



Sustainability Report 2021

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Message from the CEO

Dear Stakeholder,

As we celebrate our 50th anniversary as an automotive interior supplier, we succeeded in honoring our founder by addressing unprecedented challenges businesses face today.

The past has taught us that continuous improvement based on the lessons learned throughout the years is crucial. Now the future involves sustaining, in growth, our positioning in the European market and expand our business to other markets such as China, consolidating HaMinGi, TMG Automotive's joint venture with its American and Chinese partners, Haartz and Minth, respectively.

As a learning organization over all these years, despite the disrupted supply chains, volatile energy prices, expanding cyberthreats, and enduring pandemic, we continue to deliver quality and innovation to our customers creating new solutions to advance our sustainability ambitions.

ESG considerations are a key element of our strategy of which climate is a major component. A main pillar of our strategy is our commitment to achieve net zero greenhouse gas (GHG) emissions by 2050 at latest. This is underpinned by a science-based target to reduce Scope 1 and 2 GHG emissions 70 % by 2035 from a 2019 base year, in line with a 1.5-degree scenario to prevent the worst impacts of climate change, as set out in the Paris Agreement. Some of our clients are now setting even more ambitious targets and we will continuously be working with them to further accelerate our net zero transformation and achieve their expectations.

2021 has been a year of progress on our ambition to build a more sustainable future for our company and generations to come. Early out in the electrification journey with the acquisition of the first electric cars for TMG Automotive's fleet. A path towards renewable energy by the start of production of our first solar farm. Being innovation at the heart of our strategy, 2021 was driven by sustainability and the beginning of a digital

manufacturing transformation to improve a more efficient use of resources and introduce new design criteria. TMG Automotive' efforts on sustainable growth, strategic innovation, digital transformation, and management leadership have been recognized by the most prestigious international prize for the industry. TMG Automotive was the winner of the Industrial Excellence Award Portugal 2021 and one of the 4 European finalists of the Industrial Excellence Award 2021. We are very proud of being the first Portuguese company to be chosen for this award.

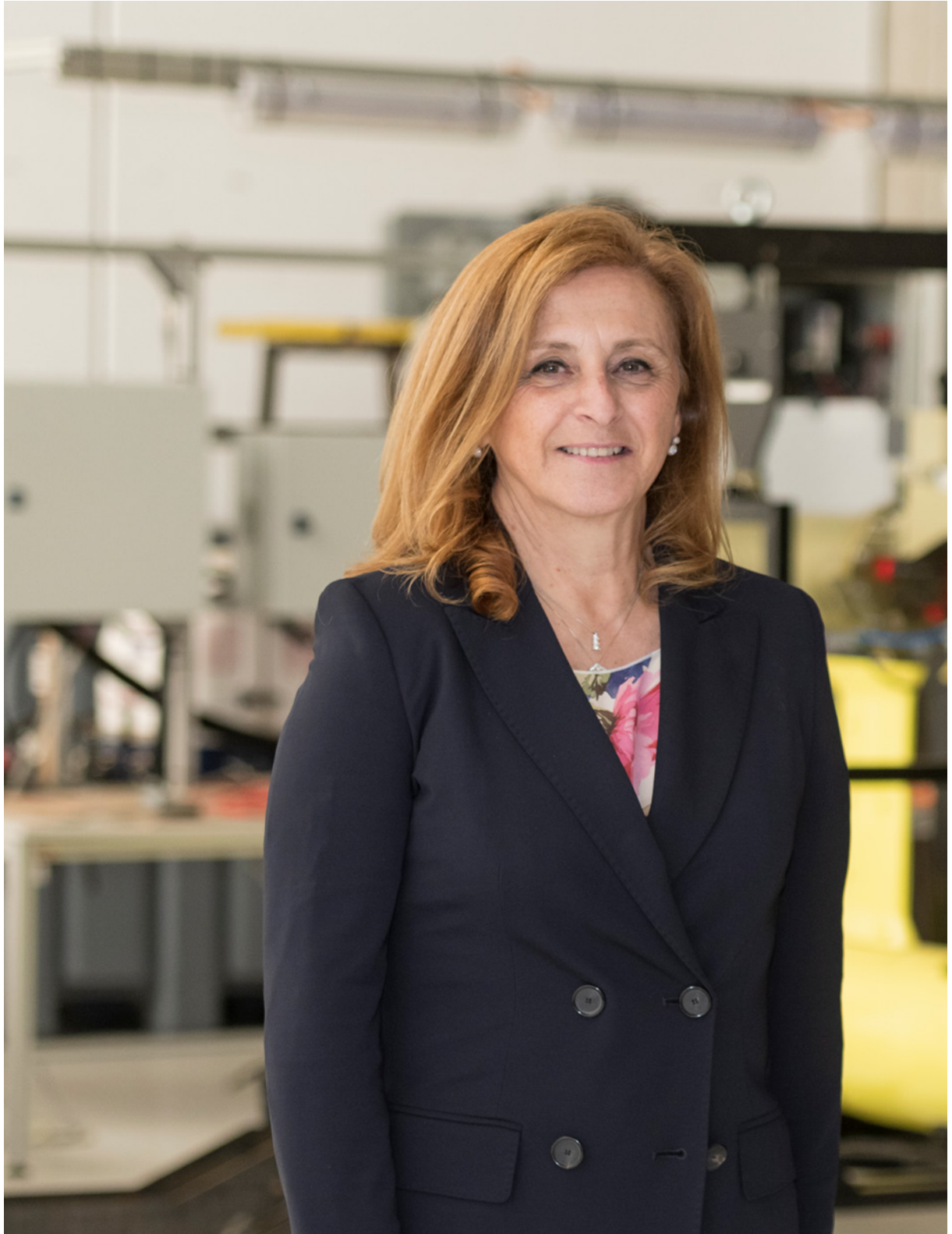
To reflect this ambition, we will switch to 100% renewable electricity in our operations by 2025 and continue our efforts to pursue our near-term target of reducing our Scope 1 and 2 emissions. TMG Automotive will extend its GHG reduction targets to cover all the indirect emissions that occur in the value chain, Scope 3 emissions, by mid-2022.

In 2021, we've further strengthened our commitments by participating in several initiatives that allowed a better alignment with the highest standards and practices. Aiming to accelerate the integration of the Sustainable Development Goals (SDGs) and contributing to the 2030 agenda, TMG Automotive participated in the UN Global Compact program SDG Ambition, helping TMG Automotive to define the ones where we can have the most impact. The Climate Ambition Accelerator provided TMG Automotive with the knowledge and skills needed to set climate targets that are in line with the latest climate science.

Finally, I would like to emphasize my gratitude to our actual and former employees over the last 50 years, for their contribution and dedication to TMG Automotive.

Personally, I am looking for the next 50 years with great expectations, and let's continue to pursue the call to build a more sustainable future.

Isabel Furtado



Message from the Sustainability Manager

Dear Stakeholder,

As the third decade of the 21st century gets under way, we will look back on 2021 as a year of unprecedented global movement towards net-zero commitments, by countries, businesses, and investors. But it was also the year where “code red for humanity” was declared on COP 26, after the Intergovernmental Panel on Climate Change’s (IPCC) report confirmed the urgency to keep the temperature rise below 1.5C to minimize projected losses.

It's undoubtedly time to tackle one of the greatest challenges of our time and take urgent action to fight climate change. TMG Automotive's contribution to a sustainable future lies in its commitment to net-zero emissions by 2050 at the latest and strengthen efforts to address societal challenges. This primarily means continuously striving to reduce our climate-impacting emissions throughout the life cycle of our products, by applying circular principles in our operations, providing more circular products, and increasing the share of renewable carbon and renewable energy.

2021 was a crucial year to measure our overall emissions, define our baseline and a roadmap based on the hotspots. The most important priority for our science-based Net Zero Roadmap is to reduce our absolute emissions, even as our company continues to grow. Our efforts aim to reduce our Scope 1 and 2 Greenhouse Gas emissions 70% by 2035, compared to 2019 levels. Reduction targets for Scope 3 emissions are expected to be released in 2022. These targets, aligned with the Science Based Target Initiative (SBTi) 1.5°C path, will be submitted to SBTi in the second quarter of 2022 and we expect to have it validated by the end of 2022.

In this sense, our plan is to continue to ramp up the use of renewable electricity, to reach 100% across our sites by 2025. In addition to renewable electricity, we continue to explore solutions to

improve energy efficiency and look for alternative thermal energy sources for industry, such as hydrogen or greater electrification. Our company will make all the efforts to be able to move fast. The intensive need of high temperature heat demand is really a challenge for reducing Scope 1 emissions and accelerating the energy transition we need in our operations.

More than three quarters of our greenhouse gas (GHG) emissions come from our supply chain. For that reason, in 2021 we improved efforts on engaging with suppliers to collect more accurate ESG data and encourage suppliers to take appropriate action. In 2021, TMG Automotive made significant progress on its path to develop more sustainable products with reduced GHG emissions.

By using renewable energy, highly efficient processes, renewable carbon in products, and circular principles in product design, TMG Automotive will be able to offer its customers products with a low carbon footprint and carbon neutral. Our progress in achieving these goals will also be affected by the level of ambition of our customers and society's progress. For this transparency is required. 2021 was the year of consolidating the LCA methodology as a key tool to calculate the environmental impacts of our products, with 84 % of all studies performed.

The next years will be demanding, and greater collaboration and action are needed from the entire ecosystem. In this sense, we are driving forward our transformation to support our customers on their journey to reach their own emission goals, meeting at the same time the evolving needs of our business and the world around us.

Together let's make this journey full of purpose.

Catarina Dias



Highlights 2021

TMG Automotive graced with the Industrial Excellence Award Portugal 2021

This award is considered the most prestigious international prize for industry, and its focused on the sustainable growth, innovation, digital transformation and management leadership. TMG Automotive was one of the 4 European finalists for this award in 2021 and it was the first time a Portuguese company was given this recognition.

TMG Automotive Joint-venture HaMinGi kicks off PVC production

With 2020 being the year where TMG Automotive and its partners, Hartz and Mint, joined forces to respond to the demand in the Asian market. Since then and over 2021 TMG Automotive has been responsible for designing the PVC production lines and the production floor layout with all the restrictions to be locally in person in the plant in China. The plant is expected to be ready to kick-off products validation processes by the third quarter of 2022.

TMG Automotive raises the ambition for the SDG's

In 2021 TMG Automotive participated in the SDG Ambition Accelerator promoted by the United Nations Global Compact to support companies prioritize the SDGs where they can have the most impact. The SDG Ambition program included 4 pillars: prioritize actions that will accelerate the companies' contribution to the 2030 Agenda, set goals and KPIs aligned with 10 global sustainability benchmarks, integrate sustainability goals into core business management.

TMG Automotive strengthen the role of the Life Cycle Assessment (LCA) tool in 2021

TMG Automotive is well aware of its products' environmental impacts. LCA's allows TMG Automotive to measure those impacts across its lifecycle and design more sustainable products 2021 has proven itself as the year of strengthening of LCA's role. To reflect this, 84% of all the LCA studies were made in 2021.

Industrial Automation, TMG Automotive GOT it!

If 2020 was the starting year for machine learning and machine vision projects, 2021 was a year to develop deepening understanding and accelerate implementation. The implementation of a digital tracking system, with QR codes, to locate the materials within the different stages of the manufacturing processes.

A dashboard for real-time control of KPIs was also developed and is expected to allow an improvement in overall performance management. The digitalization of warehouse permitted a considerable improvement on the carriers waiting time, offering online access data for different areas.

ISO 27001 certification

In 2021 TMG Automotive was certified by ISO 27001 standard, governing Information Security Management System. This certification demonstrates TMG Automotive' ability to manage increasing cyber risks, address customer demands and meet quality expectations providing trust and confidence.

TMG Automotive celebrates 50 years in the automotive industry

To celebrate TMG Automotive first supply to automotive industry, different employees were invited for interviews that intended to capture the experience of several generations in TMG Automotive. The result will be released for every employee. A capture of these interviews can be consulted in the next pages and in challenge 6.

Celebrating 50 Years Supplying Automotive Industry

"From the 60's to the future"

60s

Isabel Furtado (CEO)

TMG was born in S. Cosme do Vale, and grew, in such a way that in the '60s was the largest Portuguese textile company. At the same time, PVC was a novelty and a great invention of the 60s. Manuel Gonçalves saw here an unique business opportunity to expand the company and venture into new products.

70s

Carlos Vieira (TMG Automotive 1st Technical and R&D Director)

SAAB was our first client, a relationship of trust was built, and it gave us amazing knowledge. After SAAB we sought other OEMs, and Volvo came as a natural path. We can say that, from that moment on, we were able to call ourselves TMG Automotive. But intimately, we were already Automotive, from the bottom of our hearts. This brought us internal challenges and the need to recruit employees with technical background such as engineers, chemists, chemical engineers, mathematicians, and people that we still have today, there was an opening to diversified knowledge. But TMG Automotive also gave opportunities to people with less training, we were open-minded in that sense.

Isabel Furtado (CEO)

After the creation of different business areas, it was decided to establish this company as an independent business unit, totally aligned with the automotive industry.

Julieta Magalhães (PUR Product Engineer)

In the 70's we had our first big coating line with four heads, it was a huge technological breakthrough.

Albino Silva (PVC Product Engineer)

We had small machines compared to the ones we have today, machines that could fit inside the ones we have now.

Julieta Magalhães

Our coating line, which was the apple of our eyes, became very important for us. Years later, when it was dismantled, it brought tears to my eyes.

90s

Carlos Vieira

We then managed to supply Volkswagen, with hundreds of thousands of meters. Let's say it was a challenge. PVC was the core of our production, but we also had Polyurethanes. And you know where we had great success? In the Japanese market. For the Japanese market, we started to supply the cover for the gear boxes and then seat covers. It took years and years and years until we got their trust. The Japanese case is paradigmatic at TMG, in terms of polyurethanes and the in the automotive **sector**. Polyurethane made a perfect match with natural leather. It was the best hybrid that could be really considered in the automotive interiors. Later, through books, experiments and trials, and by preparing our people, we introduced extrusion. We invested in new machinery and in a more advanced technical center, with the acquisition of a mini extruder. And with TPOs and extrusion, a new chapter has begun, a new culture was born. A new culture because the vocabulary, and the dialogue, had to be different. PVC and polyurethane were well-structured areas, with well-consolidated knowledge and experience. The TPOs were at that time a new and very broad area, and we really developed a lot of knowledge on the extrusion... these were extraordinary times. How can I end this story? In a very emotional way. *Nessun Dorma* (nobody sleeps). Nobody sleeps here and everybody dreams and TMG Automotive allows us to dream.

Júlio Mouta (Purchasing Manager) and Paula Moreira Pires (Logistics Manager)

We both started working here at about the same time. I started in 1992 and Paula in 1991, we had a computer with a program called Lotus 123, which could make graphics, which was so new that almost unbelievable... we must relate that this period was the time of the great computing revolution.

José António Ferreira (Process Engineering)

The company grew, and soon, it began to look at environmental and safety factors. It was when this building, where we are now, was built, and new machines were acquired: lacquering, embossing, and later a new coating line, but with more environmentally friendly technology. With the introduction of these new machines, we have succeeded to achieve better air quality in the plant. That's why I think it was a step, and more and more we must continue to look for ways to improve our employees' health and safety.

00s

Nuno Pinto (Auto 2 Production Manager)

Between 2008 and 2009 TMG Automotive conquered new markets and ventured into different OEMs. We were very proud to be nominated by the premium markets of the automotive sector.

Isabel Furtado (CEO)

In 2008 the global financial crisis arises, and it was almost like a perfect storm. A big threat in the textile sector due to the market liberalization and a massive increase in imports from China and India, causing a significant impact in our sales and simultaneously we were in the beginning of an huge investment of very new and modern equipment in the Auto business. When the 2008 financial crisis hit the world, it hit us hard...

Fortunately, I would say, we had the intuition and foresight to invest in people – with job training, upskilling, polyvalency and thus preparing ed ourselves to scale up and grow. I think it was the best option we took at the time.

10s

Filipe Pinho (Production Manager)

When I joined, TMG Automotive its turnover was under 30 million. When we reached 100 million euros it was a milestone, and it is something that I clearly remember. It was such a big and fast growth that stuck with me, it's a number that stays, 100 million, from here we can never go below.

Irene Lobo (PVC Product Engineering Manager)

TMG Automotive's entry into the premium German market was very challenging in terms of product development. These OEMs were very demanding, and with very high standards.

João Pedro Silva (Investment & Facility Manager)

Auto 2, which was to build a factory from scratch. An old industrial building has been transformed into a completely new plant. There were the building foundations such as walls the floor and a part of the roof. Within a period of less than one year, we had to transform the building, install new machines and all the auxiliary parts, and that was undoubtedly a huge challenge. I honestly, even at the time, had no idea if it would be possible, in such a short time, and we made it. When I look at this plant, I see a lot of work, I am proud, it is inevitable. A huge transformation of the old factory has taken place.

