



# Portobello

SUSTAINABILITY  
REPORT **2021**

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# Message from the Chairman of the Board

GRI 102-10, GRI 102-14

The development of the Group's strategic priorities, the persistent pandemic and a market context that combined high demand with increased costs made 2021 a year of challenges and lessons.

We made progress in our internationalization, starting the construction of the manufacturing plant in Tennessee, US, which will begin production in the first half of 2023. At the same time, we have consolidated strategic partnerships and our presence all over the American territory.

We accelerated our operations in Retail, with the expansion of sales and market share. This result reflects the effort to always improve the shopping experience and satisfaction of our customers and to increasingly strengthen the relationship with architects and specifiers.

We reinforced our governance through the creation of advisory Committees to the Board of Directors, in particular the Sustainability, Audit, Governance and Strategy Committee. We structured the General Secretariat and formed the Compliance and Audit areas, which express the Group's commitment to transparency and professional management.

We exercised our purpose of transforming environments and moving people, adding a more objective dimension with the adherence to the United Nations Global Compact, through which Portobello assumes commitments in line with the Sustainable Development Goals (SDGs). ESG targets and indicators will guide the Group's actions and ambitions.

In 2021, Portobello, Portobello Shop, Portobello America and Pointer, our four business units, have grown. Good results bring energy to the company, motivate and give more confidence to our team. Growing together is part of our history.

I thank the employees and partners who have committed to building better results for the environment, people and business in 2021, and I hope to count on everyone to continue building an increasingly sustainable future.

## **Cesar Gomes Junior**

Chairman of the Board of Directors and of the Sustainability Committee





# Portobello

GRI 102-1, GRI 102-2, GRI 102-3, GRI 102-4, GRI 102-5, GRI 102-6,  
GRI 102-7, GRI 102-12, GRI 103-1, GRI 103-2, GRI 103-3, GRI 102-40,  
GRI 102-42, GRI 102-43, GRI 102-16, GRI 203-1, GRI 207-4

# Portobello

Portobello  
Shop Batel,  
Curitiba (PR)





**138**  
stores

**51,000 m<sup>2</sup>**  
(549,000 ft<sup>2</sup>) of exhibition  
areas throughout Brazil

Export to over  
**60 countries**



Portobello Group  
directly employs

**3,700**  
people, of which  
**1,300**  
operate in retail

Portobello has the largest specialized retail network in Brazil, the Portobello Shop, with more than 51,000 m<sup>2</sup> (549,000 ft<sup>2</sup>) of exhibition areas throughout Brazil, in addition to being the leading brand in the Brazilian ceramic tile market.

A global player in the sector, Portobello Group, a large-scale corporation, has multichannel operations. In addition to specialized retail, it distributes its products to the main homecenters, offers specialized service to large building works, directly to development companies and the real estate market, and acts on five continents

through distributors and its own operation in the United States – which in 2023 will host the first Portobello factory abroad, in Tennessee, an important step in the brand's internationalization strategy.

Its industrial parks, in Tijucas, state of Santa Catarina, where the headquarters are located, and Marechal Deodoro (Alagoas), have modern facilities that reinforce the company's technological innovation, with production of more than 46 million square meters in 2021, which is complemented by partnerships with manufacturers in Brazil, Asia and Europe.

Portobello emerged in 1979 with a proposal for innovation and design, attributes that have guided the company's actions since then, and which have evolved into a set of differentials that promote the ESG principles.

A publicly traded company and participant in Brazil's B3 New Market, Portobello follows strict corporate governance standards, with emphasis on the performance of the Board of Directors and the Audit, Sustainability, Governance and Strategy, Ethics and Tax Committees.

The commercial vocation, present in the essence of the company, and which evolves towards the business model of an integrated retail that follows principles of sustainability, has guided the systemic vision of the production and distribution chain. Care for the environment and society is present in the procurement of raw materials, in the production process and in the relationship with all audiences, from team and supplier management initiatives to programs with clients and architects, such as sharing good sustainable architectural practices.



## Portobello Shop

The group's retail unit is a leader in the relationship with architecture and design professionals and has 138 stores, 18 of which are owned. The Superstores, spaces from 700 m<sup>2</sup> to 1,000 m<sup>2</sup> (7,534 ft<sup>2</sup> to 10,763 ft<sup>2</sup>), offer the most complete design experience in the world of ceramic tiles and accessories, such as plumbing fixtures, mortars and grouts. It also offers product installation services and the Oficina Portobello, the "haute couture" in the world of porcelain furniture.

With an omnichannel vision, Portobello Shop offers a journey to the specifier and their customer in both digital and physical environments. The Archtrends platform, with 236,000 monthly hits, is a highlight in the inspiration and material specification stage, sharing content and project references. This digital performance continues to be constantly improved, so that the customer experience is increasingly fluid.

Portobello Shop Ribeirão Preto (SP)







Portobello Shop SIA Brasília (DF)



Portobello Shop São José (SC)

**The number 1**  
floor coverings and  
accessories retail  
network in Brazil

**9 distribution**  
centers in Brazil

**Portobello  
+arquitetura**

Reference in  
relationship with  
architects

**Archtrends  
Portobello**

Reference in content and  
inspiration with more than  
**236,000 hits**





## Portobello

In addition to being the corporate and product brand of the Group, Portobello represents the traditional operation of the floor and wall coverings trade, with headquarters next to the Tijucas industrial park in Santa Catarina. With a multichannel operation, the unit distributes its products to the main home centers in the country, for the real estate market and for large construction works, and it exports to more than 60 countries. Portobello is the main exporting brand in the segment, an activity it has been carrying out since its first years of operation.

The unit is the heart of the group's technological innovation as it houses the factories, which operate with state of the art equipment and processes, besides having the know-how in product design and development. In 2021, production was 29.4 million square meters (316 million ft<sup>2</sup>). The highlight in production was the Lastras tile factory, with exceptionally larger formats than those found on the market, making the brand the first with a capacity for coverings up to 1.80x3.60m (5.9x11.8 ft)

**43** years of history

Pioneer in the production of  
**Lastras large-format tiles**

Reference in **design and innovation**

Production of **29.4 million m<sup>2</sup>**  
**(316 million ft<sup>2</sup>)**





Warehouse,  
Pompano, Florida

## Portobello America

A company with Portobello know-how and North American essence, it creates, produces and distributes complete and competitive floor covering solutions. Portobello America started its distribution operations in the US in 2018 as part of Portobello Group’s internationalization strategy. Currently, it has two Distribution Centers that serve a network of dealers in the North American market, strategically located in Florida and in Tennessee, headquarters of the company’s future industrial unit.

The new Portobello America plant will be in Putnan County, Baxter (TN), and should start production in the first half of 2023. An integrated business model, with expertise in logistics and based on design and innovation, underpins the North-American unit strategy, which proposes a market-oriented vision, with agile management, always connected, offering services capable of enhancing the clients’ results.



Factory project in Baxter, Tennessee



**First factory in the USA,**  
under construction in Tennessee, with  
opening scheduled for 2023

National presence with key customers  
**in all US regions**

## 2 Distribution Centers

with storage capacity:  
Cookeville, 8,000 pallets  
Pompano, 3,000 pallets

Production capacity of  
**7.2 million m<sup>2</sup> (77.5 m ft<sup>2</sup>)**

Investment of  
**USD 160 million**



# Pointer

Pointer is the leading design brand in the dry ceramics segment, a technology of production without the use of water in grinding, a genuinely Brazilian sustainable innovation. With operations in the Brazilian Northeast, in addition to exporting, the unit took the concept of democratic design to the market for classes B and C. Despite being a young brand, it quickly consolidated itself in the segment.

Pointer's strategy is one of spraying, focusing on consumers who plan their construction without the support of architectural professionals and who intensively use digital technology to access information. Digital performance and partnerships with designers mark the brand's commercial strategy.

The plant in Marechal Deodoro (AL) produced 16.7 million m<sup>2</sup> (180 million ft<sup>2</sup>) in 2021, and it is one of the most sustainable factories in the segment.

## Democratic Design

**+ Sustainable** Factory

**Dry milling** technology

Brand responsible for

**Cobogó Mundaú Project**



Pointer, Marechal  
Deodoro (AL)



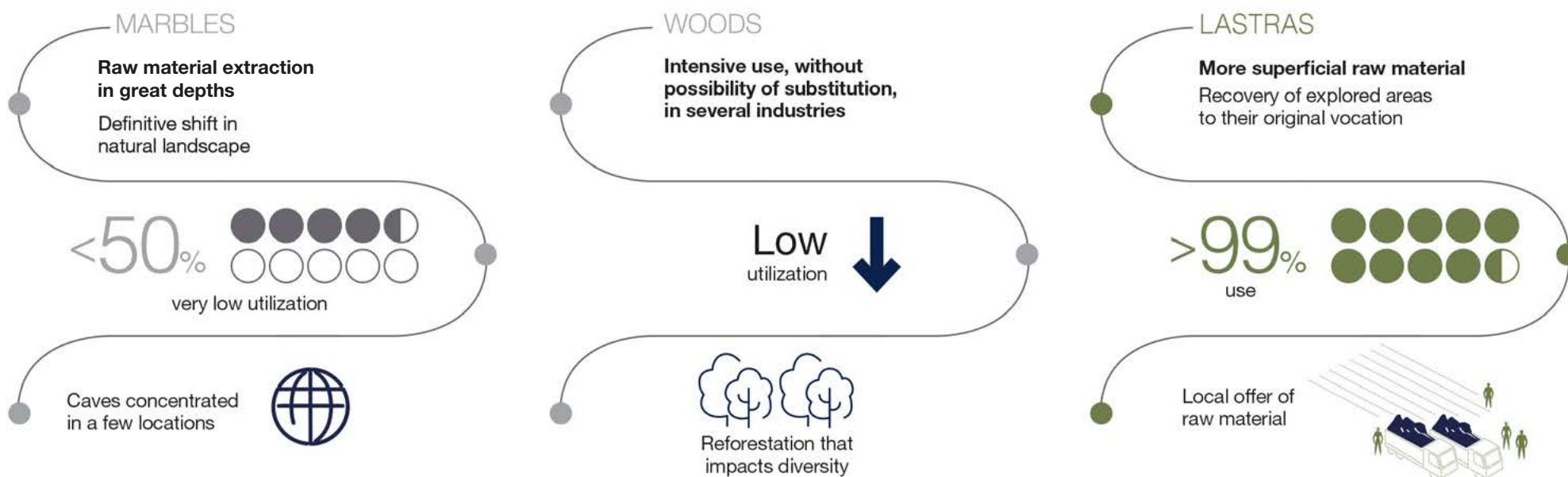
# Lastras, the future of covering

A technological innovation initiative, with important manufacturing investments and which brought major logistical and commercial challenges, the Portobello Lastras Project began in 2019 and started producing in 2020.

Lastras represent a new paradigm for covering in architecture, expanding the frontiers of porcelain use, whether for projects and environments previously destined for other materials, or for furniture design.

## Most sustainable alternative

The evolution of design and technology allowed Lastras porcelain tiles to reproduce materials such as wood, marble and other natural stones, with technical features more suitable for use as a covering and minor environmental impact.





## Lastras, a sustainable product by its own nature

With the super formats, already known as 'continuous surfaces,' the limits of uses are overcome. Porcelain tile becomes a raw material for covering both interiors and facades, for furnishing, applied to countertops in functional environments and to design furniture, and for decorating, replacing panels and cuts usually made with stones, marble and wood.

Ceramic is a more sustainable material due to its essential characteristics: inert raw material and usually extracted from places close to factories, multiple possibilities of regeneration of clay deposits and production process that uses clean energy, closed water circuit and allows maximum reuse of waste. The technical features allow its use as coating, replacing materials that are endangered or that cause larger environmental impacts.

Lastras further enhances all of those sustainable features. With the evolution of technology, thicknesses were reduced and the product uses less raw material and energy, positively impacting the entire chain. Continuous surfaces and aesthetic evolution allow previously unimaginable uses, logistics are optimized and construction systems often allow reuse.

Portobello is a pioneer in building the culture of large surfaces in architecture, playing a leading role in this frontier of innovation in porcelain tile. It invests in the training of professionals to incorporate Lastras into their projects, in specification, logistics and installation.

The Portobello Shop stores were transformed into Lastras Portobello stores in the last two years, with an exhibition aligned with the best stores in the world, providing employees, specifiers and customers with an immersion in this new concept.





# Manifesto

## WHAT MOVES US

The environment we live in is the  
essence of our business

We believe that design is the competence that makes us unique and innovative, transforms people's lives and manifests itself in our products, ambiances and experiences with the Brand.

Our business environment is global, but the design must reflect the local context.

Our culture, strategy and management must enable the creation and distribution of Portobello design, generating value for all audiences, through our integrated model and with operational efficiency indicated by socio-environmental development.



## **Purpose**

Living Design.

Transform  
environments and  
move people.

## **Vision**

To be a Brazilian  
leader and global  
player in covering  
solutions for  
environments,  
through design  
and innovation.

## **Belief**

Life with design  
is smarter,  
more beautiful  
and safer.



# Strategy

GRI 103-1, GRI 103-2, GRI 103-3

Strategy aimed at strengthening retail and accelerating the Group's internationalization.



## Integrated model focused on retail

This is what guides our organizational strategy

## Differentials

Our values and differential attributes

**Brand**

**Products**

**Services**

**Agility**

**Connection with people**

## Processes

What guides our organizational management

**Synergy between businesses**

**Efficiency and profitability**

**Innovation and sustainability**

## Organizational development

Company culture provides a solid foundation for growth

**Retail culture**

**Meritocracy**

**Valuing people**

**Intra-entrepreneurship**

# Differentials

Our values and attributes

## Brand

Translation of the brand's attributes: design, innovation, trust and quality.

## Product

Expression of style, consistency in design, innovation and the appropriate portfolio for each brand.

## Services

Solutions that generate value in the store experience, in the integrated model, project elaboration, distribution and installation and maintenance systems.

## Agility

Flexibility, simplicity and adaptability with speed and effectiveness

## Connection with people

A relationship experience that inspires, enchants and engages.



