



Zahonero
Engineering comfort

Sustainability Report 2023

Designing together a more
comfortable and sustainable world



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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, polyurethane foam and ended insoles.
- **Zahonero Indonesia.** Operates in Indonesia and it manufactures latex foam, polyurethane foam and ended insoles.
- **Zahonero Hi-Tech.** Operates in Popular Republic of China and manufactures latex foam, polyurethane 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, polyurethane 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.

Zahonero Group's aim is not solely to present this report but to surpass and improve the current reporting standard. For this reason, the email address info@Zahonero.com is made available for sending suggestions for improvement and inquiries regarding this report. The commitment made to our stakeholders is to periodically publish clear and transparent information about the Group's activities through this and future reports, prepared in accordance with the GRI standard.

CEO LETTER

Dear friends of the Zahonero Group,

It is an honour for me, for another year, to be part of this company that is driving the change towards a fully sustainable supply chain in all the sectors in which it operates. This progress is only possible thanks to the people who are part of our project, inside and outside the organisation. I would like to thank all the Group's employees, end consumers of our products, suppliers, partners and associates for making this positive change possible.

In 2023, we have continued to make progress on our sustainability goals, both environmental and social. Thanks to improvements in our processes, we have reduced our energy intensity and increased the percentage coming from certified renewable sources. This has resulted in a significant reduction in our carbon footprint compared to the previous year. We have also reduced our water footprint and increased the percentage of water reused in other processes. In addition, investments have been made in water treatment plants to continue working in this direction, which will have an impact during 2024.

On the social front, we have strengthened the development of our internal employees through inclusive training programmes and process automation, which has led to the creation of jobs with higher added value. In addition, we have improved our internal communication, which has increased the sense of belonging and facilitated better coordination to achieve our common goals.

These achievements follow GRI standards and are based on our philosophy of measuring progress with hard data, as part of our commitment to the SDGs. We continue to focus on the SDGs where our operations have the greatest impact: clean water management, decent work and economic growth, responsible production and consumption, industry, innovation and infrastructure.

To strengthen our engagement with our supply chain members and end consumers, we have implemented transparency tools in all our Business Units. This year, we introduced traceability systems that improve transparency, enabling consumers to make more informed and appropriate choices about our products.



The real driver of this progress is the people who are part of our group, with their talent and motivation. It is essential to encourage diversity, promote continuous training and guarantee safe and healthy spaces for all employees.

At the Zahonero Group, we renew our commitment to the United Nations Global Compact, disseminating its initiatives throughout our value chain and among our employees, and we continue to lead the transformation towards a more sustainable and safer 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.



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.

Country	Employed by gender and country as at 31 December					
	2022		2023		2022	2023
	Woman	Men	Woman	Men	%Woman	%Men
Canada	60	60	60	68	50,00%	46,88%
China	10	27	9	34	27,03%	20,93%
India	41	23	36	26	64,06%	58,06%
Indonesia	12	122	13	129	8,96%	9,15%
Mexico	2	17	2	17	10,53%	10,53%
Spain	27	46	25	40	36,99%	38,46%
Vietnam	13	71	18	74	15,48%	19,57%
Grand total	12	18	11	18	40,00%	37,93%
Total general	177	384	174	406	31,55%	30,00%



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

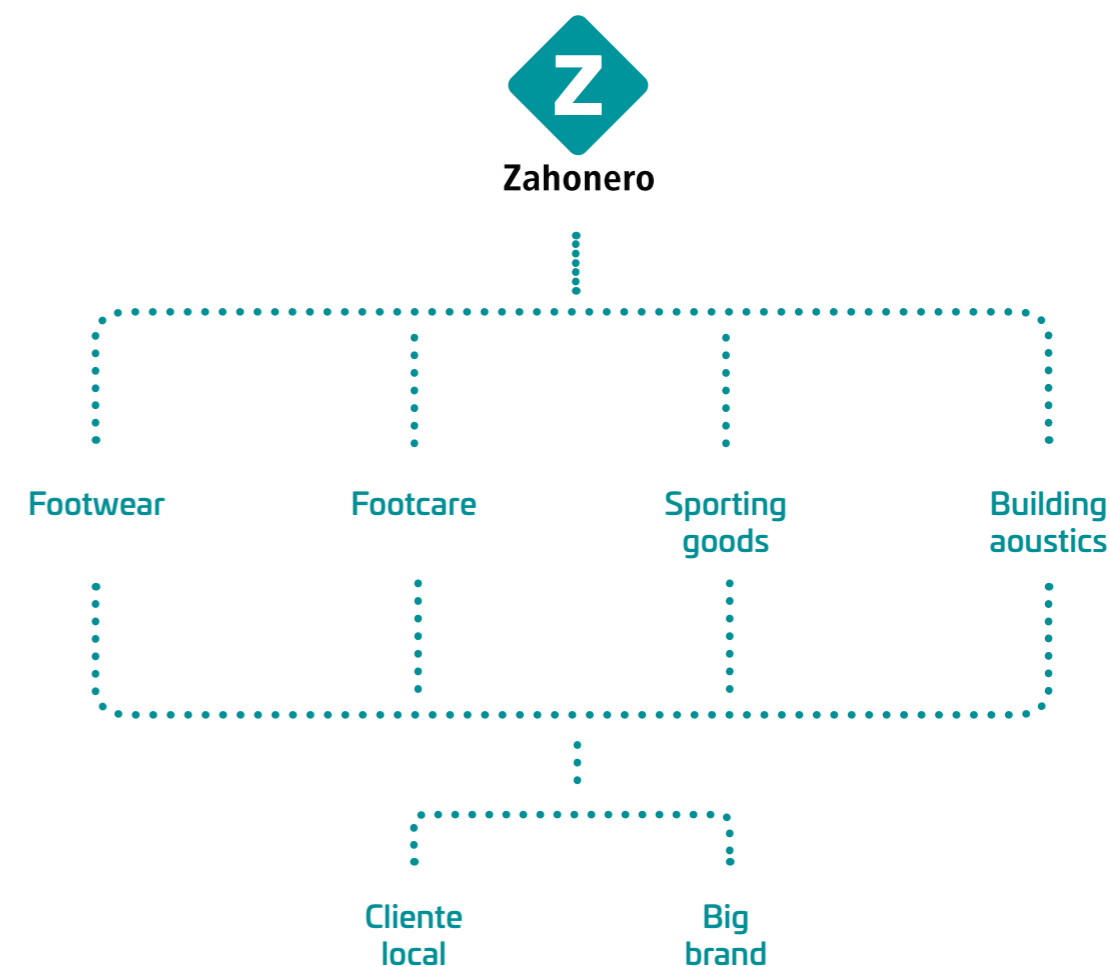
Comfort Solutions

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
 Rolling footwear manufacturing solution	 Walkintech Insole technology	 Rolling footwear manufacturing solution	 dBcover acoustic protection solutions
 Walkintech Insole technology	 Rolling footwear manufacturing solution	 Breathaprene Breathable and elastic	
 Breathaprene Breathable and elastic			

Performance and innovation guarantee: Technologies



Airfit BIO
Zahonero

Cellfit
Zahonero

Starfit
Zahonero

Everfit
Zahonero

Rebounded
Zahonero

BUSINESS SUCCESS

Sustainable growth

During 2023, there has been a contraction in key markets for the company such as footwear and construction. This has been particularly noticeable in the US and European consumer markets, which has weighed down the manufacture of components and the installation of acoustic elements.

In response, the Group has restructured its product line and production capacity. The thermoplastic rubber section in Mexico has been closed while the production capacity for Polyurethane Foams and insoles in Northeast Brazil has been increased. The process of moving to a new, higher capacity facility for all lines in India has also been initiated.

This restructuring, together with the stability of raw materials and energy supplies, allowed margins to be maintained at the same level as in the previous year.

The automated insole line increased production to over 185,000 pairs of insoles.

Business in new sustainable solutions increased: :

- BIO-content product line in dBcover.
- Absorption solutions with high recycled content
- Line of Rolling Starfit with high BIO content and USDA certified
- Line of Mats made of bio-materials (Natural Latex and Cork)
- Line of Mats with recycled content.



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 board of directors of the parent company during the financial year 2023 consisted of four directors, all of whom are legal entities represented by men, who perform senior management functions in the Group (same situation during the financial year 2022).

The legal entities acting as directors have received income for the provision of services to the Group amounting to 438 thousand euros (467 thousand euros during financial year 2022).

