



A HISTORY made of many Yarns...

Yarns that are more than cotton, acrylic...
that carry my strength, my determination,
my ability to grow, to continue
creating and innovating to go further!

Yarns that drive my desire to respect
and protect what is around me,
the environment, my community, my teams.

Yarns that entertain, empower,
transform realities.

Yarns that have been connecting me with
people and their extraordinary stories for 86
years.

CÍRCULO

CONTENT

01

WELCOME

Message from the leadership __ 04
About the report __ 06
Numbers in 2024 __ 07

02

CÍRCULO _ 08

Our history __ 09
Who we are __ 12
Our operation __ 15
Our products __ 18
Served markets __ 21

03

GOVERNANCE _ 26

Governance structure __ 27
Ethics and integrity __ 29
Technology and governance __ 32

04

ENVIRONMENTAL MANAGEMENT _ 33

Raw material and products __ 34
Waste __ 38
Emissions and energy __ 40
Water and effluents __ 42

05

SOCIAL IMPACT _ 44

Our employees __ 45
Community of artisans __ 54
Presence in the local community __ 58



MESSAGE FROM THE LEADERSHIP

For over 85 years, our mission has been to encourage creativity through high-quality products and to always promote the value of handmade products. Carrying the **strength of our history** and guided by a vision for the future, we started 2025 ready for new challenges, sure that growing sustainably is the only way to build a better future – for people, for communities and for the planet.

Based on this, our desire for growth is not only for business expansion, but also for the **development of our people**, strengthening the community of artisans passionate about handmade art, which spreads throughout Brazil and the world.

OSNI OLIVEIRA JUNIOR
CEO OF CÍRCULO

In 2024, we made significant progress on our internationalization journey. **We entered new markets and consolidated our presence** in important countries, such as Portugal, part of Spain and the United States. We maintained our position as a reference in yarn manufacturing in Latin America and as one of the **largest textile industries in Brazil**. In Brazil, we strengthened our presence in different regions, with emphasis on expansion in the North of the country.

We launched new products, we improved industrial processes, and we actively participated in fairs, events, and fashion shows in partnership with renowned designers. From the City of Gaspar (Santa Catarina) to the world, we built a journey of recognition — whether among small haberdashery stores, large retailers, fashion studios or in the local community. **Our relationships of trust are the foundation of everything we do.** With ethics, integrity, and a humane way of working, we seek excellence in each delivery, always attentive to the efficient management of natural resources.

Handmade is our greatest passion. We believe craftsmanship is a transformative force, capable of generating income, promoting local economies, boosting sustainable fashion, strengthening health, and reviving cultural traditions. Our commitment goes beyond the production of yarn; we work to preserve and expand this powerful network of positive impact. One of the milestones of this mission was the launch, in 2024, of our **e-learning platform, “Ganhe Mais”**, in 2024, which expands access to education and opportunities for the entire creative community. We thus reaffirm our commitment to educating and improving our consumer's experience with crafts, keeping manual techniques alive.



We stand **firm in our principles**, but always open to learning and evolving, respecting the time and care that handmade work teaches. Our path is guided by constancy and dedication.

The future we dream of? As a company: to take our yarns and passion for crafts to every continent. As an ideal: to keep the beauty of handmade products alive in the life of every person.

OSNI OLIVEIRA JUNIOR
CEO OF CÍRCULO

ABOUT THE REPORT

Sustainability is an ongoing process, a fundamental path for the prosperity of businesses and society. In line with this vision, we present now our **second sustainability report**, which represents our commitment to transparency and the evolution of the ESG (Environmental, Social, and Governance) management at Círculo.

This report presents our business model, highlights our achievements in responsible environmental management and positive social impact, and shares our governance practices. The topics covered were chosen based on the main impacts and the most relevant stakeholders for the company. The report covers Círculo's operations from 01/01/2024 to 12/31/2024. In case of variations, exceptions will be indicated in the text, in captions or footnotes.



