

ESG Policy

Mayoral Group



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mayoral

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1. Introduction

The aim of the Mayoral Group (hereinafter, "Mayoral") is to create quality garments, accessories and footwear ensuring compliance with health and safety standards and with sustainability as an intrinsic value.

Mayoral's aspiration to build a better company has led us to design a strategic Sustainability Plan to generate a positive impact on our customers, employees, supply chain and the planet. This Policy is based on the sustainability pillars (environmental, social and governance, known as ESG) and the **United Nations Sustainable Development Goals** and is complemented by specific Corporate Social Responsibility procedures and the Sustainability Manual for our suppliers and manufacturers.

Mayoral is firmly committed to incorporating new sustainability policies into everyday working practices and our supply chain and this commitment is established under the **#ecofriends** project, which encompasses a full statement of intent and applies to any environmentally and socially responsible product or action.



At the beginning of 2022, Mayoral joined the **Sustainable Apparel Coalition (SAC)**, the main global alliance for reducing environmental impact and promoting social justice throughout the textile value chain and developer of the Higg Index, a holistic measurement standard that assesses ESG impacts and drives the development of sustainability in the textile, apparel and footwear industry. The BRM (Brand and Retail Module) tool helps to trace the roadmap for continuous improvement in the sustainability pillars:

- **Environmental:** biodiversity, climate, chemicals, waste and water.
- **Social:** workers, employees, consumers and communities.
- **Governance:** structure & management and ethics & behavior.

These actions and initiatives towards a more sustainable future have inspired the creation of this Policy. In this way, Mayoral assumes the commitment that all its activities will be carried out in a way that respects people and the environment, favouring socially responsible work environments, the conservation of biodiversity and the sustainable management of natural resources.

2. Principles

Under the criterion of continuous improvement, Mayoral incorporates new policies and processes in all areas of its business for the sustainable development of its activity, adapting to the demands of society in this area.

To put this Policy into effect, Mayoral is undertaking compliance with and enforcing compliance with the following principles in its supply chain, offices and distribution centres:

1. **Compliance with the applicable legislation** in the different countries in which it operates, as well as with other obligations that may be established to minimise, as far as possible, the potential impact of its supply chain non both natural resources and people.
2. **The identification of the possible risks** associated with its activity, to be able to prevent them.
3. **The consideration of environmental and social variables** throughout the supply chain for the development of its activity, promoting the environmental awareness of stakeholders, with special attention paid to the responsible management of resources, the minimisation of waste and the protection of biodiversity.
4. **Conservation of the environment**, through the implementation of new policies and processes for the reduction of greenhouse emissions, consumption of natural resources and waste, and the management of potentially hazardous chemicals.
5. **Ensuring the broadcasting of this policy** to all employees and other stakeholders.
6. **The establishment of fluid communication channels** with stakeholders to ensure compliance with this policy.

3. Communication of the ESG Policy

Mayoral has various tools to guarantee transparency in its communication with stakeholders, including the following:

- **The non-financial Annual report**, which details the company's commitments and progress. The audit of this information ensures that the information provided is transparent, relevant, accurate and truthful.
- **The corporate website** (www.mayoral.com), which complements the Sustainability information with policies and other related documentation and serves as a support for the non-financial Annual Report.

4. Design



Due to the people at whom the collections are aimed and the special care they require, the Sustainability and Health & Safety team of the Product department provides, within its control and verification processes, **continuous training** to the design team under these premises; with the aim of carrying out a detailed review, from the first sketch to the industrialisation process of the prototypes and thus guaranteeing that the final product is in accordance with the applicable legislation and the Sustainability standards designed by the company.

For the creation of a new garment, it is essential to consider, in addition to the creative development by Design, the knowledge of materials, processes and the requirements and alternatives to increase the useful life or facilitate the recycling of the product.

Likewise, all suppliers and manufacturers have access to Mayoral's procedure guides on the web, related to the sustainability of products and processes, such as the Product Safety Guide, which includes all the Physical, Chemical and Mechanical Safety regulations.

