

SUSTAINABILITY REPORT

MUNDOTÊXTIL



Index

01.

ABOUT THIS
REPORT 06

02.

MESSAGE FROM
THE BOARD OF
DIRECTORS 08

Mundotêxtil
in 2021 05

03.

ABOUT
MUNDOTÊXIL 10

3.1 History	10
3.2 Purpose, Mission, Vision and Values	14
3.3 Market	16
3.4 Products	18
3.5 Our Brands	27
3.6 Supply Chain	28
3.7 Research, Development and Innovation	32
3.8 Certifications	40
3.9 Commitments and Associations	44

04.

SUSTAINABILITY
STRATEGY AND
MANAGEMENT 46

4.1 Stakeholders Involvement and Materiality	47
4.2 Governance	51
4.3 Ethics and Integrity	53
4.4 Sustainability Strategy	54
4.5 Risk Management	54

05.

CIRCULAR ECONOMY
AND RESPONSIBLE
RESOURCE

MANAGEMENT 55

5.1 Circular Economy	55
5.2 Responsible Resource Management	61
5.3 Emissions	80
5.4 "Zero Waste" Internal Management	81

06.

MUNDOTÊXIL'S
TEAM 82

6.1 Employees	82
6.2 Training	88
6.3 Health and Safety	90
6.4 Human Rights	92

08.

COMMUNITY
SUPPORT 94

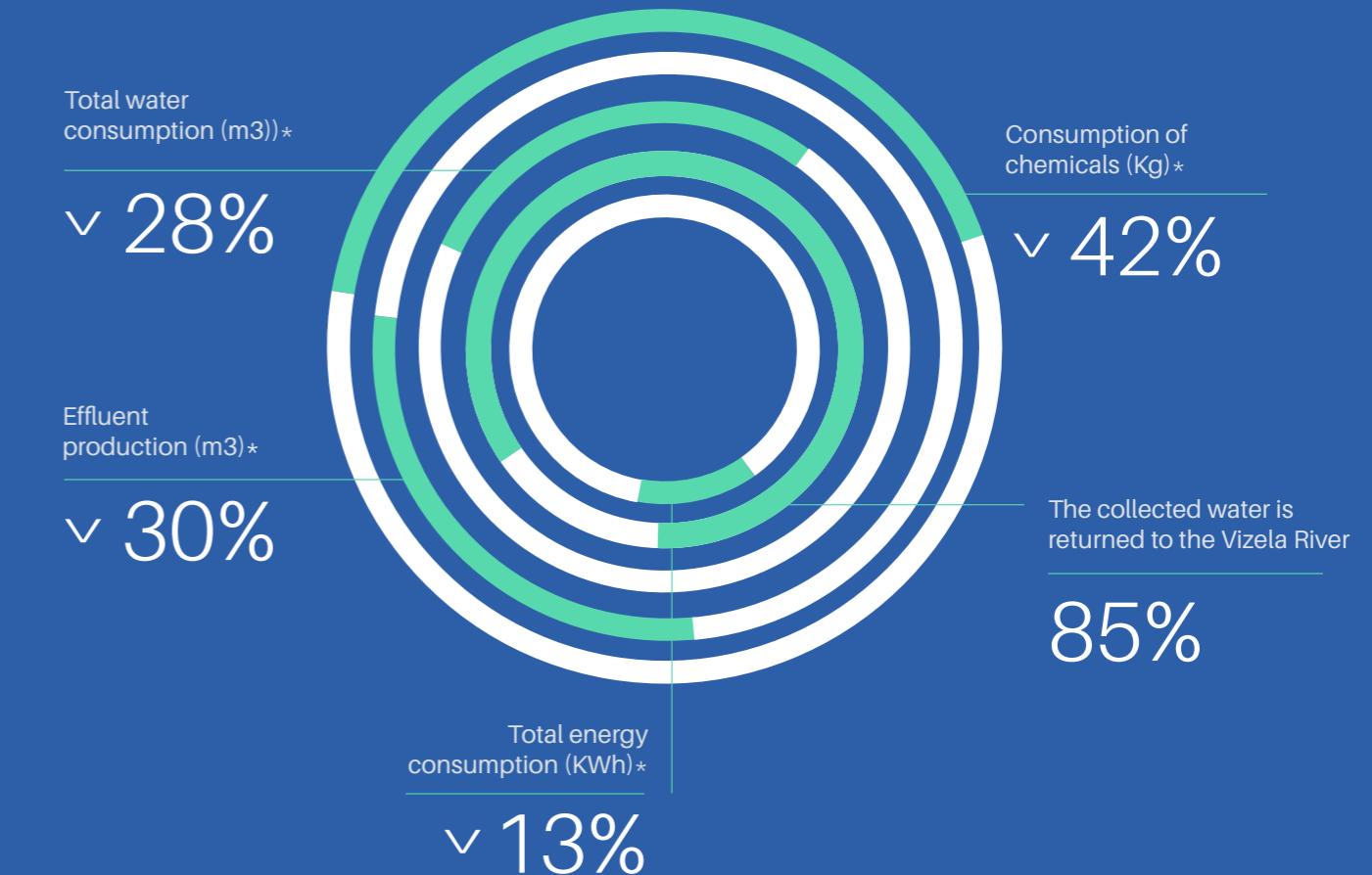
ANNEXES 96

8.1 GRI Table	96
8.2 Independent Limited Assurance Report	106

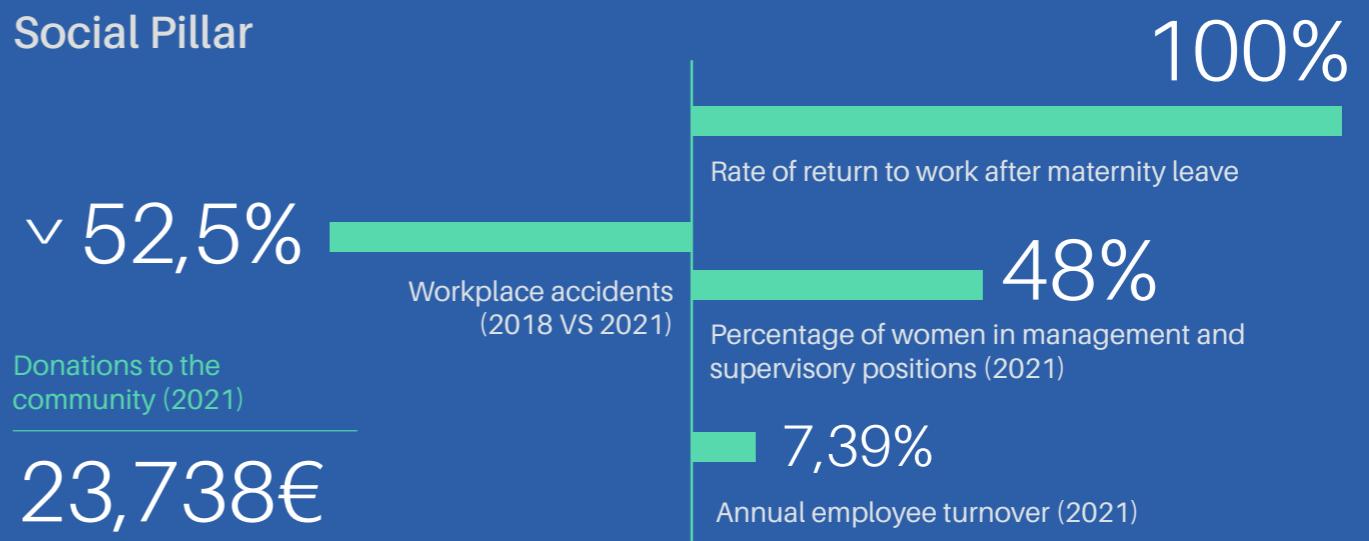
A Mundotêxtil em 2021

Environmental Pillar

*2012 - 2021



Social Pillar



1. About this Report

102-54

At a time when the world is taking significant steps toward the pursuit of sustainable development, the Fashion Industry faces the need to monitor this change to meet the expectations of consumers who are increasingly committed to these values.

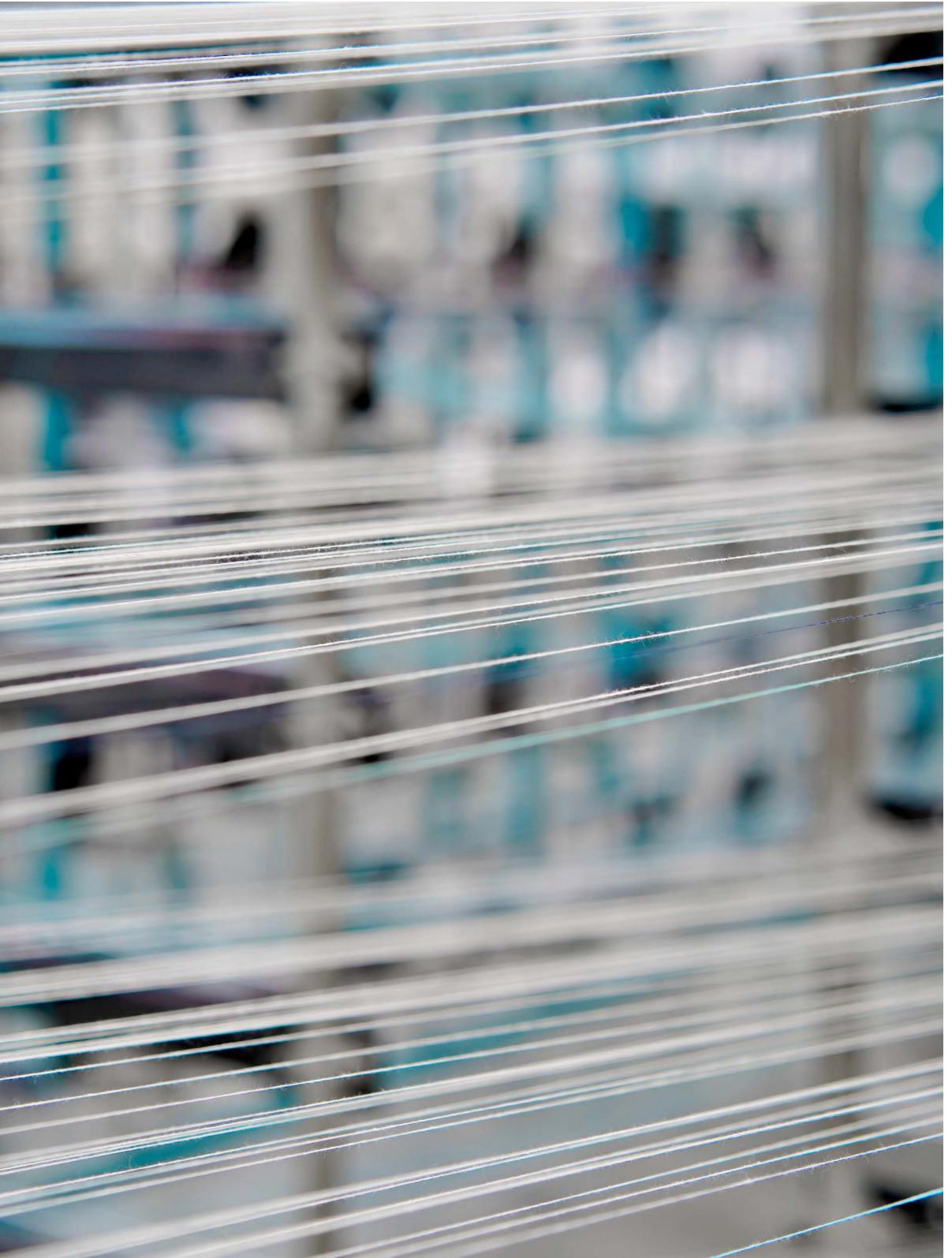
Mundotêxtil, being an unavoidable reference in the home textiles market, namely in terry towels, recognizes the responsibility to act in the promotion of positive changes in a sector known as one of the most polluting in the world and for its negative impact on working conditions and the environment. For this reason, our commitment to sustainability is one of the most important aspects of our strategy for the coming years.

Considering Mundotêxtil's commitment to sustainability, the company is publishing its first Sustainability Report, reporting on the main initiatives and indicators concerning performance in the year 2021 within the scope of its activity in Portugal¹.

This report was prepared in conformity with the GRI Standards for the option "In accordance - Essential".

The information presented in this report was verified by PwC, which prepared the Independent Limited Assurance Report, available as an annex.

¹Allied to the company's capacity based in Portugal, Mundotêxtil also has a factory in Mozambique for cotton production, ginning and spinning, which is not included in the scope of this report and for which no performance data is reported.



2. Message from the Board of Directors

102-14

Our lives have changed since the pandemic first hit the world and, unfortunately, the spread of COVID-19 is affecting people, communities, and businesses across the globe. In these challenging times, it is even more necessary to develop more resilient businesses that can respond to situations such as the one we are currently experiencing. For this reason, we continue to work to grow our business sustainably, focusing on supporting our people and the communities around us and seeking environmentally friendly practices. Our sustainability strategy is based on the three main pillars that guide our actions: Governance (Part of Me), Environment (Part of our Nature), and Social (Part of our People). It is through this strategy that we have established our commitments for the future in the promotion of sustainability and that we have structured our contribution, which we present to the reader through our first sustainability report.

We recognize the impacts of our activity and our responsibility to work daily to mitigate or eliminate those that are negative and enhance those that are positive, an effort that we can only achieve with the help of our people and with a strong commitment to the development of innovative products.

In this context, the focus on circularity has marked our agenda and is at the center of our strategy for the coming years. The participation in projects with “Entidades do Sistema Científico e Tecnológico” that develop innovative technologies, such as Fibrenamics, aims precisely to accelerate this transition and achieve innovative solutions in the development of sustainable felts.

José Pinheiro, Ana Pinheiro,
Helena Pinheiro, José Lima

Message from the Board of Directors



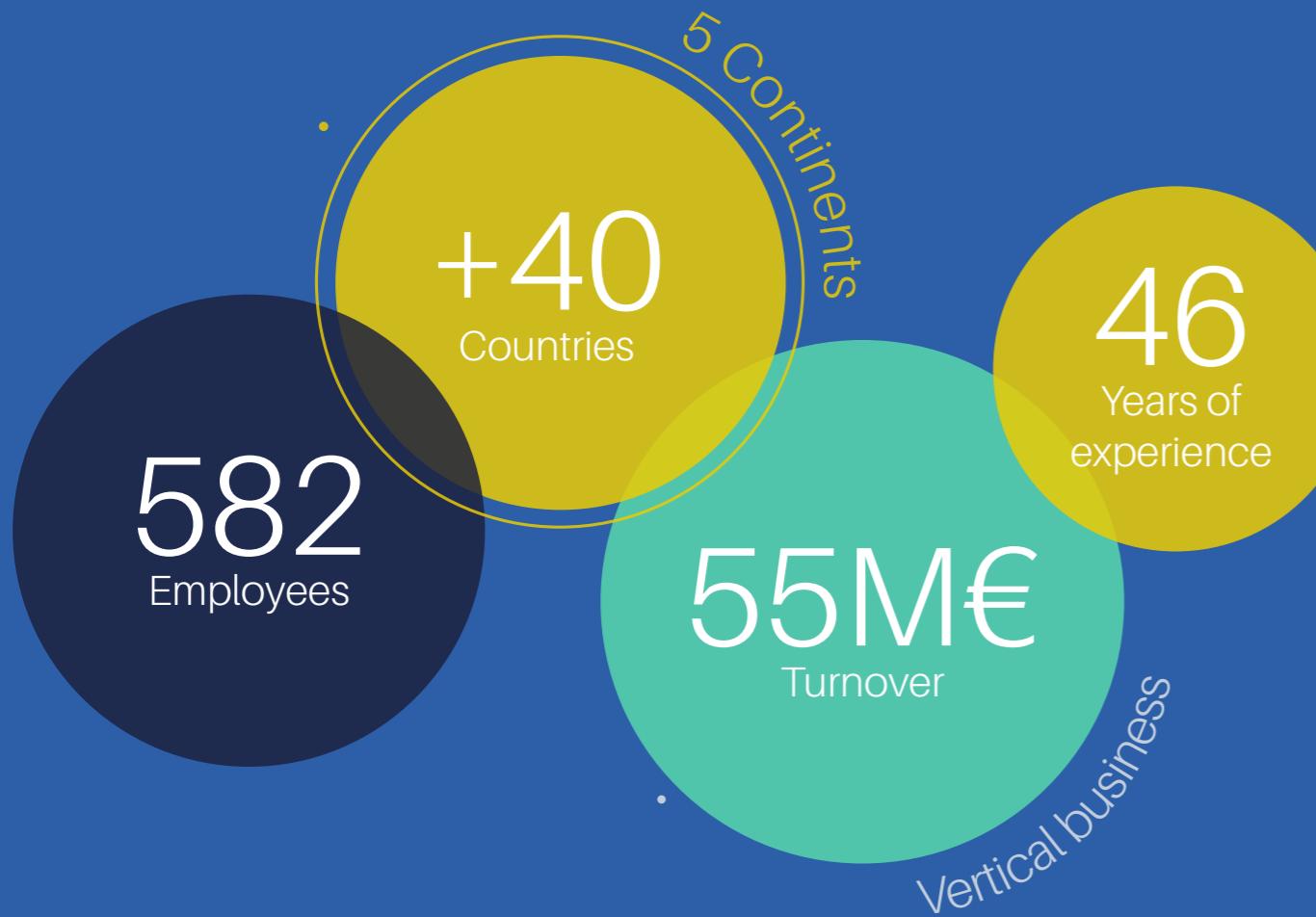
“As a family business, we have the commitment to leave a legacy for generations future. We care about the impact that Mundotêxtil has in the environment and through our passion, purpose and presence we want to do positive changes.”

Message from the Board of Directors

3. About Mundotêxtil

3.1 History

102-3, 102-4



Founded in **1975**, Mundotêxtil is a world reference in the production of terry towels, based and with most of its production, administrative, warehousing, and logistics activities in Vizela.

The company invested significantly in the capacity and improvement of its home textile production in **1979**.

Integrated management and international investment put Mundotêxtil in a prominent position in a sector of activity of fast changes. In response to the constant challenges imposed by the market, it implemented new management strategies and customer relations.

In **1986**, Mundotêxtil started a policy of intense investment grounded in the logic of an integrated group and focused on the complete verticalization of the business. Besides being a family company, it is characterized by professionalism and integration of multidisciplinary and experienced teams, which has resulted in the reinforcement of the industrial sector through the creation and acquisition of companies involved in the spinning process, embroidery, jacquard towel manufacture and energy production. In the same year, it modernized the weaving field.

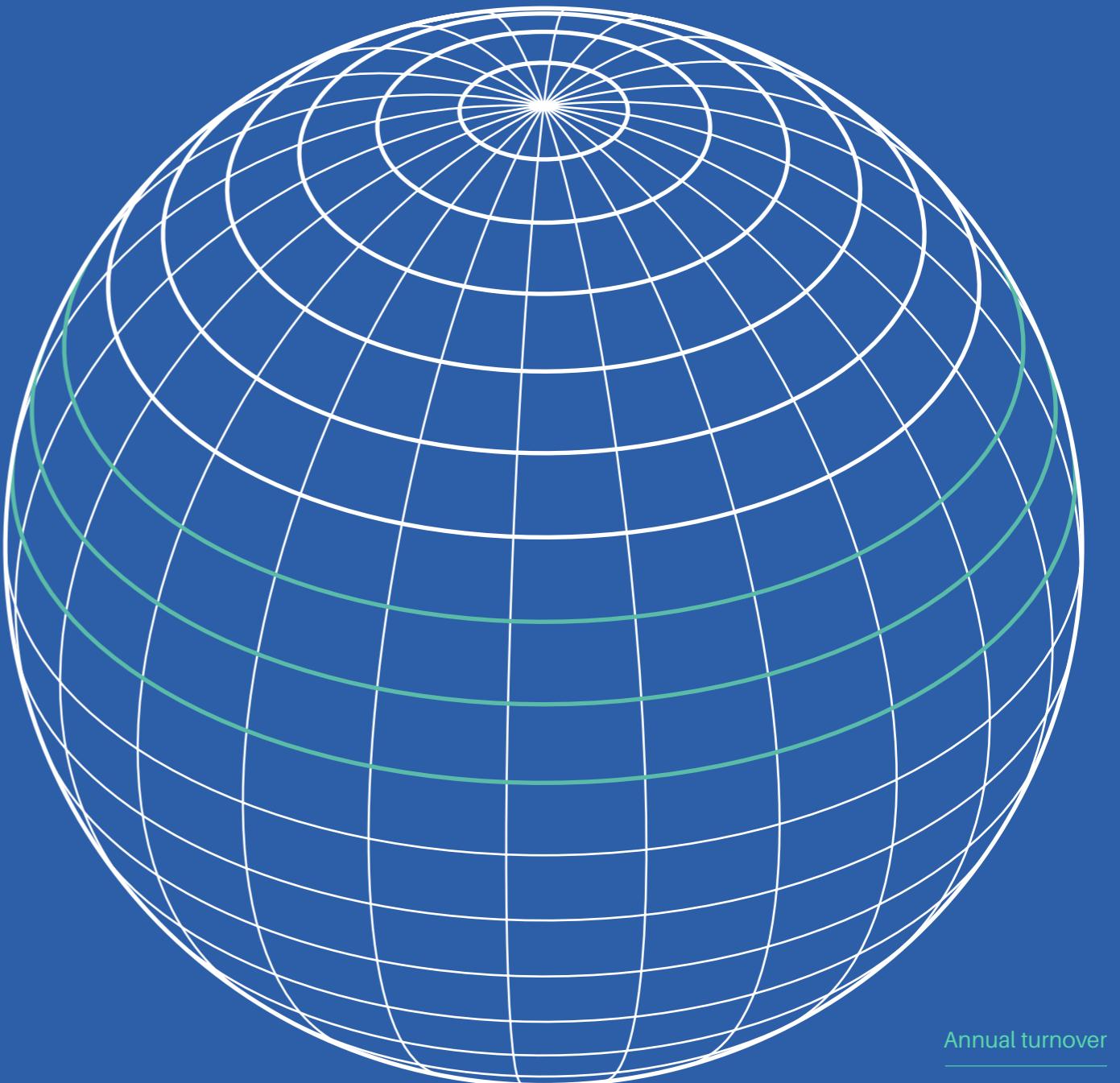
Mundotêxtil's production capacity absorbs about 120M Km of yarn every year. "Something like... three times around the world!".

In **1996**, the first branch of Mundotêxtil opened, Bianca USA, thus expanding into the North American market. From that moment on, partnerships were made with Italy, Spain, and Germany. Initiatives were taken in the Industrial, Commercial, Logistics and Marketing areas, creating proximity with the final consumer to keep up with the trends and demands of each market.

With an annual turnover of around 40M€, Mundotêxtil has been investing, since 2013, around 1% of that turnover in the modernization of production and R&D, having, in **2021**, invested 0.7%.

In **2019**, the company changed its image and website to a more modern, elegant, sophisticated design, and registered the brand Mundotêxtil.

Taking into consideration the atypical last two years, right from the beginning of **2022** Mundotêxtil presented its institutional video conveying the message that its path is driven by the commitment to enhance the growth of its team, its community and its customers. It is with this purpose that Mundotêxtil gets involved, body and soul, in the prosperity of all those who surround it, becoming a "part of each one of them".



3 times around
the world

Annual turnover

40M€

Investement

1,1%

3.2 Purpose, Mission, Vision, and Values

102-16

Purpose

#PARTOFYOU

This is our commitment: to enhance the growth of our customers, our teams and our community. It is with this purpose that Mundotêxtil is involved, body and soul, in the prosperity of all those who surround it, becoming a “part of each one of them”.

For a long time, we have taken sustainability as PARTOFUS, seeking to create value and to build positively, investing in the improvement of the quality of life of present and future generations, sustainably building the future, minimizing the environmental impacts of our activity, supporting the surrounding communities, obtaining the best economic results and guaranteeing motivated teams aligned with our objectives. So far, we have been able to learn from the past, improve the present and face a future full of challenges with ambition. Always with the same focus, the same strength and the same purpose. Because Mundotêxtil is PARTOFYOU.



MISSION

To meet the demands of the market and our customers through a business model based on the creation and sharing of sustainable value, qualified and motivated resources capable of creating value through innovation and building a sustainable future.



VISION

To be a reference of excellence in the sector in which we operate and in the markets where we are present, and to reinforce this recognition through innovation, competence and a focus on sustainability.



VALUES

Integrity: Our employees are deeply aligned with the company's Code of Ethics. All the relationships established are based on trust and on the guarantee of strict compliance with what is promised.

Quality: We use the best raw materials, equipment, processes and human resources in the development, production and distribution of our products.