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:

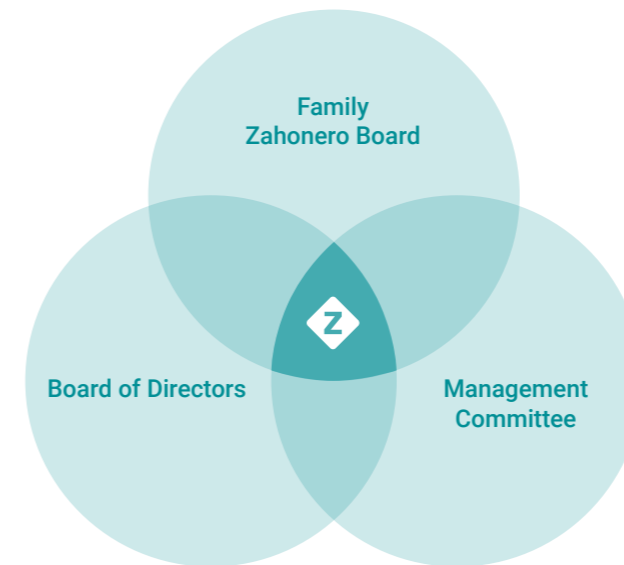
- **CEO:** Daniel Zahonero

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

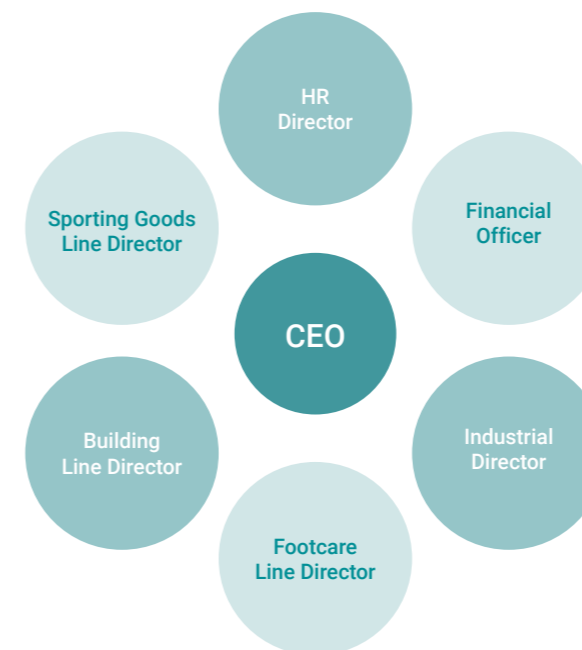
GOVERNMENT STRUCTURE



INTERDEPARTMENTAL WORK COMMITTEES



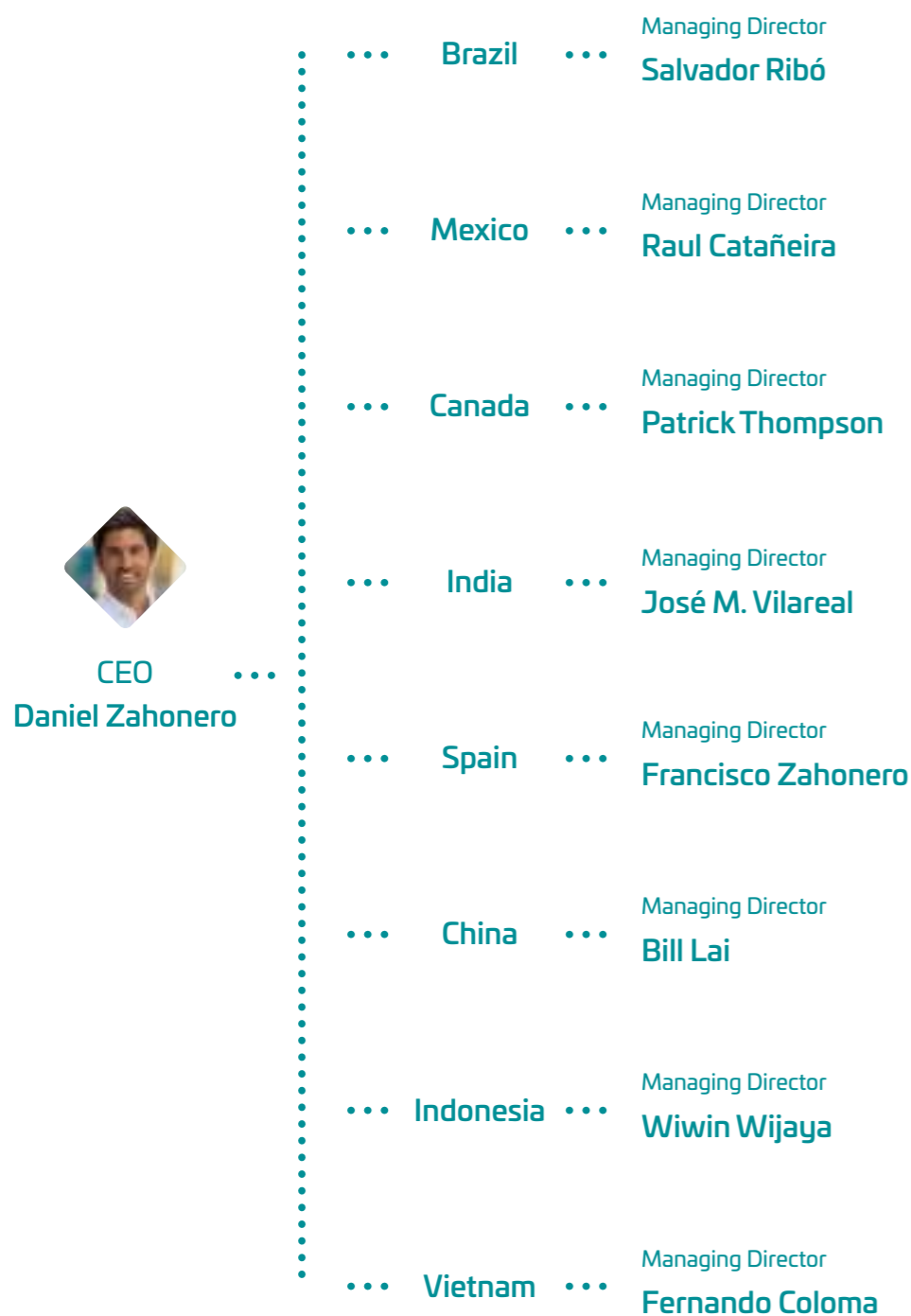
COMPOSITION OF THE STEERING COMMITTEE



CORPORATE STRUCTURE



Global Management Structure



FISCAL TRANSPARENCY

Results

In fiscal years 2023 and 2022, the details of the results obtained, the taxes on profits paid and the public subsidies received by country, are as follows:

Country	2023 (Amount in €)		
	Net result	Profits taxes	Subsidies received
Brazil	402.685	147.662	-
Canada	453.725	7.168	24.945
China	238.751	-	-
Spain	100.559	25.150	-
Hong Kong	(113.009)	-	-
India	93.959	55.221	16.209
Indonesia	(188.142)	-	-
Mexico	(347.074)	-	-
Portugal	(29.660)	8.710	-
Vietnam	(529.584)	-	-

Country	2022 (Amount in €)		
	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	-	-

(*) 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.

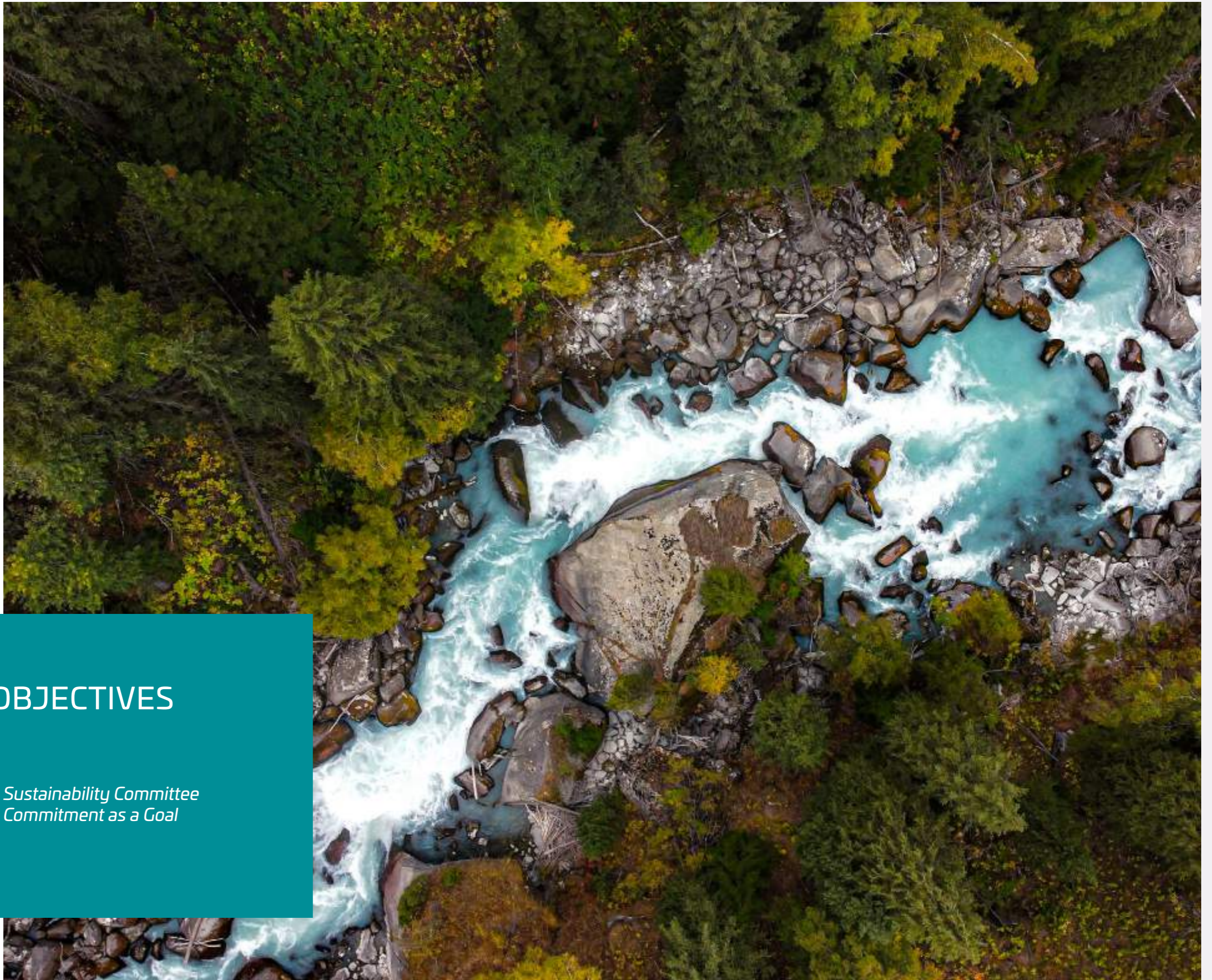
The versatility of its use in different industries, as well as new developments, aligning technical and mechanical properties to bio products and sustainable, are the strong points of a market with strong growth.

