



ISA nextgenmaterials

Responsible Bovine Hide Sourcing Policy and Standard



Document Code:	ISA-I-03
Department:	Oversea Purchasing & Shipping
Version:	B0
Date:	09/01/2026
Supersedes:	Version A0, 03/19/2024

Contents

I. Policy Overview

II. Scope of Policy

III. Commitment of the Policy

1. Due Diligence (Traceability, Deforestation, and Conversion)
2. Respect Animal Welfare
3. Respect Human Rights and Ethical Practice

IV. Implementation of the Policy

1. General Requirements
2. Specific Requirements

V. Due Diligence System on the Policy

1. Communication
2. Monitoring
3. Verification
4. Performance Review and Continuous Improvement

VI. Declaration of Compliance

Annex 1: Terms and Definitions

Annex 2: Change Log Date

I. Policy Overview

ISA Next-Gen Materials is a global leader in manufacturing next-generation materials, producing leathers and additional materials for footwear, handbags, apparel, and accessories, and we apply our trademarked LITE (Low Impact to the Environment) manufacturing concept across all facilities to ensure a high standard of environmental performance in our manufacturing process.

The Responsible Bovine Hide Sourcing Policy and Standard (the "Policy") articulates our commitment to establishing deforestation-free and conversion-free supply chains by responsibly sourcing bovine hides (refer to Annex 1 for definitions of no-deforestation and no-conversion).

Preserving forests and other natural ecosystems is paramount to safeguarding biodiversity, mitigating climate change, and supporting the communities that depend on them, and responsible farming and ranching play a vital role in achieving that. The bovine hides we purchase in certain geographic areas may carry risks related to deforestation, ecosystem conversion, human rights, ethical practices and animal welfare. Because bovine hides are a non-determining animal byproduct of the meat industry, we don't have a direct connection to the birth farm, the property where the animal was born, and where the risk of land use is highest. Therefore, we **require 100% traceability back to the birth farm throughout our entire Brazilian supply chain by 2030** (refer to Annex 1 for the definition of traceability).

In close collaboration with civil society, we have crafted this Policy to align with the Accountability Framework initiative (AFi) as defined in Annex 1, the International Labour Organization (ILO), and the UN Guiding Principles on Business and Human Rights (UNGPs). These principles are applicable to our partners across the bovine hide supply chain.

II. Scope of Policy

This Policy and Standard applies to all bovine hides and wet blue/wet white leather sourced by ISA Next-Gen Materials. It binds ISA Next-Gen Materials-owned and operated tanneries and every party supplying them: wet blue/wet white tanneries, agents, traders, slaughterhouses, and the direct and indirect farms from which the cattle originate. It applies whether material is produced within ISA Next-Gen Materials facilities or purchased from third parties. Excluded from scope: recycled and reclaimed leather, and non-bovine hides and skins.

III. Commitment of the Policy

ISA Next-Gen Materials is committed to sourcing its purchased bovine hides in the most responsible and sustainable way, with accountability for reducing potential negative impacts linked to livestock production.

We actively promote the advancement of ethical standards within the leather supply chain. This includes fostering responsible practices, such as implementing leading-edge standards at the farm and ranch levels. These standards prioritize efficient use of natural resources, reducing emissions and enforcing rigorous animal welfare measures.

ISA Next-Gen Materials sets data-driven, science-based sustainability objectives and formulates the policies, procedures and systems to deliver them in line with globally recognized frameworks, principally AFi. These commitments are ISA Next-Gen Materials' own. Where regulation and this Standard align, we detail as is, but our targets and milestones do not depend on any single regulation remaining in force. This document was last reviewed in September 2026 and sets out the traceability commitments and milestones in effect through 2030.

1. Due Diligence (Traceability, Deforestation, and Conversion)

ISA Next-Gen Materials is deeply committed to fostering sustainability and traceability throughout its bovine hide supply chain. We endorse and actively support initiatives that establish auditable traceability systems that trace raw materials back to their source farms, enhancing transparency through independent third-party certification.

