



FORteams_{LAB}
Sustainability Report
2022



Sustainability Report 2022





CEO's Message:

All sectors worldwide have undergone moments of great difficulty, a reality that has not gone unnoticed by the textile sector and, naturally, by FORteams LAB. In this most atypical period caused by COVID-19, we can highlight the great sense of commitment and flexibility of FORteams LAB and all employees, whom we are delighted to have as part of our team.

We emphasize the speed of decision-making and 'thinking out of the box,' essential in transforming this atypical year into something impactful for the company's future. Our resilience is rooted in FORteams LAB's values since its inception and remains steadfast to this day. Creating value and fostering a culture based on quality, rigor, and customer satisfaction have been the foundations of FORteams LAB's business strategy over the past decades.

Aware that past successes confer more responsibility upon us, we proudly embrace sustainability and social responsibility as the main pillars of our governance. This new business strategy, more focused on the triple bottom line and sustainable development goals, helps us establish a more cohesive relationship with society, the environment, and other business organizations, positioning FORteams LAB in the competitive market as a company of the future.

In 2020, we established our Research, Development, and Innovation (RDI) department, aiming to create and develop products and solutions for the company, considering sustainability challenges and striving for responsible production. We continuously strive to improve our processes to ensure risk mitigation, minimize negative impacts, and make a positive contribution to the community, employees, society at large, and the company.

We care about people, our employees, the environment, value creation, and our stakeholders. Throughout 2021, we sought to study and implement several measures, among which we highlight:

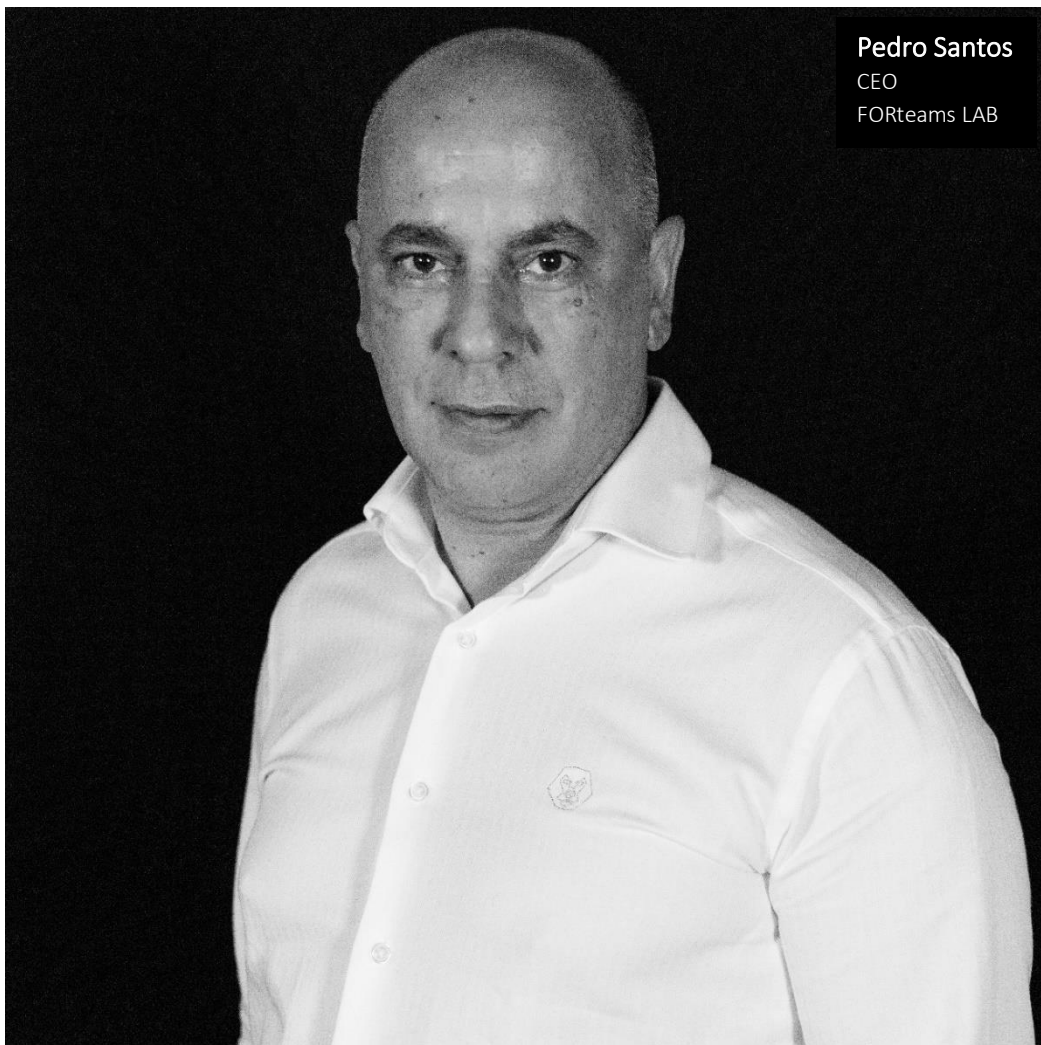
- Raw Materials Replacement Project: seeking and incorporating 'eco-friendly' raw materials to replace current ones without compromising the economic pillar and the quality of our products.
- LAB Creation: our RDI department was designed to address challenges. It encompasses various projects aimed at providing responses and solutions to our clients and partners, always with a mindset of social, environmental, and economic responsibility.
- Digitalization: replacing physical samples with digital samples.
- Electrical Installation Replacement: exchanging fluorescent bulbs for LED bulbs and replacing electrical panels to comply with current legislation and upgrade our equipment to more energy-efficient ones.



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- Circular Economy Project: recycling and reusing textile waste resulting from our production as raw material for producing new yarn and fabric, creating a range of 100% upcycled products.
- Strategic Networks: national and international associations that directly contribute to FORteams LAB's current context and the development of a strategic roadmap with ambitious goals and objectives.
- Knowledge and R&D: partnerships with universities, schools, and technological centers to retain talent, train employees, and create new businesses.

We are a resilient and persistent company that always seeks to innovate to offer customers the products of tomorrow. Stemming from the growth of a small label company that evolved in the market and sought new solutions, we are very proud to be today the national reference in sports merchandise. The journey was not easy, but as a family and with a lot of teamwork, we overcame adversities and triumphed.





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01

Sustainability Report Introduction

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This report contains information pertaining to the reference period, addressing the management strategy and organizational performance to align set goals and objectives with sustainability targets for the impacts of FORteams Lab, S.A. (hereinafter referred to as FORteams LAB). This marks the first sustainability report prepared and shared by the organization.


FORteams LAB has reported the information cited in this sustainability report for the period from January 1, 2021, to December 31, 2021, inspired by the GRI Standards.


The activities of FORteams LAB, along with all those associated with it, affect the scope of sustainable development across the three ESG dimensions ('Environmental, Social, and Governance'). For this reason, FORteams LAB commits to reporting this information on an annual basis, transparently showcasing the contribution to sustainable development to stakeholders.


For further information or clarifications about this Sustainability Report, please contact FORteams LAB through the Suggestions/Complaints area available at: <https://forteamslab.com/contactos/>.


FORteams LAB, September 2022

How to find us




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Commitment Letter

In the year 2020, due to the COVID-19 pandemic, we were forced to halt, much like the rest of the world. As FORteams, an organization that, until then, solely operated within the sports market, we witnessed a significant slowdown in our business.

Yet, we didn't give up. Since then, we have directed our efforts and commitment toward adhering to an internal sustainability strategy aimed at creating shared value for the company and society.

During this period, we established the necessary internal conditions for sustained growth, incorporating initiatives spanning social, ecological, and digital aspects. We placed strong emphasis on innovation, growth, knowledge sharing, and community engagement.

Ambition drives us. The desire to continually strive for more. For ourselves and the community we're part of. For the greater good that is our planet. All of this has led us to seek integration into the list of companies comprising the Global Compact, committing unequivocally to evolving metrics that will stimulate new impetus for our businesses in the coming years. Inherent in this commitment, sustainability will be reflected in our ability to constantly break barriers. We believe we will be prepared to embrace new, more stimulating challenges—challenges that will enable us, each day, to renew the trust of our stakeholders and the surrounding community.

Innovation and social responsibility drive the development of FORteams LAB. The innovation effort that characterizes us today delivers benefits to our customers, allowing them to position themselves in the market, offering disruptive product alternatives that drive development and growth in the markets they operate in.

Similarly, we invest in people as the driving force of our community. We promote gender equality, integration, personal growth, talent development, and retention.

To mirror our commitment, we have crafted this Sustainability Report. The aim is to reflect our actions, the results achieved, and the goals set. We intend to stride in harmony with society toward achieving sustainable development, focusing on the three pillars of sustainability: social equity, economic growth, and environmental preservation.



2021 Highlights

FORteams LAB



Company with **28** years of market presence



Operations in **19** European markets



83% of raw material suppliers are domestic



64% of clients in Portugal



34% of sales volume in the national territory



6 certifications in environmental, social responsibility, and product scope

SOCIAL



Team comprised of **68** employees



57% male employees
43% female employees



39 anos é a idade média dos colaboradores
(σ = 37 e ♀ = 40 anos)



2 acidentes de trabalho que resultaram em **7** dias de ausência dos trabalhadores envolvidas.



AMBIENTE



933 m³ of water consumed



628 MWh of energy consumed from the public grid



70 t of waste produced, including **13,7 t** of textile waste



0 fines associated with environmental non-compliance



20% of the internal fleet is electric



5858 L of diesel consumed by the non-electric internal fleet

ECONÓMICO



Invested capital = **117k €**



EBITDA = **332k €**



Turnover = **4M €**

02

Introducing to FORteams LAB

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Who we are and what we do

The textile and apparel industry has been an integral part of the Portuguese DNA for a long time, standing out as one of the nation's most important industrial sectors. In comparison with the rest of the world, the Portuguese textile industry distinguishes itself through the quality of craftsmanship, rapid responsiveness, product variety, competitive market prices, and more recently, is recognized as a hub for responsible production. In Portugal, we emphasize the Northern region, strongly characterized by textile exploration along the Ave River watershed. Our headquarters are located in this region, specifically in Vizela, Braga.

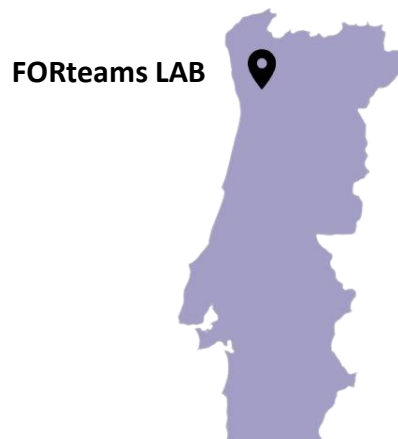


Figure 1 FORteams Lab Location

Being situated in the Vale do Ave region, a stronghold of the textile sector, we aspire to set ourselves apart from competitors by dedicating our activities to clothing manufacturing and the production of merchandise linked to the textile and sports industries. For this reason, we can conclude that it is in our DNA to be a company that differentiates itself and seeks new solutions and alternatives.

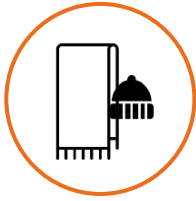
We operate in the textile market through an integrated approach that prioritizes innovative and sustainable procedural solutions, offering products that have the capacity to provide greater added value, considering the high standards of the sector and always presenting cutting-edge solutions.

Our core business is extensive, allowing us to be a vertical company capable of producing an article from start to finish with all the accessories and ready to be shipped to the customer. We highlight the production of labels, which has been part of our history since the establishment of the company in 1993.



Table1 Core Business

Merchandising



Sports
Merchandising

Manufacturing

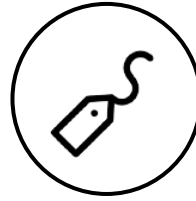


Sportswear

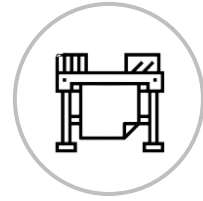


Fashion

Printing & Labelling



Labels



Graphics

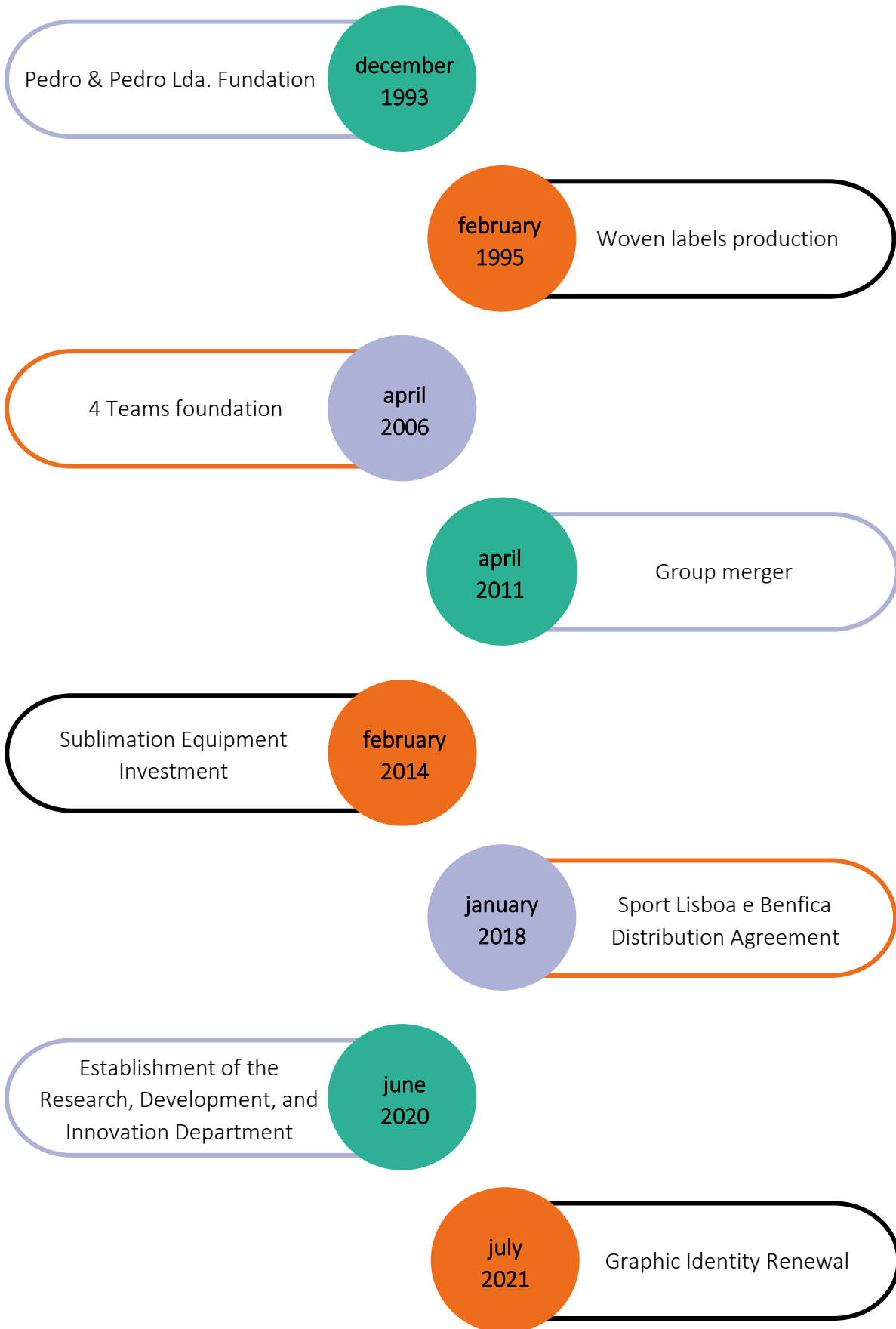
Throughout this report, various projects, objectives, and goals set during the year 2021 will be mentioned. We would like to emphasize the LOOP project, which, based on the concept of circular economy, allows the development of new products using waste from the production process.

We care about Tomorrow and our constant Evolution; about not losing market share to potential players who are already working on the Future, whether in terms of products presented or methods of production and communication; about the value of our brand, which we want to be synonymous with Innovation, Evolution, Sustainability, and Trust.





Our History





In December 1993, Pedro & Pedro Lda. was founded, with its core business centered around the production of printed labels. In January 1994, the first three employees were hired, and the first label machine was purchased, a project funded by ANJE. One year later, in February 1995, the company acquired the first loom to produce woven labels and took the initial steps in developing the graphic aspect. After four and a half years of existence, in May 1998, the company obtained its first OEKO-TEX® certification, followed by ISO9001 in February 2001 (which would later be renewed and expanded to other products in March 2017).

In March 2006, FORteams Lab, S.A. was established, focusing on the production of sports merchandising scarves. FORteams Lab leveraged the similarity between the looms used in scarf production and labels to enter this market successfully. Having established itself in scarf production, FORteams Lab recognized that the acquired know-how had the potential to drive other products. Thus, in June 2008, the production of sports merchandising beanies commenced.

After five years of the 4 Teams foundation, its undeniable growth and success in both markets led to the decision to integrate the graphic production and labels company, Pedro & Pedro Lda., along with all its 18 employees. Also in 2011, the company initiated internationalization and three-shift operations. The Spanish, French, and Swedish markets were the first to embrace the offerings of 4 Teams internationally, while nationally, some major clients, including Sport Lisboa e Benfica, were also secured.

Recognizing the potential of the sports merchandising market, in February 2014, the organization decided to include sublimated products such as t-shirts, shorts, towels, and flags in its portfolio, making an investment in sublimation equipment for their production. In July of the following year, the licensing contract for beanies and keychains for Sport Lisboa e Benfica was secured, and in December, the BSCI certification was obtained, confirming a healthy operation in 13 performance areas.

At the end of 2017, high demand led to an investment in the sublimation sector, resulting in increased employment, reaching a total of 85 employees in the company. The following month, due to continuous good work, 4 Teams secured and improved the contract with Sport Lisboa e Benfica, becoming responsible for the distribution of its core business. In the last quarter of the year, Sedex and SA8000 certifications were obtained in October and December, respectively. In 2019, leveraging previous investments in the sublimation area, 4 Teams once again expanded its product portfolio, now including sublimated sports equipment.

In March 2020, the company faced the global pandemic caused by the COVID-19 virus. With closed stadiums and canceled events, 4 Teams felt its business threatened and had to reinvent itself. This revolution was only possible after a process of self-discovery (expressed below in the SWOT analysis of the business), analysis of the external context, and a redefinition of philosophy and mindset.



The year 2020 was marked by the creation of significant growth opportunities. The production of masks and the establishment of the Research, Development, and Innovation (RDI) Department were crucial for the company to become even more competitive in the markets it operates in, offering new and more diversified products, including, for the first time, products in the fashion sector. The adoption of corporate sustainability and responsible production as part of the mindset and organizational culture of 4 Teams was the main change that occurred and will promote significant improvements for a more considered, fair, and up-to-date decision-making process by the company's decision-makers.

In July 2021, 4 Teams decided to undergo a complete rebranding, renaming itself FORteams LAB. We believe that business transparency is a key factor for sustainability in Future Textile companies. The internal revolution that occurred in the last twelve months with the entry into the world of fashion and sportswear, the inclusion of corporate sustainability in management, the pursuit of digitization, Industry 4.0, and the traceability of the production and supply chain must be consistent with the message we want to convey. The new logo, the new graphic identity, the new communication, colors, and corporate message align more with the concept of a Future company that we want to embrace for all our stakeholders. A LAB of ideas and solutions ready to meet any requirement and challenge day after day, shortening distances every day. "Today, we transform tomorrow."

Currently, we have a design and development center that vertically produces a variety of sports merchandising and fashion products, consisting of dozens of machines incorporating weaving, knitting, production, labeling, printing, and finishing sectors. From the design department to shipping, we encompass all stages of the process with quality guarantees. We have worked and invested since day one to be a vertical company and be prepared to meet any requirement and challenge day after day.



Good reputation among customers;

Quality product/price ratio and delivery time validated by the market;

Flexibility (adaptation to produce small and large quantities);

360-degree ambition for achieving verticality in the range of products we can produce;

Short lead time;

Young, dynamic, and creative team;

Strengths

S

W

Weaknesses

Need for a Strategic Plan for new products to be delivered to the market/clients – aligned between production capacity and the sales team;

Need for a Commercial Strategic Plan to consolidate regular clients and attract new clients;
Unclear and concise communication strategy;

Need to work on a long-term Strategy & Partnerships;

Need for investments in equipment/software and technology for the realization of 360 | Vertical.

Build new business models/new products ensuring distribution with market-leading clients;

Leverage digital transformation/sustainability and position ourselves to partners as an excellent production company also working in this sector;

Introduce sustainable new products to the market at a fair price, aligned with partners and the capacity of the Portuguese industry;

Identify new clients/new markets supported by a network of partners.

Opportunities

O

T

Threats

Investment associated with the 360 | Vertical ambition;

Lack of support for investment secured via Europe/Portugal;

Shortage of technology/solutions in the short term for the implementation of the 360 strategy;

First movers disadvantage – the customer may not yet be ready for the change;

The market/clients may lack the capacity to respond to the offer;

Portugal with very high shipping costs



Our mission, vision and value

Our actions and attitudes today will define where we will be tomorrow! Therefore, we have ambitiously defined our mission, vision, and values with an eye on the future. The mission is our *raison d'être*, the vision outlines what we aim to achieve in the future, and the values are the attitudes we want to adopt throughout our journey to reach our objectives.

Missão

Ser um LAB de inovação têxtil em constante evolução, onde a criatividade, a sustentabilidade e a qualidade se aliam às novas tecnologias para entregar os produtos têxteis do amanhã, sempre em conformidade com a responsabilidade social e ambiental.

Visão

Ambicionamos ser uma empresa de destaque e referência no mercado quer em termos de oferta de produto, quer em inovação, qualidade e sustentabilidade.
“Hoje transformamos o amanhã.”

Valores

Criação de valor conjunto	Respeito	Criatividade
Inovação	Ética	Satisfação do cliente
Transparência	Resiliência	Verticalidade
Sustentabilidade	Diversidade	Qualidade
	Dinamismo	



Governance Structure

Top Hierarchical Member

FORteams LAB is a Portuguese joint-stock company efficiently managed through a sound governance structure, with pillars based on the seven identified aspects - ethics, knowledge, training, innovation, creativity, industry 4.0, and sustainability. The top member of FORteams LAB's governance structure is the CEO, Pedro Santos, one of the original founders of the former Pedro & Pedro, Lda. Currently, there is no appointment or replacement of the top member of the organization, so the same has been in office since 2006, for 15 years.

In managing FORteams LAB, the CEO acts in accordance with our values and policies, ethically, transparently, and responsibly. This management extends not only within the organization's walls but also encompasses the pre and post-FORteams LAB phases, from collaboration with suppliers to business dealings with customers.

Top management

To assist in managing the company, a top management team (or Top Management) has been appointed, including the production director, sustainability director, and CEO. These independent members are responsible for making decisions and overseeing the management of impacts and risks associated with the organization, always in compliance with current legislation. The top management oversees FORteams LAB's affairs through effective cultural management and a sustainable approach, focusing on customer satisfaction, the company's growth in the job market, employee well-being, and environmental compliance. Top Management is our driving force! All 14 section heads report to Top Management.

Top Management regularly assesses the leadership structure to ensure that FORteams LAB is managed in the current context (i.e., in line with the current needs of the company and society). Organizational needs may vary over time, as seen in the example of the pandemic period that led to a change in FORteams LAB's leadership mindset.

Three councils were appointed to assist Top Management in analyzing and deciding on specific matters: the management council, the sustainability council, and the safety committee. The members of these councils were appointed by Top Management according to their roles in the company.

Management system council

The management system council is composed of the CEO, the production director, the responsible person for the Department of Quality, Social Responsibility, and Environment (DQRSA), the responsible person for the Administrative and Financial Department (DAF), and the workers' representative. Employees have the right to nominate a workers' representative to be an integral part of the management council



and play an active role in decision-making. The management council's main functions include:

- Developing and updating, as needed, the FORteams LAB manifesto, values, vision, and mission, with Top Management responsible for approving changes;
- Monitoring and overseeing the organization's activities to ensure compliance with the principles and requirements of the management system;
- Proposing, discussing, and evaluating measures to remedy non-conformities associated with the management system;
- Assisting in audits (internal and external);
- Defining the organization's strategy, with Top Management responsible for approval;
- Assisting in the development and updating of FORteams LAB's policies, code of conduct, and regulations addressing social, environmental, and economic responsibility, including proposing relevant changes to these documents. Approval lies with Top Management;
- Ensuring the dissemination of the aforementioned documents to stakeholders and ensuring their implementation requirements are met;
- Providing training to all employees on the aforementioned topics and others deemed relevant;
- Preparing the risk analysis and assessment of environmental aspects and impacts to identify and prioritize the organization's most sensitive areas in terms of quality, social responsibility, environment, and economy;
- Initiating continuous improvement actions related to the management system to minimize associated risks;
- Periodically reviewing the aforementioned analyses..

Sustainability Council

The sustainability council is composed of the CEO, the sustainability director, the responsible person for the Department of Quality, Social Responsibility, and Environment (DQRSA), and the responsible person for the Department of Research, Design, and Innovation (IDI). The functions of the council are not limited to but basically include:

- Monitoring and overseeing the company's sustainability projects;
- Promoting and adopting the concept of circular economy in the company;
- Monitoring and overseeing the organization's workspaces to verify compliance with sustainability principles and requirements;



- Monitoring and overseeing the implementation of the Management System to ensure that sustainability pillars are aligned;
- Defining the organization's sustainability strategic plan (PES) in accordance with ESG strategic goals and objectives and ensuring that the defined goals are met and/or that the company makes efforts to meet them;
- Defining sustainability indicators that align with the goals outlined in the PES, monitoring them, and reporting them to top management;
- Preparing the company's materiality analysis and defining material topics;
- Writing, evaluating, and discussing the company's sustainability report.

Safety Committee

The safety committee is composed of the CEO (safety officer), the production director (safety delegate), the Department of Quality, Social Responsibility, and Environment (DQRSA) (safety sub-delegate), and the responsible person for the Administrative and Financial Department (DAF), with the assistance of the occupational health doctor and safety technician (both services are subcontracted). The main functions of this committee include:

- Identifying and analyzing risks associated with the process and others;
- Preparing environmental and safety drill actions (with and without the presence of external entities), evaluating the emergency team's performance, and proposing, analyzing, and implementing improvement actions taking into account the negative points.





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		CEO	Production Director	Sustainability Director	DQRSA	DAF	IDI	Workers' Representatives	
		<i>Pedro Santos</i>	<i>David Macedo</i>	<i>Inês Santos</i>	<i>Filomena Mendes</i>	<i>César Dias</i>	<i>Bruno Lopes</i>	<i>Vânia Coelho</i>	<i>Carlos Sampaio</i>
Gender	<i>Female</i>			X	X			X	
	<i>Male</i>	X	X			X	X		X
Age	<i>< 30 years old</i>			X			X		X
	<i>30 – 50 years old</i>		X		X			X	
	<i>> 50 years old</i>	X				X			
Ethnicity	<i>Portuguese</i>	X	X	X	X	X	X	X	X
Independence	<i>Independent</i>	X	X	X					
	<i>Non-independent</i>				X	X	X	X	X
Member	<i>Executive</i>	X	X	X					
	<i>Non-executive</i>				X	X	X	X	X
Length of tenure in the company	<i>< 2 years old</i>						X		
	<i>2 – 8 years old</i>				X			X	X
	<i>> 8 years old</i>	X	X	X		X			
Board membership	<i>Top Management</i>	X	X	X					
	<i>Management System Council</i>	X	X		X	X		X	X
	<i>Sustainability Council</i>	X		X	X		X		
	<i>Safety Committee</i>	X	X		X	X			



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		CEO	Production Director	Sustainability Director	DQRSA	DAF	IDI	Workers' Representatives	
		<i>Pedro Santos</i>	<i>David Macedo</i>	<i>Inês Santos</i>	<i>Filomena Mendes</i>	<i>César Dias</i>	<i>Bruno Lopes</i>	<i>Vânia Coelho</i>	<i>Carlos Sampaio</i>
Skills	<i>Leadership</i>	×	×	×	×	×	×	×	×
	<i>Effective communicator</i>	×	×	×				×	×
	<i>Foreign language proficiency</i>	×	×	×					
	<i>Corporate strategy</i>	×	×						
	<i>Sales and commerce management</i>	×							
	<i>Product development</i>		×		×		×		
	<i>Innovation</i>			×			×		
	<i>Logística</i>		×						
	<i>Production</i>		×					×	×
	<i>Accounting and finance</i>	×				×			
	<i>Human resources management</i>	×			×	×			
	<i>Quality</i>		×		×			×	×



Policies and Practices

As part of our strategic management best practices, we aim to identify, prevent, and mitigate potential negative impacts resulting from our productive activities. We make efforts to reduce the negative impacts associated with our value chain, over which we have only indirect control but significant influence. We maintain an open channel on our website for Suggestions and Complaints to keep active communication with our stakeholders. This allows them to express concerns and complaints on various topics such as environmental and social impacts, community engagement, and partnerships. Additionally, suggestion and complaint boxes are available in our facilities, enabling our employees to actively, anonymously or not, participate in this process, raising questions and concerns about their rights, working conditions, health, safety, among others.

At FORteams LAB, we are committed to responsible corporate conduct with our stakeholders. In defining our policies, when applicable, we rely on international regulatory instruments and recognized initiatives, such as the SDGs, ILO Conventions, international human rights standards, and the UN Global Compact.

In the review of FORteams LAB's business strategy, sustainability is a central consideration, with defined goals and objectives aligned with the pillars of sustainable development: environment, economy, and society. FORteams LAB's management documents address these pillars and are divided into three major areas of intervention: Environmental Responsibility; Social Responsibility; Quality and Safety. Annually, a review of these documents and approvals (if changes are made) takes place during the management board meeting.

A yearly training plan is developed to address the aforementioned topics and other relevant subjects. During the onboarding process for new employees, training sessions cover company policies, the Code of Ethics and Conduct, as well as other relevant documents such as the Internal Regulations, risk analysis for the position to which the employee will be assigned, and the company's certifications.

Environmental Responsibility

Environmental

One of our top priorities is the certification process according to ISO 14001:2015, incorporating an environmental management system into our existing quality and social responsibility management systems. While we do not currently hold any environmental certifications, we have implemented best practices within our company and comply with relevant environmental regulations.

We engage a service provider responsible for certain environmental legalities and conducts internal audits periodically. These audits aim to detect and record non-compliance with relevant environmental legislation that is considered most relevant to FORteams LAB's industrial activities. Measures and actions are then adopted to prevent



and eliminate non-compliance after receiving the report with non-conformities and improvement proposals.

Social Responsibility

Ethics and conduct

At FORteams LAB, we believe that our strategic vision should clearly and firmly encompass our commitment to ethical and socially responsible management. For this reason, we have adopted a Code of Ethics and Conduct that reflects the values and principles of our management system, practices, and business attitudes. We emphasize the manner of relationship and communication with all stakeholders, aiming to adopt a commitment to rigor and transparency in how we present FORteams LAB, promote trust relations between the company and its partners, foster good commercial relationships, ensure that FORteams LAB's values are upheld, respect human rights, and ensure that quality and health and safety standards are met.

In our commitment to social responsibility, we identify and adhere to principles, such as:

- **Child labor:** We neither use nor tolerate the use of child labor, i.e., employees under the age of 18.
- **Forced and compulsory labor:** We neither use nor tolerate the use of forced or compulsory labor, whether through physical imposition, threats, or other forced methods, and we do not exert any pressure or retain identification documents.
- **Health and safety:** We ensure a safe and healthy working environment for our employees, promote compliance with safety and health standards, and require our suppliers and subcontractors to ensure a safe and healthy working environment.
- **Freedom of association:** We recognize and respect the right of employees to freedom of association and representation, according to their freely expressed will, without pressure.
- **Non-discrimination:** We condemn any form of discriminatory practices in our partnerships and towards our employees based on race, social class, color, gender, religion, age, nationality, disability, sexual orientation, social or ethnic origin, or political affiliation.
- **Disciplinary practices:** We ensure the respect of the dignity of our employees and disapprove of any form of physical, sexual, psychological, or verbal abuse.
- **Workplace harassment:** We take actions to prevent and combat workplace harassment, whether physical, sexual, psychological, or verbal. Alleged cases trigger a disciplinary procedure.



- **Working hours:** We ensure compliance with working hours and remuneration for overtime in accordance with applicable legislation, encouraging our suppliers and subcontractors to comply with legal requirements.
- **Remuneration:** We recognize that salary is essential for employees' basic needs and ensure all legally established remunerations. We demand fair remuneration from our suppliers and subcontractors in accordance with prevailing laws.
- **Legal requirements:** We comply with applicable national and international legislation and regulations related to our activities.
- **Environment:** We promote the adoption of measures to protect the environment and conduct all activities following legal requirements related to environmental protection. We encourage good environmental management practices among our suppliers and subcontractors.
- **Surrounding community:** We commit to supporting social, educational, and environmental initiatives internally or in partnership with external institutions, contributing to a fairer society and fostering closeness with the surrounding community.

FORteams LAB has appointed a social responsibility manager responsible for ensuring compliance with the mentioned principles. In case of anomalies or non-conformities, an investigation process is initiated to determine causes, and corrective actions are taken.

We conduct risk assessments and evaluations of environmental aspects and impacts at FORteams LAB. Annually, these assessments are reviewed to identify progress in resolving negative aspects and significant risks. We follow a continuous and systematic review model, enabling us to improve the company's position regarding the environment and relationships with our employees.

Human Rights

Aligning human rights with our Code of Ethics and Conduct, FORteams LAB supports, promotes, and respects the human rights of all employees working with us and those involved in our business. We expect our partners to do the same. Our internal practices reflect our concern and commitment, ensuring that every individual working with us does so willingly and in a safe and healthy environment.

As mentioned earlier, we stand against discrimination, slavery, child labor, among others, adopting measures, procedures, and control practices to prevent them. Internally, we embrace diversity, inclusion, equal opportunities, workplace safety, freedom of expression, protection against harassment and discrimination, and protection against corruption. We support meritocracy and diversity in our workforce.



Anti-corruption

In FORteams LAB, we conduct our business in a correct, honest, integral, and transparent manner. We have established principles of business ethics that all employees are obligated to adhere to regarding fair competition, anti-bribery and anti-corruption (including principles related to acceptable gifts), money laundering, and conflicts of interest. We aim to promote an organizational culture that prevents acts of corruption by adopting a code of ethics and conduct and an anti-corruption procedure, holding everyone accountable, and advocating for ethically correct behavior. Furthermore, we seek to develop a management system that fosters trustful practices and relationships among our employees, ensuring that all revenues and expenses are adequately documented to prevent potential corrupt practices.