Sustainability: We comply with and exceed all legal obligations. We are certified by the most demanding standards of social conduct and environmental responsibility. We seek to adopt behaviors and attitudes that contribute toward improving society in general and the communities around us.

Innovation: We add value to our offer through a dedicated R&D department and a network of innovative partnerships, which allow us to constantly focus on innovative, sustainable and differentiating solutions.

Commitment: We are committed to planning, managing and executing all projects with the utmost rigor and precision throughout the entire value chain, fulfilling and exceeding the expectations of all stakeholders.



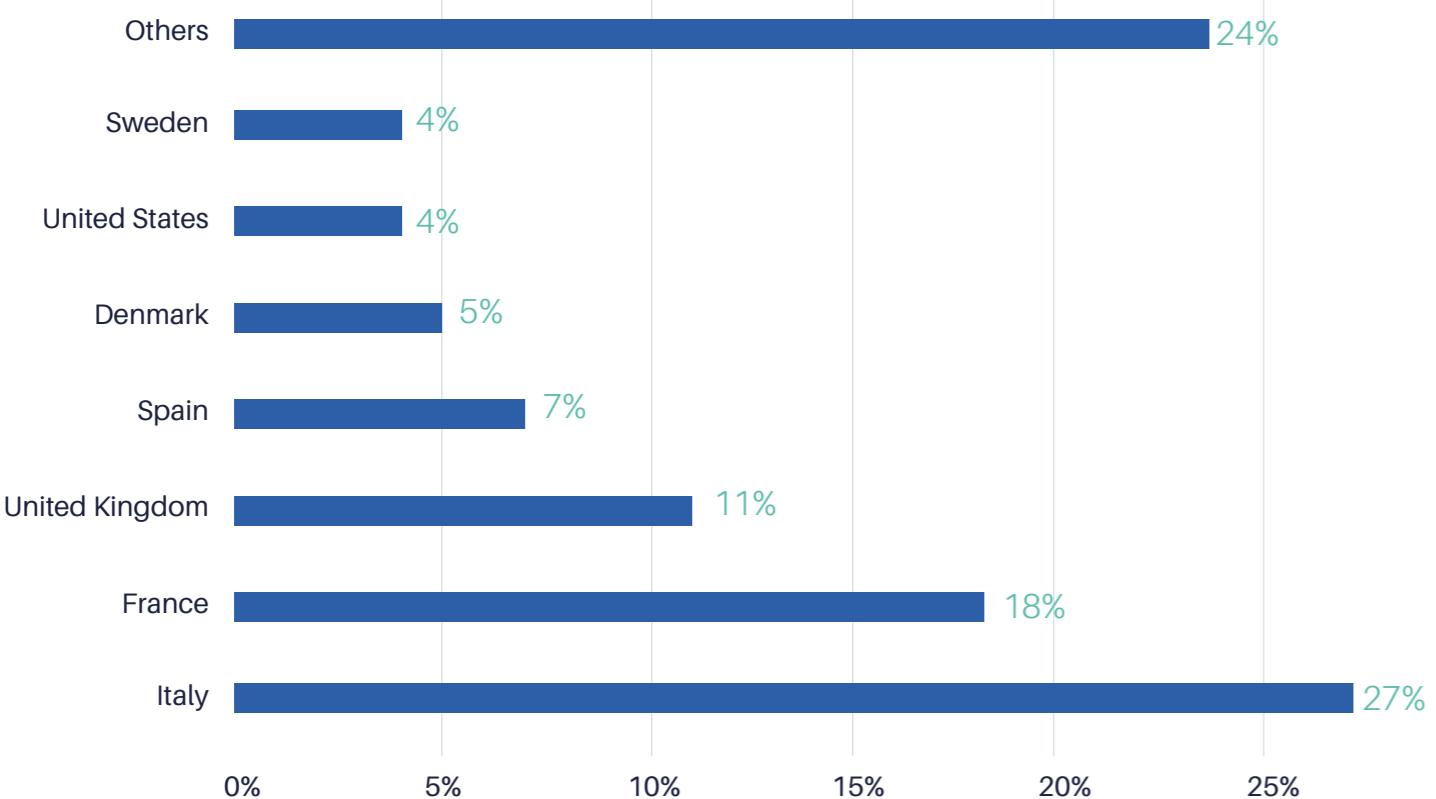
3.3 Market

102-6

Mundotêxtil has always positioned itself as an international company.

It exports about 98% of all its production to more than forty-five countries, spread over five continents, of which Italy, France, the United Kingdom, Spain, Denmark and the United States stand out. Its main market is the external one.

Main Markets % Sales 2021



3.3 Market

Mundotêxtil is the largest manufacturer of terry towels in Europe, a world reference in the manufacture of bath towels, bathrobes, and beach towels. It is present in the main retail chains and Home Wear brands.

Equipped with state-of-the-art production means, the company is a world reference in design, innovation and quality for its continuous and consistent adaptation to market trends. Currently, it has been affirming its commitment to sustainable products, namely with the most recent development of the Conscious towel (produced from an ecological yarn made of sustainable cotton fibers, 50% recycled cotton and 50% organic cotton) and the Recircle towel (produced from our production waste, mainly generated in the weaving mill), covering new consumer profiles, increasingly aware and concerned with these issues.

Based in Portugal, Mundotêxtil is responsible for 20.6% of Portuguese exports and contributes to Portugal being the largest European and third largest world supplier of terry towels. Regarding competition, as can be seen in Table 1, Portugal stands out for its sector leadership due to its focus on quality, logistics, research, design, new technologies and partnerships with machine producers.

Main customers

Mundotêxtil has a wide range of customers, from commercial spaces to clothing brands and companies in the food distribution sector.

3.3 Market

Tabela 1: Main EU terry suppliers in 2021.

Country	Amount (€)	Average Price (€/KG)
Turkey	325 663 015	8,34
Pakistan	318 421 426	4,97
Portugal	168 828 357	9,88
India	130 689 042	5,07
China	83 306 898	6,98
Bangladesh	53 312 140	5,44

Fonte: Eurostat e Anit-lar.



3.4 Products

102-2, 102-7

Our Towels

Mundotêxtil produces several types of bath towels, using the best yarns of cotton or other natural and artificial raw materials such as “modal”, “bamboo” and “linen” from different origins, as well as new raw materials available in the market.

To satisfy the most demanding markets, Mundotêxtil is equipped with the most modern and recent production technologies (for both plain and jacquard towels) having as a practice a constant search for new processes and technologies.

Mundotêxtil products are synonymous with innovation, design and quality. Continuous advances in production methods and permanent investments in innovative technologies guarantee high-quality standards.

The following is a brief description of the several types of products commercialized by Mundotêxtil:

- Plain;
- Jacquard;
- Beach towels;
- Bathrobes;
- Hospitality;
- Children.

In 2021 its production reached 4,461 tons of terry made up mainly of washes, towels, sheets and bathrobes.

3.4 Products



3.4 Products

Product Portfolio

Sustainability is considered an essential criterion in the development of new products, so all the materials used by Mundotêxtil in its productions are selected according to environmental and social sensibility requirements such as, for example, the evaluation of their physical and mechanical characteristics of resistance, durability and hydrophilicity, their origin and social and environmental cultivation practices.

We highlight our latest sustainable product offering².

² Products developed during 2020 and 2021.

GOOD EARTH COTTON®

Good Earth Cotton® uses advanced and ecologically innovative production techniques that allow for an increase in CO₂ absorption in the soil, higher than that emitted into the atmosphere. This cotton stands out for the positive impact that flows throughout the value chain and to the consumer.

Good Earth Cotton® adopts the transparency technology advanced by FibreTrace® to combine physical and digital traceability with authentication throughout the production chain. FibreTrace® provides the ability to quantify and audit fiber, with access to primary impact data for natural and engineered solutions in real time. By embedding a patented luminescent pigment in the fiber, FibreTrace® tracks, verifies and audits Good Earth Cotton®, in real time, at every production step in the global textile supply chain. With this technology, consumers can shop with confidence, knowing that the fiber used is genuine Good Earth Cotton®.



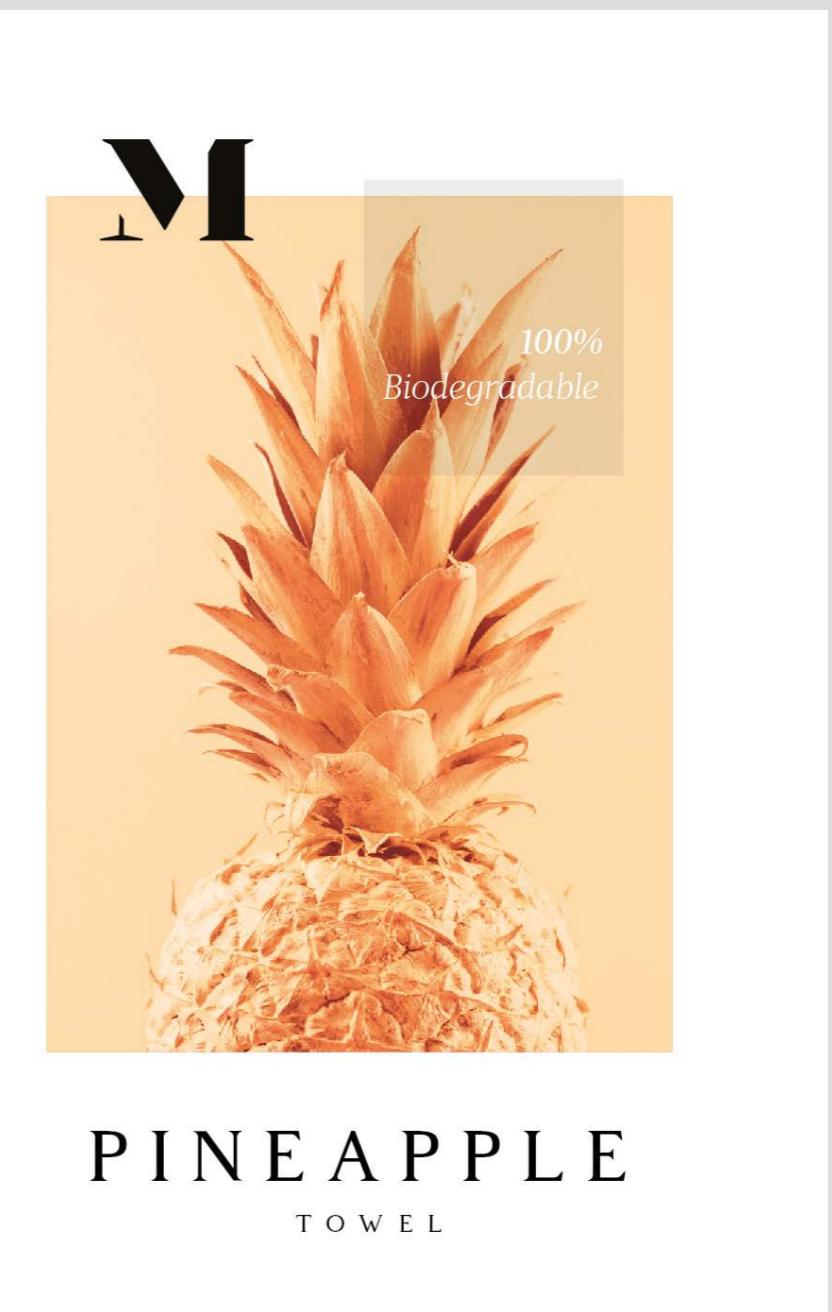
R E C I R C L E
T O W E L

The Recircle range, allocated to the concept of circular economy, emerged with the development of a new product using a new type of yarn, ecological and sustainable, obtained from the waste generated in the production of Mundotêxtil's yarn dyeing plant. This yarn is used together with the raw yarn to improve the quality of the product (50% Cotton/50% Yarn Dyed Waste).

The objectives of this development were achieved, obtaining a differentiating product, which respects the sustainable component, keeping the essential properties of the terry (good touch and good moisture absorption capacity). With this development, we have created an innovative product with a reduced environmental impact, and lower costs and extended our portfolio of sustainable developments.



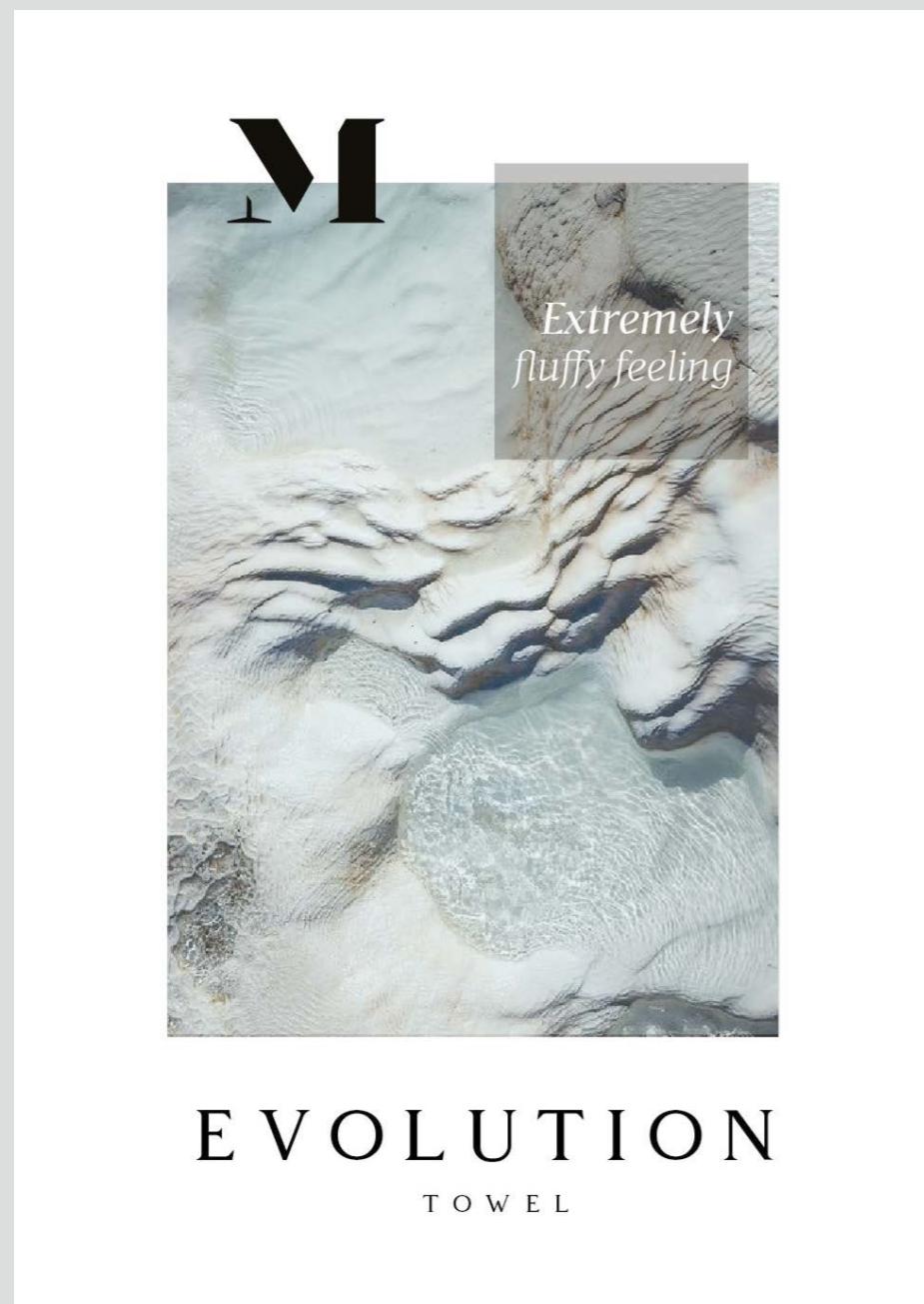
Conscious is an eco-friendly yarn made of 50% recycled and 50% organic cotton. This yarn is not dyed, nor does it need to be dyed as it already has a wide color palette. When compared to other products, as it does not use water or chemicals, it is considered a product with reduced environmental impact.



The main concern of the textile industry is to make sustainable products close to nature and pineapple fiber is a good example. Pineapple waste can produce silky white fibers using biotechnological methods and can be added with other fibers for zero waste management to create better quality products and increase employment opportunities in the rural population.

Distinctive features:

- After harvesting, producers use the leaves to produce the fiber;
- Compared to cotton, the use of water and chemicals used to grow and produce the fiber is reduced;
- It is three or four times stronger than cotton and has better dyeing properties;
- It is 100% biodegradable and decomposes in the soil in 6-9 months, avoiding pollution.



Mundotêxtil has been looking for more ecological alternatives to conventional cotton, as this is the number one choice for many clients. Despite soil contamination, cotton continues to be recognized as a fiber that does not bring significant impact when discarded in the environment since its complete decomposition time is approximately three months. Cotton has always been known as a "skin-friendly" fiber due to its comfort, breathability and softness.

Evolution yarn has two distinctive features:

- It is produced from an extra-long fiber which gives the yarn strong strength and good elongation;
- There is a secret in its twisting that gives the towel an exceptionally soft finish, a smooth surface and an extremely fluffy feel.

Mundotêxtil participates annually in Heimtextil, the biggest international home textiles fair, where it presents its collections for the next seasons.



Caption: Participation in Heimtextil 2020.



Due to the pandemic, Heimtextil did not take place in 2021.

Even so, Mundotêxtil was keen to present its new collection entitled "The Clarity Collection", so that it could reach its customers by strategically adopting its online presentation.

Meetings were scheduled to present the collection and a box was sent to each client. Each box contained the collection presentation portfolio and the respective samples so that the clients could see and feel, in a more tangible way, what was being presented in an online format.

3.5 Our Brands



Blank Home

Blank Home has everything a home needs: the finest materials and timeless designs, in a classic yet youthful collection of premium towels, bathrobes, bed linen and accessories. All products are manufactured to the highest standards of quality and sustainability.

Registered Countries: Switzerland, China, Norway, United States of America, Japan and the United Kingdom.



Risart

Risart is geared towards the Spanish market, positioned in the high and medium/high segments; it is a contemporary brand with a "Barcelona design". It presents an excellent quality/price ratio and has a constant presence in the main Spanish home and lifestyle magazines.

Registered countries: Europe, United Kingdom, United States of America, Mexico, Argentina, Peru, Chile and Colombia.

3.6 Supply Chain

102-9

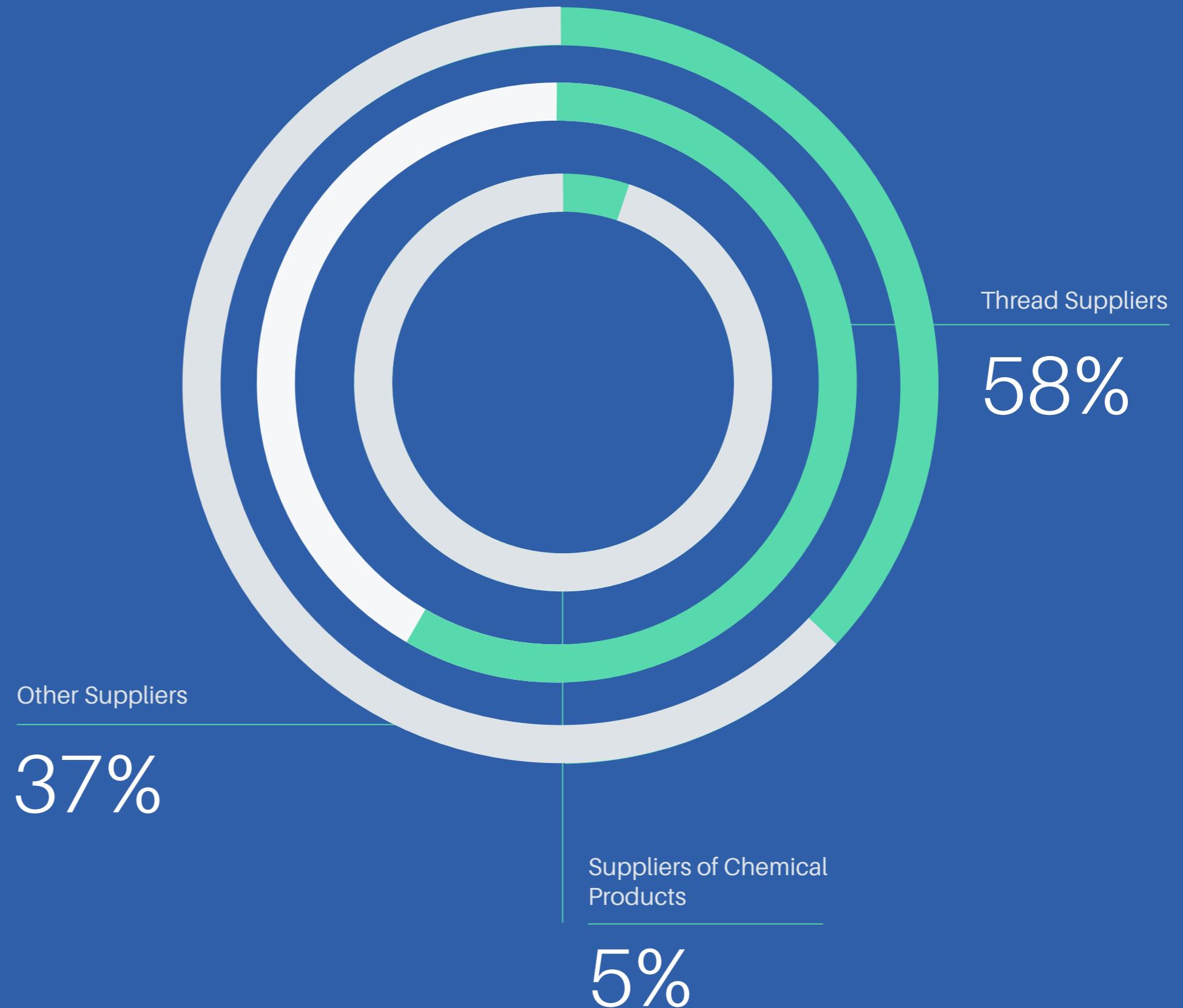
Our Supply Chain:

For Mundotêxtil,
suppliers are
key business
partners in the
value chain.

The selection of suppliers is based on a strict process, which entails a careful and judicious selection procedure that has been intensified with the implementation of a set of social and environmental policies.

3.6 Supply Chain

3.6 Supply Chain



In 2021, 56% of total purchases were from domestic suppliers.

An important criterion in the choice of suppliers is their nationality since it's intended to contribute to the local and national economy.

Mundotêxtil bets not only on the selection of its suppliers but also on their evaluation and qualification within the scope of its Integrated Management System which is based on environmental, social and product quality criteria with foreseeable audits (by sampling).

In terms of raw materials, we favor suppliers certified in various references, such as GOTS, GRS, OEKO-TEX, which represent the existence of high social, environmental and production process standards in the work undertaken.

The chemical suppliers must comply with strict and demanding criteria of safety applicable to the products (such as the REACH³ Regulation in Europe), and lists of banned substances established by their customers and/or by the ZDHC Roadmap which is a Program for Zero Dumping of Dangerous Chemicals (ZDHC) that Mundotêxtil subscribes and uses for the management of its chemicals and effluents.

Mundotêxtil has a Code of Ethics and Conduct for Suppliers that intends to go beyond the legal norms and reflect ethical standards and moral conduct to ensure credibility and preserve the reputation and image of Mundotêxtil and its suppliers. The Code establishes guidelines regarding the adoption of practices based on building healthy, transparent and sustainable relationships, according to the following principles and values: anti-corruption, anti-bribery and anti-terrorism, human rights, safety, health and environment.

In the year 2021, our Policy of Responsible Transport also came into effect and reflects the behaviors to be taken into consideration when transporting Mundotêxtil products, to reduce the risks they might be exposed to during their journey, from leaving Mundotêxtil's premises to their final destination.

³ Regulation (EC) No 1907/2006 concerning the registration, evaluation, authorization and restriction of chemicals (REACH Regulation).

TARGET 2022/2023

Develop and implement a Responsible Purchasing Policy.

3.7 Research, Development and Innovation

Aware of the importance of innovation and research and development activities (RDI), these have become part of the daily practice of Mundotêxtil, which has invested in this area since its foundation in 1975, thus being able to offer a portfolio of products and services with high added value.

The success demonstrated by Mundotêxtil in RDI gives its clients solutions based on our vision but also based on their specific needs, through close collaboration with the design and product development teams. The functionalization of fabrics is one of the areas of interest of Mundotêxtil, being the creation of terry products with antibacterial properties an idea that has been worked on.

