



# Sustainability Report **2020**





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# Message from the CEO



Dear Stakeholder,

Sustainable development is undoubtedly one of the biggest challenges the world faces. Awareness of the need for action is reflected in the consumers and stakeholders growing demand to obtain answers to concerns about climate change and social inclusion combined with economic development.

TMG Automotive believes that sustainability is a critical factor for business competitiveness and that meeting the 2030 Agenda challenges should guide the necessary transformational change. To respond to these new challenges and fulfill UN Global Compact's 10 Principles, it is necessary to deconstruct the traditional model and build new forms of cooperation and synergy, as recognized in the 17 Sustainable Development Goals (SDGs). It is true that new public policies will be necessary to encourage the implementation of the SDGs, but success will only be guaranteed with proactive business support.

TMG Automotive is committed in engaging its employees in sustainability. TMG encourages future young leaders to be prepared to face every challenge in an ethical and socially responsible way, never neglecting the environment. More important than being excellent professionals, it is essential to know that they can make a difference in the world as human beings.

Since Global Warming is one of the biggest challenges the world is facing and the Industrial sector is one of the main players in achieving decarbonization, TMG Automotive is committed to the reduction of its carbon emissions, setting goals based on the latest climatological discoveries and achieving net-zero emissions by no later than 2050 - Business Ambition for 1.5°C - coming in aid to the Paris Agreement's goals, helping prevent the worst impacts of climate change and future-proof business growth. TMG

Automotive is currently working on establishing the goals for its carbon reduction strategy and action plan and will disclose its emission reduction targets by 2021.

The COVID-19 pandemic impact is inevitably a challenge for any economy, affecting all sectors directly and indirectly, and having devastating consequences in the world's economy. The recovery will be as quick as our ability to survive this period and the measures that are taken today. The measures implemented will necessarily have to ensure the future in a strategic way and not an immediate and impulsive response to the actual situation. It is time to contain, so that we may serenely assess the difficulties, overcome them and, whenever possible, foresee solutions.

TMG Automotive responded to this difficult time with resilience. Now it is time to bring almost 50 years of experience to strengthen the transformational change needed to initiate the decade of action towards the important 2030 milestone for the Sustainable Development Goals.

Prioritizing transparency, using this Sustainability Report as a disclosing channel for all stakeholders, TMG Automotive hopes to continuously improve its reporting and Sustainability performance.

**Isabel Furtado**

# Message from the Sustainability Manager



Dear Stakeholder,

The COVID-19 global humanitarian and economic crisis has forced individuals and companies to rapidly change how they live and work. Our interdependent world was challenged, and the vulnerabilities of our society become more apparent. It became clear that a Climate Crisis and Biodiversity loss are big threats to global stability and security. The Paris Agreement commitment to limit temperature rise to well below 2 °C and pursue efforts to limit temperature rise to 1.5 °C, alongside the 2030 UN Sustainable Development Goals (SDGs), gain momentum. Realizing these goals requires action across the private sector, civil society and governments, aligning business needs, research agendas and policy.

In this transformation, our role is to set Science Based Targets aligned with the 1.5 °C scenario, integrate SDGs in our strategy and continue our journey to pursue these goals.

2020 was a consolidation year in our Sustainability journey. Our pledge to the Business Ambition for 1.5 °C, and accounting for our direct and indirect emissions, emphasized the need to improve resources efficiency, of moving to renewable energy and renewable carbon and to adopt circularity thinking in our processes and products.

Being part of a complex supply chain, strengthening our relationship with customers, partners, suppliers, and the community where we operate, has been key to work around common definitions and a common vision.

In a world that misinformation and greenwashing are difficult to identify and combat, life cycle thinking, and the consideration of our economic and social impacts, are the best way to make informed decisions when developing more sustainable products.

Life Cycle Assessment (LCA) provides a comprehensive understanding of impacts through a product's life, from its cradle to its end-of-life stage. Currently, we are developing studies according to a cradle-to-gate LCA methodology. The hotspots analysis provides focus for action on the right life cycle stage.

We see great potential for the increased uptake and recycling of renewable materials. Replacing finite and fossil-based materials with renewable materials can lead to substantial carbon footprint improvements for our products.

The 2020 Sustainability Report reflects TMG Automotive's achievements through its journey to build and instill a Sustainability culture. The Materiality assessment is at the heart of our Sustainability approach to gather insight on the relative importance of specific Environmental, Social and Governance (ESG) issues. The Materiality assessment presents a way to identify priority issues and it is very valuable to strategic planning and operational management. Material topics are not only the biggest impacts, but risks to be mitigated and opportunities to be pursued.

The Material topics are outlined in the seven challenges of this report that summarizes our everyday efforts to make a transformational change, always aligned with the philosophy of our founder: "Technology and Quality go hand in hand."

Together let's make this journey full of purpose.

**Catarina Dias**



# Highlights 2020

## TMG Automotive goes Global: Joint-venture in China

With the increasingly demand from the Asian market, TMG Automotive joined forces with its American and Chinese partners, Hartz and Minth, to build a new operating site in Ningbo China. The new Company has been called HaMinGi.

## TMG Automotive intends to achieve net-zero emissions by no later than 2050

TMG Automotive is aware of the Climate Crisis and all the risks that goes along with it. To contribute for preventing greater climate catastrophes and to limit Global Warming to 1.5 ° C above pre-industrial level, TMG Automotive signed the Science-Based Targets Initiative's for 1.5 ° C Pledge. TMG Automotive quantified its direct and indirect emissions – Scope 1, Scope 2 and Scope 3- and in 2021 will set emission reduction targets in order to achieve net-zero emissions by no later than 2050.

## TMG Automotive quantifies its Products Environmental Impacts –

## Life Cycle Assessment (LCA) tool

LCA methodology allowing designers to make environmental sustainability as an achievable and measurable requirement for developing new products.

In an Era where greenwashing and misinformation reins, it is of extreme importance to use a decision support tool to assess various environmental impacts across different stages of a product's life: from extracting and processing raw materials to manufacturing, use/reuse/maintenance, and disposal/recycling. With that in mind, TMG Automotive is focused on developing more sustainable products in a transparent and credible way. LCA tool has been consolidated as a vital tool for product development at TMG Automotive, being the most complete and robust tool available to ensure TMG Automotive's environmental criterias.

## “Supplier Excellence – Technology & Innovation” Award

TMG Automotive received the “Supplier Excellence – Technology & Innovation” award by Yanfeng based on its developments regarding translucent materials.

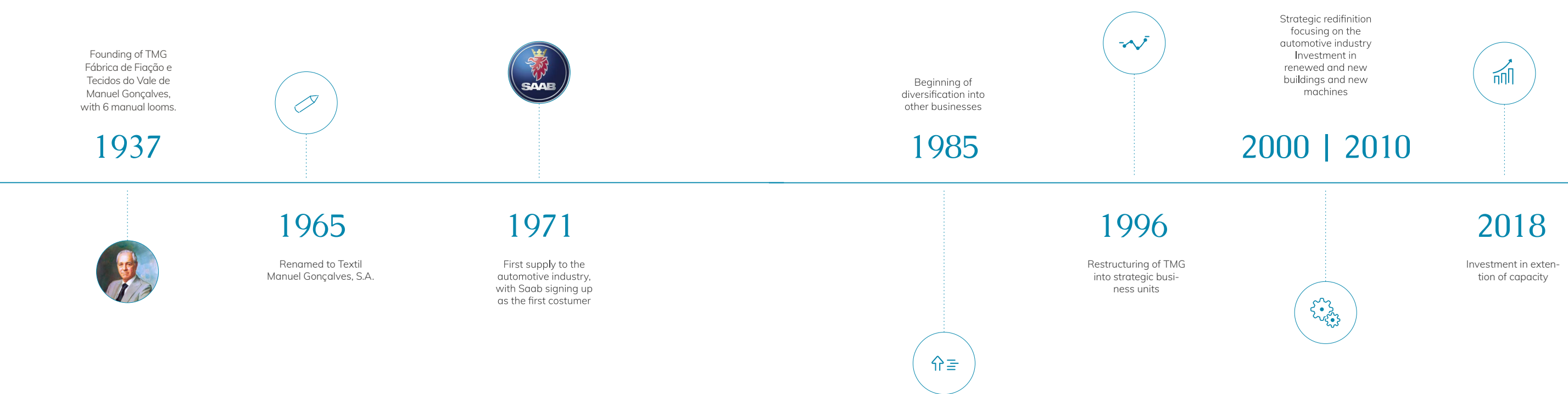
## Industrial Automation, TMG Automotive GOT it!

Big Data, Internet of Things and Artificial Intelligence are more than mere buzzwords within Industry 4.0. Industrial automation is leaving its mark in industry processes and TMG Automotive is no exception. TMG Automotive considers that implementing an Industry 4.0 strategy implies a transversal and holistic view of the business, dependencies knowledge and the different processes interconnections.

TMG Automotive is increasingly investing in automation having several machine learning and machine vision projects running. 2020 was the starting year for many projects, such as the creation of Big Data and Analytics Platform, Load Optimization Work-flow and Technical Sheets Measurement and Packaging Platform.



# TMG Automotive at a Glance



TMG Automotive business relies on the production of flexible polymer foils for several components of the automotive line, such as door panels, instrument panels, armrests, seats, among others. Its base raw materials are Polyvinyl Chloride, Thermoplastic Elastomer and Polyurethane.

TMG Automotive supplies major automobile manufacturers, also called OEMs, such as Daimler, BMW, Ford, Toyota, among others. TMG Automotive’s presence in the automotive market, supported by technological evolution, innovation, and sustained growth, highlights its Founder’s philosophy - “Technology and Quality goes hand in hand”. Nowadays, TMG Automotive is one of the leading European suppliers of this type of materials, able to present global solutions for materials for automotive interiors.

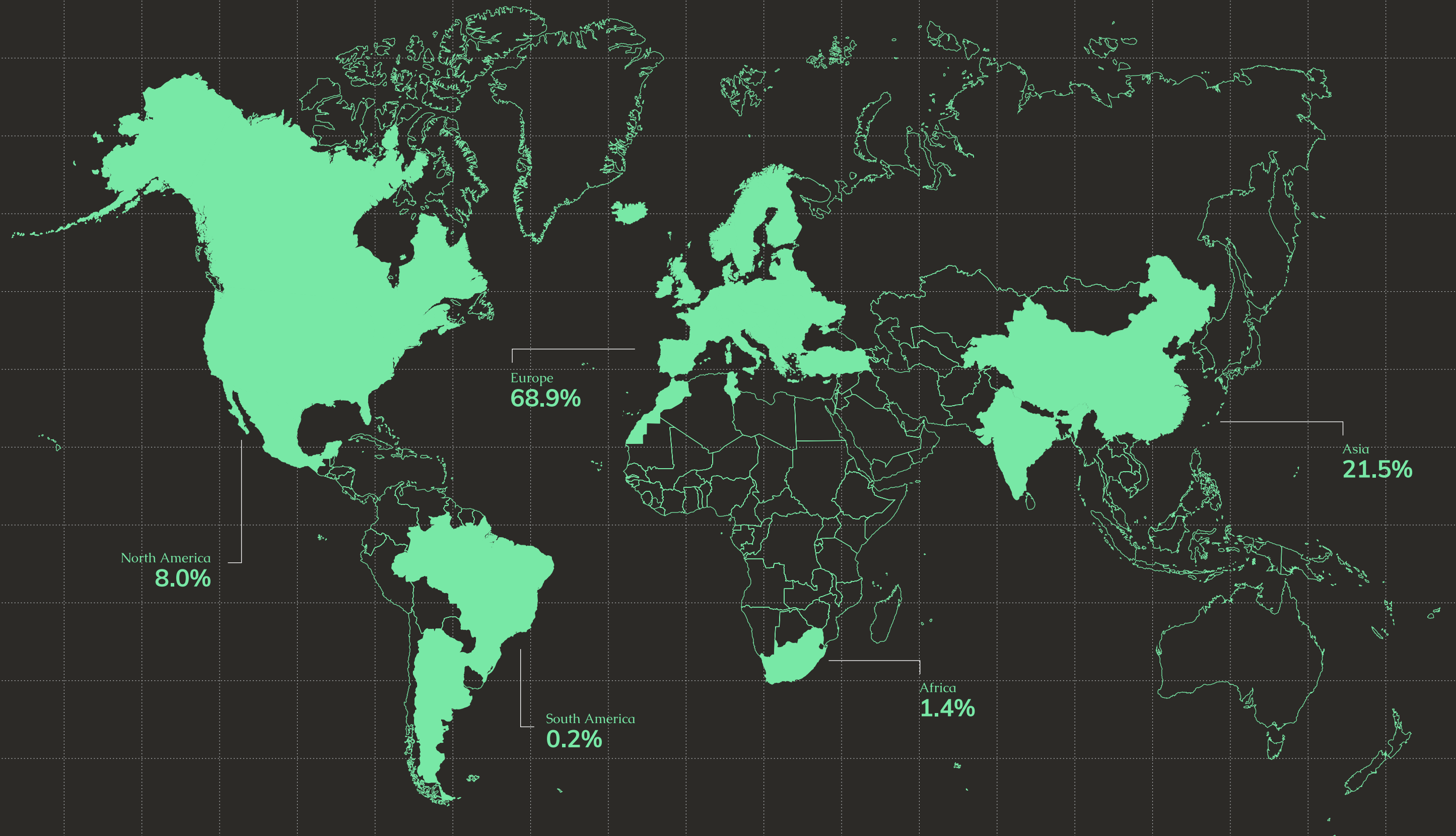
It is currently a member of the UN Global Compact, an initiative proposed by the United Nations to encourage companies to adopt social responsibility and sustainability policies. TMG Automotive is also a member of European Automotive Trim Suppliers (EATS) and VinylPlus, being involved in relevant projects to support environmental solutions, in particular, in the scope of recycling.

