

# PASUBI

**Sustainability  
Report  
2020**



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# INTRODUCTION

## Letter to stakeholders

Founded more than sixty years ago, in 1955, Pasubio has always combined innovation and sustainability. In fact, the tannery is a historical example of a circular economy and for this reason, the attention to sustainability issues is an integral part of our corporate culture.

A path that has been possible thanks to the people who make up our Group, always looking for new innovative solutions to make the tannery grow successfully but always with a particular attention to the environment, people and the territory.

We are delighted to present our first Sustainability Report: we have launched the non-financial reporting process in order to offer our stakeholders and investors a complete and transparent communication that demonstrates our commitment to conducting business in a sustainable and responsible manner.

Integrating sustainability into Pasubio's business means, first and foremost, respecting the highest international standards in relation to the fundamental rights of our workers. People are our strength, and we have always invested in them to develop talents and professional skills and to create a truly motivated and cohesive team, paying attention to the well-being and work-life balance of each individual.

We are fully aware of the growing relevance of sustainability issues and have long been on a dedicated path. As one of the leading players in leather processing on the international scene, we are committed to adopting innovative production processes with the ultimate aim of reducing our environmental impact. For this reason, Pasubio has set challenging sustainability goals for years to come – which are explained in the chapters “Pasubio and Sustainability” and “Product liability.”

Today more than ever, the sustainability of our business can be an opportunity for growth and development in a common path of the whole chain.

**Luca Pretto, Chief Executive Officer**



## Methodological note

This document represents the first Sustainability Report of the Pasubio Group, a tool for describing , in a complete and transparent way, the sustainability strategy of the Conceria Pasubio Group (in the report also “Group”, “Company” and “Pasubio”) regarding performance in the field of environmental sustainability for the financial year 2020 (from 1st January to 31st December). To allow comparability of data over time, a comparison with data for 2018 and 2019 is also reported.

This Report, which will be published annually, has been prepared in accordance with the GRI Standards: Option “Core”, as indicated in the table “Index of GRI Contents”.

The content to be reported have been selected on the basis of the results of an initial materiality analysis, which made it possible to identify the material topics for the Group and its stakeholders and which is contained within this document in paragraph 2.3 “Materiality Analysis”.

The perimeter of economic and financial data and information corresponds to that of the consolidated financial statements of Conceria Pasubio at 31.12.2020.

With reference to social and environmental data and information, the reporting perimeter includes Conceria Pasubio S.p.A. (hereinafter also “Parent Company”) and its subsidiaries: Arzignanese S.r.l and GD Servicios Internacionales del Norte D. de R.L. (MEX).<sup>1</sup>

Any further limitations on the scope of consolidation in relation to individual issues or indicators are expressly set out in the text.

To ensure the reliability of the data, the use of estimates has been limited as much as possible. If present, estimates are appropriately reported and based on the best available methodologies.

There were no significant changes in the Group's size, ownership structure or supply chain in 2020.

In order to improve the effectiveness of the reporting process and the reliability of the reported information, the financial statements were audited externally by Deloitte & Touche, which released the “audit company report” (attached at the end of the document).

For further information and suggestions regarding the Pasubio Group Sustainability Report, please contact [Andrea.Fani@Pasubio.com](mailto:Andrea.Fani@Pasubio.com).

This document is also available on the Pasubio Group website [www.pasubio.com](http://www.pasubio.com).

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<sup>1</sup> It should be noted that, since the Mexican-American group GD-GDI was acquired at the end of 2019, the related social, environmental and economic data were included only for the year 2020.

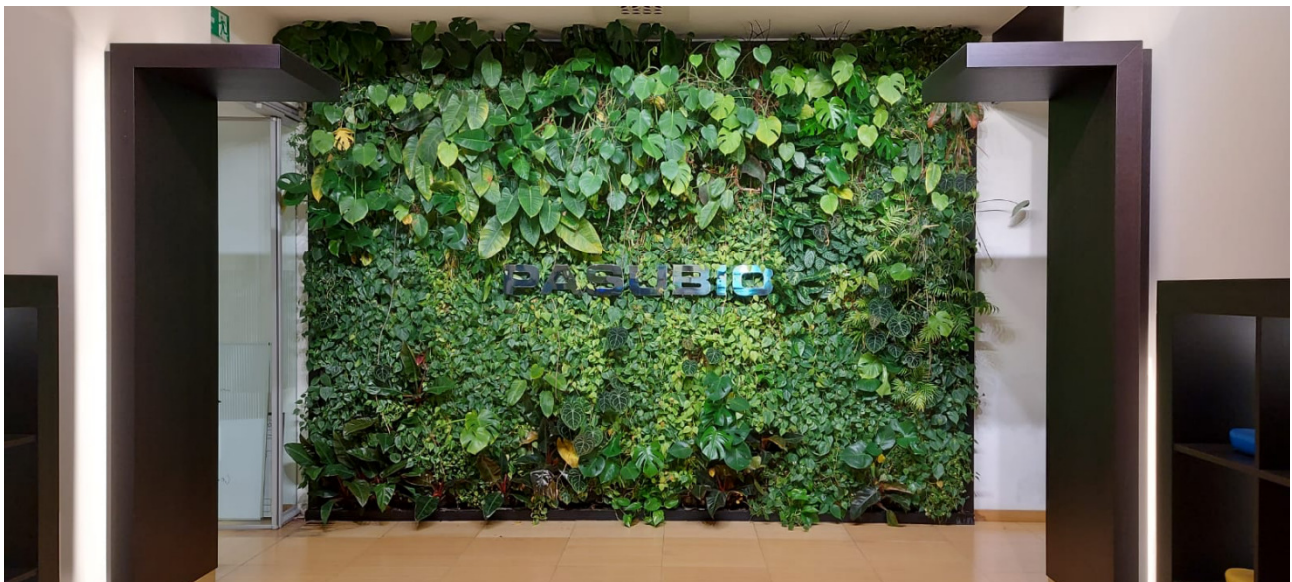


## **Management of the Covid-19 pandemic and its related impacts**

The year 2020 will go down in history as the year in which the most serious epidemic of the modern era spread throughout the world, following the progressive spread of the Covid-19 virus among humans. The epidemic has led to a prolonged health emergency that is still ongoing, leading to major social and economic changes. The Government and the various administrative and health authorities dealt with the sudden emergency and recovery phase by issuing measures that initially led to a standstill and then (depending on the evolution of the health situation) to the resumption of social, economic and production activities, albeit in compliance with the fundamental rules of conduct to protect the individual and the collective health situation.

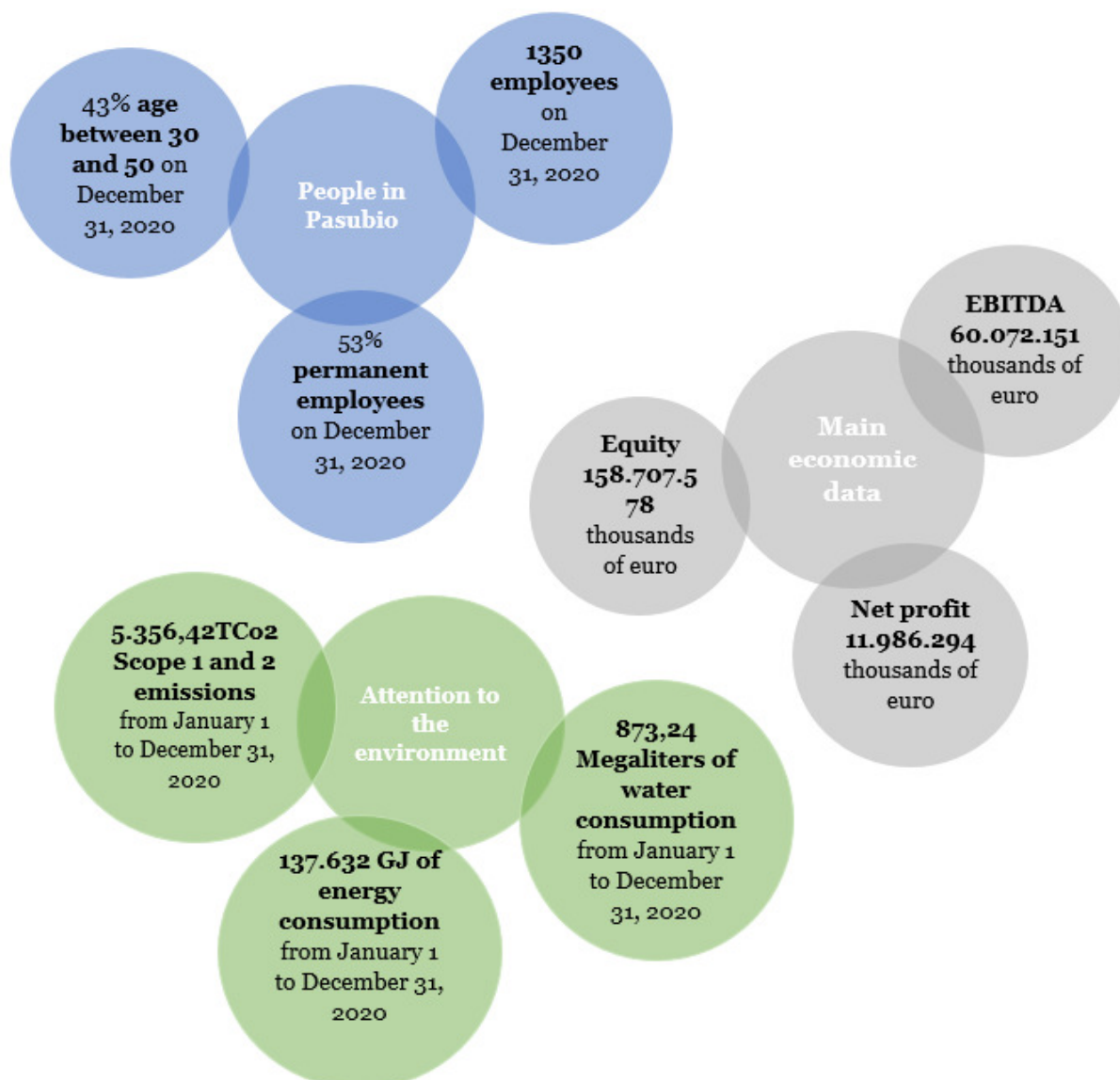
The Company, in compliance with regulatory provisions, suspended production activities in March 2020, and subsequently, in compliance with all prevention measures (including interventions on plants and workplaces), resumed all industrial, logistical, commercial and administrative activities in complete safety.

In particular, in April 2020, when the plants were closed, work began on securing the operators' workstations in view of the resumption of industrial activities (which actually took place on 4 May 2020). With regard to the offices, agile working methods were activated for all employees and infrastructures were further strengthened to allow better connection and use of information system resources. For situations of necessary physical presence, the most rigorous safety measures have been prepared and implemented, such as social distancing, the use of individual protection devices (masks and gloves) for both employees and outsiders, plexiglass separators between desks where deemed appropriate and constant sanitation of workplaces. At 31.12.2020, the Company invested almost 500.000 € in order to implement all the above-mentioned prevention measures.



# 1.THE PASUBIO GROUP

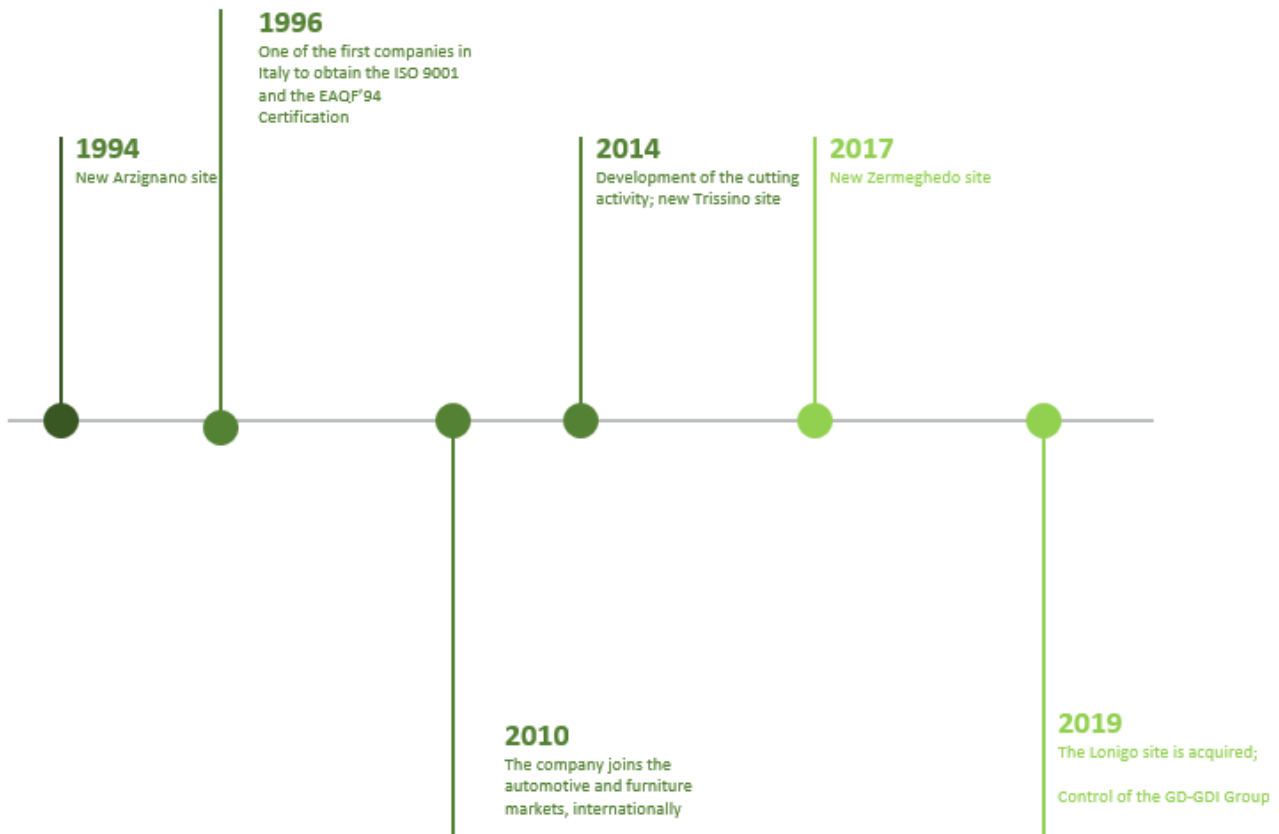
## 1.1 Highlights



## 1.2 History and evolution of the Group

Conceria Pasubio S.p.A. was born as Conceria Fratelli Preto in 1955 and was mainly involved in the production of shoes for children. The production site was in possession of all the machines necessary for leather processing, from raw material to finished product, including sewing; in 1966, the company changed its name and became Conceria Pasubio. Subsequently, in 1973, the Spaccatrice Arzignanese was created in the industrial area of Arzignano, a company belonging to the Group which took care of the first phases of the production cycle, i.e. liming, dyeing, staking and splitting.

In 1980 the market was diversified between furniture and footwear thanks to the production of glossy and painted leather, the company therefore becomes the supplier of some leading companies in *the automotive sector* for the interior and for the steering wheels, such as PSA and Maserati.



In 1994, the company moved from the original site of Via Baracca to the new site of Arzignano, passing from a surface of 18.000 square meters to a surface of 30.000 square meters in the industrial area of Arzignano, focusing its production toward the automotive sector. Since the beginning the Company pays attention to the quality of its product, in fact in 1996 it is among the first Italian companies to obtain the ISO 9001 certification; and it is the first Italian company in the dyeing field to obtain also the EAQF'94 certification.

Since 2010, Pasubio's products were sold internationally since the automotive and furniture sectors were more developed abroad. Subsequently, 2014 was the year of development of the cutting activity (production of cut pieces) that involved the transfer of the activity itself to a new site in the municipality of Trissino (Pasubio Trim Division). A few years later, exactly in 2017, the site of Zermeghedo was inaugurated, where the activities of: Selection and Measurement of Wet, Shaving and Trimming, Retanning-Dyeing-Fattening, Prefinishing (Cartoning and Staking of the Crust) were established.

The Group, as the business kept expanding, decided to acquire in 2019 the Lonigo site (Almisano district), from another tanning company in the area (Conceria Gea), within which the finishing process is carried out. Moreover, to have an increasingly international strategy and to cover new markets, in December 2019, another company operation was completed by which Pasubio acquired controlling interest of the Mexican-American Group GD-GDI, operating in leather cutting and steering wheel saddlery for the automotive industry.

