

GRUPPOMASTROTTO

# Sustainability Report



2023

Our vision towards a more sustainable and innovative future in the tanning industry, *Leather forward.*



**Leather forward** is not just our new tagline: it's an invitation to the tanning industry to look "beyond leather", surpassing the boundaries of imagination. This means embracing continuous improvement and developing solutions and processes increasingly oriented towards sustainability. **Leather forward** is the future we are building, together.



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## Beyond leather: a letter from our President

A journey together, a shared commitment.

**Imagine a world in which every business decision is a seed planted for a lush future. In this global garden, our choices are the seeds we carefully cultivate. Every sustainable policy, every eco-friendly innovation, every responsible partnership is a sprout making its way into the light. At Gruppo Mastrotto, as attentive gardeners, we nurture these seeds with experience, commitment and passion for the wonderful material that is leather.**

**But a flourishing garden is not the work of just one person. It is the result of a community working as one, sharing knowledge, resources and a vision. You, our valued stakeholders, are an integral part of this community. Your contributions have been instrumental in achieving our goals and will continue to be essential in the journey toward a more sustainable future.**

In 2023, Gruppo Mastrotto developed very significant projects in several key sustainability-related areas.

We first consolidated the process of identifying and assessing the company's relevant impacts, starting with updating the mapping of you, the stakeholders, and the role we can play on relevant environmental, social and economic issues.

We certified our organisation's carbon footprint according to the ISO 14064-1 standard. The quantification of greenhouse gas emissions will make it possible for us to identify the company's areas for impro-

vement in terms of energy and emissions profile, and provide the basis on which to develop a structured and progressive plan to reduce emissions that will also involve upstream parties in the supply chain.

As for suppliers, a supplier mapping exercise has been launched to assess whether they have actually adopted good practices in line with the sustainability principles the Group adheres to, which is another step in the direction of increasingly precise raw material traceability, to ensure that source hides do not come from areas subject to intensive deforestation and that animal welfare is protected.

We have pioneered the adoption of innovative technologies that improve the efficiency of manufacturing processes and reduce environmental impact, such as intelligent water management and recovery of processing by-products.

The protection and well-being of employees has been the focus of internal measures, with an extensive employee training programme on health and safety issues. I am also particularly proud of the initiative that allowed our employees to have free mammogram and breast ultrasound examinations in a mobile clinic set up within the company premises.

Finally, we have strengthened our partnerships with local authorities and institutions, thus actively contributing to the well-being of the communities in which we operate.



A few days ago, we launched our new payoff, "Leather forward", which embodies our vision of progress and innovation in the tanning industry. This payoff is not just a slogan, but a promise to go "beyond the leather" to develop cutting-edge solutions that respect the environment, meet customers' expectations and improve the quality of life of the people who work with us.

Looking to the future, we remain firmly committed to continuing our journey with ever more ambitious goals. At the same time, we are proud of our achievements and are confident that, with your continued support, we will continue to make great strides towards a better future.

As you flip through the pages of this sustainability report, we invite you to look beyond the numbers and graphs. You see an evolving landscape, an ecosystem of possibilities that we are cultivating together. Every step forward, every chal-

lenge overcome, every goal achieved is a flower blooming in this shared garden.

The path to a sustainable future is long and not free of obstacles. But with each step, with each seed planted, we move closer to that vision. United behind this lofty goal, we are creating a legacy for future generations to enjoy and be proud of.

**Welcome to our garden of change.**



**Chiara Mastrotto**  
President, Gruppo Mastrotto

# At a glance

Our key indicators for 2023.

# 99%

Employees with permanent contracts

# 63

Part-time work, equal to 6% of the total

# 34

Countries of origin of workers

# 100%

Certified renewable electricity

# 92.3%

Waste sent for reuse, recycling or recovery



Publication and sharing of the new "Company Purpose"



Free oncological prevention examinations

# 65

Years of history celebrated with employees



Adherence to the United Nations Global Compact



Confirmation of LWG Gold Medal



Organization's carbon footprint certification (ISO 14064-1)



New model for evaluating supplier sustainability

# 7K

Total hours of employee training

# 7.4

Average hours of training per person

# 96%

Employees who used the "Company Welfare" portal

# 315.3 € Mln

Economic value generated by Gruppo Mastrotto

# 275.8

Economic value distributed in € Mln

# 54%

Percentage of spending concentrated on Italian suppliers

# 1. Gruppo Mastrotto

- 1.1 Our story
- 1.2 Leather and the art of tanning
- 1.3 Context
- 1.4 Corporate Governance
- 1.5 The organisation's structure
- 1.6 System and product certifications

# 1958

Masters of leather  
for over 65 years

[Discover more on p. 14](#)

# Our mission is to guarantee premium quality leather, founded on a solid ethic of collaboration and sustainability.

**Experience, sustainability, innovation:** these are the distinctive features that have characterised Gruppo Mastrotto since 1958, a global reference point in high quality bovine leather manufacturing.

The company, which has its registered office in the leather goods district of Arzignano, a few kilometers from Vicenza, is now the leather goods industry leader in Italy and among the top players globally, with more than 364 million euros turnover and more than 2,300 employees worldwide.

Gruppo Mastrotto S.p.A., to which the reporting scope of this financial statement refers, includes all the Italian facilities of the group. In 2023, the company achieved 310.5 million in revenues, employing a total of 1,127 people between employees (950) and temporary workers (177).

Gruppo Mastrotto carries out its manufacturing in 15 facilities, 11 in Italy and 4 abroad (Brazil, Indonesia, Mexico and

Tunisia), and has a sales network in more than 110 countries. The company, founded by Arciso Mastrotto with his sons Bruno and Santo, is now led by the second generation: Chiara and Graziano Mastrotto.

This sustainability report, now in its fourth edition, is the tool through which Gruppo Mastrotto communicates its commitment to sustainable business practices in a transparent and detailed manner, highlighting the initiatives undertaken to reduce environmental impact, improve corporate responsibility and promote ethical governance.

This strategic document not only illustrates the sustainability achievements, but also sets out a clear roadmap for future sustainable actions, aligning the company's objectives with international sustainability standards, such as the Global Reporting Initiative (GRI) and the United Nations Sustainable Development Goals (SDGs).

11

Production facilities in Italy

4

Production facilities abroad

2.3K+

People working in Gruppo Mastrotto

Insight

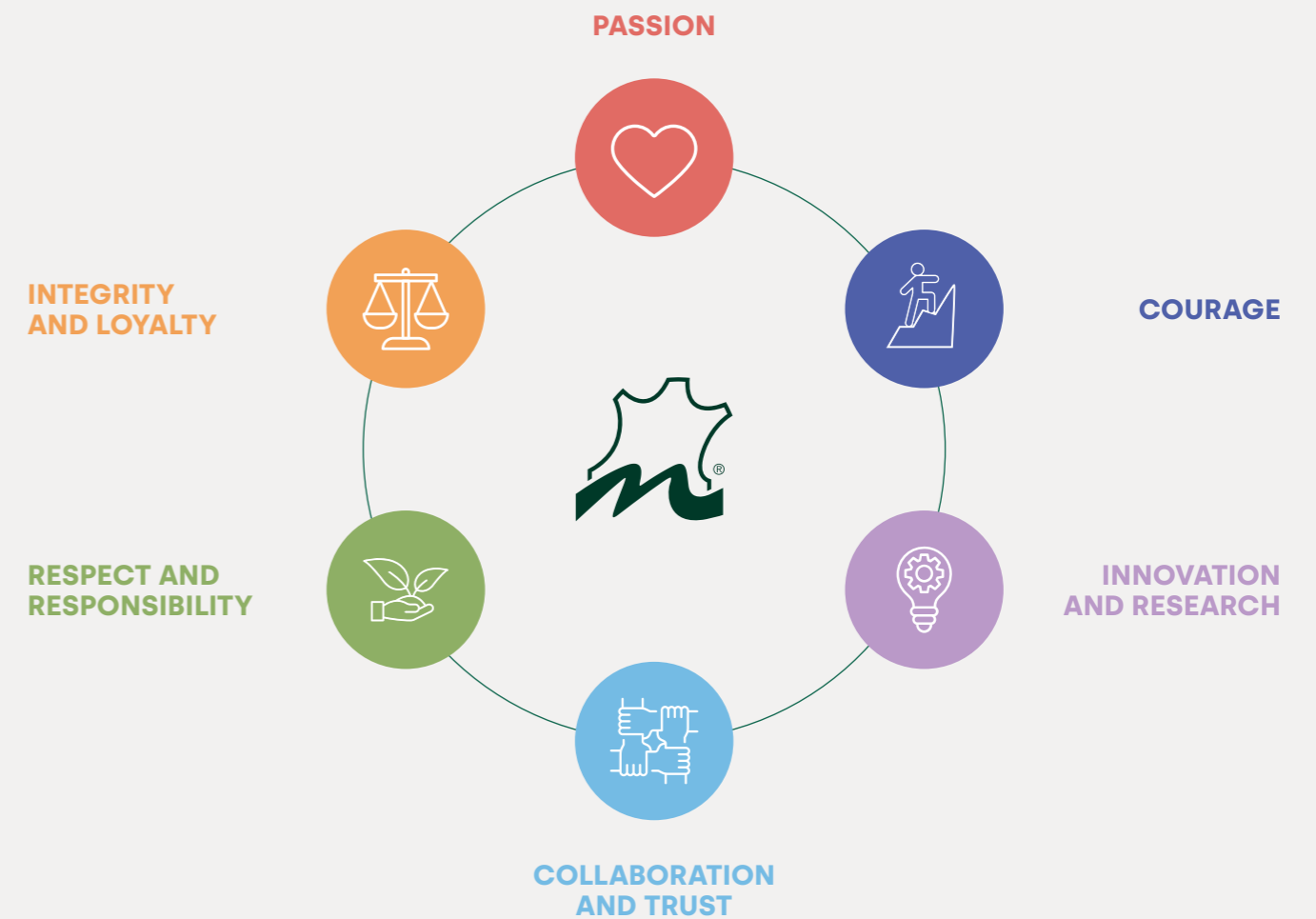
# Purpose and values

**"Driven by the passion for leather, we offer our customers quality, innovative and sustainable solutions. We believe in collaboration, continuous improvement and an active commitment to sustainability. We face future challenges with the boldness of those who can imagine and create what does not yet exist today."**

This text (in its concise version) sets out Gruppo Mastrotto's new purpose, a clear statement of intent that leads the company's goal setting and strategic decisions, inspiring employees to exceed customer expectations and contribute

positively to society and the environment. It is a statement that Management wanted to redefine through an internal discussion process that involved representatives from all corporate departments, to ensure a shared vision aligned with stakeholders' fundamental beliefs and expectations.

Gruppo Mastrotto's corporate purpose is the core around which the company values revolve. These cardinal principles underlie the daily actions of all employees.



# 1.1 Our story

A journey without stops, since 1958.

## 1958

Arciso Mastrotto, with his sons Bruno and Santo, founded "Conceria Mastrotto" in Arzignano, a pioneer in shoe crust manufacturing.



## 1975

Arciso Mastrotto retired and left the company management to his sons.

## 1995 & 1996

The company grew with two new manufacturing sites in Arzignano, Duma and Mastrotto Italia, for the furniture and automotive leather manufacturing.



## 2001

### INTERNATIONAL DEVELOPMENT

Mastrotto Brasil, a local subsidiary dedicated to manufacturing leather for the furniture industry, was born.

## 2013

Gruppo Mastrotto Express was born, a ready-to-deliver leather service with worldwide shipments and over 1000 colours available (more than 1,600 today).

## 2021

First Sustainability Report published.

## 2003

"Gruppo Mastrotto" was born, which unified Conceria Mastrotto, Duma and Mastrotto Italia.

## 2022

Gruppo Mastrotto joins the Global Compact.

## 2015

### INTERNATIONAL DEVELOPMENT

Mastrotto Mexico and Mitech Tunisie, both dedicated to leather cutting for the automotive sector, were born.

## 2024

Inauguration of Fashion & Interior Design Showroom in Santa Croce.

## 2004

### INTERNATIONAL DEVELOPMENT

Mastrotto Indonesia, a local subsidiary dedicated to manufacturing leather for the furniture and automotive industry, was born.

## 2019

Inauguration of new production facility in Santa Croce.



### ☑ Certifications

#### 1996

ISO 9001 (Quality Management System).

#### 2017

LWG Gold Medal (Environmental Management System).

#### 2022

OekoTex (Environmental Product Certification).

#### 2010

ISO 14001 (Environmental management system) and IATF 16949 (Quality Management System Standard – Automotive interiors industry).

#### 2019

USDA (Product Environmental Certification).

#### 2023

ISO 14064-1 (Organisation Carbon Footprint).

#### 2016

Blue Angel (Environmental Product Certification).

#### 2021

ISO 28000 (Supply Chain Security System).



## Insight

# 65 years in business celebrated with employees

On Saturday, 23 May 2023, Gruppo Mastrotto organised an "open house" day for employees and their families to celebrate 65 years in business. It was a moment of sharing and hospitality to thank all the staff for their daily commitment to the company, as well as to allow families to visit the places where their relatives spend most of their days.

Bruno and Santo Mastrotto, the founders, together with the entire Board of Directors, welcomed the attendees. The key steps that made it possible to achieve the dream of creating a company from scratch, which could carve out a leading role in the global leather goods industry, were revisited.

Today, Gruppo Mastrotto dominates all leather target markets and is recognised by the world's most important brands for its products' value and quality. This is above

all thanks to the thousands of employees who over the decades have shared the founding values of this company: courage, commitment, passion, respect and responsibility.

During the course of the day, attendees were able to visit the different areas of the company: manufacturing offices and the R&D laboratories. Within the laboratories, more than 100,000 tests are carried out each year and innovative technologies are experimented with, which translate, via patents, into cutting-edge solutions capable of anticipating and satisfying the trends of an increasingly changing and demanding market.

The youngest children also had the opportunity to participate in a leather workshop and to draw what the company represents to them.



## 1.2 Leather and the art of tanning

### A tradition we honored through impeccable preparation and innovative technologies.

From the time when primitives used animal hides to protect themselves from cold and harsh weather to the present day, leather has played a crucial role in our evolution.

Initially, preservation was done through rudimentary methods such as smoking and drying, but over time, humans perfected tanning techniques to make the hides durable, soft, and long-lasting. The evolution of tanning techniques has helped improve the usability of leather, while keeping the goal of preserving it and protecting it from wear and decay. Refining tanning techniques has allowed humankind to fully exploit the potential of this unique material in various industries.

Touching a genuine leather product provides a unique sensation of softness and warmth that no other material can replicate. Leather, which is elegant and enveloping, makes every creation valuable and sophisticated, capable of preserving and even increasing its value and authenticity over time.

Leather combines durability, versatility, and comfort: whether for a piece of clothing or furniture, its capacity for adaptation is unparalleled. Moreover, the timeless elegance of this material makes it perfect for creating designs destined to outlive trends.



More on [mastrotto.com](https://www.mastrotto.com)

### 1.2.1 Leather: an ally of sustainability

Beyond its extraordinary beauty, leather is also an ally of sustainability. Leather is a by-product that is enhanced through manufacturing processes, avoiding disposal and giving life to new products. Each year, tanneries recover 8 million tonnes of raw hides. Disposing of them would require 5 million tonnes of greenhouse gases, equi-

valent 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 elevated to create new products.**

### 1.2.2 The manufacturing process

**The staff's experience and the state-of-the-art equipment in the facilities combine in a complex sequence of works that form Gruppo Mastrotto's manufacturing process.**

Transforming raw hides into leather involves a series of chemical and physical processes that can be grouped into three main phases: preparation, tanning, and finishing.

#### Preparation

In the initial stages of the process, raw hides are prepared for actual tanning. These preparation steps play a crucial role in removing impurities, fats and other undesirable substances from the hides, ensuring a clean base ready to absorb the subsequent tanning agents.



#### Tanning

To prevent the leather from rotting, it must undergo a treatment that preserves it, known as tanning.

There are different types of tanning, depending on the desired characteristics of the final product. The colour of the leather at the end of the process reveals the tanning agents used: wet blue indicates chrome tanning, wet white indicates chrome-free tanning, while light brown indicates vegetable tanning.

#### Finish

After tanning, the hides go through a series of steps to achieve the desired final characteristics. The finishing stages involve steps carried out using specialised machinery, executed with great precision to give leather specific qualities, such as softness, colour and shine.

During this step, over 65 years of history and experience are showcased at their best, ensuring that each piece of leather is the result of superb craftsmanship.



### 1.3 Context

The Italian tanning sector, between international leadership and challenges of sustainability and transparency.

## The Italian tanning industry plays a crucial role in the international fashion, automotive interior and home furnishing supply chains.

The 2023 turnover estimates are of 4.2 billion euros, with a production volume of 97 million square meters of finished leather, which is approximately two-thirds of the European total and approximately one-fourth of global production.

This sector is predominantly composed of small and medium-sized companies, almost entirely located within three specialised industrial districts, each focused on specific types of leather and market segments:

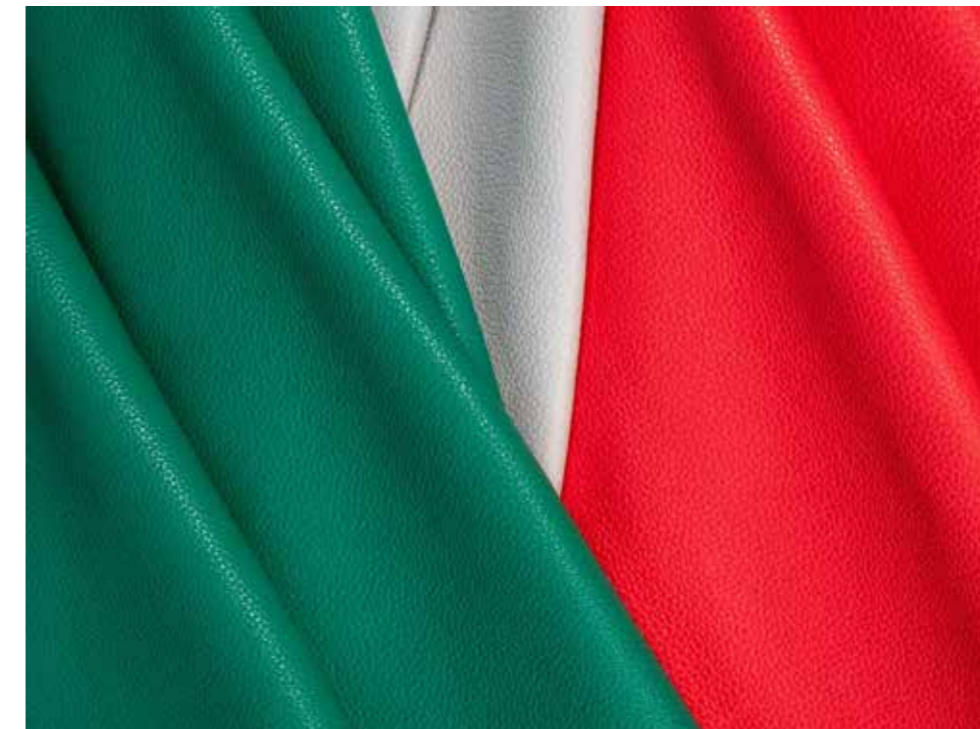
- **Arzignano** (Vicenza – Veneto), specialised in bovine hide manufacturing for fashion, automotive and interior design;
- **Santa Croce sull'Arno and Ponte a Egola** (Pisa – Tuscany), primarily manufactures calf leather for leather goods and footwear;
- **Solofra** (Avellino – Campania), best known for sheep and goat skin manufacturing for clothing.

Within the tanning districts themselves are chemical companies, machinery manufacturers, firms handling tannery by-products, service consortia and wastewater treatment plants that, together with the tanneries, form a unique global supply system.

Sustainability is the cornerstone around which the Italian tanning industry must build its future to maintain its current global leadership.

**In addition to addressing traditional environmental issues (water consumption and purification, waste and sewage sludge production and management, atmospheric emissions from the final ennoblement stages, etc.), there has been growing emphasis on:**

- mitigating and reversing global warming trends;
- reducing environmental and social impacts across the supply chain;



4.2

2023 turnover in € Billion

97

2023 production in Million sqm of leather

- ensuring traceability in raw hide and skins supply;
- attracting new generations and promoting professional growth among current industry workers.

Looking ahead, Italian tanneries must improve their ability to engage with all players in the supply chain, from upstream suppliers to end consumers, to combat challenges faced by leather, which paradoxically suffers on one of its main strengths.

Indeed, the trend among some industry players to promote the substitution of leather, a circular economy material that stems from the reuse of waste, as a more sustainable choice rather than a mere cost-cutting strategy, is nothing more than an alarming example of how the “greenwashing” phenomenon – this refers to

false sustainability claims, solely based on shallow and opaque marketing objectives – is evolving in a concerning manner.

Many of these alternatives, marketed as more environmentally friendly, often heavily rely on plastics and synthetics that have very significant environmental impacts due to their non-biodegradable nature and the pollution associated with their production. Additionally, terms like “vegan leather” and “eco-leather” are frequently misused to describe materials that have nothing to do with genuine leather, which is protected by specific legislation (Legislative Decree no. 68/2020).

## 1.4 Corporate governance

Composition and organization.

