



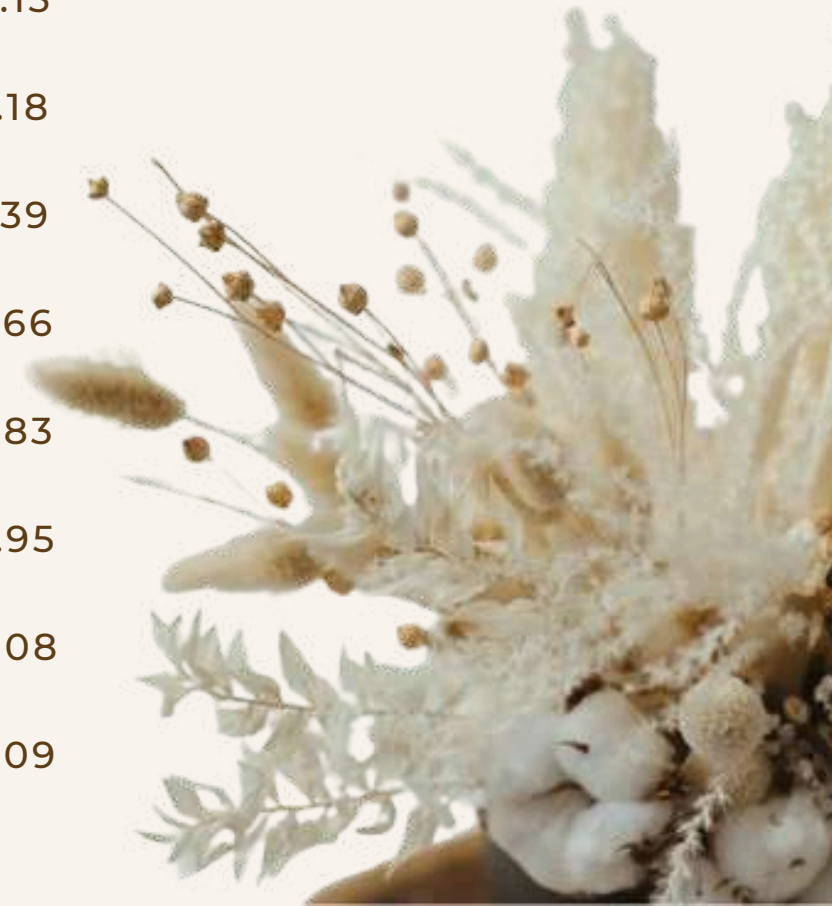
E. Miroglio's Sustainability

Summary

A message from our Chief Executive Officer.....	3
About this Report	4
About E. Miroglio	7
Our Philosophy	13
Environment	18
Social Responsibility	39
Governance	66
Our Employees	83
Finances	95
Final Words	108
GRI Index	109



by EDOARDO MIROGLIO



A Message from Our CEO

We are proud to share our report, dedicated to the environment, the social responsibility and the governance (ESG) for 2023. It outlines the efforts that we put in our will to be more sustainable in our business practices. We sincerely believe that the work on our ESG report is meaningful, taking into account everything related to the company like the nature; the professionals we hire; the raw materials we buy; the products we manufacture; the partners we work with and the principles we follow. We impartially evaluate the efforts made over the years to strive for better practices. It is imperative to be responsible towards our planet not only because our conscience does not allow us to do otherwise, but also because our influence is significant. We realize that our work in the production of fabrics and yarns has a great impact, not only on the nature, but also on the



lives of the many workers to whom we owe our success. The informed and dignified attitude towards these aspects however is unattainable without good and trusted management structure. This is why we have decided to spend the year 2023 thoroughly collecting and analyzing data pertaining to our sustainability. During this period, we are pleased with our growth, but we also notice the need for future efforts, the results of which will guide us towards a more sustainable business. We declare our intention to continue the search for ever better practices.

Thank you for being a part of our journey towards a greener and more responsible future in which to grow our business!



Gaetano Rimini
Executive Director of "E. Miroglio" EAD

About This Report

In our unwavering commitment to transparency, accountability, and responsible business practices, we compiled our Environmental, Social, and Governance (ESG) report for the year 2023. This important document summarizes our journey towards sustainable textile production, emphasizing our dedication to the well-being of the planet, our communities, and the structure of our company.

A Pioneering Endeavor:

This report symbolizes a significant leap forward as we integrate sustainability into the very fabric of our operations. Recognizing the imperative to address environmental, social, and governance considerations, we have invested considerable resources in assembling a dedicated team. This team, equipped with diverse skills and a shared passion for sustainability, has tirelessly collaborated to meticulously compile and analyze data, ensuring the accuracy and comprehensiveness of this report.

Human Capital for a Sustainable Future:

In pursuit of our sustainability goals, we have expanded our human capital, hiring individuals specifically focused on encouraging sustainable practices within our organization. These new employees, alongside the team that we already had, were trained to bring a wealth of innovation, contributing to the weaving of a greener and socially responsible future for our company.



About This Report

Navigating the Path of Progress:

As a textile producer of fabrics, yarns, and garments, we understand the interconnectedness of our industry with the broader ecosystem. This report serves as a roadmap, outlining not only our current sustainability initiatives and achievements, but also the path forward. It encapsulates our efforts to reduce our environmental footprint, enhance social impact, and fortify governance structures, ensuring that our stakeholders are informed about our journey towards a more sustainable and ethical future.

Transparency in Action:

This ESG report reflects our dedication to transparency, inviting our stakeholders to delve into the details of our journey towards sustainability. We acknowledge the importance of open communication and stakeholder engagement in fostering trust and collaboration.

In the spirit of the continuous improvement, we welcome feedback and dialogue, viewing this report as a living document that will evolve with our efforts for better practices. Together, let us embark on this transformative journey, “knitting” a sustainable legacy for generations to come. That is why you can always contact us at:

milena.ivanova@emiroglio.com or gaetano.rimini@emiroglio.com



Our Strategy

The ESG strategy for the company is suggested and discussed on the highest management level and is passed down the chain. Monitoring of ESG issues is carried out under the leadership of the department of Ecology, Labor Safety and Fire Safety. Awareness of the importance of environmental and social issues and the company's desire to achieve a high level of sustainability, define our company policy.

Building on what has been achieved so far and the continuous pursuit of improvement is the guiding principle in our strategy and you can find our sustainability policy on the website of “E. Miroglio” EAD.

All the key first steps taken towards achieving sustainability demonstrate our commitment to the cause.



A close-up photograph of a woman with dark hair, wearing a blue long-sleeved shirt, focused on sewing. She is using a white industrial sewing machine with a prominent oval logo on the side. Her hands are positioned to guide a piece of dark fabric through the machine's needle and foot. The background is a blurred factory floor with other sewing machines and workers, suggesting a busy manufacturing environment. The lighting is soft and focused on the work area.

About E. Miroglio

Brief History of “E. Miroglio” EAD

The family “E. Miroglio” EAD carries over 120 years of experience in textile and fashion.

In the mid-'90s, “E. Miroglio” EAD, a leader in the international textile market, initiated its first investment in Bulgaria, focusing on reducing production costs and strategically positioning itself in proximity to all European markets, ensuring easy access to technical and technological support.



Since 2006 the company has undergone significant expansion and a comprehensive renewal. Currently, “E. Miroglio” EAD stands as one of the leading European textile companies.

The project began with the acquisition of the historic textile factory “Slitex”. This strategic investment positioned the Corporation as a leading producer of worsted, woolen fabrics and yarns.

Today, “E. Miroglio” EAD comprises of five production and corporate units, located on the territory of Bulgaria.

Executive director of the company is Dr. Gaetano Rimini, who together with his team, driven by their passion, strive towards consistent delivery of quality and innovation to customers worldwide.

Production Sites

Is a distinguished provider of textiles to with a rich history in the fashion industry. With its diverse collections, we have proven our precision and innovation over the years.

Our production activity is carried out in 4 production bases:

- Production site „Lana“, Sliven includes five specialized departments: *“Carded spinning”*, *“Worsted spinning”*, *“Weaving”*, *“Dying”* and *“Finishing”*
- Production site “Knitting”, Sliven includes two specialized departments: *“Knitting”* and *“Confection”*
- Production site Yambol includes three specialized departments: *Cotton Spinning*, *Wool Spinning and Dying*
- Production base Sofia - designs and manufactures clothing models



Production Sites

“E. Miroglio” EAD is a guide towards high achievements in the textile industry, offering a combination of tradition and modern high-tech production methods in all our bases.



In 2014, our company embarked on a strategic initiative to enhance our product offerings, introducing a new line of printed fabrics known as **Line SEM** (Stampa Edoardo Miroglio). This endeavor led to the establishment of an in-house creative development and design team within our group, dedicated to providing our customers with a comprehensive, vertically integrated and exclusive range of woven and knitted fabrics.

Substantial investments have been made in cutting-edge inkjet printing technologies, catering to both natural fibers and polyesters.

Today, SEM proudly produces five distinct collections, featuring the production and printing of approximately 2000 designs annually. Our dedication to quality and sustainability is unsurpassed. The company is certificated by the standards OekoTex, FSC, BSI, OCS, and GRS. These certifications serve as a testament to our continuing commitment to deliver exceptional quality and services to our valuable customers, lead by their desire for achieving sustainability in the markets.



DiKa presents an extensive collection of women's apparel, fully crafted in Europe, embodying a legacy of over 25 years in the fashion industry. Renowned for seamlessly blending unparalleled craftsmanship with cutting-edge innovations in the textile sector, DiKa stands as a testament to quality and style.

In 2017, DiKa became a proud member of "E. Miroglio" EAD

Our ready-made products reach the market through our own "Dika" stores, located in Sliven, Burgas, Sofia, Plovdiv, Varna and Veliko Tarnovo.



Our diverse range of models caters to various aspects of the modern people's lifestyles, showcasing various looks from corporate attire to sporty-elegant.

Our Philosophy

The distinguishing characteristic that have enabled “E. Miroglio” EAD to count include almost all major global brands among its customers is the consistent and systematic ability to be proactive.

The highlights of the “E. Miroglio” EAD project

The emphasis placed by "E. Miroglio" EAD, are in conflict with the production of fast-moving textile products. The company has shown consistent growth, quickly establishing itself next to the global leaders in the production and sale of sustainable yarns, fabrics, knits and clothing in just a few years. This includes a high level of specialization and special attention to the human factor. Our corporate philosophy is based on the belief that the advanced technologies, the unceasing pursuit of excellent quality, sustainable raw materials and finished products are essential, combined with the unwavering enthusiasm, passion and dedication of our employees.

We believe that this is the only to meet all conditions to guarantee sustainable growth.

Marketing and Labeling

Marketing

Being one of the largest textile companies on the Bulgarian market, "E. Miroglio" EAD has a well-established marketing department, which leads marketing communications with the company's customers, whom the company regards with great importance. The company strives to satisfy their needs as much as possible by offering them the most suitable products from various product lines.

Other than that, it also takes into account their recommendations and strives to continuously improve its items, as well as introducing new ones. The company strives to provide complete, clear, reliable and up-to-date information about its economic, social and environmental impact to its stakeholders.



Labeling

"E. Miroglio" EAD informs about the overall content of the products offered by the company in compliance with the international regulations for goods labeling and does not mislead its current and potential customers. **For the period of 2023, the company has not registered any incidents related to unfair labeling of its products.** Marketing information is updated periodically to meet market and regulation requirements.

"E. Miroglio" EAD cares about communication with its customers and strives to answer their questions related to the product characteristics, the ecological and social impact they have on nature and the society throughout its entire life cycle.

The company has no registered incidents related to incomplete or misleading communication of company products.



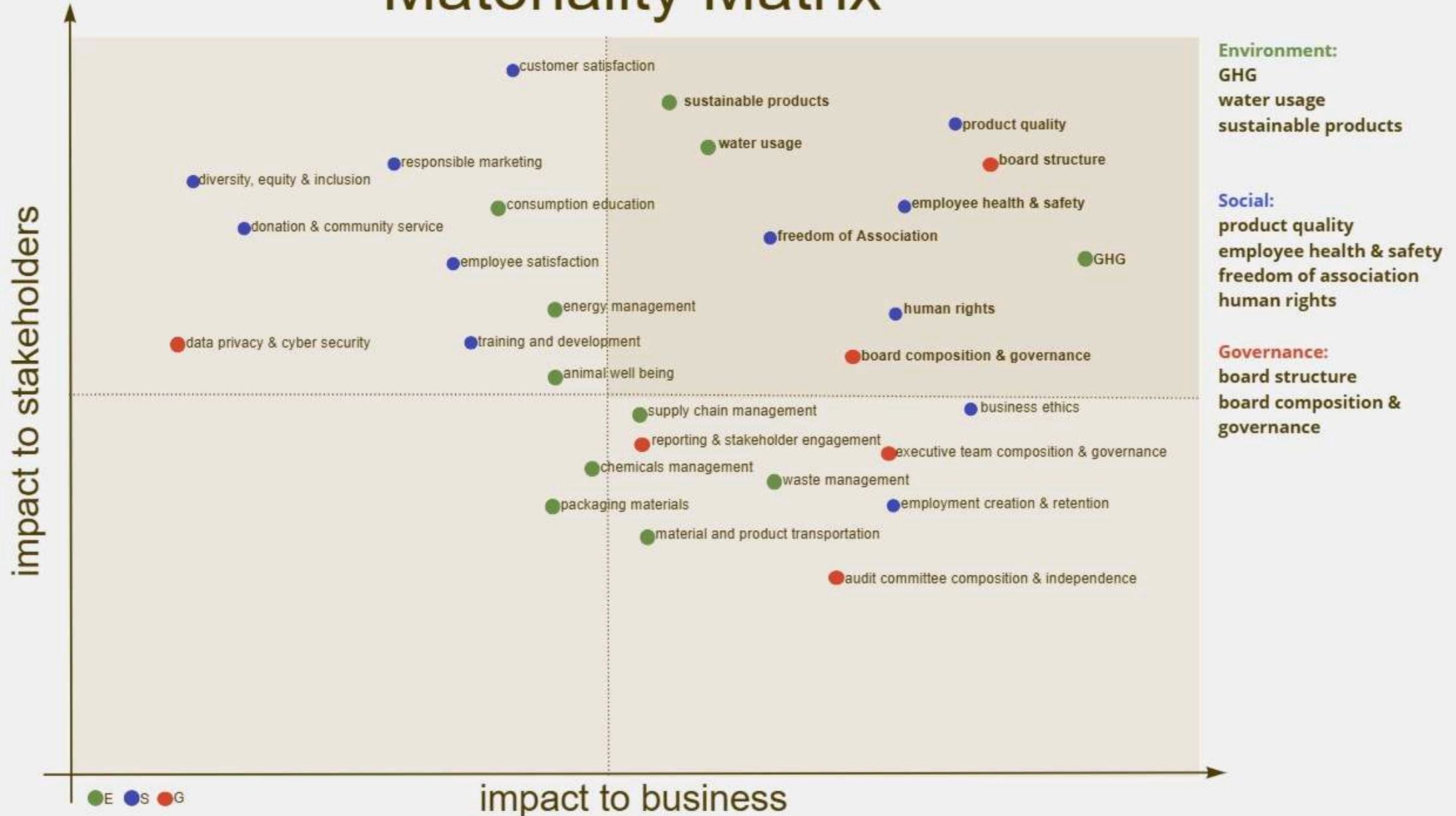
Materiality Matrix



As part a part of our vision for environmental and social sustainability (ESG), we conducted a survey among our loyal customers, part of our employees and valued supply chain partners. The results of the materiality assessment form the basis in formulating our ESG strategy. It helps us highlight topics of key importance of our business and informs us about decisions that fit our time and resources.

We consider a topic material (essential), if it contributes significantly to environmental, economic or social issues, or if it influences the decisions of our company's stakeholders. The materiality assessment serves as a framework and standard in achieving greater transparency and accountability, meeting the expectations of our stakeholders. It is reflected in our efforts for sustainable development and our commitment towards society.

Materiality Matrix



Materiality Matrix

In the following lines we will present the main material topics and their role in our ESG report.

1. Environmental:

The topics: reduction of carbon footprint, management of water resources, sustainably produced products, reduction of deforestation and protection of biodiversity take central position in our materiality matrix. Through innovations in production processes and an active approach to green technologies, we strive to contribute to the protection of the environment and the climate.

2. Social Responsibility:

In the area of social responsibility, our key topics include ensuring healthy and safe working conditions, decent pay, production of quality products, ensuring freedom of association and protection of the human rights. Creating positive social values and promoting people's health care is the core of our strategy.

3. Governance:

In the governance category, the following topics are focused: structuring the board and ensuring independent composition of the audit committee. We work diligently to maintain high standards in our stakeholder relation and to ensure that our business practices reflect the best ethical and governance standards.

These topics from the materiality matrix are not presenting only accountability, but rather a basis for long-term strategy. We continue to upgrade these commitments in all aspects of our business, in order to create a sustainable and successful future for us, our stakeholders and the planet.



