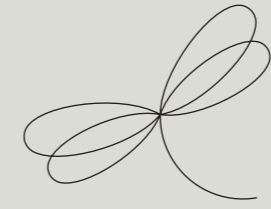


SUSTAINABILITY  
REPORT  
2023

NEOLITH





SUSTAINABILITY  
REPORT  
2023

NEOLITH

# Contents

01

MESSAGE FROM THE CEO

P. 06

02

THE BEST OF 2023

P. 12

03

ABOUT NEOLITH GROUP

P. 18

04

CONTRIBUTING TO A SUSTAINABLE FUTURE

P. 40



NEOLITH  
touch.feel.live

01  
MESSAGE  
FROM THE CEO



# Letter from the CEO

---

DEAR SHAREHOLDERS,  
COLLABORATORS AND PARTNERS,

It is an honor for me to address you in my first year as the CEO of Neolith. This has been a period of great challenges as well as achievements, and I am proud to share the progress we have made as we continuously seek sustainability and excellence.

At Neolith, we have not strayed from our mission of making a positive impact on the world. One fundamental cornerstone of our strategy has been ongoing improvement in workplace safety, and we continue moving forward towards our goal of Zero Accidents. This commitment to safety is proof of our dedication to our employees and their wellbeing.

As concerns our products, 2023 was a year of consolidation and success. Our new products like Calacatta Roma, Shilin and Everest Sunrise are becoming best sellers in a number of markets, which reaffirms Neolith's ability to innovate and meet the demands of the global market.

Likewise, we have continued innovating with the presentation of our Neolith Iconic Design technology featuring 3D printing. It was recognized with the prestigious Alfa de Oro award at the 2023 Cevisama ceramics fair in Valencia.

The fight against climate change continues to be a top priority for us. In 2023, we maintained our status as a Carbon Neutral company, compensating and rigorously calculating our Scope 1, 2 and 3 emissions. We also launched more products this year made with up to 98% recycled content with the 98R label, thereby strengthening our commitment to the circular economy. For Neolith, Innovation does not exist if it is not Sustainable.



Our focus on sustainability is also reflected in the responsible use of resources. 100% of the water we consume is recycled and all of our electricity comes from renewable sources or is self-generated through our solar power plant. These achievements testify to our determination to reduce our carbon footprint year after year.

2023, nonetheless, has by no means been free of challenges. The fall in demand has put our resilience to test as a team and as a company. Yet through it all, we have proven our ability to adapt to complicated situations and keep going, learning and improving in the process and without losing our customers' and suppliers' trust.

In short, I would like to thank all of the members of the Neolith family for their dedication and effort. Together, we will continue working towards a more sustainable and prosperous future all while keeping our essence and values intact.

With the same commitment as always,

*Jesus Ayarza*

CEO, NEOLITH GROUP



NEOLITH  
touch.feel.live

02  
THE BEST OF 2023

INSPIRING  
LIVING FOR  
TOMORROW  
LIFESTYLE TRENDS 2024  
BY NEOLITH

INSPIRING  
LIVING FOR  
TOMORROW  
LIFESTYLE TRENDS 2024  
BY NEOLITH

INSPIRING  
LIVING FOR  
TOMORROW  
LIFESTYLE TRENDS 2024  
BY NEOLITH



# The Best of 2023

## RESOURCES USED

100%

100% of the water used in the production process is recycled.

UP TO

98%

Neolith includes up to 98% recycled content in some models without altering their properties.

100%

100% of the Scope 1 and 2 CO<sub>2</sub> it generates is compensated.

93,4%

Neolith recovers and recycles more than 93% of its waste.

## A WORLDWIDE PRESENCE

11

Own or active subsidiaries

29

Own distribution centers

## ENERGY CONSUMED

Self-supplied electricity

The installation of a 3.5 Mwp solar photovoltaic plant that can generate up to 25% of the electricity used.

Renewable sources

Neolith Group's industrial plant is certified with a renewable guarantee of origin for all the energy not self-generated.

## CARING FOR THE ENVIRONMENT

-19%

Drop in our Scope 1 Carbon Footprint, comparing absolute 2023 and 2022 values.

-28%

Drop in our Scope 2 Carbon Footprint, comparing absolute 2023 and 2022 values.

-55%

Drop in our Scope 3 Carbon Footprint, comparing absolute 2023 and 2022 values.



# The Best of 2023

## EMPLOYEES

**739**

Total number of employees as of 31/12/23

**1,9%**

Drop in the gender pay gap from 3.8 to 1.9%

**+6.600**

Hours of training

**99%**

Of our employees have an indefinite term contract

## SOCIAL / COMMUNITY

### Industrial Area

Neolith presides over the entity of the industrial area in which it is present

### Suppliers

With a volume of more than €50,000 are evaluated pursuant to social and environmental criteria

## CRYSTALLINE SILICA: THE LOWEST PERCENTAGE IN THE INDUSTRY

**0-9%**

The percentage of Crystalline Silica in all models ranges from 0 to 9%\*

**0%**

Crystalline Silica content in the new generation of surfaces **Neolith For a New Era**

**0**

Occupational diseases deriving from Crystalline Silica

## CERTIFICATIONS

Neolith Group continues to be committed to sustainability:



Environmental Product Declarations (EPDs) present transparent, verified and comparable information on the **lifecycle environmental impact of Neolith products.**



Renewal and monitoring of the waste management system with **results above 95% in landfill alternatives.** Excellent Plus Rating which is the highest granted by the certifying agency Bureau Veritas.



Renewal of its EcoVadis gold medal proving **Neolith is in the 98th percentile of companies evaluated** on environmental, social and corporate governance aspects.

\*There is a +/-2% margin of error in the silica content test.

NEOLITH  
touch.feel.live

03  
ABOUT NEOLITH  
GROUP

touch.feel.live

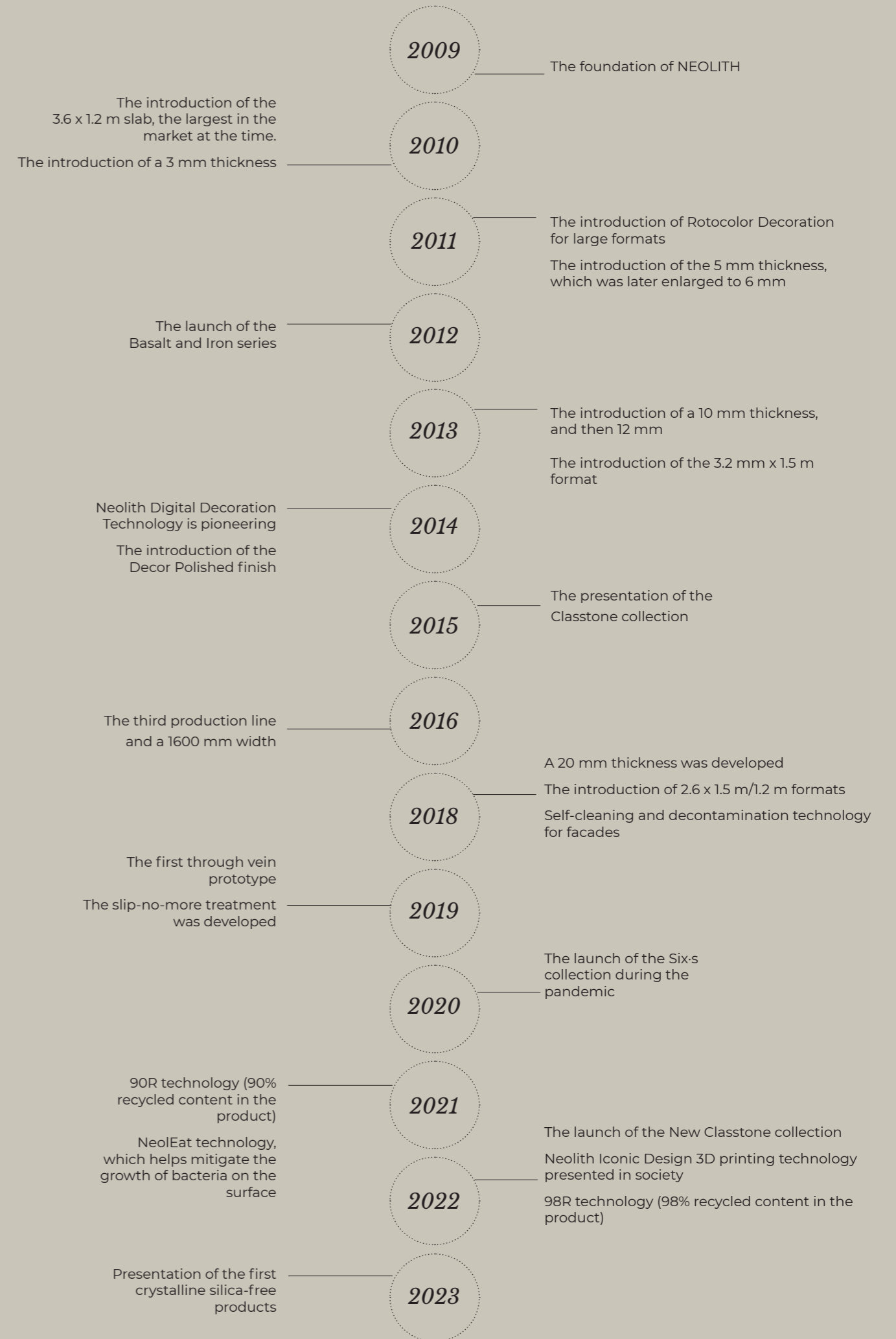
# What is Neolith?

Neolith is the world's leading Sintered Stone brand. It's a revolutionary and innovative architectural surface with superior technical characteristics made of 100% all-natural raw materials. With a mission of offering innovative pioneering products along with the best quality service to fulfill the needs and requirements in architecture and the world of interior design, Neolith is all about design, versatility, durability and sustainability. Moreover, the company strives every single year to continue to create a sustainable and environmentally-friendly atmosphere with a view to positioning itself as the leading brand that best meets the demands of the global industry.

Since its foundation in 2009, Neolith Group has become the best solution for interiors and exteriors given the combination of an exquisite design and high-performance functionality. With more than 70 models suitable for any type of application, Neolith keeps on inspiring and creating spaces for living in buildings and homes all around the world.

It is in this context that Neolith continues to evolve through research and development in new technologies, not only with the ambition of making sustainable buildings and environments a reality in new cities, but also with the goal of collaborating with society in a responsible manner to building a future for all. With this ambition, the Group emphasizes its commitment to sustainability as concerns the environment, society and good governance.

From the very beginning, Neolith Group has grown exponentially by offering new products and expanding internationally. Here are some of the main milestones in the history of Neolith since it was founded:



# Our Values

Neolith is a company guided by a series of fundamental values for its identity and culture.

These values include a commitment to sustainability and environmental responsibility, a passion for innovation and creativity, attention to quality and craftsmanship, as well as dedication to service and customer care. Neolith places particular importance on ethics and transparency in all of its operations and tries to foster a culture of collaboration and respect among its employees, partners and customers.

The company's values are reflected in its products which are designed to be functional and beautiful all while complying with the strictest of sustainability and environmental impact standards. All while staying true to its values, Neolith has become a leader in the architecture and design sector, and has built a reputation of excellence, integrity and innovation.

## PASSION

We're passionate about what we do. We put all of our energy into working and making an effort with all the different things that have to do with our world.

To the point of attaining excellence and, thus, success.

## INNOVATION

Innovation is and will always be our ongoing challenge as there will always be major tasks to resolve with all the social changes. Through innovation, we seek flexible growth by searching for better solutions without any fear of being disruptive.

## PARTNERING

We believe in alliances to reach a common goal. Sharing ideas and skills makes it even more possible to prosper.

## INTEGRITY

We have our own way of seeing things and prefer to demonstrate and express this instead of sticking with the status quo. We're proud of our way of helping you create a lifestyle (co-creation) with the class and distinction offered by our personal seal.

We want to inspire you to create the space that best adapts to your dreams.

## INSPIRATION

We do not believe in doing the same old thing. We're always looking for something new because creating is stimulating. We want to inspire and get out of the comfort zone. The real risk lies in stopping. What connects us with people is understanding what they want and building the world they want to see.



A PRIVATE RESIDENCE / BILBAO (SPAIN)

Design: Arantza Ardanza and Iker Pérez  
Build: Santos Estudio  
Image: Pablo López Abalos





## Our Business Model and Organizational Structure

Neolith Group has continued moving forward with its corporate governance consolidation strategy, satisfactorily putting the functioning of its various committees and internal bodies to test. Moreover, in line with its internal values and support for the creation of new products, various tools have been implemented or evolved for stronger communication. In addition, half-yearly internal innovation cycles have been created to encourage the continuity of the company as one of the sector leaders in innovation. To this end, there has been an evolution in the area of financial and industrial control with the addition of an Executive to lead this area. These milestones are the key steps that will allow the Group to closely monitor and reduce risks as well as improve its corporate governance.

In a view to establishing greater follow-up and control of its policies, there are various monthly and quarterly monitoring committees with participation by the CEO and other members of the Senior Leadership Team in each case: innovation, quality, expansion, ESG, product, investments, operations, regional business divisions, all focused on aligning Neolith Group's sustainable growth plans with customer satisfaction and sector leadership in innovation.

Founded in the year 2009, Neolith Group has integrated sustainability into its value proposition. The expansion of its business is done with attention to and respect for its environmental impact, the social dimensions and governance. This is the third Sustainability Report published by Neolith Group.

In relation to its business model, Neolith Group uses all-natural raw materials to manufacture its sintered stone. Aware of the importance of caring for our natural resources, Neolith Group continues working to reach neutrality in CO<sub>2</sub> emissions for carbon footprint scopes 1, 2 and 3 with carbon emissions compensation projects as well as direct investments such as the installation of a solar photovoltaic plant and sustainable innovations, thus reaffirming its commitment to the mitigation of climate change. Although global efforts in the best of scenarios will make it possible to limit the rise in the mean temperature to 1.5°C by 2050, adaptation to this environment will be essential for all businesses and companies that wish to be resilient in their operations. That is why the company has also taken relevant steps in 2022 such as endorsing the SBTi (Science Based Targets) and earning important certifications.

Company-wide, it became “Zero Waste” certified with the highest score possible (Excellent Plus) in 2022, and got the three scopes of its 2021 carbon footprint verified by an independent third party for certification monitoring in 2023. On a product level, it has reached major milestones such as **its Environmental Product Declaration, DECLARE and M1, in addition to renewing other certifications it already had**. Hence, the company is committed to mitigating its environmental footprint on all levels.

Neolith Group has been known for fulfilling its commitments. Therefore, it installed and is operating a 3.5 MWp solar photovoltaic plant which can generate up to 25% of the electricity it needs. This achievement is the equivalent of the annual consumption of 1,300 homes and will reduce CO<sub>2</sub> emissions by 1,280 tons a year all while respecting the surrounding green areas since it's a rooftop system. This is further proof of Neolith's clear commitment to renewable energies, which is completed with the acquisition of 100% GO electricity from the grid for its industrial plant.

# A Global Presence

From the very beginning, Neolith Group was born with an international vocation and its international presence is becoming more and more noteworthy. Neolith Group is currently a global corporation with operations in more than 100 countries across the world and it has an international expansion plan that records significant progress each year. The Group's production center and main offices are located in Almazora, Castellón, a strategic position as a breakthrough company in an industrial cluster or concentration that allows it to achieve its short, medium and long-term goals and ambitions. Neolith has integrated into its sector to the extent it now presides over the Management and Modernization Entity, leading public-private collaboration for the sustainable industrial growth.

In fiscal year 2023, it strengthened its presence in the United States, Europe, China and Oceania, signing agreements with major distributors. To do so, it continues to reinforce and specialize its regional teams so they may reach their fullest potential. And on top of all this, it opened five new distribution centers in 2023 in Milan, Katowice, Gothenburg, Auckland and Leeds, which all began operations sometime during the year.

