

nanimarquina

Environmental Social Governance Report

2022

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At nanimarquina, we work with a clear purpose: to design products that bring wellbeing into their new homes.

The search for an emotional connection with the users of our rugs has been a clear and constant priority since day one.

Nani saw this very clearly. She wanted to provide innovative rug designs that users could connect with, generate joy and wellbeing and a positive impact within our community, related to both aesthetics and beauty. Today, our source of inspiration and creativity is nature, observed in its purest and cleanest form. No frills, no superfluties.

This is how this leading and pioneering brand was founded, by communicating its fundamental values in everything it does.

Now more than ever, we are strengthening our vision and reinforcing the meaning of beauty in order to have a positive impact on the world around us.

At nanimarquina, we understand that only those products conceived, designed, manufactured and sold with respect for their communities, processes and materials can be beautiful, and can emanate and generate wellbeing in their homes.

Since day one, we have cared for the hands of our talented craftsmen and women; we put their needs first in a bid to solidify mutual and unquestionable respect. As such, we also have a strong link with Care & Fair, supporting schools and training centers in the countries where we make our products, and thus the futures of our weavers' families.

Since day one, our design teams have borne every aspect of our products in mind, choosing natural and recycled materials and processes that respect the planet we live on.

With every new design comes the opportunity to reevaluate the way we work, to find the best way to optimize our processes and seek excellence in every step we take, no matter how small. This is our commitment.

We strive for our products to inhabit a healthy and beautiful planet, where homes inspire respect and products convey positivity.

We believe in and encourage positive interactions among our team, our communities and our employees, to ultimately imbue our products with this legacy and ensure the sustainability of these relationships with our customers and their homes, wherever they reside on our precious planet.

My firm commitment is to incorporate this founding vision into every decision I make, so that we can continue to connect with our customers through rugs that promote wellbeing, in harmony with our planet's nature, resources and the people who inhabit it.

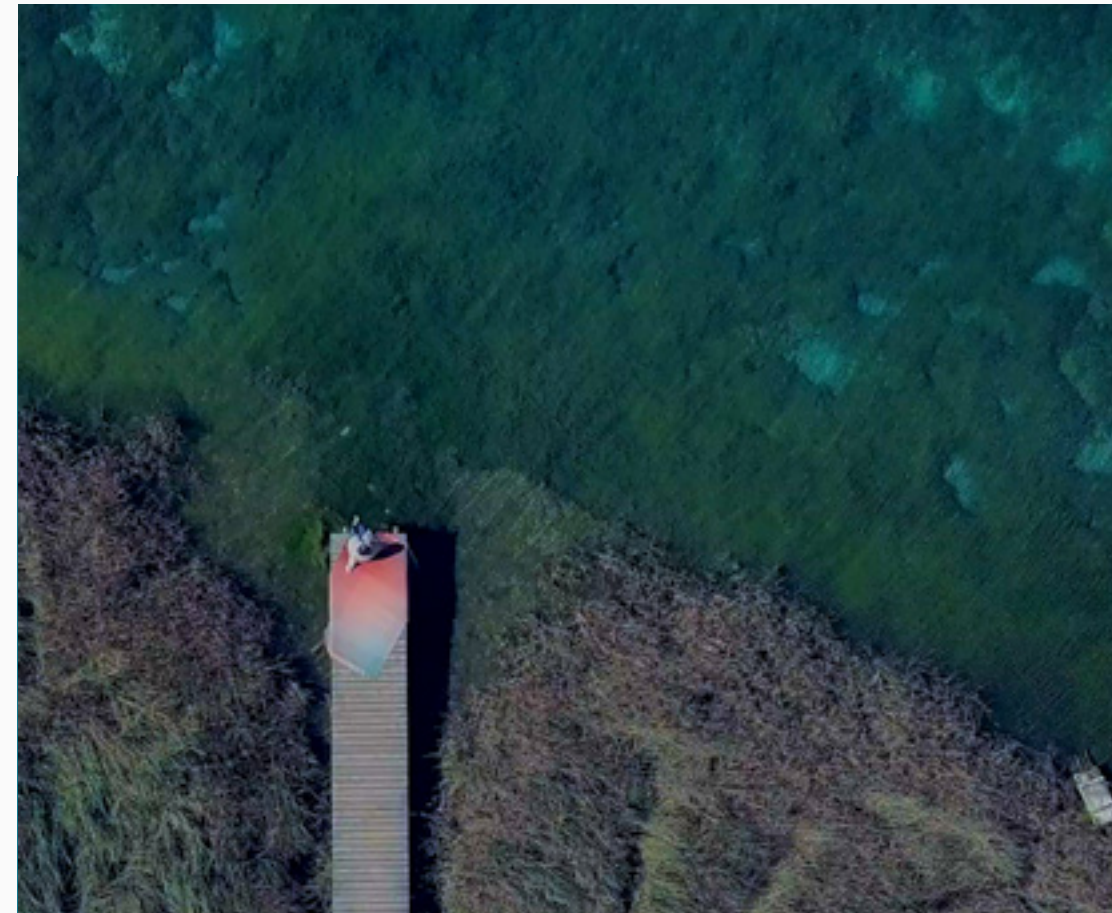


Maria Pira Marquina
Managing Director

Maria Pira Marquina and Nani Marquina



Report highlights



We are Climate Neutral Certified

As of April 2022 we are officially Climate Neutral Certified. We have measured our carbon footprint, offset it by funding two projects in India and set short, medium and long-term reduction targets.

[Continue reading on page 10 →](#)

Environmental Product Declarations

We have studied the life cycle of three different product lines: Kilim made from afghan wool, Dhurrie made from recycled PET and Tufting made from Indian wool. This has allowed us to understand the real impact that our carpets have on the environment.

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R-Strategies for a zero waste future

We are pursuing several circular economy strategies across the entire value chain to move towards a zero waste future. We are working together with our suppliers, customers and stakeholders to repurpose, recycle and reuse materials and products.

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A women led company

At nanimarquina we work on inclusivity and diversity on a transversal basis. We are also honored to mention that the company is majority owned and managed by women.

[Continue reading on page 20 →](#)



A long-term relationship with providers

For more than 15 years we have been committed to craftsmanship, supporting our suppliers on a regular basis. We are currently continuously improving our process to enable an increasingly transfer of more responsibility to them.

[Continue reading on page 24 →](#)

Third party assessed projects

We rely on the help of external agents for advice and support in our sustainability journey. We are paying close attention to how, when and what is communicated so that messages are held honest.

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ESG from day one

Nani Marquina founded her eponymous company in 1987 in Barcelona, breaking into the market with a revolutionary vision to turn the classic rug into a contemporary design product. Today, 35 years later, nanimarquina is an international benchmark in the design of handcrafted rugs, with a long history of creating products for both private and public projects.

By combining tradition with research and understanding sustainability from a practical point of view, nanimarquina has been a responsible company from day one. By placing craftsmanship at the heart of the business in 1994, Nani was responding to an subconscious need to act more responsibly. Throughout the company's history, it has instigated many projects and actions that respond to what today is known as ESG accountability.

Environment

'Bicicleta' was designed in 2005 and is made of recycled materials. Each rug is manufactured using 130 to 140 inner tubes, collected in India. It was a daring product that adopted one of the simplest principles of the circular economy, 14 years before the Ellen MacArthur Foundation published their famous Butterfly Diagram. In addition to outlining a clear declaration of intent, starting with the need to increase awareness of recycled materials, 'Bicicleta' represents a groundbreaking focal point for modern, avant-garde spaces.