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 became a signatory of the United Nations Global Compact.

The SDGs promoted by the Global Compact have been integrated into the Group's strategic decision-making process and are incorporated into new projects.

We prioritize those SDGs with the highest environmental impact, committing to achieving goals in the following timeframes:

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

Our actions and strategies are organized according to the guidelines of these three time horizons.

As part of this reflection, Zahonero Group has established the Sustainability Committee as

a key working element, where action plans are evaluated, indicators are set, results are reviewed, and our outcomes are aligned with the SDGs prioritized for the Group.



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.**
- **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.**

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

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. As of 31 December 2023, our team comprised a total of 580 professionals, a slight increase compared to the 561 professionals at the end of the financial year 2022.

Our global workforce is made up of 30% women and 70% men. The gender distribution 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		2023		2022	2023
	Women	Men	Woman	Men	% Women	% Women
Brazil	60	60	60	68	50,00%	46,88%
Canada	10	27	9	34	27,03%	20,93%
China	41	23	36	26	64,06%	58,06%
India	12	122	13	129	8,96%	9,15%
Indonesia	2	17	2	17	10,53%	10,53%
Mexico	27	46	25	40	36,99%	38,46%
Spain	13	71	18	74	15,48%	19,57%
Vietnam	12	18	11	18	40,00%	37,93%
Grand Total	177	384	174	406	31,55%	30,00%

Temporary

Throughout its history, Zahonero Group has been committed to stable work in its teams, the formation and consolidation of stable workforces that will lead us to the achievement of our objectives. The number of employees and their gender composition has remained relatively stable in 2023. The overall headcount at the reporting date shows a slight increase, 580 in 2023 compared to 561 in 2022. The gender composition of the workforce also remains relatively stable.

Of the 580 employees in the Zahonero Group at 31 December, 406 are men and 174 are women.

Our commitment to employment stability means that of the 715 employees who have been part of the Zahonero team directly during the year, 96% of them have a permanent contract as a form of link with the company, maintaining the figures from previous years.

Temporary contracts affect 4% of the workforce, the majority of which represent interim contracts with people entitled to reserve their job or to carry out specific work during production peaks, especially in the packaging section.

The percentage of men with permanent contracts is 95%, while for women it is 97%. With respect to the 2022 financial year, the percentages remain stable between both genders within the company's policy.

96% of employees have a permanent employment contract.

Contrato		Employees by type of contract and gender. Global data		
		2022	2023	
Permanent contract	Woman	243	226	31,61%
	Man	471	457	63,92%
	Total	714	683	95,52%
Temporary contract	Woman	44	6	0,84%
	Man	72	26	3,64%
	Total	116	32	4,48%
Grand Total		830	715	100,00%

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.

Employees by professional category and gender overall data

Hierarchical level	Gender	2022		2023	
		Number	%	Number	%
Director	Woman	4	14%	4	15%
	Man	24	86%	23	85%
	Total	28		27	
Manager	Woman	4	27%	2	29%
	Man	11	73%	5	71%
	Total	15		7	
Assistant Manager	Woman	13	26%	19	35%
	Man	37	74%	35	65%
	Total	50		54	
Assistant Manager Head	Woman	14	25%	11	24%
	Man	41	75%	35	76%
	Total	55		46	
Head Technician	Woman	33	31%	32	28%
	Man	75	69%	82	72%
	Total	108		114	
Technician Worker	Woman	219	38%	164	35%
	Man	355	62%	303	65%
	Total	574		467	
Gran Total		830		715	

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 terms of the age of the people recruited, the vast majority, given the usual type of recruitment, have been under 30 years of age (50%).

In terms of hiring regions, the fastest growing regions were those with the highest growth in manufacturing, such as Brazil, China and India, which explains the higher concentration of new hires in women under 30 years of age.

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.

Global data of new hirings by gender

Gender	2022		2023	
	Number	%	Number	%
Women	112	42%	62	39%
Men	157	58%	98	61%
Grand Total	269		160	

New hirings by age. Global Data.

Age Range	2022			2023		
	Woman	Man	Total	Woman	Man	Total
Under 30	47	92	139	30	47	77
Between 30 and 49	55	59	114	30	46	76
Over 50	10	6	16	2	5	7
Grand total	112	157	269	62	98	160

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. Even so, the turnover experienced in 2023 remains stable as a result of the situation in the different markets in which we operate. In addition, in the Brazil factory, the rate is affected by the situation

of high absenteeism, which leads to a higher number of staff turnover. In general terms, the values are maintained and we are working proactively with more exhaustive onboarding processes to reduce these numbers for the 2024 financial year.

The higher mobility among the population under 30 years of age means that the turnover rates within their age group are the highest, while, on the other hand, the turnover rates among employees over 50 years of age are the lowest. This is understandable, a priori, due to the greater loyalty of employees. Likewise, the 'worker' and 'technician' categories show the highest turnover in both years.

Age range	Global data of new hiring by gender					
	2022			2023		
	Women	Men	Grand Total	Women	Men	Grand Total
Under 30	11	28	39	16	11	27
Between 30 and 49	18	17	35	20	21	41
Over 50	1	6	7	3	4	7
Grand Total	30	51	81	39	36	75

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

Total Pay Gap: The total pay gap for the Group in Spain has narrowed considerably in 2023 from an already low gap. 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.

País	Brecha salarial					
	2022			2023		
	Women	Men	Grand Total	Women	Men	Grand Total
Brazil	4.113,39	6.303,55	34,74%	7.717,36	10.272,54	24,87%
Canadá	28.495,78	48.036,74	40,68%	40.550,08	48.888,51	17,06%
China	8.487,88	16.546,09	48,70%	11.455,15	16.556,52	30,81%
Corporate	35.134,54	50.442,57	30,35%	55.455,67	65.850,82	15,79%
India	5.032,42	5.288,23	4,84%	4.912,12	5.444,91	9,79%
Indonesia	10.056,10	6.486,89	-55,02%	11.943,52	7.907,26	-42,16%
Mexico	3.130,75	6.263,52	50,02%	7.910,86	12.206,31	35,19%
Spain	21.600,36	23.988,95	9,96%	35.080,36	35.914,57	4,85%
Vietnam	8.973,00	9.832,81	8,74%	7.737,50	9.979,33	22,46%
Total	6.728,60	12.304,13	45,31%	13.592,10	17.518,84	22,41%

(*) 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 the 2023 financial year has been to focus on reducing overtime, improving internal efficiency and improving the work-life balance of our employees

Similarly, throughout the 2023 financial year, the initiatives to make the working day more flexible have been maintained, which resulted in the implementation of flexible start and finish times in the subsidiaries in 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.

Work time organization: Conciliation and social wellness

CONCILIATION MEASURES

During the 2023 financial year, work continued on the reconciliation measures implemented in the 2022 financial year. Thus, the Spanish subsidiary has adopted an intensive working day for the management team for the whole year. The subsidiaries in Brazil and Mexico have joined the flexible start and finish time and the corporate team of Zahonero Spain has incorporated teleworking one day a week to the proposed flexibility scheme.

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	Accident rate indicators. Global data					
	2022			2023		
	Women	Men	Total	Women	Men	Total
Hours worked	474.287	944.303	1.418.590	407.666	874.567	1.282.233
Accidents with paid leaves	0	14	14	4	20	25
Lost days by accidents	0	227	227	7	17	24
Lost hours by accident	0	1.831	1.831	56	141	197
Frequency rate	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
Severity rate	0,00%	0,19%	0,13%	0,01%	0,02%	0,02%
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 training, middle management and core staff, with 2023 being the fourth year in which it has been carried out. The plan is aimed at updating knowledge and empowering staff 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 factories in Spain, Brazil, India, China and Vietnam. Through the 'Evals' programme, all production employees receive monthly, quarterly or four-monthly appraisals depending on the section and size of the plant.

The third phase of implementation of the 'Evals' programme has been implemented in 2023 and has incorporated the Canadian factory. The third phase will be the implementation in 2023 and 2024 of performance evaluation at supervisor and technician level in all the group's subsidiaries. Work is also underway to migrate 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 the 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 the 2022 and 2023 financial years, the Zahonero Group started a programme to adopt the Social and Labour Convergence Program as an internal compliance standard. The platform chosen for the systematisation of internal audits has been HIGG INDEX, as an initiative arising from the APPARAEL COALLITION that promotes the adaptation of best practices in the footwear sector. This standard allows us to have an external verifier of the company's practices and promotes annual improvement plans. This commitment has led us to achieve in all our factories a level of social commitment of over 80% in the three aspects evaluated and 100% in regulatory commitment.

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 the year 2023, various 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	Accident rate indicators. Global data					
	2022			2023		
	Women	Men	Total	Women	Men	Total
Hours worked	474.287	944.303	1.418.590	407.666	874.567	1.282.233
Accidents with paid leaves	0	14	14	4	21	25
Lost days by accidents	0	227	227	7	17	24
Lost hours by accident	0	1.831	1.831	56	141	197
Frequency rate	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
Severity rate	0,00%	0,19%	0,13%	0,01%	0,02%	0,02%
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.

