Last update in December 2024

BORGSTENA®

Sustainability Report

2022

Index

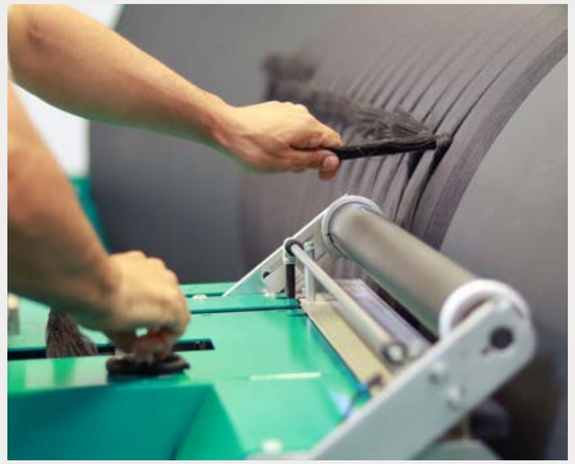
About the Report

In case of need for any additional information, clarifications may be requested through db.sustainability@borgstena.com

This document, Borgstena's first Sustainability Report, shares our sustainability journey, focusing on our goals within ESG (Environment, Social, and Governance) scope and steps taken towards integrating sustainability into our business. Notwithstanding, in the chapter 4. *How Do We Translate Sustainability Into*, the report only discloses the performance of Borsgtena Textile Portugal (Dual Borgstena Textile Portugal, Unipessoal, Lda.), refering to all Borgstena´s textile activities located in Portugal during the fiscal year between 1st January 2022 and 31st December 2022.

In the future, we aim to annually report on our Group's sustainability information while expanding the Report's scope by integrating other geographies, as well as the Cut & Sew division to further demonstrate our Group's operations and ESG performance.

The Sustainability Report was prepared with reference to the Global Reporting Initiative (GRI) Standards 2021 (GRI Standards 2021), and constitutes an important step in disclosing our sustainability information.



1

CEO Letter

The World is Changing

1

CEO Letter
The World is Changing

The world is changing! We now have the knowledge to see it, we can't ignore it.

As such, I am pleased to present our annual Sustainability Report, outlining the progress and initiatives we have undertaken to foster a more sustainable future. At Borgstena we firmly believe that conducting business responsibly and ethically is not just a responsibility but an opportunity to create positive change in the world, making a difference and leading the way to achieve a strong, profitable, conscious, and sustainable business.

The challenges posed by environmental degradation, climate change, and social inequality are more apparent than ever before and, for this reason, the United Nations adopted the 2030 Agenda for Sustainable Development in 2015, committing to end poverty and hunger and ensure healthy lives for all, while also protecting the planet – a call for action to all through the establishment of the 17 Sustainable Development Goals. Moreover, we all know that the world is currently going through difficult times, with the war in Ukraine which, in addition to having an incalculable humanitarian impact, also has an impact on the global economic situation, factors out of our control and that have an impact on our organization.

As the CEO of Borgstena, I'm committed to steering our organization towards a more sustainable path and leveraging our influence to inspire positive transformations in the broader business community, improving the way textile and the mobility industries come together to create better, safer, smarter, more comfortable, responsible, and sustainable solutions for the next challenge of human in-vehicle experiences.

Thus, we have developed our sustainability pillars to guide us in this path - based on the well-being, inclusion, and knowledge of **PEOPLE**, with development of new ways of working towards minimizing impacts to the **PLANET**, contributing to a **PROFITABLE** and innovative industry in terms of the searching for different alternatives, whether for the materials used or whether for the way the PRODUCT is produced, ensuring that Borgstena is at the forefront of its operating sector.

To establish **PLANET**-focused actions, Borgstena assessed in 2021 the scope 1&2 emissions and establish a 50% CO_2 reduction in these scopes by 2025.
Now, our aim is to assess the GHG for the relevant

The world is changing! We now have the knowledge to see it, we can't ignore it.

1

categories of scope 3 analyzing our upstream and downstream activities. Becoming CO2 neutral is one of our priorities and as so, at the end of 2021 we made the decision to purchase electricity produced exclusively of renewable energy. This step allows us to decrease CO2 emissions by 37%.

Global warming and climate change are being enhanced by overconsumption, driving resource depletion and waste accumulation. For these reasons, we are always rethinking our **PRODUCT** design as well as the way we use/consume products and resources.
We consider circularity as a key opportunity for change and therefore, we establish goals towards the reuse of water in the process, reuse packaging materials internally between stages of the process, and looking
for ways to reincorporate our waste as raw material with the vision cradle – to – cradle.

We have a few challenges ahead, but we strongly believe this is the way, strengthen our sustainability and resilience toward all the uncertainties that may appear at any time and become a leader in our field of action. For that, I trust in our **PEOPLE** skills. I always seek to have an inclusive and diverse work environment, where all employees are treated with respect and provided with equal opportunities, guaranteeing a fair workplace.
Our company must manage the challenges of today, but not forget to prepare for the future - we will prepare our New Long-Term Strategic Business Plan, for the years of 2023 - 2030. The last Long-Term Strategic Business Plan that we made was in 2010, referring to 2011 – 2021. In 2010, Borgstena was a small 50 million Euro company, with one textile operational unit in Portugal and one trim operational unit in Romania. Today, with the closing of 2022, we are a 170 million Euro company with operational locations all over the world. All Borgstena staff should be proud of what was achieved since 2010!

The importance of Sustainability will be considered when establishing the strategic business plan for 2023-2030, always based on the ESG pillars:

- For the social pillar we aim to be Certificated by the SA 8 000 Norm – Social responsibility, by the end of 2024, highlighting our commitment to human rights, both for the people who work with us every single day and for suppliers and customers.

- For the environmental pillar, we will determine our SCOPE 3 emissions and from that we will define actions to reduce it, helping us to achieve the **goal** of becoming CO2 neutral by the end of **2040**. We also intend to do our letter of commitment regarding to the Science Based Targets Initiative.

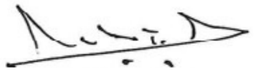
- We will continue to monitor our activities, guaranteeing their integrity and that there aren't any conflicts of interests in any structure of our organization for the Governance Pillar.

Transparency is also a cornerstone of our sustainability approach, and we welcome your feedback and suggestions as we work towards our goals. Together, we can create a more sustainable and equitable future for generations to come.

Our industry is on a clear highway to change and Borgstena, its unique team, is to be a frontline solution provider to its customer base.

Thank you for your continued support on this crucial journey.

Sincerely,



Jorge Machado
DUAL BORGSTENA CEO

2

Dual Borgstena

2

2 Dual Borgstena
2.1 Our Organization Profile

Who we are

Since our beginning, in 1925, in the small Swedish village of Borgstena, our main activity has been the production of textiles for the automotive sector. Aiming to provide added value in the textile products we produce and market, our goal is to exceed the expectations placed on us by customers, suppliers, employees, and our entire community. We believe we stand out for being a company with a special focus on innovation and quality, taking steps towards searching and bringing new solutions with less impact on the environment.

In Portugal, we opened doors 74 years after our foundation, in 1999. In the beginning of the 2000s, we transferred our production from Sweden to Portugal and opened the Trim operation, trough the Cut & Sew Division, joining the already established Textile Division. With productions' increase in Portugal and the growing interest of many other automotive companies in our products, we expanded our locations to East Europe, Brazil, and China. In 2019, we were acquired by Dual Group, thus renaming us as Dual Borgstena Textile.

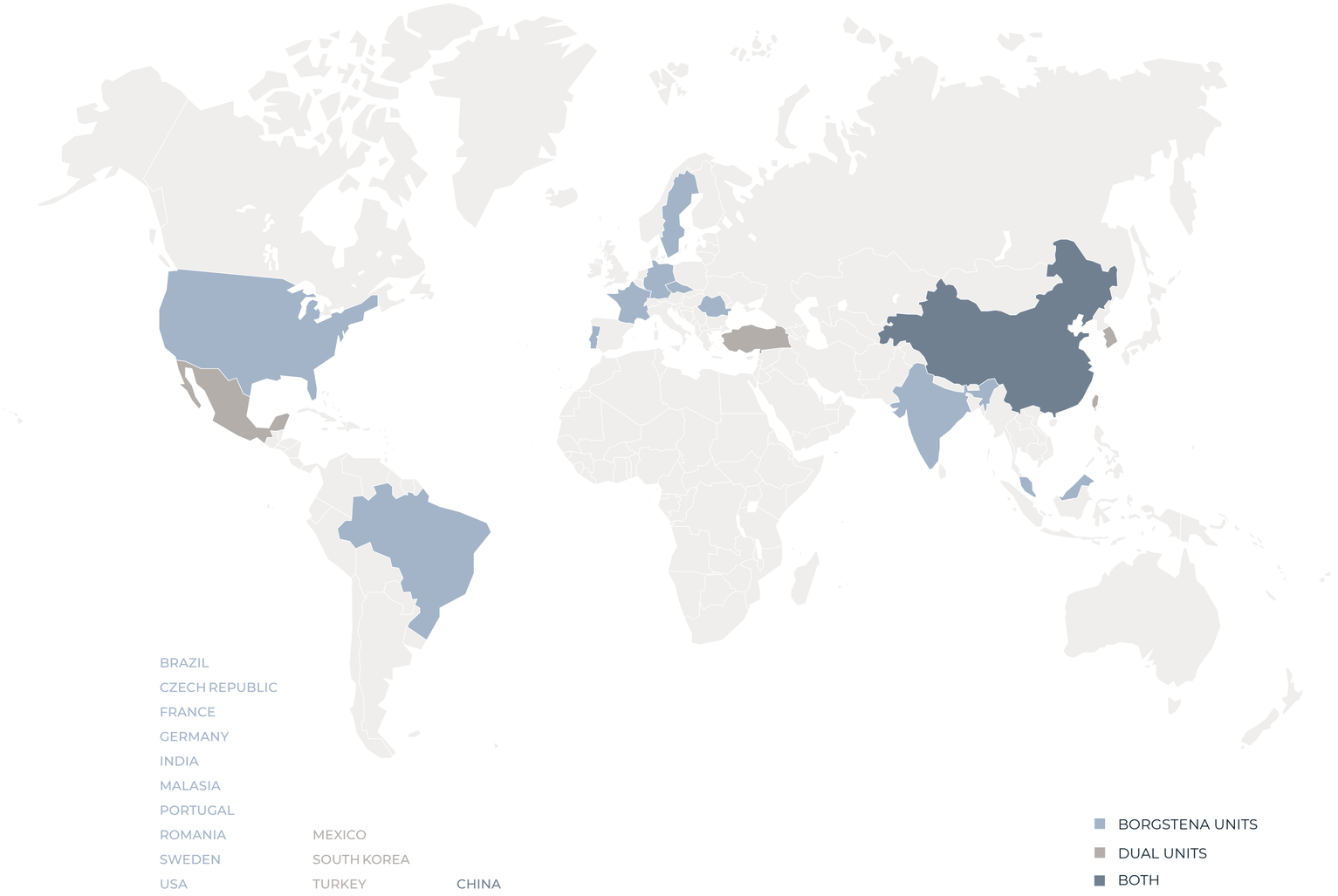
1925 Foundation Borgstena was founded in the town of Bogstena by Mr. Gustav Johansson.	**1970** Automotive Automotive Textile Production began with Volvo Car Corporation in Sweden.	**1999** Portugal Borgstena Textile Portugal was aquired.	**2007** Transfer Production transfer from Sweden to Borgstena Textile Portugal.
2008 Trim Creation of Trim division together with Dual Group under the name Trimsol.	**2010** Romania Start-up of Borgstena Trim Romania.	**2012** Trim 2nd plant in Romania Plant in Czech Republic Plant in Brazil.	**2013** textile Strat-up of Borgstena Textile Brazil & Czech Republic.
2016 Trim 3rd plant in Romania.	**2017/19** Aquisition Aquired by Dual Group Start-up of Borgstena Textile China.	**2020** Trim 4th plant in Romania.	**2021** Growth Opening of Business Centers in Europe Developing Business center in U.S.

2

2 Dual Borgstena

2.1 Our Organization Profile

Our growth and association with Dual Group allowed us to expand to a greater number of areas around the globe.



2 Dual Borgstena

2.1 Our Organization Profile

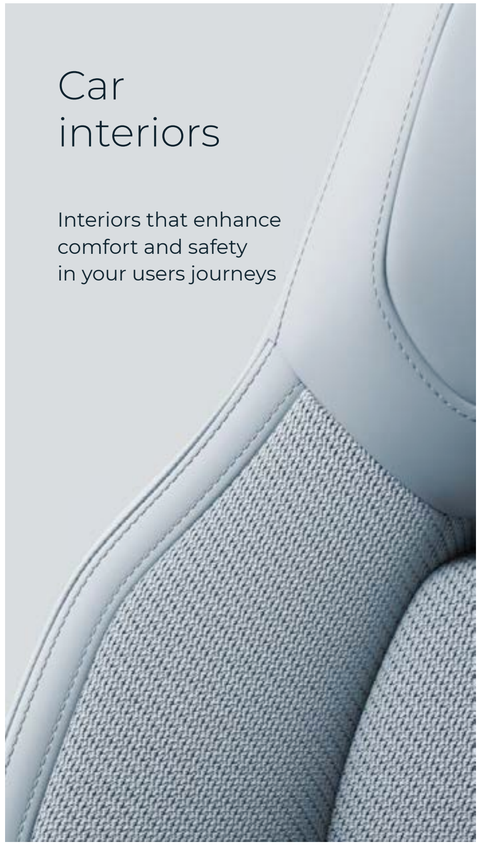
*Learn more about our different technologies here

Our activities and products

We are recognized for our reliable, high-quality products, aiming to be at the forefront of innovation in automotive textiles. We want to create safer and more comfortable products for end-users, while also finding solutions that tackle the arising challenges regarding human in-vehicle experiences. We aim to do this by working continually and cooperatively with our clients, while also incorporating new technologies in our processes.

Our textiles are manufactured from different technologies, namely Weaving, Circular and Warp Knitting and more recently Flat Knitting (3D Knitting). Each of these textile technologies has its unique characteristics and offers the textile unique properties according to its application.

Regarding the **Textile Division**, this a large diversity of our production processes like the Yarn Production, Warping, Knitting and Weaving, Dyeing, Finishing and Lamination. Also, in our **Cut and Sew Division** we do Confection processes to deliver final products (Seat Covers, Headliners, Sunroofs, Wall Panels, Side/Bolster, Door Panels, Beds, Curtains, and others).



2 Dual Borgstena

2.1 Our Organization Profile

Yarn **extrusion and texturing** line is used to produce polyester Drawn Textured Yarn (DTY), exclusively for internal consumption. This production is made in two different steps: first the extrusion where we melt and spin polyester chips, producing Partially Orientated Yarn (POY); and later the texturing where we draw and give texture/volume by means of friction disks, producing the DTY. Our production capacity is not sufficient to cover all our yarn needs, so we import a great part of the yarn used. This internal yarn can be produced raw, for further yarn or piece dyeing or color can be directly achieved by spun dyeing.

The **warping processes** allow us to convert single yarn bobbins to a warp with parallel yarns, used in the subsequent textile production processes. Warp yarns are winded in warp beams. We have direct warping used for warp knitting and sectional warping used for weaving.

In the **weaving process** the textile is formed by interweaving warp (longitudinal) and weft (transversal) yarns in the loom.

In the **warp knitting** machines, knit is made by loop formation. The needles grab the yarns in the warp direction present in the beams and do loops to form the knitting structure.

Circular knitting is similar to warp knitting but differs in the way that the yarn is fed to the machine - single bobbin instead of warp - and in the way the needles are disposed in the machine – circularly disposed.

The **flat knitting** technology also uses the same principles. The yarn is fed to the needles individually by feeder that can move across the width of the two needle beds. Yet with this technology more complex structures and designs can be achieved, as well as 3D structures. Another characteristic of the afore-mentioned technology is the possibility to do the textile in the final desired dimensions, without the need to perform cut and sew products.

Our **dyeing** processes can be divided into yarn dyeing and piece dyeing. In both cases the material is processed at high temperature, dispersing dyes and auxiliar chemical products during the needed time to insert the dye in the polyester fiber.

We have a vast portfolio of finishing **machines** like carding, washing, drying, tumbler and stenter. The most widely used for our products are the washing and stenter, where both machines operate continuously. In the washing process, oils and other substances are removed with water and chemical auxiliar products. In the stenter, textile drying, and thermal stability is achieved with temperature/heat and desired width is also guaranteed.

After finishing processes, textiles are inspected in the **inspection** tables. In these inspection tables, inspectors mark defects according to customer specifications.
A part of the inspected material goes to the customer and another part is further processed in the lamination processes.

In the lamination processes we have two different technologies: **Flamebond** and **Hotmelt**.

In the **Flamebond** process textile material is laminated with foam to produce a multicomponent complex. These complexes can be bi laminated complexes with internal textile and foam, or tri laminated complexes with internal textile, foam and scrim. In this process adhesion of the components of the complex is accomplished by burning polyurethane foam to other components. The principal applications of this technology are seat covers and headliners.

Hotmelt process produces mostly pillars. Adhesion of internally produced textile and non-textile/multiknit is obtained by glue application (molten polymer).

After lamination processes, the complexes are inspected again in inspection tables.

2 Dual Borgstena

2.1 Our Organization Profile

Textile production ends in this process but we have the possibility to have added value production in our **cut&sew** division where we have the cut, embroidery, sewing and embossing.

As the name suggests, the textile or complex materials produced in the previous processes are cut, depending on the purpose for which they are intended: they can be cut to be sewed, for the injection of pillars, for headliners, or door panels, etc. At Borgstena we have knife cutting and laser cutting machines.

In the **sewing section**, using different types of sewing machines, seamstresses make baby chair covers, curtains and beds for trucks and light commercial vehicles.

In the **Welding/Embossing** and Embroidery section we with these operations add more value to our articles by adding patterns and designs to them. We can do it with embroidery thread on embroidery machines, we can do relief engraving on embossing machines, using temperature, pressure and high frequency and we can add another substrate to the fabric through the Welding process, which could be another fabric or a piece of PVC.

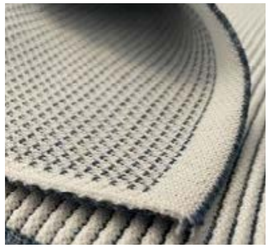
Cut & sew

Program cutting
PT/BR/CZ/TK/KO/RO/CH

Sewing
PT/BR/CZ/TK/KO/RO/CH

Program Sewing
BR

Embroidery
PT/BR/KO



Injected piece moulding
PT

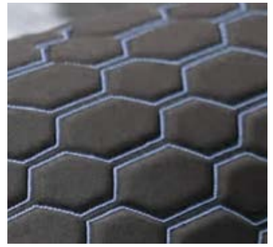


Plate embossing
PT/BR

HF Welding
PT

2

2 Dual Borgstena

2.1 Our Organization Profile

Certifications

Our certifications demonstrate the quality of our products and the efficiency of our production processes. Currently, we hold specific certifications related to our products and the processes employed in our production. We continue to actively seek to provide the highest quality in our products, as well as to comply with all the standards requirements through the certifications we already have and those we intend to achieve in the future.