Social

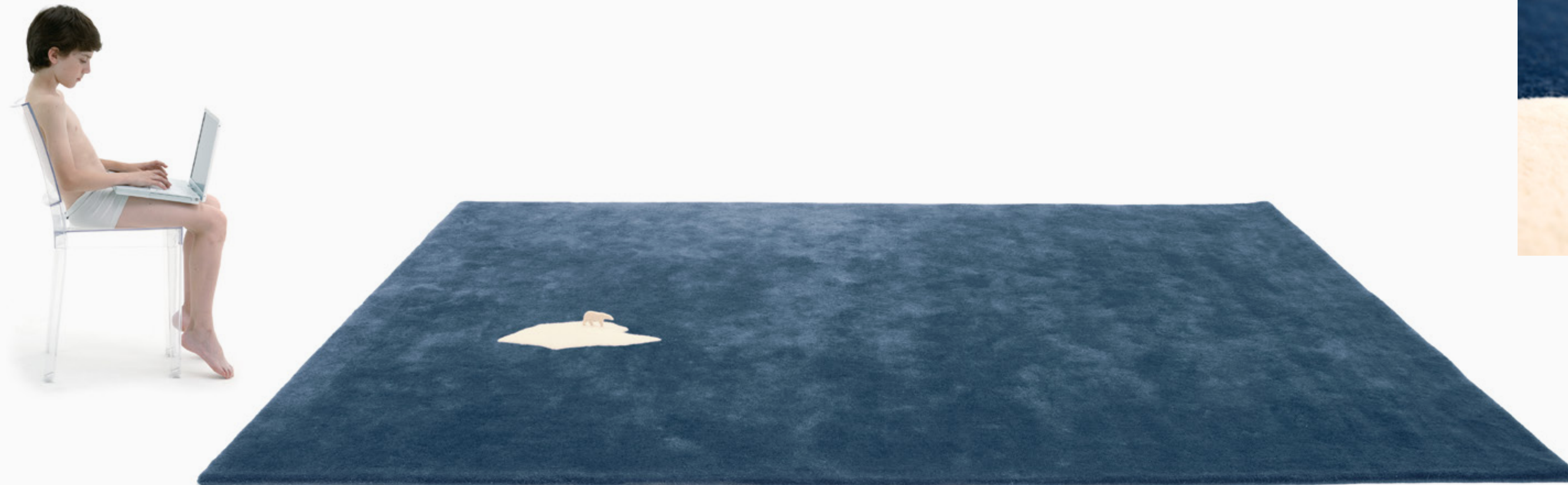
In 2007, nanimarquina launched the project 'Potten', a collection of Fairtrade crockery pieces designed by Renske Papavoine and handmade in the Indian city of Bhopal. In order to manufacture these pieces, the company collaborated with a local initiative that sought to help find employment for people affected by the tragedy that took place in 1984, when a toxic gas leak at a factory killed 7,000 people and left another 700,000 with serious side effects.



Governance

Traditionally, rugs have been used as tools to communicate cultural messages. In 2008, nanimarquina released a rug called “Global Warming”, made in collaboration with the Mexico-based collective, NEL Colectivo. It depicts a polar bear stranded on an ice floe; a victim of climate change. For nanimarquina, this rug was an invitation, a message, calling for reflection on the world and raising public awareness about its state of emergency.

‘Bicileta’, ‘Potten’ and ‘Global Warming’ are projects that highlight three different impact areas, but which have one common objective: to act responsibly. Despite the fact that upon their launch there was not as much awareness or knowledge about these areas as there is today, nanimarquina has always taken a caregiving approach. Respect for the environment and support for the most vulnerable have always gone hand in hand with honest and transparent governance.



Our sustainable journey

Understanding the impact of our actions is always the most effective way to generate change. Knowledge is the key to wanting to help change the system we live by today. When we asked ourselves “How can we contribute?” and “What can we change?”, we realized that we couldn’t do it on our own. We discovered that it’s not only about the product and the process, but about the whole company and its vision.

“If we achieve our sustainability targets and no one else follows, we will have failed.”

Paul Polman

In order to effect change horizontally, we started to collaborate with external sustainability consultants who guided us through the transformation process. They have helped us to become more aware of our decisions and how to deal with the direct and indirect consequences of our actions. We’ve worked together to define how we drive, measure and communicate sustainability. An entire year’s work culminated in a retrospective analysis of our most outstanding actions and offered a glimpse of the challenges we will face in the coming year.

2022 has been different for us in many ways. It has been the first year in which nanimarquina has addressed ESG from a conscious and scientific perspective. We have carried out numerous analyses and measurements in order to understand the company’s position in terms of sustainability, social impact and governance, and we have set practical and tangible objectives for the short, medium and long term.

We are now aware that it is not a question of triggering one-off actions, but of promoting a process of continual improvement. Today, we are proud to present our community with some of the actions and projects we have undertaken in 2022, which mark the starting point of our sustainable journey. The present ESG Report covers all non-financial activities carried out in 2022, including those that started in previous years and that are still ongoing.

Nanimarquina has decided to share this information voluntarily in response to its duties as a responsible entity. This shows our commitment to sustainability and we hope to encourage other companies to take action on the matter. As Paul Polman said, “if we achieve our sustainability targets and no one else follows, we will have failed.”

We take care of the planet.

ENVIRONMENT

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From a holistic point of view, the Environment impact area focuses on three different axes: climate change, resources and the value chain. Nanimarquina is committed to reducing its carbon footprint and resource consumption, to preserving the use of natural fibers and to adopting circular economy strategies to reduce its waste, always keeping its products' quality and design at the highest standard. Actions speak louder than words, and we intend to demonstrate this series of commitments through specific plans and tangible actions.

Climate change

Our approach to climate change has been drastic and horizontal. After a demanding four-month process, we became a Climate Neutral Certified company. We measured the carbon footprint resulting from all our actions and activities within the year 2021, offset it by funding audited projects at the origin of our manufacturing process and established a plan to commit to reducing our carbon footprint in line with global, science-based reduction targets.

Step one: Measurement

The first step is always to understand the current picture and analyze the state of the art. In our case, we started by measuring the carbon footprint resulting from all the activities we carried out in 2021. To do this, we involved all of our departments and suppliers.

We collaborated with Climate Neutral, a non-profit organization, to measure, offset and plan the reduction of our carbon footprint. This organization offered us all the necessary tools and services to carry out the entire certification process, including their measurement software known as BEE (Brand Emissions Estimator), powered by various databases and statistical models and based on real data and proven scientific evidence. We also had weekly support from experts in the field. This specialized team was dedicated to monitoring all the data we gathered and entered into the system.

We analyzed our results based on the Corporate Standard Greenhouse Gas (GHG) Protocol, a tool for measuring and reporting the GHG emissions produced by organizations worldwide.

This protocol categorizes an organization's emission-producing activities into three different scopes: scope one for all direct emissions, scope two for indirect emissions from purchased electricity, heat or steam, and scope three for other indirect emission sources.

In 2021, nanimarquina's carbon footprint was 3,278 tons of CO₂ equivalent. Scopes one and two are responsible for less than 1% (29.85 t CO₂ eq.) of the total carbon footprint, while scope three accounts for the remaining 3,252,05 tons of CO₂ equivalent. Although this follows a typical distribution, in the case of nanimarquina, the weight of scopes one and two with respect to the total is lower than average. This is due to two main reasons: the low frequency of private motorized vehicle trips and the absence of the use of gas as an energy source at any of the company's own facilities.

As soon as these results were obtained, we started developing a reduction plan in response to the conclusions reached.. This plan is outlined in "Step three: Reduction plan" (page 11).

3.278t CO₂
Total carbon footprint in 2021

Step two: Offset

According to the UNFCCC, climate neutrality refers to the idea of achieving net zero greenhouse gas emissions. One way to do this is by balancing out those emissions so that they are equal to the emissions that are removed by the planet's natural absorption processes. But how does this work in practice?

Once we had calculated our carbon footprint, the second step was to offset it. We had to purchase one carbon credit for each ton of CO₂ equivalent of the company's total carbon footprint in 2021. We decided to collaborate with Gold Standard in order to select projects that would have a positive impact on the countries where we manufacture our products. These projects were audited, regulated and compliant with Climate Neutral's values and requirements.

Gold Standard was established in 2003 to ensure that projects that reduced their carbon emissions featured the highest levels of environmental integrity and also contributed to sustainable development. It was founded on the principle that climate action cannot be one-dimensional. Climate projects must deliver meaningful sustainable development benefits that go beyond emission reductions.

We selected the projects from Gold Standard's extensive portfolio that best fit our philosophy and values. We purchased a total of 3,278 credits worth more than \$25,000, which were earmarked to fund different projects based in India. To ensure transparency and avoid the duplication of credits, a unique serial number is assigned to each carbon credit, making each one traceable and public.

A great part of the total carbon credits were spent on a sustainable energy project located in Chhattisgarh. The Indian company Godawari Power & Ispat Ltd. (GPIL) runs a 20 MW biomass-based power plant that generates electricity using rice husks produced by local communities. By using renewable fuel, this project reduces local waste and emissions by replacing intensive fossil-fuel based power generation.

Other carbon credits were used to fund a Fairtrade project located in the Chikballapur district of Karnataka province. Since 2009, FairClimateFund has been working with local partner ADATS to supply biogas installations to 12,000 farming families. Organic waste (mainly cow manure) is converted into methane gas in an underground biodigester and can be used for cooking.

In summary, we managed to offset our entire carbon footprint by supporting two projects located close to our suppliers in India. Besides creating renewable energy sources, these projects have a positive impact on their local communities. [Learn more about the socio-educational and socio-health impact generated by these two projects under "Corporate Donations" \(page 31\).](#)

Step three: Reduction plan

Climate Neutral Certification not only requires measuring and offsetting, but also a commitment to reducing the carbon footprint. Nanimarquina decided to support and align itself with the Net Zero Coalition, which stems from the idea of reducing emissions by 50% by 2030 and reaching net zero by 2050, with a view to keeping global warming below 1.5°C, as called for by the Paris Agreement.

