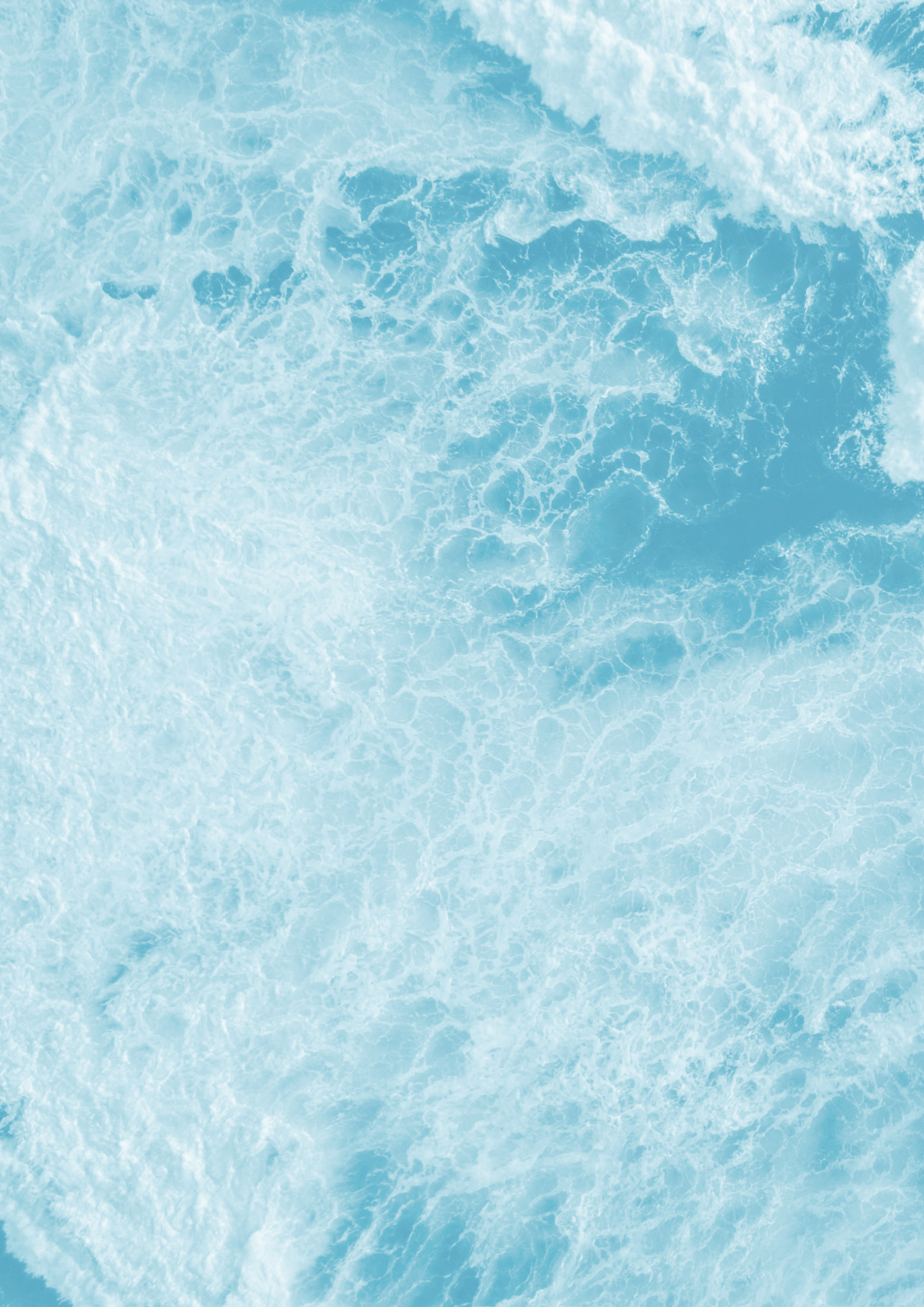




# Sustainability Report 2019



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# Message from the CEO

Dear Stakeholder,

To achieve Sustainable Development, a variety of fronts need to be tackled simultaneously. Driven by an increasing population, the global challenges are greater than ever and soon will become an unbearable burden if the world's *status-quo* remains unchanged. With global multi-decade challenges as Global Warming, companies are expected to do their share to ensure the Sustainability of Human Life.

For TMG Automotive, Circular Economy is no longer an option, but the only way forward. The new industrial system needs to be reinvented to achieve higher resource efficiency, halting resource depletion and improving waste management, turning environmental risks into business opportunities. Strategic development, determination, collective action and conscious investment will be crucial if Circular Economy is to be achieved.

Sustainable production and sustainable products are critical when conquering new markets as different regulations and specifications will be applicable in different countries. With TMG Automotive aiming for non-European market presence consolidation and increased international recognition, Innovation is the go-to answer to secure profitability when taking into account the challenges ahead and global competition.

Industry 4.0 has a pivotal role as it allows innovative technical solutions to seemingly unsolvable problems to be developed. Smart factories must contribute to diminished waste streams, improve productivity and efficiency as well as production flexibility. As information becomes instantaneously available, knowledge-sharing becomes easier, with production lines and supply-chains becoming increasingly graspable, leading to innovation opportunities, ranging from enhanced product

development to supply chain optimization.

With undeniable potential social risks, people's qualification will be a top priority, anticipating and minimizing potential social exclusion.

Fully aware of potential problems arising with Industry 4.0, personnel development and re-qualification needs to be addressed. With a new work-force development plan, TMG Automotive will begin to implement its *Growing Together* plan, hoping to incite open and honest dialogue so we can all adapt and evolve together in an undoubtedly digitalized, automated and revolutionized future.

As said, a plethora of fronts will need to be tackled if Sustainable Development is to be accomplished. As examples, TMG Automotive is currently working on establishing the goals for its Carbon Neutrality Plan, as well as outlining its strategy to better contribute to the Sustainable Development Goals' fulfilment.

With a stakeholder-oriented approach, balancing and keeping an alignment amongst both primary and secondary stakeholders' interests will continue to be a top priority for TMG Automotive. Championing transparency, using this Sustainability Report as a disclosing channel for all stakeholders, TMG Automotive hopes to continuously improve its reporting and Sustainability performance.

Although proud of where it stands today, TMG Automotive will never settle and will continue to work to be increasingly better, hoping to exceed itself time and time again.

Isabel Furtado



# Message from the Sustainability Manager

Dear Stakeholder,

In an era of volatility, uncertainty, complexity, and ambiguity it is imperative to develop a deeper sense of purpose which can be achieved by the Sustainable Development Goals. Social and environmental challenges can capitalize the business strengths to create shared-value while engaging customers and employees in ways that improve productivity and growth.

The creation of a new Department dedicated to Sustainability will boost our journey towards a purpose-driven organization and it is our utmost ambition to integrate Sustainability into the way we do business, transforming it an intrinsic part of our corporate culture. At the heart of our strategy lies the commitments with the Global Compact's 10 Principles and the United Nations' Sustainable Development Goals.

The first move will be to reinforce the business case for Sustainability across the organization translating the meaning of Sustainability into each area.

Our strategic priorities are focused on where we believe we can have the greatest impact encompassing people, climate and resources and are outlined in nine Challenges.

We recognize there is more we can do regarding Corporate Social Responsibility - strengthen our workplace wellbeing and safety, investing in education and awareness and extending the integration of Sustainability practices into the supply chain.

Climate Change is happening and urgent action is needed to limit global temperature rise to 1.5 °C above pre-industrial levels. By signing the global movement *Business Ambition for 1.5 °C*, we are committed to reach carbon neutrality by no later than 2050. This will be done by setting

greenhouse gases emission reduction targets using the Science-Based Targets Initiative guidelines.

When it comes to resources, it is imperative to promote the transition towards a Circular Economy delivering greater value with less input. To tackle this challenge and turn it into opportunities a fundamental change, especially regarding recycling and reuse of materials, is needed. Ensuring that our actions are aligned with this philosophy means rethinking product design, raw material selection and manufacturing. Product Sustainability benefits need to be determined, considering all impacts throughout their life cycle. Even if there is not yet an agreed way to do it, ISO 14040 is widely recognized as the best methodology for Life Cycle Assessment.

In this report, you will find a summary of our aspirational goals and recent progress related to our priority materiality issues.

Together let's make this journey full of purpose.

Catarina Dias





# Highlights 2019

## Science-Based Targets Initiative – Signing the Pledge

Global Warming is without a doubt the major problem the world faces today. TMG Automotive believes that the Industry sector should be a major player contributing to decarbonization and carbon neutrality. To limit Global Warming to 1.5 °C above pre-industrial days and to prevent an even greater climate catastrophe, TMG Automotive committed, by signing the Science-Based Targets Initiative's *Ambition for 1.5 °C Pledge*, to reduce its carbon emissions and achieving carbon neutrality by no later than 2050.

## New Sustainability & Intellectual Property Department

As Sustainability became more and more important in TMG Automotive's overall strategy and there was already an active Sustainability Team, creating a Sustainability Department seemed only the logical way to go. With Intellectual Property (IP) gaining internal momentum with an increasingly larger patent portfolio, in an era of digitalization where data sharing is present in everyday work and with an increasingly competitive market, protecting TMG Automotive's IP felt crucial. A dedicated IP team is now responsible to handle all TMG Automotive's IP matters, making sure R&D results are protected, ensuring competitive advantage.

## Life Cycle Assessment Consolidation as a Vital Tool for Product Development

With greenwashing becoming a ubiquitous problem in a world craving sustainable products and services, TMG Automotive sees Life Cycle Assessment as a vital tool to ensure environmental impacts are taken into consideration when developing new products. In an era of misinformation and guerilla journalism where plastics are deemed culprit of much of the world's environmental problems, transparent and credible information is essential to fuel conscious and well-balanced decisions. Life Cycle Assessment will be used to benchmark potential new products to current ones to determine if they meet TMG Automotive's environmental criteria.

## Industrial Automation

With Industry 4.0, machine-learning, block-chain, Industrial Internet of Things and big data gaining momentum faster than ever before, industrial automation is carving its mark in industry processes, including TMG Automotive's. With several projects in machine-learning and machine-vision, TMG Automotive is increasingly investing in automation, thus improving consistency and productivity in its production plants and eliminating monotonous and repetitive work previously carried out by humans. As an example, TMG Automotive's new partly-automated warehouse, serving also as its new loading site, started operations in 2019, decreasing dramatically loading times. While a topic still stirred in controversy due to the potential link to unemployment, TMG Automotive sees it as an invigorating reality and an opportunity to create a new employment paradigm, creating a new and different set of job roles.



Schwarz, Austria



## Lab Accreditation

Previously under R&D Department umbrella, the Quality Control Laboratory is now an independent Department and has an extensive catalog of ISO/IEC 17025 accredited test methods, most of them related to finished-product quality control. The accreditation is a key win to TMG Automotive as certifies competence on test methods execution which in turn certifies that TMG Automotive's products are checked according to standards. Moreover, this accreditation cements TMG Automotive's overall management approach - following the highest standards available, thriving to be as best as possible.

