

ENGRAW
Sustainability
report.



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01. Foreword.





Lessons from our Grandfather.

From our founder, Frank Raquet Hosey, we learned the true value of hard work—not as a burden, but as a source of pride and purpose.

He taught us that attention to detail and perseverance in following one's passion are fundamental.

Every role within the company is essential; like the parts of a finely tuned machine, each one contributes to the whole. As leaders, it is our responsibility to understand and respect every aspect of the business, ensuring that no detail is overlooked and that every contribution is valued equally.

Our first steps towards sustainability by Frank Raquet Mailhos.

From my father, **Frank Raquet Hosey**, I inherited the principle of **doing things to the best of our ability, guided by Christian values that emphasize respect and care for every person**. He believed in a personal, open relationship with our team, where everyone knew they could approach leadership and be heard. **This respect and affection for employees became a priority for me too.**

When I began working over 50 years ago, Engraw was the first company to support the Uruguayan Secretariat of Wool in their goal to improve wool conditioning among rural growers. We led efforts to promote genetic selection to **reduce coloured fibres, allowing Uruguayan wool to be used for the production of pastel shades**. We also **pioneered anti-shrinkage processing in the southern hemisphere**. These initiatives were the foundation for our long-standing commitment to quality and sustainability in the wool industry.



Our commitment to nature by Federico Raquet.

When I joined the company nearly 20 years ago, many of the environmental values established by **Frank Raquet Mailhos** were already firmly rooted in Engraw. From the beginning, **the importance of respecting natural processes was clear, and it was reflected in the application of organic products in wool washing before it became common practice and in using renewable energy from our winds to process our wools.** Equally important was the understanding that every role within the company holds value and contributes to the overall success, alongside a deep awareness of our responsibility to give back to the surrounding community.

Building upon these foundations, **I focused on extending our environmental commitment beyond our factory to our suppliers** —the rural wool growers. We worked closely with them to adopt more responsible land management and environmental practices. Through the introduction of certifications such as GOTs, RWS, and L2M, **we brought transparency and traceability to the supply chain, highlighting the quality and care inherent in Uruguayan wool production.**

Looking ahead, the vision is clear: **to further reduce our environmental footprint not only within Engraw**, but also alongside our wool growers, as we move toward a regenerative business model. A key part of this objective is to continue strengthening our partnerships with growers who share our commitment to quality and sustainability. Ultimately, our aim is to position their wools among the world's leading brands. As part of this journey, **we are also cultivating a future that supports the inclusion of women in both rural farming and within our company, recognizing that promoting diversity** —especially in a traditionally male-dominated sector —will be essential to achieving our regenerative ambitions.



02. 2024 Highlights.

Engraw's sustainability strategy is built around four key focus areas:

1.

We are committed to understanding, measuring, and minimizing the negative environmental impact of our operations, while also striving to generate positive, regenerative outcomes.

In 2024, we measured our product footprint under ISO 14067, which includes emissions across the life cycle stages—raw material extraction, manufacturing, distribution, use, and end-of-life. We also measured farm-level emissions for two growers: one under ISO 14067 in 2024 and the other under ISO 14064 in 2019.

This year, we obtained the **Gold level Cradle to Cradle Certified®**.

2.

We collaborate closely with our suppliers and clients to build the necessary capabilities for the transition toward more sustainable practices.

This year, 100% of our uruguayan growers have been certified with the Origen certification, and we also co-designed a pilot project on circularity in partnership with one of our key clients —marking an exciting step forward in our efforts to close the loop within our value chain.

3.

Our commitment to our employees and our community is unwavering.

This year, we achieved 50% parity in our senior executive positions and continued to contribute 5% of our revenue to social causes.



4.

We are dedicated to transparency and accountability.

This year, we completed our Materiality Assessment, designed our sustainability strategy with short-, medium-, and long-term goals, and published our first sustainability report. This report reflects our commitment to transparency and continuous improvement —that's why we share our progress, challenges, and insights.

2024 Highlights

In this section of our report, **we present our 2030 goals together with the progress made this year.** Our goals are aligned with the Sustainable Development Goals (SDGs) proposed by the United Nations, particularly, those that relate to gender equality (SDG 5), clean water and sanitation (SDG 6), affordable clean energy (SDG 7), decent work and economic growth (SDG 8), sustainable cities and communities (SDG 11), responsible consumption and production (SDG 12), climate action (SDG 13) and life on land (SDG 15). **In the following section we have indicated our goals for 2030, the progress made so far and how these goals aligned with the SDGs.**

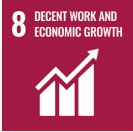
		Area	Priorities	Objectives (for 2030)	2024 Progress
		Measurement & Transparency	Build a data-based environmental culture: “What gets measured, gets managed.”	Consolidate a robust, traceable baseline of our environmental impact and progress. Measure our emissions, energy and water consumption, carbon capture from tree planting, and farm-level emissions.	In 2024, we measured our carbon footprint under ISO 14067, which includes emissions across the life cycle stages: raw material extraction, manufacturing, distribution, use and end of life. We also measured farm-level emissions for two growers: one under ISO 14067 in 2024 and the other under ISO 14064 in 2019. Our energy use is tracked and has been verified through third-party Cradle to Cradle assessments in both 2022 and 2024. Cradle to Cradle also evaluates water stewardship, material health, product circularity, social fairness, and clean energy use. We are still working on measuring our water consumption more precisely.
		Water Resource Management	Optimize water consumption per kg of washed wool while improving wool quality.	Reduce water consumption and optimize water reuse without compromising product quality. Recycle 25% of the water used in production. Capture and use 100% of rainwater available.	Our water usage is closely linked to the cleanliness of incoming raw wool and the quality of our outputs. We are currently exploring technologies that allow us to maintain quality while optimizing water efficiency. Since March 2024, we have successfully begun capturing and using rainwater for our production processes.

02.

2024 Highlights

		Area	Priorities	Objectives (for 2030)	2024 Progress
		Renewable Energy	Our commitment is to remain as close to nature as possible by incorporating new natural energy sources such as solar.	Strengthen our clean energy mix and reduce reliance on conventional energy by implementing solar thermal solutions to heat process water.	We installed our first wind turbine in 2012 and the second in 2014. Since then, we've been generating renewable energy for our plant, with any surplus fed into the national grid. Since wind energy cannot be stored, the surplus electricity generated is fed into the national grid, contributing to a reduction in the country's reliance on traditional, non-renewable energy sources. In 2024, we began evaluating solar energy to heat water in our washing facility —another step toward using natural, low-impact solutions.
		Carbon Emissions Management	Reduce the impact of upstream emissions through product innovation and supplier engagement.	Reduce our Scope 3 emissions by 50% compared to 2024 levels from our ISO 14067 footprint	Scope 3 accounts for more than 81,38 % of our total emissions. Since March 2024, we installed a chlorine-free wool treatment system —a major technological milestone for a cleaner textile process.
			Achieve net zero through insetting, not offsetting.	Reach carbon neutrality without relying on carbon credit purchases, including Scope 1, 2 and 3 emissions as measured under our ISO 14067 footprint.	We are developing a 10-hectare native tree plantation , which is expected to contribute to our insetting strategy and help us reach net zero within five years.