Within our operations and in collaboration with our bovine hide suppliers, we are dedicated to preserving forests and natural ecosystems, which encompasses the following objectives:

- Supporting the prevention of deforestation in natural forests, including High Carbon Stock forests
- Supporting the prevention of the conversion of other natural ecosystems, including peatlands of any depth
- Supporting the protection of natural forests and ecosystems

These deforestation-free commitments align with the definitions of no gross deforestation, legal or illegal, and conversion-free, as outlined in AFi in Annex 1.

ISA Next-Gen Materials applies a **cutoff date of 31 December 2020**, adopted in line with AFi's guidance to adopt common cutoff dates where they exist and apply (refer to Annex 1 for definition of cutoff date). Land deforested or converted after that date, including hides sourced from the Amazon and Chaco Biomes, renders the material non-compliant with this Policy, and the cutoff holds regardless of which regulations cover bovine hides at any given time.

Our roadmap for responsible bovine hide sourcing is to **reach 100% traceability to the birth farm across our full Brazilian supply chain by 2030**, with the pace toward that target shaped by customer requirements.

2. Respect Animal Welfare

ISA Next-Gen Materials firmly upholds the principles of compassionate and respectful treatment of animals, and we are committed to ensuring their ethical treatment. We hold the expectation that all our suppliers, who operate at various stages along the supply chain, extending from the birth farm to transportation and packing facilities, adhere to verified animal welfare standards.

All bovine hides sourced by ISA Next-Gen Materials **must be a byproduct of the meat industry**. ISA Next-Gen Materials does not accept hides from animals raised primarily for their hides or skins.

These standards must align with recognized frameworks such as the Five Freedoms, as set out by the UK Farm Animal Welfare Council, or comparable control systems applicable in the country where the cattle are raised.

1. Freedom from hunger and thirst
2. Freedom from discomfort
3. Freedom from pain, injury, and disease
4. Freedom to express normal behavior
5. Freedom from fear and distress

ISA Next-Gen Materials encourages our bovine hide supply chain partners to run independent verifications to ensure those principles are followed throughout their supply chain. Animal welfare-specific certifications and auditing are preferable, including industry-leading initiatives such as Beef Quality Assurance (BQA), the U.S.

national program for best practice in beef cattle production and animal welfare or Meat Institute's Animal Handling Guidelines, formerly North American Meat Institute.

3. Respect Human Rights and Ethical Practice

ISA Next-Gen Materials is dedicated to fostering environments that are equitable, secure, and devoid of discrimination for all employees. We firmly believe that companies should create opportunities for employee growth and are committed to diligently seeking and adhering to applicable local laws, regulations, and principles. We continually improve our business operations to safeguard our reputation. We expect our business partners collaborating with us to uphold and sustain these standards. Please refer to Annex 1 for a definition of human rights.

ISA Next-Gen Materials respects the rights of Indigenous Peoples and local communities across its operations and supply chain, in line with AFi Core Principle 2.2 and the AFi Operational Guidance on Respecting the Rights of Indigenous Peoples and Local Communities, June 2025.

IV. Implementation of the Policy

This Policy sets the requirements for our owned and operated tanneries as an internal operating standard, and for our wet blue/wet white tanneries, hide suppliers, and other supply chain partners as a condition of doing business with ISA Next-Gen Materials. Together, these requirements enable us to fulfill our commitments. The Policy consists of two elements: **General Requirements** and **Specific Requirements**.

The **General Requirements** apply to **all cattle ranches** involved in bovine hide production, including direct and indirect suppliers to the meatpackers, while the **Specific Requirements** pertain to sourcing from countries/regions where deforestation and conversion risks may exist, including **Brazil** and the **Amazon and Chaco biomes**.

1. General Requirements (All)

Traceability within the bovine hide supply chain is fundamental to our Policy commitments. Therefore, ISA Next-Gen Materials requires that all wet blue/wet white shipments adhere to the following essential requirements:

- a) Wet blue/wet white hides are individually code-stamped, with an accompanying document explaining the code, such that the slaughterhouse in which the animal was slaughtered and the date of slaughter can be determined for every hide in the shipment.
- b) Wet blue/wet white hides to be packed on pallets that have been individually covered and identifying the slaughterhouse where the hide originates.
- c) Document(s) that list, for each pallet of the shipment, the number of hides on the pallet and the process lot numbers for each pallet.
- d) A document listing the slaughterhouses from which all hides in each shipment were obtained.
- e) Wet blue/wet white hides are **preferably sourced from the tanneries scoring 80 percent or above on their LWG traceability audit**.

