

INIZIATIVE
CONCIARIE
ASSOCIATE

2022
*SUSTAINABILITY
REPORT*



A man with short dark hair and a beard is seen from the back, looking towards the right. He is wearing a dark green t-shirt with white text on the back. The text is arranged in three lines: 'INIZIATIVE' on the top line, 'CONCIARIE' on the middle line, and 'ASOCIATE' on the bottom line. The letters 'IN', 'C', and 'AS' are significantly larger than the other letters and are positioned to the left of their respective lines. The background is a large industrial warehouse with high ceilings, metal beams, and stacks of brown cardboard boxes. A forklift is visible in the background on the left. The lighting is warm and focused on the man, with the background being slightly blurred.

INIZIATIVE
CONCIARIE
ASOCIATE

A Letter to Stakeholders

1		4	
<i>SUSTAINABILITY: A STORY THROUGH OUR TANNING EXPERIENCE</i>	6	<i>OUR COMMITMENT TO THE ENVIRONMENT</i>	42
1.1 Incas Philosophy	8	4.1 Environmental management	44
1.2 Product durability	12	4.2 Energy	45
1.3 Recovery culture	14	4.3 Water cycle	46
		4.4 Atmospheric emissions	48
		4.5 The use of chemicals	50
		4.6 Waste and by-products (“SOA” – Animal By-products)	52
		4.7 Soil and groundwater protection	53
		4.8 Carbon footprint	54
		4.9 Circular economy solutions	55
		4.10 Life Cycle Assessment (LCA)	56
2		5	
<i>INCAS: INIZIATIVE CONCIARIE ASSOCIATE</i>	16	<i>GOVERNANCE AND VALUE CREATION</i>	58
2.1 Highlights	18	5.1 Efficient organisation and business protection	60
2.2 Our history	19	5.2 Customer care	61
2.3 The production cycle and products	20	5.3 Research and innovation	62
2.4 The importance of production infrastructures	24	5.4 Product quality and safety	64
2.5 System and product certifications	26	5.5 Traceability	65
2.6 Stakeholder involvement	27	5.6 The supply chain	66
2.7 Relationship with the territory	30	5.7 Chemical Management	68
		5.8 Deforestation and protecting local communities	70
		5.9 Animal Welfare	72
3		6	
<i>PLACING THE INDIVIDUAL AT THE CENTRE</i>	32	<i>FUTURE GOALS</i>	74
3.1 Corporate social responsibility	34		
3.2 Workers’ welfare	36		
3.3 Occupational Health and Safety	38		
3.4 Safeguarding rights and non-discrimination	40		
3.5 Training and skills	41		
		Methodology note	80



A LETTER TO STAKEHOLDERS



INCAS has decided to publish this first sustainability report at a complex historical time of structural changes in global geopolitical orders resulting in major social and economic consequences.

INCAS “INiziative Conciarie ASsociate”, is a company that operates in the tanning industry and specialises in the production of high-quality baby calf hides, calf hides and half calf hides, buffalo hides and deer hides for footwear, leather goods and clothing, and has established itself throughout the world thanks to a vegetable tanning process with unique technical and qualitative characteristics, as well as being environmentally friendly.

INCAS is also aware that in times of difficulty lie opportunities for development and growth, both personal and professional. Despite the fact that the market is increasingly difficult, competitive and often even irrational, INCAS aims to assert its own strong, clearly identifiable spirit and “personality”, as a reference both externally (customers, suppliers and other stakeholders) and internally (workers, etc.).

Professionalism and expertise, together with research and innovation, are the foundations supporting this approach to our work.

Great results have been achieved, but INCAS believes there is more to be accomplished.

The future requires collective awareness. Every step forward, every successful attempt, constitutes an action to protect everyone’s future and to give young people real hope.

We are aware that the path process towards a fully sustainable identity is still long and full of opportunities that we have to be able to seize in order to anticipate the future, and we can only be open and ready, for our part, to contribute to supporting the common good.

Strengthened by our commitment, we have spread our values and expertise in order to promote the goals of the 2030 Agenda through this Report.

Filippo Rovini
President

INIZIATIVE
CONCIARIE
ASOCIATE

1

SUSTAINABILITY: A STORY THROUGH OUR TANNING EXPERIENCE





1.1

INCAS PHILOSOPHY

We believe we can ensure safe and sustainable solutions in the supply chain of high-quality finished leather thanks to more than 50 years of history in the Italian tanning industry.

The Incas tannery was founded in 1972 in a Tuscan tanning district, and over the years has become one of the reference companies both in terms of production and technological innovation.

The attention paid to product quality and a high sensitivity to environmental and ethical-social issues have always characterised the history of the INCAS Tannery.

The high degree of specialisation achieved today enables us to combine tradition and innovation, allowing the creation of high-end products and, at the same time, the efficient use of resources, the control/reduction of environmental impact and to ensure close attention is paid to the health and safety and social aspects of the work. Operating in quality is a daily experience for the entire INCAS organisation,

and is based on certain values. In addition to the obvious intrinsic value of continuous research and innovation, it is the human component that makes INCAS what it is today.

A passion for tradition has united the founding families of this brand for more than 50 years.

INCAS is not just a collection of complex production processes, it is the embodiment, the personification of an idea: doing what we know how to do, in the best way possible.

INCAS is affiliation to a profession, it is the will to perpetuate teachings and values, it is aggregation, pride and gratitude for what our fathers and grandfathers have built, and of course it is a duty; that of carrying on and developing this great company, made up of people first and foremost.

In an increasingly difficult and competitive market, INCAS intends to assert a strong and clearly identifiable “personality”, which is a reference for both external stakeholders (customers, suppliers, institutions, etc.) and internal stakeholders (workers, staff, consultants, etc.).



INIZIATIVE
CONCIARIE
ASSOCIATE

In 2008 Incas became “Iniziativa Conciarie Associate” with the creation of the ‘Il Veliero’ and ‘Italtan’ divisions: three divisions designed to achieve a working style focusing on luxury and continuous research.



INCAS

EXCLUSIVE NATURAL LEATHER

INCAS has established itself worldwide thanks to a vegetable tanning process with unique technical and qualitative contents, as well as being environmentally friendly. Its most common uses include footwear and leather goods, based on a highly detailed product catalogue and with the ability to develop items to meet specific customer requirements.



ITALTAN

LEATHER GOODS & HAIR ON BABY CALF
 ITALTAN was set up as a division specialising in the production of baby calf hides, also with hair, intended to satisfy the various leather production requirements for high-quality leather goods, footwear and clothing. The advanced technology adopted in our research and development laboratories has enabled us to develop uncommonly soft and glossy leather. Baby calf hides are the cornerstone on which Italtan positions itself as a benchmark for the world's leading brands.



HIGH QUALITY TRADITIONAL LEATHER
 IL VELIERO produces chrome-tanned baby calf hides, half calf hides and whole calf hides using a process based on high-protein products with a reduced release of amines. Superior fullness, roundness, rubbery texture, elasticity and grain closure are its hallmarks. Our "High-Protein Line" has significant maturation times for the Wet blue hides (at least 30 days) with strictly traditional storage conditions in order to complete the chromium olation process in the hides.

1.2

PRODUCT DURABILITY

The main characteristic of leather lies in its transformation from being a waste product of the agro-food chain, to a product that can last a lifetime, thanks firstly to its preservation and then the tanning processes.

This reduces global pollution by preventing hides from becoming waste and having to be treated as “special waste”. Leather products, in their lifetime, embody numerous stories: the story of the persons who have ennobled a product intended for destruction, the story of those who have produced leather products, and finally the story of the wearers of these goods.

Our hides undergo chemical and physical controls in order to achieve these results, to ensure that we meet our customers' specifications, to constantly improve our finished hides and to comply with the increasingly stringent regulations which require us not to use chemicals considered potentially critical for the consumer and the environment.





Product durability is increasingly becoming a focus of interest for consumers and stakeholders, with a growing awareness that the lifespan of goods represents a major factor impacting sustainable development.

1.3

RECOVERY CULTURE

We don't like waste, that's for sure, and for this reason we currently take and will take all the necessary actions to ensure a greater circularity of the scraps and waste generated in our tannery.

We do our utmost to reduce the use of environmentally impactful chemicals, starting from the recovery of the liming baths, continuing with the use of modern technologies which reduce waste and use of water - a primary resource.

As regards the final stage related to end-of-life and waste management, the tannery recovers over 70% of its waste, as indicated in the most recent Environmental Declaration, committing itself to ensure an effective collection of plastic, paper and water to promote their recycling. The company adopts measures aimed at reusing

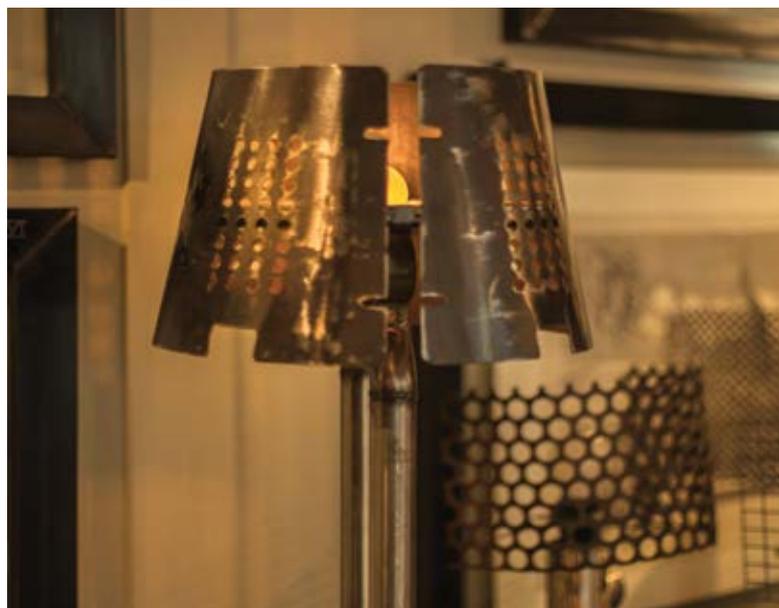
pallets and other packaging, either internally or by returning them to the supplier.

We have also salvaged old equipment used in the tannery (such as the marble slabs once used for stretching the hides, and the wood from disused tanning drums) by turning it into furniture for our offices, breathing new life into these objects which tell the story of tanning.