Contact for questions or suggestions about the report:
esg.circulo@circulo.com.br

In line with global social and environmental movements and challenges, we have connected the content of this report with the Sustainable Development Goals (SDGs), aiming at how our practices can contribute to the SDGs, as indicated in the correlation at the beginning of each chapter and at the end of the report.

ENJOY THE READ!

NUMBERS IN 2024

**56.8
millions**

products sold

53

countries reached by
our brand in the
international market

+9,700

retail customers

121

textile industry
customers

6,100

tons of yarn
produced

1,200

suppliers

1,300

employees

+R\$ 200,000

invested in employee
development

**+R\$ 1.3
million**

invested in projects in
the community
through incentive laws
or donation of products

+30,000

artisans impacted in
workshops and events

+7,600

step-by-step
recipes
available for free

**315.9
tons**

of offset
packaging waste

39.5%

of our cotton yarns
contain recycled fiber
in their composition



02

CÍRCULO

Our history __ 09

Who we are __ 12

Our operation __ 15

Our products __ 18

Served markets __ 21

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



OUR HISTORY

Our story began in 1935, when Mr. Leopoldo Jorge Theodoro Schmalz came from Switzerland to Brazil. In his luggage, he brought his knowledge of textile mechanics, which helped him design his own machines and a dream: to found his own yarn factory.

**1938**

The dream of producing yarns for handmade work comes true. "Leopoldo Schmalz & Cia Ltda" was born on 1/23/1938.

**1947**

"Leopoldo Schmalz & Cia" was renamed "Indústria de Linhas Leopoldo Schmalz S/A". Círculo products achieved extraordinary acceptance in the Brazilian market. Ribbon tapes, twine cords, embroidery, knitting and darning, now also crochet and mercerized sewing threads available in ninety colors.

**1967**

An important step towards self-sufficiency: we began producing our own yarns from cotton bolls.

**1972**

Círculo products, a success throughout Brazil, spontaneously reached the Latin American market. Paraguayans and Bolivians came in person to Brazil to purchase the Círculo "hilo", which became the most used yarn in these countries.

“SINCE THE BEGINNING,
THE PASSION FOR
**HANDMADE ART HAS
BEEN WHAT DRIVES US.”**



1982

We created Círculo Foreign Trade, a facilitator for exporting to Europe, Asia, and North, Central & South America. In the following years, we exported 1 million kilograms of products to Belgium, Italy, Germany, Japan, the United States, Canada and other countries.



1993

Creation of the Effluent Treatment Plant.



2004

We innovated in the tapestry market by launching an exclusive multicolor yarn: Barroco.



2008

We implemented the process of reusing dye baths, which significantly reduced the volume of effluents generated. The first colors submitted to this reuse process were shades of red. Círculo is one of the pioneering companies in the sector to implement this process.



2017

The Japanese amigurumi technique became popular in Brazil through Círculo. The launch of the Amigurumi yarn and step-by-step booklets transformed our company into a reference in the segment.



2023

We had the transition of leadership from José Altino Comper, who led the company for 14 years, to Osni de Oliveira Junior, who begins a new chapter as the CEO of Círculo.

Find out more about our history at:

[www !\[\]\(23a2e9ddc7bb0ef55393d38b772a848d_img.jpg\) circulo.com.br/our-history](http://www.circulo.com.br/our-history)



WE CELEBRATED OUR 86TH ANNIVERSARY!

We have reached 86 years of solid history marked by great leaders and employees who are passionate about handmade work. We are celebrating another anniversary with new features and special actions for our team.

One of the highlights was the launch of our free e-learning platform called **Ganhe Mais** (“Earn More” in English), with access to the *Ciculando* course, our first season of training content to support artisans in becoming professionals and entrepreneurs.

We prepared a special lunch for our employees, with a fashion show of handmade pieces made from our brand's products, and the employees themselves paraded with the designed garments.





WHO WE ARE

We are the largest manufacturer of yarn for handicrafts in Latin America and one of the largest textile industries in Brazil. With headquarters in the City of Gaspar, State of Santa Catarina, and over eight decades in the market, we have won over generations of people who are passionate about handicrafts.

