Sustainability ***Report*** 2022

Moved by performance

texneo

Summary

4

INTRODUCTION

Message from the CEO

About Texneo

Certifications

About the report

14

GOVERNANCE

Governance structure

Innovation

CNPq Project

Connection to the Ecosystem

30

ENVIRONMENTAL

Sustainable practices

Use of sustainable raw materials

Water resources

Waste management

Management of hazardous chemical inputs

Energy efficiency

CO_2e emissions

40

SOCIAL

Our Team

Diversity and inclusion policy

Accessibility

Education and development

Health and well-being

Private social investment

Donations

Promotion of sport and culture

Institutional support

58

ANNEXES

INTRODUCTION

CHAPTER 1

Message *from the President*

GRI 2-22

> "Good practices, based on ethics, respect, innovation, meritocracy and sustainable development are seeds that we are planting today and cultivating with great dedication for them to grow with strong roots and many fruits in the future."

Challenges bring opportunities. We knew that 2022 would be a year of overcoming, as the entire process of leaving a pandemic would have consequences for the market, such as credit shortages, shortening of production chains, reflections on the cost of raw materials, added to inflation. But 2022, a year of majority elections in Brazil – which in itself is the reason for a series of economic and political uncertainties - still brought the war in Ukraine as a world complicating factor in the general set of this scenario, with direct reflections on our production chain and on the conditions of the economy.

For more than five years, Texneo has been adapting itself to act more and more inserted in the sustainable precepts and this adequacy demands an important factor: commitment. Over these years, we have built the foundations of governance, social and environmental management of our company so that they resist the most severe challenges and continue to guide our actions. This is what happened in 2022, even in the face of this very challenging scenario.

For this, our focus has always been on people. We understand that the

practice ESG has to be part of the company's culture, but the agents of transformationX of this culture are the peoplewho work at Texto. In 2022, our team of collaborators – both those who composed the ESG Committee and the others – were fundamental parts in the execution and solidification of the established projects.

This year, some new projects have been implemented, others have moved on. Some goals have been exceeded, others are being revised in their processes so that improvements can be added in the next cycle.

We know that we are still at the beginning of this journey and that there is a long way to go. We also know that the fruits of this work will not be harvested today, but in the near future.

The most important thing is to know that the change we want – in our sector, in the production chains in which we operate, in our suppliers, our partners, clients, and markets in general – is born in us, in our company and in our team. Good practices, based on ethethics, respect, innovation, meritocracy and sustainable development are seeds that we are planting today and cultivate with great dedication so that they grow with strong roots and many fruits in the future.

Ricardo Axt,
CEO Texneo

About ***Texneo***

GRI 2-1; 2-2; 2-6

Headquartered in Indaial (SC), we position ourselves as "more than a textile business industry". For 29 years in the market, we have provided efficient and innovative solutions in knitwear and fabrics, focusing on quality and connected to innovations aimed at the Sportswear, Beachwear, Underwear and Lifewear segments.

Innovation, avant-garde and transparency are present in our way of acting, both for the internal and external market. We follow the world trends in colors, design and textures in the creation of each collection, developed with the most modern and efficient in the textile market.

With strong performance in the sports segment, we seek to combine intelligent technology with maximum comfort, resulting in technological products, high performance, at the same time light and stylish.

PURPOSE

To empower people and organizations to transform their reality and realize dreams.

MISSION

To foster the ecosystem of the dressing industry generating results with sustainability.

VISION

To be the most used solution platform for professionals in the dressing industry in South America.

VALUES

- To put the client at the center of everything
- Innovate in the present to build the future Always
- Act with respect and ethics
- To have teams with a sense of ownership and sparkle in their eyes
- To guide our actions with environmental, social and economic responsibility

INDUSTRIAL PARK

29 thousand
Meters²

DIRECT JOBS

467
Employees

EXPORTS

17
Countries

Certifications

We have the Great Place to Work Certification, indicating that the company is an excellent place to work. GPTW is a global consultancy that supports organizations to achieve better results through a culture of trust, high performance and innovation. The grade that certifies the best companies to work for is **above 70% satisfaction and employees rated us at 85%.**

OURO

We have been certified since 2017 and, in 2022, we again obtained the Gold Seal. The ABVTEX Program is a sectoral effort led by fashion retail in consolidating good practices in the supply chain for a sustainable environment and compliance with decent working conditions. By 2022, the ABVTEX Program presented 3,888 approved suppliers, which represents benefits generated more than 60% of the 540,000 workers who work today in the clothing manufacturing industry.

7892CIT CITEVE

We are certified by Standard 100 by Oeko-tex®, which is an independent international certification and testing system for raw materials, intermediate and final textile products at all stages of the process, as well as accessories used. This certification guarantees that Texneo knits are not toxic when in direct contact with the human body.

ZDHC Roadmap to Zero (Zero Discharge of Hazardous Chemicals) - The production of textile items is global, as well as the environmental impacts caused by it, and therefore, the company's commitment is to completely eliminate the disposal of hazardous chemicals in the environment.

About the ***report***

GRI 2-3; 2-14; 2-17; 2-29; 3-1; 3-2

This report is our main tool for reporting environmental, social and governance indicators. It covers the period from January 1, 2022 to December 31, 2022, and material facts after this period, and until the approval of the report, were also included.

This document, prepared with the contribution of an ESG Committee (Environmental, Social and Go-vernance) formed by more than 10 people, aims to transparently present the actions carried out throughout 2022, our performance in projects aimed at social, environmental and governance, in addition to the impact of these initiatives.

ESG practices are part of our long-term strategy and pervade the entire company, supported by management's vision for the future. Therefore, we structured the ESG Committee to coordinate and engage the team of collaborators in this context, based on the guidelines and the input of senior management.

