

SPRADLING®



SUSTAINABILITY REPORT
2022

CONTENT COORDINATOR
AND CONTACT POINT

Cinthya Jiménez
Sustainability Engineer
E-mail: cjimenez@spradling.group

DESIGN AND LAYOUT

Fredy Figueredo
Senior Digital Designer
Angelica Romero
Brand & Communications Designer

PUBLISHING COORDINATION
AND CONCEPTUALIZATION

--

OFFICES AND CONTACT

Bogotá - Colombia
Tel.: (601) 2417800
Province of Alajuela, Costa Rica
Tel.: (506) 2436 0900

www.spradling.group



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PRESENTATION OF THE REPORT

This Sustainability Report covers the operations of the manufacturing plants of Spradling® Group in Costa Rica and Colombia (Proquinal Costa Rica S.A. and Proquinal S.A.S), for the period from January 1 to December 31, 2022.

As part of our commitment to bringing our sustainability vision to the entire organization, this year, for the first time, we included in some sections of this report the distribution units that form part of Spradling® Group: Spradling® USA, Spradling® Europe, Spradling® Mexico and Calypso®.

For additional information or inquiries about the contents of this report, contact:

Cinthya Jiménez Chinchilla
Sustainability Engineer
E-mail: cjimenez@spradling.group



MESSAGE FROM OUR CEO

Since our inception, at Spradling® Group we have been committed to the **responsible use of the resources needed to produce and commercialize the products and services we offer.**

We have also managed in a positive manner our environmental impacts in the various stages of the production and supply chain.

As part of our strategic plan, the sustainability pillar is present in the definition and implementation of the Group's most important strategies.

Our purpose is to offer the market coated fabrics that meet the highest standards of quality, design and sustainability in the industry. We create long-lasting products that meet the most demanding standards on the protection of our environment.

At present, the environmental challenges are ever more pressing, and for this reason all of us, in our **daily activities, must make efforts to care for and preserve the planet.**

At Spradling® Group, year by year we have been strengthening our actions related to sustainability. We innovate in the design of new products with outstanding environmental features; we optimize and invest in technology for our manufacturing processes to reduce their environmental impact, and we promote the quality of life of our employees and of the communities where we operate.



Iván Sepúlveda | CEO Spradling® Group

Through these efforts, we seek an ideal balance that enables us to satisfy our customers' demands, without forgetting our commitments to the planet, to the community and our employees.

We know we still have a long way to go, but I am very proud of the steps we have taken, of the involvement and awareness of our organization, and of verifying every day that sustainability is at the center stage of our decisions.

The progress achieved during 2022 and the actions taken within our Sustainability Strategy encourage us to work harder in 2023; to continue achieving our goals with dedication and excellence to have a positive global impact.

All our efforts are aimed at reinforcing the three components of our sustainability pillar: environmental, social and economic, which in combination will ensure the future of our companies and the possibility of offering added value to our customers. We feel proud to be part of an organization that cares for the environment and for the well-being of its employees, and that has excellent relations with all the entities it is involved with.

Let us continue to enthusiastically live this commitment day by day.

Iván Sepúlveda
CEO of Spradling® Group



OUR MAIN ACHIEVEMENTS IN 2022

- We expanded the operation in Costa Rica by installing a new machine, called Calender; an additional raw material storage area and a distribution center.
- We certified our occupational health and safety management system at both plants under the standard **ISO 45001: 2018**.
- **Indoor Air Quality and Greenguard/ Greenguard Gold certifications** obtained for the products Silvertex®, Silvertex Neo, Valencia™ and Maglia Ecosense.
- **218 MWh** of renewable energy generated by 678 solar panels.
- **2.55%** less kWh used per each meter of coated fabric.



- **8,7%** reduction in our GHG emissions through efficiencies.
- **100%** of the tons (t) of carbon under Scope 1 and 2* were offset through the projects *Bosque Vivo OSA* and *Proyecto Asociativo Programático Zona Andina y Costa Atlántica*, based on which both plants were awarded Carbon Neutral certification.
- **80.54%** of the waste generated at the plants was recovered.
- We received the Great Place to Work certification at Proquinal Costa Rica.
- **579** tons of materials resulting from the process were donated to be used by several organizations.

*Note: Scope 1 covers emissions from own or controlled sources. Scope 2 covers indirect emissions from electricity generation.





SPRADLING® GROUP



A VISION OF THE FUTURE THAT TRANSCENDS BORDERS

We manufacture and sell high-quality coated fabrics. This is a team that works with the dream of inspiring the world with designs that awaken emotions, innovations that will endure over time and products that make spaces more attractive. Always with the commitment of caring for the environment, our employees and the communities we are part of.

OUR PURPOSE

Inspiration that Covers the World.

OUR VISION

Be the favorite and most reliable coated fabrics company in the world, innovating to inspire, providing an exceptional service and promoting sustainable development.

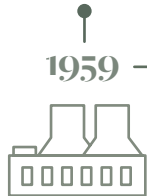
STRATEGIC PILLARS

To achieve our goals, we collectively build and follow a path, based on:



OUR HISTORY

- Productos Químicos Nacionales was born (currently Proquinal S.A.S). The plant and offices were built.
- Calypso launched the first sales outlet in Bogotá.



1959



1981

The President of Colombia awarded us the Silver Seal of Exporters.

We strengthened the commercial partnership with Spradling® International Inc. as exclusive representative in the USA, and with All Cargo Intermodal Forwarding Inc. (ACIF) as logistics operator in Miami.



1986



1997

We established the commercial partnership with Spradling® International GmbH, as exclusive representative in Germany.

- Our sustainability brand is



- We solidified our market position, as confirmed by our 60 years in business.
- Upon certifying our Colombian plant, we became the first company in the industry to have its manufacturing processes certified as Carbon Neutral.



2016

- We expanded the Costa Rica plant, doubling our production capacity.
- We acquired 100% of CTP Textiles, from which Spradling® UK was born.
- Calypso® Costa Rica was created.



2019



2020

We developed new coated fabrics that are 100% waterproof with permanent anti-fluid that addressed the needs of the health sector during the pandemic.

Spradling® International Inc. acquired the assets of CMI Enterprises focused on the transportation industry in the USA, from which Spradling® Resources was born.



2021

- We entered into a commercial partnership with Cuir S.A., currently Euro Spradling®, as exclusive representative in Spain.
- The plant in Costa Rica was launched with a construction area of 15,000 m² on a plot of land of 68,000 m².



2004



2009

- Spradling® International acquired the Marine division of the US company G&T, and in this way it created Spradling® International Marine (SIM).
- Spradmex was born in Mexico City.

- Spradling® Group consolidates.
- We obtained the Carbon Neutrality certificate for our Costa Rica plant.



2014



2012

- The acquisition of 10 distribution companies was completed in Colombia, thereby reinforcing Comercializadora Calypso® S.A.S.

2022

- We installed a new Calender and built a new Distribution Center at the operation in Costa Rica.
- We were ISO 45001 certified at both plants.
- We obtained the first product certifications for Indoor Air Quality and Greenguard / Greenguard Gold.



SPRADLING® GROUP WORLDWIDE

We are a global company with trade and logistics operations in some of the world's main cities. Spradling® Group is also the largest producer of coated fabrics for upholstery in Latin America, with significant direct presence in USA, Europe, Mexico and South America.



63 years manufacturing high quality coated fabrics

50 years of export experience becoming market leaders in the United States, Colombia and Spain.

Our products are installed in **+80** countries



PARTNERSHIPS

We are currently members of the following organizations:

- Colombian Plastics Association (Acoplásticos): Board of Directors
- Association of Free Trade Zones of Costa Rica: Board of Directors
- Crusa Foundation of Costa Rica: Alliance for Hydrogen.
- Chamber of Industries of Costa Rica: Board of Directors, Sustainability Committee and Human Talent Committee.
- Chemical Fabrics & Film Association (CFFA).
- Advanced Textile Association (ATA).



SALES AND DISTRIBUTION

- 1  • Spradling® Resources
• Spradling® Marine
• Spradling® International

- 2  • SpradMex

MANUFACTURING PLANTS AND DISTRIBUTORS


- 3  • Proquinal Costa Rica 
• Calypso®

- 4  • Proquinal Colombia 
• Calypso®

SALES AND DISTRIBUTION

- 5  • Euro Spradling®

- 6  • Spradling® UK

- 7  • Spradling® International GmbH



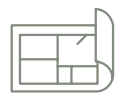
PROQUINAL COLOMBIA

 **+18.6**

millions of meters of coated fabrics produced per year



Located in
Bogotá



Plant area
23,200 m²



906
employees

EXPORT DESTINATIONS

- United States
- Mexico
- Brazil
- Chile
- Paraguay
- Peru
- Uruguay
- Ecuador
- Argentina
- United Kingdom
- Germany
- Spain
- China

CERTIFICATIONS





PROQUINAL COSTA RICA



+10.5

millions of meters of coated fabrics produced per year



Located in
**Spradling® Free Zone
Park - Alajuela**



Plant area

30,000 m²



481
employees

EXPORT DESTINATIONS

- United States
- Mexico
- Haiti
- Honduras
- El Salvador
- Guatemala
- Panama
- United Kingdom
- Germany
- Spain

CERTIFICATIONS



OUR PRODUCTS

At Spradling® Group, we stand out for our capacity to innovate. It enables us to design and develop differentiated products with high value for our customers.



Industries served

We produce a wide range of coated fabrics such as soft and flexible upholstery, rigid coatings for floors, protective clothing and footwear uppers, among others, whose shared attributes include their high performance, durability and easy maintenance.

KEY PERFORMANCE FEATURES

Our products meet the technical requirements of the various segments we cover, with the following main benefits:



EASY TO CLEAN



WATERPROOF



ABRASION-
RESISTANT



FIRE
RETARDANT



RESISTANT TO
MICROORGANISMS



RESISTANT TO LOW
TEMPERATURES



PET
FRIENDLY

PRODUCTS THAT REFLECT OUT COMMITMENT TO THE ENVIRONMENT AND HEALTH

Our products are manufactured with carefully selected raw materials and under conditions that protect the environment and human health.