The definition of corruption or bribery practices varies from country to country. Our policy is by no means intended to allow procedures that are not legal and/or in accordance with business ethics in any country where we operate. However, it may complement and reinforce requirements for a particular country with less developed anti-corruption legislation.

Some of the markets where FORteams LAB operates face issues with corruption and bribery practices. It is the responsibility of FORteams LAB's management to continually assess the risk of any employee engaging in corrupt behavior, inform the organization about the risk, and take appropriate measures to avoid such situations. Analysis procedures should include proper investigations into past and present anti-corruption measures and the overall risk exposure regarding corruption and bribery for each acquisition target or potential partner. When entering new markets and engaging in different types of relationships with external entities, we conduct a risk assessment for corruption, bribery, and other improper benefits in the specific country or relationship.

Although we cannot impose FORteams LAB's anti-corruption policy on individuals and entities outside FORteams LAB, our employees should make efforts to incorporate the principles of this policy into partnership agreements and other business relationships or ensure that the principles of FORteams LAB's code of ethics and conduct apply to the relationships in which FORteams LAB is involved.

Our employees undergo training/awareness actions to ensure understanding of the information in the anti-corruption procedure, as well as local anti-corruption standards and regulations.

Quality and Safety

Quality and Safety

We are aware that visibility in the market is achieved through the satisfaction of our customers, employees, and other stakeholders. Therefore, we have committed to the quality and safety of our products. We are certified in quality by ISO 9001:2015, facilitating the implementation of management systems focused on continuous



improvement. This certification has allowed us to set ambitious objectives and methodologies to achieve them, such as:

- Teamwork, motivation, satisfaction, and commitment of our employees;
- Optimization of processes and resources;
- Compliance with applicable legislation, as well as other compliance obligations that the company subscribes to, and customer requirements;
- Investment in new solutions;
- Getting it right the first time and at the lowest cost;
- Continuously improving the effectiveness of Management Systems and their performance.

Although our business is B2B, our goal is to achieve satisfaction for end consumers. We work rigorously, safely, and with quality every day for them. We aim to offer safe, sustainable, and, above all, quality products to accompany fans throughout their lives.

To ensure the quality and safety of our products, we rely on a partner, CITEVE, which conducts laboratory analyses on our fabrics, lines, threads, etc. We are certified in OEKO-TEX 100, GRS, and GOTS, meaning that we do not use harmful substances in our products, have social and environmental concerns, and incorporate recycled materials into some of our products. The chemicals we use comply with the REACH and CLP regulations, ensuring that we do not use prohibited or harmful substances. One of our objectives is to produce right the first time, avoiding non-compliant products, dead stock, waste production, and unnecessary consumption of raw materials, all in accordance with our acceptable quality standards.

To ensure safety in the company, we conduct risk assessments for workplaces and the entire process, identify possible accidents, and establish measures to reduce the likelihood of risk. We aim to be a company with a zero accident rate. We ensure that employees have personal protective equipment available to safely perform their work, and if they detect danger, they have the freedom to suspend the activity and report the danger to their hierarchical superior. The risk assessment is reviewed annually and validated by Top Management.

In the development phase of new products, we rely on a multidisciplinary team with training in the areas of industrial management, quality, and the environment. The goal is to offer customers new and innovative products with concerns in various areas. Whenever research and development projects are initiated, new products and/or new industrial processes (e.g., use of new raw materials, new business models, new equipment, etc.), an analysis of the implications around the life cycle of the products is carried out. This analysis considers how the company can control and/or influence the environmental performance, taking into account the life cycle of the products and their



phases. To enable traceability of the product's value chain, we consider environmental criteria in the product development process, such as the use of more sustainable materials and raw materials, with a lower environmental impact or with certifications (GOTS, GRS, OEKO-TEX 100, Seaqual), thus avoiding the consumption of virgin materials and resources and ensuring the use of materials free of prohibited chemical substances.

Privacy

We respect the privacy of our partners and employees. At FORteams LAB, we are committed to ensuring the privacy of personal data collected and/or transmitted online. We recognize that personal information is of high importance and sensitivity, so during visits to our website (www.forteamslab.com), we only collect technical information used for statistical purposes, such as: date and time of the visit; pages visited and documents downloaded; type of internet browser used by the visitor and the respective operating system used; and the visitor's IP (Internet Protocol) address. We ensure that no information that can be used to identify the site visitor is collected. Regarding information about our partners, we only collect what is necessary for commercial or legal purposes.

COVID-19

In 2020, the global proliferation of the first pandemic of the century, resulting from the SARS-CoV-2 virus, was observed. Faced with uncertainties, doubts, and fears at the onset of the pandemic, we had to make decisions. One of the first steps after the declaration of the State of Emergency was to develop a contingency plan, outlining the measures implemented to ensure the safety of our employees. We were compelled to reduce our production in early 2021 and gradually resumed operations until the end of the year, working at a pace reminiscent of the pre-COVID period. By mid-August 2021, 67% of our employees were on layoff.

To understand the pandemic's effective impact on our business, we must contextualize the year before the virus's proliferation. The year 2019 was highly positive for our business, marked by new contracts at the national level and approximately 90% of sales exported. The expectation was that 2020 would surpass the previous year, given it was the year of Euro 2020 and the 2020 Olympic Games. However, what was anticipated to be a highly successful year quickly transformed into a year of challenges! As FORteams Lab, a sports merchandising product company, our business faced threats due to closed stadiums and postponed competitions. We needed to explore new markets! Leveraging our knowledge and experience in sublimation processes, we initiated the production of community masks, minimizing losses, and contributing to public health, ensuring the well-being of our employees and the community.

After a year of pandemic and a changed reality, we decided that FORteams LAB also needed transformation. We paused, rethought, and reinvented ourselves. In mid-2021, we commenced the rebranding of our brand, always maintaining the spirit of commitment and quality that was already familiar to our customers. We enhanced our



online presence to be closer to our stakeholders, facilitating communication and information sharing.

Our certifications

The increase in corporate competitiveness imposes on companies a need to alter their strategies to ensure prosperity in the market. It is in this paradigm shift that the prioritization of social responsibility, quality, and the environment begins, aiming to create a link between societal interests and corporate objectives.

The development of textile articles with sustainable and circular credentials requires mechanisms to validate the sustainability and circularity claims of these articles, addressing market demands for transparent and credible communication. Consequently, we sought certifications capable of attesting that FORteams LAB is not solely concerned with economic, technical, and legal issues but also with ethical and philanthropic responsibilities, demonstrating compliance with specific requirements.

As of the date of this report, FORteams LAB holds the following certifications:

- **OEKO-TEX 100®:** At FORteams LAB, our beanies and scarves bear the OEKO-TEX 100® seal. An international certification system for raw materials, intermediate, and end products in the textile sector at all stages of processing. It ensures products are free from harmful substances to human health and is the world's leading ecological label for textiles tested for harmful substances.
- **ISO 9001:** The most widely used worldwide standard for management systems and the international reference for quality management system certification. An external and independent entity recognizes that the organization ensures product compliance, customer satisfaction, and continuous improvement.
- **SA8000:** A voluntary standard aiming to ensure that certified organizations adopt practices to protect basic human rights of workers. Geared toward enhancing the competitive capacity of any organization that voluntarily guarantees the ethical component of its process and production cycle.
- **Masks COVID-19 Approved:** This seal allows consumers and producers to recognize masks or raw materials that have been tested and validated by an independent entity with accredited laboratories. In the case of masks, producers can affix the seal to their respective packaging, enabling consumers to identify a tested and verified mask. This certification was conducted by our partner: CITEVE-Technological Center of Textile and Clothing Industries of Portugal.
- **GOTS:** This certification was developed to define globally recognized requirements for organic textiles. From the harvest of raw materials to



environmentally and socially responsible manufacturing and labeling, textiles certified by GOTS provide assurance to the consumer.

- **GRS:** An international, voluntary standard entirely dedicated to products, defining requirements for the certification of recycled material, value chain, social and environmental practices, and chemical restrictions.

We highlight:

- **Sedex:** A global platform connecting companies to improve business practices. Companies can showcase their business, share audit reports, strengthen commercial relationships, and increase visibility for potential new clients, etc.
- **Seaqual:** The Seaqual Initiative is a community uniting individuals and organizations with the aim of reducing ocean plastic. All plastic removed from the oceans is subsequently recycled and transformed into products used and sold by brands and manufacturers. Being a member of the Seaqual Initiative primarily means that the company displaying this seal uses raw materials in its production that are transformed from ocean plastics.

Certifications are intrinsic to the transparency culture that FORteams LAB aims to convey to all its stakeholders. The company undergoes periodic internal and external audits for each of its current certifications to assess whether their requirements continue to be followed, and, if so, to renew the certification in question. In addition to renewal, audits facilitate continuous improvement within the organization by detecting non-conformities and highlighting improvement suggestions throughout the process.

We have identified priority certifications to adopt in the coming years, certifications recognized in the national and international markets, fully aligned with FORteams LAB's goal of promoting information transparency and product value chain traceability. The implementation of these certifications allows us to work towards sustainable development goals and our overarching objective of making FORteams LAB carbon-neutral by 2030. The identified certifications are outlined in Table2, with notes on the state of development and priority, along with our current certifications that we intend to renew.



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Labels

1998

2017

2018

2021

2021

2016

Hats and scarves

2016

2018

Enabling responsible supply chains

2018

2020

2020

2021

2021



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Table2 FORteams Certifications

CERTIFICAÇÃO	ORIENTADO A		DESCRIÇÃO	ESTADO DE DESENVOLVIMENTO (a dezembro de 2021)
	Empresa	Produto		
ISO 9001	×		Establishes criteria for a Quality Management System based on various quality management principles, including a focus on customer satisfaction, top management's motivation and implications, promotion and optimization of processes, and continuous improvement. FORteams LAB's production process is certified.	
SMETA – Sedex Members Ethical Trade Audit	×		The world's leading online platform to promote the improvement of working conditions in companies within global supply chains. It is an audit methodology covering aspects of responsible business practice, defined in the four pillars of Sedex: Labor, Health and Safety, Environment, and Business Ethics.	
SA8000	×		It applies the social performance management system approach and seeks continuous improvement. Aiming to ensure the basic human rights of workers, addressing issues such as child labor, forced labor, workplace safety and health, discrimination, working hours, and wages, etc. The renewal process is under review.	
SEAQUAL		×	Being a member signifies that the company uses raw materials transformed from ocean plastics	
ISO 14001	×		Establishes criteria for an Environmental Management System based on various environmental management principles, including defining an environmental policy, improving environmental performance, compliance with legal obligations, and setting environmental objectives	
ISO 50001	×		Establishes criteria for an Energy Management System. Sets international parameters for the supply, use, and consumption of energy to define processes for improving performance and energy efficiency	
NP 4457	×		A Portuguese standard that sets requirements for efficient Research, Development, and Innovation (RDI) Management	
CRADLE TO CRADLE (C2C)		×	This system certifies and promotes innovation in sustainable products with an assessment method based on five aspects: material health, material reuse, use of renewable energy, water stewardship, and social responsibility.	
ISO 14062	×		This international environmental management standard assesses the integration of environmental aspects in the design and development of the product.	



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ISO 45001	×		Establishes criteria for an Occupational Health and Safety Management System. This standard enhances the company's performance in terms of occupational health and safety, reduces workplace risks, and creates better and safer working conditions.	●
RCS		×	Applicable standard in process chains to trace recycled raw materials in the supply chain. Promotes the increased use of recycled materials. Verifies the quantity of recycled material in a specific textile product (at least 5%), ensuring traceability throughout the chain.	●
PEFC	×	×	Certification system with the largest internationally certified forest area. Applicable to all textile products and fashion accessories of forest-based origin (cellulosic pulp and cork, e.g., viscose, modal, lyocell, cork). PEFC sustainable forest management standards stipulate rigorous environmental, social, economic, and ethical requirements.	●
STeP by OEKO-TEX <i>(Sustainable Textile & Leather Production)</i>	×		Includes a comprehensive analysis and evaluation of production conditions in terms of sustainability. Analyzes the most important areas of a company using six modules: chemical management, environmental protection, environmental management, social responsibility, quality management, health, and safety at work.	●
GOTS		×	Applicable to textile products with organic fiber production. Verifies the quantity of organic material in a specific textile product through traceability throughout the chain. Includes criteria related to fiber (at least 70% from organic production), chemicals, textile production process steps, accessories, packaging, environmental management, quality assurance, and social responsibility.	●
GRS		×	Applicable to textile products with recycled content. Verifies the quantity of recycled material (at least 20%) in a specific textile product, ensuring traceability throughout the chain. Includes requirements related to chemicals as well as environmental and social issues.	●
STANDARD 100 by OEKO- TEX		×	The world's leading ecological label for textiles tested for harmful substances. Merchandising and labeling products are already certified. Sublimated products awaiting approval.	●
CERTIFICAÇÃO MÁSCARAS <i>(Masks COVID-19 Approved)</i>		×	Seal issued for consumers and producers to recognize masks or raw materials tested and validated by an independent entity with accredited laboratories.	●
OCS		×	This standard allows tracking the value chain of organic textiles. Applies to textile products with natural fibers from organic production. Verifies the quantity of organic material in a specific textile product (between 5 and 100%), ensuring traceability throughout the chain.	●



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FSC	×	×	Standard ensuring that products come from responsibly managed forests based on the three pillars of sustainability. This certification applies to the graphic section of FORteams LAB and cellulose-based raw materials	●
BLUESIGN		×	Global approval seal for environmental safety, health, and production. Helps create sustainable products without compromising functionality, quality, and design. Applicable to textile products throughout the textile chain. Establishes requirements based on 5 principles: resource productivity, consumer safety, emissions to water and air, and occupational safety.	●



Certification obtained, with renewal objectives.



In the process of certification.



Certification under study for prioritization



Priority certification not initiated





The value chain

Supply Chain

The supply chain represents a significant percentage of the carbon footprint of our products. For this reason, we aim to ensure that the services, products, and raw materials we acquire meet specific ESG criteria. We seek to adopt procurement activities that are environmentally, socially, and economically conscious by selecting suppliers who ensure good practices in these areas. We have established criteria for the supplier selection process and ongoing evaluation, reflecting the requirements we expect our upstream chain to fulfill. In summary, we aim to:

- Work with suppliers who ensure respect for human rights, promoting gender equality, the absence of child labor, harassment, abuse, violence, and corruption, encouraging ethical and legal business practices that do not jeopardize the reputation of FORteams LAB or the product's value.
- Promote sustainability in our relationship with suppliers through transparent and clear information sharing by both parties, ensuring legal compliance and working in harmony towards the SDGs and objectives set by FORteams LAB.
- Maintain the supply chain of products while respecting the criteria of our certifications (Seaqual, GRS, GOTS, OEKO-TEX 100®), thus ensuring the traceability of our products.
- Promote decarbonization in the product life cycle, starting with the supply chain, through partnerships between FORteams LAB, suppliers, and projects, universities, NGOs, and other public or private entities, encouraging a circular economy model.
- Promote business growth through continuous improvement practices.

In our supplier evaluation, we analyze aspects related to service provision and the supply of raw materials: compliance with deadlines, problem resolution, quality/price ratio, payment terms, responsiveness, and the existence of certificates (quality, social responsibility, environment, and product - GRS, GOTS, and OEKO-TEX), ensuring that the supplier adheres to good practices in the certified area. Therefore, we conclude that we assess, select, and evaluate our suppliers in the three pillars of sustainable development; however, we aim to improve this assessment and selection practice to be more rigorous in this parameter. The next step will be the development of a supplier regulation, explicitly stating the criteria we expect them to meet according to the type of service provided. A more comprehensive evaluation will allow us to minimize negative impacts and make a positive contribution to companies, the community, and individuals. We endorse ethical and environmentally responsible purchasing practices.



Our suppliers

All our raw materials come from Europe, and we primarily collaborate with domestic suppliers. Out of the 48 suppliers we worked with in 2021, 40 were Portuguese, 4 were Italian, 3 were Spanish, and 1 was Turkish.



Figure 2 Suppliers

Although the majority of our suppliers are Portuguese, our main raw material (yarn) supplier is Turkish. Comparing the total quantity of raw material acquired in the reference year by region, we observed the following in Figure 1:

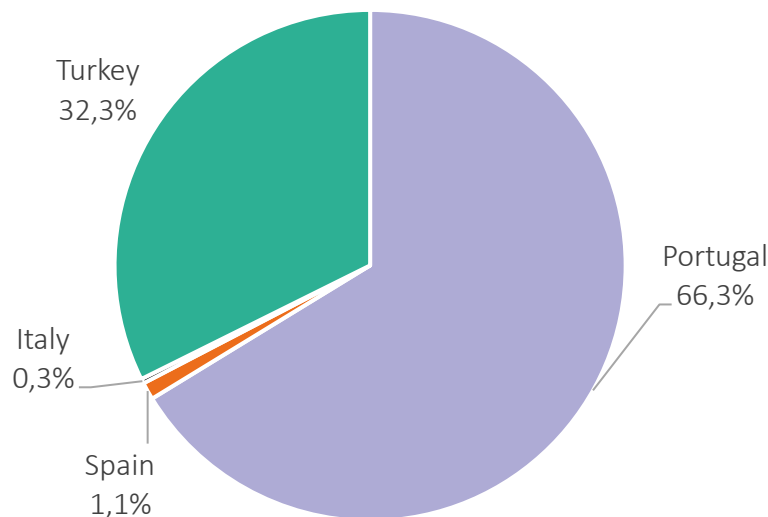


Figure 3 Percentage of raw materials by region

Out of the total amount of raw material acquired in the reference year, 32.3% originated from Turkey. The transportation of raw material from this supplier to our facilities is done by sea. We are aware of the impacts associated with transporting raw material from the Turkish supplier to our facility, so we strive to optimize our orders by



purchasing large quantities of yarn to reduce the frequent need for transport. Thus, in 2021, only 3 ship transports were made from the Turkish supplier to FORteams LAB.

Despite the reduced frequency of transportation, we acknowledge its significant impact on our carbon footprint. Therefore, we seek national (preferably) and/or Iberian suppliers that allow us to reduce our footprint without compromising the quality of our products.

It is worth noting that FORteams LAB's purchasing volume reached approximately €817,000 in 2021, of which approximately 72.8% were purchases from Portuguese suppliers, as analyzed in the table below. These data only encompass our raw material suppliers. We understand that by supporting local suppliers, we are contributing, albeit indirectly, to the local economy, job creation, and fostering commercial relationships.

Table3 Analysis of the percentage of Portuguese suppliers

	PURCHASE VOLUME	NUMBER OF SUPPLIERS
LOCAL SUPPLIERS *	595000 €	40
OTHER SUPPLIERS	222000€	8
TOTAL	817000 €	48
% OF LOCAL SUPPLIERS *	72.8% of purchase volume	83% of suppliers

* "Local suppliers" are defined as those located within Portuguese territory.



Raw-materials

The primary raw material extensively used in our processes is acrylic, as evident from the chart below, holding an 85% share of the total raw material purchases in 2021.

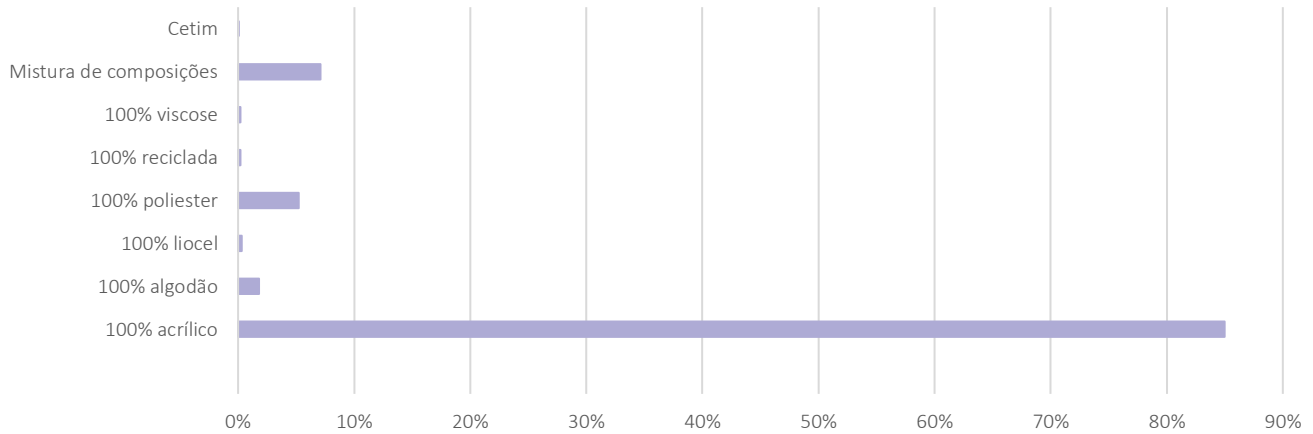


Figure 4 Percentage of Raw Materials Used

Acrylic is a synthetic fiber. Synthetic fibers are human-made using non-natural raw materials, primarily petroleum. Since they are manufactured with non-renewable resources, synthetic fibers are non-biodegradable and take hundreds of years to decompose entirely. Acknowledging these environmental issues and concerns, FORteams LAB initiated a project named "Raw Material Replacement," aiming, as the name suggests, to find alternative raw materials that are less polluting than acrylic and polyester while maintaining the quality of our products. In the Raw Material Replacement Plan chapter, we delve into this project in more detail.

The following data in Table 1 illustrate the distribution of raw materials used in production between renewable and non-renewable raw materials. Note that 100% cotton, 100% lyocell, and 100% recycled materials were considered as renewable raw materials among those identified previously.

Table 4 Distribution of the Utilized Raw Material

	Renewable	Non-Renewable
Raw Material Production	3%	97%

Note: The information in this table pertains to the production of hats, scarves, and labels, as they are the main products of FORteams LAB. These data were calculated through estimates of shipments made, reported information, and purchases in the year 2021.



Materials necessary for the process but not part of the final product

The only materials used in the process but not included in the final product are the chemicals used in machine maintenance and product maintenance, such as lubricating oils and thinners.

Raw Materials for the Packaging Process

In this process, cardboard boxes and plastic bags are used to package products to ensure they reach the customer undamaged. Sometimes, due to customer requirements, it is necessary to individually package each product, but in most cases, hats, scarves, and labels are packed in groups of 10 (scarves and hats) and 2000 (labels) per plastic bag. On average, each box can pack 200 scarves and 50 hats. Labels are rarely shipped in boxes.

For these types of products (scarves, hats, and labels), approximately 8980 kg of cardboard and 1760 kg of plastic for packaging were consumed, distributed according to the following chart (values in kilograms)

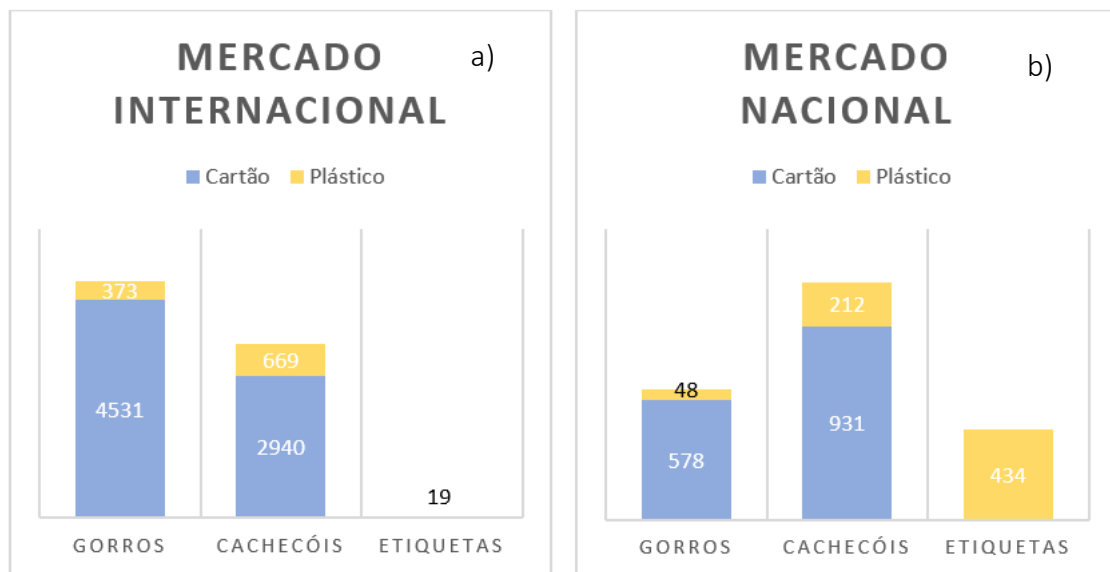


Figure 5 Distribution of Cardboard and Plastic for the International Market in a) and the National Market in b)



Our market

FORteams LAB demonstrates significant export capacity, as evidenced by the representation of the foreign market in our turnover (approximately 66% in the reference year). In 2021, exports to Sweden stood out, receiving around 22% of the total production, followed by Spain with 21%, and France with 9%. However, these figures do not fully reflect our reality as the years 2020 and 2021 were atypical, with sports events suspended or held behind closed doors. It was only in the second half of 2021 that the doors of stadiums and sports arenas began to gradually open. FORteams LAB takes pride in coloring the stadiums across Europe and hopes to expand its reach to every corner of the world in the coming years.



- Germany
- Andora
- Belgium
- Denmark
- Slovenia
- Spain
- France
- Ireland
- Italy
- Lithuania
- Norway
- Netherlands
- Poland
- Portugal
- United Kingdom
- Russia
- Sweden
- Switzerland



Figure 6 Clients



Our products

As mentioned earlier, our core business encompasses sports merchandise (hats and scarves), fashion (both daily and sports), labeling (tags and similar products), and graphic elements (boxes, cardboard hangers, flyers, hangtags, and other cardboard and paper-based products). We analyze masks as a separate product category to understand the scale of sales in 2021.

The annual balance of products sold per unit and per core business is depicted in the figure below. We observe that we manufacture numerous products in the labeling section, with tags being the most produced items. As for the rest, masks have a significant impact on the overall balance, along with merchandise products (hats and scarves).

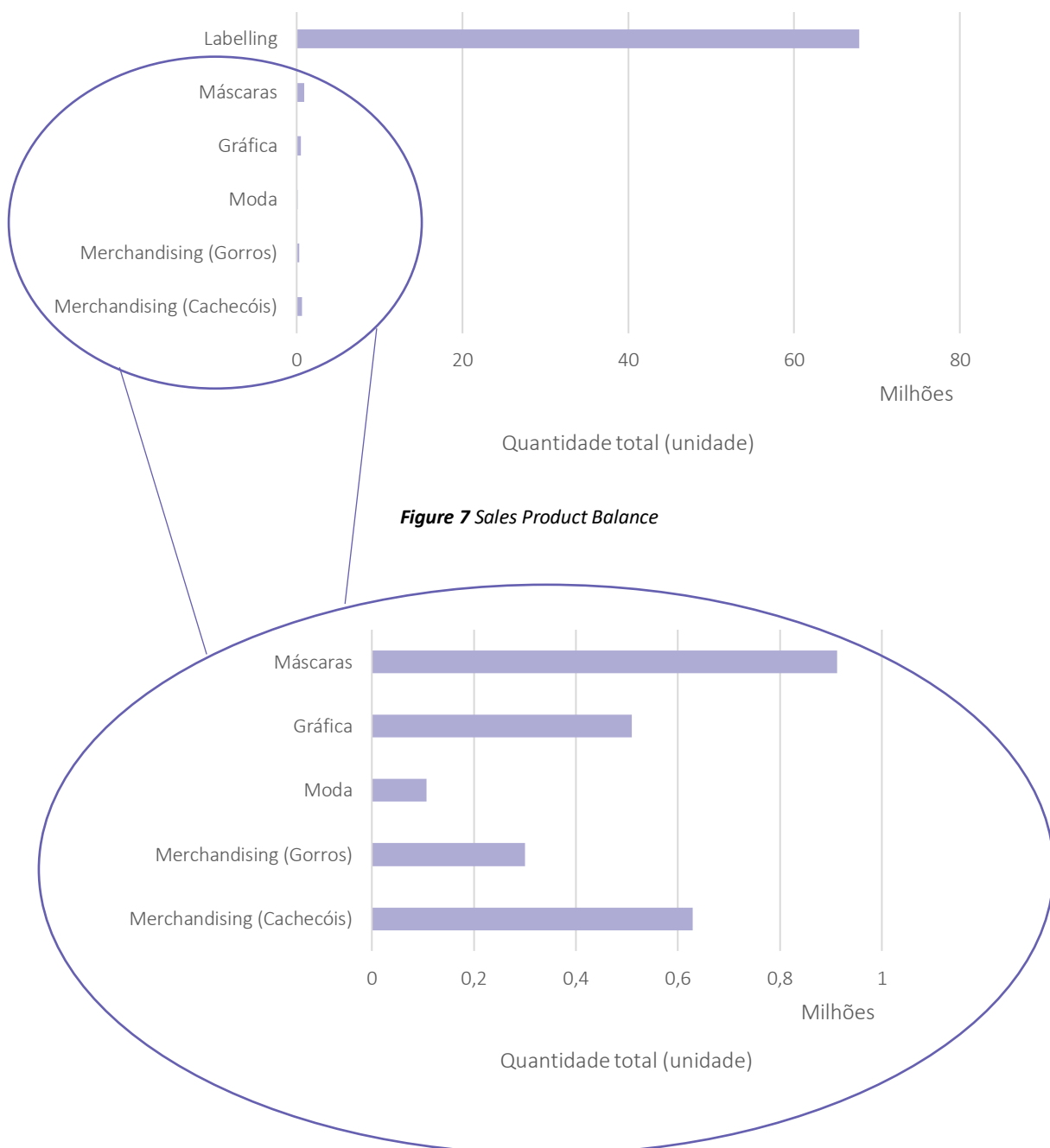


Figure 7 Sales Product Balance



The FORteams LAB community

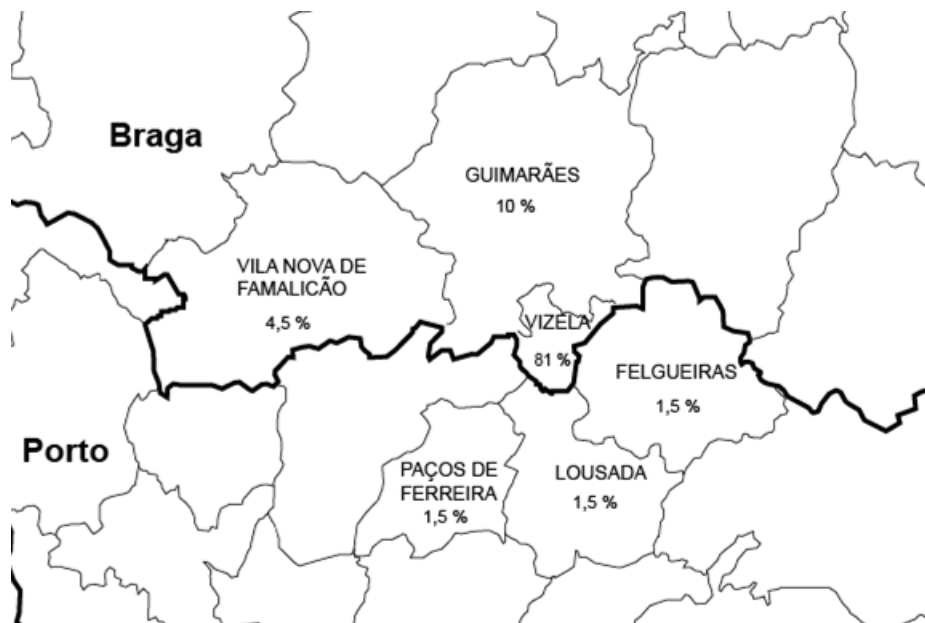
We recognize the value that balance within our teams can add, and therefore, we work towards achieving it.

From the universe of 68 FORteams LAB employees resulting from the annual balance calculated on December 31, 2021, 57% are male, and 43% are female. We aim to invest in the future, understanding that we need to include young talent in our ranks. Thus, our recruitment has been following this path, with 31% of our female employees and 28% of our male employees being under 30 years old. We acknowledge there is still a long way to go. We also promote gender equality in leadership positions within our company. In 2021, there were 14 leadership positions, with 36% held by females and 64% by males.

Table 5 Gender Distribution in Leadership Positions and Overall Company

	Leadership Positions	Employees
Male	64%	57%
Female	36%	43%

All our employees are located in the North of Portugal, between the districts of Braga and Porto, with the majority, approximately 81% of the total, residing in Vizela.



We understand that all our employees are essential to the company's success, and therefore, we strive to integrate them, retain them, and promote their development, both in terms of interpersonal relationships and teamwork, as well as in terms of professional growth. Given the meticulous nature of our core business, we seek to specialize and enhance the technical knowledge of our employees so that they can perform tasks with safety, confidence, quality, and independence. We comprehend that our role in the professional development of employees is crucial for the company's



success, and we recognize the value that each person brings to FORteams LAB. For this reason, we value internal growth, skill development, and meritocracy.

New acquisitions bring innovation and knowledge, which we highlight as an asset for FORteams LAB. We invest in teams and individuals who are young, dynamic, and committed to the project, without undermining the contributions of other generations. The acquisition of new talents allows us to address various axes:

- Improve the employability of our region's society;
- Share knowledge between internal collaborators and new talents (a win-win relationship, fostering internal knowledge renewal and experience sharing);
- Stimulate the tourist development of the region;
- Increase the economic activity of the region.

In addition to balance within teams and leadership, we value individuals who possess a set of characteristics that will undoubtedly make them more productive, achieve goals more rapidly, lead better, and create a better working environment.

Environmental performance of FORteams LAB

With the exponential increase in the global population in recent years, there has also been a rise in waste production, water consumption, energy consumption, and, consequently, the need to extract natural resources to produce more to meet growing demands. This population growth results in negative impacts on social, environmental, and economic levels.

Every year, we deplete natural resources earlier, exceeding the Earth's capacity for renewal within a year. In 2021, this day, known as Earth Overshoot Day, occurred on July 29. To counter this trend, it is essential to assess and rethink the impact that each individual/company has on Planet Earth and implement actions to alleviate or even mitigate these issues. A proper assessment of environmental impacts, along with identifying risks and opportunities for the company, as well as effective planning and monitoring of consumption, is a crucial step in addressing environmental challenges.