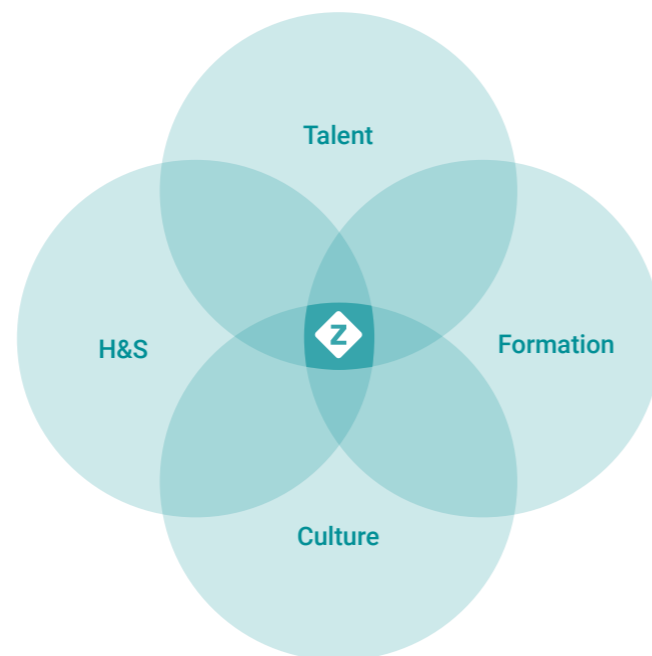
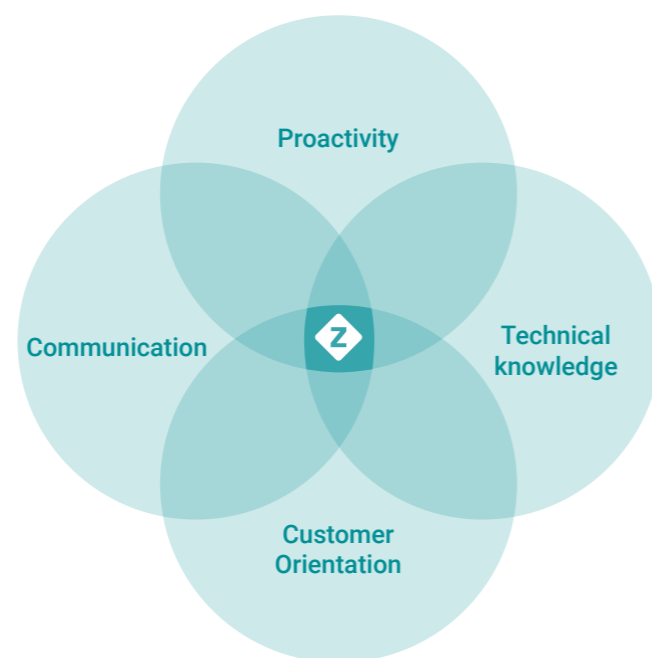
We offer the best HR practices with annual internal audits of these practices.

Attracting and developing talent, managing diversity, and supporting minority groups are part of our commitment to our team and society.

Overall, 2023 saw an increase in the number of training hours, especially due to the addition of a global Talent Manager to support the development of the team's knowledge.

Most of the training hours were dedicated to improvements in health and safety training and internal work processes. Also the induction training of new staff and especially the in-house development programmes 'Zahonero Academy'.

Zahonero Academy as an experience of cultural transformation and training of middle management began its journey in Brazil, joining the fourth edition of the one carried out in Spain.



9.7% increase in training hours per employee

Hierarchical Level	Average hours of training by category and gender. Global data					
	2022			2023		
	Women	Men	Grand total	Women	Men	Grand total
Director	31,7	33,1	32,8	27,9	18,7	20,1
Manager	4,3	5,0	4,8	12,75	37,1	30,1
Assistant Manager	17,1	16,2	16,5	23,63	7,9	13,7
Head	9,8	11,4	11,1	19,58	30,8	28,3
Technician	23,9	7,6	12,8	32,01	12,5	18,2
Worker	8,7	7,0	7,7	17,07	15,9	16,3
Grand total	11,9	9,4	10,2	20,53	16,3	17,6

Hierarchical Level	Training hours by category and gender. Global data					
	2022			2023		
	Women	Men	Grand total	Women	Men	Grand total
Director	95	529	624	112	425	537
Manager	13	40	53	26	186	211
Assistant Manager	171	422	593	433	245	678
Head	88	332	420	189	1.021	1.210
Technician	645	433	1.077	921	852	1.773
Worker	1.088	1.440	2.528	1.934	3.881	5.815
Grand total	2.100	3.196	5.295	3.615	6.608	10.223

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.

Diversity of origin, gender, creed, sexual orientation, functional or social diversity allows for the construction of diverse, complementary and welcoming work spaces and fosters consensus and progress. Diversity generates cohesion and contact with our Diversity generates cohesion and contact with our society, employees and customers.



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.

Diversity management tools:

- Comité de Igualdad
- Análisis de Diversidad de la plantilla
- Memoria RSC anual
- Encuesta anual de comunicación y valores
- Sugerencias del equipo.

COMMITMENT WITH COMMUNITY

Proximity Supply

- Zahonero Group has a policy of promoting local sourcing with the aim of reducing the generation of carbon footprint in transport, favouring local ecosystems and being able to have a closer relationship with them.
- Due to the need to standardise key raw materials and ensure compliance with RSL standards, some essential purchases, such as polymers, are made centrally (22%, 3 points lower than in 2022).
- 53% 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 and sustainable economy (1 point lower compared to 2022).
- Although key suppliers are not audited on-site, certificates and quality seals are required to demonstrate their solvency of their processes and compliance with the required industry standards. 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.

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.

DISTANCE	ZAHONERO GROUP 2023								
	Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	ZH GROUP
0 to 500 km	49%	46%	56%	52%	62%	63%	6%	40%	53%
500 to 2000 km	51%	13%	0%	15%	7%	30%	5%	3%	25%
> 2000 km	0%	41%	44%	34%	31%	7%	89%	57%	22%



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.

Corporative and sectorial alliances

SECTORIAL ALLIANCES



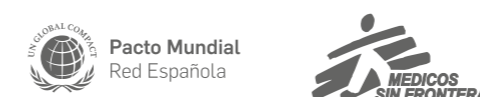
TECHNOLOGICAL ALLIANCES



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 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

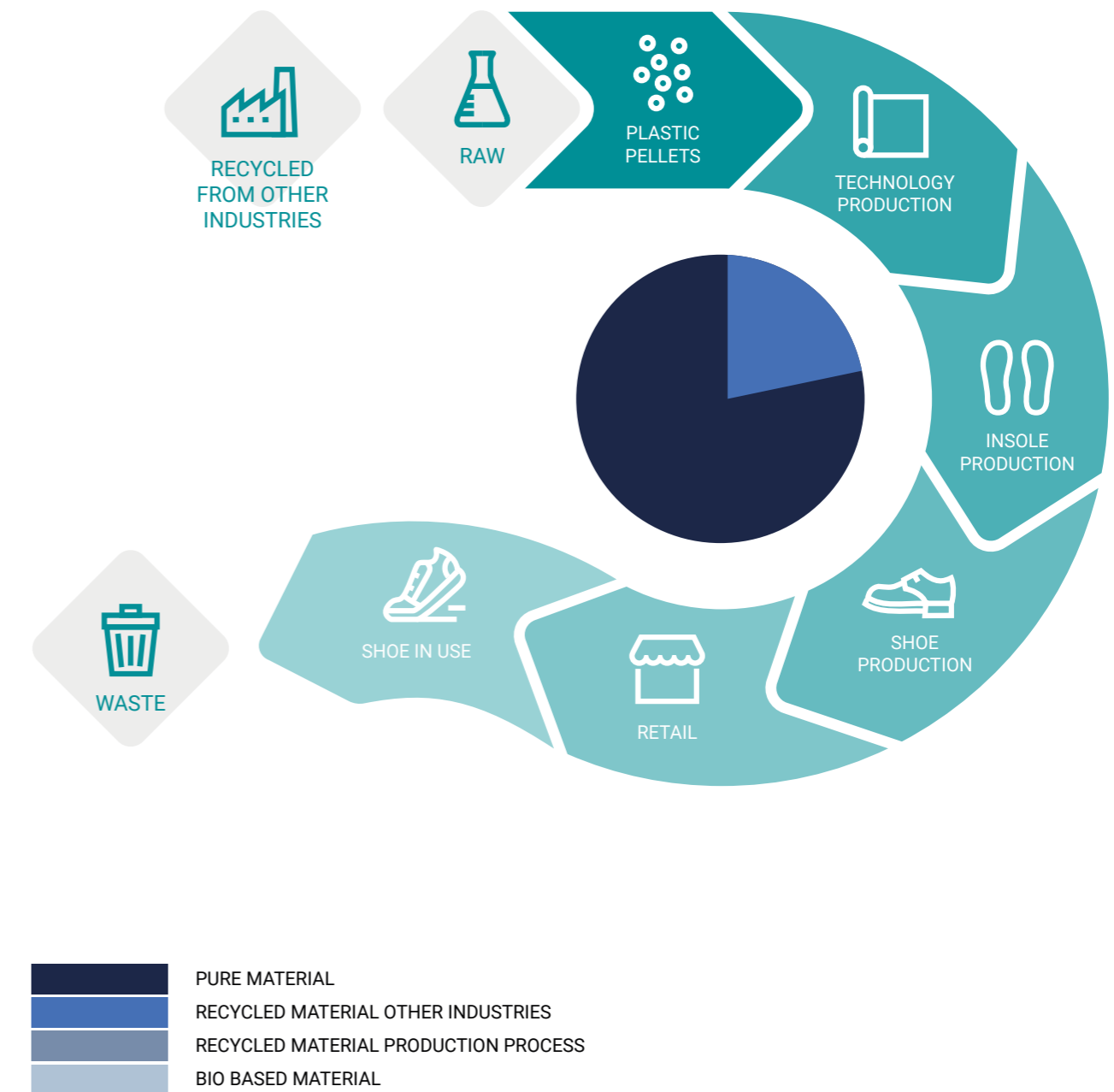
We are working to reduce our water footprint, purify production water, and reduce energy consumption.