Based on a circular economy approach, we highlight the service life of our products, which is longer than some lower-quality substitutes, and which reduces the need for changes and renovations.

Our Research and Development Department, jointly with the Purchasing Department, are in charge of searching for raw materials that meet the regulatory requirements established in each region where we produce and market our products. Additionally, our innovative raw materials have components that promote a better balance with the environment and human health.

Rules and certifications that regulate chemical substances and their impacts on the environment and human health



Proposition 65

100% of the coated fabrics we sell in the United States meet the guidelines set out in California's Proposition 65 legislation.



REACH Regulation

We are committed to the **REACH Regulation** (Registration, Evaluation, Authorization and Restriction of Chemicals) in the European market.



RoHS Directive

We also abide by the **RoHS Directive** (Restriction of Hazardous Substances).

The following are some of the most outstanding Research and Development work areas:



Alternative resins and polymers.



Innovation for PVC origin improvement (Biobased/Recycled origin)



Protection systems with high specifications (greater resistance to stains and microorganisms, and less cleaning requirements), and consequently a longer service life.



Low emissions of Volatile Organic Compounds (VOCs).

Indoor Air Quality and Greenguard / Greenguard Gold

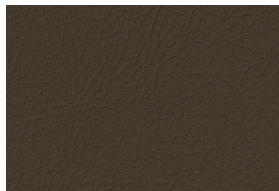


During 2022, we were awarded the Indoor Air Quality and Greenguard / Greenguard Gold certification for the following products:

Silvertex® (EU)



Silvertex Neo (USA)



Valencia™ (EU)



Maglia Ecosense (USA)

These certifications guarantee that the total levels of volatile organic compounds (VOCs) are low and that these products are acceptable for use in several environments, such as schools and healthcare facilities.

In addition to limiting the emissions of VOCs and total chemical emissions, the products with Greenguard Gold certification must also comply with the requirements of the California Department of Public Health (CDPH).

PRODUCT LINES WITH SUPERIOR ENVIRONMENTAL FEATURES

Neo and Ecosense®

They are collections available in the United States market, with outstanding features for human health and the environment.

	Neo Collection	Ecosense Collection
Proposition 65 compliant	✓	✓
Fire Retardant Free (FR-Free)	✓	✓
Low Volatile Organic Compounds (Low VOCs)	✓	✓
Biocides Free (MP-Free)	✓	✓
Phthalate free		✓



Edgeline Ecosense line (USA)



172 tons
of waste recovered to
manufacture close to
60,000 meters of flooring.

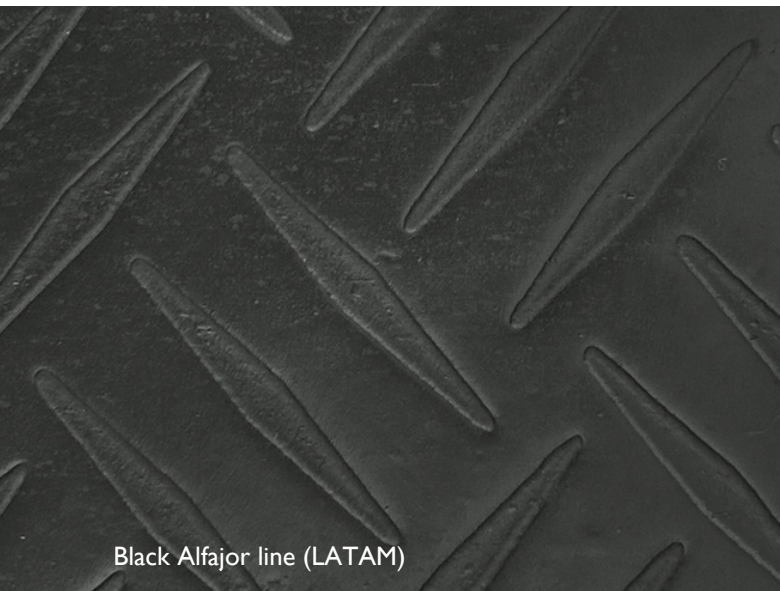
Cassara

Made from thermoplastic elastomers (TPE) resin.



Recycled yarns

We offer a portfolio of yarns made from recycled PET, which can be used in different products and by customer request. All these yarns are GRS (Global Recycled Standard) certified.



Black Alfajor line (LATAM)

Recycled flooring

We developed the Alfajor Recycled Flooring and New Recycled Flooring lines. In manufacturing these products, we replaced new raw materials for recycled waste materials.



PROTECTION SYSTEMS

PERMABLOK³[®] ADVANCED VINYL PROTECTION

Resistant and effective barrier against germs, abrasion and stains.

Our product contributes to a much more hygienic environment, because it keeps germ concentration low and offers anti-fungi protection.

It meets the following certifications:
ISO 21702, ISO 22196, ISO 18184, CFFA 120 and CFFA 300.

PERMABLOK³[®] stops the proliferation of viruses and bacteria in one hour, and after 24 hours **they are reduced by 99%.**

PERMABLOK³[®] ADVANCED VINYL PROTECTION **PLUS+**

Protective layer that combines the anti-bacterial and anti-abrasion properties of Permablok³[®] with improved stain resistance.

PERMACOOL[®] COMFORT TECHNOLOGY

Designed to reduce the amount of radiant energy or heat absorbed by the surfaces, improving the thermal sensation during hot and sunny days.

PERMAGUARD[®] SUPERIOR STAIN RESISTANCE

It facilitates maintenance because it provides unrivaled resistance to scratches, scuffs and abrasion.



Maglia line (EU - USA)



SUSTAINABLE PACKAGING

We seek to improve the environmental performance of our products in a comprehensive manner, involving design, the raw materials used, the manufacturing processes and even the packaging material.

In 2021 we undertook a project to create compostable molds made from agro-industrial waste and paper. These molds are a secondary packaging used to transport and store rolls of finished product.

During 2022, we used 5,000 units of these compostable molds and continued to work on reformulating the material to be able to use it for heavy products, to facilitate manipulation during loading and unloading from transportation units.

In this same line, our products are packaged in recyclable materials such as plastic and cardboard. We have also managed to substitute the small cardboard tubes inside the rolls for recycled cardboard.

100%

of the cardboard boxes

at our Colombian plant are FSC (Forest Stewardship Council) certified, which means that they are produced from sustainable sources.



In the second quarter of 2022, we launched a new project aimed at promoting the early degradability of plastic packaging, while ensuring its durability for at least two years of storage. The assessment of the additives is still in progress, with support from external and internal laboratories.



SUSTAINABILITY STRATEGY



For over two decades, we have engaged in different activities related to sustainability; for this reason, in 2020 we established sustainability as a strategic pillar for the Group. In 2021, we designed a strategy with ambitious activities and goals to promote sustainable development in the areas that were found to be most relevant in the materiality analysis.

MATERIALITY

In order to identify the sustainability trends that have the greatest impact on our capacity to create value in the short, medium and long term, in 2021 we carried out our first materiality analysis.

We initially identified impacts through an analysis of the value chain, global risks and opportunities and the context of the sector. The material topics were prioritized based on a series of assessment criteria:

- Legal and other requirements that apply to our sector.
- Stakeholder expectations.
- The Company's response capacity.
- Seriousness and relevance of the impacts.

In 2022, we increased the number of material topics to 13, by including energy consumption as an independent item from greenhouse gas emissions.

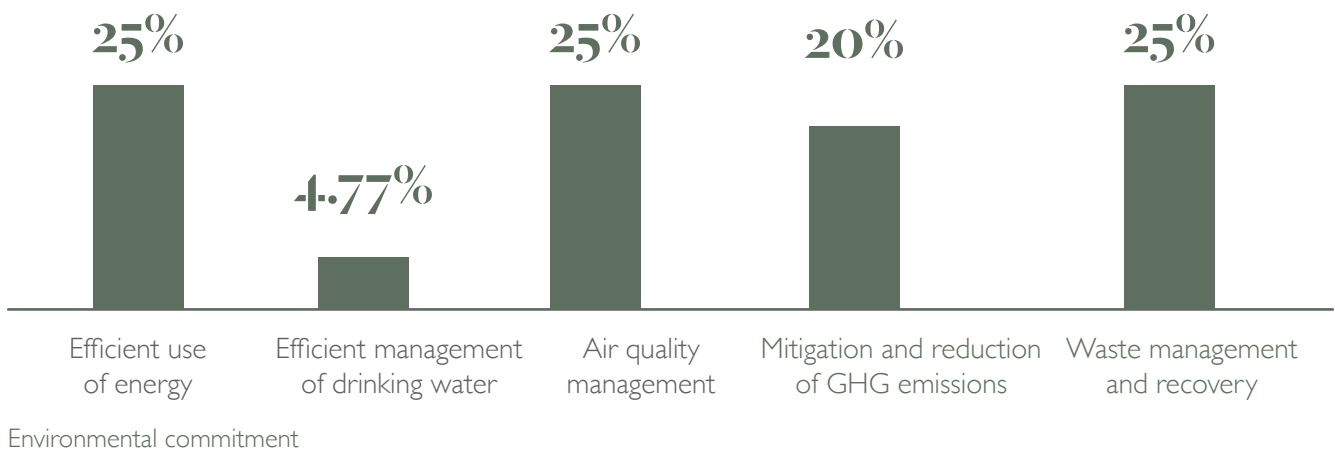


- **A1** Raw materials extraction/production
- **S1** Raw materials used related to health
- **A2** Raw materials used related to the environment
- **A3** Emissions from the transportation of raw materials and finished products
- **A4** Cargo safety (spills, fires, illegal activities)
- **A5** Design of product sustainability and life cycle management
- **S2** Health and safety
- **C1** Work practices: creation of positive value for employees
- **C2** Employee commitment and inclusion
- **C3** Impact on communities
- **A6** Energy management
- **A7** Water and wastewater management
- **A8** Raw materials consumption management
- **A9** Greenhouse gas emissions - Climate change
- **A10** Waste management and recovery
- **A11** Impacts on biodiversity
- **P1** Product life cycle
- **P2** Durability and quality of the “fit for use” product
- **P3** Product safety (VOCs) - Internal air quality
- **A12** Waste generation at the end of service life
- **A13** Product packaging
- **G1** Compliance with standards and certifications
- **G2** Product sales and labeling practices
- **G3** Business ethics
- **G4** Competitive behavior

