



Consolidated Statement  
of Non-Financial Information  
for NEXTEL GROUP

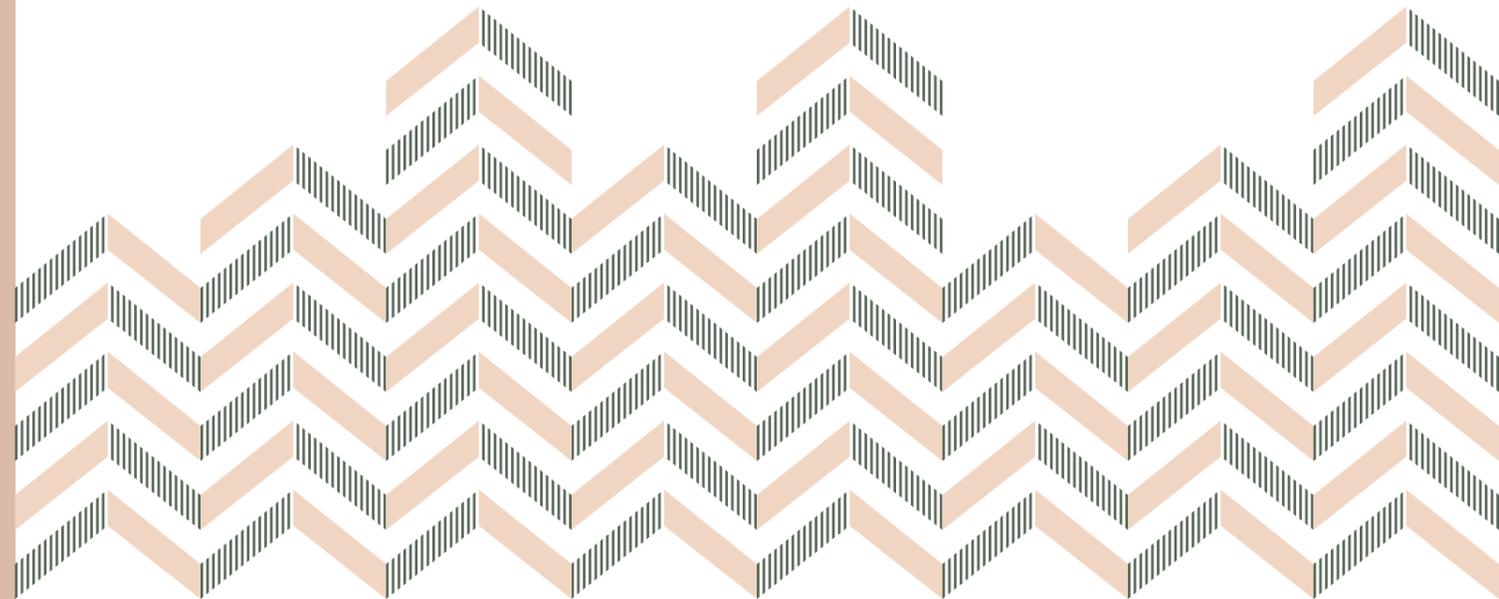
Year 2022

NEXTEL  
GROUP



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of Non-Financial Information  
for NEXTIL GROUP**

Year 2022



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Dear reader,

The year 2022 marked the beginning of a new phase for NEXTIL GROUP, deeply focused on growing the business. The business lines that generated the most value was garment production for the luxury sector, where the Group's position has been strengthened, and the new fabric production plant put into operation in Guatemala. This plant will become a leading factory in the region, opening up new markets and gaining access to new customers. Our commitment to sustainability through the development of the Greendyes eco-friendly dyeing technology should also be highlighted as a disruptive innovation for the entire textile industry.

The year 2022 was also the first year I became NEXTIL GROUP'S Chief Executive Officer. It

has been a privilege to lead a strong, capable, diverse and inclusive team of exceptional professional people that live and breathe our corporate culture based on solid principles and values.

I am truly satisfied with the commitment, creativity and professionalism of the people forming part of our Group who have enabled us to overcome the challenges of a year that was once again marked by uncertainty. This is how we have managed to overcome the adversities arising from volatile global markets, the widespread increase in prices, and severe geopolitical and social disruptions.

This is the spirit you need to work in the textile industry. As one of the world's oldest

industries, it has undergone many changes over the centuries and continues to be a powerful economic driver across the globe. The industry still creates multiple opportunities to generate positive economic and social impacts by creating jobs for marginalised social groups. However, it still has challenges to address such as the negative environmental impacts related to carbon emissions and pollution.

At NEXTIL GROUP we strive to meet the needs and expectations of our stakeholders, so we are aware of the environmental and social challenges we face, and of our responsibility to contribute to solving them. That is why we are committed to the Sustainable Development Goals (SDGs) and the 10 principles of the United Nations Global Compact to meet the 2030 Agenda, putting us on the road towards a more sustainable textile industry.

Sustainable development is also an opportunity to innovate, improve the quality of our products and services, reduce costs and environmental impacts, and generate value for our customers, employees, shareholders, and society at large.

In response, we have adopted a strategy based on six lines of action: to promote good corporate governance through ethical and transparent conduct; to provide respectful, safe, and healthy working environments; to encourage the use of more sustainable raw materials; to ensure the traceability of the value chain; to promote the efficient use of resources including water, energy and chemicals; and to mobilise resources for climate action.

Our constant focus on quality across all production processes and for each of our products is in line with our customers' most demanding requirements, allowing us to combat manufacturing waste by placing products on

the market that are more durable and therefore more sustainable in the long term.

We are committed to innovation, one of the fundamental pillars for contributing to the SDGs. This is demonstrated through the development of the Greendyes ecological dyeing technology that reduces energy and water consumption, while preventing harmful chemical substances from impacting the environment, workers and users.

We continue to obtain certifications under sustainability reference standards across all the Group's divisions, production centres, and worldwide locations; we aim to ensure the economic, environmental and social impacts of our activities and commercial relations are managed and that this management is continuously improved upon.

We also continue to improve the working and social conditions of our employees by respecting human rights, complying with labour standards, and promoting inclusion and diversity.

We believe that this strategy is not only ethical and necessary, but also cost-effective and competitive. Sustainable development enables us to create value for our shareholders, meet our customers' expectations, and strengthen our reputation and brand. It also means we can anticipate market trends and new legal requirements by taking advantage of the opportunities for growth and innovation that the ecological transition and the changing social paradigm offer.

I invite you to learn more about our actions throughout 2022 in our annual report. I appreciate your trust and support as we continue on our path towards a more sustainable future for our Group and our planet.

**Manuel Martos**

Chief Executive Officer of NEXTIL

# 01

## Business Model



### 1.1 About us

GRI 2-6

We are NEXTIL GROUP (hereinafter, the “Group”), a leading textile group in Europe, made up of 13 companies located in Spain, Portugal, the United States and Guatemala. We offer a full package service from fabric creation, sustainable dyeing, and garment manufacturing to logistics.

Our purpose is to create high quality fabrics and garments that are innovative, increasingly sustainable, more efficient, and on-trend. We always adapt to the requirements of each customer, offering a fully personalised comprehensive service.

We are one of the fashion industry’s largest groups, creating stretch knitwear fabrics and manufacturing garments, covering all stages from fabric design to garment production. As a group, we integrate design, technique, pattern making, production, logistics, quality, sales and R&D, managing several stages in the supply chain from the creative process of garments and fabrics to their weaving, dyeing, finishing and manufacture.

By doing so, we seek to mitigate negative impacts on the environment and people at source, manufacturing more sustainable products, as well as creating value by forging synergies in the R&D, product, devel-

opment and operations cycle. This provides the Group with a solid strategic position in the market.

The Group’s companies work in constant synergy, combining the artisan know-how of more than 65 years of experience, together with innovation and continuous development that allow us to offer unique products in terms of their characteristics, technicality, design, properties and sustainability, adapted to the specifications of each division.

#### Mission

Our mission is to accompany our customers throughout the entire garment creation process, including its logistics, with a comprehensive service that simplifies the processes and adapts to the needs of each project. We supervise every step to offer an impeccable service with the highest quality standards.

#### Vision

Our vision is to consolidate our position as a leading textile company, and to become a tailor-made Services Group for the luxury sector across our 5 business divisions. We want to become part of our customers’ teams and be their trusted partner.

## Values

### Quality

Demanding and professional. A job well done is synonymous with luxury.

### Flexibility and Service

By providing customised solutions, we control all processes.

### Safety and Reliability

Conveying confidence: we are a great group

### Sustainability

We worry about balance: economy–society–nature.

### Innovation

Curious and creative. Immersed in a constant process of improvement.

## Positioning

We believe in a job well done and we want to support brands in their day-to-day work with intuitive experiences that enable them to build, grow and manage their businesses in select markets. We stand for quality and flexibility.

We rely on innovation to create exclusive and distinctive products that allow us to always be at the forefront of the textile industry.

We champion sustainability and activate its exponential power in our global community to achieve profitable and lasting growth.

## Our Objectives

- To demonstrate that we belong to the luxury sector. All our divisions are committed to the same highest quality standards.
- To offer our products catalogued within our five business divisions with all services (dyeing, weaving and garments).
- To contribute to the sustainable development of the textile sector (economic, social and environmental).

## Value Proposition

We are able to offer a comprehensive, tailor-made service in our five business divisions, with quality as our hallmark.

We care for and control all processes and believe in the value of details.

We offer a global solution to meet luxury requirements.

We are the partner our customers lean on, the expert they can trust and the creative mind that supports them.

## 1.2 Companies and products

GRI 2-1; 2-2; 2-6

We specialise in five divisions at the commercial level: Luxury, Sport, Swimwear, Intimate and Medical:

### Luxury Division

Manufacturing garments with the most exclusive and innovative finishes on the market thanks to its historical heritage, combined with cutting-edge know-how and constant R&D. The division's Corporate Social Responsibility (CSR) and sustainable practices and products, certified under multiple production standards, combined with its exhaustive quality control processes, allow it to be an approved supplier for the most important international brands and luxury groups.

### Sport Division

This division specialises in seamless technology, while it also manufactures using conventional technology, applying state-of-the-art technical fabrics to develop garments adapted to the demands of each sport. Our R&D+i department is constantly searching for new fabrics that can be adapted to the specifications for different types of training and competitions, and for each particular sport.

### Swimwear Division

This division has in-depth knowledge of specific cutting and sewing techniques and

fabrics; it uses specialised machinery and applies exhaustive quality controls that guarantee the fabric performs correctly under water. It produces and designs plain and printed fabrics and swimwear that follow the latest trends and are adapted to each customer's specific requirements.

### Intimate Division

This division has a highly qualified team with many years of experience in the sector, capable of developing specific fabrics and garments for technical lingerie. It produces a wide variety of fabrics that are practically "made to measure", and with the characteristics that each customer is looking for: plain, printed, fantasy or supportive lingerie.

### Medical Division

This division offers solutions that provide medical fabrics with antibacterial and hypo-allergenic properties, thanks to its technological capabilities. Garments made with these fabrics can help delay and prevent certain medical procedures, correct orthopaedic and postural problems, or even reduce post-partum and post-surgical recovery time.



Elastic Fabrics Of America, Inc.  
(EFA)

**Greensboro** (EE.UU.)  
Fabric  
Sport, Intimate, Medical

Founded in 1967, it is a leading global supplier of stretch fabrics offering quality, service and innovation to the intimate, swimwear, sportswear and medical/ industrial markets. It provides stretch fabric weaving, finishing and dyeing services, producing a high quality and complex product for highly technical sectors such as the medical and intimate apparel sectors.

**Activity**

Manufacturing knitted fabrics for intermediate customers in the Intimate, Medical and Sports segments.



Nextil Elastic Fabrics Europe, S.L.U.  
(NEFE)

**El Masnou** (ESPAÑA)  
Fabric  
Swimwear, Intimate  
*Ceased operations in August 2022*

Specialising in the manufacture of high quality, value-added stretch fabrics specially designed for swimwear and intimate apparel, it manufactures fabrics in both polyamide and polyester, in solid and printed colours. The company produces products that comply with high-performance technical specifications in a technologically advanced sector such as the stretch fabric one.

**Activity**

Manufacturing stretch knit fabrics, aimed at intermediate customers in the intimate and swimwear market segments



Nextil Elastic Premium Garments, S.L.U.  
(NPG)

**El Masnou** (ESPAÑA)  
Garments  
Sport, Swimwear

This company focusses on the design, pattern making and manufacturing of swimwear and sportswear. It has a team of professionals that use the latest technologies in fabric and clothing engineering, with the aim of being able to offer a high-quality finished product to leading companies in the market. The company can handle short production lead times for design, fabric provision and clothing manufacture.

**Activity**

Manufacturing swimwear for direct sale to their customers.



Sociedade de Investimentos Comerciais e Industriais, S.A.

**Braga, Vila Verde, Vizela, Ponte de Lima**  
(PORTUGAL)  
Garments  
Luxury

The company manufactures high-quality fashion garments, especially aimed at the luxury market, working closely and effectively with some of the most prestigious fashion houses in the world. In addition, it provides integrated services of development (samples), patternmaking, operations management in the supply chain (control of delivery times, quality control of raw materials and accessories) and clothing manufacturing. It has three production units, one packaging unit, a cutting unit, a quality control department, and central offices where sample development is performed.

**Activity**

Production of knitted garments through conventional manufacturing processes, aimed at brands and retail customers in the luxury and premium market segments.



**PLAYVEST**

Produção e Comércio de Roupa Interior, S.A.

**Braga** (PORTUGAL)  
Garments  
Sport, Intimate

The company specialises in the development, weaving, finishing and manufacturing of garments using seamless and traditional technology for the sports, athleisure, underwear and maternity fashion industries. It offers highly complex garments, made entirely in made-to-measure fabric, to a wide list of leading customers in the sports sector.

**Activity**

Garment production using seamless and conventional processes, especially oriented to brand customers and retailers in the Sports market segment.



Nextil Elastic Fabrics, S.A.  
(NEF)

**San José Pinula & Fraijanes**<sup>1</sup>  
(GUATEMALA)  
Fabric  
Intimate, Swimwear, Sport, Medical

New production plant to manufacture high quality, value-added stretch fabrics that will reach full production capacity in 2023. Designed for medium- and large-scale productions, the plant has the capacity to deliver fabrics with European or North American certificates of origin, following the tariff regulations of both economic spaces; it will also have high-tech machinery for stretch fabric weaving, finishing and dyeing.

**Activity**

Manufacturing stretch knit fabrics, aimed at customers in the medical, intimate, swimwear and sportswear market segments.



HORIZON GALICIA, S.L.U. (Greendyes®)

**Galicia** (ESPAÑA)  
Sustainable dyeing process in patent process

The synergy between the different companies that make up the NEXTIL GROUP, together with HORIZON RESEARCH LAB, S.L. (which also forms part of the Group) has spurred the development of a natural dyeing solution, GREENDYES®, which is currently in the process of obtaining a patent. This innovative technology can be used to dye organic and synthetic fabrics using only natural materials in a process that is done at room temperature. Compared to conventional chemical dyeing, not only does this process avoid using harmful components, but it also drastically reduces energy consumption (short cycles) and water use (water reuse) in all the dyeing stages.

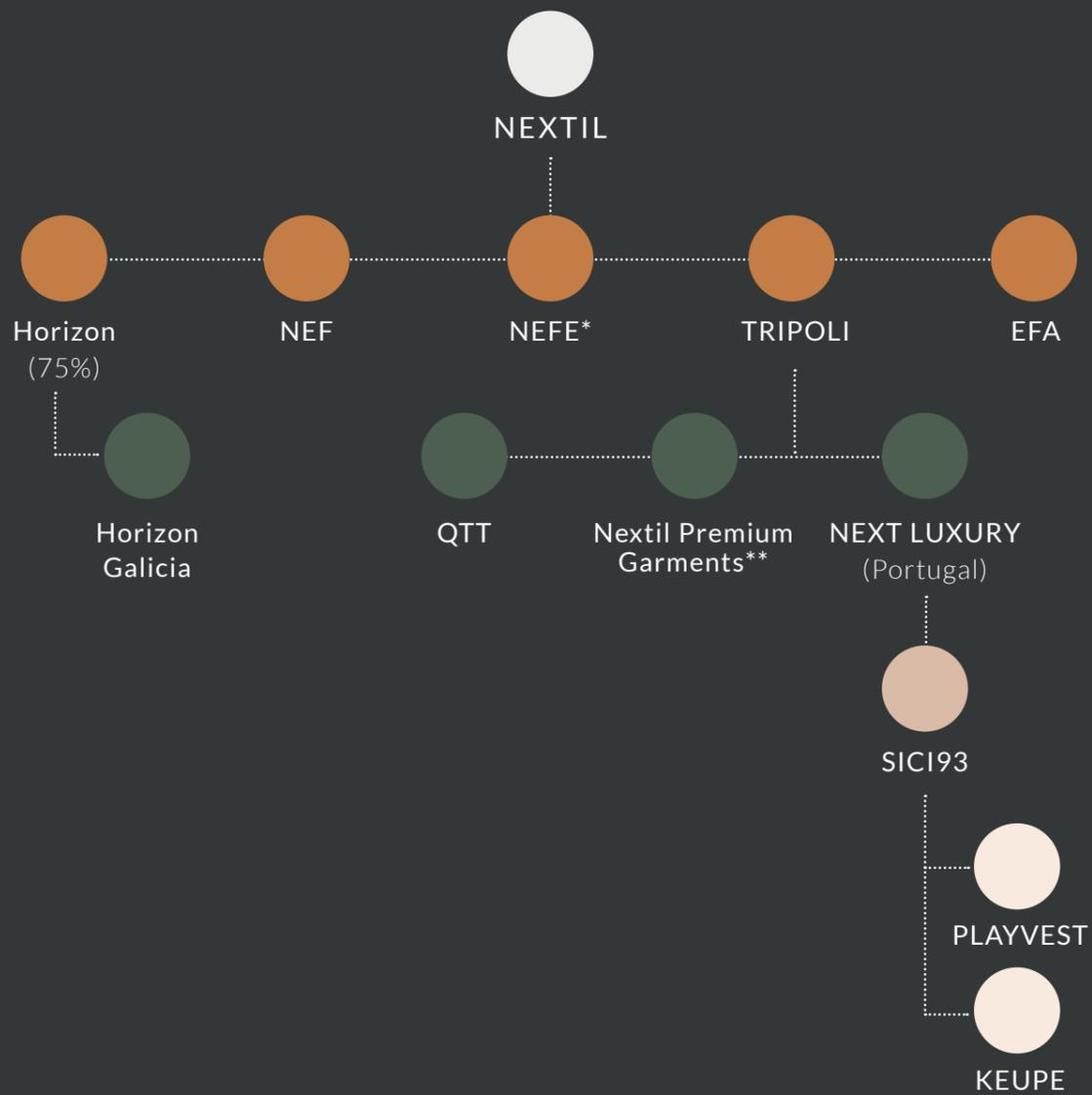
<sup>1</sup> Under construction

### 1.2.1 Corporate structure

GRI 2-1; 2-2

NUEVA EXPRESIÓN TEXTIL, S.A. (hereinafter Nextil, NEXTIL GROUP or the Group), is a Spanish public limited company with its registered office in Madrid; it is listed on two of the country's four stock exchanges and is the holding company of a group of several subsidiaries with complementary activities, and transactions are also carried out between the Group's subsidiaries.

The subsidiaries composing the Group as at 31 December 2022 are as follows:



\* Previously RITEX. NEFE acquires DOGI during the year 2022.

\*\* Previously TREISS

### Sociedades Nueva Expresión Textil S.A.

<b>Holding</b>	Nueva Expresión Textil, S.A. (Nextil; NEXTIL GROUP) Next Luxury Company, Unipessoal Lda Tripoli Investments, S.L.U.
<b>Garments</b>	Nextil Premium Garment, S.L.U. (NPG) Playvest - Produção e Comércio de Roupa Interior, S.A. (PLAYVEST) Qualitat Tècnica Tèxtil, S.L.U. (QTT) S.I.C.I. 93 BRAGA – Sociedade de Investimentos Comerciais e Industriais, S.A. (SICI93) Keupe Unipessoal, Lda (KEUPE)
<b>Fabric</b>	Elastic Fabrics of America, Inc. (EFA) Nextil Elastic Fabrics Europe, S.L.U. (NEFE) Nextil Elastics Fabrics, S.A. (NEF) Horizon Galicia, S.L.U. (Greendyes®) ..... Ecological Dyeing Horizon Research Lab, S.L. ....



With regard to the scope of the information contained in this report, it should be noted that Qualitat Tècnica Tèxtil, S.L.U. is not included, as the company is not active. On the other hand, sales from the company Nextil Premium Garment, S.L.U. represent 2% of the Group's total sales and is therefore not considered significant. Likewise, only personnel data is provided for Horizon Galicia, S.L.U. and Horizon Research Lab, S.L., companies which had no turnover at the date this report is prepared. The companies Nueva Expresión Textil, S.A., Horizon Research Lab, S.L. Next Luxury Company, Unipessoal Lda and Tripoli Investments, S.L.U. are holding companies that do not have production plants; environmental data are not consolidated, as this data is not material in comparison with data from the production plants.

For the purposes of this report, when we refer to Portugal, we are referring to the companies SICI 93, Playvest and Keupe, unless we indicate an exclusion and the reason for doing so.

Likewise, when we refer to Spain, the reporting perimeter corresponds to the company NEFE, as far as environmental data is concerned, and those relating to personnel and occupational health and safety also include the parent company Nueva Expresión Textil, S.A.

When we refer to the USA, we refer to the company EFA, and Guatemala refers to the company NEF.

### 1.2.2 Significant changes in the Group during the reporting period

#### GRI 2-6

The most significant corporate changes during 2022 are as follows:

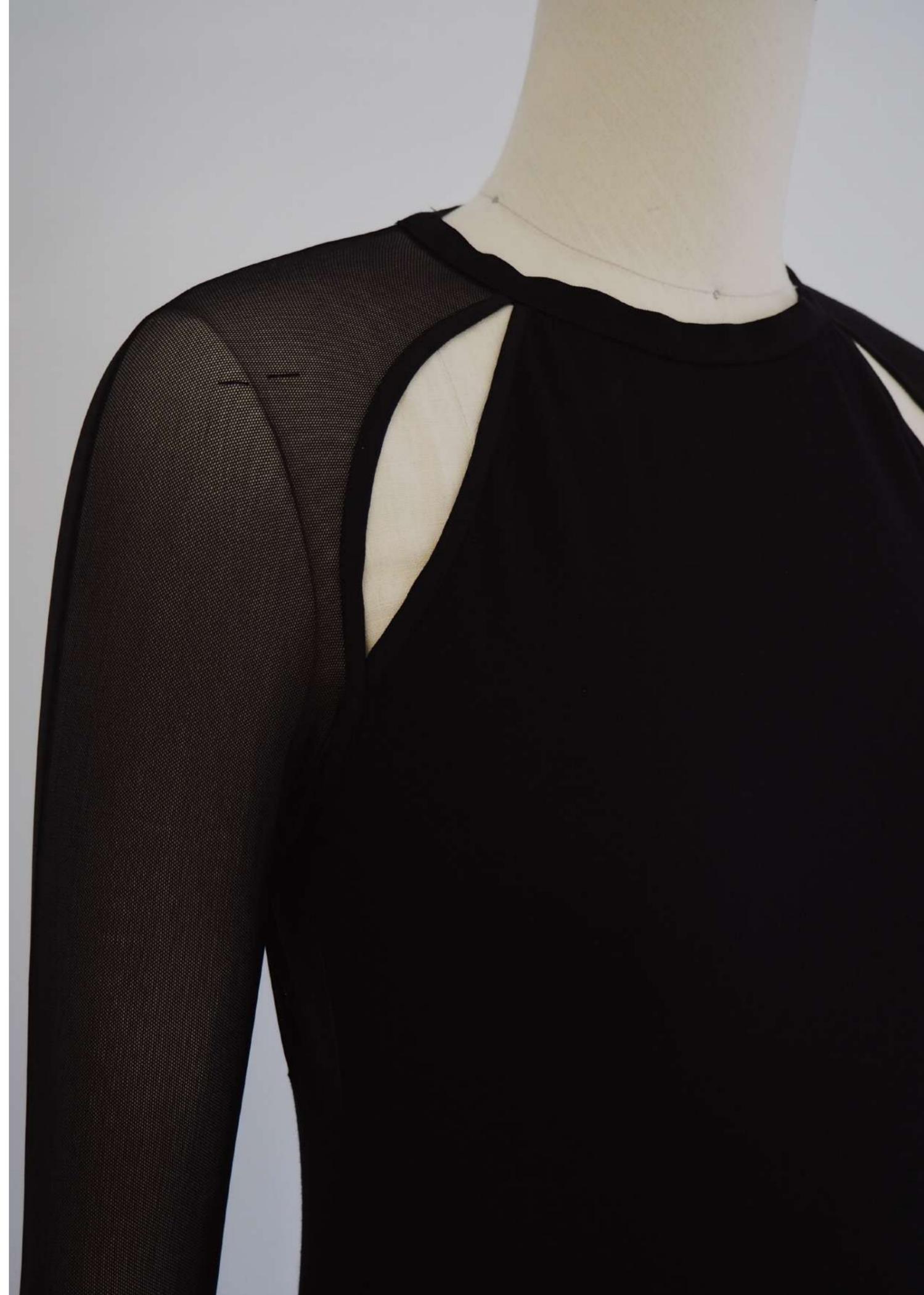
Acquisition of 100% of the share capital of the Portuguese company Keupe Unipessoal, Lda. on 3 January 2022 by the Group company SICI 93, which enabled the garment production capacity to be expanded.

Orderly closure of the fabric production plant in Spain (El Masnou) on 29 June 2022, due to the failure to achieve the required quality of the subcontracted processes and the difficulty of passing increases in the price of raw materials, transport and energy on to customers. The plant has been closed in

an orderly manner by reaching agreements with suppliers and staff.

Merger by absorption of Dogi Spain, S.L.U. and Nextil Elastic Fabrics Europe, S.L.U., registered on 14 December 2022 in the companies register; Dogi Spain, S.L.U. was absorbed by Nextil Elastic Fabrics Europe, S.L.U. with the intention of eliminating administrative and management costs and achieving a more rational, structured and efficient corporate organisation.

Incorporation of Horizon Galicia, S.L.U. on 26 July 2022, which is wholly-owned by Horizon Research Lab, S.L.



### 1.3 NEXTIL GROUP in figures

13

Group Companies

4

Countries where we are present

9

Company-owned production centres located in Spain, Portugal, the United States and Guatemala.

417

Employees

68%

Of our staff are women

98%

Employees with permanent contracts

580

Customers of major fashion and clothing brands

55

Countries with commercial presence in 4 continents

49.731.582 €

Turnover in 2022

400

Worldwide suppliers

29.857.388 €

Purchase volume

1.150.095 €

Investment in R&D projects

96,52%

Recovery of the waste generated

56%

Renewable energy contract rate

27

More sustainable manufacturing product and process certifications



## 1.4 Customers and markets

GRI 2-6

We have over 580 customers from major fashion and clothing brands in 55 countries and 4 continents, of which 82% are in Europe, 12% in the Americas, 4% in Asia and 2% in Africa.

The commercial network is organised into five divisions: swimwear, luxury, sport, medical and intimate, separating the commercial strategy from the local strategy of each production centre.

The fabric unit is aimed at customers in the Intimate, Swimwear, Sports and Medical

market segments and in Spain this unit was concentrated at the company's industrial facilities in the town of El Masnou, Barcelona: NEFE.

After the production facilities in Spain were closed in August 2022, the fabric unit is now concentrated in two companies, EFA located in Greensboro (North Carolina, United States) and NEF located in San José Pinula and Fraijanes (both in Guatemala).



### Market Segment

Conventional knitwear fashion garments, focussed on Luxury and Premium sectors

### Customers and Markets

The ten most significant customers account for 98% of the Company's total turnover and are located in England, France, the Netherlands, Finland, Germany and Portugal



### Market Segment

Knitwear garments using conventional and seamless technology for Sports, Maternity and Intimate apparel

### Customers and Markets

The ten customers with the highest turnover account for 58% of the Company's turnover and are located in England, Norway, Germany, Portugal, Spain and Sweden.



### Market Segment

Stretch knit fabric for intimate apparel, swimwear and sportswear.

### Customers and Markets

The Company's ten most significant customers accounted for 40% of its turnover and are located in the United States, Croatia, Italy, Morocco, China, the United Kingdom and Turkey.



### Market Segment

Plintimate knitwear and swimwear in stretch fabric aimed at Premium markets.

### Customers and Markets

The Company's most significant customers accounted for all of the Company's sales and are located in Belgium, France and Germany.



### Market Segment

Stretch knit fabric for sportswear, medical and intimate apparel.

### Customers and Markets

The company's ten largest customers generated 92% of its turnover. Domestic sales of the American company account for 99% of turnover, with residual sales in Mexico and China.

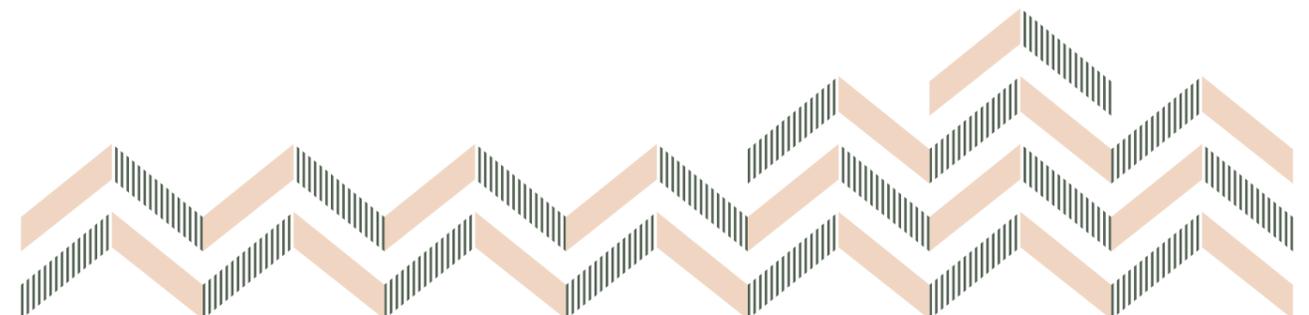


### Market Segment

Stretch knit fabric for sportswear, swimwear, medical and intimate apparel.

### Customers and Markets

No sales were made from this company during 2022.



## 1.5 Membership to sector and environmental associations

GRI 2-28

NEXTIL GROUP is involved in several associations and organisations, joining forces and contributing to the economic and social development of the sector. In 2022, we maintained synergies with entities and groups related to our sector and our environment.

### Portugal

#### COTEC PT-Associação Empresarial Para a Inovação

The main Portuguese business association promoting innovation and technological business cooperation. It brings together multinational companies, large national groups and SMEs from various activity sectors, representing more than 16% of the company's GDP in gross value added and 8% of private employment in aggregate terms. Its main activities include anticipating and reflecting on key innovation issues that impact company competitiveness, activating collaborative platforms and networks, and contributing to improving public policies on innovation.

#### Associação Nacional das Indústrias de Vestuário e Confecção - ANI-VEC/APIV

The most representative association in Fashion and Clothing in Portugal, its members include the most important Portuguese companies and brands. It represents the Portuguese clothing and garment industry before several public and private institutions at national level, associating manufacturers and distributors of very diverse products. It represents companies at CCT (Collective Bargaining Agreement) negotiations with the trade unions, a contract that is binding for all clothing and garment companies. It also plays a role in drafting labour legislation.