The background is a wide-angle landscape photograph. In the foreground, there is a vast, flat green field, likely a crop field. In the middle ground, there are rolling hills and mountains under a clear blue sky. A flock of birds is flying in the sky, positioned above the word 'Environment'.

Environment

Environment

The company is committed to sustainable development and environmental protection. We believe that the long-term success and the well-being of our company and society as a whole depend on the responsible management of natural resources and minimizing our environmental footprint. In the context of our environmental sustainability strategy, we have identified the key areas that are most significant to our business and stakeholders.

Emissions Reduction: Limiting carbon emissions and other pollutants; implementing innovative technologies for cleaner production.

Sustainable Products and Materials: Developing and using environmentally friendly materials and products; promoting sustainable practices throughout the supply chain.

Water Consumption: Our goal is to optimize water usage by implementing state-of-the-art technologies and practices that reduce our water footprint. We regularly monitor and analyze water consumption to identify and realize opportunities for further reduction.

Chemical Management: We adopt strict measures for the control and management of chemicals used in our production processes. Our policy includes the use of safe and environmentally friendly raw materials, while simultaneously reducing the risk of pollution and harmful impacts on the environment and on human health.

To achieve our environmental sustainability goals we continuously invest in new technologies and methods that reduce our environmental footprint and improve efficiency. We have implemented strict monitoring and accountability systems that allow us to track our environmental impact and comply with international standards. We encourage our employees to adopt sustainable practices through training and internal campaigns, which also include skills for handling chemicals.



Environmental Management System

An environmental management system involves a comprehensive approach aimed at fostering sustainable practices within the company. Our primary goal is to minimize the environmental impact of operations while ensuring compliance with relevant regulations. This process requires a commitment to continual improvement and a systematic approach to identifying, monitoring and managing environmental aspects. One of the initial steps in this journey is establishing a clear set of environmental objectives and targets. These objectives dictate the strategic mission and strategic goals, emphasizing sustainability and responsible resource management. This commitment is essential to promote changes in our organization promoting environmental awareness on all hierarchical levels.



A key aspect of the system involves conducting a thorough environmental aspect and impact assessment. This involves identifying the activities, products, or services that interact with the environment and evaluating the potential environmental consequences, developing a comprehensive plan to reduce negative impacts and take advantage of opportunities for improvement.



Environmental Management System

In order to improve awareness regarding the environment and the importance towards the individual contribution, we have undertaken effective communication and training programs. Furthermore, our company established a robust framework for compliance with legal and regulatory requirements.

This involves regular monitoring of applicable environmental laws and regulations to ensure that we remain in full compliance. Developing a proactive approach to legal compliance not only minimizes the risk of discrepancies but also reinforces the organization's commitment to ethical and responsible business practices.



The company has premade procedures, policies and records that describe “E. Miroglio” EAD's environmental management processes. Documentation serves as a reference point for employees, auditors and other stakeholders, ensuring transparency and accountability in environmental practices. Continuous monitoring and measurement of environmental performance are integral to the success of the environmental management system. Regular audits and assessments help identify areas for improvement and provide valuable insights into the effectiveness of implemented measures. In summary, the environmental management system requires a holistic commitment to sustainability, involving strategic planning, employee engagement, legal compliance, documentation and continuous improvement. The end result is not only a reduced environmental footprint but also achieving a more sustainable management organization aimed at long-term success in a rapidly evolving business market. Our company is certified by **ISO 14001: 2014**, attesting to our unwavering dedication to environmental management and sustainable business practices.

Environmental Management System



Our production sites are located in the industrial zones of populated areas, where natural ecosystems have been irreversibly changed for many decades.

Because of which we cannot influence the biodiversity on the territory of the enterprise.



OEKO-TEX STeP

Implementing and adhering to a sustainable and environmentally responsible production standard involves a comprehensive process aimed at achieving multiple objectives. The primary goal is centered around fostering a manufacturing environment that prioritizes ecological integrity and minimizes the environmental footprint associated with textile production. In order to achieve sustainable production practices, we are committed to following the environmental aspects of each stage of production. This commitment includes a thorough evaluation of the entire manufacturing process, from raw materials to their end user.

Other than that, the implementation of strict inspection and control procedures is essential to ensure compliance with sustainability standards. It assesses the environmental impact of production processes and identifies areas for improvement. These assessments cover all environmental aspects including energy consumption, water consumption and waste management. Achieving environmental sustainability in production processes is essential for the company. To achieve sustainable development, we conduct external research that guides us to undertake development efforts that include the discovery and adoption of the latest environmental technologies and practices. We invest in innovations that not only meet but exceed the strict criteria established by sustainability standards.



OEKO-TEX STeP

A commitment for continuous improvement ensures we remain at the forefront of environmentally responsible practices, contributing to a positive and long-lasting footprint on the planet.

The company is certified according to the **OEKO-TEX** standard, which is proof that it fulfills its commitments. Our responsibility towards sustainable environmental practices is shown by the achieved level according to **standard 3 of OEKO TEX STEP**





FSC Standard



The basis to this initiative is the commitment to reduce the environmental footprint associated with deforestation activities. First of all, our customers can be confident that products conforming to this standard comply with strict environmental and social regulations. The initiative leads to the reduction of deforestation, supports the protection of natural habitats and biodiversity in forest ecosystems. Socially, it protects the rights of indigenous people and supports fair working conditions in forest stewardship.



Through this certification, we not only implement these principles, but also demonstrate an unwavering commitment to the acquisition of global implementation of responsible and sustainable practices in the sourcing and production of wood and paper products.

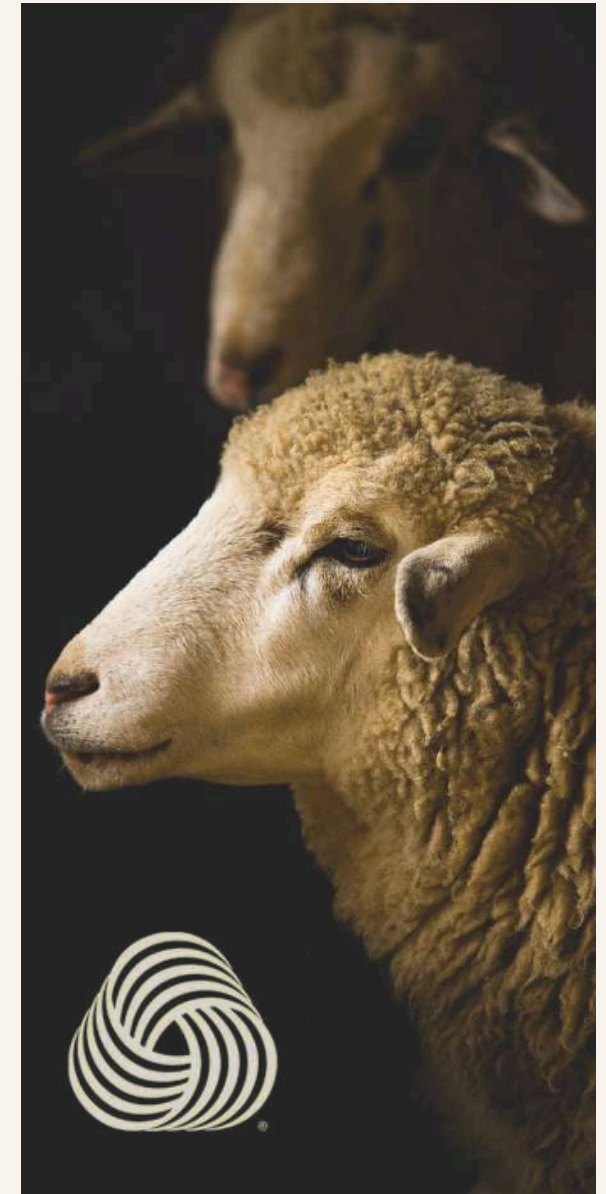


Certificate Woolmark

The initiative to protect the highest standards in wool production involves comprehensive effort to ensure the quality, sustainability and ethical sourcing of wool fibers. Our purpose is driven by our commitment to support the wool industry, promote responsible practices and provide consumers with confidence in the authenticity and excellence of wool products.

This includes a commitment to the best practices on biodiversity, environmental protection and quality assurance throughout the wool supply chain. The focus is on creating a standardized approach that not only meets the highest industry standards, but also integrates responsible and ethical aspects into every phase of wool production. Central to this initiative is the commitment to promote sustainable and ethical practices in every phase of wool farming, a requirement for the responsible and humane treatment of animals.

In our unwavering commitment to strive for the highest standards in wool production, all of our commitments and efforts are certified and verified through the introduction of this certificate. Through it, we demonstrate an ongoing commitment to advance the global adoption of sustainable practices in wool production, providing stakeholders with certainty that our processes contribute to a more sustainable and ethical future for the wool industry.



ZDHC Gateway

The web-based platform used by the global textile, apparel and footwear industry, released in July 2017, is designed to share verified wastewater and sludge test data, based on tests conducted by ZDHC Accepted Laboratories and in accordance with the ZDHC Wastewater Guidelines. Wastewater test data of “E. Miroglio” EAD can be found on the ZDHC Gateway website.

The main objective is to create and maintain an effective system for monitoring and managing the quality of the waste water and sludge generated by our production processes. This includes a commitment to the sustainable management of water discharges into water basins.



Participation in the platform is a testament to the company's commitment to researching the types and amounts of chemicals and pollutants present in wastewater and the overall impact on the local bodies of water. This initiative includes a commitment to adopting cleaner manufacturing processes and sustainable chemical management.

The company's aspiration is the use of environmentally friendly chemicals that do not pose risks to the environment. The company has extremely modern wastewater treatment plants at its sites in Sliven and Yambol. The water discharge is suitable to be reused. Collaboration with suppliers, producers and local communities is essential to create a seamless and integrated approach for responsible wastewater and sludge management.

Water Circularity

Protection of clean water resources is an essential part of our strategy for sustainable development. To minimize the impact of our operations on the environment, we have implemented an ultrafiltration system. This technology allows us to recycle part of the industrial waste water and reuse it in production.



Ultrafiltration is a highly efficient method that reduces operating costs and contributes to reducing our environmental footprint. The implementation of ultrafiltration is a key step in our sustainable development strategy. We will continue to invest in innovative technologies and practices that support sustainable water management and contribute to a healthier planet for the future generations.

Ecological suppliers

Influence on the environment

Being one of the big companies in the country, “E. Miroglio” EAD knows its influence on the environment it operates in by taking into account not only the manufactured products, but also the behaviors and practices of its business mode.

Our requirements for quality towards the suppliers, communications with clients, care for the employees - all of that changes the whole environment, that we work in, on a local, national and international level.

We manage the business in full compliance with the legislation, while aiming for these changes in our surroundings to be positive. We work directly with manufacturers and suppliers, in order to manage the full extent of our influence on the environment and public.



Code of ethics

Compliance with our Ethical Code of Conduct is part of our requirements for working with our suppliers, while requiring of them to meet the pre-determined minimums in terms of social and environmental standards.

Intensive development of the textile and fashion sector leads to not only production of even better quality products, but also to bigger impacts on the environment. That is why the company has an integrated requirement for all raw materials to be certified by specified standards. In this way we help for our supplied raw materials to be product of a safe, ecological, social and sustainable production.

As a result of our purposeful work with our suppliers, we managed to recommend our clients certified products, this way all of our suppliers, that adapted our code of conduct, have a mechanism to help manage their influence on the environment.



Ecological suppliers

Ecologically clean raw materials

We work with suppliers, who understand the importance of the topic and together with us undertake steps to manage better their influence on the environment. Together with them we develop projects for improvement in the packaging on products of our own brands, while requiring a supply of packagings with ever higher percent recycled materials.

Applying of even more sustainable production models is essential and a starting point in the development of the monitoring and encouragement of activities for the enrichment of ESG culture, which the company undertakes as an opportunity with the suppliers for the creation of mutual benefits.

Through the requirements towards the suppliers, the company defines guidelines to limit their influence on the environment - from procuring the materials to their usage - and respecting the human rights and working conditions of the workers, employed throughout the value chain.

The commitment of the company is to aim for minimizing of its ecological influence as much as it is transferred to our supply chain. Whenever a new supplier is chosen, it is preferred to have trade relations with the one that carries the least risk for the environment and the social policy.

In the inner information system is kept data on all the firms, that have signed contracts, conditions and so on.



Ecological suppliers

Ecological evaluation of suppliers

Once a year, the companies providing goods and services are evaluated, and the criteria are according to the introduced standards

ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and SA 8000:2018.

This includes information on whether the supplier has:

- an integrated and certified management systems in place,
- a signed ethical code of conduct,
- signed policies regarding environment, work health and safety
- a main region for work

Companies can be checked/audited by the *Ecology, Health and Fire Safety department* at any time, including through information published on the Internet. Representatives of the company can carry out inspections by visiting the counterparty's address and report to the Executive Director about the discrepancies.



If deviations from the initial risk assessment are found (e.g. certification or participation in work safety and environmental initiatives) an adjustment is made to the assessment.

In the event that suppliers with significant negative impacts on the environment are identified, they are not allowed to enter into contractual relationships. In order to renew future partnership talks, these companies will have to fully demonstrate the elimination of these negative influences, as well as the actions taken to prevent future ones. This is required by our company throughout the supply chain.

In 2023, we have no identified suppliers with actual or potential environmental impact.

Greenhouse Gas Emissions



The carbon footprint is a measure of the impact of human activities on the environment, particularly on climate change. It serves as an indirect indicator for the consumption of energy, products and services by measuring the amount of greenhouse gases corresponding to a specific activity or product. In the case of a company, the carbon footprint determines the amount of greenhouse gases associated with its operations.

The calculation of the carbon footprint of "E. Miroglio" EAD was carried out in accordance with the international standard greenhouse gas protocol. This is the most widely used tool for calculating greenhouse gas inventories for companies and organizations. It enables the company's management not only to measure emissions but also to subsequently plan and manage their gradual reduction, aiming to enhance the competitiveness and environmental sustainability of the company's activities.

This section of the report contains a summary of the greenhouse gas inventory results for "E. Miroglio" EAD for 2023 within the agreed scope. This is the our first carbon footprint calculation. The results in the report are categorized by units. All emission sources from Scope 1 and Scope 2 are included and for Scope 3 - only those applicable to the company and for which information is available are considered.



Greenhouse Gas Emissions

■ Scope 1 - 3,5% ■ Scope 2 - 11,04%
■ Scope 3 - 85,46%



The carbon footprint report of "E. Miroglio" EAD reveals that the largest share of greenhouse gas emissions comes from other indirect emissions in Scope 3, amounting to **325,052 tCO₂e**. Indirect emissions from Scope 2 account for 11% or **41,998 tCO₂e**, and direct emissions from fuel combustion represent the smallest share at 4% or **13,312 tCO₂e**.

The most significant source of direct emissions in 2023 was the consumption of natural gas, totaling **6819.94** thousand cubic meters for the year. This is due to the company's production activities being entirely dependent on this type of fuel, and currently, it is not cost-effective to replace it with an alternative energy source. In comparison, the burning of transportation fuels is significantly lower and does not lead to a substantial increase in the carbon footprint.

As a result of the calculations and the implementation of a policy to optimize fuel costs, the company's efforts will focus on reducing consumption and consequently achieving a lower carbon footprint in Scope 1.

The primary source of indirect emissions is the electricity consumed by the production units and administration of "E. Miroglio" EAD. The total consumption for 2023 is **59,672.864 MWh**. Another significant source of emissions is the steam purchased from "TEC Sliven" EAD, amounting to **63,675 MWh** in 2023.

Greenhouse Gas Emissions

- 3.1. Purchased goods and services - 0,7%
- 3.2. Raw materials for manufacturing - 94,2%
- 3.3. Fixed assets - 1,7%
- 3.4. Fuels and energy - 3,1%
- 3.5. Waste management - 0,2%
- 3.6. Bussines travels - 0,1%
- 3.7. Employee commuting - 0,1%



In its effort to reduce its carbon footprint, "E. Miroglio" EAD begins an annual process of collecting and summarizing data, which in the form of reports will track trends over the years and encourage processes for resource cost optimization, production modernization, and increasing the environmental friendliness of the final product.

Achieving environmental savings will lead to the creation of suitable conditions for improving the standard of living.

Greenhouse Gas Emissions

Future Plans

Based on the 2023 greenhouse gas emissions report, "E. Miroglio" EAD identifies the main sources of emissions in scopes 1, 2, and 3. These are natural gas, electricity, and raw materials used in the production process. The current plan aims to outline specific steps and measures to reduce the company's carbon footprint in the coming years.

"E. Miroglio" EAD is committed to reducing its carbon footprint through innovation, optimization, and sustainable practices. Despite the challenges, the company will continue to seek new ways to reduce emissions and increase energy efficiency. These efforts will not only contribute to environmental protection but also improve the competitiveness and sustainability of the business in the long term.



