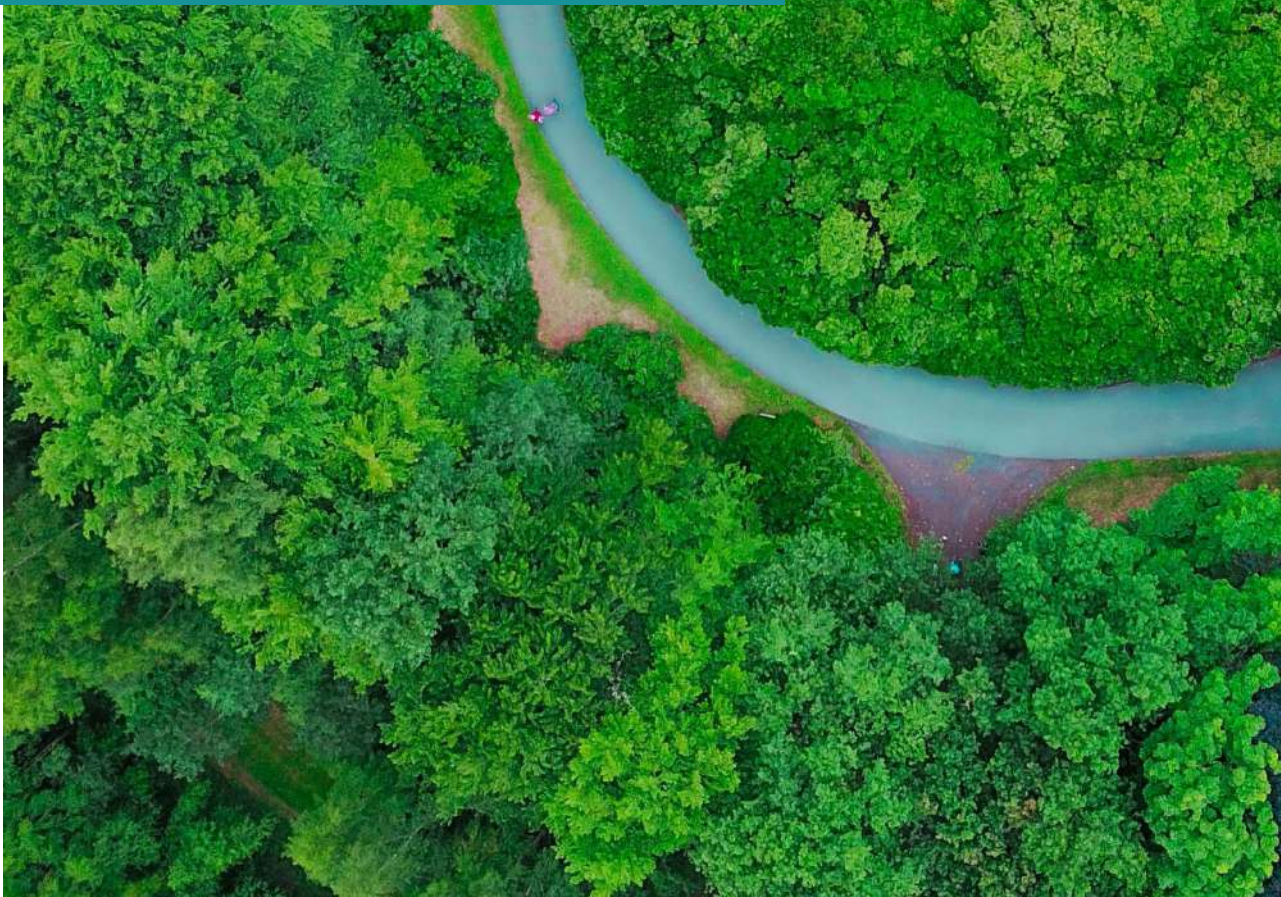




Zahonero
Engineering comfort

Sustainability Report 2022

Designing together a more
comfortable and sustainable world



INDEX

00

	Intro
04	Report Introduction
06	CEO Letter

01

	About Zahonero
10	Our History
12	Mission, Vision, and Values
13	Our Business Model
14	Our Brands
15	Business Success

04

	Social Commitment		
34	Commitment with People	50	Employees Evaluation
34	Ethic and Integrity	51	Health and Security at work
34	Fight against corruption and bribery	53	Social relationships
36	Respect all Human Beings	54	Formation
37	Zero Tolerance: Against Violence and Harassment	56	Equality in Zahonero Group
40	Compromise with the Team	57	Diversity in Zahonero Group
40	General Vision	58	Commitment with Community
41	Temporary	58	Proximity Supply
42	Hierarchy	58	Commitment with Customers
42	Gender	60	Open to Community
43	Hiring	60	Innovation and Technology
44	Turnover	61	Corporative and Sectorial Alliances
45	Equality		
47	Work time Organization		
48	Absenteeism		
48	Balance and Social Wellness		
49	Zahonero Academy and value proposal to the employee		

02

Correct Governance and Transparency

18	Sustainable Management
18	Growing Together
21	Fiscal Transparency
22	Risk Management ESG
25	Future Challenges

03

Objetivos 2025

28	Sustainability Committee
28	Commitment as a goal

05

Environmental Commitment

64	Commitment with the Planet
64	360° Approach
65	Product Development
69	Suppliers Evaluation
70	Carbon Footprint - GHG
72	Waste
74	Energy Consumption
76	Energetic Intensity - Carbon Footprint
78	Water
80	Materiale Consumption
82	Biodiversity
83	Certifications
84	Environmental Impact Reduction
85	Environmental Risks

06

Annex

88	Data Charts
106	Content Index NFIS GRI-SDG
110	Materiality Analysis

REPORT INTRODUCTION

COVERAGE

Zahonero Group's Sustainability Report includes all the company activities and companies. Until today, the group has presented 3 non-financial reports, being this one the second report made according to the GRI standards in its essential version. In this report we exposed the commitments which the Group has acquired, its strategy, its results and its objectives in the sustainability field, under an economic, social, environmental and well-governance point of view.

It is a solid objective to keep every Group's stakeholders, and society in general, informed about the progress we make in the commitments acquired. Whether the legal ones, the commitments voluntarily acquired or the Development Sustainable Pact of United Nations, a pact a pact to which we adhere this year.

RANGE

All the data exposed in this report are the result of the commitment which Zahonero Group has acquired in terms of sustainability in all of its facets, through the projects and actions accomplished in the year 2022. All contents, results, and projects shown in this report are referred to the year 2022 and covers all the activities made by every society and division of the group. Zahonero Group comprises the activities of these companies:

- **Zahonero Brazil.** We operate in Brazil, in the sectors of manufacturing ended insoles, latex foams, polyurethane foams, and bents of fabric and polyurethane foams.
- **Aquitex SA.** Operates in the Republic of Mexico, manufacturing ended insoles, latex foams, polyurethane foams, and thermoplastic rubber.
- **Foam Solutions Inc.** Operates in Canada territory, manufacturing latex foam and ended insoles.
- **Zahonero SLU.** Operates in Spanish territory, manufacturing latex foams and commercialising ended insoles and acoustic products.
- **Zahonero Virgili.** Operates in Spanish territory. Its mission is bringing consultancy services to all the societies which conform the Zahonero Group.
- **Zahonero India.** Operates in India, dedicated to manufacturing latex foam, polyurethan foam and ended insoles.
- **Zahonero Indonesia.** Operates in Indonesia and it manufactures latex foam, polyurethan foam and ended insoles.
- **Zahonero Hi-Tech.** Operates in Popular Republic of China and manufactures latex foam, polyurethan foam and ended insoles..
- **Zahonero Donming:** Business office in HK.
- **Zahonero Portugal:** Business office.
- **Zahonero Vietnam.** Operates in the Popular Republic of Vietnam, manufactures latex foam, polyurethan foam and ended insoles.

All these companies gather the Zahonero Group's activity, consisting of manufacturing and commercialising technical foams for its application in footwear, sporting goods, and acoustic isolation. The accountability of all the companies is firmly submitted.



APPLICABLE REGULATIONS

The following non-financial report has been prepared in line with all the requirements established in Law 11/2018, December 28, 2018, on Non-Financial information and Diversity approved on December 13, 2018, by the Spanish Congress of Deputies, which modifies the Commercial Code, the consolidated text of the Capital Companies Law approved by the Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Account Audit, on non-financial information and diversity.

The report is sent as a separate but integral report of the consolidated management report, corresponding to the same year, and subjecting it to the same criteria for approval, deposit, and publication.

REPORTING FRAMEWORK

In its preparation, the Guide for the preparation of sustainability reports of the Global Reporting Initiative (GRI Standards) has been followed. In this context, the aim of the Group is reporting on environmental, social and personnel issues, in relation with Human Rights which are relevant to the Group in the execution of its business activities.

In Annex I "Context Index NFIS GRI-SDG," referring to the contents required by Law 11/2018, of December 28, on the subject "Non-financial Information and Diversity, a list of the contents of the EINF is included, in accordance with the regulations indicated above.

VERIFICATION

The Non-Financial report has been subjected to an independent external review process. The independent assurance report, which includes the goals and scope of the process, as well as the review, procedures used, and its conclusions, is attached as an Annex to this report.

MATERIALITY

The Group's Materiality Analysis was carried out through the use of a weighted materiality matrix.

In a first phase, the Group's directors, meeting in the Sustainability Committee, listed all the interest groups concerned by our activity in the internal and external spheres.

In a second phase, once the interest groups were established, the Sustainability Committee raised, debated and chose those relevant topics with rigorous information and with the greatest impact on management and the relationship with interest groups.

The topics finally selected are a true reflection of the activity and impact that the various actions of the Zahonero Group generate on its interest groups.

During the third phase, the sustainability committee weighted the percentage values based on its impact on the business of the interest groups and the relevant aspects, shaping the materiality matrix on which the interest groups would rate the relevant aspects based on their interests.

In a fourth phase, the materiality matrix was sent to a representative group of each interest group, to rate its relevance to themselves, obtaining a final score of all relevant aspects by all interest groups.

The final scores were weighted, giving rise to the Group's final materiality matrix.

Finally, the management of Zahonero Group validated and approved the selected contents, which are included in this report.

The limits of the memory are due to the size of the Group, its geographical dispersion, and sufficient representativeness of the aspects discussed, as well as due depth and guarantee of the data provided.

CEO LETTER

Dear friends of Zahonero Group,

One more year I feel proud to belong to this company, which is part of the change towards a totally sustainable supply chain in each of the sectors in which it operates. All of this would not be possible without the people who are part of our project, inside and outside the organization. For this reason, I would like to thank all the Group's colleagues, end consumers of our products, suppliers, partners, and associates, for making possible this change for the better.

In 2022, we have taken another step towards our goals of advancing both environmental and social sustainability. Through process improvements, development of innovative technologies and employee awareness, we have managed to improve the environmental impact figures of our operation, which include reduction of carbon footprint, water footprint and waste. On the social side, we have improved the development of internal collaborators with training programs and the automation of processes, to generate jobs with greater added value.

These objectives follow the GRI standards, they are based on our philosophy of measuring progress with data, and are part of the commitment acquired with the SDGs. Our focus for improvement remains focused on the SDGs in which our operation has more impact:

**Decent work and economic growth (8);
Responsible production and consumption (12);
Industry, innovation and infrastructure (9);**

**Health and Wellbeing (3); Drinking water
management (6); Clean and affordable energy (7).**

In our commitment to the rest of the members in the chain and the final consumer, we have adopted transparency tools to show our progress in each of the Group's Business Units. With these tools, the progress of environmental and social improvements in each of the company's areas is measured and audited, and the information is made available to



partners involved in the supply chain.

The key to making this a reality lies in the people who are part of the Group and their talent and motivation. To develop this talent within the organization, it is essential to encourage diversity, promote training and ensure safe and healthy spaces for everyone.

At Zahonero, we remain committed to promoting and renewing our commitment to the United Nations Global Compact, to disseminate its initiatives throughout our value chain and employees, and to continue leading the transformation to a more sustainable and safe world for all.

Daniel Zahonero
CEO Zahonero Group



01. ABOUT ZAHONERO

Our history
Mission, Vision, and Values
Our business model
Our brands
Business success



OUR HISTORY

In 1965, in Elda, one of the largest footwear design and production centers in Spain, the enthusiasm and effort of the Zahonero family planted the seeds of our current company.

Since our foundation, if anything has characterized the Zahonero family's way of understanding the business, has been putting faith in internationality, innovation and commitment.

Today, we are proud to work not only in the European market, but also in America and Asia.

Our history forces us to focus our efforts on offering advanced and sustainable materials to our customers.

Our philosophy is based on contributing to the well-being of the user of our products and the satisfaction of our customers.

Currently, the third generation of the Zahonero family leads and drives the transformation of the company to face new challenges.

New product lines join the traditional ones.

Zahonero produces technical foams for footwear, footcare, sporting goods and acoustic insulation sectors.

Zahonero Group has its headquarters in Elda (Spain) and has its own factories in Brazil, Mexico, Canada, Spain, India, Indonesia, China and Vietnam. As well as a commercial office in Portugal and USA.

More than 500 employees contribute with their involvement in continuing to generate comfort for the users of our more than 3,000 international clients spread across 30 countries.

The distribution figures by gender are still far from parity, but the efforts and policies of the Group tend to minimize this traditional gap in the industry.

Country	2022		2021	
	Women	Men	Women	Men
Brazil	60	60	55	67
Canada	10	27	7	31
China	41	23	29	26
India	12	122	10	92
Indonesia	2	17	2	24
Mexico	27	46	54	71
Spain	13	71	14	76
Vietnam	12	18	10	20
Grand Total	177	384	181	407





More than 500 employees contribute with their involvement to continue generating comfort for the users of our more than 3,000 international clients spread across 30 countries.



MISSION, VISION AND VALUES

Building a better future

VISION

At Zahonero we have the vision of a more comfortable world for everyone.

Equal opportunities, awareness of commitment to the environment, and a commitment to innovation are our tools to overcome the challenges of sustainable development.

MISSION

Our mission is to transfer comfort as an intangible aspect to its tangible attributes, bringing the comfort experience in an individualized way to all our costumers and final users.

VALUES

Since our origins, the values which has walked with us are:



Innovation

We are committed to sustainable innovation that contributes to the comfort of our customers and the planet.



Sustainability

Because our environment is our future, our actions are aimed at minimizing the impact to minimize the impact of our operations and create more sustainable products.



Team work

Because to go far we have to go together. We believe in collaboration as the starting point for innovation.



Global Thinking

We manufacture locally, but think globally, about the planet, our environments and the footprint we leave behind.



Commitment

With our employees, customers, suppliers, the countries in which we operate and society. Listening to their needs and incorporating them into our strategic plans.

OUR BUSINESS MODEL

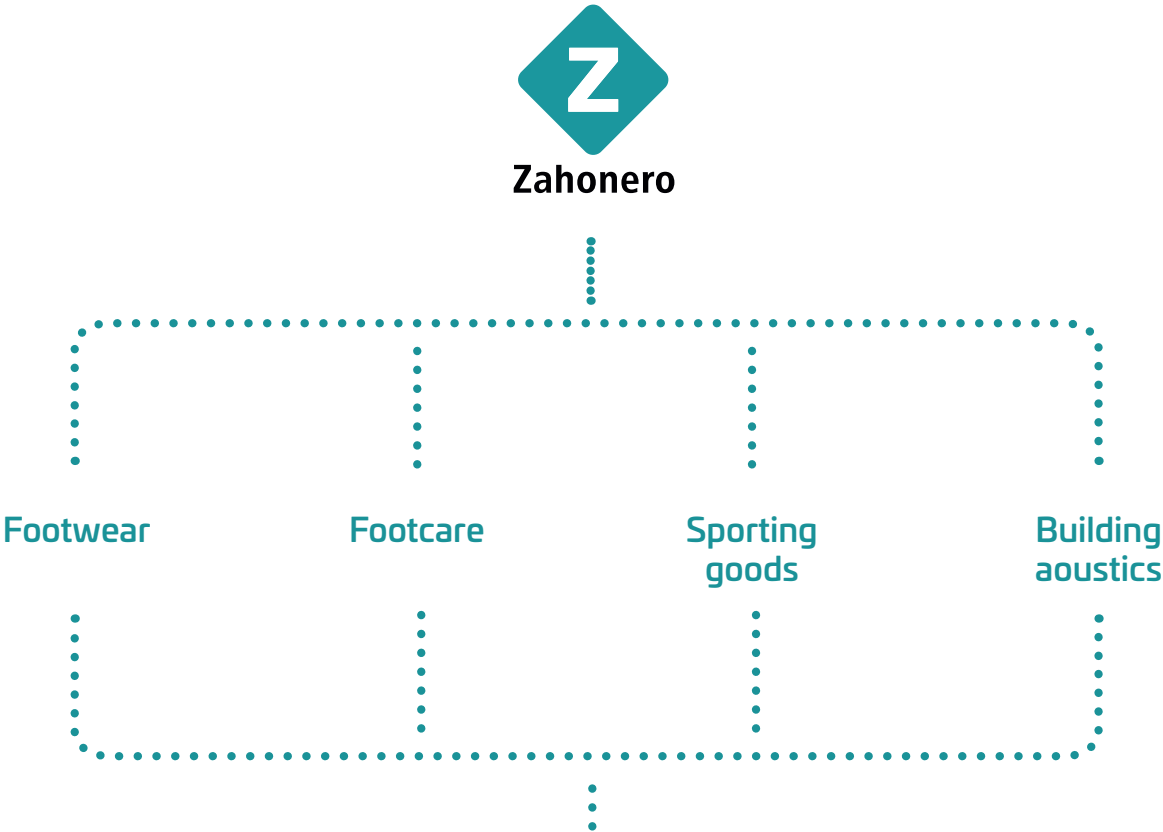
Comfort Solutions

Our business model is divided into the Group's four business activities. Material for footwear (Footwear), Foot care material (Footcare), Material for sporting goods (Sporting Goods) and Acoustic insulating material (Acoustics).

Within these activities, the manufactured foam can be produced in a semi-finished format for final completion by the client (foam rolls, foam sheets, fabrics folded with foam) or it can be delivered as finished material (insoles, replacement insoles, acoustic material).

Furthermore, depending on the material and technology used, we distinguish between the commercial brands Airfit, Cellfit, Starfit and Breathaprene. Within our business model, we differentiate the attention to local clients in each of the countries in which we operate, also paying attention to large international accounts with transnational projects and services.

Our business model is based on product excellence, the tangibility of comfort based on objective parameters, strict compliance with quality and delivery times, as well as the contribution of innovative solutions offering more sustainable processes and products.



OUR BRANDS

Performance and innovation guarantee: Product lines

FOOTWEAR



FOOTCARE



SPORTING GOODS



BUILDING ACOUSTIC



Performance and innovation guarantee: Technologies



BUSINESS SUCCESS

Sustainable growth

During 2022, global growth was maintained despite the great challenges that existed with the increases in energy costs in Europe, that affected the Spanish subsidiary, and the increase in the price of raw materials also caused by the energy crisis in Europe. The growth was uneven by subsidiaries and business lines, with ZVN being the subsidiary that grew the most in relative terms and ZCN in absolute terms. The business lines that performed the best were Footwear and Sporting Goods.

Growth was maintained in top-level brands both in Sporting Goods with Manduka, Rinat, and Decathlon, and in Footwear with Adidas and Ecco.

The Footcare line maintained business, offsetting the decline of key accounts in Europe such as Mercadona. Acoustics suffered a slight decrease due to the contraction of the European and American construction markets, caused primarily by the energy crisis and rate increases.

The automated insole line increased its production, exceeding 50,000 pairs.

New sustainable solutions were developed in each of the lines:

- At dBcover, the line of products based on impact biomaterials (BIO one) and recycled materials for absorption (ECOCero) grew.
- Biomaterials projects were achieved for socklines and upper in the Rolling line
- Rebounded technology was consolidated with a fine mechanical recycling product.
- In the Gripping range, cutting-edge gripping technologies with a high content of Biomaterials were developed.



The automated line of insoles increased its production to exceed 50,000 pairs of insoles.



02. CORRECT GOVERNANCE AND TRANSPARENCY

*Sustainable management
Growing together
Fiscal transparency
Risk Gestion ESG
Future Challenges*



SUSTAINABLE MANAGEMENT

Measurable sustainable goals

At Zahonero Group we believe that transparency in management is the basis of trust with our stakeholders. Therefore, within our transparency policy we use the most recognized models of accountability and presentation of results.

GRI STANDARDS REPORT

Subscribed to and aware of the importance of measuring and comparing results with “Bench Marking” in order to grow, we joined the Global Reporting Initiative to present our sustainability report.

GLOBAL PACT

Our globalized environment and our vision of a more sustainable world for all, committed us to the signing of the United Nations Global Compact for Sustainable Development to which we will report our progress annually since the signing in 2021.

COMMITMENT TO SUSTAINABLE DEVELOPMENT

As signatories of the Global Compact, Zahonero Group has a firm commitment to helping achieve the seventeen Global Goals to eradicate poverty, protect the environment and ensure a better future for all inhabitants and groups.

Our Annual Report includes the 17 priority SDGs for the Group and the actions undertaken to improve them.

GROWING TOGETHER

Management Structure

The management body of the parent company during the 2022 financial year has been made up of four administrators, all of them legal entities represented by men, who are those who perform the functions of senior management in the Group.

The legal entities that act as administrators have received income from the provision of services to the Group in the amount of 467 thousand euros (429 thousand euros during fiscal year 2021).

