

SUSTAINABILITY REPORT

2022

**PERFORMANCE
FOR
THE FUTURE**



PASUBIO

**We are
what
we do
and
how
we
do it.**





Sustainability report 2022

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Letter to the STAKEHOLDERS



Luca Pretto
The Chief Executive Officer

Dear Readers,

Through this third edition of the Sustainability Report we would like to tell our sustainability stories, our commitments and initiatives as Pasubio Group toward the environment, our people and area hoping that they can contribute responsibly to building a more sustainable and inclusive future.

Adaptability to change

2022 was a year of global challenges such as the geopolitical situation of neighbouring countries close to us and the resulting effects. This unexpected context has made us focus even more on the need to continue to operate according to the Group's quality standards and - at the same time - on alternative ways of managing the business, with the aim of maximising the collective positive impact for present and future generations and environmental protection.

The Pasubio Group faced further challenges in 2022, such as the increase in the prices of raw materials, due to the general recovery in both the automotive and tanning industries, and the inflation linked to the energy component.

As part of our Research & Development activities, we have continued to implement innovation-related programmes, interlinked with goals to boost the sustainability of our products.

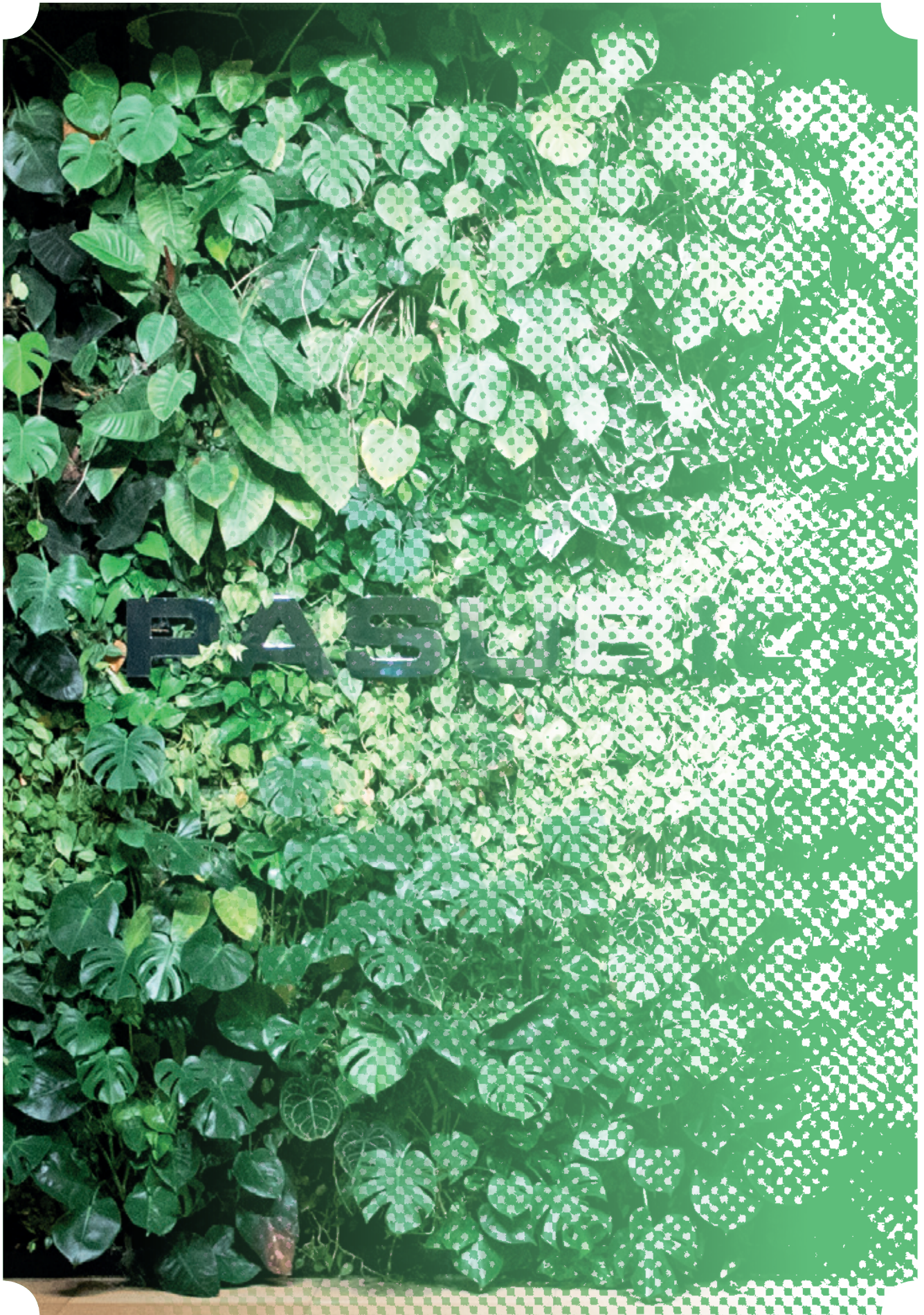
The journey to the near future continues

The involvement of Pasubio Group in the transformation of our industry is increasingly solid and strong. In the near future we will take measures to:

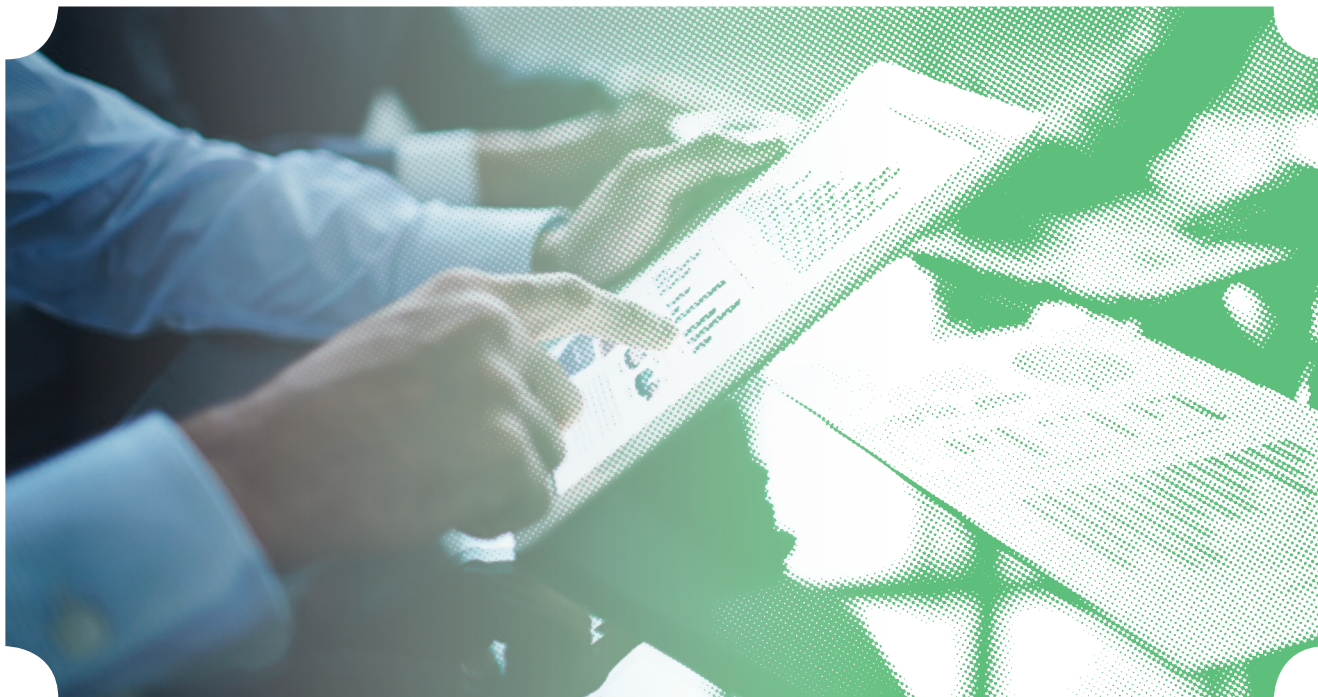
- better integrate sustainability strategy into all business areas;
- spread the sustainability culture throughout our supply chain;
- continuously support our stakeholders toward their sustainability goals;
- invest in projects to continue to ensure the highest quality of our products, the efficient use of raw materials and the sustainability of processes.

Hoping that our contribution - as Pasubio Group - draws people closer to the leather industry, a concrete example of a circular economy and growing sustainability, enjoy your reading.

Luca Pretto
Chief Executive Officer



HIGHLIGHTS of sustainability 2022



€ 23,913,520.89
TOTAL VALUE RETAINED

GOVERNANCE

Pasubio Group



Total value created	€ 364,741,488.51
Total value distributed	€ 340,827,967.62
Finished leather sold square metres	8,844,597



1,599
PEOPLE (including in-house employees and external collaborators)

ENVIRONMENT

Pasubio Group



Total emissions into the atmosphere	+ 0.05 % CO ₂ eq
Total energy consumption	- 5.33 % GJ
Total water consumed	+ 6.76 % ML

Our approach with the **STAKEHOLDERS**

The centrality of the relationship with the stakeholders is reflected in the building of a constructive and effective debate, in order to better guide the Pasubio Group business approach. Understanding the needs of stakeholders helps to shape future business goals effectively. In line with its mission, Pasubio Group has always focused on its stakeholders, considered the main catalysts for value creation, through a model based on relationship and listening. In detail, as can be seen from the chart below, for each stakeholder, specific debate channels that allow to manage direct and continuous interactions over time, are identified for each stakeholder.

The motivation driven by the importance of sustainability topics and the awareness of the impact on the territory as well as the environment resulting from corporate processes have helped to speed up the transition toward a company that is even more sustainability-conscious and increasingly aware of the need to continuously improve in the management of ESG aspects. Based on these presuppositions and driven by this ambition, we - at Pasubio Group - take the responsibility of involving our stakeholders even more in the commitment to the society and the territory, focus on human resources and the environment throughout the value chain.



COMMUNICATION

We - at Pasubio Group - believe it is essential to maintain direct relationships, even conscious of the fact that technology can help establish a closer debate with all stakeholders. The aim is to favour, in the mid-term, the most direct communi-

cation channels possible, focusing on listening, sharing and active dialogue with all involved stakeholders on the sustainability path and business topics.

Below are the main channels of active communication with the stakeholders:

STAKEHOLDERS ENGAGEMENT, INTERACTION AND DIALOGUE ACTIVITIES

EMPLOYEES AND COLLABORATORS	Corporate welfare projects and/or initiatives Breach reporting protocol Corporate meetings to share results and goals Training and refresher programmes Notice boards at the factories and offices
SUPPLIERS	Meetings Sharing the Code of Ethics
TRADE ASSOCIATIONS	Discussion events
BUSINESS INTERMEDIARIES	Meetings Technical product documentation
CUSTOMERS	Meetings Market survey and research Continuous dialogue through communication channels (e.g. email, telephone, social media, website) Customer service
NGOs (non-governmental organizations)	Opportunities for sharing ideas
LOCAL COMMUNITY	Support projects and/or support for social initiatives Participation in local events Interaction with citizenry and its representative bodies Website and social networks
UNIVERSITIES AND RESEARCH INSTITUTIONS	Implementation of academic projects to foster innovation and research Sharing ideas with potential new collaborators from universities and schools
GOVERNMENT AND PUBLIC INSTITUTIONS	Website and social networks Institutional and specific meetings addressing sustainability topics Corporate information and press releases
INVESTORS AND SHAREHOLDERS	Meetings Corporate reporting
MEDIA	Official website and social media Communication partners invited to public events organised by Pasubio Group Press releases
TRADE UNION ORGANISATIONS	Meetings addressing labour topic

Materiality

ANALYSIS

In 2022, we carried out a first update of the materiality analysis, which marked the project of internal analysis and materiality review with a view to “impact materiality”.

In line with the new GRI standards, the analysis envisages a progressive path toward a further “double materiality” upgrade. The intention is to resume the first analysis work carried

out this year and re-contextualize it in relation to business evolution, as well as to create a structured process that encourages stakeholder engagement and compliance with new European sustainability reporting standards.

IDENTIFICATION OF MATERIAL TOPICS

The definition of the material topics initially envisaged a benchmark analysis that took into account the sustainability context of the main national and international competitors, customers, suppliers and the main reference bodies in the industry, enabling us - as Pasubio Group - to make some first observations regarding the context in which we operate.

On the basis of the context analysis, we assessed the positive and negative impacts stemming from the group's main processes.

The specific analysis took into account the following aspects:

- current or potential impact;
- direct or indirect impact;
- material topics and material subtopics;
- material impact.

The benchmark and impact analysis was also shared within the organisation by engaging some function directors.

This exchange of ideas resulted in the definition of the following material topics:

ESG	CATEGORY	IMPACT OF PASUBIO GROUP
ENVIRONMENT	HEALTH OF ECOSYSTEMS	Deforestation Consumption of water resources Animal welfare
ENVIRONMENT	BASIC NEEDS	Responsible use and safety of resources (energy, chemicals, waste) Circular economy
ENVIRONMENT	CLIMATE STABILITY	Emissions into the atmosphere
SOCIAL	WELLBEING	Wellbeing Occupational health and safety Diversity and inclusion
GOVERNANCE	DECENT WORK	Product quality Decent work

The materiality analysis process adopted so far is based on an approach which, in line with standards and as required by the market, involves determining the relevance of the topics based on strategic information, engagement of the management and the possible expectations of the main stakeholders,

whose detection stems on dialogue and meeting held in accordance with methods and communication channels described in the table.

Taking into account the latest stakeholder engagement process, carried out in 2020, from the ongoing direct relation-

ships with stakeholders, the Group internally assessed the relevance of the topics regarding the expectations they may have in this regard.

During the internal engagement meetings, the topics defined for 2022 were evaluated and respondents were asked to give two quantitative assessments, on a scale of 1-5. During interaction with in-house resources, evaluations were requested on:

- the **IMPACT GENERATED** by the topic, understood as the Pasubio Group's ability to generate positive or negative, actual or potential impact on the economy, the environment and/or people, including human rights.

The following internal assessment was carried out for stakeholders and for each category of stakeholders:

- the **RELEVANCE** of the topic, understood as its ability to positively or negatively impact the activities or choices of the stakeholder, as a result also understood as their expectation.

Future engagement initiatives will be taken and re-analysed,

so as to confirm or re-establish the topics in the coming years.

The results of the materiality analysis are represented graphically through a Cartesian diagram called a "materiality matrix". Due to changes in international legislation and the reporting standards used, the 2022 materiality matrix was built according to the following logic:

- on the abscissa there will be positioned the dimension of the impact materiality into which the following converge:
 - evaluations on the impact generated by the topics provided internally after directly consulting the managers,
 - scores obtained from the generated impacts associated with material topics, thanks to the use of an impact evaluation file which analysed, through a desk analysis and the evidence collected from internal contact persons, the actual or potential, positive and negative impacts related to material topics.
- The relevance dimension understood as the stakeholder expectation evaluated internally shall be placed on the ordinate axis, wherein the following converge:



The above materiality analysis process allowed to further define an even more structured effort to mitigate negative impacts stemming from the activities and it allowed to:

- provide the Board of Directors (hereinafter BOD) with an orientation tool toward a more advanced concept of doing business, which strives towards responsible growth of the Pasubio Group and mitigation of impacts;
- provide information relevant to the definition of a future and more structured sustainability strategy with medium- and long-term objectives;
- align the annual report with international standards in a reporting process in line with upcoming regulatory requirements, as well as integrating more detailed and accurate information on the relevant topics and main impacts of the Pasubio Group;
- analyse possible ESG risks and their opportunities;
- integrate ESG topics into mapping and risk assessment.



ESG RISK ASSESSMENT

A programme for the change and mitigation of the impacts of business activities also requires a constant risk assessment, which we - as Pasubio Group - conduct based on periodically checked and updated schemes. These evaluations shall cover both the strategic decisions to ensure the responsible growth of the company and the implementation of the bu-

siness and sustainability plans. The BOD, the Governance body, supported by the company management for ordinary management, views the ESG risk assessment and any mitigation actions. As a matter of fact, the Pasubio Group's Governance System provides for an annual risk assessment in the following areas:

- quality;
- health;
- safety;
- environment.

The evaluation shall take into account the field in which the Pasubio Group operates, the expectations of the stakeholders and the following aspects:

- macro-processes;
- macro areas;
- business activity;
- events that may impact processes;
- events that may impact business continuity.

Below are the main aspects identified, monitored and actively managed in the business risks:

- general economic performance;
- need for financial resources;
- market;
- environment and territory;
- human rights of workers;
- business integrity.

The Pasubio Group also constantly takes into account the ESG risk assessment, with particular attention to the environ-

mental impacts of its operations, a focus that also extends to the supply chain.

The main ESG areas are:

- procurement of leather;
- greenhouse gas emission;
- safety and environmental incidents;
- human rights throughout the value chain;
- potential business disruption.

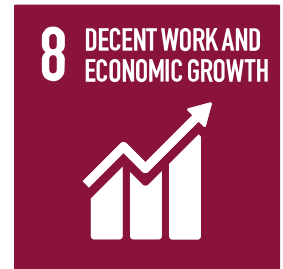
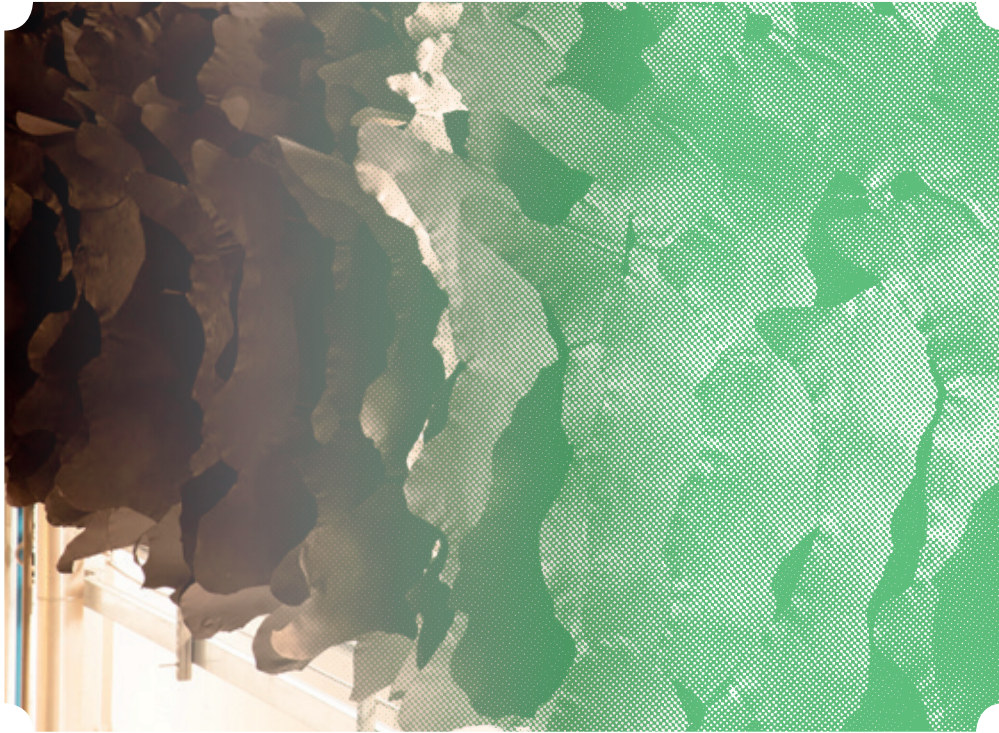
Faced with a competitive, increasingly technologically developed and demanding market, risk assessment and the implementation of mitigation actions represent a monitoring sy-

stem that enables customers and stakeholders to meet their requirements in order to achieve better results.



Chap. 1

About PASUBIO GROUP



Today, the Pasubio Group is one of the key players in the leather processing industry at international level, recognised worldwide as one of the reference manufacturers of leather for luxury vehicles from raw materials treated with traditional and alternative tanning processes. Its success stems from the determination and entrepreneurial talent of the Pretto family, who founded the company and set the benchmark in terms of quality, innovation and reliability in the leather industry.

Today, the Pasubio Group is more convinced than ever that commitment to sustainability must also be transformed into concrete objectives, without limiting itself to simply declaring noble intentions. This is why we decided to pursue corporate policies that aim at more efficient production and consciously addressing the aspects of reducing dependence on fossil

fuels, pollution and waste generation, as well as the scarcity of natural resources.

This systemic, inclusive and transparent approach has allowed the Pasubio Group to hold sustainability as one of the main pillars of its constant expansion and internationalisation process, by striving to find innovative solutions capable of responding to the needs of the moment and by working constantly in close contact with all its stakeholders to combine economic growth, environmental protection and respect for society.

The continuous expansion of the production has resulted in ten production plants, distributed geographically as follows:



PRODUCTION PLANTS

6 plants in Italy;
1 plant in Serbia;

1 plant in Mexico;
2 plants in Germany.

