

SUSTAINABILITY REPORT 2022



**UNIC Concerie
Italiane is a non-
profit organization
that has been
working since
1946 to support
the Italian
tanning industry,
a strategic sector
for the Italian
manufacturing
economy and
a consolidated
international
leader in leather
production.**

The first 20 years of the sustainability report: our values and goals

Fabrizio Nuti

President UNIC Italian Tanneries

Since 2003, the Report that you are now reading, elaborated by UNIC, illustrates the Italian tanning industry's commitment to sustainability at an environmental, social, ethical, and economic level.

The aim has always been to measure and communicate the efforts and activities developed by Italian tanneries to promote a TRULY sustainable consumption, emphasizing above all the circular economy themes that have always characterized our products and production processes.

Starting with its passion for quality materials, the Italian tanning industry has always represented an excellence worldwide, particularly in the luxury manufacturing segment, which is attentive to combining beauty, performance, and good production practices.

Our sustainability priorities

can be summed up in one word: respect. Respect for the environment and for the animals we share our world with, respect for the people who work in our supply chain and for the consumers of our products, respect for the natural resources we use in our process. We give to this sentiment promoting research and innovation, with the goal of reducing impacts and making products that are safe for people's health.

And, above all, we want to reach this goal through a continuous dialogue with the stakeholders in the supply chain, with public institutions while keeping in mind public opinion and the civil society, in order to maintain and enrich with increased values the vision of sustainability that we have developed over time and that we want to share with our communities.

20 years of UNIC report on the sustainability of the italian tanning industry





2013



2014



2015



2016



2017



2018



2019



2020



2021



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The inimitable nature of leather

Leather is a **natural and renewable** material (based on collagen fibres), that following the tanning process becomes **incredibly versatile**, both functionally and aesthetically, for numerous manufacturing uses. It is also **breathable**, but at the same

time **insulating** and, if necessary, it can also be made waterproof. For this reason it claims numerous imitation attempts, which however fail to replicate its stylistic, technical and performance characteristics.

Leather is sustainable because:

1) The origin of more than 99% of the raw hides and skins used by the tanning industry is bovine, ovine, or caprine. The material is a waste byproduct of the **food industry** (defined as ABP Animal byproducts by EU Reg. 1069/2009), that is **recovered** by tanneries, thus avoiding the disposal of said material in landfills as waste. Every year, tanneries around the world recover a total of approximately 1,700 square kilometers of bovine hides and sheep/goat skins (equivalent to 8 million tons), the disposal of which as waste is estimated to produce 5 million tons of greenhouse gases (based on UNIDO DATA).



STOP FAKE NEWS!

Animals are NOT killed for their hides and skins!!!

- 2) Its use is an alternative to synthetic, **fossil-derived**, non-renewable, and poorly biodegradable materials.
- 3) The **wastes** from tanning production process can be **recovered** and **reused** in agriculture, construction, cosmetics, food, etc.
- 4) It is a pure 'bio-based' material by nature, **consisting of at least 85% collagen, a 100% biodegradable organic material**.
- 5) Leather has unique characteristics such as elasticity, resistance, and ageing, allowing for remarkable **durability**, both in terms of aesthetics and functionality. This is accompanied by a **high degree of reparability**, which allows its life cycle to be further extended.

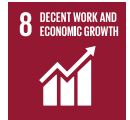
Our commitment to sustainability in the big global picture

For several years now, Italy's tanning industry has decided to communicate its values, objectives, activities, impacts, and results using the lens of the Sustainable Development Goals (SDGs), defined by the UN in the 2030 Agenda divided into 169 targets, and the European Green New Deal.



The commitment required is strong, but these objectives also represent an opportunity for development and growth, contributing to change, not only in manufacturing matrices and supply chain characteristics, but also in consumption patterns.

The Italian tanning industry



Socio-economic framework

Companies



1.154

Turnover



4.2 billion €

Production



111 million sqm (*finished leathers*)

8 thousand tons (*sole leather*)

66%
of total Europe



23%
of the World total



17.831
employees



18,2%
female workers



85,3%
permanent contracts



15,7%
foreign workers

Districts: unique, integrated and complex ecosystems

One of the peculiarities of the Italian tanning industry is the presence of highly specialized production districts, inclusive of chemical companies, machinery manufacturers, traders of raw hides and skins and service companies/consortia, represent a perfect example of true horizontal supply chains.