Science-based targets provide a clearly-defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the negative impacts of climate change and future-proof business growth.

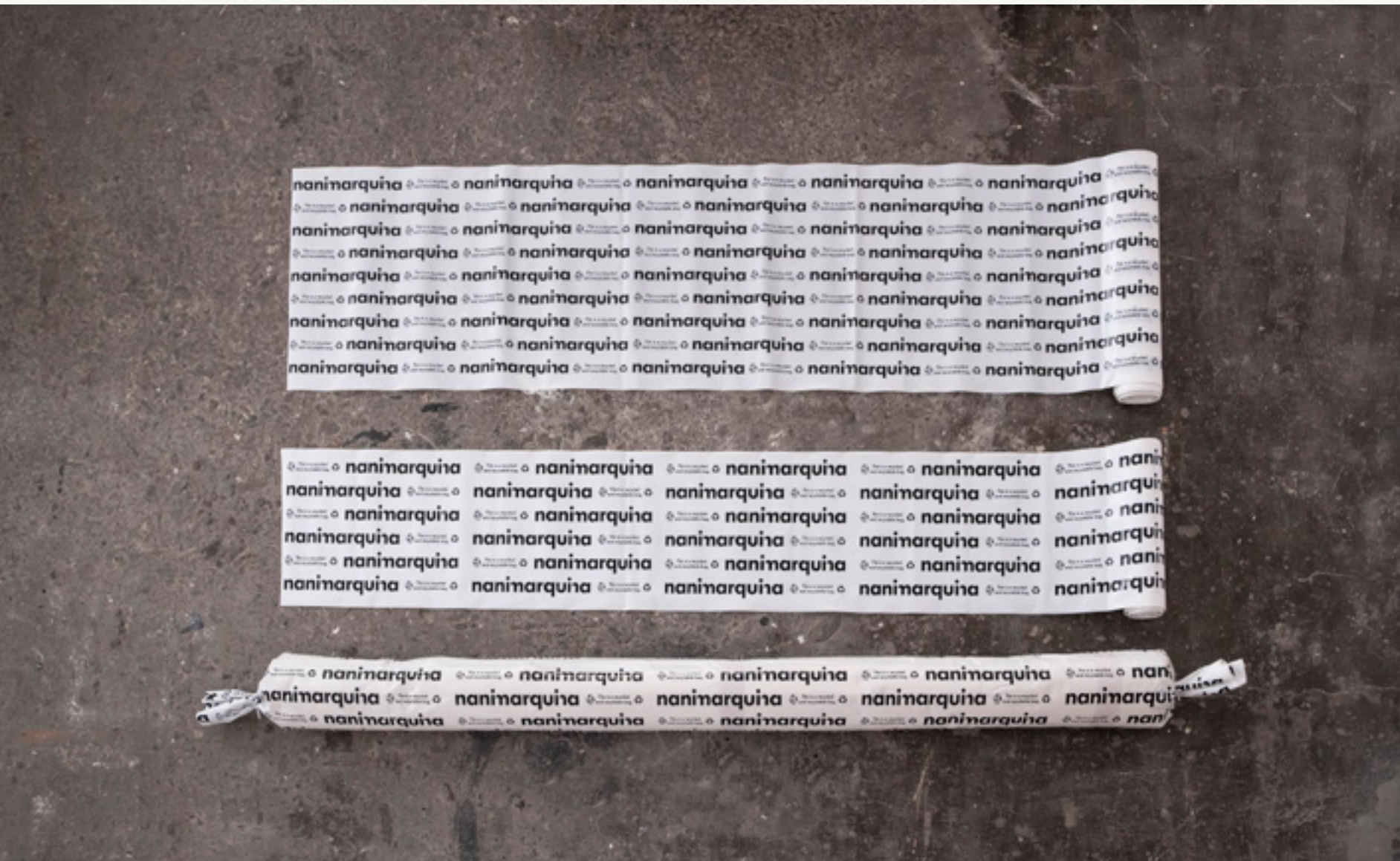
In order to turn these long-term objectives into tangible and implementable actions, a focus group was set up to develop and work on a reduction plan. A series of actions were then outlined based on the results obtained from the measuring process, which were later classified into three groups: transport, packaging and manufacturing.



20MW Biomass power. Chhattisgarh, India.



Clean cooking with Biogas. Chickballapur, India.



With regard to transport, as laid out in “Step one: measurement”, the main focus is on air freight in particular that used for exportation. We are working to reduce our emissions in this field. After understanding some of its root causes, we decided to encourage e-commerce customers to choose slower shipping options. [If you want to know more about how we are informing our customers about their shipments’ carbon footprint, see "Touchpoints" \(page 28\).](#)

The second group is packaging. Even though this subject is closely connected to logistics, the improvements being developed are focused on product. The goal, which was set at the beginning of 2022 and has already been achieved, was to analyze packaging in depth and reduce the resulting emissions. [Discover all the actions related to packaging under "Quality and Logistics" \(page 16\).](#)

In terms of manufacturing, the challenge was to gain greater control over our suppliers in order to obtain more detailed information about their energy sources and consumption, among other data. By getting to know our suppliers better, we can help them to reduce emissions in the production phase. [Read more about it under "Long relationships" \(page 24\).](#)

These are some of the actions that make up our reduction plan. We are aware that this is a process of continuous improvement and we are committed to doing whatever it takes to reduce our carbon footprint. After presenting the reduction plan and receiving approval from Climate Neutral, on April 15 2022, we successfully completed the certification process. Each day we get one step closer to reaching a net-zero future.

Step four: Dissemination

At nanimarquina, we make conscious decisions and like to get the most out of everything we do. The Climate Neutral Certification process helped us carry out an exercise of introspection and perform an X-ray of our value chain. But above all, this process helped us to learn. We have shared the measurement results transversally with all departments in the company, as well as with all our sales representatives around the world and other external agents. What’s more, we have used all these personal interactions to train our stakeholders on sustainability. [Find more information, see "Growth and development" \(page 21\).](#)

A good example of the work we have done in this area is the launch of our sustainable magazine at the end of 2022. This magazine was used both internally and externally as a tool for training and for raising awareness.

We have made the same effort with our community by publishing a series of posts on our social media channels, newsletters and website. In addition, we are including the certification label in all forms of communication, including emails and promotional material, and publicizing our commitment to sustainable responsibility.

Resources

We take sustainability very seriously. Not only are we concerned about our carbon footprint and climate change, but we are also concerned about preserving and protecting our natural resources. Nanimarquina remains faithful to using natural fibers to manufacture our rugs, carefully vetting extraction and transformation process. Likewise, we are working to closely control the water cycle and develop projects that will lead the company towards a zero-waste future.

Natural fibers

The fibers used to weave nanimarquina products are mostly organic. Organic fibers are understood to be of animal origin, such as wool or silk, or to come from a plant-based source, such as jute, nettle, cotton or linen. It is a responsible and sustainable option to work with natural resources, especially in comparison to synthetic fibers, which require industrial processing, consume more energy and generate more waste.

The design department and production department are responsible for selecting the materials for each rug collection. In recent years, we have increasingly integrated eco-design strategies in order to select the fibers. These criteria involve analyzing the impact the fibers have on the lifecycle of the rug. After conducting LCAs (Life Cycle Assessments) on our products, we concluded that the transport of the materials from their extraction site to the manufacturing site substantially influences the fibers' environmental impact.

As such, whenever possible, we prefer to use materials whose extraction site is as close as possible to the manufacturing site. In line with this objective, several laboratory tests have been carried out to analyze wool from India, the country in which most of our rugs are crafted. From one of these studies, we were able to conclude that Chokla wool offers outstanding properties for the production of high-quality rugs.

We make sure we know everything about the fibers we use to manufacture our rugs and share this information publicly. Details about the origin and properties of the fibers used to make each rug are available to all our customers and stakeholders on our website. In 2022, we decided that we would no longer include a leaflet in the product packaging in order to reduce its environmental footprint.





Water management

Water stewardship has become one of our main priorities as we gain more control over the entire water cycle. Nanimarquina rugs are handcrafted using traditional techniques that have been practiced for hundreds of years. At some points in the manufacturing process, the use of water is indispensable. However, over the years, we have implemented a number of strategies and improvements to reduce the amount of water used and enhance waste management.

A significant change was implemented in 2013, when we introduced Eco Sheen & Jutex when washing all our loom rugs, a biodegradable and chemical-free product that we continue to use to this day. This multi-enzymatic formula, created by Indian biochemist Charmaine F. Sharma, eliminates the need for chemical washes that weaken, degrade, and dull the color of the fibers. The use of Eco-sheen & Jutex concentrates also helps to reduce water consumption by up to 70% during the washing process. This method is undoubtedly beneficial for the environment, given that it is rich in nitrogen and prevents the contamination of groundwater.

