



SUSTAINABILITY REPORT OF MALFINI, a.s.

2024

CONTENTS

1	UNITED FOR A SUSTAINABLE FUTURE	4
	FOREWORD	7
	OUR VISION, MISSION, AND VALUES	8
	WHAT DOES SUSTAINABILITY MEAN TO US?	10
	2024 SUMMARY IN FIGURES	12
2	ABOUT MALFINI	14
	COUNTRIES OF OPERATION	16
	VALUE CHAIN	18
	MAIN PRODUCTS	21
	CERTIFICATIONS AND STANDARDS	22
	OUR PRINCIPLES IN THE FIELD OF SUSTAINABILITY	24
	IDENTIFICATION OF OUR KEY TOPICS IN SUSTAINABILITY	25
3	ENVIRONMENT	26
	CARBON FOOTPRINT	28
	SMALL STEPS, SIGNIFICANT IMPACT: GARMENT CARE	32
	ON THE PATH TO ENERGY SELF-SUFFICIENCY	33
	POLLUTION AND CHEMICAL SAFETY	34
	OUR APPROACH TO RECYCLING AND CIRCULARITY	36
4	PEOPLE AND SOCIETY	40
	THE TEAM UPON WHICH WE BUILD	42
	TOGETHER FOR THE COMMUNITY	48
	OUR CUSTOMERS AS OUR PRIORITY	52
5	ETHICAL BUSINESS PRACTICES AND RESPONSIBLE MANAGEMENT	54
	ACCOUNTABILITY, RESPECT, AND INTEGRITY AS EVERYDAY STANDARDS	56
	INTELLIGENT LOGISTICS AS THE FOUNDATION FOR SUSTAINABLE GROWTH	58
	RESPONSIBLE PARTNERSHIPS IN PRACTICE: RELATIONSHIPS WITH OUR SUPPLIERS	61
6	OUR JOURNEY TOWARD SUSTAINABILITY CONTINUES, LET US SHAPE IT TOGETHER	64

01 | UNITED FOR A SUSTAINABLE FUTURE

We continually seek new opportunities to act more responsibly toward individuals, communities, and the environment. For us, sustainability is both a commitment and an opportunity.

We are convinced that genuine progress is achieved through collective effort. Accordingly, we invite you—our valued customers, partners, and all those who follow our initiatives—to participate actively with us. Kindly support the sustainable products we offer, inquire about the origins of materials, certifications, and the impact of production, and in doing so, inspire both us and those around you.

It is solely due to your trust and interest that we are able to advance the textile industry toward greater responsibility and transparency. Let us continue to reduce negative impacts and create meaningful values for both the present and future generations.





FOREWORD

Dear Ladies and Gentlemen,

When MALFINI was established over 25 years ago, its founders were guided by a clear yet ambitious vision—to build a strong, stable, and trustworthy brand within the field of promotional textiles. Today, MALFINI stands among the leading distributors of printable textiles in Europe, with our products reaching customers in more than 35 countries. This achievement is the outcome of sustained effort, ongoing innovation, and a responsible approach to business.

From the very outset, it has been recognized that a company's responsibility cannot be measured solely by its economic performance. Sustainable development has become a key indicator of long-term competitiveness and credibility. The European CSRD directive and the ESRS framework underscore this transition, and we perceive it not only as a regulatory requirement, but also as an opportunity for further maturity and transparency in our business operations.

For us, sustainability is not a separate initiative, but an integral part of strategic management. In 2024, we continued to implement measures focused on reducing our carbon footprint, enhancing energy efficiency, responsible supply chain management, and advancing the circular economy. We are investing in modern technologies, digitalization, and the improvement of data quality to support informed decision-making. At the same time, we remain mindful of our impact on the regions in which we operate—whether in terms of employment, talent development, or support for local communities.

We are aware that genuine change requires continuity, collaboration, and open dialogue. This first report in line with European ESG standards is regarded as a significant milestone—not as a conclusion, but as the beginning of a new phase. In this phase, we shall manage our activities with an even greater degree of transparency, responsibility, and data-driven decision-making.

I extend my sincere appreciation to all colleagues, business partners, and customers who share our commitment to integrity, quality, and responsible conduct. I am confident that this combination will continue to serve as the foundation of our sustained growth—for the benefit of the company, our stakeholders, and future generations.

With respect

Radek Veselý
Chairman of the Board

A handwritten signature in black ink, appearing to read 'Radek Veselý', written in a cursive style.

OUR VISION, MISSION, AND VALUES

VISION

MALFINI is the preferred choice for customers and users seeking timeless fashion; with professionalism and care for both people and the planet, we provide popular and tasteful garments suitable for advertising, work, and leisure.

VALUES

Teamwork
Determination
Responsibility
Consistency
Continuous Improvement

MISSION

We facilitate our customers' business operations.
We provide our employees with meaningful work in an inspiring and supportive environment.
We ensure long-term and sustainable growth in company value for our shareholders, along with a sense of pride in what the company represents.
We assist our partners and society as a whole in achieving sustainable growth and development through responsible business practices, serving as a source of inspiration for them.



WHAT DOES SUSTAINABILITY REPRESENT FOR US?

Sustainability, for us, represents the manner in which we approach our business, consider the impact on the world around us, and reflect upon the future we aspire to help shape.

This report has been prepared to provide a transparent account of our actual activities in the area of sustainability. It goes beyond numerical data and strategic frameworks to include specific stories, decisions, and daily actions.

We wish to present how we embody sustainability – within our operations, our teams, and in our relationships with customers, partners, and communities. Additionally, we seek to share our direction, sources of inspiration, and areas where we perceive opportunities for further improvement.

This report builds upon our internal ESG reporting in accordance with the European Sustainability Reporting Standards (ESRS), prepared in line with the requirements of the Corporate Sustainability Reporting Directive (CSRD). The report aims to inspire and motivate, just as our daily commitment to more responsible business practices motivates us.



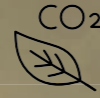
2024 YEAR IN REVIEW: KEY FIGURES

Our Commitment to Environmental Stewardship



120,332.6 t CO₂e

Corporate carbon footprint (Scope 1, 2, and 3)



ČSN EN ISO 14001 certification confirms environmental management

6th year of carbon footprint calculation and refinement of measurement



575.93 MWh

Energy produced from proprietary photovoltaic panels, 40% supplied to the distribution network

Innovation of the Logistics Center in Ostrava

- Space utilization improved by 20%
- Reduction in energy consumption
- Operator productivity increased by 50%, error rate reduced by 24%
- Warehouse capacity expanded by approximately 30,000 locations

Together, We Achieve More



393 employees

operating in 4 countries, 10 showrooms across 9 European nations

Diversity Charter

Signing of the document affirming commitment to inclusion and equality

Consistent Local and Global Support



- Čalantika Educational Center in Bangladesh
- Oncology Department in Ústí nad Labem, supported for 13 years
- Diakonie Broumov Organization
- Collaboration with Debra and the KlaPeto Foundation

Fairness and Trust as Foundations



OEKO-TEX, GRS, GOTS

Three international certifications



ČSN EN ISO 9001

The certification confirms quality assurance and project management standards



Internal ESG Report

Prepared in accordance with EU CSRD Directive, including double materiality analysis

12 Key Production Facilities

Visited in person over the course of the year

More than 300 products

distributed across over 30 countries worldwide



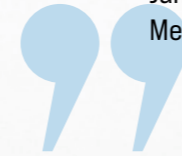
Our Recognitions

- Company of the Year – Third Place in the Regional Round 2024
- Czech Business Superbrands – Reacquisition of a Prestigious Quality Mark
- Governor's Award of the Ústí Region for Social Responsibility – Ranked Among the Top Five Most Responsible Companies
- IDC Digital Future Awards – Fourth Place for AutoStore Ostrava
- Czech Leaders Award – Third Place in the Ústí Region

02 | ABOUT MALFINI

We strive to ensure that sustainability is integrated into every stage of our value chain—from the selection of materials to the point at which a product has fulfilled its intended purpose.

Jan Chovanec,
Member of the Board of Directors



MALFINI, a.s. is recognized as one of the leading suppliers of promotional and workwear textiles in Central Europe. We have been present in the market since 1999, with a focus on the production and distribution of textile products and related services within the B2B sector.

Our portfolio comprises over 300 types of products offered under our own brands—MALFINI, MALFINI PREMIUM, PICCOLIO, and RIMECK—supplemented by workwear and footwear from TRICORP, Puma, and Bata Industrials. Our products are distributed to more than 30 European countries, with major markets including Poland, Slovakia, Hungary, and Romania.

In 2024, we operated ten showrooms across nine countries—two in the Czech Republic, and one each in Slovakia, Hungary, Croatia, Poland, Germany (which also hosts a subsidiary), Finland, Lithuania, and Romania—enabling us to maintain close proximity to our customers. Additionally, we maintain three international offices: in Budapest (Hungary), Bucharest (Romania), and Dhaka (Bangladesh). Our subsidiary also operates in Beijing, China.

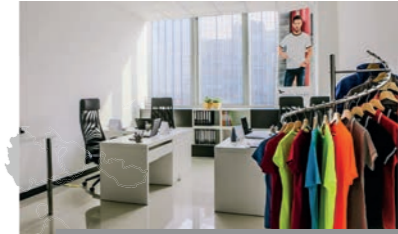


COUNTRIES OF OPERATION

Our business model is founded on the effective management of the entire value chain, seamlessly connecting suppliers, logistics, production, and end customers. The main pillars of our approach include rapid product availability made possible by the modernization of our logistics center, a steadfast commitment to quality, service digitalization, and an increasing focus on sustainability throughout each phase of the process. In 2024, our revenues amounted to 2 662 037 000 Kč.