BOARD OF DIRECTORS

President and Chief Executive Officer:

- **OPES CREA:** Jorge Zahonero

Consultants:

- **BEST CENTURY:** Francisco Zahonero
- **CDS Brothers:** Daniel Zahonero
- **Promociones La Nucía SL:** Juan Antonio Reig

External Asistants:

- Alejandro Requena
- Alejandro Ríos

STEERING COMMITTEE

Director:

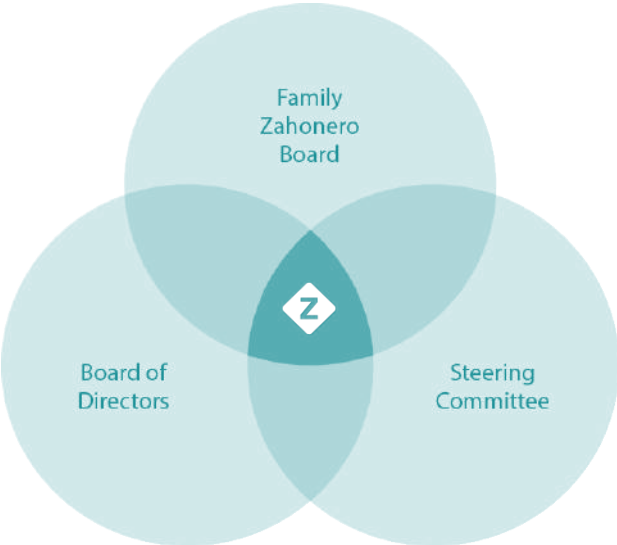
- **CEO:** Daniel Zahonero

Members (In alphabetical order)

- **HR Direction:** Fernando Coloma
- **Footcare Line Direction:** Donato DiBello
- **Financial Direction:** Rodrigo Gómez
- **Industrial Direction:** Leone Scalco
- **Acoustic Line Direction:** Manuel Taborga
- **Sporting Goods Line Direction:** Francisco Zahonero

Corporate Management Structure

GOVERNMENT STRUCTURE



INTERDEPARTMENTAL WORK COMMITTEES



COMPOSITION OF THE STEERING COMMITTEE



CORPORATE STRUCTURE



Global Management Structure



CEO

Daniel Zahonero

...



FISCAL TRANSPARENCY

Results

In fiscal years 2022 and 2021, the details of the results obtained, the taxes on profits paid and the public subsidies received by country, are as follows:

Country	2022 (Amount in Euros)		
	Net result	Profits taxes	Subsidies received
Brazil	379.676	229.479	-
Canada	55.997	4.112	-
China	475.123	-	20.688
Spain	255.861	44.239	-
Hong Kong	-284.359	-	-
India	172.673	280.380	-
Indonesia	-96.075	-	-
Mexico	326.717	-	-
Portugal	33.663	-	-
Vietnam	-119.517	-	-

Country	2021 (Importe en Euros)		
	Net result	Profits taxes*	Subsidies received
Brazil	279.888	-89.077	-
Canada	122.890	-1.899	364.137
China	-105.227	-	18.261
Spain	561.671	-109.860	-
Hong Kong	-45.893	-	-
India	476.384	-164.631	-
Indonesia	203	815	-
Mexico	-417.576	-	-
Portugal	-4.677	-895	1.905
Vietnam	-386.600	-124.905	-

(*) Taxes accrued

RISK MANAGEMENT ESG

Risk Management ESG: Approach to mitigate risks and transform them into opportunities

ESG risks are defined as those environmental, social or governance events or factors that, if they occur, could affect the organization or could have a potential negative impact on the achievement of its strategic objectives.

These risks can also constitute an important area of opportunities, to the extent that the organization increases its adaptability, thanks to the variations produced by them to counteract their effects.

The Management Committee is responsible for the Group's risk management, together with corporate management, identifying those risks that are considered most relevant to the sector in which they carry out their activity, as well as monitoring the internal control systems.

In the current business environment, characterized by an increasing demand for transparency, ethics and social responsibility, risk management for reputation is becoming more and more important. Therefore, the evaluation of the incidence of a certain risk in the reputation of the entity is integrated into the business strategy. Likewise, Zahonero Group ensures that all its employees understand and apply good practices related to ethical, security and privacy principles.

Zahonero Group maintains specific management of the most significant business risks: governance, economic, environmental and social, as well as the relevant measures to mitigate its risk through policies, controls and procedures, highlighting the following:

- **Environmental risks:** These include risks such as the entity's contribution to global warming through its greenhouse gas emissions, waste management or energy efficiency.
- **Social risks:** These include all risks related to elements such as human rights, compliance with labor regulations throughout the chain supply or health and safety in the workplace. They also reflect aspects such as the integration of the company in the local community.

- **Management risks:** They are derived from rights, responsibilities and stakeholder expectations in the companies management.

To establish management priorities, the detected risks are analyzed by their:

- **Probability criterion:** Given the knowledge of the company, the sector and the contextualization of both, it is the % certainty that the risk will occur.
- **Gravity:** It is the set of consequences that causes the materialization of the risk.
- **Temporal horizon:** How close or far the risk is from materializing.

Probability Criterion

- **Very likely:** Certainty that the risk will materialize.
- **Likely:** High probability that the risk will materialize.
- **Possible:** 50% chance that the risk will materialize.
- **Not likely:** Low probability of the risk materializing.
- **Very unlikely:** Virtually no chance of the risk materializing.

Gravity

- **Insignificant:** It will generate few consequences and in the short term.
- **Minor:** The consequences are easily managed in less than a year.
- **Moderate:** The consequences will be easily managed, but a period between 1 and 2 years.



- **Important:** Consequences will generate damage in a medium term, in a severe way
- **Catastrophic:** Consequences will generate deep damage with difficult recovery in medium term

Temporal horizon

- **Short:** Along the next year
- **Medium:** Between 1 and 4 years
- **Long:** 5 years or more



Zahonero Group maintains specific management of the most significant business risks: governance, economic, environmental and social, as well as the relevant measures to mitigate their risk through policies, controls and procedures.



RISKS ESG MAP

Typologies	Risk ESG	Gravity	Probability	Temporal Horizon
Environmental	Reduced productivity that cannot be recycled	Minor	Likely	Short
	Carbon footprint of the production	Minor	Very Likely	Short
	Water footprint of production	Minor	Very Likely	Short
	Raw material sustainable replenishment	Minor	Likely	Long
	Emissions generated in the production process	Minor	Very Likely	Short
	Accidents and spills	Important	Not Likely	Short
	Changes in environmental legislation	Moderate	Possible	Medium
Social	Suppliers HR policies not aligned with legal regulations	Important	Likely	Short
	Manufacturing with toxic products harmful to workers	Important	Very Likely	Short
	High turnover in positions not susceptible to labor flexibility	Moderate	Likely	Short
	Low qualification or obsolescence of internal talent	Important	Likely	Medium
	Work accidents linked to risky machinery	Important	Very Likely	Short
	Loss of internal talent	Important	Likely	Medium
Economic	Local regulatory modifications that affect the company	Moderate	Possible	Short
	Fines and sanctions derived from the operation of the company	Minor	Not Likely	Short
	Raw material price fluctuation	Important	Likely	Short
	General inflation environment	Moderate	Very Likely	Short
	Operating expenses deviating from the standard	Important	Very Likely	Short
	Currency fluctuation	Minor	Possible	Short
Governance	Lack of diversity on the board of directors	Moderate	Very Likely	Short
	Lack of customer experience policy for most important stakeholders	Important	Very Likely	Short
	Variations in stakeholder interests	Important	Possible	Short

FUTURE CHALLENGES

Main factors and trends affecting future evolution

The technical foam market is booming worldwide.

The versatility of its use in different industries, as well as new developments, aligning technical and mechanical properties to bio products and sustainable, are the strong points of a market with strong growth.

This way, the Zahonero Group faces a future of great growth, in which the challenge is knowing how to adapt to new needs, providing customer service, but with a clear objective of combining high-quality and sustainable products, without losing given the costs, as required by the industry. This is only possible through continuous improvement and by

integrating greater industrialization into the processes. The possible incorporation of new products and developments, as well as being able to grow globally in different locations will be at the same time a risk and a great opportunity that the Group must take advantage of, to consolidate itself as a partner of the large global OEMs.

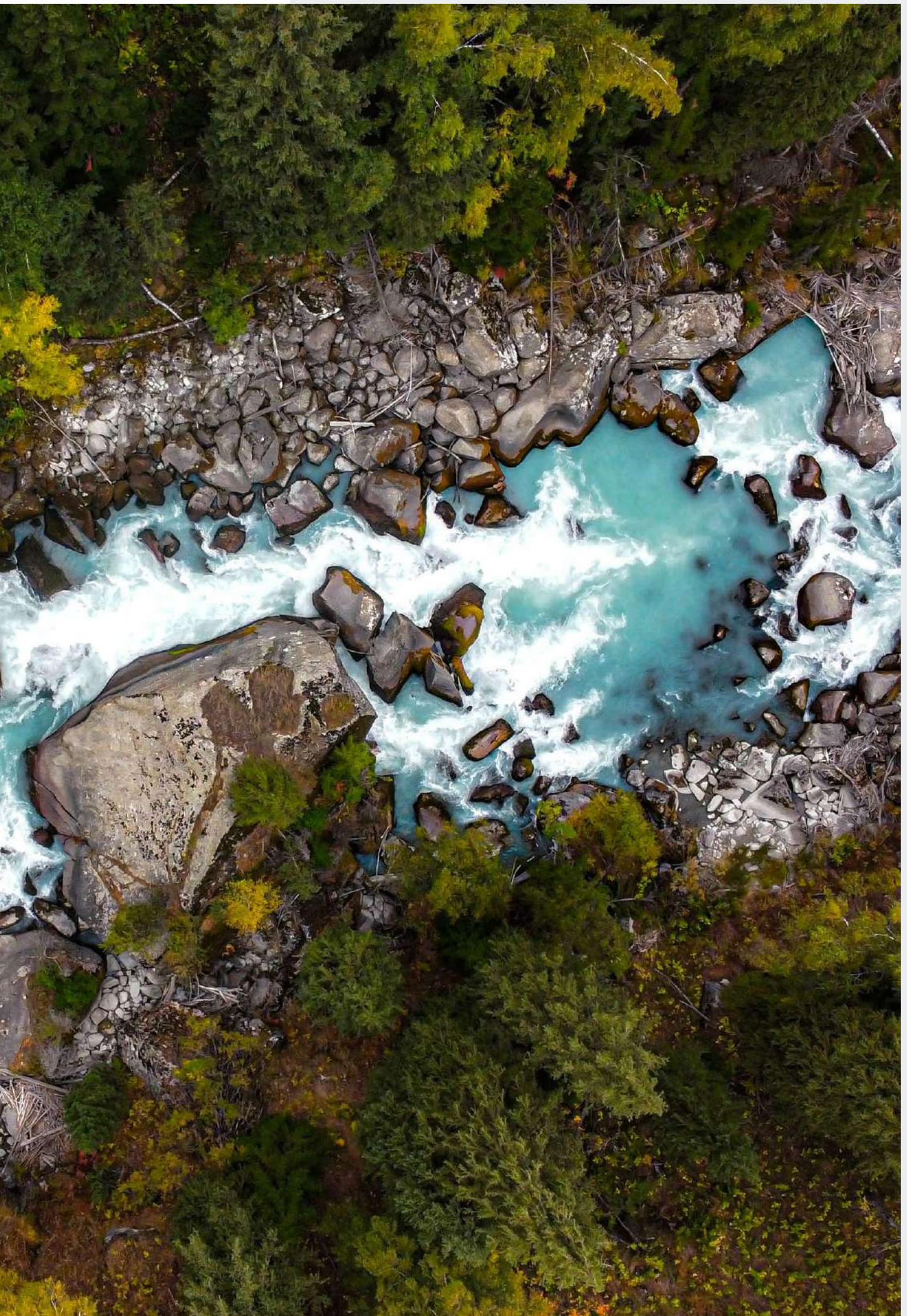
The degree of maturity of the Group, its client portfolio and its presence in key locations, places us in the best positions to take advantage of the opportunities that this industry offers.





03. 2025 OBJECTIVES

*Sustainability Committee
Commitment as a Goal*



SUSTAINABILITY COMMITTEE

Sustainability in the Zahonero Group strategy is not a department, a person or tasks. Our concept of sustainability is transversal to every operation we develop.

As a result of this transversality, our sustainability committee was established in 2019, made up of the Industrial Corporate Management, the Financial Corporate Management, the Corporate HR Management and the General Management of the Group.

In this way, both the Group's general strategy and the human, organizational and industrial aspects are represented in the decision-making and execution of the sustainability strategy.

As a result of the meetings of this committee, objectives were set for the year 2025 based on the SDGs with a reporting system based on GRI with the priority lines of:

- **Reduce losses and waste**
- **Minimize the use of resources**
- **Work the circular economy**

COMMITMENT AS A GOAL

ODSs Commitment

In 2021, Zahonero joined as a signatory of the United Nations Global Compact.

- **Short term (Within the strategic plan of the following year).**
- **Medium term (Horizon 2025)**
- **Long term (Totally sustainable vision of the production)**



Commitment to our stakeholders

Zahonero Group works on its sustainability strategy, based on commitment and awareness of the importance of our stakeholders. Collaboration with others and the generation of synergies, such as SDG 17, is a central pillar in the design of the strategy of sustainability.

As a result of our reflection and approach to our materiality, we have identified and work with the following stakeholders.

Communication with our stakeholders is made through surveys, social networks, corporate website and annual reports, among other channels.

SUPPLIERS

The supply and raw material chain is a crucial part of our business. We share with them our vision of sustainability by sharing best practices.

CUSTOMERS

We measure their degree of satisfaction with the service and the product. We collaborate in the phase of new developments and products to incorporate new productive and material solutions.

INTERNAL TEAM

The management and commitment of the team within Zahonero is one of the keys to our strategy. Two-way communication channels are opened on strategy and results based on the annual communication plan.



ENVIRONMENT

We develop new and more sustainable production processes, we invest in and reconvert our industrial model to new forms and materials that are more respectful of the environment. We also collaborate with educational and research institutions for continuous improvement.

SOCIETY

We collaborate with educational and research institutions (Inescop, University of Alicante, AITEX) as well as NGO's in our various campaigns.

WITH OUR TEAM

At Zahonero Group, we are committed to the professional development of our employees, with dignified and quality employment. Zahonero believes in equal opportunities and non-discrimination. and non-discrimination. We support diversity and inclusion in our teams. We promote family reconciliation policies. We defend Human Rights.

WITH ENVIRONMENT

Our efforts are focused on minimizing the impacts produced by our activities.

We promote the optimal management of resources and the recycling of production waste. Our actions combat climate change and improve

the environment by reducing our carbon footprint. We promote energy and water savings. We externally certify our good environmental practices.

WITH OUR SUPPLIERS

We share commitments to environmental and social improvement with our suppliers.

We collaborate with suppliers committed to international standards and sustainability certifications. sustainability certifications.

We transfer our values to our supply chain. to our supply chain.

We are committed to local suppliers, reducing our carbon footprint.

WITH SOCIETY

We promote employment in the countries where we operate, by managing a positive impact on the local community.

We hold open days for suppliers, customers and organizations.

We collaborate in training practices with the educational institutions in our operations zones.

WITH OUR CUSTOMERS

We have a firm commitment with our customers to offer technological, sustainable and quality products to our customers.

We are committed to the highest manufacturing and verification standards to guarantee our commitment.

We carry out a strict supervision of our atelier to guarantee at all times the quality and origin of our materials.

WITH OUR PRODUCT'S USERS

Commitment to maintain the same standard in our products for all our factories.

Commitment to the safety and quality of our products by complying with the most demanding measures regarding restricted products.

Commitment to the transformation to more environmentally friendly products in our portfolio year after year.

Sustainability as a Guide

“Engineering Comfort”, our motto, reflects the commitment to comfort based on the incredible capabilities that engineering offers us. This approach leads us to opt for leadership in sustainable production in an objective way, through engineering and knowledge.

Technical leadership as the basis of our commitment to improving our environment transforms into the following main lines of work:

INDUSTRIALIZATION

Actions are focused on the reduction of resources in production, fundamentally in energy and water consumption and in the development and application of technologies that are more respectful of the environment. Opt for recycled materials, from our own industry or from third parties.

TECHNOLOGY

Actions in the area of materials development that favor the recycling of the components used, and collaboration projects regarding the circularity of the components. Development from materials based on natural sources and with a low transformation impact.

PEOPLE

Committed to cultural diversity within the Group, with growth programs and policies, aimed at guaranteeing safe and decent working conditions for all our employees. Generating internal synergies to share our goal of a more sustainable world.



04. SOCIAL COMMITMENT

*Commitment with People
Commitment with the Team
Commitment with Community*



COMMITMENT WITH PEOPLE

Ethic and Integrity

In 2019, Zahonero Group published our “Ethical Code”. This code reflects the internal commitment with the optimal principles and standards for the development of relationships with our main groups of interest in all the countries in which we carry out our productive and/or commercial activity.

Our Ethical Code reflects our history, our mission, vision, values and our commitment to the advancement of the societies in which we operate. The ethical code reflects the expected behaviors, desirable good practices and the necessary action guide based on our values. Likewise, the ethical code includes the means of communication with Zahonero’s management to collect unwanted behavior and ensure its commitment.

The code reflects topics such as conflicts of interest, use of company services and assets, expense policy, protection of personal data, privacy and personal security, leadership and communication styles, anti-bribery and anti-harassment protocols, and equality policy of opportunities and fair treatment.

Our “Code of Conduct” was added to the Ethical Code in 2020, a summary document for employees that reflects the HR policies, equal opportunities and commitment to the SDGs for all our employees.



The ethical code reflects our history, our mission, vision, and values.

Fight against corruption and bribery

To respond to risks related to integrity and transparency, Zahonero Group has developed a series of policies and mechanisms to establish an ethical, honest action, responsible and in good faith of each of the people who work in and for the Group, materialized in the Group Code of Conduct.

Corruption, fraud and bribery could harm considerably the reputation of the Group, and may bring sanctions from administrators, loss of clients and/or suppliers, and legal consequences, among other aspects.

This is why the Group considers that it is a very relevant factor, so measures must be implemented to avoid these risks and fight against them. Also, the laws and regulations must be complied with national and international, following the Human Rights standards of the United Nations, the International Organization of Labor and the principles of the OECD among others.

The objective of these policies is to act responsibly in management and comply with obligations, compete in the market fairly, avoiding deceptive conduct, promote information transparency and maintain contact with interest groups through appropriate channels.

BRIBERY

Bribery, understood as giving or receiving an improper reward to influence the behavior of a public entity or another business partner with the intention of obtaining an incorrect advantage in a business operation, is totally prohibited by any part of the Zahonero Group.

Zahonero Group employees must act according to the laws that apply and, in no case may they:



- **Use or tolerate bribes from third parties towards the Group, its employees or vice versa.**
- **Receive, offer, or deliver, directly or indirectly, any payment in cash or any other benefit, to people in the service of any entity, public or private, political party or candidate for public office, with the intention of obtaining or unlawfully maintain business or other advantages.**
- **Every employee who has been requested or offered a bribe must immediately inform Management.**

CORRUPTION AND MONEY LAUNDERING

The term corruption includes any illegal practice committed by a company or by people linked to the company seeking enrichment. Examples of business corruption would be: theft, robbery, scams, forgery, misappropriation, money laundering, underground economy, etc.

The Zahonero Group position is absolutely against any practice that may be linked to business corruption, and, in case it is made by any employee,



In 2020, our Conduct Code was added to the Ethical Code, which reflects the HR policies, equal opportunities and commitment to the SDGs for all our employees.

in addition to the ways that justice may take, the Group will initiate disciplinary actions that could even lead to dismissal.

PRESENTS, INVITATIONS AND ATTENTIONS

Gifts and invitations are symbols of gratitude in business and private relationships. Gift culture differs between countries and in some, refusing a gift can be considered an offense. However, excessive gifts and invitations can be used to seek improper business advantages.

The Zahonero Group is aware that, in establishing long-term business relationships, gifts and invitations can play a role. Whether we deliver or receive, this must be within reasonable limits. This is essential to ensure that the Zahonero Group maintains its reputation of being totally independent from its business colleagues, and base decisions on objective issues. Not only the value, but also the type of gift and invitation can compromise the reputation of the Group.

Human beings respect

INTERNAL PREVENTION MEASURES

Zahonero Group, based on its commitment to the environment has developed a series of policies and internal mechanisms aimed at guaranteeing the rights of our workers, especially in the areas of:

- **Security and health at work.**
- **Respect for physical and moral integrity of our collaborators.**
- **Workers' rights.**
- **Diversity and equal opportunities.**
- **Respect for privacy.**

All our subsidiaries, based on our Code of Ethics, have a direct reporting channel of any breach of the company's code of conduct that includes the rights of all our workers. Complaints can be anonymous within the confidentiality that collects the protocol and channeled through of the HR department.

All workers have the right to safeguard their rights in accordance with the code of ethics and the code of conduct.

Our protocol establishes that the complaint in the first stay will be channeled through the HR department, that will be in charge of processing them. Any internal complaint must also be channeled to corporate HR management for supervision and validation.

In both 2021 and 2022, no internal complaints were registered throughout the Group due to non compliance of the ethical or conduct code.

The commitment to compliance with Human Rights is channeled through the monitoring of Safety and Hygiene policies, internal audits of the group in matters of human rights such as the annual CSR audits that have been carried out in the last two years and the training policies for the improvement

of the team's knowledge of international labor standards.

All subsidiaries have established and formalized anonymous mechanisms for reporting complaints.

PREVENTION MEASURES WITH EXTERNAL COLLABORATORS

Zahonero Group recognizes that its success depends of good relationships with business colleagues (customers, suppliers, and collaborators), as well as in their business development.