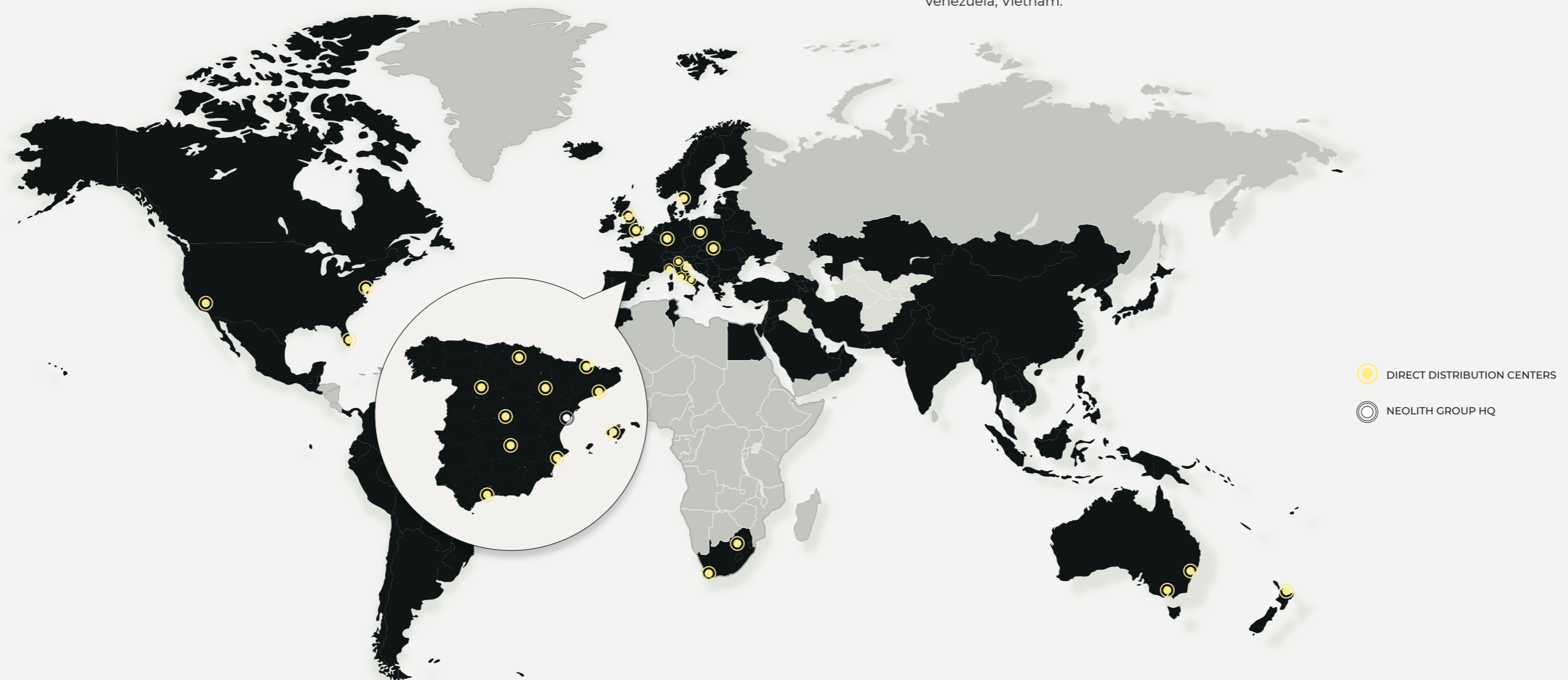
## DISTRIBUTORS

Albania, Andorra, Argentina, Australia, Austria, Azerbaijan, Bahrain, Belgium, Bolivia, Brazil, Bulgaria, Belarus, Cambodia, Canada, Chile, China, Colombia, Costa Rica, Cyprus, Czech Republic, Denmark, Dominican Republic, Ecuador, Egypt, Estonia, Finland, France, Georgia, Germany, Greece, Guatemala, Hong Kong, Hungary, India, Indonesia, Israel, Italy, Japan, Jordan, Kuwait, Lithuania, Luxembourg, Malaysia, Mexico, Moldavia, Morocco, the Netherlands, New Caledonia, New Zealand, Norway, Pakistan, Palestine, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Romania, Saudi Arabia, Serbia, Singapore, Slovakia, Slovenia, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, Ukraine, United Arab Emirates, United Kingdom, Uruguay, Uzbekistan, Venezuela, Vietnam.

## SHOWROOMS

Neolith Group has 58 showrooms around the world (directly or indirectly) demonstrating the versatility, functional properties and design of Neolith products. These showrooms are predominantly exclusive as far as Neolith products; however, in some cases, they are multi-brand.

Specifically, there are 48 mono-brand showrooms with another 10 multi-brand showrooms where Neolith is the only sintered stone brand on display. A new showroom inside the Milan distribution center was inaugurated in 2023.



# Strategic Objectives

Neolith Group has grown to become a corporation with global presence and ambition. It is as dynamic as a young company yet makes business decisions with an organized, flexible process that is combined with extensive industrial, commercial and other knowledge based on innovation, sustainability, optimal service and the utmost quality which has allowed it to experience constant growth with a vision of long-term value creation. The Group's mission and vision explain the path to be taken over the coming years. Along with its mission and vision, Neolith Group's corporate values are the cornerstones of the organization's culture. The mission, vision and values are present in all of the Group's employees and activities.

## MISSION

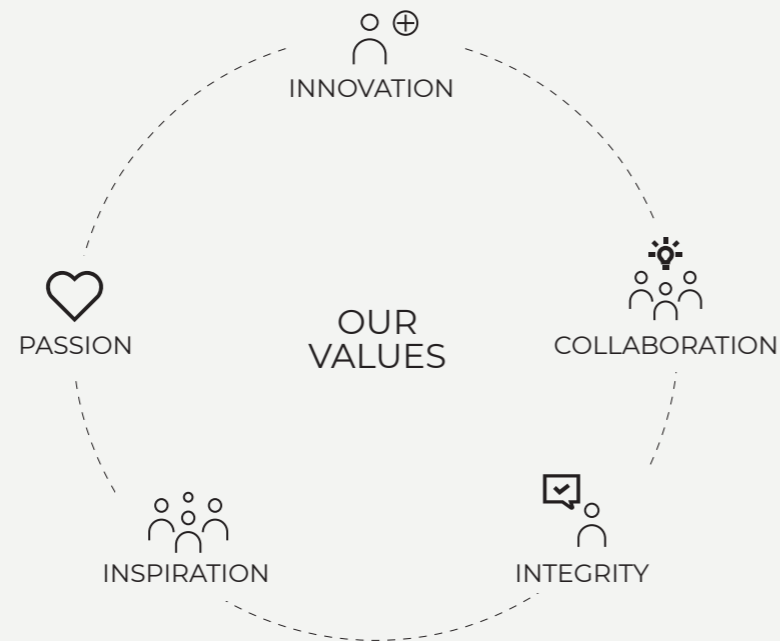
To create extraordinary functional sustainable design experiences for our customers using the most innovative surface material with premium service.

## VISION

To make your dreams come true by designing unique spaces.

## VALUES

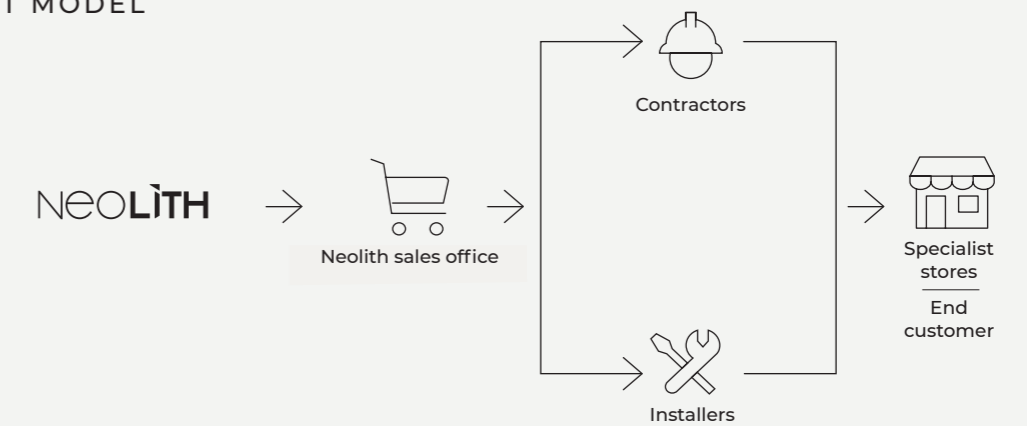
Passion, innovation, collaboration, integrity and inspiration.



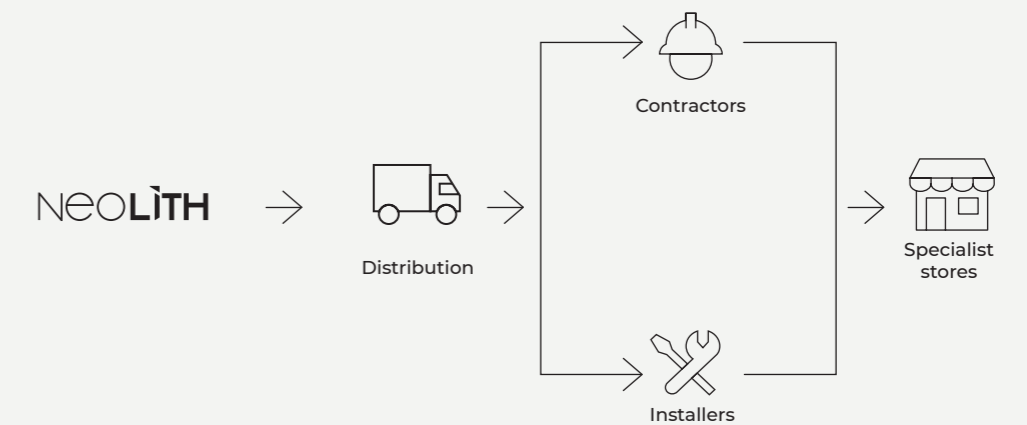
# Value Chain

The Group's value chain begins with the raw material reception phase and, after an industrial process inspired by innovation and design along with the use of the latest sector technology, it ends with the distribution, sale and assembly of its finished products for use by end customers.

## DIRECT MODEL

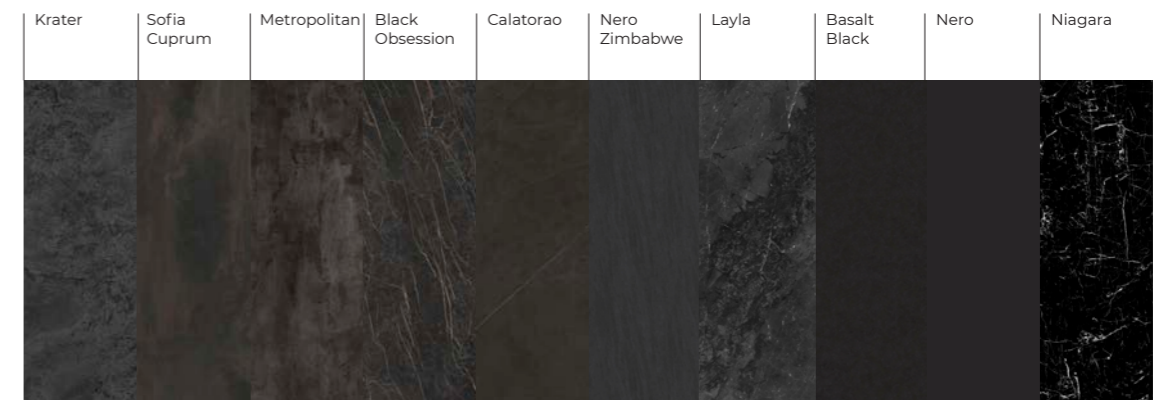
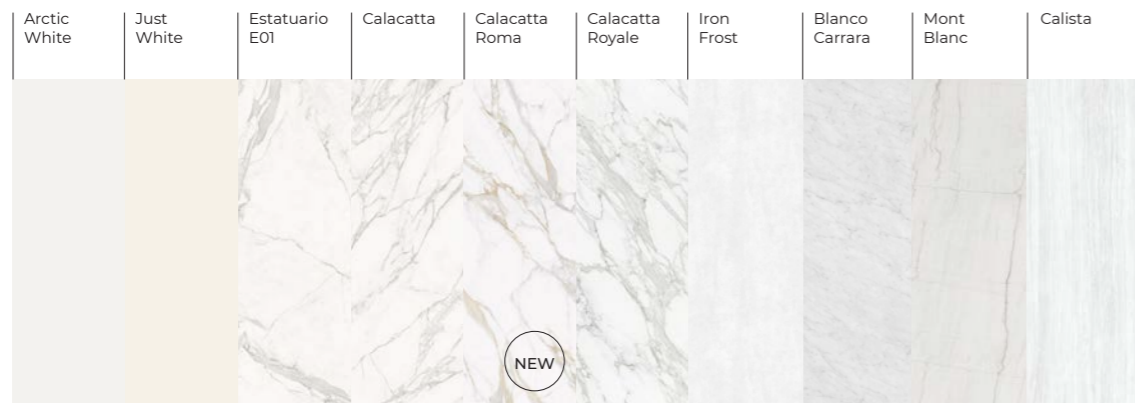


## INDIRECT MODEL



# Neolith Gallery

Its various collections are based on textures and materials combining nature-inspired, industrial, hybrid and other designs in line with the latest trends and preferences in all the different markets. Given its extensive offer of collections, Neolith Group can respond to a large variety of styles and aesthetic criteria among end customers. The models Calacatta Roma, Everest Sunrise and Cappadocia Sunset were all launched in 2023.

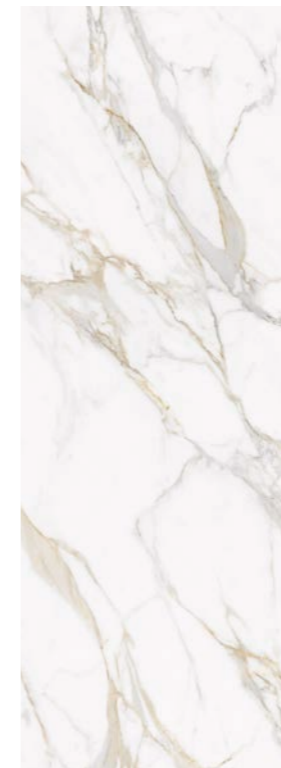






## New Developments in 2023

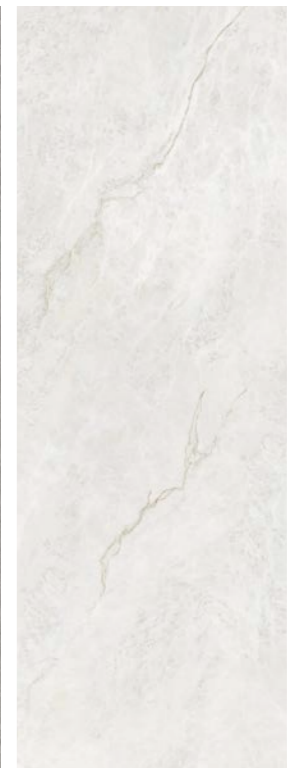
Where innovation and beauty come together to create something truly extraordinary. Presenting the all-new models Everest Sunrise, Cappadocia Sunset and Calacatta Roma.



Calacatta  
Roma



Cappadocia  
Sunset



Everest  
Sunrise

Each design is a palpable example of our unwavering dedication to innovation and a homage to the majesty of nature. These models not only reflect the elegance and quality that have become synonymous to Neolith, but also represent our constant search for perfection.

These models are not just an evolution in surface design; they're living testimony of our commitment to sustainable and practical solutions. The idea behind each design is to bring functionality in harmony with subtle, timeless beauty.

Find out how elegance, functionality and respect for the environment have come together in these innovative models to set a new standard in the world of surface design.

# Inspiring Living For Tomorrow. Lifestyle Trends 2024 by Neolith

Inspiring Living for Tomorrow, Lifestyle Trends 2024 by Neolith came about after observing and researching new international currents in all creative areas: interior decorating, design, architecture, art, fashion, technology, gastronomy, lifestyle...

This Trend Study specially focuses on sustainability and the new ways of creating, living in and experiencing spaces which reflect the values of today's professionals and consumers and how they express them.

Throughout the more than 345 pages of this Trend Study, you'll find:

- Microtrends in design and interior decorating
- Interviews with studios and their stars
- Moodboards and inspirational examples
- Neolith materials and color palettes
- Resources, products and additional materials



## AUTHORS OF THE TREND STUDY NEOLITH

Gudy Herder is the founder of the trend agency Eclectic Trends, specializing in Interior Design & Lifestyle.

Enric Pastor is a journalist who specializes in design and interior decorating and has developed his career at publishing groups such as Unidad Editorial and Condé Nast.

The authors of "Inspiring Living for Tomorrow" believe imagination is the main lever of transformation which feeds innovation and enables the creation of places where people want to live, feel and enjoy.



# The Environmental Impact of its Business Model

The company's primary goals focus on **sustainable growth, optimal service, improved efficiency at its facilities to enhance performance and investments in increasing flexibility for the new industrial plan and the execution of the improvement actions included in its ESG plan.**

The Group's global vision is based on continuing to innovate to offer high-end designer surfaces with unique features so they stand out and maintain Neolith's leadership as the benchmark sector brand. In relation to this vision, the Group's global strategy is aimed at the Group's sustainable growth over the next several years.