- f) Due diligence requirements for all hide and wet blue/wet white purchases will be reviewed periodically and updated in line with AFI and any other applicable industry or regulatory requirements.

2. Specific Requirements

Leather Sourcing from Brazil

In addition to General Requirements, for hides originating from Brazil, suppliers of Brazilian material must be able to:

- a) Demonstrate that the bovine hides are not originated from animals farmed on ranches that directly supplied the meatpacker with the animal and were involved in deforestation or conversion, encroachment on indigenous lands, or protected areas in the Amazon and Chaco Biomes, in line with the requirements of AFI. ISA Next-Gen Materials applies a cutoff date of 31 December 2020, adopted in line with AFI's guidance to adopt common cutoff dates where they exist and apply, and will not accept materials associated with deforestation or conversion after that date.
- b) Suppliers must investigate with their sub-suppliers the origin of hides from ranches that are indirect suppliers to meatpackers and must terminate relations with any sub-supplier sourcing from ranches involved in deforestation or conversion, or in the invasion of indigenous lands or protected areas, in the Amazon and Chaco Biomes. Termination applies where deforestation or conversion is confirmed, not where monitoring systems do not yet reach indirect supplier ranches; in that case, suppliers must provide evidence of plans and activities to extend visibility to them. Full demonstration of indirect supplier compliance will be increasingly expected as monitoring systems and tools become available.
- c) Provide the names, locations, and certification rating of tanneries. ISA Next-Gen Materials highlights certifications/platforms for leather products, which aim to address deforestation and conversion including the Leather Working Group (LWG) and/or the Center of Brazilian Tanning Industries (CICB)'s certification scheme (Certification for Sustainability of Brazilian Leather, CSCB).
- d) Periodically, ISA Next-Gen Materials will request third-party verifications of meatpackers to ensure they are not sourcing cattle from deforested or conversion areas.

Leather Sourcing from Amazon and Chaco Biome

- e) Bovine hides must be obtained exclusively from animals raised on ranches that are not associated with deforestation or conversion in the Amazon and Chaco Biomes. ISA Next-Gen Materials applies a cutoff date of 31 December 2020, adopted in line with AFI's guidance to adopt common cutoff dates where they exist and apply, and will not accept materials associated with deforestation or conversion after that date.
- f) Wet blue/wet white tanneries, agents, and other suppliers must source bovine hides exclusively from slaughterhouses or suppliers that have established and can provide evidence of credible supply chain monitoring systems for their direct suppliers to ensure zero deforestation or conversion cattle sourcing. These systems must provide evidence to meet the end targets stated in Pledge to Due Diligence

(Traceability, Deforestation and Conversion) section above; the evidence must be provided upon request and include:

1. Guía de Transporte Animal (GTA), refer to Annex 1 for description
2. Cadastro Ambiental Rural (CAR), refer to Annex 1 for description

V. Due Diligence System on the Policy

We have established internal procedures for Communication, Monitoring, Verification, and Performance Review with Continuous Improvement across ISA Next-Gen Materials' bovine hide (wet blue/wet white) supply chain.

1. Communication

Signing onto this Policy and Standard constitutes a self-declaration and commitment by the supplier, given through contract clauses and confirmed in writing any updated version of this Policy. ISA accepts only material free from any association with deforestation or conversion after 31 December 2020. This is ISA Next-Gen Materials' own commitment, adopted in line with AFi. Suppliers must pass these requirements through to their own operations, producers and any other upstream actors.

2. Monitoring

ISA Next-Gen Materials proactively monitors implementation and outcomes related to deforestation, conversion, ~~and~~ human rights and ethical practice within the bovine supply chain by reviewing supplier documentation and conducting periodic independent third-party verification. If we detect potential non-compliance or a risk that contravenes this Policy, we will engage in dialogue with the tanneries to ensure transparency and request any necessary corrective actions.

