



Transforming Lives by Connecting Cultures

2025 Environmental, Social & Governance Report

Welcome to our 2025 ESG Report

At Ethnix, we are a team that believes how we do things matters just as much as what we do.

This report is our way of sharing the steps we are taking to care for the environment, support our people, and operate with integrity across every part of our company.

It's not just about checking boxes, it is about living out the values that guide us every day: Empathy, Trust, Hard Work, Neatness, Innovation, and Excellence.

We are proud of the progress we have made, and even more excited about where we are headed.

Thank you for being part of this journey, as we continue transforming lives by connecting cultures.

Sincerely,

The Ethnix Group Team

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A Message from Our CEO

“Building a great company takes will, discipline, and accountability. It requires a clear vision, the passion to pursue it, and the commitment to do things the right way every time. This is why we are publishing Ethnix Group’s first ESG report.

We are the first Hispanic Food and Beverage distributor to put one in place. It is a line in the sand that states how we will run Ethnix and how we will be measured, in service of our purpose to transform lives by connecting cultures.

ESG for us means operating discipline. Clean routes and safe facilities. Responsible partners. Tight controls and resilient systems. Not branding. Not slogans. The way we protect margins, reduce risk, and earn trust. It also signals who we are accountable to. Our community, where we work and hire. Our customers, who expect reliability and transparency. Our consumers, who deserve quality and respect for the culture we share. Our vendors, who trust us to represent their brands with integrity and deliver consistent results. And the environment we all depend on.

This report is our baseline and our promise. We will report progress, fix gaps fast, and invest where it improves quality, safety, and returns. No spin. Results.

To the team that made this possible through hard work and shared values, thank you. We are building a company of high standards that creates durable value for everyone who touches our business.

We are raising the bar for ourselves and our industry. Hold us to it”.

Jose Carlos Herrera
Ethnix Group CEO





Headquarters
Smyrna, TN

- Cross-docks
- Memphis, TN
 - Birmingham, AL
 - Erlanger, KY
 - St. Louis, MO

Who Are We?

Our Identity

Ethnix Group is the leading developer and distributor of Hispanic food and beverage products, serving the Southeast and Midwest United States.

With over 16 years of experience, we specialize in bringing the authentic flavors of Latin America to the U.S. market through a portfolio of more than 1,500 SKUs across over 100+ trusted brands.

Headquartered in Smyrna, Tennessee, Ethnix Group supplies more than 2,000 retail and convenience stores with dry, refrigerated, and frozen goods.

Our flexible logistics model includes Direct Store Delivery (DSD), cross-docking, and other 3PL tailored solutions that allow us to meet the unique needs of each customer.

Our insight into customer behavior empowers us to meet consumer demand to accelerate growth for our partners across the region.

Member of:



Recognized by:



Our Business Units



Bringing the Taste of Latin America to the US



We specialize in bringing the vibrant tastes and flavors of Latin America to the US market.



37

Sales Rep



2000+

Stores



100+

Brands



1500+

SKUs

Our customers:



Bringing High-Quality and Authentic Goods to your Shelves

We have extended our reach to fuel retailers and convenience stores by providing a seamless and efficient direct store distribution model to this market.

With our curated catalog, we ensure a continuous product rotation in your stores. By offering a diverse range of best-selling items, we optimize shelf space and maintain high demand for your inventory.



4

Categories



60

SKUs



7

DSD Units

2025 GOAL



500+

Stores

2025 GOAL



We are a brand of products of Hispanic origin for people who want to live a new culinary experience and once take care of their health.



Proud of our country and its gastronomy. Guatemalan products for those who enjoy new experiences.

A Team without Borders

Our success is built on the dedication and talent of our people, no matter where they are.

This map showcases the countries where our team members are actively working today: **United States, Guatemala, El Salvador, Costa Rica, Colombia, and Peru.**

From offices and warehouses to cross docks and field operations, each location plays a key role in keeping our operations strong and our mission alive.

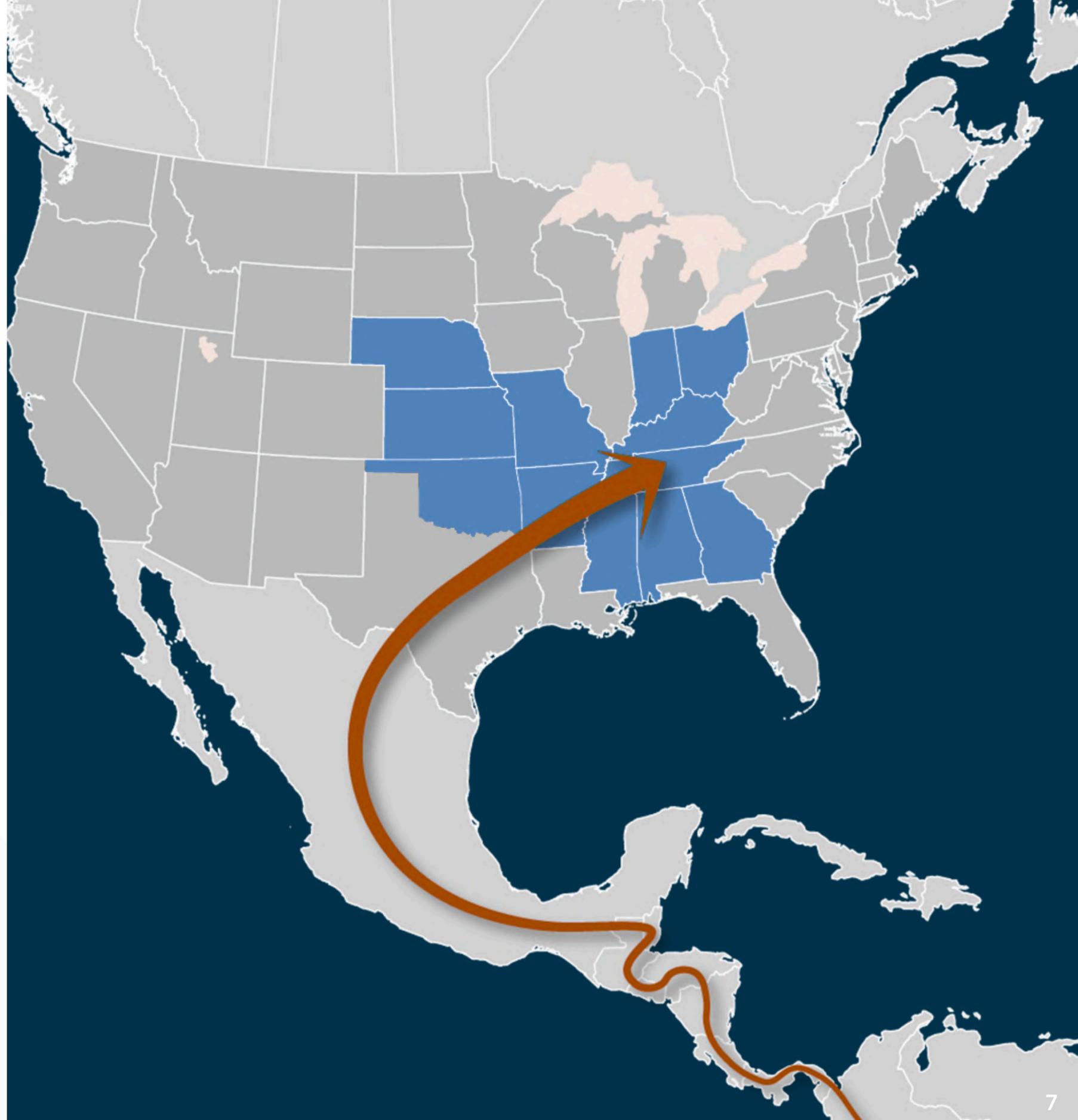
Having team members across these countries allows us to stay closer to our customers, respond faster to market needs, and bring a truly global perspective to everything we do.

Every pin on this map represents more than just a location, it represents a group of passionate individuals working together toward a shared vision: transforming lives by connecting cultures.



Delivering Value

- We collaborate closely with both domestic and international suppliers to ensure consistent product availability and quality.
- Our bilingual team enhances communication and service, supporting strong, long-term relationships with customers and vendors alike.
- As we expand, we remain committed to operational excellence, cultural connection, and delivering value across every stage of our supply chain.



OUR APPROACH

At **Ethnix Group**, we believe that business is personal. Our **mission**, transforming lives by connecting cultures, guides how we lead, how we serve, and how we grow.

It drives our commitment to ESG: Environmental, Social, and Governance responsibility that is grounded in real impact.

We prioritize building a workplace where people feel safe, respected, and supported. Whether they are on the road, in the warehouse, or behind a desk, we promote clear expectations, open communication, and a culture of care.



“At Ethnix, our purpose is to unlock the unlimited potential to Transform Lives and Connect Cultures.

This vision carries opportunities and responsibilities that extend beyond the distribution of food and beverages across borders. We are ambitious in our efforts and committed to sustainable models that directly impact our employees, our communities, and our planet.

This report, our first since the establishment of our ESG Department in late 2024, presents our current state, aspirations, and goals, and it will continue to document our progress and growth in the years ahead.

We are paving the path towards renewable energy, workers well being, sustainable packaging, inclusion and diversity, stronger communities, recycling and philanthropy. We are proud of our teams and the collective effort they bring to every initiative.

This publication provides concrete examples of how we support our people, communities, and planet and how this differentiates Ethnix Group.

There is more we can do, much more, and we cannot do it alone. We hope this document encourages others to partner with us, advise us, and guide us so we can maximize Ethnix Group’s positive impact through Transforming Lives and Connecting Cultures”.