IATF 16949 PT - CZ - SW Automotive Quality Management Systems	**ISO 14001** PT -CZ Environment management systems	**ISO 45001** PT -CZ Occupational Health & Safety management systems
TISAX (VDA ISA) ® PT Trusted Information Security Assessment	**NP 4457** PT Innovation Management systems	**STANDARD 100** PT OEKO-TEX ®
NATIVA ® PT Certified wool		

2 Dual Borgstena

2.1 Our Organization Profile

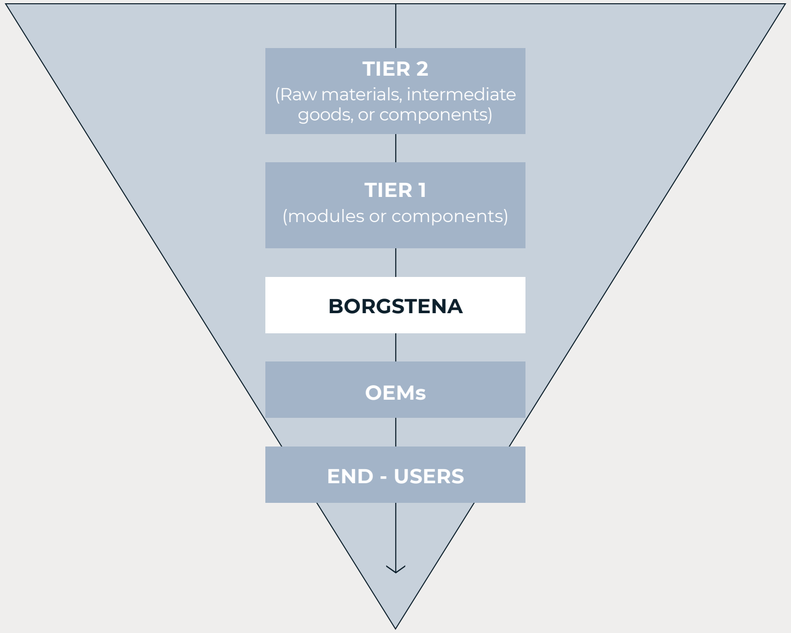
Our Value Chain

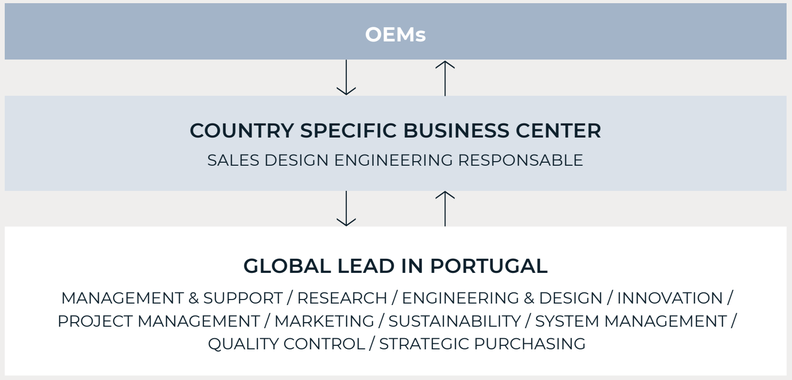
Our value chain is a key driver of our success, enhanced by our stakeholders with whom we aim to work together to achieve results.

Our **suppliers**, spread all over the world, constantly provide us with multiple solutions that allow us to continuously improve the quality of the raw materials used in our production processes and in our products. Their geographic dispersion enhances our capability to easily acquire our main raw materials - yarns, foam, scrim, nonwovens and auxiliary products -, allowing for constant production.

Our **employees**, the driving force of our success, are essential with their hard work, experience, and knowledge, focused on our Group's managing operations, from product innovation & development, marketing, and sustainability to strategic purchasing, quality control, and logistics & distribution, as well as in the production process. Our production serves both internal Group's divisions, with Textile operations providing raw materials to the Trim division to cut & sew, and external clients, through both our divisions.
In this sense, regarding the entire value chain, Borgstena can be classified between Tier 1 to Tier 4 suppliers, depending on the product we are developing. We supply OEMs directly (tier 4), provide textile to other production and finishing processes (tier 2) and provide products to be assembled (tier 1). It is this versatility that challenges us to be a dynamic company in the automotive textile sector - our **clients** help us to reinvent our products, seeking better quality and innovation, always with a focus on safety and sustainability.

The **official entities** lead us to always comply with legal requirements and influence us in the continuous search for improvements in all our processes. Finally, our surrounding **community**, for which we aim to provide value from our business activities.





2 Dual Borgstena

2.1 Our Organization Profile

Global Suppliers
DUAL
BORGSTENA
TRIMSOL
J.V

- WOVEN
- WARP KNIT
- DYEING & FINISHING
- LAMINATION
- CIRCULAR KNIT
- UNDER DEVELOPMENT
- OTHER

2 Dual Borgstena

2.1 Our Organization Profile

Global Suppliers
DUAL
BORGSTENA
TRIMSOL
J.V

2 Dual Borgstena

2.1 Our Organization Profile

Stakeholders play an essential role in our company's success. Internal stakeholders, such as employees, provide the labor necessary to produce goods or services. Business Stakeholders play an essential role in our company's success. Internal stakeholders, such as employees, provide the labor necessary to produce goods or services. External stakeholders, such as customers, ensure a company's revenue stays afloat.

The stakeholder engagement is very important for us, therefore we periodically evaluate the risks or/ and opportunities that arise from them, and we seek to maintain an open, constructive, and critical communication with them, through our interaction channels, with the goal of receiving their feedback, concerns, and needs, with regards to, not only our products, but also our impacts and actions.
We believe these inputs serve as opportunities, shaping the actions we take in our processes, our products and in our communication.

***Stakeholders* Engagement**		
Stakeholder	**Communication Channels**	**Topics covered**
Clients	· Meetings with Borsgtena's commercial area · Audits performed by our clients regarding our products and processes · Customer sastisfaction Surveys	· Pricing · Briefing's with the highlights needed to develop new products · Costumer especific requirments
Suppliers	· Selection & initial evaluation · Face-to-face audits at the time of the initial assessment · Monthly evaluations · Meetings with suppliers · Supplier Manual · Environmental and safety self-assessment	· Monitoring on various topics, including ESG · Information on procedures, obligations and objectives to be fulfilled · Purchasing Policy Information and details regarding bribery and corruption
Employees	· Satisfaction Survey · Workers consultation on EHS · Idea box · Borgstena TV · Boards	· Monitoring various topics including working conditions, health and safety and work relationships · Survey about EHS conditions · Exposure of ideias regarding topics related to EHS, continuous improvement, and inovation · Information from quality, human resources, Sustainability and EHS · Key figures, objectives, alerts, audits, inspection results, action plans, legal requirements
Official entities	· Audits · Inspections	· Compliance with legislation · Annual reports
Community	· Borgstena website · Fairs · Technologic centers · Universities	· Policy, mission, vision and scope · Certifications · Code of conduct · Company presentation · Reports · Analysis/statistic reports · Visits/meeting

2 Dual Borgstena

2.1 Our Organization Profile

At Borgstena we recognize the importance of partnerships with public and private institutions that work to promote sustainable development and are focused on innovation and environmental or social themes. In 2022, we highlight the following associations in terms of sustainability actions:

Since 2021, we have a partnership with **CSR** that allows us to have access to Drive+ platform, where automotive Tier-1 suppliers and supplier associations can engage in a systematic dialogue with Drive Sustainability partners about common sustainability challenges and find joint solutions. This platform allows us to exchange experiences in the areas of Sustainability and Corporate Responsibility and have access to trainings/webinars/workshops.

Since 2021, we have a partnership with **BCSD**, an organisation of Global Network of the World Business Council for Sustainable Developmen (WBCSD), the largest international business organization working sustainable development. This partnership allows us to have acess to work groups, training and to events related to sustainability.

Regarding innovation projects with a strong sustainability component, we have partnerships with different entities such as, Fibrenamics, and participate in projects led by RISE, Centi, and Citeve, allowing us to work together to develop new products and ideas with a higher added value with all the necessary support and training.

2 Dual Borgstena

2.2 Our Values[1]

1) We changed our mission, vision and policy in the end of 2023.

At Borgstena, to guarantee the best product for our customers, we are guided by a search for continuous innovation. We are aware that our company can contribute to a more sustainable future, by ensuring a balance between economic growth, care for the environment and social well-being, while engaging with business partners to contribute for the improvement of the sustainability performance of their operations.

We have a customer-centric approach with a focus on product design & development. Our experience in textile technologies and processes allows us to be fast and flexible and an important partner in the new in-vehicle experience, keeping our customers in the automotive industry at the forefront of automotive textile technology and quality. By being part of a global network of 21 locations, we provide our customers with customized support. This aspect is guaranteed through a larger and more diverse procurement and a strong global production network, with a multicultural team, that allows for a more heterogeneous vision towards the development of new products, while maintaining the quality for which we always have been known.

Mission

To create, develop, manufacture, and commercialize textile products and services with added value that exceed market and customers' expectations.

Vision

Our strength comes from our commitment and passion. For us, success does not stand in the size of our company, but in creativity, flexibility, speed, and the understanding that being the best means being able to respond to the needs of our customers, employees, community, shareholders and all interested parties.

2 Dual Borgstena

2.2 Our Values

At Borgstena we stand out through:

Research & Innovation

We apply a Human-centered framework to understand the real needs of the mobility end user and combine it with the latest technology and materials.

Design & Development

From briefing to reality, we have a dedicated multidisciplinary team that guarantees all technical specs and efficient production processes.

Production

Our design, textile, and trim units are near the automotive supply chains hubs. We are located in 21 countries in 4 different continents.

2

2 Dual Borgstena
2.2 Our Values

Our values are our identity and therefore are indispensable for what we are.
All our work in the production of our products and in the pursuit of our customers' satisfaction are supported by our values.

Innovation

Transform ideas into textiles, processes, and products or improved services with added value to the company and our customers, understanding well their needs and continuously exceeding their expectations, offering innovative products, processes and services while also developing in new business areas.

Customer Focus

Our customer's success is the key to our success. We must satisfy our customers by delivering high quality products and constantly implement continuous improvement activities in areas such as services, cost, quality, environment and technology.

Interest in People

People are the center of our company and whom we shall continuously reward with training, respect, career growth, and good labour relationships. We involve all employees in the business, engaging and encouraging them to partake in identifying risks and opportunities with the aim to continuously improve the safety and health of all.

Continuous Improvements

We look to challenge ourselves in order to achieve excellence in all areas. Our ability to continuously improve in management, efficiency, quality, and costs is critical to our success.

2 Dual Borgstena
2.2 Our Values

Honesty & Integrity

General ethics are a guide in our daily decisions. We cultivate an honest and open atmosphere within the organization.

Leadership

We recognize the importance of leading by example while maintaining high regard for people, by delegating, decentralizing and having faith in people's abilities. We integrate the company's values in the workplace and understand that all employees are equally important for our vision to be attained.

Environment, Safety and Health

We want our customers, employees, and the interested parties in general to feel confident in our efforts to protect people, offering safe and health-conscious working conditions, eliminating danger and reducing risks, protecting natural resources and the environment as a whole, continually reducing the impact we may have, complying with all applicable laws and regulations in force. We guarantee the health and safety of all workers through the continuous application of safe and health-conscious practices preventing injuries and health problems relating to work.

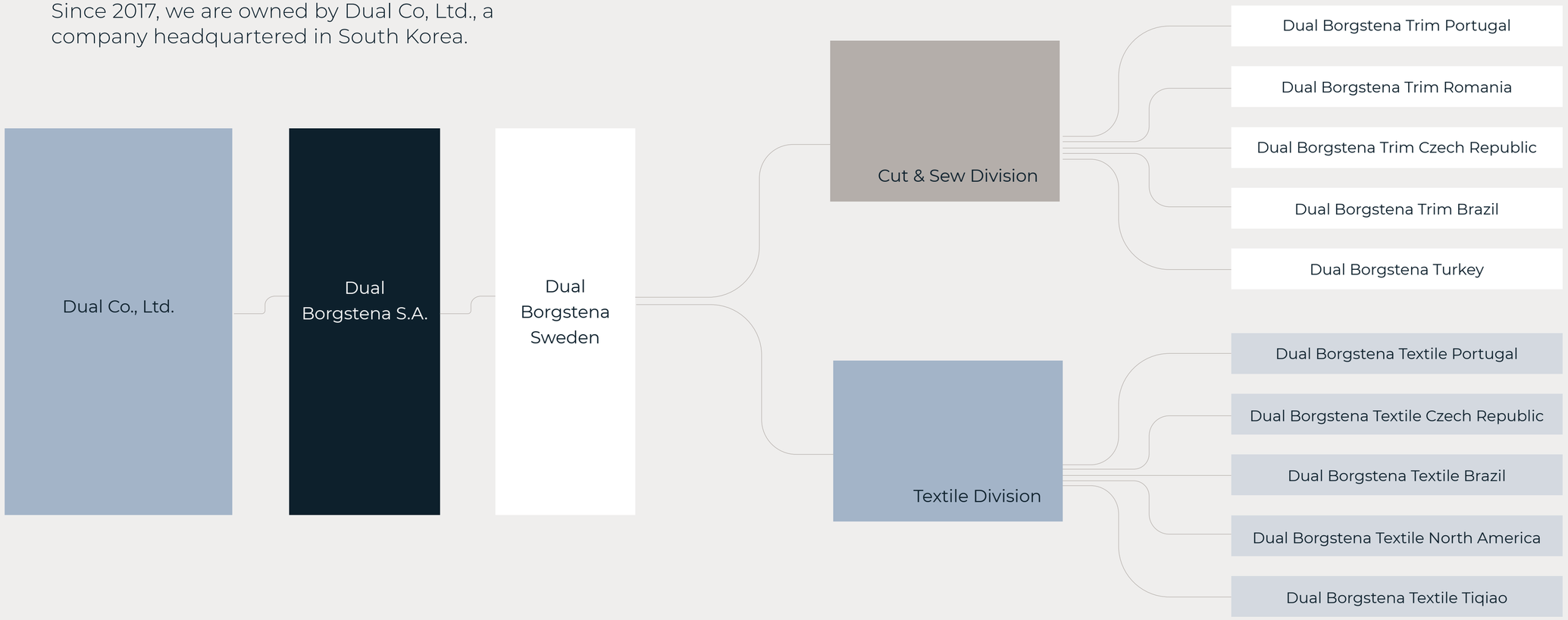
Information Security

Information is the most precious asset for a company, being the main source for decision-making. We undertake to safeguard information security of all parties involved, ensuring its confidentiality, integrity and availability, in line with the contractual, legal requirements and standards. The organization also endeavours to protect personal data of all involved parties.

2 Dual Borgstena

2.3 Our Governance

Since 2017, we are owned by Dual Co, Ltd., a company headquartered in South Korea.

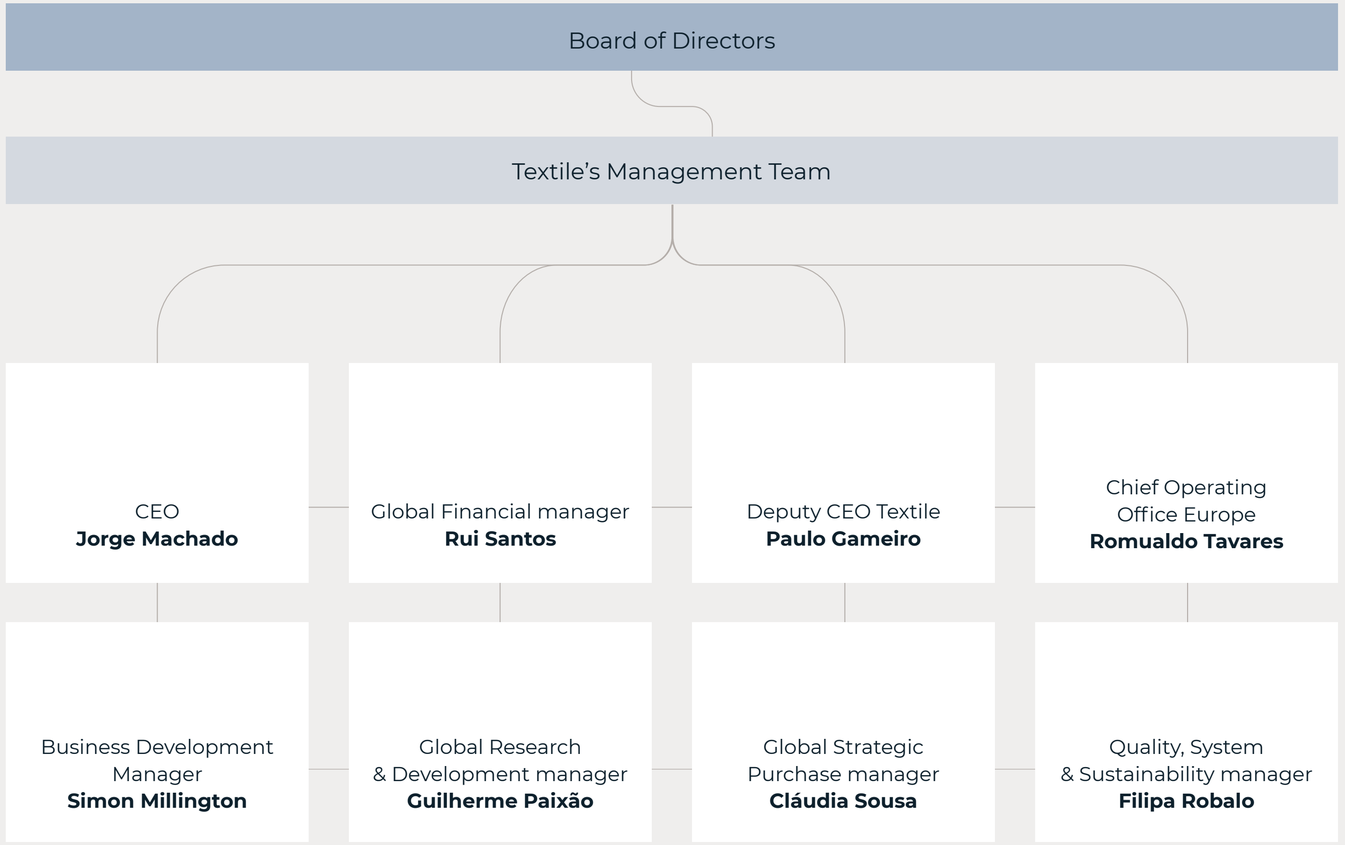


2

2.3 Our Governance
Our Governance board

As part of the Dual Co, Ltd, the highest governing body in our Group is the Board of Directors.
The Board of Directors has the responsibility to take crucial decisions, especially in terms of economic and financial aspects.

The members of Dual's Board of Directors are elected for three-year terms in shareholders' meetings, needing more than 25% of the votes to be elected. In the event of a tie, selection of member shall be respectively, and cumulative voting is not applied.



2

2.3 Our Governance
Our Governance board

1) Including our CEO

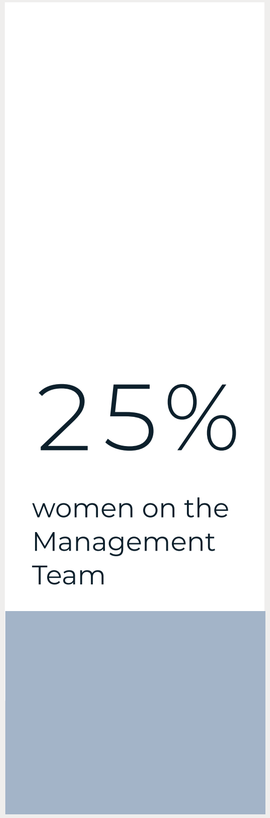
Our Board of Directors is currently composed of 7 internal directors, 4 from Borgstena Group and 3 from Dual Co. who incorporate the audit committee, having important responsibilities as selecting external auditor and reviewing significant deficiencies and material weaknesses.

7

members of the Board of Directors[1]

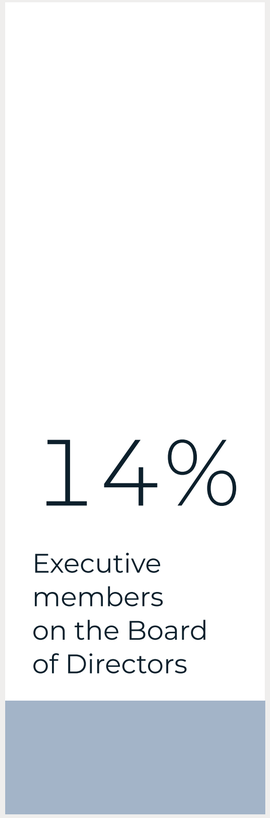
8

members on the Management Team



25%

women on the Management Team



14%

Executive members on the Board of Directors

The Board of Directors meets periodically to review and guide the company's strategy, by monitoring the implementation of strategic guidelines and targets' performance. The Board appoints a CEO, who represents the Borgstena Group and takes the important task of communicating and implementing the guidelines transmitted in the Board's meetings. It is also the CEO who regularly reports back to the Board of Directors.

The CEO is assisted by the Sustainability manager, both guaranteeing that the corporate strategy entails social and environmental responsibility topics (including climate change), and addresses Borgstena's impacts, but also potential risks and opportunities derived from these areas.

2

2.3 Our Governance

Our Governance board

Sustainability is part of the organization's operational structure. The head of the department that encompasses sustainability reports is part of Textile's Management Team and responds directly to the deputy CEO Textile division. Our Sustainability Manager is a continuous presence at the quarterly Board meetings, in which expositions on how sustainability is being addressed are made, with a description of the work carried out, identification of new demands/needs that may have arisen, and progression regarding the goals approved at the beginning of the year.