The future plans for reducing the carbon footprint of "E. Miroglio" EAD include the following:

- Procurement of raw materials with sustainability certificates and/or ecological raw materials
- Use of specialized treatment facilities to remove toxic substances
- When purchasing new machinery and equipment, lower energy consumption will be observed.
- Dyeing of entire batches, reducing water consumption due to the lack of need for washing dyeing machines after each dyeing.
- Proper selection of color palettes (from light to dark) to reduce water consumption.

You can review the entire GHG report here:



Greenhouse Gas Emissions

During 2023, on our work site in Sliven (LANA), 10 new pine trees were planted. The company has inherited perennial trees and continues to maintain the species. In 2024 “E. Miroglio” EAD plans to purchase and plant new species on its territory in order to lower CO2 emissions. Plant species specialists will be engaged for the project to advise on suitable specimens for our sites.

We strive to balance all the impacts that our operations may have and for this reason we are committed to preserving and maintaining the ecosystems.



No protected species from the Red List are observed on the territory of the company.

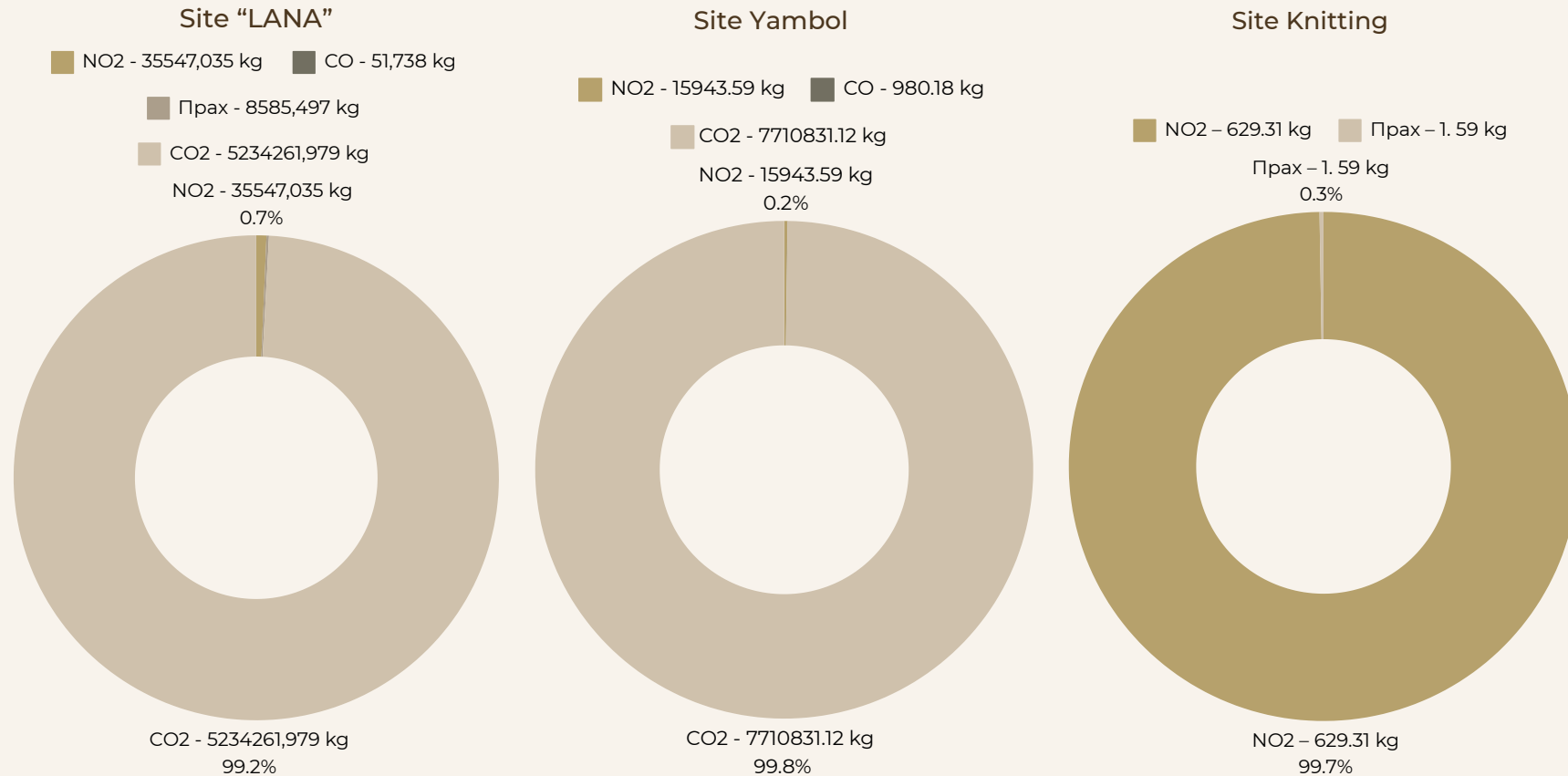
Emissions from ODS, NO_x, SO_x and other significant air emissions

The company does not produce, import or export ozone-depleting substances.

The use of ozone-depleting substances is solely for the purpose of cooling, and the systems are hermetically sealed and inspected by an external licensed company. Every inspection is reported to the Ecology and Water Regional Inspection.

In accordance with the approved monitoring plan, the company periodically measures emissions of NO_x, SO_x, dust and CO.

With the measurements made for 2022 and based on the working hours for 2023, the values are calculated:



The company uses an organic solvent in a completely dry cleaning closed system, with no drainage to the environment.

Waste

Annual report on quantities of packaging placed on the market
January - December 2023

Plastics LDPE, HDPE	3212.36 kg
Paper and cartons	77349.37 kg
Wood	62142.73 kg



Mixed waste

Sliven - LANA	181.12 t
Sliven - Knitting	18.56 t
Yambol	120.1 t

Raw fibers

Sliven - LANA	583.78
Sliven - Knitting	18.020
Yambol	153.38

The company has a contract with a licensed company for the utilization of the generated waste as a result of the packaging placed on the market. Through this collective system, we ensure that we have met our targets for 2023.



by EDOARDO MIROGLIO

Social Responsibility

Social Responsibility



At “E. Miroglio” EAD, we understand that our success is inextricably linked to the well-being of our employees, the communities in which we operate and society as a whole. Our commitment to social responsibility is reflected in our efforts to create a supportive and inclusive work environment, contribute positively to our communities and uphold the highest standards of human rights and ethical conduct.

Production Quality: Our textile production is characterized by high quality, thanks to strict control and attention to every detail. We use the best materials and innovative technologies to ensure the durability and aesthetics of our products. Our efforts also include striving to eliminate all substances and practices harmful to human health.

Health and Safety: Providing a safe and healthy work environment is our top priority. We comply with all requirements to comply with safe and healthy working conditions, including providing regular training to our employees to reduce risks and prevent accidents. We invest in the professional development of our employees through various training programs that aim to develop their skills and competences regarding health and safety in the workplace.

Freedom of Association: We support the right of our employees to join professional organizations and express their opinions freely. We believe that this dialogue is key to building a positive and productive work environment. Everyone has the opportunity to participate in these associations, but even if they choose not to, the decisions included in the collective agreement affect everyone.

Human Rights: We believe that every person deserves to be treated with dignity and respect. We comply with all international human rights standards and work actively to prevent discrimination and exploitation. We provide equal opportunities for all employees, regardless of their gender, race, religion or other personal characteristics. We believe that diversity is a key factor for innovation and success. We foster a culture of inclusion and respect by supporting various initiatives to raise awareness and understanding among our employees. We maintain high ethical standards in all our activities and strive to be a responsible corporate employer.

Social Responsibility System

Enforcing and embracing an all-encompassing social responsibility framework entails a thorough process geared towards nurturing ethical business conduct and safeguarding employee welfare. This endeavor demands a steadfast dedication to upholding basic human rights, advocating for equitable labor standards and fostering a secure and encouraging workplace atmosphere. The company is certified by the worldwide recognized standard SA 8000, which proves our desire to introduce and maintain a socially responsible management structure in the organization.

The main principles of the standard are: the prevention of child labor and discrimination, as well as the promotion of fair pay and reasonable working hours. For each workplace, it is mandatory to comply with all legal requirements or requirements by the standard, as a voluntary initiative complying with requirements higher than necessary helping the positive influence on the employees.

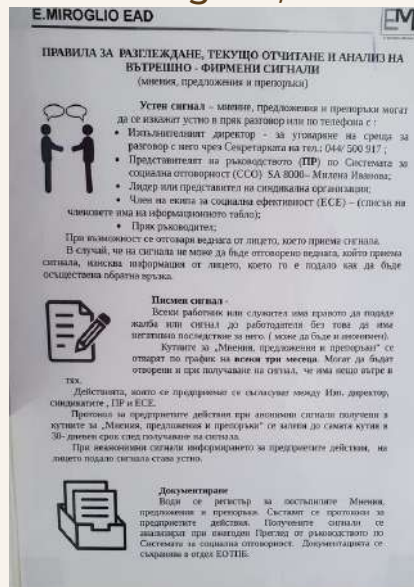


Social Responsibility System

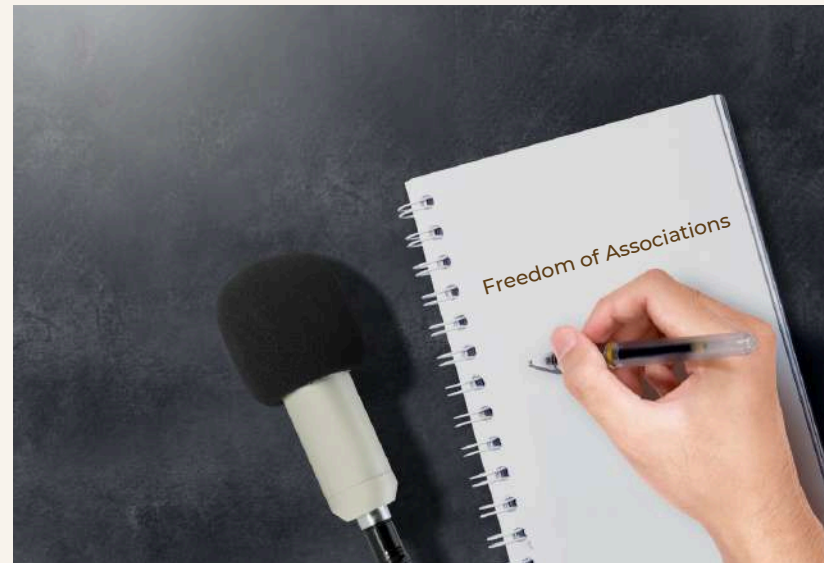
The system implementation process begins with a thorough assessment of existing policies and practices in the organization. This includes identifying areas that require improvement to harmonize with the intended social goals. Employees are trained on the importance of ethical behavior, human rights and our commitment towards social responsibility.

The company carries out regular inspections, regarding the requirements and assessment of labor practices, in accordance with the standard. The company communicates with all stakeholders and employees through a clear and transparent mechanism. In this way, we have the opportunity for improvement and continuous development, drawing experience from the other participants in the social dialogue.

“E. Miroglio” EAD works in full compliance with the current laws and regulations adopted on the territory of the Republic of Bulgaria, the European Union and on a global scale.



Freedom of Association



We strive to create a working environment that not only meets but exceeds labor rights and freedom standards. A key aspect of our corporate culture is ensuring the freedom of association for all our employees.

Freedom of association is a fundamental right recognized by the International Labour Organization (ILO) and is a core principle in our company. We firmly believe that the right of employees to unite in unions and other professional organizations is crucial for their well-being and the development of fair and sustainable labor practices.

We actively support and respect the activities of the two main trade union organizations in Bulgaria – the Confederation of Labour "Podkrepa" (CL "Podkrepa") and the Confederation of Independent Trade Unions in Bulgaria (CITUB). We maintain an open dialogue with representatives of these organizations, which allows us to meet the needs and expectations of our employees. Our partnerships with CL "Podkrepa" and CITUB are based on mutual respect and a shared goal of improving working conditions in the factory.

Anti-Corruption Policy of “E. Miroglio” EAD

“E. Miroglio” EAD is against corruption and illegal practices in all their forms and does not offer, pay, or accept bribes or engage in any corrupt actions in its dealings with government authorities, foreign officials, and the commercial market. The company does not engage in bribery or any form of unethical inducement or payment. The company does not tolerate such behavior from its staff, suppliers, business partners, or government or municipal authorities. This policy must always be considered when establishing new business relationships through mergers, acquisitions, the creation of joint ventures, or connections with new clients and suppliers. In such new relationships, the company requires careful assessment of the ethical behavior and reliability of each business partner.

The guiding principles of “E. Miroglio” EAD regarding anti-corruption are: the elimination of opportunities for:

1. Abuse of official position for personal gain;
2. Requesting, offering, giving, or accepting, directly or indirectly, a bribe or any other benefit;
3. Abuse of trust, delegation of authority, or entrusted property for the purpose of obtaining personal gain;
4. Promising, giving, or requesting a sum of money, item, or service of high value with the intent to influence actions or decisions.



Anti-Corruption Policy of “E. Miroglio” EAD

Prevention of:

1. Receiving Bribes - Offering, promising, or requesting, agreeing to receive, or accepting a benefit to carry out an action.
2. Facilitation Payments - Informal payments intended to guarantee or expedite the performance of a routine or necessary action that the company has a legal right or obligation to perform.
3. Connections with Officials and Lobbying - Relationships with government structures, ministers, and other officials to obtain a license, conduct business, secure public contracts, etc.
4. Giving and Receiving Benefits - Refers to all types of gifts.
5. Political Donations - Direct or indirect donations to political parties, organizations, or politicians.
6. Charitable Donations and Sponsorship - Support, sponsorship, or funding of social and community activities that generally align with the company's commercial goals and values.
7. Conflict of Interest - A situation in which two or more competing interests conflict and impede the ability to make objective and unbiased business decisions.
8. Misuse of Assets - Providing company assets or those managed by it, such as funds for additional pension insurance, to officials or clients for their personal use.



Anti-Corruption Policy of “E. Miroglio” EAD

Actions by Employees, Clients, Suppliers, Subcontractors, Insurance Brokers, and Other Counterparties of “E. Miroglio” EAD in Cases of Corruption:

Any employee, client, or supplier of “E. Miroglio” AD who becomes the subject of corrupt practices or becomes aware of or has reasonable suspicions of corrupt practices is required to report the incident directly to the Executive Director. Reports can be submitted in writing, via email, and/or by requesting a hearing regarding the matter. Reports may also be made anonymously. It is necessary to clearly and comprehensibly describe the incident and explain the nature of the act and the reasons why it is deemed corrupt in accordance with this Policy.

THIS ANTI-CORRUPTION POLICY IS MANDATORY FOR ALL EMPLOYEES, CLIENTS, AND SUPPLIERS OF THE COMPANY!



Supplier Selection Policy

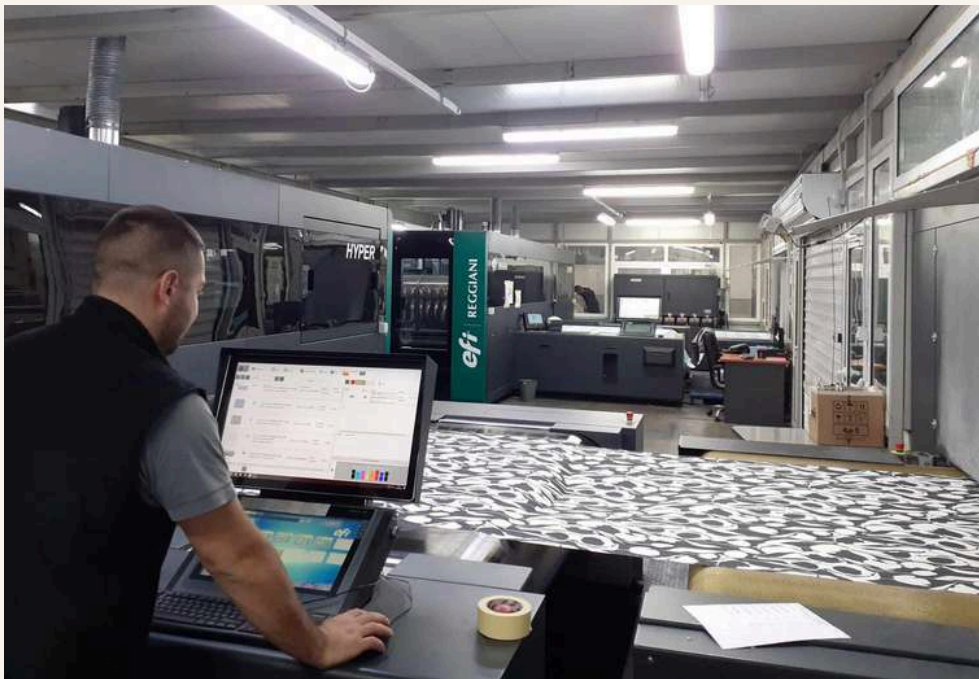
All of our suppliers with a turnover exceeding 5,000 BGN are required to undergo evaluation. Part of this assessment includes a social criterion. From this perspective, suppliers are obligated to sign an ethical code of conduct. When conducting the social evaluation of our suppliers, we consider whether publicly available information can be found about them online, the region/continent they are located in, and whether they have implemented social standards or have undergone social audits. Suppliers from EU countries, where there are bans on child labor, discrimination, and similar issues, are considered low-risk.