**Gruppo Mastrotto is a Joint Stock Company with share capital consisting of 600,000 ordinary shares valued at €51.65 each, with a total value of €30,990,000.**

As at 31/12/2023, the share capital is fully paid up and is divided among:

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

### 1.4.1 Governing bodies

The governing bodies are:

- the **General Meeting**, which resolves 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**, vested with the broadest powers for the Company's ordinary and extraordinary management for the purpose of achieving the corporate purpose; it is the body that approves the Sustainability Report and

Sustainability Plan and periodically check that it is properly implemented.

The Board of Directors' composition mirrors the shareholder structure and places particular emphasis on the development of specific business skills, an essential aspect in light of the peculiarities of the leather goods sector within different and differentiated global value chains.

As at 31/12/2023, the Board of Directors consisted of the following 6 members:

Position	Name	Gender
Chair and Managing Director	Chiara Mastrotto	F
Director	Giovanna Mastrotto	F
Managing Director	Graziano Mastrotto	M
Managing Director	Santo Mastrotto	M
Managing Director	Renata Sartori	F
Managing Director	Fabio Soldà	M

Specifically:

- Chiara Mastrotto** has delegated powers in the "Sustainability" and "Environment" fields;
- Fabio Soldà** has delegated powers in the "Workers' Health and Safety" field, and also acts as Employer pursuant to Legislative Decree no. 81/2008, which governs this matter in Italy.

Any critical situation reports are addressed to the Board of Directors or to the individual Managing Directors through the periodic reports by the Supervisory Board pursuant to Legislative Decree 231/01, the Company Official with delegated authority for the environment, the Prevention and Protection Service Manager, and the Sustainability Manager.

The training programme on the effects of global warming, supply chain sustainability, and institutional evolution launched in 2022, continued in a more practical direction through the direct involvement of the Board of Directors members in the projects that make up the company's Sustainability Plan.

**This shift helped complete the drafting process of Gruppo Mastrotto's new corporate purpose, previously mentioned, which defines the company's mission, goals and principles for responsible business management.**

### 1.4.2 Supervisory bodies

The main supervisory bodies are the Board of Statutory Auditors and the Supervisory Board pursuant to Legislative Decree 231/2001.

As of 31/12/2023, the Board of Statutory Auditors consisted of:

Position	Name
Chair	Nevio Dalla Valle
Auditor	Primo Ceppellini
Auditor	Antonio Pasquino
Alternate Auditor	Davide Lombardi
Alternate Auditor	Alessandro Pegoraro

The auditing firm for the financial statements is PwC S.p.A.

The Supervisory Board falls within the regulatory framework of Legislative Decree 231/2001, which governs the administrative liability of legal persons. As regards excluding the company from liability for offences, this provision provides:

- the adoption and effective application of an "Organisation, Management and Control Model" (OMM), which Gruppo Mastrotto has had for several years;
- the establishment of a Supervisory Body (SB) with the purpose, among others, of overseeing the proper application of the provisions of the above-mentioned model.

As of 31/12/2023, the Supervisory Body pursuant to Legislative Decree 231/01 consisted of:

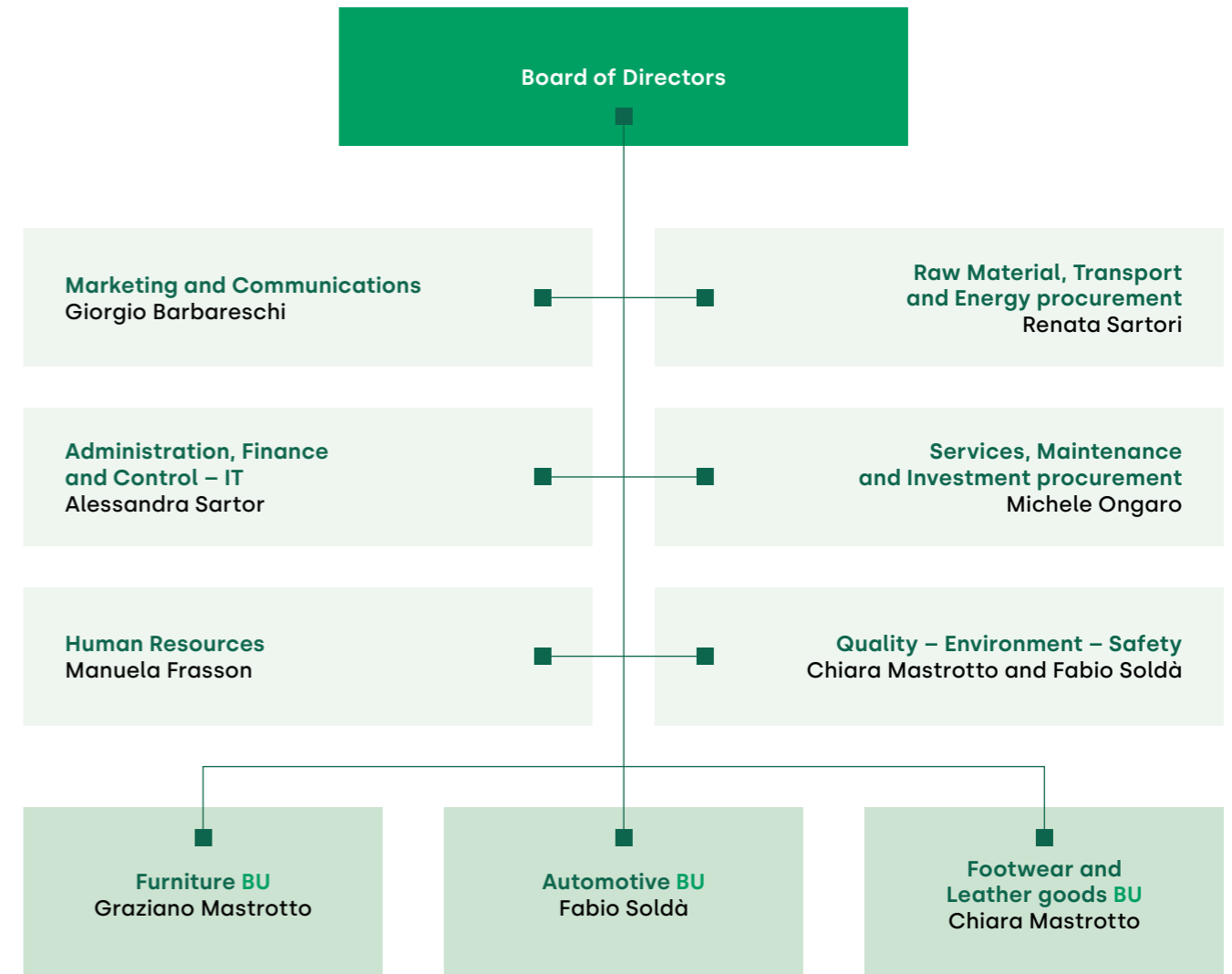
Position	Name
Chair	Nevio Dalla Valle
External Member	Francesco Falavigna
Internal Member	Massimo Lechthaler

## 1.5 The organisation's structure

Gruppo Mastrotto's organisational structure is mainly led by the Board of Directors, which oversees:

- three Business Units specialised by product segment: footwear/leather goods, furniture and automotive
- a series of general support services at the corporate level: administration/finance/control, purchasing, investment and maintenance, human resources, marketing and communication, quality/environment/safety.

The organisational structure as of 31/12/2023 is shown below:



## 1.6 System and product certifications

System and product certifications have two purposes:

- encouraging innovation and continuous improvement processes in all company units through the introduction and improvement of advanced organisational models that place the constant involvement of people at the centre;

- guaranteeing transparent and scientifically based communication to all stakeholders through certification by independent third-party bodies.

**Certifications are an instrument of cultural and organisational evolution, and constitute a tangible value both for Gruppo Mastrotto and for customers, employees 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**  
Automotive Quality Management System

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 Consortium.

### 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 QUALITY**  
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



**UN GLOBAL COMPACT**  
We support



**BIOBASED CERTIFICATION**  
USDA (United States Department of Agriculture)

Insight

# Joining the Global Compact



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

Initiated by former UN Secretary-General Kofi Annan, it promotes a global economy attentive to human and labour rights, environmental protection and anti-corruption.

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

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



Joining the Global Compact implies a business' concrete commitment to share, support and apply ten fundamental principles:

### Human Rights

- 1 Support and respect the protection of internationally proclaimed human rights within their respective spheres of influence.
- 2 Ensure that the company is not complicit in human rights abuses, whether directly or indirectly.

### Labour

- 3 Uphold the freedom of association and the effective recognition of the right to collective bargaining.
- 4 Eliminate all forms of forced and compulsory labour.
- 5 Effectively abolish child labour.
- 6 Eliminate discrimination in respect of employment and occupation.

### Environment

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

### Anti-corruption

- 10 Commit to fighting corruption in all its forms.

## 2. Sustainability

- 2.1 Identify and map stakeholders
- 2.2 Understanding the sustainability environment
- 2.3 Impact assessment
- 2.4 Assessment of the importance of the issues identified
- 2.5 The sustainability plan: where do we stand

### 9

The macro-projects  
linked to the UN 2030  
Agenda SDGs

Discover more on p. 42



**In 2023, we reaffirmed our commitment to sustainability, integrating environment, society and governance in a strategic plan that combines industrial innovation with environmental and social awareness.**

## Approach to sustainability

### The corporate transformation towards a sustainable footprint: Gruppo Mastrotto's journey and challenges in 2023.

The approach taken in recent years has favoured the emergence of a structured perspective towards "Sustainability" issues, fostering:

- more comprehensive strategic and operational processes that also incorporate environmental, social and governance aspects;
- the widespread dissemination of these topics within the organisation.

In 2023, the company strengthened its process for identifying and assessing significant impacts, in accordance with the new Global Reporting Initiative universal standards (GRI Universal Standard 2021).

The approach has been structured as follows:

- re-evaluating the stakeholder map;
- understanding Gruppo Mastrotto's sustainability environment;
- identifying and assessing Gruppo Mastrotto's impacts on stakeholders;
- identifying topics to report.

The activities carried out are explained in the following paragraphs.



More on [mastrotto.com](https://www.mastrotto.com)

## 2.1 Identify and map stakeholders

The term "stakeholder" identifies people/groups/institutions that influence or are influenced by an organisation and its activities.

Stakeholders have been mapped according to two factors:

### INFLUENCE

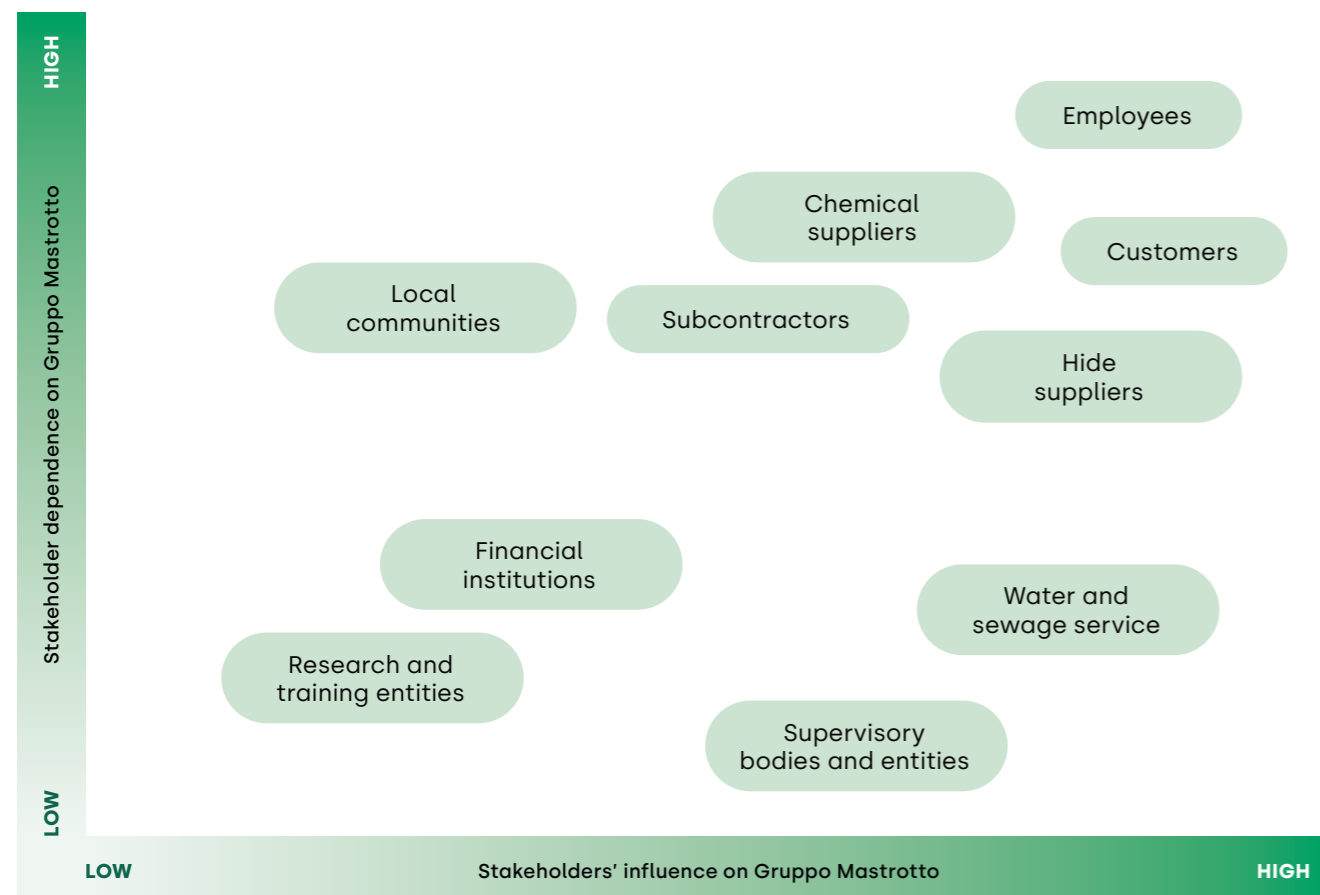
Stakeholder's ability to influence Gruppo Mastrotto's achievement of the objectives.

### DEPENDENCE

Degree of dependence of the stakeholder on Gruppo Mastrotto in achieving its objectives.

The following map serves as a useful tool for guiding interactions with stakeholders

to achieve both the company's objectives and meet stakeholders' expectations.



The importance of stakeholders who contribute, through their own work or the supply of goods and services, to the production of finished hides that meet customer expectations was stressed.

Structures that provide essential environmental services or monitor ongoing compliance are also important.

## 2.2 Understanding the sustainability environment

To understand the possible evolution of the environment in which Gruppo Mastrotto will operate in the coming years, several tools have been put in place:

- analysis of documents from public sources (EU Commission, Eurostat, OECD, Istat, Bank of Italy, ...);
- analysis of sustainability reports from a sample of major clients (fashion brands, car manufacturers and multi-nationals);
- analysis of sustainability reporting standards (GRI, CSRD, TFCO, CDP, ...);
- meetings with Gruppo Mastrotto's front-line managers;
- meetings with NGOs, customers and suppliers;
- review of the policies adopted by key customers and suppliers regarding workers' health and safety, environment, ethics and information security;

- monitoring specific leather supply chain websites (La Conceria, Leather Naturally, One4Leather, Unione Nazionale Industria Conciaria, Euroleather, Istituto di Certificazione per l'area pelle, Associazione Italiana Chimici del Cuoio, Stazione Sperimentale Industria Pelli, etc.);
- monitoring of sustainability focused organisations' websites;
- analysis of international/industry/professional codes of conduct.

This made it possible to prepare an initial list of impacts associated with the company's operations.

## 2.3 Impact assessment

The two stages of the process.

### FIRST STAGE

At first, the initial list of impacts was reviewed approved. The activity involved the contact persons of the specific functional areas, coordinated by the Sustainability department.

Each impact was characterised by three perspectives:

- **elements identifying** the impact;
- **probability** of the impact;
- **significance** of the impact.

#### Identifying elements

The following information was associated with each impact:

- scope of reference, so as to facilitate their subsequent reconciliation with the themes presented in this report.
- nature of the impact (positive/negative, potential/actual, ...);
- main stakeholders impacted.

#### Probability

The assessment was carried out considering probability in two stages:

- probability of the event associated with the impact;
- probability of the impact.

This made it possible to avoid assessments of the likelihood of impacts unrelated to the events that might give rise to them, reducing the risk of overestimating impacts associated with rare events or underestimating the significance of impacts associated with relatively frequent events.

The rating scale adopted is of a **qualitative nature**, the ratings were then associated with a numerical score, the ranking of which is shown below.

#### ■ Probability of the event

Impossible, almost impossible, unlikely, not likely, somewhat likely, likely, almost certain, certain.

**The final score is the product of the two probabilities.**

#### Significance of impact

The significance of the impact was assessed on the basis of the following elements:

- **scale**, with reference to the severity of the impact (e.g. human rights violation, environmental legislative requirement, etc.);
- **scope**, related to the extent of the impact (e.g., regional environment, number of people affected, etc.);
- whether the impact may be **remedied**, only for negative impacts, referring to

the possibility of restoring the situation to a state equal or similar to that which existed before the impact

Again, the rating scale was **qualitative in nature**, and a numerical score was associated with each rating.

The ranking was as follows

#### ■ Magnitude of impact

Very negative, negative, slightly negative, slightly positive, positive, very positive, no effect

#### ■ Scope of impact

Circumscribed, limited, medium, extended, comprehensive

#### ■ Whether the negative impact may be remedied

Restoration easy, restoration somewhat easy, restoration with little effort, restoration difficult, restoration very difficult, restoration impossible.

The final materiality score is equal to the sum of the individual scores obtained for each assessment parameter.

**Impact significance was then determined by multiplying probability by materiality.**

### SECOND STAGE

Impacts were then sorted in descending order of significance; impacts that scored above a predefined threshold were reviewed and then regrouped for a second assessment that involved the organisation to a material degree.

This second list was submitted to the members of the Board of Directors, Management, all first and second line managers and staff, a total of about 90 people.

Each was asked to rate the top potential positive impacts and the top most relevant in terms of negative impacts. Below are the impacts that were assessed. The following section summarises the results obtained.

➤ **The following section summarises the results obtained.**

### Positive impacts assessed

- Recovery of waste and by-products within the company or other industrial supply chains.
- Reduction of water consumption (e.g., more efficient processes, recovery/reuse processes).
- Promoting solidarity and social inclusion within the local community.
- Supporting families' financial security (e.g., employment stability, corporate welfare).
- Prevention of occupational injuries and illnesses through worker involvement and training.
- Reducing energy consumption.
- Increased capacity for product and process innovation through staff skills.
- Decrease in waste generation.
- Ability to differentiate ourselves through ethical business conduct.
- Generation and development of a local economic supply chain (e.g., subcontractors, artisans).
- Good work-life balance.
- Prevention of occupational injuries and illnesses through proper risk management.
- Decrease in corporate greenhouse gas emissions.
- Decrease in greenhouse gas emissions along the supply chain.
- Promotion of education and culture within the local community.
- Generation and balanced distribution of financial wealth among stakeholders (e.g. workers, shareholders etc.).
- Ability to attract qualified young staff through targeted staffing policies.



### Negative impacts assessed

- Increased cost of natural resources used by the company (water/energy/etc.).
- Water pollution.
- Reducing the company's manufacturing potential due to increasing environmental and social legislative restrictions.
- Lower demand for finished leathers in favour of alternative products perceived to have lower environmental impact.
- Occupational diseases attributable to repetitive manual labour.
- Worsening air quality.
- Increase in greenhouse gas emissions.
- Accidents associated with the internal road network on company premises.
- Lack of effectiveness of instruments implemented to prevent unlawful behaviour by company staff.
- Damage to corporate reputation for wrongful conduct by company staff.
- Insufficient availability of water for the local community or other uses (e.g., agriculture).
- Occupational accidents and illnesses of workers in enterprises belonging to the corporate supply chain.
- Restrictions on communications and transactions with stakeholders associated with information system breaches.
- Harm to the mental and physical health of company staff related to harassment/violence in the workplace.
- Damage to the company's reputation for human rights, labour and environmental violations.
- Removal/publication of sensitive data concerning the company or its stakeholders.



## 2.4 Assessment of the importance of the issues identified

Impacts and perspectives.

The analysis of the responses revealed two important considerations.

### 1

The role Gruppo Mastrotto is able to play in reducing the consumption of natural resources (water and energy) or facilitating their recovery or reuse, including as part of a strategy of symbiosis among industry players involving the entire district network. This aspect is counterbalanced by an awareness of the potential negative effects of tanning activities, such as water and air pollution.

### 2

How the company is perceived as an important point of reference for workers in terms of prevention of occupational injuries and illnesses. This is a reason to continue with organisational, technological and training efforts to minimise risks to workers' health and safety.

In both cases, there emerge two sides of the coin, where awareness of the possible negative impacts related to the company's operations is matched by a corresponding understanding of the fundamental role that can be played by the company to prevent or mitigate them.

The analysis also highlights the positive role that Gruppo Mastrotto plays in the socio-economic sphere, through its con-

tribution to the financial security of workers' families, to the creation of a substantial supply chain, and to the promotion of solidarity and social inclusion as values within the local community.