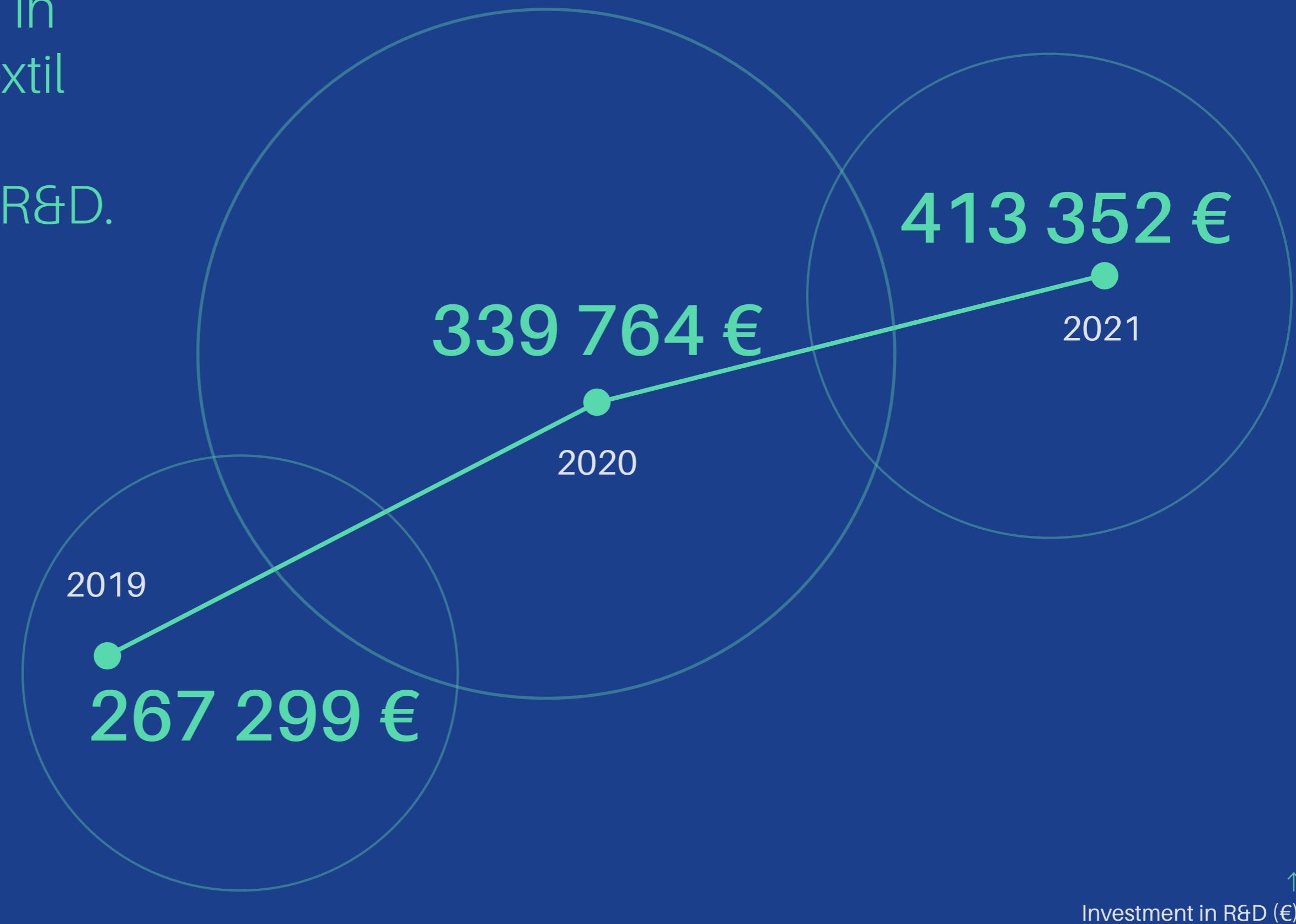
With this department, we are therefore anticipating the trends of the most demanding markets, meeting the expectations of all our customers and partners. We are a company with a clear strategic business focus, and we differentiate ourselves through our quality, service, design and innovation. We produce fabrics of different qualities using the best raw materials of various origins (cotton, linen, bamboo, wool, silk, cashmere, Tencel, modal, among many others).

For the R&D activities, Mundotêxtil has two laboratories and technical departments to support the development at the level of confection (manufacturing?), weaving and dyeing, with an R&D team working to bring innovative technologies to the company, from the product to the process.

This R&D team, internally known as NID (Núcleo de Investigação e Desenvolvimento), meets frequently to outline new strategies, overcome failures/problems, develop improvement and/or innovative ideas/suggestions, and discuss current and relevant issues, among others.



Compared to previous years, in 2021 Mundotêxtil **increased its investment in R&D.**



Main RDI projects in 2020/2021

Lean Management - Industrial Eco-efficiency

This project started in 2019 to implement Lean tools in Mundotêxtil's production process, aiming at eliminating waste and increasing production efficiency.

Lean thinking consists of a set of principles that aim to simplify the way an organization produces and delivers value to its customers while all waste is eliminated.

Within the scope of this project, the following continuous improvement tools were implemented:

- Elimination of eight wastes:** The focus of the Lean implementation is centered on the main causes of waste in the company, namely: layout improvement; processes without capacity; weak working methods; workplace organization; poor planning.

- 5S Methodology:** One of the main tools of the Lean methodology is the "5S", which has helped in improving the organization of work processes, and visual management and, therefore, increasing efficiency.

The examples of continuous improvement that have been implemented are many, which leads us to continue this work since the goal is to put Lean thinking into everyone's daily lives.

Reusable masks

In 2020, in the context of the COVID-19 pandemic, several states of emergency were declared in Portugal and around the world, something that for Mundotêxtil, as for many other companies, affected its activity.

Mundotêxtil, as a socially responsible company in its sector and aware of the needs of society in the context of the COVID-19 Pandemic, immediately developed internal efforts to meet the demand for essential products to prevent and combat the virus to ensure the safety and health of its employees, reducing the impact of COVID-19 within the company and contribute to the national effort to combat the pandemic.



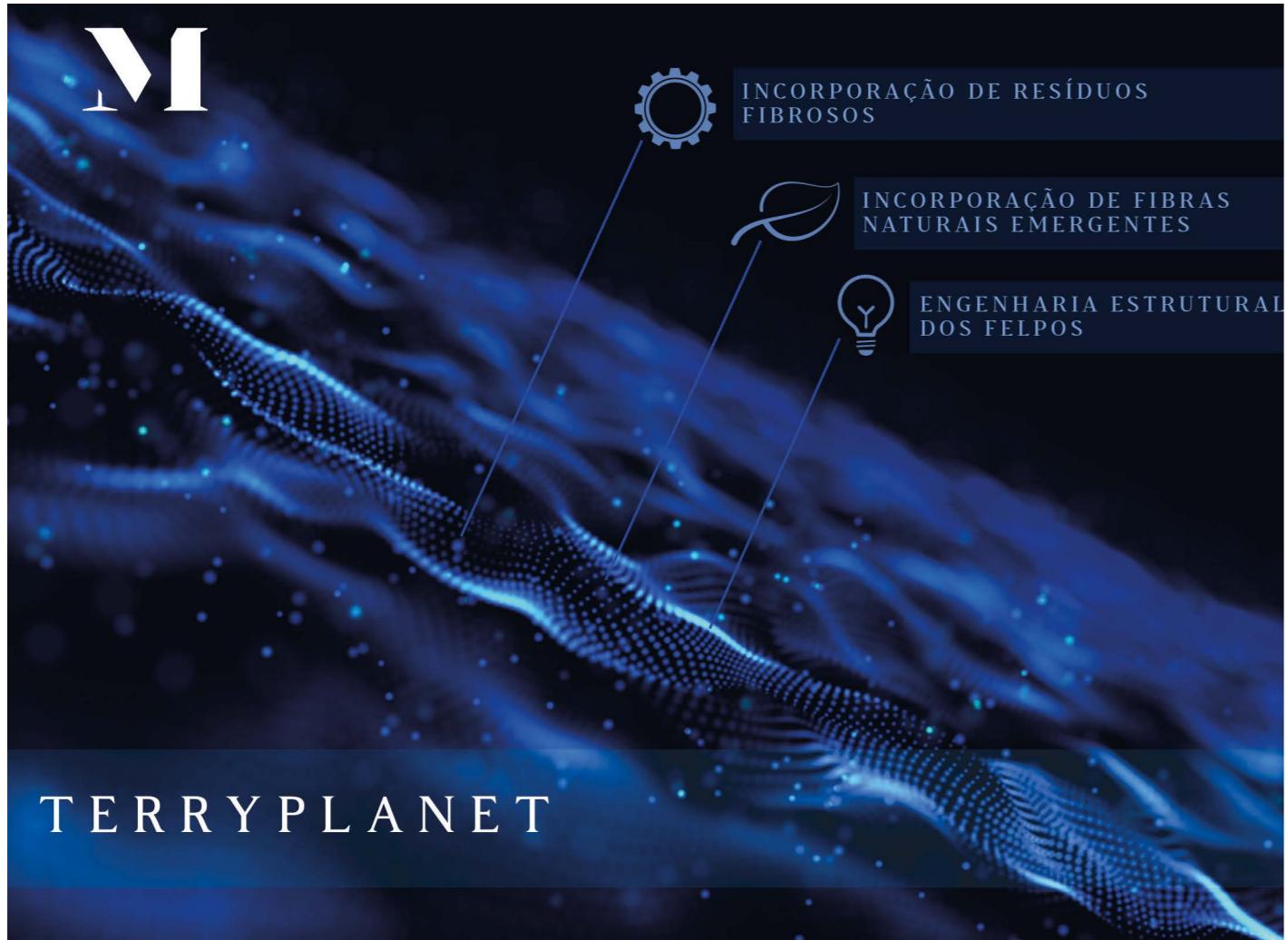
⁴ Mentioned in article 4, no. 1 of Decree-Law no. 14-E/2020, of April 13.

In this context, the main goal of the project was to develop two models of reusable masks based on innovative terry cloth structures.

The models were certified according to the respective Technical Specifications to the categories to which they are intended⁴, namely the Level 3 Masks that are reserved for professionals who are not teleworking or the general population who have authorized exits in confinement context.

Obtaining masks for social use from terry cloth that meets the technical specifications presented a certain complexity for Mundotêxtil. It was necessary to address issues at the level of structure of the terry cloth, design and finishing, able to ensure, firstly, a substrate capable to be certified by CITEVE and secondly, a final product at the very least effective and comfortable for the estimated time of use. However, the effort of the research and development teams allowed the creation of two models of masks certified for twenty-five washes.

TerryPlanet



Project TerryPlanet aims to develop innovative terry towels based on circular economy principles. It involves the use of emerging natural fibers that are more sustainable than cotton and the inclusion of fibrous waste from our process. It aims to increase durability and reduce the number of raw materials used.

In line with Mundotêxtil's production, this project focuses on the following fundamental parameters:

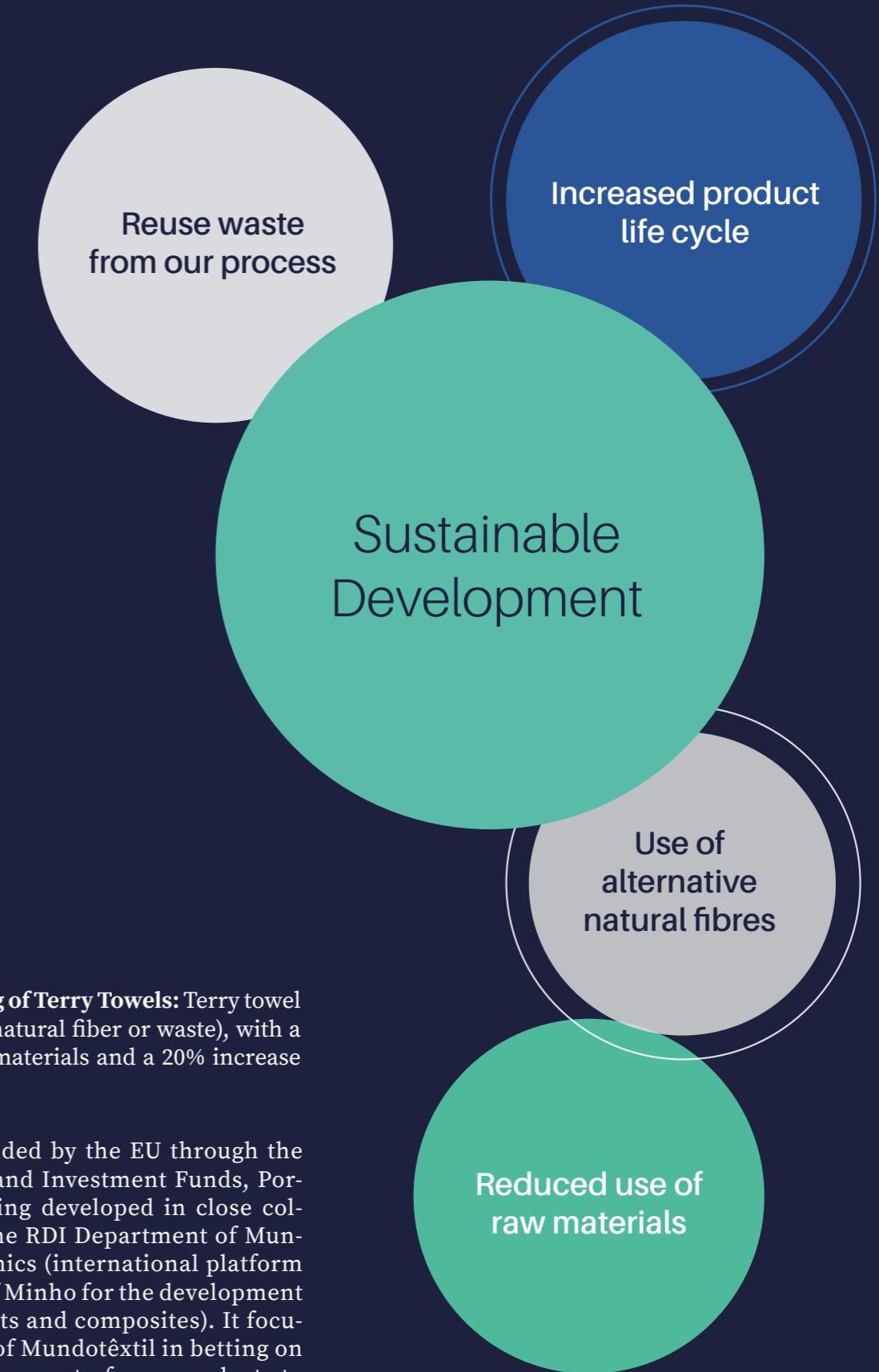
- Reduce the consumption of raw materials by building new absorbent structures that require fewer products in the dyeing and finishing phases;
- Reuse Mundotêxtil's waste in new components designed with recycled fibers;

- Use sustainable fibers, using emerging natural raw materials (protein and vegetable);
- Increase durability in terry structures by combining new fibers/fabrics/finishes that lead to materials with a longer lifespan.

This project foresees the creation of a green product line, based on the following strategic goals and principles:

Incorporating Emerging Natural Fibers: Terry towels composed of up to 100% natural fibers as an alternative to cotton.

Incorporating fibrous waste: Recycled terry towels composed of at least 50% fibrous waste from production.



Structural Engineering of Terry Towels: Terry towel (ideally composed of natural fiber or waste), with a 25% reduction in raw materials and a 20% increase in durability.

This project is co-funded by the EU through the European Structural and Investment Funds, Portugal 2020, and is being developed in close collaboration between the RDI Department of Mundotêxtil and Fibrenamics (international platform from the University of Minho for the development of fiber-based products and composites). It focuses on the principles of Mundotêxtil in betting on the sustainable development of new products to reduce our environmental footprint.

MundoINOVA

In October 2021 Project MundoINOVA was launched. This project aims to promote innovative ideas that reflect a positive impact on Mundotêxtil. The ideas and proposals presented must be directly related to the following strategic lines: Sustainability, Process Improvement and Human Capital Development. Every six months, a monetary prize is awarded to the best idea presented.

With MundoINOVA, we intend to:

- Stimulate the transversality of research in Mundotêxtil;
- Encourage all kinds of innovation, contributing to the continuous improvement of the investment made in terms of development of ideas and recognition of the respective results;
- Communicate to society the best of what is done at Mundotêxtil in the field of innovation in close coordination with stakeholders.



3.8 Certifications

102-12 e 102-13

The main global brands and operators have been announcing ambitious targets for the sale of products produced sustainably, using biological raw materials, focusing on traceability and product certifications. To keep up with this trend, we have been affirming our commitment to the development and certification of sustainable products.

In 2020, we achieved the Global Recycle Standard certification, which promotes the use of recycled fibers, and in 2021, we will extend our sustainable product offering to the following certification labels:

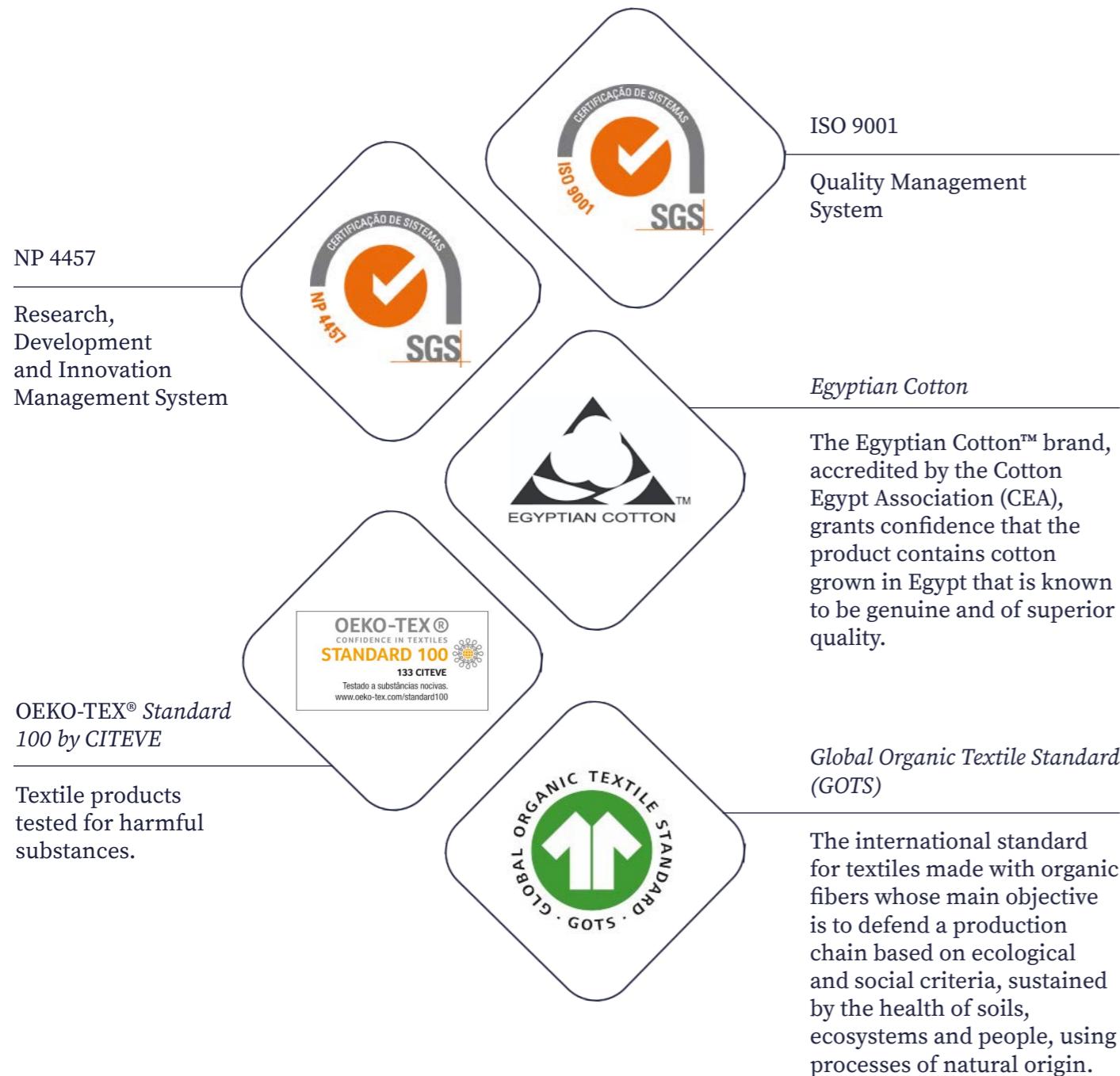
- RCS (Recycled Claim Standard), in line with GRS certification, for terry products with recycled materials.

- OCS (Organic Content Standard), in line with the GOTS certification that we have held since 2015, for terry products with organic materials.

In this way, we seek to contribute to the 2025 #recycledpolyester Challenge launched by Textile Exchange and UNFCCC, a joint initiative to stimulate a market shift towards the uptake of recycled polyester (rPET) and associated greenhouse gas (GHG) reduction.



One of our strategic focuses is on a multi-level certification that serves as a guarantee of high quality and sustainability for our stakeholders, both at the process and product level. That said, Mundotêxtil has for many years maintained its standards of quality and organizational excellence recognized through the following certifications:



Since this is our first Sustainability Report, it is important to mention that we are in the process of implementing another certification, **STeP by OEKO-TEX®**, which stands for sustainable production of textiles and leather. This modular certification system aims to implement long-term environmentally friendly production processes, improve occupational health and safety and promote socially responsible working conditions at production sites.

STeP by OEKO-TEX® differs from other certification systems because it is based on a comprehensive analysis and evaluation of production conditions, rather than considering only individual aspects of sustainability. It analyses all key areas of a company using six modules: chemical management, environmental protection, environmental management, social responsibility, quality management and occupational health and safety.



With the certification described above comes **MADE IN GREEN** by OEKO-TEX®, which is a traceable product label for all types of textiles and leather products. All products labeled with **MADE IN GREEN** by OEKO-TEX® can be transparently traced with a unique product ID or QR code indicating the countries and facilities in which it was produced. With this label, consumers can check directly on the product and responsible behavior of textile and leather companies and their suppliers.



Mundotêxtil complies with the requirements of the HIGG Index. This was developed by the Sustainable Apparel Coalition and consists of a set of tools to accurately measure and score the sustainability performance of a company or product. The HIGG Index provides a holistic overview that empowers companies to make significant improvements that protect the well-being of workers, local communities and the environment.

3.9 Commitments & Associations

102-12 e 102-13



Mundotêxtil is a member of the Textile Cluster promoted by **CITEVE** (Textile and Clothing Technological Centre, based in Vila Nova de Famalicão and with business representations all over the world, which provides a portfolio of services from laboratory tests, product certification, technical and technological consultancy, R&D + innovation, training, fashion and design).

Promotes the Textile Cluster - Technology and Fashion, in which Mundotêxtil participates through the following Special Interest Group (SIG):

SIG :: ECOSISTEMA

Sustainable Bio Circular	Performance	Digitalization	Skills	Design and Product Development
<ul style="list-style-type: none"> Bioeconomy Circular economy Carbon neutrality Resource and energy efficiency Safe and sustainable chemicals 	<ul style="list-style-type: none"> Mobility (Automobile, aeronautics, and space) Habitat (home textiles, construction, and architecture) military and protection Sport Health and wellness 	<ul style="list-style-type: none"> Automation E-Commerce Big Data Dematerialization Customization Textile product ID (transparency) Worker 4.0 Supply Chain 4.0 Industrial Processes 4.0 	<ul style="list-style-type: none"> Talents Training Education New competences for the ITV 	<ul style="list-style-type: none"> Design for performance Design for Sustainability and Circularity

Interclustering & Internationalization

Research, Development, Creativity and Innovation



Mundotêxtil is a member of **COTEC Portugal**, the main Portuguese business association for the promotion of innovation and technological business cooperation.

With the mission of promoting the increase of competitiveness of companies located in Portugal, through the development and diffusion of a culture and a practice of innovation, as well as the knowledge in the country, COTEC is a non-profit association that relies on the support of its Associates and the institutions of the National Innovation System (NIS) to achieve its objectives.



Mundotêxtil has been a member of the Better Cotton Initiative (BCI) since 2016. BCI is a non-profit organization, founded in 2005, and acts to improve world cotton production with producers, in the environment where it is grown, for the future of the sector.



Mundotêxtil is a member of **SEDEX "Member Ethical Trade Audits"** which is a standard used for Ethical Trade Audits.

These audits assume that all workers in the supply chain should have equality, a safe place to work and the means to support themselves and their families, free from bribery and corruption, using sustainable methods that keep the environment intact for future generations.

Sedex works with organizations to provide the information, tools and services to manage risk and conduct responsible business in their supply chains.



Mundotêxtil is a member of the Business Social Compliance Initiative (amfori BSCI), which consists of continuously improving social performance in global supply chains.