PROGRESS MADE IN OUR COMMITMENTS

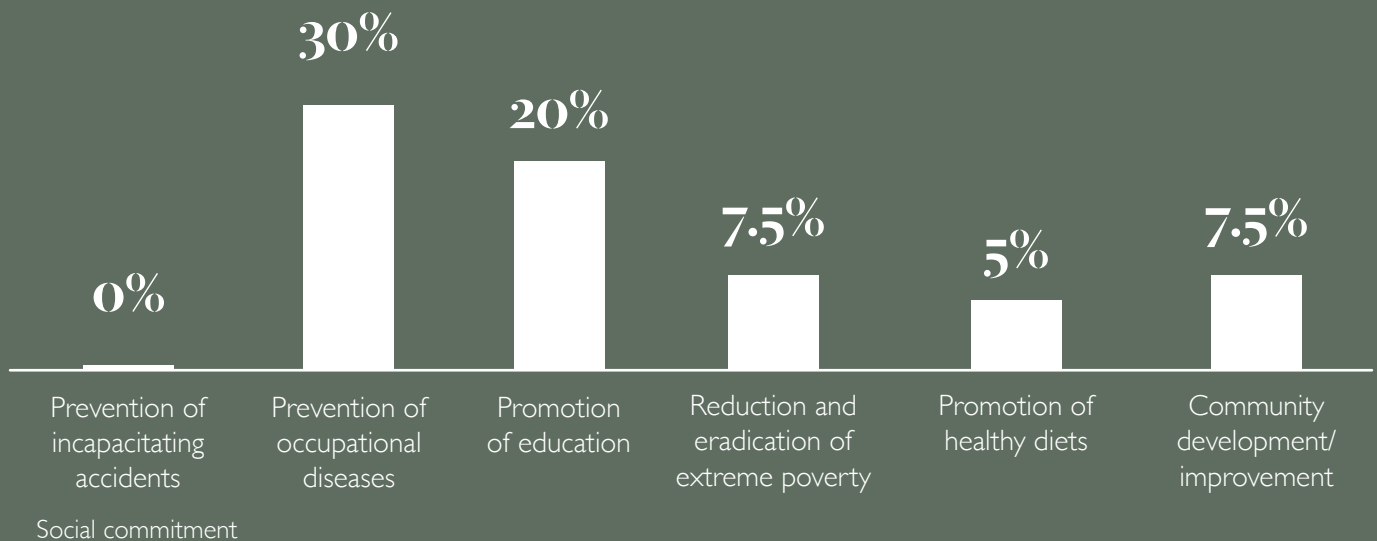
Environmental Dimension

99.79% in the annual compliance with the environmental goal



Social Dimension

70% in the annual fulfillment of the social goal



OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

In order to align our sustainability strategy with the global challenges listed in the 2030 Agenda, we assessed how our actions and indicators contribute to achieving the Sustainable Development Goals (SDGs).

As a result we identified eleven SDGs, of which we directly contribute through the course of our business to eight SDGs; and we contribute indirectly to three SDGs, i.e., they are not the result of the Company's substantive processes.

SDGs with Direct Impacts



SDGs with Indirect Impacts





ECONOMIC DIMENSION



WE CREATE SUSTAINABLE VALUE

Being sustainable implies maintaining a long-term vision in such a manner that the economic results are healthy and are in harmony with our social and environmental surroundings.

GOVERNANCE

This is a global organization with local presence through distribution business units in Europe and the Americas.

In order to ensure transparency, independence, agility and strategic alignment in decision-making, we have a corporate Approvals Manual in place, which establishes the levels of authority of each unit that is part of Spradling® Group.

Our organizational structure is led by the Chief Executive Officer (CEO), who receives support from the Executive Committee to assure the scope of the objectives set out by the Board of Directors and the shareholders.

Said Committee meets on a monthly basis and is comprised of the managers of the business units at each plant and the functional support areas.

Additionally, the organization has different committees that address specific local or global topics, as required.

TRANSPARENCY AND ETHICS

Our Code of Ethics establishes the guidelines of action for all employees when interacting with third parties. This document is made available to the stakeholders and has been published through different channels, to ensure that all the personnel are clear on the ethical standards that govern our business.

Additionally, the **Approvals Manual** clearly defines the range of action for management of the local operations, and those who should be involved and informed during decision-making.

The organization has a **Corporate Internal Auditing Department** that acts independently and reports directly to the Board of Directors. It carries out its work under the annual auditing plan and the results are documented in reports submitted to the Audit and Finance Committee.



The 2022 financial statements were audited by the **external firm Price Waterhouse Coopers**.

The audit indicates that the results reported for the period reasonably present the Group's financial position and cash flows.

Every year we also perform a transfer price study to ensure that the transactions between Group companies comply with the applicable rules on this matter.

Regarding secure commerce in cooperation with government and international agencies, both plants are **BASC (Business Alliance for Secure Commerce)** certified. Additionally, Proquinal Costa Rica renewed its global certification of **Authorized Economic Operator**.

These certifications recognize trusted individuals and legal entities that, in the framework of their customs and trade operations, assure the security of the logistics chain, and facilitate international trade through the voluntary fulfillment of the requirements and obligations involved in its condition.

In order to obtain these certifications, we demonstrate our compliance with customs laws and operating and safety controls to prevent the company from being used to commit crimes.





GOAL FULFILLMENT

In 2022, we were forced to take quick and decisive action to face the constant increases in the prices of raw materials and other inputs required for production, combined with the steep increase in logistics costs faced by companies in general.

Given this situation, **we focused on identifying sources for savings that would enable offsetting the effects of the increases.** Despite the complex situation, we should highlight that we fulfilled the supply commitments to our customers and that the company has prepared for substantial growth by installing a new Calender line in Costa Rica.

In terms of the fulfillment of the proposed financial goals, the increase in sales volumes and the different savings programs that were implemented enabled us to achieve at the end of 2022 profitability figures that were very close to expectations.

The Company's personnel demonstrated, once again, **their strong commitment to achieving our common goals.**

This fills us with confidence and enables us to undertake new innovation projects to continue on the right path to ensure the long-term sustainability of the business.



RESOURCES FOR SUSTAINABILITY

The Sustainability Committee coordinates the various activities we undertake under the framework of the Global Sustainability Strategy of Spradling® Group.

No adjustments were made to the budget resources allocated to sustainability initiatives.

We have allocated the resources required to maintain and certify the environmental, energy, and occupational safety and health management systems, both in Costa Rica and Colombia, and we continue to invest in the area of research and development.

In this way, during 2022
we demonstrated that
**sustainability continues to be
an indispensable pillar**
for our way of operating and
creating value.



PRODUCTIVE VALUE CHAINS

We work hand-in-hand with the **689 suppliers of Proquinal Colombia and 580 of Costa Rica.** We shared with them our **Code of Ethics and Anti-bribery and Anti-corruption Policy**, to ensure that we share the same values and norms of behavior. In this way we verify their legal compliance with regulations related to money laundering and financing of terrorism.

Our purchasing and contracting policy contains tools to assure the suitability, competitiveness and adequate flow of the supply of goods and services. It also includes risk matrices, contingency plans, a sustainable purchasing manual, terms and conditions, and a procedure for the selection, assessment and reassessment of suppliers.

We take into account the following aspects for supplier contracting effects:

1. Background checks in sanctions lists
2. Financial background checks
3. Documentation background checks
4. Certifications



Suppliers classified as critical are periodically audited by means of on-site visits. These audits include reviews of compliance with criteria related to quality and environmental management.

Our **Sustainable Purchasing Manual** defines the requirements for the purchases we make in the categories of materials and services. This manual considers purchases that reduce significant environmental and energy impacts, such as:



Energy and emissions: electrical and mechanical equipment with lower energy consumption.



Water: water-efficient equipment, bathrooms and lavatories.



Waste: higher scores are assigned to products with less packaging or recyclable packaging.





Calender | Proquinal Costa Rica



Distribution Center and bridge | Proquinal Costa Rica

INNOVATION AND GROWTH IN 2022

Calender Project

We installed a new calender machine that will increase our production capacity of coated fabrics, broaden our product portfolio and offer our clients better lead times. This also implied the construction of a laboratory, meeting room, offices and other facilities for its adequate operation.

The equipment incorporates innovative features and technology that will enable diversifying the portfolio of products aimed at the medical, industrial and automotive sectors, as well as venture into other segments such as wall covering and road signage, while at the same time increasing production capacity for the heavy transportation, protective clothing sectors.

Its speed and efficiency enables better finishes and higher production volumes. This machine also offers environmental benefits in terms of resource consumption and waste generation:

- It includes certified high-efficiency motors.
- The oil warmer has dual burners to enable the use of cleaner alternatives to the fossil fuels currently used.
- The waste generated becomes raw material for the same process, which implies that when operating at full capacity no waste material will be generated.
- This new technology enables us to transfer products from other lines to this new process, which requires lower use of solvents.

Due to the increase in the amount of raw materials required for this projects, adjustments were also made to the warehousing facilities. As a result, it was decided to **install a pallet runner to automate load transfers and eliminate the need for a forklift**, which also optimizes the available storage space.

Distribution Center Project

In order to cover the expected increase in production from the Calender project, we moved the distribution center to a new facility with more efficient features.

At the new Distribution Center, product movements will be automated over a bridge using an automated guided vehicle (AGV).

