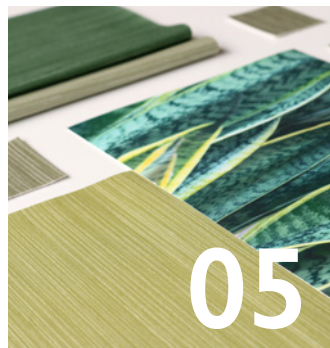
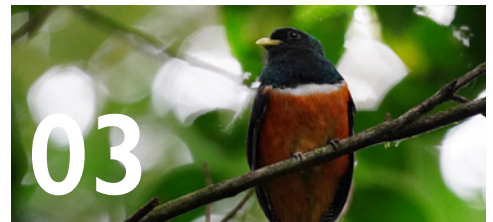




Sustainability Report **2023**

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01


Colombian plant employee

Presentation of the Report

This Sustainability Report covers the operations of the manufacturing plants, of Calypso®, and the distribution units that are part of Spradling® Group, for the period from January 1 to December 31, 2023.


MANUFACTURING PLANTS

 Proquinal®
Colombia S.A.S

 Proquinal®
Costa Rica S.A

CALYPSO®

 55 units in
Colombia

 4 units in
Costa Rica


DISTRIBUTION UNITS

 Spradling®
United States

 Spradling®
Europe

 Spradling®
Mexico

 Spradling®
Germany

 Spradling®
United Kingdom

This report is an exercise of transparency and accountability to our stakeholders, intended to demonstrate our commitment to sustainability. Here we share the progress we have made in our strategy to create value for people and the planet, operating under best environmental, social and governance practices.

For additional information or inquiries about the report's contents, please contact:

Cinthia Navarro

Head of Health, Safety and the Environment

E-mail: cnavarro@spradling.group



Green areas / Costa Rica plant

IVÁN SEPÚLVEDA
CEO OF SPRADLING® GROUP

“It is undeniable that each year the global challenges faced by sustainability become more intense and are on the agenda of all governments, institutions, the business sector and the community in general.”

Consumers are more demanding when deciding which product to buy or use, and since they are well informed, they question the corporate responsibility behind what they are buying, as well as its advertising. At the same time, governments are establishing stricter regulations to determine truly sustainable actions and prevent the propagation of misinformation, called “greenwashing”.

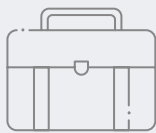
For this reason, in addition to continuing to implement all the strategic actions under our sustainability pillar, to which we devote a significant part of our annual investment budget, we have also established a direct and transparent communications campaign. This enables us to report on the impact of our activities in the three dimensions of the sustainability strategy: environmental, social and economic.

Thanks to this sustainability approach, and the rigorous quality standards that back our production processes, our customers find adequate options that enable them to compete in an ever more demanding environment; our employees feel proud to work for a company that sets an example in the countries where we operate; our suppliers view us as a partner that helps them to develop and grow their offerings of sustainable products; and our shareholders find that decisions are made to guarantee the Company's future.



Iván Sepúlveda CEO of Spradling® Group

In addition to the high standards in place at our production centers, **the following are the challenges we intend to address:**



Incorporate the commercial operations in the zero emissions strategy.



Broaden our product portfolio with more renewable components.



Maintain current certifications and complete others currently in progress.

We will continue to lead the sustainability efforts in our industry and work to remain a leading edge company.

At Spradling® Group, we all live sustainability with passion, as a central guide for fulfilling our tasks. The above is reflected in this report, which summarizes the commitments, activities and achievements we have made in social, environmental and governance aspects during the 2023 period, reflecting our philosophy, based on which we continue to work on creating highly durable coated fabrics with exceptional design for the world.



Employees / Costa Rica Plant

OUR MAIN ACHIEVEMENTS

We completed the development process of our **sustainable collections Valencia™ Biosense and Masiala** for the markets of Europe and the United States, respectively.



We won the Supplier Sustainability Award granted by our customer Nowy Styl to Spradling® Germany.



We launched Rivulet for the US market; this products incorporates recycled plastic bottles in the Hi-loft RPET backing.

24

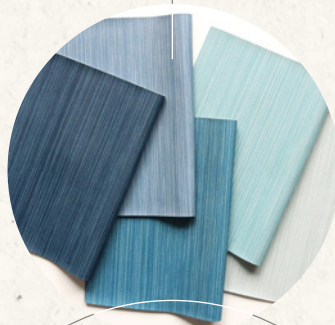
of our product families are certified under Indoor Air Quality Advantage Gold and Greenguard Gold.



We obtained 5 awards in the 2023 Global Preventico Program XIV of the National Insurance Institute (INS, for the Spanish original), at Proquinal® Costa Rica.



We certified the Energy Management System under the standard ISO 50001:2018 at Proquinal® Colombia.



Proquinal® Colombia **was certified as a Great Place To Work (GPTW).**



We substituted toluene and organobromine compounds (by 95%) for other more environmentally-friendly raw materials.

+80%

of employees were impacted by the **“Live Sustainability”** information campaign.



We received the EcoZonaFranca award, in the Advanced Manufacturing category, at Proquinal® Costa Rica, from the Association of Free Trade Zones of Costa Rica.



We renewed our sustainability strategy for the entire Spradling® Group.





We achieved savings of over USD 1,000,000 at our Colombian plant thanks to the **Zone for Optimization of Operations in Manufacturing (ZOOM)** program.



We completed the administrative procedures that will enable us to open a **new Calypso® store in Dominican Republic in 2024.**



We initiated the selection and granting of the first benefits of the Housing Plan in Costa Rica. Thanks to this we strengthened a program that we have had in place in Colombia for 43 years.



Thanks to the programs War on Waste and Your Ideas are Worth Gold, we implemented savings projects for an amount of approximately USD 450,000 at our plant in Costa Rica.

+400

trees were planted during various environmental awareness events.



84%

of the solid waste generated by the manufacturing plants was recovered.



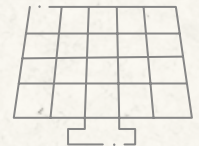
We implemented ZOOM (Zone for Optimization of Operations in Manufacturing) in Costa Rica, which enables viewing the main indicators of the production processes at the plant.



We began operations of the **new Distribution Center (CEDI)** of 3,300 m² in Costa Rica.



We launched a new Calypso® store in Heredia, Costa Rica, thanks to which we now have four sales outlets in this country.



We increased the generation of photovoltaic energy through the installation of **60 solar panels at Calypso® Colombia** and 48 panels at **Spradling® Spain.**



We decided to update our ERP in SAP; this project will be implemented during 2024.



02

Facilities of Euro Spradling® S.L.U. / Located in Spain, Barcelona

Spradling® Group

A VISION OF THE FUTURE THAT TRANSCENDS BORDERS

We manufacture and sell high-quality coated fabrics, films and floors. We work with the aim of inspiring the world through designs that awaken emotions, innovations that endure over time and products that make spaces more attractive, **all with a commitment to preserving the environment, promoting the well-being of our team of employees and supporting the communities we belong to.**

Our Higher Purpose



INSPIRATION
THAT **COVERS**
THE WORLD

Our Vision

To be the favorite and most reliable coated fabrics, film and floors company in the world, innovating to inspire, providing exceptional service and promoting sustainable development.

STRATEGIC PILLARS



SUSTAINABILITY



MARKET
& GROWTH
ORIENTATION



INNOVATION &
DIVERSIFICATION



WORLD CLASS
TALENT

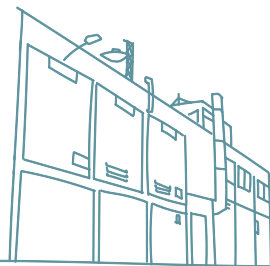


DIGITAL
TRANSFORMATION

OUR HISTORY

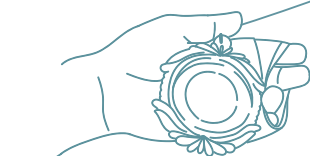
- Productos Químicos Nacionales was born (currently Proquinal® S.A.S).
- The plant and offices were built.
- Calypso® launched the first sales outlet in Bogotá.

1959



1981

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



1986

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



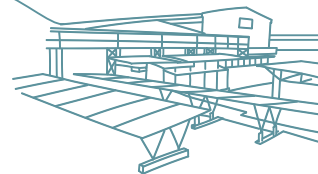
1997

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



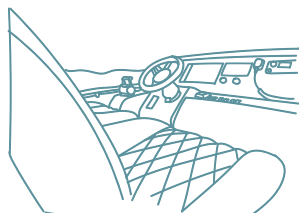
2004

- We entered into a commercial partnership with Cuir S.A., currently Euro Spradling® S.L.U. as exclusive representative in Spain.
- The plant in Costa Rica was launched with a construction area of 10,000 m² on a plot of land of 68,000 m².



2009

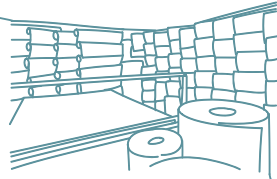
- Spradling® International acquired the Marine division of the US company G&T, and in this way it created Spradling® International Marine (SIM).
- Additionally, Spradmex was created in Mexico City.



2010

- We obtained the ISO 14001 certificate for our Costa Rica plant.





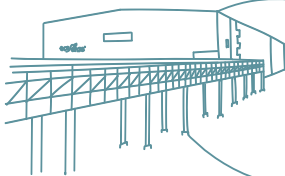
- Spradling® Group Consolidates.
- Our Costa Rica plant was verified as carbon neutral.



- Our sustainability brand was launched 
- We celebrated our 60th anniversary of consolidating our position in the market as an expert in the manufacturing industry.
- Our plant in Colombia was verified as carbon neutral and we obtained the ISO 50001 certification at our Costa Rica plant.



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



- We began to install the Calender equipment.
- We obtained Great Place To Work and ISO 50001 certifications at our Colombian manufacturing plant.
- We launched the fourth Calypso® store in Costa Rica.
- We implemented a new production process called Calender at Proquinal® Costa Rica, which is the largest and most ambitious investment project of Spradling® Group.

2012

2014

2016

2019

2020

2021

2022

2023

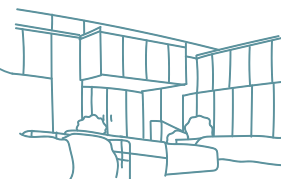
- The acquisition of 10 distribution companies was completed in Colombia, there by reinforcing Comercializadora Calypso® S.A.S.



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



- We developed new coated fabrics that are 100% waterproof with permanent anti-fluid that addressed the needs of the health sector during the pandemic.
- We obtained the Great Place to Work certification for our Costa Rica plant and ISO 14001 certification for our plant in Colombia.



- We built a new Distribution Center at the operation in Costa Rica.
- We were certified under the standard ISO 45001 at our two plants, located in Colombia and Costa Rica.
- 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. We are also the largest producer of coated fabrics for upholstery in Latin America, with significant direct presence in United States, Europe, Mexico and South America.



53 years

Our product is installed in

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

+80 countries



1

Proquinal® Colombia

Bogotá, Colombia.

**+14.9
million**

meters of top grade
fabric produced in 2023

916

employees



2

Proquinal® Costa Rica

Alajuela, Costa Rica.

**+9.1
million**

meters of top grade
fabric produced in 2023

475

employees



3

Spradling® United States

United States: Alabama, North Carolina,
Indiana, Michigan, Tennessee.

**+9.1
million**

meters of Proquinal®
coated fabric sold in 2023.

135

employees





4 Spradling® Spain
Barcelona, Spain.

+5.1 million
meters of Proquinal®
coated fabric sold in 2023.

26 
employees



5 Calypso®
55 stores in Colombia and 4 in Costa Rica.

+4.4 million
meters of Proquinal®
coated fabric sold in 2023.

508 
employees



6 Spradling® Germany
Lüneburg, Germany.

+0.9 million
meters of Proquinal®
coated fabric sold in 2023.

5 
employees

7

Spradling® Mexico

Naucalpan de Juárez, Mexico.

**+0.4
million**

meters of Proquinal®
coated fabric sold in 2023.

7



employees



8

Spradling® United Kingdom

Lincolnshire, United Kingdom

**+0.2
million**

meters of Proquinal®
coated fabric sold in 2023.