Based in Brussels, amfori is the leading global business association for transparent and sustainable trade. This initiative is based on the most important international labor standards and defines eleven fundamental worker rights that participants and their business partners commit to implement along their supply chains through a step-by-step development approach.

With this initiative, Mundotêxtil aims to demonstrate an ethical and responsible commitment, ensure fair working conditions, demonstrate compliance with applicable legislation, reinforce brand values and establish fruitful long-term relationships with suppliers, customers and other stakeholders.

In December 2021, Mundotêxtil released its **Social Responsibility Policy**, and it is available on its website through the following links:

- [Portuguese version](#) or [English version](#)



A Associação Fibrenamics - Instituto de Inovação em Materiais Fibrosos e Compósitos, atua em vários setores com destaque para a arquitetura, a construção, a indústria têxtil, o desporto, a medicina, a proteção e os transportes.



Com uma ideia disruptiva e muita determinação, nasceu em Portugal em 2011, uma plataforma para a transferência do conhecimento gerado na Universidade do Minho.

Um início disruptivo que é preservado até hoje sendo, atualmente, reconhecida pela Comissão Europeia como um exemplo de transferência de conhecimento científico e tecnológico, no campo dos materiais avançados e da nanotecnologia, para os diversos stakeholders da inovação. A nossa parceria com a Fibrenamics está vincada desde o seu início e tem-nos permitido aumentar as nossas competências em termos I&D e adquirir know-how em novas áreas, possibilitando o desenvolvimento de novos produtos. É importante referir que no início de 2022 seremos sócios fundadores da Associação Fibrenamics.

4. Sustainability Strategy and Management

The textile industry is the second most polluting industry in the world and is known for its significant negative impact on social working conditions and on the environment.

Mundotêxtil is an unavoidable reference in the home textiles market (terry towels) and, as such, has the responsibility to play a role in promoting positive changes. This means that **sustainability is one of the most important aspects of our strategy** for the coming years, covering all aspects of our business.

4.1 Stakeholder Involvement and Materiality

102-40, 102-42, 102-43, 102-44, 102-46, 102-47

The purpose that guides us is #PARTEDETI, that is, to enhance the growth of our customers, our teams and our community. It is with this purpose that Mundotêxtil gets involved, body and soul, in the prosperity of all those who surround it making "Part of each one of them". For us, it is especially important the involvement with all our **stakeholders**, respecting and trying, whenever possible, to meet their needs and expectations.

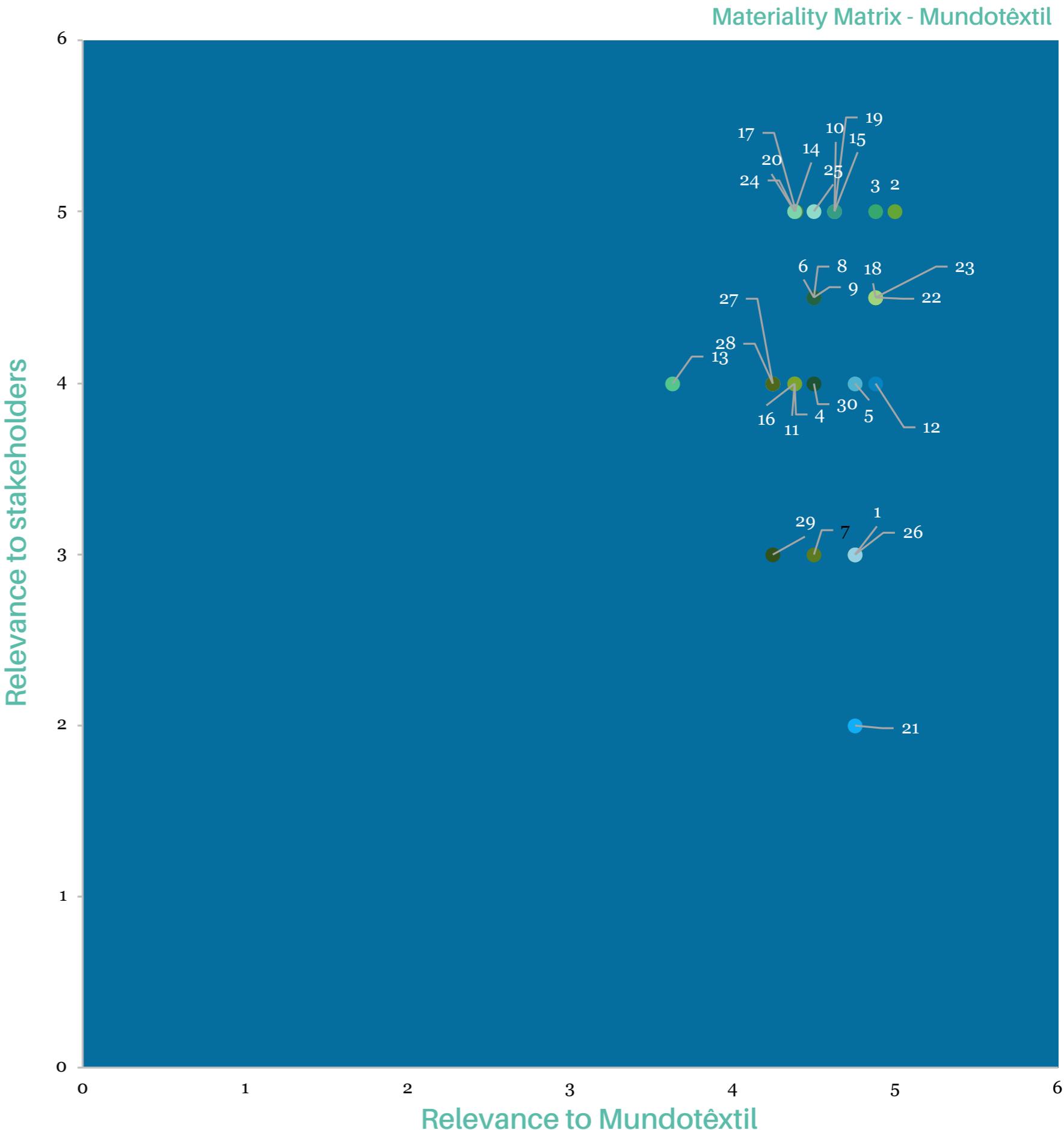
⁵ The Newsletter is a communication tool of the activities developed by Mundotêxtil, launched every quarter.

State	Compliance with existing legislation	Annual Report Sustainability Report Project Applications Balcão 2020	
	Fulfilling the responsibilities inherent to financed projects		
	Project approval		
Regulatory Entities	Compliance with existing legislation	Regular submission of statistics and reports of various kinds (fiscal, labor, environmental, occupational health and safety, professional training, etc.)	
Administration	Increasing profitability	Meetings Emails Annual Report Sustainability Report	Newsletter ⁵ www.Mundotextil.pt Social Media
	Financial Autonomy		
	Profit		
Employees	Job retention	Meetings Intranet Training courses	Newsletter ⁵ www.Mundotextil.pt Social Media
	Work satisfaction		
	Pay		
	Management recognition		
	Career advancement		
Suppliers	Compliance with contractual obligations	Supplier Qualification and Evaluation Process Code of Ethics and Conduct for Suppliers	
Group Companies - MCM	Business partnership (wires)	Meetings Emails Newsletter ⁵	www.Mundotextil.pt Social Media
Customers	Compliance with technical specifications	Visits Trade Fairs Customer Questionnaires Evaluation of Customer Satisfaction	www.Mundotextil.pt Social Media Annual Report Sustainability Report
	Certifications		
	Price/Delivery times		
Society	A fair company that contributes to the social and economic development of the region and of Portugal.	Collaboration Protocols with Universities Concession of internships in collaboration with Training Centers, Schools and Universities Professional internships in collaboration with the Institute for Employment and Professional Training Visits to the factory www.Mundotextil.pt Social Media Annual Report Sustainability Report	

In 2021, Mundotêxtil redefined its material themes, following the materiality principles of the Global Reporting Initiative (GRI), through the identification of the themes that are critical to the various stakeholders and that guide management and decision-making.

The material themes, represented in the materiality matrix, result from the crossing of the relevance attributed by the main stakeholders and the relevance attributed by Mundotêxtil, determined through a questionnaire applied internally to a set of employees and members of the top management.

- 1- Operational Eco-Efficiency
- 2- Water and Effluents
- 3- Energy consumption
- 4- Waste Management
- 5- Biodiversity
- 6- Greenhouse gas (GHG) emissions
- 7- Environmental Compliance
- 8- Training and education
- 9- Human Rights
- 10- Occupational Health and Safety
- 11- Local communities
- 12- Employment
- 13- Freedom of trade union association
- 14- Diversity and inclusion
- 15- Non-Discrimination
- 16- Indirect Economic Impacts
- 17- Supply chain management
- 18- Economic Performance
- 19- Anti-corruption
- 20- Anti-Competitive Behavior
- 21- Market Presence
- 22- Innovation and Development
- 23- Circular Economy
- 24- Marketing and labelling
- 25- Materials
- 26- Security practices
- 27- Customer Privacy
- 28- Customer Health and Safety
- 29- Taxes
- 30- Socio-economic legal compliance



The results allowed us to identify twelve material themes for Mundotêxtil's business, which are aligned with the Sustainable Development Goals (SDGs) defined by the United Nations, thus contributing to the achievement of the 2030 Agenda on SDGs.

By working on these themes, Mundotêxtil is committed to the implementation of initiatives that address these goals, contributing with its power of innovation to a more sustainable and inclusive future.



4.2 Governance

102-18

Board of Directors | Governance Structure



To ensure that sustainability is at the top of our priorities, Mundotêxtil has a Sustainability Committee, a specialized working group focused on implementing the sustainability strategy in the Organization and developing Environmental, Social and Governance (ESG) actions, aligning sustainability objectives with business objectives.



All relevant actions developed by the Committee are reported in the Sustainability Report, which is prepared by the Head of Sustainability and Innovation, following GRI standards and reported to the Board of Directors.

This report communicates a transparent overview of the company's achievements and challenges concerning the main sustainability indicators.

4.3 Ethics and Integrity

In fulfilling its objectives, Mundotêxtil recognizes the importance of constantly investing in the development of an ethical and socially responsible culture, directing its action towards seeking the consolidation of the recognition of its stakeholders regarding the quality and effectiveness of the services provided, in an integrated, participative, ethical and socially responsible management.

The Code of Ethics and Business Conduct of Mundotêxtil constitutes the corporate instrument of explanation of the values and principles that underlie the personal and professional conduct among the members of the institution and with society. The Code of Conduct defines business ethics guidelines, namely principles to be followed in the relationship with the various sectors of society (example: customers, suppliers, community, governmental bodies and others), as well as acceptable and unacceptable conduct for its employees and the Administration, respect for human rights, among others, which must be followed by all employees and service providers, during the performance of their respective functions. This is available on the Mundotêxtil website through the following links:

- [Portuguese version](#) or [English Version](#)

The actions of the Administration, employees and all those who perform activities on behalf of Mundotêxtil should be guided by the **ethical principles** of legality, impersonality, morality and efficiency.

Mundotêxtil has implemented a communication channel (sugestoes@mundotextil.pt) to confidentially report and denounce irregularities in its codes, policies and possible impacts on human rights. The treatment of the reported issues is done transparently by those responsible and the non-retaliation of those who resort to this mechanism is guaranteed.

Anti-corruption policy

The Anti-corruption Policy of Mundotêxtil aims to reinforce its commitment to maintain standards of integrity and ethics in the conduct of its business by establishing guidelines to combat corruption.

This policy is interconnected with the Code of Ethics and Business Conduct of Mundotêxtil, so that both regulations should be followed by the entire Organization, including employees, partners and suppliers, so that everyone observes the guidelines to prevent and combat situations prone to acts of corruption, bribery and fraud. It is available on the company's website in two versions:

- [Portuguese version](#) ou [English version](#)

As part of the training given to new employees, information will be included on the anti-corruption policy and the procedures to be adopted will be communicated.

4.4 Sustainability Strategy

In recent years, Mundotêxtil has focused its business strategy on the transition from a business model based on a purely linear economy “waste economy”, to a circular economy model, an “economy with responsible environmental treatment”.

Mundotêxtil reports on its Sustainability strategy **Part of Me | Part of Our People | Part of Our Nature**, presenting the material issues that gave rise to the main areas of the strategy.

MATERIAL TOPICS	STRATEGIC AREAS	COMMITMENTS UNTIL 2030
Economic performance Anticorruption Circular economy Innovation and development	Governance Part of Me	<ul style="list-style-type: none"> - Sustained economic growth; - Promotion of sustainability in the value chain; - Transition of the business towards a circular economy; - Fostering research and innovation.
Capacity building and education Human Rights Occupational Health and Safety Nondiscrimination	Environment Part of Our Nature	<ul style="list-style-type: none"> - Human Capital Development; - Promotion of employee satisfaction and well-being; - Promotion of equity at work; - Improving the health and safety conditions of employees; - Contributing responsibly towards a fairer and more balanced society.

4.5 Risk Management

102-11

Mundotêxtil has a risk assessment procedure that aims to establish the methodology used to identify, analyze and assess risks. For all the identified risks and weaknesses, an evaluation of their effects is carried out to determine the level of significance that these have with the activity of Mundotêxtil.

The risks are calculated taking into account criteria of probability of occurrence of the risk and possible impacts and consequences that will potentially fall on the company. So that it is possible to control the impact associated with the risks and weaknesses, Mundotêxtil carries out the management of control measures⁶.

After the evaluation of the significance of the risk, the risks and weaknesses that result in a level equal or superior to nine are considered significant.

Whenever, after the evaluation, it is verified that one of the risks and weaknesses is significant, measures are established through operational control or the definition of an objective or target.

⁶ Calculation of risk level: Probability x Consequence x Existing control measures.

5. Circular Economy and Responsible Resource Management

5.1 Circular Economy

The commitment to a circular economy and ecological production has been one of the strategic pillars of innovation of Mundotêxtil, using natural fibers that consume less water than cotton, such as hemp and kapok, having already presented several collections in this sense, such as “Jungle”, “The Linen Capsule”, “Premium Bamboo Collection”, “Recircle”, among others.

Mundotêxtil is committed to contributing to a “greener” world and in this sense has developed several initiatives, which include the publication of the first Sustainability Report, the training of its workers, the involvement with the local community and the use of raw materials and more environmentally friendly processes.

Mundotêxtil produces terry towels, mainly 100% cotton, using about four thousand tons of this raw material every year and creating approximately 10% of textile waste. Mundotêxtil has been working to accelerate the transition of its business model to a circular economy model - “economy with responsible environmental treatment” - highlighting our most recent sustainability and R&D project, TerryPlanet, which aims to develop innovative terry towels based on circular economy principles, from the production of sustainable terry towels and the adoption of an eco-process. This project, which began in 2019, is being developed in partnership with Fibrenamics (University of Minho) and is aligned with what has been one of the priority lines and strategic pillars of Mundotêxtil’s R&D: environmental sustainability.

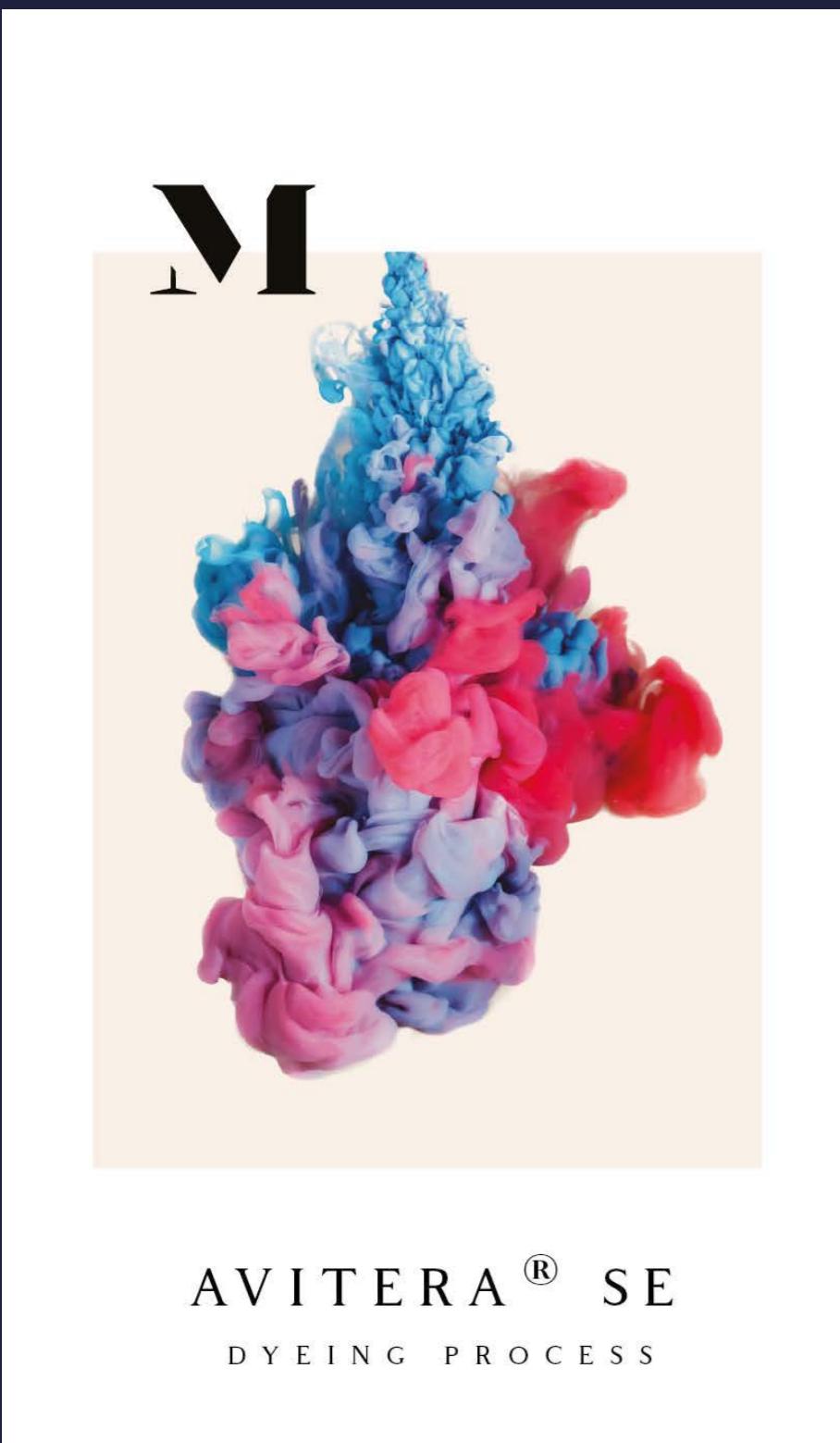
The Circular Economy is based on the same ideal as the chemist Antoine Lavoisier, “In Nature nothing is created, nothing is lost, everything is transformed”.

Figure 1: Principles for the production of sustainable felts ↓



↓ Figure 2: Example of an eco-process implementation

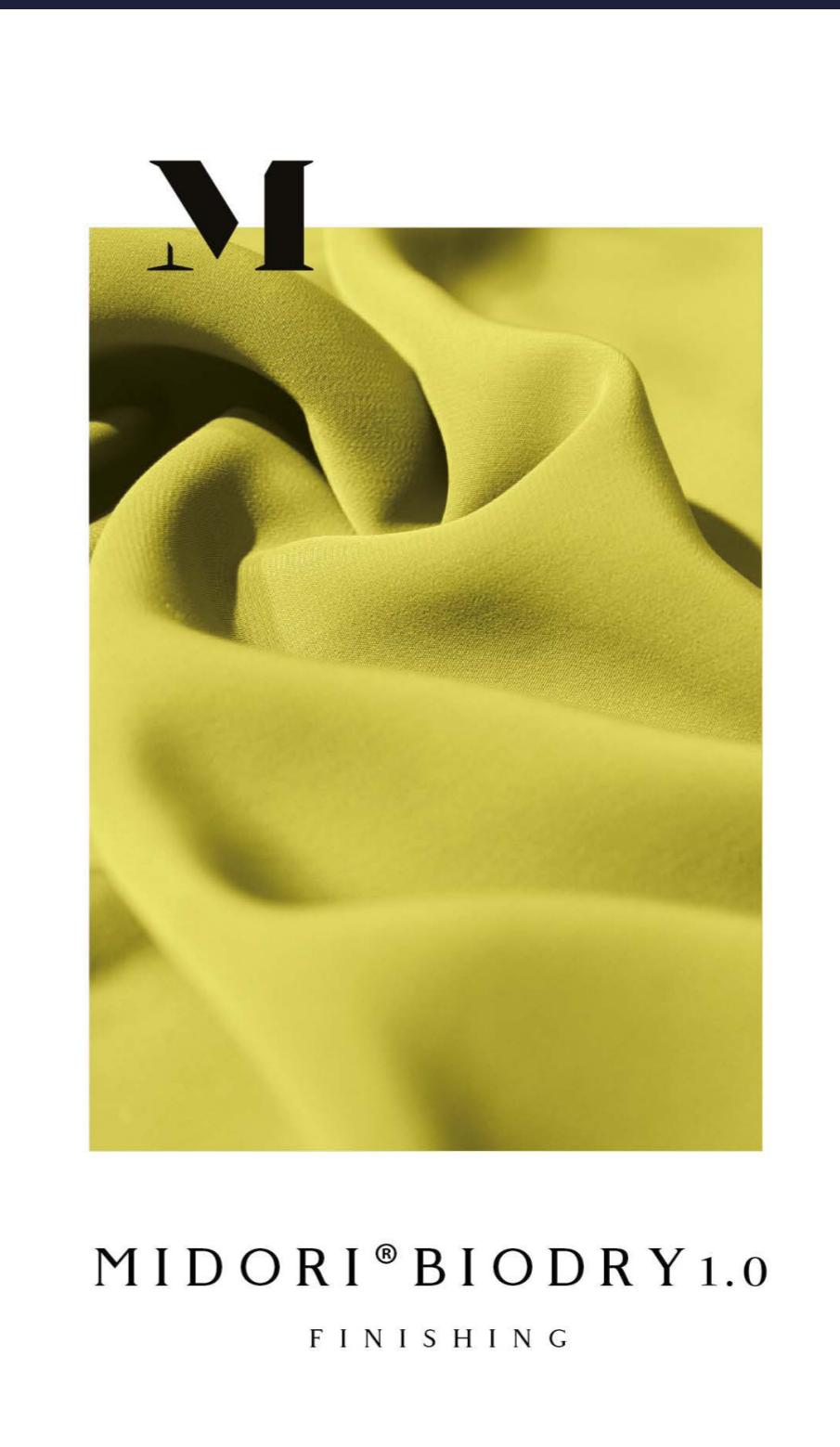




In the development of our products, we apply several ecological processes, namely:

Avitera® SE⁷

The Avitera® SE range is the first innovative line of Para-Chloro-Aniline (PCA) free reactive dyes that offer economic and environmental sustainability to mitigate key challenges in the textile industry by increasing yield, improving productivity and reducing processing costs.



Water, Time and Energy Economy

Dyes	Water	Vapor / CO2	Time
Conventional dyes	40 - 80 l/kg	6.5 - 2.2 kg	7h
Avitera® SE dyes	15 - 80 l/kg	1.7 - 0.7 kg	4h

⁷ Produced and developed by the Huntsman Corporation.

Midori Biody⁸

To reduce the carbon footprint in relation to conventional products derived from oil, Mundotêxtil uses this type of finishing on its towels, based on natural and renewable substances, thus reducing the impact of chemical textile finishes on the environment, and guaranteeing the towel a soft and natural touch, with GreenScreen Silver and GOTS certification.

This type of finish is made with plant seed-based oils and palm oil-free active ingredients.

⁸ Produced by "Beyond Surface Technologies AG", they seek to replace, totally or significantly, synthetic crude oil-based raw materials with renewable ones, without compromising on performance.



E A R T H
T O W E L

Earth Towel

Through this range of towels, we offer a 100% environmentally friendly product.

These are made from 100% organic raw materials, with a 100% sustainable industrial process, without dyeing, without the use of conventional chemical products, significantly reducing their environmental impact in terms of water consumption, energy and emissions into the atmosphere, without compromising their characteristics of touch, absorption and hydrophilicity.

5.2 Responsible Resource Management

At Mundotêxtil, we look at our planet as something “dear” and to be preserved. We understand that its resources are limited, and its unconscious and disorderly use can lead to the end of life on Earth, as we know it today. Because of that, Mundotêxtil defends the sustainable development and, nowadays, uses the resources with the generations of tomorrow in mind.

