications.

Leather's versatility and its many natural qualities make it a remarkable material with immense potential for a sustainable future.

Renewable material with many different properties

Natural by-product of the meat industry

Compostable and biodegradable at end of life

High quality by-products of leather production

The special features of leather



Product – Economic Development

Research and Development

BADER invests heavily in research and development (R&D) of sustainable products, processes and technologies. In 2025, nearly 50% of our R&D projects were driven by ecological and/or social aspects in addition to technical and economic aspects. We work closely with our customers, suppliers and other stakeholders to consider their needs in addition to our sustainability considerations. That enables us to develop holistic solutions over the entire life cycle of our leather products. After successful testing, we are gradually implementing them at our sites worldwide.

Ideas from our employees also help us to innovate and become better at what we do. Through our globally established **company suggestion scheme**, employees contribute a wide range of suggestions that go beyond financial, technical and qualitative improvements.

Sustainable R&D projects in 2025

Finishing

- B-Green leather developments
- Biobased finishing

Production to crust

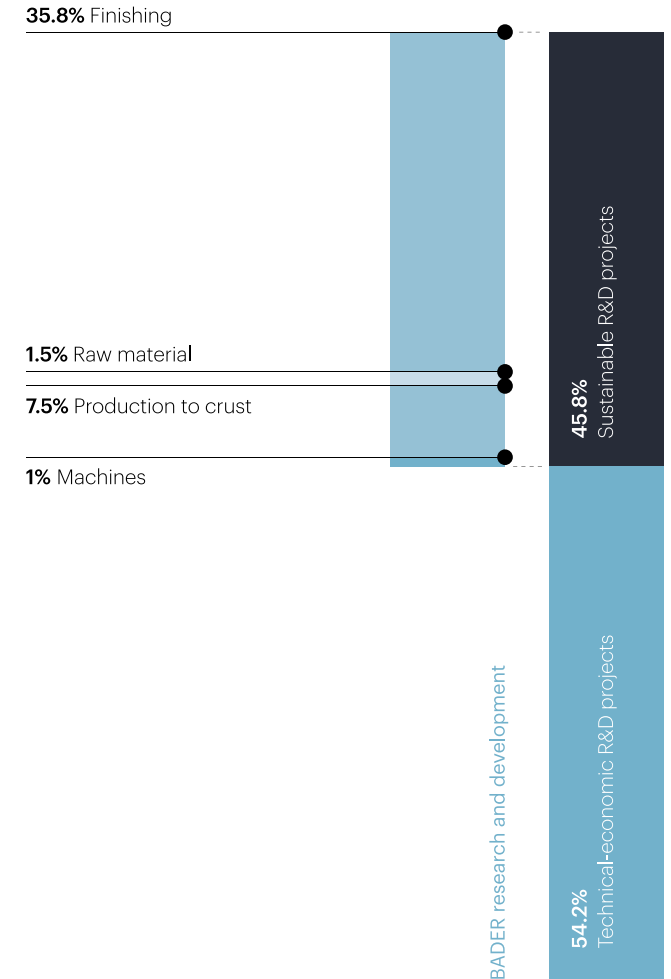
- Trials of alternative tanning procedures
- B-Green leather developments

Machines and process development

- Project to reduce chemicals in the finishing process
- Project to reduce energy consumption and loss of surface area through improved drying technologies

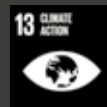
Raw material

- Projects on the preparation of split by-products for upgrading in a wide variety of areas
- Projects on full traceability and deforestation risks of raw material
- Projects for the assurance of animal protection and animal welfare



Planet – Environmental Responsibility

The economy and society cannot exist without functioning ecosystems and natural resources. This is why it is more important than ever that we preserve and conserve them for the present and future generations. BADER is aware of this environmental responsibility and is committed to a holistic resource management at all levels of the company and at all sites. We proactively assess the impact of our production processes and products on the environment and include them in our investment and every day decisions, in order to avoid or minimize environmental impacts. The activities described in this chapter address the Global Compact Principles and SDGs shown below.



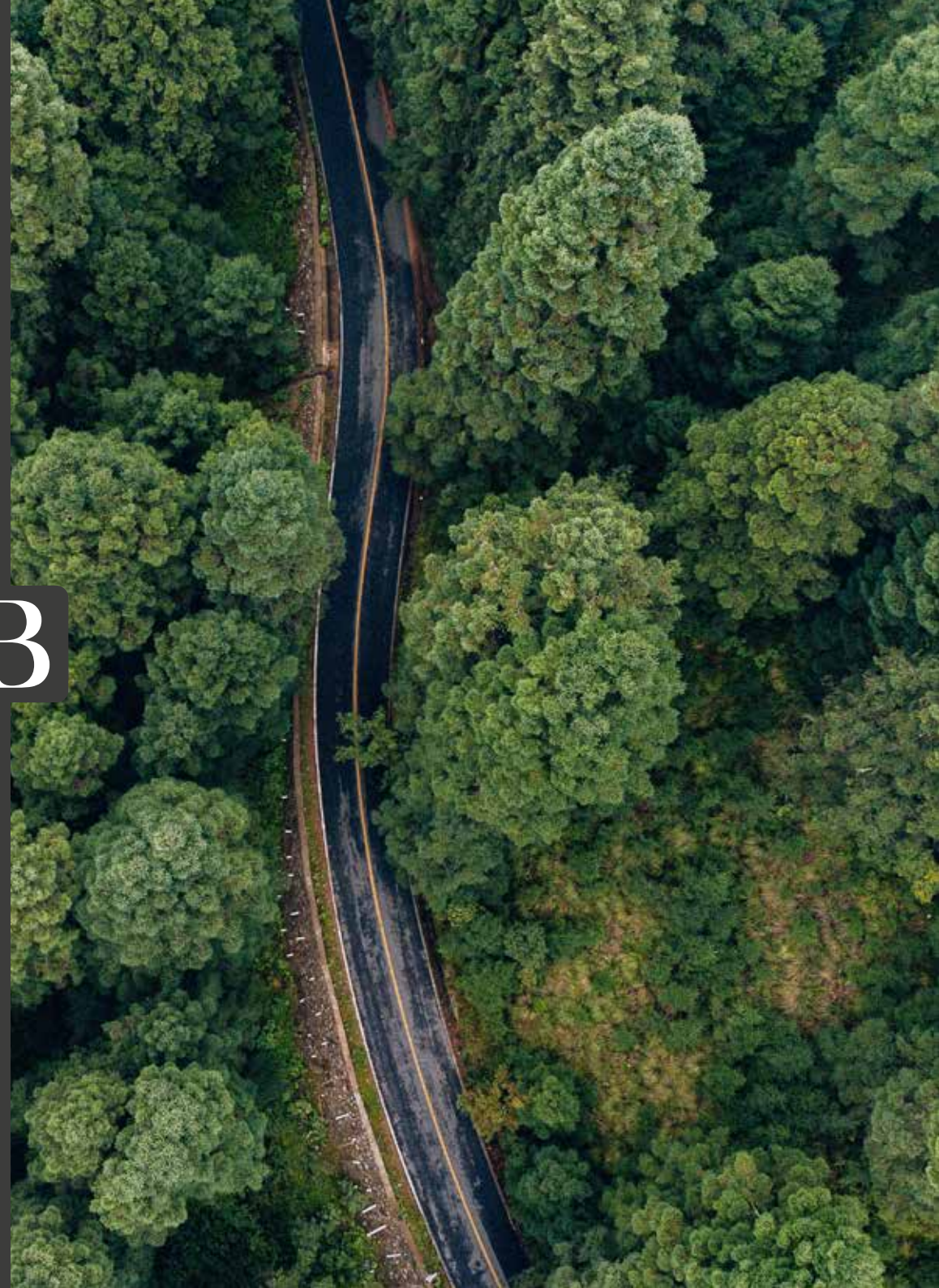
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Principle 7: Support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility

Principle 9: Develop and diffuse environmentally friendly technologies

- ▶ **In Focus: Recognized as “Amigos del Planeta” in Guanajuato**
- ▶ **Resources**
- ▶ **Chemicals**
- ▶ **Water and Wastewater**
- ▶ **Energy**
- ▶ **Emissions**





In Focus:

Recognized as “Amigos del Planeta” in Guanajuato

BADER’s plants in Mexico were recognized by the Government of the State of Guanajuato with the “Amigos del Planeta” distinction. The program highlights organizations that implement projects with measurable environmental benefits and contribute to the protection and improvement of the local environment.

The initiative is part of an annual call organized by the Secretaría del Agua y Medio Ambiente, which invites companies, institutions, and community organizations to present projects aligned with environmental priorities such as natural resource conservation, renewable energy and energy efficiency, environmental education, sustainable waste management, and water stewardship. BADER Mexico was invited directly by the authorities to participate in the program.

Several projects implemented at BADER’s plants in Mexico were considered for the recognition. A reforestation initiative in the Sierra de Lobos led to the planting of approximately 500 native trees, supporting ecosystem restoration, improving air quality, and capturing an

estimated six tons of CO₂ annually. In addition, a change in the production process introduced a recyclable material, reducing municipal waste sent to landfill by around 30% and preventing the disposal of approximately 17 tons of waste. Further improvements in waste management enabled greater reuse of leather waste as raw material, reducing the amount of waste sent to landfill and associated transport emissions.

Building on these results, BADER Mexico will continue identifying opportunities to reduce waste, increase material recovery, and support local environmental initiatives. These efforts reflect BADER’s broader commitment to reducing environmental impacts and promoting more sustainable resource use across its operations.



Planet – Environmental Responsibility

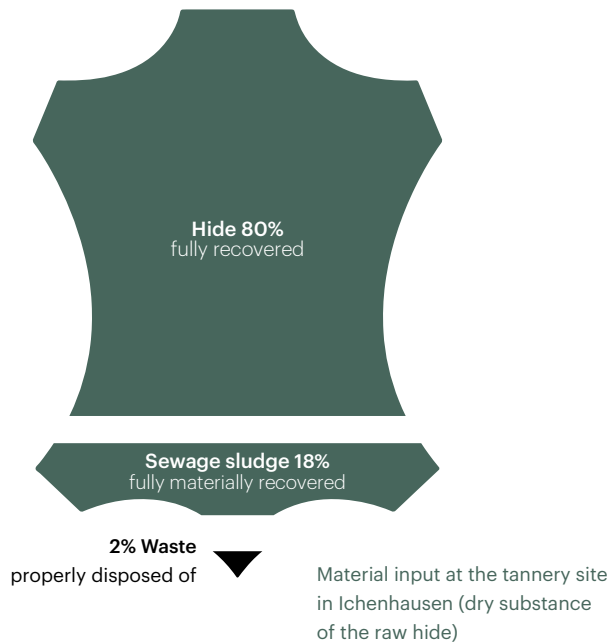
Resources

BADER is continuously optimizing its product development and production processes to ensure environmentally progressive use of resources and the reduction of subsequent emissions into water, soil and air. Innovative technologies are used to reduce, reuse, recycle and treat waste and dispose of residual materials with minimum environmental impact.

At our tannery site in Ichenhausen, we use 7-8 kg of raw material per m² leather (finished and split leather) to produce a range of products and by-products such as ► **dog chews (Frankly Pet 2026)**. More than 80% of the material input (dry substance of the raw hide) is converted into finished leather, energy and other products. We use hide sections/lime trimmings, necks and flanks for collagen or gelatin for the food industry. Shavings can be processed into leather fiber, compound material, collagen and fertilizer. The sewage sludge represents a mass percentage of 15-18%. Chromium-free sewage sludge can be materially recycled in agriculture, and sewage sludge containing Chromium is typically used as a building material in landfill site renovation in Germany. The non-usable waste from the dry substance of the hide material amounts to less than 2%.

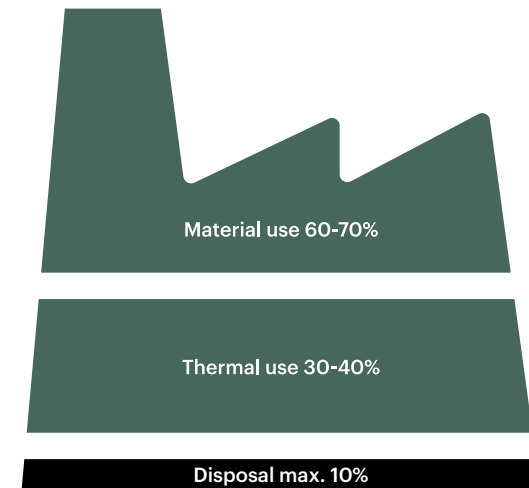
As far as the total amount of waste at the Ichenhausen site is concerned, these material recovery paths account for 60-70% of the total recovery and disposal balance. Thermal recycling constitutes a further 30-40%, particularly from lime fleshings for biogas and technical gelatin. A maximum of 10% of solid materials such as coatings and paint

sludge, materials contaminated with oil or used chemicals, cannot be recycled. These are disposed of in accordance with technical requirements at all our plants. Despite a long-term recovery rate of more than 98% in most cases, we continue to search for ways of improving resource efficiency and to secure existing recovery paths.