# Governance

GRI 102-11, GRI 102-16, GRI 102-18, GRI 102-40, GRI 102-42, GRI 102-43,  
GRI 103-1, GRI 103-2, GRI 103-3, GRI 205-1, GRI 205-2, GRI 207-1,  
GRI 207-2, GRI 207-3, GRI 405-1, GRI 406-1, GRI 415-1

Constantly evolving practices that combine  
ethics, integrity and transparency with  
management and monitoring

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# Structure



**Mauro do Valle Pereira**  
CEO

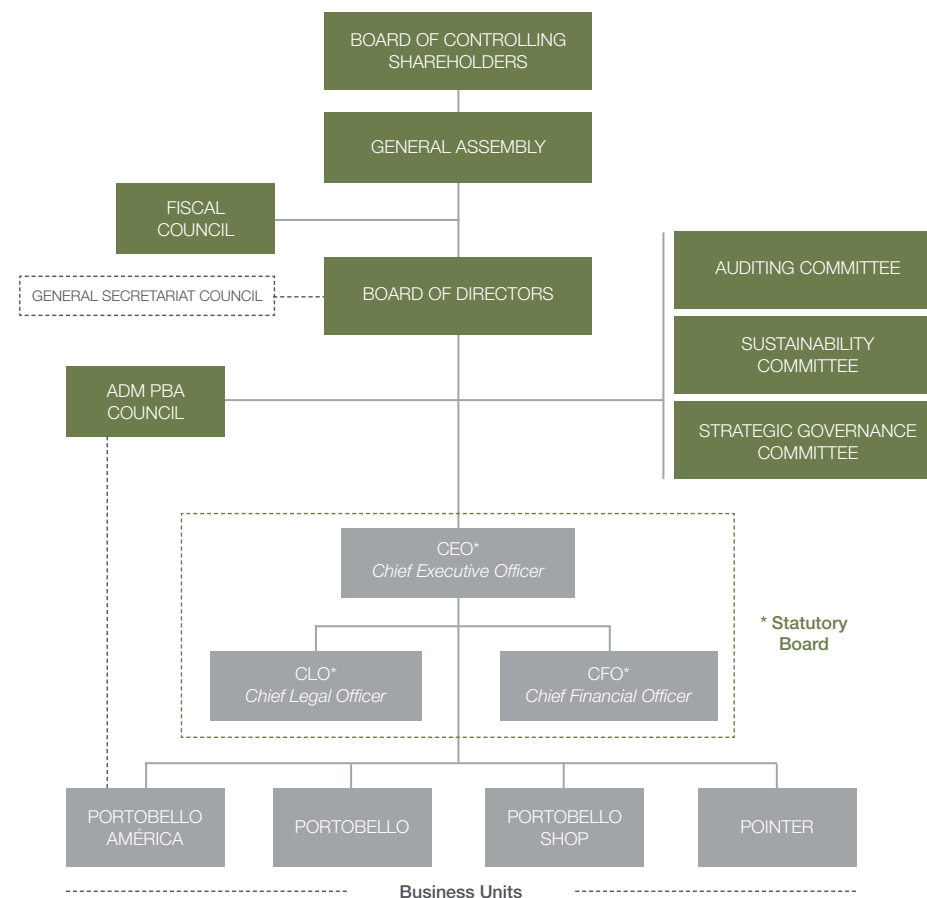
**Ronei Gomes**  
Vice-President  
of Finance  
and Investor  
Relations

**Cesar Gomes Junior**  
President of  
the Board of  
Directors

**Cláudio Ávila Silva**  
Vice-President  
of the Board of  
Directors

**Edson Luiz Stringari**  
Legal  
Vice-President

## Evolution of the governance model



Portobello Group's share capital comprises 147,529,703 common shares, 60% of which belong to the controlling shareholders and managers.



## BOARD OF DIRECTORS

Members elected by the Ordinary General Assembly (OGA)

Disseminate the organization's values, defining the strategic direction, optimizing the return on investments, promoting an organizational culture based on ethics and company values, permanently monitoring business actions and decisions.

**Cesar Gomes Junior**  
President

**Cláudio Ávila da Silva**  
Vice-president

Councilors

**Nilton Torres de Bastos Filho**

**Glauco José Côrte**

**Geraldo Luciano Mattos Júnior**

**Walter Roberto de Oliveira Longo**

**Marcos Gouvêa de Souza**

## GENERAL SECRETARIAT

Promote the evolution of corporate governance, unfolding the strategic vision in planning and strategic projects, advising the governance committees and leading corporate communication, sustainability and market intelligence.

**Renato Ramos Neto**  
Secretary General

**Izabela Aleluia**  
Secretary of Governance

**Juliana Peixoto**  
Corporate Communications Coordinator

**Scheila Orlandi**  
Sustainability Coordinator

## FISCAL COUNCIL

Members elected by AGO

**Jorge Muller**

**Maro Marcos Haldich Filho**

**Carlos Eduardo Zoppello Brennand**

## COMITEES

Members elected by OGA

## AUDIT

Advise the Board of Directors in the establishment of criteria and overview of financial statements and internal controls, risk and compliance management aiming at the reliability and integrity of information.

**Cláudio Ávila da Silva**  
Coordinator

Members:

**Glauco Côrte**

**Gladimir Brzezinski**

## SUSTAINABILITY

Establish the strategic guidelines for Sustainability at Portobello Group, following the ESG pillars.

**Cesar Gomes Junior**

Chairman of the Board of Directors and of the Sustainability Committee

**Cláudio Ávila da Silva**

Vice-President of the Board of Directors and of the Sustainability Committee

**Gabriela Richter Gomes Martini**

Franchisee and Shareholder

**Miriam Gomes Vieira Andrade**

Shareholder

**Christiane Alves Ferreira**

Branding Director

## GOVERNANCE AND STRATEGY

Body for the development and monitoring of strategies, governance, company results and support to the board of directors.

**Cesar Gomes Junior**

President of the Board of Directors

**Cláudio Ávila Silva**

Vice-President of the Board of Directors

**Mauro do Valle Pereira**

CEO

**Edson Stringari**

Legal Vice-President

**Ronei Gomes**

Vice-President of Finance and Investor Relations

Portobello also has Ethics and Tax Committees, which are managed by the executive structure.

## EXECUTIVE BOARD

Members chosen by the Board of Directors

**Mauro do Valle Pereira**

CEO

**Ronei Gomes**

President of Finance and Investor Relations

**Edson Stringari**

Legal Vice-President

### Composition of Governance Bodies

18% Women	29% From 30 to 50 years old
82% Men	71% Over 50 years old

# Integrity

## The Ethics Code

The document gathers the conducts and principles that must be followed by 100% of the employees, reaffirming the commitment to balance the economic, environmental and social pillars, according to the values of the organization. It highlights, among other fronts, the Integrity pillar, which addresses the need for rigorous and impartial behavior and full respect for the laws and standards that govern activities with customers, suppliers and competitors. It does not tolerate any type of attitude that constitutes an attempt or practice of bribery or corruption.

The code of ethics is under review and will now include not only employees, but other stakeholders. It will also address the relationship with consumers in more depth, bringing guidelines for responsible marketing, behavior on social media, fair

competition, confidentiality and privileged information, donations and sponsorships, General Data Protection Law, compliance of accounting, financial and contractual records.

In 2022, Portobello will strengthen the mechanisms that prevent corruption, with the execution of a specific action plan, which will include the implementation of anti-corruption and relationship policies with the public sector, definition of compliance procedures with inspections and investigations and for the relationship with tax authorities, review of internal processes involving the hiring of third parties and payment flows, as well as training on code of ethics policies, risk assessments of corruption in operations and communication actions on the subject.

The company does not make political contributions.

## Ethics Channel

Portobello has developed an independent ethics channel, managed by a specialized consultancy, which receives complaints via telephone or web. Complaints of misconduct, characterized by non-compliance with the code of ethics, internal policies and rules and current legislation, are evaluated by Compliance and by the Ethics Committee. In addition, there is a policy to protect the good faith communicator to avoid retaliation – records can be anonymous or identified. Until 2021, complaints were managed internally, making anonymity impossible. During the year, there were no complaints of any nature and no cases of discrimination.



# Risk management

Portobello created in 2021 a Compliance structure, linked to the Legal department. The area is guided by the following principles and responsibilities:

- 1.** commitment and support from senior management
- 2.** independence;
- 3.** management of internal rules (code of ethics, procedures, policies and internal controls);
- 4.** training and communication on integrity and compliance;
- 5.** responsibility for the channel for sending doubts, complaints and concerns;
- 6.** mapping, assessment and risk management.

This new action front was responsible for mapping the operational risks, based on interviews carried out with representatives of the company's various areas. This work identified nine factors that must be constantly monitored:

public corruption, corruption and private fraud, use of an intermediary ("orange"), actions to hinder investigations and inspections, conflict of interest, privileged information that can generate benefits in carrying out negotiations (insider trading), non-compliance with regulatory obligations, harassment and discrimination and the environment.

After the survey, the risks were classified and an action plan was created, which will be implemented in 2022, although for almost all fronts there are already active initiatives in progress. To improve the management of environmental risks, for example, the company evaluated the main points of attention, such as compliance with regulations, environmental tax obligations, licensing, permissions and conditions, reverse logistics, sharing information with third parties, waste management, pollutants and incidents. The Audit Committee, which will start operating in 2022, will be the governance body responsible for risk management.



## Tax approach

The tax approach is linked to the business strategy, with the aim of ensuring social and economic sustainability, based on compliance with local and international tax legislation. As a principle, it is based on the risk management pillar to ensure compliance with regulatory standards and optimization of the tax burden. The company cooperates with regulatory and supervisory bodies, based on transparency and efficiency of tax procedures.

Portobello has established a Tax Committee, with a regular agenda for decision-making, composed of trained and experienced executives in the Brazilian and international tax system.

With the premise of ensuring regulatory compliance and continually improving tax processes, the company seeks support from the internal controls area and/or specialized consulting. This support is essential for the definition of Policies and procedures, which are regularly reviewed by the internal audit committee and by an independent company.





# The Report

GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-46, GRI 102-47, GRI 102-48, GRI 102-49, GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-53, GRI 102-54, GRI 103-1, GRI 103-2, GRI 103-3

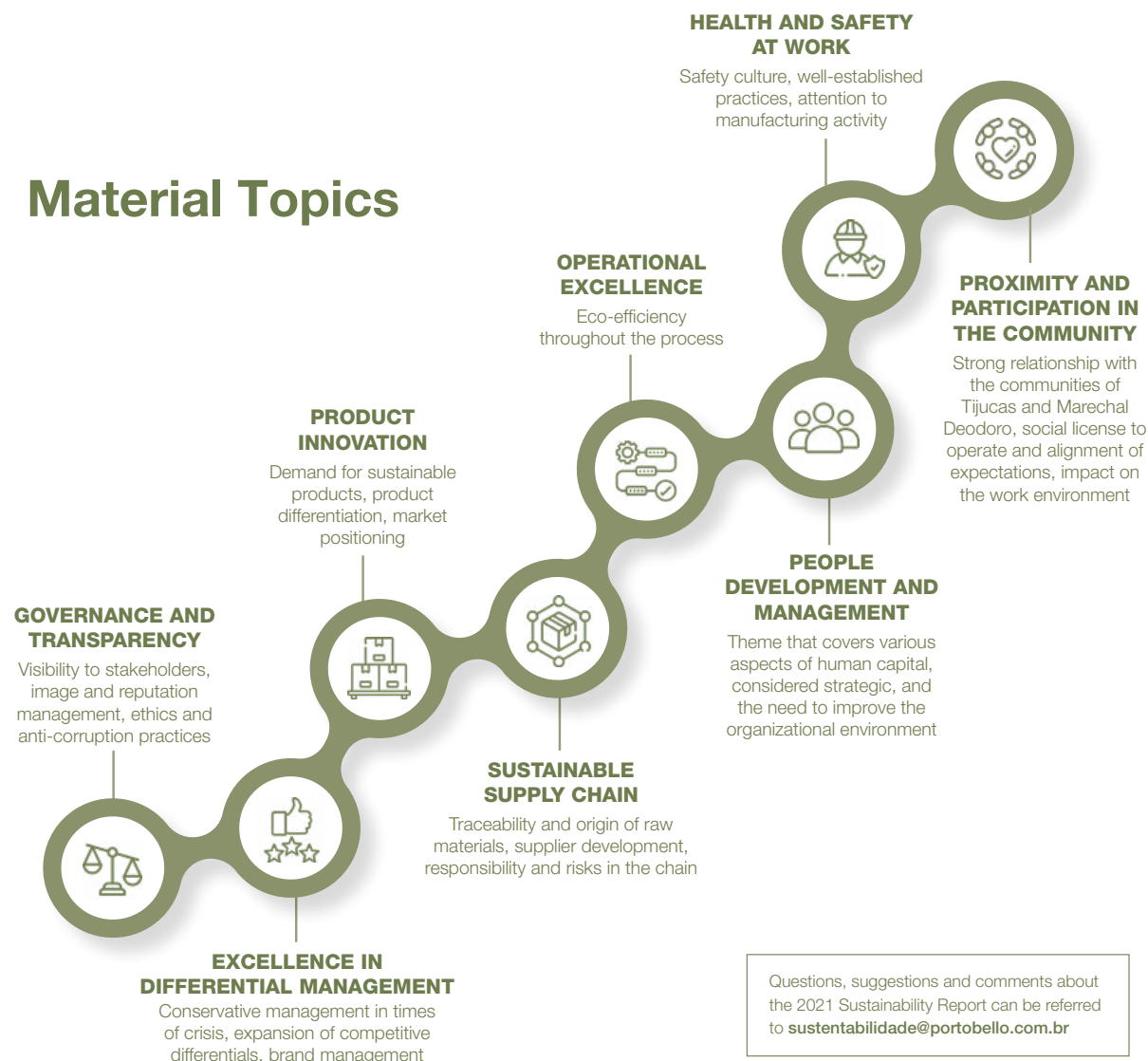
This publication brings the main highlights of Portobello in the economic, social, environmental and governance areas during the year 2021, and it complies with the GRI (Global Reporting Initiative) Standards: Essential option. The company produces its sustainability report annually, and the previous document was released in 2021 and reported 2020.

The covered content follows the materiality matrix built in 2015. The process of defining the material themes included an analysis of sectorial studies and sustainability materials, as well as interviews with the main strategic stakeholders, company executives and an online survey answered by more than 100 people, including employees, community members, customers, suppliers and architects. The relationship publics were defined by the organization's leaders.

Thus, the stakeholders brought the eight themes that they considered important for the business and for the strategic direction of the company.

The report chapters show the strategies related to each of the material topics in 2021, as well as the type of management used, with processes and initiatives developed or planned and the results achieved. Portobello believes in the importance of understanding the impact of its actions on people and the environment in order to direct the operation with the responsibility expected of a company with this profile and scope. This action will be guided by the ESG Planning 2022 - 2026, which has as its pillars the rational use of natural resources, the resignifying of waste, diversity, safety and the well-being of people, and also the engagement of employees, suppliers, partners and customers.

## Material Topics



Questions, suggestions and comments about the 2021 Sustainability Report can be referred to [sustentabilidade@portobello.com.br](mailto:sustentabilidade@portobello.com.br)

# Sustainability at Portobello

GRI 102-11, GRI 102-16, GRI 102-18, GRI 102-40, GRI 102-42,  
GRI 102-43, GRI 103-1, GRI 103-2, GRI 103-3, GRI 201-1, GRI 201-4,  
GRI 205-1, GRI 205-2, GRI 205-3, GRI 206-1, GRI 207-2, GRI 207-3,  
GRI 307-1, GRI 419-1, GRI 405-1, GRI 406-1, GRI 415-1





Attentive to the world's changes, Portobello evolves with society's advances. It brings innovation at its core, which guides the way it conducts business, develops products and relates to its people and the environment. It believes in constant evolution, together with everyone.

For Portobello, sustainability means being aware of its actions and the impacts of its choices, and understanding the responsibility of being an integral part of society and the ecosystem we live in; to be committed to its entire production and distribution chain, helping to build a future where we all evolve together; and create transparent, inspiring and engaging connections through relationships, the way of doing business and participation in society.