TMG Automotive believes that the industry sector has a major role as a player contributing to decarbonization and carbon neutrality. TMG Automotive in late 2019 signed the Science-Based Targets Initiative’s Ambition for 1.5 °C pledge, aiming to reduce its carbon emissions and achieve carbon neutrality by no later than 2050.

*In TMG Automotive’s case, its vision is defined as “to develop, produce and supply high quality products, always respecting the environment” and is encapsulated in the Group’s larger purpose of wanting “to be the industrial partner of our clients, promoting unique competitive advantages reinforced by talent and knowledge leading to the design of products that stand out for their technical and aesthetic characteristics”.*



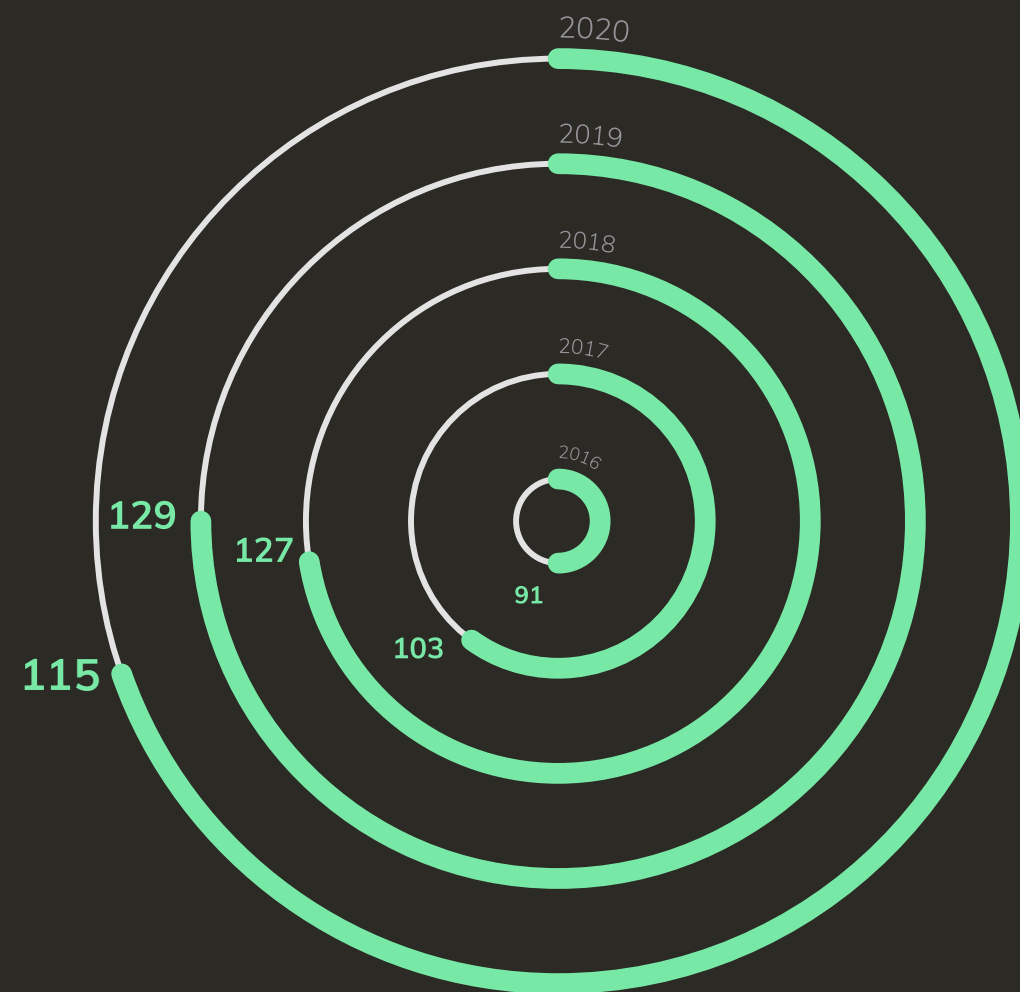
# Our Market





# How much do we sell?

Sales in x 1 000 000 €



## Stakeholders Interaction & Communication Channels

There are several groups of stakeholders with whom TMG Automotive interacts in several ways through different communication channels.

TMG Automotive decided to commit itself to the annual Sustainability Report publication since it considers a novel way for communication with all stakeholders, serving as a base for enlightenment, discussion and improvement.

The Sustainability Report was written with a mindset of knowledge sharing, in the hope of educating and clarifying its readers on the topics covered, explaining, whenever possible, the subjects it portrays and why TMG Automotive considers them important.

**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, Sustainability Surveys, Growing Together Platform.

**Partners:** Fairs and Conferences, Development and Follow-up Meetings, Cooperation Protocols.

**Official Entities:** Environmental Licensing, Inspections and Audits.

**Suppliers:** Supplier Qualification, Performance Evaluations, Visits, Open Days.

**Community:** Fairs and Conferences, Factory Visits, Cooperation Protocols.



# Materiality

Materiality can be used as a tool for gathering information from an extensive list of stakeholders and aggregate it as key topics that a company should address. Reporting on how the materiality matrix was developed and the respective results stand for transparency and builds a path for discussion both internally and externally.

*This year, for the first time, not only Managers and the CEO, but also all the TMG Automotive workforce were considered for the Materiality Analysis.*

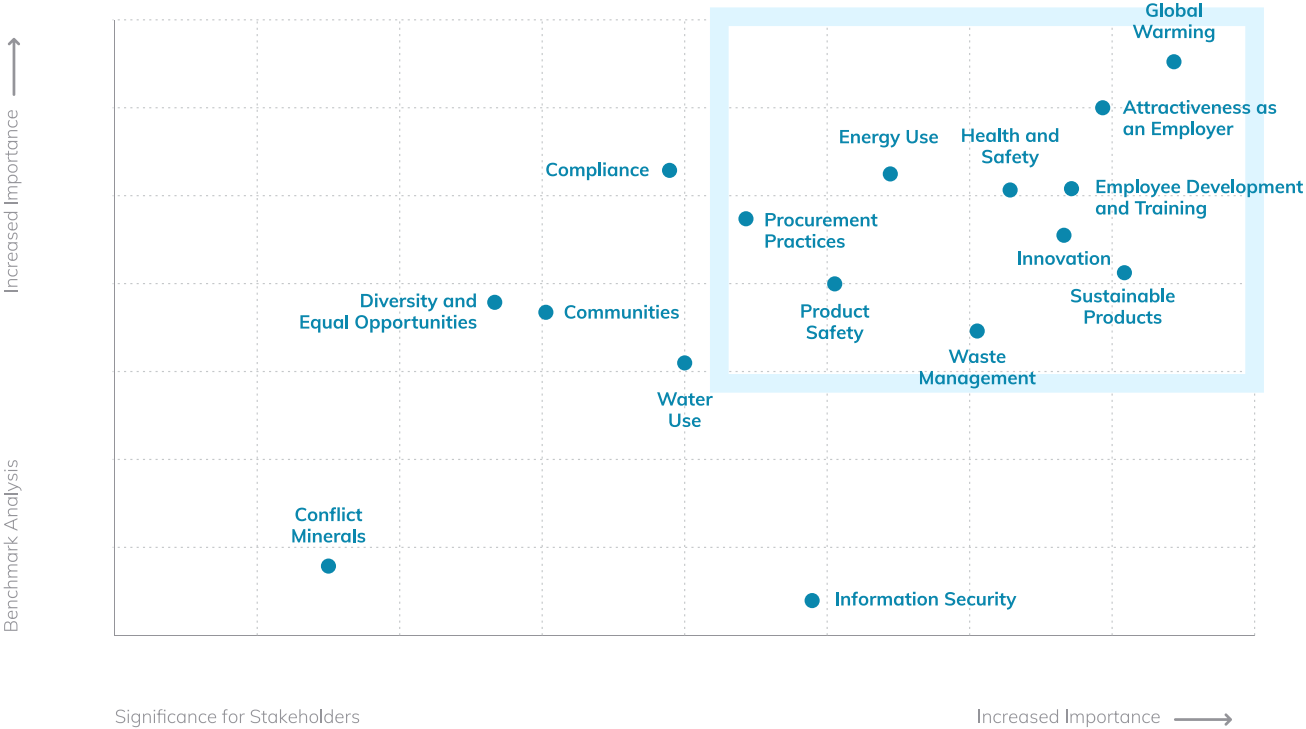
Managers and the CEO were interviewed face to face and since there are so many employees, a survey was made asking the same questions. Close to 143 employees answered the sustainability survey, this feedback impacted on the topics to be reported in this year Sustainability Report.

The stakeholders were asked about several topics related to environmental, social and economic aspects. TMG Automotive's Materiality topics were the result of this interviews/inquiry, and thus are considered the key topics in the company current situation and the ones addressed in the present report.

Different companies Sustainability Reports and web-sources were considered to determine the Benchmarking analysis. Only companies in the automotive supply chain were analyzed, such as competitors, suppliers and customers.

Although all topics exhibited in the Materiality matrix are important to TMG Automotive, the marked topics are the ones selected for disclosing. These topics were converted into Challenges and the report was assembled on how to tackle these Challenges, reporting whenever possible, relevant key performance indicators.

This report was written with a knowledge sharing mindset hoping to elucidate and educate its readers about the importance of the matters it develops upon.



The most relevant materiality topics were transformed into Challenges and Indicators. In some cases one material topic gave rise to one Challenge, since there is a straightforward link. In some other cases, several material topics were condensed in a single Challenge, since some topics are closely related. The following diagram provides the links made.

**Challenge 1**  
*Tackling Global Warming through Climate Protection*

In response to the materiality topic  
Global Warming

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

In response to the materiality topic  
Sustainable Products

**Challenge 5**  
*Boost Sustainable Sourcing*

In response to the materiality topic  
Procurement Practices

**Challenge 7**  
*Enhance Employee Safety*

In response to the materiality topic  
Occupational Health & Safety

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

In response to the materiality topic  
Innovation and Product Safety

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

In response to the materiality topic  
Waste Management and Energy Use

**Challenge 6**  
*Attractiveness as an Employer*

In response to the materiality topic  
Attractiveness as an Employer and  
Employee Development and Training



# Sustainability Policy

## Our Goal

TMG Automotive aims to develop, produce and supply high quality products by investing in highly trained and specialized personnel, backing its human force with state-of-the-art equipment and resilient infrastructure thus promoting sustainable industrialization.

Achieve differentiating products by including and promoting innovative content, acting on the social, environmental and economic elements as a way of anticipating and minimizing the risks and uncertainties inherent to the market's complexity allowing thus a safe distance from low-cost competitors.

## Our Commitments

TMG Automotive is committed in continuously scouting and implementing the best practices available and encouraging its supply chain to do the same.

- Identify and evaluate the company's stakeholders needs regarding social, environmental and economic topics so it can analyze, balance and act on their expectations;
- Comply with current legal requirements, as well as others we subscribe to, such as the Global Compact 10 principles, ensuring corporate ethics and legal compliance;
- Enhance workplace wellbeing by developing and integrating initiatives to increase employee's health, safety and general wellbeing;
- Align our sustainability indicators with the Global Compact 10 Principles and the United Nations' Sustainable Development Goals, establishing targets to help achieve those goals;
- Produce high-quality products, while protecting the environment through lighter products, energy and water efficiency, waste reduction and a continuously scouting for better and greener alternatives;
- Implement Life Cycle Assessment in the product development process to ensure more sustainable products;
- Encourage and develop partnerships with the academic and industrial community to boost Sustainable Development;
- Integrate sustainability practices in TMG Automotive supply chain, emphasizing the alignment between supplier's practices and our sustainability agenda while disseminating good practices;
- Optimize energy consumption and invest in cleaner renewable sources to minimize Greenhouse Gas emissions and to fight Global Warming;
- Continuously scouting for waste upcycling initiatives and partners to upgrade current waste disposal methods;
- Create sustainability awareness and communicate TMG Automotive's sustainability agenda to all its stakeholders;
- Responde to TMG Automotive stakeholders expectations through social, environmental and economic indicators published in its yearly Sustainability Report.

# TMG Automotive & the Sustainable Development Goals

Sustainable Development Goals (SDGs) are the master plan to achieve a better future for all. SDGs addresses the global challenges such as poverty, Climate Change, inequality, environmental degradation, justice and peace. TMG Automotive Challenges and SDGs are aligned with the UN Global Compact’s 10 Principles and the result can be a powerful tool for great improvement.

TMG Automotive correlated its Sustainability Challenges with the SDGs, indicating the Goals where it can have the most impact. TMG Automotive selected Goal number 12, Responsible Production and Consumption, as its primary priority.

Being the SDGs targets and indicators clearly formulated for governments it turns out to be very complex to determine a company’s impact on SDGs. TMG Automotive started using the Global Compact’s SDG Action Manager tool and subscribed the SDG Ambition initiative, which will start in 2021, to learn the best way to transcribe the Global Goals with business in mind and to measure TMG Automotive impact on SDGs.