It is through these meetings that it is possible to understand and reflect on the direction that should be taken in these different topics and, afterwards, to transpose them into the operational dimension and ensure the actions taken fulfill the establishment of the objectives. The link between sustainability and production is made together with the Chief Operating Officer (COO) and communicated by all those responsible for the sections.

It is through these meetings that it is possible to understand and reflect on the direction that should be taken in these different topics.

Filipa Robalo
Quality, System,
& Sustainability Manager

The CEO and the Chief Financial Officer (CFO) both have responsibilities on the definition of strategy, policies, and targets for sustainability, by integrating the risk analysis team to identify risks, assess financial impacts and propose opportunities and actions and consequent investment implications - prepare budget and CapEx operations. Furthermore, they are both responsible for following-up with KPI figures (energetic and water consumptions, GHG emissions, and others).

3

Our Approach to Sustainability

3

3.1 Sustainability Context

3.1.1 Sector Trends

We recognize the importance of adaptation and resilience in a world where change occurs at a faster rate than ever. We believe that a proactive innovative approach is necessary to address current challenges in the textile manufacturing industry, while considering the trends of the automotive sector, which, as our main customer, greatly influence our corporate strategy.

The automotive industry is undergoing an era of transformation and constant evolution. The convergence of technology, environmental, and economic megatrends, the changes in consumer behavior, competition intensification and readjustments in the industry are all challenging the modern automotive industry. In recent years, industries and businesses worldwide experienced major global disruptions, including COVID-19 lockdowns, supply chain constraints, geographical conflicts in Asia Pacific and the conflict in Ukraine, which all contributed to uncertainty and reluctance across most sectors. In the automotive sector, despite a bleak outlook for the global economy, light vehicle sales are expected to increase in 2023, through a combination of more consistent production volumes, stabilization in demand from accumulated order books, growing popularity of electric vehicles (EVs) in developing countries and a positive economic momentum in certain regions, such as China and India. Likewise, textile companies are recovering after a strong fall in production in 2020, due to the COVID-19 pandemic, with the market of technical textiles gaining momentum for high performance applications.

As a supplier to the automotive industry, it is crucial for us to be aware of the disruptive technological innovation trends in the industry. There is a growth in demand for connected, autonomous, and EVs prepared for shared mobility, which are changing the textile requirements in new vehicles. The shift from driving experience to living experience, as well as increased vehicle usage present implications regarding material durability, hygiene, odor and noise control, comfort, and other factors. Simultaneously, tackling GHG emissions has become one of the trends that is shaping the automotive industry, with electrification being the first step towards this goal. Government policies, incentives, and stricter regulations such as the European Green Deal regulatory requirements towards a climate neutral Europe by 2050 have pushed the adoption of EVs, which combined with the decarbonization plans of the companies and the growing consumer acceptance and demand, mean that global EV sales will likely outpace all other engine

3 3.1 Sustainability Context

3.1.1 Sector Trends

type by 2030. As a result, OEM's core strategies include vehicles' full life cycles and, consequently, put sourcing of materials and resource use as a main priority.
For this reason, brands in the automotive industry desire to modify manufacturing processes involved into textiles, contributing to GHG emissions reduction by switching to recyclable and sustainable fibers.

Similarly, to the automotive sector, the textile industry also faces challenges, with both sectors sharing climate transition risk as their most material factor for both stakeholders and access to finance, according to S&P. There is an effort to accelerate industries decarbonization, driven by market forces, stakeholder pressure, and changes in regulatory frameworks, which affect automakers and textile manufacturers alike.
The implementation of energy efficiency measures and the use of renewable energy is therefore becoming a generalized practice in most industries. However, even though the textile industry trends are heavily influenced by its customers, with subsector-specific variations, there are different risk factors that are currently shaping them. Most of the observed trends in the textile sector are related to the manufacturing process and the concern for the products' sustainability, from which the most notable are:

Circular approach to textile manufacturing
Many manufactures are starting to take into account the entire life cycle of the product and promoting the use of renewable or recyclable materials by reintegrating used textiles or scraps into the production process;

The use of natural fibers
There is a growing demand for organic biodegradable material such as cotton, milkweed, flax and hemp, that grow rapidly and abundantly, for the production of natural fibers, which is likely to increase;

Shift to non-woven fabrics
Non-woven fabrics are sheets and materials made by thermal or chemical processes, which do not require the conversion of fibers into yarn, and their use is increasing namely in the automotive industry, due to their resilience, washability and cost-efficiency;

The use of digital printing techniques
In recent years this printing strategy has grown in popularity due to its reduced impact in the environment, and it is expected to continue to grow in the future;

Re-evaluation of chemical processes
Manufacturers are developing innovative alternatives to water-intensive or polluting finishing processes, such as textile dyeing, a trend that will contribute for the implementation of more sustainable manufacturing practices. In Europe, the effort to improve chemical management reflects in the increase of bluesign signatories (solutions for sustainable textile production), OEKO-TEX certificates, and ZDHC members.

Furthermore, the entire value chain of the textile industry is undergoing a global restructuring, with the ongoing digital transition and the adoption of new technologies into businesses. The increase of technology-driven change, the rising concern for sustainability issues and societal changes are also contributing for the evolution of workforce requirements and hiring processes of companies in the textile sector.

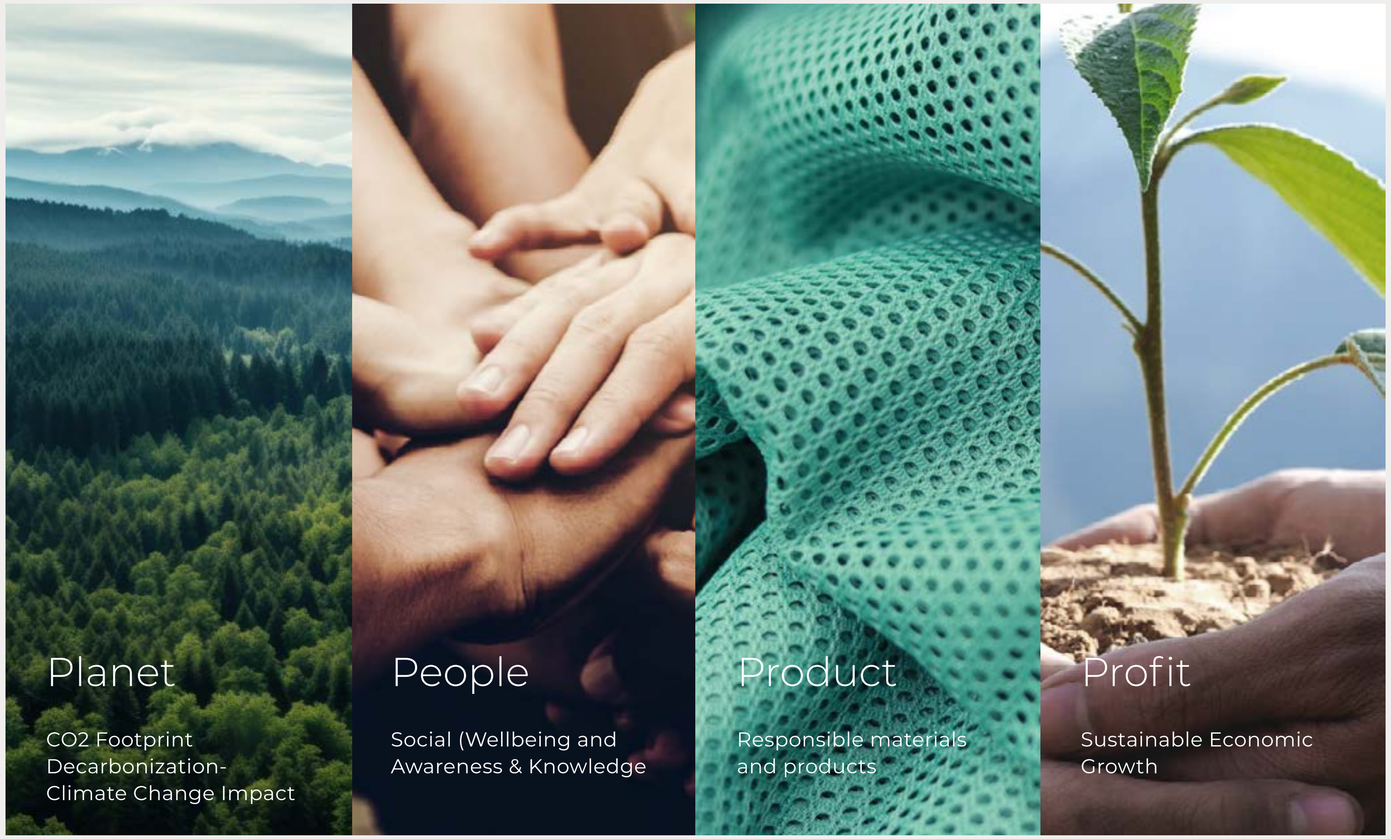
3

3.1 Sustainability Context
3.1.2 Our Sustainability Pillars

At Borgstena, we perceive our business as our responsibility and opportunity to contribute to a more sustainable future, while simultaneously focusing on our customers' satisfaction and profitability. We work towards imprinting in our business a long-term perspective, taking steps in the integration of environmental and social concerns. To this end, we strive to find and create solutions that reduce impacts on the environment and inspire our value chain, from our employees to our products' end-users, with increased knowledge and awareness on sustainability.

At Borgstena, we have 4 strategic pillars that allow a structured focus towards our goals for the **PLANET**, **PEOPLE**, **PRODUCT**, and **PROFIT**.

Sustainability Strategy



Governance & Organization

Processes & System

3

3.1 Sustainability Context
3.1.2 Our Sustainability Pillars

We are committed to the UN Sustainable Development Goals (SDGs). Based on what these SDGs stands for, at Borgstena we aspire to achieve certain goals:

50% CO_2

Carbon footprint reduction

(scope 1 and 2) by 2025 (vs. 2019)

Reduce the consumption of natural resources and improve the waste reutilization

Promoting awareness and maintaining people's wellbeing

3

3.2 Materiality

3.2.1 Materiality Approach

In 2023, we performed our first materiality assessment to identify a set of material topics. This assessment was kicked off with an engagement process with relevant internal and external stakeholders, aiming to map our actual and potential impacts on the most relevant ESG topics to Borgstena and understand our stakeholders' needs and expectations.

The materiality assessment scoped the Borgstena Group and was carried out through the **following procedure**:

The definition of an initial list of potentially relevant topics was created based on benchmarking exercise – an analysis of sectorial and ESG trends together with ESG indexes and frameworks such as MSCI ESG Indices, Sustainability Accounting Standards Board (SASB), and S&P – The Sustainability Yearbook. Subsequently, we carried out a stakeholder engagement process with key internal and external stakeholders, through interviews, to understand their view on the potentially relevant topics and to promote a reflection on the existing and potential, negative and positive impacts, from an **inside-out** and also **outside-in** perspective, considering both impacts on environment and society and on the financial value of the company.

Lastly, we defined the final relevance of each potentially material topic based on the analysis of the impacts considering evaluation criteria, such as scope, scale, remediation capacity, and probability of occurrence. We also considered stakeholder insights to score the relevance of each topic and impact.

3

3.2 Materiality
3.2.2 Borgstena's Material Topics

Our materiality analysis procedure allowed us to identify **11 material topics**. These material topics cover all ESG dimensions and allow us to focus on our priority areas, identify new opportunities in our business, tackle and manage ESG risks, and lastly align our first Sustainability Report with our significant actual and potential impacts applied both in inside-out and outside-in perspectives.

4

How do we Translate Sustainability Into:

4

4.1 The Environment

Borgstena's highlights in 2022

5 846
tCO_2eq
emitted in 2022[2]

100%
of **electricity** is from **renewable sources**

Average of
8%
of **reused water** in the process in 2022

Reduction of
11%
of the **natural gas consumption** in 2022 (vs. 2020)

Reduction of
11%
of the **water consumption** in 2022 (vs. 2019)

59%
of the **textile** waste was recycled in 2023

97%
of the waste produced was sent for **recovery**

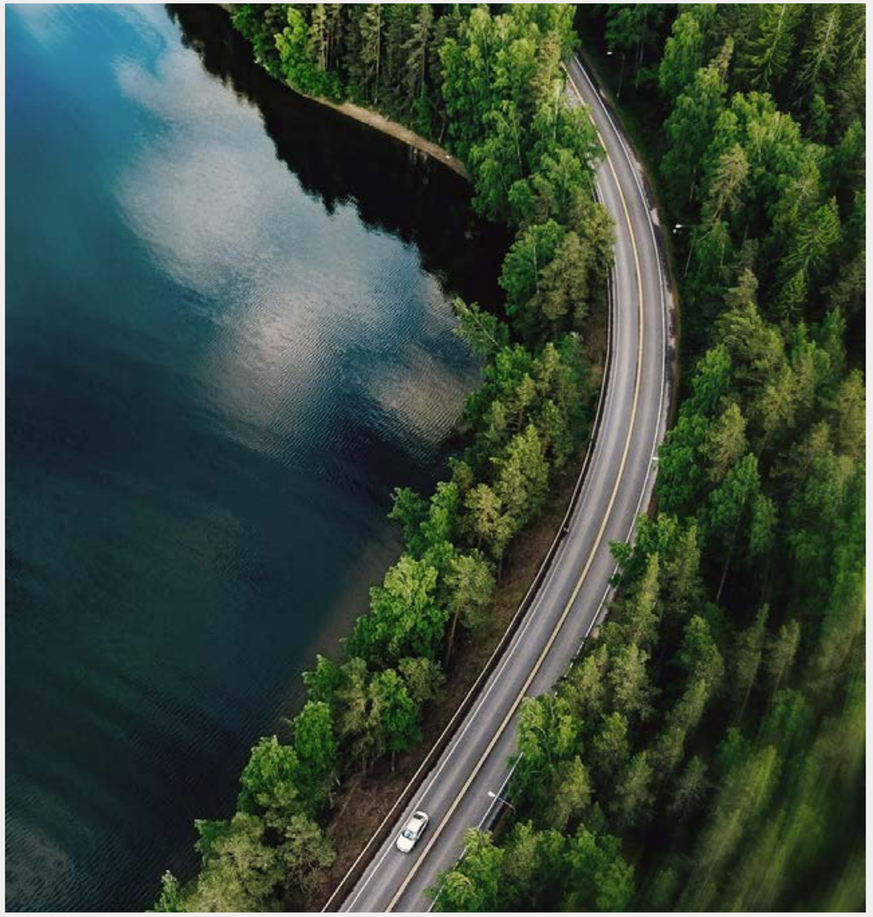
556
employees in Borgstena Textile Portugal

100%
of the eligible employees received **regular performance**

51%
women in our workforce in 2022

100%
of employees are **covered** by a **health insurance**

0
high-consequence accidents[3]



2) Corresponds Scope 1 and Scope 2 (market-based) emissions.

3) Only considers Borgstena Textile Portugal employees, does not contemplate subcontracted employees.
This accidents are the ones that result in a fatality or in a injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months.

4.1 The Environment
4.1.1 Climate Change (Mitigation & Adaptation)

Global textile production and consumption continues to grow, and so does the impact on climate and environment, mainly due to the high energy consumption inherent to textiles production. This together with the growing concern and awareness of climate change as well as the increasingly demanding regulation to achieve the Paris agreement goal, have been leading to increasing pressures, not only on our company but also on our entire value chain to adopt decarbonization strategies. Failure to align with these policies and stakeholder expectations presents significant economic losses and potential impacts, causing the loss of attractiveness to customers when compared with competitors, as well as reputational risks and difficulties in accessing financing. It is in this sense that the need to take concrete actions to mitigate and adapt to these risks arises. We carry out an analysis of the climate risks associated with our activity and present innovative solutions that not the environment or society and allows us to maintain the profitability of our value chain.

At Borgstena, we have a process for identifying, assessing, and responding to climate-related risks and opportunities, throughout our value chain which allows us to define the necessary contingency plans.

Through this process, we conclude on the aspects that pose greater risks and focus our efforts and concerns on establishing control measures to avoid negative impacts or to enhance opportunities that may occur. This is the case of changing customer **behavior**, product innovation, and increased concerns at value chain.

Changing customer behaviour	**Product Innovation**	**Increased concerns at value chain**
Market trends and customers' expectations regarding the use of natural, sustainable, recycled, and recyclable fibres and products, as well as low GHG emissions, are a decision factor when choosing products to buy. To mitigate the potential financial impacts caused by the increase in capital expenditures and reduction in demand for our products and services, we work tirelessly to satisfy customers in their needs so that OEMs perceive our Group as a supplier that combines sustainability integration with product quality and performance.	Our company pretends to develop a portfolio of sustainable products including natural fibres, recycled fibres, low weight products and monocomponents (to promote recycling and circularity). The financial impact will depend on market trends and customer decisions but will allow an increase in revenues resulting from increased demand for products and services that have less impact for the environment and can also be different among other products.	Stakeholders have a very relevant role in the expectations and definition of targets by the company. We intend to demonstrate to our value chain the need to change the processes implemented towards more sustainable practices, so that they can also feel the urgency to innovate towards this common goal.

4 4.1 The Environment
4.1.1 Climate Change (Mitigation & Adaptation)

Renewable electricity

Since November 2021, we have been purchasing electricity originated exclusively from renewable sources. Hence, in 2022 we have only purchased electricity from renewable energy sources

Regarding our climate change impacts' mitigation, as intensive consumers of energy, we recognize our responsibility in improving our production processes to be more energy efficient, thus, reducing our impact. We are committed to quantifying and monitoring our energy consumption, as well as our total direct GHG emissions. This exercise allows us to assess our carbon footprint and monitor our performance to achieve the goals set regarding our **PLANET** pillar, r**educing our Scope 1 and 2 GHG emissions by 50% by the end of 2025**.

The GHG emissions generated by our activities were calculated according to GHG Protocol, considering direct emissions from our activities (Scope 1 emissions), from fuel consumption of mobile and stationary sources to the air emissions from the air extraction in operations, fluorinated gas refills in refrigeration equipment and indirect emissions (Scope 2 emissions) from electricity consumption.

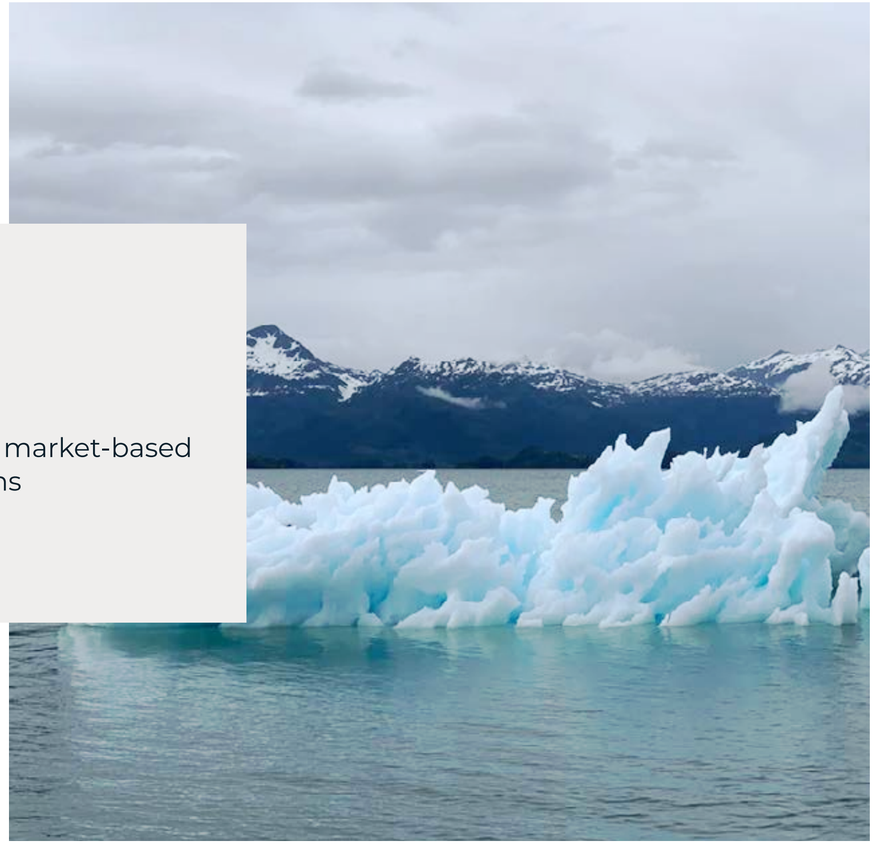
The main responsible for our emissions are our high needs of electric energy. With this in mind, all electricity acquired in 2022 was from renewable sources, hence, there were no emissions associated with this energy source. The remaining energy (propane and natural gas), from non-renewable sources, has been our focus, leading to the establishment of energy efficient measures that allow us to **decrease natural gas consumption by 2%/year**.