The bridge was built using
350 tons
of steel from a structure
that was no longer in use

The Distribution Center was designed to make more efficient use of space, which enables us to double storage capacity for finished products, while increasing by only 1/3 the area of the previous Distribution Center.



ZOOM Project

Thanks to sustained investment in automation and the maturing of digital technologies over several years, in Colombia we implemented the **ZOOM (zone for the optimization of manufacturing operations) Project**, which enables viewing in real time the main indicators of each process.

This program centralizes information on energy consumption, quality, productivity, waste and raw material, in addition to other data such as weight, width, temperature and speed. The timely analysis of this information enables us to take immediate action on the processes.

This methodology helps interpret the data, identify deviations and define plans to eliminate anything that does not add value to the customer, thereby improving process efficiency while at the same time reducing variability.

90%

of production equipment

are generating data, and since its implementation, quality has improved by 1.5%

The results have demonstrated improvements in quality, productivity and energy consumption, and consequently lower costs. It also enables developing predictive models to improve plant capacity, customer service levels and the OEE %.

257 people

trained in the “Lean Manufacturing” methodology

helped to complement this technological implementation.



Zoom | Proquinal Colombia

Product Life Cycle Analysis

We began the process of analyzing the life cycle of the products we manufacture. The objective is to gain more in-depth knowledge of the environmental impacts of our products over their life cycle in order to take focused action to reduce such impact. Additionally, the assessments will be published and verified through the international Environmental Product Declarations (EPD) system.

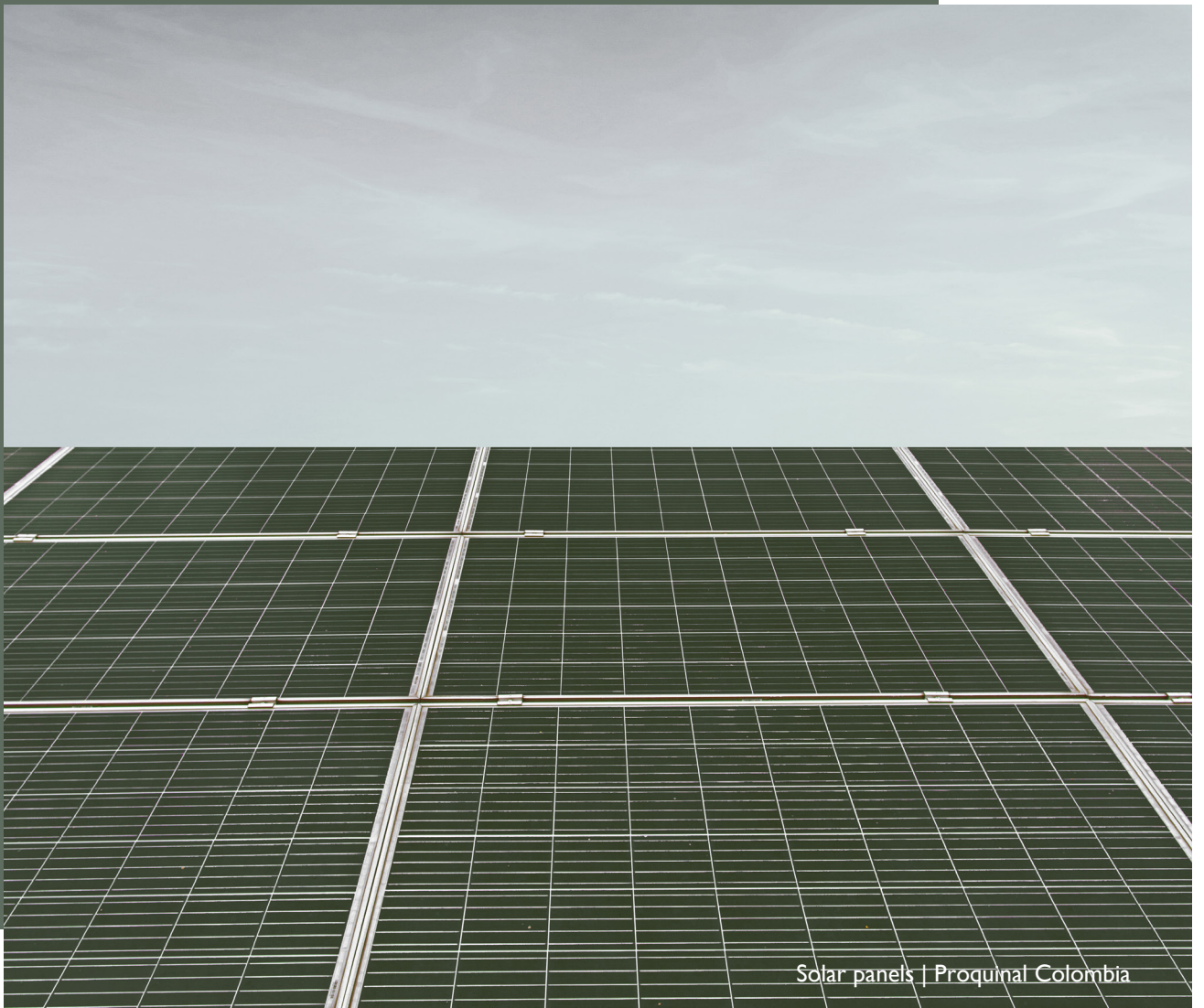
Cutting and Sewing

We offer our customers the supplementary service of cutting and sewing, which enables them to save on costs, logistics and transportation by providing them the material in the shape they need it, and without having to contract intermediate manufacturing services.

For this project, equipment with leading-edge technology was acquired to optimize time and consumption of energy, which enables us to compete through efficiency.

During the implementation of these projects, environmental, health and safety controls were implemented to ensure that the entire process protects the employees' integrity and meets the defined parameters related to electricity and water consumption, wastewater management and recovery of solid waste.





Solar panels | Proquinal Colombia

ENVIRONMENTAL DIMENSION



WE PRESERVE THE PLANET FOR FUTURE GENERATIONS

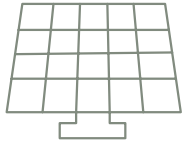
The mitigation of environmental impacts is a priority in the operation of our manufacturing plants, and for this reason we have certified environmental management systems in place under the standard ISO 14001:2015, since 2010 at our Costa Rica plant and since 2019 at our Colombian plant.

These certifications demonstrate the Company's commitment to maintaining a sustainable operation. They also provide a working framework for the systematic management of the environmental impacts produced by our activities.

How we manage our environmental impact:

1. We identify and prioritize the environmental aspects through the analysis of the inputs and outputs of each process at the organization.
2. We establish controls to avoid or reduce significant environmental impacts.
3. Every year, we assess the results at each plant and establish new reduction goals related to the environment.
4. We implement programs and initiatives at the plants to achieve the reduction goals.

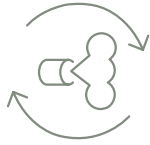
Specifically, we work on achieving our sustainability goals through 4 focus areas:



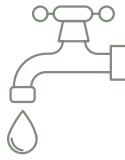
Improve energy efficiency and search for cleaner energy sources.



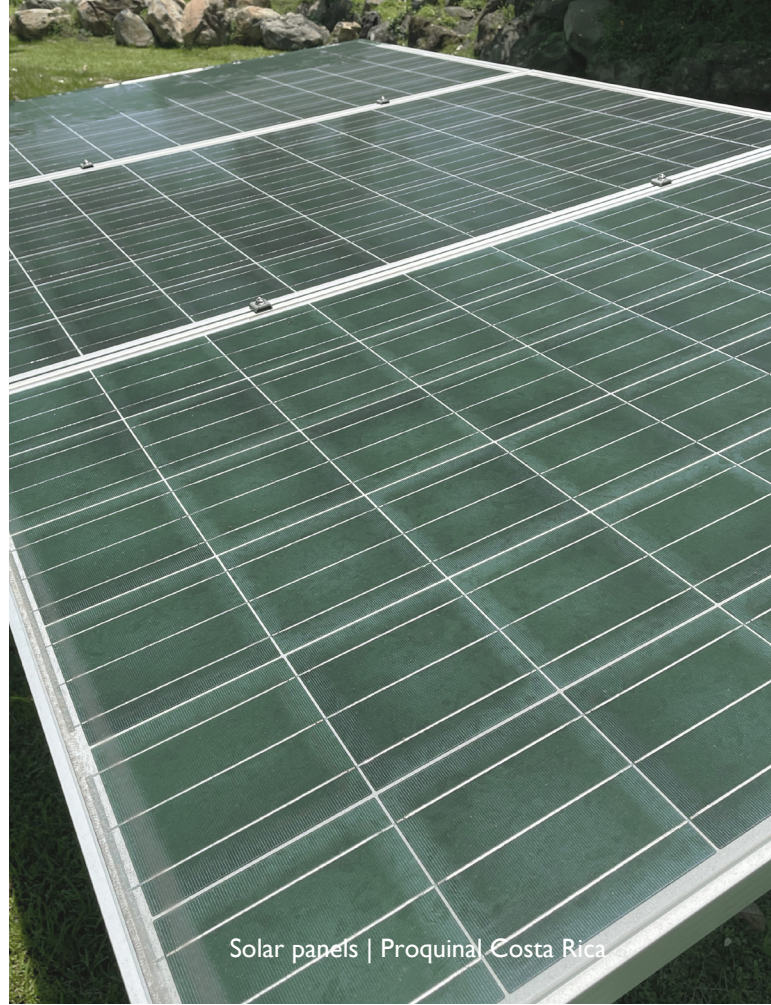
Reduce consumption and waste, and reassess those that cannot be avoided or reduced.



Assure air quality and mitigate the impact of greenhouse gases.



Efficient consumption of drinking water and responsible treatment of wastewater.



Caring for the environment is integrated into our way of operating. The leaders of the operating processes and the Environment-Energy Committee are responsible for implementing the environmental programs and monitoring the goals.

