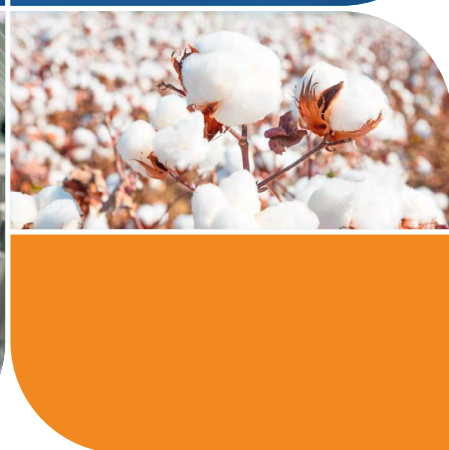


# Communication on Progress Report

2021-2022





# Communication on Progress Report

2021-2022



# Summary

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# Letter from the CEO

Dear Mr. General secretary,

I am pleased to confirm that Pettenati Indústria Têxtil SA supports the ten principles of the Global Compact on human rights, labor, environment, and anti-corruption. With this communication, we express our intention to implement these principles. We are committed to making the Global Compact and its principles part of our company's strategy, culture, and day-to-day operations and to engaging in cooperative projects that further the broader development goals of the United Nations, in particular the Sustainable Development Goals. Pettenati will make a clear statement of this commitment to stakeholders and the public.

We recognize that a fundamental requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP), describing our company's efforts in implementing the ten principles as well as our support to the specialized platform(s) of the Global Compact to which our company joins at a future date. We support public accountability and transparency and therefore commit to reporting on progress within one year of joining the Global Compact and annually thereafter, in line with the Global Compact COP policy. That includes:

- A statement signed by the Executive Director, expressing continued support for the Global Compact, and renewing our ongoing commitment to the initiative and its principles. This document is separate from our initial letter of commitment to join the Global Compact.
- A description of the practical actions (ie disclosure of any relevant policies, procedures and activities) that the company has taken (or intends to take) to implement the Global Compact principles in each of the four thematic areas (human rights, labor, environment, anti-corruption).
- An outcome measure (ie, the degree to which targets/KPI were met, or other qualitative or quantitative measures of outcomes).

Best Regards,



Otávio Ricardo Pettenati  
CEO

# About Pettenati

We are the most modern circular knitting company in the Americas, with more than 58 years in the textile market, always acting with professionalism, commitment, ethics and excellence in services and products.

The efforts of years of work, added to internationally competitive costs, resulted in the most modern circular knitting weaving in Latin America, which exports, in addition to its products, a working concept. Pettenati's passion is to create innovative textile products and solutions for customer success.

Since the beginning of its activities in 1964, Pettenati S.A. Indústria Têxtil conquered the national and international markets, equating its products with those of the most qualified manufacturers in the world. Pettenati's production and distribution are closely monitored by more than two thousand professionals, installed in three industrial units.



Pettenati - Brazil branch -  
Fabric Manufacture



Pettenati Center America -  
El Salvador branch

# Our history



**Our passion is to create innovative textile products  
and solutions for our customers' success.**

Versatility, speed and quality aligned with sustainable production, state-of-the-art technology used in all processes, constant evolution of production techniques, research into fashion trends and market movements, all of this makes us the most modern company in the textile sector, with market-leading products.

**Purpose**

Innovation moves us. Quality defines us.

**Mission**

Provide innovative and sustainable textile solutions to ensure the success of our customers.

**Vision**

To be the best textile solution in the Americas. Reference in environmental care. Recognized and desired by its professionals, clients and other stakeholders.



## Values

Love for fashion



We seek quality in everything  
we do



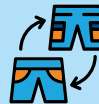
The customer is our greatest  
commitment



We work with energy and  
dedication



We are fulfilled by  
transforming and innovating



We form people of value



Together we are bigger and  
better



We care because we love and  
respect



# Our commitment

Pettenati is a multidimensional company, aware of its multiple responsibilities and committed to corporate issues and to the market, the community, and the future of new generations. International, diversified, versatile, agile, and modern, at Pettenati we go beyond business and institutional relationships and establish a **commitment to the future**.

Internally, we are committed to socio-environmental responsibility, building policies and goals linked to the business strategy. Every year, we carry out several rigorous monitoring processes and external audits that contribute to the creation of value for our products.

In addition, we are proud to state that we have a chain of suppliers and partners equally committed to socio-environmental responsibility, aligned with our values and purpose.

The engagement of our professionals is one of our greatest motivations to achieve our next big goal: **building an ESG Culture** (Environmental, Social and Governance).

In this year, 2022, we recognize that we have built a relevant history in the search for good practices in Human Rights, Labor Rights, Environment, and Anti-Corruption, and we assume that, to progress in policies and advanced commitments in ESG, it is necessary to map internal initiatives effectively, and the development of this Global Compact Progress Communication is a part of that important process.

We are seeking appreciation for our actions and internal recognition, mainly from our professionals, and external recognition, from the local community, partners, and investors.

### Our strategy right now is

Visualize ESG good practices in an accessible and easily understandable way by everyone, especially by our professionals.

Mapping advances and challenges in ESG in an integrated manner to contribute to decision-making and the creation of new environmental, social, and economic commitments.

Create an internal ESG Culture that goes beyond Pettenati's physical barriers.

Communicate, internally and externally, the value creation our team has been carrying out throughout Pettenati's history.

We understand our role as a textile industry in the **social impact** of our professionals and community, promoting education, health, quality of life and reducing inequalities; on **environmental impact**, from building headquarters to production and supply chain; and on **economic impact**, job creation, technological innovation, and global resource efficiency.



**ISEB3**

## Overview

### Human Rights



- Preschool available to professionals
- Awareness Campaigns
- Social Actions: corporate blood bank and donation campaigns
- Community: investment, support, and relationship

### Environment



- Environmental Management Assessment
- Circular Economy and Waste Management
- Cleaner energy sources
- Conscious use of water
- Wastewater treatment
- Responsible raw material
- Innovation
- Awareness campaigns
- Community
- Donations

### Labor



- Transparency and labor rights: integrated app
- Job and salary policy, flexible benefits, and career
- Professional development: monitoring and encouragement
- Education: corporate university
- Occupational health and safety: prevention, treatment and monitoring

### Anti-Corruption



- Supplier policy
- External audits

Next, the main practices separated by the pillars of the Global Compact will be presented: Human Rights, Labor, Environment and Anti-Corruption. All images were captioned thinking about the accessibility of this report, enabling audio description for people with disabilities.

# Human Rights

1

Businesses should support and respect the protection of internationally proclaimed human rights; and

2

Make sure that they are not complicit in human rights abuses.