Major customers include Jaguar, Ford, GM, Land Rover, Lamborghini, Bentley, PSA, Porsche, Citroen, VW and Skoda. In the automotive sector, which is the main reference sector for Pasubio, leather products are intended to cover panels, seats, head restraints, steering wheels and dashboards and are exported for 90%.



### 1.3 The values of the Group



In carrying out its activities, the Pasubio Group follows **5** fundamental ethical principles presented below and defined in **the Group Code of Ethics**.<sup>2</sup> These principles are the pillars of the Group's strategic choices and operational behavior in the belief that a quality product can only be obtained where the principles presented below constitute common and shared assets.

<sup>2</sup> <https://www.pasubio.com/en/company/codice-ethical>





The Company strives to give concrete expression to the values and principles contained in the Code, taking responsibility toward the inside and outside and strengthening trust, cohesion and corporate spirit.

This translates into training/information on the contents of the Code of Ethics, with the objectives of

- Disclosing the rules, procedures and practices to be followed;
- Promoting and strengthening the corporate culture around the common values;
- Broaden acceptance of the principles underlying this Code.

The ethical standards of conduct that the Company intends to pursue are as follows:

- Fairness and equality in the treatment and recognition of the value of human resources;
- Diligence, transparency, honesty, confidentiality and impartiality in the conduct of business activities;
- Protection of the human person and the environment.

Conceria Pasubio S.p.A., in the convinced will to implement the levels of transparency, loyalty and efficiency in the conduct of the company's activities, has also adopted, in conformity with the discipline of D. Lgs. No. 231/2001 (Decree) on the administrative responsibility of the entities, its own model of Organization, Management and Control (Model).

In order to effectively implement the Code of Ethics, and in parallel with the dissemination of the Model of Organization, Management and Control, as well as the Code itself, the Board of Directors of Conceria Pasubio S.p.A. has entrusted an independent body, endowed with autonomous powers of initiative and control. The so-called Supervisory Body – SB, has the task of supervising the correct functioning of the Model and of verifying its effective implementation and of all the rules and principles of behavior and control referred in it.

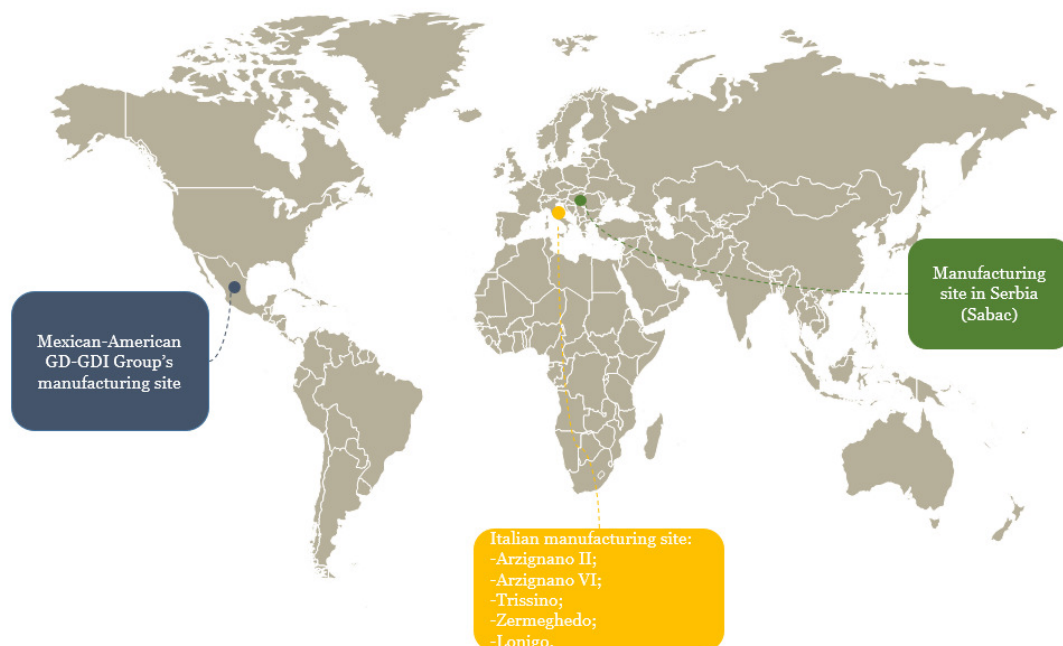
To integrate and guarantee the respect of ethical principles, Pasubio S.p.A. pays attention to the contribution that the Group can make to the tanning sector. In fact, for several years it has been participating **in the National Union of Conceria Industry (UNIC)**, the most important association of tanning industrialists in the world, which in turn is a partner, among others, of COTANCE, the European Confederation of Tanner Associations, is the representative body of the European leather industry.



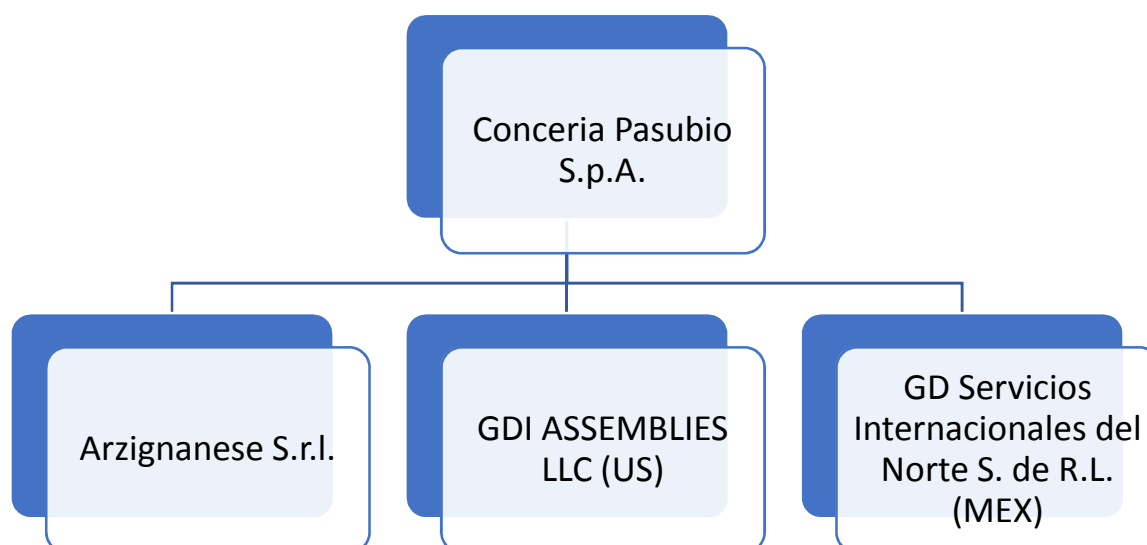
#### 1.4 The Company structure and the various corporate functions

The business of Conceria Pasubio S.p.A. consists in the processing of raw hides and their related trade. For over 60 years, the Company has been researching and developing new methods and techniques for leather working. In the last 20 years, Conceria Pasubio has chosen to dedicate itself almost entirely to the automotive sector, in which it has become one of the major players at European level.

The Company, in addition to its registered office, has 7 local units where it carries out activities related to working raw hides and warehousing:



As of December 31, 2020, the Group consists **of the following realities:**



Arzignanese S.r.l.: Group Company that deals with the preparation and tanning of leather and the preparation and dyeing of hides.

GDI Assemblies LLC (USA) & GD Servicios Internacionales del Norte S. de R.L. (MEX): American Mexican group, purchased by Pasubio in 2019, operating in leather cutting and steering wheel saddlery for the automotive industry.

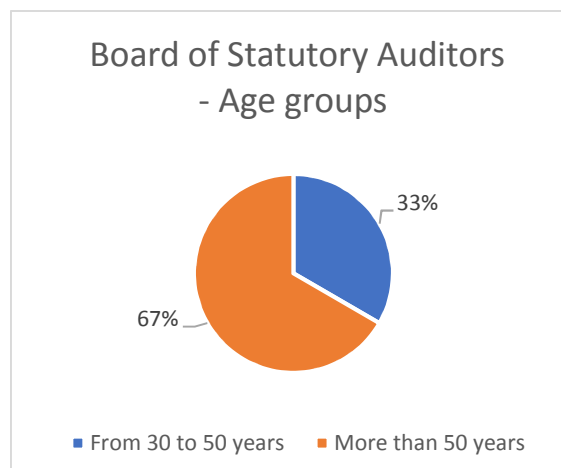
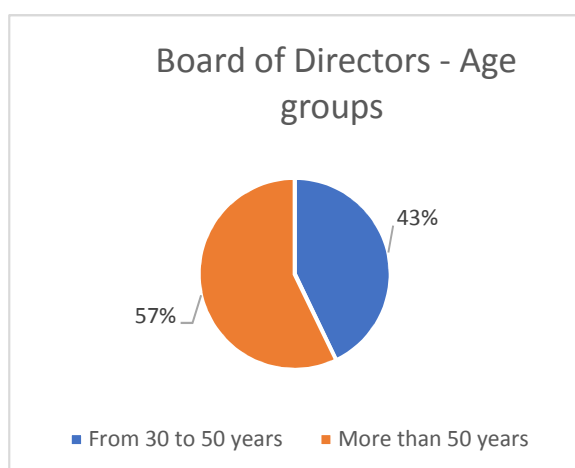
### **Ownership structure**

Conceria Pasubio is a public limited company - a single member company. As of December 31, 2020 it is subjected to the management and coordination of the company Puccini Investments S.a.r.l., and has its registered office in Arzignano (VI), via Seconda n. 38.

The Company is 100% owned by Puccini Investments S.a.r.l., which is in turn 87,6% controlled by Puccini Holdings S.a.r.l. (in turn wholly owned by CVC Capital Partners VI Limited) and 12,4% controlled by companies related to members of the Pretto family. In addition, the Company holds 100% of the shares of Arzignanese S.r.l. and 70% of the shares of the American companies GD and GDI.

The company management is entrusted to the Board of Directors (hereinafter the “BoD”), the supervisory functions to the Board of Statutory Auditors and the statutory audit of the accounts to the Independent Auditors appointed by the Ordinary Shareholders' Meeting.

## Board of Directors



Corporate governance is in the hands of the Board of Directors, supported for the operational management of processes by the company management. As regards diversity within the Parent Company's Board of Directors, 43% of the members are between 30 and 50 years of age, while 57% are over 50 years of age.

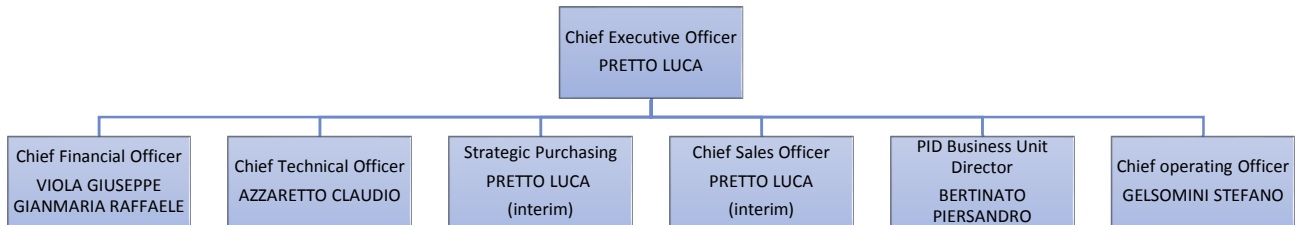
The main supervisory bodies, as already mentioned, are the Board of Statutory Auditors and the Supervisory Body in accordance with Legislative Decree no. 231/2001. In 2020, 33% of the members of the Board of Statutory Auditors were between 50 and 30 years old, while the remaining 67% were over 50 years old. All the members of the above-mentioned governing bodies are male.

### *Composition of the Board of Directors and the Board of Statutory Auditors AL 31.12.2020*

<b>Board of Directors</b>	
<b>Names</b>	<b>Load</b>
De Bernardis Gian Andrea	Chairman of the Board of Directors
Pretto Luca	Chief Executive Officer
Ferrante Andrea	Councilor
Baccarin Alessandro	Councilor
De Palma Giorgio	Councilor
Mazza Giampiero	Councilor
Altavilla Alfredo	Councilor

<b>Board of Statutory Auditors</b>	
<b>Names</b>	<b>Load</b>
Facchini Francesco	Chairman of the Board of Statutory Auditors
Brandolese Alberto	Mayor
Lapcorella Giancarlo	Mayor
Privitera Antonio	Deputy Mayor
Altomare Massimiliano	Deputy Mayor

The Company is organised according to a structure at the top of which reside the Chief Executive Officer, the Chief Financial Officer (CFO), the Chief Operating Officer (COO) and the Chief Technical Officer (CTO).



## 1.5 Ethics, Integrity and Compliance

The Pasubio Group recognises as a fundamental principle that of guaranteeing that each of its activities is carried out in compliance with the laws, rules and regulations in force in all the countries in which it operates.

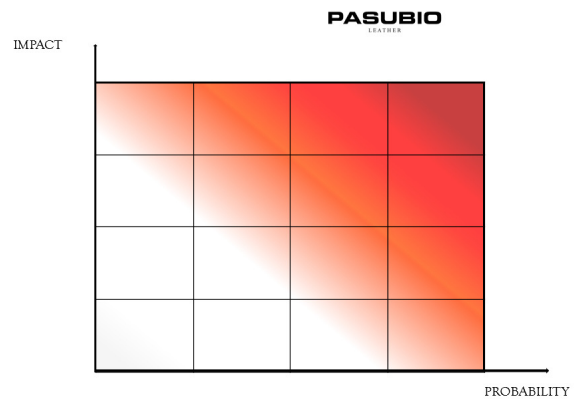
In December 2019, Conceria Pasubio S.p.A. equipped itself with the Organization, Management and Control Model pursuant to ex Legislative Decree 231/01, concerning the administrative liability of legal persons. At the same time, Conceria Pasubio adopted the Code of Ethics and appointed the Supervisory Body.

The model also defines the autonomous powers of initiative and control of the Supervisory Body (SB), which has been appointed by the Top Management to ensure compliance with the requirements contained in the Legislative Decree no. 231/2001. Any reports of violations must be communicated to this body; Conceria Pasubio has made available a whistleblowing channel directed to the SB, aimed at allowing the reporting of any irregularity.

In order to verify the correct and concrete application of the Organizational Model adopted by the Company by its Recipients, the SB carries out targeted controls every six months, focusing on specific areas of company activity found to be at risk.



By carrying out specific risk assessments it is possible to identify the companies areas most at risk and the various sensitive processes. The risk assessment activity is carried out on all the crimes envisaged by Legislative Decree no. 231/2001, identifying the probability of the occurrence of the crime and the impact it may have on the Company. The mitigating actions put in place by the Company may limit the impact and allow the level of risk significance to be slightly lower.



Conceria Pasubio S.p.A. is committed to following high standards of transparency and integrity in the conduct of its business activities, respecting the principles concerning human rights, workers' rights, environmental protection and the fight against corruption. With the Code of Ethics, the Top Management intends to clearly reaffirm the ethical principles which inspire it and which all employees and external collaborators have the duty to observe, each within their respective competences, in the performance of their work activities.

Each recipient of the Code of Ethics is required to know and implement the Code of Ethics, and to report any deficiencies and/or violations thereof. As evidence of the strong sense of legality and commitment of the Group to comply with the rules and laws in force in the countries in which it operates and to maintain a lawful conduct, it is confirmed that in 2020 there were no cases of corruption established, legal actions for anti-competitive behavior, antitrust and monopoly practices, non-compliance with environmental, social and economic laws and regulations.

## 2. PASUBIO AND SUSTAINABILITY

### 2.1 Approach to sustainability

In 2015, more than 150 international leaders met at the United Nations to approve a new policy of spreading sustainable development issues: Agenda 2030. The key elements of Agenda 2030 are the Sustainable Development Goals (SDGs), 17 goals for sustainable development that, valid for the period 2015-2030, involve the public and private sectors in ensuring the achievement of common goals, such as peace, security, justice, social inclusion, and environmental responsibility.



Below, in the text of this Sustainability Report, the main SDGs covered by the paragraphs will be recalled, while the table at the end of the paragraph provides a link between the issues defined as material (and described in the subsequent paragraphs of this chapter) and the SDGs.