Logistics Center
Ostrava, Czech Republic



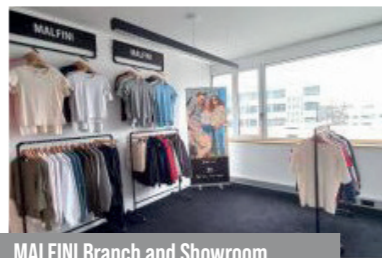
Beijing MALFINI
Subsidiary, Beijing, China



New Delhi, India



China



MALFINI Branch and Showroom
Dresden, Germany



Corporate Headquarters
Ústí nad Labem, Czech Republic



Showroom
Ústí nad Labem, Czech Republic



Phnom Penh, Cambodia



MALFINI Branch
Dhaka, Bangladesh



Ankara, Turkey



Dhaka, Bangladesh

- Showrooms
- Our Valued Clients
- Corporate Headquarters
- Production

VALUE CHAIN

01 SUPPLIERS – RAW MATERIALS AND THEIR PROCESSING

The initial phase comprises suppliers of raw materials such as cotton and other fibers, textile processing, dyes, packaging, and additional inputs essential for production. We strive to foster active, direct cooperation with our direct suppliers; however, our influence further along the supply chain remains limited. Nevertheless, the performance and environmental impact of our suppliers significantly affect the overall sustainability of our products. This segment of the chain also generates production waste, which is subsequently directed towards recycling, incineration, or landfill.



02 OUR OWN OPERATIONS

This phase encompasses our operational and administrative capacities, which include:

- the central warehouse, logistics and distribution center in Ostrava, including printing and embroidery operations,
- the headquarters located in Ústí nad Labem
- the technology center situated in Prague

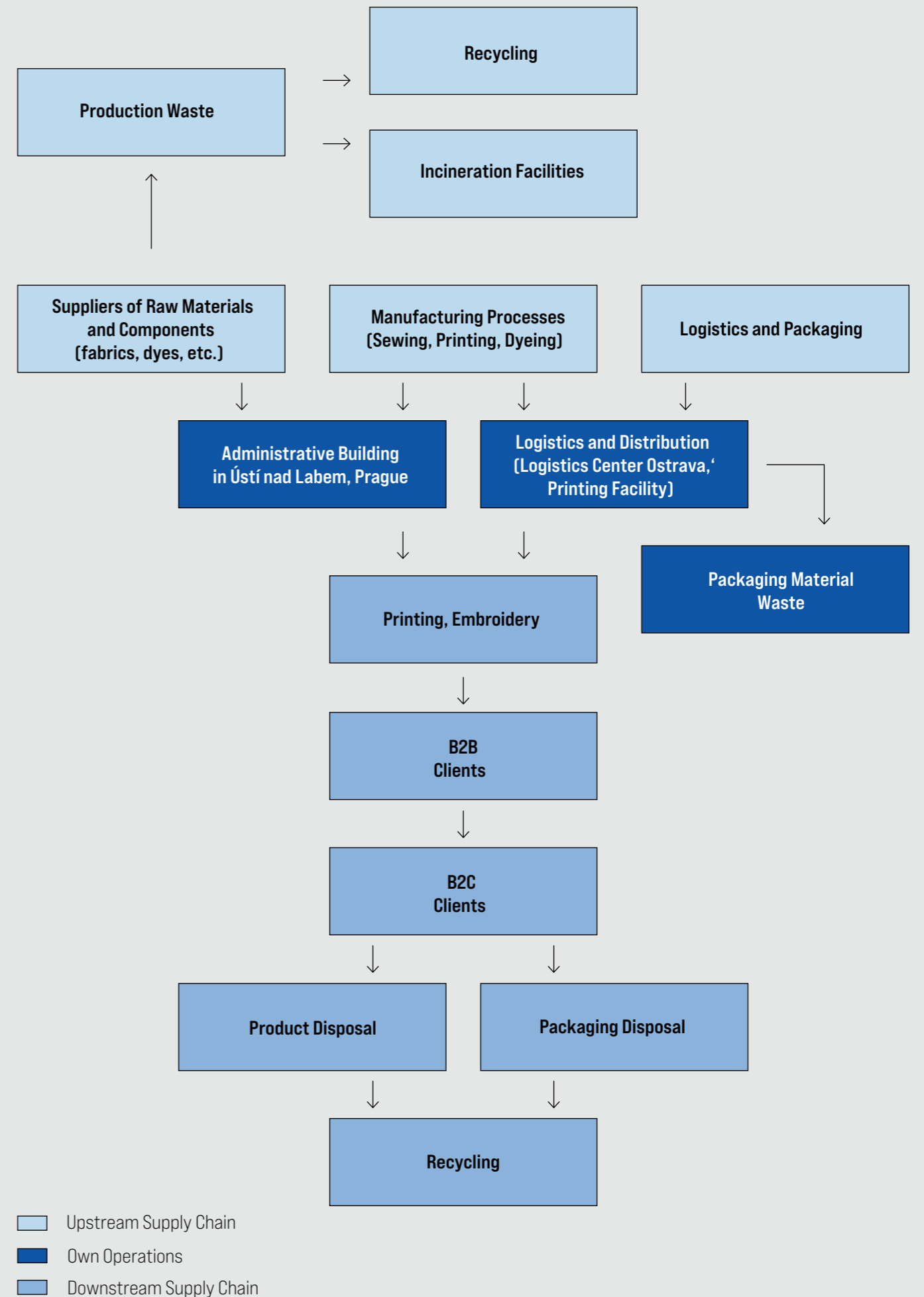
The central warehouse operates using the automated AutoStore system and is partially powered by a dedicated photovoltaic power plant, which substantially reduces our carbon footprint.

In this segment of the supply chain, we maintain full operational and strategic oversight, and we are continually seeking opportunities for optimization—such as in energy consumption, waste management, and logistics efficiency.



03 THE JOURNEY TO THE CUSTOMER AND USE OF OUR PRODUCTS

We distribute products from our warehouses to retail partners, who then supply them to end customers. The stage of product usage represents a significant portion of the overall environmental impact, particularly due to frequent laundering. Upon the conclusion of the products' and packaging's lifespan, their disposal becomes pertinent—ideally through recycling or reuse. Although we do not exert complete control over this phase, it is nonetheless vital both for environmental protection and for how our brand is perceived in terms of responsibility and sustainability.





MAIN PRODUCTS

From a sales structure perspective, 86% of our portfolio consists of promotional apparel, primarily including:

- short-sleeved T-shirts (50%),
- polo shirts,
- sweatshirts,
- jackets and fleece garments.

The remaining 14% consists of workwear and accessories.

Particular attention is devoted to products made from certified and sustainable materials, which currently represent a smaller portion of our assortment.

OVERALL SALES STRUCTURE



Promotional Apparel



Workwear and Accessories

86 %





14 %

CERTIFICATIONS AND STANDARDS

Our portfolio includes products certified under GRS (Global Recycled Standard), version 4.0, and GOTS (Global Organic Textile Standard), version 7.0, which also applies to the MALFINI printing service. OEKO-TEX certification.

Standard 100 encompasses our entire portfolio. These measures enhance transparency regarding the origin and composition of products and encourage responsible resource management.



CERTIFICATION	FOCUS	DETAILS
	Health Safety of Textile Products	OEKO-TEX Standard 100 is a widely recognized mark of quality for textile products manufactured exclusively from materials that are safe for human health. Each item undergoes thorough examination in accordance with standardized criteria. This certification encompasses 100% of our portfolio.
	Environmental and Social Criteria in Textile Production	GOTS (Global Organic Textile Standard) is a globally recognized certification for textiles manufactured from organic fibers. It establishes rigorous rules and guidelines for all stages of both the environmental and social processing chains of organic textiles. The use of fibers from certified organic agriculture, the exclusion of toxic substances and environmentally harmful chemicals, and the implementation of minimum wage requirements represent only a portion of the binding GOTS criteria. Our flagship products in this category are the PRIME collection polo shirts, which fully comply with all standard requirements and offer a responsible choice without compromising either quality or design.
	Recycled Content and Responsible Manufacturing Practices	GRS (Global Recycled Standard) is a product standard for verifying and tracking recycled materials throughout the final product. The objective of GRS is to increase the use of recycled materials in products while minimizing or eliminating the harm caused during manufacturing. The standard applies to the entire supply chain and addresses raw material traceability, environmental principles, social requirements, chemical content, and product labeling. Our Basic Recycled T-shirt exemplifies our commitment to responsible practices, meeting stringent GRS criteria and demonstrating that style and sustainability are compatible.
	OEKO-TEX STANDARD = 100% OF OUR PORTFOLIO	



OUR PRINCIPLES OF SUSTAINABILITY

At MALFINI, sustainability is regarded as both a long-term commitment and an opportunity for growth and innovation. Our approach is founded on the pursuit of realistic, responsible, and transparent management of environmental, social, and governance issues that impact our business and the world around us.

For several years, the company's Progress Team has coordinated sustainability initiatives. Through close collaboration with leadership and specialist departments, sustainability has gradually become an integral part of our corporate culture and strategic management.

Our ambition is to gradually establish a robust framework that connects sustainability with daily decision-making across the organization—from material selection and supplier relations to the final product and its impact on end customers.

Long-term partnerships with suppliers in textile production and processing also play an essential role in our approach. The supply chain represents a significant portion of our products' overall environmental and social footprint, and we therefore devote the utmost attention to this area.

We maintain direct and regular contact with our suppliers—our colleagues frequently visit manufacturing facilities to personally assess working conditions, production quality, and adherence to our standards for responsible business practices. This approach enables us to manage risks efficiently, strengthen relationships, and inspire suppliers to enhance their sustainability efforts.