STRUCTURE OF THE PASUBIO GROUP

Starting from the corporate structure, we can see the predisposition to growth on the territory and to international expansion, both factors that distinctively characterise the vocation of the Pasubio Group:

CONCERIA PASUBIO S.p.A. - ARZIGNANO PLANT - HEADQUARTERS (ITALY)

Via Il Strada 38, Arzignano (Vicenza)

CONCERIA PASUBIO S.p.A. - ZERMEGHEDO PLANT (ITALY)

Via Valdichiampo 11, 36050 Zermeghedo (Vicenza)

CONCERIA PASUBIO S.p.A. - ALMISANO DI LONIGO PLANT (ITALY)

Via Casette, 5, 36045 Almisano (Vicenza)

CONCERIA PASUBIO S.p.A. - TRIM DIVISION (ITALY)

Via Vicenza 34/c, 36071 Arzignano (Vicenza)

CONCERIA PASUBIO S.p.A. - PASUBIO INTERNAL DESIGN DIVISION (ITALY)

Via VI Strada 65, 36071 Arzignano (Vicenza)

CONCERIA PASUBIO S.p.A. - SABAC PLANT (SERBIA)

Via Filipa Visnjica Sabac, Misar (Serbia)

ARZIGNANESE S.r.l. (ITALY)

Via del Lavoro 14, 36071 Arzignano (Vicenza)

GD SERVICIOS INTERNACIONALES DEL NORTE (MEXICO)

Parque Industrial Finsa del Norte H. Matamoros, Tamps 87316

GDI Assemblies LLC*

700 E. Washington St. Brownsville, Texas 78520

HEWA LEDER GmbH (GERMANY)

1) An d. Zugspitze 42, 09599 Freiberg, Germany

2) Draisendorfer Weg 8, 95111 Reha, Germany



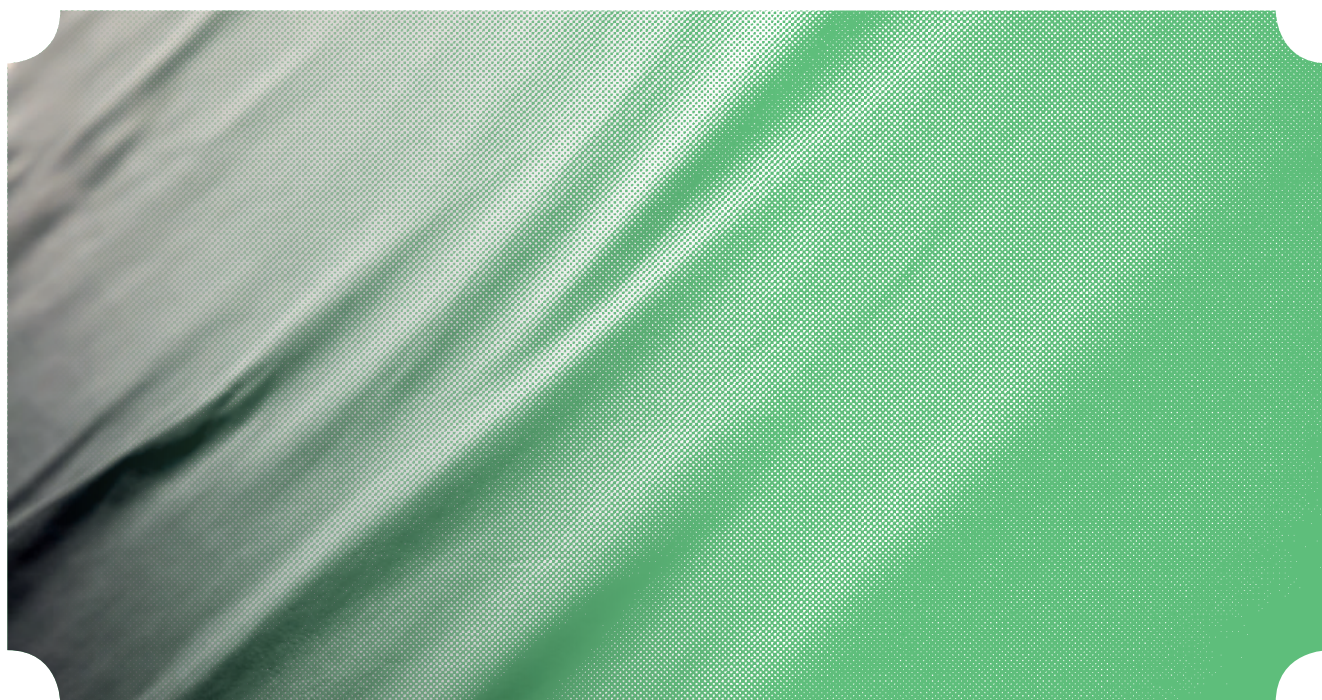
* The company has a registered office with 3 employees who in turn collaborate in GD Servicios Internacionales del Norte. For the preparation of this report, the 3 employees were integrated as employees of GD Servicios Internacionales del Norte and consequently also included in the various indicators marked

in the following pages related to occupational Health and Safety. The reporting of environmental aspects was excluded because the physical location was not operational in the reference period.

CHAP 1.1

The history of the GROUP

- Conceria Pasubio was established in Arzignano in 1955, equipped with all the machinery necessary for processing leather, from the raw material to the finished product, including sewing for the footwear industry. Production amounted to 3 thousand square meters per day and concentrated in only one plant.
- Over the years the Company has expanded, acquiring also Arzignanese S.r.l., and in 1977 it became a Joint Venture Company (S.p.A.).
- Between the 80s and the 90s, Pasubio Group specialised in products for the automotive industry.
- In 1996 Pasubio Group was one of the first Italian companies to obtain ISO 9001 certification and was the first Italian company in the dyeing field to obtain certification.
- Since 2010, the company has implemented leather processing activities with cutting process (production of cut pieces).
- In 2017 another dyeing plant was acquired in Zermeghedo.
- In 2017 the Pasubio Group, with more than 800 people and six production plants, was acquired by CVC Capital Partners, under whose leadership it recorded significant growth, becoming a multinational leader in the industry through organic growth and strategic acquisitions aimed at expanding its reach into markets and the already substantial customer base.
- 2019 marked a production expansion with the site of Almisano di Lonigo, dedicated to leather finishing. The plant has been productive since 2020.
- In 2019, Pasubio Group took over GD Servicios Internacionales del Norte, a Mexico-based plant, and GDI Assemblies LLC, a United States-based plant. Both companies specialize in the cutting and sewing process for the automotive industry.
- In June 2021, the Pasubio Group took over Hewa Leder GmbH, a German tannery.
- In mid-2021 the cutting plant located in Trissino moved to the new and modern premises in Viale Vicenza in Arzignano.
- In the last quarter of 2021, the ownership of the Pasubio Group was transferred from CVC Capital Partners to PAI Partners.



CHAP 1.2

PASUBIO LEATHER in the world

The business is of the “B2B” type: the Pasubio Group, in fact, operates as a supplier to Original Equipment Manufacturers (OEMs) and sends its leather to Tier 1 (also suppliers to OEMs who cut, sew and assemble the item for the car manufacturers: seats, steering wheels, dashboards, door panels, etc.).

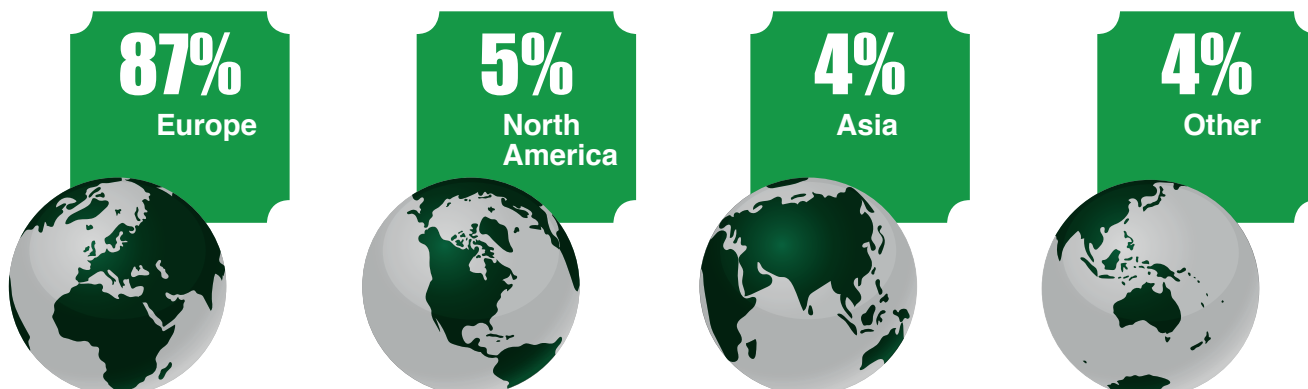
The Pasubio Group has always been committed to finding

solutions to innovate its products, positively collecting the stimuli of a market that is particularly attentive to sustainability issues and seeking new opportunities and solutions to meet the demands of the reference market also with the aim of generating value, limiting impacts, optimizing processes and supporting the various territorial contexts in which it operates. The market is represented as follows:

BY APPLICATION



BY GEOGRAPHY



Customers include the industry's key players:

Jaguar, Ford, GM, Land Rover, Lamborghini, Bentley, BMW, PSA, Porsche, Citroen, VW and Skoda.

CHAP 1.3

Mission and VALUES

VISION

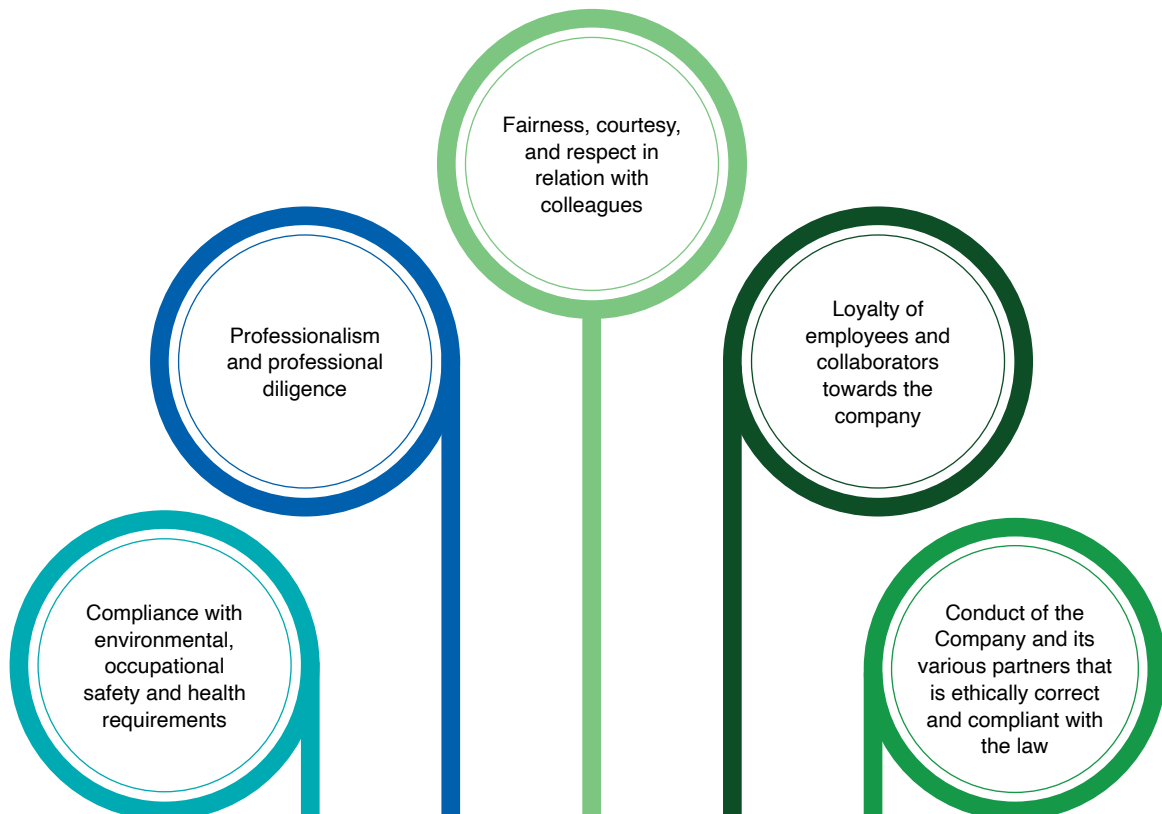
“To be a global, innovative and reliable benchmark to make every car interior a unique experience.”

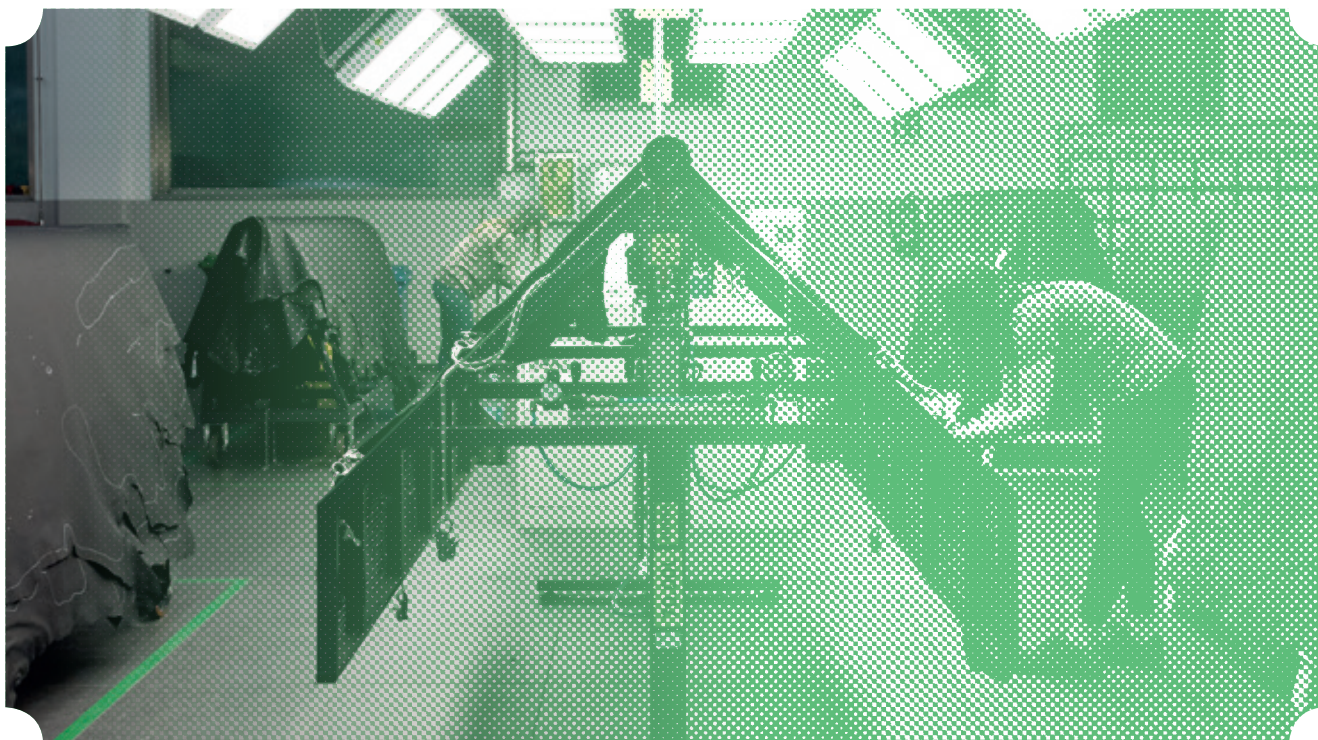
MISSION

“Creating sustainable value through international growth, operational excellence and team spirit.”

CODE OF ETHICS

The Pasubio Group bases its activities on the five fundamental principles contained in the Code of Ethics:





These principles inspire the Group's strategic choices and conduct, conscious of the fact that a quality product can only be obtained where these values constitute a common and shared asset throughout the value chain.

The Pasubio Group strives to give concrete expression to the principles of its Code of Ethics, taking on the resulting responsibilities and strengthening trust, cohesion and the corporate spirit.

This translates into training and information on the content of the Code itself, with the objectives of:

- disseminating the rules, procedures and practices to be followed;
- promoting and strengthening the corporate culture around recognized values;
- broadening consensus around the principles underlying the Code.

The ethical standards of conduct that Pasubio Group 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 person and the environment.

The drive dictated by the greater awareness that good ethical work can also generate value on the territory pushes the Pasubio Group to consider its principles as the foundation on

which to build continuous relationships with the community and responsible growth.

CHAP 1.4

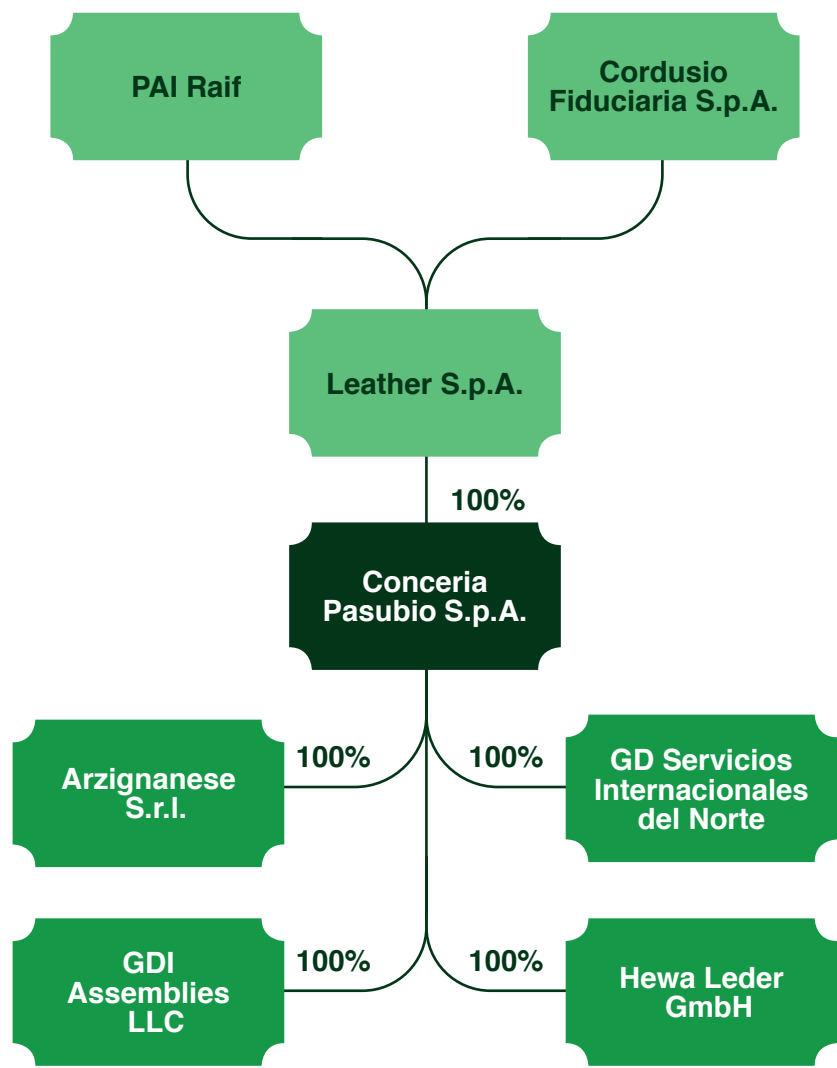
GOVERNANCE

The Pasubio Group is wholly owned by the Italian company Leather S.p.A. In addition, it has adopted a functional organizational structure, which rewards the specialization of functions and promotes exchange of ideas and collaboration between all the companies that make up it today. Conceria Pasubio S.p.A., entrusted by the parent company of the Group, holds for the operational and functional control of all

the subsidiary companies, always ensuring full compliance with the company principles, the operations and the commitment to the sustainability of the business. To meet the business needs, the Board of Directors defines all strategic decisions and choices, including the oversight of ESG goals.

OWNERSHIP STRUCTURE

To understand the management of the Pasubio Group, below is the ownership structure as at 31.12.2022:



The majority shareholding is held by PAI Partners, while the minority shareholding is held by the Management Team.

GOVERNANCE

Governance is the set of principles, rules and procedures that underpin the entire decision-making process. The Pasubio Group has defined and implemented governance mechanisms with the dual goal of strengthening links with the relevant stakeholders and at the same time promoting the dissemination of the principle of integrity and ethical conduct among all shareholders and employees.

The Corporate Governance model provides for the presence of the Board of Directors and the Board of statutory Auditors.

*Luca Pretto also holds the position of Employer for the purposes of the Italian Legislative Decree no. 81/08 and Company representative.

The constant interaction with the company management, which is essential support for the actions carried out by the Board of Directors, combined with a correct flow of information from the Chief Executive Officer on the progress of the management and on the exercise of its powers, has allowed to obtain a collaborative and optimal climate for achieving the

The Board of Directors and the Board of statutory Auditors are made up exclusively of male members; the Pasubio Group will also be committed to identifying future measures for achieving gender equality.