Activities in 2025

- Further trials using boiler ash in brick manufacturing as a viable recycling option in South Africa
- Research on the recyclability of leather at the end of its useful life, e.g. seat covers
- Recycling of leather cutting scrap into secondary products such as gloves and safety shoes in China
- Implementation of improved sludge management in Poland, enabling wastewater treatment sludge to be reused as a secondary raw material in ceramic production or as aggregate in cement manufacturing, reducing landfill disposal
- Recycling of foam cut-offs in Uruguay, enabling their reuse in mattress and pillow production
- Implementation of full recycling for leather trimmings generated during production in Uruguay



Recovery and disposal balance at the tannery site in Ichenhausen



Planet – Environmental Responsibility

Chemicals

Chemical management, handling and safety are key areas in our product and process development. We meet legal requirements such as REACH (EU) and customer requirements such as the Global Automotive Declarable Substance List (GADSL). We make further demands on our suppliers through our BADER Black List and security agreements. (► **Chapter Partnering**)

Our integrated management system defines worldwide procedures and work instructions for the labeling, storage, handling and transport of chemicals and specific hazardous materials. We check and document compliance with the relevant regulations worldwide through regularly updated legal registers. To minimize risks to health and the environment and to be able to make immediate amendments, we continuously monitor our chemicals. For new and test chemicals, we have a global SAP-based, four-stage approval process with regard to food suitability, customer requirements, occupational safety and effects on wastewater treatment.

We have been able to significantly optimize the use and safety of chemicals over the past 30 years through various ► **process conversions (BADER 2015a)**. At our tannery site in Ichenhausen, for example, we are recovering all trivalent Chromium tanning agents contained in the tanning wastewater via a recycling plant. This means we can reduce tanning agent procurement by 25-30%. At this site, we have a chemical input of 200 to 300 kg per ton of raw material and are well below the ► **EU standard for the best available techniques (BAT) (EU 2013)** of 425 kg per ton of raw material.

We work worldwide with identical finishing formulations and systems for each article. We have been using only aqueous coating techniques for finishing leather since 1987. They are currently based on 70-85% roller application techniques (synchro and reverse process). We have thus been able to reduce the use of the previous chemical-intensive spraying technology (overspray) to 30-45%. To achieve this, we use the latest High Volume, Low Pressure (HVLP) spraying technology and volume control, as well as extremely low atomizing compressed air and a two-component dosing technology.

Activities in 2025

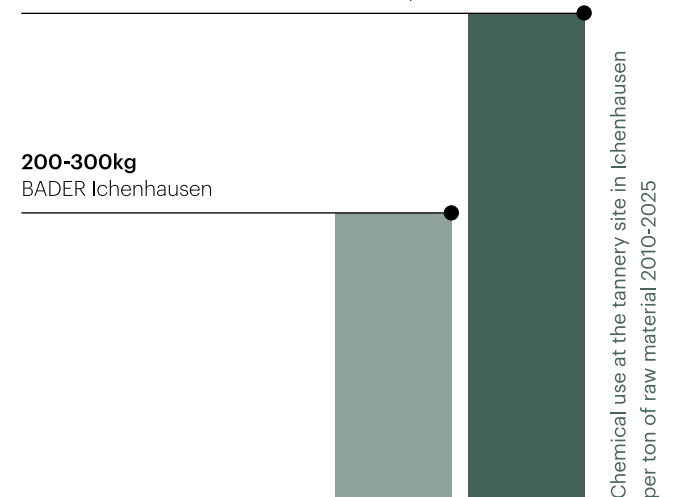
- Continuation of ongoing dialogs with our chemical suppliers to promote the development of less sensitive substances, with a focus on increasing the proportion of bio-based content in our products
- Ongoing talks with chemical suppliers on the exchange of LCA information have started yielding results
- Implementation of roller coating technology for smooth leather in Nantong, China, reducing chemical consumption, spray waste and improving process efficiency, reducing energy consumption
- Optimization of chemical dosing in the re-tanning process through filtration of shavings, resulting in an estimated reduction in chemical consumption per batch in Mexico

425kg EU-BAT

EU standard for the best available techniques

200-300kg

BADER Ichenhausen



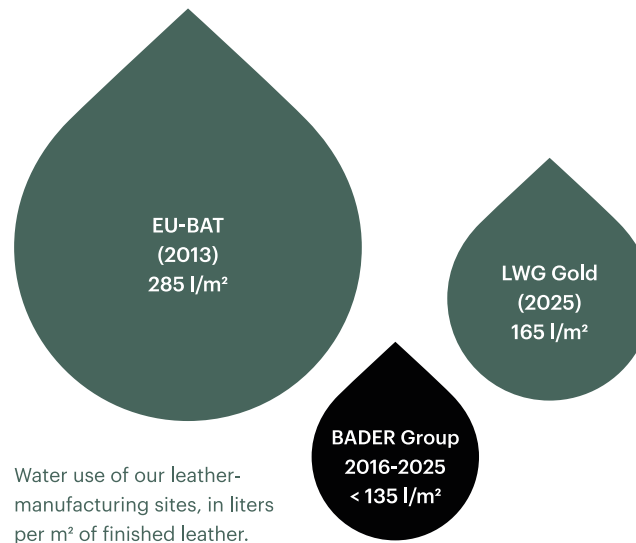
Planet – Environmental Responsibility

Water and Wastewater

Water is one of the most important auxiliary materials in tanning. It serves as a transport medium and solvent for chemicals entering the hide and for decomposition products leaving the hide. Economic use of water and careful purification of the resulting wastewater are therefore two of our most important and, at the same time, quite complex environmental tasks.

