

SUSTAINABILITY
REPORT
2024

Montebello
ITALIA · 1967



MASTHEAD

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General Criteria for the Drafting of the Sustainability Statement

This Non-Financial Statement has been prepared on an individual basis for the Conceria Montebello SpA, headquartered at Via Lungochiampo 123, 36054 Montebello Vicentino (VI), and covers the reporting period from January 1st to December 31st, 2024.

The document is inspired by the principles set out in the Corporate Sustainability Reporting Directive (CSRD) and structured in accordance with the European Sustainability Reporting Standards (ESRS). Its purpose is to provide a comprehensive and detailed overview of the company's environmental, social, and economic impacts. The report analyzes and describes the main sustainability-related risks and opportunities, the policies adopted, the actions implemented, the objectives set, and the corresponding performance indicators.

The aim is to progressively develop a reporting process that is increasingly rigorous and transparent, with the objective of achieving, in the near future, full compliance with the CSRD requirements.

Although the value chain has been considered in the identification and assessment phase of the most relevant impacts, risks, and opportunities (IROs), it is not yet included in the current reporting scope due to the limited availability of reliable and structured data. The integration of such information is expected to be progressively achieved in future reporting cycles, in line with the company's ongoing efforts to strengthen data collection and management capabilities throughout the entire value chain. The time horizons applied to the IROs analysis are consistent with those defined by the European Sustainability Reporting Standards (ESRS). Any estimates used or sources of uncertainty related to the metrics or data presented are explicitly described in this document in order to ensure maximum transparency and clarity of the information reported.



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CORPORATE GOVERNANCE

1.0



A solid structure
guiding strategy
and oversight



Conceria Montebello was founded in the 1960s from the entrepreneurial vision of Giuseppe Dalle Mese, a pioneering founder who initiated a path of growth and innovation in the heart of the Chiampo Valley, one of Europe's most important tanning districts. From its beginning as a small artisanal workshop, the company has gradually evolved into a **leading industrial enterprise**, thanks to the enduring commitment of the Dalle Mese family and the collaboration of a skilled and dedicated team. Today, Conceria Montebello is part of **Studioart HDM Srl**, a **holding** company that brings together and coordinates several complementary businesses operating within the leather supply chain. Through this integrated structure, the Group carries out a strategic **vision focused on innovation, sustainability, and the promotion of Italian craftsmanship**, fostering the development of leather products along the entire value chain, from the sourcing of raw materials to their application in the fashion, furniture, and design sectors.

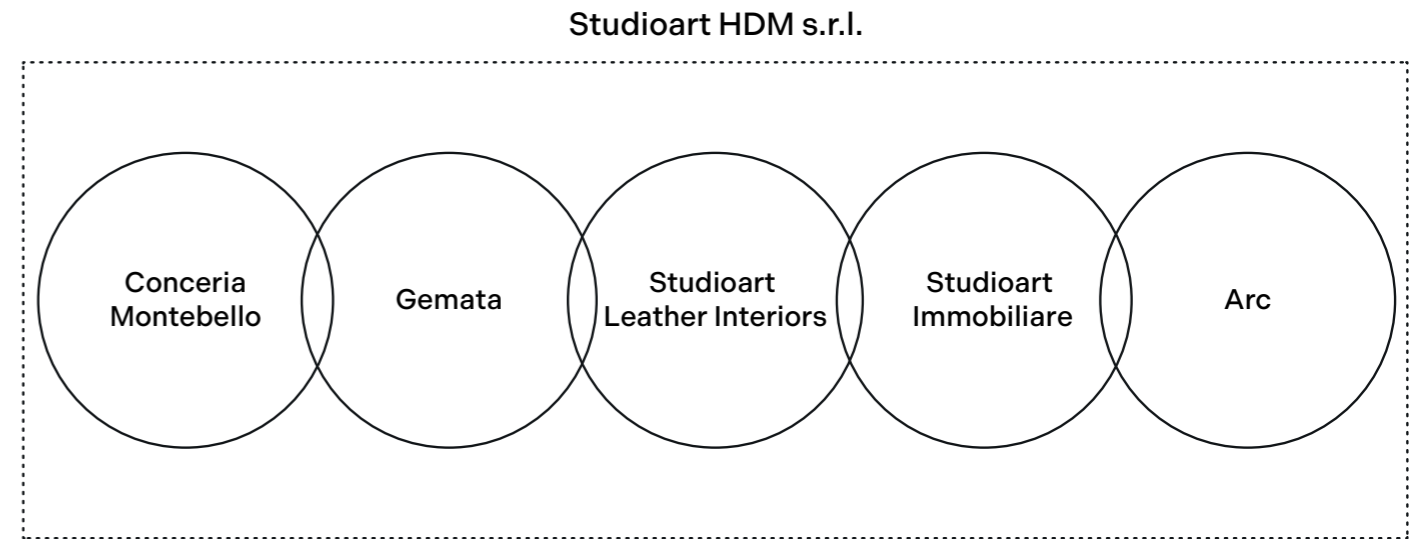


Figure 1. Organizational Chart, Studioart HDM Srl

Conceria Montebello **produces full-grain and suede bovine leathers for the fashion industry**. Both basic and high-end articles are designed and manufactured in close collaboration with some of the most prestigious Italian and international fashion brands, offering products suitable for apparel, leather goods, footwear, and interior design applications.

SUSTAINABILITY GOVERNANCE

2.0



ESG integrated
into roles,
processes,
and decisions

The goal of Conceria Montebello is to **operate within the industrial sector without compromising the environment or the well-being of people**. The company is guided by a careful and collaborative governance model that actively involves management and key operational departments in defining and implementing sustainability strategies. This approach enables the **integration of sustainability into daily operations**, fostering concrete actions such as energy efficiency, waste reduction, and the adoption of low-impact technologies.

The active engagement of employees and stakeholders further strengthens the company's commitment to responsible development. In doing so, Conceria Montebello not only enhances its environmental and social performance but also contributes to the **creation of shared value throughout the entire supply chain**.

2.1 The Role of the Administrative, Management, and Control Bodies

The **governance model** adopted by Conceria Montebello is based on a **traditional structure**, characterized by a clear distinction between management and control functions, in order to ensure transparency, balance, and efficiency in the management of business operations.

The Board of Directors is composed of **three members**, appointed for a **three-year term and eligible for reappointment**. This body is responsible for defining the company's strategic direction and exercising the broadest powers in relation to business orientation and management.

The Board members bring **consolidated and complementary expertise** in the commercial, production, and management areas, ensuring an effective and informed governance aligned with the organization's development goals.

Currently, **66% of the members of the Board of Directors are women** reflecting the company's concrete commitment to **gender equality** and inclusion **within decision-making processes**. **Gender diversity** is regarded by Conceria Montebello as a **strategic value**, capable of strengthening governance and improving the quality of the decisions taken. None of the Board members hold the status of independent director, as the company's size and organizational structure do not make such a requirement necessary for adequate governance risk oversight.

The composition of the Board of Directors is presented below.

Board of Directors

Name and Surname	Position	Age	Gender	Term Duration	Independence
Dalle Mese Gianfranco	President	63	M	3 years	No
Dalle Mese Viola	Chief Executive Officer	34	F	3 years	No
Brancati Marika	Chief Executive Officer	41	F	3 years	No

Table 1. Composition of the Board of Directors

Alongside the Board of Directors operates the **Board of Statutory Auditors**, which is responsible for monitoring compliance with the law and the company's bylaws, ensuring adherence to sound management principles, and verifying the adequacy of the company's organizational, administrative, and accounting structure.

Responsibilities and Competences of the Administrative, Management, and Control Bodies

Sustainability is recognized by Conceria Montebello as a fundamental and cross-cutting value that increasingly guides the organization's strategic and operational decisions.

Although a **specific body for the systematic supervision of impacts, risks and opportunities related to ESG** (Environmental, Social and Governance) factors **has not yet been formally established**, the company has already identified **two internal figures responsible for the non-financial reporting process, who report directly to top management**.

With a view to progressively strengthening its sustainability framework, Conceria Montebello intends, in the coming years, to define a **dedicated governance model**, which will include the formal assignment of roles, responsibilities and organizational functions in the ESG area. This evolution will be aimed at the **continuous improvement of the management and monitoring of material topics**, also in anticipation of compliance with future regulatory requirements (in particular those set out by the **Corporate Sustainability Reporting Directive – CSRD**) and in response to the **growing expectations** of stakeholders in terms of transparency, accountability and creation of sustainable value.

In the following years, a strengthening of the involvement of these bodies is expected: they will actively participate in the preparation of the sustainability report, contributing to the supervision and validation of its contents.

Capabilities and competences of the administrative, management and control bodies

Although the organization does not yet have formally structured ESG competences, a process has been initiated to **raise awareness and strengthen internal capacities**, with the aim of promoting a widespread **understanding of sustainability issues** throughout the company structure.

In this perspective, during 2025 a **first training initiative was carried out for top management and the executive team**, aimed at promoting alignment on the main ESG topics and on the evolving regulatory framework, particularly in view of the entry into force of the **Corporate Sustainability Reporting Directive (CSRD)**. To support the internal consolidation of competences, the company also currently relies on **external consultants**.

In 2024, the **HSE Office** (Health, Safety & Environment) was established, with the formal role of supporting the development and management of environmental, social and occupational health and safety issues, within an **integrated perspective of corporate sustainability**.

3.0

A responsible model combining
innovation and tradition

CORPORATE
STRATEGY



3.1 Strategy, Business Model and Value Chain

Business Model

Conceria Montebello is a company specialized in the **production of high-quality bovine leathers** intended for various sectors, including **apparel, leather goods, footwear, and furniture**. The know-how acquired over time, combined with an innovation-oriented vision, has enabled the company to establish itself as a **strategic partner for some of the most renowned Italian and international fashion houses**.

The **business model** integrates the solidity of manufacturing tradition with a strong commitment to **innovation** and **social and environmental** responsibility. Production activities are rooted in the excellence of **Made in Italy**, enhancing **local supply chains, artisanal skills**, and a network of **selected suppliers**, all in compliance with high quality standards. The company adopts a structured and rigorous management system aimed at ensuring **environmental protection, workers' health and safety**, and **product quality** throughout the entire production cycle.

Creativity, passion, and stylistic research guide every phase of the process, where the integration of innovative technologies into the tanning tradition gives rise to products capable of flexibly adapting to customer needs and market evolution. This vision translates into the ambition to offer exclusive, customized products aligned with the latest fashion trends, one of the company's main drivers.

Conceria Montebello stands out for its ability to combine **artisanal excellence, tailor-made service**, and **attention to sustainability**, through an integrated process – from leather selection to finishing – designed to ensure high quality standards and full compliance with the commitments shared with its partners.

The **main reference markets** include the **European** fashion sector, with a particular focus on the luxury segment, and the **Asian** market, where the company operates both in the fashion and high-end furniture sectors.

Corporate Strategy

For Conceria Montebello, **sustainability represents an essential strategic** lever to ensure the solidity and resilience of its business model in the long term.

In a global context marked by an increasing complexity and growing pressure on natural resources, the company recognizes the importance of **integrating the principles of environmental, social, and economic responsibility** into all corporate activities, thereby contributing concretely to the **creation of shared value** for the local area and for its **stakeholders**.

The company's commitment to sustainability translates into the willingness to **minimize negative environmental and social impacts arising from production activities**, by adopting more efficient practices with a lower ecosystem impact, without compromising the quality and distinctive characteristics of its products. At the same time, Conceria Montebello promotes a **sustainable and inclusive growth**, focused on the responsible use of natural resources and the enhancement of the people working within the organization.

The company aims to **progressively reduce the environmental footprint of its leather products**, expanding its offer of leathers with **lower chemical content** and reduced environmental impact. This

strategic direction responds to the growing demand from European fashion and furniture brands and seeks to **strengthen the company's presence in EU markets**.

From a **stakeholder engagement** perspective, Conceria Montebello aims to **reinforce dialogue with clients and suppliers**. At the same time, it intends to deepen the engagement with the local community, fostering constructive discussions on environmental issues and on the company's role within the territorial context.

The main practices and objectives currently pursued by the company include:

- **Reduction in the use of chemical substances** in the tanning process;
- **Improvement of energy efficiency**, also through investments in low-impact technologies;
- **Optimization of water consumption** across the different stages of the production cycle;
- **Strengthening of traceability along the supply chain**, with a focus on environmental, social, and human rights aspects.

Within its sustainability strategy, Conceria Montebello intends to further strengthen its focus on **stakeholders** and ESG principles through targeted initiatives along the supply chain and the progressive adoption of **lower-impact processes**. In the coming years, the insights emerging from stakeholder dialogue will be integrated into company processes, helping to guide **strategic decisions** in an increasingly conscious and responsible way.

Policies and Certifications

As confirmation of its commitment to sustainable growth, Conceria Montebello has obtained several important **environmental and management system certifications**, acknowledging the company's adoption of **low-impact production practices, process optimization**, and a **continuous improvement** approach.

The attention to **people's well-being** and **environmental sustainability** is an integral part of the **company's strategic vision**, which aims to combine **competitiveness and responsibility** throughout the entire **value chain**. The certifications obtained by Conceria Montebello include:

- **ISO 9001:** Quality management system certification ensuring efficient business processes focused on customer satisfaction.
- **ISO 14001:** Environmental management system certification aimed at minimizing the environmental impact of company activities.
- **LWG (Leather Working Group):** Sector-specific certification that recognizes sustainable practices in leather production.
- **SA8000:** International social accountability standard that guarantees ethical working conditions, respecting human and labor rights.
- **UNIC Social Accountability:** Initiative promoted by UNIC that certifies compliance with ethical and social standards in the tanning industry.
- **ICEC TS 406:** Technical certification promoting transparency and traceability within the leather supply chain, in line with principles of responsibility and sustainability.

3.2 Stakeholders: interests and opinions

Conceria Montebello recognizes the strategic value of an ongoing, structured dialogue with its stakeholders, both internal and external, as they are considered key interlocutors in defining corporate priorities and building a sustainable development model. From this perspective, the company is committed to creating shared value by integrating stakeholder expectations in strategic vision and ESG projects, in line with an increasingly demanding regulatory framework on sustainability.

With some stakeholders, particularly with **customers in the fashion and furniture sectors**, the relationship is particularly close and collaborative. This category of stakeholders has specific needs, including:

- greater **traceability of the supply chain;**
- the **reduction of the use of chemicals;**
- greater **attention to the management and protection of water resources.**

Conceria Montebello is committed to understanding and integrating these requests into its operational strategies and sustainability objectives, placing them at the heart of a continuous improvement process. The main stakeholders identified by the company are:

- **Employees**
- **Board of Directors and Top Management**
- **Shareholders and investors**
- **Customers and end consumers**
- **Suppliers**
- **Business partners**
- **Financial institutions**
- **Local communities**
- **Trade associations**

As part of the definition of the sustainability strategy and the drafting of the sustainability report, Conceria Montebello has initiated a structured process to involve all stakeholders, carried out through a **dedicated questionnaire**.



3.3 Management of impacts, risks and opportunities

Description of the process for identifying and assessing relevant impacts, risks, and opportunities

The approach adopted by Conceria Montebello for the assessment of double materiality is structured into **four main phases aimed at identifying material topics and providing input for the definition of corporate strategy**. The process for identifying Impacts, Risks, and Opportunities (IROs) is inspired by the ESRS standards and follows the operational phases below:

1. Analysis of the sustainability context

The company initiated the process with a mapping of the operating context, considering its activities, geographical location, relationships along the value chain, the relevant regulatory and legal framework, as well as sector dynamics and expectations emerging from market benchmarks and industry publications.