The Group, aware of the growing importance of sustainability issues and the impact it has on the territory and the community, has embarked on a sustainability journey to continuously improve in the management of economic, environmental and social aspects. Therefore, from this year onwards, it is committed to informing its stakeholders of its commitment to its social role and the engagement with the territory, its attention to human resources and its environmental impact, through the annual publication of the Sustainability Report.

In order to identify in a complete and structured way the issues to be reported in this document, the Group has identified the relevant stakeholder categories and has defined a Materiality Matrix that takes into account both the aspects relevant to the Group and the expectations of the identified stakeholders.

## Main Sustainable Development Goals to which the Pasubio Group contributes through its activities

Material Topic		3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Ethical responsibility and Governance	Compliance, ethics and business integrity								X
	Indirect territorial impacts and value creation							X	
	Proper and timely management of emergencies						X		
Environmental responsibility	Management of energy consumption and atmospheric emissions					X			
	Responsible management of waste, chemicals and water discharges								X
	Efficient management of water resources				X				
Responsibility towards people	Management, training and professional development of employees		X						
	Health and safety of employees and contractors	X							
	Respect for human rights and working conditions			X					
Product responsibility	Promotion of diversity and equal opportunities			X					
	Sustainable product design, innovation and technology							X	
	Customer satisfaction, product quality and safety						X		
Value chain responsibility	Responsible and sustainable supply chain management & Animal Welfare							X	
Responsibility towards the local community	Local community involvement and promotion of initiatives in the area								X

## 2.2 Stakeholder engagement

For the pursuit of corporate goals, dialog and constant interaction with internal and external stakeholders are essential requirements. These, in fact, allow the Group not only to understand the needs, interests and expectations of stakeholders, but also to identify the best ways to generate shared value in the medium and long-run.

First, the main stakeholders of the organization were identified, assessing their relevance to the organization itself. Through an analysis of the context in which the Group operates, of the reference sector and of the activities carried out, the Internal Top Management has identified the main stakeholders of Pasubio:



Pasubio also adopts practices of dialog and involvement of the main stakeholders. The main channels of dialog and interaction are summarized below; the modalities and frequency of stakeholder involvement vary according to the topics considered relevant and the opportunities for comparison during the year.

Stakeholder	Engagement/interaction activities
Employees and collaborators	<ul style="list-style-type: none"> <li>• Company welfare projects and/or initiatives;</li> <li>• Reporting of violations;</li> <li>• Programs for the insertion of new resources;</li> <li>• Business meetings to share future results and objectives;</li> <li>• Training and updating programs;</li> <li>• Communication boards at establishments and offices.</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Regular meetings;</li> <li>• Share the Code of Ethics.</li> </ul>
Trade associations	<ul style="list-style-type: none"> <li>• Periodic comparison moments.</li> </ul>

Business partners	<ul style="list-style-type: none"> <li>• Regular meetings;</li> <li>• Technical product documentation.</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Regular meetings;</li> <li>• Market surveys/research;</li> <li>• Continuous dialog through communication channels (e.g. e-mail, telephone, social media, mail);</li> <li>• Customer service;</li> <li>• Website;</li> <li>• Participation in the main trade fairs;</li> <li>• Presence at events.</li> </ul>
NGOS	<ul style="list-style-type: none"> <li>• Periodic comparison moments;</li> <li>• Publication of analysis reports on tanning issues.</li> </ul>
Local community	<ul style="list-style-type: none"> <li>• Projects to support and/or support social initiatives;</li> <li>• Participation in local events;</li> <li>• Interaction with citizenship and its representative bodies;</li> <li>• Website and social networks.</li> </ul>
Universities and Research Institutions	<ul style="list-style-type: none"> <li>• Collaborations with the academic world for the development of new innovation and research projects;</li> <li>• Relationships with potential new university and school employees.</li> </ul>
Government and public institutions	<ul style="list-style-type: none"> <li>• Website and social networks;</li> <li>• Institutional and specific meetings with reference to sustainability issues;</li> <li>• Corporate information and press releases.</li> </ul>
Investors and Shareholders	<ul style="list-style-type: none"> <li>• Regular meetings;</li> <li>• Corporate information.</li> </ul>
Medium	<ul style="list-style-type: none"> <li>• Institutional website and social media;</li> <li>• Media invitation to public events organized by the Group;</li> <li>• Press releases.</li> </ul>
Trade union organizations	<ul style="list-style-type: none"> <li>• Regular meetings</li> </ul>



No critical issues and/or relevant aspects emerged from the stakeholder engagement activities carried out by Group companies.

## **2.3 Materiality analysis**

In order to identify the most relevant topics for the Group's internal and external stakeholders, an analysis of the main sustainability topics was carried out, which enabled the elaboration of the Materiality Matrix shown below.

*“Material topics are defined as those issues that have high relevance in the social, environmental and governance fields and at the same time have an influence on the interests and expectations of the Group and its stakeholders.”*

The analysis highlights the social, environmental and economic aspects that are most important for the company and its stakeholders. This process involved the Group's Top Management, employees and a representative sample of customers and suppliers of strategic importance for Pasubio's core business.

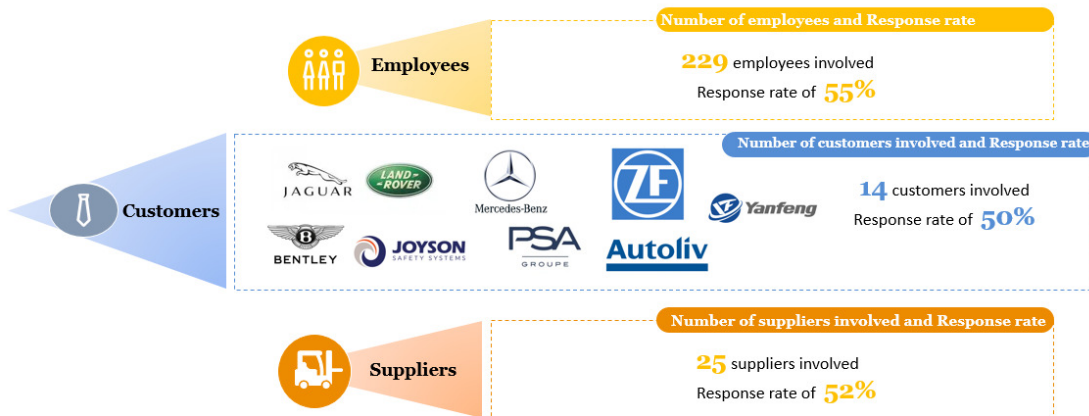
The analysis followed the Materiality principle as required by the GRI sustainability reporting standards and included the following steps:

### **a) Identification of issues potentially relevant to the Pasubio Group:**

Initially, potentially relevant issues for the Group and its stakeholders were identified. The issues were identified through discussions with Top Management and analysis of internal documentation (Code of Ethics, Financial balance Sheet, Institutional Website, etc.) and external (studies and publications of the sector, benchmarking activities with respect to industry best practices, at national and international level).

### **b) Evaluation of relevant themes for Pasubio Group:**

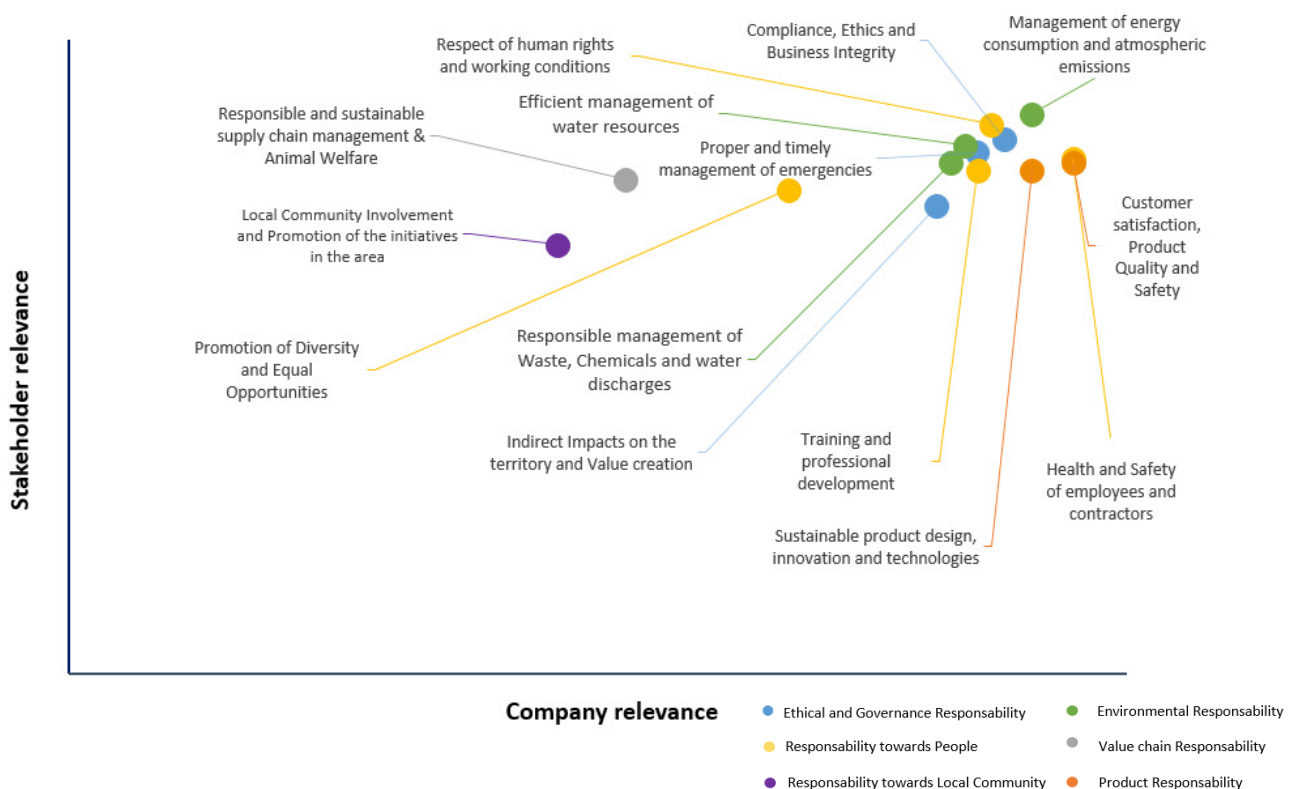
The subsequent assessment of the relevance of each subject involved the Group's Top Management, which, thanks to the solid knowledge and experience of Pasubio's sector and reality, shared its perceptions and considerations during a dedicated workshop in which various company functions participated. The results collected from the workshop were cross-referenced with the more than 140 responses obtained to the evaluation questionnaire that the Group submitted to its employees, customers and suppliers, through stakeholder engagement activities. The details of the employees, customers and suppliers involved in the activity and their response rate are given below.



### c) Identification of material themes for Pasubio Group:

Through the analysis of the results, it was possible to define the first matrix of Materiality of Pasubio, which is composed of 14 material issues (divided into 6 areas: Ethical responsibility and governance, environmental responsibility, responsibility toward people, product responsibility, responsibility of the value chain, and responsibility towards the local community).

The matrix below graphically represents the relevance of sustainability issues for both stakeholders and the Group:



## **2.4 Sustainability, environment and health & safety in the Pasubio Group**

The company has a central Environment, Health and Safety (hereinafter also “EHS”) and Sustainability team. It has established formal delegations of EHS responsibilities: at the site level, ultimate EHS responsibility rests with plant Executives.

At the individual site level, EHS management systems are implemented and certified to ISO 14001 at all Italian sites.

However, a three-year plan is underway to bring all Italian factories up to ISO 45001 Health and Safety Management System certification and to extend both certifications to the Serbian site. In addition, the main production sites (the headquarters in Seconda Strada and Zermeghedo and Lonigo sites) will be certified according to the Leather Working Group supply chain standard in 2021.

The Group strongly believes in the importance of a sustainability strategy and in evaluating solutions to stay on top of sustainability trends in the industry, and to anticipate these whenever possible. This has led to the identification of several methods to calculate and minimize the impacts of production, including process certification to calculate the environmental and carbon footprint of the product, and the development of an ambitious water-recycling project; on the other hand, product research has focused on identifying less impactful tanning techniques and the use of recycled materials.

Overall, the Company has established a strong strategy to respond to the main sustainability pressures received from the market and its customers and is actively driving innovation and research.

For the supply chain management, the Company has mapped its supply chain and implemented a supplier ranking procedure, which is focused on quality, with the aim of introducing more ESG-oriented criteria in the coming years.

## 3.PRODUCT RESPONSABILITY

### 3.1 Product quality and safety

Conceria Pasubio S.p.A. wants to be the leading European supplier of finished leather in the Luxury and Premium Automotive sector. Therefore, quality and social responsibility have always been part of the company's DNA.

On February 15, 1996, the Company was one of the first Italian leather producers to obtain **ISO 9002 certification**, model for quality assurance in production, installation and maintenance, and was the first Italian company to obtain **the EAQF'94** automotive certification.

A dedicated team at each production site supervises the quality and safety of the products. It is confirmed that no incidents of non-conformity occurred in 2020 concerning impacts on the health and safety of products and services.

Conceria Pasubio S.p.A. in the following operating units, Arzignano (VI), Trissino (VI) and Zermeghedo (VI) has implemented and maintains a quality management system that complies with **the UNI EN ISO 9001:2015 standard** for the production and sale of finished leather for car furnishing and furniture.

The skins produced at the site of Arzignano (VI) and the extended site of Zermeghedo (VI) are certified by CISQ Automotive (Consortium of Italian Certification bodies of IATF Accredited Management Systems), according to **the IATF 16949:2016 standard**.



This ensures the presence of a process-oriented quality management system that provides for continuous improvement, prevention and reduction of waste and supply chain

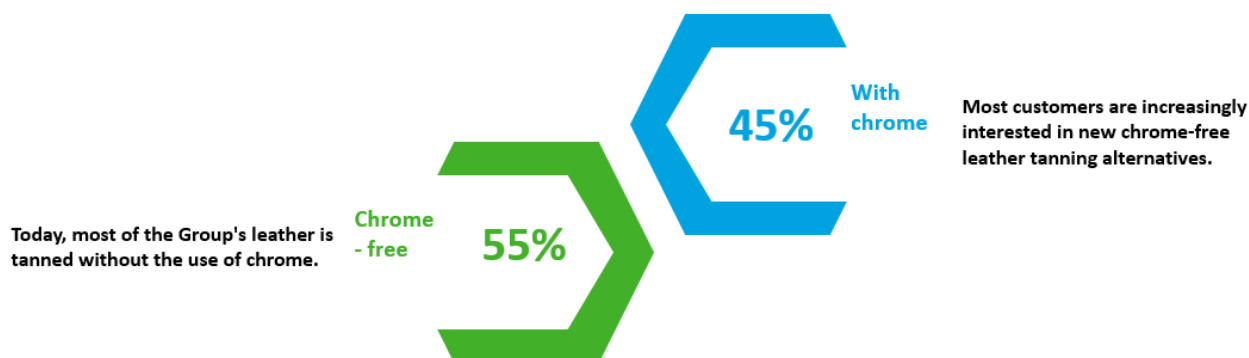


variations. The goal of the Company and the standard is to meet the customer's requirements efficiently and effectively.

### 3.2 Sustainable design and innovation

The Group's target market (automotive) places significant effort into identifying sustainable environmental solutions for products and processes. To address and, where possible, anticipate these pressures, the company is working on a series of projects in various stages of implementation that address both elements of the stages of the production processes and technical characteristics of the product itself.

The use of chromium in leather tanning represents a major concern and technological challenge for the leather industry, with implications for the health and safety of users, linked to the end-of-life of the leather, and environmental concerns, linked to the management of waste and wastewater from the production of chromium-tanned leather.



A common alternative to the use of chromium for tanning is glutaraldehyde<sup>3</sup>, which provides better H&S performance on the tanned material, but still has some hazardous characteristics as a raw material during production. In addition, the tanning process consumes a lot of water and is characterized by an open water cycle by default, i.e. water is supplied to production, used in the production process and then discharged as waste water without recovery. Wastewater discharged from the tanning and finishing processes commonly contains a high content of organic matter that has to be abated through treatment in wastewater treatment plants before final discharge.