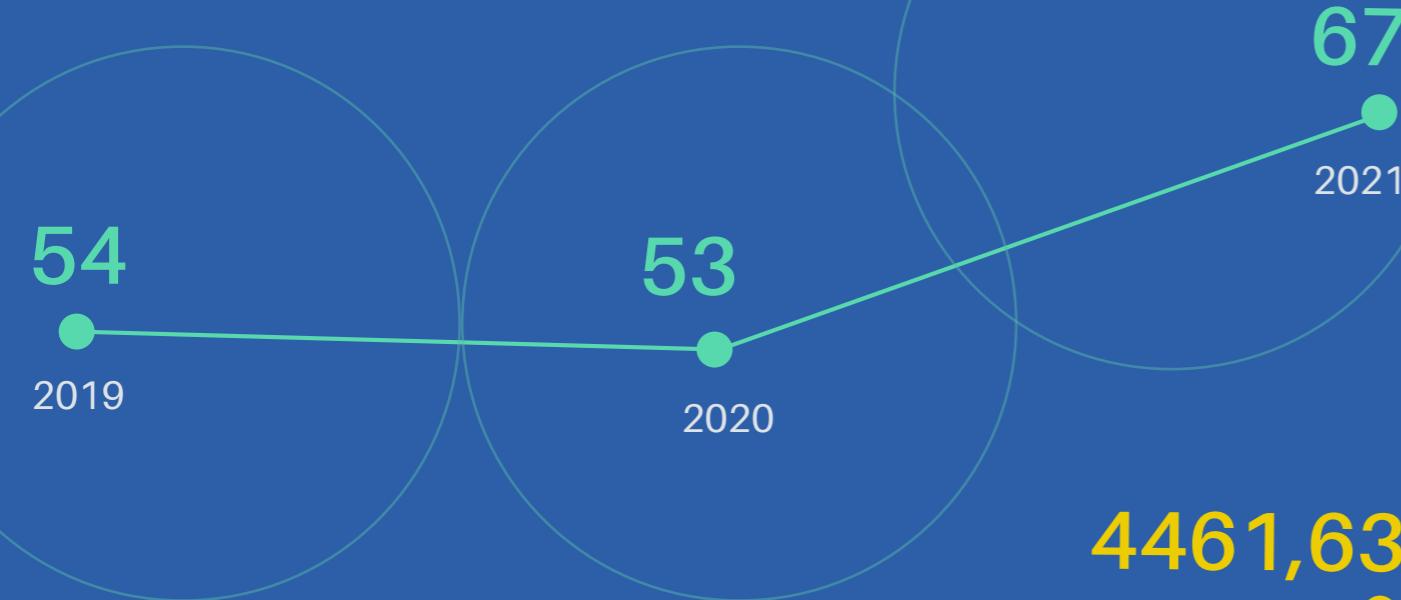
Materials 301-1

The main materials used throughout the production process are:

- Raw materials (textile fibers);
- Chemicals;
- Cardboard;
- Plastics.

These materials come from non-renewable sources and Mundotêxtil is therefore striving to ensure that its production process evolves in the direction of being more efficient and consuming fewer resources. The annual quantities of these materials used, expressed in tons, are shown below.

Plastic non renewable (tons) ↓



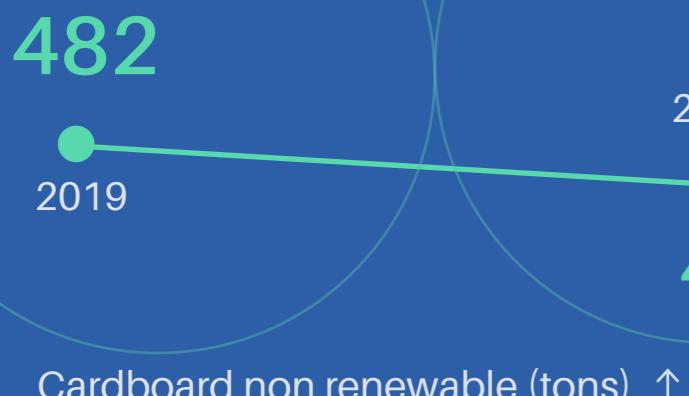
↓ Chemicals non renewable (tons)



Total Production (tons) ↓



↑



Resource and material management at Mundotêxtil is based on the following principles and requirements:

- Responsible use of cotton-based textile fibers;
- Respect for natural resources and their origins - right from the start by choosing raw materials that are more sustainable and have less impact on the environment than cotton.

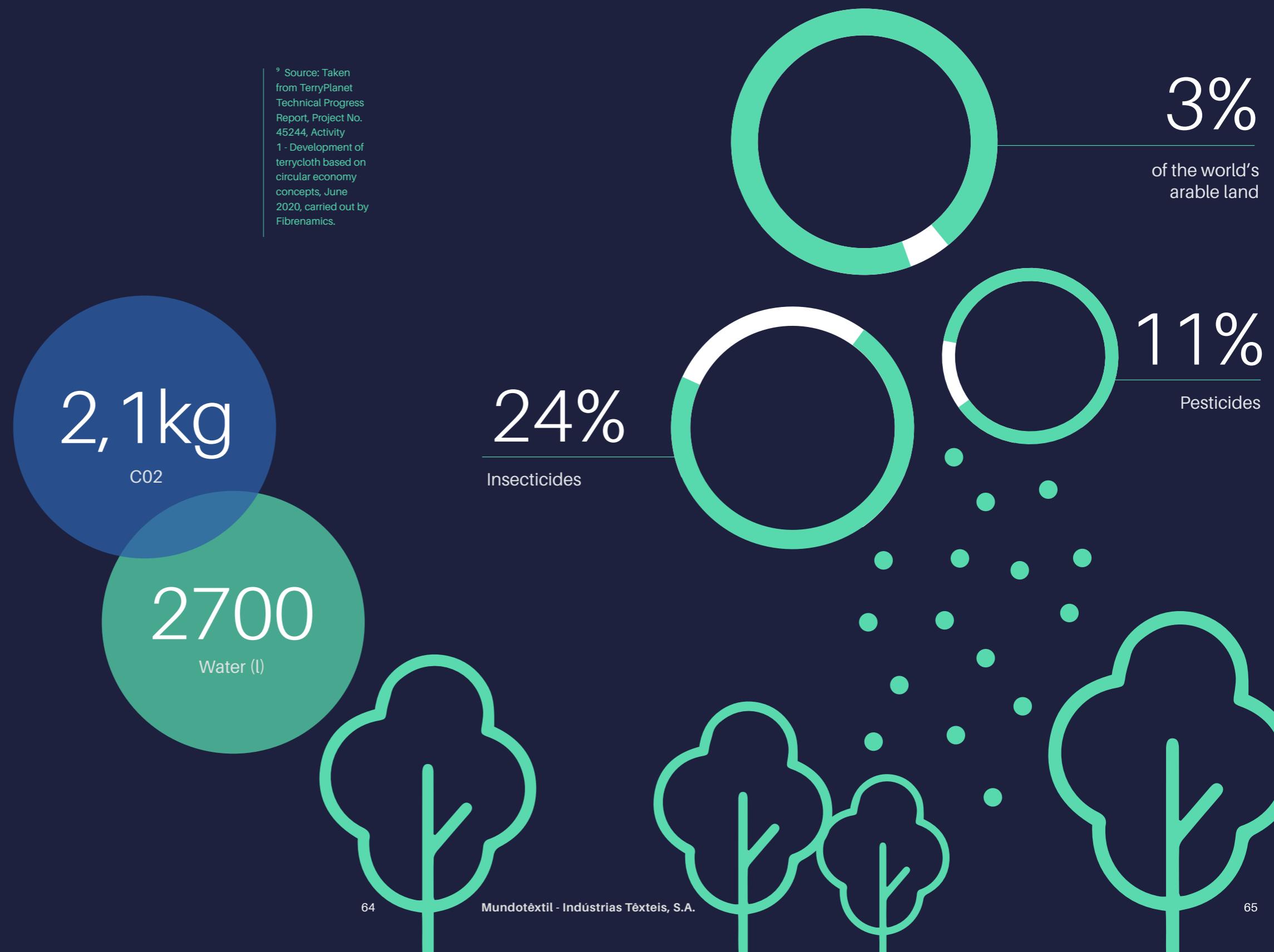
Textile fibers

Mundotêxtil is the biggest producer of terry towels in Europe and most of its production is based on cotton. Cotton is the most used fiber in the world and, although it is natural, it causes many environmental problems in its production and treatment. Based on environmental responsibility, it is necessary to analyze other possibilities to produce terry, which may include the introduction of emerging fibers and/or recycling the cotton waste produced by the company.

⁹ Source: Taken from TerryPlanet Technical Progress Report, Project No. 45244, Activity 1 - Development of terrycloth based on circular economy concepts, June 2020, carried out by Fibrenamics.

The impacts of cotton production ⁹

Cotton agriculture is responsible for using around:





The following are some examples of more sustainable fibers than conventional cotton, used in Mundotêxtil's production process.

BCI Cotton

BCI cotton is a sustainable fiber regulated by the Better Cotton Initiative that aims to guarantee consumers environmentally friendly cotton through sustainable practices such as minimizing the harmful impacts of farming practices, using water efficiently, protecting soil health and conserving

natural habitats while preserving fiber quality.

Organic Cotton

Organic cotton is produced based on the principles of organic agriculture, which tends to be better than conventional agriculture because it does not use pesticides. With the use of this fiber, it is possible to reduce the damage caused to the soil, the environment and human beings.



CMIA - Cotton Made in Africa

CMIA (Cotton Made in Africa) is an initiative of the Aid by Trade Foundation and is one of the world's leading standards for sustainably produced cotton. This initiative is based on three pillars, namely a commitment to protect soil, water, biodiversity, climate and the environment, including a ban on the use of genetically modified organisms and reducing the negative effects of agricultural protection.

Emerging Natural Fibers

Emerging natural fibers have gained importance in the global fibers market, a growth associated with increased environmental and socio-economic awareness. Natural fibers are all fibers extracted from elements of natural origin, namely animals, vegetables, or minerals.

Emerging fibers such as flax, hemp, abaca, ramie, sisal, coconut, nettle, pineapple, jute and wool are considered environmentally sustainable, with minimal impacts and much lower consumption than cotton.

Figure 4: Example of products developed by Mundotêxtil based on emerging natural fibers.



¹⁰ Source: Taken from TerryPlanet Technical Progress Report, Project No. 45244, Activity 1 - Development of terrycloth based on circular economy concepts, June 2020, carried out by Fibrenamics.

Table 2: Water and energy consumption at different stages of production of some emerging fibers¹⁰.

	Cotton		Hemp		Nettle		Flax		Wool	
	Energy (MJ/kg)	Water (L/kg)								
Production Raw materials	48,7	1818,0	13-32,6	Rain	25,8	Rain	5,5-11,7	Rain	8-13,9	Rain
Fiber Preparation	18,4		13-32,6	199-221	2,7	-	2,7	72,3	4,3-20	5-14
Fabric Preparation	5-30		5-30		5-30	-	5-30		39,6-75,6	70-314
Dyeing Finishing	17,9-60,9	105-145	17,9-60,9	105-145	17,9-60,9	105-145	17,9-60,9	105-145	39,6-75,6	70-314

Chemical Products

All chemicals used in our process comply with the following requirements:

- ZDHC - Zero Discharge of Hazardous Chemicals;
- Restrictions set out in Annex XVII of the REACH Regulation;
- Do not have any of the SVHC (Substances of Very High Concern), from the candidate lists published to date, in quantities greater than 0.1%.

The weighing and process feed of all auxiliary products and dyes is automatic, allowing their use to be optimized, reducing waste and making consumption more efficient.

Packaging

As far as packaging is concerned, our strategy focuses on a set of principles, trying to provide our customers with increasingly sustainable solutions, without jeopardizing the healthiness and quality characteristics of the towels.

Plastics

- Use of recyclable PE (polyethylene) and LDPE (low-density polyethylene) packaging;
- Ensuring that plastic packaging products do not contain any of the Annex XIV candidate chemicals proposed as Substances of Very High Concern (List as of 17/12/2015) above the 0.1% limit as set out in REACH (Article 57, Regulation No. 1907/2006).

Cardboard

- FSC certified¹¹.

We ensure compliance with the requirements identified above through careful selection and our suppliers (in this regard see 3.5 Supply Chain).

Waste

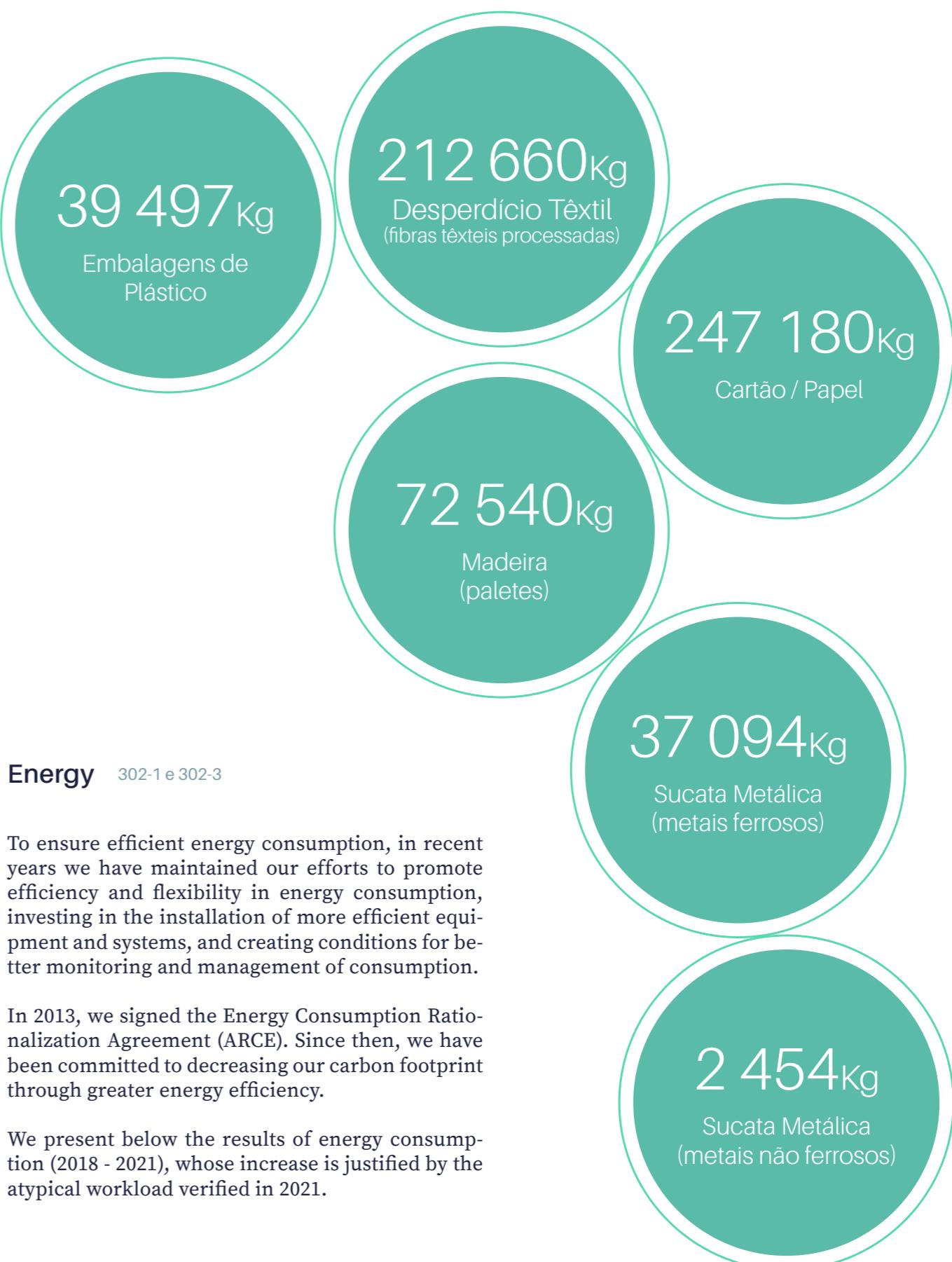
306-1, 306-2, 306-3

It is from the point of view of Waste Management that Mundotêxtil has been working over the years, namely through the prevention of waste production and replacing the concept of end of life, with the creation of new circular flows, such as recovered waste.

The way we store, treat and separate waste has allowed us to add value to it, making our production process, as a whole, Zero Waste. Currently, we can state that all our waste, except for organic waste, has added value and is sold, with recovery close to 100%.

¹¹ FSC certification guarantees that products come from well-managed forests and provide environmental, social, and economic benefits.

Figure 5: Recovered waste (2021). ↓



Energy

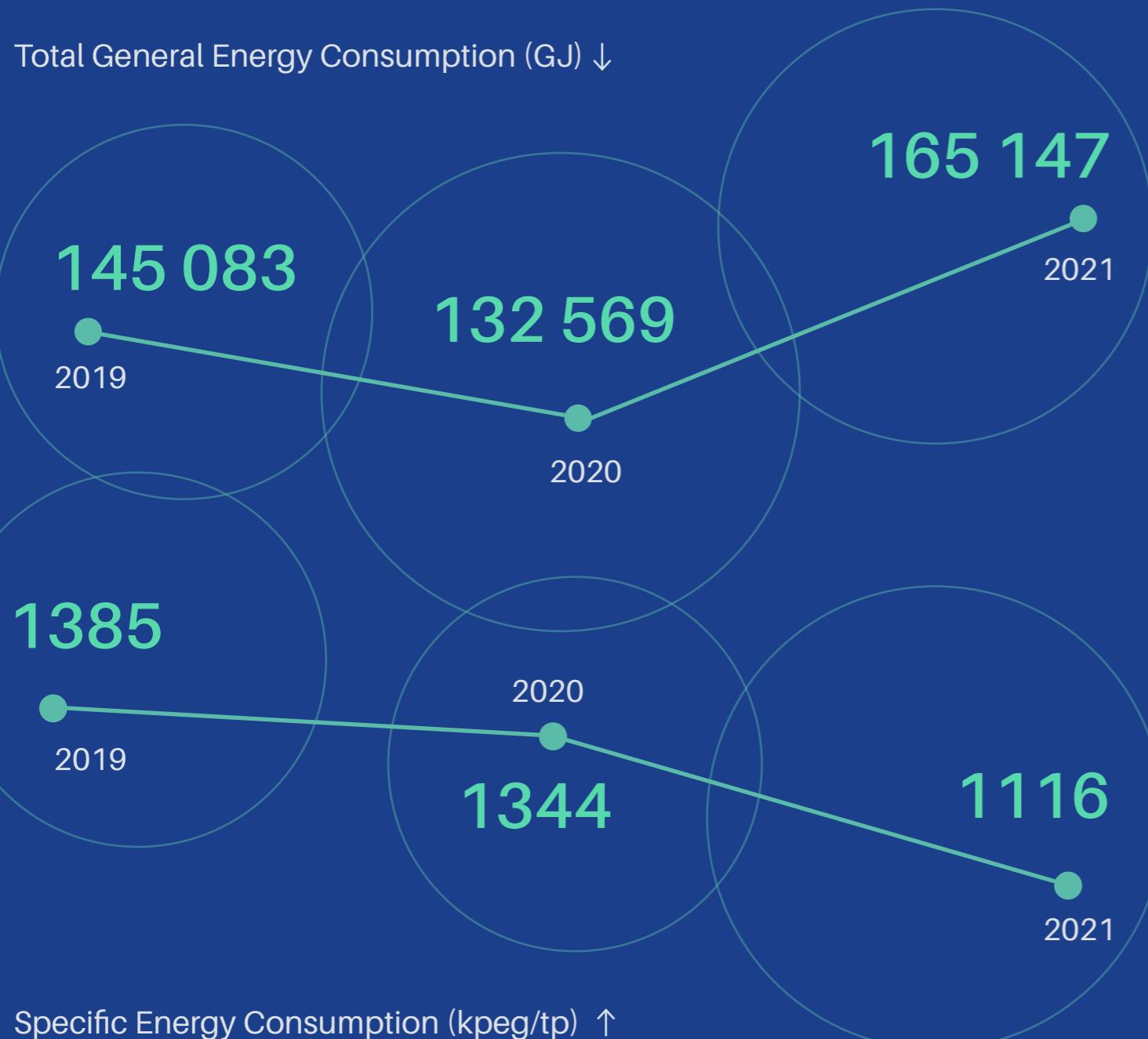
302-1 e 302-3

To ensure efficient energy consumption, in recent years we have maintained our efforts to promote efficiency and flexibility in energy consumption, investing in the installation of more efficient equipment and systems, and creating conditions for better monitoring and management of consumption.

In 2013, we signed the Energy Consumption Rationalization Agreement (ARCE). Since then, we have been committed to decreasing our carbon footprint through greater energy efficiency.

We present below the results of energy consumption (2018 - 2021), whose increase is justified by the atypical workload verified in 2021.

Energy intensity in 2021 was **0.426 kgep/euro**, up 0.8% on the previous year.

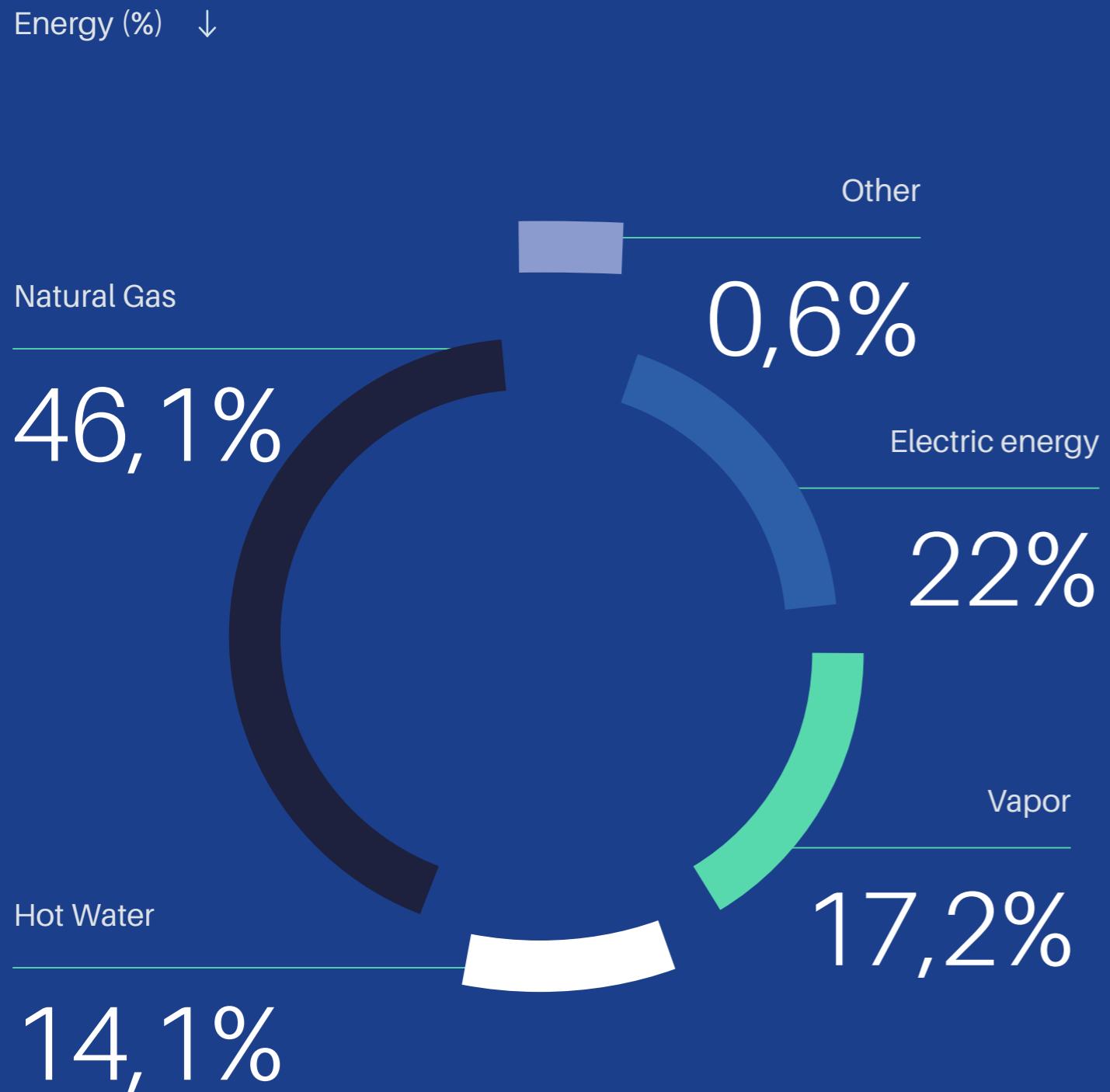


The breakdown of energy consumption in 2021, in the form of electricity and thermal energy (natural gas, steam, hot water) according to sector/process/product is presented in the graph below. As shown, natural gas is the main energy source (46.1% of the total), followed by electric energy (22.0%) and steam (17.2%).