20s

Isabel Furtado (CEO)

Today we are a well-established company. Nowadays our biggest clients are the premium OEMs, we came a long way. We strategically decided that it would make perfect sense to opt for a sustainable company positioning. So we decided to become a member of the United Nations Global Compact. Later we committed to carbon neutrality by 2050. A difficult journey, that requires a lot of commitment because it is very challenging for a manufacturing company to be completely green and achieve zero emissions. To understand Sustainability at TMG Automotive, we have to consider its three important pillars: the Environmental pillar, which is the easiest to understand, and the Economic pillar, because if we don't generate wealth, we don't have means to invest and distribute. And just as important, is the social pillar, meaning we have to tackle the challenges of equal opportunity, well being, social inclusion, non-discrimination, and so on. It is important for us to contribute for a re-industrialization in Europe in a new paradigm of social economic development, as well as, in the era of digitalization and smart factories. That is why we created a department uniquely dedicated to digitalization and automation, GOT (Technological and Operational Management). All this has to do with innovation, not only innovation in products but innovation in processes, people and mindset.

Catarina Dias (Sustainability Manager)

Our industry is undergoing an immense transformation right now. I think we all feel great pressure from customers and from society to tackle Climate Change, and societal challenges, which are also increasingly important. In this sense, our goal is to be carbon neutral by 2050 at the latest. This is a very demanding journey. We have already achieved some goals, but we have many more to achieve. This is a long run journey that just started. We have already accomplished a lot but we still have a lot more to do.

Bárbara Henriques (Climate Action and Eco Design Specialist)

I think that more and more people understand the importance of Sustainability and the importance of the role we are playing as a team. I believe that now people are really accepting and realizing how important it is for us to work on this topic. And everyone support it, I feel it.

TMG Automotive at a Glance

Founding of TMG
Fábrica de Fiação e
Tecidos do Vale de
Manuel Gonçalves.

1937



First supply of
PVC-coated fabrics to
the automotive industry

1971



1965

Renamed to Textil
Manuel Gonçalves, S.A.

1986

Beginning of
diversification into
other businesses

1996

Full restructuring
into strategic
business units

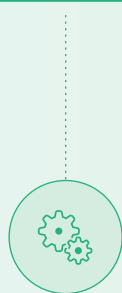


TMG Automotive's business area relies on the production of flexible polymer foils for several components of the automotive line, such as door panels, instrument panels, armrests, and seats, among others. Its basic raw materials are Polyvinyl Chloride, Thermoplastic Elastomer, and Polyurethane.

As one of the leading European suppliers of this type of products, TMG Automotive can supply some of the major automobile manufacturers, such as Daimler, BMW, Ford, and Toyota, among others. Throughout TMG Automotive's 50 years of

existence, it was only possible to reach this far with strong technological progress, innovation, and sustained growth, inspired by its Founder's philosophy – "Technology and Quality go hand in hand".

Intending to adopt more sustainable and social responsibility policies, TMG Automotive is, since 2018, been a member of the United Nations Global Compact. TMG Automotive also signed in 2019 its commitment to be carbon neutral by 2050, through the Science-Based Targets Initiative. 2020 followed as the year for consolidation,



2017

Expansion of the production capacity for automotive business unit

Feb

Join Global Compact



Dez

1st LCA

2020

Consolidating Knowledge on Sustainability

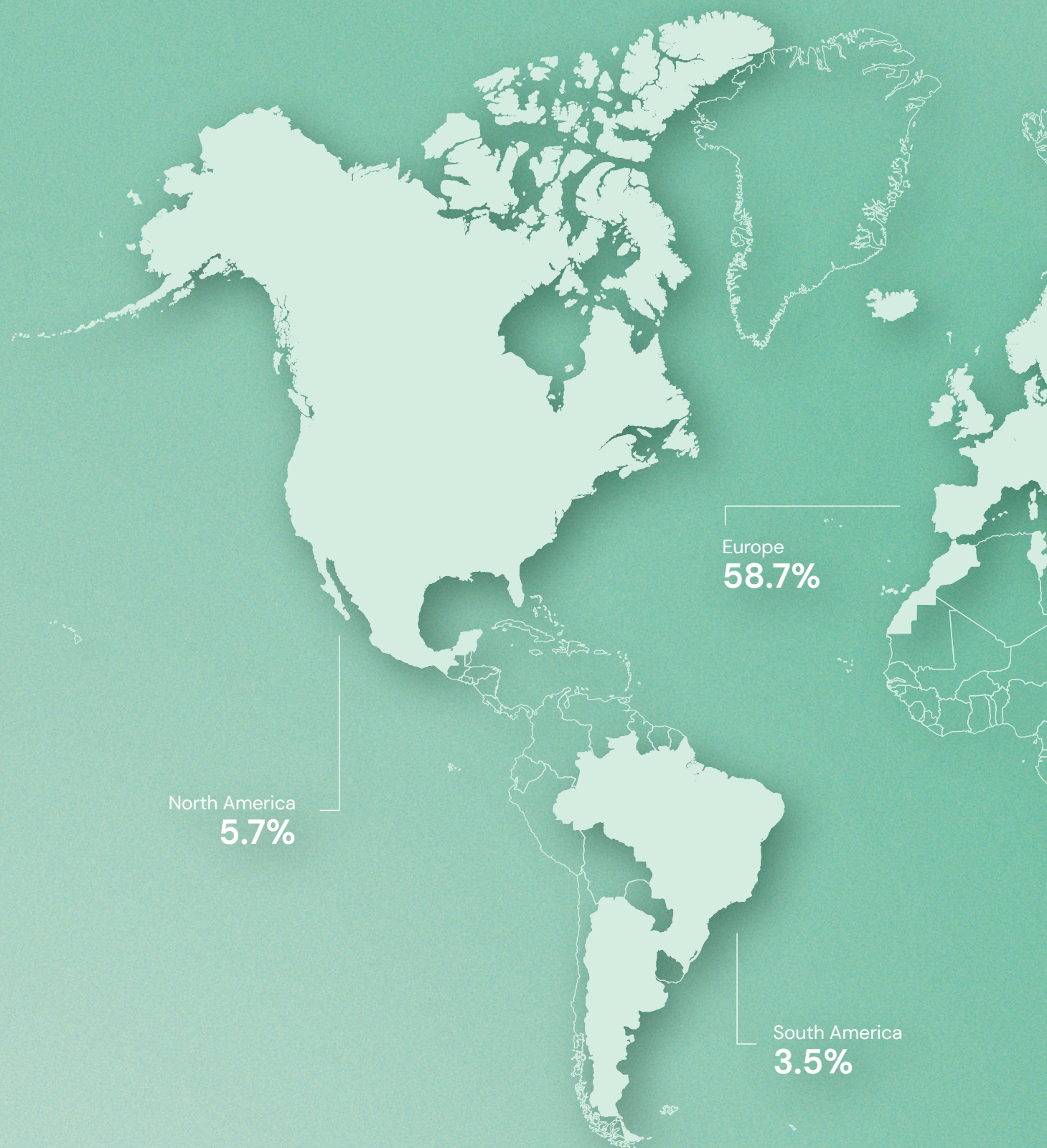


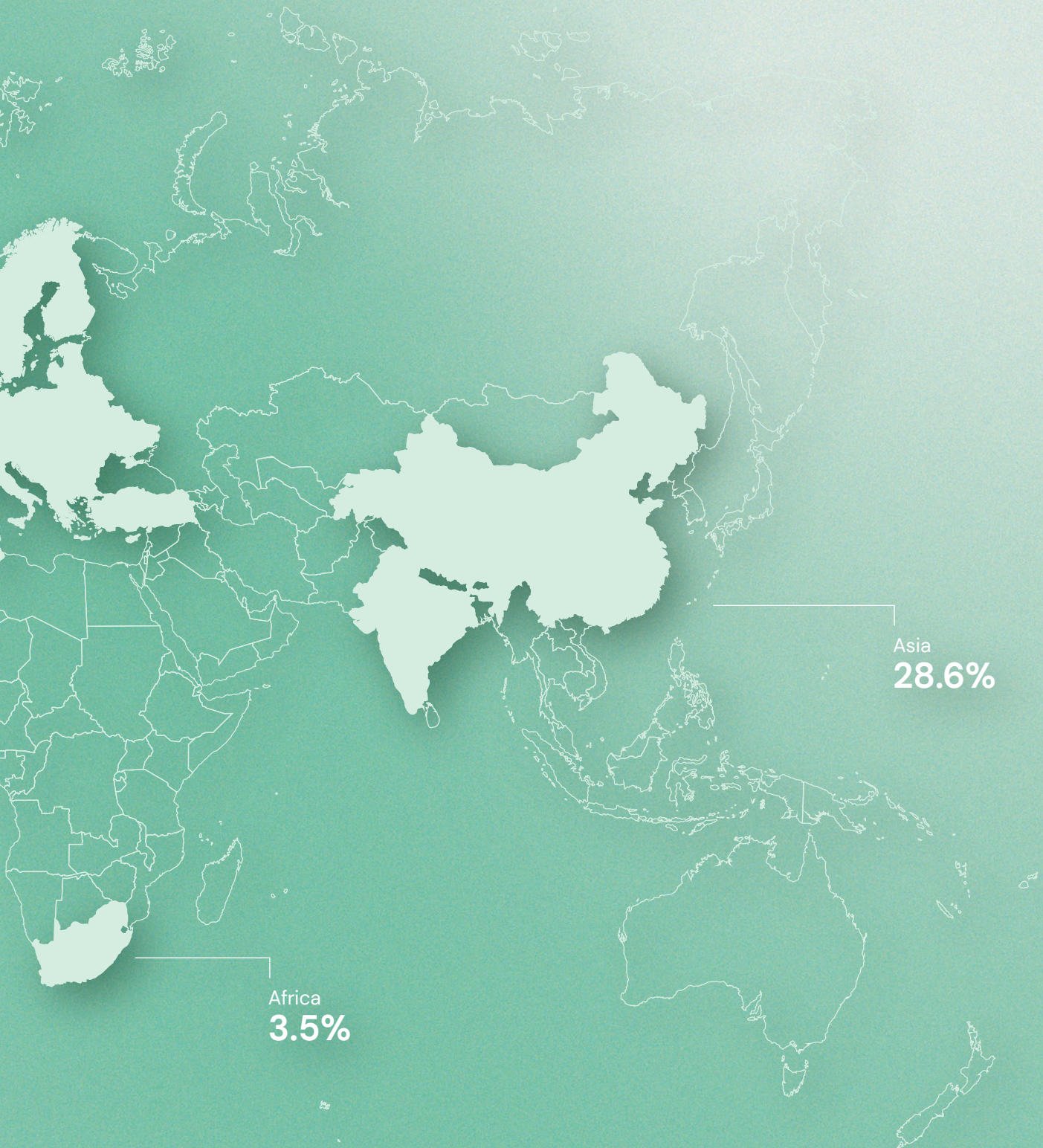
internal alignment, and buy-in. 2021 was an important year for emissions quantification, preparing to set Science Based Targets, increasing awareness, and implementing several programs throughout the organization to integrate sustainability in what TMG Automotive does.

TMG Automotive will always aim to supply high-quality products that stand out for their technical and aesthetic characteristics, keeping its Founder's ambitions alive. TMG Automotive's ambition is also to develop solutions to achieve its stakeholders' expectations, such as Climate

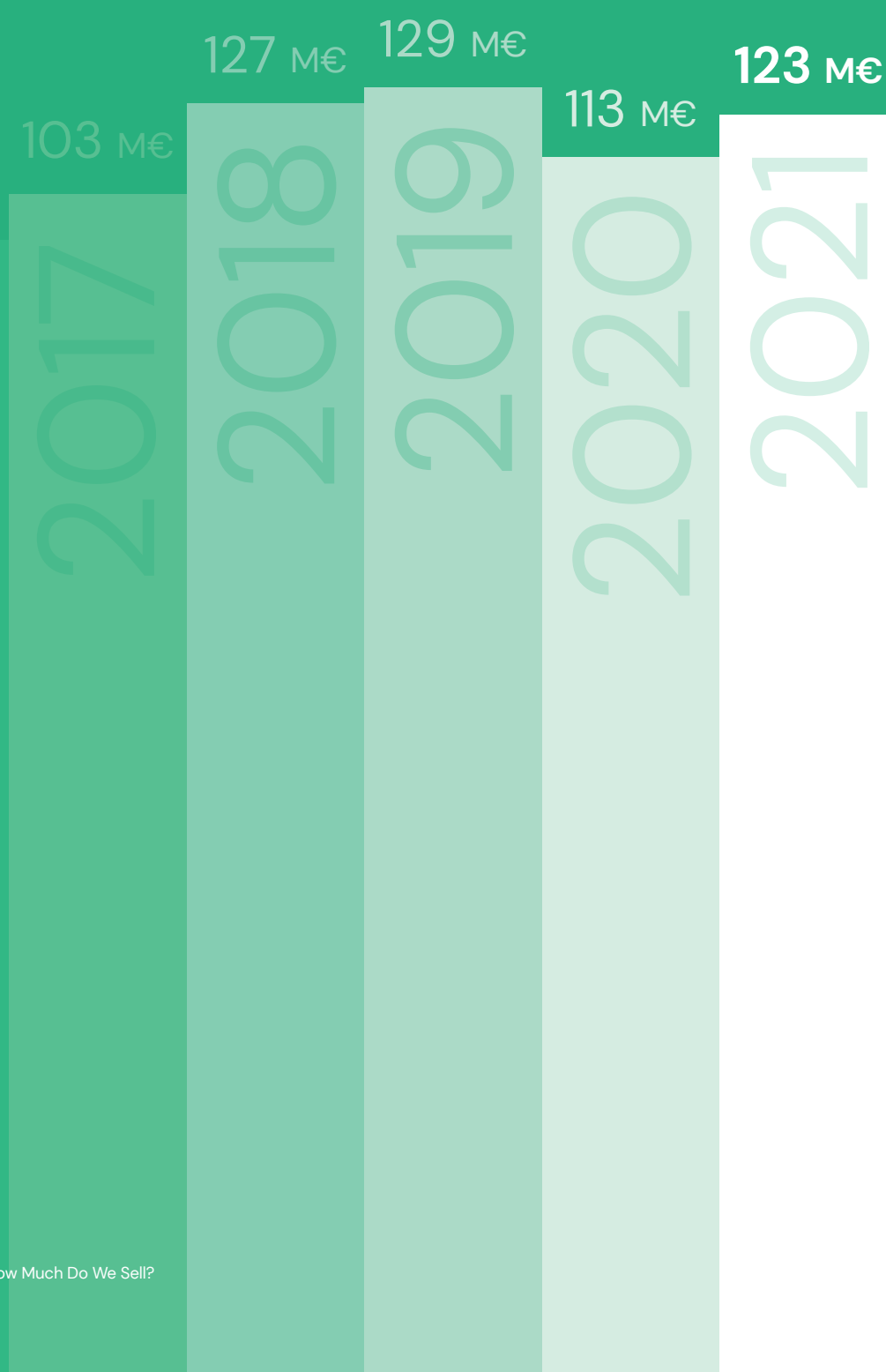
Change and Societal Values, and redefine corporate success based on purpose and with a broader view of its shareholders.

Our Market





How Much Do We Sell?



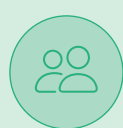
Stakeholders Interaction & Communication Channels

The involvement and interactions with stakeholders give tools to communicate TMG Automotive's Sustainability journey, both understanding the market trends and stakeholders' expectations is key for effective communication.

Several communication channels are used by TMG Automotive, depending on the issue and

group of stakeholders for which the convey is intended.

TMG Automotive Sustainability Report is the main channel of committed Sustainability related communication, allowing a transparent statement of TMG Automotive's policies, strategic vision and facilitating future improvements.