Neolith Group maintains five ESG pillars which are fully aligned with Group's overall strategy:

## ORGANIZATION AND ESG GOVERNANCE

The creation of an ESG governance structure that integrates and supervises the activities undertaken as part of the Action Plan.

## SUSTAINABLE PRODUCTS AND MANUFACTURING

The demand for sustainable products is driven by customers and new regulations. Thus, enhanced product environmental and social performance is a decision factor that's very much present, consolidating the business and also enabling the generation of new lines of revenue.

## SUPPLY CHAIN CONTROL

Traceability and control of the supply chain will make it possible to reduce risks and rely on resilient suppliers in the long run.

## HUMAN CAPITAL

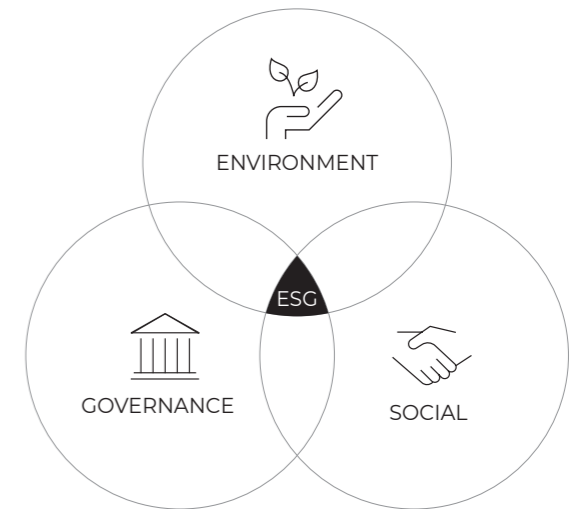
Growth is only possible by attracting the best talent and orienting it towards excellence. Likewise, Neolith Group recognizes diversity, individual and collective efforts and leadership as essential organizational values.

## COMPLIANCE AND TRUST

Traceable regulatory compliance and information reports, which are verified and rigorous, are essential for Neolith Group's stakeholders. This allows us to create long-term relationships of value.

# The ESG Plan in the short, medium and long term

These pillars are integrated through an Action Plan based on the goals of taking advantage of market opportunities and trends as well as controlling operational, reputational and business risks. Management and control of ESG risks makes it possible to reduce operational costs, operational risks and the possibility of legal proceedings against the company. The ESG Action Plan is structured as three phases:



### PHASE 1

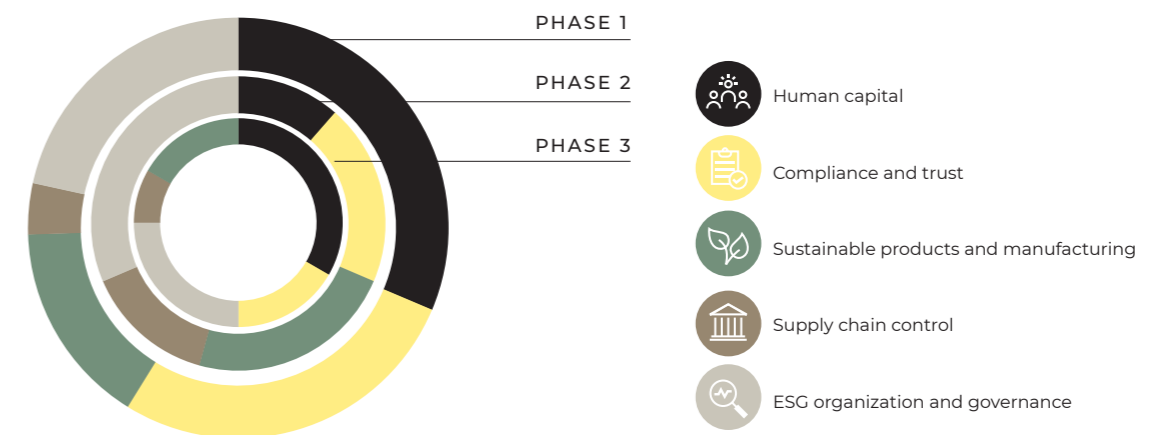
Consolidating the ESG structure and implementing actions with a greater impact. This phase was carried out in fiscal year 2021.

### PHASE 2

Improving Neolith Group's ESG positioning with deployment actions; these measures were developed in fiscal years 2022 and 2023.

### PHASE 3

Implementing best practices, machinery efficiency improvements, creating new instructions and procedures and conducting internal inspections of our managers. This phase began in 2023.



The Group continues to delve deeper into the execution of its ESG Plan. Some recent examples can be found in the renewal in 2023 of its ISO 9001 and ISO 14001 certifications, which include the production, design and distribution operations the entire Group benefits from.

# The Sustainable Development Goals in Neolith's Activities

The Action Plan links the Group's strategy to the Sustainable Development Goals (SDGs). The United Nations (UN), along with the 193 Member States of its General Assembly, agreed in 2015 to define 17 SDGs as necessary for achieving progress and the wellbeing of people, the environment and the economy. The SDGs came about in 2015 as part of the Agenda 2030 for Sustainable Development.

These goals also feature 169 specific targets and 232 official indicators for measuring the progress achieved. Their purpose is to promote education, equality and inclusion, fight climate change and eradicate poverty around the world.



Neolith conducted an evaluation of the contribution of the actions in the ESG Action Plan to each one of the SDGs to analyze the possibilities of coming into alignment with them.

The 3 SDGs on which Neolith Group has a greater positive impact are **SDGs 12, 8 and 13**.

When measuring its contribution to the achievement of the SDGs, only the actions involving an additional impact beyond what the company is already doing to align the ESG Action Plan with the 2030 Agenda were evaluated.

Thus, the principle of impact is followed where the results achieved through the Action Plan seek to maximize the company's positive impact in the short, medium and long term.

This first exercise of mapping the actions against the SDGs made it possible to identify areas in which Neolith Group will have the most impact over the Action Plan's 5 years.

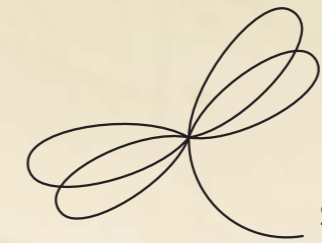


NEOLITH  
touch.feel.live

04

CONTRIBUTING  
TO A SUSTAINABLE FUTURE

Governance, the Environment and Social Impact  
Information on Environmental Matters  
A Responsible Corporate Culture  
Information on Respect for Human Rights  
Fight Against Corruption and Bribery  
Information on Society



SUSTAINABLE  
BEAUTY

NEOLITH



# Governance, the Environment and Social Impact

## MATERIALITY

The materiality analysis carried out by the Group considered a total of 37 relevant topics of external and internal relevance in three areas: governance, the environment and social impact. These topics were prioritized through a process that included a two-sided assessment (external and internal), respectively resulting in answers from the Group's leaders, key distributors, and investors as well as consideration of the main sector and sustainability trends nationwide and internationally in order to obtain a true and accurate representation of the relevance thereof for the Group's various stakeholders. The result of this process has been prioritizing the topics and placing them in a materiality matrix.



- Corporate governance management
- Environmental management
- Supply chain
- Value chain
- Strategic vision
- Climate change and biodiversity
- Personnel

## LIST OF MATERIAL TOPICS FOR NEOLITH

The list of material topics arranged in order by relevance for Neolith Group is shown in the following table. These topics are handled by the Group's management through the ESG strategy. This strategy defines specific actions to ensure adequate management of each of the topics that are relevant to the Group.

1 Environmental compliance	14 Money laundering, corruption and bribery	27 Collaborating partner loyalty
2 Employee health and safety	15 Climate change	28 Creation of local wealth: employment, suppliers and economic development
3 Customer satisfaction	16 Compliance	29 The evaluation of the Board of Directors
4 Waste and a circular economy	17 Human capital development	30 Diversity of the Board of Directors
5 Impact of the product on health	18 Supply chain and environmental impact	31 Water management
6 Employee working conditions and human rights	19 Best practices in corporate governance	32 Social dialogue
7 Consumption of energy and materials	20 Communication with stakeholders	33 Data protection and cybersecurity
8 Reputation, positioning and brand image	21 Integration of ESG aspects in the strategy and decision making	34 Conflict of interest management
9 R&D&I programs and investment	22 Supply chain control	35 Dialogue processes with local communities
10 Product sustainability	23 Diversity and equality	36 Supply chain and biodiversity impact
11 Human rights in the supply chain	24 Transparency	37 Protecting biodiversity and natural areas
12 Talent attraction and retention	25 Corporate culture and engagement	
13 Integrated environmental management system	26 Employee benefits	

**RISK MANAGEMENT**

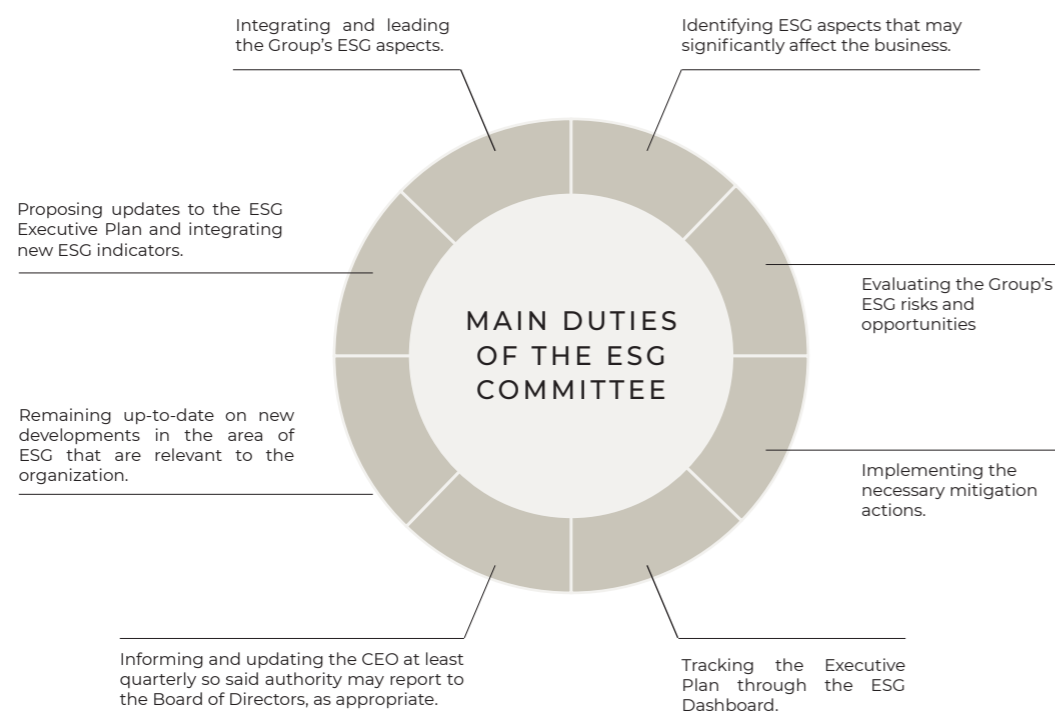
Neolith Group has taken several measures in order to identify, evaluate, prevent and attenuate the significant risks to the company. For example, it has developed new policies and principles or has revised existing codes and policies, as applicable, in the years 2021, 2022 and 2023:

The Modern Slavery Policy.	The Procurement Policy.
Updating the Code of Ethics.	Anti-fraud Principles.
The Code of Conduct (internal and for suppliers).	Anti-Money Laundering Principles.
The Global ESG and Sustainability Policy.	The Anti-Trust/Fair Competition Policy.
The Health and Safety Policy.	The Quality and Environment Policy
The Conflict of Interest Policy.	

With respect to specific ESG risks, the greatest supervisory authority is attributed to the Board of Directors. At the same time, there are various offices or roles performing essential work to manage and mitigate business risks.

On the one hand, the Compliance Officer constitutes the Regulatory Compliance Body and produces all reports inherent to said role. This one-person body supervises compliance with the Group's policies and rules, including the standards applicable to each business division, and monitors training in compliance in addition to managing the ethics channel.

Additionally, and in order to fully integrate the ESG Action Plan into the Group's various areas, the ESG Committee carries out the aforementioned duties as a permanent, executive body. The committee's main duties are as follows:



In order to carry out the duties described above, there are five main roles with control power and the capacity to act on the aspects mentioned. This composition is in line with best practices in differentiating between the supervision and integration of ESG topics all while ensuring the implementation of actions of responsibility for the results thereof. The ESG committee's main roles are as follows:

The **Chief People Officer (CPO)**, with the power to control social aspects including those relating to the Group's workforce and human capital.

The **Chief Legal Officer (CLO)** to whom the area of good corporate governance reports. The CLO performs the role of Compliance Officer within the organization meaning he/she may inform the ESG Committee on matters relating to regulatory compliance and the interpretation of Neolith Group policies and principles, when required.

The **Chief Manufacturing, Supply Chain and Procurement Officer (CSCO)** to whom the areas of procurement, logistics and value chain procedures report.

The primary sustainability management instrument is the ESG Action Plan. It includes goals, indicators and activities which are to be periodically monitored. Furthermore, the Committee conducts an evaluation of ESG indicators as concerns their alignment with the overall strategy and identifies new indicators, as applicable.

In this context of a commitment to sustainability and social awareness, Neolith Group has endorsed the UN Global Compact after submitting its goals for approval by SBTi in 2023. Likewise, the consolidated goals roadmap for the coming years was developed in 2022, highlighting the development and approval of the product certification strategy that year. In addition, Neolith Group has further reduced crystalline silica content and worked to update the Delegation of Authority (DOA) matrix which has already been integrated into the computer management system (ERP SAP) that produces data to trace and report on environmental performance.

The Neolith Group organization and governance model sees risk management as a key planning tool. Potential risks are identified by the Board of Directors and the Senior Leadership Team. The corresponding mitigation measures and specific controls for these risks are also identified and tested annually. Risk control and monitoring is done by each department director as part of their duties although the Compliance Department does annual testing of a significant sample of measures and controls.

The main risks identified for Neolith Group are as follows:

CLASSIFICATION	RISKS
Environmental risks	<ul style="list-style-type: none"> <li>Environmental risks: Geopolitical risks: market closings, mobility restrictions, etc.</li> <li>Market risks due to the impact of price increases and drops (energy and raw materials).</li> <li>Risks related to new regulatory changes.</li> </ul>
Financial risks.	<ul style="list-style-type: none"> <li>Currency exchange variation risks.</li> <li>Credit interest variation risks.</li> <li>The risk of defaulting on current financing agreements.</li> </ul>
Strategic risks	<ul style="list-style-type: none"> <li>Trade and industrial risks deriving from possible delays in the expansion plan (openings, new markets, etc.).</li> </ul>
Operational risks	<ul style="list-style-type: none"> <li>Operational risks due to possible manufacturing shutdowns.</li> <li>Risks of cyberattacks and security gaps in information systems.</li> <li>Legal noncompliance risks.</li> </ul>
ESG risks	<ul style="list-style-type: none"> <li>Risks related to the supply of materials due to supply chain availability and the impact on prices.</li> <li>Risks of human rights violations and unfair labor conditions in the supply chain.</li> <li>Risks related to workers' health and safety.</li> <li>Risks related to the implementation of the good corporate governance model in the corporate expansion process.</li> </ul>

In 2023, the Group conducted various external environmental audits such as an energy audit and a soil pollution audit. Moreover, two management agency inspections were done in 2023 proving the suitability of the Group's measures and controls in addition to identifying opportunities for improvement.

Two management agency inspections were done in 2023 proving the suitability of the Group's measures and controls in addition to identifying opportunities for improvement.





## SECTOR ANALYSIS AND FACTORS THAT CAN AFFECT NEOLITH'S EVOLUTION

In order to understand the scope of the factors that may affect Neolith Group's evolution, the fact that its products are sold in more than 100 countries and its sales have continued to grow thanks to the strategy defined by the Group must be taken into account. In addition, its economic and social environment is quite diverse given its expansion strategy for areas of high growth such as the USA, Europe and Oceania.

From a sector-wide perspective, it must be understood that one of the main risks affecting this business is related to the international geopolitical situation with hostilities between various countries which has had a negative impact on the prices of energy and raw materials as well as the availability thereof. This context involves monetary policies, among others, which are factors that make it more difficult for companies to operate under conditions of normalcy.

On the other hand, waste management is a relevant issue for the sector. In this area, Neolith Group received the prestigious "Zero Waste" certificate in 2021 with the highest existing score (Excellent Plus). This certificate was renewed in 2022 and 2023 with the same distinction. There have also been spill and dumping drills which have proven our employees' commitment and proper power of action when faced with environmental emergencies.