We constantly monitor our water usage and take measures to detect and eliminate any groundwater contamination. Wastewater is treated in our own ► **wastewater treatment plant (BADER 2011)** at our tannery site in Ichenhausen so that we can discharge it back into a biologically intact body of water. Our site in Uruguay has a final wastewater purification process. Our sites in China, Mexico, Poland, South Africa and Thailand pre-treat the wastewater before municipal purification. We aim to use easily biodegradable chemicals and maximize their degradation. Our chromium salt recycling process not only reduces the consumption of chemicals but also significantly reduces the amount of trivalent chromium ions in wastewater.

We use technology that, by global standards, reduces water consumption significantly. We also ensure that the most up-to-date technologies, such as water-saving retanning technologies, are regularly transferred to all BADER plants. Through these measures, we have been able to significantly reduce our water consumption worldwide. At our leather-manufacturing sites, the aggregated water consumption between 2016 and 2025 was less than 135 l per m² finished leather. We are thus below the strictest ► **LWG Gold requirements (LWG 2026)** of 165 l per m² and well below the ► **EU-BAT standard (EU 2013)** of 285 l per m².



Activities in 2025

- Initiation of a group-wide water risk analysis to assess site-specific water-related risks and support long-term water management
- Use of collected rainwater for wastewater treatment plant (WWTP) cleaning in Dalian, China to reduce freshwater consumption
- Continued improvement of the treated water reuse system in Thailand to reduce freshwater consumption
- Installation of an air-cooled heat pump water chiller in Bulgaria

Planet – Environmental Responsibility

Energy

Energy consumption is an important factor in leather manufacturing, especially due to the drying processes. We are currently in the process of completing a switch to generating heating energy directly at the point of use to avoid heat transfer and transport losses. We also carry out detailed analyses of energy consumption and consistently derive short-term and medium-term measures to reduce energy use further. We conduct regular internal and external (partly certified) energy efficiency audits at our sites worldwide as well as ISO 50001 certification for energy management at our sites in Germany and China.

The ► **ECO₂L (VDL 2023)** and ► **LWG audit systems (LWG 2026)** and their benchmarks play an important role here in improving our environmental performance, including energy efficiency (► **Chapter Sustainable Management**).

The energy consumption at these sites was well below the ► **Best Energy Efficiency for Tanning (BEET) energy benchmark (Umweltbundesamt 2003, VDL 2023)**. Seven of our nine leather-manufacturing sites are LWG audited and certified, six of them to LWG Gold level. All manufacturing sites, with the exception of our recently added Nantong site in China, are ECO₂L certified. The energy consumption at these sites was well below the ► **Best Energy Efficiency for Tanning (BEET) energy benchmark (Umweltbundesamt 2003, VDL 2023)**. This reflects our successful holistic optimization of energy use. We will continue to invest heavily in technological developments and other expedient measures at our sites, for example, in Ichenhausen. Our

aim is to achieve LWG Gold level at this site, as energy performance is still at Silver level, and to maintain it at our other sites despite ever-stricter requirements.

By the end of 2025, five of our sites run entirely on electricity derived from renewable sources. In addition, solar panels have been installed at seven of our sites, increasing the utilization of renewable energy. Our commitment to sustainability drives us forward, with ongoing efforts to adopt lower-carbon alternative energy sources as an integral part of our strategy.



BADER Poland – BAD102
 BADER China – BAD103
 BADER Mexico – BAD104
 BADER Uruguay – BAD105
 BADER South Africa – BAD106
 BADER Mexico (Split) – BAD110



BADER Ichenhausen – BAD101



BADER Mexico – 024
 BADER Poland – 027
 BADER China – 033
 BADER Ichenhausen – 036
 BADER South Africa – 037
 BADER Uruguay – 052
 BADER Thailand – 056

Activities in 2025

- Further replacement of fluorescent lighting with LED lamps in Mexico
- Installation of additional photovoltaic systems in Mexico to increase the proportion of renewable energies and further reduce CO₂ emissions
- Process optimization through the consolidation of drum operations, reducing energy demand by replacing multiple drums with a single high-efficiency unit in Mexico
- Energy consumption and associated CO₂ emissions were reduced in Ukraine by consolidating leather-cutting operations between production sites
- Natural gas consumption was reduced in Ukraine by discontinuing the heating of a storage tent after optimizing the use of existing production space
- Conversion of spray machine heating systems to gas-fired radiant heating in Dalian, China to improve energy efficiency
- Reduction of burners in coating drying channels in Dalian, China to lower natural gas consumption
- Extension of drying channels in coating processes in Dalian, China to improve heat utilization
- Continuous optimization of the SCADA system in China and Poland to enhance monitoring of electricity, gas, and water consumption
- Energy efficiency improvement of the compressed air system in Thailand to reduce electricity consumption



Planet – Environmental Responsibility

Emissions

The ► **most relevant emissions (e.g. the Sauer Report 2018)** into the atmosphere from a conventional tannery are odor, ammonia (NH₃), volatile organic compounds (VOCs) and greenhouse gases (CO₂ equivalents). BADER has been consistently implementing chemical and environmental management systems to prevent or minimize the output of these emissions. The ► **ECO₂L (VDL 2023)** and ► **LWG (LWG 2026)** protocols are important, science-based instruments to support our calculations. ECO₂L focuses on our greenhouse gas emissions, while LWG also monitors emissions e.g. from beamhouse, boilers and spraying machines.

Greenhouse gases (CO₂e) result primarily from the energy required for drying and the machines in manufacturing as well as the procurement transportations of the input materials. In recent years, we have achieved a reduction in carbon dioxide (CO₂) emissions by reducing drying processes and temperatures, using state-of-the-art drying techniques and many other measures. The ► **corporate carbon footprint (BADER 2015b)** of all processes at the BADER Group amounts to 2-3 kg CO₂e/m² finished leather. This includes all direct emissions from our plants and vehicles as well as indirect emissions connected with the consumption of purchased energy and thus covers all ► **scope 1 and scope 2 emissions (GHG Protocol 2004)**. To have a better understanding of the ecological impact of our products, we completed a full and comparative life cycle assessment (LCA) study for four different leathers.

BADER committed in 2021 to setting science-based emissions reduction targets across all scopes through the ► **SBTi (Science Based Targets initiative 2025)**. In 2024, these targets were officially validated by the SBTi. By 2030, BADER will reduce absolute CO₂e emissions from Scope 1 and Scope 2 by 50% and from Scope 3 by 28%, compared to the 2019 base year.

To drive implementation, BADER has established a CO₂ working group responsible for target tracking and identifying reduction potentials across all locations.