## Main highlights

## Impact Summary

### Preschool Foundation

- Support to professional mothers
- Assistance and early childhood education for the children of the company's professional mothers

### Social Actions

- More than 60 units of blood donated voluntarily by professionals to support other professionals and their families in hospital centers
- More than 3 institutions receiving annual donations of disposable diapers

### Diapers donation Campaign

- 3 institutions from El Salvador attended

### Community

- More than 2 communities with renovated leisure and sports areas
- More than 10 educational centers supported and renovated
- More than 2 supported institutions focused on healthy and nutritious food

# Human rights actions

At Pettenati, we believe that together we are bigger and better as we form people of value, establishing a commitment in search of best practices in human rights.

Internally, Pettenati is in the process of developing a Code of Ethics that should guide behavior and decision-making based on the company's mission, vision, and values, as well as ethical principles, guiding the conduct of all professionals. Externally, we have a Supply Policy that establishes a commitment to our supply chain.

Pettenati's sustainable practices seek to establish ethical standards of relationship, transparency, and legal responsibility among all those involved: professionals, customers, suppliers, community and government.

Find out more details and commitments about our Human Rights initiatives:

## Tia Fran Preschool



SDG 4 - Quality Education, SDG 5 - Gender Equality and SDG 8 - Decent Work and Economic Growth

The Tia Fran Preschool in Caxias do Sul (RS) was born as a kindergarten in 1975 near Pettenati's headquarters, Brazil unit, to offer a place of care for all the children of professionals. The environment is geared towards physical, educational, and socio-affective development, where each of the children grows in the totality of their existence: being respected, exercising their freedom responsibly, and developing their capabilities uniquely and specially.

The initiative emerges to provide **support to professional mothers** who need assistance in the development of their children. In all, 578 female

professionals are entitled to the benefit. In 2021, 49 female professionals benefited. Adding up the number of the last five years, 384 children have already attended the school.

It's expected that, with the children's school, women will feel comfortable working, reducing stress and contributing to family well-being. It is also a way of **guaranteeing assistance and early childhood education for the children of company professionals** and **collaborating with the community** by reducing the use of vacancies offered by the municipal government.

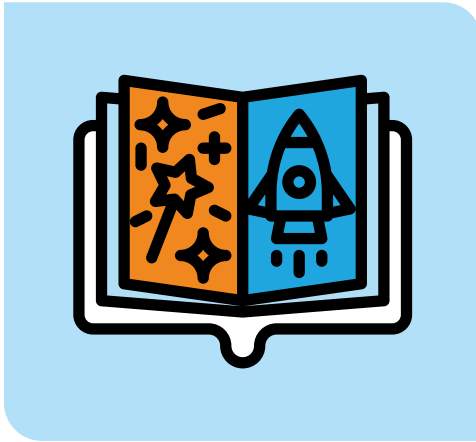
The school has ample physical space, with a recreation park suitable for the age group, a multi-activity room, breastfeeding rooms, nurseries equipped with comfort and an environment for stimulating babies, bedrooms with beds and cribs of the appropriate size, a planned and decorated cafeteria, bathrooms adapted to children and classrooms with specific materials for pedagogical activities.

A team of pedagogy, psych pedagogy, physiotherapy, pediatrics, dentistry, nursing, and nutrition professionals contributes with their skills to care and educate, aiming at the integral formation of students.



Audio description: Tia Fran Preschool – upfront, uniformed barefoot children, running and playing in a playground under the grass, with a slide, swing and other leisure equipment as teacher watches the children. In the background, the school, trees, and the blue sky.





**Assistance and early childhood education for the children of the Pettenati's professional mothers**



**Contribution to the community by reducing the use of vacancies offered by the municipal government**

The Tia Fran Preschool serves children from nursery (6 months to 2 years), kindergarten (2 to 4 years), and preschool (4 to 5 years), offering guided pedagogical activities, with participation in activities and games, in addition to guidance on hygiene, health and nutritional monitoring with five meals a day. The benefit is granted by Pettenati to all professional mothers from the Headquarters unit who have been with the company for more than 3 months and according to the capacity of vacancies available.

## Social Action



SDG 1 - No Poverty and SDG 3 - Good Health and Well-being

Pettenati, El Salvador unit, has a great differential in social actions focused on the community. We understand that the local impact contributes to a better relationship with residents, thus, with our professionals, who are also part of the community. Discover some of our initiatives:

## Corporate blood bank

In partnership with the Salvadoran Red Cross, a Corporate Blood Bank was created, which seeks to encourage voluntary and altruistic donation by our professionals. We encourage them to participate in blood donations at Pettenati facilities and we hope that this initiative will support in a timely manner any professional or family member who may need it urgently.



Audio description: At the front, Pettenati professionals accommodated on stretchers while they donate blood accompanied by health professionals. Behind, man wears shirt with "Cruz Roja Salvadoreña" written on it. The environment is clear, bright and with windows.

The initiative has been taking place since 2010, at the El Salvador unit, and more than 60 professionals or family members have already contacted our Blood Bank requesting the transfer of blood units to hospital centers.

We promote voluntary blood donation and expect to respond promptly and quickly with blood units in case of hospitalization of a professional or family member.

## Diapers donation campaign

For the ninth consecutive year, through the promotion of volunteering, Pettenati, our branch in El Salvador, encourages its professionals to donate packages of disposable diapers for adults and children. This initiative seeks to contribute to minimizing the need for essential products in homes that provide care for the elderly and in pediatric hospital units. This donation is part of the voluntary financial contribution of all professionals and a financial contribution from Pettenati.

**With this, we provide support to people housed in a nursing home and children hospitalized in a pediatric unit, in improving their quality of life and health and hygiene needs.**

In the last year, donations have been made to the Llanos Magaña Nursing Home, San Juan de Dios Hospital in Santa Ana, and the National Hospital of Chalchuapa. Food products, cleaning and sanitizing materials are also delivered with the aim of facilitating patient care and protection.

## Community



SDG 1 - No Poverty and SDG 3 -  
Good Health and Well-being

Pettenati's social responsibility projects address the community axis, which through an integrated set of processes and activities, aims to transform the current reality.

The programs focus on improving the educational, health and quality of life infrastructure, seeking to provide communities with a safe, functional, and comfortable space that meets the basic needs of Pettenati professionals and their families. Check out some of our community initiatives:

## Investment in infrastructure for leisure areas

Thinking about contributing to the creation of recreational spaces and the promotion of sports for the inhabitants of the communities, Pettenati, El Salvador branch, invested in improving the infrastructure of soccer and basketball fields, in addition to parks in the communities of Ciudad Arce and Coatepeque. Parks and squares were painted, renovations were carried out, and games were installed.

With this investment in infrastructure, there was an **improvement in the quality of life and greater use of sports and leisure equipment by all people residing in the surrounding area**, which includes Pettenati professionals.

## Business market

Since 2018, this initiative allows small traders from the communities surrounding the factory to advertise their products and crops to all Pettenati professionals, El Salvador branch. Offering vegetables and fruits, Pettenati **subsidizes 40% of the value of the products**.