Jacopo e Nicolò Ceccatelli
Chief Executive Officers



INIZIATIVE
CONCIARIE
ASOCIATE

2

INCAS: INIZIATIVE CONCIARIE ASSOCIATE





2.1

HIGHLIGHTS

	2022
Value of production (Euro)	53.921.000,00
Number of export countries	30
Distributed value	
Personnel cost + Employee Severance Indemnity (TFR)	6.519.745,00
Suppliers	42.184.000,00
Kg. of hides purchased	3.242.365
Sq. m. of manufacturing facility	22.000
Number of certificates	13
Number of product lines	3
Number of employees	144

1972

Incas was founded in Santa Croce sull'Arno.

1983

production was transferred to the new facility located in Castelfranco di Sotto. The new facility has a covered area of 11,000 m² and is equipped with production plants and systems using the most advanced technologies available.

OUR HISTORY

2000

The first of a long series of certifications was obtained: UNI EN ISO 9001 regarding the quality management system.

2007

The “Hi-Co” line was created to produce certified metal-free leather, able to meet even the most restrictive regulations for products intended for children. Incas is mentioned in the 2012 Green Italy report as recognition for its commitment to environmental protection. This report is compiled by the Symbola Foundation and Unioncamere (Italian Union of Chambers of Commerce, Industry, Handcraft and Agriculture).

2012

Incas was mentioned in the 2012 Green Italy report compiled by the Symbola Foundation and Unioncamere for its commitment to environmental protection and for the production of metal-free leather that meets the restrictive regulations established for products intended for children.

2002

The company management decided to expand its production facility by constructing a new building of almost 9,000 m².

2008

Incas became Iniziative Conciarie Associate, and developed the ‘Il Veliero’ division, after the acquisition of the historical brand dating back to 1955, and the ‘Italtan’ division.

2020

The “Hi-Co” line evolved to become Leather 40075: leather for Earth, once again underlining Incas’ ongoing commitment to the environment and circularity. The 40075 product range ensures the leather is processed by using vegetable-organic tanning.

2.3

THE PRODUCTION CYCLE AND PRODUCTS

All INCAS product lines are manufactured using a complete processing cycle. All of the activities take place under the tannery's direct and internal control, starting from the raw hides, passing through the tanning and dyeing processes, all the way through to the finishing.

Ensuring product quality, first and foremost, is closely linked to having full control of the entire production chain: traceability of the raw materials, management of the chemicals, the relationship with the chemical suppliers to maximise respect for the environment without losing the quality of the material, process consumption throughout the production process and their analysis, the contribution of the specialised processes provided by the companies 100% controlled by INCAS, the regular chemical-physical analysis activities (both on the chemical product and on the finished material) to ensure a high level of control. All the manufacturing processes are performed while

fully respecting the environment, thanks to the forms of control ensured by both the Emas Registration and by ISO 14001 certification (ref. EMAS and ISO 14001 certification issued by "ICEC" - Certification Institute for the Leather Industry).

Incas adopts the ICEC 100% MADE IN ITALY certification, as all the manufacturing processes are performed in Italy within a single production facility. The attention INiziative Conciarie ASsociate pays to environmental sustainability has led to the following goals being achieved:

- use of only electricity generated by renewable sources;
- pre-treatment of wastewater at the factory floor level resulting in a Chemical Oxygen Demand (COD) reduction of more than 60%;
- obtaining EMAS certification with which the company defines continuous improvement goals;
- production processes involving calculation of the environmental product footprint, in compliance with "Leather PEFCR" (Leather Product Environmental

Footprint Category Rules) drafted within the framework of the European Commission's Single Market for Green Products initiative;

- substitution of the more hazardous chemicals, favouring liquid form products, thus ensuring the absence of dust, to the benefit of operators' health;
- sending plastic, paper and wood from the production process to be recycled.

Incas has total control in the management of the Beamhouse, Tanning and Dyeing stages.

The wet department is fully computerised and enables the single working steps of each drum to be chemically and physically programmed and controlled. The department is equipped with chrome recovery systems and liming baths.

The purpose of the soaking stage is to remove the salt in which the hides are soaked for preservation and re-wetting the hide until it returns to a state of hydration similar to the natural state (after skinning). The hair removal process called "liming" begins next, all the keratin parts of the skin (hair and epidermis) are attached and dissolved in this stage using lime and sodium sulphide. Both processes are carried out in strict compliance with their relative operating instructions.



Vegetable tanning: a choice dating back to time immemorial.

Vegetable tanning is one of the oldest known tanning processes, and features the use of high tanning tannin content vegetable extracts.

Incas production has always focused on this type of process, and the company has dedicated considerable attention and resources to it from the outset, to make it more interesting and highly functional.

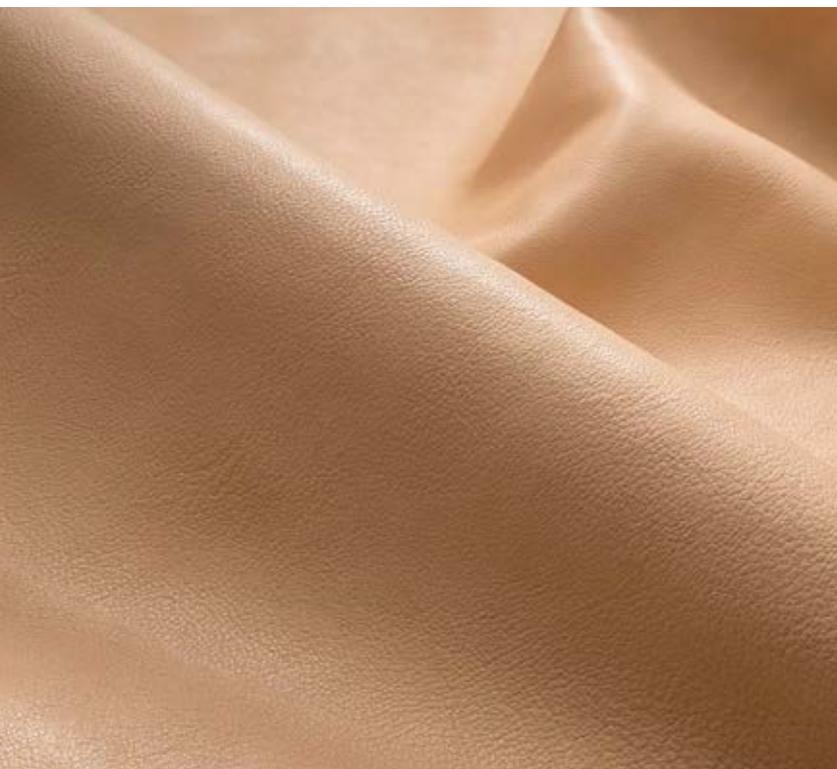
2007 saw a major breakthrough with the introduction of the Hi-Co project, whose goal was to reduce the presence of heavy metals in the various production stages – a need that evolved to meet the demands of the children’s footwear industry.

This initiative produced an awareness that it was not

enough just to remove the heavy metals from the processed material, but that priority needed to be given to obtaining a product with significant sustainability characteristics.

The “Leather 40075” Project was launched in 2019, after several years of research and analysis, and was presented in Milan in February 2020. Parallel to the issues around producing chrome-metal free leather, the project also addresses the sustainability aspect, ranging from the traceability of the raw material to the recycling and reuse of processing waste.

Very thorough research work was required in order to make all this possible, firstly regarding the selection of chemicals and then on the development of the finished article.



Chrome tanning - Slow leather

This low environmental impact production process marries the tanning traditions of chrome tanning with modern industrial techniques: hence the name “SLOW LEATHER”.

Slow leather is based on the “Innovative Craftsmanship” oxymoron and embodies the extreme enhancement of a product as noble as leather, reflecting the timeframes of traditional tanning and renewing the tanning processes which have made certain historic Italian and French tanneries household names.

The distinguishing feature of the process is essentially “Olation” (a process that develops when the leather is left to rest for at least 30 days on special humpback pallets).

Compared to a regular production process used for chrome leather, “SLOW LEATHER” enables the following results to be achieved:

- a 53.7% saving of water in the liming process;
- a 32.5% saving of sodium sulphide in the liming stage;
- an 18% reduction in the amount of chromium in the pressing wastewater;
- a 14% reduction in retanning products.



2.4

THE IMPORTANCE OF PRODUCTION INFRASTRUCTURES

The INCAS production facilities were designed and built from the outset in line with the most advanced technologies available.

The wet department was equipped with a punch card automation system as early as 1983, including chrome recovery systems and liming baths, as well as another specialized system for the pre-treatment of the wastewater originating from the tanning process.

The qualitative leap was made, not only with the introduction of state-of-the-art technology, but above all with the decision to carry out the entire production cycle in-house with respect to the processing of the different types of hides (including baby calf, goat, kangaroo, buffalo and deer).

The facilities have been upgraded and expanded over time, resulting in increased and improved production

capacity: all departments have been fitted with top quality technologies and systems, and most of the manufacturing processes have been automated, through major investments also in hardware and software. There has been no shortage of investment in internal processing, either.

The offices, reception, showroom, canteen and changing rooms have also benefitted from renovation and expansion over time.



2.5

SYSTEM AND PRODUCT CERTIFICATIONS

INiziative Conciarie ASsociate is a “container” for ideas, research, evolution and design where excellence is a prerequisite for the production of high-value leather.

sustainability and corporate social responsibility, but also to the professionalism that goes into the goods produced. INCAS has obtained the following system and product certifications :

The company has acquired multiple system and product certifications, over time, as further evidence of the attention paid to fairness, legality,



Sistema di Gestione della Qualità
UNI EN ISO 9001:2015
CERT-086-2000-QMS-ICEC



Sistema di Gestione Ambientale
UNI EN ISO 14001:2015
CERT-048-2006-EMA-ICEC



Sistema di Gestione Ambientale
EMAS
IT-000648



Leather Working Group
LWG GOLD RATED
CON039



Tracciabilità della Materia Prima
ICEC TS-SC410
ICEC TS-PC412



Sostenibilità
ICEC SUSTAINABILITY
CERT-001-2014-SUSTAINABILITY



Codice di Condotta
UNIC SOCIAL ACCOUNTABILITY
ATTESTATO ICE N° 002



Certificazione di Prodotto
DENOMINAZIONE DI ORIGINE
(Leather from Italy, 100% Leather from Italy)
CERT-018-2008-MDO-ICEC



Certificazione di Prodotto
“PARMA-PARMA DOC”
CERT-051-2007-PDT-ICEC



Certificazione di Processo
LEATHER 40075
CERT-001-2007-PCS-ICEC



Sistema di Gestione della Salute e Sicurezza
UNI EN ISO 45001:2018
CERT-022-2021HSMS-ICEC

2.6

STAKEHOLDER INVOLVEMENT

The sustainability report is a tool through which to analyse and reflect on the most relevant issues of one's business activity.