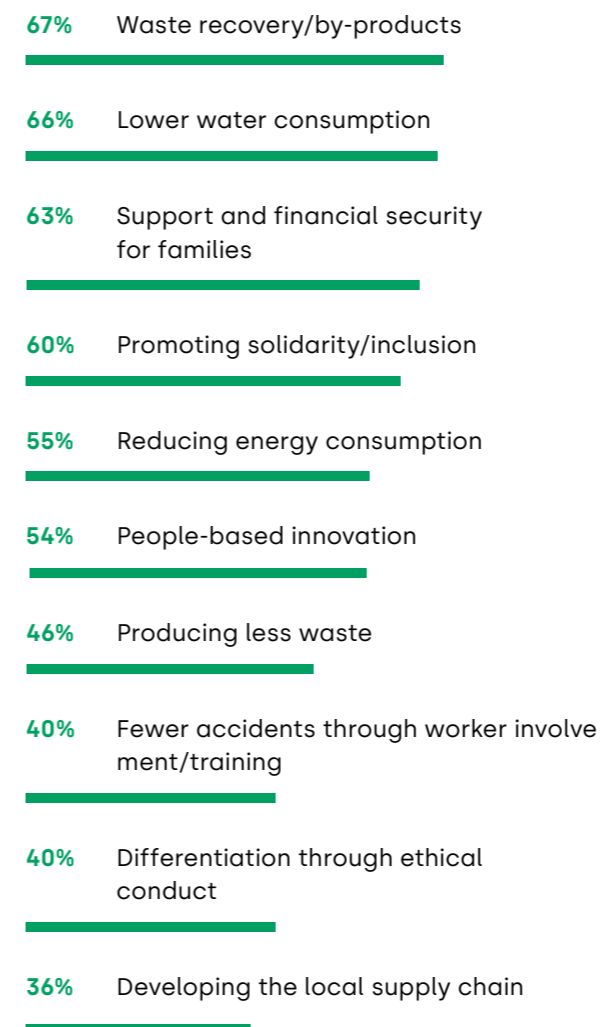
On the other hand, the company seems to be able to exert relatively less impact in terms of employing young qualified staff, promoting education culture within the region and influencing behaviour along the supply chain.

Among the points of attention highlighted by the analysis is the fear that, despite its economic importance, Gruppo Mastrotto might not be able to cope with possible changes in the environment such as the increase in the cost of natural resources, growing legislative restrictions, and lower demand for finished leather, which would have significant negative impacts on stakeholders such as workers, the supply chain, the local community, and the supplier network.

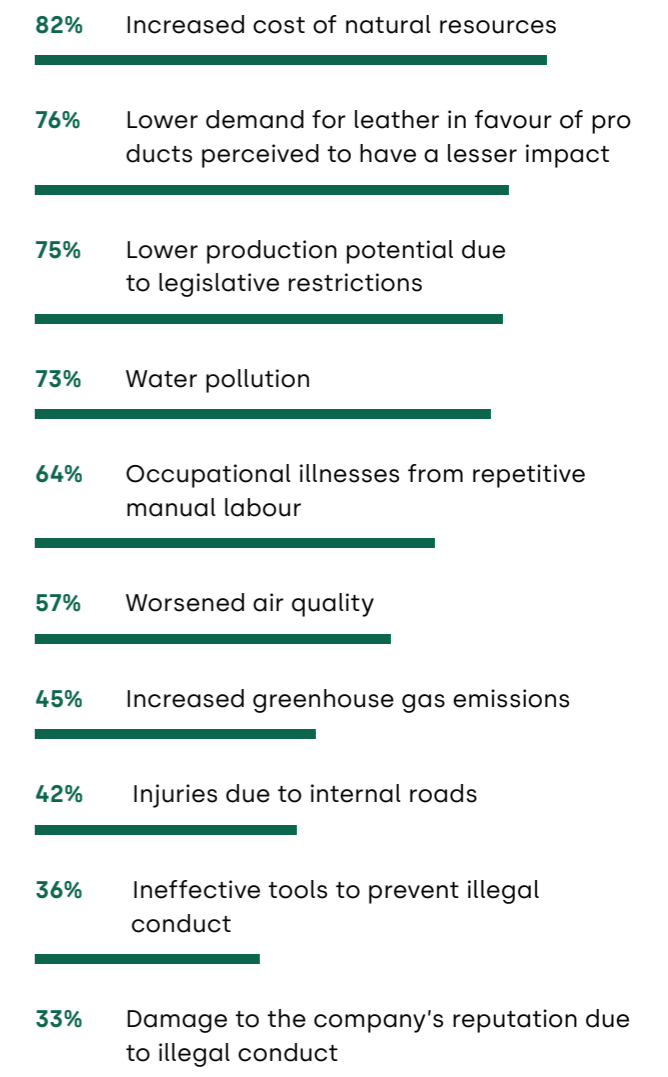
Finally, the importance of making organisational procedures increasingly effective in order to ensure that all actors involved in business transactions conduct themselves appropriately was stressed, including in order to uphold the company's strong reputation.

The graphs on the following pages show the top ten positive impacts and the top ten negative impacts in descending order.

### Positive impacts (top ten)



### Negative impacts (top ten)



## 2.5 The sustainability plan: where do we stand

The structured approach to sustainability issues has led to the preparation and approval by the Board of Directors of a Sustainability Plan developed over a multi-year period, in order to give the path

the company has undertaken broad and coordinated prospective visibility.































The plan is reviewed semi-annually to assess its development and identify any cor-

rective or supplementary actions needed. The review of the plan is also an opportunity to report any problematic issues.

The following pages provide a brief pre-

sentation of the progress of the various initiatives, whereas the details are provided in the following chapters, where the progress of individual projects will be addressed in greater detail.

### Progress status of the sustainability plan

Benchmark Sustainable Development Objective	Project description	Timeline				Status as of 31/12/2023				
		2023	2024	2025	2026	20%	40%	60%	80%	100%
	Implementing a product climate footprint management and communication system according to ISO 14067 and EPD Process standards.									
	Determining the organisation's climate footprint according to the ISO 14064-1 standard and emission reduction plan consistent with the 2015 Paris Agreement.									
	Planning, implementing and certifying an occupational health and safety management system in accordance with ISO 45001.									
	Implementing a specific protocol for the selection and assessment of hide suppliers according to "ESG / Traceability / Animal Welfare" criteria.									
	Developing a system for the periodic monitoring and rating of the environmental and social performance of hide suppliers.									
	Research and development of new tanning technologies using waste from agricultural and/or agro-industrial supply chains.									
	People-based innovation. Training course to introduce 5S methodologies, continuous improvement and lean management.									
	Planning, implementing and certifying an ISO 50001-compliant energy management system.									
	Developing an Information Security Management System.									
	Preparing the Consolidated Sustainability Report.									

## 3. Environment

- 3.1 Environmental aspects of tanning operations
- 3.2 Environmental Management System
- 3.3 Sustainability in action
- 3.4 Water
- 3.5 Energy
- 3.6 Greenhouse gas emissions
- 3.7 Circular economy
- 3.8 Waste production and management

# 100%

Electric energy from  
renewable sources

Discover more on p. 56

### 3.1 Environmental aspects of tanning operations

The tanning process requires inputs such as water, energy and chemicals; it generates outputs mainly consisting of water effluents, waste and atmospheric emissions.

It can be broken down into three macro-phases, each with its own specificities in terms of resource consumption and environmental impacts.

#### From raw hides to tanned leather

The first stages of the tanning process require significant amounts of water, which is then purified at the consortium plants serving the tanning districts. The planned treatments break down pollutants such as COD, suspended solids, chlorides, sulphates, organic nitrogen and chromium III, and reduce them to levels that are not harmful to the environment. This treatment leads to the production of sludge, which is currently disposed of in landfills.

This stage of the manufacturing process also generates by-products such as fleshing, hair and hide trimmings, which are sent for reuse, and become a component of fertilisers and biostimulants due to their high protein content.

#### From tanned leather to leather crust

Wastes from dyeing operations are sent to purification plants, where they are properly treated.

Mechanical drying processes require modest amounts of electrical and thermal energy.

#### From leather crust to finished leather

The intermediate and final finishing processes generate dust and volatile organic compounds (VOCs), which are conveyed to filters, scrubbers and post-combustion systems that ensure compliance with legal limits.

### 3.2 Environmental Management System

Regulations and integrations for an even more rigorous monitoring plan.

The environmental aspects of tanning activities are governed by detailed laws, which are implemented in detailed environmental authorisations issued by the Italian public administration in which the numerous environmental requirements that each company must comply with are listed.

The legal complexity and, above all, the desire to ensure an effective and structured management of environmental aspects have led Gruppo Mastrotto to adopt an Environmental Management System (EMS) that establishes a company policy, precise assignments of responsibilities, both at the group level and for each individual facility, an environmental improvement programme and adequate monitoring indicators.

As a complement to its EMS, Gruppo Mastrotto has implemented an **even more stringent environmental monitoring plan** for the three sites that have obtained the Integrated Environmental Authorisation (AIA), i.e. the Via Quarta Strada 7 and Via della Concia 156 sites in Arzignano and the Santa Croce sull'Arno, adopting the best available technologies in the sector in the following processes:



Reuse of water in some stages of the manufacturing process



Timely control of water effluents



Elimination of solvent-based products



Initiation of recovery and reduction of packaging waste



Adoption of advanced chemical-saving technologies



Reduction of emissions into the atmosphere





Many investments were also made in 2023 to increase the environmental friendliness of the manufacturing process and monitoring the parameters. These include:

- installation of new pumps and optimisation of screening systems with replacement of combs/discs and mixers;
- replacement of spray booths from the main line, with installation of inverters;
- installation of 2 new vacuum equipment, 3 tanning barrels and 2 dyeing barrels;
- launch of the fur recovery project at the Santa Croce sull'Arno facility;
- purchase of a new gas chromatograph and mass spectrometer.

Insight

# Tuscan facility achieves LWG gold medal



## Ensuring high environmental standards while striving to reduce resource use and environmental impacts.

This is Gruppo Mastrotto's interpretation of the LWG Environmental Protocol compliance certification, promoted by the Leather Working Group (LWG), a multi-stakeholder organisation whose mission is to develop, maintain and improve a protocol that assesses corporate compliance and practices with regard to environmental sustainability, promoting improvements in the leather supply chain.

This achievement brought about significant and useful improvements regarding:



Reduction in water and energy consumption



Increased recovery and recycling



Improved chemical management



Maintaining order and cleanliness in company spaces

In 2023, the biennial audit provided for in the protocol confirmed that the Santa Croce Sull'Arno location was awarded a gold medal, and shares this rating with the Arzignano locations at Via Quarta Strada 7 and Via della Concia 156.

The protocol is appreciated by brand names and multinationals operating in the sector, which have identified it as one of the main factors in choosing suppliers.

### 3.3 Sustainability in action

Tangible projects to combat climate change.

**Gruppo Mastrotto has adopted an environmental policy that sets out the principles and objectives through which it is committed to using resources in an increasingly responsible manner, fighting global warming and promoting circularity in the tanning process, with a view to increasingly sharing with its stakeholders.**

These issues are particularly evident in the projects included in the sustainability plan related to the environment, which includes, among others, two important initiatives aimed at measuring and subsequently reducing greenhouse gas emissions:

**1**

**Determining the organisation's carbon footprint in accordance with international standard ISO 14064-1.**

**2**

**Implementing a management system for calculating and communicating the climate footprint traceable to individual articles, according to international standards ISO 14067/Systematic Approach and EPD Process.**

Regarding the organisation's carbon footprint, the following work was undertaken in 2023:

- completing the inventory analysis;
- external third-party audit and certification according to ISO 14064-1;

respecting the planned time schedule.

As regards the product carbon footprint, in 2023, a LCA of some pilot items was carried out, with a view to structuring the system.

Compared to the pre-established schedule, the certification audit was not carried out because the technical reference standards (PEFCR Leather and PCR Leather) are being revised and it was preferred to wait for the new versions to be published.

Insight

## The certification of the organisation's carbon footprint



Obtaining product carbon footprint certification according to ISO 14064-1 is further evidence of the company's commitment to environmental responsibility, particularly highlighting its dedication to transparency and optimisation of energy processes and reduction of greenhouse gas emissions generated by its operations.

**The certification was issued by DNV, a high-profile, independent certification body.**

The analysis, which covered **all eleven manufacturing facilities in Italy**, started from the drafting of operating procedures to ensure that corporate and non-corporate data were collected and processed properly, and covered not only direct and indirect emissions, i.e. those strictly related to the manufacturing facilities, but also indirect emissions concerning the external

network of parties that Gruppo Mastrotto works with.

Issues examined included worker transportation, the network of suppliers of goods – primarily chemicals and hide – and services such as transport, energy and water purification.

Carried out by means of specific software and by accessing international databases, the quantification of greenhouse gas emissions will make it possible to identify the company's areas for improvement in terms of energy and emissions profile, and provide the basis on which to **develop an structured and progressive plan to reduce emissions that will also involve upstream parties in the supply chain.**



## 3.4 Water

A responsible collective management.

Water is the resource par excellence for the tanning industry, essential for all major manufacturing process stages.

It is used extremely sparingly as it is the bottleneck for tannery manufacturing, both in terms of quantity and quality.

Gruppo Mastrotto collects the water required for manufacturing and other factory needs from aqueducts and wells. This withdrawal is authorised by the Italian Integrated Water Service Authority (in the case of an aqueduct) or the Civil Engineering Department (in the case of a well).

In 2023, approximately 63% of the water withdrawn was sourced from the industrial aqueduct, in line with the figure from previous years. The remaining water resource is withdrawn from the well.

The total withdrawal during 2023 was 1,236 megalitres, similar to 2022. More than 99% of the water withdrawn is non-potable.

▣ Distribution of water volume supplied by source and water quality (in MegaLiters)

Withdrawal type and source	2021	2022	2023
Phreatic layer (well)	451	463	459
Potable water	0	0	0
Other water	451	463	459
Third-party water (aqueduct)	753	772	787
Potable water	12	15	11
Other water	741	757	776
<b>Total water withdrawal</b>	<b>1,204</b>	<b>1,235</b>	<b>1,246</b>
Potable water	12	15	11
Other water	1,192	1,220	1,236

Withdrawals in water-stressed areas (according to the Aqueduct database) totaled just over 200 megaliters and were located in Santa Croce sull'Arno.

▣ Distribution of water volume supplied by source and water quality for areas subject to water stress (2020-2023) (in MegaLiters)

Source: self-reading of meters and water consumption register (SGA).

Withdrawal type and source	2021	2022	2023
<b>Total water withdrawal</b>	<b>187</b>	<b>204</b>	<b>205</b>
Potable water	1	1	1
Other Water	186	203	204

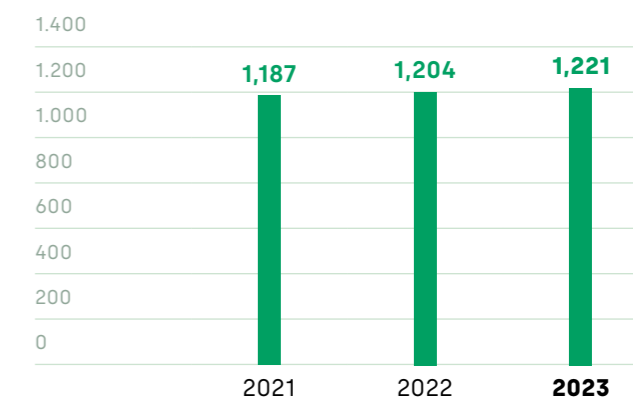
Gruppo Mastrotto has equipped itself with a real-time consumption monitoring system and, where possible and authorised, seeks to reuse process water in order to optimise the use of water resources.

The following graph shows the amount of wastewater delivered to the Arzignano (Vicenza) and Santa Croce sull'Arno (Pisa) purification plants. Since almost all the water withdrawn is non-potable, the water discharged is also non-potable.

12 megalitres must be added to the 2023 figure for the Santa Croce sull'Arno district alone. In that district, the tanneries must recover the tanning baths and send them to the Consorzio Recupero Cromo which processes them to recover the chromium they contain and return them to the district's tanneries for reuse. This management method is characteristic of the District's institutional set-up.

From a legal point of view, these baths are liquid waste, but from a material point of view they are waste that is treated and therefore it was deemed appropriate to include it in this section. In the Arzignano district, the tanning baths flow directly into the wastewater sent to the purification plant for various purification treatments.

▣ Waste water sent to sewage treatment plants (MegaLitres)

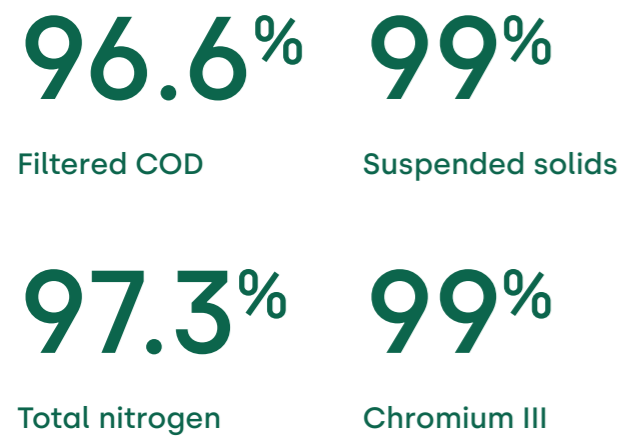


**A large part of the water discharged is destined for the industrial purification system of Acque del Chiampo, the public company that manages the aqueduct, sewage and purification services for all the companies in the Arzignano tanning district.**

Tanning wastewater is treated in an industrial line divided into a series of treatment stages such as:

- fine screening and desanding;
- homogenisation and odour treatment;
- primary sedimentation;
- activated sludge biological treatment of oxidation-nitrification and denitrification;
- separation of activated sludge by dissolved air flotation;
- coagulation.

**The purifier has extremely high abatement efficiencies of:**



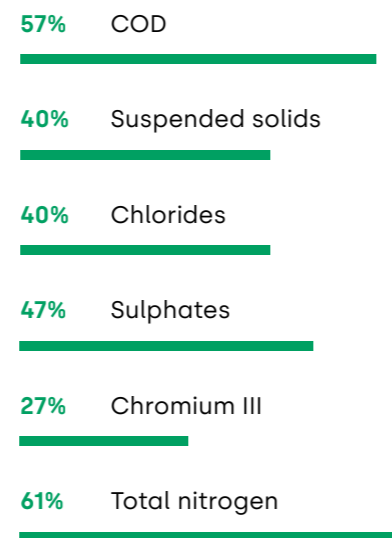
The purification process sludge undergoes a series of accumulation, thickening, mechanical dewatering and thermal drying treatments, before being disposed of in a supervised landfill. Finally, the purified wastewater undergoes a further ultraviolet (UV) disinfection treatment to prevent pathogenic microorganisms from reproducing.

These flow into surface water bodies and can be used for various activities, including agricultural irrigation.

Gruppo Mastrotto is subject to specific qualitative and quantitative limits that wastewater from the tanneries must respect, parameters that are systematically monitored by technicians and analysts at the purification plant.

The following graph shows the ratio between the weighted average value and the limit set by the purification plant for each parameter, data which highlights the ability to consistently stay below the set limits for almost all measured parameters.

**Margin of safety against limits set by the purification plant**



**In order to reduce water consumption and impact, Gruppo Mastrotto has also made significant investments in recent years in systems for hydraulic discharge control, environmental parameter monitoring and sensor systems in the finishing stages.**

**Combining sustainability and innovation, reducing environmental impact through careful resource management and a constant commitment to improving ecological practices. Our company promotes a tanning supply chain that not only complies with environmental regulations but surpasses them, embracing a more sustainable and circular future.**

### 3.5 Energy

100% from renewable sources.

**Electricity and natural gas are Gruppo Mastrotto's main energy sources.**

**Electricity consumption** is linked to multiple factors such as:

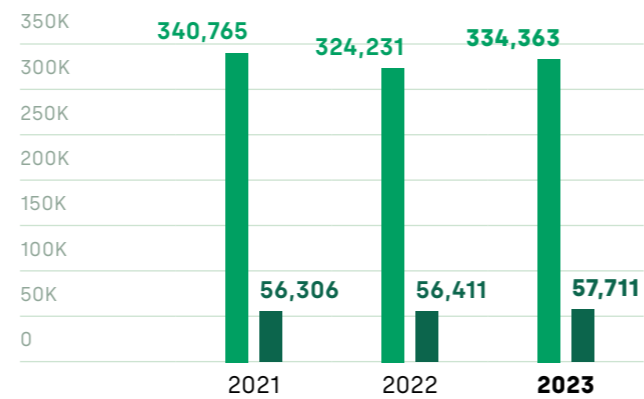
- workplace lighting;
- powering manufacturing machinery and plants, office machines;
- heating, air conditioning and air treatment.

**Methane gas**, on the other hand, is used for purposes such as:

- steam production for the manufacturing process;
- workplace heating;
- electricity and hot water production.

In 2023, energy consumption was 392,074 GJ, up about 3% from the previous year.