ESG Insights

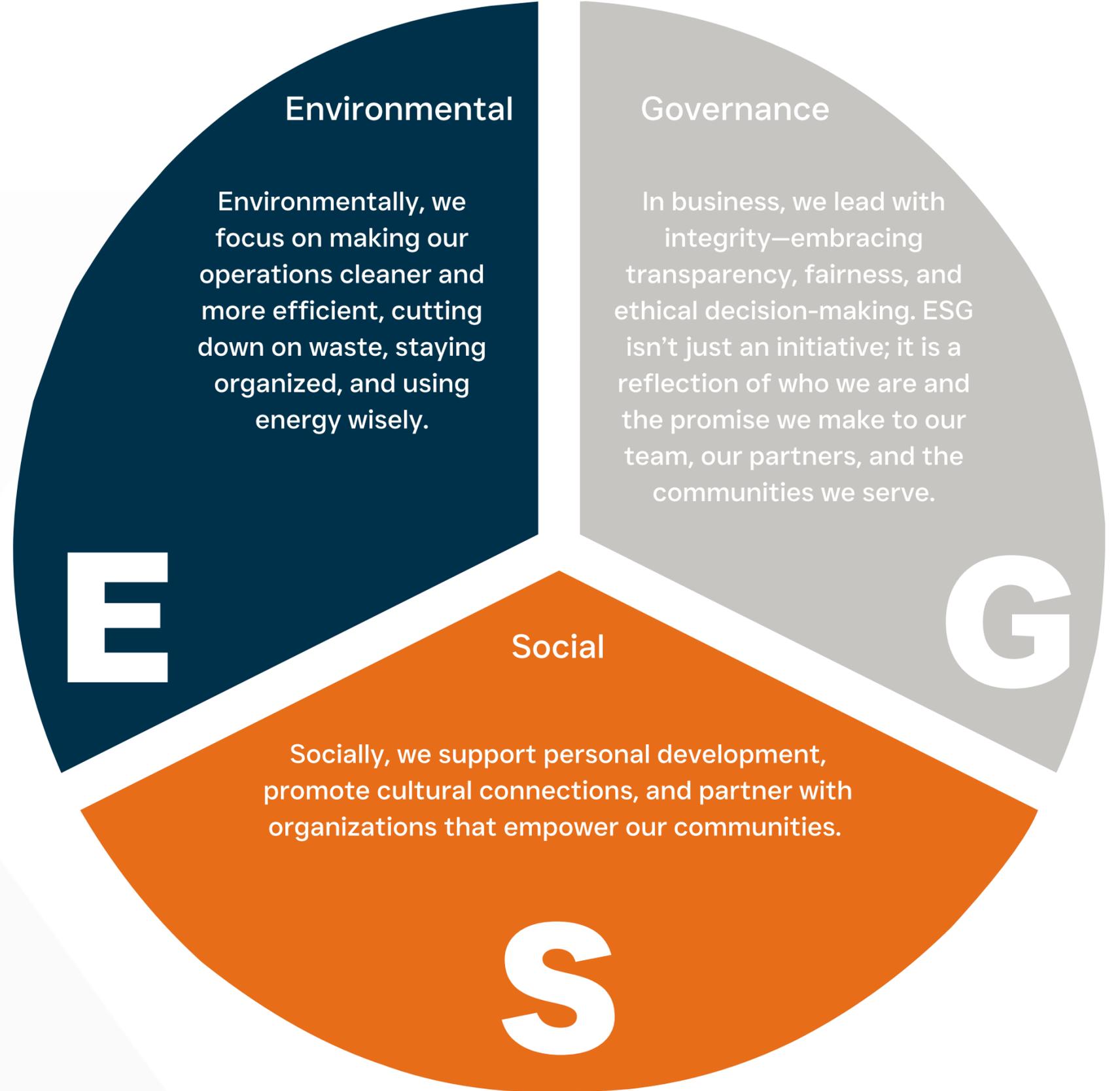


Bela Lodygensky
Director of ESG &
Leadership
Development

Our ESG Commitment:

Driven by *Purpose*

Guided by *Values*



Environmental

Environmentally, we focus on making our operations cleaner and more efficient, cutting down on waste, staying organized, and using energy wisely.

Governance

In business, we lead with integrity—embracing transparency, fairness, and ethical decision-making. ESG isn't just an initiative; it is a reflection of who we are and the promise we make to our team, our partners, and the communities we serve.

Social

Socially, we support personal development, promote cultural connections, and partner with organizations that empower our communities.

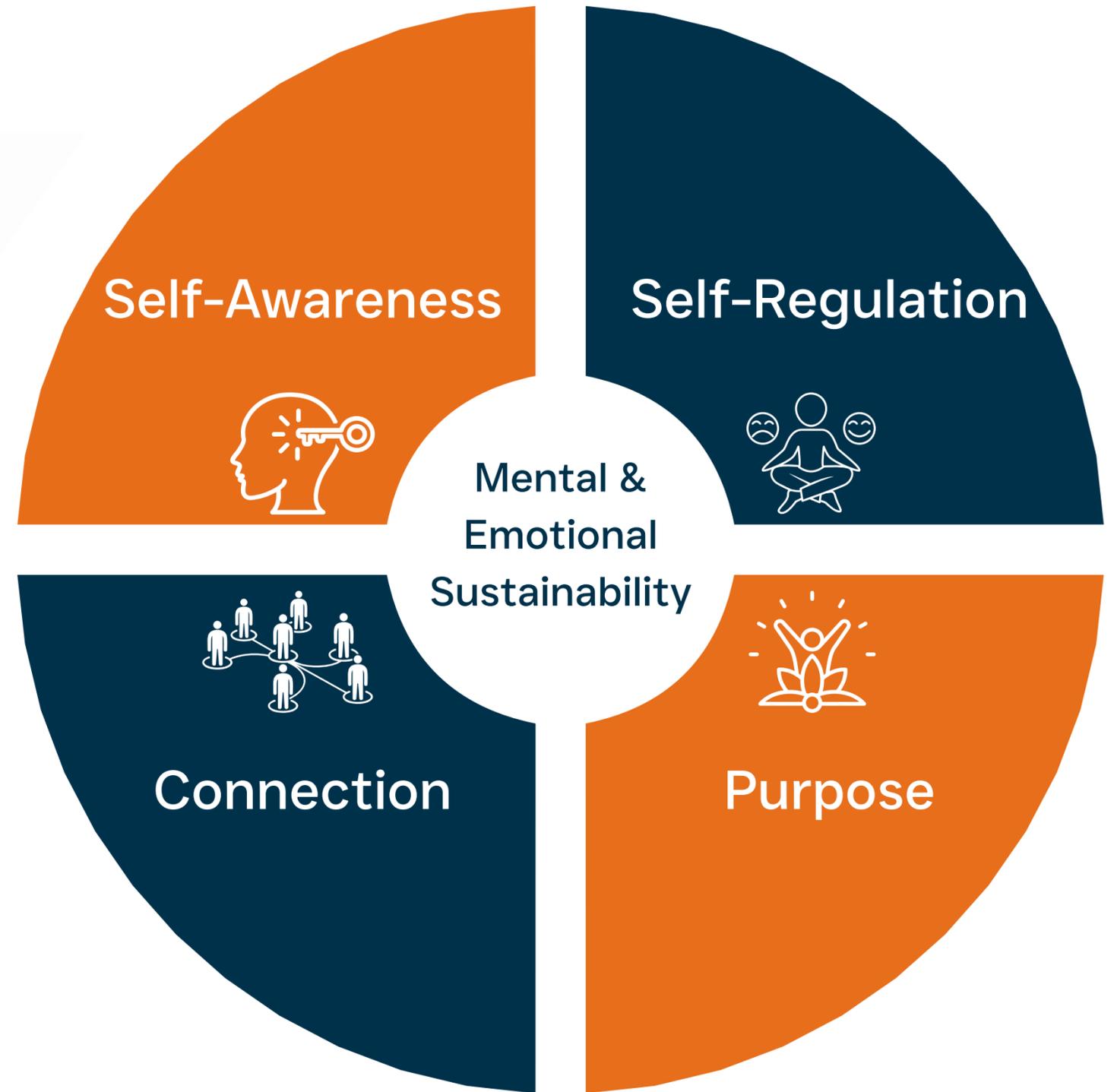
Our 4 Pillars of Mental and Emotional Sustainability

At Ethnix Group, we believe sustainability isn't just about the environment, philanthropy, or sustainable operations, it is also about people.

This is why we support the mental and emotional well-being of our teams through these four essential pillars:

- **Self-Awareness:** The capacity to objectively identify and understand one's own thoughts, emotions, behaviors, and how they impact oneself, and others in each and every interaction.
- **Self-Regulation:** The capacity and tools to manage our emotions to support us in responding calmly and clearly, even in challenging situations.
- **Connection:** The capacity to build meaningful relationships at work and in life to strengthen emotional health and create a sustainable and collaborative work environment.
- **Purpose:** Knowing our work has meaning and the capacity to work for impact giving us energy, direction, and motivation to live our mission.

At Ethnix, we take care of ourselves and we take care of one another.



ENVIRONMENTAL

At Ethnix Group, we recognize that environmental responsibility starts with the everyday decisions we make across our operations.

As a food distributor with a growing logistics network, we are actively working to reduce our environmental footprint while improving operational efficiency.

This section focuses on three key areas: **fleet, warehouse, and office environment.**

We examine how we manage fuel consumption, optimize delivery routes, uphold food safety standards in our facilities, and implement practices to reduce waste and energy usage in our administrative offices.

By aligning environmental stewardship with operational excellence, we continue to take meaningful steps toward sustainability.

Our Top Environmental Priorities

Our environmental priorities are centered around two key areas: Waste Management and Resource Efficiency.

We aim to move toward a circular economy, reducing waste generation and improving recycling and disposal practices across our operations.

In parallel, we are committed to reducing our reliance on finite resources, promoting responsible consumption, and identifying sustainable alternatives in our logistics and warehouse practices.

These priorities guide ongoing conversations about fuel efficiency, alternative energy sources for fleet and equipment, and the handling of organic versus conventional products – areas we continue to evaluate closely with department leaders.