Involving stakeholders is a key and constructive step for INCAS to understand its current and future performance, to seek out the best ways to address the challenges the company is facing and to achieve its goals. Performance assessment, together with an up-to-date evaluation of common core issues, are the basis underpinning our daily work and the creation of shared value.

INCAS involves its stakeholders on a regular basis, from staff to suppliers, customers, local communities, institutions, associations, industry groups, and the media, in order to communicate our values transparently, establish relationships of trust, and promote sustainable development of the sector. INCAS has set itself the objective of further developing the level of mutual involvement and opening new channels of communication with respect to the

different categories of stakeholders as shown below. The stakeholders with whom INCAS interfaces can be seen below, depending on the level of involvement and relationships:

Stakeholder mapping

PRIMARY	those who have a direct influence on INCAS production (employees, members/Board of Directors, customers, suppliers, supervisory authority...)
SECONDARY	those who are involved in the activities carried out by INCAS (trade associations, "UNIC" (National Union of the Tanning Industry) "ASSOCONCIATORI" (TANNERS ASSOCIATION) Universities S. ANNA, UNIVERSITY of BOLOGNA project partners, end consumers, local communities, public services ...)

Main activities involving our stakeholders

Members and Board of Directors	<p>SHAREHOLDERS' MEETING SUSTAINABILITY REPORT PERIODIC MEETINGS</p>
Customers and suppliers	<p>CORPORATE COMMUNICATIONS TRADE FAIRS, BROCHURES AND SALES MATERIALS PERIODIC SATISFACTION SURVEY REPORTS AND COMPARISONS THROUGH TRADE ASSOCIATIONS AUDITS SUSTAINABILITY REPORT SOCIAL NETWORK AND WEBSITE LOCAL EVENTS GUIDED TOURS AT OUR HEADQUARTERS VISITS TO OUR CUSTOMERS AND SUPPLIERS COLLABORATION FOR BETTER SUSTAINABILITY IN THE SUPPLY CHAIN CODE OF ETHICS AND SUPPLY CHAIN POLICY CUSTOMER AND SUPPLIER SERVICE</p>
Staff	<p>DEDICATED INTERNAL COMMUNICATION AND INVOLVEMENT INITIATIVES REFRESHER AND TRAINING COURSES COORDINATION MEETINGS BETWEEN THE VARIOUS DEPARTMENTS PERIODIC CORPORATE EVENTS SUSTAINABILITY REPORT SOCIAL NETWORK AND WEBSITE CODE OF ETHICS WELFARE SYSTEM COMPANY AND/OR DIGITAL NOTICEBOARDS</p>
Institutions and supervisory authorities	<p>MEETINGS WITH POLITICAL and/or INSTITUTIONAL REPRESENTATIVES ON SECTOR-RELATED ISSUES PERIODIC COMMUNICATIONS ON-GOING COLLABORATION VISITS TO OUR HEADQUARTERS</p>

Local communities	SUPPORT FOR LOCAL AND NATIONAL INITIATIVES AND EVENTS IN DIFFERENT FIELDS SUSTAINABILITY REPORT SOCIAL NETWORK AND WEBSITE
Trade associations	COLLABORATIONS AND PARTNERSHIPS TO IMPLEMENT SUSTAINABILITY PROJECTS PARTICIPATION IN ROUND TABLES ON SECTOR-RELATED ISSUES PERIODIC COMMUNICATIONS EVENTS, CONFERENCES, SEMINARS AND TRAINING INITIATIVES ON SUSTAINABILITY ISSUES ON-GOING COLLABORATION COMPANY VISITS SUSTAINABILITY REPORT
Local universities and institutes Project partners	SUPPORT FOR SECTOR-RELATED RESEARCH PROJECTS WITH UNIPI/UNIFI SUPPORT FOR LOCAL SECTOR-RELATED TRAINING COURSES SOCIAL NETWORK AND WEBSITE
Public authorities	COLLABORATION ON SAFETY-RELATED ISSUES ENVIRONMENTAL IMPACT (PERIODIC REPORTS) SUSTAINABILITY REPORT PERIODIC COMMUNICATIONS

The creation of value for our stakeholders represents an important factor in the activities carried out. Specifically, creating added value and supporting local development where we live and work are permanent goals. The creation and distribution of economic value

are major factors in determining the creation of wealth for our stakeholders.

As a company, we aim to create sustainable value for all our stakeholders, while respecting the ethical principles which shape our business model.

2.7

RELATIONSHIP WITH THE TERRITORY

INCAS tanning business was founded in 1972 in Santa Croce sull'Arno and has been well rooted in the territory since its origins; today, INCAS counts among the leading companies in the sector. The company has maintained very close ties with the territory over time, and actively participates in the activities promoted by the following Associations of which it is a member:

Associazione Conciatori (Tanners' Association) is a non-profit organisation founded in Santa Croce sull'Arno in 1976 as a trade association for tanneries. Approximately 150 tanneries are currently members of this Association and through it the respective entrepreneurs have created a complex network of "associated companies", which guide the industry in relation to new environmental regulations on water, soil and the atmosphere, thereby managing to minimise their impact on the environment.

UNIC (Unione Nazionale Industria Conciaria Concerie Italiane – National Union of the Italian Tanning Industry) (the world's leading association of tanners, has been operating

since 1946 to protect its member companies and is representative of a strategic industry, a key component of Italy's economic and manufacturing fabric. UNIC promotes the interests of the sector, represents it at every level, encourages its innovation, enhances its social and environmental role, and establishes trading companies that serve the sector-based market. Incas has always shown its commitment to, and interest in, the territory, an involvement focused on supporting the district's social and educational fabric.

This approach has also enabled INCAS to establish and foster on-going dialogue with the Tuscan comprehensive schools and universities. There have been numerous collaborations over the years: Incas has often been delighted to welcome students from technical institutes and high schools, visiting our facility, thus giving them the opportunity to learn about the various stages of leather processing and the nature of the material itself. Now, Incas has made an annual commitment to foster the orientation of young people, enhancing personal vocations, through the school-work alternation



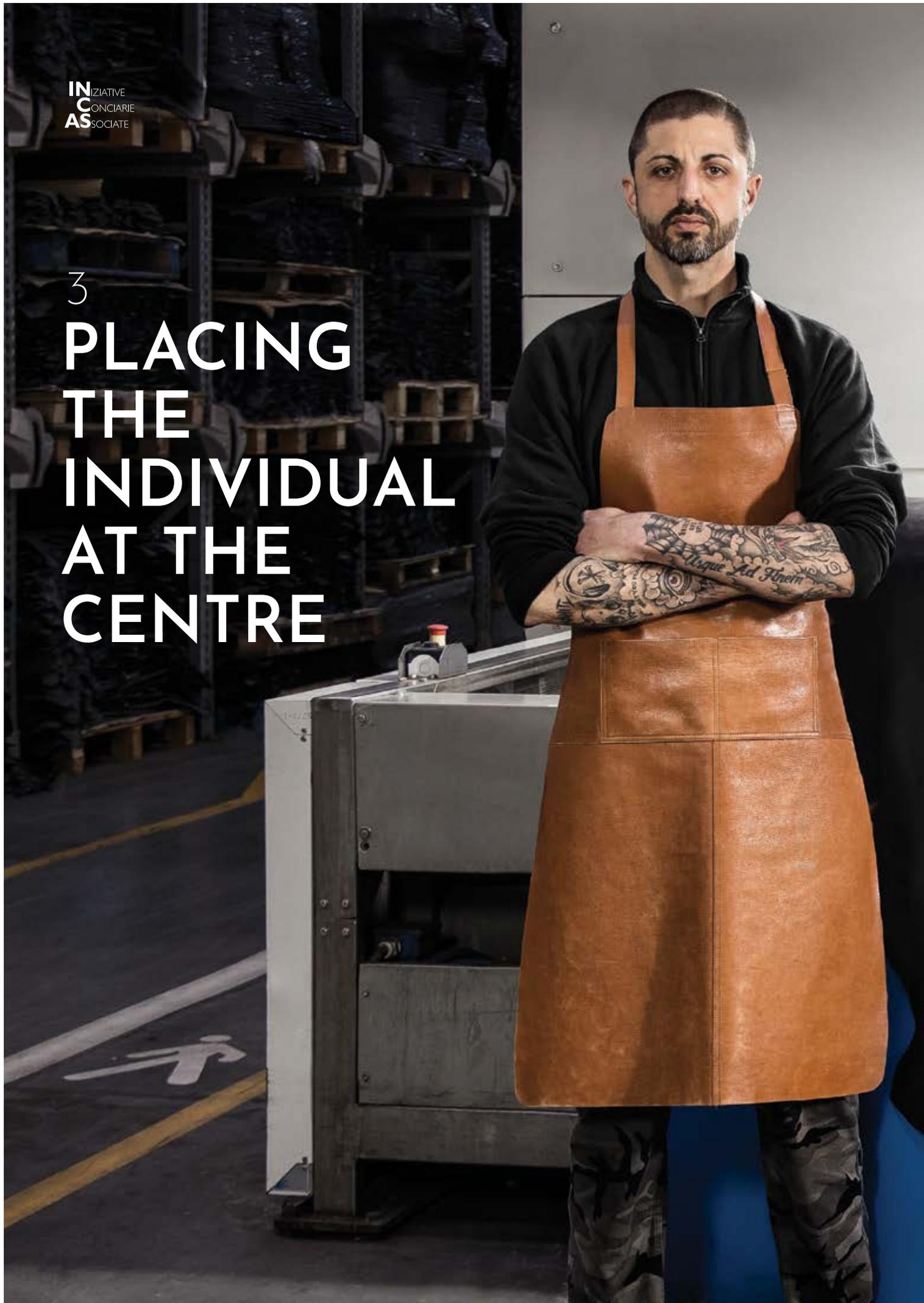
Piero Rosati *Deputy Chairman*

programme, pursuing the common goal, together with the schools, of creating a connection between the educational institution, the labour market and the company. Over time we have hosted students taking University courses and University Master's Degree courses related to our industry, such as the Polimoda Fashion School, with the aim of handing down our craftsmanship and inspiring young minds. INCAS renews its commitment to preserve and raise awareness of the

manufacturing tradition that has always distinguished our company. In 2022 INCAS was a supporting partner of the **Masters Course: “New skills for sustainability in the industrial sector”** promoted by a company operating in the area, aimed at young graduates and designed to create specific skills in sustainability. The Sponsors of the Master's Course have made 15 Scholarships available in order to fully finance the participation of the candidates in the training programme.



