

DEMONSTRATING THE VALUE OF EL NATURALISTA

SUSTAINABILITY REPORT
2022



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1. MANAGING DIRECTOR'S MESSAGE

To talk about El Naturalista is to reflect how a brand was born and evolves via sustainability. Since its origin in 2003, the brand has differentiated itself by its firm stance to manufacture footwear differently, distinctively and committed to the environment and society.

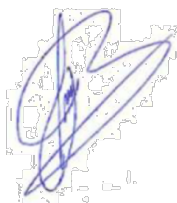
Here at El Naturalista we believe in the creation of shared value via our hallmarks, i.e. the use of recycled renewable materials, limiting hazardous substances in supplies, 100% own production and commitment to social rights. All these elements are fully incorporated in our demanding responsible management, which have also contributed to the brand slogan 'Shoes inspired by nature for committed people' that is not merely a declaration of intentions.

With this sustainability report we wish to show the brand's performance in the last 3 years, demonstrating that sustainability is not only one of our core strategies, but also goes one step further by being the DNA which inspires and integrates our way of acting and thinking. Throughout this journey, we have achieved important figures like: obtaining an 18 million euro turnover, distributing our brand in over 40 countries, having a team of 250 professionals, contributing to the social environment via our local suppliers' network (93% are domestic); in addition to contributing over 762,000 euros to social projects in Tanzania, Japan, Peru and Haiti. We have recently taken important steps to become a reference brand in the sustainability area via the drafting of a Sustainability Master Plan up to 2025, the analysis of our contribution in achieving the Sustainable Development Goals and the adhesion to the United Nations Global Compact.

In forthcoming years, we will be facing a changing environment presenting new and important challenges. In a sector where the digital world is becoming ever more important, consumer empowerment via social networks is critical. Moreover, the constant appearance of niche brands seeking a public with changing tastes and preferences coupled with the growing importance of multibrand online purchase spaces means El Naturalista's endeavor to continue being a unique brand is more important than ever.

At El Naturalista we look to the future and believe the most important step is always that which has yet to be taken. For this reason, we are steadfast in our aim to continue opting for innovation in the use of sustainable materials, creating collaborative alliances to integrate circular economy in our processes and advancing towards obtaining environmental and social certifications, whose relevance on the European market is growing daily.

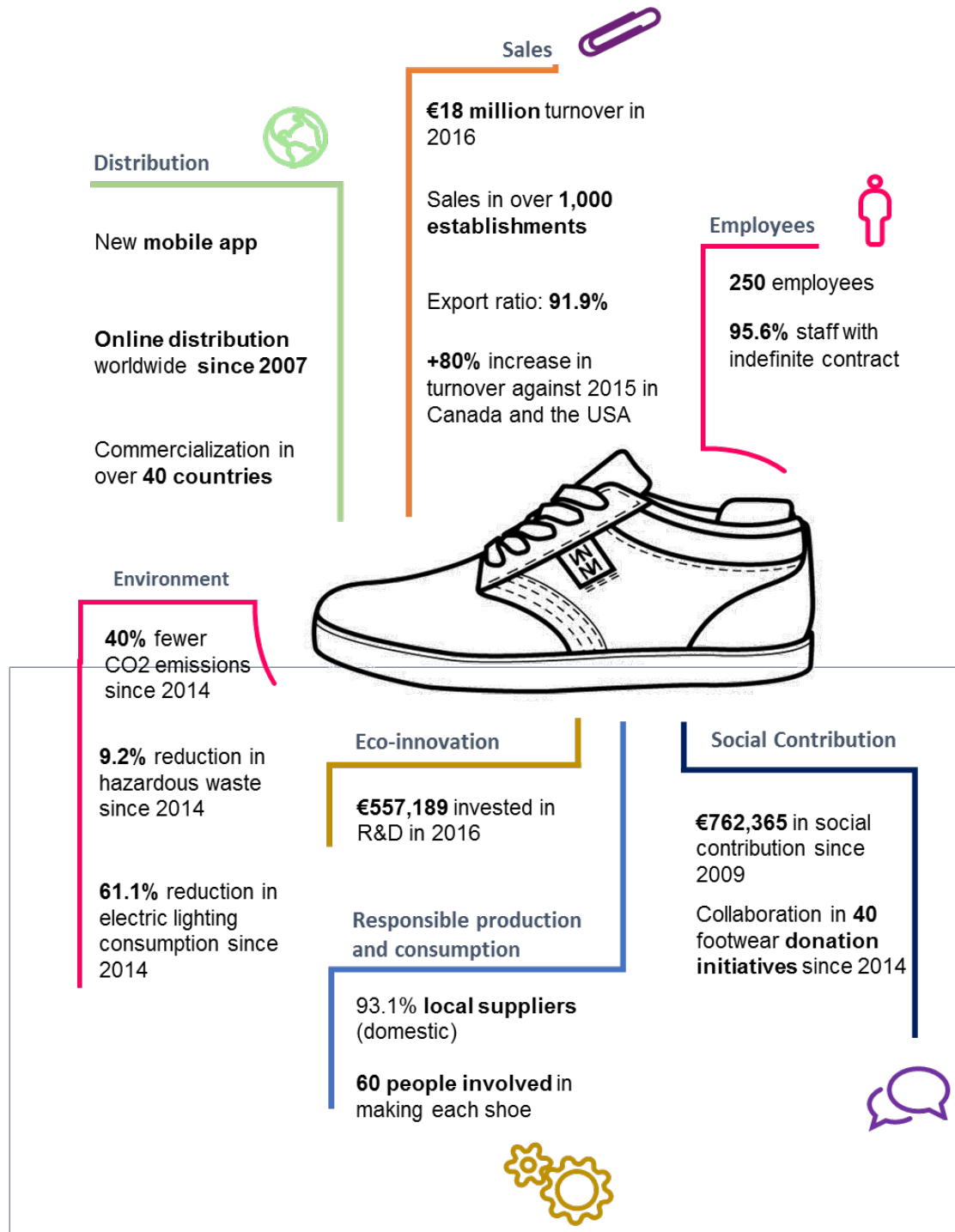
We are convinced information transparency is critical in achieving social change towards more responsible consumption. Being aware of that fact, this sustainable report aims to be an authentic honest humble in-depth analysis of this nature inspired brand, in other words an opportunity to communicate with all those who make this project possible and express my gratitude to them.



Jose Luis Marín

El Naturalista Managing Director

2. FIGURES WITH MEANING



3. IN-DEPTH ANALYSIS OF EL NATURALISTA:

3.1. Our Mission, Vision and Values

MISSION

To be acknowledged as an honest innovative brand offering top quality products plus environmental and social values throughout its value chain, to create **shoes inspired by nature** placing El Naturalista at the forefront of sustainability.

We want to be acknowledged as a **committed environment and society friendly brand, leader in sustainability**, placing environment friendly products at our customers' feet. Our aim is to create value in the local community collaborating with part of our profits in projects in line with our philosophy.

VISION

VALUES

1. Committed to **product quality**: We pay attention to each and every detail in the manufacturing process to ensure comfortable long-lasting footwear.
2. **We're brave**: We opt for eco-innovation as a future strategy via use of new materials, incorporating more eco-friendly products and progressively eliminating hazardous substances in our production process.
3. **We look after the planet** incorporating eco-design in our products and neutralizing our environmental impact.
4. Staunch defenders of **social commitment** being players in a local socio-economic fabric with a long shoemaking tradition and contributing to social and environmental projects.
5. And, above all, we act **honestly** in creating unique footwear.

3.2. Brand description and structure

El Naturalista is a Spanish footwear brand with head office in Quel (La Rioja), responding to a unique business structure. Brand production and sales are carried out by the company INYECTADOS Y VULCANIZADOS (Invulsa), which also produces the brands Art and Neosens. The Spanish footwear group THE ART COMPANY owns all three brands. Furthermore, in 2008 LIFE CONCEPT was set up, whose business purpose is digital sales and commercialization of the 3 brands via the B2B telematic channel.