We are convinced that sustainability is not a one-time project, but rather a long-term journey that demands patience, openness, and consistency. As MALFINI, we aspire to progress along this path step by step, with a clear objective of continuous improvement.

Štěpánka Fronyková QHS & ESG Manager



IDENTIFICATION OF OUR KEY SUSTAINABILITY TOPICS

In order to advance in the right direction regarding sustainability, it was first necessary to address a fundamental question:

Which areas are most critical for our company—and why?

In 2024, we therefore conducted a double materiality analysis in accordance with the EU CSRD (Corporate Sustainability Reporting Directive). This methodology allowed us to better understand how our business influences society and the environment, as well as how external changes affect our organization.

Together with experts and the company's management, we have undertaken the following steps:


- We have identified the principal impacts, risks, and opportunities related to sustainability throughout our value chain.
- We have taken into account such factors as climate change, resource availability, energy costs, and working conditions within the supply chain.
- We have determined the key natural, human, and social resources that facilitate our continued development.

The outcomes of this analysis have formed the foundation for our ESG reporting and serve as the guiding framework for planning our sustainable strategy in the years ahead.

OUR SUSTAINABILITY PRIORITIES

 **Environment and climate**

- Carbon footprint (Scope 1, 2, 3)
- Energy consumption
- Pollution and chemical safety
- Recycling and circularity

 **Social Responsibility and Working Conditions**

- Employees and Corporate Culture
- The health and safety of our employees
- Working conditions within the supply chain
- Customers and end users

 **Corporate Governance**

- Corporate Culture
- Ethical and Responsible Business Practices
- Stable Supplier Relationships

03 | ENVIRONMENT

Our primary objective is to achieve sustainable growth over the long term. Environmental responsibility is an integral part of this goal. Both our products and development projects emphasize recyclability, renewable resources, and the reduction of environmental impact.

“
Radek Veselý,
Chairman of the Board of Trustees



CARBON FOOTPRINT

At MALFINI, we are convinced that diligently monitoring our carbon footprint is fundamental to a responsible approach to climate change. We have been systematically tracking this footprint since 2019. Although our comprehensive efforts in this area are at an early stage, we already possess specific data that enables us to plan further steps and make informed decisions.

In 2024, we conducted our first comprehensive calculation of greenhouse gas emissions in accordance with the international GHG Protocol standard. We have accounted for both direct emissions from our operations and indirect emissions from our supply chain and product use. Consequently, we hold data for all three scopes of carbon footprint—Scope 1, Scope 2, and Scope 3.

GREENHOUSE GAS EMISSIONS ACCORDING TO THE GHG PROTOCOL METHODOLOGY (2024)

CATEGORY	EMISSIONS (tCO ₂ e)	SHARE (%) OF TOTAL FOOTPRINT
Scope 1	523.68	0.44%
Scope 2	256.80	0.21%
Scope 3	119,552.15	99.35%
Total Emissions	120,332.63	



Scope 1 Direct emissions

The principal source of emissions from our own activities was diesel consumption, primarily in transportation. These emissions constitute a significant portion of the company's direct carbon footprint.



Scope 2 Indirect emissions from purchased energy

Electricity usage at our facilities in Ústí nad Labem and Ostrava has only a minor impact on total emissions. This is further mitigated by the fact that we utilize our own solar panels in both Ostrava and Ústí.

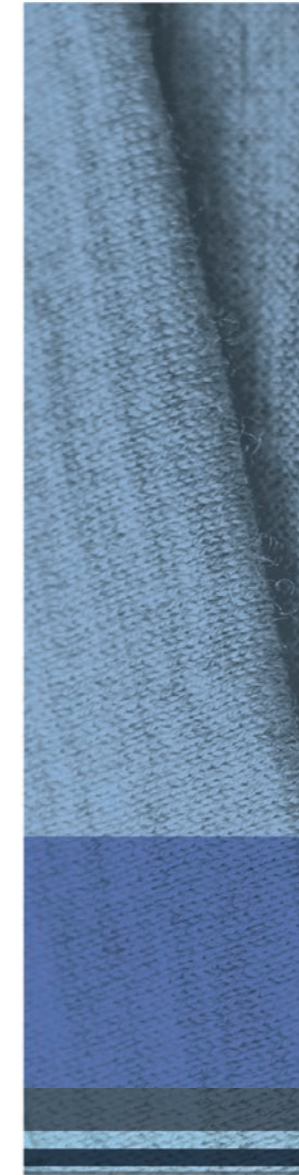


Scope 3 Indirect emissions from the value chain

The largest share of our total carbon footprint arises from the goods we purchase, which is consistent with our business model. These emissions are estimated based on purchasing data and standard emission factors.

120,332.631 tons represented our total carbon footprint for the year 2024.

Over 99 % of this originated from our value chain.



Purchased Goods

70,51 %



Use of Goods

21.31 %



End of life cycle

3.67 %



Purchased transportation

1.48 %



Purchased goods and services

1.45 %



Buildings

0.4 %



Internal transportation

0.34 %



Employee commuting

0.33 %

We measure diligently and calculate with greater precision

We have been systematically monitoring our carbon footprint since 2019. Over the years, we have continued to refine our methodology—expanding the range of measured categories, improving data accessibility, and involving more segments of our value chain.

Although the current figures are increasing, this reflects our meticulous and responsible approach. It does not indicate a greater burden on the planet, but rather a deeper understanding of our own impact and more precise calculations. This enables us to plan effective emission reduction measures and establish realistic yet ambitious targets.

What are the next steps in our journey?

- We will evaluate CO₂ emissions (Scope 1, 2, and 3) annually and compare them with previous years.
- Within Scope 1 and 2, we will implement measures to reduce emissions—for example, in the areas of energy and mobility. We are already developing infrastructure for electromobility: in 2024, we increased the number of charging stations at our Ostrava site to three.

Decarbonization Strategy

Emission reduction is among our foremost priorities. We have already begun implementing initial measures and collecting essential data. These activities allow us to better comprehend our impact and to develop a thoughtful decarbonization strategy founded on specific objectives and long-term sustainability. We will present our transition and decarbonization plan in the report next year.

- Within Scope 3, we shall focus on attaining a deeper understanding of the impact our products have. The findings indicate that the greatest potential for improvement lies in the area of procurement of products and services—that is, where it most closely aligns with our business model.
- Together with specialists, we will develop a transition and decarbonization plan, with the objective of approaching carbon neutrality by the year 2050 and mitigating climate risks that could affect the company's business model.



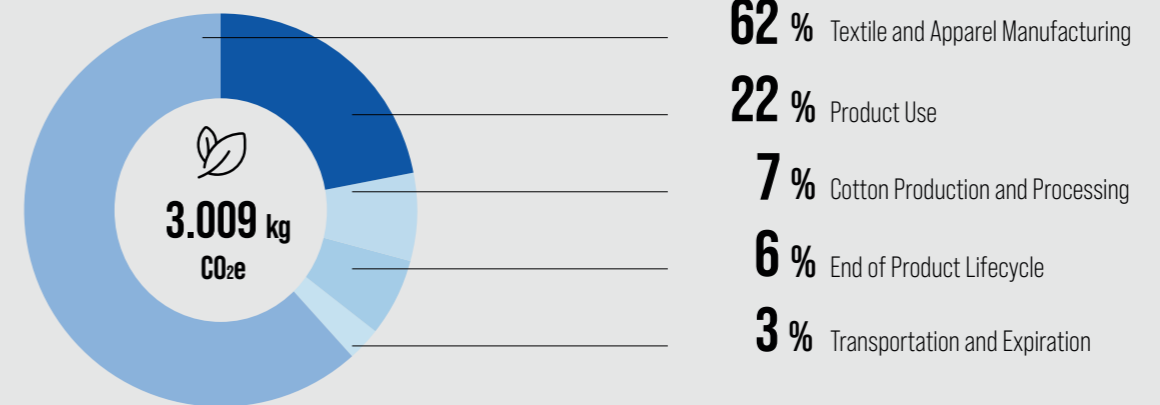
Our organic cotton T-shirt and its carbon footprint

To gain a more accurate understanding of the true environmental impact of our products, we commissioned a carbon footprint assessment for one of our key items—a T-shirt made from 100% organic cotton certified by GOTS.

The assessment revealed that the total carbon footprint of a single piece amounts to 3.009 kg CO₂e (using the “cradle-to-grave” methodology). The calculation encompasses the entire life cycle: from cotton cultivation, through the production of the T-shirt, its transportation, usage, and to the end of the product's life cycle.

For comparison: a conventional cotton T-shirt may have a footprint of up to 5-7 kg CO₂e.

By utilizing organic cotton and more sustainable practices, we have succeeded in significantly reducing emissions. The outcome confirms that even an everyday product can be manufactured with consideration for the climate.



SMALL STEPS, SIGNIFICANT IMPACT: GARMENT CARE

We believe that our responsibility for our products does not conclude upon their shipment from our warehouse. A significant portion of the carbon footprint associated with clothing is generated during its use—washing and drying account for approximately 21.3% of our total carbon emissions.

For this reason, we have joined the CleverCare.info initiative, which encourages consumers to adopt more sustainable textile care practices. Proper maintenance conserves energy, water, and natural resources, while also extending the lifespan of garments.



Washing and drying account for approximately 21.3% of our total carbon footprint.



DRY AND WASH WITH CARE!