In 2022, we carried out LCAs of our products as part of an Environmental Product Declaration (EPD). This has allowed us to understand the real impact that our rugs have on the environment. Through this process we have not only been able to see how much water is consumed in each phase of the product's lifecycle, we have also been able to measure its impact on eutrophication. These results give us specific information on how and where to act. [Read more about the EPDs under "Design and production" \(page 16\).](#)

In addition, in September 2022, we paid a visit to our suppliers in India together with our sustainability consultants. Here, we were able to analyze the value chain more closely. One of the focuses of this study was to trace and measure the water cycle. We were even able to visit our suppliers' suppliers and understand how they depend on one another.

We are currently formulating a plan that will allow us to channel enhancement proposals through our tier one suppliers, which will enable them to work smarter with their tier two and tier three suppliers.

In the rug manufacturing process, the two main focuses of water consumption are the washing and dyeing phases. With regard to washing, the main objective is to ensure the continued use of Ecosheen & Jutex given the aforementioned benefits. As for the dyeing phase, our trip to India showed us that all the dyeing plants with which we collaborate, either directly or indirectly, have post-dyeing water filtering systems.

Post-dyeing water filtering is a precipitation process that uses iodine, through which all impurities are extracted. 20% of the water evaporates during the process, and another 20% becomes sludge, which is collected and managed by specialized companies, such as Indian Oil. The remaining 60% of the water is reused in agriculture, primarily for irrigation in rural areas.

We are constantly putting more effort into acting responsibly when it comes to water. Team commitment is high, and our actions are becoming more visible. The impact on the water cycle is now at the core of our decision-making, as it is a fundamental element of the environment that must be protected. We hope that our actions will inspire other companies in the industry to act, so we can work together on this issue.

Zero-waste initiatives

Together with reducing our carbon footprint and responsibly managing water, waste reduction is one of the fundamental pillars of protecting the environment. We are working on actions to address the collection, sorting and reduction of waste generated directly and indirectly by our value chain. We are pursuing several circular economy strategies across the entire value chain to generate systems that help reduce the amount of waste produced. Our efforts in 2022 encompassed many of the R-strategies of the circular economy.

One of 2022's most outstanding collections is Re-Rug, born from the idea of reusing leftover wool that had accumulated over the years at our suppliers' facilities. After a long research process, we redesigned a new yarn suitable for weaving. Each Re-Rug uses one kilogram of reprocessed wool per square meter, thereby directly helping to reduce unmanaged waste and reduce CO₂ emissions, since less virgin material needs to be produced and transported.

The hallmark of this circular collection is the intention to preserve the irregularity and tonal richness of the wool leftovers. This challenge led us to experiment with various processes through which we managed to maintain multiple colors. The result is a unique collection composed of 50% virgin wool and 50% repurposed wool. Thanks to the Re-Rug sales in 2022, we have been able to give a second life to approximately 250 kg of wool.

Through quality control and especially through warehouse repairs, we have also managed to increase the circularity of our rugs. Some rugs take up to three months to be manufactured and transported from Pakistan or India to our warehouse in Spain. We do everything in our power to ensure that each one finds its owner, and this begins with a warehouse review. A team of three people is in charge of checking and correcting any damage the rugs may have suffered during transport. Between one and five percent are ironed or repaired in the warehouse with the aim of extending their useful life.

As of 2022, only 0.01% of rugs couldn't be repaired. All rugs that are irreparably damaged but still functional are sold at a reduced price in our yearly pop-up event held at our showroom. Prototypes, refurbished rugs and rugs from older collections are also given a second life at these events. It is a very convenient way of democratizing our product and reusing rugs that would otherwise have ended up in landfill. On the other hand, this helps us to reduce our warehouse occupancy, which translates into energy savings and consequently a reduction in CO₂ emissions, thus supporting scope two.



Value chain

Sometimes, in order to achieve sustainable transformation, it is necessary to challenge a company's natural structure.

Companies such as nanimarquina, whose origin is based on the design, development and sale of products, usually have a vertical structure that stems from the industrial revolution. The moment we decided to build sustainability into the core of our business, we started to enforce a more horizontal approach, which led to significant gains, as described in the following sections. Rug-making has evolved significantly as a result of all the innovations applied by nanimarquina.

Design and production

Between May and July of the present year, we carried out several Life Cycle Assessments (LCA) and presented the results in three self-declared Environmental Product Declarations (EPD). Nanimarquina decided voluntarily to share these results as a sign of transparency towards all stakeholders and customers and to state our commitment to our sustainability journey. The results obtained are being used to implement eco-design strategies with the aim of reducing the environmental impact of our rugs.

The process started by analyzing samples of materials from the warehouse and the office. In addition, real logistical data and the regulated documentation provided by suppliers were taken into account. The gathered data was processed using the software openLCA 1.11 and nourished by the database Ecoinvent 3.8. Finally, the environmental results were obtained by applying the EPD (2018) environmental impact assessment method. The whole assessment process was carried out following the ISO 14040 principles.

This process was repeated for three product lines: the hand loomed Kilim woven of Afghan wool, the hand loomed Dhurrie made of recycled PET and the hand tufted woven of Indian wool. The following impact categories were analyzed based on the EPD (2018) method: abiotic depletion (of elements and fossil fuels), global warming, ozone layer depletion, acidification, photochemical oxidation, eutrophication and water scarcity. These impact categories help us make actionable statements about how greenhouse gas (GHG) emissions influence the environment.

We are capable of verifying and confirming the accuracy of all data provided during the LCA process and we commit to conducting third-party verified EPDs of all our products in the coming years, along with continuously improving all processes. We're involving sustainability criteria in the decision-making processes regarding design and production in order to minimize the environmental impact of these stages.

Quality and logistics

After three years of exhaustive work, we have managed to move part of our value chain to our manufacturing location. This will enable us to reduce the environmental impact of our rugs. This is a four-person project that started in India in 2019 and from which the first positive results are being obtained. It is an empowerment initiative and an exercise in delegating responsibilities, which focuses on two main areas: quality control and packaging.

Since 2022, the quality control and packaging of our rugs is being done at our supplier's facilities, instead of at the warehouse in Spain. People from local communities in India have been trained and are working closely with the nanimarquina team to ensure that all rugs have undergone strict quality controls before they are shipped. This improvement has directly reduced the number of rejected rugs reaching our warehouse, and therefore the number of unnecessary shipments. We have achieved a reduction of 2.5% in rejected rugs compared to 2021.

What's more, by restructuring part of our value chain, we have been able to reduce the environmental impact of our packaging. Previously, rugs were shipped in primary packaging to the warehouse where they were repackaged. Our suppliers now prepare the packaging that will be sent to the final customer, which means we have been able to eliminate primary packaging for good.

Resulting from these improvements, 0.2 kg of plastic and 0.1 kg of cardboard are used less per square meter of rug. In addition, we have managed to reduce our lead time by around 15% compared to last year, which enables us to use less air freight in the future. Finally, by increasing our quality rate and removing unnecessary shipments, we have also reduced the amount of immobilized stock in the warehouse, thereby reducing our energy consumption. Given the positive results obtained in India, the same approach is being studied for application to our suppliers in Pakistan.

Alongside the implementation of EPDs, we have also carried out a packaging declaration with the aim of analyzing our packaging and looking for more sustainable alternatives. Packaging is designed to protect the product during shipping and to allow the consumer to store the product safely. Both these functions affect how we design the different elements and select the materials for production.

When analyzing the different packaging elements, two parts are worth highlighting. First, the organic cotton bag that not only protects the rug during shipping, but also allows the consumer to store it at home. Second, the waterproof plastic sleeve that keeps the product dry during transport, made from 40% recycled plastic.

Another characteristic that makes nanimarquina rugs very sustainable is their longevity. The average lifespan may vary depending on the materials and manufacturing techniques. However, scientific evidence and consumer testimonials prove that with proper care, our rugs can be used for several decades.

Beyond the materials and manufacturing techniques, it has been proven that the care of rugs is key to extending their useful life. Customers and stakeholders have access to an online care and cleaning guide. In addition, specific care and cleaning details are described on a postcard included with each rug when it is shipped. This card includes a link to the website, where all the information and technical specifications are described in more detail.

Sales and communication

We believe that it is just as critical to be environmentally responsible when selling our products as when communicating with our community. That is why we have included the processes mentioned before. A business must be sustainable not only environmentally, but also socially and economically. We know that sales are necessary for the survival of our company, but we are also aware that this process entails a certain degree of awareness and responsibility.