Shareholders

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



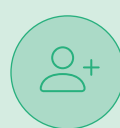
Employees

Intranet
Performance Evaluation
Periodic Employee Meetings
Satisfaction Surveys
Sustainability Surveys
Growing Together Platform
Skills Assessment
Sustainability Reports



Suppliers

Supplier Qualification
Performance Evaluations
Visits
Open Days
Sustainability Reports



Customers

Customer Satisfaction Surveys
Audits
Complaints
Open Days
Fairs and Conferences
Development and Follow-up Meetings
Self-Assessment-Questionnaires (SAQ)
Sustainability Reports



Partners

Fairs and Conferences
Development and Follow-up Meetings
Cooperation Protocols



Official Entities

Environmental Licensing (RAA)
Inspections
Audits



Community

Fairs and Conferences
Factory Visits
Cooperation Protocols

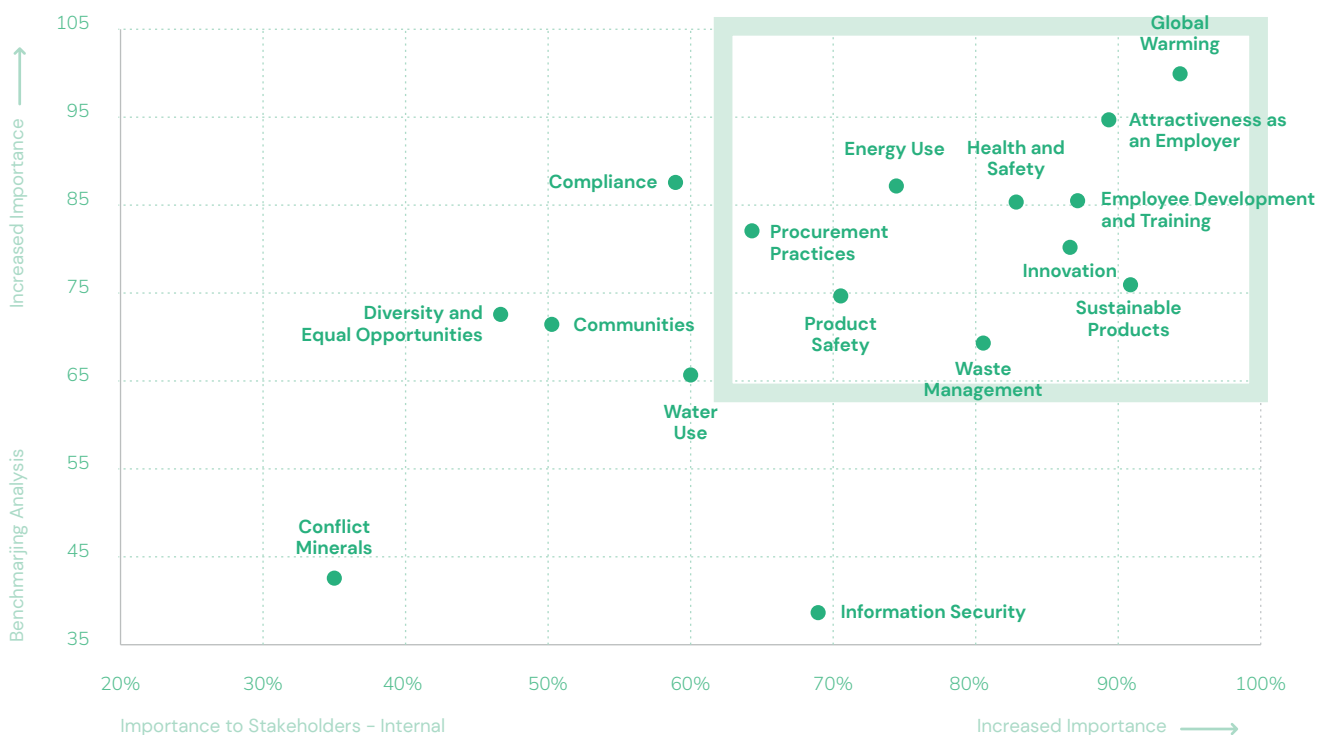
Materiality

As stakeholder priorities are constantly changing, companies should conduct a materiality assessment to identify environmental, social, governance, and other relevant topics that matter most and prioritize the issues that have the biggest impacts. Material topics are the risks and opportunities of the business, making the information gathered in this analysis critical for decision making and strategy setting.

As materiality assessment is a complex process that must involve different **stakeholders**, TMG Automotive is considering its 2020 materiality survey for these year's report, believing that constantly changing its materiality topics doesn't allow future improvements of what is already considered material.

The materiality assessment are plotted on a materiality matrix, with their position relative to the degree of stakeholder interest and potential business impact.

As it is utterly impossible to tackle all ESG issues, the materiality assessment is crucial to define the material topics. These material topics and prioritize actions were translated into seven challenges that are increasingly interconnected and should not be seen in isolation.



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

In each Challenge the most relevant actions are described, as well as the relevant KPIs. The link between Challenges and material topics is presented in the following diagram.

Challenge 1 Tackling Global Warming through Climate Protection

In response to the materiality topic Global Warming

Challenge 2 Innovation as a Driver for Sustainable Development

In response to the materiality topic Innovation

Challenge 3 Reduce Environmental Impacts through Sustainable Products

In response to the materiality topic Sustainable Products

Challenge 4 Efficient Use of Resources and Value Creation

In response to the materiality topic Waste Management and Energy Use

Challenge 5 Boost Sustainable Sourcing

In response to the materiality topic Procurement Practices

Challenge 6 Attractiveness as an Employer

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

Challenge 7 Safe Products and Operations

In response to the materiality topic Occupational Health & Safety and Product Safety

TMG Automotive & the Sustainable Development Goals

The Sustainable Development Goals (SDGs) cover a broad spectrum of topics such as poverty, health, education, Climate Change, and environmental degradation, allowing companies to connect to global priority issues. The SDGs provide new business opportunities, giving a clear path of the investment that is expected for the decade of action – 2030 Agenda, along with the possibility of having a common global framework

for action that provides a confident means of comparison, unlocking improvement opportunities.

TMG Automotive aligned its Sustainability Challenges with the SDGs, attributing to each Challenge the SDGs where it can have the most impact.

Gerês, Portugal





Although this alignment helps TMG Automotive to transcribe the Global Goals into the business, the participation in the SDG Ambition Accelerator program in 2021 helped to align with SDG benchmarks, establishing a more concrete plan and defining where and how to act. Each SDG

Ambition Benchmark illustrates the steps to integrate the goals into the business system and the key design decisions required to engage technology partners. Aligned with TMG Automotive material topics, 2 benchmarks were selected:



1 Net-zero Emissions by 2050

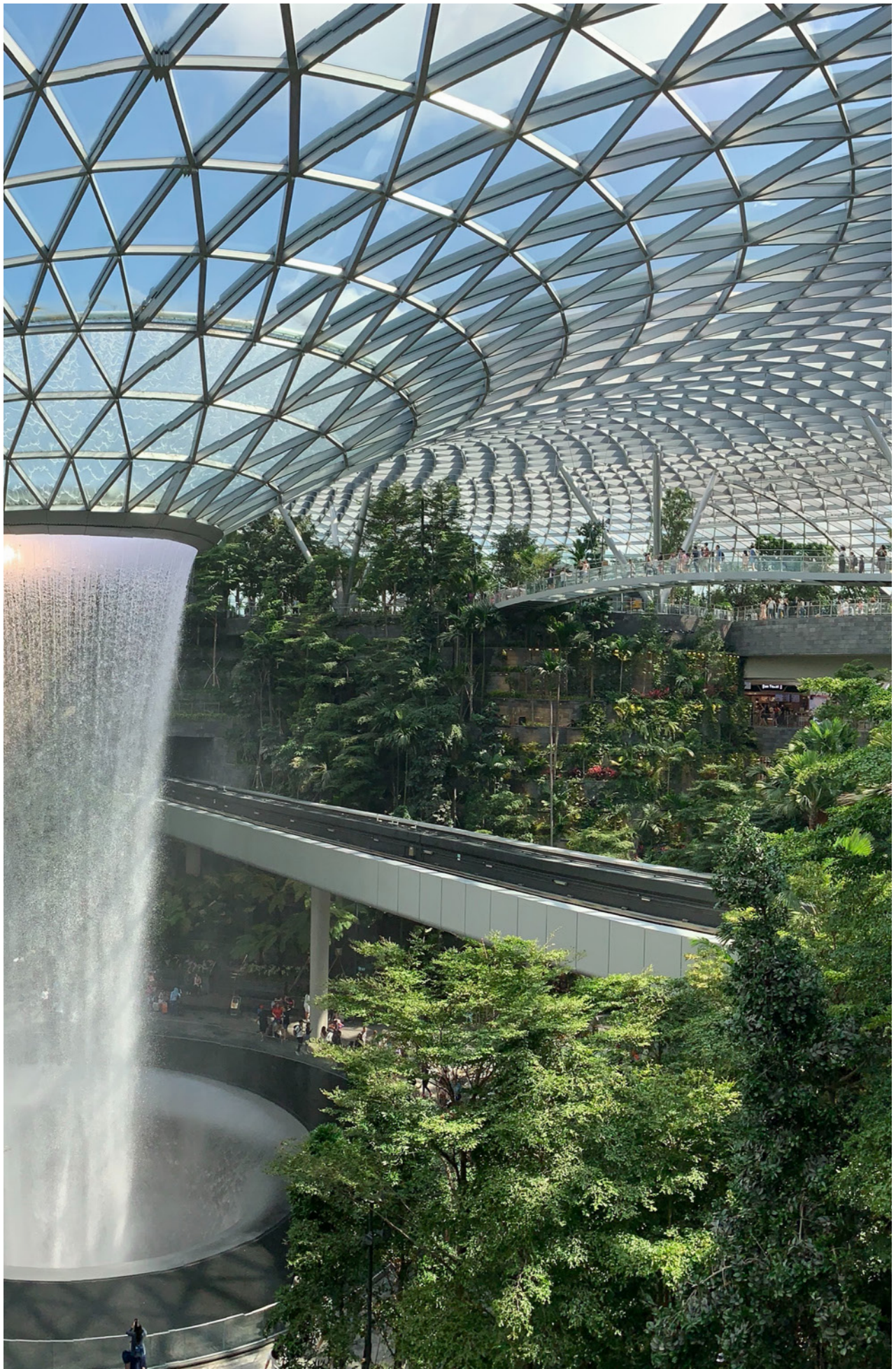
Emissions reduction targets compliant with the Science-Based Target Initiative and in line with the global warming limitation to 1.5°C.



2 Sustainable Products

Increase the portfolio of products with 100% renewable carbon by 2030

With a clear path of where and how TMG Automotive can have the most impact on the SDGs, this is the decade of action that calls for implementing solutions to deliver these goals by 2030.



Aeroporto Changi, Singapore

Challenge 1

Tackling Global Warming through Climate Protection



In 2020 the world faced a significant temporary drop in global emissions due to the worldwide COVID-19 restrictions, with a 7 % global fall in carbon, compared to 2019. As rapid as the drop in emissions, 2021 became the year where emissions got back to previous values, as the global economy got back on track. On the other hand, the pandemic also exacerbated social inequality and vulnerabilities. The World Economic Forum has stated that since 2010 the number of people displaced by Climate Change-related disasters has risen by 21.5 million and is expected to reach 1.2 billion people by 2050^[1]. Climate refugees are a very important visible consequence of the Climate Crisis Threat.

The new IPCC (Intergovernmental Panel on Climate Change) report on Climate Change is both a sign of concern as it is of hope, concern because it shows that we are not on the path to fulfill the 1.5 °C commitment of the Paris Agreement, and hope because it shows that if we take assertive measures in the next decade, we still can achieve it. This report was explored and used as a guide throughout the COP 26 (26th Conference of the Parties on Climate Change), and scientists have stated their concerns regarding our ability to reach 1.5 °C. With the new data on Climate Change, scientists have concluded that we need to drop GHG (Greenhouse Gases) global emissions by 5 % each year to have a 50 % chance of reaching 1.5 °C and reduce by 10 % each year if we want to have a two-thirds chance of reaching 1.5 °C, every tenth of a degree matters to reduce the climate risks and its consequences to human life and planet.^[2]

As the global temperature increases, natural disasters, as droughts and floods, will become more frequent exacerbating the scarcity of natural resources. The world's economy is extremely dependent on natural resources, and so, companies will feel an increased difficulty in accessing raw materials. As a direct effect of this dependency, consumers goods tend to become more and more expensive, making the economic stability more challenging. The use of renewable energy and increasing reuse and recycling of materials are some of the steps that could help maintain the global temperature at 1.5 °C compared to pre-industrial levels.

All industry sectors play a role in reaching the 1.5 °C ambition of the Paris Agreement, but road transport is, without a doubt, a crucial one. The European Commission estimates that cars and vans account for 70% of road emissions, with the overall road transport accounting for 70 % of transport emissions. In reaching the EU target of the climate neutrality, the commission is strongly aware of the automotive industry role and has stated that to comply with this scenario, the industry needs to target a 50% reduction in absolute carbon emissions by 2030 and reach Climate Neutrality by 2050.^[3]

Following the Paris Agreement in 2015 and the European Climate Neutrality Pledge in 2019, innumerable OEMs (Original Equipment Manufacturers) and key suppliers of the automotive sector have come forward with their commitments to be net-zero. Some OEMs aim to have 100 % electric vehicles in 2030, as well as have 25 % of the car's interiors from recycled and/or renewable sources by 2025.^[3]

^[1] World Economic Forum. (2021). Climate refugees – the world's forgotten victims.

^[2] COP26, 2021, Glasgow, 10 New Insights in Climate Science 2021 IPCC report.

^[3] European Commission. (14.07.2021). Proposal for a Regulation amending (EU) 2019/631 of April 25th as regards strengthening the CO2 emission performance standards for new passenger cars and new light commercial vehicles in line with the Union's increased climate ambition. Brussels.

TMG Automotive has signed its commitment to Business Ambition for 1.5 °C in 2019, committing to set Science-Based Targets (SBT) in line with Climate Science and the Paris Agreement goals.

For this, TMG Automotive is scrutinizing the most relevant sources of emissions across the value chain according to the Greenhouse Gas (GHG) Protocol guidance and criteria. Although TMG Automotive aimed to disclose its GHG reduction targets by no later than 2021, the need for

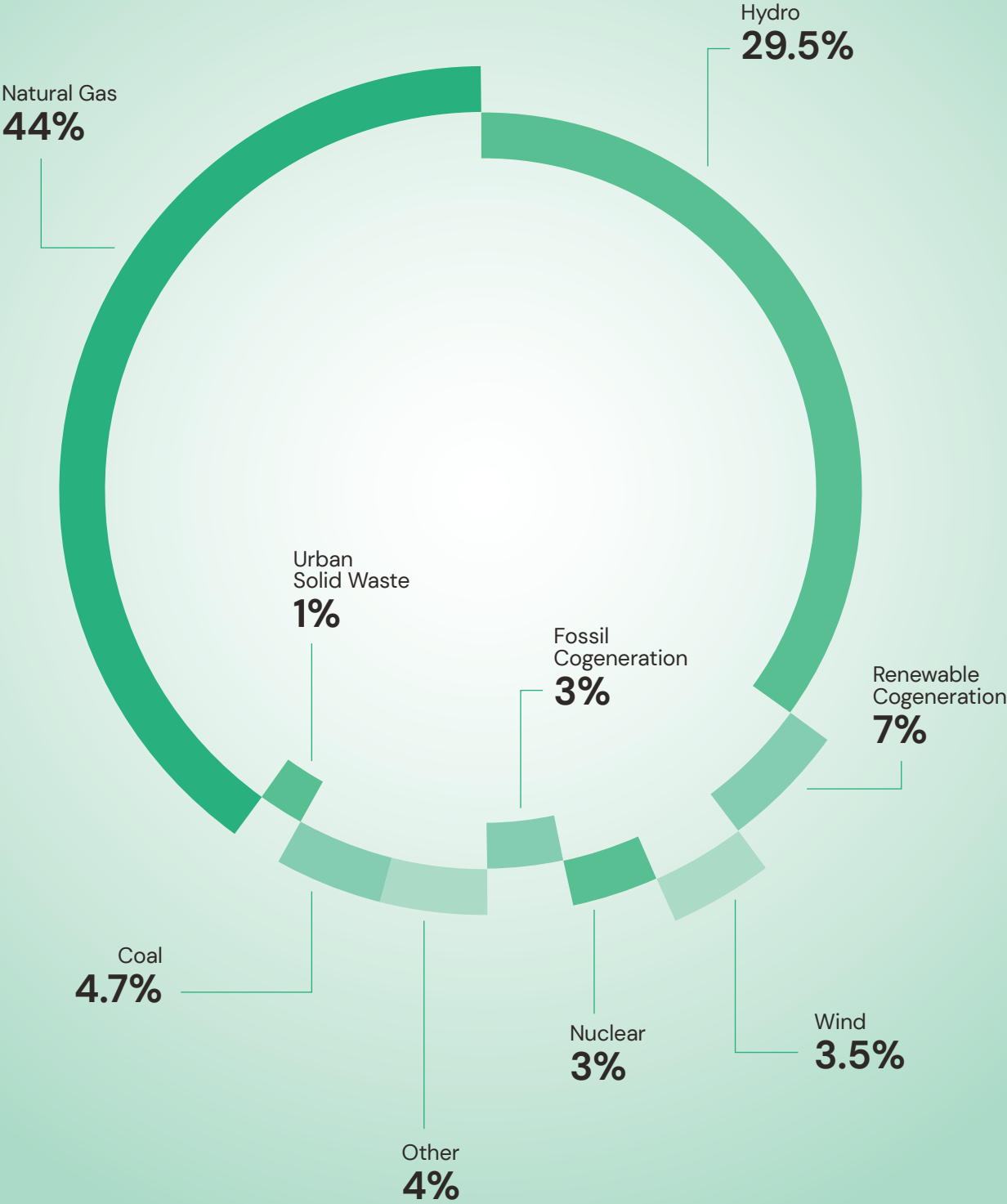
improving the accuracy of its baseline, led TMG Automotive to participate in the Climate Ambition Accelerator organized by UN Global Compact. The participation in this Program has consolidated, fostered, and accelerated concepts and actions for the quantification of TMG Automotive direct (Scope 1) and indirect (Scope 2 and 3) emissions, particularly Scope 3, that focus on emissions that involve the entire value chain, thus increasing its complexity. TMG Automotive is now more confident in defining and setting emission reduction targets to be launched mid-2022.

Since 2019, TMG Automotive has reported its direct (Scope 1) and indirect (Scope 2) emissions. This year will disclose for the first time its Scope 3 emissions related to the entire value chain, i.e., including upstream and downstream from its business activity.