Thus, Zahonero Group strives to build business relationships based on mutual trust and the search for benefits for all parties. Zahonero Group is committed to:

- **Participate in business in an environment of respect and dialogue.**
- **Work with companies that respect legal requirements.**

Zahonero Group seeks to extend these Code of Conduct practices to the companies with which it has direct dealings, so that:

- **Special attention will be paid to those cases in which there may be indications of a lack of integrity of the people or companies which the Group maintains relations with, and these possible situations must be immediately reported to Management.**

The contents of this Code of Conduct that are applicable to contractors, suppliers and external collaborators will be included in the collaboration or service provision contracts that are formalized in each case.

Throughout the year, no suppliers or contractors have been identified that are violating or endangering compliance with Human Rights.

APPLICATION OF DUE DILIGENCE PROCEDURES

Due diligence constitutes one of the fundamental axes of Zahonero Group's Human Resources Policy. This process involves identifying the potential impacts on Human Rights throughout the value chain to subsequently integrate the conclusions into the Group's processes.

Zahonero Group regularly carries out a review and update of its due diligence processes, using the best practices identified both within the Group and externally to develop a global due diligence model.

ZAHONERO GROUP is firmly committed against any form of violence and harassment.



In both 2021 and 2022, no internal complaints were registered throughout the Group due to non-compliance with the Ethical or Conduct Code.

Zero Tolerance for Violence and Harassment

Our ETHICAL CODE includes the guiding principles of human relations within the Group and our CODE OF CONDUCT expands and specifies all forms and behaviors that are not tolerated in the Group.

We seek to create safe spaces of respect and tolerance for all our employees.

Any form of intimidation, abuse of authority, use of bad words, or any form of aggressive or hostile expression that represents a source of intimidation for any employee is prohibited.

Any form of personal belittlement based on any difference is intolerable in our organization. The Group has internal means such as direct access to formal complaints to our HR teams to channel complaints in this regard, resolving all incidents quickly and safely for employees.

PHYSICAL CONDUCTS

Our Ethical Code states that all people employed at Zahonero Group are obliged to act within the framework of their relationships in the company, with criteria of respect, dignity, and justice. The expressed rejection is included as a very serious offense of any form of violence, harassment or abuse, as well as any form of employment or personal discrimination. This guiding principle of our Ethical Code is developed in the internal Conduct Code.



PHYSICAL CONDUCTS

Through our Conduct Code, at Zahonero Group we establish a policy of zero tolerance towards annoying or unwanted behavior that involves physical harassment for any member of the company, client, supplier, assistants, etc.

We do not tolerate conduct that disrupts a safe work space or turns it into a hostile, offensive or abusive environment.

This includes any form of abuse of authority, physical or belittling.

VERBAL CONDUCTS

Like physical behaviors, the use of bad, offensive or humiliating words is totally prohibited. Also the use of pejorative epithets, nicknames, jokes unwanted, and verbal abuse. Likewise, these behaviors are not tolerated by any means, whether verbal, written or by any means of dissemination within or outside the Group.

The use of materials that may be considered offensive, any type of workplace harassment, comments or gestures that are annoying, as well as explicitly sexual comments, offensive images and any other material which may be humiliating is prohibited.



We have a zero tolerance policy towards annoying or unwanted behavior that involves physical harassment for any member of the company, client, supplier, assistants, etc.

Zahonero Group has implemented a policy based on zero tolerance for harassment and violence in any of its areas.

Our Ethical and Conduct Codes specifically include bullying situations and the rules about dealings between colleagues in a respectful way, as well as the supervision, compliance, and complaint procedure in case of violation.

We are very proud to include in this report that no case has been detected or reported via control and monitoring channels, and that training in the field of internal regulations and commitment with Human Rights have been made extendable to every member of the Group.

COMMITMENT WITH THE TEAM

General vision

Zahonero Group is an international company. Our team, as of 12/31/2022, is made up of a total of 561 professionals.

This number represents a reduction of 27 employees compared to the 588 employees in fiscal year 2021 on the same date. Given the percentage magnitude, we can affirm that the composition of the team has remained stable in fiscal year 2022.

Our global workforce is made up of 32% women and 68% men. The distribution by gender of the teams in each of the subsidiaries is closely related to the different types of products manufactured in each of them.

The companies with the highest percentage of men are those with greater industrial weight and less extensive labor, linked mainly to chemical transformation manufacturing processes, such as Spain, Canada, India and Indonesia.

On the contrary, those factories of the group more linked to manufacturing processes and extensive labor linked to the footwear sector, especially the manufacturing of final insoles, are much more effeminate companies.

This is the case in subsidiaries such as Brazil, Mexico, China or Vietnam.

Zahonero's equal opportunities policy ensures non-discrimination based on gender in any of our selection processes, taking part of our Ethical Code and our selection policies being frequently supervised.

Country	Employees by sex and country on Decemeber 31st					
	2022		2021		2022	2021
	Women	Men	Woman	Men	% Women	% Women
BRAZIL	60	60	55	67	50,00%	45,08%
CANADA	10	27	7	31	27,03%	18,42%
CHINA	41	23	29	26	64,06%	52,73%
INDIA	12	122	10	92	8,96%	9,80%
INDONESIA	2	17	2	24	10,53%	7,69%
MEXICO	27	46	54	71	36,99%	43,20%
SPAIN	13	71	14	76	15,48%	15,56%
VIETNAM	12	18	10	20	40,00%	33,33%
Grand Total	177	384	181	407	31,55%	30,78%

Temporary

Zahonero Group, throughout its history, has opted for stable work in its teams, the training and consolidation of stable staff, which leads us to achieving our objectives. The number of employees and their composition by sex has remained stable in fiscal year 2022.

The overall workforce at the closing date of the report only presents a variation of -27 employees. 588 in fiscal year 2021 compared to 561 in 2022. The composition of the workforce by gender also remains stable on a percentage basis, repeating percentage composition values.

Of the 561 employees that are part of Zahonero Group, 384 are men and 177 women.

Our commitment to stability in employment means that of the 561 employees who are direct part of

the Zahonero team, 96% of them have a permanent contract as a form of connection with the company.

The temporary contract affects 4% of the workforce, most of which represent interim contracts with people entitled to reserve jobs or to carry out specific work during production peaks, especially in the packaging section.

The percentage of men with permanent contracts reaches 97%, while for women it reaches 95%. Compared to fiscal year 2021, the percentage of women with a permanent contract has increased by 10%, reducing the gap in employment stability between both genders within the company's policy.



96% of employees have a permanent employment contract.

EMPLOYEES	561	
Women	177	32%
Men	384	68%
PERMANENT CONTRACT	540	96%
TEMPORARY CONTRACT	21	4%

	Women total number	
WOMEN EMPLOYEES	177	
PERMANENT CONTRACT	169	95%
TEMPORARY CONTRACT	8	5%

	Men total number	
MEN EMPLOYEES	384	
PERMANENT CONTRACT	371	97%
TEMPORARY CONTRACT	13	3%

(*) Total number and distribution by sex, age, country and professional classification as of December 31

Hierarchy

The hierarchical composition based on the sex of the occupants has been influenced generationally by the high level of connection between the Manager positions in the 60 years of the company's life.

Currently, this imbalance is being reversed with the greater presence of new additions of women to the teams, as can be seen in the attached table.

The Zahonero Academy program focused on internal promotion favors the participation of both sexes on an equal basis.

Gender

The composition by gender in the different responsibility categories comes weighted by the labor gap associated with gender, that the company works to reverse with active policies and equal opportunities.

Thus, the category of female managers has increased by 50% in the last year through internal promotions.

		Global data of employees by professional category and gender			
		2022		2021	
Hierarchy Level	Gender	Number	%	Number	%
Director	Women	4	14%	2	8%
	Men	24	86%	23	92%
Total Director Manager	Women	4	27%	8	22%
	Men	11	73%	28	78%
Total Manager Assistant Manager	Women	13	26%	2	8%
	Men	37	74%	23	92%
Total Assistant Manager Head	Women	14	25%	0	0%
	Men	41	75%	5	100%
Total Head Technician	Women	33	31%	31	37%
	Men	75	69%	53	63%
Total Technician Worker	Women	219	38%	184	37%
	Men	355	62%	317	63%
Total Workers		574	-	501	-
Grand Total		830	-	724	-

Total number and distribution of employees by sex, age, country and professional classification

Hiring

During fiscal year 2022, incorporations by gender in the group, even with a slight preponderance in the male gender, are very close to parity, reducing the existing gap in access to jobs in the industry based on sex.

In the rest of the groups, there is clear progress in women taking positions of responsibility within the company. Taking into account the age of the people who were hired, the vast majority given the usual type of hiring has been profiles of those under 30 years of age at 52%.

Taking into account the contracting regions, those with the greatest growth have been the ones where there is the greatest growth in manufacturing, such as Brazil and Mexico, which explains the greatest concentration of new hires in women under 30.

Gender	Global data of new hirings by gender			
	2022	2021	2022	2021
Women	112	86	42%	43%
Men	157	113	58%	57%
Grand Total	269	199	-	-

Total number and distribution of employees by sex, age, country and professional classification

Age Range	New hirings by age. Global Data.					
	2022			2021		
	Women	Men	Total	Women	Men	Total
Menores de 30	47	92	139	34	53	87
Entre 30 y 49	55	59	114	49	51	100
Mayores de 50	10	6	16	3	9	12
Total general	112	157	269	86	113	199

Total number and distribution of employees by sex, age, country and professional classification

Turnover

Turnover in the Zahonero Group is low, the result of the commitment to stable and quality employment, always above the legal standards of the countries in which we operate, and seeking the long-term commitment of our employees.

The turnover referring to all employees of each gender has remained in relatively similar amounts. The highest turnover values in fiscal year 22 are especially affected by the situations of the Mexican subsidiary given the peculiarity of the labor market in the city of León and the divestments carried out in lines such as TR. Moreover, in the Brazil factory,

the rate is affected by the low unemployment situation. In general terms, the values have increased and we are working proactively with more exhaustive onboarding processes to reduce these numbers for the 2023 financial year.

The greater mobility among the population under 30 years of age means that the turnover rates within their age group are the highest while, on the contrary, the turnover rates in

employees over 50 years old is the lowest. Something a priori understandable due to the greater loyalty of the employees.

Age range	Global data of new hiring by gender					
	2022			2021		
	Women	Men	Grand Total	Women	Men	Grand Total
Under 30	16%	15%	15%	13%	9%	10%
Between 30 and 49	19%	11%	14%	20%	9%	13%
Over 50	2%	3%	3%	1%	2%	2%
Grand Total	38%	29%	32%	33%	20%	24%

(*) Number of dismissals by sex, age and professional classification

Equality

Zahonero Group believes in equality of opportunities between men and women. Our commitment with equality is expressed and written down in the main corporate documents of the Group.

Both the Ethical and Conduct Codes explicitly state that all our companies must offer equal access to hiring, promotion and training to all members of the Zahonero team.

Within this firm commitment to equal opportunities there is a social and local reality whereby jobs have mostly had a gender bias in today's world.

This, in a lively company like Zahonero, is reflected in the different gender composition of the jobs in the company. A high volume of female work in the Group is concentrated in the areas of administration and supervision of labor-intensive work, while male work is focused more on technical areas and supervision of mechanical processes.

This traditional polarization in the division of labor is the reason why there is a favorable positive gap in administration jobs in favour of women, in practically all of the group's companies while, on the

contrary, in positions more linked to the production area and techniques the wage gap is negative for women.

The Group maintains its firm commitment to non-discrimination of any kind and maintains open channels of communication and reporting of any potentially discriminatory practice that may occur in it.

All salaries are expressed in annual Gross Salaries in Euros with the exchange rate of December 30, 2021 and 2022 respectively.

To calculate the average remuneration, the salaries of all workers who have been registered with the company for the entire year have been taken into account. To avoid unwanted biases, workers with prolonged periods of sick leave (greater than 2 months) have been eliminated.

As part of the equality studies, salary audit campaigns have been launched in all the group's factories to understand the current salary structure and the differences in remuneration that exist in the company.

The Group maintains the same salary equity policy in all its companies, so the origin of the deviations based on sex depends on to the following conclusions and action plans.



TOTAL WAGE GAP

The total wage gap for the Group in Spain has increased slightly in 2022. The single analysis of all salaries for all positions does not reflect the equal reality of salaries in the company within the performance of the same job. The company gap is especially affected by the horizontal and vertical segmentation of work between genders, not by inequitable pay for the same positions. However, the company takes good note of this trend of segmentation and access to certain positions and will promote internal projects that reduce this gap.



Zahonero Group believes in equal opportunities between men and women.

Country	Wage gap							
	2022				2021			
	Women	Men	Grand Total		Women	Men	Grand Total	
Spain	21.600,36	23.988,95	23.647,72	9,96%	20.300,19	26.506,97	25.571,70	23,42%
Brazil	4.113,39	6.303,55	5.259,01	34,74%	23.839,64	36.539,80	30.690,03	34,76%
Mexico	3.130,75	6.263,52	4.904,01	50,02%	61.847,08	158.841,17	116.098,02	61,06%
China	8.487,88	16.546,09	11.587,19	48,70%	76.145,72	141.338,43	105.482,44	46,13%
India	5.032,42	5.288,23	5.266,46	4,84%	370.870,27	486.590,24	474.912,08	23,78%
Canada	28.495,78	48.036,74	43.595,62	40,68%	33.876,48	66.685,19	61.344,24	49,20%
Indonesia	10.056,10	6.486,89	6.869,31	-55,02%	163.994.311,58	104.652.675,30	108.891.363,60	-56,70%
Vietnam	8.973,00	9.832,81	9.532,88	8,74%	198.021.416,67	257.768.680,00	238.391.189,19	23,18%
Corporate	35.134,54	50.442,57	46.615,56	30,35%	35.134,54	50.442,57	46.615,56	30,35%
Total	6.728,60	12.304,13	10.376,21	45,31%	11.142.939,89	19.252.991,64	16.519.769,78	42,12%

(*) Wage gap. Remuneration for equal jobs (by age groups and professional categories).

Work time organization

Zahonero Group is firmly committed to legal compliance with working hours in the different countries in which it operates.

The work policy followed during fiscal year 2022 has been centered on the reduction of overtime, improving internal efficiency and improving the conciliation of our employees.

Likewise, throughout fiscal year 2021 a flexibility campaign has been started in the work day that has been translated in the implementation of entry days and flexible exit in the subsidiaries of Spain, Mexico, Brazil and Canada. Over the next few years, these practices will be extended to all the group's companies in the Administration departments.

The organization of work shifts in production meets rationalization criteria, taking into account that the majority of our subsidiaries do not have a single production but rather different productions, many of which are interdependent with each other.

- **Zahonero Brazil:** Works two 8-hour shifts from Monday to Saturday within the country's legal framework.
- **Zahonero Mexico:** Latex works two 10-hour shifts from Monday to Thursday. PU and Templates work two 8-hour shifts from Monday to Saturday. Both within the legal schemes of the country.
- **Zahonero Canada:** Works two 8-hour shifts from Monday to Friday within the country's legal schemes.
- **Zahonero Spain:** Works three 8-hour shifts from Monday to Friday within the country's legal schemes.
- **Zahonero India:** Works three 8-hour shifts from Monday to Saturday within the country's legal schemes.
- **Zahonero China:** Works two 8-hour shifts from Monday to Saturday within the country's legal schemes.
- **Zahonero Vietnam:** Works two 8-hour shifts from Monday to Saturday within the legal schemes of the country.



Work time organization: Absenteeism

Absenteeism figures due to occupational accidents have been significantly reduced, as has the severity rate, due to stricter policies in the investigation of occupational accidents and new measures adopted to improve training and occupational risk prevention associated with the HIGG INDEX certification initiative.

The objective remains to achieve a "0" accident rate in our 0" accident rate in our plants through accident investigation and the adoption of effective preventive measures.

In this regard, the total number of hours of absenteeism recorded during recorded during fiscal year 2022 amounted to 59,645 hours. 59,645 hours.

Work time organization: Conciliation and social wellness

CONCILIATION MEASURES

During fiscal year 2022, we continued focusing on the work-life balance measures implemented in fiscal year 2021. The Spanish subsidiary has adopted an intensive workday for the management team for the entire year.

The subsidiaries in Brazil and Mexico have adopted flexible start and finish times, and the corporate team of Zahonero Spain has incorporated the teleworking modality one day a week for the entire year.

Moreover, the Group continues to offer its employees the possibility of attending important family events such as graduations, end-of-year festivals, and family trips without any time recovery costs for the employee.

In the coming years, we will continue to deepen this measure of employee value as part of our strategic line of action. within the group's strategic line of attracting and retaining talent. of attracting and retaining talent.

Occupational accidents	GLOBAL					
	2022			2021		
	Women	Men	Total	Women	Men	Total
Hours worked	469.031	930.423	1.399.454	374.946	806.418	1.181.364
Accidents with paid leaves	0	13	13	2	12	14
Lost days by accidents	0	227	227	137	325	462
Lost hours by accident	0	1.831	1.831	1.096	2.609	3.705
Frequency rate	0,0000%	0,0014%	0,0009%	0,0005%	0,0015%	0,0012%
Severity rate	0,000%	0,1964%	0,1306%	0,2923%	0,3235%	0,3136%
Deaths by accident	0	0	0	0	0	0
Professional illnesses detected	0	0	0	0	0	0

Work time organization: Zahonero Academy and value proposal to the employee

ZAHONERO ACADEMY

“Zahonero Academy” is a project focused on improving the performance and employability of our employees. The project is divided into management, middle management and core staff training, with 2022 being the third year in which it has been carried out. The plan is aimed at updating knowledge and empowering personnel in the workplace.

VALUE PROPOSAL TO THE EMPLOYEE

The employee value proposal is the total compensation model, used in our talent attraction and retention strategy, and is based on the following pillars:

- **Variable salary based on competencies and objectives**
- **Annual employee training plan**
- **Performance-based career plans**
- **Private Medical Insurance**
- **Flexible start and finish times policy**
- **Salary in kind**
- **Teleworking policy**
- **Time self-management**

IMPLEMENTATION OF WORK DISCONNECTION POLICIES

Organic Law 3/2018, of December 5, 2018, on the Protection of Personal Data and guarantee of digital rights, in its article 88 Right to digital disconnection in the workplace, includes the obligation for the Group, after hearing the workers' representatives, to draw up an internal policy aimed at workers, including those in managerial positions, which will have to define the modalities of exercising the right to disconnection and staff training and awareness-raising activities on the reasonable use of technological tools to avoid the risk of computer fatigue.

In particular, according to the Law, the right to digital disconnection must be preserved in cases of total or partial remote work, as well as in the employee's home linked to the use of technological tools for work purposes.

The Group is currently working to comply with the requirements of the aforementioned Law.

Likewise, since 2020, and as a main consequence of the irruption of COVID-19, the modality of teleworking or remote work has been implemented for those jobs that allowed it, fulfilling the objective of labor flexibility, while preserving and guaranteeing the right to digital disconnection of employees through a specific system of daily record of the day, mandatory for all people working remotely, in order to guarantee the working time and disconnection at the end of the working day.



Employee Evaluation

All Zahonero Group companies are subjected to local legislation. There are specific collective negotiation agreements applicable to the plants in Canada, Brazil and Spain with union representation and collective negotiation spaces.

The factories in Mexico, India, Indonesia and Vietnam are subjected to local legislation. In turn, Zahonero Group through its Ethical Code and collective negotiation initiatives articulates enough mechanisms to have a fluid dialogue with its employees.

Health and Safety Committees and Equality Commissions are other systems of communication and negotiation with one of our main stakeholders, our partners.

In addition to collective and individual negotiations, Zahonero Group has an evaluation and orientation system designed to improve the company's internal talent and the growth of its employees. The evaluation system is based on a "Nine box" model based on the evaluation of competencies and performance in the position of each of our employees.

100% of the Group's Managers receive annual appraisal based on designated competencies and objectives. Periodic feedback meetings are aimed at aligning the company's action plans and strategy and the company's action plans and strategy with the with the achievement of objectives.

The second phase of the implementation of the evaluation system has reached the plants in Spain, Brazil, India, China and Vietnam. Through the "Evals" program, all production employees receive monthly, quarterly or four-monthly evaluations quarterly or four-monthly depending on the section and size of the plant.

The third phase of implementation of the "Evals" program, to be carried out in 2023, includes the Canadian plant. The third phase will be the implementation in 2023 of the performance evaluation at supervisor and technician level in all the group's subsidiaries. We are also working on the migration to a new Evals 2.0 platform that is more up-to-date and interconnected with the rest of the company's information, developing the objective of automating information.

The performance system is aimed at aligning performance with the Group's strategy, improving talent engagement and the involvement of employees in the company's performance.



Health and Security at work

Zahonero Group has in all factories a global instruction manual on Health and Hygiene that includes, in an exhaustive way, the means, systems and reports focused on ensuring the safety of our workers in our facilities.

All of the group's plants have a Health and Safety Committee comprising local HR management, the plant's H&S Manager and a representation of the workers, elected by the workers themselves or incorporating union representatives, which ensures that 100% of the workforce is represented on these committees.

During fiscal year 2022, the company began a program to adopt the Social and Labor Convergence Program as an internal compliance standard. The platform chosen for the systematization of internal audits was HIGG INDEX, as an initiative of the APPARAEEL COALLITION, which promotes the adaptation of best practices in the footwear sector. This standard provides an external verifier of the company's practices and drives annual improvement plans.

Given the nature of the Group's operations, there are no employees directly affected by the risk of occupational disease as defined by international health and safety regulations.

Within the Health and Safety Committees of the factories, the priority issues dealt with are as follows:

- **Chemical products handling**
- **Accident analysis and preventive measures**
- **Formation plan in H&S**
- **Preventive proposals**

Health and Security at work: Internal auditing

In recent years, increases in health and safety measures at the Zahonero Group have been a constant feature.