- Please wash clothing less frequently and only when truly necessary.
- Reduce the washing temperature to 30 °C – lower temperatures significantly conserve both energy and materials.
- Whenever feasible, please allow laundry to air dry naturally and limit the use of tumble dryers.
- Please adhere to the care instructions indicated on the label – by doing so, you help preserve both garments and the environment.

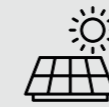
Together, we have the opportunity to reduce the carbon footprint of each garment and extend its lifecycle to ensure long-lasting use. Responsible handling of clothing is a modest yet significant step toward more conscientious consumption and a sustainable future.



ON THE PATH TO ENERGY SELF-SUFFICIENCY

We are actively seeking ways to reduce not only our carbon footprint but also our long-term energy consumption. We are implementing concrete measures to increase the share of renewable resources in our operations and to move closer to energy self-sufficiency.

In 2024, our company's total energy consumption amounted to 2,660 MWh, with renewable sources accounting for 16.8% of this consumption. Regarding electricity, the share of renewables reached 47%.

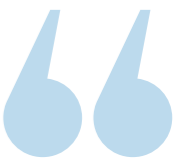


575.93 MWh of electricity

In 2024, we generated a total of 575.93 MWh of electricity from photovoltaic panels on the rooftops of our premises in Ostrava and Ústí nad Labem. Nearly 40% of this amount (219.96 MWh) was supplied back into the distribution network, thereby contributing to the greening of the Czech energy mix.



Please listen to the remarks of MALFINI's Technical Director, Michal Selteneich.



We are committed to the ongoing development of electromobility. In our Ostrava facility, we increased the number of charging stations from two to three in 2024, and similar upgrades are planned for Ústí nad Labem. Our intention is to further integrate electric vehicles into our internal logistics processes; by the end of 2025, we aim to replace at least three company vehicles with electric alternatives. These vehicles will be primarily utilized for short business trips of up to 100 kilometers. Our objective is to maximize the proportion of electric vehicles within our fleet, thereby reducing reliance on vehicles powered by combustion, diesel, or CNG engines.

An additional significant goal for 2025 is the integration of our operations in Ostrava and Ústí nad Labem into an energy-sharing system.

This system will facilitate the sharing of surplus generated energy and reinforce battery storage capabilities, enabling more efficient utilization of our own production and further reducing the need for external resources.

One of our objectives for 2025 is to obtain energy management certification in accordance with the ČSN EN ISO 50001 standard. This measure will enable us to enhance the management and optimization of energy consumption across our operations and will support our sustained efforts to reduce emissions and improve energy efficiency.

POLLUTION AND CHEMICAL SAFETY

With regard to pollution and the management of chemical substances, we adopt a responsible approach that acknowledges the impact on human health and the environment. Within our own operations, emission levels and pollution of air, water, and soil remain minimal and do not pose any significant environmental risk.

Nonetheless, we recognize that the key to sustainability primarily lies in the management of our value chain. Therefore, we regularly conduct surveys among our suppliers, which also address matters of environmental and chemical safety. In addition, many of our products and processes are certified according to standards

OEKO-TEX, GOTS, and GRS standards place significant emphasis on the monitoring of chemical substances and the reduction of their impacts on aquatic and terrestrial ecosystems.

We have also identified the release of microplastics during the laundering of synthetic textiles as an issue of considerable importance due to its effects on ecosystems. As a member of the CleverCare.info initiative, we endeavor to address this concern through educational outreach, the development of more sustainable materials, and innovation in product care.



CleverCare.info

CleverCare.info is an international initiative focused on sustainable garment care. It provides consumers with straightforward and practical guidance on washing, drying, and ironing clothing in a more environmentally responsible manner, with the aim of extending garment longevity, reducing energy and water consumption, and minimizing environmental impact.

In the field of chemical safety, we are committed to observing the requirements of the REACH regulation (the European regulation for chemical control aimed at safeguarding human health and the environment), and we ensure that our final products do not contain harmful chemicals. We systematically minimize risks associated with substances such as azo dyes, formaldehyde, and heavy metals, substituting them with verified, safer alternatives.

We carefully monitor compliance with the ČSN EN ISO 14001 standards, maintain comprehensive records of safety data sheets, and ensure the proper storage of substances in accordance with applicable legislation. We strive to maximize the proportion of environmentally safe preparations and agents across all our operations.

As a result, we actively prevent the occurrence of hazardous substances in our facilities and minimize their impact on human health and the environment.

At present, we do not have a dedicated pollution management policy in place; however, this area is partially addressed by our operational guidelines, such as those pertaining to chemical and waste management. For the forthcoming period, we have established specific objectives that will enable us to advance towards systematic risk management associated with pollution, including considerations in response to forthcoming European legislation.



OUR APPROACH TO RECYCLING AND CIRCULARITY

We are committed to reducing the material demands of our production and operations over the long term. The practical principles of the circular economy are reflected in our product development, material selection and subsequent utilization, as well as in our waste management practices. Our internal team monitors current innovations in textile circularity and proactively develops specific strategic measures for their implementation.

Within our own operations, we take every possible measure to minimize waste generation—thorough sorting, preventing unnecessary wastage, and seeking ways to utilize materials as efficiently as possible.



In 2025, we aim to strengthen our responsible approach to materials and packaging throughout our entire value chain. We plan to recertify key certifications, including GRS, GOTS, and OEKO-TEX, which confirm the ecological origin of materials and the safety of our manufacturing processes. We are transitioning to paper packaging with FSC or PEFC certification from responsibly managed forests and are incorporating these requirements into our supplier contracts. Additionally, we intend to systematically monitor and increase the proportion of recycled materials in packaging, particularly for products imported from outside the EU.

We are also preparing to update product labeling and documentation in accordance with new European safety regulations. An essential part of our initiatives is to ensure compliance with legislation in major export markets—including the fulfillment of the principles of Extended Producer Responsibility (EPR), which pertains to the management of packaging and waste.

Exploring Ways to Reduce Material Impact

As part of our commitment to responsible resource management, we continually seek additional avenues to reduce the overall environmental impact of materials. In addition to recertification efforts and verification of raw material origin, we regularly assess the environmental footprints of various material types and monitor opportunities to further minimize these impacts.

In this area, we remain open-minded—pursuing practical and feasible solutions that are meaningful from both a sustainability perspective and in meeting our customers' needs.

Responsible Materials and Certifications

Our portfolio includes products containing recycled polyester and cotton certified under the Global Recycled Standard (GRS), which serves as an important tool for ensuring chemical safety and verifying the proportion of recycled inputs.

Sustainable Fashion on the Ji.hlava Stage

We are honored to serve as a partner for the 28th edition of the Ji.hlava International Documentary Film Festival, whose principal theme focused on sustainable textiles. Our ORIGIN t-shirts and BREAK sweatshirts were among the official promotional items presented at the festival.

from the public sector and industry experts in sharing practical case studies and engaging in dialogue on how both brands and cultural events may contribute to more responsible fashion practices. On this occasion, we also introduced a t-shirt from the Basic Recycled collection, composed of 30% recycled cotton certified by GRS.

During the panel discussion entitled "Textiles, Fashion, and Sustainability – Can We Influence the Future?", we joined representatives



Participation in discussions on the circular economy enables us to gain new perspectives on our business and to seek opportunities for embedding sustainable principles into our daily operations.

Equally important is consumer education and the continuous enhancement of public awareness regarding societal challenges.

Aneta Dvořáková
Product Manager



The Second Life of Products in Practice

When handling unsellable products, we implement practical procedures consistent with a circular approach:

- Prototypes and second-grade items are primarily offered to customers under preferential terms through clearance sales.
- Internal sales to employees serve as an effective method for utilizing items that cannot otherwise be sold; simultaneously, valuable feedback is obtained, which contributes to the improvement of product development.
- Products deemed unsuitable for sale are donated to the Diakonie Broumov organization, which ensures their reuse or recycling within a socially beneficial framework.



Through our collaboration with MALFINI, we give textiles a second life. Together, we contribute to environmental protection and simultaneously support individuals who face disadvantages in the labor market.

Ing. Pavel Hendrichovský, MBA, Chairman of the Diakonie Broumov Cooperative



Operational Savings as Well

We also apply resource-saving practices within our own operations:

- The implementation of signature tablets has replaced a portion of the paper-based documentation within approval and logistics processes.
- The transition to packaging bags with integrated barcodes, as opposed to bags with affixed barcode labels, has enabled a reduction in material waste.
- Sale of unused lunches.
- Space designated for employee item exchange.
- Increase in the sorting of biological waste.

Sale of Unused Lunches Less Waste, More Responsibility

In an effort to prevent food waste, we have implemented an internal system for selling unused lunches. Through the company application, employees are able to purchase surplus portions from the daily menu directly into their own containers at a discounted rate. This simple and practical measure helps reduce the number of meals discarded, supports sustainability, and at the same time provides an additional benefit for employees.

Swap Point Sustainability in Daily Practice

One notable example of how sustainability is incorporated into the daily routines of our employees is the Swap Point initiative, which has been active within the company for more than two years. Through this program, employees are able to share and exchange clothing and small items using a designated cabinet placed in a high-traffic area. This straightforward concept extends the lifecycle of products, reduces waste, and naturally encourages ecological awareness and responsible consumption.

Since I began exchanging clothing at work, I have seldom purchased anything new.

Michaela Prošková, Lead Project Manager



We recognize that the majority of waste is generated when products reach the end of their lifecycle. Therefore, we are actively seeking innovative methods to extend their longevity, promote recycling, and ensure meaningful utilization of each item, even at the conclusion of its use.