3
PLACING
THE
INDIVIDUAL
AT THE
CENTRE





**THE INDIVIDUAL IS THE
CORE VALUE OF OUR
ACTIONS.**

**OUR GOAL IS TO CREATE A
POSITIVE, HEALTHY
AND INCLUSIVE WORKING
ENVIRONMENT.**

3.1

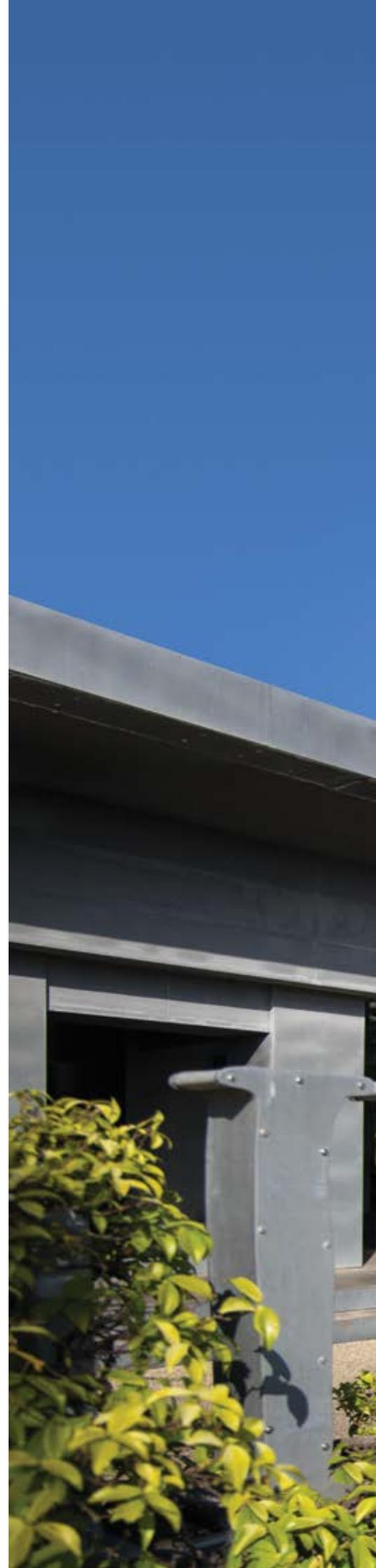
CORPORATE SOCIAL RESPONSIBILITY

For Incas, corporate social responsibility means unwavering attention to the conditions under which our workers operate, as well as the conditions in our supply chain.

INCAS was one of the first tanning companies in Italy to adopt the Code of Conduct for Corporate Social Responsibility created by the National Union of the Tanning Industry (Unic), voluntarily submitting to annual audits carried out by the ICEC Certification Institute since 2011.

The individual is the core value of our actions.

Our goal is to create a positive, healthy and inclusive working environment.



Incas' policies ensure compliance with the principles referred to in the following:

- Universal Declaration of Human Rights

- Convention on the Rights of the Child

- International Standard SA8000 and the UNIC Code of Conduct

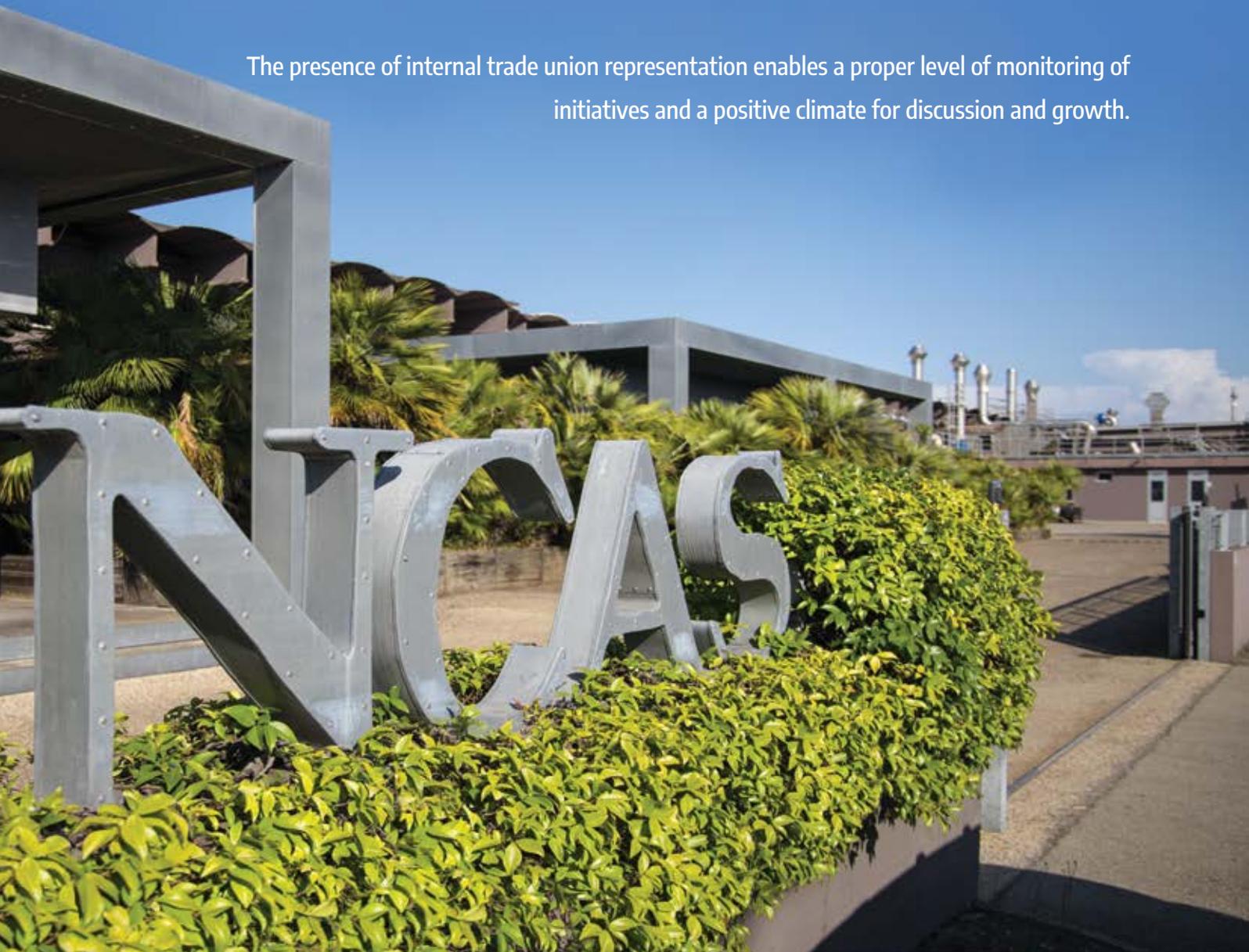
- International Labour Organisation (ILO) Conventions referred to in the SA8000 Standard

- United Nations' Conventions for the elimination of all forms of discrimination against women

- Workers' Statute and applicable national laws

- National Collective Agreement of the Tanning Industry

The presence of internal trade union representation enables a proper level of monitoring of initiatives and a positive climate for discussion and growth.



3.2

EMPLOYEE WELLBEING

Enabling workers to rely on a stable, protected and organised employment relationship that allows a harmonious work-life balance lies at the heart of the Incas development model.

An interesting fact concerns the types of employee contracts: There is a high percentage of open-ended employment contracts. Temporary work is only adopted during peak demand periods and in compliance with the legal restrictions.

Working time is an eight hour day interspersed with a two-hour break to allow workers to have their lunch at home if they wish, as the majority of the staff live nearby.

The use of overtime is minimal and exceptional by company choice, thanks to having one of the most outstanding production infrastructures in the country.





	2020	2021	2022
Total employees	159	149	144
men	146	137	131
women	13	12	13
open-ended employment contracts	152	147	141
fixed-term employment contracts	7	2	3
temporary workers (average number)	5	7	10
new recruits	11	3	10
full-time workers	157	148	143
part-time workers	2	1	1
hours worked	212.330,50	232.925,00	242.482,08

3.3

HEALTH AND SAFETY IN THE WORKPLACE

Occupational health and safety has always been a central focus at Incas, and the company has undertaken to implement specific prevention and training plans also in 2022 to ensure high levels of worker safety.

Risk prevention and improvement of working conditions are pursued within the framework of the management **system for ISO 45001 workplace safety**, in addition to full compliance with the requirements of Legislative Decree No. 81/08. Internal audits and audits performed by the ICEC certification body were also carried out in 2022 as part of the certification of this system.

The Risk Assessment Document contains a thorough analysis of the specific risks of each work task and the proper prevention and protection measures required.

All employees are ensured appropriate health monitoring with a periodic examination by the company medical officer, according to their different needs and the jobs they do.

The management system envisages that human errors, anomalies, near misses, incidents and accidents are identified and analysed through the application of specific procedures and that appropriate corrective measures are implemented. Workers are considered to be key stakeholders in the process of risk prevention and reduction and are therefore encouraged to report any potentially dangerous situations at any time.

	2020	2021	2022
Number of injuries/accidents	1	1	1
of which currently in progress	1	1	1
days of injury/accident related sick leave	6	80	44
No. of occupational illness requests accepted	0	0	0



3.4

SAFEGUARDING OF RIGHTS AND NON-DISCRIMINATION

The protection of human rights is intrinsic to all of Incas' activities - in particular, those concerning the individual: the working conditions are based on fair working relations, equal opportunities and development of skills, in a context that sees diversity as a real source of value.

Incas is aware of the importance of an inclusive environment for the well-being of its employees and the issue of gender equality influences company strategies.

