



# COMMUNICATION ON PROGRESS

2020

SCORECODE TÊXTEIS SA

# EXECUTIVE STATEMENT

To our stakeholders:

I am pleased to confirm that Scorecode Têxteis, SA reaffirms its support for the Ten Principles of the United Nations Global Compact on human rights, labor, environmental protection, and anti-corruption.

This 2020 UNGC Progress of Communication for Scorecode Têxteis, SA illustrates our continued commitment to a fair and equitable world and demonstrates our unceasing pursuit to improve the integration of the UNGC goals and principles into our business strategy, culture, and day-to-day operations. We are additionally committed to the practice of transparency with the information related to our UNGC journey to all of our stakeholders.

As we report on our 2020 endeavors towards a more sustainable and equitable future, it would be remiss not to acknowledge the additional global challenges that were brought about by the Covid-19 pandemic in the past year. As the world changes, our challenges will follow suit and sustainability will become increasingly more important to human health and wellbeing, the preservation of a healthy planet and to the ongoing viability of social enterprises. It is becoming ever more critical to find ways to implement sustainable practices in all aspects of the textile and apparel industry.

Scorecode Têxteis, SA is committed to meet these challenges in sustainable and ethical ways.

“Sustainability is a priority for Scoop and a passion for me in particular.”



**Mafalda Mota Pinto**

CEO

## INNOVATION LEADS TO SUSTAINABILITY

Scorecode Têxteis SA has innovation in its DNA as a fundamental strategic path to be followed, so that it is always seen by its Stakeholders as an example to be followed. Since the beginning of 2020, together with this strategy, it has joined sustainability in a more formal way, since it has also had internal practices to reduce waste and materials used in its life cycle, examples for a long time. Small actions have already been portrayed in the first report.

With a clear awareness of the problems associated with the entire textile industry sector, and the unnecessary expenditure of samples developed for the approval of a model, we have been instilling the need for greater pragmatism in detail and communication to be more assertive in our developments.

Scorecode Têxteis SA has always had innovation as its central motto in its DNA and has had an innovation office for some years. With projects in sustainability, to clarify the path of transparency, in the last year it has been investing heavily in raising awareness among its customers so that what was previously an upcycling project could be dealt with more objectively, organized and transparent. With this advance, the gains that each project presents when selecting recycled materials or materials from its dead stock are currently quantified.

Strategically, Scorecode Têxteis SA has been presenting its clients with new challenges for the development of new collections, always with the use of dead stock materials. On the other hand, and looking inside, we first started an internal work to analyze the stocks and started the development of collections where the environmental impact was calculated, so that we can present environmental impact values to our clients. In this way, we present alternative materials and others that existed inside doors, so that the purchase of new materials could be reconsidered and, in this way, the reuse of stock materials in alternatives was already achieved.

For the analysis of the environmental impact of the developments carried out, and based on the Higg Index platform, environmental impact calculations were carried out in accordance with the Material Sustainability Index (Higg MSI).

The Higg Materials Sustainability Index (MSI) provides access to a wealth of relevant information on the impacts of the production of materials used in the apparel, footwear, and home textile industries. It is a start-to-finish material assessment tool using a life cycle assessment (LCA) approach to assess the environmental impacts of materials used in the apparel, footwear, and home textile industries. These materials are also used in related industries such as outdoor equipment and toys, making the Higg MSI a valuable tool for understanding the material's impacts in various industries.

# INNOVATION LEADS TO SUSTAINABILITY

Higg MSI is designed to:

- Assess and compare the environmental impacts of materials, finishes and packaging.
- Drive the development of sustainability strategies for materials within companies and among value chain partners.
- Provides a common language for material impact assessment across multiple connected industries.

The Higg MSI is accessible and used throughout the year and has no submission cadences. There are currently no SAC member adoption requirements in place for the Higg MSI.

