



FGL International
WET END DIVISION

FINIKEM
FINISHING DIVISION

International

ITALIAN LEATHER TECHNOLOGY

Social Report

2023

TANNERY IS EVEN MORE OUR CORE BUSINESS



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Letter to our stakeholders

FOR YEARS, WE HAVE BEEN COMMITTED TO IMPROVING THE SOCIAL SUSTAINABILITY OF OUR COMPANY



FRANCESCO LAPPI - CEO

Dear Readers,
it is with great pleasure that we share with you our first Social Report. Its purpose is to make you a part of our corporate reality, which is rooted in our solid professionalism. Our work ethics have enabled us to grow as a company while retaining our very high-quality standards which are praised and acknowledged by our industry.

The first edition of FGL International's 2023 Social Report aims to showcase with transparency who we are and where we are on our yearslong journey to improve the social sustainability of our company.

We have made social sustainability and sustainable development our cornerstones: our projects and the innovative technologies we invest in reflect this commitment which, as a result, shines through all our products.

This document is the most effective and coherent tool that we have to report on the current and near future state of our company, whose goal is to grow economically in a sustainable way for people, the environment and the community in which it operates.

Foreword

THE SOCIAL REPORT CAN BE DEFINED AS A “TOOL USED TO REPORT ON SOCIAL RESPONSIBILITIES, OPERATIONS AND RESULTS OF A COMPANY”.



FGL International limits the hardcopy printing of its Social Report in order to reduce its environmental impact. In addition, it invites those interested in learning more about the issues covered in this report to get informed online and/or download this entire document at the following link:
<https://www.fglinternational.com>

The purpose of a Social Report is to provide well organized and accurate information that cannot be obtained from the annual financial report alone to stakeholders.

The term which best captures the idea of reporting on the operations of a company and their results is “accountability”. This term encompasses and implies, along with the idea of responsibility, the concepts of transparency (in the sense of accessing information concerning every aspect of the company) and compliance (in the sense of following the current legislation).

This type of report covers issues such as child labour, discrimination, forced labour, as well as social initiatives on location and the health and safety of workers.

Therefore, this document shows the results of the measuring and monitoring of the above-mentioned parameters, which directly represent the company’s performance on each individual parameter.

Introduction

In 2023, FGL International is issuing its first Social Report (SR) with the purpose of analysing the entire range of relations that the company establishes with its stakeholders*, monitoring and showcasing its ethical-social commitment and fostering its growth through the improvement of its social performance, i.e. informing and involving all stakeholders in the process of continuous improvement. Furthermore, the annual Social Report represents a valid support tool to our company's social strategy, and all stakeholders involved to some extent in our business relations can access it.

THE EXPECTED BENEFITS OF THIS REPORT ARE:

- an increased level of risk management concerning our compliance with social responsibility requirements (and related Italian legal regulations), especially in the supply chain;
- improving customers' trust in our company. We always want to be trusted partners for our customers, and respect the principles of social responsibility and quality and work safety of both our employees and those of our suppliers;
- more focus on equal opportunities and diversity-valuing behaviour;
- the creation of an additional communication channel with workers, as individuals and as part of trade unions.

THE SOCIAL REPORT IS ISSUED TO:

- our company's employees;
- our stakeholders, customers and suppliers.

THE SOCIAL REPORT IS MADE AVAILABLE TO OUR EXTERNAL PARTNERS:

- on our website, where it is always available;
- by post or e-mail (upon request).

For any comment or clarification regarding the Social Report, please contact FGL International at the following e-mail address: info@fglinternational.com
Our company pledges to cooperate in a non-obstructive manner during external audits carried out by third party organizations.

**By the term 'stakeholders' FGL International refers to all those entities inside and outside the company who have established mutual business relationships, resulting in a series of expectations, information requests, economic interests etc. on the part of stakeholders.*





OUR COMPANY VISION

Corporate Identity

FGL International was founded in 2004 with the aim of creating high quality tannery auxiliaries, following in the Figli di Guido Lapi company's footsteps and its 70 year old plus experience in this business.

The values and qualities that have made FGL International the ideal partner for leather manufacturers are the following: a constant search for new and improved leather tanning solutions, the technical skills of our skilled professionals, the experience acquired in the field, our highly qualified Research and Development laboratory and dedicated on-site service.

FGL International offers sustainable chemical tanning products and solutions which fully respect the environment and future generations. The tools and human labour employed to make these products and solutions have the purpose of rewarding stakeholders, employees, customers, suppliers, partners and society at large with the quality we offer.

In January 2023, FGL International acquired Finikem, another company of the Lapi Group, and integrated the activities of the latter with its own.

This merge was a strategic move to face with greater resolution and stability an increasingly

challenging market.

The goal is to start a new unique business model in which technical skills, experience and know-how are intertwined, in order to offer to the market a more competitive, innovative and complete service.

FGL International has a flexible production structure consisting of qualified professionals, and it is designed to perfectly adapt to various international markets. The management of our departments is fully computerised, in compliance with the UNI¹ EN ISO 9001 standard certification² that our company holds. In this way, the system controls every aspect of the company's operations: from the administration to sales, from research to production, from warehousing to customer service methodology, always in compliance with the OHSAS 18001 certification, which has replaced the UNI ISO 45001:2018 standard for safety in the workplace.

Flexibility is one of our core values, which is reflected in our always full warehouse and our ability to quickly interface with all world markets.

FGL International's production facilities work with high-tech Research and Development



laboratories. In addition, we focus on the rationalisation of the production processes and flexibility, which are indispensable for responding rapidly to individual needs. Specialised technicians check the quality of the product during all phases of the production process, thus guaranteeing the high-quality standards required by the leather tanning sector.