04 | PEOPLE AND SOCIETY

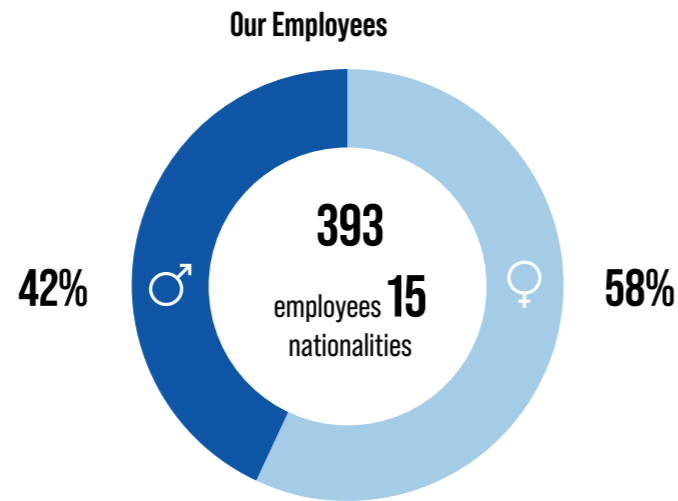
I am convinced that individuals represent the greatest asset and the true strength of every organization. At MALFINI, we attend to relationships with the same care and dedication that we apply to our products—emphasizing quality, respect, and fairness. Only in an environment where people feel secure and appreciated can they thrive and help move both themselves and the company forward—both in spirit and in results. Thus, my objective is to cultivate a setting where collaboration, trust, and satisfaction are not merely words, but an everyday reality. At MALFINI, we craft not only textiles but also enduring relationships.

Petra Havránková,
HR Specialist



THE TEAM THAT IS OUR FOUNDATION

Diversity, openness, and equitable conditions form the cornerstone of our corporate culture. Each team member is provided with opportunities for personal growth, professional development, and active participation in the collective success of the organization. Our culture is characterized by open dialogue across all levels—regular internal meetings and team gatherings allow management and employees to share feedback, discuss needs, and collaboratively seek avenues for improvement. We value those who contribute to MALFINI and are committed to supporting their professional and personal well-being.



Zero tolerance for child labor

Zero tolerance for harassment and discrimination

Health and Safety

The Code of Ethics Is Binding for All

Signing the Diversity Charter as a commitment to an inclusive and equitable work environment



Open communication with employees

At MALFINI, we emphasize open dialogue and active collaboration with employees across all levels of the organization. It is our intention that every individual has the opportunity to influence the work environment, improve processes, and contribute to the growth of the entire company.

We foster cooperation through regular internal consultations, team meetings, satisfaction surveys, and the participation of occupational health and safety representatives in inspections and risk assessments.

Since 2021, a structured feedback system known as SPLAV has been in operation at our Ostrava workplace, enabling employees to share suggestions for enhancing operations, safety, quality, and working conditions. Our operators primarily contribute proposals regarding occupational health and safety. By the end of 2024, 552 suggestions had been recorded, of which 396 were successfully resolved. The remaining suggestions are in progress or are being actively addressed.

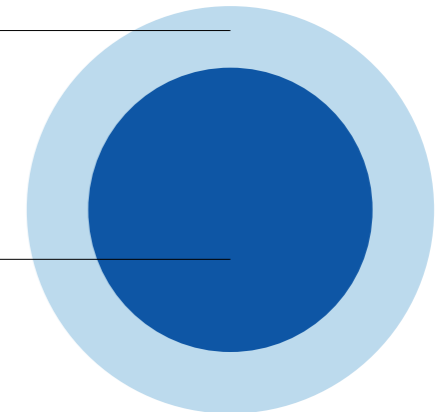
Most of these relate to technical issues, IT requirements, equipment maintenance, and the improvement of operational processes within the logistics center. Suggestions are managed in accordance with internal methodology through project sheets and proposals. Coordination takes place during regular meetings of the internal STORM and STEPS teams, attended by middle management and key employees.

Although we do not yet have a formal employee council or labor union, we support informal representation of employees within teams and project groups. Regular surveys indicate that employees value our corporate culture and stability—strengthening relationships between management and employees remains one of our ongoing development objectives.

Through this open approach and ongoing feedback, we continuously enhance the working environment and further strengthen both the stability and satisfaction of our team.

552 initiatives

396 initiatives currently resolved



Health and safety

Ensuring the safety and well-being of employees is a fundamental pillar of responsible employment for us. Our occupational health and safety management system covers 100% of our personnel, both in domestic operations and at international branches. This framework includes regular training, risk assessments, preventive measures, and meticulous documentation of all incidents. We base our comprehensive internal policies on Czech legislation and European standards. Regular inspections, annual training, and clearly established procedures help us maintain minimal risk levels.

In the coming year, we intend to obtain international certification in accordance with ČSN EN ISO 45001:2018, which focuses on safety management and occupational health protection.

This certification will enable us to further refine and uphold clear standards and procedures for accident prevention and the assurance of safe working conditions for all employees. By achieving this internationally recognized standard, we aim to confirm that our occupational health and safety system meets the most stringent requirements and is subject to continuous improvement.

Ongoing feedback from employees reflects a high level of satisfaction with our safety measures. This reinforces their confidence and enhances our reputation as a reliable and responsible employer.

Opportunities for Growth and Learning

It is essential to remain mindful that individuals represent the greatest asset of any organization. For this reason, we systematically monitor our employees' participation in performance evaluations as well as in career development planning. We provide employees with opportunities to advance along their career paths, both horizontally and vertically. In doing so, we seek to strengthen and support knowledge management within our company. Such transitions enable employees to preserve and further develop not only their competencies but also the expertise they have acquired during their tenure with us.

Our educational and development opportunities significantly contribute to employee satisfaction, simultaneously fostering motivation and addressing individual needs. Each employee is welcome to request training tailored to their or her specific requirements. We combine mandatory training sessions with targeted development programs that enhance professional qualifications, managerial competencies, and expertise in sustainability. Furthermore, we continuously assess group needs, thereby strengthening team collaboration and cohesion.



At MALFINI, we are convinced that genuine company growth is founded upon the development and advancement of our personnel. We regard individuals as the most valuable asset, and fulfilling their needs remains of utmost importance to us.

Vanessa Kraková Training & Development Specialist



We consistently adapt our training to meet the distinct needs of each team, ensuring that every employee acquires knowledge and skills relevant to their or her role. In 2024, in addition to language courses, our employees engaged in topics such as internal audits, marketing, customs regulations, accounting, product photography, sustainable textile production, leadership, and circularity. Satisfaction surveys confirm that these training sessions are regarded by employees as meaningful and beneficial, with

active participation in educational and developmental activities serving as an inspiration for us to continue our efforts.

Our objective is to enable employees to develop their abilities and actively contribute to the growth of the entire organization. Through this approach, we reinforce expertise, responsibility, and stability—fundamental values upon which our long-term success is built.

Thematic Breakfasts

We share our knowledge through regular thematic breakfasts, held at our headquarters in Ústí nad Labem. With online connectivity, colleagues from other branches are also able to participate. In 2024, we addressed various topics such as an introduction to the ESG division, an explanation of the Diversity Charter principles, a lecture by a physiotherapist on maintaining healthy backs, as well as sharing company plans and developments.

Opportunities for Young Talents

We actively foster international collaboration and provide emerging talents with the opportunity to gain valuable professional experience. In 2024, we welcomed two interns from France, who made meaningful contributions to our teams by sharing their expertise and fresh perspectives. Internships serve as a means to nurture the professional development of young individuals while enriching our corporate culture with new viewpoints. Looking ahead, we also plan to participate in career fairs and events that may attract motivated and talented youth.

Living and Working in Balance

We are committed to the belief that a balance between professional and personal life is essential for long-term satisfaction, motivation, and a healthy corporate culture. Therefore, we create an environment that enables our employees to fulfill their work responsibilities while maintaining sufficient space for private life.

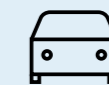
Our employees benefit from flexible working conditions, and those whose roles permit may utilize remote work options. In 2024, a new outdoor relaxation area was established in Ostrava, featuring the planting of low-maintenance fruit-bearing plants and facilities for using rainwater for irrigation, with active employee participation. Additionally, new cycling storage boxes were introduced in Ústí nad Labem for the convenience of cyclists.

Corporate Benefits



Catering and Refreshments

Pluxee card with lunch subsidy, as well as complimentary fruit, tea, and coffee at the workplace



Flexibility and Comfort

Company vehicles available for private use, legal assistance, and discounted massage services



Benefits and Discounts

Employee discounts on company products, bonuses for work anniversaries, and preferential conditions for vehicle purchases



Support for Parents with Children A week-long day camp for children during the summer



Work Footwear

Selection of work footwear beyond the standard offering—a wide range available for trial (7 types of footwear)



Hydration Program

To encourage healthy hydration, operators received sports bottles (choice of three types, including an option made from recycled ocean plastic). This initiative also helps reduce the use of disposable cups at soda stations.



We also foster professional relationships through regular corporate teambuilding activities, which strengthen collaboration and help create informal connections across various departments.



Among the preferred activities are also unconventional workshops. In 2024, employees were afforded the opportunity to craft their own sandals within the premises in Ústí.



The spirit of teamwork frequently extends beyond the conclusion of the workday. In Ústí nad Labem, employees routinely gather after work to play beach volleyball, visit the climbing wall together, or organize group hiking trips for families with children. For instance, prior to the summer holidays, the Ústí hiking group coordinated several outings and weekend camping events for entire families.



When we venture outside together—be it for an excursion, camping, or by the water—not only do we create new experiences, but we also strengthen friendships. There is certainly no shortage of enjoyment.

Michaela Korbelová,
Project Manager



The Malfini Star event is organized for employees with the objective of fostering unity among staff from various workplaces. Both employees and management joined in the fun and arranged a karaoke show for the remainder of the team.