El Naturalista, with a yearly manufacturing turnover verging on half a million pairs of shoes has 3 production centers: one in Quel (La Rioja, Spain) and two in the Tangier Free Zone. The manufacturing process combines artisanal experience with the latest technological advances ensuring a top-quality product.



Head office, located in Quel (Spain), where the work of several departments is centred: Production Center, Management & Administration, Design, Research & Development (R&D)



Manufacturing centers, two own production centers —Nucaín and Arfadel— in the Tangier Free Zone (Morocco) with 80% production and one in Quel (Spain)

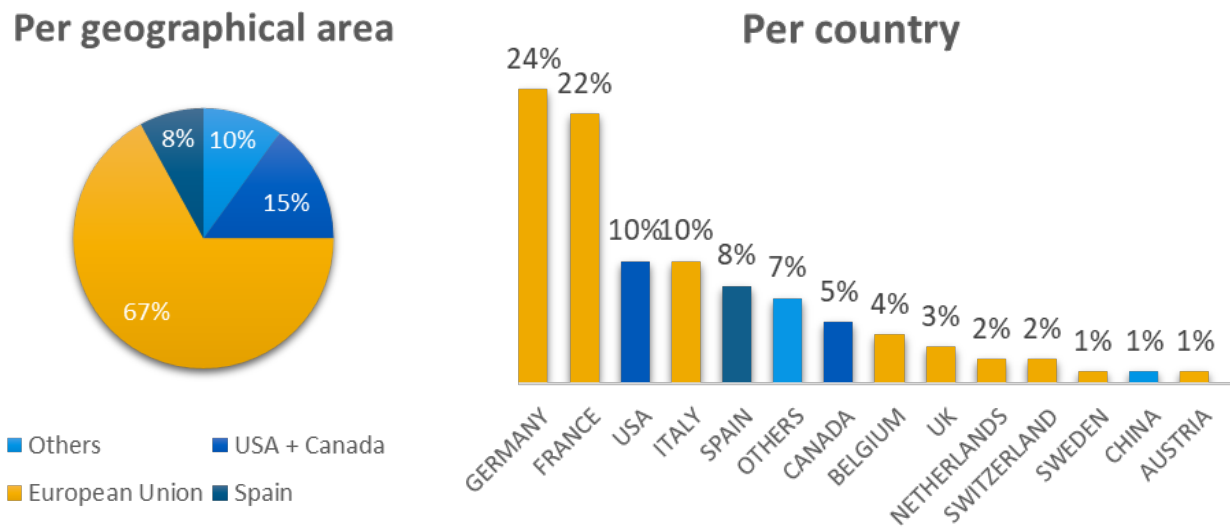
3.3. Geographical presence of the brand and sales evolution

Throughout this year, the brand has grown on the main markets where present in addition to positioning and selling its products in over **40 countries**. The good evolution of sales in areas like Canada and the USA particularly stand out where turnover has increased 92% and 80% respectively against 2015.

Invoicing at 2016 year close amounts to **+ €18 million**



Today, El Naturalista’s sales network has 3 divisions, i.e. European, American and Asiatic, responsible for monitoring brand evolution in said areas. Below the graphs show sales distribution per geographic area and country:



3.4. Ethics and integrity

In terms of honesty, El Naturalista is committed to complying with Human Rights by working to ensure transparent ethical management in all its activities. To this end, with a view to disseminating and ensuring compliance with the principles governing El Naturalista’s commitment to ethics and integrity, the brand has a Code of Conduct internally affecting all the manufacturing, distribution and sales processes worldwide.

Via its Code of Conduct El Naturalista guarantees

Principles the Code of Conduct is based on

Child labor

Forced labor

Non-discrimination

Freedom of association

Health and safety

Remuneration policy

Labor relationship

Working day

Environment

Social responsibility

- Respect and promotion of Human Rights as per the Universal Declaration of Human Rights and the convention established by the International Labour Organization.
- Respect of the minimum working age and non-hiring of minors pursuant to local legislation in Spain and Morocco.
- Non-discrimination of gender, race, religion, age, nationality, sexual orientation, political opinion, and physical or mental impairment.
- Acknowledgement of the right to organize, associate and collective bargaining.
- Compliance with current labor legislation respecting footwear sector agreements.
- A healthy work place with ideal conditions to execute professional activity.
- Environment friendly and conservation, using where possible biodegradable recyclable components.
- Foster social responsibility to consolidate responsible sustainable business ethics.

Revision of the Code of Conduct is currently in progress, to tackle new contents such as preventing corruption, update of contents based on international reference regulations likewise specification of their scope of application.

3.5. Our adhesion to the UN Global Compact



The UN Global Compact is the largest entrepreneurial social responsibility voluntary initiative worldwide. All its signatories (over 10,000 companies in 130 countries worldwide) publicly promised to respect the 10 universally accepted Principles in the areas of: Human Rights, Labor Regulations, Environment and Fight against Corruption. El Naturalista has adhered to the UN Global Compact this year with the unwavering purpose to be acknowledged as a sustainable company; and with this acquired the undertaking to respect its 10 principles on whose progress it will report annually. The 10 Global Compact Principles are:

The 10 Principles of the Global Compact



Support & respect human rights



No to complicity in human rights abuses



Freedom of association & right to collective bargaining



Eliminate forced & compulsory labor



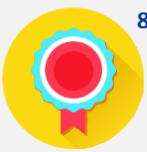
Effective abolition of child labor



Eliminate labor & occupation discrimination



Precautionary approach for environmental problems



Promote environmental responsibility



Environmentally friendly technologies



Eliminate corruption in all its forms

4. OUR ENVIRONMENT AND ADAPTATION

4.1. Sector context

In recent years, the fashion retail sector has been undergoing a period of transformation marked by great challenges and opportunities such as the arrival of new technologies, change in consumer habits and appearance of new rivals.

Nevertheless, the sector has demonstrated an enormous adaptation capacity in the face of a highly competitive global environment and been able to maintain positions thanks to areas such as innovation (in both materials and processes), design, quality and service.

In general terms, we can talk about 5 essential driving cornerstones facing sector companies: reputation, competition, internationalization, innovation and consumer empowerment.

To this end, cutting-edge companies in the sector are already introducing management concepts like: transparency, traceability, circular economy, social enterprising, shared value or even the *slow fashion* concept.

Main challenges facing sector companies:



Reputation: Brands no longer have absolute control of their image. The fact that anyone with Internet access this channel of massive scope to comment on a company may mean a serious reputational risk.



Competition: The growing appearance of domestic and international rivals capable of offering products with similar prices, quality or speed on the market.



Internationalization: In a global environment, internationalization is no longer an option. To access new markets and seduce new consumers, in-depth knowledge of each country's cultural, economic and regulatory differences is critical.



Innovation: As a strategy as opposed to an aspiration, given the frantic rhythm of collections, the importance of product design and introduction of new concepts and ways of interacting with the customer.



Consumer empowerment: Fashion sector companies still have a great challenge ahead to be tackled, i.e. connecting with customers who are ever better prepared and informed not to mention being committed to environment and society.

4.2. Our response: Sustainability Master Plan 2025

El Naturalista works to adapt and provide solutions in a changing environment which daily presents ever more complex scenarios and stand up to multiplying competition.

The existence of a more connected critical and demanding consumer means new attributes like ethics and sustainability are growing in importance. Thus, these values, which El Naturalista incorporated from its very beginning, make more sense now than ever.