Considering the above points, the Group has identified that improvements in the sustainability of the tanning process could refer to:

- Selection of less dangerous chemicals;
- Water Re-cycling;

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<sup>3</sup> Glutaraldehyde is an almost colorless liquid (light clown coloring) with a characteristic pungent odor. It is miscible with water and alcohol and is mainly used as a disinfectant.



- Minimization of organic and chemical content in wastewater discharges.

Pasubio has activated several projects, which seek to have an impact on the considerations listed above.

Considering the selection of chemicals for the tanning phase, the following additional alternatives are being studied:

### ***GOAST Project (Green organic Agents for Sustainable Tanneries)***

This technology involves the use of non-hazardous polymer-based chemicals as tanning agents. This metal-free tanning process reduces hazardous substances in the manufacturing process with positive impacts on both the environment and the health and safety risks associated with production and minimizes water consumption and organic matter content in wastewater (A 30% reduction in COD). No highly worrying substances are released into the environment, and the resulting skin waste is chromium-free and can be completely recycled.

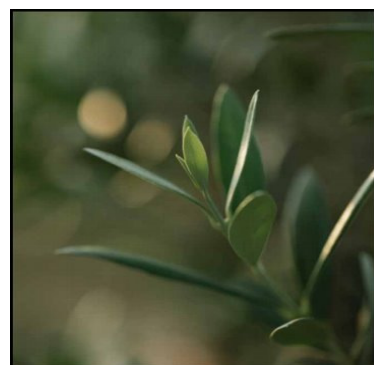
The GOAST research project, in which Pasubio is an associate partner in collaboration with a leading Italian company producing chemicals for the tanning industry, the local wastewater treatment operator and the University of Venice, has received funding from the EU through the LIFE programme. Currently, the Group has developed several pre-production samples using this technology, which are being tested by the Group's customers.

### ***Vegetable-based tanned***

Plant-based tanning agents are another non-hazardous alternative to metal tanning or glutaraldehyde.

Currently, about 3-4% of the total number of skins worked by the Group is already tanned with a patented vegetable-based agent extracted from olive leaves ("wet-green" technology).

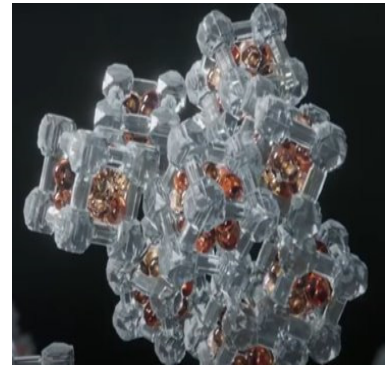
The consumption of water and other chemicals associated with wet-green is comparable to the use of glutaraldehyde, but has the advantage of using a non-hazardous, metal-free tanning agent in production. In order to guarantee a valid alternative and reduce the dependence on the producer of wet green agents, the Group is also studying several vegetable-based tanning agents on the market, and has identified a suitable mixture of tannins extracted from oaks and chestnuts. Some samples using this mixture of vegetable tannins are currently in pre-production.



### ***Zeology***

Another alternative to chromium tanning and glutaraldehyde has been identified in zeolite, a natural aluminosilicate mineral. The tanning agent derived from zeolite (trade name Zeology) offers the best results in terms of tanning quality and is not dangerous for the environment and human health.

Currently, the company has prepared pre-production samples and is refining the production process with the goal of starting production in 2021.



### ***Water Recycle treatment (WRT)***

The Group has begun the research and development of a project involving the recycling of waste-water to close the cycle of water in production. In fact, the Group has evaluated the industrial feasibility of reusing process waste-water after purification through a reverse osmosis system.

### ***Vitanova***

In order to face the impact of leather waste, the Group has also developed a special product called Vitanova, which consists of a leather produced from leather waste from the cutting, shaving and trimming phases of the production. These scraps are ground, mixed with resin and then processed to obtain a recycled leather, which is then finished with the same processes as virgin leather. The product obtained can be used for some automotive applications, for example the winding of solid surfaces.



## 4. SUPPLY CHAIN RESPONSIBILITY

### 4.1 Sustainable management of the supply chain

Conceria Pasubio S.p.A. is committed to following high standards of transparency and integrity in carrying out its business activities in compliance with the principles concerning human rights, workers' rights, environmental protection and the fight against corruption. These principles have always been the basis of the Group's activities and are clearly expressed in the Code of Ethics.

The Group has considered it a priority to pay particular attention to its suppliers and has drawn up a Code of Conduct. Suppliers, in addition to signing the Code of Conduct, must ensure that their subcontractors (if any), as well as any other third parties working on their behalf, operate in full compliance with this document.

The document specifies additional behavior criteria related to ethics and compliance with laws, protection of Pasubio's assets, information and reputation, labor and human rights, health and safety and the environment that recipients must apply. The Code also includes a mechanism for reporting non-compliance and violations of the Code.

#### *Main principles of the Code of Conduct*

Ethics and compliance with laws	Protection of Pasubio's assets, information and reputation	Labor and human rights	Health and safety	Environment
<ul style="list-style-type: none"> <li>➤ Corruption</li> <li>➤ Counterfeiting</li> <li>➤ Antitrust and unfair competition</li> <li>➤ Intellectual property</li> <li>➤ Liability and accuracy in the keeping of tax and financial documents</li> <li>➤ Export control</li> <li>➤ Conflict of Interest</li> <li>➤ Gifts and gifts</li> </ul>	<ul style="list-style-type: none"> <li>➤ Intellectual property</li> <li>➤ Confidential information, data security and privacy</li> <li>➤ Management of archives and cooperation with inspections, audits and investigations</li> </ul>	<ul style="list-style-type: none"> <li>➤ Contracts for workers</li> <li>➤ Non-discrimination</li> <li>➤ Prohibition of forced labor</li> <li>➤ Child labor</li> <li>➤ Working hours</li> <li>➤ Remuneration and benefits</li> <li>➤ Privacy and personal identity protection</li> <li>➤ Freedom of association and prohibition of retaliation</li> </ul>	<ul style="list-style-type: none"> <li>➤ Accidents, accidents and occupational diseases</li> <li>➤ Emergencies</li> <li>➤ Working conditions</li> </ul>	<ul style="list-style-type: none"> <li>➤ Environmental impact and hazardous substances</li> <li>➤ Sustainability</li> <li>➤ Protection of resources and climate protection</li> <li>➤ Biodiversity</li> <li>➤ Deforestation and land grabbing</li> </ul>

Supplier management is defined in a procedure that specifies preliminary activities, supplier qualification, and supplier monitoring. Among other functions, the procedure provides that the EHS manager is involved in the selection of each new supplier to assess the sustainability and health and safety implications of each new product or process.

When selecting a supplier and determining purchasing conditions, objective and impartial evaluations are carried out, based on the quality, price and guarantees provided.

The Pasubio Group purchases mainly raw or semi-finished hides and chemical products for their treatment, as shown in the summary table below:

Materials used per unit of measurement (GRI 301-1)				
Materials used	Unit of measure	From 1 January to 31 December 2018	From 1 January to 31 December 2019	From 1 January to 31 December 2020
Chemical products - dyeing	Ton	9.302	10.315	10.108
Chemicals - Finishing	Ton	3.109	3.447	3.028
Raw	Kg	7.175.482	8.499.881	11.631.349
Wet Blue	no. of parts	786.152	1.118.800	854.060
Wet White	no. of parts	847.555	732.583	741.275
Crust	Sqm	172.388	193.052	235.978

The Group, aware of the importance of employment to ensure the social development of the context in which it operates, contributes to the maintenance of the level of employment not only through its direct employees but also by encouraging the use of local Raw materials suppliers and (before) tanning, intervention and work services.

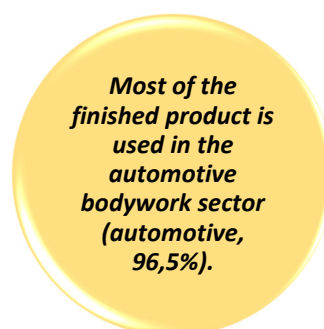
To confirm this commitment, in the three-year period 2018-2019-2020, the percentage of spending on local suppliers by the whole Group, for the materials and products listed above, is greater than 40% for the skin and 90% for the chemical products involved in the production process. See in detail the values given below in the table:

Percentage of spending on local suppliers – leather (GRI 204-1)			
<i>Geographical area</i>	<i>From 1 January to 31 December 2018</i>	<i>From 1 January to 31 December 2019</i>	<i>From 1 January to 31 December 2020</i>
Italy	40%	39%	47%
Abroad	60%	61%	53%

Percentage of spending on local suppliers – chemicals (GRI 204-1)			
<i>Geographical area</i>	<i>From 1 January to 31 December 2018</i>	<i>From 1 January to 31 December 2019</i>	<i>From 1 January to 31 December 2020</i>
Italy	91,2%	97,3%	98%
Abroad	8,8%	3,7%	2%

The use of suppliers designated by the customer does not relieve Pasubio of the responsibility to ensure the quality of the products purchased through the approval and monitoring process. If the Quality Department detects non-conformities of the supplier approved by the customer, it promptly informs the COO (Chief Operating Officer), the supplier and the customer.

Additional information about the finished product



In this context, with the entry into force of Directive 2000/53/EC - ELV (End of Life Vehicle), all major car manufacturers have carried out a joint project implementing the IMDS system (International Material Data System), by means of which all direct and indirect suppliers, in cascade, enter the information on the composition of their products in a spreadsheet, MDS (Material Data Sheet), thus sharing it with their customers throughout the car manufacturer's supply chain.



The purpose is to provide the correct and complete information for the disposal of car components, including leather used in the interior. In this way, the correct recovery/disposal treatment of the finished product of the company is ensured.

In the case of leather, at the end of the car's life it could certainly be put to the same destinations as leather processing waste, i.e. protein and collagen extraction, formulation of fertilisers and bio-stimulants and preparation of artificial leather.

## **4.2 ONE 4 LEATHER**

Pasubio is a founding member of one 4 leather.



One 4 Leather provides information on the origin of the skin as a food industry surplus, animal welfare, sustainability and material property. Right now, the one 4 Leather team is working hard to bring all the data, facts and insights to the full story.

## 5. ENVIRONMENTAL RESPONSABILITY

### 5.1 The Group and the protection of the environment

The Group is committed to reducing its environmental impact. To this end, it continuously monitors and manages the environmental impacts of its activities and value chain to prevent harmful effects and to pursue a continuous improvement of its environmental efficiency. In line with this commitment, the site of Arzignano (second road), Zermeghedo, Arzignano (Sixth Road), Lonigo and Trissino adopt an environmental management system **UNI EN ISO 14001:2015**.

Pasubio's management has put in place a business management system proportionate to the company's needs and based on continuous monitoring of social responsibility, technical, administrative and human factors affecting processes and stakeholder requirements, in order to:

- Comply with applicable laws relating to processes, safety, the environment and products;
- Monitor significant environmental aspects such as water and energy consumption, management of water discharges and reduction of greenhouse emissions;
- Set up production control systems to reduce the waste produced and to manage it in a controlled manner;
- Give priority, where possible, to new processes, input materials, plants, machines and equipment aimed at improving the company, at a lower environmental impact, respecting the health and safety requirements at work;
- Design the articles with attention to the environmental impacts connected within the product life cycle, maintaining and developing processes according to various international standards including: EPD, LCA studies, in compliance with ISO standards, 14025, 14040, 14044, 14067 for which, where possible, certifications and attestations have been obtained from accredited entities.

### 5.2 Energy consumption and gas emissions greenhouse

Pasubio has been promoting, for several years now, a careful and responsible management of its energy consumption (electricity and natural gas); which mainly derives from production plants for the operation of the equipment and for lighting.

*Energy consumed within the organization (GRI 302-1)*

TYPE (GJ)	2018	2019	2020
ENERGY CONSUMPTION	84.674	83.452	83.479
NATURAL GAS	84.674	83.452	73.427
DIESEL (FUEL OIL)	-	-	10.053
ELECTRICITY PURCHASED FROM THE GRID	41.968	44.190	52.106
% RENEWABLE ENERGY	3%	5%	7%
CAR FLEET FUEL	1.258	1.331	2.047
DIESEL FUEL	1.223	1.295	2.026
PETROL	35	36	21
<b>TOTAL ENERGY CONSUMPTION</b>	<b>127.900</b>	<b>128.972</b>	<b>137.632</b>

In 2020, Pasubio's total energy consumption was 137.632 GJ. The increase in energy consumption (+6%) compared to previous years is due to the fact that during 2020 the new prototype line was launched in Arzignano II, and it was totally electric. In addition, the Mexican-American group GD-GDI joined the Pasubio subsidiaries.

The main source of energy used is natural gas, which accounts for 61% of the total energy consumption since it is used as the main source of the production process, while electricity purchased from the grid represents 49% of the total energy consumption.

In the site of Arzignano (second road), electricity is used both for production activities and for ancillary activities. The available power is 1.555 kW at 20KV. The electricity consumption is rather low, however lower than 10.000 TEP per year, so the appointment of the energy Manager is not necessary.

The methane gas arrives directly from the distribution network to the reduction booth in which the meter is also installed, and is used both for the production and for the heating of the rooms for which its use is very small.

In the production field, the main use is to heat the water used in the drum processes, dyeing first, in which water is used at a temperature of 60-70°.

The methods adopted by the Group to reduce energy consumption are constantly evolving and consist of a mix of activities ranging from awareness raising and the adoption of responsible personnel behavior to investments in new instruments and technologies.

As a goal of environmental improvement and energy saving, the company has launched a campaign to replace the lamps/bulbs with LED lights and has installed, where possible, presence sensors to avoid lights left on unnecessarily (e.g. locker rooms).

### **Emissions into the atmosphere**

Pasubio pays particular attention to emissions of pollutants into the atmosphere. In fact, on a periodic basis, various controls are carried out on plants that have a significant environmental impact, which are:

- I. Heat generators for the working environment;
- II. Boilers / heat stations for production;
- III. Fixed air conditioning / cooling systems;
- IV. Emission plants for production (with or without abatement system).

The thermal plants for production are included in the AUA (Single Environmental Authorization) 231, 15 and 3L authorizations and are subject to periodic sampling for nitrogen oxide pollutants.

The fixed air conditioning/cooling systems are used for brushing and finishing cabins. Their emissions consist of powders and according to the type of industrial processing, different emission limits are set.

The chimneys serving the drying tunnels and those serving the roller finishing process emit volatile organic compounds (VOCs). These are not equipped with abatement and, according to authorization, are not subject to emission limits or control analyses. Pasubio is, however, subject to a limit on the use of solvents, which is verified by means of the annual declaration made by the company (Annual Solvent Management Plan).

Pasubio monitors and reports in this financial statement its direct emissions (scope 1) deriving from consumption relating both to production and heating activities (natural gas and diesel) and to the car fleet (diesel, petrol and natural gas). These emissions amounted to 5.010,79 tCO<sub>2</sub>eq in 2020, an increase of 4,3% over 2019 and 3% over 2018, due to the acquisition of the Mexican-American GD-GDI Group.

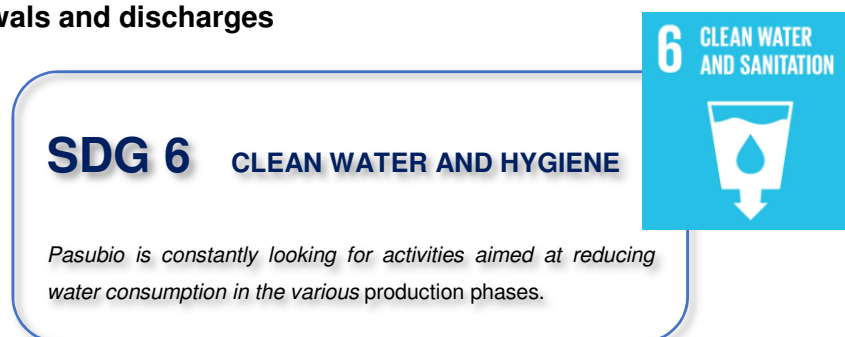
As regards indirect emissions using the Location-based calculation method (scope 2), that is deriving from the electricity consumption purchased, in 2020 they were set at 345,63 tCO<sub>2</sub>, an increase of 31% compared to 2019.

More information and details on the calculation methodology can be found in the “Appendix” section.

