RUSSO DI CASANDRINO SUSTAINABILITY REPORT 2023



Russo di Casandrino S.p.a. Industria Conciaria

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The liability of having a sustainable business is a way of life, a production model that can ensure a healthier and cleaner planet.

Gianni Russo President of CDA



A shared path of constant improvement



In 1962, Gennaro and Gianni Russo, the descendants of four generations of tanning entrepreneurs, founded the Russo di Casandrino company. The business started in 1964.

This joint-stock company is currently headed by Gianni Russo, President of CDA, whose sons Giampiero, Giuliano and Leonardo are also members. They are respectively responsible for the production and the sales areas.

Originally a producer of ovine and caprine articles, the company has been able to relate to the ever-changing market demands during its nearly 50 years of activity.

In 1985 it introduced veal and calf, which the company manufactures

in a complete cycle from raw
to finished. In 2011, Russo di
Casandrino acquired a significant
stake in a Spanish company,
which is the continent's largest
producer of tanned sheep skins.
The company processes almost all
the Iberian country's harvest and
is the best available on the market.

In 2014, White & Blue Trading was established, a wholly owned subsidiary of RDC specialized in the purchase, transformation and sale of wet-blue and wet-white sheep skins from Spain and other European origins.

We have a workforce of 150 direct employees and generate an induced activity, in Campania, Veneto and Tuscany, of another 240.



This action inaugurates a new company policy oriented towards targeted verticalization strategies and lays the foundations for a European-level tanning holding company. In addition, it ensures the supply of suitable raw materials meeting the most demanding requirements in terms of quality. The production target of Russo di Casandrino is indeed of "high-quality", and includes leather goods, footwear and clothing labelled Made in Italy or Made in Italy Full Cycle.

The target market is fashion and luxury goods, where Russo di Casandrino can count the most prestigious names in the sector among its customers. The wide

range of products offered is the result of a design that is not limited to obtaining aesthetic and functional aspects but places a particular emphasis on environmental impact, using low-impact materials and studying processes that are increasingly oriented towards an eco-sustainable and widely traceable production system.

150

Our commitment to sustainability





"A progress to meet the needs of the present without compromising the ability of future generations to meet their own needs": this is the definition of sustainable development given in 1987 by the World Commission on Environment and Development, which inspires us. Our commitment is not to undervalue the beneficial impact on the environment of recovering and valorizing a food industry byproduct such as leather, which would otherwise be destined

for disposal. Furthermore, we are convinced that it is up to each of us to go above and beyond and play our full part. So, we do not source hides and skins from farms in deforested areas, such as the Amazon, and we are extremely concerned with all aspects of environmental, safety, and social responsibility.

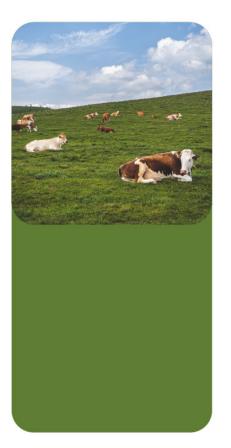
Since February 2021 Russo di Casandrino has been certified by the LWG according to **LWG Environmental Audit Protocol 6.7.0**

Since April 2022 it has also been certified by the LWG according to the **LWG Gold** standard.

The **Leather Working Group** is a globally recognized label representing the responsible sourcing of leather for industry and consumers.



Our certifications



Russo di Casandrino has long embraced sustainability as a mission embedded in a corporate civic consciousness.

The company has always invested in a wide range of sustainability aspects. The numerous certifications received are evidence of this great commitment. To implement and maintain a Quality, Environment, Safety and Social Responsibility management system, according to

the relevant standards, Russo di Casandrino has constantly employed many resources.
Concerning the areas mentioned above, the company has achieved the ISO 9001 certification, the UNIC Code of Conduct for Tanning conforming to the SA 8000 standard, the ISO 14001, and the ISO 45001. It has also started a project for a leather traceability management system.

















Our sustainability principles



Environmental sustainability

- Reduction of energy consumption.
- Waste management and recovery.
- Consciousness to the purchase of raw materials.
- Active participation in environmental improvement projects.