## Go Paperless!

TMG Automotive is diminishing – or eliminating whenever possible – its paper use. Although seemingly irrelevant in a manufacturing company where tons of raw materials are consumed daily, paper use can consume a very significant amount of resources: the paper itself, archive cases, shelves, cabinets, storage spaces and the resources for their maintenance. In 2019, several core workflows have now been digitalized and paper use is no longer necessary. Going paperless has several advantages, including the obvious decreased environmental impacts but also the potential increase in productivity as sharing information becomes easier.



# TMG Automotive at a Glance



TMG is a family-owned industrial group specialized in textiles, including knitting, weaving, dyeing, finishing, garment manufacturing and distribution. With its headquarters in Vila Nova de Famalicão, TMG Group has several business units under its wings.

TMG Automotive, a business company part of TMG Group, has its focus on the automotive sector, manufacturing flexible polymer foils for automotive interiors. Starting with PVC-coated fabrics in the late 50s, TMG Automotive has more than 60 years of expertise and a large product portfolio. Focusing on high-end markets and product excellence, TMG Automotive serves mainly international markets. With two manufacturing sites located in northern

Portugal, TMG Automotive produces more than 20 million square meters per year.

The product portfolio relies on three main materials, distinguished by its main polymeric matrix:

- Polyvinyl Chloride
- Thermoplastic Elastomers
- Polyurethane

These three polymer types, alongside plasticizers, textiles ranging from recycled polyester to cotton, and flexible foams account for TMG Automotive main supply chain. The main



TMG Automotive, Portugal

polymeric matrix varies with intended application as different polymers present different functional properties, with TMG Automotive materials being mainly used on instrument panels, door panels, seats and center consoles.

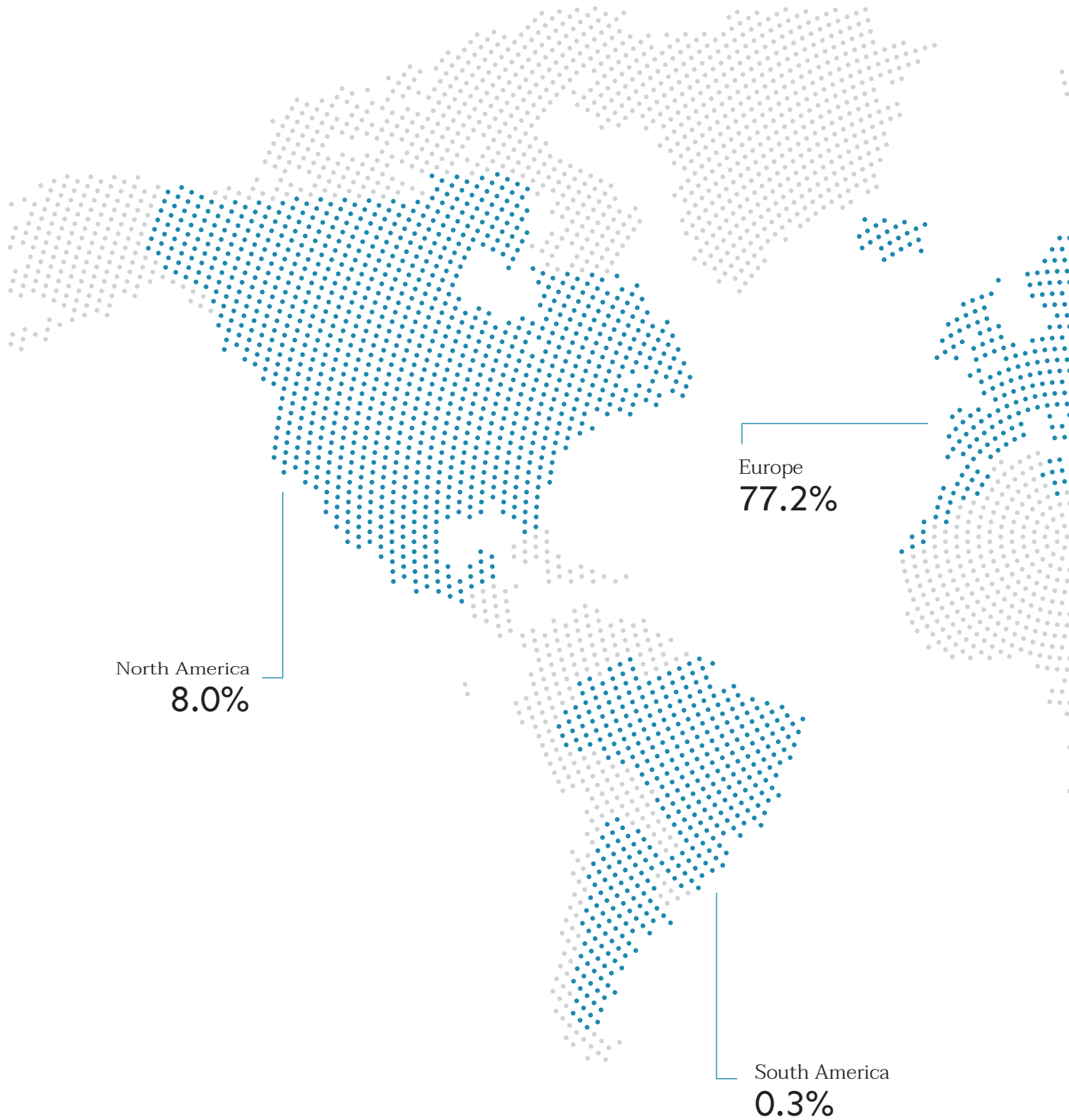
By Incorporating the highest standards available to ensure optimization and evolution as part of its business strategy, TMG Automotive has a considerable number of certifications and accreditations under its belt such as NP 4457, ISO 9001, ISO 45001, ISO 14001, IATF 16949 and ISO/IEC 17025.

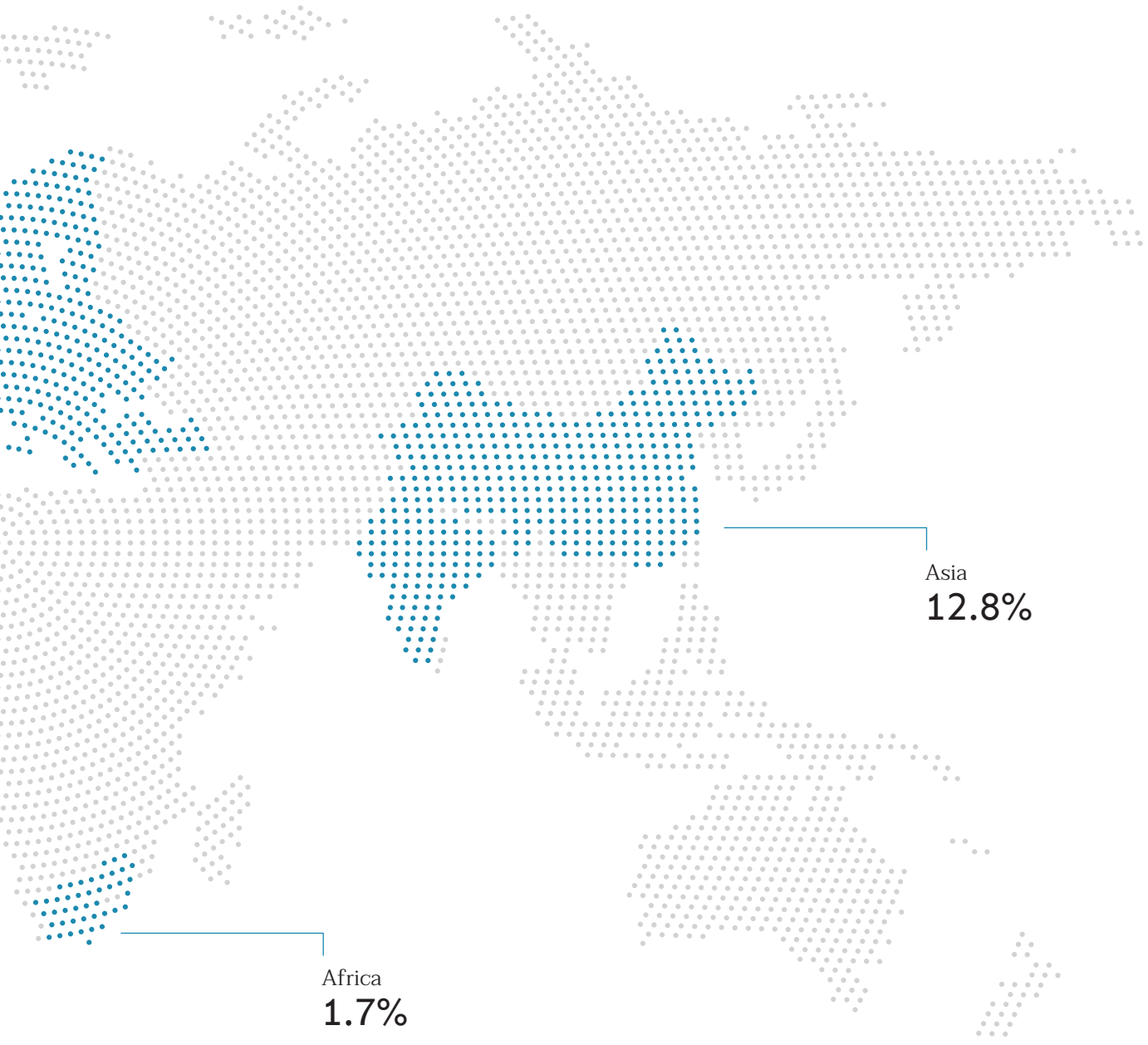
Supplying some of the major Original Equipment Manufacturers like BMW, Daimler, Ford, Porsche, Renault, Toyota, Volvo and many

others, TMG Automotive is one of the leading suppliers in Europe. Already established in the automotive market for 50 years, TMG Automotive still follows its founder philosophy:

**Technology and Quality go hand in hand.**

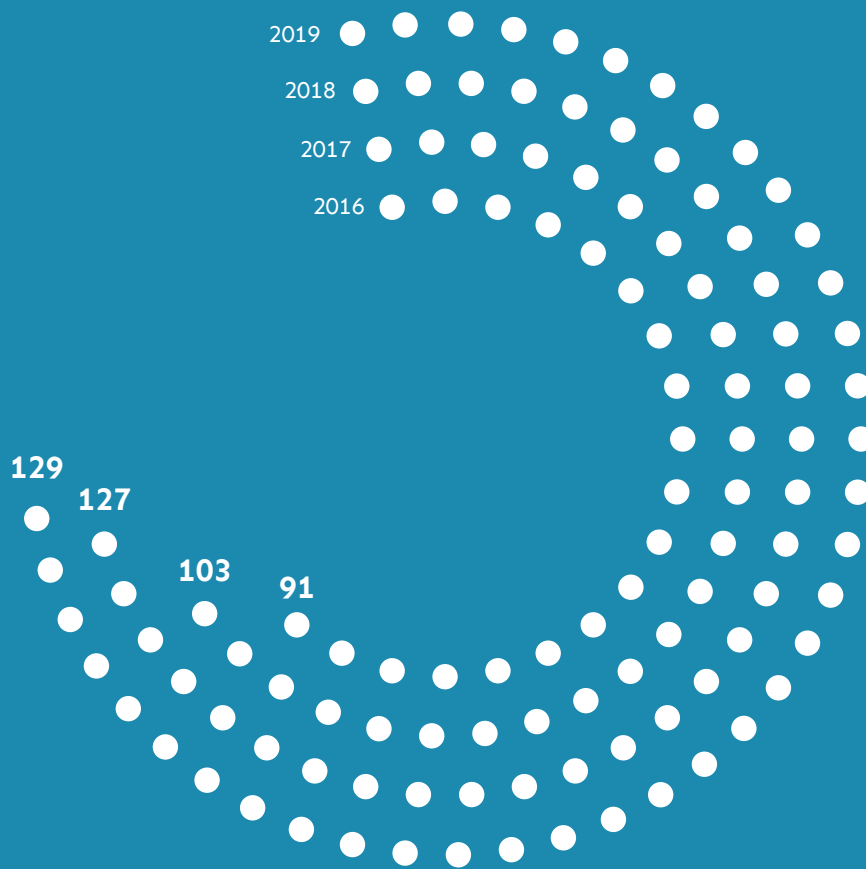
# Our Market





# How Much Do We Sell?

*Sales in x1.000.000€*



# Stakeholder Interaction & Communication Channels

TMG Automotive considers its relationship with stakeholders one of the basal stones for continuous success. There are several groups that interact with TMG Automotive through different communication channels. Intensify and optimize these communication channels is one of TMG Automotive’s goals for the future to come, becoming a more proactive and voiceful company in its sector.

TMG Automotive commits itself to publish, annually, a sustainability report so its stakeholders may be aware of its sustainability performance. The report will be a privileged means for communication and transparency of TMG Automotive’s policies and strategic vision so all of its stakeholders may have a better

understanding of its performance both social and environmental, aiming to facilitate discussion and improvement.

*Growing Together*, a newly launched specialized Human Resources digital platform, hopes to enhance employee development, easing management-employee communications, allowing its employees to have a more active role through a more transversal and dynamic dialogue. This is only a small part of the several-year spanned *Growing Together* plan, still in its early phases, hoping to pep up HR management.

**Shareholders**

General Meetings, Council Meetings, Financial Report, Activity Reports, Executive Board Operational Meetings

**Customers**

Customer Satisfaction Surveys, Audits, Complaints, Open Days, Fairs and Conferences, Development and Follow-up Meetings

**Employees**

Intranet, Performance Evaluation, Periodic Employee Meetings, Satisfaction Surveys

**Partners**

Fairs and Conferences, Development and Follow-up Meetings, Cooperation Protocols

**Suppliers**

Supplier Qualification, Performance Evaluations, Visits, Open Days

**Official Entities**

Environmental Licensing (RAA), Inspections and Audits

**Community**

Fairs and Conferences, Factory Visits, Cooperation Protocols

# Materiality

Materiality can be used as a tool for gathering information from a selected group of stakeholders and aggregate it as key topics – materiality topics – that a company should address. Disclosing on how the materiality matrix was created and the respective outputs denotes transparency and builds a path for discussion both with primary and secondary stakeholders. For this year's report, only Department Manag-

ers and the CEO were considered. The goal for the following years is to extend the data collection to a greater and more diverse number of stakeholders, ranging from employees to customers and suppliers as well as local government and surrounding communities.

The stakeholders were selected so that every Department and what represents was accounted for:



## Finance

managed by João Fonseca



## Human Resources

managed by Márcia Rodrigues



## Infrastructure

managed by João Pedro Silva



## Laboratory

managed by Isabel Dias



## Logistics

managed by Paula Moreira Pires



## Production

managed by Filipe Pinho



## Purchasing

managed by Júlio Mouta



## Quality, Environment, Health and Safety

managed by Cândido Cruz



## Research, Development and Innovation

managed by César Águia



## Sales & Marketing

managed by José António Teixeira

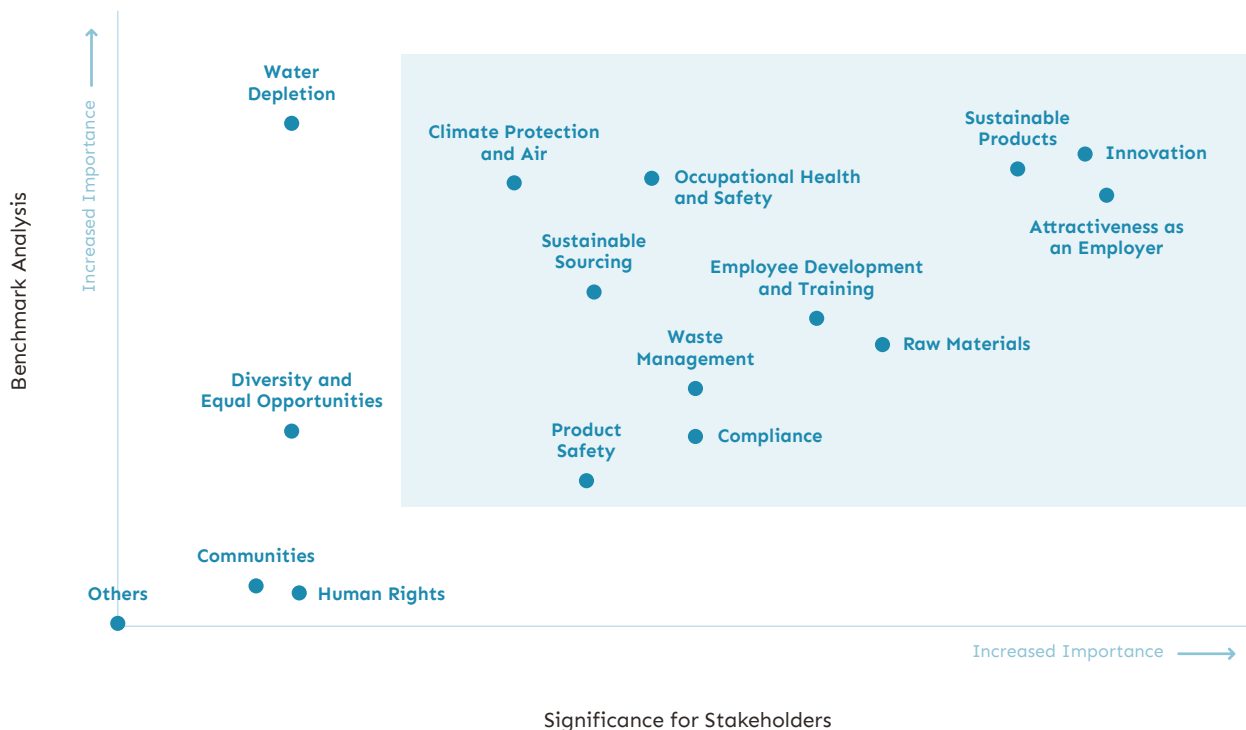


## Sustainability & Intellectual Property

managed by Catarina Dias



### Materiality Matrix



The stakeholders selected were enquired about a variety of topics regarding social, environmental and economic matters and TMG Automotive’s materiality topics were the results of these face-to-face interviews and thus are considered the key concerns in the company current situation and the ones addressed in the present report.

Benchmark analysis was determined by analyzing public documents as Sustainability Reports and web-sources of the different companies considered. Only companies integrated in the automotive supply chain were analyzed, namely competitors, suppliers and customers.

Although all topics depicted in the materiality matrix are of substantial importance for TMG Automotive, the marked topics were the ones selected for reporting. These topics were then converted into Challenges and the report was built on how TMG Automotive is tackling these Challenges, reporting, whenever possible and relevant, related key performance indicators. Following GRI Standards – Core Option,

information regarding the management approach and TMG Automotive’s view on each topic is presented. While building each chapter, feedback from the most relevant departments to that topic was gathered so the report could present the most up-to-date information.

**Not hoping only to increase transparency with its stakeholders and to disclose TMG Automotive’s current sustainability status, this report was written with a knowledge-sharing mindset, hoping to educate and elucidate its readers about the importance of the matters it delves upon, explaining, whenever possible, the themes it portrays and why it considers them of importance.**

As previously said, the most relevant materiality topics were transcribed into Challenges and Indicators. In some cases, one material topic gave rise to one Challenge and there is a straightforward connection. In these cases, the Challenge shares most of the original materiali-

ty topic lingo. In other cases, several materiality topics were condensed in a single Challenge as some materiality topics are closely related. Although fairly evident, but so that the thread of reasoning is not lost in these transcriptions, the following diagram provides the links made.



# Sustainability Policy

## *Our Goal*

To promote and maintain sustainable operations reducing our environmental footprint through the development of high-quality products, investing in highly trained and specialized personnel, backing our human force with state-of-the-art equipment and smart infrastructure.

Strive for a culture of excellence, creating innovative content, acting on the social, environmental and economic elements as a way of anticipating and minimizing the risks and uncertainties inherent to the automotive market's complexity.

## *Our Commitments*

TMG Automotive is committed to continuously scout and implement the best practices available and promoting them throughout the supply chain through:

- Balancing risks and opportunities linked to the company's operations thus preventing harm to people, assets and the environment
- Identifying and evaluating stakeholders' expectations regarding social, environmental and economic matters, setting goals and acting to achieve them
- Complying with legal and customer-specific requirements, while also subscribing to voluntary relevant initiatives to the company's sustainability roadmap (e.g. Global Compact)
- Aligning sustainability indicators with the Global Compact's 10 Principles and the United Nations' Sustainable Development Goals by establishing targets to help achieve those goals
- Enhancing workplace wellbeing by developing and integrating initiatives to increase employee's health, safety and overall satisfaction
- Producing high-quality sustainable products while protecting the environment through energy and water efficiency, waste reduction and a continuously scouting for better and more sustainable raw-materials following the circular economy model using Life Cycle Assessment in the product development process
- Promoting and engaging in partnerships with the academic and industrial community to boost Sustainable Development and establishing waste upcycling initiatives
- Contributing to sustainability awareness, communicating progress to stakeholders in the yearly Sustainability Report.