**Challenge 1**  
*Tackling Global Warming through Climate Protection*



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



**Challenge 5**  
*Boost Sustainable Sourcing*



**Challenge 7**  
*Enhance Employee Safety*



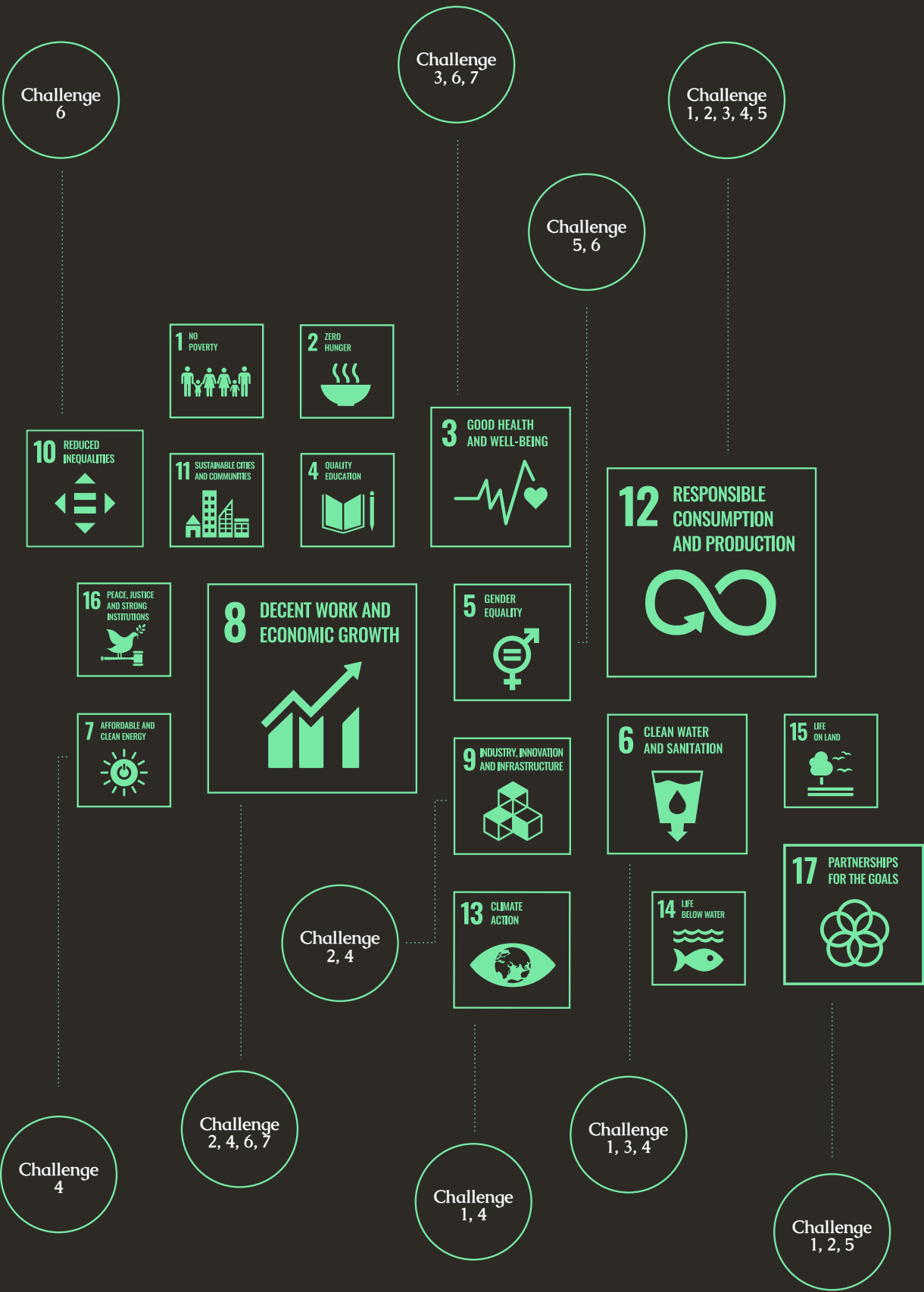
**Challenge 2**  
*Innovation as a Driver for Sustainable Development*



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



**Challenge 6**  
*Attractiveness as an Employer*





# Challenge 1

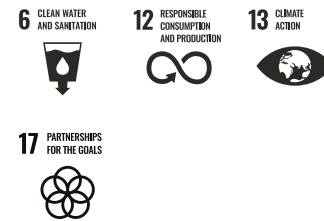
## Tackling Global Warming through Climate Protection

According to the Climate Science the world is currently facing the biggest environmental challenge our species has ever experienced. Over the last decades, human activities have released enormous quantities of carbon dioxide and other Greenhouse Gases (GHGs) to the atmosphere. These emissions affected the global climate due to their greenhouse properties. The greenhouse effect increases Earth's global average surface temperature that, by its turn, causes weather patterns to alter and increases the probability of more violent and frequent weather phenomena. These changes are mostly known under the umbrella term that is Climate Change. This has already had observable effects on the environment: glaciers have shrunk; plant and animal ranges have shifted; sea, lake and river ice is melting earlier and trees are flowering sooner – and the list goes on extensively. The expected outcomes, if GHGs emissions are not halted or, at least, significantly reduced, are greatly worse than the ones already mentioned such as glacier melting and subsequent sea level rising, decreased crops yield, food deserts and subsequent increased famine areas, and increased pandemic frequency due to biodiversity loss, to name a few.

Not only a serious threat to the people and planet, Climate Change is also a stark threat to the global economy. Decoupling natural resources use and environmental impacts from economic growth is a change in paradigm that is absolutely crucial. We need to improve the rate of resource productivity and find new ways to design and produce goods.

Fossil-based energy is characterized by a higher impact on Global Warming Potential when compared with renewable energy sources due to the release of carbon dioxide and other GHG gases during the burning processes of coal, oil and gas. These GHGs emissions will further exacerbate Climate Change consequences and intensify Climate Change transition risks, such as stricter legislation or even fossil-fuel bans, as is already happening in some countries.

To limit Climate Change consequences, international organizations on limiting GHG emissions, such as the United Nations Framework



Convention on Climate Change (UNFCCC) have been created. The UNFCCC, a United Nations organization tasked with supporting the global response to the threat of Climate Change, focus on facilitating intergovernmental Climate Change negotiations, assists in the analysis and review of Climate Change information and is responsible to organize negotiation sessions. The Conference of the Parties (COP), held within the UNFCCC, unites all major stakeholders to develop plans and subsequent agreement to reduce emissions. From these conferences, several agreements have sprung up, most notably the Kyoto Protocol and the Paris Agreement. The Kyoto Protocol, which aims to increase global GHGs emissions reductions, also established legal binding requirements for the participating nations. The most recent agreement – the Paris Agreement – has as its main purpose to keep the temperature well below 2 °C and seek efforts to limit the increase to 1.5 °C when compared with pre-industrial levels. Different from its Kyoto predecessor, the Paris Agreement had its genius in its voluntary and non-legally binding targets, expecting accountability from the member nations. With hundreds of countries and organizations pledging carbon neutrality, the Paris Agreement made a much-needed dent in overall climate agendas.

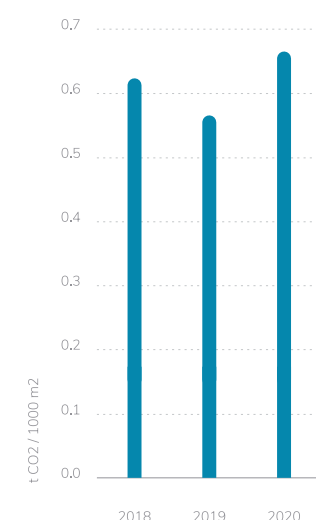
The Science-Based Targets Initiative (SBTi), an organization that provides companies with a clearly defined path to reduce GHGs emissions, comes in aid for the Paris Agreement's goals, helping to prevent the worst impacts of Climate Change and future-proof business growth. SBTi created the Business Ambition for 1.5 °C – a voluntary commitment where companies commit to set ambitious science-based emission reduction targets and hit net-zero emission by 2050. As previously stated, TMG Automotive has proudly joined this movement in November 2019. Following the GHG Protocol guidance and criteria to quantify all three scopes, TMG Automotive will set and disclose its carbon emission reduction targets by no later than 2021. The quantifications, broken down by scopes and categories, as well as reduction targets and strategies, will be disclosed in the 2021 Sustainability Report.

GHGs emissions are usually categorized as follows:

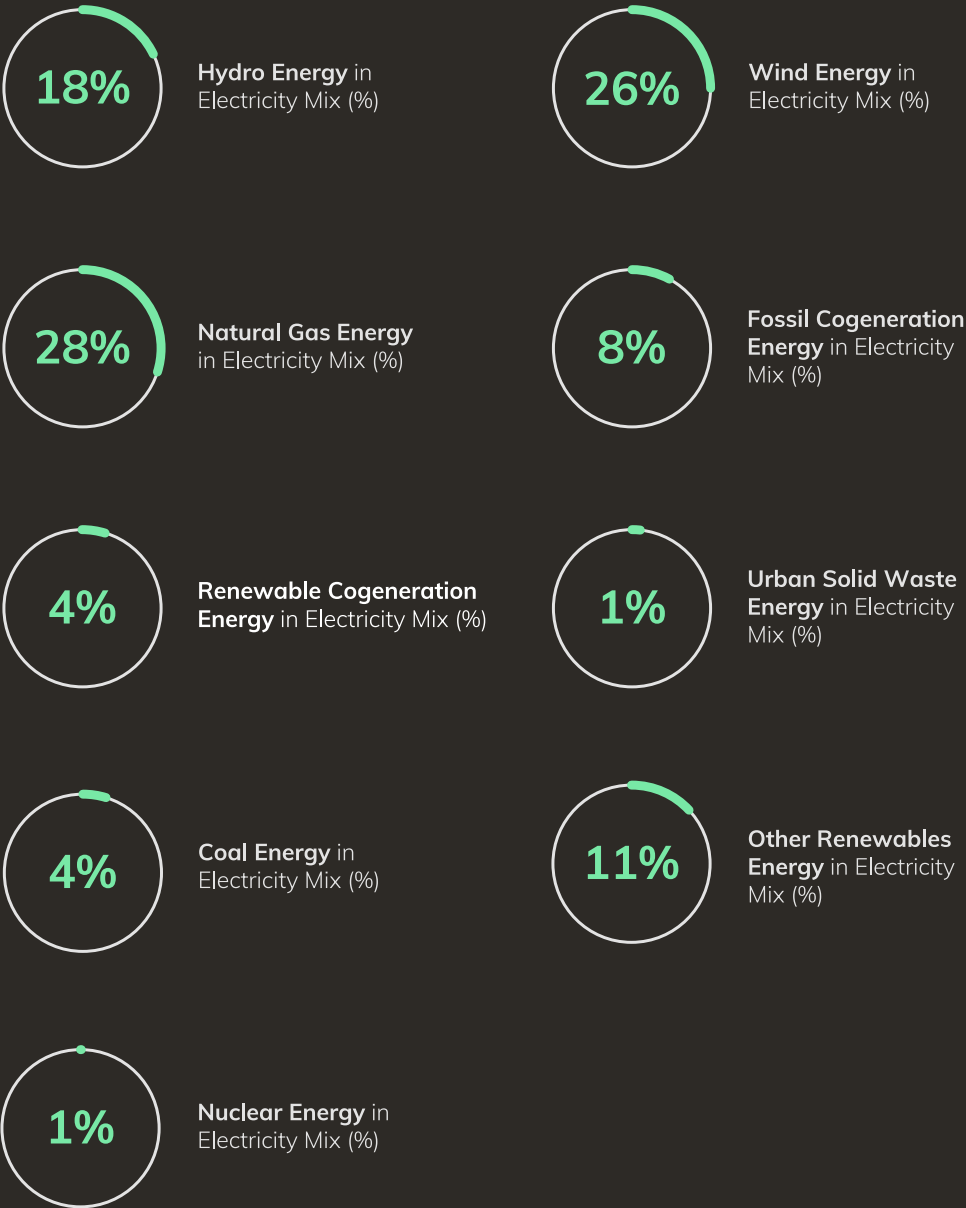
**Direct Emissions – Scope 1:** emissions that are produced or directly mastered by the organization such as emissions from chemical processes, fuel combustion, car fleet emissions, etc.

In 2020 the Scope 1 ratio increased as the energy load profiles were not the optimum, mainly due to lower demand in the 2nd quarter of 2020.

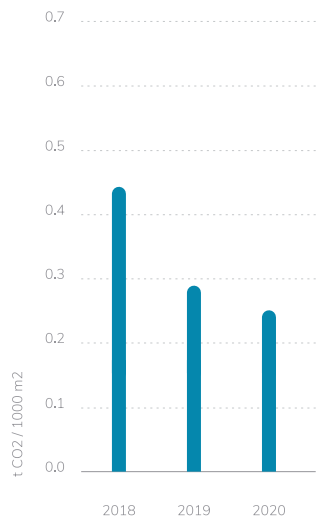
Scope 1 Emissions Intensity Ratio



# Electricity Mix 2020



Scope 2 Emissions Intensity Ratio



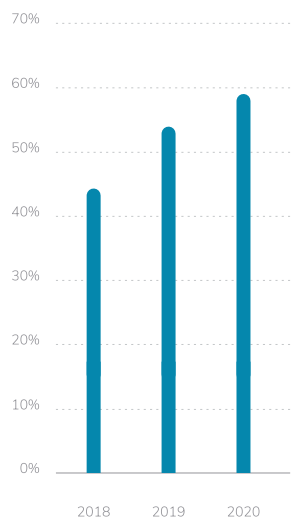
**Indirect Emissions – Scope 2:** emissions due to the production of the electric energy used by the organization in its operations and also from the resulting emissions from its cold/heat use. At the moment, TMG Automotive is totally dependent on its electric energy supplier’s electricity mix. In 2020, renewable electrical energy accounted for 59 % of the total electricity consumed.

Energy suppliers are investing more and more in renewable energy what is reflected in the evolution over years.