Social sustainability

- Training and development of human resources.
- Ensuring Safe and Healthy Workplaces.
- Labour policies and equal opportunities.

Respect for human rights.

- Transparency and collaboration with customers and suppliers.
- Community involvement and development.

Economic Sustainability

- Financial stability.
- Ensuring economic stability for the employees.
- Value creation while respecting business ethics.



Another step towards sustainability



The work begun this year in collaboration with Spin360 to define the LCA (Life Cycle Assessment) of 9 products is nearly concluded. This will enable us to have a better understanding of the current environmental impacts for specific production cycles based on real data, and thus initiate implementations and/or corrective actions aimed at reducing the overall environmental impact of the entire production.





Waste-water treatment plant

In 2022, Russo Di Casandrino invested nearly 1 million euro in 4.0 machines and technologies aimed at improving energy and production efficiency and enhancing its management systems.

Further investments worth more than 2.5 million euro are planned for 2023.



This year will see the start of operations for the revamping of the current wastewater treatment plant, which will allow us to treat a greater quantity of wastewater and have much higher treatment efficiencies than the current plant.

In particular, the upgrading, which should be completed by the end of 2024, will consist of replacing the sedimentation system, which will change from the current vertical axis clarifiers to high-efficiency monobloc. In addition, there will be the implementation of the

micro-bubble system for better mixing and oxygenation of the sewage, the replacement of the current denitrification tanks with a pre-stressed reinforced concrete tank, and, finally, the addition of a high-efficiency thickener to improve the quality of the sludge leaving the plant.

 number of m³ of wastewater purified: 128,411 m³.



Energy improvements





- Installation of energy consumption monitoring systems for macro utilities and subsystems.
- Installation of high-efficiency thermal systems, integrated with systems and components capable of limiting energy consumption related to the production cycle and/or services; in this sense, the equipment and relative connection piping necessary for the recovery of thermal energy otherwise dispersed will be installed.

- Installation of thermal and electrical energy production systems from renewable sources for self-consumption.
- Installation of heat pumps, which will limit energy produced by steam generators operating with non-renewable energy.
- Installation of microclimate regulation and control equipment.
- Installation of electricity meters on processing machines.
- Recovery of compressor thermal energy.
- Energy requalification of leather drying systems.
- Energy requalification of air conditioning systems.

Emissions monitoring



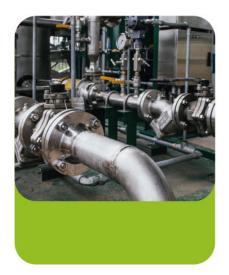
It resulted in a benefit of 299.3 TOE on an annual basis, equivalent to 21.52% of the amount withdrawn in the year 2021 from both the national electricity and the national natural gas grid.

Environmental benefit in terms of avoided CO2 emissions is 480,247 kg.

Energy requalification







- Energy requalification of leather drying installations.
- Energy requalification of air conditioning plants.
- Chemicals automation plant.
- 1MWe cogeneration plant.

- Set of tanning drums and PP retanning.
- Front side Company refurbishment with thermal insulation.





A people-based company



Russo di Casandrino has heavily invested in human resources over the years. The average workforce today amounts to **150 employees.**

Since 2022, new professionals under 26 have been recruited to ensure an adequate generational turnover.

The company provides equal opportunities for all its employees. Although women in the company's workforce are in a minority compared to men, this composition is not due to gender

discrimination, but rather to the company's particular sector, which generally does not have women in the production departments. In fact, at Russo di Casandrino, women occupy strategic positions in the company organization.

All employment contracts are made with reference to the category's collective agreements. Trade union representatives are involved in the company organization through meetings held on average once a month.

Scholarships

Russo di Casandrino has always invested in education. Indeed, sustainability also means believing in young people and creating new skills and know-how. Currently, numerous agreements are in place with important stakeholders.





In cooperation with **ITS SSIP**, 5 employees have been hosted in the company since June for a 520-hour internship.

Pathways are in place for the placement of 10 young people in apprenticeships and curricular training placements, which include theoretical and curriculum-specific training activities. All these activities are in collaboration with the Regione Campania, Adecco and the Federico II University of Naples - Faculty of Economics and Engineering.