#### Cluster Têxtil: Tecnologia e Moda

A sectoral support structure with the main objective of activating interaction, articulation, collaboration and information exchange processes within the economic cluster. It complements its members activities, acting as an instrument to improve competitiveness through innovation and internationalisation, following collective efficiency logic. It is made up of companies from the entire value chain of the Textile and Clothing Sector.

### Spain

#### AITEX Centro Investigación e Innovación Textil y Cosmética

A reference centre at the forefront of innovation, research and technological development in Spain and one of the five main centres in Europe. It belongs to the Spanish Federation of Innovation and Technology Entities (FEDIT), the Network of Technological Institutes of the Valencian Community (REDIT) and

is part of numerous technical committees and several other national and international entities. It provides innovative solutions for characterisation testing and certification of textile items and materials. It has modern infrastructure and laboratory equipment for product characterisation, quality control and certification according to international norms and standards.

## 1.6 Strategy and objectives

In the third quarter of 2022, we completed the reorganisation process initiated in 2014, giving way to a new phase focused on growth, increased profitability, and cash generation.

Throughout these years we have focused our strategy on extracting value from the different business lines, prioritising their profitability, and orderly leaving markets where it has not been possible to obtain profits.

Specifically, in 2019 we exited the fast-fashion market due to its low profitability and high risk; as a result, the EI Masnou fabric factory ceased operations in June 2022 due to the increase in costs across the value chain and the difficulty of passing them on to the end customer.

NEXTIL GROUP carried out a functional reorganisation process in 2022, establishing a new commercial structure based on the five existing commercial divisions. The commercial strategy was separated from the local strategy of each production centre, with the intention of increasing cross-selling and optimising our commercial network.

In this way, we concentrated the fabric business unit at the factories in Greensboro (North Carolina, USA) and San José Pinula (Guatemala). The new production plant in Guatemala, designed for medium- and large-scale productions, has the capacity to deliver fabrics with European or North American

certificates of origin, following the tariff regulations of both economic spaces; it will significantly boost the Company's activity by increasing its customer portfolio.

Opening this factory has allowed us to close deals with large North American corporations who wish to transfer their Asian production to Central America, deals which were unattainable until now. We expect to recover the four large European customers we had in EI Masnou once the factory reaches full capacity. The factory is producing the first circular knit fabrics and will reach its full production capacity in May 2023, creating jobs for 250 people.

The garment business in Portugal, focused on the luxury and premium sectors through the companies SICI 93 and Playvest, continues to show signs of strength in the current unstable situation, contributing to the Group with recurrent EBITDA and cash generation.

Obtaining quality certification with our main customer positions us as a strategic vendor, provides considerable savings and benefits, and allows us to create a stronger link between the two companies.

We acquired the Portuguese company Keupe in January 2022, in line with our strategy of producing luxury garments with high levels of quality and service. This company specialised in producing this type of product for the luxury sector.

Our new commercial structure has allowed us to attract new customers in the luxury sector, and in combination with the fabric production for this sector will allow us to increase this division's activity.

It should be noted that our research activities are ongoing. As a result, we are preparing to file new patent applications in the world of auxetic fabrics, seamless garments and Greendyes® during the first half of 2023.

In the case of Greendyes®, we are working intensively with major sports and retail brands to obtain approvals in their Asian and European dyeing plants; the aim is to start production with our dyeing system and sell Greendyes® pigments to them on a large scale.

The patents on auxetic fabrics are also opening the doors to large professional custom-

ers and garments, as well as to customers from the skiing, hunting, motorcycling and running worlds.

Furthermore, we strengthened our management team with a new Managing Director, a Corporate Director, and several directors in the commercial and industrial areas; in addition, as part of Sherpa's exit strategy, the Board of Directors decided to appoint the former Managing Director as the new Chief Executive Officer.

Our project for the future is one of growth, increased profitability, and cash generation. This growth will be organic, but inorganic growth options will also be studied involving new acquisitions to strengthen our market position, generating synergies and creating value.

### Disruptive Impacts on our Sustainability Strategy

The years following the outbreak of the COVID-19 pandemic have been heavily shaped by economic uncertainty and major geopolitical and social disruptions.

The health measures adopted by most countries in the wake of the pandemic, including severe restrictions on the free movement of people, closure of non-essential trade, closure of borders and a drastic reduction of all means of transport of people and goods, strongly affected value chains, the global economy, and the Group's activities and business.

At the height of the pandemic, we were forced to close all or part of our production plants in Spain and the USA for months at a time, resulting in a sharp drop in sales.

In Portugal, although sales were less affected by the pandemic during the year, we had to reach commercial agreements to settle discounts on sales to consolidate commercial relations with customers, which were not contractually agreed upon beforehand; these agreements involved very significant amounts of the year's turnover.

Orders were cancelled, new sales developments were put on hold, and overall there was a very significant drop in sales, particularly in Spanish companies.

This situation led to an ERTE (Temporary Furlough Scheme) affecting most of the staff in Spain during the year, and three additional ERE (Lay-off Plans) were formalised to adapt the workforce to the new activity levels.

The disruption of supply chains that began in 2020 and continued into 2021 led to higher raw material prices, especially in the US subsidiary, coupled with rising energy costs and additional economic uncertainty resulting from the conflict in Ukraine.

This increase in costs throughout the value chain and the difficulty of passing them on to the end customer prompted the closure of the fabric factory in Spain, where an ERTE was agreed with the works council that affected the entire workforce.

Likewise, in the US, *The Great Resignation phenomenon* also strongly affected our US factory workforce; the phenomenon started in early 2021 in the wake of the COVID-19 pandemic in which employees voluntarily resigned from their jobs *en masse*, was still ongoing in October 2022 when around 4 million Americans resigned from their jobs, representing 2.6% of the workforce.

In 2022, we improved our sustainability target achievement rate compared to 2021;

#### 1.6.1 Our Sustainability Strategy

GRI 2-22; 2-23; 2-24; 3-3

Reinventing the fashion industry through innovation and sustainability.

In 2020 we defined the first sustainability strategy for NEXTIL GROUP based on three main axes of action. We defined a set of commitments for each axis, which are the targets we aim to achieve to place sustain-

however, the effects of the pandemic continued to impact achievement as only 45% of the previously set targets were met.

Plants in Spain and the USA suffered lock downs and temporary closures during the pandemic, production was adapted to manufacture non-medical masks, and the COVID-19 contingency occupational health measures plan was adopted in the Portuguese factories according to legal requirements. Accordingly, these resources were mobilised to allocate them to aforementioned activities and not to meeting sustainability targets.

Staff shortages in the US resulting from the Great Resignation as well as the closure of the factory in Spain led to significant disruptions in consolidating the respective strategy and targets. The impact of the decline in sales and profit margins also impacted the Group's achievement of these targets.

ability at the heart of our business model, integrating social, ethical and environmental impacts as well as market, financial, operational, regulatory and reputational risks and opportunities.

The three main axes of our sustainability strategy are:



**People**

Promoting ethical and transparent conduct and good governance.

Providing a respectful, safe and healthy environment for workers.



**Products**

Sustainable raw materials.

Supply chain traceability.



**Planet**

Efficient use of water, energy and chemical products.

Climate change.

The objectives defined for each axis are developed through 13 targets with progressive deadlines, set to achieve the Group's sustainability strategy.



Objective

Target

**Promoting ethical and transparent conduct and good governance**

**Target A**

By 2021, assess social and labour conditions in owned facilities using the Higg Facility Social and Labour Module (FSLM).

**Target B**

By 2023, achieve an 80% score in the verified Higg FSLM index in owned facilities.

**Target C**

By 2021, certify our integrated management systems - Quality (ISO 9001), Environment (ISO 14001) and Safety (ISO 45001).

**Providing a respectful, safe and healthy environment for workers**

**Target D**

By 2021, establish business ethics management systems and provide the necessary resources to identify and assess risks and measure compliance.

**Target E**

Ensure transparency through the annual disclosure of the Sustainability Report in accordance with the Global Reporting Initiative (GRI) Standards.



Objective

Target

**Sustainable raw materials**

**Target F**

By 2021, increase the sustainability of our raw materials mix; procure more sustainable cotton, replace virgin fibres with recycled polyester fibres and source artificial cellulosic fibres from certified non-endangered forests, manufactured using a more sustainable process.

**Supply chain traceability**

**Target G**

By 2021, map and trace tier one and two suppliers and subcontractors.

**Target H**

Target H. By 2022, assess supply chain sustainability risks and opportunities.



Objective

Target

**Efficient use of water, energy and chemical products**

**Target I**

By 2021, measure and assess owned facilities environmental performance using the Higg Facility Environmental Module (Higg FEM).

**Target J**

By 2021, implement energy and water efficiency programs and increase consumption of renewable energy sources.

**Target K**

Lead the textile industry in reducing dyeing pollution.

**Climate change**

**Target L**

By 2022, report Scope 1 and 2 carbon emissions in accordance with the Corporate Accounting and Reporting Standard of the GHG Protocol.

**Target M**

By 2023, establish and commit to Science Based Targets for carbon footprint reduction.

When comparing the overall achievement rate of the defined targets between 2021 and 2022, there was an increase of 15 per-

centage points; we believe this is a positive evolution given the adverse environment we are facing.

Performance monitoring of sustainability targets		
	2021	2022
Target achieved	3	5
Target not achieved	5	6
Target does not apply to the year	3	2
Total applicable targets	8	11
Achievement rate 2021/2022	38%	45%

This improvement in performance is the result of achieving two targets related to increasing the sustainability of the raw materials used, and to leadership in reducing pollution in the textile industry through the Greendyes® natural dyeing process.

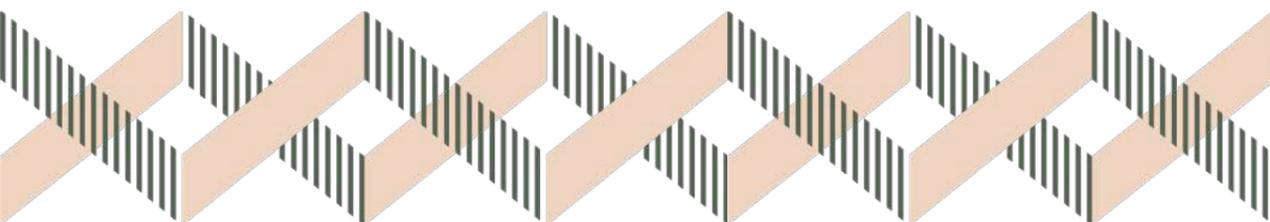
not been able to assess the performance of this target. In 2022, we defined three metrics to assess the performance of the industrialisation process for our proprietary dyeing system based on the number of customers, fabric compositions, and colour groups.

Last year, we did not have a data collection system that would allow us to assess the ratios of the most sustainable raw materials purchased. We implemented a new IT system at our units in Portugal, improving how non-financial data is obtained and monitored. We expect to be able to obtain information on the most sustainable raw materials for the remaining subsidiaries progressively.

After analysing progress on achieving the sustainability targets in 2021, we identified the need to define key performance indicators (KPIs) for each of the targets which would make the measurement process more rigorous. This was done in 2022.

Similarly, no indicators had been defined for the Greendyes® dyeing system, so we have

The KPIs defined to measure each of the targets as well as their calculation formula are detailed below:



ID Target	KPI Ref.	Indicator Description	Calculation Formula
<b>A</b>	A.1	Rate of social and labour questionnaires submitted	(No. of questionnaires submitted) / (No. of production centres) *100
<b>B</b>	B.1	Average score obtained in the HIGG FSLM questionnaire	(∑ Score obtained)/(No. of production centres)*100
<b>C</b>	C.1	Rate of certifications obtained	(1- (Cert. Obtained/Total Cert.)) /Number of audits pending + (Cert. Obtained/Total Cert.)
<b>D</b>	D.1	Number of compliance policies and procedures developed and approved	∑ of compliance policies and procedures developed and approved
	D.2	Number of whistleblowing and compliance channels created	∑ of whistleblowing and compliance channels created
	D.3	Number of training actions	∑ of training actions
<b>E</b>	E.1	Preparation of the Consolidated Non-Financial Information Statement within the legal deadline	Not applicable
<b>F</b>	F.1	Percentage of sustainable cotton (SICI)	((Organic cotton + BCI cotton)/Total cotton) *100
	F.23 y F.5	Percentage of sustainable polyamide	(Recycled polyamide/Total polyamide) *100
	F.3 y F.6	Percentage of sustainable polyester	(Recycled polyester/Total polyamide) *100
	F.4	Percentage of sustainable cotton (Playvest)	(Organic cotton/Total cotton) *100
	F.7	Percentage of sustainable cellulosic fibres	(Sustainable cellulosic fibres/ Total cellulosic fibres) *100
<b>G</b>	G.1	Direct supplier identification rate at production centres	(Identification of direct suppliers/ Number of production centres) *100
	G.2	Indirect supplier identification rate at production centres	(Identification of indirect suppliers/ Number of production centres) *100

ID META	Ref. KPI	Descripción Indicador	Fórmula de cálculo
<b>H</b>	H.1	ESG risk mapping of the supply chain	Not applicable
<b>I</b>	I.1	Rate of environmental questionnaires submitted	(No. of questionnaires submitted) / (No. of production centres) *100
<b>J</b>	J.1	Energy efficiency programme implementation rate	(No. of energy efficiency programmes implemented/No. of production centres) *100
	J.2	Water efficiency programme implementation rate	(No. of water efficiency programmes implemented/No. of production centres) *100
	J.3	Renewable energy contract rate	(Renewable energy contracts/Number of units) *100
<b>K</b>	K.1	Validate industrialisation process with customer fabrics	∑ of customers with verified fabric validation process
	K.2	Validate the industrialisation process of 3 compositions: 100% CO; 100% PES and 50/50	∑ of compositions with verified industrialisation process
	K.3	Validate the industrialisation process of 2 colour groups: pale and medium	No. of colour groups with a validated industrialisation process
<b>L</b>	L.1	Scope 1 and 2 emission reporting rate	(Number of scope 1 and 2 emission reports/No. of units) *100
<b>M</b>	M.1	Establish and commit to Science Based Targets for carbon footprint reduction	Define Science Based Targets

An assessment of the performance of the 24 key performance indicators defined for 2022 shows that 17 have been achieved

and 7 have not been achieved, giving a 71% achievement rate.

KPI	Indicator Description	2022 Target	2022 Result	2021 Result
A.1	Rate of social and labour questionnaires submitted	100%	75%	100%
B.1	Average score obtained in the HIGG FSLM <sup>2</sup> questionnaire	≤80%	72%	82%
C.1	Rate of certifications obtained	100%	83%	100%
D.1	Number of procedures developed	12	4	3
D.2	Number of whistleblowing and compliance channels created	2	2	1
D.3	Number of training actions	1	1	2
E.1	Preparation of the Consolidated Non-Financial Information Statement within the legal deadline	YES	YES	YES
F.1	Information Statement within the legal deadline	≤20%	70%	ND
F.2	Percentage of sustainable cotton- SICI	≤5%	13%	ND
F.3	Percentage of sustainable polyamide - SICI	≤2%	2%	ND
F.4	Percentage of sustainable polyester - SICI	≤20%	64%	ND
F.5	Percentage of sustainable cotton - Playvest	≤5%	45%	ND
F.6	Percentage of sustainable polyamide - Playvest	≤2%	3%	ND
F.7	Percentage of sustainable polyester - Playvest	≤2%	86%	ND
G.1	Percentage of sustainable cellulosic fibres - Playvest	100%	100%	100%
G.2	Direct supplier identification rate at production centres	25%	25%	25%
H.1	Indirect supplier identification rate at production centres	SÍ	NO	NO
I.1	ESG risk mapping of the supply chain	100%	100%	100%
J.1	Rate of environmental questionnaires submitted	25%	78%	0%
J.2	Energy efficiency programme implementation rate	25%	0%	0%
J.3	Water efficiency programme implementation rate	25%	0%	0%
J.3	Renewable energy contract rate	50%	56%	56%
K.1	Validate industrialisation process with customer fabrics	2	2	ND
K.2	Validate the industrialisation process of 3 compositions: 100% CO; 100% PES and 50/50	3	3	ND
K.3	Validate the industrialisation process of 2 groups of colours: pale and medium	3	2	ND
L.1	Scope 1 and 2 emission reporting rate	100%	100%	100%
M.1	Definition of Science Based Targets <sup>3</sup>	YES	NO	NO

<sup>2</sup> Does not apply to the year

<sup>3</sup> Does not apply to the year

Sustainability issues are addressed following a plan-do-check-act cyclical approach, making the processes more mature. In this way, we were also able to confirm the need to review and adjust the strategy, objectives, targets and indicators based on the results obtained, the information and data available from the production centres, and their relevance to the Organisation's current situation.

A new strategy with an ESG (Environmental, Social and Governance) focus is expected to be finalised and approved in the short term, for which the respective objectives, targets and indicators will be defined to monitor the Organisation's performance in this area.

### Implications of the European taxonomy of environmentally sustainable economic activities for NEXTIL GROUP

is subject to the European Union's (EU) Taxonomy Regulation 2020/852, meaning it must disclose information related to "environmentally sustainable" activities. Last year, the Company needed to report on the proportion of economic activities eligible for the two environmental objectives set out in the regulation (mitigation and adaptation to climate) based on indicators of total turnover, investments in fixed assets (CapEx) and operating expenses (OpEX). In 2022, the Company also needed to report on its alignment with these objectives and provide other complementary qualitative information.

The Taxonomy is currently being developed, leading to regulatory uncertainty. The Group is therefore forced to make interpretative decisions and constantly analyse the situation to ensure the information provided responds to the requirements as information becomes available. The scope of the Taxonomy information covers all companies forming the Group. An analysis of the Group's accounting information has been carried out as part of this scope

to determine which activities are associated with those described in the Taxonomy, trying to identify those eligible under the mitigation objective. This analysis is informed by the current understanding of the technical criteria and descriptions in the Taxonomy.

Based on the analysis carried out, to date NEXTIL GROUP's activities are not included in Annex 1 of the Delegated Regulation (EU)<sup>4</sup> which establishes the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives. Therefore, based on the applicable taxonomy regulations for the 2022 Directors' Report (and those for the 2021 report), the Group does not carry out activities that can be included as eligible or aligned with the climate change mitigation and adaptation objectives.

<sup>4</sup> Delegated Regulation (EU) 2021/2139 on sustainable activities for climate change mitigation and adaptation objectives was published on 4 June 2021. This regulation establishes the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to these objectives and for determining whether that economic activity causes no significant harm to any of the other environmental objectives. Furthermore, the Commission adopted Delegated Regulation (EU) 2021/2178 on 6 July 2021 supplementing Article 8 of the Taxonomy Regulation. This delegated regulation specifies the content, methodology and presentation of information to be disclosed by financial and non-financial companies regarding the proportion of environmentally sustainable economic activities in their commercial, investment or lending activities.

## 1.7 Research, Development and Innovation

GRI 2-6

Continuous research and development have always been part of NEXTIL GROUP's philosophy. This is how we have remained at the forefront of innovation, ensuring a high level of quality at every stage of the production process to achieve the best results.

We collaborate with several universities and technology companies to create the latest innovations in textile garments and machinery for the industry. We have 3 Research Centres in Spain, Portugal and Guatemala.

### R&D+i Management System

The Portuguese company Playvest has a research, development and innovation management system according to the NP 4457:2007 standard on development and innovation activities for functional and/or smart clothing applying seamless technology.

The R&D+i management system policy aims to foster an innovation culture open to R&D+i activities and acknowledging the value it has for the sustainability of society by:

- Fostering a creative culture to generate ideas in the context of challenges, opportunities and risks;
- Implementing innovation initiatives and R&D+i projects to generate ideas, knowledge and value;
- Establishing collaborative relations with entities from the Scientific and Technological System;
- Identifying technological solutions to improve products and services;
- Developing new products with functional and/or smart properties to add value, with

high quality, responding to the pressing needs of customers;

- Internalising knowledge and practices related to the most recent developments in the functional and/or smart textile field; and

- Committing to the requirements of NP 4457:2021 and to continually improving the effectiveness of the R&D+i management system

The main line of research focuses on developing a new generation of seamless low-speed impact protective clothing based on friction reduction for two use dimensions:

- Well-being and protection through auxetic and non-Newtonian fabrics
- Well-being and sports - Multi-directional compression

By using innovative fabric technologies such as non-performance polymeric materials, auxetic structures and nanomaterials, combined with biomimetic designs, we will be able to offer garments with outstanding ergonomics, functionality and comfort.

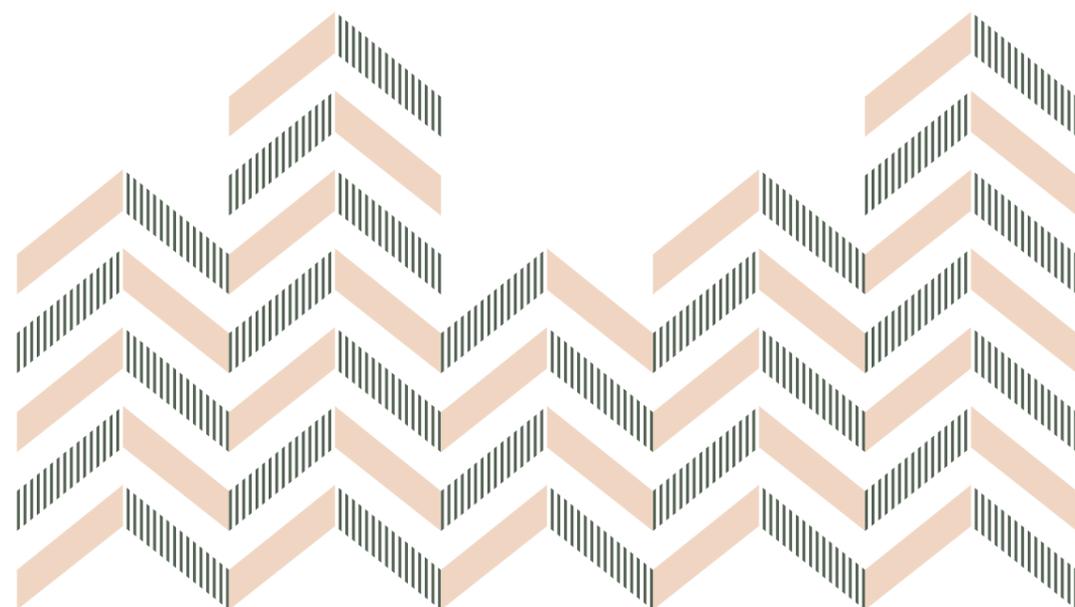
## Greendyes®

We have developed our own patent pending technique so our dyeing process can be the most sustainable: Greendyes®. A 100% natural, organic method with results never seen before in terms of uniformity and colour fastness in organic dyes.

- **Time.** The entire process is reduced to one hour per kilo of fabric, six hours less than usual.
- **Energý.** The dyeing is done cold, providing energy savings of 75% through the entire process.
- **Water.** - We achieve savings of more than 110 litres of water per kilo of garment and more than 140 litres of water per kilo of yarn. Moreover, as it is a natural, non-toxic process, 100% of the water is recycled through sand filters that allow the water to be reused for new dyes and even to water the plants at the end of the process.

This dyeing technology has made us leaders in this type of dyeing and we have managed to optimise the consumption of resources, achieving a unique result in several dimensions:

- **Quality.** Colour fastness exceeds the standards achieved to date in sustainable dyeing.
- **Traceability.** We study all raw materials from their origin in detail to ensure that they follow environmental management and fair trade criteria.
- **Versatility.** This dyeing process can be applied to most fabrics: natural cellulosic fibres, synthetic cellulosic fibres, biosynthetic cellulosic fabrics, protein fabrics and recycled fabrics such as Seaqual polyester and Q-Nova polyamide.



## 1.8 Environment overview: fashion, a key economic sector

GRI 3-3

### 1.8.1 Impacts of the fashion industry on the SDGs

The fashion industry is worth \$2.5 trillion and employs more than 75 million people worldwide, most of which are women. Fashion is therefore a key economic sector that has an essential role to play in achieving the Sustainable Development Goals (SDGs).

Fashion has a significant impact on the environment and society. Almost 20% of global wastewater is produced by the fashion industry (SDG 6), which also emits around 10% of global carbon emissions (SDG 13). Cotton cultivation is responsible for 24% of insecticides and 11% of pesticides despite using only 3% of the world's arable land (SDG 3). The textile industry has also been identified as a major contributor to ocean plastic (SDG 14). On the other hand, fast fashion is related to hazardous working conditions (SDG 8) caused by unsafe processes and the use of hazardous substances in production (SDG 3). Cost-cutting and time pressures are often imposed on all parts of the supply chain, resulting in employees suffering long work-

ing hours and low wages, with evidence, in some cases, of a lack of respect for fundamental rights, principles and rights at work. Shifting consumption patterns towards sustainable behaviours and attitudes requires a change in the way we think about and value garments (SDG 12); the aim is to integrate the true costs of all resources needed for the production process while accounting for all environmental and social impacts.

Despite these problems, it is important to note that there is a growing interest in sustainability in the fashion industry. Many companies are adopting more sustainable practices at all stages of production, from choosing more sustainable materials to designing more energy and resource efficient production processes. In addition, some companies are working with community organisations and local governments to improve working conditions and promote social responsibility in their supply chains.

### 1.8.2 Evolution of the fashion industry

According to "The State of Fashion 2023" report published by McKinsey & Co, the fashion industry has shown a strong recovery in 2021 and the first half of 2022 following the COVID-19 pandemic, with growth in revenues and EBITDA margins.

However, as the year progressed, macroeconomic and geopolitical factors, such as inflation and the war in Ukraine, have become increasingly challenging for the industry.

Markets, which showed strong growth potential, now face a wider range of risks ranging

from extreme weather conditions to political or social unrest, requiring brands to focus on design, marketing and merchandising to attract new customers.

Despite these challenges, the industry as a whole has a solid foundation and many companies have performed well over the past year. Industry experts are concerned about the continued impact of these factors in 2023, with many predicting that inflation will continue to have an impact and that supply chain disruptions caused by geopolitical tensions will further weaken the market.

According to this report, companies in the fashion industry that recognise that growth will be unpredictable, but that follow through with investments in innovation across their or-

### 1.8.3 The European Union's strategy

Fabric products are a part of people's lives. They are manufactured to meet consumer needs, meeting both functional and aesthetic requirements. However, fabric consumption continues to grow exponentially: growth of 63% is forecast by 2030.

According to the EU, the consumption of fabric products represents the fourth largest negative impact on the environment and climate change, and the third highest in water and land use. The EU has therefore set a target to reduce its emissions by 55% by 2030 and to achieve climate neutrality by 2050.

The European Commission aims to change the linear economy model towards a circular economy to reduce the negative impacts of the textile industry. So-called fast fashion encourages consumers to buy lower quality clothes at a lower price, but this does not translate into household savings because clothing expenditure continues to increase. The aim is therefore to extend the life of products to reduce the consumption of garments and thus have a lower impact on the environment. The Commission is committed to including safe and sustainable materials from the design stage. It has also put a spotlight on these sectors to stop the practice of destroying unsold or returned products because it is a waste of value and resources.

The Commission also aims for consumers to have an active role in this process. However, companies and consumers need information on the sustainability characteristics of products so they can be aware of the choices made. In the area of waste, the aim is to reduce waste as much as possible and to en-

ganisations, will find that they are in a stronger position to accelerate their businesses when uncertainty and fragility subside.

sure that it is reused. This plan is included in the EU waste legislation forecast for 2024. By 2025, the waste generated by the textile industry must be reduced as far as possible by focusing on sorting, reusing and recycling textile products.

These objectives will be achieved through a comprehensive range of measures, including the following:

Adopting eco-design measures so products can adapt to the circular economy; responding to the presence of hazardous substances in products; providing consumers and companies with the necessary information so they can choose sustainable products; encouraging re-use and continuing to fight against the fast-fashion model.

Searching for qualified workers. The textile sector is held back by a lack of skilled workers, so we must implement the EU Pact for Skills which aims to establish partnerships on skills for the textile ecosystem.

Promoting sorting, re-use and recycling of textile products. This will reduce the volumes of waste treatment for types of waste that are lower in the hierarchy.

Accelerating the digital and ecological transition and increasing resilience in industrial ecosystems. Emphasising innovation and promoting industrial applications following appropriate regulatory measures.

Promoting fairer and greener value chains, so that social and environmental aspects are taken into account in textile production.

## 1.9 Stakeholders and material topics

### 1.9.1 Our stakeholders

GRI 2-29;3-1

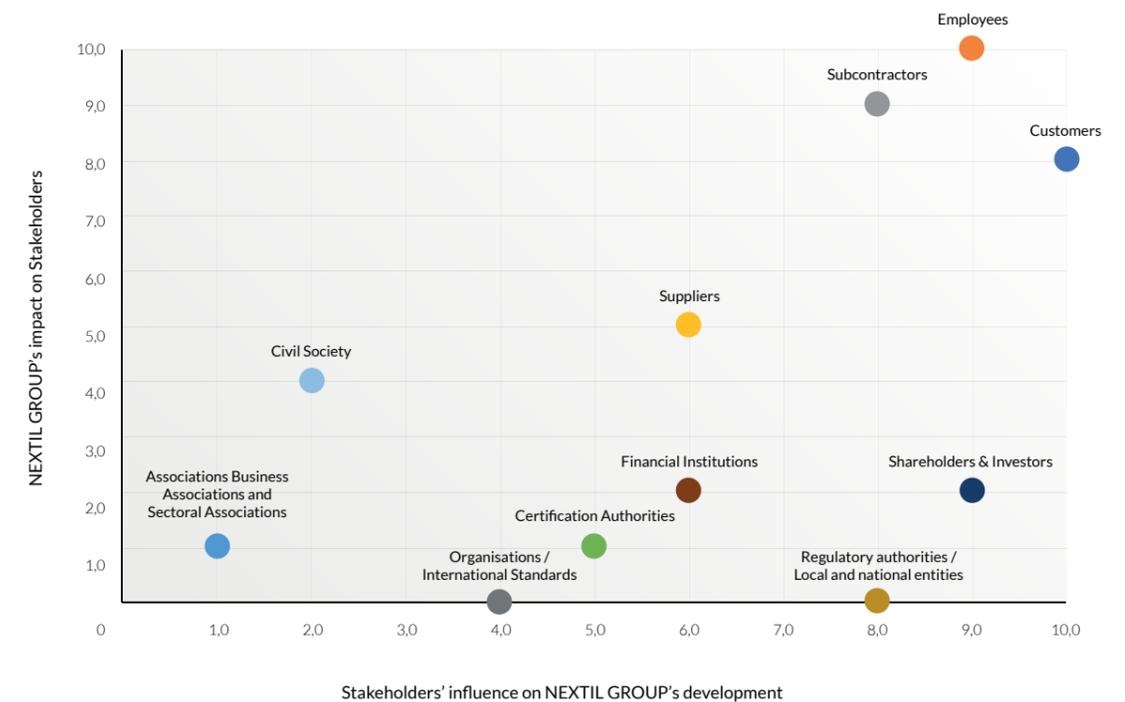
To develop our activities, at NEXTIL GROUP we are aware of the importance of responsibly managing topics that are material for stakeholders, so we can include them into decision-making processes.