▣ Distribution of energy consumption (data in GigaJoules)



■ Total energy consumption from non-renewable sources  
 ■ Total energy consumption from renewable sources



**Even in 2023, 100% of electricity used came from renewable sources; this is associated with the self-production plant running at full capacity, with photovoltaic panels located at the Santa Croce sull'Arno site.**

Many actions have been carried out for the efficient use of energy. Among these it is worth mentioning:

- the gradual replacement of traditional lighting devices in the plants with LED systems;
- the energy optimisation of compressed air distribution systems;
- the replacement of some spraying and drying systems with more energy-efficient solutions.

### 3.6 Greenhouse gas emissions

Gruppo Mastrotto calculates direct and indirect GHG emissions from energy consumption (also direct and indirect).

The main GHG<sup>[1]</sup> emissions stem from direct energy consumption. Direct emissions stem from the activity of energy production plants (cogeneration plants and process boilers). Indirect emissions, on the other hand, depend on electricity purchases.

**In 2023, total carbon dioxide emissions, according to the market-based approach, amounted to just over 18,857 tonnes.**

This impact can be attributed almost exclusively to natural gas, as all electricity comes from renewable sources with a certificate of origin and from the photovoltaic plant at the Santa Croce sull'Arno site.

▣ Distribution of greenhouse gas emissions (in Tonnes of CO<sub>2</sub>)

2021	19,040.11
2022	18,116.65
2023	18,857.15

[1] Greenhouse gas.

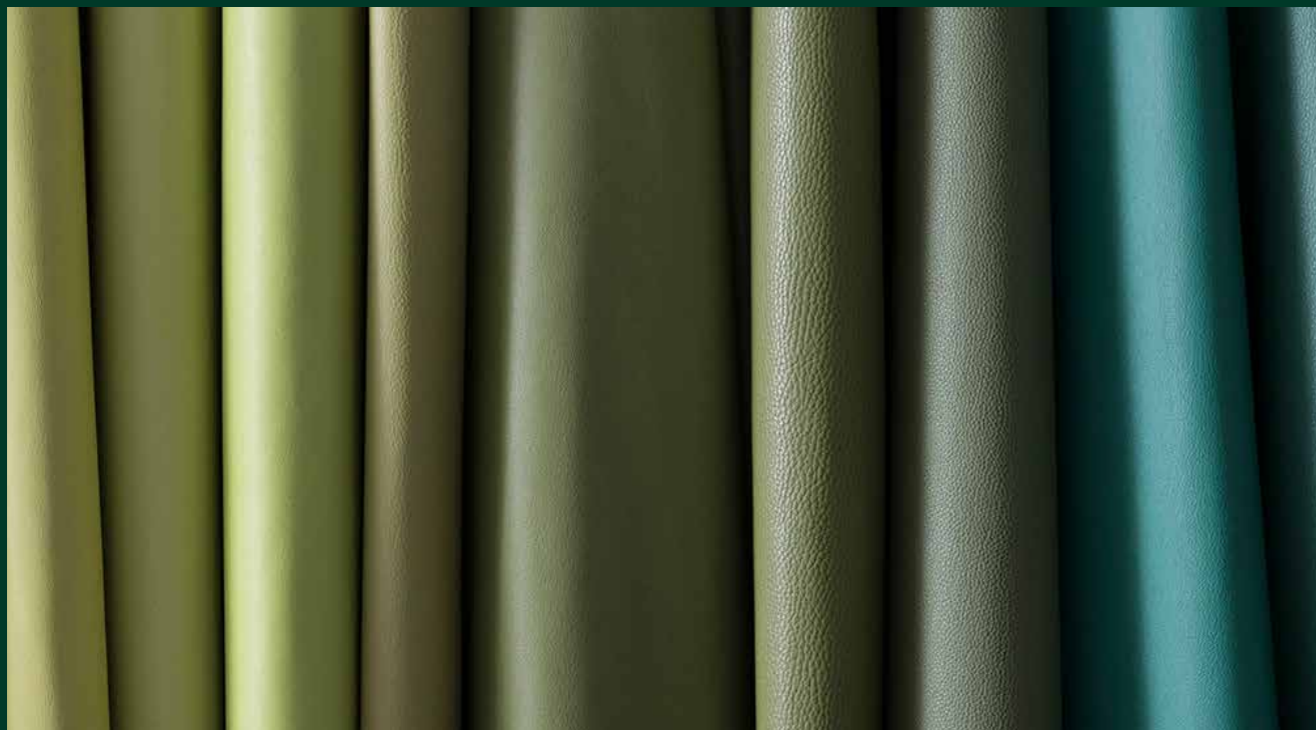
# Zero-emission electricity

**As of 1 January 2021, Gruppo Mastrotto will purchase electricity from 100% renewable sources.**

Renewability formally guaranteed by a Guarantee of Origin, i.e. a certification that attests the renewable origin of the sources used by the plants from which the company obtains its supplies.

potential impact on climate change, and is part of a path that aims to reduce the impact by intervening both on energy flows and sources and on the company's manufacturing processes.

This initiative is linked to the studies conducted to estimate the tanning business'



## 3.7 Circular economy

Valorization of by-products.

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

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

**Hides are therefore a residual product that is given significant added value through the tanning process.**

Tanneries' manufacturing process are also characterised by the recovery of numerous by-products that, appropriately treated, become components of fertilisers and bio-stimulants for agriculture, gelatine and collagen for the food industry, raw materials for the cosmetic and nutraceutical sectors, or granulates for the building industry.

The value of these by-products is underlined by the fact that many of them are not subject to waste legislation, but to that of animal by-products (ABP).

Il paragrafo che segue illustra la destinazione del recupero dei sottoprodotti.



**PROTEINS, AMINO ACIDS AND COLLAGEN MOLECULES**



Agriculture and food chain



Pharmaceutical and nutraceutical

In 2023, by-products amounted to 15,498 tonnes, an increase of over 18% compared to 2022 and 21% compared to 2021. The main ones are fleshing and small scraps, which originate at the earliest manufacturing stages.

Time dynamics of by-product production (Tonnes)

2021	12,866
2022	13,116
2023	15,498



Construction, chemistry and adhesives

**COLLAGEN FIBERS**



Design and fashion



Paper and packaging



Construction and interior

Insight

# SDA Bocconi's Monitor for Circular Economy



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

The project involves numerous players in the fashion supply chain (brands, suppliers, vendors and service providers) along the entire value chain, from the producer to the end user, and aims to contribute to the transition towards circular business models by promoting:

- the dissemination of good sustainability practice;
- the enhancement and pooling of technical, managerial and scientific skills;
- the development of appropriate circularity indicators;
- the joint implementation of pilot projects.

In more operational terms, the Monitor for Circular Fashion aims to:

- analyse the evolutionary dynamics of the supply chain and its main sectors over the next decade;
- examine the impact of these dynamics and their alignment with the Sustainable Development Goals of the UN 2030 Agenda;
- identify the main qualitative and quantitative indicators of circular fashion.

**The project is a favourable opportunity to test new processes and products in collaboration with other companies in the fashion supply chain, with the aim of responding more effectively to consumer expectations.**

## 3.8 Waste production and management

In 2023, waste production amounted to 12,302 tonnes (+11% compared to 2022). Non-hazardous waste increased by 11%,

hazardous waste by 5%. Overall, the proportion of non-hazardous waste of total waste increased from 94% to 94.3%.

Even among the waste sent to landfill (still less than 9% of the total waste), a non-secondary part is then sent for thermal

treatment with energy recovery.

### ▣ Distribution of waste not sent to landfill by type and treatment (Tonnes)

Description	Total recovered quantity		
	2021	2022	2023
Hazardous waste not sent to landfill	499	602	<b>589</b>
Preparation for reuse	84	99	<b>113</b>
Recycling	243	357	<b>280</b>
Other recovery steps	171	146	<b>197</b>
Non-hazardous waste not sent to landfill	11,008	9,740	<b>10,653</b>
Preparation for reuse	111	131	<b>114</b>
Recycling	10,834	9,543	<b>10,476</b>
Other recovery steps	63	66	<b>63</b>
<b>Total waste not sent to landfill</b>	<b>11,507</b>	<b>10,342</b>	<b>11,242</b>

### ▣ Distribution of waste sent to landfill by type and treatment (Tonnes)

Description	Total disposed quantity		
	2021	2022	2023
Hazardous waste sent to landfill	151	61	<b>107</b>
incineration (with energy recovery)	149	60	<b>106</b>
incineration (without energy recovery)	0	0	<b>0</b>
Other disposal steps	2	1	<b>2</b>
Non-hazardous waste sent to landfill	757	638	<b>952</b>
incineration (with energy recovery)	86	49	<b>89</b>
incineration (without energy recovery)	0	0	<b>0</b>
Other disposal steps	671	589	<b>863</b>
<b>Total waste sent to landfill</b>	<b>908</b>	<b>700</b>	<b>1,060</b>

The waste figure does not include the liquid waste which consists of the tanning baths recovered in the Tuscan district, which are considered waste water as explained in the previous section.





## 4. People

- 4.1 About us: the company composition
- 4.2 Worker health and safety
- 4.3 Training and people development
- 4.4 A renewed and participative corporate welfare
- 4.5 Constructive trade union relations
- 4.6 Work and social inclusion project

# 99%

Employees with  
permanent contract

[Discover more on p. 67](#)

Since 1958, Gruppo Mastrotto's story has been written by the people who work with passion and dedication. Each one of them, with their distinctive and unique contribution, is the organisation's most precious asset.

## 4.1 About us: the company composition

At the end of 2023, 950 people were employed in the Group's Italian offices, a figure substantially consistent with that recorded in 2022. 99% were hired on permanent contracts, a figure that indicates the company owners' commitment to job security and stability.

The number of workers hired on temporary employment contracts<sup>[1]</sup>, increased from 104 to 177 (+70% compared to the previous

year), and overall, there was a 7% increase in total workers, from 1,052 to 1,127.

63 part-time employees were employed (6.6% of the total and all on permanent contracts), 58 of whom were women, reflecting the company's commitment to an effective work-life balance.

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

Description	As at 31/12/2020			As at 31/12/2021			As at 31/12/2022			As at 31/12/2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees – permanent	661	293	954	637	291	928	651	285	936	<b>652</b>	<b>285</b>	<b>937</b>
...of which, part-time	6	56	62	5	57	62	6	60	66	<b>5</b>	<b>58</b>	<b>63</b>
Employees – fixed term	7	0	7	15	2	17	1	2	3	<b>4</b>	<b>0</b>	<b>4</b>
...of which, part-time	0	0	0	1	0	1	0	0	0	<b>0</b>	<b>0</b>	<b>0</b>
Employees – other types of contracts	2	0	2	5	2	7	5	4	9	<b>7</b>	<b>2</b>	<b>9</b>
<b>Total employees</b>	<b>670</b>	<b>293</b>	<b>963</b>	<b>657</b>	<b>295</b>	<b>952</b>	<b>657</b>	<b>291</b>	<b>948</b>	<b>663</b>	<b>287</b>	<b>950</b>
	<b>70%</b>	<b>30%</b>	<b>100%</b>	<b>69%</b>	<b>31%</b>	<b>100%</b>	<b>69%</b>	<b>31%</b>	<b>100%</b>	<b>70%</b>	<b>30%</b>	<b>100%</b>
Workers with a temporary agency contract	83	8	91	80	11	91	92	12	104	<b>159</b>	<b>18</b>	<b>177</b>
	<b>91%</b>	<b>9%</b>	<b>100%</b>	<b>88%</b>	<b>12%</b>	<b>100%</b>	<b>88%</b>	<b>12%</b>	<b>100%</b>	<b>90%</b>	<b>10%</b>	<b>100%</b>
<b>Total workers</b>	<b>753</b>	<b>301</b>	<b>1,054</b>	<b>737</b>	<b>306</b>	<b>1,043</b>	<b>749</b>	<b>303</b>	<b>1,052</b>	<b>822</b>	<b>305</b>	<b>1,127</b>
		<b>29%</b>	<b>100%</b>	<b>71%</b>	<b>29%</b>	<b>100%</b>	<b>71%</b>	<b>29%</b>	<b>100%</b>	<b>73%</b>	<b>27%</b>	<b>100%</b>

[1] The number of workers on temporary employment contracts is expressed as full-time equivalents (FTE).

# 30%

## Total number of women among employees

At the end of 2023, there were 755 manual workers, accounting for 79.5% of employees (a percentage that rises to 82.7% if workers on temporary agency contracts are also considered). This figure is linked to the tanning industry's typical manufacturing nature. The remainder is made up of office workers (17.6% of the total), middle managers (2.3%) and executives (0.6%).

Women account for 30% of the total number of employees, a higher percentage than the industry average, and 51% of

# 50%

## Total number of women among executives and BOD

office workers, 50% of which are female executives and perfect gender parity even on the board of directors. Numbers that highlight how the company's recruitment and professional development policies effectively promote gender equality at all levels of the organisation.

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

Description	As at 31/12/2020			As at 31/12/2021			As at 31/12/2022			As at 31/12/2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of executives	5	3	8	5	3	8	4	3	7	3	3	6
Number of managers	13	5	18	14	5	19	16	4	20	18	4	22
Number of white-collar workers	81	93	174	82	93	175	81	91	172	81	86	167
Number of blue-collar and mixed workers	571	192	763	556	194	750	556	193	749	561	194	755
<b>Total workers</b>	<b>670</b>	<b>293</b>	<b>963</b>	<b>657</b>	<b>295</b>	<b>952</b>	<b>657</b>	<b>291</b>	<b>948</b>	<b>663</b>	<b>287</b>	<b>950</b>

# 46.7

## Average age of employees in 2023

The employees' average age was 46.7 years, about one year older than in 2022. Similarly, the average age of blue-collar workers increased from 46.3 to 47.5 over the three-year period under review.

The proportion of employees under 30 years of age has remained constant over the three-year period (9% of the workforce).

Those in the "30-50 years old" age group have declined slightly since 2022, while those over 50 have increased correspondingly.

The average years of employment is over 13.7 years, essentially the same as in 2022. For manual workers, the figure is still around 13 years, for employees it is slightly higher at 14.7 years. These figures confirm the sense of belonging and indicate a serene and cooperative working environment.

Employee breakdown by age group (absolute val.)

Age group	As at 31/12/2020			As at 31/12/2021			As at 31/12/2022			As at 31/12/2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
<30 years	56	22	78	64	24	88	60	22	82	68	16	84
30-50 years	315	165	480	304	160	464	303	147	450	295	143	438
>50 years	299	106	405	289	111	400	294	122	416	300	128	428
<b>Total workers</b>	<b>670</b>	<b>293</b>	<b>963</b>	<b>657</b>	<b>295</b>	<b>952</b>	<b>657</b>	<b>291</b>	<b>948</b>	<b>663</b>	<b>287</b>	<b>950</b>

**Italian workers<sup>[2]</sup> account for approximately 63% of the total**, while the remainder is made up of **workers from EU (2%) and non-EU (35%) countries**.

The proportion of workers from non-EU countries has increased over the three-year period, rising from 32% in 2021 to 35% in 2023.

☰ Main countries of origin of foreign-born workers



☰ Worker breakdown by gender area of origin

Area of origin	As at 31/12/2020			As at 31/12/2021			As at 31/12/2022			As at 31/12/2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Italy	43%	24%	67%	42%	25%	66%	40%	24%	64%	39%	24%	63%
EU countries	1%	1%	1%	1%	1%	2%	1%	1%	2%	1%	1%	2%
Non-EU countries	26%	5%	32%	27%	5%	32%	29%	5%	34%	29%	6%	35%
<b>Total workers</b>	<b>70%</b>	<b>30%</b>	<b>100%</b>	<b>69%</b>	<b>31%</b>	<b>100%</b>	<b>69%</b>	<b>31%</b>	<b>100%</b>	<b>70%</b>	<b>30%</b>	<b>100%</b>

The number of people who left Gruppo Mastrotto in 2023 was 72, a decrease from the previous year (91). The turnover rate was 7.5 % of the workforce, a decrease of two percentage points compared to 2022.

Breaking down the figure by age group, we observe the reduction (from 26.8% to 15.5%) in turnover for workers under 30 years old.

☰ Workers who left employment, voluntarily or involuntarily breakdown by gender and age group (absolute val.)

Age group	As at 31/12/2020			As at 31/12/2021			As at 31/12/2022			As at 31/12/2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
<30 years	10	2	12	20	2	22	17	5	22	10	3	13
30-50 years	21	4	25	27	2	29	34	11	45	23	10	33
>50 years	26	8	34	27	4	31	18	6	24	20	6	26
<b>Total workers</b>	<b>57</b>	<b>14</b>	<b>71</b>	<b>74</b>	<b>8</b>	<b>82</b>	<b>69</b>	<b>22</b>	<b>91</b>	<b>53</b>	<b>19</b>	<b>72</b>

During 2023, 74 workers were hired; 41 belong to the 30-50 age group, 22 to the under-30 age group and the remaining 11 to the over-50 age group.

At 26.2%, the employment rate is particularly high in the first age group.

☰ Employees hired for the first time by the organisation breakdown by gender and age group (absolute val.)

Age group	As at 31/12/2020			As at 31/12/2021			As at 31/12/2022			As at 31/12/2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
<30 years	4	1	5	34	5	39	22	6	28	21	1	22
30-50 years	12	2	14	21	4	25	37	12	49	30	11	41
>50 years	2	1	3	6	0	6	9	1	10	8	3	11
<b>Total workers</b>	<b>18</b>	<b>4</b>	<b>22</b>	<b>61</b>	<b>9</b>	<b>70</b>	<b>68</b>	<b>19</b>	<b>87</b>	<b>59</b>	<b>15</b>	<b>74</b>

[2] The National Labour Collective Agreement for employees of tanning companies, valid from 1 July 2023 to 30 June 2026, applies to all employees. The National Labour Collective Agreement for executives of industrial companies applies to executives.

## 4.2 Worker health and safety

**Gruppo Mastrotto considers worker safety to be a fundamental element of proper business management.**

There are **more than 170 people who carry out specific activities in this area**: the employer, the workers' prevention and protection service, the fire-fighting and first aid officers, the competent doctor, up

### 4.2.1 The ISO 45001 project

In connection with the ISO 45001 project (**Occupational Health and Safety Management Systems**), the focus during 2023 was on the entire company's organisational aspects, with the aim of having a structured framework within which to place the activities planned for the individual production units.

### 4.2.2 Working safely and consciously

In 2023, efforts continued on **training people in safety matters**: from the proper use of equipment to accident prevention and emergency rules.

**Nearly 3,500 hours were dedicated** to increasing workers' competence and awareness on health and safety, through

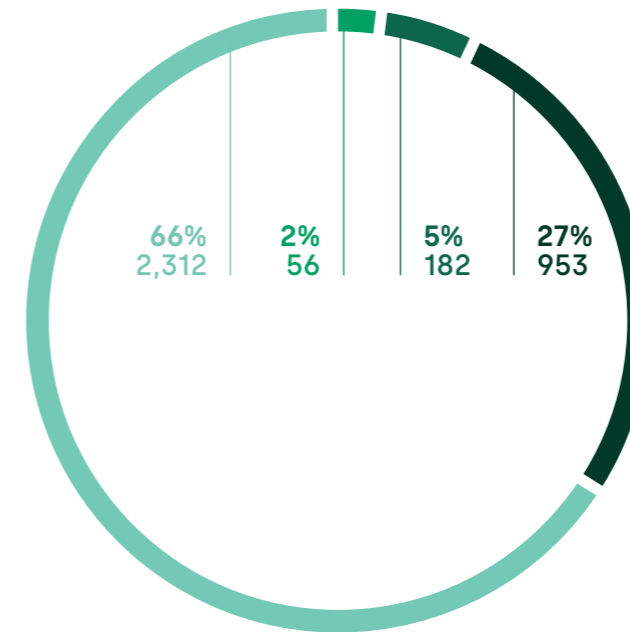
to the workers' safety representatives and the company safety representatives.

This commitment has been formalised in the **"Workers' Health and Safety Policy"**, the contents of which are set out in the dedicated box.

This path meant that the certification process was extended by one year, as pointed out in the previous section on the progress of the Sustainability Plan.

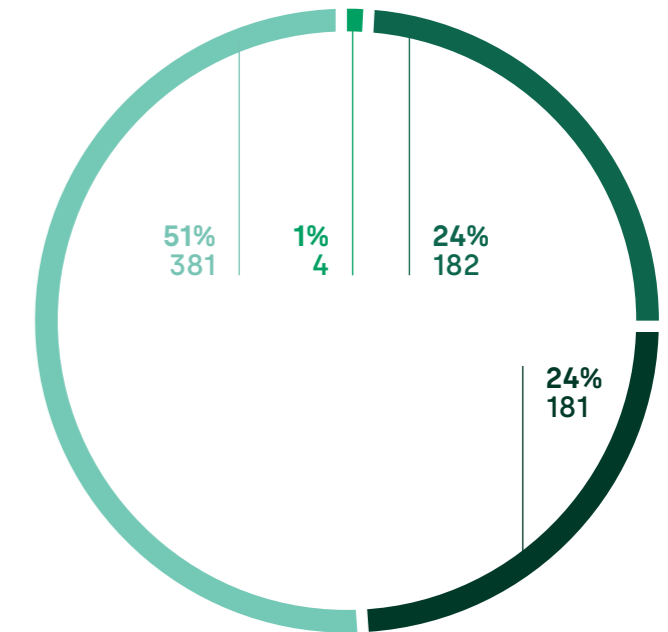
training programmes that were developed with a **more participative and engaging approach: not only classroom lessons, but also group activities and analyses carried out independently.**

Breakdown of training hours per macro-activity



- Prevention and Protection Service Manager/Prevention and Protection Service Representative/Workers' Safety Representatives
- Machine practical training
- Training specific roles
- Task risk

Number of people involved per macro-activity



- Prevention and Protection Service Manager/Prevention and Protection Service Representative/Workers' Safety Representatives
- Machine practical training
- Training specific roles
- Task risk



### 4.2.3 Injury statistics

The injury statistics summarise all events entered in the company register, in accordance with applicable law.