#### Direct and indirect emissions (GRI 305-1;305-2)

TYPE OF EMISSIONS <sup>4</sup>	UNIT OF MEASUREMENT	2018	2019	2020
Scope 1 - tCO <sub>2</sub> e	tCO <sub>2</sub> e	4.952,47	4.882,66	5.010,79
Scope 2 Location based - tCO <sub>2</sub>	tCO <sub>2</sub>	149,95	238,26	345,63
Scope 2 Market based - tCO <sub>2</sub>	tCO <sub>2</sub>	200,08	323,21	479,36

### 5.3 Water withdrawals and discharges



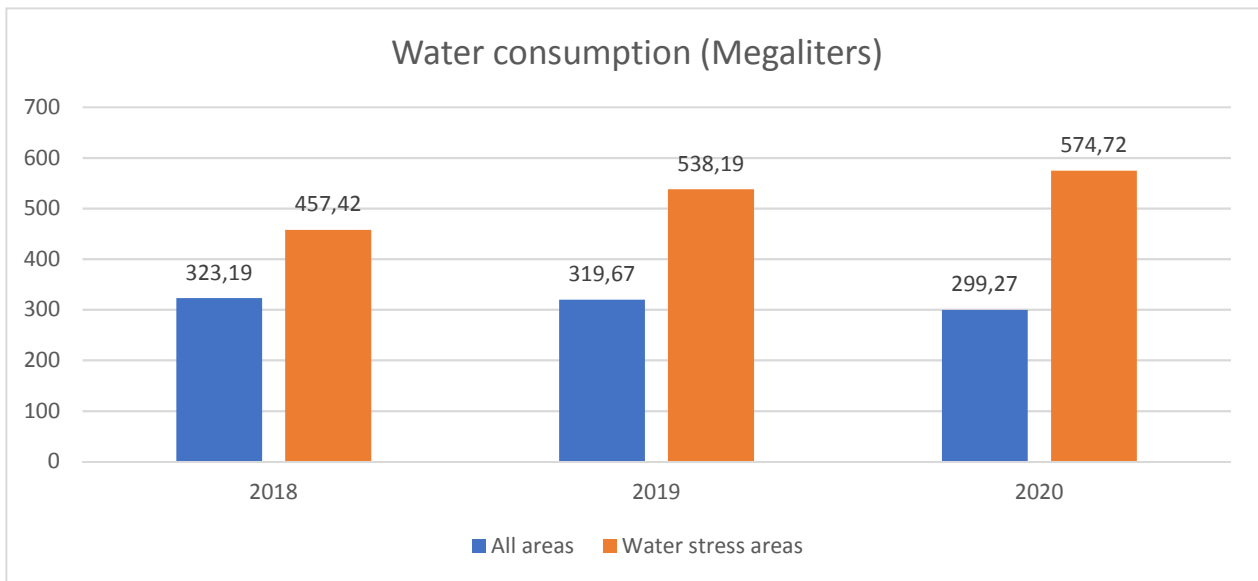
In order to supply the internal networks of the plants, the Company relies on the aqueduct network of the various surrounding municipalities (Arzignano, Trissino and Zermeghedo). Moreover, for the sites of Arzignano II Strada, Zermeghedo and Lonigo, the possibility of drawing water through well is also exploited.

Drinking water consumption data are recorded by an external measurement booth of the distributor. Aqueduct water corresponds to about 10% of the water taken from the well.

A lead-in counter placed at the entrance of the well cabin specially designed records the annual consumption of groundwater taken from the well.

<sup>4</sup> The reporting standard used (GRI Sustainability Reporting Standards 2016) provides two different approaches to calculating the objective 2 emissions: "Location-based" and "Market-based". The "Location-based" approach involves the use of average emission factors for the specific national energy mix of electricity generation. The "Market-based" approach involves the use of emission factors defined on a contractual basis with the electricity supplier. In the absence of specific contractual agreements between the Organization and the electricity supplier (e.g. purchase of guarantees of origin), the emission factor for the national "residual mix" was used for the "Market-based" approach. Sources used: Electricity (Location based) 0,33600 kgCO<sub>2</sub>/kWh (2018 BACKHOE), natural gas 2,02266 kgCO<sub>2</sub>eq/m<sup>3</sup> (DEFRA 2020), gas oil 2,54602 kgCO<sub>2</sub>eq/liters (DEFRA 2020).

### Water sampling (GRI 303-3)



According to the World Resources Institute in Washington<sup>5</sup>, the areas on which the plants insist are characterized by low water stress (indicator less than 2).

The waters coming from the dyeing and finishing production processes are conveyed into the industrial water network and sent to the consortium purifier managed by Acqua del Chiampo S.p.A. the authorization to discharge water issued by Acqua del Chiampo provides for maximum limits both for the quantity of water discharged and quality, i.e. the content of pollutants.

In recent years Pasubio has submitted several requests for increased volume of wastewater discharge for acquisition of shares from other companies. The acquisitions did not increase production so the changes were not substantial and did not require the issue of new AUA.

The discharge parameters are defined by the Chiampo water regulation. Depending on the dimensions acquired from time to time and the type of exhaust they are connected to (category B1 or B2), they can also be recalibrated upwards or further lowered. Other temporary variations may be fixed from time to time on the basis of specific problems of the Consortium itself.<sup>6</sup>

Among all the limit values to be observed, the most significant is COD (chemical oxygen demand). The COD parameter is mainly influenced by the activities in the bottals. The water discharges of the dyeing operation vary greatly from article to article: Different types of dyes, of variable chemical composition and which act

<sup>5</sup> For the identification of areas characterized by agricultural water stress and for the measurement of stress, reference was made to the interactive map Aqueduct Country Ranking of the World Resources Institute in Washington (<https://www.wri.org/applications/aqueduct/country-rankings/?country=ITA&indicator=bws>).

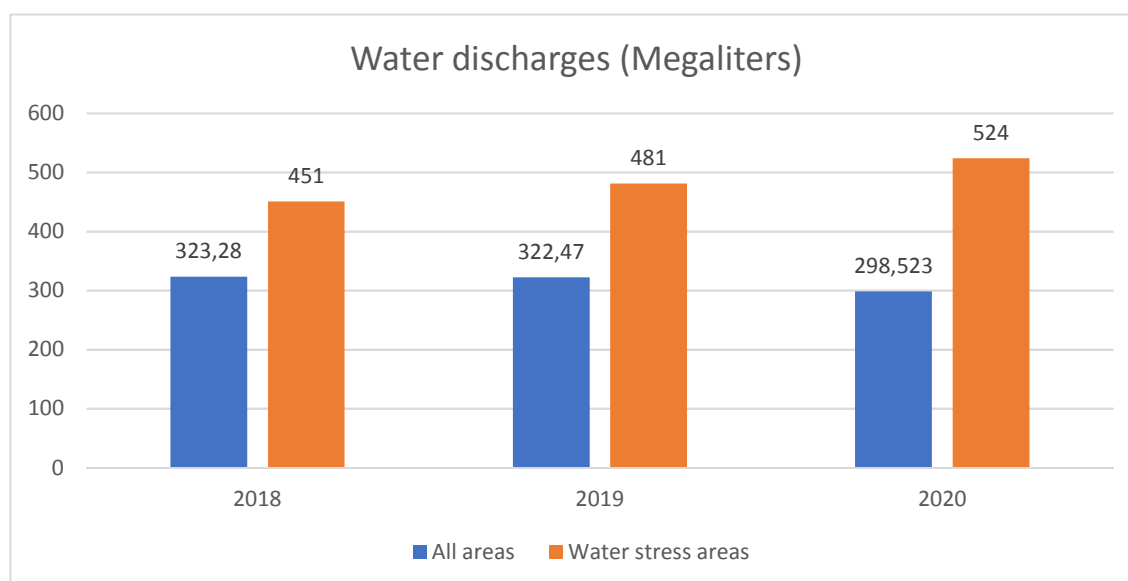
<sup>6</sup> For further details on the industrial wastewater treatment plant and its operation, as well as the various monitoring and control activities, please refer to the Business Procedure PO-007 "water waste Management".



at different pH are used. The COD values of water from fattening are mainly due to the contents of fatty organic material used as a greasing agent. Greasing agents are substances, which are difficult to water soluble and easily biodegradable: they have a simple chemical composition and can be easily attacked by microorganisms. To date, studies and trials have been started for the modification of the dyeing recipe, precisely to reduce the COD during the unloading phase. In addition, in December 2019, a COD analyzer was purchased and installed, able to monitor COD before being discharged to the consortium purifier.

The discharge parameters analyzed and the compliance with the limit values are available on the website of Acque del Chiampo.

#### *Water discharges (GRI 303-4)*



One of the challenges that Pasubio has been engaging in over the last few years is the recycling of process water (WRT). With this aim of reducing the consumption of resources, a feasibility study has been launched for the recovery of the wastewater from the company processes and, after its purification, to the reuse in the process.

This project consists of five phases, of which three phases have already been completed with encouraging results. During the current year, the possibility of building a pilot plant to test the recycling plant (called WRT) with industrial lots will be analyzed.

## **5.4 Waste management**

In order to ensure proper management of waste production and disposal, the Group has established a series of provisions and procedures to monitor and track the correct treatment of waste.

Pasubio fully embraces the principles of a circular economy, an economic system designed to reuse materials in subsequent production cycles, minimizing waste. The trimmings of the dyed/finished hides represent a

typical example of reuse of the waste material, in fact they are sold as secondary raw material and not as waste to artisans or small packaging industries.

The waste produced and collected in a differentiated way is managed according to the mandatory regulation through consolidated business procedures and, since 2019 through the monitoring and accounting instrument “**Prometeo**”.

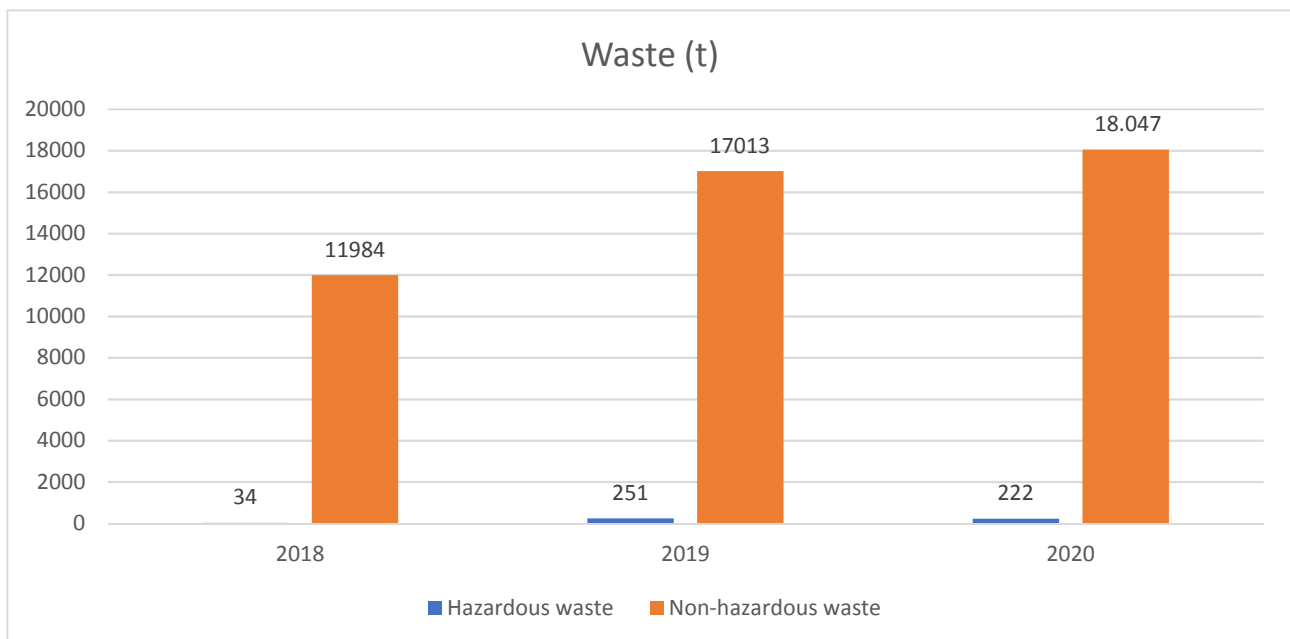
Hazardous waste produced in 2020:

- Packaging containing residues of dangerous substances or substances contaminated with such substances (CERs 150110), i.e. tanks, plastic drums and metal punches containing dangerous substances (finishing and dyeing departments).
- From the Zermeghedo site, expired laboratory chemicals (CER 160506) and plate culture media (CER 180103).

Non-hazardous waste produced in 2020:

- Tanned leather waste (waste, waste, cuttings, polishing powders) containing chromium (CER 040108), coming from all production departments;
- Waste paints and varnishes, other than those referred to in heading No 08 01 11 (ERC 080112), coming from finishing;
- Plastic packaging (CER 150102) mainly blue blanks containing chemical compounds;
- Wooden packaging (CER 150103), broken pallets and stands coming from all over the plant;
- Mixed-material packaging (CER 150106) from all departments;
- Absorbents, filtering materials, rags and protective clothing, other than those of heading No 15 02 02 (CER 150203) consisting mainly of filters, suction and cleaning equipment for dust air being finished;
- Iron and steel (CER 170405) demolition of obsolete shelving and machinery.

*Waste generated (GRI 306-1)*



The waste generated during 2019 and 2020 was a significant increase as several processing (shaving and dyeing) that were previously carried out by subcontractors were internalized during that year.

## 6. ATTENTION TO HUMAN CAPITAL

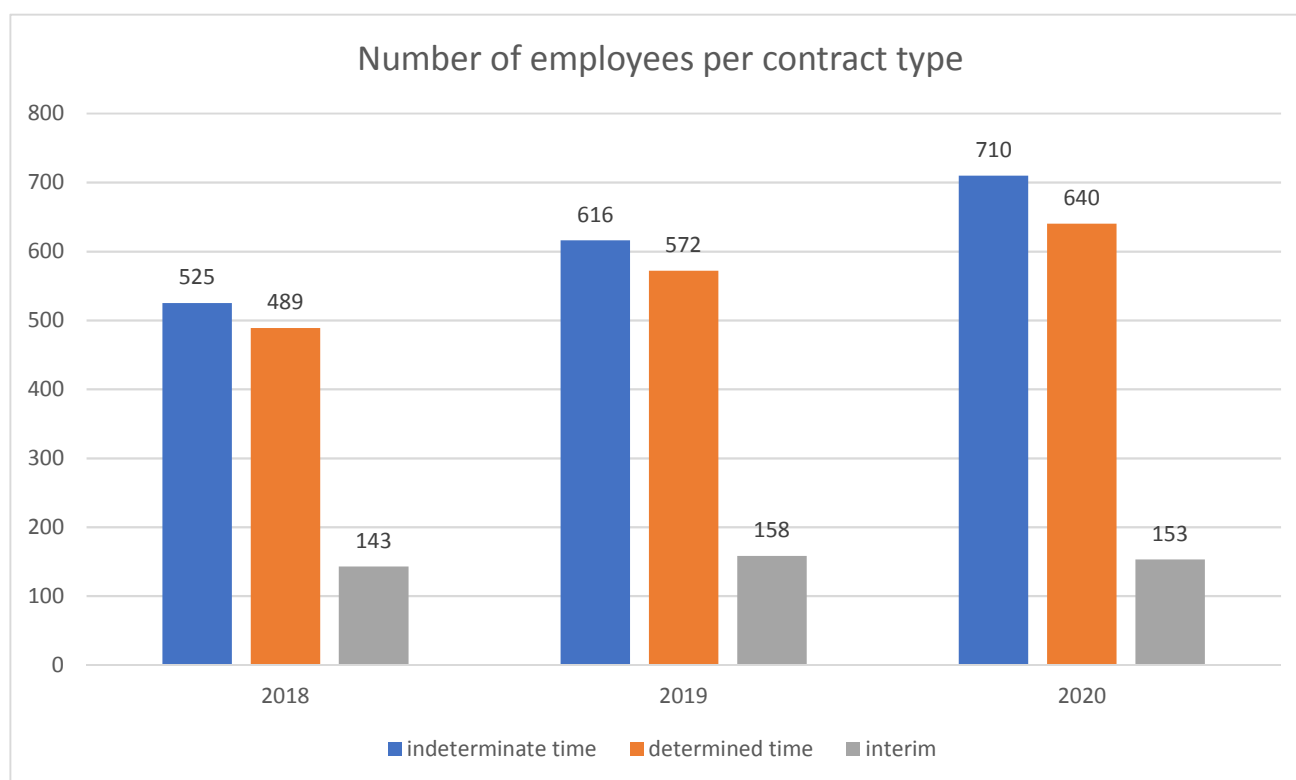
### 6.1 The Group's staff

Pasubio has always protected and promoted the value of its human resources, investing continuously on it to create a motivated team and a serene working atmosphere. This continuous investment of the Group results in a periodic commitment to the development of their professional skills and a particular attention to their well-being and personal sphere.