The attention paid to the proper management of labour relations and the collaboration with the employee representatives contributes to a peaceful working climate and discourages staff turnover.

	employees	gender		age			nationality	
	total	men	women	< 30	30 - 50	> 50	ITALIAN/ UE	Non-UE
2020	159	146	13	18	74	67	153	6
2021	149	137	12	13	74	62	143	6
2022	144	131	13	13	70	61	138	6

3.5

TRAINING AND SKILLS

Incas aims to encourage professional development and growth and to enhance skills by adopting criteria based on merit and professionalism, shunning discriminatory practices.

It is easy to understand how staff training and on-going refresher courses are particularly important, given the dynamic nature of the fashion industry.

INCAS dedicates great commitment to the specific lifelong learning initiatives necessary to keep workers

and technicians up to date, in addition to mandatory training (for example: on health and safety in the workplace), raising awareness of a broad range of issues, as well as keeping internal staff informed regarding projects, initiatives and corporate goals.

More in detail, both internal and external refresher and training courses have been organised for a total of 764 man-hours, as detailed below.

	2020	2021	2022
man-hours training provided	80	216	764



4

OUR COMMITMENT TO THE ENVIRONMENT





**AN INCREASINGLY
SUSTAINABLE BUSINESS
MODEL**

**CIRCULAR FASHION
AS A SOLUTION TO
SAFEGUARDING THE HEALTH
OF OUR PLANET**

4.1

ENVIRONMENTAL MANAGEMENT

An Environmental Management System compliant with International Standard ISO14001 and with European Regulation No. 1221/2009 (Eco-Management and Audit Scheme - EMAS) has been operational for many years within Incas, and this System has been integrated with the ISO45001 Management System.

The Management System was extended to further processes in 2022, as shown below:

- by implementing a traceability control system for raw materials (hides) purchased, compliant with the ICEC TS410 technical specification;
- by extending the traceability requirements of raw materials (hides) up to the finished product, in compliance with the ICEC TS412 technical specification.

Our organisation is characterised by a high level of professionalism and expertise that is expressed (using a “cascade” system and with increasingly

technical levels of expertise) through the Integrated Management System Managers, Function Managers, Department Managers and the persons in charge of specific processes. More specifically, the organisational structure is established around three key figures:

- the Quality Management System and Traceability Manager;
- the Environment and Occupational Health and Safety Management System Manager;
- the Chemical Manager (supported by the Emergency Response Team and the First Aid Team).

A system of appropriate operational controls is also in place to ensure compliance with the mandatory requirements relating to the company’s environmental, health and safety aspects.

The main indicators for each environmental aspect are detailed below.

The form adopted is concise and is intended to facilitate reading: detailed data and information are available in the EMAS Environmental Statement published on the company’s website.

4.2

ENERGY



The times we are living in mean that all businesses need to address the challenge of transitioning towards more sustainable business models, especially from an energy point of view, namely, becoming less and less dependent on the use of energy produced from fossil sources.



LaThe fashion supply chain is a substantial energy consumer and is called upon to step up and play its part. The international political context and the war in Ukraine have further increased this awareness and need.

In this perspective, Incas anticipated current trends by choosing, as far back as 2020, to purchase 100% of its electricity only from suppliers who ensure production exclusively from renewable sources.

Energy consumption was further optimised in 2022, with a significant reduction in relation to the production volumes processed being achieved.

Energy	2020	2021	2022
Energy consumption (Tonnes Equivalent Petroleum -TEP)	724	812	865
Consumption per product unit (TEP/1000 pcs.)	1,1	1,2	0,9



4.3

WATER CYCLE

The Tuscan tanning district also known as the “Leather District” is notable for having adopted a collective approach to the management of water resources, with the objective of ensuring high treatment efficiency standards.



The district is proud to have had its EMAS (Eco-Management and Audit Scheme) certification renewed, as this certificate is promoted by the European Community to encourage best strategies and practices in terms of environmental responsibility, shared by the public and private sectors.

The successful audit of the district's compliance with the parameters considered for EMAS

purposes was concluded in November 2022, with the official communication issued by the Ministry of the Environment through ISPRA (Ecolabel Ecoaudit Committee, EMAS section Italy). Renewal of the certification is valid for three years (2022/2025).

The performance indicator for water consumption is calculated on the basis of the nature of the hides being processed (raw hides, or partially processed hides) also considering the fact that, on average, the retanning/dyeing/curing stages contribute 30% of the overall impact of a complete cycle:

Water use	2020	2021	2022
Water drawing (m ³)	128.910	135.420	153.590
Drawing per product unit (Litres/equivalent pieces)	210	204	179

A further reduction in the use of water for production purposes was achieved with reference to 2022. Incas recently decided to participate as a partner alongside leading players in the tanning supply chain in the **Life I'M-TAN** (Innovative Modified Natural Tannins) project specifically to promote the research and development of eco-friendly vegetable tanning processes, especially in terms of water consumption and wastewater quality. This project is presented in greater detail in

Chapter 9 “Goals and environmental programme.” Concerning discharges, the complete discharge analyses carried out in 2022 highlight concentrations lower than the consortium’s table limits (parameters analysed: cyanides, aromatic and chlorinated solvents, surface-active agents, phenols, arsenic, cobalt, boron, cadmium, manganese, mercury, nickel, lead, copper, tin and zinc).

Concentration (mg/l)	2020	2021	2022	Aquarno / Cat. A limit
Suspended Solids	3.415	3.992	3.994	7.000
Chlorides	4.879	5.547	6.210	8.000
Sulphates	1.803	2.070	1.844	2.500
Chromium III	59	76	76	100
Ammoniacal nitrogen	218	212	248	400
Chemical Oxygen Demand (COD) Fil	2.793	2.330	3.426	8.000
Volumes discharged (m ³ /year)	107.500	124.910	140.990	/

4.4

ATMOSPHERIC EMISSIONS

The main parameters that influence the air quality that are typical of tanning processes are represented by Volatile Organic Solvents (VOS), dust and hydrogen sulphide.

Atmospheric emissions, which are conveyed outside the tannery by specific extraction systems fitted with abatement equipment, are generated in various stages of the process, both in the wet stages and during the finishing treatments.

Incas monitors its emissions periodically, as required by law, with checks performed by accredited external laboratories.

In addition, the Volatile Organic Compounds (VOCs) are monitored through the solvent management plan which aims to control the incoming flow of volatile compounds and is designed to verify compliance with the limits per product unit (g VOC/m² of finished leather). More specifically, 2022 reported a strong positive performance, showing a marked reduction in VOC emissions.

ODOURS

The main sources of possible unpleasant odours may be attributable to emissions of gaseous hydrogen sulphide (H₂S) and possible malodorous compounds emitted by raw hides, or originating from the company's waste treatment plant area.

The H₂S emissions undergo appropriate abatement in wet scrubbers with caustic soda. The proper operation and maintenance of these wet scrubbers ensures that they are kept in efficient and effective operating condition, so that any unpleasant odours are kept under control. Furthermore, Incas stores the hides in suitable warehouses equipped with refrigeration systems, to contain odours generated by the raw hides, and organises the selection of the hides based on a rotation method.



Overview of emission points:

Emission code	Origin	Pollutant	Analysis frequency
A1	Central heating plant	Nitrogen oxides (NOx) Carbon Monoxide (CO)	Annual
A2'	Central heating plant (emergency facility)	Nitrogen oxides (NOx) Carbon Monoxide (CO)	Annual
B1, B2, B3, B4, B5, B8, B9, B10, B11, B12, B13, B15	Automatic spray booth	Solvents (VOCs) Particulate matter (PM)	Annual Single analysis
D7, D8, D9	Powder weighing extraction booths in tanning drum department	Total powder	Single analysis (Departmental Decision No. 5778 dated 31.03.22)
E1	Tanning drum gas extraction	Hydrogen sulphide (H2S)	Half-yearly
K2, K3	Workplace solvent extraction hood	Solvents (VOCs)	Annual
K6	Drying tunnel final extraction hood	Total organic carbon (TOC)	Annual

VOC emissions	2020	2021	2022
Total VOC emission (kg)	50.142	62.111	65.373
Volatile Organic Compounds (gr/m2)	75,5	76,0	71,2
Emission factor limit (gr/m2)	82,7	84,1	117,1

4.5

THE USE OF CHEMICALS

2022 saw substantial global increases in the prices of raw materials and difficulties in sourcing them. A trend emerged of increasing chemical stocks in order to ensure production continuity and commitment to customers, as well as to contain costs, which has resulted in a negative impact on performance indicators. However, an improvement is evident in the

ratio of hazardous chemicals in relation to the total volume of chemicals, thanks to the ZDHC - Zero Discharge of Hazardous Chemicals – programme (aimed at gradually reducing the use of chemicals hazardous to health and/or the environment in the tanning “supply chain”, until their total elimination within the deadlines established by the project set up by the tannery a few years ago). As

Chemicals	2020	2021	2022
Beamhouse and tanning operations (kg)	1.777.746	2.060.480	2.703.222
Re-tanning/dyeing/fattening (kg)	831.381	1.021.862	1.142.145
Finishing (kg)	220.740	270.640	298.407
Auxiliaries (kg)	1.965	720	1.900
Total chemicals	2.831.832	3.353.702	4.145.674
Total NON-HAZARDOUS chemicals	1.208.334	1.682.796.101	2.282.961
Total HAZARDOUS chemicals	1.623.497	1.670.906	1.862.713
Beamhouse and tanning operations (kg/raw piece)	3,0	3,2	3,3
Re-tanning/dyeing/fattening (kg/total pcs.)	1,2	1,5	1,2
Finishing (kg/total pcs.)	0,3	0,4	0,3
TOTAL consumption (kg/total pcs.)	4,2	4,8	4,3
Hazardous Products/Total Products (%)	57,3	49,8	44,9

part of this project, several suppliers have undertaken the “virtuous” path leading to the registration of their chemicals at level 3 of the ZDHC Gateway Platform. In short, this certification entails the following steps, with checks to be performed by an independent third-party:

- the chemicals supplier implements a Chemical Management System compliant with the ZDHC Guidelines;
- a chemical analysis of all the products which the supplier intends to register on the Gateway, attesting

- to compliance with the ZDHC Manufacturing Restricted Substances List (MRSL);
- an on-site audit to verify the supplier’s compliance with the mandatory requirements and proper handling at the production site.