2. Alignment with ESRS standards

The impacts identified in the first phase were compared with the list provided in **AR 16 of ESRS 1**, in order to ensure comprehensive coverage of potential material topics and to guarantee a methodological alignment with the European sustainability reporting standards.

3. Extension to risks and opportunities

Building on the previously identified impacts, the company proceeded with the identification of the related risks and opportunities, including not only those already foreseen by AR 16, but also broadening the analysis to other relevant elements that emerged from the operational context and engagement with stakeholders.

4. Internal assessment of IRO

The set of IROs identified was subject to a structured **internal assessment**, which considered both **qualitative and quantitative criteria**, as required by ESRS standards. This assessment involved various business functions and made it possible to assign a relevance score to each topic.

Regarding the internal assessment of impacts, the internal analysis particularly considered the following criteria:

- **Scale:** the **severity** of the potential or actual impact, in terms of environmental or social consequences;
- **Scope:** the extent and spread of the impact;
- **Likelihood:** the probability that the impact will occur;
- **Irremediability:** the difficulty of restoring the context to its pre-impact conditions;
- **Time horizon:** short (<1 year), medium (2–5 years), or long-term (>5 years)

The **validation of the relevance** of each topic was carried out with the **direct involvement of management**, to ensure full alignment with the organization's strategic priorities.

When an **IRO** exceeded the relevance **threshold**, calculated as the average of the scores assigned to all the topics analyzed, it advanced to the next phase of the process, which involved **stakeholder engagement** for external assessment.

Topics **that did not exceed the threshold** were not automatically excluded. On the contrary, they were **re-examined internally** and, in cases where they were deemed to have strategic relevance or importance for certain stakeholders, they were also **included in the external consultation phase**.

The **Stakeholder engagement** was conducted through the distribution of a dedicated questionnaire, offering all internal and external stakeholders the opportunity to express their views on the most significant ESG impacts. This process favored the alignment between corporate priorities and stakeholder expectations, strengthening dialogue and the shared pursuit of sustainability objectives.

The questionnaire had a dual purpose:

- to allow stakeholders to **assess, on a scale from 1 to 4**, the main **impacts, risks, and opportunities (IROs)** previously identified by Conceria Montebello, in order to define a shared order of priority;
- to provide the opportunity to **suggest additional relevant topics** not yet included in the initial set proposed by the company.

Stakeholder dialogue does not end with the definition of reporting content but represents a pillar for guiding the **organization's ESG strategy**, which is based on listening, transparency, and continuous improvement.

Finally, the final determination of material topics is carried out, taking into account both corporate priorities and **stakeholder expectations**.

As for **risks and opportunities**, these are identified **internally** based on the **impacts that emerged from the materiality analysis**, without the direct involvement of stakeholders. The assessment is based on specific **analysis metrics** that allow for the assignment of a relevance level to each risk or opportunity according to structured and objective criteria:

- **Nature of the risk/opportunity:** indicates whether the risk or opportunity originates internally or externally to the organization, and whether it is a real or potential condition
- **Time horizon:** short (<1 year), medium (2–5 years), or long-term (>5 years)
- **Likelihood of occurrence:** the probability that the risk/opportunity will materialize

This process allows for the **definition of material topics** and the **development and validation of the double materiality matrix**, which clearly and structurally represents the **company's main ESG priorities**.

The results of the materiality analysis are subject to annual review and periodic updates, to ensure their consistency with the evolution of the corporate, regulatory, and market context.



Relevant impacts, risks, and opportunities

The double materiality analysis has made it possible to define ESG priorities, integrating the organization's perspective with that of both internal and external stakeholders.

The **materiality matrix** shown below represents the **final outcome of the analysis process** in graphical form. It highlights the positioning of material topics based on their level of relevance for the organization and for stakeholders, providing a concise and immediate overview of strategic ESG priorities. The **color intensity** within the matrix reflects the **degree of relevance** attributed to each topic: areas with **darker shades** identify the **material topics**, that is, those included in this **sustainability report**. The graphical representation enables an **at-a-glance understanding of the emerging priorities**, highlighting the areas considered most significant by both the company and its stakeholders.

Double materiality matrix

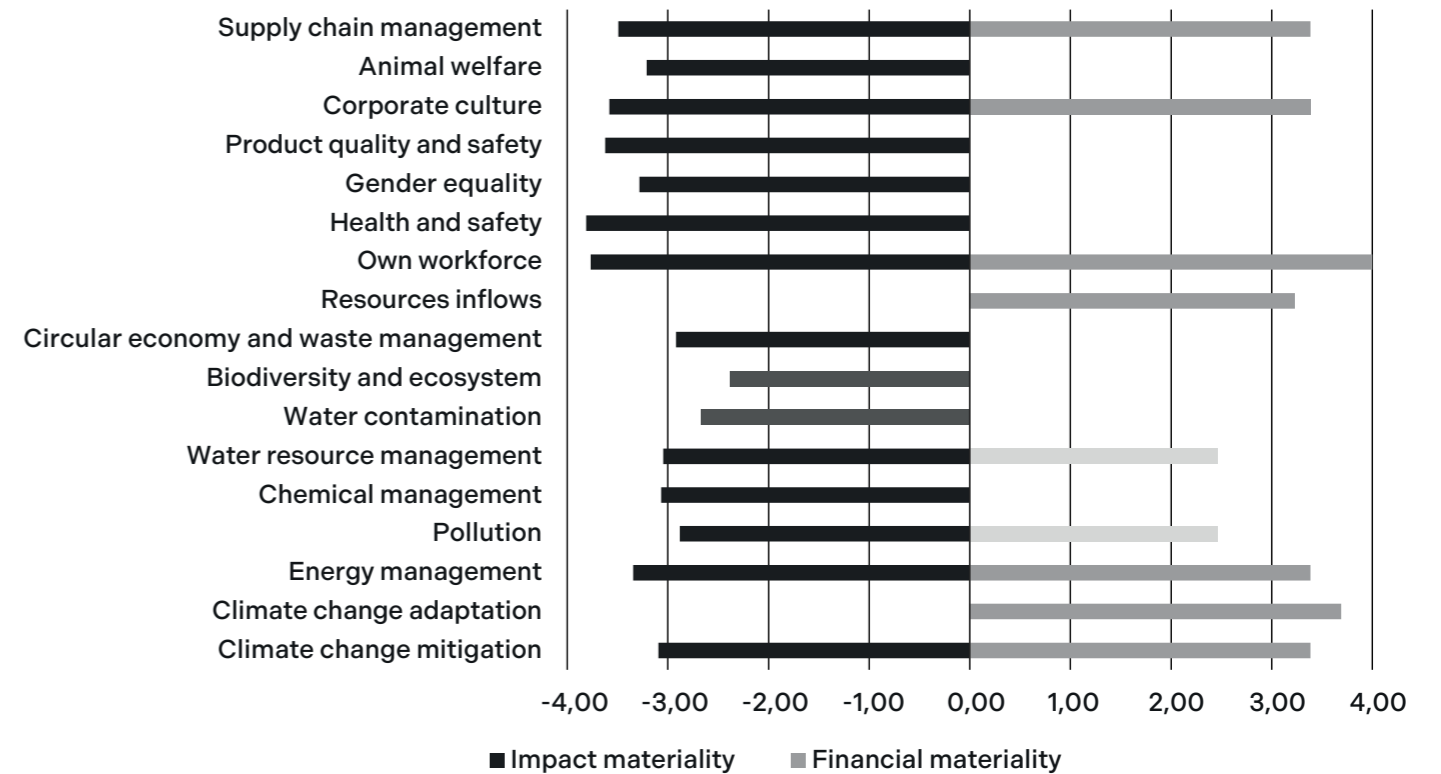


Chart 2. Double materiality matrix

The following table provides a detailed overview of the **impacts, risks, and opportunities** that Conceria Montebello has identified as relevant in its sustainability journey, also specifying the corresponding **time horizon**.

This in-depth analysis highlights the company's **strategic priorities**, shedding light on critical issues and potential benefits over the **short, medium, and long term**.

For each topic, the **reasons why certain areas were not considered relevant** are also indicated, thereby ensuring **transparency** and **consistency** in the reporting approach.

Table 2. Relevant impacts, risks, and opportunities

ESG	ESRS	Subtopic	Sustainability topic	IRO	Time horizon
Environment	E1 - Climate change	Climate change adaptation	Increase in the frequency and intensity of extreme weather events, which may damage company asset and jeopardize operational continuity	Actual financial risk	In the short, medium, and long term
			Increase in the average annual temperature, which may negatively impact company productivity and lead to higher energy consumption and costs	Actual financial risk	In the short, medium, and long term
		Climate change mitigation	Carbon emissions generated by company activities and operations along the value chain, contributing to climate change	Actual negative impact	In the short, medium, and long term
		Energy	Use of electricity from renewable sources, resulting in a significant reduction of Scope 2 emissions and contributing to corporate decarbonization	Actual negative impact	In the short, medium, and long term
	E2 - Pollution	Air pollution	Emission of air pollutants from company activities, with negative effects on air quality and ecosystem well-being	Actual negative impact	In the short, medium, and long term
		Substances of concern	Use of chemicals in business processes, with potential risks to health, safety, and the environment	Actual negative impact	In the short, medium, and long term
	E3 - Water and marine resources	Water	Consumption of water resources, resulting in pressure on local availability and potential impacts	Actual negative impact	In the short, medium, and long term
		Marine resources	Conceria Montebello, while recognizing the importance of protecting marine ecosystems, does not consider marine resources a priority issue, as its activities do not generate direct impacts on marine or coastal environments. The absence of significant interactions with these ecosystems has led to the exclusion of this area from its material sustainability topics		
	E4 – Biodiversity and ecosystems		Although Conceria Montebello recognizes the importance of biodiversity and has submitted the issue to stakeholder review, it has emerged that biodiversity is neither a business priority nor a strategic driver.		
	E5 – Circular economy	Inflow of resources	Review of suppliers and sourcing methods following the EUDR regulation, with possible increases in raw material costs and risks to supply continuity.	Potential financial risk	In the short and medium term
			Possible increase in raw material costs due to global market instability, with impacts on production planning and economic sustainability.	Potential financial risk	In the medium and long term
		Waste	Generation of waste, including hazardous waste, with consequent environmental impacts related to its management and disposal.	Actual negative impact	In the short, medium, and long term

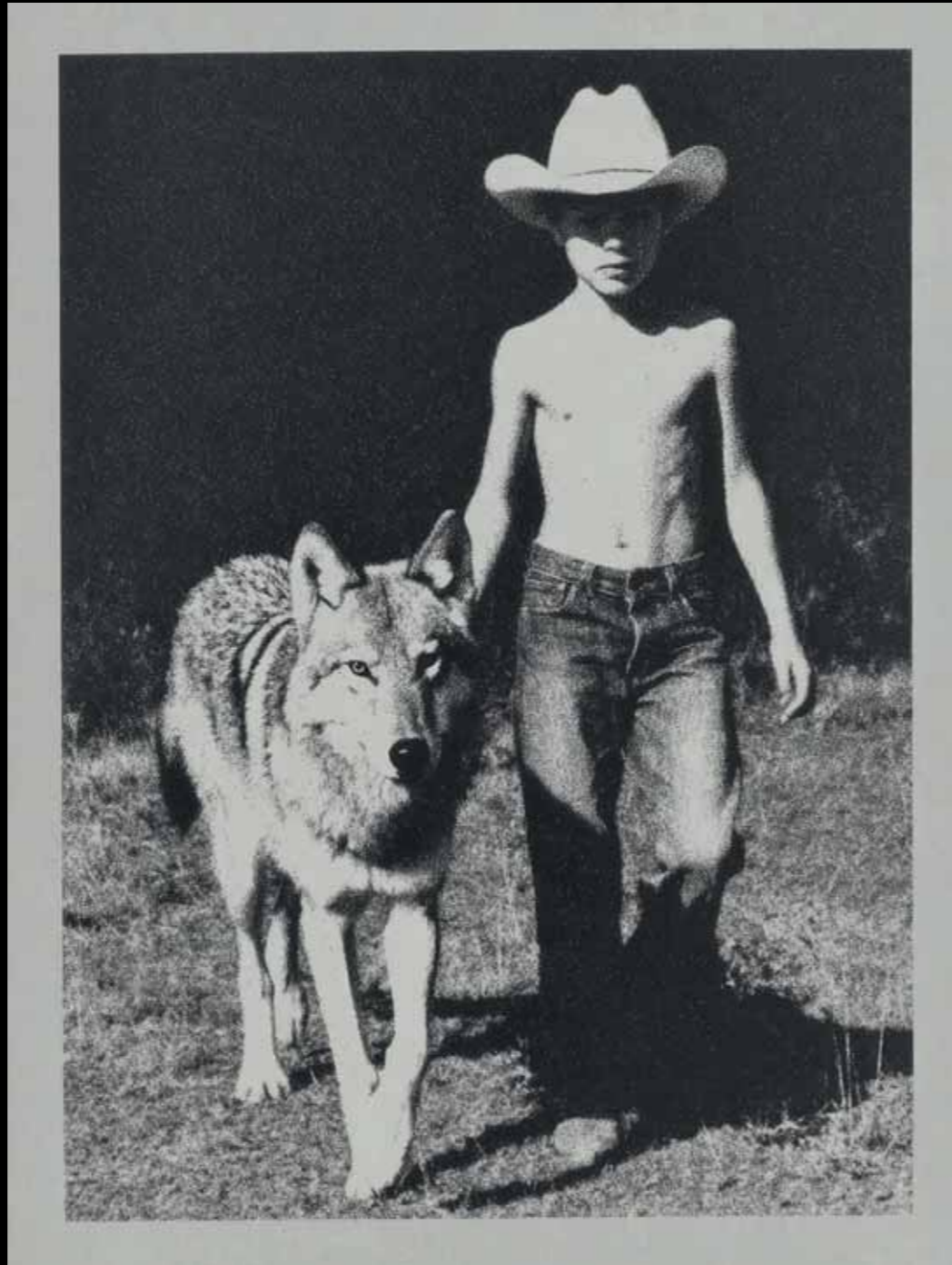
ESG	ESRS	Subtopic	Sustainability topic	IRO	Time horizon	
Social	S1 – Own workforce	Working conditions	Promotion of secure employment through the strengthening of contractual stability and access to adequate social protection, with positive effects on workers' quality of life, social cohesion, and the sustainability of the economic system.	Actual positive impact	In the short, medium, and long term	
			Crisis in the target markets of the tanning industry, resulting in job losses, increased contractual insecurity, and reduced social protection for affected workers.	Actual financial risk	In the short, medium, and long term	
			Achievement of more favorable national collective labor agreements (CCNL) for employees, with positive effects on working conditions and social protection, but potential repercussions on employment sustainability due to increased costs.	Actual financial risk	In the short and medium term	
			Lack of trade union representation within the company, with potential negative impacts on the protection of workers' rights, the quality of social dialogue, and the organization's ability to prevent conflicts and promote a fair and inclusive working environment.	Actual negative impact	In the short and medium term	
			Exposure to physical risks and workplace accidents, with potential negative consequences for workers' health and safety.	Actual negative impact	In the short, medium, and long term	
			Equal treatment and opportunities for all	Promoting gender equality and inclusion through policies and practices aimed at ensuring equal opportunities, enhancing diversity, and preventing all forms of discrimination, with positive effects on the organizational climate, innovation, and overall company performance.	Actual positive impact	In the short, medium, and long term
			Other workrelated rights	Conceria Montebello, while fully acknowledging the importance of protecting the rights of its workforce, has not identified any additional significant impacts, risks, or opportunities beyond those already analyzed and presented in the previous sections. The company continues to closely monitor human resource management through established controls and specific certifications, ensuring a responsible approach in line with best industry practices.		
		S2 - Workers in the value chain	Working conditions	Protection of workers' well-being throughout the supply chain by promoting fair, safe, and sustainable working conditions, with positive effects on the health, dignity, and quality of life of those involved in the production processes.	Actual positive impact	In the short, medium, and long term
			Equal treatment and opportunities for all	Conceria Montebello, while recognizing the importance of equal treatment and opportunities for all workers along its value chain, considers that the impacts, risks, and opportunities in this area, although relevant, are less significant compared to other issues. This assessment is also supported by the SA8000 certification, which ensures effective management of these aspects, with no serious risks or negative impacts requiring immediate attention.		
			Other workrelated rights	Conceria Montebello, while recognizing the importance of safeguarding all labor-related rights for workers in its value chain, considers that the impacts, risks, and opportunities in this area, although significant, are less relevant compared to other priorities. This is also due to the SA8000 certification, which ensures effective management of these issues, excluding serious risks or negative impacts requiring immediate intervention.		
	S3 – Affected communities	Economic, social, and cultural rights of communities	Improvement of community wellbeing through social, environmental, and economic initiatives that address local needs, strengthen social fabric, and contribute to the sustainable development of the territory	Actual positive impact	In the short, medium, and long term	