Board of Directors as at 31.12.2022

Names	Position
Spada Roberto	Chairman of the Board of Directors
Pretto Luca	Chief Executive Officer*
Cavalieri Simone	Board Member
Shuster Stefano	Board Member
Louit Albin Pierre Paulin	Board Member
Temam Franck	Board Member
Rivoire Laurent Jean-Louis	Board Member
Curci Fabrizio	Board Member
Thumm Andreas	Board Member

company's objectives.

The Board of Statutory Auditors, the body responsible for overseeing the management of the company within the time allowed by law, was appointed by the shareholders' meeting as follows:

Board of Statutory Auditors

Names	Position
Ravaccia Mario Stefano Luigi	Chairman of statutory board
Brandolese Alberto	Statutory Auditor
Molinari Francesco	Statutory Auditor
Morriello Vito	Alternate Statutory Auditor
Fracassi Roberto	Alternate Statutory Auditor
Deloitte & Touche S.p.A.	Audit firm

OBJECTIVE 2023

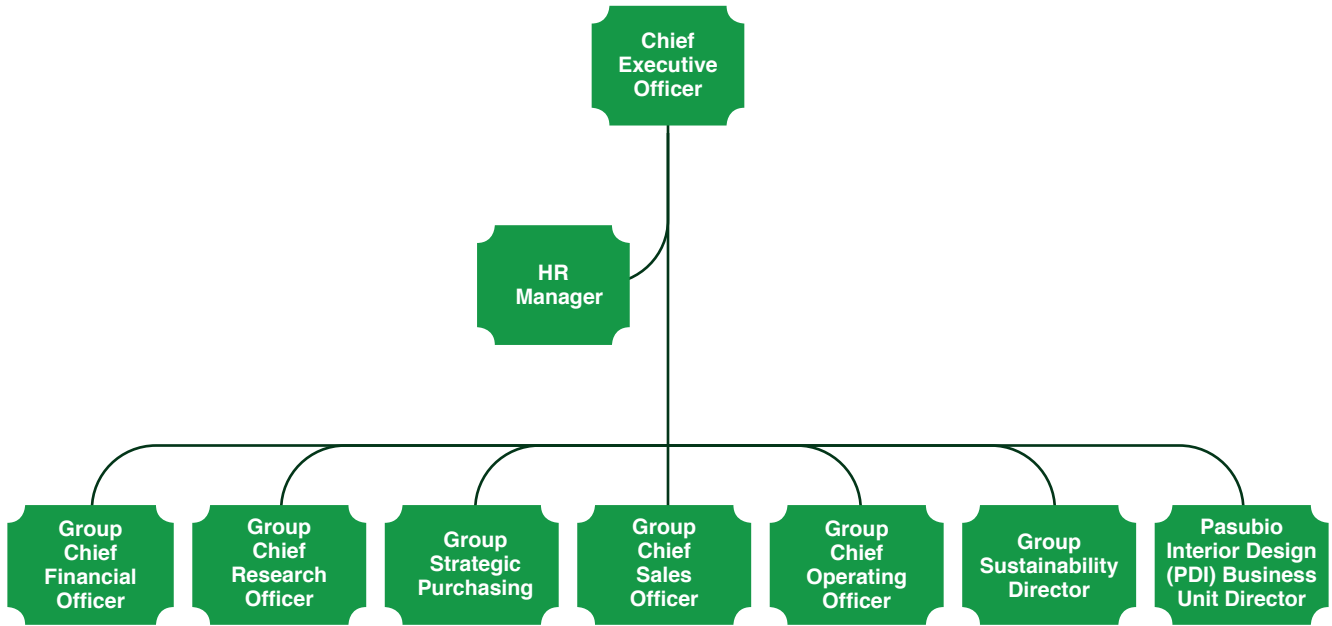
Increase the proportion of female members in the Pasubio Group's Board of Directors

The goal defined by Pasubio for the following year was achieved on June 12, 2023 with the appointment of Laura Rovizzi as Chairwoman of the Board of Directors, following the release of Roberto Spada.

SUSTAINABILITY ROADMAP

At the end of 2022, the supervision of the Pasubio Group activities in order to achieve the sustainability objectives underwent a very positive change with the inclusion of the

Group Sustainability Director in the staff. The following is a graphic representation of the first line of the Pasubio Group at 31.12.2022:



ORGANIZATION, MANAGEMENT AND CONTROL MODEL 231

Conceria Pasubio S.p.A. has adopted an Organization, Management and Control Model in accordance with the rules of the Italian Legislative Decree n° 231/2001, dedicated to the administrative responsibility of the institutions. The Board of Directors appointed an independent Supervisory Body composed of three members, who conduct periodic checks and audits in all business areas and promptly inform the Board of

Directors and the Board of Statutory Auditors.

Compliance with the law is the fundamental principle according to which the Pasubio Group guarantees the performance of its activities, in line with the regulations of the countries in which it operates. This is aimed at improving business transparency and efficiency processes.

RESPECT FOR PRIVACY

Compliance with the processing of personal data, pursuant to the new GDPR Regulation of the European Community in force since 25/5/2018, as laid down by article 13 of the Italian Legislative Decree N° 196/2003, is guaranteed by communicating an appropriate policy stating that data is collected and processed in full compliance with the provisions laid down in the Privacy Code. The Code of Ethics sets out the commitment to this matter. In line with GDPR requirements,

the company applies procedures for collecting consent to the processing of data and for the proper management of data. Furthermore, all internal computer systems have been adapted to prevent any data leakage. If this were to happen, the company would be able to manage the event by applying internal procedures. During the 2020-2022 three-year period, there were no cases of non-compliance with privacy (GRI 418-1).

ANTI-CORRUPTION

We are aware that conduct based on the principles of legality, loyalty, honesty, fairness and transparency is an important driver for economic and social development. Through a risk assessment and monitoring system, it manages corruption risk, preserving customer trust in products, and implementing internationally recognised best practices for anti-corruption controls.

Each recipient of the Code of Ethics is compelled to know and implement it, as well as to report any deficiencies or breach thereof. As a testimony to the strong sense of legality and the commitment of the Pasubio Group in compliance with the rules and laws in force, we hereby confirm that during the no cases of corruption were recorded during the 2020-2022 three-year period (GRI 205-3).

COMMERCIAL RELIABILITY

Pasubio Group relies on the expertise of Cribis to report the absolute reliability of its business to customers and suppliers. Obtaining the Cribis “Prime Company” recognition based on the “Cribis Rating” confirms the solidity of the company’s credibility over time. This rating calculates the likelihood of unpaid amounts and analyses numerous variables such as balance sheet indices, payment experiences and detrimental information, as well as, of course, demographics on legal form, geographical area, size and seniority in the company. Also for the year 2022, Conceria Pasubio S.p.A. obtained the certificate certifying its commercial reliability.



CHAP 1.5

Quality and excellence in the choices of PASUBIO GROUP

The Pasubio Group's goals are to diversify its range of products and to enter the tanned leather market with alternative solutions, which allow it to provide more sustainable products.

The aspect of customer satisfaction plays an important role, because the relationship with customers is vital for the whole Group, which in fact offers and provides:

- solving main product issues;
- accessibility to the company computer system for information on complaints, returns and shipment of products;
- consultation of data on the sustainability of the leather used.

System certifications are the end result of a process to introduce evolved organizational models into the enterprise to improve the ability to meet stakeholders' needs. Manage-

ment, organizational and product systems shall be certified by independent third-party bodies to ensure transparency and fairness of communication.

Below are the certifications awarded to each plant of the Pasubio Group:

ORGANISATION CERTIFICATE

Organisational structure	Factory	Place	Standard
Conceria Pasubio S.p.A.	Arzignano Via Il Strada (headquarters) Arzignano Via VI Strada Arzignano Viale Vicenza Zermeghedo Almisano di Lonigo Sabac	ITALY ITALY ITALY ITALY ITALY SERBIA	ISO 14064-1 - Greenhouse Gas - Part 1: specification with Organisation guidelines for the quantification and reporting of greenhouse gas emission and absorption

PRODUCT/PROCESS CERTIFICATION

Organisational structure	Factory	Place	Standard
Conceria Pasubio S.p.A.	Arzignano Via Il Strada (headquarters) Arzignano Via VI Strada Zermeghedo Almisano di Lonigo	ITALY ITALY ITALY ITALY	ISO 14067 - Greenhouse Gas - Product carbon footprint - Quantification requirements and guidelines
Conceria Pasubio S.p.A.	Arzignano Via Il Strada (headquarters) Arzignano Via VI Strada Zermeghedo Almisano di Lonigo	ITALY ITALY ITALY ITALY	ISO 14025 - Environmental labels and declarations - Type III environmental declarations - principles and procedures

SITE CERTIFICATIONS

Organisational structure	Factory	Place	Standard
Conceria Pasubio S.p.A.	Arzignano Via II Strada (headquarters)	ITALY	ISO 14001 - Environment ISO 45001 - Safety ISO 9001 - Quality IATF 16949 - Quality Leather Working Group GOLD - Industry
Conceria Pasubio S.p.A.	Arzignano Via VI Strada	ITALY	ISO 14001 - Environment
Conceria Pasubio S.p.A.	Arzignano Viale Vicenza	ITALY	ISO 9001 - Quality IATF 16949 - Quality
Conceria Pasubio S.p.A.	Zermeghedo	ITALY	ISO 14001 - Environment ISO 45001 - Safety ISO 9001 - Quality IATF 16949 - Quality LWG GOLD - Industry
Conceria Pasubio S.p.A.	Almisano di Lonigo	ITALY	ISO 14001 - Environment ISO 9001 - Quality IATF 16949 - Quality LWG GOLD - Industry
Conceria Pasubio S.p.A.	Sabac	SERBIA	ISO 9001 - Quality IATF 16949 - Quality
Arzignanese S.r.l. subsidiary of Conceria Pasubio S.p.A.	Arzignano	ITALY	ISO 9001 - Quality Leather Working Group GOLD - Industry *
GD Servicios Internacionales del Norte subsidiary of Conceria Pasubio S.p.A.	Matamoros	MEXICO	ISO 9001 - Quality
GDI Assemblies LLC subsidiary of Conceria Pasubio S.p.A.	Texas	UNITED STATES	ISO 9001 - Quality
Hewa Leder GmbH subsidiary of Conceria Pasubio S.p.A.	Rehau	GERMANY	ISO 14001 - Environment ISO 50001 - Energy ISO 9001 - Quality IATF 16949 - Quality Leather Working Group AUDITED - Industry
Hewa Leder GmbH subsidiary of Conceria Pasubio S.p.A.	Brand-Erbisdorf	GERMANY	ISO 14001 - Environment ISO 50001 - Energy ISO 9001 - Quality IATF 16949 - Quality Leather Working Group AUDITED - Industry

*In 2022 the company improved its score, achieving the gold medal according to protocol 7.2.2.

OBJECTIVE 2023

Pasubio Group will aim to obtain the SILVER medal in the sustainability assessment issued by ECOVADIS

CHAP 1.5.1

Customer SATISFACTION

Understanding the customer's needs and producing products that meet their requirements have always been the core values of the relationship with the market. To our customers, we - at Pasubio Group - are a trusted reference point, a true "facilitator" in taking technical and commercial decisions, able to identify and implement the solutions that are needed and contribute to the creation of value. We - at Pasubio Group - can provide the most targeted answers to each specific need, supporting them with an integrated service organization that plans the supply with as much versatility for the final result. Meeting the customer's demands and establishing constructive relationships are primary business goals.

In the field of customer relations, we - as Pasubio Group - are committed to:

- developing and maintaining favourable and lasting relationships, characterised by the highest professionalism, fairness, efficiency, collaboration and courtesy;

- complying with commitments and obligations undertaken;
- providing accurate, complete, truthful and timely information to enable the customer to make an informed decision;
- informing customers of the principles of the Code of Ethics and Company policies;
- operating within the scope of current legislation and enforcing prompt compliance;
- not giving gifts or acts of courtesy and hospitality to customers (or potential customers), except to the extent that the value thereof does not compromise integrity and independence, and provided that such types of expenditure are approved and documented.

CHAP 1.6

Responsible GROWTH

Today, our role - as Pasubio Group - cannot be limited to maximizing profit. We must also aim to generate benefits for our stakeholders, starting with the community that hosts us and the environment, and across the entire value chain. The concept of shared value, which means contributing to meeting the needs and challenges of society through our actions,

is more important than ever before. The generation of economic value and its distribution provide a basic indication of how the Pasubio Group has taken this principle on board, creating wealth for the benefit of stakeholders.

CHAP 1.6.1

Economic PERFORMANCE

We - at Pasubio Group - are aware that behaviour based on the principles of legality, loyalty, honesty, fairness and transparency is an important driver for economic and social development.

Creation of added value also expresses the ability to create and share wealth for the benefit of stakeholders. It is therefore an indicator capable of expressing the overall wealth generated and distributed. Gross global added value, or distributed economic value, is a reclassification of the income statement that shows how the value generated is distributed to key stakeholders. It therefore expresses, in monetary terms, the relations between the company and the socio-economic system with which it interacts, with particular reference to

some of the main stakeholders:

- payments to suppliers;
- employee wages and benefits;
- corporate donations.

On the other hand, the economic value retained amounts to 23,913,521 Euros. This indicator represents the difference between the economic value generated and the economic value distributed and covers value adjustments, prepaid and deferred taxes, provisions to funds (including depreciation and write-downs) and operating profit after dividends to be distributed to shareholders. This is the value that remains within the Pasubio Group.

Below is the performance in relation to the consolidated financial and economic balance sheet for the year 2022.

VALUE CREATED	
Revenue	€ 364,741,489
Total value created	€ 364,741,489

VALUE DISTRIBUTED	
Operating costs	€ 250,276,445
Investment in the community*	€ 42,700
Employee wages and benefits	€ 51,116,124
Payments to Public Administration**	€ 4,130,344
Payments to capital providers	€ 35,262,354
Total value distributed	€ 340,827,968

Below are the Pasubio Group member-companies that invested in the community in 2022:

INVESTMENT IN THE COMMUNITY*	
Conceria Pasubio S.p.A. - ITALY	€ 38,800
Arzignanese S.r.l.	€ 3,000
Hewa Leder GmbH	€ 900
Total investment value	€ 42,700

The payments made by Pasubio Group to the Public Administration were distributed by country as follows:

PAYMENTS TO PUBLIC ADMINISTRATION BY COUNTRY**	
Italy	€ 2,572,867
Serbia	€ 1,435,926
Mexico	€ 119,484
USA	€ 2,066
Total payment value	€ 4,130,344

VALUE RETAINED	
Total value retained	€ 23,913,521

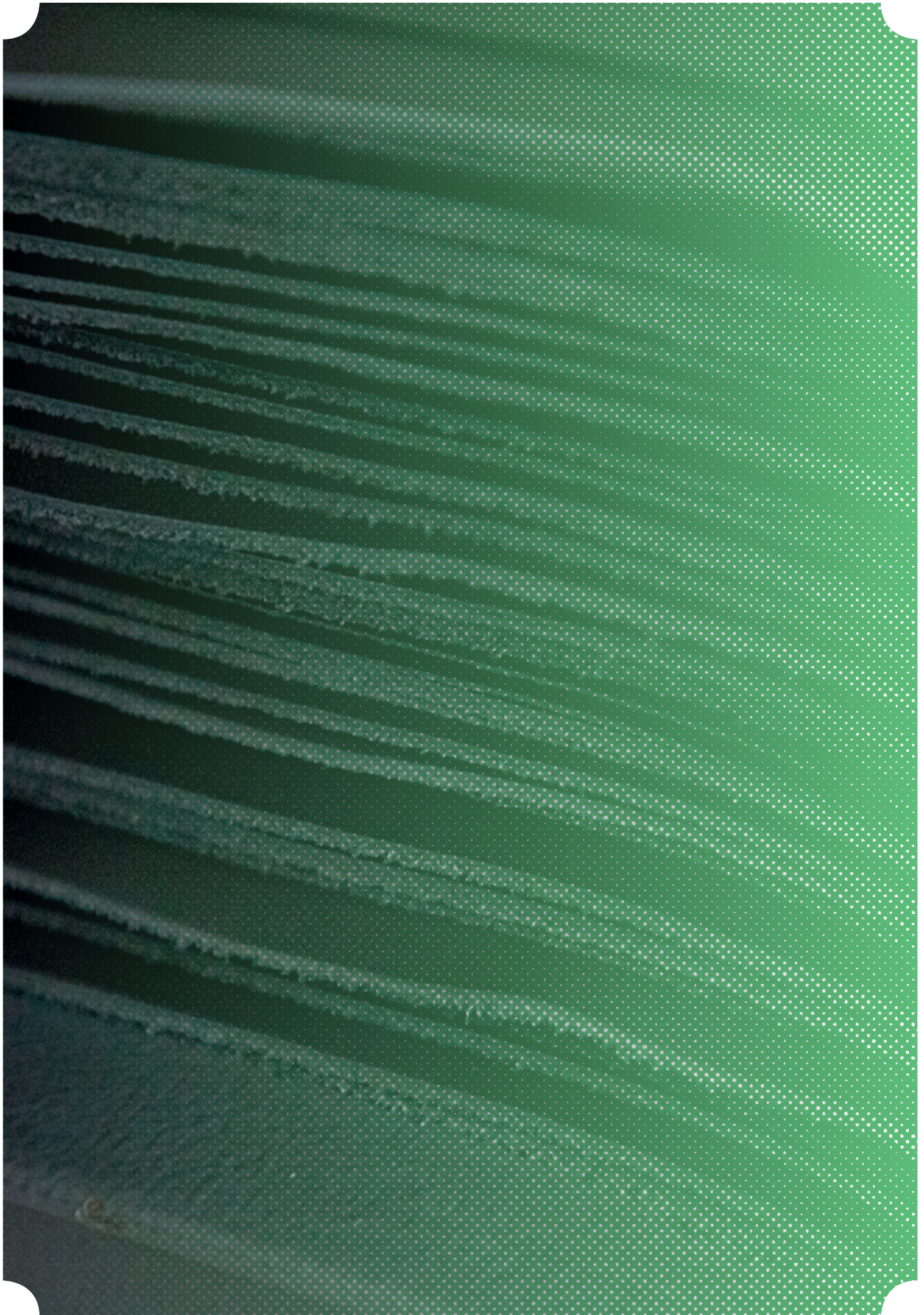
The financial contributions received by the Public Administration in 2022 were earmarked for various efficiency projects, the upgrading of the company's plant and energy management. These contributions concerned the following Pasubio Group member-companies:

FINANCIAL SUPPORT RECEIVED FROM THE GOVERNMENT	
Conceria Pasubio S.p.A. - ITALY	€ 4,746,757
Arzignanese S.r.l.	€ 248,594
Total support value	€ 4,995,351

Below are the financial payables for liabilities to banks and other lenders: the debt to shareholders and the value of amortised cost are not taken into account, nor is the balance sheet.

2022	CONSOLIDATED
Financial payables	€ 371,026,793
Net equity	€ 125,121,957

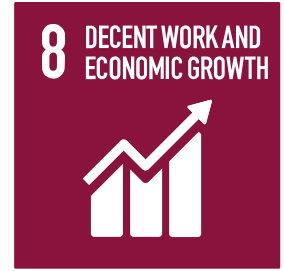






Chap. **2**

The essence of the **PASUBIO GROUP:** people and the environment



The Pasubio Group has always considered its commitment to be strategic, not only for the quality, but also and above all for the protection of the health and safety of its employees and the environment, adopting an integrated system on the three topics. The process of updating the internal procedures and rules on health, safety and environmental management is constant, always keeping the company documentation in

line with the needs of the company and with the regulatory evolution of the individual countries where the company operates. The Pasubio Group is also particularly committed to developing the continuous improvement of safety, in the form of accident prevention, environmental protection and safety of the plants and processes.



CHAP 2.1

The PEOPLE

THE PEOPLE WHO WORK FOR THE PASUBIO GROUP HAVE ALWAYS BEEN A UNIQUE AND VALUABLE RESOURCE.

Over the years - through intensive dialogue and exchange - we have established a stable relationship with the staff members, based on mutual trust, which is cultivated day after day. Consistent with corporate values, these relationships must aim to foster the growth of the company as a social good, with an approach that is constantly focused on teamwork, sharing and communication, as well as - last but not least - on respect for people.

That is why the focus on employee well-being and their involvement are the fundamental pillars of company policies. The Pasubio Group is aware that each individual has his own

talents to be enhanced. Talents which, if properly valued and promoted in teamwork, represent the true competitive strength of the individual in question.

The working population is divided as follows:

- in-house employees → employed by the Pasubio Group member-companies;
- external collaborators → executive collaborator, operational collaborators, workers supplied by agencies as labourers and office staff.

Today the Pasubio Group has a total of 1,599 employees and external collaborators:

PASUBIO GROUP	2021				2022			
	MEN	WOMEN	NON-BINARY	TOTAL	MEN	WOMEN	NON-BINARY	TOTAL
Total number of employees	832	775	0	1,607	734	698	7	1,439
Total external collaborators	80	33	0	113	114	46	0	160
Total	912	808	0	1,720	848	744	7	1,599

As can be seen from the tables in this chapter and in the appendix, 2022 saw a decrease in the number of staff, from 1,720 in the previous year to 1,599 in 2022 (-7%).