FGL International also provides services to companies in the tanning business, such as specialised technical consultancy for any type of production, technical support for the customers of our chemical-physical laboratory and experimental tannery, information on how to use products and their specific applications. FGL International produces a full range of innovative and effective chemicals for tanning, retanning and finishing, including:

RELEASYS³

TANNING AUXILIARIES

DYESTUFFS

MINERAL TANNING AGENTS

ENZYMES

OILS AND FATLIQUORS

RESINS

SYNTANS

VEGETABLE TANNINS

SURFACTANTS

ZERO⁴

PERMASOL TFR

AU – LINE⁵

POLYMER

WAXES

Operating sites

FGL INTERNATIONAL's offices and warehouses are located in Castelfranco di Sotto, near Santa Croce sull'Arno, in the province of Pisa. In the same location, our qualified personnel work in our well-equipped experimental tannery, where they subject leathers to the most varied tanning, retanning, dyeing and fatliquoring treatments in order to create new products that meet customers' increasingly complex demands.

One of FGL INTERNATIONAL's technical departments (and warehouse) is located in the centre of the tanning area of Arzignano, outside the province of Vicenza. We offer to our customers the services of our technical employees and our experimental tannery, which is highly specialised in the production of leathers for upholstery, clothes, leather goods and footwear.



Castelfranco di Sotto (PI)



Arzignano (VI)

Research and development

RESEARCH AND DEVELOPMENT ARE THE FOUNDATION OF A SMART AND SUSTAINABLE GROWTH.

Research is fundamental to the development of new and innovative products, processes and services for the economic and sustainable growth of our tannery. At our company we are constantly searching and creating new and innovative solutions to produce eco-friendly leathers that are more efficient and have a lower environmental impact.

Thanks to the many years of research in our laboratories and the results of tests carried out in tanneries specialising in the production of leathers for all kinds of applications, FGL International can offer tanneries:

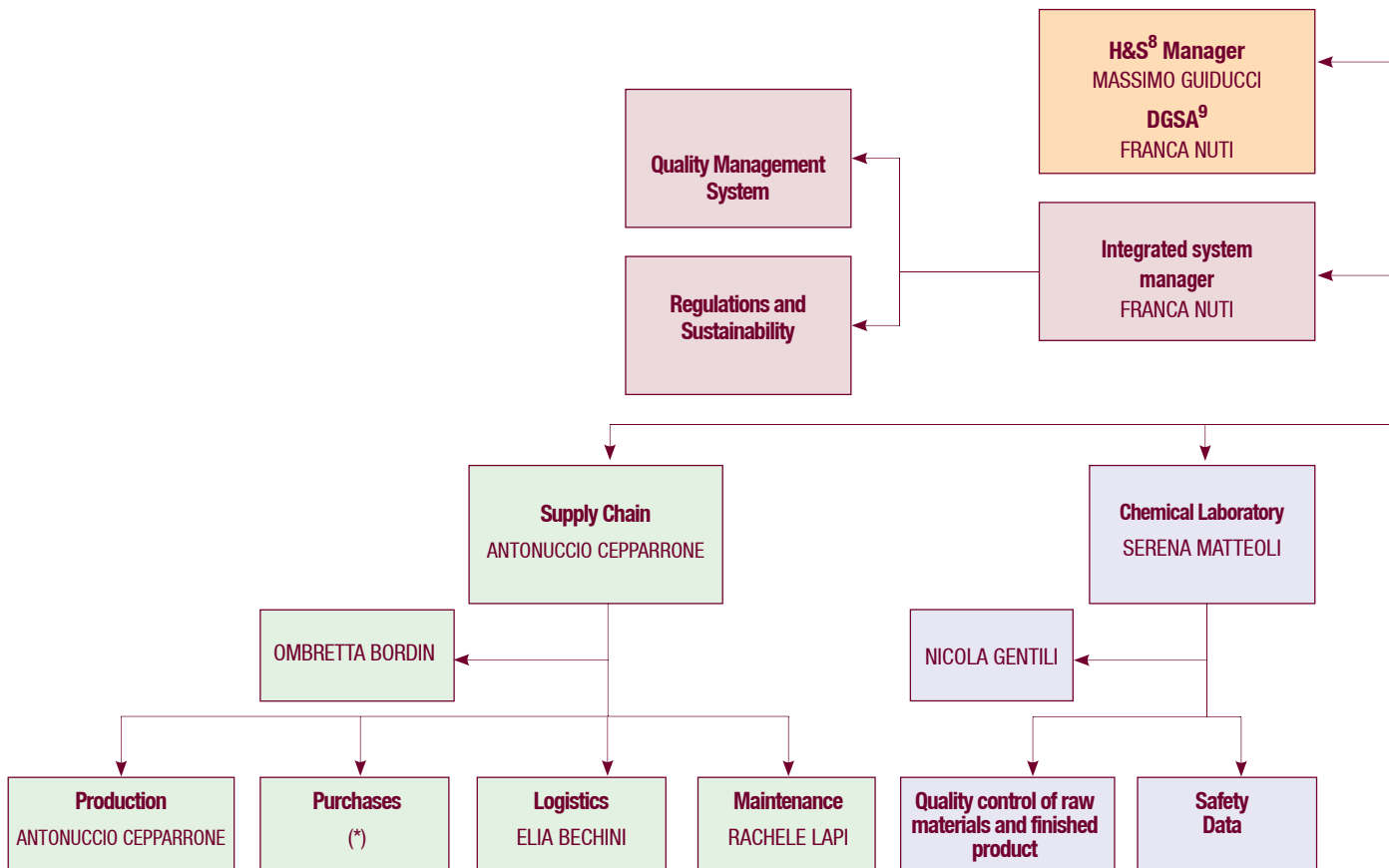
- a new complete metal-free system with high technical and environmental performance;
- new, completely phenol and formaldehyde-free products for leather retanning;
- new tanning auxiliaries for the elimination of free formaldehyde during the wet tanning phase;
- a new complete range of non-metal complex and PVC⁶ dyestuffs.
- new bio-based finishing products;
- a complete new range of products to drastically reduce PPM⁷ in the finishing phase, in full compliance with the parameters for metal-free leathers;
- new hydro- and oleophobic products for leather tanning;
- innovative products completely free of aromatic solvents.