ESG	ESRS	Subtopic	Sustainability topic	IRO	Time horizon
Social	S4 – Consumers and endusers	Impacts related to information for consumers and/or end users.	Conceria Montebello, while recognizing the importance of transparency and accuracy of information provided to consumers and end users, considers this issue marginal compared to other sustainability priorities. This is because the company does not sell directly to the final consumer and operates predominantly in the B2B segment, where information flows are managed in a technical and regulated manner with direct clients. Consequently, potential impacts are limited, and no significant risks requiring strategic oversight have been identified.		
		Personal safety of consumers and/or end users	Ensuring product safety and quality to protect the health, safety, and rights of consumers	Actual positive impact	In the short, medium, and long term
		Social inclusion of consumers and/or end users	Conceria Montebello, while recognizing the importance of social inclusion and diversity in the communication and engagement processes with end users, considers that, within the context of its B2B model, the relevance of this issue is limited. Interactions are generally technical and indirect, and no direct risks or opportunities have emerged that would justify strategic oversight.		
Governance	G1 – Business conduct	Corporate culture	Promotion of a corporate culture based on ethics and transparency, integrated into an optimized sustainability strategy, with positive impacts on the well-being of the communities involved, environmental protection, and respect for social rights throughout the entire value chain, as well as strengthening trust and fairness in relationships with all stakeholders.	Actual positive impact	In the short, medium, and long term
		Whistleblower protection	Conceria Montebello recognizes the importance of whistleblower protection as a tool to ensure transparency and integrity in business processes. However, this issue was not considered a priority during the materiality analysis, as the company has already implemented structured measures for managing reports, including confidential channels compliant with current regulations. The absence of significant cases or critical issues during the reference period has further confirmed the limited exposure to risk in this area.		
		Animal welfare	Animal suffering and abuse in the supply chain, with serious repercussions on the welfare of the animals involved (Supply Chain).	Potential negative impact	In the short, medium, and long term
		Political engagement and lobbying activities	Conceria Montebello declares that it does not engage in lobbying activities nor actively participate in political initiatives, either directly or indirectly. For this reason, the issue was not considered relevant during the materiality analysis. The company operates in compliance with current regulations and maintains a neutral approach towards political institutions.		
		Management of supplier relationships, including payment practices	Ensuring traceability and responsible management of the supply chain, with positive effects on transparency, protection of workers' rights, and environmental impact throughout the entire production process.	Potential positive impact	In the medium and long term
Active and passive corruption	Need to replace suppliers with inadequate environmental and social performance, potentially causing disruptions in the supply chain and occupational and social impacts for the workers involved, as well as a possible increase in costs and economic repercussions for the company.	Potential financial risk	In the medium and long term		
		Active and passive corruption	Conceria Montebello recognizes the central importance of anticorruption as an ethical principle and regulatory compliance. However, this issue was not considered relevant in the materiality matrix because the company operates within a structured context, with internal control measures and established governance procedures. The absence of incidents or further reports confirms the low-risk exposure in this area.		



ENVIRONMENT

4.0



Reducing impact,
enhancing resources:
our commitment
to the environment

4.1 Climate change

The tanning industry is particularly sensitive to the impacts of climate change, which can affect both the availability of essential resources such as water and energy, and the continuity and efficiency of operational management. Conceria Montebello is committed to monitoring its greenhouse gas emissions, improving energy efficiency, and adopting sustainable practices to reduce environmental impact.

4.1.1 Material impacts, risks, and opportunities

Within the framework of the double materiality analysis conducted by Conceria Montebello, climate change emerges as a central issue, relevant both in terms of environmental impacts and strategic risks and opportunities. Aware of its role within the production system, the company has undertaken a process of analyzing and quantifying its climate impact with the aim of developing effective mitigation strategies and strengthening its adaptive capacity.

Environmental Impacts

- **Direct and indirect carbon emissions:** The company's operational activities, including production processes, transportation, and supplies, generate significant greenhouse gas emissions. This directly contributes to climate change and represents a critical point for sustainability management. Among the various emission sources, Scope 3 category 4, related to purchased goods and services, is the main contributor to the overall impact. In particular, the largest contribution comes from purchased raw materials, which significantly affects the overall carbon emissions balance.
- **Use of electricity from renewable sources:** The company's energy supply is entirely covered by renewable sources, significantly contributing to the reduction of indirect emissions (Scope 2). This choice is a distinguishing factor in the organization's environmental performance and a concrete commitment towards decarbonization, while requiring careful monitoring of the stability and availability of these sources, especially in light of increasing demand and market dynamics.

Financial Risks

- **Extreme weather events (acute physical risk):** The increasing frequency and intensity of extreme weather phenomena, such as floods, storms, heatwaves, or wildfires, can cause physical damage to company assets like production plants, warehouses, and logistical infrastructure. These events may disrupt the production chain, resulting in direct economic losses, and negatively impact the ability to meet contractual commitments.
- **Rising average temperatures (chronic physical risk):** A warmer climate can affect company productivity through various mechanisms, such as increased energy consumption for cooling, reduced efficiency of temperature-sensitive machinery, and potential effects on worker well-being and safety. These factors lead to higher operating costs and require the adoption of adaptation strategies, such as investments in more efficient technologies or revisions of production processes.
- **Increasing energy costs (transition risk):** Geopolitical dynamics, the introduction of stricter climate policies, and the shift to renewable energy sources could lead to the rising of energy costs, directly impacting the company's competitiveness. Exposure to such changes can affect profit margins and force the company to rethink its energy strategy, including procurement and energy usage.

4.1.2 Policies, actions and objectives

Although Conceria Montebello currently does not have formalized policies on climate change mitigation and adaptation, nor a structured strategy, the company fully recognizes the importance of these issues for business resilience and environmental sustainability. In this regard, it has already launched a series of **concrete initiatives** aimed at reducing its environmental impact.

The company purchases **100% of its electricity from certified renewable sources**, a choice that significantly contributes to reducing indirect carbon emissions (Scope 2) and the gradual decarbonization of its operations. Additionally, it has invested in the installation of a photovoltaic system, which currently covers **11% of the total energy demand**. This initiative not only strengthens energy self-sufficiency but also represents a concrete step toward reducing dependence on fossil fuels.

In **2024**, two **5.0 staking machines** equipped with computerized systems and intelligent sensors were also acquired to control and optimize the production process. These new machines replaced two older models, enabling energy savings per unit of leather processed—a fundamental parameter in the transition toward Industry 5.0, where energy efficiency combines with technological innovation and sustainability.

Conceria Montebello is committed to continuing along this path, considering the future definition of structured policies and measurable objectives regarding energy and climate change, in line with international sustainability standards.



4.1.3 Metrics

Carbon emissions

For the first year, Conceria Montebello has completed the study of its **organizational carbon footprint** following the criteria set forth by the UNI EN ISO 14064-1:2019 standard. The emissions inventory was prepared using the **economic control approach**, including all activities over which the company exercises financial control.

The analysis considered the main greenhouse gases – **carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF₆)** – converted into **carbon dioxide equivalent (CO₂eq)** using their respective **Global Warming Potential (GWP)** to express the overall impact in comparable terms.

The overall result shows a total of **53,503.75 tons of carbon dioxide equivalent (tCO₂eq)**. Beyond the aggregated figure, the analysis of individual emission categories allowed identification of the **areas with the greatest impact** and the **priority interventions** for emission reduction.

It is important to emphasize that, being **the first year of calculation**, some methodological assumptions were introduced and **certain categories were omitted** due to technical limitations related to data availability and quality. In particular, **capital goods** and **outbound transportation** were not included, two areas that the company plans to further investigate and integrate into future reporting cycles to progressively improve the **completeness and strength of the calculation boundary**.

According to the standard, emissions were classified into six categories:

- **Category 1 – Direct emissions** from owned or controlled sources (fuel combustion in company plants or vehicles).
- **Category 2 – Emissions from imported energy** (purchased electricity, heat, or cooling consumed).
- **Category 3 – Indirect emissions from transportation related to the organization** (movement of goods, materials, or people on behalf of the company).
- **Category 4 – Indirect emissions from purchased goods and services** (emissions generated in the production of raw materials or semi-finished products purchased).
- **Category 5 – Indirect emissions from the use of the organization's products** (emissions related to customers' use of the products).
- **Category 6 – Other indirect emissions** (waste management, product end-of-life, outsourced activities, etc.).

The analysis reveals a strong imbalance of the carbon footprint towards upstream **indirect emissions in the value chain**. In particular, **Category 4 – Purchased goods and services** is confirmed as the main source, with 48,083.74 tCO₂eq, accounting for about 90% of the total. This highlights how the majority of the environmental impact is generated before the materials reach the company, specifically during raw material extraction – especially leather – and production by suppliers.

Category 3 – Organization-related transportation comes second in terms of impact, with 2,357.97 tCO₂eq. Although the percentage weight is limited, it represents an area where concrete interventions are possible, such as **more efficient transport methods, logistics optimization**, or reduction of high-impact business travel.

Direct emissions (Category 1) and emissions from **purchased energy (Category 2)** have a lower impact, together accounting for less than **6% of the total**. While representing a smaller share, **improving internal energy efficiency** and using **certified renewable sources** remain priority objectives, even if alone they are not sufficient to significantly reduce the overall footprint.

Organizational carbon footprint (tCO₂eq)

Cat. 1 Direct emissions	2,089.43	3.91%
Cat. 2. Indirect emissions from imported energy	972.56	1.82%
Cat. 3 Indirect emissions from transportation	2,357.97	4.41%
Cat. 4 Indirect emissions from products used by the organization	48,083.74	89.87%
Cat. 6 Indirect emissions from other sources	0.06	0.00%
Total	53,503.75	

