





2020 ANNUAL REPORT

CONCERNING CORPORATE SOCIAL RESPONSIBILITY

MALFINI, a.s.

MALFINI, a.s.

Oblouková 391, 403 40 Ústí nad Labem, Czech Republic www.malfini.com







TABLE OF CONTENTS

FOREWORD

ABOUT US

SHAREHOLDERS' ASSIGNMENT

PLANET

PEOPLE

PROFIT







FOREWORD

I am very pleased to present to you the first ever Annual Social Responsibility Report in the history of MALFINI, a.s. The document is the result of the joint effort of our employees, who have been engaging in corporate social responsibility activities ever since the Company was established. A single process has now been put in place overarching all the component activities and ultimately culminating in the creation of this report. As the Company grew, so did the range of our activities, and the need arose to give our efforts a vision, goals and systematic direction. We have been pursuing this area for a long time with a sense of inner satisfaction; corporate social responsibility has become a natural part of our work. Indeed, it is a reflection of our beliefs, our values and the principles underlying the foundations of the Company.

"One should not ask about the meaning of their own life. They should realise that it is them to whom that question is posed. Life asks everyone about the meaning of their life - and everyone can respond to life only by what they actually do; our only response to life is to act responsibly." Viktor Frankl, an Austrian climber, neurologist, psychiatrist and university teacher.

Radek Veselý

Chairman of the Board



ABOUT US

MALFINI, a.s. is the market leader in promotional textiles in Central Europe and a leading supplier throughout Europe. With the MALFINI®, MALFINI Premium® and Piccolio® brands, which add to the RIMECK® work wear series, we deliver our products to 30 European countries with overnight goods shipment to neighbouring countries. Our state-of-the-art, fully automated warehouse and logistics centre in Ostrava make such speed possible for us.

Our business partners appreciate our user-friendly e-shop, on-time product deliveries and extended customer care, including marketing support. All our products are subject to rigorous testing and bear the global Oeko-Tex Standard 100 quality seal.

Our team currently has over 320 employees.

- 1999 MALFINI, a.s. was founded by Martin Hausenblas and Pavel Neumann, friends from high school.
- 2000 The first container of T-shirts arrives from China.
- 2003 We purchase our first property to be used for administration and storage.
- 2004 We enter the international market. First up are Slovakia and Poland.
- 2005 Part of the production moves from China to Bangladesh.
- 2006 We continue expanding: This time to Hungary, Germany and Austria.
- 2009 We expand to the south and north-east. The Baltic states surpass our expectations and become one of the fastest growing markets.
- 2011 Our previous warehouses are bursting at the seams and so we open a new logistics centre in Ostrava Přívoz.
- 2012 We introduce the men's T-shirt BASIC, which soon becomes the flagship of our production portfolio. The same year, our new luxury brand for promotional textiles enters the market under the name MALFINI[®].
- 2014 We start cooperating with the iconic Czech fashion designer Liběna Rochová and the same year our turnover reaches half a billion Czech crowns. We extend our business in Croatia.
- 2015 Not even our warehouse in Ostrava Přívoz is large enough and so we build a super modern logistics centre, Business Park MALFINI Ostrava – Kunčičky, on a former brownfield.
- **2016** We open a branch in Beijing, introduce our new brand PICCOLIO® to the market and, again, launch a new administrative building in Ústí nad Labem Skorotice.
- 2017 We create a new brand of work clothing, RIMECK®, and become the exclusive distributor of Bata Industrials® protective footwear in selected countries. We expand into Italy and France.
- 2018 Our turnover surpasses one bilion Czech crowns and we open a branch in Dhaka, Bangladesh. We also finish building the second part of our logistics center, Ostrava Business Park MALFINI, where we install special technology as we would like the premises to become fully energy self-sufficient in time.
- 2019 We celebrate 20th anniversary of the company and present our new photovoltaic electrical power station at our warehouse in Ostrava.
- 2020 We are proud to take first places in a prestigious financial competitions and in a contest related to social corporate responsibility. We embrace our new name Malfini, a.s.,