Neolith Group has observed that, in this sector of business, the emission of greenhouse gases into the atmosphere largely occurs in the value chain. To this end, the Group has reached carbon neutrality for scopes 1 and 2 while it continues working to reach total neutrality. In 2022, Neolith Group had the three scopes verified independently, thus complying with the solid commitment of disclosing its carbon footprint with absolute transparency as the first step towards mitigating climate change. This aspect is further developed in the chapter on the environment.

As for the social scenario, another risk detected by the sector is health and safety at the workplace. For this reason, Neolith Group has established a "SafetyFirst" program through which health and safety aspects have been more present than ever with Board of Directors meetings generally beginning with this item on each agenda. These measures, which are explained in detail in the personnel section, have ensured the highest level of protection for workers, partners and customers at all times.

One differential factor for Neolith Group is how it applies innovation to prevention. For example, Neolith Group has created formulas with lower crystalline silica, thus leading the industry with a content of 0-9% in its all-new Neolith For a New Era products.

In relation to its business management, the main market role-players have been caught in the same geopolitical situation as Neolith Group. The main concern has been managing energy costs, obtaining and managing the costs of raw materials, in addition to ensuring the operation of the international logistics chain. The demand forecasting and planning systems available to Neolith Group have made it possible to protect its production plan. Thanks to its relationships with the environment and communication with customers and distributors, the Group's management systems allow it to know the demand and maintain excellent planning of the quantities of products that need to be manufactured and distributed to the various supply points so as to ensure effective control of cash flows and maintain its financial solvency at all times.

Neolith Group has renewed its prestigious "Zero Waste" certificate with the highest existing score (Excellent Plus).

The Group continues to focus on the future and work with the entire distribution chain to identify and understand the future demand and opportunities to keep on expanding its target market, directly and indirectly, in accordance with its current growth strategy. And it is doing all of this without forgetting the people who are part of Neolith Group, the main risk for whom is safety. It has paid close attention to reducing accident rates and contributing to greater safety and a better quality working atmosphere for employees.



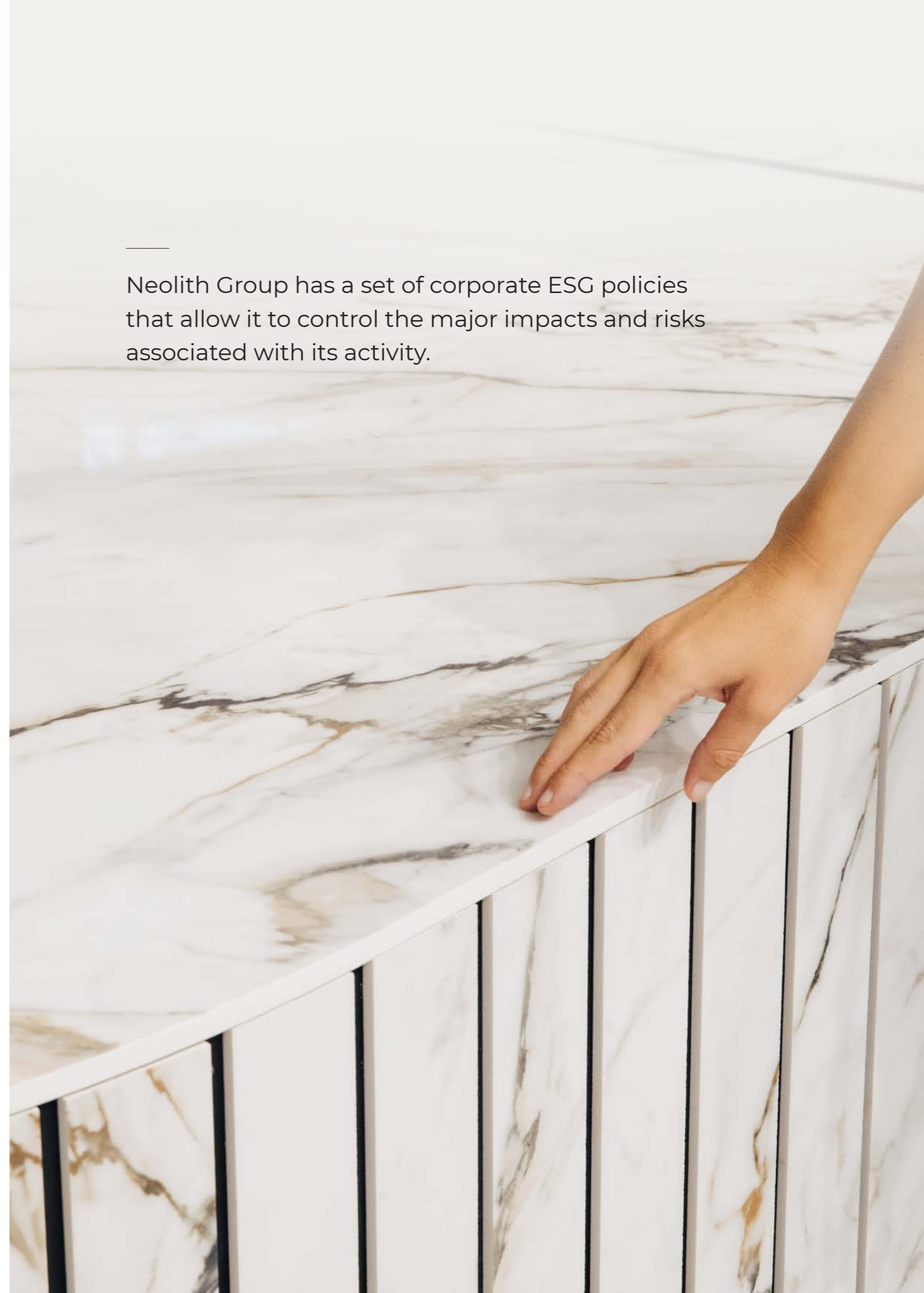
CORPORATE POLICIES

Neolith Group has a set of corporate ESG policies that allow it to control the major impacts and risks associated with its activity as well as adequate relations with all stakeholders.

AREA	POLICIES AND PROCEDURES
CORPORATE GOVERNANCE	<ul style="list-style-type: none"> <li>• Code of conduct</li> <li>• Policy against slavery</li> <li>• Matrix of board and senior leadership authorizations</li> <li>• Audit committee policy</li> <li>• Code of ethics</li> <li>• Whistleblowing channel procedure</li> <li>• Policy and procedures to prevent money laundering and terrorism financing</li> <li>• Conflict of interest policy</li> <li>• Anti-trust/fair competition policy</li> <li>• Anti-fraud principles</li> <li>• Anti-money laundering principles</li> <li>• Data protection policy and procedures</li> <li>• Criminal liability risk matrix</li> </ul>
ESG	<ul style="list-style-type: none"> <li>• ESG policy and main commitments</li> <li>• Quality and environmental policy</li> <li>• End-of-life policy</li> </ul>
Operations	<ul style="list-style-type: none"> <li>• Specific procedures on hazardous waste, non-hazardous waste, chemical storage and emissions control.</li> </ul>
Procurement	<ul style="list-style-type: none"> <li>• Supplier self-evaluations, including environmental and social aspects.</li> <li>• Sustainable procurement policy</li> </ul>
Human Resources	<ul style="list-style-type: none"> <li>• Performance assessment</li> <li>• Compensation and benefit policy</li> <li>• Digital disconnection policy</li> <li>• Equality and diversity policy</li> <li>• Equality plan</li> <li>• Internal communications policy</li> <li>• Intern policy</li> <li>• Performance and goal management policy</li> <li>• Recruitment, training and welcome policy</li> <li>• Loan and advance payment policy</li> <li>• Training and development policy</li> <li>• Training plan</li> <li>• Travel management policy</li> <li>• Travel expense management policy</li> <li>• Group car policy</li> </ul>
Health & Safety	<ul style="list-style-type: none"> <li>• Zero accidents plan</li> <li>• Occupational risk prevention policy</li> <li>• Policies and procedures on health and safety</li> </ul>

Neolith Group continues to prepare the most adequate policies in order to have adequate control and provide clear guidelines and expectations for employees. The results of these policies are defined in each of the corresponding sections of this report.

Neolith Group has a set of corporate ESG policies that allow it to control the major impacts and risks associated with its activity.



# Information on Environmental Issues

## MANAGEMENT APPROACH

Focusing on the production and distribution of sintered stone products manufactured from natural minerals, Neolith Group's activities have a direct impact on the environment throughout the value chain. It is in this context that Neolith Group's management has aligned its environmental management with its quality management, as well as with the organization's strategies by establishing environmental goals and targets, assigning responsibilities, resources and completion deadlines with all of this always based on ongoing improvement and sustainable development, thus reducing the environmental impact of our activities.

In order to manage these impacts, Neolith Group has policies and procedures in place that minimize the impacts in each production process to minimize waste, contamination and pollution, conserve natural resources and promote energy savings. Neolith Group is working to reduce its environmental impacts throughout its value chain. In order to do so, the Group closely monitors its environmental impact with monthly indicators.

Neolith Group is highly committed to reducing its environmental impact; therefore, it pioneered the creation in 2018 of an environmental affairs department which has been working under an integrated environmental management system since fiscal year 2021. In 2023, the Group renewed its ISO 14001 certificate which has allowed it to position itself as an environmentally responsible company and set itself apart from the competition, thus positively reinforcing its image towards its stakeholders. In addition, the Group is ISO 14021 certified for environmental labeling. This allows Neolith Group to provide precise and verifiable information on the environmental performance of its products, thus fostering enhanced environmental performance all while offering more sustainable products.

In fiscal year 2023, the Group moved forward with its "Cradle to Cradle" certification which it expects to earn in 2024. Moreover, Neolith Group earned a gold medal in 2023 from EcoVadis, an environmental rating entity, situating Neolith Group in the 97th percentile of all companies evaluated by EcoVadis. Following an improvement in figures in 2023, our certificate was renewed in 2024 with an improvement in our positioning to the 98th percentile. Back in fiscal year 2022, the Group obtained the Product Environmental Declaration after an analysis of the impacts on the product lifecycle. It also earned "Declare" (International Living Future Institute) certification.

Neolith Group currently has the following environmental acknowledgements and certificates:



### GREENGUARD CERTIFICATION

It certifies that Neolith meets the established chemical emissions limits which contributes to a healthier environment.



### GOLD GREENGUARD CERTIFICATION

It certifies that Neolith is suitable for use in places like schools and medical centers.



### EC (EUROPEAN COMMISSION) CERTIFICATION

It ensures Neolith meets the European health and safety environmental protection requirements.



### LEED POINTS EARNER

LEED provides third-party verification of sustainable buildings. Neolith meets the safety prerequisites and earns points to help consumers reach their desired certification level for their home or business project.



### A MEMBER OF THE U.S. GREEN BUILDING COUNCIL (USGBC)

The USGBC, a council which is supervised by LEED, gathers defenders of sustainable policies and practices.



### HEALTH PRODUCT DECLARATION

Grupo Neolith has a declaration of product components showing they have no health impact.



### FRIENDLY MATERIALS (GOLD)

This certifies that Neolith is free of substance on the Alert List and free of COV emissions (zero emissions).



### ISO 14001

It certifies that the company has an environmental management plan that includes: environmental goals and targets, policies and procedures to achieve such targets, defined responsibilities, personnel training activities, documentation and a system to control any change and progress made.



### ISO 14021

A self-declared environmental statement that there is up to 98% recycled content in its Metropolitan and Sofía Cuprum models, among others.



### ZERO WASTE

A waste management system with results above 95% in landfill alternatives. Excellent Plus Rating.



### DECLARE

It positions Neolith products as safe for people and the environment, providing information on the ingredients to help customers guarantee healthier living environments.



### ECOVADIS

EcoVadis gold medal proving Neolith is in the 98th percentile of companies evaluated on environmental, social and corporate governance aspects.



### EPD

(Environmental Product Declarations) They present transparent, verified and comparable information on the lifecycle environmental impact of Neolith products.



### KOSHER

It certifies that the corresponding products comply with the biblical requirements of the Jewish religion.



### NSF

Certification of food safety in compliance with the Global Food Safety Initiative (GFSI) reference standards, as well as for food production equipment and nonfood compounds.



### CHINA COMPULSORY CERTIFICATE (CCC)

A certificate for products imported, sold or used in the Chinese market.



### M1 EMISSION CLASSIFICATION OF BUILDING MATERIALS

It certifies low-emissions products; the use thereof fosters indoor air quality.



NEOLITH

---

In 2023, the Group sent its goals to SBTi for approval and reaffirmed its endorsement of the UN Global Compact by supporting the ten principles and taking the additional step of completing a project.

---

The amount of waste generated dropped in 2023 by 29.6%.



Neolith Group is working to improve its control of the supply chain through a selection and approval system. This will allow it to have greater control over suppliers and enhance its knowledge of them.

The sustainability policy was approved in 2021, demonstrating the Group's commitment to the environment. In 2023, the Group sent its goals to SBTi for approval and reaffirmed its endorsement of the UN Global Compact by supporting the ten principles and taking the additional step of completing a project.

Neolith Group has a person with a management-level role who is responsible for environmental matters and supervises the environmental impact of all the Group's activities. Quite revealing of the Neolith Group mindset as concerns the importance of this role in future development, the Environmental Manager reports directly to the Chief Legal Officer, as the office responsible for Neolith Group risk management. This means decisions taken related to environmental improvements can be reviewed from a regulatory perspective, thus facilitating the approval thereof in accordance with the Group's corporate governance mechanisms.

In addition, this area handles management of environmental risks associated with its activities and receives a budget to meet the environmental needs projected by the department.

Although no procedures exist to apply the principle of precaution directly, Neolith Group has specific procedures for hazardous and non-hazardous waste management, chemical storage and emissions control that reduce the materialization of some environmental risks and prevent a greater impact on the environment. What's more, external audits and emergency environmental drills were conducted in 2023 at the production plant.

As far as the principle of precaution, it is worth noting that the activities carried out by Neolith Group do not make any impacts that may be associated with severe or irreversible damage to the environment. Nonetheless, the Group has an environmental liability insurance policy covering environmental damage for goods transport and workplace accidents leading to contamination at its various industrial plants.

Neolith Group was not fined or sanctioned for any breach of environmental laws or regulations in 2022 or 2023. Furthermore, no project was carried out by the Group during this period in areas with any type of protection status, as set forth by local, national and international regulations.

In 2023 and 2022, the Group earmarked 1,229,149 and 771,265 euros for environmental prevention actions, respectively. These figures can be broken down into 202,267 and 1,026,882 euros for internal personnel and investment in suppliers, respectively (143,739 and 627,526 euros in fiscal year 2022, respectively).



In 2023, Neolith Group renewed its environmental liability insurance covering up to three million euros per claim and per year. Likewise, the Group assigns significant resources to sustainable management with a team of 4 employees dedicated to sustainability and maintaining relationships with 20 providers specializing in environmental duties. These initiatives and measures reflect Neolith Group's proactive and ongoing approach to protecting the environment and promoting sustainable business practices.

The Procurement Department ensures new suppliers complete a self-assessment on environmental and other ESG matters before signing any contracts. Neolith Group is aware that the extraction of raw materials has a high impact on biodiversity, soil degradation and erosion in addition to risks of a breach of ILO standards.

These self-assessment sheets require the supplier report their ESG objectives, environmental impact metrics systems and environmental policies applied. Additionally, this self-assessment system allows the Group to establish open and direct communication with its suppliers and work with them to reduce the impacts during the extraction phases.

Likewise, Neolith Group is working to improve its control of the supply chain through a selection and approval system. This will allow it to have greater control over suppliers and enhance its knowledge of them.

## CIRCULAR ECONOMY, WASTE PREVENTION AND MANAGEMENT

The aim of the circular economy is for the value of products, materials and resources to be maintained within the economy for the longest time possible in addition to reducing waste generation to a minimum. Thus, the environmental department measures the most relevant waste generation indicators and consumption at its facilities each month. In line with the circular economy, the Group is encouraging more and more the return of containers and packaging to suppliers to reduce resources consumed at the source.

With respect to the management of the waste generated at its facilities, Neolith Group applies measures to improve management known as the 3R (Reduce, Recycle and Re-use). To this end, it earned “Zero Waste” certification in 2022 with an Excellent score, which was verified by an accredited external company. This certificate is received following an exhaustive verification process examining our waste control and monitoring system for months. Plus, the four-year hazardous waste minimization plan established was renewed in fiscal year 2023.

Waste management agency inspections were conducted in 2023 to have greater control over how the waste generated at our production facilities is processed, in compliance with the responsibility set forth by Spanish Law 7/2022.

The Group does not engage in any hazardous waste processing at its facilities. The waste generated is transported by authorized waste management agencies which process and eliminate it pursuant to the laws in effect.

The non-hazardous waste generated directly by product manufacturing at the production and spray drying plant includes mainly reject produced during the raw material process in any form prior to sintering, sintered product waste (shard) with and without mesh, mud from the purification plants, aqueous suspensions, cardboard, plastic and wood.