We believe that innovation equals growth, which is why we carry out several research and development projects (which can also be funded and sponsored), and this allows us to stay ahead of the competition.

FGL international also actively sponsors important scientific events in support of research and development initiatives in the tanning sector.

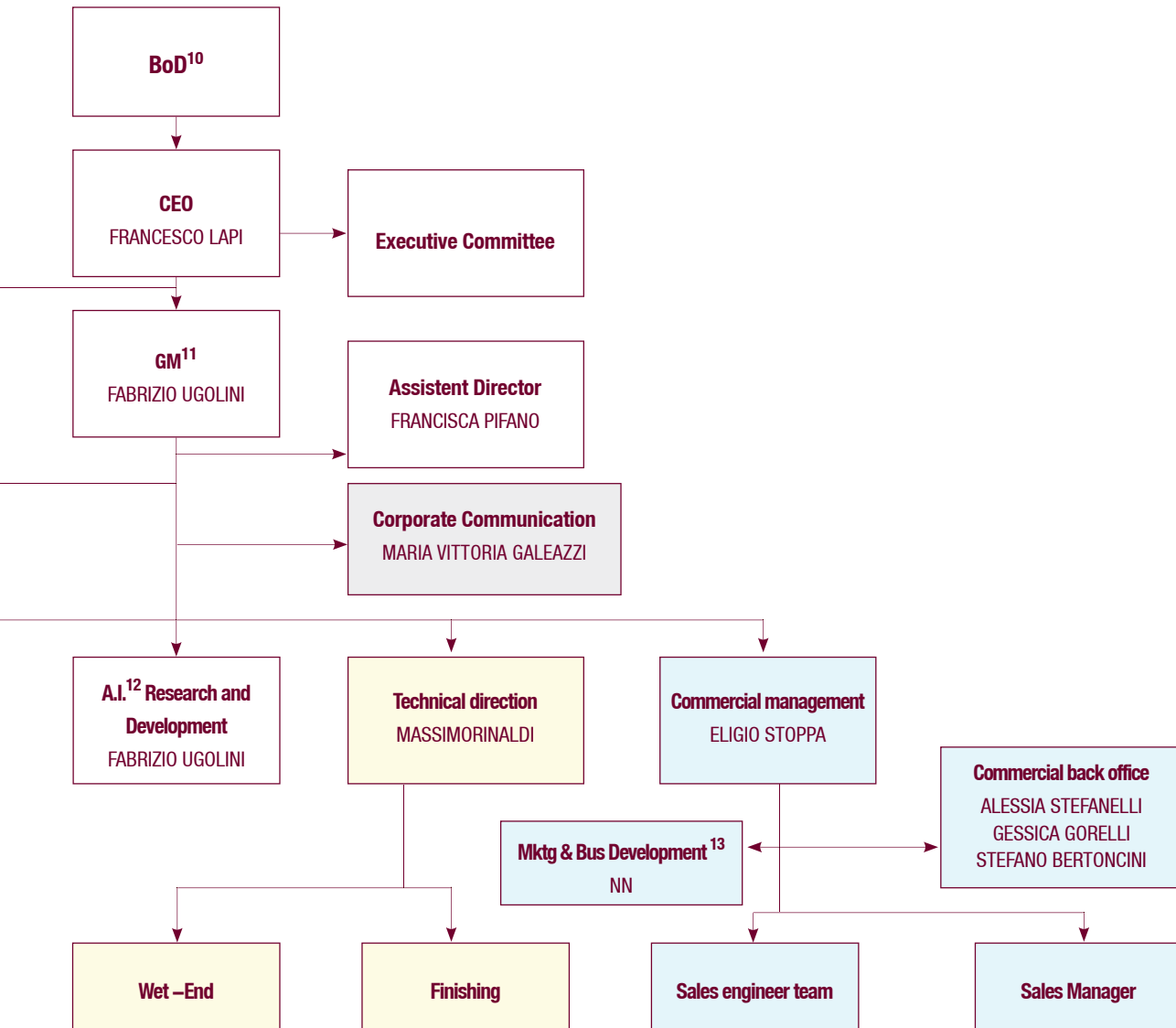


Work team



(*) Mr. Cepparrone together with Mr. Rinaldi

This new business model is led by Mr. Francesco Lapi, together with FGL International's historical partners, Eligio Stoppa and Massimo Rinaldi, and a new Managing Director, Mr. Fabrizio Ugolini. The FGL International team consists of people who work every day with enthusiasm, creativity and professionalism, in accordance with the values of our company: simplicity, harmony and functionality. Thanks to a flexible and efficient organisational structure, the company conveys these principles in each project, creating high-quality leather tanning solutions.



As of 31 December 2023, our company has 52 employees, 2 apprentices and 4 directors. Roles and responsibilities are communicated to all levels of the company through a specific internal job description. Our company's current organisational structure is illustrated in the chart above.