The report presents how this work reached, in addition to employees, customers, suppliers, partners, investors, communities and other stakeholders. From the established goals, it brings the positive points achieved in 2022 and the points to be observed next year, seeking the continuous improvement of the company and our value chain.

This is our second annual report and the 1st inspired by the GRI (Global Reporting Initiative) standards, the main reporting framework, adopted by organizations around the world. The standard facilitates the monitoring of the management of material themes over the years, ensuring comparability to data. Therefore, on the following pages, you will see a reference to the GRI items already met. For the coming years, we aim to increasingly work to monitor global ESG best practices, as well as report them in GRI Standards format.

Information, questions or comments about this report can be forwarded to the following contacts:

E-mail:
francis@texneo.com

Telefone:
+55 47 3036-6211

MATERIAL THEMES

Material themes are those that reflect the significant economic, environmental, social, and governance impacts of an organization or that substantially influence stakeholder assessments and decisions. In 2022, we conducted the definition of our first materiality. With the support of a specialized consultancy, an analysis of sectoral references, sustainability, and benchmarks was made, as well as consultations and interviews in order to identify the main impacts on economic, environmental and social issues. The materiality matrix is part of the process of building our ESG Strategy, which began in December 2022 and is expected to be completed in the 2nd half of 2023. Although not finalized, we chose to share the results, even if partial, as a way of transparency and commitment to the continuous journey of sustainability.

WITH MULTIPLE HANDS

The materiality study involved listening to the main stakeholders, with the participation of 91 people. In total, nine interviews were conducted: president, an advisor, a representative, three clients, a supplier, a bank, and an association. An online questionnaire was also made available with:

66%
Valid answers

Públicos prioritários:
Clients
Employees
Suppliers
Financial Institution
Representatives
Associations
Project and research partners

At the end of the process, the identified themes were validated with special lists and with the ESG Committee. The prioritization was carried out through a tool developed by Konexio Consulting, in line with the requirements of the GRI 2021 Standard, to define materiality.

The result listed 10 material themes, which can be related to the Sustainable Development Goals (SDGs):

Result of the Materiality matrix

- 1 Attracting, Development, and Retaining Talent
- 11 Economic and financial management
- 13 Governance, Transparency, and Integrity
- 14 Innovation
- 16 More sustainable products

- 7 Supplier Management - Environmental aspects
- 9 Waste and tailings management
- 17 Water resources

- 3 Local Communities
- 10 Risk Management
- 12 Energy Management

- 2 Biodiversity
- 4 Human Rights
- 5 Diversity, Equity, and Inclusion
- 6 Climate Strategy
- 8 Supplier Management Social aspects
- 15 Privacy and Information Security
- 18 Occupational health and safety

Prioritized Material Themes

Social
Attracting, Development, and Retaining Talent
Local Communities

Environmental
Waste and tailings management Supplier management
Environmental Aspects

Economic
Innovation
More Sustainable Products
Governance, Transparency and Integrity
Economic and financial management

OBJETIVOS DE DESENVOLVIMENTO SUSTENTÁVEL
17 OBJETIVOS PARA TRANSFORMAR O NOSSO MUNDO

MATERIAL ASPECTS	SDG
Attracting, Development, and Retaining Talent	4, 5, 8, 10
Local Communities	17, 8
Economic and financial management	8
Energy management	7, 13
Supplier Management - socioenvironmental risks	8, 9, 10, 12, 13
Waste and tailings management	12
Risk management	8, 9, 16
Governance, Transparency, and Integrity	12, 16
Innovation /More Sustainable Products	8, 9, 12
Water resources	6, 12

CHAPTER 2

GOVERNANCE CORPORATE

Governance structure

GRI 2-9; 2-10; 2-11; 2-23; 2-24; 2-25; 2-26; 2-27; 2-28

Texneo is a privately-held corporation governed by its Bylaws and applicable legal provisions. The share capital is formed exclusively by common shares, and each share gives its holder one vote in the resolutions of the Meeting.

The Corporate Governance structure is implemented as follows:

- Family Council
- Advisory Board
- Shareholders' Meeting
- Executive Board
- Strategic and operational management

The general objectives of the Advisory Board shall be:

≫ Pursue Texneo's sustainable development, preserving and optimizing the company's value;

≫ Act strategically, attentive to opportunities, considering risks, preventing and managing any crises;

≫ Support the continuous strengthening of organizational skills to face challenges and adapt to external changes, as well as foster the technological development and innovative processes, aiming at good practices and competitiveness;

≫ Establish the communication strategy-with the market to increase the organization's value perception.

The Advisory Board had four meetings in 2022, three face-to-face and one remote, in which the main topics discussed were:

≫ Maturity in Body Governance-reactive with enhancement of instruments, methods and constitution of committees;

≫ Strategic Positioning – Review complete ideology, encompassing mission, vision and values, aiming to reflect its continuous evolution and adaptation to the transformations of the business environment;

≫ Strategy - Establishment of strategic objectives, with a five-year line of sight and design of a growth thesis that details the strategies to boost the sustainable growth of the organization;

≫ Risk Management - Directing the development of this process, recognizing its importance to ensure sustainability and business success;

≫ People - Talent management and li- trends, attraction and retention of professionals, succession planning of key executives, evaluation of the organizational climate, employee engagement and implementation of strategies to promote a healthy work environment;

≫ ESG - Integration of environmental criteria such, social and governance in the decision-making processes of the organization.

The following are members of this Board:

Independents:

Sandro Magaldi (2nd year)
Sérgio Simões (1st year)

Partners:

Ricardo Axt (chairman of the board)
Fabrício Axt

Executive Board:

Anna Paula Tarnovski Figueredo Molin
Carla Cassiana Brandão Schork
Eduardo Luiz Schwarz
Juan David Gómez Valencia

People:

Janaina Schaefer

Secretariat:

Michelli Resendes

Our Corporate Governance Program meets the duties and responsibilities outlined in the S/A Law, we adopt Institutional Policies that regulate relevant aspects such as risk management, internal controls, the implementation of good governance and information security practices based on the Brazilian General Data Protection Law (LGPD), in addition to the Code of Ethics and Conduct.