TMG Automotive has a panoply of energy efficiency strategies in place, ranging from training and raising awareness of the employees on the correct use of energy, to lightening systems optimization by incorporating LED lightening - benefiting from very high efficiency and thus low energy consumption. *All these initiatives combined with an increasing renewable electricity mix, allowed its Scope 2 Emissions Intensity Ratio to reach its lowest value in 2020.*

TMG Automotive is also investing in clean energy by installing photovoltaic solar farms in its production sites. These two solar farms, installed both in Guimarães (AUTO 1) and Vila Nova de Famalicão (AUTO 2), will account for 8% of TMG Automotive’s annual electricity consumption. TMG Automotive intends to replace its industrial burners to function at optimal performance in 2023.

Renewable Energy



**Other Indirect Emissions – Scope 3:** emissions related to all value chain stages of a company’s business activities, such as purchased goods and services, capital goods, transportation, waste management, business travel, employee commuting, use and disposal of the company’s products, etc. Scope 3 emissions, still not yet entirely determined, will be presented in the 2021 Sustainability Report.

TMG Automotive considers all these initiatives a step towards managing emissions-related risks and opportunities to reduce chain emissions value.

The race is still not lost, but in order to weather the storm, organizations such as TMG Automotive need to make themselves accountable and walk the talk by taking bold action to halt GHGs emissions.

*Being a marathon rather than a sprint, TMG Automotive is in it for the long run and will prioritize its climate agenda in the years ahead.*



# Challenge 2

## Innovation as a Driver for Sustainable Development

Nowadays, it is an irrefutable fact that environmental deterioration is undermining people's lives. The most developed countries have realized the need to prevent massive destruction caused to the environment and societies, generated by the fast-moving wheel of development. There is no alternative to Sustainable Development and there is no such thing without Innovation. In this context, Sustainable Development should guide the new wave of innovation that is taking place. This is already a reality as there is an increasing expectation from TMG Automotive stakeholders, especially customers, to develop innovative products that support Sustainable Development in alignment with the Paris Agreement.

Automotive industry is facing unprecedented changes rolled by 4 technology driven megatrends - Autonomous driving, Connectivity, Electrification, and Shared mobility (ACES). Besides these megatrends, sustainable mobility, and the alignment with the UN's Sustainable Development Goals, demand a pragmatic view of cars as transportation. According to the US Environmental Protection Agency (EPA), the transportation sector is responsible for, approximately, 14 % of the global greenhouse gas emissions and critical to achieving a 1.5 °C scenario. Electrification is only one part of the decarbonization challenge that the automotive industry faces. The path towards decarbonization demands materials circularity and lifetime optimization.



*Understanding the future of mobility is critical to stay ahead of a transforming industry.*

*TMG Automotive products can contribute to vehicle weight reduction and improving fuel economy, reducing carbon emissions from automotive interiors materials and meet emissions targets without compromising its performance.*



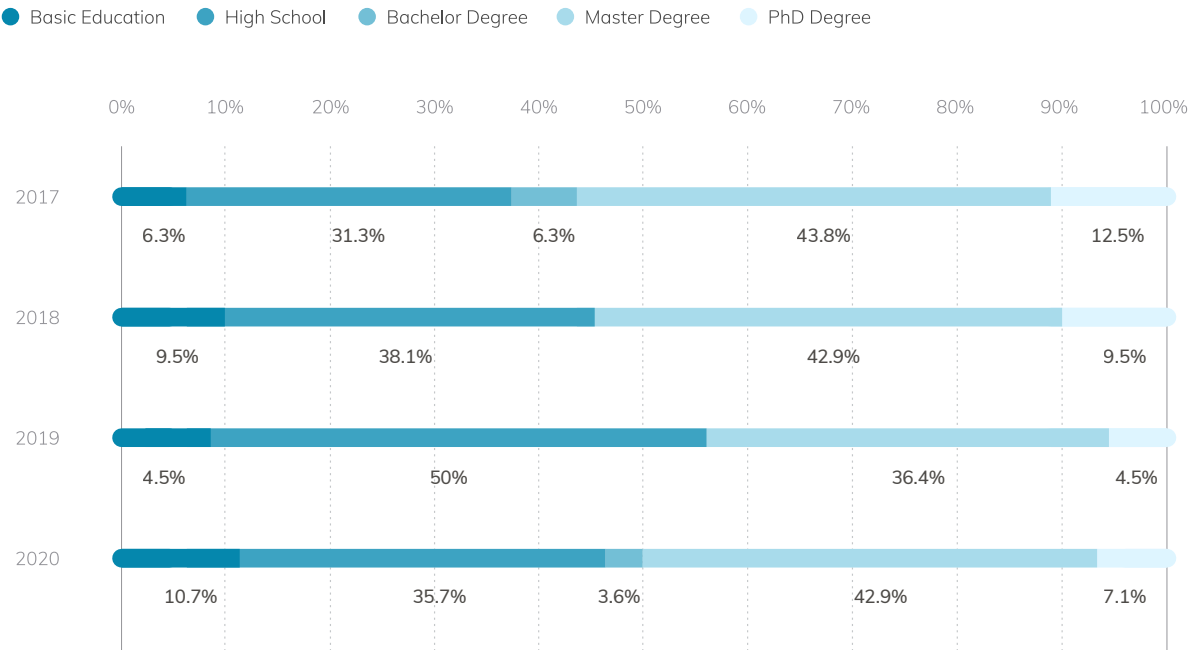
The Automotive Industry is known to be one of the most demanding and dynamic in terms of standards and work methodologies, covering areas such as Quality Management Systems and new Products Development & Approval, being extended to all departments and not only focused on Product Formulation. TMG Automotive was among the first Portuguese companies certified by the Portuguese standard NP 4457:2007 – Research, Development, and Innovation Management System, to improve the innovation and product development processes. This certification allows companies to define requirements for an effective system, improving its alignment with the markets needs and wants and resources management through a more systematic process to achieve its innovation goals. TMG Automotive is now highly involved in the ISO 56000 series in the path for an international Innovation standard.

At TMG Automotive, the Research and Development (R&D) department is represented by multidisciplinary teams, constituted by Chemists, Physical Engineers, Chemical Engineers, Polymer Engineers and Designers among others, working together in order to achieve a wider knowledge base.

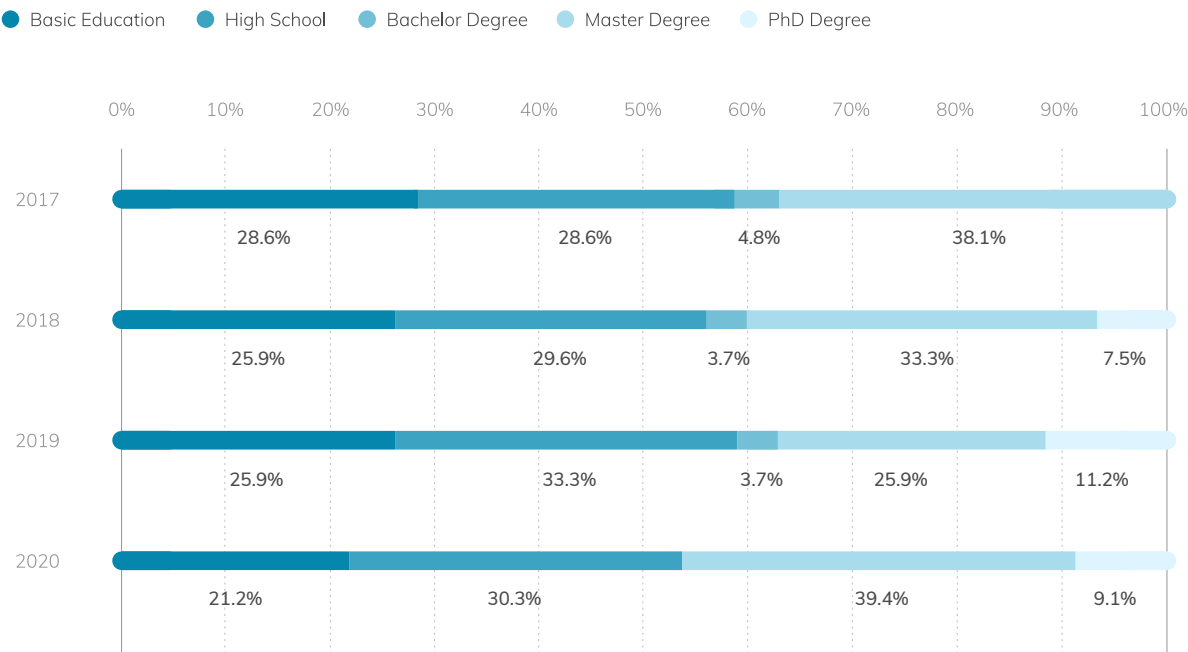
Over the years, TMG Automotive has been participating in a plnethora of fairs, seminars, workshops, and symposiums since it finds it of extreme importance as a surveillance source to maintain itself updated on the automotive industry's latest trends and innovations.

*A product with 15% recycled content has less 10 % kg of CO<sub>2</sub>.*

R&D Female Employee Education Breakdown



R&D Male Employee Education Breakdown

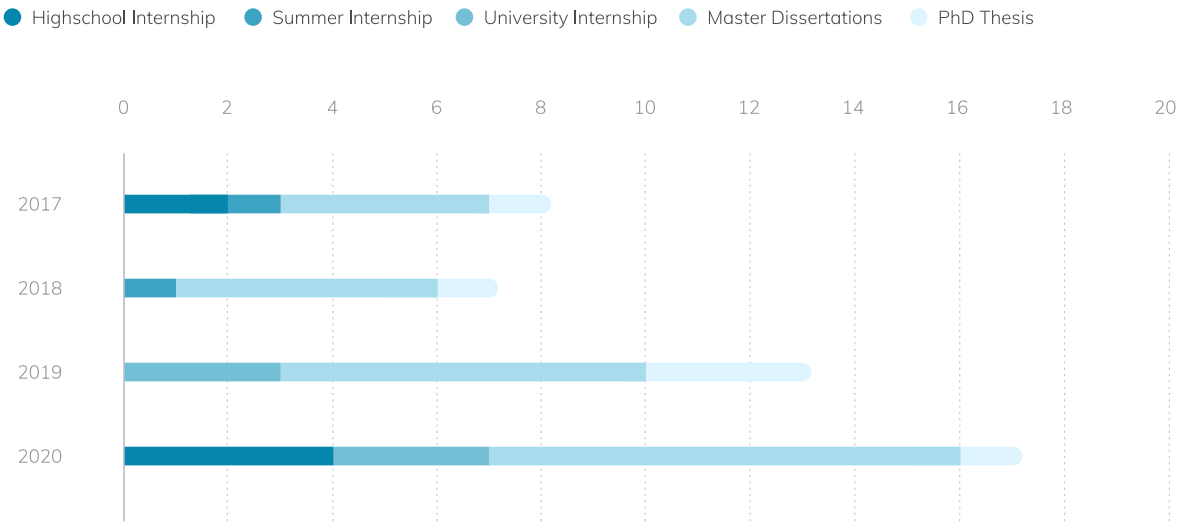




The complexity of today’s challenges requires extensive collaboration with the scientific community and technology centers, since it is a company that centers its activities on Innovation and Quality. TMG Automotive finds it extremely important to have yearly Internship programs, ranging from Master Dissertations to PhD Thesis, since it is a valuable platform for exchanging knowledge, allowing students to acquire valuable work experience in a dynamic work environment.

TMG Automotive has 27 partnerships

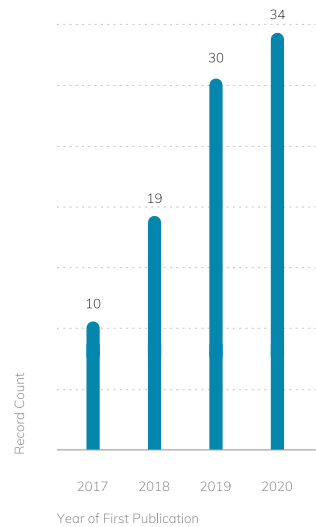
Student Internship Programs



Intellectual Property is critical to fostering innovation, being a crucial part of the company strategy. Without it, TMG Automotive’s innovations would not be protected, and TMG Automotive would not reap the full benefits of its inventions. TMG Automotive has been growing its products portfolio and with that, increasing the patents portfolio.

*In 2020 TMG Automotive received the “Supplier Excellence – Technology & Innovation” award, having as main base the work developed in the translucent materials.*

Number of Patent Families: 13



All companies strive so that their products are safe and meet the expectations for which it was designed. TMG Automotive has tests in place to ensure that its product portfolio meet all predefined safety requirements.

*In 2020, there were no 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 continue without incidents in the years to come.*



# Challenge 3

## Reduce Environmental Impact through Sustainable Products



The Planet is facing increasing pressure on essential biological, geochemical and hydrological systems that are relevant to sustain life of the current and future generations. The Sustainable Development Goals address the global challenges that societies and the Planet are facing, including Climate Change and environmental degradation. Meeting these goals goes by reducing the use of resources and its impacts on the environment and human health.

*It is imperative to invest in sustainable products and embed sustainability at the heart of product design, ensuring economic, environmental and social benefits.*

Being in a time where misinformation reigns, it is essential to ensure trustworthy information throughout all value chain and understand the impacts across a product's lifecycle, from raw materials extraction to end-of-life. Life Cycle Assessment (LCA) methodology is a ubiquitous tool in product design and a way to ensure that TMG Automotive's choices are environmentally sound. To conduct a product LCA study, the burdens imposed on the environment may be ascertained by accounting for resources and energy (inputs) consumed at each stage in the product life cycle and the resulting pollutants and wastes (outputs) released. The inputs and outputs are then assessed for their adverse impacts on the environment, human health and biodiversity, amongst others. Once these are known, measures may be taken to mitigate the impact of the outputs on the environment.