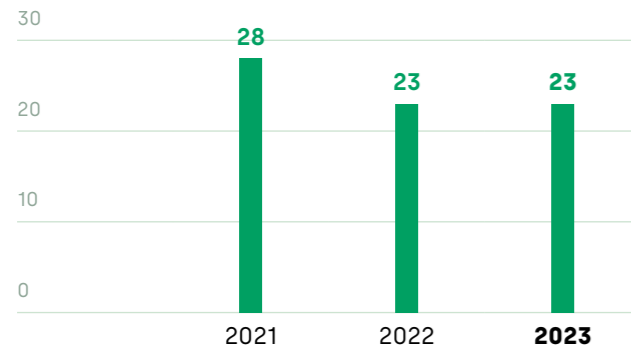
In 2023 a total of 23 injuries were recorded, the same number as in 2022 (in 2021 there were 28).

The average injury duration increased from 13.5 to 20.5. However, the figure is still significantly lower than in 2021, when the average injury duration was 28.6 days.

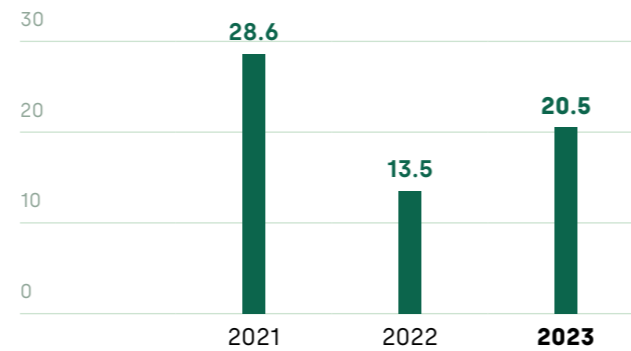
The recordable workplace injury rate<sup>[3]</sup> continues its downward trend, falling from 12.6 in 2022 to 11.6 in 2023.

The severity index<sup>[4]</sup> increased slightly to 0.24 from 0.17 in the previous year. However, the value remains well below the 0.44 of 2021.

#### Total workplace injuries

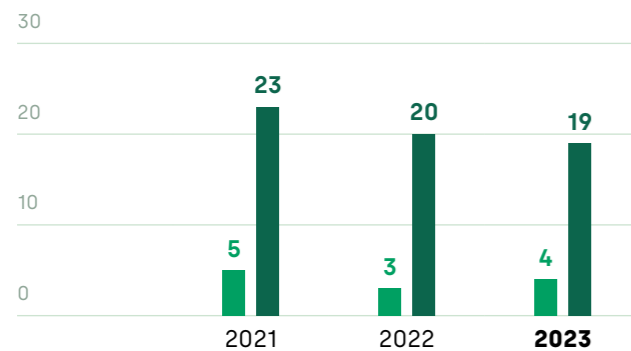


#### Average duration of workplace injuries (days)



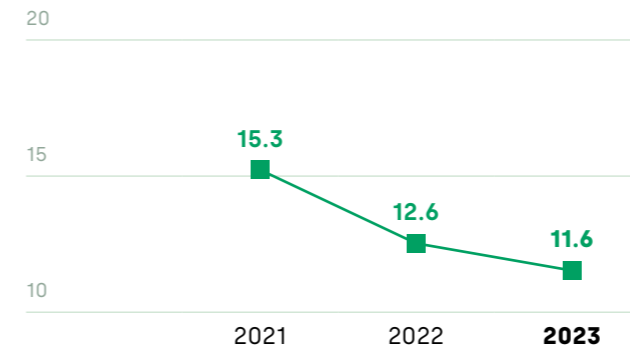
The number of serious injuries, i.e. those lasting more than 40 days, was 4.

#### Time trend of injuries by extent of injury



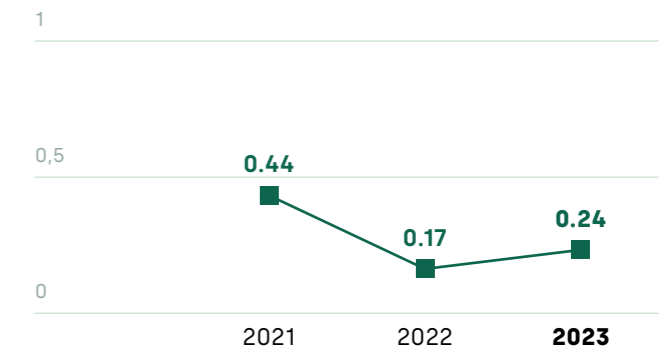
■ Severe  
■ Not severe

#### Injury frequency index



During 2023 there were 12 applications for work-related illnesses, an increase compared to 2021 (in 2022 there were none). To date one application has been accepted, 5 have been rejected, and 6 are under evaluation. A total of 6 people were affected.

#### Injury severity index



[3] The recordable workplace injury rate indicates the number of injuries per million hours worked and is calculated using the following formula: (no. injuries / no. hours worked) \* 1,000,000.

[4] The severity index indicates the ratio between the number of days of absence and the number of hours worked, multiplied by 1,000 and is calculated using the following formula: (no. of days of absence / no. of hours worked) \* 1,000.

Insight

# Workers' Health and Safety Policy

Workplace safety is a top priority for Gruppo Mastrotto, which considers it essential to safeguard the physical and moral integrity of its employees, fostering their personal and professional development in a safe, serene and stimulating environment.

Attention to workers' health and safety is therefore an essential feature of proper business management, which is manifested through the adoption of a systemic approach.

**Specifically, Gruppo Mastrotto undertakes to:**

- scrupulously comply with applicable laws and regulations, in addition to the commitments voluntarily undertaken in the field of Workers' Health and Safety;
- minimise risks to workers' health and safety through systematic risk assessment and consistently adopt the most appropriate technical, organisational and personal protection measures;
- promote the improvement of workers' health and safety results in all company areas by defining objectives, identifying responsibilities and providing the necessary resources;
- research and apply the best available technologies in the areas of: plant, machinery and equipment; chemical product management; fire protection; rapid response in the event of emergencies and accidents;
- design and implement appropriate work organisation at both department and individual workstation level, so as to reconcile the psychophysical needs of workers and those of manufacturing;
- provide workers with appropriate personal protective equipment;
- promote worker awareness through awareness, information and training programmes;
- enable paths of gradual and increasing worker participation and involvement in risk assessment, prevention and protection measures, education and training programmes;



- prevent and correct any dangerous situations, encourage the report of these situations and systematically implement root cause analysis;
- perform periodic system audits to verify its effectiveness and correct implementation;
- promote and monitor correct behaviour on the part of suppliers and contractors, encouraging them to improve their practices and procedures on worker health and safety;
- develop and maintain active and up-to-date plans to deal with emergency situations, in cooperation with the appropriate local services and authorities;
- communicate this policy to workers and make it available to all stakeholders to create an environment conducive to objective achievement;
- periodically review the Policy and Management System for Workers' Health and Safety, so as to assess its appropriateness, correctness and effectiveness in order to achieve continuous improvement.

## 4.3 Training and people development

At Gruppo Mastrotto, people's growth and development are taken care of through a series of **professional development programmes** to provide employees with the skills and resources they need to excel in their roles and progress in their careers.

Training requirements:

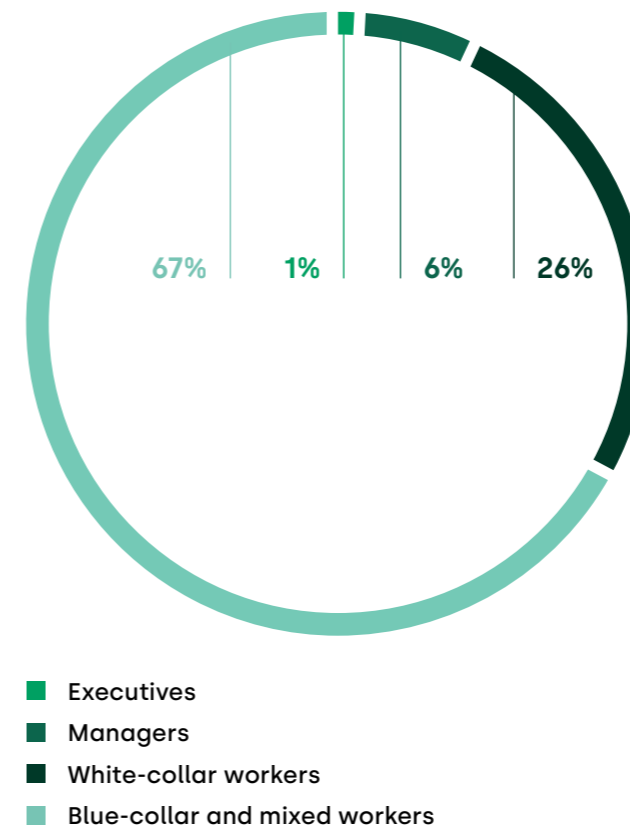
- are planned through the involvement of functional managers who, with the support of the human resources department, identify the topics on which activities should be focused;
- are incorporated into the annual training plan drawn up by the HR manager and approved by management.

In 2023 the total training hours recorded were 7,014, equal to about 7.4 hours/person. This is an increase compared to 2022.

The figure also underestimates the actual training effort carried out by the company, as the formal recording system for all activities is not yet fully in place.

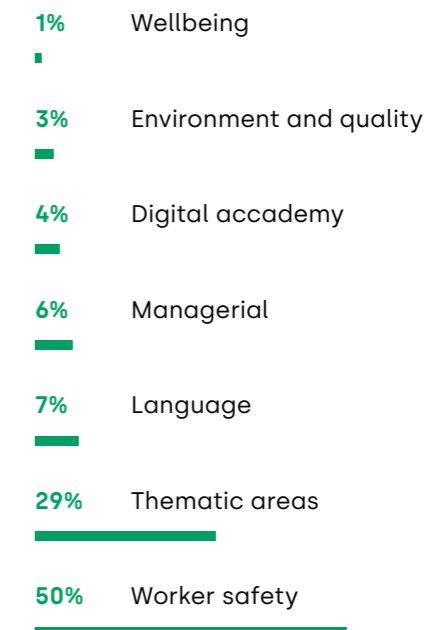
The breakdown by category shows that 67% of the training is for manual workers, 26% for employees, and the remaining portion is for executives and managers.

Breakdown of training hours by category



In 2023, the subject areas on which training was focused were mainly those of occupational health and safety, technical training, administration and finance, language and management.

Breakdown of training hours by subject matter





## 4.4 A renewed and participative corporate welfare

At the beginning of 2022, the new **Gruppo Mastrotto Welfare** platform was launched, providing access to goods and services at particularly advantageous conditions.

The vouchers can be used at over 150 national brands and cover food, petrol, clothing and household appliances, electronics, food & delivery services, gym subscriptions and course enrolment.

Reimbursements are for expenses already incurred for education, public transport, school books, campus and study holidays, babysitting and family assistance.

An important aspect that has characterised this process has been the involvement of staff who, through a questionnaire, expressed their needs in detail, thereby helping to tailor the service specifically.

**In 2023, the Welfare portal achieved a participation rate of 96% among potential users, with 4,053 orders uploaded, of these, 76% were for purchasing, 20% for reimbursements, and 4% for pension fund contributions.**



Insight

## Free oncological prevention examinations

**In 2023, Gruppo Mastrotto offered its employees free mammograms and breast ultrasounds directly in the workplace, an essential service dedicated to the prevention and care of women's health.**

On 21 and 22 November, a mobile clinic equipped with state-of-the-art diagnostic tools allowed female workers to do preventative care directly in the workplace, to take care of their health in a timely manner. The initiative was repeated in March 2024.

Breast cancer is one of the most terrible and frequent diseases that around 50,000 women in Italy are diagnosed with every year, but if discovered at an early stage it has a high chance of being successfully treated, so regular check-ups can make all the difference.

The examinations offered free of charge included a mammogram (a fundamental radiological examination for the early detection of cancer) and a breast ultrasound (a non-invasive examination that provides a complete picture of breast health). The examination results obviously remained confidential for the exclusive attention of the employees.

The initiative was organised through the support and facilities of Welfare CARE – a non-profit company that promotes the prevention of women's cancers nationwide thanks to the support of companies and entrepreneurs sensitive to the issue.



## 4.5 Constructive trade union relations

The basic approach that characterises Gruppo Mastrotto's relations with trade unions is marked by constructive cooperation, in full respect of role autonomy. All the company's workers are covered by the National Labour Collective Agreement for workers in tanning companies, with the exception of executives, to whom applies the national collective labor agreement (CCNL) for industrial company executives.

Alongside the nationwide operating agreement, in 2022 Gruppo Mastrotto signed a company integrative agreement with the trade unions, the first of its kind within the tanning industry.

The agreement, signed with FILCTEM, FEMCA and UILTEC, foresees, while respecting their respective roles, dialogue and conflict between the parties through periodic meetings on strategic and organisational issues. In this framework, particular importance is given to training, which becomes an corporate development asset to be promoted through a number of shared actions.

It is an agreement that outlines significant innovations that take into account the evolution of the present and future context of the employment world. Specifically, on the subject of working hours, the parties have placed the emphasis on production and personal flexibility, increasing the tools to favour the unpredictable

The agreement, renewed in March 2024 and valid from July 1st 2023 to June 30th 2026, was drawn up between the Italian Tanners' Association and the industry unions (Filctem, Femca and Uiltec)<sup>[5]</sup> and is oriented towards the recognition of the importance of a participatory industrial relations framework as a prerequisite for the solution of economic and social issues in the industry.

production dynamics and the collaborators' work-life balance needs.

On the economic side, production performance incentives are envisaged, which can be increased according to the objective achievement in full consistency with the Group's management guidelines, i.e. growth through the creation of a quality product in line with customer needs and with great attention to sustainability and safety issues. Specifically, enhancing safety indicates a desire to raise awareness and involve all collaborators in a path of continuous improvement that fits in well with the sustainability path implemented by the Group.

It is an agreement that has also included among its topics the establishment of Ore Etico Solidali, i.e. the possibility of donating holiday hours and leave, as a sign of great care for collaborators who may find themselves in serious situations of difficulty.

[5] FILCTEM: Italian Federation of Chemical, Textile, Energy and Manufacturing Workers; FEMCA: Italian Federation of Energy, Fashion, Chemistry and Related Workers; UILTEC: Italian Union of Textile, Energy and Chemical Workers.

## 4.6 Work and social inclusion project

For Gruppo Mastrotto, inclusion also means promoting the values of acceptance, conflict and value of diversity.

For this reason, the company has devised a social and work inclusion project dedicated to disabled persons of working age, with particular attention to Down syndrome. A project that has witnessed the establishment of a production department that assembles leather samples Gruppo Mastrotto's Express service.

The department, in which five collaborators now work, has over time reached a level of productivity that makes it sustainable, allowing disabled people to achieve personal and professional fulfilment by interacting constructively with the company and their colleagues.

The "Inclusion" project has received numerous awards, including the prestigious "DNA – Difference in Addition" for labour

inclusion in 2022. The award, intended to promote worthy projects relating to promoting 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.

The corporate initiative has also become the subject of attention within the university world. Specifically, in April 2023 Gruppo Mastrotto presented its experience in the "diversity management" field in a workshop to second year students of the Work and Organisational Psychology Master's Degree at La Sapienza University in Rome.



# 5. Territory and corporate citizenship

- 5.1 Social responsibility
- 5.2 Commitment to the world of education
- 5.3 Relationships with public institutions and industry bodies

## 2016

Constitution of the  
Silvana and Bruno  
Mastrotto Foundation

[Discover more on p. 89](#)

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

## Our tangible support for a stronger community full of hope.

The territory brings together many important stakeholders for Gruppo Mastrotto, which aims to be a point of reference for the local community and its institutions.

The company builds relationships with local public administrations, schools and training institutions, hospitals and heal-

thcare institutions, and numerous associations, including voluntary and cultural ones.

The company considers indeed essential to collaborate with these stakeholders in order to best fulfil its role as a positive and proactive social player in all aspects of sustainability.

### 5.1 Social responsibility

Healthcare, elderly, and youth: our relationships create constructive contributions for the territory and the people who are part of it.

**Being a company of reference for a territory means structuring stable relations with its stakeholders, to understand their needs and make constructive contributions.**

Gruppo Mastrotto has always shown its commitment to the territory, especially in three areas: healthcare, senior citizens and young people.

On Christmas 2023, Gruppo Mastrotto launched a new solidarity project alongside the [Vicenza for Children<sup>\[1\]</sup>](#) Association,

aimed at purchasing an advanced endoscopic machine for paediatric gastroenterological disease diagnosis and treatment.

The machine was donated to the Paediatric Surgery Department of the San Bortolo Hospital in Vicenza and will be used to non-invasively make diagnoses in the operating room. A project in which Gruppo Mastrotto's suppliers also participated, who were asked to contribute a donation instead of the traditional Christmas gifts.

[1] Vicenza for Children A.P.S. is a non-profit organisation that was founded by many volunteers who, with commitment and enthusiasm, offer time and support to sick children and their families. The association, which operates within the San Bortolo hospital, also supports families in financial difficulty and helps to provide children with an additional service by contributing to the purchase of medicines and electromedical equipment.

## The initiative follows on from other projects that the company has promoted in previous years, including:

- a donation, in collaboration with the Amici del Cuore Ovest Vicentino Onlus Association of state-of-the-art equipment able to perform minimally invasive laparoscopic oncological surgeries, which is particularly significant for surgeries to remove bladder, kidney, and prostate tumours;
- donation, in support of the Nazionale Donne Operate al Seno Association and the Montecchio Maggiore (VI) hospital, of a machine called the "Mammotome Revolve" used to carry out biopsies in cases where the mammographic examination has raised a suspicion of malignant formation;
- a donation, to the Arzignano Hospital, of an innovative software called "Rapid", which drastically reduces the time it takes to diagnose ischemic strokes, with a substantial increase in the survival probability of ischemic stroke patients;
- donation of an advanced monitor-defibrillator to the hospital's Emergency Department through the Movimento per i Diritti del Malato di Arzignano Association;
- financial support for the creation of an isolation chamber for the Paediatric Oncohaematology Department at the San Bortolo Hospital in Vicenza,
- in collaboration with the "Vicenza for Children" association;
- financial support to the "Fondazione San Bortolo" to help combat the COVID-19 health emergency through the purchase of useful materials for the protection of healthcare staff and medical equipment.

### These are complemented by numerous initiatives implemented in favour of local communities, including:

- donation towards the construction of the "Arciso Mastrotto" Elderly Recreation Centre, including a bar, hall, multi-purpose room and outdoor park;
- donation for the construction of the bowling alley at the "Arciso Mastrotto" Senior Citizens' Centre;
- support for sports activities through sponsorship of the Arzignano youth football team and volleyball at Santa Croce sull'Arno;
- donation of a vehicle equipped with a platform for wheelchairs to the S.O.G.I.T. Onlus (Agno-Chiampo section) to transport the sick and disabled to medical examinations at various health facilities.

### Insight


## A foundation in support of the territory

### To be close to and concretely help the community in which one's roots lie and where one has spent one's life.

These are the objectives of the Silvana e Bruno Foundation, through which the Mastrotto family support those facing the difficulties of an illness or accompanying the growth of a blossoming life. A philanthropic body that continues and extends the long-standing commitment to **the community of Ms Silvana Mastrotto, her husband Bruno and their family.**

The Foundation's objective is to support social activities in support of disability, education and training, creating a positive environment for the involvement of the voluntary world, a fundamental resource at the heart of the organisation's operations. With this in mind, **the Parkinson Café and La Tribù del Sole were founded.**



 Insight

# Parkinson Café

Parkinson's disease is a neurodegenerative disease characterised by a progressive and chronic disorder, mainly affecting movement control and balance. About 230,000 people in Italy are affected by this disease.

Self isolation is one of the first consequences in the life of a person with Parkinson's disease, and it is precisely to counter this isolation that the Parkinson Café was founded in Arzignano (VI).

## OVER 100 PEOPLE IN ARZIGNANO FOR A PARKINSON'S MEETING

Over 100 people attended on Saturday, January 13th, the meeting organized by the Parkinson Café of Arzignano and Silvana and Bruno Mastrotto Foundation, with the patronage of the City of Arzignano.

The event "Innovations, Discoveries, and Treatments" focused on the importance of a holistic approach to Parkinson's disease. The meeting saw the participation of specialist doctors including Prof. Angelo Antonini and Dr. Michela Garon from the Department of Neuroscience at the University of Padua, and Dr. Francesca Montagna, podiatrist at the MedicRiab Center in Arzignano.