To provide positive solutions to the identified issues, FORteams LAB quantifies and seeks to minimize energy and water consumption, waste production, and raw material consumption. We emphasize these concerns as intrinsic to the rebranding of FORteams LAB, aiming to instill this mindset in our employees and everyone associated with us. Our intention is to quantify and reduce our carbon footprint, encompassing the entire life cycle of our products. We acknowledge our direct impact and control the upstream activity in our production network, choosing suppliers with environmental considerations. As for entities downstream from our process, we recognize that we do not control their activity but influence it through information sharing, awareness campaigns, and certifications in products and processes. We aim to provide products to our customers with the lowest possible carbon footprint.

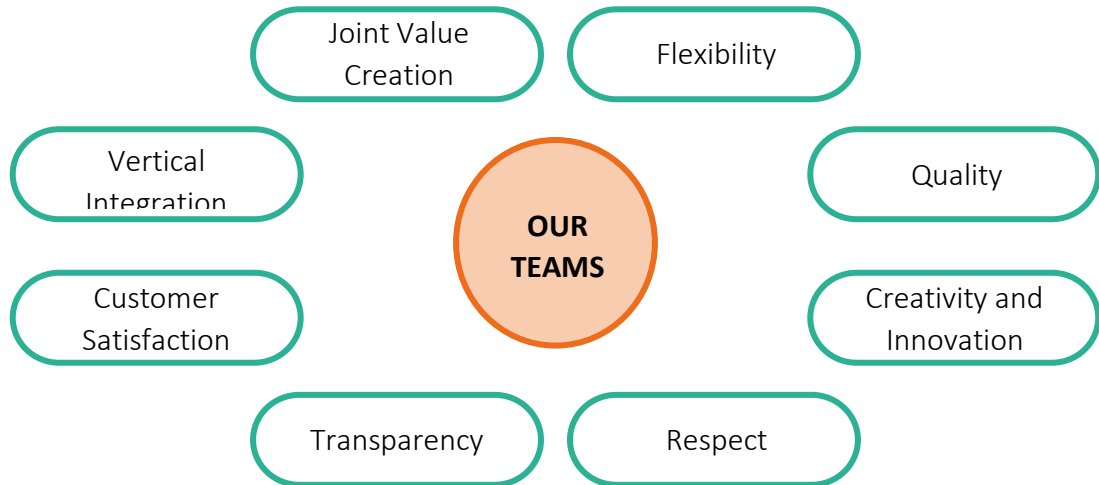


Figure 8 Our teams



Figure 9 our leadership



Energy

Electricity

In terms of electrical energy, all the energy consumed at FORteams Lab comes from the public grid. There is currently no self-consumption production unit, but the company is interested in implementing such a project shortly, with preliminary studies already conducted on photovoltaic solar energy.

The overall energy consumption at FORteams LAB is divided into two essential groups: the productive sector and auxiliary services. Approximately 66% of the total energy is consumed in production, including offices, while the remaining is utilized for lighting, HVAC, and compressed air services.

We conducted an energy audit in 2020, resulting in several improvement actions. One notable action involved replacing fluorescent bulbs with LED bulbs to enhance facility efficiency. This action was promptly implemented as bulbs required replacement. By the end of 2021, all locations were equipped with LED bulbs, except for the knitting area, which still used fluorescent bulbs. Another significant action was the replacement of electrical panels to update existing panels and improve the company's energy efficiency.

The total electricity consumption in 2021 was 628 MWh in both facilities (Baiona and headquarters), equivalent to 135 toe (tons of oil equivalent). Toe is an energy unit used to compare the heat value of different forms of energy with oil, meaning one toe corresponds to the energy obtained from burning one ton of standard oil. According to Dispatch No. 17313/2008, 1 kWh corresponds to 215×10^{-6} toe, and this conversion factor was used to convert the kWh of electricity consumed at FORteams LAB to toe. Notably, there was higher consumption at the end of the year, likely due to the need for lighting and climate control, as well as the period with the highest production volume.

From January to July, electricity expenditure is very similar. When comparing this period with the rest of the year, consumption is lower, which can be attributed to employees on layoff (the majority returned only in August 2021). August shows a decrease in electricity consumption as it is a holiday month – the company closed for two weeks. From September to December, there is a noticeable increase in consumption due to increased production, reaching its peak in November.



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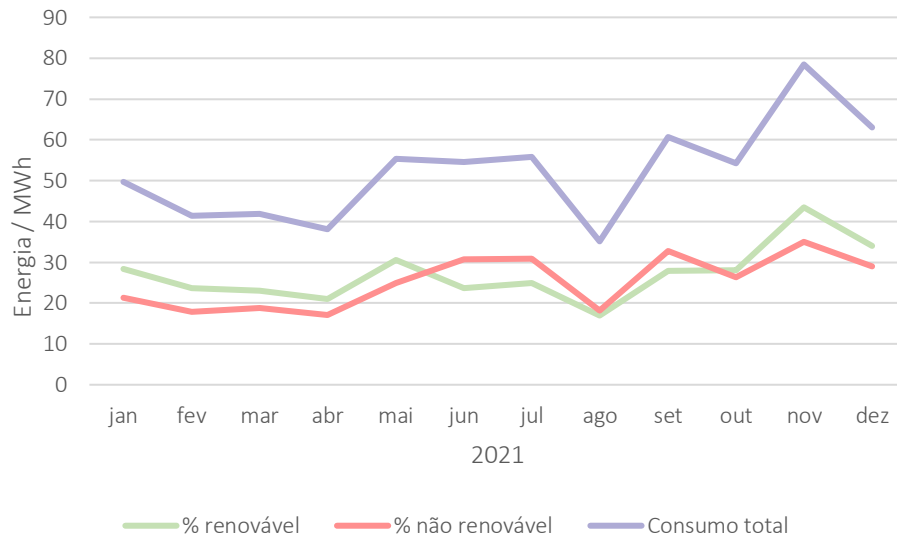


Figure 10 Annual Energy Consumption

According to the electricity bills of the Baiona and headquarters facilities, we can conclude that approximately 52% of electricity consumption comes from renewable sources. The graph below illustrates the variation in energy consumption categorized by production type (renewable or non-renewable).

Fuels

In 2021, FORteams LAB's internal fleet consisted of 5 vehicles, including 1 electric vehicle. The main trips made with the internal fleet are:

- Travel to events (such as fairs and other textile sector events).
- Travel to companies (clients or suppliers).
- Travel between the two industrial units (Baiona and headquarters).

The electric car is charged at FORteams LAB's facilities, and its consumption is reflected in the electricity bills. As we do not have a dedicated meter, it is not possible to discern how much energy was specifically consumed for the electric vehicle. One of FORteams LAB's goals for 2022 is to replace the internal fleet of fuel vehicles with 100% electric vehicles.

Regarding fuel vehicles, the consumption of FORteams LAB for the 4 vehicles can be seen in the figure below. These data were extracted from the diesel invoices issued to the entity.



Sustainability Report 2022

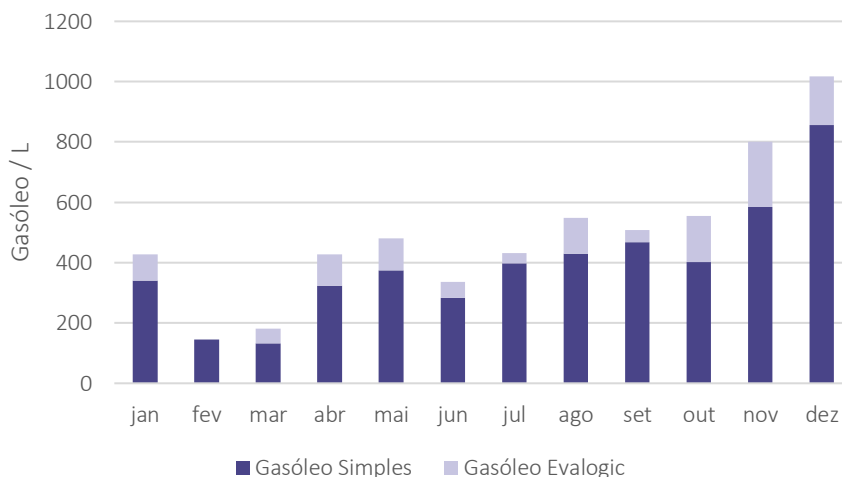


Figure 11 Annual Diesel Consumption

Until August 2021, some FORteams LAB employees were on layoff, and visits to fairs, clients, and suppliers were greatly reduced. The trips made with the company's internal fleet were mostly between the two facilities. This is why consumption is lower at the beginning of the year when compared to the end of the year. From September to December, there is an increase in diesel consumption, as these months are characterized by the peak of annual production, with trips between the two facilities being much more frequent than in the other months of the year. In 2021, approximately 5858 liters of diesel were consumed, equivalent to 5.86 m³. According to Dispatch No. 17313/2008, it was concluded that FORteams LAB's diesel consumption in 2021 was equivalent to 5.74 toe.

We aim to improve our impact in this parameter because, by doing so, we address all three pillars of sustainable development: the environment by reducing greenhouse gas emissions; economic by reducing expenses; and social by improving air quality and society's quality of life. Thus, our intention is to replace the entire internal fleet with electric vehicles by 2025. Additionally, we encourage vehicle sharing, provide meal locations to reduce commuting for our employees, and the company's accesses include pedestrian pathways for those who wish to travel by foot/bicycle safely.

Water

The water consumed at FORteams LAB is procured from regional water management entities, and the effluents are directed to the local sanitation system. Of all the production processes at FORteams LAB, water is only used in the labels section and finishing processes. Water is used for engraving the plates used in label production, resulting in a liquid effluent with a flow rate of approximately 60 L/month. In finishing, water is used for the boilers of the irons and for the steamer. From the steaming process, an effluent is produced as a result of purging the steamer, composed only of water and salt (a small amount of salt is added to the process). Regarding flow values, we do not



have a flow meter; we only indicate the average daily value of approximately 70 L/day, calculated by collecting the effluent during a working day.

In addition to these effluents, there is the production of domestic liquid effluent resulting from bathrooms, the cafeteria, and changing rooms. Since all the water acquired from the network is used for these processes, we consider that the quantity of effluent produced would be similar. Thus, it is estimated that approximately 0.5 ML of domestic liquid effluents are produced annually. This effluent is directed to municipal treatment stations.

Therefore, considering all liquid effluents from FORteams LAB (domestic, steamer purging, and plate engraving), the total is approximately 0.59 ML.

The annual variation in water consumption is illustrated in the graph below. The data relates to the consumptions of the Baiona unit and the headquarters.

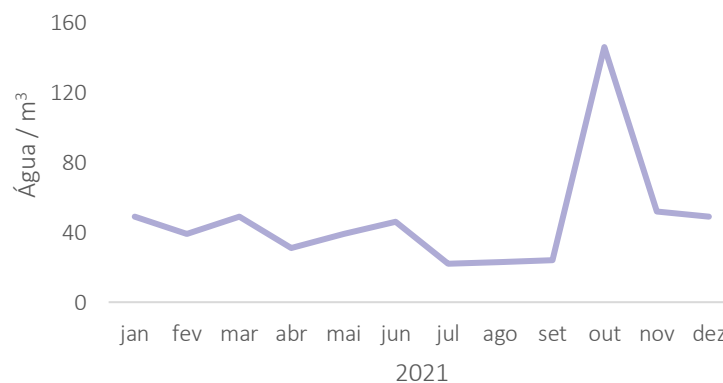


Figure 12 Annual Water Consumption

Although not a very high value compared to other textile industries with dyeing processes, we recognize the importance of water for all living beings and the current issues of scarcity, which are increasingly intense and recurrent. Thus, FORteams LAB will continue to monitor water consumption to maintain values close to or, if possible, lower than those of 2021. Additionally, we will continue to organize awareness campaigns among employees and on social media.

Waste

We aim to set an example for our stakeholders, encouraging them to be active and well-informed citizens in this matter by translating the company's best practices into their homes.

As a producer, FORteams LAB has a system to identify all waste generated in the facility. Within the company, we selectively collect waste based on the European Waste Catalog (EWC) code and its hazardous nature, storing them in appropriate bins and



containers. After accumulating relevant quantities justifying collection, a certified waste management operator (WMO) is contacted, and all waste is directed for treatment.

In the graph, Figure 8, below, the quantity of waste produced at FORteams LAB (including headquarters and the Baiona unit) without discrimination by type throughout the year 2021 is illustrated.

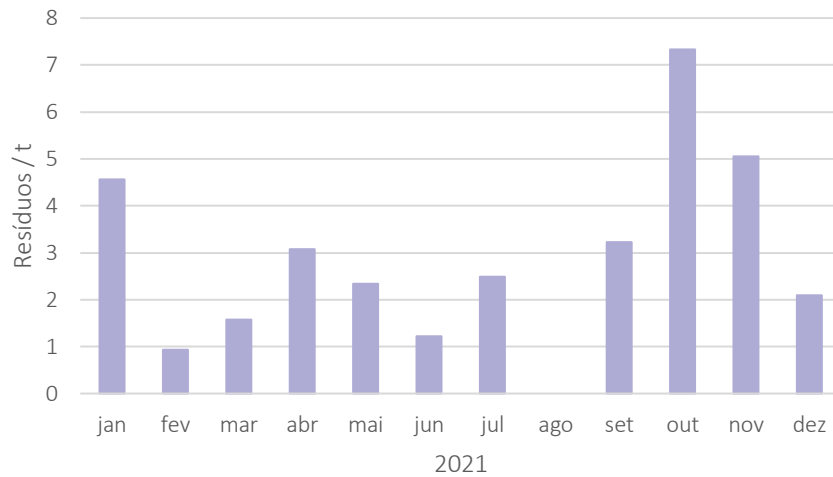


Figure 13 Amount of Waste Generated in the Reporting Year

In 2021, the most abundant waste produced, in descending order, were: processed textile fiber waste (EWC code 04 02 22); paper and cardboard packaging waste (EWC code 15 01 01); a mixture of construction and demolition waste (EWC code 17 09 04); and plastic packaging waste (EWC code 15 01 02).

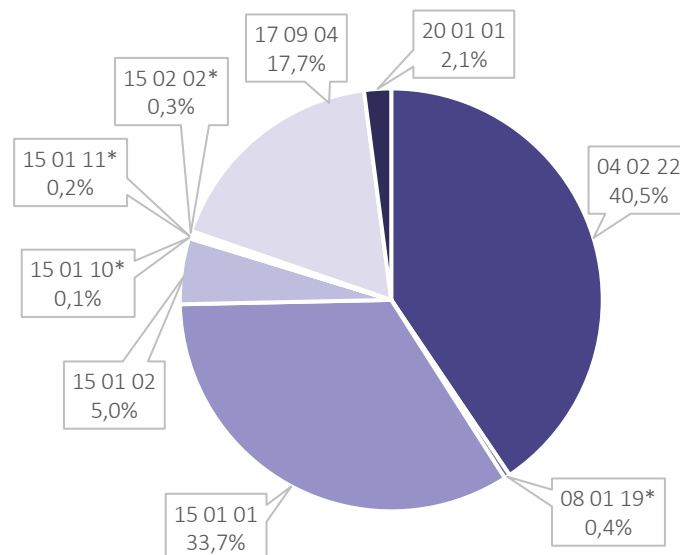


Figure 14 Distribution of Waste by European Waste Catalogue (EWC) Code

The percentage of hazardous waste represents only 1%. We intend to continue enhancing valorization processes that avoid landfilling or incineration. Projects range from better utilization of our raw materials (which reduces the amount of waste



produced) to studies on the possibility of using textile waste to manufacture new yarn. We want to continue in this direction to respond to environmentally conscious and ambitious customers on the path of environmental responsibility.

Regarding hazardous waste (identified with "*" in the previous graph), despite their limited quantity compared to the total waste produced at FORteams LAB—around 1%—these are wastes that concern us. They are mostly residues resulting from machine cleaning and maintenance processes, such as contaminated cloths, aqueous suspensions with chemical products (inks and varnishes), and empty pressurized containers. Like non-hazardous waste, these are also sent to certified waste management operators for proper disposal.

As a growing company, an increase in the absolute value of the quantity of waste produced is expected, but we aim to mitigate it through process optimization. For this reason, we intend to take more specific actions with an ambitious timeline aligned with the most correct and up-to-date environmental practices. We seek to study and analyze initiatives, projects, and/or recycling and upcycling processes of waste from our processes, together with our partners and other technological centers. We aspire to be a benchmark company in the circular economy and at the forefront of sustainability in the textile industry!



Product Life Cycle

FORteams LAB's business model encompasses the production phases, including the procurement of raw materials (RM), manufacturing, and the commercialization of our products for B2B customers. At FORteams LAB, we aim to offer customers more sustainable products, leading to a thorough analysis of the product life cycle. We want to ensure that we deliver environmentally, socially, and economically responsible products to consumers, thereby reducing the ecological footprint of each consumer. Assessing the life cycle of textile products has become increasingly important due to society's growing demand for sustainable and circular products, coupled with increased scrutiny of their environmental performance.

For this reason, we conducted a study of the life cycle stages of our products, which can be analyzed below. Moving forward, our goal is to continue conducting Life Cycle Assessments (LCAs) for our products. This practice enables us to address and improve various aspects, including reducing the environmental impact of the product, enhancing communication transparency, and ensuring product quality.



Figure 15 Product Life Cycle



From the identified stages, we can categorize the life cycle of our products into three major phases: supply, production, and use.

Initiating the analysis with our supply chain, specifically our suppliers, is crucial. This phase can be divided into three stages: raw material extraction, transformation/packaging processes at suppliers, and transportation to our facilities. Subsequently, we analyze stages where we have more control (production and distribution) and, finally, the stages of product use, maintenance, and disposal.

1. Raw Material Extraction

At FORteams LAB, we use raw materials of synthetic, natural, and artificial origin, identified in descending order of consumption. This is a product life cycle stage that FORteams LAB does not control, but rather influences through the design of new products. This involves considering the use of more sustainable materials with lower environmental impact or certification (e.g., GOTS, GRS, OEKO-TEX 100®, Seaqual), avoiding the consumption of virgin materials. We also emphasize the design/specifications of products considering the use of materials free from prohibited chemicals or with a lower significant environmental impact and favoring the use of recycled or recyclable materials.

2. Suppliers

This stage involves the processing of raw materials and packaging for subsequent shipment by our suppliers located in different geographic areas. It includes all our suppliers, from textile material suppliers (such as yarn, thread, fabric, knit, etc.) to other consumables in production (chemicals, bags, packaging, etc.). While we do not control this upstream stage of our process, we influence it by prioritizing packaging materials with recycled content, selecting suppliers with environmental certifications (ISO 14001, EMAS, etc.), product environmental declarations, and/or product certifications (FSC, REACH Declaration, compliance with ZDHC regarding the minimization of hazardous chemicals).

3. Transport to our facilities

The transportation of raw materials from international sources is carried out by sea or road, with national sources transported by road to FORteams LAB facilities. In this supply process stage, we mitigate impacts by purchasing in larger quantities to minimize transportation frequency and associated impacts, sourcing locally whenever possible, employing efficient production planning/stock management practices to avoid unnecessary travels, and considering the type of transportation (road/maritime) based on the source.

4. Production

This stage considers different production steps and workflows, from the entry of raw materials into FORteams LAB to the production of the final product ready for



shipment to the customer. FORteams LAB controls this stage by monitoring consumption, adopting more sustainable processes, controlling and quantifying process-related waste, conducting awareness/training actions for employees to encourage sustainable practices, implementing sustainable projects in the company, and ensuring efficient process planning and stock management.

5. Distribution to B2B costumers

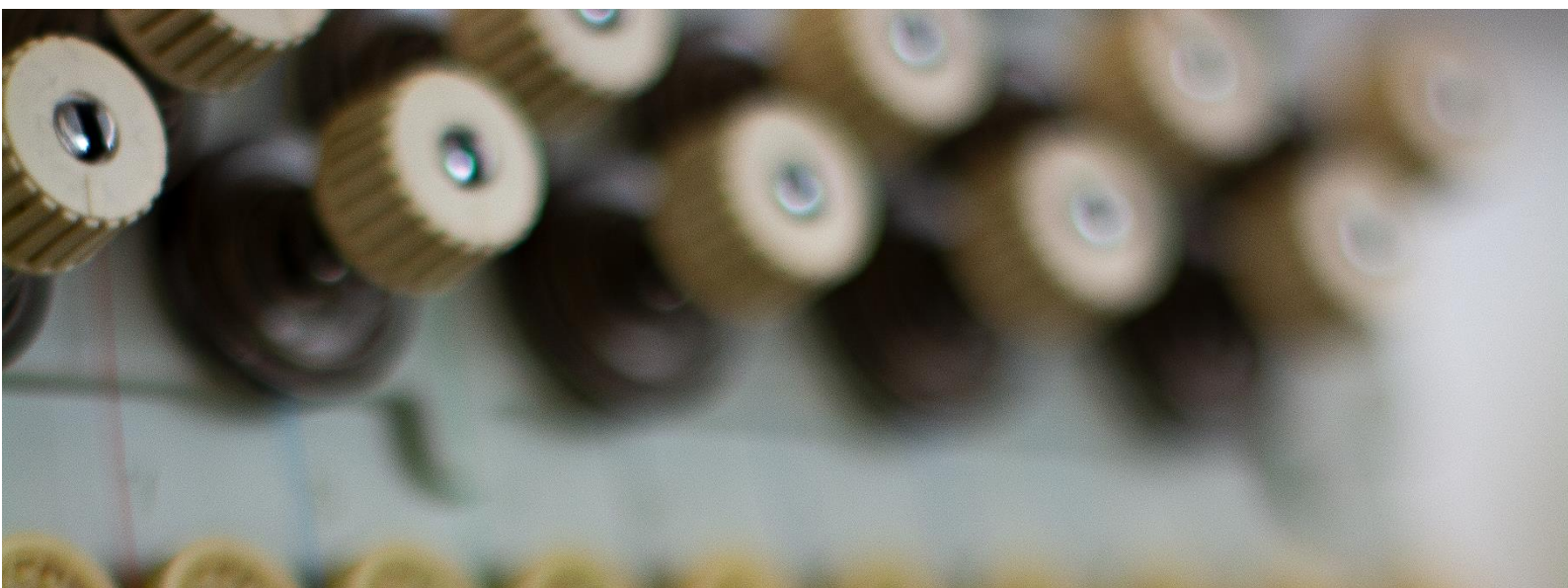
Working predominantly with B2B customers at FORteams LAB means that we do not deliver the product directly to the end customer. Transportation to our customers is mainly done by road, and in extreme cases, by air. FORteams LAB controls this stage by preferring transportation with lower environmental impact, exploring agreements with customers for joint shipments, dispatching in larger volumes to a geographic area, and improving logistics and planning activities to avoid the need for air transport (more expensive and environmentally impactful).

6. Use and maintenance

This stage considers the use of the product by the end customer and its disposal at the end of its life. FORteams LAB has influence over how the product is used and maintained through awareness campaigns in the community for good textile product maintenance practices, providing necessary information for consumers to maintain the product properly, using fibers with greater durability and resistance to extend the product's lifespan, and applying finishes/functional treatments that minimize the need for product maintenance.

7. End-of-life destination

Possible end-of-life destinations include reuse, recycling, valorization, and, in the worst cases, landfill. In this stage, FORteams LAB only influences how the consumer discards the product. This involves preferring materials that can be valorized, reused, or recycled, adopting design methods that allow giving a second life to the product, informing the consumer about the product's fate after the end of its life, and developing circular economy projects.



03

Materiality Analysis

Materiality Analysis 58 |

Material Topics

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contribution to the SDGs			





Materiality Analysis

A materiality analysis was conducted, considering the internal and external context of FORteams Lab, with the aim of identifying the most relevant issues for the organization and stakeholders according to the GRI framework. The first step in this analysis is to identify and evaluate the organization's impacts. While this analysis was conducted only once for this sustainability report, the intention is to make this process regular to enhance continuous improvement in the system and the organization. The goal is to identify and mitigate negative risks associated with the activity, focus on positive impacts, and improve communication with stakeholders. This process was carried out in internal meetings with Top Management's presence, where stakeholder expectations, risk and opportunity analysis, the organization's impact on the environment and the community, the organization's strategic plan, business opportunities, market trends, and the UN Sustainable Development Goals (SDGs) were studied. Brainstorming sessions were conducted in these meetings to identify topics reflecting the most significant economic, social, and environmental impacts for the organization.

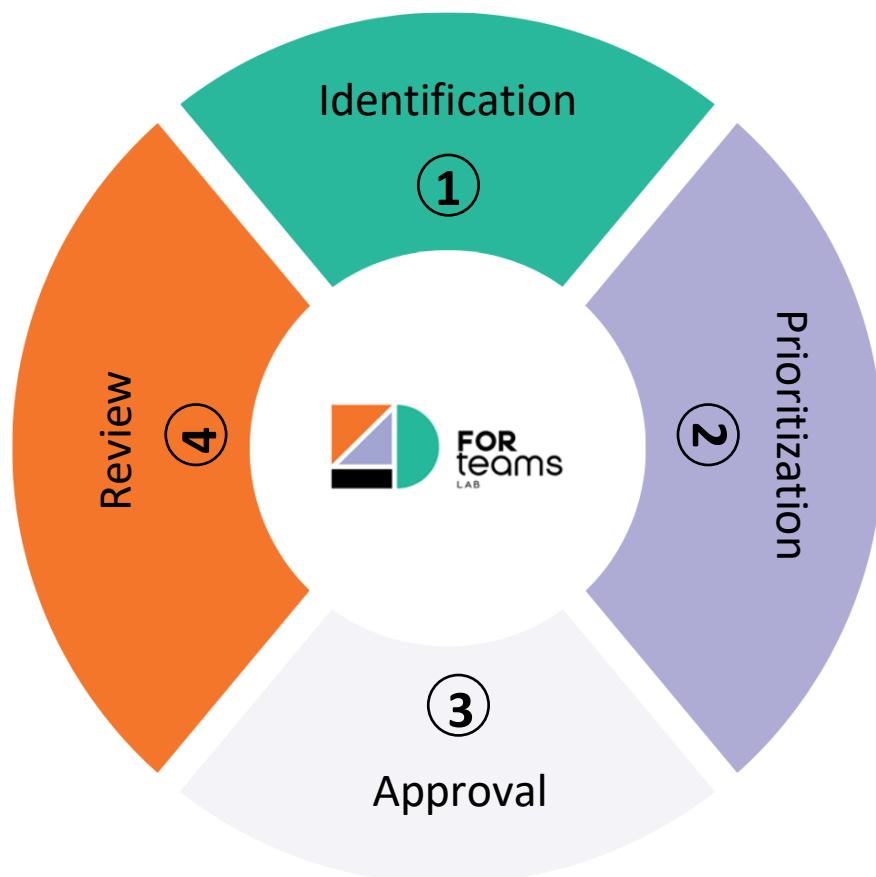


Figure 16 Steps for Materiality Analysis



Identification

01

Identification and evaluation of the organization's impacts in economic, environmental, and social terms (including impacts on human rights) and selection of preliminary topics were done in internal meetings.

This analysis was based on external and internal standards (e.g., industry analysis, GRI topic list, legislation, results of the aspects and environmental impacts matrix, life cycle assessment, reports, and stakeholder questionnaires)

Prioritization

02

Prioritization of topics for relevance to FORteams LAB was done through risk analysis, opportunities, and the strategic plan. Prioritization of topics for relevance to stakeholders was carried out through business opportunity analysis and benchmarking. This classification was made by assigning a score, considering the importance for economic, environmental, and social impacts, including impacts on human rights, for stakeholders and FORteams LAB's business model.

Approval

03

Proposal and approval of material topics by Top Management, defining and critically analyzing them. Materiality matrix development.

Review

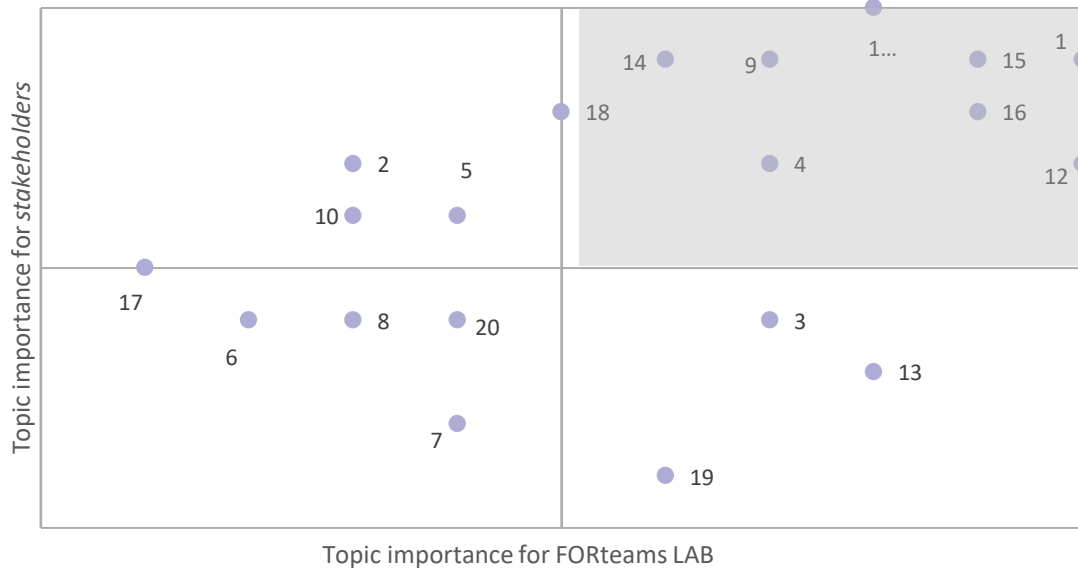
04

This was the first materiality analysis conducted by FORteams LAB. However, a commitment has been made to make annual reviews of this analysis.

The prioritization of topics was conducted in accordance with their interference/impact on stakeholders and the business model of FORteams LAB, as reflected in the materiality matrix below. FORteams LAB decided that material topics would be those demonstrating high importance/impact for the organization and stakeholders, thereby being represented in the first quadrant of the materiality matrix.











Materiality Matrix










- 1 Circular Economy
- 2 Climate change
- 3 Resource management
- 4 Environmental Impact
- 5 Energy efficiency
- 6 Mobility
- 7 Code of conduct
- 8 Ethics and Anti-corruption policy
- 9 Human rights
- 10 Impacto n the local community
- 11 Focus on people
- 12 Economic performance
- 13 Market presence
- 14 Stakeholder management
- 15 Product quality assurance
- 16 Research, development and innovation
- 17 Digital Transformation
- 18 Transparency and communication
- 19 Maintenance of the management system
- 20 Process and Product certification

The shaded area of the matrix reveals the most critical material topics for both the organization and stakeholders. The topics identified as material were included in FORteams LAB's risk analysis, enabling periodic analysis and monitoring. The definition of these topics allows us to establish goals and objectives, prioritize investments, and provide meaningful information for reporting to our stakeholders. The identified material topics can be categorized into four dimensions: environmental, social, economic, and governance.






DIMENSION: ENVIRONMENTAL				
MATERIAL TOPIC	SUBTHEMES	MATERIAL TOPIC DESCRIPTION	FORteams LAB's COMMITMENT	SGDs
CIRCULAR ECONOMY	Reuse of textile waste as new raw material	Circular economy is a concept that links economic development to a better use of natural resources through new business models and optimization in manufacturing processes.	Introducing new solutions to the market through a circular model, reusing our waste to reduce pressure on the use of virgin raw materials, emissions, natural resources, etc. For this reason, we initiated the LOOP project, which involves repurposing waste from our production process and dead stock (resulting from sub-productions, non-conforming products, customer returns, etc.) to manufacture new yarn. We believe that this project will be a solution to promote the recycling of textile fibers and reduce the amount of textile waste sent to landfills.	   
	Product Impact	The Life Cycle Assessment (LCA) of the product is highly relevant because through this study, it is possible to identify the product's phases with the greatest impact, constituting critical points for improving the company's performance.	Being a company aware of the environmental impact, by identifying the main impacts associated with the product and the organization. Knowing the impacts of the product's life cycle stages and the production process is crucial for defining more concrete, objective improvement actions with more ambitious timelines. The assessment of impacts associated with FORteams LAB is essential to achieve the organization's goal of achieving carbon neutrality by 2030. Additionally, we are committed to optimizing our sustainability strategy in accordance with the Global Compact.	   
ENVIRONMENTAL IMPACT	Organizational Impact	Calculation of the organization's carbon footprint by quantifying FORteams LAB's greenhouse gas emissions (GHG) inherent in the three scopes: Scope 1 - direct GHG emissions; Scope 2 - indirect GHG emissions from electricity; Scope 3 - other indirect emissions (upstream and downstream).		








DIMENSION: SOCIAL				
MATERIAL TOPIC	SUBTHEMES	MATERIAL TOPIC DESCRIPTION	FORteams LAB's COMMITMENT	SGDs
FOCUS ON PEOPLE	Concern for the well-being, health, and safety of employees	Providing good conditions that allow for safe work and improve the quality of life for employees by preventing injuries and occupational diseases. The analysis of job positions and organizational activities is essential to eliminate and prevent possible risks.	Managing the careers of employees by promoting their development through training and the possibility of progression, ensuring fair and safe working conditions. We aim to actively contribute to improving the quality of life in society, creating fair standards and dignified work. We invest in training to enhance the knowledge and skills of our employees. We seek to establish partnerships with universities and other training entities to bring young people with new ideas and knowledge into our teams.	    
	Training offer and career progression	At FORteams LAB, the development and growth of our employees are top priorities. Offering training in various areas, with a particular focus on sustainability, is crucial for enhancing the skills of our team members. This approach not only allows us to involve them in the company's projects but also helps them understand the significant role each individual plays in the success of these initiatives.		
HUMAN RIGHTS	Equal opportunities, diversity, and gender equality	At FORteams LAB, we are dedicated to safeguarding the human rights of our employees and all entities within our value chain. We strive to promote balance within FORteams LAB by championing gender equality, equal opportunities, and age diversity. Our commitment includes protecting our team members from any discriminatory practices.	We aim to be a company that upholds human rights by integrating these values into our business strategy. Furthermore, we are committed to enhancing oversight to ensure that our upstream chains adhere to and implement measures to protect human and labor rights. Our code of conduct, along with our policies on quality, social responsibility, and the environment, reflects these commitments and outlines the requirements for respecting and upholding human rights.	 
	Ethics and integrity	We ensure that the top management bodies of FORteams LAB adhere to ethical and integrity standards while respecting and promoting human rights within the organization.		