We also prioritize targeted support for parents and their children. For the past seven years, we have been providing day camps for the children of our employees. These camps are organized in collaboration with Jan Evangelista Purkyně University in Ústí nad Labem and the RUR project, which connects the region with the university. In Ostrava, our human resources department actively participates in selecting the organizer.

The children enjoy a week filled with activities, meals, and beverages—fully funded by our company. Through this benefit, we assist parents in balancing their professional responsibilities with family care, offering both practical and financial support.



TOGETHER FOR THE COMMUNITY

We are convinced that our success is truly meaningful only when it is shared. For this reason, we have consistently integrated our business endeavors with the active support of individuals and communities in the regions where we operate—whether in the Czech Republic, across European markets, or in Asian territories where our manufacturing bases are located. We recognize our responsibility to contribute value to localities that grow in tandem with us.

We place particular emphasis on regions where our principal operations are situated—specifically, Ústí nad Labem and the Moravian-Silesian Region. Here, we not only serve as a responsible employer, but also invest in the development of professional qualifications, advanced technologies, and sustainable solutions that assist the entire region in its transformation towards an enhanced quality of life.

Our commitment to social responsibility is reflected in a range of concrete initiatives—we support local schools, hospitals, nonprofit organizations, as well as cultural and sporting projects. We also actively involve our employees, who regularly participate in volunteer activities and dedicate their efforts where they are needed most.

Whether through local charities, national initiatives, or international assistance, we endorse projects that yield tangible results. Our belief is that only through collective effort can we strive to improve the world around us.

Together for the Region

Together, we make decisions regarding where assistance is most needed

Each year, we provide our colleagues with the opportunity to determine the allocation of financial support from our 'MALFINI Helps' project. The sum of 60,000 Kč is distributed among projects or organizations selected directly by our employees through a voting process. This approach enables everyone to actively contribute to ensuring that aid reaches those deemed most in need. In 2024, this support was directed toward a young girl from the Ústí region and two children from Ostrava, all of whom are facing incurable illnesses. For 2025, we will increase the total amount to 80,000 Kč.

Long-standing support for healthcare in Ústí nad Labem

For 13 years, we have supported the oncology department in Ústí nad Labem. Through our traditional Christmas concerts, we have donated over one million crowns to the clinic. These resources help to create a dignified and welcoming environment, which plays a crucial role in patient treatment. We intend to maintain our commitment to supporting healthcare and improving conditions for patients in the years to come.

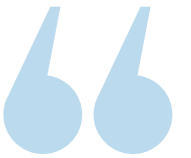


Polanský Charity Run

Since its inception, MALFINI has provided products in support of the regional initiative known as the Polanský Charity Run, organized by the founders of the Kulišek Foundation. The proceeds from this event are allocated annually to benefit premature infants in the Neonatology Department of the Ostrava University Hospital and the JIP2 Neonatal Ward of the Ostrava Municipal Hospital.

Collaboration with J. E. Purkyně University

We are honored to cooperate with J. E. Purkyně University. Among other achievements, our support and partnership in the form of teaching activities have enabled the Department of Informatics to receive accreditation for the study program in Applied Informatics, available in both full-time and part-time formats. This has significantly contributed to enhancing the reputation and positive image of both the University and the entire Ústí region.



The generous support provided by MALFINI to the Polanský Charity Run has, in recent years, significantly increased the event's visibility and, most importantly, resulted in substantial proceeds for Ostrava's neonatology department. A portion of the current financial donation will fund the purchase of a videolaryngoscope, further advancing the exceptional care for the youngest and most vulnerable patients.

Kamila Juříčková
Founder of the Polanský Run



Dobroden: When Volunteerism Brings People Together

All of our employees have the opportunity to participate in the Dobroden volunteer event and devote their working hours to meaningful causes. Each volunteer dedicates a full workday (8 hours) to a selected activity, and we ensure that all necessary arrangements are provided—including transportation to and from the location, refreshments, and beverages throughout the day. Through Dobroden, our employees are able to offer direct support where it is most appreciated by local communities, nature, or animals.

In 2024, our colleagues assisted at the Bird House in Dubá, where they painted aviaries, pruned trees, and improved facilities for the birds. Another group cared for the Beekeeping Area in Krásná, cleaning trails, benches, and educational spaces.

We also remain mindful of the animals at the Řepnice shelter, where we regularly assist with cleaning and caring for our four-legged wards. Together, we strive to improve both their surroundings and our own.



OUR CUSTOMERS COME FIRST

A responsible approach to clients is essential—particularly with regard to safeguarding customer trust, maintaining transparent communication regarding products, and responding to increasingly stringent sustainability requirements.

New European legislation, such as the Extended Producer Responsibility (EPR), offers an opportunity to enhance transparency: to provide customers with clear information concerning the sustainability and recyclability of products, the origin of materials used, and accountability for the final stage of the product life cycle. We regard these changes as an opportunity to strengthen customer trust and to further support our competitiveness.

Customer feedback is already reflected in our practices—although currently in a rather informal manner, for example, in the improvement of products and marketing activities. Fundamental two-way communication is conducted through customer service, corporate social media channels, or CSR and sponsorship events that connect our brand with communities. In the future, we also intend to focus more on customer education—such as encouraging more considerate care of products and less frequent washing, which extends the longevity of textiles and reduces their environmental impact.

As part of our commitment, we offer products certified by internationally recognized standards, such as OEKO-TEX, GOTS, and GRS, which ensure minimal health and safety risks for end users. These products are clearly presented on our official website.



For our partners, we serve not only as a supplier of garments, but also as a collaborator in responsible development. Through collective efforts and transparent practices, we are able to address both current and future requirements in an exemplary, environmentally conscious manner. Together, we are shaping a future in which sustainable growth ensures enduring success and delivers reciprocal strategic advantages.

Rafał Zięba
Sales Director

assessments, or a specialized platform for feedback regarding sustainability and responsible purchasing.

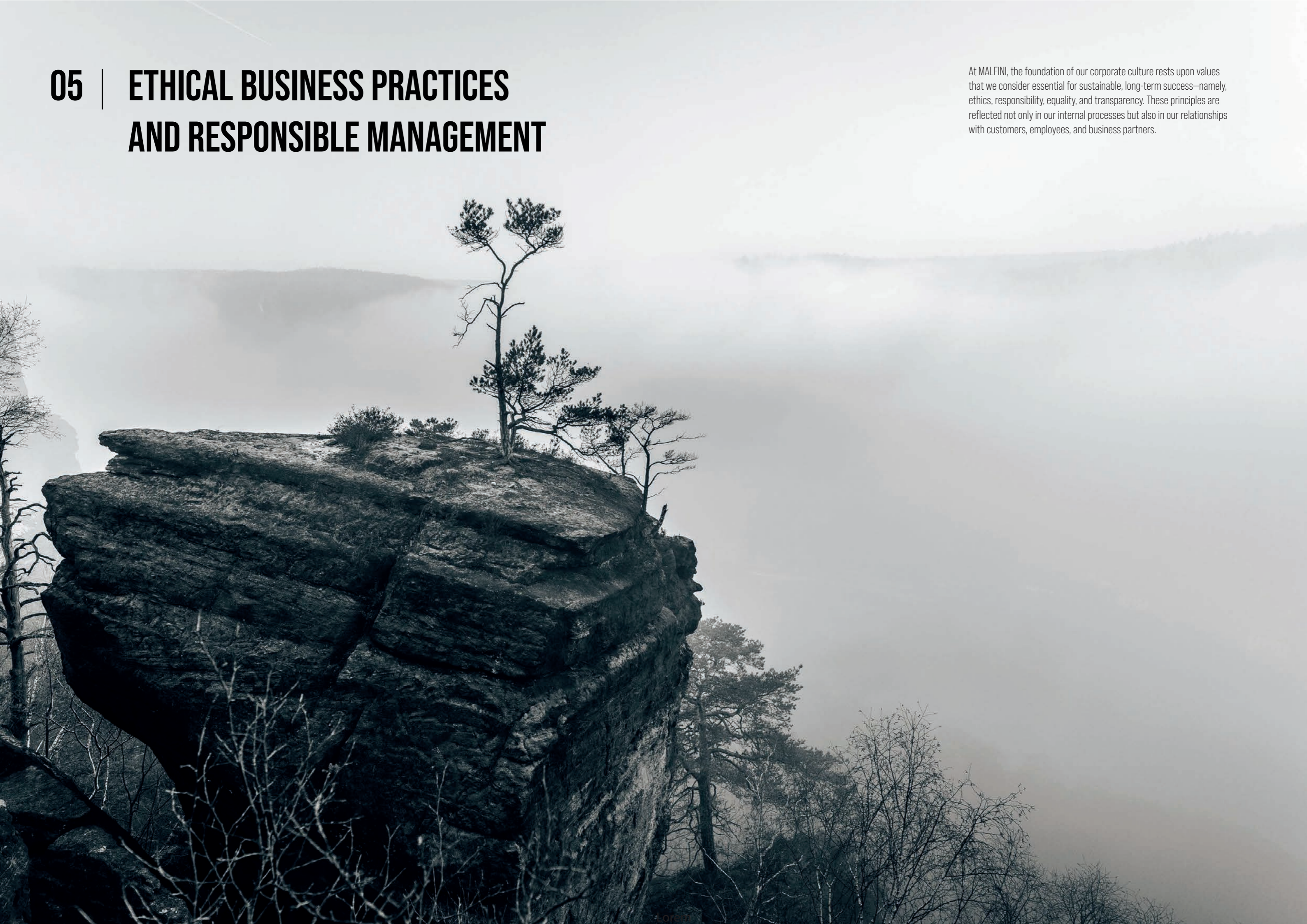
Our customers are also invited to attend in-person meetings, demonstration workshops, and exclusive events such as the “MALFINI Exclusive Workshop,” where they have the opportunity to meet brand representatives, learn about new developments, and actively share their views and suggestions.