It was an opportunity to illustrate the two paths currently pursued by medicine in the search for new treatments to slow down the Parkinson's effects. The first is genetic, considering that 20% of cases are attributable to genetic mutation and heredity;

A unique space in Italy created as an open meeting, sharing and gathering place for people suffering from this disease, their families and all those who wish to participate. It offers specific motor activity, recreational activities, and informative meetings on targeted topics of interest to guests and caregivers.

prevention could start from genetic investigation even before symptoms manifest. The second starts from the awareness of Parkinson as a disease of protein accumulation (synuclein) and involves pharmacological treatment through specific antibodies that promote the disposal of accumulations in the brain.

An important role is played by palliative care, which represents an innovative approach involving specialists in a multidisciplinary and coordinated team that accompanies patients throughout the course of the disease, from the communication of the diagnosis to social, psychological, and spiritual issues, as well as physical ones.

The conclusion was moving, thanks to the testimony of a special guest: Stefano Ruaro with his "Iron Man" story and his IndomTri project.

 Insight

# Tribù del Sole

Hosting children and youth after school, supporting them in managing their afternoons through a series of multidisciplinary activities, guaranteeing concrete support for families: these are the drivers that led to the creation of the "Sunshine Tribe" after-school programme.

The service, run by the Moby Dick cooperative, welcomes up to thirty children and youth from primary and secondary schools throughout the school year and the summer, in a bright, child-friendly space with a playful atmosphere in which to grow and enjoy being together.

**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.**



## 5.2 Commitment to the world of education

Building tomorrow through programs dedicated to school education. The future begins in the classroom.

Gruppo Mastrotto believes it is important to make the relationship between the business world and school education strong and structured, which is why it fosters stable collaborations with local schools, and shares its know-how in various ways:

- youth placement in internships and in work-school co-op programmes;
- teaching and corporate testimonials at undergraduate and postgraduate course;
- secondary school class visits to the tannery, particularly vocational schools and technical institutes within the Arzignano district;
- scholarships for Gruppo Mastrotto employees' children of Gruppo Mastrotto.

### Insight

## Rewarding deserving students

For the sixth consecutive year, Gruppo Mastrotto wished to recognise the drive and commitment of youth by awarding ten scholarships to students, selected from among its employees' children, who have stood out for their achievements during the 2022-2023 school year.

**The initiative was launched in 2017 as an act of trust in the area and its potential, to help provide the youth who will lead its growth with the tools to train and improve.**

To select the ten young recipients, a call for applications was opened up to all employees' children attending the third, fourth and fifth year of high school, from which the students who stood out the most in terms of grades and commitment were selected.

## 5.3 Relationships with public institutions and industry bodies

**The principles on which Gruppo Mastrotto bases its relations with public institutions and industry bodies are fairness, transparency and respect, which guide the most suitable forms of development and collaboration through continuous dialogue.**

Gruppo Mastrotto is a member of the Unione Nazionale Industria Conciaria (UNIC), the association representing the Italian tanning industry, and is a member of its Board of Directors through its President, Chiara Mastrotto.

Renata Sartori, also a Director of Gruppo Mastrotto, is a member of the Executive Committee of the Leather Working Group (the first Italian to hold this position). She is in charge of establishing the organisation's strategies and monitoring their progress, as well as the economic and financial budget.

Alongside industry bodies, Gruppo Mastrotto also maintains relationships, either directly or through third parties, with public institutions such as the Veneto Region and the European Union. It also liaises with institutions with supervisory and permitting roles, such as the Province of Vicenza and Acque Del Chiampo.

**All relationships are structured with respect for each other's roles and in the spirit of fair dialogue, with a view to establishing collaborations that are useful for both the company and the region.**



# 6. Customers, products and markets

- 6.1 Product safety
- 6.2 Leather certified for environmental quality

3

Group's Business Units

[Discover more on p. 96](#)



## Gruppo Mastrotto recognises customers as crucial stakeholders and is committed to building lasting, partnership-based relationships.

The company develops its production across three main BUs, plus the Express service for to ready-to-deliver leather.

### Footwear and Leather goods BU

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



### Furniture BU

It makes full-grain, half-grain and nubuck leathers for a variety of applications: residential, contract, hospitality and marine. These are sectors where sofas, armchairs and furnishing accessories must provide not only comfort and aesthetic beauty, but also successfully withstand everyday challenges such as wear and tear, rubbing, exposure to light, dirt stains and dust.



Customer relations are geared towards fairness and information transparency, and the terms and conditions relating to accountability to customers are governed by the Organisation and Control Model (Legislative Decree 231/01).

### Automotive BU

It produces top-quality car interior items according to the specifications and standards of the world's leading automotive manufacturers. The offering ranges from seats to steering wheels, through all parts of car interiors, and even extends to aviation interiors. The pleasure generated by touch and the emotion aroused by the elegance of the colours are indispensable factors, as are strength, durability and the high quality of the workmanship.



During the reporting period, there were no fines or legal actions taken by customers, nor were there any disputes in the area of market violations attributable to product information and labelling or marketing communications.

### Express Service

It represents the world's largest logistics hub for quick delivery leathers. With 1,500 colours always available and more than 2.5 km of shelves – totalling 600,000 m<sup>2</sup> of leather – Express stands out as the ideal solution for those looking for high quality leather with fast and efficient delivery, making it a perfect service for those who only need small quantities. Through an optimised logistics process, dispatch is guaranteed within 48 hours of order confirmation.



Insight

# Gruppo Mastrotto Express' Carbon Neutrality



**As of June 2022, all Group collections and articles are carbon neutral in terms of direct and indirect *Scope 1 and 2* emissions, thus having no negative impact on global warming.**

In fact, Gruppo Mastrotto was able to reduce to zero the emissions defined as Scope 1 (associated with assets owned or under the operational control of the company) and Scope 2 (attributable to energies used).

**This important milestone is the result of a three-step process.**

## Analysis of gas emissions greenhouse (LCA)

The company conducted a Life Cycle Assessment (LCA) analysis to calculate greenhouse gas emissions, per square meter of finished leather, over its life

cycle. Based on these, it was possible to estimate the potential impact on global warming.

## Reducing emissions by taking action on processes

The data obtained led to the launch of a series of initiatives to reduce greenhouse gas emissions related to the manufacturing process:

- use of electricity exclusively from certified renewable sources;
- energy efficiency of the steps in the process;

- reducing water consumption through reuse and optimisation;
- using less chemicals.

Each of these measures has brought significant environmental benefits, although they have not eliminated potential impacts on global warming.

## Compensation of emissions through recognised and credible instruments

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

Emissions offsetting 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 carried out in countries with emerging or developing economies.

This reduction is achieved in practice through the purchase of CERs (Certified Emission Reduction Certificates), each of which is equivalent to one tonne of CO<sub>2</sub> not emitted.

The projects chosen for this purpose are located in India, Brazil and China, and consist of power generation from renewable sources (wind and solar) and biomass cogeneration (recovery of husk, a by-product of rice processing). Along with environmental benefits, these projects also have significant economic, social and technological benefits for these areas and their communities.

## 6.1 Product safety

**To give maximum assurance to its customers, Gruppo Mastrotto has been developing a structure with rules, operating procedures and management standards for more than ten years to ensure the safety and quality of its final products.**

A first tool is the internal specification entitled "Finished Leather Chemical Specification", which incorporates all binding regulations/legislation applicable to leather, as well as the main requirements from the markets in which the company operates, which are often considerably lower than the limits prescribed by law. This specification applies to all items that are manufactured and is updated at least every six months.

Gruppo Mastrotto also receives an increasing number of chemical and toxicological specifications from customers, which are analysed systematically so as to provide comprehensive responses. These analyses often take the form of actual training/advisory services, which sometimes result in the acceptance of progressive changes in subsequent specification revisions.

**The compliance guarantee in respect of the above is carried out in several stages:**

- involvement of raw material suppliers by signing specific supply specifications;
- analysis in qualified external laboratories as a new project/item approval process or as cadenced quality control agreed with the customer;

- analyses in the company's in-house laboratories at predetermined frequencies, enabling systematic and representative data collection on trends in parameters.

**Gruppo Mastrotto also provides quality and safety warranties to its customers through a systematic analysis of leather requirements. The company is equipped with three physical laboratories, supporting each BU in assessing leather performance, and a central chemical laboratory for analysing raw materials and finished production on chemical-toxicological parameters.**

The company's independent analysis is unique within the industry, with 15 people engaged to perform all types of analysis required by the various product segments served.



## 6.2 Leather certified for environmental quality

**Gruppo Mastrotto has always been committed to ensuring the highest environmental quality of its leathers, and has adopted strict standards and internationally recognised certifications.**

Our focus on sustainability and innovation has allowed us to obtain important recognitions that testify to our commitment to respecting the environment and promoting eco-compatible practices.

Through collaborations with authoritative bodies and by implementing state-of-the-art technology, Gruppo Mastrotto ensures that each phase of its production process meets the highest environmental requirements, minimising environmental impact and contributing to safeguarding natural resources for future generations.



### 6.2.1 "Biobased" certification

To be defined as "renewable," a material must have a renewal cycle of between 1 and 5 years, in balance with the natural cycle of the ecosystem. Leather is precisely a renewable material, as it comes from an organic base of animal origin.



In contrast, nonrenewable materials such as plastics and synthetic fibers 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 when it comes to sustainabili-

ty and respect for the environment. The USDA Biobased certification analyses the biobased content of a product, i.e. the portion that comes from a renewable source.

As a result of this collaboration, Gruppo Mastrotto has certified that its leathers are highly renewable and have up to 95% biobased content.

### 6.2.2 "Blauer Engel" certification

As an environmental product label recognised worldwide, the Blue Angel certification is a guarantee of compliance with high environmental standards that are stricter than those required by law.



The requirements for this certification are set by the German Ministry of the Environment and verified by the RAL (the German Technical Authority that manages the certification).

Blue Angel certification attests to the ecological quality of the leathers produced by Gruppo Mastrotto, with products that better protect the environment and human health, through a series of concrete benefits:

- lower water consumption at different manufacturing stages;
- use of sustainably produced raw materials;
- judicious use of resources in the use or disposal phase;
- absence of harmful effects on health and the environment because of low emissions.

### 6.2.3 "Leather Standard by Oeko-Tex®" certification

OEKO-TEX® is an international research and supervisory association in the field of "Textile and Leather" ecology, which develops, among other things, product labels according to rigorous analytical models.



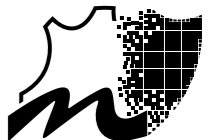
The LEATHER STANDARD by OEKO-TEX® certification applies to the leather manufacturing process and identifies substances harmful to humans used in manufacturing processes. The aim is to transparently document companies' responsibility for ensuring that their products are safe for their customers, along the manufacturing chain, right up to the brand names, retailers and end consumers.

Products with this label are guaranteed to be safe for human health and the environment.

OEKO-TEX®, updates the test criteria at least once a year, thus taking into account the latest scientific findings and legislative changes.

### 6.2.4 The antibacterial and antiviral patent

Thanks to a special patented treatment, successfully tested in the laboratory and applicable to all types of leather produced by Gruppo Mastrotto, it is possible to eliminate up to 99.9% of bacteria and viruses from surfaces.



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

Gruppo Mastrotto has devised a new technology by developing an antibacterial and antiviral treatment that guarantees high safety standards, and reduces the presence of bacteria and viruses on surfaces to nearly nothing.

This patented treatment, successfully laboratory tested and applicable to all types of leather we make, is capable of eliminating up to 99.9% of bacteria and viruses from surfaces. It is a kind of barrier, which can prevent the pathogens that may come into contact with the leather from spreading.

# 7. Suppliers

- 7.1 Our project for a responsible supply chain
- 7.2 Supplier management

398

Overall suppliers

[Discover more on p. 110](#)

In the tanning sector economy, suppliers play an essential role in supporting companies moving towards a business model that pays increasing attention to economic, environmental and social aspects.

## The supplier policy is therefore geared towards developing long-lasting relationships rooted in loyalty, transparency and mutual cooperation.

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

Specifically, 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, health and safety in the workplace, working hours and compensation);
- ethics (anti-corruption, competition protection, anti-money laundering, privacy and data protection);
- environmental protection (restriction of chemicals, responsible use of resources and reduction of atmospheric emissions, proper waste management).

Hide suppliers are also required to ensure compliance with animal welfare legislation and the prohibition on using hazardous chemicals.



## 7.1 Our project for a responsible supply chain

The Corporate Sustainability Plan identifies two areas of activity involving the supply system:

- Implementing a specific protocol for the selection and assessment of suppliers according to "ESG/Traceability/Animal Welfare" criteria;
- Developing a system for the periodic monitoring and rating of the environmental and social performance of suppliers.

The project was initially geared towards hide suppliers, but has now been extended to include chemical and outsourcing suppliers.

This project was completed in 2023 by carrying out the following:

- developing and digitising the questionnaire for collecting information on suppliers in the categories under analysis;
- developing, digitising and automating the qualitative-quantitative supplier assessment template.

➔ See the specific insight for a description of the project.



Insight

# Commitment to ensuring traceability and animal welfare

**In an evolving landscape in which increasing attention is being paid to leather traceability, Gruppo Mastrotto has decided to strengthen its commitment by establishing new and ambitious goals.**

Below is the full text of our traceability and environmental well-being policy,

## TRACEABILITY AND ANIMAL WELFARE POLICY

Our commitment to sustainability, summarised in the Group 'Sustainability, next level' strategy, takes on the issue of supply chain traceability. For companies operating in the tanning sector, hides are the main raw material and the foundation of the manufacturing processes and, as such, a pivotal point on which to focus our commitment to improving our and our suppliers' environmental and social performance. In this context, it is essential to ensure that our supply chain is reliably traceable. Our work is based on the recovery of a by-product of the food industry which, through the tanning process, we enhance and transform into a distinctive element of objects at the centre of our daily lives.

Using this material saves it from being disposed of as waste. Indeed, processing hides is part of a virtuous circular economy process, aimed at recovering and rendering valuable a product that starts out as a by-product of slaughtering and becomes a valued product.

To ensure that our products meet the highest quality, safety and sustainability standards, it is critical that we monitor our supply chain. The international organisation Leather Working Group (LWG) rates companies in the leather supply chain on environmental, social, health and safety and governance

which sets out the fundamental principles underlying the company's actions, the results achieved so far and the objectives the company intends to achieve with the aim of becoming a leader in the sector on these issues as well.

criteria, including raw material traceability. Gruppo Mastrotto has been active for years in improving leather traceability and supply chain monitoring. Our company is Gold Rated by LWG, which is the highest rating, with traceability scores of up to 85% among the highest in the tanning industry.

Our commitment to improving supply chain environmental and social performance is also embedded in our Code of Conduct, which commits our hide, chemical, material and service suppliers that sign it to comply with ethical, social and environmental standards. Acknowledging the particular importance that hide supply has for our business, our code of conduct also requires hide suppliers to:

- comply with the relevant legislation applied in their country regarding animal welfare;
- if no specific legislation on the subject is in place and applicable, suppliers undertake to ensure that they respect animals' five fundamental freedoms (freedom from hunger and thirst; from discomfort; freedom from pain, injury and illness; freedom to exhibit normal behaviour; freedom from fear and anxiety);
- and guarantee that the hides do not come from animals raised on farms implicated in



illegal deforestation of the Amazon and other protected areas in South America.

This is confirmed by our decision, following an initial report by a non-governmental organisation, to refrain from purchasing hides from Paraguayan suppliers that, according to reasonable traceability rules, come, directly or indirectly, from ranches located in the territory known as PNCAT (Patrimonio Natural y Cultural Ayoreo Totobiegosode), the ancestral land of the Ayoreo Totobiegosode people.

The decision was made to combat illegal deforestation activities in the Paraguayan PNCAT area and to help protect the survival and rights of the threatened Ayoreo people, who live in the area and are the last surviving uncontacted tribe in South America outside the Amazon basin.

Our commitment to controlling our supply chain does not end there. Indeed, the corporate sustainability plan includes a series of short-, medium- and long-term objectives, with a view to increasing transparency:

- adhering to the UN Global Compact, the UN initiative aimed at creating a more inclusive and sustainable global economy;

- voluntary disclosure via the CDP rating's 'Forest' form to disclose and make transparent our commitment to combating deforestation;
- establishing a specific protocol for the selection and assessment of hide suppliers according to "ESG / traceability / animal welfare" criteria;
- developing a system for the periodic monitoring and rating of the environmental and social performance of our hide suppliers, with a specific focus on animal welfare and traceability

**We are committed to reviewing our progress in achieving these objectives at least every year and updating them on the basis of the results obtained with a view to continuous improvement.**

■

*Arzignano, August 2023.*

## 7.2 Supplier management

Gruppo Mastrotto only uses suppliers that operate in accordance with applicable laws and the rules provided for in its Code of Ethics.

With respect to operations associated with the main leather manufacturing processes (supply of hides, chemicals, outsourced work), Gruppo Mastrotto worked with 398 suppliers in 2023, which is in line with previous years.

398

Overall suppliers

125

Chemical suppliers

### Number of suppliers by category

Category	2021	2022	2023
Leather	137	126	121
Chemicals	124	119	125
Subcontractors	69	66	67
Transport	52	64	85
<b>Total no. of suppliers</b>	<b>382</b>	<b>375</b>	<b>398</b>

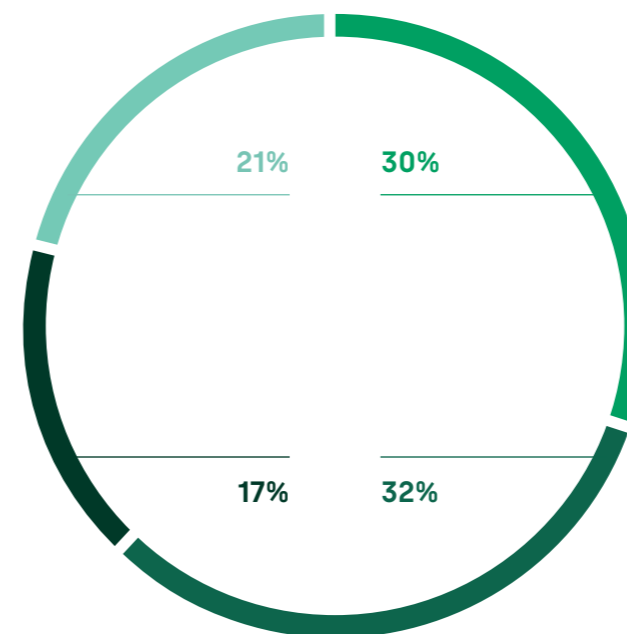


Suppliers of chemicals account for 32% of the total, followed by suppliers of raw hides, transportation and outsourced work.



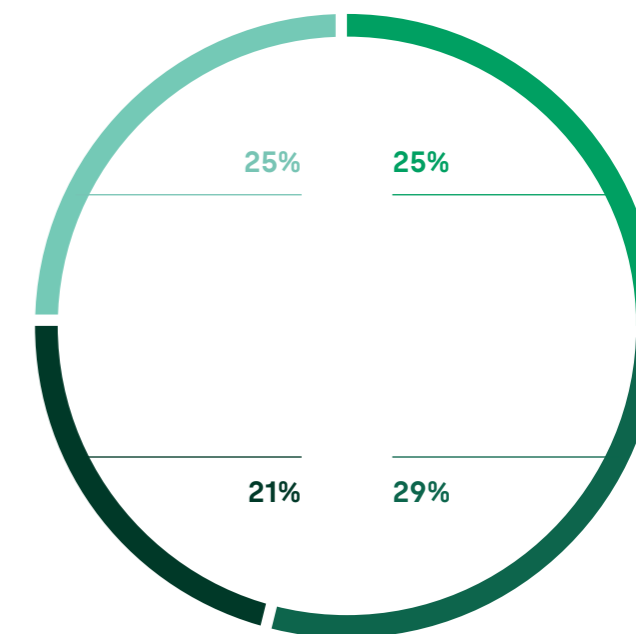
In 2023, spending on key inputs amounted to €148,556,636. More than half of this amount was deployed in Italy, which demonstrates Gruppo Mastrotto's positive impact on the supply chain in Italy and on the tanning district in particular.

### Vendor distribution by trade category



- Hides
- Chemicals
- Subcontractors
- Transportation

### Distribution of purchases by geographic area



- Tanning district
- Italy (outside the district)
- EU (outside Italy)
- Outside the EU



**When analysing the different categories of supply, the following can be noted:**

- spending on purchasing raw and semi-finished hides is distributed fairly evenly between Italian, European and non-European suppliers;
- 75% of chemical purchases are concentrated on Italian suppliers and 16% on European suppliers; specifically,

Italian suppliers located in the Arzignano district account for 32% of total spending

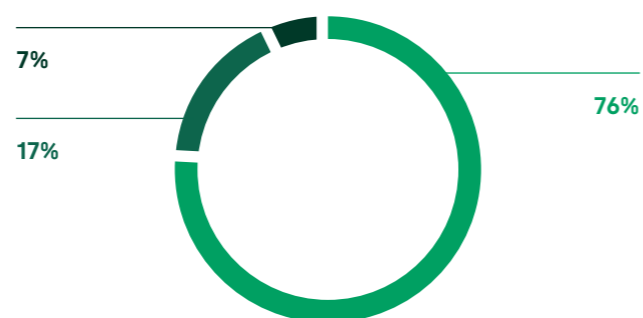
- outsourced work is entirely performed by Italian suppliers; specifically, 91% of spending is concentrated on suppliers located in the Arzignano district.