4.6 WASTE AND BY-PRODUCTS

Incas is a producer of waste and animal by-products (flesh from which products and additives for the food, pharmaceutical and cosmetic industries are obtained). Classification, identification, storage and transfer to authorised entities are carried out on the basis of specific procedures of the

Environmental Management System, which ensure compliance with the legal provisions. For many years now, the ability to recover resources has been highlighted by the data of waste and by-products sent for recovery that clearly outweighs the waste and by-products sent for disposal.

Waste and by-products	2020	2021	2022
Waste (tons)	1.001,1	847,1	2.049
Animal by-products (tons)	728,9	863,9	1.319
Total Waste + Animal by-products	1.730	1.711	3.369
% Hazardous waste	2,9 %	3,2 %	3,0 %
Waste and Animal by-products per product unit (kg/pieces)	2,6	2,4	3,5
Waste and Animal by-products sent for recovery	68%	75%	85%

Therefore, the trend of sending the waste produced for recovery continued to be seen clearly in 2022.

The increase in the amount of waste is due to the evident increase in production and the growth of the item: "040104 – Tanning slurry containing chrome" due to the greater production of chrome-tanned articles towards which the market demand was oriented in

2022. The wastewater generated by the chrome tanning stage is delivered as waste to a plant that specialises in the recovery of basic chromium sulphate to be allocated for subsequent reuse, instead of being channelled into the industrial sewage system, unlike the wastewater produced by the vegetable tanning processes.

4.7

SOIL AND GROUNDWATER PROTECTION

All the internal and external work areas are protected from potential accidental spills and these areas are constantly maintained. Incas performs an annual inspection of the chemical storage tanks and the waste water storage tanks during the summer break to verify that they are in proper condition. At that time a check is also performed on the condition of the

waterproofing of the outdoor areas, in order to detect any signs of deterioration. The inspections carried out in 2022 did not identify any particular issues.

No changes were made either to the chemical storage tanks, or to the water storage tanks, or to the external paving during last year.



4.8

CARBON FOOTPRINT

The emission sources which comprise the Carbon Footprint can be grouped into three macro-classes pursuant to the ISO14064 standard (SCOPE 1, SCOPE 2 and SCOPE 3), depending on whether they are under the company’s direct control, or under the control of other organisations, in order to distinguish between direct and indirect emission sources.

To date, Incas has embarked on a virtuous process by deploying a range of initiatives which also contribute to reducing greenhouse gas emissions, by pursuing all-round sustainability, thus contributing to the commitments undertaken by the “Industry Charter Fashion and Climate Action” in line with the goals of the Paris Agreement on climate change.

Ref. type of emissions	ACTIONS TAKEN
Scope 1 – Direct GHG emissions	<ol style="list-style-type: none"> 1. Boilers - monitoring the combustion efficiency and the chemical-physical characteristics of the heat cycle water 2. Company vehicles – monitoring the CO2 emissions from the company’s vehicle fleet has been initiated and criteria were defined to renew the vehicle fleet in order to reduce the CO2 emissions from on-site transport 3. Energy surveys were carried out to identify the areas of possible reduction of energy consumption (in progress)
Scope 2 – Indirect GHG emissions resulting from purchased electricity	<ol style="list-style-type: none"> 1. Purchase of 100% renewable electricity (from September 2019)
Scope 3 – other indirect GHG emissions	<ol style="list-style-type: none"> 1. LCA Study referred to the entire production, in order to calculate the Product Environmental Footprint 2. Green procurement: tannins purchased from forests with certified sustainable management 3. Green procurement: purchase of FSC or PEFC certified paper, cardboard and wood pallet packaging

Greenhouse Gases GHG	2020	2021	2022
(Scope 1 - boilers, vehicles, air-conditioning systems)			
GHG emissions (tons equivalent CO2)	1.126	1.260	1.467
GHG emissions per product unit (kg equivalent CO2/pieces)	1,7	1,8	1,5

4.9

CIRCULAR ECONOMY SOLUTIONS

Public institutions and the private sector have identified “CIRCULAR FASHION” as one of the fronts on which to focus significant future efforts.

Circular fashion represents the best means to safeguard the health of our planet, to pollute less and save precious resources.

The industry in which we operate is particularly relevant in terms of waste generation. Incas crystallized this awareness in 2022 and the company requested that the Check Up Tool to enable circularity to be measured by the Institute of Management of the Sant’Anna School of Advanced Studies in Pisa within

the scope of the Environment Project directed by “Unioncamere Toscana” (Tuscany Union of Chambers of Commerce, Industry, Handicrafts and Agriculture).

The Sant’Anna School of Advanced Studies tool has been applied to various companies and industrial sectors and is based on the analysis of process data which are then used to define the circularity index by company phase and in overall terms. The Circularity Index for 2022 showed a high value of 73%. This data will be used to measure improvement in the coming years.



Sant’Anna Institute of Management
Higher Education Institution of Pisa

4.10

LIFE CYCLE ASSESSMENT (LCA)

Incas was among the first companies in Italy, even in the absence of legislative obligations and on a voluntary basis, to carry out a Life Cycle Assessment (LCA) study in 2019 to “measure” the ecological footprint of its production with the technical and scientific support of UNIC, adopting the assessment method that follows specific rules for the tanning industry established at the European level (PEFCR Product Environmental Footprint Category Rules).

The study results show that the most relevant impact categories for the Incas tannery (namely, the categories which contribute cumulatively to at least 80% of the total environmental impact) coincide with the categories identified by the European sector study. The raw materials supplied make the greatest

contribution to the environmental impact of leather as a product, i.e. the upstream stages of the supply chain, such as breeding, slaughtering and transport. In this regard, it should be noted that a tannery like the INCAS tannery exemplifies the CIRCULAR ECONOMY, as it ennobles a byproduct of the food industry that would otherwise become waste (as is also underlined by the certification of the claim in compliance with the UNI ISO/TS 17033 standard: “WE RECOVER OUR HIDES FROM THE FOOD INDUSTRY”).





The environmental impact contribution associated with the chemicals used (especially natural and synthetic tannins) follows in order of weight. In this regard, it should be noted that Incas joined a Life I'M-TAN (Innovative Modified Natural Tannins) project in September 2021, as a partner alongside key players in the tanning supply chain, and aims to validate, on a semi-industrial scale, the use of

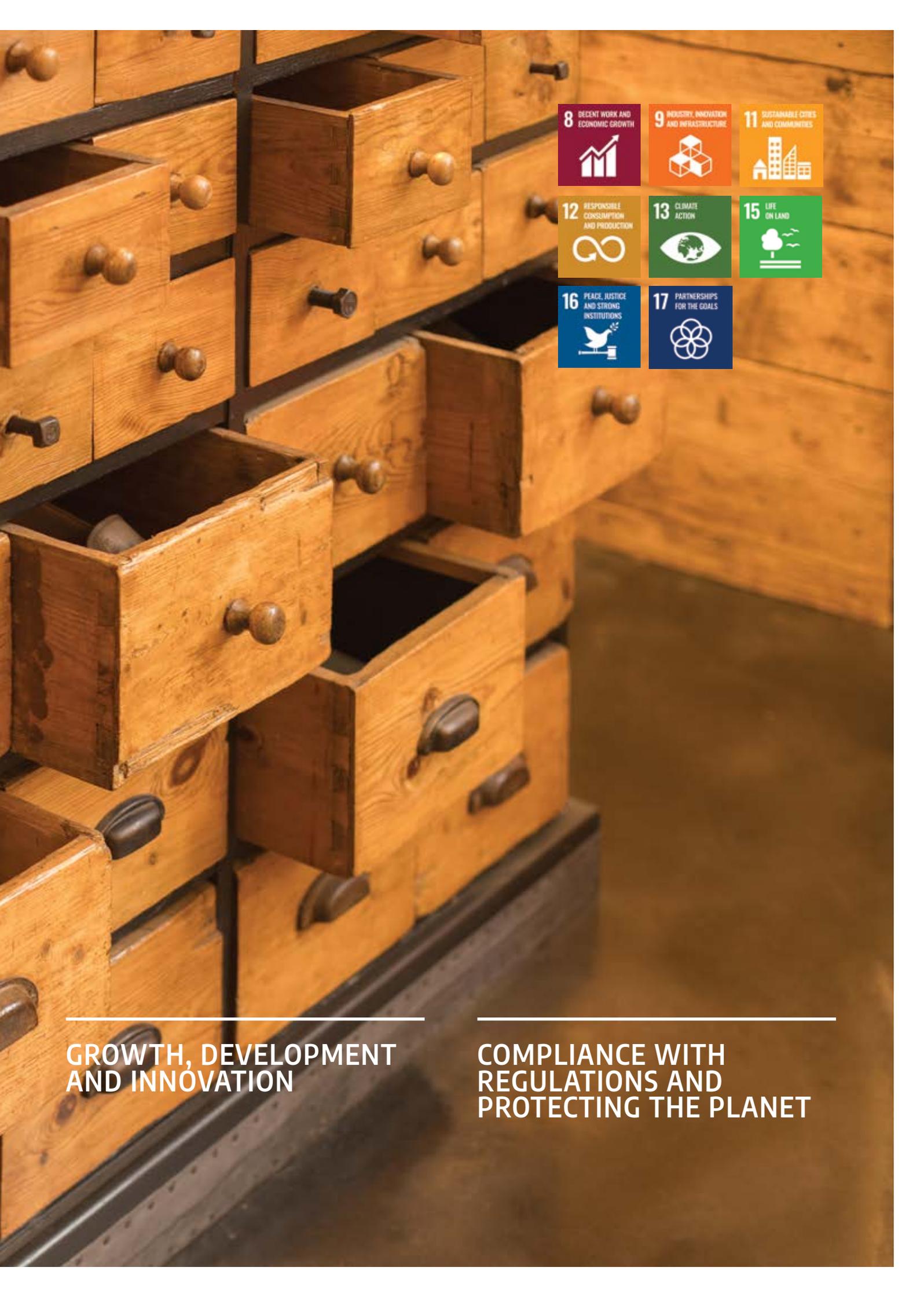
innovative and sustainable Chemically Modified Natural Tannins (CMNT) in the production of eco-friendly high-end leather.

The only significant impact directly associated with tanning production is represented by the water consumption of the production cycle that contributes 22% to the “water scarcity” item, against 60% still attributable to the raw hides.