In 2021, it signed the UN Global Compact, committing to follow the principles of Human Rights, Labor, Environment and Anti-corruption in its day-to-day operations. The company has also been part of the Santa Catarina SDG Movement since 2017.

# Our premises:

Being consciously  
**As Sustainable As Possible,  
As Soon As Possible (ASAP)**

The production and distribution chain must be more than socio-environmental responsible, it must be **regenerative**.

- Ensuring that the **natural resources** needed to produce and distribute are used **rationally**.
- That **waste is re-signified**.

**First, take care** of “the house”, **of what is essential**, that is, the entire production and distribution chain, **from raw materials to the final setting**.

**Relate to people** with respect and dignity

- That the communities surrounding factories, offices and stores make part of the brand ecosystem.
- To be a **protagonist in the inspiration, education and engagement** for sustainability.
- Be **transparent and didactic** on the topic of sustainability.

# Sustainability Committee



**“We care about the well-being of our team and the people around us, collaborating to build sustainable and diverse communities”**

**Cesar Gomes Junior**  
President of the Board of Directors



**“We are tirelessly dedicated to improving the different stages of productive and creative processes, so that we can take care of and help to regenerate the planet where we live.”**

**Christiane Ferreira**  
Branding Director



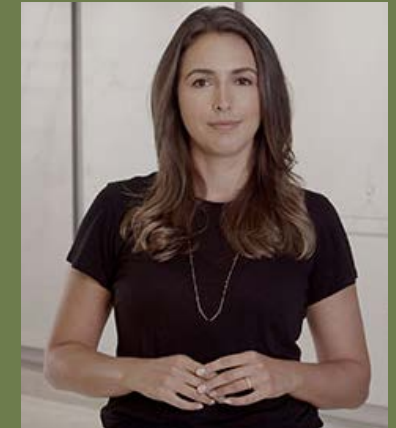
**“We value the people of the communities in which we operate and we believe in their potential to evolve and transform the world for the better.”**

**Cláudio Ávila Silva**  
Vice-President of the Board of Directors



**“At Portobello, we believe that it is only possible to grow together. Opportunities exist for everyone and we share risks, results and ethical values.”**

**Miriam Gomes Vieira Andrade**  
Shareholder



**“Positive financial indicators, the satisfaction of our customers and the commitment of all stakeholders guarantee the sustainability of our business.”**

**Gabriela Richter Gomes Martini**  
Shareholder



Sustainability is part of the essence of the company, brought by its founder, Cesar Bastos Gomes (center), and has been consolidating itself as an important management differential, a process led by his son, Cesar Gomes Junior, and by his granddaughter, Gabriela Richter Gomes Martini, members of the Sustainability Committee.



The Sustainability Committee promoted the first edition of Portobello's Sustainability Week in June 2021, with the objective of engaging the whole internal public. The meeting reinforced the group's main actions in the environmental, social and governance pillars, in a program occupying four days.

On the first day of the event, the company highlighted the importance of a more conscious production process. The performance that seeks to preserve the environment was highlighted, with the development of sustainable projects, which begins with the innovation and design of products, seeking to further strengthen the characteristics of Portobello's sustainable positioning.

The program included the exhibition of social actions promoted by the company, as well as the stories of engagement from Portobello Shop stores, which spread social initiatives throughout the country.

The highlight of the week was the presentation of the Cobogó Mundaú project, by designer and architect Marcelo Rosenbaum. He spoke about the creation of a new company product and the development of the community that extracts the raw material.

The event ended with a presentation by Portobello's Sustainability Committee, which exposed its commitment to aligning Portobello's strategy with the theme of Sustainability.



Live with the Sustainability Committee at the closing of Sustainability Week First Edition

**+ 2,300**  
views

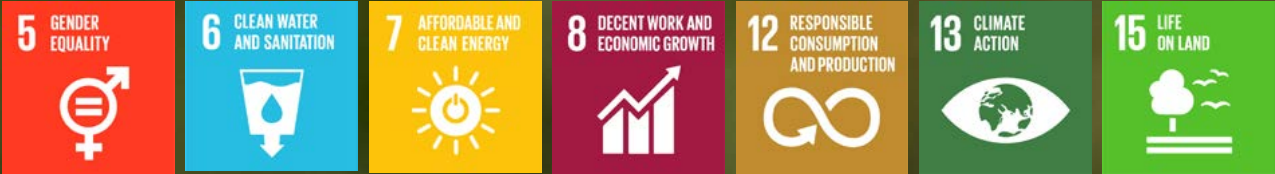
**4** Units  
involved

Speaking partners:  
**Marcelo Rosenbaum**  
and **Fê Cortez**  
(Menos 1 Lixo)



# The ESG Strategy

In 2021, sustainability took shape with the elaboration of the ESG Plan 2022-2026, which will guide the initiatives of the company's various areas in the coming years. The strategy is aligned with the ESG principles followed by the market and combines current needs with values that have always guided the organization. The structure of objectives and goals contributes to the advancement of important Sustainable Development Goals (SDGs), a structure created in 2015 in a process led by the United Nations, and which brings together the main challenges of society with goals to be achieved by 2030. The planning mainly addresses SDGs 5 (Gender Equality), 6 (Drinking Water and Sanitation), 7 (Affordable and Clean Energy), 8 (Living Work and Economic Growth), 12 (Sustainable Consumption and Production), 13 (Action Against Global Climate Change) and 15 (Terrestrial Life).



**The ESG Strategy has 4 main pillars:**

# Portobello + Diversity



## Goal:

To be actively inclusive, promoting diversity and well-being, valuing people, creativity, different opinions with ethics, respect and opportunity for all.

## Ambitions:

- Be proactive in policies to promote gender equality.
- Ensure women’s participation and equal opportunities at all levels.
- Go beyond the quotas, implementing a program of inclusion and development of PwD employees.



# Portobello + People



**8** DECENT WORK AND  
ECONOMIC GROWTH



## Goal:

Ensuring an attractive environment for the best talents, so that they deliver excellent results, have team spirit, long-term vision and share the company's values.

## Ambitions:

- Strengthen the Culture of Results and Recognition.
- Adopt evaluation methodologies to be one of the best companies to work for.
- Engage employees in the Volunteering program.

# Portobello + Eco-efficient

## Goals:

Doing more with less, ensuring that the use of natural resources occurs in a regenerative way, with emphasis on the management of raw materials, water and neutralization of emissions.

## Ambições:

- Contribute to the reduction of global warming by controlling CO<sub>2</sub> emissions.
- Reduce water consumption and maximize effluent treatment.
- Expand the energy matrix for renewable sources.







Espacio Kids

**Goals:**

Be more sustainable together, engaging the entire ecosystem, inspiring employees, suppliers, partners, customers and the community, with transparency, risk management and compliance.

**Ambitions:**

- Inspire the Culture of Sustainability throughout the ecosystem.
- Consolidate the compliance management system.

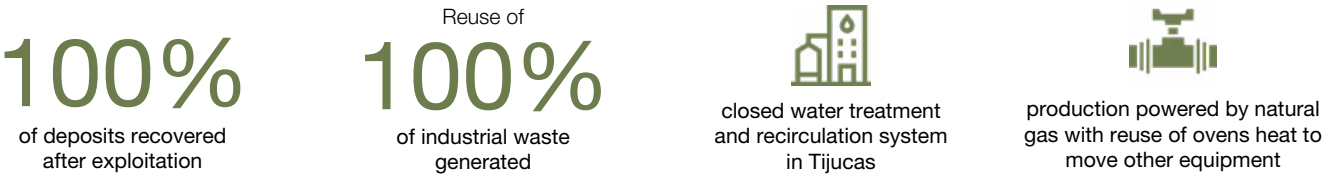
# Portobello + Engagement

# Impact

## SOCIAL



## ENVIRONMENTAL



## GOVERNANCE



Sustainability Committee



Auditing Committee



Compliance Structure



Internal control Structure

## VALUE GENERATION (IN THOUSANDS OF REALS)

TOTAL ADDED VALUE TO BE DISTRIBUTED	1,224,158
<b>Personnel</b>	<b>394,298</b>
Direct remuneration	339,860
Benefits	33,542
Social security	20,896
<b>Taxes, fees and contributions</b>	<b>488,208</b>
Federal	219,883
State	267,370
Municipal	955
<b>Remuneration of third-party capital</b>	<b>125,430</b>
Interests	100,094
Rents	25,336
<b>Remuneration of equity</b>	<b>216,222</b>
Retained earnings	216,173
Non-controlling participation in retained earnings	49



# Social

We want to evolve with our audiences: employees, community, customers, franchisees, suppliers and investors. All together, we can build a more sustainable future.

- 38 Employees
- 47 Community
- 53 Customers
- 57 Franchisees
- 60 Providers
- 61 Investors

ESG

# Employees

GRI 102-41, GRI 102-8, GRI 103-1, GRI 103-2, GRI 103-3, GRI 401-1,  
GRI 404-1, GRI 404-2, GRI 404-3, GRI 405-2, GRI 406-1, GRI 412-2

Employee involvement was paramount in this intense year, which, despite being complex due to the pandemic, required a lot of dedication and engagement from the teams, as the company operated at 100% of its capacity to meet the record demand from its customers. On December 31, 2021, Portobello Group had 3,700 employees, a number 3% higher than the one recorded on December 31, 2020 – those hired under the CLT regime are considered employees.

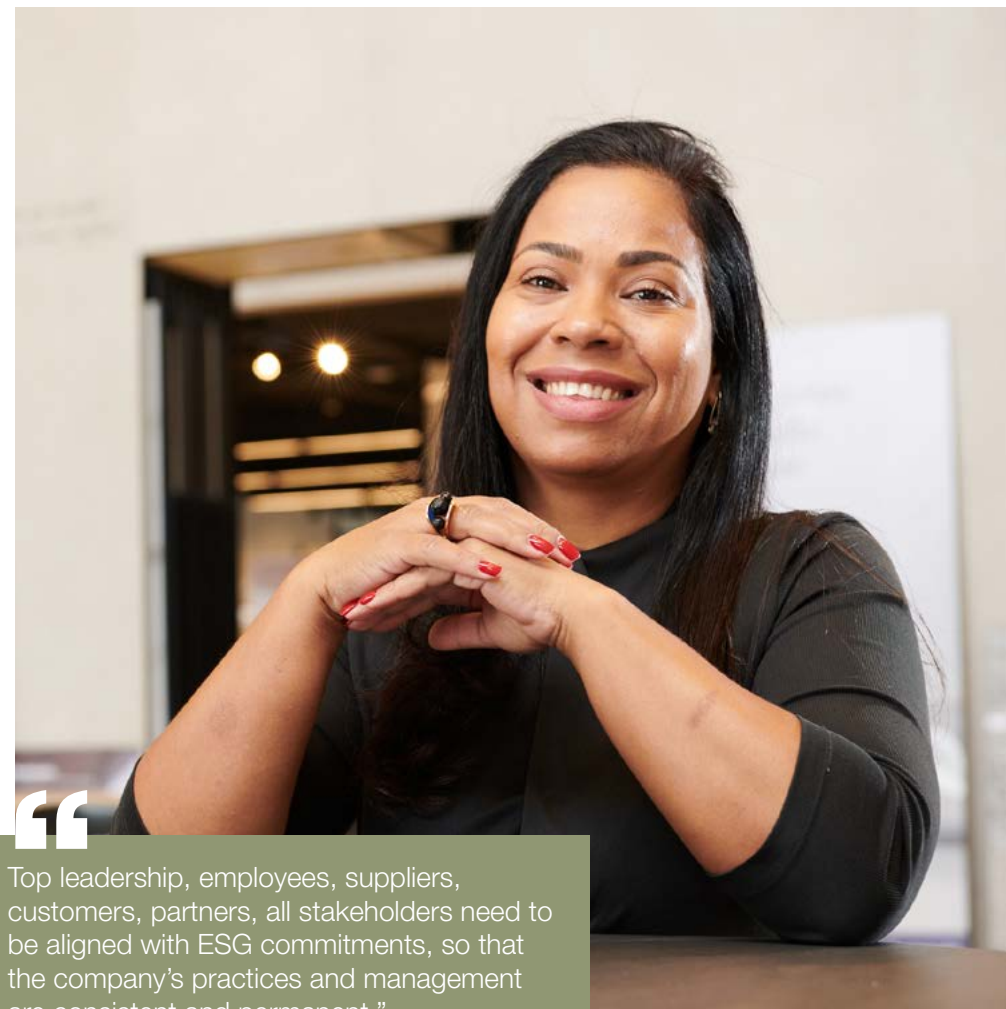


NUMBER OF EMPLOYEES BY JOB TYPE	2019		2020		2021	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Full day	2416	956	2494	953	2589	1036
Part time	28	34	63	97	40	35
<b>Total by gender</b>	<b>2444</b>	<b>990</b>	<b>2557</b>	<b>1050</b>	<b>2629</b>	<b>1071</b>
<b>TOTAL</b>	<b>3434</b>		<b>3607</b>		<b>3700</b>	

NUMBER OF EMPLOYEES PER OPERATION	2019		2020		2021	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Portobello*	2044	907	2155	962	2212	980
Pointer	400	83	402	88	417	91
<b>Total by gender</b>	<b>2444</b>	<b>990</b>	<b>2557</b>	<b>1050</b>	<b>2629</b>	<b>1071</b>
<b>TOTAL</b>	<b>3434</b>		<b>3607</b>		<b>3700</b>	

\* Employees who work at Portobello Shop and Portobello America are hired by Portobello

NUMBER OF EMPLOYEES BY TYPE OF WORK CONTRACT	2019		2020		2021	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Defined time	4	6	0	0	0	2
Undefined time	2440	984	2557	1050	2629	1069
<b>Total by gender</b>	<b>2444</b>	<b>990</b>	<b>2557</b>	<b>1050</b>	<b>2629</b>	<b>1071</b>
<b>TOTAL</b>	<b>3434</b>		<b>3607</b>		<b>3700</b>	



“

Top leadership, employees, suppliers, customers, partners, all stakeholders need to be aligned with ESG commitments, so that the company's practices and management are consistent and permanent.”

**Luciane Aparecida Benevides**  
Manager Portobello Shop Batel - Curitiba (PR)

HIRING RATIO 2021		
AGE GROUP	Up to 30 years	582
	31 to 50 years	411
	Over 50 years	30
UNIT	Portobello	503
	Pointer	112
	Portobello Shop	407
GENDER	Female	391
	Male	632

NUMBER OF EMPLOYEES BY FUNCTIONAL LEVEL	2019		2020		2021	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Council	12	0	17	0	13	0
Director	8	1	8	1	8	1
Superintendent	2	0	1	0	2	0
Manager	32	24	31	27	37	33
Coordinator	69	36	72	28	85	45
Others	2275	873	2349	882	2394	932
Trainee	0	0	0	0	0	0
Apprentice	26	34	63	97	40	35
Intern	20	22	16	15	14	23
<b>Total by gender</b>	<b>2444</b>	<b>990</b>	<b>2557</b>	<b>1050</b>	<b>2629</b>	<b>1071</b>
<b>TOTAL</b>	<b>3434</b>		<b>3607</b>		<b>3700</b>	



Average Turnover 2021						
Units	Gender		Age Group			Unit Total
	Male	Female	Under 30 years	30 to 50 years	Over 50 years	
Portobello	1.5%	1.3%	2.3%	1.0%	1.9%	1.4%
Portobello Shop	3.4%	3.4%	3.0%	3.5%	6.1%	3.4%
Pointer	1.3%	1.8%	1.4%	1.5%	0.0%	1.3%



# Training

GRI 404-1, GRI 412-2

The highlight of the year was the leadership development front, which emphasizes the long-term sustainability of the business. The School of Leaders program prepared 29 mentees in 2021, accompanied by 27 mentors.