## COMPANY - SCORECODE TÊXTEIS SA

Based in Portugal, Scorecode Têxteis SA has spent the last 25 years building its reputation as a strategic partner in the production of apparel for some of the biggest brands in the world and has been recognized for its core competencies in the outdoor sportswear market. In response to market volatility and ongoing challenges in the industry, the company has made strong and deliberate leadership decisions about responsible sourcing and manufacturing and prides itself on its strong focus on ethical and sustainable supply chain management. It has a very strong focus on sustainability and wants to be recognized internationally as a driver of innovation always based on sustainability. In its portfolio, it already presents a very wide range of projects, both internal and with the client, in the reuse of materials that had already seen their end and that “gained” a second life with added value. Recently, its strategy is to transform its actions into quantifiable numbers, through the measurement of the environmental impact that reduces the referred reuse. With an area of 2000 m<sup>2</sup> and divided into two floors, it is surrounded by a garden and an organic vegetable garden, where food is grown without the use of agrochemicals, which are the basis of salads produced for internal consumption, with the surplus offered to their customers. contributors.

Scorecode Têxteis SA is a purpose-oriented company, with strong practices of transparency and innovation, and follows the spirit of "act locally, think globally". With a dynamic business atmosphere, it cultivates versatility, seeking ways to positively impact the environment and its employees, partners, and community, following the guidelines of various regulatory requirements in the areas of quality, environment, and safety, as well as social responsibility standards.

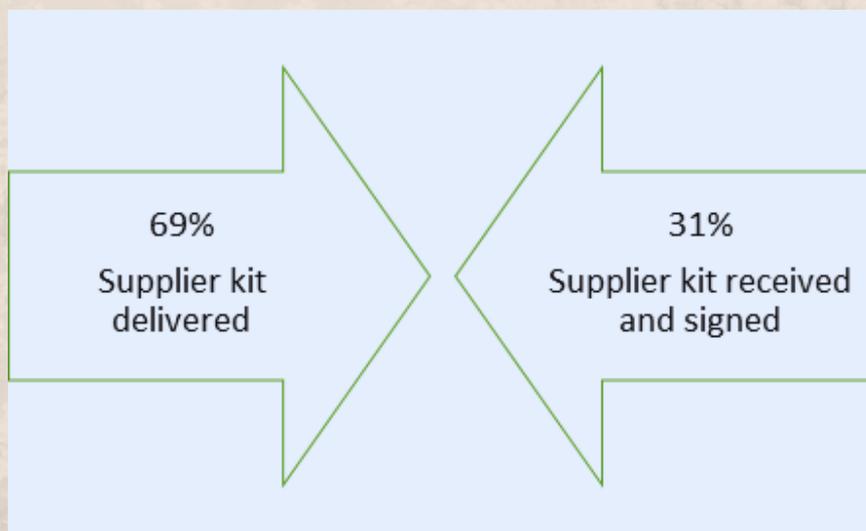
The company strongly believes in acting positively to reduce its environmental impact and has continually intensified its responsibility efforts in recent years.

Member of the United Nations Global Compact since 2018, it is part of a universal language for corporate responsibility, and follows guidance at every step of the way, committing to assess, define, implement, measure, and communicate a sustainability strategy, focusing its efforts on goals 12 and 13, sustainable production, and consumption, and climate action.