9



employees





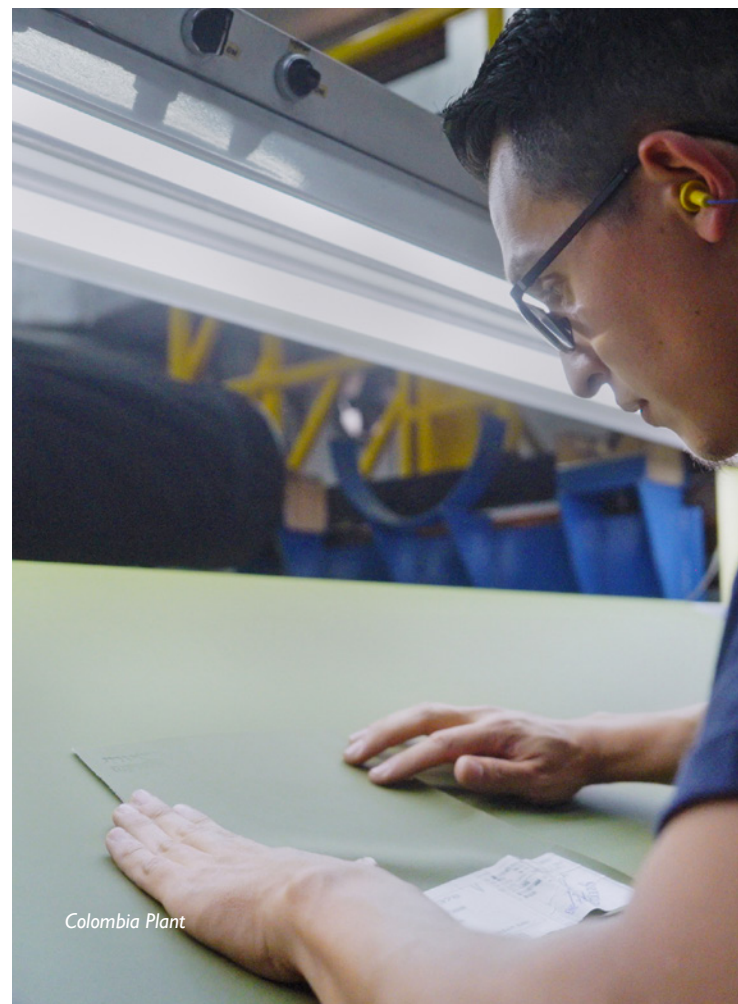
Costa Rica Plant

Certifications

Costa Rica Plant



Colombia Plant



Colombia Plant

SPRADLING® GROUP

Spradling® Group is a global organization comprised of business and manufacturing units, that focuses on the production and commercialization of coated fabrics, film and floors.

Our highest governance body is the Board of Directors, and at the executive level we are led by a *Chief Executive Officer* (CEO) with global reach, who is in charge of the general direction of the Company and of developing strategies to achieve the vision of the Board of Directors and the shareholders.



The CEO receives the support of the Executive Committee, which is comprised of the manufacturing plant managers and the business unit managers in all the geographies where we are present. This body, jointly with the Board of Directors, designs the Group’s overall strategy every three or five years, and ensures that the strategies in each geography are aligned with the common vision.

In order to ensure transparency, independence, and agility in decision-making, we have a corporate Approvals Manual in place, which establishes the levels of authority of the various hierarchical levels at Spradling® Group. Compliance is supervised by the global internal audit area.

Also, in order to move forward in a coordinated manner towards the corporate strategic objectives, high-level permanent committees have been established to address cross-cutting topics across all the geographies, including the: Global Commercial Committee, Sustainability Committee, Finance Committee and Operations Committee.

In this line, sustainability is incorporated as a strategic pillar at the highest level of our organization. To this end, the Executive Committee reviewed and approved the sustainability strategy, and continuously ensures that the social, environmental and governance (ESG) factors are taken into consideration in the decisions and activities performed by their teams.

Partnerships

Organization	Country
Advanced Textile Association (ATA)	United States
Colombian Plastics Association (Acoplásticos): Board of Directors	Colombia
Association of Free Trade Zones: Board of Directors and Environment and Energy Committee	Costa Rica
Chamber of Commerce of Bogotá	Colombia
Chamber of Industries: Board of Directors, Sustainability Committee and Human Talent Committee	Costa Rica
Chemical Fabrics & Film Association (CFFA)	United States
Federación Nacional de Comerciantes (FENALCO)	Colombia
Fundación CRUSA: Alliance for Hydrogen	Costa Rica



Employees of Spain, United States and Colombia



03

Ocotea Monteverdensis Conservation Project - Costa Rica

Sustainability Strategy

In 2020, we officially defined sustainability as a strategic pillar for the Group. One year later, 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. It included the following assessment criteria:



Legal and other requirements that apply to our sector.



The Company's response capacity.

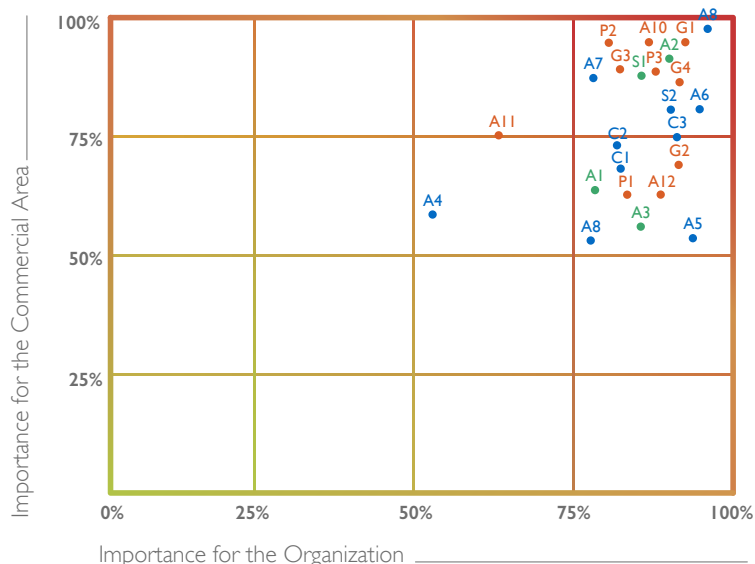


Stakeholder expectations.



Seriousness and relevance of the impacts.

This analysis enabled defining **13** material topics, which remain at present:



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

To work on these material topics, we have a Sustainability Committee, which is the ruling body of the strategy and is comprised of the leaders of the different geographies.

This task group advises the other committees, commercial areas and business units on trends related to responsible management of economic, environmental and social impacts; receives commercial feedback on the impact of the actions taken; and reviews emerging topics related to sustainability to assess their implications for Spradling® Group.

The committee is supported by the general manager of Proquinal® Costa Rica, who acts as the leader of the sustainability pillar for Spradling® Group.

2024 - 2025 STRATEGY:

WE STRENGTHENED OUR COMMITMENT

In 2023, we decided to update our sustainability strategy for 2024 and 2025, as a result of a strategic planning process that involved an analysis of market trends. The proposal focuses on two approaches: operations and product.

Operations focuses on our manufacturing processes. **Its main objectives are to reduce and mitigate our environmental footprint**, addressing topics such as energy, water, air quality, emissions of Greenhouse Gases, waste, **as well as management of social value**, which includes topics such as workplace and legal conditions, prevention of occupational diseases and accidents, promotion of education and quality of life, elimination of extreme poverty, integration into the community, and activities related to the Great Place to Work certification.

On the product side, we seek to offer a more sustainable portfolio with environmental and health certifications, sustainable packaging alternatives, and optimization of the environmental and social impact of the raw materials over the life cycle.

In order to implement the new strategy, it is essential to build it jointly with the involvement of all work teams. To this end, we began to hold workshops to define the objectives, targets and activities of each business unit.



57 leaders participated in 3 workshops, and in 2024 we will continue to engage the rest of the organization.

Through this approach we seek to create added value and a competitive advantage, based on the needs of our customers and the new regulations or requirements of each country or region.



Live Sustainability event / Colombia plant

Additionally, we seek to maintain transparent and innovative communications with all the business units of Spradling® Group, which includes the dissemination of the strategy's results and accountability within the established terms.

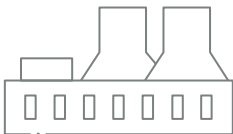
Through on-site events we carried out the Live Sustainability campaign, raising the awareness of over **80% of employees on the main milestones of the 2022 Sustainability Report**, to enhance their knowledge and pride of our track record in social and environmental matters.



Stakeholder Engagement

As a group, we have mapped out our general stakeholders. Additionally, each management system has its own matrix of stakeholders involved in the quality, environmental, energy and occupational health and safety management systems.

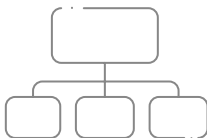
We have four main forms of engagement with our stakeholders:



Guided tours to the manufacturing plants of Costa Rica and/or Colombia.



Direct interaction with our sales agents.



Participation in trade associations and chambers in the different geographies.



Monitoring of current events related to sustainability, through periodic reports prepared by an expert on this matter.

This enables us to engage in two-way communications, to understand and adapt to the dynamics of the market and the environment, as well as address the needs and expectations of groups or people linked to our operation.

Our Contribution to the SDGs

Based on the analysis of the activities of our operations, we identified our main contributions to the achievement of the Sustainable Development Goals (SDGs) and their links to the material topics of our sustainability strategy.

We have found that we directly contribute to the achievement of eight SDGs, and indirectly to three SDGs, i.e., where the impact is not produced by the Company's substantive processes.

SDGs WITH DIRECT IMPACTS



SDGs WITH INDIRECT IMPACTS





Global Preventico Award 2023 XIV / Costa Rica plant

Recognition for sustainable operating practices

At Spradling® Group, we have received recognition from associations, customers and institutions due to our good operating practices, which confirms that we are on the right path and maintains our motivation to continue working with excellence.

In October, Spradling® Germany received the **Supplier Sustainability Award** granted by our customer Nowy Styl, a Polish office furniture company.

During the same month, Proquinal® Costa Rica received the **EcoZonaFranca** enterprise sustainability award, in the **Advanced Manufacturing category**, granted by The Association of Free Trade Zones of Costa Rica. This award recognizes organizations that stand out for their sustainable performance by means of a comprehensive assessment of the most significant sustainability topics in each sector.

Also In November, our plant in Costa Rica received five awards from the **2023 Global Preventico Program XIV of the National Insurance Institute (INS)**. We received the gold award in the Occupational Health and Safety category for the project “**Automated SG System**,” silver for the “**Safety Truck**” project and bronze for the project “**Safety Management Index (IGS)**”. We received the gold award in the category of Promotion of Physical and Mental Health, for the project ‘**Software and tablets in the process of containing COVID 19 cases**’, and the silver award in the Environmental Management modality for the project ‘**Closed chamber for application of varnish and improvement of cleaning efficiency in a battery of stamping unit I**’.

Additionally, in November, at our Colombian plant we received the **Great Place to Work** certification, which highlights the best workplace environments at companies that offer their employees professional and personal advancement opportunities.



Employees / Colombian plant



04

Valencia™ Biosense (UE) line

Our Products

At Spradling® Group we produce a wide range of coated fabrics, film and floors, 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.

INDUSTRIES SERVED

Our products meet the technical demands of our target segments:



MARINE



LEATHER GOODS AND FOOTWEAR



AUTOMOTIVE



MEDICAL DEVICES



CONTRACT



DRESS AND PROTECTION

We additionally comply with rules and regulations that regulate chemical substances and their impacts on the environment and human health.

	Regulations on the use of chemical substances and their potential impacts on the environment and human health	United States
	Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)	Europe
	Restriction of Hazardous Substances (RoHS)	Europe



Product protection systems

PERMABLOK³ ADVANCED VINYL PROTECTION

It provides a resistant and effective barrier against germs, abrasion and stains. It meets the following certifications: ISO 21702, ISO 22196, ISO 18184, CFFA 120 and CFFA 300. **Our product contributes to a much more hygienic environment, because it keeps germ concentration low and offers anti-fungi protection.**

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

It is designed to reduce the amount of radiant energy or heat absorbed by the surfaces, which improves 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.

INNOVATION FOR SUSTAINABLE DEVELOPMENT

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

Our technical departments constantly work on finding raw materials and components that promote the best balance between quality, environmental protection and care for human health.

Product Certifications

We expanded the number of products that are certified under Indoor Air Quality Advantage Gold and Greenguard Gold; we reached **24 product families**.



Indoor Air Quality Advantage Gold certifies compliance with the **most strict North American standards related to indoor air quality**.



The Greenguard Gold certification assures compliance with the main standards related to **chemical emissions, and backs our commitment to creating safer and cleaner indoor areas**.



Our commitment to ensuring a healthy and safe environment for our customers is also reflected in the Silvertex® and Valencia™ product families, which are classified as low VOC emissions, **obtaining the A+ classification for indoor air quality, the highest rating granted by the French Association for Environmental and Health Quality (AFSSET)**.

Valencia™ Line (EU)

Life Cycle Analysis

Moving forward in the environmental management of our product portfolio implies knowing their environmental impacts throughout their life cycle, from the extraction of raw materials until their final disposal, and all the vectors involved in the process, such as air, water and soil.

For the first time, we applied the life cycle analysis (LCA) methodology to obtain a comprehensive view of our products' environmental footprint. This will enable us to improve their environmental performance during the design and development phases.

With the aim of increasing the transparency of the process, we have also developed environmental product declarations (EPD) for two product lines. These documents were verified by an independent third party and will be published in 2025, in accordance with the requirements of international standard ISO 14025.

Publishing an EPD means providing a reliable, transparent and comparable environmental profile, based on the life cycle analysis and in accordance with the requirements of international standard ISO 14025.