2024 Highlights

		Area	Priorities	Objectives (for 2030)	2024 Progress
	 	Supplier Engagement	Encourage suppliers to measure and understand the environmental impact of their products. Build a traceable, low-impact, and regenerative supply chain through data, accountability, and aligned values.	Increase by 50% the number of growers operating under our sustainable livestock protocol compared to 2024 levels. Ensure 100% of our chemical suppliers measure their carbon footprint (for Scope 3 purposes).	As of 2024, most of our suppliers have not yet provided environmental impact data, though they recognize this as a priority. Currently, approximately 7% of our certified farm owners operate under the Land to Market regenerative protocol. We aim to increase this share by 50% by 2030 (with Land to market or other regenerative program), while continuing to strengthen environmental and animal welfare standards across our entire certified supply base.
	  	Social Responsibility	Increase inclusion and participation of women in our production facility. Community Engagement.	Increase the number of women in our factory workforce by 50% compared to 2024 levels. Measure and enhance the long-term social impact of our community engagement initiatives in Fray Marcos and surrounding areas.	As of 2024, women represent 20% of our factory staff. This year, we increased female hires by 2%, moving toward our 2030 goal. In 2024, we continued supporting the community of Fray Marcos, where our factory is located. Our actions include donations to local hospitals and public schools, as well as environmental education and awareness activities, such as the Plogging Initiative, which combines jogging with litter collection to engage the community in environmental care. Moving forward, we aim to develop a framework to assess / measure the long-term impact of these efforts, ensuring that they effectively contribute to local development, environmental stewardship, and community well-being.

02.

2024 Highlights

	Area	Priorities	Objectives (for 2030)	2024 Progress	
	Governance	Transparency & ESG Management.	Establish and continuously update a robust sustainability reporting and governance system to enhance transparency, accountability, and alignment with international ESG standards.	In 2024, we began strengthening our sustainability governance through several key actions: launching our first Sustainability Report, completing a materiality assessment, formalizing internal ESG documentation, and aligning our reporting with ISO 14064 (carbon neutrality certification) and ISO 14067 (product carbon footprint). This marks the beginning of a structured and recurring process to monitor and communicate our environmental and social performance annually.	





03.

About Engraw.

About Engraw

Engraw is a 4th generation family-owned business that over the past 70 years has in the production of high-quality wool.



At Engraw we wash and process mulesing-free wool, that we buy from Uruguayan, Australian as well as other South American growers who follow the best animal husbandry practices available.

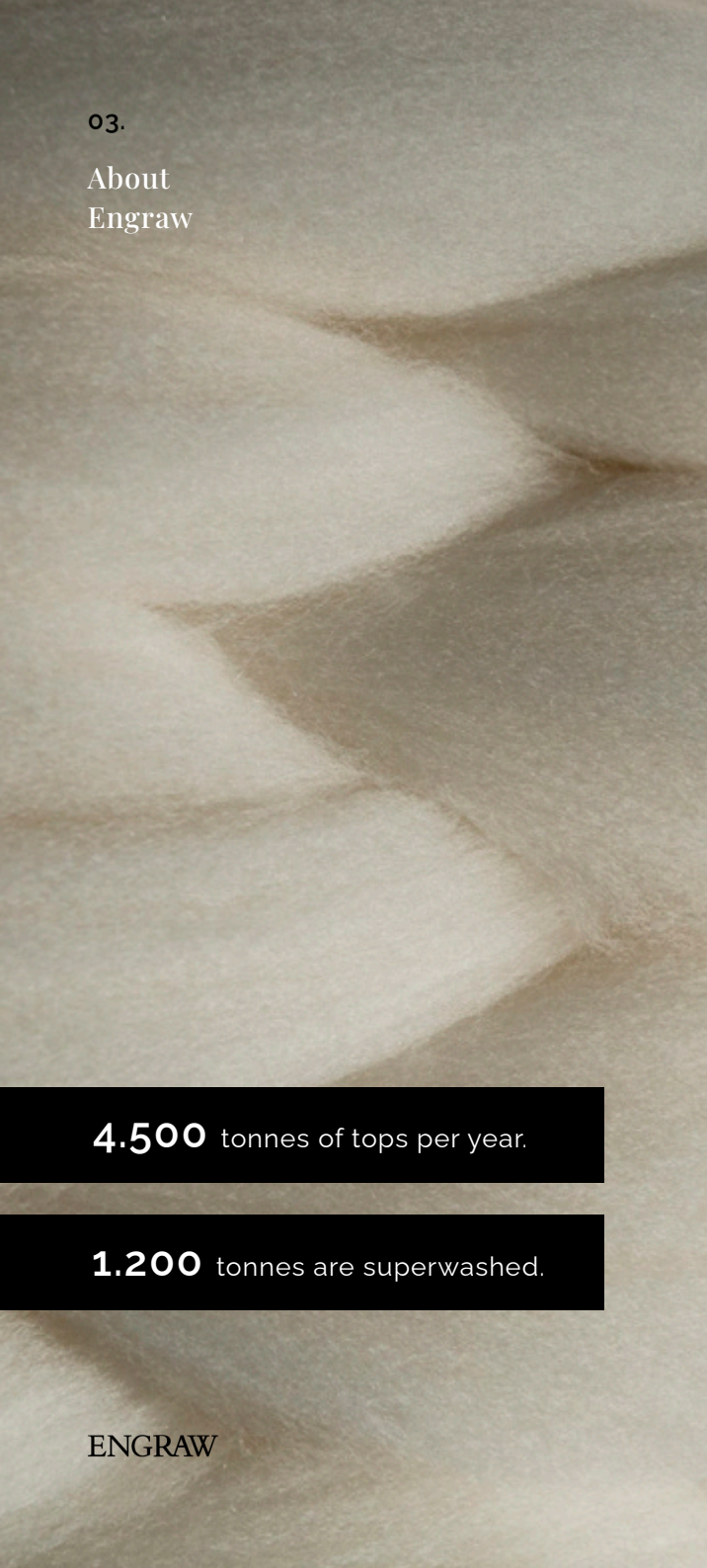
We stand today as **the oldest wool combing manufacturing company in Uruguay**, and we believe our success is the result of making the environment, our employees, their families and the Fray Marcos' community, where we are based, an essential pillar of our company's essence and growth.

03.

About
Engraw



280 tonnes of noil.



4.500 tonnes of tops per year.

1.200 tonnes are superwashed.

ENGRW



190 tonnes of lanolin (wool grease).

03.

About
Engraw

Our employees.

We firmly believe Engraw is a family, and this is reflected on our employees: **90 % of our personnel has been working with us for more than 20 years and approximately 15 % has at least one relative working at the company.** We have 134 employees, 79,2% are male and 20,8% are female. In directive positions the gender distribution is 50% between men and women.

ENGRW



Our Clients.

We export to over 20 countries across South America, Europe, Asia and Africa, including Italy, Germany, France, Spain, Turkey, Morocco, India, Japan, Colombia, Chile, Brazil, Peru and China.

Our client base are 60% knitters, 30% weavers and 10% directly to the final brands.

Our Suppliers are our Strategic Partners.

In Engraw we believe that the entire manufacturing process, starting when the wool is harvested until it reaches the final consumer, holds a unique story. A story that reflects the sheep breeding, the farm, and the hard work of the farmers. It is our suppliers and their commitment to the sheep welfare that help us guarantee that we can consistently provide the highest quality of wool for our clients.

Currently we work with 400 Uruguayan growers that collectively have 803,000 sheep across nine million hectares. We choose to work with growers that share our belief that high quality is achieved through love and respect for nature and animals.

Currently 100% of our growers have been certified with our Origen certification (an animal welfare, land management, social welfare certification), 44% have the Responsible Wool Standard (RWS) certification (a voluntary certification that aims to improve the welfare of sheep and the land they graze on), 16% have the Global Organic Textile Standard (GOTS) certification, 7% have the Land to Market certification (the first seal to give consumers confidence that products come from a land that is verified regenerative).



03.

About
Engraw



About Uruguay.

A country with an abundance of natural resources.

Engraw is proudly based in Uruguay, fully aware of the advantages of operating in a country blessed with abundant natural resources and strong regulations designed to protect them.