Product development: short term

RECYCLED

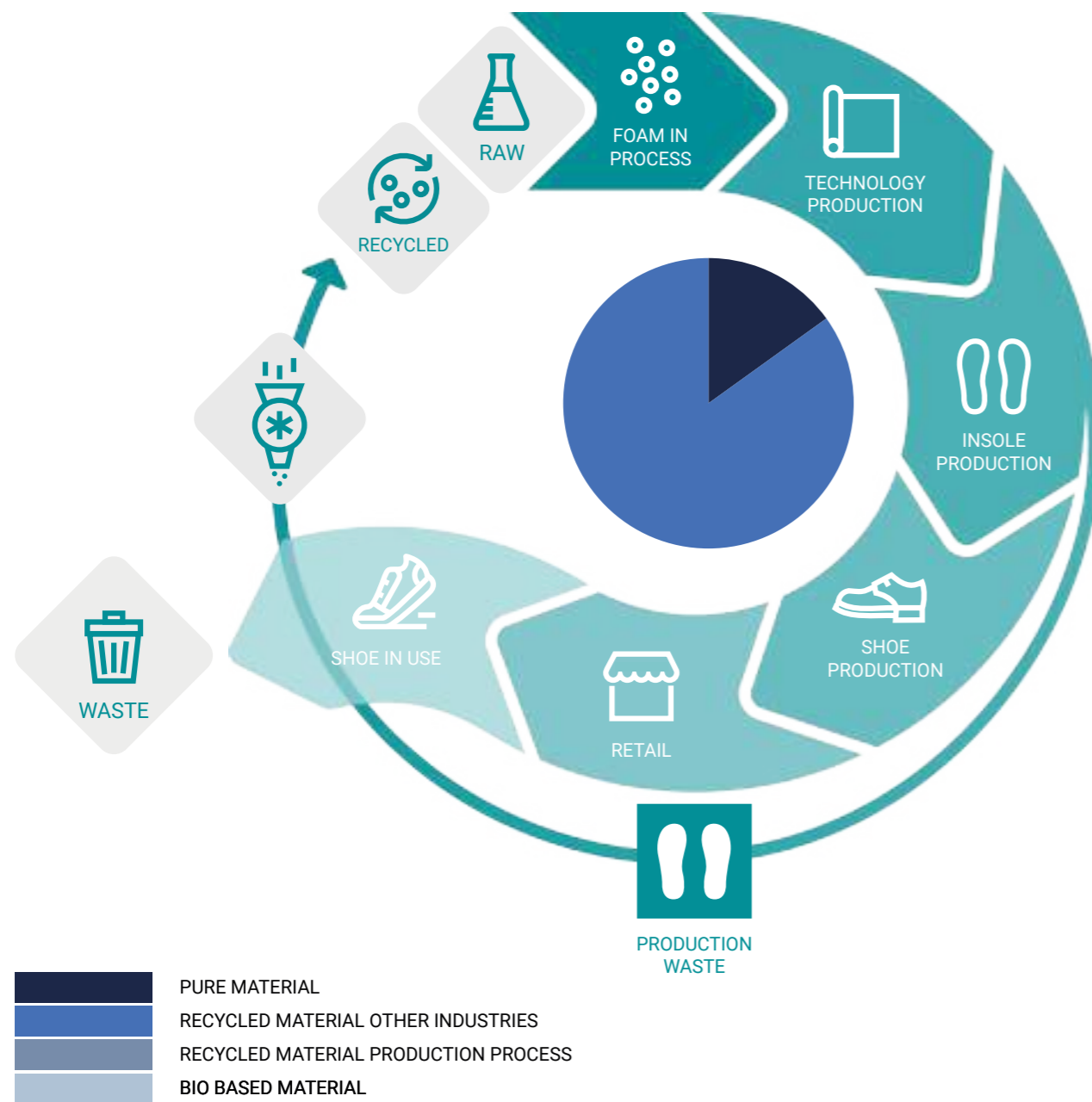
Solutions with up to 20% recycled materials from other industries.



Product development: medium term

ZERO WASTE

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



Product development: medium term

BIO BASED

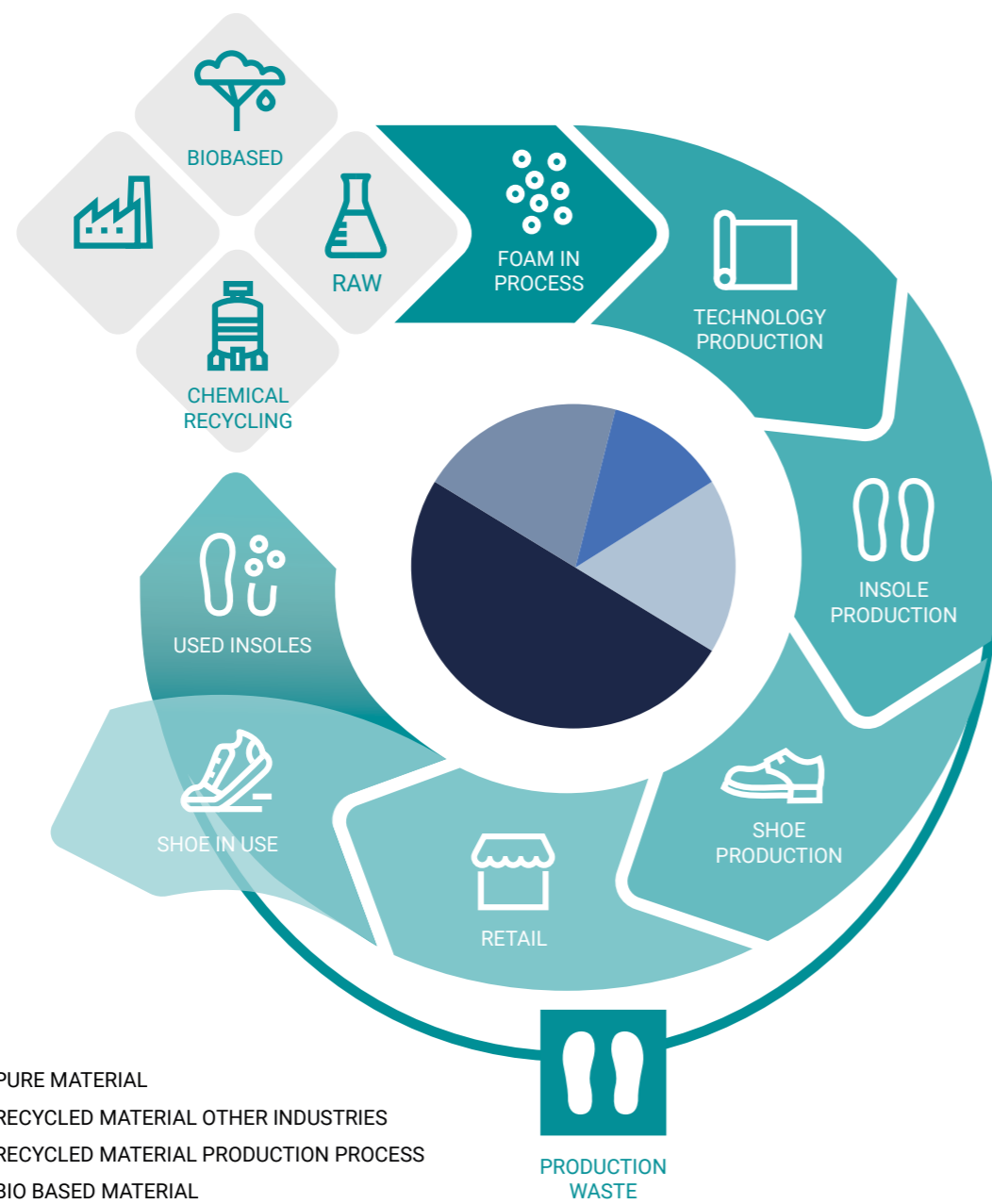
Solutions with up to 95% natural origin content and low impact carbon footprint.



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 Group 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 sets out a commitment to labour 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.

53% of the main volume of PM suppliers are located within 500km.

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.

The phases defined for the calculation of the carbon footprint designed for the Group are carbon footprint designed for the Group are:

- **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.