Based on the experience we have acquired in measuring and monitoring environmental performance at our plants, we expanded these good practices to all Spradling® Group entities. Consequently, we began to gather data at Spradling® USA, Spradling® Europe, Spradling® Mexico and Calypso®.

At the end of the year, we had a baseline on **energy and water consumption and waste generation** at all these operations.

ENERGY EFFICIENCY

Our manufacturing plants use both electric power (solar and from the distribution grid) and fossil energy (natural gas, bunker and diesel fuel). These energy sources enable the operation of production machinery and service equipment, such as fork lifts, oil heaters, oxidation thermal regenerators and cooling equipment.

The efficient use of energy is essential for reducing our environmental impact and ensuring the continuity of the business. For this reason, since 2018 we have sought to align our practices with the highest international standards. Our plant in Costa Rica was certified under the ISO 50001 standard; certification is in progress at our Colombian plant, and is expected to be awarded in the first quarter of 2023.

The ISO 50001 standard sets out the requirements of an energy management system, **aimed at engaging in continuous and systematic improvements** in the use of energy in organizations.

At both plants we have automated energy measurements to control consumption patterns and identify opportunities for improvement.



TOTAL ELECTRIC POWER CONSUMPTION (SOLAR AND GRID)

PLANTS	Figures in MWh		
	2021	2022	% change
Colombia	13,673	14,319	4.72%
Costa Rica	11,021	11,192	1.55%
Total plants	24,694	25,511	3.31%



The information obtained from the metering equipment enables us to **plan and implement energy efficiency projects** at our plants.

For example, upgrading of two machines and one motor for high-efficiency alternatives enabled a reduction of

30%
in the consumption of electricity by these units



Solar energy

We generate 218 MWh of renewable energy with 678 solar panels in operation. At the plant in Costa Rica, a decrease was reported due to construction work on two new structures as part of the Distribution Center project, which required the temporary removal of 84 solar panels starting in April.

	Solar Energy Generation Figures in MWh		
	2021	2022	% change
Costa Rica	313	198	-36.71%
Colombia	19	20	5.84%

Fossil energy

In order to reduce fossil energy consumption, we focused on reinforcing the insulation of the equipment with greatest consumption in Costa Rica, such as the oil heaters and the oxidation thermal regenerator. This helps reduce loss of heat, minimizing the use of fuel to reach the required temperature.

These activities promoted a reduction of

4.8%

in total fuel consumption

and we improved the efficiency of the 3 types of fuel used

TOTAL FOSSIL FUEL CONSUMPTION

	Total Colombia and Costa Rica plants		
	2021	2022	% change
Consumption in MWh	66,888	63,478	-5.10%
Efficiency (MWh / l m coated fabric)	2.29	2.18	-4.80%

During the year we assessed the feasibility of substituting bunker and diesel fuel for recycled oil. This is beneficial for the environment, because it reuses the waste from another process and achieves cost efficiencies.

Testing will continue until 2023, including the assessment of regulatory limitations and the supplier's product availability, as well as measurements of emissions, the caloric power of these fuels and their implications for equipment maintenance.

We continue to search for new energy sources that will enable us to substantially **reduce our carbon footprint.**

We closed the year with excellent results in terms of plant efficiency indicators. Metrics such as “Down Time” and OEE (Overall Equipment Effectiveness) remained on target, demonstrating

our vision of constantly optimizing the processes and make the best use of all the resources. This way of working is also reflected in our energy efficiency indicators.

TOTAL ENERGY CONSUMPTION

	Colombia and Costa Rica plants		
	2021	2022	% change
Consumption in MWh	91,583	88,989	-2.83%
Efficiency (kWh per meter of coated fabric)	3.14	3.06	-2.55%

2.55%

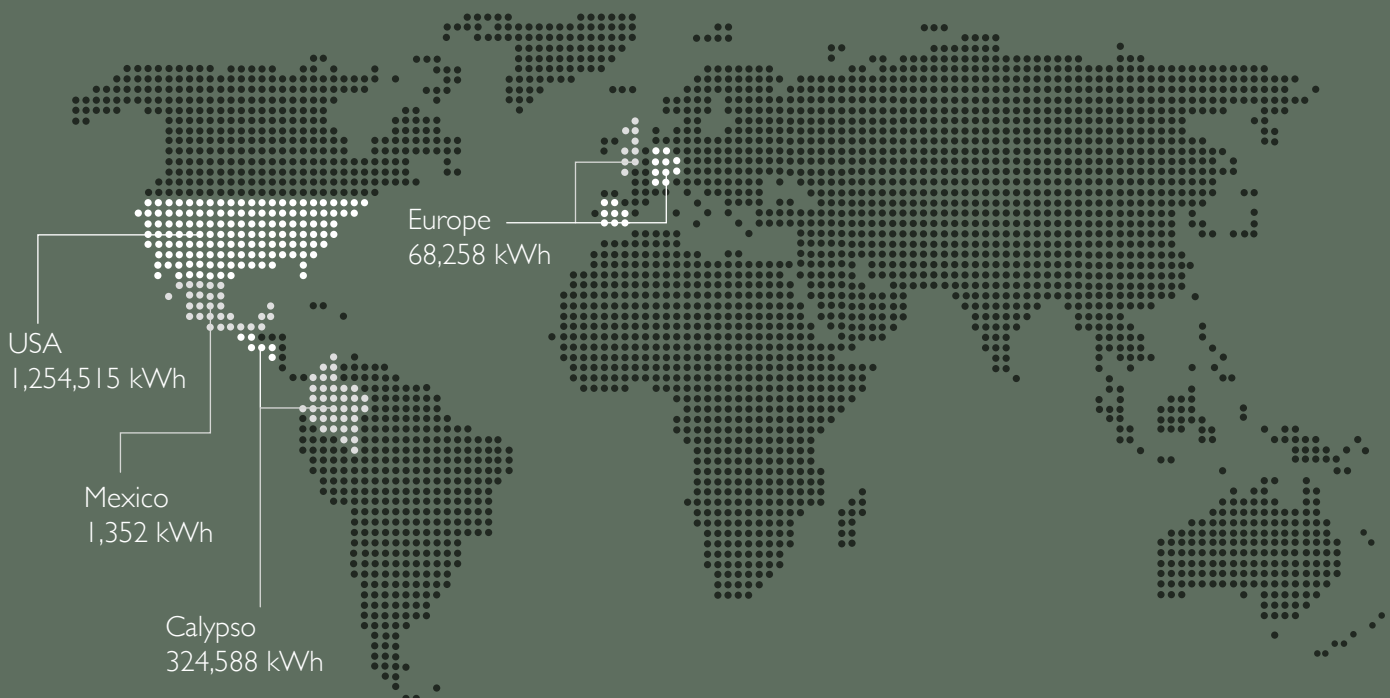
less kWh used

per meter of coated fabrics



Distribution Units

Our distribution units consume electric power for lighting and air conditioning/heating of areas, and for load lifting equipment.





WATER CARE

Drinking water consumption in our production processes is mainly associated with the operation of the cooling systems and, in the case of Colombia, the gas scrubbers. In both processes we have water recirculation systems to make the best use of this resource.

Another significant portion of our water consumption is associated with human use and plant cleaning and maintenance. For this reason, when the personnel returned to the offices in 2022 after having worked remotely during the COVID-19 health emergency, water consumption increased by 6.70% in Colombia and 1.20% in the overall indicator.

DRINKING WATER CONSUMPTION (m³)

PLANTS	2021	2022	% change
Colombia	15,323	16,350	6.70%
Costa Rica	18,564	17,943	-3.35%
Total plants	33,887	34,293	1.20%



Distribution Units

In the case of the distribution units, consumption of drinking water is exclusively associated with human consumption. In Mexico, there is work being done on obtaining more information, because the consumption data is held by the lessor.

Business/Location	Water (m ³)
USA	8,252
Europe	291
Calypso	7,671

Wastewater

We have treatment systems in place to ensure that the quality and volume of our wastewater meet all the parameters established in applicable regulations.

In one of our treatment systems in Colombia we installed an electrocoagulation system, which improves the removal of solids, increases the service life of the filter beds, and improves the quality of the water sent to the treatment systems.

In Costa Rica, we recycle the treated water to irrigate the green areas at our facilities.

We reused over 5,400 m³ of treated water and began to expand the irrigation system to cover other plant areas



OUR COMMITMENT TO CARBON NEUTRALITY

Aware of the environmental challenges faced by the planet and the urgent need to take action on climate change, 10 years ago we began to take systematic action to measure and mitigate the carbon footprint of our operations.

Since 2013 in Costa Rica and 2018 in Colombia, we have certified greenhouse gas (GHG) emissions inventories, which account for our direct emissions, indirect emissions from energy consumption and other indirect emissions from our plants. We began to measure the latter in 2022.

Based on the verified information on our carbon footprint, we design reduction plans for our most significant sources, and we offset the remaining emissions through conservation programs. These actions have enabled us to certify our coated fabrics manufacturing processes as Carbon Neutral, thereby validating the results of our efforts and commitment to the mitigation of climate change.

GREENHOUSE GAS (GHG) EMISSIONS

	Tons of CO ₂ e		
	2021	2022	% change
Costa Rica	15,438	13,057	-15.42%
Colombia	11,171	11,174	0,03%
Total CO ₂ e	26,609	24,231	-8,93%
Total efficiency	0.000912	0,000832	-8,7%

Notes: The 2021 total emissions figure was restated compared to the information published in the 2021 Sustainability Report, due to an adjustment made during the audit of that year's inventory.



8,7%

improvement in the efficiency

of GHG emissions, mainly due to the reduction of the fossil fuel consumption footprint at the plant in Costa Rica

1,706 tons

of carbon reduced through the implementation of projects such as:



- Modernization of the thermal oil heaters in Colombia.
- Automatic combustion control system for oil heaters in Colombia.
- Monitoring of the efficiency of compressed air use.