# TMG Automotive & the Sustainable Development Goals

TMG Automotive Challenges, as the Sustainable Development Goals (SDGs), are fully aligned with the Global Compact's 10 Principles and the outcome is nothing short of a powerful tool for improvement. To tackle our Challenges and fulfil our goals, TMG Automotive will continue to invest in highly trained and specialized employees to develop increasingly better products, backing its human force with state-of-the-art equipment and resilient infrastructure thus pursuing sustainable industrialization.

Determining a company's impact on the SDGs using its targets and indicators is a complex task as these indicators are unmistakably formulated for governments. Nonetheless, TMG

Automotive believes the Industry sector plays a pivotal role in achieving the Global Goals and, as a way to understand TMG Automotive's impact in the Goals fulfilment, aligned its Sustainability Challenges with the SDGs, specifying the Goals where it feels it can have the most impact. Furthermore, TMG Automotive selected Goal number 12, Responsible Production and Consumption, as its primary focus. As tracking a company's contribution to the Goals using its targets and indicators is seldom a straightforward task, TMG Automotive will begin to use Global Compact's SDG Action Manager, a tool developed to transcribe the Global Goals with business in mind, to track evolution and define an action plan.

**Challenge 1**  
*Attractiveness as an Employer*



**Challenge 2**  
*Innovation as a Driver for Sustainable Development*



**Challenge 3**  
*Reduce Environmental Impacts through Sustainable Products*



**Challenge 4**  
*Efficient Use of Resources in Value Creation*



**Challenge 5**  
*Ensuring Corporate Ethics and Legal Compliance*



**Challenge 6**  
*Tackling Global Warming through Climate Protection*



**Challenge 7**  
*Enhance Employee Safety*



**Challenge 8**  
*Boost Sustainable Sourcing*



**Challenge 9**  
*Focusing on Product Safety*



# Challenge 1

## Attractiveness as an Employer



With *War for Talent* being a term in force in the western world, attractiveness as an employer, as TMG Automotive's materiality matrix points out, is its 2019's key challenge, with talent dearth being felt more than ever before.

Attracting, recruiting, developing and retaining talent is one of TMG Automotive's main focus areas.

**With the new Growing Together plan and digital platform, TMG Automotive has taken a new and important step in Talent Management.**

While the *Growing Together* plan spans several years, the *Growing Together* digital platform is planned to start running in early 2020 and it is expected to become a novel way to facilitate employee-management dialogue and consequent employee development. TMG Automotive believes that this plan will contribute to more accomplished and motivated employees as it considers them to be the base ground for a successful and thriving company.

As important as retaining talent is attracting new talent. Workforce demands of today are different from workforce demands of yesterday and companies need to evolve with them. Gen Y and especially Gen Z deeply value a company's core principles regarding sustainable development, hoping that its future employer has embedded in its core vision Corporate Social Responsibility practices. As to have a better grasp of what TMG Automotive is all about, from work environment to sustainability-integrated practices and job roles, TMG Automotive integrated in 2019 the concept of job shadowing so students can understand how a company works and become acquainted of their potential future company.

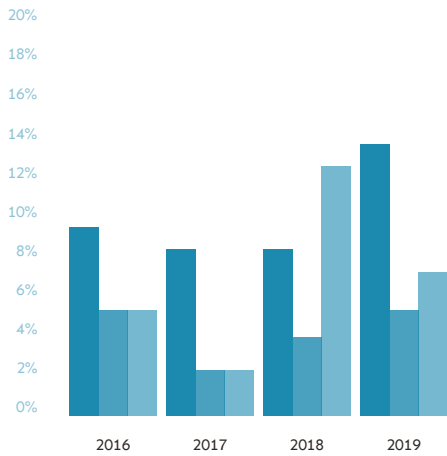
Although future employees value salary, benefits and pluses the most, current employees often look beyond these. High work morale, a healthy and positive work environment, clearly-defined career development plans, and sharing the company's core values are all factors contributing to a company's attractiveness as an employer in the long run. With room for improvement and still not where it aims to be, TMG Automotive is working continuously to improve, expecting to meet its employee's expectations.

TMG Automotive is constantly trying to upgrade its status as a desirable company and counts on its employees for feedback so it can lower its employee turnover rate and improve overall employee satisfaction. In 2019, TMG Automotive began surveying its employees regarding their overall happiness regarding their work environment, employee-management relationships, *etc.*, probing for suggestions to continuously improve. There is also a suggestion box employees can use if they want to make a suggestion while remaining anonymous.

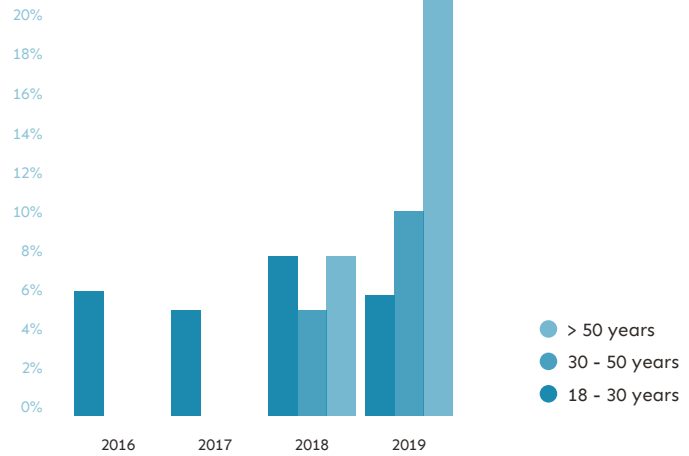
Employee turnover rates can be impacted by contract terminations, retirement, intergroup transfers and even death. As TMG Automotive has sister companies, intergroup transfers occur more easily and have a considerable impact in employee turnover rates. The turnover increase in 2018 and 2019 for employees over 50 years of age is related to retirement due to old age and early retirements, as a result of changes in Portuguese legislation, removing penalties for retirement for those who have long contributory careers.

Talent dearth was felt specially in male employees up to 30 years of age and particularly in 2019. Although more pronounced in 2019, employee turnover rates have increased over the years, arising from a more competitive labour market.

Employee Turnover Male



Employee Turnover Female



There are some benefits for TMG Automotive employees as life insurance and childcare support to all female employees until a defined threshold. According to Portuguese law, all parents-to-be employees enjoy of parental leave, independently of their gender.

Critical to employee development is employee training. TMG Automotive upgrades its employee’s skills through a plethora of instruments and pathways, such as external seminars, fairs and workshops. TMG Automotive also finances study plans for its employees if relevant to the company, ranging from MBAs to full PhDs.

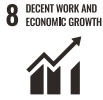
External training is one of TMG Automotive’s main investment areas concerning employee development. As examples, close to 100

employees were trained in Information Security anticipating ISO 27001 implementation. Training regarding 5S methodology was restarted in 2019 and is set to be implemented company-wide in 2020. With TMG Automotive exporting most of its products and having a mostly international client portfolio, language skills are mandatory in some of its segments. German and English courses usually run year-round for employees, typically consisting of two hours a week per language. TMG Automotive is currently outlining an e-learning plan so training courses could reach a vaster number of employees more easily. Information Security is set to be the first e-learning training course to be made available by TMG Automotive, foreseen to reach 100 employees in its first round.



# Challenge 2

## *Innovation as a Driver for Sustainable Development*



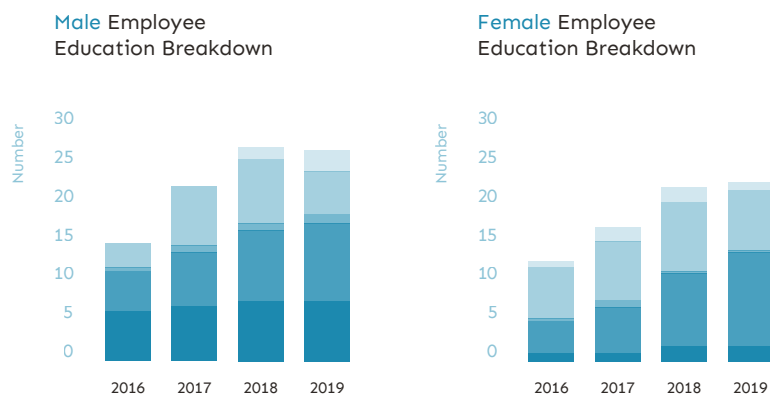
There is no alternative to Sustainable Development and there is no Sustainable Development without Innovation. Living in a resource-constrained Earth, society and especially companies must grapple with the question of how one can use Innovation in Sustainable Development's favor.

**Innovation is as much a driver for Sustainable Development as Sustainable Development is for Innovation**

Automotive Industry is well known as one of the most dynamic and demanding sectors in terms of standards and work methodologies, spanning areas such as Quality Management Systems and new products' Development & Approval. These standards and work methodologies do not restrain themselves to Product Formulation but instead extends to all departments, making Sustainable Innovation a key matter for all C-Levels.

Sustainable Innovation demands a mindset change for creating new and/or improved products, processes or methods that produce not only economic value but also environmental and social benefits. As a rule of thumb, companies who choose to comply with the most stringent rules, and do so before they are enforced, yield considerable first-mover gains in terms of fostering innovation.

In order to continuously improve the Innovation pipeline, TMG Automotive was a Portuguese pioneer in the Innovation Management System certification through NP 4457:2007. This management system allows to efficiently allocate efforts into feasible Innovation, creating value by introducing innovative products in a systematic and organized way, allowing stakeholders to better acknowledge TMG Automotive excellence. In 2019, close to 20 employees were trained by an external training provider regarding NP 4457:2007. These employees will act as Innovation ambassadors, maintaining a high-success level regarding standard implementation and upkeep.

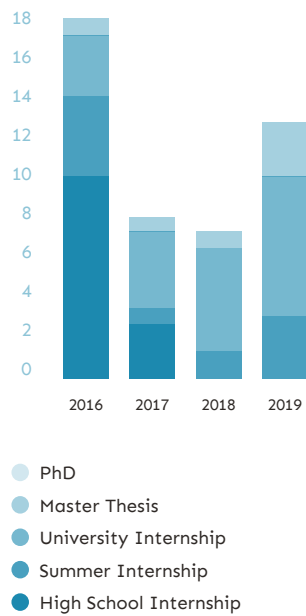




To achieve a wide knowledge base, the R&D Department is composed of multidisciplinary teams working together forming the R&D pipeline.

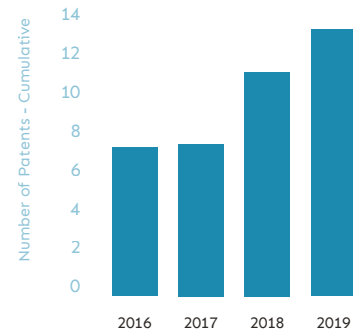
Being TMG Automotive a company that centers its activity in Innovation and Quality, it is of extreme relevance its involvement with the community where it acts, namely through partnerships with the scientific community and technological centers. Also of note are student Internship Programs, ranging from summer internships to full PhDs. These programs have numerous benefits such as attracting to the organization highly motivated pre-professionals with fresh ideas and new perspectives, while also providing a community service element by allowing students to acquire valuable work experience in an extremely dynamic work environment.