Handicraft techniques such as crochet, knitting, macrame, amigurumi and embroidery have been updated and gaining creative space in fashion and decoration, reaching a young audience that seeks more conscious and exclusive consumption. With so many new followers of all ages, we have gained strength in Brazil and have already exported to more than 50 countries, with a mix of over 700 products. We also work in education as a crucial point in spreading crafts to everyone.

Our commitment goes beyond offering products: we aim at **creating a unique experience for our customers** and consumers, contributing to creative expression, well-being, and economic development. As protagonists in the history of the textile sector, this is the legacy we are building!



OUR MISSION

To be a reference in fashion and decoration, and to provide solutions that stimulate creativity, generate income, and provide satisfaction and beauty.



STRATEGIC PURPOSE

To be a global reference as a supplier of products in the crafts segment by 2031.



OUR VALUES

- Social responsibility
- Ethics
- Valuing and developing people
- Commitment
- Brand

OUR VALUE CHAIN

Our value chain is made up of suppliers of raw materials, finished products, partners to whom we outsource some stages of the production process, as well as providers of services and other materials.

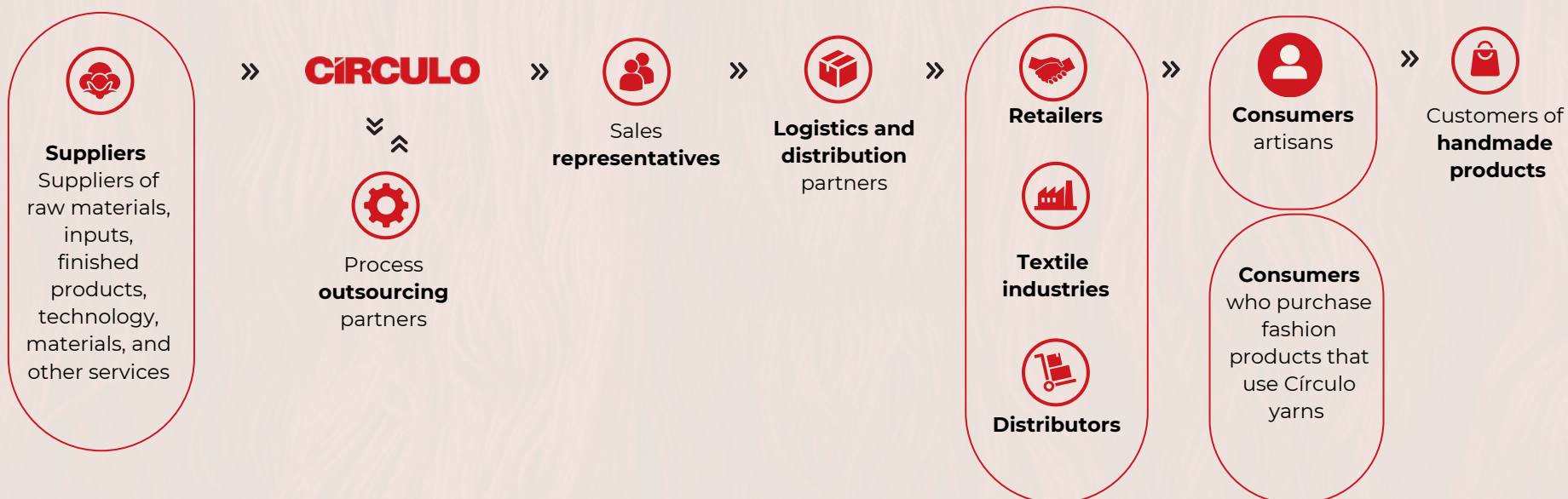
To bring our products to consumers, we rely on a network of representatives that connects us to retailers and textile industries in many regions of the country. We also work with distributors and retailers in the international market.



**83% OF THE AMOUNTS
PAID TO SUPPLIERS
ARE FOR NATIONAL
PARTNERS**



**95% OF SALES
ARE NATIONAL**





OUR OPERATION

Our headquarters is located in the City of Gaspar, State of Santa Catarina, in an area of over 47,000 m², which comprises our operations and a warehouse. In addition to three Distribution Centers, with approximately 14,000 m², also in Gaspar (SC). In 2024, **we produced over 6,100 tons** of yarn internally and with partners.