Table 3. Organizational Carbon Footprint of Organization

Organizational Carbon footprint

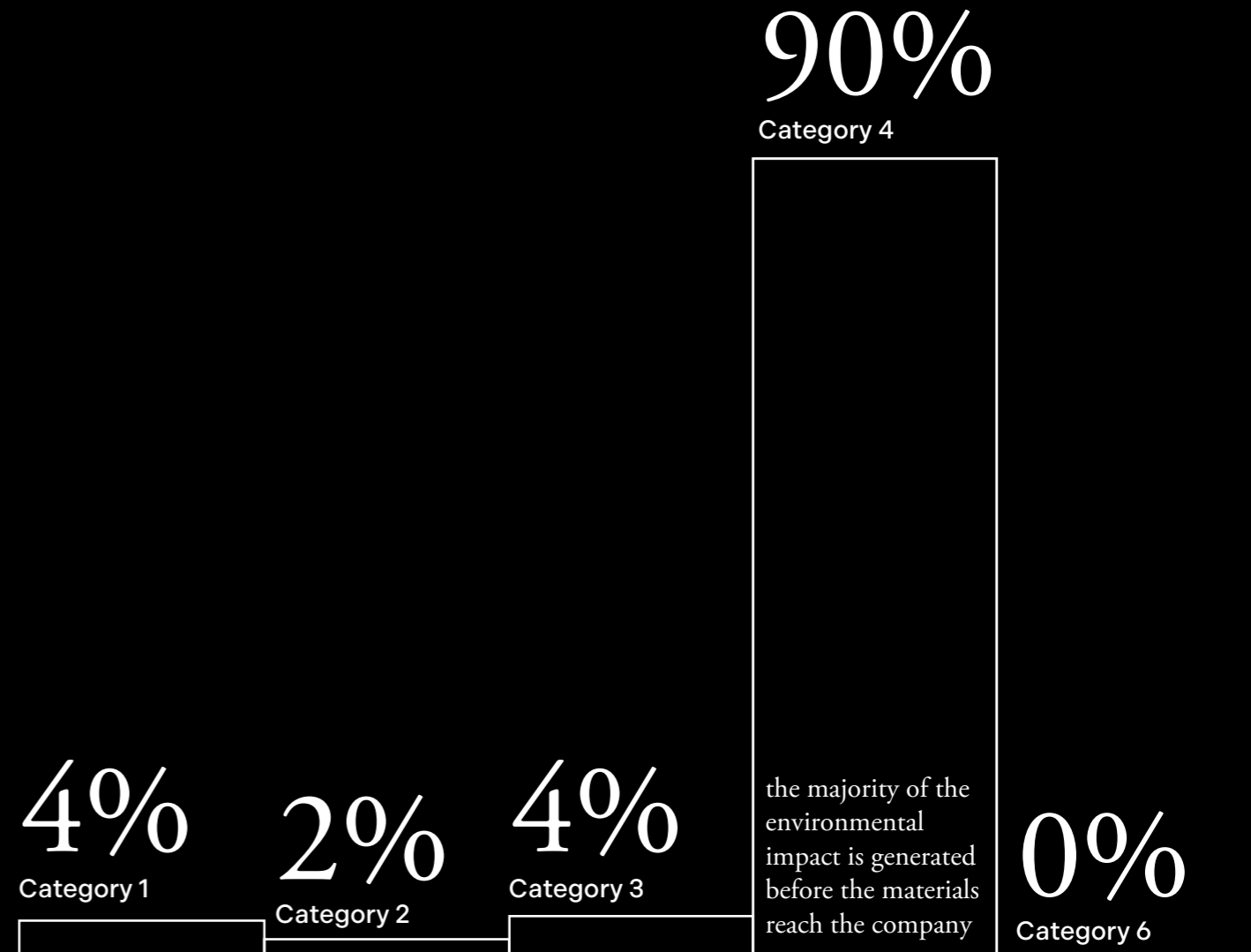


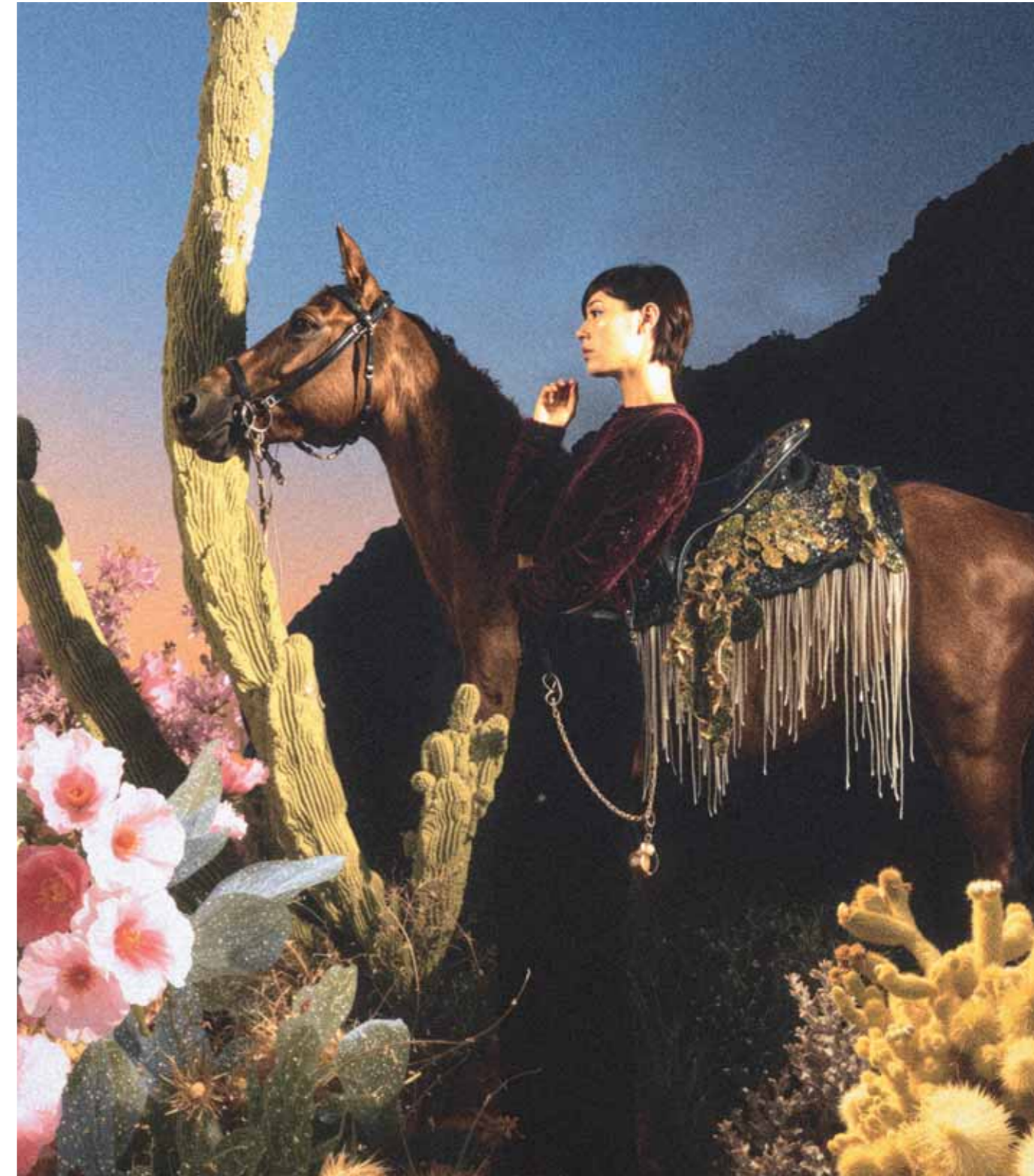
Chart 3. Organizational Carbon footprint

The following table shows the **carbon intensity**, which represents the ratio between greenhouse gas emissions and a performance indicator (ex, revenue, number of employees, quantity produced). This metric allows for evaluating the organization's **efficiency** over time, regardless of growth or contraction in its activities.

Carbon intensity

Total carbon emissions (tCO2eq)	53,503.75
Net revenues (euro)	30,266,000.00
Units produced (number)	320,000.00
Carbon intensity (tCO2eq/1000euro)	1.77
Carbon intensity (tCO2eq/n. units produced)	0.17

Table 4. Carbon intensity



Energy

During the reporting period, the company's total energy consumption amounted to **13,914 MWh**, with an energy mix still heavily oriented towards **fossil fuels**, which represent **nearly 75% of the total**. It should be noted, however, that the **purchased electricity is 100% from renewable sources**; therefore, the fossil fuel share is attributable to the **thermal component** of consumption. Within this category, **methane** constitutes almost the entire fossil fuel consumption, while **gasoline** and **diesel** play a more marginal role, although they still contribute to climate-altering emissions.

Renewable sources account for 25% of the total energy consumption, predominantly from **purchased electricity**, with a residual share coming from **self-production through photovoltaic systems**.

Although the renewable share remains a minority, the presence of renewables in the company's energy mix is a positive sign of **commitment to sustainability**. In particular, **self-production from the photovoltaic plant** highlights the company's intention to **invest in clean energy solutions** and progressively reduce dependence on the grid.

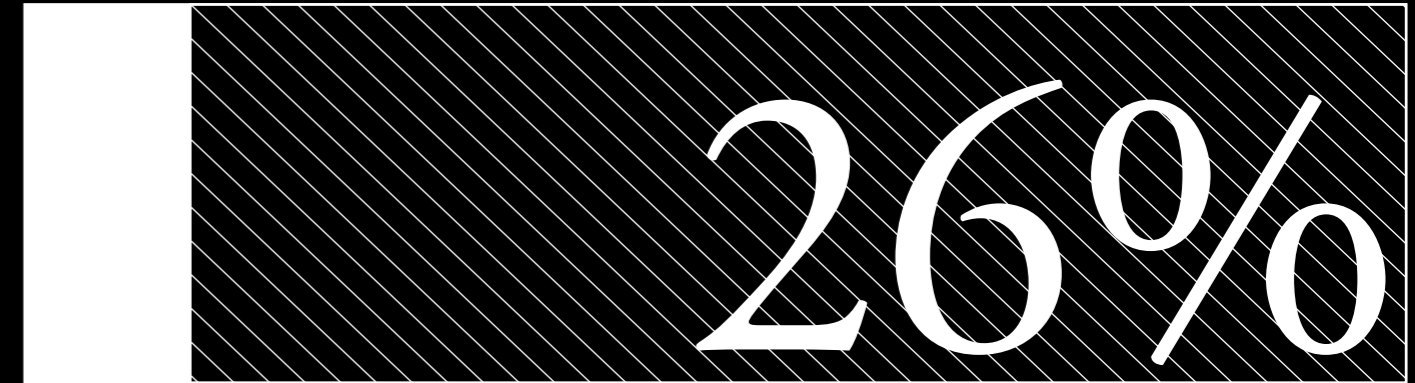
Energy consumption (MWh)

Total energy consumption	13,914.65	
Total energy consumption from fossil fuels	10,352.91	74.40%
of which gasoline	31.42	0.30%
of which diesel	138.73	1.34%
of which methane	10,182.75	98.36%
Total energy consumption from renewable sources	3,561.75	25.60%
of which self-generated from solar photovoltaics	445.21	12.50%
of which purchased (hydroelectric)	3,116.54	87.50%

Table 5. Energy consumption and energy mix

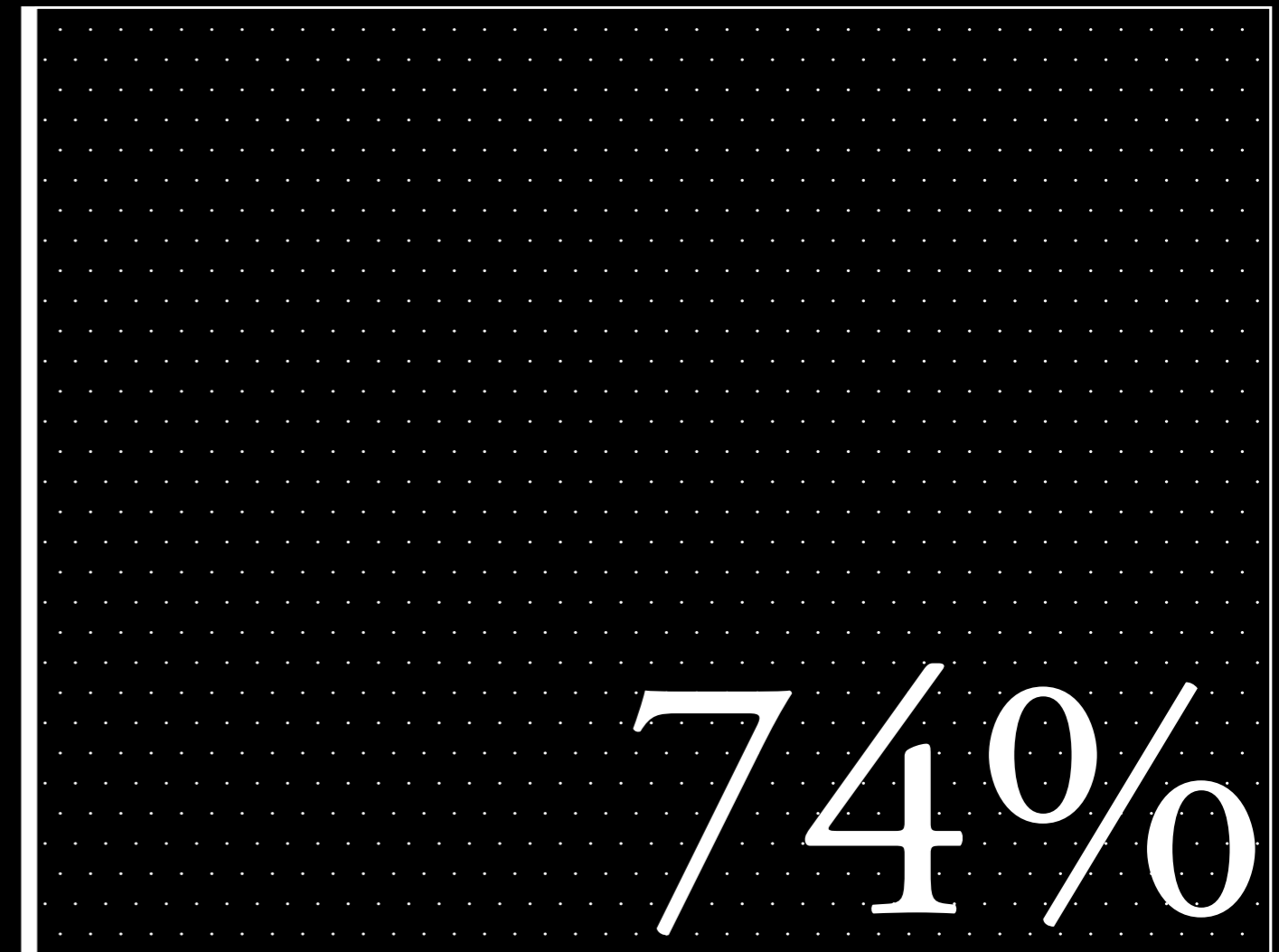
Energy consumption by source type

Energy consumption from renewable sources



■ Self-generated from solar photovoltaics 12% ▨ Purchased (hydroelectric) 88%

Energy consumption from fossil fuels



■ Diesel 1% ▨ Methane 99%

Chart 4. Energy consumption by source type

In addition to the energy produced by photovoltaic systems, **the company also generates electricity through natural gas-powered systems.** This form of production is based on a **cogeneration system**, which enables the simultaneous production of electricity and heat. Natural gas is used as fuel to power an engine or turbine; electricity is generated mechanically, while the residual heat from combustion is recovered and reused in the form of hot water, steam, or for heating spaces and industrial processes. This approach **increases overall energy efficiency** compared to the separate production of electricity and heat.

Energy production (MWh)

Type	Quantity
Photovoltaic solar	445.21
Natural gas cogeneration plant (CHP)	372.79
<i>Total</i>	<i>818.01</i>

Table 6. Energy production

Energy intensity is a key indicator for evaluating how efficiently Conceria Montebello uses energy in relation to its operational activities. This parameter is calculated by considering both the revenue generated and the production volumes, providing an integrated view of the **relationship between energy consumption and economic-productive performance.** The analysis of energy intensity allows for monitoring over time the effectiveness of efficiency measures implemented and identifying potential areas for improvement.

Energy intensity

Total energy consumption (MWh)	13,914.65
Net revenue (euro)	30,266,000.00
Units produced (number)	320,000.00
Energy Intensity (MWh/1000 euro)	0.46
Energy Intensity (MWh/n. units produced)	0.04

Table 7. Energy Intensity



4.2 Air emissions control and hazardous substances management

Air pollution control and the responsible management of substances of concern are fundamental priorities for Conceria Montebello. The company is committed to reducing pollutant emissions through the adoption of advanced technologies and cleaner processing methods, in compliance with current environmental regulations. Special attention is given to the management and monitoring of potentially harmful chemicals to minimize environmental impacts and ensure the safety of operators and local communities.

4.2.1 Material impacts, risks, and opportunities

Tanning processes involve the emission of pollutants into the atmosphere and the use of chemicals that, if not properly managed, can have negative effects on air quality, the environment, and local ecosystems.

Environmental impacts

- **Emission of pollutants into the atmosphere:** company activities, particularly thermal and tanning processes, involve the emission of pollutants (dust, VOCs, NOx, CO) that can affect air quality and ecosystem well-being, especially in industrial areas with high production density.
- **Use of chemicals:** The use of chemicals in tanning treatments can potentially impact workers' health, process safety, and the environment, particularly in cases of accidental release or poor management.

In light of these impacts, Conceria Montebello implements monitoring, control, and continuous improvement measures to limit atmospheric emissions and safely manage the chemicals used in its processes.

4.2.2 Policies, actions and objectives

Conceria Montebello adopts concrete measures to control atmospheric emissions and to responsibly manage the chemicals used in the production process, in accordance with the provisions of the **Integrated Environmental Authorization (IEA)** and the evolving national and European regulatory framework.

Regarding **emissions**, the company has installed **two hydrogen sulfide scrubbers**: the first dedicated to the **homogenization tank area**, and the second connected to the **tanning drum** system, both designed to contain odor and pollutant emissions specific to those phases of the tanning process. In the **finishing phase**, each line is equipped with a **water scrubber**, capable of ensuring compliance with the emission limits established by current regulations and authorization requirements.

On the front of **hazardous substances management**, the company has made significant strides towards replacing traditional chemical products with solutions that have a lower environmental and health impact. Currently, about **80% of the formulations used are water-based**, while the remaining 20% includes products with solvent-based components (VOCs), with a variable percentage of volatile organic compounds ranging from 0% to 100%, used where necessary to guarantee the required technical performance.

At the beginning of 2025, the company initiated an update of the **Chemical Risk Assessment Document (Chemical Risk DVR)**, in response to regulatory changes related to managing risks from exposure to **carcinogenic, reproductive toxic, or otherwise toxicologically significant substances**.

80%

of the formulations used are water-based

4.2.3 Metrics

Atmospheric emissions

In accordance with the requirements of **the ESRS E2-4 standard**, the company has carried out an assessment of pollutant emissions generated by its operations.