The Zahonero Group is taking steps to calculate its environmental impact and reduce its carbon footprint. In the year 2023 we continue with the calculation of the scope 3 carbon footprint (started in 2022) which includes indirect emissions related to the supply chain, the use of raw materials, waste and the use of water and waste water, 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 metrics to get a more complete picture of its environmental impact and has created

consumption indicators to understand the carbon footprint associated with its products. With these measures, the 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 (Scopes 1, 2 and 3) calculated by the Group for the financial years 2022 and 2023 is as follows:

14% reduction in carbon footprint (Scope 1, 2 and 3)

		GHG								
2022		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	Global 2022
Scope 1	t CO ₂ eq	1.986	608	277	335	345	509	0	146	4.206
Scope 2	t CO ₂ eq	0	0	271	261	680	183	9	95	1.499
Scope 3	t CO ₂ eq	4.516	2.352	940	2.609	2.792	235	104	596	14.144
GRAND TOTAL	t CO₂eq	6.502	2.960	1.488	3.205	3.817	927	113	837	19.849

		GHG								
2023		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	Global 2021
Scope 1	t CO ₂ eq	1.986	608	277	335	345	509	0	146	4.206
Scope 2	t CO ₂ eq	0	0	271	261	680	183	9	95	1.499
Scope 3	t CO ₂ eq	4.516	2.352	940	2.609	2.792	235	104	596	14.144
GRAND TOTAL	t CO₂eq	6.502	2.960	1.488	3.205	3.817	927	113	837	19.849



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

The Group's activity has led to the generation of mainly production scraps and packaging as non-hazardous waste. However, continuing with the advanced waste management initiated in 2022 by the Group, 313 tonnes of non-hazardous waste have been recovered and recycled.

As a result of these measures, the generation of up to 146 tonnes of CO2 eq. has been avoided, which represents a significant achievement in promoting environmental sustainability. These results demonstrate the Group's commitment to adopting responsible and sustainable practices, in line with international best practice in non-hazardous waste management.

HAZARDOUS WASTE

Despite having increased compared to 2022, during 2023, the management of this hazardous waste continues, achieving 100% elimination through the use of authorised and trained managers. The Group remains steadfast in its commitment to environmental sustainability, so actions are being taken to reduce the amount of hazardous waste and recover / recycle that which continues to be generated, with the aim of achieving significant improvements in this aspect during the financial year 2024. In this way, the Group demonstrates its ability to maintain an efficient and sustainable operation in harmony with the environment, ensuring the safety and well-being of its employees and the community at large.

The Group has also deemed food waste not to be a material issue as it does not engage in intensive food consumption at its workplaces.

100% of non-hazardous waste disposed of through authorised and trained waste managers.

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

Waste generated by technology 2023		Main and hazardous waste								Global 2023	Reduction
		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam		
Airfit	(kg)	529.224	24.175	2.619	17.669	11.527	80.439	NA	20.504	686.157	17.895
Cellfit/Starfit	(kg)	NA	55.934	2.729	52.488	62.825	NA	5.775	3.582	183.333	52.867
TPR	(kg)	NA	NA	NA	NA	NA	NA	NA	NA	0	8.901
Walkintech	(kg)	NA	44.737	18.664	12.514	185.802	76.728	1.562	16.584	356.591	131.686
Hazardous waste	(kg)	267.921	39.330	19.320	66.000	16.770	0	8.057	34.850	452.248	-172.219



Energy consumption

Within the Group's energy pool, the primary energy consumption expense comes from natural gas, followed by electricity.

As part of Zahonero's commitment to environmentally friendly energy, a process of converting factory roofs to solar energy production and usage has been initiated.

Under this strategy, the first facility to adopt the initiative was the production plant in Spain, where photovoltaic panels were installed in 2022, enabling self-generation of 10% of its electricity consumption. The year 2023 marked the first full year in which this installation was utilized.

Additionally, energy-saving programs were launched across various subsidiaries, resulting in calculated savings for each production technology, as detailed in the attached table.

The sustainability plan includes further development of the energy-saving strategy across all subsidiaries and the adaptation of our energy matrix to incorporate more sustainable energy sources, such as renewables.

11.4% reduction in average energy intensity

The minimal percentage attributed to diesel is due to the necessity of backup generators that ensure operational continuity during emergencies. However, a conversion process has been initiated to transition to hybrid diesel/natural gas generators.

43% of our total electricity comes from certified renewable sources.

During 2023, we achieved the objectives we had set, focusing on improving energy efficiency indicators. Specifically, we successfully reduced our energy intensity—measured as the amount of energy consumed per kilogram produced—compared to 2022 across all technologies on a global scale. This significant accomplishment demonstrates our team's dedication to sustainability and responsible resource use.

		Energy consumption								
Group Energy Consumption (2022)		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	GRAND TOTAL
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 (2023)		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	GRAND TOTAL
Electricity	kWh	1.908.343	1.191.643	429.697	832.951	1.914.103	712.015	13.412	211.341	7.213.505
Natural Gas	kWh	8.573.300	3.113.689	874.892	1.583.133	NA	2.995.334	NA	825.537	17.965.885
Diesel	kWh	NA	NA	NA	NA	813.187	NA	NA	NA	813.187
Fuel oil	kWh	677.792	NA	NA	NA	NA	NA	NA	NA	677.792
GRAND TOTAL	kWh	11.159.435	4.305.332	1.304.589	2.416.084	2.727.290	3.707.349	13.412	1.036.878	26.670.369



Energy intensity - carbon footprint

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

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

Energy intensity by technology (2023)		Energy Intensity									
		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	Global	Reduction
Airfit	kWh/kg	3,14	3,32	3,18	3,05	1,55	1,25	NA	2,51	2,53	0,39
Cellfit/Starfit	kWh/kg	NA	0,64	0,86	0,26	0,55	NA	0,08	1,28	0,40	0,01
TPR	kWh/kg	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Walkintech	kWh/pair	NA	0,03	0,21	0,13	0,18	0,38	0,03	0,07	0,09	0,06

By technology - 2023		Greenhouse Gas Emissions Intensity (GHG)									
		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	Global	Reduction
Airfit	t CO ₂ eq/t	0,50	0,51	0,64	0,60	0,42	0,24	NA	0,48	0,54	-0,08
Cellfit/Starfit	t CO ₂ eq/t	NA	0,00	0,22	0,07	0,14	NA	0,02	0,33	0,70	-0,53
TPR	t CO ₂ eq/t	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Walkintech	t CO ₂ eq/MPair	NA	0,00	0,05	0,03	0,05	0,08	0,01	0,02	0,11	-0,08



Water

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

In 2023, we continued the water consumption monitoring plan (initiated in 2022) to control and reduce water usage in our processes, yielding promising results in some countries. We also succeeded in reusing treated water from our effluents in industrial operations, thanks to investments in wastewater treatment and discharge control projects.

As a result of improvements in our in-house water treatment systems, 85% of the water used was treated in our own ETPs during 2023 (the same level as in 2022), meeting environmental standards. On average, 35% of this treated water was reused in internal processes, leading to significant reductions in effluents and water consumption savings (30% on average in 2022). To enhance the Group's water reuse capacity, significant investments in high-performance ETPs were made for subsidiaries in Canada and India by the end of 2023, with results expected in 2024.

To ensure the quality of wastewater and sludge, we adhere to ZDHC guidelines, which provide a harmonized set of parameters, values, limits, and analytical methods. This approach helps us maintain our sustainability standards and ensure compliance with our long-term goals. In summary, we remain committed to the responsible and sustainable use of water in our operations..

In 2023, 85% of the water used in processes was treated in our own ETPs..



35% of the treated water across the Group was reused in processes.



		Water use and generated effluents								
2022		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	TOTAL
Water use in production process	m³	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	m³	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								
2023		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	TOTAL
Water use in production process	m³	2.467	2.909	606	1.399	556	15.397	270	757	24.361
	Litres/ton polymer	1.896	3.382	3.010	1.351	549	24.480	5.967	3.286	4.656
Total wastewater	m³	574	426	520	22	71	15.397	22	0	17.032
	Litres/ton polymer	441	496	2.584	21	70	24.480	477	0	3.255



Material consumption

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

The company has undertaken several measures to enhance its production processes, such as classifying and shredding materials for subsequent recycling. Additionally, some of its products have been certified with the label for recycled material usage (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.

Furthermore, Zahonero Group has worked on reducing packaging materials and sought

alternatives that are recyclable and contain higher amounts of recycled content. These efforts have significantly reduced the company's environmental impact, improved resource efficiency, and fostered a circular and sustainable economy.

In 2023, up to 4% of recycled material was reintroduced into new productions.

		Percentage of materials used that are recycled materials	
		2022	2023
Airfit	% kg of recycled	3,73%	4,1%
Cellfit/Starfit	% kg of recycled	1,58%	0,6%
Walkintech	% kg of recycled	0,00%	0,0%



		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	1.641.383	798.088	251.139	242.020	431.209	943.887	NA	160.350	4.468.076
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								
2023		Spain	Brazil	Mexico	China	India	Canada	Indonesia	Vietnam	TOTAL
Airfit - SBR (all types)	Dry kg	1.301.220	537.431	160.960	423.390	508.451	628.954	NA	219.296	3.779.702
Airfit - Calcium carbonate	kg	1.119.185	718.760	180.740	201.348	352.089	1.000.708	NA	142.415	3.715.245
Airfit - Packaging	kg	138.497	5.926	2.295	5.737	18.245	25.748	NA	6.580	203.028
Cellfit/Starfit - Polioli	kg	NA	209.940	15.481	487.283	309.529	NA	21.247	5.210	1.048.690
Cellfit/Starfit - ISO	kg	NA	112.831	8.685	124.906	127.595	NA	23.999	5.831	403.847
Cellfit/Starfit - Packaging	kg	NA	6.753	205	5.067	9.184	NA	1.063	483	22.755
TPR (SEBS)	kg	NA	NA	NA	NA	NA	NA	NA	NA	0
TPR - Packaging	kg	NA	NA	NA	NA	NA	NA	NA	NA	0
Walkintech (Insoles) - Pairs	Pairs	NA	7.530.951	689.523	2.244.301	7.568.344	2.929.051	293.098	1.180.481	22.435.749
Walkintech - Packaging	kg	NA	10.250	110	5.132	132.163	28.210	1.739	3.582	181.186

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

As part of our strategy, we seek external validation of our best practices. In 2023, we achieved the following certifications and evaluations:

- Renewed ISO 9001 Certification for the Spain plant.
- Completed evaluations of the plants in China, India, Vietnam, Brazil, Mexico, Spain, and Canada under the Higg Index FEM and FSLM.
- Certified our products according to the GRS and RCS recycling standards.

