GRUPPOMASTROTTO

Sustainability Report 2024

Our vision towards a more sustainable and innovative future, *Leather forward*.



GRUPPO**MASTROTTO**

Sustainability Report 2024

Leather forward embodies our vision of evolution, a symbol of continuous progress that looks to the future. It is an invitation to look 'beyond leather', pushing past the boundaries of imagination. This means embracing constant improvement and developing solutions and processes increasingly guided by sustainability. Leather forward is the future we are building — together.



Table of contents

	Letter from our President	4
	At a glance: our key indicators for 2024	6
1.	Gruppo Mastrotto: Leather forward	9
	Please allow us to introduce ourselves	10
	Our history	12
	Corporate governance	16
	Purpose and Values	20
	Leather and the art of tanning	21
	The context	24
	Our certifications	28
	Adhesion to the Global Compact	32
2.	Gruppo Mastrotto's Sustainability Journey	35
	Our stakeholders	37
	The sustainability sphere	38
	The double materiality assessment	39
	The sustainability plan	46
	"Sustainability Leader" Award	48
3.	People	51
	About us	53
	A kaleidoscope of cultures and personal stories	56
	Equal opportunities for all	57
	An inclusive context	58
	Turnover	60
	Corporate welfare, close to people	61
	Staff health and safety	64
	Training and valuing people	66
	The new Intranet for more effective and inclusive communication	68

4.	The environment						
	Water: responsible management	73					
	Energy	79					
	Electricity from renewable sources at Mastrotto Indonesia	81					
	Greenhouse gas emissions	82					
	By-products and waste	83					
5.	Customers, products and markets	87					
	Product safety	90					
	Guaranteed environmental quality of the leathers	92					
6.	Supplier management	99					
	The EU anti-deforestation regulation	101					
	SupplieRank - Involving suppliers to create a sustainable supply chain	103					
	Suppliers' expectations	105					
7.	Territory and corporate citizenship	107					
	Social commitment and relations with the community	110					
	The Foundation in support of the territory	113					
	The commitment towards schools	116					
	The future in our roots: the "Museum of Interactive Leather Experience" in Arzignano	118					
	Relations with public institutions and industry organisations	119					
8.	Innovation	121					
	Technologies: innovation and sustainability in modern tanning	124					
	Processes: towards more sustainable production	125					
	Research and Development: new ideas and new materials	127					
	The company's laboratories	129					

Preface

Letter from our President

The value of the journey. The strength of the Group.

Our Sustainability Report has reached its fifth edition, reaffirming our ongoing commitment to transparency and responsibility toward all our stakeholders.

This year marks a significant evolution: it is our first consolidated report, which includes not only our Italian operations but also those in Brazil, Indonesia, Mexico, and Tunisia. A shift that strengthens our identity as an integrated and global organization, capable of expressing a unified vision while embracing the richness of local experiences.

A valuable opportunity to strengthen internal bonds and grow together, because for us, sustainability is a shared journey—where relationships, listening, and every step taken together toward the future truly matter.

We will also remember 2024 for a strategic milestone: the entry of Coindu into our Group—a Portuguese company specializing in automotive interior coverings, which brings new expertise and reinforces our position in the international automotive supply chain.

Among the most significant milestones this year is the One Next Step project, carried out in collaboration with Tod's within the Monitor for Circular Fashion of Bocconi University: a co-design initiative to develop a shoe incorporating alternative materials and sustainable solutions.

A hands-on experience that made the value of collaborative innovation even more tangible.

With the SupplieRank program, we have deepened our engagement with suppliers, mapping their ESG approaches, goals, and indicators. Today, we are ready to activate joint improvement projects, moving toward a more responsible and transparent supply chain.

In parallel, we have invested in our people's well-being, enhancing training on health, safety, quality, and the environment, and introducing new upskilling programs for our managerial teams.

Corporate welfare continues to be a concrete pillar of our business culture, with local initiatives designed to meet the real needs of families. We have also launched a new internal digital platform to promote more accessible and participatory communication and to truly put information at people's service.

On the environmental front, we have increased the share of electricity from renewable sources, and Mastrotto Indonesia has achieved the goal of 100% certified renewable energy procurement. We also joined LIFE Svolta Blu, a European project promoting efficient water use through an innovative blue credit system.



Our connection with local communities remains a hallmark of our business philosophy. We continue to support initiatives focused on health, education, and social cohesion: from protecting local water resources to acquiring medical technologies, creating spaces for youth and the elderly, and supporting families in need.

In this spirit, we became founding members of MILE—an interactive museum designed to tell the story of Arzignano's tanning district, linking heritage and the future.

Looking ahead, we have developed the Group's Sustainability Plan: a strategic framework guiding all our actions—from self-generation of renewable energy to extending LCA (Life Cycle Assessment) analysis to all product families, from measuring the climate footprint of our Italian sites to defining an integrated decarbonization roadmap.

It's an ambitious journey, and we will share its developments in the next edition of the Report, which will also include Coindu's results.

On behalf of the Board of Directors, I would like to close with a heartfelt thank you to all the people of Gruppo Mastrotto.

It is thanks to your passion, expertise, and sense of belonging that we can continue building a better future.

It is with this spirit that we continue on our path: *Leather forward*.

Chiara MastrottoPresident, Gruppo Mastrotto

At a glance

Adhesion to the

Global Compact

United Nations

Our key indicators for 2024.

398.4

People working for Gruppo Mastrotto Turnover in Mln €

Leather Standard Oeko-Tex

Leader" Award

"Sustainability

-13.5%

1st in the world

with certified

"Biobased"

leathers

The number of workplace injuries*

Workforce turnover rate* 11K

Training hours for occupational health and safety -51%

Water consumption** 4.4%

CO, emissions per working hour*

Founding partner of MILE (Museum of Interactive Leather **Experience**)

Joined the Monitor for Circular Fashion

Supports the **EU-founded "LIFE"** Svolta Blu" project

"Women and Fashion" Observatory Award in the "Work-family balance and corporate welfare" category

Worldwide production plants **Export countries**

*Data refers to 2024 compared to the previous year. **Data refers to 2024 compared to 2022.

Gruppo **Mastrotto:** Leather forward

Masters of leather for over 65 years

- Please allow us to introduce ourselves
- 1.2 Our history
- 1.3 Corporate governance
- 1.4 Purpose and Values
- 1.5 Leather and the art of tanning
- 1.6 The context
- 1.7 Our certifications
- 1.8 Adhesion to the Global Compact

Gruppo Mastrotto: Leather forward

Please allow us to introduce ourselves 1.1

Experience, sustainability and innovation are the distinguishing features that have characterised Gruppo Mastrotto, a global leader in the processing of high quality bovine hides, since 1958.

The company, founded by brother Bruno and Santo, supported by their father Arciso, is now a global point of reference in the tanning industry, with over 2300 employees and a 2024 turnover of 398.4 million euros. It carries out the tanning process in 15 production plants in Italy, Brazil, Indonesia, Mexico and Tunisia, exporting products in more than 110 countries.

Gruppo Mastrotto S.p.A. produces leathers destined for a wide range of applications: footwear and leathergoods, car interiors and steering wheels, interior and design, aviation and nautical.

Mastrotto Brasil is specialised in leathers for furnishing, while Mastrotto Indonesia



creates leathers for the automotive and furnishing sectors.

The plants of Gruppo Mastrotto Mexico and Mitech Tunisie, on the other hand, are specialised in cutting and stitching leathers for steering wheels, seats and other car interior components.

In October 2024, Gruppo Mastrotto acquired the majority stake in Coindu, a Portuguese company specialised in the design and production of leather and fabric upholstery for car interiors. A procedure of downstream integration that enhances the company's ability to supply complete solutions for car interiors and significantly consolidates the Group's competitive position within the global context of the automotive supply chain.

The sustainability report, which is now in its fifth edition, is the tool used by Gruppo Mastrotto to offer transparent and detailed disclosure of its commitment to sustainable business practices, highlighting the initiatives it has undertaken, and the projects implemented to reduce environmental impact, improve social responsibility and promote ethical governance.

15

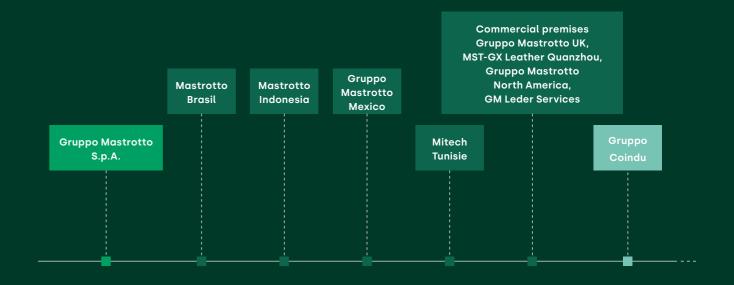
Gruppo Mastrotto

2.3K+ 398.4 110

Export countries

This document illustrates both the results achieved and the path along which the future projects of the entire Group will be developed in terms of sustainability, aligning corporate goals with international sustainability standards.

This fifth edition expands the scope of reporting, extending it from Gruppo Mastrotto S.p.A. to Mastrotto Brasil, Mastrotto Indonesia, Gruppo Mastrotto Mexico and Mitech Tunisie, with the aim of also including activities related to Coindu in the next Sustainability Report, bringing its area of coverage into line with that of the statutory financial statements.



2020/2024

2024

Our history

1958

Arciso Mastrotto, along with his sons Bruno and Santo, establishes "Conceria Mastrotto" in Arzignano, pioneering the processing of crust for footwear.

1975

Arciso Mastrotto retires, leaving the management of the company in the hands of his sons.

1995/1996

The company grows, with two new production units in Arzignano, "Duma" and "Mastrotto Italia", for the production of leathers for furnishing and the automotive industry.



2001

Gruppo Mastrotto

INTERNATIONAL DEVELOPMENT

Foundation of Mastrotto Brasil, a local branch dedicated to the processing of leather for the furnishing sector.

2003

Establishment of "Gruppo Mastrotto" merging "Conceria Mastrotto", "Duma" and "Mastrotto Italia".

2004

INTERNATIONAL DEVELOPMENT

Foundation of Mastrotto Indonesia, a local branch dedicated to the processing of leather for the furnishing and automotive sectors.

2013

Foundation of Gruppo Mastrotto Express, a service for the worldwide supply of readily available leathers in over 600 colours (now more than 1600).

2015

INTERNATIONAL DEVELOPMENT

Foundation of Gruppo Mastrotto Mexico and Mitech Tunisie, both dedicated to cutting leathers for the automotive industry.

2024

INTERNATIONAL DEVELOPMENT

Acquisition of the majority stake in portoguese company Coindu, specialised in the production of leather and fabric upholstery for the automotive industry.

Inauguration of Fashion & Interior Design Showroom in Santa Croce.





Corporate governance 1.3

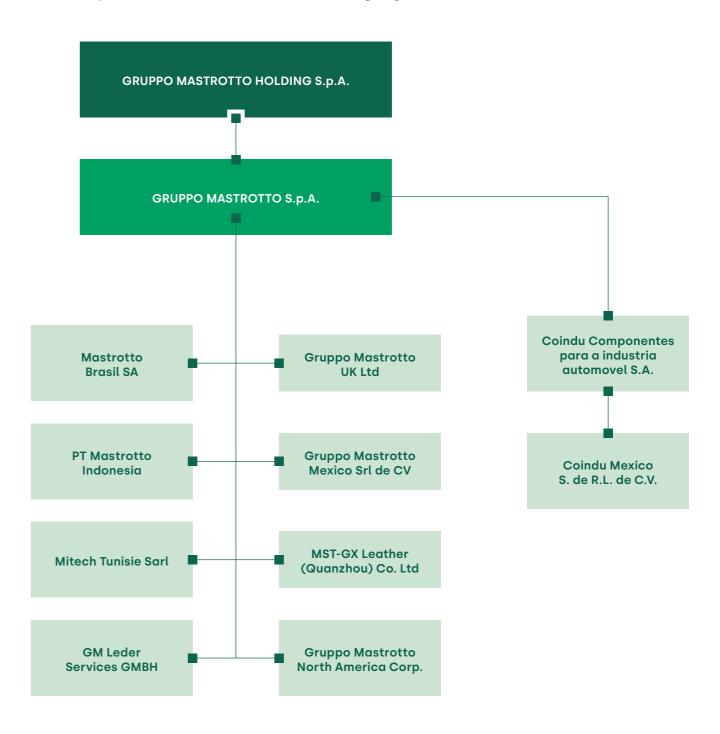
The Gruppo Mastrotto S.p.A. is a joint-stock company with a share capital of 600,000 ordinary shares with a value of Euro 51.65 each and a total value of 30,990,000 million euros.

F The share capital, fully paid up, is stably held by the family through the sub-holding Gruppo Mastrotto Holding S.p.A. and allocated as follows:

Shareholder	Number of shares
Gruppo Mastrotto Holding S.p.A.	480,000
Mastrotto Graziano	60,000
Azalea S.r.l.	60,000



F The Group's structure is shown in the following organisation chart:



1.3.1 The governing bodies

The governing bodies of Gruppo Mastrotto Sp.A. are:

- the Shareholders' Meeting, responsible for passing resolution on matters reserved to it by law and by the Articles of Association in force, both in ordinary and extraordinary session.
- the Board of Directors, empowered for the ordinary and extraordinary management of the Company with a view to fulfilling the business purpose. This is

the body that approves the Sustainability Report and the sustainability plan, regularly checking its correct implementation.

The composition of the Board of Directors reflects the composition of the shareholder structure and pays particular attention to the development of specific business skills, something which is of particular importance considering the specialised nature of the tanning industry within different and differentiated global value chains.

🖻 As of 31/12/2024, the Board of Directors was made up of six members, as follows:

Office	Name/Surname
Chair and Chief Executive Officer	Chiara Mastrotto
Director	Giovanna Mastrotto
Managing Director	Graziano Mastrotto
Managing Director	Santo Mastrotto
Managing Director	Renata Sartori
Managing Director	Fabio Soldà

In particular:

- Chiara Mastrotto is mandated for matters of "Sustainability" and "Environment";
- Fabio Soldà holds the mandate for "Occupational Health and Safety", also holding the office of Employer pursuant to Legislative Decree no. 81/2008, which regulates this matter in Italy.

Periodic reporting is addressed to the Board of Directors or to individual Managing Directors in periodical reports issued by the Oversight Committee, pursuant to Legislative Decree 231/01, Company Managers mandated with matters relating to the environment and to occupational health and safety, and Heads of Department.

Similarly, the foreign offices have a Board of Directors with the necessary powers for the ordinary and extraordinary management of the Company with a view to fulfilling the business purpose and in coordination with the strategies developed at corporate level.

1.3.2 The control bodies

The main control bodies of Gruppo Mastrotto S.p.A. are the Board of Statutory Auditors and the Oversight Committee established under Legislative Decree 231/2001.

□ As of 31/12/2024, the Board of Statutory Auditors was made up of:

Office	Name/Surname
Chair	Nevio Dalla Valle
Auditor	Primo Ceppellini
Auditor	Antonio Pasquino
Substitute Auditor	Davide Lombardi
Substitute Auditor	Alessandro Pegoraro

The independent auditing of the accounts is entrusted to PriceWaterhouseCoopers S.p.A for the Group companies within Gruppo Mastrotto S.p.A, Mastrotto Brasil SA and PT Mastrotto Indonesia.

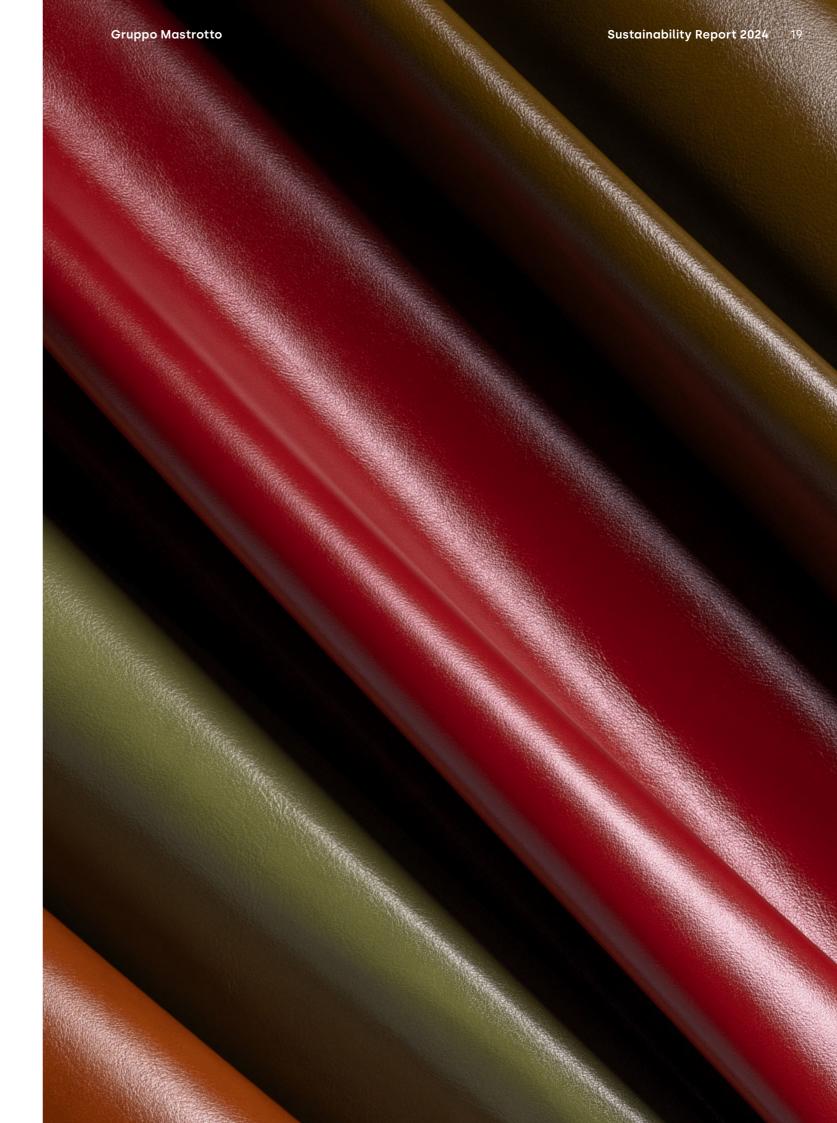
In all other companies, these functions are performed by local bodies appointed in accordance with the applicable legislation. In accordance with Legislative Decree 231/2001 (the regulation governing the administrative liability of legal entities), Gruppo Mastrotto S.p.A. has set up an Oversight Committee consisting of three members, including two external ones.