5 846

tCO_2eq
Scope 1 emissions

0

tCO_2eq
Scope 2 market-based emissions



4 4.1 The Environment
4.1.1 Climate Change (Mitigation & Adaptation)

Performance of our targets so far

Actions	Implementation Year	% of emissions reduction (vs. 2019)
1. Equipment replacement by more energetically efficient	Till end of 2025	-6,4%
2. 100% renewable electricity	Till end of 2021	-36,8%
3. Reduction of natural gas consumption of 2%	Yearly	-7%
Total[3]		**-50,2%***

3) Reduction of scope 1 and 2 CO2eq emissions per meter of fabric produced in 2025 by 50% when compared to the base year of 2019. The calculation of the emission reduction followed the GHG Protocol methodology called “market-based method”

In our production, the processes with higher impact are those related to dyeing, finishing, and lamination. It is precisely in these sections that we have been focusing our actions, seeking to purchase more efficient equipment, such as the stenters or the jets, while also focusing on processes’ continuous improvement.

4 4.1 The Environment
4.1.1 Climate Change (Mitigation & Adaptation)

Reducing our GHG emissions in our production processes

More efficient planning of line occupation to ensure that the machine has no downtime and is maximized, increasing the OEE. Group production orders with identical characteristics in order to take advantage of the equipment.

Reduction in waiting times with regard to improvements associated with the optimization of internal routes, 5 s and kaizen.

Increase in the size of the textile pieces, wich allows a reduction in internal displacements, a reduction in textile sewings and thus less scrap;

Through innovation, we also focus on developing solutions energetically efficient by eliminating certain steps and surpass specific sections in the production processes.

3D Knit

One of the options in terms of technology that allows us to reduce GHG emissions is the **3D knit** implementation. This technology provides a complete piece without needing the cutting and sewing process, eliminating the production of scraps, and decreasing energy consumption.

We are currently re-evaluating the significant scope 3 categories, considering their materiality and relevance to the global GHG emissions inventory, and developing a scope 3 inventory for 2022. Notwithstanding, we seek to influence our clients, included in downstream value chain, to choose materials with less impact thus our products have less impact as well.
Furthermore, we publish on information boards, as well as on Borgstena TV, our emissions so our employees are updated on this information monthly.

New challenges are welcome

We accept the challenges of our customers in the search for alternatives with less impact on the environment. POLESTAR 0 challenged us with the goal of offering a vehicle with zero CO_2 emissions in its constitution. This would require all materials to be carbon-neutral, including the products they acquire from us. As a result, we are working on our production techniques, processes, and in the materials, we use to achieve this goal.

4 4.1 The Environment
4.1.2 Water

4) Water stress in an area is extremely high when the ratio of total annual water withdrawal to total available annual renewable water supply is higher than 80%. According to Aqueduct Water Risk Atlas, Nelas is an area with extremely high-water stress (>80%).

Water is one of the most important natural resources in the Textile Industry Sector given it important role in the major needs of this resource in specific production procedures, including dyeing, washing, and finishing of fabrics. Also, the use of chemicals associated with the dyeing processes may pose a significant impact on water's quality but also on water availability, which may potentially lead to water stress situations, if not managed correctly.

The reduction in water availability, due to over exploration of freshwater resources and climate change effects, is leading to water scarcity in many places, resulting in unstable water supply, thus leading to a need to search new solutions. According to Aqueduct Water Risk Atlas, our facilities, in Nelas, Portugal, are in a place with extreme water stress[4], from which all or our water is withdrawn from, and discharged to. In this way, we are concerned with reducing our impact on this topic, by plummeting water consumption, but also continuously adapting our production process to mitigate potential impacts of water scarcity in our business and reduce our dependence on municipal water supplies.

Our water circuit, has **two distinct sources**:

Municipality of Nelas

approximately
70%
of total water withdrawn

- Treated water.
- Untreated water: Treated in our Water Treatment Plant. unfortunatly this watter supply is not enough to fullfil our needs and for that reason we need to consume treated watter.

Borgstena's borehole located in our facilities

- Untreated water: Treated in our Water Treatment Plant.

4.1 The Environment
4.1.2 Water

This has allowed withdrawing water from several sources, preventing potential overloads, and guaranteeing the availability of water in case of a weakening or impediment of the water supply in any of our sources.

Besides, we have implemented some water reuse actions like reusing water from our ETAR Wastewater Treatment Plant. We are currently developing studies to understand the optimal and attainable percentage of reused wastewater in our processes. Data has shown that using 80% of reused water in our processes is equivalent to 50% of the expense necessary to withdraw the same amount of freshwater, proving to be highly cost effective.

While setting an wastewater treatment plant is mandatory due to high concentration of chemical substances in our industrial process, having it integrated in our process is highly beneficial – we are able to store part of the treated water in tanks and reuse it in our industrial activities, allowing water constant recirculation in our systems and preventing it from being lost to the environment.

We are preparing our dying process so it's possible to reuse the water from the last washing cycles into the first ones. We hope to have this action implemented in the first trimmest of 2023.

As we are in an area where the water supply can be affected due to water scarcity, we have identified in our contingency plan companies that can carry out the dyeing and finishing process of our fabrics, knowing in advance that such solution would have a very strong economic impact and could make our business unaffordable.

11 380 m^3
water reused in 2022

Partnerships

Besides this, we monitor our water consumption to assess its evolution, as well as set realistic goals and adopt strategies to achieve them. In this way, we continually aim to reduce our water consumption and its impacts per year, setting it at approximately **2% reduction of water consumption per year**, a goal achieved in 2022.

Innovation and continuous improvement are essential for us to have efficient processes and reduce our water consumption. Thus, we have been adopting new equipment and technologies over time, allowing us to reduce our water consumption.

182 317 m^3
Water withdrawn in 2022

180 726 m^3
Water discharged in 2022

1 591 m^3
Water consumption in 2022

4 4.1 The Environment
4.1.2 Water

Ongoing actions adopted in our production process to reduce water consumption

Process optimization
In 2022, we adopted I-master equipment, and we intend to by new dyeing jets to replace the old ones that consume more water.

Water reuse from our WWTP
Since the beginning of 2022, we started to study a process that allows us to reuse water from our WWTP. This water results from the dyeing process and sanitary facilities, which goes through a physical-chemical treatment process that allows it to be reintroduced into the dyeing process, leading to a saving of about 8% of water consumption, still below of what we hope to be able to reuse in the future.

Utilization of water from the municipal WWTP of Nelas
We also aim to use water from the municipal WWTP of Nelas, however this possibility is still under analysis due to the complexity of connection between our facilities and the municipal WWTP.

Reuse of the water used to cooling the dying machines
The water used to decrease the temperature on the dying process goes to the storage tanks, allowing us to use it as preheated water, and we installed pumps and valves in some machines which allows us to reuse part of the dye bath.

3D knit
Regarding knitting process solutions, the 3D knit is one possible alternative, since it does not follow the same steps that traditional knitting, allowing to avoid water consumption in the finishing process.

Water decanting tank
We have installed a water decanting tank that allows us to reduce the wastewater produced in our water treatment plant and reuse the water from the filters (about 130 m3/day).
Also, in 2023, we intend to install a new osmosis treatment, which will allow us to have purer water, ensuring greater efficiency and durability of equipment such as boilers.

We are always looking for different technology that guarantees the quality required to our products with the assurance of being able to reduce the environmental impacts such as the water and energy consumption.
As so, we are in the process of investigation of a **CO^2 Dyeing process**. This is an alternative in the dyeing process which is water free, as it uses CO2 pressure to fix the chemicals in the textile, making it possible to considerably reduce the amount of water used.

Our value chain also plays an important role in the path to achieving this goal and we are taking steps to integrate our stakeholders in the process.
Our customers provide ideas and suggestions, taking part of the process to discover new solutions, influenced by our customers. Employee awareness is also something we seek, since they have a direct influence on the use of this resource in our daily activities, by promoting responsible use of water in the production process.

4 4.1 The Environment
4.1.3 Resource Efficiency & Circular Economy

One of the most concerning impacts related to the textile sector is the high volume of waste generated throughout the production process, a sector typically associated with low rates of use, reuse, repair, and fibre-to-fibre recycling of textiles. We believe this production model must be replaced by one aligned with a circular economy, where quality, durability, and recyclability are the main priorities in the design and manufacturing phases.

Aspiring to approach this topic with a holistic view, we strive to improve not only our production processes, but also the materials we use, the products we offer and our waste management methods, seeking to reduce and reintegrate it into our production and products.

Reducing the impact associated with the production of our textiles takes analysing every stage of our process, including the selection of materials we use. We seek solutions with natural or bio-based raw materials, typically characterized by having a more controlled and transparent process, due to their natural origin.

4 4.1 The Environment
4.1.3 Resource Efficiency & Circular Economy

In the specific case of **wool**, we are committed to control the resource consumption and minimize its impacts.

NATIVA™ certified wool

Our wool products are available with NATIVA certified wool. The Protocol regulates industry's procedures to keep the entire supply chain at top levels on responsible production, social engagement, and environment preservation. It also ensures animal welfare and commits to respect, defend, and apply the principles of human rights, labor, environment, and anti-corruption at both farm and industry level.

Aiming at integrating and increasing the use of recycled and recyclable materials, in 2022 we used 2,4% of recycled materials and 5,5% of renewable materials. We intend to create an increasing trend of these values, year after year, especially of recycled materials.

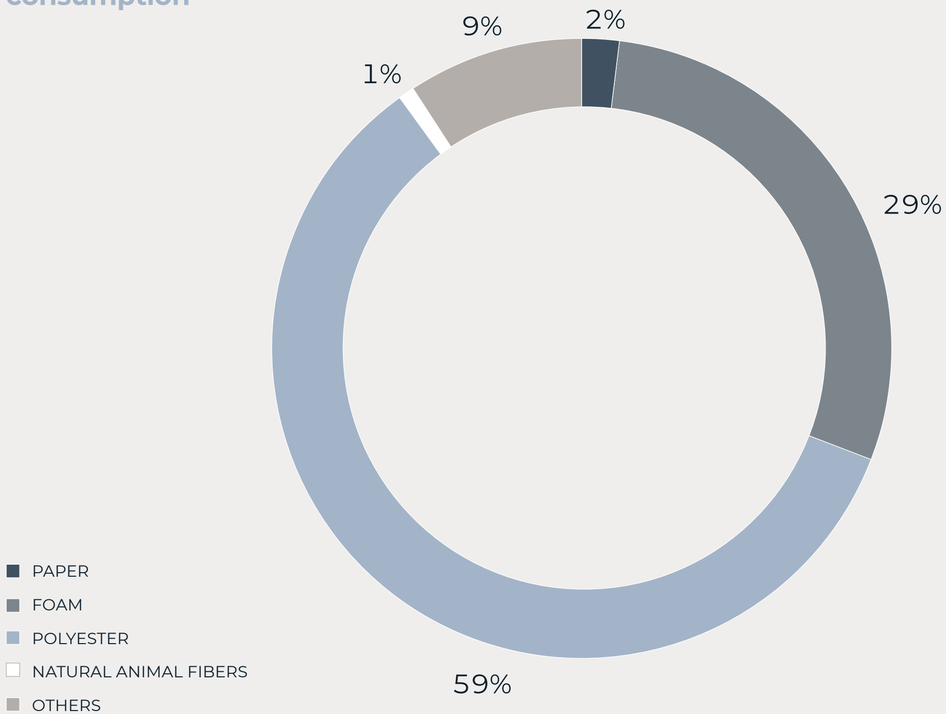
2,4%

recycled materials

5,5%

renewable materials

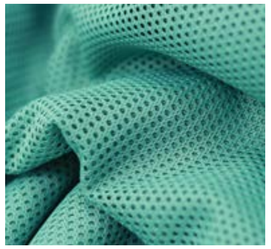
Material consumption



4 4.1 The Environment
4.1.3 Resource Efficiency & Circular Economy

Simultaneously, the increasing costs and the potential scarcity of raw materials are topics to which we pay special attention hence resource efficiency in our production process becomes essential. We are adopting a wide range of production techniques that allow us to incorporate more circular practices in the manufacturing process.

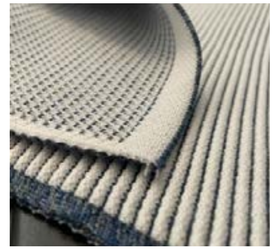
Yarn Production
Our extrusion allows producing spun dyed yarns, while the texturing process provides for a variety of products with different DTex properties. We have an in-house collection of melange yarns and standard yarns for everyday use, which makes our development and production more flexible and efficient.



Warp Knit
Warp knitted fabrics are one of the most efficient technologies for high volume production. This technology offers flexible and adaptable textiles that are ideal for large vehicle interior surfaces and complex shapes. We test and develop sustainable material solutions such as the recycled polyamide ECONYL®.

Woven
We develop dobby and jacquard patterns on different scales and types. We test and develop sustainable material solutions such as ECONYL®, bio-based polyester, LENZING™ Modal, REFIBRA™, SEAQUAL® YARN, and recycled PES from textile waste.

Circular Knit
The properties of circular knitting allow for the creation of cosy, comfortable and flexible textiles, from heavy knits to sophisticated patterns. Its “fill” ability allows for 3D structures that can replace the heavy use of foams. We test and develop sustainable material solutions such as ECONYL® and bio-based polyester.



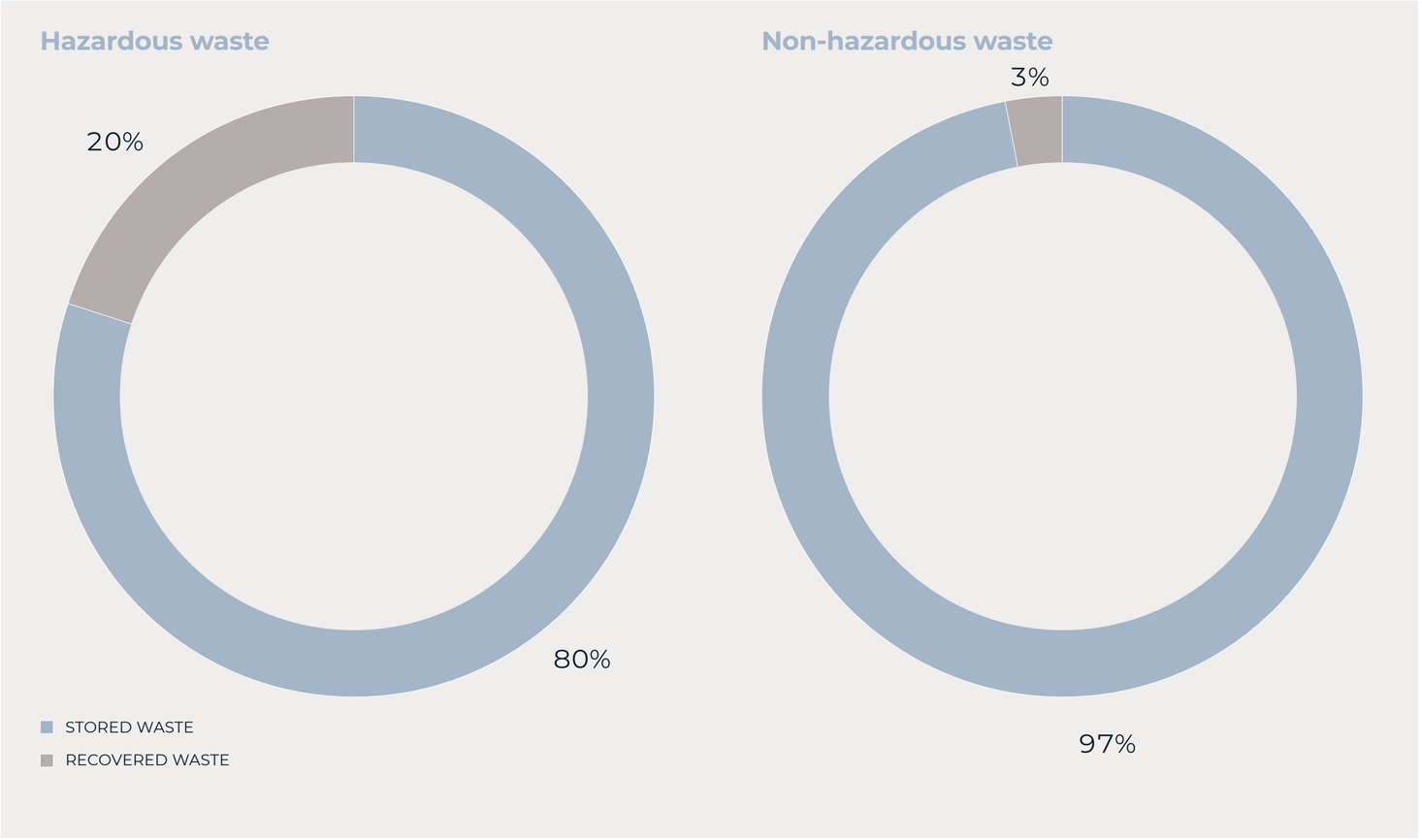
3D Knit
We have created a new production dedicated to flat knitting technology, a more sustainable way to take textiles from yarn directly to the desired shape. With the characteristics of a knit solution, it is more adaptable and comfortable, but the process avoids conventional cut & sew steps and reduces logistics and material waste.

4 4.1 The Environment

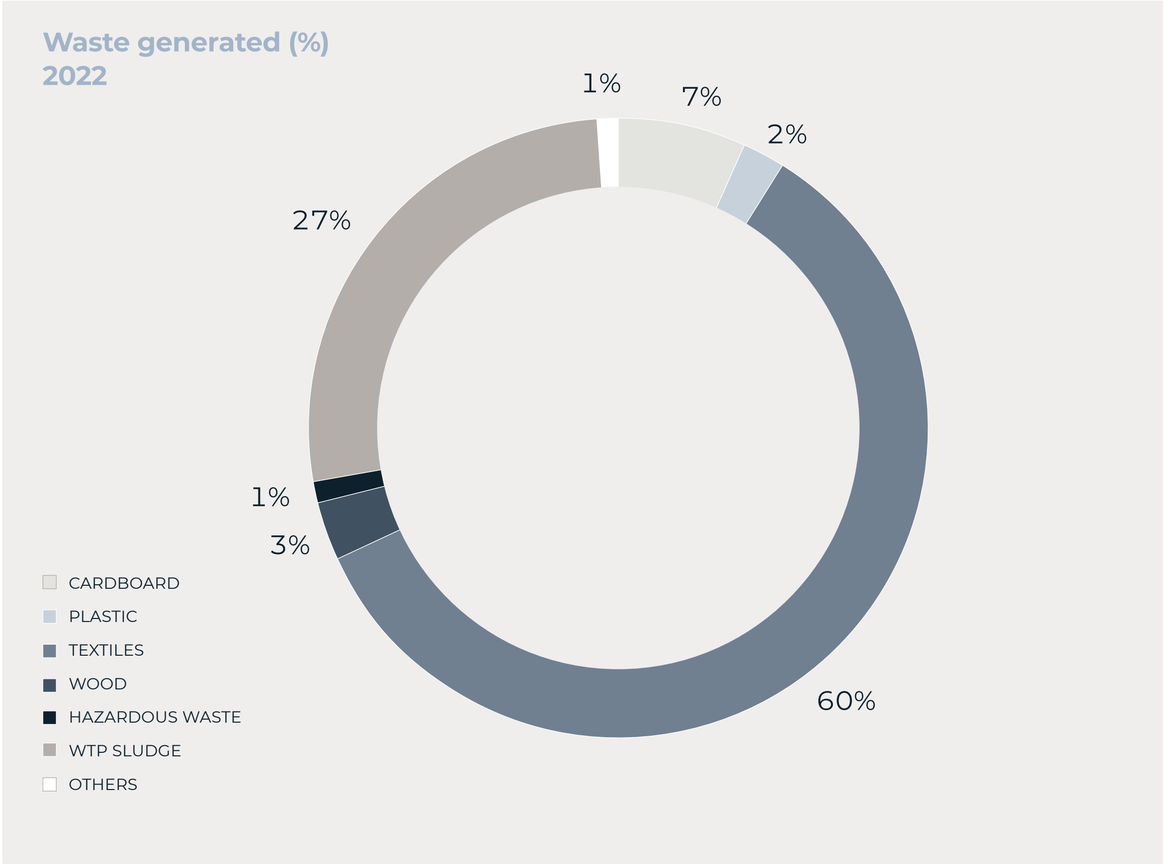
4.1.3 Resource Efficiency & Circular Economy

There are inevitable residues resulting from industrial production, supporting the importance of waste management. By re-including waste such as yarn and fabric scraps in our production chain, we can mitigate the potential impact of this waste on the environment and, simultaneously, reduce our need for raw materials, making the entire process more efficient.