According to the Convention on Biological Biodiversity Uruguay's "*natural temperate grasslands (Pampas) cover about 60% of the national territory*". It is a country rich in a diversity of landscapes and benefits from an extensive river system and biodiversity rich coasts. "*The native Forest areas in Uruguay have grown steadily over the past 25 years (from 3.5% coverage to 6%)*".

According to the latest Earth's Overshoot Day Uruguay **has the latest overshoot day** in comparison to all the other countries the organization considers.

A country with regulation in place to protect its biodiversity!

Uruguay has several laws that have been enacted with the goal of protecting the environment and hold companies and industries accountable. In Appendix II of this sustainability report we have provided all the different environmental regulations that Engraw is required to comply with to be able to operate in Uruguay.

In December 2024, a third-party sustainability review was conducted, and it was concluded that Engraw is compliant with local environmental regulations.



03.

About
Engraw

A country politically and socially stable.

According to the World Bank Uruguay stands out in Latin America for being an *"egalitarian society, with high per capita income and low levels of poverty and inequality"*. In a similar line, the Freedom House Organization has calculated that Uruguay has a positive score of 96/100 for upholding political rights and civil liberties.



A country with a long-standing tradition for sheep growing.

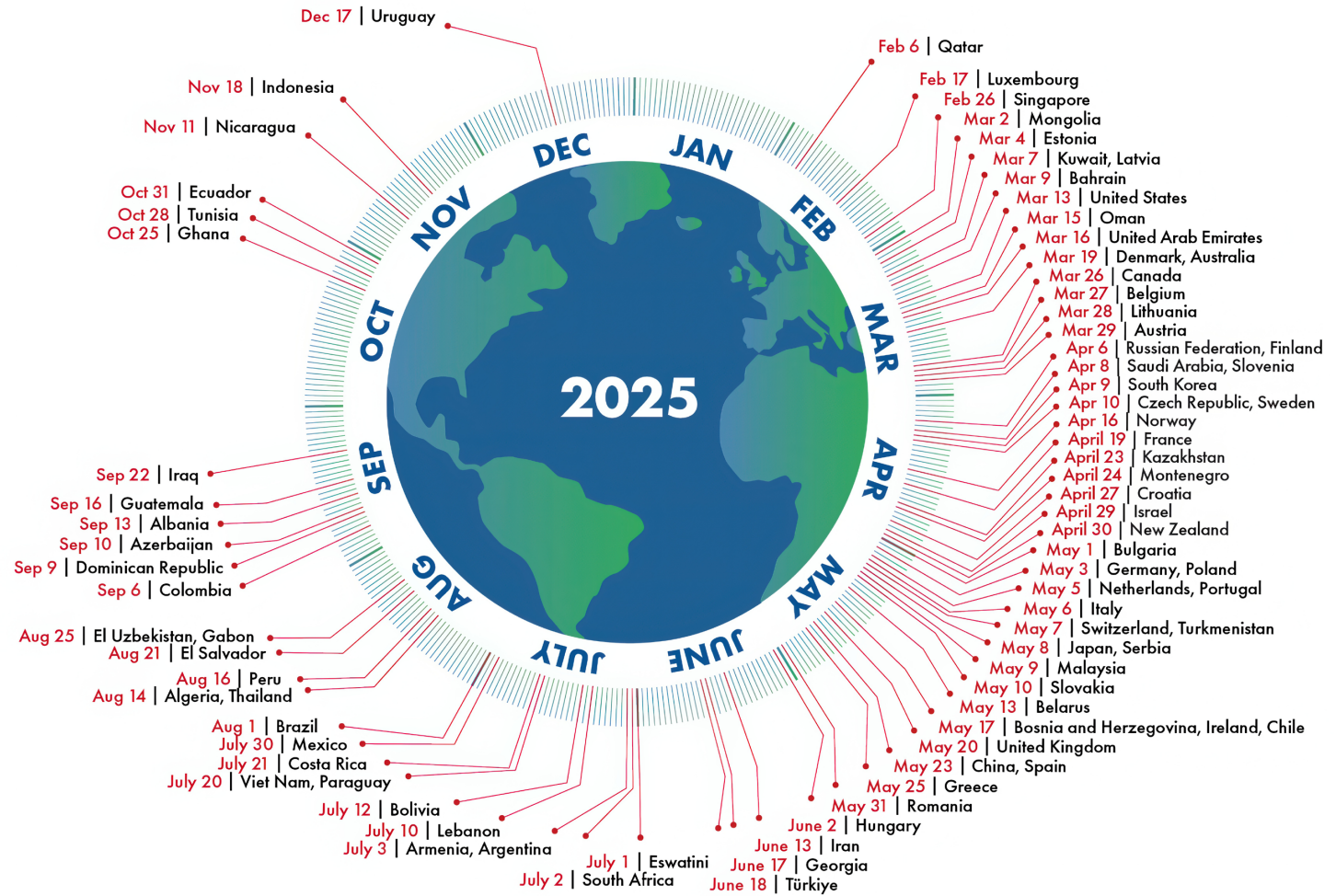
Uruguay is a country with a rich agricultural tradition, this sector being one of the main contributors to the national economy. The country has a long-standing tradition of sheep farming. This led to the creation of the Uruguayan Wool Secretariat (SUL) in 1968, a private non-for-profit organization that seeks to promote sustainable development of sheep production and provide guidance to wool growers.

In Uruguay, animals are raised in large territories, with plenty of water and shelter where they live according to their natural development and with the minimum human interference.

This creates the perfect habitat for the flocks to live stress-free, producing mulesing-free wool with exceptional length and fibre strength, resulting in high-quality wool tops.

Country overshoot days 2025.

When Earth overshoot day would land if all the people around the world lived like...



04. About this report.

Sustainability strategy and materiality.



Engraw's Sustainability Strategy.

At Engraw, creating a positive impact
in all our interactions is paramount.

This ambition goes beyond regulatory compliance and market demands —it even surpasses the desire to be pioneers. It aims to contribute to the recovery and prosperity of both natural and social systems.

This is a long-term vision, whose benefits and ripple effects are reflected in every aspect of the company's activities. **Some schools of thought refer to this approach as a "Regenerative Ambition."**

This ambition is reflected in Engraw's four key priority lines:

1 · First, we focus on the environmental impacts —both positive and negative— of our operations.

We are committed to proactively minimizing any adverse effects by optimizing resource use, reducing our environmental footprint, and investing in regeneration efforts that go beyond mitigation.

2 · Second, we prioritize the wellbeing of our employees, recognizing them as a fundamental part of Engraw's success.

Their health, safety, and personal growth are central to our decision-making and long-term vision.

3 · Third, our value chain begins with our suppliers. We carefully select partners who not only meet the quality standards required by our products but also share our values.

We expect them to uphold environmental responsibility and to treat all people and animals involved in their operations with dignity and respect.

4 · Finally, we are deeply committed to transparency and traceability across our processes and products.

These are essential pillars for building trust and encouraging responsible relationships with all our stakeholders.

04.

About
this report

How we define priorities.

To define its sustainability strategy, Engraw began with an initial **Simple Materiality** assessment (i.e., a **Financial Materiality** exercise).

However, because sustainability is a core value of the company, **Impact Materiality** was also considered as part of this initial process.

Below there's a summary of the steps taken to identify Engraw's material topics:

1 · Identifying real and potential impact areas.

To define material topics, an exercise was conducted to evaluate both real and potential impacts. This process involved listing impact-related topics for the company (linked to our industry risks) as well as topics that are important from a strategic standpoint (aligned with our vision and mission).

Many of these topics emerged from industry-specific recommendations such as those from the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB).