Mayoral **carries out strict quality controls** on its garments to guarantee their durability. Likewise, in certain products, spare trimmings are included so that customers can repair the garment in case of loss of elements such as buttons, brooches... In this way, the useful life of the product is extended.



5. Choice of materials



The choice of materials is fundamental in the design process. In line with its sustainability objectives, Mayoral **promotes the use of materials with a lower environmental impact.**

Mayoral requires sustainable, recycled or certified organic origin to ensure the traceability of the product.

On the other hand, Mayoral promotes the use of other certified sustainable raw materials with their own name such as TENCEL™ Lyocell, Lenzing™ Ecovero™.

Mayoral has the [#ecofriends](#) Requirements Guide that establishes the minimum content of certified material required for a garment to be considered sustainable.

The Sustainability team works closely with the creative team and **provides** the necessary training to ensure that their approach, as well as being commercial, is environmentally and socially friendly in both materials and manufacturing.



Mayoral identifies the **materials that are most commonly used** to establish plans to improve sustainability in products and processes, so that its actions have a significant impact, setting ambitious goals. For example, the business group develops specific projects for the responsible and sustainable management of resources related to the extraction and transformation of cotton, its fundamental raw material, up to the manufacture of the garment. Since early 2023, Mayoral is part of Better Cotton to improve cotton production worldwide.

Mayoral requires suppliers and manufacturers **to comply** with its Code of Conduct, health and safety requirements and animal welfare policy. **All production factories of the Mayoral group must be audited** from both a social and environmental point of view, paying special attention to those factories that produce more sustainable products.

Mayoral also asks its suppliers and manufacturers **to use sustainable sources in their packaging materials**, to encourage recycling, reuse and efficient use of energy, as well as compliance with the **European directive 2018/852** concerning the management of packaging, the content of hazardous substances and the disposal of these products.

6. Supply chain



Sustainable supply chain management is key to ensuring a responsible production and consumption model.

Through the application of purchasing, traceability and reporting policies and standards, Mayoral ensures compliance with sustainability principles throughout the supply chain.

All manufacturers, workshops and other entities that collaborate in the production of Mayoral's collections must comply with the principles that, always in accordance with the applicable local regulations and legislation, ensure decent working conditions for workers, as well as a commitment to protecting the environment.

Mayoral's **traceability strategy** includes management systems, monitoring and awareness programmes for suppliers, manufacturers, and traceability audits, managed both by its internal teams and by external auditors and specialists.

Each supplier must be aware of its supply chain and must inform each supplier and manufacturer involved of Mayoral's **social, environmental and product health and safety requirements**.

Mayoral provides its suppliers and direct manufacturers with **training and support** with the aim of transmitting the company's values, contributing to the achievement of social and environmental changes and improvements in the textile industry in those countries where its products are manufactured.

Suppliers and manufacturers who are candidates to form part of Mayoral's supply chain are previously evaluated to ensure that they comply with the **Code of Corporate Social Responsibility and Sustainability for suppliers**.

Under the umbrella of environmental sustainability is the **efficient use of resources**, and as such, the use of water and energy must be understood as such. Mayoral promotes the efficient use of water, the use of technologies that use the least amount necessary and ensures that its suppliers and manufacturers with wet processes have water treatment plants in their supply chain.

Mayoral is also accelerating the adaptation of its logistics centres and chain of shops to an **eco-efficient model**, and encourages all its suppliers (logistics, energy) to use technologies to obtain the highest energy efficiency and the lowest impact on GHG emissions.

7. Compliance



Mayoral, as part of its philosophy of compliance with the regulations applicable to its activities, has a **Compliance Management System** that, although mainly focused on crime prevention, allows it to comply with its Compliance obligations and with its commitment to behaving with integrity and maintaining its current ethical business culture. This system includes Mayoral Group Code of Ethics, which regulates an Ethics Committee and a Whistleblower Channel to ensure compliance.