CORPORATE VALUES

Our corporate values, which mirror the organisational identity of our company and embody the heart and soul of the team, are:

RESPECTING AND PROTECTING THE ENVIRONMENT

TECHNOLOGICAL INNOVATION

Our company's commitment to protect the environment and cut energy consumption (two goals that are ever more important in today's world) is reflected every day in the following actions and policies: environmental protection, carbon footprint reduction, energy and natural resource saving through technological, processing and product innovation.

RESPECTING AND PROTECTING OUR HUMAN CAPITAL

INCLUSIVE ENVIRONMENT

We foster an inclusive environment devoid of all forms of discrimination, mistreatment and abuse of power. In fact, one of our core values is making our employees feel valued and involved in the company's operations and giving them proper training so that they can grow professionally.

INNOVATION AND CREATIVITY

EXPERIMENTATION AND SHARING

Company resources are precious. Progress can be achieved through experimentation and sharing, which is why our commitment and belief is to have a creatively free work environment which promotes innovation, personal initiatives and the free flow of ideas.

TRANSPARENT SUPPLY CHAIN

CLOSE COOPERATION

We aim at an ever-closer collaboration with our supply chain to grow together in a transparent way, while meeting stakeholders' demands.

Sustainability

WE DEVELOP INNOVATIVE TANNING SOLUTIONS THAT IMPROVE THE ENVIRONMENTAL SUSTAINABILITY OF EXISTING AND FUTURE PRODUCTS.

Words such as “sustainability”, “eco-friendly”, “banned substances”, are now part of our vocabulary as tanners and they are not just a trend but an increasingly current and pressing necessity.

FGL International is on the frontline in helping tanners around the world with the difficult task of producing more up-to-date and environmentally sustainable leather.

Our company develops innovative tanning solutions that improve the environmental sustainability of existing and future products. FGL employs safe and eco-friendly substances, prioritizing environmentally sustainable raw materials of the highest quality. Our company has always been committed to creating a sustainable future for customers, suppliers and the environment in which it operates.

The certifications we obtained are proof of our full compliance with specific standards. These certifications prove that we have met the requirements and principles of specific national or international standards and that the fulfilment of such requirements was verified with precision, professionalism and impartiality.





Workplace policy

FGL is aware of the central role played by its human capital in its business, which is why it has decided to embark on a new path to improve the respect for the dignity of all workers. In this regard, our company pledges to comply with national regulations, other existing laws and the international ILO (International Labour Organisation) and UN (United Nations Organisation) conventions.

More specifically, we pledge:

- to ensure that all employees work 'voluntarily' and are aware of their right to make complaints (ILO Convention no. 29 and 105);
- not to employ or support child labour under any circumstances (ILO Convention no. 182, 138 and Recommendation no. 146). FGL International does not employ child labour in any way, shape or form and discourages such labour in the supply chain. Since the start of our operations, no cases of child labour have been reported neither internally, nor in our partners' companies or in the supply chain. More specifically, we verify, before establishing a work relationship, that a potential supplier company meets our standards, including the no child worker policy. When we employ young apprentices, we pledge to provide them with the necessary training to acquire the technical skills needed to enter the world of work;
- not to use or support forced or compulsory labour. We do not process original employees IDs, nor do we manage salary deposits or employ wage withholding practices (such as allowances, bonuses, etc.) with the goal of extorting labour;
- to ensure that work activities take place in safe and healthy work environments. FGL International has, in fact, taken the appropriate measures to stem and prevent potential risks (ILO Convention no. 102, 155 and Recommendation no. 164);
- to guarantee the right to collective bargaining without any repercussions for the employees. Our management has informed our personnel about the workers' right to form, join and organise trade unions without any form of retaliation or discrimination against trade union representatives (ILO Convention no. 87, 98, 135);

- to reject any form of discrimination based on race, sex, social class, national origin, caste, birth, religion, disability, sexual orientation, family responsibilities, civil status, trade union membership, political affiliation, age or any other condition that could give rise to discrimination. We guarantee this no discrimination policy throughout the entire employment process: personnel selection, recruitment, training courses, promotions, dismissal and retirement (ILO Convention no. 100, 111, 159, 169, 177, 181, 183);

- to treat everyone, particularly our employees, with dignity and respect, without resorting to any form of physical or mental coercion;

- to protect maternity, paternity and disadvantaged persons (ILO Convention no. 183 and 159);

- to prohibit the use of corporal punishment, physical and mental coercion, abuse, harsh and/or inhuman treatment;

- to apply national collective labour agreements, focusing in particular on working hours, wage levels, regulation of holidays and rest breaks as well as overtime hours (ILO Convention no. 131);

- to prohibit any form of gender pay gap for equal work and respect the right to equal opportunities in the hiring or resignation phase, and in the case of promotion or training;

- to guarantee a dignified wage (in accordance with legislation) for a dignified living and fair working hours for all employees;

- to provide fair overtime rates in accordance with the CCNL¹⁴;

- to ensure that wage deductions are not due to disciplinary actions and that both the salary structure and the allowances are clearly stated and regulated to our employees' benefit;

- to inform employees, at the time of recruitment, on the contractual clauses that they are about to sign, and on their salary structure;

- to have competent and trained company contact persons who constantly inform our employees on the contractual requirements governing employment relations with our company. If necessary, our payroll outsourcing companies can also provide constant assistance and information to all employees;

- to guarantee at least one day off per week;

- not to offer labour-only contracts, successive short-term contracts and/or bogus apprenticeship contracts in order to avoid employee due diligence;

- encourage employees to share their point of view which is fundamental to improve the problem-solving process. More specifically, we allow and actually promote teamwork, so that the single employee can have a perception of his role in our company and a sense of responsibility in the pursuit of a goal;

- make cooperation and transparency the foundation of our relations with all of our employees, who take part in the problem-solving process, to optimise the company's results;

- select and monitor suppliers so that they too become an active part of the supply chain, by applying and disseminating the principles of social responsibility, health and safety principles and proper environmental resource management.