We had 945 employees in training and qualification, in 20,000 hours. More than 100 topics were addressed in the areas of Compliance, Mentoring, Sales, Engineering, Exports, Industry and Logistics, and BRL 900,000 were invested.

In 2021, there was also an evolution of technical training for professionals who work in the ovens, grinding and polishing. In the operation in Santa Catarina, the initiative takes place with the support of Senai.

In Retail, in addition to the technical training courses on products, Portobello Shop launched Design Experience 4.0 with Carlos Ferreirinha, a reference in Leadership and Management in the Luxury Market in Brazil. It is a program exclusively designed for Portobello Shop, which aims to encourage the team to go further and explore new paths, exploring in detail a new way of doing business.

Over the course of nine meetings, the Program addressed topics related to retail, but always from the perspective of emotionally move customers. The worked modules were: Protagonism, Customer, Home World, Service, Digital, Repertoire, Diversity, Sustainability and Taste Doesn't Go Back.



**TRAINING HOURS PER YEAR, PER EMPLOYEE,  
BROKEN DOWN BY FUNCTIONAL CATEGORY**

Functional Category	2021	
	Hours of training	Hours per employee
Council	0	0
Director	0	0
Superintendent	0	0
Manager	270	3,86
Coordinator	4.428	34,06
Others	15.064	4,53
Trainee	0	0
Apprentice	0	0
Intern	200	5,41
<b>Total</b>	<b>19.962</b>	<b>5,45</b>

# Performance evaluation GRI 404-3

Portobello's team has four evaluation processes, two annual – Individual Performance Assessment (ADI) of Results, focused on Performance, and 360° and 180° Assessments –, and two biannual – Career Assessment and Individual Performance Assessment (ADI) of Talents.

The 360° and 180° assessments are tools used to measure and qualify the professionals' behavioral performance, using as a reference the eight Portobello Competencies (Development of Talents, Focus on Results, Owner Attitude, Innovation, Valuing Different Opinions, Agility in Management, Pursuit of Competitiveness and Customer Focus). The result considers the assessment of the immediate manager, peers and the person himself in a 180° format. 360° also includes clients and subordinates and is aimed at Directors, Managers, Coordinators and Traders. The goal is to identify the positive points and opportunities for improvement, contributing to the employee's growth within the organization.

The Talents ADI identifies internal talents, and generates the succession map and development actions. It contributes to the structuring of promotions, to the identification and mitigation of the risk of loss of internal talent and to retention. The Career Assessment presents more clearly the development and growth paths of existing professionals in the company and manages the professional trajectory, adapting people to the correct positions.

EMPLOYEES WHO REGULARLY RECEIVE PERFORMANCE AND CAREER DEVELOPMENT REVIEWS, BROKEN DOWN BY FUNCTIONAL CATEGORY						
Functional Category	2019		2020		2021	
	Total employees who received performance analysis	% employees who received performance analysis	Total employees who received performance analysis	% employees who received performance analysis	Total number of employees who received performance analysis	% employees who received performance analysis
Council	0	0%	0	0%	0	0%
Director	9	100%	9	100%	9	100%
Superintendent	2	100%	1	0%	2	100%
Manager	45	80%	34	59%	70	100%
Coordinator	105	100%	100	100%	130	100%
Operation	134	4%	0	0%	716	22%
Trainee	0	0%	0	0%	2	100%
Apprentice	0	0%	0	0%	0	0%
Intern	42	100%	31	100%	0	0%
<b>Total</b>	<b>246</b>	<b>8%</b>	<b>150</b>	<b>5%</b>	<b>929</b>	<b>25%</b>



# Diversity

GRI 401-1, GRI 401-2, GRI 406-1,  
GRI 410-1, GRI 412-2, GRI 412-3

The ESG Strategy 2022-2026, which will come into effect in 2022, has as one of its action focus the expansion of diversity in the organization, especially in relation to gender and people with disabilities.

Today, the administrative area of Portobello Group is made up of 50% men and 50% women. In retail, 60.4% of leaders are women. The company's challenge lies in the industrial area, where the proportion is 70% men and 30% women.

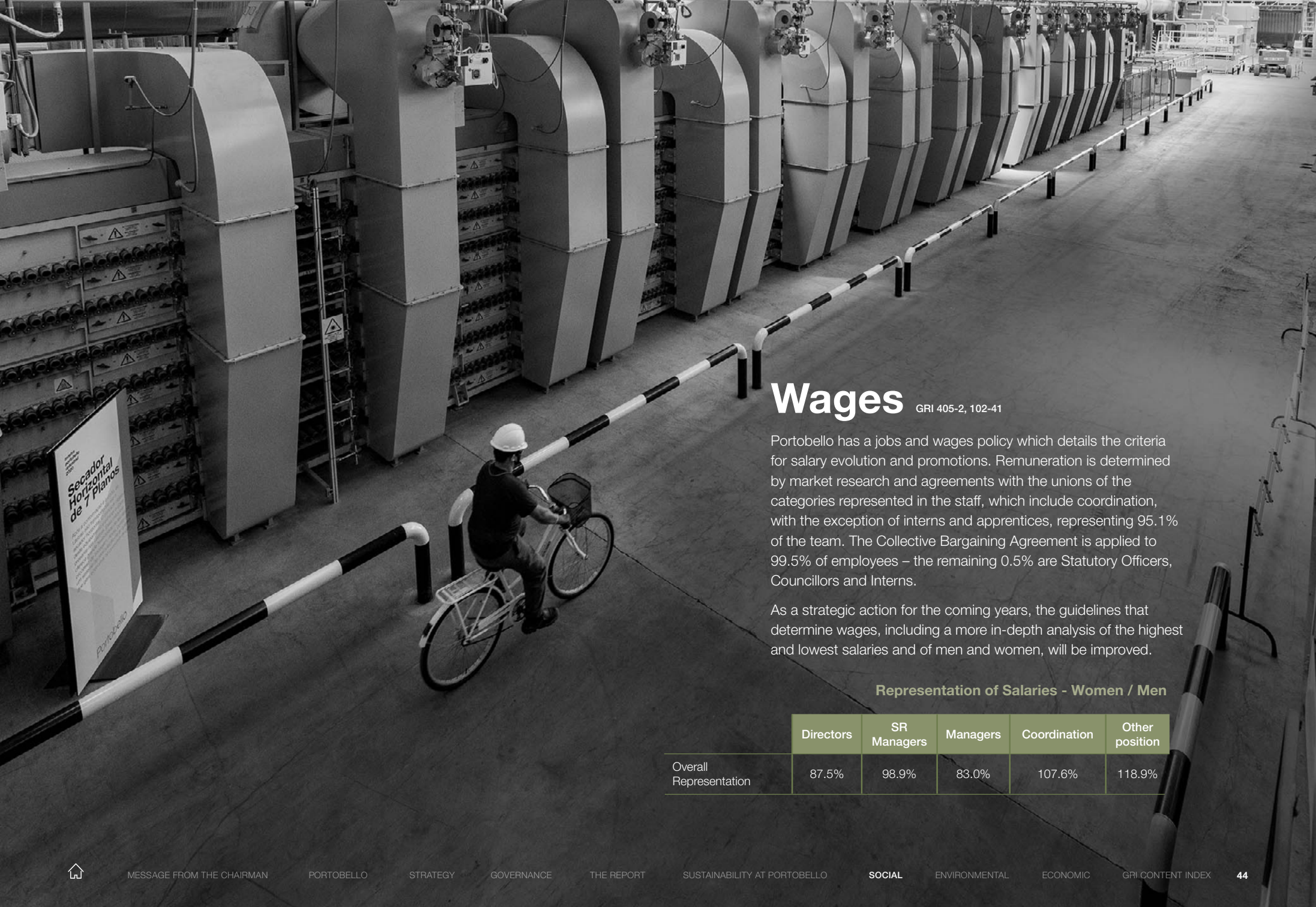
This year, 8.57% of Portobello Group's employees were people with disabilities.

In 2021, at the request of the Ministry of Labor, the first phase of the renovation of the Tijucas plant, where the headquarters is located, took place, to expand accessibility in different spaces, such as elevators, parking, access points, living areas, bathrooms, floors, among others. The second stage will be completed in 2022.

Portobello Shops were also analyzed and an accessibility project was designed especially for retail. With each new renovation or work, adjustments are being carried out by the Architecture area.







# Wages

GRI 405-2, 102-41

Portobello has a jobs and wages policy which details the criteria for salary evolution and promotions. Remuneration is determined by market research and agreements with the unions of the categories represented in the staff, which include coordination, with the exception of interns and apprentices, representing 95.1% of the team. The Collective Bargaining Agreement is applied to 99.5% of employees – the remaining 0.5% are Statutory Officers, Councillors and Interns.

As a strategic action for the coming years, the guidelines that determine wages, including a more in-depth analysis of the highest and lowest salaries and of men and women, will be improved.

## Representation of Salaries - Women / Men

	Directors	SR Managers	Managers	Coordination	Other position
Overall Representation	87.5%	98.9%	83.0%	107.6%	118.9%



# Health and safety

GRI 103-1, GRI 103-2, GRI 103-3, GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7, GRI 403-8, GRI 403-9, GRI 403-10

Portobello has a structured safety system, built with the objective of providing a method of evaluating and improving behaviors related to the prevention of incidents and accidents in the workplace, through the effective management of dangerous risks and risks on the spot. In 2021, the rate of accidents with mandatory reporting (the number of accidents with mandatory reporting divided by the number of hours worked and multiplied by 1 million) was 20.24, against 19.14 in 2020. In the year, 18 accidents with leave and 116 without leave and no deaths resulting from accidents or occupational diseases were registered. This structure includes a series of processes, monitoring and follow-up, preventive indicators, meetings and individual actions. The approach is positive, non-punitive, and seeks to involve employees who have performed inappropriate procedures to indicate solutions. The front is led by a team dedicated to the topic of Occupational Safety.

Accidents in the year involved sprain (33.3%), fracture (27.8%), trauma (22.2%), pressing (11.1%) and burns (5.6%). Most cases were behavioral, with a lack of risk perception. Portobello believes that this scenario stems from the reduction in the amount of training in the period, due to the pandemic.

## Total accident frequency rate (with and without leave)

<b>23.64</b>	<b>19.14</b>	<b>20.24</b>
2019	2020	2021

Number of accidents with mandatory reporting divided by the number of hours worked and multiplied by 1 million

## SECURITY MANAGEMENT SYSTEM

One of the strategies used by the company for safety management is the incident and improvement report, which points out the risks in order to prevent accidents. Tool used by all employees – the team is constantly encouraged to bring considerations –, it presents all points of attention, which are evaluated by those responsible for safety with the support of professionals who work in the activity, and generates preventive actions. During the year, 4,955 situations with this profile were identified.

Portobello is a reference in holding the Internal Workplace Accident Prevention Week (SIPAT), which in 2021 involved 90% of employees with lectures, training and simultaneous events on health and safety, all online due to the pandemic. This year, SIPAT also brought content on quality of life and mental health as a way of supporting employees in facing this new context, which exposed the whole of society to a situation of vulnerability. Regarding safety, it trained teams on the following topics: health, inclusion, compliance and well-being.

To promote health in the workplace, Portobello carries out awareness campaigns. In the

year, no occupational diseases or mandatory communication were recorded. The company also involves its employees in campaigns to encourage vaccination against influenza and Covid-19.

The effective participation of employees in the implementation of health and safety actions occurs mainly through the Committee, which aims to present reactive and preventive indicators and publicize safety actions. The company also has the Ronda SOL, which takes place weekly and aims to assess workplaces in terms of safety, organization and cleanliness.

Safety protocols, as well as health services, involve 100% of the company's employees, including Portobello Shop stores. Outsourced workers who operate within the facilities must respect the same protocols as other employees. The health and safety management system is audited by the Safety Technicians of the areas who monitor the company's own stores, distribution centers and Oficina SP.

# Covid-19

The year 2021 was a continuing challenge because of the pandemic. Offices operated in a hybrid model, with around 70% of the team working from home and 30% of them working in person. Employees in the industrial area, due to the characteristics of their functions, acted within the operations, following safety protocols, such as distancing in public transport, in cafeterias and in all areas.

Portobello made testing available for suspected cases, in addition to face masks and alcohol for the hands. The entire company followed the contingency plan created in 2020, which includes prevention and management actions, in cases of suspicion and confirmation. In the year, 177 employees were infected and no deaths were recorded.

Regarding the community, in 2020 and 2021 Portobello donated financial and material resources of public utility. In the year, 25,000 masks were delivered to the Tijucas community, more than 1 ton of food, and six respirators were leased to Hospital São José de Tijucas – which were added to the other four respirators made available in 2020.



# Community

GRI 103-1, GRI 103-2, GRI 103-3, GRI 203-1, GRI 203-2,  
GRI 306-1, GRI 306-2, GRI 413-2

Coherence in speech and actions is what is expected of brands, companies and people who inspire us. Living in a more sustainable way requires commitment and effort from everyone, and it goes beyond: more than not causing damage, it generates positive and restorative impacts on society. Caring for the community is one of Portobello's most intrinsic and cherished values. Giving opportunities to the "Tijucas boys and girls" represented an important stimulus for the creation of the company in 1979, when young people from the municipality of Santa Catarina used to leave the town searching for jobs in other cities around the country. Since this is an area with a lot of red earth, an important raw material for Portobello's sector, the founders decided to create a ceramics factory there, which today has become the main player in the segment in Brazil, directly employing 3,700 people and indirectly impacts 40,000 residents in the surrounding regions.



# Cobogó Mundaú Project

Mobilize the community in joint initiatives capable of increasing people's income, adding new products to its portfolio and contributing to the preservation of the environment. These are the principles behind the Cobogó Project, created in a partnership with designer and architect Marcelo Rosenbaum, a front with potential for expansion in the coming years.

The action initiated by Portobello Group promotes the sustainable development of the Vergel community, in the state of Alagoas, which is dedicated to one of the most traditional chains of the local economy, the *sururu* mussel shellfish. Through the methodology People Transform A Gente Transforma], by Rosenbaum, it was possible to give the mussel's bark an alternative destination and generate a positive impact on the community. The extraction of the mollusc, considered intangible cultural heritage of Alagoas since 2014,





generates residues that add up to more than 300 tons of shells per month, only on the shores of the Mundaú Lagoon, in the metropolitan area of Maceió. Discarded outdoors, the shells are taken by the city to a dump, at a high daily cost, creating an environmental and public health problem for the community and the municipality.

