

PRODYN ALBANIA

Sustainability Report 2025 - Sustainability Targets for 2026

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First update: 31st of March 2025

Second update 24th of October 2025

Third update 22nd of December 2025

1. Executive Summary

- **Our company's commitment to sustainability:**

At *Prodyn Albania*, we are dedicated to producing quality footwear that reflects our values: environmental care, social responsibility, and a commitment to continuous progress.

As a leading footwear manufacturer in Albania, employing 650 skilled workers and operating within a 15,000 m² production facility, we recognize our responsibility to protect the environment, support our community, and contribute to a better future through ethical and sustainable business practices.

Our four pillars of Sustainability policy are:

1. Environmental Responsibility
2. Social Impact and Community Engagement
3. Innovation and Continuous Improvement
4. Compliance and Certifications

- **Sustainability goal for 2024:**

- a. Introduce Circular Economy practices: Use **Life Cycle Assessments (LCAs)** to guide design and material decisions – *Achieved*; **CO2 EFA SOLUTION** – *5,4kg/pair*
- b. **RCS certification** – *Achieved*

- **Sustainability goals for 2025.**

By the end of 2025, we aim to achieve **ISO 14001** certification; **BSCI** certification and build a system to measure and lower CO2 with the aim to achieve HIGG Index FEM 2025.

Achieving or progressing toward recognized certifications boosts will help to sets clear improvement paths; so these are the certification to be achieved in 2025:

- ISO 14001 (Environmental Management)
 - Global Recycled Standard (GRS) for materials
 - BSCI for ethical labor
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- **Key achievements during Q4 2025 (October '25)**

Certifications already achieved:

- The surveillance audits from external Body were successfully completed.
- Certified with ISO 14001.
- Certified with RCS and OCS
- BSCI audited, Rank B

Sustainability Targets for 2026

By the end of 2026, our goals include:

- Reducing total factory waste by **5%**
- HIGG FEM self-assessment and audit from verifier body Q1 2026
- Improving CO₂ emissions per pair through HIGG FEM action plan
- Increasing the share of recycled and certified materials across suppliers
- Implementing the first phase of digital transformation toward a fully paperless production floor
- Strengthening supplier sustainability alignment through RCS, OCS and BSCI
- Increased workforce training programs.

The environmental management plan aims to:

- Improve the overall environmental performance of the activity
- Identify the main impacts of the activity on the environment
- Define roles and responsibilities for environmental management
- Define corrective actions.

2. Company Overview

Prodyn Albania is a footwear production factory, established in October 2016. The company operate in footwear manufacturing in Albania and as of 2022 we are the biggest footwear company in Albania.

- **Certifications and Compliance:** Our factory holds internationally recognized certifications, including BSCI, ISO 9001, ISO 14001, ISO 45001; RCS, OCS and SATRA, ensuring that we meet the highest standards in terms of social responsibility, quality and sustainability.

- **Expertise in Footwear Production:** With years of experience in producing high-quality footwear, we are highly skilled in delivering products that meet your exacting standards. Our team has deep expertise in footwear development, materials, and manufacturing processes, ensuring every pair meets the highest quality expectations. We are working for worldwide brands such as Gant; Clarks; Birkenstock; Massimo Dutti and also luxury segment with Prada; Dsquared2 and Fear of God. *Export markets:* Germany; Italy; Spain; UK; USA; Japan; South Korea
- **Capacity and Scalability:** Our factory, Prodyn Albania, has the infrastructure and capacity to scale production according to client's needs. We have invested in modern technology and streamlined processes to meet large-volume orders while maintaining the quality and attention to detail that your brand is known for. We operate in a facility of 15000m², with more than 650 workers, 86% of them women, producing close to 1 million pair of shoes per year, from sneakers to shoes and boots (both woman and man).
- ProDyn Albania" Sh.p.k has established a system for measuring and monitoring its current performance against its environmental objectives. Compliance with relevant legislation and regulations is continuously checked. The results are analysed and used to determine areas of success and to identify activities that may require corrective actions and improvements. "ProDyn Albania" Sh.p.k has developed and implemented a monitoring program.

Mission Statement:

We are committed to crafting quality footwear rooted in honesty, fairness, and reliability. As we transform into a digital smart factory by 2030, we will embed sustainability at the core of our operations—minimizing environmental impact, responsibly sourcing materials, and fostering social well-being. We remain dedicated to offering fast and competent solutions that create real value for our partners. We believe success is built on trust, mutual respect, delivering on our promises, and a continuous commitment to innovation and sustainable improvement.

Our core values:

Good; Honest; Fair; Competent & Reliable

- **Sustainability Vision & Policy:**

Our promise: Sustainability is not a choice anymore – it is our responsibility and it starts with each of us. At Prodyn Albania, we are dedicated to producing quality footwear that reflects our values: environmental care, social responsibility, and a commitment to continuous progress

We are committed to integrating sustainability into every level of our operations — from materials to manufacturing, workforce practices to waste management.