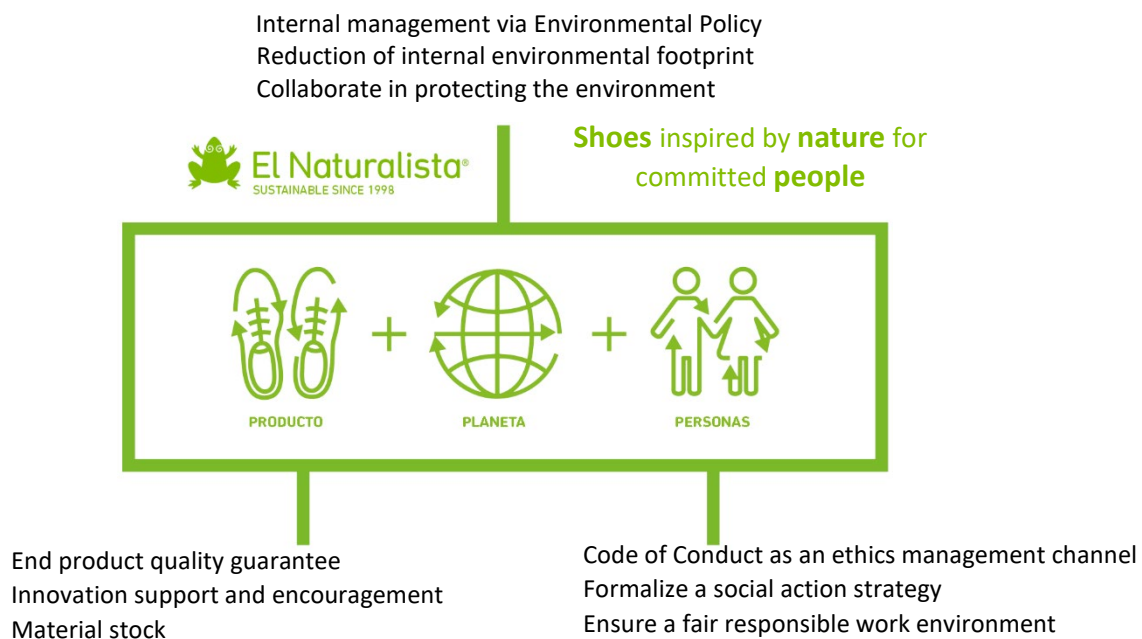
In this sense, El Naturalista has launched a **Sustainability Master Plan whose horizon is 2025** to drive sustainable brand performance and adapt to new global challenges. Thus, in line with the brand philosophy 'Shoes inspired by nature for committed people', the brand will work on 3 strategic pillars which define the brand's identity: **Product, Planet and People**.

- **People**, who for different reasons contact El Naturalista and are powerful social transformation agents;
- **Planet**, representation of belonging and nature friendly, which is the brand's work inspiration; and
- **Product**, which is the physical object reflecting shoemaking tradition, quality, comfort and the innovation which El Naturalista fosters in its products.

The Sustainability Master Plan 2025 has been drafted with the firm intention of contributing to El Naturalista's improvement and performance via attainment of a triple result:










- **Mitigate risks:** Ensure proposed actions contribute to mitigating social, environmental and good governance risks.
- **Management support:** Acquire greater control over internal processes which foster ongoing improvement and enable compliance with the expectations of the groups of interest.
- **Positioning:** Place El Naturalista at the forefront of its sector in sustainability.

Main lines of action contemplated in the Master Plan 2025



4.3. El Naturalista and its commitment to Sustainable Development Goals

The Sustainable Development Goals (SDG) are the new roadmap to 2030 and are part of the UN Agenda. Over 190 countries reached a consensus on these, identifying 17 global priorities and 169 goals which include areas like: poverty, education, health, energy, gender equality and innovation, among others. El Naturalista, in its determination to adapt to new global challenges and be an agent of change, is committed to these goals and contributes to their attainment via both business activity and the numerous social and environmental action initiatives it undertakes. Today, El Naturalista is chiefly contributing to achieve 9 of the 17 SDG.

 <p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> - Collaboration in driving children's education in Haiti, Tanzania and Peru. - Projects and collaborations with educational institutions (ESADE, Faculty of Design ELISAVA...). 	 <p>10 REDUCED INEQUALITIES</p>	<ul style="list-style-type: none"> - Fostering equal opportunity via collaboration with different bodies supporting the disabled.;AMAC: Preparation of advertising and marketing material; Elkarkide: preparation of advertising posters.
 <p>5 GENDER EQUALITY</p>	<ul style="list-style-type: none"> - Collaboration with the BaSE (Bangladesh artisanal association) project fostering women's development. 	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<ul style="list-style-type: none"> - Improvement in use of materials and sustainable production (Chrome-free footwear). - Recycled furniture (chairs and tables). - Shredded rubber instead of lawn in premises. - Efficiency measures for logistics operations: proximity of suppliers. - Long-lasting quality footwear.
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> - Energy efficiency: Ventilated façade, LED bulbs, lighting sensors; 21°C acclimatization; low consumption lighting; solar panels. - Annual calculation of carbon footprint. 	 <p>13 CLIMATE ACTION</p>	<ul style="list-style-type: none"> - Partial compensation of CO2 emission generated during production and sales activities.
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> - Creation of quality employment. - Code of Conduct: contemplates child & forced labor, freedom of association, non-discrimination, fair equitable remuneration, etc. - Occupational hazard prevention. 	 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<ul style="list-style-type: none"> - Alliances with organizations and/or professional initiatives sharing El Naturalista's vision and foundational Values. - Adhesion as Global Compact members.
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<ul style="list-style-type: none"> - Numerous eco-innovative projects: footwear component recycling, vegan footwear, toxic substance-free footwear (e.g. Chrome VI), etc. 		

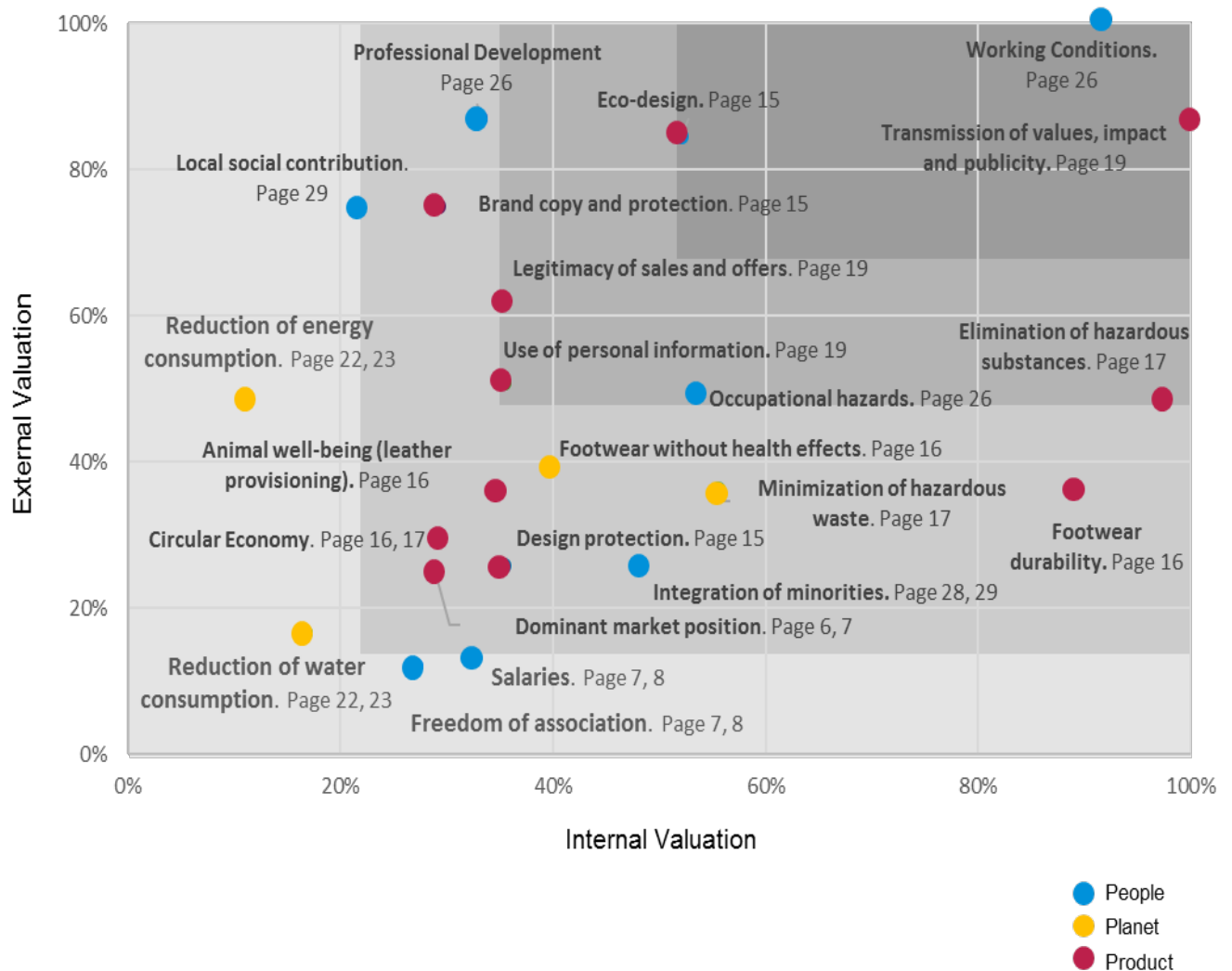
Sustainable Development Goals in the Sustainability Master Plan 2025