On the other hand, the indirect waste generated includes catalyzed resin, contaminated plastic/cardboard/ metal packaging, plastic and rubber, ink waste, organic solvents, used oil, furnace wool and other contaminated material. Most of the waste generated corresponds to the production process. The waste continues to be managed during maintenance shutdowns as exhaustive cleaning of the area reserved for it is done.

The quantities of hazardous and non-hazardous waste generated in fiscal years 2023 and 2022 were as follows:

WASTE GENERATED		2023 (TONS)
Non-hazardous waste	Reject	604
	Sintered with mesh	3.485
	Sintered without mesh	6.144
	Aqueous suspensions	2.923
	Other waste	9.555
	<b>Total</b>	<b>22.712</b>
Hazardous waste	Adhesives and sealants	35
	Contaminated packaging	23
	Other	56
	<b>Total</b>	<b>114</b>
<b>Total</b>		<b>22.826</b>



In line with the list of valorization and elimination operations proposed by Spanish Law 07/2022 on waste and contaminated soil, the waste generated by Neolith Group was managed as follows in 2023 and 2022:

WASTE TREATMENT	2023 (%)
<b>R3</b> (Recycling or recovery of organic substances not used as solvents) <sup>1</sup>	0.03%
<b>R5</b> (Recycling or recovery of other inorganic materials)	46.4%
<b>R12</b> (Waste exchange for any of the valorization operations)	46.37%
<b>R13</b> (Temporary storage of waste waiting for any of the valorization processes)	0.57%
<b>Total</b> <sup>2</sup>	<b>93.37%</b>
<b>D5</b> (Controlled dump in specially designed places)	6.56%
<b>D13</b> (Combination or mix prior to any elimination processes)	0.002%
<b>D15</b> (Temporary storage of waste waiting for any of the elimination processes)	0.07%
<b>Total</b>	<b>6.63%</b>

The generation of non-hazardous waste has dropped by around 30% while the generation of hazardous waste has dropped by around 24% in absolute terms.

Improvements have been made throughout the year to reduce waste, such as checking and adjusting the water purifier parameters and enhancing the production facilities to reduce and re-use resources.

The Group did not implement any specific measures to fight food waste as this topic is not considered material in relation to its operations. However, the Group is sensitive to this issue and carries out philanthropic actions including donations to the Red Cross in 2022.

## SUSTAINABLE USE OF RESOURCES

Neolith Group pursues resource optimization with the most innovative and cleanest technologies. Its main resources are the raw materials required for production as well as energy, which is mainly supplied by electricity and gas.

Water resources are not as relevant given that the quantity of water used in the manufacturing process is mostly re-used.

## CONSUMPTION AND SUPPLY OF RAW MATERIALS

Neolith Group products are primarily comprised of natural minerals. Neolith Group purchases these minerals for use in the sintered stone manufacturing process. Metal and wood trestles are used to transport the products sold or they are occasionally packaged in cardboard boxes.

RAW MATERIALS AND PACKAGING	2023 (TONS)
Minerals	55.149
Refractory minerals	2.525
Metal	843
Plastic	400
Wood	263
Cardboard	235
Other	2.863
<b>Total</b>	<b>62.278</b>

Neolith Group studies ways to reduce waste during the production process with ongoing improvement programs. These actions are consolidated pursuant to standard ISO 14021 on the recycled content of Neolith Group products as proof of its commitment and progress towards a waste reduction and circular economy strategy. When selecting the material to purchase, Neolith Group again reflects its commitment to sustainability by using plastic-free packaging products, such as FSC certified wood.

<sup>1</sup> This includes gasification and pyrolysis which use the components as chemical elements.

<sup>2</sup> Rounded to the closest unit and whole number.

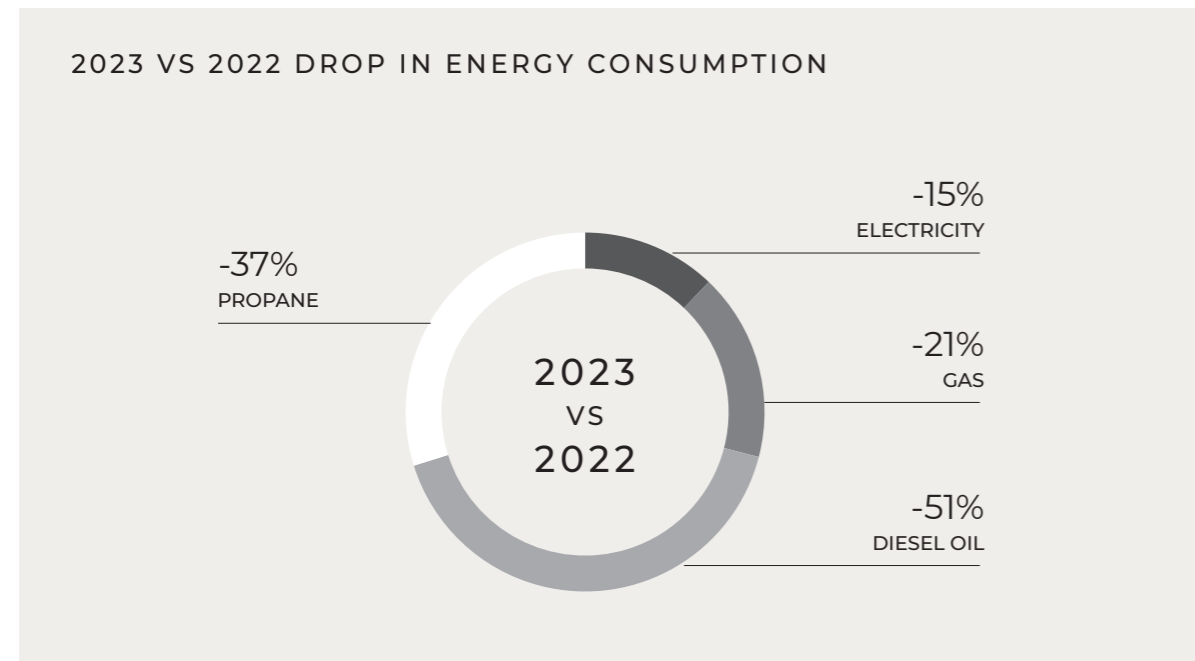
### CONSUMPTION OF ENERGY

Neolith Group has made continuously improving energy efficiency ones of its priority targets. Over the course of the year 2023, the company successfully reached its internal goals by recording significant drops in various key areas. These achievements include a 15% drop in electricity consumption, a 21% increase in the efficiency of the gas used and a noteworthy decrease of 51% in the consumption of diesel oil, when compared to 2022 data.

The Neolith Group production process involves the consumption of natural gas (87.43%), followed by electricity (12.42%). Moreover, propane and diesel oil cylinders are used minimally (0.15%).

The evolution in the consumption of energy at the production center (electricity, gas, diesel oil and propane) for the years ended on 31 December 2023 and 2022 was as follows:

CONSUMPTION OF ENERGY	2023	2022	VARIATION (%)
Consumption of electricity (kWh)	23.469.075	27.625.363	(-15%)
Consumption of gas (kWh)	165.252.773	209.459.851	(-21%)
Consumption of diesel fuel (L) <sup>3</sup>	26.972	55.491	(-51%)
Consumption of propane (kg) <sup>4</sup>	1.364	2.178	(-37%)



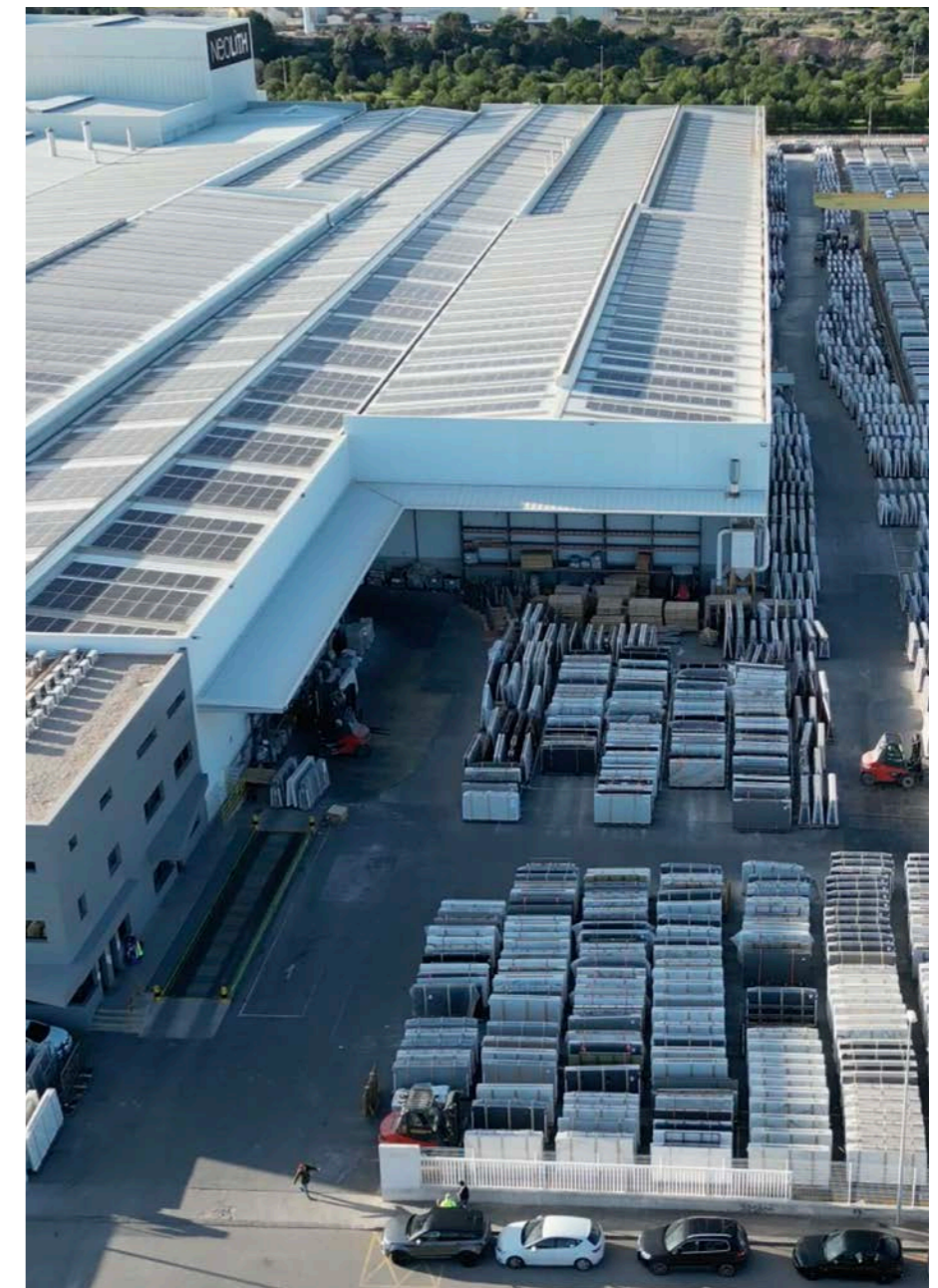
<sup>3</sup> Includes forklifts and electric generators. The liters to kWh conversion factor is 9.9, having consumed a total of 267,023 kWh in 2023 and 549,361 kWh in 2022.

<sup>4</sup> The calorific value of propane gas is 13.385 kWh/kg, having consumed a total of 18,257 kWh in 2023 and 29,153 kWh in 2022.

The projects carried out in 2023 and 2022 to improve energy efficiency were as follows:

- The installation of an automation device on the lighting and climate control systems.
- Tracking with a monitoring platform to optimize the consumption of energy in order to continuously control all systems.
- The installation of a 3.5 MWh solar photovoltaic power plant.

These projects will lead to a decrease in the use of fuels and improved energy efficiency in our procedures. Neolith Group continues to make efforts to mitigate the environmental impact of its operations. The Group holds guarantee of origin certificates ensuring 100% of the electricity acquired at the Castellón plant comes from renewable sources.





100% of the industrial water consumed at its facilities is re-used, meaning Neolith Group discharges zero water.

## CONSUMPTION OF WATER

All of the water used during the production process is re-circulated for more efficiency. Almost all of the industrial water<sup>5</sup> consumed at its facilities is re-used, meaning Neolith Group discharges zero water during the process.

The total consumption of water at the production center entirely from the mains in fiscal year 2023 was:

CONSUMPTION OF WATER	2023 (M <sup>3</sup> )
Water from the mains (m <sup>3</sup> )	62.706

Neolith Group has three water purifiers that treat the water consumed at its facilities. These water purifiers collect the water used for the different production processes and recover the water following physical/chemical treatment to be re-used in the process. Any water that cannot be purified or re-used is managed externally by management authorities that revalorize it. This leads to zero industrial discharge.

The consumption of water is controlled with tracking lists that include total quarterly consumption and the ratio of water consumed per ton of production. Moreover, counters were installed in 2023 at strategic points in the plant for better control over water consumption in the different sections and a person was assigned to monitor the water purifiers.

There was no need to purchase tanks of water in 2023, as all the water consumed came from the mains.

<sup>5</sup> This includes industrial consumption as well as water consumption by employees.

## CLIMATE CHANGE

Neolith Group is committed to the fight against climate change, proposing targets for the reduction of its greenhouse gas (GHG) emissions.

Neolith Group's thermal generation facilities in Spain are included in the greenhouse gas emissions trading scheme.

Neolith Group aspires to achieve full climate neutrality with regard to its carbon footprint through a number of initiatives, all aimed at reducing the Group's environmental impact. In particular, the Group is focusing on supervision and the implementation of improvements as well as compensation through the following initiatives:

Its carbon footprint has been calculated under the three scopes for two purposes: (a) to improve its transparency and data quality, and (b) to gain a rigorous view allowing Neolith Group to take actions for improvement.

Compensation of all Scope 1 with through the UN carbon compensation platform.

The purchase of Guarantees of Origin for Scope 2.

With UN carbon compensation projects, we're neutralizing some of our Scope 3 Carbon Footprint gate to grave.

The installation of a solar photovoltaic plant which began operating in 2022 for the use of 3.5 MWp of renewable energy.

A project adapting the water treatment plant to enable the re-use of 100% of the water consumed during the industrial process, which reduces the energy costs of transportation to an external manager.

The automation of various systems for enhanced energy efficiency.

Neolith Group is aware of the need to tackle the climate crisis; therefore, it has continued to make several investments to reduce emissions in its operations. The measures taken have been quite varied and include, among others, the implementation of a solar photovoltaic plant, enhanced and optimized slab dispatch frequencies, condensation in the supply chain, the inclusion of surface finishes that purify the air and the creation of a decoration technology with a lower environmental impact.

Neolith Group calculates its complete carbon footprint, including all the categories applicable to the Group from Scope 3. Scopes 1, 2 and 3<sup>6</sup> were as follows in 2023:

CO <sub>2</sub> EQ. TONS	2023 (M <sup>3</sup> )
Scope 1: Direct GHG emissions	30.883
Scope 2 (market based):	59
Scope 2 (location based):	5.213
Scope 3 (market based):	23.223
Scope 3 (location based):	24.464
<b>Total (market based)</b>	<b>54.165</b>
<b>Total (location based)</b>	<b>60.560</b>

Scope 1 includes emissions from all direct combustion sources, essentially natural gas, diesel oil and propane gas. Scope 2 includes emissions associated with the consumption of energy, fundamentally electricity. Scope 3 includes all other indirect emissions produced in a company's value chain.

Neolith Group continues to be committed to conserving essential resources and mitigating adverse environmental effects, which, along with the evolution observed in the Group's activity, is one of the reasons why its carbon footprint has decreased in relation to Scopes 1 and 3 in fiscal year 2023.

This project will be possible because of the complete Scope 3 calculation done. It is worth noting that the footprint calculation allows Neolith Group to identify ways to reach full climate neutrality by making efforts year after year. The Group is aware of the need to tackle the climate crisis and is focused on working hard to do so.

The breakdown of Scope 3 under the different categories as of the end of 2023 was as follows:

CO <sub>2</sub> EQ. TONS	2023
3.1 Products and services purchased	4.790,15
3.2 Capital goods purchased	891,43
3.3 Related to fuel and energy (market based)	5.577,16
3.4 Transportation and distribution (upstream)	3.892,99
3.5 Waste generated during operations	181,54
3.6 Business travel	835,19
3.7 Employee transportation	1.301,27
3.8 Assets leased (upstream) (market based)	86,01
3.8 Assets leased (upstream) (location based)	150,48
3.9 Transportation and distribution (downstream)	5.431,96
3.10 Processing of products sold	31,78
3.11 Use of products sold	74,06
3.12 End-of-life of products sold	129,59
3.13 Assets leased (downstream)	<sup>7</sup> N/A
3.14 Franchises	N/A
3.15 Investments	N/A

Neolith Group greenhouse gas emissions into the air mainly occur in the value chain, specifically at the manufacturing plant and when transporting products. This knowledge is possible by calculating all categories applicable as per the international GHG Protocol greenhouse gas emissions calculation standard.