Significant structural improvements were made throughout the year. We installed an insulation blanket in the finishing area, in order to provide greater thermal comfort and working conditions for employees. In the administrative areas, we revitalized the spaces, promoting a more pleasant, functional environment aligned with the company's identity.

QUALITY AND CONTINUOUS IMPROVEMENT

We integrate several quality control practices to ensure the excellence of our products and processes. For example, to ensure the uniformity and high standard of our yarns, we monitor aspects such as the yarn's color shade, solidity, twist, and strength.

We have a robust **Quality Management System** that details procedures and work instructions for each stage of production. This system includes checklists applied at all stages of the industrial process, ensuring that no detail goes unnoticed. **We invest in operational training**, conducted by specialized technical instructors, with a focus on qualifying employees, ensuring that everyone is able to perform their activities accurately and in compliance with quality standards.

In partnership with SENAI (National Industrial Training Service), we promote verification of cotton quality and compliance, and quality control of chemicals and specific materials. In addition, we have implemented practices such as **Quality Control Circles (QCC)**, in which groups of employees come together to identify, analyze, and solve quality challenges. We also use tools and methodologies such as the PDCA cycle - Plan, Do, Check and Act, to identify causes of problems, prioritize actions, and monitor results.



IIC 2024

The **Innovation and Improvement Circle (IIC)** is an important tool in our Continuous Improvement Program, which aims to stimulate innovation, collaboration, and process improvement throughout the company.

In 2024, 11 teams participated in the program, with 21 projects completed and 19 in progress. The initiatives brought environmental benefits, such as **waste reduction and ergonomic benefits**, reducing physical effort in some activities and increasing the safety of our teams, in addition to the optimization and efficiency of production controls and processes.

The highlight of the year, which received the “2024 Círculo Highlight Project” award, was the “Guide for Decore Yarn Packaging” project, which caused a significant impact by reducing rework and plastic waste and optimizing the production line.

We also offered more than **436 hours of training**, covering quality tools and leadership techniques.



QUALITY IN THE SUPPLIER CHAIN

In our supply chain, we conduct **audits, processes to support the development of partners**, and specific negotiations, as we identify opportunities for improvement.

We check the certifications relevant to the processes and products supplied to Círculo, such as: legal obligations, labor aspects, registration with ABRAPA (Brazilian Association of Cotton Producers), compliance with ZDHC (Zero Discharge of Hazard Chemicals) Program, and OekoTex, the certification for textile products tested for the presence of harmful substances, to guarantee a safe product for our customers and consumers, without chemical residues.

OUR PRODUCTS

Our **cotton, acrylic, and polypropylene yarns** are highlights in our portfolio, in addition to viscose, wool, and elastane fibers, among others. We cover several techniques, such as embroidery, macramé, crochet, and knitting. We also work with solutions in accessories and items related to the craft universe, such as needles, scissors, lace and fabrics, in addition to providing a series of content and step-by-step recipes for crafts, free of charge.

Two **important products launched in 2024** were the Cléa Duplo yarn, with a mercerization and softening process that resulted in a yarn with greater volume, shine and touch, and the Amigurumi Slim collection, with a thinner yarn, allowing for greater detail in handcrafts. We also expanded the Amigurumi yarn color chart to 100 shades and expanded our line of Industrial Yarns, for use in both knitting and sewing.