To monitor and evaluate these impacts, we have an Matrix of Environmental Aspects and Impacts Register, in which we not only identify characterize our environmental aspects and evaluate whether those aspects have or could have a significant impact on the environment the environmental aspect and impact activity and its environmental impacts, but also control and monitor their evolution. In addition, for each significant environmental aspect, environmental objectives and targets are set and followed in the associated Roadmap. This follow-up is done monthly, and the actions are adjusted according to the corresponding performance.



4 4.1 The Environment
4.1.3 Resource Efficiency & Circular Economy



4 4.1 The Environment
4.1.3 Resource Efficiency & Circular Economy

* Steps performed externally in collaboration with J.Gomes.

To work towards our waste reduction, we are finding new ways to reuse waste in our production process.

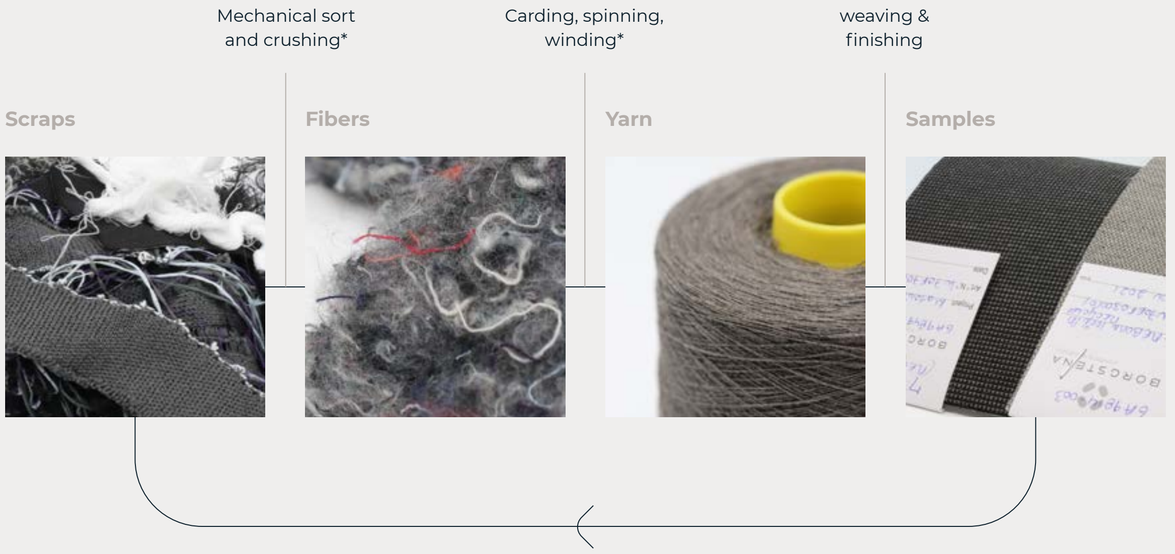
Waste reducing actions

- Research the possibility of using alternatives to foam, such as multiknit, so we can develop monocomponent fabrics which will increase the reciclability of our textiles.
- Internal reuse of pallets, tubes, separators, boxes and cones.
- Return system of the chimicals IBCs (Intermediate Bulk Container).
- Development of different yarns by having in-house extrusion and texturing processes.
- Study the possibility of using yarns produced from our textile waste.

Recycling waste flow

One alternative we are implementing is a “reborn” yarn made with 100% recyclable polyester yarn.

Process



4 4.1 The Environment
4.1.3 Resource Efficiency & Circular Economy

Textile waste back into chips

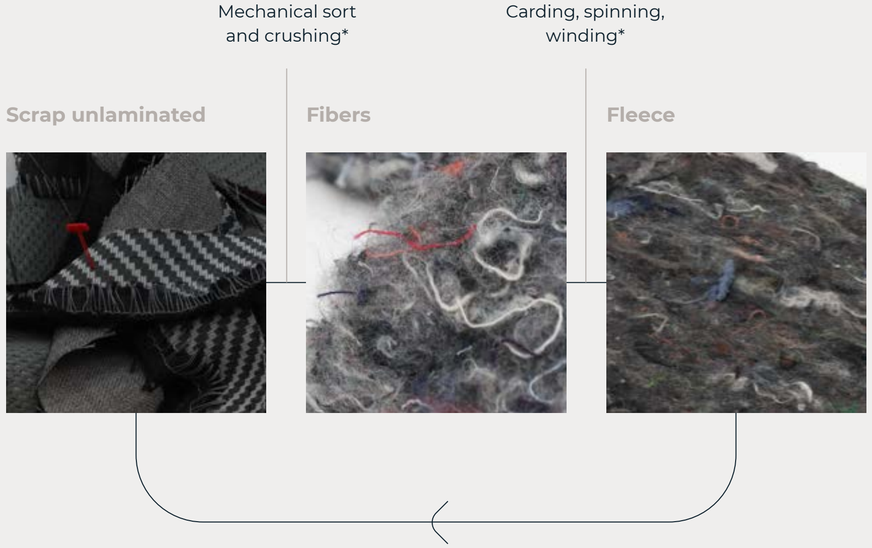
We are also looking into the possibility of managing our textile waste by turning it back into chips. This initiative with pure Loop will make it possible to repel residues from the production of fibbers and fabrics. The integrated combination of shredder and extruder converts the materials, providing high-quality recycled pellets.

Backing Fleece

The Backing Fleece is a composite made from layers of polyester fibres and flame-resistant copolymer mechanically recycled.

If the waste cannot be recycled or reused, there is still the possibility of it being used for energy recovery through burning in controlled incineration plants, by other companies. Despite our efforts to reduce waste, there are many textile residues such as cut selvages, textile and yarn scrap, and pre-knitted material that come from all cut and sewing textiles, separated into 4 different categories: Selvages, PES yarn and laminated and non-laminated fabric. In 2022, 713 tons of these categories were reused to produce new articles.

The backing fleece



4.2 Our People and Community
4.2.1 Labor Management & Development

5) According to the terminology used in the GRI Standards, we considered as subcontracted employees all the workers who are not employees.

Our people are one essential pillar in the way we perform, with our success depending largely on the capacity and know-how of our 556 employees.

In line with our **PEOPLE** pillar, we seek to give our people the necessary tools to be motivated, inspired, and dedicated. Ensuring good working conditions and being an active part in promoting health and well-being of all our employees are part of Borgstena's main focuses and part of our daily areas of activity. Our human resource policy focuses on the continuous upgrade of knowledge, on ethics and the development of the potential and motivation, encouraging flexibility and adaptability while fostering merit, competence, participation, and commitment.

Despite our strong commitment to attracting and retaining the best talent, challenges regarding this topic have grown in the last years, with increasing lack of talent and difficulties in retaining people. In this sense, in addition to Borgstena's employees, we also subcontract resources through temporary employment agencies. We have 123 subcontracted employees , most of whom work as full-time production operators or maintenance technicians with uncertain fixed-term contracts.

Notwithstanding, when a recruitment need arises, we first look internally and promote our people, by opening and advertising these positions internally.

For new external hires, we have a welcoming & integration process, so that each employee feels connected and a member of Borgstena. Each new hire is provided with tools that promote their integration in our company, despite ranks and function. Everyone receives an initial training session that provides information and knowledge about our values and our Code of Conduct. A 'Welcoming Manual' is also delivered to each new hire, aiming at sharing working conditions and benefits and serving as a "guide" of our operations.

To structure a cohesive and consistent team, we strive to keep our employees working with us. Nonetheless, when the partnership between both parties no longer makes sense, we seek to understand the reason for leaving through exit interviews, to identify points that could possibly be improved in the future, thus potentially avoiding the exit of the person in question or improve other employees' retention.

9,2%
New Hire Rate

8,8%
Turnover Rate

4.2 Our People and Community
4.2.1 Labor Management & Development

Wellbeing

Employees also have access to a general practitioner who provides examinations or medical opinions on any health-related issue. We also promote time to exercise in production sections so that people can stretch muscles and prevent musculoskeletal injuries.

In our **PEOPLE** Pillar, a key point is the wellbeing of our employees, thus we offer benefits related to this topic to all our employees. These benefits include an active health insurance after the first month of work, regardless of the contract type, and partnerships related to the promotion of health and well-being, namely:

- Dentistry & Stomatology
- Sports
- Ophthalmology & Optometry
- Health & wellness

During 2022, we strengthened our partnerships with several associations to diversify the benefits we offer our employees. Among these partnerships, we highlight:

2008

Since 2008, we have a partnership with **AIRV** in which we can have updated information relevant to the business sector, access to studies and information about markets, discounts in trainings and organization of seminars and workshops

2010

Since 2010, we have a partnership with **AEP**, that allow us to have access to compliance information and support

We have a partnership with the **Firefighters of Nelas and Canas de Senhorim** since 2010. We provide them donatives and they help us in training our employees on first intervention and first aids.

2020

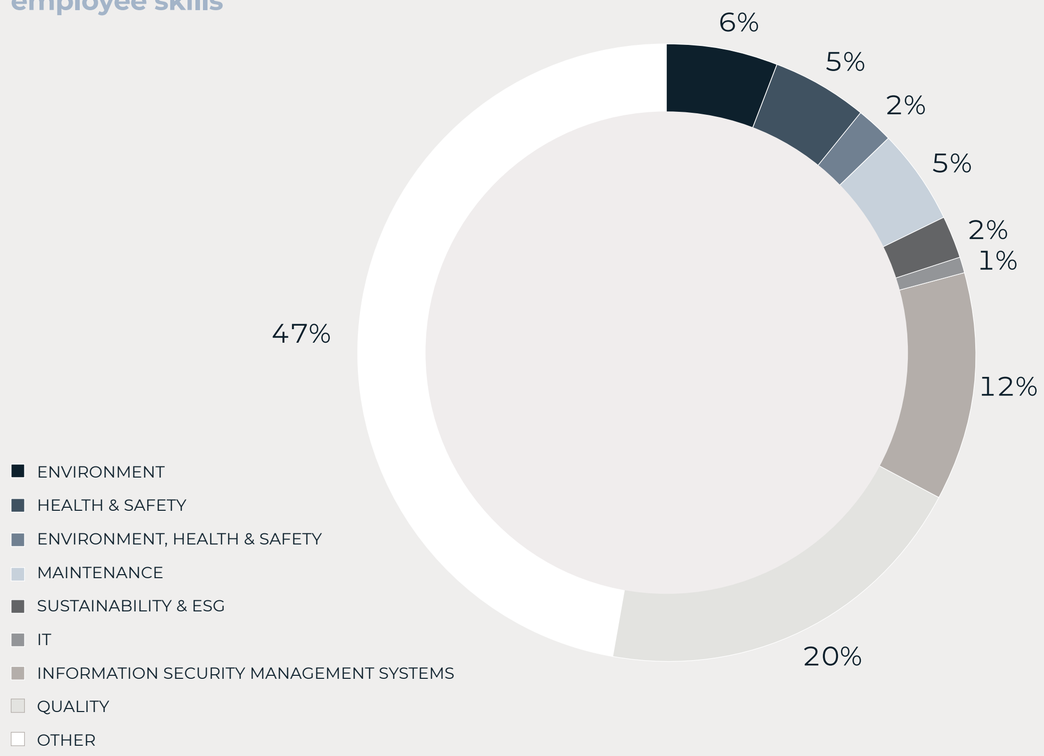
Since 2020, we have a partnership with **AFIA and Mobinov**. These are associations for the automotive industry and give us access to networking, workshops and disclosure of the company to third parties.

4 4.2 Our People and Community
4.2.1 Labor Management & Development

4 891 total training hours in 2022

Establishing a training plan according to the existing needs of each production section and that enhances the capabilities of employees for the functions performed, is part of for our HR plan. At Borgstena, we perceive training as a steppingstone in our employees' development and as an opportunity to strengthen their skills.

Programs for upgrading employee skills



80

hours of **Sustainability** and **ESG** training provided

100%

of Borgstena's employees receive **regular performance and career development appraisals**

Aiming at promoting our employees' awareness and knowledge in sustainability and ESG, we have provided training hours in these topics, allowing people with different technical backgrounds to gain knowledge of the basic concepts of sustainability. The main concepts covered in these trainings were sustainability definition, carbon footprint, ESG, risks and opportunities, very useful concepts to start implementing ideas and actions in the company related to the sustainability topic.

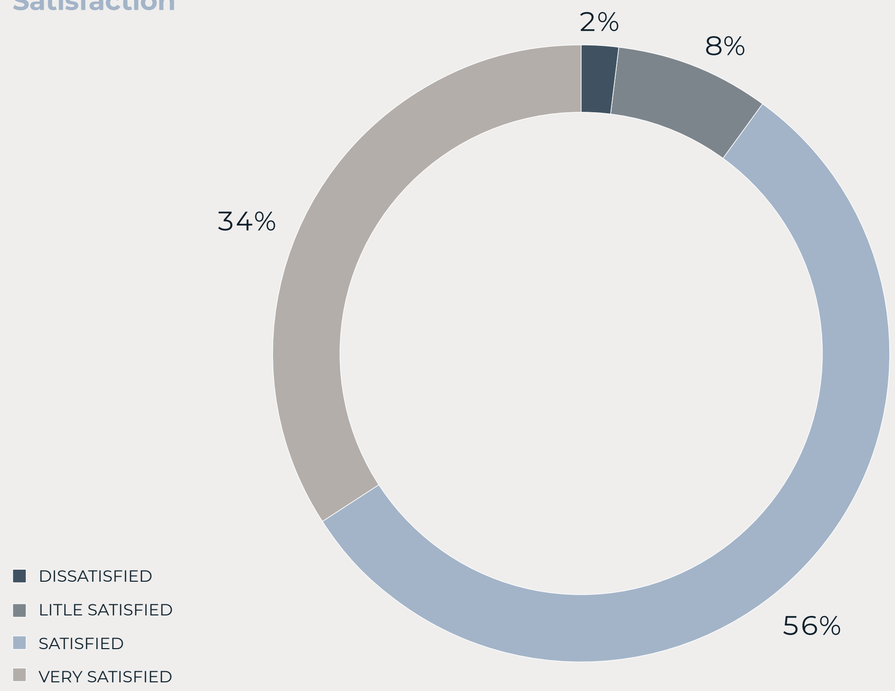
The performance evaluation of our employees is also a very important aspect in the continuity of our business, providing the opportunity to analyse the past year and set goals for what lies ahead, and our employees career path, stimulating their work and performance continuous improvement

4.2 Our People and Community
4.2.1 Labor Management & Development

Every year, we evaluate our employees' satisfaction through a survey that addresses the following topics:

Work conditions	Information	Remuneration and benefits
Functions, skills and training	Work relationships	Health & safety work

Employee Satisfaction



4.2 Our People and Community

4.2.1 Labor Management & Development

In 2022, around 90% of our employees were satisfied or very satisfied regarding these covered topics. The suggestions and concerns identified after the responses analysis were collected and subsequently presented to our Management Team, resulting in an action plan, defined during the annual management reviews.

Determined to integrate our employees in our corporate strategy and operational decisions, we have also set an “Idea box”, a box located in the industrial zone, but also accessible via intranet, in which employees can suggest ideas and share their vision in important themes such as: Security and Environment; Quality and Improvement product, process; Savings; Productivity; Innovation.

When selecting the theme, the employee must explain his suggestion, inform the objective and what the associated benefit would be, as well as the necessary changes. Once submitted, the ideas are gathered and evaluated quarterly by our Management Team. The winning idea is monetarily awarded and implemented. To promote companionship, we develop team-building activities, providing thematic events aligned with our values and celebrating important dates, such as Mother’ Day or Women’s Day.

International Women’s Day
Joining the celebration of International Women’s Day, we gifted chocolates to our female employees. A small gesture of recognition of their contribution to the growth of the business.

4.2 Our People and Community
4.2.2 Diversity & Inclusiveness

In 2022, there were **no cases of discrimination**

Diversity & inclusion is an important topic not only for our company, but also in society today. We want our employees to feel integrated in an environment where all their characteristics are respected, where all their rights are guaranteed, and where unethical and discriminatory behaviour is not tolerated.

Our conduct is guided by the relationships we build, hence we base them on respect and trust and in accordance with the Constitution of the Portuguese Republic. We do not tolerate any discrimination based on ancestry, race, language, place of origin, sex, sexual orientation, religion, political or ideological beliefs, education, economic situation, or social status, including the prohibition of harassment in its various forms, with the aim of defending and promoting the fundamental principles of equality and human dignity.

We have a code of conduct, where all the rights of employees are contemplated, that determines what rules should be complied with and what procedures or employees can follow if they feel they are being discriminated against, with complaint participation according to our procedure.

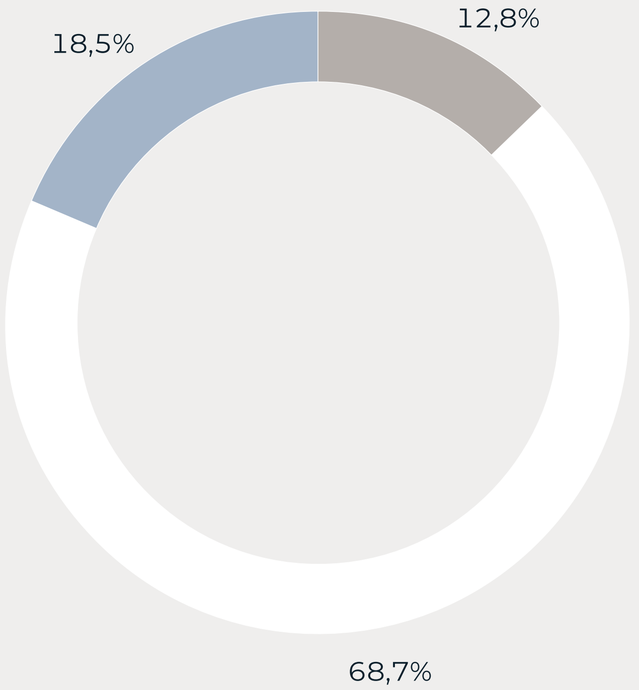
Gender

281
female

275
male

Age

41,4
average age



4.2 Our People and Community
4.2.2 Diversity & Inclusiveness

We also intend to promote a Human Resources hiring policy that privileges cultural diversity and social inclusion. We are an inclusive company that selects people for the skills demonstrated in their previous experiences and soft skills presented in the selection process. Interviews are conducted by more than one person, always including someone from human resources. In an interview, whenever we identify in the interviewee potential for another function, different from the one for which he is being interviewed, we try to redirect him, seeking to potentiate the best of our people, their skills, and their profile.

Nationality

98%

Textile's employees are Portuguese

3%

are divided between Brazilians and Polish

10

In the end of 2022, there were **10 employees with disabilities** working in Dual Borgstena Textile Portugal.

4.2 Our People and Community
4.2.3 Health & Safety

100% of our employees are **covered** by our **occupational health and safety insurance**

Borgstena is a company with a solid industrial process, and it is extremely important to us to ensure the health and safety of our employees, which are permanently exposed to all the common risks inherent to industrial sector.

We continuously seek to identify and assess all Health & Safety risks, not only by internal observation, in which our employees can give their inputs, but also by hiring other companies to monitor some of our physical agents or to make some specific evaluations, for instance, ergonomics.