This way, we seek to **generate an impact on the family economy of our professionals by reducing costs** and **supporting and valuing the development of small traders in the communities**. As a result, we observed a high level of acceptance by professionals, including reports that the action had contributed to the family's finances.

## Community lighting project

Initiative carried out and financed by Pettenati, El Salvador branch, in which solar lamps are provided in communities to light up risk areas on local roads that residents take to get home. Communities and schools in Coatepeque and Ciudad Arce have already been covered. Together with

community's representatives, the need for lighting is assessed and a technical evaluation is carried out for the installation of the best lighting equipment.

Our goal is to provide a lighting system that improves road safety at night and minimizes crime points, providing security to residents, including Pettenati professionals.

## Sponsorship of the Salvation Commands and Green Cross unit

Contributing to the **work of immediate attention in emergency situations with the supply of inputs that allow a quick response and attention to the citizens**, Pettenati, El Salvador branch, offers financial support for the payment of the headquarters of the Rescue Commands in our city, supply of first aid equipment and material used in response to road emergencies or rescue in case of natural disasters; as well as the contribution of fuel for the operation of the headquarters ambulance.

## "Schools in Action" program

Project that aims to assess the main needs of schools, contributing financially to the **implementation of projects that promote the creation of a safe school environment and basic conditions that encourage student learning** using innovative school spaces through a management that articulates the teaching staff, students, and community. More than 10 school centers were awarded in El Salvador, at the cities of Coatepeque and Ciudad Arce.

Educational centers have problems related to the construction, adaptation, maintenance and safety of classrooms, corridors, stairs, kitchens, playgrounds, sports courts, bathrooms, furniture, maintenance of pipes or fences, as well as bibliographic material that facilitates student learning. This makes it essential to carry out reform and prevention actions or corrective maintenance. Among the population benefited by projects to improve school infrastructure are the children of our professionals who attend community schools.

We support project's implementation with parents, professors and residents from the community.

## Nutrition programs support

Pettenati, El Salvador branch, contributes financially and makes monthly food deliveries to the nutrition program at the Fundación Judah child development center, located in the community of Taquillo, and at the Casa de Espera Materna, which houses pregnant women in the communities of Coatepeque. Women, living in rural areas, have difficulties accessing a hospital for delivery in a timely manner, so they are received at home by trained professionals. In this way, health care and food are provided during your stay.

Our goal is to contribute to improving the daily diet and nutrition of beneficiary families, especially children and pregnant women housed in shelters.



## Labor

3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

4

The elimination of all forms of forced and compulsory labor

5

The effective abolition of child labor; and

6

The elimination of discrimination in respect of employment and occupation

## Main highlights

## Impact Summary

### Transparency and Labor Rights

- App that connects the management with the professional
- More than 7 functionalities
- Improvement of the professional experience

### Job and salary policy, flexible benefits, and career

- Average of 700 points that can be used in more than 7 flexible benefits
- Promote motivation, sense of justice and equality
- Possibility of the professional receiving an average of 1 more annual salary according to bonus programs
- Retention, recognition, and appreciation of internal talent

### Professional development and appreciation

- Great Place To Work certification - Brazil
- More than 2.000 affected professionals

### Education

- More than five training programs divided into three pillars: Our Talents, Our Business, Our Management

### Professional's health and safety

- Approximately 55% decrease in pain complaints
- Reduction in the number of accidents at work and increased productivity
- Improved diet, pursuit of a healthier lifestyle and well-being

### Awareness campaigns

- More than 3 annual campaigns about health and safety

### Preventive health program

- Free of charge internal clinical and gynecological medical care for professionals



# Labor actions

Believing, investing, and trusting people is what connects us, fulfills us, and transforms us. It is with this perspective in mind that we develop internal actions and programs that seek to build an excellent work environment for everyone.

Because our people are our greater patrimony.

At Pettenati, we have a **Health, Safety and Environment Policy** that seeks to satisfy our customers in their needs, through textile products of high technical performance, using biodegradable raw materials, with the absence of heavy metals, ecologically friendly, in an environment of safe and sustainable work, **to minimize environmental impacts and health risks and ensure the safety of all professionals and the community.**

We work to anticipate, recognize, assess, and control risks throughout the environment, thus improving the effectiveness of environmental, health and safety management systems. Find out more details and commitments about our initiatives:

## Transparency and Labor Rights



SDG 16 - Peace, Justice  
and Strong Institutions

### Metadata RH portal

The communication portal between Pettenati and professionals, created mainly to provide **transparency of labor information and rights** required

or not by law, in addition to seeking to reduce the time of the bureaucratic process. The portal guarantees the **security of information**, in a personalized and individual way, and can even be accessed via app directly on the professional's mobile device.

The tool has constant updates to meet internal demands and, therefore, is constantly evolving. On the portal, the professional has quick and free access to:

- Payroll.
- Access of working hours monitoring.
- Contract amendments.
- Vacation leave.
- Performance evaluations.
- Skills matrix.
- Dashboard, with management feedback

## Internal Occupational Accident Prevention Week (Sipat)

Initiative that aims to disseminate, guide, and promote the prevention of accidents, safety and health at work. Despite being a legal requirement, Pettenati values the process for disseminating the importance and culture of health and safety at work and in the community through the week's actions.

At the end, the following are performed:

- Safety guidelines for all professionals to practice at their jobs and in their daily lives.
- Guidance for professionals to work safely at their workplace.
- Awareness and promotion of the involvement of our professionals in actions also aimed at self-care.

## Job and salary policy, flexible benefits, and career



SDG 8 - Decent Work and Economic Growth and SDG 16 - Peace, Justice and Strong Institutions

Through the creation of the Job and Salary Policy, flexible benefits and career, job and salary structures were defined for the company's areas in line with the company's strategies and guidelines. In this way, we aim to:

- Organize and balance internal salary practices in relation to the regional market.
- Organize the professional staff, detailing the responsibilities and salary of each function.
- Recognize the training and performance of its professionals, enabling career paths and development.
- Improve motivation, engagement, and satisfaction.
- Integrate Human Resources subsystems.
- Promoting a sense of justice and equality, valuing meritocracy.

### Flexible Benefits

We seek a market practice that makes it possible to remunerate our professionals through flexible benefits, with the goal of providing, **real benefits that make sense to the profile of each professional, in a balanced, fair, and healthy way for the business.**

In this way, the methodology used distributes an average of 700 points, with each point converted into 1 real, in which the professional can choose from a menu of benefits that make sense for his profile and moment of life.

The benefits are transportation, food, health plan, dental plan, life insurance and medical rescue

The results are:

- Greater adherence between the needs and desires of our professionals and the company's offer.
- Improvement in the professional's experience.
- Listening amplification.
- Encouraging autonomy and promoting people's participation in decisions.
- Improved satisfaction with the individual needs of each professional and their family.

For the coming years, the goal is to further expand the offer of benefits, as well as the amounts available.