OFFICE



WAREHOUSE



FLEET

“At Ethnix Group, the Operations and Logistics teams not only focus on efficiency, cost control, and service quality, but also on minimizing the environmental impact of our activities. This area plays a key role in sustainability by influencing how resources are managed across the supply chain. Through route optimization and better logistics planning, we reduce fuel consumption and lower carbon emissions. In our facilities, adopting energy-efficient practices helps decrease energy use while maintaining product integrity.

Packaging and waste management are essential. The team works to minimize single-use materials and promote recycling initiatives. At the same time, accurate demand forecasting and improved inventory control help reduce food waste and ensure products reach consumers in a responsible way.

By promoting sustainable transportation practices and collaborating with suppliers who share the same environmental standards, Operations and Logistics extend their positive impact beyond the company. By integrating these environmental considerations into daily processes, the team contributes to reducing the carbon footprint, improving efficiency, and supporting a more sustainable food distribution system”.

Operations Insights



Jorge Prado
Director of Operations

OFFICE



Our office departments are organized with a focus on efficiency and safety. Safety protocols are in place to ensure a secure and productive work environment.

In addition to operational improvements, we have taken steps toward sustainability by reducing waste and minimizing our environmental impact.

This year, **we implemented a cardboard compactor** to streamline recycling efforts and reduce landfill contributions, especially given the volume of packaging materials in our distribution chain.

We are also exploring further opportunities to digitize internal processes and reduce paper usage across departments.



Cardboard Compactor on site (Smyrna, TN) since July 2025.

WAREHOUSE



Warehouse safety is a top operational priority at Ethnix Group. We maintain strict safety protocols that include the mandatory use of personal protective equipment (PPE) such as safety shoes, reflective vests, and insulated uniforms for cooler and freezer areas.

All forklift operators are certified, and cell phone use is prohibited during operations to prevent distractions. Foot traffic is managed through clearly marked pedestrian zones, emergency exits are well-defined, and site access is restricted to authorized personnel only.

Monthly safety training sessions are conducted for all warehouse employees to reinforce best practices and maintain a culture of awareness.

Our warehouse upholds rigorous handling and storage protocols tailored to pre-packaged food products, ensuring a consistently low-risk environment. We undergo regular external reviews, train our teams on safe warehousing practices, and maintain strict controls on temperature, rotation, and documentation. These measures reflect our ongoing commitment to quality, safety, and trust in every product we deliver.

In February 2025, we successfully completed our first government-led audit for organic product handling certification. Additionally, we receive annual inspections from the Department of Agriculture and are subject to possible FDA audits.



FLEET



Fuel consumption tracked weekly.

The fleet averages 7 miles per gallon.



Ethnix operates its own fleet, which enables us to optimize delivery routes and improve transportation efficiency. We currently operate 22 trucks.



Our value chain begins with the supplier creating the product which we purchase and have shipped to our facility. After receiving and storing it, we initiate the picking process for orders, organize delivery routes, and dispatch our trucks to complete store deliveries.



This year, we implemented a formal checklist and tracking process to ensure that all pre-employment, employment, and post-employment documents are consistently collected and securely maintained.



Our trucks feature onboard cameras, GPS, and speed monitoring to boost driver accountability, protect cargo, and support safer, more efficient deliveries.



All drivers undergo a thorough screening process, including document verification, background checks, and medical clearance, to ensure compliance, safety, and reliability before onboarding.

SOCIAL



WORKFORCE



At the heart of Ethnix Group’s mission is a commitment to people, our employees, suppliers, customers, and communities.

We believe that when people thrive, businesses thrive.

SUPPLIERS



In this section, we explore how we foster a diverse and inclusive workforce, how we build strong and values-aligned relationships with our suppliers, and how we ensure high-quality service and cultural relevance for our customers and consumers.

Whether it is through fair labor practices, supplier collaboration, or customer feedback systems, our social responsibility efforts are designed to create lasting impact for the people we serve and work with every day.

CUSTOMERS & CONSUMERS



HR Insights



Danny Duque
Director of People
Operations

“At Ethnix, culture is not something we talk about once a year. It is something we practice every day. It shows up in how we treat each other, how we approach our work, and how we represent the communities we serve.

In HR, I have the privilege of seeing our culture come to life across every department, every shift, and every team.

Our values guide us. Empathy is how we listen and understand. Trustworthiness is the reliability that builds confidence between colleagues, customers, and partners. Hard work is the foundation of our growth and progress. Neatness reflects our pride and professionalism, from the warehouse floor to the front office. Innovation challenges us to keep improving and finding better ways to serve. Excellence defines Ethnix. It is not a box to check, it is the standard we live by.

These values support our mission: transforming lives by connecting cultures. That mission is more than a statement. It is our responsibility.

HR’s role is to ensure that people at Ethnix are not only equipped with the right tools and training, but also feel a genuine sense of belonging and purpose in their work.

The strength of a company lies in its people. At Ethnix, we are committed to providing a workplace where individuals can grow, contribute, and thrive. We hold ourselves accountable to fairness, safety, and opportunity because the culture we create inside the company shapes the way we serve outside the company.

I am proud of what we have built and even more excited for what we are building together. Our culture is one of high standards, discipline, and belonging. With every decision we make and every action we take, we raise the bar for ourselves and for our industry.

To every employee across Ethnix, thank you for living our values and carrying our mission forward. Together we are building more than a company - We are transforming lives”.

WORKFORCE



At Ethnix Group, we are committed to fostering a workplace that is respectful, inclusive, and free from discrimination.

Our Equal Employment Opportunity (EEO) and nondiscrimination policy is clearly defined in our Employee Handbook and reinforces our approach to making employment decisions based on merit, qualifications, and business needs.

We follow a merit based approach in our hiring process by:

- Posting job openings on accessible platforms to reach a broad, diverse talent pool.
- Using inclusive and neutral language in job descriptions.
- Standardizing interview questions to minimize bias.
- Including HR in hiring discussions to ensure consistency and fairness.
- We hire for technical skills, knowledge, behavioral and situational expertise, as well as, adaptability, soft skills, and cultural competency.

To better understand and improve representation across our organization, we track workforce diversity (gender, ethnicity, age) through voluntary self-identification during onboarding.

This data helps inform our DEI strategies across departments, and across borders.



Living our Values Daily

Creating an inclusive culture takes **continuous learning**.

Ethnix Group provides mandatory annual training on harassment prevention, and we are actively expanding our training offerings to include:

- **Unconscious bias awareness**
- **Inclusive communication techniques**
- **Fostering psychological safety within teams**
- **Respect in the workplace**

All trainings are tracked and managed through our learning management system to ensure participation and completion.

We believe education is key to building a shared understanding of inclusion and respect across all levels of the organization.



Inclusion isn't just a policy, it is how we work every day.

We support a respectful and welcoming environment through:

- **Reinforcement of our Code of Conduct and anti-harassment policies**
- **Open-door communication between employees, HR, and leadership**
- **Recognition of cultural holidays, awareness months, and internal celebrations**
- **Empowering team leads to model inclusive, empathetic leadership**
- **Encouraging collaboration across departments, languages, and backgrounds**

By fostering a culture where people feel safe to speak up, contribute ideas, and be themselves, we strengthen our teams and build trust across the company.

"Across Product Development, bringing together Supply & Demand, Inbound, and Marketing, our work is driven by a shared commitment to ESG principles that shape how we source, move, and promote every product.

We focus on embedding quality, compliance, and innovation throughout the value chain, ensuring each step reflects our standards and our values.

Building a strong portfolio is about more than launching products; it is about forging long-term relationships with suppliers who share our standards, customers who trust our service, and teams who work with purpose. This includes meeting regulations such as FSVP, ensuring traceability, being transparent with our partners, and promoting fair and ethical business practices.

We are also in the process of transforming ourselves and becoming more intentional about the company we aspire to be. In the near future, we will introduce new ways to certify our suppliers and strengthen collaboration to achieve goals that are not only economic, but also sustainable.

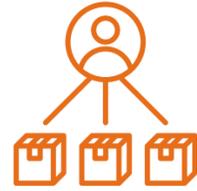
Our goal is clear: to integrate supply & demand excellence, inbound efficiency, and impactful marketing while keeping the social, environmental, and governance impact of our decisions in focus—turning ideas into initiatives that strengthen Ethnix Group and contribute to our purpose of transforming lives by connecting cultures”.

Product Development Insights



Manuel Sandoval
Director of Product
Development

SUPPLIERS



Our supplier relationships are built on a foundation of trust, compliance, and shared values.

Before initiating any business relationship, we follow a structured supplier verification and evaluation process to ensure food safety and regulatory compliance.

In the case of foreign suppliers, we adhere strictly to the Foreign Supplier Verification Program (FSVP) requirements, as mandated by the FDA under the Food Safety Modernization Act (FSMA).

We approach supplier selection with a deep emphasis on relationship-building and value alignment.

Many of our vendors are introduced through trusted references or in-person meetings, allowing us to personally assess their commitment to quality and safety.

Through open dialogue and mutual respect, we evaluate not only their compliance standards but also their business practices, ethical commitments, and quality management systems, ensuring they are aligned with Ethnix’s mission of delivering safe, high-quality products.



Ongoing Collaboration with Our Suppliers

Supplier collaboration does not end after onboarding.

From the start of every partnership, we clearly communicate our expectations in areas such as food safety, quality, marketing, and competitive benchmarking.

We also actively seek feedback from our suppliers, recognizing that their on-the-ground insights are critical to shared growth and continuous improvement. This two-way communication strengthens our partnerships and allows us to respond quickly to changes in the marketplace.

As of now, **Ethnix Group works with 83 vendors, with 23% serving as private label partners**, a number that is projected to increase as we continue expanding our product portfolio and brand presence.



Customers and Consumers



Delivering exceptional customer experience is a core part of our social commitment.

The primary way customers place orders is through our dedicated sales representatives, who offer personalized attention and build lasting relationships with each account.

We believe that true customer service goes beyond efficiency, it is rooted in hospitality. We strive to create meaningful and pleasant interactions during each visit, recognizing that people may forget the details of a transaction, but they will always remember how we made them feel.