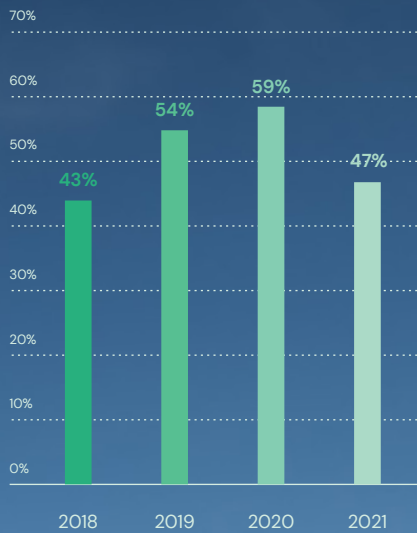
TMG Automotive, Guimarães



Electricity Mix 2021



Renewable Electricity Mix

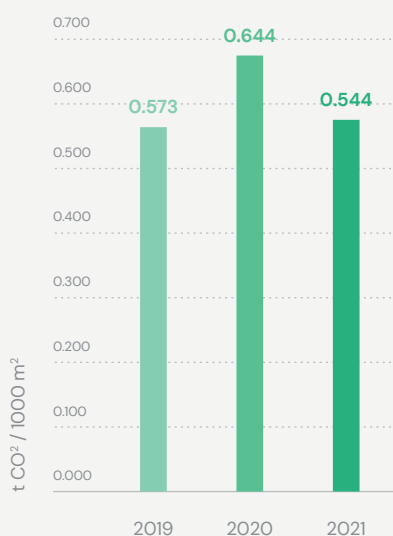


Direct Emissions – Scope 1

Direct emissions come from chemical processes, fuel combustion, car fleet emissions, etc. What this emissions have in common is that they are produced or controlled by an organization.

In 2021 the Scope 1 intensity ratio decreased, due to an improvement on the operational efficiency.

Scope 1 – Emissions Intensity Ratio

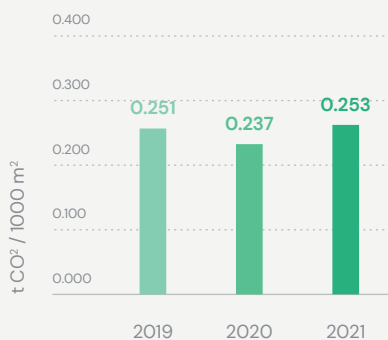


Indirect Emissions – Scope 2

A company's indirect emissions results from the purchase of electricity, steam, heat, and cooling. As TMG Automotive purchase electricity from the grid, the renewable electricity share depends on its supplier's electricity mix. In 2021 the share of renewable electricity accounted for 47% of the total electricity consumed. To decrease TMG Automotive's dependence on its supplier's electricity mix and reduce Scope 2 emissions, TMG Automotive invested in a solar farm that began operating in late 2021. In spite of managing to reduce its electricity intensity ratio (more details in Challenge 4), the lower share of renewable electricity had a negative impact on Scope 2 absolute emissions that increased slightly in 2021.

As a first step to achieve the near-term target to reduce Scope 1 and 2 GHG emissions by 70% by 2035 from a 2019 base year, TMG Automotive plans to switch to 100% renewable electricity in its operations by 2025.

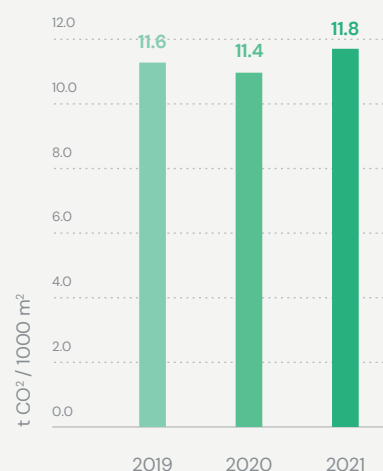
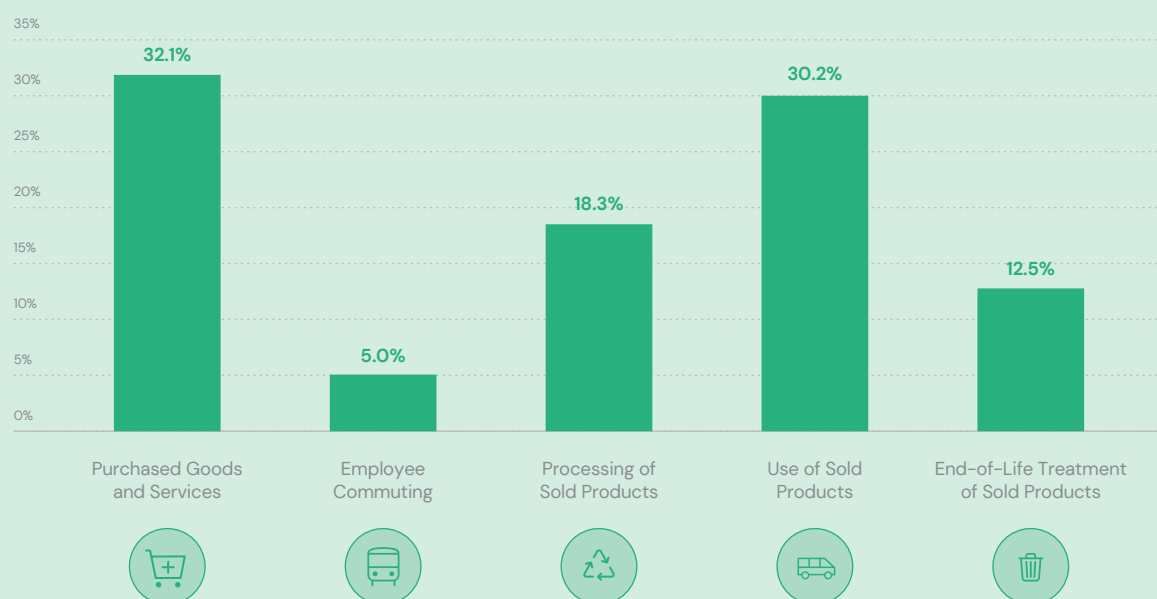
Scope 2 – Emissions Intensity Ratio



Other Indirect Emissions – Scope 3: GHG

emissions that occur in the entire value chain of the reporting year, including both upstream and downstream emissions. This includes the purchase of goods and services, transportation, waste management, business travel, employee commuting, capital goods, use and disposal of the company's products, etc.

2021 is the first year TMG Automotive reported its Scope 3 emissions, as it is a complex process to go through, and the use of primary data is not always possible. TMG Automotive will continue to make efforts on multiple fronts to improve data accuracy and emissions tracking.

Scope 3 – Emissions Intensity Ratio**2021 Scope 3 emissions breakdown**

TMG Automotive Scope 3 emissions are mainly from the Purchased Goods and Services and the Use of Sold Products. To tackle Purchased Goods and Services, TMG Automotive has several initiatives to decrease the environmental impact of its products, in line with the SDG Benchmark: **Sustainable Products – Increase the portfolio of products with 100% renewable carbon by 2030** (more details on Challenge 3).

The automotive industry's transition to lower carbon emissions vehicles, contribute to the

reduction of the Use Phase of Sold Products emissions. However, TMG Automotive can give its contribution by developing lighter-weight products.

TMG Automotive provides a bus for the daily commuting of employees which has a significant impact on commuting emissions. In 2021 TMG Automotive also acquired electric vehicles to its fleet being this an important step towards decarbonization.

Overall Emissions

Measure overall GHG emissions was a major step in TMG Automotive' journey towards net zero. As the vast majority of our emissions come from activities in our value chain (Scope 3), that is where we must focus efforts, collaborating with various partners to achieve our goals. The next step is to set a multi-disciplinary carbon management system with automated data collection.

SCOPE 2 2%

SCOPE 1 4%

SCOPE 3 94%

Targets

100% renewable electricity in TMG Automotive's operations by 2025.

Reduce in absolute terms TMG Automotive's operational Scope 1 and 2 Greenhouse Gas emissions 70% by 2035 considering 2019 as a baseline.

Set Scope 3 near-term targets by mid-2022

Rio Douro, Portugal



Challenge 2

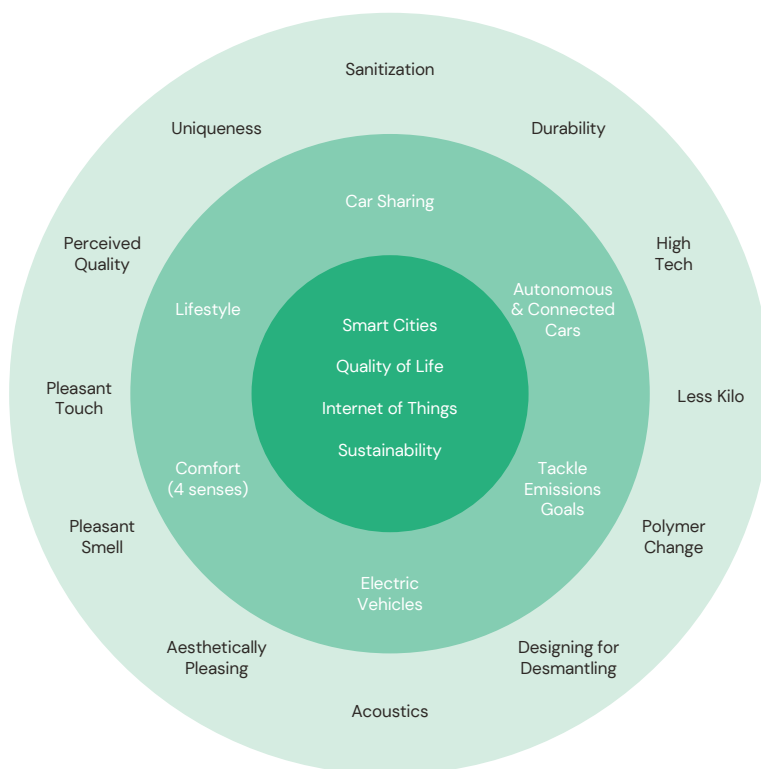
Innovation as a Driver for Sustainable Development



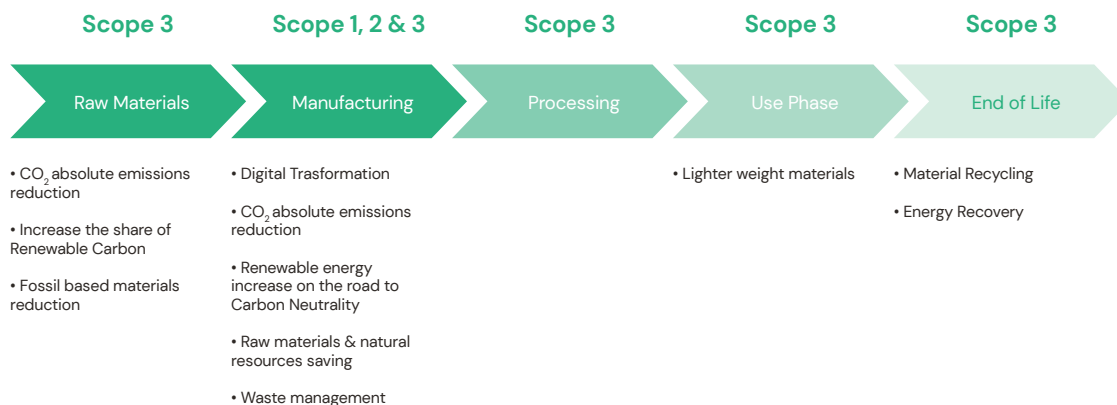
The new European Union regulation for CO₂ emissions in cars and vans, states that the Automotive sector is responsible for 7% of Europe's GDP, providing jobs for 14.6 million Europeans. An investment of €60.9 billion annually in Research & Development (R&D) helped make the Automotive sector one of the most dynamic in Europe^[3]. The convergence of technology, environmental and economic megatrends is challenging the modern automotive industry towards a revolution.

Sustainable Development is expected to be the new wave of innovation of the 21st century, as they come hand in hand, Sustainable Development can only exist with the support of new technological solutions. The ongoing revolution in the Automotive sector is driven by 6 key trends – Autonomous and connected cars, Electric Vehicles, Tackle Emissions Goals, Comfort (4 senses), Lifestyle and Car Sharing.

■ World Megatrends
 ■ Related Automotive Megatrends
 ■ TMG's Trends

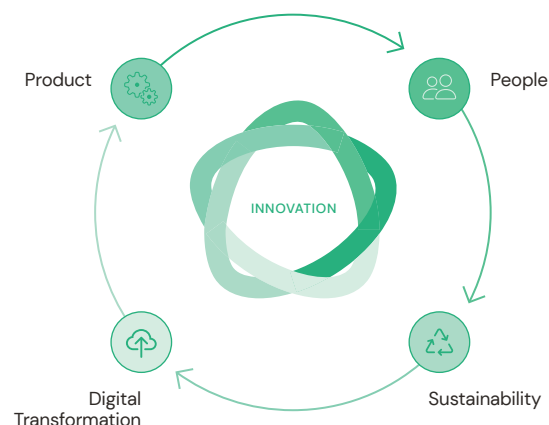


^[3] European Commission. (14.07.2021). Proposal for a Regulation amending (EU) 2019/631 of April 25th as regards strengthening the CO₂ emission performance standards for new passenger cars and new light commercial vehicles in line with the Union's increased climate ambition. Brussels.



These trends are an important driver for strengthening the global response to the threat of global warming and lowering the automotive sector's environmental impact, as 20% of Europe's emissions come from road transportation. The automotive industry needs to target around a 50% reduction in absolute carbon emissions by 2030^[3]. The original equipment manufacturers have already made carbon neutrality a core objective by setting science-based targets and roadmaps^[3]. Electrification is only the first step towards carbon neutrality. The core strategies to decarbonize should be centered on the complete lifecycle, meaning to act on energy, materials, lifetime, use, and end of life.

This means a transversal innovation strategy focused on 4 main pillars: product development, sustainability, digital transformation and people.



^[3] European Commission. (14.07.2021). Proposal for a Regulation amending (EU) 2019/631 of April 25th as regards strengthening the CO₂ emission performance standards for new passenger cars and new light commercial vehicles in line with the Union's increased climate ambition. Brussels.

Product

To advance its innovation strategy towards carbon neutrality and create long-term value for the different stakeholders, TMG Automotive will continue investing more than 6% of its revenue in innovation.

Taking into consideration the footprint of our operations and the reach of our products, we consider the entire lifecycle of our products in our commitment to sustainability, from raw materials and supply chain, manufacturing, use phase, and end of life. Our goal is to reduce the footprint of our products throughout the entire life cycle and bring more positive impacts to the environment and society.

**TMG Automotive pioneer
in NP 4457:2007 standard
for Research, Development
and Innovation
Management.**

Product development is described in more detail in challenge 3.

Digital Transformation

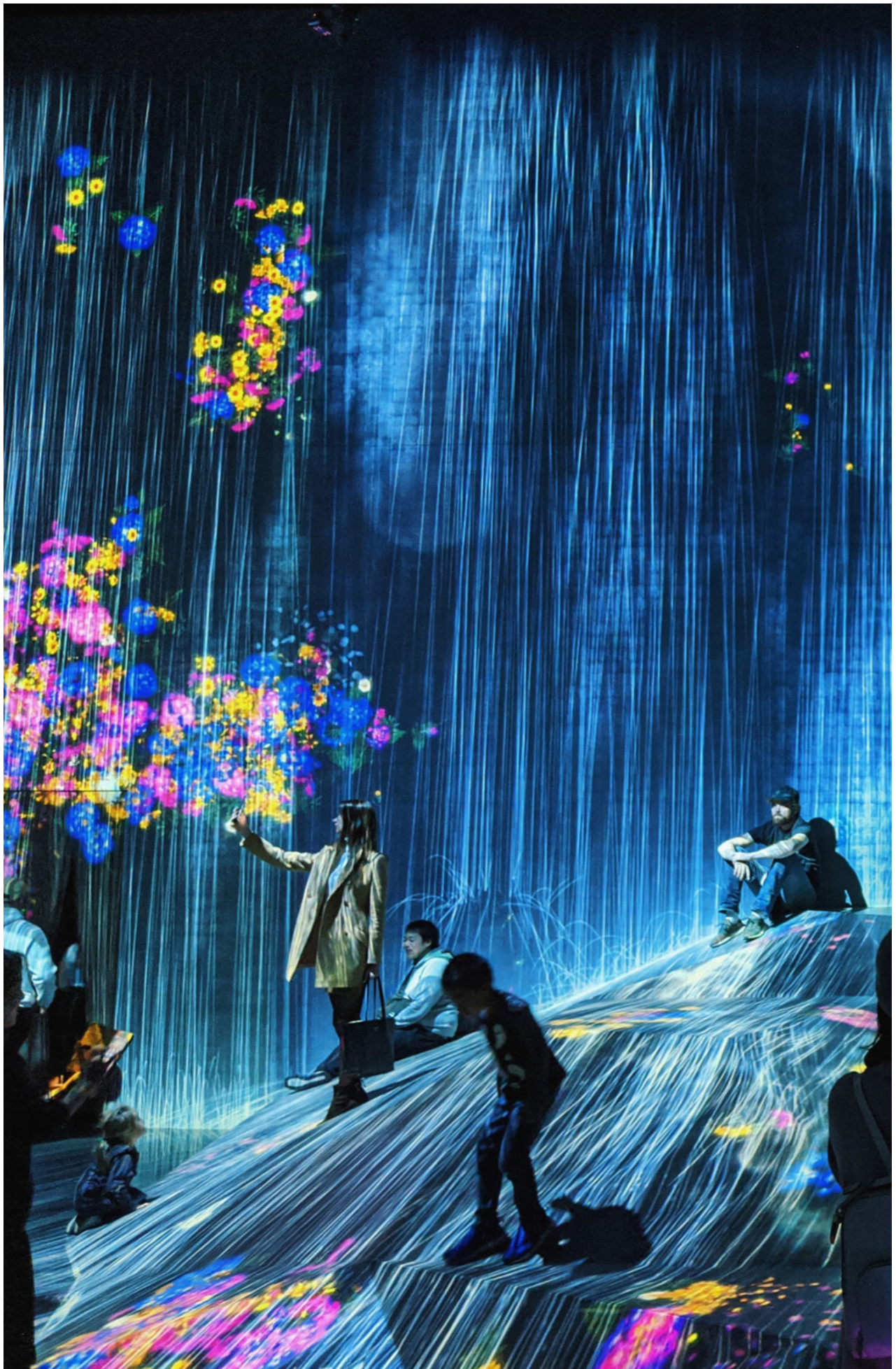
The constant capacity for innovation with Industry 4.0 has facilitated the vision and execution of intelligent factories, which through automation and data sharing are able to continuously improve the efficiency and productivity of their processes.