Small is beautiful

The Italian tanning industry, an international leader in the sector, is mainly made up of small and medium-sized, family-run enterprises, in which modern technological processes are accompanied by strong handcraft creativity.

The Italian tanning industry is circular not only by nature



While tanning activity is already circular by nature, given that its raw material is a waste product of the food/dairy industry, in Italy this paradigm finds further commitment and investment thanks to the widespread recovery, treatment and reuse of the various waste products of the production process.

Fertilizers and biostimulants for agriculture;

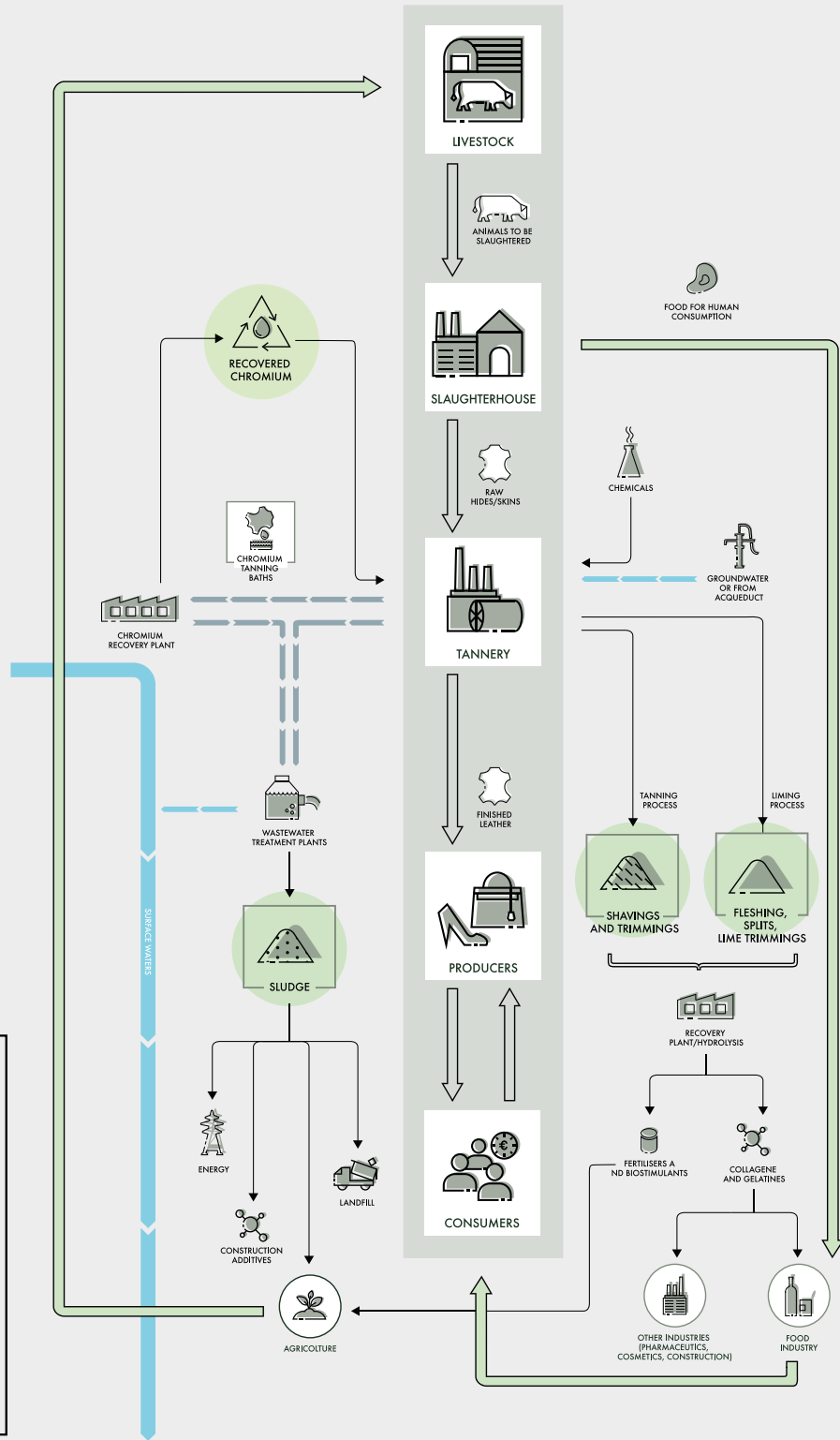
gelatine and collagen for the food industry; inert granulates and bituminous conglomerates for construction. All of this is derived from the waste products of the modern tanning process (sewage sludge, shavings, trimmings, splits and more). These byproducts are used in Italy as secondary raw materials in the production of other industrial sectors.