DIMENSION: ECONOMIC				
MATERIAL TOPIC	SUBTHEMES	MATERIAL TOPIC DESCRIPTION	FORteams LAB's COMMITMENT	SGDs
ECONOMIC PERFORMANCE	Investing and Generating Economic Value	Investing in materials, processes, labor, physical resources, innovation, and new solutions is pivotal in our commitment to delivering the textiles of tomorrow. By doing so, we aim to position ourselves as a prominent player in the market, leading responsibly in the transition toward a circular textile economy. Our strategic investments are geared towards offering consumers cutting-edge textile products while embracing environmental sustainability.	Being a financially stable company, ensuring the possibility of growth and expansion in the textile market. We seek to invest in tomorrow, in new processes and resources that allow the realization and development of our projects. We know that we are not the only textile company that wants to invest in new mechanisms/physical resources to develop circular economy projects (such as treating waste to produce new raw materials), so we want to explore the possibility of establishing consortia with companies looking to invest in projects similar to those of FORteams LAB. We are attentive to investment projects in this area. This will be our major investment in the coming years.	 
	Growth and Expansion in the Market	In light of the challenges faced during the COVID-19 pandemic, we recognize that market stability is a prerequisite for growth and advancement. This stability allows us to expand, fostering job creation, exploring new opportunities, and delivering innovative solutions. In response to these imperatives, we are dedicated to serving our clients and consumers as a trusted business partner. Our commitment is to be perceived as a reliable entity that not only introduces high-quality products with a favorable price-quality ratio but, above all, operates ethically and responsibly, consistently adhering to human rights principles		
QUALITY ASSURANCE	Product Quality	Ensuring product quality and reliability, both in terms of the product itself and the production process, is crucial to gaining customer trust and improving economic performance. Creating extended value for the product is essential if we want to transition from a linear economy to a circular economy.	Being a prominent company in the market due to the quality and exclusivity of our products. We aim to reduce waste by adopting a BAP strategy, which stands for "Well at First". This means our goal is to produce only once, without defects, and with minimal waste.	



DIMENSION: GOVERNANCE				
MATERIAL TOPIC	SUBTHEMES	MATERIAL TOPIC DESCRIPTION	FORteams LAB's COMMITMENT	SGDs
RESEARCH, DEVELOPMENT AND INNOVATION	Product RDI	Research, development, and product innovation contribute significantly to securing competitiveness in the market, fostering idea generation, and presenting new opportunities and products to our clientele. Embracing the concept of circular economy, this particular segment incorporates our commitment to creating new, value-added products derived from production waste, dead stock, excess production, unsold inventory, and similar sources	To be a company that introduces new solutions and innovative, unique products, always considering the product life cycle and its impacts. The establishment of the Research, Development, and Innovation (RDI) department marked a pivotal step on this path. Our primary goal within RDI is to develop new products and ideas using sustainable and certified raw materials. Moreover, innovation and the digital transition of the production process stand as key strategic pillars for FORteams LAB in the upcoming years.	   
	Process RDI / melhoria contínua	Innovation is crucial not only in our products but throughout the entire production process, aiming for enhanced performance, effectiveness, and efficiency. This aspect holds significant importance for economic sustainability. Investing in continuous improvement and process modernization contributes to establishing a strong market reputation, financial profitability, a competitive edge, customer satisfaction, among other benefits.		
TRANSPARENCY AND COMMUNICATION	Information	Nowadays, it's increasingly crucial for companies to report their development, actions, goals, and objectives. Transparency, credibility, and clarity must be overarching principles in the communication practices of all enterprises. Communication stands as a key element in any company's strategy, fostering sound organizational management while promoting brand recognition and the creation of a strong reputation and image.	Transparent disclosure of relevant information about the company's activities and achieved results, maintaining an active and truthful connection with stakeholders. This sustainability report aligns with the commitment to transparently report information across three realms: social, environmental, and economic, including governance.	



DIMENSION: GOVERNANCE				
MATERIAL TOPIC	SUBTHEMES	MATERIAL TOPIC DESCRIPTION	FORteams LAB's COMMITMENT	SGDs
STAKEHOLDER MANAGEMENT	Customer Satisfaction	Our primary focus is on B2B clients and/or consumers. We dedicate our daily efforts towards providing sustainable, innovative, high-quality, and prestigious products for them, consistently meeting the demands and expectations of each customer. Customer satisfaction ensures our competitive positioning in the market.	<p>Business Model Aligned with Sustainability Across All Pillars to Ensure Stakeholder Satisfaction. We aim to offer the sustainable products of tomorrow, but this necessitates the involvement of the entire value chain associated with FORteams LAB, encompassing both suppliers (upstream chain) and customers (downstream chain). It's equally important to ensure the satisfaction of stakeholders not directly involved in our production process, such as the community, official bodies, etc.</p> <p>We are committed to integrating stakeholder management into FORteams LAB's strategy, ensuring ethical standards and business transparency. Monitoring the level of satisfaction and meeting the expectations of customers is pivotal for a sustainable, consistent, and transparent business.</p>	 
	Involvement with the community	Cultivating a positive relationship with the community and all its constituents is pivotal in maintaining a healthy and active business. We strive to build trust-based relationships through partnerships with local institutions and universities, fostering the exchange of knowledge, experiences, and ideas. Simultaneously, we embrace new ideas and opportunities that come our way, enhancing mutual collaboration.		
	Responsible Supply Chain	The supply chain plays a crucial role in creating product value. Opting for suppliers committed to environmental, social, and safety best practices, along with respect for human rights, is essential to ensure the sustainability and legal compliance of the upstream chain.		



Materials Topics

The identified strategic areas, along with all initiatives and measures, served as the foundation for FORteams LAB to select its material topics and outline actions and measures. These topics support the Sustainability Strategic Plan and contain information that reflects not only the magnitude of the company's transformation challenge but also the work, dedication, and added value that each sustainability pillar contributes to FORteams LAB's growth. In addition to these, there is always much more left untold—stories and projects that surpass the capacity of this report but continue to inspire us to strive for more and better every day. We hope that this sharing proves useful to all those who wish to join us in this ambition to work towards making a difference. This is because a collective transition movement will be capable of progressing towards an increasingly circular economy, one that invests in knowledge and innovation and will foster the development of new businesses, strengthening economic activity and creating skilled employment.



Figure 17 Material Topics



Circular Economy

The scarcity of natural resources, coupled with global population growth, is driving the shift from linear production models to those centered on material circularity. The global flow of textiles, from fiber production to disposal, illustrates the linearity of the industry: extract-produce-dispose. Millions of tons of textile fibers, both natural and synthetic, are currently incinerated, landfilled, or downcycled into lower-value uses, contributing to an ever-increasing carbon footprint.

Textile waste is primarily categorized as pre-consumer (industrial waste generated by the textile and clothing industry) and post-consumer (urban waste, mostly arising from this fraction). According to the Circular Fibres initiative, 73% of post-consumer textile clothing is incinerated or landfilled, only 12% is recycled in a cascading process, where waste is incorporated into lower-value items like insulation and filling (downcycling), and a mere 1% is reused in a closed-loop system, producing the same type of articles. There are also 12% losses associated with the production process (pre-consumer) and 2% losses in the collection and treatment of post-consumer clothing. At FORteams LAB, we are committed to reversing these figures.

Currently, the question is not whether the economy will become predominantly circular, but how this transition will be accomplished. Considering that textiles represent a significant component of global resource consumption and waste generation, there is a need to accelerate the transition from a linear to a circular economy. This entails adapting current manufacturing processes and business models to a circular approach and radically changing how the global community deals with the use and disposal of such waste.

Sustainable textile industry can only be effectively achieved by implementing systemic circular economy solutions, designed from the outset for regeneration, relying on biologically based raw materials and utilizing energy from renewable sources (the raw material substitution plan will be extensively addressed in the "Environmental Impact" material topic), with changes in consumption patterns and the consolidation of new business models favoring the extension of the lifespan of materials and products. The transition to a circular development model can reconcile essential economic growth with lower resource consumption (the quantification of resource consumption in the production process will be framed in the "Environmental Impact" material topic), reduced waste production, and the reduction of greenhouse gas emissions (decarbonization will also be addressed in the "Environmental Impact" material topic).

At FORteams LAB, we believe in infinite cycles where there is no loss of value. We recognize that waste is generated every day due to production surpluses. The goal is to optimize the process to generate the least possible waste and, when optimization is no longer possible, to focus on the reuse, recovery, and recycling of products seen as waste,



ensuring that this cycle does not end here, counteracting the linear consumption model based on the "production-use-waste" principle.”.

The LOOP project

Our measures regarding how we intend to valorize our textile waste are condensed into a priority and emergent project within the company, which we call LOOP. It includes the collection, storage, treatment, and reuse of textile waste.

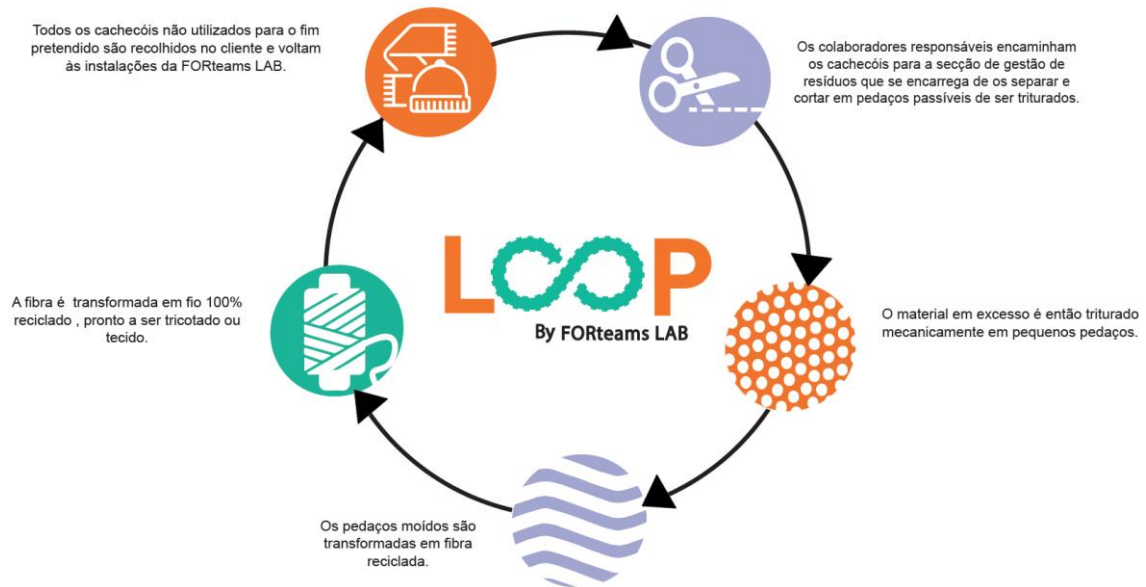


Figure 18 The LOOP project

In the initial phase, it was crucial to promote the development of the mapping of the production process flow for each article/sector of the company. Through this mapping, the identification of existing waste at each stage was facilitated for virtually all FORteams LAB merchandising products (specifically in the knitting and weaving sectors - including various types of hats and scarves) and manufacturing products (sublimation sector - including t-shirts, shorts, jackets, pants, masks). In addition to identification, FORteams LAB managed to quantify, in a generalized manner, various types of waste generated throughout the production chain, based on the transport guides issued to the waste collection partner during the reporting period (subchapter: Waste).

Despite some significant values in plastic and paper waste, in this phase of adopting a circular model, FORteams LAB decided to prioritize the analysis, reduction, and reuse of textile waste generated in the production process. This decision is justified by four essential reasons:

- Society already has a recycling notion for paper and cardboard, plastic and metal, and glass waste.
- The study "Scaling textile recycling in Europe – turning waste into value" indicates that 70% of textile waste can be recycled fiber by fiber. However, currently, less than 1% of textile waste is recycled fiber by fiber due to various barriers that need to be overcome.



- The reduction in raw material consumption has a direct and significant profit margin impact on each FORteams LAB product. Consuming less raw material reduces the associated cost of the article's raw material. Therefore, for the same selling price, the gross margin in the business is higher. Another perspective could be related to market price competition. By consuming less raw material, production costs are lower. With the same business margin, the product can be sold at a lower and more competitive price. The cost of raw material has a significant percentage in the total production cost of each article, making any reduction in this aspect (in this case, related to consumption) have a more significant impact compared to reducing plastic and paper consumption.
- The business model associated with the reuse of textile waste for the production of the same type of article is considered much more interesting and innovative for FORteams LAB stakeholders, according to an internally conducted study.

Currently, FORteams LAB identifies two main types of waste: waste produced during the article development (including production surpluses and/or defects) and finished product waste in the dead stock warehouse. Initiatives in this regard include identifying and quantifying the existing final products in the dead stock warehouse and identifying and quantifying textile waste throughout the production process.

Identifying and Quantifying the Variety of Final Products in the Dead Stock Warehouse:

The finished product in the dead stock warehouse results from overproduction due to incorrect and/or premature planning forecasts, defects (e.g., poor quality of assembly; discrepancies with the customer's order in terms of design, material, or finishing, etc.), and samples for customer approval of all orders the company has made.

In October 2020, the organization of the dead stock finished product warehouse was carried out, including strategic product layout and reference by article type. The quantity of finished product was surprising for the company and raised awareness that an immediate shift to a circular culture was necessary not only to eliminate the current stock but also to prevent its formation in the future.

Identifying and Quantifying Textile Waste Throughout the Production Process:

Table 6 Identification and Quantification of Textile Waste

<i>Manufacturing</i>		<i>Merchandising</i>	
55%	<i>T-shirts waste</i>	31%	M32 Beanie with the least waste
		Beanie waste	L11 Beanie with the most waste
51%	<i>Jacket Waste</i>	17%	L10 Scarf with the least waste
40%	<i>Shorts Waste</i>	Scarf Waste	Woven - Scarf with the most waste



The table summarizes the total percentage of waste generated in the development of each FORteams LAB article. In general, the most immediate and crucial conclusion to emphasize is that the average waste percentage is quite significant and concerning. These results were obtained based on a single measurement of the production process, using a sample of 100 units of each article (100 t-shirts, 100 M32 hats, etc.). The manufacturing sector presents alarming values, with waste sometimes accounting for more than 50% of raw material consumption. In the merchandising sector, the production of hats generates more waste than the production of scarves. The L11 hat produces the highest textile waste, while the M32 hat generates the least, primarily justified by the waste generated in the sawing process. Regarding scarves, the L10 scarf generates the least waste, as it comes out individually directly from the machine (the generated waste is only due to adjustments and/or occasional defects), while the woven scarf generates more waste due to the amount of halo produced.

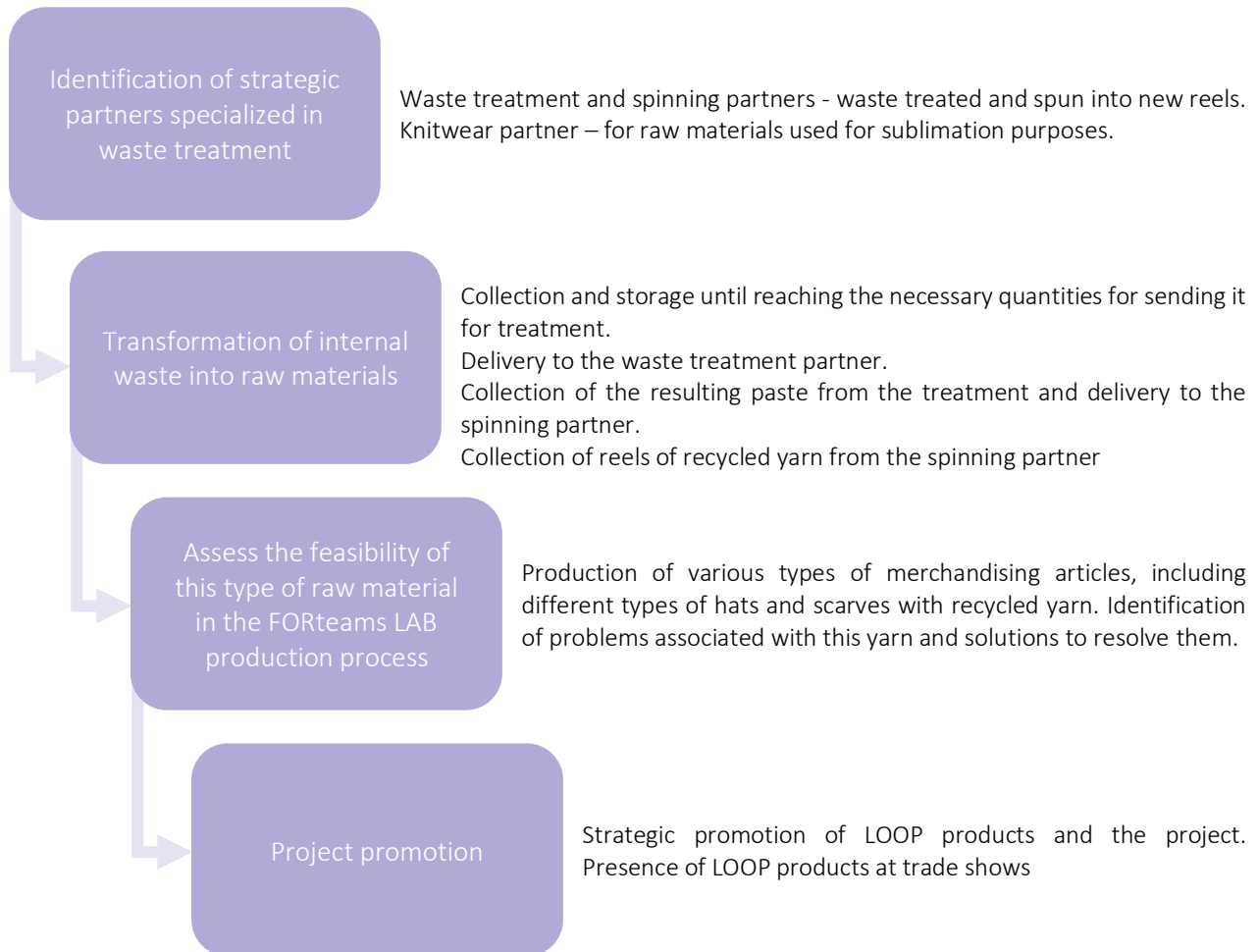
In addition to the percentage of total textile waste generated in the development of each FORteams LAB article, the identification and quantification of waste throughout the production chain allowed us to conclude which phase of the process contributes the most (negatively) to waste generation. The sawing phase in hats and the cutting phase in manufacturing articles are clearly the main culprits for the textile waste generated in the production process. With this data, the continuous improvement team can objectively, correctly, and directly address process issues and promote measures to reduce the amount of waste produced.



LOOP Process

Next, you'll find the LOOP process and the initial steps on the path to a circular economy model:

The first LOOP production



FORteams LAB is a vertically integrated company with a wide variety of products and production sectors. Initiating this new business model for all of them would be impractical. Among all the waste, we began with textile waste. Within textile waste, we started with the merchandising sector (hats and scarves). From all the waste produced throughout the process (including defects in finished products), we only focused on waste generated in the cutting phase (the main waste generation area). Among all compositions, we opted for 100% acrylic (as it is our main raw material and the most environmentally harmful since it is derived from petroleum).

In October 2020, we collected one ton of 100% acrylic hat cutting waste. This 'sample' was transported and treated by our partner Sasia (a waste treatment company) and spun by our partner JFA (a spinning company), resulting in 700 kg of yarn. It was found that the properties of the obtained fiber allow the spinning process to be carried



out without the need for mixing with virgin fiber. Thus, we obtained 100% recycled yarn from our internal production waste.

We created final product samples for our customers and introduced the idea to the market, both in sports merchandising and fashion. That's when we began to understand the great interest but also the limitations of the project:

1. Only 700 kg? Are there other yarn compositions? What is the color palette?
2. Can we recycle Lycra scarves as well? What about high-definition scarves?
3. Do you have permission to market 100% recycled products? Is there certification?
4. If I deliver a thousand scarves, how many recycled scarves can I receive?
5. Can I return my end-of-season scarves and produce new products solely from them? How long does the process take?

We set out to answer all these questions. First, we obtained GRS certification to market recycled products. Then, together with our partners, we began to gather information, find solutions, and progress:

- Our waste treatment partner requires 7 tons of waste to proceed with the waste treatment request.
- There is approximately 20% waste in the waste-to-yarn transformation process (5-15% in treatment/shredding and 15-25% in spinning).
- Our innovation partner, CITEVE, acquired laboratory machines for waste treatment that allow us to evaluate the recyclability of various waste types before scaling up to production with smaller quantities. Here, we were able to test the transformation process of all our compositions separately and together, as well as different types of waste (whether from the production process or defective or overproduced finished products). This yielded important conclusions: all compositions individually result in fibers that can be spun without the need for additional virgin fibers; various compositions of our fibers can be mixed and still produce good fiber for spinning, with different conditions required in the waste treatment machines.

The next steps must be taken to provide positive answers to the questions identified above, offering customers a range of more sustainable options. The following product images are the result of this first LOOP production.



Next Steps

Circular Textile Flow Model

Objective: Establish a model that promotes the reuse of textile material in manufacturing and material recovery contexts, extending its lifespan and increasing its use as secondary raw material in the sector or others, identifying the needs for closing the circular value chain.

Rationale: Customer focus is genuine, and vertical integration allows anticipating needs. For this reason, circular economy and customer deadstock are two focal points in upcoming internal developments. Various challenges have been identified, with the common denominator of improving resource efficiency, avoiding waste, and promoting circularity:

- The need to develop tailored solutions for the wide variety of textiles (clothing, home textiles, carpets, components of the mobility and construction industries, etc.), which have very different characteristics and life cycles;
- The immaturity of technologies for separating and recovering the constituents of textile waste;
- Product labeling is not sufficiently informative about their composition (plus the habit of consumers cutting labels);
- Intellectual property can be an obstacle. Certain solutions are not shared because they are sometimes patented innovations;
- Incorporating concepts of reuse, repair, and recovery of materials at the end of product life into the primary phase of design and conception. Through designing for material and product regeneration, it is possible to create successive cycles of utility.

At the FORteams LAB level, the success of this project requires contributions from everyone within the company and a reshaping of space, mindset, and organization:

- Need to differentiate circuits for industrial waste (e.g., production leftovers, cut waste in manufacturing, etc.) and post-consumer textile waste;
- Insufficiency and cost of separate collection of end-of-life textiles, which is high;



- Absence, in the textile ecosystem in the Northern region, of companies capable of sorting and reusing fibers and other materials used in textiles and clothing (post-consumer);
- Legal obstacles. Need for responses from higher bodies and entities to proceed with the project without non-compliances;
- Reorganization of FORteams LAB space to store the necessary quantities identified by the treatment partner.

Opportunity: Study suitable models for collecting end-of-life textiles, for example, through 'brand' stores or retailers, using reverse logistics circuits. As for pre-consumer textile waste, the territorial concentration of most textile and clothing companies will facilitate local solutions, more advantageous for reducing transport costs.

End of Waste Status for Industrially Originated Textiles

Objective: Drive the sorting, reuse, and recycling of textiles, including through innovation, encouraging industrial applications and regulatory measures, such as extended producer responsibility.

Rationale: It is essential to overcome one of the main obstacles to the effective pre-consumer textile recovery related to the "waste" status, meeting the necessary technical specifications, without prejudice to other aspects related to the economic viability of the activity such as quantity, proximity, collection circuits, storage, sorting, supply, cost, and suitability of spinning and weaving equipment. We count on the contribution of higher bodies and entities as promoters or partners, highlighting: CCDR-N, APA, representatives of the T&C (Textile and Clothing) sector, and entities from the SCT (Scientific and Technological System).

Selective Collection of Textiles and Textile Waste in a Pilot Territorial Unit

Objective: Design a strategy and corresponding action plan for textiles and textile waste in a pilot territorial unit that can ideally be replicated in other subspaces.

Rationale: The aim is to generate knowledge and experience, with a view to preparing in advance for the entry into force of the regulations on the selective collection of textiles, as outlined in the Waste Framework Directive and PERSU 2020+. For this, it is essential to map waste and by-product flows (pre and post-consumer) and implement optimized resource recovery circuits; optimize recycling processes (pre and post-consumer); carry out demonstration actions aimed at studying and analyzing the feasibility of resource recovery (raw materials, water, energy, chemicals, waste, by-products, etc.); and identify intersectoral collaboration opportunities, resource sharing, and the development of industrial best practices.



Circular Design for Textile Article Development

Objective: Integration of complementary skills in the training of designers aligned with the concept of the 'circular economy' and the participation of employees in identifying process/product improvement opportunities to achieve.

Rationale: The transition from a linear to a circular economy presupposes intervention in various phases of the current production system. A critical phase is design, the conception of processes and products, choosing/optimizing existing processes so that they consume fewer resources and energy and generate less pollution and waste. All this considering the entire life cycle of products, ensuring durability, reparability, traceability of constituent materials, ease of unpacking, and reuse as secondary raw materials. The contribution of training and qualification entities for professionals and companies in the sector is expected for the development of these topics. Also, in the short term, to prepare for the transition to circularity in the sector, in the regulatory and operational scope, the following two initiatives are proposed:

- Create a 'transversal designer' function since, in addition to technological and technical skills in the textile sector, design skills for circular economy and sustainability are required, as well as additional skills in the materials, technology, and process area;
- The design of products and processes aligned with the principles of sustainability (design for sustainability) and the circular economy (design for circularity) is essential for the systematization of more sustainable and circular textile products

Mapping the Current Flow of Textile Waste and Its Accounting

Objective: Map textile waste flows through a representative sample that allows extrapolating to global values.

Rationale: Knowledge of the value chain of textiles and clothing and the material balance is essential to design strategies aimed at increasing raw material productivity, promoting the use of secondary raw materials, as well as the reuse and recycling of textile waste. See the Carbon Neutrality subchapter for what has been done regarding this topic.

Possibility of funding to advance ideas and projects

Objective: Make employees responsible for identifying and applying for investment support opportunities (Sifide, support for productive innovation, PRR).

Rationale: Projects sometimes require significant investments, which can be a barrier to their realization since there are additional costs, such as the use of more sustainable materials, the introduction of new technologies for integrating new materials, the acquisition of equipment, professional training, and filling market gaps.



Study, analysis, and proposals for a circular waste flow model for non-textile waste

Objective: Find solutions for the remaining waste produced at FORteams LAB in larger quantities (paper and cardboard waste and plastic waste).

Rationale: Although textile waste has the most negative impacts when compared to paper and cardboard waste and plastic waste, it is essential to find upcycling solutions for these, with the aim of adding value to the waste.

Environmental Impact

In January 2021, the collaboration between FORteams LAB and Fashion Catalyst began with the aim of accelerating the company's development in four distinct areas: sustainability, innovation, digitization, and circular economy.

As strategic initial steps, we highlight: the renewal of FORteams LAB's ID (in-depth analysis of the company's identity), leading to the realization of the company's vision and manifesto; the awarding of the website and rebranding of the company; the training of the commercial team, and the establishment of connections with strategic partners.

In addition to these steps, we also highlight relevant projects:

- Collaboration with UN Global Compact & Textile Cluster for the subsequent identification of action axes and the establishment of measures and partnerships to position FORteams LAB as a pioneer in sustainability in the textile sector;
- Elaboration of a Communication Plan as the basis for the Marketing Plan, aiming to communicate differently with stakeholders and shareholders;
- Analysis of resource consumption for textile production, as well as the identification and quantification of produced waste, with the objective of identifying production lines where the company is more and less efficient in terms of raw material utilization;
- Market analysis and research to support the development of a Raw Material Replacement Plan;
- Identification of complementary products that would make sense to develop at FORteams LAB to actively reduce the ecological footprint of customers;
- Identification of equipment and partners to provide the company with innovative equipment/software/products in line with potential funding (Recovery and Resilience Fund);
- Initiation of the development of a digital product that will allow the company to establish itself as an innovative player in the sports merchandising market.

This partnership helped us understand our current position and what we can do to become a fiercer competitor. Thus, we identified four projects that we consider a priority to advance in the coming years, which will help us reduce our environmental



impact (associated with the product and the process) and achieve a prominent position in the market:

- Definition of the Sustainability Strategy and elaboration of a Sustainability Strategic Plan aligned with our sustainability and production objectives, where we establish measures and actions that we commit to fulfilling by the end of 2025;
- Creation of a Raw Material Replacement Plan to reduce the impact associated with the product, as the most consumed raw material at FORteams LAB is acrylic, derived from non-renewable resources;
- Carbon footprint accounting for FORteams LAB and Life Cycle Assessment (LCA) analysis of the company's products, as well as the definition of a target and deadline to achieve Carbon Neutrality. This project includes a more exhaustive identification of our consumption and waste production associated with productive sectors, as well as the definition of reduction and optimization goals for both;
- Development of an Integrated Management System, consisting of processes from the quality management system and environmental management system, aligned with social responsibility certification. The adoption of an integrated management system allows us to assume a complete management model for continuous improvement, align objectives and goals, save time and costs, strengthen the image and reputation, increase competitiveness, improve internal processes, and transparency of the company..

Sustainability Strategy

At a time when consumerism is an increasingly prevalent reality in society, and greenwashing is a way for the industry to camouflage negative environmental impacts, FORteams LAB has decided to take a stand and set ambitious and genuine goals and objectives. 'Together we stand!'. We are committed to working for a new tomorrow, providing conscious products and services, operating in accordance with human rights, and never compromising the quality of life for future generations. We commit to achieving carbon neutrality; developing and adopting a business model focused on the circular economy, where waste reuse is our focus; ensuring respect for human rights; and developing an effective occupational health and safety system to minimize incidents associated with the process.

The definition of a Sustainability Strategy ensures that the global context is taken into account in the day-to-day management of FORteams LAB. The operationalization of the strategy allows for the implementation of specific measures to ensure new products, new processes, and new communication. Considering the company's goal to integrate Sustainability and Innovation into its DNA, a contextual analysis was conducted, examining the current Sustainability Momentum (in the sector and modern



management), FORteams LAB (processes, products, customers, ambition), and competition.

Regarding Sustainability Momentum, the following elements were considered: the textile sector identified as one of the most polluting globally, the 4th industrial revolution, climate emergency, the manifesto of data related to future companies, and the United Nations Sustainable Development Goals.

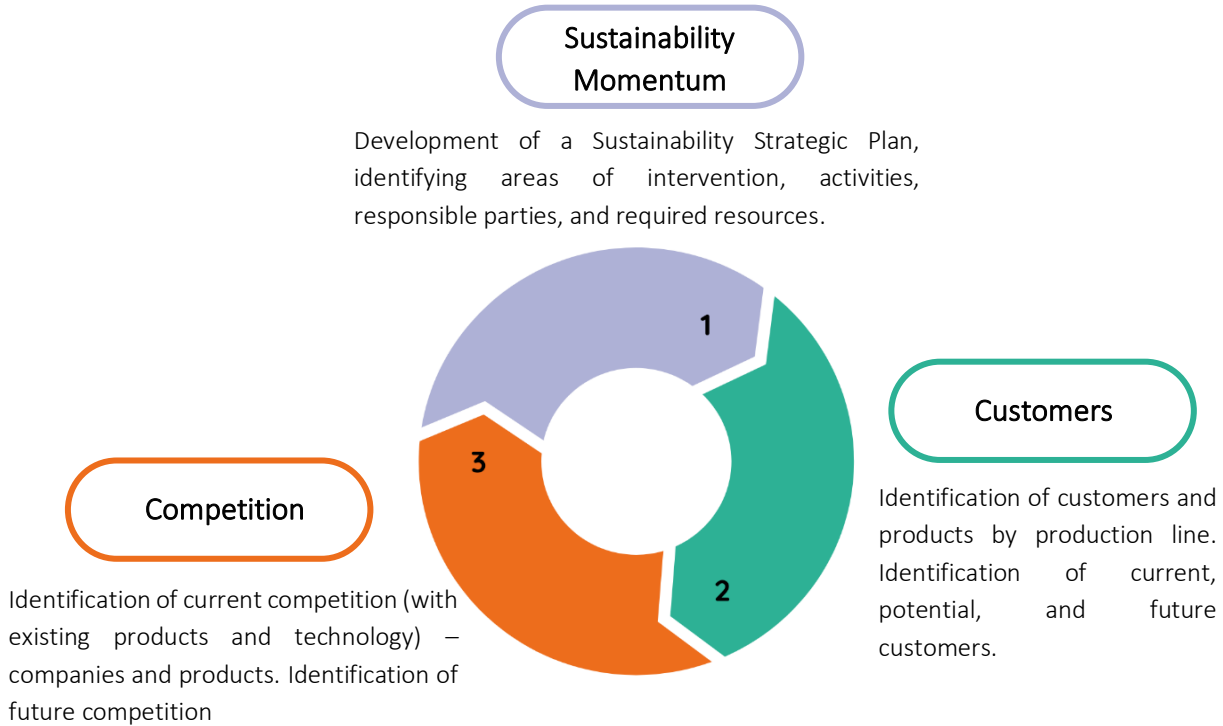


Figura 19 Sustainability Strategy

The adopted methodology by the company involves two different aspects that must be integrated: the strategic aspect and the operationalization aspect. Thinking strategically and then operationalizing ensures that the objectives outlined by the company are being pursued. The establishment of an agenda for the introduction of a specific sustainability strategy for FORteams LAB is a roadmap for the future, entirely interactive, and intended to be always 'open' since the company should be in constant evolution. Close monitoring of the document is of utmost relevance, ensuring that its operationalization aligns with the company's objectives.

Sustainability Strategic Plan

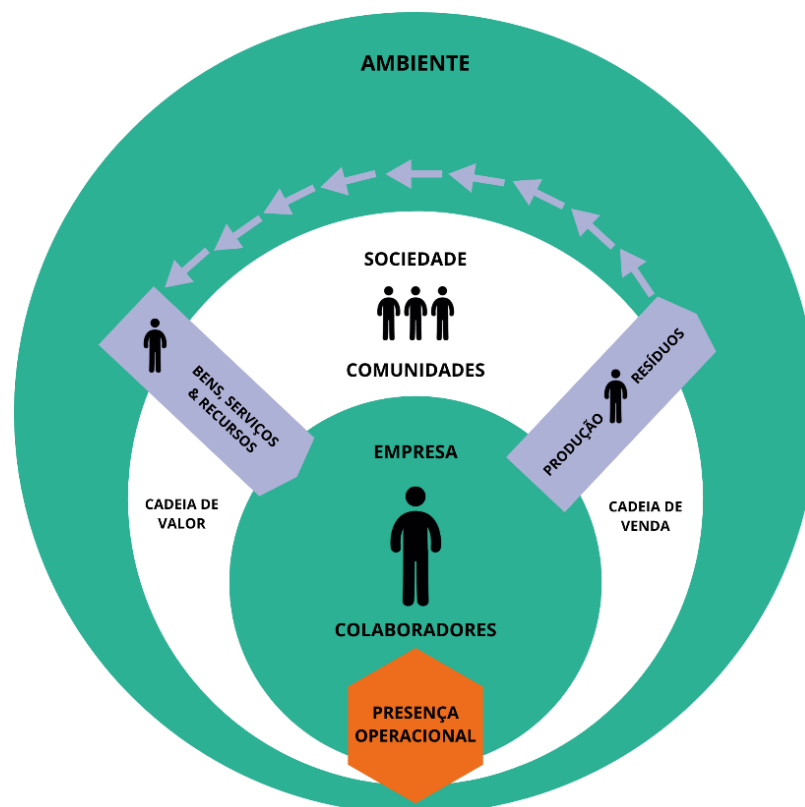
We have established the Sustainability Strategic Plan in partnership with Fashion Catalyst, where we analyze the external context of the company and the textile sector. The result of the analysis led to a 360° transformation in terms of corporate sustainability, involving change at three levels:

- Social aspect: This is related to the interest and motivation of the people involved in the entire transformation project. We position ourselves as textile leaders in



how we integrate Social Responsibility towards our employees and the community where we operate. We aim to be widely connected to future-oriented companies that are acting in the present for a greater good. Partners available to build new business models that make sense in the era of partnerships and restructuring of value chains. On this side, we want to be the trusted partner for sustainable developments in the future, responsibly integrating technology and digitization.