In 2022, some major component manufacturers in the industry reorganized their production chains with internalization actions, resulting in a reduction in the workload mainly at the Mexican plant.

The Pasubio Group has the responsibility of protecting the worker and, therefore, regulating work activities using both collective agreements and individual agreements. Collecti-

ve bargaining establishes agreements and contractual links between the parties concerned, which give rise to independent agreements (called national collective labour agreements), through which the parameters and fundamental rules the individual labour contracts are required to comply with are established. The individual labour contract is the means through which a worker undertakes to work as an employee and under the management and supervision of the employer. In both cases the Pasubio Group must necessarily apply the provisions laid down by the country in which it operates.

Below is a description of the management of the contracts of the Pasubio population:

- companies in Italy: Italian companies have the obligation to regulate their work activities through the use of collective labour agreements in their field of operation, both for in-house employees and for workers supplied by agencies as labourers and administrative staff. In the case of management and operational staff, individual employment contracts are concluded;
- companies in Germany and Serbia: in Germany and Serbia

there is no single law regulating the individual and collective aspects of the work, which entails a contract between the individual worker and the employer,

- companies in Mexico: in Mexico, the federal labour law regulates the relationship between employers and workers. One of the aspects that is regulated is collective bargaining for workers, while individual bargaining is applied to administrative staff employees.

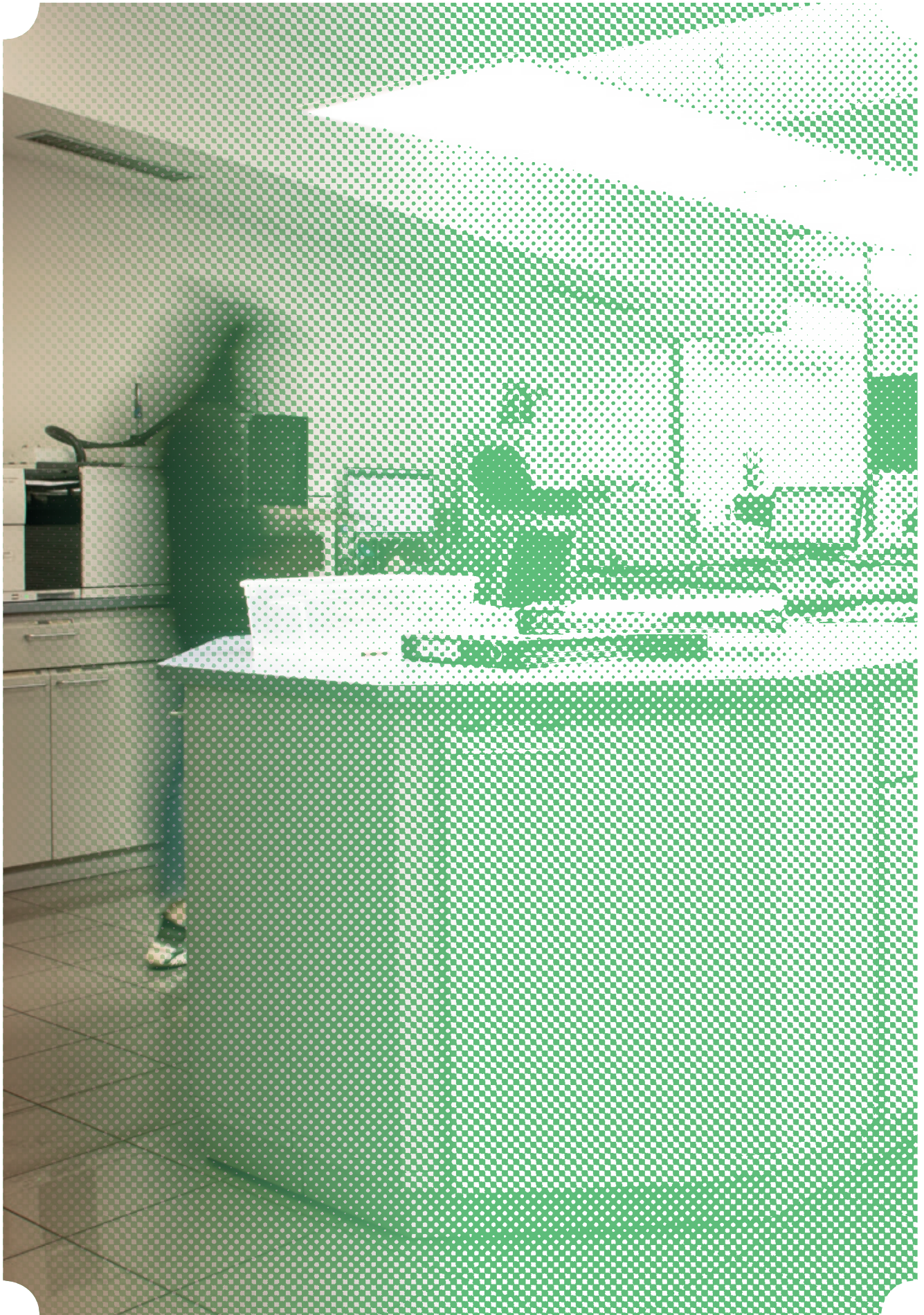
The percentage of total employees under collective and individual agreements is as follows:

STRUCTURE OF THE PASUBIO GROUP	BARGAINING TYPE	2021	2022
Conceria Pasubio S.p.A. - ITALY	Collective agreement	99%	99%
	Individual contract	1%	1%
Arzignanese S.r.l. - ITALY	Collective agreement	98%	98%
	Individual contract	2%	2%
Conceria Pasubio S.p.A. - SERBIA	Individual contract	100%	100%
Hewa Leder GmbH - GERMANY	Individual contract	100%	100%
GD Servicios Internacionales del Norte - MEXICO	Collective agreement	77%	86%
	Individual contract	23%	14%

PASUBIO GROUP*	MAN	WOMAN	NON-BINARY	TOTAL
2021				
Total open-ended	734	609	0	1,343
Total fixed-term	98	166	0	264
Total	832	775	0	1,607

PASUBIO GROUP*	MAN	WOMAN	NON-BINARY	TOTAL
2022				
Total open-ended	664	581	7	1,252
Total fixed-term	70	117	0	187
Total	734	698	7	1,439

*Pasubio Group in-house employees



TOTAL NUMBER OF IN-HOUSE EMPLOYEES BY JOB CATEGORY, AGE GROUP AND GENDER

Professional categories			2021			
			<30 years	30-50 years	>50 years	Total
Conceria Pasubio S.p.A. ITALY	Managers	Men	0	2	5	7
		Women	0	0	1	1
	Middle-ranking managers	Men	0	13	6	19
		Women	0	3	1	4
	Administrative staff	Men	17	37	7	61
		Women	15	44	6	65
	Workers	Men	51	102	75	228
		Women	39	57	36	132
Conceria Pasubio S.p.A. SERBIA	Managers	Men	0	0	0	0
		Women	0	0	0	0
	Middle-ranking managers	Men	0	6	0	6
		Women	0	1	0	1
	Administrative staff	Men	4	10	0	14
		Women	3	9	0	12
	Workers	Men	76	55	6	137
		Women	103	153	24	280
Arzignanese S.r.l. ITALY	Managers	Men	0	0	0	0
		Women	0	0	0	0
	Middle-ranking managers	Men	0	0	0	0
		Women	0	0	0	0
	Administrative staff	Men	0	1	2	3
		Women	1	1	1	3
	Workers	Men	0	15	23	38
		Women	0	0	1	1
GD Servicios Internacionales del Norte MEXICO	Managers	Men	0	0	0	0
		Women	0	0	0	0
	Middle-ranking managers	Men	3	4	4	11
		Women	0	2	0	2
	Administrative staff	Men	26	22	5	53
		Women	17	14	5	36
	Workers	Men	133	46	1	180
		Women	91	63	5	159
Hewa Leder GmbH GERMANY	Managers	Men	0	0	1	1
		Women	0	0	1	1
	Middle-ranking managers	Men	0	0	1	1
		Women	0	0	0	0
	Administrative staff	Men	0	3	3	6
		Women	1	8	2	11
	Workers	Men	7	31	29	67
		Women	3	26	38	67
PASUBIO GROUP 2021	Total Managers	Men	0	2	6	8
		Women	0	0	2	2
	Total Middle-ranking managers	Men	3	23	11	37
		Women	0	6	1	7
	Total administrative staff	Men	47	73	17	137
		Women	37	76	14	127
	Total Labourers	Men	267	249	134	650
		Women	236	299	104	639
Total			590	728	289	1,607

TOTAL NUMBER OF IN-HOUSE EMPLOYEES BY JOB CATEGORY, AGE GROUP AND GENDER

Professional categories			2022			
			<30 years	30-50 years	>50 years	Total
Conceria Pasubio S.p.A. ITALY	Managers	Men	0	3	6	9
		Women	0	0	2	2
	Middle-ranking managers	Men	0	17	5	22
		Women	0	3	1	4
	Administrative staff	Men	14	35	8	57
		Women	16	47	3	66
	Workers	Men	47	113	76	236
		Women	29	63	32	124
Conceria Pasubio S.p.A. SERBIA	Managers	Men	0	0	0	0
		Women	0	0	0	0
	Middle-ranking managers	Men	0	7	0	7
		Women	1	2	0	3
	Administrative staff	Men	4	10	0	14
		Women	2	9	0	11
	Workers	Men	64	51	6	121
		Women	76	162	28	266
Arzignanese S.r.l. ITALY	Managers	Men	0	0	0	0
		Women	0	0	0	0
	Middle-ranking managers	Men	0	0	0	0
		Women	0	0	0	0
	Administrative staff	Men	0	1	2	3
		Women	1	1	1	3
	Workers	Men	0	12	23	35
		Women	0	0	1	1
GD Servicios Internacionales del Norte MEXICO	Managers	Men	0	0	0	0
		Women	0	0	0	0
		Non-binary	0	0	0	0
	Middle-ranking managers	Men	0	2	2	4
		Women	1	1	1	3
		Non-binary	0	0	0	0
	Administrative staff	Men	6	7	3	16
		Women	8	7	4	19
		Non-binary	0	0	0	0
	Workers	Men	83	47	4	134
		Women	66	55	4	125
		Non-binary	4	3	0	7
Hewa Leder GmbH GERMANY	Managers	Men	0	0	1	1
		Women	0	0	0	0
	Middle-ranking managers	Men	0	2	2	4
		Women	0	0	0	0
	Administrative staff	Men	0	3	3	6
		Women	1	9	5	15
	Workers	Men	8	27	30	65
		Women	1	19	36	56
PASUBIO GROUP 2022	Total Managers	Men	0	3	7	10
		Women	0	0	2	2
		Non-binary	0	0	0	0
	Total Middle-ranking managers	Men	0	28	9	37
		Women	2	6	2	10
		Non-binary	0	0	0	0
	Total administrative staff	Men	24	56	16	96
		Women	28	73	13	114
		Non-binary	0	0	0	0
Total	Total Labourers	Men	202	250	139	591
		Women	172	299	101	572
		Non-binary	4	3	0	7

We - at Pasubio Group - promote the respect and protection of the person in his moral, cultural, physical and professional integrity. In addition, we are committed to the development and continuous support of professionalism and the involvement of staff at all levels.

Recognising the people and their diversity as a value and heritage translates into five actions:

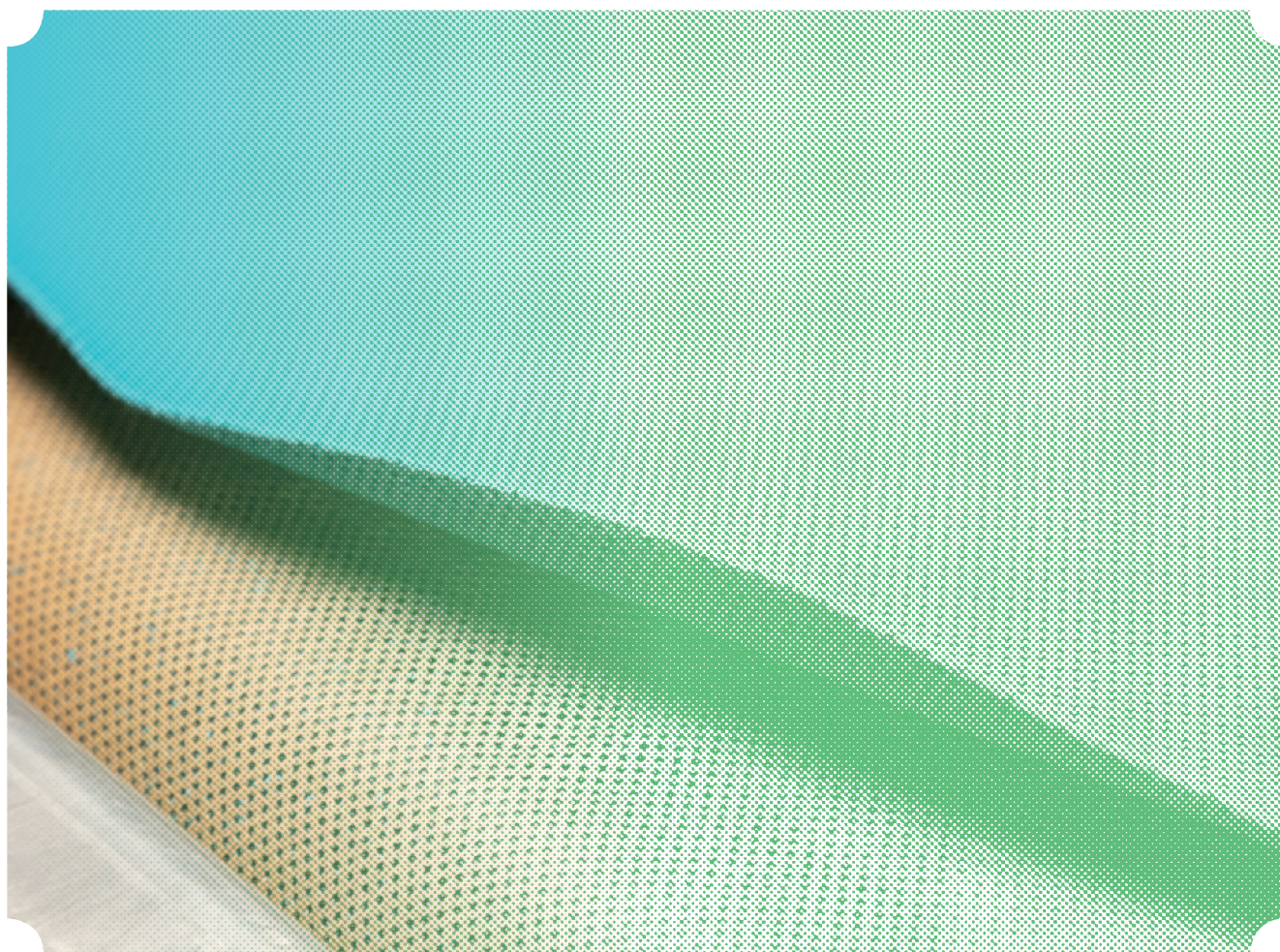
- commitment to considering the needs of local communities, as well as those of provincial and internal trade union representations;
- protection of equal opportunities, maternity and paternity by means of welfare policies and a fair balance between working life and private life;
- integration of young generations into the labour market;
- exchanging and sharing expertise and experience between colleagues of various companies.

Here are some examples of initiatives by the Human resources Department (hereafter HR) that aim to support constant engagement of the people.

1. HR MEET ONE TO ONE - MANAGEMENT LINE: the HR department of Conceria Pasubio S.p.A. - Italy, on an annual basis and for homogeneous areas, meets the employees in "one to one" talks for one hour. The meeting

is proposed in the form of an "open dialogue" in which to dig deeper into the state of well-being of the person in the company in several aspects: satisfaction with professional growth and skills; satisfaction with the relationship with the line manager, satisfaction with the working environment as people, physical environment and tools as a whole. Feedback on the areas of strength and improvement of the Organisation are also gathered and the strong and weak characteristics of the person interviewed analysed. At the end of the meetings, during the analysis, the findings are processed over again, looking for common factors and assuming actions to be taken to "target" the strong areas and support the improvement of the weak ones. An anonymous "report out" is given to the department's line manager, together with whom the "action plans" are established. They result in a series of interventions, such as team building sessions, development of training programmes tailored to the team, line manager or individual staff member, organizational developments of individual positions or the team.

2. FEEDBACK SUPPORT ACTIONS: following professional training in group management, each manager is supported by the HR department of Conceria Pasubio S.p.A. -



Italy, Conceria Pasubio S.p.A. - Serbia and Hewa Leder GmbH - Germany, with periodic feedback interviews. During the meetings, actions are introduced that facilitate dialogue and the emergence of the actual feedback between the manager and the collaborator. A supporting action, for example, lies in filling out a quick pre-meeting survey, where the manager assesses the operator and vice versa the operator assesses the manager and the working environment. Managers/supervisors are trained, even through external training actions, on building and generating feedback. Furthermore, when receiving feedback, we also facilitate and encourage the individual to openly state their expectations so that the company is in the best position to do everything possible to facilitate them and take them as opportunities in defining the development path of the individual and the team.

3. QUARTERLY MEETINGS WITH UNITARY TRADE UNION REPRESENTATIONS

RSU: after the establishment in 2021 of a Unitary Trade Union Representation (RSU) consisting of 15 employees in the Italian factories of Conceria Pasubio S.p.A. - Italy, a mutual exchange relationship has been established with a view to safeguarding the well-being of workers and facilitating their contribution to business development. In addition to ensuring the freedom of assembly of the trade unions and with workers, there was established the opportunity to hold quarterly meetings between the RSUs and the Management. These meetings, led by the HR Manager, enable the RSUs to represent their pre-existing findings and the management to update trade unions on business performance, special projects and specific issues related to the health and safety of workers and their well-being. Each meeting ends with a follow-up and action to be taken in the next quarter.

4. INDIVIDUAL MEETINGS AT THE REQUEST of EMPLOYEES:

the HR teams of all the Pasubio Group member-companies, at the request of the employee, are available for individual meetings aimed at tackling any problem that may arise for the employee: including administrative matters, personal reconciliation needs, challenges in the workplace or with the managers thereof and problems relating to well-being or health. In this case, HR acts as a facilitator for the employee in interacting with managers, colleagues and external third parties (occupational doctor, Person Responsible for Prevention and Protection, payroll firm, pension funds, insurance, etc).

5. GEMBA HR:

in the factories of Conceria Pasubio S.p.A. - Italy, Conceria Pasubio S.p.A. - Serbia and Hewa Le-

der GmbH - Germany, there was established the monthly Gemba HR moment, that is a day when a member of the HR team physically moves to one of the other plants. During the day, HR staff members physically walk around the plant, declare their presence to the employees, gather ideas and check the working conditions. The HR officer then remains available - in a dedicated room - to meet employees and address individual relationship management needs, whether administrative or any other needs. The objective of the intervention is to be close to the employee while at the same time seizing specific situations and opportunities not otherwise visible to the office.

6. EXIT MEETING:

in Conceria Pasubio S.p.A. - Italy, Conceria Pasubio S.p.A. - Serbia and Hewa Leder GmbH - Germany, each time an employee leaves the office, a meeting shall be organized by the HR department with the person who resigned. The purpose of the meeting is to collect the main traits of the experience in the company and all possible suggestions for improvement for the Organization and the reference manager. Feedback is collected and analysed to get an organic view of the state of business engagement.

7. INTERCOMPANY TEAM BUILDING:

two moments of exchange between the professional figures of the companies of the Pasubio Group member-companies took place in 2022:

1. meeting between the managers of the companies that form the Group in order to raise awareness that these are not individual realities separated by barriers, but that each individually contributes to the Pasubio Group in the current VUCA (Volatility, Uncertainty, Complexity & Ambiguity) context;
2. team building for the Customer Quality Care team, in which the CQC Specialists of the Group are gathered, so that they know each other and to transmit a common goal of the team, despite their objective physical distance.

8. CODE OF CONDUCT CERTIFICATION:

Conceria Pasubio S.p.A. - Italy, to promote the continuous improvement of the social climate within its own territory and to communicate its daily commitment to the protection of workers and the enhancement of human capital, started internal activities in order to prepare for the certification of the Code of Conduct and Social responsibility according to the UNIC (Unione Nazionale Industria Conciaria, that is the National Union of the Tanning Industry) standard.

OBJECTIVE 2023

Conceria Pasubio S.p.A. - Italy, obtaining certification of the Code of Conduct and Social responsibility according to the UNIC standard for all plants.

The breakdown of the internal workforce by professional categories and by the three main age groups can be seen below. Also in 2022, due to production needs, the majority of the workforce is in the category of laborers, followed in order by administrative staff and middle-ranking managers

and, finally, managers. In terms of age groups, the majority of workers are in the middle age group, 30-50 years old, which makes up for 49.9%, followed by a large proportion of those under 30 (30%).