At the end of 2021, we conducted a materiality study through surveys, which allowed us to identify eleven Stakeholders with whom

we maintain relationships in our operations; consequently, knowing their expectations and needs is a priority for us.

We plan to conduct this stakeholder assessment and the corresponding materiality study every two years, unless there are justifiable changes to conduct it earlier.

NEXTIL Stakeholder Map



How we engage our stakeholders

Stakeholder group	Material topics	Communication channels
<p><b>Customers</b></p> <p>We establish and implement mandatory standards for all our products. We assume, lead and promote the commitment to quality, providing the necessary resources to achieve excellence.</p>	<p>Circularity. Supply chain management. Safe and healthy work environments. Climate change, environmental footprint and protection of natural resources.</p>	<p>Regular face-to-face and virtual meetings, telephone calls, emails, stakeholder engagement survey, customer satisfaction surveys, social and quality compliance audits.</p>
<p><b>Employees</b></p> <p>We foster a respectful, safe and healthy work environment, allowing our employees to develop their performance within the Group while encouraging training and equal opportunities.</p>	<p>Diversity and equality. Safe and healthy work environments. Talent management. Human Rights. Circularity.</p>	<p>Interpersonal relations, internal communications, internal newsletter, operational and management meetings, training and awareness sessions, welcome handbook</p>
<p><b>Shareholders and investors</b></p> <p>We strive for continuous value creation, committing to share objective, transparent, adequate and timely information on the evolution of the Group and under equal conditions for all shareholders.</p>	<p>We have not received a response from this Stakeholder group.</p>	<p>Shareholders' meetings, general meetings, consolidated financial statements and quarterly management reports, press releases, corporate website, emails, publication of regulated information for issuing entities in the National Securities Market Commission (CNMV) official.</p>
<p><b>Subcontractors</b></p> <p>Our collaborating companies are key players to achieving our goals of growth and product quality improvement.</p>	<p>Diversity and equality.</p>	<p>Face-to-face meetings, emails, telephone calls, site visits, product quality and compliance audits with customer code of conduct requirements, sustainability performance survey.</p>

Stakeholder group	Material topics	Communication channels
<p><b>Suppliers</b></p> <p>We select suppliers based on criteria of objectivity and transparency, reconciling the Company's interest in obtaining the best conditions with the convenience of maintaining stable relationships with ethical and responsible suppliers.</p>	<p>Human Rights</p>	<p>Face-to-face meetings, emails, telephone calls, site visits, product quality and compliance audits with customer code of conduct requirements, sustainability performance survey.</p>
<p><b>International industry standards bodies</b></p> <p>We are part of the main and most important initiatives, groups and associations in the sector, which set reference standards on sustainability for the different actors in the textile industry at a global level.</p>	<p>Risk management and control systems. Supply chain management. Diversity and equality. Employment quality and industrial relations. Safe and healthy work environments. Talent management. Human Rights. Climate change, environmental footprint and protection of natural resources. Compliance with product requirements. Circularity.</p>	<p>Corporate website, email, surveys on online platforms.</p>
<p><b>Certifying Entities</b></p> <p>Implementing the requirements of organisations that assess conformity and certify compliance with globally benchmarked norms and standards.</p>	<p>Stakeholder relations.</p>	<p>Corporate website, emails, telephone calls, face-to-face meetings.</p>
<p><b>Regulatory Agencies / Local and National Entities</b></p> <p>We develop tools to systematically access and identify legal and regulatory requirements applicable to our products and services.</p>	<p>Safe and healthy work environments. Economic and social value generation. Climate change, environmental footprint and protection of natural resources.</p>	<p>Corporate website, emails, publication of regulated information for issuing entities in the CNMV's official registers.</p>

Stakeholder group	Material topics	Communication channels
<b>Financial entities</b>		
We establish relationships with financial entities based on principles of transparency and trust.	Diversity and equality. Safe and healthy work environments. Talent management. Human Rights. Circularity.	Corporate website, emails, meetings. Publication of regulated information for issuing entities in the CNMV's official registers.
<b>Civil Society</b>		
We promote active listening of a wide range of civil society entities, social movements, business associations and other socioeconomic and labour market actors.	Diversity and equality.	Corporate website, press releases. Publication of regulated information for issuing entities in the CNMV's official registers.
<b>Business and Sector Associations</b>		
We maintain an active collaboration with entities in the textile sector, focused on exchanging knowledge and experiences as well as promoting and defending the sector's interests.	Ethical behaviour and governance. Risk management and control systems. Diversity and equality. Employment quality and industrial relations. Safe and healthy work environments. Human Rights. Climate change, environmental footprint and protection of natural resources. Circularity.	Corporate website, emails, telephone calls, face-to-face meetings.

### 1.9.2 Double materiality assessment GRI 3-1; 3-2

The EU's Corporate Sustainability Reporting Directive (CSRD) requires companies to carry out a double materiality assessment. This approach is also required by the standards of the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB), the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI), among others.

In 2021, at NEXTIL GROUP we worked on the double materiality assessment from the perspective of:

- Financial materiality or inward impacts; and
- Environmental and social materiality or outward impacts.

The double materiality assessment is based on the concept that we understand that we have two types of responsibilities and commitments: one financial, and one social and environmental. Thus, financial materiality refers to our responsibility to generate profits and meet our financial obligations, while social and environmental materiality refers to our responsibility to consider the social and environmental impacts of our activities and to take measures to minimise or responsibly address them. In other words, the double materiality assessment involves analysing both our financial performance and

the social and environmental impact of our business decision-making.

We have followed four steps in this process:  
1. Mapping and validation of stakeholders to be consulted.

2. Identification of material topics to be assessed. We identified a wide universe of potentially material issues based on:

- The Sustainability Accounting Standards Board (SASB) indicators for the Apparel, Accessories & Footwear sector;
- The topics included in the GRI document "Sustainability Topics for Sectors"; and
- The conclusions of the Fashion Ceo Agenda in its document, "Priorities for a Prosperous Industry, 2021".

• This analysis has been completed by benchmarking the material issues identified by other companies in the sector in their public reports.

The reference to multiple sources was essential to minimise the risk of overlooking any emerging issues and to ensure a thorough and credible assessment is carried out.

We have identified 41 potentially material topics, grouped in 14 dimensions.

Ethical Behaviour and Governance	E&G-1	Transparency
	E&G-2	Code of conduct
	E&G-3	Corruption and Bribery
	E&G-4	Complaint and whistleblowing mechanisms
Risk Management and Control Systems	GR-1	Non-financial risk management system
	GR2	Privacy and personal data protection
Stakeholder Relations	GGII-1	Dialogue with stakeholders
	GGII-2	Alliances and partnerships with stakeholders
Supply Chain	SCh-1	Transparency of production sites
	SCh-2	Transparency and traceability of the supply chain
	SCh-3	Supplier and subcontractor selection
	SCh-4	Partnership commitments with suppliers
	SCh-5	Working with social suppliers
Economic and Social Value Generation	VE&S-1	Community economic development
	VE&S-2	Investment in the community
	VE&S-3	Tax contribution and fiscal transparency
Innovation	IN-1	Process digitisation
	IN-2	Innovation in sustainable materials and processes
Quality Employment and the Productive Environment	Em-1	Balanced remuneration schemes
	Em-2	Freedom of association, collective bargaining and employee participation
	Em-3	Employee well-being
	Em-4	Conciliation

Diversity and Equality	D&I-1	Equal opportunities
	D&I-2	Rejection of all forms of discrimination
Safe and Healthy Work Environments	SST-1	Health and safety
	SST-2	Prevention and elimination of workplace and sexual harassment
Talent Management	GT-1	Attracting and retaining talent
	GT-2	Developing skills and knowledge
Human Rights	DDHH-1	Human rights policy and due diligence procedures
Climate Change, Environmental Footprint and Protection of Natural Resources	CC-1	Decarbonisation targets
	CC-2	Energy efficiency
	CC-3	CO <sub>2</sub> emission reductions
	CC-4	Water use
	CC-5	Waste and recycling
	CC-6	Micro plastics
	CC-7	Chemicals
	CC-8	Chemical spills
	CC-9	Materials harvested through environmentally friendly harvesting techniques
Compliance with Product Requirements	RP-1	Product quality, health and safety
	RP-2	Product information and labelling
Circularity and Eco-Design	C&ED-1	Incorporate environmental criteria in the product design and development phase with the aim of reducing environmental impacts in the different phases of its life cycle

1. Prioritisation of impacts on society/environment and impacts on company value through stakeholder consultation and assessment. Potentially material issues were weighted and prioritised. For this purpose, both internal and external stakeholders were consulted through a questionnaire. This prioritisation made it possible to assess the importance that each of the respondents attributed to the 41 proposed issues from a double perspective, determining which issues are relevant from a social and environmental (outward impacts) and/or financial (inward impacts) perspective.

The consultation included Spain, Portugal and the USA. 35% of the analysed responses correspond to internal stakeholders and the remaining 65% to external stakeholders, of which 15% were responses from customers and 60% from suppliers and subcontractors.

2. Validation of the materiality process. The results were presented to the sustainability team. Their involvement allowed us to complete the matrix with qualitative feedback on the exercise and to internally validate the resulting priority issues.

### Double Materiality Matrix

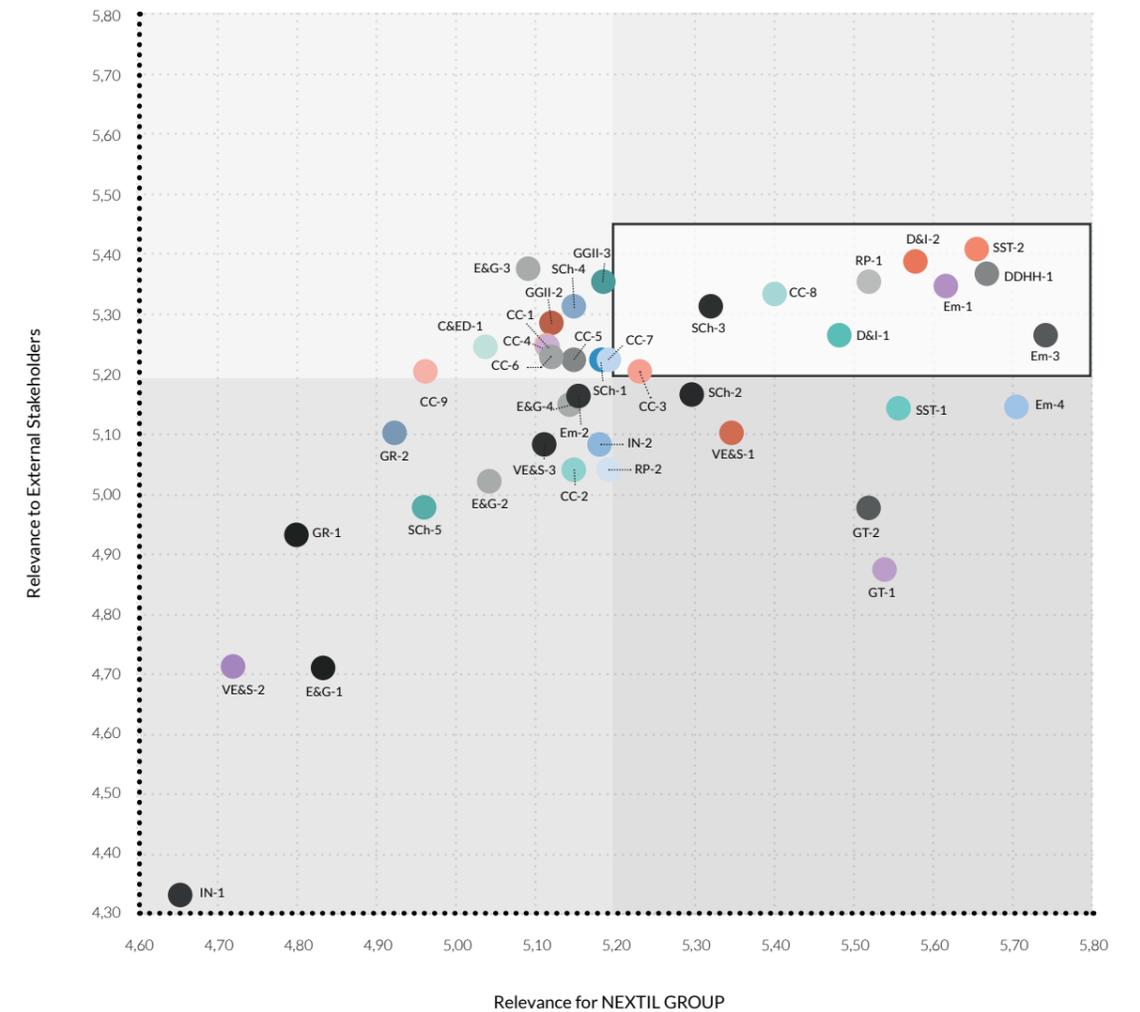
This process results in a materiality matrix from a global perspective based on the impact on NEXTIL GROUP's value and the Group's impact on society and the environment.

The results obtained were concentrated in a narrow area of the proposed range of values (1 to 6). The results corresponding to external stakeholders concentrate 100% of the

topics in valuations above 4, as shown in the following chart. The relevance is indicated on the internal results axis – horizontal axis – oscillating between 4.65 and 5.74; while the importance attributed by external stakeholders ranges between 4.33 and 5.40. All the topics submitted to stakeholder assessment are presented as highly relevant and with little differentiation between them.



Materiality Matrix



Focusing on the issues with ratings above the median on both axes (>5.20), we obtain that the results corresponding to external stakeholders concentrate 49% of the issues

(20 out of 41 issues), and the results corresponding to internal stakeholders concentrate 39% of the issues (16 out of 41 issues) in the values above the median.



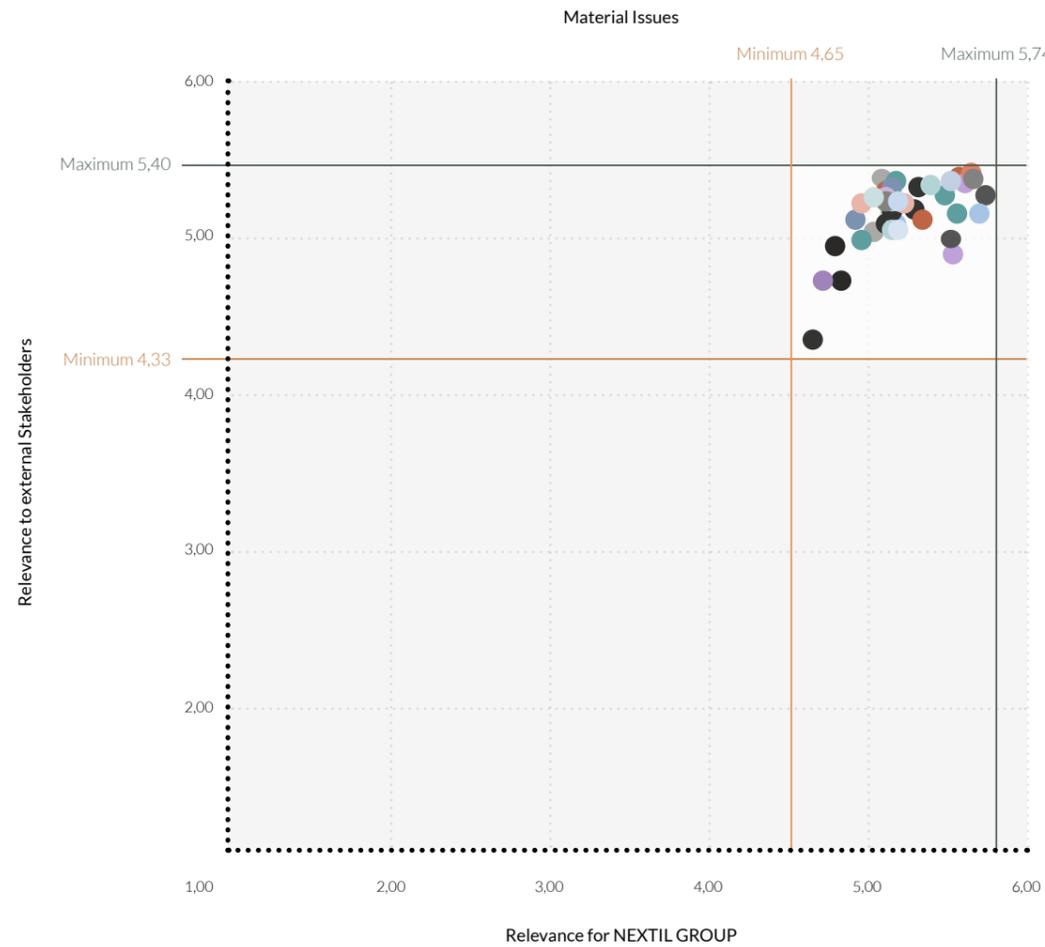
External Stakeholders - Issues with values above the median

<b>Ethical behaviour and governance</b>	E&G-3	Corruption and Bribery
<b>Stakeholder relations</b>	GGII-1	Dialogue with stakeholders
	GGII-2	Alliances and partnerships with stakeholders
<b>Supply chain</b>	SCh-1	Transparency of production sites
	SCh-3	Supplier and subcontractor selection
	SCh-4	Partnership commitments with suppliers
<b>Diversity and equality</b>	D&I-1	Equal opportunities
	D&I-2	Rejection of all forms of discrimination
<b>Quality employment and the productive environment</b>	Em-1	Balanced remuneration schemes
	Em-3	Employee well-being
<b>Safe and healthy work environments</b>	SST-2	Prevention and elimination of workplace and sexual harassment
<b>Human Rights</b>	DDHH-1	Human rights policy and due diligence procedures
<b>Climate change, environmental footprint and protection of natural resources</b>	CC-1	Decarbonisation targets
	CC-4	Water use
	CC-5	Waste and recycling
	CC-6	Micro plastics
	CC-7	Chemicals
<b>Compliance with product requirements</b>	RP-1	Product quality, health and safety
	C&ED-1	Incorporate environmental criteria in the product design and development phase with the aim of reducing environmental impacts in the different phases of its life cycle

Internal Stakeholders - Issues with values above the median

<b>Supply chain</b>	SCh-2	Transparency and traceability of the supply chain
	SCh-3	Supplier and subcontractor selection
<b>Economic and social value generation</b>	VE&S-1	Community economic development
<b>Diversity and equality</b>	D&I-1	Equal opportunities
	D&I-2	Rejection of all forms of discrimination
<b>Quality employment and the productive environment</b>	Em-1	Balanced remuneration schemes
	Em-3	Employee well-being
	Em-4	Conciliation
<b>Safe and healthy work environments</b>	SST-1	Health and safety
	SST-2	Prevention and elimination of workplace and sexual harassment
<b>Talent management</b>	GT-1	Attracting and retaining talent
	GT-2	Developing skills and knowledge
<b>Human Rights</b>	DDHH-1	Human rights policy and due diligence procedures
<b>Climate change, environmental footprint and protection of natural resources</b>	CC-3	CO <sub>2</sub> emission reductions
	CC-8	Chemical spills
<b>Compliance with product requirements</b>	RP-1	Product quality, health and safety

The box coloured in red in the representation of the materiality matrix shows the topics that correlate with values above the median (> 5.20) on both axes. The elements included are:



10 topics are above the median (22%), while the remaining 32 are below (78%).

Climate change, environmental footprint and protection of natural resources	CC-3	CO <sub>2</sub> emission reductions
	CC-8	Chemical spills
Supply chain.	Sch-3	Supplier and subcontractor selection
Diversity and equality	D&I-1	Equal opportunities
	D&I-2	Rejection of all forms of discrimination
Quality employment and the productive environment	Em-1	Balanced remuneration schemes
	Em-3	Employee well-being
Safe and healthy work environments	SST-2	Prevention and elimination of workplace and sexual harassment
Compliance with product requirements	RP-1	Product quality, health and safety
Human Rights	DDHH-1	Human rights policy and due diligence procedures

## 1.10 Our corporate governance

### 1.10.1 NEXITL GROUP's corporate bodies

Acting with respect, honesty and integrity is an essential part of our corporate culture. Our objectives in this regard are clear, and to achieve them we have several mechanisms and corporate policies in place, all aimed at establishing ethical and transparent processes.

The structure of the Company's governing bodies, as well as their functions, procedures and rules of organisation and operation, and the rules of conduct for its members are set out in the Board of Directors' Regulations.

The composition, operation and activity of the Parent Company's governing bodies and their main responsibilities are described in detail in the Annual Corporate Governance Report, which is submitted annually to the CNMV.

The Group's Parent Company, NUEVA EXPRESION TEXTIL S.A. has a website<sup>5</sup> with a specific section where information on corporate governance and other information on general meetings are publicly available.

#### 1.10.1.1 General Shareholders' Meeting

GRI 3-1; 3-2

The General Shareholders' Meeting is the representative body of all our shareholders and the Group's highest decision-making body.

holders are: BUSINESSGATE, SL. with a direct and indirect shareholding of 63.13%, the rest of the capital being floating capital.

At 31 December 2022, the GROUP's Parent Company's significant share-

#### 1.10.1.2 The Board of Directors

GRI 2-9; 2-10; 2-11; 2-12; 405-1

The Board of Directors is the body in charge of managing and representing the Parent Company, notwithstanding the powers granted to the General Shareholders' Meeting, which is the highest supervisory and control body.

- Respects legal requirements;
- Fulfils explicit and implicit contracts with workers, suppliers, funders and customers in good faith; and

The Board of Directors is in charge of maximising the Parent Company's value in a way that:

- In general, observes ethical duties reasonably required by responsible business conduct.

<sup>5</sup> <https://www.nextil.com/es/accionistas-e-inversores>

## Composition of the Parent Company's Board of Directors as at 31-12-2022

On 27 October 2022, changes were made to the composition of the Board of Directors compared to 2021. As a result, the composition at year-end is as follows:

Name or corporate name of the director	Categoría del Consejero	Género	Cargo en el Consejo
Sr. Eduardo Navarro Zamora	Proprietary Outside Director	Male	President
Sr. Manuel Juan Martos Gutiérrez	Executive Director	Male	Managing Director
Lantanida Investment. S.L.U. (Represented by Alfredo Bru Taberno) <sup>6</sup>	Proprietary Outside Director	Male	Director
Sr Richard Rechter Leib	Independent Outside Director	Male	Director
Lhotse Estudios, S.L. (Represented by Fernando Diago de la Presentación)	Independent Outside Director	Male	Director
Sr. Juan José Rodríguez Navarro Oliver	Proprietary Outside Director	Male	Director
Sr. Alberto Llanea Martín <sup>7</sup>	Proprietary Outside Director	Male	Director

The President of the highest governing body has no executive functions within NEXTIL GROUP.

In 2022, the Parent Company's Board of Directors met 11 times.

Currently, there is no female presence on the Board. When incorporating new

or replacing current directors, female applicants with an appropriate profile to the Parent Company shall be considered. The criteria for the selection and appointment of Directors set out in the Board of Directors Regulations establishes that the Parent Company shall take into consideration gender diversity to ensure equal opportunities

as determined in the regulatory framework. These Regulations establish the obligation to ensure that the members' selection procedures favour diversity of gender, experience and knowledge and do not suffer from implicit biases that may imply any discrimination and, in particular, facilitate the selection of female directors.

In line with the provisions of Recommendation 14 of the Unified Good Governance Code of Listed Companies, the Parent Company's Board of Directors

intends to approve a Directors Selection Policy setting out the provisions of the aforementioned recommendation. In addition, in accordance with the provisions of the Draft Bill of the Organic Law on Equal Representation of Women and Men in Decision-Making Bodies, which establishes that listed companies must ensure that their boards of directors have at least 40% female directors by 1 July 2024, the Group intends to incorporate 2 female directors in order to comply with the legally stipulated quota.

### 1.10.1.3 Board Committees

GRI 2-9

#### Audit Committee

Responsible for overseeing the internal control of the Parent Company and therefore of the Group, for internal audit and risk management systems. It is composed of a president and two voting members.

On 3 November 2022, changes were made to the composition of the Audit Committee compared to 2021. As a result, the composition at year-end is as follows:

Name	Position	Typology
Sr Richard Rechter Leib	President	Independent Outside Director
Lhotse Estudios, S.L. (Represented by Fernando Diago de la Presentación)	Voting member	Independent Outside Director
Sr. Juan José Rodríguez-Navarro Oliver	Voting member	Proprietary Outside Director

<sup>6</sup> Replaced by Rafel Bermejo as of reporting date

<sup>7</sup> Replaced by Jorge Fernández Miret before year-end

<sup>8</sup> As determined in the Spanish Equality Act (22 March 2007) in Royal Decree-Law 18/2017, of 24 November, which amends the Commercial Code, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010 of 2 July, and Act 22/2015, of 20 July regarding Account Auditing on matters of non-financial information and diversity, and in Act 11/2018 of 28 December which amends the Commercial Code and the revised text of the Capital Companies Act and Act 22/2015 of 20 July regarding Account Auditing on matters of non-financial information and diversity.

During 2022, the Audit Committee met 7 times and performed its duties when its intervention was required and in particular, for all matters regarding review and prior information to the Board of Directors on financial and non-financial information that the Parent Company must disclose from time to time.

The responsibilities of the aforementioned corporate body include:

- To supervise the effectiveness of the Parent Company's internal control, internal audit and risk management systems;
- To supervise the preparation and presentation of regulated financial and non-financial information and submit recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.
- To inform in advance the Board of Directors on all matters provided for in the Law, in the Corporate Bylaws and in the Board of Directors' Regulations and, in particular, on the financial information and directors' report that the Parent Company and its Group must disclose from time to time.
- To supervise and assess the preparation and the integrity of financial and non-financial information, as well as the control and management systems for financial and non-financial risks relating to the Parent Company and its Group. These risks include: operational, technological, legal, social, environmental, political, reputational and corruption-related risks. In addition, to review compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation, and the correct application of accounting criteria.

The Committee also coordinates the non-financial and diversity information reporting process in accordance with applicable regulations and international reference standards.

- To establish and supervise a mechanism that allows employees and other people related to the Parent Company and its Group, such as directors, shareholders, suppliers, contractors or sub-contractors, to report potentially significant irregularities, including financial, accounting or any other irregularities related to the Parent Company and its Group that they become aware of within the Company or its Group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which communications can be made anonymously, respecting both the whistleblower's and the reported person's rights.
- In general, to ensure that the established internal control policies and systems are effectively implemented in practice.
- To supervise compliance with corporate governance rules and Parent Company's internal codes of conduct, thus ensuring that corporate culture is aligned with the Group's purpose and values.
- To supervise general policy application on matters of economic-financial, non-financial and corporate information disclosures, as well as communication with shareholders and investors, proxy advisors and other stakeholders the Parent Company might approve. Likewise, the Committee shall oversee how the Parent Company communicates with and relates to small and medium shareholders.

- To regularly assess and review the Parent Company's and the Group's corporate governance system and environmental and social policy that, when applicable, the Parent Company approves, in order to fulfil its mission of promoting social interest, taking into account, as

appropriate, the legitimate interests of other stakeholders.

- To oversee that the Parent Company and its Group's environmental and social practices are in line with the policies set.

### Appointments and Remuneration Committee

GRI 2-9; 2-20

This Advisory committee oversees the appointment, re-election and assessment of Directors and is responsible for recommending their remuneration. It is composed of a president and two voting members.

On 3 November 2022, changes were made to the composition of the Appointments and Remuneration Committee compared to 2021. As a result, the composition at year-end is as follows:

Name	Position	Typology
Lhotse Estudios, S.L. (Represented by Fernando Diago de la Presentación)	President	Independent Outside Director
Sr Richard Rechter Leib	Voting member	Independent Outside Director
Sr. Alberto Llaneza Martín	Voting member	Proprietary Outside Director

The Appointments and Remuneration Committee met 5 times during 2022.

and other contractual conditions of Executive Directors.

The responsibilities of the aforementioned corporate body include:

Ensuring compliance with this policy.

- Recommending the remuneration policy to the Board of Directors that should apply to Directors and General Directors or those with senior management functions reporting directly to the Board of Directors, executive committees, and Managing Directors; this also includes the individual remuneration

- Establishing a representation target for the under-represented gender on the Board of Directors and defining guidelines on how to meet this target.

Issuing the report on the adoption or otherwise of particular measures, such as internal investigations, requests for an Administrator to resign, or recom-

mendations to dismiss them in situations that could harm the Company's reputation, and in particular any criminal proceedings in which the Director

is under investigation and that must necessarily be reported to the Board of Directors.

**1.10.1.4 Directors' average remuneration**  
GRI 2-19

Directors' remuneration is reasonably proportionate to the importance of the Parent Company and the Group, its economic situation, and the market standards of comparable companies to attract and retain talent. The remuneration system in place is geared towards promoting long-term sustainable value creation by associating executive directors' remuneration to performance and shareholders' interests, incorporating the necessary safeguards to avoid excessive risk-taking and rewarding unfavourable performance.

Two different remuneration systems are envisaged. One is for directors in their capacity as such, consisting solely of allowances for attendance at each of the meetings of the Board of Directors or of the Board committees of which the directors are members. The other is for executive directors performing executive duties, comprising a fixed annual amount and a variable amount linked to the performance of executive duties and to the results obtained by the Group.

Type of remuneration	2022	2021	2020
Directors' average remuneration (in thousand €)	50 <sup>9</sup>	34	39

In March 2023, the General Shareholders' Meeting approved a new Directors' Remuneration Policy effective for the financial years 2023, 2024 and 2025.

The approved Directors' Remuneration Policy is a continuation of the previous policy in terms of the principles, structure and content of the remuneration

package. It has the same principles and fundamentals as the previous policy, aimed at creating value for the Company, through prudent risk management, aligned with shareholders' interests and respecting corporate governance recommendations; all this taking into account the current size and position of the Company in the market.

**1.10.2 Due diligence**

NEXTIL GROUP maintains a Corporate Governance model based on a series of values and ethical principles which are fundamental to guarantee success and business

best practices. The corporate principles and values support our Code of Ethics, which guides the behaviour of all our employees and directors.

**1.10.2.1 Ethical Principles of Action**

Our principles of action define the way we develop our activity, consolidating the prestige of our Parent Company and the Group in the market. We try with all

means at our disposal that our employees share and apply these principles, in the interest of achieving a common vision. These principles include:

Legality | Integrity | Professionalism | Sustainability

The behaviour of our professionals must be righteous, ethically acceptable, legally valid, environmentally responsible and socially fair.

Our partners and suppliers are aware of our Ethical Principles of Action, and we commit to understanding and respecting the Ethical Principles of Action of the companies we have business relationships with.

**1.10.2.2 Legal and regulatory compliance**  
GRI 2-27

The Group's professionals shall strictly comply with the legislation in force in the place where they carry out their activity, according to the spirit and purpose of the laws, and shall observe the provisions of our Code of Ethics, basic procedures and internal regulations that govern NEXTIL GROUP's activity, as well as the commitments assumed in their contractual relationships with third parties.

Likewise, all the Group's companies shall equally comply with other applicable Codes arising from the national legislation of the countries in which they operate, as well as with certified standards, internal policies, or with the content of national or international agreements and conventions.