This doesn't happen when the shells, made of limestone, a noble material for design, are recovered. Inspired by the outline of the shell itself, Marcelo Rosenbaum and Rodrigo Ambrósio designed cobogó pieces – hollow elements used as a decorative division in Brazilian architecture – made with mussel shells instead of sand in the cement composition. The shells are exchanged by the population for *sururotes*, a local social currency created by the

Maceió Mais Inclusive project, and production is carried out by the community within the Sururu Entrepôt. The result is a product that has a local identity and value shared by the entire chain involved in its development, especially by the community, which has become part of this new social business.

In 2021, the Cobogó Mundaú arrived throughout Brazil, distributed exclusively in Portobello Shop stores under the Pointer brand. 4,500 pieces were produced with 33.5 tons of shells, which increased the income of 29 people from the Vergel community by 16%, responsible for producing the pieces and selling the raw material, in a movement led by women responsible for cleaning the mussels, when the shell is removed.



## Social projects

The performance over the years has also consolidated a support front for the community, benefited by initiatives especially focused on children and adolescents in Santa Catarina and Alagoas, where Portobello concentrates the Pointer operations, and in different parts of the country through Portobello Shop. In 2021, these projects received BRL 993,000 from Incentive Laws (Culture, Sports, Pronon, Childhood and Adolescence Fund and Elderly Fund).

The main actions and impacts generated in the year are detailed below.



Participants in 2019

### CRESCER PROGRAM

The Crescer (Growth) Program, carried out in partnership with ADEC – Sports Association of Ceramic Workers – and SESI/SC, has been offering sports and educational activities in Tijucas (SC) for over 15 years. In 2021, 130 children and adolescents from 6 to 13 years old from the local community have participated. The Program encourages the practice of physical activities, in addition to developing values such as responsibility, cooperation and respect. Some of the young people who are part of this initiative are directed to the Portobello Young Apprentice.



## VOLUNTEER PROGRAM

The Portobello Volunteer Program, created in 2017, seeks to contribute to enhance the quality of life in communities where the company operates. In 2021, around 200 employees participated in different work fronts:

- Collection of more than 1,000 clothing items for the Agasalho Campaign.
- Portobello's Voluntary Christmas, launched in 2003, encourages company employees to become 'godfathers' and 'godmothers' of children in assisted communities, donating Christmas gifts. In 2021, an average of 1,000 gifts were distributed to children and the elderly from 7 institutions in Tijucas and 250 Christmas food baskets to low-income families in the town, in Santa Catarina. Pointer employees "adopted" 220 children from the Vergel Community, in Maceió, and from Marechal Deodoro, both in the state of Alagoas.
- Employees who face difficulties due to illness or natural disasters such as floods receive support from their colleagues. There were no such demands in 2021.
- Last year, more than 150 Portobello and Pointer employees participated in the internal Action for Life movement, which brings together blood and platelet donations.
- In the Social Fund, Portobello doubles the amount donated by its employees to the entities. In 2021, Lar Santa Maria da Paz, for the elderly, chosen in the first year of action, was benefited with BRL 30,000.

## ANJOS LUZ CHOIR

Founded in 2004, the "Coral Anjos Luz" is a project that takes place in the community of Tijucas (Santa Catarina) and has already involved more than 300 children and adolescents, from 6 to 13 years old. In 2021, 30 members took part in exclusive presentations at Portobello's premises – due to Covid, no events were held in the community.



A presentation of Coral Anjos Luz, in 2019

## SOLIDARITY COLLECTIVE

This initiative combines the strength of the Portobello brand, the aggregating and mobilizing potential of Portobello Shops and the social programs of professional architecture and design partners, who work collectively. This platform disseminates and promotes good ideas transformed into actions to help communities. In 2021, as an initiative of the **Solidarity Collective**, actions such as:

- **Mother Heart**, which raised BRL 15,000, in addition to more than 200 basic food baskets and 200 kilos of food that benefited around 115 families and 400 children; 25 stores participated in the action.
- **Solidarity Movement Action**, in which 129 food baskets were collected, benefiting almost 150 people; 3 stores participated in this action.
- **Christmas Solidarity**, with the donation of 600 food baskets and the participation of 4 stores.

## DONATION OF COVERING

In both Santa Catarina and Alagoas, Portobello donates ceramics to non-profit organizations, such as churches, the city hall (which uses the material to renovate daycare centers, schools and health posts), Military Police (for the renovation of police stations and prisons) and institutions, such as APAE and nursing homes. In 2021, 17,000 m<sup>2</sup> (182,000 ft<sup>2</sup>) were donated to 43 institutions.

## Event with the Community

Reinforcing transparency in the relationship with the community, given the economic importance of the company's operations for the region, Portobello holds the biannual meeting "Portobello and Tijucas, growing together," which brings together authorities and representatives of the municipality. In 2021, Mauro Valle, the company's CEO, presented the actions taken for the community and employees and discussed the prospects for the coming years and the importance of everyone's engagement in this development process. Other highlights at the event were the social programs and projects of the Fund for Childhood and Adolescence (FIA), the Older People Fund and the cultural and solidarity actions carried out in the Tijucas region. The Chairman of the Board, Cesar Gomes Junior, spoke about the company's good financial performance even during the Covid-19 pandemic and the prospects for 2022.





# Customers

GRI 103-1, GRI 103-2, GRI 103-3, GRI 306-1, GRI 306-2, GRI 416-1, GRI 418-1

## **We are customer-oriented Your dream is our reason to exist**

Portobello is a company that constantly invests in solutions to improve the customer experience. This is the main objective of the intense digital transformation program currently underway. A robust foundation, composed of structural systems, integration platform, cloud strategy and artificial intelligence, is responsible for providing the consumer with a fluid, light and agile interface. The technology also seeks to protect customer data, a topic of extreme relevance within the organization, managed by a working group created in 2019. In the year, there were no complaints of privacy breaches.

Digital channels represent an important means of communication with customers and bring inspirational, technical and educational content, in addition to providing tools for project execution. All digital media fronts add up to 32 million monthly views and 1.1 million followers. The Archtrends Platform, created by Portobello, has become one of the main references for professionals in the area and has more than 236,000 hits per month.

Operating on different platforms, Portobello has a variety of clients: architects, end consumers, construction companies, multi-brand stores, distributors and representatives.

Portobello Shop divides the customer experience into seven fronts: Inspiration, Specification, Store, Mix, Services, Logistics and After-sales. In each of them, there are initiatives, tools, products and services, as well as delivery, satisfaction and relationship management, which support this journey.



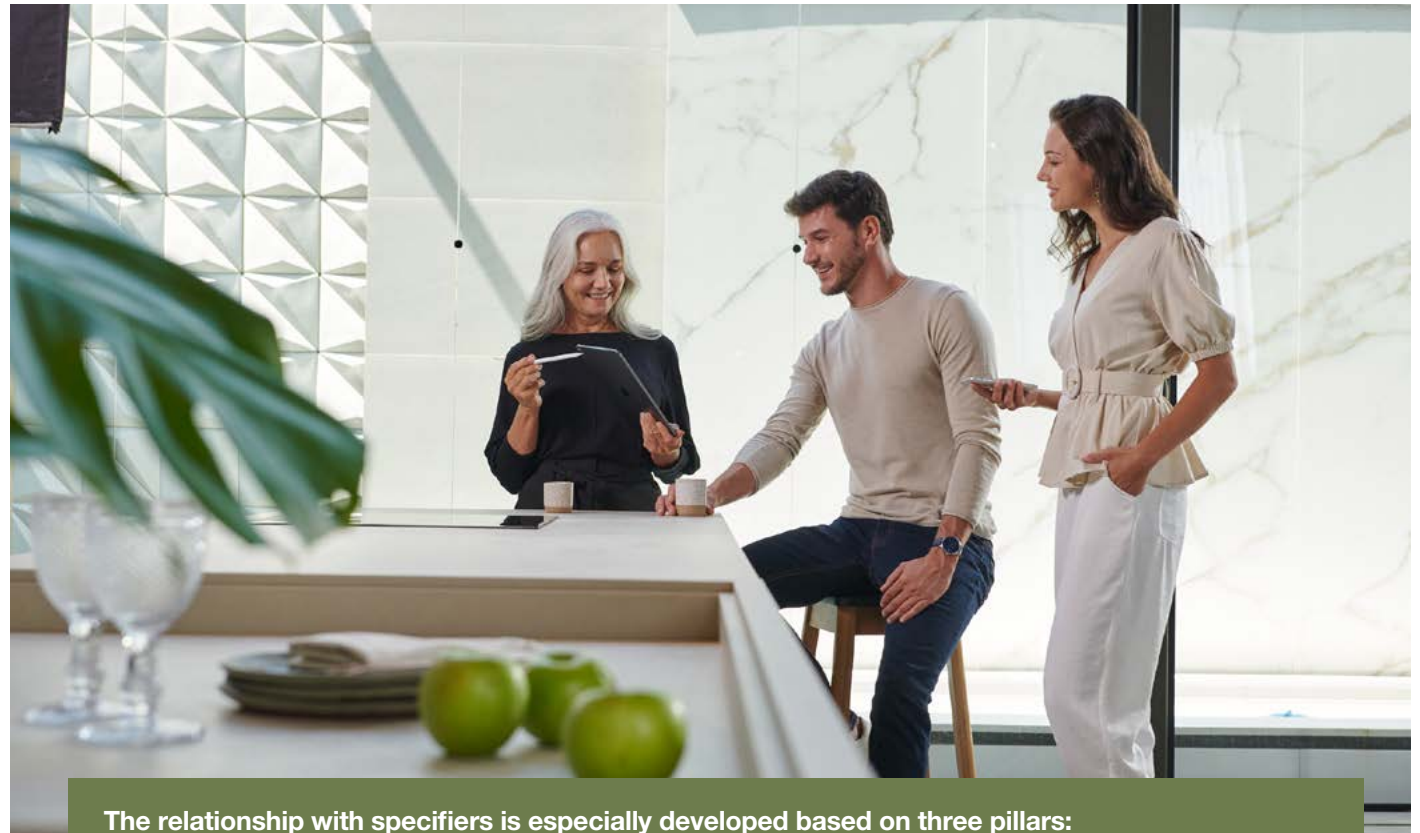
Portobello

## ARCHITECTURE AND DESIGN PROFESSIONALS

Portobello Shops are designed for customers to have a unique design experience with the brand. The stores allow the company to have direct contact with the end customer and with the architect, who often influences the purchase decision, giving Portobello a consumer's thermometer, which contributes to directing business strategies.

### Creative Collective

Architects and design professionals are very important in the creation of Portobello products. Understood as spokespersons for the market, who point out trends, identify needs and effectively participate in the creative process, they are part of the brand's daily life, whether through travel, research, factory visits or presence in product clinics. The annual research trip brings specifiers together with the Portobello team in search of inspiration and knowledge, as well as the experience of collectively creating a line of products inspired by each destination. In 2021, due to the pandemic, the activity was suspended, but it will take place in 2022 and will have Tel Aviv and Doha as destinations.



#### The relationship with specifiers is especially developed based on three pillars:

1. Exchange of knowledge, content and information between professionals and Portobello, which generates a creative partnership. This front also translates into the Archtrends Portobello Platform (<https://archtrends.com>);
2. Recognition given to professionals, especially on trips sponsored by the company that take architects to various locations around the world in order to inspire them in relation to construction trends;
3. Rewards given to the client and the architect when they visit Portobello stores together. As we understand that the follow-up of an architect throughout the construction process allows the proper use of products, their correct placement and the purchase with the precise specifications, Portobello Shops offer a 5% discount to those who buy the products with professional support.



## BUILDERS

A dedicated team, with more than 100 professionals, is responsible for serving the more than 1,200 construction companies that made up our client base in 2021. Those professionals accompany the entire project, from the specification phase to the works' conclusion. In the year, sales for this group exceeded 8.3 million m<sup>2</sup> (89.3 million ft<sup>2</sup>).

## MULTI-BRAND STORES

The more than 700 points of sale throughout Brazil, including small stores and home centers, make Portobello and Pointer ceramics reach several thousands of consumers. Sales reached 8.3 million m<sup>2</sup> (89.3 million ft<sup>2</sup>).

## INTERNATIONAL CUSTOMERS

Products for the foreign market serve distributors, representatives, construction companies and stores in more than 60 countries. The main destinations are Canada, USA, Mexico, Peru, Bolivia, Paraguay, Argentina, Uruguay, Sweden, United Kingdom, Belgium, South Africa, Australia, United Arab Emirates and China – 5.9 million m<sup>2</sup> (63.5 million ft<sup>2</sup>) were exported in 2021.

Portobello, in partnership with the National Association of Ceramic Tiles Manufacturers ( Anfacer ), has developed a primer for customers, providing a step-by-step guide to recycling waste from ceramic tiles. The publication explains how to dispose of materials after the completion of residential works, according to the class.

**Class A:** Reusable or recyclable waste, such as ceramic materials, mortar and concrete.

**Class B:** Recyclable waste for other destinations, such as: plastics, paper, cardboard, metals, glass, wood and plaster.

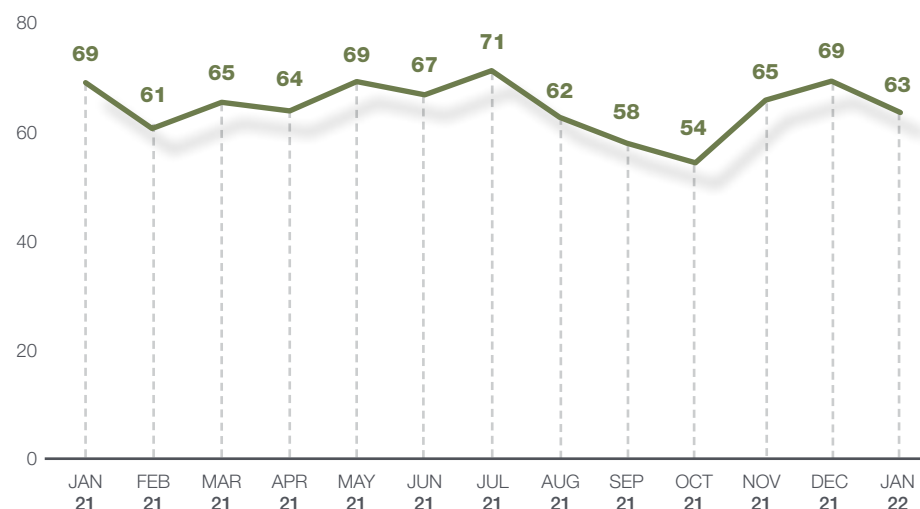
**Class C:** Waste for which no viable technologies or applications have been developed that allow recycling or recovery.

**Class D:** Hazardous waste arising from the construction process.

## SATISFACTION

The last satisfaction survey carried out with 594 end customers and architecture and design professionals showed a satisfaction rate of 69 in December 2021, the same indicator recorded in January 2021. In the year, the average was 64.5, classified as Very Good. This consultation takes place monthly.

### NPS Score Evolution



For three consecutive years, Portobello has received the RA 1000 seal from the website Reclame Aqui (Complain Here). This recognition is based on consumer assessments made on the portal, and highlights companies that demonstrate commitment to after-sales and generate a high degree of customer confidence in the brand and its products.

## DIGITAL TRANSFORMATION

The Portobello digital ecosystem and the ongoing digital transformation have the customer as their central objective. Technology is present in all environments and points of contact with the brand. The main pillars of this process are:

### Robust structural systems

A consistent, solid and flexible technological foundation to support the operational and transactional challenges for all the group's business units. An adequate technological structure is essential for a fluid and frictionless experience for the customer.