PASUBIO GROUP	2021			
In-house employees*	<30	30-50	>50	Total
Managers	0	2	8	10
Middle-ranking managers	3	29	12	44
Administrative staff	84	149	31	264
Workers	503	548	238	1,289
Total	590	728	289	1,607

PASUBIO GROUP	2022			
In-house employees*	<30	30-50	>50	Total
Managers	0	3	9	12
Middle-ranking managers	2	34	11	47
Administrative staff	52	129	29	210
Workers	378	552	240	1,170
Total	432	718	289	1,439

*Aggregated data by gender, i.e. man, woman, non-binary

PASUBIO GROUP	2021			
External collaborators*	<30	30-50	>50	Total
Collaborator managers	0	0	2	2
Sales agents	0	1	2	3
Workers supplied by agencies	38	59	11	108
Total	38	60	15	113

PASUBIO GROUP	2022			
External collaborators*	<30	30-50	>50	Total
Collaborator managers	0	0	2	2
Sales agents	0	0	3	3
Workers supplied by agencies	44	95	16	155
Total	44	95	21	160

*Aggregated data by gender, i.e. man, woman, non-binary

PROTECTION OF HUMAN RIGHTS AND NON-DISCRIMINATION

The Pasubio Group promotes integration between the different members of the staff and the professional development of each one of them. To this end, Pasubio Group protects and promotes the disclosure of values such as meritocracy, loyalty, seriousness, dedication and the spirit of cooperation. Through the continuous improvement of its professionalism and the involvement of staff at all levels, the Pasubio Group aims to achieve excellence in its field of operation. The people and collaborators involved in the activities are a strategic

and valuable asset. Indeed, in order to promote the growth of each employee's professional heritage, and consequently to increase the competitiveness and impact of the company on the market, respect for and protection of the individual in his or her moral, cultural, physical and professional integrity is promoted internally. During the 2021-2022 two-year period, no incidents of discrimination within the Organisation (GRI 406-1) were reported.

TRAINING AND DEVELOPMENT OF PEOPLE

In order to increase the skills of its employees, each year the Pasubio Group invests resources in hard and soft training plans and in compulsory training for safety and necessary certifications. There will be internal training to transfer business skills to support changes in key roles and professional

technical training to enhance the individual worker and to support them to operate in line with the technological adaptations of production. The goal is to give everyone the opportunity to adapt and be supportive and driven to continuous improvement for themselves and the company.

PASUBIO GROUP	2021	2022
Total hours of training of in-house employees and external collaborators	9,620	11,817
Total in-house employees and external collaborators trained	968	990

ANNUAL TRAINING HOURS IN AVERAGE PER IN-HOUSE EMPLOYEE			
2021			
Professional categories	Average hours men	Average hours women	Total average hours
Managers	58.4	36.0	53.9
Middle-ranking managers	35.7	55.6	38.8
Administrative staff	17.0	16.0	16.5
Workers	1.7	1.7	1.7
Total	6.3	4.6	5.5

2022			
Professional categories	Average hours men	Average hours women	Total average hours
Managers	23.1	17.0	22.1
Middle-ranking managers	37.2	53.1	40.6
Administrative staff	23.6	13.1	17.9
Workers	5.5	4.3	4.9
Total	9.6	6.4	8.1

The courses delivered in 2022 are mainly in the following categories:



**PROJECT
MANAGEMENT**



FINANCE



**HEALTH AND
SAFETY**



LANGUAGES



PRODUCTION



LEADERSHIP



HARD SKILLS

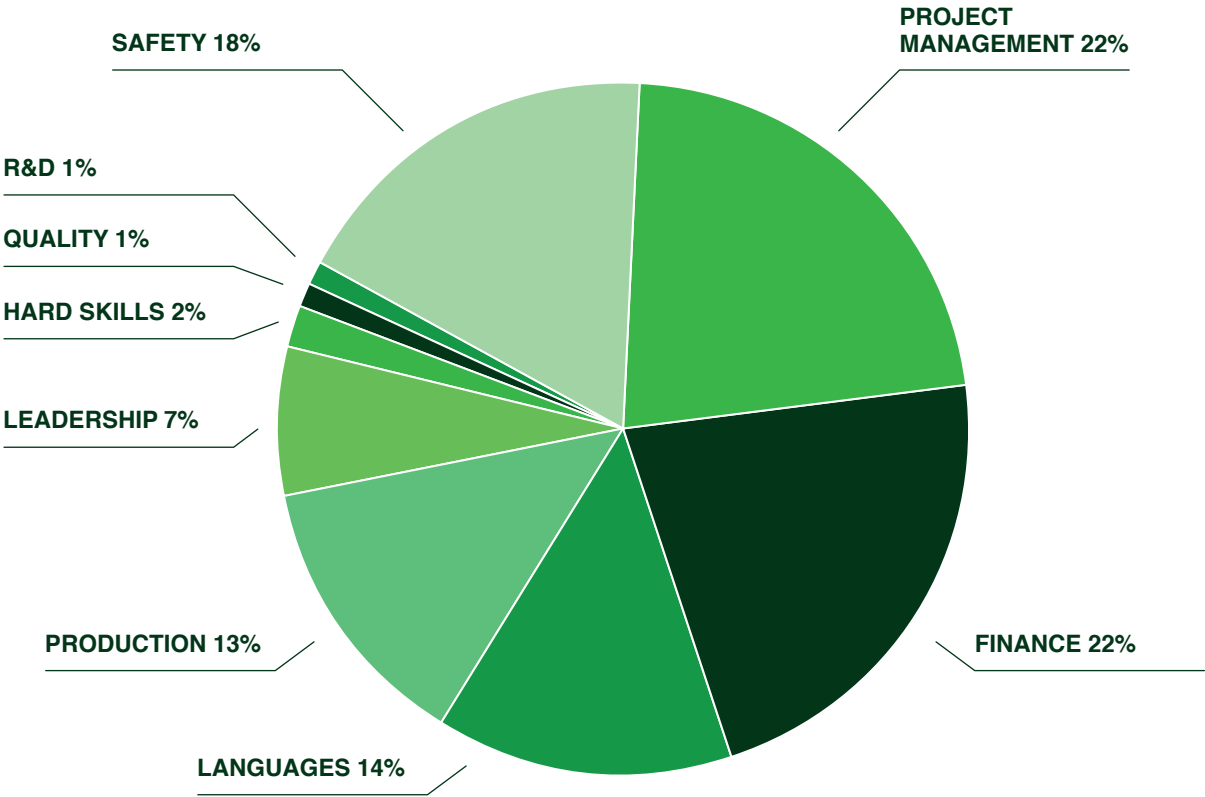


QUALITY



**RESEARCH &
DEVELOPMENT**

CONCERIA PASUBIO S.p.A. ITALY



In the field of health and safety, depending on the roles held by the Pasubio employees, there is carried out training which deals with concepts such as risk, damage, prevention, protection, organisation of company prevention, rights and duties of the various business subjects, supervisory bodies,

monitoring, assistance and risks related to the tasks performed and the hazards present in the working environment, emergency management such as fire, first aid and chemical emergency.

There have been many new training sessions designed with the aim of building complete all-around professionalism, therefore able to express themselves at best not only in their field of work, but also and above all within the whole group, in a spirit of collaboration with the other departments. A few examples:

- “Finance for not finance”: for Pasubio Group, even a process engineer must have the knowledge to evaluate the impact of his project work in the financial field;
- one-to-one individual language training: it is important to enable everyone to communicate with colleagues in the Group member-companies;
- project management: training provided to persons who do not have project management positions but who, thanks to the skills acquired, will be aware of the projects carried out by the Group.

Even in the on-boarding process, the development of human capital is necessarily a matter of training. It is from this principle that this process comes to life and develops for the benefit of the new people involved in the company, who have the opportunity to access the initial induction, meeting various stakeholders and visiting the factories, so to consciously join the new reality and be able to move without worry in the Organization.

OCCUPATIONAL HEALTH AND SAFETY

The health and safety of workers are essential conditions to which particular attention must be paid through prevention, technological development, training and continuous monitoring. We - at Pasubio Group - carry out our activities conscious of the utmost attention that must be paid to occupational health and safety toward our staff and third parties,

with the aim of constantly improving our performance. The Group member-companies have adopted data collection systems for health and safety, which record the reports and the consequent corrective actions identified and shared with management for implementation. To date, the health and safety management system complies with local regulations.

Below is the planning for obtaining ISO 45001 certification for 2023:

ORGANISATIONAL STRUCTURE	FACTORY	PLACE	BUSINESS
Conceria Pasubio S.p.A.	Arzignano HEADQUARTERS	ITALY	Renewal of certificate
	Zermeghedo	ITALY	Renewal of certificate
	Arzignano Via VI Strada	ITALY	Certification implementation
	Arzignano Viale Vicenza	ITALY	Certification implementation
	Sabac	SERBIA	Certification implementation

In relation to risks to the health and safety of workers, each company has the responsibility to operate in accordance with applicable laws and regulations. In order to ensure compliance, each of them shall examine all hazards present in the

workplace by means of a quantitative assessment of the risk associated with a given health and integrity hazard situation, taking into account two main factors: the severity of the risk and the likelihood of its occurrence.

The organization subdivides the risk assessment into 5 macro areas:

1. identifying and recording hazards
2. hazard assessment to determine the risk level
3. identification of prevention and protection measures
4. implementation of the measures
5. monitoring and review.

The first fundamental process is the identification of hazard, i.e. the intrinsic property or quality of a given factor with the potential to cause harm.

The following have been identified as potential hazards that could lead to serious consequences:

- investment from work equipment such as forklift trucks, pallet trucks and claw

- burns by contact with corrosive chemicals
 - falling from above from the working canopies
 - grasping and/or contact with mechanical processing equipment
- and serious occupational diseases:
- manual handling of loads and performance of repetitive tasks.

Once hazards are identified, their risk to the organization shall be assessed. For each risk, prevention and protection actions are identified so as to eliminate and/or minimise it. Based on the assessment and the accidents examined in the 2021-2022 period, it is clear that workers were more exposed to mechanical risk due to contact activities with work equipment where the most affected areas are the hand, heads and knee.

Below are the personal accident figures regarding in-house employees:

ACCIDENTS - IN-HOUSE EMPLOYEES	2021	2022
Number of deaths as a result of occupational accidents	0	0
Number of occupational accidents with serious consequences (excluding deaths)	0	0
Number of recordable occupational accidents	35	27

FREQUENCY INDEX - IN-HOUSE EMPLOYEES	2021	2022
Rate of deaths as a result of occupational accidents	0	0
Rate of serious occupational accidents (excluding deaths)	0	0
Rate of recordable occupational accidents*	12.41	9.18

*The accident rate was calculated as the ratio of the total number of accidents to the total number of hours worked, using a multiplicative factor of 1,000,000.

Below are the accident figures of external collaborators:

ACCIDENTS - EXTERNAL COLLABORATORS	2021	2022
Number of deaths as a result of occupational accidents	0	0
Number of occupational accidents with serious consequences (excluding deaths)	0	0
Number of recordable occupational accidents	3	1

FREQUENCY INDEX - EXTERNAL COLLABORATORS	2021	2022
Rate of deaths as a result of occupational accidents	0	0
Rate of serious occupational accidents (excluding deaths)	0	0
Rate of recordable occupational accidents*	1.06	0.34

*The accident rate was calculated as the ratio of the total number of accidents to the total number of hours worked, using a multiplicative factor of 1,000,000.

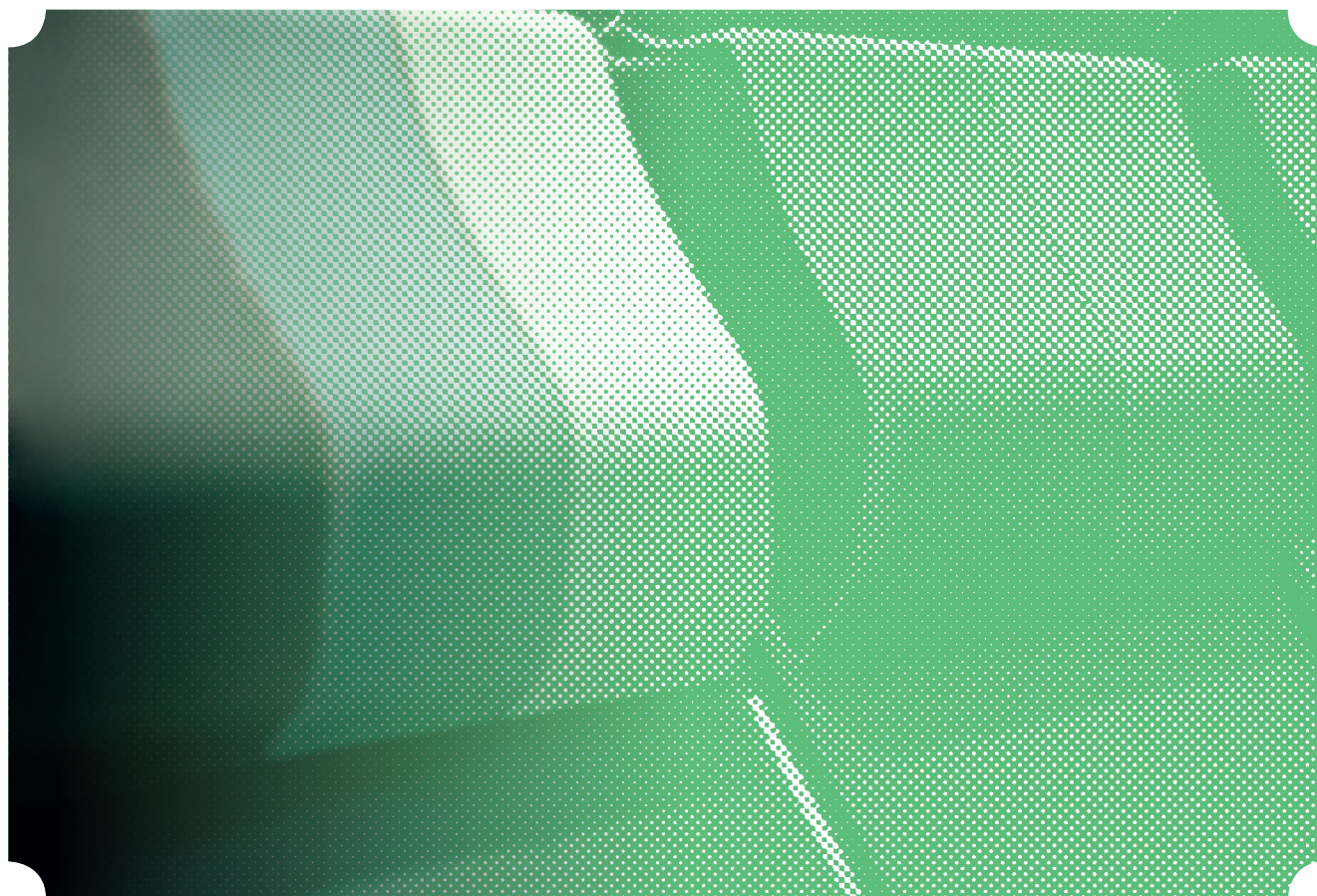
Safe and serene occupational conditions ensure the psychophysical well-being of people, with positive effects also on the performance of the entire Pasubio Group. The balance between private and work life, fostered with dedicated initiatives, further consolidates the climate of serenity and it is in line with the corporate spirit of meeting the needs

of the people who collaborate with the Group. Work planning sets out to take into account not only the productive needs, but also the needs of individual workers. Below are the hours worked (including on-site, smart working and overtime) during the 2021-2022 two-year period:

PASUBIO GROUP	HOURS WORKED 2021	HOURS WORKED 2022
Conceria Pasubio S.p.A. - ITALY	923,412	880,620
Conceria Pasubio S.p.A. - SERBIA	657,137	959,456
Hewa Leder GmbH - GERMANY	229,583	295,780
GD Servicios Internacionales del Norte - MEXICO	923,179	722,614
Arzignanese S.r.l. - ITALY	86,432	82,510
Total	1,940,487	2,924,082

The organization shall ensure that personal information on workers' health and their participation in occupational health services is not used in any way for the benefit or disadvantage of workers. In addition to the presence of occupational health control institutes, through the occupational doctors

identified and appointed for each production site, each employee is protected according to a health plan that identifies his or her job and, as a result, the compulsory checks to be carried out with specific scheduling.



CHAP 2.2

Attention to the ENVIRONMENT

As regards the responsible management of natural resources, one of our goals - as Pasubio Group - is the use of these resources with a cycle that protects the environment and promotes the principle of circularity.

With regard to energy reduction, the Group is looking for energy efficiency solutions. Production plants have been equipped with technologies that monitor key plant operating

parameters to optimise them. This has resulted in a lower consumption, with measurable and measured efficiency gains: it improves productivity and decreases specific energy consumption, resulting in higher product availability for the market and lower energy costs and CO₂ equivalent emissions.

The Pasubio Group's commitment is daily, and this is proven by:



WASTE MANAGEMENT

The leather industry produces the following types of waste (non-exhaustive list):

- sludge, in particular produced from on-site effluent treatment;
- waste of tanned leather (waste, clippings, powders);
- wastes from packaging and finishing operations;
- waste paints and varnishes.

Waste treatment is managed in accordance with specific procedures of the Management System, which regulate the identification and assignment of roles, responsibilities and activities. Compliance with the procedures ensures compliance with the law requirements. Compliance is verified through internal and external periodic audits.

The table below gives an overview of the amounts of hazardous and non-hazardous waste generated during the reference year and the previous year:

Waste generated during the year			
Type of waste	Unit of measurement	2021	2022
Hazardous waste	t	232 (1%)	220 (1%)
Non-hazardous waste	t	19,696 (99%)	19,828 (99%)
Total	t	19,928 (100%)	20,048 (100%)

Hazardous waste means materials that present potential risks to human health and the environment if they are not managed properly. They may contain toxic, infectious, flammable or reactive substances, which require specialized treatment and disposal to avoid adverse impacts on human health and the ecosystem.

Non-hazardous waste includes materials that are not considered to be harmful to human health or the environment, at least in the amounts in which they are produced. They may include materials such as paper, plastic, glass, wood and other common solid waste.

The destination of waste is determined after an assessment of several factors in order to determine whether it should be

recycled or disposed of. One of the main elements considered is the type of waste: materials such as paper, plastic, glass and metals can be recycled through material recovery processes, while other types of waste require specific methods of disposal, such as heat treatment or disposal in landfill.

The chemical and physical characteristics of waste play a key role in determining the most appropriate management method. The presence of toxic or hazardous substances may require special treatment to ensure safety and compliance with environmental regulations in force. This ensures that such waste is properly managed and does not represent a hazard to the environment or human health.

Categorisation	Unit of measurement	2021*	2022
Waste recovered	t	6,563 (39%)	8,357 (42%)
Waste disposed of	t	10,178 (61%)	11,691 (58%)
Total	t	16,742 (100%)	20,048 (100%)

*Only waste produced by Conceria Pasubio S.p.A. is reported - Italy.

In order to ensure optimal management of the production and disposal of waste, Pasubio Group has defined a set of provisions and procedures to monitor and track the correct

treatment of waste, virtuously adopting the key principles of the circular economy, an approach to reuse materials in subsequent production cycles, minimising waste.

EMISSIONS INTO THE ATMOSPHERE

The Pasubio Group pays particular attention to the emissions of any pollutants into the atmosphere, complying the relevant limits and requirements in plants where there are emission points.

On a regular basis, therefore, plants with a significant environmental impact are subject to several checks, in particular:

- I. heat generators for the working environment;
- II. boilers/heating plants serving production;
- III. fixed air conditioning/cooling systems;
- IV. emission installations serving production (with abatement system or without).

CLIMATE CHANGE

The climate emergency affects everyone, including companies. We - at the Pasubio Group - have set as one of our priorities Goal 13 of Agenda 2030, namely to promote actions - at all levels - to combat climate change. In addition, we are committed to promoting practices to mitigate its effects, reduce its impacts and compensate for its emissions.

The commitment is to pay particular attention to the impacts of emissions into the air, seeking technological and efficiency solutions that can reduce tons of CO₂ equivalents, together with a more structured data collection system that will allow for full certification in the coming years according to international reference standards.

“Scope 1” emissions refer to the direct emissions produced

internally by the Pasubio Group and generated by the energy sources it controls. These include emissions from the combustion processes of natural gas and fuel from vehicles and vehicles in its possession.

“Scope 2” emissions include indirect emissions generated by the production of electricity purchased and consumed by the company. These emissions are associated with energy generation outside the Group, but used to power business processes and operations.

It should be observed that the reporting of direct and part of indirect emissions concerns only energy consumption; categories such as transportation, raw materials and upstream stages of natural gas consumed are therefore excluded.