Health and safety

FGL International is aware that ensuring safe conditions and healthy and safe workplaces for its workers, as well as for temporary workers, contractors and any other persons on the premises is fundamental and indispensable for the performance of the company's activities.

Our company has developed and adopted an OSH (Occupational Safety and Health) Management System which, considering the nature and scale of potential risks in our company, is an integral part of our operations and helps us to ensure that we achieve our objectives in terms of workplace health and safety.

Our top Management formally pledges to:

- prevent and reduce occupational injuries and illnesses through proper planning and management of company activities and the provision of adequate and sufficient resources, while ensuring continuous improvement in health and safety requirements;
- fully comply with OSH legislative obligations and the requirements of specific industry regulations, as well as all the other voluntarily chosen requirements that may be linked to occupational health and safety hazards;
- define and disseminate objectives for the improvement of our OSH strategy, implementing an improvement programme with contextual investments. The implementation of this programme will be constantly supported and encouraged by the top management, which pledges to provide the necessary resources and goals to develop the Safety Management System;
- encourage a proactive attitude towards OSH management aspects, ensuring the consultation and active participation of workers and their representatives in the creation of OSH objectives. These goals are identifying hazards, reducing associated risks and all aspects related to improving the performance of the OHS Management System. In this way, top management intends to encourage all workers to report potentially dangerous and critical situations, so as to facilitate timely intervention to restore and improve safety conditions;

- maintain an active hazard identification process in order to identify the necessary actions to eliminate potential dangers and reduce or manage the associated risks. In order to do this, top management needs to assess and review changes within our company as well as outside of it, which may affect the performance of the OHS Management System. Top management also pledges to look into the changing needs of the various stakeholders, possible regulatory changes and all other factors that may affect the workplace health and safety;

- disseminate our OSH policy to all persons working under our company's management, so that they are aware of their OSH obligations; top management also pledges to disseminate our policy to external entities, such as customers, suppliers and contractors;

- periodically assess the effectiveness of the OHS management system, through the involvement of all corporate functions, each within the scope of their competences, as well as through the regular review of the system by the management;

- Train and raise awareness among our personnel so that they can work properly in the workplace, recognize the risks linked to their tasks and acknowledge their contribution to improving the performance of the OSH Management System;

- raise awareness among external employees working at FGL International or in partnership with our company on the actual or potential consequences of their work activity and behaviour, as well as the occupational health and safety benefits of improved job performance;

- guarantee the continuous improvement of the OHS Management System performance by fulfilling fixed objectives, involving workers in OSH management processes (training, risk analysis, reporting critical issues, etc.) and allocating the resources needed to fulfil these commitments.

We are certain that our efforts to meet our commitments will also be matched by all of our employees.

Privacy protection

FGL International pledges to protect information about its employees and third parties, acquired within the company operations and in contractual relations, and to prevent any misuse of such information. Our company guarantees that the processing of personal data is carried out in respect of the fundamental rights and freedoms, as well as the dignity of the persons concerned, in accordance with current regulations.

Personal data are processed lawfully, fairly and, in any case, only data necessary for specified, explicit and legitimate purposes

are collected and recorded.

Therefore, FGL International pledges to:

- acquire and process only data necessary and appropriate for the company's purposes;
- acquire, process and store data as securely as possible, only according to specific procedures;
- disclose data in accordance with specific procedures or upon express authorisation and, in any case, only after verifying whether such data can be disclosed or not.



Anticorruption policy

“Corruption is, unfortunately, a widespread phenomenon. It poses serious social, ethical, economic and political issues, because it undermines good governance, justice and human rights. It hampers development, tampers with the competition in business and weakens the fight against poverty. It also increases the cost of economic activities, creates uncertainty in business transactions, increases the cost of goods and services, and lowers the quality of products and services. This can lead to

loss of life and property, it destroys trust in institutions and interferes with the market efficiency and fairness.” This statement is quoted in the ISO 37001 standard, which deals with the prevention of corruption. FGL International stands by this statement by avoiding conduct that could lead to corrupt practices as well as striving to create a culture based on integrity, transparency, honesty and compliance with laws.



Social, cultural and ethical commitments

FGL International has always been at the forefront of promoting and concretely supporting ethical solidarity projects, as well as cultural initiatives to protect young people, their future and society at large.



FGL International supports projects to spread the culture of “respect” among young people.



The Comitato Progetto Giovani¹⁵ Lapi Group supports the collection of used toys for pre-schools.



The companies of the Lapi Group have chosen to join the “Impresa Amica del Meyer” club. This does not only mean making donations, but also incorporating social, cultural and ethical commitments into the agenda of our company.



FGL International promotes the Code of Sports Ethics



FGL International promotes the Code of Sports Ethics



FGL contributes to a reforestation project



FGL combats violence against women



FGL promotes campaigns to raise awareness on the dangers of smoking and alcohol

FGL Academy

FGL International offers its expertise and the professionalism of its qualified professionals to the new generations through the FGL Academy project. This is an open project to share our knowledge in the tanning chemistry sector. Our objective is to disseminate the knowledge we have acquired through many years of experience with those who are taking their first steps in this world. In order to do so we take our business model and real application of products to schools.

FGL International has a team of in-house

professionals whose job is to talk to those students who are interested in the tannery auxiliary sector, offering them the experience that they have acquired in the field.