It is TMG Automotive ambition that all processes become more and more intelligent, so it has been working on various dimensions, such as digitalization, the integration of information systems and automation.

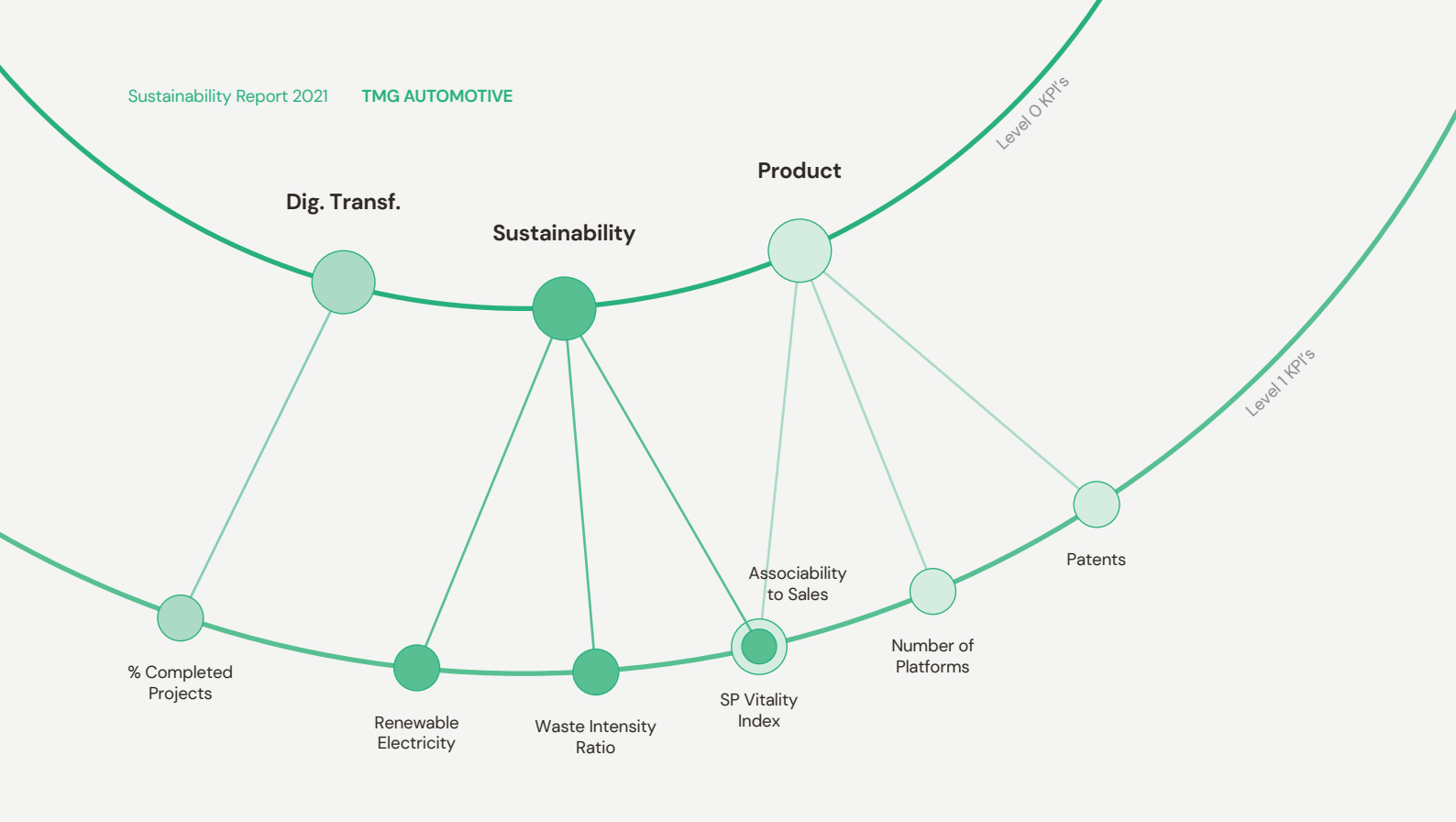
The investment made in a Business Intelligence software which is focused on analytics, artificial intelligence and data management, was essential to enabling TMG Automotive to cross analyses of data of quality, process and data parameters, therefore allowing a greater understanding of the root causes behind the issues that arise.

CASE STUDY 1 Decision Support System

One of the major projects being developed at TMG Automotive is a Planning Decision Support System. Based on analytical optimization models and through the use of algorithms, TMG Automotive is developing a decision support system for the planning and scheduling of production orders. This tool is being developed with the inputs from several business areas and will enable TMG Automotive to achieve a better Overall Equipment Effectiveness, namely better availability and performance of processes and quality improvements.



TeamLab Borderless Museum, Tokyo, Japan



CASE STUDY 2 KPI and Performance Metrics

This same software also provided us the possibility of monitoring KPI's and indicators of performance at real time. Indeed, contributing for a faster response of problems, improving the efficiency of business management by providing managers from all departments a comprehensive and immediate vision of the company.

CASE STUDY 3 Augmented Reality

The introduction of virtual reality technology, through the acquisition of virtual reality glasses, allowed TMG Automotive to provide remote support in the maintenance as it became possible to visually interact with the shop floor with a hands-free system capable of making annotations in space and push technical information.



CASE STUDY 4 Geo-location System

Through optical reading technology, an identification system for products was developed, which optimizes various processes such as their spatial location and the carrying out of physical inventories.



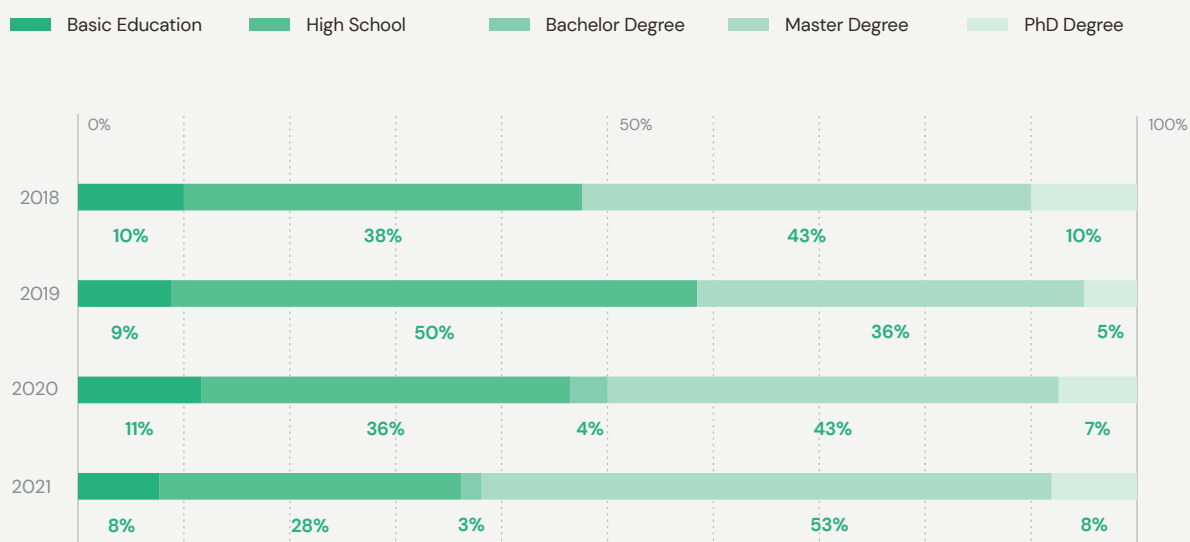
People

The Innovation team is composed of a plethora of different professionals from different background areas, creating a prosperous environment to fulfill TMG Automotive's transversal innovation strategy.

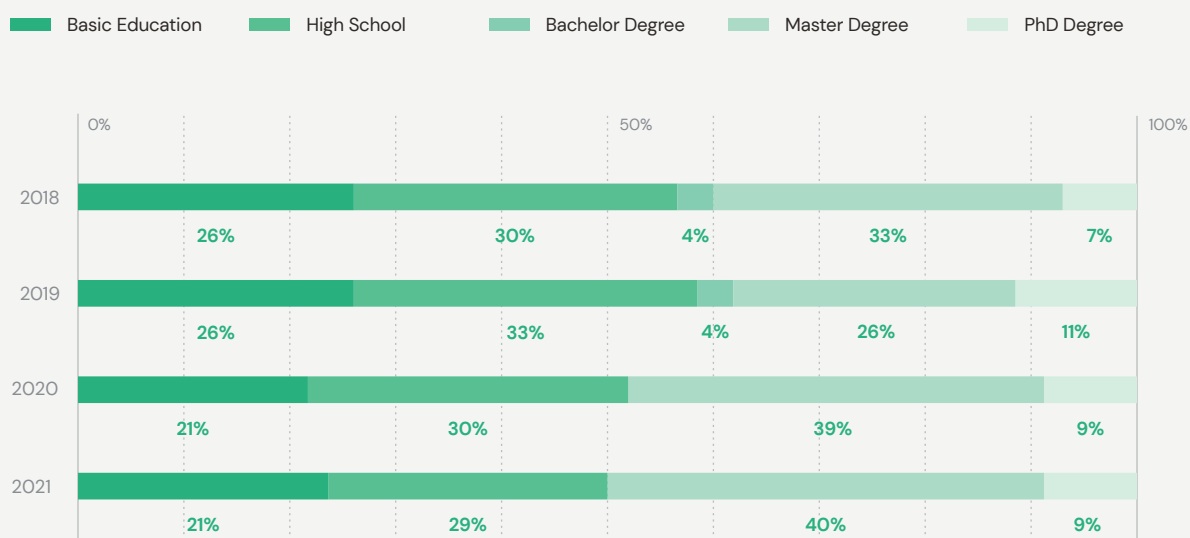
Aiming to always have a workforce skilled to identify the automotive industry's latest trends

and innovations, TMG Automotive encourages its employees to participate in exhibitions, seminars, webinars, workshops, and other external initiatives, ensuring a prepared workforce. For more details see Challenge 6.

Female Employee Education Breakdown



Male Employee Education Breakdown



Partnerships

TMG Automotive believes its partnerships allow for the change and innovation that the Sustainable Development demands, going hand in hand with the UN 2030 Agenda.



TMG Automotive is a member of the UN Global Compact since 2018, aiming to keep the highest standards of Social Responsibility and Sustainability.



TMG Automotive is committed with the Business Ambition for 1.5°C in the path to carbon neutrality.



Member of the Vinyl Films & Sheets Europe, TMG Automotive works with different industries to innovate, including in recycling.



TMG Automotive is part of the VinylPlus initiative that works to promote change in the PVC industry through Sustainable Commitment Plans.



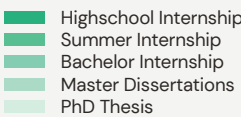
COTEC Portugal is the main Portuguese business association that promotes Innovation and technologic cooperation in the business sector and TMG Automotive is also a member.



TMG Automotive joined Drive+ in 2021. Drive+ is a platform that promotes engagement of automotive suppliers with Drive Sustainability members (OEMs), trying to find joint solutions for the common sustainability challenges.

A close relationship between the private sector and the scientific and technological community is critical for the resolution of many problems in today's society. In TMG Automotive's case, this is also critical. The search for renewable and low carbon raw materials, frequently, has started at the academic level, making student internship programs of extreme importance for the establishment of these collaborations. The most common type of internships is the master's dissertations allowing students to have their first contact with the industrial sector environment, while also allowing TMG Automotive to have new disruptive ideas and high skilled students to explore these ideas.

Student Internship Programs



2021 Recognitions

In 2021 TMG Automotive was awarded with the "Industrial Excellence Award Portugal 2021". TMG Automotive was also one of the 4 European finalists of the "Industrial Excellence Award 2021".

This is the first time a Portuguese company is chosen for this award and in the European final Isabel Furtado, CEO of TMG Automotive, took the lead.



Challenge 3

Reduce Environmental Impact through Sustainable Products



COP 26 and the last published IPCC (Intergovernmental Panel on Climate Change) report^[4] intensified the urgency to tackle Climate Change emphasizing the risk of climate records that are being routinely broken. This cumulative impact could cause fundamental parts of the Earth system to change dramatically and irreversibly. These “tipping points” are thresholds where a tiny change could push a system into a completely new state.

It is critical to rapidly mitigate climate change and achieve our global ambition for GHG emissions reductions by reducing, as quickly as possible, the inflow of further fossil carbon from the ground into the technosphere and atmosphere. In the energy and transport sector, this means energy efficiency and renewable energy. It is equally important tackling the embedded carbon in the chemicals and materials, where decarbonization is not an option, as it is entirely based on the use of carbon. More sustainable products mean using non-fossil carbon sources or under the term “renewable carbon”, based on recycling, biomass, carbon capture, and utilization (CCU). A complete shift to renewable carbon is a central pillar to reduce Scope 3 emissions and enabling climate neutrality.^[5]

TMG Automotive is already on this journey by supplying solutions, with reduced environmental impacts and considering different aspects when developing more sustainable products.

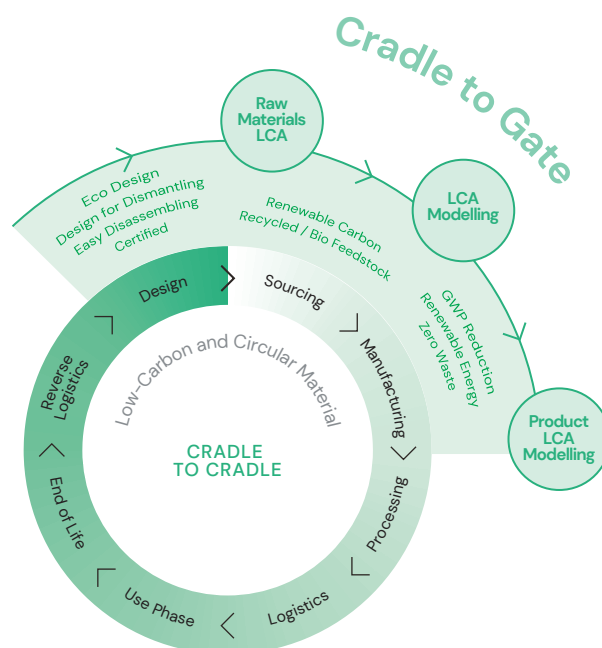
TMG Automotive’s Multi-Criteria Approach:

Based on lifecycle impact and circular principles

- Design for lower environmental impacts
 - Sourcing: using renewable raw materials with lower environmental impact, contributing to a circular economy
 - Resource efficiency
 - Use phase: Lightweight materials
- Design for Societal Impacts
 - TMG Automotive aims to reduce or eliminate substances classified as potentially hazardous, substituting them even if they are still not considered forbidden:
 - Using NEP-free lacquers (only solvent-based lacquers still have NEP (N-ethylpyrrolidone) in their formulation)
 - Continuously improve the emissions of Volatile Organic Compounds (VOC) decreasing those emissions inside the car.
- Design for Dismantling
 - Designing TMG Automotive products for their next life, enabling recycling and second life, could be an effective solution to the difficulties faced in the dismantling of vehicles in their End-of-Life (ELVs).
- Life Cycle Assessment of new products
 - Evaluate the life cycle assessment from cradle to gate, based on ISO 14040 and ISO 14044.

^[4] IPCC, 2021: Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Masson-Delmotte, V., P. Zhai, A. Pirani, S.L. Connors, C. Péan, S. Berger, N. Caud, Y. Chen, L. Goldfarb, M.I. Gomis, M. Huang, K. Leitzell, E. Lonnoy, J.B.R. Matthews, T.K. Maycock, T. Waterfield, O. Yelekçi, R. Yu, and B. Zhou (eds.)]. Cambridge University Press. In Press.

^[5] vom Berg, C. and Carus, M. et al. 2022: Renewable Carbon as a Guiding Principle for Sustainable Carbon Cycles. Editor: Renewable Carbon Initiative (RCI), Febr. 2022. Available at: www.renewable-carbon-initiative.com



A circular economy can only be achieved if products are designed with the knowledge of the impacts of raw materials, so better and more informed decisions can be made prior to placing a product in the market. Nowadays, Life Cycle Assessment (LCA) is the most comprehensive tool for product design and a way to ensure that TMG Automotive's choices are environmentally sound.