The company set up two further 10-year scholarships in 2017 and 2022, the first in favour of two children orphaned by a RDC worker who died prematurely due to cerebral ischemia, and the second for the son of a RDC worker who died prematurely.



Training courses







The New Age for Russo di Casandrino provides an effective coaching plan aimed at transferring knowledge to new managers. It also enhances generational diversity and the 'culture of change' through the activation of mentoring and reverse mentoring processes, to enhance tanning tradition and innovation.

Objectives of the intervention:

 Analysis and consideration of the relational approaches acted in one's role and leadership

- Creation of a sense of belonging, increased awareness of others.
- Identification of a culture aimed at the improvement of one's own and one's co-workers' skills.
- Creation of a climate of cooperation and sharing which is functional to the performance of company activities.



Social activities Argo

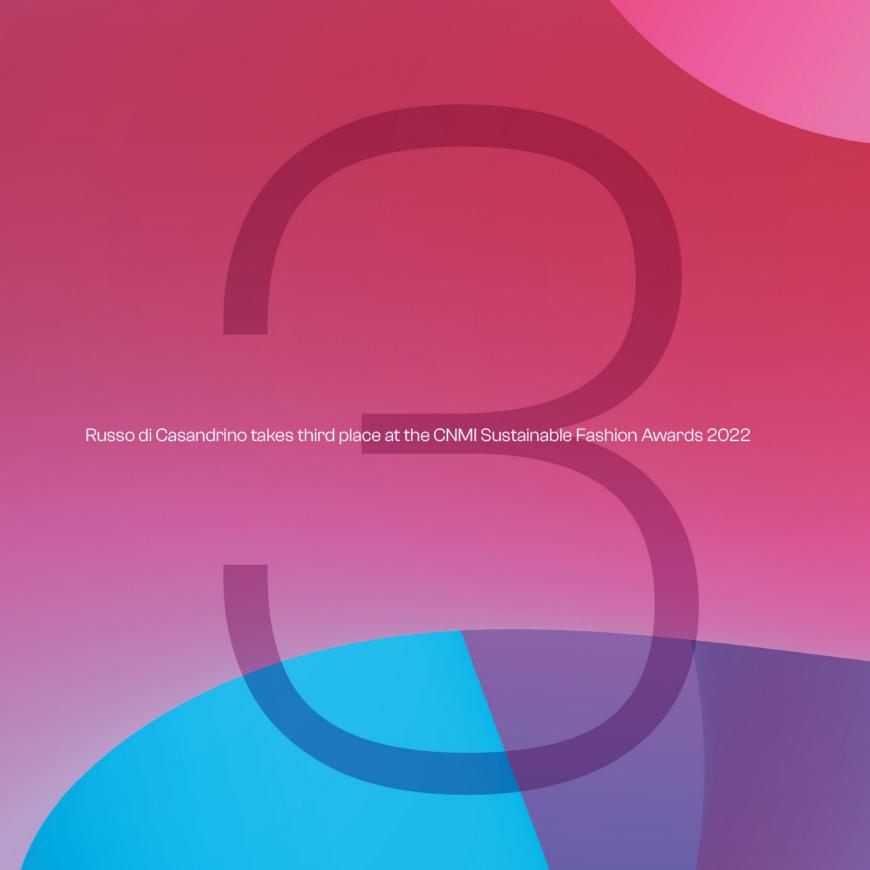


Since 2017, Russo di Casandrino has been cooperating with the FOQUS Association - Fondazione Quartieri Spagnoli as part of the "ARGO" project, to promote the employment of young people with disabilities.



The company is strongly committed to the idea that the opportunity for young people with disabilities to completely integrate lies first and foremost in the acquisition of skills.

These are not typically taught in educational institutions but play an important role in achieving personal and social autonomy. Their acquisition influences both self-esteem and, consequently, the development of positive relational processes.



CNMI sustainable fashion awards 2022.





Russo di Casandrino achieved third place at the CNMI Sustainable Fashion Awards 2022. It has been organized by the National Chamber for Italian Fashion in collaboration with the United Nations Ethical Fashion Initiative, and also with the support of the Ministry of Foreign Affairs and International Cooperation, the ICE Agency and the City of Milan.