We are also committed to ensuring our products remain relevant and valuable to the communities we serve. **Our team continuously innovates our catalog, introducing new and high-quality items that reflect market needs and cultural preferences.**

To maintain a close connection with our consumers, we actively collect and respond to feedback through customer service calls and surveys.

This two-way communication helps us stay responsive, improve our offerings, and build trust through consistent quality and care.

Sales Insights



**Veruuzko Rodriguez &
Zullymar Tovar**
Regional Sales Managers

“At the sales department, our daily commitment is fully aligned with the company’s core values, which guide not only the way we work but also how we build strong relationships in the marketplace.

Empathy allows us to truly understand our customers’ needs, actively listen, and provide solutions that create real value.

Trust is the foundation on which we establish long-lasting relationships, both with our clients and within our own team.

Hard work is reflected in the consistency of our field visits, the close follow-up of opportunities, and the discipline with which we execute our goals.

Cleanliness and professionalism are evident in the way we present our brand, from the organization at every point of sale to the clarity of our processes.

Finally, innovation allows us to differentiate ourselves, discover new ways to connect with customers, and open opportunities in an increasingly competitive market.

In addition, the Leadership Department works hand in hand with Sales through constant efforts to promote professional development across our salespeople. This includes regular meetings, biweekly training sessions, and other training initiatives that ensure our team continues to grow in skills, confidence, and leadership.

Each of these values is not just a statement, but a practice that strengthens our day-to-day operations and positions us as a solid, committed sales team, capable of achieving the results the company expects.”

“At Ethnix, leadership is a capacity that comes from within, guiding every initiative we undertake.

We are a company with a clear set of six values and a defined mission statement. At the forefront of all we do are our people. Each employee at Ethnix is educated, empowered, and equipped to lead, to show up and deliver the very best version of themselves in every action and interaction internally across departments, and externally with our clients.

In 2024, we defined pillars of leadership that sustain us in our capacity to be Self-Aware, Self-Regulated, Connected, and Purposeful in all we do and in who we are.

The Leadership Development team works diligently to meet our employees’ needs proactively and effectively. We train for growth, we prepare for new challenges, and support our people with intention and consistency. From technical expertise to soft skills, we deliver so that we can raise the bar on who we are, what we do, and how we do it.

We are a team of bilingual individuals in 6 countries who embrace change, thrive on growth, and overcome challenges together. In this department, we look ahead, we prepare ahead, respond to needs, and most importantly we grow and build from our experiences. At Ethnix, people thrive”.

Leadership Development Insights



Bela Lodygensky
Director of ESG &
Leadership
Development

Leadership Development

Our People, Our First Clients

At Ethnix Group, we believe investing in our team is investing in our future. We view our employees as our first clients deserving of the same dedication, care, and commitment that we give to our customers.

Growth from Within

We prioritize promoting and developing talent internally, creating opportunities for career advancement across all departments. Our leadership is committed to identifying potential, mentoring employees, and opening pathways for growth.

Biweekly Trainings: Every department participates in biweekly training sessions designed to strengthen skills, share best practices, and foster collaboration.

Annual Mandatory Training: Harassment prevention, unconscious bias, inclusive communication, and psychological safety.

Company Townhalls (Every 6 Months): Open forums with leadership to share company updates, celebrate achievements, address questions, and align on future goals.

Creating the Difference

By empowering our people with soft skills, knowledge, tools, and growth opportunities, we enhance individual performance and strengthen Ethnix as a whole. Professional and leadership development is not a one-time event. It is a continuous and ongoing journey that shapes our culture and fuels our mission of transforming lives by connecting cultures.



Empowering Women in Leadership

From November 2024 to July 2025, **Ethnix Group** promoted 11 women into leadership positions across multiple departments.

This milestone underscores our commitment to creating pathways for growth, fostering inclusion, and ensuring that leadership at Ethnix reflects the talent and diversity within our workforce.

By elevating women into key roles, we strengthen our organization, drive innovation, and build a culture where opportunity is shared equitably.

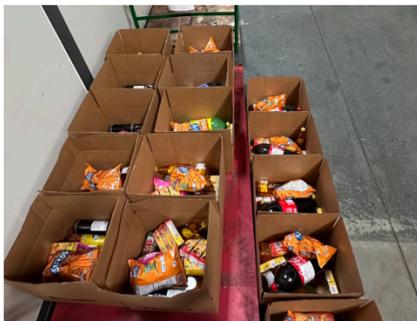


COMMUNITY IMPACT AND PHILANTHROPY



We believe our responsibility goes beyond business. Giving back to the communities where we live and work is a cornerstone of our identity.

Through partnerships, sponsorships, and hands-on involvement, we strive to strengthen families, empower diverse communities, and support education and opportunity in Middle Tennessee.



Habitat for Humanity

We support safe, affordable housing initiatives, helping families in Middle Tennessee build homes and brighter futures.



Conexión Américas

Ethnix is proud to stand alongside Conexión Américas in advancing immigrant integration, economic equity, and cultural understanding.



Nashville Area Chamber of Commerce

Through active membership, we contribute to regional economic development, small business growth, and cross-industry collaboration.



Advancing Women in Nashville (AWIN)

We support women leaders by engaging with AWIN's programs, creating space for mentorship, leadership, and inclusion.



Tennessee Latin American Chamber of Commerce (TLACC)

Ethnix strengthens relationships with Latin American businesses, fostering cultural exchange and entrepreneurship.



Whitsitt Elementary School

As neighbors in our community, we contribute to student learning opportunities, school events, and resources for teachers and families.



ReStore (Habitat for Humanity Store)

By supporting ReStore, we contribute to recycling, reuse, and sustainable building practices that benefit local communities.



BreakThru TN

We partner with BreakThru TN to support workforce development and community empowerment programs.



GOVERNANCE



Ethics in the Way we do Business

Strong governance is the foundation that supports everything we do at Ethnix Group.

It ensures that **our growth** is not only effective, but **ethical**.

This section outlines the principles and structures that guide our decision-making processes, including our core values, code of conduct, leadership accountability, and financial transparency.

We also detail our approach to data protection, risk management, and internal audits, as well as our systems for complaint resolution.

Through clear standards and ongoing oversight, we strive to uphold the highest level of integrity across the organization.

Our Values as Ethical Foundation

The way we do business is guided by a set of core values that shape our identity and company culture. These values are more than just words, they are principles that inspire our decisions, build trust with our partners and customers, and raise the standard across every part of our operation.

Our values are:

Empathy: We listen and understand before taking action.

Trustworthiness: We keep our word and deliver on our promises.

Hard Work: We give our best effort, consistently and reliably.

Neatness: We take pride in maintaining an organized and clean environment.

Innovation: We look for new solutions that create value.

Excellence: We strive for continuous improvement in every detail.

These values are embedded in our leadership practices, hiring and training policies, and the way we serve our customers. To us, governance starts from within, with people who act with integrity and purpose.



“At Ethnix Group, financial transparency is part of our culture. We manage resources responsibly through strong controls and disciplined processes that build trust in every decision.

To raise the bar, Finance is formalizing ESG governance alongside our core duties. Our finance organization co-chairs management oversight of ESG, ensuring the program has the resourcing, direction, and cross-functional follow-through to meet our goals, consistent with how peers embed Finance in executive ESG committees.

We are also taking direct responsibility for the quality of ESG data and disclosure. Finance will apply the same rigor we use for financial reporting to non-financial reporting, including risk management and internal controls over sustainability metrics. We are building a controls framework, strengthening data lineage, and coordinating with Internal Audit to enhance assurance over key KPIs. Disclosure will align to leading frameworks and investor expectations, with Board-level oversight and independent validation where appropriate.

Our approach follows industry best practice, linking governance, metrics, and incentives to strategy, so stakeholders can compare our progress with confidence. This financial discipline supports the business: by integrating ESG into enterprise risk management and capital planning, we protect continuity in our supply chain, improve cost of capital over time, and focus investment where it creates durable value. It’s the same lesson peers emphasize – sustainability aligned with strategy drives business value, not just compliance.

In 2024 we strengthened operational discipline under external review and are moving to independent audits beginning in 2025. Next, Finance will publish clear KPIs, targets, and a phased roadmap for data controls and assurance. Our goal is simple: credible numbers, consistent reporting, and accountable progress, the foundation for responsible growth at Ethnix”.

Finance Insights



Nicolas Quijano
CFO

Financial Integrity and Internal Controls

What are we doing now?

In 2024, we underwent an external audit conducted by national tax authorities, focusing on Income Tax (ISR) for fiscal years 2021 through 2023.

While we have not had independent external audits in previous years, we are currently reviewing proposals from certified audit firms and **expect to launch** full external audits starting in fiscal year 2025, an important step in our ongoing commitment to improvement and transparency.

To help prevent errors and fraud, we've established a strong internal control framework.

Key safeguards include:

- A clear separation of duties (no single person authorizes, executes, and records a transaction).
- Limited access to accounting systems and banking platforms.
- Secure password and user role management within SAP Business One.
- All financial procedures are formally documented, although we've identified the need to update them during 2025 to reflect evolving practices and systems.

At Ethnix Group, **financial transparency** is more than a best practice, it's **part of our culture**. We believe that trust is earned by being responsible, consistent, and honest in how we manage our resources.

Our financial statements are prepared in accordance with current accounting standards and reviewed weekly by our accounting and financial analysis team.

This regular oversight ensures accuracy and accountability across the board.

Our finance team performs regular reconciliations between bank records and accounting entries and conducts a thorough review before closing each week or month.

This includes checking for inconsistent balances, inactive accounts, and pending entries to catch any irregularities early.

Additionally, every new vendor or customer undergoes a verification process that includes fiscal, banking, and background checks.

Financial Responsibility and Digital Infrastructure

We rely on a set of digital tools to ensure secure, real-time visibility into our finances.