## Profit Sharing Program (PPL)

As a good practice, Pettenati creates the possibility for professionals to receive an average of 1 additional annual salary according to business performance. In this way, **we recognize and value the professionals** who have contributed to the company's achievement of the goals to achieve the planned profit.

## Target Achievements

Monthly bonus program for areas that exceeded the targets set by the company based on predefined indicators. Action that seeks to **encourage and motivate our professionals to have a joint effort, awakening the feeling of belonging and the desire to contribute to the company's results.**

## Internal Recruitment

An initiative that allows Pettenati's internal professionals **to grow and develop within the organization itself**. As results:

- We retain, recognize and value internal talent.
- We streamline the recruitment and selection process.
- We reduce the margin of error, with professionals who are already immersed in the Pettenati culture.
- We create a sense of meritocracy

All interested professionals can participate in the selection, including managers, as long as they are eligible for the requirements of each vacancy.

## Professional development and appreciation



SDG 3 - Good Health and Well-being and SDG 8 - Decent Work and Economic Growth

We are a company that always seeks to value professionals and their trajectories. **Our people make all this possible, by being committed and full of energy**. In the last year, Pettenati, Brazil branch, invested R\$ 220,000.00 in qualifications/training and development of professionals, totaling 18,167,63 hours.

We want to have the best product, and we also want the best people to be in the best place to work. That's what we're seeking, evolving every day.

## Individual Performance Assessment

Applied periodically in all Pettenati national units, the People Management Tool aims to **create a communication channel between the company, the manager and the professional and, thus, improve the organization's results and human development.**

To this end, professionals are monitored on an annual basis in the work environment, identifying and recording strengths and topics to be developed. Each professional is evaluated by their manager, according to the attributions, behavioral and technical skills aligned with their job profile. The Performance Assessment is based on four main factors, namely: **Responsibilities, Essential Skills, Specific Skills, and Technical Skills.**

At the end, a professional development action plan is carried out, aligned with the needs of the position, the area and meeting the demands of the professional. The result has been positive for professionals and leaders, recognizing the tool as fundamental for professional growth and strategic alignment.

## Great Place To Work Certification

The Great Place to Work (GPTW) is a worldwide consulting company that assists organizations to obtain better results through a **trusting, innovating, high performance culture.**

This means that Pettenati's professionals admire and positively recognize the organizational climate, autonomy, remuneration, transparency, impartiality, credibility, and other promoted factors by the company and of its responsibility.

Winning the Great Place to Work certification is the result of our growth and evolution. It is the realization that extraordinary people make extraordinary places.



'Achieving the Great Place to Work (GPTW) Brazil Certification is extremely important to us. It means the recognition that we are on the right path, that we are evolving and getting better for people who work for the same purpose, putting energy and commitment into all the projects, actions, and improvements we make in our company.'

**Ricardo Pettenati – CEO**

## Education



SDG 4 - Quality Education  
and SDG 8 - Decent Work and  
Economic Growth

At Pettenati, we believe that it's necessary to **learn and build in order to transform and innovate**. Learning new tools, methods, and ways of doing things and building our own future through knowledge to transform processes, products, and people.

A learning culture is formed from the interaction of new professionals, by sharing and multiplying each one's knowledge and experiences.

Therefore, we promote a culture of exchanging knowledge and constant learning that improves the skills of each professional, based on identified needs. Find out more about our educational platform below:

## Corporate University - UNIPETTE

Learning solution focused on training and developing technical and behavioral skills aligned with the strategy and needs of our business. Based on the pillars: Our Talents, Our Business and Our Management, each pillar has programs focused on the company's current needs:

### Our talents:

- Integrate program – instruct new professionals about the corporate's culture, philosophy, and processes.
- Transform program – behavioral skills development.

### Our Business:

- Learn program – development of fundamental skills to ensure the competence and adaptation of new professionals to our production processes.
- Connect program – English and Spanish language learning.

### Our Management:

- “Youleader” journey – Shaping new and high-performance leaders.

youleader

We believe in **education as a potential for transformation** and we obtained significant results with UNIPETTE, such as:

- Improved performance and optimization of the potential of our professionals.
- Strengthening the culture of continuous learning.
- Increase of interactions between professionals.
- Sharing and multiplication of knowledge and experiences among professionals.



## Professional's Health and Safety



SDG 3 - Good Health and Well-being and SDG 8 - Decent Work and Economic Growth

Every day actions are carried out in favor of health, so that our home and everyone who makes up the Pettenati family are protected in a safe and happy place.

In all its industrial units, Pettenati complies with the **FLA - Fair Labor Association**, code of conduct for the workplace, based on the **rules of the International Labor Organization**. Taking care of a professional's health or his improvement strengthens the ties of the Pettenati family.



Currently, we have:

- Permanent medical center.
- Preventive immunization campaign.
- Preventive physiotherapy campaign with labor gymnastics in the work environment.
- Ergonomics studies with adaptation of machines and work methods.
- Preventive dental care campaign and fluoride application to school children.
- Periodic preventive campaigns on cervical cancer, breast cancer, hypertension, and anti-smoking.
- Medical, dental, and nursing care, with follow-up and emergencies.
- Agreements with health plans, psychologists, optics, and pharmacy.

## Health Center

At Pettenati, we have a complete health structure to promote the well-being and quality of life of our professionals, contributing to:

- Consolidation and dissemination of the health and safety culture inside and outside the organization.
- Carrying out appropriate health treatments.
- Improved performance and increased productivity.
- Reduction of illnesses and accidents at work.

We provide services for scheduling appointments and external examinations, quick and accessible service to professionals in clinical and occupational health, and ergonomic analysis and monitoring.

## Labor Gymnastics with Music in the Clothing Manufacturing Process

Program that promotes quality of life, fun, integration, and relaxation in the work environment for all professionals at the Headquarters, where 7-minute breaks are held twice a day, 2 minutes for gymnastics and 5 minutes for greater comfort and well-being. The initiative aims to:

- Improve the professional's physical and psychological condition
- Improve self-esteem by favoring integration
- Improve disposition for work
- Reduce pathologies
- Decrease stress and tension levels
- Correct postural vices.

Observed results include:

- Reduction in the number of accidents at work.

- Reduction of absenteeism due to illness.
- Increased productivity.
- Improved organizational climate.

## “Equilibre” project

Leisure workshops between meals offered to promote quality of life, well-being, and physical and mental health. The initiative contributes to **carrying out activities with relevant themes aimed at promoting physical and psychosocial health** and better use of the lunch break, bringing closer to our professional activities relevant to their lives.

Weekly workshops of up to 30 minutes are held during break times in a partnership between the company and health and physical education professionals. The professional's co-payment is made through the payroll with monthly amounts.

The project started before the pandemic, in which Pilates and financial education activities were offered. The Pilates workshop returned in 2022, with changes in health protocols, respecting expert indications.

As a result, professionals who practice physical activity reported:

- Greater physical disposition
- Decreased muscle pain
- Greater sense of well-being during and after the activity
- Increased frequency of physical exercise outside of work
- Sharing benefits with family and friends
- Improvement in diet and pursuit of a healthier life.