<sup>9</sup> The figure is calculated based on an estimate of the CEO's variable remuneration

### 1.10.3 Risk management

GRI 2-25; 2-24; 2-26

The principles we defined in our Risk Management Policy are:

- Complying with the rules of good corporate governance.
- Each business and corporate sector defines the markets and products in which it can operate based on the knowledge and capabilities available in order to ensure effective risk management.
- Businesses and corporate sectors establish their predisposition to risk for each market in which they operate in a manner consistent with the defined strategy.

The Audit Committee is the Parent Company's body responsible for drawing up and implementing the Risk Management and Control System, including tax audit and for any breaches of the Code of Ethics and other irregular activities within the Parent Company and its Group.

The Compliance Manual, together with the Code of Ethics, form part of our Compliance Programme and is mandatory for all our employees.

Corporate Compliance, as an effective risk management system, includes the strategies, processes, information and procedures required to continuously identify, measure, supervise, manage and notify the risks to which Group companies are or may be exposed. On the other hand, the Code of Ethics gathers and synthesizes NEXTIL GROUP's principles and values.

To design our Risk Management and Control System we followed a method which allowed risks that may arise inside the Group to be detected. We carried out this task

through specialised questionnaires and personal interviews to understand the Group's operation, analysing the procedures established for its daily activity and the protocols followed in accordance with the rules established in the different fields that affect the Group. Once we completed this process, we obtained a risk map adapted to the Group.

The risk map includes corporate crimes of money laundering, bribery, corruption, fraud against the Public Treasury and Social Security, against workers' rights, cybercrime, crimes relating to intellectual and industrial property, personal data protection, and punishable insolvency, among others. The responsible bodies and the control measures are defined along with the description of each of the risks and their risk level.

The Company incorporated a Compliance Officer in 2022, who together with the Internal Control Officer, is responsible for internal control and audit functions. Furthermore, the Board of Directors has focused its efforts in recent years on monitoring the business and investment projects. However, it has not yet suitably defined how this function is organised.

In March 2023 we formally appointed an ESG committee, composed of members of senior management and sustainability management, with the following roles and responsibilities:

- To approve ESG strategy, policies, objectives and metrics, monitoring their implementation, performance and results;
- To ensure that the ESG strategy is integrated into the organisation and its business model by increasing the relevance of ESG issues at senior management level;

- To review and monitor the ESG risks identified and incorporate them into the company's main processes;

- To provide guidance and recommendations to the Management Committee on sustainability, social responsibility and compliance issues.

- To approve and supervise the legal compliance programme, including communications and/or complaints communicated

through the channels created for this purpose;

- To ensure transparency in the process of engaging and communicating with stakeholders by informing them of relevant material issues and their associated impacts in a transparent and accessible way;

- To review and approve the sustainability report, as well as other relevant ESG disclosures.

### Complaints and Whistleblowing Mechanisms

NEXTIL GROUP has complaint and whistleblowing mechanisms to receive concerns of interested parties on issues related to regulatory and normative compliance, human rights, environmental protection, corruption, bribery and money laundering, consumer protection and product safety and personal data protection, among other issues provided for in the Group's current policies and the applicable legal and regulatory requirements.

The Group's management appointed an individual who is responsible for managing the internal reporting system for each of the whistleblowing channels.

Once we receive a complaint, we notify the whistleblower that we have received the complaint within seven days; we also inform them of the external reporting channels and requirements before competent authorities in a clear and accessible way.

The system administrator assigns a reference number to the complaint and assesses the completeness of the information therein. If there is not enough information to properly process the report, additional information is requested. If sufficient information is provided, the administrator assesses the legitimacy of the report considering the legal

framework, and internal policies and codes. When the report content is not considered to be legitimate, we notify the whistleblower, providing substantiated reasons based on the regulations, legislation, internal policies and codes.

If the report contents are deemed to be legitimate, the system manager forwards the report to the compliance officer for further processing. The compliance officer determines the degree of seriousness to the report based on its content and processing priority on a case-by-case basis. Less severe complaints are handled internally by assembling an internal team to investigate the matter; this team could incorporate external members whenever an expert opinion is required. We establish immediate and planned actions to mitigate the situation which are communicated to the system manager.

We inform the whistleblower of the processing measures and their justification within a maximum of three months from the date the complaint is received.

For more serious complaints, the ESG Committee is convened to assess the report. If the Committee decides that an internal investigation should be opened, the report is forwarded to the competent people or units

to conduct the investigation, which may be internal or external. When the reported facts could constitute a criminal offence, the Committee shall immediately refer the information to competent authorities.

It could be considered that any complaint is not legitimate throughout the course of the investigation. The whistleblower may be requested to provide additional information at any time during the complaint process.

All members of the internal or external team responsible for dealing with the reports must sign a written document outlining all legal confidentiality obligations they have to comply with. The same applies to any person or department involved in conducting internal investigations.

Complaints may be referred to the competent authorities as deemed necessary, at any time during the process. In addition, appropriate disciplinary measures may be taken at any time during the process.

We guarantee the person concerned the right to be informed of the actions or omissions attributed to them, and to be heard at any time; we also respect their presumption of innocence at all times.

We ensure the confidentiality of all communications, regardless of the channel through which they are sent, respecting the provisions on the protection of personal data according to legal requirements

Channel	Scope	Stakeholder
whistleblower@nextil.com	Group <sup>10</sup>	Customers
lop@nextil.com		Employees
denuncias.portugal@nextil.com	Portugal	Shareholders and investors Subcontractors and suppliers
compliance.officer@nextil.com	Group	Employees

During 2022 we received 1 report on labour issues, which is being processed within the legal deadlines set out for this purpose.

We have received no complaints regarding breaches of customer privacy from third

parties or complaints from regulatory authorities. No leaks, theft or loss of customer data have been identified.

<sup>10</sup> All Group companies

**Reports received**

Channel	2022	2021
Group	0	0
Portugal	1	NA
Total NEXTIL GROUP	1	0

NA: Not Applicable

During the year, we set up two communication channels, in the form of email boxes, for compliance issues. The first one is [compliance.officer@nextil.com](mailto:compliance.officer@nextil.com), through which employees can make compliance-related queries. Our employees were informed of this channel in the December newsletter. No enquiries were received through this channel during the year. The second complaints channel is [denuncias.portugal@nextil.com](mailto:denuncias.portugal@nextil.com) which applies to Portuguese companies, established in accordance with Act 93/2021 of 20 December, which transposes European Directive 2199/1937 which came into force in Portugal in June 2022. The company SICI, having more than 250 employees, was obliged to establish an independent complaints channel. The company Playvest has less than 250 workers so it can share resources for complaints, and therefore uses the same SICI channel.

In Spain, Act 2/2023 of 20 February regulating the protection of people who report regulatory infringements and the fight against corruption came into force. Accordingly, we analysed the requirements to approve the Whistleblower Protection Policy for the Group in 2022 to ensure it is consistent with the existing policy in Portugal as far as legally possible. Procedures will also be put into place according to this Act.

<sup>11</sup> Measured through the formula (number of read responses received / number of mails sent) \*100)

On the other hand, we also developed five training capsules on compliance which will be sent to all our employees by email every month. The aim is to complement this awareness-raising training with specific face-to-face training for each company, segmented by job position. The first email reached 52% of the audience. We also started work on developing an internal compliance communication portal where we will provide further details on the training capsules. We expect to publish and disseminate this portal internally in the medium term.

We drafted NEXTIL GROUP's environmental policy, which was approved by the ESG committee in March 2023. The remaining ESG (Environmental, Social and Governance) policies existing in the Group and at individual level for some Group companies, began to be reviewed during the year. We reached the conclusion that they are consistent with each other and that they are all in a gradual streamlining process planned for 2023.

Our aim is to draft, approve and implement corporate policies that apply to all Group companies in 2023 and to ensure that they do not conflict with any policies already in place locally.

The Group is implementing a suitable internal control system which will allow us to compile non-financial information by streamlining data entry media and measurement units. While this phase has been completed, this is a continuous improvement process. Furthermore, the same system will start to be implemented at the new production plant in Guatemala and new types of data will be consolidated and incorporated. As a result, we estimate that the internal control system for non-financial reporting will be fully implemented in 2024.

The Group intends to extend the current risk approach by developing the ESG risk matrix during 2023.

We have currently chosen the risk, likelihood and impact assessment methodology and are in the process of updating the criminal risks in order to extend the focus to environmental and social risks in the near future. We expect to finalise this assessment during 2023; in it, we will detail the risks identified across several non-financial issues in the short and long term.

**1.10.4 Main impacts, risks and opportunities**  
GRI 2-23

Each of the Group's companies establishes and undertakes its commitments through Policies which are applied across all business areas to respond to risks and impacts of the

activity on different stakeholders. Each policy, its scope, and the risks addressed are set out below.

Scope of application	Management policies and procedures	Related risk topic	Stakeholder group	Date approved	Approved by
NEXTIL GROUP	Code of Ethics and Conduct	Legal and regulatory requirements Human and labour rights Irregularities in relationships with customers, suppliers and the market Transparency with shareholders Business corruption offences Environmental offences Information security and personal data protection offences Fraud and punishable insolvency offences	Employees Suppliers Subcontractors	March 2021	Board of Directors

Scope of application	Management policies and procedures	Related risk topic	Stakeholder group	Date approved	Approved by
NEXTIL GROUP	Health and safety policy	Failure to comply with workers' health and safety at work rights	Employees Suppliers Customers	June 2019	Management Committee
NPG	Code of Ethics	It includes the principles of action that define the way we develop our activity, attending to the criteria of strict compliance with current legislation, basic procedures and internal regulations governing the company's activity, as well as the commitments undertaken in its contractual relationships with third parties.	Employees Suppliers Subcontractors	November 2020	NPG General Management
EFA	Human Rights Policy	Failure to comply with workers' fundamental principles and rights; Disproportionate use of force Violation of the right to privacy Unsafe and unhealthy workplaces Supply chain management Community relations Ethical behaviour and governance	Employees Suppliers Community	January 2019	EFA General Management
EFA	Environmental Policy	Environmental offences Pollution and irresponsible practices Failure to comply with applicable legal and regulatory requirements Management of environmental aspects in the supply chain	Employees Suppliers Subcontractors	January 2019	USA General Management

Scope of application	Management policies and procedures	Related risk topic	Stakeholder group	Date approved	Approved by
EFA	Associate Safety and Health Policy	Work-related injuries and illnesses; Occupational Risks and Accidents Emergency and response plans Exposure to substances hazardous to health and Ergonomics	Employees	January 2000	USA General Management
EFA	Business Ethics Policy	Lack of Transparency Corruption and Bribery Transparency and traceability of the supply chain	Company's Management	June 1994	USA General Management
EFA	Anti-Corruption and Bribery Policy	Lack of Transparency Corruption and Bribery Transparency in business relations with customers and suppliers	Employees Suppliers Subcontractors	January 2019	USA General Management
EFA	Supply Chain Policy	Irregular supply chain management Irregularities in contractual agreements	Employees Suppliers Subcontractors	January 2019	USA General Management
EFA	Equal Employment Opportunity	Discrimination in the selection, hiring, and promotion of employees based on race, colour, religion, nationality, age, gender, disability or seniority.	Employees Job seekers	September 1994	USA General Management
EFA	Contractor Safety Agreement Policy	Work-place accidents and impacts on the health of subcontractors working for EFA	Subcontractors	ND	USA General Management
EFA	Electronic Communication, Equipment and Systems Policy	Irregularities in the use of electronic communication tools and systems; Violation of information security	Employees	ND	USA General Management

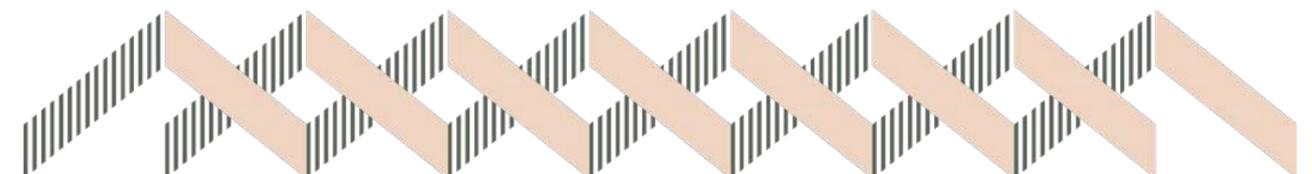
Scope of application	Management policies and procedures	Related risk topic	Stakeholder group	Date approved	Approved by
EFA	Harrasement Policy	Discrimination and harassment in the workplace	Employees Suppliers and subcontractors Customers	2019	USA General Management
EFA	Visitors, Phone Calls, and Use of Person Wireless	Safety at facilities Intellectual property security Employee safety	Employees	ND	USA General Management
SICI93 PLAYVEST	Sustainability Policy	Lack of respect for the human and labour rights of employees; Unsafe and unhealthy working conditions and accidents, injuries and impacts on the health of employees Legal and regulatory compliance; Pollution, overuse of resources, climate change, depletion of biodiversity; Lack of inclusion and diversity, harassment and unequal opportunities	Shareholders Customers Employees Suppliers and subcontractors	October 2020	Portugal General Management
SICI93 PLAYVEST	Code of Ethics and Conduct	Lack of respect for the human, labour, and health and safety rights of employees; Discrimination, child labour, forced labour, unfair remuneration, excessive hours, precarious work, interference with freedom of association.	Employees Customers Suppliers and subcontractors	July 2022	Portugal General Management
SICI93 PLAYVEST	Anti-corruption and Bribery Policy	Corruption and bribery Facilitating payments Inappropriate gifts and presents Lack of transparency in business relations with customers and suppliers	Employees Suppliers Subcontractors	December 2020	Portugal General Management

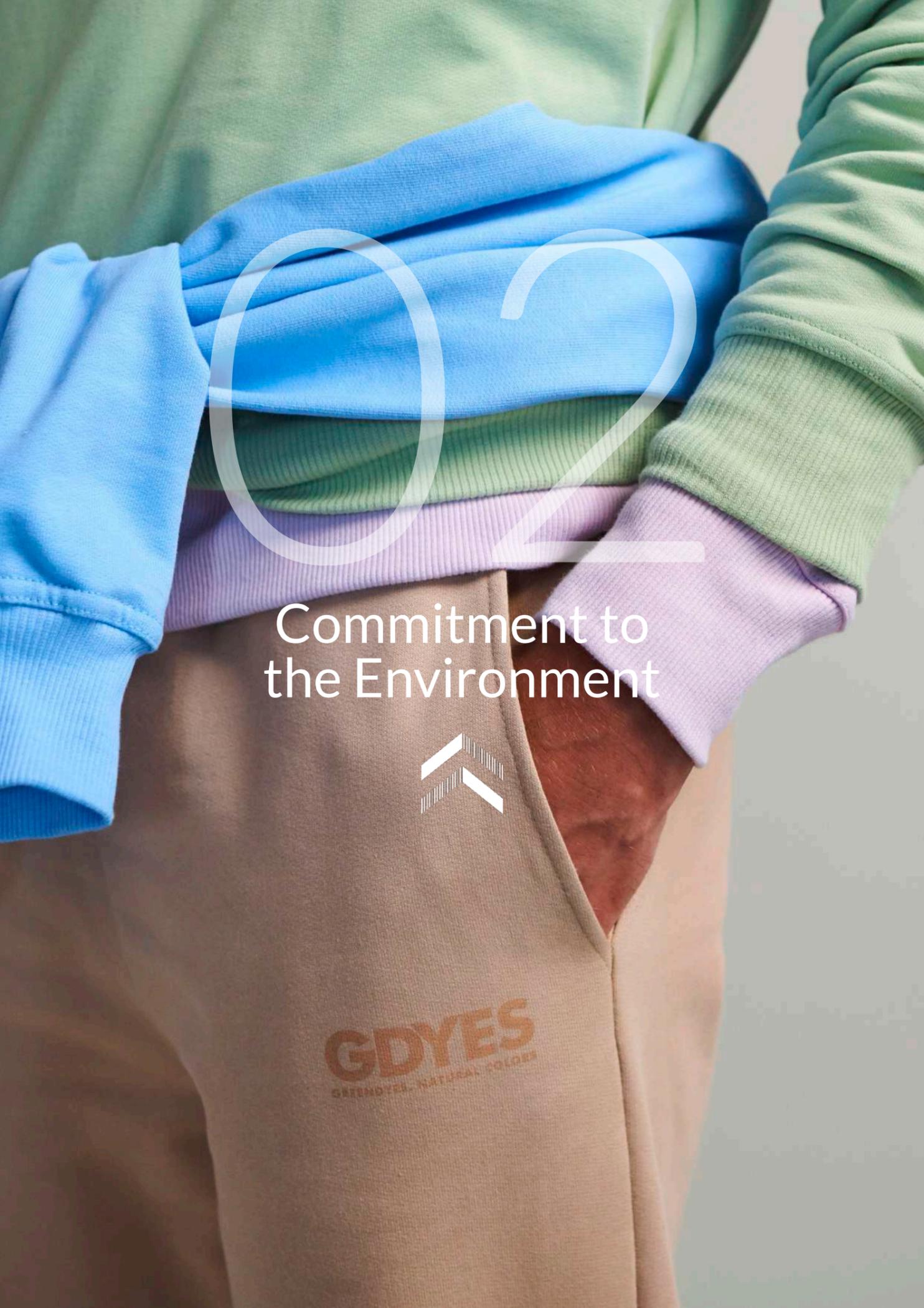
Scope of application	Management policies and procedures	Related risk topic	Stakeholder group	Date approved	Approved by
SICI93 PLAYVEST	Data treatment code of conduct	Offences provided for in the law transposing the European General Data Protection Regulation Lack of respect for privacy Improper or inappropriate processing of personal data	Employees Customers	May 2021	Portugal General Management
SICI93 PLAYVEST	Privacy policy - General Data Protection Regulation	Offences provided for in the law transposing the European General Data Protection Regulation Lack of respect for privacy Undue or inappropriate processing of personal data; Undue access to personal data; Lack of integrity and transparency	Customers Employees Suppliers Subcontractors	May 2021	Portugal General Management
SICI93 PLAYVEST	Code of Good Conduct for Preventing and Combating Workplace Harassment	Sexual and moral harassment at work	Employees	July 2022	Portugal General Management
SICI93 PLAYVEST	Intellectual Property Protection and Disposal Policy	Infringement of customers' intellectual property and trademark rights; Security of customers' intellectual property and branding.	Customers Employees Partners	April 2023	Portugal General Management
SICI93 PLAYVEST	Traceability policy	Lack of transparency in supply chain operations and processes; Non-compliance with legal and regulatory requirements.	Employees Suppliers and subcontractors	September 2022	Portugal General Management
SICI93 PLAYVEST	Complaints Management Policy	Absence of a channel to report crimes and irregularities Lack of whistleblower protection	Employees, suppliers subcontractors, customers; Shareholders	December 2022	Portugal General Management

Scope of application	Management policies and procedures	Related risk topic	Stakeholder group	Date approved	Approved by
SICI93 PLAYVEST	Chemical Management Policy	Use of harmful chemicals in the manufacturing process of products supplied to customers; Impacts on employees' health and consumer safety. Environmental pollution	Employees Suppliers and subcontractors	September 2022	Portugal General Management

The policies are issued internally via email and are posted in a designated area for employees who do not have access to email. They are issued externally through the website.

The policies implemented in the group's subsidiaries are consistent with each other, and it is our objective to streamline them progressively and incrementally.





# Commitment to the Environment



**GDYES**  
GATENDYES. NATURAL COLORS

## 2.1 Environmental management

GRI 2-23; 2-24; 2-25; 3-3

NEXTIL GROUP's activities are highly dependent on the environment and have an impact on it, which requires careful management and mitigation efforts.

The Group is committed to respecting and protecting the environment and minimising its environmental impact, helping to reduce the speed of climate change and the depletion of natural resources. We also guarantee compliance with all legal and regulatory requirements applicable internationally and in the countries where we operate.

We commit to the principles set out in the Paris Climate Agreement and the Rio Declaration on Environment and Development. We also strictly adhere to the principles of the UN Global Compact, the G7 Fashion Pact and the UN Fashion Industry Charter for Climate Action. Likewise, we take responsibility for actively contributing to the UN Sustainable Development Goals.

In addition to complying with the standards set out in the applicable environmental regulations, we strive to follow best environmental management practices for our most significant impacts, which are: energy use and carbon emissions, air emissions, chemicals, water, wastewater discharge and treatment, waste, responsible sourcing of raw materials, packaging, animal welfare and biodiversity.

Throughout 2022, we maintained and expanded our environmental sustainability certifications, most notably obtaining environmental management system certification under the ISO 14001:2015 standard for the two Portuguese garment unit companies.

The certifications under environmental sustainability textile standards renewed and/or obtained for the first time worth mentioning are:



**GLOBAL RECYCLED STANDARD 4.0 (GRS)**

An international, voluntary, full product standard that sets requirements for third-party certification of Recycled Content, chain of custody, social and environmental practices, and chemical restrictions. It applies to products with a minimum of 20% recycled material.



**RECYCLED CLAIM STANDARD (RCS)**

An international voluntary standard that sets requirements for third-party certification of Recycled input and chain of custody which aims to increase the use of recycled materials.



**STeP by OEKO-TEX®**

A certification system for environmentally and socially responsible production that provides a holistic view of production conditions based on 6 modules: chemicals management, environmental performance, environmental management, social responsibility, quality management, and health protection and safety at work.



**STANDARD 100 by OEKO-TEX®**

The world's leading eco-label for textiles. With this certification, the consumer is assured that textile products have been tested and controlled for substances that are harmful to health.



**GLOBAL ORGANIC STANDARD 6.0 (GOTS)**

Leading global standard defining the production requirements for textiles made of certified organic fibres, including strict social and environmental criteria for operations along the entire supply chain.



In addition to textile product certifications, we partner with the **BETTER COTTON INITIATIVE (BCI)**, a global cotton sustainability initiative whose mission is to help cotton communities survive and thrive while protecting and restoring the environment.



We use the **HIGG INDEX** Facility Environmental Module (FEM) tool developed by the Sustainable Apparel Coalition (SAC) to assess the environmental impact of products manufactured at our plants.

Below is a list of our environmental certificates in force during 2022:

Certificate Type	Company	Scope	Certificate Type	Certificate
Global Recycled Standard (GRS)	SICI93	Manufacturing, Trade, Laundering, bleaching - Women's apparel, Men's apparel, Unisex apparel.	Control Union Certifications B.V.	CU1040742GRS-2022-00151287 Emitido 13/10/2022 Válido hasta 12/04/2023
	PLAYVEST	Men's apparel; Women's apparel; Unisex apparel. Knitting; Manufacturing; Dyeing; Pre-treatment; Washing; Spinning	CTV (Certificação de têxteis e de Vestuário)	CTV-080344-GRS-0652022.00 Emitido 12/10/2022 Válido hasta 11/10/2023
	NEXTIL PREMIUM GARMENTS S.L.	Dyed fabrics: Dyeing ;Warehousing, distribution   Knitting, Trading, Warehousing, distribution	Intertek	C-0005580 Emitido 28/01/2022., Válido hasta 27/01/2023
Higg Index (FEM - Facility Environmental Module)	EFA	It allows the environmental impact of manufacturing a product at the facility to be assessed and to identify strengths and discover areas for improvement.	Sustainable Apparel Coalition (SAC)	Higg Index (FEM - Facility Environmental Module)
	PLAYVEST	Facilities can evaluate areas such as wages, working hours, health and safety, and employee treatment.	Sustainable Apparel Coalition (SAC)	Higg ID- 143741
	SICI93	SICI93 obtained a total score of 80.6% in the 2020 self-assessment.	Sustainable Apparel Coalition (SAC)	Higg ID- 133754
STeP by Oeko-Tex®	SICI93	Design and development, cut and manufacture of knitwear for children and adults.	CITEVE	18001437 CITIVE - Emitido 18/12/2019, Válido hasta 31/12/2022
Standard 100 by Oeko-Tex®	SICI93	Outer garments in dyed knitted or crocheted fabric (including yarns, blends and pieces) of cotton, viscose, polyamide, Lyocell, Modal (including micro modal), linen, blends and respective blends with polyester and elastane, and of prints in cotton mesh fabric, viscose, Lyocell (digital	CITEVE	499 CITEVE - Emitido 29/7/2022, Válido hasta 30/06/2023

Certificate Type	Company	Scope	Certificate Type	Certificate
		only), blends and respective blends with polyester and elastane, printed by the metre. Including accessories: zips, buttons, elastics, fibres, cords, strings, sewing threads, woven and printed labels.		
<b>Global Organic Textile Standard (GOTS)</b>	SICI93	Manufacturing, Trading, Washing, Bleaching, Printing Women's apparel; Men's apparel.	Control Union Certifications B.V.	CB-GOTS-CUC-03-1040742 Issued 13/10/2022 Valid until 12/04/2023
<b>ZDHC Chemical Management System</b>	SICI93	Chemicals management system	ZDHC Roadmap to Zero	ZDHC AID - A938DK88
<b>Standard 100 by Oeko-Tex®</b>	PLAYVEST	Trousers and outer garments, including menstrual panties, knitted or crocheted in cotton, viscose (including bamboo), lyocell, polyester (including cationic and dyed yarn), polyamide, its blends and blends with elastane. Including accessories: sewing threads, elastics, transfers, clear transparent polyurethane tapes, woven and printed labels (raw material base already pre-certified as STANDARD 100).	CITEVE	11083CIT Issued 11/01/2023 Valid until 30/09/2023
		Underwear and outerwear, including menstrual panties, knitted and dyed with recycled Q-New Polyamide (20%, pre-consumer) and blends with Polyester (including cationic polyester), Polyamide, Cotton, Viscose	CITEVE	11084 Issued 11/01/2023 <sup>12</sup> Valid until 31/04/2024

<sup>12</sup> The renewal process started in June 2022. There was a delay in issuing the certificate caused by the certifying body

Certificate Type	Company	Scope	Certificate Type	Certificate
		(including bamboo), Lyocell and Elastane. Including accessories: sewing threads, elastic bands, transfers, clear transparent polyurethane tapes, printed woven labels.		
<b>Better Cotton Initiative (BCI)</b>	SICI93	SICI93 joins a global community committed to making cotton production better for the environment in which it grows, better for the people who grow it, and better for the future of the sector.	Better Cotton Initiative (BCI)	1006013-1
<b>ISO 9001:2015</b>	SICI93	Development and tailoring (cutting, sewing and finishing) of luxury garments.	TÜV Rheinland	00109419 Issued 19/05/2022 Valid until 19/05/2025
	PLAYVEST	Development, knitting, finishing and manufacturing sportswear using seamless or traditional technology.	TÜV Rheinland	00109419/4 Issued 19/05/2022, Valid until 19/05/2025
<b>ISO 14001:2015</b>	SICI93	Development and tailoring (cutting, sewing and finishing) of luxury garments.	TÜV Rheinland	00109419 Issued 19/05/2022 Valid until 19/05/2025
	PLAYVEST	Development, knitting, finishing and manufacturing sportswear using seamless or traditional technology.	TÜV Rheinland	10208267/4 Issued 19/05/2022, Valid until 19/05/2025
<b>Organic Content Standard 3.0 (OCS)</b>	NEXTIL PREMIUM GARMENTS S.L.	Women's apparel: Trading Manufacturing	Intertek	143835-OCS Issued 22/06/2022 Valid until 21/06/2023
<b>Recycled Claim Standard 2.0 (RCS)</b>	NEXTIL PREMIUM GARMENTS S.L.	Women's apparel: Trading Manufacturing	Intertek	C-0013578 Issued 22/06/2022. Valid until 21/06/2023

### 2.1.1 Environmental Policy

GRI 2-23

In 2022 we are working on unifying and streamlining our companies' environmental policies. In March 2023 we approved the NEXTIL GROUP Environmental Policy, which establishes objectives of reducing environmental impacts and improving performance and environmental efficiency. This is to be achieved through a reference framework that allows us to incorporate environmental considerations into daily operations and long-term plans as well as into the Group's strategy. This policy also helps us to communicate our environmental commitments, practices and values to all our stakeholders.

During 2022, the Group companies adopted their environmental commitment through their own policies and management systems.

SICI93 and PLAYVEST, two Group companies based in Portugal, signed a Sustainabil-

ity Policy that covers the following environmental principles:

- Strengthening environmental protection by preventing all forms of pollution, promoting the sustainable use of resources, mitigating and adapting to climate change, and protecting biodiversity and ecosystems.
- Promoting improved environmental performance throughout the supply chain and product life cycle, enhancing the efficiency of energy and water consumption, eliminating the use of harmful chemical substances and improving wastewater treatment, in order to ensure traceability and reduce environmental impacts.

In addition, EFA, a US-based Group Company, undertakes to providing products and services of excellent quality and value that improve the lives of its consumers through



its Environmental Policy, by managing its business in an environmentally responsible manner, adopting the following guidelines:

- To conduct operations in a commercially reasonable manner that protects the environment.
- To make sensible efforts to reduce or prevent pollution from operations by continuously identifying environmental risks.
- To conform with laws and regulations applicable to operations.
- To focus on continuous improvement, including developing an operational framework to achieve environmental objectives and targets.
- To provide training and instruction to enable conformance with environmental objectives and targets.

• To work with suppliers and subcontractors to ensure they are environmentally responsible in their services.

- To communicate this policy to employees, suppliers and subcontractors working on EFA's behalf, and to the public by posting this policy on the website.
- To ensure every employee understands and is responsible and accountable for incorporating environmental considerations in daily business activities.
- To encourage, recognise and reward individual and team leadership efforts to improve environmental quality.
- To encourage employees to reflect on their commitment to environmental quality outside of the workplace.

### 2.1.2 Resources allocated to prevent environmental risks

GRI 2-24; 2-25; 3-3

In Spain, there is an Environmental Liability insurance policy taken out for DOGI SPAIN, S.L.U. (absorbed by NEFE) for NEFE's facilities located in El Masnou with an aggregate limit of 3 million euros.

In Portugal, the Environmental Liability Insurance taken out for SICI93 covers all facilities in Portugal against any relevant environmental damage up to a limit of 250 thousand euros.

In 2022, NEXTIL GROUP spent € 52,677 on environmental risk prevention. It was invested in several activities and initiatives,

including: internal and external audits to certify management systems to ISO 14001, wastewater discharge analyses, renewals of STeP by OEKO-TEX®, GOTS, and GRS certifications, and environmental liability insurance premiums.

In addition to financial resources, NEXTIL GROUP employs human resources to coordinate environmental management activities. Thus, in 2022:

- In Spain, there were five part-time employees responsible for environmental management.<sup>13</sup> These employees are in charge of

<sup>13</sup> Between 1 to 49% of the time

environmental data registration, chemical management, RSL<sup>14</sup> compliance assurance and product testing, monitoring and updating of legal requirements and product certifications and audits.

- In Portugal, there were seven part-time employees<sup>15</sup> with varying roles and responsibilities, ranging from managing the sustainability strategy and approach, to more operational issues such as environmental data collection, chemical management and supplier data collection.

- In the US, there were four part-time employees, responsible for recording water, energy and waste data, permit management and updating, chemical inventory, compliance with MRSL<sup>16</sup> requirements, and administration of all Higg vFEM modules on site.
- In Guatemala, there were two part-time employees responsible for recording water, energy and waste data, as well as ensuring compliance with environmental legal and regulatory requirements.

### 2.1.3 Precautionary principle

GRI 2-23; 3-3

The precautionary principle was introduced by the United Nations in Principle 15 of the Rio Declaration on Environment and Development. It states: "In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full

scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.