Based on the capabilities developed and the lessons learned in this period, during 2024 we will be working on the life cycle analysis of 100 product lines, generating valuable information to define environmental priorities from the strategic planning phase of the product.

HIGHLIGHTED SUSTAINABLE PRODUCTS

At the heart of our brand lies a deep commitment to the development of more sustainable products. **For this reason, in 2023 we developed Valencia® Biosense for the European market and Masiala for the US market.**

These innovative creations set new standards of environmental awareness by reducing the dependence on fossil fuels and incorporating components with bio-attributes, derived from the forestry industry, which cover over **50%** of polymer content of sustainable origin.

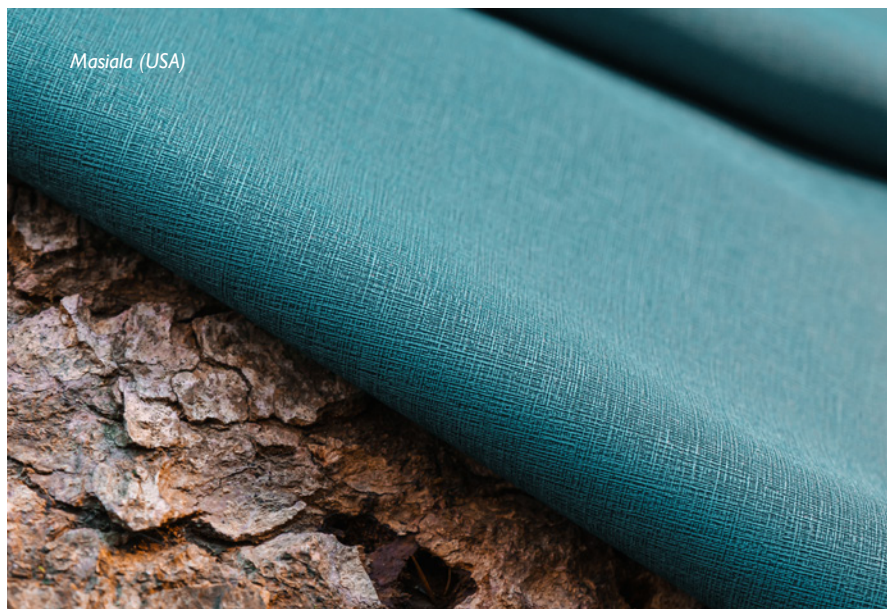
Based on the legacy of the acclaimed synthetic skin/leather design Valencia™, **Valencia™ Biosense incorporates sophistication and sustainability into perfection. With a pallet of 22 impressive colors adequate for indoor spaces for the contract sector.** Its natural leather appearance remains even after years of use, and requires minimal maintenance.



It is bio-compatible, which means that its anti-scratch finish complies with the cytotoxicity standards (ISO 10993-5, ISO 10993-10 e ISO 10993-23), assuring both durability and safety.



Valencia™ Biosense (EU)

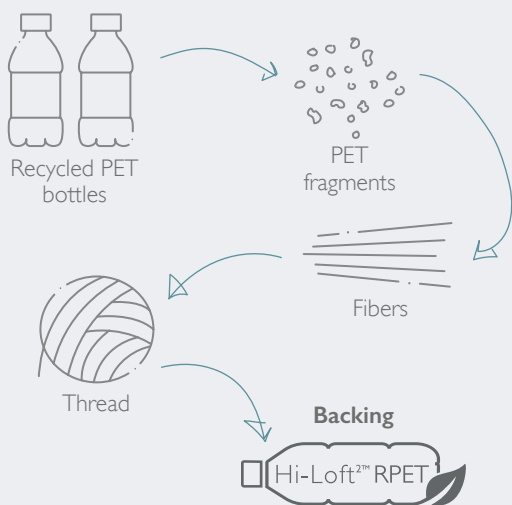


Masiala (USA)

On its part, **Masiala, a new product of the Ecosense® collection for the US market, arrives with a metallic touch that adds sophistication to any area.** What distinguishes Masiala is the PERMABLOK® protection system, which assures superior resistance to abrasion and stains. This collection assures durability and safety, contributing a product that is safer and more respectful for the environment.

Another differentiating element of these collections is that they do not contain biocides or flame retardants. **The absence of these products is important because it makes it a more environmentally-friendly product.**

100% The backing is made of recycled plastic bottles



360 recycled plastic bottles are used to make each roll of **30** meters of Hi-Loft R-PET backing

This process avoids the emission of **12.5 kilos** (27.5 pounds) of CO₂e and avoids **6.2 kilos** (13.7 pounds) of landfill waste

(1) Note: for the US market, each roll of 30 yards is manufactured with 325 plastic bottles.

Valencia™ Biosense, Masiala and our new product Rivulet (launched in 2023 for the US market) also address the problem of landfills, because they incorporate recycled plastic bottles in the Hi-loft RPET backing.



Global Recycled Standard (GRS) Certified



Rivulet (USA)



Laboratory / Colombia Plant

INNOVATION IN PRODUCTION PROCESSES

The substitution of raw materials for more environmentally-friendly alternatives is one of the work fronts of our Research & Development and Formulation & Coating teams.

In this line, we managed to eliminate organobromine compounds. This substance is a primary plasticizer used in some products commercialized in Europe, with the purpose of increasing its fire retardant effect thanks to its bromide content. We worked on product analysis and changes to the process to eliminate it from our formulations; **we have managed to replace it in approximately 95% of the products that used it.**

We also worked on another project to substitute toluene, a substance used in the varnish of some of our products. At the end of 2023, we had moved on to phase 2 of the project, through which we decreased consumption from 30 tons per month to only 7 tons.

We share what we have learned

We know that we are pioneers in technology, design and sustainability; for this reason, our research team continuously participates as speakers in conferences and other professional update events, to share our progress and lessons learned.

We participated in four specialized conferences on coated fabrics and polymers in:



Brazil



Colombia



United States

In order to disseminate our technology among students in fields related to design, architecture and chemistry, we have implemented the **Spradling® Group School Program**, through which we approach academics in three modalities: **presentations by the Company, visits to the plant, and development of joint projects with the students.**



397

students from 6 Colombian universities have joined this program.



Testa II Packager / Costa Rica plant

Sustainable Packaging

Most of our packaging is made from recyclable materials, such as cardboard and plastics; however, we constantly search for new alternatives that reduce the environmental footprint of packaging while fulfilling the protection and resistance requirements of our business.



At our production plant in Colombia, most of the boxes we use for packaging are certified by the Forest Stewardship Council (FSC), which guarantees that the cardboard is derived from responsible and sustainable forestry management.

We support other cardboard box suppliers to also adopt this certification. We expect that in 2024, 100% of the boxes used at our manufacturing plants in Colombia and Costa Rica will be certified.

Another action line we have undertaken is the incorporation of recycled resins in our plastic bags. At the end of 2023, both manufacturing plants were performing tests with their bag suppliers to assess the resistance of these materials to different weather and humidity conditions. We will later test their performance in shipments of materials to customers.

These results challenge us to increase the efforts and capabilities of our team to continue innovating. To this end, starting in 2024 we will establish the **Packaging Committee**, comprised of a cross-disciplinary group of professionals from both manufacturing plants, to focus on the search for sustainable packaging alternatives for our products.

Aware of our environmental responsibility, in 2023, 100% of the color charts used in the European market were made with FSC certified paper, which was equivalent to 29,000 charts.





05

Rivulet Line (USA)

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. The above ensures that companies like ours will endure over time, protecting the environment in which they do business.

Our Code of Ethics establishes guidelines for the entire employee population on the way to act in their interactions with third parties. When he hire a new employee, **the Code of Ethics is part of the orientation process and must be signed by the employee.** This topic is also reinforced in annual retraining sessions and through communications sent to the entire Group. **On their part, the customers and suppliers of Calypso® and of the plants in Colombia and Costa Rica must also adhere to our Code of Ethics.**

We also have a hotline available to report potential unethical conducts, through the e-mail eticayconducta@spradling.group, which is managed by the corporate internal audit area and is available to all stakeholders (employees, customers, suppliers and others). The CEO reviews every case of unethical conduct and submits an annual report on these matters to the Board of Directors.



Approval Manual and Matrix



Additionally, the Group's approvals manual indicates which decisions require approval by a higher ranking body, depending on the risk it entails for the Group. It also indicates which other parties must be asked and informed during the decision-making process.

We also use a local approvals matrix (for decisions of lower impact involved in day-to-day operations), which defines the scope of action of managers or lower levels of the organization, in order to ensure clarity in the manner in which decisions are made, and that such decisions are made effectively.

Anti-corruption and Anti-bribery Policy



We have an Anti-corruption and Anti-bribery Policy in place that applies to both manufacturing plants and the Calypso® outlets, which establishes guidance, rules, methodologies and tools to prevent, identify, assess, mitigate and monitor **the risk that Company employees may incur in corruption or bribery conducts.**



Employees / Colombian plant



Distribution Center / Costa Rica Plant

Auditing



We have an Internal Audit 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 (comprised of 3 Board members, the CEO and the Financial Manager).

Our Financial Statements are reviewed and audited by an independent international firm that issues an annual opinion on them.

Promotion of Safe Commerce

Our plants have supply chain security certificates:

Plant	Certification
Proquinal® Costa Rica	 
Proquinal® Colombia	 

The OEA certification has the additional advantage of expediting international trade, because it assigns higher priority for all types of processes over those companies that are not certified. Both certificates are very important in view of the regrettable increase of organized crime, because they reduce the probability that our company will be used by illegal organizations.

Actions to assure legal compliance

We have completed the standardization of a legal matrix that covers all the legal requirements of each of our business units.

The matrix includes a system of alerts that gives notice when a requirement is about to expire, and compliance is validated once the respective supporting documents are uploaded. The audit area is responsible for monitoring these alerts.

Additionally, in compliance with the certified management systems, audits are carried out at both manufacturing plants in order to validate conformance with the requirements related to these matters. Lastly, the assurance audits verify compliance with the legal requirements by each assessed process, as defined by the Board of Directors.

Risk Management

Spradling® Group has a corporate policy in place to assess the operating risks of the entire Company.

This policy enables assessments from two outlooks: **strategic risks for Spradling® Group, and process risks at the level of existing management systems** (quality, environment, supply chain security, occupational health and safety, energy, and systems for the prevention of money laundering, corruption and bribery).

The environmental, social and economic (ESG) risks are included in the assessment of the different management systems, and appropriate controls are established. Those in charge of the management systems, the audit area, the group managers and the CEO are responsible for leading risk management.

Production Value Chains

1,562

active suppliers of goods and services make up the supply chain of our manufacturing plants; these include 293 new suppliers compared to the previous year.

In this regard, we endeavor to build and maintain business relationships with prestigious global companies with a solid track record, based on long-term relationships, and strategic partners that are generally among the TOP 10 in the industry in which they participate. This provides us the backing of a global supply of products.

Another important aspect we always take into consideration is to contract local suppliers, in order for Spradling® Group to become a driver for national production.

Suppliers by Type, 2023

Type	Costa Rica	Colombia	Total
Products	366	597	963
Services	255	344	599
Total	621	941	1,562

Suppliers by Origin, 2023

Type	Costa Rica	Colombia	Total
Suppliers abroad	148	192	340 (22%)
Local suppliers	473	749	1,222 (78%)
Total	621	941	1,562

As an organization, our supplier policy addresses two key aspects: **excellence in purchasing and the promotion of sustainable practices.**

In this context, we have developed two internal manuals: instructions and criteria for risk rating and the development of suppliers, and the Sustainable Purchasing Manual. The former establishes internal guidelines to assure excellence in acquisition processes, ensuring suitability, competitiveness and the flow of supplies of goods and services, while the latter focuses on the promotion of sustainable practices in purchasing operations.

Several key steps are involved to ensure adequate supplier selection.

- Exhaustive checks in sanctions lists (SAGRILAF) to verify the ethical and legal suitability of suppliers.
- Validation of current validity of relevant certifications, if applicable to the industry.
- Detailed assessment of the supplier's shareholder structure to understand their business structure and sources of financing.

On the other hand, our commercial assessment focuses on aspects such as the supplier's reputation, logistic capabilities, performance, and approval by the internal user. This comprehensive process ensures the selection of suppliers that fulfill technical and commercial requirements.



We additionally periodically update the documentation and reassess suppliers in certain sectors. Suppliers classified as critical are periodically audited by means of on-site visits. **These assessments include reviews of compliance with criteria related to quality and environmental management.**

These reassessment or audits may give rise to requests for detailed action plans by those responsible with the aim of reducing any identified negative impact and implement continuous improvements in existing processes.

We share with suppliers 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.

To further strengthen our ethical base, we have established terms and conditions, as well as a statement of origin of funds involved in commercial operations and relationships.