TMG Automotive uses a cradle-to-gate methodology to quantify its product's environmental impacts, from resource extraction (cradle) to the factory gate, excluding the use phase and end-of-life. Since there are too many environmental impacts and it is seldom possible to tackle them all at once, TMG Automotive focuses on what it thinks are the most significant impact categories for its products:

- Global Warming Potential, due to the current Climate Crisis and all the risks associated;
- Acidification and Eutrophication Potential, to ensure sustainable agriculture for the case of cotton and other bio-based raw materials;
- Water Depletion, as cotton and some bio-based alternatives are very water-intensive raw materials;
- Land Use, as bio raw materials are gaining more popularity and will potentially contribute to deforestation and decreased food security;
- Photochemical Ozone Creation Potential, since manufactured chemicals, solvents and blowing agents are some of the major contributors to ozone depletion.



Human health impacts and toxicity related aspects are evaluated separately since there is not a consensus on how to calculate it among the LCA community. Despite this and not having its own restricted substance list, TMG Automotive follows some official and much entrusted lists such as REACH and GADSL.

TMG Automotive is taking actions to develop more sustainable materials, spanning from Product Design to End of Life. Three aspects can be considered when designing a Sustainable Product at TMG Automotive:

*Design for Lower Environmental Impacts*

- Outsourced natural and waste residues incorporation ranging from cork to natural fibers, enhancing industrial symbiosis and contributing to a circular economy;
- Use of high-performance and bio-based raw materials;
- Recycled Textiles: products backed with recycled textile are already a reality at TMG Automotive.

*Design for Societal Impacts:*

- Intends to reduce or eliminate whenever possible substances classified as potentially hazardous, replacing them even before are considered as forbidden like:
- NEP-free lacquers: water-based lacquers are already NEP-free, while a minor number of solvent-based lacquers have still NEP in its constitution – efforts are being made to diminish or even eliminate these concentrations;
- Continuous improvement on Volatile Organic Composts (VOC) content, contributing to lower and lower emission inside the car.

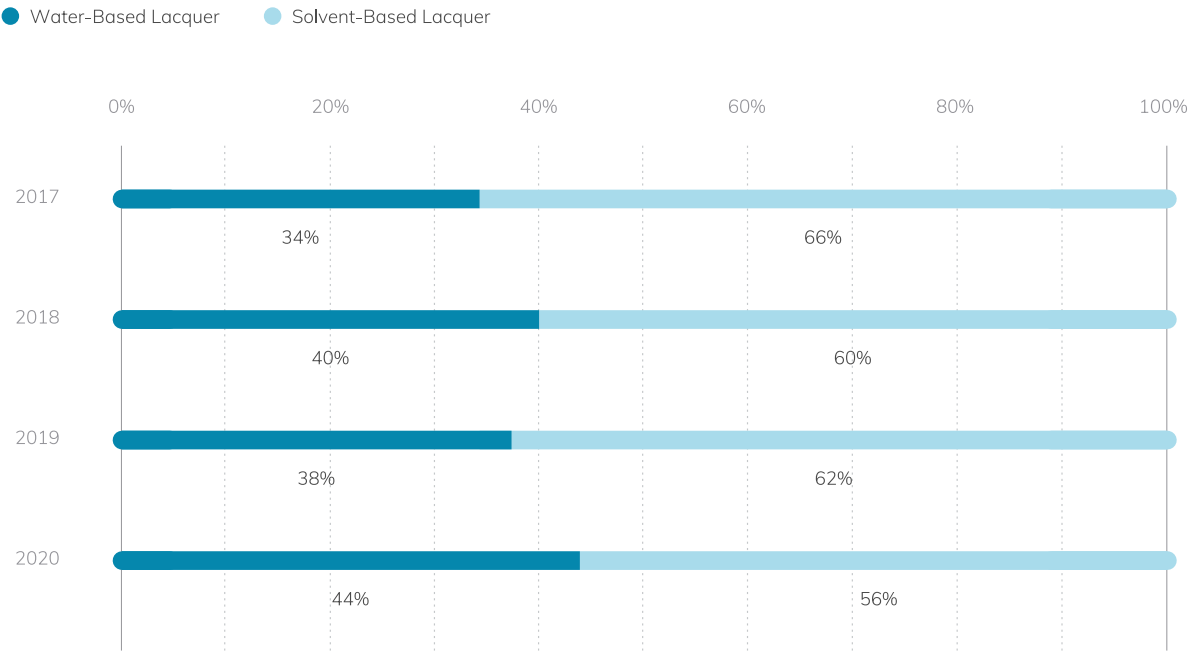
*Design for Dismantling:*

- This can be an effective solution to the existing difficulties in dismantling End-of-Life Vehicles (ELVs). The use of materials for effective End-of-Life processing without compromising the performance of the materials should be explored in order to promote higher recyclability of TMG Automotive materials in the End-of-Life.

As mentioned before, Intellectual Property is a crucial part of the corporate strategy to ensure TMG Automotive products protection. Since the development of sustainable products involves new technologies and raw materials, patents are very important to preserve this knowledge.

All TMG Automotive products have lacquer on top. Being aware of VOC emissions associated with solvent-based lacquers, TMG Automotive is replacing them with a low-carbon alternative – water-based lacquers. Starting from 2017, water-based lacquers increased significantly due to tighter emission laws and automotive industry’s green initiatives. In spite of all the efforts made to replace solvent-based by water-based systems, in 2020, due to the product portfolio and technical limitations, the solvent-based lacquer ratio did not decrease.

Lacquer Continuous-Phase Type



TMG Automotive is covered by the Industrial Emissions Directive (IED) and updates yearly its Solvent Management Plan that demonstrates compliance with limit values for residual solvent emissions, diffuse emission, and total emissions limits. Product Design, which affects directly TMG Automotive Scope 1 Emissions, can be a big contributor to the development of products with less environmental impact that can, consequently, comply with the IED.

# Challenge 4

## Efficient Use of Resources in Value Creation

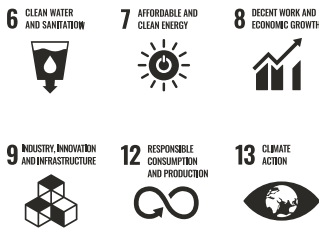
People's lives depend greatly on plentiful global resources. Rising demand to meet the needs of the world population has transformed land use and generated unprecedented levels of pollution, affecting biodiversity, forests, water bodies, soils and air quality. Humans are consuming more resources than the Earth can regenerate. As so, it is extremely important to promote the efficient use of resources in a sustainable manner while minimizing impacts on the planet, allowing to create more with less and to deliver greater value with fewer resources.

Efficient use of resources and resource depletion can be achieved by a plethora of ways such as energy and water efficiency initiatives, incorporation of renewable resources, waste reduction and/or elimination and circular economy. TMG Automotive is continuously working to make production more efficient and more environmentally-friendly through energy and water efficiency, waste management and raw-materials selection.

The recycling process of the polymeric composite structures, comprised of multiple layers is currently a challenge and calls for new ways to recycle plastics endlessly in

a closed-loop system. TMG Automotive is working with different partners to explore new solutions for upcycling and industrial symbiosis opportunities to avoid landfill and incineration.

TMG Automotive plants are located in northern Portugal, where water is fairly abundant and since TMG Automotive production process is not water intensive, its main focus areas are energy efficiency and waste reduction. However, TMG Automotive is continuously monitoring its water consumption to make sure it is as low as it is today.

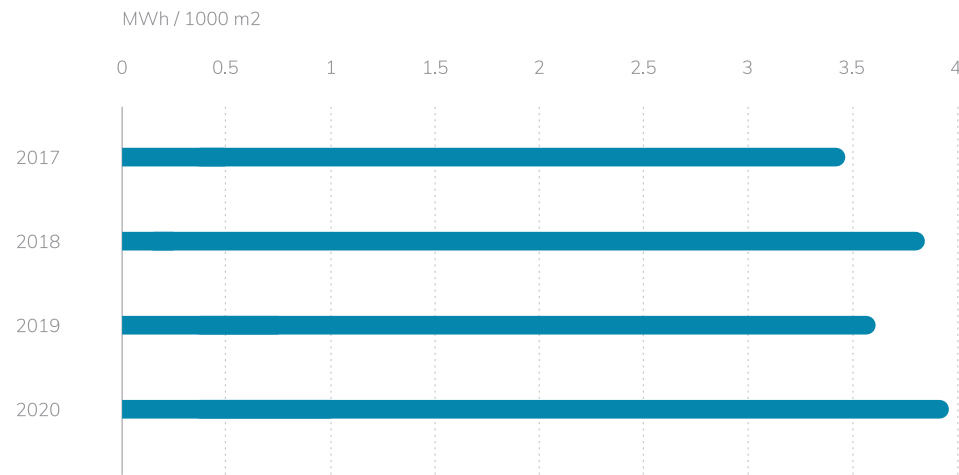


## Energy Use

TMG Automotive's current energy efficiency 8-year plan provides a series of continuous actions, having 2017 as a reference year, to reduce in 6 % TMG Automotive energy consumption by 2025. TMG Automotive has a plethora of energy efficiency strategies to achieve its goal, in 2020 started to replace all lightening systems with LED lightening benefiting from low energy consumption. A new photovoltaic park is going to be installed in 2021, in both TMG Automotive sites, accounting for 8 % of TMG Automotive annual electricity consumption and in 2023 intends to replace all industrial burners to function at optimal performance.

TMG Automotive consumes essentially electricity and natural gas. Electricity consumption is distributed in three major elements, being them process equipment, utility units and climatization. Boilers and the Regenerative Thermal Oxidation (RTO) units used to treat air emissions from the production site are the biggest natural gas consumers. In 2020 the energy intensity ratio increased, as the energy load profiles were not the optimum, mainly due to lower demand in the 2<sup>nd</sup> quarter of 2020.

Energy Intensity Ratio



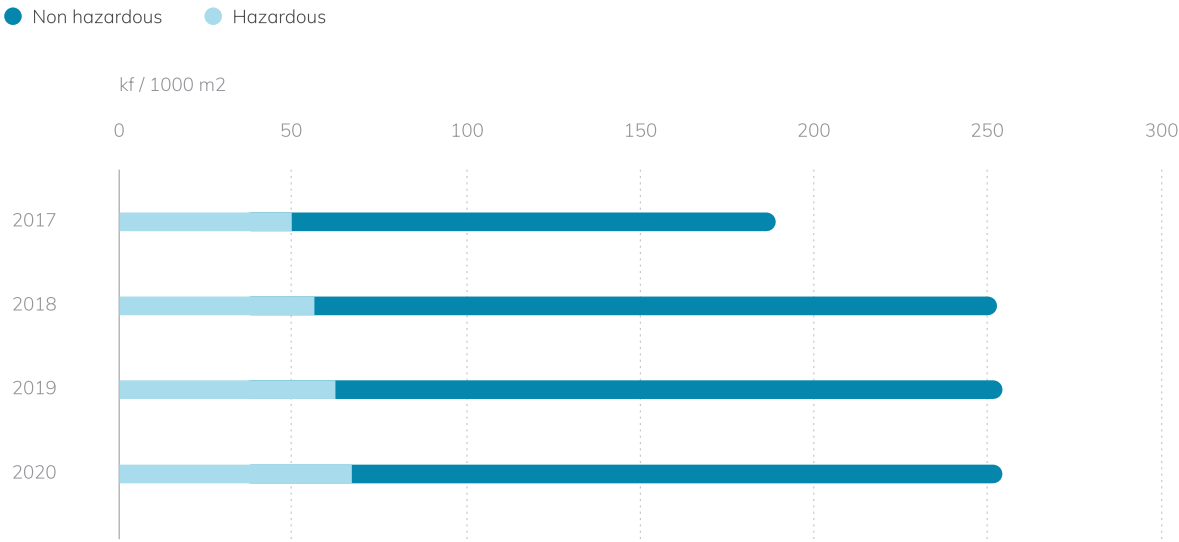


# Waste Reduction

TMG Automotive waste streams are constituted by complex polymeric composite structures that are difficult to recycle. There are two main categories of waste streams: process waste, which is the specific waste derived by the main production processes, and the extra processing waste, which includes waste from auxiliary activities such as medical services, oils and food fat, electronic devices, etc.

In 2020 process waste intensity ratio had a slightly decreased compared with both previous years.