2 · Prioritizing topics by importance and ranking.

Each topic was assigned a level of importance on a scale from one to ten, followed by a ranking from 1 to 19, in order to prioritize those with equal importance scores. This process revealed that Engraw had identified many interrelated material topics (e.g., electricity and GHG emissions, water management, regeneration, biodiversity, etc.). As a result, it was agreed to group these under broader categories.

This approach enable us to structured our action plan, while clearly highlighting the interactions and interdependencies among various initiatives and milestones.

3 · Grouping by area and priority according to Materiality Matrix.

Consequently, **the identified potential impact areas were grouped into four key action categories: environmental, social, supply chain, and governance.** These categories are in line with the priority lines previously mentioned.

From these categories, ten priority action lines were determined based on the assessment of real and potential impacts. These topics have been organized by area and are presented in the table below and our Materiality Matrix in Annex I.

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About
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		Area	Material topics					
		Environmental	1. Renewable Energy	2. Carbon Neutrality	3. Water	4. Biodiversity & Regeneration	5. Circularity and Waste Management	
		Social	6. Holistic Employee Wellbeing			7. Community		
		Suppliers	8. Regeneration and Animal Welfare			9. Transparency and Traceability with Suppliers		
		Governance	10. Accountability, Transparency and Traceability					

A glass beaker containing white cotton wool and several white, oval-shaped pills. The beaker has measurement markings on its side, including '300' and '400'.

05. Environmental results.

Energy and Greenhouse Gas Emissions.

Engraw has been a pioneer in renewable energy in Uruguay for quite long. Back in 2013, we made history by installing the country's very first wind turbine dedicated to powering a production facility —marking a major step forward in our commitment to clean energy.

Today, we operate two Vestas 1.8 MW wind turbines, which together generate all the electricity needed to power our entire production process. As a result, 99,5% of the electricity used in our mills comes from renewable sources.

"Uruguay's long-term energy policy and investment in renewable energy sources have placed the country second overall in South America in terms of environmental sustainability". According to Uruguay's National Electricity Administration (ADME) the 2024 energy mix of the country was 99% from renewable sources.



Energy Consumption 2024

	Energy type	Renewable	Non-renewable	Total
	Electricity MWh	4.014,7	211,3	4.226
	Fuels MWh		62,04	62,04
	Total MWh	4.014,7	13.863,34	17.878,04
	Wood Tn	75.7	4.007,5	4.850



*The on-site renewable energy was generated from Engraw's wind turbines.

Electricity Consumption 2024



Energy type	Total annual electricity use	UNIT MWh	% renewable by source	
Conventional purchased electricity - residual grid mix	1,139	MWh	99%	
Onsite renewable electricity	3,087	MWh	100%	
Total electricity use:	4,226	MWh		
	Total % Renewable Electricity:		99.5%	

Calculations made by an independent third party, following the Greenhouse Gas Protocol.



Energy and Greenhouse Gas Emissions.

Below is a breakdown of our emissions:

- Scope 1 emissions are the emissions generated from the company's owned or controlled sources. **For the year 2024 the total annual green house gas emissions were estimated to be 696,51 tCO₂e.**
- Scope 2 emissions are the emissions generated from purchased energy such as electricity, steam, heat or cooling. **For the year 2024 the green house gas emissions were 65,74 tCO₂e.**
- Scope 3 emissions are indirect emissions that result from the company's value chain, both upstream and downstream but that are not directly owned or controlled by the company. **The upstream scope 3 GHG were estimated to be 916,42 tCO₂e**

Environmental Results

We've also planted over 10,000 trees across our facilities, irrigated with treated effluent water from our own production processes.

This initiative not only supports water recycling but also contributes to carbon capture, helping remove CO₂ from the atmosphere while enhancing our surroundings with greenery.

Additionally, our windmills supply energy to the national grid, increasing the share of renewable energy that powers the country. Furthermore, it was estimated around 173 tCO₂e emissions were avoided from the energy created by the windmills and that the annual carbon reserves on biomass amounted to 343 tCO₂e*.

*These estimates were calculated by a 3rd party firm and at the time of publishing this report were pending validation.



Annual Scope 1 Green House Gas Emissions

	Source	Emissions (tCO2e)
	Fuel Consumption	17,07
	Emissions from water treatment pond	544,92
	Wood (for boiler)	134,53
	Biogenic emissions	7.718,9
	Total Scope 1 Emissions	696,52





Annual Scope 2 Green House Gas Emissions

Source	Emissions (tCO2e)	
Energy Consumption	65,74	
Total Scope 2 Emissions	65,74	

Annual Scope 3 Green House Gas Emissions

	Source	Emissions (tCO2e)
	Inputs (supplies)	817,95
	Waste disposal	62,57
	Fuel	31,94
	Energy related activities not in scope 2	3,96
	Total Scope 3 Emissions	916,42





Air, water and soil management.

At Engraw, managing and reducing air emissions is a key component of our environmental strategy.

Since 2019, we have systematically tracked our emissions, achieving Carbon Neutral certification for that year and **reaching Cradle to Cradle Certified® at Silver level in 2022 and the Cradle to Cradle Certified® at Gold level in 2024**. We are now working toward our goal of carbon neutrality by 2030.

To drive this ambition forward, we are measuring the carbon footprint of our products under ISO 14067 standards—including both our operations and the upstream impact of our wool suppliers—and developing a comprehensive emissions reduction roadmap. This plan, built on the ISO 14064:2018 framework, is supported by expert technical teams and focuses on insetting projects such as improved effluent management, sustainable chemical inputs, and reforestation efforts. **Together, these initiatives form a clear path toward a lower-carbon future while enhancing traceability and accountability throughout our supply chain.**

Carbon footprint reduction plan.

Using the measurements taken in 2022 as a baseline, our carbon footprint reduction plan seeks to identify strategies for mitigation, reduction, and CO₂ capture, with the goal of achieving carbon neutrality by 2030. Carbon reductions are based and measured within the framework of ISO 14064: 2018.

The reduction plan is primarily based on three major projects:

1 · Improvement of effluent management.

This aims to reduce Scope 1 emissions by decreasing the Chemical Oxygen Demand and the depth of the lagoons.

2 · Changes in chemical inputs.

This involves revising the selection of chemical inputs to minimize environmental impact.

3 · Forest plantation project.

This initiative focuses on planting both exotic and native species within the field owned by Engraw, to enhance carbon capture and biodiversity.