SHAREHOLDERS' ASSIGNMENT





PHILOSOPHY

- The Company is dedicated to the principles of sustainable development and follows ethical principles in its business
- The adopted strategies respect the principles of sustainable development
- The Company has put in place and adheres to a code of conduct

EMPLOYEES

- The Company treats its employees fairly and with respect, in full realisation of their value and importance.
- The Company treats its employees so that they can be proud of it

PUBLIC

- Within the constraints of its capacities, the Company singles out and joins such projects that are most efficient in promoting the improvement of the quality of life, the environment and prosperity of the communities where the Company pursues its business
- The Company is well known in its field of business and enjoys a good reputation

ECONOMY, GROWTH AND PROFIT

- The Company consciously manages the risks it faces
- We want the value of the Company to grow sustainably over time
- Profits support the financial stability and growth of the Company and are a source of dividends
- The Company is strategically managed
- The Company generates sufficient profits in all markets where it operates
- We are building MALFINI as a group of world-class brands
- MALFINI is the Central European market leader in branded promotional textile and a leading supplier in other European countries





CORPORATE SOCIAL RESPONSIBILITY

As members of the Corporate Social Responsibility
Association in the Czech Republic, we develop corporate
social responsibility and sustainable business at all three
levels:

PLANET PEOPLE PROFIT







CSR 2020

GOALS

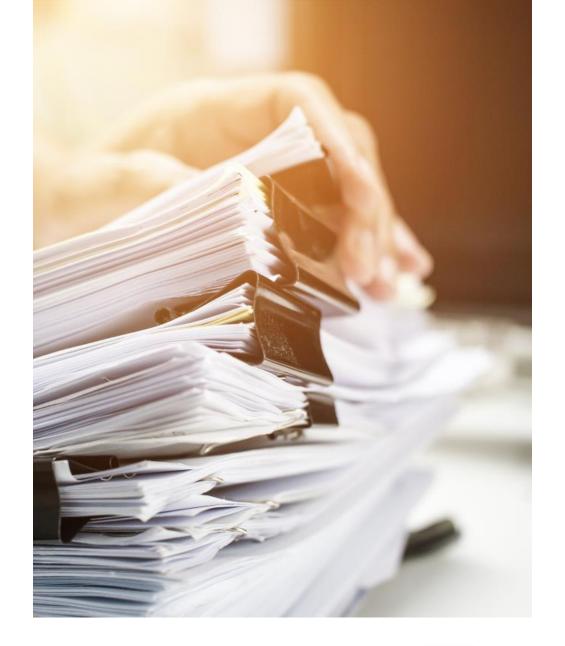
The goals defined in the strategy have been attained at 60%. The outstanding tasks are: in progress or have been postponed as a result of the pandemic.

The carbon footprint analysis on a representative product from our portfolio completed this year particularly deserves to be mentioned here. Based on the analysis, we can now define steps to reduce the overall environmental burden caused by our products.

ACTIVITIES

The Covid-19 pandemic along with the revision of the CSR budget in the context of the austerity cut-backs at MALFINI have taken their toll on the 2020 CSR activities. Anyway, more than a half of the scheduled activities have been completed or at least implemented in part. A portion of the outstanding tasks have been transferred to 2021 while the rest of them have been scrapped.

At the same time, we supported 3 new projects with funds from our budgetary reserves.





BUDGETARY RULES

The minimum shares of the individual areas in the overall CSR budget are:

PROFIT 1%

PLANET 10%

POPLE INTERNAL

25% PEOPLE

EXTERNAL 40%

MALFINI, a.s.







PLANET



CARBON FOOTPRINT

In 2019 and 2020, we cut back on our carbon footprint by 680 tonnes of CO_2e compared to 2018.

GOALS AND ACTIVITIES

The two-year work on setting up the Company's carbon footprint monitoring system has been validated with the certification of the procedure and reported values (GHG Protocol Standard). Proper monitoring and awareness of the detailed levels of impact of specific activities gives us an opportunity to effectively design measures to reduce our Company's carbon footprint in the upcoming year.









FVE OSTRAVA

The photovoltaic power plant at our logistic centre has reduced our Company's emission footprint by 166 tonnes of CO_2 since the operation was launched. These savings are equivalent to planting 490 trees.