Gruppo Mastrotto: Leather forward

To rule out the company's liability for criminal offences, the provision 231/01 envisages:

- the adoption and effective application of an "Organisation, management and control model" (MOG), which has been in place at Gruppo Mastrotto for some years;
- the appointment of an Oversight Committee, responsible, among other things, for overseeing the correct application of the provisions of the model.
- As of 31/12/2024, the Oversight Committee, pursuant to Legislative Decree 231/01, was made up of:

Office	Name/Surname
Chair	Nevio Dalla Valle
External Member	Francesco Falavigna
Internal Member	Massimo Lechthaler



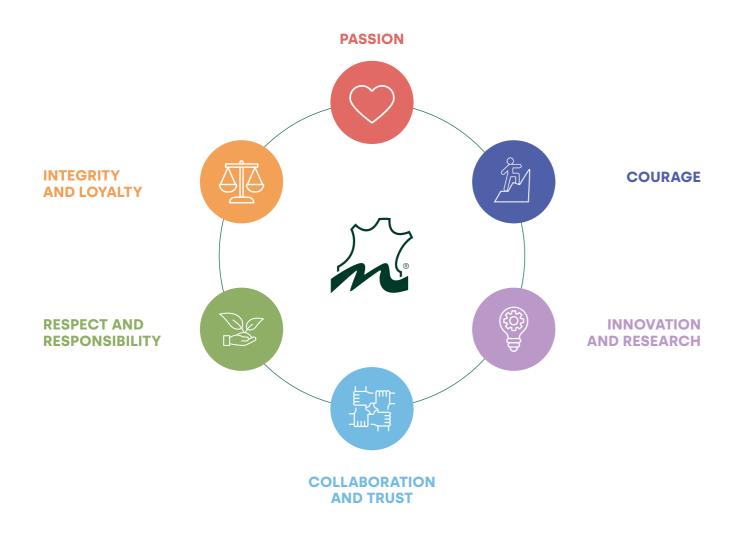
Purpose and Values 1.4

"Driven by a passion for leather, we offer our customers high-quality, innovative and lasting solutions. We believe in collaboration, constant improvement and an active commitment towards sustainability. We embrace future challenges with the boldness of those capable of imagining and creating things that don't exist yet".

This is the wording of Gruppo Mastrotto's new purpose, a clear declaration of intent that guides the definition of the company's goals and strategic decisions, inspiring employees to go beyond the customer's

expectations and make a positive contribution to society and the environment. It is a statement made by Management following an in-house brainstorming process involving representatives from every company department, with a view to ensuring a shared vision in line with the essential beliefs and expectations of the company's stakeholders.

Gruppo Mastrotto's purpose is at the centre of the company's values, the founding principles on which the daily actions of all those who work for the company are based.



Leather and the art of tanning

From the time when primitive humans used animal hides to protect themselves from the cold and bad weather to the present today, leather has played a key role in our evolution.

Initially, it was preserved using rudimentary methods such as smoking and drying, but, as time went by, man perfected tanning techniques to make leather strong, soft and durable.

The evolution of tanning techniques has helped expand the potential for using leather, while continuing to preserve and protect it from wear and tear and decomposition. Perfecting tanning techniques has made it possible to fully exploit the potential of this unique material in a variety of sectors.

Touching a real leather product conveys a unique sensation of softness and warmth that no other material can replicate. Elegant and supple, leather lends value and sophistication to every creation, preserving and even enhancing its value and authenticity over time.

Leather combines durability, versatility and comfort: whether for a garment or a furniture product, its adaptability is unique. The timeless elegance of this material also makes it perfect for creating designs destined to transcend passing trends.

1.5.1 Leather: an ally of sustainability

As well as being extraordinarily beautiful, leather is also an ally of sustainability. Leather is a by-product ennobled through production processes, avoiding its disposal in order to give life to new products.

Every year, tanneries recover 8 million tonnes of raw hides. Their disposal would create 5 million tonnes of greenhouse gases, equivalent to the emissions of 1 million cars travelling 10,000 km.

Biodegradable and renewable, leather is one of the most virtuous examples of circularity. An organic waste product ennobled to give life to new products.

The production process

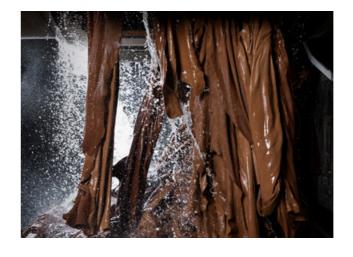
The experience of the personnel and the cutting-edge equipment of the factories come together in an articulate sequence of processes that make up the production process at Gruppo Mastrotto.

The transformation of raw hides into leather comprises a series of chemical and physical processes that can be grouped into three main phases; preparation, tanning and finishing.

Preparation

During the first phases of the process, the raw hide is prepared for the tanning process. Preparation plays a key role in removing impurities, grease and other unwanted substances from the hide, ensuring a clean base ready to absorb the tanning agents.







Tanning

To prevent the pelt from rotting, it is necessary to proceed with a treatment capable of preserving it: tanning.

There are different types of tanning, depending on the characteristics required in the final processing. The colour of the leather at the end of the operation reveals which agents have been used: blue (wet blue) indicates chrome tanning, white-beige (wet white) indicates chromefree tanning, and light brown indicates vegetable tanning.

Finishing

After tanning, the pelts advance through a series of steps to obtain the desired final characteristics. The finishing phases include operations carried out using specialised machinery, performed with great precision to give the leather the desired qualities, such as softness, colour and lustre. During this phase, the experience of over 65 years of history is expressed to its fullest, to ensure that each leather is the result of superb workmanship.

Cutting and sewing

Finished leathers destined for the automotive industry can be cut to prepare kits for steering wheels, seats or other parts of car interiors.

The leathers are carefully checked for flaws and the presence of the necessary requirements in terms of thickness and consistency; then, after setting up the cutting operation using dedicated software, they are automatically cut using lasers that follow contours imposed by the software with absolute precision.

Where required, industrial sewing machines can be used to sew the cut kits to make seat covers, steering wheels or other parts of a car interior.

16 The context

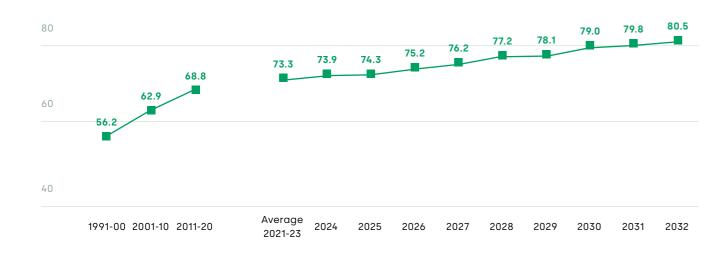
The tannery recovers and ennobles a by-product of the food industry, turning it into the characterising element of bags, footwear, interior design and car interiors.

It is part of extremely complex international supply chains, acting almost as a link between the primary sector and the fashion, interior design and car manufacturing industries.

OECD^[1]-FAO^[2] forecasts predict continued growth in the consumption of beef over the

next few years, with a positive impact on global turnover in the industry. The value of the world's tanning production can be estimated at around 17-18 billion euros. The main producer countries include Italy, China, Brazil, South Korea and India.

© Consumi mondiali di carne bovina Previsioni al 2023 (Mln tonn)





Looking at the situation here in Europe, the European tanning industry is leader in terms of quality, innovation and environmental and social responsibility. The 3,000 tanneries operating in Europe employ around 50,000 people and generate a turnover of almost eight billion euros.

Most of the leathers produced are used in the footwear industry, which accounts for 38% of production^[3]; recent years have witnessed increases in other significant industries, such as leather goods (22%) and car interiors (13%).

European tanners supply all the major specialisations and areas of use in the highend market segments. 25% of all European production is for high-end customers, with the mid-high end segment accounting for 34%.

The use of European leather also drives the creation of value downstream. The production of almost eight billion euros of leather generates a turnover of around 125 billion euros for the industry's customers, creating value and employment for over 40,000 companies and two million people.

The Italian tanning industry

The Italian tanning industry plays a key role at international level in the worlds of fashion, car interiors and home furnishings.

It is characterised by small and mediumsized enterprises, almost all of which are located within three industrial districts specialised by the type of leather processed and by product destination:

- Arzignano (Vicenza Veneto), specialised in the processing of bovine hides for the fashion, automotive and interior design sectors;
- Santa Croce sull'Arno and Ponte a Egola (Pisa - Tuscany), characterised mainly by the processing of calfskins for leather goods and footwear;
- Solofra (Avellino Campania), known primarily for the processing of sheep and goat skins for clothing.

These tanning districts are also home chemical companies, machinery manufacturers, companies that process the by-products of the tanning industry, service companies/consortia, consortium-run purification plants which,



together with the tanneries, represent a supply system that is unique in the world.

Turnover estimates for 2024 are 4.1 billion euros, down 4.3% compared to 2023; production of finished leather is expected to fall by around 7.6% to 97 million square metres.

If these forecasts are confirmed, this will be the second consecutive year in which the industry has experienced a generalised decline, resulting from persistent suffering in the fashion, furnishing and automotive industries.

The ongoing international political tensions that have characterised these last few years and the severe economic consequences that have ensued have intensified the decline of the markets, with the consumer products of the aforementioned supply chains being the hardest hit.

Exports of leather by Gruppo Mastrotto S.p.A. showed a 3% drop in value from January to November 2024, compared to the same period of the previous year.



An analysis of the individual destination countries, however, shows differing trends. Among our top 20 export countries:

- Spain (+11%), Vietnam (+23%), Germany (+6%) and India (+2%) are growing;
- flows to France, which continues to be the leading foreign destination of Italian leather, China (including Hong Kong) and South Korea, remain substantially unchanged;
- shipments to the US (-4%), Serbia (-3%) and the United Kingdom (-4%) have fallen slightly;

Romania (-11%), Tunisia (-10%), Portugal (-6%), Albania (-11%), Poland (-12%), Slovakia (-15%), Mexico (-10%), Turkey (even -30%), the Czech Republic (-20%) and Hungary (-7%) have suffered sharper declines.

Turnover in 2024 in Bn €

2024 production in Million sqm of leather



Our certifications

System and product certifications serve two purposes:

 to stimulate innovation processes and constant improvement in all areas of the company, with the introduction and refinement of advanced organisational models, thanks particularly to the constant involvement of people;

to guarantee transparent and science-backed disclosure to all stakeholders, with certification by independent third-party organisations.

Certification is an instrument of cultural and organisational evolution that represents a tangible value both for Gruppo Mastrotto and for its customers and employees, the territory and the local community.

System Certifications



ISO 14064-1

Greenhouse gas emission reporting Part of the ISO 14064 series, this certification focuses on the quantification and reporting of greenhouse gas emission at organisational level. Its sets guidelines for measuring, quantifying and reducing greenhouse gas emission in a transparent and consistent manner.



ISO 28000

Supply chain safety management system

Specific standard for supplier safety management. It helps organisations assess safety risks in their supply processes and implement measures to mitigate them, improving overall supply chain safety.



ISO 9001

Quality Management System

This is the international standard for quality management systems (QMS). It provides a framework for improving customer satisfaction through consistent in-house processes and a continuous commitment to improvement.



ISO 14001

Environmental Management System

Part of the ISO 14000 family of standards, this certification focuses on environmental management systems (EMS). It helps organisations improve their environmental performance through more efficient use of resources and waste reduction.



IATF 16949

Quality Management System - automotive industry

IATF 16949 is a standard specific to the automotive industry and provides quality management system requirements for continuous improvement, defect prevention, and the reduction of variations and waste in the supply chain.



LEATHER WORKING GROUP

LWG Gold Rating

Gruppo Mastrotto's best practices in environmental and safety matters have been recognized with the achievement of the Gold Rated status, the highest score of the international LWG certification. The primary objective of the Leather Working Group is to develop and maintain a protocol that assesses environmental compliance and business practices regarding sustainability in the leather industry.



TISAX

Information Security in the Automotive Industry

TISAX® (Trusted Information Security Assessment eXchange) is an information security assessment approach based on a maturity model and explicitly oriented towards the needs of the automotive sector. The standard is accredited by the ENX

Product Certifications



MARINE EQUIPMENT

Council Directive 2014/90/EU

Also known as the Marine Equipment Directive (MED), it establishes safety and performance criteria for equipment on board ships sailing in international waters, ensuring uniform standards for maritime safety in the EU.



LEATHER STANDARD

OEKO-TEX

This is an independent and globally recognised certification system for leather and leather goods at all stages of their processing, from semi-finished leather to finished articles such as bags, gloves, clothing, etc. The certification applies to the leather production process and identifies substances that are used in the processing that are harmful to humans.



ECOLOGICAL LEATHER

Der Blauer Engel

German government certification that rewards products and services that have a reduced environmental impact, promoting sustainable production and consumption practices. Blauer Engel-certified products and services protect the environment and people's health through the careful use of resources in production and the absence of harmful effects.

Our company commitment



CARBON NEUTRAL

Scope 1 Scope 2



BIOBASED CERTIFICATION

USDA (United States Department of Agriculture)



UN GLOBAL COMPACT

We support

☑ Global certifications

Gruppo Mastrotto S.p.A.

1996

ISO 9001 (Quality Management System).

2010

IATF 16949 (Quality Management System - automotive industry).

ISO 14001 (Environmental Management System).

2016

Blue Angel label (Product **Environmental Certifica**tio).

2017

LWG Standard Gold (Environmental Management System).

2019

USDA Label (Product Renewability Certification).

2021

ISO 28000 (Supply chain safety system).

2022

Oeko-Tex label (Product **Environmental Certifica**tion).

2023

ISO 14064-1 (Carbon footprint of the organisation).

2024

Tisax (Information Security in the Automotive Industry).



Mastrotto Brasil

Gruppo Mastrotto

2015

ISO 9001 (Quality Management System).

LWG Standard Silver (Environmental Management System).

2019

ISO 14001 (Environmental Management System).

Mastrotto Indonesia

2012

ISO 9001 (Quality Management System).

IATF 16949 (Quality Management System - automotive industry).

2020

ISO 28000 (Supply chain safety system).

2021

ISO 14001 (Environmental Management System).

ISO 45001 (Occupational Health and Safety Management System).

2022

Renewable Energy label (Product Environmental Certification).

Gruppo Mastrotto Mexico

2019

IATF 16949 (Quality Management System - automotive industry).

ISO 9001 (Quality Management System).

Mitech Tunisie

2015

ISO 9001 (Quality Management System).

2017

ISO 14001 (Environmental Management System).

2021

ISO 45001 (Occupational Health and Safety Management System).

Adhesion to the 1.8 **Global Compact**



The United Nations Global Compact is the world's largest strategic corporate citizenship initiative.



Proposed by former UN secretary Kofi Annan to promote a global economy attentive to human and labour rights, environmental protection and fighting corruption.

To date, almost 22,000 organisations from over 160 countries have joined the Global Compact, with the aim of creating a new state of global collaboration.

Gruppo Mastrotto joined the Global Compact in September 2022, in the belief that lasting, balanced and inclusive development requires an economy rooted in solid ethical foundations, respectful of human dignity and the environment.

Adhesion to the Global Compact requires a firm commitment to share, support and apply ten core values:

Human rights

- 1 Promote and respect universally recognised human rights within their respective spheres of influence.
- 2 Ensure avoidance of being, even indirectly, complicit in the abuse of human rights.

Employment

- **3** Uphold the freedom of association of workers and recognise the right to collective bargaining.
- 4 Eliminate all forms of forced and compulsory labour.
- **5** Effectively eliminate child labour.
- **6** Eliminate all forms of discrimination in employment and occupation.