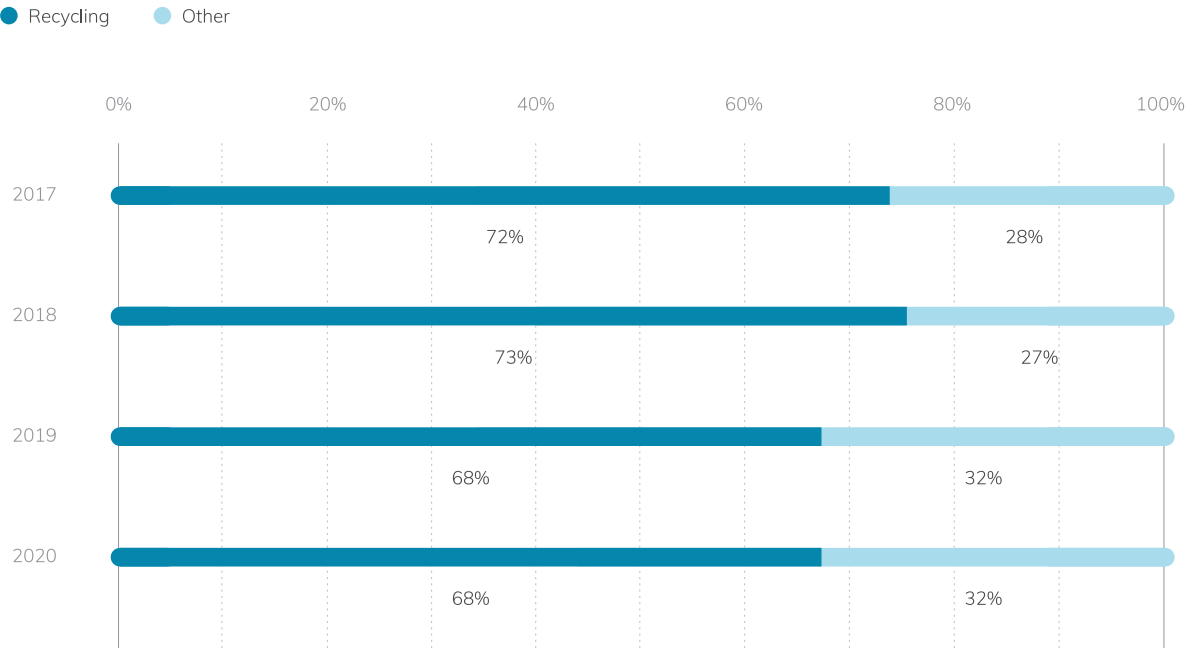
Waste Intensity Ratio



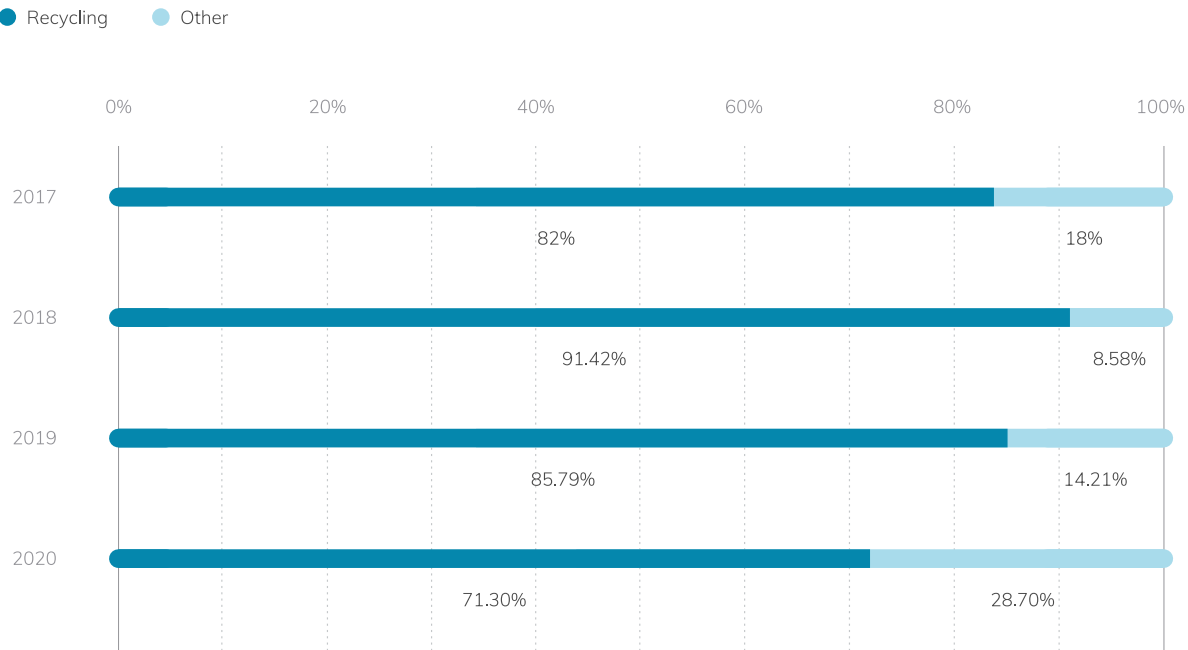
TMG Automotive waste streams are collected by type and harmfulness, stored in eco-points and then forwarded to the respective licensed waste disposal operators.

TMG Automotive process hazardous waste is mainly constituted by solvent and water-based liquors, contaminated packaging, cleaning cloths and chemical lab products, being all predominantly treated and recycled.

Hazardous Process Waste



Non-Hazardous Process Waste





TMG Automotive process non-hazardous waste is mainly constituted by composite plastic waste, composed mainly of selvages and scrapped material of plasticized PVC, TPO, PUR foam, textiles and processing paper. The main difficulty to deal with these types of waste is the lack of technology available to separate items to properly recycle these materials without contamination.

In the future, TMG Automotive must strengthen efforts on waste prevention and recycling programs.

TMG Automotive teams up with several initiatives to improve waste management such as, reduce water usage for water-based lacquering systems cleaning processes, identify partnerships to reuse the most critical waste materials through waste valorization and explore how to incorporate its waste into functional materials inside doors.

TMG Automotive is involved in several working initiatives like VinylPlus on the scope of the European Automotive Trim Suppliers. VinylPlus was founded in 2010 and settled a 10-year sustainable commitment plan for the PVC industry. In 2020, VinylPlus started to develop its new 10-year plan in collaboration with its stakeholders over several workshops in Europe. Later in 2020, TMG Automotive attended the virtual VinylPlus Forum 2020, an event where several important parties in the PVC industry shared its ideas and thoughts regarding the next 10-year plan and also attendees had an important role by voting on poles to impact the new VinylPlus 10-year plan.

TMG Automotive is also a member of EATS the European Plastics Converters (EuPc), whose activity embraces all the plastics converting industry sectors, including recycling. EuPC focus areas are market development, regulation, issue management and trade. Together with their members are constantly working cooperatively with all relevant stakeholders to ensure the best possible progress regarding circular economy.

*The aim is to  
re-purpose waste  
for other uses and  
reduce adverse  
effects of emissions  
from landfills and  
carbon dioxide  
from combustion.*



Gerês, Portugal, 2020



# Challenge 5

## Boost Sustainable Sourcing



The automotive industry has an extremely large and complex supply chain, extended to multiple tiers and thousands of suppliers and from a wide range of environmental, social and political contexts. It is up to the organizations to gather efforts to ensure its suppliers comply, at least, with the company's Code of Conduct. Environmental and social impacts associated with TMG Automotive business activities need to be monitored, the risks in the supply chain evaluated and the negative impacts addressed.

TMG Automotive is responsible for the suppliers' selection and has a moral responsibility to choose the ones with the least possible environmental and social impacts. Responsible sourcing starts in product design and raw materials selection. Understanding the origin, the impacts and the traceability through the supply chain is pivotal. For many years, TMG Automotive has been building long-term relationships with suppliers where partnership and collaboration have been essential to ensure responsible sourcing.

In this sense, TMG Automotive expects from its suppliers a faultless behavior regarding labor rights and environmental protection.

The Supplier Code of Conduct has stringent requirements aligned with UN Global Compact's 10 principles, related to Human Rights, Anti-Corruption, Corporate Ethics and Environment and Health & Safety.

There is a Purchasing Policy applicable to all TMG Group, thereby including TMG Automotive. This policy addresses National Supplier Preference, Ethical Principles, Conflict of Interests and Supplier Evaluation.

**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 the raw material is delivered.

Conscious of the food industry's huge environmental impacts, and related also with national supplier preference, TMG Automotive is incorporating the farm-to-fork movement in its canteens, 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 the supplier, each element of the Purchasing Department is representing TMG Automotive 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.

## Supplier Evaluation

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

There are two critical moments::

1. **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.

Approved Supplier – The supplier is considered approved if:

a) It has a quality management system certified by an accredited entity based on the ISO 9001 or IATF 16949 standards and has an environmental management system certified by an accredited entity based on the ISO 14001 standard.

or

b) It has a quality management system certified by an accredited entity based on ISO 9001 or IATF 16949 standards and an environmental management system considered as not relevant to the object of its supply to TMG Automotive, however it must respond to the environmental module of the questionnaire.

2. **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 the supplier's quality, deadlines and supplied quantities, organizational level, quality management, environment and social criteria, 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 4 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.

As previously mentioned, TMG Automotive makes efforts to incorporate the highest standards available to ensure optimization and continuous improvement as a part of its business strategy, and by that expects that its suppliers stand by with the same approach.

100% TMG  
Automotive  
suppliers are  
ISO 9001  
certified

*TMG Automotive by being IATF 16949 certified demands that all suppliers are ISO 9001 certified, assuring process optimization, greater agility in product development and more agile production, in order to satisfy customers and achieve sustained success.*

63% TMG  
Automotive  
suppliers are  
ISO 14001 –  
2015 certified

*Allowing companies to demonstrate their commitment to environment protection through the environmental management risks associated with the activity carried out.*

13% TMG  
Automotive  
suppliers are  
ISO 45001  
certified

*Intending to be a tool to help establish and improve the health and safety work environment, prevent accidents and, in many cases, going beyond legal requirements.*



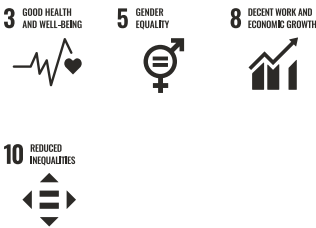
# Challenge 6

## Attractiveness as an Employer

The COVID-19 pandemic affected people and organizations worldwide having devastating impacts throughout different industries. TMG Automotive's priority was to safeguard the health and safety of all stakeholders and, above all, employees. The evolving COVID-19 situation was monitored continuously and all the necessary precautions in line with local government and WHO (World Health Organization) guidelines were taken to guarantee its employees' health and safety. These measures included restricting access to TMG Automotive premises, promoting physical distancing, restricting business travel, and promoting good personal hygiene practices. Wherever possible Working from Home (WfH) was implemented as well as alternate shifts. Being a manufacturing company, full WfH was not a possibility and it was only implemented when effective. Besides safeguarding the health of all, TMG Automotive was faced with extremely complex and urgent action to deal with various business disruptions among key stakeholder groups, such as employees, customers, suppliers, and the community.

TMG Automotive, being a global-market company, was severely affected by the widespread shutdown, therefore decreasing its product demand. Although all efforts were made to continue working in normal conditions, daunting consequences were inescapable. A more realistic view was needed to guarantee the satisfaction of all stakeholders and a number of measures were taken to reduce costs ensuring the organization's future viability. The reduction of staff costs through elimination of short-term contract jobs and temporary layoffs were inevitable, measures that have always been consciously defined with the purpose to minimize negative social effects.

As unfortunately expected, COVID-19 had a significant impact on the overall Human Resources management plan. Some of the actions already underway had to be halted or paused to concentrate efforts on more urgent matters related to the pandemic. Notwithstanding, TMG Automotive tried its best to keep its employees satisfied, as it considers them the most important success factor. Making every effort to recruit, train and attract talent so it can have the critical workforce it needs.

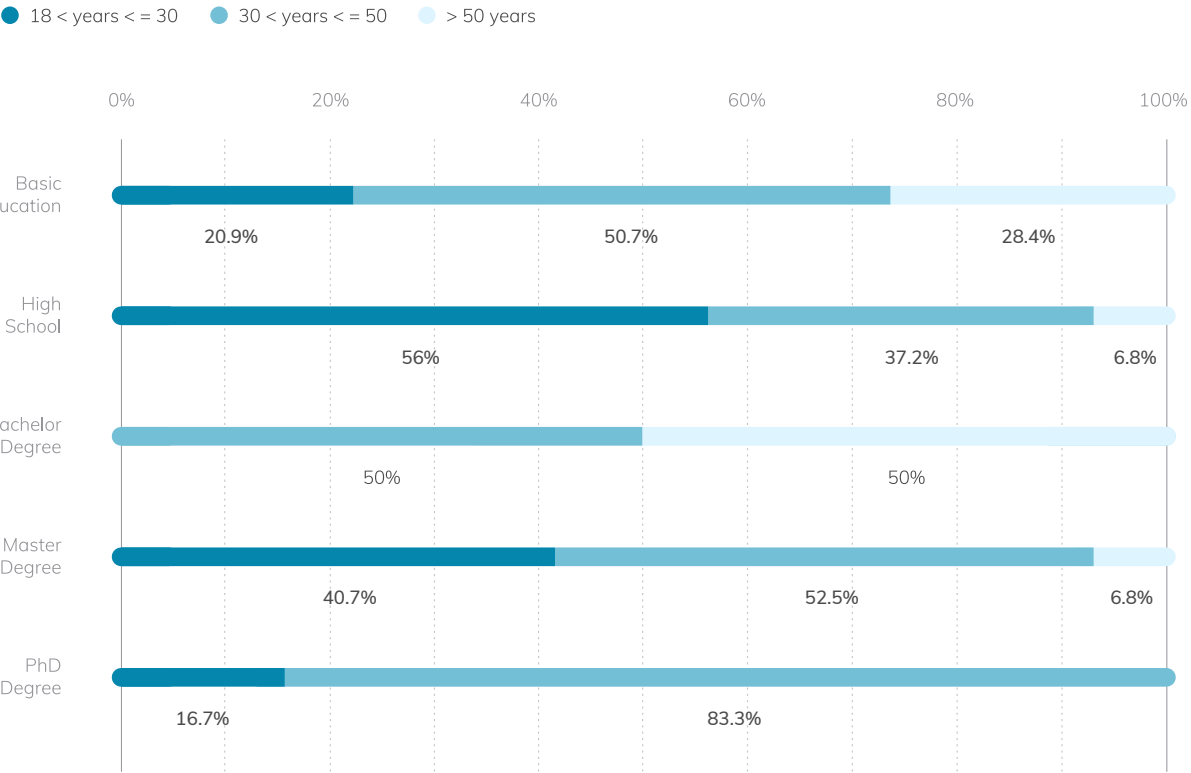


TMG Automotive workforce average age is 37 years old

A positive and healthy work environment is one of TMG Automotive's most prized strengths. A comfortable, accomplished and satisfied workforce is TMG Automotive's biggest asset. To achieve an excellence level TMG Automotive is composed by multidisciplinary teams working together. TMG Automotive being a company where Innovation is key, has 19 % of its workforce with a Master's Degree.