2024 Emissions to Air

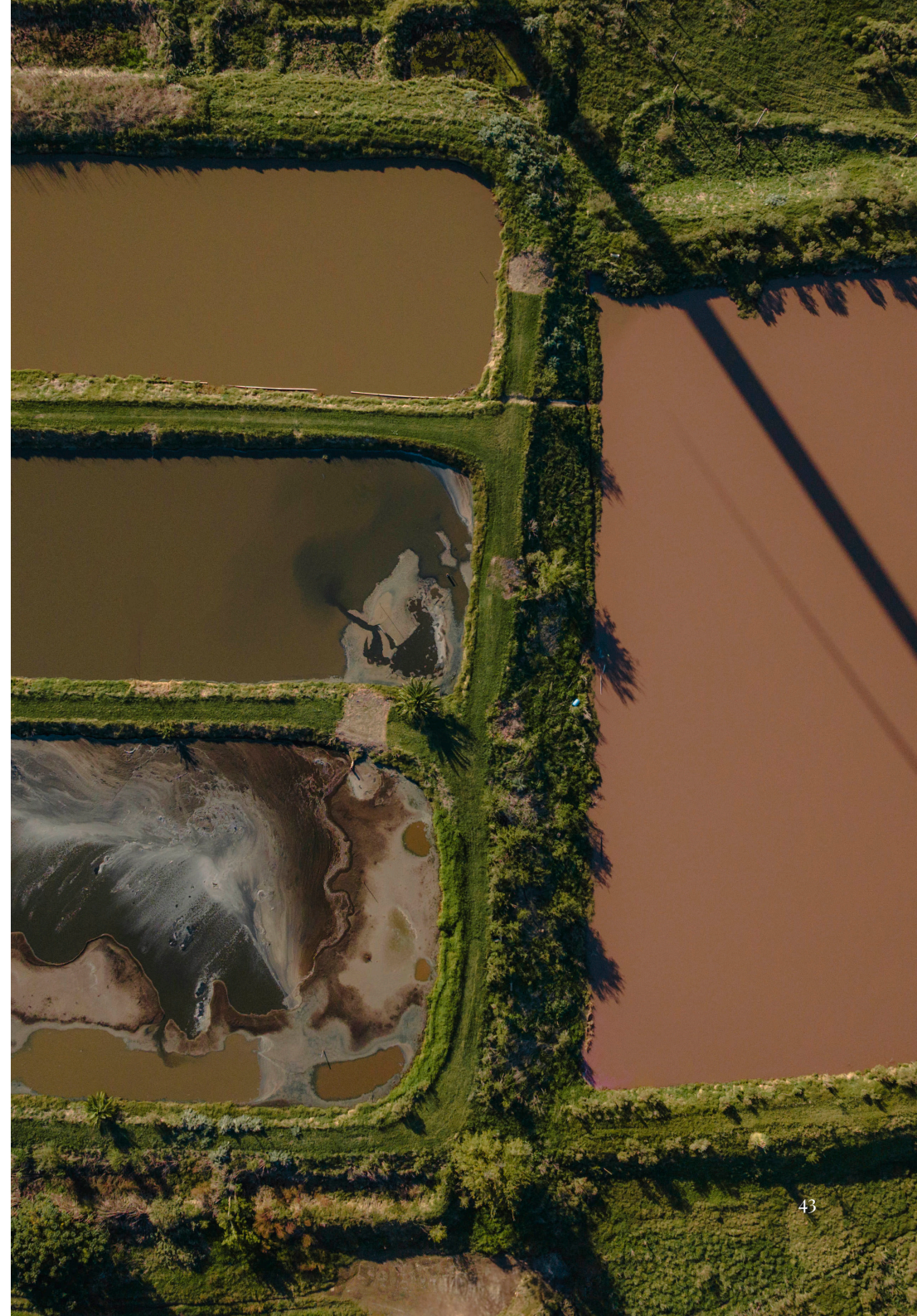
	Pollutant	Emissions tCO ₂ e	Medium of release	
	Methane	16,6	Air	
	Biomass	8,6	Air	
	Diesel	1.051,2	Air	
	Total tCO ₂ e:	1,076,4		

Air, water and soil management.

Engraw's water strategy is built on two key pillars: **reduce our water consumption and ensuring the quality of our wastewater.** We recognize that water is a vital and limited resource, and we are committed to using it responsibly at every stage of our production process.

Our operations rely on groundwater extracted from on-site wells, primarily used for wool washing. Once used, treated in our wastewater treatment plant, making it suitable for reuse through irrigation. **Engraw uses this treated water to irrigate over 120 hectares of pasturelands and forested areas established on our property** (see Biodiversity section).

Additionally, this year we installed a system to collect the rainwater to use it as a water source for our washing process. In 2025 we will focus on measuring the rainwater collected in a year.



Disposal of treated effluent – irrigation.

The effluent is disposed in irrigation furrows covering a 32-hectare field, which has pastures and eucalyptus. Agronomic engineers supervise the irrigation, doing periodic soil sampling.

Waste water treatment plant.

The effluent that comes from the industrial plant, due to the wool washing process, enters the wastewater treatment plant (WWTP). The treatment consists of three wastewater stabilization ponds (WSP). The first is an anaerobic, the second is partially aerated, and the third is anaerobic-facultative.

The treated wastewater then goes to a 4th pond which is used for water storage prior to irrigation. The sludge removed from the WSP bottom is placed in dehydration ponds. When it reaches optimum humidity, it is disposal on the ground.

Currently 55% of the water used is used for irrigation purposes.

Environmental monitoring.

There is a periodic monitoring of: raw wastewater, treated wastewater, irrigated soil, surface water and the groundwater (5 monitoring wells).

Performance evaluation of the effluent treatment and disposal system indicates satisfactory operation. Treated effluent consistently meets national regulatory standards, and environmental monitoring reveals no significant negative impacts on the receiving environment..

Water consumption.

M3	Water extracted	Municipal water	Water treated and reintroduced	
All Sites	92,000	613	51,000	



Air, water and soil management.

Monitoring soil health.

At Engraw, we take a proactive approach in ensuring that our wastewater treatment system not only minimizes environmental impacts but actively supports the health of our land. To monitor this, we conduct regular soil analyses with the support of a specialized third party. These assessments **help us understand the long-term effects of our irrigation practices and ensure that our soil remains healthy**, productive, and aligned with best environmental practices.

The latest soils study yielded highly positive results, reinforcing the effectiveness of our current systems:

· **Runoff Control Dam:**

The dam remained empty and ready to store runoff, indicating excellent water management and system resilience during dry periods.

· **Forestation:**

An increase in forested areas was observed, helping maximize nutrient and water uptake while supporting biodiversity and soil stability.

· **Grazing with Cattle:**

Pasturelands irrigated with treated water supported healthy, actively growing grasses. The presence of well-conditioned cattle reflects the efficiency of our irrigation system in converting organic matter into productive grazing land.

Environmental Results

· Organic Matter:

Organic matter levels were reported as high, particularly when compared to national soil averages. This points to improved soil fertility, supporting the benefits of using treated effluent in irrigation.

· pH Levels:

Soil pH has remained stable since 2015, a sign of balanced and well-managed land.

· Phosphorus:

Levels of phosphorus increased slightly but remained safely below the national regulatory threshold of 31 ppm, indicating responsible nutrient management.

· Electrical Conductivity:

While slight increases were noted in irrigated areas —as expected— all values remained well below the critical threshold of 3 mS/cm, confirming that the water used for irrigation continues to be safe for long-term soil health.

These results reinforce our commitment to sustainable land management and show that our integrated water and soil strategy is not only working —it's delivering meaningful environmental benefits across our property.



Commitment to Biodiversity.

At Engraw, biodiversity is a central part of our environmental vision. We are deeply committed to regenerating the land we work in and actively promoting regenerative practices throughout our supply chain—especially among our wool growers. By restoring ecosystems and encouraging natural diversity, we aim to create landscapes that are both productive and resilient.

Engraw has annual tree planting initiatives, so far, we have planted over 10,000 trees across our facilities as part of our first reforestation initiative. Building on this success, we are preparing a larger forestation initiative. This new effort is being carefully planned in collaboration with a specialized agronomist to ensure that the forestation enhances local biodiversity and supports the region's native flora and fauna.

Engraw's premises are located 100 kilometres from Montevideo and span approximately 120 hectares. This includes our industrial plant, effluent treatment lagoons, 32 hectares of fertigation area, and 4.5 hectares of existing forest plantations. **Our property sits within the Santa Lucía River basin, a region characterized by intensive agricultural activity.** While not situated within a designated conservation priority zone, the nearest protected area lies approximately 60 kilometers away.

Through our biodiversity initiatives, we aim to create ecological value that goes beyond our immediate footprint—supporting the health of surrounding ecosystems and contributing to a more sustainable rural landscape.





Resource use, Circularity, and Waste management.

At Engraw, circularity is not just an aspiration —it's built into the very nature of our product and process.