The environmental impact categories that an LCA study can evaluate are many, since it is often impossible to act on all of them, TMG Automotive is focused on evaluating the following impacts, considering that these are the ones where it can have the most impact:

Sharing TMG Automotive's LCA results with customers has been increasing and essential for the design and development of more sustainable products, with 73 LCA's performed in 2021 on a total of 87 studies.



Global Warming Potential



Eutrophication Potential



Acidification Potential



Photochemical Ozone Creation Potential



Land Use



Water Depletion

As there is no scientific consensus among the LCA community, the human health impacts and toxicity related aspects are evaluated separately. To manage restricted substances TMG Automotive follows the official structured lists, GADSL and REACH.

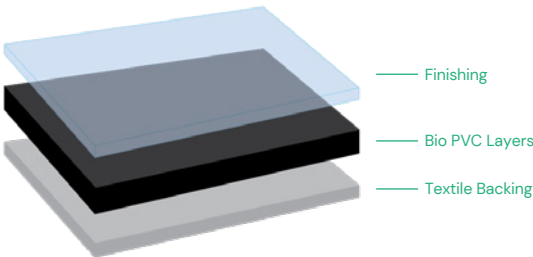
TMG Automotive’s Sustainable Products

Recycled PET Textile

Application of an innovative and high value-added textile backings derived from waste PET bottles or plastic waste from the ocean. Recycled PET bottles play an important role to reduce the carbon footprint since contribute to waste and pollution reduction as well as to resource and energy conservation. TMG Automotive is using recycled textile as a contribution to circular economy.

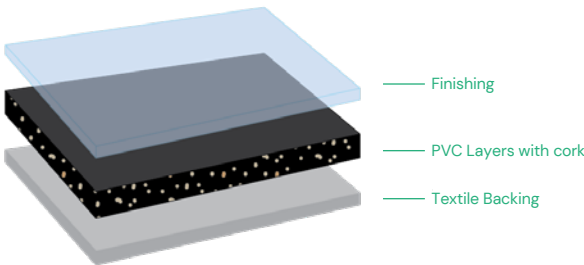
Bio attributed PVC

Use of a high-performance bio attributed PVC resin coming from biomass as a renewable resource that does not compete with the food chain.



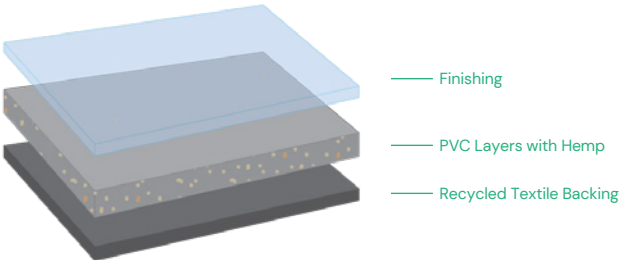
PVC non-visible Cork

Portugal is the world leader in cork industry. Cork is one of the most sustainable materials, as the oak tree is never cut down and the skin is restored. TMG Automotive is incorporating waste from wine-stoppers into PVC products. Cork is a natural, renewable and durable material that brings a high value to TMG Automotive products.



PVC non visible Hemp

Hemp is one of the oldest cultivated annual crops that can grow in most climates throughout the world. Has a high fiber yield and is cultivated with low water consumption and without the need of pesticides and herbicides. It is also known of having a good mechanical performance and can be used as a reinforcement to produce strong, durable and environmentally friendly products. Using the same concept as the PVC non-visible Cork, TMG Automotive is incorporating hemp as a 2nd generation lignocellulosic fiber that does not compete with the food chain.



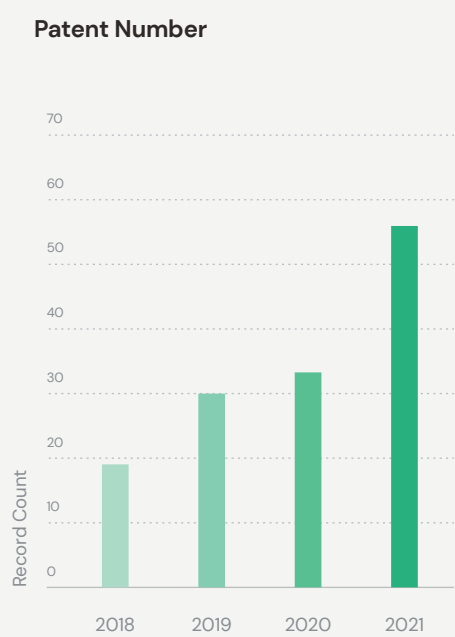
Sustainable Products

Increase the portfolio of products with 100% renewable carbon by 2030



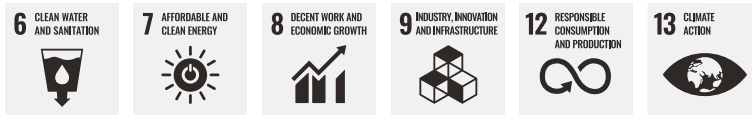
Intellectual Property

The technical and specialized knowledge available at TMG Automotive ensures innovative solutions focused on the needs and challenges of its customers. By encouraging the protection of its Industrial Property, TMG Automotive promotes the development and global competitive growth of the sector.



Challenge 4

Efficient Use of Resources in Value Creation



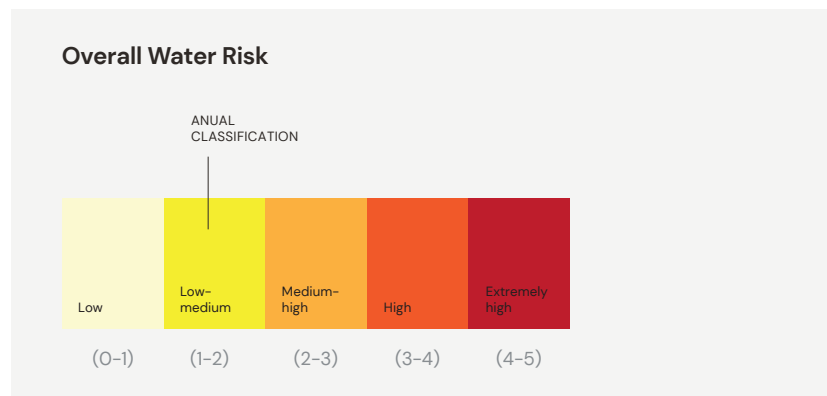
As the world population grows, so does the need for scarce resources. At the rhythm of today's extraction and exploitation, we are using more than 75% of natural resources than the earth can regenerate each year with a wide range of negative environmental impacts. Air, water, and soil pollution, acidification of ecosystems, biodiversity loss, climate change, and waste generation put immediate, medium, and long-term economic and social well-being at risk.

It is then extremely important to decouple economic development from environmental degradation and find ways to limit and significantly decrease the use of natural resources. The transition to a circular economy is a major step in reducing the consumption of raw materials and energy and at the same time cutting emissions and material losses, increasing the share of renewable resources.

Composite materials come with diverse characteristics, allowing them to fulfill the automotive complex requirements, nevertheless, their multiple layers make them difficult to reuse and recycle. TMG Automotive has several initiatives to improve the circularity of its business through Eco-Design, better resource efficiency and is working with partners to explore solutions that enable recycling through industrial symbiosis.

Water Use

TMG Automotive mainly focuses on energy efficiency and waste reduction since its production process isn't water-intensive. Nevertheless, TMG Automotive is always conscious of the global issue of water scarcity, so Aqeduct's global water risk mapping tool from the World Resources Institute (WRI) was used to classify TMG Automotive sites' locations regarding overall water risk. Located in northern Portugal, this area is classified as a Low to Medium water risk area (1-2) on an average annual basis.



The Overall Water Risk Indicator measures all water-related risks, by aggregating all indicators from the Physical Quantity, Quality, and Regulatory & Reputational Risk categories from the WRI tool.^[6] Apart from TMG Automotive's sites having an annual classification of the water risk indicator Low-Medium, TMG Automotive has a very low water consumption rate for production, so it will continue to monitor these values to ensure they are kept at low rates.

^[6] World Resources Institute. Overall Water Risk, Aqeduct Water Risk Atlas, 2021. Available at: <https://www.wri.org/data/aqeduct-water-risk-atlas>
Accessed on: 2022.05.05

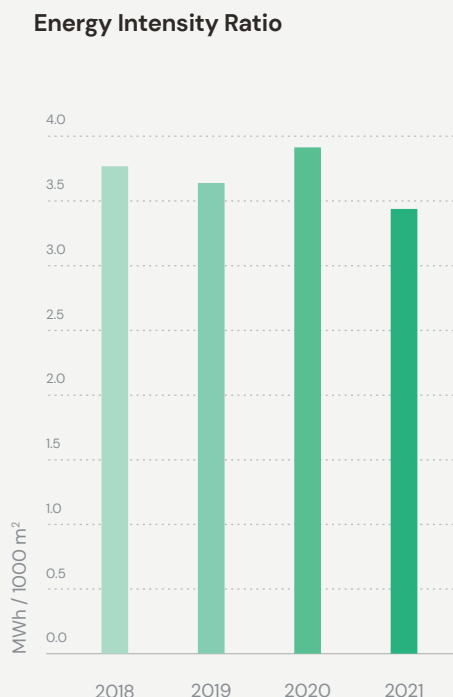
Energy Use

Being one of its main areas of action regarding the efficient use of resources, TMG Automotive has defined an 8-year energy efficiency plan, having in mind 2017 as a reference, it aims to decrease energy consumption by 6% until 2025. Achieving this target comes only with precise and diversified actions. In 2020 all lighting systems were substituted with LED ones, decreasing energy consumption in this area. In 2023 TMG Automotive intends to replace all industrial burners to function at optimal performance.

TMG Automotive consumes mainly two sources of energy, electricity and natural gas. Process equipment, utility units, and climatization are the three foremost elements of electricity consumption. As for natural gas, the biggest consumers are the boilers and the Regenerative Thermal Oxidation (RTO) system used to treat air emissions from the production site.

In 2021 the energy intensity ratio decreased, due to more optimized load profiles after the global economy returned to normality, whereas 2020 was an atypical year.

TMG Automotive also had several initiatives in place to Optimize Production Planning allowing a decrease in energy consumption. Nevertheless, as TMG Automotive is part of the complex automotive supply chain, is, many times, subjected to changes in sales forecast and time-sensitive logistics, making it difficult to prioritize efficiency and economies of scale, that can be conducive to energy and emissions reduction.

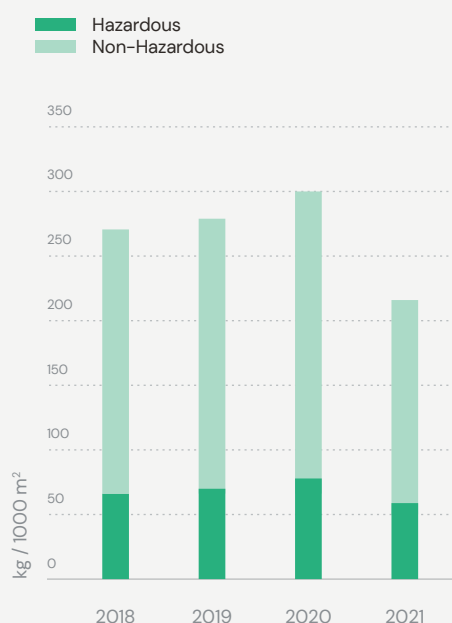


TMG Automotive, Famalicão

Waste Management

Since TMG Automotive products are complex polymeric composites, a sustainable end-of-life treatment is extremely difficult. 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.

Process Waste Intensity Ratio



In 2021 a waste prevention program was established and resulted in a significant decrease in the process waste intensity ratio. Achieving high efficiency in machine scheduling is difficult, due to widely varying end of product characteristics and diversity of raw materials used, as well as on-time order deliveries.

The waste prevention measures that lead to a more significant impact on the results were the following:

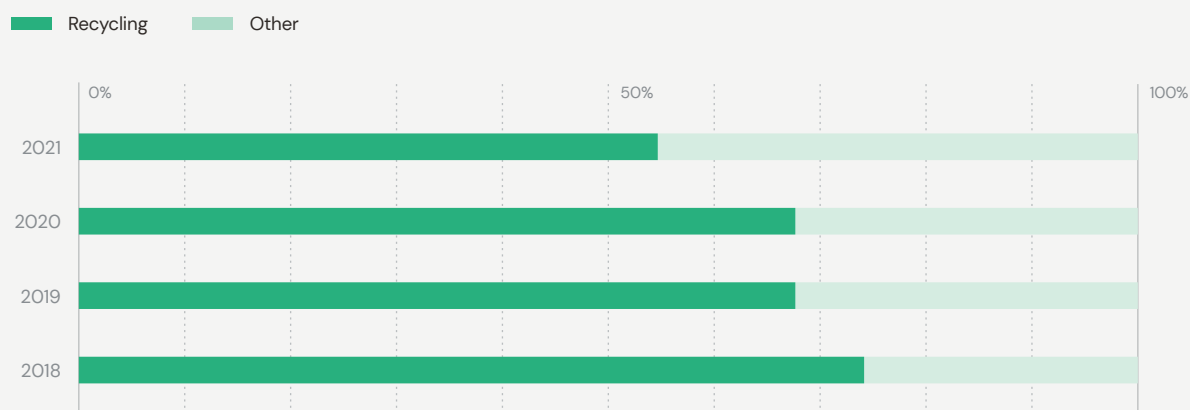
- More efficient Production Planning by grouping several orders as a "campaign", driven by the similar end of product characteristics (maximizing the product output and reducing waste);
- Reduce machine startup time, preventing waste;
- Prevent waste by using raw materials more efficiently;
- Uniformization of samples for quality tests.

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 will keep on working to continuously reduce the waste intensity ratio (post-industrial waste), to achieve a 20% reduction by 2025 from 2020 base year.

Hazardous Process Waste

TMG Automotive's hazardous waste is mainly composed of solvent and water-based liquors, contaminated packaging, and textiles used for cleaning. These waste streams are mainly recycled, however a considerable percentage is still directed to disposal.

Hazardous Process Waste



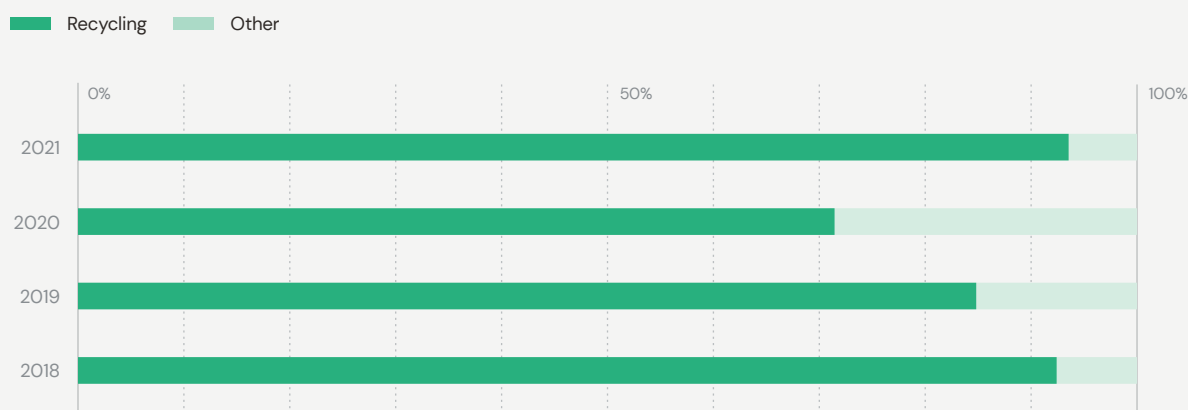
Non-Hazardous Process Waste

TMG Automotive's non-hazardous waste is mainly diverted from disposal because it is recycled. Part of TMG Automotive waste streams are complex laminated composite materials, such as plasticized PVC, PUR, TPO foam, that faces big challenges for recyclability. The recycling of these composite materials, in particular technology to separate the different layers, will play an important role in the future to reduce environmental impacts and pursue a more circular business. Processing paper, textiles, TPO extrusion material and non-laminated PVC are recycled.

In the future, TMG Automotive must strengthen even more efforts on waste prevention and recycling programs. **The aim is to repurpose waste for other uses and reduce adverse effects of emissions from landfills and carbon dioxide from combustion.**

TMG Automotive teams up with several initiatives to improve waste management such as identify partnerships to reuse the most critical waste materials through waste valorization and explore how to incorporate its waste into functional materials inside doors.

Non-Hazardous Process Waste



VinylPlus

As TMG Automotive is well aware of the importance in participating in initiatives that promote their products recyclability and circularity, TMG Automotive is part of the VinylPlus on the scope of the European Automotive Trim Suppliers. TMG Automotive is also associated member of EATS and the European Plastics Converters (EuPc), whose activity embraces all the plastics converting industry sectors, including recycling operators



EuPolySep

TMG Automotive is part of EuPolySep, a project that aims to separate PVC from complex laminated products. After the initial tests, the technology is going to be used at a pilot scale in a small plant in Belgium. Innovation for the recycling of complex polymers can allow the subsequent recyclability of TMG Automotive products.

As an active member of VinylPlus TMG Automotive supports its 2030 Roadmap.