As part of our ESG planning process, we consider risks like fuel price fluctuations, supply chain disruptions, and regulatory changes. These risks influence how we plan, budget, and forecast.

We also dedicate a portion of our budget to sustainability initiatives and employee wellbeing programs, because doing the right thing for our people and the environment is good business, too.



SAP Business One supports our accounting, budgeting, and reporting processes.



A dynamic analytics tool that enables quick, flexible access to financial data for real-time analysis and visualization.



Provides traceability of cash deposits, pickups, and reconciliations, with tracking by route and date.



A warehouse control system that allows for real-time inventory management. While it doesn't directly handle accounting reconciliations, it supports the process by providing accurate data on physical stock levels.



We use secure digital banking platforms to review transactions, authorize payments, and perform reconciliations.

“At Ethnix Group, technology is more than systems and tools. It is the backbone that sustains our operations and ensures that our values are reflected in every process. For IT, ESG means building systems that are secure, resilient, and efficient, with the discipline to protect our data, the responsibility to support our people, and the vision to enable sustainable growth.

We see technology as a driver of accountability. From implementing cybersecurity measures that safeguard sensitive information, to developing digital tools that reduce paper use and streamline processes, our mission is to ensure reliability and transparency at every level. Our employees depend on IT systems to work safely and productively. Our customers expect accuracy and trust in every transaction. And our partners rely on us to maintain strong, seamless, and sustainable connections.

This report represents a commitment for IT as well: to measure progress, close gaps quickly, and constantly invest in innovation that improves performance, security, and efficiency. It is not about slogans or trends, but about building durable systems that add value and reduce risk.

To the IT team that works tirelessly behind the scenes to keep our company connected and moving forward, thank you. Together, we are raising the standards of what technology can achieve in service of our people, our partners, and the communities we impact.

We are not just supporting Ethnix’s ESG journey; we are powering it”.

IT Insights



Aldo Quijano
IT Manager

At Ethnix, information protection is a strategic priority. We have robust security measures in place to ensure the confidentiality, integrity, and availability of data.

These include authentication mechanisms, access controls, encryption of sensitive information, and continuous monitoring to prevent unauthorized access and safeguard the information of our customers, suppliers, and employees.

Our company maintains the following cybersecurity policies:

- **Mandatory use of secure passwords and multi-factor authentication (MFA).**
- **Protection via next-generation firewalls (NGFW) and updated antivirus software.**
- **Implementation of automated backup policies.**
- **Disaster Recovery as a Service (DRaaS) for our critical infrastructure.**

We send periodic reminders, including examples of phishing attempts, to help employees remain vigilant. Additionally, users are expected to:

- **Recognize suspicious or fraudulent emails.**
- **Adopt safe browsing habits and secure device usage.**
- **Quickly report any incidents or threats to the IT team.**

IT and Data Protection



Protocol in the Event of a Data Breach

- **The protocol includes the following steps:**
- **Immediate detection and containment of the incident.**
- **Impact analysis**
- **Communication with affected departments.**
- **Implementation of corrective and preventive measures.**
- **Post-incident analysis**
- **Reinforcement of security measures based on the findings.**

IT and Data Protection

Digital Transformation and Infrastructure Efficiency

Ethnix Group has adopted multiple digital processes to minimize paper use and increase operational efficiency. Examples include:

Digital approval flows through tools like SAP Business One, Pepperi, and in-house platforms such as Smart Delivery.

Fully digital picking processes. Before implementing WMS, pick tickets were printed for every Sales Order.

With the adoption of Authvia, we continue reducing paper use in key workflows.

Our critical infrastructure and operations are hosted in the cloud.

We work with various cloud providers and also use SaaS (Software as a Service) models depending on the needs of each application and business process.

We use modern, secure tools for digital document and process management:

- **SAP Business One** : for purchasing, sales, invoicing, and managing customer/supplier records.
- **Pepperi** : for customer order management and commercial workflows.
- **SharePoint & OneDrive** : for collaborative storage and document control.
- **In-house automation for onboarding new clients/products** : fully automated flows across departments until final ERP entry.
- **Smart Delivery** : for managing deliveries, returns, and collections.
- **Infios WMS** : for all warehouse operations, from receiving to internal handling to outbound distribution.



Organic Certification

Our Commitment to Quality and Sustainability

We take pride in offering products that reflect our dedication to quality, transparency, and environmental responsibility.

Our achievement of the USDA National Organic Program Certification in 2025 is proof of this commitment and a milestone in our journey to deliver healthier, sustainable options to our communities.

Certification Details

- Certified Operation: Distribuidora Limeña (Ethnix Group)
- Type of Operation: Handler
- Certification Body: Quality Assurance International (QAI)
- Location Inspected: Smyrna, Tennessee
- Effective Date: March 13, 2025



Why It Matters

For Ethnix Group, organic certification represents more than compliance.

It embodies our role as a distributor that promotes sustainable agriculture, provides clean and trustworthy products to consumers, and reinforces our responsibility to the environment and the communities we serve.

Our Certified Organic Brand

Banagua, a product proudly developed and distributed by Ethnix Group, is now officially USDA Certified Organic.

This certification confirms that Banagua is produced and handled under the highest organic standards, ensuring a product that is:

- Free from synthetic pesticides, fertilizers, or additives
- Made with environmentally responsible methods
- Verified through independent inspection and certification
- Designed with eco-conscious packaging and consumer well-being in mind



Key Performance Indicators (KPI's)



ENVIRONMENTAL

Operational Efficiency & Resource Consumption

SOCIAL

Workforce Wellbeing

GOVERNANCE

Audit Performance & Risk Management



Fleet Performance Metrics

Between January and June, Ethnix Group recorded a **notable year-over-year decrease** in total miles traveled by its fleet, reflecting improvements in route optimization and distribution efficiency.

Key Insights:

Quarter 1 (Q1)

2024: 348,581.4 miles

2025: 253,592.3 miles

Change: **↓ 27.3%** (approx. 95,000 miles less)

Quarter 2 (Q2)

2024: 315,055.5 miles

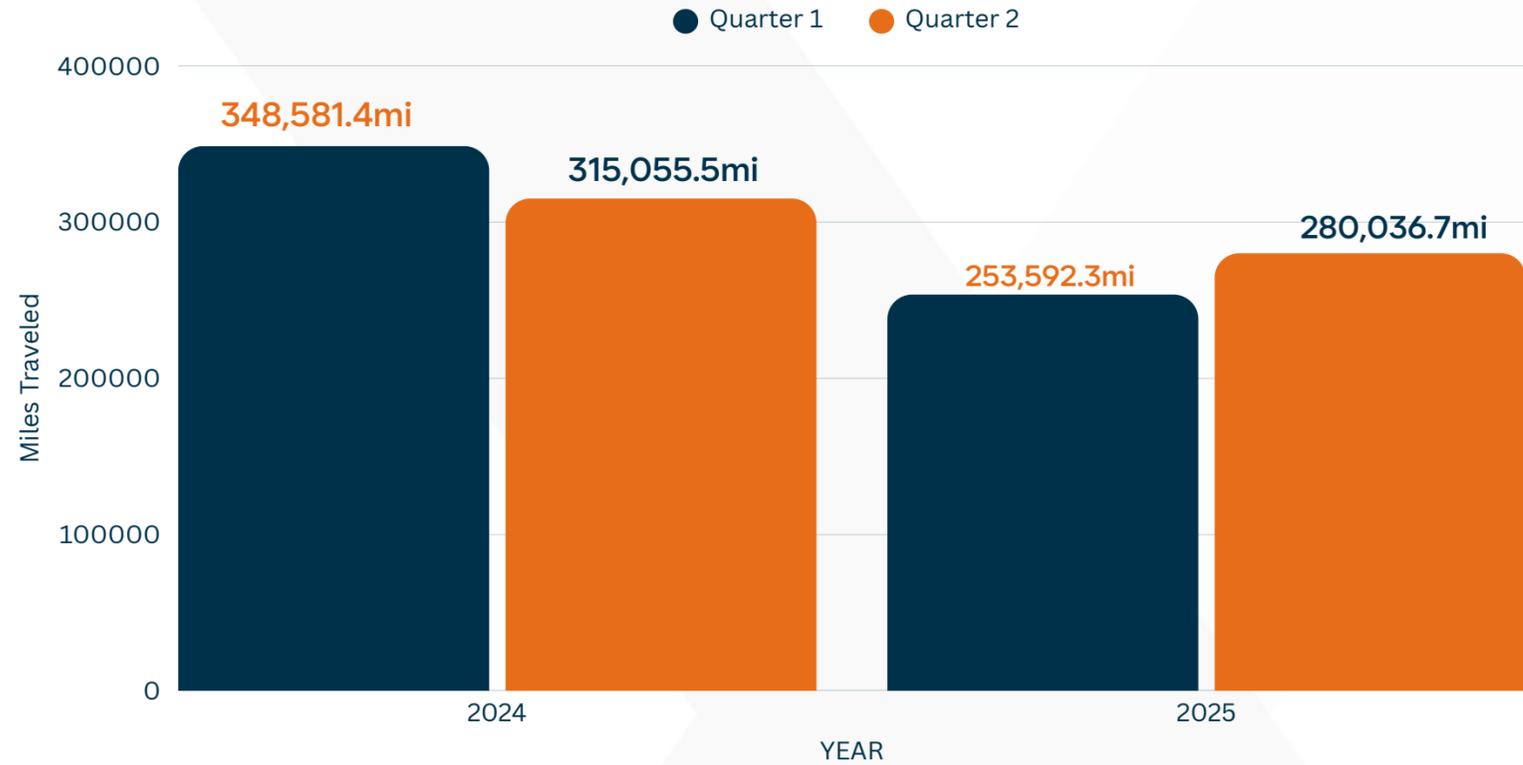
2025: 280,036.7 miles

Change: **↓ 11.1%** (approx. 35,000 miles less)

This reduction of over 130,000 miles in total mileage traveled in the first half of 2025 vs. 2024 highlights our efforts to:

- Lower fuel consumption and emissions through better dispatching and delivery consolidation.
- Improve driver routing and integrated logistics tools.
- Expand delivery zones strategically, reducing overlapping routes.