The evaluation carried out by health professionals indicated a **decrease of approximately 55% of pain complaints** in a general context.

## Awareness Campaigns



SDG 3 - Good Health  
and Well-being

Since 2011, we have carried out the **Yellow September, Pink October**, and **Blue November Campaign** annually, with the aim of recalling the importance of carrying out tests for the early diagnosis of breast and prostate cancer, as well as monitoring and treating mental health.

The concern with Mental Health and prevention of serious health problems has gained relevance in recent years thanks to the new perception that mentally healthy people are happier. We at Pettenati believe that happy people positively influence the work environment, in reasoning, relationships and decision-making. That's why we created campaigns as a way to increase the visibility of the issues and make people aware of the importance of talking about health.

During the Campaign we:

- Do a collective call to look at the themes attentively.
- Make suggestion for carrying out exams and looking for a specialized doctor in order to prevent health.
- Indicate to look for a qualified professional, offered by Pettenati.

As a result, an increase in demand for health services was observed since the beginning of the campaigns.

## Preventive health program



SDG 3 - Good Health and Well-being and SDG 8 - Decent Work and Economic Growth

### Ophthalmological expedition

Since 2011, Pettenati, El Salvador branch, offers through the preventive health program, timely **medical care** to our professionals and, through the alliance of Clínica Pettenati and Ópticas, we promote **ophthalmology sessions** for professionals and their families. Communities also benefit from **providing eyeglasses to people with limited resources**.

The sessions take place in a mobile clinic and thus promote a preventive assessment to identify potential eye diseases so that they can be successfully treated and thus avoid long-term visual deterioration, improving work performance and quality of life.



## Environment

7

Businesses should support a precautionary approach to environmental challenges;

8

Undertake initiatives to promote greater environmental responsibility; and

9

Encourage the development and diffusion of environmentally friendly technologies.

# Main highlights

# Impact Summary

## Environmental Management Assessment

- HIGG Index and Bluesign System Partner

## Circular Economy and Waste Management

- 99,63% of the waste with correct destination, free from landfills
- 20% of the monthly consumption of cardboard tubes from reused tubes

## Responsible raw materials

- BCI - Better Cotton Initiative

## Cleaner energy sources

- 60% reduction in NOx emissions and 99% in SOx emissions
- 50% reduction in electricity consumption from lighting
- Reduction of 2,336,644 tCO2e in emissions in 2021

## Conscious use of water

- 20% reduction in industrial water consumption in 3 years

## Chemical substances management

- Transparency of our impacts through the BV3e and ChemIQ platforms
- Equally responsible supply chain

## Wastewater treatment

- ZDHC

## Innovation

- Improvement Groups, Project Management, Industry 4.0, and LEAN Manufacturing

## Awareness campaigns

- Environmental agenda
- An average of 100 kg of caps and more than 1500 kg of cones are donated annually

## Community

- Cleaning up the La Joya River together with locals

## Donations

- More than 200 seedlings planted annually
- Feed donation for more than 100 dogs

# Actions for the environment

Preserving the environment is a growing concern for everyone, and fashion could not fail to reflect this mentality in its creations. We understand that the textile industry has a great polluting potential and, therefore, at Pettenati, since the beginning of the implementation of the factories, the manufacturing processes and energy sources were already a concern that demanded attention and innovation with sustainable solutions.

Annually, we **identify and assess our environmental aspects and impacts**, in which the environmental risks arising from the manufacturing process are dimensioned. Within this assessment, actions are taken to mitigate the greatest environmental impacts. Based on our **Supply Policy**, we also demand that our suppliers have processes and actions to minimize environmental impacts.

At Pettenati, we contribute to the maintenance of environmental ecosystems and always seek solutions to reduce CO2 emissions, with the aim of obtaining a more sustainable energy matrix. Find out more details and commitments about our initiatives:

## Environmental Management Assessment



SDG 9 - Industry, Innovation and Infrastructure, SDG 12 - Responsible Consumption and Production, SDG 13 - Climate Action and SDG 17 - Partnerships for the Goals

## HIGG Index

HIGG Index is a tool for EMS self-assessment that evaluates necessary actions seeking to increase the environmental efficiency within the company.



The evaluation allows observing the items:

- Environmental Management System (EMS)
- Energy
- Water
- Wastewater
- Waste
- Atmospheric emissions
- Management of Chemical Substances



At Pettenati, the assessment **enabled innovation in internal processes and adequacy of documentation**, analyzing the requirements related to the maintenance of ecosystems and the environment. In 2021, we performed the first FEM2021 verification of the HIGG Index, obtaining a score of 59%.

## Bluesign System Partner



The Bluesign System is a globally recognized solution for the efficient and safe management of resources used in the textile chain. It sets limits for restricted substances and guides best practices for environmental management (Energy, Emissions, EHS Management, Input Stream Management, Chemical Management & Water).

Pettenati, an El Salvador branch, joined the global initiative and, since 2017, has allowed a **continuous certification of fabrics, guaranteeing production with the best practices, safe and efficient management of resources**, and products for the entire textile chain, protecting the consumer, manufacturer, and supplier.

# Circular Economy and Waste Management



SDG 9 - Industry, Innovation and Infrastructure,  
SDG 12 - Responsible Consumption and Production  
and SDG 17 - Partnerships for the Goals

The Circular Economy is a concept that associates economic development with better use of natural resources, through **new business models and the optimization of manufacturing processes with less dependence on virgin raw materials, prioritizing more durable, recyclable, and renewable inputs.**

At Pettenati, considering that we are a textile industry, we seek solutions for plastic waste, paper/cardboard, textile waste, scrap metal and chemicals packaging. Therefore, each waste generated undergoes a detailed analysis by the Environmental Management, which always seeks the best technology on the market for its treatment.

In 2021, at the Fabrics Unit, factory O5, Brazil branch, **99.63% of the waste were properly disposed** of, so we seek a landfill-free destination.

Total Waste - 2021 (ton)	3,231,240	%
Composting	2,096,470	64,88%
Recycling	1,090,271	33,74%
Re-refined	3,510	0,11%
Total Landfill / Autoclave	12,039	0,37%
Co-processing	28,950	0,90%

At the El Salvador branch, more than 20% of the monthly consumption of cardboard tubes comes from reused tubes, which have a unit cost 80% lower than a new tube. Learn more about our Circular Economy initiatives and socio-environmental impact:

## Waste Management

As part of Environmental Management, we manage the waste generated in our operations for each type of waste, seeking the most sustainable and environmentally appropriate destination. All waste generated at the company, at the Headquarters and at the Fabric unit, is segregated in a specific and restricted area and, subsequently, sent to our partners who will carry out the correct disposal process.