All Zahonero Group subsidiaries have a specific monitoring and action plan for occupational risks audited by internal audit that manages risks at various levels, to reduce the total risk score of each factory through annual investment budgets. annual investment budgets.

Throughout 2022, many improvements have been carried out in each of the Zahonero Group companies.

SPAIN

Improvements have continued to be implemented in the machinery, especially regarding safety guards and improvement of the extraction systems. For the second year in a row, the FSLM audit score has been improved.

BRAZIL

Monthly talks focused on improving prevention have been held, in conjunction with the "Gymnastics at Work" program, to improve worker ergonomics. A plan to improve electrical panels and install fire hydrants has been implemented in preparation for FSLM certification.

MEXICO

An important work has been carried out to raise awareness-raising, signage and updating of workers' personal protection equipment. workers. We have proceeded to improve and tidiness of the facilities, and the development of risk prevention awareness talks

CHINA

The factory's new HSE manager has achieved the group's best HIGG INDEX score of 95% for Health and Safety and is in the top quartile for compliance among chemical companies in China.

INDIA

An HSE manager has been hired and has developed several policies and improvements for the FSLM certification process in 2023.

INDONESIA, CANADA AND VIETNAM

They have worked on moving from monitoring internal audits to monitoring and using the HIGG tool to achieve certification of results in FSLM standards.

Health and Safety at work: Accidents

Within the health observance and surveillance section, the total number of accidents has been reduced to 13, also reducing their duration and severity.

Thus, the number of days and hours lost due to accidents has been reduced by 50% with respect to the previous year, as well as the frequency and severity rates due to the higher total number of hours worked.

50% reduction in the number of days lost due to occupational accidents, as well as in their severity

Occupational accidents	GLOBAL					
	2022			2021		
	Women	Men	Total	Women	Men	Total
Hours worked	469.031	930.423	1.399.454	374.946	806.418	1.181.364
Accidents with paid leaves	0	13	13	2	12	14
Lost days by accidents	0	227	227	137	325	462
Lost hours by accident	0	1.831	1.831	1.096	2.609	3.705
Frequency rate	0,0000%	0,0014%	0,0009%	0,0005%	0,0015%	0,0012%
Severity rate	0,000%	0,1964%	0,1306%	0,2923%	0,3235%	0,3136%
Deaths by accident	0	0	0	0	0	0
Professional illnesses detected	0	0	0	0	0	0



Social relationships

- **Organization of social dialogue, including procedures for informing, consulting and negotiating with staff.**

The Group currently has union representation by employees in Brazil (CIPA), Canada (WUCC) and Spain (CCOO, UGT). The company does not in any way restrict union organization of workers in the countries in which it operates and promotes social dialogue with them, either in an organized manner (unions) or through specific committees representing workers (India, Mexico) or through global assembly communication (Vietnam, China, Indonesia). Zahonero's project is to work on a homogeneous system of employee participation for the coming years.

- **Percentage of employees covered by collective bargaining agreements by country**

The Group does not currently have its own labor agreement in any of the countries in which it operates, but in some of them it is integrated in sector agreements, such as in Spain, Vietnam, Brazil and Canada. In the rest of the countries where the Group operates, employees are covered by the labor codes of the countries in which we operate (Mexico, India, China, Indonesia).

- **The balance of collective bargaining agreements, particularly in the field of occupational health and safety**

Zahonero Group applies in all its factories the highest occupational health standards based on international regulations such as OHSAS 18001. Thus, the standard guaranteed by the group is homogeneous and exceeds, in some countries, the local standard itself.

Zahonero Group has personnel specially dedicated to health surveillance and monitoring, either integrated into its own HR teams (Mexico, Canada, Vietnam, Indonesia), or with dedicated internal resources (Brazil, India, China), or by outsourcing trained personnel (Spain).

Formation

The Zahonero human team is the key to the Group's project.

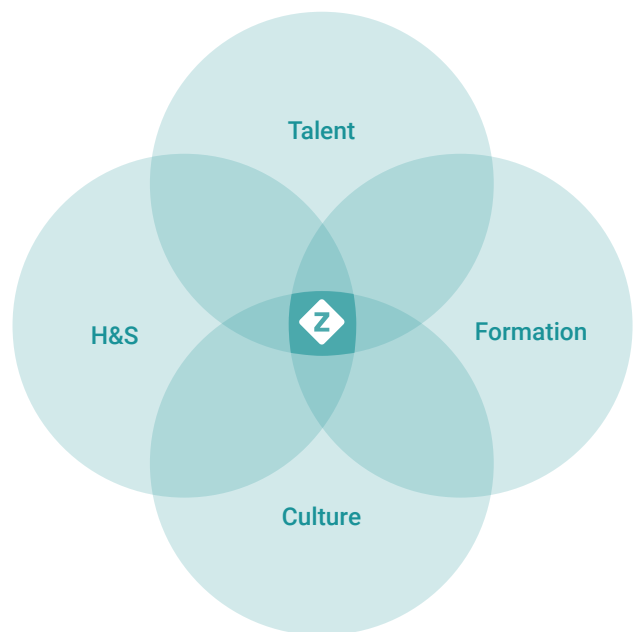
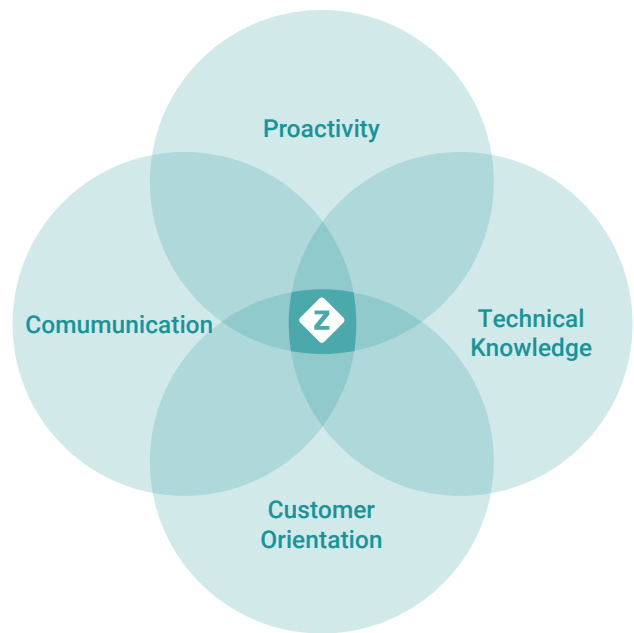
As a company we promote, comply with, and defend human and labor rights in the countries in which we operate.

We offer the best HR practices with annual internal audits of these practices.

Attracting and developing talent, managing diversity, and supporting minority groups are part of our commitment to our team and society. In 2022, although the overall number of training hours was lower, the number of hours per employee increased. This is explained by the gradual reduction and recovery of the workforce throughout the year.

Most of the training hours have been dedicated to improvements in health and safety training, and in internal work processes, as well as onboarding training for new personnel.

Zahonero Academy, as a cultural transformation and middle management training experience, began in Brazil, joining the third edition of the one carried out in Spain.



9.7% increase in training hours per employee

Average hours of training by category and gender. Global data						
Hierarchical Level	2022			2021		
	Women	Men	Grand total	Women	Men	Grand total
Director	31,7	33,1	32,8	139,5	7,3	17,9
Manager	4,3	5,0	4,8	9,6	6,1	7,0
Assistant Manager	17,1	16,2	16,5	16,0	29,3	25,3
Head	9,8	11,4	11,1	-	23,6	23,6
Technician	23,9	7,6	12,8	26,4	10,0	16,1
Worker	8,7	7,0	7,7	5,4	8,5	7,4
Grand total	11,9	9,4	10,2	9,7	9,1	9,3

Training hours by category and gender. Global data						
Hierarchical Level	2022			2021		
	Women	Men	Grand total	Women	Men	Grand total
Director	95	529	624	279	169	448
Manager	13	40	53	86	172	258
Assistant Manager	171	422	593	48	205	253
Head	88	332	420	-	118	118
Technician	645	433	1.077	818	530	1.348
Worker	1.088	1.440	2.528	995	2.694	3.689
Grand total	2.100	3.196	5.295	2.226	3.888	6.144

Equality

The objectives achieved in the area of equality for fiscal year 2021 were as follows:

DIVERSE ORGANIZATION

Zahonero Group has global thinking as one of its "core values".

We promote a diverse organization that guarantees the principles of equality and equity among people, in terms of their possibilities of incorporation and career advancement, regardless of any factor. This policy is endorsed in our Ethical Code and guaranteed by our internal management of this policy.

TALENT LOYALTY

We believe in diversity of talent. We attract and retain the best talent to support business development, and provide quality elements in the labor relationship so that any person, regardless of their circumstances, has flexibility measures that allow them to incorporate their talent into the Zahonero Group. These measures are reflected in our "Employee Value Proposition".

VALUES ALIGNMENT

The values of Zahonero Group are lived and worked in the organization as an organizing vector of the business strategy. Our values are at the core of our business and people strategy. We are committed to co-responsibility in management and the measurement of results as the core of our values-based strategy.

Tools for evaluation, monitoring and follow-up of our equality policies:

- Equality Committee
- Human team analysis
- Values survey
- Annual report
- Employee suggestions

Diversity

The international vocation of the Zahonero Group is reflected in the diversity of the organization, which contributes to the richness of the business strategy.

Our HR policies for attracting and retaining talent are aligned with this vision; we seek diversity in our teams. Our Ethical Code reflects the values of respect, tolerance and non-discrimination.

Zahonero's international team is composed of diversity, reflecting our policies of inclusion.

Non-discrimination and diversity policies are extended to the Group's entire supply network and subcontractors of the Group.

Diversity of gender, age, nationality, sexual orientation, religion, and functional diversity make it possible to build inclusive work environments that are safe and open to talent without any type of restriction.

These open policies are included in our Ethical Code and Code of Conduct as vectors of the Group's values.

Zahonero Spain, applying the Lismi, incorporates in its team personnel with Functional Diversity. The company wants to extend this project to the rest of its subsidiaries, given that none of them currently has functional diversity personnel, and to increase the ratio in Spain in the coming years.

In the Spanish subsidiary, the percentage of employees with functional diversity represents 1.12% of the total number of employees.

The cultural diversity provided by our international implementation gives us great value in the Group's internal management.

HR policies are aligned with the empowerment of diverse and complementary teams that reinforce the commitment and pride of belonging to an association that has a strong moral and ethical commitment to the diversity of the world.

The Zahonero Group brings resources to the promotion of cultural and experience exchange among employees, through actions such as the "Zahonero Internship Program", dedicated to the exchange of workers between factories and the annual strategic convention, where, in a mixed

work and leisure environment, Group's strategic challenges are discussed.

In turn, each of the companies that make up the group provides specific training on the value of diversity within our organization.

DIVERSITY

The diversity of the Zahonero Group team is reflected in the policies of equality and equity in terms of the possibilities of access to a position promotion options, training and evaluation in the work environment. and evaluation in the work environment.



TALENT

Commitment to diversity is a commitment to the talent of our team. Our policy is to attract and seek the commitment of the best possible talent regardless of anything other than ability and merit. Diversity brings flexibility to our talent pipeline.

VALUES

We align our company values with those of our employees. We believe that every person finds purpose in their work environment rooted in shared values. Diversity is the key value in team management within the Zahonero Group.

WELL-BEING

We believe in building a company that is committed on the well-being of our employees, based on the emotional well-being and attention to the diversity of our team. The policies aimed at the flexibilization of schedules, vacations and flexible working hours, vacations and time off is a key of the organization's HR strategy.

- Equality Committee
- Diversity analysis
- Annual SRC report
- Annual survey of communication and values
- Team suggestions

COMMITMENT WITH COMMUNITY

Proximity Supply

- Zahonero Group has a policy of promoting proximity sourcing with the aim of reducing the generation of carbon footprint in transportation, favoring local ecosystems and being able to have a closer relationship with them.
- Due to the need of standardization of key raw materials and ensure compliance with RSL compliance with RSL standards, some essential purchases, such as polymers, are sourced centrally (25%).
- 54% of all purchases of complementary materials (chemicals, fabrics, leathers, inks, etc.) and packaging are sourced from local suppliers, contributing to the promotion of a more circular economy. to the promotion of a more circular and sustainable and sustainable economy (an increase of 3 points compared to 2021).
- Although key suppliers are not audited on-site, certificates and quality seals are required to demonstrate the solvency of their processes and compliance with the standards required in the industry.
For small local suppliers, periodic visits are made for a high-level control of their facilities without going as far as in-depth audits and processes.

Commitment with costumers

INTEGRATED MANAGEMENT SYSTEM

Zahonero Group has an integrated customer relationship management system (CRM). This software stores information about the company, potential business opportunities and already closed projects for which products and solutions are currently being supplied.

QUALITY MANAGEMENT

To ensure quality assurance for our customers, we define a technical data sheet that includes the properties that the product must have with respect to the application (TDS). In production, the main physical properties that define this datasheet are measured online, ensuring that the raw materials that enter the process also have the properties with which the product was designed and defined. Finally, for each application and technology there is a visual inspection process before packaging. visual inspection process prior to packaging to ensure to ensure that the product complies with the the specifications defined and agreed with the customer. with the customer. In addition, we store samples of each Batch for of each Batch are also stored for possible revisions at a later date.

Zahonero Group is working on an ambitious project to digitize the traceability of our production bumps, with information on raw materials and manufacturing conditions.

		GRUPO ZAHONERO 2022							
DISTANCE	Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	ZH GROUP
0 to 500 km	59%	46%	44%	49%	60%	62%	9%	42%	54%
500 to 2000 km	41%	13%	19%	13%	7%	30%	5%	4%	22%
> 2000 km	0%	41%	37%	38%	33%	8%	86%	54%	24%

COMPLAINTS AND CLAIMS

The Integrated Management System (CRM) itself has a complaint management module that records information on causes, immediate corrective actions, and proposals for long-term improvements, if applicable. The system itself records information on the reaction time through the dates of registration, modification, and closure of the complaint. This information is available for the subsequent year's investment budget planning to calculate the return on investment in machinery improvements. This system is developed at ZES and is planned to be implemented in the future for the rest of the subsidiaries. The complaints registered, managed, and solved during the 2022 fiscal year through the system are 17: 14 in the Spain business unit, 2 in the China business unit, and 1 in the Brazil business unit.

QUALITY AUDIT

Zahonero Group successfully completes annual quality audits, carried out by accredited entities (SGS, UL, etc.) to certify the quality management systems according to the standards of our customers.

COSTUMER SATISFACTION

In addition to an informal follow-up through commercial visits on the satisfaction of our customers, satisfaction surveys are conducted annually with the main customers by industry and business unit.

These surveys provide information on the main reasons why we are of interest to them as a business partner, and the aspects of service, price or product that could be improved.

CONSUMERS HEALTH AND SAFETY

All our products are validated by third parties or by our customers before being marketed to the consumer. In some of our products that are for health applications such as insoles, the company also has the EU CE Marking that guarantees that all the requirements are met to be marketed for this use.



Open to community

The Group's relationship with society in which it is inserted is key for us. Zahonero Group is interested in being part of the communities in which it operates and contribute to their improvement and development. Part of the commitment to achieve the 2030 agenda is to contribute to the development of societies. All these mutual influences reinforce us and contribute to achieving the goals of sustainable development.

As part of our collaboration strategy, we relate to groups of interest, especially in the field of education, as well as in the activities of companies in the same sector which we can collaborate with in sharing knowledge, in order to establish alliances that will allow us to achieve our business, social and environmental sustainability objectives.

Our initiatives in the field of innovation, sustainability and Human Resources have a high sectorial recognition which leads us to be requested in collaborations with institutions and associations in which we participate on a regular basis.

Zahonero collaborates periodically in the training of students in the province of Alicante.

Throughout these years we have developed internships with students from various institutions such as:

- **Miguel Hernández University from Elche**
- **Polytechnic School of Valencia**
- **Alicante University**
- **Fundesem**
- **IES La Melva**
- **IES La torreta**
- **IES Paco Mollá**
- **Sagrada Familia School**

In addition, several professionals from the company have participated as speakers or collaborators in activities carried out in:

- **Entreprenurs Circle from Medio Vinalopó**
- **Alicante Directors Circle**
- **AEDIPE**
- **Unnium**
- **Imagen**

Innovation and technology

The Group's technological transformation process has been structured in several areas

COLLABORATIONS

We collaborate with certification and research entities such as INESCOP, IBV, Science Park of the University of Alicante, Science Park of the University of Elche, and AITEX. The collaboration allows us synergies between public and private innovation for the improvement and certification of our projects and processes.

SYSTEMS

In the last year, the corporate systems team has been expanded, Power BI technology has been implemented for real-time data automation, and systematization and standarization of information processes have been started.

PROCESSES

Our commitment to innovation has led us throughout 2022 to the development of new processes for the chemical recovery of polyols from polyurethane foam waste with the use of bio reagents. with the use of bio-reagents.

INVESTMENT IN REINDUSTRIALIZATION

We believe in the proximity industry. We work within a common project with different items in the EU Next Gen funds in a project structured around a new footwear production technology that will favor the reindustrialization of the Alicante area making feasible the production currently displaced to Asia.

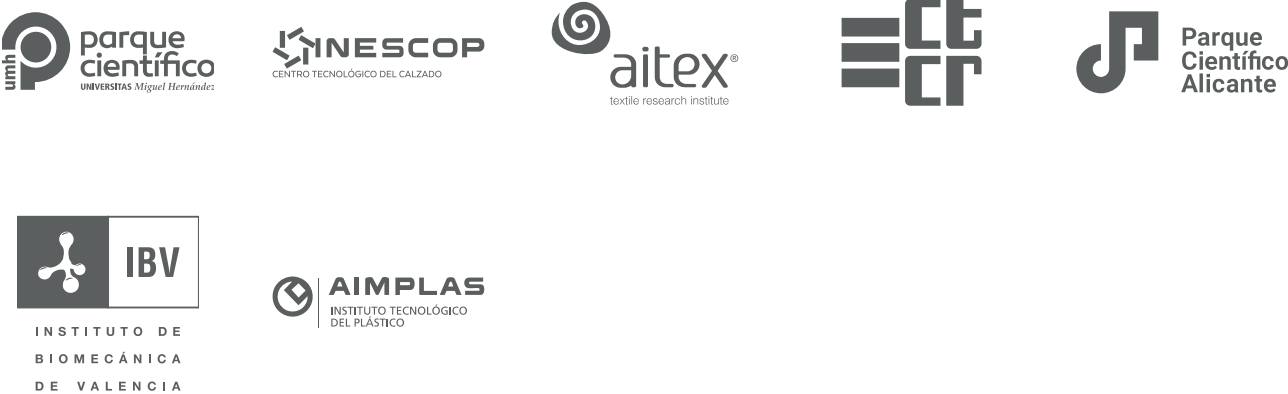
In Zahonero, Innovation is one of the key aspects that we take care of, in collaboration with other social and economic factors.

Corporate and sectorial alliances

SECTORIAL ALLIANCES



TECHNOLOGICAL ALLIANCES



EDUCATIONAL ALLIANCES



SOCIAL ALLIANCES

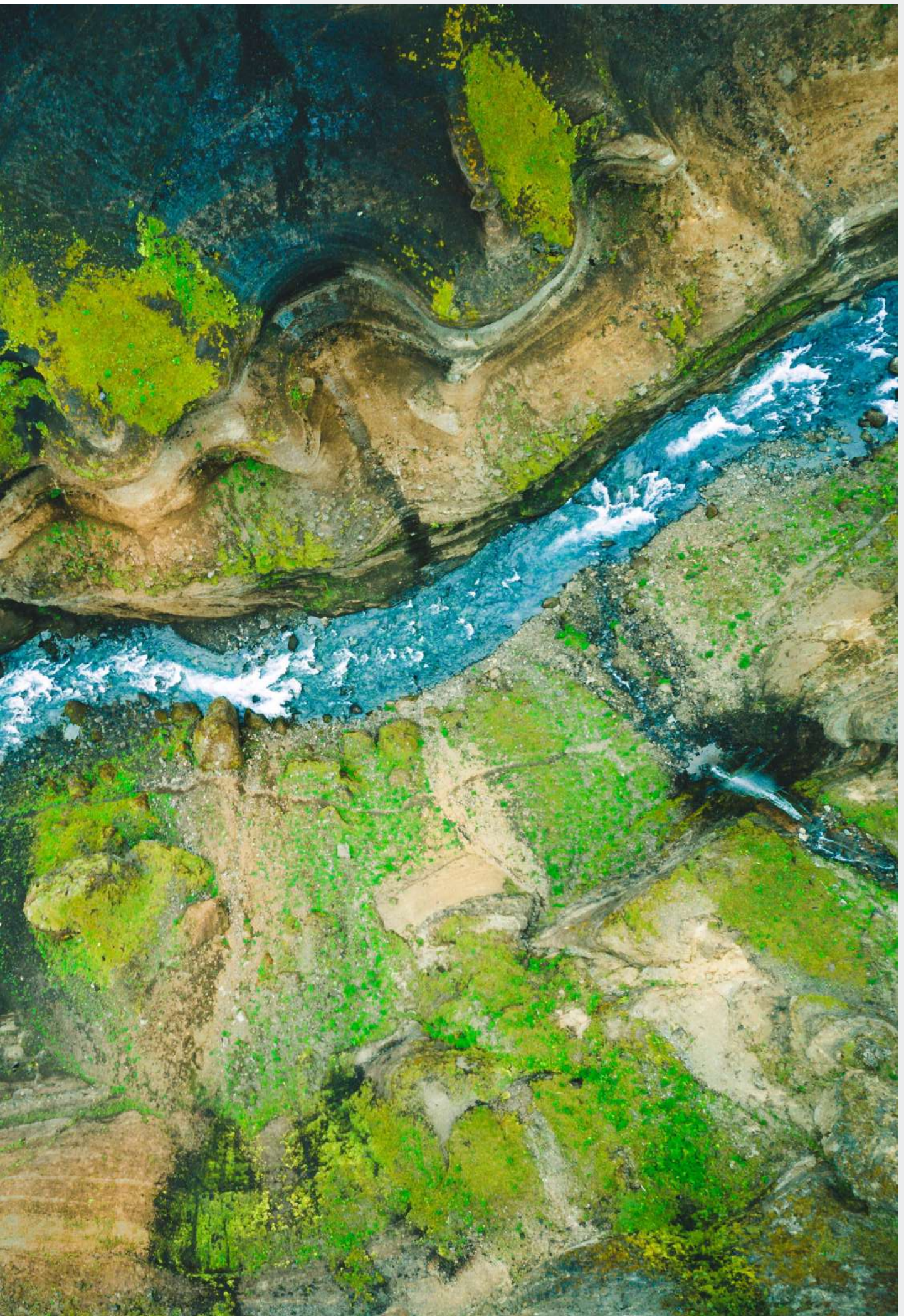




05. ENVIRONMENTAL COMMITMENT

Commitment with the planet





COMMITMENT WITH THE PLANET

360° approach

Zahonero is committed to the certification of its activities and products to guarantee to customers, distributors, and end users that our products fulfill the promise of sustainability and ethical commitment that we make.