Brand identity is clearly reflected in SDG 12: Responsible consumption and production. At the same time, the Sustainable Master Plan 2025 actions lines defined for each dimension 'Product, Planet & People' were drafted bearing in mind their impact on SDG.



5. MATERIALITY: Identification of relevant aspects

With a view to defining the Sustainability Report contents, a materiality study was performed considering the internal perception of the brand, likewise the opinion of different external groups of interest such as customers, agents and representatives of the sector's main associations. The following matrix was obtained as a result with the most relevant aspects for El Naturalista, and as such those considered in the drafting of this Sustainability Report.



PRODUCT



Our commitment to quality



EL NATURALISTA continues to advance in its commitment to offer footwear manufactured from high quality eco-innovative materials, which represent the brand's values but without compromising end product comfort or durability.

CURRENT SITUATION

COMMITMENT FOR 2020

Guarantee of end product quality

- Quality policy based on ISO 9001 standard
- Manual processes, high quality materials and good finishes
- Footwear durability



- Ongoing improvement of processes and products
- Commitment to quality via certifications
- Transparent information in new labelling

Innovation support and fostering

- Specific initiatives are carried out mainly referred to improving use of materials and recycling footwear components



- Market launching of an eco-innovative footwear line
- Make eco-design a distinctive factor regarding other competitors

Material stock

- Commitment to quality of materials and finished product
- Commercial relations with local suppliers



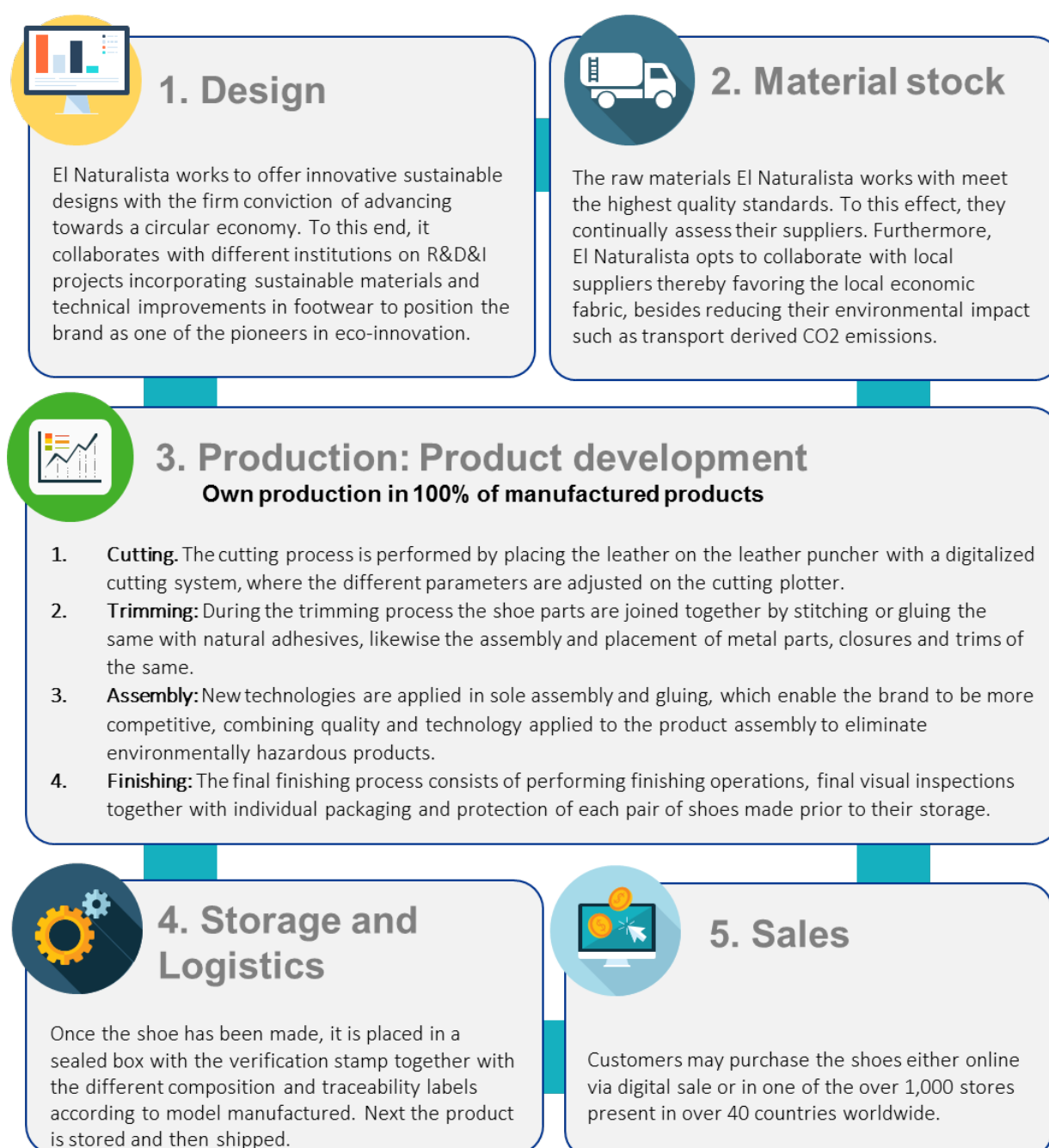
- Optimize purchasing process to ensure responsible stock of materials
- Control of supply chain risks

6. PRODUCT

6.1. El Naturalista Shoe

La Rioja's artisanal tradition is the basis of El Naturalista's footwear, where a large part of the production process is still manual. With over 50 years' experience, hand stitching, environment friendly processes and looking after people are a few examples of the respect for tradition and its commitment to quality.

El Naturalista has in-depth knowledge of its entire value chain and how sustainability is incorporated in each link. This enables correct management, getting the most out of the brand's strengths; and acting on the weakest links based on a commitment to ongoing improvement. The value chain is shown below with a breakdown of the footwear production process:



6.2. Innovation based on eco-design, the pillars of our advancement

- The importance of innovation as brand hallmark



El Naturalista endeavors to find solutions to take care of the feet of those who wear them and harm the environment as little as possible. Thus, through innovation the brand has found a way to create a product based on efficacy in the use of resources and new recyclable and recycled materials, to make eco-design a distinctive factor regarding its competitors. In addition, it has made innovation a differential value providing the brand with protection against copies and falsifications.

To advance in product and production system improvement, the R&D department collaborates all year long with different institutions to implement technical improvements in their footwear, working on R&D&I projects positioning the brand as a pioneer in eco-innovation.