Each type of waste generated at Pettenati is studied so that it has the correct destination, thinking about the processing with the least environmental impact. **The use of technologies such as composting, co-processing, recycling, and re-refining stand out.** In this analysis, we look for companies that meet environmental standards and licenses.

To ensure the correct disposal of waste, in addition to requiring registration and authorization from environmental agencies for waste treatment, we carry out audits of our service providers in which we verify the company's facilities and services.

## Sludge composting

In 2015, at Pettenati, Brazil branch, a research project began for a sustainable destination for textile sludge sent to landfills. We seek to transform the textile sludge with the Treatment Station into organic fertilizer, with the aim of **eliminating the amount of sludge sent to landfills and reducing waste in these places.**

In partnership with the company in the waste composting business, we were able to **compost our sludge** and it was possible to introduce it into the plant, **transforming it into organic fertilizer.** In this way, we achieve a sustainable technology for the waste that we generate the most in the company.

## Donations of fabric scraps

Thinking about the right necessary waste destination and having a significant socio-environmental impact on the communities, **we donate textile material (fabric scraps) to NGOs and social projects**. The use of this material in the form of crafts helps families in need who use it as a source of income and guarantees a sustainable destination for textile waste, in all, more than 100 kg of fabrics have already been donated.

Beneficiary NGOs that receive donations produce items such as clothing for people and animals, bed, and table items, among others, for people in social vulnerability.

## Recycled cotton - shredded

At Pettenati, Brazil branch, surplus cotton waste from clothing, with different colors and thickness, is separated and directed to the recycling process. Waste is mechanically shredded, without the use of water, dyes or chemicals.

The aim of the project is to use recycled cotton fiber as an alternative for recycling textile waste. Products with less environmental impact save water and energy and reduce the textile waste.

## Fabric with recycled polyester fiber

Plastic when thrown into the environment takes around 400 years to degrade. Therefore, recycling plastic bottles prevents damage to fauna, flora and marine and river ecosystems, reducing pollution to the environment. The reinsertion of this material into the production chain ensures that the waste is not dumped in nature.

In conversation with our yarn suppliers, **we developed the use of recycled polyester microfiber** in differentiated textile articles.

In 2015, Pettenati, Brazil branch, **transformed more than 10 million PET bottles into recycled polyester fabrics**. It is thinking about the reuse of materials from the conception of the products, through investment in research and development, aiming to reuse them in the production chain.

Pettenati has adopted this practice for several years and is expanding. Today it's the company that offers the widest range of this type of product in America, producing it in its two industrial units, in Brazil and El Salvador, the latter of which is **RCS certified**.



## “Terracycle” Campaign

In 2015, we identified the difficulty in reintroducing items that are difficult to recycle into the production chain. Therefore, in partnership with Terracycle, **we make it possible to minimize waste sent to landfills**, applying the circular economy and promoting people's commitment to the environment.

## Electronic Waste Collection

In 2022, we started collecting and correctly disposing of electronic waste, avoiding sending it to landfills. Disclosures were made about the collection points and containers were made available for professionals to bring their waste.

# Responsible Raw Material



SDG 12 - Responsible  
Consumption and Production

At Pettenati, all our raw materials and processes are managed in a material flow management system so that unsustainable substances do not enter our production cycle. Therefore, the partnership with the Better Cotton Initiative (BCI) is essential for us to continue to develop cycles of values that share the same socio-environmental principles and ideals as we do.

## BCI Cotton

BCI is an international non-profit organization based in Switzerland, working to improve the world's cotton production for those who produce it, the environment in which it is grown and the future of the sector.



Its associates represent links in the cotton economic and productive chain. The awareness and orientation of these agents to the importance of fair labor relations and socio-environmental responsibility are essential to respond to the growing demand in the market.

BCI's goal is to improve the resilience of farming communities and the economy of cotton growing areas through the six principles of "Better Cotton", which are:

- Minimize negative impact on plantations
- Use water resources efficiently and preserve their availability
- Taking care of soil health
- Preserve natural habitats
- Take care of fiber quality
- Promoting decent work.

In this way, **BCI certification guarantees that cotton production is carried out respecting good social and environmental practices.**

At Pettenati, Eco3 Premium Cotton fabrics are produced in an authentic ecologically sustainable cycle, with the best yarns' cultivation practices combined with a production process from the most sustainable knitted fabric factory in the Americas, with internationally certified raw materials (chemicals and dyes), and with a sustainable energy matrix from a clean and renewable source.

## Cleaner energy sources



SDG 7 - Affordable and Clean Energy and SDG 12 - Responsible Consumption and Production

In 2020, at the Pettenati branch in Brazil, we changed the energy source in the burners of the thermal oil heaters in the branches. For example, the LFP oil used for power generation was replaced by LPG gas.

LPG gas is a cleaner and more efficient technology offering several economic and environmental gains for Pettenati, as the use of LPG gas significantly reduces combustion gases compared to burning LFP oil. In all, **60% of NOx emissions and 99% of SOx emissions were reduced**, impacting less the environment, and contributing to the maintenance of ecosystems. Learn more about our initiatives to achieve a cleaner energy matrix:

## Energetic Efficiency

In the fabrics and headquarters unit, fluorescent lamps are being replaced by LED lamps to improve energy efficiency and reduce costs arising from energy consumption. Lamp changes are being carried out gradually according to maintenance needs.

So far, 15% of the installed power in lighting comes from LED lamps. This represents a **50% reduction in electricity consumption in lighting**.

In addition, in parts of the infrastructure at Pettenati's factories, **translucent tiles are used to obtain natural lighting and reduce electricity consumption**.

## Initiatives for the use of renewable energies

Since 2011, Pettenati, Brazil branch, consumes **electricity only from renewable sources** (wind, solar, biomass, and hydroelectric plants), which is purchased from a company that sells energy on the free market. In 2021, Pettenati was **certified by Ludfor, which annually certifies the reduction in the emission of greenhouse gases due to the use of energy from renewable sources**.



Using energy from a renewable source, we obtained the following sustainability indicators:

Reduction of **2,336,644 tCO<sub>2</sub>e** in emissions in 2021  
Totaled **23,441,688 tCO<sub>2</sub>e** since October/2011



## Boiler operation with reforestation wood biomass

To produce steam in the boiler, at the Brazilian branch, we use wood biomass from reforestation forests. The use of wood as an energy source is less polluting than other sources of heat and, like all suppliers, it needs to be licensed by the competent environmental agencies to supply the fuel. The consumption of reforestation wood has a low impact on the environment, as it guarantees the **replacement of exploited forests and the preservation of green areas**.

In the fabric factory, we use biomass from eucalyptus and acacia wood. The burning of this biomass in industrial boilers provides energy in the form of heat for steam generation, which is later reused in the manufacturing process.

The entire boiler system **is monitored and receives preventive maintenance annually**, thus guaranteeing the functioning of the operation and lower emissions, according to the guidelines of the environmental agency.