Several investments were made in energy efficiency and measures were implemented for the rational use of energy, which contributed to the reduction of consumption in the last 3 years, namely:

- Reduction and control of compressed air leaks;
- Replacement of thermo-fluid streamers and tumblers by direct burning equipment;
- Replacement of air conditioning systems in weaving mills;
- Optimization of the central compressed air system with high-efficiency motors;
- Replacement of eight air-jet looms with reduced energy consumption and increased productivity;
- Implementation of motor & variable frequency drive groups in the ETA/ETAR pumping groups;
- Replacement of the ozonizer with a more efficient technology in terms of O₂ consumption and electrical energy for the WWTP.

With these measures, the company avoids the consumption of 156,514 kWh/year, 33.7 tep/year, 18,238.58 euro/year, with an investment of **70,000 euros**.



TARGETS 2022/2023

Investments in energy efficiency:

- Installation of the new yarn dyeing plant;
- Installation of a photovoltaic plant for self-consumption.

TARGETS 2025

Energy conservation measures:

- Reduce the number of machines, maintaining/increasing the installed capacity, thus making the process more efficient from a global point of view.

TARGETS 2030

By 2030, Mundotêxtil is committed to reducing water consumption by 10% compared to 2020.

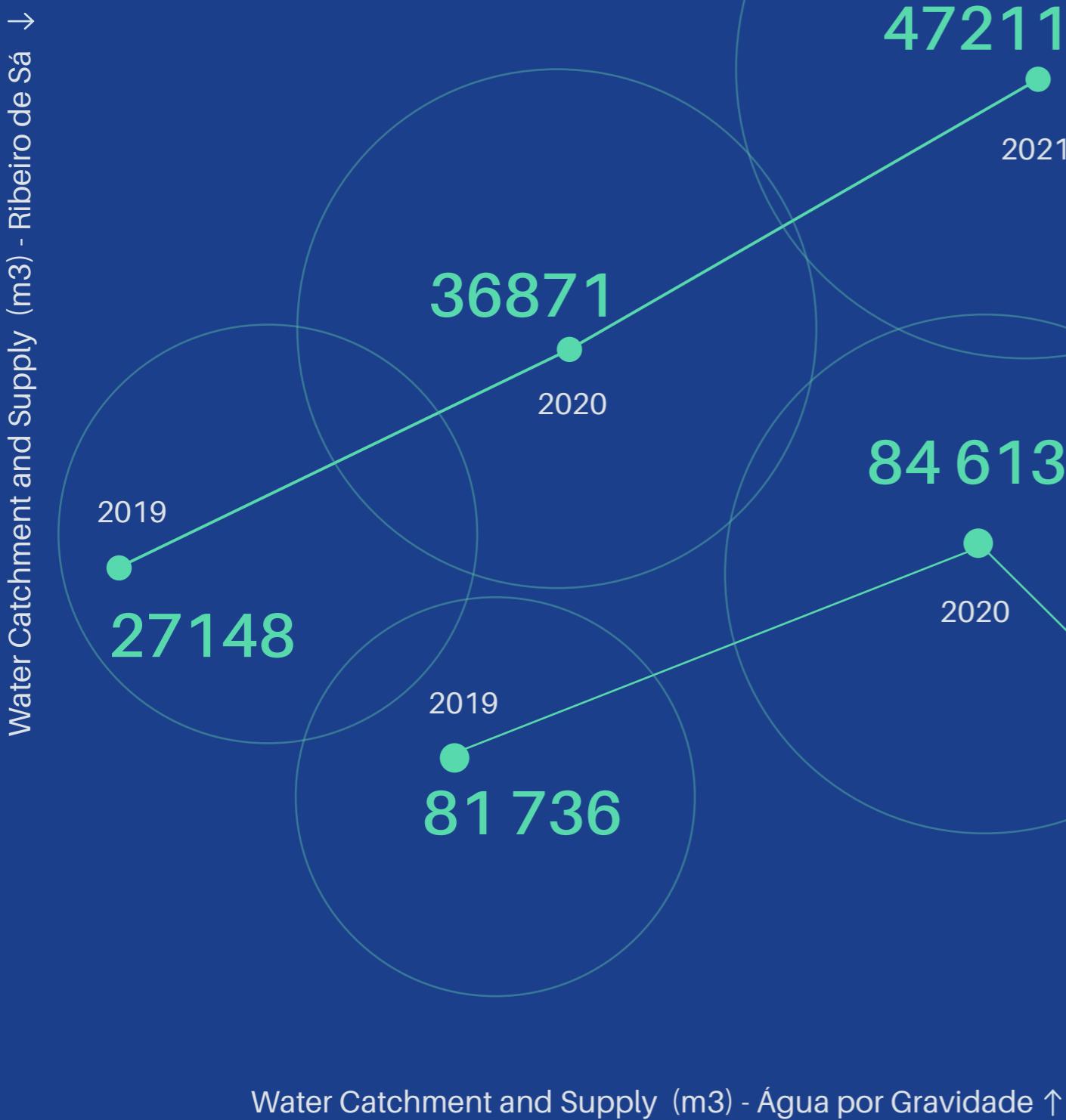
In Portugal, the water footprint is approximately **2,260 m³/person/year**, which is equivalent to the content of an **Olympic swimming pool**.

At Mundotêxtil, in **2021**, compared with 2020, we had a water saving of around 30 383 m³, an amount of water that would be enough to wash around **60 000 cars**.

Water 303-1, 303-2, 303-3

Over the years, various actions and investments have been implemented to reduce the total and specific use of water. Since 2012, a reduction of 28% was achieved.

The graph below represents the annual operating period of each water catchment and supply, which corresponds to the operating period of the installation, for a total of 228 working days.



Water Catchment and Supply (m³) - VIM Água ↓

2019
733

2020
549

2021
1552

2019
337 515

2020
316 686

2021
76 389

Water Catchment and Supply (m³) - Rio Vizela ↓

To reduce water consumption, the following measures were implemented between 2020 and 2021:

- In the terry dyeing plant, the jets with the highest bath ratios were eliminated.
- The deactivation of the long bath machines allowed an immediate reduction of 9.9% in energy consumption (thermal and electrical). We make the most of the water from natural sources that we manage to capture and discharge into the river after treatment, ensuring that all the water we use is returned to the environment respecting the rules implemented for disposal.
- The implementation of a water harvesting system on our roofs allows, in the雨iest months, to directly feed our processes by more than one-third of the total water consumption, reducing the use of chemicals and making our process more energy efficient.
- The implementation of water meters in the sectors of highest consumption aims to break down, in the best possible way, the main consumers.
- The investment made in yarn dyeing (awarded in 2021 but with implementation planned for 2022) will be the main focus in reducing water consumption.

In 2021 the total water consumption was 496 236 m³.

Effluents

To guarantee the treatment of all the water used in its processes, Mundotêxtil has a WTP (Water Treatment Station) and a WWTP (Wastewater Treatment Station) to treat its effluents. The WWTP treats the whole line, from pre-primary to secondary, and incorporates the Mix-Flow aerobic treatment technology. This technology is used in an ozone disinfection process, and in internal daily control, to ensure that the wastewater that is returned to nature (Vizela River) has no negative impacts.

After this treatment, most of our effluents are discharged directly into the surface waters of the Vizela River. For this purpose, monthly, the quality parameters of our effluent are monitored, according to what is stipulated in the discharge license. Another percentage of this water is routed to the SIDVA municipal collector. For this purpose, the effluent quality is monitored quarterly following the Municipal Effluent Discharge Regulations.

Taking into consideration the period of data under analysis, a smaller amount of effluent produced per kilogram has been registered, reflecting an improvement in the efficiency of Mundotêxtil's production processes.

As an example of the water quality assurance process, we present the ELVs for the discharge in the water line and the verified quality control parameters. These parameters are applied for the discharge that is made directly to the environment, in this case, the Vizela River.

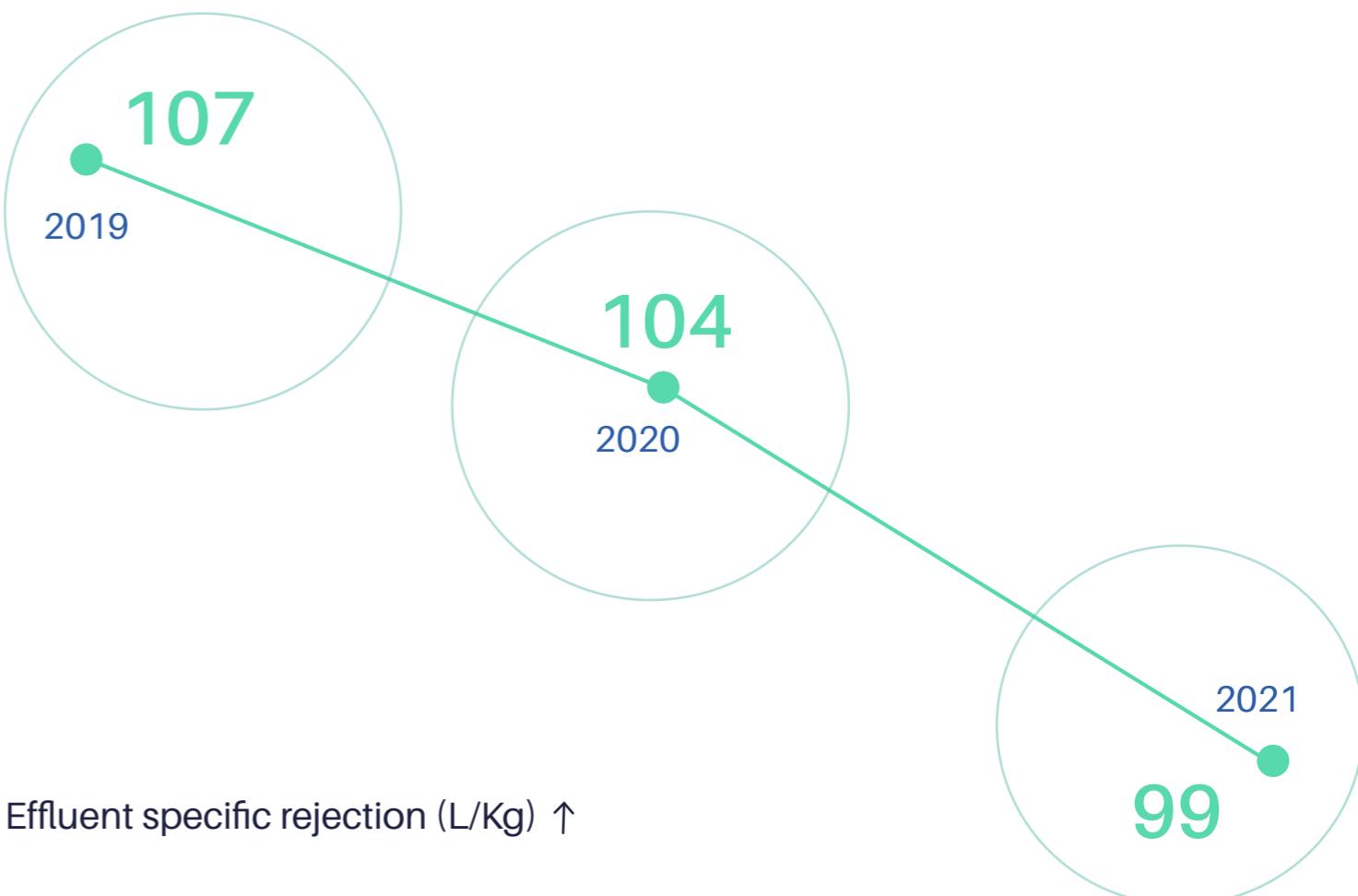
Table 3: Percentage of water discharged into the SIDVA municipal collector and the Vizela River.

YEAR	SIDVA %	Rio Vizela %
2019	17%	83%
2020	14%	86%
2021	18%	82%

The results obtained from the composite samples of industrial and domestic effluent have demonstrated compliance with the exposure limit values (ELVs) of the discharge license, however, given the requirements of our customers, we do not limit ourselves to compliance with the legal parameters and seek to go much further in this control.

Table 4: Verified quality control parameters and ELVs for discharge into the water line.

Parameters	Units	ELV
Nitrogen	mg/LN	15
Biochemical oxygen demand (BOD ₂) at 5 days	mg/LO ₂	20
Chemical oxygen demand (COD ₂)	mg/LO ₂	125
Color	-	Nonvisible 120
Phosphorus	mg/Lp	8
pH	Sorensen Scale	6 ≥ pH ≤ 9
Total Suspended Solids (TSS)	mg/l	35



5.3 Emissions

305-1, 305-4, 305-5

From a perspective of continuous improvement, the monitoring of the carbon footprint is a crucial indicator in the business management of Mundotêxtil. We are aware that, unfortunately, the textile industry contributes daily to the emission of gases that have their share of responsibility in climate change on our planet. Thus, it became essential for the company to minimize the environmental data and invest in alternatives to reduce the activity of gas emissions.

In 2013, we signed the Energy Consumption Rationalization Agreement (ARCE), and we are strongly committed to reducing our carbon footprint. Since then, we have been developing a wide range of initiatives to accelerate the decarbonization of our activities, namely:

- The installation of two independent photovoltaic panels, with an average monthly production of active energy of 50 MWh;
- Replacement of thermofluid streamers and tumblers by direct-burning equipment;
- Replacement of the compressed air plant;
- Changing our entire fleet of cars to electric cars;
- Use of thermal energy from our natural gas co-generation plant, with a generating capacity of 3.3 MWh;
- Use of heat from effluents.

In the short term, we want to install a photovoltaic plant for self-consumption.

Following the path of decarbonization, it becomes fundamental for companies to measure and manage the greenhouse gas (GHG) emissions generated. The carbon footprint or emissions inventory consists of calculating the emissions of a particular entity. In this sense, the calculation of the carbon footprint includes the calculation of the direct GHG emissions (scope 1) of the Organization, which includes energy consumption, all the gases emitted through the burning of natural gas and the fuels used in our fleet. In this way, the carbon footprint provides a more comprehensive view of an entity's sphere of influence on the GHG emissions for which the entity is directly responsible.

TARGET 2030

By 2030, Mundotêxtil commits to reducing its emissions by 6% compared to 2021.

5.3 Emissions

Since signing ARCE, we have managed to **reduce carbon consumption in our process by 27%**.

Table 5: Carbon Footprint ¹²

2018	13 299 894,5 kg CO ₂ e
2019	11 799 779,1 kg CO ₂ e
2020	10 880 274,8 kg CO ₂ e
2021	13 432 404,3 kg CO ₂ e

¹² This control includes the monitoring and control of emissions from all gas exits to the exterior and was calculated by CITEVE in the Annual Monitoring and Progress Report of the Energy Consumption Rationalization Agreement 2021.

5.4 "Zero Waste" Internal Policy

5.4 “Zero Waste” Internal Policy

At Mundotêxtil, we respect all resources and their origin.

All the waste generated in production that does not add value is used in our maintenance activities.

The implementation of a water harvesting system on our roofs allows, in the雨iest months, to feed our processes directly in more than 1/3 of the total water consumption, reducing the use of chemicals and making our process more energy efficient.

We manage to return more water to the Vizela River than we collect. Rainwater is not accounted for in the hydrographic basin and, after being treated, it is released into the Vizela River. If we compare the amount of clean water, we release into the river with the amount we take out of the river, we reach an overall average of around 100%.

We are replacing the electric motors of our auxiliary services (water pumping, boilers, compressors, etc.) with new super-efficient models (over 95%). These auxiliary services represent 23% of Mundotêxtil's electricity consumption.

At Mundotêxtil we have our software in place to manage the energy consumption of our equipment, which allows us to monitor consumption and act to create greater efficiency.

6. Mundotêxtil's Team

102-7, 102-8, 102-41

6.1 Employees

In 2021, Mundotêxtil had a team of 582 employees, 54% male and 46% female. The principle of promoting gender equality is also present in management, supervision and administrative positions where it is verified that 48% of the employees are women, evidencing the work that has been done by Mundotêxtil to promote gender equality at all hierarchical levels of the company.

As shown in the graph above, the number of employees decreased between 2019 and 2020, because of automation of processes and the renewal of staff with reinforcement of skills. However, in 2021, due to a significant increase in orders, there was an upward trend in the acquisition of new employees, reaching 582 employees.

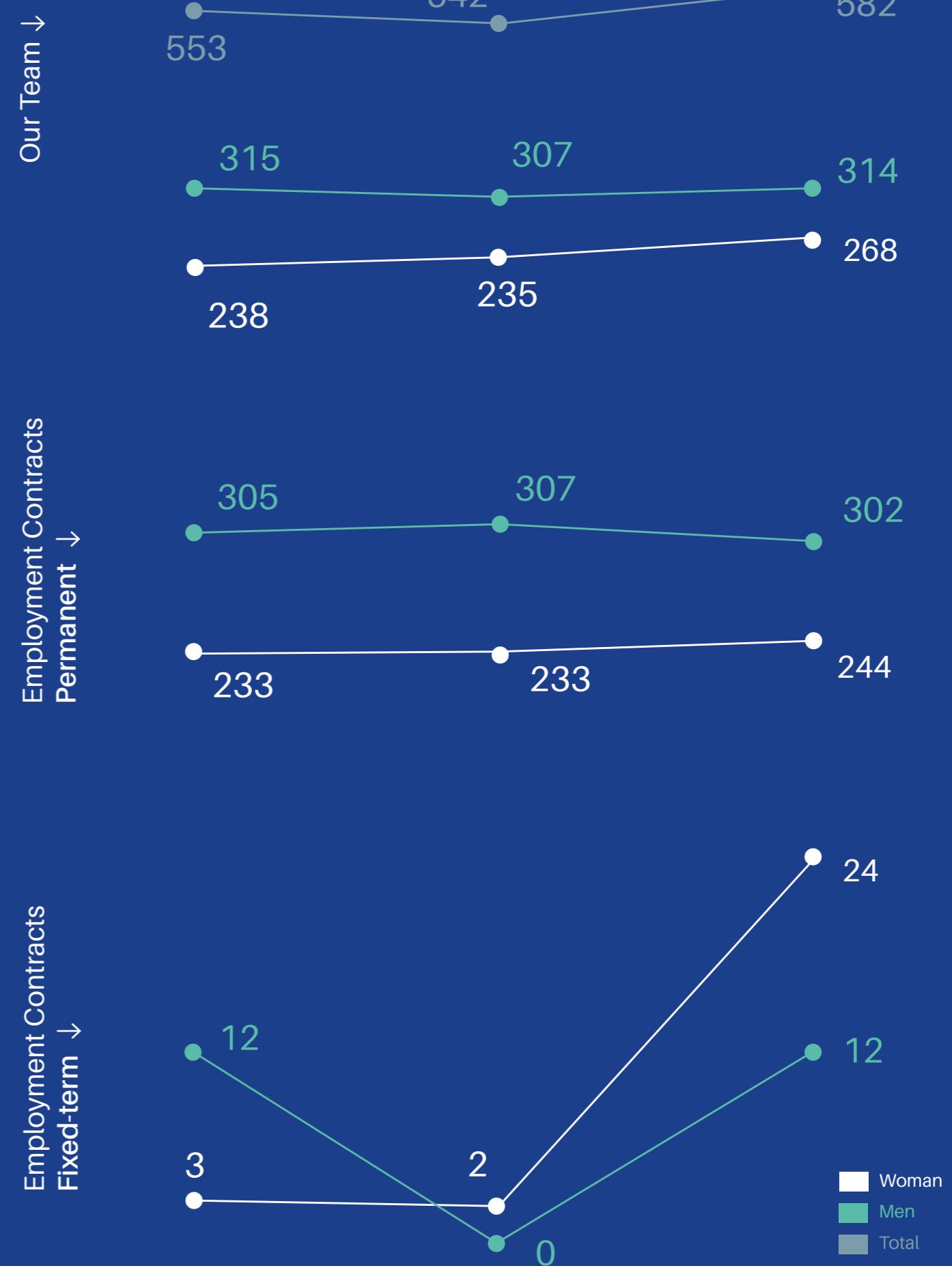
In 2021, the average age of the employees was 44 years old, with a decrease in average age compared to previous years (46 years old in 2019 and 45 years old in 2020), because of the continuous work to renew the workforce due to the approaching retirement age of many employees.

To reduce employee turnover, since 2018 all Mundotêxtil employees have been employed full-time and about 94% of the contracts are for an indefinite term. In 2021, 36 employees were hired (12 male and 24 female) with fixed-term contracts, noting an increase when compared with 2019 and 2020.

Mundotêxtil is concerned with promoting the growth of permanent employment, but faced with this general instability due to the pandemic, it felt the need to resort to this type of hiring.

6. Mundotêxtil's Team

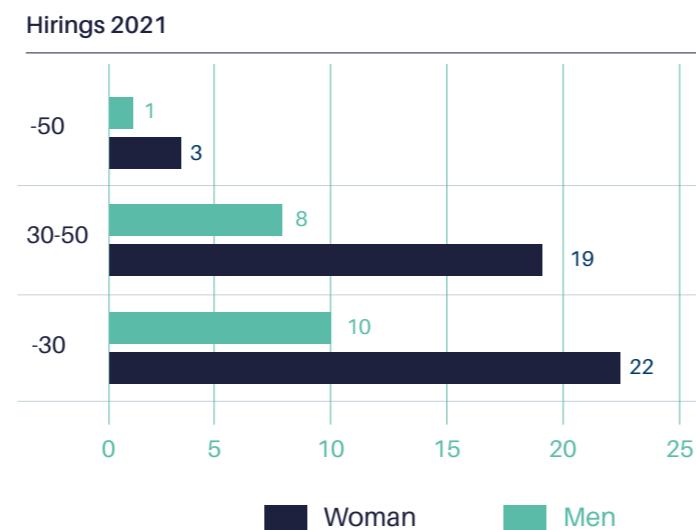
6.1 Employees



Considering the history of hirings, in 2021 63 hirings were recorded (44 women and nineteen men), showing an exponential increase when compared with previous years. This increase is due to the increase in the volume of orders, which led us to hire more people than in previous years. As this is a one-off situation, most of these contracts were signed for a fixed term.

Collective Work Agreements

Mundotêxtil is governed by the Collective Labor Agreement between ANIT-LAR and FESETE, and 100% of the workers are covered by it.



COVID-19

Given the emergence of the pandemic, 2020 and 2021 were years of many changes and challenges, not only for Mundotêxtil but also for the entire world. The world was faced with something never seen before and had to readapt. Mundotêxtil, as a socially responsible company in its sector, developed internal efforts to prevent and combat COVID-19.

It has adopted, since March 2020, a contingency plan for the prevention of the COVID-19 pandemic, which includes the use of alcohol gel, face mask and temperature measurement when entering the premises. All this equipment was made available and provided, free of charge, to all employees and visitors. The contingency plan was disclosed to all employees through a brief explanation and dissemination on the available information boards. The company has defined a protected and segregated room for isolation of suspected cases of COVID-19.

The Administration has adopted an attitude of trust and proximity with all company employees, making available all means within its reach to prevent situations of social vulnerability. Computers were immediately made available so that the employees' children could attend classes online and the individual difficulties faced by employees were analyzed.

During the Covid-19 pandemic and the declared states of emergency, Mundotêxtil offered computers to its employees' children so they could attend online classes.