CNG VEHICLES

The evaluation of a pilot operation of a CNG-powered Škoda Octavia Gtec confirmed a **27% reduction in** CO₂ emissions with the simultaneous 49% cost savings.

CARBON FOOTPRINT

Since 2018, when our SCOPE 1 and 2 operations burdened the planet with 449.13 t of CO_2e , we have succeeded in reducing the absolute load with the implemented measures. In 2020, the restrictions put in place in the context of the pandemic had a positive effect in this regard.

Compared to 2018, which is regarded as the reference year, we reduced the carbon footprint at SCOPE 1 and 2 by 52% in 2020.

If we look at our Company's carbon footprint through the prism of ratios, then compared to the reference year 2018 we achieved a total reduction of 63% t of CO_2e per CZK 1 billion in revenues at SCOPE 1, 2 and 3.





PLANET 2020 AIMS

Identifying in what areas and in what ways the existence of our Company is a burden on the planet using standards applied in this area.

Identifying the existence of, and incorporating, a standard suited to MALFINI's needs

Figuring out the current state of the burden.

Setting out the method of measuring the burden, setting up improvement parameters

and devising a plan of improvement activities and measures in the PLANET area for the upcoming period.

Introducing a method of measuring and recording the measurement results.

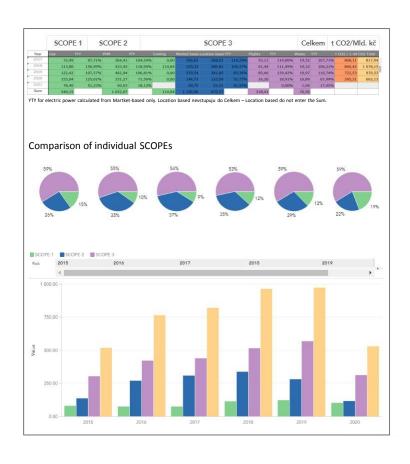
Setting the target improvement parameters.

Plan of improvement actions and measures of





CARBON FOOTPRINT



CARBON FOOTPRINT MONITORING

We have been monitoring our Company's carbon footprint ever since 2019. Based on the available data, we have been able to determine the values going back to 2015.

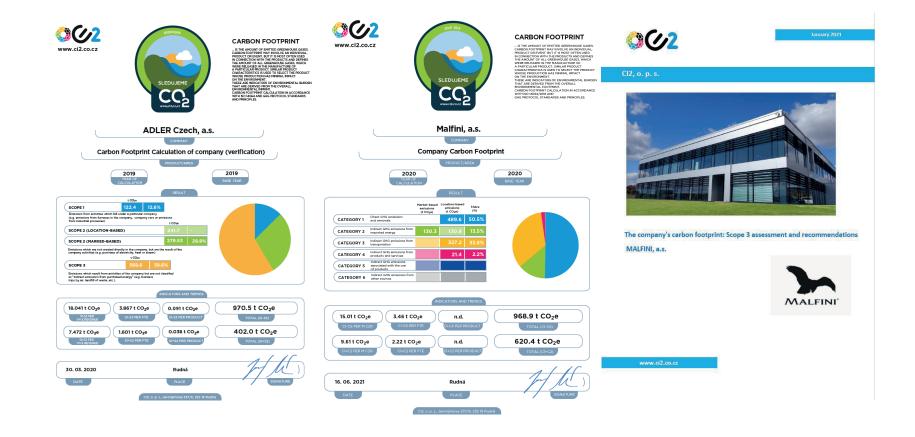
The report is available to employees in the BI reporting tool.

Carbon footprint is calculated according to the GHG Protocol and its accuracy is verified by a professional external company.