In the most recent risk assessment matrix, we have identified risks in our production process:·

- **Risk of being run over or falling:**
  due to the movement of vehicles and machinery outside and inside the facilities.
  For minimizing this risk, we have implemented control measures such as maintaining the passing ways free of any obstacle and establishing pedestrian circulation rules.
- **Ergonomic risks:**
  due to bad posture, repetitive movements, standing work, and manual handling. To avoid this type of risks, we promote training sessions and give time to exercise and stretch.
- **Chemicals handling:**
  some processes require handling chemicals, for example in the preparation of the dyeing bath. For those activities, we give specific Personal Protection Equipment and training regarding the correct handling. Information related to the hazards from each chemical product is available in handling places, as well as the safety measures and the first aid measures to be used in cases of accident.

The Safety and Environmental Service of Borgstena (DA&S) and the Occupational Health are organized through internal services, both according with the national regulation. We are certified by ISO 45001:2018 – Occupational health and safety management systems, demonstrating our commitment to maintain and proactively improve the health and safety of workplaces by preventing work-related injuries and ill health.

The Human Resources department has a nominated person that makes the link with the Occupational doctor, promoting and participating in regular meetings with the Safety Technician. The main functions of the health department are:

- Surveillance of workers' health, including the performance of periodic and occasional admission health examinations, in accordance with the applicable legislation.
- Registration of the clinical aspects relating to each worker and preparation of the individual fitness form for work & Reciprocal collaboration with the Family Physician of each worker for the treatment of diseases detected in the periodic examinations, as well as the follow-up and information of the situations of discharge.
- Health promotion in the workplace, through the performance of activities that promote healthy and safe work practices and healthy lifestyles.
- Collection, organisation, and communication

4.2 Our People and Community
4.2.3 Health & Safety

of the necessary information for notifications and compulsory reports, of work accidents and occupational diseases.

- Analysis of the causes of accidents at work, together with the safety technician, or the occurrence of occupational diseases to draw up the respective reports.

- Elaboration and development of a training and information programme in the field of occupational safety and health, as well as providing for consultation activities with workers on these topics.

The surveillance of our workers' health, comprising all medical and nursing acts, take place on the existing medical office on our facilities. The team consists of an Occupational doctor responsible for the Occupational Health service and a nurse. All employees are subjected to annual or biannual medical examinations, depending on their functions and schedules, to ensure that employees maintain the necessary conditions for function execution.
Monthly, we monitor H&S indicators and share main KPIs with all employees through the information points scattered throughout the sections. The number of accidents in each section is published monthly and this information is considered in the Management Review carried out annually by our Management Team.

In 2022, there were 36 accidents recorded among our employees and 1 accident involving subcontracted employees, most of them due to situations of pricks, overexertion, incorrect movements, cuts, and burns. None of these accidents resulted in serious consequences or fatalities.

In addition, in 2022 there were no cases of occupational disease. In a preventive way, we have designed an *Incident Occurrence Monitoring Procedure*, delineating the monitoring and investigation methods in case an incident occurs, allowing us to understand the underlying causes and to plan and take actions to reduce the possibility of recurrence, whenever it's possible.

Additionally, knowing the importance of our employees' participation, we have established a system for workers' consultation and participation. The consultation of workers related with health and safety matters is done

39,6

Rate of accidents of Borgstena employees

The calculation formula is described on page 108

0

High-consequence work-related injuries in 2022

0

Fatalities resulting from work-related injuries in 2022

12,1

Rate of accidents of worker who are not employees

The calculation formula is described on page 108

4.2 Our People and Community
4.2.3 Health & Safety

biannually through a survey with questions based on several safety topics. The goal is to provide mechanisms, time, and the necessary resources to identify and assess risks and opportunities, determining corrective actions, competence requirements, training needs, control and evaluation measures and their effective implementation in terms of accidents, investigations, and nonconformities.

Training is also at the centre of guaranteeing that all our employees, including subcontracted, are skilled and knowledgeable regarding Health & Safety issues, thus we include H&S in our general annual training plan.

In 2022, we promoted the following training actions related with the Health & Safety area:

Handling of chemical and products spill containment	Work equipment (cranes)	Hazards identification	ISO standards (14001:2015 and 45001:2018)
Evacuation flow chart	Environmental indicators	Changing function	Waste segregation

We also carry out several awareness-raising on good practices inside and outside the workplace, including the adoption of appropriate postures and ergonomic practices when performing certain tasks such as manual handling of loads, and its importance in the prevention of musculoskeletal pathologies.

4.2 Our People and Community
4.2.4 Community Involvement

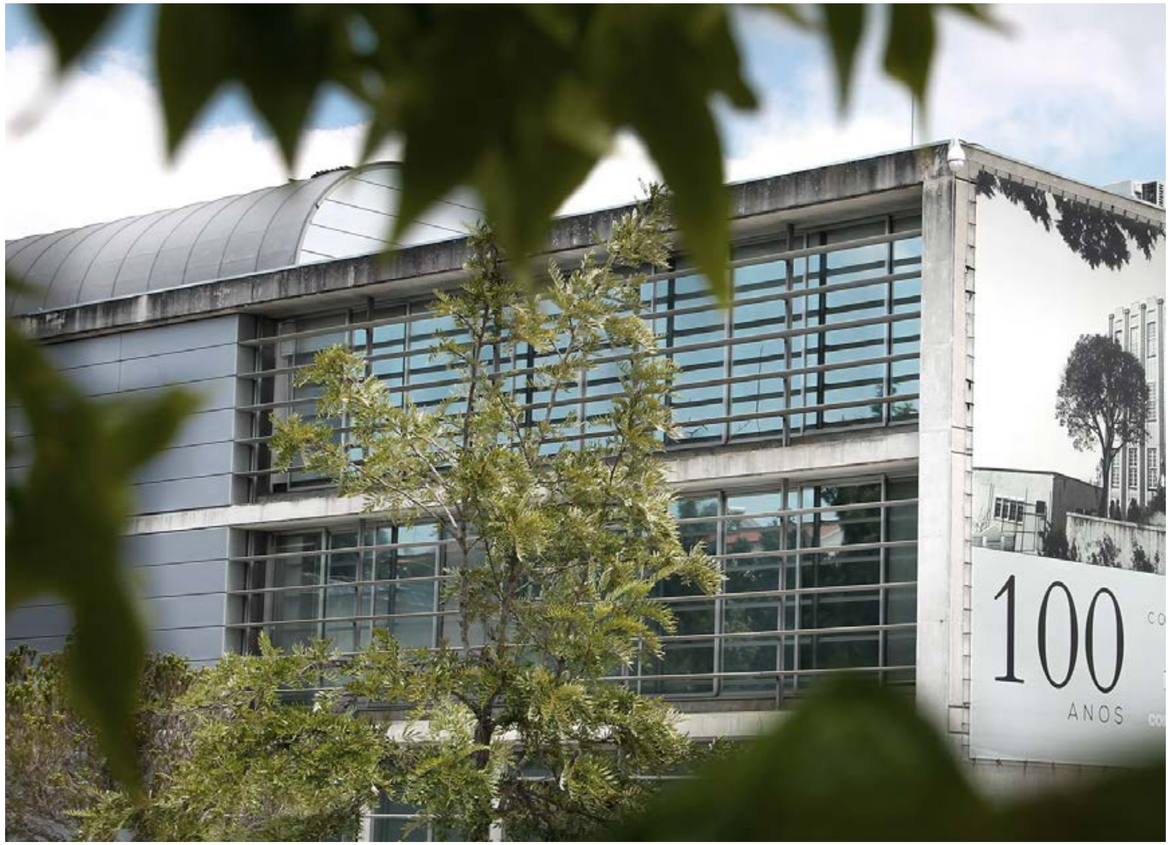
36%

of our employees live in Nelas, the city where we are based

We are based in the small village of Nelas, in Portugal, facilitating a feeling of proximity with the local community.
A large majority of the work functions carried out in our companies are associated with cutting and sewing work, either manually or using machinery.

Given our high turnover, we have a high need for manpower to perform these functions. Thus, we usually recruit a large number of people based in the surrounding areas to our industrial unit. In this way, we desire to be an active and relevant part of the local community development, providing fair and appealing conditions and employing workers with diverse levels of experience and qualifications, since our activities are comprehensive in the types of job opportunities they generate.

General Protocol Cooperation with Coimbra Business School
We recently signed a General Cooperation Protocol with Coimbra Business School | ISCAC. This protocol arises from the need to enhance cooperation between the two institutions in research projects or provision of services and in the organization and dissemination of jointly organized events.



4.2 Our People and Community
4.2.4 Community Involvement

Aiming to be in close dialogue with the community, public opinion, and the market, motived by adopting socially and environmental responsible attitudes.
We want to be relevant in the local community and work on our positive impact. In this way, we are participating in community events, providing the best we may give – our product. Through our employees and local associations, in 2022, we donated textiles for prominent local events, such as the *Carnaval de Canas de Senhorim e Nelas*, the Medieval Fair, and others that take place throughout the year.

We also want to help entities such as the volunteer firefighters of Nelas and Canas de Senhorim and others to which we are associates promoting training and development in different areas.

Firefighters Donation
This year we continued our mission of supporting the local community firefighters with a donation of 5 000 euros to the Canas firefighters and 5 000 euros to the Nelas firefighters.

10 000€

in **donations** to the Nelas and Canas firefighters

4.3 Our Governance Model

4.3.1 Ethics

One of our core values is strict compliance with all applicable legal requirements. In this regard, valuing and promoting fair and equal treatment and preventing discriminatory behaviour in the context of employment relations, has taken a highlighted importance in our company. At Borgstena, all activities must comply with ethical standards that must guide, be translated to, and embodied through relationships built on trust and transparency - all our people recognize and value the importance of this vision.

We are guided by a Code of Business Conduct which lays down the principles, values and rules of professional ethics and behaviour to be observed by all employees, subcontracted included, and governing bodies of the company. The Code of Conduct aims at positioning our company as a reference concerning standards of conduct, relationship between employees and third parties, ensuring that we are recognized as an example of excellence, integrity, responsibility, and rigor. Our Code of Business Conduct also contains information on data protection law, anti-corruption, and whistleblowing.

With the creation and implementation of this Code of Business Conduct, we expect all covered persons to act in pursuit of the interests of the company and with respect for the principles of legality, good faith, responsibility, competition, transparency, good governance, loyalty, integrity, professionalism, safeguarding of resources, environmental awareness, and confidentiality, taking into consideration our mission and our quality, environmental, and safety policies. All other service providers and suppliers are also welcomed to adhere to the principles in this Code. When welcoming new hires, this Code of Conduct is delivered together with our 'Welcoming Manual', a document delineating their rights and duties as one of our employees. While this document includes other general information apart from ethical matters, one of the most important topics is our main ethical principles, by which we are governed.

Main Ethical Principles

Equal treatment, Diversity and Non-discrimination
Behave in accordance with a non-discriminatory policy at all levels, namely based on race, gender, age, physical disability, sexual orientation, political opinions, or creed, centring attention on the principle of equal opportunities, diversity and individual merit. All employees will be granted equal opportunities for the development of their professional career.

Confidentiality and Data Privacy
Maintain confidentiality of all information related to third parties, which come from our employees' knowledge in the context of their activity, in particular when the disclosure of such information, by their nature, may impact the image, the interests, and the business of the company. Protect personally identifiable information and comply with all applicable data protection and legislation, namely the European Regulation on Data Protection.

Loyalty and Impartiality
We pledge loyalty to all parties and undertake to protect credibility, prestige, and our image in all situations, acting with honesty, exemption, commitment, and objectiveness, basing our decisions on the highest standards of seriousness and integrity.

Competition
Respect market rules, hereby fostering fair competition and avoiding practices that restrict competition, while seeking to maintain cordial relations with competitors, based on honesty and mutual respect.

Transparency
Provide information on time, based on true information that reflects with transparency the company's situation and the principles and policies pursued.

Compliance with current legislation
We are committed to be a responsible company at the national and international level, respecting all national and Community laws in accordance with their field of business, while ensuring a healthy and safe environment for all employees.

Corporate Responsibility
The company rejects child labor and forced labor under the form of slavery, and promotes the respect for human rights, work, and freedom of association, participating

4.3 Our Governance Model

4.3.1 Ethics

We have also set up a Code of Good Conduct for Preventing and Combating Harassment in the Workplace, which includes a set of guidelines and rules for our workers' professional conduct, as well as disciplinary consequences, in case of incorrect behaviour, in matters related to preventing and combating harassment at work. We are also committed to provide specific training to prevent harassment at work. Our Code of Business Conduct also contains information referring to how to react in the event of any irregularity identified in the performance of duties at Borgstena by any employee, as well as the procedure for protection against retaliation.

In this sense, we have implemented 6 communication channels for people who want to raise any concerns or report violations of any kind, which guarantee their protection:

- i) Through the whistleblower platform: https://borgstena.protecaodedenunciantes.com;
- ii) By letter – A complaint can be sent to: Whistleblowing Officer – Direct Hit, Dual Borgstena, Apartado 43062, 1601-301 Lisbon, Portugal;
- iii) By email - compliance@borgstena.com;
- iv) Through a meeting with the whistleblower protection/compliance team;
- v) By Phone – (+351) 911879229;
- vi) Ethics and complaints box.

Additionally, regarding with client privacy, we comply with all applicable legal standards in the field of client data protection, privacy, and information security.
We have implemented a Personal Data Protection System and are proceeding with the implementation of an Information Security System, to ensure regulatory compliance with the general legal regime of the current Data Protection Law and with the special legal regime of the GDPR, applicable from 25 May 2018.
In 2022, there were no customer complaints and claims regarding GDPR or data privacy.

4.3 Our Governance Model
4.3.2 Risk Management & Internal Controls

TISAX Certification

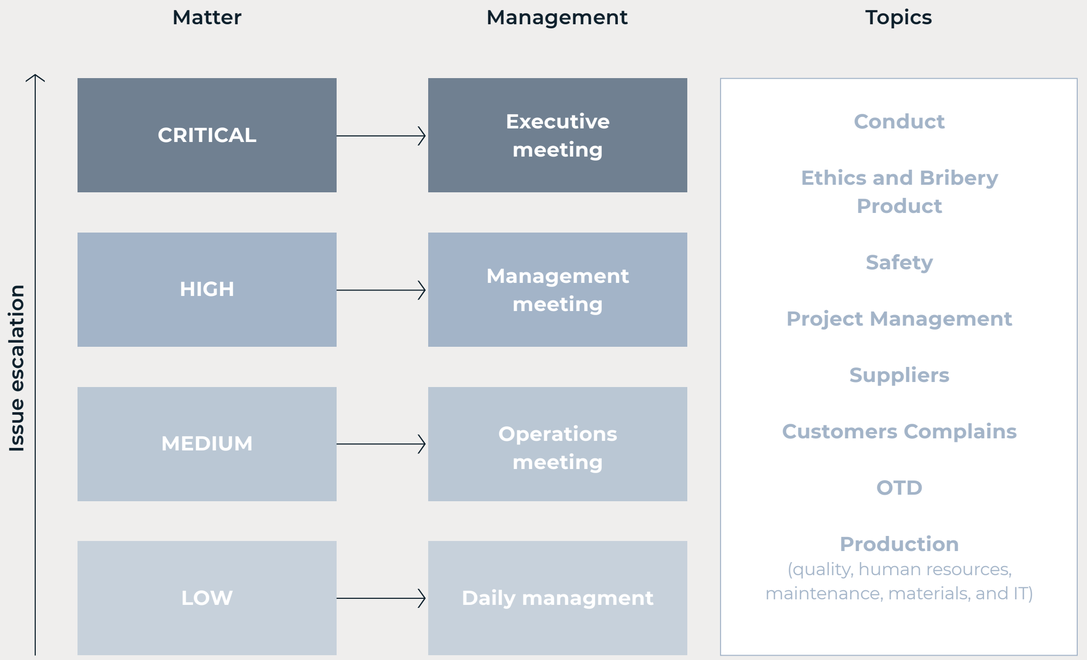
Since our business depends on the confidentiality and security of information, we are certified by TISAX, a standard that guides us in implementing control procedures to identify potential risks and develop contingency plans for situations unable to be controlled or eliminated.

Risk management associated with internal controls is vital to not only predict potential risks, but also to minimize potential impacts in our business and value chain. Thus, and in constant articulation and communication with our governance bodies (Board of Directors and Management Team), we seek to be proactive in identifying and managing risks and opportunities at Borgstena through the assessment matrix. This matrix facilitates the definition and evaluation of the processes that constitute the entire integrated system, through the identification of factors that may generate risks, while also considering ESG and sustainability aspects, such as climate change, water scarcity, unavailability of resources, among others.

The assessment matrix is dynamic and updated in our annual Management Team Reviews meetings. Whenever there are new projects, the need for new resources, different techniques or new legislation that may cause conflict with all the processes already implemented, a new risk assessment is carried out.

We have also implemented a control procedure that includes an escalation process that must be followed by all employees.

Escalation process



We want our people to feel that they have a voice and that their concerns can be a driving force towards a solution to the problem presented. For this reason, we aim for all issue escalations, across all functions and workflows, to be addressed in a consistent and standardized manner, whether they are generated from projects, change processes, operations, quality, or other related situations.

4.3 Our Governance Model
4.3.3 Procurement Practices

17%

new suppliers were submitted to **Environmental and Social Assessment Processes**

The partnerships we establish and maintained throughout the years in our supply chain play a vital role in controlling the quality of our raw materials and consequently in our final products. In this way, the criteria we define to select and evaluate our suppliers are crucial to ensure the highest quality of raw materials, as well as to guarantee their fair value.

Also, we are aware of the active role we must play in our supply chain to preserve our values, while also reducing negative impacts on society and environment. In this sense, we aim to create partnerships with our suppliers, to promote sustainability through shared knowledge and ideas.

Our relationship with suppliers is supported by a set of requirements that must be respected by both parties. To ensure suppliers' alignment with our values, we have an evaluation, selection, and monitoring procedure in place that applies to every supplier. Whenever the need for a new supplier arises and annually for the existing ones, we deliver the **Supplier Manual**, a manual sharing the requirements to be met by all our suppliers, the necessary documents to be selected, procedures to be adopted, information about the supplier's evaluation and its periodicity, our code of conduct, and our sustainability policy. Attached to this manual is also a questionnaire that support our supplier evaluation considering diverse criteria, including environmental and social aspects. Within this same evaluation process, we carry out on-site audits.

In addition to the suppliers who are selected by us to meet our needs, we also develop relationships with certain suppliers specifically requested by our clients, due to specific material requirements, hence, we do not employ evaluation processes.

Most of our total suppliers are based in Europe (92%), composing around 79% of our total spending in procurement. We aim to source locally, with 42% of total suppliers being from Portugal, our Group's home country, composing around 16% of our total spending in procurement.

We periodically schedule meetings with our suppliers, either in the search for new alternatives, or to exchange ideas or redefine strategies, leading to closer and more effective partnerships. In these meetings, questions related to sustainability are also introduced, namely what work we are currently developing, what directions we want to take and what information we need from suppliers to have accurate information to define our environmental product declaration for its Life Cycle Analysis. We also reinforce the importance of the information that suppliers provide to us so we can show our customers how we are doing regarding a particular product purchased by them. This process also involves monitoring throughout the year, which also includes sustainability criteria.

All our suppliers must comply with the provisions of the Supplier's Manual as well as follow the guidelines set out in our code of conduct, at the risk of terminating the supply activity. To monitor the performance of all our suppliers, we have monthly evaluations of operational indicators related to deliveries and quality. Every six months, we evaluate a larger set of parameters common to all suppliers, whether they are our own selection or imposed by customers.