Miles Traveled January-June (Comparison 2024 to 2025)



Fleet Performance Metrics

As part of our ongoing commitment to reducing environmental impact through smarter fleet operations, Ethnix Group **achieved a significant reduction in fuel consumption** during the first half of 2025.

Key Insights:

Q1 & Q2 2024:

105,573.13 gallons purchased

Q1 & Q2 2025:

85,826.00 gallons purchased

Change:

18.7% decrease in total gallons purchased (~19,747 gallons less)

ESG Interpretation:

This notable reduction in fuel purchases aligns with our fleet mileage reduction (as shown in the previous KPI), reinforcing that fewer miles were traveled and fleet operations were more efficient.

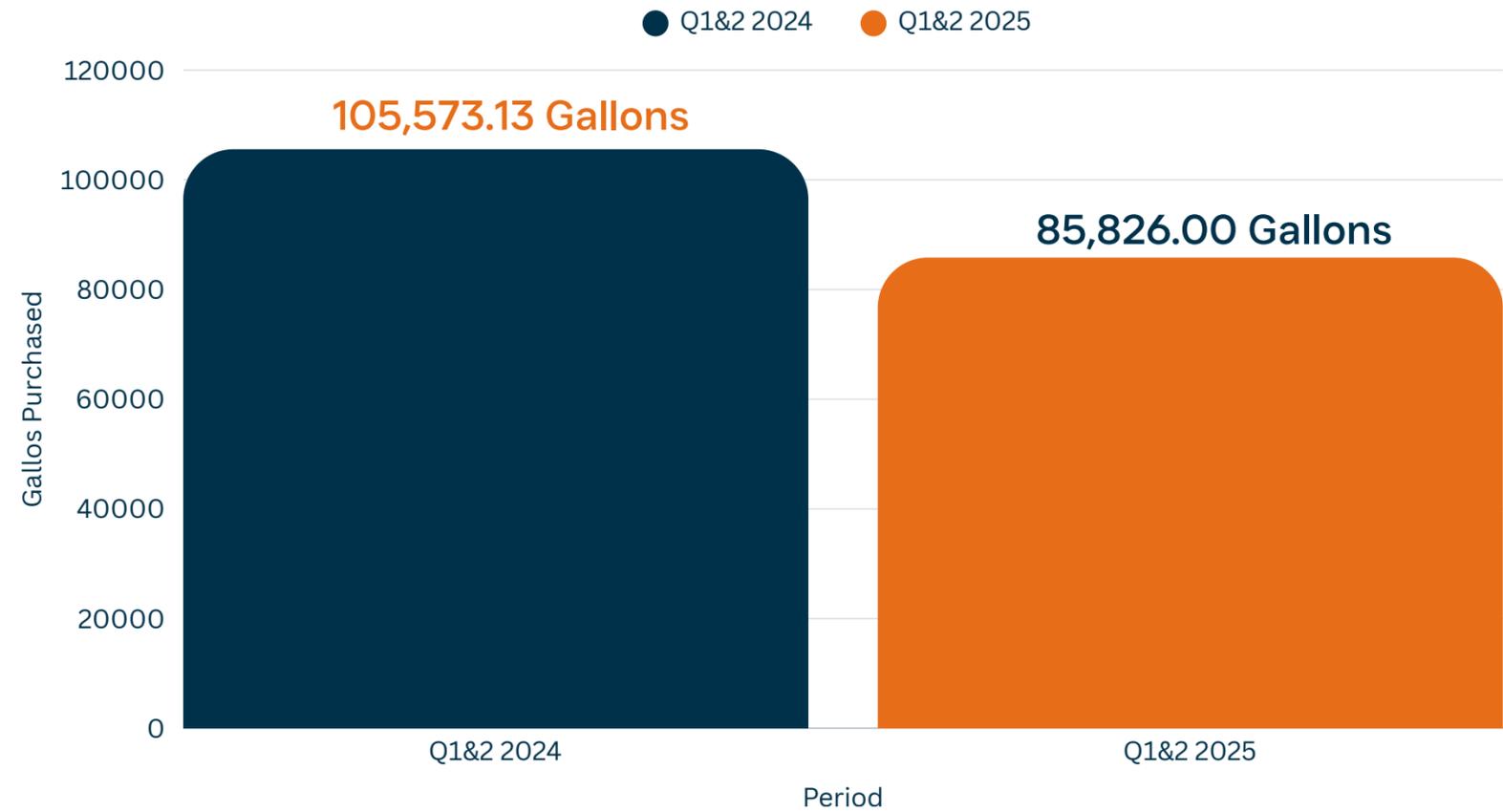
The drop suggests improvements in:

Route planning and delivery scheduling.

Driver behavior (e.g., less idling, better fuel management).

Vehicle maintenance and performance.

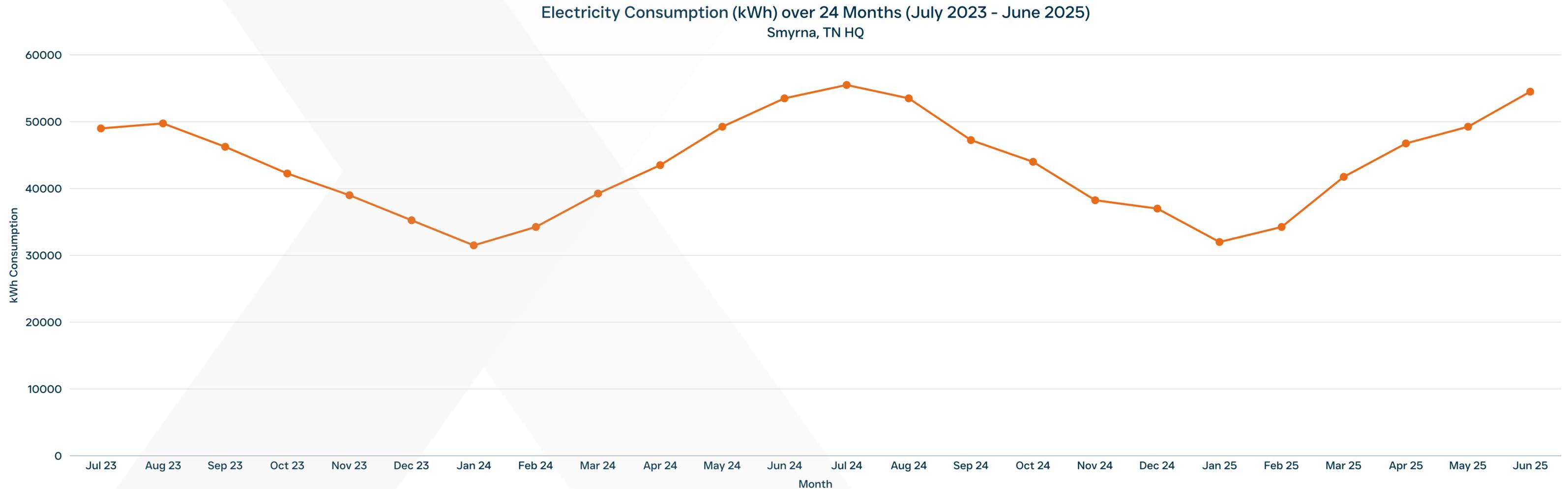
Gallons Purchased January-June (Comparison 2024 to 2025)



Office Performance Metrics

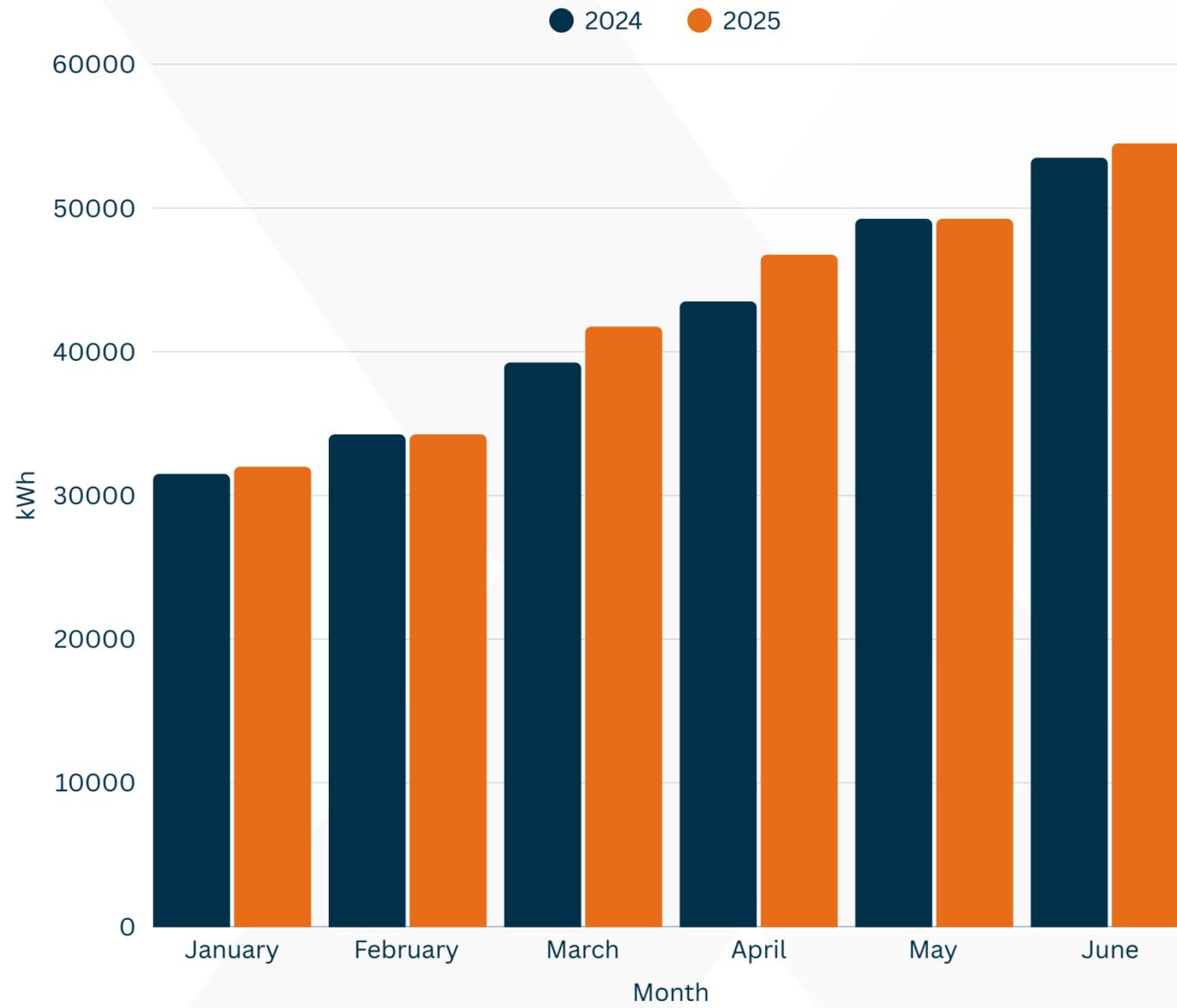
Over the 24-month period shown in the chart, electricity consumption at the Smyrna headquarters has demonstrated a clear seasonal pattern, with higher usage during the summer months (May–August) and lower consumption in the winter (December–February).