Pasubio Group	Unit of measurement	2021	2022
Scope 1 - Location based	t CO ₂ eq.	7,730	7,120
Scope 2 - Location based	t CO ₂ eq.	9,975	10,509
Total Scope 1 and Scope 2 (Location based)	t CO ₂ eq.	17,705	17,629

ENERGY CONSUMPTION

The Pasubio Group mainly uses electricity, methane gas and gas oil for its industrial processes. Electricity is used for the operation of machinery and plants, methane gas to reach process temperatures at certain stages of processing (for example liming, tanning and dyeing) and in work environments. Gas oil is used for internal handling. In general, the tanning industry is not considered to be energy-intensive. Besides carrying out all administrative procedures concerning management, Pasubio Group is committed to its energy efficiency plan as described below:

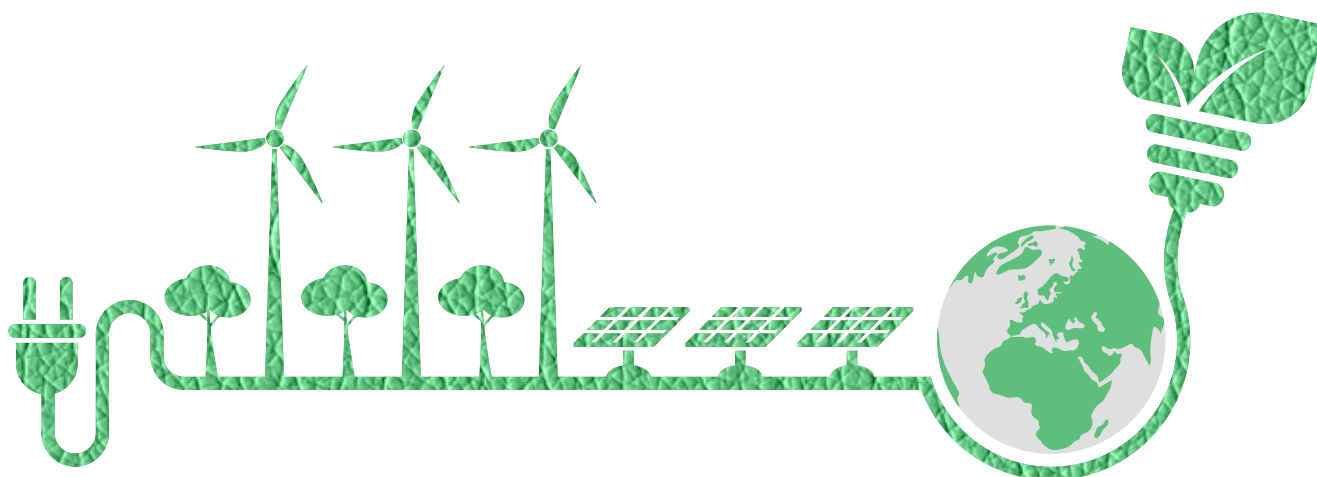
- in 2023, Conceria Pasubio S.p.A. - Italy will start the evaluation process for the purchase of renewable energy for its plants in Arzignano Seconda Via Il Strada, Zermeghedo, Almisano di Lonigo, Via Vicenza, Arzignano Sesta Via VI Strada;
- in March 2022, Conceria Pasubio S.p.A. - Italy purchased two cogeneration systems which will be installed in the Zermeghedo and Arzignano Via Il Strada plants in late 2023-early 2024. These systems will allow the plants to produce electricity and hot water/steam for the production cycle;

- in October 2022, Arzignanese S.r.L. activated a cogeneration system for the production of electricity and hot water/steam for the production cycle;
- installation of inverters and replacement of electric motors;
- lighting engineering works;
- optimisation of compressed air production and distribution processes.

Below are the energy consumption figures for the entire Pasubio Group:

Energy consumption within the organisation		Unit of measurement	2021	2022
Energy carriers	Natural gas	GJ	120,069	120,439
	LSFO	GJ	5,109	-
	Total	GJ	125,177	120,439
Electricity purchased from the grid	of which from renewable sources	GJ	0	0
	of which from non-renewable sources	GJ	67,015	69,269
	Total	GJ	67,015	69,269
Car fleet fuel	Gas oil	GJ	7,896	3,648
	Petrol	GJ	551	264
	LPG	GJ	0	43
	Total	GJ	8,446	3,955

Energy consumption	Unit of measurement	2021	2022
Energy carriers	GJ	125,177	120,439
Electricity purchased from the grid	GJ	67,015	68,993
Car fleet fuel	GJ	8,446	3,955
Total	GJ	200,638	193,388



RESPONSIBLE USE OF WATER

Tanning and re-tanning, greasing and dyeing processes consume a lot of water and they are characterised by an open water cycle by default, that is water is first supplied to production and used in the production process and then discharged as wastewater. They commonly contain a high content of organic matter, which must be removed by treatment carried out in wastewater treatment plants before final discharge.

For this reason, the Pasubio Group is constantly looking for activities aimed at reducing water consumption in the various stages of production. In view of the severe water crisis, attention is focused on testing and feasibility of innovative so-

lutions to reduce consumption. In 2022, Conceria Pasubio S.p.A. - Italy launched a feasibility study for the design, construction and installation of a pilot plant suitable to treat the wastes from the re-tanning, dyeing and greasing processes in the Arzignano plant - Headquarters. The goal is to start the pilot plant between late 2023 and early 2024.

It should be noted that reporting is limited to process water only, and therefore only to sites that use water for the production process. Water for washrooms/utilities is not reported.

The authorised process water consumption is as follows:

Organisational structure	Unit of measurement	Approved water consumption
Conceria Pasubio S.p.A. - ARZIGNANO II (ITALY)	m³/d	830
Conceria Pasubio S.p.A. - ZERMEGHEDO (ITALY)	m³/d	900
Conceria Pasubio S.p.A. - LONIGO (ITALY)	m³/d	350
Arzignanese S.r.l. - ARZIGNANO (ITALY)	m³/d	1,258
Hewa Leder GmbH - REHAU, BRAND-ERBISDORF (GERMANY)	m³/y	50,000

WATER COLLECTION	Unit of measurement	2021	2022
Surface water	ML	47	48
Groundwater	ML	834	900
Sea water	ML	-	-
Produced water	ML	-	-
Third-party water resources	ML	-	-
Total	ML	881	948

WATER COLLECTION	Unit of measurement	2021	2022
Fresh water (<1,000 mg / l total dissolved solids)	ML	881	948
Other water types (>1,000 mg / l total dissolved solids)	ML	-	-
Total	ML	881	948

WATER COLLECTION*	Unit of measurement	2021	2022
No water stress-low water stress (<10%) / low-medium (10-20%)	ML	834	900
Medium-high (20-40%) / high (40-80%) water stress	ML	47	48
Extremely high water stress (>80%)	ML	0	0
Total	ML	881	948

*Classification of water resources according to the AQUEDUCT Water Risk Atlas

WATER COLLECTION	Unit of measurement	2021	2022
No water stress-low water stress (<10%) / low-medium (10-20%)	ML	95%	95%
Medium-high (20-40%) / high (40-80%) water stress	ML	5%	5%
Extremely high water stress (>80%)	ML	0%	0%
Total	ML	100%	100%



The water coming from the production processes of the Italian plants where tanning, dyeing and finishing operations are carried out is channelled into the industrial water network and sent to the Consortium's purifier managed by Acqua del Chiampo S.p.A. or Medio Chiampo S.p.A., depending on the location of the plant. The authorisations granted by the Consortia provide for maximum limits both for the quantity of water discharged and for the quality, the latter relating to the presence of pollutants. The discharge parameters are defined by the adjustment of the consortia: depending on the

amounts acquired from time to time and the type of discharge, the parameters may also be recalibrated upwards or further lowered. Other temporary changes are set from time to time depending on the specific situation.

In Germany, the district of Mittelsachsen (Landkreis Mittelsachsen) is the competent environmental authority for the Hewa plant in Brand-Erbisdorf and has granted a permit under the German Federal Emission Control Act in respect of the existing leather goods production plant. According to this environmental authority, the amount of wastewater is limited.

WATER DISCHARGE	Unit of measurement	2021	2022
Surface water	ML	34	35
Groundwater	ML	0	0
Sea water	ML	0	0
Third-party water resources	ML	873	900
Total	ML	908	935

WATER DISCHARGE	Unit of measurement	2021	2022
Fresh water (<1,000 mg / l total dissolved solids)	ML	908	935
Other water types (>1,000 mg / l total dissolved solids)	ML	0	0
Total	ML	908	935

WATER DISCHARGE*	Unit of measurement	2021	2022
No water stress-low water stress (<10%) / low-medium (10-20%)	ML	875	900
Medium-high (20-40%) / high (40-80%) water stress	ML	33	35
Extremely high water stress (>80%)	ML	0	0
Total	ML	908	935

*Classification of water resources according to the AQUEDUCT Water Risk Atlas

WATER DISCHARGE	Unit of measurement	2021	2022
No water stress-low water stress (<10%) / low-medium (10-20%)	ML	96%	96%
Medium-high (20-40%) / high (40-80%) water stress	ML	4%	4%
Extremely high water stress (>80%)	ML	0%	0%
Total	ML	100%	100%

*Classification of water resources according to the AQUEDUCT Water Risk Atlas

CHAP 2.3

Choices for the common benefit: COMMUNITY and TERRITORY

The Pasubio Group considers the protection and enhancement of the environmental and cultural heritage of the geographical areas in which it operates as fundamental elements of its corporate identity. Therefore, Pasubio Group is actively engaged in supporting and promoting cultural and social initiatives, as well as in enhancing training for the general public. With the desire to open up to society and to interact with the outside world, the intention will also in the future be to return part of the value and wealth produced to the territory that hosts its business.

The various socio-cultural initiatives implemented actually allow to strengthen efforts to protect and safeguard cultural heritage in general. The goal is also to promote a constant and continuous relationship based on dialogue and collaboration with the institutions and communities, in order to support them in their growth trajectory as well as economic, social and civil development.

Conceria Pasubio S.p.A. - Italy maintains active collaboration with educational institutions in and around Arzignano. The Group strongly believes that two-way communication between the work world and school world is a crucial factor in ensuring the development of the local community and future well-being, in a relationship of mutual exchange that will keep the two worlds aligned without widening the gap between job opportunities and skills acquired by young people. In 2022, practices were started to enter a circuit that supports junior secondary schools and school orientation courses for STEM (Science, technology, engineering, and mathematics)

subjects and related study courses for female students. In 2023, this collaboration will result in financial donations and facilitations, as well as participation in orientation and training events.

Two noteworthy projects:

- collaboration with Istituto Tecnico Superiore “Cosmo”, which guarantees the intake of trainee students within the departments. 75% (3 out of 4) of internships completed in 2022 became full-time employment;
- Leank project with Istituto Tecnico Superiore “Rossi”, which saw the intake of a group of students for a Kaizen day in which the youths, with the support of the Conceria Pasubio team, developed their own Lean school project. The project will continue in the coming years.

In addition, actions have been taken to provide financial support for an elderly centre, football school and the purchase of a car for the disabled.

To supplement and ensure respect for ethical principles, the Pasubio Group pays attention to the contribution it can make to the industry in which it operates. Indeed, for several years it has been participating in the National Union of the Tanning Industry (UNIC), the world's most important association in the tanning industry, which in turn is a partner, among others, of COTANCE, the non-profit body representing the European leather industry created to promote the interests of the European tanning industry at international level.

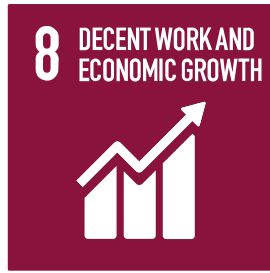
OBJECTIVE 2023

Conceria Pasubio S.p.A - Italy will start the process to join the use of the brand “Arzignano Capitale della Pelle” promoted by the Municipality of Arzignano. Joining this brand will once again confirm the company's commitment to promoting and enhancing its territory, which is characterised by its distinctive economic and industrial fabric, which has established itself as the world centre of tanning entrepreneurship.



Chap. **3**

SUPPLY CHAIN: **quality,** **environment and** **sustainability**



The leather industry has always been a symbol of the ability to recover a potential waste from the food industry and derive value from it, fully integrating itself into the circular economy. More and more companies in the industry, like the Pasubio Group, are adopting production systems in the name of sustainability, which, in short, means reducing environmental impact and respecting the workers' health and rights, paying attention to these values throughout the procurement chain. The growth trajectory in this direction involves engaging suppliers and evaluating their quality performance, as well as

sustainability requirements. An ambitious, but necessary, program that in the coming years will allow the supply chain to be even more involved at all levels and to share with it the principles of sustainability regarding which Pasubio Group is willing to make spread and make its own.

The goal is to monitor with particular attention:

- areas of greatest risk and opportunities on specific exposures within the supply chain;
- the pragmatic approaches, principles and processes that can generate positive changes in the Group's business.



CHAP 3.1

Selection of RAW MATERIAL

In order to guarantee the best to customers, ensuring safe products and therefore tracing each component, Pasubio Group considers it essential to develop standards that go even beyond the law requirements. That is why Pasubio Group has focused attention on the selection of raw materials.

The unified and cross-cutting approach to sustainability is also reflected in the supply chain management: suppliers' policy is oriented toward developing long-term relationships based on loyalty, transparency and mutual cooperation.

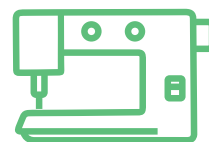
THE MAIN CATEGORIES OF RAW MATERIALS ARE:



**RAW AND/OR
SEMI-FINISHED
LEATHER**



CHEMICALS



CONTRACTORS

It should be pointed out that the management of purchases is carried out by the individual Pasubio Group member-companies, so the definition of the concept of "local" or "non-local" is structured as follows:

- local: the supplier is located in the same province/region as the factory;
- country: the supplier is located in the same country as the plant, but outside the province/region;
- continent: the supplier is located on the same continent as the factory, but outside the country;
- world: the supplier is outside the continent where the plant is located.

The geographical breakdown of the volume of purchases of the main categories of suppliers with the data perimeter specifications is as follows:

LEATHER SUPPLIERS	2021	2022
Local	48%	47%
Country	10%	12%
Continent	35%	34%
World	7%	7%

CHEMICALS*	2021	2022
Local	92.1%	91,9%
Country	6.2%	6.7%
Continent	1.7%	1.4%

*The suppliers of chemical products of Conceria Pasubio S.p.A. were reported - Italy and Arzignanese S.r.L. - Italy. The Pasubio Group undertakes to publish the aggregate data of the Group in the next Sustainability Report.

CONTRACTORS	2021	2022
Local	91.1%	86,6%
Country	0.2%	0.3%
Continent	8.7%	13.1%

Below is the quantity of leather purchased during the reporting period of the Pasubio Group. It should be pointed out that the figures have been adjusted for a precise reading and breakdown in relation to the previous sustainability report:

LEATHER PURCHASED	Unit of measurement	2021	2022
WET WHITE	No. of leather	888,871	788,812
WET BLUE	No. of leather	696,221	822,186
RAW	No. of leather	206,839	224,072
CRUSTS	No. of leather	133,226	211,103
ALTERNATIVE*	No. of leather	1,090	4,720
Total	No. of leather	1,926,247	2,050,893

*This category includes purchases of raw materials other than standard ones, that is raw materials produced through alternative processes (e.g. Wet Green, Wet produced with AVO tanning, etc.).

Chemicals are one of the main strategic supply categories and they are used for leather processing. Below are the quantities purchased for the main production processes:

CHEMICALS MANUFACTURING PROCESSES	Unit of measurement	2021	2022
SOAKING	t	3,276	3,276
TANNING	t	4,648	4,509
DYEING	t	13,520	11,459
FINISHING	t	3,722	3,223
Total	t	25,166	22,467

CHAP 3.2

SUSTAINABILITY of leather

In its growth trajectory, the Pasubio Group considers investments in innovation, research and development essential to strengthen its competitiveness in the market, open up to new possibilities, projects, investments and consciously build the

future. A future that, specifically thanks to research and innovation, that can be understood and predicted, recognising its signals and providing answers with the professionalism of a company capable of always looking forward consciously.

The sustainable innovation of the Pasubio Group products can be seen from the description below:

Alternative tanning processes	<p>AVO: This tanning is based on a waste product from the oil industry and vegetable oil lees, which needs to be disposed of in the treatment plants. Being rich in polyphenols, they are enhanced as a 100% bio-based natural tanning agent, transforming them from waste into a resource.</p> <p>The Research & Development team aims to conclude the first phase of the project toward the end of 2023 as the AVO tanning will enter production. New item development will continue based on specific customer specifications.</p>
	<p>WET GREEN: this tanning is based on a tanning agent that derives from the extraction of the olive leaves, thus bio-based. The substances used are not hazardous, as they are free from heavy metals and aldehydes. The alternative tanning has been approved and is in production for two customers.</p>
	<p>ZEOLITE: this tanning is based on the use of allumino-silicates that stabilise the property of the skin. It is free from chromium, heavy metals and aldehydes. The Research & Development team continues to work on the development of the various items according to the specific customer demands.</p>
	<p>GOAST: this process, supported by the European project LIFE, uses a synthetic tanning agent based on tannins and resins. It is free from heavy metals and aldehydes, and it allows a drastic reduction of hazardous substances, with positive impacts both on the environment and on the health and safety risks associated with production.</p> <p>The Research & Development team continues to work according to specific customer demands.</p>
Recycled products	<p>VITANOVA: a skin produced from residues from the cutting, shaving and trimming stages of production.</p> <p>A leather fibre medium is finished using the same finishing lines as standard leather. The support is made of 60% leather fibres (Wet White) from the shaving, trimming and cutting stages of the factories in Italy and Serbia (90% trimming finished, 10% shaving of Wet White). The remaining 40% of the medium is a mixture of chemicals that hold the leather fibres together and they are crushed and agglomerated with binders and other resins.</p> <p>The Research & Development team continues to work on product developments.</p>
	<p>PasuBio-based leather: this item was developed to maximise the amount of bio-based chemicals in all process steps: tanning, re-tanning and finishing. The semi-finished product (crust) is based on AVO technology, while the finishing uses high bio-based content automotive products. The total bio-based content of the chemicals used, on a dry basis, amounts to about 65%.</p> <p>The Research & Development team continues to work on the development of the various items according to the specific customer demands.</p>

CHAP 3.3

Overseeing the SUPPLY CHAIN

The supply chain is critical to better meet customer needs, providing products with high quality and safety standards. We - as Pasubio Group strongly - believe in the importance of working closely with the supply chain, establishing relationships based on loyalty, transparency and mutual cooperation and jointly defining the goals to ensure the maximum performance at all times. The suppliers for the purchase of leather and chemicals and the contractors are chosen not based on quality and economic criteria, but also by carefully considering characteristics such as technical and organisational capacity and suitability to carry out the required activities, without any discrimination and prejudice and over a significant period of time.

In the context of relations with suppliers, all the Pasubio Group member companies are compelled not only to ensure the most convenient ratio between quality, cost and delivery times, but also to respect the environment and financial soundness.

The Pasubio Group shares its growth goals with the entire supply chain in a collaborative relationship. In 2022, we reviewed and updated all documentation related to the relationship with the supply chain, following the increasingly stringent market needs for sustainability, starting with those on which the company feels it will have the greatest impact.

Our commitment to transparency and legality is clearly as Pasubio Group is clearly enshrined in the Code of Ethics. Associated with this document is a specific Code of Conduct for suppliers, which commits them to operate with integrity on environmental issues, animal rights and respect for human rights.

The Code of Conduct specifies in detail the criteria for conduct in compliance with the Pasubio Group's ethics, laws, protection of assets, information and reputation. It also includes a mechanism for reporting non-compliances and breaches of the Code. Below are the key points in the version updated in 2022.

SUPPLIER CODE OF CONDUCT PRINCIPLES

Ethics and compliance with the law	Protection of the assets, information and reputation of the Pasubio Group	Work and human rights	Health and safety	Environment
<ul style="list-style-type: none"> • Corruption • Counterfeiting • Competition authority and unfair competition • Intellectual property • Accountability and accuracy in maintaining tax and financial records • Verification on exports • Procurement traceability • Conflict of interest • Presents and gifts 	<ul style="list-style-type: none"> • Intellectual property • Confidential information, data security and privacy • File management and cooperation with inspections, audits and investigations 	<ul style="list-style-type: none"> • Workers' contracts • Non-discrimination • Prohibition of forced labour • Child labour • Work hours • Wages and benefits • Privacy and protection of personal identity • Freedom of association and prohibition of retaliation • Gender equality and inclusion • Indigenous people 	<ul style="list-style-type: none"> • Accidents, injuries and occupational diseases • Emergencies • Work conditions 	<ul style="list-style-type: none"> • Environmental impact and hazardous substances • Sustainability • Resource protection and climate protection • Biodiversity • Deforestation and land grabbing • Animal welfare

CHAP 3.4

ESG IMPACTS ALONG THE SUPPLY CHAIN

Supply chain management must integrate climate, environmental resources, human rights, animal welfare and responsible procurement goals. Therefore, the Pasubio Group recognises that it must persevere in pursuing an integrated approach to ensure sustainable practices and limit the main impacts.

In particular, attention shall be focused on:

- areas of greatest risk and opportunities on specific exposures within the supply chain;
- the pragmatic approaches, principles and processes that can generate positive changes in the business.