5

GOVERNANCE AND VALUE CREATION





8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	11 SUSTAINABLE CITIES AND COMMUNITIES 
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	13 CLIMATE ACTION 	15 LIFE ON LAND 
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	17 PARTNERSHIPS FOR THE GOALS 	

**GROWTH, DEVELOPMENT
AND INNOVATION**

**COMPLIANCE WITH
REGULATIONS AND
PROTECTING THE PLANET**

5.1

EFFICIENT ORGANISATION AND BUSINESS PROTECTION

Growing, developing and improving are goals which can only be achieved by believing firmly in the importance of the contribution that each individual can make to the organisation.

Professionalism and expertise, together with research and innovation must be the foundation underpinning this approach towards work. INCAS maintains an up-to-date internal company organisation chart and also a correlated job description for each person. The persons in key roles in the company remain loyal to a long-standing working relationship and collaboration with the Company Management, which has enabled them to acquire in-depth knowledge and skills, as well as to develop “proper awareness” regarding production issues, which are fundamental from the perspective of quality as well as social, environmental and safety management. All the personnel are employees classified according to the National Collective Labour

Agreement (“NCLA”) for the Tanning Industry, and the Management meets periodically with the internal trade union representative. To date the expertise and resources available to the company are fully adequate for the achievement of its goals and to meet the needs and expectations of its stakeholders. The company is also financially sound and has adequate capital resources to meet future challenges. INCAS is sensitive to the contribution the company can make to the tanning industry in order to complement and ensure compliance with ethical principles.

In fact, for several years now, INCAS has played an active role in the association of the National Tanning Industry Union (“Unione Nazionale Industria Conciaria” - UNIC), the world’s leading association of tanning companies, which in turn is a partner of COTANCE, the European Confederation of Tanners’ Associations, the representative body of the European leather industry.

5.2

CUSTOMER CARE

A modern sales organisation allows INCAS to manage customer relations smoothly, ensuring professionalism, speed, and a customised service.

The Sales Department is run by people who are dedicated to individual markets, or particular customers, enabling INCAS to provide continuous assistance and support at all stages of the relationship: from prototype development through to sampling, production and monitoring the deliveries.

Versatility and the ability to interpret and respond to different needs are undoubtedly a necessity within an industry that moves at a frenetic pace. The challenge of globalisation can be countered thanks to the extremely close collaboration between our sales organisation and the customer.



5.3

RESEARCH AND INNOVATION

Incas is one of the few Italian tanning companies that proudly boasts an in-house department entirely dedicated to the research and development of new products. We espouse the philosophy that these activities must always be marked by close attention being paid to the sustainability of choices while fully respecting the environment and mankind. The entire process, from research to prototype development, to the subsequent industrialisation stage, is controlled on the basis of precise operating procedures and with IT tools which provide the added value that sets INCAS apart from its competitors.

The Test Laboratory works to support the Research Department by performing the appropriate technical checks which are needed to ensure the customer that the required high standard has been met.

The following projects have been carried out over the last few years, some of which are still on-going:



LIFE PROJECT

LIFE I'M-TAN is a programme that aims to make efficient use of resources through the implementation of the European Union's environmental policies and regulations.

The following partners are involved in the project: Silva Team, Crossing, Aquarno, CRCF "Centro Ricerche per la Chimica Fine" (Research Centre for Fine Chemicals) and INCAS INiziative Conciarie ASsociate. The three-year project was launched on 01/09/2021 and will end on 31/08/2024.

The research project aimed to validate, on a semi-industrial scale, the use of innovative and sustainable Chemically Modified Natural Tannins (CMNT) in the production of high-end eco-friendly finished hides.

The use of CMNT ensures a tanning process with lower chemical hazards, lower production costs, reduced waste and a more effective circular approach (recycling/reuse of processing waste) compared to traditional processes based on chromium, synthetic tannins and aldehydes.



BISPHENOL REDUCTION PROJECT

There is an increasing demand from tannery customers for a reduction of the “bisphenols” present in our tanned hides.

Bisphenols are used in various applications as basic compounds in various plastics, polymers, coatings, resins, etc. Bisphenol A has received attention because it has been used in food contact applications. Its use has been banned because it is an endocrine disruptor (ED). INCAS has taken this request to heart, and is developing new formulations with a low “bisphenol” content, thanks to the close collaboration with its chemical product suppliers. Some progress has already been made, especially in the area of chrome-tanned articles which now have a limited bisphenol content. The process is a little more complex in the area of the 40075 line, the organic metal-free production, by having to make articles which are metal-free, but with physical characteristics similar to those obtained with chrome-tanned leather. The research and development activity is carried out on a daily basis and INCAS intends to achieve its target results as soon as possible.



SINCERO PROJECT

During 2022 Incas S.p.A. participated as a consultant in the SINCERO (“Sistemi INnovativi per una Concia Ecologica con Recupero Ottimizzato dei Chemicals” - Innovative Systems for Ecological Tanning with Optimised Recovery of Chemicals) project, a research project promoted by the following companies: Deltacque S.r.l., Huni Italia S.r.l. and Fildrop S.r.l.; the project was partially financed within the framework of the “POR FESR Toscana 2014-2020” (2014-2020 Tuscany Regional Operational Programme - European Regional Development Fund). The project aims to bring about a far-reaching innovation in the machinery used during the wet stages of the tanning process, by transforming traditional drums into modern 4.0 systems which are interconnected, dynamic and equipped with artificial intelligence. Thanks to the introduction of systems and sensors, these innovative systems will be self-managing and will actively intervene in the process based on the values detected, thanks to artificial intelligence, thereby reducing the use of water, chemicals and energy while also optimising the leather processing times. The research phase was concluded with positive results.



SANT'ANNA CIRCULARITY PROJECT

We decided to measure the degree of circularity of our company in collaboration with the Sant'Anna School of Advanced Studies. Below is an extract from the report in question.

“[...] the circularity performance of INiziativa Conciarie ASSociate (INCAS S.P.A) was calculated. The result shows a value of 73% that identifies the company as “pro-activist” in relation to the circularity perspective. This is a very good result and identifies a proactive company that has already integrated circular economy principles and is taking actions which will lead to being defined as circular in the future”.

Therefore, the company demonstrates a good level of circularity, the highest degree of which is achieved in the usage stage, while the stage with the lowest performance is represented by distribution. All the other stages show a very good circularity performance.

5.4

PRODUCT QUALITY AND SAFETY

The high quality of the leather produced by INCAS is ensured by a complex system of quality controls distributed throughout the entire production cycle with very technical and specific features within each stage.



Only adequately qualified personnel are able to perform these controls, while keeping in mind the distinctive features of the 'leather product'. All the quality controls are recorded and documented throughout the production cycle. Selection activities are performed in addition to control activities; the selection activities are crucial to ensure the quality and consistency of the supply. All the leather batches leaving the company have been thoroughly checked

in several selection stages. Regular chemical and physical analyses are performed on both semi-finished and finished leather to ensure compliance with the technical specifications and reference standards: no leathers are dispatched until the Incas Control Plan has been completed and complied with.

In fact, the tannery has a modern in-house Testing Laboratory equipped with state-of-the-art facilities for carrying out physical tests on the leather: colour fastness, bending strength, tensile strength, abrasion resistance, resistance to light, etc. are just some of the tests which the INCAS Laboratory is able to carry out and adequately document.

The company can also provide its customers with the technical assistance required to comply with the applicable legislation using its own Laboratory. The application of the REACH Regulation is the most specific example in this sense: all of our customers have been fully compliant with the requirements to be able to introduce leather to the European market.

5.5

TRACEABILITY

INCAS ensures the identification of the leather batches in all the processing stages from the arrival of the raw materials to the dispatch of the finished product. The identification system of the leather and the IT system used for production management make it possible to ensure traceability starting from the dyeing batches in barrels.

The batches of leather dispatched to the customer are identified by a unique code that enables individual deliveries to be traced afterwards.

INCAS offers its customers the possibility of defining specific Quality Plans to ensure product traceability. The search for market transparency also concerns the degree of control that tanneries have over their supplies, including a knowledge of the countries of origin of the raw materials (hides), the slaughterhouses and farms from which they originate. In fact, INCAS obtained two important certifications in 2021 and 2022: TS-SC410 and TS-PC412 developed by ICEC

(“Istituto di Certificazione della Qualità per l’Industria Conciaria” - Institute of Quality Certification for the Tanning Industry). The relevant rating is defined in both schemes, this rating specifies the degree of traceability of the raw materials upstream of the tannery, calculated by considering the products subject to certification and the documented and verifiable information related to them. INCAS has achieved the following RATINGS respectively::

- **TS-PC 412** New Zealand calf, French, Dutch, German, Belgian and Italian calf, Buffalo and Deer degree of traceability: very good (up to the breeding countries) - score obtained: 90/100 (range 71/100 - 90/100)
- **TS-SC 410** Calves and Buffalo - degree of traceability: very good (up to the breeding countries) - score: 88/100 (range 71/100 - 90/100).

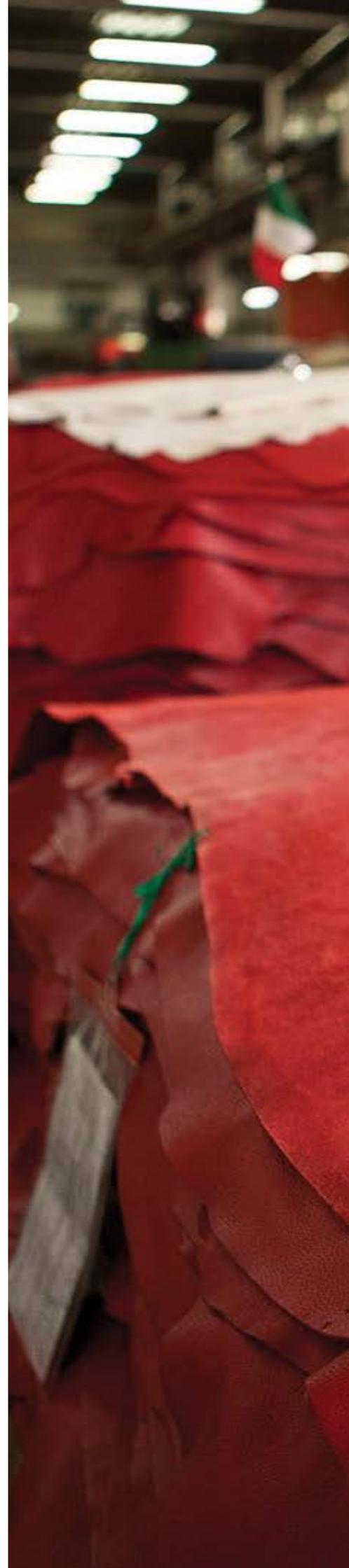


5.6

THE SUPPLY CHAIN

INCAS Spa has as its distinguishing feature the complete cycle of leather processing from raw leather to finished leather.