The predominance of male employees is a direct consequence of the sector in which the company operates, closely linked to engineering and manufacturing operations. However, for instance, in the case of R&D and Customer Management, the male/female ratio is very close to equity.

Employees Education Breakdown





Average of  
50 hours of training  
per employee  
invested by TMG  
Automotive

Living in an Era where digitalization requires companies to continually adapt and qualify their workforce TMG Automotive finds it very important to provide its employees' tools and training to improve their digital skills. The digital platform - *Growing Together* - was made available in 2020 and it represents a new chapter for people management restructuring. The specialized electronic platform allows access to a set of tools, echoing the importance TMG Automotive attributes to this topic, ensuring a more dynamic virtual dialogue. Each employee has access to several functionalities such as their payslips, personal data and TMG Group functional structures. In order to guarantee a correct use of the platform, an Employee Central training plan was given to all relevant employees. A Performance and Goals and Learning modules training plan, for top management, was initiated in 2020 and it should be concluded by 2021.

TMG Automotive considers training to be one of the most powerful tools for employee development. By investing in a plethora of instruments, such as external seminars, fairs and workshops to upgrade its employees' skills, TMG Automotive ensures that the know-how necessary for an efficient and capable workforce is invariably guaranteed. If relevant to the company, TMG Automotive finances study plans such as MBAs, full PhDs, Master degrees and Post-Graduations. Of the training instruments specified, external training is one of TMG Automotive's main investment areas for employee development. From early to mid-2020 close to all employees were trained on the ISO 27001: Information Security. Being the first e-learning training course to be made by TMG Automotive, it was considered a powerful and successful experience, paving the steps for a posterior e-learning platform. The following modules to be made available on this platform will also be related to Information Security. In 2020 close to 24 external trainings and awareness actions were provided to TMG Automotive employees regarding sustainability topics followed by 11 courses related to internet of things and Industry 4.0. things and Industry 4.0.

Plant: 2016 © Jan Kubica

## Developing and training for managers

Porto Business School developed a customized training plan called *Purpose Driven* for TMG Automotive that intends to qualify the management for the challenges of the future according to the best practices available. This training reaches the universe of managers and top management of different areas promoting cohesion in a larger group. It is a very comprehensive training plan, fostering knowledge in diverse areas such as Strategy, Excellence in Processes & Operations, Collaboration, Communication, Innovation, Sales, Leadership, among others.

From this training, trainees should be able to develop a personal roadmap to identify where should improve and/or change as a leader, analyze in teams areas inside TMG Automotive for improvement and finally better understand the actions made inside TMG Automotive and where TMG Automotive still needs to improve with Porto Business School help.

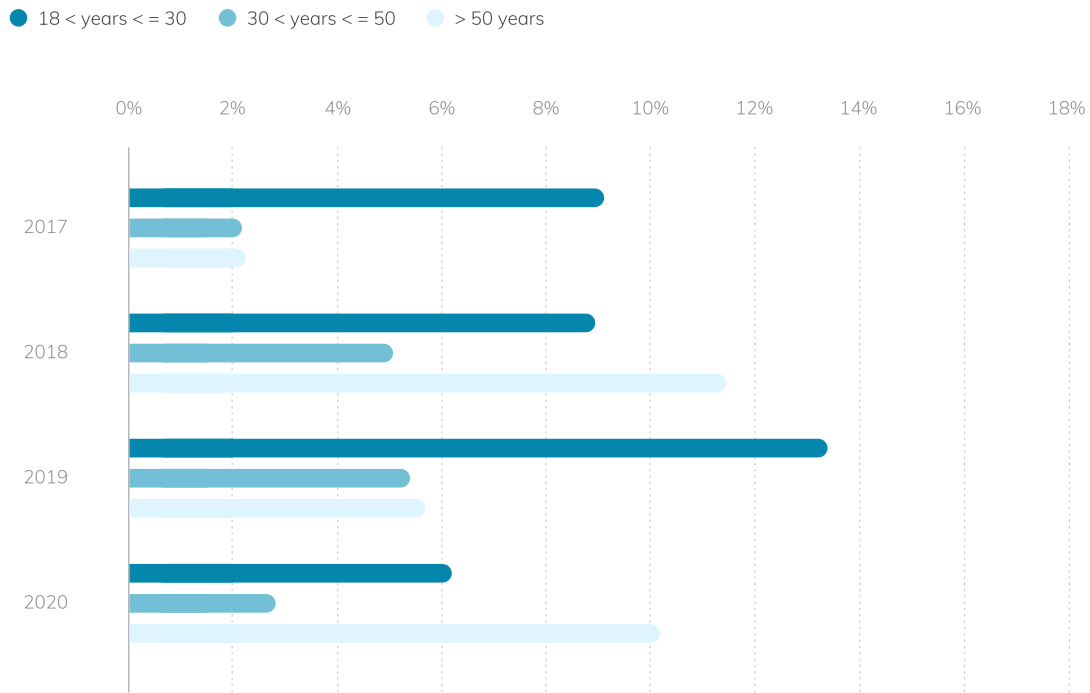
TMG Automotive ensures some benefits such as life insurance to all employees and child care support for female employees. TMG Automotive is currently discussing new benefit plans, aiming to further increase its attractiveness as an employer. According to Portuguese law, all parents-to-be employees enjoy parental leave independently of their gender.

TMG Automotive defends wage equity abolishing race and gender discrimination when establishing and managing wages. When promoting and setting remuneration targets TMG Automotive makes sure to have the same policy across all sectors.

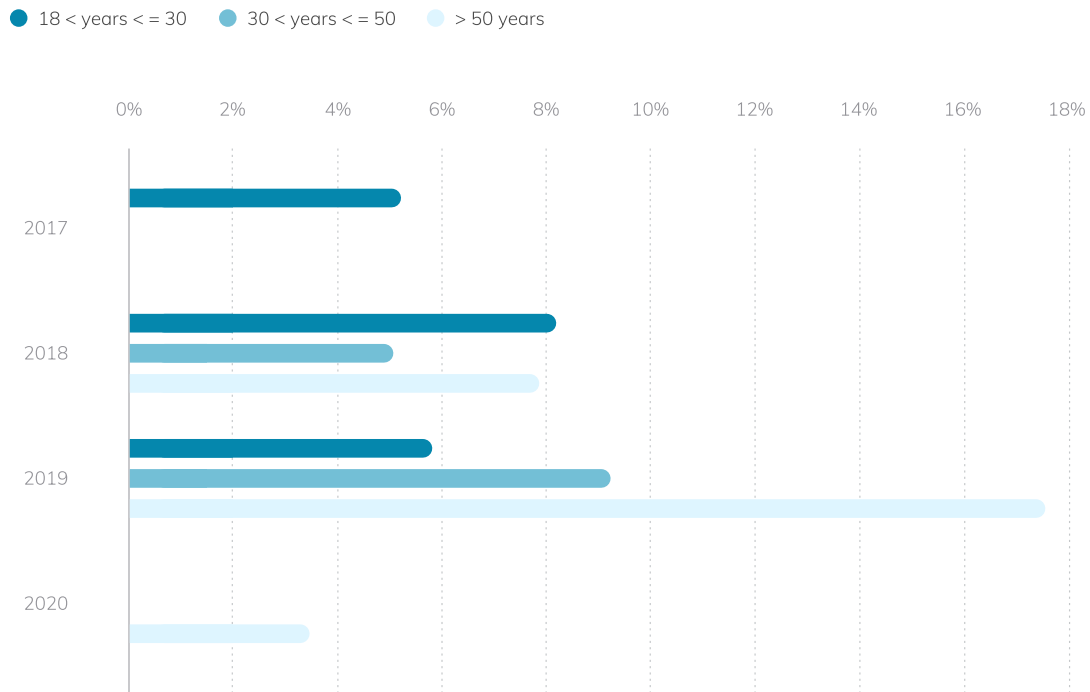
Contract terminations, retirement, intergroup transfers and even death can impact employee turnover rates. The turnover increase in 2019 and 2020 for employees over 50 years of age, especially in male employees, is related to retirement due to age.



### Employee Turnover Male

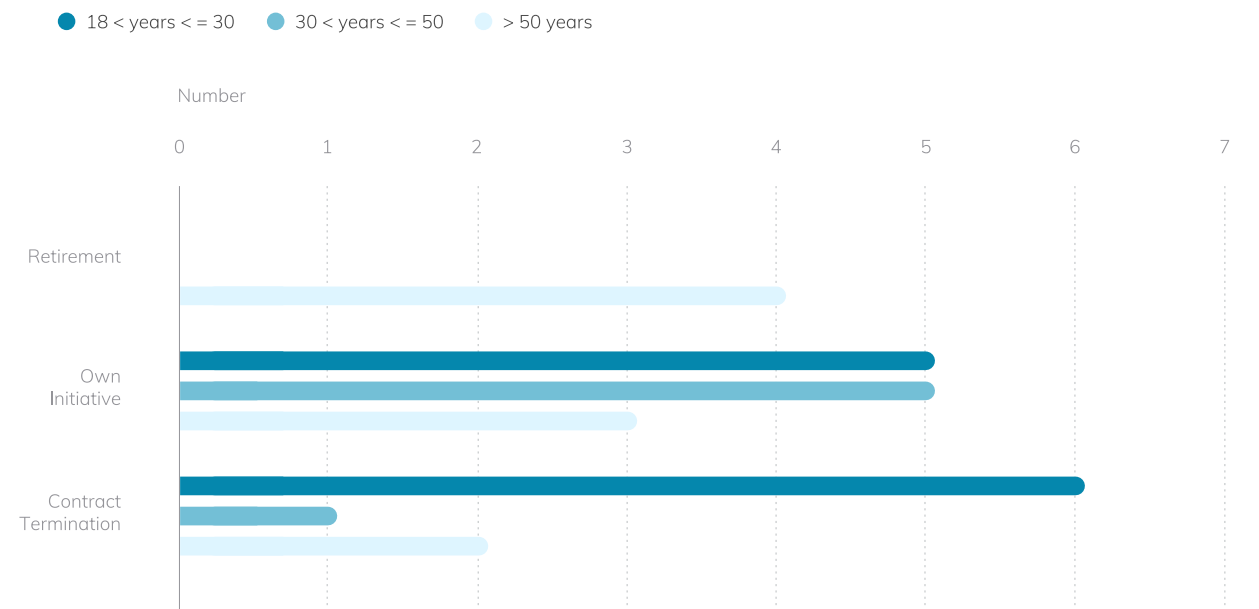


### Employee Turnover Female



In 2020 TMG Automotive employees' dismissals were felt especially in man employees accounting only for 1 female retirement dismissal. Talent dearth was more often occurred in employees up to 30 years, arising from a more competitive labor market.

### Employee Dismissals

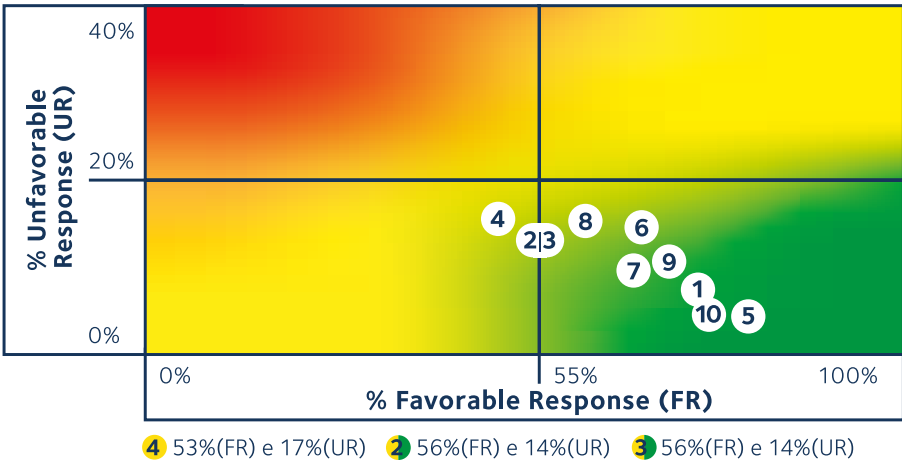
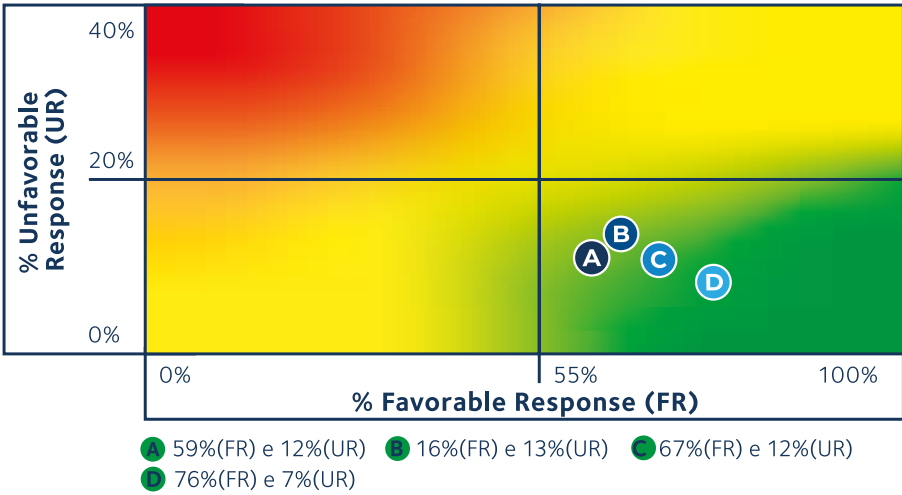


# Human Resources (HR) Survey – Main Conclusions

A HR survey carried out in late 2019 and analyzed in 2020 had important impacts on the overall HR agenda, underlying the importance of such tools for continuous improvement.