Annually , we fill out the IBGC's self-assessment instrument for governance practices for privately held companies, which aims to encourage companies to constantly reflect on their stage of maturity in this topic.

In the first year of participation (2021) we were classified in the Initial stage, a fundamental starting point to boost the commitment to governance excellence.

In 2022, we were framed in the Basic stage. This evolution reflects the ongoing commitment to sound and transparent corporate governance.

This was due to the expansion of independent directors, executive succession process, constitution of committees, review of policies and processes, training, transparent communication and promotion of a culture of responsibility, ethics and accountability at all levels of the organization.

The commitment to achieve high standards of governance remains, with the objective of, by 2024, advancing to the Solid stage and, with the constitution of the Board of Directors, reaching the Advanced stage in Corporate Governance.

AUDITING

Ernst & Young (EY) assessed the risks of significant misstatement in our financial statements and concluded, after carrying out an audit process, without reservations, that they adequately presented, in all material respects, the equity and financial position at the end of 2022, as well as the performance of their operations and their respective cash flows for the year, in accordance with accounting practices adopted in Brazil.

In addition, as in all other years, EY sent a List of Recommendations that are being treated by the various areas of the company in search of optimizations in procedures and internal controls.

CORPORATE GOVERNANCE COMMITTEES

In 2022, three committees were constituted and structured:

Risk and Audit Committee

Objective:

Monitor the effectiveness of internal controls and protection policies and procedures in relation to fraud, conflicts of interest and other misconduct.

Primarily, it monitors the execution of the work related to the Independent Audit (focus on the financial statements - DFs) and its consequences in the Recommendations Report, which requires individual actions from the various areas of the company.

It must also accompany the mapping and risk mitigation work.

Responsibilities:

- Evaluate the hiring of the Independent Audit;
- Acompanhar os trabalhos da Auditoria Independente;
- Monitor the unfolding of the work resulting from the Audit Independent (e.g. structuring of action plans according to the Recommendation Report);
- Monitor the developments of the work of the Risk Committee;
- Monitor reports of fraud and misconduct;
- Monitor situations in which there may be conflicts of interest;
- Monitor the updating and adequacy of internal policies, regulations and procedures, as well as their compliance;
- Monitor the matters brought to the Ombudsman, Ethics Committee and Conduct, as well as other issues of relevance brought by other channels and that are related to internal control procedures.

Growth and Strategy Com

Objective:

Define and implement strategies
the company in the long term, to e
adapting and evolving to meet the
petitive, seeking to anticipate the
trends and guide its efforts to mea
ze value for shareholders and boa

Responsibilities:

- Market and sector analysis;
- The identification of opportun
- Development of action plans t
- Allocation of financial and hum
- Evaluation of the company's p
and objectives in the long run.

mittee

to boost the growth and success of
ensure that the organization is always
e needs of the market and remain com-
changes of scenario and technological
et the needs of customers and maximi-
ard of directors.

nities for growth and expansion;

to achieve these objectives;

nan resources to strategic projects

performance and the definition of goals

People Committee

Objective:

Align long-term business strategies with the management of employees, in the most important issues to achieve the projects. Be aware of business movements that impact people, in order to propose initiatives that will ensure culture, talent management and succession.

Responsibilities:

- Study the demand that comes from the board of directors – strategic plans;
- Ensure a strengthened organizational culture oriented towards ideology and results;
- Ensure initiatives that support the development and performance of leadership lapse;
- Ensure performance and effectiveness in the succession plan;
- Ensure talent management with regard to attracting, retaining, performing and recognizing.

ETHICS AND TRANSPARENCY

We have an internal ombudsman channel through which the employee can share their complaints, complaints and concerns regarding the conduct of the organization with guaranteed anonymity throughout the process, from the opening to the treatment of the issue. Communication is carried out through voting machines located in private areas within the company or through e-mail:

etica@texneo.com

The tool is administered by an internal committee and reports can be made 24 hours a day, seven days a week.

COMPLIANCE WITH LAWS AND REGULATIONS

In 2022, no significant cases of non-compliance with laws and regulations applicable to the company were identified, both in monetary terms and in relation to other aspects related to image and reputation.

PARTICIPATION IN ASSOCIATIONS

Associação Brasileira da Indústria Têxtil e de Confecção (Abit)

Associação Empresarial de Indaial (ACIDI)

Sindicato das Indústrias de Fiação, Tecelagem e do Vestuário de Blumenau (SINTEX)

Federação das Indústrias do Estado de Santa Catarina (FIESC)

CRG - GLOBAL RESULT CONTRACT

Program whose main objective is to recognize and value individual and collective efforts, strengthen our cultural values and retain essential skills for the success of the organization. Through this program, we seek to stimulate the performance of excellence, ensure the quality of service in all areas and promote the reduction of costs and expenses, positively impacting our entire value chain.

RECORD

The variable compensation program has been applied since 2014 **and was expanded in 2021 for all employees.**

STRATEGY MAP

The Strategic Map is the compass that guides our results contract with employees, providing fundamen
integrated vision, this map directs us in the search for significant results and aligned with our organiza

ntal objectives and indicators in all strategic perspectives With a comprehensive and
tional goals, stimulating growth and continuous success.

Innovation

We are a company of projects made by people. Therefore, innovation is for us as a driver, both of professional and personal motivation of the entire team as well as improvements in industrial processes and products that will reflect on environmental impact and also on business competitiveness.