At NEXTIL GROUP we apply the precautionary principle to help reduce and avoid negative effects and impacts on the environment.

## 2.2 Climate change and pollution

GRI 2-4; 305-1; 305-2

We are aware that climate change is a global challenge that has environmental, political, economic and social perspectives. To minimise impacts, all organisations must act to reduce our greenhouse gas (GHG) emissions and implement the measures required to adapt our activity to the consequences of climate change progressively and substantially.

of reducing our carbon footprint, as well as reporting our Scope 1 and 2 carbon footprint.

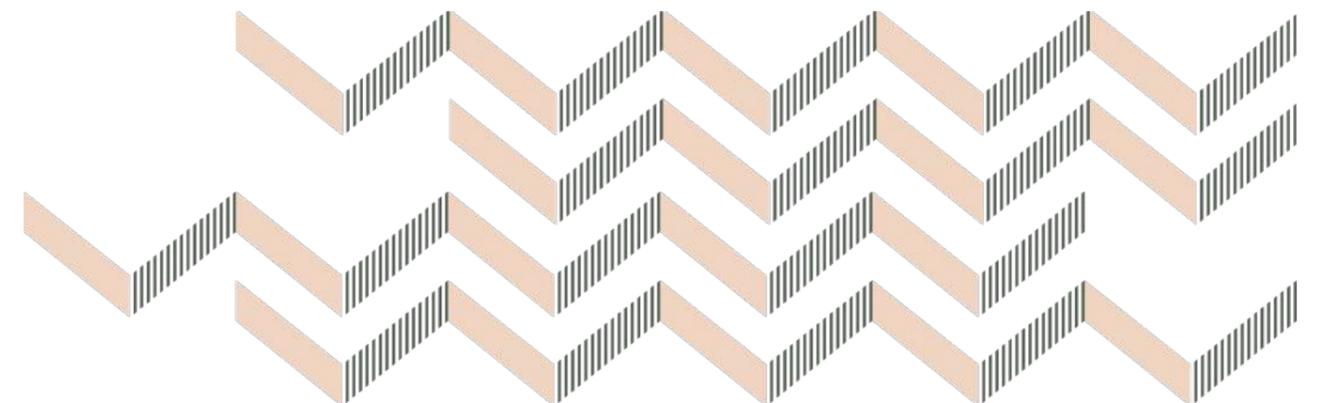
In 2022, we used the GREEN GAS PROTOCOL calculator, a calculation tool used to estimate greenhouse gas emissions based on the GHG Protocol H19 with the following scopes:

Combating climate change is one of the objectives of our sustainability strategy. To achieve this we have set ourselves the goal



We used the GHG Emissions Calculator Tool\_0 (beta version), an Excel-based GHG emissions calculation tool from Green House Gas Protocol and WRI that helps companies estimate their greenhouse gas emissions.

We needed to revise data from 2020 and 2021 because they have been calculated using the same tool, so the same calculation basis is used for each year, expressed in tonnes of CO<sub>2</sub>e.

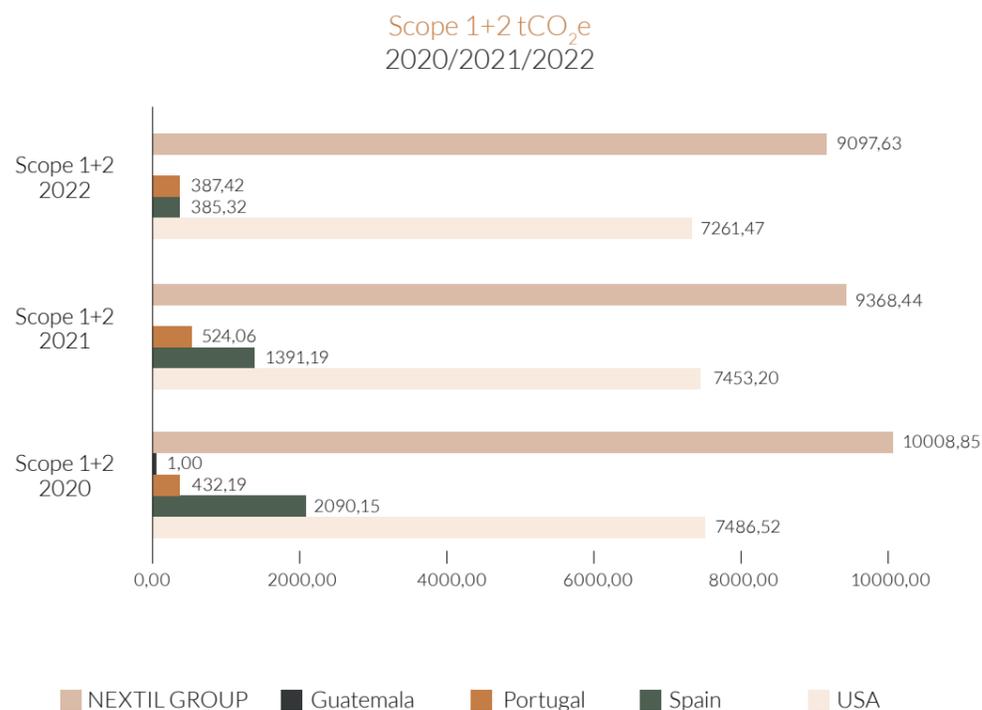


<sup>14</sup> Restricted Substances List  
<sup>15</sup> Between 50 to 99% of the time  
<sup>16</sup> Manufacturing Restricted Substances List

Evolution of the distribution of Nextil Group's GHG activities 2022

	2022	2021	2020
Stationary combustion	4.685,40	5.471,38	5.962,83
Mobile combustion	132,14	168,76	148,26
Refrigerant gas leakages <sup>17</sup>	0,00	7,31	0,00
<b>Scope 1 (t CO<sub>2</sub>e)</b>	<b>4.817,54</b>	<b>5.647,45</b>	<b>6.111,09</b>
Purchased electricity - site based	2.697,10	2.656,44	2.729,72
Purchased electricity - market based	1.583,00	1.064,55	1.168,04
Purchase of heat and steam	0,00	0,00	0,00
<b>Scope 2 (t CO<sub>2</sub>e)</b>	<b>4.280,10</b>	<b>3.720,99</b>	<b>3.897,76</b>
<b>Total Scope 1 and Scope 2 (t CO<sub>2</sub>e)</b>	<b>9.097,64</b>	<b>9.368,44</b>	<b>10.008,85</b>

In 2022, NEXTIL GROUP recorded total emissions of 9,097.64 t CO<sub>2</sub>e, which represents a reduction of 270.80 CO<sub>2</sub>e compared to the previous year and 911.21 t CO<sub>2</sub>e since 2020.



<sup>17</sup> Only for Portuguese plants, excluding Spain and the USA. NEXTIL GROUP is in the process of improving its refrigerant leakage inventory.

This reduction is attributable to the progressive decrease in carbon emitting activities at the production plant in Spain, as can be seen in the breakdown by country.

NEXTIL GROUP's emitting activities are balanced, with Scope 1 emissions accounting for 53% of emissions in 2022, 97% of which come from stationary combustion and 3% from mobile combustion. Scope 2 emissions

make up 47% of the total, originating from site-based and market-based electricity purchases.

As can be seen in the table below, the origin of GHG emissions varies according to the country of analysis, as the processes and products manufactured are different, and have different impacts on the carbon footprint.

Distribution of carbon-emitting by company

	USA	Spain	Portugal	Guatemala
Stationary combustion	4.562,72	119,71	2,97	ND
Mobile combustion	1,65	ND	130,49	NA
Refrigerant gas leakages	ND	ND	0,00	NA
<b>Scope 1 (t CO<sub>2</sub>e)</b>	<b>4.564,37</b>	<b>119,71</b>	<b>133,46</b>	<b>0,00</b>
Purchased electricity - site based	2.697,10	0,00	0,00	0,00
Purchased electricity - market based	0,00	265,61	253,96	1.063,43
Purchase of heat and steam	0,00	0,00	0,00	0,00
<b>Scope 2 (t CO<sub>2</sub>e)</b>	<b>2.697,10</b>	<b>265,61</b>	<b>253,96</b>	<b>1.063,43</b>
<b>TOTAL, Scope 1 and Scope 2 (t CO<sub>2</sub>e)</b>	<b>7.261,47</b>	<b>385,32</b>	<b>387,42</b>	<b>1.063,43</b>

NA: Not Applicable; ND: No Data

We performed an energy audit of our Portuguese factories in December 2022 according to the legal requirements of Decree-Laws 71/2008 and 78/2008 and Regulation No. 17449/2008. We were able to determine the main activities contributing to CO<sub>2</sub>e emissions in the short term.

Data on CO<sub>2</sub>e emissions from mobile combustion in Spain are not available, although they are not considered significant for reporting purposes because there are only a small number of vehicles which are for

administrative use. In 2022, stationary combustion represented 31.07% of CO<sub>2</sub>e emissions, which originates from the natural gas used in the heat setting process. The remaining 68.93% comes from electricity purchased from the market, large quantities of which are used in the machines associated with the weaving and heat setting activity.

In the US, mobile combustion is not significant. CO<sub>2</sub>e emissions from the stationary combustion of natural gas used in the dyeing and finishing processes accounted for

62.83% of emissions. The remaining 37.17% came from electricity purchased on the market, consumed mainly by machinery used in the weaving, dyeing and finishing processes.

Information on Scope 3 emissions is not provided, as the Group is in the process of consolidating the data collection process for GHG inventories uniformly across all Group

companies for Scope 1, particularly for refrigerant leakage; the exclusion is noted in this report.

It is our objective to complete this process by 2023, ensuring the completeness and uniformity of the data in the Group's CO<sub>2</sub>e emissions inventory and to consequently be able to complete the data with Scope 3 data.

### 2.3 Circular economy and waste prevention and management

GRI 306-3; 306-4; 306-5

We believe in a circular economy model that seeks to maximise efficiency in the use of natural resources, and to promote the reuse, recovery and recycling of products and materials. We believe waste prevention and responsible waste management is a key part of the circular economy, as it allows us to take a holistic approach to waste management from generation to final disposal, from the perspective of reducing environmental impact and promoting sustainability.

All hazardous and non-hazardous waste is duly segregated, identified and stored separately, and records are kept of the type, code and final destination of the waste. The aim is to establish waste reduction targets in line with the long-term objective of achieving a circular economy.

We apply the principles of prevention, reduction, reuse and recycling according to the waste hierarchy.

We only used authorised waste management companies with a valid legal permit issued according to local legal requirements for all types of waste.

We strictly prohibit burning waste or disposing of it in an unauthorised way.

We keep records of the waste generated at our facilities, which are compiled and presented in this report.

#### Annual evolution of waste generated by NEXTIL GROUP

NEXTIL GROUP waste generation (tonnes)	2022	2021	2020
03 01 05 Sawdust, shavings, cuttings, wood, particle board and veneer other than those mentioned in 03 01 04	0,00	0,00	0,54
04 02 22 Waste from processed textile fibres	156,57	91,08	136,78
08 03 18 Toner	0,00	0,00	0,02
13 01 10* Mineral based non-chlorinated hydraulic oils	14,04	0,00	2,20
15 01 01 Paper and cardboard packaging	13,34	9,92	41,59
15 01 02 Plastic packaging	1,28	5,08	2,26
15 01 03 Wooden packaging	463,66	10,55	6,85
15 01 04 Metallic packaging	0,00	0,00	0,76
15 01 10* Packaging containing residues of or contaminated by hazardous substances	0,00	1,92	1,76
15 01 11* Metallic packaging containing a hazardous solid porous matrix, including empty pressure containers	0,02	0,01	0,02
16 01 03 End-of-life tyres	0,00	0,00	0,28
16 01 10* Packaging containing residues of or contaminated by hazardous substances	0,00	0,00	0,40
20 01 01 Paper and cardboard	8,09	40,91	28,41
20 01 11 Textile waste (rags and selvedge)	1,80	5,89	12,53
20 01 36 Discarded electrical and electronic equipment other than those mentioned in 20 01 21, 20 01 23 and 20 01 35	0,00	0,00	0,18
20 01 38 Wood	0,00	30,16	0,00
20 01 39 Plastics	4,56	5,49	3,43
20 01 40 Metals	0,00	0,24	0,43
20 01 99 Other waste fractions	4,36	24,80	0,00
20 03 01 Mixed municipal waste	11,20	40,82	15,65
Other waste	0,73	18,27	54,41
<b>Total</b>	<b>679,65</b>	<b>258,14</b>	<b>308,50</b>

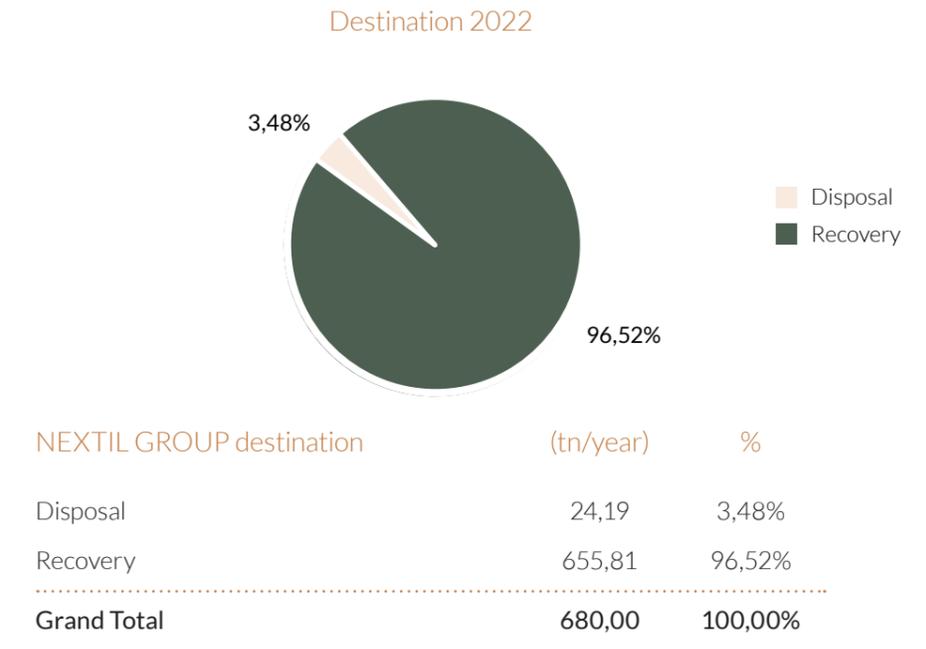
\* Those marked with an asterisk are hazardous waste.

Waste generation by type has been consistent over the years analysed, with the most significant quantities relating to processed textile fibre waste and wood packaging.

Waste generation broken down by country

Waste by country (tonnes)	USA	Spain	Portugal	Guatemala
03 01 05	0,00	0,00	0,00	0,00
04 02 22	81,32	0,00	75,25	0,00
08 03 18	0,00	0,00	0,00	0,00
13 01 10*	0,00	14,04	0,00	0,00
15 01 01	3,04	0,00	10,10	0,20
15 01 02	0,00	0,00	1,28	0,00
15 01 03	463,66	0,00	0,00	0,00
15 01 04	0,00	0,00	0,00	0,00
15 01 10*	0,00	0,00	0,00	0,00
15 01 11*	0,00	0,00	0,02	0,00
16 01 03	0,00	0,00	0,00	0,00
16 01 10*	0,00	0,00	0,00	0,00
20 01 01	5,03	3,06	0,00	0,00
20 01 11	0,00	1,80	0,00	0,00
20 01 36	0,00	0,00	0,00	0,00
20 01 38	0,00	0,00	0,00	0,00
20 01 39	3,19	1,37	0,00	0,00
20 01 40	0,00	0,00	0,00	0,00
20 01 99	0,00	4,36	0,00	0,00
20 03 01	0,00	11,20	0,00	0,00
Other waste	0,00	0,00	0,00	0,73
<b>Total</b>	<b>556,24</b>	<b>35,83</b>	<b>86,65</b>	<b>0,93</b>

Final disposal of waste generated by NEXTIL GROUP in 2022



In 2022, most of the waste generated by the Group continued to be recovered (96.52%), compared to only 3.48% that was disposed of.

we generate in a responsible manner, prioritising waste recovery by carefully selecting waste management companies that ensure maximum recovery.

This positive result is the consequence of our ongoing efforts to manage the waste

2.4 Sustainable use of resources

We seek to use resources responsibly and efficiently, minimising the environmental and social impact resulting from the extraction, production and consumption of them. The

sustainable use of natural resources implies managing them responsibly, promoting their preservation and protection, guaranteeing their availability for future generations.

2.4.1 Water consumption and discharges

GRI 303-1; 303-3; 303-5

We are aware of the increased water-related risks associated with climate change. We also recognise the importance of increasing the resilience of our operations and our supply chain in the face of water scarcity.

We record and monitor all sources of industrial and/or domestic water consumption with the aim of improving water management practices. This also involves monitoring local water balances when where appropriate.

We comply with legal requirements and local restrictions on water extraction and discharge.

and adopted more efficient machinery and technological innovations, following best practices.

We seek to improve water management practices, pursuing the goal of reducing water consumption. Along these lines we have implemented water efficiency programmes

We assess water resilience and the exposure to geographic risks for our operations in the river basins where the Group operates.

**Evolution of water consumption broken down by country**

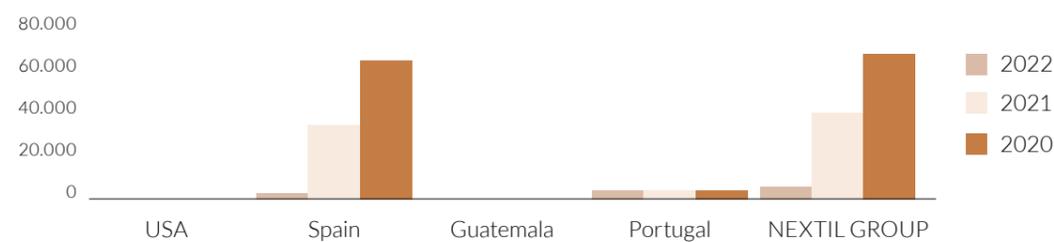
Water (m <sup>3</sup> )	2022	2021	2020
USA	323	557	300
Spain	1.373	37.133	64.993
Guatemala	60	NA	NA
Portugal	2.309	2.627	2.084
NEXTIL GROUP	4.065	40.317	67.377

NA: Not applicable

In 2022, NEXTIL GROUP consumed 4,065 m<sup>3</sup> of water, 90% less than in 2021. This is because the plant in Spain, which consumed a large volume of water in production processes, was closed in June.

The downward trend of the Group's water use since 2020 is the result of reducing consumption in Spain, firstly by closing dyeing operations and secondly by fully closing the plant.

**Water consumption by country (m<sup>3</sup>)**



Most of the water used by the Group comes from the municipal water supply networks - 100% in Spain and the USA, and 78% of the total volume in Portugal, with the remaining 22% coming from duly certified groundwater, with rigorous water consumption monitoring which is reported to the Portuguese Environmental Agency. Similarly, very small volumes of groundwater are extracted in Guatemala.

In 2022, we used industrial water in the production process in the USA for wet processes and in Spain to generate the steam required to cool production processes. All production units in Portugal use water for domestic and/or production quality control purposes. The groundwater extracted in Guatemala is also only used for domestic purposes.

**Discharges**

GRI 303-2; 303-4

NEXTIL GROUP does not discharge directly into the environment without treating discharges at internal or external waste treatment plants beforehand. Our discharges comply with all applicable legal and regulatory requirements, and all reference standards.

Wastewater discharge sources are identified and monitored, and effluent parameters are regularly tested to ensure compliance with discharge permits and other legal and regulatory requirements.

The production activities at the different sites and at the different NEXTIL GROUP companies vary, as do the corresponding discharges. Regulatory requirements are also very different, even between regions of the same country.

Wastewater discharge sources are identified and monitored, and effluent parameters

**Discharges by country**

Country	Permit	Discharge analyses	Compliance
Spain	NA	NA	NA
USA	SÍ	2	87%
Portugal	SÍ	1	100%

NA: Not applicable

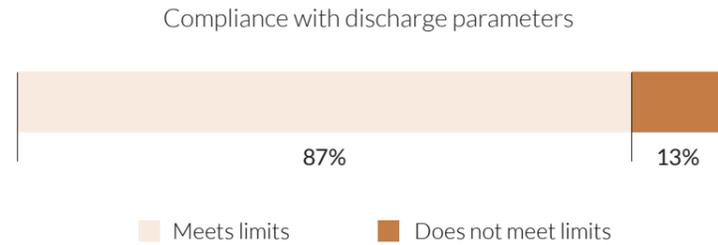
**Spain**

The plant had a discharge permit in force until 3 November 2022, which was not renewed as the plant was closed. Two discharge analyses were carried out in 2022, on 14 March and 1 July.

## USA

A discharge permit is in force until 31 August 2023, and monthly discharge analyses have been carried out according to legal requirements.

During 2022, the limits for 2 of the 15 parameters covered by the discharge permit were exceeded, resulting in a compliance rate of 87%.



We initiated a corrective action plan to determine the source of the non-compliance of the two parameters, which we expect to

conclude in the short term. Our short term objective is to fully comply with all the discharge permit parameters.

## Portugal

### PLAYVEST

This plant has a License to Use the Public Sanitation Network - Wastewater Disposal (reference: 404\_ARI\_21) since 30/09/2021 which is valid until 30 September 2024. The

latest analysis report is dated 25 November 2022, complying with 100% of the regulatory parameters.

### SICI93

No water is used in the production process and therefore only sanitary wastewater is discharged to the public sanitation network. Therefore, no discharge analyses are re-

quired and we have a valid permit (License to Use the Public Sanitation Network - Wastewater Disposal).

## 2.4.2 Energy efficiency

GRI 2-4; 302-1

The Group's energy consumption has reduced after the production plant was closed in Spain, not as the result of energy efficiency measures.

gressive reduction in natural gas consumption.

Similarly, internal dyeing activities were stopped in 2021 and production was fully shutdown in July 2022, resulting in a pro-

We have converted all energy consumption from 2020 to the same unit of measurement to facilitate comparison between the different sources of consumption.

Evolution of NEXTIL GROUP's energy consumption in toe<sup>18</sup>

	2022	2021	2020
Electricity (toe)	2.444,90	2.777,20	2.692,10
Natural gas (toe)	2.334,75	2.488,61	2.387,71
Heating oil (toe)	0,88	0,43	0,45
Petrol for vehicles (toe)	3,11	3,04	2,85
Diesel for vehicles (toe)	47,67	52,79	46,42
<b>Total</b>	<b>4.831,31</b>	<b>5.322,07</b>	<b>5.129,53</b>

As far as petrol consumption is concerned, there are no significant fluctuations from one year to the next. Diesel consumption has decreased with respect to last year due to the decrease in production activity and the consequent reduction in product transport between the Portuguese units and

their subcontractors at various stages of the production process.

The annual evolution of NEXTIL GROUP's energy consumption, broken down by country, is shown below

<sup>18</sup> Tonne of oil equivalent. We have converted the consumptions of all energy sources to toe to aid comparison.

**NEXTIL GROUP's energy consumption by country in 2022**

	Electricity (toe)	Natural gas (toe)	Heating oil (toe)	Petrol for vehicles (toe)	Diesel for vehicles (toe)
USA	2.051,70	2.257,53	NA	0,59	ND
Spain	193,00	77,22	NA	NA <sup>19</sup>	NA <sup>20</sup>
Guatemala	6,00	NA	NA	NA	ND
Portugal <sup>21</sup>	194,20	NA	0,88	2,52	47,67
<b>NEXTIL GROUP</b>	<b>2.444,9</b>	<b>2.334,75</b>	<b>0,88</b>	<b>3,11</b>	<b>47,67</b>

NA: Not Applicable; ND: No Data

**NEXTIL GROUP's energy consumption by country in 2021**

	Electricity (toe)	Natural gas (toe)	Heating oil (toe)	Petrol for vehicles (toe)	Diesel for vehicles (toe)
USA	2.020,80	2.274,40*	NA	ND	ND
Spain	535,40	214,21	NA	ND	ND
Portugal	221,00	NA	0,43	3,04	52,79
<b>NEXTIL GROUP</b>	<b>2.777,20</b>	<b>2.488,61</b>	<b>0,43</b>	<b>3,04</b>	<b>52,79</b>

NA: Not Applicable; ND: No Data

\* We rectified the 2021 data that had been reported as propane, when it was natural gas.

**Consumo energético en NEXTIL GROUP, por países, en 2020**

	Electricity (toe)	Natural gas (toe)	Heating oil (toe)	Petrol for vehicles (toe)	Diesel for vehicles (toe)
USA	1.915,70	2.165,43	NA	ND	ND
Spain	555,60	222,28	NA	ND	ND
Portugal	220,80	NA	0,45	2,85	46,42
<b>NEXTIL GROUP</b>	<b>2.692,10</b>	<b>2.387,71</b>	<b>0,45</b>	<b>2,85</b>	<b>46,42</b>

NA: Not Applicable; ND: No Data

<sup>19</sup> Explanatory note on methodological change: Personal vehicles in Spain are not used in the production process and the number is not significant for the Group.

<sup>20</sup> Idem.

<sup>21</sup> 191.09 Toe from renewable energy contracts.

The data reported for heating oil, and petrol and diesel for vehicles for 2021 and 2020 have been altered as more information is now available to calculate them.

The reduction in electricity and natural gas consumption is the result of the decrease in consumption in Spain after the plant was closed.

At NEXTIL GROUP we use energy from renewable sources with guarantees of origin at five of our six plants in Portugal. The

Group therefore has an overall renewable energy contract rate of 56%.

At the same time, energy consumption from renewable sources amounted to 191.10 toe in 2022 out of a total of 2,444.90 toe consumed by the Group, representing 8% of renewable energy consumption.

We aim to implement energy efficiency programmes and increase the consumption of renewable energy as far as possible.

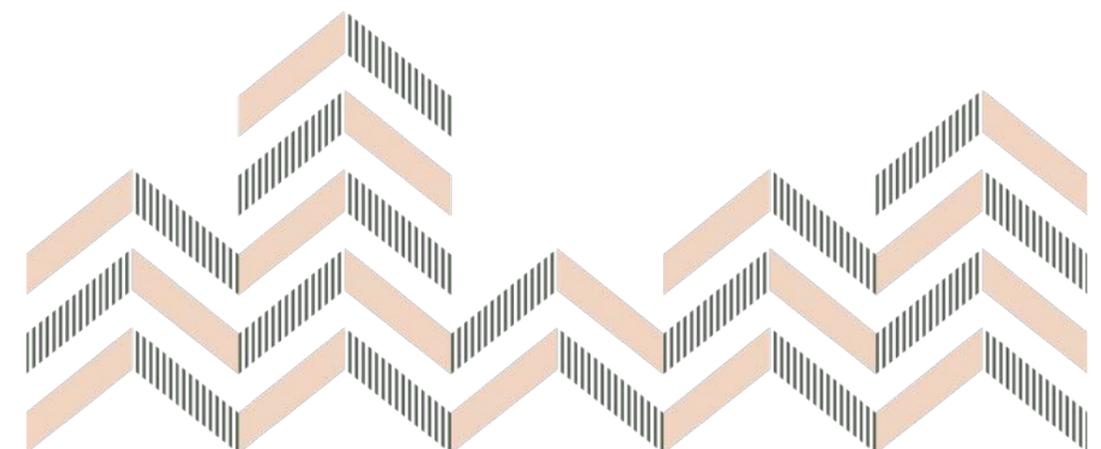
**2.4.3 Raw materials**

GRI 301-1

Our Group companies use a wide variety of raw materials to produce and manufacture our products, including dyeing and printing.

At NEXTIL GROUP we are working to minimise the impact of our production processes. Our priorities are to:

- Increase the use of reused and recycled materials.
- Reduce the amount of chemicals used.
- Improve garment quality.
- Manage waste during the process (reduce, recycle and reuse).
- Improve reporting of raw material consumption data.



Raw materials accounted for by NEXTIL GROUP

Raw materials	2022	2021	2020
Paper (tonnes) r	13,77	34,95	6,70
Cardboard (tonnes) r	87,65	75,71	60,59
Plastic (tonnes) nr	57,95	78,43	35,19
Wood (tonnes) r	89,38	13,93	6,58
Dyes (tonnes) nr	187,45	1.072,26	19,21
Auxiliary Dyes (tonnes) nr	258,95	14.874,86 <sup>22</sup>	797,48
Yarn (tonnes) r/nr	360,84	1.457,93	1.854,88
Fabric (tonnes) r/nr	571,42	1.514,44	738,72
Lubrication oil (for looms) (litres) nr	1.341,78	3.969,00	35.705,96
Stain remover (litres) nr	318,00	678,00	548,00

r: Renewable; nr: Non-Renewable

The most representative raw materials are divided into two categories: chemicals such as dyes, auxiliary dyes and lubricating oil on the one hand, and yarn and fabric on the other.

Chemicals are by definition not renewable. The yarn and fabric may be of renewable

origin or not, depending on the composition of the fibres. At NEXTIL GROUP we aim to determine the amount of renewable fibres consumed in yarn and fabric, as this is significant for the textile and fashion industry and must be recorded accordingly.

<sup>22</sup> This discrepancy in figures between those for 2021 and the previous and subsequent years may have been caused by the quality of the data, as activities at dyeing factories were interrupted during the pandemic and the production centre in Spain was closed. However, we do not have sufficient data to state with certainty the exact causes of this discrepancy.

Raw material consumption broken down by country

	USA	Spain	Portugal	Guatemala
Paper (tonnes)	8,00	4,17	1,40	0,20
Cardboard (tonnes)	2,89	28,06	26,50	0,20
Plastic (tonnes)	4,49	5,36	48,00	0,10
Wood (tonnes)	81,28	4,00	3,10	1,00
Colouring dyes (tonnes)	2,45	NA	185,00	NA
Auxiliary dyes (tonnes)	151,95	NA	107,00	NA
Yarn (tonnes)	157,88	155,25	47,71	ND
Fabric (tonnes)	493,93	28,49	49,00	NA
Lubrication oil (for looms) (litres)	ND	360,00	925,00	56,78
Stain remover (litres)	NA	0,00	318,00	NA

NA: Not Applicable; ND: No Data





## Commitment to People



### 3.1 Our Human Resources management model

GRI 2-24

We take on major challenges as one team.

The best way to achieve our goals and ambitions is to surround ourselves with the best talent. Our human capital is our most valuable asset. Each professional, collaborating and working as a team within each speciality, makes it possible for us to take on the pro-

jects that we do, and to tackle the challenges that arise at an organisational level.

The framework for our Human Resources management model is set out in the Principles of Action of our Code of Ethics. There we define our commitments to the people who work with us.

### 3.2 We generate stable and quality employment

With more than 400 employees, we promote the creation of stable, quality employment. In 2022, 99.7% of our workforce had permanent contracts.

#### 3.2.1 NEXTEL GROUP employee profile<sup>23</sup>

GRI 2-7; 2-8

The headcount is taken from 31 December 2022, and the definitions of permanent and temporary, full-time and part-time employees are those contained in the national legislation of the country where the employees are located, used to calculate country-level data.