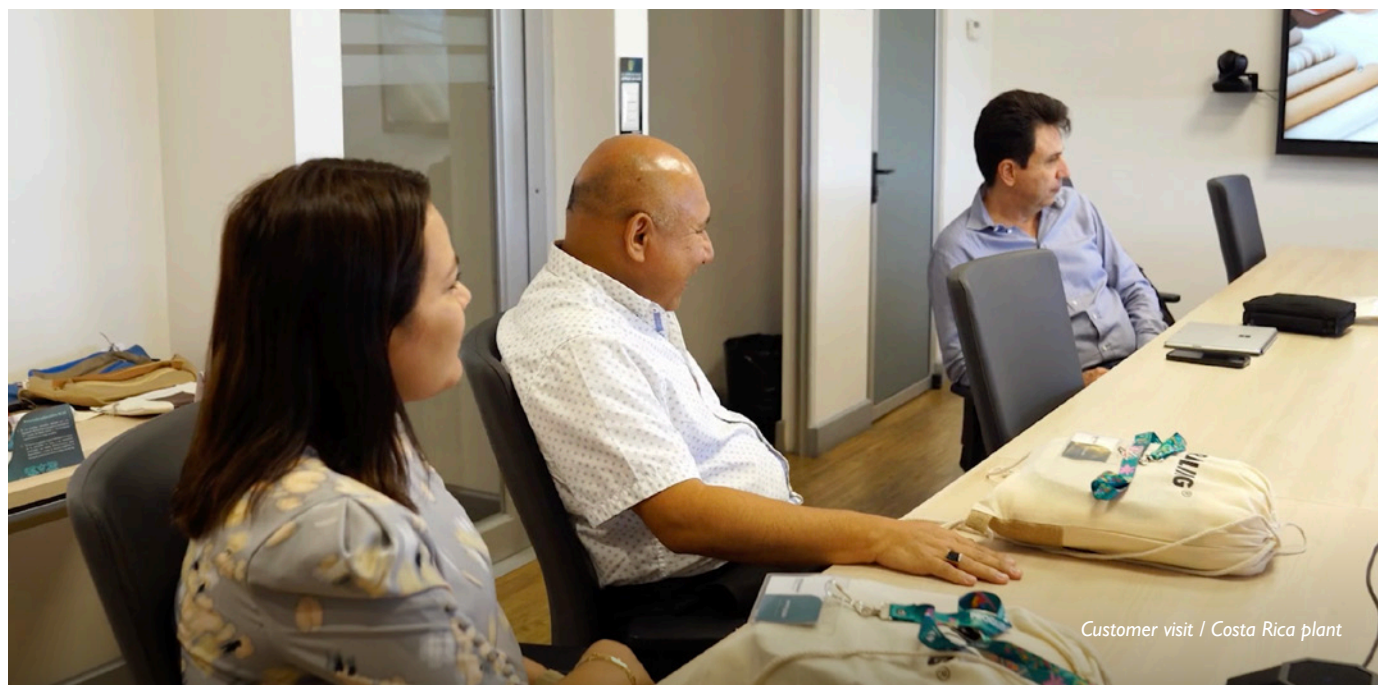
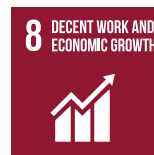
Our Sustainable Purchasing Manual defines the requirements for the purchases we make in the categories of materials and services. Through this manual, we achieve the following:

- We prioritize the acquisition of products and services that reduce energy consumption and promote renewable sources.
- We have guidelines for the selection of suppliers that adopt responsible waste management policies.
- We select suppliers that meet strict standards to ensure safe workplace environments.

These categories reflect the organization's comprehensive commitment to sustainability in all the stages of the supply chain.

In this same vein, we have moved forward in the development of a Library of Good Sustainability Practices of stakeholders, which compiles and highlights the best sustainability practices and experiences, both internal and external.

Lastly, in order to communicate our policy and its associated instruments and resources to suppliers, we use a mass dissemination strategy supplemented by two-way on-site meetings with the various participants, which promotes a more solid commitment by those who make up our value chain.



Customer visit / Costa Rica plant

INNOVATION & GROWTH

ERP migration project in both plants

During this period we completed the planning phase of the migration of the ERP suites of our plants in Colombia and Costa Rica, in which the previous software will be replaced for the SAP solution, in order to achieve more agile, integrated and customer-focused processes.



Members of the ERP / EASI project

We expect the following results from this project:



Improved business operation

SAP S/4HANA will optimize operations management by providing a view in real time, facilitating decision-making and improving operating efficiency.



Environmental Impact

The automation of production processes, reduction in the use of paper and physical spaces for technological infrastructure, will contribute to more sustainable and collaborative operations, with a positive impact on the environmental footprint of Spradling® Group.



Quality of Life of Stakeholders

The improvement of operating efficiency and sustainability may generate a more stable and collaborative workplace, contributing to the life quality of our employees and other stakeholders.

Opening of new Calypso® stores

We increased the positioning and presence of our brand by opening a new Calypso® store in the province of Heredia, Costa Rica. We also completed the viability assessment and business structuring to open our first store in Dominican Republic in 2024.

Calender project for product diversification

Following installation in 2022 of a new Calender machine, in 2023 we initiated the process of consolidating the operating teams (shifts) to focus on the production of the first products to be manufactured, while we continue to test new products.

In 2024, we expect to complete the training phase, in line with the development and transfer of products from other lines to this new process.



Calender / Costa Rica plant

We will also formally begin to manufacture the first product lines, and the process will be included in the scope of the environment, energy, occupational health and safety and quality management systems. We will also define the indicators and targets of the process, and for the first time we will set a sales target.

This equipment will allow us to diversify our product portfolio aimed at the medical, industrial and automotive industries, as well as venture into new sectors such as wall covering and road signs, while at the same time increase production capacity for the heavy transportation machinery, apparel and protection sectors, by enabling better finishes and greater production volumes.

New Distribution Center project

In order to cover the expected increase in production from the Calender Project and other needs of the Cutting and Sewing Project, we moved the Distribution Center to a new area that will double storage capacity, increasing the area from one to two million meters.

This project will enable adding more loading bays and a fast-loading bay to increase shipping capacity, which will be combined with other improvements, such as an integrated and fully operational viewing camera system, automated guided vehicles (AGV - two automatically guided Kuka carts to move products across a bridge), and an elevator.

Cutting and Sewing Project

With the aim of providing fuller service to our customers, we created a new cutting and sewing service with leading-edge technological equipment that achieves savings in costs, logistics and transportation by delivering the material in the shape required by the customer, without the need to contract intermediate manufacturing services.

We began to offer and ship in a continuous manner a product named *cut out*, which is used for school bus seats in the United States. We also implemented a project that consisted in cutting and sewing for the seats at the movie theaters of Cinemark in Central America.

The ZOOM program also arrived to Costa Rica

Since 2022, we implemented the ZOOM (Zone for Optimization of Operations in Manufacturing) program at our Colombian plant, to analyze the main indicators of each process in real time.

95.29%

was the quality score in 2023, which represents a difference of **0.63%** in the expected quality compared to 2022, achieving savings of USD 1,140,000.

Building on this initiative's success, we decided to implement it in Costa Rica as well, through a center with six monitoring screens to centralize information on energy consumption, quality, productivity, waste and raw materials for the main production processes at the plant: preparation of plastisols and compounds, generators and finishing, among others.

This methodology enables the interpretation of data, the identification of deviations, and the definition of action plans to eliminate anything that does not add value for the customer. It increases process efficiency while reducing variability, which generates improvements in quality, productivity and energy use, thereby reducing costs.



Distribution Center / Costa Rica Plant



In 2024, we expect to publish the results of quality improvements and reduction of waste.





06

Masiala line (USA)

Environmental Dimension

For Spradling® Group, it is a top priority to responsibly manage and mitigate its environmental impacts. 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 2020 at our Colombian plant.

At our manufacturing plants, we have an Environmental Department and a Cross-disciplinary Committee that forms part of the Environmental Management System.

As a Company, our environmental efforts focus on four main objectives:



Improve energy efficiency and implement cleaner energy sources.



Reduce consumption and waste, with special emphasis on reducing those that cannot be avoided.



Assure air quality and mitigate the impact of greenhouse gases.



Efficient consumption of drinking water and responsible treatment of wastewater.

Through educational and awareness-raising events we seek to build an organizational culture that lives the values of environmental conservation and protection. In this way, we are not only a company with a profitable business model that is sustainable over time, but we also add environmental value, because we acknowledge our role as leaders in the textile industry.



ENVIRONMENTAL CULTURE AND EDUCATION



2,228

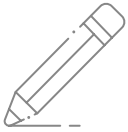
hours of training delivered on topics related to the environment, energy and waste as part of the environmental education program at our manufacturing plants.

We also carry out entertainment and integration events to raise the awareness of employees and their families. For example, during the month of the environment, celebrated in June, at the Costa Rica plant we carried out activities such as the following:



Composting Workshop

With **33** participants, who delivered **29** composting units. These enable the recovery of **526kg** per month of organic waste to be transformed into fertilizer.



Drawing Contest

To raise awareness among the employees' children **on the importance of the rational consumption of drinking water.**



Environmental Fair

300 employees participated. This activity included presentations by the main waste management companies and the beneficiary organizations of the cuttings donation program.

At this production plant we carried out four campaigns to collect special waste such as batteries, glass and electronic items, with **87** participants who recovered **1,033 kg.**



446

people participated in workshops on different topics related to environmental awareness at Proquina® Colombia.



Volunteer work in Tenjo, Quipile / Colombia plant

Environmental Volunteer Work

Volunteer work is one of the strategies we use to make a contribution to the environment and raise awareness among our team of employees based on their own first-hand experience.

With this approach, at our Calypso® stores in Colombia we carried out volunteer work to plant **120** trees at the Neuta wetlands in Cundinamarca, with the participation of **60** employees.

This was combined with a tour of the wetlands with the employees' children, to raise awareness about the importance of planting trees and caring for them for the preservation of the species.

Proquina® Colombia organized 3 volunteer planting and environmental awareness events in Tenjo, Quipile, **with the participation of 42 employees from the production plant, who planted 110 trees.**

Lastly, in Costa Rica **49** volunteers participated in the restoration of a path that is part of the Comprehensive Environmental Route of the Eco-tourism Model (RAIME, for the Spanish original) and they built nine orchards for the green classrooms of Hogar Calasanz.



Volunteer work at Humedal Neuta / Calypso®

ENVIRONMENTAL FOOTPRINT OF OUR OPERATIONS

Energy

It is essential to make efficient use of energy to ensure our business continuity. For this reason, we manage this resource based on the highest international standards and we certify our plants under the ISO 50001:2018 standard, through which we improve our energy performance, which is directly related to the reduction of Greenhouse Gases (GHGs) and with our contribution to mitigate the impact of climate change.

Use of energy at the manufacturing plants

Most of the energy consumed by our operations is concentrated in our manufacturing plants. It should be highlighted that in 2023 the new Calender process began operations in Costa Rica, which implied a significant increase in the consumption of electricity and fossil fuels.

Impact of the Calender on the energy indicators of Proquinal® Costa Rica, 2023

Type	Annual consumption by the Calender (kWh)	% of total plant consumption during the year
Electricity	1,228,933	3%
Fossil fuels	5,779,784	14%

The start-up of the Calender, combined with an increase in smaller orders from our customers and the start-up of operations at the new Distribution Center (CEDI, for the Spanish original), are factors that impacted our energy efficiency indicator.

To offset the increase in energy consumption per meter of fabric produced, and with an eye on continuous improvement, **we focused on identifying and implementing savings projects based on the specific characteristics of each manufacturing plant.**



450,285

kWh were saved through these initiatives, which is equivalent to avoiding the CO2 emissions of 35,396 gallons of gasoline. The details of these initiatives and their results are presented in the "Action for Climate" section of this report.

Electricity consumption (solar and grid) at the manufacturing plants

Geography	2022		2023	
	Electricity consumption (kWh)	Efficiency (kWh/meters of product)	Electricity consumption (kWh)	Efficiency (kWh/meters of product)
Proquinal® Costa Rica	11,192,251	1.07	11,264,817	1.23
Proquinal® Colombia	14,318,649	0.78	12,450,463	0.83
Total	25,510,900	0.89	23,715,280	0.98

Fossil fuel consumption at the manufacturing plants (bunker, diesel and natural gas)

Geography	2022		2023	
	Fossil fuel consumption (gallons)	Efficiency (kWh/ meters of product)	Fossil fuel consumption (gallons)	Efficiency (kWh/ meters of product)
Proquinal® Costa Rica	29,536,946	2.82	28,826,658	3.16
Proquinal® Colombia	34,161,533	1.86	30,393,301	2.03
Total	63,698,479	2.21	59,219,959	2.46

Total energy consumption by production plants

Geography	2022		2023		% change in efficiency 2023 vs 2022
	Total energy consumption (kWh)	Efficiency (kWh/ meters of product)	Total energy consumption (kWh)	Efficiency (kWh/ meters of product)	
Proquinal® Colombia	29,536,946	2.82	28,826,658	3.16	8%
Proquinal® Costa Rica	34,161,533	1.86	30,393,301	2.03	13%
Total plants	63,698,479	2.21	59,219,959	2.46	11%

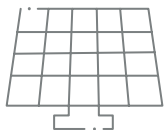
Solar energy

We reaffirmed our commitment to clean and renewable energy by installing **108 new solar panels: 60 at the facilities of Calypso® in Cartagena and 48 at Spradling® Spain.** In combination, these two projects generated approximately 4,200 kWh since they began to operate until the end of the year.