FGL also donates teaching and laboratory materials to classes of young students to help them tackle their studies with greater confidence and peace of mind.



Franca Nuti

R&S
Regulatory
Aspects Coord.
UNI CT013/GL01¹⁶
Commission



Stefano Brea

Tanning
Technician Wet
process specialist



**Davide
Vigolo**

Tanning
Technician
Wet process
specialist



**Fabio
Priante**

Tanning
Technician
Wet process
specialist



**Serena
Matteoli**

Laboratory
Manager





ATTENZIONE
LIQUIDI
CORROSIVI

6



2023 SOCIAL REPORT



7



2023 Social Report

FGL International's Social Report aims to achieve the following objectives:

- providing all our stakeholders with an overall picture of our company's performance and initiating an interactive process of social communication;
- providing useful information on the quality of the company's activities in order to broaden and improve, also from a social-ethical point of view, the stakeholders' knowledge and opportunities of evaluation and choice.

More specifically, this means:

- acknowledging the identity and system of reference values of our company and how they impact strategic choices, corporate governance and what results/effects they produce;
- Balancing stakeholder expectations and the commitments made to them;
- reporting to stakeholders on the degree of fulfilment of our commitments;
- setting out the improvement objectives that our company pledges to pursue;
- providing insights into the interactions between our company and the environment in which it operates;
- presenting the added value we have created over the past year and its distribution.



Turnover

TOTAL 2023 TURNOVER (+ 19% compared to 2022)	€ 18.800.000
2023 EUROPEAN TURNOVER (including Italy)	€ 11.550.000
2023 EXTRA EUROPEAN TURNOVER	€ 7.250.000



Human Resources

FGL International's goal is to give the right value to its employees and improve their skills, in order to enable them to work independently, in a serene environment where they can give their best. The figures below refer to December 2023.

GENERAL INFORMATION	
Total employees	52
Administrators	4
Women in our company	11
Foreign workers	1
Apprentices	2
Trainees	1
TYPES OF CONTRACTS	
Open-ended contracts	49
Fixed-term contracts	2
Part time contracts	2 (75%)
Job stability rate (average duration of contracts)	13,77 years
Promotions to a higher-level job (compared to 2022)	5
Gender pay gap for the same job level	None

WORKING HOURS	
Total hours worked	85.456
Total holiday hours	9709
Total overtime hours	25
Total hours on business trips	1200
Total sick hours	1734
Total hours off work due to accident	88
Total hours of leave	5000
Parental leave hours	194
Remaining holiday hours (as of 31/12/2023)	<200
TERMINATION OF EMPLOYMENT	
Redundancies	/
Resignations	4
Contract expirations	/
DISCIPLINARY ACTIONS	
Reprimands	0
Disciplinary sanctions	0
Discrimination complaints	0
WELFARE INITIATIVES	
Investment in corporate welfare initiatives in 2023 (Vouchers given to employees)	€ 15.000

It should be noted that no internal complaints were filed and no disciplinary proceedings against employees were carried out in the year 2023; this trend confirms the absence of forced or compulsory labour in our company.

It is important to underline the high rate of job stability (> 13 years), which proves our company's active commitment to ensure a fair, pleasant, safe and stimulating work environment, where employees improve their skills and gain experience, also thanks to specific, dedicated and always up-to-date training courses.

TRAINING	
COMPULSORY INTERNAL TRAINING COURSES	NO. HOURS DELIVERED
Compulsory high risk safety update course	132
Fire prevention course	25
Diisocyanates safety course	14
BLS ¹⁷ course for adults and children	8
Supervisors course	6
Supervisors update course	24
Safety course for managers	16
Safety training update course for managers	12
Mandatory high risk safety course	48
First aid update course	12
Total hours of compulsory training courses	297
Investment in compulsory training courses	€ 5.600
NON-COMPULSORY INTERNAL TRAINING COURSES	NO. HOURS DELIVERED
Sustainable procurement course	8
H.R. ¹⁸ : skill assessment, conflict management, talent acquisition assessment; problem solving courses	64
Lean manufacturing for EBITDA ¹⁹	16
Commercial back office course	8
Use of laboratory instruments; custom code; sustainable development; genuine leather courses	57
Total hours of non-compulsory training courses	153
Investment in non-compulsory training courses	€ 3.800

Customers

We design our products and services to meet the requests of our customers.

To date, FGL International has about 300 customers throughout the country of Italy, particularly concentrated in the leather districts of Santa Croce sull'Arno (in the province of Pisa) and Arzignano (in the province of Vicenza), and in the rest of the world. Our company supplies, among others, a number of international industrial groups.

Since our customers and the leather market are paying increasing attention to today's constant focus on quality production and corporate social responsibility, our goal is to follow suit. For this reason, we constantly monitor our customers' social behaviour to ensure that our solutions help to create end products that fully respect human dignity and the environment.



Suppliers

Our “suppliers” include all those companies that provide us with goods or services needed to carry out our activities.

Today, FGL International has about 250 suppliers located both in Italy and abroad.

On a national level, most suppliers are located in Veneto, Lombardy and Tuscany, especially in the province of Pisa. At international level, suppliers are mainly located in Germany and Spain, while at non-European level a few suppliers are from South Korea and Latin America.