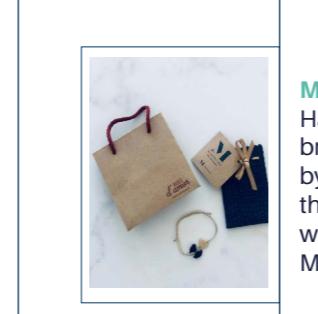
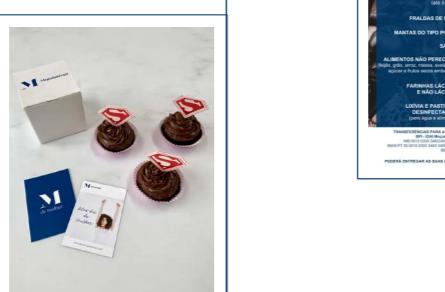
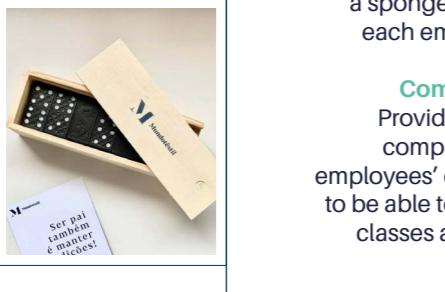
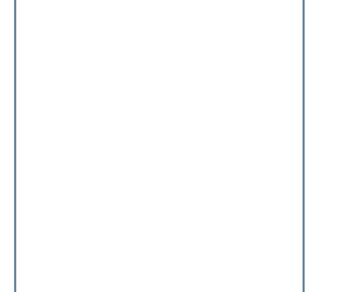
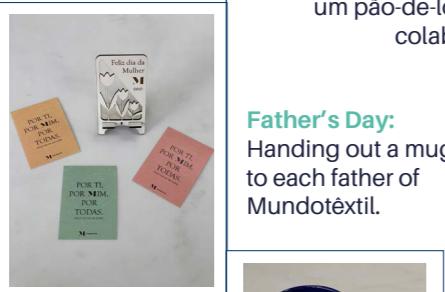
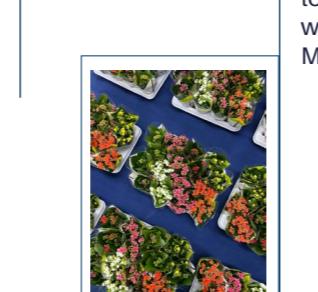
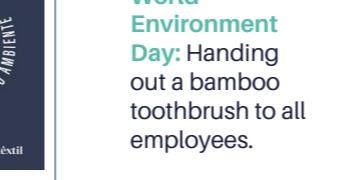
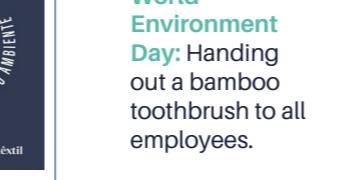
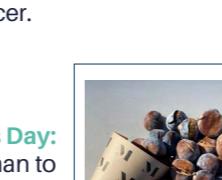
Promoting the well-being and development of employees

Mundotêxtil offers all its employees a set of benefits that promote their health, well-being and work-life balance:

1. Internal access to medical services outside the scope of occupational medicine: nutrition, psychology, osteopathy, nursing, curative medicine (doctor) and legal support (lawyer);
2. Flu vaccine;
3. Partnerships with gyms, pharmacies, dental clinics, cinemas, petrol stations and opticians so that our employees can enjoy special conditions and discounts;
4. Life insurance and health insurance (possibility of including aggregates - direct descendants);
5. Baby Cheque: Delivery of a voucher of 50€/month during 1 year to all Mundotêxtil babies to be used in the pharmacy for baby products.
6. Birthday Gift: On each employee's birthday, a 10% discount is offered in the Mundotêxtil factory shop, and a gift is given.
7. Scholarships: Access to merit and social scholarships for employees' children who attend secondary/superior school.

Complementarily, on an occasional basis, initiatives are developed to promote the personal and professional development of our employees, as presented below.

Mundotêxtil has demonstrated its importance in current issues, developing themed weeks (such as Environment Week, Innovation Week, Quality Week and European Week for the Prevention of Residues), keeping constant availability to receive school visits in our facilities and WWTP.

JAN	FEV	MAR	ABR	MAI	JUN	AGO	OUT	NOV	DEZ
Women's Day: Offer a voucher to use at the hair-dresser.	Father's Day: Delivery of key chains to all the fathers of Mundotêxtil.	Mother's Day: Handing out bracelets made by AIREV to all the mothers who work at Mundotêxtil.							Christmas party with talent contest: Christmas party organized by the company, with a concert by the band "69 Graus" and holding the talent contest "The Voice Mundotêxtil", with a monetary prize for the first three places.
									
Women's Day: Handing out a cupcake to each Mundotêxtil woman.	Open Day Mundotêxtil: Visit from the children of our employees at Mundotêxtil's facilities.	Help us help: Collection campaign for Mozambique in partnership with HELPO NGO. Follow-up and treatment of pregnant women, lactating women, and children up to 5 years of age, affected by IDAI.				World Environment Day: Handing out reusable water bottles to all employees.			Christmas: Distribution of Christmas baskets to all employees and 14 days of gifts until Christmas, where for fourteen days a raffle of a gift was held for fourteen employees.
									
Father's Day: Giving a wooden dominoes game to all the fathers of Mundotêxtil.	Easter: Handing out a sponge cake to each employee.	Computers: Providing new computers for employees' children to be able to attend classes at home.		Mother's Day: Handing out lavender bags, made by AIREV, to all the mothers working at Mundotêxtil.	Start of Summer Vacation: Handing out "Olá" ice cream to all employees..			FC VIZELA: Raffle of tickets to see the games of FC Vizela in Mundotêxtil's box.	
									
Women's Day: Handing out a cell phone holder to each Mundotêxtil woman.	Páscoa: Entrega de um pão-de-ló a cada colaborador.	Father's Day: Handing out a mug to each father of Mundotêxtil.		Mother's Day: Giving a vase of flowers to all mothers of Mundotêxtil.	World Environment Day: Handing out a bamboo toothbrush to all employees.			Awareness Campaign: prevention of Breast Cancer.	
									
		Father's Day: Handing out a mug to each father of Mundotêxtil.		Mother's Day: Giving a vase of flowers to all mothers of Mundotêxtil.				Awareness Campaign: prevention of Prostate	
									
				St. Martin's Day: Hiring a woman to roast chestnuts on our premises and giving them to all employees.				Christmas:	
								- Handing out Christmas baskets to all employees;	
								- Handing out a book to the employees' children under 18 years old;	
								- Raffle of three all-inclusive one-week stays in the Algarve for three employees and their respective households;	
								- Christmas ornament contest with a prize for the three most original ornaments.	
									
								World Cinema Day: Raffle of movie tickets + menus to 3 collaborators.	

6.2 Training

404-1, 404-2

Mundotêxtil has been investing in the qualification of its employees, through the promotion of various programs aimed at their personal and professional development. We highlight the Autonomous Training Program and the “Entrelaçar” Program, which are presented below.

Autonomous Training Program

The Autonomous Training Project has been running at Mundotêxtil since March 2019 and is a project co-funded by the EU through the European Social Fund and COMPETE 2020, encompassing a total of 1,176 hours of training. The objective of this program is to increase the qualifications of Mundotêxtil's Human Resources in areas relevant to the company's innovation and internationalization strategy, namely:

- Process innovation;
- Safety;
- Foreign languages;
- Behavioral/relational;
- Creativity;
- International sales and trading/Inconterms.

With the implementation of this project, the following results are expected to be achieved:

- Optimize processes and increase overall efficiency, underpinned by a culture of continuous improvement focused on waste elimination and value creation (Lean Thinking);
- Strengthen behavioral and interpersonal skills;
- Introduce improvements in the organization and internal processes of the company, enhancing productivity, efficiency and operational innovation;
- Improve and update skills in foreign languages to support the company's internationalization process;
- Explore techniques capable of promoting and boosting the creative dynamics that sustain innovation, thus triggering new ideas and greater added value to products/services;
- Address the most effective and inspiring leadership styles, in addition to providing a wide range of sug-

gestions, to form team leaders with greater results and whose example is recognized by all;

- Strengthen occupational safety and health conditions by inducing improvements in working conditions;
- Improve the skills of the commercial team with effective and efficient techniques in international negotiation.

“ENTRELÇAR” Project

The “Entrelaçar” (interlacing) project aims to develop a purpose for Mundotêxtil that is embedded in its DNA and its way of working. Due to the constraints caused by the pandemic, both in 2020 and 2021, the training sessions of this project were temporarily suspended, extending its implementation until August 2022.

This project aims to challenge Mundotêxtil's employees to achieve the following results:

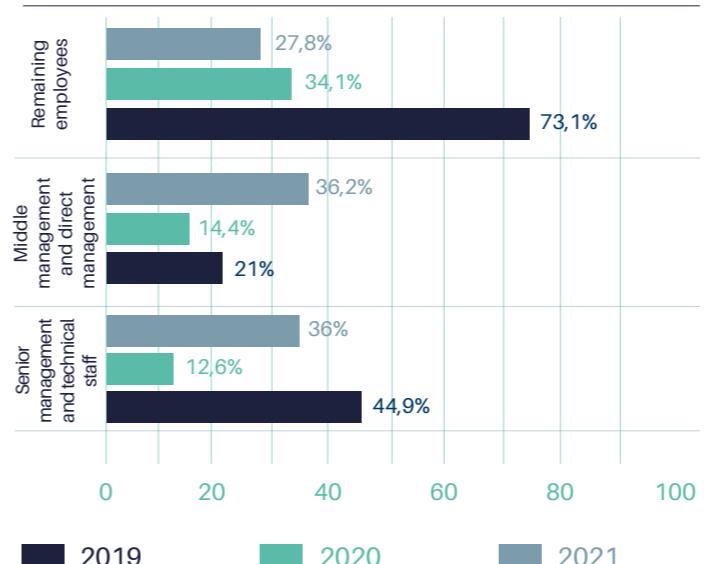
- **Paradigm of change:** prepare people and the company for the future, finding a mobilizing purpose in which everyone can see themselves;
- **New skills in behavioral areas:** communication, leadership, teamwork, empathy and conflict management;
- **New ideas and solutions that enable the structuring of talent management:** the creation of a performance management model, skills model aligned with values;
- **Tools that drive change:** work and make the culture known, create an Employer Brand (EB).

During 2020 and 2021 several work sessions were carried out in this area, among them the “Interlacing Workshop” whose objective was to rethink the company's mission, its purpose and its values.

Following this workshop, a diagnostic evaluation of the degree of employee satisfaction regarding various aspects of the Organization was also carried out to determine the main areas in need of intervention, which resulted in positive feedback and important inputs for the development of this project.

The developments of this project have focused on the improvement of skills of middle management, either through training or coaching sessions, according to the needs of each employee. In 2021, 2,528 hours of training were given, corresponding to an average of 4.34 hours per employee, 0.49 hours more per employee than in 2020, when this figure was 2,077.5 hours (average of 3.85 hours per employee). This decrease is justified mainly by the constraints caused by the pandemic that, in Mundotêxtil, were mostly felt in 2021.

Percentage of Training Hours: Comparison between 2020 and 2021



According to the graph above, we can conclude that in 2020 there was an increase in the training given to employees with less qualified tasks (73.1% of training hours), reflecting the focus on strengthening skills in the most sensitive areas. In 2021, there was a need to reinforce training for senior and middle management and direct management.

6.3 Safety and Health

403-3, 403-4, 403-5, 403-6

In Mundotêxtil, the safety and health of employees are essential, so the monitoring of indicators relating to these issues is done constantly, ensuring the early identification of any problems or risky situations.

Mundotêxtil has internal management services for occupational health and safety that ensure the promotion of safety and health of its employees, including medical services provided regularly, such as a doctor and a nurse, regular consultations with nutritionists, psychologists and osteopaths, flu vaccine and prescription drugs.

A satisfaction survey is carried out annually to all employees regarding health and safety conditions to assess their perception of Mundotêxtil's performance and to identify possible opportunities for improvement.

The answers to this survey showed a high satisfaction regarding the work environment, in its various aspects, highlighting the lighting, noise, vibrations and atmospheric conditions.

Most employees (71%) identified that they are not subject to danger and 87.2% considered that the company provides the necessary means to prevent risks. Regarding the performance of the medical services, 93.7% of the employees considered that they are "Very Satisfied" and "Satisfied". It was also possible to collect the opinion of employees regarding the measures adopted by the company to combat COVID-19, with 97.4% considering themselves "Very Satisfied" and "Satisfied".

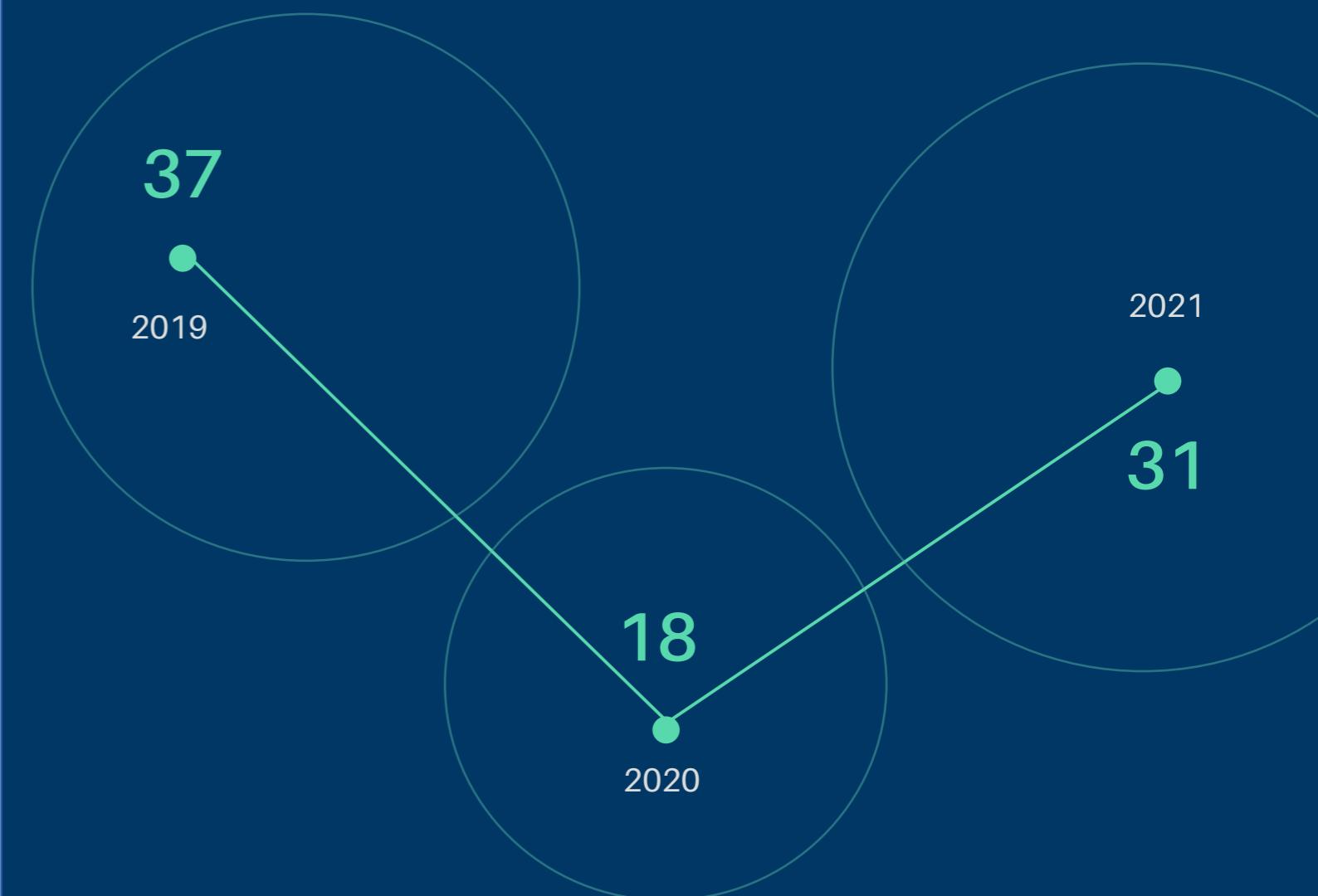
Mundotêxtil keeps an updated record of work accidents and there has been a continuous decrease in the number of accidents. This result is due to the work that has been done in terms of training on occupational risks, strengthening of safety measures, distribution of EPCs and PPEs, creation of safety instructions, carrying out drills, among others.

Compared to 2020, in 2021, there was an increase in work accidents, but we believe that the decrease seen in 2020 is because this may be associated with the decrease in hours worked due to the pandemic.

91.6% of employees are satisfied or very satisfied with Mundotêxtil's safety conditions.

The self-protection measures against fire in buildings, in accordance with Portuguese Law (Emergency Plan and Resources for the Building), classified at second risk, are duly implemented and, annually, fire drills are held to prepare employees regarding the emergency procedures in place.

There are **forty-seven trained first aiders** throughout the company, ensuring the availability of trained personnel on every



Total Number of Work Accidents ↑

6.4 Human Rights

412-1

Mundotêxtil promotes the respect for Human Rights by enforcing all the principles of the Universal Declaration of Human Rights, adopted by the United Nations, which circumscribe basic human rights.

Mundotêxtil guarantees the adoption of these principles in its internal procedures, submitting itself for several years to social audits of SMETA (4 pillars) - Commercial Ethics Audit of Sedex Members and BSCI - Business Social Compliance Initiative, with excellent results that prove a responsible conduct in line with the most demanding criteria and social and ethical commitments of management.

1st	Right to equality	11th	Right to presumption of innocence until proven otherwise	21st	Right to participate in government and free elections
2nd	Non-discrimination	12th	Prohibition of arbitrary interference in the private life	22nd	Right to social security
3rd	Right to life, liberty and security	13th	Right to freedom of movement	23rd	Right to work and union membership
4th	Prohibition of slavery	14th	Right to apply for asylum in other countries	24th	Right to rest and leisure
5th	Prohibition of torture and cruel treatments	15th	Right to a nationality and freedom to change	25th	Right to an adequate standard of living
6th	Right to recognition of legal personality	16th	Right to marry and have a family	26th	Right to an education
7th	Right to equality before the law	17th	Right to own property	27th	Right to participate in the cultural life of the community
8th	Right to an appeal in a competent court	18th	Right to freedom of thought, conscience and religion	28th	Right to a legal order that gives effect to these rights
9th	Prohibition of arbitrary arrest, detention and exile	19th	Right to freedom of opinion and expression	29th	Duty to respect the rights of others
10th	Right to a fair trial	20th	Right to freedom of assembly and association	30th	No one can take away any of the human rights of an individual

Mundotêxtil's management and employees are committed to comply with the assumptions included in the Universal Declaration of Human Rights, adopted by the United Nations, which circumscribes basic human rights. Any and all non-compliance may be communicated to the company's Human Resources or by email to sugestoes@mundotextil.pt

7. Community Support

203-1

A Mundotêxtil é uma empresa que não concentra a Mundotêxtil is a company that does not focus its activity on the industrial process and its inherent activities. Some values have been present in the company since its foundation and these are shared by all, from the Administration to the employees, materializing in the return of value to society.

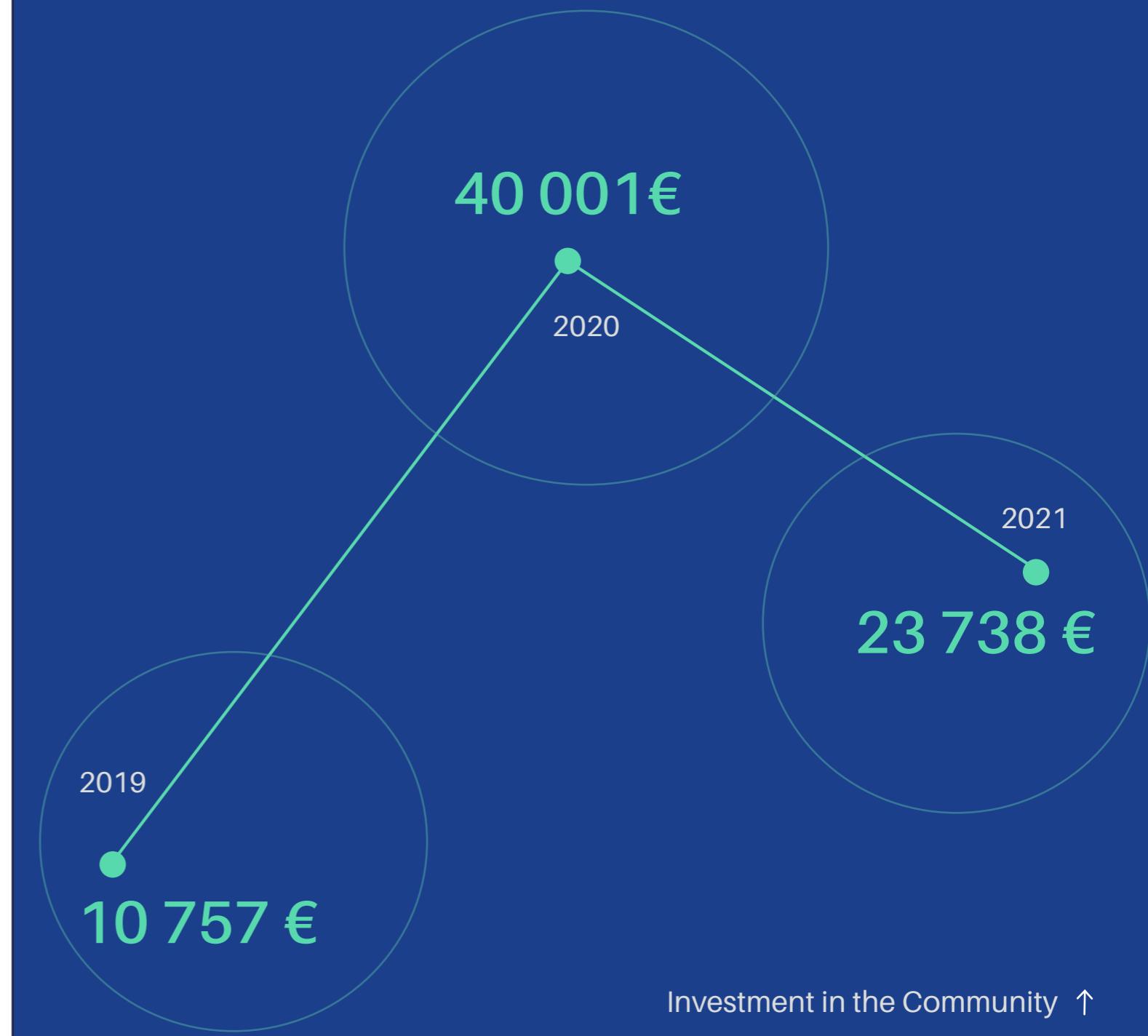
Mundotêxtil seeks to contribute to the local community through donations, in-kind and cash, and has donated **23 738 euros** in 2021, in support of various institutions at the local and national levels, as shown below.

In recent years, Mundotêxtil has supported the community in various occasions, highlighting:

- Santa Casa da Misericórdia de Vizela;
- Bombeiros Voluntários de Vizela;
- Câmara Municipal de Vizela;
- Futebol Clube de Vizela;
- Cruz Vermelha Portuguesa;
- Associação de Apoio à Criança;
- Centro Cultural e Desportivo de Santa Eulália;
- Associação Juvenil de Apoio aos Animais;
- Arsenal Clube de Devesa;
- AIREV - Associação para Integração e Reabilitação Social de Crianças e Jovens;
- Câmara Municipal do Porto;
- Município de Ovar;
- Hospital de Santa Maria Maior;
- Hospital da Horta;
- Hospital de Guimarães;
- Hospital Pedro Hispano;
- Hospital Curry Cabral;
- Arsenal Futebol Clube;
- Centro Social Paroquial de Santa Eulália;
- Raríssimas - Associação Nacional de Deficiências Mentais e Raras;
- Partilha Constante Associação ONGD Humanitária;
- Ajuda de Mãe - Associação de Solidariedade Social;
- Acreditar - Associação de Pais e Amigos de Crianças com Cancro;
- Grupo Desportivo da Póvoa;
- Moto Clube de Vizela.

When compared to previous years, in 2020 and 2021 there was a significant increase in the value of donations due to the pandemic since the support to local and national institutions proved to be even more necessary and decisive.

The company has been developing a set of actions in terms of social responsibility, of which we highlight the support given to AIREV, a local institution that aims to improve the quality of life of those born with a disability, those with developmental delays or even those living with a mental illness.



8. Annexes

8.1 GRI Table

102-55

GRI 102- General Contents

Disclosures		Location/Omission
102-1	Organization name	Mundotêxtil - Indústrias Têxteis, S.A.
102-2	Activities, brands, products and services	3.4 Products
102-3	Location of the headquarters	3.1 History
102-4	Location of operations	3.1 History
102-5	Property and legal nature	100% Private - Public Limited Company
102-6	Markets served	3.3 Market
102-7	Organization size	3.4 Products
102-8	Information about employees and other workers	6.1 Employees
102-9	Supply chain	3.5 Supply Chain
102-10	Significant changes in the organization or supply chain	In 2021, no significant changes were recorded in Mundotêxtil and its supply chain.
102-11	Approach to the precautionary principle	4.5 Risk Management
102-12	External initiatives	3.8 Commitments and Associations
102-13	Participation in associations and organizations	3.8 Commitments and Associations
102-14	Message from the President	2. Message from the President
102-16	Values, principles, standards and standards of conduct	3.2 Purpose, Mission, Vision and Values
102-18	Governance Structure	4.2 Governance
102-40	List of stakeholder groups	4.1 Involvement of Stakeholders and Materiality
102-41	Total percentage of employees covered by collective bargaining agreements	6.1 Employees Currently, we have only two employees unionized by FESETE (0.34%).
102-42	Identification and selection of stakeholders	4.1 Involvement of Stakeholders and Materiality
102-43	Approach to stakeholder engagement	4.1 Involvement of Stakeholders and Materiality
102-44	Main concerns and topics raised	4.1 Involvement of Stakeholders and Materiality
102-45	Entities included in the consolidated financial statements	Mundotêxtil - Indústrias Têxteis S.A.