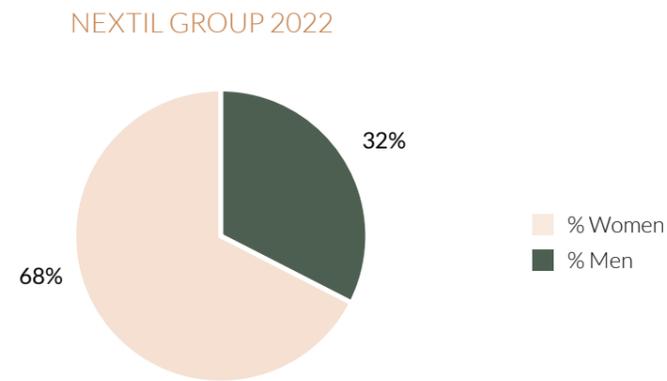
The country-level data were then aggregated to obtain the total figures, disregarding differences between the legal definitions of each country that are not significant for reporting purposes, unifying the data.

<sup>23</sup> The data reflect the total number of employees as of 31 December

Evolution of Group employees by gender

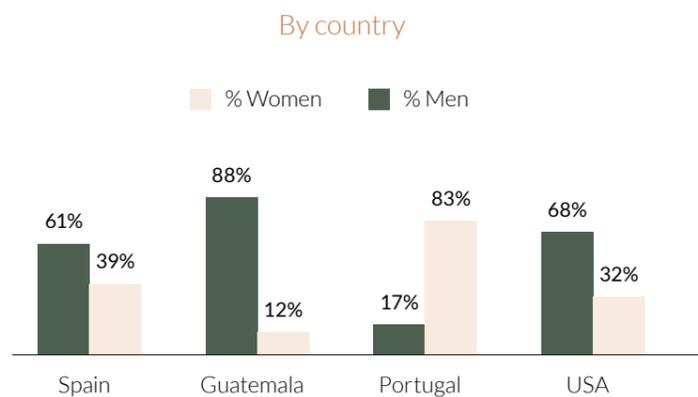
	Workforce 2022	Workforce 2021	Workforce 2020
Men	135	186	214
Women	282	287	289
NEXTIL GROUP	417	473	503
% Men	32%	39%	43%
% Women	68%	61%	57%

Most of our staff are women, representing 68% of our total number of employees.



The difference in employee gender is greatest in Portugal, where 83% of our staff are women in 2022; conversely, in Spain, the USA and Guatemala, the majority of employees are men.

This is explained by the nature of the activities carried out in the different geographies, as clothing in Europe is traditionally a female-driven industry, with the SIC193 workforce having a major impact on the Group's overall result.



Breakdown of workforce by country and gender

	Spain			Portugal			USA			Guatemala		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
Men	14	57	101	48	53	43	66	76	70	7	NA	NA
Women	9	39	58	241	214	201	31	34	30	1	NA	NA
NEXTIL GROUP	23	96	159	289	267	244	97	110	100	8	NA	NA
% Men	61%	59%	64%	17%	20%	18%	68%	69%	70%	87%	NA	NA
% Women	39%	41%	36%	83%	80%	82%	32%	31%	30%	13%	NA	NA

NA: Not applicable

Weaving and dyeing activities are traditionally carried out by male workers, as they require greater physical effort, which is re-

flected in the workforces in Spain, the USA and Guatemala.

3.2.2 NEXTIL GROUP hiring profile

GRI 2-7; 2-8; 401

We favour stable employment relationships, which is reflected in our hiring profile, where 99.8% of contracts are permanent ones.

Contract types by gender

Type of contract	Men	Women	% 2022
Permanent	134	282	99,8%
Fixed-term	1	0	0,2%
Other	0	0	0,0%
<b>NEXTIL GROUP</b>	<b>135</b>	<b>282</b>	<b>100,00%</b>

Similarly, all our employees are employed on a full-time basis, with the exception of one employee who is not employed for the US workforce.

Work schedule by gender

Work Schedule	Men	Women	% 2022
Full time	134	282	99,8%
Part time	1*	0	0,2%
Other	0	0	0,0%
<b>NEXTIL GROUP</b>	<b>135</b>	<b>282</b>	<b>100,00%</b>

\*1 "Independent Contractor"

We have been working towards hiring all employees on permanent contracts since 2020, so only one staff member had a fixed-term contract in 2022.

Contract types by gender and country

2022		Spain		Portugal		USA		Guatemala	
		Men	Women	Men	Women	Men	Women	Men	Women
Type of contract	Permanent	14	9	48	241	65	31	7	1
	Fixed-term	0	0	0	0	1	0	0	0
	Other	0	0	0	0	0	0	0	0
<b>Total</b>		<b>14</b>	<b>9</b>	<b>48</b>	<b>241</b>	<b>66</b>	<b>31</b>	<b>7</b>	<b>1</b>
Work Schedule	Full-time	14	9	48	241	65	31	7	1
	Part-time	0	0	0	0	1	0	0	0
	<b>Total</b>	<b>14</b>	<b>9</b>	<b>48</b>	<b>241</b>	<b>66</b>	<b>31</b>	<b>7</b>	<b>1</b>

Most employees are within the 30 to 50 year-old age group, although the trend varies from country to country.

Contract types by age group and country

2022		NEXTIL GROUP			Spain			Portugal			USA			Guatemala		
		<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Type of contract	Permanent	69	198	149	3	8	12	51	157	81	14	27	55	1	6	1
	Fixed-term	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0
Work Schedule	Full-time	69	198	149	3	8	12	51	157	81	14	27	55	1	6	1
	Part-time	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0

In Portugal, where the high number of employees drives the trend, and in Guatemala, most workers fall within the 30 to 50 year-old age group. However, in Spain and the USA, the largest group of employees is in the over 50-year-old age group.

Despite these fluctuations, the evolution of the workforce has not changed significantly in terms of age distribution.

Almost all of the staff work full-time and have permanent contracts regardless of the region where they work and their professional classification.

To date, we do not believe it would be relevant to analyse temporary work and fixed-term contracts.

Contract types, distribution by professional category

	Permanent contract		Fixed-term contract	
	Full Time	Part Time	Full Time	Part Time
Management	15	0	0	0
Production middle management	23	0	0	0
Administration middle management	32	0	0	0
Technicians	40	0	0	0
Operators	265	0	0	1
Administrative staff	41	0	0	0
<b>Total</b>	<b>416</b>	<b>0</b>	<b>0</b>	<b>1</b>

### 3.2.3 Staff turnover

GRI 401-1

The workforces in Portugal and the USA have remained stable and 9 jobs have been created in Guatemala.

Total number of new employee hires by age group, gender and country

2022	NEXTIL GROUP		Spain		Portugal		USA		Guatemala	
	M	W	M	W	M	W	M	W	M	W
New hires										
Under 30	13	9	0	0	1	2	11	7	1	0
30 - 50 years old	22	24	1	0	3	12	13	12	5	1
Over 50	19	8	5	0	2	1	12	7	1	0
<b>Total</b>	<b>54</b>	<b>41</b>	<b>6</b>	<b>0</b>	<b>6</b>	<b>15</b>	<b>36</b>	<b>26</b>	<b>7</b>	<b>1</b>

A total of 94 new employees were hired at NEXTIL GROUP, with the highest number of new hires being in the 30-50 age group for both men and women. During this period, 44% of new hires were women. The

highest number of new hires was recorded in the USA, reflecting the exceptional employee mobility in the US.

Total number of employees leaving<sup>24</sup> by age group, gender and country

2022	NEXTIL GROUP		Spain		Portugal		USA		Guatemala	
	M	W	M	W	M	W	M	W	M	W
Reductions										
Under 30	12	13	0	1	4	5	8	7	0	0
30 - 50 years old	37	41	25	20	3	14	9	7	0	0
Over 50	36	23	26	9	3	11	7	3	0	0
<b>Total</b>	<b>85</b>	<b>77</b>	<b>51</b>	<b>30</b>	<b>10</b>	<b>30</b>	<b>24</b>	<b>17</b>	<b>0</b>	<b>0</b>

In 2022, 162 employees left the Group, 50% of which were in Spain. The workforce in Spain was drastically reduced after the production plant was closed and layoff plans (ERE) were agreed with the workers according to the applicable legal requirements, which affected 100% of the workforce.

The remaining 50% occurred in Portugal and the US as a whole. No employees left the Group in Guatemala during 2022.

During 2022, 52% of employees leaving were men while 48% were women.

Total number of employees leaving by age group, gender and country

2022	NEXTIL GROUP		Spain		Portugal		USA		Guatemala	
	M	W	M	W	M	W	M	W	M	W
Breakdown of redundancies by age										
Under 30	12	13	0	1	4	5	8	7	0	0
30 - 50 years old	34	40	22	19	3	14	9	7	0	0
Over 50	33	23	23	9	3	11	7	3	0	0
<b>Total</b>	<b>79</b>	<b>76</b>	<b>45</b>	<b>29</b>	<b>10</b>	<b>30</b>	<b>24</b>	<b>17</b>	<b>0</b>	<b>0</b>

The highest number of was in the 30-50 age group, reflecting the age structure of the workforce last year.

<sup>24</sup> Employees leaving the organisation, either voluntarily, after being dismissed, taking retirement, or after passing away.

Total number of employees leaving by professional category, gender and country

	NEXTIL GROUP		Spain		Portugal		USA		Guatemala	
	M	W	M	W	M	W	M	W	M	W
Management	5	1	1	1	4	0	0	0	0	0
Production middle management	12	4	12	2	0	2	0	0	0	0
Administration middle management	4	3	4	3	0	0	0	0	0	0
Technicians	8	4	5	1	3	3	0	0	0	0
Operators	47	49	21	12	3	24	23	13	0	0
Administrative staff	3	15	2	10	0	1	1	4	0	0
<b>Total</b>	<b>79</b>	<b>76</b>	<b>45</b>	<b>29</b>	<b>10</b>	<b>30</b>	<b>24</b>	<b>17</b>	<b>0</b>	<b>0</b>

• The Masnou plant in Spain was closed.  
 • Employees leaving the organisation, either voluntarily, after being dismissed, taking retirement, or after passing away.

The largest number of employees leaving the organisation came from the operator category, which was consistent across all regions.

Evolution of new hire rate and turnover broken down by country

GRI 2-4	Spain			Portugal			USA			Guatemala		
	2022	2021*	2020	2022	2021	2020	2022	2021**	2020	2022	2021	2020
New hire rate <sup>25</sup>	27%	7%	1%	7%	17%	12%	64%	108%	33%	75%	NA	NA
Turnover rate <sup>26</sup>	341%	71%	30%	7%	-7%	-1%	22%	24%	15%	0%	NA	NA

\* A layoff plan (ERE) was implemented in Spain in 2021 which affected 55 people.  
 \*\* During 2021, there were high levels of recruitment and turnover in the US to address numerous employee terminations and ensure that vacant positions are filled by professionals with the right profiles.

The most significant figures for terminations and turnover originate from the US and Spanish regions.

<sup>25</sup> New hires / total employees

<sup>26</sup> Contracts terminated in the period - New hires / total employees

### 3.3 Remuneration policy

GRI 3-3

At NEXTIL GROUP we are committed to paying our employees decent wages based on their job position, always respecting the legal minimum wage and complying with the agreements of each sector, as well as the national legislation in force.

Average remuneration broken down by gender and professional category

Average Salary (€)	2022		2021		2020	
	Men	Women	Men	Women	Men	Women
Management	75.193,30	72.804,18	100.656,12	80.637,37	84.546,42	50.816,91
Administration middle management	46.912,36	42.265,65	47.245,24	45.893,50	50.791,54	35.566,02
Production middle management	46.029,94	29.158,03	39.075,89	27.601,96	40.967,21	36.191,94
Technicians	35.994,39	19.422,23	30.748,36	28.653,71	33.32,27	26.088,87
Administrative staff	31.431,36	23.001,11	26.488,10	26.305,48	38.893,63	33.453,85
Operators	24.202,50	15.203,55	20.611,11	20.840,56	21.678,99	20.427,37

#### 3.3.1 Wage gap

GRI 2-4; 405-2

At NEXTIL GROUP we defend equal opportunities and stand firmly against gender-based wage discrimination.

In particular, NEXTIL GROUP shall promote equal treatment for women and men with regard to access to employment, training, promotions and working conditions

Annual evolution of NEXTIL GROUP's wage gap<sup>27</sup>

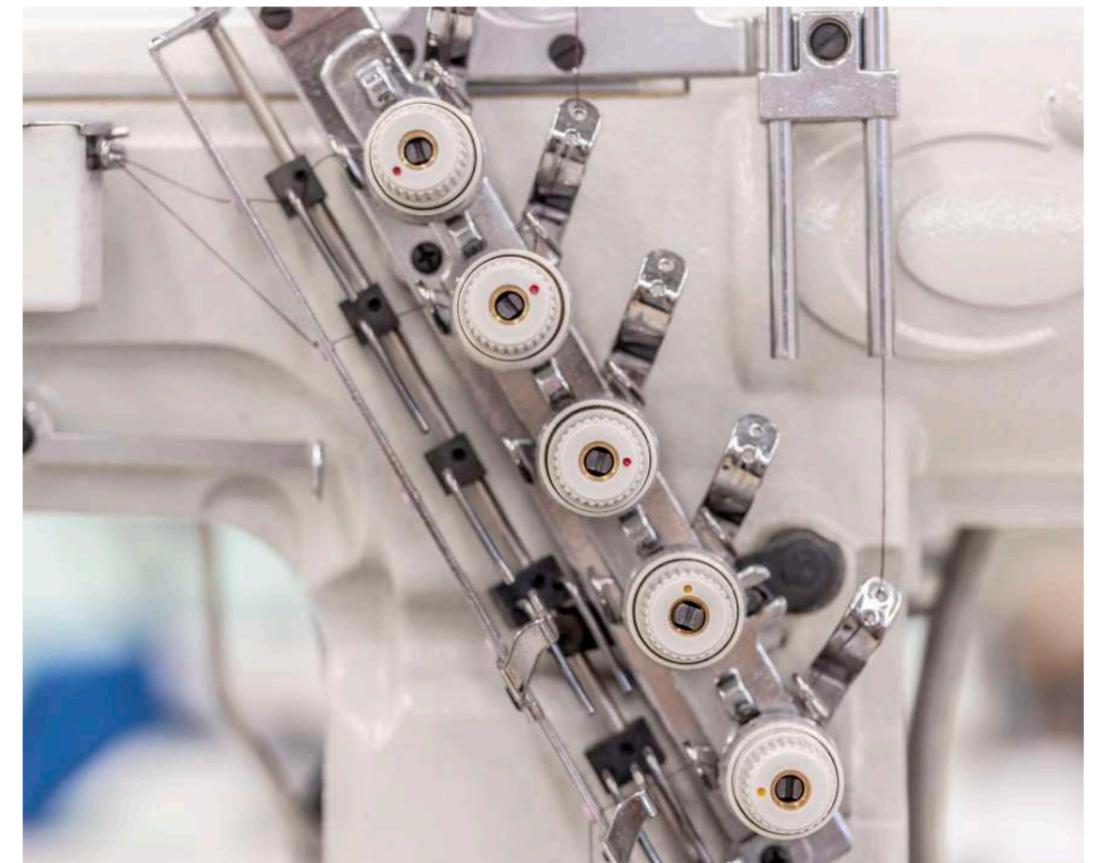
	2022	2021	2020
Management	3%	20%	40%
Production middle management	37%	29%	12%
Administration middle management	10%	3%	30%
Technicians	46%	7%	21%
Operators	37%	-1%	6%
Administrative staff	29%	1%	14%

At NEXTIL GROUP, we made very significant progress towards gender pay parity, reducing the wage gap in several professional categories.

Wage Gap Ratio by Country

	Spain	Guatemala	Portugal	USA
Management	(1)	5%	11%	(1)
Production middle management	(2)	(1)	17%	36%
Administration middle management	-91%	(1)	22%	10%
Technicians	-23%	(3)	30%	(1)
Operators	-160%	(1)	17%	1%
Administrative staff	15%	(3)	36%	-13

There are no women at this level.  
There are no men at this level.  
There are no workers at this level



<sup>27</sup> Calculation of the wage gap ratio: ((Average salary for men - average salary for women)/average salary for men)\*100. Remuneration includes variable remuneration, subsidies, contributions to long-term pension and savings plans and any other remuneration. The 2020 and 2021 figures have been recalculated with a new calculation formula and are presented for comparison purposes.

### 3.4 Commitment to non-discrimination and equality

GRI 3-3

Our Code of Ethics and Conduct express our commitment to not discriminate based on the age, gender, marital status, sexual orientation, trade union or political affiliation, religion, ethnicity, nationality, social origin, or any other personal, physical or social condition of our professionals, as well as to promoting equal opportunities.

In addition, EFA has a specific policy on Equal Employment Opportunities which reflects the Group’s commitment to providing fair and equal employment opportunities to all people, both job applicants and its employees, with no distinction of race, colour, religion, nationality, age, gender, disability or seniority. This policy refers to all phases of employment, including recruitment, hiring, promotion, transfer, dismissal, salaries and other compensation, training, use of facilities and participation in associated activities sponsored by the Company. All managers are responsible for ensuring this policy is implemented to avoid any form of discrimination in all areas.

The SICI93 and Playvest Code of Conduct applies the main protection standards based on the principles of the International Labour Organisation (ILO), the Ethical Trading Ini-

tive (ETI) Base Code and the amfori BSCI Code of Conduct. It also defends respect and equal treatment for all workers, rejecting any kind of discrimination, exclusion or any kind of preference in hiring, remuneration, access to training, promotion, dismissal or retirement, based on nationality, race, gender, social class, national or ethnic origin, religion, age, disability, marital status, sexual orientation, trade union or political party affiliation or membership to any other legitimate organisation, family responsibilities, illness or any other condition that could lead to discrimination.

The Code aims to guide its stakeholders to responsibly conduct their business and to identify, prevent, mitigate, address and remedy negative impacts on human and labour rights.

Likewise, NEXTIL GROUP’s Board Regulations include the commitment to ensure that its members’ selection procedures favour the diversity of gender, experience and knowledge and do not suffer from implicit biases that may imply any discrimination and, in particular, facilitate the selection of female directors.

Group employee profile by age and gender

	Workforce 2022				Workforce 2021				Workforce 2020			
	M	W	%M	%W	M	W	%M	%W	M	W	%M	%W
Under 30	25	44	38%	62%	29	38	43%	57%	22	32	41%	59%
30 - 50 years old	53	145	26%	74%	80	152	34%	66%	100	167	37%	63%
Over 50	57	93	39%	61%	77	97	44%	56%	92	90	51%	49%
<b>Total</b>	<b>135</b>	<b>282</b>	<b>33%</b>	<b>67%</b>	<b>186</b>	<b>287</b>	<b>39%</b>	<b>61%</b>	<b>214</b>	<b>289</b>	<b>43%</b>	<b>57%</b>

Group’s employee profile by professional category and gender

	Workforce 2022				Workforce 2021				Workforce 2020			
	M	W	%M	%W	M	W	%M	%W	M	W	%M	%W
Management	14	2	87%	13%	16	4	80%	20%	9	35	20%	80%
Production middle management	16	16	50%	50%	25	14	64%	36%	13	5	72%	28%
Administration middle management	11	12	48%	52%	11	15	42%	58%	7	13	35%	65%
Technicians	16	24	40%	60%	28	18	61%	39%	38	18	68%	32%
Operators	69	196	26%	74%	96	197	33%	67%	124	196	39%	61%
Administrative staff	9	32	40%	60%	10	39	20%	80%	23	22	51%	49%
<b>Total</b>	<b>135</b>	<b>282</b>	<b>32%</b>	<b>68%</b>	<b>186</b>	<b>287</b>	<b>39%</b>	<b>61%</b>	<b>214</b>	<b>289</b>	<b>43%</b>	<b>57%</b>

#### 3.4.1 1 Diversity of our employees

GRI 405-1

En NEXTIL GROUP la distribución de género es equilibrada, demostrando una tendencia de prevalencia de mujeres en la plantilla desde el 2020 y que se ha acentuado durante el ejercicio.

Within management positions, there were more men than women, a trend that increased by 8 percentage points in 2022 compared to the previous year.

The gender distribution across production and administration middle management positions is trending towards parity for the reporting year. There are more women than

men on average in technical, operational and administrative positions.

At NEXTIL GROUP we are aware of the importance of having women in management positions and we are making every effort to increase the representation of women at senior management levels.

### 3.4.2 Employees with disabilities

GRI 405-1

We support the integration of people with disabilities in the workplace and prohibit discrimination of any kind within the Group.

Employees with disabilities			
	2022	2021	2020
Spain	0	3	2
Portugal	0	0	0
USA	2	1	0
Guatemala	0	NA	NA

NA: Not applicable

Spain had a workforce of 22 people at the reporting date, meaning Royal Legislative Decree 1/2013 of 29 November on the Rights of People with Disabilities and their Social Inclusion, which requires companies with over 50 employees to reserve at least 2% of their jobs for people with disabilities, does not apply.

Similarly, in the USA we comply with the US Disability Act.

In Portugal, there have been employment quotas for people with disabilities since 2001, but only for civil servants. In 2019, quotas were extended to the private sector, but the law determined a transition period of four or five years, depending on the size of the company. Companies with more than 100 employees will have to comply with the law on quotas for people with disabilities from next year (Law 4/2019 of 10 January).

### 3.5 Safe and healthy work environments

We are fully committed to respecting and protecting nationally and internationally recognised human and labour rights and have a firm commitment to the principles set out in the United Nations Global Compact, the OECD Guidelines and the International Labour Organisation’s Social Policy.

We adopt the required preventive measures defined in current legislation to prevent and minimise occupational hazards, ensuring employees are safeguarded and not over-exposed to chemical, biological and physical hazards.

Likewise, our professionals are responsible for strictly complying with health and safety standards at work, and they should also ensure their own safety and the safety of co-workers.

The Group’s companies implement the appropriate measures related to health and safety conditions in the workplace and to the produced products.

#### 3.5.1 Model for Health and Safety at Work

GRI 403-1

At NEXTIL GROUP, we look after the health and safety of our workers, going beyond mere legal compliance. In 2019, we approved the Health and Safety at Work Policy, which has remained in force in 2022.

We have an occupational health and safety (OHS) management system that complies with the legal and regulatory requirements in each country in which we operate, based on internationally recognised occupational health and safety management system guidelines covering all workplaces, activities and regions.

Our OHS Plan includes the prevention policy, which is based, among others, on the following prevention objectives:

- To eliminate or reduce work-related risks.
- To continuously protect workers’ safety and health.
- To establish information, consultation and participation mechanisms required to implement the OHS plan.

The policy also sets out roles and responsibilities related to health and safety.



### 3.5.2 Workplace accidents<sup>28</sup> GRI 403-9

The number of work-related injuries is higher in Spain than in the other countries, with Spain being the only country with a higher number of injuries in 2022 compared to previous years.

#### Workplace accidents by country

2022	Spain		Portugal		USA	Guatemala
	El Masnou	Playvest	Sici93	EFA	NEF <sup>1</sup>	
Incidence rate <sup>2</sup>	1,960	0,002	0,005	0,290	-	
Frequency rate <sup>3</sup>	11,500	2x10 <sup>-6</sup>	5x10 <sup>-6</sup>	1,900	-	
Severity rate <sup>4</sup>	2,760	45,000	300,000	37,000	-	
Average duration <sup>5</sup>	239,000	23,000	43,000	4,000	-	

1 No occupational accidents occurred at the Guatemala plant during 2022  
 2 Incidence rate: number of accidents with sick leave per year per 1,000 employees  
 3 Frequency rate: number of accidents with sick leave per year per million hours worked  
 4 Severity rate: number of working days lost due to workplace accidents per year  
 5 Average duration: number of days not worked per year, for each accident occurring during working hours

2021	Spain		Portugal		USA	Guatemala
	El Masnou	Playvest	Sici93	EFA	NEF	
Incidence rate	2,99	80,00	46,08	2,68	NA	
Frequency rate	17,60	30,09	15,02	2,43	NA	
Severity rate	0,29	2.578,48	700,95	76,00	NA	
Average duration	21,50	64,25	28,00	5,84	NA	

NA: Not applicable

2020	Spain		Portugal		USA	Guatemala
	El Masnou	Playvest	Sici93	EFA	NEF	
Incidence rate	3,51	104,25	95,88	73,00	NA	
Frequency rate	21,93	29,11	36,28	0,26	NA	
Severity rate	0,18	311,88	775,42	2,35	NA	
Average duration	1,33	12,67	27,75	62,00	NA	

NA: Not applicable

We can observe a significant improvement in all metrics with the exception of average duration, which goes against the trend.

<sup>28</sup> Based on total workforce and not the workforce at the closing date

#### NEXTIL GROUP's average workplace accident rate

	2022	2021	2020
Incidence rate	0,56	32,94	26,23
Frequency rate	3,35	16,29	13,90
Severity rate	96,19	838,93	121,73
Average duration	77,25	29,90	6,12

### 3.5.3 Emergency plans GRI 403-2

NEXTIL GROUP ensures its workers are protected against any emergency, defining and regularly updating the emergency plans for the different plants/facilities, and carrying out emergency drills to ensure employees are well trained and that the adopted measures work correctly.

We aim to actively manage the risks that may occur at any work centre, so we have

designed, prepared and implemented Emergency and Evacuation Plans and Self-Protection Plans in line with our precautionary principle philosophy. These Plans set out the organisational and functional criteria in the different facilities to prevent, control and suitably respond to potential emergency situations that could harm people and/or their property.

Portugal		Sici93 I	Sici93 II	Sici93 III	Sici93 IV	Keupe	Playvest
Self-protection plan	Date approved	08/08/2012	11/07/2014	17/10/2017	11/09/2018	06/02/2017	12/08/2021
Drills (Fire and Earthquake)	Date performed	22/02/2022	08/03/2022	22/02/2022	08/03/2022	17/02/2022	22/02/2022

#### Spain

Self-protection plan	Date approved	27/01/2020
Drills	Date performed	No drills were performed in 2022

#### USA

Self-protection plan	Date approved	ND
Drills	Date performed	No drills were performed in 2022

Guatemala

Self-protection plan	Date approved	ND
Drills	Date performed	No se ha realizado simulacro en el 2022

We are aware of the importance of prevention and proper self-protection and emergency planning. In this sense, our medium-term objective is for all our industrial

facilities to have self-protection plans and carry out regular drills according to applicable legal and regulatory requirements.

3.5.4 Health monitoring

GRI 403-3

We provide occupational health services to protect the health of our workers in the workplace. We guarantee the quality of these occupational health services by contracting competent professionals with recognised qualifications and accreditations, in accordance with legal requirements.

We facilitate workers' access to health services at work, at the workplace or during working hours, and provide information on services in the workers' local language.

Medical check-ups carried out by country and year

Check-ups	Spain			Portugal			USA			Guatemala		
	2022	2021 <sup>1</sup>	2020	2022	2021	2020	2022	2021 <sup>2</sup>	2020	2022	2021	2020
Induction check-ups	0	0	0	38	46	39	329	0	7	0	NA	NA
Regular check-ups	0	0	0	215	95	111	0	0	30	0	NA	NA
Performed for other reasons	0	0	0	16	1	1	0	0	0	0	NA	NA
Men	0	0	0	50	15	11	85	0	21	0	NA	NA
Women	0	0	0	219	127	140	244	0	16	0	NA	NA
Average age	-	-	-	44	41	45	50	-	39	-	NA	NA
Maximum age	-	-	-	63	60	71	74	-	63	-	NA	NA
Minimum age	-	-	-	26	21	19	18	-	21	-	NA	NA

NA: Not applicable  
 1 Workforce restructuring in Spanish companies has made it difficult to plan medical check-ups in 2021 and 2022.  
 2 In 2020, check-ups were only done for at-risk personnel (COVID-19).

We noted an increase in check-ups in Portugal and the USA, reflecting an improvement in how occupational health services are organised. The high number of induction check-ups in the USA is due to the high turnover mentioned above.

The closure of the plant in Spain made it difficult to plan occupational safety services, in particular medical check-ups during 2022.

3.5.5 Occupational Health and Safety Training

GRI 403-5

We provide the necessary health and safety training for each job and job category, in the local language of each country.

We regularly assess training needs; a competent person at each of the companies is responsible for determining training needs in the local language. Training courses are free of charge and take place during paid working hours. The effectiveness of the training is evaluated at the end of the course through a questionnaire filled in by the employees.

We provide general and specific occupational health and safety training courses covering occupational hazards, hazardous activities and hazardous situations.

Hours of occupational safety and health training by year, gender and country.

Country	2022			2021			2020		
	M	W	Total 2022	M	W	Total 2021	M	W	Total 2020
Spain	0	0	0	0	0	0	29	11	40
Portugal	204	658	862	8	144	152	95	72	167
USA	53	27	80	106	32	138	1.299	452	1.751
Guatemala	4	0	4	NA	NA	NA	NA	NA	NA
NEXTIL GROUP	261	685	946	114	176	290	1.423	535	1.958

NA: Not applicable

There was an increase in the number of training hours in occupational health and safety in the Group as a whole, with the figures from Portugal contributing significantly. This increase reflects the continuous improvement

in occupational health and safety, as well as the requirements of standards certified in Portugal, with a higher number of training hours than in the previous year.



### 3.6 Work organisation

#### 3.6.1 Organisation of working time

GRI 3-3

Weekly working hours and overtime hours at NEXTIL GROUP shall not exceed the legal limit established by the legislation in each country.

<b>Spain</b>		
<b>Plant - NEFE<sup>29</sup></b>		
Monday to Friday	3 shifts of 8 hours	Shift A from 06:00 to 14:00 Shift B from 14:00 to 22:00 Shift C from 22:00 to 06:00
Weekends	2 shifts of 12 hours	From 06:00 to 18:00 and from 18:00 to 06:00
<b>Offices - NEFE, NPG and NEXTIL GROUP<sup>30</sup></b>		
Monday to Thursday		1 split shift of 8 hours 30 minutes (flexible)
Friday		Flexible start from 06:00 to 07:30 and end no earlier than 17:00
Days off and Holidays		Weekends, public holidays, 3 days for personal affairs and 22 working days of holidays
<b>Portugal</b>		
<b>SICI I - Headquarters</b>		
Monday to Friday		Production from 08:20 to 17:30 Administrative 1 from 08:30 to 17:40 Administrative 2 from 09:00 to 18:10 Other Sectors from 09:00 to 18:40
<b>SICI II - Marrancos</b>		
Monday to Friday		From 08:00 to 17:20
<b>SICI III - Packaging</b>		
Monday to Friday		From 08:30 to 17:40
<b>SICI IV - Vizela</b>		
Monday to Thursday		From 08:00 to 18:10
Friday		From 08:00 to 12:10

<sup>29</sup> 1.762 work hours per year  
<sup>30</sup> 1.789 work hours per year

**SICI V - Keupe**

Monday to Friday	From 08:00 to 17:10
Intermediate rest	10 minute break in the morning, 10 minutes in the afternoon and 1 hour lunch break
Complementary rest	Saturday
Weekly rest	Sunday

**PLAYVEST**

Monday to Saturday	Turno 1 de 06:00 a 14:00 Turno 2 de 14:00 a 22:00 Turno 3 de 22:00 a 06:00
Monday to Friday	Turno normal producción: de 09:00 a 18:00 Turno normal otros sectores: de 08:30 a 17:30
Shift 1 breaks	from 09:30 to 10:00 and from 10:15 to 10:45
Shift 2 breaks	from 17:30 to 18:00 and 18:15 to 18:45
Shift 3 breaks	from 02:00 to 02:30 and from 03:15 to 03:45
Regular production shift breaks	from 10:20 to 10:30 and from 12:30 to 13:30
Regular shift breaks (other sectors)	from 10:20 to 10:30 and from 12:30 to 13:30
Plant closed	Sunday

**USA**

**EFA**

Saturday to Thursday (A)	Shift 1 from 06:00 to 14:00 Shift 2 from 06:00 to 14:00 Shift 3 from 06:00 to 16:00 Shift 4 from 06:30 to 15:00 Shift 5 from 07:00 to 15:00 Shift 6 from 11:00 to 19:00 Shift 7 from 15:00 to 23:00 Shift 8 from 16:00 to 02:00 Shift 9 from 17:00 to 22:00 Shift 10 from 17:00 to 23:00 Shift 11 from 17:00 to 01:00
Monday to Friday (B)	Shift 1 from 06:00 to 16:30 Shift 2 from 06:00 to 16:00 Shift 3 from 06:00 to 17:00 Shift 4 from 07:00 to 15:00 Shift 5 from 07:00 to 16:30 Shift 6 from 07:30 to 17:00 Shift 7 from 08:00 to 17:00

Casual workers

Shift 1 from 06:00 to 16:00  
Shift 2 from 07:30 to 17:00  
Shift 3 from 08:00 to 16:00  
Shift 4 from 08:00 to 17:00

Rest day for A shifts 1 to 11

Fridays

Rest day for B shifts

Saturdays and Sundays

**Guatemala**

**NEF**

Monday to Friday

Administration from 08:00 to 17:00  
Production from 07:00 to 16:00

Rest day for B shifts

Saturdays and Sundays

**3.6.2 Work-life balance**

GRI 401-3

NEXTIL GROUP declares its commitment to develop initiatives that promote the

reconciliation of employees' personal and family life and a healthy work-life balance.