- Peak usage occurred in **July 2024**, reaching over **55,000 kWh**, likely due to increased HVAC demand during peak summer temperatures.
- Lowest usage was recorded in **January 2024** and again in **January 2025**, at around **31,500–32,000 kWh**, reflecting minimal heating or equipment demand.
- The summer of 2024 showed the highest overall sustained consumption, while early 2025 started with consistently lower demand, followed by a gradual increase heading into Q2.



Electricity Use - 2024 vs 2025

Electricity Consumption (kWh) Comparison First 2 Quarters (2024 vs 2025)



Seasonal Trends and Shifts

During the first half of 2025, electricity consumption at our Smyrna warehouse demonstrated notable seasonal trends compared to the same period in 2024. While usage during the winter months (January–February) was slightly lower in 2024, consumption increased steadily throughout the spring this year (2025).

Notably, April and May 2025 both exceeded the energy use recorded in 2024, potentially reflecting increased operational activity or greater climate control requirements.

June 2025 marked the highest consumption point of the semester, reaching 54,500 kWh, surpassing June 2024's total of 53,500 kWh.

These insights help us better understand usage patterns and identify opportunities for more efficient energy management during peak seasons.

Electricity Use - 2024 vs 2025

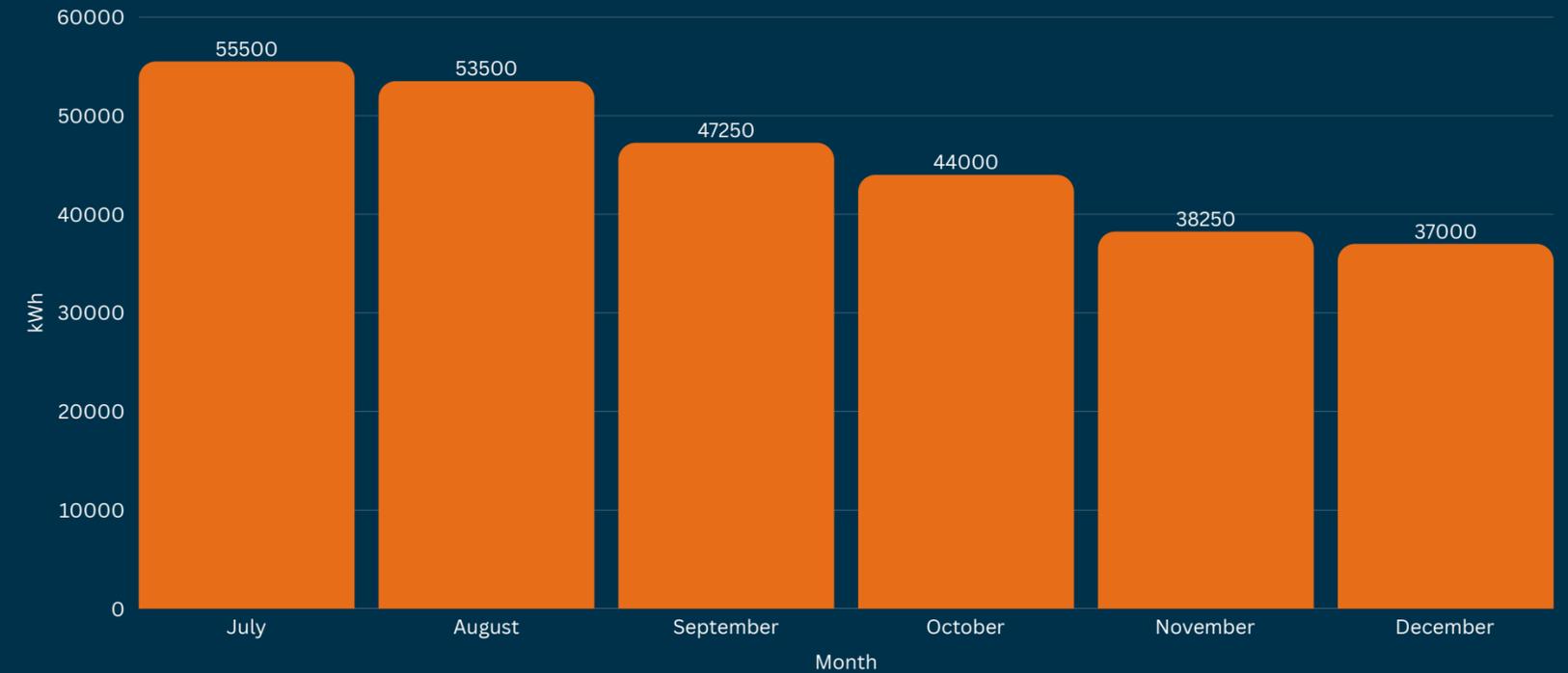
Based on national trends published by the [U.S. Energy Information Administration \(EIA\)](#), electricity demand in the United States is **expected to grow** at an average annual rate of approximately **2.5%** between 2024 and 2026.

If we focus on actual data from January through June 2025, electricity consumption at the Smyrna warehouse **has increased** by approximately **2.88%** compared to the same period in 2024.

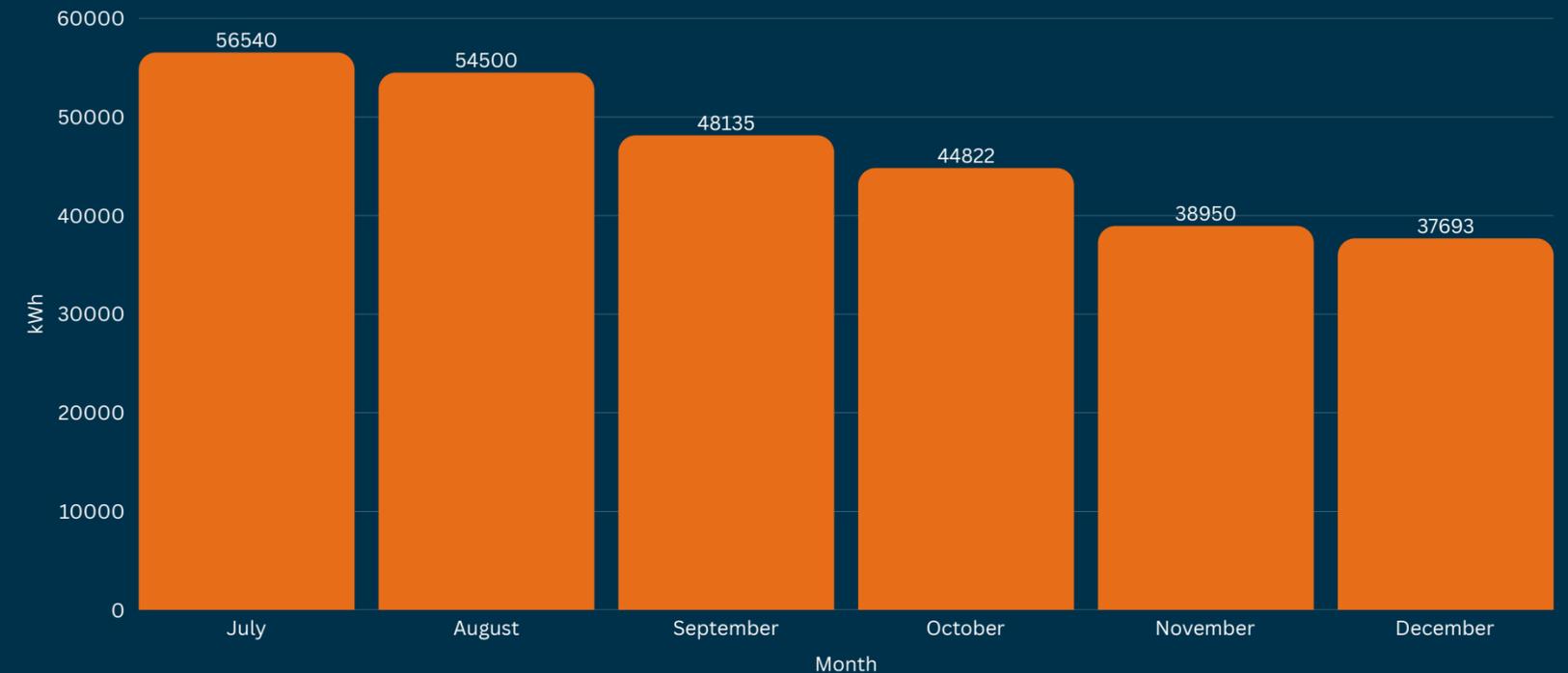
If this growth trend continues, projected usage for the second half of 2025 is approximately 283,435 kWh, bringing the estimated total for the year to 541,935 kWh.