Neolith Group has 49 legal emissions sources on which it periodically registered the different types of substances and their respective quantities emitted as established by the Integrated Environment Authorization (IEA). These sources are mainly due to chimneys that extract combustion gases from the natural gas furnaces.

<sup>6</sup> Equivalent CO<sub>2</sub> emissions were calculated using the MITECO (Version 27) and DEFRA (2022) emission factors as well as by following the GHG Protocol calculation standard. This calculation was done following the GHG Protocol standard, including Scope 3 categories 3.1 to 3.12.

<sup>7</sup> The sub-scopes 3.13, 3.14 and 3.15 are considered not applicable due to the Group's current circumstances.

The main contaminating substances emitted into the air from the Castellón plant in 2023 were:

	2023 <sup>8</sup>
Carbon monoxide (CO)	24.910
Nitrogen oxide (NO <sub>x</sub> , NO <sub>2</sub> )	55.879
Sulfur oxide (SO <sub>x</sub> , SO <sub>2</sub> )	27.175
Fluorine and inorganic compounds (such as HF)	823
PM10 particles	8.470
R-410A	303
Total suspended particles	12.445

The impact of noise pollution is minimal due to the fact that the facilities are located in an industrial area away from the urban center. The most recent noise evaluation completed returned values within the legal limits. The measures taken to reduce noise emissions at the facilities are based on:

- | Installing noise panels in the companies' noisiest areas.
- | Providing employees who work in noisy areas with PPE.

Neolith Group does not take any measure against light pollution since its facilities are located in an industrial estate; thus, it is considered a non-material aspect.

<sup>8</sup> Emissions have increased due to an increase in the quantity of equipment components measured following the start-up of a new line.

## PROTECTING BIODIVERSITY

The Neolith Group facilities where the production process takes place are located in an industrial estate. All other activities are carried out at logistics or distribution centers in the city and in areas which are not protected, meaning there is no impact on biodiversity due to the Group's direct activities.

## PRINCIPLES OF PRECAUTION

As far as the principle of precaution, Neolith Group does not need to report on it as the activities it carries out do not make any impacts that may be associated with severe or irreversible damage to the environment.

# Social and Personnel Issues

## INFORMATION ON EMPLOYEES

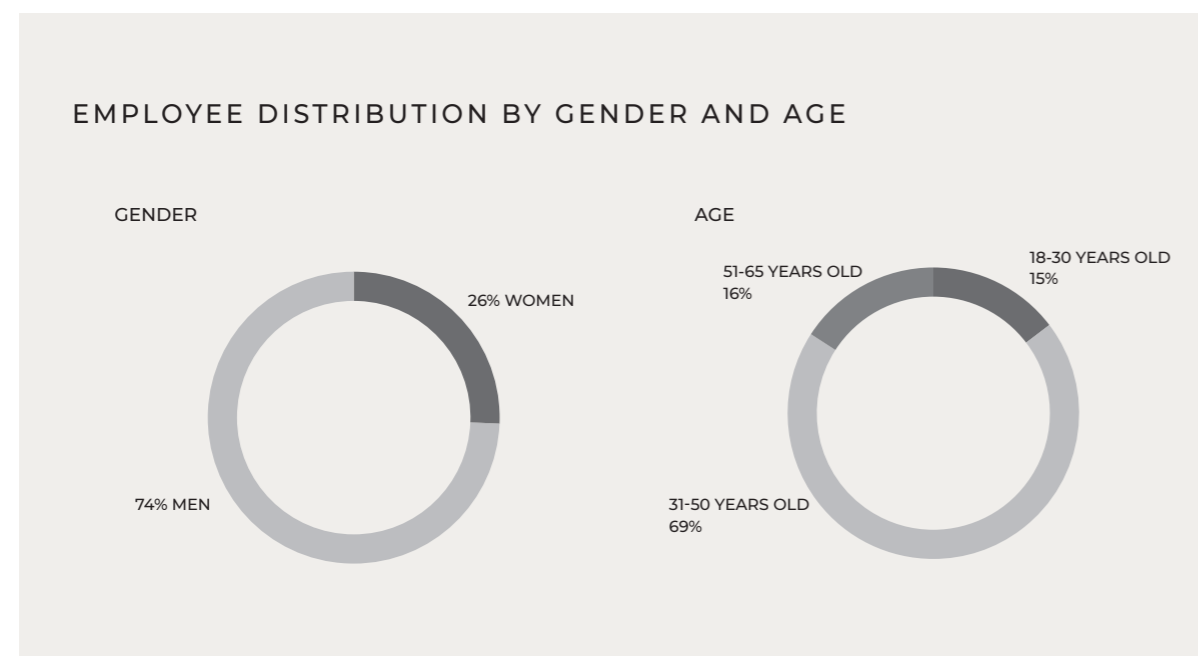
Fostering commitment and professional development among the people who are a part of Neolith Group is one of the organization's key goals. People committed to the mission, values and strategic goals are the Group's main asset.

In 2023, a series of policies and procedures were updated and approved covering the most relevant processes in the People area, such as the Code of Conduct. The aim is to improve our employees' day-to-day and their relations with the company. Thus, the development of these policies has very much taken into account the needs of executives, middle management and other company employees.

The activities of Neolith Group employees are performed in accordance with the principles established in the Code of Ethics approved by the Senior Leadership Team in January 2017, ratified by the same committee in 2021, and applicable worldwide. This Code establishes behavioral guidelines forming a guide of conduct of mandatory compliance for the Group's direct personnel as well as third parties including agents, distributors, associates, consultants and other intermediaries. As concerns its relations with employees, the Code of Ethics underlines the Group's firm commitment to non-discrimination, respect for human rights and labor laws applicable in all countries where the Group operates as well as flexibility and training.

As concerns priority labor management matters, Neolith Group bases everything on the following four fundamental principles which are integrated in all areas of the Group's corporate culture:

- Non-discrimination based on gender, age, religion and/or ideology.
- Development and skill-building: performance management and ongoing improvement
- Employment continuity: internal promotion and horizontal mobility in the company
- Work/life balance and flexibility: optimal working conditions and flexibility



The total number and distribution of employees as of 31 December 2023 and 2022, by gender, age, professional classification and country, are as follows:

NUMBER OF EMPLOYEES		2023
Gender	Women	189
	Men	548
Age	18-30 years old	108
	31-50 years old	512
	51-65 years old	117
Country	Spain	591
	United Kingdom	20
	USA	24
	South Africa	14
	Poland	16
	Hong Kong	4
	Italy	25
	United Arab Emirates	3
	India	1
	Singapore	3
	Mexico	2
	Australia	15
	Austria	1
	Sweden	4
New Zealand	3	
Germany	11	
Professional category	Executives (Senior Leadership Team)	13
	Senior and middle management	95
	Technicians and line coordinators	217
	Administrative staff and operators	412
<b>Total</b>		<b>737</b>

Neolith Group bases its growth strategy on people. In 2023, the Group continued its reinforcement on different levels with the increase in middle management and specialist technician positions particularly relevant. By the end of the year, the Group had 737 professionals, who are classified under these professional categories: Executives (members of the Senior Leadership Team), senior management (including department directors), middle management and area supervisors, technicians and line coordinators, and administrative staff and operators. This labor structure design makes it possible to meet the Group's needs efficiently and in a stable manner.

Due to the company's origins and the fact that the production plant is located in Almazora (Castellón, Spain), 87% of all Group employees are in Spain. The remaining 13% are working at subsidiaries, delegations and offices in Italy, Germany, Poland, the United Kingdom, South Africa, Australia, Mexico, Hong Kong, U.A.E, Singapore and the USA, and other locations. They mainly work in product distribution and marketing.

---

## GENDER GAP

A positive pay gap result indicates a deviation in the median salaries for that category in favor of men. If the result is negative, the deviation is in favor of women.

In line with the principles of non-discrimination and equal treatment and conditions, the Group guarantees equal pay for equal work for men and women. Neolith Group reduced its overall gap from 3.8% to 1.96% in 2023, and continues working towards complete mitigation.

The gaps in most categories are not considered significant as in most cases they are justified by differences such as work experience, skills or job responsibilities. Since the aggregate pay gap is below 5%, it can be considered an equitable gap which has actually improved from the year before.

In a view to improving the pay gap, Human Resources is constantly working on equality and non-discrimination as fundamental pillars, including diversity training for personnel recruitment. In any case, the Group works to close unfair pay gaps and works to ensure job equity within the organization.

In relation to the minimum salary paid by Neolith Group in Spain in fiscal years 2023 and 2022, it is the minimum interprofessional salary in effect. The Group undertakes in all other international companies to respect local regulations in effect as concerns collective bargaining agreements associated with the establishment of a local minimum wage.

Neolith Group has reduced its pay gap from 3.8% to 1.96% in 2023, and continues working towards complete mitigation.



## ORGANIZATION OF WORKING HOURS

The organization of working hours and time off for those who work for Neolith Group in Spain is determined by two collective bargaining agreements the Group has signed which cover 87% of the Group's employees worldwide (89% in fiscal year 2022). It is worth mentioning that 100% of the employees in Spain and Italy are covered by a collective bargaining agreement. The employees of all other Group companies are covered by local regulations in effect.

The Neolith Group working hours and schedules are determined by applicable collective bargaining agreements, as well as operational needs. Operators' working hours are organized in three rotating and continuous shifts Monday to Sunday, three rotating shifts Monday to Friday, two rotating and continuous shifts Monday to Sunday and split shifts. Office work is done Monday to Friday in a split shift with Friday afternoons off.

For cases of employees who exceed the standard working hours set forth in the collective bargaining agreement, Neolith Group compensates those hours with extra time off or overtime hours. Vacation days and compensated time off are scheduled by mutual agreement between the employee and Neolith Group.

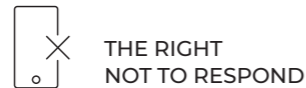
As concerns measures aimed at facilitating a work/life balance, Neolith Group has a firm commitment to offering a flexible work environment that helps enhance its employees' personal and professional performance. For this reason, Neolith Group has developed a digital disconnection policy aimed at all Group employees.

Some of the main measures include:



**EMPLOYEE DISCONNECTION**

An express promise by the Group to guarantee its employees' right to disconnect once their working hours are over and throughout their time off.



**THE RIGHT NOT TO RESPOND**

The right not to respond to communications outside working hours.



**RESPONSIBLE USE OF DEVICES**

A commitment by employees to make responsible use of the electronic resources made available to them.



**RESPOND THE NEXT DAY**

Awareness among employees that communications sent outside working hours may be answered the following day.

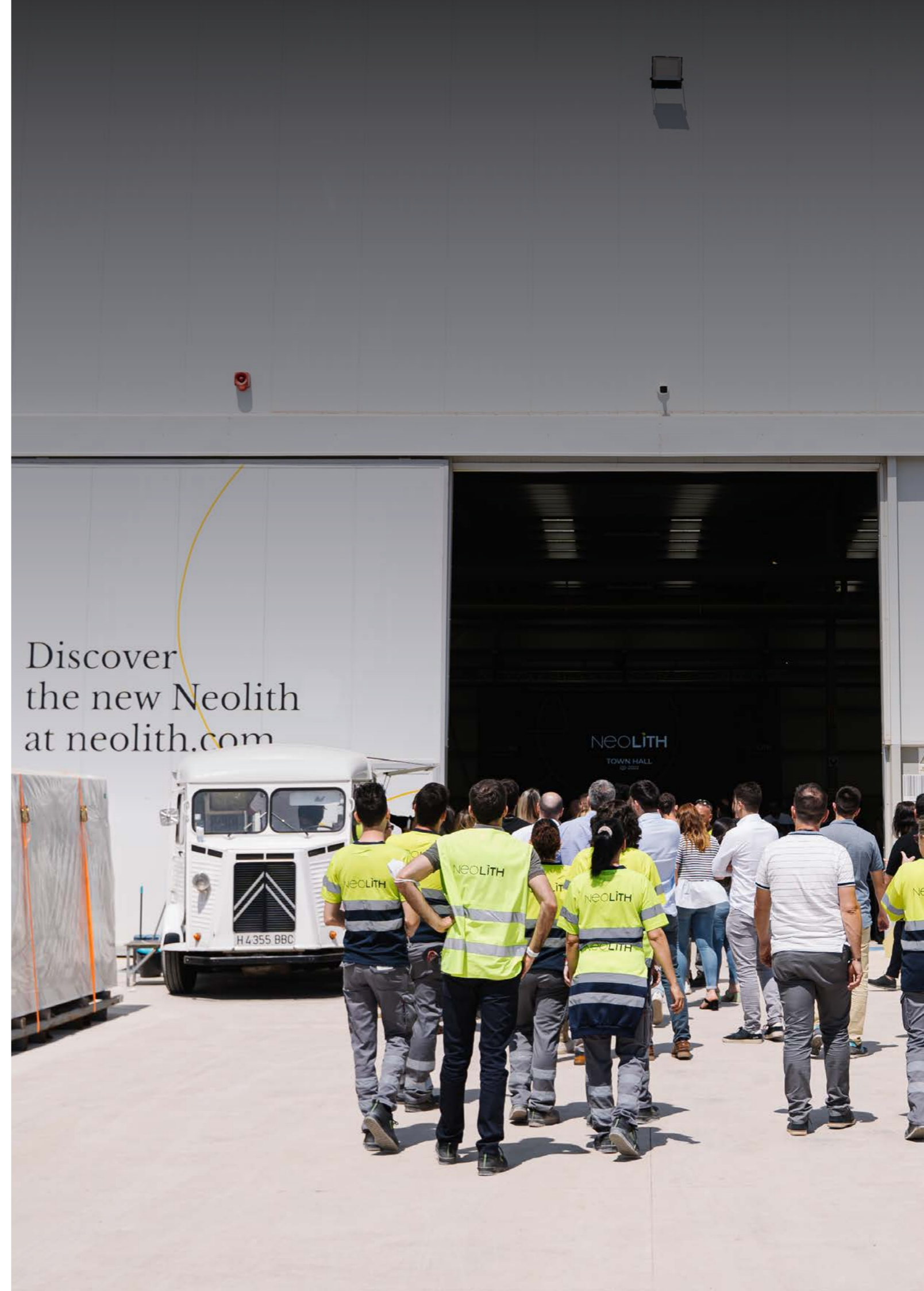


**WORKPLACE INDEPENDENCE**

The application of the same disconnection measures irrespective of the worksite (onsite or remote).

The responsibility of ensuring application of the principles of the policy and education through responsible practice falls with superiors and the people who are responsible for a team. In addition to the aforementioned measures, any additional request by employees related to work/life balance or the organization of working hours is reviewed individually and discretionaly.

To the extent possible, Neolith Group tries to facilitate work/life balance for all of its employees. To this end, 34 Neolith Group employees took parental leave for the birth of a child in the year that ended on 31 December 2023. 24 were men and 10 were women (26 employees in 2022).



## HEALTH & SAFETY

Neolith Group is firmly committed to the safety of all of its human resources. This is why reducing or eliminating risks is a priority in its day-to-day management, further seeking to adapt each job to each person.

Aware that any activity can have an impact on the health and safety of its employees and third parties, Neolith Group manages this by developing individual and collective measures in order to minimize the risks involved with each of the Group's jobs, as well as integrating and fostering a culture of prevention in all hierarchical levels. Thus, Group companies have procedures to prevent occupational risks when set forth by regulations.

The Group has a health and safety committee which meets quarterly and whenever else deemed appropriate. At these meetings, health and safety officers communicate all incidents and concerns, although most incidents are corrected in the day-to-day. A record is drawn up at all meetings which is later filed by the Health & Safety Department. In addition, the committee debates and studies any workplace health and safety measures implemented to continue improving them.

In order to guarantee proper health and safety conditions at work, middle management, shift managers and maintenance personnel were given basic training in 2023 and 2022 on health and safety aspects in order to meet the need for health and safety officers on all work shifts.

In line with the company's "Safety First" motto, Neolith Group has an Internal Prevention Service which handles workplace safety, ergonomics and applied psychology. Moreover and in order to cover all other areas of specialty, an External Prevention Service was contracted to track and control hygiene and health surveillance.

On the other hand, the Group worked in 2023 on the process to earn ISO 45001 certification as the international standard for workplace health and safety management systems. It aims to protect workers and visitors from occupational accidents and diseases. Neolith Group currently has a policy linked to ISO 45001, which will allow it to become certified in the second half of 2024.