Pasubio considers its human capital essential to the pursuit of business objectives and is committed to avoiding discrimination of any kind and to ensuring equal opportunities for professional growth.

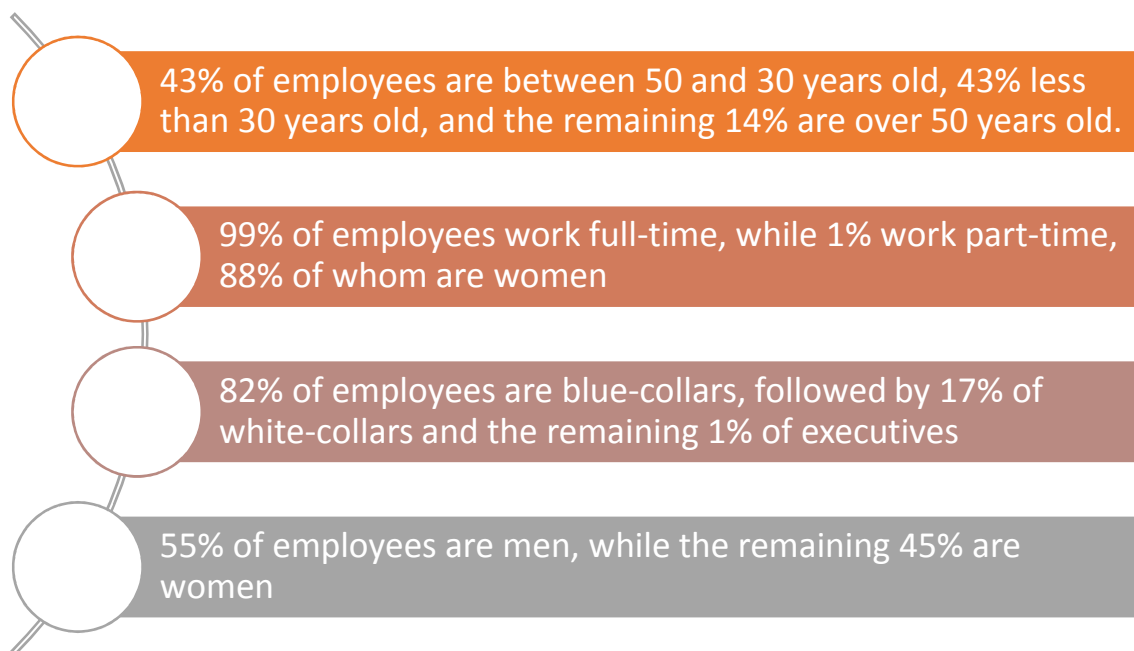
The Group has a workforce of 1503 people in 2020, consisting of 1350 employees and 153 external employees (employed, self-employed and internships), an increase on the 2019 workforce of 992 people (+36%).

*Information on employees and other workers (GRI 102-8)<sup>7</sup>*



<sup>7</sup> The total number of employees reported in the financial report and that reported in the Sustainability Report differ by 5 units: During the audit activities, Pasubio's contacts confirmed that the calculation reported in the second is correct in order to be in line with GRI Standards. The reasons for the deviation are linked to different reporting logic. The Group undertakes to align these values for the 2021 financial year.

The following are some data related to the additional characteristics of the Pasubio Group's staff as of December 31, 2020:



The National collective Labor Agreement for employees of tanning companies is applied to the staff of the whole Group, in line with the regulations of the country of the place of work.

Pasubio is committed to promoting the involvement of the local community in which it operates, in fact 100% of senior management at different locations is of the nationality of the place.

The Group encourages a company culture of continuous improvement, passion for its own work, recognition of the contribution of each and the pursuit of excellence. In order to achieve its objectives, Pasubio has taken on 630 new resources in 2020, with a turnover rate of 47%.

Pasubio adopts procedures and personnel management tools to ensure that each person is treated with respect and protected from any risk of unlawful conditioning, inconvenience or injury. In this regard, it is confirmed that the Group received no reports of discrimination during 2020.

The management of employment relationships recognizes equal opportunities for everyone, in the selection, recruitment and career development phases, where assessment are conducted based on defined and transparent protocols and oriented exclusively to the search for correspondence between expected and required profiles and on considerations of merit.

## 6.2 Education

### **SDG 4** QUALITY EDUCATION

*Pasubio strongly believes in promoting education and invests in education.*



The Pasubio Group aims to enhance and increase the skills and knowledge of each employee to ensure the effective achievement of the company's objectives also by organizing training and refresher courses.

The training requirements of human resources are evaluated annually by the Human Resources Department, in collaboration with the function Executives in order to ensure the technical, specialist and safety skills for all employees of the company.

Pasubio, in order to ensure the enhancement of the human capital of each employee, has adopted a Group strategy where training is constant and specific for each category of employees. For example, new hires are offered an introductory training that delivers all the information and training content they need to get to know the Pasubio world.

In 2020, a total of 25.167 hours of employees' education were provided, an increase of over 34% compared to the 18.848 in 2019. In fact, new non-mandatory courses were implemented in addition to those previously offered in e-learning, relating to the Lean six Sigma methodology, the GDPR Privacy regulation, the development of Soft Skills and the advanced use of various management programs used in the company. Finally, a course dedicated entirely to women's employees entitled "Women Leadership & Empowerment" was an important innovation for 2020, implemented with the aim of encouraging women's employees to pursue the desired career.

The main training subject include general and specific safety training, first aid, emergency and firefighting, use of the defibrillator, basic course for supervisors and correct use of PPE. All employees are educated and sensitized on issues relating to environmental aspects, both the real and potential, resulting from their activities.

## 6.3 Employees well-being

The well-being of employees has always been central to the Group, which is keen to improve the quality of life of its employees and collaborators in order to strengthen their sense of belonging to the company and attract new talent.

The initiative carried out by Pasubio in 2020 was to triple the production bonus to the employees of the Italian plants, namely those of Arzignano, Trissino, Zermeghedo and Almisano, for a total amount of EUR 350.000. This initiative is intended as a sign of confidence after the difficult period caused by the Covid-19 pandemic,



which was tackled with the right degree of caution, first by suspending activities and securing production, plants and orders, and then by resuming activities in accordance with all the required health protocols.

During a meeting with the trade unions and the RSUs, company representatives explained the mechanism of this award, under which everyone will be guaranteed a bonus and, in particular, will be rewarded for their diligent attendance at work. The compensation was distributed in the form of ticket restaurant and shopping vouchers, a particularly appreciated formula as it can be use immediately to purchase primary consumer goods and foodstuffs

#### **6.4 Non-discrimination and protection of human rights**

As mentioned in the Code of Ethics, the Group promotes respect and protection of the person in his/her moral, cultural, physical and professional integrity. The aim is to foster the growth of the professional knowledge of each employee and consequently increase the company's well-being within its workplace.

The Group promotes the integration among the different staff members and the professional development of each employee. To this end, it protects and promotes the spread of values such as meritocracy, loyalty, seriousness, dedication, and collaborative spirit.

Pasubio Group, through the continuous improvement of its professionalism and the involvement of staff at all levels, aims to achieve excellence in its sector.

The people and collaborators involved in the Group's activities constitute a strategic and precious resource. In fact, in order to encourage the growth of the professional asset of each employee and consequently increase the competitiveness and impact of the Group itself, the respect and protection of the person in his moral, cultural, physical and professional integrity is promoted internally.

During 2020, no episodes of discrimination were reported within the Pasubio Group.

#### **6.5 Occupational healt and safety**

The health and safety of workers are fundamental conditions on which to pay particular attention through prevention, technological development, training and continuous monitoring.

Pasubio carries out its activities aware of the maximum attention that must be paid to the health and safety in the workplace in relation to its own personnel and third parties, aiming to constantly improve their performance.

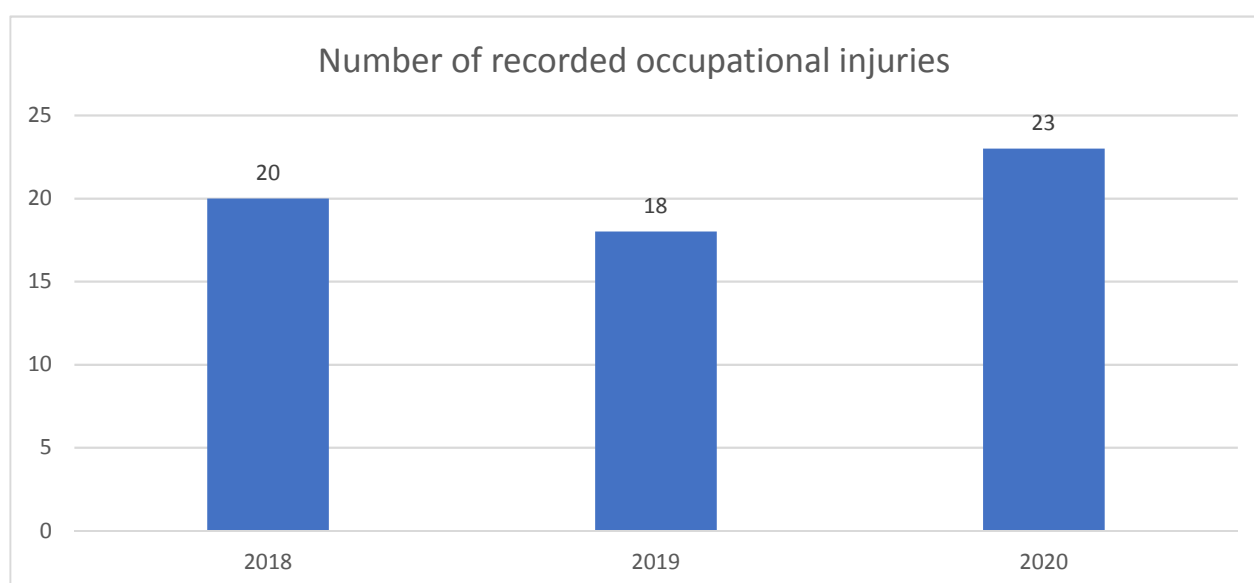
The Company has formally appointed the participants to the Health and Safety Committee (hereinafter "H&S"), a committee provided for by the SA8000 Standard, whose purpose is to promote the continuous improvement of workers' health and safety conditions, conduct periodic assessments of risks related to workers' health and safety, and promote appropriate preventive and corrective actions. The Committee consists of the Employer (or manager delegated by the Employer on H&S matters), the H&S Manager, the occupational doctor in charge of health surveillance and the employees safety representatives. The Committee meets formally once a year to discuss key H&S performance data and to identify any improvement actions, if necessary.

With regard to the elements of the health and safety management system, the Italian headquarters received ISO 45001 certification in 2020, while the Group plans to extend it to Zermeghedo in 2021 and to the other sites between 2022 (Italy) and 2023 (Serbia).

The company has put in place processes to learn from identified incidents and near misses/hazards, and a culture of continuous improvement. Sites have adopted a Health and Safety Data Collection System (DCS) where near misses and incidents are recorded and associated corrective actions are identified and closed as required.

As for 2020, there were 23 injuries, up from the 18 in 2019. During 2018, 2019 and 2020 there were no serious work-related injuries that resulted in serious or very serious injuries to personnel employed by the Company and no occupational disease were recorded on employees or former employees.

#### *Injuries at work (GRI 403-9)<sup>8</sup>*



The nature of the accidents that occurred in the workplace was mainly accidental and minor, and no injuries that occurred resulted in permanent injury to workers. All injuries to employee documented in the company's registry, in accordance with current regulations, including those less than 3 days' absence, are considered.

<sup>8</sup> Accidents involving external personnel are not included in the GRI 403-9 report.

<b>Rate of work-related injuries and deaths of employees (GRI 403-9)<sup>9</sup></b>			
<b><i>Number of deaths and accident rates</i></b>	<b><i>From 1 January to 31 December 2018</i></b>	<b><i>From 1 January to 31 December 2019</i></b>	<b><i>From 1 January to 31 December 2020</i></b>
Death rate due to accidents at work	0	0	0
Rate of serious accidents at work (excluding deaths)	0	0	0
Rate of accidents at work adjustable	3,13	2,35	1,93

In addition, it should be noted that in the tables the data relating to accidents do not include those relating to temporary workers.

Pasubio is committed to continually carry out initiatives aimed at increasing awareness in the field of prevention safety in the workplace. Therefore, specific training is carried out in order to make all employees aware of these issues.

The general training foreseen when hiring a new employee focuses on the risks connected with the tanning world, including chemical, machinery in use in the various departments, emergency plans, prohibitions and various indications. These hours are included in the total training hours presented in the paragraph above.

In 2020, in order to cope with the sudden spread of the recent Covid-19 pandemic, Pasubio has put in place all the policies aimed at containing the inevitable negative effects of the pandemic, limiting as much as possible movements inside the sites and restricting access to common areas. Pasubio has immediately applied stringent measures aimed at containing the spread of the pandemic, such as social distancing, the use of personal protective devices such as masks and gloves for both employees and outsiders, plexiglass separators between desks where deemed appropriate, constant sanitation of workplaces and smart working.

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<sup>9</sup> The accident rate was calculated as the ratio between the total number of injuries and the total hours worked, using a multiplication factor of 200.000.

## 7. INVOLVEMENT OF THE LOCAL COMMUNITY

Sustainability for Pasubio also embraces the aspect of relations with local communities. In fact, management strategies consider policies and practices that affect and regulate the impacts of operations at both economic and social levels

The objective is to adopt sustainable behaviors at all levels, in relation to all the realities with which the Group interacts. Toward the community, the commitment is aimed at promoting the local area, from an economic, employment and social point of view, and the rediscovery of the material culture of leather processing.

Pasubio, during 2020, donated 300,000 euros to the municipality of Arzignano, the same municipality in which it is based, in favour of the fellow citizens that Covid-19 put in the greatest difficulty. In fact, the fund was used to help the families of Arzignano who had to reduce their food expenditure due to the pandemic situation. The fund also targeted students by providing new digital tools to follow lessons at a distance.