Challenge 5

Boost Sustainable Sourcing



The automotive sector is defined by a global and complex supply chain, ranging from the most diverse materials, hence diverse natural resources, to diverse geographic contexts for sourcing, reflecting frequently different social and political realities. Due to 2020's lockdown and consequent decrease in economic activity, in 2021 the global demand for products has increased rapidly, exacerbating the shortage of raw materials, such as automotive components. These events led to volatile pricing across the automotive supply chain. Apart from this, in March of 2021, the Suez Canal used to make Europe and Asia business trades was blocked for 6 days, causing a lack of raw materials in Europe, and putting companies in the spot of making complicated decisions such as using alternative routes or transport.

The world health crisis and Suez Canal blockage just showed how fragile a global supply chain can be, suggesting that a shorter and more regional supply chain could prevent companies from being affected by the global crisis.

2021 also showed increased concern for the social and environmental aspects of supply chains, with new legislation coming out, namely the *German Law on Corporate Due Diligence*, which will come into force in 2023, that requires companies to perform a risk analysis of their suppliers, direct or indirect ones, for the compliance with labor and human rights aspects. Going hand in hand, the EU is expected to approve its Due Diligence Legislation in 2022 and start implementation in 2025.

Being TMG Automotive part of this complex puzzle, it is more and more important to identify, prevent or mitigate potential adverse impacts on human rights from the supply chain.

The basic requirement for doing business with TMG Automotive is to have the commitment from

the suppliers with TMG Automotive' Supplier Code of Conduct that is aligned with the UN Global Compact 10 principles, related to Anti-Corruption, Human Rights, Corporate Ethics, Health & Safety, and Environment.

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

TMG Purchasing Policy includes but is not limited to:

- National Supplier Preference;
- Ethical Principles;
- Conflict of Interests;
- Supplier Evaluation:
 - Initial Supplier Evaluation – Quality Management Systems (ISO 9001, ISO 14001, IATF16949);
 - Continuous Supplier Assessment – deadlines, supplied quantities, environmental and social criteria, documentation.

As formerly stated, 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. Long-term cooperation with suppliers is essential for responsible sourcing, traceability, and ensuring a more robust supply chain.

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.

100%

TMG Automotive suppliers
are ISO 9001 certified

65% of TMG Automotive suppliers are ISO 14001 certified, allowing companies to demonstrate their commitment to environmental protection through the environmental management risks associated with the activity carried out.

63%

TMG Automotive suppliers
are ISO 14001 certified

12% of 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, go beyond legal requirements..

13%

TMG Automotive suppliers
are ISO 45001 certified



Alcácer do Sal, Portugal



22% of supplier's panel screened are committed to the UN Global Compact



10% of supplier's panel screened are committed to SBTi



51% of supplier's panel screened publish Sustainability Reports



71% of suppliers' panel screened have quantified their GHG emissions

Supplier Panel Screening

Understanding the importance of transparency and compliance in the supply chain, in 2021 TMG Automotive conducted a Sustainability Supplier Panel Screening, sending to its suppliers a survey regarding their sustainability actions, such as the commitment to the UN Global Compact Initiative, Greenhouse Gas (GHGs) emissions quantification, commitment to Science-Based Target initiative (SBTi) or other GHGs emissions reduction initiatives, GHGs emissions reduction targets and Sustainability Reporting.

Though there are still suppliers that are not committed to these initiatives, some expect to make progress in 2022. This screening helped TMG Automotive to better understand its supply chain and the efforts needed to improve its sustainability performance.

Supplier Engagement

Reaching global goals such as net-zero emissions is only possible with supply chain engagement. Like most companies, TMG Automotive' Scope 3 emissions hotspot is "Purchased Goods and Services", accounting for more than 30% of overall emissions, making collaboration with the supply chain crucial.

- Share initiatives and guidelines to help with Sustainability issues;
- Understand supplier's actions and plans to reduce emissions;
- Share expectations and set a plan with suppliers to decrease their emissions;

LCA and CO₂ Accounting Guideline

In 2021 TMG Automotive developed an LCA and CO₂ Accounting Guideline to support its suppliers on Life Cycle Analysis, describing what type of information is needed, and which data is should be improved to increase the accuracy of the results.

Ants on tree, Costa Rica



Challenge 6

Attractiveness as an Employer



TMG Automotive's success rests on its people, the cornerstone of everything TMG Automotive does. In shaping the future to deliver solutions to empower its client's success, employment opportunities are key in planning for a low carbon growing future.

With the market being more and more competitive, more efforts are needed on the attraction and retention of talent and improvement of workforce well-being ensuring meaningful employee engagement. Aiming to tackle this challenge, TMG Automotive has several initiatives in place:

- Support an environment of continuous learning and improvement
- Promote the development of skills and merit
- Encourage effective teamwork in the workplace
- Improve the onboarding process for new employees
- Encourage a culture of best ethical and compliance principles
- Improve communication in the workplace
- Improve the workplace infrastructures

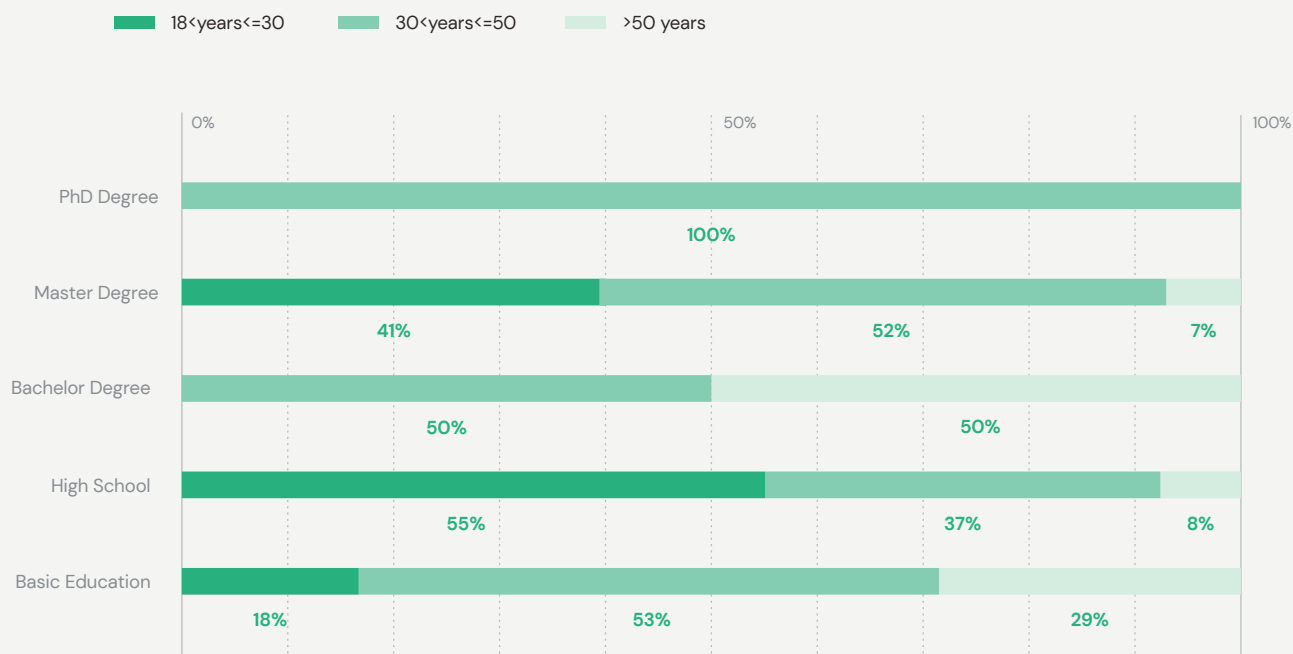
TMG Automotive seeks to provide a safe work environment to all employees while keeping quality at the core of operational excellence, reinforcing one of its biggest assets, a satisfied workforce.

Regardless the gender, TMG Automotive values the skills of all candidates and employees. Employment equity means ensuring that the application process, the required job qualifications, and the interview and hiring processes are all fair and equitable so that the appropriate qualifications of each candidate are the only criteria upon which hiring, performance evaluation, or promotion decision is made. Although women are, on average, more educated than men, continue to make up less of the workforce in the manufacturing industry, representing 21% of TMG's workforce.

TMG Automotive's
workforce average age is

37
years old

Employee Educational Breakdown



Workforce Breakdown

As TMG Automotive is part of a demanding sector where innovation is key, the need for a qualified workforce is always present, making its workforce composed of different backgrounds and different levels of education.

Growing Together

In 2021 TMG Automotive has implemented an integrated talent management system, called Growing Together, which supports core talent management processes, including skills and learning.

This software platform ensures proactive measures are in place to support the employee lifecycle, and the current and future goals of the business.

The first cycle of skills assessment was concluded in 2021 and allowed better two-way communication between employees and management. Therefore, encouraging employees to take ownership, and continuously improve their performance and engagement.

Self-Assessment phase
with a response rate of

75%

Training

Considering training a powerful tool to improve employee development and talent retention, in 2021 the total volume of training was about **226 hours per employee**. This training was mainly to improve technical skills, as well as participating in fairs, conferences, and national and international events, which allowed TMG Automotive to promote its products and gather knowledge. External training continues to be recognized as an important investment in employee development.

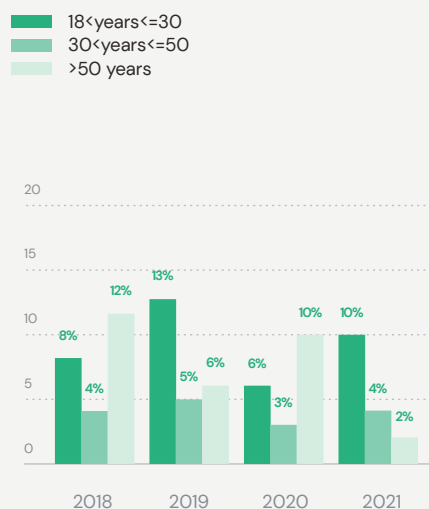
Sustainability Training

Being a topic where constant innovation and benchmarks are adopted, TMG Automotive financed training in Circular Economy, Climate Action, Sustainable Development Goals (SDG), Life Cycle Analyses (LCA), and Sustainability Reporting, allowing its employees to adopt the sector best practices and develop the future vision necessary to integrate these topics in the company's strategy.

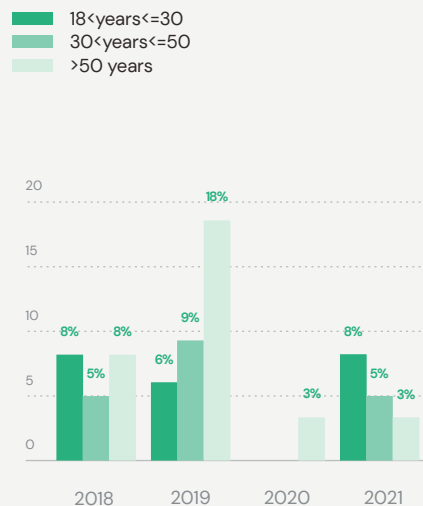
Apart from training, TMG Automotive offers other benefits, such as life insurance and childcare support for female employees. Independently of gender, according to Portuguese law, all employees have the right to parental leave. TMG Automotive's remuneration targets are independent of area, race, or gender criteria, making sure to have the same policy for establishing and managing wages across all companies.

Contract terminations, retirement, and even intergroup transfers can impact employee turnover rates. In 2021 the turnover increased for male employees between 18 and 30 years of age but had a substantial decrease for male employees over 50 years of age. Female employee turnover increased in the last few years for employees between 18 years of age and 30 but has decreased in the other age groups.

Employee Turnover Male

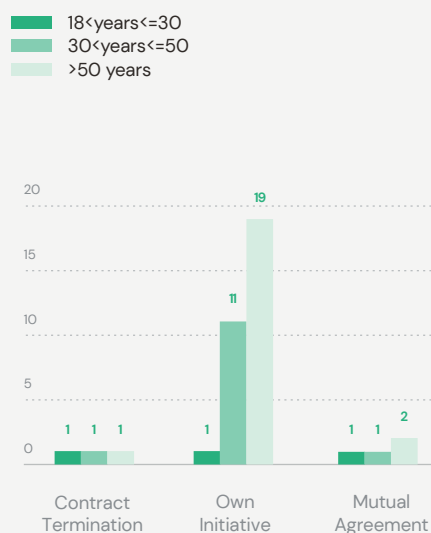


Employee Turnover Female

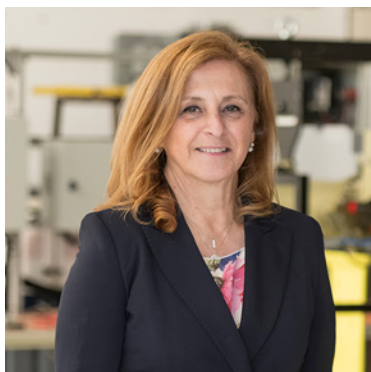


In 2021 TMG Automotive employees' dismissals were felt especially among male employees. Talent dearth more often occurred in employees up to 30 years, reflecting the increased tendency of a more competitive job market, with new job models that enhance job opportunities.

Employee Dismissals







Isabel Furtado (CEO)

50 years of experience supplying the automotive industry is a very remarkable milestone. Above all it brings a great sense of pride as we are one of the few completely independent companies in Europe that supply automotive interiors. I would like to share a strong message of gratitude and appreciation to all who bring their best every day, who strive to make TMG Automotive better and better. Last but not least, a message of hope, hope for the future, a strong belief we can go even further than what we have already achieved and keeping always in mind that we are a company based on ethics, values, respect for people, and respect for the environment.

“SER TMG” – What does it mean to be TMG?



Ana Araújo (Designer)

One of the best things that TMG Automotive has, if not the best, is people. I think TMG Automotive is a great home to grow. Everyone should take every day this opportunity to evolve and learn from new challenges. Don't be afraid to make mistakes, to question, it's all part of the process, and above all, enjoy it because the years go by.



Manuel Sousa (Logistics Department)

I think if I was already retired at home I wouldn't feel well, the proof is, we were at working from home because of covid and I was missing something. I really missed my colleagues, the workplace, the support from colleagues, and the strength they give me. With such a teamwork, I think we can do amazing things. TMG Automotive is like a tree that is giving many fruits. As we keep working together, I think the fruits will tend grow more and more. I hope one day, when I go, I'll feel a sense of achievement, knowing that I would leave many friends, roots, and I believe that people will miss me. That would be a good sign.



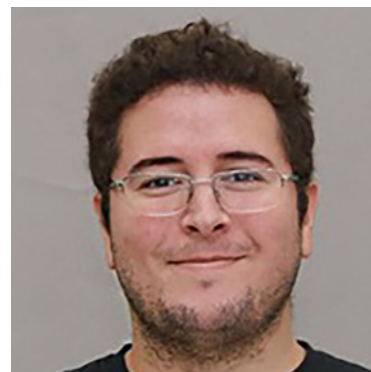
**Aníbal Monteiro
(Logistics)**

TMG Automotive is part of me. I've been here for a lifetime. It's a part of my daily life and I try to do my best so that TMG Automotive continues to give me the joy of working here, and it will always be my second family. I hope that together, we will continue to support the company growth more and more so that it can hire more people and help some more families to be happier.



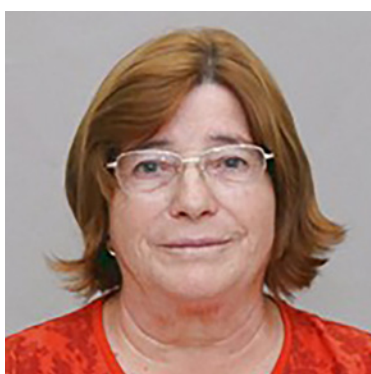
Glória Oliveira (Project Manager)

I started my family by being at TMG Automotive. TMG Automotive is part of my family in that aspect. TMG Automotive throughout these years has been a support for my family. Thinking about the people who work with us, who is part of my life, so many hours working together, can we call it a family? I like to feel that way, because, for example, even people who are no longer in the company, it is a joy when we see them again. My thanks to everyone who has supported me these years, and I talk about production staff, and laboratories, TMG Automotive has excellent employees.



Ricardo Almeida (Process Engineering)

TMG Automotive has many people from different backgrounds and with different levels of experience, and that, I think, is what makes it special. It's very rare a day that I don't learn something new from someone and, with luck, someone learns something new from me. That's why I think TMG Automotive is people, and the people are TMG Automotive.



Olívia Neves (Facilities Cleaning and Maintenance)

I have been at TMG Automotive for 50 years. I have only good things to say about this company, that's why I'm still here. I met many good people here, I was well taken care by everyone, and I am still today.



Bruna Cunha (Designer)

A very good thing that TMG Automotive has, is the opportunity of growth and development, both professionally and personally. Working in such a big industry makes us feel small but it also brings a great sense of pride.

Define TMG Automotive in one word



Bruno Teixeira

For me, Courage, I was a student worker when I started at TMG Automotive, and I always had all the support I needed. I know that TMG Automotive is a company that is not afraid to give a chance to young people to grow. I hope TMG Automotive never lose this courage, and continue to give these opportunities.



