



Communication on progress
Implementing UN global compact principles,
Porcelanas da Costa Verde 2021



Introduction

I am pleased to confirm that the Porcelanas da Costa Verde SA reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti Corruption. In this our first annual Communication on Progress, we describe our actions to integrate the Global Compact and its principles into our business strategy, culture and daily operations. We are also committed to share this information with our stakeholders using our primary channels of communication.

Yours sincerely

Carlos Teixeira
President

Porcelanas da Costa Verde

Costa Verde began its business activity in 1992, and is currently one of the most modern companies in the porcelain and earthenware industry sector in the European Union.

The company's facilities are located in the district of Aveiro, and it occupies a covered area of 30.000 m² and an available area of over 60.000 m².

The company has qualified human resources and is permanently committed to the training of its personnel and updating its processes. For this reason, the company occupies an effective position and posture in the markets where it operates and its business model is clearly Customer orientated.

The company's business is characterized by its equipment based on the most advanced German technology, as well as its use of the strictly selected national and international raw materials. The manufactured products are known for its level of high quality. The Quality Department carries out works on a continuous basis in terms of assessment and control, and in a close collaboration with the Scientific Department of the Porcelain, Earthenware and Glass Department of the University of Aveiro and the Coimbra Technological Center of Porcelain, Earthenware and Glass.

In percentage terms, 70% of the company's production is exported to the European Union, United States of America, Japan, South Korea, United Kingdom, Switzerland, Denmark, South Africa, Chile, Brazil, Mexico, Angola, among many other countries

This demand it to invest in all areas of production, from the latest modern equipment to the most efficient and effective processes, with the utmost respect for the environment and never losing sight of its social responsibility. Costa Verde values the quality of its human resources factor which it considers to be essential for the company's competitiveness. It is the company's employees and their best efforts and skills put into their tasks every single day, which make Costa Verde the respected and acknowledged company that it is today.

The COVID-19 pandemic and the measures necessary to contain it had a very severe impact on the Horeca channel, Costa Verde's main source of revenue. Translating into a very expressive drop in invoicing as of the 2nd Quarter of 2020. This fall in invoicing had an impact on Costa Verde's activity and on the management of its Resources. Therefore, the previously established targets were not achieved, with some indicators being received.

Human Rights Principles

Costa Verde acknowledges and respects human rights as fundamental principles in people's lives following the guidelines outlined in the Conventions, Treaties and international initiatives such as the United Nations Universal Declaration on Human Rights, the International Labor Organization and the Global Pact, applying these principles to its relationship with all its workers. Costa Verde shall never hire child labor nor tolerate such practices.

The company is certified in accordance with the SA 8000 standard pertaining to Social Responsibility. This is the culmination of a set of concerns, which the company has at the environmental as well as the social level, and which directly or indirectly interferes with the daily lives of the people in the facilities and the surrounding areas. Costa Verde fully accepts its social responsibilities; the company's decisions fully consider their impact on the community of which its part of as well as the environment where it performs its activities, taking into account during its business activity the respect for human rights, environmental protection, compliance of social standards and respect for ethical values and the investment in the personal improvement of its workers.

Costa Verde's goal in 2022 is to improve the Independent Evaluation (IE) of Social Finger-print Social Accountability International.

| IE | | | | |
|------|------|------|------|-------------|
| 2017 | 2019 | 2020 | 2021 | Target 2022 |
| 3.4 | 4.08 | 4.1 | 3.93 | 4.1 |

Labour Principles

Costa Verde does not practice and rejects child labour, having established procedures for its resolution. Does not admit or support forced labour. Does not tolerate discriminating practices. Treats all its workers with respect and dignity. Provides good working conditions for its workers, namely in regards to occupational safety and health. Respects the freedom of association and right to collective bargaining.

The company is certified in accordance with the SA 8000 (Social Responsibility) and ISO 45001 (Occupational Health and Safety Management System) standards.

Costa Verde goal is to Improve the workplace ergonomic conditions,
Increase employees satisfaction (Motivation, Workplace relationships and Communication).

Costa Verde goal is to increas employee satisfaction in the areas:

- A. Working Conditions
- B. Hygiene and Safety and Environment
- C. Communication
- D. Relationships at Work
- E. Personal Recognition
- F. Training
- G. Role Perception
- H. Job Stability
- I. Corporate Social Life
- J. Motivation

Employees Satisfaction Evolution

| 2016 | 2017 | 2018 | 2019 | 2020 | Target 2021 |
|------|------|------|------|------|-------------|
| 74% | 72% | 72% | 70% | 70% | 71% |

Environmental Principles

The Company Porcelanas da Costa Verde is dedicated to a sustainable development of its industrial activity, taking into account environment and energy management as part of its global management procedures.

Costa Verde is a certified company in the standards ISO 14001 (Environmental Management System) and ISO 50001 (Energy Management System). Thus, the company undertakes and is committed to an active contribution to the preservation of the environment, by continuously improving its environmental performance, reducing its environmental impacts, and fulfilling the legally imposed requisites. This is a commitment that has been incorporated into the company's strategic goals in order to further its reputation as a social and ethically responsible company.

In 2016 Costa Verde have a Photovoltaic project, through the production of electricity, ensuring the financial sustainability of the system and the contribution to reduce greenhouse gas emissions and mitigate climate change risk. The estimate made, points to a value of CO2 emissions avoided in the order of 600 tons of CO2 equivalent per year, value of CO2 emissions.

| Ton of CO2 | | | | | |
|------------|------|------|------|------|-------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | Target 2021 |
| 2585 | 1973 | 1916 | 1406 | 856 | 850 |

| CO2 Produced goods | | | | | |
|--------------------|------|------|------|------|-------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | Target 2020 |
| 0,60 | 0,46 | 0,43 | 0,26 | 0,20 | 0,19 |

Anti-Corruption Principles

We share the explicit principles in the UN Global Compact that guides the development of its activity for transparent practices, integrity and solidarity with all interested parties and expects the same attitude from our partners.

Costa Verde goal is to be in line with the ISO 26000 standard.