## COMMUNICATION AND INVOLVEMENT OF STAKEHOLDERS

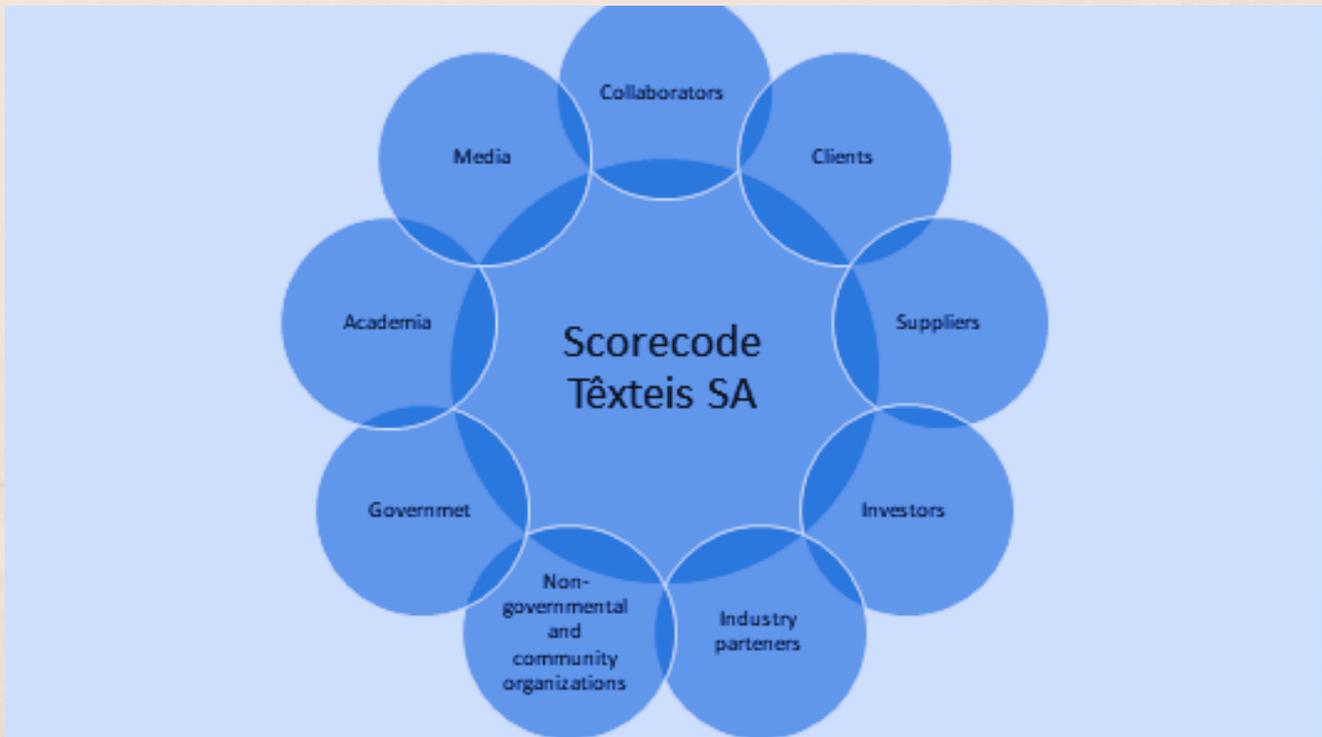
The relationship and communication with the various stakeholders, whether internal or external, is considered a priority for Scorecode Têxteis SA and seen as essential for the company's success. Internally, there are specific communication channels, such as internal meetings with the entire community and the dissemination of information via email or orally.

About external stakeholders, specifically for suppliers, Scorecode Têxteis SA has the methodological practice of sending a supplier Kit, consisting of the Code of Conduct, commitment term, certificate of commitment term and code of conduct, Manual of Social Responsibility, and a brochure on corporate sustainability. During this year, 31% of the certificates sent were returned signed. Scorecode Têxteis SA is aware that the current pandemic situation in the world, and since this is an atypical year, the receipt of duly signed declarations was delayed.



One of the efforts that Scorecode Têxteis will make is to intensify and optimize communication channels so that, in the future, the company is more proactive in the task of communicating with its stakeholders, since it considers them essential to its success.

In addition to having a more proactive attitude, Scorecode Têxteis SA, undertakes to publish an annual sustainability report so that all its stakeholders are aware of its performance in terms of sustainability, which is a transparent way of disclosing its strategic vision, where the focus will be beyond its social performance the environmental factor.



## WAYS OF COMMUNICATING WITH STAKEHOLDERS:

### Collaborators

- Annual meeting
- Regular communication
- Annual collaborators engagement surveys

### Client's

#### Annual voice of the client's surveys

- Face-to-face meetings
- Suppliers
- Sensitization according to the Code of Conduct

### Investors

- Communications, briefings, and meetings
- Feedback through social and email

### Industry partners

- Dialogue and meetings
- Industry collaboration initiatives

### Non-governmental and community organizations

- Dialogue and meetings
- Partnership and projects with supply chain partners

### Government

- Through industry groups and direct dialogue

### Academia

- Partnership and projects with academia partners

### Media

- Communications, meetings, press conference.
- Feedback through email

Scorecode Têxteis SA was also represented at various events, where its CEO Mafalda Mota Pinto disclosed some of the practices that the company has instituted on various topics, particularly in the developments in partnerships with clients in the field of sustainability. We participate in International Conference “Making Global Goals Local Business – Iberia” on the 6 of November 2019. it was an opportunity for companies to play a more active role in Sustainability and analyze the progress made towards finding innovative solutions for industry, water resources management, and clean energy, through the introduction of best practices and experiences.