To this end, a comparison was made between the emissions produced and the **substances listed in Annex II of Regulation (EC) No. 166/2006**, which regulates the **European Pollutant Release and Transfer Register (E-PRTR)**, identifying the **minimum annual reporting thresholds** for each substance.

Based on the **data collected** and the **monitoring systems** active at its production sites, Conceria Montebello **does not record pollutant emissions exceeding the thresholds** established by the Regulation. Therefore, in compliance with the provisions of the standard, **there is no obligation to provide detailed quantitative disclosure in this section.**

Nonetheless, **the company regularly monitors its emissions** as part of a preventive and continuous improvement approach, also by complying with applicable national and regional regulatory requirements, with the aim of **minimizing environmental impacts and ensuring alignment** with the industry's best environmental practices.

Hazardous substances

In the course of its production activities, Conceria Montebello uses a selection of chemical products that contain **Substances of Very High Concern (SVHC)**, as defined by the **ECHA Candidate List** under the **REACH Regulation (EC 1907/2006)**, to which the company is fully compliant.

The table provides, for each formulation:

- the **total quantity used** during the reporting period,
- the **estimated concentration range** of the SVHC contained in the product.

It is important to note that the **concentration values** are sourced from the safety **data sheets (SDS)** of the chemical products. In accordance with current regulations, suppliers indicate SVHC concentrations as a **percentage range**, both for reasons of commercial confidentiality and due to variability in formulations. These values do not represent **regulatory thresholds** but serve to estimate the potential quantity of SVHCs actually used.

Substances of Very High Concern Used by the Organization

Type	Quantity (Kg)	Concentration Range and SVHC
Tannins	675	1.5 < x < 3%
Synthetic tannins	650	0.5 < x < 1%
Synthetic tannins	5520	0.5 < x < 1%
Synthetic tannins	820	1 < x < 5%
Tannins	685	< 0.3%
Retanning agents	500	1 < x < 1.825%
Synthetic tannins	0	0.1 < x < 0.2%
Tannins	1080	1 < x < 1.5%
Tannins	18750	0.2 < x < 0.3%
Tannins	900	1 < x < 3%
Synthetic tannins	9750	0.3 < x < 1%
Tannins	1080	0.01 < x < 0.1%

Table 8. Substances of Very High Concern (SVHC) Used by the Organization

Although the use of SVHCs is currently permitted under the REACH Regulation, the presence of such substances has significant implications in terms of **health, safety, and environmental sustainability**. Conceria Montebello regularly monitors the use of SVHCs and is committed to evaluating, where technically and economically feasible, less **hazardous alternative solutions**, in accordance with the substitution principle.

4.3 Water resource management

Water is a strategic and critical resource for the tanning sector. Conceria Montebello is committed to optimizing the management and consumption of this resource by adopting efficiency-enhancing technologies and recycling systems to reduce the environmental impact. The company's approach is based on the conscious and sustainable use of the resource, in line with its commitment to protect ecosystems and contribute to the well-being of local communities.



4.3.1 Material impacts, risks, and opportunities

Water is a fundamental resource for Conceria Montebello's production processes and is one of the most critical environmental factors for the entire tanning industry, which is characterized by its intensive use. This places **pressure on local water resources**, particularly in areas subject to water stress or vulnerable to the effects of climate change.

The main environmental impact is attributable to the extraction and use of water resources, with possible consequences such as:

- the reduction in the availability of water for other essential uses, such as civil, agricultural and industrial ones;
- potential negative effects on aquatic ecosystems in the event of excessive withdrawals or inadequately treated discharges;
- an increased operational vulnerability to prolonged droughts or regulatory restrictions on water use.

Given these factors, **responsible and sustainable water management is a strategic priority for the company**. This approach not only reduces environmental and operational risks, but also represents an opportunity to improve the efficiency of production processes, strengthen corporate resilience, and actively contribute to the protection of natural resources.

4.3.2 Policies, actions and objectives

Conceria Montebello does not currently have a **formalized policy for water management**, however it pays particular attention to the conscious use of water, a fundamental resource for the tanning production cycle, and adopts the **best available practices (BAT)** for the tanning sector, with the aim of **limiting water consumption** and **reducing the environmental impact** of production activities.

Water for production activities is supplied by **two company wells**, while **sanitary utilities** are connected to the **municipal aqueduct network**. Water withdrawals are precisely monitored by **fiscal and process meters**, ensuring traceability of consumption.

Until 2024, the production process involved **partial recycling of water** in the liming bath, using the **destructive liming technique**, which allowed suspended solids (such as removed hair) to remain in the bath, which could then be reused. However, this method resulted in a **high level of pollution at the time of final discharge**.

In **2024**, a **transition to a new technology** based on **hair recovery** was initiated, with the aim of gradually replacing the previous system. This innovation, fully operational from **2025**, involves the use of a **liming system, which keeps the hair intact**, allowing it **to be removed through filtration** and **disposed of as a by-product**, rather than as waste.

In this case, the liming bath is no longer recycled but **sent directly to the wastewater treatment plant**, resulting in **significantly reduced pollutant emissions** compared to the traditional system. This process evolution improves **overall environmental performance**, despite **eliminating water recycling** during this phase. The primary environmental benefit lies in the **reduction of wastewater contamination** and the valorization of a secondary material (hair) as a by-product.

4.3.3 Metrics

The table below provides a comprehensive overview of the **company's water management**, highlighting both the main **positive performance indicators** and **areas for improvement**. The data was collected through **direct measurements**, ensuring **high accuracy and reliability**.

Total water withdrawal during the reporting period amounted to **195,039 m³**, a significant figure that requires **responsible and sustainable management** of the resource. It is important to underline that **no withdrawals were made in areas subject to water stress**, confirming the company's commitment to protecting local ecosystems. The **identification of water-risk areas** was conducted using **internationally recognized tools**, including the **WRI's Aqueduct Risk Atlas**, to ensure an accurate and scientifically based assessment.

Actual water consumption, equal to **15,845 m³**, represents the quantity of water **used in production processes**. The comparison between **consumption** and **withdrawal** highlights that most of the water withdrawn is **returned to the environment** as wastewater.

A further strong point is represented by the **share of recycled and reused water**, equal to **6,340 m³**, which confirms the company's commitment to **reducing the withdrawal of virgin water** and promoting a **circular economy model**.

Water resource management indicators

Indicator	Quantity (mc)
Water consumption	15,845.00
Water withdrawal	195,039.00
Water withdrawal in areas at risk of water shortages	0.00
Water drainage	179,194.00
Total volume of water recycled and reused	6,340.00

Table 9. Water resource management

00%

Water withdrawal in areas at risk of water shortages

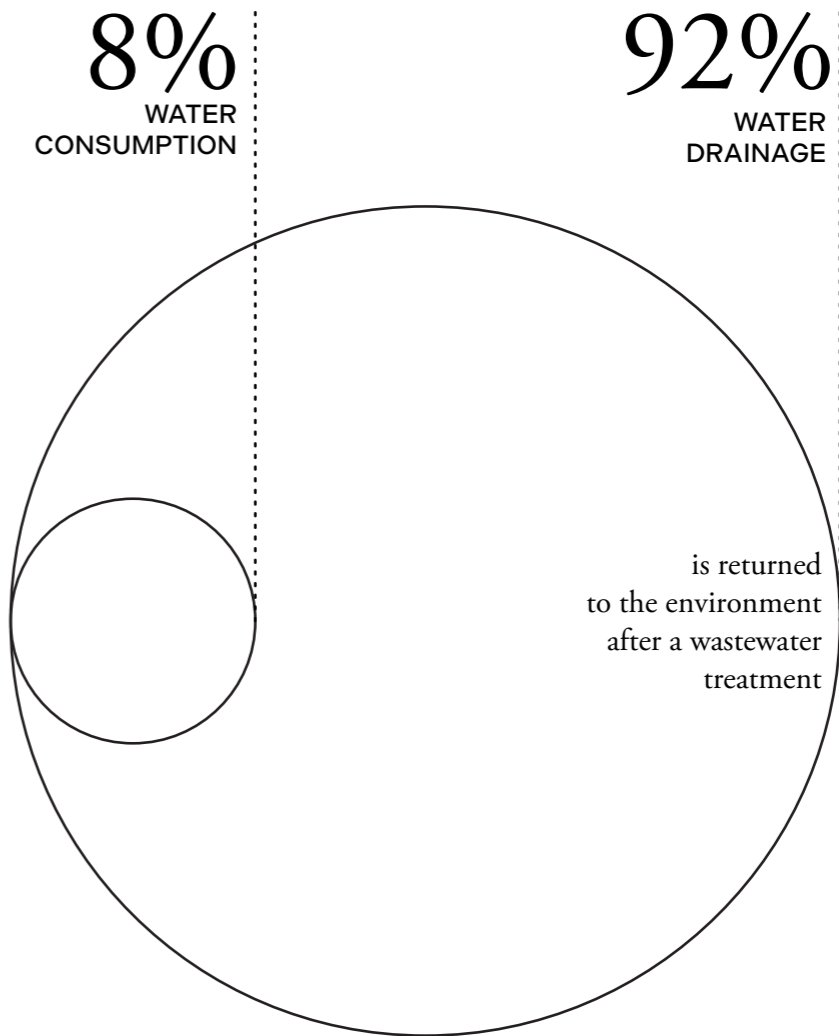


Chart 5. Water resource management indicators

Table 10 provides a view of a **company's water efficiency**, correlating **water consumption** with **revenue and production**. **Water intensity** values per revenue and per **unit of output** provide a better understanding of the impact of operations on resource use, going beyond mere absolute volumes. These indicators are useful for **monitoring trends over time** and for potential **comparisons with similar companies** in the sector.

Water intensity

Water consumption (m3)	15,845.00
Net revenues (euro)	30,266,000.00
Items produced (number)	320,000.00
Water intensity (m3/1000 euros)	0.52
Water intensity (m3/no. of units produced)	0.05

Table 10. Water intensity

4.4 Circular economy: leather valorization and waste management

In the tanning industry, leather is inherently a secondary material, a byproduct of the food supply chain, and represents a concrete example of an applied circular economy. Conceria Montebello recognizes the value of this approach and is committed to promoting it within the production process, adopting solutions geared toward the recovery, reuse, and valorization of processing waste. The goal is to contribute to a more efficient and sustainable production model, aligned with the principles of circularity and an industrial vision that is attentive to resources and environmental impact.

4.4.1 Material impacts, risks, and opportunities

Within the materiality analysis conducted by Conceria Montebello, **waste management** and **raw material procurement** emerge as relevant issues, with significant environmental impacts and economic and financial risks to monitor.

Aware of its role in the production system, the company has initiated a process of evaluating and **optimizing waste management** and the supply chain, with the aim of developing strategies that minimize environmental impacts and mitigate economic risks, thus ensuring an integrated approach to sustainability.

Environmental impacts

- **Generation of waste, including hazardous waste:** Operational activities produce waste which, if not managed properly, can have adverse effects on the environment, particularly with regard to disposal and treatment.

Financial risks

- **Rising costs of raw materials:** the instability of global markets can cause an increase in costs, with repercussions on planning and economic sustainability.
- **Review of suppliers and procurement following the EUDR regulation:** adapting to new regulations can lead to cost increases and possible critical issues in the continuity of supplies.

4.4.2 Policies, actions and objectives

Conceria Montebello does not currently have a **formalized policy regarding the circular economy and waste management**, but is committed to adopting practices aimed at **maximizing the recovery and recycling of materials**, in compliance with environmental regulations and the principles of sustainability.

Given the complexity of production flows in the tanning sector, the company works to **recycle as much waste as possible**, even though the characteristics of some materials make complete recovery difficult.

4.4.3 Metrics

The table below presents a detailed picture of the **company's waste management**, highlighting a commitment to sustainability and the principles of the circular economy.

The company produced nearly **5,500 tons of waste**, over 99% of which was **non-hazardous**. Of this, 1,276 tons were sent for **recovery operations**, demonstrating a proactive approach to **resource reuse**. The majority, over 4,200 tons, was sent for **disposal**. This figure is partly attributable to the **specific nature of the tanning process**, which requires extensive use of chemicals: much of the waste, while not classified as hazardous, is contaminated and therefore unsuitable for recycling or reuse.

Regarding **hazardous waste**, the company produced **44 tons**, all of which was destined for **recovery operations**. Although this waste requires special **precautions in its management**, it was possible to send it to **specialized treatments** that allow its recovery, avoiding the need for **landfill or incineration**.

Waste produced (tons)

Type	Amount	
Total amount of waste produced	5,490.63	
Total weight of non-hazardous waste	5,445.84	99.18%
Total weight of non-hazardous waste destined for recovery operations	1,231.23	
<i>of which intended for recycling</i>	1.87	
<i>of which intended for other recovery operations</i>	1,229.36	
Total weight of non-hazardous waste destined for disposal	4,214.61	
<i>of which destined for incineration</i>	0.00	
<i>of which destined for landfill disposal</i>	0.00	
<i>of which intended for other disposal operations</i>	4,214.61	
Total weight of hazardous waste	44.79	0.82%
Total weight of hazardous waste destined for recovery operations	44.79	
<i>of which intended for recycling</i>	0.00	
<i>of which intended for other recovery operations</i>	44.79	
Total weight of hazardous waste destined for disposal	0.00	

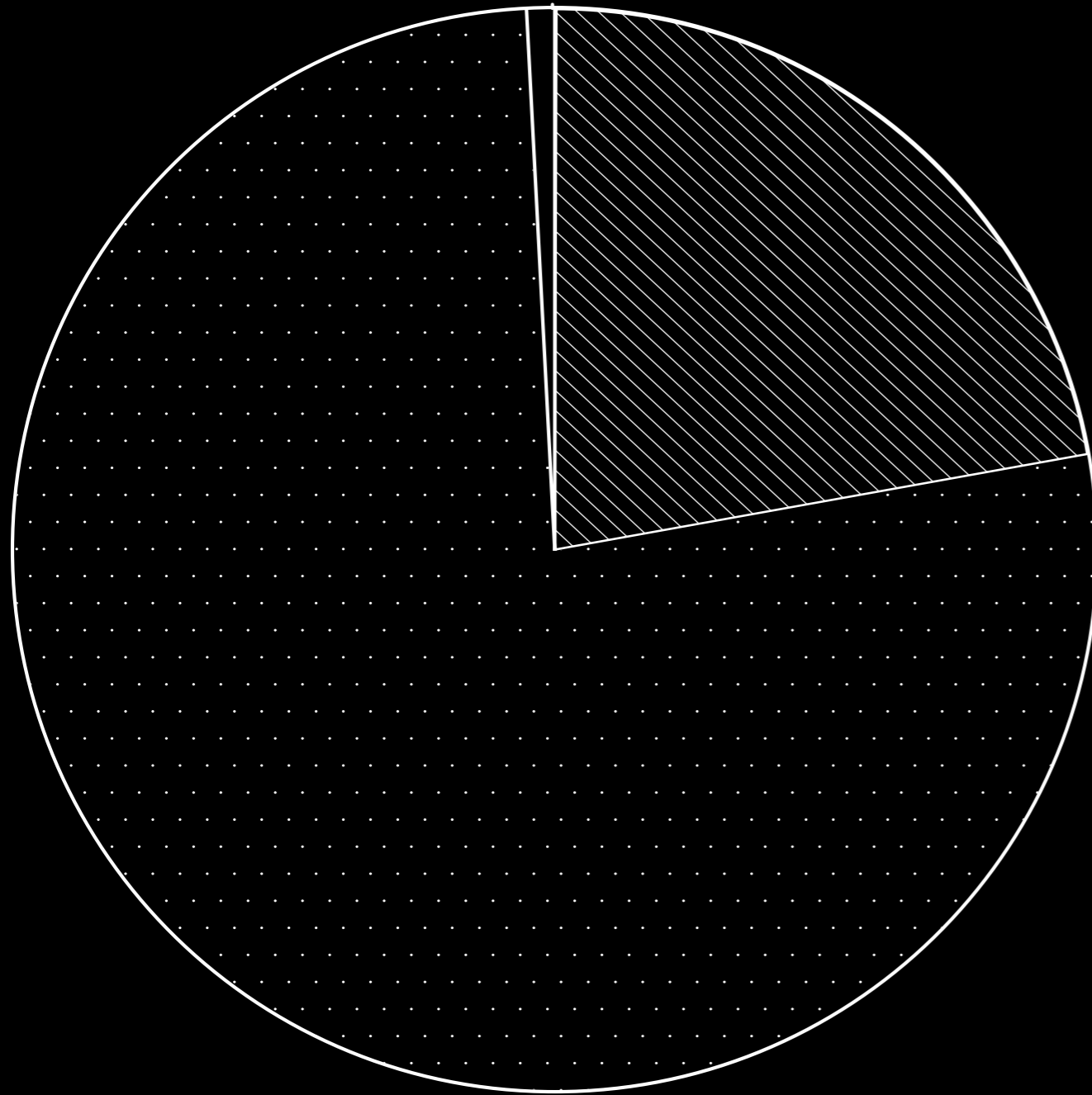
Waste produced (tons)

Type	Amount	
Total weight of waste destined for recovery operations	1,146.46	20.88%
Total weight of waste destined for disposal	4,214.61	76.76%

Table 11. Waste produced

1%
HAZARDOUS
WASTE

99%
NON-HAZARDOUS
WASTE



▨ Non-hazardous waste destined for recovery operations 22%

▩ Non-hazardous waste destined for disposal 76%

Chart 6. Classification of waste by type and destination

The table below is a classification of waste produced, divided by type according to the European Waste Catalogue (EWC).