Everything is connected, everything is transformed

The structure of the tanning sector in Italy has allowed the development of a strongly interconnected system between companies for the exchange of materials (both products, ABPs and wastes) and services, which are particularly relevant from an environmental point of view. Tanning waste recovery processes are an interesting application case of the circular bioeconomy and the agricultural use of waste tanning biomass, prevalent to date, exemplifies the ideal closing of the circle of natural materials.

The circular supply chain of Italian leather



Water: consumption and wastewater treatment

Water, after raw hides and skins, is the most important raw material in the tanning process. The wastewater generated must therefore be suitably purified, to remove the pollutants and return water compatible with environmental ecosystems.



Correlated SDGs



Reduction of pollutants in wastewater (weighted average of treatment plants in Tuscany and Veneto)

COD



-97.4%

Suspended solids



-99.5%

Chromium III



-99.5%

Total nitrogen



-96.3%

Chlorids



-41.2%

SDG Target 6.3

By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

SDG Indicator 6.3.1

Proportion of domestic and industrial wastewater flow safely treated

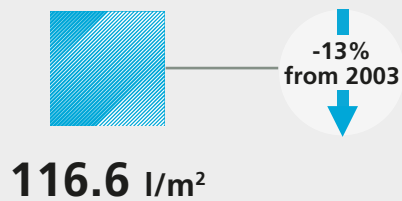
Best practices & actions

To avoid impacts on the ecosystem, Italian tanneries have used treatment plants, often associated with a consortium, specialized in the purification of tanneries wastewater for almost fifty years (even before the establishment of the first Italian legislation on wastewater treatment). The high and continuous degree of innovation guarantees world-leading levels of real reduction and efficiency.



Consumption of water and chemicals

Water consumption



Chemicals consumption



SDG Target 6.4

By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

SDG Indicator 6.4.1

Change in water use efficiency over time

Best practices & actions

Research and development projects promote the improvement of the “quality” of the discharges (also through segregation and differentiated treatment of some types of chemical products), the reuse of the purified water in the tannery (e.g. to be used for washing) and the recovery of the sludge from the plants.

The chromium present in the tanning waste is often recovered and the tanning salts reintroduced into the production process.

Production/treatment of waste and ABP



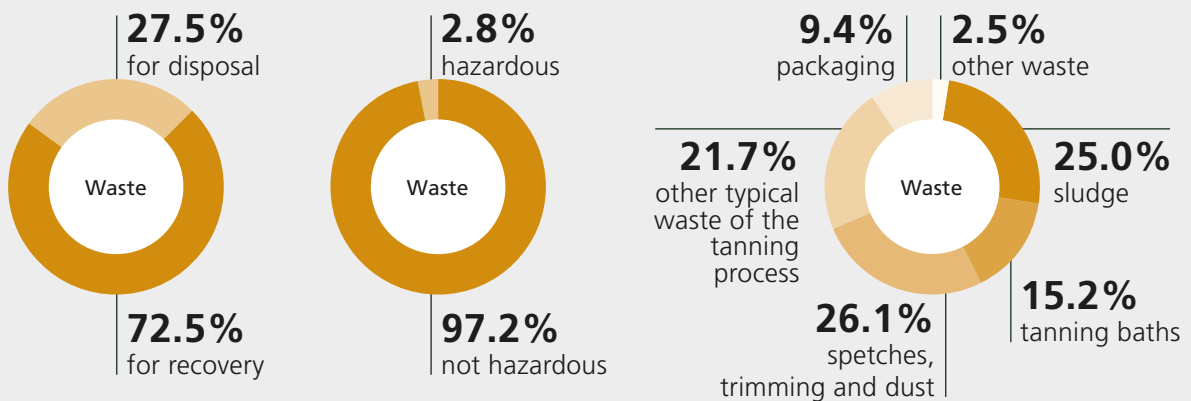
Correlated SDGs



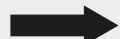
Best practices & actions

There are numerous good practices implemented throughout the leather manufacturing process to minimize, reuse and recover waste. The waste deriving from the preparation phases for tanning (fleshing, etc.) is classified as ABPs and transformed into biostimulants and fertilizers for organic farming or collagen for cosmetics, nutraceuticals and adhesives, gelatines for the food sector and pharmaceutical industry. The waste produced from tanning during the final selection (spetches, trimmings, shavings, etc.) can be used to create materials for fashion (as regenerated leather fibre board), paper goods and more. Most of the waste produced (over 72%) is sent to recovery plants; while only sludges and paint residues, absorbent materials, packaging or non-recoverable poly-materials, inert materials and a few other types are destined for disposal.