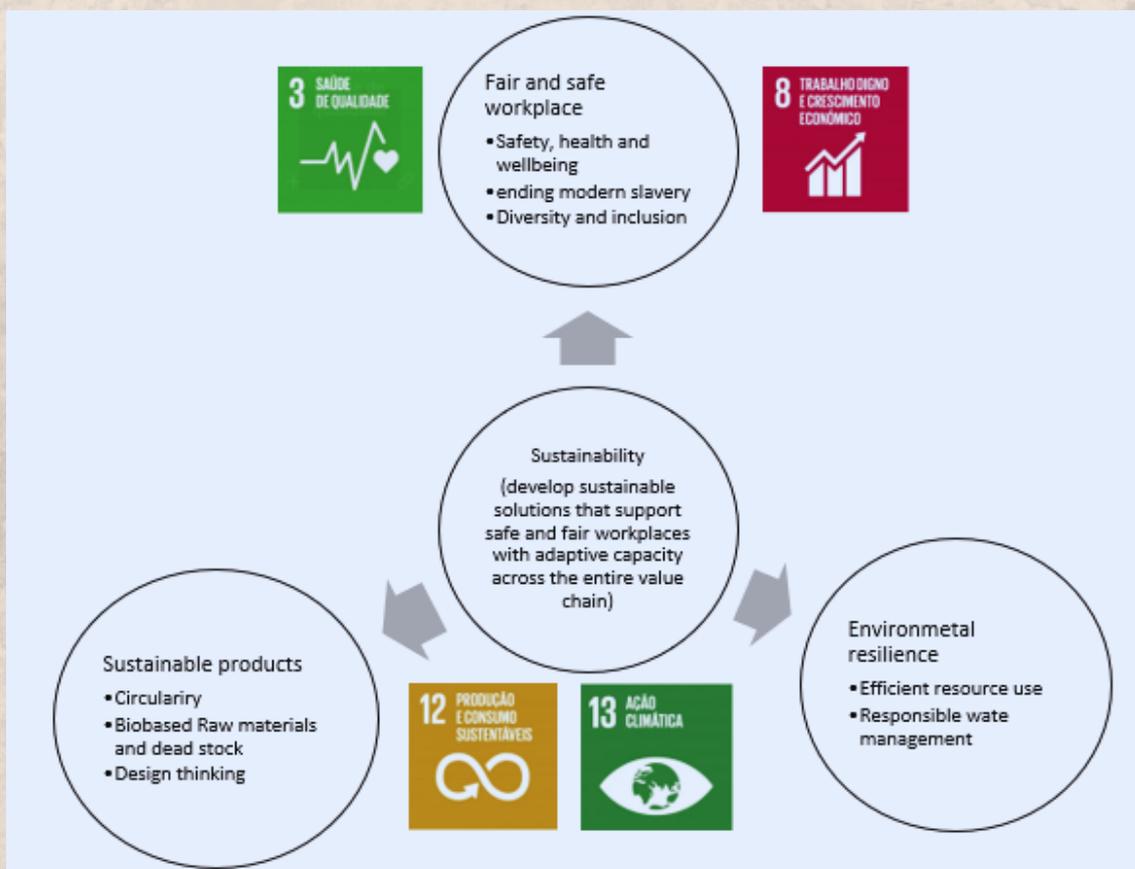


# SUSTAINABILITY STRATEGY

Sustainability is a common denominator that must be present in all business pillars. The goal of Scorecode Têxteis SA is to build sustainable supply chains that support healthy economies, societies, and ecosystems, contributing to the global effort to build an inclusive and sustainable future for all.