We support product sustainability on several fronts on several levels:

ECODESIGN

We work with our customers from the sketch of the product, providing advice so that the final product is easily recyclable. and a second life can be given to most of its materials.

RECYCLING INCORPORATION

We are committed to increasing the product lines that incorporate recycled material from our own production cycle or from third parties, reducing the generation of waste and its impact on the environment.



We are committed to suppliers with a low impact impact on their environmental footprint, preferably local suppliers

RAW MATERIALS

We are committed to increasing the use of raw materials of natural origin, especially those of low impact in their processing.

SUPPLIERS ELECTION

We are committed to suppliers with a low impact on their environmental footprint, preferably local, favoring the development of local communities. development of local communities.

EFFICIENCY

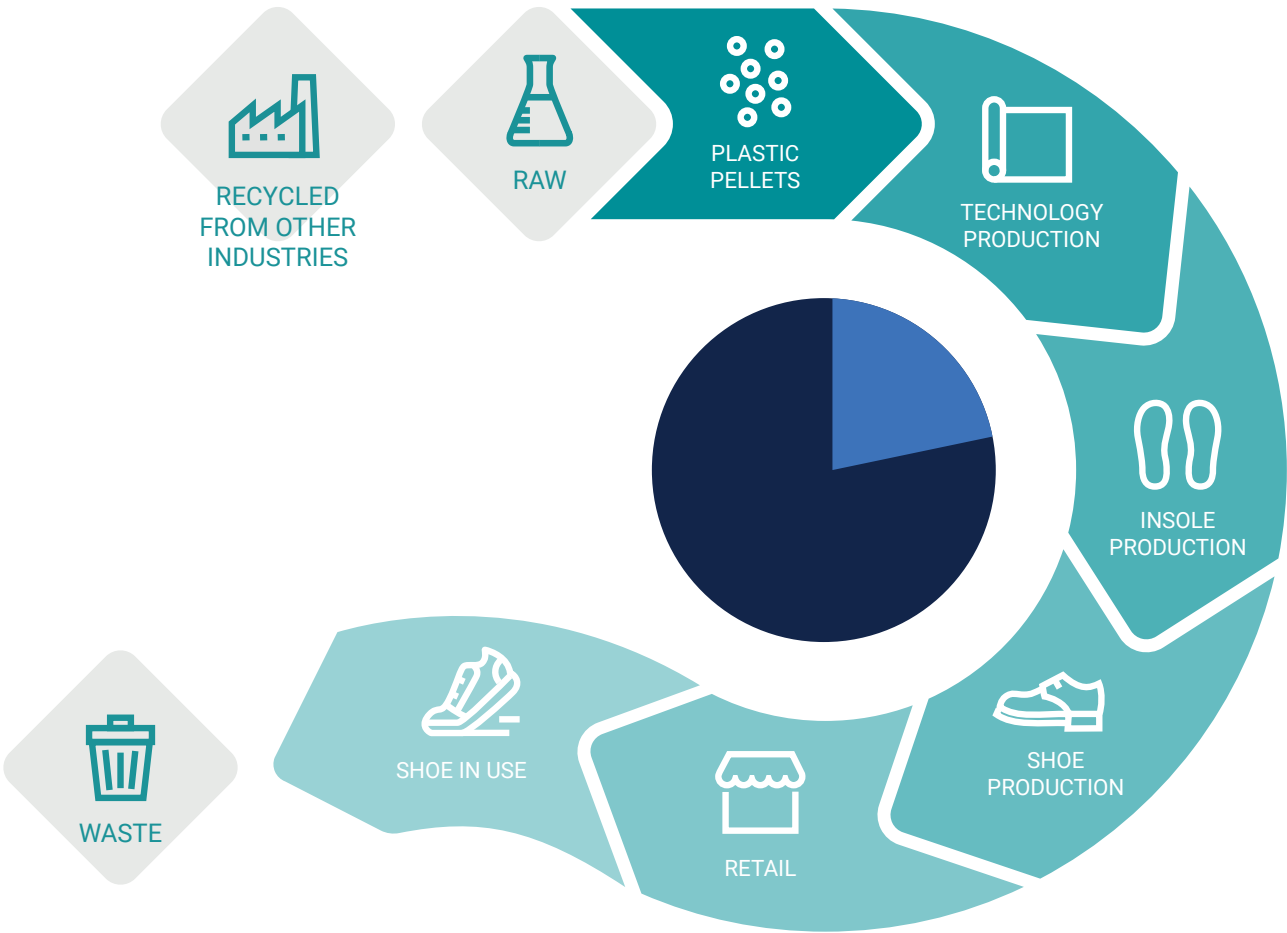
We are working to reduce our water footprint, purify production water, and reduce energy consumption.







Product development: short term

RECYCLED

Solutions with up to 20% recycled materials from other industries.

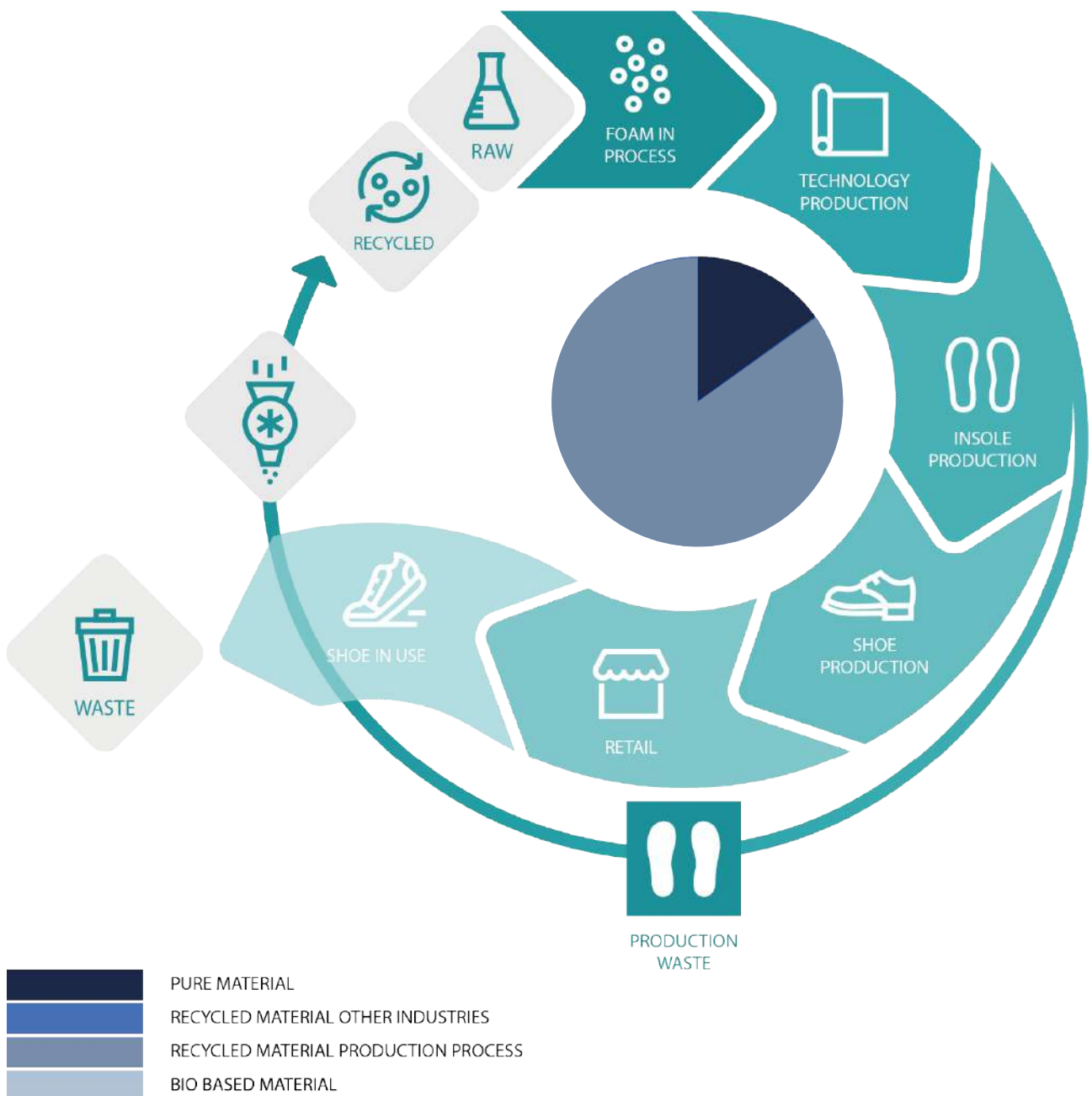


-  PURE MATERIAL
-  RECYCLED MATERIAL OTHER INDUSTRIES
-  RECYCLED MATERIAL PRODUCTION PROCESS
-  BIO BASED MATERIAL

Product development: medium term

ZERO WASTE

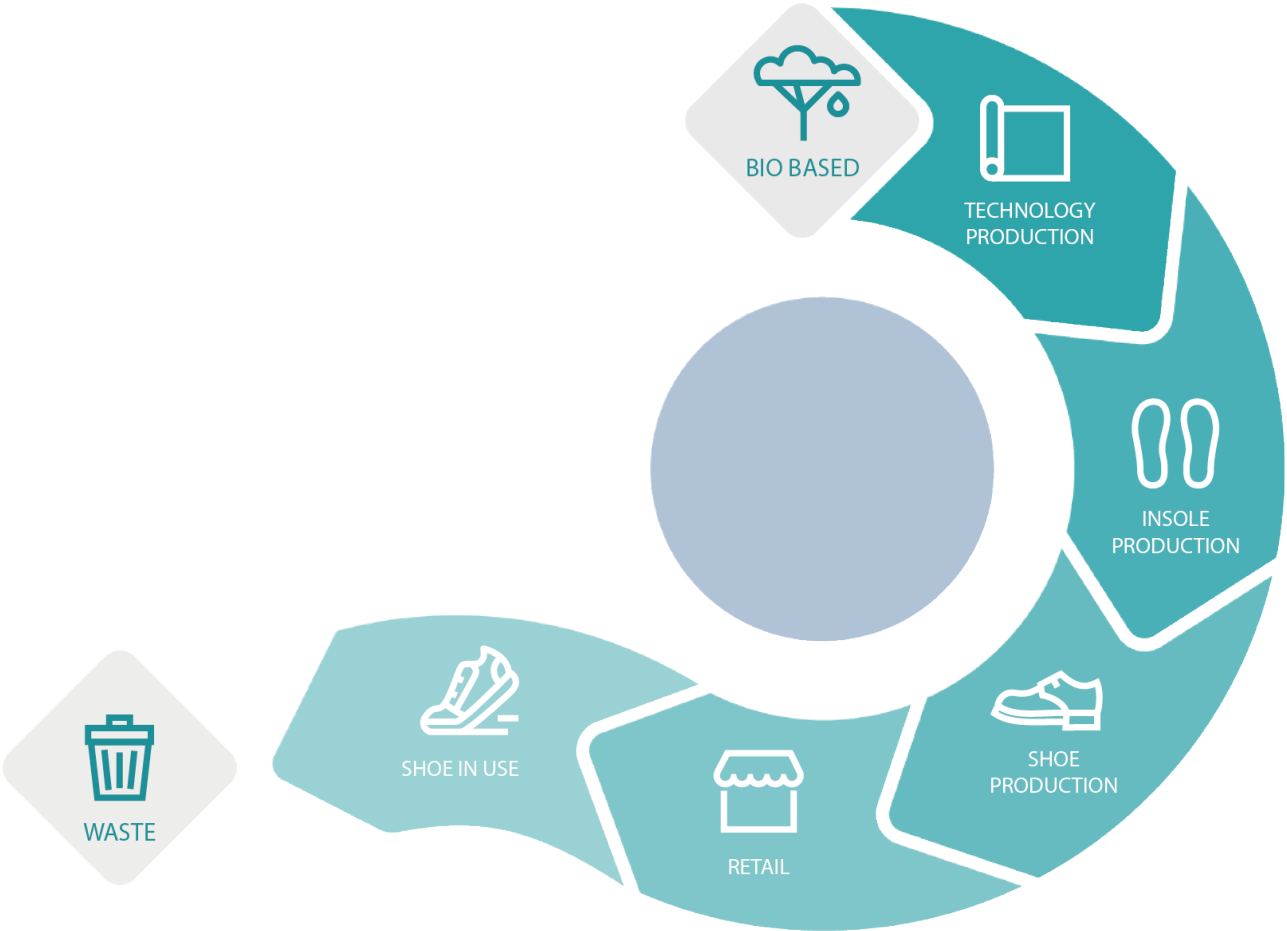
Solutions with up to 85% recycled materials from our own products



Product development: medium term

BIO BASED

Solutions with up to 95% natural origin content and low impact carbon footprint.

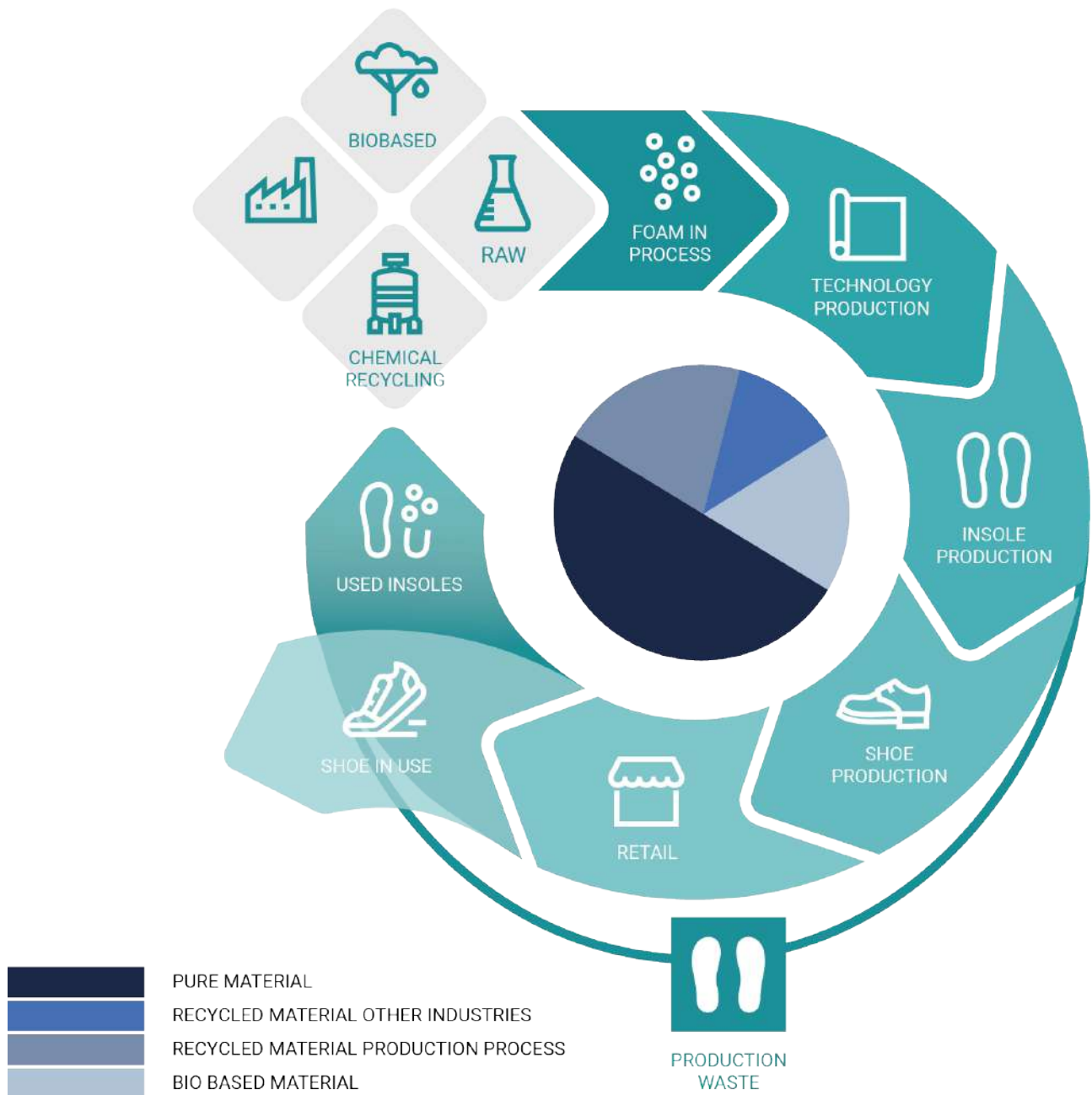


	PURE MATERIAL
	RECYCLED MATERIAL OTHER INDUSTRIES
	RECYCLED MATERIAL PRODUCTION PROCESS
	BIO BASED MATERIAL

Product Development: Long term

GOING CIRCULAR & NEUTRAL

Solutions without virgin components derived from petrol and a negative carbon footprint.



Suppliers evaluation

The importance of environmental management is considered in how it relates to the way we interact with our suppliers. The company considers the relationship with suppliers to be a fundamental pillar of its strategy and, therefore, ensures that all suppliers are aligned with its code of ethics, which establishes a commitment to labor and human rights.

In addition, our code of ethics includes standards of behavior to maintain appropriate working and professional relationships based on transparency and mutual respect. We ensure that we apply criteria of transparency, objectivity and best conditions when selecting external suppliers, in order to guarantee that they share our values and commitments to the societies in which we operate. In this way, we are committed to establishing collaborative relationships with suppliers who share our objectives of sustainability and corporate social responsibility.

To brief, the company is committed to establishing collaborative relationships with suppliers who share its sustainability and corporate social responsibility goals. All this is done to ensure that the company's environmental management is effective and respectful of human and labor rights, and also to ensure transparency and mutual respect in all relationships with external suppliers.

54% of the main volume of PM suppliers are located within 500 km.

Rules applicable to suppliers:

- Guarantee of Absence of Child of Child Labor
- Respect for the Regulations and Guarantee of Health and Safety and Hygiene Measures
- Absence of Forced Labor
- Decent Working Hours and Respectful to the regulations
- Guaranteed Wages and Social Benefits
- Workers Freedom of Collective Association
- Workers Freedom of Collective Negotiation
- Anti-discrimination Policies
- Disciplinary Code
- Ethical Business Code
- Strict Compliance of Legislation

Carbon footprint - GHG

The carbon footprint is an environmental indicator that aims to reflect "the totality of greenhouse gases (GHG) emitted as a direct or indirect effect of an organization or product." Such environmental impact is measured by carrying out a GHG emissions inventory or a life cycle analysis according to the footprint typology.

- **Scope 1 Emissions, also called Direct Emissions.** They are greenhouse gases emitted directly by the organization, for example, due to the use of fossil fuels in machinery or vehicles owned by the organization, due to losses of refrigerant gases, or due to chemical reactions during the organization's production processes.
- **Scope 2 Emissions or Indirect Emissions from Energy.** They are the greenhouse gases emitted by the producer of the energy required by the organization. They depend on both the amount of energy required by the organization and the energy mix of the network that supplies the organization.
- **Scope 3 Emissions, also called Other Indirect Emissions.** They are those generated by the products and services acquired by the organization, which in turn will have previously generated emissions to be produced.

These are the most difficult to account for, due to the large number of products and services used by organizations and the difficulty in knowing the emissions of these products or services if they are not provided by the producer itself.