## Wastewater heat recovery

It consists of using the heat from the wastewater to preheat industrial water. The system **reduces the consumption of wood, electricity, and gas emissions**, as it transfers the heat from the wastewater to the industrial water that will be used.

With the use of this system, we were able to level out steam consumption and reduce the consumption of biomass in the boilers. This **contributes to the maintenance of ecosystems**, as it makes it possible to reduce the amount of biomass used in the boiler. Another gain with this practice is the **cooling of the wastewater**, necessary for the proper functioning of the biological treatment of the Sewage Treatment Station.

## Conscious use of water



SDG 6 - Clean Water and Sanitation  
and SDG 12 - Responsible  
Consumption and Production

The reduction of water consumption, combined with wastewater treatment, are important factors to be considered in the sustainable textile process, as they have a direct impact on the environment. Get to know our initiatives for the reuse and control of this vital resource that is water:

### Consumption's control in the industrial process

The water consumption's control in the production process has always existed at Pettenati as a way of managing water resources. However, in 2019, a project was started to optimize industrial processes aimed at reducing water consumption.

**We continuously improve and reduce the consumption of raw materials and water in the dyeing processes**, working internally to implement process optimization. At Pettenati, Brazil branch, several processes were changed, among which we had significant reductions in water consumption per kilogram of fabric produced. In all, there was a **reduction of 20% compared to 2018**.

Consumo 2018: média 139L/kg de tecido produzido  
Consumo 2021: média 111L/kg de tecido produzido

### Water reuse from chillers

We remain concerned with preserving water resources, adjusting the dyeing pipes at the fabric factory, in order to collect and reuse the water from

the heat exchangers. The practice **reduces the amount of water captured for treatment**, helping to maintain ecosystems

We reuse the water used in the heat exchangers (chillers) of the dyeing machines, as this water is not contaminated with chemical products, it is sent directly to the hot water tank used in the manufacturing process.

## Chemical substances management



SDG 12 - Responsible Consumption and Production, SDG 14 - Life Below Water and SDG 17 - Partnerships for the Goals

### RSL management

The chemicals and dyes used in the fabric manufacturing process are controlled in terms of compliance with lists of restricted substances, such as AFIRM, OEKO TEX, BLUESIGN and MRSL ZDHC.

In partnership with our suppliers, we increasingly seek to use products that meet the lists of restricted substances. All raw materials and processes are handled in a material flow management system so that unsustainable substances do not enter our production cycle. With the control of RSL and MRSL, we managed to reach quality levels of the final treated wastewater that meet the requirements established in the ZDHC program

### ChemIQ

Virtual platform developed by B-HIVE in which Pettenati, El Salvador branch, **discloses its consumption and inventories of chemical products on a quarterly basis**, in order to characterize the use of chemical substances in relation to its InCheck performance with ZDHC.

## BVe3

Virtual platform developed by Bureau Veritas, in which Pettenati, El Salvador branch, discloses its consumption and inventories of chemical products monthly, with the goal of characterizing the use of chemical substances in relation to its InCheck performance with ZDHC.



Logos Environmental, Emission e Evaluator (e<sup>3</sup>) e Bureau Veritas

## Wastewater Treatment



SDG 12 - Responsible Consumption and Production, SDG 14 - Life Below Water and SDG 17 - Partnerships for the Goals

## Effluent Treatment Plant

At Pettenati, all wastewater generated in the industrial process is directed to the treatment station, which undergoes biological and physical-chemical processes. After the treatment has been carried out, **the effluent is returned to the water body within the parameters of local environmental legislation and international standards, guaranteeing the quality of water resources.**

We treat the wastewater to **return the effluent to the water body with conditions equal to or better than the one collected.**

At Pettenati's Brazil branch, the water used in the factory is collected from the Cai River and after its use in the manufacturing process, it is treated using

biological and physical-chemical processes that guarantee the final quality of the effluent within the standards of environmental legislation.

To comply with the environmental regulations of the inspection body, **analyzes of the treated effluent are periodically carried out**. Due to Pettenati's environmental commitment, every six months we also carry out analyzes of the effluent to comply with the ZDHC program.

## ZDHC program

The ZDHC (Zero Discharge of Hazardous Chemicals) program aims to **unite efforts to eliminate harmful chemical items from textile supplies**, ensuring that chemical product control actions make the treated effluent free of hazardous substances to avoid contaminating water resources.

# Ø ZDHC

ZDHC (Zero Discharge of  
Hazardous Chemicals)

The quality of the treated effluent is one of Pettenati's greatest achievements, where a careful analysis of raw materials was implemented, combined with optimized processes and high levels of controls, generating an effluent that meets strict national and international requirements.

In 2018, Pettenati joined the ZDHC program seeking to find the best performance in the treatment of wastewater. **We analyzed more than 200 parameters of the treated effluent in an external laboratory certified by the program.**

At Pettenati's Brazil branch, **daily water quality tests** are carried out in an internal and external laboratory to prove its quality and **every six months** we analyze our effluent according to the ZDHC guidelines. In the second half of 2021, **all parameters required** in the ZDHC program were met by Pettenati

# Innovation



SDG 9 - Industry, Innovation  
and Infrastructure

With practices inserted in the collaborative thinking of professionals and groups participating in the programs, we managed to evolve in many processes, always in search of continuous improvement, well-being of professionals and care for the environment. Know how:

## Process engineering and industrial innovation

At Pettenati, we seek to develop new technologies, optimize processes, and reuse materials with a view to reducing the environmental impact, increasing efficiency, and reducing costs.

**We understand that improvements in the manufacturing process favor a more competitive company that remains sustainable.**

For this reason, we have Improvement Groups and Project Management focused on Innovation, Industry 4.0 that integrates new technologies such as artificial intelligence, LEAN methodology that is mainly based on the reduction of 7 types of waste: Defects, Waiting, Inventory, Motion, Transportation, Over-processing, and Overproduction

## Awareness campaigns



SDG 12 - Responsible  
Consumption and Production

To create a culture of awareness regarding good environmental practices, we have a range of initiatives carried out annually. This way, we encourage professionals to change their daily habits and reflect that the planet needs to be preserved and that individual actions can make a difference. Discover our initiatives:

- **Environmental Agenda:** Environmental schedule referring to the campaigns to be carried out throughout the year, which include environmental issues aimed at professionals.
- **Environment Week:** Internal campaign to share information and raise awareness about preserving the environment.
- **Annual recycling campaign:** Campaign to collect recyclable materials, organized by the Regional Environment Committee in El Salvador, to increase the commitment of all professionals to recycling waste from their homes.
- **Turn Off Waste Campaign:** Disclosure of practices to reduce energy consumption at Pettenati, Brazil branch, and raise awareness in favor of energy savings.
- **Adopt a Mug Campaign:** Created by Pettenati, Brazil branch, with the aim of eliminating the use of disposable plastic cups and bottles, as well as reducing the environmental impact caused by the production of disposables, starting to make cups available in meeting rooms, water jugs and glass cups for visitors, and in the cafeterias, use of reusable cups.