● Strength ● To develop ● Weakness





# Challenge 7

## Enhance Employee Safety



The COVID-19 pandemic, as previously stated, forced industries, including TMG Automotive, to adapt and operate differently in order to ensure its employees' Health & Safety.

In order to provide practical guidance for all employees, TMG Automotive developed a response plan which contains actions and prevention measures against COVID-19, thus keeping TMG Automotive employees elucidated on how to act in this atypical situation. The compulsory use of face masks inside TMG Automotive facilities was one of the many measures adopted to prevent the COVID-19 spread. Having in mind all the costs incurred by employees and environmental challenges involved in disposable self-protection materials, TMG Automotive produced and distributed its own social face masks to all employees. Whenever possible, Working from Home, as well as alternate shifts, was implemented to reduce the number of employees working at the same time, decreasing possible contamination sources. To prevent possible transmission pathways through fomites, TMG Automotive increased cleaning and disinfection frequency of common spaces and objects such as toilets, meeting rooms, canteen, handrails and door handles. Despite the COVID-19 pandemic, there was not a single working day during 2020 where TMG Automotive lost 1 hour of machine work due to lack of personnel. This phenomenon was a result of all the measures and precautionary attitudes made by TMG Automotive and its employees against COVID-19 spread.

The COVID-19 pandemic came also as a reinforcement of the idea that ensuring employee Health & Safety is the state of wellbeing. TMG Automotive considers itself responsible for providing a healthy work environment to its employees and although being forced to face a new imposed reality is proud of how it stood.

Employee injuries or suffering from job illness can have severe consequences such as employee stress, job dissatisfaction and in extreme situations can lead to turnover intent. As so, workplace safety is crucial for TMG Automotive as it believes healthy, committed, and motivated employees are the pillar of a successful company.

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

- 1 Employee Training & Continued Education
- 2 Heavy Machinery Maintenance
- 3 Appropriate Personal Protection Equipment Usage
- 4 First-aid and Emergency Action Plans

*Although prevention is considered by TMG Automotive the core approach, every accident was considered as a learning lesson and appropriate measures were taken.*

TMG Automotive finds it very important to enhance workplace safety and wellbeing by doing several training sessions for all employees. In 2020, most TMG Automotive employees received training for the new emergency plan.

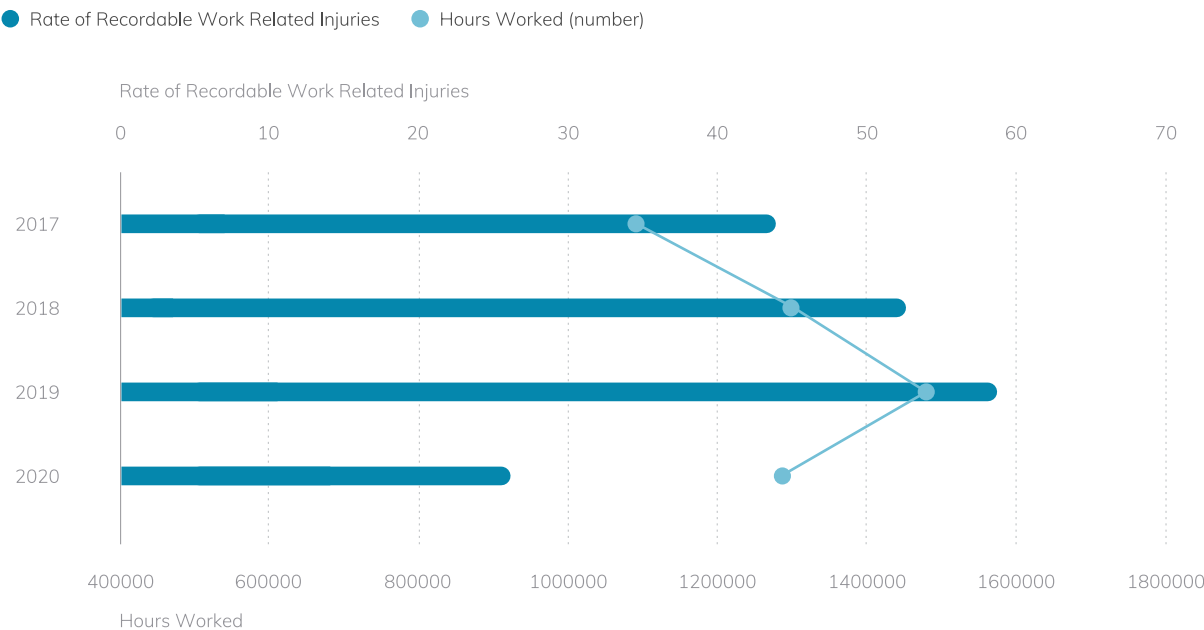
Several health and safety tools are employed in TMG Automotive's facilities to continuously improve performance in this area, such as:

- 1 Risk Assessment
- 2 Occupational Healthcare
- 3 Health Promotion Campaigns

There were no fatalities resulted by work related injuries and no high consequence work related injuries where the employee does not fully recover to pre-injury health status within 6 months. 33 recordable work injuries occurred in 2020, being this number well below compared with the previous years. Being a manufactured company, TMG Automotive main types of work-related injuries include minor fractures, lacerations and muscle sprain.

2020 was the year with the lowest cases of recordable work-related injuries, due to the increase in the proactive precautionary awareness attitude, resulted from behavioral changes induced by the COVID-19 pandemic.

### Employee Dismissals



# 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		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		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		10, 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 31.12.2020: 738 employees.	10, 14
102-8	Information on employees and other workers	As of 31.12.2020: 738 employees, 20% female, and 13% temporary. All employees reside in northern Portugal. Dat is gathered and constantly updated by TMG Automotive's HR Department.	The production facilities are all located in northern Portugal.	
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.		10
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 charges 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.		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.	
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.		4
102-16	Values, principles, standards, and norms of behavior	a. A description of the organization's values, principles, standards, and norms of behavior.		10



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. Hermínio 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.	15	
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.	15	
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.	16	

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	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.	16	
102-47	List of material topics	a. A list of the material topics identified in the process for defining report content.	16	
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.		2020
102-51	Date of most recent report	a. If applicable, the date of the most recent previous report.		20.05.2019
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.	68	

102-54	Claims of reporting in accordance with the GRI Standards	<p>a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either:</p> <p>i. 'This report has been prepared in accordance with the GRI Standards: Core option';</p> <p>ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.</p>	<i>This report has been prepared in accordance with the GRI Standards: Core option.</i>
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102-55	GRI content index	<p>a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report;</p> <p>b. For each disclosure, the content index shall include:</p> <p>i. The number of the disclosure (for disclosure covered by the GRI Standards);</p> <p>ii. The page number(s) or URL(s) where the information can be found, either, within the report or in the other published materials;</p> <p>iii. If applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.</p>	58
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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 2020, due to organizational restructuring, it was postponed to 2021.
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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> .
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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> <p>d. Standards, methodologies, assumptions, and/or calculation tools used.</p>	Not present in this report. For more information, please consult Relatório Auditoria Energética.
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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 1 and Scope 2 emissions were considered. Scope 1 emissions were calculated with natural gas mix provided by the supplier, fugitive emissions and diffuse emissions. Calculation factors for natural gas also provided by the supplier. Scope 2 emissions were calculated with the energy mix provided by the electricity provider. Calculation factors also provided by the electricity provider. The denominator used was 1000 m <sup>2</sup> .
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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>	Waste disposal methods were provided by the waste disposal contractors. Maintenance waste were excluded of the hazardous and non-hazardous total weight for this report. Those calculations were remade also for the previous years.	38
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		<p>b. Total weight of non-hazardous waste, with a breakdown by the following disposal method where applicable:</p> <ul style="list-style-type: none"> <li>i. reuse;</li> <li>ii. Recycling;</li> <li>iii. Composting;</li> <li>iv. Recovery, including energy recovery;</li> <li>v. Incineration (mass burn);</li> <li>vi. Deep well injection;</li> <li>vii. Landfill;</li> <li>viii. On-site storage;</li> <li>ix. Other (to be specified by the organization);</li> </ul> <p>c. How the waste disposal method has been determined:</p> <ul style="list-style-type: none"> <li>i. Disposed directly by the organization, or otherwise directly confirmed;</li> <li>ii. Information provided by the waste disposal contractor;</li> <li>iii. Organizational defaults of the waste disposal contractor;</li> </ul>	
307-1	Environmental Compliance	<p>a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of:</p> <ul style="list-style-type: none"> <li>i. Total monetary value of significant fines;</li> <li>ii. Total number of non-monetary sanctions;</li> <li>iii. Cases brought through dispute resolution mechanisms;</li> </ul> <p>b. if the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient.</p>	<p>TMG Automotive had a significant fine of 12075 € resulted by an inspection in 2017 regarding lack of legal report. There were no non-monetary sanctions.</p>
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.

403-9	Work-related injuries	<p>a. For all employees:</p> <ul style="list-style-type: none"> <li>i. The number and rate of fatalities as a result of work-related injuries;</li> <li>ii. The number and rate of high-consequence work-related injuries (excluding fatalities);</li> <li>iii The number and rate of recordable work-related injuries;</li> <li>iv The main types of work-related injury;</li> <li>v The number of hours worked.</li> </ul> <p>b. For all workers who are not employees but whose work</p>	<p>The rates have been calculated based on 1000000 hours worked.</p>	56
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		<p>and/or workplace is controlled by the organization:</p> <ul style="list-style-type: none"><li>i. The number and rate of fatalities as a result of work-related injury;</li><li>ii. The number and rate of high-consequence work-related injuries (excluding fatalities);</li><li>iii The number and rate of recordable work-related injuries;</li><li>iv The main types of work-related injury</li><li>v The number of hours worked.</li></ul> <p>c. The work-related hazards that pose a risk of high-consequence injury, including:</p> <ul style="list-style-type: none"><li>i how these hazards have been determined;</li><li>ii which of these hazards have caused or contributed to high-consequence injuries during the reporting period;</li><li>iii actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls.</li></ul> <p>d. Any actions taken or underway to eliminate other work-related hazards and minimize risks using the hierarchy of controls.</p> <p>e. Whether the rates have been calculated based on 200000 or 1000000 hours worked.</p> <p>f. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.</p> <p>g. Any contextual information necessary to understand how the data have been complied, such as any standards, methodologies, and assumptions used.</p>		
403-10	Work-related ill health	<p>a. For all employees:</p> <ul style="list-style-type: none"><li>i. The number of fatalities as a result of work-related ill health;</li><li>ii. the number of cases of recordable work-related ill health;</li><li>iii. The main types of work-related ill health.</li></ul> <p>b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:</p> <ul style="list-style-type: none"><li>i. The number of fatalities as a result of work-related ill health;</li><li>ii. the number of cases of recordable work-related ill health;</li><li>iii. The main types of work-related ill health.</li></ul> <p>c. The work-related hazards that pose a risk of ill health, including:</p>	<p>There were no fatalities as a result of work-related ill health. TMG Automotive was notified about 1 case of work-related ill health, a hypoacusis resulting from a professional activity in the worker's past, outside TMG Automotive.</p>	56

		<p>i. how these hazards have been determined;</p> <p>ii. which of these hazards have caused or contributes to cases of ill health during the reporting period;</p> <p>iii. actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls.</p> <p>d. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.</p> <p>e. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	
401-1	New employee hires and employee turnover	<p>a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.</p> <p>b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.</p>	48
401-2	Benefits to full-time employees that are not provided to temporary or part-time employees	<p>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:</p> <p>i. Life insurance;</p> <p>ii. Health care;</p> <p>iii. Disability and invalidity coverage;</p> <p>iv. Parental leave;</p> <p>v. Retirement provision;</p> <p>vi. Stock ownership;</p> <p>vii. Others.</p> <p>b. The definition used for "significant locations of operations".</p>	48
401-3	Parental Leave	<p>a. Total number of employees that were entitled to parental leave, by gender.</p> <p>b. Total number of employees that took parental leave, by gender.</p> <p>c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender.</p> <p>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.</p>	<p>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 2020 that are still in parental leave when the report was written.</p>

		e. Return to work and retention rates of employees that took parental leave, by gender.	
404-2	Programs for upgrading employee skills and transition assistance programs	<p>a. Type and scope of programs implemented and assistance provided to upgrade employee skills.</p> <p>b. Transition assistance program provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.</p>	48
414-1	Supplier Social Assessment	<p>a. Percentage of new suppliers that were screened using social criteria.</p>	<p>All potential suppliers are screened using social criteria prior to becoming actual suppliers.</p>
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> <p>i. Incidents of non-compliance with regulations resulting in a fine or penalty;</p> <p>ii. Incidents of non-compliance with regulations resulting in a warning;</p> <p>iii. Incidents of non-compliance with voluntary codes.</p> <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>	<p>TMG Automotive did not identified any non-compliance with regulations and/or voluntary codes.</p>



# Sustainability Team



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**Cautionary Statement:**  
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 stakeholders and to disseminate what we think are good practices; it is therefore not meant to be used as a base for any third party decisions and TMG Automotive does not assume responsibility regarding these decisions.