YARN COMPOSITION

82.9% cotton yarns

8.14% acrylic yarns

4.6% viscose yarns and other

4.4% polypropylene yarns



CÍRCULO UNIVERSE



Crochet yarns



Amigurumi yarns



Knitting yarns



Embroidery threads



Sewing threads



Industrial yarns



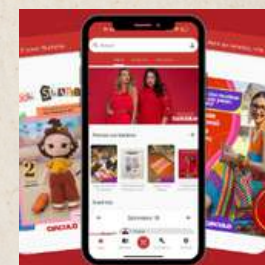
Fabrics



Accessories
(needles, ribbons, lace,
embroidery, glues, and
other accessories)



Trimmings



Magazines and contents
(printed and digital)

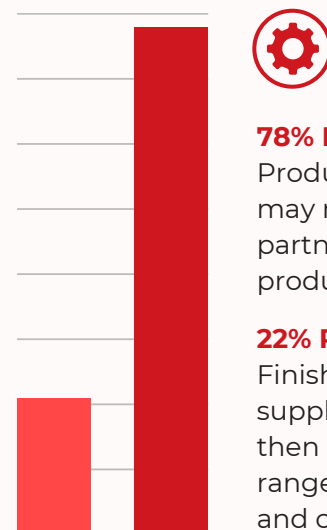


PRODUCT DEVELOPMENT

We are always looking for new products for our portfolio. The **development of a new product** or improvement of an existing product generally begins with the identification of a market demand, together with an analysis by our Sales and Marketing teams, who validate trends, color palettes, and possible applications of the product.

We have a Research and Development team that makes the requested product technically viable, involving everything from process standardization, selection and acquisition of raw materials, definition of technical specifications and packaging used, and validation of pilot batches. On average, there are around **430 development requests per year**.

In our in-house production, we count on the support of third parties to assume some stages of the production process. For some products, we also outsource the entire production to national and international suppliers. This method increases our capacity to innovate and add new products to our portfolio.



78% In-house + outsourced production

Products manufactured in-house that may rely on the support of third-party partners at some stage of the production process.

22% Resale products

Finished products purchased from suppliers, such as needles and fabrics, then resold by Círculo to diversify the range of products offered to customers and consumers.

SERVED MARKETS

We are present in more than 9,700 retail stores in the country, serving the **fashion and decoration markets**. We also act as a strategic supplier to 121 textile companies. We have a group of **102 sales representatives**, who are essential in building lasting bonds and relationships of trust with our customers. We maintain a close relationship with this group through training, alignment meetings, and sales conventions.

In addition to traditional specialized haberdashery stores, in 2024, we expanded our presence in multi-product retailers, such as stationery stores, bazaars, among others, and entered the segment of garment trims for the textile industry. Another highlight was the expansion of our presence in the North and Northeast regions of Brazil. We expanded our operation in the states of Acre, Amapá, Pará, Roraima, and Amazonas.

We reached the end of the year with **50.6 million products sold on the national market**, a growth of 14.4% in sales, with emphasis on the Amigurumi products, which grew 13% in revenue.



INTERNATIONAL EXPANSION

In the international market, we are present on five continents, in 53 countries, with 73 international clients, most of whom are distributors. In addition to offering a more complete mix of products to retailers in their countries, all these partners also represent our brand locally.

In some cases, we serve retailers directly and have important customers in the Private Label model, who use Círculo's industry expertise and quality to manufacture products for their brand. In 2024, we entered **new markets, such as Italy, Japan, Oman, Slovenia, and Guatemala**. We also celebrated our partnership with Michaels, the largest arts and crafts retailer in the United States and Canada, as a Private Label supplier.

We can highlight our **growth in Europe**, especially in Portugal, where we invested in promoting the brand through fairs and local partnerships for workshops, training courses, and digital marketing, as well as in-store visits and training. The language similarity and the importance of Brazilian crafts and crochet are the main factors that drove this growth.

Another highlight is the **brand's recognition in the United States**, where we operate with our own office, warehouse and local sales team, in addition to a strong e-commerce presence. Círculo's growth in the country has been constant and upward over the last four years.

We continue to be the **leading yarn brand in Mercosur** (Southern Common Market) and a reference in Latin America and Central America, present in the largest number of points of sale in countries such as Paraguay, Uruguay, Bolivia, El Salvador, and Panama.

Our goal with internationalization is to promote and value crafted products on a global scale, bringing quality yarns and accessories, with the Brazilian brand, to customers all over the world.