The Pasubio Group, which adheres to the United Nations Global Compact, has adopted the definition of sustainability of the supply chain: “The management of environmental, social and economic impacts and the encouragement of good governance practices, along the life cycle of goods and services.”

The assessment of impacts along the supply chain today takes into account the main impacts, which are:

- animal welfare;
- deforestation.

ANIMAL WELFARE

The Pasubio Group recognises that it has a duty of care to safeguard animal welfare. In order to actively contribute to its preservation, Pasubio Group commits to the animal welfare policy approved and adopted by the whole Group since 2021. Animal welfare issues, together with those related to climate change, water scarcity and biodiversity decline, are all recognized as potential threats to a farmer’s social license to operate, but some argue that animal welfare has become the

most important aspect of corporate social responsibility in certain specific sectors.

Animal welfare is a growing concern for society and many people who care about farmed animals, such as farmers, transporters and slaughterhouse workers, are making great efforts to improve animal welfare. For this reason the Pasubio Group has decided to draw inspiration from the reference bodies to mitigate the impacts:

FIVE FREEDOMS

1. Freedom from hunger and thirst by ready access to fresh water and a diet to maintain full health and vigour.
2. Freedom from discomfort by providing an appropriate environment including shelter and a comfortable resting area.
3. Freedom from pain, injury or disease by prevention or rapid diagnosis and treatment.
4. Freedom to express normal behaviour by providing sufficient space, proper facilities and company of the animal’s own kind.
5. Freedom from fear and distress by ensuring conditions and treatment which avoid mental suffering.

DEFORESTATION

On 13 December 2022, the survival International Italia ETS association (NGO active in the field of the protection of the rights of indigenous peoples) filed an application, under the OECD Guidelines for multinational enterprises, to the National Contact point (NCP) at the Ministry of Business and Made in Italy, in which Conceria Pasubio S.p.A. is involved.

Survival International claims that Pasubio Group is in breach of the OECD Guidelines in relation to imports of leather

goods from the Paraguayan Gran Chaco region, which allegedly relate to some practices of illegal deforestation of the territories inhabited by the 'uncontacted' people of the Ayoreo Totobiegosode (a tribal population of Chaco). The reconstruction made by Survival, unfortunately, refers only to information available on the web and 'hearsay', already assessed by the Pasubio Group as having no legal or evidential relevance.

As a result of this request, through its lawyers, the Pasubio Group has:

- > submitted to the NCP a comprehensive and timely defensive plea showing the growing irrelevance of exports of Paraguayan leather to the company (which, in relation to the total exports of leather from Paraguay and on the basis of the data available to the company, account for around 9 % of exports; and in relation to the company's total leather imports, accounting for more than 80% from the European Union, about 5%) and its sustainability and due diligence policies implemented with particular reference to Paraguayan suppliers and in preparation for adaptation to European legislation to combat deforestation, bound to be introduced soon;
- > In parallel to the formal OECD procedure, Pasubio is actively engaged with Survival International in a constructive dialogue to address their concerns including providing a more accurate representation of Pasubio's extensive ongoing initiatives on traceability.

According to the procedure initiated by the claims, the Ministry of Business and Made in Italy is called upon to carry out an initial assessment of the case, filed by organisations or private individuals, reporting the potential breach of the OECD Guidelines by companies based in Italy.

The NCP shall not rule on any dispute, nor shall it be endowed with any powers to act or impose sanctions on businesses; on the contrary, it essentially acts as a potential "mediator" in the context of a situation of controversies between companies and private individuals/organisations, arising from an issue raised by the latter on the principles contained in the OECD Guidelines.

At present, the NCP is assessing the case filed by Survival and the documentation produced by the Pasubio Group to support its position. A conclusion is likely to be expected in 2023. Pasubio is engaged in a constructive dialogue with Survival and is providing them with evidence on the ongoing traceability initiatives put in place by the company. Pasubio, in its continuous effort to improve its sustainability practices, is also open to take into account any constructive recommendations from the NGO.



COUNTRIES OF ORIGIN OF LEATHER

In recent years, the Pasubio Group's choices regarding raw material purchases show that the countries of origin are mainly located in Europe.

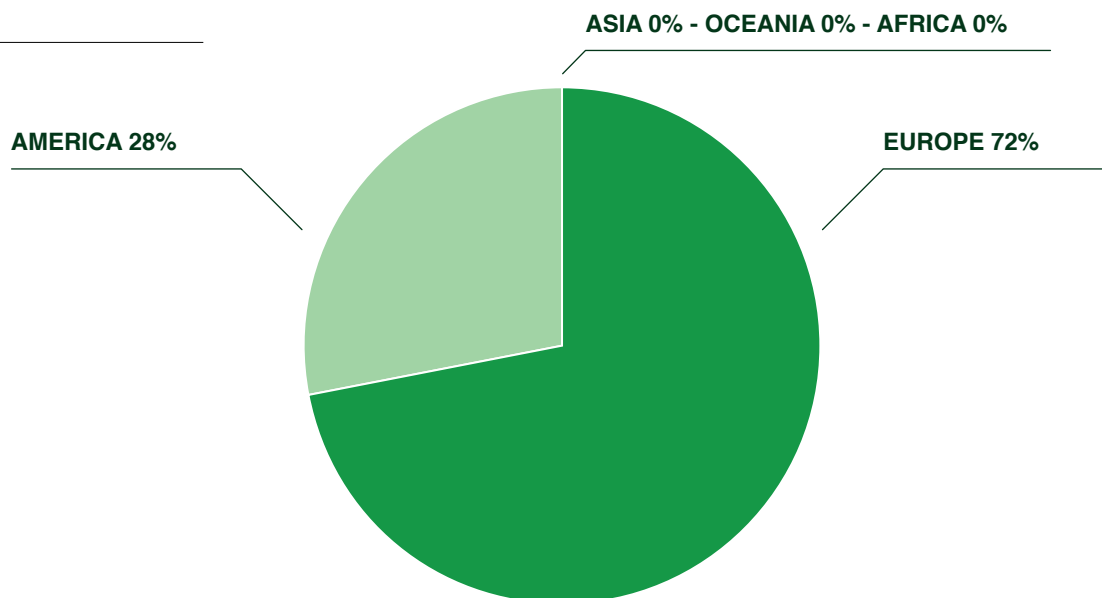
The figures below show that in recent years the commitment has been to make provision for supplies of Community origin. The Group's choices therefore contribute significantly to the

economy of Europe and to limiting the impacts in areas at risk of deforestation.

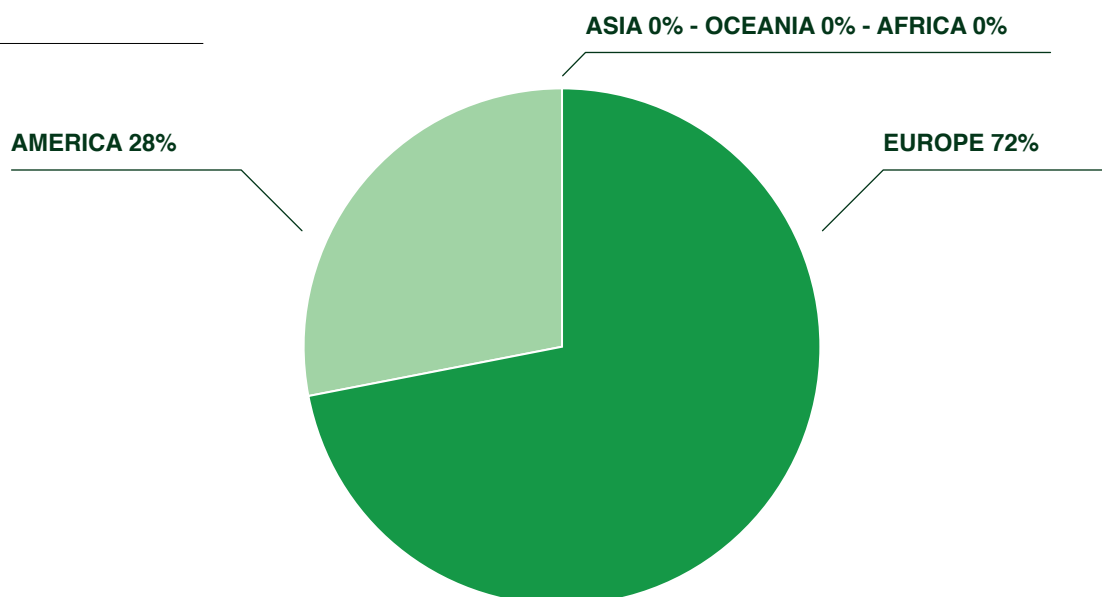
As part of the strategic line pursued, it is confirmed that even in 2022 the origin of leather purchased from European countries is equal to 72%.

The following breakdowns are given as a percentage of the countries of origin of leather purchased regarding 2021 and 2022:

2021



2022



APPENDIX:

ESG (Environment, Social, Governance) impacts

PEOPLE

Total number of in-house employees and external collaborators by gender					
Structure	Workforce of the Group	2021			
		Men	Women	Non-binary	Total
Conceria Pasubio S.p.A. ITALY	Total number of employees	315	202	-	517
	External collaborators	78	33	-	111
Conceria Pasubio S.p.A. SERBIA	Total number of employees	157	293	-	450
	External collaborators	-	-	-	-
Arzignanese S.r.l. ITALY	Total number of employees	41	4	-	45
	External collaborators	2	-	-	2
GD Servicios Internacionales del Norte MEXICO	Total number of employees	244	197	-	441
	External collaborators	-	-	-	-
Hewa Leder GmbH GERMANY	Total number of employees	75	79	-	154
	External collaborators	-	-	-	-
PASUBIO GROUP 2021	Total number of employees	832	775	-	1,607
	Total external collaborators	80	33	-	112
TOTAL		912	808	-	1,720



PEOPLE

Total number of in-house employees and external collaborators by gender					
Structure	Workforce of the Group	2022			
		Men	Women	Non-binary	Total
Conceria Pasubio S.p.A. ITALY	Total number of employees	324	196	-	520
	External collaborators	102	45	-	147
Conceria Pasubio S.p.A. SERBIA	Total number of employees	142	280	-	422
	External collaborators	-	-	-	-
Arzignanese S.r.l. ITALY	Total number of employees	38	4	-	42
	External collaborators	1	-	-	1
GD Servicios Internacionales del Norte MEXICO	Total number of employees	154	147	7	308
	External collaborators	-	-	-	-
Hewa Leder GmbH GERMANY	Total number of employees	76	71	-	147
	External collaborators	11	1	-	12
PASUBIO GROUP 2022	Total number of employees	734	698	7	1,439
	Total external collaborators	114	46	-	160
TOTAL		848	744	7	1,599



PEOPLE

Total number of in-house employees by gender, geographical area and contract type					
Contract type		2021			
		Men	Women	Non-binary	Total
Conceria Pasubio S.p.A. ITALY	Open-ended	308	200	0	508
	Fixed-term	7	2	0	9
Conceria Pasubio S.p.A. SERBIA	Open-ended	80	139	0	219
	Fixed-term	77	154	0	231
Arzignanese S.r.l. ITALY	Open-ended	39	4	0	43
	Fixed-term	2	0	0	2
GD Servicios Internacionales del Norte MEXICO	Open-ended	244	197	0	441
	Fixed-term	0	0	0	0
Hewa Leder GmbH GERMANY	Open-ended	63	69	0	132
	Fixed-term	12	10	0	22
PASUBIO GROUP 2021	Total open-ended	490	412	-	902
	Total fixed-term	342	363	-	705
TOTAL		832	775	-	1,607



PEOPLE

Total number of in-house employees by gender, geographical area and contract type					
Contract type		2022			
		Men	Women	Non-binary	Total
Conceria Pasubio S.p.A. ITALY	Open-ended	313	191	0	504
	Fixed-term	11	5	0	16
Conceria Pasubio S.p.A. SERBIA	Open-ended	97	175	0	272
	Fixed-term	45	105	0	150
Arzignanese S.r.l. ITALY	Open-ended	38	4	0	42
	Fixed-term	0	0	0	0
GD Servicios Internacionales del Norte MEXICO	Open-ended	154	147	7	308
	Fixed-term	0	0	0	0
Hewa Leder GmbH GERMANY	Open-ended	62	64	0	126
	Fixed-term	14	7	0	21
PASUBIO GROUP 2022	Total open-ended	664	581	7	1,252
	Total fixed-term	70	117	-	187
TOTAL		734	698	7	1,439



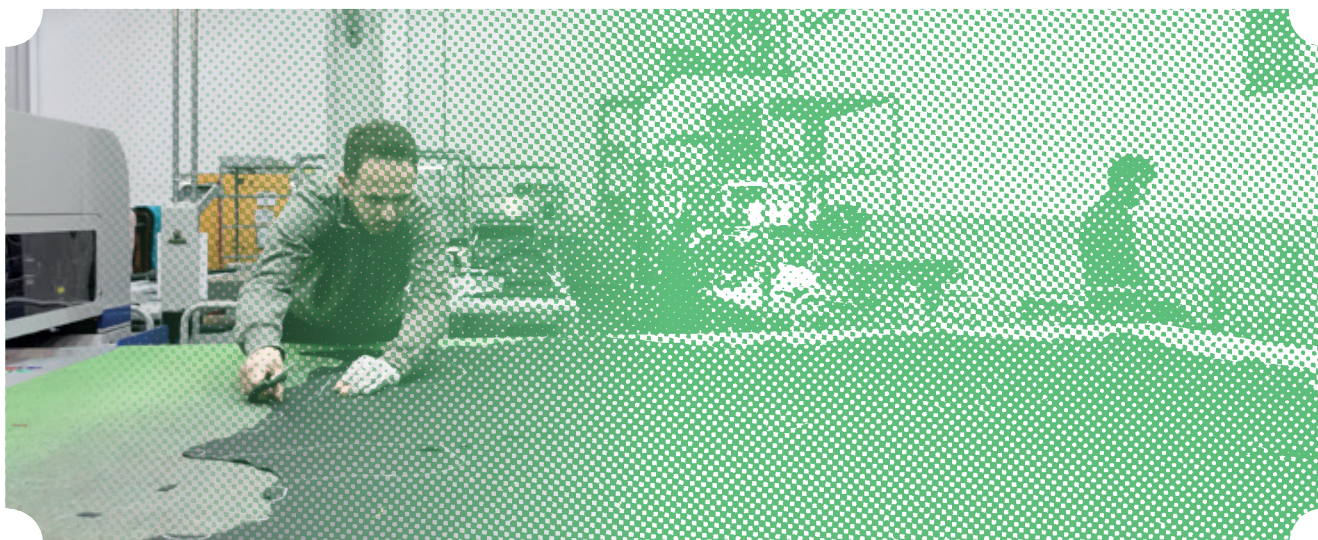
PEOPLE

Total number of in-house employees, gender, geographical area, and full-time / part-time					
Contract type		2021			
		Men	Women	Non-binary	Total
Conceria Pasubio S.p.A. ITALY	Full-time	314	188	0	502
	Part-time	1	14	0	15
Conceria Pasubio S.p.A. SERBIA	Full-time	157	293	0	450
	Part-time	0	0	0	0
Arzignanese S.r.l. ITALY	Full-time	40	3	0	43
	Part-time	1	1	0	2
GD Servicios Internacionales del Norte MEXICO	Full-time	244	197	0	441
	Part-time	0	0	0	0
Hewa Leder GmbH GERMANY	Full-time	75	79	0	154
	Part-time	0	0	0	0
PASUBIO GROUP 2021	Total full-time	830	760	-	1,590
	Total part-time	2	15	-	17
TOTAL		832	775	-	1,607



PEOPLE

Total number of in-house employees, gender, geographical area, and full-time / part-time					
Contract type		2022			
		Men	Women	Non-binary	Total
Conceria Pasubio S.p.A. ITALY	Full-time	323	183	0	506
	Part-time	1	13	0	14
Conceria Pasubio S.p.A. SERBIA	Full-time	142	280	0	422
	Part-time	0	0	0	0
Arzignanese S.r.l. ITALY	Full-time	37	3	0	40
	Part-time	1	1	0	2
GD Servicios Internacionales del Norte MEXICO	Full-time	154	147	7	308
	Part-time	0	0	0	0
Hewa Leder GmbH GERMANY	Full-time	74	56	0	130
	Part-time	2	15	0	17
PASUBIO GROUP 2022	Total full-time	730	669	7	1,406
	Total part-time	4	29	-	33
TOTAL		734	698	7	1,439



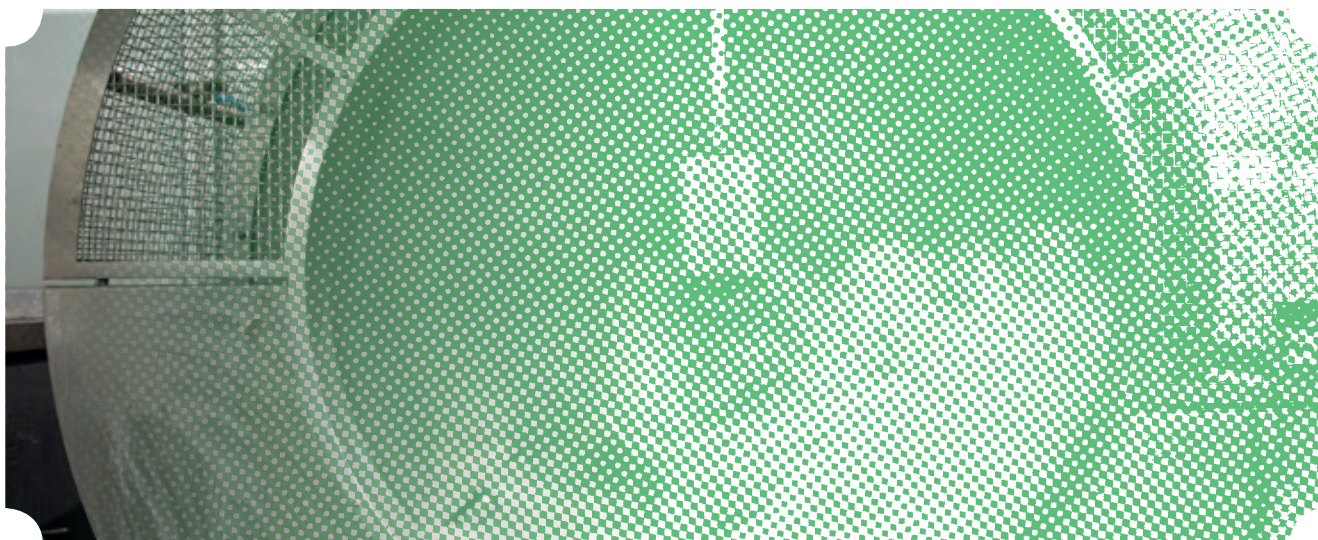
PEOPLE

Total number of incoming in-house employees by gender, age group and geographical area					
Gender		2021			
		<30 years	30-50 years	>50 years	Total
Conceria Pasubio S.p.A. ITALY	Men	10	11	2	23
	Women	5	5	1	11
Conceria Pasubio S.p.A. SERBIA	Men	44	26	2	72
	Women	62	63	7	132
Arzignanese S.r.l. ITALY	Men	-	5	1	6
	Women	-	-	-	-
GD Servicios Internacionales del Norte MEXICO	Men	160	64	5	229
	Women	92	59	2	153
Hewa Leder GmbH GERMANY	Men	1	9	2	12
	Women	-	8	1	9
PASUBIO GROUP 2021	Total men	215	115	12	342
	Total women	159	135	11	305
TOTAL		374	250	23	647



PEOPLE

Total number of incoming in-house employees by gender, age group and geographical area					
Gender		2022			
		<30 years	30-50 years	>50 years	Total
Conceria Pasubio S.p.A. ITALY	Men	19	17	5	41
	Women	6	4	2	12
Conceria Pasubio S.p.A. SERBIA	Men	60	41	2	103
	Women	59	88	10	157
Arzignanese S.r.l. ITALY	Men	-	-	-	-
	Women	-	-	-	-
GD Servicios Internacionales del Norte MEXICO	Men	115	42	-	157
	Women	86	49	1	136
	Non-binary	2	3	-	5
Hewa Leder GmbH GERMANY	Men	3	11	2	16
	Women	1	3	2	6
PASUBIO GROUP 2022	Total men	197	111	9	317
	Total women	152	144	15	311
	Total non-binary	2	3	-	5
TOTAL		351	258	24	633



PEOPLE

Number of outgoing in-house employees by gender, age group and geographical area					
Gender		2021			
		<30 years	30-50 years	>50 years	Total
Conceria Pasubio S.p.A. ITALY	Men	10	9	7	26
	Women	1	3	3	7
Conceria Pasubio S.p.A. SERBIA	Men	80	71	1	152
	Women				
Arzignanese S.r.l. ITALY	Men	-	2	2	4
	Women	-	-	-	-
GD Servicios Internacionales del Norte MEXICO	Men	140	64	4	208
	Women	80	49	2	131
Hewa Leder GmbH GERMANY	Men	-	-	-	-
	Women	-	1	-	1
TOTAL		311	199	19	529



PEOPLE

Number of outgoing in-house employees by gender, age group and geographical area					
Gender		2022			
		<30 years	30-50 years	>50 years	Total
Conceria Pasubio S.p.A. ITALY	Men	8	18	7	33
	Women	3	7	7	17
Conceria Pasubio S.p.A. SERBIA	Men	69	44	2	115
	Women	72	89	7	168
Arzignanese S.r.l. ITALY	Men	0	3	0	3
	Women	0	0	0	0
GD Servicios Internacionales del Norte MEXICO	Men	94	29	0	123
	Women	64	32	0	96
	Non-binary	0	0	0	0
Hewa Leder GmbH GERMANY	Men	0	6	2	8
	Women	0	3	3	6
PASUBIO GROUP 2022	Total men	171	100	11	282
	Total women	139	131	17	287
	Total non-binary	0	0	0	0
TOTAL		310	231	28	569

PEOPLE

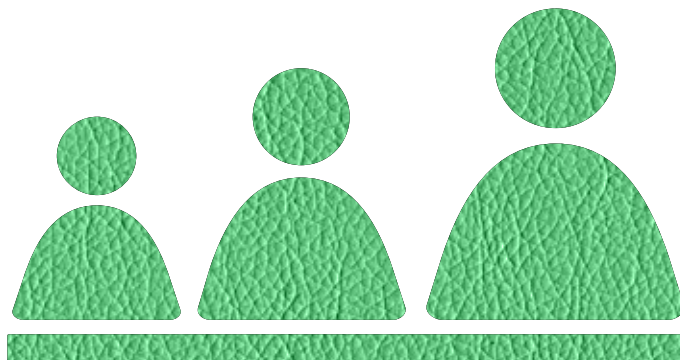
In-house employees in protected categories

2021

Conceria Pasubio S.p.A. ITALY	Man	Woman	Total
Managers	0	0	0
Middle-ranking managers	0	0	0
Administrative staff	1	2	3
Workers	6	3	9
TOTAL	7	5	12

2022

Pasubio Group	Man	Woman	Total
Managers	0	0	0
Middle-ranking managers	0	0	0
Administrative staff	3	2	5
Workers	8	9	17
TOTAL	11	11	22



Rate of incoming in-house employees by gender and geographical area		
2021		Total
Conceria Pasubio S.p.A. ITALY	Men	5%
	Women	3%
Conceria Pasubio S.p.A. SERBIA	Men	17%
	Women	34%
Arzignanese S.r.l. ITALY	Men	15%
	Women	0%
GD Servicios Internacionales del Norte MEXICO	Men	81%
	Women	74%
PASUBIO GROUP 2021*	Total men	44%
	Total women	49%

* Hewa Leder GmbH was acquired by the Pasubio Group in mid-2021. As a result, the 2020 employee figures are exclu-

ded, and this does not allow to calculate the rate of outgoing in-house employees.