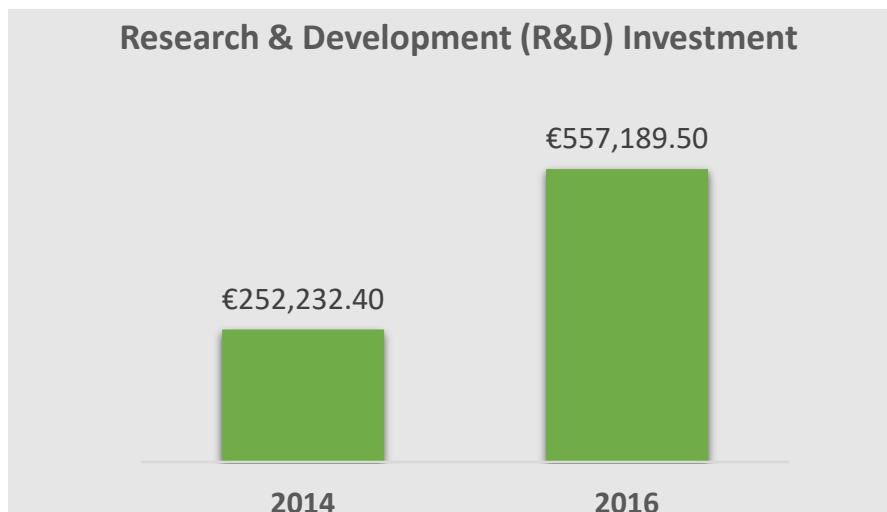
Examples of some of the projects in progress are: the **chrome-free** line which looks after the environment and people's health, the **vegan footwear** line for those with more animal awareness, the introduction of **more sustainable materials** like bamboo and natural fabrics; and **reuse of materials from other sectors** (e.g.: marine waste, cork, boat sails, etc.) given them a second life enabling advancement towards circular economy, to achieve **zero impact**.



In this sense, noteworthy is the recognition obtained in 2014 as the **"Most eco-innovative company"** in the **footwear sector** under the **European project ENECO2**. The aim of this project is to involve SMEs in sustainable economic development in the territory they operate.

- Innovation investment figure

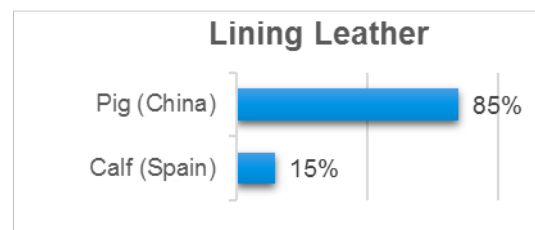
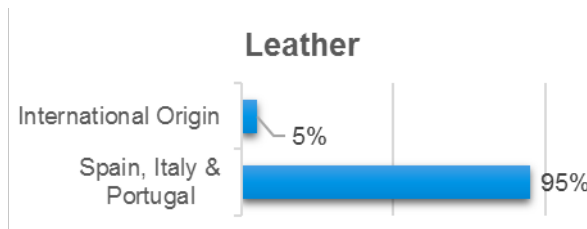
The Research and Development (R&D) investment El Naturalista benefits from is carried out jointly for the 3 brands under THE ART COMPANY holding, i.e. El Naturalista, Art and Neosens. Thus, the different projects enable implementation of technical improvements in footwear, and endow each brand with value, resulting in common group benefit. This innovative labor is performed individually and in collaboration with independent laboratories and institutions. **In 2016, innovation investment reached €557,189.50**, a figure reflecting the commitment to development new products enabling advancement towards circular economy.



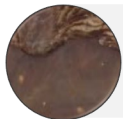
6.3. Main raw materials

The raw materials El Naturalista stocks always meet maximum quality standards, guaranteeing human rights on the supply chain and environmental care. Presented below are the main materials used in footwear production:

- **Leathers:** Since El Naturalista started out, it has always been committed to working exclusively with leather from animals bred for food to expand their life cycle and reduce environmental impact. The **leather** is from European cattle (Spain, Italy and Portugal), the major manufacturers being: Comercuer, Serrajes Dercosa and Curtidos Martínez Leal, all domestic. The shoe **lining** depending on models may be calf or pig (chiefly from Asia). The goal for 2019 is for **100% of leather used in footwear production to be Chrome-free**.



- **Soles:** El Naturalista soles are made up of different materials always seeking durability and recyclability:



Rubber and Recycled rubber – Synthetic rubber bends easily and cushions steps, subsequently recovering its shape and thickness. Comfortable resistant soles are obtained. Use of recycled materials minimizes raw material consumption.



PU Cork and Rubber Cork – Recycled cork and cork chips from surplus are used which make footwear very light and comfortable.



Leather – Made from cowhide, a natural biodegradable product. It has great flexibility and comfort on the tread.

- **Textiles:** The main textile elements used in the manufacturing process are:
 - **Natural fibers:** such as natural cotton, raffia fibers and bamboo offer greater transpiration, absorption and natural anti-bacterial properties.
 - **Synthetic fabrics:** used in vegan footwear manufacture, contain no products of animal origin, or treatments or finish.
 - **Recycled braid:** made of twine 50% recycled cotton and 50% recycled PET.
 - **New textiles developed:** such as “Seaweed cotton”, marine twines with *seacell* and cotton fibers.
 - **Second life materials:** Collaboration with the company DVELAS, specialized in design and distribution of furniture made from recycled boat sails. The aim is to share synergies through this collaboration among different sectors also seeking to minimize environmental impact.

These materials also meet European regulations and standards regarding the use of chemical substances (Regulation 1907/2006 REACH).

6.4. Responsible sustainable supply

- **Description of purchasing process of main materials**



Depending on raw materials needs for start-up of new collections or product manufacture, the purchasing department places different orders with its suppliers.

All these orders are accompanied by a “General Conditions” contract to be signed by the supplier prior to any commercial relationship. This contract includes the requirements, environment and quality standards subject to the following compliance requisites:

- Compliance with European Standard CENT/TC 309,
- STANDARD 100 by OEKO-TEX® class I, II and III,
- Regulation (EC) No 1907/2006 of the European Parliament and of the Council concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

To ensure compliance with these requisites El Naturalista periodically evaluates its suppliers where they act as auditors via factory visits and evaluation of materials.

- **Supplier selection process and evaluation,**



Due to the brand’s commitment to working with environmental friendly & respectful of people suppliers and materials, El Naturalista demands all its suppliers comply with labor regulations likewise the different quality and environmental management standards.

To do this, the brand makes a preliminary evaluation of its suppliers to guarantee quality and Human Rights in the supply chain (particularly important when working with international suppliers like China). In this evaluation, the brand bears in mind the presence of a code of conduct and quality system implanted in their counterpart as a means of avoiding possible quality derived incidents.

Furthermore, El Naturalista is committed to local commerce, which is why 93.1% of their suppliers are local (companies registered in Spain), as this favors a reduction in transport derived emissions, greater transparency in the supply chain thereby a more sustainable contribution to local economy development.



6.5. Comfort and quality, hallmarks

- Quality Management in El Naturalista



For El Naturalista compliance with the different quality standards is essential throughout its value chain to offer the consumer greater quality. So, they work throughout the supply chain taking care of each step of their production process.

They extend these standards to their suppliers, which they comply with in the same way as European legislation to ensure use of hazardous substance free materials.

Internally, El Naturalista has the following elements to manage the quality of their products and processes:

- **Composition label:** informative for the end consumer; it includes composition of shoe interior and exterior and is present in all models.
- **Box barcode:** contains all the product technical characteristics.
- **Worker's code:** task control in the production process.
- **Verification stamp:** shows product was checked, presents no flaws and meets all the required quality parameters.
- **RFID:** RFID systems (Radio Frequency Identification systems) devices providing efficient useful information on product situation/status, ensuring its traceability and follow-up.

- Advancement and commitment to certifications



El Naturalista is committed to quality and ongoing improvement, which is why it has the Integrated Quality and Environment Management System pursuant to standards ISO 9001 and ISO 14001. Moreover, this year, the brand started working via their **Sustainability Master Plan 2025**, to obtain different certifications which represent a

guarantee to consolidate their commitment to ethical responsible commerce. In particular, El Naturalista is working on the following 3 certifications:



Standard to ensure textile products do not harm the end user's health, respecting limit values for substances which may be potentially harmful. It is also useful to determine and eliminate the entry of hazardous substances at each process stage.