Waste classification by type in tonnes

EER Code	Description	Ton	Destiny
04 01 09	Sponge	5.86	R13
15 01 03	Wood	61.05	R13
16 03 04	Calcium carbonate	0.86	D15
17 04 05	Iron and steel	9.37	R13
04 01 06	Sludge	4,090.09	D09
04 01 99	Salt	6.43	R13
04 01 06	Sludge (grilled)	92.74	D15
04 01 06	Sludge (centrifuged)	30.92	D15
15 01 06	Mixed packaging	23.23	R13
04 01 99	Wet white shaving trims	1.73	R13
15 01 10	Dirty plastic and cardboard bags	10.78	R13
04 01 08	Shaving	778.98	R13
15 02 02	PPE	1.68	R13
12 01 12	Exhausted waxes and fats	0.52	R13
16 05 05	Fire extinguishers	1.87	R4
08 01 12	Paints and varnishes (finishing sludge)	7.39	R13
08 01 12	Paints and varnishes (wire scrapers)	1.88	R13
14 06 03	Solvent	14.10	R13
15 02 03	Curtain rolls	4.78	R13
04 01 08	Trimmings, sanding	199.1	R13
15 01 10	Dirty packaging - plastic and metal drums	11.61	R13
15 01 10	Plastic tanks	6.1	R13
04 01 99	Sandpaper	3.99	R13
04 01 09	Colored trimmings	80.26	R13
15 01 01	Paper	21.31	R13
15 01 02	Drums and nylon	24	R13

Table 12. Classification of waste by type

Resource inflows

The table below provides a detailed analysis of **material consumption**, a key indicator for assessing the company's environmental impact and **resource efficiency**. The available information was originally expressed in **different units of measurement** (kg, number of pieces, meters, etc.), based on data relating to purchased materials. To ensure data consistency and allow for comparison, all quantities were **reduced to a single unit of measurement—the ton—through assumptions about the average weight of individual units** for each category. This methodological step allowed us to construct a coherent and comparable overall picture, despite starting from heterogeneous sources.

The most significant materials in terms of weight are **chemicals (2,902 tonnes)** and **rawhide (6,200 tonnes)**, which represent the **main raw materials** used in the production process. Close monitoring of these materials is essential, as their consumption directly impacts both **process efficiency** and the **overall environmental footprint**.

Material consumption by type

Type	Amount	Udm	Weight (Ton)
Raw material (leather)	6,200.70	Ton	6,200.70
Chemicals	2.902,10	Ton	2.902,10
Wooden easels	672.00	no.	36.62
Packaging/PPE/Miscellaneous	22.38	Ton	22.38
Wooden pallets	955.00	no.	19.10
Sheets	338,520.00	ML	14.73
Packaging/PPE/Miscellaneous	21,701.00	no.	8.67
Plastic pallets	1,425.00	no.	8.55
Hoods/nylon	6.09	Ton	6.09
Cleaning Products and PPE	2,254.00	no.	3.64
Sponge	21,535.00	ML	2.29
Fabric	5,505.00	m	1.76
Release card	1.53	Ton	1.53
Release card	163.00	ML	0.03
Cardboard boxes	534.00	no.	0.64

Table 13. Material consumption by type



5.0

SOCIAL



The value
of human capital:
workers,
communities,
and inclusion

5.1 Working conditions and inclusiveness in the workforce

For Conceria Montebello, protecting working conditions and empowering individuals are fundamental priorities. The company guarantees safe, healthy environments that respect workers' rights, promoting wellbeing, ongoing training, and constructive dialogue. At the same time, it is committed to ensuring equal treatment and opportunities, fostering an inclusive, fair, and discrimination-free environment. This approach translates into concrete practices for selecting, developing, and empowering individuals, in accordance with applicable ethical and regulatory principles.

5.1.1. Material impacts, risks and opportunities

Within the framework of the dual materiality analysis conducted by Conceria Montebello, the topic of **working conditions** and **equal treatment** emerges as a priority, as it is closely linked to the company's social sustainability. Attention to people's well-being and the valorization of diversity are key factors in building a fair, safe, and inclusive work environment, with positive effects on the organizational climate, operational efficiency, and corporate resilience. The company's main impacts are as follows:

Working conditions

- The company is committed to promoting **stable and protected employment** by strengthening **contractual stability** and access to adequate **social protection tools**. These elements contribute to improving **workers' quality of life**, strengthening **social cohesion**, and supporting the **sustainability of the economic system**.
Even in a context of constant commitment, the **tanning sector** remains exposed to **structural and cyclical risks**, such as **crises in outlet markets**, which can negatively impact employment, generating a possible increase in **precariousness** and a reduction in levels of **protection for workers**.
- One area for improvement is the **lack of internal union representation**, which represents an opportunity to strengthen **social dialogue** and build more structured channels of communication between workers and management.
- **Occupational health and safety** remain a key concern, especially given the potential physical risks associated with certain phases of the production process. Accident prevention and the continuous improvement of working conditions are strategic priorities for protecting human capital.

Equal treatment and inclusion

The company recognizes the value of **diversity** and is committed to actively promoting **gender equality** and **inclusion** within its workforce. Through policies and practices aimed at **preventing discrimination** and enhancing individual skills, it fosters a more equitable, innovative, and performance-oriented work environment.

5.1.2 Policies, actions and objectives

Conceria Montebello is **SA8000 certified**, one of the most recognized international standards in **corporate social responsibility**, based on the principles of ethical work, respect for human rights and worker protection along the entire value chain.

SA8000 certification requires the company to meet rigorous criteria in the following areas:

- Safe and healthy working conditions
- Absence of child or forced labor
- Freedom of association and the right to collective bargaining
- Working hours and fair pay
- Non-discrimination and equal opportunities
- Management and prevention of unethical disciplinary practices
- Structured and verifiable social management system

In this context, the company promotes an **inclusive work environment that respects the dignity of every person**, countering any form of discrimination based on gender, ethnicity, sexual orientation, disability, age, religion, or other personal conditions.

Managing **labor relations** and dialogue with workers is an integral part of the SA8000 management system. The company ensures the presence of **structured channels of communication and active participation**, including the **internal SA8000 representation**, directly elected by workers, tasked with monitoring the implementation of the standard and collaborating with company management in identifying and managing opportunities for improvement.

Confidential and secure reporting channels are also active, allowing everyone in the company to report any non-compliance, violations, or unethical behavior, ensuring confidentiality and the absence of retaliation.

To complement its corporate social responsibility system, the company has adopted a **Code of Ethics** that defines the **principles and standards of conduct** that all company members must adhere to, with particular attention to employee relations, **workplace health and safety**, mutual respect, and individual and collective responsibility.

In terms of **corporate welfare**, an evaluation is underway to **strengthen and enhance tools already provided for in the National Collective Bargaining Agreement for the tanning sector** (which covers all employees), such as:

- **SANIMODA**, the mandatory supplementary health fund
- **Ticket Restaurant**, meal vouchers to support daily well-being

Although these are **mandatory initiatives**, the company intends to integrate them into a broader and more structured vision of **corporate welfare**, oriented towards people's quality of life and the recognition of the value of work.

5.1.3 Metrics

The workforce data was collected and organized based on a **systematic management of ethical and social statistics**. Every six months, an **external consulting** firm provides the company with an updated set of data, which is then processed by the **HSE** (Health, Safety, and Environment) department. The information reported is expressed in number of people at the end of the reporting year.

The following table provides an overview of **the company's workforce**, which totals **172 employees**, all of whom work in Italy. The data shows a predominance of men, with 137 male employees compared to 35 female employees. Female representation therefore stands at 20% of the total, a figure that partly reflects the historical and structural characteristics of the tanning industry.

Total number of employees	172	
<i>of which female</i>	35	20.35%
<i>of which male</i>	137	79.65%

Table 14. Number of employees by gender

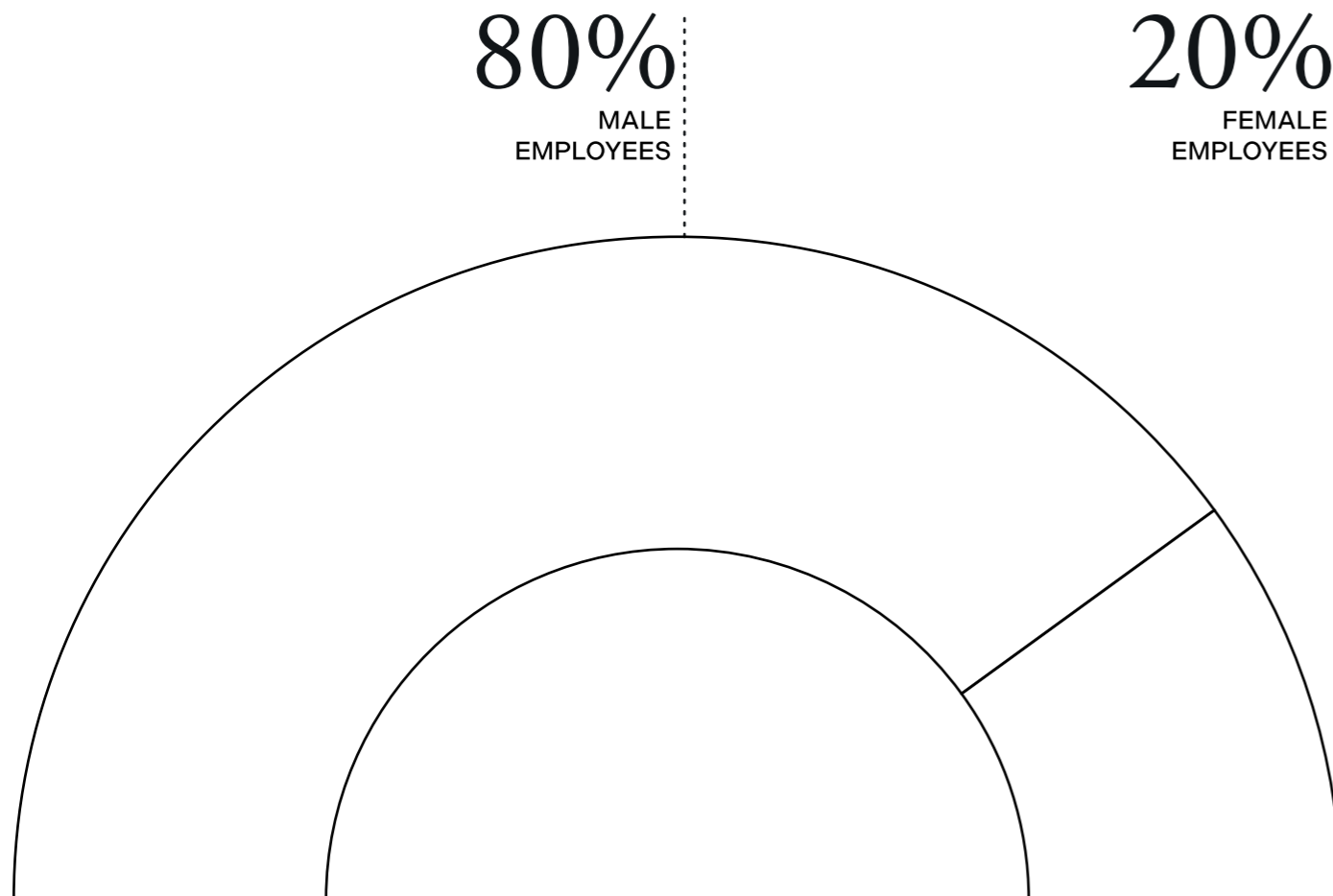


Chart 7. Composition of the workforce by gender

In addition to the 172 employed workers, there are **5 non-employed workers** including the administrator and the parasubordinate workers.

Type of workers	
Employed workers	172
Non-employee workers	5

Table 15. Type of workers

The following table highlights a solid picture of employment stability; all 172 of the company's employees are hired on permanent contracts. This data demonstrates a high level of employment stability and reflects the company's commitment to ensuring job security and employee well-being, consistent with the principles of social sustainability.

Workforce composition by contract type		
Indeterminate	Female gender	35
	Male gender	137
Determined	Female gender	0
	Male gender	0

Table 16. Composition of the workforce by type of contract

Table 17 highlights that the majority of employees are employed full-time, with **137 men and 30 women** employed full-time. Only **five female employees** are employed part-time.

Workforce composition by working hours		
Part time	Female gender	5
	Male gender	0
Full-time	Female gender	30
	Male gender	137

Table 17. Composition of the workforce by working hours

The availability of flexible contracts highlights the company's commitment to employee well-being and **worklife balance**. At the same time, it represents an opportunity to further develop and enhance access to these options for all staff, promoting increasingly inclusive policies aimed at achieving a balanced work-life balance.