Mayoral's Compliance Management System is **based on risk analysis and management** and has been developed considering the activities carried out by the business group in Spain and its international subsidiaries, the typology of its products and customers, its regulatory context, its geographical location and the procedural culture existing in the organisation.

The adoption of this Compliance Management System is not only the natural result of Mayoral's way of doing and understanding business, but it is also the necessary instrument to guarantee that all its regulatory risks are managed correctly.



In this sense, and to ensure compliance with this Code of Ethics, the Ethics Committee may act on its own initiative or at the request of a manufacturer, supplier or a third party with a direct relationship and legitimate commercial or professional interest through a complaint made in good faith.

To this end, as part of the Compliance Management System, Mayoral considers it essential that all its Senior Management and all employees receive adequate **training** in Compliance.

Communications made under this Code, whether they contain complaints of non-compliance or queries regarding its interpretation or application, may be sent to the company through any of the following means:

- Ordinary mail to the address: Calle La Orotava N° 118, CP 29006 Málaga to the attention of the Compliance Department/Ethics Committee.
- Web form: <https://forms.office.com/e/fVSV4nYUqm>

8. Ethical Trading



Mayoral is firmly committed to the working conditions of the people who participate in any way in the production process of its products:

With its **employees**, to offer them decent, stable and quality employment that identifies their potential and enables their internal promotion.

With its **suppliers**, to comply with a Code of Conduct that guarantees decent working conditions.

With **society**, through a programme of participation in non-profit organisations.

With the **environment**, through a policy which respects the natural environment by reducing emissions and waste.

Mayoral is looking for partners who operate in an environment of legal compliance, respect for employees and safety at work. For this purpose, it follows an approval and control procedure for suppliers and manufacturers to ensure that they comply with the basic principles of sustainability in which the company believes.

To meet these objectives, Mayoral follows a Corporate Social Responsibility policy that applies to suppliers, partners and Mayoral employees so the whole supply chain is involved. This policy is based on the following principles and values in accordance with the company's **Code of Conduct and Ethical Values; the Ethical Trade Initiative (ETI) Base Code**, and the Supplier Ethical Data Exchange Organization (SEDEX) systems:

- FORCED LABOR AND CHILD LABOR
- DISCRIMINATION
- EXCESSIVE LABOR JOURNEYS
- HARSH OR INHUMANE TREATMENT
- SALARY PAYMENT
- FREEDOM OF ASSOCIATION AND COLLECTIVE NEGOTIATION
- SAFE AND HYGIENIC WORKING CONDITIONS
- ENVIRONMENTAL AWARENESS
- TAX OBLIGATIONS AND SOCIAL CHARGES
- AUTHORIZATIONS

All companies involved in any Mayoral supply chain process, including our firms and partners, as well as employees and Senior Management, must comply with the requirements without exceptions. The Mayoral Group and each of the parties in the supply chain are fully responsible for ensuring an environment of compliance, respect for employees and safety at work.

9. Product health and safety



Mayoral has implemented **a product safety policy** that is generally applicable and mandatory for all garments, shoes and accessories supplied by Mayoral. This policy is based on both current product safety legislation and a strict risk assessment.

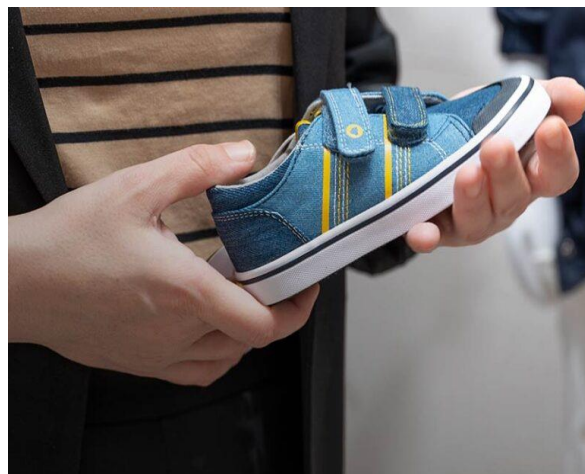
Mayoral products are evaluated from the initial design phase until they are put on sale. This evaluation includes 3 main parameters:

- **Physical safety** factors, relating to the study of the behaviours of certain fabrics against fire, as well as the presence of adjustable cords and ropes.
- **Mechanical safety** factors, with the aim of assessing the gripping of small parts and Sharp and/or pointed elements.
- **Chemical safety** factors, to prevent and control the use of harmful chemicals.