The company informs its suppliers that they may be subject to checks for compliance with social requirements at any time, and any critical non-compliance may affect business relationships. We encourage our business partners to implement our social policy throughout the supply chain.



Market presence

"E. Miroglio" EAD is concerned about the economic well-being of its employees and the workers working on the territory of the company sites. This concern is expressed in the fact that all employees of the company, regardless of their gender and nationality, receive a starting net remuneration that is higher than the legally defined minimum wage in the Republic of Bulgaria. The workers of external organizations working permanently on the sites of "E. Miroglio", also receive remuneration higher than the minimum. The minimum wage at the state level changes annually when the state budget is adopted, and the company monitors and updates the remuneration of its employees according to the increase in the minimum wage, which supports the development of the economic well-being of the regions where the company operates.



The company relies on individuals from the local community in the recruitment of its senior management, with half of the company's management being citizens born locally and the remaining 50% of the company's management having acquired citizenship. Having local people in the management improves the human capital, also it is of great benefit to the organization to understand the customer needs at the local level which are of utmost importance to the organization.

Local Communities

Focus on the people

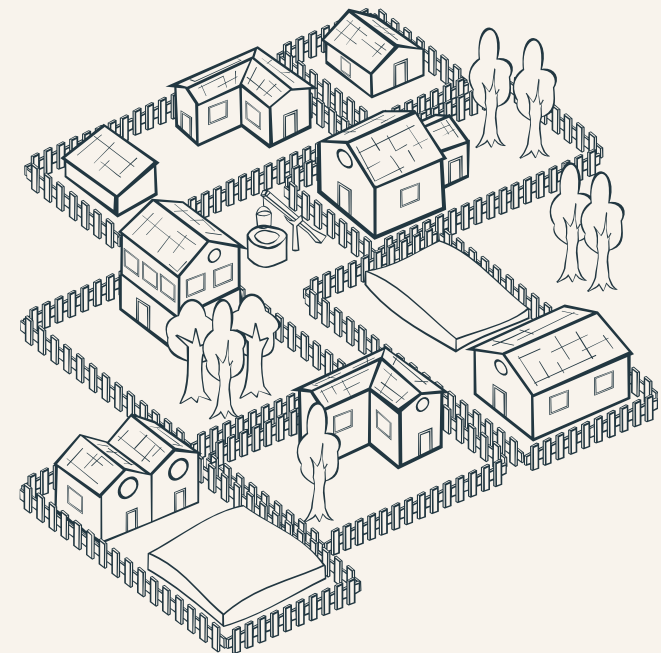
Our focus on the people beings with our employees. They represent our firm on a local level, help us achieve our programs, move forward our priorities for sustainability and programs, and create a multiplicative effect in our local communities thanks to partnerships with governments, non-profit organizations, colleagues in the industry and other interested parties.



We are taking on the responsibility to take care of the people, that contribute to our success - by respecting their human rights. The company has created an emergency plan, which regulates the actions and maintenance of local communities during times of need - an undertaking, which is permanent.

In the company there are many employees, part of the same family, which, to us, is evidence for a positive effect in the local community and an attitude for a secure employer with public and commercial local impact.

Whenever the company begins a change in its activities, including installation of new powers, change of already existing ones and so on, it is mandatory to notify the Regional Inspection for the Environment and Waters and the local municipality. The company is engaged to answer every question and to give detailed and transparent explanations to the local public about everything connected to it's activity.

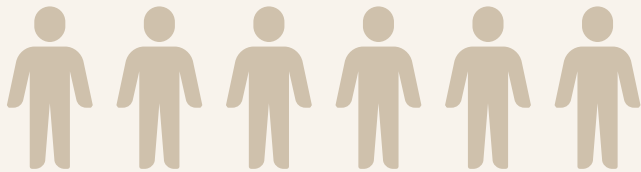


Local Communities



The company works together with the local municipality with the aim to reduce the waste and reduce the creation of waste that are deposited. With the help of employee trainings on activities with waste, improvements are made in the initiatives by the local municipalities for waste segregation.

To the local municipal water treatment plant in the town of Sliven, the company sends only domestic water and to the city wastewater treatment plant, we only send purified domestic-fecal and production-wastewater. All production waters are treated in our own treatment plants, which contributes to the functionality and lack of load in the urban sewage treatment plants.



The company aids growth for sustainable local communities by generation of capital, creation of work places and management of the environment



Security

Working Site security

The company has signed contracts with companies to ensure the security of its sites. All company employees performing security at our sites undergo training and receive a brochure with short information about our human rights policy. The training includes our unwillingness to use physical force, inhumane or degrading treatment, or discrimination against all people on our sites. The purpose of training security and guard personnel is to ensure their appropriate behavior towards third parties, particularly with regard to the use of force.

It is forbidden for the security company to lock entrances and premises where people work. The desire of the company is to work in a safe and productive way, in secure conditions for the staff and the population, but without this resulting in violations of human rights.



Health & Safety



Implementing a robust occupational health and safety management system is a strategic imperative for organizations seeking to create a safe and secure work environment and atmosphere for their workers. That's why we incorporate a holistic approach that includes the establishment of clear goals, meticulous frameworks, unwavering commitment and concerted efforts by all stakeholders. The end result is a work environment where health and safety are prioritized, risks are minimized and overall well-being is ensured.

The initial phase of this endeavor involves setting clear and measurable goals. "E. Miroglio" EAD strives to create a workplace culture where the health and safety of employees are essential. These aspirations are not just abstract ambitions, but concretely defined goals that are linked to our values and best industry practices. Accepting them shows us the way towards implementing the system.

The procedural aspect of implementing a health and safety management system involves a detailed assessment of existing processes, identification of potential hazards and implementation of safeguards. This includes reviews of work practices, machinery and infrastructure to identify potential sources of harm. Procedures are now in place to reduce these risks by ensuring all staff are aware of them and adhere to protocols. Periodic audits and inspections are conducted to monitor the effectiveness of these procedures and to make necessary adjustments for continuous safety improvement.

ISO 45001

BUREAU VERITAS
Certification



Health & Safety



Implementing an effective health and safety system requires a collective effort from all stakeholders. This involves collaborative work between management, employees and external stakeholders.

Training programs are conducted in order for employees to acquire the necessary knowledge and skills to identify and solve safety-related problems. Regular communication channels are established to facilitate timely reporting of dangers and incidents. The synergy of efforts ensures that we work as a unified team, with everyone actively contributing to the common goal and a safe working atmosphere.



The end result of implementing a workplace health and safety system is ingrained in the organizational culture. Incidents are kept to a minimum and employee well-being is prioritized. The company has implemented and is certified by an occupational health and safety system ISO 45000: 2018.

Workplace risks

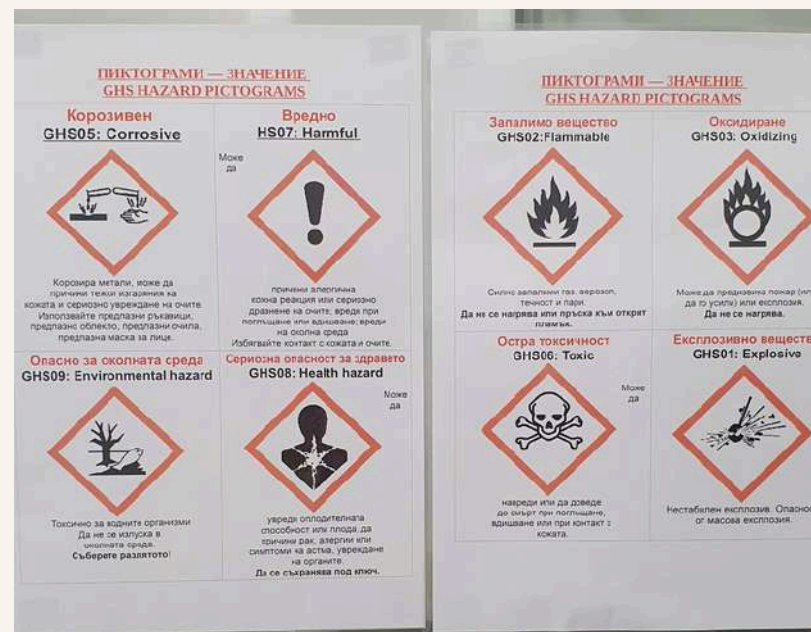
The processes of identifying workplace risks in the company are extremely complex and are approached with the necessary attention and dedication. For us, the process is extremely important. The job risk assessment is reviewed and updated as necessary and this process is ongoing.

The results of the risk assessment are part of the analysis process for continuous improvement and prevention. The risk assessment in the company is prepared by specialists with over 20 years of experience and external specialists from the *Occupational Medicine Service*. When starting work, workers are familiarized with the risk assessment at their workplace, accidents and the personal protective equipment provided by the employer.

According to the legislation applicable in the country, every worker has the right to refuse work if there is a danger to his health and life. This has also been adopted as company policy. We are concerned about the health of our workers and do not tolerate reprisals against them if they refuse work that may cause injury or damage to health.

The Work Health Safety system implemented in the company enables the tracking and documentation of almost incidents. In 2023, 5 prerequisites for the occurrence of accidents were removed, precisely as a result of reporting various dangerous situations.

All incidents, including minor ones, are immediately investigated to determine the cause and prevent recurrence. We encourage worker participation in ensuring occupational health and safety. We always respect their views when making health and safety decisions.



Worker participation in health and safety

The company has a contract with an external company with specialists in occupational medicine. Even before starting work, each candidate is assessed by STM whether the proposed workplace is suitable in view of the person's state of health. STM is certified and employs the necessary specialists, including a doctor specializing in *"Occupational Medicine and Traumatism"*. Each of our workers can visit the specialist, who is available 2 times a week.

Every year, together with STM and at the expense of the employer, preventive examinations of the personnel are organized, taking into account the factors of the working environment and working conditions.

In 2023, **90%** of our employees who are subject to mandatory preventive examinations took advantage of their right for examination. In case of suspicion of deviations from the normal state of health, certain people were directed to additional examinations through a personal physician.

Additionally, we should note that for our sites in Sliven and Yambol we have full-time employees with medical education.



Annually, after receiving the results of the preventive examinations, they are discussed with the workers' representatives in KUT and ESE. The meetings take place every quarter, and the workers' representatives are required to share the information with the other workers.

Frequent guests at these meetings are the chairman of the KNSB and KT - "Podkrepa" members. Through the elected members in the two committees, each worker can express his opinion or propose measures to improve OSH. We tolerate all possible practices in this area, regardless of whether they are expressed through KUT, ESE, direct or telephone conversation with the Ecology Health and Fire Safety department.

Occupational health and safety training

The training of our employees on Work Safety begins at the time of their appointing. They go through an initial briefing on the Work Safety and subsequently through a briefing at the specific workplace. Allowance for independent work is made only after the immediate supervisor is satisfied that the individuals can work safely independently.

In 2023, all our employees underwent mandatory periodic health and safety training, including theoretical and practical training. Trainings cover topics such as working with hazardous materials, emergency response, electrical safety and more.

Work Safety trainings are entirely at the expense of the employer and are held during working hours. For part of the training, the workers must take an exam.

All external companies that carry out activities on the territory of the company must go through an instruction on Work Safety for our workplaces.



Occupational health and safety training

In 2023, on the territory of the company, trainings were conducted by an external licensed company for persons who can conduct training 145 no. , who can conduct briefings. These trainings are financed by the company.

The "EOTPB" department, which is entrusted with the management of OSH, must go through a 5-day training period from an external licensed company.

In 2023, these trainings were also financed by the company.

All external companies that carry out service activities on the territory of the company must go through an instruction on HS for our workplaces.

In order to improve qualifications and refresh knowledge, additional trainings are organized at the expense of the company, these trainings are regarding:

- *Electrical safety;*
- *Management of electric cars;*
- *Working with pressure vessels;*
- *Working with lifting equipment;*
- *Working with natural gas;*
- *Language training*

In 2023, these trainings were financed by the company.



Occupational diseases



There were no registered occupational diseases during the reporting period. There have been none since the creation of the company until now.

62 employees with reduced working capacity work for the company, as a result of diseases caused outside the working environment, including hereditary diseases. For some of them, it was necessary to move to a different work position, in order to provide them with working conditions according to the disease.

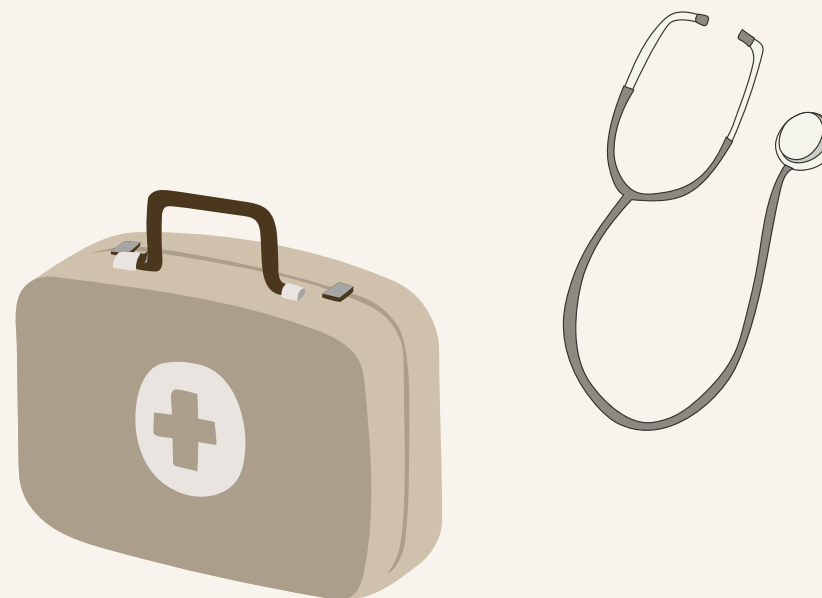
For the reported period, we have not been notified and we have no data on the deterioration of the condition of our workers related to the working environment.

Promoting the health of workers

The organization promotes workers' access to health care. We adopt the regulations in the country regulating the deduction of health insurance for employees and the health insurance, contributed by the employer. On a monthly basis, we pay our workers the due health care contribution.

Every year, the company conducts training by putting up posters/materials on the topic of harm from smoking, alcohol, and the use of narcotic substances.

In 2023, we did not undertake financial incentives for non-smokers.



Employers covered by HSMS

All employees of "E. Miroglio" EAD are covered by HSMS at 100%. All employees of companies at our workplaces are also 100% covered by the system. Simultaneously with the OH&S audits of our employees, we also audit the employees of external companies, and if necessary and in order to increase the level of safety, regular meetings are also held with their employers.

Planned audits are conducted according to an established internal company schedule. During its tours of the sites, the team of the EOTPB department performs additional unplanned audits.

In 2023, the company was audited for health and safety at work by external certification organizations 3 times.

No significant non-conformities with the standards were found.

The given recommendations for improvement have been implemented.



Impact on the health and safety of business relationships

In our business dealings, we pay attention to all risks and dangers. All our suppliers sign an ethical code of conduct covering our occupational health and safety requirements.

The personnel of external companies working on our sites go through regular training on H&S, and we also assist in organizing training courses to ensure the safety of everyone related to our activity.

Workplace Incidents

In 2023, we did not have any severe or fatal incidents. In our facilities, 13 incidents were recorded, which involved minor injuries, including lacerations, and resulted in temporary incapacity for staff without lasting consequences. The company's policy is to report all incidents, even the minor ones.

The days of incapacity are as follows:

Accidents N°: **13**

Total calendar days: **683**

Total working days: **467**

Women – **4**; Men – **9**.

There are no injured migrant workers.

Here, we need to calculate:

$2096 * 340 \text{ working days} = 712,640 * 8 \text{ working hours} = 5,701,120 \text{ working hours}$

$2096 * 365 \text{ calendar days} = 765,040 * 8 \text{ working hours} = 6,120,320 \text{ calendar hours}$

Calculate the percentages:

Calendar days with accidents (683) to total calendar days for all people (765,040) = 0.089%

Working days with accidents (467) to total working days for all people (712,640) = 0.065%

Percentage of registered injuries = number of registered injuries / total worked hours * (.....hours) = $13 / (467 * 8) = 0.35\%$

Accident	Calendar	Working
1	44	32
2	14	10
3	39	26
4	75	51
5	37	26
6	10	6
7	14	10
8	5	4
9	36	26
10	127	84
11	120	81
12	101	67
13	61	44

Customer's Health and Safety

The company continuously analyzes its products in order to properly manage its impacts on the health and safety of its customers. The policy of the company is such that all customer requirements regarding safety are perceived as mandatory. Textile articles are tested in internal and external accredited laboratories. Often customers have additional requirements for product tests, which must be done and provided. Only after approval by the customers are the products sent to them. The company's policy is that our customers have the right to healthy and safe products. We fully support the proposition that if the health and safety of our customers is proven to be affected, our customers can seek redress.