During this period, we began to measure the GHG inventory for our distribution units, with the aim of quantifying the total emissions produced by the entire Group. These inventories will be included in the 2023 Sustainability Report.



OFFSETTING PROJECTS

Costa Rica

The Osa Peninsula is home to 2.5% of global biodiversity and

+ 50%

of the biodiversity of Costa Rica

This makes it one of the regions with highest density of biological biodiversity in the world



We offset our emissions in Costa Rica through Environmental Service Payments (ESP) to the Bosque Vivo OSA* Project, which performs work related to rehabilitation, education, research, development and care for the forests in the Golfo Dulce Forest Reserve.

2,092 ha

are covered by the project, with three forest species:



Kashmir tree (*Gmelina arborea*) with

836 ha



Teak (*Tectona grandis*) with

733 ha



Chancho (*Vochysia guatemalensis*) with

522 ha

Since 2016, the Bosque Vivo OSA Project has recorded 119 wildlife species, of which 11 are threatened and 8 are endangered populations. The project benefits 14 families and approximately 719.8 hectares of forest are conserved thanks to economic contributions by the private sector.

*Proquinal Costa Rica, jointly with other entities, finances the Bosque Vivo OSA Project through the National Forestry Financing Fund (FONAFIFO, for the Spanish original).

Colombia

Offsetting is allocated to Proyecto Asociativo Programático Zona Andina y Costa Atlántica. It is located in the Andean and Atlantic Coast areas. It engages 38 small reforestation enterprises from 29 municipalities located in the departments of Antioquia and Caldas.



48,775 ha

are covered by project, which includes species such as:



Pink
cedar



*Pinus
patula*



Antioquia



Caldas

As a result of the reallocation and diversification of the forestry activities, highly positive and valuable changes have been achieved in social, environmental and economic terms. It has achieved a cleaner and more integral use of soil, water and other resources available in the areas of the project.



SOLID WASTE MANAGEMENT

In our operations in Colombia and Costa Rica, we have programs in place to prevent and reduce the greatest amount of waste possible. This enabled us to reduce total waste generation by 2.92% in 2022 compared to the previous year.

WASTE GENERATED (TONS)

Waste type	Colombia and Costa Rica plants			
	2021	2022	% annual change	% of recovery (recycling, reuse, composting)
Recyclable	682	687	0.69%	100%
Hazardous	2,089	1,808	-13.47%	65%
Trimmings and edges	1,897	1,905	0.42%	88%
Release paper	887	984	11.03%	100%
Ordinary	357	355	-0.46%	27%
TOTAL	5,912	5,739	-2.92%	80%



Note: The manner in which waste is reported was restated compared to the information published in the 2021 Sustainability Report, due to an adjustment made to report waste by type and management.

Efficiency (kilos of waste / meter of coated fabric)		
2021	2022	% change
0.20	0.19	-2.69%

The activities in this regard included specific changes in the production process aimed at reducing waste. For example, an automated width measurement system was implemented; improvement plans were undertaken to reduce defects in the quality Pareto analysis; the widths of certain products were reduced, and smaller and more compact release paper rolls were configured, which enables the recovery of shorter pieces.



We achieved a substantial decrease in hazardous wastes (13.47%), thanks to efficiencies in the use of solvents and the consequent reduction of solid waste produced from distillation.

To enhance the environmental culture, we created the War on Waste Program, which involves creating task groups in different areas to perform an in-depth assessment of their types of waste and establish possible alternatives to reduce or recover them. In the 2022 edition, 26 projects were submitted and prizes were awarded in 3 categories: savings, innovation and sustainability.

RECOVERY

80.54%

of the waste generated at the plants

was recovered, i.e., was recycled, composted or reused as inputs for other internal and external production processes

2022 recovery actions:

Internal



We incorporated over **172 tons of waste (classified as hazardous)** to manufacture flooring at our plant in Colombia.



Through the distillation process, **we managed to recover 249 tons of solvent** for internal reuse.



We transformed **3.93 tons of organic waste into fertilizer** for use in the gardens and reforestation areas at our plant in Costa Rica.

External



We managed the recyclable wastes through authorized suppliers by the regulatory authorities in each country.



In Costa Rica, we have a recycling program involving the families of **our employees, which enabled collecting and recovering 2,290 kilos of waste.**



We identified a private organization that **uses a type of waste from coated fabrics to produce shoe soles, boots and plugs.** Previously, this material was sent for disposal in landfills.



Through our donations program, **we allocate non-conforming material in good conditions to non-profit organizations.** Further details on these activities are provided in the social section of this report.



The release paper is reused by other companies to package our products in the local market, and to manufacture other products in the international market.



Through an alliance with the company Pedregal, **we used an asphalt mix with 3% content of non-hazardous waste** to build 1,500 m² of streets in 2022.



Aware of the limitations of coated fabrics for recycling, we are working with partners such as the National Laboratory of Materials and Structural Models (Lanamme, for the Spanish original) and the National Nanotechnology Laboratory (LANOTEC, for the Spanish original), to explore the feasibility of performing any type of mechanical or chemical separation of the components of the coated fabrics to enable their recycling.

Through this project, we aim to become pioneers in the industry and go beyond the reuse options we currently have available, to offer new alternatives to our customers and end consumers and enable them to adequately dispose of our products at the end of their life cycle with a lower environmental impact.

Distribution Units

Their waste is mainly produced by administrative and repackaging activities.

Business/Location	Recovered waste (kg)	Total waste (kg)
USA	133,028	2,842,345
Europe	44,912	36,1856
Calypso	3,046	Not accounted for

In our United Kingdom operations, we encourage customers to return the cardboard tubes that support the core of our product rolls, in order to reuse them for packaging new rolls.

This circular economy activity has prevented the purchase of 6,000 new tubes in our operations. This offers both economic and environmental benefits by reducing the consumption of new materials and the amount of waste produced.

At the operation of Calypso Colombia, we provide training at a school in the community on the separation of wastes and recycling, with the participation of 33 students.

We also held an internal contest between our 43 sales outlets to award prizes for the recovery of the greatest amount of recyclable wastes. This activity involved promoting recycling among customers, by offering them the possibility of bringing their waste to our stores.

Lastly, in December we held the Eco-Vacations program for the employees' children between the ages of 8 and 13, with the participation of 22 boys and girls. This is a strategy of the Bio-environmental Management Department of Soacha and the Regional Autonomous Corporation of Cundinamarca (CAR, for the Spanish original). It involved activities such as ecological walks to observe different animal species and get to know the ecosystems that protect wildlife in the wetlands.





251 kilos
of PET collected during the
internal recycling contest of
the Calypso® sales outlets



SOCIAL DIMENSION



OUR PEOPLE, OUR POWER

At Spradling® Group, we understood a long time ago that in order to adequately manage our triple impact, it is important to engage all our employees in the Sustainability Strategy in a progressive and conscious manner.

WE ARE A GREAT PLACE TO WORK IN COSTA RICA



We continue to undertake actions to build a more cohesive team with a stronger sense of belonging and that understands its important role in the Company's operations.

380 employees participated in a workplace environment survey, in which Proquinal Costa Rica was awarded certification as a Great Place to Work for the period from November 2022 to November 2023. Our plant in Colombia is also working on obtaining this certification in the near future.

Number of employees at Spradling®

Business	2021	2022
Proquinal Colombia	830	906
Calypso	504	483
Proquinal Costa Rica	466	481
USA	137	138
LATAM	44	43
Europe	39	40
Mexico	5	7
Total	2,025	2,098

RECRUITMENT AND SELECTION

Our objective is to attract the best talent by positioning our employer brand in a manner that addresses the needs of our personnel according to the organization’s objectives and strategy.

For promotions, we make internal announcements and the employees apply by filling out a form that includes their supervisor’s opinion.

For new positions, a contest is opened to select three candidates who fulfill the requirements, to then select the best candidate following a series of interviews.

We created **24 new jobs in Colombia** in 2022 and **18 in Costa Rica**.

At all Spradling® Group companies, our employees can recommend relatives and friends at any time of the year. At our Costa Rica plant, we even implemented the Program “Refer a Friend and Win”, through which our employees participate by sending us the CVs of friends and relatives with potential to join the organization.

Turnover at our distribution units is very low, which represents a differentiating factor for achieving the results, for building long-term relationships with customers, and to retain the Group’s technical knowledge.

TRAINING AND DEVELOPMENT

We support our employees’ career development.

418 benefit packages were provided to study professional programs in Colombia

120 employees in Costa Rica received a subsidy for high school education covering 85% of the total cost of the program.



We additionally promote the acquisition of English language skills among employees in strategic positions (administrative and management positions). To this end, we have an English course for 50 employees in Costa Rica and for 73 employees in Colombia (46 at the Proquinal School and 27 with support from the Compensation Fund).

100%

of employees took

a “Financial Education Workshop” in Costa Rica and a “Personal Finances Workshop” in Colombia with 152 employee participants

Additionally, 150 employees from the plant in Costa Rica participated in the workshop “The Reality of the Pensions Regime”, which encourages those over the age of 40 to take early steps in order to be able to enjoy an adequate retirement.

Additionally, we offer a comprehensive work training and education plan for each work position, aimed at updating knowledge and developing skills, in order to increase our efficiency and competitiveness.

In Colombia we held **169 training sessions with 1,225 participants**, and in Costa Rica we held **60 training sessions with 1,600 participants**.

OSH Training | Proquinal Costa Rica



Main training programs in 2022

Colombia

- Industrial Processes Technical Program with SENA, with the participation of **29 employees**.
- With the support of the Innovation Department, we offered **training to 33 employees of the sales team in Colombia and Mexico**, to provide in-depth knowledge on the technical features of the products we offer.
- Support for graduate-level education for **15 employees**.
- Courses on Storytelling and Design Thinking for **32 employees**.
- Office 365 course for **68 employees**.

Costa Rica

- Production Supervision Technical Program through the Costa Rica Technological Institute, from which **17 employees who hold the position of Shift Supervisor graduated**.