As part of the organizational culture and fundamental part of our strategy, the promotion of innovation is part of the goals of sustainable development of the business as a whole. In this sense, **Inova Texneo**, a program built in 2021 and launched in 2022, aims to foster innovation among collaborators, encouraging everyone who presents their ideas, from the simplest to the most elaborate. The result was the presentation of more than 80 ideas, most of them focused on improvements in efficiency, time and day-to-day operation, which turned into projects.

But it is not enough to create culture, it is also necessary to create criteria and tools for evaluating innovation projects. Therefore, the **Innovation Indicator** was included, in 2022, in the Global Results Contract, so that we can monitor and engage people, on Innovative

initiatives. This methodology ranges from short-term actions to an innovative project that tests new business models. In order to consolidate the initiatives, it creates criteria to score the characteristics of the project. For example, compliance with schedule and financing by tax incentive laws, such as the Good Law.

With the Innovation Indicator, we found that, in the previous year, considering the registered projects, we obtained 171 points. At the end of 2022, it was possible to reach a score of 221 points, an increase of 29%. The analysis of the comparison of the year pointed to greater compliance with the schedule and also a greater number of small projects.

For 2023, it remains one of the strategic focuses, with an adjustment to benefit more the projects that reach the conclusion stage, to the detriment of the opening of This point has been raised- This point was raised when evaluating that one of the priorities is to move forward with what is already done, avoiding many new projects that do not advance by dispersion of focus.

Other significant changes in management processes related to innovation were made in 2022. **The Project Office**, created in 2021 with the objective of establishing a project management culture focused on results, received a more specific focus, with the openness of several fronts related to what we call the **Customer Journey**, identifying opportunities for internal improvements in various areas.

Another great advance in governance applied to innovation is in the large volume of projects conducted in **Lean Manufacturing**, one of the most widespread management philosophies in the world and which has among its basic

premises the focus on the customer and the search for continuous improvement. In 2022, the objective was to reinforce the lean concepts in the company and, for this, the Continuous Improvement sector, through the **Tex+** program, assumed the strategy giving new directions to the projects combined with this philosophy. Last year also saw the **relaunch of 5S Texneo**, the base program for the implementation of Lean culture.

The GMC **Program (Continuous Improvement Group)**, which aims to promote and encourage the innovation movement, empowering collaborators to develop impact projects autonomously, became multidisciplinary in 2022. There were 12 groups of collaborators led by volunteers, responsible for proposing and developing improvements and solutions to problems or inefficiencies found in our company, based on a structured method, directing initiatives to topics such as: Quality, Productivity, Sustainability, Safety, and Client Journey. Just as 5S was restructured and relaunched in 2022, the GMC program will go through the same process in 2023, aiming to further expand the program's results.

CNPq Project

In 2021, we were approved for a partnership with CNPq and universities, through the call for proposals for the Human Resources Training Program in Strategic Areas (RHAE), aimed at the insertion of masters and teachers in the private sector. The project aims at a scientific study of some parameters of our production process, raw material and products, increasing reproduction rates and enhancing production, in addition to seeking to reduce environmental impact.

In 2022, we aimed to establish the research team and the test schedule, based on theoretical and

Connection to the Ecosystem

data foundation. The project has a post-doctorate in chemistry, a master in chemical engineering and a textile engineer, in order to address, scientifically, the company's processes. The completion date is scheduled for May 2024.

We have a close look at the new business fronts and, in this way, we invest in initiatives related to digital transformation new partners and expand business prospects. In 2022, we held two Open Innovationmeetings. The first, related to a demand forecasting need, resulted in an important connection with the data startup to develop a specific project. The second was related to the connection with the Federal University of Santa Catarina, with several challenges of an industrial nature, which made it possible to bring the industry closer together.

Another front focused on this connection is our participation in the **Blumenau Innovation Center (CIB)**, a hub of innovation, in which we participate in events, with access to methods and new knowledge. In 2022, we were sponsors of the Ha- ckathon Innovation Trail.

In 2022, the Movimento Conecta AMVE, coordinated by CIB, carried out the appointment of innovation ambassadors in the municipality of Indaial (SC). These ambassadors represent four fronts: Private Initiative, Public, Academic and Community. We were invited to have two innovation ambassadors, as representatives of the private initiative. The formed group will work to foster innovation in the municipality, creating connections with the support networks for CIB initiatives.

ENVIRONMENTAL

CHAPTER 3

Sustainable practices

To reaffirm our commitment to establishing a more sustainable industrial operation and leaving a positive legacy, **TexneoGreen** was born, a platform that brings together a series of sustainable practices aimed at the best initiatives in the manufacturing chain, launched in the second half of 2021. The challenges include the constant search for the use of more sustainable raw materials, textile waste management, adoption of efficient production processes with savings in energy and water consumption, as well as safe working conditions.

Use of sustainable raw materials

Clean process

Under the TexneoGreen platform, today products are marketed that do not undergo dyeing (Green FI-BER), that is, they use less energy, water and emit less CO2 in their production process, compared to the product with dyeing;

Renewable Source

Renewable source products (Bioamide), made from the plant biomass of a corn geographically modified to meet industrial use. Products of this line require less dyeing time, less use of colorant and lower temperature in the beneficiation process (reduction of energy use) compared to conventional;

Recycled material

Products made partially with recycled material, such as Light Green, with 70% of the polyester of its composition recycled from pet bottles (for each 1 kg of yarn produced 67 recycled bottles are used), or Active Green that has 100% of the polyester of its composition recycled from pet bottles, Life Green, with 50% of the polyamide existing in the recycled composition of textile waste, a product that uses less water in its stamping process.

Knitwear made 100% with recycled industrial waste, a process in which we were pioneers in the market. Power Green is 100% made of recycled polyamide and Fresh Green is 100% made of microfilamented recycled polyester, originated from the recycling of pet raffles.