- Economic aspect: It only makes sense for FORteams LAB to promote sustainable transformation if there is an audience to buy such products, so the company considers it important to strive for competitively priced products in the market.
- Environmental aspect: FORteams LAB has two priority objectives: the replacement of raw materials and the maximization of the use of production waste (circular economy). The raw material used in the production process comes from fossil fuels, and therefore, the most impactful way to promote ecological sustainability in the company would be to replace it with a renewable energy source. Thus, in a policy of transparency and the importance of the "made in Portugal" label, two of the most valued characteristics with the pandemic, the goal is to make the process as ecological as possible, encompassing the consumption of raw materials, reuse of textile waste, reduction of plastic and paper consumption, and proper separation of existing waste.



The textile sector is a relevant industry due to its high exports and intensive use of resources. Considering the initiatives and movements that have emerged in the textile



and clothing industry (ITV) globally, aiming for a higher level of sustainability and the transition to a circular economy, six strategic areas of action have been defined:



This Sustainability Strategic Plan enables us to address new market and customer challenges, aiming to secure FORteams LAB's market share, position the company in terms of innovation and sustainability, and consolidate its presence among key clients by offering new products and raw materials.

Several measures have been defined, with eight highlighted to better understand the sustainability framework at FORteams LAB:

1. Incorporation of waste, by-products, and remnants (such as deadstock, samples, collection leftovers, etc.) from textile industries (pre and post-consumer textiles) – recycled textile materials;
2. Adoption of processes to recover and reuse used resources, including water, energy, chemicals, raw materials, and/or accessories – circular textile processes;
3. Development of methodologies and criteria for applying circularity in the design phase, including durability, repairability, recyclability, biodegradability, and other capacities aligned with the circular economy – design for circularity;
4. Application of product redesign concepts to textile items at various stages for different markets (fashion, home textiles, sports, automotive, etc.) – design for circularity;
5. Development of processes enabling the virtualization of samples and/or prototypes, reducing resources spent on sample/prototype development – design for circularity;



6. Creation of mechanisms facilitating industrial symbiosis – new business models;
7. Development of processes and tools for obtaining the product ID, allowing transparency and traceability in the supply chain, credibly considering the entire product lifecycle (from fiber to the final product, as well as subsequent reuse cycles). Product ID-related information should be obtained automatically, meaning data will not be manually entered, responded to questionnaires, or other forms and should be maintained in robust systems like blockchain – new business models;
8. Development of methodologies and tools to determine the sustainability and/or circularity level of textile articles based on objective metrics resulting in a simple and clear indicator that helps the customer make purchases based on their sustainability/circularity level – circularity validation.

Raw Material Replacement Plan

The textile and apparel sector is one of the strategic value chains for boosting the national and regional economy, with a growing concern for the quality of raw materials and product differentiation. Textiles represent the fourth-highest category of pressure for the use of primary raw materials and water (after food, housing, and transportation) and the fifth for greenhouse gas (GHG) emissions. It is a highly globalized sector involving millions of producers and billions of consumers worldwide. Currently, about 63% of the fibers used by the global textile industry are of fossil, non-renewable origin. Furthermore, recycling rates remain very low: in 2017, the Ellen MacArthur Foundation estimated that less than 1% of all post-consumer textiles worldwide were recycled and incorporated into new textiles. [1]

At FORteams LAB, we work with suppliers and partners to promote responsible behavior and high ethical standards throughout the supply chain. In these business relationships, the company seeks the best solutions in terms of innovation and the quality/price ratio, also valuing sustainability aspects.

Several sustainable solutions for the use of raw materials (e.g., bamboo, coffee grounds, among others) were already available in the market. However, immediate solutions needed to be found. In early 2021, FORteams LAB joined the SEAQUAL INITIATIVE. This initiative aims to give new life to marine plastics, combating marine pollution caused by plastics and offering the community a more sustainable option. All products made from SEAQUAL are only available to SEAQUAL licensees and are purchased only from suppliers with the same license, allowing for traceability in the chain.

Additionally, at FORteams LAB, we identified other solutions, in this case, using recycled polyester from water bottles (rPET). After verifying the raw material, the new products were conceptualized and analyzed regarding their behavior, ensuring the proper connection between the raw material to be used and the new products to be developed. During this time, we achieved:



- Replacement of knits used in sports articles (polyester with rPET, also known as recycled polyester, thus promoting sustainable solutions compatible with the production process);
- Use of ecological sewing threads;
- Increased knowledge on the subject (based on research, presence at events such as texboost or greenfest, and customer development requests) and effective and efficient development of sustainable solutions;
- Not only the loyalty and increased interest of current customers but also increased contact with new customers seeking solutions in this area;
- Creation of a database of suppliers, mainly of ecological raw materials and partners for knowledge transfer on the subject (universities, technological centers, business associations, consulting companies);
- Identification and creation of a database of events, forums, and fairs on textile sustainability (neonyt, greenfest, ispo);
- Identification of market solutions to replace acrylic (hats and scarves) and polyester (sublimation process), including recycled/sustainable raw materials;
- Study of new applications for textile materials and substrates, including their recycling and reuse.

Carbon Neutrality

Carbon Footprint Calculation

Our goal is to calculate the carbon footprint associated with FORteams LAB's activities. The carbon footprint represents the total volume of greenhouse gas (GHG) emissions generated by the company's day-to-day activities. The ultimate objective of this project is to adopt and implement necessary measures to minimize FORteams LAB's footprint, following a roadmap towards carbon neutrality. The carbon footprint serves as an environmental indicator that measures both direct and indirect emissions of compounds (such as methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and carbon dioxide (CO₂)). This analysis accounts for all consumption related to the three scopes, as illustrated in the image below:

- Scope 1: direct GHG emissions (arising from sources owned or controlled by the company, e.g., electricity, heat, or steam generation; transportation of materials, products, waste; emissions leakage; fuels used in the company and internal fleet);
- Scope 2: indirect GHG emissions from electricity (acquisition of electricity for consumption in the industrial unit);
- Scope 3: other indirect GHG emissions (upstream – such as procurement of goods and services (raw materials, chemicals, etc.); energy losses during transport to the



facility; upstream transport and distribution; business travel; commuting; etc. – and downstream – downstream transport and distribution; use and maintenance of sold products; end-of-life of products, etc.).

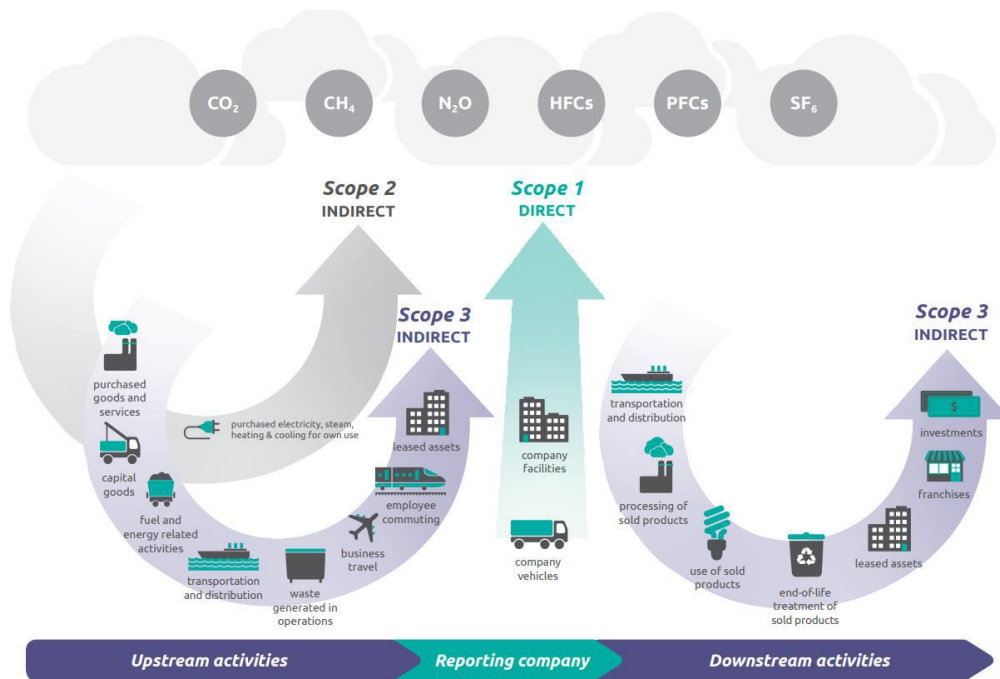


Figure 20 Scopes Associated with Carbon Footprint

Fonte: <https://www.epa.gov/climateleadership/scope-1-and-scope-2-inventory-guidance>

We rely on a partner, CITEVE, to assist us in this project. Together with them, we plan to calculate our carbon footprint associated with the year 2021, and the data from this study will be made available in the next sustainability report.

LCA (Life Cycle Assessment)

Life Cycle Assessment is an environmental management tool that evaluates the environmental impacts of a product, process, or activity, taking into account the entire life cycle (including extraction and acquisition of raw materials, production, use and maintenance of the product, end-of-life treatment, and final disposal). We intend to conduct an LCA for a product manufactured at FORteams LAB, whose composition is 100% acrylic.

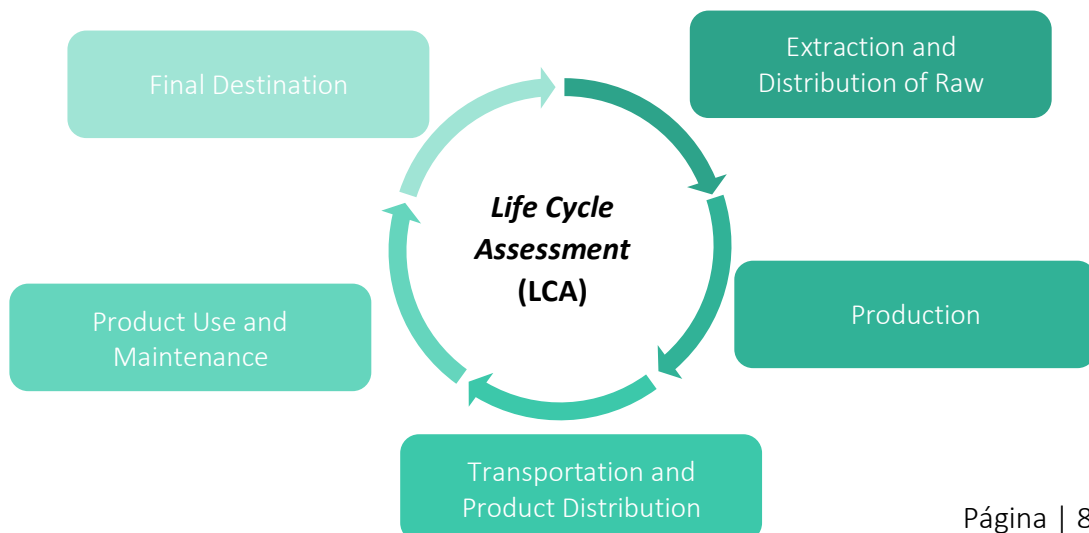


Figure 21 LCA



We opted for a 100% acrylic product as this is the most extensively used raw material in the company and is derived from non-renewable and more polluting sources.

LCA studies [2] in the acrylic fiber production sector show that 82% of the environmental impact falls on fossil fuel depletion due to the high energy consumption required for the production of acrylonitrile, 16% of the impact is on human health due to inorganic chemicals used during the product manufacturing process, and 2% on ecosystem quality, attributed to the impact of acidification on the environment from acrylonitrile, acids, and other chemical compounds used as raw materials. Another LCA study on the manufacturing of a 100% acrylic product concludes that, for greenhouse gas emissions, the product's acrylic usage phase contributes a significant percentage (36%), with fiber production used in the product representing 63% of emissions.

We aim to conduct this study on one of our 100% acrylic products to verify if the data aligns with the findings of the aforementioned studies or not.

Process Mapping and Quantification of Consumption and Waste

In 2021, a comprehensive analysis of each production process was conducted through the mapping of each process, aiming to determine the quantity of waste produced and the amount of resources consumed at each stage.

The production process was mapped, and existing waste at each stage was identified for almost all knitwear and weaving products (hats and scarves). As an example, the process associated with each stage of the production of 100% acrylic scarves and 100% acrylic hats is illustrated for the merchandising process.

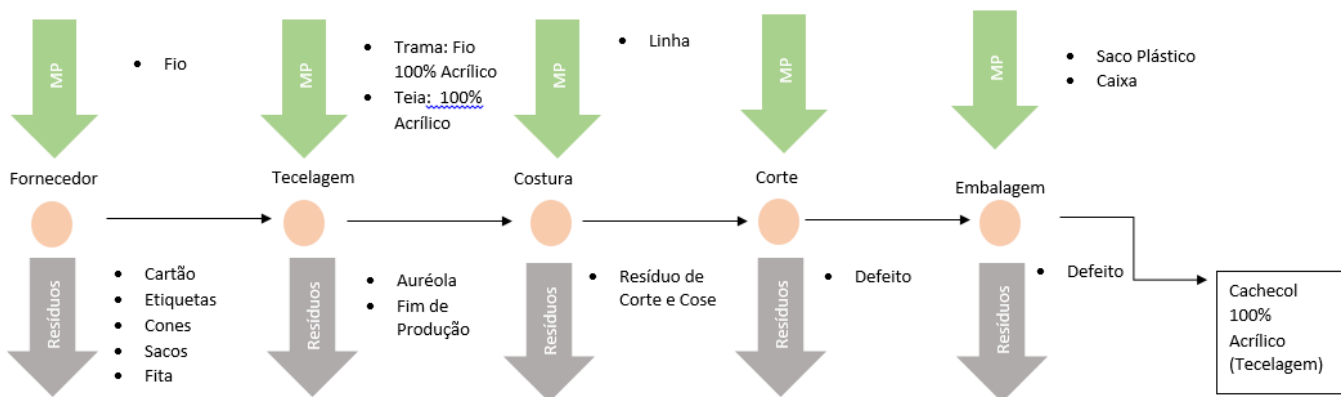


Figure 22 Waste and Raw Materials Associated with Each Stage of 100% Acrylic Scarf (Weaving)



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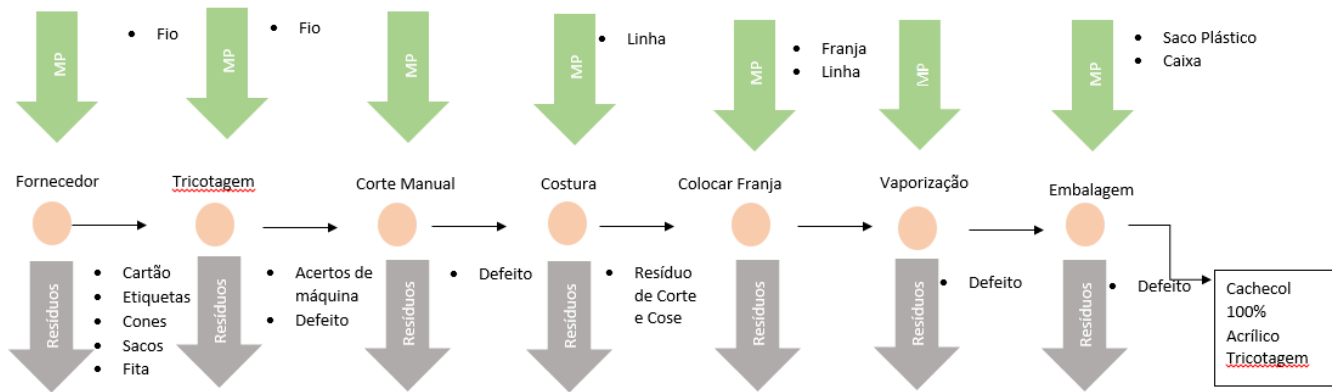


Figure 23 Waste and Raw Materials Associated with Each Stage of 100% Acrylic Scarf (Knitting)

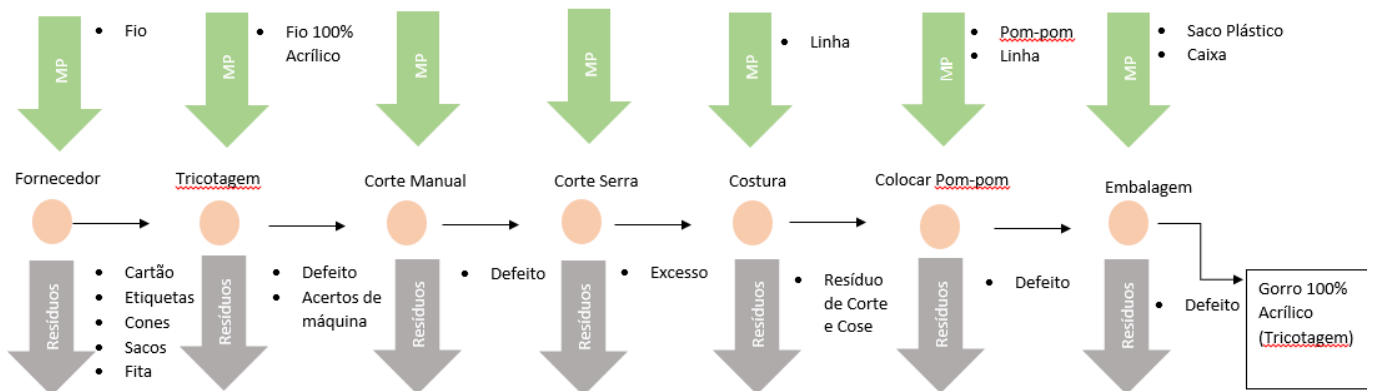


Figure 24 Waste and Raw Materials Associated with Each Stage of 100% Acrylic Beanie (Knitting)

Through the mapping of the production process of hats and scarves with the identification of production waste, various points where waste could be generated were identified:

- 1. Supplier Waste:** All waste generated during the reception of raw materials from any supplier (boxes, plastic bags, labels, and plastic film) was analyzed. An assessment of the waste generated by the main suppliers of 100% acrylic yarn was conducted. Solutions have been implemented, such as direct ordering of yarn from the Turkish supplier, avoiding plastic film wrapping of pallets during deliveries.
- 2. Knitting Waste:** The waste generated in this stage is related to machine adjustments and/or defects. To address defects detected only after steam processing, an iron was placed next to the machines for quality control through sampling. This promotes immediate machine correction and avoids the same defect in multiple pieces.
- 3. Weaving Waste:** In this stage, textile waste is generated, including selvedge, waste between productions, and unapproved samples (defects). Restructuring looms to decrease waste between scarves and increase loom productivity was



implemented. This restructuring also helps decrease defects in scarves, reducing sewing waste during the cutting and sewing stage.

4. **Cutting Waste:** There are two types of cutting: manual cutting and saw cutting. Manual cutting usually does not generate waste but functions as a quality control check for defect identification. Saw cutting provides the most variable and representative percentage of waste in the entire hat production process, as it molds the hat into different models according to customer requests. Lowering the waste percentage in saw cutting is considered challenging due to the predefined mold model designed for maximum utilization.
5. **Steam Processing Waste:** At this stage of the production process, the waste that can be generated is defects not previously detected.
6. **Sewing Waste:** Waste occurs only in products requiring side sewing through the cutting and sewing machine.
7. **Packaging Waste:** Being the last checkpoint in the development process of hats and scarves, most defects are identified here.

In the production process of hats and scarves, it is noteworthy that a high quantity of textile waste and waste from paper and cardboard is generated. While these latter wastes were not prioritized compared to textile waste, FORteams LAB engages in recycling, reduction, and aims to promote reuse. Although external responsibility lies with the supplier, the company proceeds with recycling and reduction and plans to promote reuse soon.

The analysis of textile waste generated in the development of FORteams LAB articles will identify the process stage that contributes most negatively to waste generation, as well as the type of model (by product type) and/or sector that is more pollutant. With this data, the continuous improvement team can objectively, correctly, and directly address the main issue in the production process.

Table 7 summarizes the total percentage of textile waste generated in the development of each type of scarf and hat. The L11 hat produces the most textile waste, while the M32 hat generates the least percentage, primarily due to the waste generated in saw cutting. Regarding scarves, the L10 scarf generates the least waste, as it comes out individually directly from the machine (waste generated only due to adjustments and/or occasional defects), while the woven scarf generates more waste due to the amount of selvedge produced.

**Table 7** Total Percentage of Textile Waste Generated in the Development of Each Type of Scarf and Beanie

Product	Average Weight (kg) / Unit	Total Waste (kg) in 100 units	Production Waste Ratio / Produced Unit
Beanie M38 100% acrílico	0,19	6,02	31%
Beanie M40 100% acrílico	0,19	5,39	28%
Beanie M32 100% acrílico	0,13	3,13	25%
Beanie L11 95% acrílico, 5% elastano	0,08	2,85	37%
Average Waste for Beanies			30%
Scarf H15 100% acrílico	0,21	2,24	10 %
Scarf L10 95% acrílico, 5% elastano	0,20	0,78	4%
Scarf Weaving 100% acrílico	0,08	2,52	33%
High-Definition Scarf 75% acrílico, 25% poliester	0,10	2,22	21%
Average Waste for Scarves			17%

Integrated Management System

An Integrated Management System (IMS) is designed to consolidate all business processes into a unified management approach, bringing numerous advantages, especially in terms of efficiency. Opting for an IMS instead of an individual Management System for each theme saves time and avoids duplicated information, as there are common requirements across different standards. In general, the IMS aims to optimize the internal processes of the company, making them more agile and objective.

Establishing an IMS allows for greater information flow within the organization, improving the recognition and understanding of responsibilities and organizational interrelations. This enables the organization to function as a whole, increasing operational efficiency, overall performance improvement, risk reduction, and responsibility definition.

The objective at FORteams LAB is to create an IMS that encompasses the Quality Management System and Social Responsibility Management System that the company already possesses, and to add the Environmental Management System, which is not yet developed in the company. This means that the next step to incorporate an IMS at FORteams LAB is the certification according to ISO 14001 - Environmental Management System.

For the ISO 14001 certification process, we also rely on the consultancy of our partner, CITEVE, which will assist in the process. The start of these activities is planned, and the results of this process will only be reported in the next sustainability report.



The consultancy with our partner includes assistance in:

- Definition of the scope of the management system;
- Characterization of the organization's context (identifying internal and external environmental issues and the needs and expectations of relevant stakeholders for the management system);
- Interpretation of the ISO 14001 standard;
- Technical support in the analysis and selection of environmental legislation applicable to the company, integrating it with existing practices in the ISO 9001 and SA 8000 frameworks;
- Identification of environmental aspects and assessment of impacts;
- Support in identifying risks and opportunities for the environmental management system;
- Support in defining/integrating the Environmental Policy with existing policies;
- Support in defining environmental objectives, planning actions to meet the objectives, and preparing the environmental management program.

Human Rights

At FORteams LAB, we ensure that the human rights of our employees are safeguarded, and we expect the same commitment from our suppliers and clients. We carefully select suppliers and engage with clients who demonstrate concerns for this issue and operate in accordance with human rights. We expect both our upstream and downstream chains to ensure safe and healthy working environments and to respect the human and legal rights of employees. We work to ensure business ethics and legal compliance associated with the rights of all employees. This is our corporate culture.

It is noteworthy that to date, FORteams LAB has never been subject to accusations or suspicions of violating fundamental human and labor rights. However, the possibility of occurrences should never be underestimated, and we remain vigilant on this matter.

At FORteams LAB, we are subscribers to the 10 Principles of the Global Compact, which are reflected in our code of conduct and the company's internal regulations (refer to the chapter on Social Responsibility, where we address the topics defined in our code of conduct). We have defined intrinsic ethical values in the governance model of FORteams LAB, guiding the company in its commitment to compliance with national and European Union laws on this subject, aiming to promote the health and safety of employees and seek better working conditions.

The Global Compact is the world's largest corporate sustainability initiative, created to urge companies to align strategies and operations with universal principles of human rights, labor, environment, and anti-corruption, and take actions that promote social objectives. Focused on three strategic pillars – planet, people, purpose – this



initiative envisions creating a global movement of sustainable companies and stakeholders to foster a fair, prosperous, and balanced society. To achieve this, the UN Global Compact supports companies to:

- Conduct business responsibly by aligning their strategies and operations with the ten principles on human rights, labor, environment, and anti-corruption (defined below). By incorporating the ten principles of the UN Global Compact into strategies, policies, and procedures and establishing a culture of integrity at FORteams LAB, we are not only sustaining basic responsibilities to people and the planet but also laying the groundwork for long-term success;
- Take strategic actions to promote broader social objectives, such as the United Nations Sustainable Development Goals, with an emphasis on collaboration and innovation.

Human Rights	
Principle 1	Companies should support and respect the protection of internationally proclaimed human rights.
Principle 2	Companies should ensure they are not complicit in human rights abuses.
Labor Practices	
Principle 3	Companies should support the freedom of association and effective recognition of the right to collective bargaining.
Principle 4	Companies should support the elimination of all forms of forced and compulsory labor.
Principle 5	Companies should support the effective abolition of child labor.
Principle 6	Companies should support the elimination of discrimination in employment and occupation.
Environmental Protection	
Principle 7	Companies should support a preventive approach to environmental challenges.
Principle 8	Companies should undertake initiatives to promote greater environmental responsibility.
Principle 9	Companies should encourage the development and diffusion of environmentally friendly technologies.
Combating Corruption	
Principle 10	Companies should combat corruption in all its forms, including extortion and bribery.




Global Compact








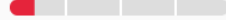








In May 2021, FORteams LAB joined the Global Compact. This strategic decision aimed at committing to the United Nations for the achievement of the 17 Sustainable Development Goals (SDGs) outlined in the 2030 agenda. During this period, the company has participated in networking events and webinars on the SDGs, accessed relevant information documents to enhance its corporate sustainability strategy, responded to assessment questionnaires regarding its status concerning the principles of the Global Compact and the SDGs (with consequent direct inputs, which we will address shortly), identified business partnerships (with more than 17,000 entities worldwide, including clients, suppliers, and other organizations), among other activities. This participation has proven essential for the correct implementation of FORteams LAB's new intentions, vision, and mission. As mentioned earlier, we responded to an assessment questionnaire about the current status regarding the principles of the Global Compact and the SDGs, taking into account the current situation of FORteams LAB. This questionnaire aims to assist the company in the self-assessment and improvement process. The questionnaire results are presented below, reflecting the company's performance on the SDGs. The baseline topic corresponds to the 10 principles identified earlier, and the remaining questionnaire corresponds to the 17 SDGs.





















Tópico: <i>Baseline</i>		Questions Answered	Overall Score	Benchmarks
	<p>Rooted in the 10 Principles of the UN Global Compact, this foundational module includes questions on: commitments to human rights, positive labor practices, environmental management systems, and good governance.</p>	31 / 31	59,8 %	<p>Your Company </p> <p>Your Country </p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 100</p>
Subtopics	Description	Score	Benchmarks	
Introduction	An overview of the company's engagement in social and environmental issues, including topics such as stakeholder engagement and management, supply chain management, tax and government practices, and the integration of SDGs.	9,4 / 20	<p>Your Company </p> <p>Your Country </p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 20</p>	
Human Rights	Management of the company's human rights practices based on the aforementioned Principles 1 and 2.	20 / 20	<p>Your Company </p> <p>Your Country </p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 20</p>	
Labor	Management of the company's labor practices based on Principles 3, 4, 5, and 6 mentioned above.	19 / 20	<p>Your Company </p> <p>Your Country </p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 20</p>	
Environment	Management of the company's environmental practices based on Principles 7, 8, and 9 mentioned above.	2 / 20	<p>Your Company </p> <p>Your Country </p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 20</p>	
Anti corruption	Management of the company's anti-corruption practices based on Principle 10 mentioned above.	9,2 / 20	<p>Your Company </p> <p>Your Country </p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 20</p>	



















Topic: SDG 1 – Eradicate Poverty		Questions Answered	Overall Score	Benchmarks
	Highlight of the key practices that the company's business can adopt to contribute to SDG 1, including paying a living wage, screening for forced labor, and assessing supply chain risk.	4 / 22	12,8 %	Your Company  Your Country <i>Insufficient Data</i> Your Sector  Your Size Range  0 100
Subtopics	Description		Score	Benchmarks
Business Model	Provides an overview of how the company's business model can contribute to SDG 1, such as ensuring it is designed to promote national economic development in less developed markets.		0 / 25	Your Company  Your Country <i>Insufficient Data</i> Your Sector  Your Size Range  0 25
Internal Operations	Demonstrates how the company can contribute to SDG 1 internally, including practices such as paying a living wage, providing employee benefits, taking climate resilience measures, and respecting community rights.		2,8 / 25	Your Company  Your Country <i>Insufficient Data</i> Your Sector  Your Size Range  0 25
Supply Chain	Illustrates how the company manages supply chain contributions to SDG 1, including assessing its supplier selection practices and providing support to them.		10 / 25	Your Company  Your Country <i>Insufficient Data</i> Your Sector  Your Size Range  0 25
Collective Action	Recognizes broader opportunities that the company can leverage beyond its business model, operations, and supply chain to contribute to SDG 1 at an industry, regulatory, or social level. Topics include advocating for positive regulatory reforms, industry collaborations, and community investments.		0 / 25	Your Company  Your Country <i>Insufficient Data</i> Your Sector  Your Size Range  0 25



















Topic: SDG 2 – Eradicate Hunger		Questions Answered	Score geral	Benchmarks
	Highlight of the key practices that the company can adopt to contribute to SDG 2, including providing access to adequate nutrition, improving the nutritional profile of the company's food portfolio, implementing sustainable agricultural practices, and advocating policy changes to end hunger.	1 / 16	7,5 %	Your Company  Your Country <i>Insufficient Data</i> Your Sector  Your Size Range  0 100
Subtopics	Description		Score	Benchmarks
Business Model	Provides an overview of how the company's business model can contribute to SDG 2, such as ensuring it is designed to provide healthy and nutritious food as defined by third-party guidelines, especially as an alternative to unhealthy options.		0 / 25	Your Company  Your Country <i>Insufficient Data</i> Your Sector  Your Size Range  0 25
Internal Operations	Addresses how the company can contribute to SDG 2 internally, such as providing health and nutrition counseling for employees, following food waste management, and implementing sustainable agricultural practices.		0 / 25	Your Company  Your Country <i>Insufficient Data</i> Your Sector  Your Size Range  0 25
Supply Chain	Discusses how the company manages supply chain contributions to SDG 2, including assessing supplier screening practices with a focus on nutrition and supporting food producers.		7,5 / 25	Your Company  Your Country <i>Insufficient Data</i> Your Sector  Your Size Range  0 25
Collective Action	Recognizes broader opportunities for the company to engage beyond its business model, operations, and supply chain to contribute to SDG 2 at the industry, regulatory, or social level. Topics include advocating for positive regulatory reforms, industry collaborations, and community investments.		0 / 25	Your Company  Your Country <i>Insufficient Data</i> Your Sector  Your Size Range  0 25



















Topic: SDG 3 – Good Health and Well-being		Questions Answered	Overall Score	Benchmarks
	<p>Highlight of the key practices that the company can adopt to contribute to SDG 3, such as providing healthcare to employees, offering operational health and safety programs, and participating in collective actions at the industry, local, and national levels.</p>	2 / 22	2,1 %	<p>Your Company </p> <p>Your Country <i>Insufficient Data</i></p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 100</p>
Subtopics	Description	Score		Benchmarks
Business Model	Provides an overview of how the company's business model can contribute to SDG 3, for example, if the company's product or service supports well-being by improving efficiency or access to health products and systems.	0 / 25		<p>Your Company </p> <p>Your Country <i>Insufficient Data</i></p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>
Internal Operations	Addresses how the company can contribute to SDG 3 internally, including practices such as providing healthcare coverage, operational health and safety programs, and health and wellness initiatives for employees.	2 / 25		<p>Your Company </p> <p>Your Country <i>Insufficient Data</i></p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>
Supply Chain	Discusses how the company manages supply chain contributions to SDG 3, including assessing supplier screening practices with a focus on healthcare and operational health and safety.	0 / 25		<p>Your Company </p> <p>Your Country <i>Insufficient Data</i></p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>
Collective Action	Recognizes broader opportunities for the company to engage beyond its business model, operations, and supply chain to contribute to SDG 3 at the industry, regulatory, or social level. Topics include advocating for positive regulatory reforms, industry collaborations, and community investments.	0 / 25		<p>Your Company </p> <p>Your Country <i>Insufficient Data</i></p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>















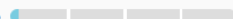



Topic: SDG 4 – Quality Education		Questions Answered	Overall Score	Benchmarks
	Highlight of key practices that the company can adopt to contribute to SDG 4, such as eradicating child labor, offering competency-based training, providing access to educational opportunities for women, and promoting higher education in the workplace.	3 / 26	15,5 %	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 100
Subtopics	Description		Score	Benchmarks
Business Model	Provides an overview of how the company's business model can contribute to SDG 4, for example, by providing daycare facilities, educational products, and services.		0 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25
Internal Operations	Addresses how the company can contribute to SDG 4 internally, such as eradicating child labor, offering competency-based training, providing access to educational opportunities (especially for women), supporting daycare, and providing access to higher education.		3 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25
Supply Chain	Covers topics related to how the company manages supply chain contributions to SDG 4, including assessing supplier selection practices for child labor and ensuring fair wages.		12,5 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25
Collective Action	Recognizes broader opportunities for the company to engage beyond its business model, operations, and supply chain to contribute to SDG 4 at the industry, regulatory, or social level. Topics include advocating for positive regulatory reforms, industry collaborations, and community investments.		0 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25