Examples of Due Diligence for tanneries and slaughterhouses can include, without limitation, the following (G4, TAC, IBAMA and CAR are defined in Annex 1):

- a) Signatories to the G4 agreement, or signatories to the TAC (Termo de Ajustamento de Conduta, Term of Adjustment of Conduct) with plans underway to adopt G4-aligned zero deforestation sourcing criteria.
- b) Procedures to check farms not included on the IBAMA (Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis, Brazil's environmental protection agency) embargo list.
- c) Utilizing tools to track direct and indirect cattle-supplying ranches, such as Visipec, a mapping platform developed by the National Wildlife Federation to trace indirect cattle suppliers, including calving and backgrounding ranches, in Brazil.
- d) Requiring complete boundary maps, known in Brazil as CAR (Cadastro Ambiental Rural, Rural Environmental Registry), for supplying farms.
- e) Explanation of plans and/or activities to improve visibility of indirect supplying ranches (calving and backgrounding farms).

3. Verification

ISA Next-Gen Materials is committed to maintaining fully auditable records and to independent third-party verification of compliance with this Policy across our bovine hide (wet blue/wet white) tanneries and their sourcing slaughterhouses.

4. Performance Review and Continuous Improvements

As responsible sourcing practices continue to evolve, ISA Next-Gen Materials is committed to collaborating closely with our bovine hide supply chain partners to assess their performance and address any challenges. In cases of non-compliance or the need for improvement under this Policy, we will work with our brand customers to find solutions together.

VII. Declaration of Compliance

By signing below, the undersigned confirms they have read and understood this Policy, and agrees, on behalf of their organization, to comply with its requirements as a condition of supplying bovine hides or wet blue/wet white to ISA Next-Gen Materials.

The undersigned further confirms that the information provided to ISA Next-Gen Materials in connection with this Policy is accurate and complete, and understands that ISA Next-Gen Materials may verify compliance.

In cases of non-compliance or the need for improvements related to our Hide Policy commitment, we will work in conjunction with our brands to jointly find solutions.

Company/Organization: _____

Signature: _____

Position: _____

Name: _____

Date: _____

Document Code:	ISA-I-03
Department:	Oversea Purchase & Shipping
Version:	B0
Date:	09/01/2026
Supersedes:	Version A0, 03/19/2024

Annex 1: Terms and Definitions

Accountability Framework initiative (AFi):

A roadmap for ethical supply chains that protect forests, natural ecosystems, and human rights, built on twelve Core Principles that form the foundation of the Accountability Framework. Details at accountability-framework.org.

CAR, Cadastro Ambiental Rural:

Brazil's Rural Environmental Registry, made mandatory for all rural properties by the New Forest Code, Federal Law 12.651/2012. Landowners register property boundaries, native vegetation and protected areas through SICAR, the online system managed by the Brazilian Forest Service. More than 7.2 million properties were registered by October 2023. A CAR entry provides the georeferenced polygon that allows a property to be checked against deforestation data.

Conversion (Terms and Definitions of AFi, February 2024):

Change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure, or function. Deforestation is one form of conversion (conversion of natural forests). Conversion includes severe degradation or the introduction of management practices that result in a substantial and sustained change in the ecosystem's former species composition, structure, or function. Change to natural ecosystems that meets this definition is considered to be conversion regardless of whether or not it is legal.

Cutoff date (Terms and Definitions of AFi, February 2024):

The date after which deforestation or conversion renders a given area or production unit non-compliant with no-deforestation or no-conversion commitments, policies, goals, targets, or other obligations. ISA Next-Gen Materials applies 31 December 2020 as its cutoff date, as set out in this Policy.

Deforestation (Terms and Definitions of AFi, February 2024)

Loss of natural forest as a result of: i) conversion to agriculture or other non-forest land use; ii) conversion to a tree plantation; or iii) severe and sustained degradation. This definition pertains to no-deforestation supply chain commitments, which generally focus on preventing the conversion of natural forests. Severe degradation (scenario iii) constitutes deforestation even if the land is not subsequently used for a non-forest land use. Loss of natural forest that meets this definition is considered to be deforestation regardless of whether or not it is legal. The Accountability Framework's definition of deforestation signifies "gross deforestation" of natural forest, where "gross" is used in the sense of "total; aggregate; without deduction for reforestation or other offset."