Good market acceptance confirms that our company's vocation for sustainability is on the right track. The trend for the next few years is to further increase the participation of the TexneoGreen line in our mix.

PRODUCTS IN THE PORTFOLIO

180%

for growth

From 5 in 2021 to 14 in 2022

CUSTOMERS WHO BOUGHT

580%

for growth

From 54 in 2021 to 367 in 2022

Sou de Algodão

We are partners of Sou de Algodão, a movement that promotes the conscious use of cotton fiber in the fashion market and contributes to an **environmentally correct, socially fair and economically responsible product journey**.

Access our ecobook and learn more about our environmental practices.

Water resources

We can say that water is also vital for the textile industry. Especially in one of our production processes, called beficiamento, the use of this resource occurs basically in all stages: washing, dyeing, love, among others.

> With water is also used for cooling, heating or steam production in boilers

Therefore, we seek practices that contribute to the reduction of the use of this natural resource. One of them was the implementation, in 2022, of the Water Reuse Project, which consists of reusing up to 30% of the wastewater from the Effluent Treatment Plant (ETE), which is returned to the Itajaí-Açu River. Reuse water is a viable alternative to minimize the use of this natural resource and is applied in various activities in the company in a controlled, rational, sequential and economical way. In this way, we maintain and protect the availability of natural water resources for new uses, while at the same time having an economic compensation with this practice.

WASTEWATER TREATMENT PLANT (ETE)

The efficiency of the ETE is calculated from the Oxygen Biochemistry Deman (BOD), the most used parameter to measure the level of water pollution. According to environmental legislation, the efficiency of the WWTP must be equal to or greater than 80%.

In November 2022, the ozone system of the company's effluent treatment plant was expanded. With this expansion, ETE is able to achieve higher levels of purification, ensuring the quality of the water used and contributing to the preservation of the environment. The reduction of BOD in recent years remains stable, due to the production mix that considers different chemicals for each product. In the last year, we reached the index of 84% above the legal requirement, promoting greater efficiency in the oxidation of contaminants and, consequently, the improvement in the quality of the effluent that is discharged into the river.

We know that water consumption depends on the type of textile fiber produced and the technology used. The fabrics have different natures and some articles and colors need longer processes and more extensive steps to ensure the quality of the final product. Given this scenario, we note that, depending on the product mix, in 2022, average BOD removal efficiency was 84%, that is, below the target of 88% specified for the year, which will result in adjustments for 2023.

ENVIRONMENTAL INDICATORS

	2021	2022
BOD reduction (%)	85	84
Water consumption per kg of mesh (L/kg)	95,5	97,14
Reuse water consumption (%)	0	30%
Recyclable waste (g/kg mesh)	77,88	57,12
Non-recyclable waste (g/kg mesh	72,01	80,96
Total Waste (g/kg mesh)	149,82	138,08
Energy consumption (kwh/kg mesh)	2,37	2,43

Waste management

All material derived from leftovers and the rest of the production is considered waste generated by the textile industry, as well as the packaging in which the raw materials are packed.

Resíduo reciclável engloba todos os materiais que podem ser transformados para voltarem à economia de alguma forma, seja como novos produtos ou matéria-prima. São eles: papéis/papelão, plásticos, metais, vidros e malhas.

Já os materiais não recicláveis são aqueles que não podem ser reaproveitados após transformações físicas ou químicas, como as cinzas de caldeira e sólidos contaminados com produtos químicos.

Industrial effluents - liquid sludge from effluent treatment systems and those generated in the cleaning of equipment and facilities in general are also defined as waste.

The reduction in the generation of recyclable waste presented in the table of Environmental Indicators was mainly due to initiatives of suppliers committed to reverse logistics of their packaging. Intermediate Bulk Containers (IBCs) and drums were sold as recyclable. And over the past year, we've seen greater reverse logistics from chemical suppliers.

In the generation of non-receivable waste, because it is directly related to the production mix, we had an expected increase. However, it is important to note that they are at least 50% smaller than previous years, due to the change of the sludge dryer. Previously, a portion of the sludge generated in the WWTP was sent wet to the industrial landfill and, currently, it is all dried with the heat from the chimney of the thermal oil heater.

Eureciclo programme

It connects brands of consumer goods with recyclers, promoting recycling with social responsibility, through environmental compensation. Based on the concept of environmental compensation, the brands supporting the Program allocate resources to the development of the recycling chain. This is the contribution to the increase in recycling rates in Brazil and with the formalization and valorization of the agents of this chain.

MANAGEMENT OF HAZARDOUS CHEMICAL INPUTS

Ensuring greater safety in the final product and avoiding environmental damage to the planet is one of our goals. In this way, we follow the guidelines of the ZDHC Program (Zero Disposal of Hazardous Chemicals). Currently, our plant complies with MRSL ZDHC, so no prohibited substances are used during the process and we thus ensure that the effluents meet the requirements of cleaner outputs.

In addition, we have the STANDARD 100 by OEKO-TEX® certification, which is an international system of the textile sector that covers its stages of the process, from the raw material to the final finishing of the fabrics. Finally, by purchasing Oeko-Tex® certified fabrics, the consumer is assured that these products do not contain any substances harmful to their health.

Ø ZDHC
Zero Discharge of Hazardous Chemicals

Energy ***efficiency***

CO_2e emissions

In 2022, an electrostatic filter was implemented to purify the smoke from the chimneys of the branches, equipment used to carry out the termination of the mesh. The elimination of solid particles from gases is possible due to air purification.

This purification occurs primarily by cooling through an air-water heat exchanger and subsequently the microgroplets of suspended oil are charged electrically and are captured by electrofiltration plates.