As specialists in the production of high-quality wool tops, **we are proud to operate with a zero-waste mindset. Every part of the fleece is utilized, ensuring that the full potential of this natural, renewable resource is realized.**

From fine Merino to coarser Corriedale and Polwarth wools —Uruguay's predominant breeds—we transform wool fibres into valuable materials with multiple uses across the textile industry.



Our process is designed to maximize resource efficiency while promoting sustainability.

All by-products, such as noils, wool grease, and scoured types, are captured and repurposed —supporting a model that values every fibres and every drop.

Our wool is regenerative, mulesing-free, and rooted in centuries-old Uruguayan traditions. It is also a mono-material, meaning it can be safely and easily recycled, further supporting circularity within the value chain.

Engraw's commitment to circularity is backed by internationally recognized certifications, including the Global Organic Textile Standard (GOTS), Cradle to Cradle Certified® (silver level since 2019 and gold since 2024), and the Responsible Wool Standard (RWS). These certifications affirm that our fibres are safe for people and the environment and that they can circulate cleanly —so long as additional substances introduced later in the value chain meet the same safety criteria.

We also co-designed a pilot project on circularity in partnership with one of our key clients —marking an exciting step forward in our efforts to close the loop within our value chain. At the same time, we are working to raise awareness among our partners —particularly those in yarn and textile production— about the safe, circular qualities of our wool tops and how to maintain that integrity through to the final product.

05.
Environmental
Results

Global organic textile standard (GOTS)	GOTS is the world's leading standard for organic textiles, ensuring environmentally and socially responsible practices at every stage —from raw material harvesting to final labelling. Developed by leading global organizations in both organic agriculture and the textile industry, GOTS certification guarantees that the wool meets high standards for sustainability, worker rights, and chemical safety, offering transparency and credibility to brands and consumers alike.	
Responsible wool standard (RWS)	The Responsible Wool Standard ensures that wool comes from farms that prioritize animal welfare and responsible land management. This voluntary certification covers the entire supply chain, from farm to final business-to-business transaction, and confirms that Engraw's wool is produced with respect for both animals and the environment.	
Land to market	The Land to Market certification is the first regenerative certification that provides a stamp for products sourced from land that has been verified generative. This certification provides assurance to our clients that our wool comes from land that is considered regenerative.	
Cradle to Cradle Certified®	Cradle to Cradle Certified® is a globally recognized standard for products that are safe, circular, and responsibly made. Certification evaluates performance across five key areas: material health, product circularity, clean air and climate protection, water and soil stewardship, and social fairness. Engraw's Cradle to Cradle Gold certification reflects our commitment to creating products that are both environmentally sound and socially responsible.	
Oeko Tex	Oeko Tex standards allow companies and consumers to make informed decisions about the products they purchase. Oeko Tex has different certifications, Engraw has the Oeko Tex 100. This certification that verifies that there are no harmful substances in textiles and leather products.	

Sources:

1. Land to Market. (s.f.). Land to Market Verified | Regenerative Agriculture from <https://www.landtomarket.com/>
2. OEKO-TEX®. (s.f.). OEKO-TEX® – Our Standards. Retrieved June 3, 2025, from <https://www.oeko-tex.com/en/our-standards>
3. Cradle to Cradle Products Innovation Institute. (s. f.). Cradle to Cradle Certified®, de <https://c2ccertified.org/>
4. Textile Exchange. (s. f.). Responsible Wool Standard (RWS). from <https://textileexchange.org/responsible-wool-standard/>
5. Global Organic Textile Standard. (s. f.). Global Organic Textile Standard (GOTS). from <https://global-standard.org/>

Resource use, Circularity, and Waste management.

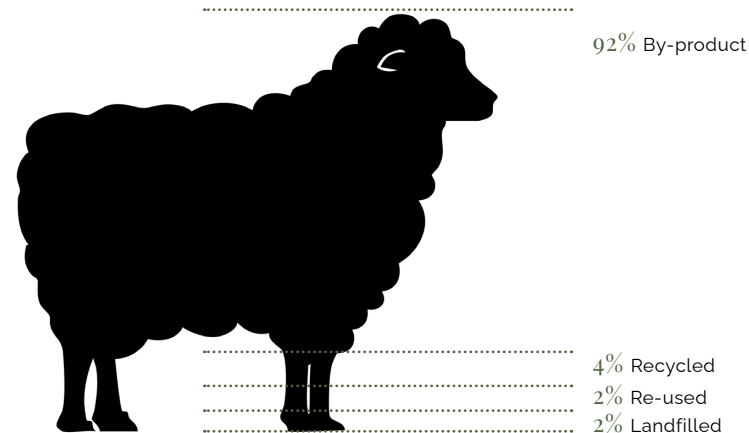
At Engraw, we view waste not as an end point, but as an opportunity to create value and close the loop. Our commitment to circularity drives us to operate with a near-zero waste mindset, making sure that materials are reused, repurposed, or recycled wherever possible.

In 2024, 92% of the waste generated through our processes was repurposed as by-products, including materials such as noil and wool grease that go on to serve important functions in other industries. An additional 4% of our waste was recycled, 2% was reused, and only 2% was sent for municipal collection and final disposal—we are proud of this result, but we are committed to continuous improvement.

Our waste management practices are also in full compliance with Uruguay's environmental regulations. Under Decree No. 182/013, the Solid Waste Management Plan (PGRS) is a requirement for all industrial operations. Engraw's PGRS was officially approved March 21, 2019, by the National Directorate for the Environment (DINAMA), reflecting our commitment to transparency and best practices.

Each year, we submit a sworn declaration and a detailed waste management report to DINACEA (National Directorate for Environmental Quality and Evaluation). These submissions include data on waste types, volumes, and disposal methods, ensuring continuous compliance and accountability.

Engraw's waste management.





Working with our suppliers.

At Engraw, one of the cornerstones of our sustainability strategy is working hand in hand with our suppliers—particularly sheep growers—who share our commitment to animal health and welfare, sustainable and regenerative practices.

Through our comprehensive approach that includes promoting regenerative livestock farming, providing hands-on training and support, facilitating access to third-party certifications, and creating our own inclusive certification model, **we aim to empower growers to transition toward more resilient and environmentally responsible systems.** Our programs are designed not only to improve soil health and biodiversity but also to democratize access to the tools and knowledge needed to drive meaningful change on the ground.



Fostering good practices through regenerative livestock farming.

Engraw actively promotes regenerative livestock farming among its suppliers—a holistic approach that enhances soil health, boosts biodiversity, and sequesters carbon. To support the adoption of these practices **Engraw developed a dedicated manual that serves as a practical guide for growers.**

In addition, **the company participated in the 2024 Global Change Award Changemaker program** to scale its regenerative model, aiming to make good agricultural practices more accessible and widespread across the industry.

Training and Support.

Engraw provides ongoing training and technical support to help farmers implement sustainable practices.

By democratizing access to knowledge and resources, the company empowers growers of all scales to transition toward more environmentally sound and economically viable systems.

Certification.

Recognizing the barriers many growers face in accessing sustainable markets, **Engraw has provided financial support to some of its farmers to obtain the Land to Market certification.**

This initiative helps ensure that more wool growers can demonstrate their environmental stewardship and reach buyers who value traceability and regenerative practices. **To date 7% of our growers have the Land to Market certification. Additionally, 44% have the RWS certification** (as this year 7 additional establishments managed to get certified).

Furthermore, **16% of our growers have the GOTS certification** (this year one additional establishment managed to obtained their certification). We are also happy to announce that **two of our growers have been ISO certified (ISO 14067 and ISO 14064).**



05.

Environmental Results

Origen[®]

by Engraw Certification.