### Integration platform

A dynamic view of business needs and tools demands an environment prepared to integrate and constantly adapt to the context.

### Cloud strategy

Data storage and access must be easy and secure.

### Artificial intelligence

Information generating value for the customer and the business. A new form of constant learning in the evolution of the customer experience.

### Technology made for people

Portobello is bracing itself for an era in which technology will be invisible and the design and innovation experience increasingly personalized. It believes that machines should adapt to people and not the other way around. The Portobello way of being and the differentiators must also be part of the brand's Digital Ecosystem.





# Franchisees

GRI 103-1, GRI 103-2, GRI 103-3

The 138 Portobello Shops (owned and franchised) consolidate the institutional positioning of the Portobello Group. It is in the pleasant space of the stores that the customer's journey takes place fully, moving between inspiration, product specification and shopping experience.

Portobello Shop franchises employ 1,300 people, in addition to the 253 employees who work in owned stores. In the year, the units together met more than 36,000 specifiers. In 2021, 11 stores were opened, including franchises and owned stores, and four were closed, two of them by decision of the franchisor and two by decision of the franchisee.

Portobello Shop Ribeirão Preto (SP)





Portobello Shop São José (SC)

Portobello's relationship with its franchisees is based on support for the partner's development, as this joint movement leads to the integral solidification of the business and retail operations. This effort is present in the concern to train the teams, to create a welcoming environment for the Shops, to find sustainable and attractive ways to display products, guide customer service and encourage sustainability, a process that has started and will evolve in the coming years.

Portobello offers franchisees tools that help strengthen the relationship between stores and their customers, especially architects, such as an intelligence system that enables a better understanding of the market. Purchase and behavior information is analyzed, which helps to improve the overall customer experience and provide a more personalized service and management. Franchise employees must take mandatory training paths, available at Academia Portobello. In the period, 233 training sessions benefited 1,700 people.



## EXCELLENCE PROGRAM

The Excellence Program is a management tool that aims to create an effective model, capable of increasing the chain's productivity, speeding up the results of the entire chain and ensuring the company strategy is implemented in all stores. Built on the pillars of an integrated management model, the best performances and results of the year are recognized. It comprises Customer Experience, Operation, Relationship, Management, People and Results. This structure includes human resource processes, which range from full compliance with labor legislation to the payment of living wages, adequate integration that promotes people's engagement, performance evaluation and feedback. The stores that achieved the Excellence degree received the Portobello Shop 2021 Seal of Excellence



Loja Portobello Shop SIA Brasília (DF)

# Providers

GRI 102-10, GRI 102-9, GRI 103-1, GRI 103-2, GRI 103-3, GRI 204-1, GRI 301-3, GRI 308-1, GRI 308-2, GRI 407-1, GRI 408-1, GRI 409-1, GRI 410-1, GRI 412-3, GRI 414-1, GRI 414-2

Portobello's relationship with its 2,600 active suppliers in 2021 is improving year after year.

Critical Suppliers (5.4% of the total), who supply the company with essential inputs for production, are evaluated after the service is provided for their quality, and must receive a minimum score of 7. Those who do not reach this score are submitted to an action plan to improve their practices. In this group, mining companies, which extract clay, gravel, among other materials, are periodically inspected on-site.

On the other hand, Main Suppliers (16.3%), responsible for transport and packaging, need to present an environmental license and guarantee the quality of the product under specific conditions (packaging producers) and sign a term with a series of requirements.

In the most relevant category, the remaining 27% undertake a contract to follow good environmental, social and governance practices. In 2021, all of them complied with

their environmental, social and human rights obligations, and no cases of child, forced or slave-like labor were identified. With the remaining 51.3%, whose relationship is sporadic, formalization takes place by purchase order and invoice.

In addition, there is a joint research and development effort to improve deliveries. In the period, this type of action occurred with packaging suppliers. In 2021, boxes were developed that use 10% less cardboard, a material that had its cost raised due to supply shortages. This program eliminated the need to produce 3 tons of cardboard a month. The company replaced, with the support of suppliers, the iron braces essential to support the load on pallets for a similar one made of reforested wood, generating less environmental impact. It also developed a new angle to transport the items, totally produced with recycled plastic, which uses around 180 tons of residues per month. These angles replace similar ones made of eucalyptus fiber or cardboard. EPS sheets are also being changed for molded

## ORIGIN OF PURCHASE



pulp sheets made from recycled cardboard, reducing EPS usage by around 14 cubic meters (494 cubic feet) per month.

Portobello's premise is to hire local suppliers, based in states where operations are located. In the year, 79% of purchases had municipal, regional and state origins. In 2021, there were no significant changes in the supply chain.

## PORTOBELLO MORE ENGAGEMENT

The ESG Planning 2022-2026, which will be implemented by the group, has among its goals a comprehensive socio-environmental assessment of suppliers. Currently, the

process is limited to a few groups, as described above. Portobello does not use, for example, social or environmental criteria for selection, and does not measure relevant details of its supply chain, such as companies that guarantee freedom of unionization for employees. To support this initiative, a management system will come into operation, which will monitor the adequacy of this public to environmental and social criteria, qualifying them with scores, in addition to controlling contracts, quotations, documentation, among other items. It is a work in partnership with the Compliance area for Supply Chain Due Diligence. Currently, there is no training of suppliers, including those working with security services, in human rights policies.



# Investors

GRI 103-1, GRI 103-2, GRI 103-3

Portobello Group (PBG) maintains a transparent relationship with its more than 25,000 investors, who own 40% of the total shares issued by the company (excluding treasury shares). This relationship occurs mainly through the website, where the results and financial data, material facts, minutes of meetings and management meetings, general notices to shareholders, notices to the market are available, among other contents. It also happens in quarterly conference calls.

As part of B3's New Market, a segment made up of shares in companies that follow a demanding Corporate Governance standard, Portobello Group has some features that are relevant to investors, such as: share capital exclusively composed of common shares, which give the right to vote; Tag Along; in a scenario of going private or cancelling the registration of trading on the New Market, carrying out a public offer for the acquisition of

all outstanding shares, at least, for their economic value; among other various rules.

## STOCK PERFORMANCE

This was a challenging year for the Brazilian capital market. B3's main index, the Ibovespa, recorded an accumulated drop of 12.1% in 2021. In this negative context, Portobello shares (PTBL3) appreciated by 40.5%, reaching BRL 9.64 on 12/31/2021, a level that is below its potential, considering the solidity of the business and the company's positive performance throughout the period, the best ever recorded in its entire history. The average monthly financial volume traded in the year totaled BRL 718 million and daily, BRL 34.9 million, an expansion of 50% over 2020. The total remuneration distributed to shareholders in 2021 was BRL 99.2 million (+529.3% compared to 2020).

## RATING

In December, Fitch Ratings, one of the world's leading credit risk rating agencies, upgraded Portobello Group's long-term national rating to "A-(bra)" by two notches. According to Fitch, this increase is the result of a stronger-than-expected operating performance, which allowed the company to reduce its net leverage, as measured by the ratio of net debt to equity, to below 2.0 times. At the end of December 2021, this ratio closed at 1.6 time.

## LENGTHENING OF THE DEBT PROFILE

In September, Portobello Group announced its fourth issue of simple, non-convertible debentures, in the amount of BRL 300 million. The funds were used to lengthen the debt profile. In addition, the issuance has a two-year grace period for the start of payment, reinforcing the company's cash position.

## SHARE BUYBACK

In 2021, two share buyback programs were carried out, the first totaling 6,999,658 shares, equivalent, on that date, to 4.41% of the total shares issued by the company and 10.0% of the company's outstanding shares. This program was fully implemented, at an average price of BRL 8.91 per share, and after its conclusion, all these actions were cancelled. And a second program, in the total of 6,542,817 shares, equivalent, on that date, to 4.44% of the total shares issued by the company and 10.0% of the Company's outstanding shares. This second buyback was also fully carried out, at an average cost of BRL 13.96 per share. The shares of the 2nd program remained, at the end of 2021, in treasury, for later disposal and/or cancellation.

**25,000**  
INVESTORS

**50%**  
OF PROFITS DISTRIBUTED

DIVIDEND YIELD  
**15.3%**

**1.6x**  
NET LEVERAGE

# Environmental

Innovation and sustainable action to reduce the impact of operations at all stages of the process, from raw material extraction to waste management

**64** The Ceramic Covering

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**70** Emissions

**72** Energy

**73** Waste

ESG



Portobello believes in a regenerative production process, which rationally uses the resources required for production, reusing and treating everything possible and recovering the areas impacted by the operation. Thus, the company's business strategy is to restore the deposits that supply the raw materials, treat and reuse water and waste from the production process, and employ systems that generate fewer greenhouse gas emissions.

Reference in innovation that improves design to combine beauty, functionality and sustainability, Portobello contributes to the environment, also by developing ceramic tiles that reproduce non-renewable natural materials, whose extractions generate significant environmental impacts, such as marble and wood.



# The Ceramic Covering

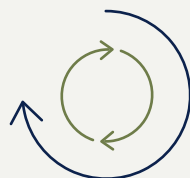
GRI 304-2, GRI 306-1, GRI 306-2, GRI 416-1

Due to its essence and several characteristics, ceramic is a more sustainable product when compared to other covering options on the market, such as stone, wood, vinyl, carpet and concrete. Its production uses raw materials extracted from the surface layers of the soil, with deposits explored for a short period of time, which return to their previous vocation, without great environmental impact and without compromising local biodiversity. Ceramic waste is 100% reincorporated into production, and the production process has natural gas and electricity as its main source of energy, both with less impact. As it is an inert material, it can be disposed of in landfills.

regenerative  
extraction

## RECOVERABLE DEPOSITS

The main raw material of ceramics is clay, which is removed from more superficial layers than other natural materials, an essential feature for the restoration of deposit areas.



recyclable

## RECYCLABLE

It does not cause environmental impact when discarded and can be reincorporated into similar production processes or reused as an input in the basic stages of civil construction.

fire  
resistant

## FIRE RESISTANT

It does not release toxic fumes in extreme situations.

zero allergens  
sterile product

## ZERO ALLERGENS

An inert material, it does not allow the proliferation of mites, bacteria, fungi and molds.

respect for  
biodiversity

## ZERO VOCs

Ceramics is inorganic, emitting zero volatile organic compounds, gases harmful to the respiratory system.

non-toxic  
product

## ZERO FORMALDEHYDE

Ceramics do not contain binders, including formaldehyde, which is harmful to human health.



# The Portobello Product Journey

Discover the path taken by Portobello products and how the company deals with each of the stages

## DEPOSITS

The raw material is extracted with care, respect and responsibility.



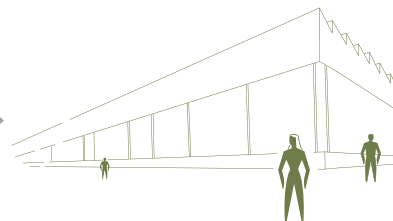
## PRODUCT DESIGN

A transversal thinking, which considers design, efficiency and sustainability aspects in all the development stages.



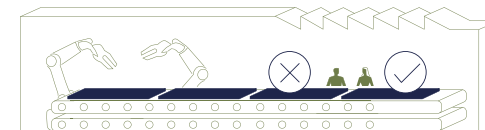
## CERAMICS PRODUCTION

Technology and design become tools for developing solutions more and more sustainable.



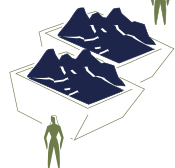
## QUALITY CONTROL

The balance between technological precision and the keen eye of a technical team dedicated to offering satisfaction and serenity to Portobello customers, through a meticulous quality control.



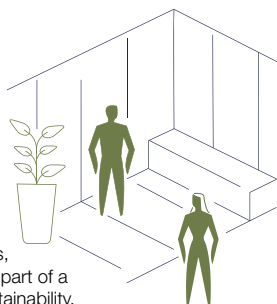
## RESIGNIFICATION OF WASTE

Pieces disapproved by quality control are recycled.



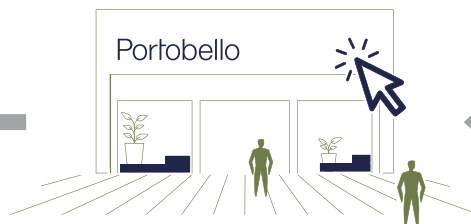
## CONSCIOUS CONSUMPTION

By choosing socially responsible products, consumers become part of a virtuous cycle of sustainability.



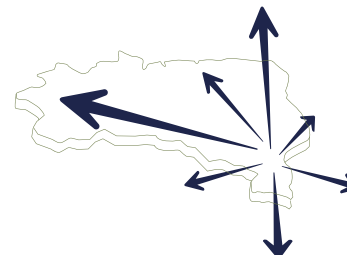
## SHOPPING EXPERIENCE

Whether in the physical or virtual environment, Portobello is tirelessly dedicated to provide an experience of assertive and charming purchase.



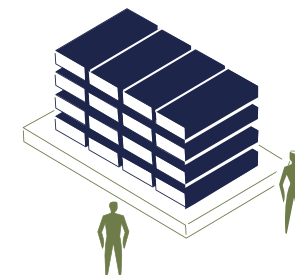
## DISTRIBUTION

As in all stages, from raw material extraction to its products' usability, Portobello invests in distribution models through technology and planning.



## RESPONSIBLE PACKAGING

Just like the products, packaging used by Portobello go through constant improvement processes, aiming not only efficiency, but also the reduction of its socio-environmental impacts.



# Deposits

GRI 304-1

Granite, feldspar, sand, filite, phonolite, clay, kaolin, bentonite used as bases for the manufacture of Portobello ceramics are extracted from deposits, a small part of its property (14%) and the rest managed by suppliers. Unlike the popular mining processes in Brazil, such as the one used to obtain iron ore, the removal of these inputs from nature does not result in changes that cause a great natural and visual impact on the site, as the extraction is superficial. The deposits for ceramic production are not contaminated by

hazardous substances, such as mercury, and there are no tailings dams.

Portobello's mining takes place on small rural properties close to the factories (276 km, or 440 miles, on average), dedicated to farming, or in its own deposits, and not in forested areas (environmental protection areas), which could affect biodiversity. After the exploration of the deposit, the site is fully recovered, to the point of not being noticed that any type of mining took place in that area. In addition, when there are rivers

and springs in the vicinity, before starting the operation at the site the company recovers the riparian forests, in case they were damaged before their arrival. In 2021, there was no recovery of the Permanent Preservation Area (APP). There was only maintenance of spaces already restored.

In 2021, 106,000 tons of Clay LL, Filito Barth, Fonolito and Clay BC were extracted, a volume 18% higher than the one recorded in 2020. This increase reflects the demand for raw materials, due to the expansion of production in the period.

The deposit areas currently occupy 31 hectares (about 77 acres), the same extension as in 2020. There is a removal plan, applied in 100% of operations, used to close activities in a location, which mainly considers the recovery of spaces. In the period, Portobello restored 4 hectares (9.8 acres) of land, which represent the total discontinued area in 2021 (against 9 hectares, or 22.2 acres, in 2020), with the planting of 300 native seedlings and returning part of the site to the existing activity before the company's arrival, in this case, agriculture and/or livestock.