Parental leave/ Country	2022				2021				2020			
	Spain		Portugal		Spain		Portugal		Spain		Portugal	
	M	W	M	W	M	W	M	W	M	W	M	W
Total number of employees who have been entitled to parental leave	2	0	1	15	2	2	0	6	2	1	4	4
Total number of employees who have taken parental leave	2	0	1	15	2	2	0	6	2	1	4	4
Total number of employees who returned to work during the reporting period after termination of parental leave	2	0	0	10	2	1	0	4	2	0	4	3

In the USA, parental leave is provided according to the US Family Medical Leave Act (FMLA).

No parental leave was taken in Guatemala in 2022.

Other types of leave	2022	
	Portugal	Spain
Caregivers (hours)	435,2	2
Others (hours)	5.284,31	-

**Spain**

In corporate workplaces, employees can work from home on day a week and everyone gets Friday afternoons off.

**Portugal**

We have 4 female employees with a 2-hour reduction for breastfeeding.

**USA**

Working hours were modified so we could gain access to experienced dyeing machine operators and chemical mixers. Mini-shifts with variable working hours were created; Family Medical Leave (FMLA) is granted, as well as holidays and Paid Time Off (PTO).

**Guatemala**

Flexible working hours: flexibility within the working day is allowed for administrative areas, provided that the assigned responsibilities are met.

**3.6.3 Absenteeism**

GRI 3-3; 403-9

We define the absence rate as the number of hours not worked per 100 hours worked. In 2022, NEXTIL GROUP's absenteeism rate was 10.6, which represents a decrease compared to the previous year.

Absenteeism rate

Country	2022	2021	2020
Spain	1,96	10,41	3,06
Portugal	7,35	9,07	7,39
Guatemala	0,67	NA	NA
USA	32,40	46,40	24,60
<b>NEXTIL GROUP average</b>	<b>10,60</b>	<b>21,96</b>	<b>11,68</b>

NA: Not Applicable

**3.7 Social relations**

GRI 2-30

NEXTIL GROUP recognises and respects our employees' rights to organise, freedom of association and collective bargaining, which are fundamental labour rights under the Right to Organise and Collective Bargaining Convention of the International Labour Organisation (ILO).

The General Collective Bargaining Agreement for the Textile and Clothing Industry for Nueva Expresión Textil, S.A.

We strictly comply with the collective bargaining agreements in each sector, in addition to the national legislation in force.

Contrato Coletivo de Trabalho para a Indústria de Vestuário e Confecção for SICI93 and Playvest: ANIVEC / APIV FESETE. Portuguese Clothing and Confection Association (Associação Nacional das Indústrias de Vestuário e Confecção). July 2010.

Collective Bargaining Agreements applicable to the Group's companies:

Employees covered by collective bargaining agreements

Spain	Portugal	USA	Guatemala
100%	100%	NA	NA

Applicable for 2022, 2021 and 2020. N/A: Not applicable

For employees who are not covered by collective bargaining agreements, we determine their working conditions and terms of

employment based on the country's applicable law.



### 3.8 Training and professional development<sup>31</sup>

GRI 404-1; 404-2

We maintain an objective and rigorous selection programme, taking into account the academic, personal and professional merits of the candidates and the needs of NEXTIL GROUP.

Our professionals commit to constantly update their technical and management knowledge and to attend training programmes provided by the Group.

The Group's companies implement their respective training programmes that respond

to their specific production needs and the needs to upskill workers. Training programs provide equal opportunities for our employees to develop their professional careers.

Group company policies are focussed on employees, demonstrating senior management's commitment to creating the conditions to achieve the strategic objectives and ensure employee engagement through training and learning, promoting knowledge transfer based on best practices.

Number of training hours per country, year, professional category and gender

	NEXTIL GROUP		Spain		Portugal		USA		Guatemala	
	M	W	M	W	M	W	M	W	M	W
Management	38,50	7,00	34,50	0,00	1,00	27,00	1,00	3,00	0,00	0,00
Production middle management	8,00	22,00	0,00	0,00	2,00	22,00	6,00	0,00	0,00	0,00
Administration middle management	14,00	85,50	0,00	69,00	0,00	9,50	8,00	3,00	6,00	0,00
Technicians	5,00	35,00	0,00	0,00	1,00	35,00	4,00	0,00	0,00	0,00
Operators	20,00	329,00	0,00	0,00	18,00	327,50	2,00	2,00	0,00	0,00
Administrative staff	1,00	29,00	0,00	0,00	1,00	1,00	0,00	2,00	0,00	0,00
<b>Total</b>	<b>86,50</b>	<b>508,00</b>	<b>34,50</b>	<b>69,00</b>	<b>69,00</b>	<b>422,00</b>	<b>21,00</b>	<b>10,00</b>	<b>6,00</b>	<b>0,00</b>

<sup>31</sup> Based on total workforce and not the workforce at the closing date

Training hours ratio by professional category<sup>32</sup>

	NEXTIL GROUP	Spain	Portugal	USA	Guatemala
Management	3,25	6,90	4,67	4,00	0,00
Production middle management	0,94	0,00	1,41	0,46	0,00
Administration middle management	3,89	13,80	1,36	0,85	2,00
Technicians	1,00	0,00	1,20	0,57	0,00
Operators	1,32	0,00	1,21	0,06	0,00
Administrative staff	0,75	0,00	0,07	0,33	0,00

Average number of training hours per employee, women and men

	NEXTIL GROUP	Spain	Portugal	USA	Guatemala
Average number of training hours per employee <sup>33</sup>	1,42	4,70	1,57	0,32	0,75
Average number of training hours for women <sup>34</sup>	0,60	3,83	1,78	0,32	0,00
Average number of training hours for men <sup>35</sup>	1,81	5,31	0,47	0,32	0,86

<sup>32</sup> Training hours ratio by professional category: Total number of training hours provided to each professional category / Total number of employees in the category

<sup>33</sup> Total number of training hours provided to employees / Total number of employees

<sup>34</sup> Total number of training hours provided to female employees / Total number of female employees

<sup>35</sup> Total number of training hours provided to male employees / Total number of male employees



## Respect for Human Rights

### 4.1 Our position

GRI 2-22; 2-23; 2-24; 2-25; 408-1, 409-1

NEXTIL GROUP expresses its absolute commitment to respect and protect nationally and internationally recognised human and labour rights, and its commitment to the principles set out in the United Nations Global Compact, the OECD Guidelines and the International Labour Organisation's Social Policy.

We respect the social and labour values of the countries where we operate; we comply with the laws established in the countries we operate and promote compliance with labour standards on freedom of association and negotiation, standards prohibiting child exploitation, and standards prohibiting all kinds of discrimination in the workplace.

Therefore, we do not tolerate degrading working conditions, involuntary or forced labour or child labour, and we recognise and respect the rights to organise, freedom of association and collective bargaining.

All NEXTIL GROUP companies comply with and respect Human Rights by incorporating them in the Codes of Ethics of all companies, enforcing such obligations both to our companies and our suppliers.

ELASTIC FABRICS OF AMERICA (EFA) has a specific Human Rights Policy, which establishes the following commitments in its different sections:

#### Respect for employees

- To respect our employees' human rights as established in the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work. This includes, among others, the prohibition of child and forced labour, non-discrimination, freedom of association and the right to engage in collective bargaining. This is in accordance with the laws of the countries in which we operate.
- To promote open communication and direct contact between workers and management whenever representation and collective bargaining are restricted by law.
- To respect employees' privacy rights, particularly regarding their personal data, in accordance with local laws.
- To create a safe work environment, minimising risks through proper engineering

design, administrative controls, preventive maintenance, and safe work practices.

**Respect for labour conditions and working environment**

- To continuously improve health and safety performance in all operations.
- To implement energy preservation and waste reduction programmes.
- To monitor, treat and control atmospheric emissions, wastewater, and effluents as required by law before proceeding to any discharge or disposal.
- To obtain, maintain, and comply with appropriate permits, registrations and environmental laws for all facilities.

**Respect for suppliers**

- To implement supplier selection procedures which include the revision of ethical, environmental and human rights elements, with continuous performance assessment and corrective actions whenever necessary.
- Application of the principles of the ILO Declaration on fundamental principles and rights at work which determine collaboration and commitment.

**Respect for community**

- To support the culture, customs and values of people from the communities in which we operate.
- To encourage our employees' participation in activities for local communities' development with the Company's support.
- To promote a positive influence on communities in which we operate, manifesting through our actions that we do not tolerate human rights violations.

It also includes ethical business principles that comprise the prohibition of corruption, extortion, embezzlement, bribery or other means to obtain an unfair or inappropriate commercial advantage, the compliance with all environmental, health, safety and social laws and regulations. All suppliers must also observe these principles and standards.

Portuguese companies also declare strict adherence to respect for human rights and fundamental labour standards, and specifically to ensure:

- Respect and equal treatment for all workers and the rejection of all forms of discrimination;
- Prohibit child labour.
- Free choice of employment, rejection of forced or involuntary labour and the right to fair remuneration.
- Rejection of precarious work.
- Decent working hours and voluntary overtime.
- Freedom of association, unionisation and collective bargaining.
- Ethical working conditions for all workers by ensuring a workplace free from hostile and inhumane treatment, harassment and abuse.

All these principles are aligned with the codes of conduct of our main customers, who monitor implementation, compliance and due diligence of standards, their respective ethical codes, as well as our companies' commitment to report any serious non-compliance and implement corrective action plans.

**4.2 Right to harassment-free working environments**

GRI 2-23

Any manifestation of physical or mental harassment, violence, abuse of authority at work or any other misconduct that creates an offensive or hostile environment for the personal rights of our employees is prohibited. Specifically, we promote measures to prevent sexual harassment, whenever deemed necessary.

All our employees are required to treat colleagues, superiors and subordinates with respect and must contribute to foster a work environment in which cordiality prevails and no kind of intimidation occurs.

Our management approach also includes a commitment to maintaining a work environment free from hostile and inhuman treatment, sexual harassment or abuse, physical coercion, or verbal abuse.

EFA has a specific Harassment Policy, which sets out the non-tolerance of harassment behaviour, the procedure defined for dealing with complaints, and the responsibilities for dealing with such situations.

SICI93 and PLAYVEST approved a Code of Good Conduct to Prevent and Fight against Workplace Harassment in 2021 which aims to create rules of conduct aimed at guiding

the behaviour of its workers and collaborators to prevent and combat harassment at work. It is a reference document with clearly defined principles and guidelines on ethics and professional conduct for workers and collaborators. Its essential objective is to:

- Raise awareness of the internal requirements adopted by the Companies, clarifying the ethical standards that guide the performance and behaviour of employees and collaborators;
- Seek to inspire and encourage employees who wish to act ethically, beyond mere respect for the law;
- Summarise the duties and their framework, but also the rights that promote good service and quality

In 2022, the code was amended and the Whistleblower Reporting and Protection Policy came into force, which lists harassment as an issue that a whistleblower can report.

In 2022, there were no cases of non-compliance, nor were any communications registered through any Group company whistleblowing channels.



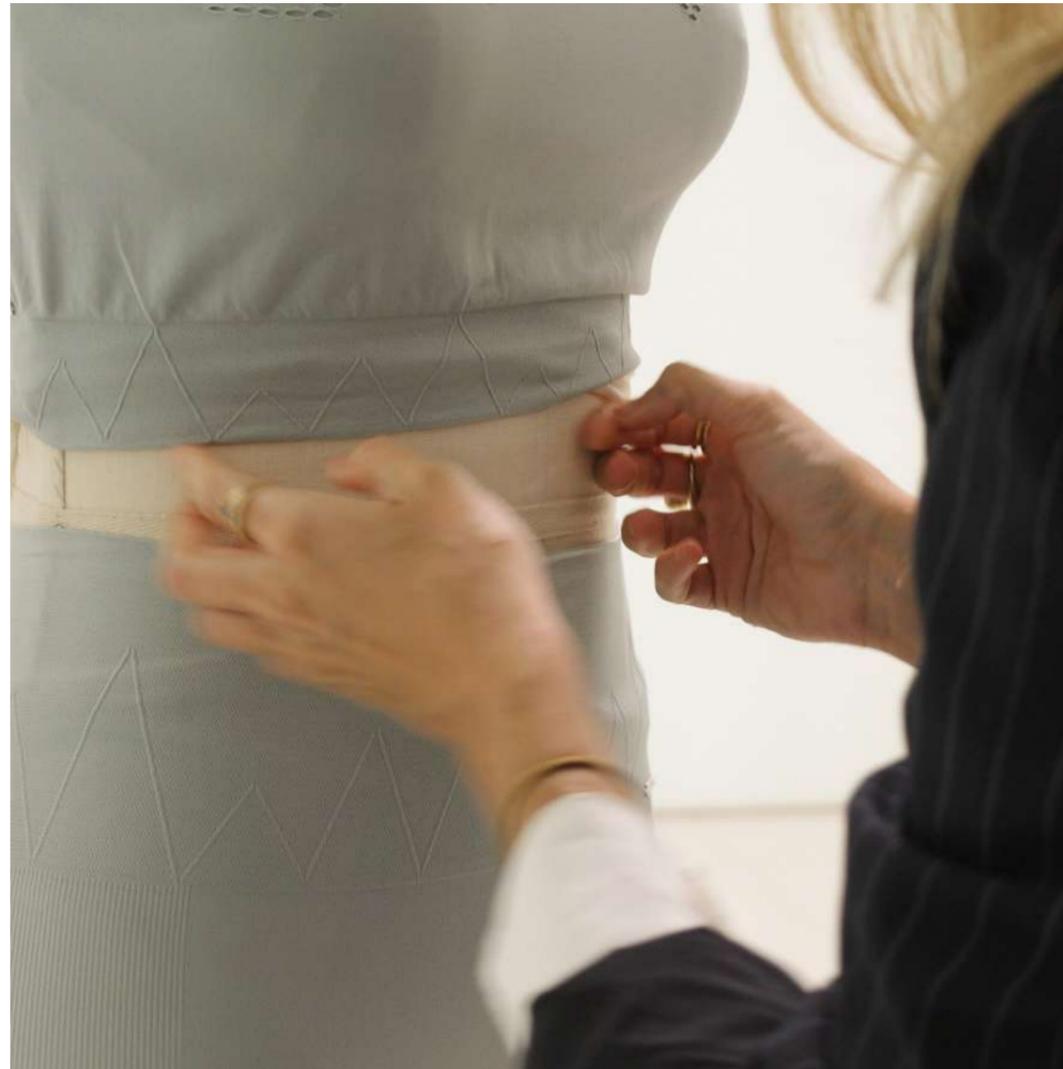
### 4.3 Right to privacy of our employees and customers

GRI 2-23

We respect our employees' right to privacy in all its forms and especially regarding personal, medical and economic data.

We take measures to protect confidential and personal information in our possession by collecting and processing data in accordance with applicable laws, professional obligations and our own data management policies and practices.

We commit not to disclose personal data of our employees, except with the prior consent of the interested parties and in cases of legal obligation or compliance with a court or administrative order. Professionals' personal data may not, under any circumstances, be processed for purposes other than those legally or contractually foreseen. The use of any of our customers' confidential information for personal or third-party benefit is strictly prohibited.



# 05

## Anti-corruption, Bribery and Money Laundering



### 5.1 The fight against corruption, bribery and money laundering

GRI 2-23; 2-24; 205-1

Our ethical code reflects the prohibition of bribery and corruption, either directly or indirectly, condemning any influence on people's will to obtain any benefit through unethical practices. Likewise, it does not allow other people or entities to use such practices with its employees.

spond to usual signs of courtesy or business hospitality and are not prohibited by law.

On the other hand, our Compliance Manual establishes the rules and procedures to prevent and avoid irregular payments or money laundering originating from illicit or criminal activities.

Furthermore, our employees are prohibited from giving and accepting gifts in the course of their work. They may give and accept gifts of irrelevant economic value which corre-

The Group's Criminal Risk Map includes the following risks and their corresponding control measures:

	Risk	Responsible	Control measures
<b>Business Corruption</b>	Receiving, requesting or accepting benefits or advantages in return for unduly favouring another person during the purchase or sale of goods.	Procurement Department  Commercial Department  Finance Department	Special attention to strict compliance with the law in contracts in sensitive countries.  Tenders or contracts shall never be obtained through bribery.  Internal rules on the absolute rejection of any act of corruption shall be made public.
	Promising, offering or granting benefits to a company's directors, administrators or employees in return for unduly favouring them or a third party over others during the purchase or sale of goods.		Facilitation payments are not accepted.  Principle of transparency in invitations.  Invitations to specialised events are accepted unless improper "collateral" expenses are included.

	Risk	Responsible	Control measures
<b>Money Laundering</b>	Acquiring, possessing, using, converting or transmitting goods knowing that they come from criminal activity.	Finance Department	Establishing a clear policy of prevention against money laundering.
	Hiding the illicit origin of those goods.		Knowledge of regulations.  Applying due diligence measures.  Prohibition of receiving amounts in cash equal to or greater than € 2,500
<b>Bribery offences</b>	Passive bribery (committed by an official), active bribery and extortion	Commercial Department	Maintain preparatory and supporting documentation for contracting with Public Administrations.
		Procurement Department	Follow the Foreign Corrupt Practices Act (FCPA), the UK Bribery Act and the US Attorney General's Circular 1/2016.
		Suppliers	

ELASTIC FABRICS OF AMERICA (EFA) has a specific anti-corruption and anti-bribery policy which rejects this kind of practices, and includes the procedures, responsibilities and disciplinary measures to be applied. The purpose of this policy is to establish the responsibility of EFA and all its employees of observing the Company's commitment to prevent bribery and corruption.

In addition, the commitment to fight bribery and corruption is supported through procedures to minimise bribery risks and regular assessments.

High-risk cases may require additional procedures, such as enhanced due diligence, which could involve conducting direct inquiries, indirect investigations, or general investigations on proposed business partners, such as agents, joint venture partners, contractors, suppliers, and other third parties.

The Group's companies located in Portugal approved an Anti-Corruption and Anti-Bribery Policy in 2020, which reflects the zero-tolerance attitude towards bribery, corruption and facilitation payments. The adoption and implementation of this Policy aims to prevent and mitigate the risk of corruption and related practices and reaffirms the commitment to contribute to the fight against all kinds of corruption, including extortion and bribery. This Policy applies to all employees and members of the Board of Directors of the Parent Company, regardless of their employment relationship and geographic location.

Regardless of the potential bribery risk impact, the general procedures followed to mitigate any bribery or corruption risk include:

- Involvement of the Group's senior management in the definition, implementation and monitoring of related policies.
  - Risk assessment procedures.
  - Communication of the Anti-Corruption and Bribery Policy to staff.
  - Training of the Group's leaders and personnel.
  - Transparency of transactions and disclosure of information.
  - Due diligence of current and potential intermediaries and associated persons; financial and business controls such as proper accounting, auditing, and approval of expenditures.
  - Decision-making based on procedures of delegation of authority, separation of functions and procedures to avoid conflicts of interest.
  - Implementation of whistleblowing channels.
  - Enforcement, detailing the disciplinary processes and sanctions for non-compliance with the Group's anti-bribery and anti-corruption rules.
  - Monitoring, review and evaluation of prevention procedures.
  - Any knowledge or suspicion of bribery or corruption shall be reported to the relevant law enforcement authorities.
- These policies comprise the conducts to be observed in case of bribery, gifts, conflict of interests, the measures for raising awareness and employee training, as well as due diligence procedures and its control mechanisms, including whistleblowing channels.
- No incidents related to corruption and bribery were recorded during 2022.

## 5.2 Contributions to foundations and non-profit organisations

In 2022, NEXTIL GROUP made a donation of € 1,500 to collaborate with AVINTE (Asociación De Voluntarios Para La Integración). AVINTE is a youth association that seeks to integrate people with disabilities into society.

In addition, in Portugal, the companies SICI93 and Playvest carried out a blood do-

nation campaign for their employees in collaboration with the Portuguese Blood and Transplant Institute (Instituto Português do Sangue e da Transplantação). We also carried out a campaign to collect food and basic necessities at Portuguese Plants to support refugees from the war in Ukraine.



## Commitment to Society



### 6.1 Impact of our activities on society

GRI 2-23; 2-24; 203-2

At NEXTIL GROUP we seek to contribute to the economic and social development of the regions in which we operate, providing job creation, knowledge and management.

We promote a culture of Corporate Responsibility in accordance with the fundamental principles and matters of the universally accepted standards of reference and guiding our action according to Sustainable Development criteria that go beyond mandatory legal compliance.

We are committed to identifying and responding to the internal and external social impacts of our activities, as well as other aspects related to corporate social responsibility, assuming the company's ethical responsibilities towards workers and the community.

We aim to integrate Shared Value creation in our business model's strategy, ensuring that the Group's benefits correspond to benefits

for the communities and that such compatibility defines a sustainable and viable long-term management model.

We use the Higg Index Facility Social and Labour Module (FSLM) tool, developed by the Sustainable Apparel Coalition (SAC), to measure the performance of social conditions and labour practices at our production sites.

By joining Sedex, we join the world's leading community for responsible business, responsible sourcing and the improvement of ethical standards and working conditions within the supply chain. We can also easily share data on our responsible business practices with our customers through the Sedex Platform.

Our certifications under social standards are detailed below:

Certificate Type	Company	Scope	Certifying entity	Certificate
Higg Index - Facility Social & Labor Module (FSLM)	EFA PLAYVEST SICI93	Assessment platform used to understand critical performance points and identify opportunities to improve the social and working conditions of workers. It tracks management systems, operational controls, monitoring, and worker and stakeholder engagement.	Sustainable Apparel Coalition (SAC)	Higg ID- 1143852 Higg ID- 143741 Higg ID- 133754
Sedex Audit   SMETA 4 Pillars	PLAYVEST SICI93	Social audit comprising Labour and Health and Safety Standards, including additional elements of Management Systems, Universal Rights, Responsible Hiring Practices, Right to Work, Environment and Business Ethics and is guided by the standards contained in the ETI Base Code	Sedex	ZC: 1045012 ZC: 418124757

As far as the fabric division is concerned, the start of production at the new plant in Guatemala generated nine jobs and, when fully operational, will generate employment for more than 200 people and will bring significant development to the region. Furthermore, the construction of the plants does not entail changes in land use, because the sites were previously urban areas; no Indigenous people or minorities will be affected, nor will there be a change in the productive activities of the local communities that could produce negative impacts.

The Plant at El Masnou was closed due to the increase in costs throughout the value chain and the difficulty of passing these

costs on to the end customer, resulting in productivity losses and lower margins. This plant was closed in an orderly fashion with suppliers and employees.

On 26 July 2022, the lay-off plan (ERE) was signed with the works council of the companies located in the Spanish plant. This plan cost 2.8 million euros in severance payments, part of which is accounted for in the long term according to the payment schedule. There was also an additional expense for severance payments of 0.4 million euros according to a special agreement reached for employees laid off that are over 52 years of age.

## 6.2 Partnership and sponsorship actions

GRI 2-28; 413-1

NEXTIL GROUP has a Compliance Manual that includes recommendations on patronage and sponsorship activities. These recommendations are:

Contributions shall be transparent, documented and authorised by a competent person.

The sponsorship of activities related to a public official who must make relevant decisions regarding the company should be avoided.

Any activity related to patronage and sponsorship shall be properly accounted for and disclosed in the Annual Consolidated Financial Statements.

## 6.3 Our suppliers

GRI 2-6; 2-24; 3-3; 308-1; 414-1

At NEXTIL GROUP we expect our suppliers to apply and respect, in all areas of business and throughout the world, the principles set out in the codes of conduct of each of the companies that form part of our group. We also look for suppliers that operate within an environment of legal compliance and respect for employees and safety at work.

Supplier selection is governed by criteria of objectivity and transparency, as set out in our Code of Ethics, reconciling the Company's interest in obtaining the best conditions with the convenience of maintaining stable relationships with ethical and responsible suppliers. NEXTIL GROUP has supplier selection processes according to criteria of objectivity and impartiality, avoiding any conflict of interest or favouritism during the selection.

Group companies approach supplier control following their own management systems that complement those of the Group.

Nextil Group passes on the controls required by its customers to its suppliers. The customers verify the application of codes of conduct in the supply chain and ensure com-

pliance by carrying out social audits prior to contracting production suppliers.

In Portugal, the companies follow a Corporate Social Responsibility policy based on their Codes of Conduct and Sustainability Policy, which include the requirements of the STeP by OEKO-TEX® standards, Global Recycled Standard (GRS), Global Organic Textile Standard (GOTS), the Ethical Trading Initiative Base Code (ETI Base Code), and the Supplier Ethical Data Exchange Organisation (SEDEX) systems. The companies have also committed to the ethical codes of their customers, having received social audits to ensure compliance. In 2020, a new supplier assessment procedure was developed, incorporating environmental, ethical and social risk criteria.

SICI 93 tracks wastewater test result data from its "upstream" suppliers in accordance with the protocol and parameters of the ZDHC wastewater standards. These guidelines standardise wastewater testing requirements across the global apparel, textile, and footwear supply chain. They define the standard for wastewater discharge and sludge quality.

EFA has defined a supply chain management policy that establishes the basis of its management processes and procedures. In addition, its Human Rights policy specifies the inclusion in supplier selection processes of ethical, environmental and human rights elements, with continuous performance assessment and corrective actions whenever necessary, as well as the application of the principles of the ILO Declaration on funda-

mental principles and rights at work which determine collaboration and commitment. Throughout 2022 there have been no incidents with suppliers, nor have there been any complaints due to incidents with suppliers for labour, social or environmental reasons.

The supply chain of the various Group companies in 2022 is described below:

**Company Supply Chain**

**SICI93** Production processes outsourced to third parties accounted for 21.53% of this subsidiary's procurement figure, varying according to the type of garment and the customer for whom it is manufactured; outsourced processes included fabric cutting, sewing, garment dyeing, laundry, printing, embroidery, application of decoration by thermal transfer, sewing and finishing. Processes that mostly took place in Portugal.

The main materials used in production corresponded to the purchase of the following raw materials: raw and finished knitted fabric, sewing and packaging accessories, and other garment applications.

80% of the volume of purchases was made from 30 third party suppliers and subcontractors located in Portugal, Italy, China, Spain and the United Kingdom, the most significant of which, 60.44% of expenditure with suppliers, corresponded to purchases of materials for production, of which 47.06% were fabrics and 13.38% accessories.

**PLAYVEST** The production processes outsourced to third parties accounted for 23.97% of this subsidiary's procurement figure, varying according to the type of garment and the customer for whom it is manufactured; outsourced processes included the transformation of yarn, fabric cutting, dyeing processes, preparation and finishing of fabrics, decoration by thermal transfer, sewing, ironing and packaging, 100% of which were carried out by subcontractors located in Portugal.

With regard to suppliers, this subsidiary purchased the following raw materials: raw or dyed yarn, sewing and packaging accessories, as well as other materials required to manufacture garments.

80% of procurement was from 39 third-party suppliers and subcontractors located in Portugal, Italy, Spain, France, China and Germany. The ten suppliers with the highest volume of purchases accounted for 47.14% of expenditure, of which 16.47% related to yarn, while 23.97% were subcontracted to finished garment, yarn processing and garment/fabric dyeing workshops, and the remainder to other services.

**Company Supply Chain**

**NEFE** The production process involves producing raw fabric on circular or rectilinear looms (85% is produced in-house and the remaining 15% subcontracted), while 100% of the dyeing, printing and finishing processes were subcontracted to third parties.

The company bought raw yarn; the material used in the production processes. 80% of procurement was from 17 suppliers located in Spain, Italy and Germany.

The ten suppliers with the highest volume accounted for 70.20% of the expenditure with suppliers, of which 16.42% were suppliers of raw materials and 31.69% were third-party subcontractors for finishing services (heat setting, dyeing or printing and finishing) and the rest for other services. This activity ceased in August 2022.

**NPG** In-house processes are design, pattern making and sample making, while manufacturing was 100% outsourced to third parties internal or external to NEXTIL GROUP.

The company purchased swimwear fabric from NEXTIL GROUP companies as well as from other suppliers. 80% of procurement expenditure corresponds to seven suppliers.

The ten largest suppliers are located in Spain and Morocco, which accounted for 89.02% of the total volume of purchases, of which 55.50% corresponded to raw materials, 12.01% to subcontracting of sewing, and the rest to other services.

**EFA** In-house production activities are weaving on rectilinear looms, dyeing and finishing processes, while weaving on circular looms and warping looms were subcontracted to third parties, which accounted for 3.59% of the Company's procurement figure.

Twelve suppliers accounted for 80% of the procurement volume. Of the ten most significant suppliers in procurement costs for EFA, 61.63% corresponded to expenses with suppliers, of which 59.99% were yarn suppliers, while subcontracting to third parties accounted for 3.59% for circular weaving and the rest for other services.

**NEF** During 2022, no purchases were subcontracted to third parties.

The heat-setting, dyeing, finishing, refinishing and packaging processes will be sequentially commissioned during 2023.

All the company's expenses were with eight suppliers located in Mexico, USA, Guatemala and El Salvador, of which 92.95% corresponded to yarn, 5.93% to lubricants and 1.12% to packaging material. Four suppliers accounted for 80% of the procurement volume.

Garment production always has a certain percentage of outsourcing due to technical aspects and capacity requirements. We do

not do embroidery, printing, and some other processes at NEXTIL GROUP, so these production processes are outsourced.

### 6.4 Consumers

GRI 416-1

In 2022, we continued to perform due diligence tests, specifically requested by our customers, on the presence of harmful chemicals in the Restricted Substances List (RSL) in raw material and finished product.