Student Internship Programs

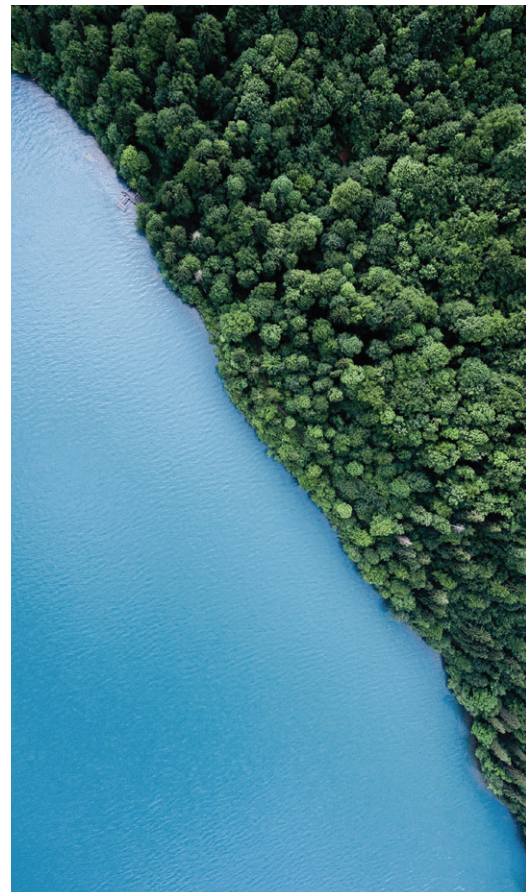


Intellectual Property management, a substantial challenge for TMG Automotive, constitutes a source of competitive advantage. Being a crucial part of the corporate strategy to ensure protection of TMG Automotive’s products and technologies in core competence areas, TMG Automotive growth has been accompanied by an increasing patent portfolio. Currently, three patent applications are related with products presenting decreased environmental impacts.

Patent Family



As mentioned extensively throughout this report, high-level leadership is pivotal for developing and implementing a low-resource economy. While catering to the needs of only a few, the current economic system has placed already an unbearable burden on Earth’s resources. It is obvious that when catering to the needs of the many, traditional approaches to business will collapse, and Innovation will be the answer. TMG Automotive intends to be a sustainability front-runner when this reality settles.



Lake Brienz, Switzerland

## Challenge 3

### *Reduce Environmental Impacts through Sustainable Products*



With a growing product demand due to a growing market consequent of the ever-increasing population craving a higher life quality, there is an escalating and imperative need for sustainable products. In a time where the end consumer is craving more than ever before sustainable products, increased greenwashing attempts are an unfortunate but predictable side effect. As misinformation is present throughout all society, including both producers and consumers, a standardized environmental impact assessment must be employed to ensure trustworthy information.

Aware of the plastic industry's current public negative image, TMG Automotive is continuously improving its product portfolio to provide high-quality products with increasingly less environmental impacts. Life Cycle Assessment (LCA), being the most complete and robust tool available, was the tool chosen to determine TMG Automotive's products environmental impacts.

LCA consists in the compilation and characterization of mass and energy inflows and outflows throughout the life cycle. These flows will be characterized by an environmental burden, be it either positive or negative and will constitute, in its wholeness, the product environmental impacts. TMG Automotive decided to use a cradle-to-gate methodology, as car use could be very difficult to account for and material recovery and disposal at the end-of-life is dictated by the End of Life Vehicles Directive. As there are too many environmental impacts

and it is seldom possible to tackle them all at once, TMG Automotive will focus on what it thinks are the most significant impact categories for its products:

- Global Warming due to the current Climate Crisis and all that entails
- Acidification and Eutrophication Potential as the Cotton Industry is a major user of pesticides and fertilizers in cotton production
- Water Depletion as cotton is a very water-intensive raw material
- Land Use as bio raw-materials are gaining popularity and will potentially contribute to deforestation and decreased food security
- Human Toxicity for the most straightforward reasons as product safety is one of TMG Automotive's priorities

Focusing on innovative materials, and working together with the LCA team to ensure environmentally-sound design choices, the R&D team is currently developing several initiatives with more-sustainable products in mind, such as:

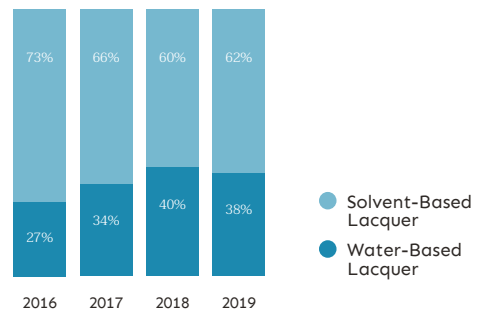
- Outsourced waste residues incorporation: integrating waste residues ranging from cork powder to natural fibers, enhancing industrial symbiosis and contributing to a circular economy
- NEP-free Lacquers: water-based lacquers are already NEP-free, while a minor number of solvent-based lacquers have still NEP in its composition – efforts are being made so this number can be diminished or even eliminated



- Recycled Textiles: products backed with recycled textile are already a reality at TMG Automotive – upscale production lies ahead and is set to begin shortly

As all of TMG Automotive’s products are lacquered, lacquer production takes a big toll on resource consumption. TMG Automotive is replacing solvent-based lacquers with a low-carbon alternative – water-based lacquers – since solvent-based lacquers are one of the main sources of VOC emissions. Although TMG Automotive is determined in decreasing solvent-based lacquers, client demand dictates TMG Automotive’s production. In 2019, TMG Automotive saw a very significant increase in demand of one of its older products, still formulated with solvent-based lacquers, making 2019 the first year where the solvent-based – lacquer-based ratio did not decrease.

Lacquer Continuous-Phase Type



Covered by the Industrial Emissions Directive (IED), TMG Automotive updates yearly its Solvent Management Plan, demonstrating compliance with limit values for residual gas emissions, diffuse emission values and total emissions limit.

Lake Clark, Alaska



# Challenge 4

## Efficient Use of Resources in Value Creation

6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



In today's world, the increasing population goes hand in hand with increased resource extraction and consequent resource depletion. In an era where the Earth Overshoot Day comes sooner and sooner, there is an obvious need for Dematerialization, meaning longer-lasting materials, designed for repair, reuse or high-quality recycling. Resource depletion prevention and efficient use of resources in value creation can be achieved by a plurality of ways such as water and energy efficiency initiatives, circular economy, residue incorporation and waste reduction or, better yet, elimination.

As product-as-service, like car-sharing, becomes a reality, while contributing to decoupling economic growth from resource use, will inevitably lead to two different outcomes:

- A need for more robust materials as they will be used more intensively
- Design for Disassembly and Design for Recycling so worn out parts could be easily dismantled, replaced and recycled

Energy and water efficiency, waste management and raw-material selection were already paramount concerns to TMG Automotive and there are several teams dedicated to these matters, working continuously to improve them.

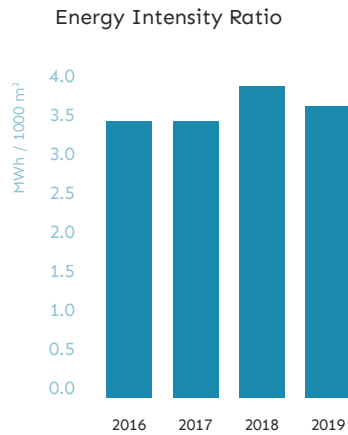
Although water is of the utmost vital importance, TMG Automotive's products are not water intensive and both TMG Automotive's plants are located in northern Portugal, where water is fairly abundant and no risks of water shortages are foreseen. As so, TMG Automotive will continue to monitor its water consumption to keep it as low as it is today.

Regarding efficient material use and waste management, TMG Automotive is at this time primarily focused on reducing waste streams indoors. Due to TMG Automotive's products' nature, a significant portion of them cannot be recycled as they are composites and the only current options are energy recovery and landfill deposition. As those options are far from environmentally ideal, TMG Automotive is continuously scouting for waste upcycling initiatives and industrial symbiosis opportunities.

### Energie Use

TMG Automotive, having an energy intensive product portfolio, is continuously upgrading its facilities and technologies in order to achieve higher and higher energy efficiency and consequently reduce its resultant environmental impacts. Starting in 2012, with an energy audit, a plan with several energy-saving initiatives was developed. These initiatives, between 2014 and 2017, led to a reduction in the energy intensity ratio of 8.4%.

Electricity consumption is distributed in three main elements: process equipment, utility units and climatization. The biggest consumers of natural gas are the boilers and the Regenerative Thermal Oxidation units used to treat air emissions from the production plants. The boilers are equipped with a heat recovery system that uses the heat from the combustion gases for the inlet air preheating.



The energy intensity ratio increased in 2018 as TMG Automotive is no longer working 24/7, which contributes to reduced energy efficiency as the turning-on/turning-off of industrial equipment is incredibly energy-intensive. Nonetheless, there is an active Energy Consumption Rationalization Plan, developing and implementing energy-saving solutions.

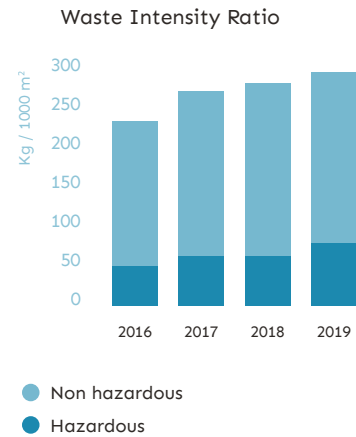
### Waste Reduction

As waste is expected to increase with increased product demand, strong action is needed more than ever before, ensuring a waste management approach in line with the best practices available while also encouraging and pursuing development of better ones.

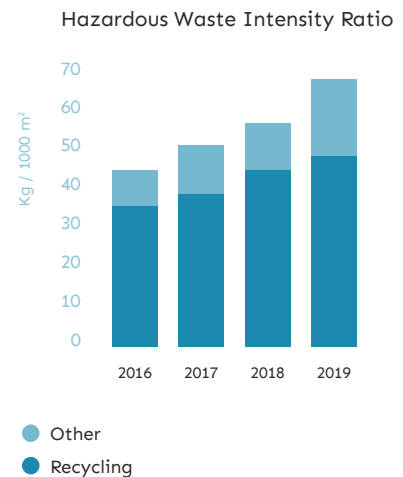
As TMG Automotive’s waste is mostly composed of highly complex polymeric matrices, coupled with textiles and foams, there is often the need for deep know-how in composite recycling and not yet available technologies at industrial scale. To meet its goals, TMG Automotive teams up with several initiatives and institutions so it can diminish its waste disposal impacts. TMG Automotive is now separating its waste streams by polymer matrix so it can have better control of its waste streams to promote more efficient solutions and accelerate future developments.