STRONG AND PRESENT BRAND

In 2024, for the first time, we participated as sponsors at Mega Artesanal, the **largest and most relevant crafts event in Brazil**, reinforcing our brand presence and commitment to strengthening the crafts sector. We also participated in Artesanal Sul, Artesanal Centro Oeste and Rio Artes Manuais, as well as **international fairs** such as H+H Cologne, in Germany, and H+H Americas, in the United States.

Our **products have been featured in fashion weeks** such as Paris Fashion Week, Milan Fashion Week, and São Paulo Fashion Week, in partnership with renowned designers and ateliers such as Catarina Mina, Isaac Silva, LED, Santa Resistência, Sou de Algodão, and Dario Mittmann.

On the **Internet**, our brand was mentioned in more than 103 articles, on specialized websites in 2024, 70 times more than the main competitor brand, according to a survey by the Zeeng platform. Throughout the year, we published 1,200 contents and posts on our social networks, an average of three posts per day. Our website has been visited over 16 million times, with a total of 1.7 million active users in this period.



Participation in events and our digital presence reinforce our presence in the market and our commitment to valuing handmade products, training those interested in manual arts, presenting new products and trends in the segment, and strengthening a community of companies, artisans, and creative people.

Junior and Astrid Fontenelle at the Catarina Mina fashion show.

RELATIONSHIP WITH CONSUMERS

In 2024, we invested in **humanizing and making customer service accessible**, with the implementation of the video chat tool, promoting closer and more personalized contact. With this initiative, we won the Reclame Aqui Consumer Service Award, in the Handicraft Manufacturers category.

Another highlight of the year was the integration of messages received via Instagram and Facebook directly into the CSC (Customer Service Center) platform. This innovation provided greater efficiency in managing interactions, ensuring faster service, in addition to strengthening the relationship with consumers on digital channels.

We established brand communication focused on valuing handmade products and creativity, with campaigns that enhanced the comfort, affection and authenticity of craftsmanship. We maintained an active listening strategy and held several online events, such as Amigurumi Day, bringing the community together and promoting the opportunity to share knowledge and experiences.

We intensified the **use of technology and data** to make communication increasingly personalized, following consumer and behavioral trends, which further strengthened our digital presence and engagement with the creative community.




By combining high-quality products and creating relevant multichannel content, we have built a true **community of fans of the brand**.

To strengthen and give more visibility to this community of artisans who support Círculo, we created a line of products with prints and statements related to the handicraft universe and the brand, such as “I am Círculo”, which is already used by employees.

The collection, which includes home items, ecobags, books, and other products, is available on a **new e-commerce platform** on our website.



 **Please visit:**
lojasoucirculo.com



Just like handcraft work, Círculo has always sought a genuine and affectionate connection with its customers, providing unique experiences, with dedicated service and open dialogue. We make a point of listening and always responding quickly to our consumers. In fact, several products were developed based on the opinions and desires of our audience.

03

GOVERNANCE

Governance structure — 27

Ethics and integrity — 29

Technology and governance — 32



GOVERNANCE STRUCTURE

Círculo is part of the Lince Group, which also comprises the companies Lince Participações and Plasvale. Founded in 1980, **Lince Participações** is responsible for monitoring the implementation of strategic and operational plans, in addition to centralizing the development of corporate systems, legal advice, intermediation, and business consulting. It also operates as the Group's tech business vertical. Plasvale is a manufacturer and provider of household utensils.

We are a company with good transparency, governance structure, and reporting practices. We have an **Advisory Board**, composed of the company investors (owners) and former CEO, who support and lead the company's decision-making, in addition to the CEO and Executive Board, who manage the company together and report results to the Board and the Investors.

In 2024, we carried out a corporate transformation, changing from a privately held corporation ("S/A") to a limited liability company ("Ltda"). This change brings greater agility in decision-making and long-term planning, reinforcing the focus on generating sustainable value for all stakeholders.