CARBON FOOTPRINT (*) **MONITORING**



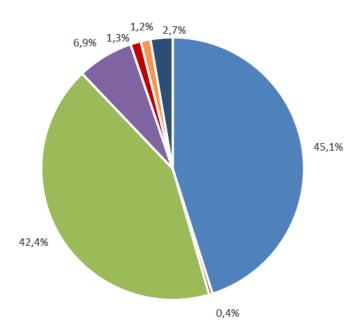




PRODUCT CARBON FOOTPRINT

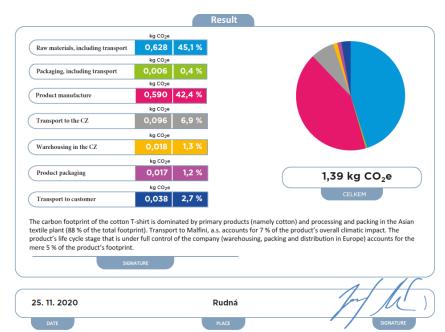


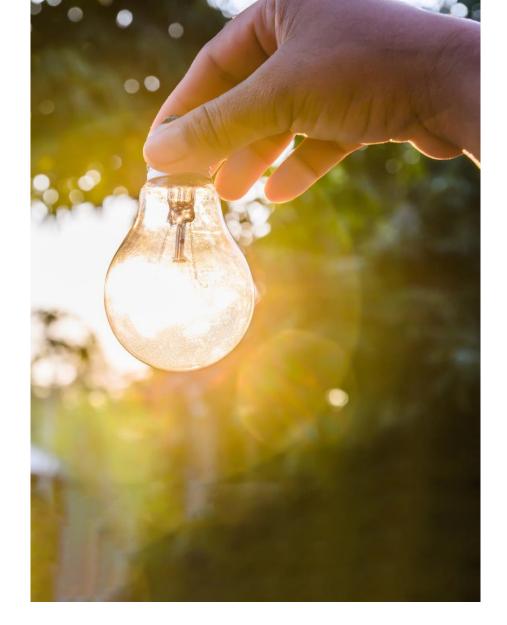




- Transport to the CZ
- Transport to customer
- Raw materials, including transport
 Packaging, including transport
 - Warehousing in the CZ
 - Product packaging

MALFINI Shirt (129 basic L)







MALFINI HARNESSES THE SUN

Corporate social responsibility, carbon footprint

Photovoltaic power plants in Ústí n. L. and Ostrava

Accumulation, batteries

Co-generation units

Smart charging

Measurement and control

MALFINI HARNESSES THE SUN



		Savings
Current day	44 kWh	23 kg CO2
Current year	4,4 MWh	2 tun CO2
Since project launch	319,2 MWh	166 tun CO2
F	Planted trees equivale	ent
	lantea trees equivale	





GREEN MALFINI



CO2 emission savings

Equivalent to planted trees



423 kg co2, that we saved the air



GREEN MALFINI Website

We communicate our core PLANET activities via https://www.greenmalfini.cz/.

As a novelty, online values from our photovoltaic power plants and co-generation units are published on the website.

MALFINI, a.s.

Oblouková 391, 403 40 Ústí nad Labem, Czech Republic www.malfini.com





OUR OWN ELECTRICITY AND HEAT

Savings from our own production of electricity and heat

In 2020, the electricity and heat produced at our two photovoltaic power plants (Ústí nad Labem and Ostrava) and two co-generation units resulted in savings equivalent to **441,794 kW**.

Technology	Savings in kW in 2020
FVE Ostrava	267,895
FVE Ústí	30,452
KGJ Ostrava	143,447

MALFINI, a.s.

Oblouková 391, 403 40 Ústí nad Labem, Czech Republic www.malfini.com





CNG VEHICLES

Based on a pilot project and verification of the calculated savings achieved as a result of switching from a conventional diesel-engine Škoda Octavia vehicle to a CNG-powered Škoda Octavia Gtec vehicle (27% reduction in CO_2 emissions with the simultaneous 49% operating cost reduction), we launched a project to switch to CNG vehicles.

With the 15 CNG vehicles deployed in our fleet over the coming 3 years, by 2023 we will have reduced our CO_2 emissions by 10% and our operating costs by 16%, across our fleet.

On an ongoing basis, we are looking into the possibility of using CNG vehicles in other countries where our sales representatives operate, but this is conditional upon the existence of a solid recharging infrastructure.