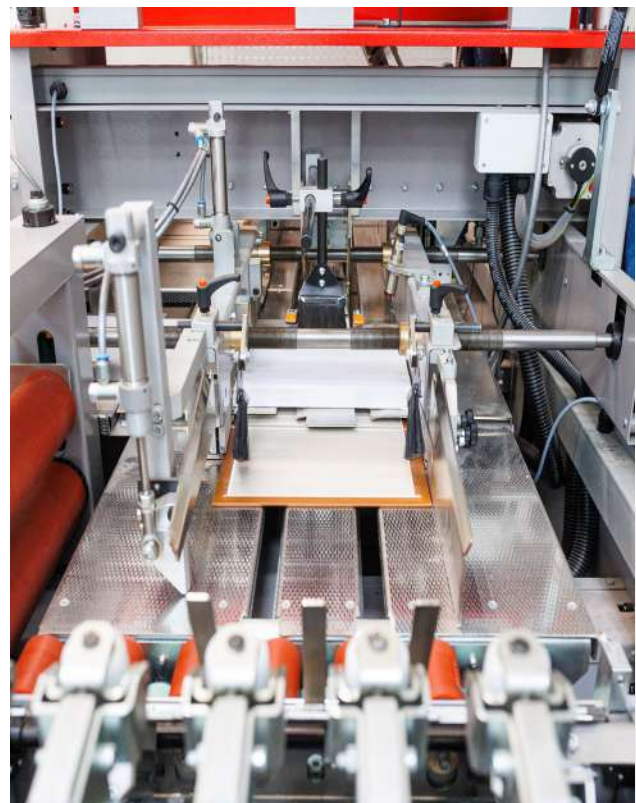
Zahonero Group is taking steps to calculate its environmental impact and reduce its carbon footprint. In the year 2022 we started the calculation of the scope 3 carbon footprint, which includes indirect emissions related to the supply chain, the use of raw materials, waste and the use of water and wastewater, as well as the consumption of fossil fuels for internal vehicles and the heating of manufacturing furnaces (scope 1 and scope 2).

The Group is adding consistent indicators and measurements to obtain a more complete view of its environmental impact and has created

consumption indicators to understand the carbon footprint associated with its products. With these measures, Zahonero Group expects to be able to measure the amount of greenhouse gases emitted by its products in all its plants.

The Group does not identify light and noise pollution as a material aspect to be taken into account, given the nature of its business and the nature of the activity it carries out.

Including the calculation of Scope 3 in GHGs from 2022 onwards.



The carbon footprint calculated by the Group for fiscal years 2021 (Scope 1 and 2) and 2022 (Scope 1, 2 and 3) is as follows:

2% reduction in carbon footprint (Scope 1 and 2).

		GHG								
2022		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	Global 2022
Scope 1	t CO ₂ eq	1.976	626	277	335	344	553	-	146	4.257
Scope 2	t CO ₂ eq	-	-	265	260	717	193	10	93	1.538
Scope 3	t CO ₂ eq	4.376	4.708	940	2.609	2.792	1.508	104	596	17.633
GRAND TOTAL	t CO₂eq	6.352	5.334	1.482	3.204	3.853	2.254	114	835	23.428

		GHG								
2021		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	Global 2021
Scope 1	t CO ₂ eq	2.072	615	264	305	310	554	0	92	4.212
Scope 2	t CO ₂ eq	0	0	360	295	791	143	14	78	1.681
Scope 3	t CO ₂ eq	NA	NA	NA	NA	NA	NA	NA	NA	NA
GRAND TOTAL	t CO₂eq	2.072	615	624	600	1.101	697	14	170	5.893



Waste

The Zahonero Group has firmly committed to efficient management of the waste produced in each of its lines of work.

To achieve this objective, it has committed to its proper management, thus supporting the prevention of waste generation as the most effective way to reduce its quantity, the cost associated with its treatment, as well as the negative impacts on health and the environment.

In addition, the importance of improving waste separation is emphasized as a fundamental basis for proper waste management.

In this sense, Zahonero Group advocates of responsible and sustainable waste management, in line with the highest standards of quality and respect for the environment. To this end, it ensures that the management of waste generated by its activity is carried out only by authorized and trained managers to guarantee its proper treatment.

Likewise, the Group has considered that food waste is not a material issue because it does not consume intensive food in its work centers.

NON-HAZARDOUS WASTE

Mainly, the Group's activity has led to the generation of production scraps and packaging as non-hazardous waste. However, in fiscal year 2022, great progress has been made in its management, thanks to the successful implementation of recovery and recycling processes for 1,886 tons of waste.

As a result of these measures, the generation of up to 5 tons of CO2 eq. has been avoided, which represents an important achievement in promoting environmental sustainability. These results demonstrate the Group's commitment to the adoption of responsible and sustainable practices, in line with the best international practices in non-hazardous waste management.

HAZARDOUS WASTE

During 2022, an important milestone has been reached in the management of this hazardous waste, managing to eliminate 100% of it through the use of authorized and trained managers. This achievement not only reflects the Group's commitment to environmental sustainability, but also demonstrates its concern for the safety and well-being of its employees and the community in general. In this way, the Group demonstrates its ability to maintain an efficient and sustainable operation in harmony with the environment.

21.7% reduction in total waste in 2022 compared to 2021.



		Main and hazardous waste									
Waste generated by technology 2022		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	Global 2022	Reduction
Airfit	(kg)	505.803	25.044	3.509	22.231	21.609	81.881	0	43.975	704.052	197.567
Cellfit/ Starfit	(kg)	NA	94.000	4.304	29.711	89.278	NA	8.074	10.834	236.201	194.028
TPR	(kg)	NA	NA	8.901	NA	NA	NA	NA	NA	8.901	2.350
Walkintech	(kg)	NA	123.706	29.735	20.992	223.370	53.978	4.133	32.362	488.276	54.179
Hazardous waste	(kg)	112.918	33.600	26.200	57.580	25.234	0	0	24.497	280.029	77.513

		Main and hazardous waste									
Waste generated by technology 2021		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	Global 2021	
Airfit	(kg)	765.870	11.430	4.805	17.302	26.132	51.249	0	24.832	901.620	
Cellfit/ Starfit	(kg)	NA	151.907	8.498	35.620	217.110	NA	8.578	8.516	430.229	
TPR	(kg)	NA	NA	11.251	NA	NA	NA	NA	NA	11.251	
Walkintech	(kg)	NA	371.279	27.048	9.230	111.101	NA	3.305	20.492	542.455	
Hazardous Waste	(kg)	186.280	61.000	27.075	29.710	26.915	NA	2.093	24.469	357.542	



Energy consumption

Within the Group's energy pool, the main energy consumption expense comes from Natural Gas, followed by Electricity.

As part of Zahonero's commitment to environmentally friendly energies, a process has been started to convert the roofs of the factories to the production and use of solar energy. As part of this strategy, the first to be incorporated was the production plant in Spain, where photovoltaic panels will be installed in 2022, enabling the company to generate 10% of its own electricity consumption.

In addition, energy saving programs were initiated in the various subsidiaries, which has led to savings calculated for each of the production technologies as shown in the attached table.

The sustainability plan includes continuing to develop the energy saving strategy in all subsidiaries and adapting our energy matrix to use more sustainable energy sources such as renewables ones.

2.6% reduction in average energy intensity.

The low percentage attributed to diesel is the result of the need for backup electric generators to ensure continuity of operations in the event of an emergency, although the process of reconverting to diesel generators process of conversion to the use of hybrid diesel/natural gas diesel/natural gas hybrid generators.

A total of 37% of our electrical energy comes from certified renewable sources.

During the year 2022, we have been able to achieve the objectives we had set ourselves, in which we focused on improving our energy efficiency indicators. energy efficiency indicators. In particular, we were able to reduce our energy intensity, i.e. the amount of energy consumed per kilogram produced, compared to the previous fiscal year of 2021. This has been a great achievement for our team and shows our commitment to sustainability and the responsible use of resources.



		Energy consumption								
Group Energy Consumption (2022)		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	TOTAL GLOBAL
Electricity	kWh	2.101.336	1.208.044	971.023	952.680	2.626.946	708.259	36.478	341.115	8.945.881
Natural Gas	kWh	9.530.000	3.298.998	1.517.768	1.837.307	0	2.618.821	0	801.996	19.604.890
Diesel	kWh	NA	NA	NA	NA	1.263.718	NA	NA	NA	1.263.718
Fuel oil	kWh	933.665	NA	NA	NA	NA	NA	NA	NA	933.665
GRAND TOTAL	kWh	12.565.001	4.507.042	2.488.791	2.789.987	3.890.664	3.327.080	36.478	1.143.153	30.748.153

		Energy consumption								
Group Energy Consumption (2021)		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	TOTAL GLOBAL
Electricity	kWh	2.517.947	1.339.427	561.971	951.136	2.550.024	551.519	43.877	250.554	8.766.455
Natural Gas	kWh	11.218.063	3.376.420	1.450.277	1.674.253	NA	1.815.501	NA	507.522	20.042.036
Diesel	kWh	NA	NA	NA	NA	1.138.507	NA	NA	NA	1.138.507
GRAND TOTAL	kWh	13.736.010	4.715.847	2.012.248	2.625.390	3.688.531	2.367.020	43.877	758.076	29.946.999



Energy intensity - carbon footprint

Energy intensity by technology (2022)		Energy Intensity									
		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	Global	Reduction
Airfit	kWh/kg	3,87	3,11	3,49	3,26	1,90	1,26	-	2,39	2,92	-0,51
Cellfit/Starfit	kWh/kg	NA	0,60	1,43	0,24	0,58	NA	0,36	1,11	0,41	0,05
TPR	kWh/kg	NA	NA	0,60	NA	NA	NA	NA	NA	0,57	-0,04
Walkintech	kWh/pair	NA	0,03	0,12	0,06	0,22	0,34	0,05	0,08	0,15	0,03

Energy intensity by technology (2022)		Energy Intensity								
		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	Global
Airfit	kWh/kg	2,86	3,08	3,76	2,88	2,01	1,20	NA	2,33	2,41
Cellfit/Starfit	kWh/kg	NA	0,54	0,39	0,30	0,64	NA	0,38	0,78	0,47
TPR	kWh/kg	NA	NA	0,53	NA	NA	NA	NA	NA	0,53
Walkintech	kWh/pair	NA	0,09	0,35	0,04	0,21	0,65	0,05	0,05	0,18



By technology - 2022		Greenhouse Gas Emissions Intensity (GHG)									
		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	Global	Reduction
Airfit	t CO ₂ eq/t	0,61	0,47	0,67	0,66	0,51	0,25	0,00	0,47	0,46	0,275
Cellfit/Starfit	t CO ₂ eq/t	NA	0,00	0,39	0,07	0,15	NA	0,09	0,31	0,17	-0,090
TPR	t CO ₂ eq/t	NA	NA	0,17	NA	NA	NA	NA	NA	0,17	-0,003
Walkintech	t CO ₂ eq/ MPair	NA	0,00	0,03	0,02	0,06	0,07	0,01	0,02	0,03	0,005

By technology - 2021		Greenhouse Gas Emissions Intensity (GHG)									
		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	Global	
Airfit	t CO ₂ eq/t	0,44	0,45	0,72	0,61	4,07	0,24	NA	0,47	0,73	
Cellfit/Starfit	t CO ₂ eq/t	NA	0,00	0,12	0,09	0,20	NA	0,12	0,24	0,08	
TPR	t CO ₂ eq/t	NA	NA	0,16	NA	NA	NA	NA	NA	0,16	
Walkintech	t CO ₂ eq/ MPair	NA	0,00	0,11	0,01	0,06	0,13	0,02	0,01	0,04	



Water

In the communities where we operate, we value water as a vital resource, and its efficient and sustainable use is essential to our operations. Therefore, we have developed a strategy that focuses on the proper use, reuse and treatment of water before returning it to the supply network.

This year, in 2022, we have implemented a consumption monitoring plan to control and reduce the use of water in our processes, and the results have been promising in some countries. We have also managed to reuse the treated water from our effluents in our industrial operations, thanks to the implementation of investment projects in purification and discharge control. As a result of our improvements in the purification of our own water, 85% of the water is purified in our own ETE, complying with environmental standards. And up to 30% of this water is reused in internal processes, which has led to a significant reduction in effluents and savings in water consumption.

To ensure the quality of wastewater and sludge, we follow ZDHC guidelines, which provide a harmonized set of parameters, values, limits and analysis methods.

This helps us maintain our sustainability standards and ensure we meet our long-term goals. In short, we remain committed to making responsible and sustainable use of water in our operations.

In 2022, 85% of the water used in the process is purified in its own TEE.



In the 4th quarter of 2022 we achieved that 30% of the treated water of the entire Group was used again in the process



		Water use and generated effluents								
2022		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	TOTAL
Water use in production process	m ³	1.992	2.714	1.370	1.589	2.681	18.511	433	992	30.282
	Litres/ton polymer	1.646	2.795	3.167	1.304	2.336	30.373	9.955	4.128	4.882
Total wastewater	m ³	569	548	1.164	450	165	18.511	21	77	21.505
	Litres/ton polymer	470	564	2.691	369	144	30.373	488	321	3.388

		Water use and generated effluents								
2021		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	TOTAL
Water use in production process	m ³	4.131	3.910	953	1.952	3.239	13.207	433	1.194	29.018
	Litres/ton polymer	3.051	3.696	3.398	1.419	3.073	23.895	8.347	7.313	4.926
Total wastewater	m ³	781	1.513	1.816	1.253	135	13.207	25	240	18.971
	Litres/ton polymer	577	1.430	3.509	911	128	23.895	479	1.471	3.096



Material consumption

Zahonero Group has implemented an environmental strategy focused on reducing waste and promoting circular economy and recycling practices to minimize its impact on the environment. The main materials used in the production of its products are SBR latex, calcium carbonate, polyol, isocyanate and SBS/SEBS.

The company has taken several measures to improve its production processes, such as sorting and shredding materials for subsequent recycling. In addition, some of its products have been certified with the seal of use of recycled materials (GRS). The company is also implementing projects to recover its products at the end of their life cycle and use them as recycled materials for the next cycle.

In addition, the Zahonero Group has worked to reduce the packaging material used and has sought alternatives for packaging materials that are recyclable and contain greater amount of recycled material.

These measures have allowed the company to significantly reduce its environmental impact, improve efficiency in the use of resources and promote a circular and sustainable economy.

In 2022, up to 4% of recycled material has been reincorporated into new productions.

		Percentage of materials used that are recycled materials	
		2022	2021
Airfit	% kg of recycled	3,73%	1,21%
Cellfit/Starfit	% kg of recycled	1,58%	0,71%
TPR	% kg of recycled	4,51%	1,80%
Walkintech	% kg of recycled	0,00%	0,00%



		Materials used by weight or volume								
2022		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	TOTAL
Airfit - SBR (all types)	Dry kg	1.210.571	606.552	218.336	563.837	585.112	609.467	NA	225.156	4.019.031
Airfit - Calcium carbonate	kg	1.092.383	798.088	251.139	242.020	431.209	943.887	NA	160.350	3.919.076
Airfit - Packaging	kg	68.180	9.003	3.050	6.418	31.179	21.757	NA	7.176	146.763
Cellfit/Starfit - Polioli	kg	NA	230.739	28.695	480.682	368.852	NA	21.355	7.358	1.137.681
Cellfit/Starfit - ISO	kg	NA	133.768	17.190	173.980	193.497	NA	22.139	7.681	548.255
Cellfit/Starfit - Packaging	kg	NA	7.135	548	2.062	6.362	NA	692	516	17.315
TPR (SEBS)	kg	NA	NA	168.330	NA	NA	NA	NA	NA	168.330
TPR - Packaging	kg	NA	NA	6.641	NA	NA	NA	NA	NA	6.641
Walkintech (Insoles) - Pairs	Pairs	NA	10.301.996	1.689.454	4.974.515	8.231.058	2.945.097	417.320	2.200.573	30.760.013
Walkintech - Packaging	kg	NA	14.368	500	10.466	149.186	29.258	3.592	6.341	213.711

		Materials used by weight or volume								
2021		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	TOTAL
Airfit - SBR (all types)	Dry kg	1.354.175	614.850	174.753	690.287	566.107	552.687	NA	145.368	4.098.227
Airfit - Calcium carbonate	kg	1.185.055	804.525	217.883	498.300	363.022	888.745	NA	100.119	4.057.649
Airfit - Packaging	kg	11.965	7.105	3.252	7.155	26.343	NA	NA	4.188	60.008
Cellfit/Starfit - Polioli	kg	NA	292.525	65.376	376.817	346.468	NA	26.350	9.240	1.116.776
Cellfit/Starfit - ISO	kg	NA	150.642	40.308	308.919	141.430	NA	25.524	8.663	675.486
Cellfit/Starfit - Packaging	kg	NA	12.096	1.995	6.610	5.941	NA	818	559	28.019
TPR (SEBS)	kg	NA	NA	237.175	NA	NA	NA	NA	NA	237.175
TPR - Packaging	kg	NA	NA	9.142	NA	NA	NA	NA	NA	9.142
Walkintech (Insoles) - Pairs	Pairs	NA	20.026.625	1.166.322	6.117.363	8.574.407	NA	486.882	2.957.197	39.328.796
Walkintech - Packaging	kg	NA	23.167	10.359	7.155	163.887	NA	3.670	2.948	211.186

Biodiversity

Zahonero Group considers that biodiversity risk analysis is crucial for the industry in which we operate, since it helps to evaluate and manage the potential impact of business activities on the natural environment and the biodiversity that supports it.

This plays a critical role in providing essential ecosystem services such as clean air and water, pollination, climate regulation and soil fertility.

For the assessment of biodiversity risk, Grupo Zahonero has chosen to use a valuable tool developed by the World Wide Fund for Nature (WWF) so that each subsidiary of the group can evaluate the impacts that the activity generates on biodiversity.

	Scape Physical Risk	Scape Reputational Risk
Subsidiary	SPH	SRP
Canada	2,52	2,47
China	3,31	3,14
India	3,5	3,31
Indonesia	3	3,12
Brazil	2,9	3,03
Mexico	3,2	3,25
Spain	2,88	3,12
Vietnam	3,42	2,85

Using this tool provides the following benefits:

- **Standardized assessment:** The WWF filter provides a consistent and standardized framework for assessing risks of biodiversity.
- **Prioritization and focus:** The filter helps identify the most significant biodiversity risks facing a company, allowing action plans and allocation of directed resources.
- **Collaboration and partnership:** Using the WWF filter can facilitate collaboration between companies, NGOs and other interest groups. It helps foster dialogue, knowledge sharing and the development of joint initiatives to address biodiversity challenges.
- **Credibility and transparency:** By using a recognized tool, companies can improve the credibility and transparency of their biodiversity risk analysis efforts.

Subsidiary	Provisioning Service	Lack of water	Limited availability of flora and fauna
Canada	2,52	3,05	2
China	3	3	3
India	3,5	4	3
Indonesia	3,45	3,9	3
Brazil	2,9	2,8	3
Mexico	3,2	3,4	3
Spain	3,65	4,3	3
Vietnam	3,42	3,85	3

Certifications

Part of our strategy is the external support of our good practices, which is why in 2022 we achieved the following certifications and evaluations:

- We renewed the ISO 9001 Certification at the Spanish plant
- Evaluations of plants in China, India, Vietnam, Brazil, Mexico, Spain and Canada carried out in the Higg Index FEM and FSLM
- We certify our products based on the GRS and RCS recycling standard

For the year 2023, based on evaluation results, we have improvement objectives in the FEM and FSLM index.



**SOCIAL & LABOR
CONVERGENCE**



Reduction of environmental impact

Within the sustainability strategy maintained by the Zahonero Group, reducing the impacts of our activity is one of the biggest concerns.

This is how the sustainability committee's work lines have been established:

- Savings in drinking water consumption.
- Correct waste management (all types, hazardous and non-hazardous).
- Reduction of the CO2 footprint.
- Reduction of energy consumption.

All of these measures, translated into annual and long-term objectives with a horizon of 2025, have been supported by awareness and training campaigns, especially in those local teams aimed at guaranteeing the achievement of HIGG Index environmental certifications.

Specifically, in Spain, Brazil, and China, training and mentoring programs have been developed in the area of sustainability to align local performances with the group objectives of improving our environmental performance, within the HIGG INDEX and Sustainable Apparel Coalition schemes.



Specifically in Spain, Brazil, and China, training and mentoring programs have been developed in the area of sustainability.



Environmental risks

PROVISIONS AND GUARANTEES FOR ENVIRONMENTAL RISKS

The Group doesn't have responsibilities, expenses, assets or provisions and contingencies of an environmental nature that could be significant related to the heritage, its financial situation or results. For this reason, specific breakdowns are not included in this report.

Furthermore, the Group applies the precautionary principle in its risk management model, thus promoting environmental protection by avoiding unfavorable environmental situations arising from its activity.



RESOURCES DEDICATED TO ENVIRONMENTAL RISKS PREVENTION

Assets of environmental nature are considered to be the ones which are used on a lasting basis in the Group's activity. Its main purpose is to minimize the environmental impact, protect and improve the environment, including the reduction or elimination of future pollution from the Group's operations. These assets are valued, as any tangible asset, at acquisition or production cost.