The CNMI Sustainable Fashion Awards 2022 featured and awarded personalities and virtuous businesses that have distinguished themselves in the Italian and international fashion world for their commitment to sustainability. The analysis of these realities includes vision, innovation, commitment to craftsmanship, awareness of differences, circular economy, human rights and environmental justice.

Smart factory





The company provided employees who wanted to improve their English level with a course led by native English speakers based on the **Shenker method.**

The course, which took place in the company, started in October 2022 and will run until 2023, involving 15 employees who will be able to obtain **KET** or **PET** certification at the end of the programme.

Further training courses are already planned for the second half of 2023, including the

D.E.M.O. Digital Environment for Manufacturing Optimisation

course. It aims to expand the team's skills by integrating machining control and material traceability.

Indeed, in order to respond more efficiently to the demands of an ever-changing market and a production rhythm that is becoming increasingly rapid, businesses must rethink traditional logic and adopt a digital mindset that can lead them to **Smart Factory** models through an open innovation approach.

Employee health and safety



The correct application of all prevention and safety regulations in force (Legislative Decree 81/08) ensures workplace health and safety at Russo di Casandrino.



Staff safety training is administered at the time the employee is hired, when there is a change of job and in all cases envisaged by current legislation. In this respect, the company has already had its safety management system certified per OHSAS 18001 since 2013 and in 2020 per UNI ISO 45001: 2018.

Also in 2022, the INAIL award was recognised for carrying out activities to improve occupational health and safety standards according to the award model known as OT23.

This company has received this award continuously since 2010.

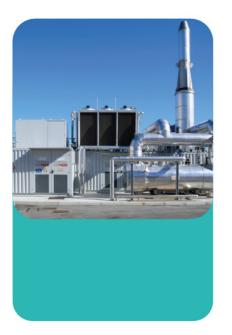




Environment

Investments worth more than 2.5 million are planned for 2023





Russo di Casandrino considers Environmental Protection an issue of primary relevance, and to this end has implemented an Environmental Management System constantly and strictly monitored; evidence of this will also be in place for 2023:

- The maintenance of the certification per UNI EN ISO 14001.
- Participation in the drafting of the Socio-Environmental Report of the tanning sector.

In 2022, it invested approximately one million euros in 4.0 machinery and technologies aimed at energy and production efficiency and in the enhancement of its management systems.

Partnership for sustainability





Russo di Casandrino is cooperating with the Suor Orsola Benincasa University on the Green Economy Degree Course to create a professional figure of economic experts in the 'green' sectors.

The aim is to increase employability and encourage young people to meet the workplace through the creation of a learning environment where knowledge, technology, intelligence and professionalism are brought together and coordinated.

The training course for the 2023 edition of the Next Gen Summer School is in "Digital Service Design".

The scholarship will finance students who will have to guide the innovation path of the company's services and products from a strategic point of view, observing the canons of environmental sustainability, preserving the use of raw materials, and giving sustainability a key role in the process of technological innovation.

Tanning is Green



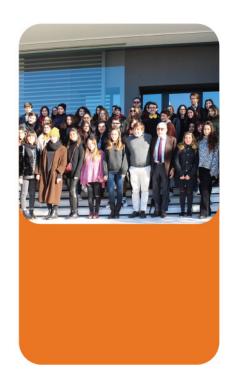
A lecture on sustainability at Russo di Casandrino.

Around 20 students from the Fashion Academy's master's degree course were able to visit the HQ of the Russo di Casandrino tannery.

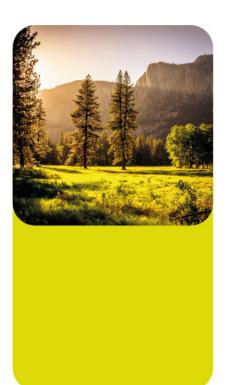


The students from the University of Campania here were able to understand not only the principles of sustainability that guide the tannery's activities but also the choices of excellence the company made in a vision of a green industry.

Every year since September, Russo di Casandrino has hosted a student from the master's programme in Design and Accessories at the Accademia di Costume e Moda in Rome, for a 250-hour curricular internship.



