

## Sustainability and Social Responsibility Agreement

This Sustainability and Social Responsibility Agreement (the "Agreement") is entered into on this M day of July, 2024 (the "Effective Date"), between NANIMARQUINA, S.L., a company specialized in designer rugs, registered and having its head office in Spain at address Calle Esglesia, 4 Barcelona 08024 with legal representative Maria Piera Marquina as Deputy General Manager (hereinafter referred to as the "Company"), and [REDACTED], a company involved in the artisanal rug manufacturing, registered and having its head office in India at address [REDACTED] INDIA with legal representative [REDACTED] (hereinafter referred to as the "Supplier").

### Recitals:

- A. The Company and the Supplier have a pre-existing contract (the "Contract") for the supply of rugs and related products.
- B. The Company is committed to sustainability and social responsibility, aligned with its Environmental, Social, and Governance (ESG) strategy.
- C. The Company and the Supplier aim to align their goals in sustainability and social responsibility to ensure eco-friendly and socially responsible rug manufacturing.

### Agreement:

#### **1. Sustainability:**

In this section, the Supplier commits to sustainable practices that focus on responsible water management, waste reduction, circular practices, and responsible energy use.

##### 1.1. Water Management:

1.1.1. The Supplier will gradually increase the number of facilities with post-dyeing filtration processes, will use this as a criterion for selecting collaborators and involve efforts to enhance the effectiveness of these post-dyeing filtration processes.

1.1.2. The Supplier commits to ensuring the correct use of Ecosheen & Jutex, a biodegradable and chemical-free product, in the cleaning of all rugs requiring washing to protect people and the planet while simultaneously conserving water resources.

##### 1.2. Circular Practices:

1.2.1. The Supplier commits to implementing waste reduction measures and promoting recycling and circular practices, including the collection, classification, and recycling of waste generated from the manufacturing process.

1.2.2. The Supplier further commits to progressively improving the planning of dyeing and yarn procurement to reduce surplus materials.

### 1.3. Responsible Energy Usage:

1.3.1. The Supplier will make efforts to use energy responsibly in its manufacturing process.

1.3.2. The Supplier commits to studying the feasibility and implementation of renewable energy sources in its manufacturing process, with support and guidance provided by the Company.

### 1.4. Animal Welfare:

1.4.1. The Supplier commits to adhere to local and international animal welfare laws in all production processes involving animal-derived materials.

1.4.2. Materials derived from animals must meet recognized ethical sourcing standards, prioritizing those with certified ethical origins.

## 2. Social Responsibility:

This section outlines the Supplier's commitment to socially responsible labor practices, safety measures, workforce development, diversity, and transparency.

### 2.1. Labor Practices and Safety:

2.1.1. The Supplier shall adhere to local labor laws, including fair wages, working hours, and the complete abolition of child and forced labor.

2.1.4. Protection of Vulnerable Groups: The Supplier commits to upholding policies that protect vulnerable groups within the workforce.

2.1.2. The Supplier will provide a safe and healthy working environment for its employees.

2.1.3. The Supplier will enforce the use of masks in the finishing of the rugs to prevent the inhalation of wool particles.

2.1.4. The Supplier will enforce the use of masks and gloves in the application of latex for the backing of the tufted rugs to prevent inhalation and direct hand contact.

2.1.5. The Company will provide awareness signage for safety and assist in the management of necessary safety equipment.

## 2.2. Workforce Development and Engagement:

2.2.1. The Supplier will invest in workforce development to enhance skills and career growth opportunities within the weaving and finishing sector of rug manufacturing.

2.2.2. The Supplier will provide equal opportunities for career advancement and skill development for all employees.

2.2.3. The Supplier will allow for anonymous surveys to assess employee satisfaction and employee turnover.

## 2.3. Diversity and Inclusion:

2.3.1. The Supplier commits to refraining from discrimination during the personnel selection process, solely based on job-related characteristics.

2.3.2. The Supplier will actively promote diversity and inclusion within its workforce and collect demographic data through anonymous surveys.

## 3. Transparency and Reporting:

3.1. The Supplier agrees to provide the Company with annual reports outlining its progress in achieving sustainability and social responsibility goals.

3.2. The Company may, at its discretion, conduct audits or request third-party audits of the Supplier's facilities to ensure compliance with this Agreement. Audit costs will be covered by the Company.

3.3. Both the Company and the Supplier acknowledge the dynamic nature of sustainability and social responsibility practices and agree to a regular review mechanism to ensure the Agreement remains effective and relevant.

## 4. Termination:

4.1. If the Supplier fails to make significant progress or demonstrate substantial efforts to achieve the commitments outlined herein within a reasonable timeframe, the Company may initiate the process of finding alternative suppliers aligned with their sustainability and social responsibility goals.

4.2. Upon identification of non-compliance, the Supplier and the Company shall collaborate to establish a continuous improvement plan to address the identified issues and enhance performance in alignment with sustainability and social responsibility goals.

4.3. Either party may terminate this Agreement in the event of force majeure circumstances that make it impossible to fulfill the commitments set forth herein. Termination due to force majeure shall occur following consultation and negotiation between the parties.

**5. Miscellaneous:**

5.1. This Agreement is an integral part of the previously signed Contract between the Company and the Supplier and shall be treated as an annex to the Contract.

5.2. Any modifications or amendments to this Agreement shall be in writing and signed by both parties.

5.3. This Agreement shall be governed by and construed in accordance with the laws of [Applicable Jurisdiction].

IN WITNESS WHEREOF, the parties hereto have executed this Sustainability and Social Responsibility Agreement as of the Effective Date.

**Nanimarquina**

Signature: [Redacted]

Name: MARIA PIERA

Date: July 1st, 2024

**nanimarquina**

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**Nani Marquina, S.L.**  
NIF. B-58468521

Signature: [Redacted]

Name: [Redacted]

Date: 10-07-2024