We firmly stand behind our products/items being 100% safe and non-threatening to the health of customers at every stage of their life cycle. As our products are proven safe there is no need to improve the impact on the health and safety of customers. To date, we have had no incidents and non-conformities regarding the health and safety of the products and services we offer. We have not had any reported cases of non-compliance with regulations or voluntary codes regarding customer health and safety resulting in a company warning or penalties. Our product safety certificates are published on our website.



Wordly



The company annually undergoes a verification process using Wordly's FEM module, proving compliance with its environmental and social sustainability policy. Through the platform, our clients can see our ratings by sector.



OEKO-TEX STANDART 100

"E. Miroglio" EAD (yarns, woven fabrics and knitwear) is certified according to OEKO-TEX Standard 100, appendix 4, product class II.

To meet these commitments, we evaluate the materials used in our products. This includes tracking and analyzing chemical substances and mixtures that are identified as hazardous to human health and the environment. The company selects materials that are free from harmful substances, thus ensuring the safety of the final product.



We discover alternative materials, manufacturing techniques and technologies that can not only meet but exceed the strict criteria set by our morality. This commitment to innovation not only ensures compliance, but also positions us at the forefront of sustainable and responsible business practices.



Safe Textile Products

Our participation in BCI (the Better Cotton Standard) is driven by our desire for more sustainable cotton production. We promote the initiative for responsible agricultural practices in the production of cotton and conservation of natural resources.



Safe Textile Products

Our initiative to eliminate hazardous chemicals from our manufacturing processes involves a comprehensive effort to mitigate the environmental and human health impacts. This goal is driven by a commitment to safeguard ecosystems, protect workers and reduce the overall footprint of chemical pollutants in our supply chain. The focus is on creating a standardized approach that not only meets the highest environmental and health standards but also integrates responsible chemical management into every phase of the product life cycle.



Our policy is to replace chemicals used in production processes with their safe alternatives. Through the DETOX system in place, we not only implement these principles, but also firmly stand behind responsible practices in chemical management, providing stakeholders with confidence that our operations contribute to a more responsible future for the use of chemicals in production.



by EDOARDO MIROGLIO

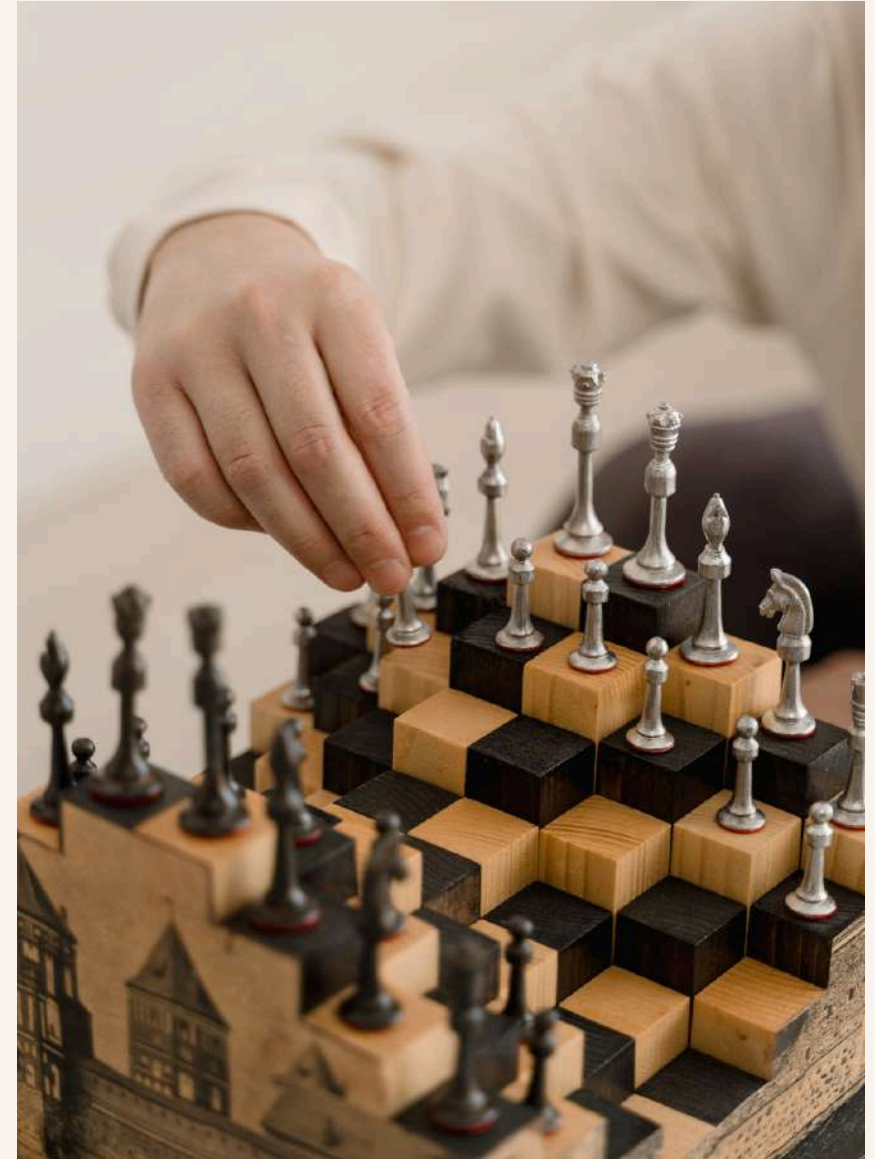
Governance



Governance

The management of our company plays a key role in ensuring efficiency, transparency, and accountability in all aspects of our operations. We understand that good governance is essential to achieving our sustainability goals. This includes resource management, production quality, and an overall concept of the company's vision.

The structure of our board and its composition are strategically determined to achieve a balance between diversity, experience, and the competencies of its members. Based on the principles of good governance, we strive to ensure that our board represents independent opinions and takes actions in the interest of the company and its stakeholders.





Governance



Edoardo Miroglio
Owner



Svetla Kodzabasheva
Board Member



Todor Mitev
Board Member



Gaetano Rimini
CEO

Board Structure

We pride ourselves on having an effective and well-structured board of directors that ensures stable governance and strategic leadership of the company. Our board comprises highly qualified professionals with extensive experience and expertise in various areas relevant to our operations.

Board Composition:

1. Owner: The founder and owner of the company plays a key role in strategic planning and the vision for the development of "E. Miroglio EAD." He ensures the long-term direction and sustainability of our operations.

2. Chief Executive Officer (CEO): The CEO is responsible for the day-to-day management of the company and the execution of the strategic goals set by the board. He leads the operations and ensures the efficiency and competitiveness of our production.

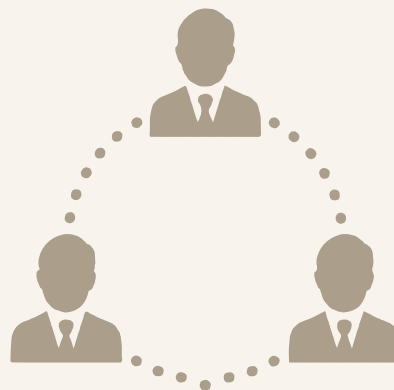
3. Members of the board: Our board of directors consists of additional members, including one woman. These members contribute diverse perspectives and experience, supporting the strategic management and oversight of the company's activities.



Equality and Inclusion:

We are committed to ensuring equality and inclusion within our governance structure. The presence of a woman in our small board is a testament to our commitment to promoting diversity and equality in the workplace. We believe that diversity on the board contributes to better decision-making and more effective management.

Our board of directors plays a crucial role in setting strategic directions and overseeing the execution of operational goals at "E. Miroglio" EAD. Through its structure and composition, the board ensures that the company operates in accordance with the highest standards of corporate governance, transparency, and accountability.

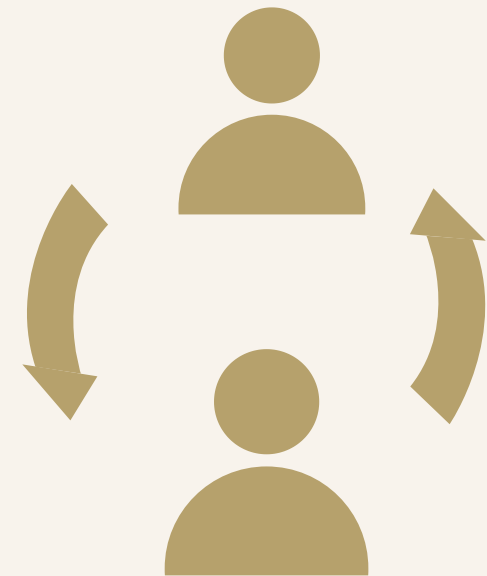


Employee Relations - Senior Management

Management Structure and Employee Relations

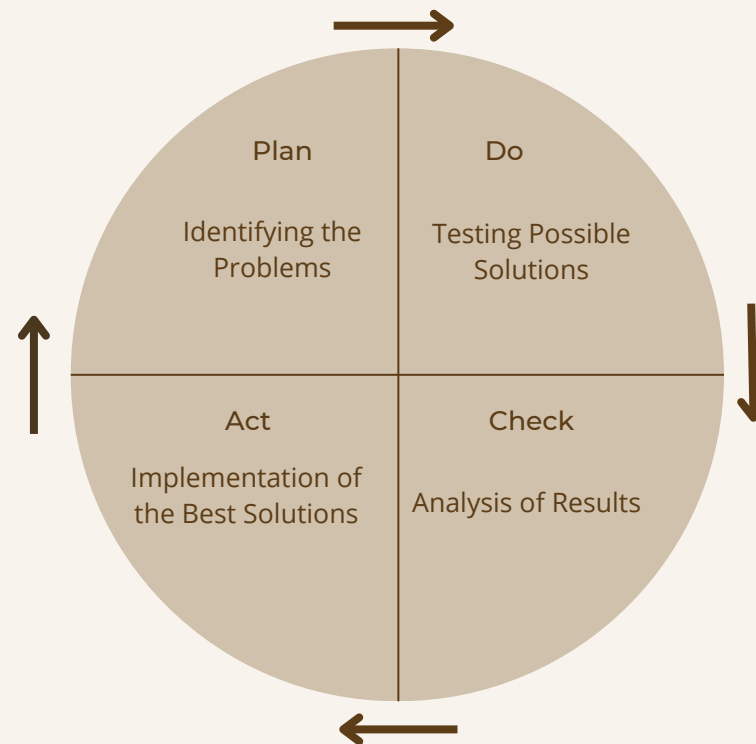
“E. Miroglio” EAD has a well-established organizational management structure along which information moves both horizontally at one functional level and vertically, in descending and ascending order. The ideas and recommendations to senior management provided by employees at every functional level are of great importance to the company, and for it every voice must be heard. Company management communicates, within a reasonable period of time, all upcoming significant operational changes affecting employees with labor unions, such as collective bargaining representatives participating in consultations where the positive and negative impacts on employees that may arise from these changes are discussed . Following the consultations, employees are notified of future significant and operational changes. Consultations regarding changes comply with international norms. In addition, employees and other interested parties are informed within a reasonable time of significant operational changes.

In “E. Miroglio” EAD has a clearly defined conflict of interest management policy, which ensures that all members of the board of directors and senior management act in the interest of the company.



The Deming Cycle

In “E. Miroglio” EAD we understand the importance of the effective corporate governance for the sustainable development and success in our textile factory. To ensure high standards of management and compliance with regulatory requirements, we apply the Deming Cycle (PDCA – Plan-Do-Check-Act). This cycle allows us to plan, execute, check, and adjust our management practices in a systematic and consistent manner.



By integrating the Deming Cycle into our corporate governance, “E. Miroglio” EAD ensures that our textile factory is managed in a sustainable, responsible manner focused on continuous improvement. This not only enhances trust and satisfaction among our stakeholders but also strengthens our position as a reliable and ethical leader in the industry.



The Deming Cycle

PLAN

In the planning stage, we:

- Identify key areas requiring management attention, including risk management, ethics, regulatory compliance, and transparency.
- Define clear and measurable goals to enhance corporate governance, focusing on improving the efficiency of management processes and strengthening trust among stakeholders.
- Develop action plans that outline specific steps, responsibilities, and timelines for achieving these objectives.

DO

During the execution stage, we:

- Implement planned initiatives and measures, involving all levels of management and employees in the process.
- Provide necessary resources and training for managers and employees to ensure successful implementation of management practices.
- Integrate best practices and standards into daily management activities to maintain high levels of ethics and compliance.

CHECK

In the Check stage, we:

- Regularly monitor and evaluate the effectiveness of our management practices using appropriate indicators.
- Conduct internal and external audits to verify compliance with defined goals and regulatory requirements.
- Analyze audit results and feedback from stakeholders to identify areas for improvement.

ACT

In the Act stage, we:

- Implement corrective and preventive actions based on the results of audits and analyses.
- Update our management plans and strategies to reflect new realities and lessons learned.
- Share successes and challenges with all stakeholders to ensure transparency and accountability in our management practices.



Competitive behavior



“E. Miroglio” EAD , as one of the largest and most successful companies in the textile industry in Bulgaria, having a successful presence on the international market as well, is distinguished by its strong competitiveness and dynamic development. The company constantly monitors and adapts to international requirements, standards and trends in order to offer its current and potential customers high-quality products that meet their requirements and preferences.

The company respects the principles of fair competition and does not apply monopolistic and anti-trust practices that violate the integrity and stability of the industry.

“E. Miroglio” EAD monitors both Bulgarian and international legislation regarding fair competition and adheres to them.

In 2023, there were no lawsuits filed for anti-competitive behavior by the organization.



Quality Management System

The implementation and work on the quality management system includes an approach aimed at improving the effectiveness of the organization, the quality of products, and the satisfaction of our customers. The internal company requirements include several key elements, each of which contributes to the establishment and continuous improvement of the quality management framework. This includes setting clear objectives for producing quality products.

A fundamental role in quality management is the availability of clear and comprehensive documentation that describes processes, procedures, and work instructions, serving as the foundation of the quality management system. It represents a structured guide for employees, ensuring consistent and standardized practices throughout the organization.



A significant commitment on the path to quality management is the establishment of controls and measures for effective monitoring and management of processes.

This includes allocating resources to create a framework that prevents deviations from already established procedures, ensuring that every activity is in compliance.

Investing in employee training is another important commitment.

This includes training staff at all levels on the importance of quality, their roles in maintaining it, and the specific processes and procedures they need to follow.

Quality Management System

Employees possess the necessary knowledge and skills to contribute to the achievement of the organization’s established goals. Efforts in quality management extend to identifying and reducing risks that may affect our ability to achieve our quality objectives. This includes a preventive approach, anticipating potential challenges, and developing strategies to address and mitigate risks. The effort is not only in identifying risks but also in implementing measures for continuous adaptation and improvement. Regular reviews include a detailed examination of processes, identification of issues, determination of areas for improvement, and addressing any non-conformities. This continuous internal assessment process serves as the foundation for ongoing improvement.

Customer satisfaction is a key indicator of success. By consistently delivering products or services that meet or exceed our customers' expectations, we build trust and loyalty.

“E. Miroglio” AD is well-prepared to tackle challenges related to quality issues. Continuous improvement is part of the organizational culture. All these efforts, including clear objectives, systematic procedures, unwavering commitments, and specific outcomes, are certified under ISO 9001:2015.

The end result is not just compliance with the certification, but a dynamic and adaptive organization that embraces change, innovation, and continuous improvement.



Global Recycled Standard

The pursuit of a sustainable and circular economy involves comprehensive efforts to integrate recycled materials into production processes, reduce the ecological footprint, and promote responsible resource management. GRS is promoted by Textile Exchange, driven by the core goal of adopting a closed system that extends the lifecycle of materials, reduces waste, and contributes to a more environmentally friendly and sustainable approach in production. We adopt this standard to create and maintain a transparent and accountable system for incorporating recycled materials into our production.

In this way, we achieve a reduction in dependence on primary resources and promote the responsible use of recycled materials. We are committed to sourcing recycled materials solely from suppliers that adhere to responsible and sustainable practices, implementing environmentally friendly production methods and positively contributing to the circular economy.



Global Recycled Standard

The end results from the successful implementation and work towards these goals are significant. Consumers of our products made from recycled materials can be assured that they meet environmental and social standards. This initiative leads to a reduction in the demand for primary resources and minimizes the ecological footprint. Socially, it supports the development of a circular economy, promotes responsible management of materials, and contributes to overall sustainability in the textile industry.