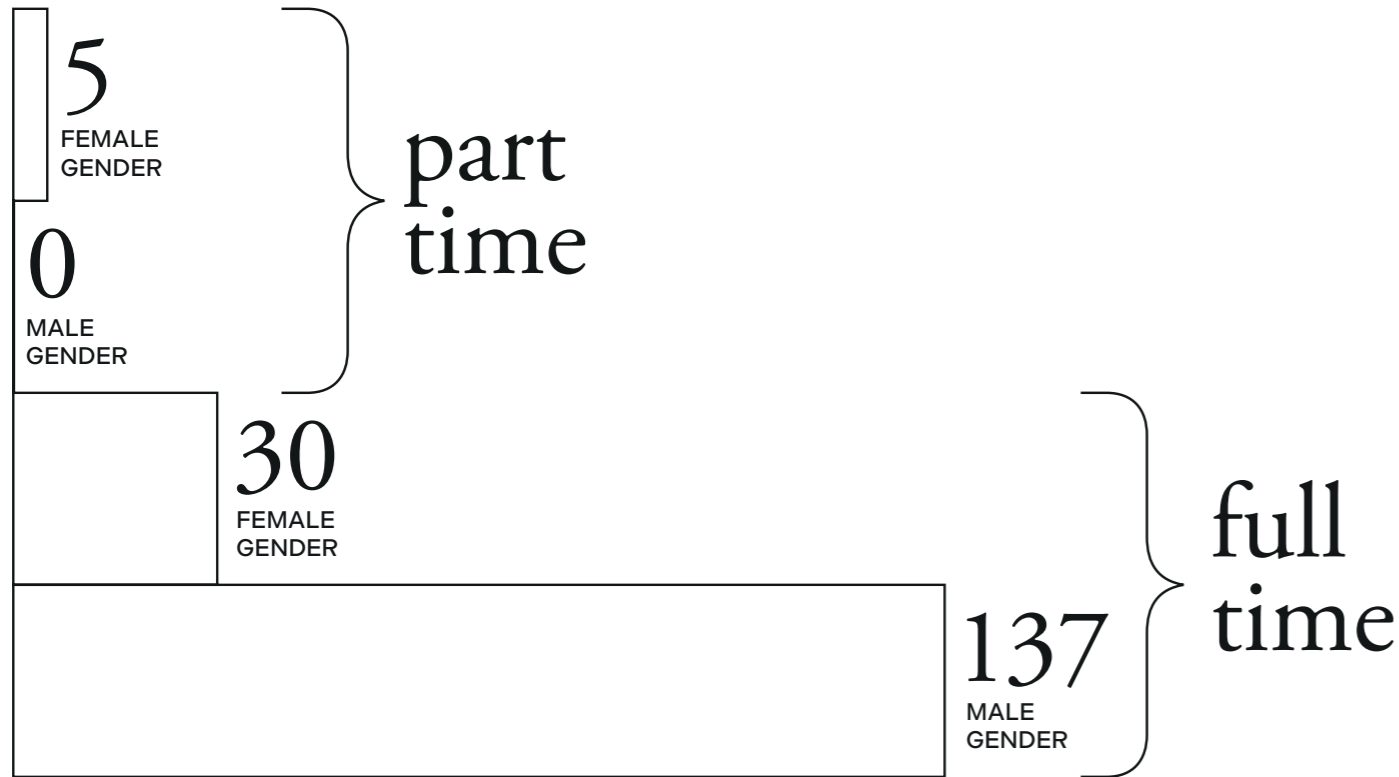


Chart 8. Composition of the workforce by working hours

Staff turnover is a key indicator for analyzing an organization's employment stability and internal climate. It measures the changes in the workforce over a given period, taking into account both departures and new hires.

During 2024, there were 9 hires and 50 departures, with a significant impact on the company structure and an **overall turnover rate** of 27%. Specifically, **negative turnover** —that is, voluntary departures—represents 23%, a figure to monitor for organizational well-being and staff retention.

This trend is closely linked to a year of **significant internal restructuring**, during which the company faced a challenging economic environment and launched a **functional reorganization plan**, which also included a mass layoff. Although the figure may appear high, it should be interpreted as part of a **strategic transformation process** aimed at strengthening efficiency and aligning the organization with new operational needs.

Staff turnover	
Number of new hires in the reporting period	9
Number of employees who left the company during the reporting period	50
Overall employee turnover rate	27.70%
Negative staff turnover rate	23.47%

Table 18. Staff turnover

Diversity metrics

Promoting **diversity** and **equal opportunities** is a key element of corporate sustainability strategies. Monitoring the composition of the workforce and organizational leadership with respect to variables such as gender and age allows us to assess the level of inclusivity and identify areas for improvement to strengthen equity within the organization.

Table 19 shows the composition of **senior management**, consisting of **three top figures, two women and one man**. This configuration, with a **majority of women at the top**, represents a particularly positive result, especially in a historically male-dominated sector. This data reflects an organizational context attentive to the **valorization of skills** regardless of gender and oriented towards the promotion of **inclusive leadership models**.

Indicators of diversity in senior management	
Total number of senior management members	3
<i>of which male</i>	1
<i>of which female</i>	2

Table 19. Indicators of diversity in senior management

Table 20 shows the distribution of the company's **172 employees by age group**. The workforce is **evenly split** between the **30-50 age group** and the **over-50 age group**, with **78 employees in each**. This data confirms the presence of a **significant concentration of experienced profiles**, a factor that translates into **stability, operational continuity, and the quality of production processes**.

The **under-30** age group is represented by **16 employees**, equal to **less than 10% of the total**. This distribution, while highlighting the solidity resulting from consolidated professionalism, also represents a **potential risk** in relation to the **availability of new talent**.

For this reason, the company is committed to addressing the challenge of **generational turnover, with the aim of ensuring sustainable** development and preserving both the **key skills** and the **vitality of the organization over time**.

Composition of the workforce by age group	
Total number of employees	172
<i>of which under 30 years of age</i>	16
<i>of which aged between 30 and 50 years</i>	78
<i>of which over 50 years of age</i>	78

Table 20. Composition of the workforce by age group

Composition of the workforce by age

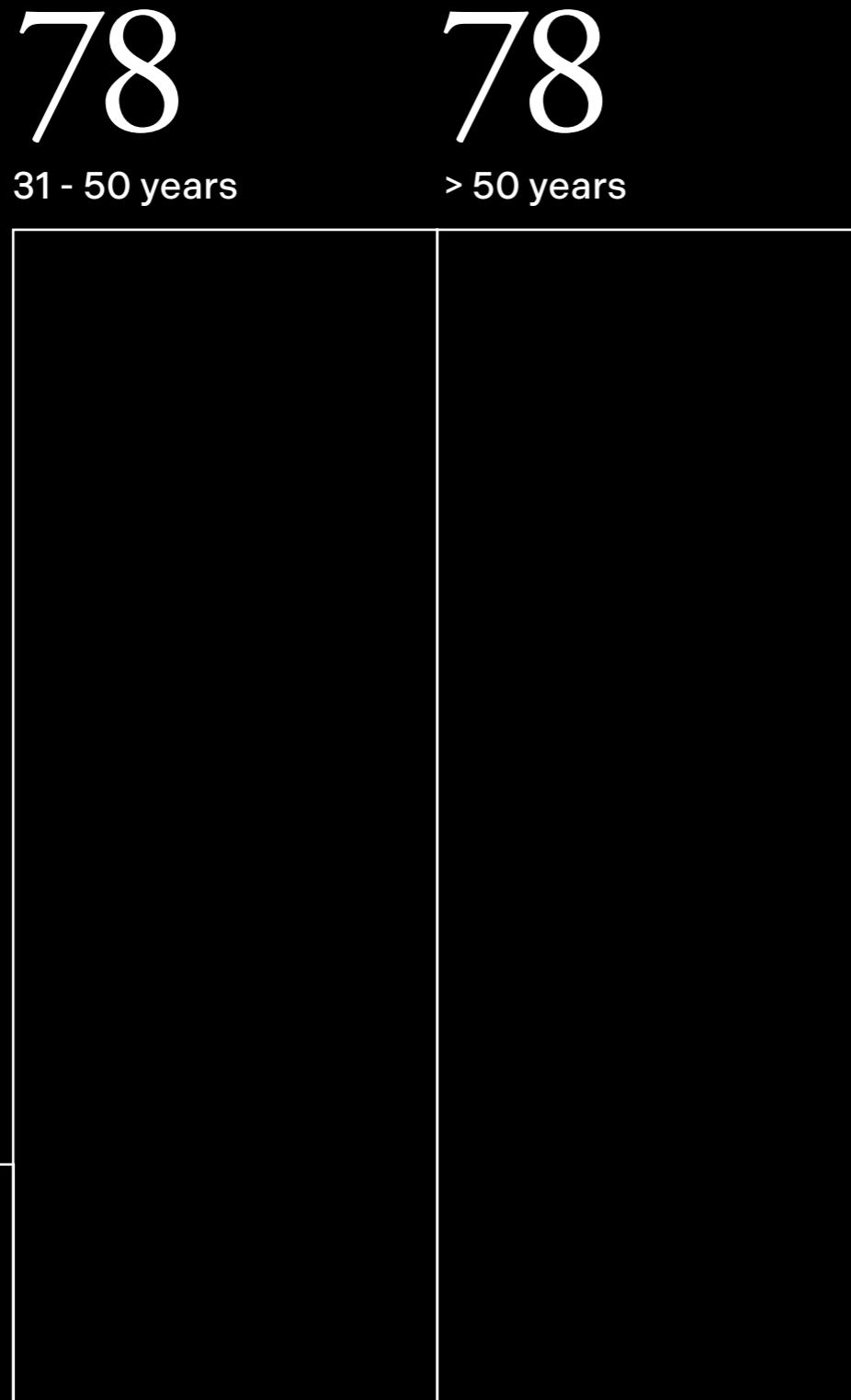


Chart 9. Composition of the workforce by age

Compensation metrics

In the reporting period, the indicator relating to the gender pay gap is equal to -2.74%, indicating that, on average, **the remuneration of female staff is slightly higher than that of male staff.**

The data reflects the effectiveness of the policies adopted regarding **pay equity**, based on objective criteria such as skills, experience and performance.

The company will continue to monitor the indicator regularly and analyze the internal dynamics that influence this result, with the aim of ensuring equal pay and equal opportunities at all levels.

Gender pay gap	-2.74%
-----------------------	---------------

Table 21. Gender pay gap

Health and safety metrics

All workers are covered by the **company's health and safety management system**, implemented in compliance with current regulatory requirements and nationally and internationally recognized standards.

The company regularly conducts **first- and second-party audits** to monitor the development, effectiveness, and progress of its occupational safety management system. Although it does not currently hold a formal certification specifically for safety management, the topic is handled with the utmost care and rigor, in full compliance with the provisions of Legislative Decree 81/08.

An important part of compliance monitoring, both with legal obligations and voluntary policies, is ensured through regulatory audits and the activities required by the **SA8000 certification** (in particular requirement 3 of the Standard), which include in-depth checks on worker health and safety.

During the reporting period, **five workplace accidents were recorded**, resulting in a total of 27 lost workdays. This data confirms the importance of maintaining a high level of focus on prevention and strengthening safety measures. The **accident rate** stands at 15.92. This indicator, calculated as the number of accidents per million hours worked, represents a key parameter for evaluating the effectiveness of the prevention measures adopted.

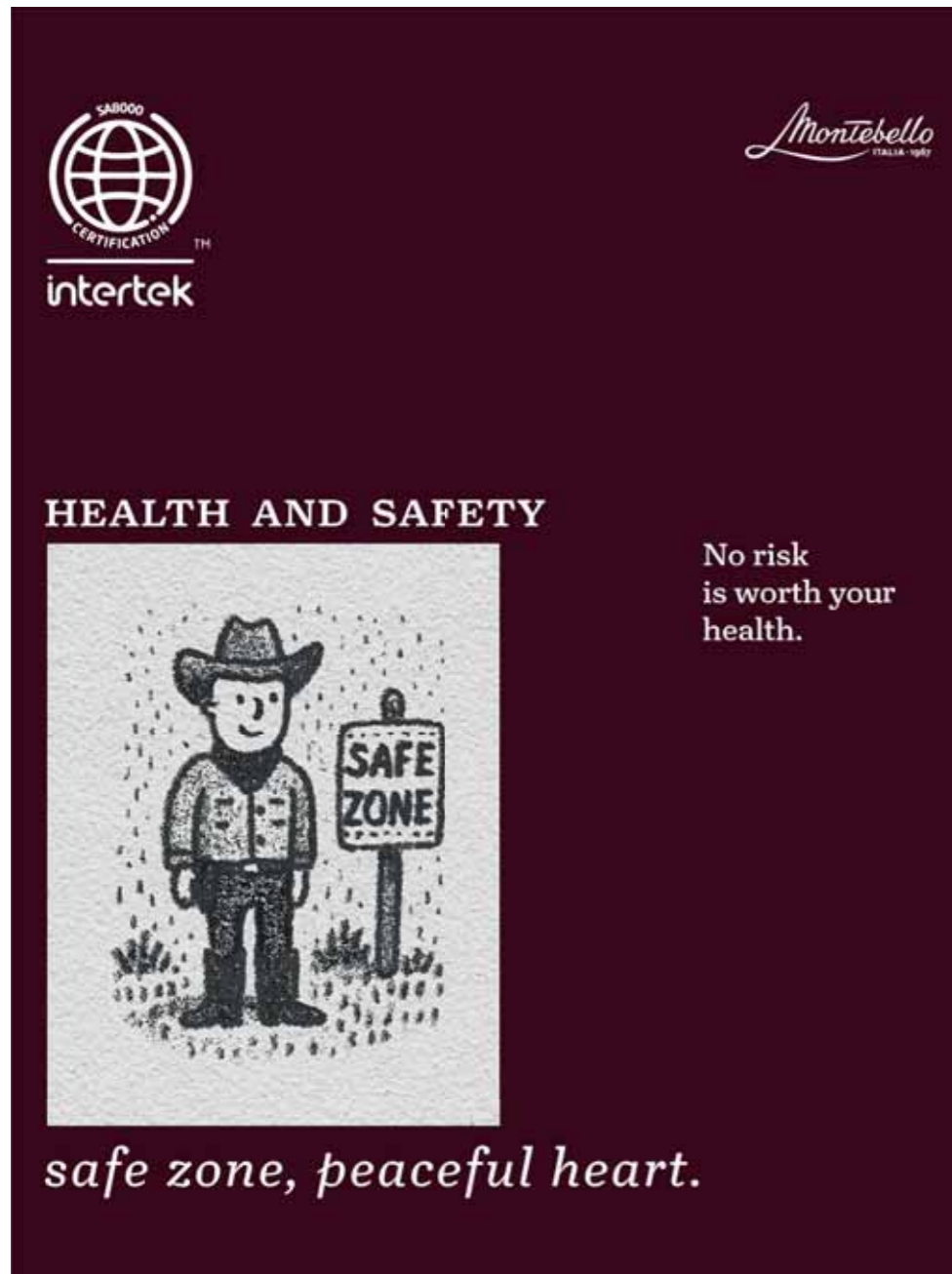
Health and safety indicators	
Number of recordable workplace injuries	5
Number of days lost due to work-related injuries or illnesses	27
Injury rate	15.92
Severity Index	50.66

Table 22. Health and safety indicators

5.2 Rights and working conditions in the value chain

Conceria Montebello recognizes the importance of ensuring decent working conditions and respect for human rights throughout the entire value chain. The company is committed to collaborating with suppliers and partners who adopt high ethical and social standards, promoting sustainable and responsible practices.

Through monitoring activities and certification processes, the company helps reduce social risks and enhance growth opportunities for all workers involved in the production process.



5.2.1 Material impacts, risks and opportunities

The protection of workers' rights along the supply chain emerged from the materiality analysis as a central issue, closely linked to **corporate social responsibility** and the sustainability of the business model.

Among the positive impacts is the company's commitment to **promoting decent, safe, and human rights-respecting working conditions among its suppliers**. This approach directly contributes to the well-being and quality of life of those involved in the production chain, as well as strengthening the resilience and reliability of the value chain.