Regarding our services, since of 2021, we have offered the Formula Contract collection, a line focused on offering highly functional products for large-scale projects. This collection was developed taking into account sustainability criteria, especially as regards the sourcing of wool from nearby the manufacturing location. We have also introduced improvements to the packaging of samples, which no longer includes adhesives, making it easier to disassemble at the end of their lifecycle.

Regarding materials, the labels on all of our products are designed to respect the environment. All options are evaluated and revised every year in order to find and use new materials with less environmental impact. In the same way, the paper used for the brand's promotional material is usually recycled, or displays an FSC certificate.

This accreditation guarantees that the wood used to make the paper is sourced from forests that are managed according to the Forest Stewardship Council criteria, which ensures the sustainable management of forests, focusing on ecological, social, and economic aspects, among others.

Our promotion methods are not only analyzed from a material point of view, we also pay great attention to how we communicate. It is crucial to communicate honest messages across all physical and digital media. We have always been transparent with our customers, sharing real images and detailed information about our manufacturing processes. Now, we also want to share the raw data with our community and explain the details of the analyses we conduct. If you are interested in finding out more about transparency, see "Ethics and compliance" (page 36).



We take care of our people.

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People have been, are, and will always be, one of our main priorities. We care about providing an inclusive environment for our employees, allowing them to excel in what they love doing and grow as professionals and as individuals. We want to build long-term relationships with our suppliers and ensure that they grow with us. As we design our products, we also take into account the health, well-being and satisfaction of our consumers and we are always open to dialogue. Finally, we are very involved in the communities in which we work, always trying to promote initiatives that both benefit and protect people.

Our people

At nanimarquina, we strive every day to create an inclusive, safe and supportive environment for all our team members. We always support our teams' development and try to encourage collaboration and creativity, as well as providing strong and comprehensive benefits and an engaging workplace. We believe we are a better and more innovative company when people feel safe, have support and are given the chance to evolve.

Inclusion and diversity

Nanimarquina is a company led and owned in its majority by women. Two thirds of our employees identify as women and the other third identify as men. In terms of age groups, 75% of our workforce is between the age of twenty-four and fifty-four, and of our 36-strong team, 27 work in the Barcelona office, three people work in the USA office and one person in the London office. We also have one person each in of our showrooms in New York and Barcelona, and four people in our warehouse in Llerona (Spain). It is worth noting that one of the three employees in the warehouse is an immigrant who has received support from nanimarquina to legalize his residence status in the country.

As a company, we pride ourselves on the diversity of our team and we are planning to develop a handbook that frames our recruitment process and our working environment. Since its foundation, nanimarquina has been defined as a non-discriminating company, which ensures that all individuals receive the same opportunities regardless of their age, gender, race, origin or any other diversity. We also advocate an anti-harassment policy and employees' right to collective bargaining and freedom of association.

In addition to constantly improving our recruitment practices, we strive to create a safe and empowering environment at nanimarquina. We are committed to promoting inclusivity and diversity in all work areas in order to grow our team even further.





Growth and development

All staff members that make up our current business development team are on permanent job contracts; 92.8% are fully qualified and the rest are trainees. Temporary contracts are offered when there is a need to replace an employee, to make up for reduced working hours, to temporarily cover a position during the selection process, for holiday cover and for temporary adjustments or fluctuations in demand.

As of 2022, we are starting to take sustainability criteria into account when hiring new employees. We analyze the language we use to write job descriptions and requirements in order to ensure they are inclusive and equitable. We also have a formal onboarding process for new employees. We rely on performance reviews that formally incorporate social and environmental issues. These are conducted annually by the company's managers and directors.

As for the workplace environment, we are a family-owned company with less than 30 employees working at our headquarters. This creates a very close atmosphere for employees, and allows them to convey their concerns organically to their managers. If employees' needs cannot be addressed by managers, they can talk to the company's director. We are planning to create a position to support the human resources department, with a focus on goal setting, evaluation and employee training.

We also offer ongoing training on core job responsibilities, provide cross-disciplinary training for career development or transitions, and allocate an annual budget for external professional development opportunities. In 2022, we also placed a special focus on sustainability-related training.

These training sessions have been carried out across all departments for all employees and have been organized by an external environmental consultant. In each of the 1.5-hour sessions, employees were able to learn about the company's carbon footprint, our Climate Neutral Certification, the circular economy and waste generation, among other topics of interest, always allowing time to clarify doubts and share ideas.

We also partner with education institutions to provide internship opportunities or work-study programs. We currently have two interns, which represents 6% of our total staff. The interns are encouraged to get involved in all processes so that they can gain more practical and holistic experience. If it fits the needs of the company, interns are offered the chance to stay on beyond their internship. Whatever the outcome, all interns have a formal opportunity to provide feedback on their experience.

Engagement and rest

Once a year we conduct employee engagement surveys and calculate the employee attrition rate. Employee satisfaction has always been above 85% in recent years. Currently, we are disaggregating calculations based on different demographic groups in order to identify trends and create strategies to ensure continued employee satisfaction and decrease attrition.

One of the initiatives we have been promoting for several years now is our biannual team building event. This is a special day on which the whole team gets out of the office to take part in a cultural activity or similar. In 2022 we visited an eco-friendly vineyard to learn more about wine production. In addition to some fun activities, the team also enjoyed a meal in the countryside.

Besides working on team spirit, we also like to focus on individuals as part of our company's culture. That's why we take the opportunity on our employees' birthdays to celebrate their place in the company as professionals and as humans. We usually mark this celebration with a break in the working day to share something to eat.

We also celebrate and reward employee loyalty to the company. We award loyalty prizes to people who have been with us for more than 10 years. In addition to the acknowledgement, the award includes an all-expenses-paid trip for two.

In addition to promoting our team's engagement and sense of ownership, we believe it is just as important to address issues related to holidays, paid leave and extended absences.

Our employees have 31 clear days of holiday per year, of which 67.7% should be taken between June and September. The rest can be spread over the rest of the year. Managers may sometimes approve a different holiday distribution if an employee makes a special request. Employees can take paid leave in the event of a marriage, illness,

medical leave and academic examinations. Employees also have the right to request leave within the legal framework.

We believe that establishing trust-based relationships with our employees is the key to ensuring everyone's well-being. We are aware that it is crucial for creating environments that boost motivation and provide tools to deal with workplace dissatisfaction. And while it is necessary to establish legal frameworks that regulate our employees' rights, we also think it is just as important to encourage communication and dialogue in order to respond to the needs and expectations of each individual.

Workplace practices and policies

Nanimarquina regulates labor relations with its employees through the Collective Labor Agreement for the textile trade in the Province of Barcelona for 2019-2021, which is automatically renewed in subsequent years until it is reviewed. It covers such matters as the annual workday, which is outlined as 1,769 hours per year. This is broken up into working days from Monday to Thursday of 8,5 hours per day with an hour for lunch, and Fridays of 6 hours per day. We offer flexible start and finish times, with the option of entering between 8 and 9:30 am and leaving between 5:30 and 7:00 pm, as well as a flexible lunch break of between half an hour and an hour and a half.

Our remuneration system is based on the minimum wage set out in the wage tables. These wage tables are established by collective agreement. It can be increased annually by the factors set out in the collective agreement or by management decision in relation to performance levels. The total annual salary, including extraordinary bonuses, is distributed over 12 monthly payments. Overtime can be paid in accordance with the limits of the applicable legal framework in force, and is set within the legal time frame established by law.





Health and safety

We have a service that periodically reviews and guarantees compliance with current health and safety regulations. To comply with Covid-19 prevention, we take the legal measures required by law. In addition, our employees can choose to take out private health insurance through the company, and benefit from a special discount compared to market prices.

In the event of sick leave due to illness or an accident at work, employees receive the full amount of their salaries, according to the regulatory base of the previous month, and the company pays any differences between this and the social benefits for temporary disability. Our employees are legally entitled to leave for childbirth, foster care, adoption and care of a child under 12 months of age, as well as 1 hour a day for breastfeeding. Employees who are the legal guardians of children under 12 years of age can request a reduction of hours with the appropriate salary adjustments.

As regards healthy behavior, we conducted a survey among our employees to analyze how they commute to the office. The results were very positive, with 75% of employees commuting to the office by public transport, bicycle or on foot. This is due to the fact that our Barcelona office is located in Gràcia, a residential and mostly pedestrianized neighborhood. It has good access to public transport and is close to the city center. In addition, the city has a network of more than 250 km of bicycle lanes, which has led to an overall increase in commuting by bike.

At nanimarquina, we also pay a lot of attention to the safety of our employees, with a special focus on warehouse employees. We provide all our employees with uniforms and special garments. We also ensure that all our facilities meet the highest standards of safety and efficiency by conducting regular inspections and reconditioning. In addition, all our employees receive annual theoretical and practical training in occupational risk prevention.