The Group is aware of the importance of active management in order to mitigate as much as possible the likelihood of the occurrence of risks in this area. In order to minimize the risk of employee exposure to crystalline silica, a series of mitigation measures have been implemented including:

The identification and analysis of substances and processes that generate risks due to exposure to crystalline silica.

The preparation of best practice guides for handling crystalline silica.

The implementation of courses and awareness workshops on exposure to this agent.

The provision of FFP3 respiratory protection pursuant to standard UNE-EN-143.

Hygiene measures for exposure to crystalline silica in the areas most exposed to implement improvement actions.

Non-consideration of workers from temporary employment agencies for work with risks of exposure to crystalline silica based on Spanish Royal Decree 216/1999, on minimum occupational health and safety provisions for temporary employment agencies.

Medical check-ups with specific medical protocols for each position by the external prevention service.

The contracting of an industrial wash service to wash and decontaminate work clothing in addition to the installation of air cabins for body washing.

The installation of enclosures around the silo, press and hopper sections to prevent the spread of dust. Changing room renovations.

It is worth highlighting that work continued in 2023 to adjust new machinery to Royal Decree 1215/1997, and the obligation of using an FFP3 mask throughout the production plan has been maintained as a prevention measure against crystalline silica.

One of the main activities aimed at reducing employee exposure to crystalline silica was the industrialization of the "Freedom" project through which Neolith Group is eliminating crystalline silica sand in all forms available (quartz, tridymite and cristobalite) as a raw material in the production process. Thus, the product is only found in a residual form due to impurities in other minerals. The product safety data sheet was updated in December 2021 indicating the new concentration in the product below 9%. In 2023, the Group produced its first products with crystalline silica below the most sophisticated thresholds of detection in addition to conducting presentations on them at the different trade shows where Neolith Group has been present.

New health and safety actions were implemented in 2023, including:

The implementation of fire prevention measures and drills.

The production of safety standards with videographic material.

The integration of all distribution centers, which are following an audit process to last throughout 2024.

A workforce psychosocial study.

Management involvement in health and safety audits.

One of the main activities aimed at reducing employee exposure to crystalline silica was the industrialization of the **"Freedom"** project through which **Neolith Group is eliminating crystalline silica sand in all forms available (quartz, tridymite and cristobalite) as a raw material in the production process.** This project will end with the launch of Neolith for a New Era products.

Neolith Group recorded expenditure and investments in prevention, health and safety totaling 302,049 euros in fiscal year 2023.

HEALTH & SAFETY		2023 DATA
Number of workplace accidents	Women	0
	Men	19
	<b>Total</b>	<b>19</b>
Frequency rate	Women	0
	Men	18,53
	<b>Total</b>	<b>13,53</b>
Severity index	Women	0
	Men	0,67
	<b>Total</b>	<b>0,49</b>
Number of occupational diseases	Women	0
	Men	0
	<b>Total</b>	<b>0</b>
Absenteeism hours	<b>Total</b>	<b>68.502</b>

A psychosocial risk evaluation was conducted in fiscal year 2023 in order to identify and assess the risk factors present within the company The Size Surfaces, S.L.U. through a series of risk factors (working time, autonomy, workload, relations and social support, etc.). With the survey conducted and results obtained, the Group is now working on developing specific measures to improve the psychosocial aspects with the highest risk.





## LABOR RELATIONS

In 2023, 87% of all Neolith Group employees were covered by a collective bargaining agreement. In Spain, where most of the Group's workforce resides, employees are covered by the following collective bargaining agreements:

A regional collective bargaining agreement for the glazed tile, paving stone and ceramic tile industry in the autonomous region of Comunidad Valenciana.

A collective bargaining agreement for the glass and ceramic trade sector in Alicante.

A national collective bargaining agreement for extractive industries, glass industries, ceramic industries and for exclusive retailing using the same materials.

In addition, the entire workforce in Italy is covered by a collective bargaining agreement. The employees of all other Group companies are covered by local labor regulations in effect in those countries and the relevant provisions on collective negotiation and representation.

Neolith Group acknowledges and defends the importance of collective bargaining which is reflected in the percentage of its workforce covered by collective bargaining agreements. With regard to formal communication channels with employees, Neolith Group engages in ongoing and fluid communication with the workers' representatives. Pursuant to Spanish Organic Law 11/1985, of 2 August, which guarantees employees' right to freely organize to promote and defend their economic and social interests, a Works Council was established within the organization comprised of one union member and eight employee representatives (this number may vary when a representative leaves the Group until duly replaced). Besides this formal communication channel, Neolith Group employees have suggestion boxes distributed in such manner that any employee, irrespective of their level or category, may express their concerns and proposals for improvement anonymously. Likewise, there is an ethics or whistleblowing channel through which employees may submit their concerns, complaints or reports.

With multiple communication channels, the Group has decided to formalize its procedures related to communication with employees in an internal communication policy. This policy details the communication channels and actions taken to foster access by all employees to the information needed for proper performance of their duties. Our quarterly "Town Hall" meeting is worth mentioning where all employees are invited to hear the Senior Leadership Team detail the Group's main strategic lines and results. Employees get a chance to freely ask any questions at this same event in order to resolve any major concerns they may have. Other channels have also been set up to foster two-way communication such as the publication of our quarterly Neospaper, Neobreakfasts, formal meetings, etc.

In early 2024, it conducted the 3rd climate and commitment survey with 56% of our employees participating. The goal is to understand people's commitment to the Group and how they rank key aspects of the Group's culture including the management of communication, relations with superiors, teamwork, work/life balance and flexibility, training and development, etc. The directors and management are currently analyzing the results in a view to establishing an improvement action plan to create a corporate culture based on mutual engagement between the organization and people capable of handling the challenges of the future and this new growth period within Neolith Group.

## UNIVERSAL ACCESSIBILITY FOR THE DISABLED

For Neolith Group, integrating people with diverse capacities in the job market is important from a human rights perspective as well as from an economic standpoint, as it leads to equal opportunities and higher employment rates.

To this end and in compliance with the Spanish General Law on the Rights of the Disabled and Their Social Inclusion, Neolith Group had three people with a disability in its workforce as of 31 December 2023 (four people with a disability as of 31 December 2022). At the same time and in a view to complying with said law, the Group is working with special employment centers.

As concerns accessibility at the Group's facilities, the offices are designed for access by the disabled. The physical accessibility measures in place include adaptation of entrances, mobility and orientation within the building as well as the ability for the disabled to use shared facilities (elevators, climate control systems, lighting, etc.).

6,617 hours of training were carried out at Neolith Group in 2023.

## TRAINING

Neolith Group believes its employees' training and professional development are one of the essential principles of its activities. This is also set forth in the Group's Code of Ethics, which declares the its commitment to promoting its employees' and collaborators' training so as to facilitate equal opportunities and career development. In this context, the Group has developed a training and development policy describing the process and identifying the parties responsible for defining and implementing the training plan worldwide. Likewise, it details the procedure for defining training needs and, as applicable, requesting training activities - both for groups and individuals who may be left out of the training plan defined each year.

In fiscal year 2023, Neolith Group produced a training plan for employees in order to foster their professional development in a structured manner and not only increase their technical capabilities specifically needed for their jobs but also boost their leadership and innovation skills. Training sessions have been conducted throughout the year to enhance employees' skills, such as basic training in order to have health and safety officers on all work shifts. Moreover, there are also plans to expand the first aid and emergency teams by training more workers in these areas without forgetting Neolith Group's awareness of environmental issues as employee training is also provided in this area.

The Group has a performance evaluation and goals management policy, which defines these key processes for the proper development of all people within the Group.

It is worth mentioning that, as established in the Code of Ethics and considering performance, promotions to new roles and positions within Neolith Group are made considering each professional's skills and capacities with no nepotism allowed and always when compatible with general job efficiency.

The training hours taught in the fiscal years that ended on 31 December 2023 and 2022 can be broken down by professional category as follows for 2023:

TRAINING		2023 GLOBAL DATA
Training hours	Executives	156
	Senior leadership and middle managers	906
	Technicians and line coordinators	2.111
	Administrative staff and operators	3.444
	<b>Total</b>	<b>6.617</b>

## EQUALITY

Neolith Group declares its commitment to establishing and developing policies that integrate equal treatment and opportunities for all employees without direct or indirect discrimination based on gender, ideology, race, age or social origin, as well as to promoting and fostering measures to achieve real equality within the organization by making the same opportunities available to men and women as a strategic principle of its corporate and human resources policy in accordance with the Spanish level set forth by Organic Law 3/2007, of 22 March, on effective equality between men and women, Spanish Royal Decree Law 6/2019, of 1 March on urgent measures to guarantee equal treatment and opportunities between men and women at the workplace and Spanish Royal Decree 902/2020, of 13 October, on equal pay for men and women, and in order to guarantee equal pay and ensure transparency in the monitoring of its remuneration scheme.

The Group firmly believes in the creation of professional atmospheres based on equal opportunities, diversity and non-discrimination. The Code of Ethics is the highest authoritative document which sets forth the principles by which all Group members must conduct themselves on all levels. Through this document and the global equality, diversity and inclusion policy, Neolith Group undertakes to promote non-discrimination as concerns race, color, nationality, social origins, age, sex, marital status, sexual orientation, ideology, political opinions, religion or any other personal, physical or social conditions affecting its professionals.

Moreover, Neolith Group has an equality plan that applies to all Spanish territory, the aim of which is to guarantee and make visible Group personnel's access to their rights of equal treatment and non-discrimination in addition to promoting these principles within the organization, thus ensuring fair and effective functioning. The Group also has an equality, diversity and inclusion policy which is applied globally.

Neolith Group has an equality plan that applies to all Spanish territory, the aim of which is to guarantee and make visible Group personnel's access to their rights of equal treatment and non-discrimination



# Information on Respect for Human Rights

## PRINCIPLE OF PREVENTION

Neolith Group is firmly committed to defending human rights and labor rights as recognized by Spanish and international law, committing to comply with all regulations in effect in this area.

In 2023, Neolith Group generalized an RFI (*request for information*) process for 100% of its material suppliers expressly asking questions on compliance with UN Human Rights Declarations and Conventions, as well as the United Nations Convention on the Rights of the Child. Thus, Neolith Group has laid the foundation for its due diligence process as concerns human rights, which it will be carrying out in the years to come.

Additionally, the Code of Ethics, the Code of Conduct for suppliers and the *know-your-customer* process also cover essential human rights aspects.

In 2023, Neolith Group generalized an **RFI (*request for information*)** process for suppliers invoicing more than €50,000 asking questions on compliance with UN Human Rights Declarations and Conventions.

## PROMOTION AND COMPLIANCE WITH ILO PROVISIONS

As relates to promotion and compliance with the provisions of essential ILO conventions on respect for freedom of association and the right to collective bargaining, Neolith Group recognizes this employee right and provides the necessary resources to guarantee this freedom and non-discrimination of professionals who decide to exercise it in addition to having a Works Council in direct communication with the Group.

The Code of Ethics establishes the principles governing the Group's activities and compliance with the principles of equality, the eradication of forced labor and collective bargaining.

With respect to the provisions of essential ILO conventions related to non-discrimination on the job and in employment, as described in the Code of Ethics, principles have been established governing the Group's activities as concerns equality and measures have been defined for implementation from now until the year 2023 under the Equality Plan.

Regarding the eradication of forced or mandatory labor and the effective abolition of child labor, the Group has a policy against modern slavery which was prepared under the UK Modern-Slavery Act standards. Nonetheless, Neolith Group complies with local labor laws in all countries where it operates and is not involved in operations nor maintains commercial relations with suppliers at risk of cases of forced labor or child labor.

Regarding the eradication of forced or mandatory labor and the effective abolition of child labor, the Group has a policy against modern slavery which was prepared under the UK Modern Slavery Act standards. Nonetheless, Neolith Group complies with local labor laws in all countries where it operates and is not involved in operations nor maintains commercial relations with suppliers at risk of cases of forced labor or child labor.

In relation to suppliers, the RFI (request for information) sent out to each one of our material suppliers expressly asks them if their labor practices comply with International Labor Organization conventions.

## ETHICS OR WHISTLEBLOWING CHANNEL

Ethics management is one of the fundamental pillars over which Neolith Group supports its presence in the market and the Code of Ethics is a cornerstone for its commitment to regulatory compliance and ethical behavior within the Group.

The Group is confident that the principles and lines of action established in the Code of Ethics are not only mandatory for all employees and third parties who enter into a commercial relationship with the Group, but they are also shared by them. Therefore, Neolith Group has enabled an ethics or whistleblowing channel in order to comply, enforce and supervise compliance with the Code of Ethics.

One of the tools for transparency and communication with stakeholders the Group has is an ethics or whistleblowing channel. Neolith Group believes the ethics or whistleblowing channel is a tool that not only allows it to monitor compliance with the Code of Ethics, but also a way to manifest the Group's commitment to responsible management and transparency so that it can continue growing within a culture based on trust, integrity and professionalism.

Complaints filed through this channel are received and processed by the Compliance Officer, who treats each report as confidential information and anonymous, as appropriate. Likewise, any data provided is included in a personal data file. The rights of privacy, defense and presumed innocence of investigated parties are guaranteed in all processes investigating the complaints received with a ban on any retaliation.

# The Fight Against Corruption and Bribery

Through the Code of Ethics and approved fraud policies, Neolith Group declares its firm commitment to the principles that govern a policy of preventing all crime and particularly all conducts relating to money laundering, corruption and bribery.

As measures to prevent corruption and bribery, Neolith Group provides preventive guidelines to all subsidiaries through its Code of Ethics and implementing policies. As defined in the Code of Ethics, no Neolith Group collaborator may directly or indirectly offer, promise, grant, request or accept illegal payments or other benefits, favors or compensation of any kind to or from any authority or civil servant. The only exception to this rule are business gifts and offerings between private parties of scarce value which are proportionate and reasonable in accordance with local practice, delivered for a legitimate reason that is socially acceptable and sporadic so that there is no doubt about the collaborator's or Neolith Group's good faith. Cash gifts and monetary incentives are expressly prohibited.

There are also procedures and forms which are used in each of the phases of contact with counterparts in the ordinary course of business. Thus, the following scenarios have been defined in relation to customers in order to conduct a series of prevention checks: first commercial operation, non-face-to-face operations and control as well as monitoring measures.

During the year that ended on 31 December 2023, the Group did not receive any communications or complaints related to fraud, money laundering, corruption or bribery.

## MEASURES TO FIGHT MONEY LAUNDERING

Money laundering and terrorism financing measures are defined in the internal prevention and control procedure, as well as in the Money Laundering Prevention Principles, which describe the conducts that may involve a violation and establish control guidelines for the prevention, mitigation and monitoring thereof.

In collaboration with the Chief Financial Officer (CFO), the Compliance Officer carries out the following duties:

- Centralizing and managing all incidents that may arise in relation to prevention of money laundering and terrorism financing;
- Keeping personnel punctually informed of these issues.
- Maintaining constant contact and keeping each other informed of any circumstance that may or should alter or modify this prevention procedure.

Neolith Group uses a set of procedures to help the Group mitigate the risk of participation in activities that may involve a money laundering or terrorism financing crime. The primary mechanisms include supervising and ethically assessing the Group's new and historical customers – Know Your Client (KYC). As part of this procedure, all employees and collaborators must provide specific documentation to identify customers as a reliable natural person or legal entity, obtain general trade information on the taxpayer, obtain information on the management and shareholding structure for legal entities in addition to documentation on the characteristics and commercial circumstances of the potential customer.

Moreover, the Group's organizational structure is based on a several and joint management model under which the CEO and CFO sign and release various transactions, thus engaging in best governance practices to avoid corruption and money laundering.



# Information on Society

## NEOLITH'S COMMITMENTS TO SUSTAINABLE DEVELOPMENT

Neolith Group actively participates in the economic, social and cultural development of the countries where it operates. The actions carried out include promoting local employment when hiring personnel and new suppliers, continuous training for employees and support for sustainable development through its products.

	2023	2022
Number of local suppliers	331	363
% of local suppliers	33%	38%

Neolith Group took the following actions in 2023:

- Presidency of the Management and Modernization Entity in the industrial estate where its production plant is located.
- Collaboration with ASCER (Asociación Española de Fabricantes de Azulejos y Pavimentos Cerámicos), NKBA (National Kitchen & Bath Association); ISFA (International Surface Fabricators Association).