05 | ETHICAL BUSINESS PRACTICES AND RESPONSIBLE MANAGEMENT

At MALFINI, the foundation of our corporate culture rests upon values that we consider essential for sustainable, long-term success—namely, ethics, responsibility, equality, and transparency. These principles are reflected not only in our internal processes but also in our relationships with customers, employees, and business partners.



RESPONSIBILITY, RESPECT, AND INTEGRITY AS EVERYDAY STANDARDS

The foundation of our corporate culture management system consists of internal policies and certified standards. These encompass ethical conduct, workplace safety, data protection, supplier selection, and equitable compensation practices. All employees have access to these documents, and adherence is supported through training sessions as well as daily business operations.

Key Principles and Measures

- The Code of Ethics defines expected behavior throughout the organization and establishes a policy of zero tolerance for corruption, emphasizing equality and respect.
- The Code of Ethics defines expected behavior throughout the organization and establishes a policy of zero tolerance for corruption, emphasizing equality and respect.
- The supplier selection policy sets forth transparent guidelines for collaboration and ensures fairness in the procurement process.
- Occupational health and safety, as well as chemical safety policies, ensure risk prevention and protect the health of all employees.
- The whistleblower policy has been prepared to facilitate the safe reporting of unlawful or unethical conduct. The ČSN EN ISO standards (9001, 14001) promote quality, environmental responsibility, and a safe working environment.

Membership



Transparency International Club



Czech Business Council for Sustainable Development



Incién – Institute for Circular Economy



Association for Corporate Social Responsibility



SMETA Certification

We intend to obtain the SMETA certification (Sedex Members Ethical Trade Audit) in 2025 as a pivotal step toward strengthening ethical and environmental standards throughout our entire production chain. This audit will enable us to verify working conditions, safety, and environmental practices and ethical standards throughout

the supply chain. We see the introduction of certification as an important step towards greater trustworthiness and responsibility across everyday practice and strategic management.

Sustainability as an Integral Part of Corporate Strategy

The integration of sustainability principles into both strategic planning and daily operations is managed by the Progress Team—an interdisciplinary internal group responsible for coordinating sustainability initiatives throughout the company. This team monitors regulatory developments, prepares documentation for non-financial

reporting, and analyzes risks and opportunities related to sustainability. The results are regularly presented to company management and the board of directors.



The Progress Team is one of the key elements in the company's development. It addresses not only suggestions for improving the corporate environment, but also initiates projects in the area of sustainability. Furthermore, it facilitates the exchange of feedback among teams.



Tomáš Holub
ESG Director



CENA HEJTMANA
ZA SPOLEČENSKOU
ODPOVĚDNOST

MALFINI once again recognized among the leading responsible companies in the Ústí Region

In 2024, we ranked among the top five companies in the Governor of the Ústí Region's Award for Corporate Social Responsibility. This recognition affirms our sustained commitment to sustainability, ethics, and engagement with the region in which we operate.

INTELLIGENT LOGISTICS AS THE FOUNDATION FOR SUSTAINABLE GROWTH

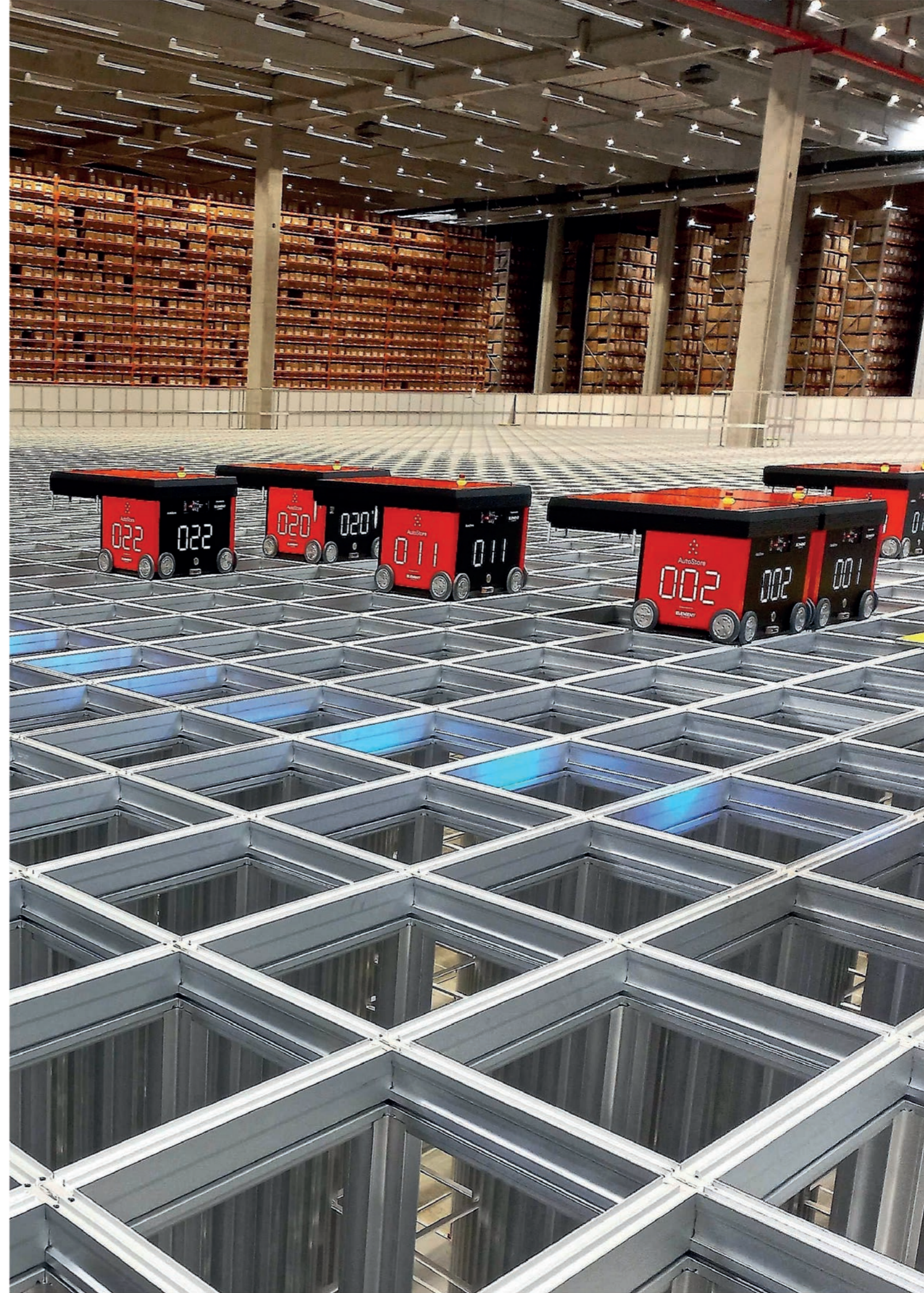
The modernization, digitalization, and streamlining of operational processes are integral components of our long-term strategy. In 2024, a significant advancement was achieved at our logistics center in Ostrava with the extensive implementation of warehouse robotics, resulting not only in enhanced efficiency but also notable improvements to the working environment and the overall customer experience.

This investment encompassed the acquisition of three autonomous HaiPick robotic units, new shelving systems, as well as the modernization of flooring, electrical installations, and data infrastructure. As a result, the warehouse capacity has increased by approximately 30,000 storage locations, and the automation of handling full packages (CBL) has led to a reduction in the physical demands placed on staff.

One of the strategic objectives of MALFINI in the field of logistics is the complete automation of our processes and warehouse operations, eliminating the need for human intervention. Among the key initiatives planned for 2024/2025 in this regard are the expansion of conveyor lines, enhancement of the AutoStore system with additional robots, and the commencement of advanced HaiPick technology installation. As we say with a smile in Ostrava, "The stairs are moving."

Dan Žlebek
Process Engineer

The AutoStore system also plays a crucial role in our transition toward more intelligent logistics. After a successful year of operation, we have further expanded its capabilities. Our automated solution now comprises a total of 17 ports and 70 robotic units, which, during peak season, are capable of dispatching up to 190,000 items daily.



Key Benefits of Innovations in Logistics



Enhanced Ergonomics and Safety

Reduced manual handling leads to lower risk of injury and improved working conditions.



Optimization of space and energy usage

Thanks to the compact design of AutoStore, we utilize warehouse space 20% more efficiently while also reducing energy consumption.



Expedited and more accurate order fulfillment

Operator productivity has increased by 50%, and error rates have decreased by 24%, resulting in a direct, positive effect on customer satisfaction.



Enhancement of technological infrastructure

A new foundation for further digitalization within the logistics sector.

This project reflects our long-standing emphasis on responsible business, ergonomics, and modern technology.

IDC Digital Future Awards 2024

Our digitalization efforts have received recognition from industry experts—our AutoStore project achieved an excellent 4th place in the Best In Connectedness category. This international competition brings together innovative projects from leading companies across various sectors.

Objectives for 2025

1 Increasing warehouse capacity through the use of autonomous HaiPick robots

Expansion of warehouse space and acceleration of goods handling through the implementation of HaiPick robotic solutions.

2 Enhancing the performance of the AutoStore system and expanding the robot fleet

Investment in additional robotic units to increase picking speed and operational efficiency.