VOCs are typically emitted from solvents used in the finishing process. Our measures described in the section on chemicals to eliminate the use of solvents, have significantly reduced VOC emissions over the past 30 years. Between 2016 and 2025, the annual mean values of VOC emissions at our five major leather-manufacturing sites were between 7 and 25 g of solvent per m² of finished leather, mostly well below the limits specified in the ► **Industrial Emissions Directive (IED) 2010/75/EU (EU 2010, 2013)**. We are working on a further reduction.

Activities in 2025

- Ongoing implementation and monitoring of CO₂ reduction plans across all sites to ensure alignment with SBTi targets
- Further development of our internal reporting tools for calculating the Corporate Carbon Footprint (CCF) and Product Carbon Footprint (PCF), improving data transparency and emissions monitoring
- Installation of a bag filter system in the boiler house in South Africa to reduce emissions and improve air quality

CO₂-emissions

2-3kg CO₂e/m²
finished leather
of the BADER-group



People – Social Responsibility

Combating poverty, ensuring health, fair opportunities and living conditions and reducing disparities are the major challenges facing sustainable development today. Therefore, we firmly support the Universal Declaration of Human Rights by the UN – a universal system of values and principles of human coexistence. BADER globally supports charitable activities and initiatives and is committed to the observance of human rights, fair working conditions and life-long education and training, as well as a culture characterized by diversity, mutual respect and equal opportunity. The activities described in this chapter address the Global Compact Principles and SDGs shown below.

Principle 1: Support and respect human rights

Principle 2: No complicity in human rights abuses

Principle 3: Uphold freedom of association and recognition of collective bargaining rights

Principle 4: Elimination of all forms of forced and compulsory labor

Principle 5: Abolition of child labor

Principle 6: Elimination of discrimination in respect of employment and occupation



B

- ▶ **In Focus: Expanding Horizons**
- ▶ **Social Engagement**
- ▶ **Occupational Health and Safety**
- ▶ **Employee Structure and Development**



In Focus:

Expanding Horizons: BADER China's Kunlun Youth Initiative

Since 2025, BADER China has expanded its commitment to education through the Kunlun Youth Initiative, a program designed to inspire students from remote communities in Yushu, Qinghai Province. In the Qinghai-Tibet Plateau region, located at altitudes of up to 4,500 meters, many young people grow up with limited opportunities to explore environments and career paths beyond their local surroundings.

To broaden these perspectives, BADER China organized a seven-day experiential learning journey to the coastal city of Dalian for students from the Qinghai-Tibet Plateau region. During the trip, participants visited museums, oceanariums, universities, and industrial facilities, including BADER China's production site. These experiences introduced them to marine ecosystems, urban infrastructure, and modern manufacturing processes. Interactive workshops and exchanges with local students further encouraged curiosity, collaboration, and confidence. The initiative was largely supported by BADER employees, who participated as volunteers and mentors throughout the seven-day journey.

The initiative demonstrated meaningful impact. Among the first group of 24 participants, all experienced several environments for the first time, including the ocean and urban public transportation. Following the program, 85% of the students expressed interest in a broader range of career paths, while 95% reported strong motivation to pursue higher education.

In recognition of its innovative approach to educational inclusion, the initiative received several distinctions in 2025. These include awards from the Responsibility 100 China Education List and recognition as an Excellence ESG Project of German Companies in China by the German Chamber of Commerce in China.

Looking ahead, the Kunlun Youth Initiative will continue in 2026, with the aim of further expanding its reach to additional students and partner institutions. By continuing to create opportunities for experiential learning and collaboration, the initiative seeks to inspire more young people from remote regions to explore new educational and professional pathways.



People – Social Responsibility

Social Engagement

All BADER's sites across the globe support the fight against poverty and provide local populations with access to essential resources and services. To this end, we dedicate a substantial part of our turnover to social commitment. In 2006 – after the socially committed Hans Bader died – the Bader family established the charitable “Hans Bader Foundation”. Our global commitment covers five main topics, which are shown to the right.

BADER promotes global education and employment initiatives to improve employment prospects. In Germany, we support the promotion of employment and educational opportunities for the difficult-to-place and long-term unemployed, as well as persons threatened by exclusion from the labor market. In South Africa, we have been offering a one-year training qualification in leather for unemployed school leavers from the local community since 2007. In 2025, this program had 42 participants. In Uruguay, we and other companies cooperate with the local chambers of industry and commerce to promote projects in the dual vocational training scheme. In Bulgaria, we collaborate with the vocational apparel school and the vocational school for industrial technologies.

We are also committed to health, safety and palliative initiatives. In Poland, Germany and Mexico, we support hospitals, nursing facilities and hospices. In Bulgaria, a campaign to donate plastic bottle caps for recycling helps to buy incubators for babies and other medical equipment for children's hospitals. In South Africa, we offer medical care in our on-site clinic and donate to charitable organizations that support HIV/AIDS orphans.

In the area of sport, we rely on building partnerships with different sports clubs and associations. In Uruguay and Bulgaria, we collaborate with local football teams. In Poland we participated in the ‘Women's Run Always First’, an event promoting breast cancer prevention.

We are also involved in the care of young and older people with numerous activities in children's and senior citizens' institutions. In Germany, we promote learning initiatives in kindergartens while in South Africa and, Bulgaria, we sponsor school equipment and clothes for children with limited resources. In China, the BADER Green Pigeon Volunteers support children in vulnerable situations through various initiatives focused on education and community development. In Poland, we support national charity initiatives, including participation in a healthcare-related fundraising campaign for children, contributing to initiatives focused on pediatric oncology and hematology. In Uruguay, we maintain our educational support program for children with learning difficulties in our BADER school. In Bulgaria, we support disabled children in one of the rehabilitation centers in Ruse. Toy donation initiatives in Mexico supported children through various community activities, bringing joy to special occasions. During the holiday season, we bring joy to different communities by visiting a foster home in Romania and a senior citizens' gathering in Poland, where we share gifts and spend meaningful time together.

In addition to the social engagement to support people in need, BADER promotes art, culture and history with a range of regional projects. In Thailand, we support the community by joining the Buddhist Kathin ceremony celebrations in the nearby temples, distributing new year

gifts and promoting local businesses. Social support for employees and their families in Ukraine through continued financial and material assistance.