Before we establish a working relationship with a supplier company, we verify its fulfilment of set requirements, including the no child worker policy, and we raise awareness on social responsibility, in order to extend the application of our core values to the entire supply chain. Suppliers that want to establish a work relationship with our company must guarantee compliance with the same policy and requirements we ourselves adopt, which are:

- avoiding and discouraging the employment of child labour in the company's activities;
- avoiding and discouraging the employment of personnel against their will and any form of labour under threat of punishment;
- ensuring a safe and healthy workplace for all workers, and developing a precise risk assessment and management plan along with an appropriate training program in accordance with current legislation;
- respecting the right to trade union freedom and membership of our employees, not discriminating against trade union representatives and promoting collective bargaining. Also not exceeding the weekly hours stipulated in the Contratto Collettivo Nazionale di Lavoro by guaranteeing at least one day off per week;
- prohibiting any form of discrimination;
- avoiding and discouraging corporal punishment, mental or physical coercion and verbal violence towards workers;
- ensuring that the salary is not lower than the minimum wage set by the Contratto Collettivo Nazionale di Lavoro;
- implementing environmental and social sustainability policies.

In 2023, no reports of child labour, internal discrimination or exploitation in our supply chain were filed.

Social initiatives

GL International, just like the other companies of the Lapi Group, has always been open to partner with the various stakeholders in the area, and to support and promote social, cultural and ethical initiatives. Here below you can find a brief overview of the most important community initiatives that FGL sponsored in 2023.

FGL-ZUMA WOMEN'S VOLLEYBALL TEAM

FGL International actively sponsored and supported the Castelfranco FGL-ZUMA women's volleyball team



2023 PROGETTO FABBRICHE APERTE²⁰

FGL promoted and sponsored initiatives that support corporate culture in our society. Businesses cooperate with schools and the community in which they operate through the Progetto Giovani of the Lapi Group. Educational activities are valuable opportunities to meet and exchange ideas and our company intends to continue to invest in these projects.



THE DADA PROJECT

In 2023, FGL International, Toscolapi and Figli di Guido Lapi sponsored the DADA Project, created by the Leonardo Da Vinci Comprehensive Institute of Castelfranco. Dada projects foster active teaching/learning processes in which students play a key role in building their own knowledge.



INTERNATIONAL DAY FOR THE ELIMINATION OF VIOLENCE AGAINST WOMEN

FGL supported and promoted initiatives and policies for the elimination of violence against women.



FESTA DELL'ALBERO²¹

FGL International supported initiatives for the dissemination of sustainable practices.



FGL AND EMERGENCY RESPONSE PROJECTS

in 2023, FGL supported and actively participated in emergency response projects to help the community and beyond.



WORLD KINDNESS DAY

FGL implemented initiatives to support and disseminate the practice of kindness around the world.

13 NOVEMBRE 2019

giornata mondiale della
gentilezza



YOUTH PROJECTS

In 2023, FGL also put its professional resources and expertise at the disposal of young people. Our goal is to make them understand today's market requests and the possible technical solutions that the chemistry sector has developed in years of research.



Bodies and institutions

ASL²³, INPS²⁴, INAIL²⁵ labour inspectorate, the city, the region, ARPAT²⁶, the fire brigade, trade unions, credit institutions and other financing bodies have established a profitable partnership with our company for various reasons. The common interest of our stakeholders is the technological and social growth that we foster in our community. Full compliance with current legislation, the utmost transparency in management and procedures, and cooperation with trade bodies and institutions of our region represent the fundamental blueprint for our company's activities. In 2023, our company partnered with the following bodies/institutions:

- Trade associations:
 - Federchimica²⁷
 - Unione industriale Pisana²⁸
 - Associazione LWG (Leather Working Group Association)
 - UNPAC (Unione Nazionale Produttori Italiani Ausiliari Conciari)²⁹
 - Leather Naturally³⁰
 - ZDHC Association³¹
 - UNI Association
 - Certiquality³²
- Services:
 - Santa Croce employment office
 - ARPAT
 - Local trade unions
 - INAIL local offices
 - INPS local offices
 - Industria servizi³³

- Institutional bodies
 - Region of Tuscany
 - City of Castelfranco
 - More
 - University of Pisa
 - Società Italiana Brevetti³⁴

We established partnerships with each one of these bodies/institutions, in full compliance with the social rights of all stakeholders.

Environment

FGL has always been environmentally aware and promotes initiatives and work policies that go well beyond mandatory regulations.

Below are some examples of our commitment to the environment and the community in the name of sustainability.

SUPPORTING INITIATIVES FOR THE GREEN TRANSITION OF THE FASHION INDUSTRY



FGL International is among the partners of the 2023 Venice Sustainable Fashion Forum dedicated to the green transition of the fashion industry.

ZDHC (ZERO DISCHARGE OF HAZARDOUS CHEMICALS) CERTIFICATION

In March 2021, FGL International was the first company to obtain the ZDHC (The Roadmap to Zero Programme) Level 3 certification (the highest on the Gateway platform, which features over 200 products), and in 2023 it renewed this certification for the third consecutive year. An important milestone and a record, which puts our company in a league of its own in the tanning chemical sector. However, this is just the starting point of a journey that sees the Lapi Group's industrial reality at the forefront of quality and eco-sustainable production standards, as required by the ZDHC programme.

This certificate is fundamental for both our environmental commitment and our commercial strategy.

Numbers more than words can showcase just how eco-sustainable our company is. ZDHC Level 3 certification serves as proof that FGL International offers to its customers products whose quality and safety is measured using the internationally agreed standards of the Gateway platform. FGL knows how important the ever-widening range of ZDHC tools is to be competitive in the marketplace and how it can consequently simplify the operations of tanneries.



FGL International
ZDHC Gateway LEVEL 3.

Ø ZDHC
Zero Discharge of
Hazardous Chemicals

For years, we have been constantly committed to finding new concrete ways to create a sustainable future for our customers, suppliers and the environment.