- **Caps and Cones Campaign:** Campaign created by Pettenati, Brazil branch, with the aim to remove polypropylene plastic waste from household waste, encouraging the correct disposal and recycling of the material. We collected caps and cones from the Solidarity Engineering at Caxias do Sul University, and we also donated plastic cones generated in the clothing sector. Annually, an average of 100 kg of caps and more than 1500 kg of cones are donated.
- **Every Drop Counts:** Campaign created by Pettenati, Brazil branch, with the goal of rethinking the use of water and avoiding waste. Stickers were applied to all faucets in the factory, reminding us of conscious use and waste prevention. The labels on the faucets also remind professionals to notify those responsible in the event of a leak.

## Community



SDG 14 - Life  
Below Water

### Campanha de limpeza do Rio La Joya em El Salvador

Initiative aimed at **raising awareness among residents of neighboring communities and local institutions about the care and preservation of the La Joya River**, organized with the participation of community representatives and more than 600 professional volunteers.

Since 2011, Pettenati, El Salvador branch, has developed an initiative that has been presented at worktables with local communities and institutions, managing to implement the **cleaning day to collect waste in the river and promote the protection and preservation of the environment**. Trash bins and awareness signs were also installed, as well as the elimination of open-air dumps.



Community inhabitants, Community Development Associations (ADESCO), volunteer professionals, and local institutions participate in the initiative: Civil Protection, National Civil Police, City Hall, Scout Group, and schools. Pettenati professionals are also affected, as they live in communities that are part of the river cleaning initiative.

## Donations



SDG 16 - Peace, Justice  
and Strong Institutions

### Donation of tree seedlings

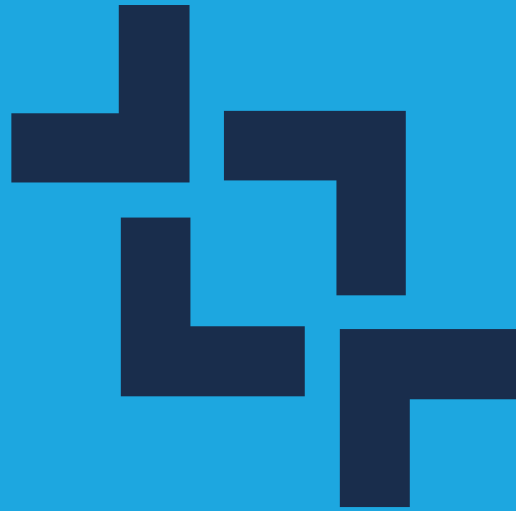
Annually, more than 200 tree seedlings are donated to be planted, with the aim of reforesting a natural area protected by the State, which was affected by a volcanic eruption, and also for the S.O.S Rio Caí project in Caxias do Sul (RS) which carries out its planting on the riverbanks and schools in the region. In this way, we foster environmental awareness, plant trees in the city, restore ecosystems and riverbanks, and preserve wetlands.

We understand that the action contributes to the awareness of professionals about the importance of trees. It's the inhabitants of the communities, the corporate environmental committee and Pettenati professionals who carry out the voluntary of the planting initiative.

### Food donation to dog rescue foundation

Pettenati, El Salvador branch, contributes monthly with the donation of dog food, which favors the food and nutrition of abandoned dogs rescued by Jardín de Peludos Foundation. The institution houses more than 100 dogs rescued from the street.

We support with the delivery of other supplies to meet some needs of the shelter and contribute to the reduction of abandoned dogs, through the rescue and care of canines that the Jardín de Peludos Foundation promotes in the communities of Ciudad Arce.



## Anti-corruption

10

Businesses should work against corruption in all its forms, including extortion and bribery.

## Main highlights

## Impact Summary

**Listed at the Securities and Exchange Commission**  
(CVM - Comissão de Valores Mobiliários)

### Supplier policy

- Guidelines for sustainable practices with suppliers

### External audits

- Accounting Audit and Internal Controls Audit

# Anti-corruption actions

At Pettenati, we value ethics and good practices, focusing on quality and training valuable people. In this way, **anti-corruption principles are fundamental for us to advance in our objectives, which include a convinced ESG agenda that guarantees the sustainability of the business.**



Logo CVM - Comissão de Valores Mobiliários

We are a company listed on the Securities and Exchange Commission (CVM - Comissão de Valores Mobiliários) and, as a requirement for participation and legal compliance, we must undergo an **accounting audit and an audit of internal controls**. In addition, we also have a **Supplier Policy**, in which suppliers are expected to commit to ethical and sustainable business practices, in compliance with human rights, labor standards and the fight against corruption.

We also have a Board of Directors, Audit Board and Advisory Board that can be called upon in cases of corruption, bribery, and extortion.

Soon, we hope to have an internal controls risk area. For next year, a **Code of Ethics** is already being developed.

Find out more details and commitments about our initiatives:

## Supplier Policy



SDG 16 - Peace, Justice and Strong Institutions and SDG 17 - Partnerships for the Goals

We believe that suppliers can be more competitive and efficient if they develop sustainable practices in their production processes and business practices. For this reason, **we have established guidelines on existing relationships with suppliers, as well as presenting sustainability criteria integrated into the acquisition process.**

With the policy, there is clarity in the company's purchasing process, as well as the obligations for the supply of products and services.

## External Audits



SDG 16 - Peace, Justice and Strong Institutions

### Accounting Audit

This is an external audit that performs compliance of accounting entries. It's a necessary procedure to examine all the company's accounting documents, ensuring the veracity of the information and bringing more credibility to the financial statements.

The goal is to **accurately attest the accounting records, identify fraud, mistakes, or irregularities.** It is expected to have the accounting records in compliance and, thus, obtain the unreserved audit opinion. The audit allowed for the accuracy of the accounting records and all the company's control elements.

## Internal Controls Audit

It is a verification, by the independent external audit, of the information systems used by the company. It exists to **support audit processes of accounting records and assess the level of security of the company's existing internal controls.**

It suggests and recommends the implementation of improvements to the internal mechanisms for preventing fraud, mistakes, or irregularities. The audit of internal processes resulted in improvements to several processes, providing security to accounting records.

## Next steps

As part of our innovation process, we adopted public socio-environmental commitments for the coming year, including:

- Materiality assessment, based on the simulation of the Corporate Sustainability Index of the Brazilian Stock Exchange, for the creation of the first GRI Report;
- Implementation to other global initiatives, such as Impact Assessment B, carried out by BLab;
- Expand sustainability projects;
- Finish the Code of Ethics;
- Expand the Equilibre Project, with the opening of workshops on Financial Education, Nutrition and Meditation.



# Datasheet

## Communication on Progress Report 2021-2022

Pettenati Indústria Têxtil S.A.

### Coverage Period

01/01/2021 - 31/07/2022

### Writing

Pettenati Indústria Têxtil S.A. and  
Geração Social

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Geração Social

### Review

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