The GRS certification underscores our commitment to responsibly incorporating recycled materials into our products, reducing our ecological footprint, and promoting a circular economy.



Responsible Wool Standards

“E. Miroglio” EAD supports responsible wool production, participating in a collective effort to improve ethical and sustainable practices in wool production. The initiative aims to enhance transparency, ensure humane treatment of animals, and promote environmentally-friendly wool production. This includes the establishment of standardized practices in accordance with ethical standards and ensuring traceability from responsible sources for wool supply. The company partners only with ethical suppliers who have implemented eco-friendly production and processing methods. Our participation in this initiative supports a broader shift towards responsible consumer choices and encourages the adoption of sustainable practices.

By participating in the Responsible Wool Standard (RWS), our company supports the adherence to humane treatment of animals and environmental responsibility, demonstrating our commitment to providing consumers with responsibly sourced wool products.



The key points of the RWS are in accordance with the "five freedoms":

1. *Freedom from hunger and thirst;*
2. *Freedom from discomfort;*
3. *Freedom from pain, injury, or disease;*
4. *Freedom to express normal behavior;*
5. *Freedom from fear and distress.*

We believe that a systematic and collaborative approach to responsible wool production benefits consumers, the environment, and the industry. Through initiatives like RWS, we uphold our commitment to a sustainable, humane, and ethical future in wool production.

Organic Content Standard

The company has participated in the Organic Content Standard (OCS), promoted by Textile Exchange, which certifies textile products made from natural fibers (plants and animals) produced in accordance with organic farming criteria.

The procedure for implementing such a framework begins with research across the entire supply chain. This includes investigating raw materials, production processes, processing, and labeling of finished products. Through a collaborative and transparent approach among suppliers, manufacturers, and stakeholders, we are committed to identifying areas that require compliance with strict criteria.



Organic Content Standard



We support adherence to organic farming practices in the cultivation of raw materials and encourage the adoption of organic and sustainable methods, such as avoiding synthetic pesticides and fertilizers in the soil.

The OCS certification highlights our commitment to true organic practices and responsibility towards the environment, ensuring that our products labeled as organic meet and exceed the criteria set by this internationally recognized standard.

Content Claim Standard

The initiative to establish transparency regarding the content of our products includes verifying and providing accurate information about the origin and composition of the materials. We are committed to supplying consumers with reliable information about the content of our products.

This includes implementing clear and accurate practices, promoting transparency, and ensuring that the information conveyed to the consumer corresponds with the actual composition of the products.

We focus on creating a standardized approach that integrates responsible and credible content claims at every stage of the product lifecycle.

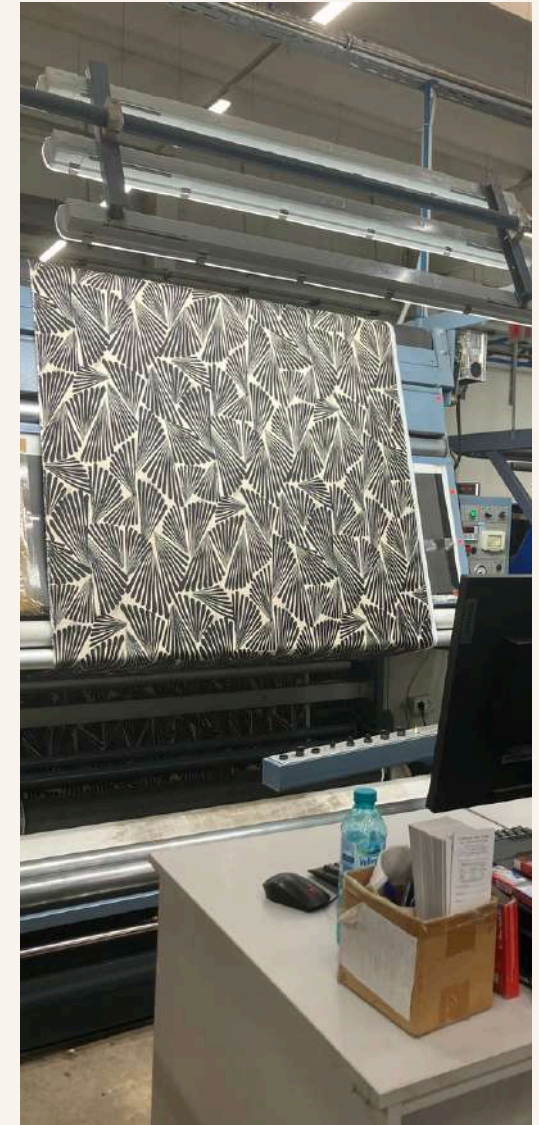


Content Claim Standard



Collaboration with suppliers, manufacturers and stakeholders is pivotal to creating a seamless and integrated approach to responsible content claim verification. Commitments are made to source materials only from suppliers that adhere to responsible and transparent practices, implement accurate labeling methods and contribute positively to overall goals related to content claim standards.

The above is supported by our active participation in and adherence to the Content Claim Standards (CCS).





Our Employees



Our Employees

Our Employees at "E. Miroglio" EAD

At "E. Miroglio" EAD, we understand that our employees are our most valuable asset. Their professionalism, dedication, and skills are the foundation of our company's success and sustainable development. We are committed to providing a safe, supportive, and stimulating work environment that encourages both personal and professional growth for each member of our team.

Workplace Safety and Health:

Ensuring safe and healthy working conditions is a priority for "E. Miroglio" EAD.



We adhere to strict safety standards and regulations, conducting regular inspections and updates to our procedures. Our employees receive training on workplace safety and health, aiming to minimize the risk of occupational accidents and create a work environment that protects their health and well-being.



Our Employees



Equality and Inclusion:

At "E. Miroglio EAD," we believe in the power of diversity and strive to provide equal opportunities for all our employees, regardless of gender, race, religion, or age. We promote a culture of inclusion where every employee feels respected and valued. We develop and implement policies that support equality and combat workplace discrimination.

Feedback and Communication:

Regular communication and feedback are essential components of our corporate culture. We maintain an open dialogue with our employees through various channels and platforms, allowing us to understand and address their needs and concerns. In each department, our employees have the opportunity to submit a complaint or suggestion anonymously in specially placed boxes that are checked regularly.



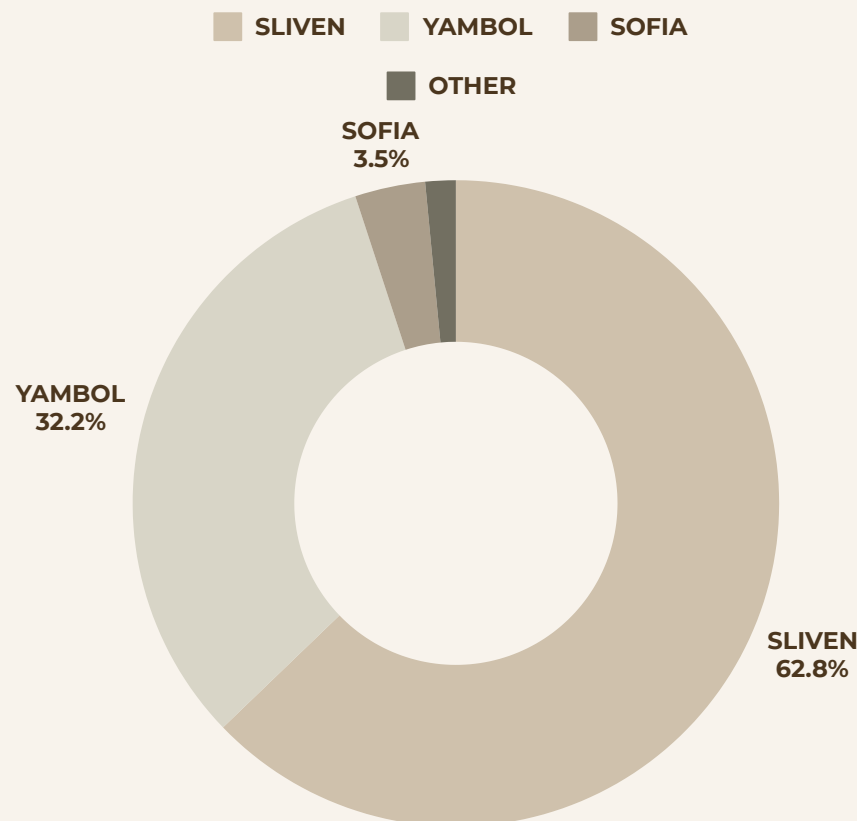
Our Employees

Currently, the total number of our employees is 2 105, distributed across different regions of the country. It is important to note that many of the positions at "E. Miroglio" EAD are held by women, who represent the majority of our workforce. Our workforce distribution by region is as follows:

- **Sliven:** 1322 employees (549 male, 773 females)
- **Yambol:** 677 employees (232 male, 445 females)
- **Burgas:** 6 employees (6 females)
- **Varna:** 6 employees (6 females)
- **Sofia:** 74 employees (8 male's, 66 females)
- **Plovdiv:** 11 employees (11 females)
- **Veliko Tarnovo:** 9 employees (9 females)

All of our employees are on permanent contracts as distributed above, and we do not have any temporary employees for the period. The total number of employees with flexible working hours is 107, while the remaining 1 998 members of our team work full-time, with 4 employees working part-time.

The main types of employees in our organization are engaged in textile production and administration. Their contractual relationships are regulated through mutually signed employment contracts. Upon termination of employment contracts, we ensure the payment of all legal rights to our employees. All our employees are covered by collective bargaining agreements, which provide additional protection and benefits.



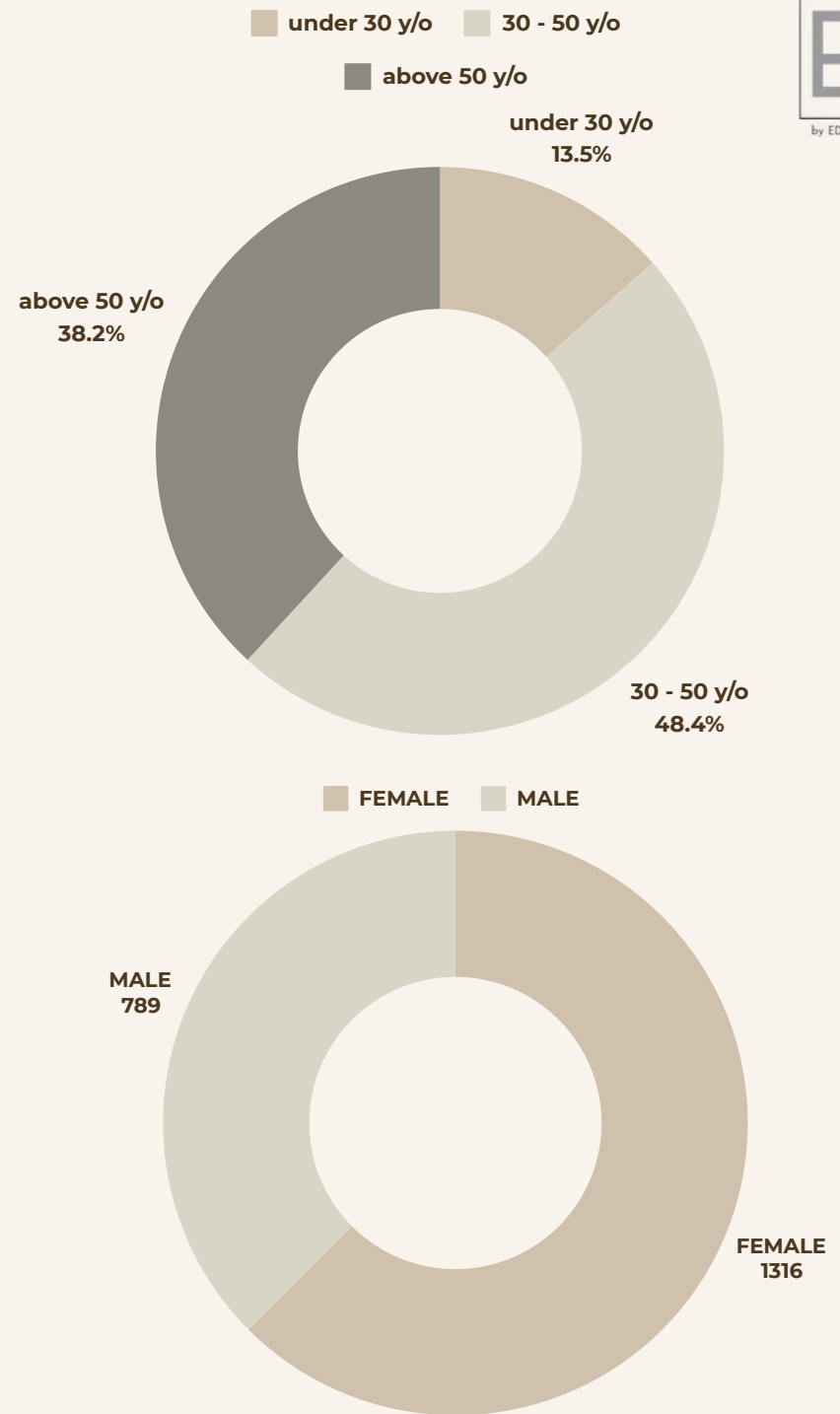
Our Employees

We do not have any employees who are not directly our workers or whose work is controlled by our organization. The employees in textile production are engaged in all operations from textile fiber to the finished product, while the administrative staff organizes and coordinates the work process.

The employee counting process is conducted through an internal system, with newly hired employees being promptly entered into the system. This practice ensures accuracy and timeliness in human resource management.

At "E. Miroglio" EAD, we take pride in our commitment to equality, diversity, and the professional development of our employees. We continue to work diligently to provide a safe, supportive, and stimulating work environment for all our staff. These efforts not only enhance the quality of work life but also contribute to the success and sustainable development of our organization.

We can confidently state that our dedication to high standards in human resource management positively impacts both individual and organizational levels. We will continue to invest in our employees, as we believe their professionalism and dedication are key to our success and prosperity.



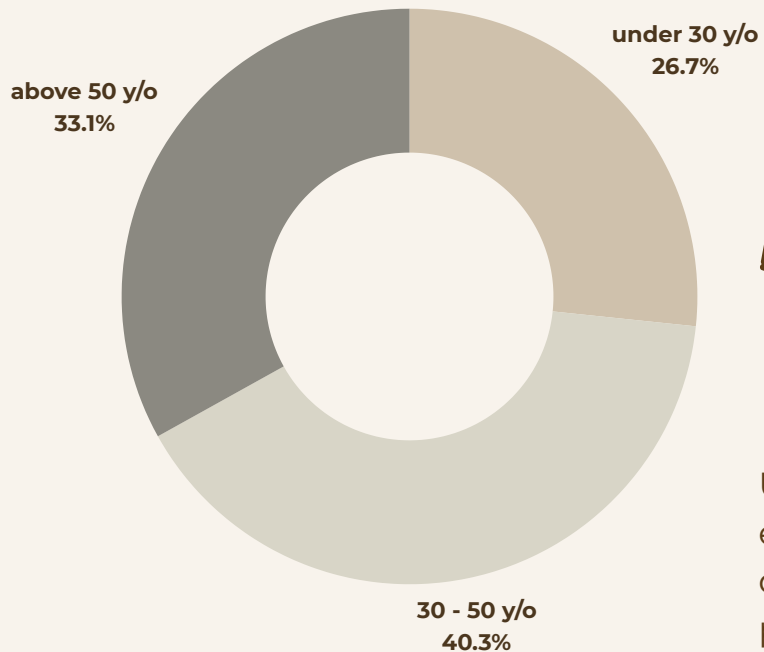
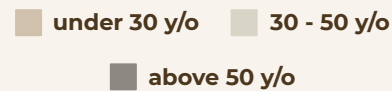
Our Employees

Hiring new employees and employee turnover

During the reporting period our organization hired 514 new employees in total demonstrating commitment to growth and diversity in our team. The hiring process was carefully structured so it can ensure balanced representation of different age groups, gender and religion.

We aim to offer equal opportunities and benefits to all our employees regardless of their working contract or working hours. All our employees have the same rights and advantages which are standard for our organization.