Suppliers

A significant portion of our success is thanks to our suppliers, who take the manufacturing of our rugs very seriously. As such, we have been committed for more than a decade to a long-term relationship with them. We care about their development as much as we care about our own. We offer them our help and our knowledge and they offer us their experience. In short, we have a two-way relationship that ensures that our rugs are manufactured in a place where respect for the product, people and the environment is a priority.

Long-term relationships

After discovering the unlimited possibilities of local craftsmanship, we relocated our production to India in 1994, switching from industrial to fully artisanal rug production. A decision was later made to manufacture kilim rugs in Pakistan, the birthplace of this technique. To this day, we promote a close relationship with our suppliers at nanimarquina, establishing a dialogue based on trust. We believe and we have been able to confirm that this is the only way to build long-term relationships that stand the test of time.

The relationship with our suppliers is not just strong in terms of duration, but also in terms of depth. We offer them support to continuously enhance their organization and facilities. We provide them with improvements and promote R&D projects to help them grow on a personal and professional level. Moreover, whenever we can and when necessary, we invest in improving our suppliers' infrastructures.

Our management team visits suppliers on a regular basis and is in direct contact with them. These visits take place quarterly or when extraordinary cases or major events call for an additional visit.

By developing a relationship based on trust, our suppliers can communicate openly with us about all their needs. They also share proposals for product improvements and creative ideas about the manufacturing process of the different collections. This information is essential for us to continue innovating and improving the design and manufacture of our rugs. A clear example of this is the Re-Rug collection, which was born from an exercise of active listening, analysis and understanding the challenges of our suppliers. [Read more about the Re-Rug collection under "Zero waste initiatives" \(page 15\).](#)





Labor and human rights

As regards our work and collaboration with our suppliers in India and Pakistan, we have followed a policy based on respect for labor and human rights from day one. All of our suppliers' employees are of legal age, work in well-maintained facilities, carry out their work in safe and healthy environments and receive a wage above the legal minimum.

In 2022, we had the chance to examine the wages paid to our suppliers' employees in India. In India, minimum wage is divided into three categories: unskilled, semi-skilled and skilled.

An unskilled employee undertakes operations that involve simple duties. These duties require the experience of very limited or no independent judgment, and no previous experience, although familiarity with the occupational environment is necessary. A semi-skilled employee undertakes work of a defined routine nature in which the major requirement is not so much judgment or skill, as it is the correct fulfillment of their duties. They may also have some knowledge of the field of expertise, but more senior employees will make big decisions. Finally, a skilled employee is capable of working efficiently, exercising considerable independent judgment and undertaking their duties responsibly.

Two types of employees are involved in the production of our rugs. The weaving is done by skilled employees, as it is a very laborious job that requires years of apprenticeship. The finishing processes are performed by semi-skilled employees, as it is a less technically demanding task. Within each category there are also slight variations in responsibilities and salaries, depending on the complexity of the rug collection.

In the rug sector, Indian artisans work on a project or square-meter basis. This system gives them the power to decide whether or not to accept projects and forces local employers to offer competitive financial compensation. The wages of our suppliers' employees are on average 25% above the legal minimum wage, meaning artisans from all over the country travel to North India to manufacture our rugs.

Education and development

As mentioned earlier, our focus has always been on building relationships with our suppliers that are not only long-lasting, but also strong. Each year we organize a series of mutual visits to work on improving our processes. We also have a team of local professionals who are responsible for the cross-departmental coordination of production and logistics.

In terms of collaboration and dialogue with our suppliers, we like to work on two scales. On the one hand, we carry out weekly online follow-ups through email communications and video calls. But at least three times a year, we also physically visit the suppliers' facilities to observe the manufacturing process and rug prototyping up close. The suppliers themselves also visit our Barcelona facilities once a year.

These physical meetings strengthen our relationship with suppliers and help us to work together on enhancing our processes and team organization. The main subjects we focused on in 2022 were quality, production, design and logistics. Targets are set in these areas and then reviewed and measured on a quarterly basis. We also take advantage of these interactions to organize cultural exchanges, as well as gastronomic, tourism and leisure activities.

Finally, in the past three years, we have invested a lot of effort into building, developing and training a very specialized team of four Indian professionals. Three of them make up an external team that visit the suppliers' facilities on a day-to-day basis and check that all processes are running smoothly. The fourth professional was hired internally and plays a key role in liaising and mediating between our suppliers and their tier two and tier three suppliers, among other core responsibilities.

Given the positive results we have obtained with this team composition, we are planning on extending the same approach to our suppliers in Pakistan, where we have already employed someone to carry out similar tasks.

Environment

Thanks to the work we have undertaken in recent years, we are able to delegate an increasing amount of responsibility to our suppliers. However, it is crucial that we ensure that, as these tasks transition from one team to the next, they remain sustainable and respectful towards the environment. As such, we have placed particular emphasis on working on sustainability with our suppliers.

When we began discussing this subject with our suppliers, we realized that we were starting from a very promising base. The facilities where most of our rugs are manufactured are located in rural areas of northern India. Many of the weavers, finishers and owners of these facilities have at some point in their lives worked as farmers, so there is an inherent connection to and respect for nature.

The rugs are entirely handmade, so electricity consumption is very low and is mainly used for lighting. In addition, all tier one, two and three suppliers are located within a radius of 40 kilometers, so emissions from transport are also very low. Moreover, most employees live close to the manufacturing site and commute to work by bicycle, but if they live further away, accommodation is available.

In terms of circularity, beyond the projects we have been implementing, suppliers are also developing some improvements of their own. They are starting to collect and recycle the residual wool that is generated from the rug manufacturing process. This wool is made up of fluff and short yarn pieces which cannot be used for weaving, so they are collaborating with an external mattress and cushion manufacturer who is reusing this material for stuffing.

To bolster the actions already underway and offer a more technical perspective on the environment, we took advantage of our visit in September 2022 to offer a series of sustainability training sessions to our suppliers, which focused on reducing CO₂ emissions, understanding waste as a design opportunity, and improving energy efficiency in the manufacturing processes. [Learn more about other educational initiatives under "Education and development" \(page 25\).](#)



Customers

Nanimarquina rugs are designed with the health and wellbeing of our consumers in mind. In knowing the needs of end users and market trends, we manage to continue innovating year after year. We frequently generate touchpoints with our customers and stakeholders across a variety of physical and digital channels in order to establish dialogues and gather feedback on our products.

Health and wellbeing

Our aim is to produce innovative and original proposals to make spaces more comfortable, more honest and healthier. We are interested in how design affects behavior, from both a physical and emotional perspective. We approach the design process through observation, intuition and discovery, responding to the needs of each moment and individual. Nanimarquina rugs play an essential role in the soul of a space and offer a host of different benefits.

They provide comfort and wellbeing by connecting customers with nature through the presence of natural fibers. Thanks to air retained in the interstices between these fibers, rugs provide excellent thermal insulation and help to save energy. Rugs are a very effective sound proofer because they absorb sound and lower noise levels. They also act as a natural filter, trapping dust particles and minimizing the risk of allergies. Rugs made of natural fibers regulate a room's humidity by reducing static electricity and create non-slip surfaces, reducing stress on people's joints and providing cushioning underfoot. [Discover more under "Natural fibers" \(page 13\).](#)

A good example of the benefits of rugs for people is the 'Wellbeing' collection launched in 2021, which focused on tactility, materiality, craft and quality. With the aim of adding warmth, softness and comfort to indoor environments, this collection uses hand-spun Afghan wool, nettle, jute, linen and Tussar silk as well as cork, wood, raw wool and raw cotton, carefully sourced by nanimarquina's team.

[The collaboration between nanimarquina and Ilse Crawford began in April 2017. The set criteria for the collection included natural, sustainable and local fibers, hand spun, no bleach and no dyes. These requirements inspired the nanimarquina team to begin an in-depth research process and start working with a wide variety of materials, leading to a conscious, human-centered, sensorial and beautiful outcome.](#)



Wellbeing collection. Photography by Salva López



We also launched an anti-Covid treatment with high antiviral and antibacterial power that ensures the highest level of hygiene for rugs. It can be applied to any model, and provides two years of protection resistance. Antiviral effectiveness was tested under the international standard ISO 18184:2019 and showed a 97.7 % decrease in Covid-19 activity. Secondly, antibacterial effectiveness was tested under the international standard ASTM E-2149-01 and resulted in a 99.9 % reduction against a wide range of bacteria.

The results obtained from tests carried out by independent laboratories show the remarkable effectiveness of the treatment against a wide variety of bacteria and viruses, including Coronavirus (Covid-19). Treatment components are gentle on the environment, harmless to people and pets and endorsed by the CSIC (Higher Council for Scientific Research of the Spanish Ministry of Science and Innovation).