Photovoltaic energy (kWh generated)

Geography	2022	2023	Number of panels in operation
Calypso® store in Cartagena*		1,782	60
Spradling® Spain*		2,387	48
Proquinal® Colombia	19,743	19,137	72
Proquinal® Costa Rica	198,260	196,463	690
Total	218,003	219,769	870

*Estimated data based on months since installation.



At year-end we had

870

solar panels in operation. This implies annual generation of 219,769kWh, which is equivalent to having avoided CO₂ emissions of 17,276 gallons of gasoline.



Air view of solar panels / Facilities in Spain

Overall Energy Consumption

The energy efficiency of our stores and distribution units varies depending on the type and size of the operations. For the first time, **we managed to make a standardized baseline survey of energy consumption at all the business units of Spradling® Group**, which enables us to make decisions based on data to improve the efficiency of our activities and reduce our environmental footprint.

Energy consumption at Distribution Units, 2023 (kWh)

Geography	Electricity	Fossil fuels	Total
Spradling® Mexico	1,436	-	1,436
Spradling® Germany	5,634	-	5,634
Calypso® Costa Rica	9,083	-	9,083
Spradling® United Kingdom	20,264	-	20,264
Spradling® Spain	39,947	-	39,947
ACIF	64,356	40,827	105,183
Calypso® Colombia	277,181	-	277,181
Spradling® United States	997,083	4,451,966	5,449,049
Total	1,414,983	4,492,793	5,907,777



Water consumption and discharges

Our plants consume around 75% of the total water used by Spradling® Group. For this reason, we have focused on reduction efforts at the manufacturing plants, while at the same time making progress in measuring consumption at the distribution units.

Water consumption during 2023 increased by 7% in the Colombian plant compared to the previous year, due to an increase in the frequency of maintenance of equipment and infrastructure.

In Costa Rica, total consumption increased by 2%, due to structural maintenance and a longer dry season that required more water to irrigate the green areas. Additionally, the new Calender process requires use of water for its closed circuit chilling system.

As an efficiency measure, at the Costa Rica plant we reactivated the rainwater harvesting system, with capacity of 22m³, to be used for structural maintenance tasks.

15,206m²

of green areas are irrigated with recycled water, which achieves savings of 2,609 m³ of water during the dry season, thanks to the expansion of the system derived from the water treatment plant.

Water consumption at manufacturing plants in 2023 (m³)

Geography	2022	2023	% annual change
Proquinal® Colombia	16,350	17,438	7%
Proquinal® Costa Rica	17,943	18,300	2%
Total	34,293	35,738	4%



Irrigation system / Costa Rica plant



Rainwater harvesting / Costa Rica plant

Water discharges

Our manufacturing plants treat their wastewater to ensure that discharges from the process comply with the parameters and characteristics established by applicable regulations.

Daily maintenance is performed on the water treatment process, and periodic measurements are taken to control operating parameters such as flow rate, pH, solid sediments and dissolved oxygen. Additionally, reports are submitted to each country's authorities with the results of the physical-chemical and microbiological analyses of water quality, to assure the adequate operation of the system.

Action for Climate

Our manufacturing plants are carbon neutral processes, which reflects our firm commitment to action for climate, and reinforces our determination to take this vision to all the commercial units that are part of Spradling® Group in the world.

Greenhouse Gas Emissions (tons CO₂e)

Geography	2022					2023				
	Scope 1	Scope 2	Scope 3	Total	Efficiency (tons CO ₂ e/ meter of fabric)	Scope 1	Scope 2	Scope 3	Total	Efficiency (tons CO ₂ e/ meter of fabric)
Proquinal® Costa Rica	11,244	585	40,194	52,023	0.0050	11,165	591	39,502	51,258	0.0056
Proquinal® Colombia	9,563	1,611	47,003	58,177	0.0032	8,307	2,167	59,464	69,937	0.0047
Total	20,807	2,196	87,197	110,200	0.0038	19,472	2,758	98,966	121,195	0.0050

We have made fast progress in the quantification of Greenhouse Gas Emissions at the Calypso® stores and the distribution units, which provides us comparable and standardized information on our carbon footprint.

We are committed to developing production practices that minimize our carbon footprint, through specific projects for efficiency and the transition towards renewable energy sources.

2023 emissions at stores and Distribution Units (tons CO₂e)

Geography	Scope 1	Scope 2	Scope 3	Total
Spradling® Mexico	0.12	0.54	30.13	30.79
Spradling® United Kingdom	0.00	4.20	42.54	46.74
Calypso® Costa Rica	2.23	0.49	44.41	47.12
Spradling® Germany	13.48	3.15	67.81	84.44
Calypso® Colombia	0.98	34.92	131.09	166.99
Spradling® Spain	5.37	13.15	175.22	193.74
ACIF	8.51	24.41	1,833.59	1,866.52
Spradling® United States	943.34	377.22	2,146.40	3,466.96
Total	974.03	458.08	4,471.19	5,903.31

Note: As of this report's publication date, the data have not been verified by an external entity.



74

tons of CO₂e reduced, thanks to improvements in our production processes, which is equivalent to avoiding CO₂ emissions of 7,581 gallons of gasoline.

Colombia Plant

- Replacement of furnace engines for more efficient units.
- Identification and repair of 61 compressed air leak points by means of ultrasound equipment.
- Unification of water distribution systems to the chiller to achieve efficiencies in energy consumption in transfer of the fluids.
- Installation of a new burner for the furnace and a controller to modulate combustion according to process requirements.
- Update in the thermal insulation technology, minimizing residual energy losses.


Costa Rica Plant

- Adjustment of lighting controls on 5 plant switchboards.
- Replacement of compressed air in recording production machine.
- Placement of valves at six compressed air outlets to prevent waste when they are not in operation.
- Replacement of insulation of vertical heater to reduce losses, and there by reduce fossil fuel consumption.





In addition to the reduction projects at the manufacturing plants, we carried out activities to contribute to the mitigation of climate change and motivate employees.

 **402**

trees planted during various environmental awareness-building activities in the different geographies, and we enabled **65** bicycle parking spaces to promote the use of sustainable means of transportation.



OFFSETTING PROGRAMS

Bosque Vivo Project in Osa, Costa Rica

In Costa Rica, we invested in the Bosque Vivo project in Osa, by providing financial recognition to owners of properties with forests that are of special importance for the protection of flora and fauna.



35

registered wildlife species, of which 12 are classified as protected.

To date, the project has directly benefited 16 families (70 people in total), and other families indirectly. The latter receive income from contracts to carry out activities such as harvesting palm fruits, caring for cattle, fence maintenance, cleaning of boundaries, among others.

Ocotea Monteverdensis Conservation Project

The project seeks financing to recognize payments for environmental services to forest owners in the area where the endemic forestry species *Ocotea Monteverdensis* grows, and which was declared by the International Union for the Conservation of Nature (IUCN) as a critically endangered species.

In this regard, it has been determined that 70% of its specimens are in private properties in Monteverde, with no category of protection. This study estimated that only approximately 800 mature reproducing trees of this species remain, which implies that the protection of these specimens is critically important.

To date, 21 hectares have obtained financing for the conservation of the forest for 10 years, on the account of a family-owned limited liability company.



Bosque Vivo Project in Osa/ Costa Rica



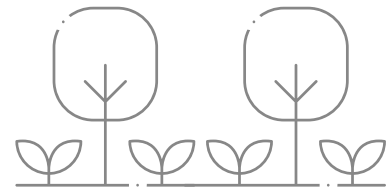
Ocotea Monteverdensis Conservation Project / Costa Rica

AGA FANO Project, Colombia

At Proquinal® Colombia, we offset our Greenhouse Gas Emissions through the AGA FANO Project. It consists in capturing the CO₂ generated from the fermentation process to produce alcohol at Ingenio Providencia, to produce liquid carbon dioxide as a substitute for natural gas.

Caribbean Region Project, Colombia

With over 14,000 hectares, this projects seeks to reduce and remove GHGs through forestry plantations and the conservation of dry and very dry tropical forests.



The project is located in the Colombian Caribbean area, between the subregions of Montes de María and Depresión Momposina, where historical, socioeconomic and cultural contexts are associated with ecosystem wealth and productivity.

The synergy between forestry plantations and the natural forest enable ecosystem and social resiliency, because the plantations act as a physical protection barrier for the forest. Additionally, the entire landscape unit of the project prevents erosion, protects water sources, captures CO₂ and allows performance of community economic activities.



SOLID WASTE MANAGEMENT

We acknowledge that responsible waste management is essential in order to minimize our environmental impact and contribute to the preservation of natural resources. For years, we have systematically identified those produced by our activities and searched for alternatives to reduce, reuse, recycle or adequately manage them.

+4,600

tons of waste were recovered for different uses, which implies that over 84% of total waste was recovered during the year.

Waste generation at the manufacturing plants, 2023. Data in kilos

Waste category	Colombia				Costa Rica				Total plants	
	Recovered	Not recovered	Total	% recovered	Recovered	Not recovered	Total	% recovered	Total generated	% recovered
Recycling	172,937	0	172,937	100%	410,268	0	410,268	100%	583,205	100%
Hazardous	307,158	593,465	900,623	34%	775,201	0	775,201	100%	1,675,824	65%
Trimming and edges	1,140,408	0	1,140,408	100%	676,156	4,820	680,976	99%	1,821,384	100%
Release paper	544,410	0	544,410	100%	573,709	0	573,709	100%	1,118,119	100%
Ordinary	0	68,928	68,928	0%	31,516	198,201	229,717	14%	298,645	11%
Total	2,164,913	662,393	2,827,306	77%	2,466,850	203,021	2,669,871	92%	5,497,177	84%

Notes: Recovered means recycled, reused or co-processed. Not recovered means incinerated, sent to landfill or treatment. The hazardous waste category includes contaminated fabrics, contaminated water, damaged plastisol, chiller water and special liquids. The recyclable category includes cardboard, wood pallets, scrap metal, plastic cones.

Annual comparison of waste generated by the manufacturing plants, 2022-2023

	2023			2022		%	
	kilos 2022	% recovered	kilos/meters of product	kilos 2023	% recovered	kilos/meters of product	Annual change in kilos generated
Total waste generated	5,739,249	81%	0.20	5,497,177	84%	0.23	14%



This satisfactory increase in the percentage of recovery was achieved mainly due to an effort to manage 300 tons of waste trimmings through co-processing (process of using the waste and its calorific value as fuel in industrial processes that require high temperatures).

We are also working on projects to reduce and recycle materials that were previously co-processed, in line with the prioritization recommended by the waste management pyramid, which suggests reducing and reusing materials before co-processing them.

The following are some of the main activities carried out to reduce waste at our manufacturing plants:



Processing and recovery of solvents to reintroduce them in the production process

This activity enabled the recovery of **339 tons of solvents in both plants, which were used for cleaning tasks**. Additionally, at the Colombian plant, **287 tons** of solids were recovered to be reintroduced in products.



Reduction of shrinkage from samples

This project, which began in 2022, managed a reduction of approximately **385 kg of waste by standardizing the size of samples** and contributed to creating a culture of standardization and waste reduction among the personnel, both in the context of continuous improvement efforts.



Recovery of release paper

This enabled the recovery of **33 tons of release paper waste that were no longer sent for co-processing, and instead are used in the production of other materials**, such as boxes, thereby increasing recycling of materials. In 2024, the use of the compacting unit will be extended to all processes, which is intended to significantly increase the amount of material sent to recycling.

At Calypso® Colombia, we created the PET recycling program, which consists in the implementation of 55 collection points (one in each Calypso® store) to collect recyclable materials.



101

kg of PET plastic was collected, as well as **6 tons** of other recoverable wastes.

At the distribution units we began to implement actions to classify and reduce waste generation.



In order to raise the team's awareness on the importance of waste classification, we implemented two campaigns to collect recoverable waste, in which we collected **914 kg of recyclable materials such as cardboard, plastic and paper**.

Also, at Euro Spradling®, we adapted a cutting machine to reuse tubes of materials shipped from the factory. We have also scheduled the launch of a program to recover tubes targeted at customers.

Lastly, at Spradling® International, materials from the storage warehouses are reused, such as boxes, pallets and tubes in which the arriving products were packaged, to be used in other samples of coated fabrics.



Lean Manufacturing Program / Colombia Plant

We promote the efficient use of resources

With the aim of reducing waste, optimizing resources and promoting innovation, we created the War on Waste program at Proquinal® Costa Rica. This program, which involves all the personnel, consists in creating teams that make in-depth assessments of a specific type of waste and propose possible alternatives to reduce it and improve efficiency in the use of this resource.