To do this, we create and guide our customers towards sustainable products and solutions, support safe and fair workplaces, and build environmental resilience across the entire supply chain. We do this through our business strategies and the operations of our companies, and we engage with our business partners and in the communities where we operate.

We have been signatories to the UN Global Compact since 2018 and we have aligned our strategies with its 10 Principles and the United Nations Sustainable Development Goals (SDGs) for 2030, especially in the areas where we can have the greatest impact: Good Health and Well-being, Work Decent and Economic Growth, Reduced Inequalities and Responsible Consumption and Production.



## APPROACHES TO SUSTAINABILITY

Our approach to managing sustainability is built on a solid foundation of corporate governance. In 2019, Scorecode Têxteis worked closely with its customers and employees on sustainability-related issues to improve its vision of collective sustainability, sharing goals and knowledge.

In 2020 within Scorecode Têxteis SA:

- Creating opportunities for clients to showcase their sustainability leadership and implement innovative solutions through industry partnerships.
- Supporting clients to accelerate their sustainability strategies in alignment with the Scorecode Têxteis SA values and key industry commitments.
- Driving collaboration and knowledge sharing across functions and across departments within the company.
- Internal meetings with various stakeholders, including top management, to address issues related to health and safety, inclusion and diversity, responsible recruitment, circular economy, climate change, and sustainable materials.
- Scorecode textiles SA actively participates as a committee member in the Portuguese Textile, Technology, and Fashion Cluster, in the working group on circular economy and sustainability.

Scorecode Têxteis SA has a design team dedicated to the area of sustainability, looking for new forms of thinking design and materials. Especially when using materials from deadstock and natural or biodegradable materials, which are fundamentally more environmentally friendly. Analyzing and sensitizing customers for decision-making.

## UNGC PRINCIPLES IN OUR POLICIES AND PROCESS

Scorecode Têxteis SA is committed to the Ten Principles of UNGC and integrating them into its corporate culture. The Code of Business Conduct and Ethics of Scorecode Têxteis SA requires all employees to incorporate the Ten Principles of the UN Global Compact, along with other important international standards in business operations.

The policies and key operational guidelines for addressing the Code of Conduct are integrated into all our existing and new business acquisitions and through our recruitment, training, performance review, and disciplinary and grievance processes.

The Code of Conduct also requires all employees to work with suppliers to ensure human and labor rights are respected throughout the supply chain. For ease and as a constant reminder, the Code of Conduct and policies are available at all internal communication locations. Compliance with the Code is supervised by the Human Resources (HR), Legal, and/or Corporate Governance areas.

Human right	Labor	Environment	Anti-Corruption
<p><b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p><b>Princip 2:</b> make sure that they are not complicit in human rights abuses.</p>	<p><b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p><b>Principle 4:</b> the elimination of all forms of forced and compulsory labor.</p> <p><b>Principle 5:</b> the effective abolition of child labor.</p> <p><b>Principle 6:</b> the elimination of discrimination in respect of employment and occupation.</p>	<p><b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges.</p> <p><b>Principle 8:</b> undertake initiatives to promote greater environmental responsibility; and</p> <p><b>Principle 9:</b> encourage the development and diffusion of environmentally friendly technologies.</p>	<p><b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.</p>

Scorecode Têxteis, SA, recognizes its integral role in identifying, developing, and disclosing skills throughout the value chain that add value to the business. It is committed to promoting respect for equal opportunities for all its employees, as well as supporting and respecting national and international human rights. All its practices are oriented toward preventing discrimination and differentiated work based on race, gender, sexual orientation, religion, political orientation, ethnic or social origin, place of birth and union affiliation, being able to express and associate freely in accordance with the guidelines and requirements of Social Responsibility, ensuring that they will not be retaliated against in any way.

### **Workplace safety**

We strive daily to provide safe workplaces, developing collaborations with our employees, suppliers, and external partners. We focus initiatives on the well-being of our community, promoting policies based on human rights and we totally abolish human slavery, also trying to promote our entire value chain.

### **Environment**

Climate change is a source of concern around the world. For Scorecode Têxteis Sa, this concern is constant, and we work daily to raise awareness of our stakeholders for the use of more natural and biodegradable resources, use of existing resources, and the efficient separation of waste generated, as well as reducing our ecological footprint with the use of energy from renewable sources and its more efficient use.