Environment

- 7 Support a precautionary approach to environmental challenges.
- 8 Undertake initiatives that promote greater environmental responsibility.
- **9** Encourage the development and dissemination of environmentally friendly technologies.

Fight against corruption

10 Undertake a commitment to fight all forms of corruption.

Gruppo Mastrotto's Sustainability Journey

6

Large-scale projects associated with the SDGs of the UN 2030 Agenda



Gruppo Mastrotto's Sustainability Journey

The journey undertaken in recent years has allowed the development of an organic and systematic approach to "Sustainability" issues. This approach has gradually permeated the entire company management in terms of:

- more comprehensive decision-making and operational processes, which include environmental, social and governance matters;
- widespread disclosure of these matters within the organisation;
- a structured approach to managing environmental, social and governance risks.

2024 witnessed the gradual extension of this approach to Gruppo Mastrotto's foreign offices. This evolution was also favoured by the desire to bring the application of Directive 2022/2464 (Corporate Sustainability Reporting Directive - CSRD) concerning corporate sustainability reporting, partially forward by one year.

The effort focused particularly on carrying out the "double materiality" assessment. This was maintained despite the publication of the "Omnibus Package", which envisaged the postponement of the reporting obligations until 2028 for big companies and listed SMEs.

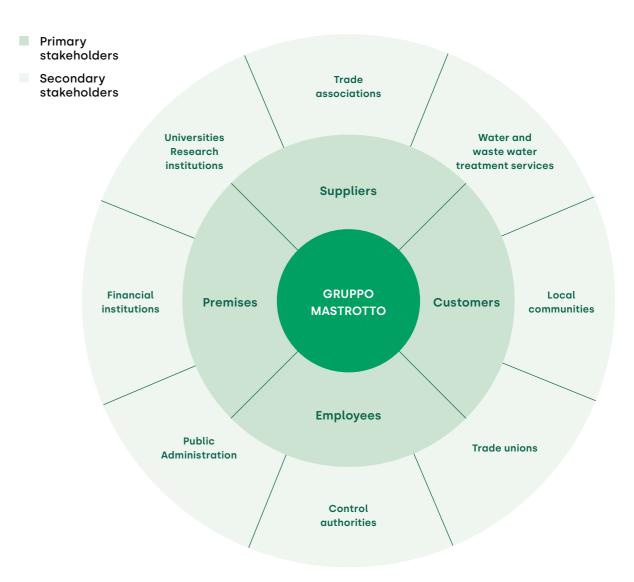


The term stakeholder identifies the people, groups and institutions that can influence an organisation's ability to fulfil its goals and which may, in turn, may depend on this in order to achieve their own.

No organisational evolution project can move forward without their involvement and support. Consequently, the identification, structured mapping and analysis of stakeholder expectations are important when it comes to understanding the relationships of mutual interdependence and,

consequently, to imagining and organising the best projects to pursue.

Based on their relationship with Gruppo Mastrotto, stakeholders can be divided into primary (all those identifiable individuals and groups on whom the company depends for its survival) and secondary (those who may influence or be influenced by the organisation's activities in terms of products, policies and work processes).





Learn more: mastrotto.com

The sustainability sphere

Sustainability is the pivot around which the tanning industry is going to have to build its future. This is of particular relevance to the Italian tanning industry, if it is to maintain its current world leadership.

In addition to attention to "historical" environmental matrices (water consumption and purification, the production and management of waste and purification sludge, atmospheric emissions from the final finishing stages, etc.), increasing attention must be paid to activities to help:

- halt and reverse global warming;
- reduce environmental and social impacts along the supply chain;
- ensure traceability in the supply of raw hides:
- attract new generations and encourage the professional growth of those already working in this industry.

This makes it crucial to improve the ability to interact with all players in the supply chain, from those upstream to the end consumers, also to combat the attacks suffered, paradoxically, by leather in relation to one of its main strengths.

The tendency by some of those operating in the industry to promote the replacement of leather, a circular economy material originating from the use of a waste product, as a choice to prioritise greater sustainability rather than as a mere cost containment strategy, is nothing more than an example of how "green washing", a form of false sustainability, is evolving in an extremely worrying way, based solely on unscrupulous and very misleading marketing strategies.

Many of these alternatives, marketed as being more ecological, actually rely heavily on plastics and synthetic materials which have a significant environmental impact, due to their non-biodegradable nature and the pollution associated with their production.

In addition to this, it is worth mentioning the continuous misuse of terms such as "vegan leather", "eco-leather", etc., to define materials that have absolutely nothing to do with leather, which is protected by a special regulation (Legislative Decree no. 68/2020).

The double materiality assessment

To identify the issues to be disclosed in its Sustainability Report, Gruppo Mastrotto analysed its most important impacts, risks and opportunities in a "double materiality" assessment.

A sustainability issue is classed as material when it meets the criteria defined for "impact relevance", "financial relevance" or both.

The former aims to identify the main impacts of an organisation's activity on the environment and society, including human rights; the latter aims to capture the main economic-financial impacts related to the risks and opportunities that an organisation may face.

Gruppo Mastrotto has adopted a two-level approach, consisting of:

- initial analysis;
- detailed assessment.

Initial materiality assessment

The starting point was the list of "Sustainability issues covered in topical ESRS" indicated in Delegated Regulation EU 2023/2772. A series of events were identified in relation to these issues, and then consequences were associated with them. The nature of these consequences was characterised in terms of:

- impact;
- risk;
- opportunity.

The list of events and consequences was drawn up in consideration of:

- existing legislation and authorisations;
- documents from public sources (EU Commission, Eurostat, OECD, Istat, Bank of Italy);
- sustainability reports of the main stakeholders (customers, competitors);
- contents of websites specific to the leather supply chain^[1];
- standards / quidelines for the drafting of sustainability reports (GRI, CSRD, TFCD, CDP);
- outcome of meetings with first line managers;
- results of customer satisfaction surveys;
- results of actions already in progress;
- international / sector-specific / professional codes of conduct;

- policies adopted by main stakeholders (occupational health and safety, environment, ethics);
- contents of websites of organisations focused on sustainability issues;
- results of audits conducted by customers, certification bodies, suppliers;
- periodic meetings with ownership;
- meetings with employees or their representatives;
- meetings with students or the local community during visits to the company;
- meetings / workshops with customers and suppliers;
- complaints / non-conformities;
- participation in technical working groups;
- participation in associations and bodies representing the tanning sector.

Once the list had been drawn up, the heads of department carried out an initial assessment of the materiality of events and possible consequences according to the following scale:

- low materiality;
- moderate materiality;
- high materiality.

Detailed assessment was carried out for combinations of events and consequences with moderate or high materiality.

2.3.2 **Detailed analysis: assessment** of impact relevance

The assessment examined the nature, probability and significance of the impacts.

The **nature** of an impact was based on the following characteristics:

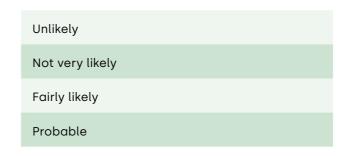
- positive / negative;
- direct / indirect;
- certain / probable.

Probability was estimated by simultaneously considering:

- probability of the event causing the impact;
- probability of the impact.

Considering both factors made it possible to avoid judging the impacts separately from the events that could generate them, reducing the risk of paying too much importance to impacts associated with rare events or with insufficient relevance compared to those related to frequent events.

Probability was expressed in qualitative terms, based on the following scale:



A numerical value was associated with each judgement, determining the final value as the sum of the probability of an event and that of the consequences. Qualitative judgements expressing an overall assessment were associated with the final values obtained.

The **significance** of the impact was expressed on the basis of the following elements:

 scale, with reference to the severity of the impact (e.g. violation of human rights, environmental legislative requirement);

- scope, related to the extent of the impact (e.g. territorial context, number of people affected);
- remediability, referring to negative impacts only, related to the possibility of restoring the situation to a state equal or similar to that in existence prior to the impact

A number was assigned to each qualitative assessment, to simplify the determination of a summary index. The final impact significance value is expressed as the sum of the individual scores for each parameter assessed.

Each final value was then associated with a qualitative judgement expressing a summary judgement. The criteria used to formulate the judgement are shown in the table below.

<u>Severity</u>	Very negative	Negative	Slightly negative	Negligible	Slightly positive	Positive	Very positive
Scope	Circumscribed	Limited	Extensive	Global	-	-	-
Recovery	Easy	With little effort	Difficult	Impossible	-	-	-
<u>Significance</u>	Slightly significant	Fairly significant	Significant	Very significant	-	-	-

Impacts were placed within a "weighting matrix", articulated along two axes: probability and significance.

The impacts deemed significant were then identified on the basis of the risk acceptance criteria and the issues to be disclosed in the Sustainability Report were then identified as a consequence.

Gruppo Mastrotto's Sustainability Journey

Gruppo Mastrotto

2.3.3 Detailed analysis: assessment

of financial relevance

The analysis was performed considering probability and extent of risk and opportunity. The assessment looked at the implications on:

- the income statement, so income and expenses;
- incoming and outgoing cash flows;
- corporate equity;
- access to credit:
- the company's reputation and placement.

Probability was estimated by simultaneously considering:

- probability of the event, associated with financial risk and opportunity, coinciding with the assessment carried out in terms of impact relevance;
- probability of the financial consequences, associated with the risks and opportunities identified.

The estimated probability was expressed in qualitative terms, based on the following scale:

Unlikely
Not very likely
Fairly likely
Probable

A numerical value was associated with each judgement, determining the final value as the sum of the probability of an event and that of the economic-financial implications. Qualitative judgements expressing an overall assessment were associated with the final values obtained.

The **extent** of the financial consequences was expressed in terms of effects on the overall economic and financial performance:

No / negligible effects
Slight effects
Moderate effects
Significant effects

Risks and opportunities were placed within a "weighting matrix" that allows the assessment of the probability of events and the extent of consequences.

The risks and opportunities deemed significant were then identified on the basis of the risk acceptance criteria and the issues to be disclosed in the Sustainability Report were then identified as a consequence.

Analysis results

The summarised results are shown in the following chart, indicating the topics and their influence in terms of impact and financial relevance.



Some considerations

The "double relevance" assessment offers a clear picture of the main sustainability issues for Gruppo Mastrotto; a summary of the main conclusions follows.

Water

Water is fundamental to the tanning industry, of essential importance to the production systems currently in use.

The "double relevance" assessment identified potential benefits thanks to the reduction of consumption associated with both new process technologies and new methods for reusing rainwater, recycled water or water from other industrial processes.

There are also potential negative impacts that can only be avoided by constantly monitoring the concentrations of pollutants in process wastewater, in order to facilitate the operations that take place in the treatment plants and minimise the impact on water bodies.

Occupational Health and Safety

The "double relevance" assessment revealed positive consequences for staff, related to both constant information and training and increasing involvement in the company's decision-making processes.

Potential negative impacts are related to the structural characteristics of the tanning production process; repetitive movements, manual handling and the handling of chemicals can generate accident risks and the risk of occupational diseases. Constant monitoring and risk reduction activities, a health protocol that goes beyond legislative requirements, and organisational and technical improvements have been introduced to minimise these impacts.

In terms of financial relevance, the potential risks and opportunities do not seem significant in the short to medium term.

Supply Chain Sustainability

Suppliers play a key role in the economy of the tanning industry, especially those who supply raw and semi-finished hides or chemicals.

In particular, the "double relevance" assessment highlighted the current and prospective importance of issues associated with traceability and deforestation, which are at the heart of EU Regulation 1115/2023

(EUDR), effective from 1 January 2026. The regulation requires due diligence to ensure that hides:

- do not come from regions where deforestation or forest degradation has occurred;
- have been obtained in compliance with environmental and social regulations.

Gruppo Mastrotto participates actively in the application of the regulation within the industry, participating in the work team established by the Unione Nazionale Industria Conciaria (Italian Tanning Industry Union) with the aim of guiding the application of the EUDR in the Italian tanning industry.

Energy and climate change

The analysis highlighted possible opportunities to reduce greenhouse gas emissions, such as the self-production of electricity from renewable sources.

In terms of risk, the following should be noted:

- the physical risks associated with chronic environmental events such as prolonged droughts or changes in rainfall patterns and types;
- the possibility of introducing environmental taxes along the entire value chain.

By-products

The peculiarities of the by-products of the tanning cycle favour their use, after the necessary technological treatments, as raw materials in other industries, making a tangible contribution to the circularity of production processes.

The double relevance assessment has made it possible to identify possibilities for the recovery of other by-products, such as hair.

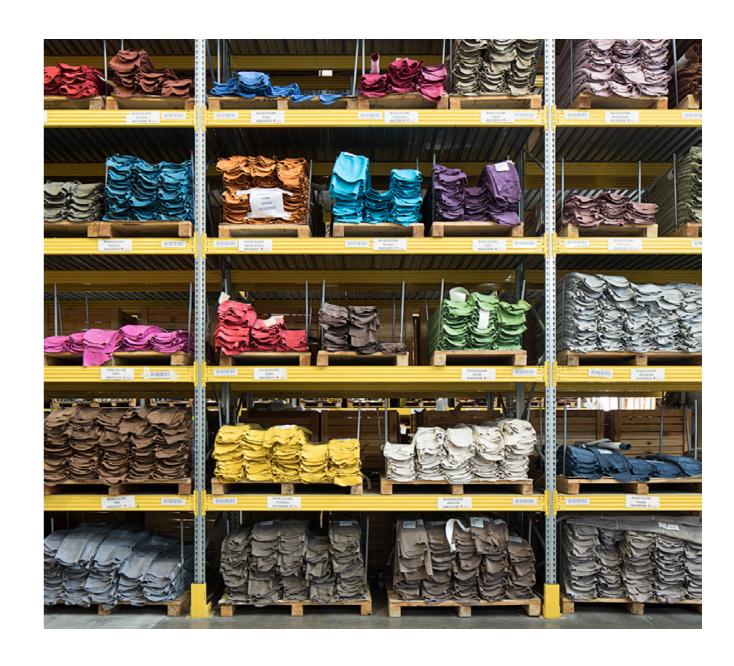
Staff development

Gruppo Mastrotto

The "double relevance" assessment did not reveal any significant elements regarding financial aspects. Education and training processes are primarily a vehicle for personal and professional growth, helping to improve both the company's overall results and its impact on the territorial context.

Relations with the territory

This is an area where impacts on education, culture, health, social inclusion and support for disadvantaged groups are important, confirming the idea that a company can really be perceived as a key player in the evolution of a community.



The sustainability plan

Awareness of the importance of an articulate approach to sustainability issues has favoured the drafting and approval of a Group Sustainability Plan , developed over several years in order to give the activities planned sufficient time.

The plan is approved by Gruppo Mastrotto's Board of Directors and is reviewed on a regular basis, at least every six months, to assess its evolution and identify any adjustments required.

The main contents of the plan are reported on the following pages.





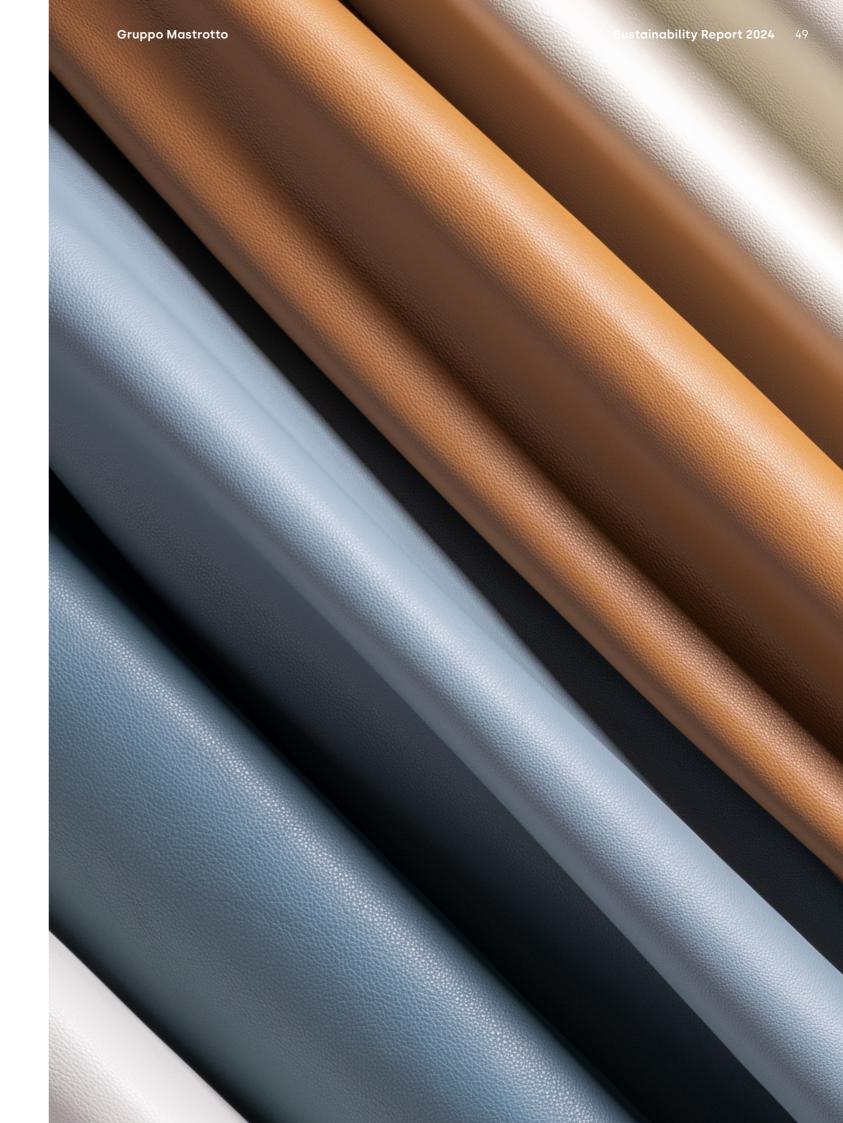
Sustainable Development	it Project description		Time	ine		Status as of 31/12/2024			
Objective	Project description	2024	2025	2026	2027	25%	50%	75%	100%
7 *************************************	Installation of solar panels at Veneto plants for self-generation of electricity.								
13 ===	Extension of Life Cycle Assessment (LCA) to all product families.								
12 arrows according to the control of the control o	Recovery of organic by-products from the waste of initial tanning processes.								
13 :=	Calculation of the organizational carbon footprint for the entire Group and its Italian premises.								
13 ===	Development of the decarbonization plan of Gruppo Mastrotto.								
17 mentions control of the control o	Alignment and integration of national ESG policies to the group.								