3 Monitoring the latest trends in logistics automation and attending the PROMAT trade fair in the USA

Continuous monitoring of innovations within the industry and active participation in prominent global events for inspiration and new professional connections.

4 Preparation of a case study on robotic picking

Preparation of a detailed analysis regarding the benefits and impacts of implementing robotic picking within our operations.

5 Expansion and modernization of conveyor systems to enhance efficiency, reduce errors, and accelerate material flow

Investment in the expansion of conveyor systems with the objective of improving internal logistics and reducing operational costs.

RESPONSIBLE PARTNERSHIPS IN PRACTICE: RELATIONSHIPS WITH OUR SUPPLIERS

We fully recognize that sustainable development cannot be achieved without responsible and systematic management of the supply chain. We regard our suppliers as an integral part of our value chain and as a key element in managing environmental and social impacts. Collaboration with them is based not only on economic aspects, but equally on trust, transparent communication, and verification of actual conditions at the production sites.

At present, we focus primarily on direct (Tier 1) suppliers of goods, with whom our business relationships allow us to continuously monitor and assess production conditions and compliance with ESG requirements. For the future, we have prepared enhanced

traceability throughout the entire supply chain (including manufacturing and transportation), enabling us to better understand the origins of our products and systematically manage impacts across all suppliers.

We place great emphasis on ensuring high product quality at every stage of production. In the regions where we cooperate with suppliers, we employ local staff who conduct daily quality inspections directly at manufacturing facilities. This continuous presence enables us to promptly identify and address any deficiencies, maintain high processing standards, and strengthen long-term relationships with suppliers. This direct control system is one of the pillars of our responsible approach to quality management across the entire supply chain.



Remote business and communication are not sufficient on their own; personal contact with suppliers is irreplaceable. I have been traveling to Asia on business with MALFINI since 2017, and each trip continues to inspire me.

Věra Truxová
Production Control Team Leader



Within our own sustainable procurement assessment system, we regularly review our suppliers according to clearly defined criteria, which include environmental performance (for example, management of hazardous materials, waste reduction, and energy

and water conservation), social responsibility (working conditions, protection of human rights), and the level of management and transparency (availability of ESG information, relevant certifications).



Within our supply chain, we are committed to sharing expertise and encouraging partners to pursue energy sustainability. We have achieved commendable results in the Czech Republic through solar panel energy production in Ústí nad Labem and Ostrava, and we are confident that this knowledge can be transferred further, both across Europe and to regions such as Bangladesh and China.

David Pinka Supply Chain Director



Based on audit findings, it has been verified that 100% of our audited partners pay wages monthly, compensate employees for overtime, and provide social insurance in accordance with the applicable legislation of their respective countries. We consistently guide our suppliers to uphold high standards of ethics, anti-corruption, and responsible risk management.

These principles are firmly embedded in our internal Supply Chain Management policy, which clearly defines responsibilities, requirements, and collaborative processes. Should a supplier fail to meet the minimum evaluation threshold (0-29%), they are excluded from the process as unsuitable for future cooperation.



Textile Exchange

We are proud members of the global non-profit organization Textile Exchange, which supports the textile industry's transition to more sustainable materials and responsible supply chains. The organization collects and shares impact data, and assists companies in reducing their environmental footprint through validated solutions and industry-wide collaboration.

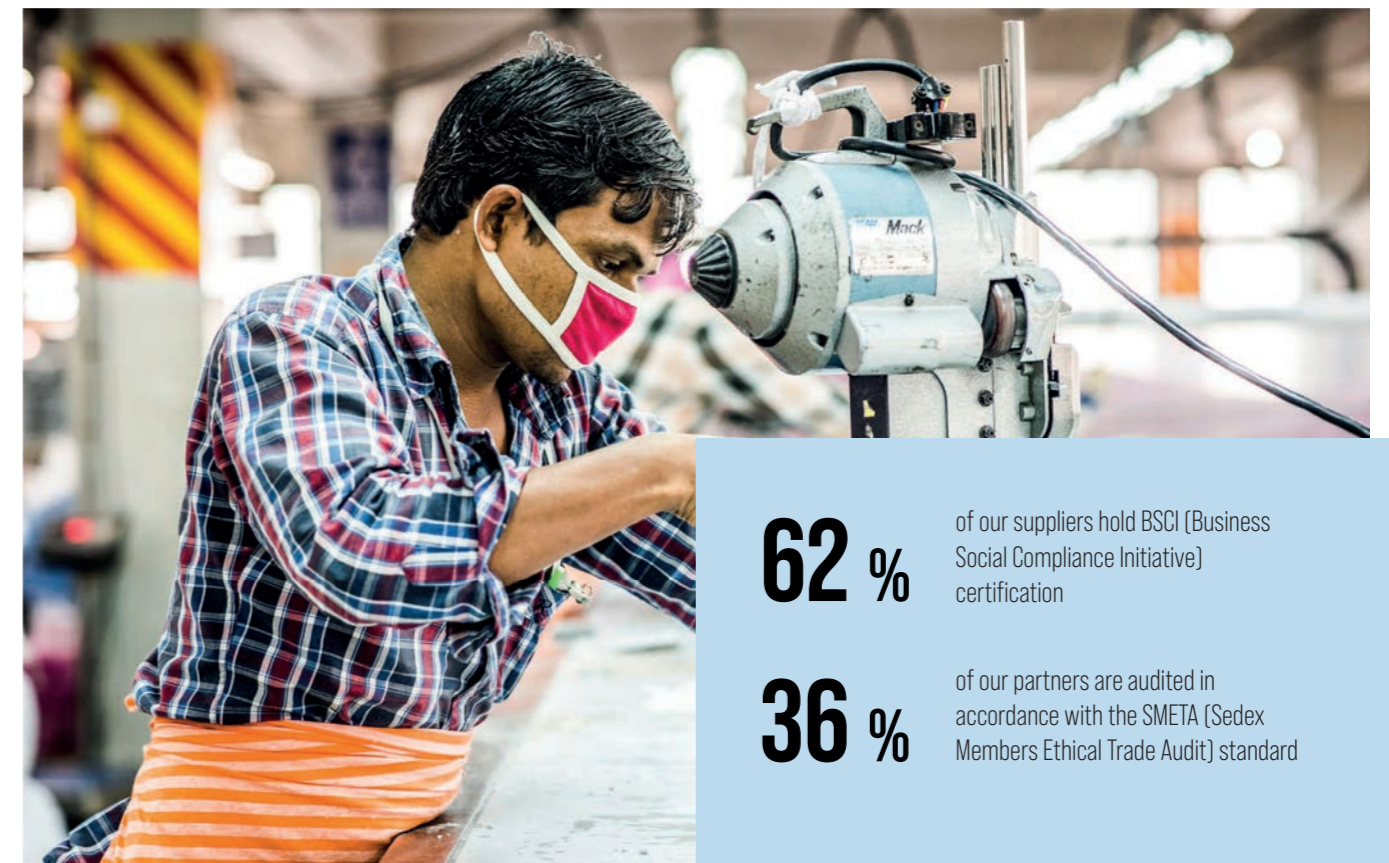
We employ a variety of specific tools and procedures within our supply chain.

- We maintain a "Supplier Selection" directive and a "Supply Chain Management" policy, which establish ethical, environmental, and quality criteria for collaboration, as well as clearly define responsibilities, requirements, and cooperative processes.
- All key suppliers are required to complete a comprehensive ESG questionnaire that covers working conditions, occupational health and safety, environmental performance, human rights management, and risk management.
- The results of the questionnaire are utilized for systematic evaluation of sustainability, identification of deficiencies, and to support ongoing improvement.
- We conduct regular visits to manufacturing facilities to verify actual conditions of collaboration on site.
- Members of the company's executive management personally visit strategic suppliers in Asia at their manufacturing facilities on a regular basis.
- We implement a transparent and responsible approach, including fair and timely payment practices, direct communication, and technical support in ESG matters.

Certification

As part of our responsible supply chain management, we place significant emphasis on verifying labor and ethical standards among our partners. Internationally recognized audit and certification systems play a key role in this regard. Currently, 62% of our suppliers hold BSCI (Business Social Compliance Initiative), which confirms that suppliers adhere to strict standards in terms of working conditions, protection of rights employees and equitable compensation.

In addition, 36% of our partners undergo audits in accordance with the SMETA (Sedex Members Ethical Trade Audit) standard, which further evaluates environmental responsibility, workplace safety, and anti-corruption measures. These tools provide assurance that our suppliers meet high standards of ethics, transparency, and respect for individuals, thereby strengthening the trust of both our customers and society at large.



62 % of our suppliers hold BSCI (Business Social Compliance Initiative) certification

36 % of our partners are audited in accordance with the SMETA (Sedex Members Ethical Trade Audit) standard

06

OUR COMMITMENT TO SUSTAINABILITY CONTINUES: LET US SHAPE IT TOGETHER

Our pursuit of responsible business practices is ongoing—each step propels us forward. This report highlights our achievements to date as well as areas where further progress is sought. We recognize the opportunities for growth and understand the significance of our efforts.

We remain committed to seeking improved solutions, upholding transparency, and welcoming new ideas. We believe that, with your support, inquiries, and trust, we can continue to advance the textile industry toward greater fairness and responsibility toward both the environment and individuals.

We appreciate your partnership in driving this change.

If you have any suggestions or feedback, please contact us at sustainability@malfini.com.

Your opinions are highly valued.

This report has been prepared in collaboration with Flagship Impact s.r.o.

Flagship is a consulting firm specializing in corporate sustainability and ESG, operating in the Central and Eastern European region. The company provides expertise in ESG strategy, implementation, reporting, and communication.

For further information, please visit www.flagshipimpact.com.