At the latest edition, **28** projects were presented, of which **14** were implemented, and awards were granted to **5** winning teams in the categories of innovation, savings and sustainability. The latter recognizes initiatives that in addition to producing economic savings also produce environmental benefits or a social contribution.

The winning projects will produce estimated savings of USD 215,000, through the reuse of materials, adjustments to equipment to shorten times, and placement of sensors to optimize ink consumption.

At the Colombian plant, through **LEAN MANUFACTURING**, initiatives are undertaken aimed at reducing and improving the use of resources in the manufacturing process of vinyl fabrics. During the year, we worked on projects to reduce raw material residues, shorten non-productive times and improve quality.



265

employees participated in this phase
of awareness-raising and accountability
of the operating personnel



War on Waste Program / Costa Rica plant



07

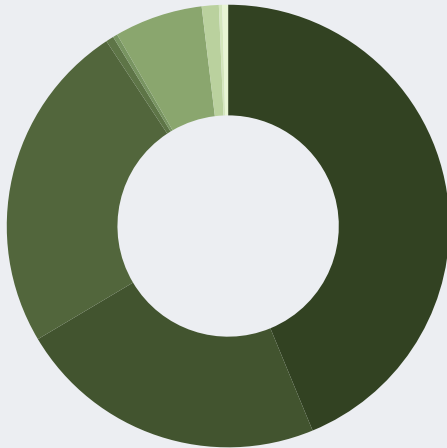
Environment event / Costa Rica plant

Social Dimension

OUR PEOPLE, OUR POWER

Our 2,093 employees are the main ambassadors for our brand before the world; they negotiate with customers, design and create new products, manage our plants, stores, distribution units and logistics center, and live our corporate values throughout the production cycle.

Employees by geography



Number of employees by geography	
Spradling® Germany	5
Spradling® Mexico	7
Spradling® United Kingdom	9
ACIF	12
Spradling® Europe	26
Spradling® United States	135
Proquinal® Costa Rica	475
Calypso®	508
Proquinal® Colombia	916



Based on our clear understanding of their role, we have intentionally built our facilities and reviewed our processes in order to ensure the best possible conditions for our personnel, implementing practices that improve their quality of life individually and that enhance the workplace environment.

Our efforts to offer a safe and healthy workplace environment that enables the full development of our employees is also demonstrated in the opportunities we offer to pursue a career within the organization. During this period, 5% of our personnel was promoted, i.e., was transferred to a position of higher hierarchy or more remuneration.

New hires 2023		
Men	Women	Total
348	83	431

Note: Includes new positions and replacement of personnel who left.



Traffic and International Trade Area / Colombia plant

For this reason, we are also proud that our Colombian plant was awarded the Great Place to Work (GPTW) seal in 2023, joining the Costa Rica plant, which has been certified since 2020.



Great Place To Work helps organizations to quantify their culture and detect strengths and opportunities for improvement, by means of a survey that measures five dimensions: credibility, respect, impartiality, pride and camaraderie.

Our objective in 2024 is to improve our score within the standard of excellence of GPTW for both plants. To achieve this, we hold feedback sessions and assess the data of each area with their respective leaders, which enables us to establish an action plan to address the opportunities for improvement.

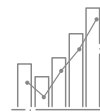
Training and Development

Our training and development initiatives arise from the identification of needs from several sources:



Learning inquiries

We meet with each manager and his management team to prepare a Diagnosis of Training Needs for employees in each area. We also meet with the leaders of each management system to identify the topics to be developed, both at the organizational level and in critical positions.



Results of the performance management cycle

We identify training needs in the evaluations of each employee and their leaders, as well as in development interviews.



Succession Planning

Specific training was provided as needed depending on the case/need.



Orientation

We provide new hire orientation to ensure that they are trained in essential topics for their position/area, through which we drive their learning curve and reduce knowledge gaps.



Results of the Great Place To Work and Psychosocial Risk Survey (at Proquinal® Colombia and Calypso®)

We especially established training needs on soft skills.



Each country's regulations or laws

Training required to comply with the law or specific regulations.

TRAINING PROGRAMS IN 2023

English

At Proquinal® Colombia ha offer 3 English programs depending on the person's rank or needs: English for all, Proquinal, and personalized programs. Their purpose is to ensure that our team improves its fluency in this second language.



158

employees benefited from these programs, with a total of 2,686 hours.

At Proquinal® Costa Rica, we also offer an in-house free English course for administrative and management positions, aimed at improving language skills. **55 employees participated in the English course, of whom 5 completed the program and were certified.**



English Conversation Club / Colombia plant

Leadership

One of our main focus areas in terms of personnel training is on leadership skills.



At Proquinal® Colombia, we have the Comprehensive Organizational Leadership Program (PILO, for the Spanish original), aimed at leaders in the organization to consolidate and strengthen the skills for their roles. In 2023, a total of **3,920 hours were delivered to 62 persons trained.**



This program, designed for supervisors and operations personnel, aims to develop knowledge and skills to mobilize talent. **Proyectarte totaled 1,144 hours and benefited 143 persons.**



Training / Costa Rica plant

At Calypso®, we have a Leadership Club that helps improve talent management abilities and skills in the organization, as well as the results of the Social Risk Assessment and employee commitment.

Technical Certification Programs

At Spradling® Group we clearly understand that our operations and administrative personnel require technical knowledge and skills, which is why we invest in specific programs and certifications.



Technician in Manufacturing Processes

At Proquinal® Colombia we deliver this course in partnership with SENA, **with 21 participants**, to enhance educational and professional growth of the team of employees at the industrial plant, for a total of 10,080 hours.



Technician in Logistics and Inventories

One employee is taking this course upon being promoted to the position of Warehouse Coordinator, with the objective of developing skills such as planning, administration, communications, costs and statistics, among others.



Six Sigma Yellow Belt Certification

Management program focused on improvement and cost reduction, whose objective is to optimize a company's production and improve the quality of its processes. **5 employees in Costa Rica completed the certification.**



Lean Manufacturing Program

Delivered to 271 employees, for a total of 21,680 hours, providing in-depth knowledge on quality systems and continuous improvement.



Training program on Characterization of Polymer Materials

Its aim is to strengthen knowledge on the application of the most commonly used characterization techniques in the research and development of polymer materials, establishing relationships between tests or analyses and the properties of the material, to improve the process or products based on the results obtained. **It totaled 1,083 hours taught to 19 persons.**



Certificate programs in Data Science (MIT) and Machine Learning

Training process to develop specialized knowledge in two key areas, namely the acquisition of skills to analyze and understand complex data, identify patterns and make informed decisions.

We also deliver short courses on various subjects, according to each area's needs. Some courses held during 2023 included on the free trade zones law of Costa Rica, prevention of corruption, risk management, estimation of measurement uncertainty, impartiality criteria for laboratories, INTE ISO 17025:2017 standard, good manufacturing practices in the medical industry, among others.



Manufacturing Technician Graduates / Colombia plant

In the case of our Calypso® stores, training focused on enhancing technical knowledge about the products we sell, and to this end we engage the active participation of our suppliers, who provided training sessions for different product categories. Other courses were offered to reinforce specific knowledge, such as Excel, sales, health and well-being skills.

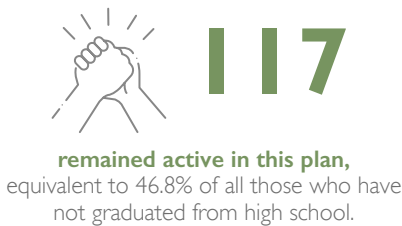
At Calypso® we also have supplementary education programs for university education to strengthen academic skills and knowledge. **During this period, 3 employees who permanently participate in decision-making benefited from these programs.**

Employees of all our distribution units and ACIF (our logistics and distribution center) received orientation and on-the-job training. Additionally, during the year any identified training needs were addressed.

Recently we have participated in trade fairs, forums and training related to sales; at Spradling® Mexico training was provided on soft skills; at Spradling® United States personnel were trained on the use of SAP, and at ACIF courses were provided on safety and load handling.

High School Studies Plan (Costa Rica)

Since **80%** of the personnel at our Costa Rica plant are operations personnel, we offer employees the opportunity to earn their high school diploma **through a program that is 85% subsidized, thanks to an agreement with an institute.**



In the medium term, this program's coverage is expected to be expanded to university studies.



Corporate University (Colombia)

Thinking in how to address training needs in an innovative manner, Proquinal® Colombia has a Corporate University with 5 faculties:



Data Sciences Analytics, which covers the use of Excel and Office 365 up to Power BI and a specialized MIT course.



Leadership, which contains a Coaching program, Projectarte and two PILO modules, among other courses.



Industrial and Quality Processes, which includes, for example, the Lead Manufacturing and Fundamentals of Management Systems courses.



Product Attributes and Customer Service, whose offerings range from basic customer service to the characterization of materials.



Fundamenta, which includes the courses of the Annual Training Plan and others such as Finance and Performance Management.

Team building

The workplace environment is also positively influenced by integration and celebration events with co-workers, creating cohesive teams and stronger bonds that contribute to collective work and improve interpersonal relations and communications in the various departments and business units.

In this regard, at Spradling® Group we have initiatives such as the following:

Sports club to promote health

At both manufacturing plants we hold health fairs and we have facilities to practice certain sports.

In Costa Rica, for example, we have football fields in excellent conditions, and we support tournaments of men, women and mixed teams. We also celebrate Health Month in February.

In Colombia, we have ProquiVital, a program whose objective is to promote sports and recreational activities that contribute to the physical and mental health of the entire team of employees, through sports clubs such as Bici, joggers and trekkers and the Dance Club.

At Calypso® we have an Active Breaks program to promote emotional well-being, regulate emotions and avoid stress.

Recognition of track record

We offer recognition to our manufacturing plant employees for the commitment and contribution for every five years of service at the Company.



Year-end event / Costa Rica plant

New Year's celebration

We provide employees recognition to celebrate the end of the current work year. At the manufacturing plants and at Calypso® we held a celebration aimed at offering our team of employees a time for enjoyment, laughter and fun to promote a healthy workplace environment.

At Proquinal® Colombia we also hold the activity "Together Again" as a first space for integration and strengthening of communications channels for the administrative staff at the beginning of the work year.

Celebrations

As part of the annual program, and both plants and Calypso® Colombia we celebrate special dates such as Women's Day, Men's Day, Mother's Day, Father's Day, Saint Valentine's, Halloween, among others. In the United States, we also celebrate Veteran's Day and the Day of Employee Appreciation to demonstrate our gratitude for their contribution.

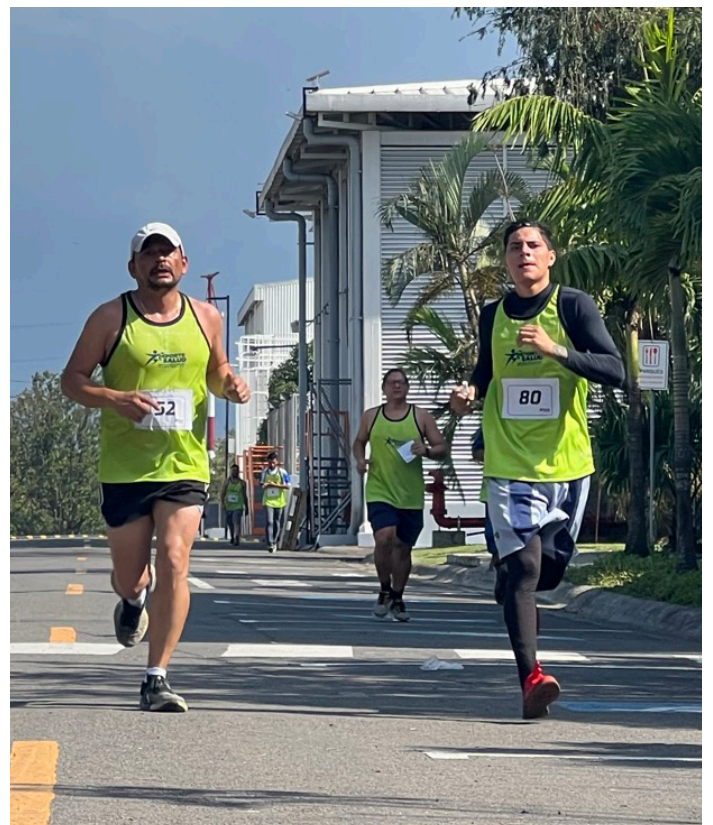
Relations with our employees' families

One of the objectives of these events is to build teams and strengthen relations with our employees, as well as bringing their families closer to our daily work.

At Proquinal® Costa Rica, for example, we hold the "Proquinal® open house" event, where our employees' families are invited to tour the different areas of the plant, **to get to know the product manufacturing and shipping processes, with the participation of 167 family members.**



Lastly, at our European distribution units we granted summer vacations to **40** employees, to promote spending quality time with their children who also have school vacations. Activities of this type seek to promote a work-life balance. Additionally, we carry out team-building training activities.