2.5 **"Sustainability** Leader" Award

In 2024, for the second year running, Il Sole 24 Ore and Statista included Gruppo Mastrotto in the list of 200 important Italian companies that have distinguished themselves in environmental and social issues.

An acknowledgement of all those companies that contribute to a respectful and sustainable economy.





People

-29%

The variation in the accident rate

- 3.1 About us
- 3.2 A kaleidoscope of cultures and personal stories
- 3.3 Equal opportunities for all
- 3.4 An inclusive context
- 3.5 Turnover
- 3.6 Corporate welfare, close to people
- 3.7 Staff health and safety
- 3.8 Training and valuing people
- 3.9 The new Intranet for more effective and inclusive communication

Since 1958, the history of Gruppo Mastrotto has been built on the contribution of people who work with skill and enthusiasm, every day. People are the heart and driving force of the company, which is why it is so important to protect their integrity, promote their personal and professional development in a serene and stimulating environment, and support them in their daily family life.

About us

At the end of 2024, Gruppo Mastrotto had 2,411 employees, climbing slightly from 2,366 in 2023. The figure rises to 2,578 if staff on temporary contracts are also considered.

Distribution of workers by gender and type of contract (absolute val.)

Description		s at 31/12/20	23	As at 31/12/2024			
Description	Men	Women	Total	Men	Women	Total	
Permanent employees	1,378	528	1,906	1,373	483	1,856	
- of which part-time	5	58	63	6	52	58	
Temporary employees	240	211	451	278	270	548	
- of which part-time	9	6	15	12	11	23	
Employees - other contractual forms (head count)	7	2	9	5	2	7	
TOTAL EMPLOYEES	1,625	741	2,366	1,656	755	2,411	
Staff on supply contracts (FTE)	188	20	208	153	14	167	
TOTAL STAFF	1,813	761	2,574	1,809	769	2,578	

Permanent employees represent over 78% of the workforce, indicating the attention paid to their need for job security and stability.

They are joined by 167 members of staff on temporary contracts, down from 208 in 2023. The reduction is mainly due to the desire to strengthen the direct relationship with staff, transforming supply contracts into fixed-term contracts, in keeping with the company's commitment to greater inclusion.

81 members of staff, 63 of whom women; have part-time contracts, accounting for 3.4% of the workforce.

69% of employees are male, 31% female; this percentage has remained substantially constant over the years.

31%

Male employees

Female employees

Blue-collar workers make up 82% of the workforce, confirming the typically manufacturing nature of the tanning industry. They are followed by white collars (15%) and middle managers/executives (3%).

Employee breakdown by gender and contract type (absolute val.)

Description		Al 31/12/2023	3	Al 31/12/2024			
		Women	Total	Men	Women	Total	
Executives	10	3	13	9	4	13	
Middle management	38	10	48	40	9	49	
White collars	231	148	379	201	163	364	
Blue collars	1,345	581	1,926	1,406	391	1,985	
TOTAL EMPLOYEES	1,624	742	2,366	1,656	755	2,411	

The relationship between staff and company is regulated by national or local collective agreements.

At Gruppo Mastrotto S.p.A., the National Collective Labour Agreement for the tanning industry (valid from 1 July 2023 to 30 June 2026) is applied. Equivalent instruments, consistent with the fundamental principles of the International Labour Organisation, are adopted in non-EU countries.

37

Average age of employees in 2024

There are 569 members of staff under the age of 30 (24% of the total workforce). 1,306 fall within the 30-50 age group (54% of the total) and the remaining 22% are over 50. Looking at the situations in the individual countries, the following can be observed:

- staff under the age of 30 represent 7% of the total at Gruppo Mastrotto S.p.A.; they exceed 40% ay both Gruppo Mastrotto Mexico and Mitech Tunisie;
- staff aged between 30 and 50 account for the majority, ranging from 48% at Gruppo Mastrotto S.p.A. to 66% at Mastrotto Brasil;
- only at Gruppo Mastrotto S.p.A do members of staff over the age of 50

play a significant role; in the other countries, this age group accounts for between 3% and 15% of the workforce.

The average age of Gruppo Mastrotto employees in 2024 is just over 37, resulting from the meeting of different cultures and diversified employment dynamics in the various countries.

The highest value is recorded at Gruppo Mastrotto S.p.A. (46.8 years), while Mitech Tunisie (31.9 years) and Gruppo Mastrotto Mexico (32.0 years) have the lowest averages.

These figures are in line with the previous

Employee breakdown by age group (absolute val.)

Age group	As at 31/12/2023			As at 31/12/2024		
	Men	Women	Total	Men	Women	Total
Under 30	409	263	672	361	208	569
Aged 30 to 50	877	337	1,214	906	400	1,306
Over 50	340	140	480	389	147	536
TOTAL EMPLOYEES	1,626	740	2,366	1,656	755	2,411

A kaleidoscope of cultures and personal stories

The distribution of staff among the various Gruppo Mastrotto sites highlights the company's global footprint:

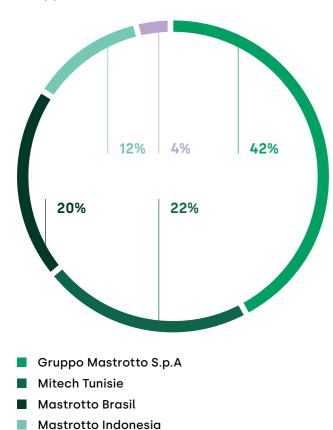
- just over 40% of workers work at the Gruppo Mastrotto S.p.A. plants;
- just over 20% work at Mastrotto Brasil and Mitech Tunisie, respectively;
- these are followed by Mastrotto Indonesia (12%) and Gruppo Mastrotto Mexico **(4%)**.

It should be noted that staff from foreign countries represent 38% of the workforce at Gruppo Mastrotto S.p.A.

The most numerous communities are represented by people from Ghana (24%), India (15%), Serbia (13%), Bangladesh (9%) and Senegal (9%).

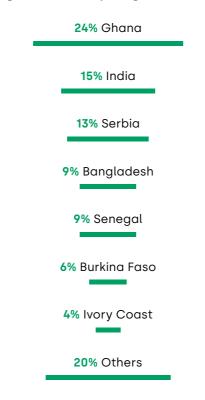
Most of them are employed in production.

□ Distribution of staff among the various **Gruppo Mastrotto sites**



Gruppo Mastrotto Mexico

□ Gruppo Mastrotto S.p.A. distribution of foreign workers by origin



Equal opportunities for all

Women represent almost one third of the total workforce and 45% of the white-collar staff. This is particularly evident at Gruppo Mastrotto S.p.A., where:

- over 50% of management is made up of women:
- **Women and Fashion Observatory** Award for female professional development

In recent years, Gruppo Mastrotto has adopted an approach to corporate welfare that focuses on the quality of working life, integrating this area as a strategic lever of social sustainability.

Corporate welfare conceived not only as a set of occasional benefits but as an organic system designed to respond to real needs, paying particular attention to the balance between professional and personal life.

The policies implemented include flexible working hours, support with parenting and economic measures, such as the maternity bonus. The aim is to remove practical and cultural obstacles, which still have a significant effect on the working lives of women, who often have to cope with greater family burdens.

In 2024, this approach was recognised by the "Women and Fashion Observatory" Award, with Gruppo Mastrotto winning an award in the "Work-family balance and corporate welfare" category, together with there is gender parity in the Board of Directors.

These numbers highlight the gradual and growing effectiveness of the company's recruitment and professional development policies in promoting gender equality at all levels of the organisation.

leading companies in the fashion industry. The award, assigned on the basis of data, balance sheets and statements made by staff, recognised the efforts made to integrate welfare projects and female professional development.

White-collar female staff

An inclusive context

Gruppo Mastrotto assigns a primary role to the company's social function, also as a meeting place for different abilities that mutually recognise and value each other.

The Group employs a total 41 disabled staff, whose active and continuous presence makes a tangible contribution to the creation of value and to the company's collective growth.

□ Number of disabled employees by gender (absolute val.)

	A	s at 31/12/20	23	As at 31/12/2024			
	Men	Women	Total	Men	Women	Total	
Number of disabled employees	28	14	42	26	15	41	

The work and social inclusion project

Gruppo Mastrotto sees inclusion also as the promotion of the values of acceptance, exchange and appreciation of diversity.

This is why a work and social and inclusion project dedicated to disabled people of working age has been created at Gruppo Mastrotto S.p.A., with a particular focus on Down syndrome. This project has resulted in the creation of a production department for assembling the leather samples of the Gruppo Mastrotto Express service.

Over time, the department, which currently employs five disabled staff, has reached a level of productivity that makes it sustainable, offering these employees an opportunity for personal and professional fulfilment, via constructive interaction with the company and their colleagues.

Gruppo Mastrotto was supported by Rinascere, a social cooperative based in Montecchio Maggiore, and Studio Progetto, in Valdagno, which were responsible for the selection and training of the candidates.

The "Inclusion" project has received numerous acknowledgements, including the prestigious "Dna - Difference in Addition" for inclusion at work. The award, aimed at highlighting virtuous projects



related to the inclusion of diversity in micro, small, medium and large enterprises, is recognised by the National Anti-Racial Discrimination Office of the Presidency of the Council of Ministers - Department for Equal Opportunities and sponsored by the Lazio Region.

This corporate initiative has also become the subject of attention within the university world. In April 2023, Gruppo Mastrotto presented its experience in the field of "diversity management" as part of a workshop attended by second-year students studying for the Master's Degree in Work and Organisational Psychology at La Sapienza University in Rome.

It was an opportunity to illustrate a tangible experience of managing diversity policies in the company, to draw attention to the tools that can be used, as well as the obstacles and difficulties encountered during the implementation of these projects.



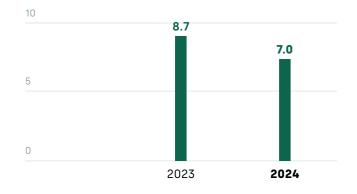
3.5 **Turnover**

169 people left Gruppo Mastrotto in 2024, down from the previous year's 207.

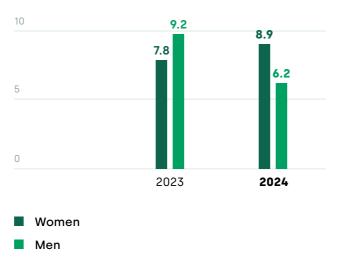
The turnover rate was 7.0 % of the workforce, down by almost two percentage points compared to 2023.

If we break down the figures by gender, a marked decrease is observed for men, with the rate falling from 9.2% to 6.2%, while there is an increase of one percentage point for women (from 7.8% to 8.9%).

☞ Gruppo Mastrotto Turnover rate



☞ Gruppo Mastrotto Turnover rate by gender



An analysis of the figures by age group shows:

- a substantial halving of the turnover rate in the class of workers under 30 years of age, which drops from 17.7% to 10.9%;
- a stable value of around 5% for the intermediate class;
- an increase of two percentage points (from 6% to 8%) for the class of workers over 50 years of age, to be linked to the termination of employment due to their having reached working age limits.

Looking at the individual countries:

- the increase in turnover at Gruppo Mastrotto S.p.A. was concentrated, in almost 50% of cases, in the over 50 age group and was attributable to retirement;
- very low turnover rates were found at Mastrotto Brasil, around 1% in both periods considered;
- there was a reduction in Mastrotto Indonesia, where the turnover rate for 2024 stands at 3.5%.

Corporate welfare, close to people



The concept of sustainability strongly embraces the social dimension, also in the form of corporate welfare that tangibly improves the quality of life of those who work for Gruppo Mastrotto and their families.

The approach adopted combines and harmonises transversal initiatives concerning all the company sites with projects aimed at meeting specific territorial needs.

Free vaccinations are an example of transversal intervention: available at all the international sites, they testify to the commitment to healthcare and prevention; as do the screening programmed for the

early diagnosis of cancer organised at Gruppo Mastrotto S.p.A and Mitech Tunisie.

There are also initiatives that are put together based on the needs expressed at local level: flexible working hours, health coverage and medical subsidies, company crèches, scholarships for employees' children and numerous social initiatives, such as company events and celebrations.

This is a welfare model that not only supports people in their daily lives but also reinforces the company's sense of community.

At Gruppo Mastrotto S.p.A, the "Gruppo Mastrotto Welfare" digital platform has been in operation since 2022, offering employees access to a wide range of goods and services at subsidised conditions.

The vouchers are valid for more than 150 national brands and cover a wide range of sectors: food, fuel, clothing, household appliances, electronic goods, food delivery, gyms and courses. These are joined by reimbursements for educational and family expenses, including public transport, school textbooks, study holidays, babysitting and care for the elderly.

To make this tool really accessible and useful, a video tutorial, dedicated live chat and comprehensive FAQ system have been made available to workers.

A distinctive and highly participative aspect of this initiative was the direct involvement of employees, who were asked to express their needs by means of a questionnaire: this form of active listening made it possible to mould the platform to the real needs of those who work for Gruppo Mastrotto.

Ongoing initiatives to promote the wellbeing of employees have been launched at Mitech Tunisie. A food donation campaign for employees is always held during Ramadan, as a sign of attention and respect for local religious traditions.

Prevention and wellbeing, a further step towards social sustainability

In March 2024, Gruppo Mastrotto hosted a significant cancer prevention event in collaboration with WelfareCare - a nonprofit company which promotes women's health throughout Italy.

On 4 and 5 March, all the Group's female workers were offered a free mammogram, ultrasound scan and specialist examination directly on the company premises, thanks to the presence of the "Clinica in rosa", a mobile unit equipped with the necessary diagnostic technologies and managed by qualified medical and health personnel.

All the results were handled with full respect for privacy and confidentiality.

A similar event was held at the Gruppo Mastrotto plant in Tunisia.

Every year, Gruppo Mastrotto S.p.A participates in the international "Pink October" campaign, dedicated to the prevention of breast cancer, with informative activities and health screenings aimed at employees.

This is accompanied by initiatives to raise awareness on health and safety, aimed at promoting a culture of prevention and the adoption of responsible behaviour, both in the workplace and at personal level.



3.7 Staff health and safety

Gruppo Mastrotto considers the safety of its staff to be a core element of proper business management.

The company has adopted a systemic approach aimed at optimising the leadership role of company management, promoting awareness among staff to encourage attentive and responsible behaviour, and ensuring compliance with regulations.

In this context, the company systematically analyses risks to staff health and safety to make the best possible use of resources and investments.

Numerous investments have been made in machinery and equipment, renewing the fleet with a view to technological innovation, interconnection and minimising risks for staff.

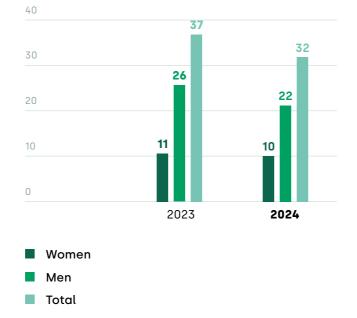
Over 250 people carry out specific safety activities: the employer, the staff prevention and protection service, fire prevention and first aid officers, the company doctor, through to the employee safety representatives and safety delegates.

Accident statistics

The accident statistics summarise all the accidents recorded in the company register, in compliance with the regulations in force. In 2024:

- the total number of accidents was 32, down five compared to 2023;
- a total of 22 men were injured, down four compared to 2023;
- ten women were injured, a figure similar to that of the previous year.

☞ Gruppo Mastrotto Distribution of accidents by gender

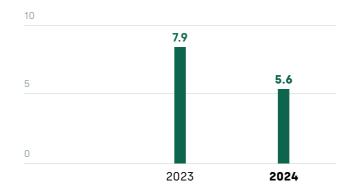




The accident rate fell from 7.9 to 5.6 compared to 2023.