For 2024, the Group aims to maintain high standards in certified plants and prepare the remaining ones for certification. Regarding product certifications, efforts are underway to obtain FSC certification for products made with natural latex.



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	2023
Employees on December 31st	561	580
Average employees	641	581
Employees throughout the year	830	715

Country	Employees by gender and country as of December 31st					
	2022		2023		2022	2023
	Women	Men	Women	Men	% Women	% Women
Brazil	60	60	60	68	50,00%	46,88%
Canada	10	27	9	34	27,03%	20,93%
China	41	23	36	26	64,06%	58,06%
India	12	122	13	129	8,96%	9,15%
Indonesia	2	17	2	17	10,53%	10,53%
Mexico	27	46	25	40	36,99%	38,46%
Spain	13	71	18	74	15,48%	19,57%
Vietnam	12	18	11	18	40,00%	37,93%
Grand Total	177	384	174	406	31,55%	30,00%

Age Range	Gender	Employees by age and gender. Global data			
		2022		2023	
		Number	%	Number	%
Under 30	Women	86	34%	63	33%
	Men	170	66%	129	67%
Total under 30		256	-	192	-
Between 30 and 49	Women	168	37%	139	35%
	Men	283	63%	263	65%
Total between 30 and 49		451	-	402	-
Over 50	Women	33	27%	30	25%
	Men	90	73%	91	75%
Total over 50		123	-	121	-
Grand Total		830	-	715	-



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	2022									Grand total
		Brazil	Canada	China	India	Indonesia	Mexico	Spain	Corporativo (Spain)	Vietnam	
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 Disaggregated by Gender, Age, and Professional Classification

Wage Gap by gender and country 2023

Average Gross Salary Remuneration by country, category, gender, and salary gap in Euros. Global Data.											
Start of Contract		Previous to January 1st 2023									
Terminated Contracts		Not included									
Hierarchy Level	Gender	2023									Grand total
		Brasil	Canadá	China	India	Indonesia	México	España	Vietnam		
Director	Women	23.761	87.356	59.496	-	-	-	-	-	-	43.246
	Men	60.440	109.525	49.006	76.713	40.549	38.982	79.762	-	21.605	21.605
Total Director		-154%	-25%	18%	ND	ND	ND	-84%	ND	ND	ND
Manager	Women	-	-	-	-	15.777	-	-	-	-	16.604
	Men	-	-	-	17.616	15.482	-	-	-	-	39.200
Total Manager		ND	ND	ND	ND	2%	ND	ND	ND	ND	-136%
Assistant Manager	Women	16.109	58.020	37.604	-	-	13.987	50.342	-	8.998	8.998
	Men	17.927	78.383	-	9.630	7.006	17.871	44.863	-	-	-
Total Assistant Manager		-11%	-35%	100%	ND	ND	-28%	ND	ND	ND	ND
Head	Women	10.129	-	17.233	19.386	-	10.451	-	-	-	11.501
	Men	12.387	56.909	15.008	17.528	5.074	12.603	32.772	-	-	-
Total Head		-22%	ND	13%	10%	ND	-21%	ND	ND	100%	100%
Technician	Women	7.132	40.649	-	5.056	8.110	7.452	30.776	-	8.491	8.491
	Men	10.997	46.851	32.167	5.471	5.419	6.547	32.725	-	9.670	9.670
Total Technician		-54%	-15%	ND	-8%	33%	12%	-6%	-	-14%	-14%
Worker	Women	4.722	27.655	8.157	2.380	-	5.959	20.619	-	3.804	3.804
	Men	6.170	33.708	8.279	2.182	3.840	7.866	25.898	-	4.166	4.166
Total Worker		-31%	-22%	-1%	8%	ND	-32%	-26%	-	-10%	-10%

(*) Average Salaries and Their Evolution Disaggregated by Gender, Age, and Professional Classification

Employees by age and gender

		Employees by professional category and gender. Global Data.			
		2022		2023	
Hierarchy Level	Gender	Number	%	Number	%
Director	Women	4	14%	4	15%
	Men	24	86%	23	85%
Total Director		28	-	27	-
Manager	Women	4	27%	2	29%
	Men	11	73%	5	71%
Total Manager		15	-	7	-
Assistant Manager	Women	13	26%	19	35%
	Men	37	74%	35	65%
Total Assistant Manager		50	-	54	-
Head	Women	14	25%	11	24%
	Men	41	75%	35	76%
Total Head		55	-	46	-
Technician	Women	33	31%	32	28%
	Men	75	69%	82	72%
Total Technician		108	-	114	-
Worker	Women	219	38%	164	35%
	Men	355	62%	303	65%
Total Worker		574	-	467	-
Grand Total		830	-	715	-

Employees by contract type

		Employees by contract type, working hours and age. Global Data.							
		2022				2023			
Working Time	Contract	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	179	385	118	682
	Temporary	64	44	8	116	13	15	2	30
Total Full-time		256	451	123	830	192	400	120	712
Part-time	Indefinited	0	0	0	0	0	0	1	1
	Temporary	0	0	0	0	0	2	0	2
Total Part-time		0	0	0	0	0	2	1	3
Grand Total		256	451	123	830	192	402	121	715

		Employees by contract type, working hours and age. Global Data.													
		2022							2023						
Working Time	Contract	Director	Manager	Assistant Manager	Head	Technician	Worker	Total General	Director	Manager	Assistant Manager	Head	Technician	Worker	Total General
Full-time	Indefinited	27	18	58	52	125	482	762	27	7	54	46	112	436	682
	Temporary	0	0	0	0	0	5	5	-	-	-	-	1	29	30
Total Full-time		27	18	58	52	125	487	767	27	7	54	46	113	465	712
Temporal	Indefinited	0	0	0	0	2	35	37	-	-	-	-	1	1	1
	Temporary	0	0	0	0	1	1	2	-	-	-	-	1	1	2
Total Part-time		0	0	0	0	5	58	63	-	-	-	-	1	2	3
Grand Total		27	18	58	52	130	545	830	27	7	54	46	114	467	715

Employees by working time/hiring

		Employees by working time and gender. Global Data.				Employees by working time and gender. Global Data.	
Working Time	Gender	2022	2023	Contract	Gender	2022	2023
Full-time	Women	287	230	Indefinito	Women	243	226
	Men	543	482		Men	471	457
Total Full-time		830	712	Total Indefinito		714	683
Part-time	Women	0	2	Temporary	Women	44	6
	Men	0	1		Men	72	26
Total Part-time		0	3	Total Temporary		116	32
Grand Total		830	715	Grand Total		830	715

		New hires by gender. Global Data.			
Gender		2022	2023	2022	2023
Women		112	62	42%	39%
Men		157	98	58%	61%
Grand Total		269	160	-	-

		New hires by age and gender. Datos globales					
Age Range	2022			2023			
	Women	Men	Grand Total	Women	Men	Grand Total	
Under 30	47	92	139	30	47	77	
Between 30 and 49	55	59	114	30	46	76	
Over 50	10	6	16	2	5	7	
Grand Total		112	157	269	62	98	160

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				2023			
		Under 30	Between 30 and 49	Over 50	Grand Total	Under 30	Between 30 and 49	Over 50	Grand Total
Full-time	Indefinito	146	352	105	603	128	329	111	569
	Temporary	18	18	3	39	4	7	0	11
Total Full-time		164	370	108	642	132	336	112	580
Part-time	Indefinito	0	0	0	0	-	-	1	1
	Temporary	0	0	0	0	-	1		1
Total Part-time		0	0	0	0	-	1	1	2
Grand Total		164	370	108	642	132	336	113	581

		Average number of employees by type of contract, working time and gender					
Working Time	Contract	2022			2023		
		Man	Woman	Grand Total	Man	Woman	Grand Total
Full-time	Indefinito	412	190	602	396	173	569
	Temporary	26	13	39	9	2	11
Total Full-time		438	203	641	405	175	580
Part-time	Indefinito	0	0	0	-	1	1
	Temporary	0	0	0	0	0	1
Total Part-time		0	0	0	0	1	2
Grand Total		438	203	641	405	176	581

		Average number of employees by type of contract, working time and professional category						
Working Time	Contract	2022						
		Director	Manager	Assistant Manager	Head	Technician	Worker	Total general
Full-time	Indefinited	25	13	45	49	93	377	602
	Temporary	1	0	2	3	5	28	39
Total Full-time		26	13	47	52	98	405	641
Part-time	Indefinited	0	0	0	0	0	0	0
	Temporary	0	0	0	0	0	0	0
Total Part-time		0	0	0	0	0	0	0
Grand Total		26	13	47	52	98	405	641