5

Annex

5

5.1 Table of Material Topics

ESG	Material Topics	Subtopics Analyzed	Relevance	Relevant impacts		
				Upstream	In our operations	Downstream
S	Labor management & development	• Working conditions • Talent attraction and retention • Trainings and skills development	Significant			
E	Water	• Water consumption • Water stress	Significant			
E	Resource use & Circular economy	• Materials and resources efficiency • Waste management	Significant			
E	Climate Change Mitigation	• Direct and indirect GHG emissions • Energy consumption	Significant			
G	Procurement practices	• Management of relationships with suppliers • ESG criteria for suppliers' evaluation • Payment practices	Significant			
G	Ethics	• Corporate culture • Anti-corruption and bribery • Protection of whistle-blowers	Significant			
S	Diversity & inclusiveness	• Equal treatment and opportunities for all	Significant			
E	Climate Change Adaptation	• Adaptation to risks associated with climate change	Important			
S	Community involvement	• Communities' economic, social, and cultural rights • Involvement and collaboration with surrounding communities	Important			

5

5.1 Table of Material Topics

ESG	Material Topics	Subtopics Analyzed	Relevance	Relevant impacts		
				Upstream	In our operations	Downstream
S	Health & Safety	• Health & Safety of own workers • Health & Safety of workers in the value chain (including subcontracted employees)	Important			
G	Risk management & internal controls	• Management of internal processes, including internal controls • Risk management	Important			
S	Product Quality & Safety	• Personal safety of consumers and/or end-users • Compliance with quality and safety requirements	Informative			
E	Pollution	• Air pollution • Water pollution • Soil pollution	Informative			
E	Biodiversity & Ecosystems	• Biodiversity • Ecosystems	Informative			

5 5.2 ESG Information
GRI 2 Mandatory Indicators

GRI 2-7 Employees

Table 1
Additional information to the GRI indicator 2-7 Employees

	2022	
By gender	**N° employees**	**%**
Female	281	50,5 %
Male	275	49,5 %
By contract type		
Permanent employee	**470**	**84,5 %**
Female	250	45,0 %
Male	220	39,6 %
Temporary employee	**86**	**15,5 %**
Female	31	5,6 %
Male	55	9,9 %
By workload		
Full-time	**556**	**100,0 %**
Female	281	50,5 %
Male	275	49,5 %
Part-time	**0**	**0,0 %**
Female	0	0,0 %
Male	0	0,0 %
Total number of employees	**556**	**100,0 %**

5 5.2 ESG Information
GRI 2 Mandatory Indicators

GRI 2-8 Workers who are not employees

Table 2
Additional information to the GRI indicator 2-8 Workers who are not employees

	2022	
Workers who are not employees	**N° employees**	**%**
Full-time	**122**	**99,2 %**
Female	66	53,7 %
Male	56	45,5 %
Part-time	**1**	**0,8 %**
Female	0	0,0 %
Male	1	0,8 %
Total number of Workers who are not employees	**123**	**100,0 %**

All workers who are not employees have uncertain fixed-term contracts.

5

5.2 ESG Information
GRI 2 Mandatory Indicators

GRI 2-21 Annual total compensation ratio

Table 3
Additional information to the GRI indicator 2-21 Annual total compensation ratio

	2022
Annual total compensation ratio	
Annual total compensation ratio	**125,9**
Ratio of percentage increase in the total annual remuneration	**0**

5 5.2 ESG Information
GRI 200 Economic Indicators

GRI 202-1 Ratios of standard entry level wage by gender compared to local minimum wage

Table 4
Additional information to the GRI indicator 202-1 Ratios of standard entry level wage by gender compared to local minimum wage

	2022
Standard entry level wage ratio compared to the national minimum	
Female	1,0
Male	1,0

GRI 202-2 Proportion of senior management hired from the local community

Table 5
Additional information to the GRI indicator 202-2 Proportion of senior management hired from the local community

	2022
Senior managers hired from the local community	
Total number of senior managers	14
Total number of senior managers hired in the local community	12
% of senior managers hired in the local community	**86 %**

GRI 204-1 Proportion of spending on local suppliers

Table 6
Additional information to the GRI indicator 204-1 Proportion of spending on local suppliers

	2022
Proportion of spending on local suppliers	
Spending on local suppliers hired	16,2 %

5

5.2 ESG Information

GRI 300 Environmental Indicators

GRI 301-1 Materials used by weight or volume, GRI 301-2 Recycled input materials used

Table 7
Additional information to the GRI indicator 301-1 Materials used by weight or volume and 301-2 Recycled input materials used

	2022	
Materials used	**Quantity (kg)**	**%**
Type of Materials		
Metals	1 029	0,0 %
Paper	197 057	2,3 %
Plastic	17 660	0,2 %
Foam	947 670	27,8 %
Rubber	17 490	0,0 %
Polyester	4 894 578	57,5 %
Natural Animal Fibers	36 606	0,4 %
Others	748 210	8,6 %
Packaging Materials		
wood	54 063	1 %
Paper	26 791	0,3 %
Plastic	120 454	1,4 %
Total of Materials	**8 683 793**	**100,0%**
Nature of Materials		
Renewable Materials	480 565	5,5 %
Non-renewable Materials	8 203 228	94,5 %
Origin of Materials		
Non-renewable Materials	209 697	2,4 %
Non-renewable Materials	8 474 096	97,6 %
Total of Materials	**8 683 793**	**100,0%**

5 5.2 ESG Information
GRI 300 Environmental Indicators

GRI 302-1 Energy consumption within the organization, 302-3 Energy intensity

Table 8
Additional information to the GRI indicator 302-1 Energy consumption within the organization and 302-3 Energy intensity

	2022
Energy consumption	**GJ**
Non renewable	**92 066,2**
Mobile Combustion	
Diesel – Service Fleet	90,2
Diesel – Employees' Fleet	252,0
Petrol – Employees' Fleet	47,8
Stationary Combustion	
Diesel	7,2
Natural gas	90 544,2
Propane gas	1 124,8
Renewable	**37 639,4**
Purchased electricity	37 639,4
Total energy consumed	**129 705,6**
Energy intensity (GJ/k€)	**1,8**

5

5.2 ESG Information
GRI 300 Environmental Indicators

Table 9
Additional information to the GRI indicator 303-3 Water withdrawal, 303-4 Water discharge and 303-5 Water consumption

GRI 303-3 Water withdrawal, 303-4 Water discharge, 303-5 Water consumption

	2022
Water Withdrawal	**Ml**
Groundwater	**49,905**
Freshwater	0
Other water	49,905
Third-party water	**178,149**
Freshwater	132,412
Other water	45,737
Water withdrawal from areas with water stress	
Groundwater	4168
Third-party water	178,149
Total Freshwater	**132,412**
Total Other water	**49,905**
Total (m3) Water withdrawal	**182,317**
Water Discharge	**Ml**
Third-party water	**180,726**
Freshwater	0
Other water	180,726
Water discharge from areas with water stress	
Total (m3) Water Discharge	**180,726**
Water Consumption	**Ml**
Total Water withdrawal	182,317
Total Water Discharge	180,726
Water discharge from areas with water stress	**1,591**
Total (m3) Water Discharge	**1,591**

5 5.2 ESG Information
GRI 300 Environmental Indicators

GRI 305-1 Direct (Scope 1) GHG emissions, 305-2 Energy indirect (Scope 2) GHG emissions, 305-3 Other indirect (Scope 3) GHG emissions, 305-4 GHG emissions intensity

Table 10
Additional information to the GRI indicator 305-1 Direct (Scope 1) GHG emissions, 305-2 Energy indirect (Scope 2) GHG emissions, 305-3 Other indirect (Scope 3) GHG emissions and 305-4 GHG emissions intensity

	2022
GHG emissions	**tCO_2eq**
Scope 1 - Direct Emissions	**5 846**
Stationary Combustion	5 741
Mobile Combustion	31
Fugitive Emissions	28
Air emissions	46
Scope 2 - Indirect emissions from electricity purchase	
Location-based	3802
Market-based	0
Scope 3 – Other indirect emissions	
Category 1 - Purchased goods and services	21453
Category 2: Capital goods	108
Category 3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2 (market-based)	830
Category 3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2 (location-based)	1249
Category 4: Upstream transportation and distribution	3119
Category 5: Waste generated in operations	58
Category 6: Business travel	327

5

5.2 ESG Information
GRI 300 Environmental Indicators

	2022
GHG emissions	**tCO_2eq**
Category 7: Employee Commuting	711
Category 9: Downstream transportation and distribution	624
Category 10: Processing of sold products	475
Category 12: End-of-life treatment of sold products	856
Total Scope 1 and Scope 2 emissions - location-based	**9 648**
Total Scope 1 and Scope 2 emissions - market-based	**5 846**
Emissions Intensity (tCO2eq/k€) – Scope 1 + Scope 2 market-based	**0,08**
Total emissions – location-based	**38 520**
Total emissions – market-based	**33 932**

5 5.2 ESG Information
GRI 200 Economic Indicators

305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions

Table 11
Additional information to the GRI indicator 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions

	2022
Pollutants	**Quantity (ton/ano)**
Nitrogen Oxides (NOx)	-
Volatile Organic Compounds (VOC)	0,1878
Particulate matter (PM)	0,0282
Carbon monoxide (CO)	0,0072

GRI 306-3 Waste generated

Table 12
Additional information to the GRI indicator GRI 306-3 Waste generated

	2022	
Waste generated	**Quantity (t)**	**%**
Hazardous waste	**11,2**	**0,6 %**
Waste disposed	0,02	0,1 %
Recovered waste	9,0	80,3 %
Stored waste	2,2	19,6 %
Non-hazardous waste	**2 006,9**	**99,4 %**
Waste disposed	0,32	0,0 %
Waste recovered	1 951,7	97,3 %
Waste Stored	54,9	2,7 %
Total weight of waste generated	**2 018,2**	**100,0 %**

5

5.2 ESG Information
GRI 200 Economic Indicators

Table 13
Additional information to the GRI indicator 306-4 Waste diverted from disposal and 306-5 Waste directed to disposal

GRI 306-4 Waste diverted from disposal, 306-5 Waste directed to disposal

	2022
Per treatment operation	**Quantity (t)**
Waste directed to disposal	**0,9**
Temporary storage of waste intended for disposal operations	0,6
Other disposal operation	0,3
Waste diverted from disposal	**2 017,3**
Temporary storage of waste intended for recovery operations	56,5
Recycling	1 251,1
Other recovery operations	709,7
By hazardousness	
Non-hazardous waste	**2 006,9**
Temporary storage of waste intended for disposal operations	0,0
Other disposal operation	0,3
Recycling	1 251,1
Other recovery operations	700,7
Temporary storage of waste intended for recovery operations	54,9
Hazardous waste	**11,2**
Temporary storage of waste intended for disposal operations	0,6
Other disposal operation	0,0
Recycling	-
Other recovery operations	9,0
Temporary storage of waste intended for recovery operations	1,6
Total waste (t)	**2 018,2**

5 5.2 ESG Information

GRI 200 Economic Indicators

GRI 308-1 New suppliers that were screened using environmental criteria

Table 14
Additional information to the GRI indicator 308-1 New suppliers that were screened using environmental criteria

	2022
New suppliers that were screened using environmental criteria	
Percentage of new suppliers screened using environmental criteria	16,7 %

GRI 400 Social Indicators

GRI 401-1 New employee hires

Table 15
Additional information to the GRI indicator 401-1 about new employee hires

	2022	
New hires	**N° employees**	**%**
Gender		
Female	15	29,4 %
Male	36	70,6 %
Age		
Under 30	19	37,3 %
30-50	30	58,8 %
More than 50	2	3,9 %
Total weight of waste generated	**2 018,2**	
Rate of new hires	**9,2 %**	

5

5.2 ESG Information
GRI 400 Social Indicators

GRI 401-1 New employee turnover

Table 16
Additional information to the GRI indicator 401-1 about employee turnover

	2022	
Turnover	**N° employees**	**%**
Gender		
Female	15	30,6 %
Male	34	69,4 %
Age		
Under 30	14	28,6 %
30-50	30	61,2 %
More than 50	5	10,2 %
Total Turnover	**49**	
Turnover Rate	**8,8 %**	

5

5.2 ESG Information
GRI 400 Social Indicators

GRI 403-9 Work-related injuries

Table 17
Additional information to the GRI indicator 403-9 Work-related injuries considering company employees

	2022
Accidents (Employees)	
Number of fatalities as a result of work-related injury	0
Number of high-consequence work-related injuries (excluding fatalities)	0
Number of recordable work-related injuries	40
Number of accidents at work not mandatory communicated (non-serious)	49
Main types of work-related injury	prick; overexertion; incorrect movement; cut
Number of hours worked	**1 004 938**
Rate of fatalities as a result of work-related injury	**0**
Rate of high-consequence work-related injuries	**0**
Rate of recordable work-related injuries	**39,8**
Rate of accidents at work not mandatorily communicated (non-serious)	**8,95**

5 5.2 ESG Information
GRI 400 Social Indicators

GRI 403-9 Work-related injuries

Table 18
Additional information to the GRI indicator 403-9 Work-related injuries considering workers who are not employees

	2022
Accidents (Workers who are not employees)	
Number of fatalities as a result of work-related injury	0
Number of high-consequence work-related injuries (excluding fatalities)	0
Number of recordable work-related injuries	1
Number of accidents at work not mandatorily communicated (non-serious)	5
Main types of work-related injury	Burn
Number of hours worked	**82 623**
Rate of fatalities as a result of work-related injury	**0**
Rate of high-consequence work-related injuries	**0**
Rate of recordable work-related injuries	**12,1**
Rate of accidents at work not mandatorily communicated (non-serious)	**60,51**

5 5.2 ESG Information
GRI 400 Social Indicators

GRI 404-1 Average hours of training, per employee

Table 19
Additional information to the GRI indicator 404-1 Average hours of training per year per employee

	2022	
By gender	**Hours of training**	**Average hours of training**
Female	2 657,9	9,5
Male	2 233,4	8,1
By professional category		
Management Team	131	16,4
Area/Department Director	201	25,1
Area Manager	464,8	29,1
Team Leader	16,6	0,6
Technical - Administrative Area, IT, Quality, Design and Development	1079,2	12,8
Technical support - production area	483	34,5
Technician - Maintenance and related	22,5	0,9
Production Operator	2259,2	6,1
Total	**4 891,3**	**8,8**

5

5.2 ESG Information
GRI 400 Social Indicators

GRI 404-3 Percentage of employees receiving regular performance and career development reviews

Table 20
Additional information to the GRI indicator 404-3 Percentage of employees receiving regular performance and career development reviews

	2022
By gender	
Female	100,0 %
Male	100,0 %
By professional category	
Management Team	100,0 %
Area/Department Director	100,0 %
Area Manager	100,0 %
Team Leader	100,0 %
Technical - Administrative Area, IT, Quality, Design and Development	100,0 %
Technical support - production area	100,0 %
Technician - Maintenance and related	100,0 %
Production Operator	100,0 %
Total	**100,0 %**

5

5.2 ESG Information
GRI 400 Social Indicators

GRI 405-1 Diversity of governance bodies and employees

Table 21
Additional information to the GRI indicator 405-1 Diversity of governance bodies

	2022	
Management Team	**N° employees**	**%**
Gender		
Female	2	25,0 %
Male	6	75,0 %
Age		
Under 30	0	0,0 %
30-50	3	37,5 %
Over 50	5	62,5 %
Total	**8**	**100,0 %**

This table includes only management team' members working in Borgstena Textile Portugal.

5 5.2 ESG Information
GRI 400 Social Indicators

GRI 405-1 Diversity of governance bodies and employees

Table 22
Additional information to the GRI indicator 405-1 Diversity of employees

	2022	
Professional Categories	**N° employees**	**%**
Area Manager	**16**	**100,0 %**
Gender		
Female	6	37,5 %
Male	10	62,5 %
Age		
Under 30	0	0,0 %
30-50	11	68,8 %
Over 50	5	31,3 %
Team Leader	**28**	**100,0 %**
Gender		
Female	6	21,4 %
Male	22	78,6 %
Age		
Under 30	2	7,1 %
30-50	23	82,1 %
Over 50	3	10,7 %

5

5.2 ESG Information
GRI 400 Social Indicators

GRI 405-1 Diversity of governance bodies and employees

Table 22

	2022	
Technical - Administrative Area, IT, Quality, Design and Development	**84**	**100,0 %**
Gender		
Female	55	65,5 %
Male	29	34,5 %
Age		
Under 30	9	10,7 %
30-50	65	77,4 %
Over 50	10	11,9 %
Technical support - production area	**14**	**100,0 %**
Gender		
Female	4	28,6 %
Male	10	71,4 %
Age		
Under 30	1	7,1 %
30-50	6	42,9 %
Over 50	7	50,0 %

5 5.2 ESG Information
GRI 400 Social Indicators

GRI 405-1 Diversity of governance bodies and employees

Table 22

	2022	
Technician - Maintenance and related	**25**	
Gender		
Female	2	8,0 %
Male	23	92,0 %
Age		
Under 30	1	4,0 %
30-50	18	72,0 %
Over 50	6	24,0 %
Technical support - production area	**373**	**100,0 %**
Gender		
Female	204	54,7 %
Male	169	45,3 %
Age		
Under 30	58	15,5 %
30-50	250	67,0 %
Over 50	65	17,4 %

5 5.2 ESG Information
GRI 400 Social Indicators

GRI 405-2 Ratio of basic salary and remuneration of women to men

Table 23
Additional information to the GRI indicator 405-2 Ratio of basic salary and remuneration of women to men

	2022
Ratio between women's and men's average total remuneration	**0,6**
Management Team	0,1
Area/Department Director	1,0
Area Manager	0,9
Team Leader	1,0
Technical - Administrative Area, IT, Quality, Design and Development	0,8
Technical support - production area	0,7
Technician - Maintenance and related	0,8
Production Operator	0,9
Ratio between women's and men's base salary	**0,8**
Management Team	0,3
Area/Department Director	0,9
Area Manager	0,9
Team Leader	1,0
Technical - Administrative Area, IT, Quality, Design and Development	0,9
Technical support - production area	0,7
Technician - Maintenance and related	0,7
Production Operator	1,0

5

5.2 ESG Information
GRI 400 Social Indicators

GRI 414-1 New suppliers that were screened using social criteria

Table 24
Additional information to the GRI indicator 414-1 New suppliers that were screened using social criteria

	2022
New suppliers that were screened using social criteria	
Percentage of new suppliers screened using social criteria	16,7 %

5

5.3 GRI Table

Statement of use	Dual Borgstena Textile Portugal has reported the information cited in this GRI content index for the period from 01/01/2022 to 31/12/2022 in reference to GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location/Omission
GRI 2: General Disclosures 2021		
1. The organization and its reporting practices		
2-1	Organizational details	About the Report
2-2	Entities included in the organization's sustainability reporting	About the Report
2-3	Reporting period, frequency and contact point	About the Report
2-4	Restatements of information	N/A
2-5	External assurance	This report has not been subject to independent review by an external entity.
2. Activities and workers		
2-6	Activities, value chain and other business relationships	2.1. Our Organization Profile
2-7	Employees	4.2.1 Labor Management & Development 5.2. ESG Information
2-8	Workers who are not employees	4.2.1 Labor Management & Development 5.2. ESG Information

5

5.3 GRI Table

GRI Standard	Disclosure	Location/Omission
3. Governance		
2-9	Governance structure and composition	2.3 Our Governance
2-10	Nomination and selection of the highest governance body	2.3 Our Governance
2-11	Chair of the highest governance body	2.3 Our Governance
2-12	Role of the highest governance body in overseeing the management of impacts	2.3 Our Governance
2-13	Delegation of responsibility for managing impacts	2.3 Our Governance
2-14	Role of the highest governance body in sustainability reporting	Our first sustainability report is in line with the plan set by both our Board of Directors and Dual Co, Ltd. The verification and validation of our sustainability reporting is carried out by our Management Team members and posteriorly presented to the Board of Directors. Only after approval, our reporting is disclosed to external parts.
2-15	Conflicts of interest	Board members must report on matters applying to the regulation of “prohibition of usurpation of business opportunity” and “prohibition of self-transaction” prescribed in the business law and articles of incorporation. Board of directors reviews and approves those matters by at least two-thirds of the board members. However, in this case, the right to vote of the special interested parties may not be exercised. The decision will be properly disclosed after the board meeting. Management Team members have the responsibility to identify and determine whether any behavior or action has a potential, or actual conflict of interest in relation to any material matter that relates to Borgstena’s affairs. All members of the Management Team have the duty to maintain complete secrecy and confidentiality regarding each and every element, information or document of which they become aware in the exercise and scope of their profession, relating to Borgstena or its clients, not transmitting or disclosing any information concerning them, to any natural or legal person and not executing or providing any such information to any third party. Employees from all our Group may not make any contributions to political parties in cash or in kind on behalf of the company.