Production of waste



of leather produced



1.38 kg waste/m² **2.09 kg** by-products (ABP) /m²
1.17 kg waste/m² excluding tanning baths

SDG Target 12.4

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment

SDG Target 12.5

By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse

Energy efficiency, climate change and technological innovation



Correlated SDGs



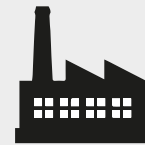
Air emissions



of leather produced



2.28 CO₂ eq/m²
52 g/m² voc emission factor



Use of renewable energy



82,7%
Share on purchased electricity



34,9%
share of total energy consumption

SDG Target 7.2

By 2030, increase substantially the share of renewable energy in the global energy mix

Energy consumption



Best practices & actions

In the recent years, the Italian tanning industry has considerably decreased the amount of energy used in the production process and, at the same time, has made efforts to increase the use of renewable sources in its supplies and the spread of high-efficiency cogeneration plants.

As far as VOC emissions are concerned, the amounts are continuously decreasing compared to previous years, thanks to the implementation of new technologies, both in production and emission abatement, and to the progressive replacement of solvent-based finishes with water-based formulations.

The sustainability of raw material



Traceability

The sustainability of leather derives from the responsible management of its raw material. To assess the latter, it is necessary to know the composition of the supply chain, and this is achieved by tracking the various parts that make it up. For years, the Italian tanning sector has been committed to collecting and sharing information on its supply chain to

Animal welfare

UNIC has been collaborating for several years with the University of Milan (Department of Veterinary Medicine) to map and verify the actual animal welfare conditions in the supplying markets of reference for the Italian tanning industry. What has emerged is that more than half of the hides and skins processed come from EU slaughterhouses and farms, which are regulated by one of the most evolved regulatory systems in the world

Deforestation

UNIC supports the tanning industry and the entire supply chain in its projects and actions to eliminate any possible links with farms and ranches created or developed through illegal deforestation practices. It pursues this objective through its collaboration with the NGOs

provide guarantees on certain important ethical aspects such as animal welfare and the protection of the ecosystem (e.g. opposing deforestation). In this context, certifications play a fundamental role and the ICEC TS410 and ICEC TS412 schemes are an effective tool to verify the degree of traceability of raw and semi-processed hides/skins.

on the subject, while the remainder come from non-EU areas that have nevertheless adopted legislation or regulations on animal welfare.

Also in this area, ICEC has developed a certification project: starting from the data collected and verified through the above mentioned traceability certification schemes, it is in fact possible to apply a model for the evaluation of guarantees in the field of animal welfare.

NWF and WWF, which has led to the DCF (Deforestation and Conversion Free) Leather project, which aims to implement a system of mapping ranches to confirm that they are not located in South American areas affected by illegal deforestation.



Correlated SDGs



SDG Target 15.2

By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally

Partnership for sustainability



The sustainability of leather derives necessarily from the commitment of the entire supply chain towards this objective. The tanning industry only operates in one part of the chain, and consequently, analyzing and measuring leather sustainability requires a strong and active involvement of all the other actors in the chain. Thus, suppliers of raw hides and skins, companies producing tanning chemicals, manufacturers of tanning machinery and technology, suppliers of water and waste treatment services, platforms and certification bodies

of the various aspects of sustainability, territorial, national and international public institutions, customers, the “third sector” (opinion movements, NGOs) and the civil society. Dialogue with these latter actors is becoming increasingly important, as they provide new insights for dialogue, reflection, and action, outside the specific context of the leather supply chain. On this regard, UNIC, in addition to participating in numerous sectoral and multi-sectoral working tables focused on sustainability, currently has several collaborations in place with these ‘new stakeholders’.