Area restored after raw material extraction, in Campo Alegre (SC)



# Water

GRI 303-1, GRI 303-2, GRI 303-3, GRI 303-4, GRI 303-5

Portobello's operations in Tijucas, state of Santa Catarina, operate with a 100% closed water circuit, which ensures that all input used in production (except the part that evaporates) is treated and reused. The two treatment stations separate clean water from sludge, which is reused in the production process. In the period, 378,319 m<sup>3</sup> (100 million gallons) were recycled and reused, representing around 50% of the annual consumption. The remaining 50% comes from surface and underground sources and replaces the volume lost in evaporation and the demands of bathrooms and cafeterias.

Pointer, in Alagoas, manufactures ceramics through the dry method, which uses 70% less water than the wet process used in Santa Catarina. This method does not use water to mix the clay, a step that demands the most input in the traditional system. The unit has a treatment technology that removes waste from the water, essentially clay and enamel, which are reused internally. After being treated, the input is directed to an artificial lake within the factory.

As of January 2022, a closed circuit will come into operation, which will allow 100% of this water to return to operation. In the year, Pointer consumed 44,362.4 m<sup>3</sup> of water (11.7 million gallons).

In 2021, the Portobello units consumed a total of 421,373.51 m<sup>3</sup> (111 million gallons) of water. The effluents from bathrooms and cafeterias, 9.05 m<sup>3</sup> /hour in the year, after being treated according to standards established by Conama Resolution 430/2011 and Law 14,675/2009, were directed to the public sewage system.

The company believes that it is possible to reduce water consumption, as we are experiencing the biggest water crisis in the last 90 years, with significant impacts on society as a whole, including energy generation. In this way, it started a movement to achieve this purpose. Employees from different areas and manufacturing units act as Environmental Ambassadors and collaborate with their own ideas. These are actions such as changing equipment, identifying and eliminating leaks, among others. On 2021, the initiative reduced consumption from 15.49 L/m<sup>2</sup> (liter per m<sup>2</sup>) produced to 13.47 L/m<sup>2</sup>.

### Drinking Water Consumption (liter/m<sup>2</sup> produced)





Portobello also participates actively in local discussions to increase the resilience of the Tijucas River Watershed, being part of the Watershed Committee, which brings together public authorities, civil society organizations and other companies.

### Total water withdrawn by source

PORTOBELLO WATER ABSTRACTION, BY SOURCE AND BY OPERATION (m³)	PORTOBELLO CONSUMPTION (m³)	POINTER CONSUMPTION (m³)	TOTAL CONSUMPTION BY SOURCE (m³)
Surface water (rivers, lakes, wetlands, oceans)	114,414.25	0	114,414.25
Subterranean water	262,596.86	44,362	306,959.26
<b>Total</b>	<b>377,011.11</b>	<b>44,362</b>	<b>421,374</b>

### Percentage and total volume of recycled and reused water

	PORTOBELLO			POINTER		
RECYCLED AND REUSED WATER	2019	2020	2021	2019	2020	2021
Total volume of recycled/ reused water (m³)	515,130.00	341,345.00	37,319.00	16,600.00	40,154.00	50,424.80
Recirculation index (%)	100	100	100	25%	73%	88%

### Total water discharge

DISPOSAL OF EFFLUENTS (FLOW M³/H)	PORTOBELLO	POINTER
2019	4.47 m³/hour	1.2 m³/hour
2020	8.01 m³/hour	1.4 m³/hour
2021	7.15 m³/hour	1.9 m³/hour





# Emissions

GRI 201-2, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4,  
GRI 305-5, GRI 305-6, GRI 305-7

Thermal processes are essential for the ceramic industry. Therefore, Portobello chose to use a cleaner matrix, which causes less environmental impact. The ovens, dryers and atomizers are powered by natural gas, a non-renewable source, which does not generate soot, is efficient, as it has a high calorific value that results in energy losses close to zero, and has a lower level of emissions.



According to estimates, this fuel emits 27% less CO<sub>2</sub> than oil and 44% less than coal. In addition, the company developed a heat recirculation system for the ovens, which supplied up to 20% of the energy demanded by the atomizers, reducing the consumption of natural gas.

Natural gas was also used as an energy source for more than 90% of the vehicles that move materials in the factories.

In 2019, Portobello made its greenhouse gas inventory for the first time, which in 2020 was expanded, covering scopes 1, 2 and 3 of emissions. In 2021, direct emissions (scope 1) of greenhouse gases (GHG) were 216,248 metric tons of CO<sub>2</sub> equivalent against 191,390 metric tons of CO<sub>2</sub> equivalent in 2020. Indirect emissions, from scopes 2 and 3, will be obtained until the end of the first half of 2022. This increase reflects the expansion of production, as the units operated at 100% of production capacity in the period.

Affirmative actions to contribute to climate change control are part of Portobello's ESG planning for the period from 2022 to 2026. Targets are being defined, but will be related to increasing resilience and adaptability to related risks, increasing of institutional and human capacity on mitigation and impact reduction, to awareness and conservation of ecosystems, including biodiversity.

Total direct greenhouse gas emissions (tCO <sub>2</sub> eq)	2019	2020	2021
Portobello	165,508	157,139	182,464
Pointer	39,116	34,251	33,784
<b>TOTAL</b>	<b>204,624</b>	<b>191,390</b>	<b>216,248</b>



# Energy

GRI 302-1, GRI 302-2, GRI 302-3, GRI 302-4, GRI 302-5

Natural gas is the main component of Portobello's energy matrix, accounting for almost 90% of the group's total consumption.

Electrical energy is used for lighting the units – all use LED lamps – and for the operation of some equipment and comes from the Brazilian energy matrix. A small part, which meets the needs of two annexes, is generated by photovoltaic panels installed at the Alagoas unit.

The Shops have a lighting system designed to reduce energy consumption and provide better light and warmth for customers. They are diffused lights arranged linearly and projectors installed at calculated opening angles, allowing the use of fewer points.

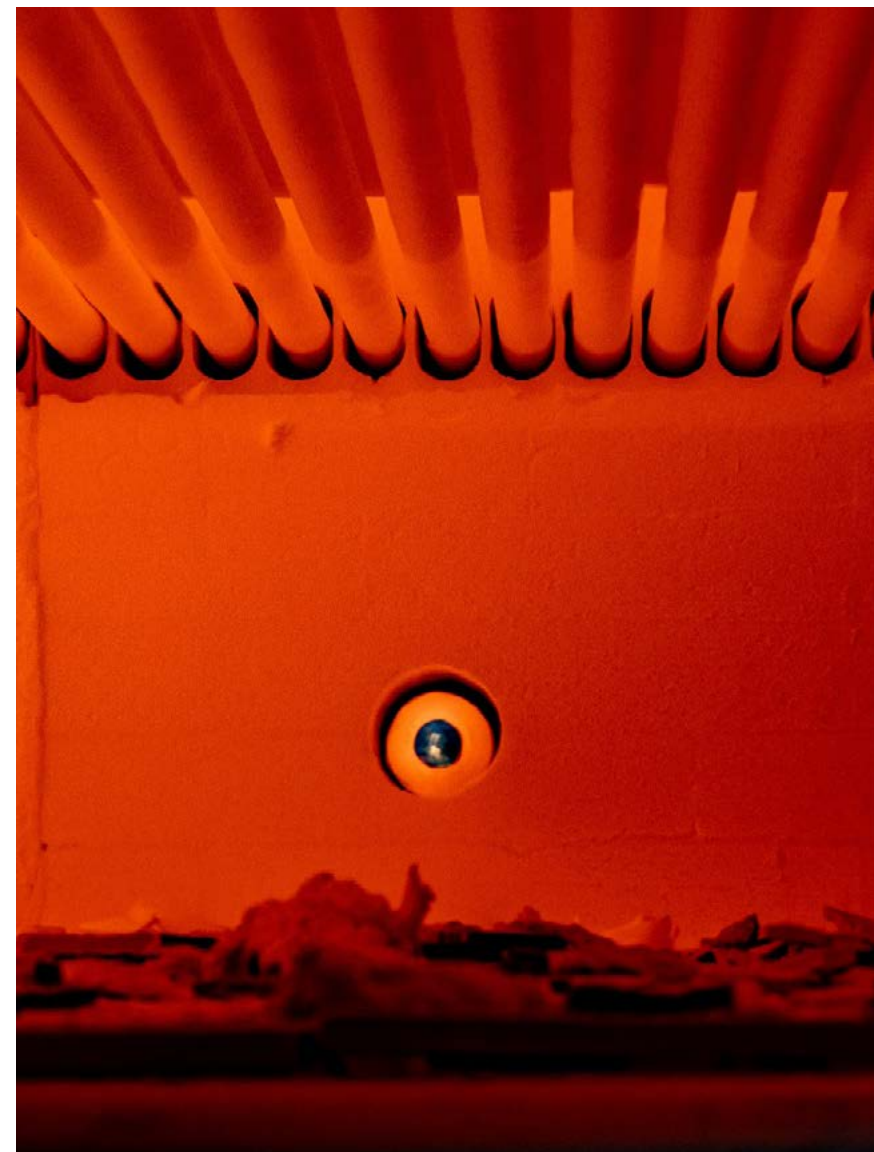
Portobello established as a business strategy for the next five years a substantial increase in the share of renewable energy in its matrix, including in stores.

## Direct energy consumption broken down by primary energy source (GJ)

FONT TYPE	PORTOBELLO			POINTER		
	2019	2020	2021	2019	2020	2021
Total consumption of non-renewable energy	3,299,839.21	3,116,815.43	3.604.375,16	824,169.11	721,654,63	923,956.79
Total consumption of renewable energy	432,429.46	394,517.97	456,012.91	116,774.59	103,530.78	110,657.70

## Energy Intensity (GJ)

	2019	2020	2021
Portobello	5.56	5.23	6.05
Pointer	.06	.06	.07





# Waste

GRI 301-1, GRI 301-2, GRI 301-3, GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4, GRI 306-5

Portobello has an efficient system for the reuse of waste from the production process that guarantees the use of 100% of all it generates. In 2021, these inputs represented 21% of the raw materials used in products manufacture and reached a volume of just over 206,000 metric tons.



Materials that cannot be used in production, such as metals, cardboard, oils, plastics, computer scrap, among others, are sent to recyclers. In the period, there was no waste reuse just from bathrooms and cafeteria, or 0.06% of the total.

The development of technologies and processes that allow full reuse began more than 10 years ago and involved partners in the joint search for solutions, such as, for example, for abrasives, a complex product.

With this, Portobello gives the appropriate destination to materials with the potential to generate negative impacts if they were neglected. For the next few years, the goal is to find an alternative for the waste from bathrooms and cafeterias, which today go to sanitary landfills.

The company also aims to substantially reduce waste production. Thus, there are studies and initiatives with this purpose, some conducted in partnership with suppliers (See Suppliers).

The slabs, ceramic in larger formats, are individually packed in heat-shrinkable plastic sheets. In 2021, after adjustments, there was a 27% reduction in the use of this material. In the period, there was also a 90% decrease in the use of plastics in fractional pallets (with different products or complete, but partially delivered to the customer) and of 25% in the use of PET tapes.

In 2020, 132.89 tons of plastic, 809.94 tons of cardboard and 105.22 tons of metal were

offset in the states of Amazonas, Distrito Federal, Mato Grosso do Sul, Minas Gerais, Paraná, Rio de Janeiro, São Paulo, and Rio Grande do Sul. Offsetting is made through the issuance of a recycling certificate, which provides an incentive to the chain.

The materials that protect the ceramics and allow for transport, such as pallets, cardboard and plastic, represented 28,035.81 metric tons in the period, of which 5,208.34 metric tons were recovered.



### Representativeness of materials used from recycling (ton)

	2019		2020		2021	
Ceramic mass in the production process	Amount used	Amount from recycling	Amount used	Amount from recycling	Amount used	Amount from recycling
Portobello	688,510.40	176,396.68	634,867.27	150,667.08	825,315.44	180,092.35
Pointer	279,257.00	14,729.00	417,776.00	405,416.00	311,670.93	26,639.17

Material type in 2021	Operation	Amount used (ton)	Amount from recycling (ton)	% from recycling
Cardboard	Portobello	5,644.23	3,908.63	69%
	Pointer	1,287.00	1,152.00	89%
Plastic tape (for arching)	Portobello	155.95	136.71	88%
	Pointer	92.00	11.00	12%
Pallet	Portobello	15,117.63	0.00	0%
	Pointer	5,739.00	0.00	0%

Evolution in the use of recycled materials in the ceramic mixture	2019	2020	2021
Portobello	26%	24%	22%
Pointer	5%	10%	9%

The variation is due to the reduction in the generation of all reused waste: shards, chamotte, vacuum dust and treatment sludge.



On this front, another relevant initiative is guidance on the disposal of unused products. The ceramic boxes have a QRCode, which, when accessed, shows the consumer step-by-step instructions on how to dispose of each category of material. Information on the production process and technical and detailed product data are available on the website.

Total weight of waste, broken down by type and disposal (in tons)	PORTOBELLO			POINTER			Waste
	2019	2020	2021	2019	2020	2021	
Recycling	9.14	5.91	12.17			4.97* start of monitoring	Hydraulic oil and lamps
Landfill	5.84	4.02		5.84	4.02	13,044	Waste contaminated with paint and/or oil
Industrial landfill	12.73	39.91	91.17				Asbestos tiles
Incineration (mass burning)		0.03175	0.03295			0.212* start of monitoring	Outpatient waste
Co-processing	88.41	114.12	94.78				Thinner residues, grease sludge, solvents, thinner contaminated waste, grease, and solvents
<b>TOTAL</b>	<b>116.12</b>	<b>163.99</b>	<b>198.15</b>	<b>5.84</b>	<b>4.02</b>	<b>13,044</b>	

Destination of non-hazardous waste (in tons)	PORTOBELLO			POINTER			Waste
	2019	2020	2021	2019	2020	2021	
Recycling	4973.05	6454.23	4426.54	255.35	370.68	654.15	Metal scrap, cardboard, plastic, industrial oil, mixed, wood, construction waste, polishing cake, computer scrap
Landfill	86.61	86.61	86.61	61.44	70.84	102.03	Waste from restrooms and cafeterias
Local storage	155.63	145.29					Abrasives
Industrial landfill		63.01				84.07* start of monitoring	Class II waste (Rubber, hoses, mixed waste, other non-recyclable Class II waste)
Co-processing			15.17			23747.71* start of monitoring	Class II waste (Rubber, hoses, mixed waste, other non-recyclable Class II waste), abrasives
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>15.17</b>	<b>316.79</b>	<b>441.52</b>	<b>756.18</b>	-

# Economic

This was a year of expansion in sales, production,  
product lines and operational efficiency



# Financial and Operational Performance

GRI 102-45, GRI 203-1, GRI 203-2, GRI 207-4, GRI 412-3

Even in the face of the pandemic challenges, this was an exceptional year for Portobello, which made progress in all the segments in which it operates. According to Anfacer, the construction industry grew by 12.2% in volume, and data from Abramat point to an expansion of 37.9% in revenue. Retail sales of construction materials, an essential segment for the company's business model, recorded a rise of 4.6% (Cielo). In all comparisons with the sector, Portobello had more robust results, a scenario that led the company to expand its market share.