▣ Distribution of leather purchases by geographical area (average 2021–2023)



- Italy
- EU (outside Italy)
- Outside the EU

▣ Distribution of chemical purchases by geographical area (average 2021–2023)



- Italy
- EU (outside Italy)
- Outside the EU

▣ Distribution of purchases of outsourced work by geographical area (average 2021–2023)



- Tanning district
- Italy (outside the district)

▣ Distribution of transportation purchases by geographical area (average 2021–2023)



- Tanning district
- Italy (outside the district)

## The relationship between Gruppo Mastrotto and its suppliers is established through specific qualification procedures.

For chemical suppliers, to protect the health of workers, the environment and users of finished products, Gruppo Mastrotto has put in place restrictions on the use of certain categories of chemicals, largely based on applicable European Union and United States law.

In addition to this, for approximately ten years an active partnership has been developed to reduce environmental impacts, e.g. by reducing the presence of sulphates and favouring the purchase of water-based paints.

All chemical suppliers are then required to sign a technical specification in which they commit to complying with the stated restrictions, including by undergoing periodic monitoring audits.



 Insight

# SupplieRank: supplier assessment to ensure sustainable governance of a global supply chain

Gruppo Mastrotto believes it can play a leading role in achieving challenging and ambitious sustainability goals with its suppliers regarding:

- ensuring traceability in the supply of hides that goes further up the supply chain;
- educating social and environmental impacts throughout the supply chain.

The "SupplieRank" project originated from this awareness, and was inspired by the twofold commitment made by Gruppo Mastrotto in its "Traceability and Animal Welfare Policy" on the establishment of a specific protocol for the selection and evaluation of suppliers according to "ESG/traceability/animal welfare" criteria and the development of a system for the periodic monitoring and rating of suppliers' environmental and social performance.

The project consisted of the following phases:

## 1

Supplier network mapping

## 3

Establishment of the assessment template

## 2

Design and development of a data collection questionnaire

## 4

Digitisation of the questionnaire and the qualification/assessment system



The first phase was used to model the economic relevance, geographical structure, concentration level and stability of suppliers for the main categories of purchased inputs (hides, chemicals, outsourced work).

A questionnaire was then developed to collect information on environmental, social and governance aspects. This questionnaire has been customised to explicitly take into account sector specificities and size differences to make it easier for smaller companies to complete. The topics covered included:

- use of natural resources and related environmental impacts (water consumption and discharge, energy consumption and greenhouse gas emissions, waste production, air pollution, use of chemicals);
- worker protection and development (health and safety, working conditions, staff management, training, human rights);

- supplier's expectations of Gruppo Mastrotto;
- traceability, deforestation, animal welfare (for hide suppliers only).

The quantitative weights to be attributed to the various sections/subsections/questions of the questionnaire were then defined. The evaluations were shared with company managers and Management, in order to have a balanced, realistic and shared representation of the relevance of the various topics.

**Finally, the questionnaire and the response assessment framework were digitised, this made it possible to get an overview of the results in various areas and identify the areas to work on together to improve performance.**

## 8. Value creation and distribution

**315.3** € Mln

Value generated  
in 2023

[Discover more on p. 118](#)

## In 2023 the Value Generated by Gruppo Mastrotto amounted to €315.3 Mln, a slight increase (+1%) compared to the previous year.

The Economic Value distributed to stakeholders amounted to €275.8 Mln, a decrease compared to the 2022 figure.

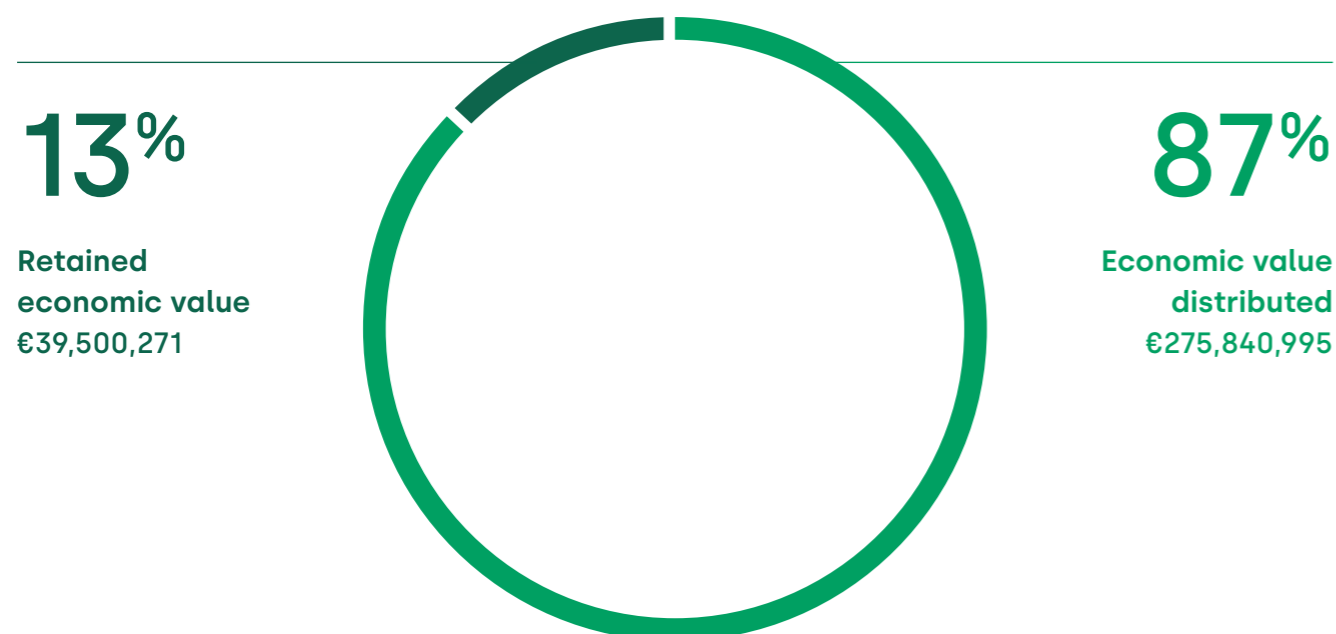
As a result, the Retained Value was €39.5 Mln.

The main stakeholders external to the company are:

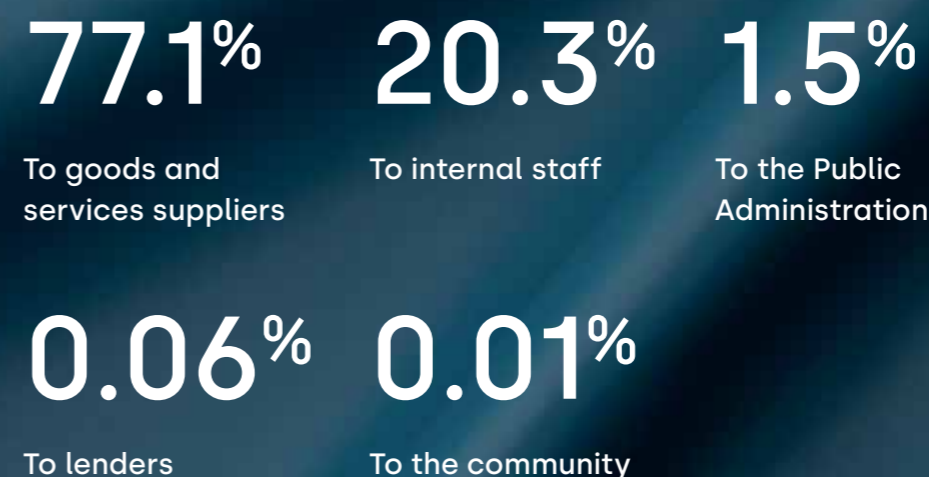
- suppliers of goods and services;
- staff, whose contribution is recognised through their salaries;

- shareholders and lenders, to whom dividends on profits and interest on debt, respectively, are paid;
- the Public Administration, with the payment of taxes and fees;
- the community and the region, by making donations as a direct economic contribution to local communities for social purposes.

### Breakdown of economic value generated in 2023



In 2023, the Economic Value distributed to these stakeholders was as follows:



### Breakdown of economic value distributed to stakeholders

Economic value	FY 2021	FY 2022	FY 2023
Revenues	€280,486,637	€301,173,531	€310,572,575
Financial income	€14,766,247	€11,106,773	€4,768,651
<b>Total economic value generated</b>	<b>€295,252,884</b>	<b>€312,280,304</b>	<b>€315,341,226</b>
Operating costs	€182,676,956	€206,443,460	€212,755,554
Staff remuneration	€53,967,469	€55,889,242	€56,085,546
Lender remuneration	€268,327	€99,966	€170,644
Investor remuneration	€38,010,000	€30,000,000	-
Public Administration remuneration	€2,351,089	€7,192,355	€4,206,715
External donations	€28,466	€66,984	€37,495
<b>Total economic value distributed</b>	<b>€277,302,308</b>	<b>€299,692,006</b>	<b>€275,840,955</b>
Depreciation, amortisation, write-downs and adjustments	€19,498,242	€18,073,565	€18,053,584
Provisions	€350,000	€400,034	€278,844
Earnings for the financial year allocated to reserves (Profits - Dividends distributed)	€1,897,666	€5,885,302	€21,167,843
<b>Economic value withheld</b>	<b>€17,950,576</b>	<b>€12,588,298</b>	<b>€39,500,271</b>

# 9. Innovation

- 9.1 Technologies
- 9.2 Processes
- 9.3 Research and Development

15

Specialized technicians in our laboratories

[Discover more on p. 132](#)

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 also improving the quality and durability of our products.

Sustainable innovation is one of the fundamental pillars of Gruppo Mastrotto's strategy.

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

This commitment is reflected in the adoption of eco-friendly manufacturing processes and continuous pursuit of 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.**



## 9.1 Technologies

The driving force for a modern, innovative, and sustainable tanning process.

**In the current industrial context, technological innovation is a fundamental pillar for maintaining competitiveness and sustainable manufacturing operations.**

Conscious of these dynamics, Gruppo Mastrotto invested decisively in technology, adopting state-of-the-art machinery and modernising its manufacturing infrastructure to stay abreast of developments in the tanning industry.

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

### INDUSTRY 4.0

**A significant part of these investments was dedicated to upgrading manufacturing machinery to bring it in line with the latest available technology.**

Among the most emblematic examples of this modernisation are the new vacuum tumble dryers, which operate at reduced temperatures and allow considerable energy savings. New-generation spray booths have also been installed, which have the advantage of limiting chemical usage in addition to improving productivity.



### HIGHLY AUTOMATED FACILITY

**The production facility in Santa Croce sull'Arno, an area strategically positioned near the main headquarters of Italian luxury brands, stands as a technological benchmark for the industry.**

This facility, which covers an area of approximately 12,000 square metres, is equipped with state-of-the-art manufacturing machinery and is highly automated. The facility is powered by a sophisticated photovoltaic plant, which helps to minimise the ecological footprint of manufacturing.

### FUTURE GOALS

For the future, the focus is on even greater automation of processes and minimising manual handling of hides and leathers. The goal is to reduce physically demanding tasks for staff while improving working conditions and operational efficiency.



## 9.2 Processes

Concrete actions for a more conscious and sustainable production.

**As part of its ongoing commitment to sustainability, Gruppo Mastrotto has devoted significant resources to innovation in manufacturing processes.**

These efforts are reflected in the adoption of advanced technologies and operating methods that improve manufacturing efficiency while reducing the environmental impact of operations.

**Key areas include waste utilisation, reduction of chemical use and water conservation.**

### WASTE UTILISATION

As mentioned in the previous chapters, Gruppo Mastrotto is committed to minimising waste by recovering waste from the processing cycle, reusing residues and by-products or transforming them into new materials, with the aim of creating a process that is virtually waste-free. Today, more than 91% (a

figure almost 20 points higher than the industry average) of processing waste is processed and reused in other sectors, from biostimulants and fertilisers for agriculture, to collagen for cosmetics, to gelatine for the food industry.

### REDUCTION OF CHEMICALS

One of the main efforts to innovate in manufacturing processes is reducing the use of chemicals in tanning and finishing cycles. Over time, the use of plant-based tanning agents has been

introduced and more sustainable alternatives to traditional chemicals have been selected, which has also improved the safety and quality of the working environment.

### WATER CONSERVATION

**Water conservation is the third pillar of Gruppo Mastrotto's process innovation strategy.** Considering that leather manufacturing is traditionally water-intensive, technologies have been adopted that significantly reduce water consumption. These technologies include advanced water recycling and purification systems that allow a large

part of the water used in manufacturing processes to be reused. Not only does this practice reduce the volume of water drawn from natural sources, but it also reduces the wastewater treatment load, which contributes to preserving local water resources.





# Process innovation to reduce water consumption

## Responsible water use is essential for sustainable development.

Gruppo Mastrotto has therefore wholeheartedly embraced a research project aimed at assessing the possibility of reusing treated tanning water to replace water from the water main.

**In addition to Gruppo Mastrotto, the trial involved:**

- Acque del Chiampo S.p.A, the organisation responsible for water supply and treatment services for the Arzignano tanning district;
- the "I.T.S. COSMO Foundation, the entity that coordinates the two-year "Green Leather Manager" course;
- the "Galilei" Technological and Economic Technical Institute in Arzignano, which has a three-year specialisation course in tanning technology.

Experimental tests compared processes carried out with water from the water main and processes carried out with treated tanning wastewater.

All processing was carried out in parallel, following the same procedure and using the same chemicals; the only difference was the type of water used.

**Initial results obtained on a pilot scale have been encouraging, and show that there is a real possibility of reusing treated water for the main pre-tanning, tanning and re-tanning processes, as well as paving the way for further experimentation.**



## 9.3 Research and Development

New ideas and new materials.

**Gruppo Mastrotto's Research and Development department is tirelessly dedicated to discovering and implementing innovative ideas that meet market needs and anticipate trends.**

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



### CHROME FREE, METAL FREE AND PLANT-BASED TANNING AGENTS

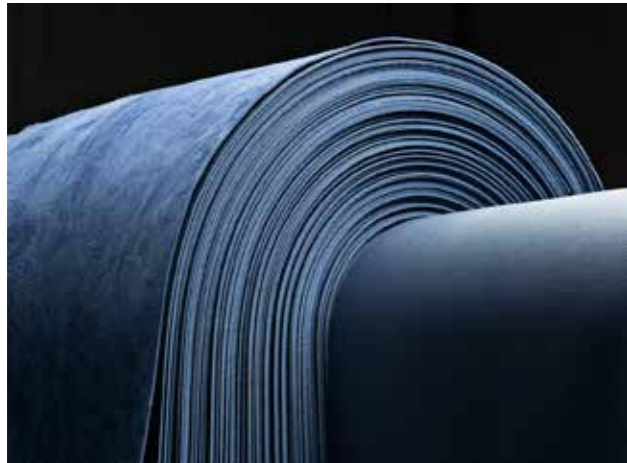
As part of its efforts to develop innovative products, Gruppo Mastrotto's "Metal Free" and "Chrome Free" tanning methods ensure that leathers are treated safely without compromising quality. At the same time, the use of plant-based tanning agents

(with tannins extracted from hemp, quebracho, chestnut or reed), derived from natural and renewable sources, is being experimented with on the farm, thus offering an environmentally friendly alternative to traditional methods.

### FEWER EMISSIONS (IN EVERY SENSE OF THE WORD)

Beyond the emissions generated by manufacturing processes, there is increasing attention in the world of interior design and automotive to the release of volatile compounds from leather over time. These volatile organic compounds (VOCs) are partly caused by the chemicals used in the tanning process and partly by the leather itself as an organic material (which, as such, emits odours and volatile

substances). Using mass spectrometry and gas-liquid chromatography analysis, Gruppo Mastrotto is able to identify and measure the levels of volatile compounds released over time from its leathers. This makes it possible not only to comply with the most stringent environmental standards, but also to pre-empt future laws and guide the industry towards more sustainable practices.



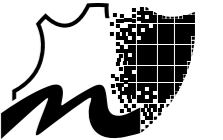
### REGENERATED MATERIALS AND CIRCULARITY

Gruppo Mastrotto is at the forefront in the development of regenerated materials with a high circularity content, created by recycling leather processing waste and transforming it into new products that reduce waste and environmental impact. **Reviva** (with its counterpart **Renova** designed for upholstery) is a patented material intended for the world of leather

goods and made from the finished leather trimmings, refinished following a circular economy and upcycling approach. Another example of this innovation is **Absolute**, a product aimed at luxury leather goods and footwear that integrates into the manufacturing process the recovery of shavings, a waste material that is generated during hide processing.

### ANTIBACTERIAL AND ANTIVIRAL TREATMENT

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



**This problem has been solved by the Research and Development Department with a special treatment, successfully tested in the laboratory and applicable to all types of leather manufactured by Gruppo Mastrotto, which can eliminate up to 99.9% of bacteria and viruses from leather surfaces.**

This patented processing offers an effective barrier against the replication of pathogens, ensuring that bacteria and viruses are almost completely eliminated.


### PATENT ACTIVITY

**Gruppo Mastrotto's patent activity is a key element of its intellectual property protection strategy.**

By filing patents, the company safeguards its discoveries and technologies, ensuring that the unique solutions that are developed remain exclusive to the company's customers.

This not only strengthens the competitive position in the global market, but also stimulates further investment in R&D, fuelling a virtuous cycle of innovation and continuous improvement. The patents cover a wide range of innovations, including ecological tanning formulas, advanced finishing systems, regenerated materials and sanitisation treatments.



 Insight

# Corporate workshops

Research efforts depend on the presence of laboratories where small-scale tests and analyses can be carried out to ensure that processes and products comply with legislative standards and customer requirements.

Gruppo Mastrotto has three physical laboratories and a central chemical laboratory, which gives the company a unique degree of autonomy in analysis within the tanning industry.

**Fitted with state-of-the-art equipment, the laboratories are dedicated to detailed material characterisation, proving out product innovations and rigorous quality control.**

Fifteen specialized technicians work in the company's laboratories, carrying out all types of analyses required by the various types of product segments served.

Physical tests include measurements of tensile strength and abrasion resistance to ensure that leathers maintain their durability over time.

On the other hand, chemical tests include reactivity to chemical agents and testing for harmful substances or unwanted emissions to ensure compliance with safety and environmental sustainability standards.

Gruppo Mastrotto also participates annually in inter-laboratory tours organised by the Institute for Interlaboratory Studies (Consumer Products Proficiency Tests) for specific chemical analyses.



# 10. Foreign branches

- 10.1 Mastrotto Indonesia
- 10.2 Mastrotto Mexico
- 10.3 Mitech Tunisie
- 10.4 Mastrotto Brasil

4

International  
production facilities

Discover more on p. 136

**Gruppo Mastrotto is made up of 15 manufacturing facilities, of which 11 are in Italy and 4 are abroad. The foreign branches are in Brazil, Indonesia, Tunisia and Mexico.**



Gruppo Mastrotto has succeeded in transmitting and preserving over time a strong sense of belonging and common strategic direction with all its operating branches by promoting the incremental sharing of best practices with regard to environmental, social and economic policies.

This chapter is intended to provide an overview of foreign branches and their operations, with the aim of:

- progressively increasing their involvement in the scope of reporting;

- improving the data collection and processing process, mindful of the difficulties arising from differences in legislation and the resulting operational implications in reporting processes.

For transparency, it is emphasised that the reporting scope of this report pertains exclusively to Gruppo Mastrotto S.p.A., i.e. the group's Italian facilities. This chapter is therefore only intended to provide basic information.

## 10.1 Mastrotto Indonesia

### COMPANY

Established in 2004, the Indonesia branch is **the nerve centre of Gruppo Mastrotto's manufacturing and distribution for Asia**. Located in Sentul, just 60 km east of Jakarta, the facility has quickly become a major player in manufacturing bovine leather used in interior design and the automotive industry.

Advanced technologies, highly specialised workers and constant attention to social and environmental issues have enabled the facility to obtain numerous certifications according to the most renowned international standards:

- IATF 16949 – Automotive quality management system;
- ISO 9001 – Quality management system;
- ISO 14001 – Environmental management system;
- ISO 45001 – Occupational health and safety management system;
- ISO 28000 – Supply chain security;
- REC – Renewable energy certification system.

# 2004

Foundation

# 252

Number of employees



**PEOPLE**

As of the end of 2023, Mastrotto Indonesia has 252 employees, with permanent workers accounting for 93% of the total.

Breakdown of workers by contract type as of 12/31/2023

Type of contract	Men	Women	Total
Hired on a permanent basis	219	15	<b>234</b>
Hired on a fixed-term basis	17	1	<b>18</b>
<b>Total</b>	<b>236</b>	<b>16</b>	<b>252</b>

In terms of gender, over 93% of the workforce are men, the remaining 6% women.

The breakdown by category shows that 82% of employees are blue-collar workers, 14% white-collar workers and the remainder managers and executives.

Breakdown of workers by category as of 12/31/2023

Type of company position	Men	Women	Total
Executives	2	2	<b>4</b>
Managers	5	0	<b>5</b>
White-collar workers	23	13	<b>36</b>
Blue-collar workers	206	1	<b>207</b>
<b>Total</b>	<b>236</b>	<b>16</b>	<b>252</b>

In 2023, six work-related accidents were recorded at the Indonesian branch.