In order to maintain stable and fluid relations with stakeholders in our local communities, Neolith Group has the following communication channels:

- Participation in collective entities such as the Management and Modernization Entity in the industrial estate where the Neolith Group production plant is located, holding the presidency in 2022 and continuing to do so in fiscal year 2023.
- Press, sometimes paid, or the generation of news of interest with various media outlets
- Magazines, sometimes paid, or the generation of news of interest with various publishers.
- Sponsored spots on television programs with telepromotions and radio.
- Social media, with the creation of specific profiles for each social network (IG, FB, IN, Twitter).

## SUBCONTRACTING AND SUPPLIERS

The Group's procurement policy fundamentally aims to build a solid foundation of approved suppliers to meet its customers' demands and expectations. Through efficient and transparent procurement management, the Group continuously seeks to identify and mitigate any social and environmental risks inherent in its supply chain.

A key part of the impact generated by the Group on society is channeled through its suppliers and their management. For this reason and in order to better control and monitor the supply chain, Neolith Group reinforced its procurement department with the inclusion of a member of the Senior Leadership Team in the area of Procurement to strengthen the role and align it with the strategic importance it has for the Group, centralizing both management and monitoring of relations with suppliers nationally and internationally. Some of the actions the department continued to take in fiscal year 2023 included:

- Tracking and disseminating the RFI (request for information) for suppliers, reporting valuable information on environmental and labor compliance;
- A review of Neolith Group suppliers and their geographic concentration level;
- Segmentation of the procurement category by material type;
- The creation of a procurement strategy for the next few years.

Neolith Group includes ESG criteria in its supplier approval process. To this end, the Group has a procurement policy with ESG criteria, a code of conduct for suppliers and a procurement quality manual particularly focusing on quality, environmental affairs and human rights.

The number of approved suppliers reached 165 in 2023 versus the 154 approved suppliers in 2022. This figure is cumulative.

In 2023, nearly 100% of our suppliers with a volume of more than 50,000 euros were evaluated (RFI) through selection filters pursuant to social criteria, environmental parameters, certifications and codes of conduct for the final selection.

The Group continues to work on a procurement strategy that will cover a number of aspects. As concerns supplier evaluation, these include working on implementing self-evaluation processes to include the following environmental and social aspects:

Certification under ISO 9001, ISO 14001, ISO 26001, ISO 18001, 45001, and others.

Compliance with REACH, the Declaration and Convention on Human Rights, the Convention on the Rights of the Child and ILO conventions.

The establishment of environmental goals, policies and procedures.

When contracting new suppliers, they must first go through the self-evaluation process (RFI).



**ISO Certifications**  
ISO 9001, ISO 14001, ISO 26001, ISO 18001, 45001, and others.



**Compliance with REACH**  
The Declaration and Convention on Human Rights, the Convention on the Rights of the Child and ILO conventions.



**Establishment of Environmental Goals, Policies and Procedures**



**Environmental self-assessment**  
When contracting new suppliers, they must first go through the self-evaluation process (RFI).

Besides making progress with supplier evaluation processes, Neolith Group is working at the same time on increasing the control and supervisory levels of its complete supply chain in order to gain knowledge on the traceability of the materials used by the Group in its production process and the level of responsible management in obtaining them. Inspections of relevant supplier facilities were conducted in 2022, with the visit of 3 feldspar mines in Turkey worth highlighting where their safety measures and environmental actions in reforestation were supervised and audited. Inspections of two waste management agencies were conducted in 2023, inspecting the legal aspects associated with proper waste handling.



## ANNEX

*Content from Spanish Law 11/2018 on Non-Financial Information*

BUSINESS MODEL

CONTENT FROM SPANISH LAW 11/2018 ON NON-FINANCIAL INFORMATION		STANDARD USED	REF. (PAGE)
Description of the Group's business model	A brief description of the Group's business model, including its business environment, organization and structure; the markets in which it operates, its objectives and strategies, and the main factors and trends that may affect its future evolution.	GRI 2-1 Organizational details GRI 2-2 Entities included in the organization's sustainability reporting GRI 2-6 Activities, value chain and other business relationships GRI 2-9 Governance structure and composition GRI 2-23 Strategy, policies and practices GRI 3-2 List of material topics GRI 3-3 Management of material topics	24-28, 36-51

ENVIRONMENTAL ISSUES

CONTENT FROM SPANISH LAW 11/2018 ON NON-FINANCIAL INFORMATION		STANDARD USED	REF. (PAGE)
Policies	Policies applied by the Group, including the due diligence procedures applied to identify, assess, prevent and mitigate significant risks and impacts, in addition to verification and oversight, as well as the measures adopted.		50-53
Main risks	The main risks related to those issues linked to the Group's activities, including, where relevant and proportionate, its commercial relations, products or services that may have negative effects in those areas, and how the Group manages those risks, explaining the procedures used to identify and evaluate them in accordance with the national, European or international reference frameworks for each topic. It should include information on the impact that has been detected, providing a breakdown of them, in particular on the main risks in the short, medium and long term.	GRI 2-23 Commitments and policies GRI 3-3 Management of material topics	52-69
General	Current and foreseeable effects of the company's activities on the environment and, where appropriate, on safety and health		52-69
	Environmental assessment or certification procedures		52-69
	Resources dedicated to preventing environmental risks		52-69
	Application of the principle of precaution		69
	Provisions and guarantees for environmental risks		The Group has no provisions or guarantees for environmental risks.
Pollution	Measures to prevent, reduce or rectify carbon emissions that seriously harm the environment, taking into consideration any form of air pollution specific to an activity, including noise and light pollution	GRI 3-3 Management of material topics GRI 305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	68
The circular economy and waste management	Measures for prevention, recycling, re-use, other means of recovery and elimination of waste	GRI 3-3 Management of material topics GRI 301-2 Recycled input materials used GRI 301-3 Reclaimed products and their packaging materials GRI 306-1 Water discharge by quality and destination GRI 306-2 Waste by type and disposal method GRI 306-4 Transport of hazardous waste	58-60
	Actions to fight food waste	Not material	

ENVIRONMENTAL ISSUES

CONTENT FROM SPANISH LAW 11/2018 ON NON-FINANCIAL INFORMATION		STANDARD USED	REF. (PAGE)
Sustainable use of resources	Water consumption and supply according to local restrictions	GRI 3-3 Management of material topics GRI 303-1 Interactions with water as a shared resource GRI 303-2 Management of water discharge-related impacts GRI 303-5 Water consumption	61-65
	Consumption of raw materials and measures to improve the efficiency of their use	GRI 3-3 Management of material topics GRI 301-1 Materials used by weight or volume	61-66
Climate change	Energy: Direct and indirect consumption; Measures taken to improve energy efficiency; Use of renewable energy	GRI 3-3 Management of material topics GRI 302-1 Energy consumption within the organization (energy from renewable and non-renewable sources) GRI 302-4 Reduction of energy consumption	61-63
	Greenhouse gas emissions	GRI 305-1 Direct GHG emissions (scope 1) GRI 305-2 Indirect GHG emissions from energy (scope 2) GRI 305-3 Other indirect GHG emissions (scope 3)	66-69
Climate change	Measures taken to adapt to the consequences of climate change	GRI 3-3 Management of material topics GRI 305-5 Reduction of GHG emissions	66-69
	Voluntary medium- and long-term goals to reduce GHG emissions and measures implemented for such purpose	GRI 305-5 Reduction of GHG emissions	Although the Group does not establish quantitative emissions reduction goals, its environmental efforts are focused year after year on significantly improving the areas of action mentioned in this NFIS
Protecting biodiversity	Measures taken to preserve or restore biodiversity and impacts caused by activities or operations in protected areas	GRI 3-3 Management of material topics GRI 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	69

INFORMATION ON LABOR AND PERSONNEL-RELATED MATTERS

CONTENT FROM SPANISH LAW 11/2018 ON NON-FINANCIAL INFORMATION	STANDARD USED	REF. (PAGE)	
Policies			
Main risks	GRI 2-23 Commitments and policies GRI 3-3 Management of material topics	70-72	
Employment	Total number and distribution of employees by gender, age, country and professional category	GRI 2-7 Employees GRI 405-1 Diversity of governance bodies and employees	70-71
	Total number and distribution of employment contract types	GRI 2-7 Employees	See NFIS
	Annual average of indefinite, temporary and part-time contracts by gender, age and professional category	GRI 2-7 Employees	See NFIS
	Number of dismissals by gender, age and professional category	GRI 401-1 New employee hires and employee turnover	See NFIS
	Average remuneration and its evolution by gender, age and professional category or equivalent	GRI 3-3 Management of material topics	See NFIS
	Pay gap	GRI 3-3 Management of material topics	72
	Remuneration for equal work or average for the company	GRI 3-3 Management of material topics	
	The average remuneration of directors and managers, including variable remuneration, expenses, compensation, payments to long-term savings plans and any other item by gender	GRI 3-3 Management of material topics	See NFIS
	Implementation of policies related to the disconnecting from work	GRI 3-3 Management of material topics	74
	Employees with a disability	GRI 405-1 Diversity of governance bodies and employees	See NFIS
Organization of work	Organization of working hours	GRI 3-3 Management of material topics	74
	Number of absentee hours	GRI 3-3 Management of material topics	78
	Measures aimed at facilitating work/family balance and foster the co-responsible exercise of such by both parents	GRI 3-3 Management of material topics GRI 401-3 Parental leave	74

INFORMATION ON LABOR AND PERSONNEL-RELATED MATTERS

CONTENT FROM SPANISH LAW 11/2018 ON NON-FINANCIAL INFORMATION	STANDARD USED	REF. (PAGE)	
Health & safety	Health and safety at the workplace	GRI 3-3 Management of material topics GRI 403-1 Occupational health and safety management system GRI 403-2 Hazard identification, risk assessment and incident investigation GRI 403-3 Occupational health services GRI 403-4 Worker participation, consultation and communication on occupational health and safety GRI 403-5 Worker training on occupational health and safety GRI 403-6 Promotion of worker health GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships GRI 403-8 Workers covered by an occupational health and safety management system	76-78
	Workplace accidents (frequency and seriousness) by gender	GRI 403-9 Work-related injuries	78
	Work-related diseases (frequency and seriousness) by gender	GRI 403-10 Work-related ill health	78
	Labor relations	Organization of social dialogue, including the procedures to communicate and consult with employees and negotiate with them	GRI 3-3 Management of material topics GRI 2-29 Approach to stakeholder engagement (regarding unions and collective bargaining)
Percentage of employees covered by collective bargaining agreements by country		GRI 2-30 Collective bargaining agreements	80
List of collective bargaining agreements, particularly in the area of occupational health and safety		GRI 3-3 Management of material topics GRI 2-30 Collective bargaining agreements	80
Training		Policies implemented in the area of training	GRI 404-2 Programs for upgrading employee skills and transition assistance programs
	Total number of hours of training courses by professional category	GRI 3-3 Management of material topics	82
Accessibility	Universal accessibility for the disabled	GRI 3-3 Management of material topics	82
Equality	Measures adopted to promote equal treatment and opportunities for men and women	GRI 3-3 Management of material topics GRI 405-1 Diversity of governance bodies and employees	82
	Equality plans	GRI 3-3 Management of material topics	82
	Measures adopted to promote employment	GRI 3-3 Management of material topics	82
	Protocols against sexual harassment and gender harassment	GRI 3-3 Management of material topics	82
	Integration and universal accessibility for persons with disabilities	GRI 3-3 Management of material topics	82
	Policy against all types of discrimination and, as applicable, diversity management	GRI 3-3 Management of material topics GRI 406-1 Incidents of discrimination and corrective actions taken	82



INFORMATION ON RESPECT FOR HUMAN RIGHTS

CONTENT FROM SPANISH LAW 11/2018 ON NON-FINANCIAL INFORMATION		STANDARD USED	REF. (PAGE)
Policies	Policies applied by the Group, including the due diligence procedures applied to identify, assess, prevent and mitigate significant risks and impacts, in addition to verification and oversight, as well as the measures adopted.	GRI 3-3 Management of material topics	84-85
Human Rights	Application of due diligence procedures in relation to human rights	GRI 3-3 Management of material topics GRI 2-23 Strategy, policies and practices	84-85
	Prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage and rectify any possible abuses committed	GRI 2-27 Compliance with laws and regulations GRI-2-26 Mechanisms for seeking advice and raising concerns	84-85
	Formal complaints for cases of violation of human rights	GRI 2-27 Compliance with laws and regulations GRI 406-1 Incidents of discrimination and corrective actions taken	84-85
	Promotion and compliance with the provisions of essential ILO conventions on respect for freedom of association and the right to collective bargaining, eradication of workplace and occupational discrimination, the eradication of forced or mandatory labor and effective abolition of child labor	GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor GRI 408-1 Operations and suppliers at significant risk for incidents of child labor GRI 2-27 Compliance with laws and regulations GRI 2-23 Strategy, policies and practices	84-85

INFORMATION ON THE FIGHT AGAINST CORRUPTION AND BRIBERY

CONTENT FROM SPANISH LAW 11/2018 ON NON-FINANCIAL INFORMATION		STANDARD USED	REF. (PAGE)
Policies	Policies applied by the Group, including the due diligence procedures applied to identify, assess, prevent and mitigate significant risks and impacts, in addition to verification and oversight, as well as the measures adopted.	GRI 2-23 Strategy, policies and practices	86
Main risks	The main risks related to those issues linked to the Group's activities, including, where relevant and proportionate, its commercial relations, products or services that may have negative effects in those areas, and how the Group manages those risks, explaining the procedures used to identify and evaluate them in accordance with the national, European or international reference frameworks for each topic. It should include information on the impact that has been detected, providing a breakdown of them, in particular on the main risks in the short, medium and long term.	GRI 3-3 Management of material topics	86
Corruption and bribery	Measures to prevent corruption and bribery	GRI 3-3 Management of material topics GRI 205-2 Communication and training about anticorruption policies and procedures GRI 205-3 Confirmed incidents of corruption and actions taken GRI 2-26 Mechanisms for seeking advice and raising concerns GRI 2-27 Compliance with laws and regulations GRI 2-23 Strategy, policies and practices	86
	Measures to fight money laundering	GRI 3-3 Management of material topics GRI 2-27 Compliance with laws and regulations GRI 2-23 Strategy, policies and practices	87
	Donations to foundations and non-profit entities	GRI 3-3 Management of material topics	87

## INFORMATION ON SOCIETY

CONTENT FROM SPANISH LAW 11/2018 ON NON-FINANCIAL INFORMATION		STANDARD USED	REF. (PAGE)
Policies	Policies applied by the Group, including the due diligence procedures applied to identify, assess, prevent and mitigate significant risks and impacts, in addition to verification and oversight, as well as the measures adopted.	GRI 3-3 Management of material topics	89-90
Main risks	The main risks related to those issues linked to the Group's activities, including, where relevant and proportionate, its commercial relations, products or services that may have negative effects in those areas, and how the Group manages those risks, explaining the procedures used to identify and evaluate them in accordance with the national, European or international reference frameworks for each topic. It should include information on the impact that has been detected, providing a breakdown of them, in particular on the main risks in the short, medium and long term.	GRI 3-3 Management of material topics	89-90
	The impact of the company's activities on local employment and development	GRI 3-3 Management of material topics	89-90
	The impact of the company's activity on local populations and on the territory	GRI 413-1 Operations with local community engagement, impact assessments and development programs GRI 2-29 Approach to stakeholder engagement GRI 3-3 Management of material topics	89-90
	Relations with key figures of local communities and modalities of dialogue with them	GRI 2-29 Approach to stakeholder engagement (regarding communities) GRI 413-1 Operations with local community engagement, impact assessments and development programs GRI 3-3 Management of material topics	89-90
	Association or sponsorship actions	GRI 3-3 Management of material topics	88
Subcontracting and Suppliers	Inclusion of social issues on gender equality and the environment in the procurement policy	GRI 3-3 Management of material topics GRI 308-1 New suppliers that were screened using environmental criteria GRI 414-1 New suppliers that were screened using social criteria GRI 204-1 Proportion of spending on local suppliers	89-90
	Consideration of social and environmental responsibility in relations with suppliers and subcontractors	GRI 3-3 Management of material topics	89-90
	Systems of supervision and audit as well as the results thereof	GRI 3-3 Management of material topics GRI 414-1 New suppliers that were screened using social criteria GRI 308-1 New suppliers that were screened using environmental criteria	89-90
Consumers	Measures for the health and safety of consumers	GRI 3-3 Management of material topics	See NFIS
	Systems for lodging complaints, complaints received and their resolution	GRI 3-3 Management of material topics	See NFIS
Tax information	Profits earned country by country	GRI 207-1 Approach to tax GRI 207-4 Country-by-country reporting	See NFIS
	Profit tax paid	GRI 207-1 Approach to tax GRI 207-4 Country-by-country reporting	See NFIS
	Public subsidies received	GRI 201-4 Financial assistance received from government	See NFIS

NEOLITH  
touch.feel.live