G4 Cattle Agreement:

Formally the Minimum Criteria for operations with cattle and bovine products on an industrial scale in the Amazon biome. A voluntary commitment signed in 2009 by Brazil's three largest beef companies alongside Greenpeace, following the Slaughtering the Amazon investigation. Signatories block purchases from farms that have deforested as of 5 October 2009, whether the deforestation was legal or illegal.

GTA, Guia de Transporte Animal:

The Animal Transport Guide, the official document required to move livestock between properties or to slaughter in Brazil. It records origin, destination and animal numbers, and is the primary record used to reconstruct the movement of cattle through the supply chain.

Human Rights (Universal Declaration of Human Rights, 1948):

Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination.

IBAMA, Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis:

Brazil's federal environmental enforcement agency. It maintains and publishes the public embargo list of rural properties sanctioned for illegal deforestation, at ibama.gov.br. IBAMA is also a co-signatory to the TAC da Carne agreements.

Minimal level (Terms and Definitions of AFi, February 2024):

A small amount of deforestation or conversion that is negligible in the context of a given site because of its small area and because it does not significantly affect the conservation values of natural ecosystems or the services and values they provide to people.

No-conversion (synonym: conversion-free) (Terms and Definitions of AFi, February 2024):

Commodity production, sourcing, or financial investments that do not cause or contribute to the conversion of natural ecosystems, as defined by the Accountability Framework. No-conversion refers to no gross conversion of natural ecosystems, which the Accountability Framework specifies as the appropriate policy and goal on this topic for companies and supply chains. The terms no-conversion and conversion-free are used in favor of zero conversion because zero can imply an absolutist approach that may be at odds with the need to sometimes accommodate minimal levels of conversion at the site level in the interest of facilitating optimal conservation and production outcomes (refer to Minimal level).

No-deforestation (synonym: deforestation-free) (Terms and Definitions of AFi, February 2024):

Commodity production, sourcing, or financial investments that do not cause or contribute to deforestation, as defined by the Accountability Framework. No-deforestation refers to no gross deforestation of natural forests, which the Accountability Framework specifies as the appropriate policy and goal on this topic for companies and supply chains. The AFi recognizes the High Carbon Stock Approach as a practical tool to implement no-deforestation in the tropics, in contexts where the tool has been validated. The terms no-deforestation and deforestation-free are used in favor of zero deforestation for the same reason given above (see Minimal level).

TAC, Termo de Ajustamento de Conduta:

Known as the TAC da Carne. Out-of-court agreements signed from June 2009 between meatpackers operating in the Legal Amazon and the Federal Public Prosecutor's Office, the Ministério Público Federal, together with IBAMA. Signatories block purchases from farms with illegal deforestation as of 1 August 2008, and from operations linked to slave labour, unlicensed activity or indigenous lands. Compliance is assessed by third-party

auditors approved by the MPF. Violation carries a fine and judicial execution of the agreement. More than seventy companies now hold commitments.

Traceability (Terms and Definitions of AFi, February 2024):

The ability to follow a product or its components through stages of the supply chain, including production, processing, manufacturing, and distribution.

Annex 2: Change Log Date

Section	What Changed
Policy Overview	Leads with Policy definition. Risk statement expanded to deforestation, conversion, human rights, animal welfare. Birth farm and traceability commitment integrated.
Document Control Block	Restored: Document Code, Department, Version, Date, plus new Supersedes field.
Cutoff Date	Reframed as ISA's own commitment under AFi guidance, not EUDR.
Traceability Milestones	Four dated milestones (2024-2030) replaced with one roadmap statement.
Section 2, Animal Welfare	Five Freedoms attributed to UK FAWC. Added byproduct-of-meat-industry requirement.
Section 3, Human Rights	Extended to Indigenous Peoples and local communities (AFi Core Principle 2.2), beyond employees only.
General Requirements	Code stamp and decoding document merged into one item.
Specific Requirements, Brazil / Amazon and Chaco Biomes	EUDR language removed, AFi-grounded cutoff used throughout. Scope extended from Amazon and Cerrado to Amazon and Chaco.
Annex 1, Definitions	Retitled from Terms and Definitions. Alphabetized. Added G4, TAC, IBAMA, CAR, GTA, Cutoff date, Minimal level, Traceability.
Declaration of Compliance	New section added before the annexes: supplier acknowledgment statement plus signature block.