The total number of training hours in 2023 was 1260: 37% concerned general training, 39% quality and 24% worker health and

safety. On average, each worker participated in 5 hours of training.

Breakdown of training hours by macro area



**ENVIRONMENT**

In 2023, 22.5 ML of water was drawn, mainly from groundwater.

Energy consumption amounted to 10,685 GJ.

Waste generation was 428 tonnes.

The electricity used comes from renewable sources certified by TIGR.

Breakdown of waste generated by type (in Tonnes)

Type of waste	2023
Hazardous waste	<b>314.6</b>
Non-hazardous waste	<b>113.4</b>
<b>Total</b>	<b>428</b>

## 10.2 Mastrotto Mexico

### COMPANY

Gruppo Mastrotto operates in Mexico with a facility located in Huejotzingo-Puebla, approximately 110 km from Mexico City. The facility has been in operation since 2015 and is **a benchmark in Central America for the finishing and cutting of leather for the automotive industry.**

The plant has the main quality certifications required by the market:

- IATF 16949 – Automotive quality management system;
- ISO 9001 – Quality management system.

### PEOPLE

**At the end of 2023, Mastrotto Mexico had 155 employees, all on permanent contracts and broken down by gender as follows: 61% women and 39% men.**

84% of employees are blue-collar workers, 10% are white-collar workers, and the rest are managers and executives

☞ Breakdown of employees by category as of 12/31/2023

Type of company position	Men	Women	Total
Executives	3	0	<b>3</b>
Managers	5	2	<b>7</b>
White-collar workers	8	7	<b>15</b>
Blue-collar workers	44	86	<b>130</b>
<b>Total</b>	<b>60</b>	<b>95</b>	<b>155</b>

No injuries were recorded during 2023. At the end of 2023.

The total number of training hours in 2023 was 7,140: 46% on occupational health and safety, 36% on quality and the remaining 8% on environment.



### ENVIRONMENT

In 2023, Mastrotto Mexico used 0.09 ML of water, drawn entirely from groundwater.

The waste generated in 2023 amounted to 12 tonnes, almost exclusively non-hazardous.

**In 2023, the energy consumed was 1,276 GJ, from non-renewable sources.**

☞ Distribution of waste produced by type (in Tonnes)

Type of waste	2023
Hazardous waste	<b>0.003</b>
Non-hazardous waste	<b>12</b>
<b>Total</b>	<b>12.003</b>

### REGION AND CORPORATE CITIZENSHIP

The Mexican Centre for Philanthropy, A.C., Cemefi, has recognised Mastrotto Mexico for its social commitment, having met in a satisfactory manner the indicators established for the areas: quality of life in the company, ethics, corporate governance, community relations, and environmental care and protection.



**Mastrotto Mexico has received the ESR® 2023 Award as a Socially Responsible Company.**

## 10.3 Mitech Tunisie

### COMPANY

Strategically located in Sousse, only 150 km from Tunis and 130 km from Sfax, Mitech Tunisie SARL is a facility **specialising in finishing and cutting leather for the automotive sector.**

As proof of the shared thinking on sustainability, the Tunisian branch also has certifications based on international standards:

- ISO 9001 – Quality management system;

- ISO 14001 – Environmental management system;
- ISO 45001 – Occupational health and safety management system.

**508**

Number of employees

**91%**

Blue-collar workers



### PEOPLE

Mitech Tunisie had 508 employees at the end of 2023, of which 53% men and 47% women.

**In 2023, permanent contracts accounted for 19% of the total, and fixed-term contracts for 81%.**

#### Breakdown of workers by contract type as of 12/31/2023

Type of contract	Men	Women	Total
Hired on a permanent basis	60	37	<b>97</b>
Hired on a fixed-term basis	208	203	<b>411</b>
<b>Total</b>	<b>268</b>	<b>240</b>	<b>508</b>

#### Breakdown of workers by category as of 12/31/2023

Type of company position	Men	Women	Total
Executives	9	4	<b>13</b>
Managers	10	2	<b>12</b>
White-collar workers	13	6	<b>19</b>
Blue-collar workers	235	229	<b>464</b>
<b>Total</b>	<b>267</b>	<b>241</b>	<b>508</b>

91 % of the employees are blue-collar workers, the remaining percentage is distributed more or less equally between white-collar workers, managers and executives.

Five accidents were recorded in 2023.

There were 1,774 training hours (an average of approximately 3 per person).



**ENVIRONMENT**

Total waste generated in 2023 was 49 tonnes, of which non-hazardous waste accounted for 97% of the total.

**In 2023, Mitech Tunisie used 5,692 GJ of electricity for manufacturing and 3,156 GJ of diesel fuel.**

☰ **Distribution of waste produced by type (in Tonnes)**

Type of waste	2023
Hazardous waste	1.4
Non-hazardous waste	47.6
<b>Total</b>	<b>49</b>

**REGION AND CORPORATE CITIZENSHIP**

The group's Tunisian branch also organised numerous initiatives in support of the community:

- Pink October – early cancer diagnosis organised in the company;
- social assistance for the start of the school year;
- social assistance for the beginning of Ramadan for poor families through food aid;
- social assistance for religious holidays;
- free transportation for company employees.

**10.4 Mastrotto Brasil**

**COMPANY**

Founded in 2001 in Cachoeira, a small town near Salvador (Bahia), Gruppo Mastrotto's Brazilian branch **specialises in manufacturing bovine leather for interior design**. The plant, with a covered area of 34,000 square meters, was built through major investments in state-of-the-art facilities and technology, with advanced production lines enabling high levels of industrialisation.

The focus on environmental efficiency is demonstrated by internationally recognised certifications:

- ISO 9001 – Quality management system;
- ISO 14001 – Environmental management system;
- LWG Protocol – silver rating.



**2001**

Foundation

**499**

Number of employees

**PEOPLE**

**At the end of 2023, Mastrotto Brasil has 499 employees.**

type shows that almost 97% of workers have an indefinite-term contract.

The distribution of workers by contract

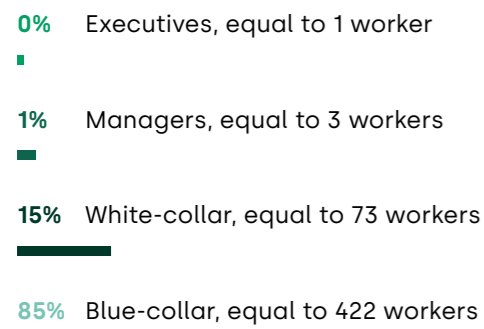
**Breakdown of workers by type of contract as of 12/31/2023**

Type of contract	Men	Women	Total
Employees hired on a permanent basis	387	97	<b>484</b>
Employees hired on a fixed-term basis	0	0	<b>0</b>
Employees - other employment contracts	9	6	<b>15</b>
<b>Total</b>	<b>396</b>	<b>103</b>	<b>499</b>

The analysis by contract category shows the predominance of blue-collar workers, who account for 85% of workers.

The gender distribution shows that 79% of workers are men.

**Breakdown of workers by category**



**Breakdown of workers by gender**



In 2023, there were three registered accidents.

There were 1,789 hours of training offered by the Group, corresponding to an average of about 4 hours per person.

**ENVIRONMENT**

In 2023, 171.68 ML of water was drawn, most of it from surface sources.

**Distribution of water withdrawal (in Mega Liters)**

Sampling type	2023
Water table	<b>6.9</b>
Water from third parties (surface water)	<b>164.8</b>
<b>Total</b>	<b>171.7</b>

In 2023, 8,053 tonnes of waste was generated. Of these, 52% are nonhazardous and the remainder hazardous.

**Distribution of waste produced by type (in Tonnes)**

Type of waste	2023
Hazardous waste	<b>4,161</b>
Non-hazardous waste	<b>3,892</b>
<b>Total</b>	<b>8,053</b>

**Mastrotto Brasil used 31,516 GJ of energy in 2023.**

# Appendix

Methodological note

Table of correspondence  
to GRI standards

Audit firm report

## Methodological note

In preparing this Sustainability Report, Gruppo Mastrotto used the Standards GRI 2021 (Global Reporting Initiative), currently the most widely used and internationally accredited.

In order to provide a comprehensive picture of the most significant impacts on the economy, environment and people, Gruppo Mastrotto has chosen to prepare the Sustainability Report using the "In accordance with" application level.

Sustainability reporting refers to the 2023 financial year (as at 31.12.2023), taking into account data from the last three years.

In applying GRI Standards, the reporting boundary adopted by Gruppo Mastrotto S.p.A. relates to facilities in Italy. The main head office is located in Arzignano (VI), at Via Quarta Strada no. 7.

Data collection was carried out by compiling special databases containing information necessary for the development of the indicators required by the GRI standard, and each of them includes the calculation methodology used.

The relevant company resources ensured that data was entered and sources were cited, guaranteeing maximum traceability and reliability of the information provided.

During this reporting period, the profit and loss account reclassification was updated to better meet the requirements of GRI Standard 201-1 (Direct Economic Value Generated and Distributed); consequently, in order to comply with the comparability principle required by the standard, the figures for the two previous financial years were also reclassified.

The document was reviewed by a third party, specifically the External Assurance was done by BDO-International.

**Gruppo Mastrotto's sustainability report is published on the [company website](#); for more information regarding the report, the point of contact is: [sostenibilita@mastrotto.com](mailto:sostenibilita@mastrotto.com).**



[More on mastrotto.com](https://www.mastrotto.com)

## Table of correspondence to GRI standards

GRI Sustainability Reporting Standard		No. and name of chapter		
GRI 2: General Disclosures 2021	2-1	Organizational details	1; 10	Gruppo Mastrotto; Foreign branches
	2-2	Entities included in the organization's sustainability reporting		
	2-3	Reporting period, frequency and contact point	-	Methodological note
	2-4	Restatements of information		
	2-5	External assurance		
	2-6	Activities, value chain and other business relationships	1; 1.3; 1.5	Gruppo Mastrotto, Context; The organisation's structure
	2-7	Employees	4; 4.1	People; About us: the company composition
	2-8	Workers who are not employees	4.1	About us: the company composition
	2-9	Governance structure and composition	1.4; 1.4.1; 1.4.2	Corporate governance; Governing bodies; Supervisory bodies
	2-10	Nomination and selection of the highest governance body		
	2-11	Chair of the highest governance body		
	2-12	Role of the highest governance body in overseeing the management of impacts	1.4.1	Governing bodies
	2-13	Delegation of responsibility for managing impacts		
	2-14	Role of the highest governance body in sustainability reporting		
	2-15	Conflicts of interest	1.4.2	Supervisory bodies
	2-16	Communication of critical concerns	2.4	Assessment of the importance of the issues identified
	2-17	Collective knowledge of the highest governance body	1.4.1	Governing bodies
	2-18	Evaluation of the performance of the highest governance body		

Table of correspondence to GRI standards

GRI Sustainability Reporting Standard		No. and name of chapter	
GRI 2: General Disclosures 2021	2-19	Remuneration policies	4.1 About us: the company composition
	2-20	Process to determine remuneration	4.1; 4.5 About us: the company composition; Constructive trade union relations
	2-22	Statement on sustainable development strategy	2.5 The sustainability plan: where do we stand; Beyond leather: a letter from our President
	2-23	Policy commitments	2; 3; 4; 5; 6; 8; 9 Sustainability; Environment; People; Territory and corporate citizenship; Customers, products and markets; Value creation and distribution; Innovation
	2-24	Embedding policy commitments	
	2-25	Processes to remediate negative impacts	2.4 Assessment of the importance of the issues identified
	2-26	Mechanisms for seeking advice and raising concerns	1 Gruppo Mastrotto, Codice Etico
	2-27	Compliance with laws and regulations	1.4.1; 1.4.2; 4.1; 4.5 Governing bodies; Supervisory bodies; About us: the company composition; Constructive trade union relations
	2-28	Membership associations	4.5; 5.3 Insight: joining the Global Compact; Constructive trade union relations; Relationships with public institutions and industry bodies
	2-29	Approach to stakeholder engagement	2.1 Beyond leather: a letter from our President; Identify and map stakeholders
2-30	Collective bargaining agreements	4.1; 4.5 About us: the company composition; Constructive trade union relations	

Table of correspondence to GRI standards

GRI Sustainability Reporting Standard		No. and name of chapter	
GRI 3: Material topics 2021	3-1	Process to determine material topics	2.1; 2.3; 2.4 Identify and map stakeholders; Impact assessment; Assessment of the importance of the issues identified
	3-2	List of material topics	2.3; 2.4 Impact assessment; Assessment of the importance of the issues identified
<b>Economic performance</b>			
GRI 201: Economic performance 2016	3-3	Management of material topics	8 Value creation and distribution
	201	Economic performance	
	201-1	Direct economic value generated and distributed	4.4; 8 A renewed and participative corporate welfare; Insight: workers' Health and Safety Policy; Value creation and distribution
<b>Energy</b>			
GRI 302: Energy 2016	3-3	Management of material topics	3.5 Energy
	302	Energy	
	302-1	Energy consumption within the organization	
	302-2	Energy consumption outside of the organization	
302-4	Reduction of energy consumption		
<b>Water and effluents</b>			
GRI 303: Water and effluents 2018	3-3	Management of material topics	3.4 Water
	303	Water and effluents	
	303-1	Interactions with water as a shared resource	
	303-2	Management of water discharge-related impacts	
	303-3	Water withdrawal	
303-4	Water discharge		

Table of correspondence to GRI standards

GRI Sustainability Reporting Standard		No. and name of chapter		
<b>Emissions</b>				
<b>GRI 305: Emissions 2016</b>	3-3	Management of material topics	3.6	Greenhouse gas emissions  The emission intensity decreased from 12.44 kg/CO <sub>2</sub> per hour worked in 2022 to 11.44 kg/CO <sub>2</sub> per hour worked in 2023.
	305	Emissions		
	305-1	Direct (Scope 1) GHG emissions		
	305-2	Energy indirect (Scope 2) GHG emissions		
<b>Waste</b>				
<b>GRI 306: Waste 2020</b>	3-3	Management of material topics	3.7	Circular economy
	306	Waste		
	306-3	Waste generated		
	306-4	Waste diverted from disposal		
	306-5	Waste directed to disposal		
<b>Occupational health and safety</b>				
<b>GRI 403: Occupational health and safety 2018</b>	3-3	Management of material topics	4.2; 4.2.1; 4.2.2; 4.2.3;	Worker health and safety; The ISO 45001 project; Working safely and consciously; Injury statistics
	403	Occupational health and safety	4.2	Worker health and safety
	403-1	Occupational health and safety management system	4.2.1	The ISO 45001 project; Insight: workers' Health and Safety Policy
	403-2	Hazard identification, risk assessment, and incident investigation	-	Insight: workers' Health and Safety Policy
	403-3	Occupational health services	4.2	Worker health and safety

Table of correspondence to GRI standards

GRI Sustainability Reporting Standard		No. and name of chapter		
<b>Occupational health and safety</b>				
<b>GRI 403: Occupational health and safety 2018</b>	403-4	Worker participation, consultation, and communication on occupational health and safety	4.2.1	The ISO 45001 project
	403-5	Worker training on occupational health and safety	4.2.2	Working safely and consciously
	403-6	Promotion of worker health	-	Insight: workers' Health and Safety Policy
	403-8	Workers covered by an occupational health and safety management system	4.2.1	The ISO 45001 project
	403-9	Work-related injuries	4.2.3	Injury statistics
	403-10	Work-related ill health		
<b>Training and education</b>				
<b>GRI 404: Training and education 2016</b>	3-3	Management of material topics	4.2.2; 4.3	Working safely and consciously; Training and people development
	404	Training and education		
	404-1	Average hours of training per year per employee	4.3	Training and people development
<b>Local communities</b>				
<b>GRI 413: Local communities 2016</b>	3-3	Management of material topics	4.6	Work and social inclusion project; Insight: a foundation in support of the territory; Insight: rewarding deserving students
	413	Local communities		
	413-1	Operations with local community engagement, impact assessments, and development programs		

Table of correspondence to GRI standards

GRI Sustainability Reporting Standard		No. and name of chapter		
<b>Supplier social assessment</b>				
<b>GRI 414: Supplier social assessment 2016</b>	3-3	Management of material topics	7; 7.1; 7.2	Suppliers; Our project for a responsible supply chain; Supplier management
	414	Supplier social assessment		
<b>Supplier environmental assessment</b>				
<b>GRI 308: Supplier environmental assessment 2016</b>	3-3	Management of material topics	7; 7.1; 7.2	During 2023, 33 new suppliers were added: 20 of leather, 6 of chemicals, 4 of transport, and 3 subcontractors. The supplier evaluation project has been completed. The evaluation of suppliers was not carried out as the model creation was concluded at the end of 2023.
	308	Supplier environmental assessment		
<b>Procurement practices</b>				
<b>GRI 204: Procurement practices 2016</b>	3-3	Management of material topics		
	204	Procurement practices		
<b>Indirect economic impacts</b>				
<b>GRI 203: Indirect economic impacts 2016</b>	203-1	Infrastructure investments and services supported	3.1	Environmental aspects of the tanning operations
<b>Employment</b>				
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover	4.2	About us: the company composition
<b>Diversity and equal opportunity</b>				
<b>GRI 405: Diversity and equal opportunity 2016</b>	405-1	Diversity of governance bodies and employees	1.4.1; 4.1	Governing bodies; About us: the company composition
<b>Freedom of association and collective bargaining</b>				
<b>GRI 407: Freedom of association and collective bargaining 2016</b>	407	Freedom of association and collective bargaining	1.4.1; 4.1	Governing bodies; About us: the company composition

Table of correspondence to GRI standards

GRI Sustainability Reporting Standard			Numero e nome paragrafo	
<b>Anti-corruption</b>				
<b>GRI 205: Anti-corruption 2016</b>	205	Anti-corruption		
<b>Non-discrimination</b>				
<b>GRI 406: Non-discrimination 2016</b>	406	Non-discrimination		
<b>Child labor</b>				
<b>GRI 408: Child labor 2016</b>	408	Child labor		
<b>Forced or compulsory labor</b>				
<b>GRI 409: Forced or compulsory labor 2016</b>	409	Forced or compulsory labor		
<b>Security practices</b>				
<b>GRI 410: Security practices 2016</b>	410	Security practices		
<b>Customer privacy</b>				
<b>GRI 418: Customer privacy 2016</b>	418	Customer privacy		

4.5 Insight: joining the Global Compact, Constructive trade union relations, *Supplier Code of Conduct*, *Code of Ethics*

# Audit firm report



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## INDEPENDENT AUDITORS' REPORT ON THE SUSTAINABILITY REPORT 2023

To the Board of Directors of

Gruppo Mastrotto S.p.A.

We have been engaged to perform a limited assurance engagement on the Sustainability Report of Gruppo Mastrotto S.p.A. for the year ended on December 31, 2023.

### Responsibilities of the Directors for the Sustainability Report

The Directors of Gruppo Mastrotto S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "GRI Sustainability Reporting Standards (GRI Standards)" issued by the GRI - Global Reporting Initiative, as described in the paragraph "Methodology" of the Sustainability Report identified by them as reporting standards.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Sustainability Report that is free from material misstatements, whether due to frauds or errors.

The Directors are also responsible for the definition of the objectives regarding the sustainability performance and the reporting of the achieved results, as well as for the identification of the stakeholders and the significant matters to report.

### Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditors' responsibility

Our responsibility is to express, based on the procedures performed, our conclusion about the compliance of the Sustainability Report with the requirements of the GRI Standards. We carried out our work in accordance with the criteria established in the *International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised")*, issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with *ISAE 3000 Revised*, and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Report were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the Sustainability Report, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

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Specifically, we carried out the following procedures:

1. analysis of the process relating to the definition of material aspects included in the Sustainability Report, with reference to the criteria applied to identify priorities for the different stakeholder categories and to the internal validation of the process results;
  2. comparison of economic and financial data included in the specific paragraph of the Sustainability Report with those included in the Financial Statements of Gruppo Mastrotto S.p.A.;
  3. analysis of processes that support the generation, collection and management of data and information to the department responsible for the preparation of the Sustainability Report.
- In particular, we have performed interviews and discussions with the management of Gruppo Mastrotto S.p.A. to gather information about the accounting and reporting systems used in preparing the Integrated Report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmission of data and information to the department responsible for the preparation of the Sustainability Report.

Furthermore, for significant information, taken into consideration the activities and the characteristics of the Company:

- a) with reference to the qualitative information contained in the Sustainability Report, we carried out interviews and we have acquired supporting documentation to verify its consistency with the available evidence;
- b) with reference to quantitative information, we carried out both analytical procedures and limited checks to ascertain, on a sample basis, the correct aggregation of data.

### Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Gruppo Mastrotto S.p.A. for the period ended on December 31, 2023 is not prepared, in all material respects, in accordance with the "GRI Sustainability Reporting Standards (GRI Standards)" issued by the GRI - Global Reporting Initiative, as described in the paragraph "Methodology" of the Sustainability Report.

Milan, July 23, 2024

BDO Italia S.p.A.

Signed in the original by  
Andrea Meneghel  
Partner

*This report has been translated into English language from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.*





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

# Leather forward





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