The “Give me 5” program, launched in Mexico in 2021, provides employees with the opportunity to make monthly contributions to support social projects of their choice. In 2025, several initiatives were implemented under this program, including toy donations for children in vulnerable communities, the provision of health supplies for children with diabetes, and support for migrants through donations of essential goods. As part of the nationwide “Noble Package” campaign, BADER Poland collected gifts for residents in need from Bolesławiec. As part of our community engagement efforts, BADER team members in Mexico have participated in reforestation initiatives since 2024, planting approximately 500 trees each year in the protected Sierra de Lobos, Guanajuato, and providing resources to support their growth. Similarly, in Romania, we carried out a tree-planting event as part of our commitment to biodiversity and environmental protection. Looking ahead, we plan to continue such initiatives, including expanding reforested areas and developing projects to support pollinator habitats in Romania

Our social engagement

	Sports
Education and employment	Youth and elderly care
Health, safety and palliative initiatives	Art, culture and history



People – Social Responsibility

Occupational Health and Safety

BADER respects and protects human dignity and observes human and labor rights, as described in more detail in our ► **BADER Group Policy (BADER 2025a)**. BADER's company and personnel management work proactively with employee representatives at individual sites. Company agreements typically cover a variety of issues such as the protection of health and occupational safety, employee development, equal treatment, wage and salary increases and other working conditions.

We actively integrate aspects of health protection and occupational safety into our integrated management system and check compliance worldwide through regular audits (► **Chapter Sustainable Management**). In line with local regulations, we have a joint labor management/health and safety committee and occupational safety experts at our sites who receive regular training.

Life-long **preservation of health and well-being** requires both BADER and every employee to take preventive measures. With the aim of raising awareness, we regularly conduct training on occupational safety risks and best working practices for all employees, including new and semi-skilled employees, trainees, temporary workers and subcontractors. We provide the relevant protective equipment as well as work, process and operating instructions, safety data sheets and risk assessments in the local language. Our workflows, processes and safety equipment are regularly assessed to anticipate health and safety risks on all our sites.

We have specific procedures for handling chemicals or hazardous substances (► **Chapter Planet**). We have also implemented measures to prevent the formation of H₂S, including measuring devices in risk areas, mobile measuring devices and a UNIDO H₂S online training course for employees who are regularly in tanneries and wastewater treatment plants.

There are emergency plans at all sites as well as mandatory reporting procedures in the event of serious occupational accidents. External visitors, such as suppliers, are informed about our safety rules and conduct requirements before they enter our premises.

We provide a range of **health services** on individual sites as well as preventive measures such as mandatory regular health checks, vaccination programs or measures to reduce stress and noise. We have been implementing the ISO 45001 certification for occupational health and safety management across our sites to improve employee safety further, reduce workplace risks and create better, safer working conditions.

Activities in 2025

- Provision of medical care at our on-site clinic in South Africa, aiming to reduce the spread of HIV and tuberculosis, and enhance the health and well-being of our employees
- Internal health awareness and prevention campaigns in Mexico, including vaccination, breast cancer prevention, family planning, and eye health initiatives
- Health and prevention initiatives in Poland, including on-site Health Days with preventive screenings for diabetes and breast cancer, health monitoring, lifestyle awareness, and essential health tests
- Structured onboarding training on occupational health and safety for new employees in Dalian, China



People – Social Responsibility

Employee Structure and Development

BADER creates fair working conditions and promotes **training, career development, diversity and equal opportunities**. We unconditionally reject discrimination and harassment, whether for cultural, ethnic, religious or other reasons and this is embedded in our ► **BADER Group Policy (BADER 2025a)**. The diversity of our employees is our fundamental strength. About 9,300 employees with different backgrounds and experiences work at our 14 sites worldwide.

- The average age worldwide is 42 years (2024: 40 years)
- The proportion of female employees worldwide is 60% (2024: 59%)
- The proportion of foreign employees worldwide is 4% (2024: 4%). This fluctuates due to different regional labor market conditions between 0% in China and Mexico and 24% (2024: 31%) in Germany where we also employ recognized refugees
- The proportion of severely disabled employees in our workforce worldwide is 2% (2024: 2%)
- At the end of 2025, 6.1% of the workforce was trainees, specifically 23 trainees in various dual vocational training programs and practice-oriented higher education study programs

The process for hiring and promoting at BADER is based on clear criteria and recruitment conditions. As part of our commitment to ethical employment practices, we diligently verify the age of candidates before hiring to uphold responsible recruitment standards. Furthermore, we have implemented a protocol to prevent the retention of employee identification documents, prioritizing privacy and security. We give priority to internal recruitment and the company covers the recruitment costs. For employees with disabilities, we pay particular attention to providing appropriate working environments with the necessary infrastructure. All our employees receive regular performance and career development reviews.

BADER offers a variety of internal and external **training opportunities** to improve employment opportunities for our employees. Our targeted talent management program ensures individual training requirements are defined at least once a year. These are determined through voluntary employee appraisals or are jointly selected with supervisors. They are regularly monitored and implemented through binding training and development plans. The internal training programs include on-the-job training and various training programs for new employees and current employees. Our sustainability training courses cover the economic, social and environmental dimensions of our operations and our supply chain, e.g. energy, water conservation, business ethics and online trainings on cybersecurity awareness for all employees. As part of our integrated management training, we also provide training on human rights and environmental risks for all employees. We also promote extra-occupational vocational education such as foreign-language and intercultural training as well as technical training courses.

2025

9,300
employees
worldwide

2025 Average age

42 years
worldwide

2025 Female share

60%
worldwide

2025 Training rate

6.1%
in Germany



Partnering – Shared Responsibility

A more sustainable, long-term leather value creation is only possible if we work together with our customers, suppliers and various organizations. In this context, issues such as product integrity, traceability, animal welfare, as well as environmental aspects are becoming increasingly important in our daily decisions. The activities described in this chapter address the Global Compact Principle and SDG shown below.



Principle 8: Undertake initiatives to promote greater environmental responsibility

- ▶ **In Focus: Responsible Sourcing from the U.S. Cattle Sector**
- ▶ **Sustainable Supply Chain**
- ▶ **Animal Welfare and Traceability**

B



In Focus:

Partnering in Focus: Responsible Sourcing from the U.S. Cattle Sector

Given the country's vast agricultural land resources, cattle production is the most important agricultural industry in the United States. In 2024, cattle production accounted for approximately 22% of total agricultural cash receipts. As of early 2025, around 87 million head of cattle are raised across more than one million farms and ranches in the U.S. (Source: ► [USDA \(USDA 2026\)](#)). Given this scale, the United States represents an important sourcing market for BADER.