The male component decreased from 7.5 to 5.1; the female component decreased from 9.1 to 6.8. Important improvements compared to the previous year were made in this sense at Mastrotto Indonesia and Mastrotto Brasil.

☞ Gruppo Mastrotto Accident rate



In 2024, two cases of occupational illness were recorded, with an evident reduction compared to 2023, when there were eight.



Working safely 3.7.2 and consciously

2024 was characterised by a continued commitment to training people in safety: from the correct use of equipment to accident prevention and emergency regulations.

Nearly 11,000 hours were dedicated to making staff more aware of health and safety issues and better equipped to deal with them, with training programmes developed with a more participative and engaging approach: not only with classroom lessons but also group activities and independent assessments.

The topics covered included training for specific figures in the company's system for the management of safety, working risks, training in how to work safely, and emergency management.

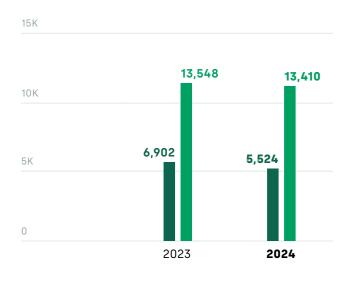
Training and valuing people 3.8

Education and training are essential aspects for the personal and professional development of people working for Gruppo Mastrotto.

Training needs are planned with the involvement of the various heads of department who, in collaboration with the human resources department, identify the topics on which to focus training. The topics identified are included in the annual training plan drawn up by the Human Resources managers and approved by company management.

Total training hours in 2024 were 18,934, down 7.4% compared to 2023.

□ Distribution of training hours by gender (hours)



Women Men

Training hours for men remained largely stable in 2023-24, at around 13,500 hours per year. A reduction from 6,902 to 5,524 hours was observed for women, attributable to the activity of Mastrotto Brasil.

Moving on to training per capita, the number of hours per person in 2024 were 7.9, having been 8.6 in 2023; training hours for men remained stable at around 8 hours/ year while, for women they fell from 9.3 to 7.3 hours/year.

The detailed analysis showed that the figure only reflects a statistical effect attributable to the reduction in training hours by approximately 1,700 hours following the reduction in the number of women working at Gruppo Mastrotto Mexico from 95 to 54. Looking at the average values for the individual country sites, a substantial stability or slight growth in average training hours for the female employees of Gruppo Mastrotto can be observed.

In 2024, training focused mainly on occupational health and safety (10,979 hours) and quality (2,142 hours). Alongside these, a significant number of hours were dedicated to transversal and innovative topics, with the aim of enriching skills and promoting a corporate culture open to continuous learning.

□ Distribution of training hours by subject (hours)



Training activities covered a wide range of topics: first aid, fire prevention, use of the defibrillator, use of industrial trucks, risk management for specific tasks, training for safety officers and managers, and effective communication on prevention.

At Mastrotto Brasil, courses for regulatory updates were added, along with training on tax management and advanced IT; three people were also able to attend a professional-qualification technical course comprising 1,200 hours. The training hours of these three people, totalling 3,600 hours, were excluded from the statistical analysis to eliminate the effect of extreme data on the average values.

Mastrotto Indonesia promoted courses on ergonomics, quality, environmental audits, certification for industrial hygienists and awareness of internal standards and safety, with participation in global sustainability training.

Training at Mitech Tunisie included modules on ecology, working at heights, forklift driver certification, workstation optimisation and ecological transition (PATE-IM project).

For management development, the focus was on methods of assessing and developing employees, with updates on HR skills, leadership, recruitment and project management.

Among the growth areas, environment is that which stands out most: 984 hours of environmental training were supplied in 2024, confirming the Group's commitment to sustainability, which is increasingly integrated into business processes.

3.9 The new Intranet for more effective and inclusive communication

Gruppo Mastrotto launched the new corporate Intranet in 2024. The project stems from the simple but fundamental need to improve in-house communication and make useful information more accessible to all.

The desire was to build a digital space that was really at the service of people.

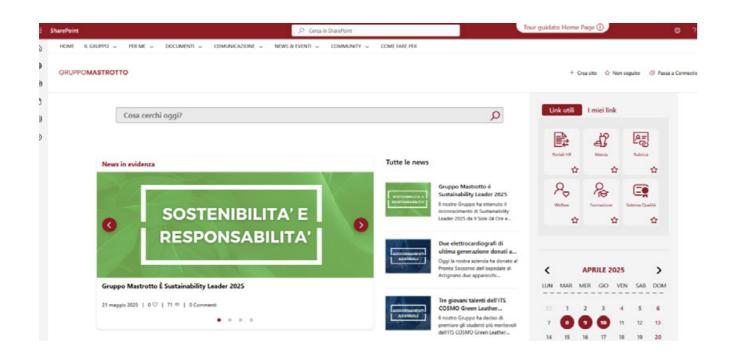
The new Intranet is designed to be clear, user-friendly and functional. It allows easy access to documents, news, work tools and business applications.

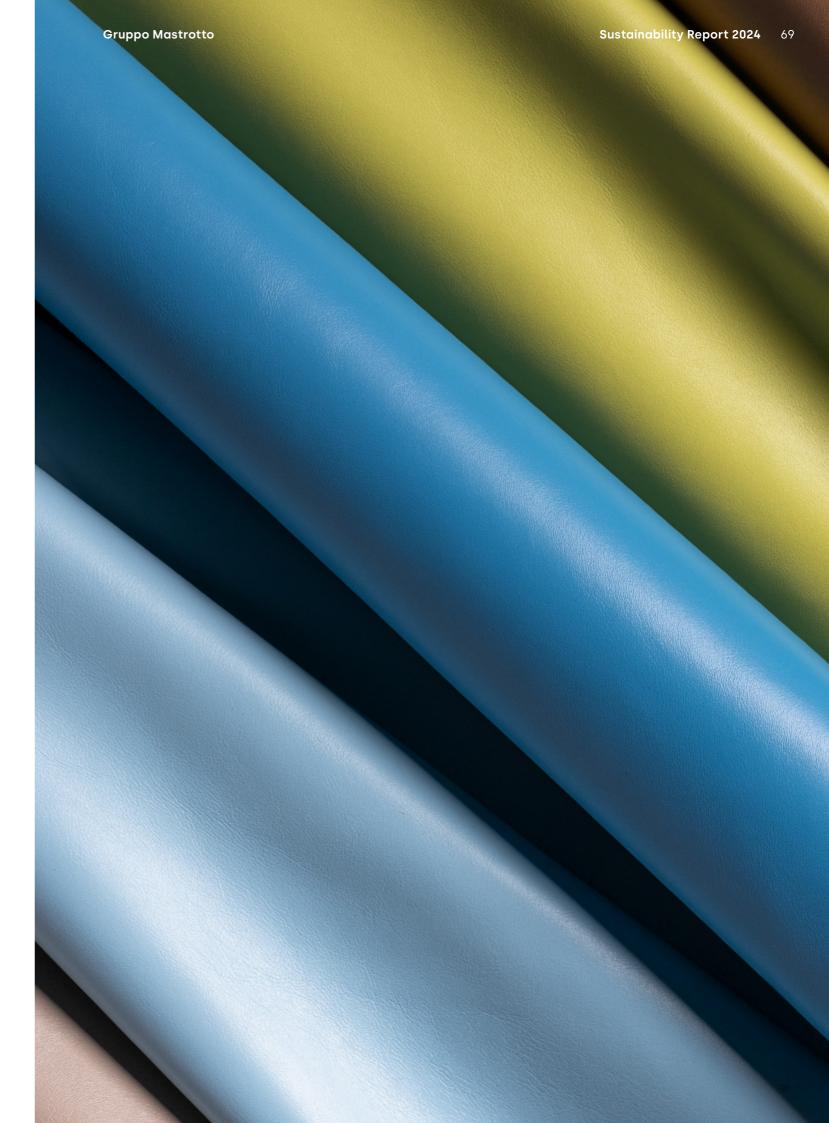
It can also become a meeting point, a place to keep up to date on what is happening in the company, and also to identify with others, sharing a common path and feeling a sense of belonging.

News is divided into different topics in order to cover events, projects and initiatives, offering the possibility to share content: little gestures that encourage participation and strengthen dialogue.

Starting with the awareness that a tool will only really work if it is helpful to those who use it, the new Intranet also includes a channel dedicated to suggestions and feedback.

Moving towards a more sustainable organisation, it is important to make everyday work easier and information really accessible. Improving in-house communication and offering useful tools is more than just an operational matter: it is a practical way of valuing people's time, fostering collaboration and making everyone feel part of what is going on within the company.





The environment

-51%

Water consumption in the three-year period 2022–2024

4.1 Water: responsible management

4.2 Energy

4.3 Electricity from renewable sources at Mastrotto Indonesia

4.4 Greenhouse gas emissions

4.5 By-products and waste

The tanning process requires the input of elements like water, energy and chemicals, and generates output represented mainly by waste water, solid waste and emissions into the atmosphere.

It can be divided into three macrophases, each with its own specificities in terms of consumption of resources and environmental impact.

From raw hide to tanned leather

The first stages of the tanning process require water, which is subsequently purified at a consortium-run plant serving the entire tanning district. The treatments envisaged break down pollutants such as COD, suspended solids, chlorides, sulphates, organic nitrogen and chromium III, reducing them to values that are not hazardous for the environment.

This leads to the production of sludge that is currently disposed of in landfills.

This phase also generates by-products such as flesh, hair and leather trimmings that are sent to be recycled into fertilisers and bio stimulants due to their appreciable protein content.

From tanned leather to crust leather

The waste water from the dyeing operations is sent to the purification plant, where it is suitably treated. Mechanical drying operations require modest amounts of heat and electricity.

From crust leather to finished leather

The intermediate and final finishing operations generate dust and volatile organic substances (VOCs), which are channelled to filters, abatement and post-combustion systems, guaranteeing compliance with legal limits.

The environmental aspects related to tanning activities are governed by a complex set of regulations, which are implemented in specific and elaborate environmental authorisations issued by the Public Administrations of the various countries where Gruppo Mastrotto is based.

These provisions contain numerous environmental regulations that companies must comply with in the exercise of their activities.

The legislative complexity and, above all, the desire to guarantee the effective and structured management of environmental aspects have led the Gruppo Mastrotto plants to adopt an Environmental Management System (EMS) that establishes a company policy, precise assignment of responsibilities, both at Group level and for each individual plant, an environmental improvement programme and adequate monitoring parameters.

Water: responsible management

Water is an essential resource for tanning, indispensable to the main processes and decisive for the quality of the finished product.

Water supply

The total volume of water drawn in 2024 was 1,564,760 m³, an increase on the previous year which reflects the increase in production.

□ Distribution of water volume supplied by source and water quality (in cubic meters)

Type of water drawn and source	2022	2023	2024
Surface water, of which:	254,717	165,220	253,528
Freshwater	254,717	165,220	253,528
Other water	0	0	0
Groundwater (well), of which:	492,997	488,594	527,218
Freshwater	29,997	29,594	34,517
Other water	463,000	459,000	492,701
Third-party water (mains water), of which:	772,000	787,000	784,014
Freshwater	15,000	11,000	11,112
Other water	757,000	776,000	772,902
Total water used, of which:	1,519,714	1,440,814	1,564,760
Freshwater	299,714	205,814	299,157
Other water	1.220.000	1,220,000	1,265,603



Gruppo Mastrotto draws the water required for production activities and plant needs from different sources:

- 50% industrial mains water;
- 34% groundwater, such as wells;
- 16% surface water;

depending on the characteristics of the local context.

The distribution of the water drawn by type of water is the following:

- 81%: "other water", i.e. with a total dissolved solid particle concentration of more than 1,000 mg/l;
- 19%: "freshwater", i.e. with a total dissolved solid particle concentration of less than 1,000 mg/l.

The analysis per plant reveals differentiated and conscious water management:

- at Gruppo Mastrotto S.p.A, which covers more than 80% of the water used by the Group, water is drawn from the mains supply and wells;
- at Mastrotto Brasil, the water supply comes exclusively from surface sources, compatible with local availability and in a situation of low water stress:
- while Mastrotto Indonesia, Mastrotto Mexico and Mitech Tunisie operate in areas with higher water stress, they stand out for the low volumes of water drawn, revealing a contained water footprint that is proportionate to the activity carried out.

Over the three-year period, "other water" grew by 3.7%, while freshwater showed a decline in 2023 (-31%) followed by recovery in 2024, returning to 2022 levels.

Supply in areas subject to water stress

In 2024, Gruppo Mastrotto used 1,564,760 m³ of water, distributed in areas subject to differentiated levels of water stress.

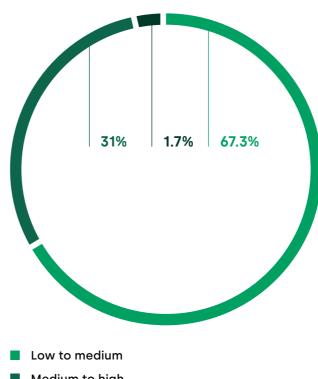
In identifying levels of water stress, reference was made to the "Aqueduct - water risk atlas" platform managed by the World Resources Institute^[1].

67% of these volumes are related to areas classified as having low to medium stress levels and are consumed by Gruppo Mastrotto S.p.A, in the tanning district of Arzignano.

31% of the water is related to areas classified as having medium to high stress levels and are consumed by Gruppo Mastrotto S.p.A, in the Tuscan leather district, and by Mastrotto Brasil.

Less than 2% is related to areas classified as having very high levels of water stress and is consumed mainly by Mastrotto Indonesia, with negligible consumption by Mastrotto Mexico and Mitech Tunisie.

□ Water supply breakdown by water stress level



- Medium to high
- Very high

[1] The World Resources Institute (WRI) is a global non-profit research organisation, founded in 1982, which focuses on promoting environmental sustainability and sustainable development. It studies and proposes practical solutions to improve people's lives and ensure the health of the planet, working with governments, businesses and civil society.

Waste water purification

Waste water management is a central aspect of Gruppo Mastrotto's commitment to the environment.

All the plants outside of Italy are equipped with in-house waste water treatment plants, designed to ensure process efficiency and compliance with local environmental regulations.

In particular:

- at Mastrotto Indonesia, the in-house plant allows partial reuse of treated water, reducing the impact on local water resources:
- at Mastrotto Brasil, the plant has an advanced integrated biological and physical-chemical treatment system;
- at Mastrotto Mexico, a municipal treatment plant ensures the purification of very small quantities of waste water in compliance with regulations;
- at Mitech Tunisie, there is no treatment plant as the site deals with leather cutting only; water is used exclusively for hygiene and sanitary purposes.

The management of industrial waste water at Gruppo Mastrotto S.p.A in Arzignano is entrusted to Acque del Chiampo, one of the most advanced public treatment plants in Europe, which serves the entire tanning district. Tanning waste water is treated in an industrial line divided into several phases:

- fine screening and desanding;
- homogenisation and odour treatment;
- primary sedimentation;
- biological treatment using activated sludge (oxidation, nitrification and denitrification);
- sludge separation by dissolved air flotation;
- clariflocculation.

The purifier guarantees highly efficient abatement, as follows:

96.6% 99%

Filtered COD

Suspended solids

97.3%

99%

Total nitrogen

Chromium III

The purified water is then conveyed into a sewage system that delivers it to surface waters, after disinfection with ultraviolet rays.

Acque del Chiampo sets strict qualitative and quantitative limits for discharges from tanning companies.

These parameters are systematically monitored by plant technicians and analysts. In 2024, Gruppo Mastrotto's discharge data remained well below the authorised limits.

The chart below shows the safety margin compared to the authorised limits.

Safety margin compared to the authorised limits

44% COD 61% Suspended solids 63% Chlorides **54%** Sulfates 74% Chromium III

51% Total nitrogen



Chromium recovery from tanning baths in the Tuscan district

A specificity of the Tuscan tanning district concerns the treatment of tanning baths.

Unlike in other contexts, the exhausted tanning baths are not sent directly to the purification plant.

They are segregated and transported by tanker to the Chromium Recovery Consortium, which recovers and regenerates the chromium from the baths. The recovered chromium is returned to the tanneries, which reuse it directly in the tanning process, while the water is sent to the Aquarno purification plant.

The process takes place in various stages which are continuously monitored by the adjoining chemical laboratory, equipped with sophisticated instruments to carry out the tests required to ensure that all members of the consortium have a suitable product.

The plant is capable of producing over 21 tonnes/day of basic chromium sulphate. The consortium, which has over 240 member companies including Gruppo Mastrotto, performs a dual function:

- economic, as it recovers an important and strategic product;
- ecological, as it eliminates this metal from the purification sludge.

This plant can be considered the finest in the world in terms of size and the technology employed.

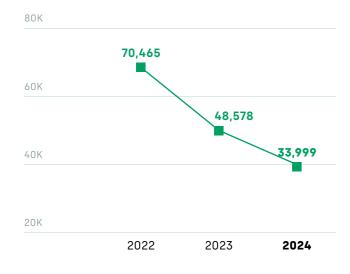
Water consumption

Water consumption is calculated as the difference between the volumes drawn and those returned to the industrial sewage system.