This would represent a 2.89% increase compared to total usage in 2024 (526,750 kWh), reflecting a moderate upward trend likely linked to increased operational activity or seasonal energy needs.

Electricity Consumption (kWh) Q3 & Q4 2024



Electricity Consumption Forecast (kWh) Q3 & Q4 2025

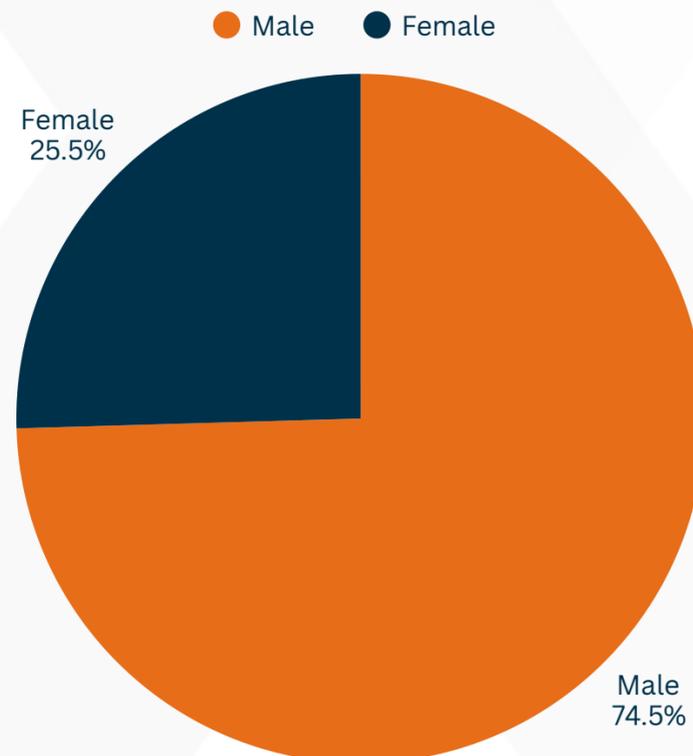


Workforce Insights and Trends

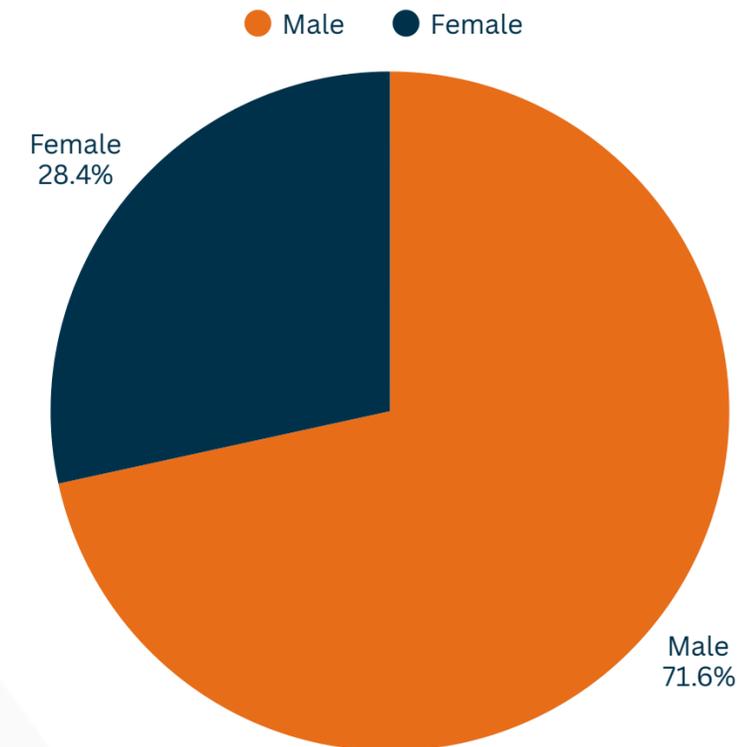
Gender Representation Comparison – 2024 vs 2025

Between 2024 and 2025, the company experienced notable growth in overall headcount, increasing from 169 to 192 employees. Male representation grew from 123 to 136 employees, a gain of 13 (+10.6%), while female representation rose from 42 to 54 employees, an increase of 12 (+28.6%). This growth in female headcount contributed to an improvement in gender balance, with women representing 28% of the workforce in 2025 compared to 25% in 2024, reflecting a modest but positive shift toward greater diversity.

Gender Representation - 2024



Gender Representation - 2025



Audits and Risk Assessments



At Ethnix Group, we believe that protecting our people, our partners, and our operations starts with being prepared.

That is why **we take audits and risk assessments seriously**, as an important part of how we build trust and stay one step ahead.

Whether it's training our team, keeping our warehouse safe, checking financial systems, or staying alert to digital threats, we're always working behind the scenes to make sure things run smoothly and responsibly.



Warehouse and Government Inspections

- Monthly safety training sessions.
- External reviews despite not requiring HACCP/SQF/BRC certifications.
- Successfully completed a government-led audit for organic product handling (Feb 2025).
- Annual inspections by the Department of Agriculture and possible FDA audits.

Driver & Truck Compliance

- Screening processes for drivers: background checks, document verification, and medical clearance.
- Use of onboard cameras, GPS, and speed tracking for risk mitigation and accountability.

Financial Audit and Internal Controls

- External government audit on income tax (ISR) for 2021–2023.
- Internal controls include:
 - Separation of duties.
 - Limited access to financial systems.
 - Secure user role/password management in SAP Business One.
 - Weekly reconciliations and audits by accounting team.

Vendor Risk Checks

- Fiscal, banking, and background checks for new customers and vendors.

Cybersecurity and Data Risk

- Use of firewalls, MFA, secure backups.
- Data breach protocol: detection, containment, communication, corrective action.
- Ongoing IT training and phishing simulations.

Next Steps



Implementing Company-Wide Safety Protocols

As part of our continuous improvement efforts, the ESG team has developed **17 comprehensive safety and compliance protocols** covering key areas such as workplace violence prevention, forklift operations, fire safety, PPE, and visitor procedures.

While these protocols were not formally documented or standardized before, this initiative represents a proactive step in strengthening our safety culture.

In 2025–2026, **we are committed to implementing, training, and tracking compliance across all facilities** – ensuring that safety remains a core part of how we operate every day.



- **Workplace Violence Prevention:** Guidelines to identify, prevent, and respond to violent incidents in the workplace.
- **Aerial Lift Use:** Safety practices for operating aerial lifts such as boom lifts and scissor lifts.
- **Bloodborne Pathogens:** Procedures to reduce exposure to bloodborne infectious materials.
- **Electrical Safety:** Precautions and procedures to prevent electrical hazards.
- **Lockout/Tagout:** Steps to ensure machines are properly shut off and not restarted until maintenance is complete.
- **Fire Safety:** Fire prevention methods and emergency response planning.
- **Drug and Alcohol Testing:** Policy for substance use testing to ensure workplace safety.
- **Hazard Communication:** Proper labeling and training related to hazardous materials.
- **Hand Tool Safety:** Safe usage and maintenance of manual tools.
- **Flammable Liquids:** Storage, handling, and disposal of flammable liquid materials.
- **Incident Investigation:** Process for reporting and investigating workplace incidents.
- **Forklift (Powered Industrial Truck - PIT) Use:** Operation and safety protocols for forklifts.
- **Personal Protective Equipment (PPE):** Standards for proper selection and use of protective gear.
- **First Aid:** Availability and training for responding to workplace injuries.
- **Visitor Safety:** Guidelines to ensure non-employees are safe while on-site.
- **Warehouse Safety Guidelines:** Best practices to maintain a safe warehouse environment.
- **Office Safety Guidelines:** Standards to ensure a safe and ergonomic office workspace.



ENVIRONMENTAL TARGETS

- **Waste Management Goal**

By the end of 2026, we are aiming for 100% implementation of waste management, recycling, and reuse initiatives across our facilities."

- **Electricity Reduction**

Trend tracking of electricity usage at Smyrna HQ.

Forecast for 2025 shows 2.89% increase over 2024.

Next step: Identify energy-saving measures during peak months (e.g. HVAC efficiency, automation, LED upgrades).

- **Fleet Optimization**

Reduced fleet mileage by over 130,000 miles and fuel use by 19,700 gallons in Q1 & Q2 2025.

Next step: Continue investing in route optimization and driver behavior monitoring to sustain gains.



GOVERNANCE TARGETS

- **External Financial Audits**

We are currently reviewing proposals from certified audit firms and expect to launch full external audits starting in fiscal year 2025.

- **Update Financial Procedures**

All financial procedures are formally documented, although we have identified the need to update them during 2025 to reflect evolving practices and systems.

- **Cybersecurity Enhancements**

Maintain and expand DRaaS, MFA, and phishing alert systems.

Next step: Continue employee awareness training and assess cloud infrastructure risks.

Transforming Lives Connecting Cultures

This report presents Ethnix Group's environmental, social, and governance ("ESG") information for fiscal year 2025 unless noted, with select comparative data from 2024 and historical context where indicated. It is intended for general information only. Except where explicitly stated, information herein is unaudited and may include estimates, assumptions, rounding, and use of third-party data; figures may be updated or restated as better information becomes available. This report includes forward-looking statements such as strategies, plans, targets, and forecasts that are subject to risks and uncertainties. Actual results may differ materially. Ethnix Group undertakes no obligation to update such statements. Nothing in this report constitutes investment, legal, tax, or other professional advice, or an offer or solicitation with respect to any security, product, or service. If any inconsistency arises between this report and Ethnix Group's policies, contracts, or regulatory filings, those documents control. Names, logos, and data of third parties are the property of their respective owners. Inclusion does not imply endorsement. Questions or feedback must be directed to is.lodygensky@ethnixgroup.com