The company is **SA8000** certified, an international standard that ensures compliance with rigorous social requirements throughout the supply chain.

Despite this safeguard, material risks remain related to the possibility that, during the audits, social issues with suppliers may emerge. In such cases, it may be necessary to reevaluate or replace certain suppliers, impacting operational continuity and the stability of business relationships.

5.2.2 Policies, actions and objectives

In line with the principles of the **SA8000 certification**, which Conceria Montebello has adopted and implemented for its internal processes (see previous paragraph on working conditions and inclusiveness in the workforce), the company's commitment extends to the protection of human rights and working conditions along the entire **value chain**.

The SA8000 certification requires certified companies to assume responsibility for **monitoring and managing social risks**, including those of suppliers and subcontractors, promoting compliance with shared ethical standards.

In line with the provisions of the standard, Conceria Montebello has implemented a structured system of **qualification, evaluation and monitoring of suppliers**, aimed at ensuring compliance with the principles of the standard.

All **suppliers** are included in a **qualified list** and subjected to a **preliminary assessment** through the submission of the **integrated questionnaire** and the **Integrated Company Policy**. The collected documentation is analyzed to verify compliance with the **SA8000 certification requirements**.

To support this process, relevant data is collected and archived for each supplier to define the **overall profile and risk level**, considering parameters such as the **type of supply**, the **volume of purchases**, the **history of the relationship**, any **critical issues encountered** and the available documentation, including **certifications** and **declarations of conformity**.

Suppliers formalise their commitment by signing a **declaration of conformity**, by which they undertake to:

- **SA8000** requirements,
- promote these principles throughout their supply chain,
- **monitoring** activities,
- allow **inspections** by the company or by third-party bodies appointed by it.

The overall evaluation of suppliers therefore integrates **technical, economic and ethical-social aspects**, in compliance with the applied international standards.

5.3 Relations with the territory and socio-economic impacts

Conceria Montebello recognizes the importance of supporting the economic, social, and cultural development of the communities it interacts with. The company promotes open and constructive dialogue with local stakeholders, fostering initiatives that contribute to collective well-being and sustainable growth. Through responsible practices, Conceria Montebello enhances local traditions, strengthens community ties, and creates shared value, in line with the social and cultural expectations of the context in which it operates.

5.3.1 Material impacts, risks and opportunities

The connection with the territorial context in which the company operates represents a key dimension of social responsibility, recognized as material in the context of the dual materiality analysis. Among the positive impacts identified are **improved community well-being** through **social, environmental, and economic initiatives** designed to respond to local needs, strengthen the social fabric, and promote sustainable and inclusive development. These initiatives also represent a strategic opportunity to **strengthen ties with local stakeholders, enhance the company's identity, and contribute to the economic and social cohesion** of the community in which the company operates. Promoting a positive impact on the local community strengthens trust, reputation, and local roots, which become levers for long-term sustainability.



5.3.2 Policies, actions and objectives

In 2024, Conceria Montebello strengthened its commitment to **enhancing the local area and supporting the local community** through a series of initiatives aimed at promoting sports, culture, animal welfare, and environmental sustainability.

These actions are part of a broader vision of a responsible business, attentive to the social context in which it operates.

Support for local sports

The company has supported several local sports associations, contributing to the promotion of healthy, inclusive, and participatory lifestyles:

- FC Arzignano Calcio
- Arzignano Volleyball
- Montebello Football

Openness to citizenship and a culture of sustainability

As part of **Green Week – Factories of Sustainability**, Conceria Montebello actively participated by opening its facilities to the public. During the event, discussions and dissemination sessions on key environmental issues were organized, including:

- Application of **BATs** (Best Available Techniques)
- Innovation in low-impact production processes
- Corporate strategies for ecological transition

The initiative helped spread a culture of industrial sustainability and bring the local community closer to responsible business practices.

Social and cultural initiatives

Over the course of the year, the company supported several community-benefiting activities, including:

- Donation to the Arzignano Dog Kennel
- Support for the Arzignano Christmas Concert
- Contribution to the Christmas lights of the Municipality of Montebello
- Participation in the Telethon charity campaign

These initiatives help strengthen the bond between the company and its local community, and demonstrate its commitment to the social, cultural, and environmental well-being of the communities in which the company operates.

5.4 Safety protection for consumers and end users

Conceria Montebello recognizes the importance of ensuring the personal safety of consumers and end users of its products. The company is committed to rigorous quality and regulatory standards to ensure that the materials supplied are safe, non-toxic, and compliant with current regulations. This approach helps to protect the health and well-being of end users, strengthening trust in the production chain.

5.4.1. Material impacts, risks and opportunities

Product safety and quality are of material **importance** to Conceria Montebello, as they directly impact the **health and rights of end consumers**. **Ensuring safe and compliant** products is essential for maintaining **market trust** and ensuring compliance with **current regulations**.

Although it operates exclusively in the **B2B market** and does not manage direct relationships with consumers, the company recognizes that its **strategic choices** – in terms of **business model, technologies, raw materials and quality and traceability systems** – can generate **direct and indirect impacts** on the users of its client brands' products.

The **positive impact** translates into the protection of **consumer health, safety, and rights**, thanks to an approach that includes the **careful selection of raw materials, the control of chemical formulations, and the adoption of quality management systems**. In this context, the end consumer's perspective is reflected primarily through the **stylistic, aesthetic, and value choices** of the brands served.

To meet the needs of its client brands, Conceria Montebello collaborates with its clients throughout the **collection development phase**, offering **innovative and sustainable materials** that meet market expectations. This process, managed by the **Product Development team** in synergy with the **Sales department**, finds concrete expression in the **production** of the selected materials.

Constant attention to product safety and quality also represents a **strategic opportunity**: it strengthens the **trust of commercial partners and customer brands**, consolidates the **company's reputation**, and allows it to effectively respond to growing market expectations for **transparency, traceability, and responsibility**. Integrating these aspects into production and decision-making processes helps make the business model more **solid, ethical, and quality-oriented**.

5.4.2 Policies, actions and objectives

Actions to prevent negative impacts and protect end users

The company has defined a comprehensive set of actions to prevent, mitigate, or remedy potential negative impacts, even indirect, on consumers and end users:

- **Responsible selection of raw materials**, with attention to traceability and environmental and social compliance along the entire supply chain;
- **Rigorous quality controls** at every stage of the production process, to ensure safety, performance and durability;
- **Continuous technical training** for staff to update skills and prevent risks related to product quality or safety;

- **Voluntary certifications** (e.g., LWG, ISO 14001, ISO 9001, SA8000) that monitor ethical, environmental, and regulatory aspects throughout the supply chain.

These actions are integrated into the **company strategy**, with the aim of ensuring the production of materials that contribute to **safe, sustainable final products that are consistent** with market expectations.

Post-sales support and management of reported issues

While not directly handling end-user complaints—a role that falls within the brands' remit— **Conceria Montebello offers timely technical support** to customers in the event of issues related to the quality of the materials supplied. In such situations, the company:

- Starts an **in-depth technical analysis**;
- Proposes **corrective or alternative product solutions**;
- Monitors the **recurrence of similar cases** to strengthen preventive measures.

The management of reports is regulated by the **"Internal and External Communication" procedure**, an integral part of the quality management and social responsibility system.

Reporting Channels

Conceria Montebello provides **official and confidential channels** for reporting problems or critical issues that could impact end consumers:

- **PEC address** for formal communications;
- **Supervisory Body (OdV)** within the scope of model 231;
- **Channels provided for by SA8000**, also managed by third parties;
- **Whistleblowing system** compliant with current legislation.

These tools ensure **accessibility, transparency and confidentiality**, strengthening the company's commitment to protecting responsibility along the supply chain.

Organizational structure for impact management

The management of significant impacts on consumers and end users is entrusted to a widespread governance system, in which different functions intervene depending on the nature of the impact:

- **The Quality and Product Development Department** in case of technical or performance problems;
- **The Sustainability Manager**, in synergy with the technical area, for environmental and social impacts;
- **The Sales Team and Management** for relational and market aspects;
- **The Supervisory Body** or other figures responsible for managing formal reports and complaints.

This structure allows us to act efficiently, **competently and promptly**, maintaining a high level of attention to even indirect impacts on consumers.

Customer diversification and consumer listening

The company serves a diversified clientele along the fashion and leather supply chain, including:

1. **Brands and parent companies** in the fashion sector;
2. **Manufacturers and factories;**
3. **Distributors and warehouses;**
4. **Small designers**, supported by the **Fast Collection service.**

Each category is exposed differently to risks related to the environmental and social impacts of products. In particular:

- **Brands and designers** are more sensitive to **sustainability, traceability and the ethical reputation** of suppliers;
- **Manufacturers and distributors** are more exposed to risks related to **product quality and regulatory compliance.**

Furthermore, the **different generations of consumers** with whom the company interacts indirectly influence corporate choices:

- **Millennials and Gen Z** show a strong focus on **transparency, environmental sustainability and supply chain ethics**, generating opportunities for the company, but also reputational risks if these aspects are not managed correctly;
- **Baby Boomers and part of Gen X** prioritize quality, durability, and perceived value. The risks here are related to the potential loss of product **competitiveness.**

Through ongoing dialogue with customers and careful monitoring of trends, **Montebello adapts its offering** to meet the needs of different target audiences, contributing to the success of the brands it serves.



GOVERNANCE

6.0



Solid principles
for transparent
and accountable
management

6.1 Business conduct and ethical principles of behavior

Conceria Montebello promotes a corporate culture based on integrity, transparency, and responsibility. The company is committed to instilling solid ethical values at all organizational levels, promoting proper conduct that complies with current regulations. Through governance policies and ongoing training, the company fosters a work environment that values social responsibility and respect for individuals, strengthening the trust of stakeholders and the community.

Looking to the future, the company intends to further strengthen its commitment through projects aimed at protecting animal welfare and ESG mapping of the supply chain, with the aim of ensuring greater transparency and sustainability throughout the production process.

6.1.1 Material impacts, risks and opportunities

Conceria Montebello promotes a corporate culture based on **ethics, transparency, and responsibility**, fundamental elements integrated into the company's sustainability strategy. This commitment has a positive impact on the well-being of the communities involved, on environmental protection, and on respect for social rights along the value chain. At the same time, it helps strengthen **trust and fairness in relationships with all stakeholders**, enhancing the company's reputation and creating a **climate of collaboration and integrity**.

An area of future focus concerns **animal welfare in the supply chain**. The company recognizes that this topic is becoming increasingly important for client brands and certain consumer segments, especially in the most sensitive markets. As such, it **intends to evaluate initiatives aimed** at strengthening its oversight of these aspects, including integrating animal welfare criteria into its supplier selection and monitoring processes.

At the same time, Conceria Montebello **actively monitors other ethical and social aspects** of the value chain, through:

- the **guarantee of traceability** of raw materials and production processes;
- the **evaluation of suppliers** according to environmental and social criteria;
- the **adoption of voluntary certifications** (e.g. SA8000) that promote respect for human rights and fair working conditions.

These actions generate **positive impacts in terms of transparency, worker protection and reduction of environmental impacts**.

A concrete risk is the **need to replace suppliers with inadequate environmental or social performance**, which can lead to **operational disruptions, indirect employment impacts** along the supply chain, and **increased costs** for the *company*. However, proactively managing these risks allows Conceria Montebello to **raise supply chain standards and strengthen its ethical and reputational positioning**, transforming critical issues into opportunities for continuous improvement.

6.1.2 Policies, actions and objectives

Adopting responsible behavior, complying with regulations, and building fair relationships with all stakeholders are central to the daily management of Conceria Montebello's operations and its long-term strategic vision. In this context, the Code of Ethics represents a key tool for guiding behaviors, decisions, and relationships, clearly defining the values on which daily action is based.

The company's **Code of Ethics** encompasses the **fundamental principles** that guide every aspect of the business: compliance with the law, honesty, fairness, personal responsibility, transparency, and traceability of decisions. These values represent a concrete guideline for everyone working within the company, helping to strengthen a sense of trust and internal consistency.

This consistency is also reflected in the management of **external relations**. The Code of Ethics devotes ample space to relationships with customers, suppliers, public bodies, and authorities, which are established in the spirit of **transparency, fairness, and compliance with the rules**.

In every area, the goal is to promote **interactions based on trust and reciprocity**, avoiding unfair practices or behaviors that could compromise corporate ethics and reputation. Even in its relations with public administration and the local community, the company positions itself as a loyal and reliable partner, capable of actively contributing to collective well-being. In this way, governance becomes not only an internal tool, but also a tool for dialogue with the community.

Particular attention is paid to the protection of information, which must be managed confidentially, securely, and in full compliance with applicable **privacy and personal data protection regulations**. The company is committed to ensuring the integrity and security of information flows, aware of their strategic importance and the need to protect the rights of customers, employees, partners, and suppliers.

This commitment also extends to **compliance with competition regulations**, promoting fair and transparent conduct in commercial relations to safeguard market equity. Likewise, preventive measures are adopted to combat **money laundering** and rigorously manage any **conflicts of interest**, protecting the company's integrity and reputation.

To ensure that ethical principles do not remain abstract intentions, the Code of Ethics provides concrete mechanisms to **prevent, detect, and correct non-compliant behavior**.

Among these, the **internal reporting system** plays a key role: everyone is encouraged to report any violations confidentially and securely, thus actively contributing to the protection of corporate values. This approach not only strengthens the internal control system, but promotes a culture of **shared responsibility**, in which each individual plays an active role in maintaining the high ethical quality of the organization.

SUSTAINABILITY PLAN

7.0



Priority actions
to strengthen
environmental and social
performance

Theme	Project/Activity
Substances of concern	Upgrade of the Chemical Risk Assessment Document, integrating more in-depth and large-scale analyses in specific operational areas and for certain chemical products.
	Strengthening the chemical usage monitoring system through better definition of control indicators for the weights applied through spraying and coating systems.
	Promotion of research and development activities aimed at the use of low-VOC products, with particular attention also to products used for cleaning production lines
Water	Reduction of water consumption in the dyeing phase, through the optimization of process recipes
Circular economy	Improve waste sorting by increasing the percentage of sorted waste compared to unsorted waste in the annual total. To support this goal, annual environmental training sessions for employees are planned, aimed at raising awareness and ensuring proper disposal of materials.
Own workforce	Raising employee awareness of the issues addressed by SA8000 certification through the "SA8000 VALUES" campaign



DISCLOSURE REQUIREMENT INDEX

8.0



Mapping
ESRS requirements
for full reporting
transparency

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CONCERIA MONTEBELLO'S 2024 SUSTAINABILITY REPORT REFLECTS A YEAR OF TRANSFORMATION, RESPONSIBILITY, AND FORWARD-LOOKING COMMITMENT.

FROM CLIMATE ACTION TO SOCIAL PROGRESS, FROM RESOURCE EFFICIENCY TO ETHICAL GOVERNANCE, THE COMPANY AFFIRMS A MODEL ROOTED IN ITALIAN CRAFTSMANSHIP AND DRIVEN BY INNOVATION.

THIS DOCUMENT PRESENTS MEASURABLE RESULTS, TRANSPARENT PRACTICES, AND A CLEAR STRATEGY TO CREATE LONG-TERM VALUE – FOR PEOPLE, THE ENVIRONMENT, AND THE COMMUNITIES WE WORK WITH.