To make sustainable wool production more inclusive, Engraw developed its own certification — Origen by Engraw — for farmers who share our values of environmental care, animal welfare and social responsibility. **The certification is based on practices aligned with internationally recognized frameworks and audited directly by our internal team to ensure consistency and credibility.** Origen by Engraw **supports responsible on-farm management and guarantees full transparency and traceability throughout the wool supply chain.** The aim is to recognize and connect a broader network of growers committed to these values. In 2024, twenty additional growers obtained the certification. Today, 100% of our uruguayan growers are Origen certified.

The goal is to extend the **benefits of good practices to a broader network of rural growers committed to these values.** In 2024, twenty additional growers obtained the certification. As a result, 100% of our growers have obtained the Origen certification.



05.

Environmental
Results

Working with other suppliers in our value chain.

Engraw has completed a protocol to increase traceability and transparency with our suppliers of chemicals.

It is also considering alternatives to the use of chlorine.

06.

Social results.



Our people and our community.

Our employees are the heart of Engraw.

At Engraw, people come first. As a family-owned business with deep roots, we see our employees not just as colleagues, but as part of an extended family. This sense of connection and shared purpose is a key reason why **90% of our team has been with us for over 20 years, and 15% of our workforce has a relative also working at Engraw.**

These numbers reflect more than just employee retention —they speak to a culture of trust, pride, and long-term commitment.

Fairness and equity are core to how we operate. **All our employees have permanent contracts, and our compensation practices are built on the principles of equality and transparency.** Everyone is paid according to their role and performance, with no discrimination based on gender, religion, political belief, nationality, or other personal attributes.

Salaries exceed legal minimums and are adjusted in accordance with collective agreements negotiated through tripartite wage councils, ensuring alignment with national standards.

The company allows for all employees to be part of a union. It has a freedom of association policy that allows for this associations to take place.

However, Engraw's employees are not currently part of any union. We believe this is partly due to the cooperative and open environment we cultivate, which encourages freedom of expression and direct communication. **Senior management visit the plant every week, creating opportunities for open dialogue and allowing employees to share their suggestions, concerns, and feedback freely and directly.**

Safety and wellbeing remain our top priorities, in accordance with our health and safety policy we record any type of incidents in the workplace. In 2024, the total working hours amounted to 26,800 hours, there were a total of 5 reported injuries, accidents and work-related illnesses an improvement of 44% compared to the previous year.

This reflects our proactive and preventive approach to health and safety across all operations.

At Engraw, we're proud to grow together—rooted in tradition, driven by care, and committed to building a sustainable future for all.





A shared commitment to sustainability and wellbeing livestock farming.

Beyond environmental responsibility, we take a holistic approach to employee wellbeing. Our comprehensive wellbeing program includes initiatives that support both physical health and personal development. For example, we assist employees in financing the construction of their first homes, helping them build long-term security for themselves and their families.

We also run targeted healthcare initiatives based on the needs and feedback of our team. In 2024, Engraw launched an eye care program, offering free eye consultations to all employees.

These efforts reflect our belief that a thriving workforce is key to a thriving business —and a more sustainable future for all.



Our people and our community.

Building together: Our commitment to Fray Marcos.

Since establishing our mills near the Fray Marcos community in 1987, Engraw has grown —and so has the community around us. **What began as an investment in local industry quickly became a shared journey of progress.** Jobs were created, families settled, and new opportunities took root. The story of Engraw's growth is inseparable from that of Fray Marcos.

From the beginning, we've been guided by a deep respect for the community's culture, and a common goal to achieve sustainability for future generations.

Engraw actively supports Fray Marcos.

We organize annual training sessions and awareness campaigns, covering topics such as **environmental stewardship, first aid, and public health.**

We also contribute to the development of **local schools, rural education initiatives, the police force, the community high school, and the Caif early childhood centre.** Our support extends to charitable, sports, and **educational foundations, as well as the Fray Marcos Seniors Club**—helping ensure that people of all ages are part of a thriving, inclusive community.





We are aware that sometimes it is the small actions that create the greatest impact.

We have strived to position ourselves as a strategic partner to the community, aiming to offer a helping hand whenever urgent needs arise. This approach allows us to tailor our support to the most critical needs at any given moment.

Often, these are very tangible items that the community struggles to procure and turns to us for assistance.

Some of our recent contributions include **air conditioning for the primary school, secondary school, and local church.** We assisted with the installation of restrooms in the community's primary and secondary schools.

We also financed the eaves for Fray Marcos Primary School and donated a motorcycle to the local police station. Through initiatives like these, we have contributed a total of \$24,000 USD to the local community.



07.

Governance.



A transparent and fair governance.

Engraw's view on how to do business goes through building fair, honest, and reliable relationships with all its stakeholders.

The company is proud to confirm that **no cases of corruption or bribery** have been identified to date in the company. Nonetheless, in line with its purpose, Engraw has an **Anti-corruption and anti-bribery strategy, applicable to all people with a professional relationship with Engraw, to set its goals and expectations, as well as to allow for a suitable monitoring and action plan.**

Today, our team
is made up of
134 dedicated individuals.

Of these, **79% are men and 21% are women**. While most roles are in factory operations—traditionally male-dominated—**5% of positions are technical**, and we're proud to report that **senior management is evenly split between men and women, with a 50/50 gender balance**.

In 2024 Engraw decides to move forward, not only in its work to improve impacts in all areas of its activity, but to provide more accessible information on what it does. With this purpose a diagnose based on EFRAG's Voluntary Sustainability Reporting Standard for non-listed SMEs (VSME Standard) was requested to an independent third party, **to allow for this report to be published in 2025, as the basis for sound and professionalized policies and strategies**, in line with the most stringent international standards (i.e. Cradle to Cradle Certified® v4.1).



A large pile of white, fluffy wool or cotton wool, filling most of the frame. The wool is soft and voluminous, with some darker, brownish fibers visible. Above the wool, there is a dark green horizontal bar or frame.

08.

If you want
to know more...

If you want to know more...

	Regulation	Scope	
General	Law No. 17,283 General Environmental Protection Law	This law states the general framework of the environmental law in Uruguay. It states that is of general interest: The protection of the environment, air quality, water, soil, and landscape. The conservation of biological diversity and the configuration and structure of the coastal line. The reduction and proper management of toxic or hazardous substances and waste of any type. The prevention, elimination, mitigation, and compensation of negative environmental impacts. The protection of shared environmental resources and those located outside areas under national jurisdiction.	
Solid Waste	Law 17,849 Packaging Recycling Law	The law seeks to protect the environment from any impact that may arise from packaging of any type, as well as from the handling and disposal of waste from the same. It applies to packaging placed on the market and waste, including sales or primary packaging, collective or secondary packaging, and transport or tertiary packaging, are included within this law.	
	Decree 260/007 and RM 271/202 In connection to Law 17,849 on Packaging	All primary packaging placed on the market, regardless of its type and material, is covered by this regulation. The entities covered by this Decree are required to provide the National Environmental Directorate, for statistical and regulatory purposes, information on their operations related to the manufacture, import, marketing, and sale of containers and products related to their packaging.	
	Law 19,829 Comprehensive Waste Management	The purpose of this law is to protect the environment and promote a sustainable development model, (...) by preventing and reducing the negative impacts of waste generation, management, and all stages of waste management, and by recognizing its potential to generate value and quality employment.	
	Decree 182/13 Industrial and Similar Solid Waste Management	Includes all aspects related to the environmentally sound management of industrial solid waste.	

If you want to know more...