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Topic: SDG 5 – Gender Equality		Questions Answered	Overall Score	Benchmarks
	Highlight of key practices that the company can adopt to contribute to SDG 5, such as increasing the representation of women in the workforce, management, and supply chain, addressing gender discrimination complaints, providing non-discrimination training, and offering equitable leave for caregivers.	20 / 30	20,9 %	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 100
Subtopics	Description	Score	Benchmarks	
Business Model	Provides an overview of how the company's business model can contribute to SDG 5, such as providing or supporting healthcare for women and having a workforce development program aimed at hiring women from chronically underemployed social groups and offering them professional training opportunities.	1,7 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25	
Internal Operations	Addresses how the company can contribute to SDG 5 internally, including a focus on increasing the representation of women in the workforce and management, managing gender discrimination, offering comprehensive benefits, and gender-focused marketing.	5 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25	
Cadeia de fornecimento	Covers topics related to how the company manages supply chain contributions to SDG 5, including assessing supplier selection practices with a focus on gender equality and providing support to suppliers.	4 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25	
Collective Action	Recognizes broader opportunities for the company to engage beyond its business model, operations, and supply chain to contribute to SDG 5 at the industry, regulatory, or social level. Topics include advocating for positive regulatory reforms, industry collaborations, and community investments.	10 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25	














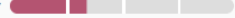
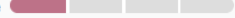

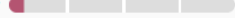

Topic: SDG 6 – Clean Water and Sanitation		Questions Answered	Overall Score	Benchmarks
	Highlight of key practices that the company can adopt to contribute to SDG 6, providing access to clean water and sanitation in its own operations, the community, and the supply chain, and conducting water risk assessment, wastewater management, and chemical product management.	2 / 28	0,5 %	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 100
Subtopics	Description	Score	Benchmarks	
Business Model	Provides an overview of how the company's business model can contribute to SDG 6, such as designing processes to consume substantially less water compared to industry standards.	0 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25	
Internal Operations	Addresses how the company can contribute to SDG 6 internally, including monitoring and managing water use practices in a contextualized manner, committing to providing clean water and sanitation to employees, and managing chemicals and wastewater.	0,4 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25	
Supply Chain	Addresses how the company manages supply chain contributions to SDG 6, including assessing supplier selection practices with a focus on water, sanitation, and hygiene and providing support to them.	0 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25	
Collective Action	Recognizes broader opportunities for the company to engage beyond its own business model, operations, and supply chain to contribute to SDG 6 at the industry, regulatory, or social level. Topics include advocating for positive regulatory reforms, industry collaborations, and community investments.	0 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25	



















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Topic: SDG 7 – Affordable and Clean Energy		Questions Answered	Overall Score	Benchmarks
	Highlight of key practices that the company can adopt to contribute to SDG 7, including the use of low-impact renewable energy, improving energy efficiency, and promoting access to energy in the communities where the company and the supply chain operate.	0 / 19	0 %	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 100
Subtopics	Description	Score	Benchmarks	
Business Model	Provides an overview of how the company's business model can contribute to SDG 7, such as providing a product or service that enhances the reliability of energy supply.	0 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25	
Internal Operations	Addresses how the company can contribute to SDG 7 internally, with practices such as increasing the share of renewable sources in the energy mix, conducting assessments of the energy footprint, and using more efficient equipment.	0 / 25	Your Company  Your Country  Your Sector  Your Size Range  0 25	
Supply Chain	Addresses how the company manages supply chain contributions to SDG 7, including assessing supplier selection practices with a focus on energy efficiency and providing support to suppliers to promote access to energy in the communities where they operate.	0 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25	
Collective Action	Recognizes broader opportunities for the company to engage beyond its own business model, operations, and supply chain to contribute to SDG 7 at the industry, regulatory, or social level. Topics include advocating for positive regulatory reforms, industry collaborations, and community investments..	0 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25	



















Topic: SDG 8 – Decent Work and Economic Growth		Questions Answered	Overall Score	Benchmarks
	Highlight of key practices that the company can adopt to contribute to SDG 8, including paying a living wage, ensuring fair working conditions in operations and the supply chain, and providing professional development opportunities.	23 / 34	22,8 %	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 100
Subtopics	Description	Score	Benchmarks	
Business Model	Provides an overview of how the company's business model can contribute to SDG 8, such as providing and/or supporting suppliers in low-income, poor, or very poor markets to improve the livelihoods of vulnerable groups in its supply chain.	1,7 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25	
Internal Operations	Addresses how the company can contribute to SDG 8 internally, including practices such as paying a living wage, providing training on labor rights, offering professional development opportunities, and ensuring employees' rights to freedom of association and collective bargaining.	16 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25	
Supply Chain	Addresses how the company manages supply chain contributions to SDG 8, including assessing supplier selection practices, working conditions for independent contractors, and providing support to suppliers.	5 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25	
Collective Action	Recognizes broader opportunities for the company to engage beyond its own business model, operations, and supply chain to contribute to SDG 8 at the industry, regulatory, or social level. Topics include advocating for positive regulatory reforms, industry collaborations, and community investments.	0 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25	










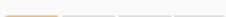








Topic: SDG 9 – Industry, Innovation, and Infrastructure		Questions Answered	Overall Score	Benchmarks
	Highlight of key practices that the company can adopt to contribute to SDG 9, including enhancing research and development efforts aligned with sustainable development priorities, supporting small-scale suppliers, and adopting clean and environmentally friendly industrial technologies and processes.	1 / 21	0,8 %	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 100
Subtopics	Description	Score	Benchmarks	
Business Model	Provides an overview of how the company's business model can contribute to SDG 9, including the development of innovative manufacturing processes designed to significantly reduce environmental impact compared to typical industry practices.	0 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25	
Internal Operations	Addresses how the company can contribute to SDG 9 internally, including practices such as adopting clean and environmentally friendly industrial technologies and processes and investing in research and development aligned with sustainable development priorities.	0,7 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25	
Supply Chain	Addresses how the company manages supply chain contributions to SDG 9, including evaluating supplier selection practices and providing support to small-scale suppliers.	0 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25	
Collective Action	Recognizes broader opportunities for the company to engage beyond its own business model, operations, and supply chain to contribute to SDG 9 at the industry, regulatory, or social level. Topics include advocating for positive regulatory reforms, industry collaborations, and community investments.	0 / 25	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25	



















Topic: SDG 10 – Reduce Inequalities		Questions Answered	Overall Score	Benchmarks
	Highlight of key practices that the company can adopt to contribute to SDG 10, including paying a fair wage, reducing the salary ratio within the company, and adopting non-discriminatory practices in operations.	6 / 30	4,3 %	Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 100
Subtopics	Description	Score		Benchmarks
Business Model	Provides an overview of how the company's business model can contribute to SDG 10, including designing the business model to offer entrepreneurial opportunities to disadvantaged individuals.	0 / 25		Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25
Internal Operations	Addresses how the company can contribute to SDG 10 internally, with practices such as paying a fair wage, reducing the salary ratio within the company, implementing non-discrimination practices in operations, providing employee benefits, and supporting disadvantaged groups such as migrant workers.	4,3 / 25		Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25
Supply Chain	Addresses how the company manages supply chain contributions to SDG 10, including evaluating supplier selection practices with a focus on equality and providing support to suppliers.	0 / 25		Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25
Collective Action	Recognizes broader opportunities for the company to engage beyond its own business model, operations, and supply chain to contribute to SDG 10 at the industry, regulatory, or social level. Topics include advocating for positive regulatory reforms, industry collaborations, and community investments.	0 / 25		Your Company  Your Country Insufficient Data Your Sector  Your Size Range  0 25















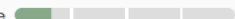



Topic: SDG 11 – Sustainable Cities and Communities		Questions Answered	Overall Score	Benchmarks
	<p>Highlighting key practices that the company can adopt to contribute to SDG 11, including promoting inclusive urbanization practices, adopting ecological construction standards, and advocating for sustainable transportation for employees.</p>	1 / 25	0,2 %	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 100</p>
Subtopics	Description		Score	Benchmarks
Business Model	<p>Providing an overview of how the company's business model can support SDG 11, such as offering green lending products focused on sustainable and resilient public infrastructures.</p>		0 / 25	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>
Internal Operations	<p>Addressing how the company can contribute to SDG 11 internally, including practices such as adopting green building standards, promoting inclusive urbanization, and conducting climate risk and opportunity assessments.</p>		0,2 / 25	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>
Supply Chain	<p>Covering topics related to how the company manages supply chain contributions to SDG 11, including evaluating supplier selection practices and providing support to suppliers.</p>		0 / 25	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>
Collective Action	<p>Acknowledging broader opportunities for the company to engage beyond its business model, operations, and supply chain to contribute to SDG 11 in the industry, at the regulatory or social level. Topics include advocating for positive regulatory reforms, industry collaborations, and community investments.</p>		0 / 25	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>



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Topic: SDG 12 – Sustainable Production and Consumption		Questions Answered	Overall Score	Benchmarks
	<p>Highlighting key practices that the company can adopt to contribute to SDG 12, including embracing circular economy principles, assessing the supplier's impact on resource consumption, and establishing and publicly disclosing sustainability goals.</p>	5 / 19	4,5 %	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 100</p>
Subtopics	Description	Score	Benchmarks	
Business Model	<p>Providing an overview of how the company's business model can support SDG 12, including offering a product or service that reduces materials consumed compared to market alternatives.</p>	0,8 / 25	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>	
Internal Operations	<p>Addressing how the company can contribute to SDG 12 internally, with practices such as adopting circular economy principles, assessing the company's environmental footprint, and reporting its impact.</p>	0 / 25	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>	
Supply Chain	<p>Exploring how the company manages supply chain contributions to SDG 12, including evaluating supplier selection practices focused on waste and chemical management and providing support to suppliers.</p>	3,5 / 25	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>	
Collective Action	<p>Recognizing broader opportunities for the company to engage beyond its business model, operations, and supply chain to contribute to SDG 12 in the industry, at the regulatory or social level. Topics include advocating for positive regulatory reforms, industry collaborations, and community investments.</p>	0 / 25	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>	



















Topic: SDG 13 – Climate Action		Questions Answered	Overall Score	Benchmarks
	<p>Highlighting key practices that the company can adopt to contribute to SDG 13, including climate risk assessments, adopting climate change governance, greenhouse gas emissions inventory in operations and the supply chain, and setting science-based targets.</p>	1 / 21	0 %	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 100</p>
Subtopics	Description		Score	Benchmarks
Business Model	<p>Providing an overview of how the company's business model can contribute to SDG 13, including offering financing services focused on climate mitigation and adaptation activities in less developed countries and emerging markets.</p>		0 / 25	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>
Internal Operations	<p>Addressing how the company can contribute to SDG 13 internally, including practices such as conducting climate risk assessments, adopting climate change governance, inventorying greenhouse gas emissions in its own operations, and establishing science-based targets.</p>		0 / 25	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>
Supply Chain	<p>Exploring how the company manages supply chain contributions to SDG 13, including evaluating supplier selection practices with a focus on climate change and providing support to suppliers to enhance their capacity for climate mitigation and adaptation.</p>		0 / 25	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>
Collective Action	<p>Recognizing broader opportunities for the company to engage beyond its business model, operations, and supply chain to contribute to SDG 13 in the industry, at the regulatory or social level. Topics include advocating for positive regulatory reforms, industry collaborations, and community investments.</p>		0 / 25	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>



















Topic: SDG 14 – Life Below Water		Questions Answered	Overall Score	Benchmarks
	<p>Highlighting key practices that the company can adopt to contribute to SDG 14, such as assessing the company's impact on ocean health, extending producer responsibility throughout the product lifecycle, and preventing the entry of microplastics and single-use plastics into the oceans.</p>	3 / 27	2,1 %	<p>Your Company </p> <p>Your Country <i>Insufficient Data</i></p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 100</p>
Subtopics	Description	Score	Benchmarks	
Business Model	Providing an overview of how the company's business model can contribute to SDG 14, including offering a product or service that enhances or restores natural marine environments previously damaged by degradation.	0 / 25	<p>Your Company </p> <p>Your Country <i>Insufficient Data</i></p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>	
Internal Operations	Addressing how the company can contribute to SDG 14 internally, including practices such as assessing the business's impact on ocean health, extending producer responsibility throughout the product lifecycle, and preventing the entry of microplastics and single-use plastics into the oceans.	0 / 25	<p>Your Company </p> <p>Your Country <i>Insufficient Data</i></p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>	
Supply Chain	Exploring how the company manages supply chain contributions to SDG 14, including evaluating supplier selection practices for waste and biodiversity management and providing support to suppliers.	2,1 / 25	<p>Your Company </p> <p>Your Country <i>Insufficient Data</i></p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>	
Collective Action	Recognizing broader opportunities for the company to engage beyond its business model, operations, and supply chain to contribute to SDG 14 in the industry, at the regulatory or social level. Topics include advocating for positive regulatory reforms, industry collaborations, and community investments.	0 / 25	<p>Your Company </p> <p>Your Country <i>Insufficient Data</i></p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>	



Topic: SDG 15 – Life on Land		Questions Answered	Overall Score	Benchmarks
	<p>Highlighting key practices that the company can adopt to contribute to SDG 15, including the adoption of sustainable land use practices, screening for environmental management, prevention of illegal wildlife trade, and establishment of practices to prevent deforestation.</p>	1 / 22	0 %	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 100</p>
Subtopics	Description		Score	Benchmarks
Business Model	Sharing an overview of how the company's business model can contribute to SDG 15, such as providing a product or service that utilizes specific practices to ensure the sustainable collection or use of natural products and materials from terrestrial ecosystems.		0 / 25	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>
Internal Operations	Addressing how the company can contribute to SDG 15 internally, with practices such as adopting sustainable land use practices, biodiversity conservation efforts, prevention of illegal wildlife trade, and the establishment of practices to avoid deforestation.		0 / 25	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>
Supply Chain	Covering topics related to how the company manages supply chain contributions to SDG 15, including evaluating supplier selection practices with a focus on environmental management and providing support to suppliers.		0 / 25	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>
Collective Action	Recognizing broader opportunities for the company to engage beyond its business model, operations, and supply chain to contribute to SDG 15 in the industry, at the regulatory or social level. Topics include advocating for positive regulatory reforms, industry collaborations, and community investments.		0 / 25	<p>Your Company </p> <p>Your Country Insufficient Data</p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>



Topic: SDG 16 – Peace, Justice, and Strong Institutions		Questions Answered	Overall Score	Benchmarks
	<p>Highlighting key practices that the company can adopt to contribute to SDG 16 by promoting transparency in corporate governance and fiscal management, implementing anti-corruption practices, and initiating peace-building initiatives in conflict-affected areas.</p>	9 / 28	11,4 %	<p>Your Company </p> <p>Your Country <i>Insufficient Data</i></p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 100</p>
Subtopics	Description	Score		Benchmarks
Business Model	<p>Providing an overview of how the company's business model can contribute to SDG 16, including offering a product or service that helps clients internalize good governance and/or make ethical decisions.</p>	0 / 25		<p>Your Company </p> <p>Your Country <i>Insufficient Data</i></p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>
Internal Operations	<p>Addressing how the company can contribute to SDG 16 internally, with practices such as promoting transparency in corporate governance and fiscal management, implementing anti-corruption practices, peace-building initiatives in conflict-affected areas, and a commitment to ethical codes.</p>	5,1 / 25		<p>Your Company </p> <p>Your Country <i>Insufficient Data</i></p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>
Supply Chain	<p>Covering topics related to how the company manages supply chain contributions to SDG 16, including evaluating supplier selection practices with a focus on governance, ethics, and anti-corruption, and providing support to suppliers.</p>	6,2 / 25		<p>Your Company </p> <p>Your Country <i>Insufficient Data</i></p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>
Collective Action	<p>Recognizing broader opportunities for the company to engage beyond its business model, operations, and supply chain to contribute to SDG 16 in the industry, at the regulatory or social level. Topics include advocating for positive regulatory reforms, industry collaborations, and community investments.</p>	0 / 25		<p>Your Company </p> <p>Your Country <i>Insufficient Data</i></p> <p>Your Sector </p> <p>Your Size Range </p> <p>0 25</p>



Our Contribution to the SDGs

Implementing business operations in harmony with the Sustainable Development Goals (SDGs) allows us, as a competitive company in the market, to differentiate ourselves from other businesses in the sector. The benefits of incorporating sustainability-focused objectives help us identify new business opportunities, enhance the value of corporate sustainability, and gain stability in the market.

The success of the SDGs will be based on collaborative efforts from all parts of society, including businesses. Sustainability corporate reports serve as a powerful stimulus for internal company communication, enabling all employees to be aware of their sustainability momentum. With transparency increasingly carrying significant weight in conducting business, now is the right time to elevate the sustainability report to a new level, where companies must showcase their impact and commitment to the world's key priorities, describing the integration of SDGs into their responsibility and corporate strategy. By integrating a strategic plan in line with the SDGs, we know that we are opening new business doors and strengthening relationships with our stakeholders. We view the SDGs as both an opportunity and a duty to society. By implementing actions that align with these objectives, we encourage other companies to play their part, so we can all move towards a more sustainable future that does not jeopardize the quality of life for future generations.

Continuing to ensure our economic profitability, reducing environmental impact, and maximizing positive social impact is FORteams LAB's greatest determination. This will be our future. The SDGs provide an integrated, holistic, and coherent framework to address the world's most urgent challenges regarding sustainability and to create a better future for all.

As a first step in our contribution to the SDGs, we decided that it was necessary to analyze our activity and products, including their entire life cycle. The Global Compact assessment questionnaire was a great aid for this analysis. This introspection resulted in positive points (of which we are proud and will continue to stimulate) and negative points (which we aim to eliminate). Subsequently, we defined ambitious objectives and actions to maintain positive impacts and improve negative impacts in line with the SDGs. We want to share the steps and goals we have achieved with transparency and truthfulness, values that we emphasize at FORteams LAB..

In this perspective, FORteams LAB has selected three principles to which it is strictly committed. These are gender equality (SDG 5), fair work and economic growth (SDG 8), and responsible consumption and production (SDG 12). However, the company intends to apply all principles in its operation, even if immediate results are not achieved. The three principles selected by us take into account our location, our product, and our brand. As for the remaining principles, such as the eradication of poverty, hunger, quality



health, quality education, clean water, and sanitation, they were not considered a priority because they are already implemented in our system and our country.

To fulfill goals 14 and 15, protecting life below water and life on land, we conducted research to find ecological alternatives in the production processes of our fibers. We are attentive to new developments and discoveries regarding more responsible and sustainable raw materials that can be applied across our process. We want to follow new research and, if possible, bridge the gap between the company and the research center. These partnerships help us gain a competitive advantage in the market, contribute to sustainable development, and act on these two SDGs, protecting marine and terrestrial ecosystems from the release of harmful substances.

Although it is a long process that requires a lot of patience, investment, and work, we aim to fulfill everything we have committed to and contribute to a better and more sustainable future. At FORteams LAB, we consider the 17 SDGs and their respective targets a priority for achieving a sustainable future and responding positively to the goals set over the past years for environmental, social, and economic issues. However, considering our geographical location and our sector of activity, there are SDGs that align better with our operations and that we consider priorities. Therefore, we divided the 17 SDGs into three groups, based on their relevance to our activity: priorities, direct contribution, and indirect contribution. The prioritized SDGs were identified earlier, a result of our materiality analysis, and are the ones we want to focus on in the coming years. The direct ones also arise from our materiality analysis but are more specific. These are SDGs to which we respond through work on material topics. We consider the indirect ones to either be well-developed in Portugal or less aligned with our productive activity.







Next Steps

Creation of a Supplier Regulation

Objective: The creation of FORteams LAB's supplier regulation aims to define requirements and obligations within the scope of social responsibility and the environment that we expect to be fulfilled by our value chain.

Rationale: We intend to develop a supplier regulation that outlines the requirements we expect our suppliers to fulfill, including a self-assessment questionnaire covering environmental and social aspects, including questions about their impact on human rights. This allows us to assess the status of each supplier and whether they operate in line with our ideals. Suppliers are approved if they declare compliance with the defined requirements in the regulation and if these are met within the company. Suppliers must provide relevant certificates as evidence. Additionally, responses to the questionnaire will be evaluated (based on a defined score), determining whether the supplier is deemed fit or not. Through this, we aim to have more control over our supply chain since FORteams LAB's performance is dependent on the performance of the upstream chain. To ensure that FORteams LAB can achieve its proposed objectives, it is not enough for the organization alone to commit, but we must also ensure that contracted entities share the values and principles stipulated by the organization.

SDG Ambition Accelerator Program

Objective: Integrate into the program to develop sustainability in the company and commitment to the SDGs.

Rationale: Announced for the first time in 2020 by UN Secretary-General António Guterres at the World Economic Forum in Davos, the SDG Ambition Accelerator is a six-month learning initiative for corporate executives. It challenges and supports participating companies in the UN Global Compact to set ambitious corporate sustainability goals and accelerate the integration of SDGs into core business management.

Human Rights Policy

Objective: Creation of a Human Rights policy that reinforces FORteams LAB's commitments to diversity, equal opportunities, employment, and dignified labor practices, safety and health for all employees, data privacy, anti-corruption, among others, to develop a respectful environment for all.

Rationale: We acknowledge that our commitment to human rights has a direct impact on all aspects of our business and requires the involvement of Top Management, employees, and the value chain (customers and suppliers). For this reason, we want to compile our principles into a Human Rights policy that is easy to understand and direct, so that our customers and suppliers, especially, work in harmony with us toward this goal.



Global Compact Questionnaire

Objective: Reassess the questions answered by FORteams LAB in the Global Compact questionnaire in the year 2021 to understand the most urgent areas.

Rationale: The results of the questionnaire identified earlier correspond to an initial assessment of FORteams LAB's status regarding the principles of the Global Compact and the SDGs. As the next steps, we identify a more thorough analysis of the questionnaire, answering all questions (which did not happen in this round), and, based on the results, defining actions and improvements to align with the SDGs.

Focus on People

Training, Education, and Performance

Throughout the reporting year, a total of 6 training sessions were conducted, accumulating 2353 training hours, equivalent to approximately 34.6 hours per employee. The investment made in training in the year 2021 amounted to approximately €15,500. This investment was aimed at enhancing the skills of our employees in various areas, including workplace safety and hygiene, foreign languages, marketing and advertising, commerce, among others, to foster the development and improvement of competencies in these subjects.

Table 8 Training Hours

	Number of Training Hours		Average training hours per total number of employees	
	Female	Male	Female	Male
DL*	734	572	10,8	8,4
IL*	439	608	6,5	8,9
TOTAL	1173	1180	17,3	17,4

* Direct Labor (DL) is considered to include employees directly involved in the production process, such as seamstresses, knitters, packaging operators, etc. Indirect Labor (IL) corresponds to employees who do not have a direct relationship with the product, even though they play a crucial role in the production and marketing of the product.

We highlight FORteams LAB's positive impact on employability and professional career development as a key factor. We prioritize the recruitment of recent graduates through partnerships with schools, providing various internship programs. We enable the growth of recent graduates within our facilities by offering guidance from our more experienced staff and delivering relevant, high-quality training programs.

FORteams LAB employs a performance evaluation system, particularly focused on Direct Labor (DL) involved in machine operations that require the presence of an operator. This type of performance assessment is conducted individually. Performance is also assessed for the weaving and knitting areas, reflecting the overall sector performance. In these sections, individual evaluations are not conducted since performance is directly linked to machine operation. In 2021, we initiated performance



evaluations for the LAB (encompassing roles in R&D, design, procurement, and marketing). This evaluation involves monitoring specific KPIs for each role and assessing the employee's performance, providing both a department-wide and individual evaluation. The objective is to scale this type of performance analysis to all departments within the company.

2021	
Performance Evaluation	Conducted for 22 individuals, equivalent to 32% of FORteams LAB employees

Occupational Health and Safety

Ensuring the safety and health of our employees is a critical aspect contributing to the success of FORteams LAB, making it a highly significant theme for the organization. We operate on the principle that no work situation justifies jeopardizing someone's safety. For this reason, we have defined points and requirements in our internal regulations that we deem crucial and must be adhered to by all, whether FORteams LAB employees or other entities visiting and/or providing services on our premises. We are committed to preventing all risks to ensure safety and health at work:

- Anticipating workplace accident risks and adopting measures to minimize the probability of risk.
- Promoting prevention and training of our employees in safety and health at work through training sessions, drills, instructions on the proper use of PPEs/EPCs, maintenance of protective equipment, safety audits, etc.
- Continuously improving the working conditions of our employees.

The occupational health and safety service at FORteams LAB is outsourced to an external entity, Ambisalus - Environmental Consulting, Ltd., which has certified senior technicians accredited by competent bodies. While there are no FORteams LAB employees with specific training in this area, we have a safety committee that, in collaboration with Ambisalus' safety technician and occupational physician, ensures compliance with legal requirements in the relevant field.

We promote compliance with legal requirements, standards, and regulations in occupational health and safety through best practices within our facilities. We strive to educate our employees in these areas so that, in emergency situations, they can respond calmly, organized, and appropriately.

114

Horas de formação em
segurança em 2021

1

Simulacros em 2021



The drill exercise conducted in 2021 focused on fire safety and took place at the headquarters of FORteams LAB, with the participation of the external entity Ambisalus.

Risk Assessment

Employees, while performing their daily tasks in the workplace, are constantly exposed to various occupational risks, which are assessed and minimized to the greatest extent possible. Risk assessment serves as a systematic tool used to identify and evaluate factors that may lead to accidents or incidents, as well as to adopt preventive measures that can enhance safety levels in the workplace. The risk assessment process is not static, and it is periodically reviewed in accordance with legal and client requirements to identify risks that may not have been identified in previous assessments.

The risk assessment process followed the following stages:

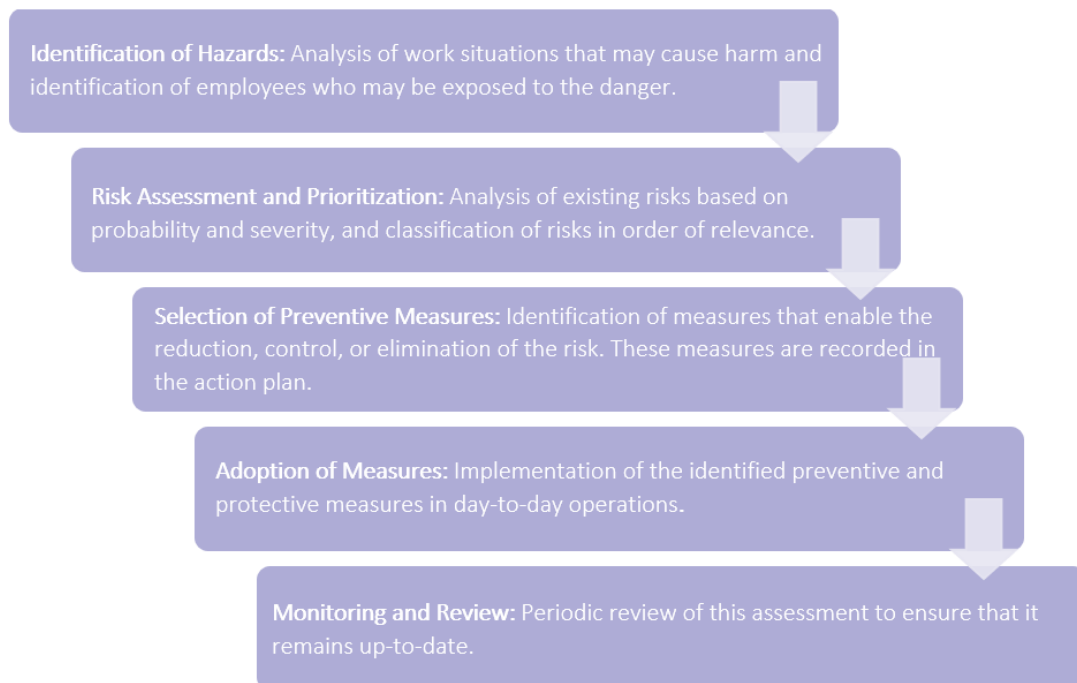


Figure 25 Risk Assessment Process

With this methodology, it was possible to identify the hazards and risks associated with the workstations at FORteams LAB, prioritize them based on the risk classification of each, and decide which risks have a higher probability and urgency of intervention. The main risks identified include:

- Hazard: pallet truck movement; risk – falling cargo;
- Hazard: maintenance at the top of the loom; risk – falling from height;
- Hazard: forklift movement; risk – collision.

This analysis is conducted collaboratively between Ambisalus safety technicians and FORteams LAB employees.



Work Accidents

We adhere to the definition of a work accident as per Law No. 98/2009, which states that "an accident at work is one that occurs at the place and time of work, producing direct or indirect bodily injury, functional impairment, or illness resulting in a reduction in work capacity or earnings, or death."

Work accidents at FORteams LAB are monitored by Ambisalus, which reports the accident to the ACT (Autoridade para as Condições do Trabalho - Authority for Working Conditions) and follows up on its resolution.

Statistical control of accidents allows us to draw conclusions about their evolution, enabling the adoption of preventive actions and the definition of priority actions.

Since 2019, there has been a reduction in the number of work accidents, a positive trend toward achieving the goal of zero annual accidents. Regarding the number of lost workdays resulting from work accidents, there has been a decrease compared to previous years.

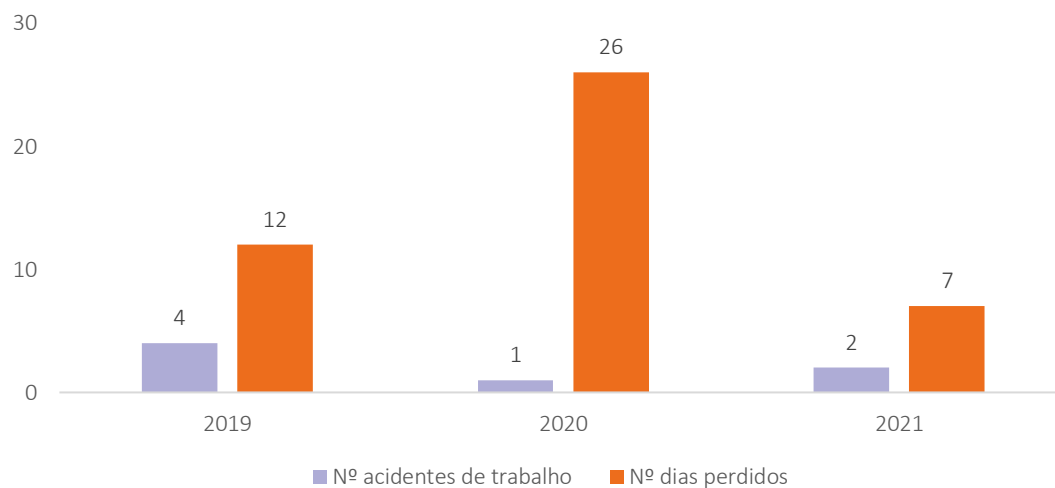


Figure 26 Work Accidents

Tracking work accidents, along with this statistical analysis, allows us to prioritize efforts to control and prevent existing risks within the organization.

The values of the accident frequency rate (the ratio of the total number of accidents with sick leave to the total number of hours of exposure to risk, multiplied by 10^6) and the severity rate (the ratio of the number of days lost per work accident to the total number of hours of exposure to risk, multiplied by 10^6) for the last three years are shown in the table below. Comparing these rates for FORteams LAB with the reference criteria established by the ILO (International Labour Organization), we find that the indices for FORteams LAB are categorized as "Very Good".



Table 9 Frequency and Severity Rates of Accidents

	2019	2020	2021
Frequency Rate	17,83	8,89	8,07
	Very Good	Very Good	Very Good
Severity Rate	71,33	231,08	56,47
	Very Good	Very Good	Very Good

The promotion of employees' health, well-being, and safety is ensured through the adoption of best practices implemented by FORteams LAB in compliance with current legislation, such as:

- Occupational health services, including admission and periodic medical examinations;
- Distribution of personal protective equipment;
- Training for employees in this area;
- Existence of a safety committee working for the well-being of employees;
- Procedures on how to handle hazardous chemicals, as well as the distribution of safety data sheets;
- Procedures on how to act in cases of emergency, definition of responsible teams, and their roles;
- Annual flu vaccination campaign..

Due to the Covid-19 pandemic, highly prevalent in 2021, the concern to maintain a hygienic and disinfected work environment was reinforced to reduce the risk of virus transmission. We established the Covid-19 Contingency Plan in 2020, which remained in effect throughout 2021. This plan defines the response measures for identified positive cases, as well as preventive measures to prevent virus transmission.

Next Steps

Social Responsibility Campaign

Objective: Encourage employees to participate in social responsibility campaigns and blood donation.

Rationale: With this action, we aim to help people understand the importance of blood donation, an act that can save lives. After experiencing a pandemic, we recognize the significance of small gestures and want to convey this to our employees.

Flu Vaccination Campaign

Objective: Provide the flu vaccine to our employees.



Rationale: After the atypical year of 2020, vaccination has become even more important. The safety and well-being of our employees are paramount for FORteams LAB. As part of our social responsibility, we offered the flu vaccine to our employees in 2021.

Health Plan

Objective: Adopt a health plan for employees.

Rationale: In addition to improving health, health plans promote well-being and employee safety. Moreover, it serves as a motivation factor. By having a health plan, employees are more likely to visit the doctor regularly for check-ups, helping to maintain good health and reduce absenteeism.





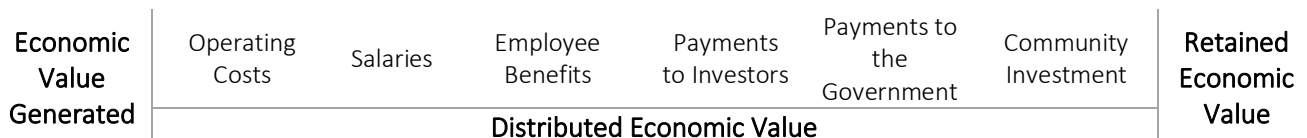
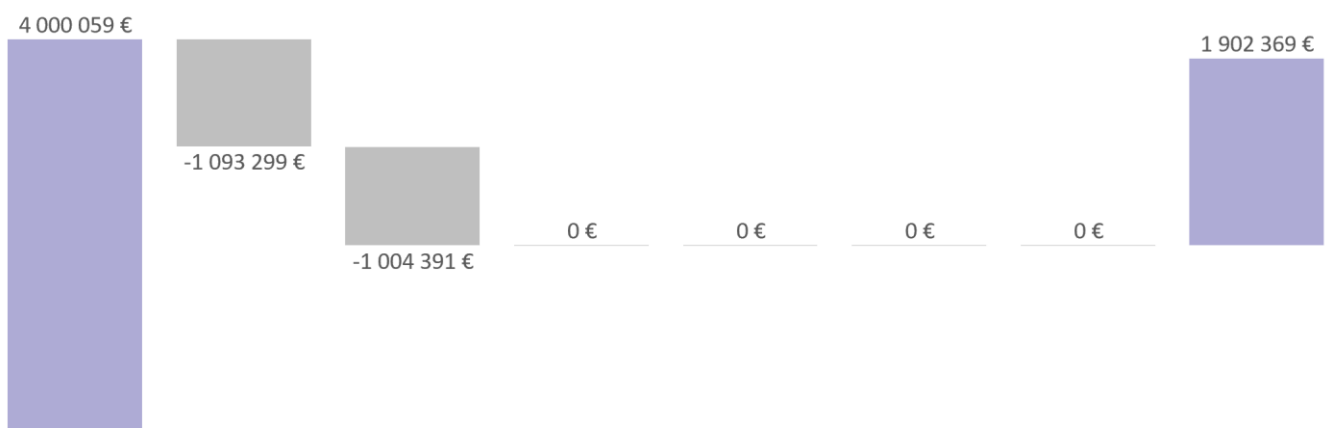
Economic Performance

At FORteams LAB, we have been working to consolidate our position in the markets in which we operate, which day by day become more competitive and demand greater innovation and adaptability. In this regard, a considerable amount of capital has been invested in the last three years, which has been reflected in the company's turnover.