In contrast to some international perceptions, U.S. beef production systems are predominantly pasture-based. Mother cow rearing is the most common cattle breeding system for beef cattle in the U.S. Typically, mother cows are kept free-range on wide grassland farms where they graze under open skies. The cows do not require special care or additional feedstuffs and calves remain with their mothers during the suckling period before being weaned after approximately six to nine months. This system represents a very natural form of husbandry.

After weaning, young cattle are typically moved to growing farms, where they continue to be kept largely on pasture while receiving supplementary feed to support their development. During the final production phase, cattle spend approximately the last six months in feedlots, where intensive grain feeding allows for rapid weight gain and desirable meat attributes.

For BADER, the U.S. sourcing market combines important factors such as reliable availability of raw materials, high quality of hides, and established livestock systems. Looking ahead, BADER will continue to strengthen partnerships across the value chain to support responsible sourcing, transparency, and sustainable raw material supply.



Partnering – Shared Responsibility

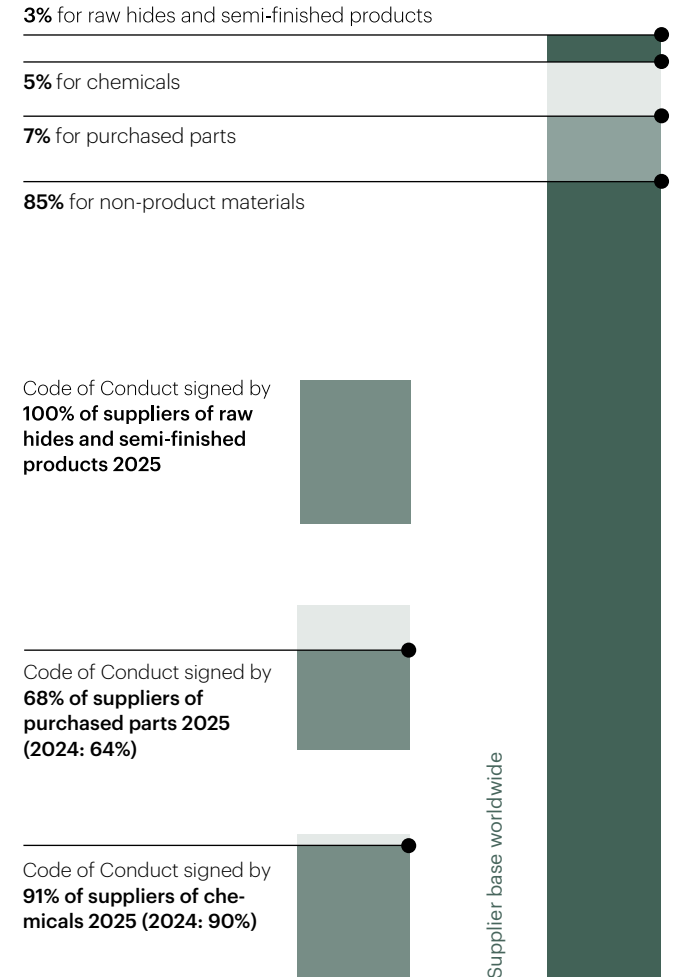
Sustainable Supply Chain

We are convinced that we are better able to develop solutions to global challenges by cooperating with various interest groups. Through a close and continuous dialog, we can identify challenges and develop forward-looking solutions and standards for a more sustainable leather industry. These include our internal and external interest groups such as suppliers, customers, employees, educational institutions and associations as well as authorities, associations, federations and certification bodies.

Our commitment to accountable supply chains and our requirements for sustainable procurement of raw materials is embedded in our ► **BADER Group Policy (BADER 2025a)**. We communicate our supply chain strategy and basic principles of conduct to our business partners via our ► **Code of Conduct (BADER 2024c)**, ► **Terms and Conditions of Purchase (BADER 2026d)**, contracts and security agreements. All of our suppliers of raw hides and semi-finished products have signed the Code of Conduct since 2017 and we are in the process of including other supplier groups as signatories. We refer to the Code of Conduct in our purchasing conditions and urge our suppliers to ensure that their subcontractors adhere to the same principles of conduct.

Our purchasing and supplier management teams oversee and maintain the complex supply relationships. They receive regular internal training on sustainable procurement to initiate targeted improvements, make logistics and production more efficient and the entire planning process safer and more stable.

We conduct regular supplier risk assessments and evaluations and develop risk mitigation strategies through dialog with our senior management. Our **annual supplier evaluation** includes purchasing and logistics criteria as occupational health and safety, quality and environmental management. Our supplier base has approximately 1,860 suppliers worldwide. We conduct annual evaluations of our TOP suppliers in each category. As a result of the supplier evaluation, we demand improvement measures depending on status and hold feedback talks or conduct audits for further development. All our sites have Supplier Quality Assurance (SQA) specialists who regularly visit and audit our suppliers, such as all our major raw material suppliers, to monitor compliance with our requirements.



We are committed to raising sustainability and management system standards in our supply chain, with particular regard to quality and environmental management systems. Thus, we encourage our contract tanneries and semi-finished product suppliers to have their production sites audited and certified by the LWG. More than 92% of our suppliers completed this process between 2012 and 2025. All these activities mean that we are able to address risks in the supply chain and advance important issues in our industry.

We develop alternatives to replace harmful ingredients with alternative substances. Our **Product Safety & Conformity Representatives (PSCRs)** ensure that risks in product development and production are identified, avoided or minimized. We name PSCRs and their deputies for our sites worldwide and also request them from our suppliers.

We use the automotive industry's **International Material Data System (IMDS)** to provide our customers with information on the materials used in our semi-finished products and parts. None of our products contains conflict materials such as tin, tantalum, tungsten or gold. Our list of prohibited and declarable substances – called **BADER Black List** - as well as the chemical, quality and environmental security agreements with our suppliers ensure we meet all our customer and legal requirements. We also carry out random and periodic inspections of incoming goods, leather ingredients and emissions.

With the introduction of the German Act on Corporate Due Diligence Obligations in Supply Chains in 2023, we implemented various measures to apply the principles of due diligence appropriately. This means that BADER

assesses not only product quality but also ensures compliance with specific human rights and environmental standards at all stages of the supply chain.