In addition to eliminating more than 95% of the oil mist fuel generated, the equipment causes heat to be transferred to clean water generating 12,500l/h at 80°C, equivalent to 20% of the hot water consumption of the process. This is a reduction of 1,572. ton of CO_2eq generated per year, one since the company avoids the consumption of biomass (chip burning).

We also had gains with the Effluent Heat Recovery Project. Implemented in 2022, it aims to transfer the thermal energy from the effluent to industrial water. The system consists of collecting 100% of the generated effluent, pumping through a plate heat exchanger, generating hot water with a temperature from 23ºC to 53ºC. This hot water is used in the mesh improvement processes, ensuring energy economy and agility.

CHIP CONSUMPTION PER KG OF MESH PRODUCED:

0,10645 m^3
2021

0,09994 m^3
2022

6.11% reduction in chip consumption

The consumption of 2022 was 76,082.40 m^3. Without the projects, we would have consumed the estimated 81,033,549 m^3.

ACTION AGAINST GLOBAL CLIMATE CHANGE

In view of Goal 13 – Action Against Global Climate Change established by the United Nations (UN), we recognize the importance of managing greenhouse gases and their impacts on climate change. For this reason, we are committed to carefully evaluating the history of these emissions that we generate and responsibly conduct this issue in our organization.

This analysis allows us to have a clear understanding of our carbon footprint, identifying opportunities to conduct actions with the aim of reducing these emissions. We are dedicated to contributing to climate change mitigation and working towards a more sustainable future.

SOCIAL

CHAPTER 4

Our ***team***

GRI 203-2

We value people at all levels of relationships. Therefore, we integrate practices that, in addition to creating an adequate and safe environment to work, promote participatory management, create opportunities for personal and professional development, recognition of performance, remuneration, participation in results and benefits, governed by specific policies to the themes.

467

Direct collaborators

126

341

Employment category

Grand total

15

26

Age group

7%

Foreign collaborators

Persons with disabilities

Affective sexual orientation*

* Internal survey with 59% of respondents

Race

The result of this is reflected in customer service. We pursue the challenge of, every day, improving our processes and standards of care, always based on transparency and ethical posture. The same conduct occurs in relationships with partners and suppliers, based on dialogue and mutual respect.

This is how we put ourselves on the market 29 years ago. And the reflections of this posture are also perceived by the community, since we interact with social agents from different areas, promoting integration, dialogue and positive impact.

Diversity and inclusion policy

Social relationships, inside and outside of our company, whether with co-workers, suppliers, partners or people from the surrounding community, are guided by clear premises based on respect and ethics, which seek to promote diversity and inclusion. The deliberations, management and monitoring of the initiatives developed from the Diversity and Inclusion Policy are in charge of a strategic committee that ensures the dissemination and evolution of this culture in the company.

In this context, we support the 6x4 Project, created by the Associação de Pa- radesporto de Blumenau (APESBLU) to contribute to the inclusion of Young Parathletes in the formal labor market, without having to abandon training in their sports activities. We sponsored three young parathletes who participate in the sports of Table Tennis and Athletics. They are hired on a CLT basis, with a workload of 30 hours per week, 20 of them dedicated to work and 10 hours dedicated to training in a paid manner.

In addition, in 2022, we have nine employees with disabilities in our staff. And we have four more vacancies exclusively for People with Disabilities open.

Accessibility

We are in compliance with accessibility regulations and regulations, governed by the municipality of Indaial (SC). The project to adapt the facilities of our administrative headquarters was completed in 2022.

We are also constantly adapting our facilities to allow greater accessibility. All new building projects include accessible installations in accordance with current legislation.

Education and ***development***

Promoting the development of collaborators aiming at both personal fulfillment and professional growth has been a continuous action. We subsidize 50% of undergraduate, postgraduate, technical courses and languages, in addition to investing in training and qualification courses in a comprehensive manner. In 2022, we had five collaborators undergoing postgraduate studies in Master Business Reinvention and, in all, there were 31 collaborators impacted during the year.

Also in order to enable the development of people and the succession process, we continued the training program for medium and high leadership, Texlearn, which works on the transformation of mental models for innovation and growth and uses the assessment methodology to develop knowledge, perspectives and career direction. In addition, all participants are working on the individual development plan (IDP).

41

Impacted leaders

R$ 564.001

Total investments with professional training and training

Health and ***well-being***

In addition to providing a safe environment and good conditions to work, we work so that the physical and mental health of our employees is up to date. To this end, we provide high quality programs in worker care. One of them is the Be Well Program, which facilitates care with health professionals, at no cost, during working hours, in the company itself. We gathered a specialized team (from general practitioner, through nutritionist, psychologist, to occupational care), coordinated by an occupational physician.

The colorful health calendar has also been adopted by us. The Fighting and Colors Program aims to make employees aware of some diseases, syndromes, encouraging the prevention and treatment of these diseases.

Some highlights:

White January: conversation wheel conducted by a psychologist regarding mental health.

Pink October: free mammography for collaborators over 40, sale of trucks to contribute to the Women's Network of Indaial (SC), lecture with a gynecologist, mastologist and obstetrician.

Red September: action to prevent cardiovascular diseases, with healthy eating habits, physical activity with a professional in the area and distribution of gluten-free cupcakes.

Blue November: free PSA exam for all colaborators over 40 and lecture with a urologist.

All activities were accompanied by explanatory materials that aid in the dissemination of campaigns. Each action impacted an average of 60 collaborators.

VACCINATION

We are also a reference in the municipality of Indaial and withdraw in Vale do Itajaí due to the va-cination campaigns. In 2022, employees received vaccinations against Influenza and Influenza (in partnership with SESI), mandatory vaccines and reinforcement of Covid-19 (partnership with the Health Department of Indaial). In addition, we support extra-mural immunization actions ("International Health Closer to You" program).