In 2021, Portobello operated at 100% of its production capacity. The expressive growth came from the expansion of volume sold, new products that added value to the mix offered, price increases and a more

favorable exchange rate, which impacted gains in dollar terms. These attributes benefited the adjusted gross margin, which reached 43%, even in a context of strong cost pressure, especially energy.

The positive financial results have stimulated investments that will turn the operation even more robust. During the year, BRL 114.8 million were allocated to the expansion of the Portobello Shop network and the expansion of the productive capacities of the plants in Tijucas (SC) and Marechal Deodoro (AL), as well as Portobello America, which will have a factory in 2023 and received funds for the architectural project, earthworks and the ordering of part of the factory equipment.

Some competitive advantages favored

operations in 2021 and will continue to positively impact the business. Portobello America has two distributors in the US, which expand its presence in the North American market and adds dollar revenue to the organization.

Operating in retail, with its own sales channel, in addition to bringing the benefits inherent to the format itself, brings Portobello closer to the end customer and architects, helping to measure consumer behavior and guide business strategies. Added to these factors is the significant volume of exports, which, together with the sales made by Portobello America, represented 21% of revenue. The company has also been consolidating its digital sales channel, which will be reinforced next year.

Portobello projects a warm 2022, impacted by the performance of civil construction in 2020, which generates reflexes in the construction materials segment where it operates, two years later, duration of a work. In other words, the demand is already set. There will be no increase in volume, as the entire sector has been operating at 100% of its capacity, and investments in production expansion, underway at Portobello and competitors, will be completed in 2023 and 2024. Despite stability in volume, a revenue growth is projected, as a result of the prices increase and diversification, with the expansion of the presence of products with higher added value in the portfolio.

NET REVENUE:

**BRL 1.912 billion**  
(+43.6%)

Portobello: **+32.5%, to BRL 904.7 million**

Portobello Shop: **+60.6%, para BRL 632.6 million**

Portobello América: **+49.4%, to BRL 175.4 million**

Pointer: **+45.1%, to BRL 269.8 milhões**

ADJUSTED AND RECURRING EBITDA:

**BRL 365.4 million**  
(+109.3%)

ADJUSTED AND RECURRING NET INCOME:

**BRL 188.0 million**  
(+117.8%)

LOWEST LEVERAGE IN HISTORY: Net Debt/ Adjusted and Recurring EBITDA ratio of

**1.6x against 2.3x in 2020**

# Main Highlights



## Internationalization

In 2021, the Board of Directors approved US\$ 160 million for the construction of the factory in Baxter (Tennessee), which will occupy an area of 83,000 m<sup>2</sup> (893,000 ft<sup>2</sup>), will have a capacity of 7.2 million m<sup>2</sup> per year – will expand the group's production by 15% – and will start operating in 2023. The region is considered a national pole in the manufacture of ceramic tiles, due to the existence of deposits of clay and feldspar. The enterprise will generate 220 direct jobs and will have annual revenue of over US\$ 150 million.



## Retail expansion

Portobello Shop sales increased by 60.6% in the year. This result reflects the organic growth of the market, the opening of stores and the entry into other businesses, such as Lastras (larger pieces that allow innovative applications, such as in facades) and complete solutions. The company closed the year with 138 stores, 18 of which are owned and 120 franchises –compared to 136 units in 2020. The investment plan provides for the continuity of store expansion.



## Operational efficiency gain

In 2021, Portobello operated both factories at the limit of production capacities. This feature led to gains in operational efficiency, as the furnace remained on, without downtime. Thus, the company achieved a high level of productivity.

The operation at these levels was only possible thanks to investments in technology in the plants carried out in recent years. The company was prepared and was able to fully capture the benefits of the increased market demand.



# ASAP

As Sustainable  
As Possible,  
As Soon  
As Possible.

# GRI content index



## General contents

DISCLOSURE	DESCRIPTION	PAGE	OMISSION/INFORMATION	GLOBAL COMPACT	SDG
102-1	Name of the organization	5			
102-2	Activities, brands, products, and services	5			
102-3	Location of headquarters	5			
102-4	Location of operations	5			
102-5	Ownership and legal form	5			
102-6	Markets served	5			
102-7	Scale of the organization	5			
102-12	External initiatives	5			
102-13	Membership of associations		Member of the Board of Directors from the National Association of Ceramic Tile Manufacturers Coatings, Sanitary Ware and Congeners (Anfacer), as well as member of the Brazilian Association of the Construction Materials Industry (Abramat), the Brazilian Association of Human Resources (ABRH) in Santa Catarina and the Brazilian Association for Business Communication (Aberje)		
102-14	Statement from senior decision-maker	3			
102-10	Significant changes to the organization and its supply chain	3, 12, 13, 14, 30 e 78			
102-44	Key topics and concerns raised	22, 23, 24 e 27			
102-46	Defining report content and topic Boundaries	25			
102-47	List of material topics	25			
102-48	Restatements of information	25			
103-1	Explanation of the material topic and its Boundary	12, 17 a 25, 27, 32 a 35, 37 a 61			
103-2*	The management approach and its components	12, 17 a 25, 27, 32 a 35, 37 a 61		1, 2, 4 e 5	
103-3*	Evaluation of the management approach	12, 17 a 25, 27, 32 a 35, 37 a 61		1, 2, 4 e 5	1,8



DISCLOSURE	DESCRIPTION	PAGE	OMISSION/INFORMATION	GLOBAL COMPACT	SDG
102-49	Changes in reporting	25			
102-50	Reporting period	25			
102-51	Date of most recent report	25			
102-52	Reporting cycle	25			
102-53	Contact point for questions regarding the report	25			
102-54	Claims of reporting in accordance with the GRI Standards	25			
202-2	Proportion of senior management hired from the local community		17.6% of the Board of Directors and the Board are from the local community		

## Social series

DISCLOSURE	DESCRIPTION	PAGE	OMISSION/INFORMATION	GLOBAL COMPACT	SDG
102-40	List of stakeholder groups	3, 5, 20, 21, 22, 23, 33 e 35			
102-42	Identifying and selecting stakeholders	3, 5, 20, 21, 22, 23, 33 e 35			8
102-43	Approach to stakeholder engagement	3, 5, 20, 21, 22, 23, 33 e 35			
204-1	Proportion of spending on local suppliers	60			
102-10	Significant changes to the organization and its supply chain	60			8
102-9	Supply chain	60			8
308-1	New suppliers that were screened using environmental criteria	60		7, 8, 9	8
308-2	Negative environmental impacts in the supply chain and actions taken	60		8	8
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	60	For operations, there is no risk. For suppliers, there is no monitoring.		8
408-1	Operations and suppliers at significant risk for incidents of child labor		The company carries out audits in all its own deposits and there were no cases related to this kind of risk		10





DISCLOSURE	DESCRIPTION	PAGE	OMISSION/INFORMATION	GLOBAL COMPACT	SDG
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		The company carries out audits in all its own deposits and there were no cases related to this kind of risk		10
410-1	Security personnel trained in human rights policies or procedures	60		1	8
414-1	New suppliers that were screened using social criteria	60			8
414-2	Negative social impacts in the supply chain and actions taken	60		8	10
412-1	Operations that have been subject to human rights reviews or impact assessments		This assessment has not been implemented		
413-1	Operations with local community engagement, impact assessments, and development programs		Portobello does not carry out social and environmental impact assessments. Tijucas' unit (SC) recorded a community complaint about the dust caused by the movement of trucks in the factory, generated by clay, raw material for ceramic production. To reduce this problem, the cleaning process was intensified, particularly in the sidewalks and streets. It is under consideration the construction of another access, which eliminates the circulation of trucks in the region with more residences	1	5, 8
413-2	Operations with significant actual and potential negative impacts on local communities		There is no ongoing monitoring process and/or a community consultation		
403-1	Occupational health and safety management system	45			3, 12
403-2	Hazard identification, risk assessment, and incident investigation	45			
403-3	Occupational health services	45			3, 12
403-4	Worker participation, consultation, and communication on occupational health and safety	45			3, 12
403-5	Worker training on occupational health and safety	45			3, 12
403-6	Promotion of worker health	45			3, 12
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	45			3, 12
403-8	Workers covered by an occupational health and safety management system	45			3, 12
403-9	Work-related injuries	45			

DISCLOSURE	DESCRIPTION	PAGE	OMISSION/INFORMATION	GLOBAL COMPACT	SDG
403-10	Work-related ill health	45			
102-8	Information on employees and other workers	39		6	8, 10
201-3	Defined benefit plan obligations and other retirement plans		Portobello did not offer a private pension plan, but will have one in 2022		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		The salary of 99.5% of employees follows a Collective Agreement and not the minimum wage rules	6	12
401-1	New employee hires and employee turnover	40		6	5, 8
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Temporary or partial employees receive salary, meal and transportation allowances	6	8
410-1	Security personnel trained in human rights policies or procedures	60			
401-3	Parental leave		Maternity leave according to the legislation (4 months) and Paternity leave takes 5 days		
402-1	Minimum notice periods regarding operational changes		There is not		
404-1	Average hours of training per year per employee	41	This information by gender will be monitoring from 2022		
404-2	Programs for upgrading employee skills and transition assistance programs	41			4, 5, 8
404-3	Percentage of employees receiving regular performance and career development reviews	41	This information by gender will be monitoring from 2022	6	5, 8
405-2	Ratio of basic salary and remuneration of women to men	44			5
406-1	Incidents of discrimination and corrective actions taken	22			8
412-2	Employee training on human rights policies or procedures	41 a 43			4, 8
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	41 a 43			8
411-1	Incidents of violations involving rights of indigenous peoples		The company does not operate in indigenous area	1	2
416-1	Assessment of the health and safety impacts of product and service categories	53 a 56			
416-2	Casos de não conformidade em relação aos impactos na saúde e segurança causados por produtos e serviços (no consumidor)		There is not		



DISCLOSURE	DESCRIPTION	PAGE	OMISSION/INFORMATION	GLOBAL COMPACT	SDG
417-1	Requirements for product and service information and labeling		The packages bring a QR Code that leads to the information		
417-2	Incidents of non-compliance concerning product and service information and labeling		There is not		7, 8, 12, 13
417-3	Incidents of non-compliance concerning marketing communications		There is not		7, 8, 12, 13
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	53			7, 8, 12, 13

## Environmental series

DISCLOSURE	DESCRIPTION	PAGE	OMISSION/INFORMATION	GLOBAL COMPACT	SDG
301-2	Recycled input materials used	73			
301-1	Materials used by weight or volume	74			
201-2	Financial implications and other risks and opportunities due to climate change	71		7, 8, 9	13
305-1	Direct (Scope 1) GHG emissions	71		7, 8, 9	3, 12, 13, 15
305-2	Energy indirect (Scope 2) GHG emissions	71		7, 8, 9	3, 12, 13, 15
305-3	Other indirect (Scope 3) GHG emissions	71		7, 8, 9	3, 12, 13, 15
305-4	GHG emissions intensity	71		7, 8, 9	3, 12, 13, 15
305-5	Reduction of GHG emissions	71		7, 8, 9	3, 12, 13, 15
305-6	Emissions of ozone-depleting substances (ODS)	71			3, 12, 13, 15
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	71			3, 12, 13, 15

DISCLOSURE	DESCRIPTION	PAGE	OMISSION/INFORMATION	GLOBAL COMPACT	SDG
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and a	66		8	6, 14, 15
304-2	Significant impacts of activities, products, and services on biodiversity	64		8	6, 14, 15
304-3	Habitats protected or restored		The company does not carry out this kind of monitoring	8	6, 14, 15
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		The company does not carry out this kind of monitoring	8	6, 14, 15
303-1	Interactions with water as a shared resource	67		7, 8	6, 8, 12
303-2	Management of water discharge-related impacts	67		7, 8	6, 8, 12
303-3	Water withdrawal	69		7, 8	6, 8, 12
303-4	Water discharge	69		7, 8	6, 8, 12
303-5	Water consumption	68		7, 8	6, 8, 12
302-1	Energy consumption within the organization	72			7,8,12,13
302-2	Energy consumption outside of the organization		The company does not carry out this kind of monitoring		7,8,12,13
302-3	Energy intensity	72			7,8,12,13
302-4	Reduction of energy consumption	72			7,8,12,13
302-5	Reductions in energy requirements of products and services	72			7,8,12,13
301-3	Reclaimed products and their packaging materials	60, 73			
306-1	Waste generation and significant waste-related impacts	48, 55, 64, 65		7, 8, 9	3, 6, 12
306-2	Management of significant waste-related impacts	48, 55, 64, 65			
306-3	Waste generated	74			
306-4	Waste diverted from disposal	75			
306-5	Waste directed to disposal	75			



## Governance

DISCLOSURE	DESCRIPTION	PAGE	OMISSION/INFORMATION	GLOBAL COMPACT	SDG
102-41	Collective bargaining agreements	44		3	8
102-11	Precautionary Principle or approach	23			
102-16	Values, principles, standards, and norms of behavior	15 a 18		10	16
102-18	Governance structure	20 e 21			
205-1	Operations assessed for risks related to corruption	22		10	16
205-2	Communication and training about anti-corruption policies and procedures	22		10	16
205-3	Confirmed incidents of corruption and actions taken		There is not	10	16
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		There is not		16
207-2	Tax governance, control, and risk management	22			
307-1	Non-compliance with environmental laws and regulations		There is not	8	12,13, 14,15,16
419-1	Non-compliance with laws and regulations in the social and economic area		A Public Civil Action is underway, promoted by the Public Ministry of Labour, as a result of a fatal accident, which occurred in the period, caused by the fall of an employee from a contracted company, during the maintenance of a roof in a factory		
405-1	Diversity of governance bodies and employees	21		6	5, 8
406-1	Political contributions	23		6	5, 8, 16
415-1	Contribuições políticas	22		10	16

## Economic series

DISCLOSURE	DESCRIPTION	PAGE	OMISSION/INFORMATION	GLOBAL COMPACT	SDG
201-1	Direct economic value generated and distributed	36			2
203-1	Infrastructure investments and services supported	10, 12, 77 e 78		1, 7, 8, 9	2,5,7,8,11
203-2	Significant indirect economic impacts	77, 78 e 79			1,2,3,8,10
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	27 e 60			
102-45	Entities included in the consolidated financial statements		Portobello America Inc, Portobello America Manufacturing, PBTech Ltda, Portobello Shop S/A, Mineração Portobello Ltda, Companhia Brasileira de Cerâmica S/A		
201-4	Financial assistance received from government		There is not		
207-1	Approach to tax	24			
207-3	Stakeholder engagement and management of concerns related to tax	23 e 24			
207-4	Country-by-country reporting	5 a 11			
102-55	GRI content index	80			
102-56	External assurance		This report has not been submitted for external assurance		



# Portobello

COORDINATION

**Portobello Grupo Sustainability Department**

TECHNICAL AND EDITORIAL COORDINATION, GRI CONSULTANCY, GRAPHIC DESIGN

**Presence Comunicação e Sustentabilidade**