Trends in reduction,	2020 plan		2021		2022		2023					
in the upcoming years, in CO2	CO ₂ , diesel (t)	CO ₂ , CNG (t)	total	CO ₂ , diesel (t)	CO ₂ , CNG (t)	total	CO ₂ , diesel (t)	CO ₂ , CNG (t)	total	CO ₂ , diesel (t)	CO ₂ , CNG (t)	total
emissions as a result of the deployment of CNG	423	6	429	382	34	415	299	94	393	277	110	387
cars as per the approved plan (15 vehicles)												

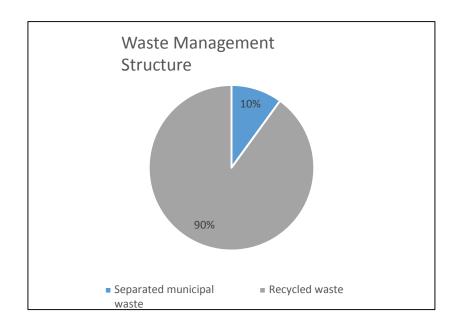
WASTE MANAGEMENT





WASTE RECYCLING

By thoroughly separating all waste generated at our Company, we achieve a 90% share of recycled waste.



LONG-TERM CSR AIM







MALFINI NEUTRAL CARBON FOOTPRINT BY 2030

MALFINI is committed to achieving a neutral carbon footprint at SCOPE 1 and 2 by 2030.







PEOPLE



Internal – employees

It was the activities in this area that took the biggest hit as a result of the pandemic.

The measures implemented in the Czech Republic made it impossible to organise such events as the good and dragon boat days.

Suburban summer camps for children were organised under stricter conditions.

To a limited extent, we organised the drinking regime and fruits for the employees, as well as the popular themed breakfasts.

External

Donorship and support for those who have landed in a difficult situation through no fault of their own have been part of our portfolio of activities for years. Long-term projects form the largest chunk of our activities. We have been cooperating on some of them since 2012. They include, for example, support for the oncology ward of the Regional Hospital in Ústí n. L, cooperation with the KlaPeTo Foundation, the Polanka Run for the neonatology ward in Ostrava and support for Čalantika (an educational centre in Dhaka, Bangladesh).

PEOPLE 2020 AIMS





Gathering ongoing feedback from employees.

Form, content and dates of gathering feedback

Evaluating proposals and proposed measures

Improvement activities and measures in the PEOPLE Internal area for the upcoming period.

Suggested improvement measures

Reviewing approved proposals

PEOPLE 2020 AIMS





Gathering ongoing feedback from partners and the public.

Defining the stakeholders we are going to reach out to.

Form, content and dates of gathering feedback

Evaluating proposals and proposed measures

Planning the financial framework for the PEOPLE External area (% of profit for the last period).

Backward-looking analysis of 2018 and 2019 activity costs

Compiling the 2020 financial plan

Planning the activities and measures to be implemented in the PEOPLE External area for the upcoming period.

Plan of CSR activities in





PEOPLE INTERNAL

THEMED BREAKFASTS

All themed breakfasts we have organised were very well received by, and generated a great deal of interest on the part of, our employees.

In April, we also successfully piloted an ONLINE breakfast.

Breakfast themes:

- . Insect breakfast
- Fashion and charity
- Coronavirus
- . Carbon footprint and photovoltaics Ostrava







PEOPLE EXTERNAL

ČALANTIKA

Similarly to previous years, we contributed CZK 200,000 to the ČALANTIKA educational centre in Dhaka, Bangladesh.

And what specifically did the money go into?

Thanks to our Company's contribution, all 80 Čalantika children have their annual tuition fee covered and will receive a hot and nutritious meal every day throughout the school year. The children were also happy about the educational trip, and all the pupils received a brand new uniform and school supplies covering the whole year of classes directly from members of the purchasing department. During the year, we also succeeded in sourcing support from our Asian business partners, thanks to which the training centre received another CZK 1.1 million.







PEOPLE EXTERNAL

ON TOUCH with Debra

We are proud our Company has been ON TOUCH with the Basic T-shirts from the very beginning. Liběna Rochová, Jitka Čvančarová and Lukáš Musil help, along with Debra and a score of other institutions and individuals, with already the third large campaign in support of people suffering from the butterfly wings condition.