Table 10 Capital Invested, Turnover, and EBITDA

	2019	2020	2021
CAPITAL INVESTED	231 660 €	56 106 €	149 745 €
TURNOVER	4 913 263 €	7 199 615 €	4 000 059 €
EBITDA	395 339 €	323 783 €	332 082 €

In 2021, we invested in creating a new workspace, the LAB, and in the development of the new FORteams LAB website, which together correspond to the previously mentioned €149,745 in the table. Training-related expenses totaled €15,517 in 2021 (this amount is not included in the investments). The summary of our economic performance at FORteams LAB in 2021 is illustrated in the image below.





Next Steps

New Business Markets

Objective: Facilitate business partnerships with entities outside of the European continent.

Rationale: Development of the business developer role, responsible for studying the development and prospecting of new business for FORteams LAB, identifying new business opportunities, studying the possibility of entering the American market to enhance sales and maximize profits.

New Customer Offerings

Objective: Expand the range of product offerings to customers to attract new business and retain existing ones.

Rationale: After presenting the LOOP collection to customers, made from recycled yarn from the company's waste, we aim to present new, more sustainable solutions. Through research, analysis, and testing by the R&D team, along with potential customer requests for new developments, we seek solutions to current issues of excessive consumption of non-renewable resources and the large amount of textile waste sent to landfills. At FORteams LAB, we aim to deliver the textiles of tomorrow.

Caps and Buckets Section

Objective: Introduce new quality products to customers by creating caps and buckets.

Rationale: We identify the months from June to August as a period of lower production, as orders for hats and scarves (best-selling products at FORteams LAB) decrease during this period. Therefore, we decided to invest in creating new products to standardize production throughout the year, ensuring constant work and sales. We are launching a line of caps and buckets to offset this decrease in orders.

Quality Assurance

The continuous evolution of global markets, ongoing technological developments, and the increasing demands of our customers have necessitated FORteams LAB to enhance the quality of its products and services to meet customer satisfaction.

With great pleasure and effort, we acquired the ISO 9001:2015 certified Quality Management System in March 2017. This recognition by an accredited entity was the result of the effort and involvement of all employees, from top management to operators, and represents not an end but the beginning of our responsibility and commitment to continuous improvement of our processes, products, and services to meet the needs and expectations of our customers.



FORteams LAB is a well-established company in its market, with highly loyal customers who consider the company a trusted partner where quality, price, and delivery deadlines ensure a stable position.

Service and product quality are ensured through the implementation of continuous improvement actions, contributing to problem resolution and increased rigor. Execution control is also crucial to avoid non-conformities and verify the efficiency and reliability of processes. The success of these actions leads to increased customer satisfaction.

Satisfaction Survey

Annually, a satisfaction survey is sent to our customers, encompassing questions related to:

- Communication methods – overall effectiveness of communication channels, response time, internal call routing, callback responsiveness;
- Sales team (as they deal directly with our customers) – frequency of our sales representatives' visits, timely response to requests, technical support in decision-making, personal conduct of the interlocutors, order process follow-up, clarity of quotations, speed of quotation execution and delivery;
- Design and sample development – personal conduct of the interlocutors, speed of sample dispatch, sample quality, presentation of alternative solutions, creativity of proposed solutions;
- Administration – speed of document dispatch, clarity and accuracy of content;
- Quality – personal conduct of the interlocutors, handling/reception of complaints, effectiveness of corrective actions;
- Production – personal conduct of the interlocutors, variety of product offerings, average production times, minimum quantities required, compliance with deadlines, product quality, final product presentation, product shipping conditions.

Regarding quality, the responses were very positive, with highlights including:



Table 11 Satisfaction survey on quality

Effectiveness of corrective actions	Variety of product offerings																
<table border="1"> <tr><th>Satisfaction Level</th><th>Percentage</th></tr> <tr><td>Fully satisfied</td><td>14%</td></tr> <tr><td>Satisfied</td><td>29%</td></tr> <tr><td>Very satisfied</td><td>57%</td></tr> </table>	Satisfaction Level	Percentage	Fully satisfied	14%	Satisfied	29%	Very satisfied	57%	<table border="1"> <tr><th>Satisfaction Level</th><th>Percentage</th></tr> <tr><td>Fully satisfied</td><td>57%</td></tr> <tr><td>Satisfied</td><td>14%</td></tr> <tr><td>Very satisfied</td><td>29%</td></tr> </table>	Satisfaction Level	Percentage	Fully satisfied	57%	Satisfied	14%	Very satisfied	29%
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Product quality	Final product presentation																
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Fully satisfied	71%																
Satisfied	29%																

Quality and confidence in FORteams LAB products are crucial factors for the success of the company. We consistently strive for excellence, aiming to maintain and, whenever possible, enhance the quality standards associated with our products. It is through daily effort that we work towards achieving these objectives.

Stakeholder Management

In Portugal, the textile industry holds significant economic and social importance, primarily concentrated in the Northern regions of Portugal (Cávado, Ave, Metropolitan Area of Porto, Tâmega and Sousa). At FORteams LAB, we perceive this as both a challenge and an opportunity. An opportunity, as it is an industry in constant demand, where the search for more sustainable and responsible products is steadily increasing. FORteams



LAB aims to act and distinguish itself in this context! A challenge, because being located in Northern Portugal, an area with a large number of companies in this sector, we need to stand out in the market by offering new, interesting, innovative solutions with a quick response time.

The increase in business competitiveness imposes on companies the need to change their strategies to ensure their prosperity in the market. It is in this paradigm shift that social responsibility begins to take precedence, promoting a connection between societal interests and corporate objectives. Adapting to this trend, we seek to invest in human capital, relationships with the local community, and our stakeholders; invest in technological capacity, knowledge, and innovation; invest in sustainability at all levels and in the environmental preservation of the planet as the greatest good.

We recognize the importance that all stakeholders have for our organization, and therefore, we pay special attention to each one. We aim to maintain an active connection so that information flows smoothly and transparently, allowing us to establish partnerships and work in harmony towards a greener future, free from pollution and other threats, without compromising the quality of life for future generations. We categorize our stakeholders into three categories: the production chain, social responsibility, and legal responsibility. Stakeholders in our production chain are all those directly or indirectly connected to our productive business and infrastructure management. Those falling under social responsibility are individuals and entities with whom we seek partnerships to enhance the quality of life and value in society. Finally, legal responsibility stakeholders are those to whom we must provide services and information of a legal/mandatory nature. From our assessment, initially identifying 15 groups, we have synthesized them into 9. These 9 stakeholder groups are divided into the three categories mentioned earlier



Figura 27 Stakeholders

Value Chain



SHAREHOLDERS, INVESTORS, BANKS

Purpose of Engagement	How We Engage
Entities with whom we aim to fulfill commitments, distribute dividends, increase return on investment, grow in the market, and generate sustainable value chains.	<ul style="list-style-type: none"> • Annual reports • Meetings • Market studies • Social media • Newsletters • Website



SUPPLIERS

Purpose of Engagement	How We Engage
<p>As the first entity in the life cycle of our products, our raw material suppliers. We aim to work together for a better, greener future, where the textile industry ceases to be one of the most polluting. We aspire to create a chain of sustainable products that involves our suppliers prominently.</p>	<ul style="list-style-type: none"> • Supplier assessment • Annual reports • Participation in fairs • Suggestions/Complaints area • Procedures and policies • Social media • Newsletters • Website



B2B CLIENTS (Sports clubs, sector clients)

Purpose of Engagement	How We Engage
<p>We aim to be considered preferred partners, whether they are sports clubs, license owners, traders, or industrial clients in the Fashion Ecosystem who wish to include us in their value chain</p>	<ul style="list-style-type: none"> • Annual reports • Participation in fairs • Company visits • Customer satisfaction assessment • Suggestions/Complaints area • Procedures and policies • Social media • Newsletters • Website



EMPLOYEES, SUBCONTRACTORS

Purpose of Engagement	How We Engage
<p>We aim to ensure the well-being of those who rely on us, who trust us on the path of evolution, who ensure the continuity of challenges on the factory floor, and who, day after day, fulfill their roles, contributing to our growth..</p>	<ul style="list-style-type: none"> • FORteams LAB values • Meetings • Indicators of safety, environmental, economic, and social aspects • Internal communication (emails, FORteams LAB newspaper) • Assessment of satisfaction and performance



- Dialogue with supervisors
- Training and awareness actions
- Suggestions and Improvements area in the company
- Company informative scoreboard
- Procedures and policies
- Shared folders
- Social media
- Newsletters
- Website



CONSUMERS (supporters, fashion consumers)

Purpose of Engagement

Individuals with whom we do not work directly, but who are the focus of our work and development. We want to be side by side with those who share a passion for teams. Actively, we aim to assist in reducing the individual environmental footprint of those seeking more and better from the textile industry, whether in the merchandising or fashion areas.

How We Engage

- Promotion of innovative products with a sustainable value chain
- Transparency of products in terms of the life cycle
- Satisfaction analyses
- Social media
- Newsletters
- Website



EXTERNAL SERVICE PROVIDERS

Purpose of Engagement

We consider external service providers to be maintenance, IT, construction, cleaning, laboratories, waste management operators, energy, water, and fuel suppliers, transporters, and all other entities that work directly with us but are not part of our core business. Together with these entities, we aim to ensure the smooth operation of our facilities, providing good working conditions for our employees to carry out their functions safely and hygienically.

How We Engage

- Annual reports
- Evaluation
- Suggestions/Complaints area
- Procedures and policies
- Social media
- Newsletters
- Website



Social responsibility



COMMUNITY OF PARTNERS AND OTHER COLLABORATIVE NETWORKS

Purpose of Engagement	How We Engage
<p>Consists of our production partners and interest groups (in textiles, innovation, and responsibility) in which we are involved. We also include universities and other academic institutions with which we want to collaborate through spin-offs and other research centers. We aim to grow this community to collectively deliver new solutions to the market, incorporating new raw materials, technology, or new products.</p>	<ul style="list-style-type: none"> • Meetings • Annual reports • Definition and achievement of objectives • Participation in public consultations • Participation in trade fairs • Suggestions/Complaints area • Social media • Newsletters • Website



LOCAL COMMUNITY

Purpose of Engagement	How We Engage
<p>The environment that welcomes and surrounds us, where we want to be a role model. We seek to positively impact the community by creating jobs, increasing local tourism, and identifying, analyzing, and resolving our negative environmental impacts.</p>	<ul style="list-style-type: none"> • Annual reports • Awareness campaigns • Suggestions/Complaints area • Projects in partnership with local facilities • Interaction with NGOs • Community impact • Social media • Newsletter • Website



Legal Responsibility



AUTHORITIES AND OFFICIAL BODIES

Purpose of Engagement	How We Engage
<p>Our commitment to compliance involves working towards the objectives outlined and legislated by various authorities. We strive to contribute to a more sustainable future by adhering to legal standards and requirements.</p>	<ul style="list-style-type: none"> • Compliance with the required number of mandatory communications; • Annual reports; • Social media presence; • Newsletters; • Website.

We strive to maintain active interaction and communication with our stakeholders. For instance, we highlight the use of surveys sent to suppliers and customers, as they represent a crucial tool for strategic decision-making at FORteams LAB. Additionally, these surveys provide insight into the topics of greatest interest, concerns, and expectations of our stakeholders.

We emphasize suppliers as stakeholders of significant importance for FORteams LAB projects. This is because, when considering the socio-environmental impacts of a product, the selected raw materials constitute a significant portion of these impacts. In other words, if we aim to reduce the environmental impact of our products, we must work in harmony with our suppliers to reduce the impact upstream in the FORteams LAB production process, as it is not an activity fully controlled by the company but one it can influence.

Another stakeholder crucial to FORteams LAB's business is our customers. Ensuring their satisfaction by meeting their expectations and needs is essential for maintaining a competitive position in the market and fostering customer loyalty to FORteams LAB.

Annually, a survey is conducted to assess the satisfaction level of our customers (as mentioned in the previous chapter). The results of the 2021 evaluation were highly positive, with our customers expressing overall satisfaction with the services provided. In addition to the results mentioned in the previous chapter, we highlight the positive evaluation that customers gave FORteams LAB in comparison to competitors:



Table 12 Customer Evaluation of FORteams

Product Quality	Service Quality																		
<table border="1"> <tr><th>Category</th><th>Percentage</th></tr> <tr><td>Fully satisfied</td><td>43%</td></tr> <tr><td>Very Satisfied</td><td>43%</td></tr> <tr><td>Satisfied</td><td>14%</td></tr> </table>	Category	Percentage	Fully satisfied	43%	Very Satisfied	43%	Satisfied	14%	<table border="1"> <tr><th>Category</th><th>Percentage</th></tr> <tr><td>Fully satisfied</td><td>43%</td></tr> <tr><td>Very Satisfied</td><td>29%</td></tr> <tr><td>Satisfied</td><td>14%</td></tr> <tr><td>Unsatisfied</td><td>14%</td></tr> </table>	Category	Percentage	Fully satisfied	43%	Very Satisfied	29%	Satisfied	14%	Unsatisfied	14%
Category	Percentage																		
Fully satisfied	43%																		
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Category	Percentage																		
Fully satisfied	43%																		
Very Satisfied	29%																		
Satisfied	14%																		
Unsatisfied	14%																		
Competitiveness of Prices	Creativity and Innovation of Solutions																		
<table border="1"> <tr><th>Category</th><th>Percentage</th></tr> <tr><td>Fully satisfied</td><td>57%</td></tr> <tr><td>Very Satisfied</td><td>29%</td></tr> <tr><td>Satisfied</td><td>14%</td></tr> </table>	Category	Percentage	Fully satisfied	57%	Very Satisfied	29%	Satisfied	14%	<table border="1"> <tr><th>Category</th><th>Percentage</th></tr> <tr><td>Fully satisfied</td><td>72%</td></tr> <tr><td>Very Satisfied</td><td>14%</td></tr> <tr><td>Satisfied</td><td>14%</td></tr> </table>	Category	Percentage	Fully satisfied	72%	Very Satisfied	14%	Satisfied	14%		
Category	Percentage																		
Fully satisfied	57%																		
Very Satisfied	29%																		
Satisfied	14%																		
Category	Percentage																		
Fully satisfied	72%																		
Very Satisfied	14%																		
Satisfied	14%																		
Response Speed	Overall Satisfaction Level																		
<table border="1"> <tr><th>Category</th><th>Percentage</th></tr> <tr><td>Fully satisfied</td><td>86%</td></tr> <tr><td>Satisfied</td><td>14%</td></tr> </table>	Category	Percentage	Fully satisfied	86%	Satisfied	14%	<table border="1"> <tr><th>Category</th><th>Percentage</th></tr> <tr><td>Very Satisfied</td><td>71%</td></tr> <tr><td>Satisfied</td><td>29%</td></tr> </table>	Category	Percentage	Very Satisfied	71%	Satisfied	29%						
Category	Percentage																		
Fully satisfied	86%																		
Satisfied	14%																		
Category	Percentage																		
Very Satisfied	71%																		
Satisfied	29%																		

Another crucial indicator for assessing our clients' satisfaction is the analysis and resolution of all complaints addressed to FORteams LAB. These complaints lead to improvement actions that will be implemented in the company to reduce/prevent the non-compliance identified by the client. This assessment is carried out by the Quality Manager in partnership with the Continuous Improvement Manager. In 2021, 24 complaints were registered by clients, with 23 related to non-conforming products and 1 related to a delay in order delivery. The graph below illustrates the evolution of customer complaints since 2019, along with the cause of the complaint.

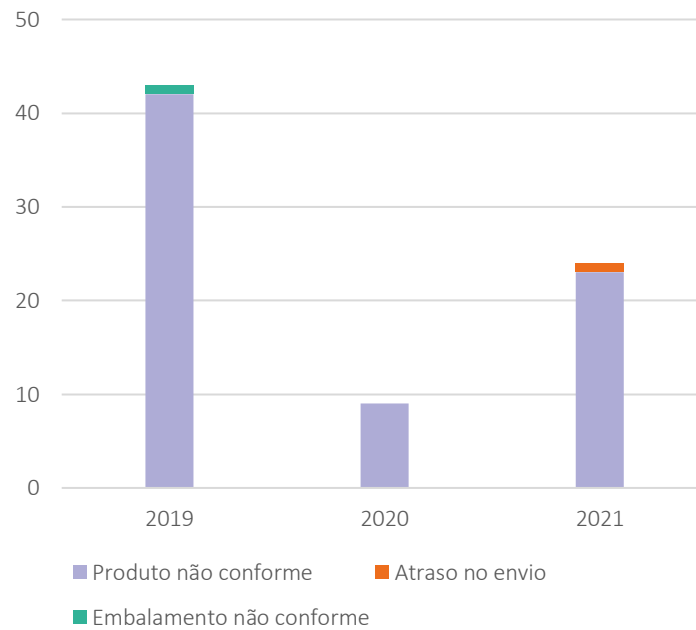


Figure 28 Complaints

Another stakeholder of great importance is the local community, as well as the community of partners and other collaborative networks. Since 2019, FORteams LAB has fostered connections with the academic and scientific community (universities, vocational schools, high schools, technological centers, etc.). Through the implementation of summer internships, curricular internships, and/or professional internships, the company provides opportunities for students to apply their knowledge in a professional context while evaluating them in terms of how they adopt the FORteams LAB philosophy and apply the necessary knowledge for the position for which they were hired. By establishing these partnerships, we are positively contributing to SDG 4 – Quality Education. Throughout 2021, several successful protocols were established in this regard, including industrial management, international business, design, and communication. The possibility of incorporating external collaborators into the company's reality allows for new perspectives and philosophies, leading to the innovation of the company.

We highlight participation in events promoted by municipalities, notably within the framework of the initiative "Famalicão Circular 2030," participating in the conference "Famalicão Circular – New Frontiers for Industry" and the workshop "Circular Textile"; "Porto Circular City 2030," participating in the "CE100 Workshop," a network promoted by the Ellen MacArthur Foundation to stimulate the circular economy through knowledge sharing and co-creation; "Sharing Economy Workshop," a European study promoted by ESPON on opportunities and challenges of collaborative and sharing economy projects and their impact on the circular economy.



Next Steps

Sustainability in the Supply Chain

Objective: Select raw materials with reduced environmental impacts and engage suppliers demonstrating environmental, social, and human rights concerns.

Rationale: We aim to integrate sustainability practices into our supply chain. The first step has been previously mentioned and involves creating a supplier regulation that will serve as the basis for contracts between the two entities. The goal is to ensure that suppliers comply with the requirements outlined in the regulation so that we can work together to offer customers sustainable products. Therefore, before entering into a contract with the supplier, we will request approval of the regulation, as well as responses to a self-assessment questionnaire covering environmental responsibility, social responsibility, human rights compliance, respect for safety and health of employees, among other aspects.

National Suppliers

Objective: Establish business contracts with national suppliers to reduce the environmental footprint associated with raw material transportation.

Rationale: In addition to the aforementioned project (Raw Material Replacement Plan), which involves researching more sustainable raw materials, we also intend to seek new national suppliers aligned with our goals and projects to reduce the company's and product's carbon footprint. The objective is to decrease the distance between the supplier and FORteams LAB and thus reduce fuel consumption and, consequently, the carbon footprint associated with upstream transportation. In addition to distance, the frequency of transport is also important, and this can be reduced through effective stock and production management by FORteams LAB. In summary, by choosing national suppliers, we are reducing the carbon footprint of transportation while simultaneously boosting and developing the national economy.

Internship Plan

Objective: Create an internship plan according to the current needs of the company to develop the intern's skills through knowledge sharing and address an internal need.

Rationale: Analyze the current needs of the company and define an internship plan for the year 2022. This analysis is conducted by the Human Resources Manager in partnership with the R&D Manager and other departments of the company to identify areas that require intervention. These internship programs have numerous benefits, including attracting recent or soon-to-be graduates to the organization, bringing motivation, new ideas, new perspectives, and new knowledge; promoting the development of the community by offering students the opportunity to gain experience in the workforce.



Research, Development, and Innovation

Considering the level of evolution in the textile and clothing sector in terms of sustainable development and transition to a circular and digital economy, FORteams LAB considers it essential to contribute to detailed research by creating a network of strategic partners for its business and promoting innovation in products and processes. This section outlines some decisive initiatives for promoting rational and sustainable growth. In this way, FORteams LAB aims to:

1) Grow with knowledge, research, and innovation

Presentation of activities, projects, and initiatives aimed at strengthening research, development, creativity, and technological innovation focused on differentiation, diversification, and innovation domains. It highlights the development of new products, processes, and services that allow FORteams LAB to address future challenges and improve its competitiveness in the short, medium, and long term.

- Promotion of research in sustainability and the circular economy with direct application prospects in FORteams LAB production, through the development of new products. This includes:
 - Domain of characteristics and life cycles of raw materials and products currently used in the sector. The wide range of textile fibers and the diversity of constituent materials, as well as the complexity of tracing raw materials and products throughout their lifespan, are factors that hinder the improvement of this sector;
 - Identification, research, and development of other materials usable for textiles and clothing that meet required functions and characteristics (reusable; biologically based, renewable; secondary raw materials);
 - Enhancement of the lifespan of materials, as well as the use of differentiated materials, facilitating their recovery..
- **Development of new products, processes, and services, especially in activities with higher technological intensity. This includes:**
 - Innovation with a clear focus on the domain of smart specialization, differentiation, diversification, and technology. Increased productivity through the implementation of new methods and product development processes;
 - Research into new materials, structures, and multifunctionalities. Study of the compatibility of textiles with other materials that allow penetration into new markets and applications;
 - Acquisition of new production equipment that allows keeping up with the development of new textile materials and processes.



- Empowering the company to promote research, development, innovation, and sustainability, focusing on project management with strategic partners and supply chain management. This stage is achieved with the creation of an RDI (Research, Development, and Innovation) department capable of leading all transition and evolution projects of the company. Established in 2020 with only one industrial engineer, the department identified its needs and guided the company to its current state of dynamism and innovation. Highlights include the possibility of developing new articles (internal design and new production methodologies), including a fashion and sportswear aspect; managing sustainability and digitization projects in the company, and establishing strategic partnerships with entities capable of challenging and propelling FORteams LAB to the forefront of the industry. This team has grown, and by October 2021, it consisted of 5 employees (team leader, industrial engineer, product manager, social media manager, and designer). It is expected that the team will grow even further in 2022, with the addition of an environmental engineer..

We seek to stay informed about the main initiatives in the sector by participating in various events, including the international seminar "Fashion World's Challenges – Looking for Qualifications and Occupations" promoted by the CITEVE Academy in collaboration with the Textile Cluster: Technology and Fashion; the iTechStyle® Green Circle initiative, integrated into the "MODtissimo 54" fair dedicated to sustainability and promoted by Selectiva Moda; the "Boosting Innovation(s)" seminar organized by CeNTI and the Portuguese Textile Cluster; the "21st Textile Industry Forum" organized by ATP and dedicated to the prospective vision of the sector and the trends that will influence it until 2025; the International Conference "FUTURES MODAPORTUGAL Sustainability Talks" organized by CENIT; among others.

2) Grow with human capital

Promoting initiatives aimed at strengthening FORteams LAB's human capital, particularly around attracting, qualifying, and integrating talent and/or specialized training into our organization, prevents stagnation and provides a greater margin for evolution. Sustained improvement in the short, medium, and long term, based on the transition from a hyper-specialized qualification model to a global progressive and permanent qualification model.

- **Attraction and awareness of qualified young people::**
 - Improving performance in design, research and development, production, and creativity is the driving force behind the entire change process at FORteams LAB. Recognizing the little appeal of young people to the textile and clothing sector, the company has established partnerships with vocational and higher education schools, including Cenatex and the University of Minho, to increase its representation among recent



graduates (presence at job fairs, academic events, school days, among others). In this way, FORteams LAB promotes its concept and shares its dynamism and proactivity with the academic community, which, in turn, sees the opportunity to join a multidisciplinary and young team capable of helping them transition to the professional world.

- **Identification of needs, review, and qualification of internal human resources at FORteams LAB:**
 - From FORteams LAB's perspective, it is more challenging to shape an employee with know-how to the company's philosophy than to provide training to a collaborator already loyal to the spirit of the company. FORteams LAB's strategy involves the evolutionary identification of key competencies and adjusting the training and educational offerings to labor market evolution trends, promoting short, medium, and long-term evolution.
 - In terms of the effective application of the company's strategy, FORteams LAB must enrich its employees with skills anchored to its strategic drivers: sustainability and circular economy, digital business models, industry 4.0, decarbonization and energy transition, design and creativity in the development of new products, among others.

3) Growing with Strategic Partners

In the context of the continuous evolution of the industry, we have established strategic plans with suppliers, customers, research centers, organizations, and universities to promote greater opportunities for learning and the company's growth. This includes all partnerships (such as Palco – in the scope of digital transition; CCG – in the scope of industry 4.0; University of Minho – in the scope of specialized recruitment; among others), as well as other initiatives presented below:

- Enhancing the effective transfer and diffusion of the best technologies and practices available in technological interface centers to our reality, capitalizing on research and development results for economic activity. The close relationship with centers such as CITEVE, CeNTI, Fibernamics, and PIEP (Polymer Engineering Innovation Pole), etc., stands out;
- Creating a supplier database to identify and streamline strategic contacts. We categorize the supplier according to the type of article (knits, yarn, accessories), their ability to provide sustainable articles and/or promote the insertion of technology (or something differentiated in the market that allows providing a competitive advantage to FORteams LAB) in the final product;



- Approaching schools capable of providing specific training to internal employees and/or training specialized professionals in areas of interest to FORteams LAB (University of Minho, Cenatex, Citeve, Modatex, among others);
- Identifying and subscribing to newsletters from entities capable of promoting new developments at FORteams LAB through the dissemination of webinars, events, and news. This includes suppliers, customers, research centers, newspapers, organizations, among others, such as: Selectiva Moda Association (ASM), Textile and Clothing Association of Portugal (ATP), National Association of Clothing and Confection Industries (ANIVEC), Business Association of Minho (AEM), Chamber of Commerce and Industry of Portugal (CCIP), Ubuntu, Portugal Textil, National Innovation Association (ANI), Textile Intelligence Associative Center (CENIT), etc.

In addition to the above, FORteams LAB has a closer, stronger, and more cohesive collaborative network, which is an essential support for research and, consequently, brand improvement and innovation. Associated with this network are three entities as they are currently the only ones capable of providing continuous, credible, and useful information to ensure the correct practical implementation of the sustainability strategy in the company. They are:

- **Fashion Catalyst:** Aligned with the internal transformation strategy, in January 2021, the services of Fashion Catalyst were hired to accelerate the repositioning process that was already underway internally. The partnership's goal was to frame the company, both in terms of the product and processes, in an increasingly current and relevant textile sustainability context, where the risk of inaction is growing. The partnership occurred in three phases: the first, of diagnosis and identification of key areas to act; the second, where the business management component (internal structure reorganization), the communication area (website, internal communication, external communication), and commercial management were worked on; and a third phase of energizing the commercial team and preparing FORteams LAB for internationalization. Sustainability focus was present throughout the joint work process, always with the goal of making it an endemic concept in the company's current management and decision-making, rather than just an isolated area of work in the company. With the success observed in the partnership, there is currently a connection with Catalyst for strategic advice to the company.
- **Textile Cluster:** The Textile Cluster of Portugal aims to become one of the most competitive globally in the research, design, development, manufacturing, and marketing of textile and clothing products for fashion, home, technical textiles, and functional segments. Aligned with its mission and vision, the Textile Cluster brings together about 70 members (companies, research centers) and currently has five Special Interest Groups (SIG) with fundamental roles in reflection and strategic formulation around the structuring pillars of Cluster intervention,



namely Sustainable Bio-circular SIG, Performance SIG, Digitalization SIG, Skills SIG, and Design & Product Development SIG. These groups constitute a participatory instrument of intelligence, collective betting formulation, and action monitoring where entities establish win-win relationships, with the ultimate goal of producing and sharing knowledge to support innovation and competitiveness. In March 2021, FORteams LAB joined these future-oriented companies that are at the forefront of textile research and innovation. Currently, it is present in all the interest groups described above and is part of the executive group in the Sustainable Bio Circular SIG, able to collect credible and updated information for the organization's interior, provide strategic partnership relations with participating entities, and contribute to better performance of the textile sector at the national level.

- **Global Compact:** This collaborative network was addressed earlier in the Global Compact subchapter.

Transparency and Communication

As previously mentioned, FORteams LAB underwent a revolution in its organizational culture and corporate mindset. With this change, the company no longer recognized itself in how it communicated (frequency, content, means used) and the message it conveyed to its employees and stakeholders. This issue led to a radical transformation in the promotion of the FORteams LAB brand through its digital channels. This includes measures such as the creation of a manifesto and slogan, rebranding, and the redesign of the website, as well as the inclusion of frequent and differentiated content in digital media, among others outlined in this section.

Previously, FORteams LAB's communication was infrequent and irregular, carried out through its official website and Facebook page, with a sole focus on product sales. Additionally, the image of FORteams LAB (logo) had been created at its inception and now posed a concern as it did not keep pace with the company's evolution or convey its dynamism and proactivity. If corporate image does not reflect a company's ideals and values, then its entire communication becomes compromised. The logo had to be an image with which we identified ourselves as a vibrant company, looking at a past built over 25 years but acting in the present to build a better future.

Driven by the demands of precision, professionalism, vision, differentiation, visual impact, and creative ability, we decided to partner with a creative communication agency, in this case, Palco Collective. Over the months of collaboration, the partnership led to the identified measures outlined below:

1. *Rebranding of the FORteams LAB brand*

Construction of a graphic image of FORteams LAB, recognizing the brand's identity in both physical and digital media. This includes not only the creation of the



graphic identity manual (brand book, which can be viewed in the appendix) with a direct impact on footers, the digital brand icon, and the graphic strategy of social networks but also, more significantly, the creation of the FORteams LAB logo with a minimalist and futuristic design.

With a view to the dynamics and purpose of FORteams LAB, there was a need to adapt the chromatic and graphic language of the company's identity. Colors have the ability to convey sensations that can stimulate people. Thus, the chromatic dynamics present in our logo made it active, self-transformable, and versatile, just like the FORteams LAB brand. The strong presence of geometric shapes draws on important values of the company, namely creativity, innovation, growth, and collaboration. The change and construction of forms from simple structures represent evolution and advancement into the future, in constant pursuit of modernization.

Typography is a crucial element for characterizing an identity, so adjustments were also made in this area. The written concept of '4-Teams sports merchandising' was modified to 'FORteams LAB,' and the typography used consists of curves and simplicity while remaining faithful to geometric designs, emphasizing the sports aspect of the brand. In this way, we ensure that the legacy and market that characterize the company are recognized in its image while giving it a new dynamism. The absence of the direct concept of 'sports merchandising' in the corporate image opens up space for the inclusion of other business opportunities (already explored throughout this year) in the company's core business, such as fashion and sportswear.



2. Complete Website Overhaul for FORteams LAB

The website constitutes the maximum visual exposure of the FORteams LAB brand and positioning to our collective audience. In this new image, we are presently what we want to build for the future: a sustainable and transparent company, communicative, sharing its legacy with the collective of employees, partners, and clients. We are a joint laboratory of unique individuals. A whole made of parts. A sustainable textile ecosystem that is built day by day on the path of transformation.

With the new logo, it was possible to create a current, user-friendly, responsive website with all the context about FORteams LAB: identity with mission, vision, and the team; sustainability with circular economy and ecological mindset; LAB highlighting our verticality and production capacity and presenting our collaborative network with entities that promote our research, growth, and innovation; Products where, for the first time, a professional photo shoot was conducted to professionally present the best of what we



internally produce; Certificates that provide the highest rigor and transparency about our process; Specific contacts, direct and with a guarantee of a quick response depending on the type of issue that motivates contact from any stakeholder. The goal is for the site to be constantly active, and the preparation of the 'Magazine' tab is still underway, which will allow the continuous update of FORteams LAB's present. This includes the disclosure of collaboration protocols, presence at events/fairs, presentation of articles on innovative products, sustainability chronicles, testimonials from our employees, among many other novelties.

3. Creation of a FORteams LAB Brand Manifesto

If, in the past, we considered crafting a manifesto to be an exercise exclusive to fashion brands and, therefore, unnecessary for the reality of a production industry, our mindset has evolved with the ongoing transformation. Currently, we view our brand manifesto as a written statement about FORteams LAB's intentions, motives, and vision. In this way, we aim for the language used in the manifesto to engage our employees and connect with the stakeholders interacting with the company. By leading with emotional focus and writing with impact, passion, and authenticity, we intend to foster more meaningful and enduring relationships within our collective. Our manifesto is located on the back cover of this sustainability report.

The foray into the fashion industry and the incorporation of sustainability (along with all its pillars) into the company's decision-making process led to the creation of the manifesto before the collaboration protocol with Palco Collective. This allowed the company to succinctly, comprehensively, and impactfully communicate the changes it was making internally, while undergoing the rebranding and website renewal process.

4. 360° Overhaul of FORteams LAB Communication

Communication is one of the most crucial tools for maintaining close relationships, both with those who work with us and with those who, in some way, touch the organization's daily life. Establishing cooperative and closely interactive relationships with each of our stakeholders, based on transparency and trust, is essential to FORteams LAB's current corporate strategy. To achieve this, we have created and maintain a diverse range of communication channels, tailored to each stakeholder group, aiming to meet their needs and expectations.