Newly hired by age

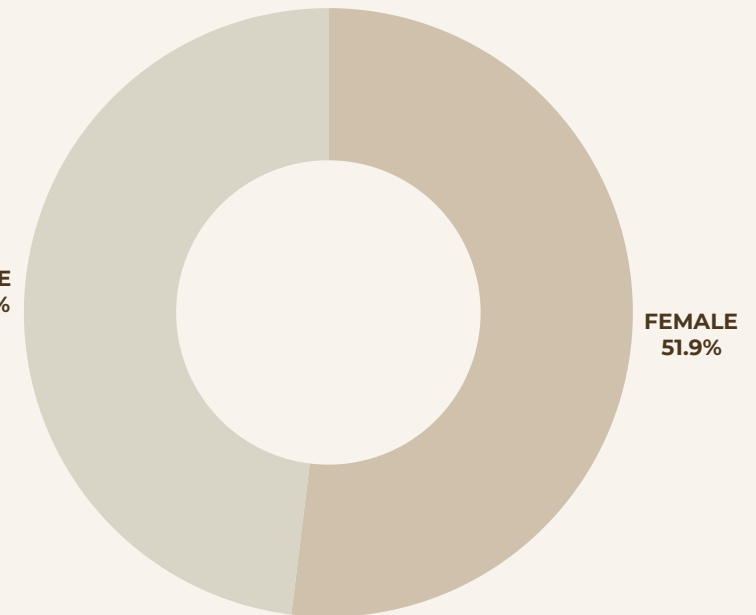


- Yambol: 136 new employees
- Sliven: 183 new employees
- Varna: 16 new employees
- Plovdiv: 5 new employees
- Sofia: 16 new employees



Upon termination of an employment contract, all benefits due to the employee under KT are paid.

Newly hired by gender

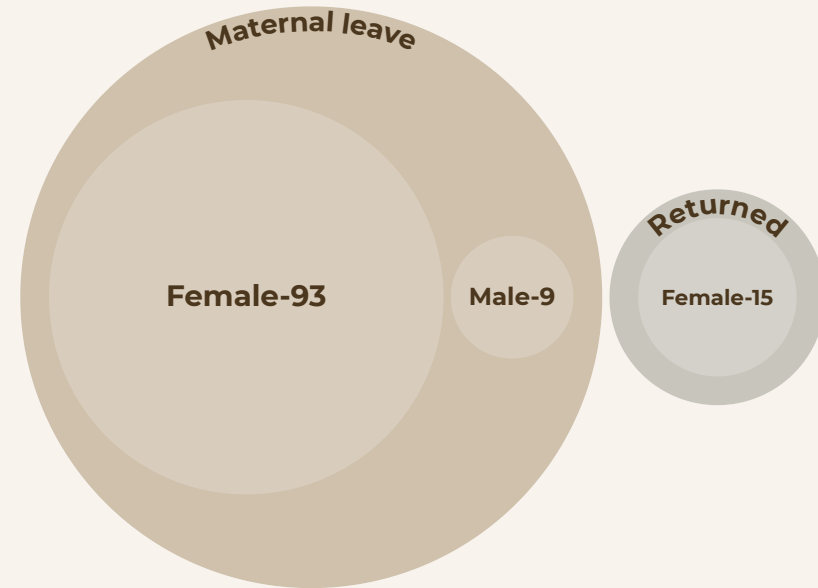


Our Employees

During the reporting period, 102 of our employees used parental leave, of which 93 were women and 9 were fathers. We are pleased to announce that a total of 15 employees have returned to work after parental leave, all of whom are women. In the last 12 months, 5 employees returned after maternity and continue to actively work in our organization, which testifies to our support for employees in combining professional and personal life.

In addition to the above aspects, we are actively working on improving our recruitment and retention processes. We believe that diversity and inclusion are key factors in the innovation and success of our organization. We constantly review and update our policies to ensure they reflect industry best practices and meet the needs of our employees. In addition to the above aspects, we are actively working on improving our recruitment and retention processes. We believe that diversity and inclusion are key factors in the innovation and success of our organization. We constantly review and update our policies to ensure they reflect industry best practices and meet the needs of our employees.

We use various methods to maintain high engagement and satisfaction among our employees, such as surveys and feedback system and internal mobility opportunities.



Our goal is to create a work environment where every employee feels valued and supported in their professional role. Our organization strives for constant dialogue with our employees, actively listening to their opinions and suggestions. We believe that through open communication and mutual respect we can achieve high standards of work and create conditions for a successful career for each member of our team.

Our Employees

In our organization, the minimum notice period before significant operational changes is set at 4 weeks. This gives us the time we need to ensure appropriate consultation and negotiation with employees and their representatives, thereby ensuring that any change is made transparently and with due regard for all affected parties. In the case of collective labor agreements, the notice period is also 4 weeks.

A total of 35 persons participate in the management bodies and organizational processes of the company, of which 14 are females and 21 are male. The age distribution of these persons is as follows: under 30 years - no representation, from 30 to 50 years - 5 people, and over 50 years - 21 people. This structure reflects the experience and stability of our leadership.

Total number of employees by gender

2023				
Female	Male	Other	Undisclosed	Total
Number of employees				
1306	790	0	0	2096
Number of permanent employees				
1300	713	0	0	2013
Number of non-permanent employees				
6	77	0	0	83
Number of employees with non-guaranteed working hours				
39	68	0	0	107
Number of full-time employees				
1263	722	0	0	1985
Number of part-time employees				
4	0	0	0	4

Our organization is proud of the equality of the basic salary between men and women, which is 1:1. This ratio is a clear indicator of our commitment to gender equality and creating a fair working environment for all employees.

Our Employees

During the reporting period, as well as in our overall activity, no cases of discrimination were registered. Our policy is based on the principles of equality and fairness for all employees, actively working to prevent any form of discrimination. The company does not use or tolerate the use of child labor in any form, both on its sites and on the sites of its suppliers.

We have not identified any significant risk of forced or slave labor in our supply chain. We closely monitor the working conditions of our partners to ensure that all adhere to high standards of ethics and human rights. We strive to continue to be an example of a responsible employer that puts the welfare and fair treatment of its employees first.

Total number of employees by region's

2023							
Region - Sliven	Region - Yambol	Region - Burgas	Region - Varna	Region - Sofia	Region - Plovdiv	Region - Veliko Tarnovo	Total
Number of employees							
1322	677	6	6	74	11	9	2105
Number of permanent employees							
1282	634	6	6	74	11	9	2022
Number of non-permanent employees							
40	43	0	0	0	0	0	83
Number of employees with non-guaranteed working hours							
81	26	0	0	0	0	0	107
Number of full-time employees							
1239	651	6	5	73	11	9	1994
Number of part-time employees							
2	0	0	1	1	0	0	4



Our Employees

At the end of the reporting period, “E. Miroglio” EAD has a total of 2,013 employees on permanent employment contracts. External companies operating on the company’s premises are engaged in areas such as cleaning, maintenance, security, and more. The company ensures that all employees of external firms work in accordance with our high standards for health and safety at work, as well as social and environmental requirements.



Total number of newly hired employees by gender, region and age

2023																							
Region - Sliven						Region - Yambol						Region - Burgas						Region - Veliko Tarnovo					
Total number of newly hired						Total number of newly hired						Total number of newly hired						Total number of newly hired					
183						136						0						0					
< 30 y/o		30 - 50 years		> 50 y/o		< 30 y/o		30 - 50 years		> 50 y/o		< 30 y/o		30 - 50 years		> 50 y/o		< 30 y/o		30 - 50 years		> 50 y/o	
64		82		37		39		70		27		0		0		0		39		70		27	
male	female	male	female	male	female	male	fem	male	fem	male	fem	male	fem	male	fem	male	fem	male	fem	male	fem	male	fem
47	17	47	35	18	19	33	6	42	28	13	14	0	0	0	0	0	0	33	6	42	28	13	14

Total number of newly hired employees by gender, region and age

2023																							
Region - Varna						Region - Sofia						Region - Plovdiv						Total					
Total number of newly hired						Total number of newly hired						Total number of newly hired						Total number of newly hired					
16						16						5						355					
< 30 y/o		30 - 50 years		> 50 y/o		< 30 y/o		30 - 50 years		> 50 y/o		< 30 y/o		30 - 50 years		> 50 y/o		< 30 y/o		30 - 50 years		> 50 y/o	
7		7		2		6		4		6		5		0		0		121		163		71	
male	fem	male	fem	male	fem	male	fem	male	fem	male	fem	male	fem	male	fem	male	fem	male	fem	male	fem	male	fem
0	7	0	7	0	2	0	6	0	4	1	5	0	5	0	0	0	0	80	41	89	74	32	39

Total number of employees by gender



2023				
Female	Male	Other	Undisclosed	Total
Number of employees				
1315	790	0	0	2105
Number of permanent employees				
1309	713	0	0	2022
Number of non-permanent employees				
6	77	0	0	83
Number of employees at different working hours				
39	68	0	0	107
Number of full-time employees				
1272	722	0	0	1994
Number of part-time employees				
4	0	0	0	4

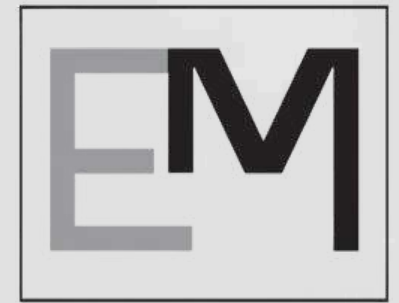
This is the total number of employees divided by gender. Our people define themselves as Females and Males. We have 1316 Females and 789 Male in our company.

Total number of employees by region

2023							
Region - Sliven	Region - Yambol	Region - Burgas	Region - Varna	Region - Sofia	Region - Plovdiv	Region - V. Tarnovo	Total
Number of employees							
1322	677	6	6	74	11	9	2105
Number of permanent employees							
1282	634	6	6	74	11	9	2022
Number of non-permanent employees							
40	43	0	0	0	0	0	83
Number of employees with non-guaranteed working hours							
81	26	0	0	0	0	0	107
Number of full-time employees							
1239	651	6	5	73	11	9	1994
Number of part-time employees							
2	0	0	1	1	0	0	4

This is the total number of employees by region.

6 regions - the largest is Sliven with 1322 people. The next largest is Yambol with 677 people, followed by Sofia with 74, Plovdiv with 11, V. Tarnovo with 9, Varna - 6 and Burgas also with 6.



by EDOARDO MIROGLIO

Finances



Tax principles

At the core of managing all of the company's business operations is adherence to the principles of the tax strategy. These principles require the adoption of appropriate processes to ensure their effectiveness and timely application. Taxation is a fundamental part of corporate responsibility and governance and is overseen by the Board of Directors of “E. Miroglio” EAD. The tax strategy and principles are applied to all local tax practices in all jurisdictions. When the company claims tax incentives offered by government authorities, it strives to ensure that they are transparent and consistent with legal or regulatory frameworks. The company seeks transparent cooperation with tax authorities.

In line with its sustainability strategy, the company operates in accordance with the values of honesty and integrity in its tax management, recognizing that tax revenues are one of the primary sources contributing to the economy and social development in the countries where it conducts business. The company demonstrates a clear commitment to complying with applicable tax regulations and is dedicated to interpreting them in a manner that respects both their essence and legal form.

The Board of Directors at “E. Miroglio” EAD has the role and responsibility to lead and promote a corporate information culture based on the values of honesty, integrity, and the principle of legality.

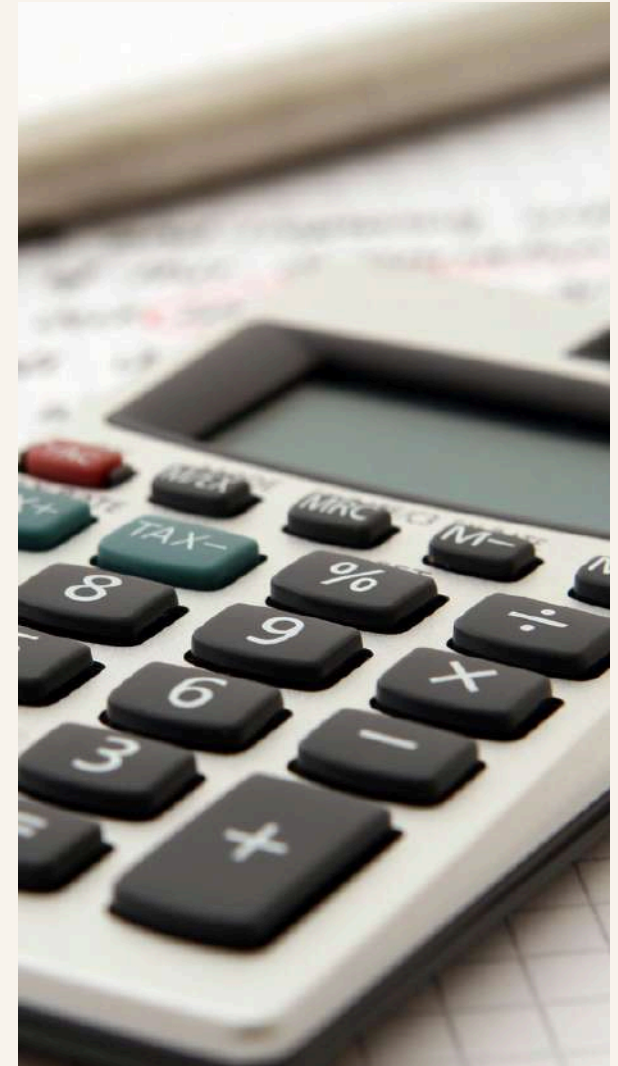


Tax principles

It defines the tax strategy of the whole group in order to apply the tax laws correctly. This is processed using the following approach:

- Correct and timely determination and settlement of taxes due by law and fulfillment of the relevant obligations;
- Proper management of tax risk - to lead to sustainability by understanding and properly managing risk with identification of opportunities, thereby contributing to the achievement of strategic objectives for:

1. Ensuring coordination and development of risk management activities in business processes.
2. Clarification of risk management responsibilities within the company.
3. Informing, training and motivating staff to implement effective risk management, including consistency practices and knowledge upgrading.
4. Ensuring an appropriate focus on risk analysis and assessment and implementation of risk mitigation strategies, monitoring and reporting.
5. Guarantee that all significant risks are reported and managed at different organizational levels - from employees to the board of directors.



Tax principles



Internal Control and Risk Management

With its global operational footprint, “E. Miroglio” EAD is exposed to various risks in the course of its regular business activities. The company assumes risks only if they can be managed without compromising its sustainability. Managing these risks allows the company to optimize the level of danger and promote entrepreneurial behavior. Risk is inherent in all activities, and it is essential to incorporate best practices in managing key business processes. Risk management at “E. Miroglio” EAD is not only of the highest standard but also integrated as part of the company’s policies and procedures, including control activities established within the internal control systems.

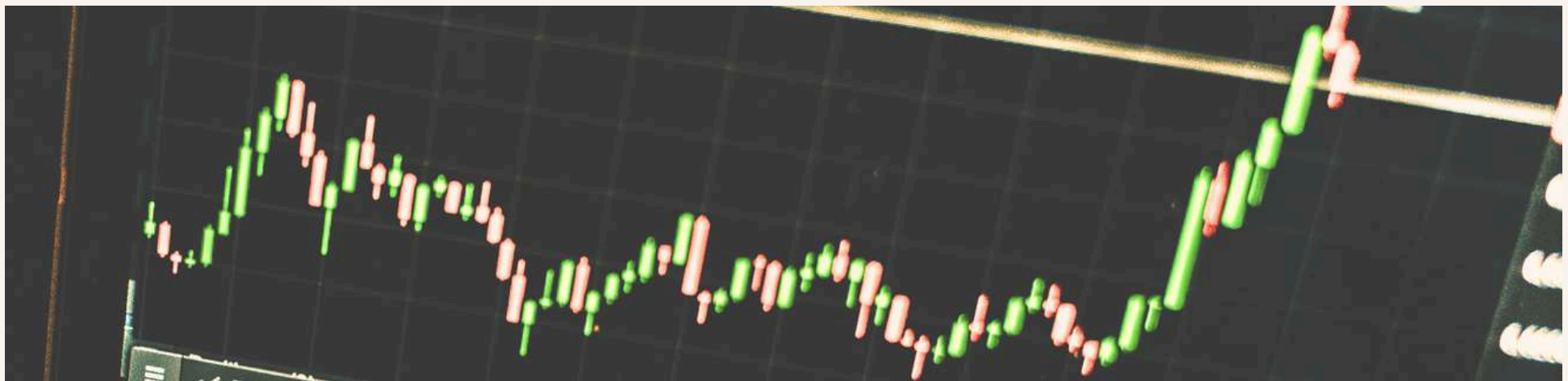
The company is inevitably exposed to financial risks, such as inflation, interest rate increases, credit risk, liquidity risk, and market risk. The development and pricing market affects the group due to its broad geographic reach and the high level of intercompany transactions between countries, resulting from its integrated supply chain, which serves the world. The company’s functional currency is primarily the euro (EUR). The company is highly committed to monitoring and adjusting prices to compensate for rapidly changing market conditions.

The company considers its stakeholders when making business decisions. The board regularly reviews its tax strategy, including any contingent tax issues that may arise. Each year, the company prepares a financial report that includes information on revenue, income tax, as well as declared capital and retained earnings.

Economic performance

The company develops profitable business model which has positive impact on the people and the planet. Working together with our clients we respond to the changing needs of the consumers for products that meet the expectations for sustainability and better transparency. We believe the business can and should play its part dealing with obstacles like the climate crisis, inequality and economic uncertainty. We focus on our people, guaranteeing that everyone has the right skills and knowledge to grow and feel valuable. We support the sustainable development of UN while aiming to concentrate our efforts on those goals to which we can contribute most.