PROFIT



Activities and aims

Except for the areas affected by the COVID pandemic, we adhere to and fulfilled the plan.

The successful MMS certification (MALFINI Management System) was a crucial step in this, topping off two years of work on the project. Ensuring the suitability, adequacy, efficiency and compliance of the MMS with the requirements of the ČSN EN ISO 9001 and ČSN EN ISO 14001 standards is a key factor in our further CSR work.

Budget implementation

We adhered to the approved CSR budget. We did not exceed the planned activity budget for any of the activities that were completed.

MEMBERSHIP IN ASSOCIATIONS





Association

We are members of a number of prestigious organisations such as:



ASO - Association of Social Response of the Czech Republic

The largest UN Corporate Social Responsibility (CSR) and Sustainable Development Goals (SDGs) initiative in the Czech Republic.



POPAI (Promotional Product Service Institute)

A global association of point-of-sale promotion professionals: advertisers, retailers, manufacturers and designers of POP materials, advertising agencies and others.



PSI (Promotional Product Service Institute)

The most important international association bringing together entrepreneurs operating in the field of promotional products.



Czech Management Association (CMA)

The only association in the Czech Republic that focuses exclusively on managers, regardless of their profession.





CERTIFICATION

Certification

Our products and services meet the most stringent quality standards.

We hold ISO 9001:2015, ISO 14001:2015, OEKO Tex, Global Organic Textile Standard (GOTS) and HV work wear certification, as well as

We are committed to corporate social responsibility; our suppliers are proud holders of BSCI (Business Social Compliance Initiative) and WRAP (Worldwide Responsible Accredited Production) certifications.

We hold Snižujeme CO_2 certification.





licences covering the use of the Supima®, Nanotex®, Cordura® and 3M brands.











CERTIFICATION

Vision for 2021-2024

The CSR philosophy is an integral part of our DNA. In 2021, we are planning on conducting a CSR audit and setting long-term goals in CSR certification (see below for the norms/standards being considered).

Relevant certification and non-certification CRS norms and standards:

ISO26000 - corporate social responsibility standard (a non-certified standard).

AA8000 - globally recognised corporate social responsibility standard, primarily dealing with the PEOPLE component.

ČSN 010391 - national certification standard laying down requirements for the corporate social responsibility management system.

Environment-friendly product - Czech eco-label used under the national environmental labelling programme.

AA1000 - international standard used in checking companies' credibility as regards economic, environmental, social and ethical responsibility.

 $\textbf{\textit{GRI}} - internationally \ recognised \ and \ regularly \ updated \ \textit{CSR} \ reporting \ method.$



PROFIT





2020 TOP Environmentally Responsible Company AWARD

All 55 independent jurors coming from various backgrounds were impressed with our great hybrid photovoltaic system with the batteries and co-generation units installed in the Ostrava logistics centre. The BSP TOP Responsible Company 2020 is the most prestigious award in sustainable business and corporate responsibility.

OTHER AWARDS

Other awards we have earned in connection with our CSR activities include: Coronavirus fighting hero

1st place in the Ústí region Responsible Company of the Year competition

3rd place in the Ústí region Company of the Year competition

1st place in the Project Innovation of the Year category in the LOG-IN competition,

1st place in the Eco-Eco category of the Impulse Logistics competition 1st place in the Smart Energy category of the Innovation for Sustainable Development Awards competition



PROFIT – 2020 GOALS





The strategic goals are in line with the shareholders' assignment.

The Company's strategy is approved by the shareholders.

The values, codes and visuals of the corresponding corporate culture are defined and approved by the shareholders.

The shareholders approve the corporate values and codes.

Visuals of the "corresponding corporate culture".

The shareholders approve the visuals of the "desirable corporate culture".

Setting up continuous monitoring of the state of play in attaining the strategic goals, adherence to Company values, the code and the state of corporate culture and addressing any "negative deviations" identified.