97.7%
Antiviral
effectiveness

99.9%
Antibacterial
effectiveness

In addition to the above mentioned treatments, we offer other post-processing finishes for customers who want to customize their rugs. Our clients can choose various treatments such as anti-stain or anti-UV coating, as well as other solutions such as anti-slide or cable grommets. In short, we strive to ensure that all our products meet the needs of every user and every space.

Touchpoints

Many of the innovations we incorporate into our rugs are born out of conversations with our customers and stakeholders. We create multiple opportunities throughout the year, both online and in person, to enable this exchange of ideas. We continue to rely on user-centered design, as we believe it is the only framework that allows companies to continue innovating without losing sight of one of their core elements: their users.

Throughout the year, we participate in multiple congresses and events. We believe they are a worthwhile opportunity to update our users on the company's latest news and upcoming collections. In June 2022, we had the pleasure of participating for the umpteenth time in Milan Design Week. Our stand embodied a new way of looking at waste and was a demonstration of transparency and sustainability. Designed by ARQUITECTURA-G, it was divided into two different spaces: the main one formed by piles of wool, actual samples of the wool recovered to design the Re-Rug collection, and a second space showcasing the new collections. [Read more about Re-rug under "Zero-waste initiatives" \(page 15\).](#)

Transparency has always been at the core of the sustainability policy at nanimarquina. We want our customers to know where each rug is made, how, by whom, the materials used and the country of origin. We wanted to take that same approach with our Milan Design Week stand, which is why we decided to collaborate with the Catalan company laios. After the event, the wool piled up in the stand was reused to manufacture blankets that were designed according to circular economy strategies.

We have taken the same approach when creating promotional material for events. Not only have we reduced the number of leaflets we print to hand out to attendees, but we have also started to introduce messages on our brochures that encourage people to reuse or return them. We are committed to taking every opportunity, no matter how small, to encourage environmental responsibility.

Another of our highlights in 2022 was the launch of our first eCommerce shop. Users will be able to select different transport options based on their environmental impact and will be able to offset the transport's carbon footprint. To make this possible we have collaborated with Cloverly, which is the world's first API for carbon offsets. The Cloverly plugin calculates the CO₂ emissions derived from transport, according to the distance between the destination and our warehouse. It also calculates the physical weight of the total number of units ordered. The first version of our online store was launched exclusively for the Spanish market at the end of November 2022.

Finally, we would like to highlight the work we are doing year after year to improve our showrooms in Barcelona and New York. Choosing the right rug for every home is not an easy task. A rug can define a space, add a touch of color or simply embellish. Our rug experts offer free advice, both offline and online, to help customers choose the right rug for their homes. In addition, we also offer customers the chance to try different rug models, styles, and colors at home.

Customer support

When you manufacture rugs by hand, you are bound to encounter small flaws from time to time. Although we strive to take care of all the details, the truth is, we are not flawless, nor do we pretend to be. But if there is something that distinguishes us, it is our efficiency at solving the claims we receive from time to time.

Our claim protocol allows us to ask our customers about their product satisfaction, to act immediately to deal with claims and to avoid repeating them in the future. Upon receiving a claim, the quality team responds within 48 hours. The claim is analyzed and defined and depending on the matter in question, one procedure or another is followed.

Additionally, we conduct a quarterly retrospective follow-up to analyze the claims and based on the results obtained, set up improvement plans for each of the techniques.

Whenever possible, we prioritize repairing or applying discounts to the rugs before manufacturing brand-new ones. This protocol is being refined in order to minimize the number of claims and shorten the time it takes to respond to customers. For the second year in a row, we have managed to keep the ratio of quality claims to around 1% of the total number of rugs sold.

Consumers will always be at the top of our priorities list, since we believe they are a key element in our value chain. We like to take every opportunity to listen to their feedback on our products. We are very attentive to customer satisfaction as it helps us to drive our continuous improvement efforts. We respond to their needs with quality products, innovative designs and personalized support.



Community

From the moment we started to give our company a more international scope, our impact and involvement with our community have also grown steadily. Our approach is to act locally and generate impact close to our value chain, whilst maintaining a broad overview of global needs and challenges. Our value chain generates a positive impact directly and indirectly on our community through several specific actions. Some of these actions have been in place for several years and others were promoted in 2022.

Craftsmanship

A profound respect for craftsmanship is one of our fundamental pillars. India and Pakistan are indispensable members of the nanimarquina family, countries with a rich heritage of handmade rugs. Here, you will find our weavers, skilled artisans who are masters of ancient techniques. Each rug preserves and gives life to this beautiful culture. Each rug contains the unique stamp of the people and hands that have worked on them. Craftsmanship provides us with the ability to explore new techniques and materials, and thus create rugs that transform tradition into a contemporary practice.

We have been committed to craftsmanship for almost two decades, preserving manufacturing techniques that are hundreds of years old. Each rug we manufacture and sell supports the creation of employment in handcrafted production and promotes the professional growth of people in developing countries.

We will always support craftsmanship as we believe it is an essential element of the value and distinction of our rugs. Over the years, we have been able to improve our designs and processes so that our handmade rugs can outperform our competitors' industrial rugs in terms of quality. We are lucky to have customers who value craftsmanship and support us in further promoting it.





Corporate donations

Right from the start, we knew that we should aim to improve the living conditions of the artisan community with which we collaborate, while also working towards the abolition of child labor. In this context, we started to collaborate with Care & Fair in 2002, the global association of the European Carpet Trade against child labor, founded by socially committed rug merchants.

Since being members, we financially support the association's initiatives focusing on abolishing illegal child labor thanks to the creation of nine schools near the weavers' residential areas, and improving the living conditions of families by building a medical dispensary in the area that treats 60,000 patients a year.

They also have a women's empowerment division that provides programs to help women acquire basic skills in reading, writing, mathematics and hygiene. They give them the opportunity to learn, sew and embroider, skills that allow them to make and sell clothes, thus contributing to their own livelihood.

On the other hand, through the Climate Neutral Certification, in 2022 we invested more than \$15,000 in two carbon offset projects. These projects are audited by Gold Standard and use the funds to run their facilities, pay their employees and support their community. [Read more about our Climate Neutral Certification under "Climate change" \(page 10\).](#)

Regarding the 20 MW Biomass Power Project, as well as reducing CO₂ from the environment, the money generated through the sale of carbon credits provides a community First Aid Health Center, various schools, a computer training center and a stitching and tailoring center. The project also takes gender equality very seriously, implementing an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace Act.

Biogas cooking is also a community-based Fairtrade project, generating a significant amount of positive impact. First of all, clean and safe cooking prevents the inhalation of harmful smoke, burns and less physical strain, as it eliminates the need to collect wood for cooking. Secondly, it is very convenient for women as they can spend more time taking care of their families and are less exposed to forms of harassment while collecting wood. The time saved also provides women with opportunities to be more financially independent.

Education

In addition to our contribution to the general initiatives of the association Care & Fair, in 2008, we decided to take it further by fully sponsoring the Amita Vidyalaya school in Badohi (India). The Amita School is located between seven different towns with a total population of about 18,000 people. In just a few years, they progressed from offering "open-air classes" to building a school that accommodates 330 students.

The Uttar Pradesh State Board of Education (U. P. Basic Shiksha Parishad) has officially recognized Amita School and its team of teachers, and the local public health authority has endorsed the school's correct hygiene standards. The school has six members of staff and 13 teachers, and hosts pupils at all five primary levels for 234 school days per year.

We continued to promote the Amita School throughout our Kala rug collection. Kala means "tomorrow" and "art" in Hindi and lends its name to a collection that unites Indian culture, nanimarquina's main producer, and design through the eyes of children, focusing on their future.

In 2009, we invited a group of students from the organization's schools to co-create a rug with us. Among all the children's drawings,



one in particular caught our attention and inspired us to create the Kala collection. Since then, for every Kala rug we sell, we donate €150 to the Amita School in Bhadohi.

A few years later, we decided to establish a fixed donation of \$15,500 per year, so we did not have to depend on the sale of Kala rugs. On special events, such as nanimarquina's anniversary or when specific needs arise, we also donate additional funds.

Job creation

Our entire value chain directly and indirectly generates jobs in various countries around the world, such as the United States, Spain, India and Pakistan. Many of these jobs are created in developing countries, offering many people a better environment in which to develop professionally and personally.

In many rural areas, there is a very low employment offer. The job opportunities are purely physical, with very long working hours, and do not encourage any kind of professional development. By contrast, both hand looming and hand tufting are very stimulating jobs, as they require a significant amount of technical training and knowledge. In addition, the continuous development of our collections challenges our suppliers and helps them to keep innovating their techniques. [More information under "Labor and human rights" \(page 25\).](#)

Similarly, in order to manufacture some components, we collaborate with CIPO (Centre of Special Work), which has a well-recognized occupational work program in Spain that creates job opportunities for young people with intellectual disabilities.