		Average number of employees by type of contract, working time and professional category						
Working Time	Contract	2023						
		Director	Manager	Assistant Manager	Head	Technician	Worker	Total general
Full-time	Indefinited	27	7	50	49	50	347	569
	Temporary	0	0	0	3	0	10	11
Total Full-time		27	7	50	52	50	357	580
Part-time	Indefinited	0	0	0	0	0	1	1
	Temporary	0	0	0	0	0	0	1
Total Part-time		0	0	0	0	0	1	2
Grand Total		27	7	50	52	50	358	581

Dismissals

		Dismissals by age and gender. Global Data					
		2022			2023		
Age Range		Women	Men	Grand Total	Women	Men	Grand Total
Under 30		11	28	39	16	11	27
Between 30 and 49		18	17	35	20	21	41
Over 50		1	6	7	3	4	7
Grand Total		30	51	81	39	36	75

		Dismissals by professional category and gender. Global Data					
		2022			2023		
Hierarchy Level		Women	Men	Grand Total	Women	Men	Grand Total
Director		0	2	0	0	0	0
Manager		0	1	1	0	0	0
Assistant Manager		1	3	0	0	6	6
Head		0	1	1	0	0	0
Technician		2	4	6	1	6	7
Worker		27	40	67	38	24	62
Grand Total		30	51	81	39	36	75

		Rotation percentage by age and gender. Global Data					
		2022			2023		
Age Range		Women	Men	Grand Total	Women	Men	Grand Total
Under 30		16%	15%	15%	83%	59%	67%
Between 30 and 49		19%	11%	14%	100%	33%	37%
Over 50		2%	3%	3%	17%	13%	14%
Grand Total		38%	29%	32%	52%	36%	41%

Leaves / Accident rate

Total leaves by age and gender. Global Data						
Age Range	2022			2023		
	Women	Men	Total	Women	Men	Total
Under 30	47	80	127	22	29	51
Between 30 and 49	54	62	116	33	41	74
Over 50	7	17	24	3	7	10
Grand Total	108	159	267	58	77	135

Accident rate indicators. Global Data						
	2022			2023		
	Women	Men	Total	Women	Men	Total
Worked Hours	469.031	930.423	1.399.454	407.666	874.567	1.282.233
Accidents with work leaves	0	13	13	4	21	25
Lost days due to accidents	0	227	227	7	17	24
Lost Hours due tu accidents	0	1.831	1.831	56	141	197
Frequency Rate	0,0000%	0,0014%	0,0009%	0,00%	0,00%	0,00%
Severity Rate	0,000%	0,1964%	0,1306%	0,01%	0,02%	0,02%
Deaths per accident	0	0	0	0	0	0
Detected occupational diseases	0	0	0	0	0	0

Coverage by collective bargaining agreement by country. Global Data						
Country	2022			2023		
	NO	YES	Grand Total	NO	YES	Grand Total
Brazil	1	194	195	1	190	191
China	78	0	78	101	0	101
Indonesia	28	0	28	19	0	19
Spain	0	77	77	0	87	87
Vietnam	0	43	43	32	0	32
India	141	0	141	156	0	156
Mexico	212	0	212	67	0	67
Spain (Corporate)	0	12	12	0	14	14
Canada	22	22	44	13	35	48
Grand Total	482	348	830	389	326	715

Salary

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

		Average gross salary remuneration by country, category, gender and wage gap. Global Data									
		Start of contract					Previous to January 1st 2023				
		Terminated Contracts in 2023					Not included				
Hierarchy Level	Gender	2023									
		Brazil	Canada	China	India	Indonesia	Mexico	Spain	Vietnam		
Director	Women	23.760,77	87.356,08	59.496,45			0,00	43.246,00			
	Men	60.439,73	109.525,00	49.005,84	76.713,47	40.548,97	38.981,61	79.761,89	21.604,56		
Total Director		48.213,41	102.135,36	54.251,14	76.713,47	40.548,97	38.981,61	76.110,30	21.604,56		
Manager	Women	-	-	-	-	15.777,24	-	-	16.604,38		
	Men	-	-	-	17.615,91	15.482,33	-	-	39.199,54		
Total Manager		-	-	-	17.615,91	15.580,63	-	-	31.667,82		
Assistant Manager	Women	16.108,72	58.019,59	37.603,68	-	-	13.987,15	50.341,75	8.998,14		
	Men	17.926,94	78.383,11		9.630,28	7.005,95	17.870,69	44.862,67			
Total Assistant Manager		16.790,55	73.292,23	37.603,68	9.630,28	7.005,95	16.576,18	47.054,30	8.998,14		
Head	Women	10.129,29	-	17.233,38	19.385,88	-	10.450,77	-	11.500,89		
	Men	12.386,99	56.909,46	15.008,10	17.527,84	5.074,08	12.603,30	32.771,75	-		
Total Head		11.634,43	56.909,46	15.269,90	17.992,35	5.074,08	11.527,03	32.771,75	11.500,89		
Technician	Women	7.131,99	40.648,99	-	5.056,49	8.109,79	7.451,97	30.775,67	8.490,87		
	Men	10.997,37	46.850,68	32.167,01	5.470,74	5.418,82	6.547,48	32.725,00	9.670,16		
Total Technician		9.064,68	44.370,00	32.167,01	5.407,97	6.764,31	6.949,48	32.037,00	9.080,52		
Worker	Women	4.722,49	27.655,41	8.157,22	2.379,52		5.958,77	20.619,33	3.803,84		
	Men	6.170,13	33.708,11	8.278,68	2.181,69	3.840,49	7.865,70	25.898,13	4.166,30		
Total Worker		5.623,85	32.194,93	8.169,78	2.197,51	3.840,49	7.189,05	25.529,84	4.059,69		

		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	5.208	-	5.936	-	-	5.420	6.046
	Men	4.462		24.741	2.977	4.583	7.310	20.025	-	4.505	5.310
Total Under 30		-5%	NA	-196%	43%	NA	-23%	NA	NA	17%	12%
Between 30 and 49	Women	6.387	19.202	11.589	5.215	12.612	8.023	24.005	35.135	11.353	10.535
	Men	7.650	58.645	14.902	7.175	6.402	13.316	23.266	47.105	15.038	16.268
Total Between 30 and 49		-20%	-205%	-29%	-38%	49%	-66%	3%	-34%	-32%	-54%
Over 50	Women	6.418	31.476	59.283	-	-	5.201	22.817	-	3.469	17.284
	Men	13.592	49.159	21.496	21.407	20.358	9.810	29.445	98.944	-	28.563
Total Over 50		-112%	-56%	64%	NA	NA	-89%	-29%	NA	NA	-65%



Average gross salary remuneration by country, category, gender and wage gap. Global Data										
Start of contract		Previous to January 1st 2023								
Terminated Contracts in 2023		Not included								
Age Range	Gender	2023								
		Brazil	Canada	China	India	Indonesia	Mexico	Spain	Corporative (Spain)	Vietnam
Under 30	Women	5.129	ND	7.792	4.416	ND	5.996	ND	ND	5.046
	Men	6.111	ND	24.227	2.168	4.120	6.468	22.336	24.384	3.883
Total Under 30		5.664	ND	9.618	2.321	4.120	6.350	22.336	24.384	4.077
Between 30 and 49	Women	7.843	ND	10.805	5.077	11.944	8.737	31.120	55.456	8.536
	Men	9.195	56.266	15.266	6.377	9.197	12.280	28.794	65.975	12.751
Total Between 30 and 49		8.600	56.266	12.676	6.221	9.746	10.443	29.199	62.468	10.854
Over 50	Women	9.414	40.550	21.705	ND	ND	5.973	25.267	ND	3.243
	Men	14.515	44.983	18.074	23.662	18.063	15.826	35.483	76.032	ND
Total Over 50		12.904	43.448	19.527	23.662	18.063	14.088	34.206	76.032	3.243

Formation

Formation hours by category and gender. Global Data						
Hierarchy Level	2022			2023		
	Women	Men	Grand Total	Women	Men	Grand Total
Director	95	529	624	112	425	537
Manager	13	40	53	26	186	211
Assistant Manager	171	422	593	433	245	678
Head	88	332	420	189	1.021	1.210
Technician	645	433	1.077	921	852	1.773
Worker	1.088	1.440	2.528	1.934	3.881	5.815
Grand Total	2.100	3.195	5.295	3.615	6.608	10.223

Formation hours by category and gender. Global Data						
Hierarchy Level	2022			2023		
	Women	Men	Grand Total	Women	Men	Grand Total
Director	31,7	33,1	32,8	27,9	18,7	20,1
Manager	4,3	5,0	4,8	12,75	37,1	30,1
Assistant Manager	17,1	16,2	16,5	23,63	7,9	13,7
Head	9,8	11,4	11,1	19,58	30,8	28,3
Technician	23,9	7,6	12,8	32,01	12,5	18,2
Worker	8,7	7,0	7,7	17,07	15,9	16,3
Grand Total	11,9	9,4	10,2	20,53	16,3	17,6

Percentage of employees receiving regular performance evaluations by category and gender. Global Data				
Hierarchy Level	2022		2023	
	Women	Men	Women	Men
Director	100%	100%	100%	100%
Manager	25%	36%	50%	80%
Assistant Manager	0%	19%	37%	46%
Head	0%	51%	9%	43%
Technician	30%	55%	16%	37%
Worker	49%	63%	65%	78%

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 performance 201-1
- 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
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