“E. Miroglio” EAD is committed to lead the transformation of its textile products sustainability. We firmly believe that the potential economic risks, if controlled correctly, could be transformed into opportunities while we continue to move on to more sustainable products. Our goal for the next strategical cycle (from 2024) is to review and strengthen the achievements for each ESG pillar and to increase our positive impact on the society and on the planet through provision of new sustainable solutions for our clients. We believe that good economic results can be achieved also through investing in sustainable textile products while making the company even more desirable. The organization encourages the use of its products throughout their extended lifespan instead of producing new products.



Economic performance

Sustainable Economic Activities

The company operates in compliance with all financial laws. Defining sustainable economic activities allows them to be classified and their contribution assessed. Eligibility depends on making a significant contribution to at least one of the following six environmental goals, without having a negative impact on the others:

- *Mitigating climate change*
- *Adapting to climate change*
- *Sustainable use and protection of water resources*
- *Transition to a circular economy*
- *Pollution prevention and control*
- *Protection and restoration of biodiversity and ecosystems*

By integrating financial and non-financial criteria, the company has developed a methodology for identifying eligible economic activities that should be strengthened in accordance with its green transition strategy, so they can be included within the scope of sustainable activities. In addition to financial data, this report includes non-financial data to provide a fuller understanding of the company's performance, such as eco-design products (light collections, collections made from recycled materials), digital sales, and more.

Our economic model must evolve if we hope to address the issues facing our society, particularly the urgent climate situation. Through the extensive use of more sustainable materials and circular solutions, our products will have a reduced impact and will be able to be passed from person to person, from generation to generation. The company will go beyond merely selling textiles, enabling everyone to wear quality products while we work to reduce our footprint on the planet.



Economic performance

The overall development and achievement of sustainable economic activities is a complex and interconnected process between us and our partners. The company has made an investment in climate change work and climate change mitigation through the installation of photovoltaic plants mounted on the roofs of existing buildings. Information about the investments made and the expected economic and environmental benefits are publicly available on the company's website and on a government website through announced investment intentions.

Similar information about the economic activity related to expenses, income and profit are published through the **Annual Financial Statement (GFO)** of the company. According to the GFO of our Company for 2023, BGN 902,000 was received - revenues from electricity, financed by the state. For the period of the report, the company regularly and timely paid the salaries of the personnel under the contracts concluded with them.

The insurance contributions are paid for each employee, according to the legal requirements. Employees receive information about their statutory deductions, received salary and taxes through electronically submitted slips. The company's business partners are not only in the EU, but also throughout the world, and economic business relations are clear and transparent.



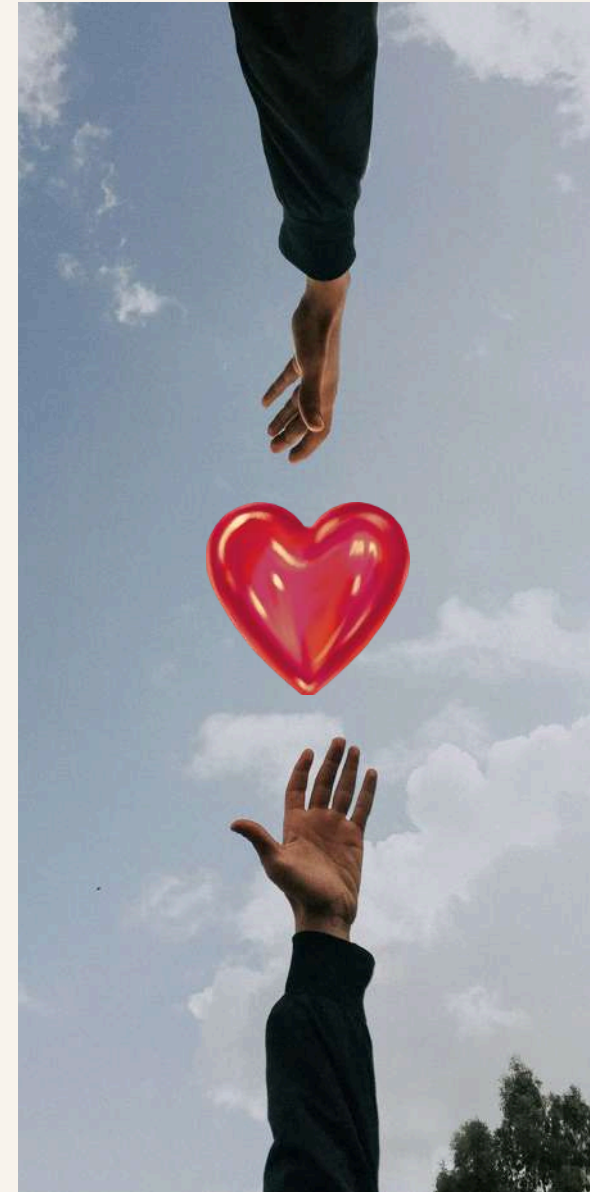
Charity Initiatives

“E. Miroglio” EAD is recognized not only by its successful business activities but also with its commitment to social responsibility and advocacy for different charities. During last year the organization realized numerous initiatives directed towards aiding the local community and bettering the life quality.

The company has made 10 donations during 2013. Those resources were intended for different charity projects and initiatives. The donations were directed towards socially useful activities including aid for health programs and cultural events.

Through similar initiatives “E. Miroglio” EAD demonstrates its engagement to help different causes which have significant impact over the society. The donations from the company, aiming to better the living conditions, to develop the sport, education and social services, demonstrate the comprehensive approach towards benevolence.

These efforts show that "E. Miroglio" EAD not only seeks business success, but also plays an active role in building a better and stronger society. Through sustainable and purposeful actions, the company contributes to the creation of positive changes and supports the sustainable development of the local community.



Standard Specification	Index	Amounts
GRI 201-1	A – Income	296 335 000
GRI 201-1	F – Operational expenses	-295 230 000
GRI 201-1, GRI 207	D – government payments	0
GRI 201-1	C – employee salaries	64 769 000
GRI 201-1	E - investments in society	23 339
GRI 201-3	G – pension and other insurance	491 000
GRI 201-4	H – Financial assistance received from the government	902 000
GRI 204-1	L – Proportion of costs for local suppliers	18 072 624
	R – ESG financial Risks and Opportunities	1 848 170,52
Social Expense	Q – Employee health and safety costs	9 612 000
Social Expense	S – Funding of public initiatives and charity	18 611,62

Customer Privacy

The company complies with all legal requirements for the protection of personal data, incl. continuous monitoring and updating internal policies and procedures regarding privacy. The processing of customer data is protected by an internal system with a high level of IT security.

In 2023, no unauthorized access or data leakage was detected, and therefore, no data protection authorities were notified.

The company participates in various platforms where customers voluntarily connect, and only the name of the organization, a client of “E. Miroglio” EAD, is clearly visible. The company is committed to regularly updating its data protection and privacy systems, policies, and records related to the processing of personal data.

In 2023, no complaints were received regarding breaches of customer privacy.



Public Policy and Political Engagement

Integrity, transparency and non-partisanship are at the core of our approach for engagement in the public policy and the political process. We encourage public policy decisions on key issues for our business, which include environmental sustainability, consumer preferences, jobs and economic impact. Our support towards political issues includes participation in industry, business and political forums and meetings organized by local government. When it is important to our business interests, we share our positions through proposals. The company does not use corporate funds to contribute to the election of political candidates, parties or political committees. The company does not use its resources for political purposes, including in kind, even when permitted by law. The company has a longstanding policy against the use of corporate funds, including communications for political campaigns.

In 2023, the company did not use corporate funds to directly support state or local political candidates, even if permitted by law. The company complies with all national laws regarding political commitments. In the event that we decide to engage politically, it will be conducted in an open and non-partisan manner and in strict compliance with our Code of Business Conduct, our Policy on Political Engagement and applicable laws and regulations.



Indirect Economical Impacts

The company announces publicly and shares its audited financial statements through the Annual Financial Statement. In 2023, the company has no investments in transport connections, communal services, public social facilities, health and social centers and sports centers. "E. Miroglio" EAD has an established international network that guides the change of economic systems in support of our collective vision of an inclusive, fair and regenerative economy. As the largest investor and employer in the municipality of Sliven and Yambol, it has been a driver of economic and social progress in the city and the region for more than 20 years. These positions, as well as the company's regular active support for the development of infrastructure, healthcare, education, urban environment and culture, as well as for environmental protection, correspond to the highest degree to the company's policy.

"E. Miroglio" EAD provides jobs for over 2,000 residents of the city of Sliven, the city of Yambol and populated areas in close distance. We stimulate the indirect employment in the region by hiring dozens of businesses and companies to perform various activities or services within the factory to maintain the infrastructure and along the supply chain. The firm is part of a global business community working collectively to change the economic systems, and to remain committed to this work, it must meet ever-higher standards for social and environmental performance.

The company has a contract for dual training of students with the local Vocational High School for Textiles and Clothing. In this way, students are supported, both financially and by preparing them for the expectations regarding the working environment. After graduation, the company undertakes providing the employment for the students. The company has a long history of improving people's livelihoods. Although Sliven is famous for being a textile center in the country, when the company makes its first investment, it is particularly urgent, due to the difficult financial situation of the old textile factory. For years, the company has maintained wages higher than the minimum for the country.



Indirect Economic Impacts

The company employs workers not only in the areas where it manufactures its products but also in different regions of the country related to the sale and distribution of goods. This means that employees are geographically dispersed. For instance, most of our sales representatives are based in Sofia, while the Dika stores are located throughout the country (in Sofia, Plovdiv, Varna, Burgas, Veliko Tarnovo, and Sliven). Through the Dika stores, we provide employment not only within the country but also in other countries, stimulating the development of new markets through the direct sale of our products.



In 2023, two additional positions were created for specialists to focus on ESG, thereby enhancing and improving our latest market trend, which is based on ESG evaluation. This materiality assessment outlines our key priorities in terms of our social, environmental, and economic impacts, as well as their significance to our stakeholders. We place particular emphasis on the careful selection of partners to ensure that our choices contribute to the fashion industry's role as a powerful source of economic development. To support this goal, our procurement policy requires suppliers to maintain transparency, legal compliance, proper waste management, and responsible usage of water and chemicals. Our minimum requirements are documented in a code of conduct, which suppliers are required to sign, confirming their commitment to compliance.

Final Words

In conclusion, our ESG report highlights the commitment of "E. Miroglio" EAD to sustainability, social responsibility, and good corporate governance. Over the past year, we have taken significant steps to reduce our environmental footprint, improve working conditions, and strengthen our governance practices.

Our determination to continue protecting the environment is evident through our initiatives for energy efficiency, the use of recycled materials in our production, and the utilization and recycling of our waste. Our social responsibility is at a high level, as seen in the social policy standard we have implemented, along with our respect for the people behind our products and our support for local communities. We have adopted transparency and responsible management of corporate processes as a working method, which forms the foundation of our long-term sustainability efforts.

We believe that our actions are directed towards continuing to play a leading role in the transition to a more eco-friendly textile industry. We encourage all our partners, customers, and employees to join us on this important journey towards sustainable development.

We thank everyone who supports us in the cause of achieving a sustainable future.

*Sincerely,
"E. Miroglio" EAD*



GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	p. 8 - 13
	2-2 Entities included in the organization's sustainability reporting	p. 9, 10, 12
	2-3 Reporting period, frequency and contact point	p. 4-5
	2-4 Restatements of information	Not Applicable
	2-5 External assurance	verification
	2-6 Activities, value chain and other business relationships	p. 8- 12
	2-7 Employees	p. 83 - 94
	2-8 Workers who are not employees	p. 92
	2-9 Governance structure and composition	p. 66 - 70
	2-10 Nomination and selection of the highest governance body	p. 66 - 70
	2-11 Chair of the highest governance body	p. 66 - 70
	2-12 Role of the highest governance body in overseeing the management of impacts	p. 67, 69
	2-13 Delegation of responsibility for managing impacts	p. 6
	2-14 Role of the highest governance body in sustainability reporting	p. 3
	2-15 Conflicts of interest	p. 70
	2-16 Communication of critical concerns	p. 85
	2-17 Collective knowledge of the highest governance body	p. 6
	2-18 Evaluation of the performance of the highest governance body	Not Applicable
	2-19 Remuneration policies	p. 86
	2-20 Process to determine remuneration	Not Applicable
	2-21 Annual total compensation ratio	Not Applicable
	2-22 Statement on sustainable development strategy	p. 6
	2-23 Policy commitments	p. 70
	2-24 Embedding policy commitments	p. 70
	2-25 Processes to remediate negative impacts	p. 20, 32
	2-26 Mechanisms for seeking advice and raising concerns	p. 85
	2-27 Compliance with laws and regulations	p. 42
	2-28 Membership associations	p. 40, 43
	2-29 Approach to stakeholder engagement	p. 67, 71, 72
	2-30 Collective bargaining agreements	p. 86, 90

GRI 3: Material Topics 2021	3-1 Process to determine material topics	p. 15
	3-2 List of material topics	p. 16
	3-3 Management of material topics	p. 17
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	p. 99 - 101
	201-2 Financial implications and other risks and opportunities due to climate change	p. 99 - 101
	201-3 Defined benefit plan obligations and other retirement plans	p. 99 - 101
	201-4 Financial assistance received from government	p. 99 - 101
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	p. 48
	202-2 Proportion of senior management hired from the local community	p. 48
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	p. 106 - 107
	203-2 Significant indirect economic impacts	p. 106 - 107
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	p. 103
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	p. 44 - 46
	205-2 Communication and training about anti-corruption policies and procedures	p. 44 - 46
	205-3 Confirmed incidents of corruption and actions taken	p. 44 - 46
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p.73
GRI 207: Tax 2019	207-1 Approach to tax	p. 96 - 98
	207-2 Tax governance, control, and risk management	p. 96 - 98
	207-3 Stakeholder engagement and management of concerns related to tax	p. 96 - 98
	207-4 Country-by-country reporting	p. 101 (GFO)
GRI 302: Energy 2016	302-1 Energy consumption within the organization	p. 33 - 36
	302-2 Energy consumption outside of the organization	p. 33 - 36
	302-3 Energy intensity	p. 33 - 36
	302-4 Reduction of energy consumption	p. 33 - 36
	302-5 Reductions in energy requirements of products and services	p. 33 - 36

GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	p. 26 - 27
	303-2 Management of water discharge-related impacts	p. 26 - 27
	303-3 Water withdrawal	p. 26 - 27
	303-4 Water discharge	p. 26 - 27
	303-5 Water consumption	p. 26 - 27
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable
	304-2 Significant impacts of activities, products and services on biodiversity	Not applicable
	304-3 Habitats protected or restored	Not applicable
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p. 33 - 36
	305-2 Energy indirect (Scope 2) GHG emissions	p. 33 - 36
	305-3 Other indirect (Scope 3) GHG emissions	p. 33 - 36
	305-4 GHG emissions intensity	p. 33 - 36
	305-5 Reduction of GHG emissions	p. 33 - 36
	305-6 Emissions of ozone-depleting substances (ODS)	p. 37
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	p. 37
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	p. 38
	306-3 Waste generated	p. 38
	306-5 Waste directed to disposal	p. 38
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	p. 30 - 32
	308-2 Negative environmental impacts in the supply chain and actions taken	p. 30 - 32
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	p. 86 - 94
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 86, 88, 89
	401-3 Parental leave	p. 89
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	p. 70

GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	p. 52, 53
	403-2 Hazard identification, risk assessment, and incident investigation	p. 54, 60
	403-3 Occupational health services	p. 54
	403-4 Worker participation, consultation, and communication on occupational health and safety	p. 55
	403-5 Worker training on occupational health and safety	p. 56, 57
	403-6 Promotion of worker health	p. 58
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 59
	403-8 Workers covered by an occupational health and safety management system	p. 59
	403-9 Work-related injuries	p. 60
	403-10 Work-related ill health	p. 58
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	p. 57, 59
	404-3 Percentage of employees receiving regular performance and career development reviews	p. 58
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	p. 40, 87, 90
	405-2 Ratio of basic salary and remuneration of women to men	p. 90
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	p. 40, 41, 85, 91
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p. 40, 43
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	p. 41, 91
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	p. 91
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	p. 51
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Not Applicable

GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	p. 49 - 50
	413-2 Operations with significant actual and potential negative impacts on local communities	p. 49 - 50
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	p. 47
	414-2 Negative social impacts in the supply chain and actions taken	p. 47
GRI 415: Public Policy 2016	415-1 Political contributions	p. 105
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	p. 61
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	p. 61
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	p. 14
	417-2 Incidents of non-compliance concerning product and service information and labeling	p. 14
	417-3 Incidents of non-compliance concerning marketing communications	p. 14
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 104