1. *Environmental Responsibility*

We are committed to reducing our environmental footprint through:

- **Energy efficiency:** in energy efficiency & optimization through: building separate unit measurement in energy usage and follow energy efficiency program with **Resource Efficiency and Cleaner production** in collaboration with the United Nations Industrial Development Organization and Swedish government.

Continued implementation of separate-meter energy monitoring systems and Resource Efficiency & Cleaner Production program in collaboration with UNIDO and the Swedish Government.

- **Waste reduction:** Implementing waste management strategies to reduce waste by increasing leather consumption (measuring through Satra summ system).

Enhancing leather utilization and reducing material waste using SATRA SUMM system.

- **Sustainable materials:** Prioritizing the use of eco-friendly, recycled, or responsibly sourced materials in our footwear production whenever possible, through the **RCS** standard.

Expanding use of recycled and certified materials under RCS and OCS.

- **Factory Digitalization program** – preparation on cleaning analog mess in 2025 to get ready for paperless digitalized information in production floor.

2026 marks Phase 1 of eliminating analog processes to enable full digitalization.

2. *Social Impact and Community Engagement*

Our people are our strength. We are proud to provide safe, dignified, and equitable employment to 650 individuals in our region. Our commitment includes:

- **Fair labor practices:** Upholding international labor standards, ensuring fair wages, safe working conditions, and continuous training and development for our employees based on BSCI standard.
- **Local community support:** Partnering with local initiatives to support education through Vocational training through our Assesment & Training Center and Intership with different universities.
- Continuous professional development
- Community collaboration through vocational programs and university internships

3. Innovation and Continuous Improvement

We believe that sustainability is a journey. We continually assess and improve our processes to meet higher standards by:

- Investing in research and development to design longer-lasting, lower-impact footwear.
- Collaborating with suppliers and clients to drive sustainability across the value chain and strengthening collaboration across the supply chain
- Measuring our environmental and social impact, and transparently reporting on our progress.
- Transparent sustainability reporting
- Phasing in data-driven CO₂ and energy reduction systems

4. Compliance and Certifications

We align our operations with relevant environmental and labor regulations in Albania and pursue internationally recognized sustainability certifications to ensure accountability and transparency.

- **Stakeholder Engagement Strategy**

Purpose: To ensure that all stakeholders are informed, involved, and empowered in the development and execution of PRODYN’s sustainability strategy. This approach fosters trust, collaboration, and shared ownership of our environmental and social commitments.

Stakeholder Group	Relevance to sustainability	Engagement priorities
Employees	Implementers of sustainable practices; workplace wellbeing	Education, training, feedback loops
Local community	Hosts our operations; affected by our environmental impact	Transparency, local program, job creation
Supplier & Partners	Provide material and logistics	Ethical sourcing, sustainable materials alignment
Cusotmers	Drive demand for sustainable products	Communication, co-creation, certifications
Government & Regulators	Oversee compliance with labor, environmental laws	Full compliance, participation in national efforts
NGOs/Industry Groups	Offer sustainabillity expertise and partnerships	Join initiatives/Attenting EU-funded events
Shareholders/Owners	Dreive long-ter business value and rirection	ESG integration, performance reporting

- **Sustainability Key Actions & Milestones in 2025**

Quarter	Key Actions & Milestones	Goal & KPIs	Responsible Teams
Q1 (Jan-Mar)	Kickoff sustainability awareness campaign for all employees	100% empolyee awareness training completed	HR, Operations, Procurement, Sustainability Team
	Establish Sustainability Task Force	Sustainability Task Force formed and active	
	ISO 14001 requirements	Meets ISO 14001 requirements	
	BSCI requirements	Complies with BSCI requirements	
Q2 (Apr-Jun)	Baseline assessment of energy, water, waste	Baseline data documented	

	Build a unit base energy consumption measurement system	Reduce energy use by 5% vs. baseline	HR, Operations, Procurement, Sustainability Team
	Conduct supplier audits on social & sustainability	Complete audits for top 10 suppliers	
Q3 (Jun-Sep)	Build a measurement system of recycled materials in top supplier	Baseline data documented under RCS standard	
	Follow up from LCA assessment of CO2 in 2024 to improve it	Action plan & checklist on improvement needed to lower CO2	
Q4 (Oct-Dec)	HIGG Index requirements	HIGGS Index self assessment for 2025	Management, Quality, Sustainability team
	Annual Sustainability Report	Annual report shared	
	Prepare new Sustainability report 2026	Annual report 2026 with KPIs shared	