Rate of incoming in-house employees by gender, age group and geographical area					
		2022			
		<30 years	30-50 years	>50 years	Total
Conceria Pasubio S.p.A. ITALY	Men	28%	11%	5%	13%
	Women	11%	4%	5%	6%
Conceria Pasubio S.p.A. SERBIA	Men	75%	58%	33%	66%
	Women	56%	54%	42%	54%
Arzignanese S.r.l. ITALY	Men	0%	0%	0%	0%
	Women	0%	0%	0%	0%
GD Servicios Internacionales del Norte MEXICO	Men	71%	58%	0%	64%
	Women	80%	62%	10%	69%
	Non-binary*	1%	2%	0%	1%
Hewa Leder GmbH GERMANY	Men	43%	32%	6%	21%
	Women	25%	9%	5%	8%
PASUBIO GROUP 2022	Total men	62%	32%	5%	38%
	Total women	56%	38%	12%	40%

* The rate of incoming in-house employees was calculated by taking into account the total number of in-house employees

of GD Servicios Internacionales del Norte as at 31 December 2021.

PEOPLE

Rate of outgoing in-house employees by gender and geographical area		
2021		Total
Conceria Pasubio S.p.A. ITALY	Men	6%
	Women	2%
Conceria Pasubio S.p.A. SERBIA*	Men	36%
	Women	
Arzignanese S.r.l. ITALY	Men	10%
	Women	0%
GD Servicios Internacionales del Norte MEXICO	Men	74%
	Women	63%
PASUBIO GROUP 2021**	Total men	52%
	Total women	23%

* Figures on outgoing in-house employees in 2021 is an aggregated figure by gender. As a result, reporting of the rate of outgoing in-house employees is reported in an aggregated manner.

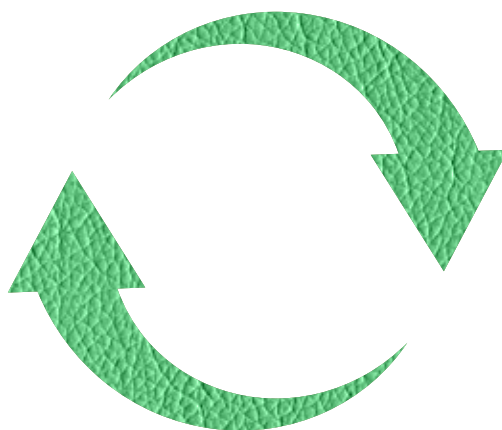
** Hewa Leder GmbH was acquired by the Pasubio Group in mid-2021. As a result, the 2020 employee figures are excluded, and this does not allow to calculate the rate of outgoing in-house employees.

Rate of outgoing in-house employees by gender, age group and geographical area					
		2022			
		<30 years	30-50 years	>50 years	Total
Conceria Pasubio S.p.A. ITALY	Men	12%	12%	8%	10%
	Women	6%	7%	16%	8%
Conceria Pasubio S.p.A. SERBIA	Men	86%	62%	33%	73%
	Women	68%	55%	29%	57%
Arzignanese S.r.l. ITALY	Men	0%	19%	0%	7%
	Women	0%	0%	0%	0%
GD Servicios Internacionales del Norte MEXICO	Men	58%	40%	0%	50%
	Women	59%	41%	0%	49%
	Non-binary	0%	0%	0%	0%
Hewa Leder GmbH GERMANY	Men	0%	18%	6%	11%
	Women	0%	9%	7%	8%
PASUBIO GROUP 2022	Total men	54%	29	7%	34%
	Total women	51%	34%	14%	37%
	Total non-binary	0%	0%	0%	0%

ENVIRONMENT

WASTE

Organisational structure	Factory		Process / processes	Type	Unit of measurement	2021	2022
Conceria Pasubio S.p.A. ITALY	Arzignano Via II Strada	Italy	Dyeing and finishing	Hazardous waste:	t	157	107
				Non-hazardous waste	t	951	796
	Arzignano Via VI Strada	Italy	Storage and selection of leather	Hazardous waste	t	0	0
				Non-hazardous waste	t	27	37
	Arzignano Viale Vicenza	Italy	Cutting + R&D.	Hazardous waste	t	0	0
				Non-hazardous waste:	t	29	36
	Zermeghedo	Italy	Dyeing	Hazardous waste	t	37	34
				Non-hazardous waste	t	14,996	14,880
	Lonigo	Italy	Finishing	Hazardous waste	t	1	18
				Non-hazardous waste	t	545	800
	Sabac	Serbia	Cutting	Hazardous waste	t	0	0
				Non-hazardous waste	t	620	1,109
GD Servicios Internacionales del Norte	Mexico		Cutting and sewing	Hazardous Waste	t	14	42
				Non-hazardous waste	t	0	101
Arzignanese S.r.l.	Italy		Tanning and dyeing	Hazardous waste	t	0	1
				Non-hazardous waste	t	1,427	1,149
Hewa Leder GmbH	Germany		Dyeing and finishing, cutting	Hazardous waste	t	24	17
				Non-hazardous waste	t	1,101	919



EMISSIONS TONS. CO₂ EQ.

Methodological technical note on the calculation of the conversion parameters:

- **Electricity:** kWh=GJ 3,6

- **Natural gas:** ECOINVENT PROCESS - Heat, district or industrial, natural gas {Europe without Switzerland} | heat production, natural gas, at boiler modulating >100kW 1 | Cut-off, U

Note 1: the Ecoinvent process was purified of emissions deriving from the production of fuel and combustion plant.

Note 2: a calorific value of 35.281 MJ/Sm³ was taken into account [UNFCC standard parameter table for 2021].

- **LSFO: ECOINVENT PROCESS** - Diesel, burned in diesel-electric generating set, 18.5kW {GLO} | diesel, burned in diesel-electric generating set, 18.5kW 1 | Cut-off, U

Note 1: the Ecoinvent process was purified of emissions deriving from the production of fuel and combustion plant.

Note 2: a calorific value of 42.873 MJ/kg was taken into account [UNFCC standard parameter table for 2021].

- **Diesel and petrol cars:**

Fuel	ISPRA emission factor 2021 [kgCO ₂ / kg]	Density [kg / l]	PCI (ISPRA 2021) [GJ / ton]
Gas oil / Diesel	3.169	0.835	42.873
Petrol	3.152	0.68	43.128
LPG	3.026	0.51	45.858

Methodological NOTE and perimeter

The Sustainability Report is the tool through which the Pasubio Group communicates the results of its sustainability path to stakeholders.

Details of the contents within the scope of the 2022 Sustainability Report are found in the paragraph Reporting perimeter and period subject of analysis.

The Pasubio Group's Sustainability Team coordinated the preparation of the Sustainability Report, involving the various area specialists in the collection of quantitative and qualitative data.

This report is drawn up according to the Sustainability Reporting Standards published in 2021 by the Global Reporting Initiative - GRI (with "with reference to" application level).

It should be noted that all reported GRI indicators refer to the version published in 2016, except for GRI indicators 1-2-3 adopted since 1/01/2023, GRI 303 and GRI 403, which refer to the 2018 version, and GRI 306 which refers to the 2020 version.

References to GRI Standards reported in the final table of indicators. Lastly, this financial statement is the instrument for reporting the company's commitment to the ESG criteria. This Report were approved by the Board of Directors and certified by a third party body - Certiquality.

Reporting perimeter and period analysed

The data entered in this document refer to Pasubio Group as at 31.12.2022 and report the data relating to the previous 2020-2022 three-year period.

The economic data presented in this document relate to the Group's Member Companies that contribute almost to the total consolidated financial statements of the Pasubio Group as at 31.12.2022, with a comparison of 2021.

Composition of the Pasubio Group and area of consolidation
The consolidated financial statements include the financial statements of the Parent Company Conceria Pasubio S.p.A. and its subsidiaries, in which the Parent Company has control pursuant to article 26 of the Italian Legislative Decree n° 127/91, consolidated using the method of full consolidation.

With regard to economic, social and environmental data and information, the reporting perimeter is specified below for each GRI indicator, distinguished by field of operation.

INDICATOR PERIMETER

Material topics	GRI Standards	Indicator perimeter
Economic value	201	Pasubio Group - consolidated
Presence in the market	202	Pasubio Group
Supply chain	204	Pasubio Group
Anti-corruption	205	Pasubio Group
Materials	301	Pasubio Group
Energy intensity	302	Pasubio Group
Water resources	303	Pasubio Group
Emissions into the atmosphere	305	Pasubio Group
Waste	306	Pasubio Group The criterion for allocating the destination of the waste stems from the recovery and disposal activity that the waste is subjected to
People	401 405 406	Pasubio Group
Health and safety	403	Pasubio Group
Training	404	Pasubio Group
Privacy	418	Pasubio Group

In order to ensure the reliability of the data, the use of estimates was limited as far as possible. Where available, estimates are appropriately reported and based on the best available methodologies.

It should be noted that in 2022 there were no significant changes in the size, ownership structure and supply chain of the group, which is represented as a whole.

For further information and suggestions regarding the Pasubio Group Sustainability Report, please contact sustainability@pasubio.com

This document is also available at www.pasubio.com

GRI CONTENT

Index

The table of contents lists the indicators reported in this Sustainability Report. A reference to the chapter or section is given at each GRI indicator or, where the data or information

is not contained in the text, a description of the indicator is given.

GRI STANDARDS	INFORMATION	PAGE	NOTES AND OMISSIONS
Statement of use	Pasubio Group has reported the information mentioned in this for the period from 1 January to 31 December 2022 with reference to GRI standards.		
GRI 1 used	GRI 1: Foundation 2021		
GRI 2: General notice 2021	2-1 Detail of the Organisation	1.2 Pasubio leather in the world Page 21	
	2-2 Bodies included in Sustainability Report	Methodological note and perimeter Page 83	
	2-3 Reporting period, frequency and point of contact	Methodological note and perimeter Page 83	
	2-4 Review of information		There are no restatements of the information compared to the previous year's financial statements
	2-5 External assurance	Report of assurance Page 88-89	The document was the subject of external assurance
	2-6 Business, value chain and other business relations	1.2 Pasubio leather in the world Page 21	
	2-7 Employees	2.1 The people Page 37	
	2-8 Non-employed workers	2.1 The people Page 37	

GRI STANDARDS	INFORMATION	PAGE	NOTES AND OMISSIONS
GRI 2: General notice 2021	2-9 Structure and composition of the governing bodies	1.4 Governance Page 24-25	
	2-22 Declaration on the sustainable development strategy	Letter to the stakeholders Page 6	
	2-23 Commitment to policy	1.3 Mission and values - Page 22 1.5 Quality and excellence in the choices of Pasubio Group Page 28-29	
	2-28 Membership in associations	3.4 ESG impacts along the supply chain Page 65	
	2-29 Approach to stakeholder engagement	Stakeholder Page 10-11	
	2-30 Joining collective bargaining	2.1 The people Page 37-38	
GRI 3: Material topics 2021	3-1 Process for determining material topics	Materiality Analysis Page 12-13-14	
	3-2 List of material topics	Materiality Analysis Page 12-13-14	
	3-3 Management of material topics	Referring to all the topics below, refer to the pages indicated in the reporting of the topic standards (GRI 201 - GRI 418)	
GRI 201: Economic topics 2016	201-1 Direct economic value generated and distributed	1.6.1 Economic performance Page 31-32	
	201-4 Support received from the Public Administration	1.6.1 Economic performance Page 31-32	

GRI STANDARDS	INFORMATION	PAGE	NOTES AND OMISSIONS
GRI 204: Procurement practices 2016	204-1 Proportion of expenditure to local suppliers	3.1 Selection of raw material Page 61-62	
GRI 205: Anti-Corruption 2016	205-3 Confirmed corruption incidents and actions taken	Anti-corruption Page 27	
GRI 301: Materials 2016	301-1 Materials used by weight and volume	3.1 Selection of raw material Page 61-62	
GRI 302: Energy 2016	302- 1 Energy consumed within the Organisation	Energy consumption Page 52-53	
	303-3 Water extraction	Responsible use of water Page 54-55	
	303-4 Water discharge	Responsible use of water Page 54-55	
GRI 305: Emissions 2016	305-1 Direct GHG emissions (Scope 1)	Climate change Page 52	
	305-2 Indirect GHG emissions (Scope 2) from energy consumption	Climate change Page 52	
GRI 306: Waste 2020	306- 3 Waste produced	Waste management Page 50-51	
	306-4 Waste for recovery	Waste management Page 50-51	
	306-5 Waste for disposal	Waste management Page 50-51	

GRI STANDARDS	INFORMATION	PAGE	NOTES AND OMISSIONS
GRI 401: Occupation 2016	401-1 New hires and turnover	APPENDIX: ESG (Environment, Social, Governance) impacts Page 74-75-76-77-79-80	
GRI 403: Occupational health and safety 2018	403-5 Training of workers occupational health and safety	Training and development of people Page 45-46	
	403-8 Workers covered by an occupational health and safety management system	Occupational health and safety Page 47-48-49	
	403-9 Occupational accidents	Occupational health and safety Page 47-48-49	
GRI 404: Training 2016	404-1 Annual training hours in average per employee	Training and development of people Page 45	
GRI 405: Diversity and equal opportunities 2016	405-1 Diversity in governing bodies and among employees	Governance Page 25 2.1 The people Page 37	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective measures taken	Protection of human rights and non-discrimination Page 45	No incidents of discrimination were recorded in 2022
GRI 418: Customer privacy 2016	418-1 Proven complaints regarding customer privacy breaches and loss of customer data	Respect for privacy Page 26	In 2022, there were no reports of breach of customer privacy

Report of ASSURANCE



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VERIFICATION OF THE "2022 ESG GRUPPO PASUBIO SUSTAINABILITY REPORT"

Scope

Certiquality S.r.l. has been assigned to perform a limited assurance engagement of the 2022 Sustainability Report of the ESG Gruppo PASUBIO by Conceria Pasubio S.p.A., to certify its consistency with guidelines provided by the GRI (Global Reporting Initiative) Standards 2021, with reference to the level of application "with reference to GRI Standards", which does not require a minimum number of disclosures or performance indicators. This letter describes the activities carried out, reports the findings of the limited assurance engagement, and makes recommendations for improvement.

The engagement was carried out with reference to the "GRI Standards" published in 2021 by the Global Reporting Initiative, limited to the disclosures and indicators shown in the GRI content index, and it covered, in particular:

- the analysis of the reporting principles (accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability);
- the definition of the report's scope and of the individual disclosures;
- The compliance of the disclosures and indicators included in the content index with the requirements mandated by the guidelines of relevant GRI Standards.

We conducted our engagement in compliance with procedures adopted by Certiquality for audits in accordance with the UNI EN ISO 19011:2018 standard. The engagement was carried out partly in person and partly (particularly for foreign companies) remotely, by interviewing the relevant functions by videoconference and by examining the documentation shared on screen.

Methods

The engagement was carried out as follows:

- analysis of the document "2022 ESG Gruppo PASUBIO Sustainability Report" focusing, in particular, on the principles and content envisaged by the GRI Standards 2021 guidelines;
- interviews with the functions involved, directly or indirectly, in drafting the document and in the data and information management process (from collection to subsequent processing);
- examination of documents and records at Conceria Pasubio S.p.A.'s operating headquarters in Via Vicenza – Arzignano (VI), and at a representative sample of the production sites included in the scope of the Report: GD Servizi Internazionali; Conceria Pasubio S.p.A. Arzignano e Zermeghedo; Arzignanese S.r.l. Arzignano; Hewa Leder Rehau ed Herbisdorf;
- the analysis covered both the procedures used for data collection, storage and processing, and the technical and regulatory aspects of the activities performed.

The economic and financial data are taken from the financial statements of Conceria Pasubio S.p.A., which have already been audited (as per the Deloitte & Touche letter of 27/04/2023), and have, therefore, not been further verified.

Management of the data and information included in the Report was checked on a sample basis, ensuring adequate coverage of all topics discussed in the document.



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PNC n. 008B - GAP n. 0039
SGS n. 0075 - SGE n. 007M - ISP n. 0665 - GRI n. 0010
ENAC n. 008P - ITA n. 004L - PIS n. 100C



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Results and recommendations

The analysis of the “2022 ESG Gruppo PASUBIO Sustainability Report” highlighted substantial alignment with the principles of the GRI Standards 2021 guidelines and content required by the guidelines for reported indicators, compatibly with a level of reporting “with reference to GRI Standards”, even though there is some room for improvement. We believe that the opportunities for improvement which have been identified can be taken over by the Organization in the next editions, except for the necessity to integrate and update several pieces of information in relation to the possibility of a future passage to the compliance level “in conformity with GRI Standards”, with reference to the new versions of the GRI Standards issued in 2021.

Even though the management system and data consolidation have improved compared to the previous year, we noticed a non-negligible margin for improvement concerning the reliability and traceability of calculations and the homogeneity of the data collected in the different geographic areas. Sometimes, it is difficult to trace the calculation for the purposes of the assessment.

Some limits are present in the scope. Furthermore, differences exist in the degree of detail of the data pertaining to certain subjects, some of which are important (for example, waste, employees, accident data), which should be more uniform. There are also some differences in the calculation methods or the degree of detail of the indicators across several reference years. As a result, some data can be compared only partially over time.

The process of getting the stakeholders involved in defining material issues does not currently seem to have required the direct involvement of the interested parties, even though this is not very clear from the description included in the financial statements.

The assessments performed confirm that there is room for improvement regarding, in particular:

- the data management system (provision of a documented procedure, traceability of processing, the implementation of checks to assess the compliance of data before it is entered into the data which has been processed in the report);
- the homogeneity of the data collected relating to the years of reporting and the geographical areas of reference of the production units considered inside the group;
- the complete alignment of some indicators with requirements in the reference standards;
- the description of the stakeholder engagement process and the actual direct involvement of the stakeholders in relation to the materiality analysis.

Conclusions

The engagement carried out on the “2022 ESG Gruppo PASUBIO Sustainability Report” did not identify any relevant weaknesses with respect to compliance with the principles of the GRI Standards guidelines and the content in terms of information and performance indicators, even though there is some room for improvement.

The assessments carried out did not reveal significant elements that would make the Financial Statements non-compliant at the level of application “with reference to the GRI Standards” of the 2021 GRI Standard.

October, 26th 2023

Certiquality S.r.l.
The President
Cesare Puccioni



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