Very few other industrial companies in the Tuscan leather district have this feature. Only some processing stages, almost exclusively at the request of our customers, are performed outside by companies which can ensure they provide us with high standards of reliability and expertise. Precise supply specifications and continuous controls enable us to ensure the legality of the supplies. Incas has adhered to the UNIC Code of Conduct and Corporate Social Responsibility since 2011. Our work is verified on a regular basis by audits performed by our customers. INCAS was among the promoters of the more stringent concept of "100% ITALIAN LEATHER" (UNI EN 16484), obtaining I.C.E.C. certification; this more stringent concept takes into account the processing performed in Italy starting from the raw hides, for the benefit and protection of its customers.





5.7

CHEMICAL MANAGEMENT

The proper management of chemicals used in production processes represents an active and important approach to meeting the different market demands.

Complying with the mandatory product limits for the fashion industry (footwear, leather goods, clothing), reducing the environmental impact throughout the production process and limiting the danger of exposure for a company's workers represent the foundations of a sustainable operation and in line with not only internal but also stakeholder expectations. INCAS S.p.A. follows and complies with the European REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) Regulation 1907/06 EC and with the other most important international regulations (Prop65, GB Standards). Since 2019 the company set up a Chemical Management system that is aligned with the ZDHC (Zero Discharge of Hazardous Chemicals) principles and has adopted the "Supplier to Zero" programme with the aim

of implementing its first CIL ("Chemical Inventory List") and its first INCHECK during 2024.

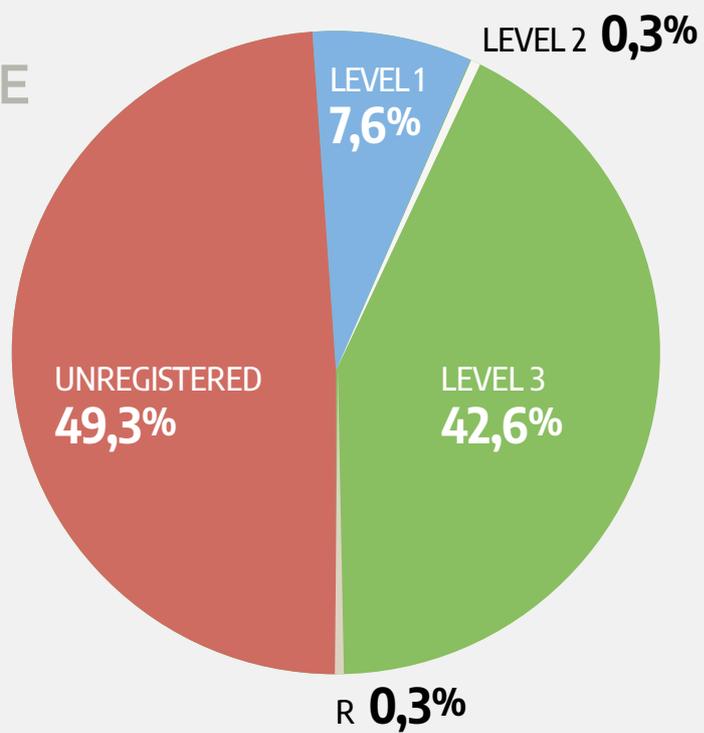
The number of chemicals currently used correspond to 357, of which 27 are registered Level 1, 1 is registered Level 2, 152 are registered Level 3, 1 is in the process of being registered and 176 are not registered on the ZDHC Gateway (and only provided with a declaration of supplier compliance). In overall terms, the process stages in the business environment use approximately 50% of registered products, as can be seen from the data shown at the side. Since January 2023 the company has taken steps to raise awareness among its suppliers regarding a progressive inclusion on the ZDHC Gateway of the products supplied to INCAS, and has been monitoring the situation with its technicians in order to use more and more MRSL ZDHC-compliant products.

The goal is to increase the percentage of use of registered chemicals throughout 2024.



ZDHC GATEWAY LEVELS	PRODUCTS	PERCENTAGES
LEVEL 1	27	7,6%
LEVEL 2	1	0,3%
LEVEL 3	152	42,6%
R (in the process of registration)	1	0,3%
UNREGISTERED	176	49,3%

ZDHC LEVEL OF PRODUCTS IN USE



5.8

FIGHTING AGAINST DEFORESTATION AND PROTECTING LOCAL COMMUNITIES

The management of INCAS S.p.A. is aware of the importance and relevance of the issue of fighting against deforestation.

The company's goal to protect those areas of the planet subject to deforestation due to indiscriminate human action is achieved by avoiding supplies from areas at risk and where this is not possible, by ensuring that the raw material purchased does not originate from indiscriminate and uncontrolled deforestation actions. The main tool that the company applies is represented by monitoring the supply chain and the traceability of the supplies by requesting the necessary certifications from suppliers.

The company operates with the following certifications from 2021/2022 in relation to the sourcing of raw hides, which provide information on the breeding locations and the slaughterhouses:

- **ICEC TS-SC410**
- **ICEC TS-PC412**





Map of the origins of the hides used by Incas
100% deforestation-free areas



5.9

ANIMAL WELFARE

Incas uses only raw hides from animals reared in a controlled manner and intended for human consumption. The raw hides used are by-products of the human food chain.

Incas has thus elected to certify the following ethical claim, in accordance with the TS733 technical specification: “We recover our hides from the food chain” and recognise the importance and need to ensure and safeguard animal welfare.

The company operates in compliance with the “Five freedoms”, these concepts were developed and rendered official in 1978 by the UK Farm Animal Welfare Council on animal welfare, and are accepted worldwide by various organisations including the World Organisation for Animal Welfare, and applied by all our raw hide suppliers and confirmed by certification processes of which we monitor the development.



**“RECUPERIAMO LE
NOSTRE PELLI DALLA
FILIERA
ALIMENTARE”**

Claim Etico
ICEC TS733
CERT-005-2021-LEATHER CLAIM



6 FUTURE GOALS





6.0 *FUTURE GOALS*

The goals we would like to invest in over the next two years can be illustrated as follows (also partly reflected in the 2022 Environmental Declaration):



Membership of the United Nations Global Compact (UNGC),

by integrating the 10 principles upheld by the United Nations into our initiatives within 2024.



Feasibility study to reduce energy consumption,

in particular, the consumption related to methane requirements: the aim will be to identify areas for improvement and possible technical solutions with an adequate level of technical and economic feasibility (for example: installation of automated valves, new meters, specific photovoltaic roofing, etc.) within 2023.



UNI 11427 certification “Leather with reduced environmental impact”

for the LEATHER40075 product line within 2023.



ZDHC “Supplier to Zero” project

for the sustainable management of chemicals by following the industry technical guidelines for which the Foundational level is expected to be reached within 2023.



Increasing the percentage of chemicals registered on the ZDHC Gateway within 2024.



SA8000 “Corporate Social Responsibility” system certification

in order to comply with requirements regarding forced and child labour, occupational health and safety, freedom of association and collective-bargaining, discrimination, disciplinary practices, working hours, remuneration and management systems. INCAS will be able to measure the social impact of its activities within 2023, in addition to the conditions under which employees, partners and suppliers operate, thanks to this certification programme.



Contribution to the IRCCS (Scientific Institute for Research, Hospitalisation and Health Care) Stella Maris Foundation

through a donation: Stella Maris takes care of children and adolescents with neuropsychiatric disorders and their families in an innovative and comprehensive way. This is the only Italian Scientific Institute for Research, Hospitalisation and Health Care (IRCCS) dedicated exclusively to providing assistance and performing research in this field. The donations are used to support the Foundation’s annual development plan aimed at improving the quality of care, research development and technological renewal within 2023.



METHODOLOGICAL NOTE

The INCAS “INiziative Conciarie ASsociate” sustainability report is an effective reporting and communication tool.

The growing global interest in sustainability issues, evidenced by a number of events which have shaped the international debate - such as the UN's 2030 Agenda that defined 17 Sustainable Development Goals (SDGs), the Paris Agreement on Climate Change (COP21), the Barnier Directive (Directive 2014/95/EU), the European Commission's Action Plan on Sustainable Finance, the Task Force on Climate-related Financial Disclosures (TCFD), and lastly, the European Green Deal - has spurred INCAS to prepare this first Sustainability Report.

The aim was to present the company's business and show how we create value for stakeholders using simple, communicative language that is close to their needs, highlighting its positive impact

on people and the environment.

The choice of content for this Report includes a description of INCAS' organisation structure, governance and values in relation to achieving the 17 Sustainable Development Goals (SDGs).

The Report includes both qualitative and quantitative data and information, in order to be able to monitor and measure the results produced by INCAS over time, and therefore, to report on its economic, environmental and social impacts.

The Report was prepared on the basis of the most widely used and universally accepted non-financial reporting standard, the standard developed by GRI - Global Reporting Initiative. “GRI Sustainability Reporting Standards” (2016) published by the Global Reporting Initiative (GRI).

The GRI Standards exemplify global best practice for sustainability reporting, and are consistent with the 2030 Agenda SDGs.

The report is compiled annually and the contents refer to 2022, yet sets out an indication over a longer timeframe (2023-2024) for future commitments. The drafting process entails a review of internal and external documents and data: analysis of the business context, risk analysis, a framework of shared values with respect to the goals of the UN 2030 agenda, industry-related legislation, research projects, social commitments, press reviews, social media engagement and market surveys.

The Sustainability Report was prepared by the Management and shared with all the Area Managers through a painstaking process of review, supervision and approval.

We would like to thank all the people who were involved in various ways in the preparation of this Report.



INIZIATIVE
CONCIARIE
ASSOCIATE

+39 0571 48 64 11 - www.iniziativeconciarieassociaite.it

PRINTED ON RECYCLED PAPER

FREELIFE CENTO

HIGH QUALITY RECYCLED PAPER PRODUCED WITH 100% FOREST STEWARDSHIP COUNCIL (FSC) CERTIFIED RECYCLED FIBRE S.