SOCIO-ECONOMIC DEVELOPMENT

At Spradling® Group we care for the conditions of our employees beyond the workplace environment, to contribute to the improvement of quality of life of our employees and their families.

To understand their realities and needs, in recent years we have used measurement instruments such as the Enterprise Multidimensional Poverty survey at Proquinal® Costa Rica, and the Psychosocial Risk Survey at Proquinal® Colombia and Calypso®.

These surveys let us know their status in terms of housing, income, health, and education, and based on the results we engage in specific activities and programs, such as the Housing Plan, assistance in the event of family emergencies, and transportation and food subsidies.

Benefits for family development

Housing

Our star program at Spradling® Group to help our employees acquire decent homes is the Housing Plan, which has been in place in Colombia since 1980, and began in Costa Rica in 2023.

This plan establishes that when certain requirements are met (own home or property, 5 years at the Company and a record of excellent conduct, among others), employees can apply to be selected as beneficiaries of an amount to repay debt, perform house repairs or expand their homes.



6 employees at Proquinal® Costa Rica, initiated the process to receive this financial benefit in the amount of USD 10,500 each. At Proquinal® Colombia, the program benefited **8** employees for a total of USD 30,000.



Housing Plan Program / Colombia plant



Housing Plan Program / Colombia plant



Housing Plan Program / Colombia plant

Assistance in the event of family emergency and other benefits

At Proquinal® Colombia we offer a family emergency loan at 0% interest. In 2023, this program benefited **78 employees at the production plant and 26 employees at Calypso®**.



85

of our employees benefited from the family emergency benefit, thanks to the collective bargaining agreement, for a total of USD 38,325.

On its part, Proquinal® Costa Rica offers economic assistance of approximately USD 1,400 to cover funeral service costs when an employee dies. However, we are glad that it was not necessary to use this benefit this year.

Similarly, we assess cases of family emergencies and offer assistance, such as granting of meals, payment of specialist medical expenses and medical exams, depending on the case. For example, **this year daily meals allowances were provided to 5 employees and assistance for medical services was provided to 8.**

Family emergency assistance is also available for distribution unit employees. In the case of unforeseen events, the Company provides assistance to employees in cash; or legal, psychological or other types of counseling, as well as paid leaves of absence to resolve or address the situation.



26

loans provided by Calypso® for family emergencies at zero interest for a term of 6 months through payroll.

In general, we offer a series of benefits that enable our employees to cover food, transportation and medical or health requirements. These initiatives enable them to have greater availability of income and freedom to manage their budgets by not having to incur in these expenses.

The following are some of the main ones:



At our manufacturing plants, employees receive financial recognition for their permanence at the Company.



Proquinal® Colombia provides economic subsidies or assistance to support employees for supplementary healthcare and eye care. It also offers economic assistance for education and for the enjoyment of vacations and Christmas holidays. In total, USD 699,000 were allocated to these items.

Financial benefits Proquinal® Colombia

Type	Assistance provided	Amount invested USD
Retirement bonus	15	18,467
Birth, marriage and death	37	11,970
Illness	85	38,325
Supplementary healthcare	85	17,850
Monthly educational	160	70,289
Higher education	165	105,917
Eye care	227	11,959
Vacation bonus	679	222,571
Christmas bonus	772	201,751
Total	2,225	699,099



Institutional cafeteria / Costa Rica plant

At Proquinal® Costa Rica, we offer the benefit of a subsidy covering 85% of the cost of public transportation tickets, which represents an investment of USD 9,000 per month. We also provide a subsidy for 70% of the cost of lunch and dinner for all personnel, at a large and comfortable cafeteria.

At Calypso® we also offer loans for college education and for prescription glasses. Of the former, seven were granted in 2023, and for glasses a total of 27 loans were made.

This agreement is a legal arrangement signed between the workers and Proquinal®, as employer, to regulate matters related to the employment contract (incentives, extra-legal bonuses, etc.)

At Calypso® a credit, savings and well-being cooperative named Fincomercio has been established for the retail company's employees, which has 130 members.



82%

of our employees are affiliated to **Asoproquinal**, a cooperative organization established at Proquinal® Costa Rica.

Benefits through external organization

In Colombia, our team of employees of the manufacturing plant and Calypso® stores benefit from Family Compensation Funds such as Colsubsidio, Compensar and Comfa. These organizations are private non-profit legal entities that fulfill functions related to social security and are subject to control and oversight by the government.

In other words, they are private institutions that focus on improving the quality of life of their members and their families, offering health, cultural, sports and education services.

Through these organizations, employees have access to family subsidies in cash, housing subsidies, school bonuses and a wide range of health and well-being services.

The main objective of entities of this type is to promote the material and social well-being of their members, through activities such as savings, credit and investment, as well as educational and housing programs.

AsoProquinal offers benefits such as loans for housing, health, trust fund, mortgage loans, education loans, auto insurance loans, financing for payment of public utilities, solidarity assistance due to disability or death of relatives in the first degree of consanguinity, gifts on special dates, among others.



741

employees of Proquinal® Colombia are covered by the collective bargaining agreement.



Employees / Colombian plant

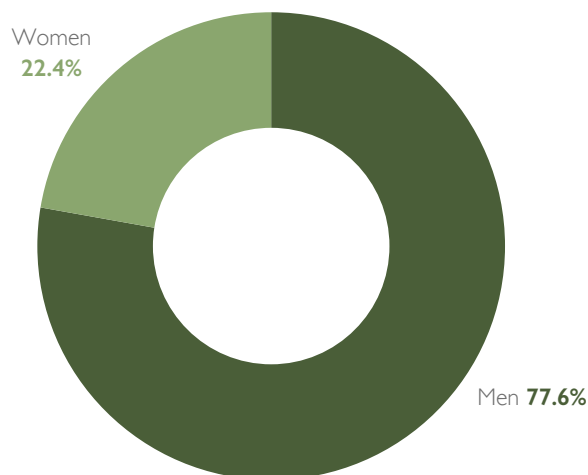
Diversity

At Spradling® Group we have established guidelines to assure the principles of inclusion and non-discrimination in the recruitment and selection of personnel, in compliance with the law.

We have an equitable structure in terms of the procedures to follow for each candidate to a position, in which we review the position requirements compared to the required skills and experience. We therefore hire personnel in accordance with the principle of suitability, with no discrimination for reasons of gender, age, ethnic group or any other.

This is reflected in the Great Place To Work certification at both manufacturing plants, as discrimination is one of the factors assessed in the survey.

This type of effort has enabled us to have a diverse and competent team of employees.



Total employees by gender and business unit, 2023

Geography	Men		Women		Total
	Number	%	Number	%	
Proquinal® Colombia	751	82%	165	18%	916
Calypso®	337	66%	171	34%	508
Proquinal® Costa Rica	431	91%	44	9%	475
Spradling® United States	68	50%	67	49%	135
Spradling® Spain / Spradling® United Kingdom / Spradling® Germany	22	55%	18	45%	40
ACIF	10	83%	2	17%	12
Spradling® Mexico	5	71%	2	29%	7
Total	1,624	78%	1,052.12	22%	2,093

All the business units of the Company have mechanisms in place to address reports related to discrimination or other situations, such as the line eticayconducta@proquinal.com, managed by the Compliance Officer.

Additionally, at Proquinal® Colombia and Calypso® there is a Workplace Coexistence Committee comprised of representatives of the company and of the employees, which addresses situations that may involve workplace harassment, sexual harassment and reports of discrimination, in accordance with the provisions of Law 1010/ 2006. At Proquinal®, these complaints are filed by e-mail at comite.convivencia@proquinal.com.



Sports for Health Race / Costa Rica plant

Occupational Health and Industrial Safety Programs

At Spradling® Group, we care about the well-being of our employees, and our occupational health and industrial safety focus on the prevention of diseases and the promotion of health in an integral manner.

Based on our understanding that our human talent is our most valuable asset, we invest in creating a healthy workplace environment at all levels. For example, at our manufacturing plants and Calypso® stores we have a doctor's office or first aid care point on site.

We also run occupational laboratory exams; para-clinical occupational assessments (diagnostic tests); occupational assessment for new hires, changes in position and return from sick leave; and non-occupational integral health checks (glucose, full blood test, uric acid, lipid profile, PSA).

Occupational check-ups

Type of occupational check-up	Proquinal® Colombia	Proquinal® Costa Rica	Calypso®
Para-clinical occupational check-ups: diagnostic support tests that assist in decision-making and the assessment of results by the medical personnel, such as lower back X-rays, hearing tests, breathing tests, eyesight tests.	467	502	18
Occupational check-up with bone-muscle emphasis	400	NA	15
Occupational assessment for new hires, changes in position and return from sick leave	313	147	134
Occupational laboratory exams to detect exposure to chemical substances.	126	137	0
Total	1,306	786	167



In addition to medical check-ups, we have vaccination programs against influenza and blood donation campaigns at Proquinal® Costa Rica, as well as the cancer prevention and breast screening program for **165** employees at Proquinal® Colombia, and the requirement of COVID-19 vaccines for new hires and the tetanus vaccine in the case of maintenance personnel at the Calypso® stores.

At Proquinal® Costa Rica, the doctor's office also provides support for health cases that require outpatient follow-up, offering free advice on next steps to expedite processes with external medical specialties and Costa Rica's hospital system.

At Proquinal® Colombia and Calypso®, our team of employees also has access to the psychological service of TU ARL POSITIVA A TU LADO, a communications channel offered by our insurance company for immediate assistance on topics such as workplace social relations, poor communications, symptoms of anxiety, substance abuse, stress, mourning situations, and harassment events.

This programs is intended to offer our personnel the support they need to care for their emotional and mental well-being, with advice from a highly qualified team of professionals.



Active breaks / Colombia plant

Sports promotion

One of the pillars to ensure integral health and prevent diseases is the promotion of sports. At Spradling® Group, we organize activities according to the needs and interests of each business unit, of which we highlight the following:



STRONG NATION



HIIT TRAINING



MUSCLE TONING



BOWLING



RUMBA THERAPY

We also organize health fairs that include running, basketball, volleyball, chess, teqball, female football and other disciplines.

Participants in sports promotion activities	
Proquinal® Costa Rica	561
Proquinal® Colombia	530
Calypso®	58

Health Campaigns

One of the main focus areas we incorporate in the occupational health and safety approach is effective health communications, by offering the employee population enough information for them to make timely decisions on how to improve their quality of life.

At the Calypso® stores and the manufacturing plants, we hold different campaigns throughout the year on topics such as **nutrition, healthy diet, postural health, sexually transmitted diseases, digestive problems, mental health and handling emotions, as well as entertainment-based events to prevent the consumption of alcohol and drugs.**



Active breaks / Calypso® Stores

Occupational Safety

Regarding occupational health and safety (OHS), at Calypso® we comply with the standards set by the single workplace regulation in Colombia and resolution 0312/2019 on the prevention of occupational risks issued by the Ministry of Labor. We also offer several related sub-programs, such as the occupational and preventive medicine, industrial health and load handling sub-programs.



Additionally, our manufacturing plants have a certified Health and Safety Management System in accordance with the requirements of the ISO 45001 standard. This system is led by Senior Management, the Occupational Health Committee in representation of the workers, and the Occupational Health and Safety Office.

In Costa Rica, we also designed an innovative program using as analogy a football championship, where each department has a team, and following the occurrence of a work accident, the process is closed with a recognition ceremony called “Dunking of T-shirts.” During the ceremony, the lessons learned are listed with the presence of senior management, the managers involved and the OHS team, and the T-shirt is dunked in a fish-bowl-like container in the Company’s main hallway.

The Calypso® stores and Proquinal® Colombia also receive advice from ARL Positiva, the occupational risk insurer, to manage preventive actions jointly with the occupational risk insurance broker.

In order to put into practice our efforts for greater workplace safety, both plants undertake specific prevention initiatives. **Some of these include:**

- **Committed to Safety:** It consists of audits or inspections to follow up with area leaders on safety, health and environmental management matters.

482

employees on average participated in 411 audits in Costa Rica, and 750 employees in Colombia, in a total of 102 inspections.

- **Zero Accidents:** this initiative aims for a workplace with zero work accidents during the year. In Colombia, 8 areas achieved the goal of zero accidents, as a result of which prizes were awarded to 350 employees. On its part, in Costa Rica, 20 areas ended the year with zero accidents, as a result of which 426 employees were awarded prizes.



Zero Accidents Program / Colombia plant

- **Occupational health and safety communications and talks program:** Design and dissemination of handbooks with preventive information related to workplace and integral health, environmental management and safe work practices.

750

employees benefited from the design and dissemination of **325** handbooks in Colombia, while in Costa Rica **288** handbooks were designed to benefit **380** employees.