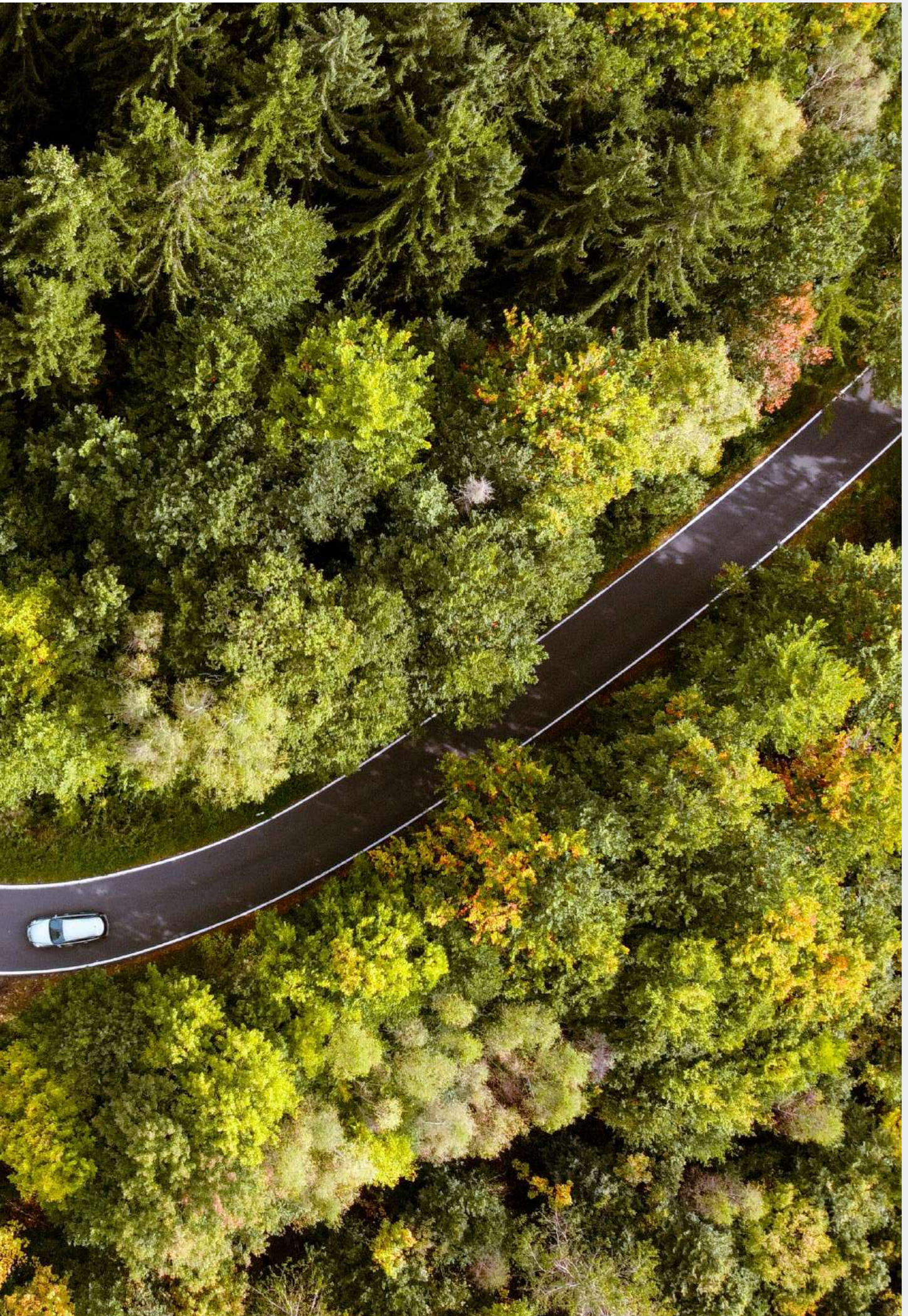
The Group regularly makes investments to reduce the environmental impact of its activities. The Group's companies in Spain are associated with Ecoembes, entity responsible for the collection and treatment of packaging.

As of December 31st, 2022, the Group has not registered any provision for possible environmental risks since it considers that there are no significant contingencies related to possible litigation, indemnities, or other items. In addition, the Group has insurance policies and security plans which allow to reasonably ensure coverage of any possible contingency that could arise from its environmental activities.



06. ANNEX

*Data Charts
NFIS GRI-SDG Contents
Materiality Analysis*



DATA CHARTS

Employees by gender and country

	Total employees as of December 31st	
	2022	2021
Employees on December 31st	561	588
Average employees	641	600
Employees throughout the year	830	724

Country	Employees by gender and country as of December 31st					
	2022		2021		2022	2021
	Women	Men	Women	Men	% Women	% Women
Brazil	60	60	55	67	50,00%	45,08%
Canada	10	27	7	31	27,03%	18,42%
China	41	23	29	26	64,06%	52,73%
India	12	122	10	92	8,96%	9,80%
Indonesia	2	17	2	24	10,53%	7,69%
Mexico	27	46	54	71	36,99%	43,20%
Spain	13	71	14	76	15,48%	15,56%
Vietnam	12	18	10	20	40,00%	33,33%
Grand Total	177	384	181	407	31,55%	30,78%

		Employees by age and gender. Global data			
		2022		2021	
Age Range	Gender	Number	%	Number	%
Under 30	Women	86	34%	66	36%
	Men	170	66%	115	64%
Total under 30		256	-	181	-
Between 30 and 49	Women	168	37%	153	36%
	Men	283	63%	269	64%
Total between 30 and 49		451	-	422	-
Over 50	Women	33	27%	25	21%
	Men	90	73%	96	79%
Total over 50		123	-	121	-
Grand Total		830	-	724	-



Wage Gap by gender and country 2021

Average Gross Salary Remuneration by country, category, gender, and salary gap in Euros. Global Data.											
Start of Contract		Previous to January 1st 2021									
Terminated Contracts		Not included									
Hierarchy Level	Gender	2021									Grand Total
		Brazil	China	Indonesia	Spain	Vietnam	India	Mexico	Corporate (Spain)	Canada	
Director	Women	NA	52.187	NA	44.467	NA	NA	-	NA	-	48.327
	Men	50.950	51.273	17.619	70.469	53.078	46.404	45.520	90.432	85.154	56.303
Total Director		NA	2%	NA	-58%	NA	NA	NA	NA	NA	-17%
Manager	Women	14.972	NA	11.421	NA	NA	16.094	18.323	NA	48.776	20.412
	Men	15.291	36.591	16.224	NA	14.316	13.942	17.718	47.042	61.164	26.275
Total Manager		NA	NA	-42%	NA	NA	13%	3%	NA	-25%	-29%
Assistant Manager	Women	NA	25.168	NA	26.852	NA	NA	NA	NA	NA	26.010
	Men	7.446	NA	NA	36.298	NA	NA	NA	NA	NA	28.054
Total Assistant Manager		NA	NA	NA	-35%	NA	NA	NA	NA	NA	-8%
Head	Women	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Men	NA	NA	NA	28.811	NA	NA	NA	NA	NA	28.811
Total Head		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Technician	Women	8.412	8.498	7.602	21.946	9.275	NA	9.426	27.911	40.647	14.063
	Men	7.155	14.938	5.469	44.012	22.140	3.177	8.191	10.284	48.401	20.956
Total Technician		15%	-76%	28%	-101%	-139%	NA	13%	63%	-19%	-49%
Worker	Women	3.917	9.372	NA	18.799	2.925	1.939	4.682	NA	12.355	5.714
	Men	5.241	9.000	4.140	22.311	3.500	2.120	7.201	NA	34.394	11.731
Total Worker		-34%	4%	NA	-19%	-20%	-9%	-54%	NA	-178%	-105%

(*) Average salaries and their evolution classified by gender, age and professional category.

Wage Gap by gender and country 2022

Average Gross Salary Remuneration by country, category, gender, and salary gap in Euros. Global Data.											
		Start of Contract									Previous to January 1st 2022
		Terminated Contracts									Not included
Hierarchy Level	Gender	2021									Grand Total
		Brazil	China	Indonesia	Spain	Vietnam	India	Mexico	Corporate (Spain)	Canada	
Director	Women	22.027	59.283	-	45.002	-	-	-	-	-	42.104
	Men	54.416	45.956	17.109	67.265	43.493	55.323	42.509	80.418	158.001	63.394
Total Director		-147%	22%	NA	-49%	NA	NA	NA	NA	NA	-51%
Manager	Women	-	37.746	16.840	-	19.382	-	-	30.345	-	26.078
	Men	-	-	16.526	-	19.933	9.379	-	-	96.953	23.432
Total Manager		NA	NA	2%	NA	-3%	NA	NA	NA	NA	10%
Assistant Manager	Women	11.324	-	-	25.881	9.558	-	14.695	-	58.440	17.812
	Men	15.431	37.426	14.952	36.553	-	12.752	17.279	47.042	99.423	31.716
Total Assistant Manager		-36%	NA	NA	-41%	NA	NA	-18%	NA	-70%	-78%
Head	Women	4.097	18.238	-	-	12.786	-	8.887	-	47.935	14.680
	Men	7.504	14.221	5.364	31.243	-	21.710	10.220	-	52.750	21.821
Total Head		-83%	22%	NA	NA	100%	NA	-15%	NA	-10%	-49%
Technician	Women	8.622	-	8.384	22.414	-	9.123	7.142	37.529	-	14.890
	Men	9.534	35.479	5.784	37.347	-	5.730	8.247	17.661	40.547	13.040
Total Technician		-11%	NA	31%	-67%	NA	37%	-15%	53%	NA	12%
Worker	Women	4.416	8.890	-	8.302	4.312	2.608	6.025	-	20.336	6.789
	Men	5.030	12.024	4.317	20.156	4.660	2.619	7.801	-	33.308	11.303
Total Worker		-14%	-35%	NA	-143%	-8%	0%	-29%	NA	-64%	-66%

(*) Average salaries and their evolution classified by gender, age and professional category.

Wage gap by gender, country and hierarchy level 2022

		2022 Salary gap by gender and hierarchy level (euros)						
Country	Gender	Assistant Manager	Director	Head	Manager	Technician	Worker	Total general
BRAZIL	Women	86	34%	66	36%	36%	36%	36%
	Men	170	66%	115	64%	64%	64%	64%
Total BRAZIL		256	-	181	-	-	-	-
Canada	Women	168	37%	153	36%	36%	36%	36%
	Men	283	63%	269	64%	64%	64%	64%
Total Canada		451	-	422	-	-	-	-
CHINA	Women	33	27%	25	21%	21%	21%	21%
	Men	90	73%	96	79%	79%	79%	79%
Total CHINA		123	-	121	-	-	-	-
CORPORATE	Women	86	34%	66	36%	36%	36%	36%
	Men	170	66%	115	64%	64%	64%	64%
Total CORPORATE		256	-	181	-	-	-	-
INDIA	Women	168	37%	153	36%	36%	36%	36%
	Men	283	63%	269	64%	64%	64%	64%
Total INDIA		451	-	422	-	-	-	-
INDONESIA	Women	33	27%	25	21%	21%	21%	21%
	Men	90	73%	96	79%	79%	79%	79%
Total INDONESIA		123	-	121	-	-	-	-
Mexico	Women	86	34%	66	36%	36%	36%	36%
	Men	170	66%	115	64%	64%	64%	64%
Total Mexico		256	-	181	-	-	-	-
SPAIN	Women	168	37%	153	36%	36%	36%	36%
	Men	283	63%	269	64%	64%	64%	64%
Total SPAIN		451	-	422	-	-	-	-
VIETNAM	Women	33	27%	25	21%	21%	21%	21%
	Men	90	73%	96	79%	79%	79%	79%
Total VIETNAM		123	-	121	-	-	-	-

Employees by age and gender

		Employees by professional category and gender. Global Data.			
		2022		2021	
Hierarchy Level	Gender	Número	%	Número	%
Director	Women	4	14%	2	8%
	Men	24	86%	23	92%
Total Director		28	-	25	-
Manager	Women	4	27%	8	22%
	Men	11	73%	28	78%
Total Manager		15	-	36	-
Assistant Manager	Women	13	26%	2	8%
	Men	37	74%	23	92%
Total Assistant Manager		50	-	25	-
Head	Women	14	25%	0	0%
	Men	41	75%	5	100%
Total Head		55	-	5	-
Technician	Women	33	31%	31	37%
	Men	75	69%	53	63%
Total Technician		108	-	84	-
Worker	Women	219	38%	184	37%
	Men	355	62%	317	63%
Total Worker		574	-	501	-
Grand Total		830	-	724	-

Employees by contract type

		Employees by contract type, working hours and age. Global Data.							
Working Time	Contract	2022				2021			
		Under 30	Between 30 and 49	Over 50	Grand Total	Under 30	Between 30 and 49	Over 50	Grand Total
Full-time	Indefinited	192	407	115	714	168	407	117	692
	Temporary	64	44	8	116	13	15	1	29
Total Full-time		256	451	123	830	181	422	118	721
Part-time	Indefinited	0	0	0	0	0	0	3	0
	Temporary	0	0	0	0	0	0	0	0
Total Part-time		0	0	0	0	0	0	3	0
Grand Total		256	451	123	830	181	422	121	724

		Employees by contract type, working hours and age. Global Data.							
Contract	Working Time	2022				2021			
		Under 30	Between 30 and 49	Over 50	Grand Total	Under 30	Between 30 and 49	Over 50	Grand Total
Indefinited	Full-time	192	407	115	714	168	407	117	692
	Part-time	0	0	0	0	-	-	3	3
Total Indefinito		192	407	115	714	168	407	120	695
Temporary	Full-time	64	44	8	116	13	15	1	29
	Part-time	0	0	0	0	0	0	0	0
Total Temporary		64	44	8	116	13	1	15	29
Grand Total		256	451	123	830	181	422	121	724

Employees by working time/hiring

		Employees by working time and gender. Global Data.	
Working Time	Gender	2022	2021
Full-time	Women	287	241
	Men	543	480
Total Full-time		830	721
Part-time	Women	0	3
	Men	0	0
Total Part-time		0	3
Grand Total		830	724

		Employees by working time and gender. Global Data.	
Contract	Gender	2022	2021
Indefinite	Women	243	238
	Men	471	457
Total Indefinite		714	695
Temporary	Women	44	6
	Men	72	23
Total Temporary		116	29
Grand Total		830	724

		New hires by gender. Global Data.			
Gender		2022	2021	2022	2022
Women		112	86	42%	43%
Men		157	113	58%	57%
Grand Total		269	199	-	-

		New hires by age and gender. Datos globales					
Age Range		2022			2021		
		Women	Men	Grand Total	Women	Men	Grand Total
Under 30		47	92	139	34	53	87
Between 30 and 49		55	59	114	49	51	100
Over 50		10	6	16	3	9	12
Grand Total		112	157	269	86	113	199

Average number of employees by gender, type of contract, working time, age group and professional category

		Average number of employees by type of contract, working time and age			
Working Time	Contract	2022			
		Under 30	Between 30 and 49	Over 50	Grand Total
Full-time	Indefinited	146	352	105	603
	Temporary	18	18	3	39
Total Full-time		164	370	108	642
Part-time	Indefinited	0	0	0	0
	Temporary	0	0	0	0
Total Part-time		0	0	0	0
Grand Total		164	370	108	642

		Average number of employees by type of contract, working time and gender		
Working Time	Contract	2022		
		Men	Women	Grand Total
Full-time	Indefinited	413	190	603
	Temporary	26	13	39
Total Full-time		439	203	642
Part-time	Indefinited	0	0	0
	Temporary	0	0	0
Total Part-time		0	0	0
Grand Total		439	203	642

		Average number of employees by type of contract, working time and professional category							
Working Time	Contract	2022							
		Manager	Assistant Manager	Director	Head	Technician	Between 30 and 49	Worker	Grand Total
Full-time	Indefinited	13	45	25	49	93	407	378	692
	Temporary	0	2	1	3	5	-	28	3
Total Full-time		13	47	26	52	98	407	406	695
Part-time	Indefinited	0	0	0	0	0	15	0	29
	Temporary	0	0	0	0	0	0	0	0
Total Part-time		0	0	0	0	0	1	0	29
Grand Total		13	47	26	52	98	422	406	724



Dismissals

Dismissals by age and gender. Global Data						
Age Range	2022			2021		
	Women	Men	Grand Total	Women	Men	Grand Total
Under 30	11	28	39	6	5	11
Between 30 and 49	18	17	35	14	10	24
Over 50	1	6	7	0	5	5
Grand Total	30	51	81	20	20	40

Dismissals by professional category and gender. Global Data						
Hierarchy Level	2022			2021		
	Women	Men	Grand Total	Women	Men	Grand Total
Director	0	2	0	0	0	0
Manager	0	1	1	0	1	1
Assistant Manager	1	3	0	0	0	0
Head	0	1	1	0	1	1
Technician	2	4	6	2	3	5
Worker	27	40	67	17	16	33
Grand Total	30	51	81	20	20	40

Rotation percentage by age and gender. Global Data						
Age Range	2022			2021		
	Women	Men	Grand Total	Women	Men	Grand Total
Under 30	16%	15%	15%	13%	9%	10%
Between 30 and 49	19%	11%	14%	20%	9%	13%
Over 50	2%	3%	3%	1%	2%	2%
Grand Total	38%	29%	32%	33%	20%	24%

Leaves / Accident rate

Age Range	Total leaves by age and gender. Global Data					
	2022			2021		
	Women	Men	Total	Women	Men	Total
Under 30	47	80	127	31	41	72
Between 30 and 49	54	62	116	48	44	92
Over 50	7	17	24	2	11	13
Grand Total	108	159	267	81	96	177

	Accident rate indicators. Global Data					
	2022			2021		
	Women	Men	Total	Women	Men	Total
Worked Hours	469.031	930.423	1.399.454	374.946	806.418	1.181.364
Accidents with work leaves	0	13	13	2	12	14
Lost days due to accidents	0	227	227	137	325	462
Lost Hours due tu accidents	0	1.831	1.831	1.096	2.609	3.705
Frequency Rate	0,0000%	0,0014%	0,0009%	0,0005%	0,0015%	0,0012%
Severity Rate	0,000%	0,1964%	0,1306%	0,292%	0,324%	0,314%
Deaths per accident	0	0	0	0	0	0
Detected occupational diseases	0	0	0	0	0	0

Country	Coverage by collective bargaining agreement by country. Global Data					
	2022			2021		
	NO	YES	Grand Total	NO	YES	Grand Total
Brazil	1	194	195	1	164	165
China	78	0	78	80	-	80
Indonesia	28	0	28	28	-	28
Spain	0	77	77	-	73	73
Vietnam	0	43	43	-	37	37
India	141	0	141	109	-	109
Mexico	212	0	212	177	-	177
Spain (Corporate)	0	12	12	-	12	12
Canada	22	22	44	19	24	43
Grand Total	482	348	830	414	310	724

Salary

Hierarchy Level		Average salary by category, gender and wage gap. Global Data		
		Start of Contract		Previous to January 1st 2022
		Terminated contracts in 2022		Not included
		2022	2021	
		Total	Total	
Director	Women	42.103,95 €	48.326,78 €	
	Men	63.393,67 €	56.303,20 €	
Director Total Gap		-51%	-17%	
Manager	Women	26.078,46 €	20.411,64 €	
	Men	23.431,53 €	26.274,67 €	
Manager Total Gap		10%	-29%	
Assistant Manager	Women	17.812,30 €	26.010,33 €	
	Men	31.716,38 €	28.054,13 €	
Assistant Manager Total Gap		-78%	-8%	
Head	Women	14.679,82 €	0,00 €	
	Men	21.820,53 €	28.811,42 €	
Head Total Gap		-49%	NA	
Technician	Women	14.889,89 €	14.062,60 €	
	Men	13.040,39 €	20.955,73 €	
Technician Total Gap		12%	-49%	
Worker	Women	6.789,35 €	5.714,23 €	
	Men	11.302,79 €	11.730,63 €	
Total Worker Gap		-66%	-105%	

		Average gross salary remuneration by country, category, gender and wage gap. Global Data									
		Start of contract									
		Previous to January 1st 2022									
		Terminated Contracts in 2022									
		Not included									
Hierarchy Level	Gender	2022									
		Brazil	China	Indonesia	Spain	Vietnam	India	Mexico	Corporate (Spain)	Canada	Grand Total
Director	Women	22.027	59.283	-	45.002	-	-	-	-	-	42.104
	Men	54.416	45.956	17.109	67.265	43.493	43.493	42.509	80.418	158.001	63.394
Total Director		-147%	22%	NA	-49%	NA	NA	NA	NA	NA	-51%
Manager	Women	-	37.746	16.840	-	19.382	19.382	-	30.345	-	26.078
	Men	-	-	16.526	-	19.933	19.933	-	-	96.953	23.432
Total Manager		NA	NA	2%	NA	-3%	-3%	NA	NA	NA	10%
Assistant Manager	Women	11.324	-	-	25.881	9.558	9.558	14.695	-	58.440	17.812
	Men	15.431	37.426	14.952	36.553	-	-	17.279	47.042	99.423	31.716
Total Assistant Manager		-36%	NA	NA	-41%	NA	NA	-18%	NA	-70%	-78%
Head	Women	4.097	18.238	-	-	12.786	12.786	8.887	-	47.935	14.680
	Men	7.504	14.221	5.364	31.243	-	-	10.220	-	52.750	21.821
Total Head		-83%	22%	NA	NA	NA	NA	-15%	NA	-10%	-49%
Technician	Women	8.622	-	8.384	22.414	-	-	7.142	37.529	-	14.890
	Men	9.534	35.479	5.784	37.347	-	-	8.247	17.661	40.547	13.040
Total Technician		-11%	NA	31%	-67%	NA	NA	-15%	53%	NA	12%
Worker	Women	4.416	8.890	-	8.302	4.312	4.312	6.025	-	20.336	6.789
	Men	5.030	12.024	4.317	20.156	4.660	4.660	7.801	-	33.308	11.303
Total Worker		-14%	-35%	NA	-143%	-8%	-8%	-29%	NA	-64%	-66%