## Appendix

### GRI STANDARDS NOTICE 102-8

Total number of employees and external collaborators by gender and geographical area									
Group Workforce	To 31 December 2018			To 31 December 2019			To 31 December 2020		
Gender	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total employees	406	361	767	428	406	834	747	603	1350
Total external collaborators	88	55	143	98	60	158	101	52	153
Conceria Pasubio S.p.A	365	358	723	387	402	789	426	391	817
Workers administered	88	55	143	98	60	158	101	52	153
Stage	0	0	0	0	0	0	0	0	0
Arzignanese S.r.l	41	3	44	41	4	45	39	4	43
Workers administered	0	0	0	0	0	0	0	0	0
Stage	0	0	0	0	0	0	0	0	0
GD Servicios Internacionales del Norte S. de R.L. (MEX)	-	-	-	-	-	-	282	208	490
Workers administered	-	-	-	-	-	-	0	0	0
Stage	-	-	-	-	-	-	0	0	0
Total workforce	494	416	910	526	466	992	848	655	1.503

Total number of employees and external collaborators by gender and geographical area									
Type of contract	To 31 December 2018			To 31 December 2019			To 31 December 2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Conceria Pasubio S.p.A.</b>	<b>365</b>	<b>358</b>	<b>723</b>	<b>387</b>	<b>402</b>	<b>789</b>	<b>426</b>	<b>391</b>	<b>817</b>
Indefinitely	269	212	481	310	261	571	375	293	668
A fixed time	96	146	242	77	141	218	51	98	149
<b>Arzignanese S.r.l</b>	<b>41</b>	<b>3</b>	<b>44</b>	<b>41</b>	<b>4</b>	<b>45</b>	<b>39</b>	<b>4</b>	<b>43</b>
Indefinitely	41	3	44	41	4	45	38	4	42
A fixed time	0	0	0	0	0	0	1	0	1
<b>GD Servicios Internacionales del Norte S. de R.L. (MEX)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>282</b>	<b>208</b>	<b>490</b>
Indefinitely	-	-	-	-	-	-	0	0	0
A fixed time	-	-	-	-	-	-	282	208	490
<b>Total</b>	<b>406</b>	<b>361</b>	<b>767</b>	<b>428</b>	<b>406</b>	<b>834</b>	<b>747</b>	<b>603</b>	<b>1.350</b>

Total number of employees and external collaborators by gender and geographical area									
Full time/ part-time	To 31 December 2018			To 31 December 2019			To 31 December 2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Conceria Pasubio S.p.A.</b>	<b>365</b>	<b>358</b>	<b>723</b>	<b>387</b>	<b>402</b>	<b>789</b>	<b>426</b>	<b>391</b>	<b>817</b>
Full-time	359	351	710	381	395	776	425	377	802
Part-time	6	7	13	6	7	13	1	14	15
<b>Arzignanese S.r.l</b>	<b>41</b>	<b>3</b>	<b>44</b>	<b>41</b>	<b>4</b>	<b>45</b>	<b>39</b>	<b>4</b>	<b>43</b>
Full-time	40	2	42	40	3	43	38	3	41
Part-time	1	1	2	1	1	2	1	1	2



<b>GD Servicios Internacionales del Norte S. de R.L. (MEX)</b>	-	-	-	-	-	-	282	208	490
Full-time	-	-	-	-	-	-	282	208	490
Part-time	-	-	-	-	-	-	0	0	0
<b>Total</b>	<b>406</b>	<b>361</b>	<b>767</b>	<b>428</b>	<b>406</b>	<b>834</b>	<b>747</b>	<b>603</b>	<b>1350</b>

**GRI STANDARDS NOTICE 401-1**

Total number of incoming employees by gender, age group and geographical area												
Employee s (years)	To 31 December 2018				To 31 December 2019				To 31 December 2020			
	< 30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
<b>Conceria Pasubio S.p.A.</b>	145	193	29	367	80	92	7	179	83	85	10	178
Men	84	83	16	183	38	45	2	85	48	31	8	87
Women	61	110	13	184	42	47	5	94	35	54	2	91
<b>Arzignanese S.r.l</b>	1	3	3	7	0	2	1	3	0	0	0	0
Men	0	3	2	5	0	2	1	3	0	0	0	0
Women	1	0	1	2	0	0	0	0	0	0	0	0
<b>GD Servicios Internacionales del Norte S. de R.L. (MEX)</b>	-	-	-	-	-	-	-	-	306	89	9	404
Men	-	-	-	-	-	-	-	-	236	57	7	300
Women	-	-	-	-	-	-	-	-	70	32	2	104

<b>Total</b>	<b>146</b>	<b>196</b>	<b>32</b>	<b>374</b>	<b>80</b>	<b>94</b>	<b>8</b>	<b>182</b>	<b>389</b>	<b>174</b>	<b>19</b>	<b>582</b>
Men	84	86	18	188	38	47	3	88	284	88	15	387
Women	62	110	14	186	42	47	5	94	105	86	4	195

Number of outbound employees by gender, age group, and geographical area												
Employee s (years)	To 31 December 2018				To 31 December 2019				To 31 December 2020			
	< 30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
<b>Conceria Pasubio S.p.A.</b>	<b>11</b>	<b>16</b>	<b>1</b>	<b>28</b>	<b>42</b>	<b>57</b>	<b>10</b>	<b>109</b>	<b>64</b>	<b>68</b>	<b>18</b>	<b>150</b>
Men	3	7	1	11	19	23	6	48	36	21	10	67
Women	8	9	0	17	23	34	4	61	28	47	8	83
<b>Arzignan ese S.r.l</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>
Men	1	2	1	4	0	2	0	2	0	0	2	2
Women	0	0	2	2	0	0	0	0	0	0	0	0
<b>GD Servi cios Internaci onales d el Norte S. de R.L. (MEX)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>198</b>	<b>62</b>	<b>8</b>	<b>268</b>
Men	-	-	-	-	-	-	-	-	116	28	5	149
Women	-	-	-	-	-	-	-	-	82	34	3	119
<b>Total</b>	<b>12</b>	<b>18</b>	<b>4</b>	<b>34</b>	<b>42</b>	<b>59</b>	<b>10</b>	<b>111</b>	<b>262</b>	<b>130</b>	<b>28</b>	<b>420</b>
Men	4	9	2	15	19	25	6	50	152	49	17	218
Women	8	9	2	19	23	34	4	61	110	81	11	202

**Outbound employee rate by gender, age group, and geographic area**

Employee s (years)	To 31 December 2018				To 31 December 2019				To 31 December 2020			
	< 30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
<b>Conceria Pasubio S.p.A.</b>	4%	4%	1%	4%	13%	15%	12%	14%	26%	16%	12%	150
Men	2%	4%	3%	3%	12%	13%	13%	12%	27%	11%	10%	67
Women	6%	5%	0%	5%	14%	17%	11%	15%	25%	21%	16%	83
<b>Arzignan ese S.r.l</b>	100%	7%	19%	14%	0%	8%	0%	4%	0%	0%	11%	2
Men	-	8%	6%	10%	-	9%	0%	5%	-	0%	11%	2
Women	0%	0%	-	50%	0%	0%	-	0%	0%	0%	-	0
<b>GD Servi cios Internaci onales d el Norte S. de R.L. (MEX)</b>	-	-	-	-	-	-	-	-	59%	48%	32%	268
Men	-	-	-	-	-	-	-	-	56%	46%	33%	149
Women	-	-	-	-	-	-	-	-	63%	51%	30%	119
<b>Total</b>	4%	5%	5%	4%	13%	14%	10%	13%	45%	23%	15%	420
Men	3%	5%	4%	4%	12%	12%	9%	12%	45%	18%	13%	218

Women	6%	5%	6%	5%	14%	16%	11%	15%	45%	27%	18%	202
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Rate of incoming employees by gender, age group and geographical area												
Employee s (years)	To 31 December 2018				To 31 December 2019				To 31 December 2020			
	< 30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
<b>Conceria Pasubio S.p.A.</b>	50%	53%	42%	51%	25%	24%	8%	23%	34%	20%	7%	9%
Men	54%	48%	43%	50%	23%	25%	4%	22%	36%	16%	8%	10%
Women	46%	57%	41%	51%	26%	23%	14%	23%	31%	24%	4%	6%
<b>Arzignanes S.r.l.</b>	100%	11%	19%	16%	0%	8%	6%	7%	0%	0%	0%	0%
Men	-	13%	13%	13%	-	9%	6%	7%	-	0%	0%	0%
Women	100%	0%	-	50%	0%	0%	-	0%	0%	0%	-	0%
<b>GD Servicios Internacionales del Norte S. de R.L. (MEX)</b>	-	-	-	-	-	-	-	-	91%	70%	36%	82%
Men	-	-	-	-	-	-	-	-	115%	93%	47%	106%
Women	-	-	-	-	-	-	-	-	53%	48%	20%	50%

<b>Total</b>	<b>50</b> %	<b>50%</b>	<b>38</b> %	<b>49</b> %	<b>25%</b>	<b>23%</b>	<b>8%</b>	<b>22%</b>	<b>67</b> %	<b>30%</b>	<b>10</b> %	<b>43%</b>
Men	54 %	44%	34 %	46 %	23%	23%	5%	21%	84 %	32%	11 %	52%
Women	46 %	56%	44 %	51 %	26%	22%	14 %	23%	43 %	29%	7%	32%

#### GRI STANDARDS NOTICE 403-9

Number of work-related injuries and deaths of employees			
Number of accidents	From 1 January to 31 December 2018	From 1 January to 31 December 2019	From 1 January to 31 December 2020
Total number of deaths due to accidents at work	0	0	0
Total number of serious accidents at work (excluding deaths) <sup>10</sup>	0	0	0
Total number of accidents that can be recorded at work	20	18	23

<sup>10</sup> Accidents at work that have led to damage from which the worker cannot recover, resume or it is unrealistic to expect to recover completely back to the state of health prior to the accident within 6 months.

Rate of injuries and deaths of employees at work <sup>11</sup>			
Number of deaths and accident rates	From 1 January to 31 December 2018	From 1 January to 31 December 2019	From 1 January to 31 December 2020
Death rate due to accidents at work	0	0	0
Rate of serious accidents at work (excluding deaths)	0	0	0
Rate of accidents at work adjustable	3,13	2,22	1,93

Hours worked by employees			
Number of deaths and accident rates	From 1 January to 31 December 2018	From 1 January to 31 December 2019	From 1 January to 31 December 2020
Total hours worked	1.277.145	1.531.298	2.378.924

#### GRI STANDARDS NOTICE 404-1

Average annual training hours per employee			
Professional categories	From 1 January to 31 December 2018		
	NO. average hours men	NO. average hours women	Total average hours
Executives	0,74	0,43	0,65
Middle-Manager	2,11	0,93	1,70
Employees	1,50	4,94	2,73
Workers	32,40	43,34	37,85

<sup>11</sup> The accident rate was calculated as the ratio between the total number of injuries and the total hours worked, using a multiplication factor of 200.000.



<b>Total</b>	<b>25,63</b>	<b>38,10</b>	<b>31,51</b>
	<b>From 1 January to 31 December 2019</b>		
<b>Professional categories</b>	<b>NO. average hours men</b>	<b>NO. average hours women</b>	<b>Total average hours</b>
Executives	9,97	2,87	7,84
Middle-Manager	9,47	1,51	6,65
Employees	7,47	13,48	9,79
Workers	25,13	26,46	25,81
<b>Total</b>	<b>21,14</b>	<b>24,14</b>	<b>22,60</b>
	<b>From 1 January to 31 December 2020</b>		
<b>Professional categories</b>	<b>NO. average hours men</b>	<b>NO. average hours women</b>	<b>Total average hours</b>
Executives	27,89	82,90	33,39
Middle-Manager	19,57	34,16	23,32
Employees	19,13	15,83	17,58
Workers	13,18	25,08	18,55
<b>Total</b>	<b>14,42</b>	<b>23,87</b>	<b>18,64</b>

**GRI STANDARDS NOTICE 405-1**

<b>Total number of employees by job category, age group and gender</b>							
<b>Professional categories</b>	<b>To December 31 , 2018</b>						
	<b>&lt;30 years</b>		<b>30-50 years</b>		<b>&gt;50 years</b>		<b>Total</b>
	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	
Executives	3	1	3	1	1	1	10
Middle-Manager	6	2	11	7	2	1	29

Employees	28	16	29	17	6	2	98
Workers	119	116	153	170	44	28	630
<b>Total</b>	<b>156</b>	<b>135</b>	<b>196</b>	<b>195</b>	<b>53</b>	<b>32</b>	<b>767</b>
<b>Professional categories</b>	<b>To December 31, 2019</b>						
	<b>&lt;30 years</b>		<b>30-50 years</b>		<b>&gt;50 years</b>		<b>Total</b>
	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	
Executives	2	1	3	1	2	1	10
Middle-Manager	7	1	11	7	2	3	31
Employees	29	19	36	25	8	2	119
Workers	124	139	151	176	53	31	674
<b>Total</b>	<b>162</b>	<b>160</b>	<b>201</b>	<b>209</b>	<b>65</b>	<b>37</b>	<b>834</b>
<b>Professional categories</b>	<b>To December 31, 2020</b>						
	<b>&lt;30 years</b>		<b>30-50 years</b>		<b>&gt;50 years</b>		<b>Total</b>
	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	
Executives	0	0	3	0	6	1	10
Middle-Manager	1	2	21	6	7	1	38
Employees	39	24	49	60	14	10	196
Workers	298	219	204	231	105	49	1.106
<b>Total</b>	<b>338</b>	<b>245</b>	<b>277</b>	<b>297</b>	<b>132</b>	<b>61</b>	<b>1350</b>

Percentage of employees by job category, age group and gender							
Professional categories	To December 31 , 2018						
	<30 years		30-50 years		>50 years		Total
	Men	Women	Men	Women	Men	Women	
Executives	0,4%	0,1%	0,4%	0,1%	0,1%	0,1%	1,3%
Middle-Manager	0,8%	0,3%	1,4%	0,9%	0,3%	0,1%	3,8%
Employees	3,7%	2,1%	3,8%	2,2%	0,8%	0,3%	12,8%
Workers	15,5%	15,1%	19,9%	22,2%	5,7%	3,7%	82,1%
<b>Total</b>	<b>20,3%</b>	<b>17,6%</b>	<b>25,6%</b>	<b>25,4%</b>	<b>6,9%</b>	<b>4,2%</b>	<b>100%</b>
Professional categories	To December 31, 2019						
	<30 years		30-50 years		>50 years		Total
	Men	Women	Men	Women	Men	Women	
Executives	0,2%	0,1%	0,4%	0,1%	0,2%	0,1%	1,2%
Middle-Manager	0,8%	0,1%	1,3%	0,8%	0,2%	0,4%	3,7%
Employees	3,5%	2,3%	4,3%	3,0%	1,0%	0,2%	14,3%
Workers	14,9%	16,7%	18,1%	21,1%	6,4%	3,7%	80,8%
<b>Total</b>	<b>19,4%</b>	<b>19,2%</b>	<b>24,1%</b>	<b>25,1%</b>	<b>7,8%</b>	<b>4,4%</b>	<b>100%</b>
Professional categories	To December 31, 2020						
	<30 years		30-50 years		>50 years		Total
	Men	Women	Men	Women	Men	Women	
Executives	0,0%	0,0%	0,2%	0,0%	0,4%	0,1%	0,7%
Middle-Manager	0,1%	0,1%	1,6%	0,4%	0,5%	0,1%	4,6%
Employees	2,9%	1,8%	3,6%	4,4%	1,0%	0,7%	14,5%

Workers	22,1%	16,2%	15,1%	17,1%	7,8%	3,6%	81,9%
<b>Total</b>	<b>25,0%</b>	<b>18,1%</b>	<b>20,5%</b>	<b>22,0%</b>	<b>9,8%</b>	<b>4,5%</b>	<b>100,0%</b>

Employees belonging to protected categories 2018			
Numberof pendants	Male	Female	Total
Executives	0	0	0
Middle-Manager	0	0	0
Employees	0	1	1
Workers	7	7	14
Total	7	8	15

Employees belonging to protected categories 2019			
Numberof pendants	Male	Female	Total
Executives	0	0	0
Middle-Manager	0	0	0
Employees	0	1	1
Workers	8	6	14
Total	8	7	15

Employees belonging to protected categories 2020			
Numberof pendants	Male	Female	Total
Executives	0	0	0
Middle-Manager	0	0	0
Employees	0	0	0

Workers	5	5	10
Total	5	5	10

**GRI STANDARDS NOTICE 302-1**

Energy consumption within the Organization (in GJ) <sup>12</sup>			
Energy consumption	From 1 January to 31 December 2018	From 1 January to 31 December 2019	From 1 January to 31 December 2020
Energy vectors	84.674	83.452	83.479
Natural gas	84.674	83.452	73.427
Diesel fuel	-	-	10.053
Electricity purchased from the grid	41.968	44.189	52.106
of which from renewable sources	1.501	2.389	3.703
of which not renewable	40.467	41.800	48.403
Car fleet fuel	1.258	1.331	2.047
Diesel fuel	1.223	1.293	2.026
Petrol	35	38	21
<b>Total energy consumption</b>	<b>127.900</b>	<b>128.972</b>	<b>137.632</b>

<sup>12</sup> Sources used: Energy consumption is reported in GJ according to GRI. For the conversion of energy consumption into Gj the following conversion factors were used: PCI natural gas methane 0,03576 GJ/smc; PCI diesel fuel 0,0358 GJ/L, electric energy 0,0036 GJ/kWh; diesel fuel 0,0358 GJ/L (Source: DEFRA).