Nanimarquina provides support and advice to all its suppliers, paying special attention to small-scale factories, micro-entrepreneurs and artisans in underserved markets, with a steadfast commitment to providing job opportunities for all.



We take real action.

GOVERNANCE

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We are leading the change towards a more sustainable future from an honest and transparent perspective. We believe that information must be permeable so that it can be transferred to all levels of the company's internal structure, and externally to customers, suppliers and our community at large. We must empower all individuals so that they feel confident to spearhead the cause. By providing the right tools, we will ensure that this will translate into real action.

Corporate governance

Nanimarquina has long promoted initiatives involving respect for the environment and support for society. Over the past few years, the company's management has expressed a special interest in taking these initiatives to a whole new level. By becoming more aware of the impact our actions have, we have been able to plan improvements on short, medium and long-term bases.

One of our most significant actions in 2022 was the revision of our by-laws. We have written down our commitment to the environment because we believe that it should be intrinsic to the DNA of our company. Furthermore, we believe that sustainability should be apolitical and that the fight against climate change should be a constant in our actions and priorities.

Another key to working on sustainable initiatives, is teamwork. Regardless of the structure of the company, we believe that sustainability must be addressed horizontally. In 2022, we involved every person who directly and indirectly has an influence on our value chain in our work on sustainability. We organized a series of workshops and activities in collaboration with employees from all departments and levels, which aimed to introduce improvements to reduce the company's environmental impact.

The most innovative ideas that emerged from this brainstorming process were refined and transformed into projects. We are currently shaping an action plan that will be agreed by the Board of Directors. This action plan will include projects in all the various impact areas described in the previous sections. Actions will be prioritized based on the variables of impact and effort, but the plan is to implement most of them in the coming years.



Ethics and compliance

Our society's approach to sustainability is changing. More and more companies are joining the fight against climate change and people are therefore receiving more and more information and insights on sustainability. At nanimarquina, we are committed to remaining faithful to honest and transparent communication with our whole community. We strive to avoid greenwashing and explain our initiatives and projects from a reality-based perspective.

As of 2022, we are being supported by Nutcreatives, who accompany us every day on our sustainability journey.

Nutcreatives is a Barcelona-based agency founded in 2011. They are specialized in sustainable design and environmental consulting for a wide variety of sectors, from furniture to lighting, houseware, packaging and fashion.

Throughout the year, this specialized team has dedicated more than 1,500 hours to co-leading many of the actions and projects outlined in the present document. The team also evaluated our communications across digital media, in the press, and at events in order to ensure that our messages are conveyed honestly and avoid misleading claims.

We are advocating a structure in which there is an increased involvement of external and third-party companies that can assess our actions and decisions. These outsourced teams work closely with our Board of Directors, the company's highest level of corporate oversight and responsible for setting the company's standards of transparency and accountability.

In order to ensure accountability, all our financial reports are verified and audited annually by an independent source. In addition, we have established internal financial protocols such as the segregation of accounts and of payment authorization, execution and record keeping. Other financial protocols include limited access to authorized personnel to accounting software systems and credit cards. In addition, routine reviews are conducted by management and third-party agents.

As regards our transparency towards sustainability, we are committed to publicly sharing our environmental performance, which includes describing our social programs and setting public targets. Finally, the present ESG report describes all the results of the actions and projects undertaken, which have been validated and whose accuracy has been verified by Nutcreatives. [Read more under "About the report" \(page 42\).](#)



Tax payment

Nanimarquina believes that all corporations have a responsibility to pay all their taxes, since taxes play a fundamental role in society. The Audit and Finance Committee of the Board of Directors regularly reviews and discusses nanimarquina's reports on tax-related matters. These reports include updates on significant domestic and international tax developments, worldwide tax audits, international tax structures, international tax policy, and other tax-related legislation.

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Awards & recognitions



2022
Climate Neutral Certification



2014
ICFF Editors Awards
Best company on Carpet and
Flooring



2014
Aster Business Career
SMEs Award



2012
Continuarà Awards
Spanish public television
"25 years nanimarquina"



2011
DME Award
Design Management Europe
SMEs category



2010
"Barcelona the best shop in the
world" Award
Best business initiative category



2008
National Prize for Culture
Design category



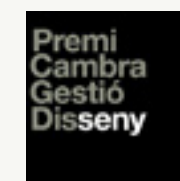
2008
IWEC Award
International Women
Entrepreneurial Challenge



2007
Furniture Design Award
Singapore
Merit Award



2006-2007
Príncipe Felipe Award to
Business Excellence
SMEs Design and Business
Competitiveness



2005
Chamber of Commerce of
Barcelona
Design Management Award



2005
Ministerio de Industria, Turismo
y Comercio Spanish
Design National Award








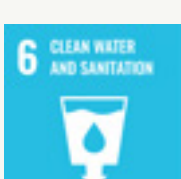



2004
ICFF Editors Awards
Best company on Carpet and
Flooring











2000
IDQz Award
Best product

UN Sustainable Development Goals

Businesses have the opportunity to play an invaluable role in fostering peace and prosperity for people and the planet, in the present and in the future. Many nanimarquina initiatives contribute to the achievement of several Sustainable Development Goals (SDGs) set by the 193 member states of the United Nations.

	Goal 1 End poverty in all its forms everywhere	Job creation in developing countries (page 32) Occupational job program (page 32) Collective Labour Agreement (page 32)
	Goal 2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Fairtrade biogas cooking project (page 11)
	Goal 3 Ensure healthy lives and promote well-being for all at all ages	Our work to promote health at nanimarquina (page 23) Health and safety practices at suppliers' facilities (page 23) Health and wellbeing criteria when designing rugs (page 27)
	Goal 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Support for team's growth (page 21) Community Education Initiative (page 21) Supplier programs to promote education and professional development (page 21)
	Goal 5 Achieve gender equality and empower all women and girls	A women led and -owned company (page 20)
	Goal 6 Ensure availability and sustainable management of water and sanitation for all	Water stewardship (page 14) Environmental Product Declarations (page 16)
	Goal 7 Ensure access to affordable, reliable, sustainable and modern energy for all	Support for a biomass power plant (page 11) Support biogas cooking stoves (page 11)
	Goal 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Supplier standards relating to minimum wages and benefits (page 25) Employee engagement initiatives (page 22)
	Goal 9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Long-term relationships with suppliers (page 24) Touchpoints with customers (page 28)

	<p>Goal 10 Reduce inequality within and among countries</p>	<p>Inclusion and diversity at nanimarquina (page 20) Craftsmanship heritage (page 30)</p>
	<p>Goal 11 Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<p>Sustainable commuting for employees (page 26) Suppliers' empowerment (page 25)</p>
	<p>Goal 12 Ensure sustainable consumption and production patterns</p>	<p>Zero waste initiatives (page 15) Suppliers' wool repurposing (page 28)</p>
	<p>Goal 13 Take urgent action to combat climate change and its impacts</p>	<p>Climate Neutral Certification (page 10)</p>
	<p>Goal 14 Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>	<p>Biodegradable and chemical-free washing (page 14) Assessing our impact on ocean acidification through EPDs (page 16)</p>
	<p>Goal 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	<p>Responsible packaging initiatives (page 12) Repaired and refurbished rugs (page 15)</p>
	<p>Goal 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<p>Honest communication towards sustainability (page 36) Accountability and financial controls (page 36)</p>
	<p>Goal 17 Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development</p>	<p>Gold Standard auditing (page 10) Third-party consulting (page 36)</p>

About the Report

This Report focuses primarily on activities undertaken in 2022, unless otherwise noted, and is based on reporting frameworks and standards such as the Global Reporting Initiative (GRI). The data presented in this Report are estimates based on methodology and assumptions believed to be reasonable and accurate. As a result of new information or subsequent developments, these estimates, methodologies, and assumptions may change in the future. Due to the fact that this is the first time the company has released an ESG Report and is still carrying out some of the initiatives described, some comparative data has not been provided as it is not yet available.

The Report does not provide a comprehensive overview of our business, but refers to specific information. It should not be construed as an indication of our financial results. It contains future-oriented statements regarding our ESG targets, commitments and strategies, and their impact on the business and stakeholders. These future-oriented statements may prove to be unattainable or uncertain, and actual results may differ from the anticipated results expressed or implied by the future-oriented statements, including a failure to meet stated ESG goals and commitments or executing our strategies within the expected timeframe, or at all, due to various factors such as changes in government regulations, stakeholder expectations or an expansion into new products, services, technologies and geographical regions.

The images published in the present document belong to nanimarquina, unless otherwise noted. All photographs showing people without masks were taken in accordance with nanimarquina's and other local Covid-19 protocols.