SA8000

Voluntary standard ensuring the ethical behavior of organizations via respect and promotion of workers' rights throughout the production process and product commercialization including health and safety conditions.



Fur Free Retailer
keep death off the streets

The Fur Free Retailer Program aims to ensure "fur free commerce" via its members' undertaking not to retail clothing, accessories or any other product which contains any element of animal fur.

6.6. Product access

- Sales channels



El Naturalista has different sales channels. Management for each is similar; although differentiated. In this sense, the values of respect for quality, product display and price are identical; however, each channel requires different communication, distribution and marketing strategies. Therefore, El Naturalista footwear can be accessed via 2 channels:

- **Offline:** El Naturalista has a network of agents covering over 40 countries where the brand is present. These agents are responsible for commercializing the product in the 1,000 stores where its products are sold to the end consumer. These stores range from small boutiques or family stores, specialized medium-sized chains, large chains; and lastly shopping malls or department stores.
- **Online:** Directly focused on the digital sale of the product to the end consumer via its own web and mobile app, and multibrand online purchasing spaces like: Amazon, Zalando, Sarenza and Zappos, among others.

- Communication. Tools to discover the customer's needs



El Naturalista has different communication channels enabling an honest fluid continuous dialog with the customer. Chiefly standing out among them are the **digital tools**: web page, e-mail, social networks and mobile app (recently updated to improve the purchasing experience), via which periodical surveys are carried out enabling the brand to find out its customers' preferences in different areas.

Other spaces where El Naturalista is present are the various **fairs and conventions** in which the brand takes part annually enabling new interactions with its groups of interest. Furthermore, El Naturalista has tools enabling it to learn the evolution of different products, which is extremely useful for correct decisions to be made in future collections.

Below are the most significant figures regarding the brand's communication channels:

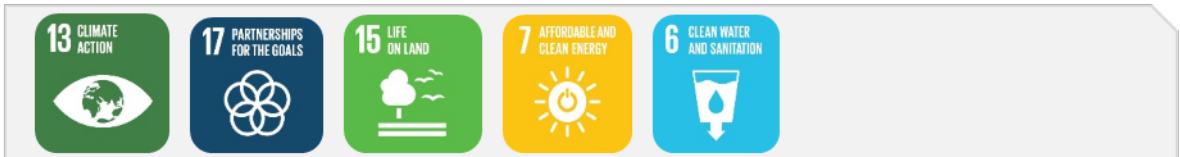


The 2023 goal is to increase web visits 10% via ongoing investment in digital content development. In the area of security and correct use of personal data, El Naturalista complies with its customers, employees and suppliers' data protection law.

PLANET



Belonging and respect for nature



EL NATURALISTA is committed to environment protection via correct management of its environmental footprint, enabling it to improve day by day in minimization of negative impacts on the planet.

CURRENT SITUATION

COMMITMENT TO 2025

Drafting an Environmental Manifesto

- Environmental policy reflecting commitment to a responsible production process. Use of recycled, recyclable or second life materials.



- Drafting an environmental manifesto, establishing specific goals regarding different environmental parameters, besides setting short, medium and long-term goals.

Reduction of internal environmental footprint

- El Naturalista centers its efforts on reducing energy consumption via investment in energy efficiency on their premises.



- Measure the brand's internal environmental footprint annually.
- Follow-up of reduction goals by assigning deadlines and responsible necessary resources.

Collaboration for environment protection

- Commitment to caring for the planet, but lacking support for environment related initiatives.



- Collaborate with different initiatives favoring environment conservation and protection in line with El Naturalista's values.

7. PLANET

7.1. Commitment to environment

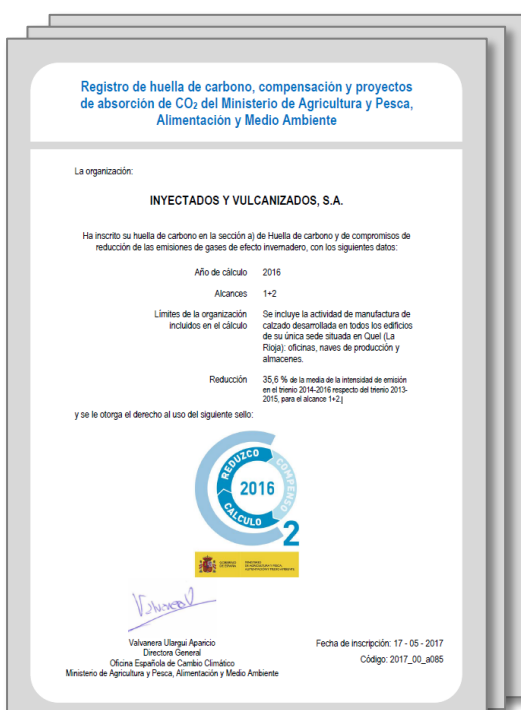
- Integrated Environment and Quality System



INYECTADOS Y VULCANIZADOS, S.A. produces and commercializes the brand El Naturalista (likewise Art and Neosens); and holds Certification of an Integrated Quality and Environment Management System applicable to: **“Footwear and its accessories’ design, development, manufacture and commercialization”**. This integrated System is certified pursuant to standards ISO 9001 and ISO 14001, whose aim is to offer quality footwear coupled with environment friendliness and a safe environment for its workers. The goals marked in the Integrated Quality and Environment Management System are:

- **Minimize and prevent contamination** which might occur due to industrial activity on the environment; motivating employees and conveying the need to protect and conserve the environment.
- **Satisfy all legal requirements** in force on environmental matters, adopting any measure necessary to achieve compliance.
- Guarantee the General Management and employees’ commitment to **efficacy** and **ongoing improvement** as a basis to attain the achievements foreseen and consolidate the Management System.

- Carbon Footprint Registration



INYECTADOS Y VULCANIZADOS S.A. has been calculating and certifying its Carbon Footprint since 2013 to reduce the emissions it generates. This calculation is performed pursuant to Guidelines established by the Spanish Ministry of Agriculture, Fisheries, Food and Environment (MAPAMA by its Spanish initials) pursuant to Spanish Royal Decree 163/2014.

So, since 2013, the MAPAMA has granted Inyectados y Vulcanizados S.A. the corresponding registration certificates and CALCULATION stamp proving the organization’s commitment to the environment. In 2016, a step further was taken in the commitment to reduce the environmental footprint which led to INYECTADOS Y VULCANIZADOS S.A. receiving the CALCULATION and REDUCTION stamp.

7.2. Environmental footprint reduction

- Initiatives to care for our environment



El Naturalista is aware of the impact its production and commercial activity has, which is why it has launched different initiatives to minimize its impact on the environment. The following measures taken in the last 2 years are worthy of mention:

Energy

- Halogen lighting replaced by induction and LED.
- Installation of new materials on façade and roof to optimize light and temperature.
- Installation of a thermostat in the main factory boiler as an efficiency measure.

Water

- Conventional water purifier replaced by an evaporation system.
- Fluvial water collection for use in emergencies.
- Shredded rubber instead of lawn in installations and production centers to rationalize water use.

Others

- Integrated management use: environment and quality.
- Furniture: 50 cardboard chairs and recycled wood tables.
- Efficiency measures for logistics operations: pollution reduction due to suppliers' proximity.

- Energy efficiency in all our installations



A large investment in energy efficiency was made in 2014 to update the lighting system of the industrial park designed to manufacture footwear in Quel.

The investment means using efficient energies: ventilated façade, automatic lighting program and lighting sensors; 21°C acclimatization; lighting changed to low consumption (blinds, outdoor sheets, and outdoor light); installation of solar panels; and normal fluorescent bulbs replaced by LED technology.

Energy saving since the 2014 investment has meant an estimated saving in lighting energy consumption of **61.1%**.