- Creation of internal communication FORteams LAB: The purpose of communication with employees is to unite the team and ensure that everyone is aware of and aligned with Top Management's objectives, fostering commitment to the goals and challenges presented. This communication should be regular and follow a fixed content structure. To achieve this, FORteams LAB has developed a set of tools:



- Establishment of an internal newsletter for FORteams LAB employees. This newsletter is digitally sent to the administrative staff. As for production, the distribution is sent digitally to section heads, who, in turn, inform employees and post it on each sector's notice board. It is sent monthly, focusing on the month's key events, such as new clients and their potential, partnerships with entities enhancing the brand's value, internal matters related to new processes, equipment, and/or employees, as well as internal operational information (information associated with vacation periods, etc.).
 - Annual communication of "year-end" or "beginning of the year" by FORteams LAB's CEO, announcing achieved goals, thanking the team, and setting challenges for the new year.
 - Creation of a private Facebook group for FORteams LAB employees to build a business community. In this group, the company's posts, internal newsletters, and all social actions of the brand are shared, reinforcing the relationship bonds among employees.
- Strengthening external communication FORteams LAB: External communication is essential, particularly for maintaining clients, partners, and the local community close to the company, as the cost of acquiring a new customer is higher than keeping the current customer satisfied and close to us. This communication aims to strengthen ties with various external players, preparing and organizing the company for future challenges (faster, transparent, and real-time communication). All communication channels available to the company are FORteams LAB assets that have been fully utilized to maintain a close relationship with the universe of stakeholders:
- Annual sending of a letter/email to strategic stakeholders (production partners, suppliers, customers, innovation partners, among others). The letter summarizes the previous year, including goal achievements, proposing new goals for the following year, highlighting new products, certifications, and/or equipment changes, among other relevant information.
 - Creation of a monthly newsletter similar to internal communication, excluding regular company operation matters (e.g., information about parking rules).
 - Activation of the brand on social media: website, LinkedIn, Facebook, Instagram, and in media (newspapers, forums), whenever justified (e.g., new partnerships, new products, participation in events, investments, new processes).



- Overhaul of FORteams LAB final product communication: As mentioned earlier, in the past, FORteams LAB's communication was solely based on selling the product. In addition, the content of the disclosure was not suitable for the B2B business, lacked image quality, and product detail. Currently, FORteams LAB has begun to communicate much more about its concept and identity, highlighting its collective and initiatives. However, product communication still represents approximately 50% of FORteams LAB communication, both on social media and in other presented forms of communication. Instead of focusing on the product and a communication strategy heavily oriented towards selling an item (suitable for B2C markets), FORteams LAB has redesigned its final product communication, giving prominence to new products and/or developments, new equipment and processes, as well as promoting the company's verticality and production capacity. Simultaneously, the growth in the offering of items (achieved with the challenges posed to the IDI department) and the strategy of exploring new markets led the team to renew its physical and digital catalog.
- Promote FORteams LAB sustainability communication: As evident, corporate sustainability has a set of strategic axes to put into practice. Communication plays a decisive role in raising awareness among people, businesses, and/or entities about the need to take immediate action. Initiatives include:
 - Promoting the development of sustainability reports with the sharing of the company's position regarding each environmental concern.
 - Promoting training, conversations, knowledge transmission, and best practices to all FORteams LAB stakeholders. The need to change citizens' behaviors is fundamental to drive sustainable transition. Internally, measures such as training for administrators and gemba-walk for productive employees stand out. Externally, knowledge sharing on social media is emphasized (it is necessary to value products inserted in circular, biologically based, and sustainable practices to create consumer preference) and writing the FORteams LAB corporate sustainability column (publishing success stories that are representative, demonstrable, and potentially replicable or inspire other companies to seek similar solutions, amplifying diffusion channels and making good practices more appealing) on the website.
 - Strengthening the image of FORteams LAB as a producer of sustainable textiles and clothing internationally, through participation in reference fairs and platforms for promoting best practices in sustainability and circular economy (forums, etc.).



- Creating labels and/or incorporating technological options (QR code or NFC) in each product for the dissemination of sustainability/circularity indicators (carbon, energy, and water footprint).
- Strategic management of FORteams LAB social media: After the implementation of branding and the creation of the FORteams LAB website, Palco Collective supported brand communication and activation in digital channels, with the mission of positioning the company with a coherent image. With graphic elements on our side and enhanced by a much more professional and appealing corporate language, internal measures stand out:
 - Overhauling the social media communication strategy to target the B2B market and move away from the unique and inadequate communication about the final product. This involved the inclusion of other topics such as the collective, sustainability, innovation, among others.
 - Defining appropriate social media channels to reach the FORteams LAB target audience and developing the social media plan according to the channel: website, Instagram (creating a professional account for more visual communication), Facebook (overhauling the brand page to promote more suitable content), and LinkedIn (creating the main page for disseminating business news).
 - Creating the character "Maria" with FORteams LAB brand values to build a closer relationship with its audience. Despite being already created (illustration attached), it is currently in the design phase applied to various situations for the creation of frequent content with the character.

Next Steps

Manifesto Video

Objective: Convey the idea through video, creating a visual representation of FORteams LAB's processes and, above all, the sustainability journey we have been building.

Rationale: We plan to prepare a manifesto video, which will be produced in collaboration with Palco Collective, highlighting our collective as the main focus.

Internal Communication

Objective: Engage all FORteams LAB employees.

Rationale: Monthly sharing of the internal newsletter enables communication of relevant information for FORteams LAB, from the onboarding of new employees to project developments, presence and feedback from the fairs in which FORteams LAB participates, among other pertinent information.

Renewal of Digital Catalog

Objective: Update the catalog considering FORteams LAB's new graphic line.



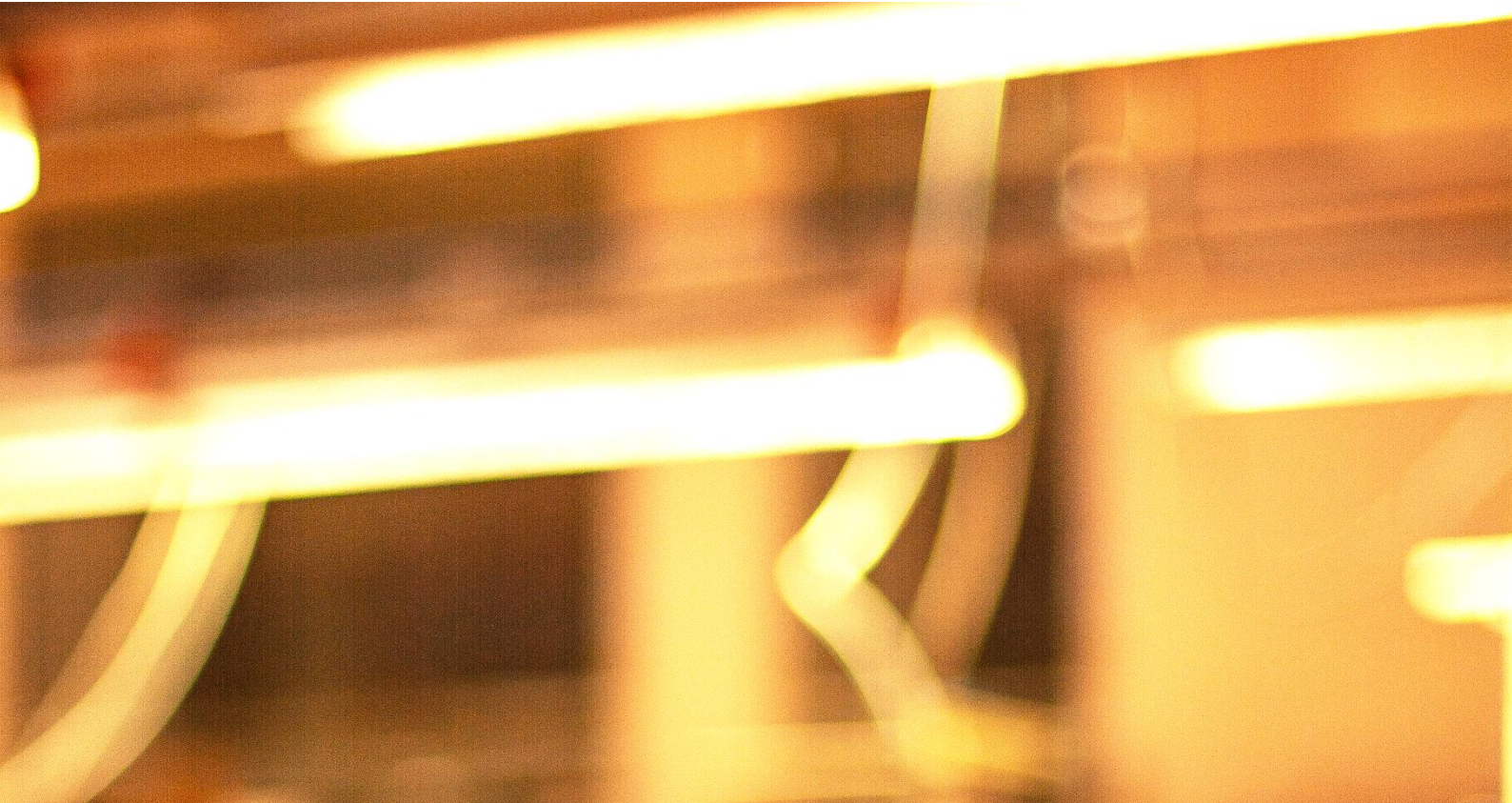
Rationale: Updating the catalog with the company's new ideals and graphic line helps indirectly convey the idea of the transition FORteams LAB is undergoing to our stakeholders.





Referências:

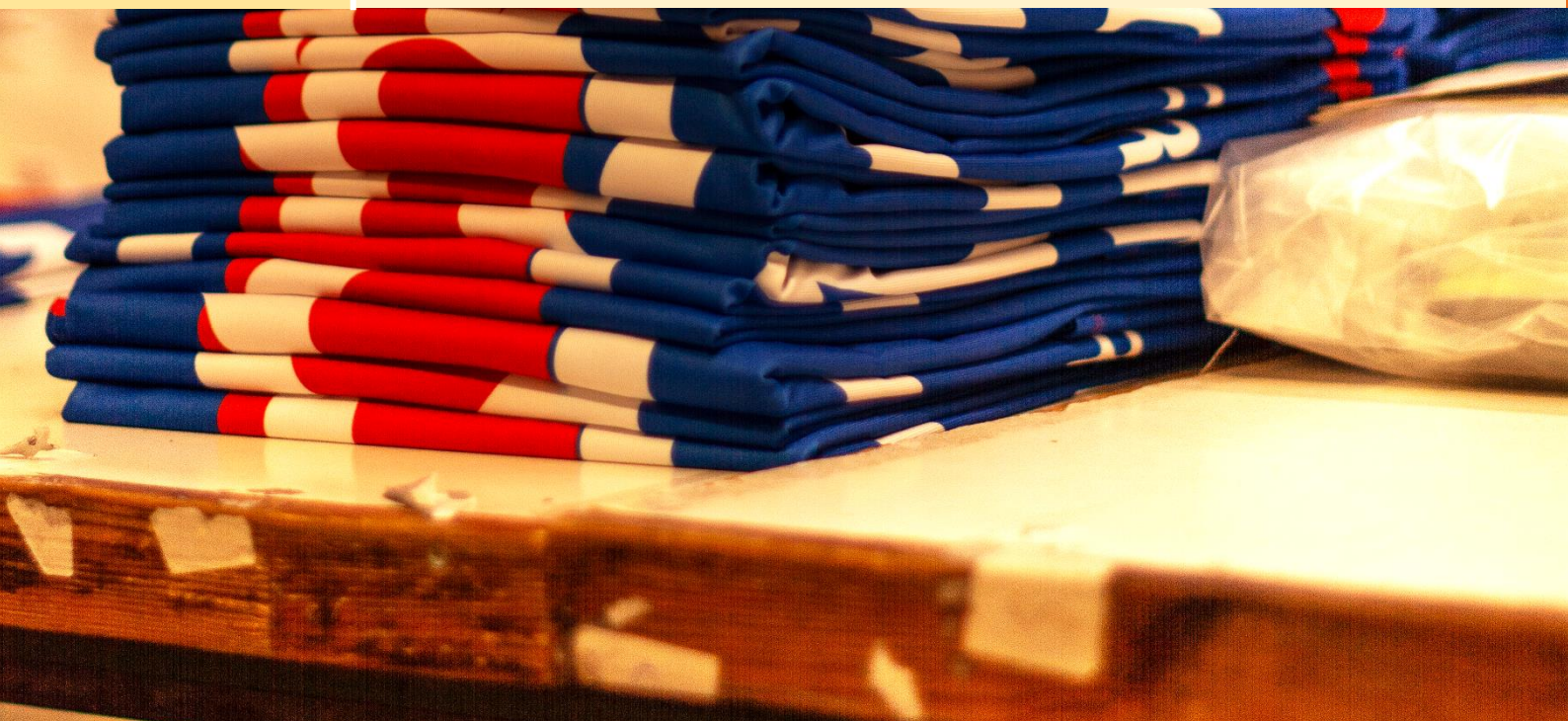
- [1] CCDRN. "Agenda Regional do Norte para Economia Circular." CCDRNorte.
<https://www.ccdr-n.pt/pagina/regiao-norte/agenda-regional-do-norte-para-economia-circular/textil> (acedido a Mar 22, 2021)
- [2] Carolia Lopo, "Avaliação do impacto ambiental do processo produtivo de uma empresa têxtil," Mestre, FEUP, UP, Porto, Portugal, 2022. Disponível em:
<https://repositorio-aberto.up.pt/bitstream/10216/142560/2/571502.pdf>



04

Anexos

GRI Content Index	148
FORteams Lab Graphic Identity Manual	160
FORteams Lab Character	162





GRI Content Index

Usage statement	FORteams, Lab, S.A. reported the information mentioned in this GRI content index for the period from January 1, 2021, to December 31, 2021, in accordance with GRI standards.
GRI 1 used	GRI 1: Foundation 2021.
Applicable GRI sector standard(s)	Not applicable.

GENERAL CONTENT			
GRI STANDARD	DISCLOSURE	LOCATION	
THE ORGANIZATION AND REPORTING PRACTICES			
GRI 2: GENERAL DISCLOSURES 2021	2-1	Organization Details	Consult About this Report page 7 and Our market on page 43.
	2-2	Entities included in the organization's sustainability report	This report includes only the activities of FORteams LAB.
	2-3	Reporting period, frequency, and contacts	Consult Sobre este Relatório on page 7.
	2-4	Restatement of information	This is the first sustainability report of FORteams LAB, so there are no restatements.
	2-5	External verification	
ACTIVITIES AND EMPLOYEES			
GRI 2: GENERAL DISCLOSURES 2021	2-6	Activities, value chain, and other business relationships	Consult Who we are and what we do on page 11, Our market on page 43 and Supply Chain on page 38.



GENERAL CONTENT																																																										
GRI STANDART	DISCLOSURE	LOCATION																																																								
ACTIVITIES AND EMPLOYEES																																																										
GRI 2: GENERAL DISCLOSURES 2021	2-7	<p>Consult The FORteams LAB on page 45. The following data refers to the reporting period, i.e., from January 1, 2021, to December 31, 2021, and identifies the number of employees belonging to the FORteams LAB company.</p> <table border="1"> <thead> <tr> <th></th> <th>Female</th> <th>Male</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Número de funcionários FORteams LAB</td> <td>29</td> <td>39</td> <td>68</td> </tr> <tr> <td colspan="4">Number of FORteams LAB employees</td> </tr> <tr> <td>Sem termo (ST)</td> <td>18</td> <td>36</td> <td>54</td> </tr> <tr> <td>Termo (T)</td> <td>9</td> <td>3</td> <td>12</td> </tr> <tr> <td>Internship</td> <td>2</td> <td>0</td> <td>2</td> </tr> <tr> <td colspan="4">Total employees by region</td> </tr> <tr> <td>Vizela</td> <td>23</td> <td>31</td> <td>54</td> </tr> <tr> <td>Guimarães</td> <td>3</td> <td>4</td> <td>7</td> </tr> <tr> <td>Felgueiras</td> <td>0</td> <td>1</td> <td>1</td> </tr> <tr> <td>Vila Nova de Famalicão</td> <td>1</td> <td>2</td> <td>3</td> </tr> <tr> <td>Paços de Ferreira</td> <td>1</td> <td>0</td> <td>1</td> </tr> <tr> <td>Vila Flor</td> <td>1</td> <td>0</td> <td>1</td> </tr> <tr> <td>Lousada</td> <td>0</td> <td>1</td> <td>1</td> </tr> </tbody> </table>		Female	Male	Total	Número de funcionários FORteams LAB	29	39	68	Number of FORteams LAB employees				Sem termo (ST)	18	36	54	Termo (T)	9	3	12	Internship	2	0	2	Total employees by region				Vizela	23	31	54	Guimarães	3	4	7	Felgueiras	0	1	1	Vila Nova de Famalicão	1	2	3	Paços de Ferreira	1	0	1	Vila Flor	1	0	1	Lousada	0	1	1
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Lousada	0	1	1																																																							
2-8	Workers who are not employees	In the year 2021, there were approximately 10 workers who are not employees, associated with service providers in the areas of cleaning and maintenance.																																																								



GENERAL CONTENT			
GRI STANDART	DIVULGAÇÃO		LOCATION
GOVERNANCE			
GRI 2: GENERAL CONTENT 2021	2-9	Structure and composition of the governance structure	Consult Governance Structure on page 20.
	2-10	Appointment and selection of the highest governance body	Consult Governance Structure on page 20.
	2-11	Chair of the highest governance body	Consult Governance Structure on page 20. The chair of the highest governance body of FORteams LAB is our CEO and executive director, Pedro Santos. In addition to this role, he is also responsible for the functions identified in the "Higher Hierarchical Member" subchapter.
	2-12	Role of the highest governance body in overseeing the management of impacts	Consult Governance Structure on page 20.
	2-13	Allocation of responsibility for impact management	Consult Governance Structure on page 20.
	2-14	Role of the highest governance body in sustainability reporting	This sustainability report was prepared by the sustainability board. Top Management oversees the process and, if in agreement with the reported information, approves the final document. Materiality analysis is also overseen by Top Management, and the identified material topics are approved by them, including the CEO.



GENERAL CONTENT			
GRI STANDART	DISCLOSURE	LOCATION	
STRATEGIES, POLICIES, AND PRACTICES			
GRI 2: GENERAL CONTENT 2021	2-22	Statement on sustainable development strategy	Consult CEO Message on page 4.
	2-23	Commitments	Consult Erro! A origem da referência não foi encontrada. On page 8, Policies and Practices on page 25 and Enquadramento estratégico e Análise de Materialidade on page 58.
	2-24	Implementation of the commitments made	Consult Policies and Practices on page 25 and Our certifications on page 32.
	2-25	Processes to remedy negative impacts	Consult Policies and Practices on page 25, Circular Economy on page 67 and Environmental Impact on page 76.
	2-26	Advisory and grievance mechanisms	Consult Policies and Practices on page 25.
	2-27	Compliance with laws and regulations	During the year 2021, there were no fines or significant non-monetary sanctions associated with non-compliance with laws or regulations.
	2-28	Membership associations	This information can be found on our website in the Collaborative Networks section: https://forteamslab.com/lab/redes-colaborativas/ . Or consult Research, Development, and Innovation on page 134.
ENGAGEMENT OF STAKEHOLDERS			
GRI 2: GENERAL CONTENT 2021	2-29	Approach to stakeholder engagement	Consult Stakeholder Management on page 124.
	2-30	Collective bargaining agreements	100%.



GENERAL CONTENT			
GRI STANDART	DISCLOSURE	LOCATION	
MATERIAL TOPICS			
GRI 3: Material Topics 2021	3-1	Process for determining material topics	Consult Materiality Analysis on page 58.
	3-2	List of material topics	Consult Materiality Analysis on page 58. Considering that this is the first sustainability report of FORteams LAB, there are no changes in the list of material topics compared to the previous report.
	3-3	Management of material topics	Consult cada um dos capítulos associados aos Materials Topics página 56: <ul style="list-style-type: none"> – – – Circular Economy on page 67; – Environmental Impact on page 76; – Human Rights on page 90; – Focus on People on page 114; – Economic Performance on page 120; – Quality Assurance on page 122; – Stakeholder Management on page 124; – Research, Development, and Innovation on page 134; – Transparency and Communication on page 138.



SPECIFIC CONTENT			
Note: FORteams LAB has identified 9 material topics, of which 3 do not align with GRI standards. These include Quality Assurance, Transparency and Communication, and Research, Development, and Innovation.			
GRI STANDART	DISCLOSURE	LOCATION	
ECONOMIC PERFORMANCE			
GRI 201: economic performance 2016	201-1	Direct Economic Value Generated and Distributed	Consult Economic Performance on page 120.
	201-4	Financial Aid Received from the State	Consult Economic Performance on page 120.
GRI 204: Procurement Practices 2016	204-1	Proportion of Expenditure on Local Suppliers	Consult Our suppliers on page 39. Note: 'Local' is understood to refer to the geographical area of Portugal.
GRI 205: Anti-Corruption 2016	205-1	Operations Assessed for Corruption-Related Risks	Currently, FORteams LAB does not assess corruption-related risks, and as such, no operation underwent corruption risk assessment in the reference year.
	205-2	Communication and Training on Anti-Corruption Policies and Procedures	Consult Social Responsibility on page 26.
	205-3	Confirmed Incidents of Corruption and Actions Taken	No cases of corruption were reported or identified within FORteams LAB in the reference year.
ENVIRONMENTAL PERFORMANCE			
GRI 301: Materials 2016	301-1	Materials Used by Weight and Volume	Consult Supply Chain on page 38.



Sustainability Report 2022

	301-2	Recycled materials used	In the year 2021, the recycled materials used for the production of hats, scarves, and labels were very limited, accounting for less than 1%. This data was extracted from the purchasing records for the reference year. For the upcoming years, we anticipate an increase in this percentage with the implementation of our circular economy project. In essence, this project aims to utilize textile waste and by-products associated with our production process, treat them through purely mechanical processes, and reintroduce them as new yarn.
SPECIFIC CONTENT			
GRI STANDART	DISCLOSURE		LOCATION
ENVIRONMENTAL PERFORMANCE			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Consult Energy on page 48.
GRI 303: Water and effluents 2018	303-1	Interactions with water as a shared resource	Consult Water on page 50.
	303-2	Management of impacts related to water discharges	At FORteams LAB, we comply with the applicable legislation regarding liquid effluents. The only issue is the effluent from the purging of the vaporizer leaking outside the building, but this problem will be resolved in 2022. This purging effluent is composed only of water and a small percentage of salt
	303-4	Water discharge	Consult Water on page 50.
	303-5	Water consumption;	Consult Water on page 50.
GRI 306: Waste 2020	306-1	Waste production and significant impacts related to waste	The main waste generated at FORteams LAB consists of textile fiber waste, plastic waste, and paper/cardboard waste, meaning non-hazardous waste. We aim to reduce the amount of waste produced (through the adoption of reduction measures throughout the company) and find ways to reuse both textile and non-textile waste. From FORteams LAB's analysis, the main impacts associated with waste production have emerged: water and soil contamination, visual pollution, and atmospheric pollution (primarily acid rain and global warming). Consult Waste on page 51.



SPECIFIC CONTENT			
GRI STANDART	DISCLOSURE	LOCATION	
ENVIRONMENTAL PERFORMANCE			
GRI 306: Waste 2020	306-2	Management of significant impacts related to waste	<p>In the scope of reducing the impacts associated with waste production and decreasing the quantity of waste generated, we have initiated the circular economy project aimed at reusing textile fiber waste to produce new yarn.</p> <p>Data on waste produced at the headquarters and Baiona facilities are extracted from the quarterly transport e-GARs. All waste, except for some textile waste stored at FORteams LAB, is collected, transported, and valorized by authorized waste management operators (OGR). All transports are accompanied by e-GARs. Contracts established with these entities ensure that they manage the waste appropriately.</p>
	306-3	Resíduos gerados	Consult Waste on page 51.
	306-4	Waste diverted from disposal	<p>According to the information provided by our waste management operators (OGR), all waste is directed towards valorization processes. We also highlight the internal efforts at FORteams LAB: collection of printing toners for reuse, which amounted to approximately 50 kg of reused toners in 2021; storage of textile waste (100% acrylic fiber waste) for treatment to obtain 100% recycled acrylic yarn, corresponding to 1 ton of textile waste stored and sent for producing new yarn in 2021.</p>
	306-5	Waste destined for disposal	<p>According to the e-GARs issued by our waste managers, all waste produced by FORteams LAB and directed to these entities has undergone valorization processes.</p>



SPECIFIC CONTENT																										
GRI STANDART	DISCLOSURE	LOCATION																								
SOCIAL PERFORMANCE																										
GRI 401: Work 2016	401-1	<p>New hires and employee turnover</p> <p>The table describes the values related to new hires and employee turnover at FORteams LAB during the reporting period.</p> <table border="1"> <thead> <tr> <th></th> <th>Inputs</th> <th>Outputs</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Age group</td> <td>< 30 years</td> <td>4</td> <td>4</td> </tr> <tr> <td>[30 – 50[years</td> <td>4</td> <td>4</td> </tr> <tr> <td>> 50 years</td> <td>2</td> <td>1</td> </tr> <tr> <td rowspan="2">Gender</td> <td>Female</td> <td>5</td> <td>6</td> </tr> <tr> <td>Male</td> <td>5</td> <td>3</td> </tr> <tr> <td colspan="2">TOTAL</td> <td>10</td> <td>9</td> </tr> </tbody> </table> <p>The turnover rate in the year 2021 was approximately 13.24%, and the new hires rate was 14.71%.</p>		Inputs	Outputs	Age group	< 30 years	4	4	[30 – 50[years	4	4	> 50 years	2	1	Gender	Female	5	6	Male	5	3	TOTAL		10	9
		Inputs	Outputs																							
Age group	< 30 years	4	4																							
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	> 50 years	2	1																							
Gender	Female	5	6																							
	Male	5	3																							
TOTAL		10	9																							
401-3	Parental leave	<p>At FORteams LAB, both maternity and paternity leave are regulated by applicable legal conditions and are therefore enjoyed by all eligible employees. In the year 2021, only one male employee aged between 30 and 50 was entitled to paternity leave and returned to regular activities after the conclusion of that leave.</p>																								



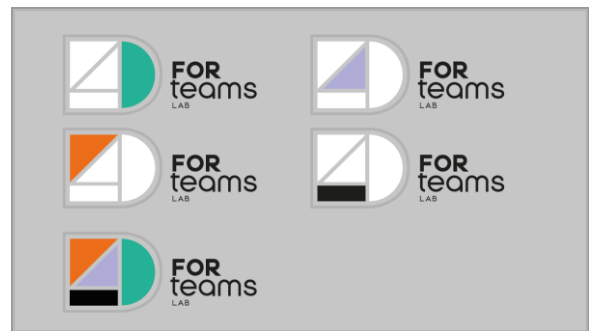
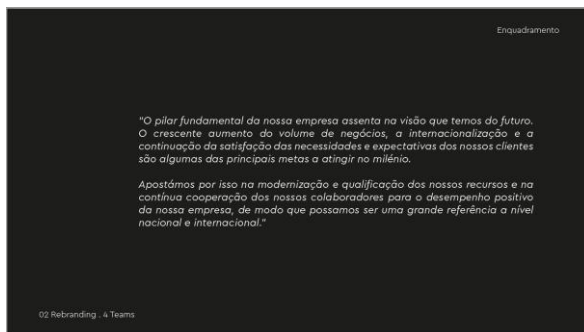
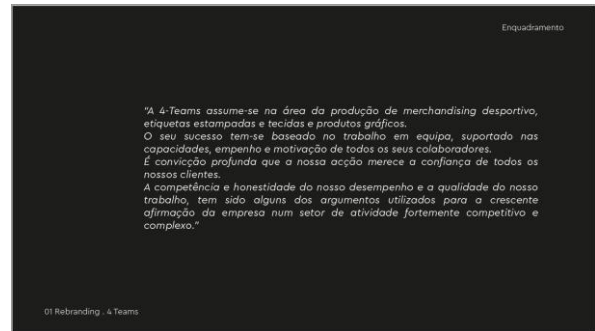
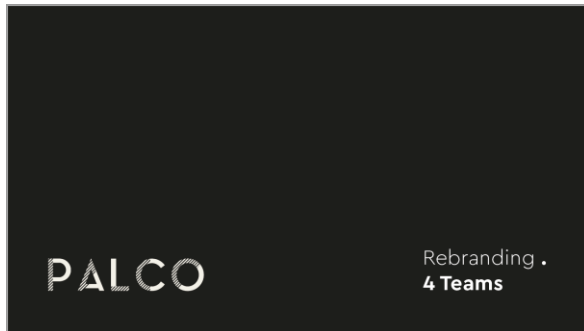
SPECIFIC CONTENT			
GRI STANDART	DISCLOSURE		LOCATION
SOCIAL PERFORMANCE			
GRI 403: Health and Safety at Work 2018	403-1	Health and Safety Management System at work	Consult Occupational Health and Safety on page 115.
	403-2	Identification of hazards, risk assessment, and incident investigation	Consult Occupational Health and Safety on page 115.
	403-3	Occupational health services	Consult Occupational Health and Safety on page 115.
	403-4	Worker participation, consultation, and communication on health and safety at work	Consult Occupational Health and Safety on page 115.
	403-5	Worker training in health and safety at work	Consult Occupational Health and Safety on page 115.
	403-6	Promotion of employee health	Consult Occupational Health and Safety on page 115.
	403-9	Work-related injuries	Consult Occupational Health and Safety on page 115.
	403-10	Work-related health issues	Consult Occupational Health and Safety on page 115.
GRI 404: Training and Education 2016	404-1	Average training hours per employee per year	Consult Training, Education, and Performance on page 114.
	404-3	Percentage of employees receiving regular performance evaluations and career development.	Consult Training, Education, and Performance on page 114.

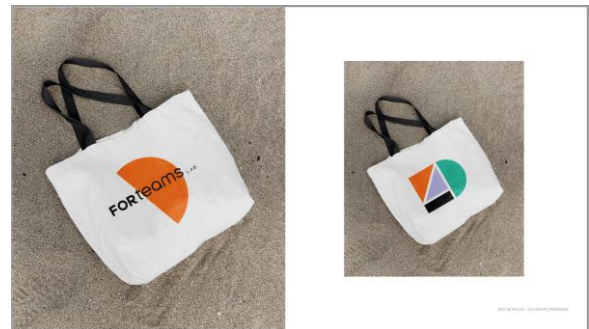


SPECIFIC CONTENT																																											
GRI STANDART	DISCLOSURE	LOCATION																																									
SOCIAL PERFORMANCE																																											
GRI 405: Diversity and Equal Opportunities 2016	405-1	Diversity of governance bodies and employees	<table border="1"> <thead> <tr> <th></th> <th><30</th> <th>30-50</th> <th><50</th> </tr> </thead> <tbody> <tr> <td colspan="4">Top Management</td> </tr> <tr> <td><i>Female</i></td> <td>33,333%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td><i>Male</i></td> <td>0%</td> <td>33,333%</td> <td>33,333%</td> </tr> <tr> <td colspan="4">Managerial Positions</td> </tr> <tr> <td><i>Female</i></td> <td>20%</td> <td>80%</td> <td>0%</td> </tr> <tr> <td><i>Male</i></td> <td>11%</td> <td>67%</td> <td>22%</td> </tr> <tr> <td colspan="4">Other Positions**</td> </tr> <tr> <td><i>Female</i></td> <td>33%</td> <td>42%</td> <td>25%</td> </tr> <tr> <td><i>Male</i></td> <td>33,333%</td> <td>43,333%</td> <td>23,333%</td> </tr> </tbody> </table> <p>* inclui os cargos de gestão de topo ** excluindo os referidos acima</p>		<30	30-50	<50	Top Management				<i>Female</i>	33,333%	0%	0%	<i>Male</i>	0%	33,333%	33,333%	Managerial Positions				<i>Female</i>	20%	80%	0%	<i>Male</i>	11%	67%	22%	Other Positions**				<i>Female</i>	33%	42%	25%	<i>Male</i>	33,333%	43,333%	23,333%
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<i>Male</i>	33,333%	43,333%	23,333%																																								
	405-2	Base salary and remuneration ratio of women to men	Consult The FORteams LAB on page 45.																																								
GRI 418: Customer privacy 2016	418-1	Substantiated complaints regarding customer privacy violation and customer data loss	FORteams LAB has not recorded any proven cases of privacy violations, theft, or loss of customer data.																																								



FORteams Lab Graphic Identity Manual



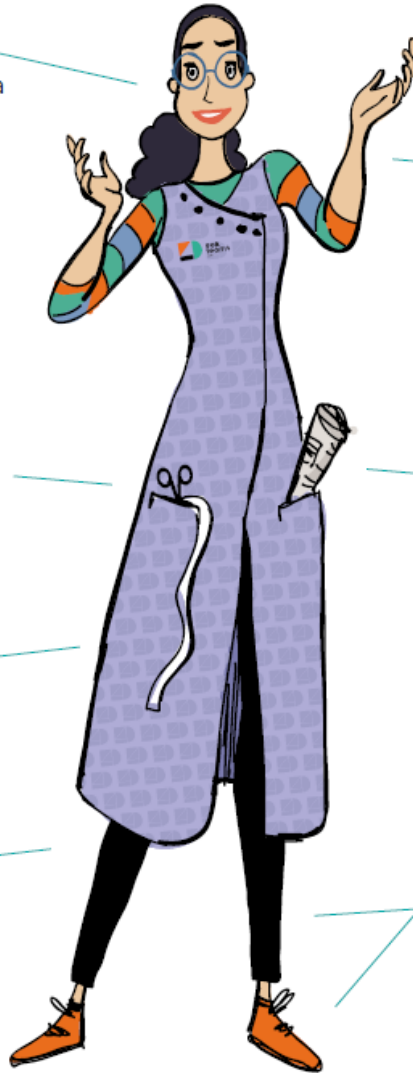




FORteams Lab Character

Curiosa e estudiosa

- Usa óculos de trabalho e de leitura.
- Tem 10 anos de experiência na empresa.



Elegante e esguia

- Faz uma alimentação equilibrada e saudável. Reduziu o consumo de carne por saber que é a indústria mais poluente do mundo, seguida da indústria têxtil.
- Corpo esguio, a lembrar os esquiços de moda.

Trabalhadora

- Traz os instrumentos de trabalho no bolso.

Atenta e Informada

- Lê o jornal diariamente.

Leal e dedicada

- Usa uma bata com um padrão da Fourteams.
- Gosta do que faz e do ambiente de trabalho.

Empática e comunicativa

- Tem facilidade em comunicar com todo o tipo de pessoas, desde @s coleg@s de trabalho até @os CEO da empresa.

Desportiva e prática

- Usa leggings e sapatilhas.
- Vai de bicicleta para a empresa.