The background is a complex, abstract composition of organic, flowing shapes. It features a rich palette of colors: deep blues and purples at the top, transitioning into bright pinks and magentas in the middle, and finally into warm yellows and oranges at the bottom. The colors are separated by dark, almost black, veins and pools, creating a marbled or liquid-like effect. The overall texture is fluid and dynamic, suggesting movement and transformation.

FUTURE OBJECTIVES

Future Objectives

One of FGL International's most important commitments is upholding social responsibility. We have always believed that our company is a social asset to its community (where it was founded and is still located), as well as a part of its heritage.

For this reason, we have always developed strategies and policies that balance our need for profit and self-financing with the obligation to respect the environment and, more in general, with the criteria of fair and sustainable development.

We have the conviction that today more than ever our company is called to perform very complex tasks with a deeply-rooted awareness of our responsibilities in the globalised and highly competitive society we live in.

FGL International intends to propose important improvement plans in the near future, driven by the above-mentioned goals and our environmental awareness.

COOPERATION BETWEEN COMPANIES AND WORKERS

Promoting cooperation between companies and workers in order to ensure social responsibility, also through awareness-raising/training courses

SOCIAL RESPONSIBILITY

Featuring an updated social responsibility section on our website

INITIATIVES THAT SUPPORT SOCIAL CAUSES

Participating in initiatives to support social-impact, humanitarian and/or charitable organisations

INFORMATION

Helping to disseminate the culture of social responsibility

SOCIAL INTEGRATION

Promoting social integration regardless of gender, origin, age

PAY LEVELS

Constantly monitoring the correct assessment and selection of wage levels in order to ensure a dignified wage to our employees

PAYROLL KNOWLEDGE

Increasing the level of knowledge of our workers concerning all aspects of their payroll, also offering to them the management's or experienced personnel's guidance for each payroll.

WORKERS' RIGHTS

Guaranteeing workers the right to form, join and organise trade unions and bargain collectively with our company without any negative consequences or retaliation

CHILD LABOUR

Monitoring the supply chain to prevent the employment of child labour

PROBLEM MONITORING

periodic climate surveys to monitor possible issues inside our company

SUPPLIERS

Verifying the social justice requirements of our suppliers

EXTERNAL COMMUNICATION

Adopting an external communication plan in order to regularly disclose company performance data to stakeholders

TRANSLATOR'S NOTES

- 1 It stands for "Ente Italiano di Normazione", which is an Italian private non-profit association that performs regulatory activities in Italy across industrial, commercial, and service sectors.
- 2 The international standard that specifies requirements for a quality management system.
- 3 It stands for "REvolutionary LEather SYStem", and it is the brand name eco-sustainable and metal free tanning system.
- 4 The "ZERO" range includes 8 products that allow any tanner to be able to reproduce any type of leather completely free from formaldehyde and phenols.
- 5 It is the brand name range of auxiliaries for the automotive leather industry.
- 6 It stands for "Polyvinyl Chloride".
- 7 It stands for "Polyurethane-Polyester Microfiber".
- 8 It stands for "Health and safety".
- 9 It stands for "Dangerous Goods Safety Advisor".
- 10 It stands for "Board of Directors".
- 11 It stands for "General Manager".
- 12 It stands for "Artificial Intelligence".
- 13 It stands for "Marketing & Business Development".
- 14 It stands for "Contratto Collettivo Nazionale di Lavoro" and it is the Italian collective labour agreement.
- 15 It can be translated as "Youth Project".
- 16 It is the Italian commission on chemical products for leather tanning.
- 17 It stands for "Basic Life Support Defibrillation".
- 18 It stands for "Human Resources".
- 19 It stands for "Earning before Interest Tax Depreciation Amortization".
- 20 It can be translated as "Open Factories Project".
- 21 It can be translated as "The Tree Festival".
- 23 It stands for "Azienda Sanitaria Locale" and it is an Italian local health authority which delivers healthcare services to a specific territorial area, which is typically at the provincial level.
- 24 It stands for "Istituto Nazionale della Previdenza Sociale" and it is the Italian pension system.
- 25 It stands for "Istituto nazionale per l'assicurazione contro gli infortuni sul lavoro" and it is the Italian institute for insurance against accidents on the workplace.
- 26 It stands for "Agenzia Regionale per la Protezione Ambientale" and it is the Italian environmental agency.
- 27 It stands for "Federazione Nazionale industria Chimica" and it is the Italian Federation of the chemical industry.
- 28 It is an association which represents manufacturing and service companies located in the province of Pisa.
- 29 It is the Italian association of tanning auxiliary manufacturers.
- 30 It is a nonprofit Italian association that promotes the use of sustainable leathers.
- 31 It stand for "Zero Discharge of Hazardous Chemicals Association".
- 32 It is an Italian organization which verifies the eco-sustainability of a company.
- 33 It is an organization operating in Pisa which offers a range of services.
- 34 It is an Italian intellectual property firm specialising in the protection and enforcement of patents, trademarks, models, designs and copyrights.

Legal and Administrative Headquarters:

Piazza Rita Levi Montalcini, 2
56029 S. Croce sull'Arno - Pisa - Italy

WET END DIVISION

Via Francesca Nord, 73
56022 Castelfranco di Sotto - Pisa - Italy
Tel. +39 0571 478851

FINISHING DIVISION

Via Tabellata, 90
56022 Castelfranco di Sotto - Pisa - Italy
Tel. +39 0571 478851

Arzignano branch

Via della Concia, 69/71
36071 Arzignano (VI) - Italy
Tel. +39 0444 674355

info@fglinternational.com

www.fglinternational.com