- Vehicle fleet renewal



As a complement to the environmental measures, El Naturalista is in the process of renewing its fleet of vehicles with hybrid and electric version. To this effect, it has placed an order for Phev and electric vehicles in 2017 to complete the **fleet renewal in 2020**. In addition, a recharging point has been installed at the Quel head office (Spain) facilitating the acquisition of this kind of vehicle for the rest of the staff.

7.3. Our environmental performance

In its environment friendly commitment, El Naturalista is keeping up with its environmental work on an ongoing basis to quantify the results obtained thanks to the different initiatives undertaken, likewise identifying possible areas of improvement. Below are the main consumption and emission data corresponding to Quel premises in Spain, which the brand has recorded during the last 3 years.



Water: Thanks to the different efficiency initiatives in water use carried out in recent years and the construction of a purifying plant on Quel premises itself, a progressive reduction in water use has been noted.

SOURCE/CONSUMPTION	CONSUMPTION (m³)			Variation 2015-2016
	2014	2015	2016**	
Municipal water grid	1,540	1,385	1,370	-1%
Subterranean waters*	550	478	320	-33%
Total	2,090	1,863	1,730	-7%

*Subterranean water is used for irrigation.

**Estimated data based on data corresponding to first half of 2016.



Energy: El Naturalista has implemented numerous energy efficiency measures leading to reductions in its consumptions. However, consumption has not reduced but remained stable as it has its own tannery since 2014.

	2014	2015	2016	Variation 2015-2016
Fuels				
Diesel (liters)	16,605	23,856	20,083	-16%
Electricity				
Electricity consumed (KWh)	936,976	1,015,377	953,273	-6%



Emissions: Commitment in the fight against climate change is evidenced via the ongoing effort to reduce CO2 emissions. It is worth mentioning that, since 2015, the electricity used is 100% renewable, therefore, scope 2 emissions are considered zero.

Emissions (t CO2-eq)		2014	2015	2016*	Variation 2015-2016
Scope 1	Fixed installations	47	68	66	-3%
	Vehicle movements	22	17	16	-4%
	Cooling/acclimatization	0	0	0	-
Scope 2	Electricity	69	0	0	-
Scope 1 + 2		138	85	82	-3%



Waste: El Naturalista works with an authorized waste agent, who is certified to collect, transport and manage hazardous and non-hazardous waste like: plastic, metal, cardboard and other products used in the production process.

Worthy of mention as a relevant milestone in waste management improvement is the startup in 2014 of a water purifying station on Quel (Spain) premises. This has enabled a reduction in water consumption and better use thereof, leading to an important reduction in one type of waste generated in large volume, i.e. dye containing waters.

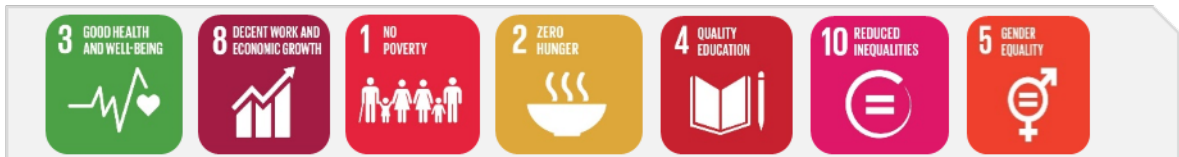
Material	2014	2015	2016	Variation 2015-2016
	Qty (Kg)	Qty (Kg)	Qty (Kg)	
Hazardous Waste				
Contaminated absorbents	1,758	1,307	1,754	34%
Oil	141	0	0	-
Aerosols	0	32	28	-13%
Non-halogenated solvents	1,403	1,416	1,245	-12%
Plastic recip. contained hazardous substances	1,364	1,898	1,264	-33%
Metal recip. contained hazardous substances	748	1,505	2,043	36%
Purifier station sludges	1,632	116	366	216%
Laboratory products	237	339	252	-26%
Obsolete chemical products	298	795	176	-78%
Adhesive remains	1,984	1,979	1,606	-19%
Pain/dye remains	58	0	0	-
Total Hazardous Waste	9,623	9,387	8,734	-7%
Non-hazardous waste				
Dye containing waters*	102,620	28,840	9,660	-67%
Ferrous scrap**	18,140	11,160	2,850	-74%
Non-ferrous scrap	0	56	122	118%
Cardboard & paper containers	14,440	12,120	10,620	-12%
Waste not-specified in another category	52,960	85,020	55,980	-34%
Plastic remains	1,412	851	1,620	90%
Total Non-hazardous Waste	189,572	138,047	80,852	-41%

*Important reduction in dye containing waters due to startup of water purifying station on its own premises.

**The industrial machinery renewal process began in 2014 which has resulted in production improvements and energy consumption savings. After the renewal, the warehouse and factory machinery underwent a general cleaning which justifies the increase in non-hazardous waste, i.e. general waste and scrap.

PEOPLE

Social transformation agents



EL NATURALISTA has an important commitment to society integrated from within the brand outwards, establishing social action linked to the business model and focusing effort on priority areas of action.

CURRENT SITUATION

COMMITMENT TO 2020

Code of Conduct as an ethical management channel

- Existence of a Code of Conduct with the main questions on CSR matters.



- Reinforce and update the code of conduct, including new criteria and ensuring employees and suppliers comply with the same.

Formalize social action decision making

- El Naturalista has a strong social commitment collaborating annually with different organizations to help the most underprivileged communities.



- Development of a formal social action commitment or policy defining the priority areas of action and serving for decision making on this matter.

Ensure a fair responsible work environment

- Commitment to ongoing improvement in the work environment (in the Code of Conduct and Quality Policy based on standard ISO 9001).



- Seek differentiation within the work environment (Healthy & Happiness).
- Foster professional development of employees via training.

8. PEOPLE

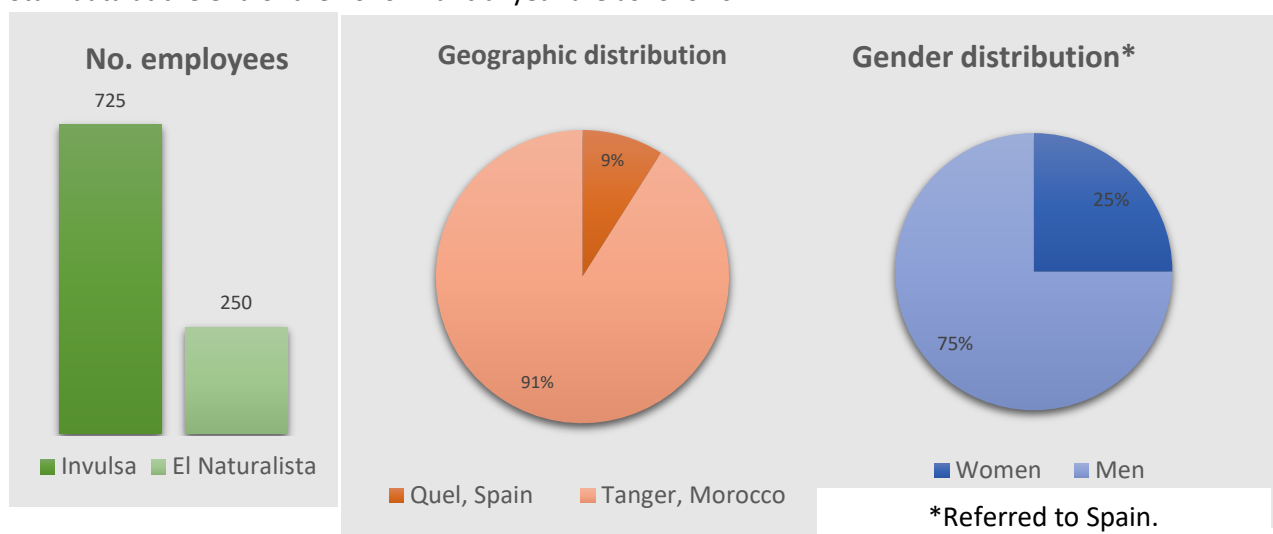
8.1. Invulsa employees



El Naturalista's staff is the secret behind the brand's success, Management is aware of this and committed to its employees, favoring motivations, creativity and teamwork. It is worth mentioning that 95.6% of the company's staff have an indefinite contract and receive productivity dependent salary incentives.