60%

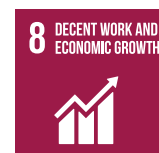
of the cost was covered

by Proquinal, and the duration of the program was one year

- Program to **improve concentration and attention skills for 130 employees** who hold critical positions in production, to ensure that the product has the required quality. **Three educational workshops and two diagnostic sessions were held**.

Our employees grow and evolve at Proquinal

All this training and the personal efforts of each employee enabled the promotion of **44 employees in Costa Rica and 38 employees in Colombia**, as growth opportunities within the company, which are figures that fill us with pride and motivation.





INTERACTION AND TEAM BUILDING

In the search for an integrated workplace environment that promotes performance and productivity, at the Human Resources Department we seek to recognize the contributions of each one of our employees through small gifts or gift cards on special dates, such as Father's Day, Mother's Day and Women's Day.

We also hold the "Proquinal Opens Its Doors" event. On this day, we receive the employees' families to show them the plant, and we engage in recreational and environmental activities aimed at our employees' children.

In Costa Rica, in September we carried out the event "We Are All One Family and the Planet is Our Home," during which 150 children of our employees had the opportunity to enjoy and learn about topics related to environmental responsibility.



20 volunteers

from different areas of Proquinal
took care of the children
and guided them
during the activities.



WE PROMOTE SOCIOECONOMIC DEVELOPMENT

During 2021, a socioeconomic survey was taken at Proquinal Costa Rica to enable the identification of poverty and extreme poverty cases. In 2022, we assessed the results and launched the Social Development Policy aimed at engaging in assistance strategies covering the economic and social dimensions to improve the living conditions of the employees of Proquinal Costa Rica over the period from 2022 to 2025.

In 2023, we will launch the Housing Program in Costa Rica, under which the first six employees will receive financial support for the following items:

- Home remodeling
- Subsidy for housing loan
- Completion of repayment of a housing loan

200 children
of our employees participated in activities and games during their school vacations in Colombia.

Other team-building and integration activities include:



Family bingo



Employee anniversary and seniority recognition events



Christmas season event and delivery of the Christmas gift basket



End-of-year event with employees and their families



Children's story contest, kite contest, Christmas "novenas" and retirement celebration events in Colombia.

Additionally, activities are planned to support the financial education and employability of the families. We will also create partnerships with institutions to provide direct emotional support and access to government housing programs, among others.



In Colombia, we have been implementing our Housing Plan since 1980. When certain requirements are met (own home or property, 4 years at the Company and a record of excellent conduct), employees can apply to be selected as beneficiaries of an amount to repay debt, perform house repairs or expand their homes.



10 employees
benefited from this program with
an investment of nearly
USD 27,000

Additionally, an annual psycho-social assessment is made internally with employees at the companies that enables establishing action plans. In 2022, this survey covered 570 employees.

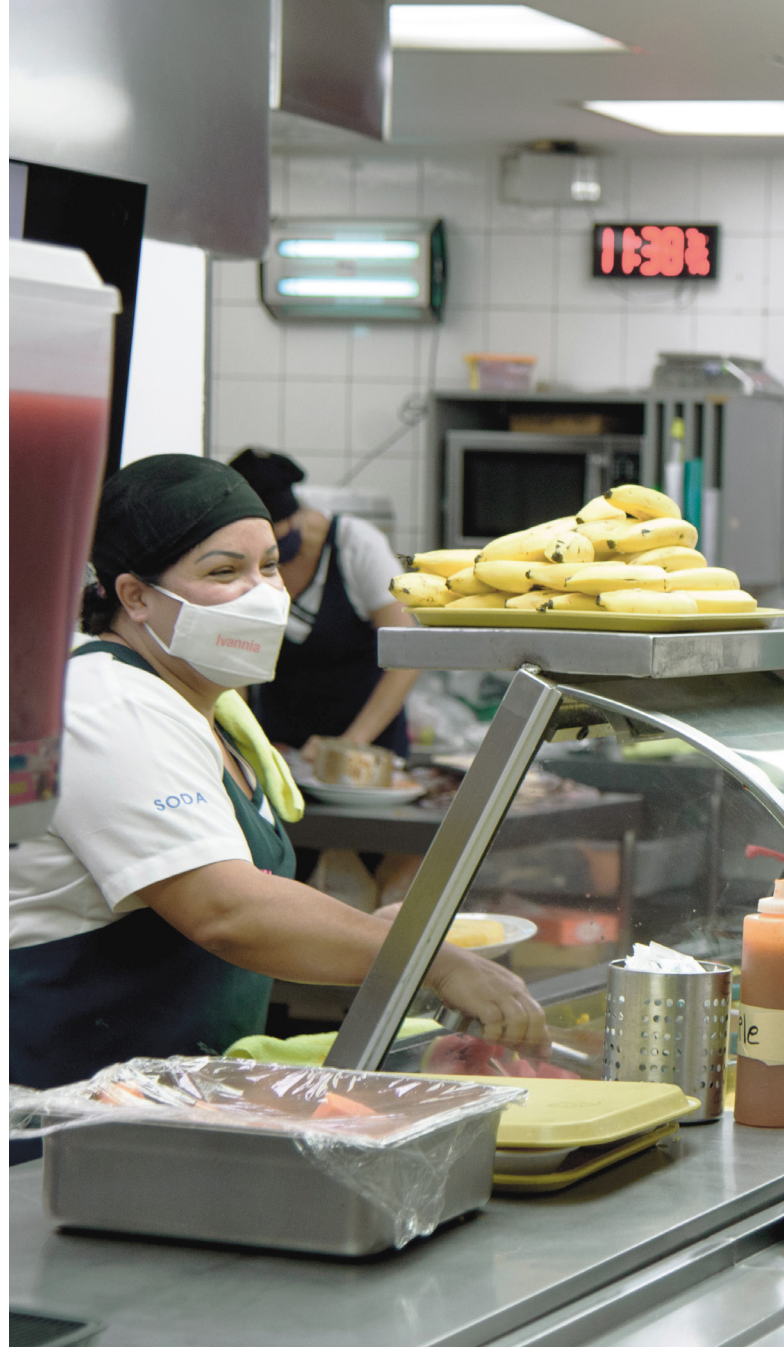
As part of our relations with the employee community, in Costa Rica we have a Solidarity Association, which is an organization that seeks social justice and peace and worker-employer harmony and the comprehensive development of its members, which is ruled by the Law of Solidarity Associations.

82%

of employees

at the plant of Costa Rica are members of Asoproquinal

These employees receive a variety of benefits such as loans with favorable terms, school packages, disability assistance, financial assistance in the event of death of immediate family members, promotion of savings, among others, as displayed in the following table:



2022 BENEFITS OF THE SOLIDARITY ASSOCIATION

Benefit	Amount	Asoproquinal Contribution (USD)
Student and health loans with 0% interest	106	20,700
Social activities	1,212	25,120
Assistance for disability or death of family members	20	2,900
School packages	345	2,460
Bonus on special dates	1,598	22,100
Total	3,281	73,280

Additionally, in Colombia the Family Compensation Funds are entities that manage family subsidies and through which our employees received benefits such as school bonuses, housing subsidies, monthly subsidies for groceries and financial support to pay for education. **The contributions of the Compensation Funds to our employees totaled over USD 93,000.**

COMPENSATION FUND BENEFITS IN 2022

Description	Amount	Compensation Fund contribution (USD)
School vouchers	155	2,085
Housing subsidies	12	58,390
Lunch box vouchers	68	2,710
Monthly subsidy for groceries	291	30,655
Financial aid for primary, secondary or high school	1,672 aids for 195 children of employees	

In Colombia, we directly support our employees through different benefits to overcome adverse or important events for their family members. In 2022, **we delivered 1,309 benefits with the following breakdown:**

Benefit	Number of benefits
Interest-free loans for special circumstances	20
Financial aid for death of an immediate family member	29
Financial aid for childbirth and a kit with baby supplies	34
Financial aid for illness	1,215
Retirement bonus	11



OCCUPATIONAL HEALTH AND INDUSTRIAL SAFETY PROGRAMS

We are aware of the importance of taking all necessary steps to ensure the well-being and safety of all our employees, while at the same time investing in a workplace environment that promotes our human talent's health.

We have an on-site medical office in Costa Rica, and in Colombia we have a first aid station to assist the personnel. They provide different medical services, such as:

- Occupational health tests (blood, audiometry, spirometry and optometry tests).
- Comprehensive health tests (clinical laboratory tests).

In **Costa Rica**,
611 tests were taken,
and in **Colombia, 396**

During the year, the following activities were carried out:



An influenza vaccination campaign for **425 employees in Costa Rica.**



403 free dental cleaning services for plant employees in Costa Rica.



Cardiovascular screening for 50 employees in Colombia to assess cardiovascular and metabolic risks based on measurements of weight, size, and body mass index.



111 medical exams as part of the periodic monitoring of employee health conditions, as established in the job profile chart in Colombia.

Beyond medical care, we create spaces for prevention and entertainment

Taking into consideration the World Health Organization's (WHO) recommendations on moderate physical activity as a means to prevent diseases, we encourage practicing sports and a healthy lifestyle throughout the year. Providing employees with spaces to promote their physical and mental health is part of our Company's DNA.

At our Colombian plant, we held internal tournaments of ping-pong, "rana" and karts, with the participation of 20, 110, and 220 employees, respectively.

In Costa Rica, we have **basketball, volleyball and soccer courts available**, intended for use by employees during non-work hours.





OF OUR EMPLOYEES



138

participated in
track races and walks



25

played in the female
soccer tournament



56

participated in the
soccer tennis tournament



30

participated in the
basketball tournament



We also organized the
Health Month with the
participation of nearly

500

Benefits include sports tournaments,
workshops and subsidized medical
exams, among others. Health promotion
campaigns were also carried out.

At both plants, nutrition campaigns were carried out to promote the consumption of foods that improve physical and mental health.