5

5.3 GRI Table

GRI Standard	Disclosure	Location/Omission
2-16	Communication of critical concerns	During the reporting period, there was no report of critical concerns to the highest governance body. However, if any topics or issues arise, these must be discussed and shared with board members in specific meetings, for which the Chief Executive Officer (CEO) must notify each director regarding the convocation no later than three days prior to the meeting. Nonetheless, this procedure can be omitted with the consent of all directors. At the board meeting, the representative person shall explain all relevant details. Afterwards, a decision must be taken by majority of the board members. When crucial concerns related to sustainability or business continuity arise, these are discussed at Board meetings and actions are planned to mitigate those concerns.
2-17	Collective knowledge of the highest governance body	It is very important to enhance our Board members' and Management Team's objectivity and knowledge to improve quality in their decision-making. In particular, to increase board and management team members' knowledge, the company provides appropriate informed actions and responds quickly at their request, mainly through participation in BCSD training actions, review of the strategy taking into account the sustainability pillar, business development with constant presentation requests, board meetings in which sustainability is always present, and full transparency from the Board to report global indicators.
2-18	Evaluation of the performance of the highest governance body	2.3 Our Governance
2-19	Remuneration policies	Remuneration of directors and senior executives is determined by a majority vote at the shareholders' meeting. Incentives are given according to management's commitment to sustainability, monitored through KPIs that consider, among other topics, goals of the environmental/operational management system, such as reducing energy and water consumption; reduction of waste/scrap levels. This evaluation is done monthly and the teams that achieve these goals receive a bonus.
2-20	Process to determine remuneration	Remuneration of directors and senior executives is determined by a majority vote at the shareholders' meeting.
2-21	Annual total compensation ratio	5.2. ESG Information
4. Strategy, policies and practices		
2-22	Statement on sustainable development strategy	1. CEO letter

5

5.3 GRI Table

GRI Standard	Disclosure	Location/Omission
2-23	Policy commitments	4.3.1 Ethics Policy on Data Protection and Privacy (borgstena.com) https://www.borgstena.com/website/company-policy.php https://www.borgstena.com/website/documents/suppliers/supplier_manual.pdf https://www.borgstena.com/website/documents/business_conduct/Borgstena%20Code%20of%20Conduct%20(EN).pdf We are signatories to certain entities such as Drive Sustainability and BCSD. These entities seek to promote activities and establish guidelines for companies similar to Borgstena to meet the requirements associated with social responsibility and the Sustainable Development Goals. The principles and concerns established in our Code of Conduct, even if not referenced, are based on universally accepted statements, namely the Universal Declaration of Human Rights, the International Declaration of Principles and Fundamental Rights. As a responsible company, we try to influence our suppliers and customers to comply with these principles as well.
2-24	Embedding policy commitments	4.3.1 Ethics
2-25	Processes to remediate negative impacts	4.2.3. Health and Safety 4.3.1 Ethics 4.3.2. Risk Management & Internal Controls We are aware that is our responsibility to manage the organization in a way that has low impact in the environment and society. We recognize we need to strengthen our relations with our stakeholders and shareholders in order to decrease our CO2 emissions and have different solutions in terms of sustainability. For that we have meetings with suppliers in which we try to look for options with less impact, we do satisfaction surveys to our clients and employees, self-assessments with environmental and sustainability questions to our stakeholders and we have an internet channel that allows all the interested parties to report any situation that is not normal for them. This Whistleblower Reporting Channel is accessible to all people, natural or legal who may be affected by our activity, or who wish to complain, report, clarify or expose any situation, particularly related to human and labor rights.
2-26	Mechanisms for seeking advice and raising concerns	4.3.1 Ethics

5

5.3 GRI Table

GRI Standard	Disclosure	Location/Omission
2-27	Compliance with laws and regulations	Our company is certified by ISO 14001 and ISO 45001 – hence, we do regular risk assessments and legal compliance assessments. We also have a Lawyer and an external company that identify all the mandatory requirements. Internally, the Safety and Environmental Department evaluates if we are complying with the requirements. If, for some reason, there is a situation of non-compliance, actions are established in our APM (Action Plan management). During the reporting period, there were no significant cases of significant instances or fines of non-compliance with laws and regulations. Once a significant case occurs, the company assesses its likelihood and severity. If probability or severity is remote, the case is only monitored. If probability is highly likely, disclosure is considered. Finally, if probability and severity is probable and measurable, it is accounted for.
2-28	Membership associations	2.1 Our Organization Profile
2-1	Organizational details	About the Report
2-2	Entities included in the organization's sustainability reporting	About the Report
2-3	Reporting period, frequency and contact point	About the Report
5. Stakeholder engagement		
2-29	Approach to stakeholder engagement	2.1. Our Organization Profile
2-30	Collective bargaining agreements	All our employment contracts are governed by the Collective Labor Agreements applicable to the Textile Sector and, in particular, to our branch of activity and by the General Labor Law. Nonetheless, our employees are not directly covered by any collective bargaining agreement.
GRI 3 Material topics		
3-1	Process to determine material topics	3.2.1 Materiality Approach 5.1 Table of Material Topics

5

5.3 GRI Table

GRI Standard	Disclosure	Location/Omission
3-2	List of material topics	3.2.2 Borgstena's Material Topics 5.1 Table of Material Topics
Material Topics		
Labor management & development		
3-3	Management of material topics	4.2.1 Labor Management & Development
401-1	New employee hires and employee turnover	4.2.1 Labor Management & Development 5.2. ESG Information
404-1	Average hours of training per year per employee	5.2. ESG Information
404-2	Programs for upgrading employee skills and transition assistance programs	4.2.1 Labor Management & Development
Water		
3-3	Management of material topics	4.1.2. Water
303-1	Interactions with water as a shared resource	4.1.2. Water
303-3	Water withdrawal	4.1.2. Water 5.2. ESG Information
303-4	Water discharge	4.1.2. Water 5.2. ESG Information
303-5	Water consumption	4.1.2. Water 5.2. ESG Information

5

5.3 GRI Table

GRI Standard	Disclosure	Location/Omission
Resource use & Circular economy		
3-3	Management of material topics	4.1.3. Resource Efficiency & Circular economy
301-1	Materials used by weight or volume	4.1.3. Resource Efficiency & Circular economy 5.2. ESG Information
301-2	Recycled input materials used	4.1.3. Resource Efficiency & Circular economy 5.2. ESG Information
306-3	Waste generated	4.1.3. Resource Efficiency & Circular economy 5.2. ESG Information
306-4	Waste diverted from disposal	4.1.3. Resource Efficiency & Circular economy 5.2. ESG Information
306-5	Waste directed to disposal	4.1.3. Resource Efficiency & Circular economy 5.2. ESG Information
Climate Change (Mitigation & Adaptation)		
3-3	Management of material topics	4.1.1 Climate Change (Mitigation & Adaptation)
302-1	Energy consumption within the organization	4.1.1 Climate Change (Mitigation & Adaptation) 5.2. ESG Information
305-1	Direct (Scope 1) GHG emissions	4.1.1 Climate Change (Mitigation & Adaptation) 5.2. ESG Information
305-2	Energy indirect (Scope 2) GHG emissions	4.1.1 Climate Change (Mitigation & Adaptation) 5.2. ESG Information

5

5.3 GRI Table

GRI Standard	Disclosure	Location/Omission
305-3	Other indirect (Scope 3) GHG emissions	4.1.1 Climate Change (Mitigation & Adaptation) 5.2. ESG Information
305-4	GHG emissions intensity	4.1.1 Climate Change (Mitigation & Adaptation)
Procurement practices		
3-3	Management of material topics	4.3.3 Procurement Practices
204-1	Proportion of spending on local suppliers	4.3.3 Procurement Practices 5.2. ESG Information
308-1	New suppliers that were screened using environmental criteria	4.3.3 Procurement Practices 5.2. ESG Information
414-1	New suppliers that were screened using social criteria	4.3.3 Procurement Practices 5.2. ESG Information
Ethics		
3-3	Management of material topics	4.3.1 Ethics
205-1	Operations assessed for risks related to corruption	
205-2	Communication and training about anti-corruption policies and procedures	
205-3	Confirmed incidents of corruption and actions taken	There were no incidents of corruption in the reported year.
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No legal actions regarding anti-competitive behavior, anti-trust, and monopoly practices are currently pending or were completed during 2022.

5 5.3 GRI Table

GRI Standard	Disclosure	Location/Omission
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.3.1 Ethics
Diversity & inclusiveness		
3-3	Material Topics 2021	4.2.2 Diversity & Inclusiveness
405-1	Diversity of governance bodies and employees	2.3. Our Governance 4.2.2 Diversity & Inclusiveness 5.2. ESG Information
405-2	Ratio of basic salary and remuneration of women and men	5.2. ESG Information
406-1	Incidents of discrimination and corrective actions taken	In the year 2022 we have no record of any cases of discrimination.
Community involvement		
3-3	Management of material topics	4.2.4 Community Involvement
413-1	Operations with local community engagement, impact assessments, and development programs	4.2.4 Community Involvement
Health & Safety		
3-3	Management of material topics	4.2.3 Health & Safety
403-1	Occupational health and safety management system	4.2.3 Health & Safety
403-2	Hazard identification, risk assessment, and incident investigation	4.2.3 Health & Safety

5

5.3 GRI Table

GRI Standard	Disclosure	Location/Omission
403-9	Work-related injuries	4.2.3 Health & Safety 5.2. ESG Information
403-10	Work-related ill health	There were no cases of occupational diseases in the reporting period.
Risk management & internal controls		
3-3	Management of material topics	4.3.2 Risk Management & Internal Controls
Economic Performance		
Risk management & internal controls		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.2. ESG Information
202-2	Proportion of senior management hired from the local community	5.2. ESG Information
Environmental Performance		
GRI 302: Energy 2016		
302-3	Energy intensity	4.1.1 Climate Change (Mitigation & Adaptation)
GRI 303: Water and Effluents 2018		
303-2	Management of water discharge-related impacts	4.1.2. Water

5

5.3 GRI Table

GRI Standard	Disclosure	Location/Omission
GRI 304: Biodiversity 2016		
304-2	Significant impacts of activities, products, and services on biodiversity	We have not mapped yet the impacts of our activities and products on biodiversity.
GRI 305: Emissions 2016		
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	5.2. ESG Information
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	4.1.3. Resource Efficiency & Circular economy
306-2	Management of significant waste-related impacts	4.1.3. Resource Efficiency & Circular economy
Social Performance		
GRI 401: Employment 2016		
401-2	Benefits provided to fulltime employees that are not provided to temporary or parttime employees	4.2.1 Labor Management & Development
GRI 403: Occupational Health and Safety 2018		
403-3	Occupational health services	4.2.3 Health & Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	4.2.3 Health & Safety
403-5	Worker training on occupational health and safety	4.2.3 Health & Safety

5

5.3 GRI Table

GRI Standard	Disclosure	Location/Omission
403-6	Promotion of worker health	4.2.1 Labor Management & Development 4.2.3 Health & Safety
403-8	Workers covered by an occupational health and safety management system	4.2.3 Health & Safety
GRI 403: Occupational Health and Safety 2018		
404-3	Percentage of employees receiving regular performance and career development reviews	4.2.1 Labor Management & Development 5.2. ESG Information
GRI 416: Customer Health and Safety 2016		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There were no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period.

5

5.4 Methodological Notes

Gri 2 mandatory indicators

GRI 2-7 Employees, 2-8 Workers who are not employees

To consolidate this indicator in accordance with the requirements of the GRI Standards, we considered the region at the country level and the headcount considered was the number of employees at the end of the reporting period.

Gri 200 economic indicators

GRI 202-1 Ratios of standard entry level wage by gender compared to local minimum wage, with gender breakdown

The national minimum wage considered was the value for 2022, namely €705.00. All of our facilities in Portugal were considered as 'significant location of operation'.

GRI 202-2 Proportion of senior management hired from the local community

The geographical definition of 'local' assumed was the district of Viseu and all of Borsgtena's facilities in Portugal (Nelas) were considered as 'significant location of operation'.

It was considered as 'senior managers' all employees of the Area/ Department Director professional category and all 2nd line directors responsible for technical areas (included in the professional category Technical - Administrative Area, IT, Quality, Design, and Development).

GRI 204-1 Proportion of spending on local suppliers

To calculate this indicator, we considered suppliers based in Portugal as local suppliers. All of our facilities in Portugal (Nelas) were considered as 'significant location of operation'.

Gri 300 environmental indicators

GRI 301-1 Materials used by weight or volume, 301-2 Recycled input materials used

For this first year of reporting, we have screened all materials and selected the materials most relevant in our production process to report. We intend to report all the information on all materials used in our activity in future reports.

The total quantity of material consumed was calculated based on the quantities purchased for each material. With the exception of yarn which is recorded in kilograms, many other materials we need in our production process are sold and accounted by piece - we are in the process of

5 5.4 Methodological Notes

gathering all the information we have in pieces and transforming it into kilograms. In 2022, to calculate total quantity of material consumed in weight, we have made specific assumptions:

- Foam: We considered the density and dimension of each material to convert it into kilograms;
- Others: We either used suppliers' data or made estimates by weighting one piece and extrapolating it to the rest of the pieces. These materials include: metals, paper, plastic, and others.

GRI 302-1 Energy consumption within the organization

We have used the following conversion factors to calculate energy on fuels in GJ:

Fuel type	Density	Lower Heating Value	Source
Diesel	840 kg/m³	42,70 GJ/t	NIR 2022; Table 3-51: Fuel specifications.
Petrol	750 kg/m³	43,77 GJ/t	NIR 2022; Table 3-51: Fuel specifications.
LPG	520 kg/m³	46,56 GJ/t	NIR 2022; Table 3-51: Fuel specifications.
Natural Gas	-	38,16 GJ/t	NIR 2022: Table 3-9: LHV per fuel type

To convert electricity consumed in kWh to GJ, we have considered the conversion factor of 0.0036 GJ/kWh.

GRI 302-3 Energy intensity

The energy intensity was obtained through the quotient between energy consumption, which included all energy sources determined in the GRI 302-1 indicator, and the turnover of 2022, equivalent to 72 199 k€.

5

5.4 Methodological Notes

GRI 303-3 Water withdrawal, 303-4 Water discharge, 303-5 Water consumption

We have used the World Resources Institute 'Aqueduct Water Risk Atlas' to assess areas with water stress, considering water stress in an area in which the ratio of total annual water withdrawal to total available annual renewable water supply is high (40-80%) or extremely high (>80%).

GRI 305-1 Direct (Scope 1) GHG emissions

The following emission factors and activity data were considered to account for direct emission sources (scope 1):

Emission source	Activity Data	Emission factor 2022	Emission factor Source
Fuel consumption in Borgstena's own fleet	Diesel consumption in passenger cars [GJ]	75,30 (kgCO2eq/GJ)	NIR 2022, Tab. B-3, passanger car, medium, Euro 6 d-temp
	Petrol consumption in passenger cars [GJ]	72,67 (kgCO2eq/GJ)	NIR 2022, Tab. B-3, passanger car, medium, Euro 6 d-temp
Fuel consumption production equipment	Natural gas (GJ)	56,69 (kgCO2eq/GJ)	NIR 2022, Tab. 3-27, Default emission factors of Greenhouse gases for combustion equipments in Manufacturing Industry
	Propane gas (GJ)	64.19 (kgCO2eq/GJ)	NIR 2022, Tab. 3-27, Default emission factors of Greenhouse gases for combustion equipments in Manufacturing Industry
Fuel consumption in the emergency equipment	Diesel consumption in electric generators [GJ]	74.34 (kgCO2eq/GJ)	NIR 2022, Tab. 3-27, Default emission factors of Greenhouse gases for combustion equipments in Manufacturing Industry
Fluorinated gas leaks in Borgstena air conditioning equipment	R410A refills [kg]	1924 ($kgCO_2eq/kg$)	IPCC Fifth Assessment Report, 2014
	R-32 (kg)	677($kgCO_2eq/kg$)	IPCC Fifth Assessment Report, 2014
Air emissions	Extraction emissions	<0.2<4 ($kgCO_2eq/kg$)	Emissions from the air quality reports

5 5.4 Methodological Notes

GRI 305-2 Energy indirect (Scope 2) GHG emissions

For the calculation of indirect electricity emissions (scope 2), the following emission factors and activity data were considered:

Emission source	Activity Data	Emission factor 2022	Emission factor Source
Electricity purchased or purchased from the national grid [Location-based method]	Electricity consumption [kWh]]	0,36367 ($kgCO_2eq/kWh$)	Association of Issuing Bodies (AIB), European Residual Mixes 2022
Electricity purchased or purchased from our energy supplier [Market-based method]	Electricity consumption [kWh] from EDP comercial	0,00 ($kgCO_2eq/kWh$)	Green contract

Emissions associated with electricity production (scope 2) took into account electricity consumption considered in disclosure 302-1 and consumption information provided by the supplier.
For the values of the location-based method, it was considered the electricity purchased through the national grid. For the values of the market-based method, it was considered the energy mix relative to the electricity purchased from our energy supplier.

GRI 305-4 GHG emissions intensity

Emissions intensity was obtained through the ratio of GHG emissions, including scope 1 and scope 2, and the turnover of 2022, equivalent to 72 199 k€.

GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions

According to our monitorization plan, we only need to monitor these emissions once every 3 or 5 years according to the national legislation, because our values are too low. The values are resultant of the sum of the respective pollutants in the different emissions sources from the air emissions quantitative characterization that took place in 2022, taking the hours that they work into account.
For the CO values, we only identified the values for one source, since for the other sources the values were below the detection limit. In the case of NOX values, in 2022 no sources of emission of this pollutant were monitored, since, for this year, there was no obligation to measure this pollutant.

5

5.4 Methodological Notes

Gri 400 social indicators

GRI 401-1 New employee hires and employee turnover

The formulas used to calculate turnover rates and new hires were as follows:

- New hire rate = (Number of new hires / Total number of employees at the end of the reporting period) x 100
- Turnover Rate = (Number of leaves during the reporting period / Total number of employees at the end of the reporting period) x 100

GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

All our facilities in Portugal (Nelas) were considered as 'significant location of operation'.

GRI 403-9 Work-related injuries

The formula used to calculate the occupational accident index was as follows:

- Occupational Accident Rate = (Number of accidents at work / Total number of worked hours) x 1,000,000

We considered as high consequence accidents all work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months, according to GRI Standards.

GRI 404-1 Average hours of training per year per employee

The formulas used to calculate the average hours of training were as follows:

- Average annual training hours = Total annual training hours / Total number of employees in the company

- Average hours of training by employee category/gender = Total hours of training by employee category and/or gender / Total number of employees by employee category and/or gender.

GRI 405-2 Ratio of basic salary and remuneration of women to men

All our facilities in Portugal (Nelas) were considered as 'significant location of operation'.

5

5.5 List of Acronyms & Abbreviations

AEP	Associação Empresarial de Portugal	**IATF**	International Automotive Task Force
AFIA	Portuguese Manufacturers Association for the Automotive Industry	**IT**	Information Technologies
AIRV	Associação Empresarial da Região de Viseu	**KPI**	Key Performance Indicator
BCSD	Business Council for Sustainable Development	**MSCI**	Morgan Stanley Capital International
CapEx	Capital expenditure	**NOx**	Nitrogen oxides
CEO	Chief Executive Officer	**OEE**	Overall Equipment Effectiveness
CFO	Chief Financial Officer	**OEM**	Original Equipment Manufacturer
CO_2eq	Carbon dioxide equivalent	**OEKO-TEX**	International Association for Research and Testing in the Field of Textile and Leather Ecology
COO	Chief Operating Officer	**OTD**	On Time Delivery
CSRD	Corporate Social Reporting Directive	**PES**	Polyester
DA&S	Occupational Health Service of Borgstena Textile Portugal	**RISE**	Research Institute of Sweden
EHS	Environment, Health, and Safety	**SASB**	Sustainability Accounting Standards Board
ESG	Environmental, Social, and Governance	**SDGs**	Sustainable Development Goals
WWTP	Wastewater Treatment Plant	**SOx**	Sulphur oxides
EU	European Union	**S&P**	Standard & Poor
EVs	Electric vehicles	**TISAX**	Trusted Information Security Assessment Exchange
GFM	Group Financial Manager	**UN**	United Nations
GHG	Greenhouse gases	**ZDHC**	Zero Discharge of Hazardous Chemicals
GRI	Global Reporting Initiative		

BORGSTENA®

Threading to
the new mobility

Dual Borgstena Textile Portugal
Unipessoal, Lda.

EN 234 - km 87,7 (Chão do Pisco)
Apartado 35
3521-909 Nelas - Portugal

Phone: +351 232 427 660
Email: info@borgstena.com

Consultancy:

Design:
Flúor Studio Design Advisors

Dual Borgstena Textile Portugal
Sustainability Report 2022 is available at:
borgstena.com

A COMPANY OF DUAL GROUP