This value represents only the water that is not discharged after the production processes because it is subject to physical phenomena such as evaporation or retained in products and sludge.

In 2024, the overall water consumption of Gruppo Mastrotto was 33,999 m³, falling further compared to previous years (48,578 m³ in 2023 and 70,465 m³ in 2022).

□ Water consumption (2022-2024)



The EU project "LIFE - Svolta Blu" (Blue Breakthrough)

Gruppo Mastrotto supports the "LIFE Svolta Blu" project, an EU-funded initiative focused on managing the global water crisis and on technical and institutional measures to address it.

The main players in 'Svolta Blu' are Viacqua, which manages the aqueduct, sewage and purification services for the municipality of Vicenza and is project leader, ANBI Veneto, an association that represents all the land reclamation consortia in the region, Consorzio di Bonifica Alta Pianura Veneta, Fondazione Palazzo Festari IPA Vicentino, the University of Padua with its ICEA (Civil, Construction and Environmental Engineering) and TESAF (Territory and Agri-Forestry Systems) departments and CSQA.

Launched on 1 October 2024 with a duration of 40 months, the project intends to promote water efficiency measures in the Vicenza area by developing and validating a voluntary "blue credit" exchange system to help mobilise private capital in support of the implementation of tangible and widespread water saving, restoration and conservation actions.

Within the scope of this project, Gruppo Mastrotto aims to:

- estimate the organisation's water footprint;
- identify further water saving measures through recycling, reuse and reduction of consumption.

Energy 4.2

Electricity and natural gas are the main sources of energy used by Gruppo Mastrotto.

Electricity consumption is linked to a variety of needs:

- lighting;
- powering production machinery and systems, office equipment;
- operation of HVAC and air treatment systems.

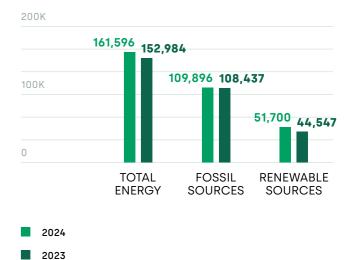
Natural gas is mainly used for:

- producing steam;
- heating;
- generating electricity and producing hot water.

In 2024, energy consumption amounted to 161,596 MWh, slightly higher than in 2023.

Renewables grew by more than 16%, from just over 44,500 MWh to almost 52,000 Mwh, now accounting for 32% of the total. Fossil sources remain constant in absolute value, dropping from 71% to 68%.

□ Energy consumption by origin of sources







In 2024, the whole Group's total natural gas consumption was 105,446 MWh, slightly higher than in 2023 (+1.2%).

Much of this consumption is attributable to the premises of Gruppo Mastrotto S.p.A., where gas is also used to power the cogeneration plant.

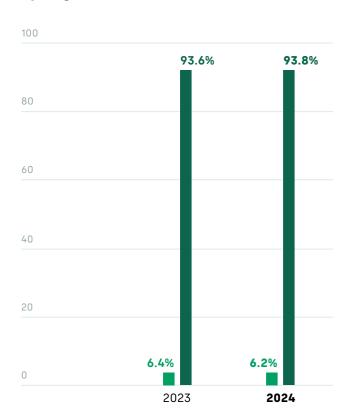
Mastrotto Indonesia records low consumption (3,460 MWh), while none of the other sites use gas.

Electricity procurement amounted to 32,700 MWh, an increase of almost 11%. More than 90% of the electricity procured came from renewable sources.

As far as fuels (diesel and petrol) are concerned, the Group recorded a total consumption of 2,431 MWh in 2024, also slightly up on the previous year (+2.5%):

- diesel accounts for about 77% of the total, with the main consumption concentrated in Mitech Tunisie and Mastrotto Brasil.
- petrol, amounting to 563 MWh, is used exclusively by Mastrotto Brasil and Mastrotto Indonesia.

□ Energy supply breakdown by origin of sources



Non-renewable sources

Renewable sources

Electricity from renewable sources at Mastrotto Indonesia

Mastrotto Indonesia uses 100% electricity from renewable sources, thanks to the purchase of Renewable Energy Certificates (RECs).

RECs represent the environmental attribution of the renewable energy produced and are issued by Perusahaan Listrik Negara (Indonesia's national electricity board) through a certified tracking system (TIGR).

This approach allows transparent accounting and reporting of renewable energy consumption, even in the absence of direct access to green systems.

The purchase of the certificates represents a direct economic contribution to the financing of renewable power generation facilities, such as the Bakaru hydroelectric power plant.

The adoption of RECs is part of the company's Scope 2 emission reduction strategy and contributes to the financing of electricity production from renewable sources at Mastrotto Indonesia. Each certificate is uniquely identifiable, ensuring the traceability and environmental integrity of the operation. The initiative aligns with international standards for voluntary energy reporting and supports the Group's ESG goals.

Greenhouse gas emissions

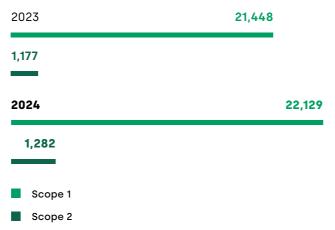
Gruppo Mastrotto calculates its direct and indirect greenhouse gas emissions based on the energy consumption of its various production plants.

Direct emissions (Scope 1), linked to the use of natural gas, diesel and petrol in production processes, reached a total of 22,129 tonnes of CO₂ in 2024, slightly higher than the 21,448 tonnes emitted in 2023.

This increase is attributable in particular to the increased consumption of natural gas (+3.2%) and diesel (+4.2%), especially by the plants of Mastrotto Indonesia and Mastrotto Brasil.

It should be noted that more than 93% of the energy purchased comes from renewable sources, which make the values of indirect greenhouse gas emissions extremely low (Scope 2).





Over the two-year period considered, carbon dioxide emissions per working hour fell from 6.4 kg/hour to 5.50 kg/hour.

CO₂ emissions per working hour (in kg/hour)

2023		6.43
2024	5.50	

By-products and waste

The tanning industry is one of the best examples of circular economy.

The raw material it uses is a by-product of the food and dairy industry, as the animals from which the hides are taken are bred for the production of meat, milk and cheese.

Consequently, leather is a waste element that is enhanced in value by the tanning process.

The by-products of the tanning cycle are rich in proteins, amino acids and collagen molecules, characteristics that make them particularly suitable, after appropriate treatment, for use as raw materials in other industries, contributing tangibly to the circularity of production processes.

These by-products become components of fertilisers and bio stimulants for agriculture, gelatine and collagen for the food industry, raw materials for the cosmetics and nutraceuticals sectors or granulates for the construction industry.

The value of these by-products is confirmed by the fact that many of them are not subject to the legislative discipline of waste, but to specific regulations aimed at promoting their use in other industries.





∃ The following paragraph outlines the allocation of recovered by-products.

Gruppo Mastrotto generated 19,155 tonnes of by-products in 2024, recording an increase of 11.5% compared to 2023 (17,181 tonnes).

Flesh, resulting from the removal of fat from the hide before it is tanned, continues to be the main item at 15,326 tonnes, accounting for more than 79% of the total.

This was followed by greened and limed leather offcuts, known as "pezzamino", at 2,711 tonnes (+19%), and hair, which showed a significant growth from 18 to 396 tonnes.

This trend reflects an intensification of production activity and stresses the importance of adopting effective strategies for the enhancement in value and reuse of by-products.

Waste from the production process consists of tanning shavings, buffing dust and packaging waste.

Waste production was stable in 2024 at about 20,493 tonnes, a slight increase compared to 2023 (+2%).

Analysis by country shows considerable differences between production sites.

In 2024 Gruppo Mastrotto S.p.A confirmed a high level of efficiency, with a recycling rate of 92.5%, in line with the previous year. Excellent performances were also recorded by Mitech Tunisie, with zero waste destined for disposal for the second year running.

Also noteworthy is the improvement made by Mastrotto Indonesia, where the share of non-recycled waste dropped significantly to less than 1%.

PROTEINS, AMINO ACIDS AND COLLAGEN **MOLECULES**





Agricolture and food chain **Pharmaceutical** and nutraceutical



Construction, chemistry and adhesives

COLLAGEN FIBERS





Design and fashion

Paper and packaging



Construction and interior

4.5.1 The Bocconi BMS's Monitor for Circular Economy and the cooperation with Tod's

At the end of 2023, Gruppo Mastrotto joined the Monitor for Circular Fashion, an initiative coordinated by the "Sustainability Lab" of the Bocconi University's Business Management School.

The project involved numerous players in the fashion supply chain, from the producer to the end user, with the aim of contributing to the transition towards circular business models, encouraging:

- the dissemination of good sustainability practices;
- the optimisation and pooling of technical, managerial and scientific skills;
- the development of suitable circularity indicators:
- the joint implementation of pilot projects.

The Monitor provided an opportunity to try out new processes and products in partnership with other companies in the fashion world, with the aim of meeting the ever-increasing expectations of customers.

In particular, Tod's and Gruppo Mastrotto launched the "One Next Step" project, born from the joint desire to develop the study of footwear that combines the use of alternative materials and sustainable design solutions.



Specifically, the decision was made to codevelop a design standard that could be applied to the definition and design of the product.

Gruppo Mastrotto has developed a specific type of leather for this footwear model, capable of guaranteeing compliance with a series of sustainability parameters relating to durability, carbon footprint and process standards. The leather used is fully traceable along the entire supply chain, all the way to the farm where the animal was born, ensuring maximum transparency for consumers.

The process was accompanied by a detailed LCA (Life Cycle Assessment) to guarantee the measurement and reduction of the environmental footprint of the end product.

This partnership has been a virtuous example of how the relationship between brand and suppliers is evolving from a simple commercial relationship to a real co-creation of value. The approach adopted has made it possible to rethink the traditional product development process, with close collaboration from the earliest stages of conception and selection of materials.

Customers, products

and markets

5.1 Product safety

5.2 Guaranteed environmental quality of the leathers

Gruppo Mastrotto's Business Units

The Gruppo Mastrotto recognises its customers as crucial stakeholders and is committed to building lasting relationships based on partnership.

or less evenly among the Group's three **Business Units.**



Furniture BU

It produces leathers for a variety of applications: residential, contract, hospitality and nautical. Sectors in which sofas, armchairs and furnishing accessories must not only provide comfort and be attractive, but must also successfully cope with everyday challenges such as wear and tear, chafing, exposure to light, dirt stains and dust.

Footwear and Leather goods BU

It liaises with customers in the fashion world, supplying full-grain or suede leathers designed to create memorable and distinctive products. In footwear, Gruppo Mastrotto's leathers offer beauty, durability and unique comfort. In leather goods, they reveal beauty and versatility through the timeless elegance of leather.





Automotive BU

It produces top-quality articles for car interiors, in compliance with the specifications and standards of the world's leading car manufacturers. Products range from seats to steering wheels, via all the other parts of car interiors, extending also to interiors for use in aviation. The pleasure generated by touch and the sensations aroused by the elegance of the colours are essential elements, as are resistance, durability and the high quality of our workmanship. In addition to production, Gruppo Mastrotto also offers a leather cutting service and special processes such as perforation and printing.



Gruppo Mastrotto Express

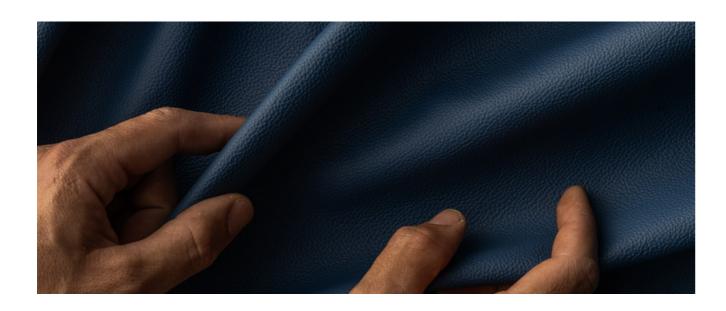
The world's largest logistics hub of leather ready for delivery, is of particular importance. With more than 1,600 colours available at all times and over 2.5 km of shelves - for a total of 600,000 m2 of leather - it emerges as the ideal solution for those in search of high quality hides with fast and efficient delivery, a perfect service for those who need even small quantities. Thanks to an optimised logistics process, dispatch is guaranteed within 48 hours of order confirmation.

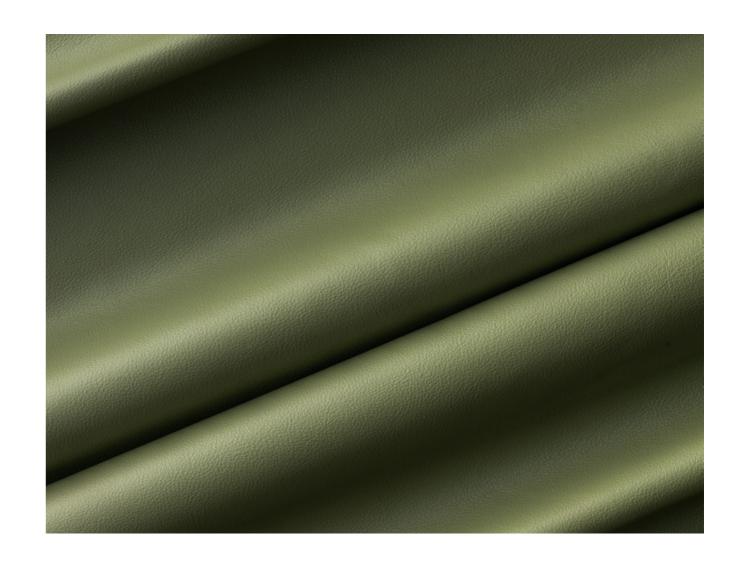
5.1 **Product safety**

In order to offers its customers the best possible guarantee, for over thirty years Gruppo Mastrotto has developed a structure with rules, operating procedures and management standards that enable it to guarantee the safety and quality of its end products.

A first tool is the in-house specification known as the "Chemical Specification for Finished Leather", which incorporates all the mandatory regulations/laws applicable to leather, as well as the main requirements gathered from the markets in which the company operates, which are often considerably lower than the legal limits. This specification applies to every article produced and is updated at least every six months.

Gruppo Mastrotto also receives an increasing number of physical, chemical and toxicological specifications from its customers, which are systematically analysed to offer articulate answers. These analyses often take the form of training/advisory activities, which are sometimes reflected in the acceptance of evolutionary changes in subsequent revisions of specifications.





The guarantee of compliance with the above is achieved in several stages:

- involvement of raw material suppliers, with the signing of specific supply specifications;
- testing at qualified independent laboratories as a validation process for a new project/article or as a form of quality control agreed with the customer;
- testing at the company's in-house laboratories at set intervals, allowing the collection of systematic and representative data on parameter trends.

Gruppo Mastrotto also offers its customers guarantees in terms of quality and safety, with the systematic analysis of what is required from the leathers. The company is equipped with three physical laboratories, supporting each BU with verifying the performance of the hides, and a central chemical laboratory for testing the chemical-toxicological parameters of raw materials and finished production.

The company's testing autonomy is unique within the sector, with 15 people working to perform every type of testing required by the various product segments served.

5.2 **Guaranteed environmental quality of the leathers**

The Gruppo Mastrotto has always been committed to guaranteeing the highest environmental quality of its leathers, adopting rigorous standards and internationally recognised certifications.



Our focus on sustainability and innovation has enabled us to obtain important acknowledgements that testify to our commitment to respecting the environment and promoting environmentally friendly practices.

Collaborating with authoritative organisations and implementing state-of-the-art technologies, we ensure that each stage of our production process meets the highest environmental requirements, minimising ecological impact and contributing to the preservation of natural resources for future generations.

5.2.1 First in the world with certified "Biobased" leathers

Gruppo Mastrotto

To be defined "renewable" a material must have a renewal cycle of between one and five years, in balance with the natural cycle of the ecosystem. Leather is a renewable material, in that it comes from an organic base of animal origin.



By contrast, non-renewable materials such as plastics and synthetic fibres deplete the ecosystem and use resources that will not be available for future generations.

Gruppo Mastrotto is proud to be the first tannery in the world to have obtained Biobased certification for its leathers from the United States Department of Agriculture (USDA), one of the most authoritative sources in terms of sustainability and respect for the environment. The USDA Biobased certification analyses the bio renewable content of a product, i.e. the portion that comes from a renewable source.

Thanks to this measurement, Gruppo Mastrotto has certified the high level of renewability of its leathers, which have up to 95% biobased content.

5.2.2 Blauer Engel certification

An environmental product label recognised all over the world, Blauer Engel certification guarantees compliance with high environmental standards, which are more restrictive than those required by law. The requirements for this certification are set by the German Ministry of the Environment and verified by RAL (the German Technical Authority that manages the certification).



Blauer Engel certification testifies to the ecological quality of the leathers produced by Gruppo Mastrotto, with products that offer better protection to the environment and people's health, thanks to a series of tangible benefits:

lower water consumption in the various production phases;

- use of sustainably-produced raw materials;
- prudent use of resources in the use or disposal phase;
- the absence of harmful effects on health and the environment, thanks to low emissions.