For us, concern for the environment is a given and in the year 2019-2020, with all the awareness we have made, we have managed to get some of our customers to opt for the use of dead stocks in the development of their collections.

We also achieved a reduction of around 14% in energy use, and 49% in water use, and with the separation of all waste produced, we made a 40% reduction in textile waste.

The reduction achieved exceeded our expectations, however, we must be aware that the year 2019-2020 was an atypical year as a result of the SARS-COV2 pandemic that we are going through and that under normal conditions we would only reach the goals we had set ourselves

### **Sustainable products**

We invest a lot in sensitizing our customers to the use of more environmentally friendly raw materials for the development of their collections and/or in the use of dead stocks that initially had their existence destined for disposal.

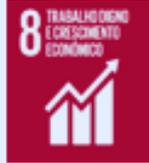
We started the development of several brands already in 2017, using only materials from our dead stocks, resulting from minimum quantities required by suppliers or from canceled orders.

## UN SUSTAINABLE DEVELOPMENT GOALS

Scorecode Têxteis SA embraces the opportunity to support the Sustainable Development Goals (SDGs), focusing on 2 global goals (ODS 12 and ODS 13) that are particularly aligned with our business, given our operational and geographic footprint, however, our work contributes to all seventeen goals.

Our efforts to contribute to all seventeen goals and our priority is meeting the company's sustainability path are summarized in this section.

SDG 17 on partnerships for goals is embedded in each of our priority areas, as described below.

Actions and impact (2020)	Sustainable priorities	SDG's
Responsible recruitment policies implemented to provide greater protection for workers during the recruitment phase.	End Modern Slavery and Child Labor	  

Actions and impact (2020)	Sustainable priorities	SDG's
Scorecode Têxteis SA implies that its work environment is fair and ensures that all individuals are treated with respect and dignity, contributing fully, with equal opportunities.  Open and transparent communication with your employees	Inclusion and Diversity	  

Actions and impact (2020)	Sustainable priorities	SDG's
<p>Installation of photovoltaic panels to reduce the use of energy from non-renewable sources throughout the production area.</p> <p>Efficient use of energy and water with clear goals for resource reduction. We created a goal of 10% reduction in terms of electricity and 5% in terms of water use. For the reporting period of this report, we achieved a reduction of 14% in electricity consumption and 49% in water consumption.</p> <p>Use of natural and biodegradable raw materials, recyclable sources and use of dead stock materials in the development of collections.</p> <p>Sensitization of strategic customers to the use of dead stock material, resulting from previous collections and that would not be used again, to gradually reduce the acquisition of new materials.</p>	<p>Efficient use of all resources</p>	  

Actions and impact (2020)	Sustainable priorities	SDG's
<p>Waste separation policies that cover the entire value chain, with the objective of greater transparency in waste management.</p> <p>Continuous monitoring of waste management, making responsible referral. It should be noted that the company has an organic vegetable garden on its premises and uses organic waste from the cafeteria for composting and production of natural fertilizers for use in the vegetable garden. In the year 2020, approximately 700kg of organic matter was sent to internal composting. At that time, around 600kg of vegetables and vegetables were collected and used internally for salads offered to all employees.</p>	<p>Responsible emission and waste management</p>	  

Actions and impact (2020)	Sustainable priorities	SDG's
<p>Design team dedicated to restructuring parts resulting from defects or developed and unused prototypes. through Design Thinking, internal collections were produced using pieces without commercial value or with defects (GAYA collection).</p> <p>Waste reduction and adoption of environmentally responsible packaging alternatives</p> <p>Customers start collections using dead stock materials and with the concept of circularity.</p>	Circularity	  

## SOME RESULTS

Indicator	2018 / 2019	2019 / 2020
Water consumption (m <sup>3</sup> )*	1545	790 (-49%)
Energy consumption (kWh)*	117 535	100 98 (-14%)
Waste (ton)*	-	25
Work accidents	3	1
Frequency of accidents with lost time	15,86	7,01

\*Production volumes reduced by 48% due to Covid Pandemic