In Colombia, we supplement these campaigns with the following workshops:



Breastfeeding, **for 17 beneficiaries**, including family members.



Respiratory diseases, **with 162 participants**.



Handling of emotions, **with 147 participants**.



Urban gardens, **with the participation of 120 employees**, aimed at improving diets by eating more fruits and vegetables.

Employee Safety: An Essential Pillar at Spradling® Group

Permanently, at both plants, we offer programs and training to minimize the probability of work-related accidents and maximize safety during performance of duties by all our employees.

In Colombia

- **My Priority, My Safety - 0 Accidents Program:** This initiative offers rewards to areas that achieve zero accidents over a predefined time period. **71 employees from six areas received prizes.**
- **Committed to Safety:** is aimed at identifying possible unsafe conditions through safety inspections of the areas. **610 employees from 34 areas participated. Recognition was awarded to 62 employees from 11 areas.**
- **Five minutes for safety:** A weekly guide with health and safety information that is reviewed on a daily basis. It covers 100% of the employee population.
- **Active breaks:** Carried out 1 day each week in each area, covering 100% of the employee population.



In Costa Rica

- **Zero Accidents Program:** An initiative that rewards areas that achieve zero accidents over a predefined time period. **209 employees from 12 areas received prizes.**
- **Committed to Safety:** It enables the identification of possible unsafe conditions through safety inspections of the areas, with the participation of 500 employees. In total, **440 occupational safety and health audits were made** to verify safe conditions and behaviors at all the work stations.
- **Starting out with Safety:** A weekly guide with health and safety information that is reviewed on a daily basis. It covers 100% of the personnel in production and warehousing areas.
- **On time to prevent:** The program is aimed at the entire employee population. It provides and reviews knowledge on the prevention of occupational accidents and diseases.

100%

of process leaders

at the plant of Costa Rica and 98% of all employees participated in two-hour preventive workshops in the different work areas

At both plants we make extensive our safe and health and environmental management standards to the activities performed by contractors. For this reason, we provided training to 235 contractors in Costa Rica and 784 in Colombia. This includes orientation for new contractors and annual reviews for ongoing contractors.

We are ISO 45001



ISO 45001 is the international standard on occupational health and safety management systems, aimed at protecting employees and visitors against occupational accidents and diseases.

We obtained this certification following a verification performed at both operations by the certifying entity (ICONTEC) in 2022.

This publicly confirms our full commitment to the prevention of occupational accidents and diseases in the process of manufacturing and producing coated fabrics at our two plants (Costa Rica and Colombia).

Emergency Response

We have Emergency Prevention and Response Brigades in place, with **102 members in Colombia and 94 in Costa Rica.** Monthly education and training is provided to these brigades in topics such as first aid, rescue operations, chemical risks and fire fighting.

41 employees

were certified at the plant in Costa Rica in the **emergency management module.**



Creating Shared Value for Social Development and the Fight Against Poverty

The Spradling® Group donations program is aimed at benefiting historically vulnerable populations through the creation of jobs and income-generation opportunities, while at the same time engaging in the responsible management of our wastes.

Specifically, at the plant in Costa Rica, wastes from the process such as trimmings and edges are donated to organizations registered in the Social Assistance Mixed Institute (IMAS, for the Spanish original). In 2022, we delivered a total of 579 tons of materials derived from the process to be used by several organizations.

Of this total, 319 tons were trimmings, which benefited 380 families. Through these donations, each family generated estimated income of USD 4,428 per year.

579 tons
of material we donated
to be reused by several
social organizations



For these donations, we verify that the material is in good conditions, and we cover the costs associated with warehousing and transportation. If an organization later decides that it will not use the material, we recover it for its adequate environmental management.

We also cover the cost of a trainer who teaches sewing courses at the organizations Surí and Calasanz Foundation. We also sometimes provide organizations that require it with sewing machines and supporting structures for the product.

18 flat machines

have been donated in recent years, and we have financed improvements at the **facilities of three organizations (Coopeambiente, Surí School and Calasanz Foundation).**

Additionally, we provide advice to organizations on the process of requesting donations of used machinery from Free Trade Zone companies.

Organizations impacted by the donations program of Proquinal Costa Rica

Coopeambiente

It manages environmental responsibility projects by ensuring the handling of reusable materials to transform them into high quality and trendy products.

The 325 tons of materials donated in 2022 were assigned to 38 organized groups that undertake a variety of projects to make a wide range of products, such as handbags, lunch boxes, pencil pouches and cases, which benefit between 7 and 10 families in each organized group.

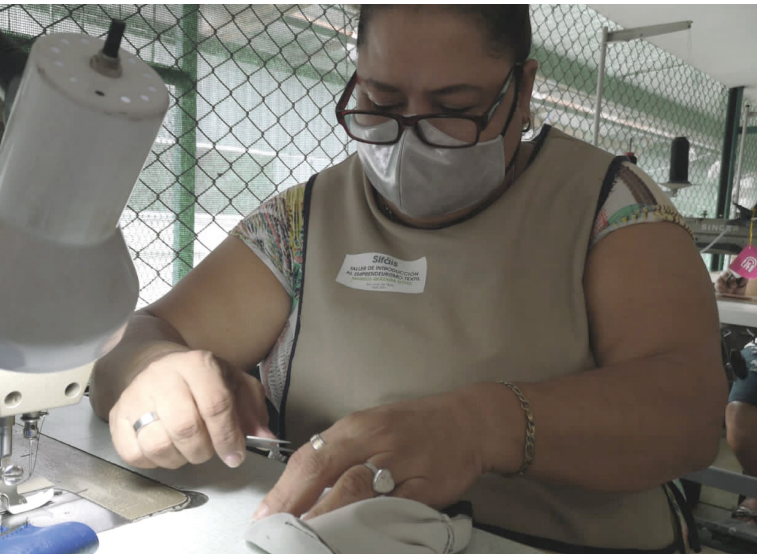


SIFAIS Foundation (Artistic Information System for Social Inclusion, for the Spanish original) in Costa Rica

Thanks to the donations of trimmings, which included over 500 kilos of coated fabric cuttings in 2022, SIFAIS teaches design, cutting and sewing courses that benefit 20 women.



Trimnings are also delivered to small entrepreneurs in the community of Carpio to make cushions, mattress covers, machine covers and to restore bed headboards and armchairs.



Horizontes Foundation

This organization distributed the 250 tons of fabric edges donated in 2022 to 15 family enterprises and one childhood education institute (CECUDI, for the Spanish original), to make hammocks, carpets, pillows and other products to sell in different markets and fairs.



Calasanz Home

This foundation promotes study opportunities at the high school and technical levels to young people living in situations of vulnerability and social risk. We donated one ton of trimnings to this organization in 2021 for its upholstery training programs.



Nueva Oportunidad Foundation

3 tons
of trimnings and scraps of coated fabric to benefit **12 imprisoned persons at the Comprehensive Care Unit (UAI, for the Spanish original) Reinaldo Villalobos**

They make a variety of products such as high-quality bags, backpacks and purses under the Unlock brand. It is the first social solidarity economy initiative of the penitentiary system in Costa Rica.



SURÍ Project

It is an educational institute for women that provides technical training in several areas, with the objective of promoting their employability or the development of their own small enterprises. The foundation transforms donated trimmings into raw material for small enterprises of women from the community of Pavas and its surrounding areas. It also has its own brand, Transformarte.

In 2022, we donated 1.7 tons of coated fabric cuttings to Surí, to benefit over 50 women.

Placement of the Materials

Some of these organizations, such as the Siquiaraes Co-Ed School, also generate income by placing these materials at other organizations.

For example, in 2022, they placed 9.5 tons of coated fabric without the supporting cloth at the company Gestión de Proceso de Plásticos, which is in charge of shredding this material to convert it into raw material for other production processes.

We oversee all these deliveries to ensure that they have a social rather than commercial purpose, and that they do not cause damage to our customers or other market participants.





VOLUNTEER WORK IN COMMUNITIES WITH DIRECT IMPACT

In Costa Rica, we also carry out volunteer work aimed at promoting sustainable social development and environmental protection, taking into consideration employee proposals, as well as the support of the municipalities and community boards.

We select the communities where we will carry out the volunteer work, prioritizing those where our employees live, and ensuring they have access to resources to maintain the work after the intervention.

The park was very run down, so we entered into an agreement with the community board to involve them in the solution. It selected the colors to be used, prioritized the main tasks, and made a commitment to upkeep the work afterwards.

During the drive, we painted the park's infrastructure, planted 24 trees and 12 plants to improve the existing garden, and installed 2 basketball hoops for use by the community.

On June 5,
the **World Environment Day,**
we carried out volunteer work
at La Pradera Park with 39 participants,
for a total of 195 hours
of volunteer work.



FABRICS THAT CHANGE LIVES

Ms. Olga Rivera, 68, found in Surí (one of the main beneficiaries of our donations program), starting in 2018, the tools she needed to improve her living conditions: **first by taking the coated fabric sewing course, and now as a member of the team that makes products at Transformarte.**

This mother of 2, grandmother of 4, and great grandmother of a baby girl, says that the knowledge and skills she learned at Surí allowed her to grow as a person and to produce income to supplement her pension.

Speaking with Ms. Olga is truly inspiring. She always expresses her optimism and gratitude for the opportunity to put her gifts and talents at the service of others and to create products of excellent quality, out of what originally was waste from the production process at Spradling® Group.



“We transform the fabrics that the Company can’t use and make combined and single-fabric handbags, backpacks, makeup bags, pouches, lunch boxes”, Ms. Olga told us.

“We are inventing a new way to reuse textile; what others can’t use is useful for us and we put it to good use. It is mostly a project for us women, who have all it takes to transform our lives. That is what the Transformarte group does, to transform each person’s life,” she concludes.



Behind each Spradling® product there is a bigger purpose. Our design goes beyond improving spaces and satisfying the most demanding requirements. We remain firm in our commitment to innovate through more sustainable products, to protect the environment and improve the lives of the people and communities that surround us.



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