102-46	Definition of report content and Topic Boundaries	4.1 Involvement of Stakeholders and Materiality
102-47	List of material topics	4.1 Involvement of Stakeholders and Materiality
102-48	Reformulation of information	NA
102-49	Changes in reporting	NA
102-50	Period covered by the report	1 janeiro de 2021 a 31 de dezembro de 2021
102-51	Date of the most recent previous report	NA
102-52	Publishing cycle	Anual
102-53	Contacts for questions about the report	Administrator for sustainability, Dra. Ana Pinheiro. ana.pinheiro@mundotextil.pt
102-54	Declaration of conformity with GRI Standards	1. About this report
102-55	GRI Index	Present table
102-56	External verification	1. About this report 8.2 Independent Limited Warranty Reliability Report

GRI 200- Economic Disclosures

Disclosures		Location/Omission
Economic Performance		
Forms of Management	103-1	Explanation of the material theme and its limits
	103-2	Management approach and its components
	103-3	Evolution of the management form
201-1	Direct economic value generated and distributed	See table below.
		2019 2020 2021
	DIRECT ECONOMIC VALUE GENERATED	33 579 886 € 30 856 459 € 55 123 892 €
	Revenues / Turnover	33 579 886 € 30 856 459 € 55 123 892 €
	DISTRIBUTED ECONOMIC VALUE	33 537 526 € 28 698 317 € 52 892 179 €
	Operating Costs	24 235 445 € 19 845 719 € 41 744 983 €
	Salaries & Employee Benefits	7 361 347 € 7 236 634 € 8 824 992 €
	State Spending	1 712 568 € 1 341 431 € 2 024 498 €
	Financial expenses (net)	217 409 € 234 532 € 273 968 €
	Donations and Other Investments in the Community	10 757 € 40 001 € 23 738 €
	Distribution to Shareholders / Investors	- - -
	ACCUMULATED ECONOMIC VALUE	42 360 € 2 158 142 € 2 231 714 €

Anti-Corruption (Material Theme)		
Forms of Management	103-1	Explanation of the material theme and its limits
	103-2	Mundotêxtil promotes initiatives and has implemented measures related to the material aspect under analysis and reports them in this Report (4.3 Ethics and Integrity).
	103-3	Mundotêxtil performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (4.3 Ethics and Integrity).
	205-1	Operations assessed for the risk of corruption In the context of the assessment of the management risks of Mundotêxtil, anti-corruption is considered and evaluated, and, following this evaluation, an anti-corruption policy has been developed (see more in 4.3 Ethics and Integrity).
205-3	Confirmed cases of corruption and measures taken	In 2021, no cases of corruption were identified through the mechanisms designed for this purpose (e-mail address created for the reporting of situations of non-compliance with the provisions of the Code of Ethics).
Innovation and development		
Forms of Management	103-1	Explanation of the material theme and its limits
	103-2	Mundotêxtil promotes initiatives and has implemented measures related to the material aspect under analysis and reports them in this Report (3.6 Innovation and Development (IDI)).
	103-3	Mundotêxtil monitors the indicators associated with this aspect and reports them in this Report (3.6 Innovation and Development (IDI)).
GRI 300- Environmental Disclosures		
Disclosures	Location/Omission	
Materials (Material Theme)		
Forms of Management	103-1	Explanation of the material theme and its limits
	103-2	A Mundotêxtil promove iniciativas e tem implementadas medidas relacionadas com o aspeto material em análise e reporta-as neste Relatório (5.2 Gestão de Recursos Responsável- Materiais).
	103-3	A Mundotêxtil realiza a medição e monitorização dos indicadores associados a este aspeto e reporta-os neste Relatório (5.2 Gestão de Recursos Responsável- Materiais).
301-1	Consumption of materials by weight or	5.2 Responsible Resource Management - Materials
Energy (Material Theme)		
Forms of Management	103-1	Explanation of the material theme and its limits
	103-2	A Mundotêxtil promove iniciativas e tem implementadas medidas relacionadas com o aspeto material em análise e reporta-as neste Relatório
	103-3	A Mundotêxtil realiza a medição e monitorização dos indicadores associados a este aspeto e reporta-os neste Relatório
302-1	Energy Consumption within the organization	See tables below.

General Energy Consumption

Year	Production (tp)	Total Energy Consumption (GJ)	Total Energy Consumption (tep)	Specific Energy Consumption (kgep/tp)
2021	4 825	165 147	5 385	1 115,9
2020	3 253	182 994	4 371	1 343,5
2019	3 412	197 780	4 724	1 384,7

Total Energy Consumption Per Source/Type

Energy Type	2019			2020			2021		
	Energy GJ	Energy atep	Energy %	Energy GJ	Energy atep	Energy %	Energy GJ	Energy atep	Energia %
Electrical energy	31 530,8	1 883,1	21,7%	30 345,0	1 812,3	22,9%	36 337,6	2 170,2	22,0%
Natural gas	64 298,3	1 535,5	44,3%	57 639,5	1 376,4	43,5%	76 188,3	1 819,4	46,1%
Steam	30 681,2	814,2	21,1%	26 279,0	697,4	19,8%	28 291,8	750,8	17,1%
Hot Water	17 651,5	469,3	12,2%	17 545,1	466,5	13,2%	23 360,0	621,0	14,1%
Gas (Butane + Propane)	3,7	0,1	0,0%	8,4	0,2	0,0%	19,4	0,5	0,01%
Petrol	6,8	0,2	0,0%	5,9	0,1	0,0%	61,7	1,5	0,04%
Diesel fuel	910,8	21,7	0,6%	745,8	17,8	0,6%	887,9	21,2	0,54%
Thick Fuel oil	0,0	0,0	0,0%	0	0	0,0%	0	0	0,0%
TOTAL	145 083,1	4 724,1	100,0%	132 568,7	4 370,7	100,0%	165 146,7	5 384,6	100,0%

302-3 Energy intensity

See table below.

Energy Intensity

Year	IE (kgep/euro)	Anual IE (kgep)	Anual IE (tep)	Anual IE (GJ)
2021	0,426	5 384 571,6	5 384,6	165 146,7
2020	0,423	4 370 727,1	4 370,7	132 568,6
2019	0,525	4 724 065,0	4 724,1	145 083,1

Disclosures		Location/Omission			
Water and Effluents (Material Theme)					
Forms of Management	103-1	Explanation of the material theme and its limits	4.1 Involvement of Stakeholders and Materiality		
	103-2	Management approach and its components	Mundotêxtil promotes initiatives and has implemented measures related to the material aspect under analysis and reports them in this Report (5.2 Responsible Water Resource Management).		
	103-3	Evolution of the management form	A Mundotêxtil realiza a medição e monitorização dos indicadores associados a este aspeto e reporta-os neste Relatório (5.2 Gestão de Recursos Responsável - Água).		
	303-1	Interactions with water as a shared resource	5.2 Responsible Water Resource Management		
	303-2	Management of impacts related to effluent discharge	5.2 Responsible Water Resource Management		
	303-3	Water catchment	5.2 Responsible Water Resource Management		
Emissions (Material Theme)					
Forms of Management	103-1	Explanation of the material	4.1 Involvement of Stakeholders and Materiality		
	103-2	Management approach and its components	Mundotêxtil promotes initiatives and has implemented measures related to the material aspect under analysis and reports them in this Report (5.3 Emissions).		
	103-3	Evolution of the management form	Mundotêxtil performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (5.3 Emissions).		
	See table below.				
	305-1	Emissões diretas de GEE (Âmbito 1)	All direct emission gases (scope 1) which are mostly natural gas burning gases were included in the GHG calculation: O2, CO2, CO, NOx, COVT. For more information on the calculation of emissions, see the Annual Control and Progress Report of the Energy Rationalization Agreement 2020.		
	305-2	Indirect GHG emissions (Scope 2)	All indirect emission gases (scope 2) were included in the GHG calculation.		
305-4 Carbon intensity		See table below.			
305-5 Reduction of GHG emissions		5.3 Emissions			
Emissions					
Emissions		Pcs.	2019 GEE ton. CO ₂ and		
			2020 GEE ton. CO ₂ and		
			2021 GEE ton. CO ₂ and		
Scope 1: Direct emissions	Natural gas	m3(n)	4 120,7135	3 693,9691	4 882,7125
	Gas (Butane + Propane)	t	0,2325	0,5276	1,2250
	Petrol	Liters	0,4692	0,4055	4,400
	Diesel fuel	Liters	67,3817	55,1771	65,6908
	TOTAL Scope 1		4 188,7969	3 750,0793	4 954,0283
	Electrical energy	KWh	4 116,5227	3 961,7127	4 744,0799
Scope 2: Indirect emissions	Steam	t	2 218,2530	1 899,9749	2 045,4972
	Hot Water	t	1 276,2065	1 268,5079	1 688,9262
	TOTAL Scope 2		7 610,9822	7 130,1955	8 478,5033
	TOTAL		11 799,7791	10 880,2748	13 432,5316

Emissions				Emission Sources	Gases Included in Monitorization
Year	Total Energy Consumption Toe	Gee Ton. CO ₂ e	Carbonintensity Kg CO ₂ and/tep		
2021	5 384,6	13 432,5316	2 495	JET's	O ₂
2020	2 494,6	10 880,2748	2 489,4	Ironing	CO ₂
2019	4 724,1	11 799,7791	2 497,8	Drying Machines	COV's
				Frogs	CO
				Tumblers	Nox
				Boiler-collecting chimneys	SO ₂ H ₂ S PTS
				COVe PTS	
				Other	
The following table shows, for the various energy sources, the Lower Calorific Value in GJ/unit, the coefficient of reduction to equivalent ton of oil and emission factors, considered in the calculations presented.					
	Units	GJ/ Unit	tep/ Unit		FE
Electrical energy	kWh	0,0036	0,000215	0,470 kg CO ₂ e/KWh	
Natural gas	t	45,1	1,077	2683,7 kg CO ₂ e/KWh	
Steam	t	2,4047	0,0638	2724,4 kg CO ₂ e/KWh	
Hot Water	t	0,17	0,0044	2724,4 kg CO ₂ e/KWh	
Propane	t	47,3	1,13	2637,7kg CO ₂ e/KWh	
Butane Gas	t	47,3	1,13	2637,7 kg CO ₂ e/KWh	
Diesel fuel	t	47,3	1,034	3098,2 kg CO ₂ e/KWh	
Petrol	t	45	1,075	2897,3 kg CO ₂ e/KWh	
Waste					
306-1	Waste generation and significant waste-related impacts		5.2 Responsible Resource Management - Waste		
306-2	Management of significant impacts associated with waste		5.2 Responsible Resource Management - Waste		
306-3	Generated Waste		5.2 Responsible Resource Management - Waste		
	See table below.				
		2019	2020	2021	
Waste					
Total waste generated (t)			793,72	575,88	765,62
Non-Hazardous Waste (t)					
Intended for Valorization			686,84	428,69	613,45
Intended for Elimination			97,60	145,42	150,38
Hazardous Waste (t)					
Intended for Valorization			8,57	1,75	1,03
Intended for Elimination			0,7065	0,00813	0,755
Appreciation rate			86,75%	77,62%	80,26%

Environmental Compliance								
307-1	Non-compliance with environmental laws and regulations		In 2021, Mundotéxtil was not subject to any environmental sanction.					
Circular Economy								
Forms of Management	103-1	Explanation of the material theme and its limits		4.1 Involvement of Stakeholders and Materiality				
	103-2	Management approach and its components		Mundotéxtil promotes initiatives and has implemented measures related to the material aspect under analysis and reports them in this Report (5.1 Circular Economy).				
	103-3	Evolution of the management form		Mundotéxtil monitors the indicators associated with this aspect and reports them in this Report (5.1 Circular Economy).				
GRI 400 - Social Disclosures								
Disclosures		Location/Omission						
Employment								
401-1 New hiring and employee turnover			See table below.					
			2019		2020		2021	
			M	F	M	F	M	F
Total employees								
Age group	< 30 anos	63	21	47	19	55	36	
	30-50 anos	150	153	140	138	127	138	
	> 50 anos	103	63	120	78	132	94	
New hires								
Age group	< 30 anos	2	3	1	3	10	22	
	30-50 anos	2	1	0	3	8	19	
	> 50 anos	0	0	1	0	1	3	
Rate of new hires								
Age group	< 30 anos	3%	14%	2%	16%	18%	61%	
	30-50 anos	1%	1%	0%	2%	6%	14%	
	> 50 anos	0%	0%	1%	0%	1%	3%	
Departure of employees								
Age group	< 30 anos	14	3	4	0	3	5	
	30-50 anos	3	4	2	3	7	4	
	> 50 anos	22	7	5	6	4	1	
Turnover rate								
Age group	< 30 anos	1,4%	0,5%	0,4%	0,3%	1,1%	2,2%	
	30-50 anos	0,5%	0,5%	0,2%	0,5%	1,3%	2,0%	
	> 50 anos	2,0%	0,6%	0,5%	0,5%	0,4%	0,3%	

401-3 Maternity/Paternity Leave			See table below.			
			2020		2021	
			M	F	M	F
Total employees entitled to parental leave (no.)			307	235	314	268
Total employees who took parental leave (no.)			9	3	7	8
Total employees who returned to work after completion of parental leave (no.)			8	3	7	7
Total employees who returned to work after completion of parental leave and who remain in the Company after 12 months of returning (no.)			8	3	14	1
Rate of return (%)			89%	100%	100%	100%
Retention rate (%)			100%	100%	93%	100%

Disclosures			Location/Omission			
Occupational Health and Safety (Material Theme)						
103-1 Explanation of the material theme and its limits			4.1 Involvement of Stakeholders and Materiality			
103-2 Management approach and its components			Mundotéxtil promotes initiatives and has implemented measures related to the material aspect under analysis and reports them in this Report (6.3 Health and Safety).			
103-3 Evolution of the management form			Mundotéxtil performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (6.3 Health and Safety).			
403-1 Occupational health and safety management system			Mundotéxtil has not implemented any occupational health and safety management system. However, it guarantees the implementation of all measures and procedures that ensure the health and safety of employees in their work.			
403-2 Hazard identification, risk assessment and incident investigation			For Incident Management, Mundotéxtil has a methodology that defines the procedures to be adopted in the event of incidents and their investigation and analysis of causes. A methodology is defined with criteria for the identification of hazards, risk assessment and implementation of control measures, applicable to all activities developed by Mundotéxtil.			
403-3 Health services at work			This process is carried out in collaboration with the Occupational Safety and Health Technician of Mundotéxtil and Quercia (a company providing occupational medicine and OST services) and reviewed annually, considering aspects of the activity developed, equipment used, the analysis of the history of accident indicators and audit data. Risks are assessed depending on the probability of occurrence and expected severity. A certain level of risk and intervention priority is assigned.			
403-4 Participation, consultation, and communication to employees on aspects related to health and safety at work			6.3 Health and Safety			

403-5	Training of employees in health and safety at work	6.3 Health and Safety																																																
403-6	Promotion of the health of the employee	6.3 Health and Safety																																																
403-7	Prevention and mitigation of impacts on health and safety at work directly related by commercial relations	The main risks to which Mundotéxtil's employees are exposed are related to the handling of chemicals, which is carried out mainly automatically. However, to ensure the safety of employees, those handling the chemicals have adequate PPE and training and MSDS.																																																
403-9	Accidents at work	<p>See table below.</p> <p>To prevent accidents, Mundotéxtil annually analyzes the history of accidents, their causes and the main activities where they occur. In 2021 it was concluded that the main types of work accidents were due to inadequate efforts/postures/repetitive movements (13) and cuts or blows by objects or tools (6).</p> <p>To eliminate these hazards and mitigate risks, training and awareness-raising action on work accidents was developed and planned, considering their higher incidence by age group, gender, types of injury, among others and a special emphasis on the presentation of prevention measures concerning tasks where more accidents at work occur.</p>																																																
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #d3d3d3;"></th> <th style="background-color: #d3d3d3;">2020</th> <th style="background-color: #d3d3d3;">2021</th> </tr> </thead> <tbody> <tr> <td>Absolute number of employees</td> <td></td> <td></td> </tr> <tr> <td>Deaths resulting from accidents at work</td> <td>0</td> <td>0</td> </tr> <tr> <td>Serious work accidents (excluding deaths)</td> <td>0</td> <td>0</td> </tr> <tr> <td>Accidents at work</td> <td>18</td> <td>31</td> </tr> <tr> <td>Hours worked</td> <td>781 848</td> <td>971 443</td> </tr> <tr> <td>Ratio for employees</td> <td></td> <td></td> </tr> <tr> <td>Deaths resulting from accidents at work</td> <td>0</td> <td>0</td> </tr> <tr> <td>Serious work accidents (excluding deaths)</td> <td>0</td> <td>0</td> </tr> <tr> <td>Accidents at work</td> <td>4,60</td> <td>6,38</td> </tr> <tr> <td>Value of hours worked that served as the basis for calculating the ratios shown</td> <td>200 000</td> <td>200 000</td> </tr> <tr> <td>Disclosures</td> <td colspan="2" style="text-align: center;">Location/Omission</td></tr> <tr> <td>Education and Training (Material Theme)</td> <td colspan="2"></td></tr> <tr> <td>103-1</td> <td>Explanation of the material theme and its limits</td> <td>4.1 Involvement of Stakeholders and Materiality</td> </tr> <tr> <td>103-2</td> <td>Mundotéxtil promotes initiatives and has implemented measures related to the material aspect under analysis and reports them in this Report (6.2 Training).</td> <td>Mundotéxtil promotes initiatives and has implemented measures related to the material aspect under analysis and reports them in this Report (6.2 Training).</td> </tr> <tr> <td>103-3</td> <td>Mundotéxtil performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (6.2 Training).</td> <td>Mundotéxtil performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (6.2 Training).</td> </tr> </tbody> </table>		2020	2021	Absolute number of employees			Deaths resulting from accidents at work	0	0	Serious work accidents (excluding deaths)	0	0	Accidents at work	18	31	Hours worked	781 848	971 443	Ratio for employees			Deaths resulting from accidents at work	0	0	Serious work accidents (excluding deaths)	0	0	Accidents at work	4,60	6,38	Value of hours worked that served as the basis for calculating the ratios shown	200 000	200 000	Disclosures	Location/Omission		Education and Training (Material Theme)			103-1	Explanation of the material theme and its limits	4.1 Involvement of Stakeholders and Materiality	103-2	Mundotéxtil promotes initiatives and has implemented measures related to the material aspect under analysis and reports them in this Report (6.2 Training).	Mundotéxtil promotes initiatives and has implemented measures related to the material aspect under analysis and reports them in this Report (6.2 Training).	103-3	Mundotéxtil performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (6.2 Training).	Mundotéxtil performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (6.2 Training).
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Forms of Management	404-1 Average training hours per year per employee	6.2 Training In 2021, the total number of training hours was 2528.5, totaling 4.34 h per employee.	
		Average training hours per employee	
		Total number of training hours given to all employees	2 528
		Total number of employees	582
		Average training hours per professional category	
		Total number of training hours given to each professional category	910
		Senior staff and technicians	913
		Middle managers and direct managers	705
		Remaining workers	2 528
		Total number of employees per category	41
		Senior staff and technicians	87
		Middle managers and direct managers	454
		Remaining workers	582
		Average training hours per woman	
		Total number of training hours given to female employees	1 592
		Total number of female employees	268
		Average training hours per man	
		Total number of training hours given to male employees	936
		Total number of male employees	314
		Programs for the improvement of employee skills and assistance for career transition	
		6.2 Training	
		Non-discrimination (Material Theme)	
Forms of Management	404-2 Programs for the improvement of employee skills and assistance for career transition	103-1	Explanation of the material theme and its limits
		103-2	Mundotéxtil promotes initiatives and has implemented measures related to the material aspect under analysis and reports them in this Report (6.1 Employees and this table).
		103-3	Mundotéxtil performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (this table).
Forms of Management	406-1 Total number of cases of discrimination and corrective measures taken	In 2021, no cases of discrimination were identified through the mechanisms designed for this purpose (e-mail address created for the reporting of situations of non-compliance with the provisions of the Code of Ethics).	

Human Rights (Material Theme)		
Forms of Management		
103-1	Explanation of the material theme and its limits	4.1 Involvement of Stakeholders and Materiality
103-2	Management approach and its components	Mundotéxtil promotes initiatives and has implemented measures related to the material aspect under analysis and reports them in this Report (6.4 Human Rights).
103-3	Evolution of the management form	Mundotéxtil monitors and monitors the indicators associated with this aspect and reports them in this Report (6.4 Human Rights).
412-1	Operations subject to human rights assessments or human rights impact	6.4 Human Rights

Local Communities

Local Communities	
203-1	Operations with implemented local community engagement, impact assessment and local development programs

7. Support to the Community

8.2 Independent Limited Reliability Assurance Report

The Independent Limited Assurance Report that will be made available by PwC at the end of the verification process must be attached to the document.


Independent Assurance Report

(Free translation from the original in Portuguese)

To the Board of Directors

Introduction

We were engaged by the Board of Directors of Mundotéxtil - Indústrias Têxteis, S.A. ("Mundotéxtil" or "Company") to perform a reasonable assurance engagement on the indicators identified below in the section "Responsibilities of the auditor" and a limited assurance engagement on the indicators also mentioned in that section, which integrates the sustainability information included in the Sustainability Report 2021 ("Report"), for the year ended in December 31, 2021, prepared by the Company for the purpose of communicating its annual sustainability performance.

Responsibilities of the Board of Directors

It is the responsibility of the Board of Directors to prepare the sustainability information identified below in the section "Responsibilities of the auditor", included in the Sustainability Report 2021, in accordance with the sustainability reporting guidelines "Global Reporting Initiative" version GRI Standards and with the instructions and criteria disclosed in the Sustainability Report 2021, and the maintenance of an appropriate system of internal control to enable the adequately preparation of the mentioned information.

Responsibilities of the auditor

Our responsibility is to issue an assurance report, which is professional and independent, based on the procedures performed and specified in the paragraph below.

Our work was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants and we have fulfilled other technical standards and recommendations issued by the Institute of Statutory Auditors. This standard requires that we plan and perform the assurance engagement to obtain:

Our limited assurance engagement also consisted in carrying out procedures with the objective of obtaining a limited level of assurance as to whether the Company applied, in the sustainability information included in the Sustainability Report 2021, the GRI Standards guidelines.

For this purpose the above mentioned work included:

- (i) Inquiries to management and senior officials responsible for areas under analysis, with the purpose of understanding how the information system is structured and their awareness of issues included in the report;
- (ii) Identification of the existence of internal management procedures leading to the implementation of economic, environmental and social policies;
- (iii) Testing, on a sampling basis, the efficiency of processes and systems in place for collection, consolidation, validation and reporting of the performance information previously mentioned, through calculations and validation of reported data;

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.

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- (iv) Confirmation that operational units follow the instructions on collection, consolidation, validation and reporting of performance information;
- (v) Execution of substantive procedures, on a sampling basis, in order to collect evidence of the reported information;
- (vi) Comparison of financial and economic data included in the sustainability information with the audited by the external financial auditor, in the scope of the audit of the Company's financial statements for the year ended in December 31, 2021;
- (vii) Analysis of the process for defining the materiality of the sustainability issues, based on the materiality principle of GRI Standards, according to methodology described by the Company in the Report;
- (viii) Verification that the sustainability information included in the Report complies with the requirements of GRI Standards.

In the limited assurance work, the procedures performed were more limited than those used in an engagement to obtain reasonable assurance and, therefore, less assurance was obtained than in a reasonable assurance engagement.

We believe that the procedures performed provide an acceptable basis for our conclusion.

Quality control and independence

We apply the International Standard on Quality Control 1 (ISQC1) and, accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and of the ethics code of the Institute of Statutory Auditors.

Conclusion on the limited assurance work

Based on the work performed, nothing has come to our attention that causes us to believe that the remaining sustainability information, identified above in the section "Responsibilities of the auditor", included in the Sustainability Report 2021, for the year ended in December 31, 2021, was not prepared, in all material respects, in accordance with GRI Standards requirements and with the instructions and criteria disclosed on it, and that Mundotêxtil has not applied, in the sustainability information included in the Sustainability Report 2021, the GRI Standards, for the option "Reference to GRI Standards".

Restriction on use

This report is issued solely for information and use of the Board of Directors of the Company for the purpose of communicating the annual sustainability performance in the Sustainability Report 2021 and should not be used for any other purpose. We will not assume any responsibility to third parties other than the Company by our work and the conclusions expressed in this report, which will be attached to the Company's Sustainability Report 2021.

September 14th, 2022

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
Represented by:

António Brochado Correia, R.O.C. nº1076
Registered with the Portuguese Securities Market Commission under nº20160688

(This is a translation, not to be signed)