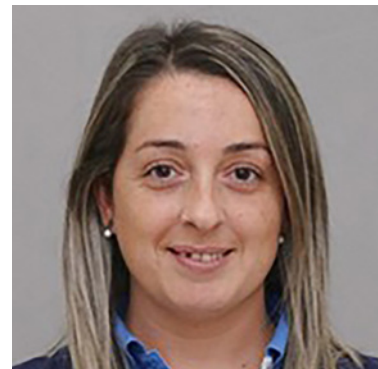
Maria Ferraro (Operations and Technology Engineering)

For me, TMG Automotive is Trust, when I started at TMG I felt that a huge vote of confidence was given to me and that I could contribute with my ideas, even when I was in my internship. I think trust is a word that I would use to define TMG Automotive. From the first day, I was very well welcomed, and part of the team. For that I'm thankful.



Ricardo Mendonça (Logistics)

Defining TMG Automotive in a word is difficult. For me, maybe Opportunity. Here I had the opportunity to grow, to get to know myself better, to learn, to improve my skills, but I know that I still have a lot to learn.



Marta Rodrigues (Logistics)

Respect. I have a lot of respect for this company. I have been working here for 14 years and I am very grateful, I learned a lot. Every day is an adventure. This company has always supported me, and I always try to do my best. We have the freedom to speak, we have the freedom to act when we have to and I think this is a benefit for me, for my future. I like working here, I really do.



Helena Aguilar (Pre Development Manager)

Catalyst, because it is a company that makes people grow, catalyzes emotions, catalyzes knowledge and basically, this is the engine of our personal grow and growth as a company, not only in terms of business but also as a team and as individuals.



David Melo (Product Engineering – TPE)

Growth. I have been with TMG Automotive for 2 years now, and since then TMG Automotive has allowed me to grow professionally, with challenging and disruptive projects.

TMG Automotive, Guimarães



A Message to TMG Automotive's future generations



**Bárbara Henriques
(Climate Action and
Ecodesign Specialist)**

To the future generations of TMG Automotive, I would like to say believe in yourself, you must face the challenges TMG Automotive gives as a learning opportunity, they are going to be many, but knowledge doesn't take space. Every day here is different, every day we learn something new, every day we have something to explore, and everything is a challenge to try and reach our goals. I hope new people come with an open mind and are ready for this new stage of their

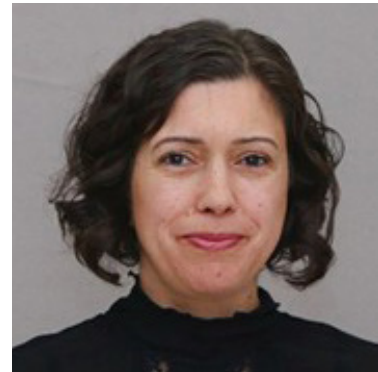


**Inês Guimarães
(Laboratory Technician)**

I hope that TMG Automotive's people enjoy what they do and that they are excited to work, always with a critical spirit, with ambition and they will succeed. They will have an excellent future, just like I have and I'm really enjoying it.

Júlio Mouta (Purchasing Manager)

What I would like to say to the new generations is: Don't be afraid to ask questions, to propose new solutions, because when we arrived here, there was also a lot for us that didn't make sense, and it's normal for people who have been here longer to have some difficulty understanding that new people are able to propose things that perhaps should be obvious to us. The critical spirit is very sharp in the beginning.



Isabel Dias (Laboratory Manager)

We have different generations here, but that's good because the new generations learn from those who've been here for a longer time. This is good for the company because it brings a breath of fresh air. New ideas, sometimes come with some turbulence but they are crucial to think and to shift the paradigm. People tend to, in general, reticent in facing change, and I think the next years will be great innovation, digitalization, and technological evolution. Don't let yourself be scared by these changes, embrace them. If you have the opportunity to move to a different area and change roles, do so. You will learn a lot from this. Have an open mind and be willing to accept challenges.

**Paula Moreira Pires
(Logistics Manager)**

What I would say to new generations is don't be afraid to propose new ways, if things are done properly, people will support it and even be enthusiastic to know there are different ways to do things. Engage people that have been here longer, and you will have better chances to succeed. If transformations are not done as a team, it will be harder to succeed. Even if at the beginning, it seems people are not understanding the move, I think they will soon or later, as long as they feel engaged.

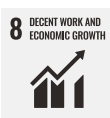
**José António Teixeira
(Marketing and
Customers Manager |
Business Director)**

To finish, just a note of who I am, my name is José António, I've been in this company for 33 years, I'm glad to have joined. I had bad times, I had many good times and I believe this company has a future and can bring you much better times than my good ones. So just believe in it, and deeply work for it.



Challenge 7

Safe Products and Operations



Safe Operations

To enhance employee safety TMG Automotive has several processes in place. Having active methods to prevent risks that could affect employee safety, is a crucial pillar for the well-being of TMG Automotive's workforce.

Standards such as ISO 45001 establish worldwide rules that guarantee the best practices when it comes to health and safety, by being a certified company TMG Automotive ensures that is in line with this standard. TMG Automotive's health and safety approach is based on several tools that help to continuously improve its performance:



Risk Assessment



Occupational Healthcare



Health Promotion Campaigns

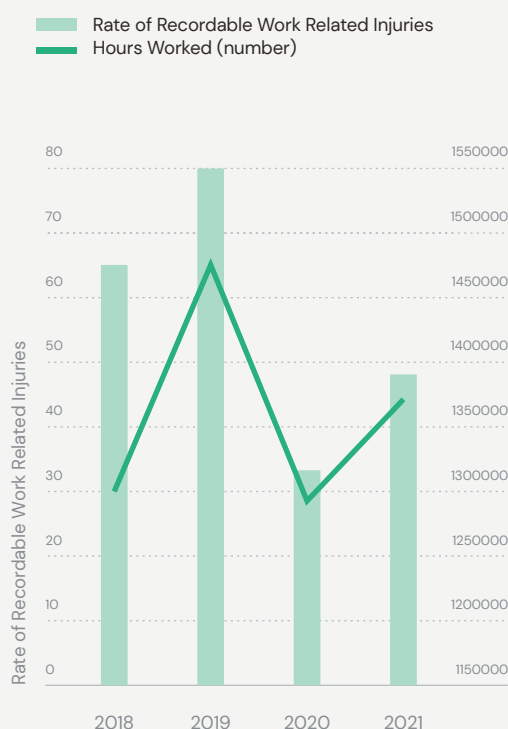
Creating a system that is proactive instead of reactive is always the goal, and these tools allow TMG Automotive to have several actions in place to enhance Employee Safety:

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

TMG Automotive had no fatalities or high consequences injuries resulting from work-related accidents in 2021, however, 49 accidents were recorded, confirming there is always space for improvement in workplace safety.

After an unusually low rate of work accidents in 2020, mainly due to the indirect impact of the COVID-19 pandemic, this number returned to higher values in 2021. Typically, these accidents were related to handling and movements, normal in a manufacturing company, and had minor consequences. Every recorded accident was analyzed and treated to avoid recurrence.

Work Injuries



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's 2021 COVID-19 response

As 2021 was still a difficult year regarding the global health situation, people and companies had to continue with the adopted measures of 2020 that the COVID-19 pandemic brought. TMG Automotive applied all measures available to prevent the spread of the virus and protect its employees' health.

Some of the measure taken were:

- Different shifts, avoiding contact between employees;
- Work from home, whenever it was possible;
- Shifts to use the canteen during lunch breaks;
- Adoption of virtual meetings instead of presential.

Apart from these measures, TMG Automotive also included the use of self-protection materials, such as facial masks in the workplace since the beginning of the pandemic.

Safe Products

Products safety is critical for many industries, but it is especially critical for the automotive sector. As the automakers need to do their very best to make safe vehicles, even its interiors play an important role. TMG Automotive complies with all customers' requirements for products and has diverse tests to ensure that all product portfolio meets the standards of safety that come with the industry. Nevertheless, every product at TMG Automotive is covered by insurance, protecting TMG Automotive and its customers from possible grievances that may happen.

TMG Automotive approach

- Monitoring of substances of concern lists and regulations, such as GADSL and REACH;
- Understand the hazards, risks and regulation requirements applicable to TMG Automotive's raw materials;
- Report declarable substances in products formulations

The main safety-related property of TMG Automotive products is the burning rate. TMG Automotive tests all the production batches before it dispatches to customers and during 2021 there were 47104 burning tests performed in its laboratory.

In 2021, 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.

GRI Table

DISCLOSE NUMBER	DISCLOSE TITLE	DISCLOSE DESCRIPTION	INFORMATION	PAGE
102-1	Name of the organization	a. Name of the organization	TMG Automotive – Tecidos Plastificados 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		14, 15
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		14, 15
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		14-15
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 31.12.2021: 749 employees.	18
102-8	Information on employees and other workers	a. Total number of employees by employment contract (permanent and temporary), by gender. b. Total number of employees by employment contract (permanent and temporary), by region. c. Total number of employees by employment type (full-time and part-time), by gender. d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees. e. Any significant variations in the number reported in 102-8-a, 102-8-b, and 102-8-c; f. An explanation of how data have been compiled, including any assumptions made.	As of 31.12.2021: 749 employees, 21% female, and 10% temporary. All employees reside in northern Portugal. Data is gathered and constantly updated by TMG Automotive's HR Department.	
102-9	Supply chain	a. A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.		14, 15

DISCLOSE NUMBER	DISCLOSE TITLE	DISCLOSE DESCRIPTION	INFORMATION	PAGE
102-10	Significant changes to the organization and its supply chain	a. Significant changes to the organization's size, structure, ownership, or supply chain, including: i. Changes in the location of, or changes in, operation, including facility openings, closing, and expansions; ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations); iii. Changes in the location of suppliers, the structure of the supply chain, or the relationship with suppliers, including selection and termination.		8
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.	14,15
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.		14, 15
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 consist 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, and Laboratory Manager.	
102-40	List of stakeholders groups	a. A list of stakeholders groups engaged by the organization.		19
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.		19

DISCLOSE NUMBER	DISCLOSE TITLE	DISCLOSE DESCRIPTION	INFORMATION	PAGE
102-44	Key topics and concerns raised	a. Key topics and concerns that have been raised through stakeholder engagement, including: i. How the organization has responded to those topics and concerns, including through its reporting; ii. The stakeholder groups that raised each of the key topics and concerns.		20,21
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 Plastificados 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.		20
102-47	List of material topics	a. A list of the material topics identified in the process for defining report content.		21
102-48	Restatements of information	a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.	None	14, 15
102-49	Changes in reporting	a. Significant changes from previous reporting periods in the list of material topics and topic boundaries.		
102-50	Reporting period	a. Reporting period for the information provided.	2021	
102-51	Date of most recent report	a. If applicable, the date of the most recent previous report.	20.05.2021	
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.		74
102-54	Claims of reporting in accordance with the GRI Standards	a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either: i. This report has been prepared in accordance with the GRI Standards: Core option; ii. This report has been prepared in accordance with the GRI Standards: Comprehensive option.	This report has been prepared in accordance with the GRI Standards: Core option.	
102-55	GRI content index	a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report; b. For each disclosure, the content index shall include: i. The number of the disclosure (for disclosure covered by the GRI Standards); ii. The page number(s) or URL(s) where the information can be found, either, within the report or in the other published materials; iii. If applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.		68

DISCLOSE NUMBER	DISCLOSE TITLE	DISCLOSE DESCRIPTION	INFORMATION	PAGE
102-56	External assurance	<p>a. A description of the organization's policy and current practice concerning 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>		
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>	<p>Only fuel and electricity were considered as TMG Automotive does not use heating, cooling, or steam.</p> <p>The denominator used was 1000 m².</p>	
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>	<p>Not present in this report. For more information, please consult <i>Relatório Auditoria Energética</i>.</p>	
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 CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p>	<p>Scope 1 emissions were calculated with natural gas mix provided by the supplier, fugitive emissions, and diffuse emissions. Calculation factors for natural gas are also provided by the supplier.</p> <p>Scope 2 emissions were calculated with the energy mix provided by the electricity provider. Calculation factors are also provided by the electricity provider.</p> <p>Scope 3 emissions were calculated with primary data and data from datasets, depending on each one of the Scope 3 emissions categories.</p> <p>The denominator used was 1000 m².</p>	26
306-2	Effluents and Waste	<p>a. Total weight of hazardous waste, with a breakdown by the following disposal method where applicable:</p> <p>i. Reuse;</p> <p>ii. Recycling;</p> <p>iii. Composting;</p> <p>iv. Recovery, including energy recovery;</p> <p>v. Incineration (mass burn);</p> <p>vi. Deep well injection;</p> <p>vii. Landfill;</p> <p>viii. On-site storage;</p> <p>ix. Other (to be specified by the organization);</p> <p>b. Total weight of non-hazardous waste, with a breakdown by the following disposal method where applicable:</p> <p>i. reuse;</p> <p>ii. Recycling;</p> <p>iii. Composting;</p> <p>iv. Recovery, including energy recovery;</p> <p>v. Incineration (mass burn);</p> <p>vi. Deep well injection;</p> <p>vii. Landfill;</p> <p>viii. On-site storage;</p> <p>ix. Other (to be specified by the organization);</p> <p>c. How the waste disposal method has been determined:</p> <p>i. Disposed directly by the organization, or otherwise directly confirmed;</p> <p>ii. Information provided by the waste disposal contractor;</p> <p>iii. Organizational defaults of the waste disposal contractor;</p>	<p>Waste disposal methods were provided by the waste disposal contractors.</p> <p>Maintenance waste was excluded from the hazardous and non-hazardous total weight for this report. Those calculations were remade also for the previous years.</p>	46-50

DISCLOSE NUMBER	DISCLOSE TITLE	DISCLOSE DESCRIPTION	INFORMATION	PAGE
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> <p>i. Total monetary value of significant fines;</p> <p>ii. Total number of non-monetary sanctions;</p> <p>iii. Cases brought through dispute resolution mechanisms;</p> <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>	TMG Automotive had no significant fines in 2021, there were also no non-monetary sanctions.	
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> <p>i. The number and rate of fatalities as a result of work-related injuries;</p> <p>ii. The number and rate of high-consequence work-related injuries (excluding fatalities);</p> <p>iii. The number and rate of recordable work-related injuries;</p> <p>iv. The main types of work-related injury;</p> <p>v. The number of hours worked.</p> <p>b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:</p> <p>i. The number and rate of fatalities as a result of work-related injury;</p> <p>ii. The number and rate of high-consequence work-related injuries (excluding fatalities);</p> <p>iii. The number and rate of recordable work-related injuries;</p> <p>iv. The main types of work-related injury</p> <p>v. The number of hours worked.</p> <p>c. The work-related hazards that pose a risk of high-consequence injury, including:</p> <p>i. how these hazards have been determined;</p> <p>ii. which of these hazards have caused or contributed to high-consequence injuries 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. 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 compiled, such as any standards, methodologies, and assumptions used.</p>	The rates have been calculated based on 1000000 hours worked.	66,67
403-10	Work-related ill-health	<p>a. For all employees:</p> <p>i. The number of fatalities as a result of work-related ill health;</p> <p>ii. the number of cases of recordable work-related ill health;</p> <p>iii. The main types of work-related ill health.</p> <p>b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:</p> <p>i. The number of fatalities as a result of work-related ill health;</p> <p>ii. the number of cases of recordable work-related ill health;</p> <p>iii. The main types of work-related ill-health.</p> <p>c. The work-related hazards that pose a risk of ill health, including:</p> <p>i. how these hazards have been determined;</p> <p>ii. which of these hazards have caused or contributed 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>	<p>There were no fatalities as a result of work-related ill-health.</p> <p>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>	66

DISCLOSE NUMBER	DISCLOSE TITLE	DISCLOSE DESCRIPTION	INFORMATION	PAGE
401-1	New employee hires and employee turnover	a. Total number and rate of new employee hires during the reporting period, by age group, gender and region. b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.		56-58
401-2	Benefits to full-time employees that are not provided to temporary or part-time employees	a. Benefits which are standard for full-time employees of the organizations but are not provided to temporary or part-time employees, by significant locations of operations. These include, as minimum: i. Life insurance; ii. Health care; iii. Disability and invalidity coverage; iv. Parental leave; v. Retirement provision; vi. Stock ownership; vii. Others. b. The definition used for "significant locations of operations".		56-58
401-3	Parental Leave	a. Total number of employees that were entitled to parental leave, by gender. b. Total number of employees that took parental leave, by gender. c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender. d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender. e. Return to work and retention rates of employees that took parental leave, by gender.	All Portuguese parents are entitled by law to parental leave and are required to take it. In 2021 all employees that took parental leave returned to work. 1 male employee and 2 female employees decided to leave the company 12 months after parental leave. Disclaimer: There are employees who took parental leave in 2021 that are still in parental leave when the report was written.	56-58
404-2	Programs for upgrading employee skills and transition assistance programs	a. Type and Scope of programs implemented, and assistance provided to upgrade employee skills. b. Transition assistance program provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.		
414-1	Supplier Social Assessment	a. Percentage of new suppliers that were screened using social criteria.	All potential suppliers are screened using social criteria prior to becoming actual suppliers.	
416-2	Customer Health and Safety	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: i. Incidents of non-compliance with regulations resulting in a fine or penalty; ii. Incidents of non-compliance with regulations resulting in a warning; iii. Incidents of non-compliance with voluntary codes. b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	TMG Automotive did not identify any non-compliance with regulations and/or voluntary codes.	

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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.