Monitoring attainment of the strategic goals

Setting up monitoring of compliance with the corporate values, the code, and identifying the state of the corporate culture

Proposed measures to eliminate any "negative deviations" from the desired state and approval thereof

2021 CSR AIMS





Tactical goal	Task
CO2 emissions reduction in SCOPE 2	Organise a tender for renewable energy supplies (green electricity)
CO2 emissions reduction in SCOPE 3 (fuel)	Increase the share of CNG company cars to at least 10 %
CO2 emissions reduction in SCOPE 3 (fuel)	Increase the use of company electric vehicles on business trips and fulfil the annual mileage plan of 15,000 km – 20,000 km.
Expansion and setting of the CO2 measurement system in SCOPE3 by	Selection, setting of the measurement system and inclusion of key factors in
major factors based on the overall life cycle of a typical product	SCOPE 3
Expansion and setting of the CO2 measurement system in SCOPE3 by	Setting of target parameters and measures
major factors based on the overall life cycle of a typical product	
Expansion and setting of the CO2 measurement system in SCOPE3 by	Implementation of the measures
major factors based on the overall life cycle of a typical product	
The strategic aims are in line with the shareholders' assignment	Chairman of the Board approves the company's 2021 CSR strategy as part of
	the company-wide strategy
Corporate values, codes and corporate culture are in line with the	Defining the communication strategy in the strategy, CSR strategy, corporate
company's strategy	culture, values and codes areas
Corporate values, codes and corporate culture are in line with the	Monitoring of the attainment of strategic aims
company's strategy	
Corporate values, codes and corporate culture are in line with the	Monitoring of the attainment of strategic aims
company's strategy	
Planning the CSR financial framework	Revision of the CSR financing framework (% of profits) for all activities, including
	approval by the statutory director
Certification	CSR audit by an external consultant
Certification	Selection of the certification standard, action plan for securing the certification
Certification	Monitoring of the fulfilment of the action plan tasks
Continue, in an ongoing basis in developing the existing philanthropy	Develop the existing continuous supporting activities as per the assigned
activities with a view to increasing the company's prestige and developing	budget
its competitive edge	
Continue, in an ongoing basis in developing the existing philanthropy	Scale up philanthropy activities in the <u>Ústí</u> Region – towards ICUK and the
activities with a view to increasing the company's prestige and developing	Severní Terasa borough
its competitive edge	

2021 CSR AIMS





Tactical goal	Task
Contribute to the development of CSR within the Czech Republic and foreign regions through philanthropy and communication with stakeholders, with the annual increase by one activity in the territory where the company operates with a view to increasing the company's prestige and developing its competitive edge	As part of development, establish cooperation with SOS villages in Moravia
Sound corporate culture with engaged teams, motivated employees, and sophisticated leaders	Development and training programme for the TOP management Selection of instructors and organising the courses themselves
Sound corporate culture with engaged teams, motivated employees, and sophisticated leaders	Diagnostics of the corporate environment Mapping the profile of the corporate culture, team engagement and management style
Sound corporate culture with engaged teams, motivated employees, and sophisticated leaders	Diagnostics of the corporate environment Establish, on the basis of an analysis of the results, what types of culture and management style are the most appropriate for the company, compare with the current state and propose measures
Sound corporate culture with engaged teams, motivated employees, and sophisticated leaders	Diagnostics of the corporate environment Mapping the profile of the corporate culture, team engagement and management style
Sound corporate culture with engaged teams, motivated employees, and sophisticated leaders	Diagnostics of the corporate environment Establish, on the basis of an analysis of the results, what types of culture and management style are the most appropriate for the company, compare with the current state and propose measures
Sound corporate culture with engaged teams, motivated employees, and sophisticated leaders	Company-wide teambuilding with an emphasis on experiencing the corporate values and team work. Preparation and realisation of the company-wide teambuilding
Contribute to the development of CSR within the Czech Republic and foreign regions through philanthropy and communication with stakeholders, with the annual increase by one activity in the territory where the company operates with a view to increasing the company's prestige and developing its competitive edge	As part of development, establish cooperation with SOS villages in Poland



THANK YOU

MALFINI, a.s. CSR Team