With the support of Artificial Intelligence (AI), BADER has evaluated and prioritized the identified risks appropriately. First, in the abstract risk assessment country and industry risks are evaluated. Second, the concrete risk assessment involves an individual evaluation of the supplier, including a regular media screening. An action priority is based on both evaluations and BADER's impact on the supplier. The action priority indicates which suppliers should be prioritized.

A structured process has been developed to prevent and address these issues. This framework consists of four escalation levels, depending on the supplier's level of cooperation. If a supplier fails to comply with BADER's human rights requirements, possible measures include requesting a self-assessment questionnaire, providing supplier human rights training, or conducting a social audit.

Additionally, in 2023, BADER's existing complaint mechanism was reviewed and further developed. Currently, we are working with an external service provider to monitor and track all incoming complaints.

In 2023 we established our CO₂e reduction targets: By 2030, BADER aims to reduce absolute CO₂e emissions from Scope 3 by 28% compared to 2019. BADER further commits that 30% of its suppliers by emissions covering purchased goods and services will have science-based targets by 2028.

Activities in 2025

- Participation in the **►One 4 Leather initiative (One 4 Leather 2026)**
- Membership of the **►Leather Naturally association (Leather Naturally 2026)**
- In compliance with the German Supply Chain Act, we strengthened our analysis to better identify and address supply chain risks affecting human rights and environmental standards
- Preparation for the implementation the EU Carbon Border Adjustment Mechanism (CBAM)

Training
on sustainable
procurement or

100%

of raw hide buyers worldwide

LWG certified

2025

92%

2024

92%

of contract tanners and suppliers
of semi-finished products



Partnering – Shared Responsibility

Animal Welfare and Traceability

We maintain regular dialog with our suppliers and customers to ensure our high demands on product properties are always met. This ensures we can address challenges such as animal welfare, traceability and environmental considerations throughout the entire supply chain.

We acknowledge the ► **“Five Freedoms” of the Farm Animal Welfare Council (FAWC 2012)** and refuse raw materials from countries with insufficient controls and traceability as well as a high risk of non-compliance with animal welfare. By focusing on the main procurement markets of Australia, Europe, North America and South Africa, we ensure that cattle are bred, transported, and slaughtered under the best possible conditions.

To evaluate animal welfare and animal protection, our raw material purchasing teams regularly visit beef processing plants and agricultural operations. They keep checklists and document the animal welfare standards, activities and developments of our suppliers. Animal welfare considerations are taken into account when we select our suppliers and play an important role in the evaluation process of raw hide sources.

To drive environmental benefits through our supply chains we are focusing on expanding raw hide procurement from regenerative agricultural systems and value chains. Regenerative farming stimulates biodiversity, helps to build soil health, reduces greenhouse gas emissions, conserves water quality and enhances the welfare of cattle.

Markings on every semi-finished and finished product ensure we can trace the entire production process chain in our plants back to the raw material. Further **traceability** of hides is also becoming increasingly important as it influences animal welfare and husbandry, ethically correct and transparent sources, deforestation and ecology. Complete documentation and marking of the hides mean we are able to trace over 90% of the raw material back to the beef processing plant at any time in the production process.

Activities in 2025

- Participation in the traceability and animal welfare sub-groups of the Leather Working Group
- Traceability Task Team member of LWG. Traceability Task Team members are involved in developing the traceability requirements for the new audit protocol.
- Full membership in the ► **European Roundtable for Beef Sustainability (ERBS 2026)**, a multi-stakeholder organization that unites and coordinates sustainability programs within the beef value chain
- Participation in the Communications Working Group of the European Roundtable for Beef Sustainability
- Commitment to ensuring animal welfare in our supply chain
- Implementation of raw hide procurement from regenerative, organic, and more sustainable farms and ranches
- Minimizing deforestation risks in our supply chains
- Expansion of business with meat packers
- Engagement with NGOs

“Five Freedoms” of the Farm Animal Welfare Council (FAWC 2012)



Freedom from hunger and thirst



Freedom from discomfort



Freedom from pain, injury or disease



Freedom to express normal behavior



Freedom from fear and distress

Appendix

- ▶ References
- ▶ Abbreviations

B



Appendix

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Appendix

Abbreviations

AI	Artificial Intelligence	NH₃	Ammonia
BAT	Best Available Technique	PCF	Product Carbon Footprint
BEET	Best Energy Efficiency for Tanning	PSCR	Product Safety & Conformity Representative
CBAM	Carbon Border Adjustment Mechanism	RBA	Responsible Business Alliance
CCF	Corporate Carbon Footprint	R&D	Research and Development
CCS	Competence Center Sustainability	REACH	Registration, Evaluation, Authorization and Restriction of Chemicals
CO₂	Carbon Dioxide	SA	Social Audit
CO₂e	Greenhouse gases in CO ₂ equivalents	SAP	Systems, Applications & Products
CSR	Corporate Social Responsibility	SAQ	Sustainability Assessment Questionnaire
CSRD	Corporate Sustainability Reporting Directive	SCADA	Supervisory Control and Data Acquisition
ECO₂L	Energy Controlled Leather	SCM	Supply Chain Management
ERBS	European Roundtable for beef sustainability	SBTi	Science Based Target initiative
ESG	Environmental, Social & Governance	SDG	Sustainable Development Goal
EU	European Union	SQA	Supplier Quality Assurance
FAWC	Farm Animal Welfare Council (biologischen Landbau)	TISAX	Trusted Information Security Assessment Exchange
GADSL	Global Automotive Declarable Substance List	U.S.	United States
GHG	Greenhouse Gas	USDA	U.S. Department of Agriculture
H₂S	Hydrogen Sulfide	UN	United Nations
HIV/AIDS	Human ImmunoDeficiency Virus/Acquired Immune Deficiency Syndrome	UNIDO	United Nations Industrial Development Organization
HVLP	High Volume Low Pressure	VDL	German Leather Federation (German: Verband der Deutschen Lederindustrie)
IATF	International Automotive Task Force	VOC	Volatile Organic Compound
IED	Industrial Emissions Directive	WWTP	Wastewater Treatment Plant
IMDS	International Material Data System		
ISO	International Organization for Standardization		
LCA	Life Cycle Assessment		
LED	Light Emitting Diode		
LWG	Leather Working Group		
NGO	Non-governmental Organization		





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