Official partnership between UNIC and **WWF World Wildlife Fund US** on various environmental issues from July 2021



From 2018, collaboration agreement with the **US NWF National Wildlife Federation** to develop joint activities on deforestation issues



In December 2021 UNIC signed **Terra Carta**, an initiative of King Charles of England to promote nature conservation



In February 2022, UNIC becomes a member of the **UN Global Compact Network**



UNIC has been a member since 2017 of **SARCA** (Southeast Asian Reptile Conservation Alliance), an initiative of reptile skin chain operators, which aims to define responsible and transparent supply chains

Training and economic growth



Numbers of 2021

Youth training

- Target audience: students of secondary schools, post graduate specialization courses, fashion institutes and universities both in Italy and abroad
- **108** courses
- **3.800** participants
- **232** hours of lessons

Training for the supply chain

- Target audience: employees of brand and manufacturing companies, retailers, designers
- **47** courses (Italy and abroad)
- **1.667** participants
- **92** hours of lessons

SDG Target 4.4

By 2030, substantially increase the number of young people and adults with relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.

Training, for the entire leather industry, has always played a fundamental role, in relation not only to the development and qualification of employment, but also to the ability of companies to remain competitive over time. Ongoing changes, first and foremost the ecological transition and the rapid evolution of technologies and market trends, are in fact determining a deep transformation of the workers' skills needs and of the professional profiles required.

In addition, there is the physiological turnover and the progressive ageing of the working population, also in relation to the difficulty of recruiting young people.

Correlated SDGs



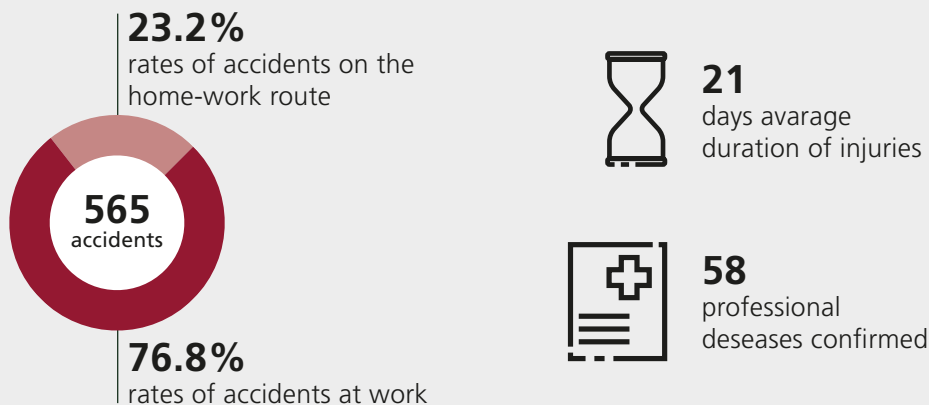
Workers' health and safety



Correlated SDGs



Injury data (source INAIL 2021)



SGD Target 8.8

Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

Companies' attention to workers' health and safety has yielded important results in terms of prevention, as shown by the data on accidents and occupational diseases provided by INAIL (the Italian institute for occupational accident

insurance). Accidents have seen a 59.8% reduction in number of events since 2003, while recognized occupational diseases have decreased by 15.9% compared to the pre-pandemic three-year period.



STOP FAKE NEWS!

The tanning industry does not use toxic substances, does not pollute and is not dangerous for the health and safety of workers and consumers

Italian tanneries must comply with strict environmental regulations (at local, national and international level) on the use and management of chemicals, such as REACH. Italian tanneries are transparent about their legislative compliance data and share them with customers, institutions, and stakeholders.

With the collaboration of the following tanneries:

- Ambassador S.p.a.
- BCN Concerie S.p.a
- Bonaudo S.p.a.
- Conceria Incas S.p.a
- Conceria Montebello S.p.a.
- Conceria Pietro Presot S.r.l.
- Conceria Settebello S.p.a.
- Conceria La Veneta S.p.a.
- Dani S.p.a.
- DMD Solofra S.p.a.
- Gruppo Mastrotto S.p.a
- Rino Mastrotto Group S.p.a - Basmar
- Rino Mastrotto Group S.p.a - Calbe
- Rino Mastrotto Group S.p.a - Pomari
- Nuti Ivo Group - Nuti Ivo S.p.a
- Nuti Ivo Group - Everest Sp.a.
- Nuti Ivo Group - Lloyd S.p.a.
- Pegaso S.p.a.
- Russo di Casandrino S.p.a
- Sciarada Industria Conciaria S.p.a.

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- Acque del Chiampo S.p.a.
- Consorzio Acquarno S.p.a.
- Medio Chiampo S.p.a.
- Consorzio Cuoio-Depur S.p.a.
- Studio Bini
- ICEC



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