5.2.3 "Leather Standard" by Oeko-Tex® certification

OEKO-TEX® is an international association for research and testing in the field of ecology in "Textiles and Leather" and develops, among other things, product labels compliant with rigorous analytical models.



These include the LEATHER STANDARD by OEKO-TEX®, an independent and globally recognised certification system for leather and leather goods at all stages of their processing, from semi-finished leather to finished articles such as bags, gloves and clothing.

The LEATHER STANDARD by OEKO-TEX® certification applies to the leather production process and identifies substances that are used in the production processes that are harmful to humans. The aim is to transparently document the responsibility of companies for the safety of their articles for their customers, along the production chain, right through to the brands, retailers and end consumers.

Products that bear this label are guaranteed to be safe for the health of people and the environment. OEKO-TEX®, updates the test criteria at least once a year, considering the latest scientific findings and legislative changes.

The antibacterial and antiviral patent

Many of the surfaces we come into contact with every day, including leather, can be easily contaminated with pathogenic bacteria and viruses that may cause infection and disease.



Gruppo Mastrotto has developed a new technology, developing an antibacterial and antiviral treatment that guarantees high safety standards, reducing the presence of bacteria and viruses on surfaces almost entirely.

This patented treatment, successfully tested in the laboratory and applicable to all types of leather produced, is able to eliminate up to 99.9% of bacteria and viruses from the surfaces. So, it creates a sort of barrier, capable of preventing the replication of pathogens that might eventually come into contact with the leather.

5.2.5 **Gruppo Mastrotto Express** is Carbon Neutral

Since June 2022, every Gruppo Mastrotto Express collection and article has been "Carbon Neutral" in terms of direct and indirect emissions, with no negative impact on global warming.

For the products offered by its ready-todeliver leather service, Gruppo Mastrotto has succeeded in zeroing Scope 1 emissions (associated with assets owned or under the operational control of the company) and Scope 2 emissions (attributable to energies used).



This important achievement is the result of a three-stage process.

Assessment of greenhouse gas emissions (LCA)

The company conducted an LCA (Life Cycle Assessment) that allowed the calculation of greenhouse gas emissions per square metre of finished

leather throughout its life cycle. Based on this, it was possible to estimate the potential impact on global warming.

Reducing emissions by acting on processes

The data obtained made it possible to launch a series of initiatives to reduce greenhouse gas emissions linked to the production process:

- use of electricity exclusively fror certified renewable sources;
- energy efficiency of the process phases;

- reduction of water consumption through reuse and optimisation;
- reduced use of chemicals.

Each of these interventions has brought environmental benefits, even if they have not made it possible to completely eliminate the potential impacts on global warming.

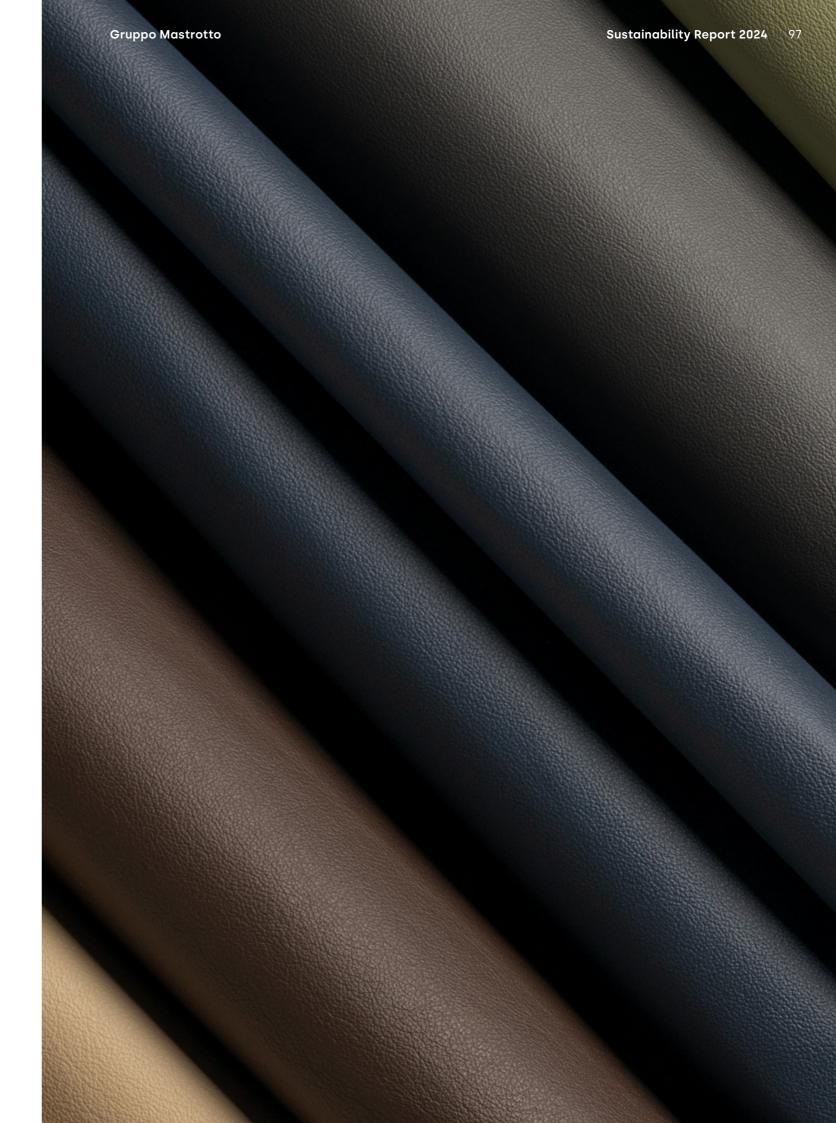
Offsetting emissions using recognised and credible instruments

In order to reduce the residual impacts generated in the tanning process to zero, Gruppo Mastrotto has adhered to a series of offsetting projects supported by the United Nations Framework Convention on Climate Change (UNFCCC), an environmental treaty that aims to reduce greenhouse gas emissions at international level.

The offsetting of emissions takes place within the Clean Development Mechanism (CDM), a process under the Kyoto Protocol that allows member organisations to offset their emissions by supporting sustainable development projects in emerging or developing economies.

This reduction is achieved in practical terms by purchasing CERs (Certified Emission Reduction Certificates), each of which is equivalent to one tonne of CO2 not emitted.

The projects chosen for this purpose are located in India, Brazil and China, and consist in the production of electricity from renewable sources (wind and solar power) and in biomass cogeneration (recovery of husk, a byproduct of rice processing). Alongside the environmental benefits, these projects also have significant economic, social and technological benefits for these areas and their communities. All Gruppo Mastrotto Express products are "Carbon Neutral" in terms of direct and indirect emissions, with no negative impact on global warming.



Supplier management

New protocol for supplier selection and evaluation based on ESG criteria

- 6.1 The EU anti-deforestation regulation
- 6.2 SupplieRank Involving suppliers to create a sustainable supply chain
- 6.3 Suppliers' expectations

Suppliers play an essential role within the tanning supply chain, supporting companies moving towards a business model that pays increasing attention to economic, environmental and social aspects.

With this in mind, the supplier policy is aimed at developing lasting relationships based on loyalty, transparency and mutual collaboration.

These values are embodied in a specific Code of Conduct through which Gruppo Mastrotto asks its suppliers to adopt respectful conduct in the areas of human rights, occupational health and safety, environmental protection and the fight against corruption.

In particular, suppliers are asked to ensure compliance with:

- labour and human rights (prohibition of child labour, prohibition of forced labour, freedom of trade union association, discrimination, occupational health and safety, working hours and remuneration):
- ethics (anti-corruption, protection of competition, anti-money laundering, privacy and data protection);
- environmental protection (restrictions on the use of chemicals, responsible use of resources and reduction of emissions into the atmosphere, proper waste management).

The EU anti-deforestation 61 regulation

The tanning sector will be subject to EU Regulation 1115/2023 (EUDR), which requires "due diligence" to verify that certain product categories, including bovine hides:

- do not come from regions where deforestation or forest degradation has occurred;
- have been obtained in compliance with environmental and social regulations.

The legislative measure has a very broad scope and covers the operations of:

import into the European Union;

- export from the European Union;
- marketing within the European Union.

The regulation was supposed to come into force on 30 December 2024, however, due to the complexity of its implementation, has been postponed to 30 December 2025.

Aware of the importance of the matter, Gruppo Mastrotto immediately took steps to familiarise with the EUDR regulation and follow its development attentively and acti-





In particular, the company is part of the working group set up by the Unione Nazionale Industria Conciaria (Italian Tanning Industry Union) with the aim of guiding the application of the EUDR in the Italian tanning industry.

It has also launched a series of projects for the management of this evolving situation, implementing the following actions:

- stable contacts with the European associations of reference;
- development of the supply chain in line with the requirements of the regulation;
- in-house assessment for the adaptation infrastructure, facilities and processes;
- adjustments to ensure the continuity of the supply chain;

so that it will be in a position to meet the new requirements of the EUDR, regardless of the date of entry into force.

This effort is consistent with the evolution embarked upon in recent years with a view to increasing attention to the issue of traceability of hides, falling within the "Policy on Traceability and Environmental Welfare", the framework of the basic principles of corporate action and the goals that the company intends to achieve.

The qualifying points of this policy include the following requirements applicable to the suppliers of hides:

- compliance with the reference legislation on animal welfare applied in their country;
- if no specific legislation on the subject is present and applicable, suppliers undertake to guarantee observance of the five fundamental freedoms of animals (freedom from hunger and thirst; from discomfort; from pain, injury and disease; to express normal behaviour; from fear and distress);
- the guarantee that hides do not come from animals raised on farms implicated in the illegal deforestation of the Amazon and other protected areas in South America.

6.2 SupplieRank - Involving suppliers to create a sustainable supply chain

The "SupplieRank" project continued during 2023, undertaking to:

- develop a specific protocol for selecting and rating suppliers according to "ESG/ traceability/animal welfare" criteria;
- develop a system for the periodic monitoring and rating of suppliers' environmental and social performance.

The initiative concerns suppliers of the main products and services: hides and crusts, chemicals and third-party processing.

The initial phase of the project made it possible to:

Map and model suppliers in terms of economic importance, geographical location, degree of concentration and stability.

Approve the assessment model.

Structure a questionnaire to gather information on environmental, social and governance aspects, capable of explicitly considering sector specificities and size differences in order to make it easier for smaller companies to fill it in.

Digitise both the questionnaire and the supplier qualification/assessment system.



The questionnaires were sent out in 2024 and the first answers were processed; the cooperation of suppliers made it possible to know:

- the organisational and operational methods implemented to manage ESG issues;
- the extent to which they have developed policies and targets;
- the metrics they use in the ESG field;
- their environmental and social initiatives and projects;
- the level of knowledge of their supply network.

A picture emerged, showing:

- a clear awareness of the importance of ESG issues for the future of companies;
- a broad spectrum of initiatives to reduce the consumption of resources, minimise negative environmental impacts, encourage the professional development of workers, support their families;
- the difficulty of addressing ESG issues organically, especially for smaller companies.

2025 will see the completion of data analysis and the definition of the most appropriate initiatives to confirm the desire to base relations on loyalty, transparency and mutual collaboration.

Suppliers' expectations

The commitment to a partnership with suppliers also emerges from the desire to know what they expect from Gruppo Mastrotto.

A questionnaire was delivered to suppliers, asking them which issues Gruppo Mastrotto should focus on and invest in.

The graph below shows the expectations that were listed most frequently by suppliers.

□ Breakdown of suppliers' expectations from Gruppo Mastrotto



Two traits emerge:

- the importance of a collaborative relationship, in terms of problem solving and in activities with a medium-term time horizon, such as research projects;
- the desire to create a lasting relationship with Gruppo Mastrotto, with consistency in the quality/price ratio and planning in sustainability initiatives.

7.

Territory and corporate citizenship

Gruppo Mastrotto Sustainability Report 2024 107 Social commitment and relations with the community 7.2 The Foundation in support of the territory 7.3 The commitment towards schools 7.4 The future in our roots: the "Museum of Interactive Leather Experience" in Arzignano 7.5 Relations with public institutions and industry organisations

As a company deeply rooted in the territory, we cultivate solid and constructive relationships, with initiatives that promote wellbeing, education and support, consolidating our commitment to improving the quality of life in our community.

The territory brings together a number of stakeholders who are very important to Gruppo Mastrotto and to its desire to be a point of reference for the local community and its institutions.

The company establishes relations with local public administrations, schools and training institutions, hospitals and nursing homes, voluntary associations, cultural associations, etc.

Gruppo Mastrotto considers it essential to articulate collaborative relationships with these stakeholders in order to fulfil its role as a positive and proactive social actor in all aspects of sustainability to the best of its ability.



Social commitment 7.1 and relations with the community

Being a company of reference for a territory means building stable relations with stakeholders, to gain an understanding of their needs and make a constructive contribution.

Healthcare, senior citizens and young people are the areas in which Gruppo Mastrotto has historically shown its closeness to the territory, its proximity; both through financial support and through an active contribution to various initiatives.

The main initiatives to which Gruppo Mastrotto S.p.A has contributed in recent years have concerned:

- the contribution to the construction of the "Arciso Mastrotto" Recreation Centre for the Elderly, comprising a bar, lounge, multipurpose room with spaces for reading, outpatients and administrative activities, and an outdoor park;
- the donation for the construction of a boules pitch at the Arciso Mastrotto Centre for the Elderly;

- support for the new Red Cross Outpatients Clinic in Sarnano (Macerata), with a doctor on call for night and holiday assistance and a paediatric outpatients clinic, to replace the one damaged by the earthquake in the Marche region in 2016:
- support for sports activities, with sponsorship of the youth football team in Arzignano and volleyball in Santa Croce sull'Arno.

Some of the projects undertaken by Gruppo Mastrotto S.p.A. have also involved suppliers. Examples are:

the donation, in collaboration with Amici del Cuore Ovest Vicentino Onlus (the West Vicenza Heart Association), of a state-of-the-art instrument to perform minimally invasive keyhole cancer surgery. This is a 30-degree 3D camera that allows angled vision, which is extremely important in the case of operations to remove tumours in the bladder, kidneys and prostate, and which will flank the



- existing instrumentation, allowing even more precise and effective surgery;
- the donation, in support of ANDOS (the Italian Association for women who have had surgery for breast cancer) and Montecchio Maggiore Hospital (in the province of Vicenza), of an instrument called "Mammotome Revolve". It allows early diagnosis by guaranteeing larger and safer, but less invasive, tissue samples, and can be used to perform biopsies in cases where a mammogram has raised suspicions of the presence of a malignant formation;
- the donation to Arzignano Hospital of an innovative software called "Rapid", which drastically reduces the time needed to diagnose ischaemic stroke. The reduction in time from the current 20 minutes to a maximum of 2 minutes substantially increases in the probability of survival of ischaemic stroke patients;
- the donation to the hospital's emergency department of a state-of-the-art defibrillator-monitor, an essential tool in the management of emergency patients inside the hospital environment, which can also be used in ambulances. Its handling and versatility make it a unique tool in the case of cardiac arrest and in monitoring patients in immediate need of emergency care;
- support for the isolation chamber for the Paediatric Oncohaematology Ward at San Bortolo Hospital in Vicenza, in

- collaboration with the "Vicenza for Children" association, to ensure the care of children suffering from cancer;
- the donation of Christmas parcels to the Vicenza for Children ONLUS association, a voluntary organisation that works at Vicenza hospital alongside children with cancer, children in hospital and their families;
- a new endoscopic column for the diagnosis and treatment of paediatric gastroenterological diseases donated to San Bortolo Hospital in Vicenza in collaboration with the Vicenza for Children association; the technology will enable the Paediatric Surgery Unit to improve its endoscopic digestive surgery activities for patients who, from the first day of life through to the age of eighteen, can be treated with minimally invasive surgery.

At the overseas plants too, the focus on local communities has witnessed the flourishing of numerous initiatives.

Since 2020, Mastrotto Brasil has launched a programme to economically and materially support environmental and social projects promoted by local non-profit organisations. The programme is supported by associations, NGOs, cooperatives and religious groups that work for the benefit of the community. The donations, which began at the start of the decade, are aimed at organisations operating in the municipalities of Cachoeira, São Félix and Muritiba, in the state of Bahia.

Three projects were identified in 2024 and received technical and financial support from the company:

- "Green Collect Valleys", proposed by the Mother Lalu Institute, helps families in need earn money by recycling waste. The project teaches people how to collect, sort and resell recyclable materials, creating new job opportunities and reducing the environmental impact of urban waste;
- "Águas que Semeiam", promoted by the Association of Stable Residents of Ladeira da Cadeia, works to protect local water sources and inform people of the conscious use of water; the aim is to avoid waste and pollution, through environmental education activities and small actions to protect water resources;

"Sustainable food production through domestic aquaponics", developed by the Association of Friends of Paraguaçu, teaches families how to produce food sustainably at home, using a system that combines fish farming and growing vegetables without soil. This model saves water and provides an independent source of healthy food.

All the projects include training and events to promote awareness among the community, with the aim of spreading more responsible behaviour in relation to the environment and improving the quality of the daily life of the people involved.