HEALTHY FOOD

And there is no way to talk about health without mentioning the quality of food. We contemplate a series of initiatives to promote the culture of healthy eating for its collaborators and, in addition to the company, for their families and the community. Among them is the Organic Body Garden, cared for and cultivated by the collaborators themselves, who are periodically invited to plant the seedlings, since it is scientifically proven that this activity can contribute to good mental health. In addition, collaborators take home the food that is produced there free of pesticides.

Healthy eating is also part of everyday work. In our restaurant , healthy and balanced meals are provided daily from a menu prepared by a nutritionist. The open market, held weekly in the company's courtyard, with horticultural products and the Texneo Emporium, which markets healthy and functional foods such as dried fruits, oilseeds, cereals, natural sandwiches, fermented beverages and others, are also part of these initiatives.

Investment ***private shareholder***

Our relationship with the community is based on ethics, attention to the environment and support for the development of people. The actions carried out over the years have founded a relationship of respect and trust with the population that lives in our surroundings. We continue with this purpose in 2022, with seriousness and commitment to the socio-environmental development of the community in which we are inserted.

The investments, throughout 2022, took place in educational, cultural, sports and inclusive projects. Texneo Educa is a social education project that includes young people in the labor market that directly impacts the local community. Started in 2017, it aims at social development and strengthening ties with the community through voluntary work. The objective of this program is to contribute to the development of young people in the 9th grade of Elementary School, helping them to choose their profession and prepare for entry into the labor market. Volunteer collaborators become professors once a month to teach a subject with which they have an affinity.

The grid with the 11 disciplines (Man, Ethics, Culture and Society; Entrepreneurship and Business, Innovation and the Digital World, Information Technology, Occupational Safety and Sustainability; Market and Marketing, Product Development, Administrative Processes, Industrial Processes of Knitting and Processing, and Initiation to Work) is previously approved by the school board and our

Graduates of the Texneo Educa

ESG Committee. The service is provided at the Encano Baixo Rudolfo Alfarth Municipal Basic School, located in the municipality of Indaial (SC). Frequency is one 2.5-hour class per month.

Since 2017, 140 students have been attended by 92 volunteer professors. In 2022, 25 volunteer teachers were enrolled and the class served consisted of 22 students. The adherence rate is 100% of the students of the class in the 9th year of Elementary School.

The School of Leaders in Information Technology (ELITI) Program takes place within the scope of the Blumenau Innovation Center (CIB), which brings together more than 56 companies classified among residents, incubators, associates and sponsors with a vision for innovation. Lasting from 6 months to a year, the program aims at social transformation and economic development, giving opportunity to teach Programming to low-income young people, preparing them to be DEVS (Developers). ELITI is not for profit and all teachers are volunteer developers.

We signed on as a sponsor of the program in July 2022, also with the goal of getting more girls involved in the IT area. With this partnership, it was placed as a premise the availability of at least a part of the vacancies to be allocated to the female public. The value of sponsorship is a minimum wage. We attend eight students per month, since the signing of the contract.

And, to reinforce the importance of good nutrition as a transformative part of life, especially for children, we support Crescer e Semear, for the second consecutive year. The non-profit social project aims to change the education of children through healthy and tasty food. It is held in seven municipalities in four Brazilian states, benefiting more than 40,300 children. The support to the entity was carried out through the donation of 307kg of knitwear for the manufacture of the aprons and caps of the “mini chefs”.

Donations

We believe that the act of donating means stimulating development, whether through educational, cultural, sports or social projects. Far beyond assistanceism, giving makes us transforming agents of realities that tomorrow will be more strengthened to compose the foundations of our society.

We are aware of our responsibility as a driving agent of change in the community in which we operate. Therefore, we seek to go beyond the work we propose to develop together with its collaborators, making donations to projects of local entities with the purpose of positively impacting the development of the community.

20

Institutions served

20

Benefited projects

R$ 50.350,99

Total amount donated

PROJECTS SUPPORTED WITH DONATIONS IN 2022

APAE de Indaial- SC

Indaial Social Observatory

Rotary Club de Indaial

Ternura Institute of Recife- PE

Association Santa Luzia of Governador Valadares - MG

Santa Cecília Alliance Community - BA

Indaial Municipal Sports Foundation

Santa Inês Indaial Parish Geriatric diapers project

Early Childhood Education Unit Bairro Encano Baixo- Martha Elisabeth Mantau

SENAI de Indaial- Maker Startup Teens Program

UFSC- University of Santa Catarina

Grow and Sow Project

Association Welcome House

APAMA Futsal Blumenau

Rotary Club Blumenau Norte

FURB- University of Blumenau

APESBLU- Parasports Association of Blumenau

Puro Amor Complementary Education Association

Municipal Basic School Encano Baixo Rudolfo Alfarth- Texneo Educa

School of Leaders in Information Technology Program - ELITI

Promotion of ***sport and culture***

Our involvement goes beyond donations. We participated in the solemnity, in the city of Blumenau, in which Mayor Mário Hildebrandt announced the creation of the Secretariat for the Inclusion of Persons with Disabilities and Parasports, in addition to the institution of the Program for the Inclusion of Parathletes in the Labor Market, designed by the councilor and creator of the Parasports Program in Blumenau, Giselle Chirolli, with the objective of ensuring the implementation of public policies for the social inclusion of people with disabilities.

We are also supporters of the Association of Paradesport of Blumenau (APESBLU), an entity with the objective of raising funds to support the paradesport of Blumenau (SC), whether in petitions or training, events and all the maintenance of the activities carried out, with about 500 parathlete students in 65 decentralized poles, throughout the regions of the city. The sponsorship for APESBLU, in 2022, was carried out through the Income Tax, by the Sports Incentive Law, and non-encouraged donations were made as support in the purchase of inputs for the entity's Christmas party.