Sustainability Key Actions & Milestones – 2026

Quarter	Key Actions & Milestones	Goal & KPIs	Responsible Teams
Q1	Renew sustainability training for all employees	100% trained workforce	HR, Sustainability
	Expand energy monitoring to all units	5% energy reduction	Operations, Engineering
	Supplier sustainability re-evaluation	10 key suppliers reassessed	Procurement
	HIGG FEM 2025 verification	Full compliance	Sust. Manager & Verifying body
Q2	CO ₂ recalculation & updated LCA integration	Updated CO ₂ baseline	Sustainability, Quality
	Increase RCS and OCS-certified material suppliers	+2 new certified suppliers	Procurement
Q3	Digitalization Pilot: Paperless production zone	Pilot zone operational	IT, Operations
	HIGG FEM 2026 preparation	Better performance	Sustainability
Q4	Annual Sustainability Report 2026	Published	Management
	Sustainability Strategy 2027–2030	Approved	CEO, Strategy

4. Environmental Performance

a. Energy & Emissions

- Total energy consumption monthly (kWh) – 77,956
- Energy efficiency improvements goal in 2026 – reduce by 3%
- 2026 energy reduction target: 30% through additional solar panel in the parking area

We initiated in 2025 the project for energy efficiency & optimization through: building separate unit measurement in energy usage and follow energy efficiency program with **Resource Efficiency and Cleaner production** in collaboration with the United Nations Industrial Development Organization and Swedish government.

- CO₂- 5,4k/pair of shoe

Having this base from LCA assesment in 2024 is giving a base on which we are working to decrease it.

Main goal in 2025 is to execute the Checklist/Action plan and as well building a system to measure and improve it to get ready for the 2025 Higg Index FEM assessment, it will evaluate our progress in reducing CO₂ emissions and help shape our goals for 2026 and 2030.

b. Water & Wastewater

- Water consumption monthly (m³) – 307
- Monitoring for reduction opportunities continues

c. Waste Management

- Total waste generated monthly (tons) - 18
- 7,8 % recycled
- 0% hazardous waste

d. Materials & Circularity

- Use of recycled, organic, or certified materials through RCS standard:
- Material efficiency by:

Implementing waste management strategies to reduce waste by increasing leather consumption (measuring through Satra summ system).

RCS and OCS - certified materials tracked through Transaction Certificates

Expansion of material efficiency programs through SATRA SUMM

Increased supplier participation in recycled material verification

5. Social Responsibility

a. Workforce Profiles

- Number of employees: 539 female (86%) & 92 male and below age structure:

18-20	21-25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65
11	25	60	69	97	127	110	81	35	16

- Training and development hours yearly: objective: min 1000 hours;
Q1- 696 hours of training performed on technical skills for up & cross skilling.
- Health & safety performance Q1: 0 accident rates, 55,5 hours total training in H&S, PPE in all designated positions
- Training and development hours yearly: objective: min ___ hours;
Q1- 696 hours of training performed on technical skills for up & cross skilling.
- Health & safety performance Q 4: 0 accident rates, ___ hours total training in H&S, PPE in all designated positions
- Training for all employee on Environmental Awareness

b. Labor Practices

- Working hours, wages, and benefits in line with legal framework and BSCI standards (40 hours per week; not more than 8 extra hours per week with wages as per the legal requirement)
- Freedom of association – policy in place & introduced to all employee, no FP. 7.1-10 data: 10.03.2024
- Grievance mechanisms - policy in place & introduced to all employee, no FP. 7.1-4.1 version 2 data: 23.01.2025
- Working conditions aligned with Albanian law & BSCI
- Freedom of association and grievance mechanisms active with zero findings

c. Supply Chain

- Number of key suppliers: 10 suppliers
- % of audited suppliers from us: 10 suppliers
- Action plan 2025 is to initiate a system to build measurements and follow up procedure and system on % of recycled materials under RCS in more suppliers and clients (currently implemented for one of our clients).
- Top suppliers: 10
2026 goal: Expand RCS and OCS tracking to all major suppliers & BSCI compliances

d. Community Engagement

- Volunteer initiatives & donations

We are proud to give our little contribution in communities by special donation programs such:

1. PPE during Covid time to different hospitals
2. Building a basketball field to a Orphanage
3. Offering shoes as gifts to people in needs

Our aim is to continue doing it including special gifts to our employees for themselves or family.

Continued initiatives: PPE donations; Footwear donations to families in need; Support for children and orphanages; Vocational training and internships with technical universities; environment cleaning support initiatives ...

- Vocational training or internships

Partnering with local initiatives to support education through Vocational training through our Assessment & Training Center for people that have no skills and Internship with different universities such as Economic Engineering; Textile Engineering where many students get the chance of internship or final employment in our company.

6. Governance & Ethics

- Governance structure and ESG oversight guided through IMS such as ISO 9001; 14001; 45001; BSCI.
- Code of conduct and business ethics guided through BSCI standard; Code of Conduct in place and introduced to all employees and stakeholders
- Anti-corruption and compliance policies in place guided through BSCI standard; and introduced to all employees and stakeholders
- Data privacy and security measures, Act of Conformity in place and introduced.

9. Third-Party Verifications:

- Name of audit/verifier: TUV nord NB
- Standards: ISO 14001; 9001; 45001
- BSCI audit
- Name of audit/verifier: Control Union
- Standards: RCS and OCS

Confirmed by:

Etleva LARO

CEO