As part of its commitment to the local community, Mitech Tunisie supports a charity project in the Sidi Abdelhamid delegation of the governorate (or province) of Sousse, supporting 15 families in vulnerable conditions by supplying them with food aid.

The Foundation in support of the territory

"To be close to the community where your roots lie and where you have spent your life, and really help it."

Gruppo Mastrotto

These are the aims of the Silvana e Bruno Foundation, through which Gruppo Mastrotto's ownership supports those in difficulty due to illness or the families of school-age children.

It is with this in mind that the Parkinson Café, a space dedicated to all those living with Parkinson's disease, and La Tribù del Sole, an after-school programme for primary and secondary school children, were set up.



The Parkinson Café

Parkinson's Disease is a neurodegenerative disease characterised by a progressive and chronic disorder, mainly affecting the control of movement and balance.

It is estimated that there are around 230,000 people with Parkinson's disease in Italy. One of the first effects on the life of someone suffering from Parkinson's disease is a tendency towards isolation.

It was precisely to counter this isolation that the Parkinson Café was founded. The first of its kind in Italy, it is an open place for sufferers, their families and all those who wish to participate in the initiatives that take place in the area to meet, share and come together.

It hosts specific motor activities, recreational activities and informative meetings on targeted topics of interest to guests and caregivers. Every activity aims to support and facilitate sharing and sociability, respecting the new pace and abilities of the patients who here, with the help of volunteers, can react to the disease and rediscover the pleasure of being in the company of others.

Over the years, the Parkinson Café has also established itself as a scientific reference point, thanks to:

- conferences, like that organised on 13 January 2024 entitled "Innovation, discoveries and treatments: a holistic approach to Parkinson's disease for a per-

son's overall wellbeing", at which over 100 people were able to listen to talks by experts from the University of Padua and the MedicRiab Centre in Arzignano;

internship experiences, involving university students and researchers engaged in the study of Neuroscience and Neuropsychological Rehabilitation; such as those of Asya De Marco, Alessia Della Tommasina, Francesco Carabba, Gloria Bonacina, and Linda Albanese, who completed their master's degree theses or post-research theses, perfecting their professional preparation with practical experience.

Authoritative and credible initiatives that have been recognised with the convening of the Parkinson Café at the Table of the PDTA (Diagnostic and Therapeutic Care Programme) promoted by the Veneto Region within the scope of the management of Parkinson's disease, with the aim of standardising therapeutic and diagnostic intervention for certain pathologies.

The skills and experience of all those involved will make it possible to draw up guidelines for neurologists, neuropsychologists, speech therapists, kinesiologists dieticians, etc., so that reports, tests and diagnoses are uniform and free of errors linked to subjective judgements.

La Tribù del Sole

Welcoming children and young people after school, accompanying them during their afternoons with a series of multidisciplinary activities that encourage their integral development. These are the premises that led to the creation of La Tribù del Sole afterschool centre.

A bright, child-friendly space which, thanks to the management of the Moby Dick cooperative, accommodates up to 30 primary and secondary school children throughout the school year and in summer, with a special focus on looking after children with disabilities.

It is a space that fosters holistic development by supporting them in the afternoons through multidisciplinary activities and by paying special attention to children with disabilities.



7.3 The commitment towards schools

Gruppo Mastrotto believes that it is important to establish a strong and structured relationship between the business world and the world of education, especially with technical training institutes.

This is why the company promotes stable collaborations with local schools, sharing its knowledge in various ways:



Hosting young people for internships



Lectures or company testimonials at university and post-diploma courses



Collaborations with design institutes

Scholarships for the children of **Gruppo Mastrotto** employees

During 2024, Gruppo Mastrotto hosted students from various secondary and post-diploma institutes to acquaint them with Gruppo Mastrotto's processes, characteristics, mission and values.

These were opportunities for discussion that made it possible to illustrate the company's path towards sustainability and the continuous improvement of processes and products, with the aim of increasingly minimising the environmental impact of production and making careful use of resources.

The students also came up with ideas relating to things that tanning companies should pay attention to in order to improve their perception by the community.

Gruppo Mastrotto

In the same year, Gruppo Mastrotto awarded fifteen scholarships to students who distinguished themselves for their achievements. The beneficiaries were selected from among those attending the last three years of secondary school and the first year of university.

The scholarships were awarded through an internal call for applications and an assessment process based on academic merit.

Also at Mitech Tunisie, the focus on the education of employees' children has been confirmed by introducing a school grant paid at the beginning of the school year.



The future in our roots: the "Museum of Interactive Leather **Experience**" in Arzignano

Gruppo Mastrotto is a founding partner of MILE Museum.

A project launched by the Distretto Veneto della Pelle and Acque del Chiampo Società Benefit, which emphasises the importance of connecting the past with contemporary challenges and future opportunities, through a dynamic and original vision of the tanning industry.

It outlines the historical features of the industry and progress through to the most recent technological innovations, the result of continuous research and innovation. with a central focus on the idea of sustainability.

It will be a multi-functional and immersive space, using innovative technologies such as video mapping, to bring schools, citizens and businesses closer to the tanning industry.

Involvement and participation in customised and interactive experiences, thanks to the technologies adopted, will allow visitors to fully immerse themselves in the world of tanning, grasping its uniqueness as well as its environmental and social functions.



Relations with public institutions and industry organisations

Gruppo Mastrotto bases its relations with public institutions and industry organisations on principles of fairness, transparency and respect for roles.

Ongoing dialogue inspires relations with these stakeholders, so that the most suitable forms of development and collaboration can be identified.

Gruppo Mastrotto is a member of UNIC, the Unione Nazionale Industria Conciaria, the Trade Union association that represents the Italian tanning industry. The Italian tanning industry is the most important both at EU level, with a production value accounting for 65% of EU production, and worldwide, accounting for 25% of global production value.

Gruppo Mastrotto is a member of the Executive Committee of UNIC through its Chair, Chiara Mastrotto.

Moreover, Renata Sartori, also a Director of Gruppo Mastrotto, is a member of the Executive Committee of the Leather Working Group. This is the first time that an Italian has been appointed to this position.

The committee is made up of nine members; four represent the brands, four the tanneries and one the chemical suppliers. It is responsible for defining the organisation's strategies and monitoring their progress, as well as the economic and financial budget.

Lastly, Gruppo Mastrotto is a member of "Leather Naturally", an international nonprofit organisation specific to the industry, which focuses on leather education and promotion.

It promotes the use of sustainable leather produced at global level, inspiring and informing designers, creators and consumers about the beauty, quality and versatility of leather.

Alongside industry organisations, Gruppo Mastrotto also maintains relations, either directly or through other entities, with public institutions such as the Veneto Region and the European Union for the granting of contributions. It also has relations with institutions with control and authorisation functions such as: the Province of Vicenza, Acque Del Chiampo.

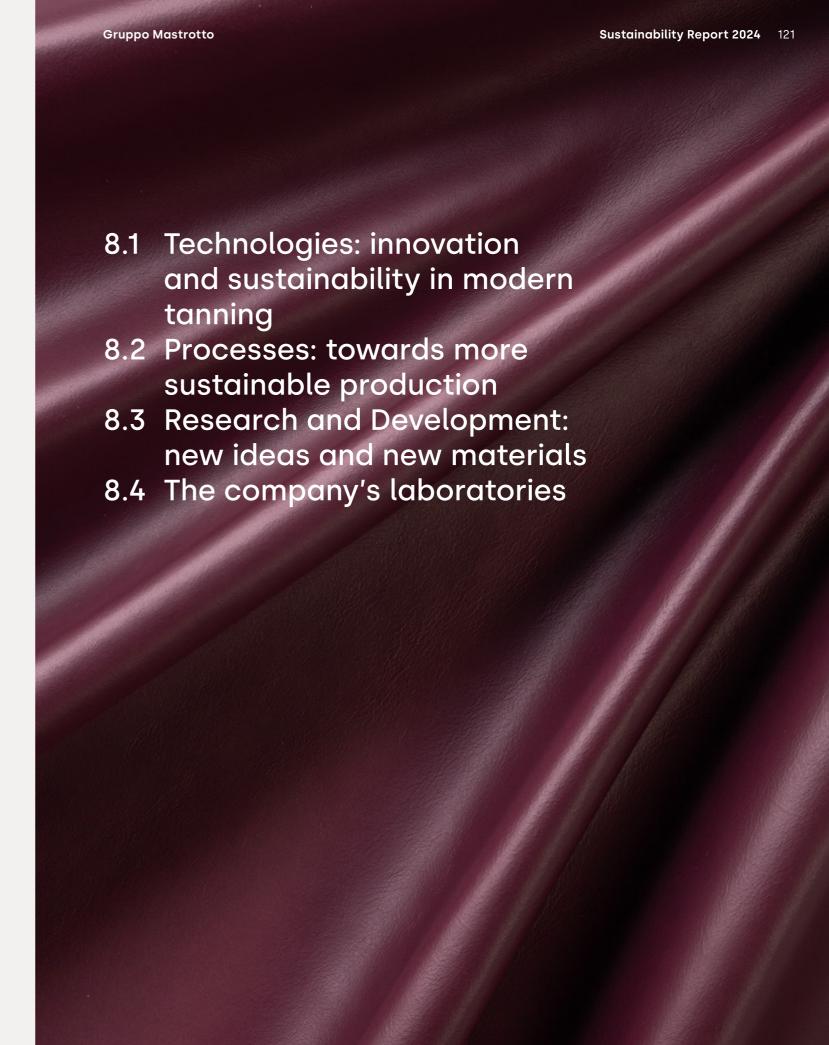
Relationships built with respect for mutual roles and a loyal exchange so that the company is perceived as a credible and positive interlocutor with which to engage in partnerships that are useful both to the company and to the territory.

Share of Italian tanneries in EU production

Share of Italian tanneries in worldwide production

Innovation

Staff involved in R&D



Through the integration of cutting-edge technologies, eco-efficient processes and a constant commitment to Research and Development, we aim to redefine industry standards, promoting practices that respect the environment while improving the quality and durability of our products.

Sustainable innovation is one of the cornerstones of the Gruppo Mastrotto strategy.



The company works closely with its customers to develop cutting-edge solutions that meet the needs of the market while respecting the planet.

This commitment is reflected in the adoption of production processes with reduced consumption of resources and the constant search for innovative materials and technologies, with the aim of going "beyond leather" to create pioneering solutions that combine aesthetics, functionality and environmental responsibility.

All of this is Leather forward.

Technologies: innovation 8.1 and sustainability in modern tanning

Technological innovation is crucial to maintaining a competitive edge and sustainable production operations.

Being aware of these dynamics, Gruppo Mastrotto has invested wholeheartedly in technology, adopting state-of-theart machinery and modernising its production infrastructures to keep up with developments in the tanning sector.

This commitment is reflected not only in the continuous improvement of processes but also in the adoption of solutions that quarantee reduced environmental impact and greater energy efficiency.

A significant chunk of this investment has been dedicated to modernising production machinery to bring it into line with the latest technology available. Some of the most emblematic examples of this modernisation include the new vacuum dryers, which operate at reduced temperatures allowing significant energy savings. State-of-theart spray booths that not only enhance productivity but also have the advantage of limiting the use of chemicals, have been implemented.

Processes: towards more 8 2 sustainable production

As part of the ongoing commitment to sustainability, Gruppo Mastrotto has dedicated significant resources to the innovation of its production processes.

This effort is manifested through the adoption of advanced technologies and operating methods that improve production efficiency while reducing the environmental impact of operations. Key areas include the optimisation of waste, reduced use of chemicals and savings on water.

OPTIMISING WASTE

As mentioned in the previous chapters, Gruppo Mastrotto is committed to minimising waste through by recovering processing cycle waste, reusing residues and by-products or transforming them into new materials, with the aim of creating a process that generates

practically zero waste. Much of the waste is transformed and reused in other industries, from bio stimulants and fertilisers for agriculture, to collagen for cosmetics, to gelatines for the food industry.

REDUCTION OF CHEMICALS

One of our most important production process innovation efforts is to reduce the use of chemicals in the tanning and finishing cycles. The use of plant-based tanning agents has been gradually

introduced and more sustainable alternatives to traditional chemicals have been selected, also improving the safety and quality of the working environ-

SAVING WATER

Saving water is the third pillar of Gruppo Mastrotto's process innovation strategy. Considering that leather production is traditionally water-intensive, technologies that significantly reduce water consumption have been adopted. These technologies include advanced water recycling and purification systems that make it possible to reuse

a considerable amount of the water used in our production processes. This practice not only reduces the volume of water drawn from natural sources but also reduces the wastewater treatment load, helping to preserve local water resources.

8.3 Research and Development: new ideas and new materials

Gruppo Mastrotto's Research and Development department works tirelessly to discover and implement innovative ideas that not only meet market requirements but also anticipate trends.

Research is driven by the desire for excellence and sustainability, leading to the development of methodologies and products that set new benchmarks for the tanning industry.

CHROME FREE, METAL FREE AND VEGETABLE TANNING

As part of our activities aimed at developing innovative articles, "Metal Free" and "Chrome Free" tanning methods ensure that the leathers are treated safely, without compromising quality.

At the same time, the company experiments with the use of vegetable-based tanning agents (with tannins extracted from hemp, quebracho, chestnut or reed), originating from natural and renewable sources, which offer an environmentally friendly alternative to traditional methods.



LOWER EMISSIONS (IN EVERY SENSE)

128 Innovation

Besides the emissions generated by production processes, in the interior design and automotive worlds there is an increasing focus on the release over time of volatile compounds from leather. These volatile organic compounds (VOCs) are partly derived from the chemicals used in the processing of leather and partly from the leather itself which, being an organic material, emits odours and volatile substances. Using mass spectrometry and

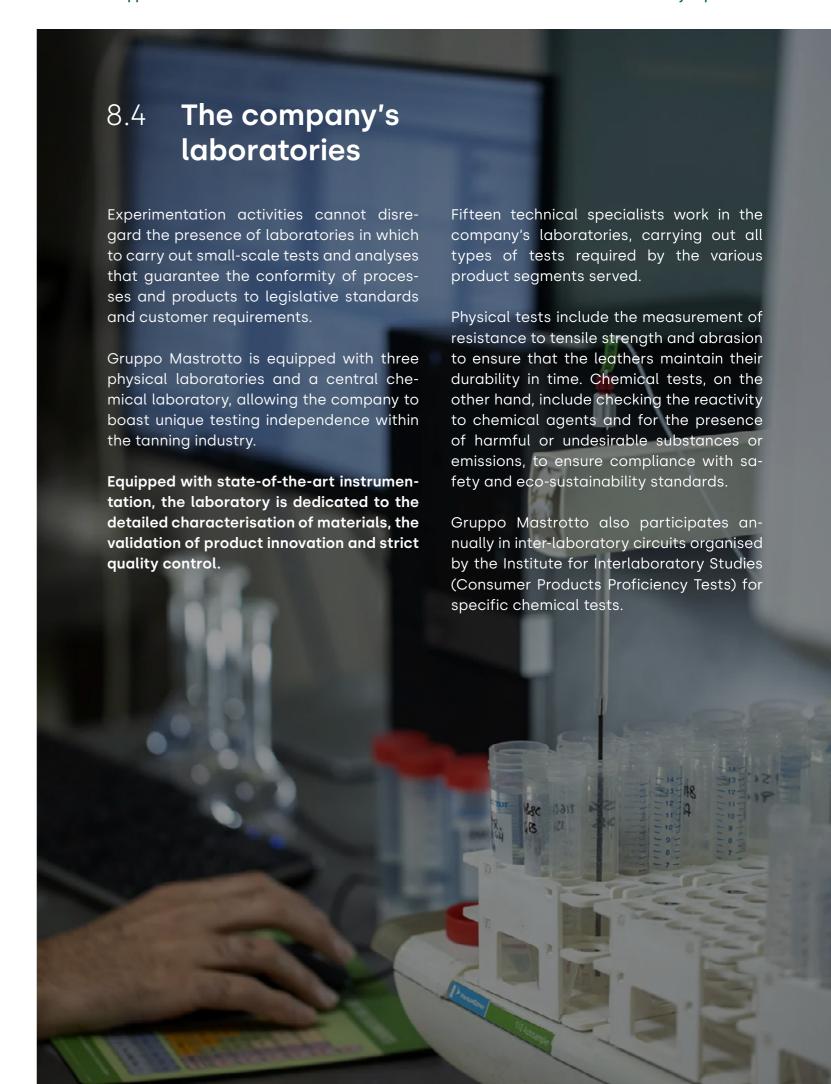
gas-liquid chromatography tests, Gruppo Mastrotto is able to identify and measure the levels of volatile compounds released by its leathers over time. This enables us not only to comply with the strictest environmental standards, but also to keep ahead of future regulations and lead the industry towards more sustainable practices.





REGENERATED MATERIALS AND CIRCULARITY

Gruppo Mastrotto is at the forefront of the development of regenerated materials and circularity, created by recycling leather processing scrap and transforming it into new products that reduce waste and environmental impact. Projects that have been patented and that move in a circular economy and upcycling logic.



Notes		

GRUPPOMASTROTTO

Leather forward

Thank you for taking the time to read this report. Your interest and support are fundamental to our commitment towards a more sustainable future.