Now with two manufacturing sites at full steam and with an ever-expanding product portfolio encompassing new formulations, waste streams increased and new waste streams were also created to accommodate new products. As a consequence, waste intensity ratio increased for

both hazardous and non-hazardous types. Being resource-conscious and aware of how important circular economy is, TMG Automotive is not where it wants to be regarding its waste streams and will intensify efforts to reduce its waste intensity ratios in the forthcoming years.



TMG Automotive generated residues are selectively collected by type and harmfulness, stored in eco-points and then forwarded to the respective licensed waste disposal operators. The hazardous waste is mainly constituted of adsorbents, filters, cleaning cloths, contaminated protective clothing and water-bases liquors.

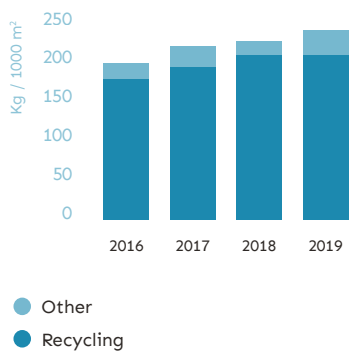


The non-hazardous waste is the most critical due to its significant intensity ratio. With its non-recycled part being mainly composed of composite plastic residues, constituted largely



by plasticized PVC, textile and foam, recycling is a considerable challenge due to the general difficulty to separate the composite in its forming layers.

Non-hazardous Waste Intensity Ratio



New initiatives and projects are constantly being explored to decrease waste streams. As an example, starting from 2019, a new equipment to clean various industrial apparatus, recurring to high temperatures and pressures, instead of cleaning solvents was installed.

Besides contributing to a better overall environmental performance, waste reduction programs and projects can have several benefits inside an

organization such as cut disposal costs and improve a company's bottom line.

There are several working initiatives in which TMG Automotive is involved. For example, in the scope of the European Automotive Trim Suppliers, TMG Automotive joined VinylPlus in 2013. This project, founded in 2010, established a 10-year long sustainable development commitment plan. The 2010 plan had four key goals for the PVC industry:

- Controlled-loop management
- Organochlorine emissions
- Sustainable use of additives
- Sustainable Energy & Climate Stability

With 2020 being the final year of the first 10-year plan, VinylPlus started to shape its next 10-year-long plan with its stakeholders through a series of workshops around Europe. TMG Automotive was present in one of these workshops so its sustainability vision could impact VinylPlus' strategy for the future.

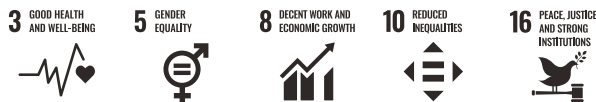
Together with its partners, TMG Automotive is continuously scouting for waste upcycling initiatives and technological partners to upgrade its waste disposal methods and create life after waste.



Sobótka, Poland

# Challenge 5

## Ensuring Corporate Ethics and Legal Compliance



TMG Automotive is a subscriber of the Global Compact's 10 Principles that are reflected in the company's code of conduct. It defines the ethical values which govern the group in its compromise with Portuguese and European Union labor laws compliance, in a way that promotes health, safety and the best work condition for all its employees. The code of conduct addresses the following themes:

**Child Labor:** Child labor is not allowed.

**Forced Labor:** Forced labor is not permitted, whether in the form of forced labor imposed by physical force or in the form of threats, intimidation and/or any other means of coercion.

**Health and Safety:** TMG Automotive considers the industry's prevailing knowledge and all associated risks to ensure that the working environment is safe, healthy and that adequate measures are taken to prevent accidents and personal injury that may arise during work, minimizing, as far as possible, danger causes inherent to the work environment, taking into account the country's prevailing laws. TMG Automotive has appointed a management representative responsible for health and safety aspects of the company. Employees receive regular training on essential issues and this training is given to all new employees and those who change their function in the workplace. Access to sanitary facilities with adequate hygiene conditions are available to all employees. Access to drinking water and, where appropriate, adequate food storage is ensured. Production sites are maintained in accordance with applicable laws and regulations and procedures are in place ensuring protection for all employees against the risk of fire, accidents and contact with toxic substances. Lighting, ventilation and heating/cooling systems must be adequate.

**Discrimination:** Discrimination in hiring, remuneration, access to training, promotion, termination or retirement based on criteria of race, social class, origin, religion, disability, gender, sexual orientation, trade union membership or political affiliation is not allowed.

**Harassment and abuse:** The use of corporal punishment, threat of physical, sexual, verbal abuse or other types of harassment are not tolerated.

**Working Hours:** Working hours must be in accordance with national laws and specific to the industrial activity or with that which offers greater protection. In all cases, employees are not required to work regularly for more than 48 hours per week and are entitled to at least one rest day for each 7-day period. Overtime will be voluntary, and may not exceed 12 hours per week and will not be required on a regular basis. Overtime will be compensated according to the applicable legislation or better.

**Remuneration:** Wages are paid directly to employees in full compliance with all applicable laws.

**Freedom of association and right to collective bargaining:** Employees have the right to join or form trade unions by their own choice and to conduct collective bargaining without any form of penalty as a result.

The points referred in this code of conduct constitute minimum standards and are understood by TMG Automotive as a step forward in continuous improvement in working conditions and protection of its employees.

## Challenge 6

### Tackling Global Warming through Climate Protection



It is obvious today – and for a long time now – that the events related to climate change are even worse than previously anticipated, both in intensity and frequency. It should also be obvious by now that every little help counts and not acting is no longer an option.

Climate Change is a multidecade global challenge: from rising sea levels and shifting weather patterns, the impacts regarding climate change are global in scope and unprecedented in scale. Under current carbon emissions, global warming is expected to surpass the 3 °C mark, well above what the Paris Agreement hopes to achieve and with appalling consequences in their breadth. Limiting global warming to 1.5 °C will depend on greenhouse gas (GHG) emissions over the next few decades and there is a lot industry can do to mitigate its current impact.

The world is already paying for the current Carbon Economy, socially, environmentally and economically speaking. If the social and environmental impacts are straightforward, the resulting economic impacts are a given as Climate Change phenomena like droughts, floods, smog, wildfires, *etc.* are taking cared of with public money. If the carbon economy impacts were all accounted for, the public would get a considerably different picture of what Climate Change is already causing and is set to cause, ranging from climate refugees and food security to water conflicts.

**Perfectly aware of the current Climate Crisis and its undoubtful urgency, TMG Automotive joined the global movement Business Ambition for 1.5°C, contributing to the Paris Agreement's main goal: to limit global temperature rise to 1.5 °C above pre-industrial levels.**

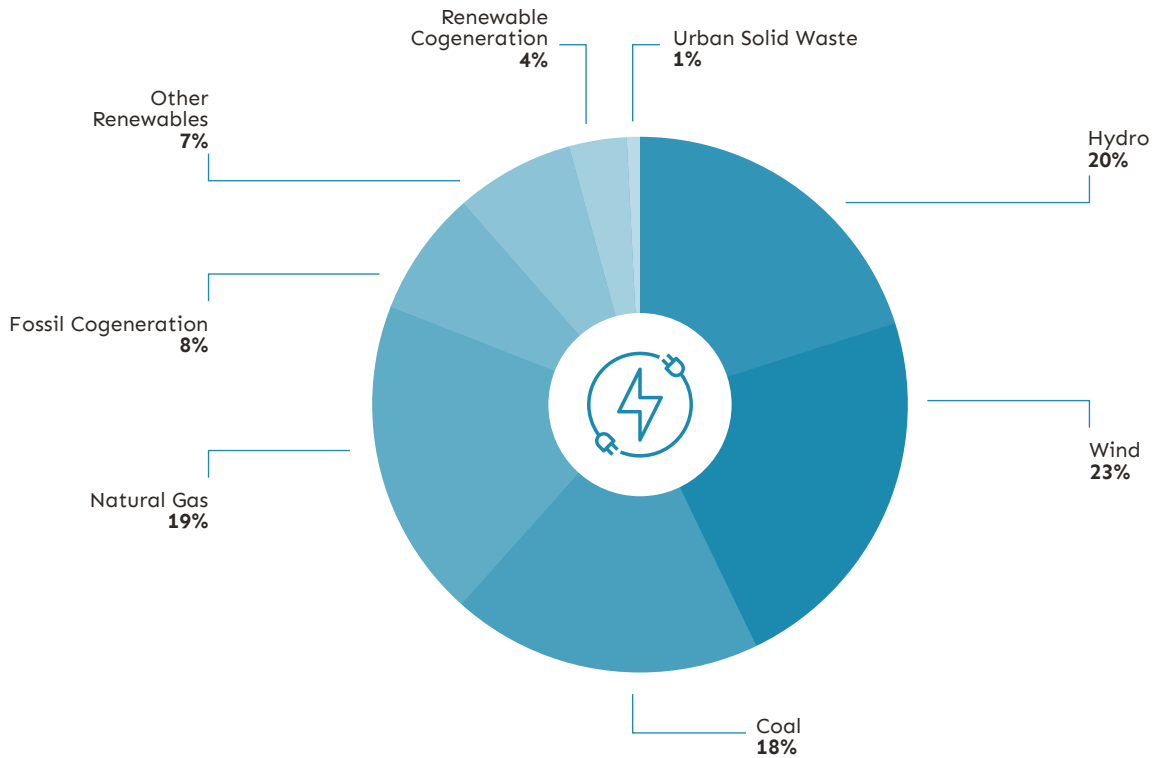
By signing the pledge, TMG Automotive commits to define GHG emission reduction targets and reach net-zero emissions by no later than 2050 with the criteria and recommendations of the Science-Based Targets Initiative. For that to happen, TMG Automotive aims to identify and carry out developments in a plethora of fronts including, but not limited to, energy efficiency, renewables and carbon offsetting.

Although steadfastly committed, TMG Automotive is still at the beginning of its Decarbonization journey, planning to start carbon emissions quantification in early 2020. All three Scopes will be quantified following the GHG Protocol and Science-Based Targets Initiative guidance. TMG Automotive hopes to submit its carbon reduction targets no later than 2021, being fully disclosed and explained in the 2021 Sustainability Report. Scope 1 emissions, still not yet entirely determined, will be presented in the 2020 Sustainability Report.

Now with two manufacturing sites, production lines were optimized regarding logistics and human-resources, decreasing 24/7 production and increasing total batch hours. As batch production consumes more energy due to the switching-on/switching-off of production machines, a higher intensity ratio was verified when compared with 2016-2017 numbers.