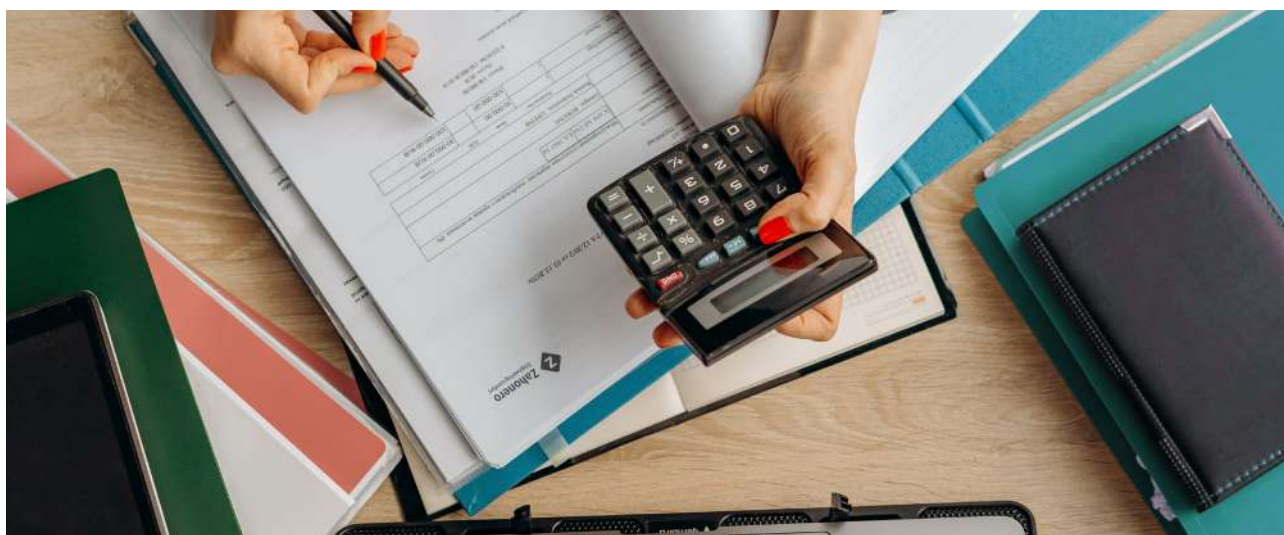
Average gross salary remuneration by country, category, gender and wage gap in Euros. Global Data											
Start of contract		Previous to January 1st 2021									
Terminated Contracts in 2022		Not included									
Hierarchy Level	Gender	2021									
		Brazil	China	Indonesia	Spain	Vietnam	India	Mexico	Corporate (Spain)	Canada	Grand Total
Director	Women	NA	52.187	NA	44.467	NA	NA	-	NA	-	48.327
	Men	50.950	51.273	17.619	70.469	53.078	46.404	45.520	90.432	85.154	56.303
Total Director		NA	2%	NA	-58%	NA	NA	NA	NA	NA	-17%
Manager	Women	14.972	NA	11.421	NA	NA	16.094	18.323	NA	48.776	20.412
	Men	15.291	36.591	16.224	NA	14.316	13.942	17.718	47.042	61.164	26.275
Total Manager		NA	NA	-42%	NA	NA	13%	3%	NA	-25%	-29%
Assistant Manager	Women	NA	25.168	NA	26.852	NA	NA	NA	NA	NA	26.010
	Men	7.446	NA	NA	36.298	NA	NA	NA	NA	NA	28.054
Total Assistant Manager		NA	NA	NA	-35%	NA	NA	NA	NA	NA	-8%
Head	Women	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Men	NA	NA	NA	28.811	NA	NA	NA	NA	NA	28.811
Total Head		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Technician	Women	8.412	8.498	7.602	21.946	9.275	NA	9.426	27.911	40.647	14.063
	Men	7.155	14.938	5.469	44.012	22.140	3.177	8.191	10.284	48.401	20.956
Total Technician		15%	-76%	28%	-101%	-139%	NA	13%	63%	-19%	-49%
Worker	Women	3.917	9.372	NA	18.799	2.925	1.939	4.682	NA	12.355	5.714
	Men	5.241	9.000	4.140	22.311	3.500	2.120	7.201	NA	34.394	11.731
Total Worker		-34%	4%	NA	-19%	-20%	-9%	-54%	NA	-178%	-105%

		Wage Gap 2022	Average gross salary remuneration by country, category, gender and wage gap. Global Data	
			Start of Contract	Previous to January 1st 2022
			Terminated Contracts in 2022	Not included
Age Range	Gender		2022	2021
Under 30	Women		6.046	5.230
	Men		5.310	7.050
Total Under 30			12%	-35%
Between 30 and 49	Women		10.535	8.974
	Men		16.268	16.161
Total Between 30 and 49			-54%	-80%
Over 50	Women		17.284	15.472
	Men		28.563	26.703
Total Over 50			-65%	-73%

		Wage Gap 2022
Brazil		34,74%
Canada		40,68%
China		48,70%
Corporate		30,35%
India		4,84%
Indonesia		-55,02%
Mexico		50,02%
Spain		9,96%
Vietnam		8,74%
Grand Total		45,31%

Average gross salary remuneration by country, category, gender and wage gap. Global Data											
		Start of contract									
		Previous to January 1st 2022									
		Terminated Contracts in 2022									
		Not included									
Age Range	Gender	2022									
		Brazil	China	Indonesia	Spain	Vietnam	India	Mexico	Corporate (Spain)	Canada	Grand Total
Under 30	Women	4.249	8.355	-	-	5.420	5.208	5.936	-	-	6.046
	Men	4.462	24.741	4.583	20.025	4.505	2.977	7.310	-	-	5.310
Total Under 30		-5%	-196%	NA	NA	17%	43%	-23%	NA	NA	12%
Between 30 and 49	Women	6.387	11.589	12.612	24.005	11.353	5.215	8.023	35.135	19.202	10.535
	Men	7.650	14.902	6.402	23.266	15.038	7.175	13.316	47.105	58.645	16.268
Total Between 30 and 49		-20%	-29%	49%	3%	-32%	-38%	-66%	-34%	-205%	-54%
Over 50	Women	6.418	59.283	-	22.817	3.469	-	5.201	-	31.476	17.284
	Men	13.592	21.496	20.358	29.445	-	21.407	9.810	98.944	49.159	28.563
Total Over 50		-112%	64%	NA	-29%	NA	NA	-89%	NA	-56%	-65%

Average gross salary remuneration by country, category, gender and wage gap. Global Data											
Start of contract		Previous to January 1st 2021									
Terminated Contracts in 2021		Not included									
Age Range	Gender	2021									
		Brazil	China	Indonesia	Spain	Vietnam	India	Mexico	Corporate (Spain)	Canada	Grand Total
Under 30	Women	4.049	8.373	NA	NA	3.338	3.488	4.979	NA	NA	5.230
	Men	3.850	NA	4.363	NA	7.009	2.562	16.884	10.284	NA	7.050
Total Under 30		5%	NA	NA	NA	-110%	27%	-239%	NA	NA	-35%
Between 30 and 49	Women	5.210	11.877	9.512	25.473	7.482	4.277	8.406	27.911	NA	8.974
	Men	8.113	15.844	7.412	24.924	12.013	5.649	14.331	55.831	50.472	16.161
Total Between 30 and 49		-56%	-33%	22%	2%	-61%	-32%	-70%	-100%	NA	-80%
Over 50	Women	7.718	52.187	NA	23.506	2.753	NA	3.325	NA	21.600	15.472
	Men	11.404	26.087	20.819	31.091	NA	19.969	10.174	98.944	42.587	26.703
Total Over 50		-48%	50%	NA	-32%	NA	NA	-206%	NA	-97%	-73%



Formation

Formation hours by category and gender. Global Data						
2022			2021			
Hierarchy Level	Women	Men	Grand Total	Women	Men	Grand Total
Director	95	529	624	279	169	448
Manager	13	40	53	86	172	258
Assistant Manager	171	422	593	48	205	253
Head	88	332	420		118	118
Technician	645	433	1.077	818	530	1.348
Worker	1.088	1.440	2.528	995	2.694	3.689
Grand Total	2.100	3.195	5.295	2.371	4.363	6.734

Formation hours by category and gender. Global Data						
2022			2021			
Hierarchy Level	Women	Men	Grand Total	Women	Men	Grand Total
Director	31,7	33,1	32,8	139,5	7,3	17,9
Manager	4,3	5,0	4,8	9,6	6,1	7,0
Assistant Manager	17,1	16,2	16,5	16,0	29,3	25,3
Head	9,8	11,4	11,1		23,6	23,6
Technician	23,9	7,6	12,8	26,4	10,0	16,1
Worker	8,7	7,0	7,7	5,4	8,5	7,4
Grand Total	11,9	9,4	10,2	9,7	9,1	9,3

Percentage of employees receiving regular performance evaluations by category and gender. Global Data				
2022		2021		
Hierarchy Level	Women	Men	Women	Men
Director	100%	100%	100%	95%
Manager	25%	36%	11%	21%
Assistant Manager	0%	19%	33%	29%
Head	0%	51%	0%	40%
Technician	30%	55%	19%	28%
Worker	49%	63%	17%	27%

NFIS GRI-SDG CONTENTS

ANNEX I.

GRI STANDARD 2016	GENERAL AND THEMATIC TOPICS	PAGE / ANSWER	SDG	GLOBAL PACT	GRI STANDARD
GRI 102	ContentS GENERALES				
	1. ORGANIZATION PROFILE				
Content 102-1	Organization Name	4	-	-	Essential
Content 102-2	Activities, brands, services or products	8-16	-	-	Essential
Content 102-3	Location of Organization Hedquarter	4-5	-	-	Essential
Content 102-4	Operations Location	4-5	-	-	Essential
Content 102-5	Ownership and Legal Form	4-5	-	-	Essential
Content 102-6	Markets and Services	8-16, 65-71	-	-	Essential
Content 102-7	Organization Size	8-25	-	-	Essential
Content 102-8	Employees and other workers information	40-64, Annex	-	-	Essential
Content 102-9	Supply chain	8-16, 65-71	-	-	Essential
Content 102-10	Significant Changes in the organization and supply chain	N/A	-	-	Essential
Content 102-11	Precautionary principle or approach	94	-	-	Essential
Content 102-12	External initiatives	17, 27-31	-	-	Essential
Content 102-13	Membership in associations. Listing.	65-71	-	-	Essential
	2. STRATEGY				
Content 102-14	Statement from senior executives, responsible for desicion making	8	-	-	Essential
Content 102-15	Key impacts, risks and opportunities	8, 22-24	-	-	Exhaustive
	3. ETHIC AND INTEGRITY				
Content 102-16	Values, principles, standards and norms of conduct	8-25	-	-	Essential
Content 102-17	Advisory mechanisms and ethical concerns	17-31	-	-	Exhaustive

GRI STANDARD 2016	GENERAL AND THEMATIC TOPICS	PAGE / ANSWER	SDG	GLOBAL PACT	GRI STANDARD
4. GOVERNMENT					
Content 102-18	Governance Structure	18-20, 27	-	-	Essential
Content 102-20	Executive-level responsibility for economic, environmental, and social issues	18-20, 27	-	-	Exhaustive
Content 102-21	Stakeholder consultation on economic, environmental, and social topics	29-30, Annex II	-	-	Exhaustive
Content 102-22	Composition of the highest governance body and its committees	18-20, 27	-	-	Exhaustive
Content 102-23	Chair of highest governance body	18-20, 27	-	-	Exhaustive
Content 102-29	Identification and management of economic, environmental, and social impacts	22-31, Annex	-	-	Exhaustive
Content 102-30	Effectiveness of risk management processes	22-31, Annex	-	-	Exhaustive
Content 102-31	Evaluation of economic, environmental and social topics	22-31, Annex	-	-	Exhaustive
Content 102-35	Compensation policies	40-64, Annex	-	-	Exhaustive
Content 102-38	Total annual compensation ratio	40-64, Annex	-	-	Exhaustive
5. STAKEHOLDERS PARTICIPATION					
Content 102-40	List of stakeholders	22-31, Annex	-	-	Essential
Content 102-41	Collective bargaining Agreements	53	-	-	Essential
Content 102-42	Stakeholders identification and selection	22-31, Annex	-	-	Essential
Content 102-43	Approach to stakeholder engagement	22-31, Annex	-	-	Essential
Content 102-44	Key issues and concerns raised	22-31, Annex	-	-	Essential
6. REPORTING PRACTICES					
Content 102-45	Entities included in the consolidated financial statements	4-5	-	-	Essential
Content 102-46	Definition of the Contents of the reports and subject matter coverage	4-5	-	-	Essential
Content 102-47	List of material topics	Annex I y II	-	-	Essential
Content 102-48	Restatement of information	N/A	-	-	Essential
Content 102-49	Changes in reporting	N/A	-	-	Essential
Content 102-50	Reporting period	4-5	-	-	Essential
Content 102-51	Last report date	4-5	-	-	Essential
Content 102-52	Reporting cycle	4-5	-	-	Essential
Content 102-53	Contact point for questions about the report	7	-	-	Essential
Content 102-54	Statement of GRI Standards-compliant reporting	4	-	-	Essential
Content 102-55	GRI Content Index	Annex I	-	-	Essential
Content 102-56	External Verification	6	-	-	Essential

GRI STANDARD 2016	GENERAL AND THEMATIC TOPICS	PAGE / ANSWER	SDG	GLOBAL PACT	GRI STANDARD
GRI 201	ECONOMIC PERFORMANCE				
Content 201-1	Direct economic value generated and distributed	21	8	-	Exhaustive
Content 201-3	Defined benefit and other pension plan obligations	N/A	8	-	Exhaustive
Content 201-4	Financial assistance received from the government	21	8	-	Exhaustive
GRI 204	SUPPLIERS PRACTICES				
Content 204-1	Proportion of spending on local suppliers	78	8	-	Exhaustive
GRI 205	ANTI-CORRUPTION				
Content 205-3	Confirmed cases of corruption and actions taken	33-39	8	10	Exhaustive
GRI 301	MATERIALS				
Content 301-1	Materials used by weight or volume	88-89	12	7,8,9	Exhaustive
Content 301-2	Recycled inputs	81-82	12	7,8,9	Exhaustive
GRI 302	ENERGY				
Content 302-1	Energy consumption within the organization	83-85	12	7,8,9	Exhaustive
Content 302-3	Energy intensity	83-85	12	7,8,9	Exhaustive
Content 302-4	Energy consumption reduction	83-85	3,7,12	7,8,9	Exhaustive
GRI 303	WATER				
Content 303-2	Management of impacts related to water discharges	86-87	6,7,12,13	7,8,9	Exhaustive
Content 303-3	Water withdrawal by sources	86-87	6,7,12,13	7,8,9	Exhaustive
Content 303-4	Water discharge	86-87	6,7,12,13	7,8,9	Exhaustive
Content 303-5	Water consumption	86-87	6,7,12,13	7,8,9	Exhaustive
GRI 304	BIODIVERSITY				
Content 304-2	Significant impacts of activities, products, and services on biodiversity	90-91	13,14,15	7,8,9	Exhaustive
GRI 305	EMISSIONS				
Content 305-1	Direct GHG emissions (Scope 1)	79-85	7,12	7,8,9	Exhaustive
Content 305-2	Indirect GHG emissions associated with energy (Scope 2)	79-85	7,12	7,8,9	Exhaustive
Content 305-3	Other indirect GHG emissions (Scope 3)	79-85	7,12	7,8,9	Exhaustive
Content 305-4	Intensity of GHG emissions	79-85	7,12	7,8,9	Exhaustive
Content 305-5	GHG emissions reduction	79-85	7,12	7,8,9	Exhaustive
GRI 306	EFFLUENTS AND WASTE				
Content 306-3	Waste generated	81-82	2,6,12	7,8,9	Exhaustive
Content 306-5	Waste for disposal	81-82	2,6,12	7,8,9	Exhaustive
GRI 307	ENVIRONMENTAL COMPLIANCE				
Content 307-1	Non-compliance with environmental laws and regulations	94	13,14,15	7,8,9	Exhaustive
GRI 308	ENVIRONMENTAL ASSESSMENT OF SUPPLIERS				
Content 308-2	Negative environmental impacts in the supply chain and actions taken	65-78	8,11,12	1,2,3,6	Exhaustive

GRI STANDARD 2016	GENERAL AND THEMATIC TOPICS	PAGE / ANSWER	SDG	GLOBAL PACT	GRI STANDARD
GRI 401	EMPLOYMENT				
Content 401-1	New employee hires and turnover	40-64, Annex	8	1,2,3,4,5,6	Exhaustive
Content 401-2	Benefits for full-time employees that are not provided to part-time or temporary employees.	40-64, Annex	8	1,2,3,4,5,6	Exhaustive
GRI 403	OCCUPATIONAL HEALTH AND SAFETY				
Content 403-1	Worker representation on formal worker/ company health and safety committees	40-64, Annex	3,8	1,2,3,4,5,6	Exhaustive
Content 403-2	Types of accidents and accident frequency rates, occupational diseases, lost days, absenteeism, and number of deaths due to occupational accidents or occupational diseases	40-64, Annex	3,8	1,2,3,4,5,6	Exhaustive
Content 403-3	Workers at high risk of occupational disease	40-64, Annex	3,8	1,2,3,4,5,6	Exhaustive
Content 403-4	Health and safety topics covered in formal agreements with trade unions	40-64, Annex	3,8	1,2,3,4,5,6	Exhaustive
GRI 404	FORMATION AND TRAINING				
Content 404-1	Average hours of training per year per employee	52-60, Annex	4,8	1,2,3,4,5,6	Exhaustive
Content 404-1	Programs to develop employee skills	52-60, Annex	4,8	1,2,3,4,5,6	Exhaustive
Content 404-3	Percentage of employees receiving regular performance and career development reviews	52-60, Annex	4,8	1,2,3,4,5,6	Exhaustive
GRI 405	DIVERSITY AND EQUAL OPPORTUNITIES				
Content 405-1	Breakdown of employees by professional category and age	40-64, Annex	8	1,2,3,4,5,6	Exhaustive
Content 405-2	Women and men ratio of basic salary and remuneration	40-64, Annex	5,8	1,2,3,4,5,6	Exhaustive
GRI 406	NON-DISCRIMINATION				
Content 406-1	Cases of discrimination and corrective actions taken	40-64, Annex	12	1,2,3,4,5,6	Exhaustive
GRI 407	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
Content 407-1	Operations and suppliers whose right to freedom of association and collective bargaining may be at risk	N/A	8	1,2,3,4,5,6	Exhaustive
GRI 408	CHILD LABOR				
Content 408-1	Operations and suppliers with significant risk of child labor	N/A	4,8	1,2,3,4,5,6	Exhaustive
GRI 409	FORCED OR COMPULSORY LABOR				
Content 409-1	Operations and suppliers with significant risk for cases of forced or compulsory labor	N/A	8	1,2,3,4,5,6	Exhaustive
GRI 413	LOCAL COMMUNITIES				
Content 413-1	Operations with local community engagement, impact assessments and development programs	65-71	8	1,2,3,4,5,6	Exhaustive
GRI 414	SOCIAL ASSESSMENT OF SUPPLIERS				
Content 414-1	New suppliers that have passed selection filters according to social criteria	65-78 (100%)	8,11,12	1,2,3,6	Exhaustive

MATERIALITY ANALYSIS

Annex II.

STAKEHOLDERS IDENTIFICATION

Zahonero Group identifies as stakeholders all those groups or individuals who may be significantly affected by the Group's activities or whose actions may have a reasonable impact on the Zahonero Group's ability to successfully develop its strategy and achieve its objectives. and achieve its objectives.

Defined stakeholders are:

- Shareholders
- Employees
- Customers
- Society
- Suppliers

Once our stakeholders have been identified, their needs and expectations detected through the different dialogue mechanisms are considered in the definition of the relevant aspects of the Report.

MATERIALITY CALCULATION

In accordance with the Global Reporting Initiative (GRI) Standards for the preparation of sustainability reports, this report focuses especially on those issues identified as relevant in the materiality analysis. During the 2021 fiscal year, the Zahonero Group conducted a materiality analysis that identified the most relevant and the most relevant and priority issues for the Group in the Group in environmental, social and governance matters, which has been reviewed and accepted during the 2022 financial year. The Group's procedure The procedure followed by the Group to identify the most relevant ones is as follows:

- **Identification of issues.** A total of 27 topics have been identified, in accordance with the Content requirements established in Law 11/2018 of December 28, 2018 on non-financial information and Diversity approved on December 13, 2018 by the Congress of Deputies.
- **Prioritization of issues.** Internal and external assessment of the severity of the issues identified for the achievement of long-term objectives and, therefore, for sustainability. The prioritization matrix offers a double analysis of the issues, revealing their internal importance, given by the first level managers participating in the analysis of the sustainability context, and their external importance, according to the perception of the valuation given by stakeholders to these aspects, based on information obtained through the usual channels of dialogue that the Group maintains with them.

The results of the analysis of the relevant aspects are summarized in the following prioritization matrix.

This matrix includes the main material issues. Each number in the graph represents one of the numbered material issues.

This material issue has been evaluated. For the elaboration of this graph, a dialogue with the stakeholders is conducted in which their rating from 1 to 10 is requested and, after weighting according to the stakeholder group, the following is extracted the average of these topics.

ECONOMIC

- 1. Economic performance201-1
- 2. Market presence 202-1, 202-2
- 3. Customers health and safety.....416-1, 416-2
- 4. Marketing and labeling 17-3
- 5. Indirect economic impact 203-1, 203-2

SOCIAL

- 13. Health and security
at work 403-1, 403-2, 403-3, 403-4
- 14. Employee-company relationships..... 402-1
- 15. Employment.....401-1, 401-2, 401-3
- 16. Diversity and equality
opportunities.....405-1, 405-2
- 17. Formation and training.....404-1, 404-2, 404-3
- 18. Non-discrimination 406-1
- 19. Child labor 408-1
- 20. Forced or compulsory labor..... 409-1
- 21. Local communities413-1
- 22. Freedom of association
and collective bargaining..... 407-1

ENVIRONMENTAL

- 6. Materials301-1, 301-2, 301-3
- 7. Environmental compliance.....307-1
- 8. Emissions305-1, 305-4, 305-5
- 9. Water303-1, 303-3
- 10. Effluents and waste..... 306-2
- 11. Suppliers
environmental evolution308-1, 308-2
- 12. Energy..... 302-3, 302-4

CORRECT GOVERNANCE

- 23. Taxation207-1
- 24. Anti-corruption 205-1, 205-2, 205-3
- 25. Suppliers social evaluation414-1
- 26. Human Rights
Evaluation.....412-1, 412-2
- 27. Customer Health and Safety.....416-1, 416-2



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