Manufacturing a pair of shoes is complicated and involves over 60 people. Through the **#whomademyclothes?** campaign, El Naturalista offers customers the possibility of meeting the employees behind each manufacturing process.

Staff data at the end of the 2016 financial year are as follows:



8.2. Staff training

Between 2021 and 2023, El Naturalista imparted 27 training courses to its employees, with 52 attendees altogether benefiting (71% men and 29% women). Training courses tackle different areas of knowledge, but chiefly: eco-innovation, occupational hazard prevention, quality, IT and languages among others.

8.3. Health and safety in the work environment



El Naturalista's staff is subject to Spanish and Moroccan legislation regarding occupational hazards, with a view to ensuring conditions adjusted to working in a safe environment. Thus, the brand annually drafts the "**Prevention Planning**" report, reflecting hazards and corrective measures to be carried out, necessary human and material means, likewise allocation of economic resources to:

1. Prevent hazards.
2. Evaluate unavoidable hazards.
3. Tackle hazards at source.
4. Adapt work to the person.
5. Bear in mind technique evolution.
6. Replace hazardous with that involving little hazard.
7. Plan prevention.
8. Ensure collective protection.
9. Train workers.

Furthermore, El Naturalista is in the process of obtaining SA8000 certification to ensure respect and promotion of workers' rights throughout the production process and product commercialization.

8.4. Social commitment, our contribution



Since its origins, the brand has built alliances with organizations and people assuming the challenge to become social transformation agents, fostering human values, social awareness and environment friendliness via the support of initiatives by professional organizations sharing El Naturalista's vision and foundational values.

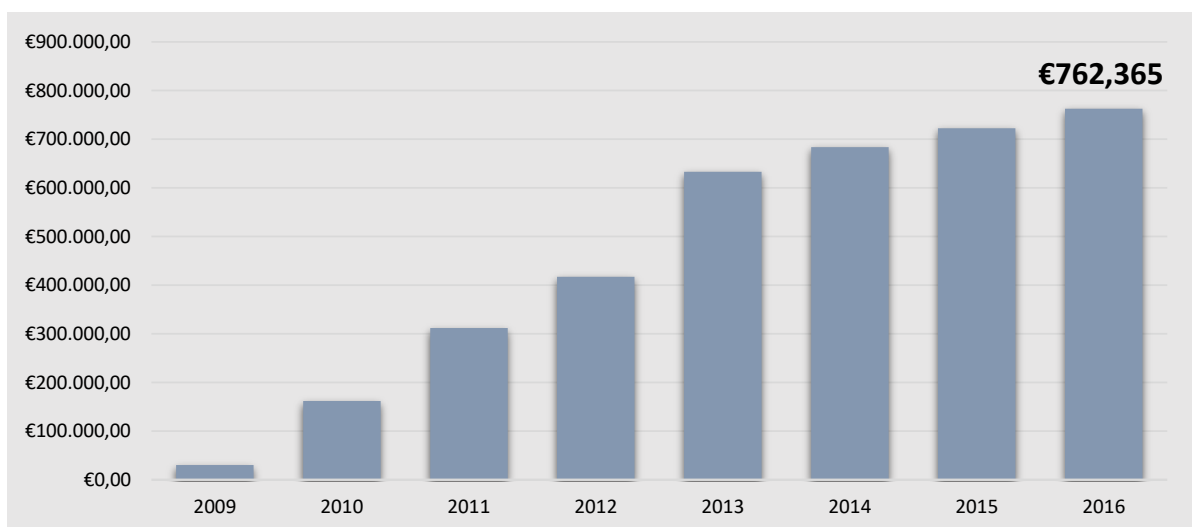
Social action carried out by the brand is performed via different collaboration proposals, according to the different needs of organizations it collaborates with to achieve greater impact on society:

- Direct economic financing
- Sponsorship
- Donation in kind (footwear) – In the last 3 years it has collaborated with over 40 initiatives with footwear donation, resulting in 800 pairs of shoes donated.
- Communicational support – Via the brand's online platforms.

It is important to highlight that in this year, the brand has contributed to society with a total economic contribution of €39,879 via 17 social action initiatives carried out. Taking into account that El Naturalista has been taking part in initiatives of this kind since 2009, the **total social investment accrued amounts to €762,365**, a figure which reflects the brand's strong commitment to being a social transformation agent.

El Naturalista is currently working on improving management of its contribution to society, as set forth in the recently approved Sustainability Master Plan 2025. The Plan contemplates drawing up a formal social action commitment or policy which sets goals, defines priority action areas and directs decision making on this matter.

The following graph shows the **annual evolution of the aggregated datum of social contribution** El Naturalista has made **since 2009**:



8.5. Main social action initiatives made during 2014-2016



The social component which has always been present at El Naturalista is support for people. To this end, the initiative “**We believe in people**” was set up, where collaboration opportunities are generated in cooperation projects for social development and transformation.

Through this initiative, the customer is offered the possibility of collaborating with a specific project to which he/she wishes to give 2.14% of the benefit generated from purchasing the shoes.

Thanks to these contributions it was possible to cover 100% of the funds necessary to finance 2 large projects in 2016:

- **Tanzania:** Construction of a chicken farm for the Baobab Children’s Home in Arusha, Tanzania. This project is carried out in collaboration with the Friends of Tanzania NGO.
- **Japan:** Construction of a warehouse for Miyagi (Tōhoku region) fishermen, whose own was destroyed in 2011 by the biggest earthquake in 140 years which triggered a tsunami and subsequent nuclear crisis.



El Naturalista is currently working on completing the financing of 2 additional projects in Peru and Haiti to shortly incorporate 2 new social and environmental projects:

- **Peru:** In collaboration with the home for children with special needs “San José Benito Cottolengo”. El Naturalista has built a house for mothers in the “Hogar de la Esperanza”, in Tiabaya, province of Arequipa, Peru, where child mortality is 21% and 40% of their inhabitants live below the poverty threshold.
- **Haiti:** With the collaboration of Acoger y Compartir NGO, they built canteen in Escuela San Luis de Fonfrède (Southern Department, Haiti), one of the most vulnerable areas after the 2010 earthquake.

To take part in the initiative “**We believe in people**”, and collaborate with one of the active projects, the customer must follow these steps:

- Buy a pair of El Naturalista shoes.
- Inside the shoebox there is a card with a personal code.
- Choose the project you want to give 2.14% of the benefit to via the web <http://www.webelieveinpeople.org/en>.
- Under the DONATE tab introduce the code, name, country, e-mail and chosen project (Peru or Haiti).

8.6. Other alliances El Naturalista has collaborated with



This intercultural project direct at 16 to 17 year olds whose aim is to foster a solidarity spirit, commitment and awareness of problems affecting developing countries among the participants. For this, they take part in an expedition visiting the cooperation projects of the Community of Madrid in Africa.



El Naturalista collaborates with the association P'tits Coups de Main which supports childhood, whose band Metanoya holds charity concerts and performs artistic animations at hospitals, disabled children's homes and different bodies which shelter sick children.



Collaboration with BaSE (Bangladesh Hoshoto Shilpo Ekota Sheba Shongshta) project of the Bangladesh artisans' association, fostering the rights and development of women, schooling, and the construction or renovation of housing.



Non-profit making organization dedicated to labor and social insertion of the disabled, and help in the preparation of advertising kits.

Other allies of ours:

- **Andi Down** – Non-profit making association of parents, children and young people with Down syndrome and other similar disabilities.
- **ADEMGI** – Gipuzkoa Multiple Sclerosis Association.
- **Asociación Betel** – Non-profit making association declared a public utility whose purpose is to shelter and attend the socially marginalized.
- **CEAFA, La Memoria es el Camino** – A project of the Spanish Confederation of Alzheimer and other Dementias Relative Associations (CEAFA).