Greencare Award



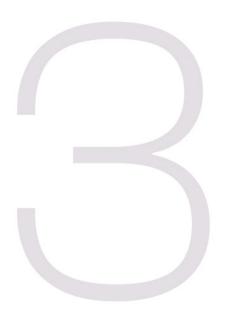
The company sponsored the **GreenCare Award**, a prize that recognises and highlights the value of those involved in the care, creation, protection, and/or enhancement of green areas in urban spaces, which improves citizens' quality of life and psychophysical well-being.

The goal is to raise awareness among public administrators and ordinary citizens about the importance of paying more attention to and caring for urban green spaces. These are not only citizens' oxygen lungs,

but also important gathering and recreation areas.

The prize is awarded every year to those who are committed to creating, caring for, implementing, innovating, protecting and enhancing a green area - garden, park, flowerbed, terrace - public or private. This is achieved through the implementation of green areas with new plantings, or initiatives aimed at improving their enjoyment, also through the creation of innovative management models, as well as the introduction of contemporary works of art and/or design furniture elements.





Sustainable innovation

Collaboration for the development of composite materials from leather scraps and recycled polymers exists between Russo di Casandrino and IPCB.



RDC's ongoing commitment to new material research and development, both independently and directly in collaboration with the raw materials R&D departments of the world's leading fashion brands, as well as its ongoing investment in training and research projects, is critical.

In particular, we have initiated an innovative research project developed in collaboration with the IPCB (Institute of Polymers, Composites and Biomaterials) that involves the study, realization, and characterization of three different types of materials These are polymer matrix composites

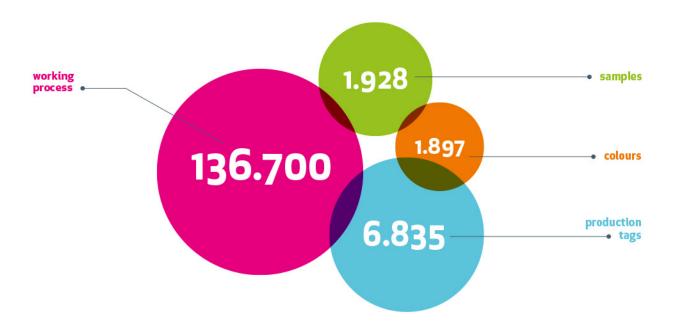
from fossil or recycled sources and will originate from leather powder obtained by trimming finished leather and dyed crust.

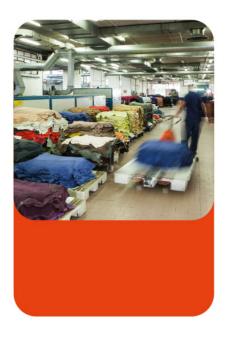
Thus, the project idea is to be able to recover production waste of finished and unfinished leather to obtain another material using bio-based polymers also coming from recycling.

This is an activity with a Reduce and Recycle perspective.



A story made of numbers





The reference market is that of fashion and luxury, where Russo di Casandrino counts among its customers the most prestigious names in the sector. Production dynamics have been able to adapt to increasingly diversified and sudden inputs, all within the timeframe required by the fashion system.

The figures demonstrate the company's exceptional ability to respond quickly to market

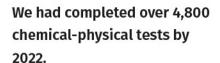
demands, successfully orienting production to realize the most complex colour nuances while maintaining the final look required by customers.

A sustainable product





The use of chemicals that meet MRSL and ZDHC requirements throughout the leather production process, the testing of all our products in chemical-physical tests that adhere to international standards and technical specifications shared with our customers, and finally the quality of the water, ensure the market an ever-longer Product Life Cycle (PLC).





Merely a matter of excellence





The wide range of products available, all strictly Made in Italy or Made in Italy Full Cycle, is the result of a design that not only considers aesthetic and functional aspects but also evaluates environmental impact, employing materials and researching processes that are increasingly oriented towards an eco-sustainable and widely traceable production system.

Our company focuses on international luxury markets; we believe that leather has a technical and scientific value that must be measured using objective and shared methodologies and parameters.

This is not marketing, and it is certainly not "greenwashing."



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