- **Occupational hygiene and health program:** in Colombia, we worked on improving the ventilation system at generator **3** and the distiller, to the benefit of **13** employees. In Costa Rica, hydration conditions were improved for the employee population with the highest thermal stress indicators, to the benefit of **81** employees.
- **Improvement of safety conditions program:** at the machines, taking into consideration factors such as health and safety, maintenance and production. In Colombia, **7** projects for the improvement of safety conditions were undertaken, and in Costa Rica, **9**.

These are in addition to other specific programs at each plant, such as “On Time to Prevent” in Costa Rica, which consists in practical training with simulators and strengthening of safe behaviors, as well as assurance activities for new personnel, all based on knowledge of the Safe Work Procedure (PST, for the Spanish original).



Brigade activity / Costa Rica plant

This plant also invested in two projects: implementation and expansion to leaders of the IGS system (safety management index), in order to increase the detection of improvements in health and safety, as well as increase the participation of leaders in prevention processes and the substitution of **50%** of production operations involving knives or metal sheet cutters for low-risk cutting tools with ceramic blades.

At Proquinal® Colombia, we completed a trial period of software to automate the inspection process and improve documentation control, and we designed a new program aimed at identifying employee behaviors during work activities, for analysis and to take corrective and improvement actions with the objective of reducing the Company's accident rate.

We must add that occupational health and safety training and building of preventive capacity among our personnel is essential for our Company.

For this reason, we held **17** training sessions covering our manufacturing plants and Calypso® stores, for a total of **2,468** hours, on topics such as handling of loads, risks and hazards for OHS positions, hazard identification, road safety, work procedures, and adequate storage of chemical substances, among others.

110

members of the Emergency Brigade of Proquinal® Costa Rica participated in **9** training events; **94** brigade members of Proquinal® Colombia in **14** training events and **66** brigade members of Calypso® in **3** training events.



Training / Costa Rica plant

All these initiatives help us prevent and avoid work accidents. However, the results show an increase in the number of accidents and the accident rate at the Company. In view of these results, our commitment is to strengthen this area, acknowledging that the occupational health and safety culture is consolidated over time, based on the efforts we make day by day.

		Frequency Index (FI)			Number of lost time accidents		
		FI 2022 (annual)	FI 2023 (annual)	Change 2023 vs 2022	Total accidents 2022	Total accidents 2023	Change 2023 vs 2022
Production plants	Proquinal® Costa Rica	1.74	1.54	-12%	9	8	-11%
	Proquinal® Colombia	4.69	5.98	28%	42	45	29%
Distributor	Calypso®	4.08	4.38	7%	19	21	11%
Sales and Distribution	Spradling® Spain/ Spradling® Germany/ Spradling® United Kingdom	0.00	0.00	0%	0	0	0%
	Spradling® Mexico	0.00	0.00	0%	0	0	0%
	Spradling® United States	3.95	4.15	0%	5	5	0%
Logistics Center	ACIF	25.04	10.44	-58%	2	1	-50%
Total Spradling® Group		3.68	4.22	-15%	77	89	-16%

Note: the frequency index is calculated using a constant of 240,000 man hours

		Severity Index (SI)			Number of lost time accidents		
		SI 2022 (annual)	SI 2023 (annual)	Change 2023 vs 2022	Total accidents 2022	Total accidents 2023	Change 2023 vs 2022
Production plants	Proquinal® Costa Rica	43.36	83.69	93%	224	435	-94%
	Proquinal® Colombia	43.77	57.16	31%	392	516	32%
Distributor	Calypso®	29.67	44.00	48%	138	211	53%
Sales and Distribution	Spradling® Spain/ Spradling® Germany/ Spradling® United Kingdom	0.00	0.00	0%	0	0	0%
	SpradMex	0.00	0.00	0%	0	0	0%
	Spradling® United States	4.35	4.15	0%	6	5	-9%
Logistics Center	ACIF	2,491.39	0.00	-100%	199	1	-100%
Total Spradling® Group		45.76	55.33	21%	959	11,367	22%

Note: the severity index is calculated using a constant of 240,000 man hours

Additionally, in Spradling® Group as a whole, only one occupational disease was recorded, specifically at Proquinal® Colombia, where a final opinion was issued by the National Board for Rating of Disability. In this case, we are already working on the respective investigation and the implementation of action plans.



Products made from cuttings and trimmings / Suri Project

OUR COMMITMENT TO SOCIAL DEVELOPMENT AND THE ENVIRONMENT

Shared value: another indicator of our
enterprise success

At Proquinal® Costa Rica, we have a program aimed at benefiting historically vulnerable populations by donating cuttings and trimmings to organizations registered at the Mixed Institute of Social Assistance (IMAS, for the Spanish original). This initiative seeks to create job opportunities and generate income, while at the same time responsibly managing our waste.

716

tons delivered for materials derived
from our manufacturing process.

For each of 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.

The 4 beneficiary organizations have different
purposes, approaches and target populations:

Coopeambiente

It manages environmental responsibility projects by transforming reusable materials into high quality and trendy products. The donations they receive are distributed to organized groups that make products such as handbags, lunch boxes, pencil bags and cases.

380

beneficiary families with average income
of USD 391 per family, for a total
of USD 148,602, thanks to the donation
of **365** tons of vinyl cuttings.

Desarrollo Ecoturístico Norte (FUNDETORT)

It provides training to a group of 15 economically vulnerable people due to unemployment, to enable them to make products from vinyl fabrics and generate financial income.

60

beneficiary families thanks to the donation of 80 tons of cuttings and 216 tons of trimmings, for estimated income of USD 3,000 in sales



Coopeambiente

Hogar Calasanz

It promotes study opportunities at the high school and technical levels for young people living in situations of vulnerability and social risk. All the donated material is used as a resource to provide their students training on upholstery, which is later sold to financially support the foundation.

72

students who live at this home benefited thanks to the donation of 25 tons of vinyl to teach the upholstery course, which generated estimated income of USD 17,000 in sales.



Hogar Calasanz

SURÍ Project

It provides technical training for women to enable them to seek better jobs or create their own micro-enterprise. The foundation transforms donated trimmings into raw material for small enterprises from the community of Pavas and its surrounding areas.

55

beneficiary families thanks to the donation of 30 tons of vinyl cuttings to teach the upholstery course. This contribution produced estimated income for the organization of USD 21,000 in sales.



SURÍ Project

In addition to this cuttings donation program in Costa Rica, Calypso® in Colombia donated the vinyl fabrics from obsolete catalogs and the sales and marketing outlets. **In total, we donated 121 kg to the institution ARES B.**

Volunteer work in communities with direct impact

At Spradling® Group, we encourage our employees to participate in volunteer work that reinforces win-win relationships with our stakeholders and increase the Company's positive social impact on the countries where we are present, especially in Costa Rica and Colombia.

We carry out events with a social and environmental focus:

49

volunteers worked on restoring the path that is part of the Integrated Environmental Route of the Eco-tourism Model (RAIME), at Hogar Calasanz in San José, Costa Rica.

Additionally, 9 orchards were built to grow fruits and vegetables for the institution's cafeteria, for a total of 294 hours.

At Fundación Hogar Manos Abiertas in Costa Rica, we organized an entertainment show for children with disabilities, to provide them an event for enjoyment. Also, during a second visit, we carried out recreational activities and other tasks, such as washing chairs, sanding handrails and cleaning windows to maintain the center in optimal hygienic conditions.

We also carried out volunteer work with an environmental focus at Proquinal® Colombia at Colegio Agropecuario La Sierra and to the benefit of Fundación Al Verde Vivo. Lastly, at Calypso® we organized a volunteer effort of Adopt a Tree at Humedal Neuta, where we planted 120 native trees.

Business Unit	Volunteer work	Total hours	Participants
Proquinal® Costa Rica	Hogar Manos Abiertas	300	50
	Hogar Calasanz	294	49
	Hogar Manos Abiertas	270	45
Proquinal® Colombia	Colegio Agropecuario La Sierra	214	21
	Fundación Al Verde Vivo	184	18
Calypso®	Adopta Un Árbol	300	60
Total		1,562	243



Volunteer work / Costa Rica plant



Tree planting / Calypso® Colombia

Fabrics that change lives

Olga Mojica: passionate about color, family and sports

Our co-worker Olga Mojica is a family woman. So much so that she says that she has three: her family with her dog and her daughter who is about to turn 15 years old, her extended family with her mother, sister and brother-in-law, and her third family, for the last 10 years, Proquinal®.

This industrial chemist and Digital Design technician joined in August 2013 as color specialist. **“Since I began my professional career I have worked on the development of colors. I am passionate about making colors, and it is one of the reasons I remain at the organization. Another thing I like about Proquinal® is the job stability, its punctuality in payments and the multiple benefits we have through the collective bargaining agreement.”**



Olga Mojica

One of her dreams, from the start, was to own her own house. Olga initially applied for a bank loan, which she used to fix the floors, walls, roof and other areas of her apartment in Bogotá which, at the time, was delivered without finishes, and she was able to move in with her daughter.

However, in March 2023, destiny had a wonderful gift for her: Proquinal® gave her a boost by selecting her as beneficiary of the Housing Plan. With the delivery of USD 3,828 she was able to fix up her apartment, building closets, doors and a built-in kitchen, among other improvements. “When I received the news, tears of happiness began to run down my cheeks, not only for myself, but also for my daughter. Our dream was to finish fixing up the apartment, and achieving it in such a short time is a blessing from God,” she said gratefully.

“Now, every time I walk into my apartment, I am filled with motivation to continue in the struggle. Thanks to Proquinal® my daughter thinks I am a warrior, that despite the difficulties I always find a way to get ahead, and to me it is very important to set an example for her. For all this, all I can do is thank Proquinal® with the promise to continue giving my 150%.”

Definitely, stories like hers inspire us at Spradling® Group to continue attracting and recruiting the best talent, those who demonstrate through responsibility and commitment that they share our organization's values and give the best of themselves in their day-to-day tasks.

Alexis Meneses Espinoza: This father of 3 dreams of completing high school

18 years ago, when a friend told him about Proquinal® and went with him to fill out the employment form, Alexis Meneses Espinoza did not imagine that starting in January 2006 he would build a permanent and productive relationship with our Company.

Since then, he has been a machine operator, warehouse assistant, warehouse coordinator, and he currently works in the documentation filing office.

If somebody asks him: Why have you devoted so many years of your life to working at Proquinal®? His answer is short and simple: “Because I like it!” He summarizes it well: “It is a solid and stable company with a good workplace environment. I am proud to work at Proquinal, which is my family, and because... both in good and bad times, it has always supported me.”

Besides, his work enables him to support two of his three children, a 12-year-old girl and his youngest son who is 8; who along with his oldest son who is 21, are his most valuable gift and with whom Alexis loves to spend time.



Alexis Meneses Espinoza

For this same reason, he was so happy to be selected as one of the first beneficiaries of the Housing Plan in Costa Rica. He told us that that he currently lives in a room close the house where his sons and daughter live, but with the home remodeling assistance he will be able to build an extension in the house and live closer to his children, without having to pay rent. "My family and I will be eternally grateful to Proquinal®".

With this same drive, at his current age of 51, he is taking the ninth grade of high school to pursue his dream: to graduate from high school.

This resident of Carrillos Alto de Poás inspires us at Proquinal® to believe that our Company can create opportunities to improve the quality of life of our employees and their loved ones, accompanying them in different stages of their life and contributing value that transcends a decent job.

Diana Yomar Ortiz Leal: 26 years making history at Calypso®

Diana Yomar Ortiz Leal is an employee who has grown along with the Company. **She joined as a cashier at one of our stores, before the merger, under the name of Comercializadora Calypso®, and she is currently our Accounting Coordinator.**

What was supposed to be a six-month period to substitute for a maternity leave became a permanent job of 26 years of full professional development and dedication. During this time, she has worked in collections, accounts payable, inventories and other projects such as consolidating the product database, and most recently, updating the ERP system.

At the beginning she accepted the position because she was going to school and needed to work, but she has remained because she likes the family-like environment of the organization and the stability her job offers her. "It gave me the confidence to set my personal and professional goals. In the professional field I have had the opportunity to get to know several areas and processes of the Company, which drives me to challenge myself more every day and to continue learning," she says with total conviction.



Diana Yomar Ortiz Leal

Besides, this resident of the Marsella neighborhood in Bogotá also fell in love at our facilities: the man who is now her husband and with whom she enjoys going on walks. "I can say that just like me, there are many people who have a long story to tell about Calypso®, because we have formed our families working here."

In fact, thanks to her recommendation, now her father, her sister and her cousin also work at our stores.

And one of the greatest virtues of the organizational culture of Calypso® and Spradling® Group, which Diana highlights without a second thought, is our sense of humanity. “When I have gone through tough times with my health, I knew I could always count on the Company’s support. I not only enjoy working at Calypso®, but I have also become fond of it.”

“Here, if you work honestly and responsibility, you can achieve all your goals.”

In this way, our employees — such as Olga, Alexis and Diana — and customers become our reason for being and the motivation to continue operating in a sustainable manner, regardless of any market challenges, because we understand that our Company’s impact goes beyond selling the best coated fabrics, and can be measured in the lives we transform.

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