These tests were performed in independent and accredited external laboratories. A total of 443 tests were carried out in 2022 amounting to € 64,417.50 to control the following substances/parameters:

	Detection of amines derived from azocolourants and azodyes
Alkylphenols	
Determination of free and hydrogenated	PH
Polyvinyl chloride pvc (beilstein method)	Chlorinated benzenes and toluenes (organic carriers)
Phthalates content	Heavy metals analysis
Chlorinated solvent	Chlorobenzenes and chlorotoluenes
Heavy metal total content	Volatile organic compounds - quant method
DMFA, DMAC, NMP content	PCV - FTIR
Disperse dyes	Dimethylformamide content (DMFA)
Heavy metal extractable	APEO/AP
Dyes others	Heavy metal reelease_nickel
Solvents/residuals	

Eco-labelling certified STANDARD 100 by OEKO-TEX®.

This certification was obtained in the garment unit for the two Portuguese companies and in the fabric unit for the two Spanish companies NEFE and DOGI. It is the most widely used eco-label in the world to guarantee that labelled textile products have been

tested for more than 300 harmful substances, based on the standard's catalogue of criteria and neutral laboratory tests. These tests take into account numerous substances, both regulated and non-regulated, that could be harmful to health, and preventive parameters are also defined. In many cases, the limit values set for the standard exceed national and international requirements.

### 6.5 Tax matters

GRI 201-1-; 201-4; 207-1; 207-4

Our tax approach is guided by transparency in dealing with tax authorities and strict compliance with tax obligations in all countries where we operate.

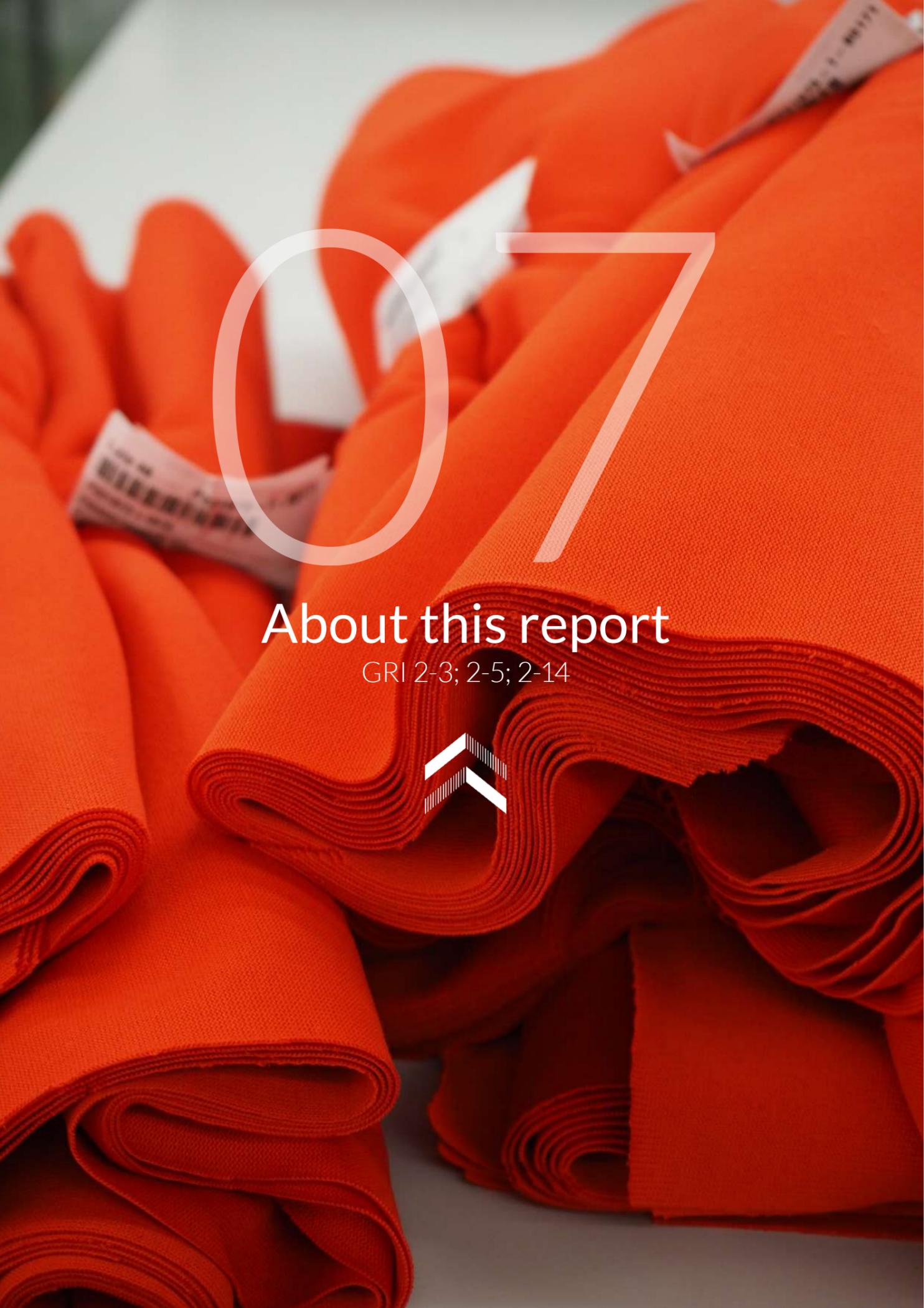
ble development expectations, contributing to the economic and social development of the communities in which we operate. We believe that taxes make it possible to finance public infrastructure and services that are essential for the well-being of the communities where we work.

The tax compliance of our business activities responds to ethical, social and sustaina-

(Thousand Euros)	2022			2021			2020		
	Profit/(loss) *	Corporate tax to be paid	Grants	Profit/(loss) *	Corporate tax to be paid	Grants	Profit/(loss) *	Corporate tax to be paid	Grants
Spain	(10.832)	0		(5.547)	0	0	(23.611)	1	0
Portugal	(2.880)	0	233	3.815	710	0	578	810	0
USA	(237)	0	1.086	(1.444)	0	1.543	(1.217)	0	1.003
Guatemala	(224)	0		(448)					
Consolidated non-assignable eliminations		0		0	0	0	(113)	0	0
<b>Total</b>	<b>(14.173)</b>	<b>0</b>	<b>1.319</b>	<b>(3.624)</b>	<b>710</b>	<b>1.543</b>	<b>(24.363)</b>	<b>811</b>	<b>1.003</b>

\* Assignable consolidation adjustments are assigned to each site





# 07

## About this report

GRI 2-3; 2-5; 2-14



We present annual information regarding our performance during the 2022 financial year, from 1 January 2022 to 31 December 2022. Our financial reports cover the same period. Through this report we aim to show all our stakeholders how we generate value in the short, medium and long term, and to provide accurate, relevant and truthful information on our accountability for the 2022 financial year.

This report presents the consolidated statement of non-financial information as of 31 December 2022 for NUEVA EXPRESIÓN TEXTIL, S.A. and subsidiaries (also referred to in the report as Nextil, NEXTIL GROUP, or the Group). It has been prepared according to the requirements established in Spanish Law 11/2018 of 28 December which amends the Commercial Code, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010 of 2 July, and Law 22/2015 of 20 July, regarding

Account Auditing on matters of non-financial information and diversity.

The Consolidated Statement of Non-Financial Information for the year 2022 was prepared in parallel with the implementation of an adequate internal control system that allows us to collect information from all the Group's subsidiaries but to date the implementation process has not yet been completed. Therefore, for some indicators and in specific geographic areas, it was not possible to obtain some information. Nevertheless, the Board of Directors of the Group's Parent Company does not consider this matter relevant for the pursued objective, considering the Consolidated Statement of Non-Financial Information as a whole. These cases are identified as "No Data", "ND" or a similar term.

This report has been prepared following the principles of the Global Reporting Initiative

(GRI) Sustainability Reporting Standards, or GRI Standards (selected GRI indicators option), as a reference. This international reporting framework is provided for in Article 49.6.e) of the Commercial Code introduced by Law 11/2018.

According to the selected GRI Standards, the contents included in this Consolidated Statement of Non-Financial Information comply with the principles of comparability, materiality, relevance and reliability, and the information included is therefore accurate, comparable and verifiable.

A table with the relationship between the legal requirements of Law 11/2018 and the GRI standards, as well as the pages where each indicator is answered is provided in Annex I to aid the understanding of this report. In accordance with the commercial regulations in force, this Consolidated Statement

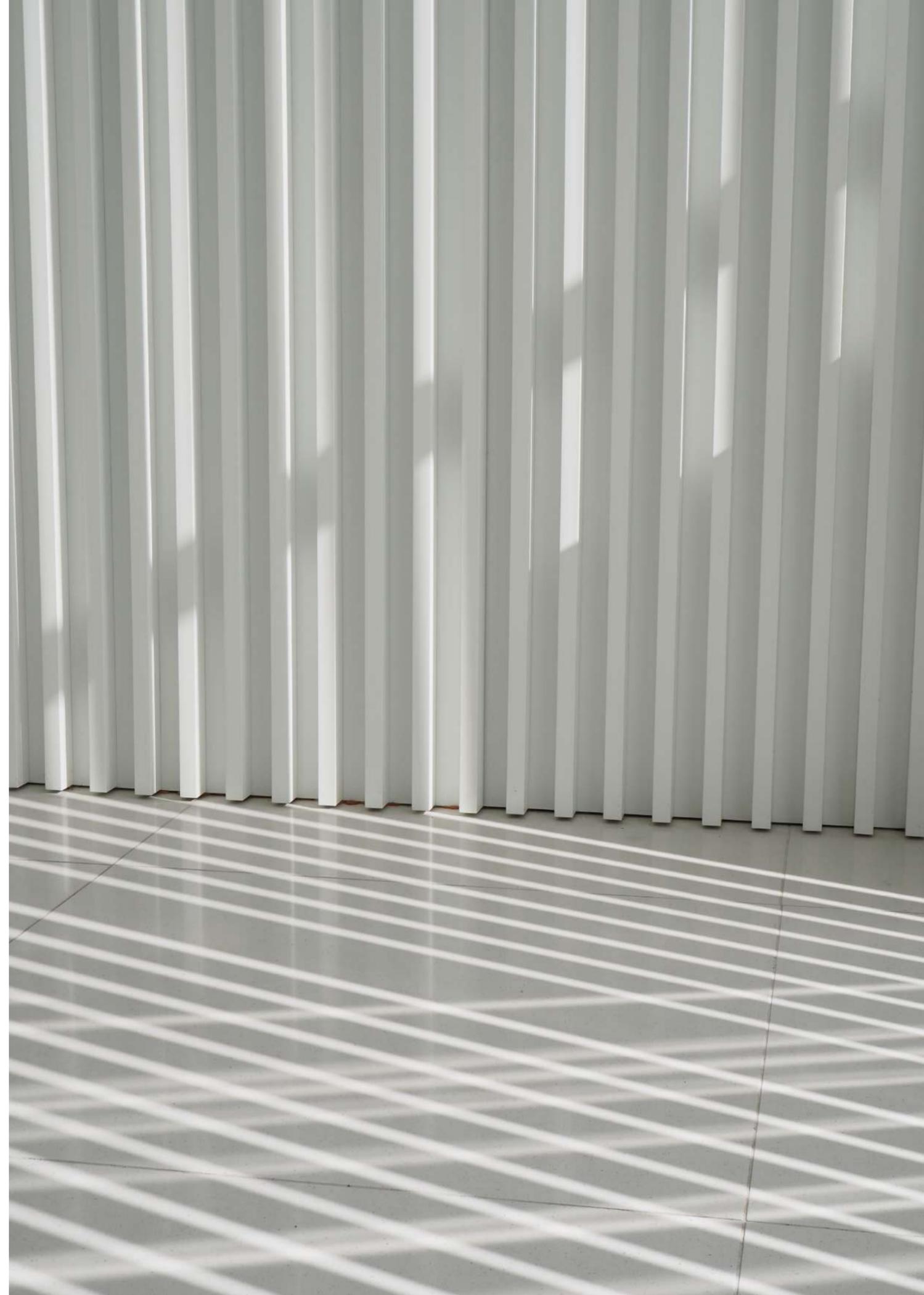
of Non-Financial Information has been subject to verification by the auditing firm GABINETE AUDIWORK, S.L. The independent verification report is included in this Consolidated Statement of Non-Financial Information as Annex II.

This report is dated 29 March 2023 and presents information on our material issues, those that represent our most significant impacts on the economy, the environment and people, including human rights impacts. It is available on our website where we publish other information of interest:

[www.nextil.com](http://www.nextil.com)

Person of contact for all questions related to the report or the information presented:

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# Annex I

## Table of Contents required by Law 11/2018



Information requested by Law 11/2018	Materiality	GRI Reference	Pages of the report where a response is given / Direct Response / Omissions
<b>General Disclosures</b>			
A brief description of the business model including its business environment, organisation and structure	Material	2-1 2-2 2-6 2-9	11-20
Markets in which it operates	Material	2-6	21-22
The organisation's objectives and strategies	Material	2-22	24-25
Main factors and trends that may affect its future evolution	Material	3-3	36-37
Reporting framework used	Material	1	143
<b>Environmental Issues</b>			
Management approach: description and results of the policies related to these issues, and the main corresponding risks related to group activities	Material	2-23 2-24 3-3	69-75
Detailed general disclosures	Material		
Detailed disclosures on the current and foreseeable effects of the company's activities on the environment and, whenever applicable, on health and safety	Material	3-3	69-75
Environmental assessment or certification procedures	Material	2-25 3-3	71-73
Resources allocated to prevent environmental risks	Material	3-3	75-76
Application of the precautionary principle	Material	3-3	76; 109-110
Amount of provisions and guarantees for environmental risks	Material		75
<b>Contamination</b>			
Measures to prevent, reduce or remedy emissions that seriously affect the environment, considering any form of air pollution specific to an activity	Material	305-1 305-2	77-80
Including noise and light pollution	Non-material	NA	<b>Omission.</b> Non-material issue for the Group's activities and impacts

**Information requested by Law 11/2018**      **Materiality**      **GRI Reference**      **Pages of the report where a response is given / Direct Response / Omissions**

**Circular Economy, Risk Prevention and Waste Management**

Waste prevention, recycling, reuse, and other forms of recovery and disposal measures      Material      306-3  
306-4  
306-5      80-83

Actions to combat food waste      Non-material      NA      **Omission.**  
Non-material issue for the Group's activities and impacts

**Sustainable Use of Resources**

Water consumption and water supply according to local constraints      Material      303-1  
303-3  
303-5      83-85

Consumption of raw materials and measures taken to improve the efficiency of raw material use      Material      301-1      90-91

Direct and indirect energy consumption      Material      302-1      89

Measures taken to improve energy efficiency      Material      302-1      88-89

Use of renewable energies      Material      302-1      90

**Climate Change**

Greenhouse gas emissions generated from the company's activities, including the use of the goods and services it produces      Material      305-1  
305-2      **Omission.**  
Leakage of refrigerant gases in units in Spain and the USA are not reported in Scope 1 emissions.

Measures adopted to adapt to the consequences of climate change      Material      3-3      69; 74-75

Voluntary medium- and long-term reduction targets set to reduce greenhouse gas emissions and the measures taken to achieve them      Material      3-3      The Group has not yet set reduction targets.  
The objective is to do so in the short-term

**Information requested by Law 11/2018**      **Materiality**      **GRI Reference**      **Pages of the report where a response is given / Direct Response / Omissions**

**Biodiversity Protection**

Measures taken to preserve or restore biodiversity      No material      NA      **Omission.**

Impacts caused by activities or operations in protected areas.      Non-material      NA      Non-material topic.  
All operational sites are located within urban areas or industrial estates outside protected areas

**Social and Staff Matters**

Description and results of the policies related to these issues, and the main corresponding risks related to group activities      Material      3-3      95

**Employment**

Total number and distribution of employees by country, gender, age and professional classification      Material      2-7  
2-8      95-99

Total number and distribution of types of employment contracts and average annual number of permanent contracts, temporary contracts and part-time contracts by gender, age and professional classification      Material      2-7      97-99

Number of dismissals by gender, age and professional category      Material      401-1      99-100

Average earnings and their evolution broken down by gender, age and professional classification or equal value      Material      3-3      102

Wage gap, remuneration for equal or average jobs in the company      Material      405-2      102-103

Average remuneration of directors and senior management, including variable remuneration, subsidies, severance pays, contributions to long-term pension and savings plans and any other remuneration broken down by gender      Material      2-19      55

Implementation of work disconnection policies      Non-material      3-3      Not all NEXTIL GROUP companies have implemented work disconnection policies

Number of employees with disabilities      Material      405-1      106

Information requested by Law 11/2018	Materiality	GRI Reference	Pages of the report where a response is given / Direct Response / Omissions
<b>Work Organisation</b>			
Organisation of working hours	Material	3-3	113-115
Number of absent hours	Material	3-3 403-9	116
Measures to promote work-life balance and encourage both parents to be able to take on family responsibilities	Material	401-3	115-116
<b>Health and Safety</b>			
Health and safety conditions at work	Material	403-1	107; 109-110
Workplace accidents, in particular their frequency and severity, as well as occupational diseases; disaggregated by gender	Material	403-9	108-109
<b>Social Relations</b>			
Organisation of social dialogue including procedures for informing, consulting and negotiating with staff	Material	2-30	117
Percentage of employees covered by collective bargaining agreements by country	Material	2-30	117
Breakdown of collective agreements, particularly in the field of occupational health and safety at work	Material	2-30	117
<b>Training</b>			
Training policies implemented	Material	404-2	118
Total training hours by professional category	Material	404-1	119
Universal accessibility			
Universal accessibility for people with disabilities	Non-material	NA	<b>Omission.</b> Non-material topic. For corporate activities

Information requested by Law 11/2018	Materiality	GRI Reference	Pages of the report where a response is given / Direct Response / Omissions
<b>Equality</b>			
Measures taken to promote equal treatment and opportunities for women and men	Material	3-3	102-104; 117; 121-123
Equality plans, measures taken to promote employment, protocols against sexual harassment and gender-based harassment	Material	3-3	64-65; 121-122
Anti-discrimination and, where appropriate, diversity management policy	Material	3-3	51; 64-66; 104-105 121-122
<b>Respect for Human Rights</b>			
Management approach: description and results of the policies related to these issues, and the main corresponding risks related to group activities	Material	2-22 2-23 2-25	61-66; 121-124
<b>Application of Due Diligence Procedures</b>			
Implementation of due diligence procedures on human rights abuses and health and safety risk prevention; where appropriate, measures to mitigate, manage and redress possible abuses committed	Material	2-23	61-71; 135-136
Complaints of human rights violations	Material	406-1	No complaints of human rights violations were received
Measures implemented to promote and comply with the ILO fundamental conventions on the respect for freedom of association and the right to collective bargaining; the elimination of employment discrimination; the elimination of forced or compulsory labour; the effective abolition of child labour	Material	408-1 409-1	23; 61-66; 107; 118
<b>Fight Against Corruption and Bribery</b>			
Management approach: description and results of the policies related to these issues, and the main corresponding risks related to group activities	Material	2-23	56-57; 128-129

Information requested by Law 11/2018	Materiality	GRI Reference	Pages of the report where a response is given / Direct Response / Omissions
Measures taken to prevent corruption and bribery	Material	2-23 205-1	58-61; 128-129
Measures taken to combat money laundering	Material	2-23 205-1	58-61; 128-129
Contributions to foundations and non-profit organisations	Material	2-23 205-1	130
<b>Company Information</b>			
Management approach: description and results of the policies related to these issues and the main corresponding risks related to group activities	Material	2-23 413-1	56-57; 133-134
<b>Company Commitments to Sustainable Development</b>			
The impact of the company's activity on local development and employment	Material	203-2	135-136
The impact of the company's activity on local populations and land	Material	3-3	135-136
Relations with local community actors and how to hold dialogue with them	Material	2-29	38-41
Partnership or sponsorship actions	Material	2-28	130
<b>Subcontractors And Suppliers</b>			
Inclusion of social, gender equality and environmental issues in procurement policy	Material	2-6 3-3	135-136
Consideration of suppliers' and subcontractors' social and environmental responsibility	Material	3-3 308-1 414-1	135-136
Monitoring and audit systems and audit results	Material	3-3 414-1	Most suppliers have been audited by customers or under recognised self-assessment standards. The volume of purchases from non-audited suppliers is not considered significant

Information requested by Law 11/2018	Materiality	GRI Reference	Pages of the report where a response is given / Direct Response / Omissions
<b>Consumers</b>			
Measures for consumer health and safety	Material	416-1	139
Grievance systems, complaints received, and their resolution	Material	2-25 2-26	58-59
<b>Tax Matters</b>			
Country-by-country benefits	Material	416-1	140
Taxes on profits paid	Material	2-25	140
Public subsidies received	Material	2-26	140
<b>EU Regulation (2020/852) - Taxonomy</b>			
Regulation requirements	Material	NA	33

# Annex II

## Table of Contents GRI Standards



<b>Declaration of use</b>	NUEVA EXPRESIÓN TEXTIL, S.A. has prepared the report in accordance with the GRI Standards for the period from 1 January to 31 December 2022.	
<b>GRI 1 used</b>	GRI 1: Fundamentals 2021	
<b>GRI Standard</b>	<b>Contents</b>	<b>Location (Page)</b>
<b>GRI 2 General Contents 2021</b>	2-1 Organisational details	13-18
	2-2 Entities included in organisational sustainability reporting	19
	2-3 Reporting period, frequency and point of contact	143
	2-4 Restatements of information	77-79; 88-90; 102-103
	2-5 External verification	158-161
	2-6 Activities, value chain and other business relationships	11-17; 20-21; 34-35; 135-138
	2-7 employees	95-99
	2-8 Non-employee workers	95-99
	2-9 Governance structure and composition	50-56
	2-10 Nomination and selection of the highest governance body	50-56
	2-11 Chair of the highest governance body	52
	2-12 Role of the highest governance body in overseeing how impacts are managed	50-51
	2-14 Role of the highest governance body in sustainability reporting	143
	2-19 Remuneration policy	55
	2-20 Process to determine remuneration	55
	2-22 Statement on sustainable development strategy	26-27; 121
	2-23 Policy commitments	26; 55-56; 69-70; 74-76; 121-122; 127-130; 133-135
	2-24 Embedding policy commitments	26-33; 57; 69-70; 95; 121-122; 127-130; 133-138
	2-25 Processes to remedy negative impacts	58-61

GRI Standard	Contents	Location (Page)
	2-26 Mechanisms for seeking advice and raising concerns	58-66
	2-27 Compliance with laws and regulations	56
	2-28 Membership associations	23-24
	2-29 Approach to stakeholder engagement	38-41
	2-30 Collective bargaining agreements	117
<b>GRI 3 Material Topics 2021</b>	3-1 Process to determine material topics	38-49
	3-2 List of material topics	49
	3-3 Management of material topics	26-33; 36-37; 75-76; 102-104; 113-116; 136
<b>GRI 201 Economic performance 2016</b>	201-1 Direct economic value generated and distributed	140
	201-4 Financial assistance received from the government	140
<b>GRI 203 Indirect economic impacts 2016</b>	203-2 Significant indirect economic impacts	133
<b>GRI 205 Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	127-130
<b>GRI 207 Tax 2019</b>	207-1 Approach to tax	140
	207-4 Country-by-country reporting	140
<b>GRI 301 Materials 2016</b>	301-1 Materials used by weight or volume	90-91
<b>GRI 302 Energy 2016</b>	302-1 Energy consumption within the organisation	88-89
<b>GRI 303 Water and effluents 2018</b>	303-1 Interactions with water as a shared resource	83-85
	303-2 Management of water discharge-related impacts	85-87
	303-3 Water withdrawal	83-84
	303-5 Water consumption	83-84
<b>GRI 305 Emissions 2016</b>	305-1 Direct GHG emissions (Scope 1)	77-79
	305-2 Energy indirect (Scope 2) GHG emissions	77-79

GRI Standard	Contents	Location (Page)
<b>GRI 306 Waste 2020</b>	306-3 Waste generated	80-83
	306-4 Waste diverted from disposal	80
	306-5 Waste directed to disposal	80
<b>GRI 401 Employment 2016</b>	401-1 New employee hires and employee turnover	99-101
	401-3 Parental leave	115-116
<b>GRI 403 Occupational health and safety 2018</b>	403-1 Occupational health and safety management system	107
	403-2 Hazard identification, risk assessment and incident investigation	109-110
	403-3 Occupational health services	110-111
	403-5 Worker training on occupational health and safety	111-112
	403-9 Work-related injuries	108-109
<b>GRI 404 Training and education 2016</b>	404-1 Average hours of training per year per employee	118-119
	404-2 Programs for upgrading employee skills and transition assistance programmes	118
<b>GRI 405 Diversity and equal opportunities 2016</b>	405-1 Diversity of governance bodies and employees	50-51; 104-105
	405-2 Ratio of basic salary and remuneration of women and men	102-103
<b>GRI 406 Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	151
<b>GRI 408 Child labour 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labour	121-123
<b>GRI 409 Forced or compulsory labour 2016</b>	Operations and suppliers at significant risk for incidents of forced or compulsory labour	121-123
<b>GRI 413 Local communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programmes	135
<b>GRI 414 Supplier social assessment 2016</b>	414-1 New suppliers that were screened using social criteria	136-138; 152
<b>GRI 416: Customer health and safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	139

## INDEPENDENT LIMITED ASSURANCE REPORT

### OF THE CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION

To the Shareholders of **NUEVA EXPRESIÓN TEXTIL, S.A.**

In accordance with Article 49 of the Commercial Code, we have verified, with a limited scope, the accompanying Consolidated Statement of Non-Financial Information (hereinafter, the "Report") of the group composed of **NUEVA EXPRESIÓN TEXTIL, S.A.** (hereinafter, the "Parent Company") and its Subsidiary Companies (hereinafter, the "Group") for the year ended December 31, 2022 (hereinafter, "year 2022"), which forms an integral part of the consolidated management report for the year then ended, although it is presented separately in the attached Report.

The content of the Report, which is attached to the consolidated management report as a separate document, includes additional information to that required by prevailing company law on non-financial information that was not included in the scope of our assurance work. Consequently, our work was limited exclusively to verifying the information identified in Annex I "Table of contents required by Law 11/2018" to the attached Report.

#### **Responsibility of the Directors**

The preparation of the Consolidated Statement of Non-Financial Information, which is attached to the consolidated management report as a separate document, and its content, is the responsibility of the Parent Company's Directors. The Consolidated Statement of Non-Financial Information was prepared in accordance with the content required by prevailing company law and following the content of the GRI Sustainability Reporting Standards (GRI standards) selected as required for each subject matter following Annex I "Table of contents required by Law 11/2018" in the attached Report.

This responsibility likewise includes the design, implementation, and maintenance of the internal control considered necessary to ensure that the Consolidated Statement of Non-Financial Information is free of material misstatement, due to fraud or error.

The Parent Company's Directors are also responsible for defining, implementing, adapting, and maintaining the management systems from which the necessary information for preparing the Consolidated Statement of Non-Financial Information is obtained.

#### **Our independence and quality control**

We have complied with the independence and other Code of Ethics requirements for accounting professionals (including international standards on independence) issued by the International Ethics Standards Board for Accountants (IESBA), which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

Our firm applies prevailing international quality standards and consequently maintains a quality system that includes policies and procedures relating to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The working team was made up of experts in Non-Financial Information reviews and, specifically, in economic, social and environmental performance information.

#### **Our responsibility**

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We have carried out our work in accordance with the requirements established in the prevailing International Standard on Assurance Engagements 3000, "Assurance Engagements Other than Audits and Review of Historical Financial Information" (ISAE 3000, revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the Guide for Non-Financial Statement verification engagements issued by the Spanish Institute of Chartered accountants.

In a limited assurance engagement, the procedures carried out vary in their nature and timing and are less in extent than those carried out for a reasonable assurance engagement. Consequently, the level of assurance obtained is also substantially lower.

Our work consisted in obtaining knowledge from the Group's management and external collaborators, as well as from the Group's various business units involved in preparing the Consolidated Statement of Non-Financial Information on the processes used to compile and validate the information presented therein, and applying certain analytical procedures and sample review tests as described in general terms below:

- 🔍 Understanding of the business model, the policies and management approaches applied, and the main risks related to these matters, as well as gathering information needed to perform the independent assurance work.

- ① Analysing the scope, relevance and integrity of the contents included in the Consolidated Statement of Non-Financial Information for the year 2022 based on the materiality assessment performed by the Group and described in section 1.9.2. "Double materiality analysis", considering the contents required by prevailing company law;
- ① Analysing the processes used to compile and validate the data presented in the Consolidated Statement of Non-Financial Information for the year 2022;
- ① Reviewing the disclosures relating to the risks, policies, and management approaches applied with respect to the material matters presented in the Consolidated Statement of Non-Financial Information for the year 2022;
- ① Checking, via tests of a selected sample, the information underlying the contents of the Consolidated Statement of Non-Financial Information for the year 2022 and the satisfactory compilation thereof based on data taken from information sources; and
- ① Obtaining a representation letter from the Directors and Management.

### Emphasis of Matter paragraph

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment establishes the obligation to disclose information on how and to what extent the activities of the company or group are associated with economic activities aligned with climate change mitigation and adaptation objectives for the first time for year 2022, in addition to the information on eligible activities required for year 2021. Accordingly, no comparative and aligned information has been included in the accompanying Consolidated Statement of Non-Financial Information for the year 2022. In addition, information has been included for which the Parent Company's Directors have chosen to apply the criteria which, in their opinion, best enable compliance with the new obligation and which are defined in the section "Implications of the European Taxonomy of Environmentally Sustainable Economic Activities for Nextil Group" within Section 1.6.1 "Our Sustainability Strategy" of the Consolidated Statement of Non-Financial Information for the year 2022. Our conclusion remains unchanged on this issue.

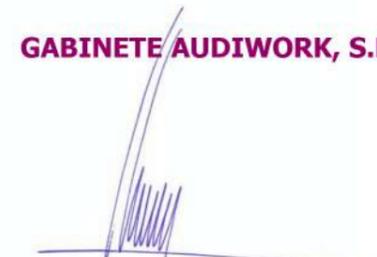
### Conclusions

Based on the assurance procedures performed and the evidence obtained, no matter has come to our attention that would cause us to believe that the Consolidated Statement of Non-Financial Information of **NUEVA EXPRESIÓN TEXTIL, S.A.** and Subsidiary Companies for the year 2022 included in the attached Report has not been prepared, in all material respects, in accordance with the contents required in prevailing company law and following the criteria established by the GRI standards selected in accordance with that mentioned for each subject matter in Annex I "Table of contents required by Law 11/2018" in the Report attached.

### Use and distribution

This report was prepared in response to the requirement established by prevailing company law in Spain and may not be appropriate for other uses and jurisdictions.

### GABINETE AUDIWORK, S.L.



Francisco Lacasa Lobera



Manuel Corral Rodríguez

29 March 2023

SPANISH INSTITUTE OF  
CHARTERED ACCOUNTANTS

**GABINETE AUDIWORK, S.L.**

**2023 No. 20/23/04085**

**CORPORATE SEAL: 30.00 euros**

Distinctive seal for other actions

SEAL: College of  
Chartered  
Accountants of  
Catalonia,  
R.O.A.C. No.  
S0498,  
GABINETE  
AUDIWORK, S.L.



**N E X T I L**  
G R O U P