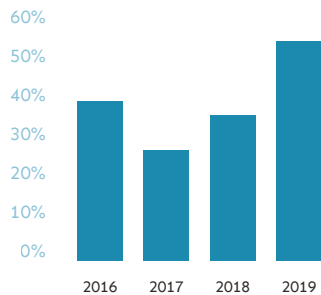
As for now, TMG Automotive is entirely dependent on electricity suppliers for its electricity needs and its Scope 2 emissions are dependent on its supplier's electricity mix. The electricity mix is depicted in the image below, with renewable sources accounting for 53.8% of the total electricity consumed.





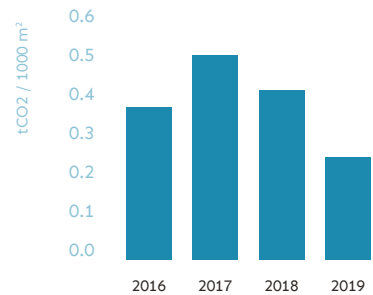
One of the drawbacks of renewables is their unpredictability and intermittency, particularly in the form of weather events such as droughts or sunshine hours per year. Portugal was struck by the 2017-2018 Iberian draught, affecting its 2017-2018 hydroelectricity, one of its renewables' main sources.

Renewable Energy



This unpredictability made its dent in TMG Automotive's product carbon footprint, spiking in 2017 and reaching its lowest value in 2019.

Scope 2 Emission Intensity Ratio



With multiples initiatives regarding energy efficiency and carbon footprint, TMG Automotive's first solar farm is its greatest.

Originally planned to begin construction in 2019, but delayed to 2020-2021 to meet sound environmental criteria, given similar production output, will account for 8% of TMG Automotive's electricity requirements, therefore decreasing by a noteworthy amount its Scope 2 emissions.

## Challenge 7

### *Enhance Employee Safety*

3 GOOD HEALTH AND WELL-BEING



8 DECENT WORK AND ECONOMIC GROWTH



Employee injuries and/or deaths can cause a major emotional toll in the workforce and their loved ones and can linger for several years after the incident with daunting consequences. As so, workplace safety is of paramount importance for TMG Automotive. As said previously, TMG Automotive believes that healthy and committed employees hold the keys for a successful and thriving company. Knowing that their employer does the best it can for employee security is an example of how one can upsurge employee commitment.

Being a manufacturing company, work risks can take several forms, from hazardous chemical exposures to slips, trips & falls. Employee Safety must be proactive and not reactive with actions to enhance workplace safety as:

- Employee Training & Continued Education
- Machinery Maintenance
- Appropriate Personal Protection Equipment Usage
- First Aid and Emergency Action Plans

Training, one of the top measures to improve employee safety, is one of TMG Automotive's main investment areas to enhance workplace safety and wellbeing. In 2019, several training programs were taught at TMG Automotive ranging from Firefighting Techniques and Fire Safety to Safety in Platform Operations. Overall, in 2019, close to 450 safety-related training programs were ministered to TMG Automotive employees.





TMG Automotive, Portugal

Several health and safety tools are employed in TMG Automotive’s facilities to continuously improve performance in this area, such as:

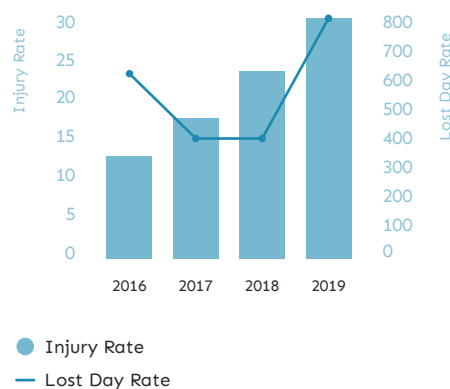
- Risk Assessment
- Occupational Healthcare
- Health Promotion Campaigns

TMG Automotive believes that by implementing and assuring a strong health and safety program, other companies, both clients and suppliers, by peer pressure, will improve their health and safety agenda as well.

Although there were no fatal accidents or accidents with temporary total disability (TTD) periods exceeding 180 days, accidents with significant TTD periods occurred in 2019, increasing Lost Day Rate.

In 2019, production numbers saw an increase of more than 40% when compared with 2016’s numbers. Accompanying such a large leap in production numbers came also an increase in total employee numbers. Although TMG

Automotive ensures that all employees are properly trained regarding health and safety issues, new employees tend to increase the fortuitous accidents numbers, increasing Injury Rate.



Although TMG Automotive believes in a preventive approach, every accident was used as a learning lesson and adequate measures were taken.



Þjóðvegur, Iceland

# Challenge 8

## Boost Sustainable Sourcing



When considering a product's environmental and social impacts, the raw-materials chosen are the origin of a large share of these impacts, often the greatest, thus holding great potential in decreasing the environmental and social burdens associated with a given product. TMG Automotive recognizes its responsibility does not begin only when the raw-materials enter its gates, but instead begins with raw-material and supplier selection and, as so, has been integrating sustainability practices in its supply chain.

As TMG Automotive is fully committed with the highest standards in its procurement practices, it demands identical commitment from its supply-chain. Suppliers are requested to approve TMG Automotive's Supplier Code of Conduct and abide by its terms. Aligned with UN Global Compact's 10 principles, the Supplier Code of Conduct has strict compulsory requirements related to Human Rights, Anti-Corruption, Corporate Ethics, Environment and Health & Safety.

### National Supplier Preference

A methodological selection of raw material suppliers is also of crucial importance due to several factors, including used production technologies and raw-material delivery. Transportation can be of high significance when carbon footprint is concerned, considering where the raw material is coming from and how – and how often – the raw material is delivered. Whenever possible, TMG Automotive opts for national suppliers for a reduced transportation carbon footprint, while seeking to boost and develop the Portuguese economy.

Conscious of the food industry huge environmental impacts and related also with national supplier preference, TMG Automotive is incorporating the farm-to-fork movement in its canteens, cutting any fruits and vegetables not locally sourced from its menus, supporting local farmers while cutting transportations carbon costs.

A Purchasing Policy, transversal to all TMG Groups contains, inter alia, the following topics: Ethical Principles, Conflict of Interests and Supplier Evaluation.

### Ethical Principles

In contact with suppliers, each element of the Purchasing Department is representing all TMG Group and should act accordingly, using standards of conduct and ethical principles that assure a long-term professional relationship based on the search for better and more affordable solutions, based on the grounds that TMG Automotive is a responsible and fair company.

### Conflict of Interests

Any form of acquisition that can benefit directly any collaborator is forbidden, unless that the purchasing process is completely transparent and obtains full approval from three elements of the Purchasing Group – being the Purchasing Department Director necessarily one of the intervenients.

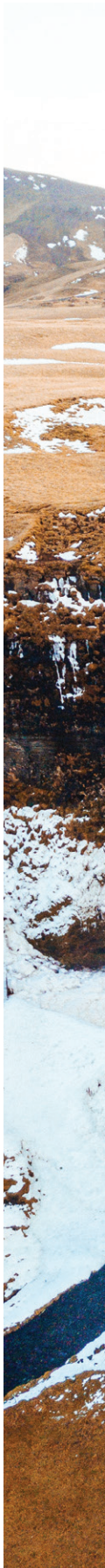
### Supplier Evaluation

Supplier evaluation and selection are done differently according to the service/product type offered.

There are two critical moments:

**Initial Supplier Evaluation (Qualification)** – determines the inclusion – or exclusion – from TMG Automotive's supplier list. It is based on a questionnaire sent to the potential supplier that covers quality, social and environmental issues. According to the questionnaire answers, the supplier is then placed in one of the following groups: approved, provisional/under surveillance or disapproved.

**Continuous Supplier Assessment** – evaluation is done to the approved supplier over time. Evaluates suppliers' performance and their maintenance in the supplier list. An analysis of



Selfjalandsfoss, Iceland



the supplier's quality, deadlines and supplied quantities, organizational level, quality management, environment, social, documentations and competitiveness. This evaluation is done by three different departments: Research & Development, Logistics and Purchasing, being the last responsible for all the evaluation process and with four criteria in mind:

- Day to day performance: logistic performance regarding deadline and quality deviations
- Technical information: raw material composition and approval standards compliance
- Management System: quality and environmental certifications
- Organizational Performance: claims, competitiveness, delivery quality and technical support

Along with what has been described, TMG Automotive performs audits where environmental and social topics are taken into account to evaluate suppliers.

## Challenge 9

### *Focusing on Product Safety*



Not present in 2018's report, Product Safety is one of 2019's materiality topics. Last year, it did not make the final cut because so many measures were already in place, both site-specific as industry-wide as the automotive industry has very strict rules regarding product safety. Although these measures were not halted or shortened by any means, TMG Automotive thinks that Product Safety is a too-important topic not to be included and discussed in further detail.

Granting that next to none companies would deliberately put an unsafe product in the market, the responsibility of safeguarding the safety of its products lies in the manufacturing company. TMG Automotive has tests in place to ensure its product portfolio meets all predefined safety requirements. Life Cycle Assessments conducted at TMG Automotive, as already mentioned in Challenge 3, measures Human Toxicity in raw-material extraction, transportation and product manufacturing. System boundaries could be altered to include product use. Although an objective for TMG Automotive for the long run, due to the intricate complexity of determining the environmental impacts of car use and attributing them to each separate component, this is not yet being done.

In 2019, there were zero fines, penalties or any sort of warning regarding compliance with product safety and no voluntary codes were transgressed. TMG Automotive is proud of its products and expects to maintain its incidents to zero for the years to come.