To verify the correct compliance with its product safety standard, Mayoral carries out exhaustive controls of its own and in cooperation with **international laboratories accredited according to ISO/IEC 17025 in the countries of manufacture.**

When an item fails to comply with safety requirements, a root-cause study is carried out to understand what has happened, to prevent future non-compliance and to consider further improvement measures.

These health and safety standards are accessible to suppliers and manufacturers as well as internal staff and are set out in our **Product safety guide**, which is available in two languages and subject to continuous revision. It is published twice a year, coinciding with the start of the summer or winter season. However, this period is extended if new legislation and/or recommendations arise.



The safe product standard arises from the compilation of the applicable national and international legislation on health and safety together with Directive 2001/95/EC on general product safety, with the aim of covering all the countries where Mayoral sells its fashion, footwear and accessories

collections. The guide is divided into three parts: physical, mechanical and chemical requirements.

In terms of the **physical parameters**, aspects that could lead to entrapment and/or strangulation are regulated, so that the dimensions of lanyards and ropes are limited. The reference standard for controlling physical parameters is EN 14682:2014. Likewise, within physical safety, the fire behaviour of fabrics is controlled, especially in sleepwear.

For the **mechanical parameters**, the EN 71-1:2014 standard on toy safety is used as a reference to control elements that could cause suffocation due to easy detachment or those that could cause injuries such as cuts and/or scratches, which is totally unacceptable.

The last section of the guide deals with **chemical requirements**. This part focuses on explaining each of the chemical substances that are restricted or banned in the final product, giving a brief explanation of what these substances are, their toxicology, where non-compliances are most likely to be found and what the maximum acceptable limits are. Mayoral's list of restricted substances has been extended for the 2019 financial year. Mayoral products are required to comply with the European REACH Regulation (Registration, Evaluation, Authorisation of Chemicals) No. 1907/2006 in force since 2007 together with the Consumer Product Safety Improvement Act 2008 (CPSIA) and the National General Technical Safety Code for Textile Products (GB 31701: 2015), among other mandatory standards.



10. Descarbonización y circularidad



Mayoral's philosophy, as far as a sustainable business model is concerned, is based on making **efficient use of the resources** it uses.

Mayoral's actions to reduce energy consumption, reuse water and ensure proper waste management (reduction, reuse and recycling) are closely related to the **decarbonisation of its supply chain**, which contributes to the reduction of global warming and its consequences.

Circularity is the main tool for moving towards decarbonisation, and for this, it is important to apply eco-design techniques that help to extend the useful life of the product and/or maximise its recycling.

Mayoral is committed to circularity and therefore collects used garments in selected shops and at its headquarters in Malaga. In addition, it aims to close the circle by reusing its surplus textile manufacturing to produce new products.

Mayoral **optimises its stocks** and has various marketing channels for its products to guarantee the minimum volume of unsold surplus. These initiatives include the donation of garments to non-profit organisations and the sale of unsold surplus to wholesale customers. Information on donations is documented in the annual Donations Report.

The criteria of efficiency is also applied to its logistics operations, which use sea transport as the main means of transport for the shipment of the business group's products to its logistics centre. Mayoral collaborates with leading logistics companies that measure the carbon footprint in their procedures and have ambitious decarbonisation plans. The alliance with the logistics supplier Maersk allows us to reduce the carbon footprint of maritime imports thanks to Maersk ECO Delivery service, applicable to all containers used and which provides direct carbon savings.