**GRI STANDARDS NOTICE 303-3**

Water withdrawal per source (MI)			
Place of withdrawal	From 1 January to 31 December 2018	From 1 January to 31 December 2019	From 1 January to 31 December 2020
<b>Source</b>	<i>Fresh water</i>	<i>Fresh water</i>	<i>Fresh water</i>
Groundwater (all areas)	323,19	319,67	299,27
Groundwater (water stress)	457,42	538,19	574,72
<b>Total</b>	<b>780,61</b>	<b>857,86</b>	<b>873,99</b>

**GRI STANDARDS NOTICE 303-4**

Water discharges per source (MI)			
Discharge destination	From 1 January to 31 December 2018	From 1 January to 31 December 2019	From 1 January to 31 December 2020
<b>Source</b>	<i>Other types of water</i>	<i>Other types of water</i>	<i>Other types of water</i>
Third-party water resources (all areas)	323,27	322,47	298,52
Third-party water resources (areas with water stress)	451	481	524,47
<b>Total</b>	<b>774,27</b>	<b>803,47</b>	<b>822,99</b>

**GRI STANDARDS NOTICE 305-1,305-2<sup>13</sup>**

Direct and indirect greenhouse gas emissions caused by the Organization's activities				
Type of consumption	Unit of measure	From 1 January to 31 December 2018	From 1 January to 31 December 2019	From 1 January to 31 December 2020
Scope 1	TCO <sub>2</sub> eq	4.952,47	4.882,66	5.010,79
Scope 2 - Location based	TCO <sub>2</sub>	149,65	238,26	345,63
Scope 2 – Market based	TCO <sub>2</sub> eq	200,08	323,21	479,36
Total scope 1 and scope 2 (Location based)	TCO <sub>2</sub> eq	5.102,11	5.120,92	5.356,42
Total scope 1 and scope 2 (Market based)	TCO <sub>2</sub> eq	5.152,55	5.205,87	5.490,15

**GRI STANDARDS NOTICE 306-2**

Waste generated during the year (Ton)			
Type of refusal	From 1 January to 31 December 2018	From 1 January to 31 December 2019	From 1 January to 31 December 2020
Hazardous waste	34	251	222
Non-hazardous waste	11.984	17.013	8.930
<b>Total</b>	<b>12.019</b>	<b>17.264</b>	<b>9.152</b>

<sup>13</sup> The reporting standard used (GRI Sustainability Reporting Standards 2016) provides two different approaches to calculating the objective 2 emissions: "Location-based" and "Market-based". The "Location-based" approach involves the use of average emission factors for the specific national energy mix of electricity generation. The "Market-based" approach involves the use of emission factors defined on a contractual basis with the electricity supplier. In the absence of specific contractual agreements between the Organization and the electricity supplier (e.g. purchase of guarantees of origin), the emission factor for the national "residual mix" was used for the "Market-based" approach. Sources used: Electricity (Location based) 0,33600 kgCO<sub>2</sub>/kWh (2018 BACKHOE), natural gas 2,02266 kgCO<sub>2</sub>eq/m<sup>3</sup> (DEFRA 2020), gas oil 2,54602 kgCO<sub>2</sub>eq/liters (DEFRA 2020).



## Scope of material topics

Themematerials tiche	Standard GRI	Boundary of impact	Type of impact
<b>Compliance, Ethics and Business Integrity</b>	Anti-Corruption (GRI 205); Anti-competitive behavior (GRI 206); Environmental Compliance (GRI 307); socio-economic Compliance (GRI 419);	Pasubio Group	Caused by the Group
<b>Indirect impacts on the territory and value creation</b>	Market presence (GRI 202)	Pasubio Group	Caused by the Group
<b>Appropriate and timely emergency management</b>	N/A.	Pasubio Group	Caused by both the Group and external causes
<b>Management of energy consumption and emissions in the atmosphere</b>	Energy (GRI 302); emissions (GRI 305)	Pasubio Group and electricity suppliers	Caused by the Group and directly connected through a relationship business
<b>Responsible management of waste, chemicals and water discharges</b>	Waste (GRI 306); water and drains (GRI 303)	Pasubio Group	Caused by the Group
<b>Efficient water management</b>	Water and drains (GRI 303)	Pasubio Group	Caused by the Group
<b>Management, training and professional development of employees</b>	Employment (GRI 401); Training (GRI 404)	Pasubio Group	Caused by the Group
<b>Health and safety at work</b>	Health and safety at work (GRI 403)	Pasubio Group	Caused by the Group and directly connected through a relationship business

<b>Respect for human rights and working conditions</b>	Non-discrimination (GRI 406); Human Rights Assessment (GRI 412)	Pasubio Group	Caused by the Group
<b>Promotion of diversity and equal opportunities</b>	Diversity and equal opportunities (GRI 405)	Pasubio Group	Caused by the Group
<b>Sustainable product design, innovation and technology</b>	Materials (GRI 301)	Pasubio Group	Caused by the Group
<b>Customer satisfaction, quality and safety of the product</b>	Customer Health and Safety (GRI 416); Customer Privacy (GRI 418)	Pasubio Group	Caused by the Group
<b>Responsible and sustainable supply chain management &amp; Animal Welfare</b>	Market presence (GRI 202); Environmental Supplier Assessment (GRI 308); Social Supplier Assessment (GRI 414)	Pasubio Group	Caused by the Group and directly connected through a relationship business
<b>Local community involvement and promotion of local initiatives</b>	N/A.	Pasubio Group	Caused by the Group

## Standard GRI Content Index

GRI Standard	Informative	Page number/notes	Omission
<b>GRI 102 – General Information (2016)</b>			
<b>PROFILE OF THE ORGANIZATION</b>			
<i>Organizational profile</i>			
102-1	Name of the organization	4	
102-2	Activities, brands, products and services	6, 10	

GRI Standard	Informative	Page number/notes	Omission
102-3	Location of headquarters	6-7, 10-11	
102-4	Location of operations	10-11	
102-5	Ownership and legal form	12	
102-6	Markets served	10	
102-7	Scale of the organization	6	
102-8	Information on employees and other workers	45-47	
102-9	Supply chain	26-29	
102-10	Significant changes to the organization and its supply chain	4	
102-11	Precautionary Principle or approach	14	
102-12	External initiatives	29	
102-13	Membership of associations	10, 29	
<i>Strategy</i>			
102-14	Statement from senior decision-maker	3	
<i>Ethics and Integrity</i>			
102-16	Values, principles, standards and rules of conduct	14	
<i>Governance</i>			
102-18	Governance Structure	12-13	
<i>Stakeholder involvement</i>			
102-40	List of stakeholder groups	16-19	
102-41	Collective bargaining agreements	39	

GRI Standard	Informative	Page number/notes	Omission
102-42	Identifying and selecting stakeholders	16-19	
102-43	Approach to stakeholder engagement	16-19	
102-44	Key topics and concerns raised	16-19	
<i>Reporting practices</i>			
102-45	Entities included in the consolidated financial statements	4	
102-46	Defining report content and topic Boundaries	4	
102-47	List of material themes	20	
102-48	Restatements of information	This document is the first Sustainability Report of the Group	
102-49	Changes in reporting	No change in reporting as it is the first Sustainability Report of the Group	
102-50	Reporting period	4	
102-51	Date of most recent report	This document is the first Sustainability Report of the Group	
102-52	Reporting cycle	4	
102-53	Contact point for questions regarding the report	4	
102-54	Claims of reporting in accordance with the GRI Standards	4	
102-55	GRI content index	62-75	

GRI Standard	Informative	Page number/notes	Omission
<b>TOPIC-SPECIFIC STANDARDS</b>			
<b>GRI 200 – ECONOMIC TOPICS (2016)</b>			
<i>Topic: Market presence</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundaries	19-20	
103-2	The management approach and its components	39	
103-3	Evaluation of the management approach	39	
<i>GRI-202: Market presence (2016)</i>			
202-2	Proportion of senior management hired from the local community	39	
<i>Topic: Procurement practices</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundaries	19-20	
103-2	The management approach and its components	26-29	
103-3	Evaluation of the management approach	26-29	
GRI 204: Procurement practices (2016)			
204-1	Proportion of spending on local suppliers	27-28	
<i>Topic: Anti-corruption</i>			

GRI Standard	Informative	Page number/notes	Omission
GRI-103: Management procedures (2016)			
103-1	Explanation of the material topic and its Boundaries	19-20	
103-2	The management approach and its components	14	
103-3	Evaluation of the management approach	14	
GRI 205: Anticorruption (2016)			
205-3	Confirmed incidents of corruption and actions taken	There were no confirmed cases of corruption during 2020.	
<i>Topic: Anti competitive behaviors</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundaries	19-20	
103-2	The management approach and its components	14	
103-3	Evaluation of the management approach	14	
GRI 206: Anti-competitive behavior (2016)			
206-1	Legal actions for anti-competitive behavior, antitrust and monopoly practices	There were no legal actions for anti-competitive behaviour, antitrust and monopolistic practices during 2020	
<b>300 – ENVIRONMENTAL SERIES (2016)</b>			

GRI Standard	Informative	Page number/notes	Omission
<i>Topic: Materials</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundaries	19-20	
103-2	The management approach and its components	22-27	
103-3	Evaluation of the management approach	22-27	
GRI 301: Materials (2016)			
301-1	Materials used by weight or volume	27	
<i>Topic: Energy</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundaries	19-20	
103-2	The management approach and its components	30-33	
103-3	Evaluation of the management approach	30-33	
GRI 302: Energy (2016)			
302-1	Energy consumption within the organization	57	
<i>Topic: Water</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundaries	19-20	

GRI Standard	Informative	Page number/notes	Omission
103-2	The management approach and its components	33-35	
103-3	Evaluation of the management approach	33-35	
GRI-303: Management approach (2018)			
303-1	Interaction with water as a shared resource	33-35	
303-2	Management of water discharge-related impacts	33-35	
GRI 303: Water (2018)			
303-3	Water collection	58	
303-4	Water drain	58	
<i>Topic: Emissions</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundaries	19-20	
103-2	The management approach and its components	30-33	
103-3	Evaluation of the management approach	30-33	
GRI 305: Emissions (2016)			
305-1	Direct (scope 1) GHG emissions	59	
305-2	Energy Indirect (scope 2) GHG emissions	59	
<i>Topic: Waste</i>			



GRI Standard	Informative	Page number/notes	Omission
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundaries	19-20	
103-2	The management approach and its components	35-37	
103-3	Evaluation of the management approach	35-37	
GRI 306: Waste (2020)			
306-3	Waste generated	59	
<i>Topic: Environmental Compliance</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundaries	19-20	
103-2	The management approach and its components	14, 30	
103-3	Evaluation of the management approach	14, 30	
GRI 307 : Environmental compliance (2016)			
307-1	Non-compliance with environmental laws and regulations	No fines or non-monetary sanctions were recorded in 2020 for non-compliance with environmental laws and regulations.	
<i>Topic: Environmental assessment of suppliers</i>			
GRI-103: Management approach (2016)			

GRI Standard	Informative	Page number/notes	Omission
103-1	Explanation of the material topic and its Boundaries	19-20	
103-2	The management approach and its components	21, 26-29	
103-3	Evaluation of the management approach	21, 26-29	
GRI 308: Environmental assessment of suppliers (2016)			
308-1	New suppliers that were screened using environmental criteria	21, 26-29	
<b>400 – SOCIAL SERIES (2016)</b>			
<i>Topic: Employment</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundaries	19-20	
103-2	The management approach and its components	38-41	
103-3	Evaluation of the management approach	38-41	
GRI 401: Employment (2016)			
401-1	New hires and turnover	47-51	
<i>Topic: Occupational Health and safety</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundaries	19-20	

GRI Standard	Informative	Page number/notes	Omission
103-2	The management approach and its components	41-44	
103-3	Evaluation of the management approach	41-44	
GRI 403: <i>Occupational Health and safety</i> (2018)			
403-1	Occupational health and safety management system	41-44	
403-2	Hazards identification, risk assessment and incident investigations	41-44	
403-3	Occupational health services	41-44	
403-4	Worker participation, consultation, and communication on occupational health and safety	41-44	
403-5	Worker training on occupational health and safety	41-44	
403-6	Promotion of workers' health	41-44	
403-7	Prevention and mitigation of occupational health and safety impacts linked by business relationship	41-44	
403-9	Work-related injuries	51-52	The indicator is compliant with the reference standard requirement a.
<i>Topic: Education</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundaries	19-20	

GRI Standard	Informative	Page number/notes	Omission
103-2	The management approach and its components	40	
103-3	Evaluation of the management approach	40	
GRI 404: Training and education (2016)			
404-1	Average hours of training per year per employee	52-53	
<i>Topic: Diversity and equal opportunity</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundaries	19-20	
103-2	The management approach and its components	12-13, 39	
103-3	Evaluation of the management approach	12-13, 39	
GRI 405: <i>Diversity and equal opportunities</i> (2016)			
405-1	Diversity of governance bodies and employees	12-13, 54-57	
<i>Topic: Non discrimination</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundaries	19-20	
103-2	The management approach and its components	41	
103-3	Evaluation of the management approach	41	

GRI Standard	Informative	Page number/notes	Omission
GRI 406: <i>Non-discrimination (2016)</i>			
406-1	Incidents of discrimination and corrective actions taken	No incidents of discrimination were recorded during 2020.	
<i>Topic: Human rights assessment</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundaries	19-20	
103-2	The management approach and its components	41	
103-3	Evaluation of the management approach	41	
GRI 412: Human Rights Assessment (2016)			
412-2	Employee training on human rights policies or procedures	During 2020, no specific training was carried out on the subject of human rights	
<i>Topic: Customer Health and Safety</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundaries	19-20	
103-2	The management approach and its components	22	
103-3	Evaluation of the management approach	22	
GRI 416: Customer Health and Safety (2016)			

GRI Standard	Informative	Page number/notes	Omission
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There were no cases of non-compliance with regard to impacts on health and safety of products and services during 2020.	
<i>Topic: Customer Privacy</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundaries	19-20	
103-2	The management approach and its components	14	
103-3	Evaluation of the management approach	14	
<i>GRI 418: Customer Privacy (2016)</i>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no cases during 2020 complaints arising from customer privacy violations	
<i>Topic: Socio-economic compliance</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its Boundaries	19-20	
103-2	The management approach and its components	14	
103-3	Evaluation of the management approach	14	

GRI Standard	Informative	Page number/notes	Omission
GRI 419: Socioeconomic compliance (2016)			
419-1	Non - compliance with laws and regulations in the social and economic area	During 2020, there were no cases of complaints arising from breaches of customer privacy	
<i>Topic: Involvement of the local community and promotion of initiatives on the territory</i>			
GRI-103: Management approach			
103-1	Explanation of the material topic and its Boundaries	19-20	
103-2	The management approach and its components	44	
103-3	Evaluation of the management approach	44	
<i>Topic: Appropriate and timely management of emergencies</i>			
GRI-103: Management approach			
103-1	Explanation of the material topic and its Boundaries	19-20	
103-2	The management approach and its components	5	
103-3	Evaluation of the management approach	5	

## INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

To the Board of Directors of  
Conceria Pasubio S.p.A.

We were commissioned to carry out a limited examination ("*limited assurance engagement*") of the Sustainability Report of Conceria Pasubio Group (hereinafter "the Group") for the financial year ended 31 December 2020.

### Responsibility of the Directors for the Sustainability Report

The Directors of Conceria Pasubio Group are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI – Global Reporting Initiative ("GRI Standards"), as stated in the paragraph "Methodological note" of the Sustainability Report.

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

The Directors are also responsible for the definition of the Group's objectives in relation to the sustainability performance, for the identification of the stakeholders and the significant aspects to report.

### Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our auditing firm applies *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Sustainability Report with the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement.



Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with *ISAE 3000 Revised* (“*reasonable assurance engagement*”), and, therefore, do 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 are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the Sustainability Report, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we carried out the following procedures:

- analysis of the process related to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;
- understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the Sustainability Report.

In particular, we carried out interviews and discussions with the management of Conceria Pasubio S.p.A. and we carried out limited documentary verifications, in order to gather information about the processes and procedures, which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the Sustainability Report.

In addition, for material information, taking into consideration the Group’s activities and characteristics:

- at Group level:
  - in regards to qualitative information included in the Sustainability Report, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  - in regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for the following entities Conceria Pasubio S.p.A. and Arzignanese S.r.l which we selected based on their activity, their contribution to the performance indicators at the consolidated level and their location, we carried out remote meetings. During those, we have met the management and have gathered supporting documentation, on a sample basis, with reference to the correct application of procedures and calculation methods used for the indicators.

## Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the Group as of December 31, 2020 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph “Methodological Note” of the Sustainability Report.

**Other matters**

The Sustainability Report for the years ended December 31, 2018 and December 31, 2019, whose data are presented for comparative purposes, have not been subject to assurance activities.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Filippo Fabris**  
Partner

Padua, Italy  
September 6, 2021

*This report has been translated into the English language solely for the convenience of international readers.*