# GRI Table

Disclose Number	Disclose Title	Disclose Description	Information	Page
102-1	Name of the organization	a. Name of the organization	TMG Automotive - Tecidos Plásticos e Outros Revestimentos para a Indústria Automóvel, S.A.	
102-2	Activities, brands, products, and services	a. A description of the organization's activities b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets		9, 10
102-3	Location of headquarters	a. Location of the organization's headquarters	Rua Comendador Manuel Gonçalves, nº 25, São Cosme Do Vale, 4770-590 Vila Nova de Famalicão, Portugal	
102-4	Location of operations	a. Number of countries where the organizations operate, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report	The production facilities are all located in northern Portugal.	
102-5	Ownership and legal form	a. Nature of ownership and legal form		9, 10
102-6	Markets served	a. Markets served, including: i. Geographic locations where products and services are offered; ii. Sectors served; iii. Types of costumers and beneficiaries		9-12
102-7	Scale of the organization	a. Scale of the organization, including: i. Total number of employees; ii. Total number of operations; iii. Net sales (for private sector organizations) or net revenues (for public sector organizations); iv. Total capitalization (for private sector organizations) broken down in terms of debt and equity; v. quantity of products or services provided.	As of 31.12.2019: 778 employees.	9-12
102-8	Information on employees and other workers	a. Total number of employees by employment contract (permanent and temporary), by gender. b. Total number of employees by employment contract (permanent and temporary), by region. c. Total number of employees by employment type (full-time and part-time), by gender. d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees. e. Any significant variations in the number reported in 102-8-a, 102-8-b and 102-8-c; f. An explanation of how data have been compiled, including any assumptions made.	As of 31.12.2019: 778 employees, 17% female, and 24% temporary. All employees reside in northern Portugal. Data is gathered and constantly updated by TMG Automotive's HR Department.	
102-9	Supply chain	a. A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products and services.		9, 10



Disclose Number	Disclose Title	Disclose Description	Information	Page
102-10	Significant changes to the organization and its supply chain	a. Significant changes to the organization's size, structure, ownership, or supply chain, including: i. Changes in the location of, or changes in, operation, including facility openings, closing, and expansions; ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations); iii. Changes in the location of suppliers, the structure of the supply chain, or relationship with suppliers, including selection and termination.		9, 10
102-11	Precautionary Principle of approach	a. Whether and how the organization applies the Precautionary Principle or approach.	TMG Automotive, as for now, does not apply the Precautionary Principle	
102-12	External Initiatives	a. A list of externally-developed economic, environmental and social charters, principles, and or other initiatives to which the organization subscribes, or which it endorses.	United Nations Global Compact and the 2030 Agenda, especially the 17 Sustainable Development Goals.	10
102-14	Statement from senior decision-maker	a. A statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy for addressing sustainability.		2
102-16	Values, principles, standards, and norms of behavior	a. A description of the organization's values, principles, standards, and norms of behavior.		9, 10, 29
102-18	Governance structure	a. Governance structure of the organization, including committees of the highest governance body. b. Committees responsible for decision-making on economic, environmental, and social topics.	Meeting Table Of Shareholders: D. Maria Helena Ferreira da Costa Gonçalves Folhadela de Oliveira - President, Dr. Horácio da Costa Azevedo - Secretary. Administration Council: Dr. António Manuel Ferreira da Costa Gonçalves - President, Dr. Isabel Maria Gonçalves Folhadela de Oliveira Mendes Furtado - Vice-President, DR. Manuel António Carvalho Gonçalves - Vowel, Price Waterhouse Coopers & Associados, SROC, Lda. Represented by Sr. Dr. António Joaquim Brochado Correia or by Dr. José Pereira Alves, Dr. Herminio António Paulos Afonso - substitute. The management teams consists of the CEO, Marketing and Business Manager, R&D Manager, Quality, Environment, Safety and Health Manager, Maintenance Manager, Production Manager, Financial Manager, Procurement Manager, Logistics Manager and IT Manager, Sustainability and Intellectual Property Manager, Laboratory Manager.	
102-40	List of stakeholders groups	a. A list of stakeholders groups engaged by the organization.		13
102-42	Identifying and selecting stakeholders	a. The basis for identifying and selecting stakeholders with whom to engage.	Influence and frequency of engagement.	
102-43	Approach to stakeholder engagement	a. The organization's approach to stakeholders, including frequency of engagement by type and stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.		13

Disclose Number	Disclose Title	Disclose Description	Information	Page
102-44	Key topics and concerns raised	a. Key topics and concerns that have been raised through stakeholder engagement, including: i. How the organization has responded to those topics and concerns, including through its reporting; ii. The stakeholders groups that raised each of the key topics and concerns.		14
102-45	Entities included in the consolidated financial statements	a. A list of all entities included in the organization's consolidated financial statements or equivalent documents. b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	TMG Automotive - Tecidos Plásticos e Outros Revestimentos para a Indústria Automóvel, S.A.; TMG - Tecidos para Vestuário e Decoração, S.A.; Lightning Bolt Europe, S.A.; TMG - Acabamentos Têxteis, S.A.; SPE - Sociedade de Produção de Electricidade e Calor, S.A.; GPSA - Têxteis, S.A.; ARCO JMRG, Lda.	
102-46	Defining report content and topic Boundaries statements	a. An explanation of the process for defining the report content and the topic boundaries. b. An explanation of how the organization has implemented the Reporting Principles for defining report content.		14
102-47	List of material topics	a. A list of the material topics identified in the process for defining report content.		14
102-48	Restatements of information	a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.	None	
102-49	Changes in reporting	a. Significant changes from previous reporting periods in the list of material topics and topic boundaries.	None	
102-50	Reporting period	a. Reporting period for the information provided.	2019	
102-51	Date of most recent report	a. If applicable, the date of the most recent previous report.	01.02.2019	
102-52	Reporting cycle	a. Reporting cycle.	Annual	
102-53	Contact point for questions regarding the report	a. The contact point for questions regarding the report or its contents.		42
102-54	Claims of reporting in accordance with the GRI Standards	a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either: i. 'This report has been prepared in accordance with the GRI Standards: Core option'; ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.	<i>This report has been prepared in accordance with the GRI Standards: Core option.</i>	
102-55	GRI content index	a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report; b. For each disclosure, the content index shall include: i. The number of the disclosure (for disclosure covered by the GRI Standards); ii. The page number(s) or URL(s) where the information can be found, either, within the report or in the other published materials; iii. If applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.		36

Disclose Number	Disclose Title	Disclose Description	Information	Page
102-56	External assurance	<p>a. A description of the organization's policy and current practice with regard to seeking external assurance for the report.</p> <p>b. If the report has been externally assured:</p> <p>a. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process;</p> <p>ii. The relationship between the organization and the assurance provider;</p> <p>iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.</p>	Originally planned for 2019, due to organizational restructuring, it was postponed to 2020.	
302-3	Energy	<p>a. Energy intensity ratio for the organization;</p> <p>b. Organization-specific metric (the denominator) chosen to calculate the ratio;</p> <p>c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all;</p> <p>d. Whether the ratio uses energy consumption within the organization, outside of it, or both.</p>	Only fuel and electricity were considered as TMG Automotive does not use heating, cooling or steam. The denominator used was 1000 m <sup>2</sup> .	
302-4	Energy	<p>a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples;</p> <p>b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all;</p> <p>c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it;</p> <p>d. Standards, methodologies, assumptions, and/or calculation tools used;</p>	Not present in this report. For more information, please consult <i>Relatório Auditoria Energética</i> .	
305-4	Emissions	<p>a. GHG emissions intensity ratio for the organization;</p> <p>b. Organization-specific metric (the denominator) chosen to calculate the ratio;</p> <p>c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3);</p> <p>d. Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</p>	Only Scope 2 emissions were considered. Scope 2 emissions were calculated with the energy mix provided by the electricity provider. Calculation factors also provided by the electricity provider.	
306-2	Effluents and Waste	<p>a. Total weight of hazardous waste, with a breakdown by the following disposal method where applicable:</p> <p>i. Reuse;</p> <p>ii. Recycling;</p> <p>iii. Composting;</p> <p>iv. Recovery, including energy recovery;</p> <p>v. Incineration (mass burn);</p> <p>vi. Deep well injection;</p> <p>vii. Landfill;</p> <p>viii. On-site storage;</p> <p>ix. Other (to be specified by the organization);</p> <p>b. Total weight of non-hazardous waste, with a breakdown by the following disposal method where applicable:</p> <p>i. reuse;</p> <p>ii. Recycling;</p> <p>iii. Composting;</p> <p>iv. Recovery, including energy recovery;</p> <p>v. Incineration (mass burn);</p> <p>vi. Deep well injection;</p> <p>vii. Landfill;</p> <p>viii. On-site storage;</p> <p>ix. Other (to be specified by the organization);</p> <p>c. How the waste disposal method has been determined:</p> <p>i. Disposed directly by the organization, or otherwise directly confirmed;</p> <p>ii. Information provided by the waste disposal contractor;</p> <p>iii. Organizational defaults of the waste disposal contractor;</p>	Waste disposal methods were provided by the waste disposal contractors.	26-28

Disclose Number	Disclose Title	Disclose Description	Information	Page
307-1	Environmental Compliance	a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of: i. Total monetary value of significant fines; ii. Total number of non-monetary sanctions; iii. Cases brought through dispute resolution mechanisms; b. if the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient.	There were no significant or insignificant fines	
308-1	Supplier Environmental Assessment	a. Percentage of new suppliers that were screened using environmental criteria	All potential suppliers are screened using environmental criteria prior to becoming actual suppliers.	
403	Occupational Health and Safety	a. Types of injury, injury rate (IR), occupational disease rate (ODR), lost day rate (LDR), absentee rate (AR), and work-related fatalities, for all employees, with a breakdown by: i. Region; ii. Gender; b. Types of injury, injury rate (IR), and work-related fatalities, for all workers (excluding employees) whose work, or workplace, is controlled by the organization, with a breakdown by: i. Region; ii. Gender; c. The system of rules applied in recording and reporting accident statistics.		32, 33
401-1	New employee hires and employee turnover	a. Total number and rate of new employee hires during the reporting period, by age group, gender and region. b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.		20, 21
401-2	Benefits to full-time employees that are not provided to temporary or part-time employees	a. Benefits which are standard for full-time employees of the organizations but are not provided to temporary or part-time employees, by significant locations of operations. These include, as minimum: i. Life insurance; ii. Health care; iii. Disability and invalidity coverage; iv. Parental leave; v. Retirement provision; vi. Stock ownership; vii. Others. b. The definition used for "significant locations of operations".		20, 21
401-3	Parental Leave	a. Total number of employees that were entitled to parental leave, by gender. b. Total number of employees that took parental leave, by gender. c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender. d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender. e. Return to work and retention rates of employees that took parental leave, by gender.	All Portuguese parents are entitled by law to parental leave and are required to take it. All employees that took parental leave in the last 4 years returned to work and all were still employed 12 months after. Disclaimer: There are employees who took parental leave in 2019 that are still in parental leave when the report was written.	
404-2	Programs for upgrading employee skills and transition assistance programs	a. Type and scope of programs implemented and assistance provided to upgrade employee skills. b. Transition assistance program provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.		20, 21

Disclose Number	Disclose Title	Disclose Description	Information	Page
414-1	Supplier Social Assessment	a. Percentage of new suppliers that were screened using social criteria.	All potential suppliers are screened using social criteria prior to becoming actual suppliers.	
416-2	Customer Health and Safety	<p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period, by:</p> <ul style="list-style-type: none"> <li>i. Incidents of non-compliance with regulations resulting in a fine or penalty;</li> <li>ii. Incidents of non-compliance with regulations resulting in a warning;</li> <li>iii. Incidents of non-compliance with voluntary codes.</li> </ul> <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>	TMG Automotive did not identified any non-compliance with regulations and/or voluntary codes.	

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## Cautionary Statement

The present sustainability report took a lot of time and effort to write, especially because it was a restructuring year for TMG Automotive and the Sustainability Department only came into full force in 2019's second semester. Although accuracy was one of the main purposes when gathering all the data necessary, errors cannot be fully excluded and could be present in various forms throughout the report. This report was built to enhance transparency with TMG Automotive's stakeholders and to disseminate what TMG Automotive believes are good practices; it is therefore not meant to be used as base for any third party decisions and TMG Automotive does not assume responsibility regarding these decisions.