	Regulation	Scope	
Water Quality	Decree-Law No. 14,859 Water Code	The Water Code establishes that users of public or private waters must allow hydrological, meteorological, and other relevant observations and measurements, and provide the information and samples ordered by the competent ministry. Holders of rights to the private use of public or fiscal waters must annually report: · A description of the modifications made to the intake and adduction works, in the benefited areas and facilities, · The monthly flow rates and volumes used, · The area benefited, and the production obtained. The Water Code establishes rules relating to the protection of waters, riverbeds, and surrounding areas, which include powers for the competent Ministry to issue orders and implement measures to prevent the deterioration of water resources, as well as to sanction violations of these rules.	
	Decree 253/79 and amendments	Includes the regulations aimed at preventing environmental pollution by controlling water pollution. It stipulated that all industries whose industrial processes generate wastewater of any kind must have a Drainage Authorization approved via the submission of An Industrial Drainage Authorization Application (SADI). Companies are generally required to periodically submit an Environmental Operation Report of the drainage system.	
	Amendments to the law as proposed by Gesta Agua group (2008)	This amendment establishes a single surface water quality objective for the protection of the aquatic ecosystem (applicable to water bodies with a watershed exceeding 5 km2). It indicates the groundwater quality, and the precautions that must be taken to prevent the transfer of contaminants into groundwater, avoiding alterations to its baseline quality. Regarding discharge standards, the proposal establishes that it is the responsibility of the effluent generator to manage the effluent in such a way as to prevent and minimize impacts on the receiving environment and not alter other uses of the water resource.	
	Action Plan for Water Protection in the Santa Lucía River Basin	The main objective of the Action Plan for Water Protection in the Santa Lucia River Basin is to guarantee the quality and availability of water in this basin, which is crucial for the supply of drinking water in Montevideo and other surrounding areas. To achieve this objective, eleven specific measures have been established.	

o8.

If you want to know more...

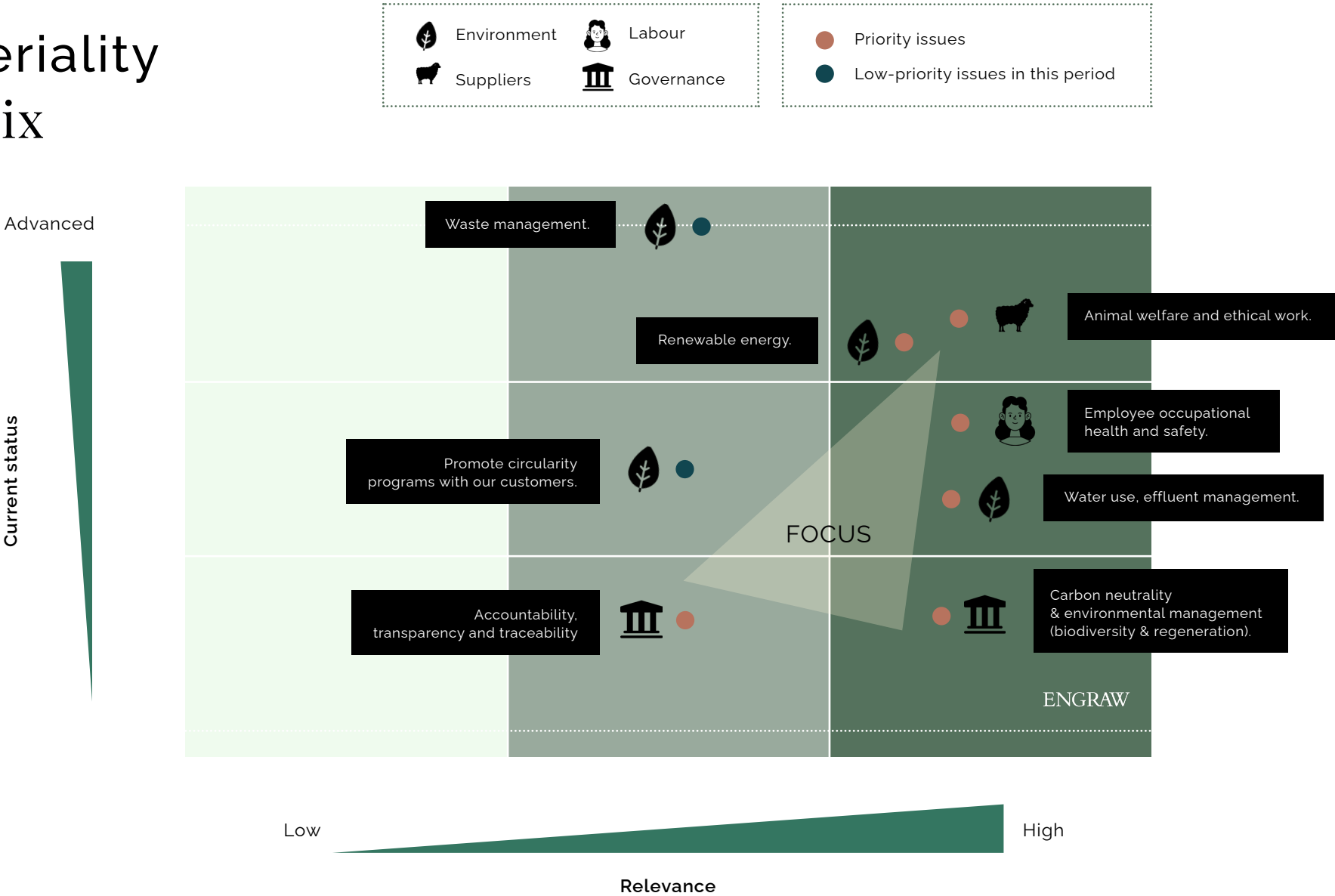
	Regulation	Scope	
Air Quality	Decree No. 135/021 Air Quality Regulation	The purpose of this regulation is to protect the environment by preventing air pollution, establishing air quality objectives to reduce risks to human health and ecosystems, and setting maximum emission limits for both stationary and mobile sources. The law establishes the activities that will require a valid Emission Authorization, Engraw falls within the 1311 Preparation and Spinning of Textile Fibers group and requires an authorization.	
Noise Emissions	Law 17,852 Prevention, Surveillance, and Correction of Noise Pollution	The purpose of this law is the prevention, surveillance, and correction of noise pollution situations, to ensure due protection of the population, other living beings, and the environment from noise exposure.	
	Decree 16/1996 with integrated texts of Decrees 20/2002 and 24/2008	It is prohibited within the limits of urban, suburban, rural, and populated areas of the Department of Florida, (where Engraw is located) in public or private environments; to produce, cause, or stimulate annoying, unnecessary, or excessive noise, regardless of its origin, when, due to time, place, or intensity, it affects or can affect the tranquillity or peace of the population or causes harm. Excessive noise is noise caused, even unintentionally, by any industrial, commercial, social, or other activity that exceeds 65 decibels for 24 hours.	

If you want to know more...

	Regulation	Scope	
Land use	Decree No. 39/018 Territorial Planning and Sustainable Development of the Department of Florida	This Ordinance establishes a regulatory framework for managing land use and natural resources, promoting balanced and sustainable development. Its objective is to protect the environment, foster economic and social development, and ensure the quality of life of its inhabitants. It defines different zones with specific uses, such as urban, rural, industrial and protected areas, regulating the permitted activities in each. These subcategories govern land use and specific urban planning attributes for each of them. Industrial enclave, as this is the subcategory corresponding to the property where the Engraw Plant is located. This ordinance also incorporates sustainability principles into planning, prioritizing the rational use of resources and biodiversity conservation. The environmental protection objectives include: · Protect natural resources included in the most fragile environmental systems · Promote the implementation of environmentally sustainable infrastructure systems · Support the development of clean energy sources that diversify the energy mix and promote efficient energy use.	

If you want to know more...

Materiality Matrix





ENGRAW