In the cultural sphere, we are sponsored by Texneo Novum Festival, in partnership with Agência Marte. The project, aimed at education, technology and art, was submitted to the evaluation and approval of the Ministry of Culture and, in November 2022, it was approved, being able to start the funding for a period of one year and which can be renewed for another year.

The idea of this festival is to hold a show with works of art that explore the new possibilities of using technology. In addition, the project will promote children's education, with the objective of developing the expanded look at the possibilities that technology offers in the scope of research and artistic practice.

The products of the project are: art and technology shows, performances and specializations, seminars, workshops, visits and workshops for schools and accessible works. The venue for the realization will be at mAb – Museum of Art of Blumenau. The execution of the project is to be carried out in 2024, with a date to be defined. Texneo Novum Festival has 100% tax exemption through LIC Federal.

Solemnity of creation of the Secretariat for the Inclusion of Persons with Disabilities

PROJECTS WITH INCENTIVIZED FUNDING

PROJECT	ENTITY	BENEFICIARY ACCOUNT	TOTAL
Camerata Florianó-polis - Season 2021 for presentation in Indaial	Camerata Florianópolis	Fundação Indaia-lense de Cultura	R$ 32.000,00
24th FENATIB – National Festival the Teatro Infantil de Blumenau	Inarti	Fundação Indaia-lense de Cultura	R$ 32.000,00
Dancing on the Scene project	Cenarium Escola de Dança LTDA- ME	Agência Marte	R$ 25.000,00
ROUANET LAW			R$ 88.815,79
Assistive Technolo-gy for Improving the Quality of Life of Chil-dren and Adolescent APAE de Blumenau	APAE de Blumenau	Semudes - Secre-taria de Desen-volvimento Social de Blumenau	R$ 2.993,32
Strengthen protective factors against suicidal and self-harming behaviour Children and Adolescents residents in the Velha Grande neighborhood, aiming at eradicating cases among those treated	Casa São Felipe Néri	Semudes - Secre-taria de Desen-volvimento Social de Blumenau	R$ 14.203,95
FIA			R$ 17.197,27

PROJECT	ENTITY	BENEFICIARY ACCOUNT	TOTAL
Seed Program			R$ 9.000,00
Cool Ball	APAN- Associação Prof Artur Novaes	APAN - Associação Prof Artur Novaes	R$ 14.203,95
SPORTS FUND			R$ 23.203,95
Municipal Fund for the Elderly (IMF)	Banco de Projetos do FMI	Fundo Municipal do Idoso de Blumenau	R$ 2.993,32
Bed of the Elderly – Quality hospital care for the elderly in coping with Covid's reflexes	Hospital São José	Fundo Municipal dos Direitos do Idoso de Jaraguá	R$ 14.203,95
FEI			R$ 17.197,27
TOTAL			R$ 146.414,28

Institutional ***support***

Movimento Somos ODS SC - We are partners of the movement made up of volunteers, of a non-partisan, plural and ecumenical character, with the purpose of contributing to the improvement of the quality of life of Santa Catarina society. The purpose of the support is to guide efforts towards actions connected to the Sustainable Development Goals (SDGs). In this way, we are committed to the 2030 Agenda for sustainable development of the UN, in search of a socially inclusive, environmentally sustainable and economically balanced society. In the second year of the partnership, we participated in the meetings of the movement in order to share the actions carried out with the other signatories. We also had the participation confirmed in the General Assembly of the State Organization and in the Sustainable Development Week in the city of Timbó (SC).

CHAPTER 5

ANNEXES

Global Reporting Initiative (GRI)

GRI	PAGE CONTENT	PAGE
2-22	Declaration on the Sustainable Development Strategy	6
2-1	Organizational details	10
2-2	Entities included in the organization's sustainability report	10
2-6	Activities, value chain and other business relationships	10
2-3	Reporting period, frequency and point of contact	12
2-14	Role played by the highest governance body in sustainability reporting	12
2-17	Collective knowledge of the highest governance body	12
2-29	Approach to stakeholder engagement	12
3-1	Process of defining main themes	12
3-2	List of material topics	12
2-9	Governance structure and its composition	18
2-10	Appointment and selection to the highest governance body	18
2-11	Chair of the highest governance body	18
2-23	Policy commitments	18
2-24	Incorporation of policy commitments	18
2-25	Processes to repair negative impacts	18
2-26	Mechanisms for advice and presentation of concerns	18
2-27	Compliance with local laws and regulations	18
2-28	Participation in associations	18
203-2	Significant indirect economic impacts	38

CORPORATE INFORMATION

Acknowledgments

On behalf of the team responsible for the preparation of this sustainability report, we want to express a sincere thanks to everyone who participated in this construction, because we know the complexity and responsibility that is the creation of a material with so many details.

We want to thank our ESG Committee that contributed to the collection of data and preparation of texts so that we had a comprehensive and significant report.

Our thanks to all our stakeholders, partners, advisors, collaborators, suppliers, institutions, associations, banks, who participated in our materiality research, providing us with valuable information that will guide us in actions for our ESG track.

Finally, we want this report to be a useful tool, provide insights for all readers, and thus promote sustainability and good social and governance practices.

Best,

Francisleine Tomazoni Axt
ESG Manager
Texneo

Credits

Coordination of the report
Francisleine Tomazoni Axt – Gestora ESG
Janaina Schaefer – Gerente de Recursos Humanos
Michelli Resendes - Especialista em Planejamento do Negócio

Consulting, materiality and reporting
Konexio Consulting

Graphic design and layout
Marketing Texneo

Revision
Equipe Texneo

Photos
Acervo Texneo, Envato e APESBLU - Associação de Paradesporto de Blumenau.

Administrative Headquarters
Têxtil Farbe SA
Rua Dr. Blumenau, nº 7625, Bairro Encano
Indaial – SC

2022

texneo

Report
Sustainability
www.texneo.com