Find out more about
the Lince Group at:

 www.lince.com.br





Investors



Advisory Board



CEO »



Executive Board

GOVERNANCE FOR SUSTAINABILITY

We have a **Sustainability Committee**, made up of professionals from different areas, such as Marketing, People Management, Production, Quality, Laboratory and Environment, which aims to strengthen governance for sustainability in the company and drive the integration of the ESG agenda into the business culture and strategy.

In 2024, we expanded the representation of the areas involved in the committee, bringing professionals from the Accounting and Research & Development areas to the team. A highlight of the year was the progress in the preparation of the supplier evaluation and approval policy, which establishes more robust social and environmental criteria for approving and contracting partners, and this policy will be finally implemented in 2025.

ETHICS & INTEGRITY

We are committed to developing business based on ethics, integrity and in compliance with the law, aiming to continually improve our **compliance program** in accordance with best market practices. In line with this premise, we began a process of strengthening and structuring compliance guidelines in 2024, with the support of a specialized company.

The initiative consists of a diagnosis with a detailed assessment of risks, policies, procedures, and corporate practices, identifying opportunities for improvement and proposing strategic measures to strengthen the company's governance. The goal is to ensure that the compliance program is increasingly efficient, proactive, and adapted to Círculo's operational reality.



We are in the process of reviewing recommendations and planning actions for 2025, which should include reviewing and updating internal policies, **improving reporting channels**, developing training, and reinforcing due diligence processes for third parties. These actions are intended not only to ensure regulatory compliance, but also to consolidate an organizational culture based on ethics, transparency, and corporate responsibility.



CÍRCULO



CODE OF CONDUCT

Our Code of Conduct **reflects our values and describes the behaviors** expected of our employees in their work routine and in their relationships with the various stakeholders connected to the company. This document is handed out to all teams and departments, and shared with new employees during their onboarding process.

In 2024, we revised the Code and added content that reinforces our position regarding respect for the political opinions of employees and partners, and combating politics-related harassment or discrimination.



WHISTLEBLOWING CHANNEL

To report any situation that does not comply with the Manual, we provide a reporting channel via email and the Syync app, where anyone can report anonymously or in person in the Human Resources department.

All **reports are investigated by a committee** composed by the Human Resources and Legal departments, which defines how to handle it appropriately and gives feedback to the complainant. In 2024, there were 24 reports, 12 of which were complaints about matters not related to the channel's purpose, and 12 were subject to investigations and inquiries, resulting in action plans and even two contract terminations.

AUDIT & COMPLIANCE

Every year, we submit our financial statements to audit by an **independent auditing firm** and our financial transactions are only carried out with reliable institutions with a positive reputation in the national financial market. We are a 100% compliant organization, with strict control over the calculation and collection of taxes and duties.

We work with an internal legal team and a renowned advisory company in the areas of taxes, civil and labor to validate and safeguard good business practices. In our **relationship with suppliers**, we adopt draft supply and service agreements, which are validated by the Legal department. We also have the practice of obtaining quotes from at least three suppliers, whenever possible, to help us choose the best on the market and mitigate conflicts of interest.



TECHNOLOGY & GOVERNANCE

Over the past five years, we have invested about R\$80,000 annually in advanced security and backup tools. Within the Group, we are always seeking updates and advances in technologies used to improve security and privacy, ensure data reliability, facilitate governance, and support strategic business management.

During the year, we implemented many **infrastructure improvements** that expanded access controls and improved processes and data storage. We have taken important steps in our digital transformation journey, by creating the **Digital Transformation Committee**, responsible for driving innovation and strengthening the company's data culture.

Among the actions implemented, those aimed at the responsible and strategic use of Generative Artificial Intelligence stood out, with lectures and mentoring sessions that promoted employee training on the subject and the dissemination of new practices. We also made adjustments to the **Lince Group's Security Policy**, which now includes guidelines on the use of Artificial Intelligence tools in the company.

Another achievement was the reduction in paper use by **digitizing processes and documents** such as invoices, payrolls, vacation receipts and income reports, eliminating more than 230,000 printouts throughout the year.

04

ENVIRONMENTAL MANAGEMENT

Raw material and products __ 34

Waste __ 38

Emissions and energy __ 40

Water and effluents __ 42





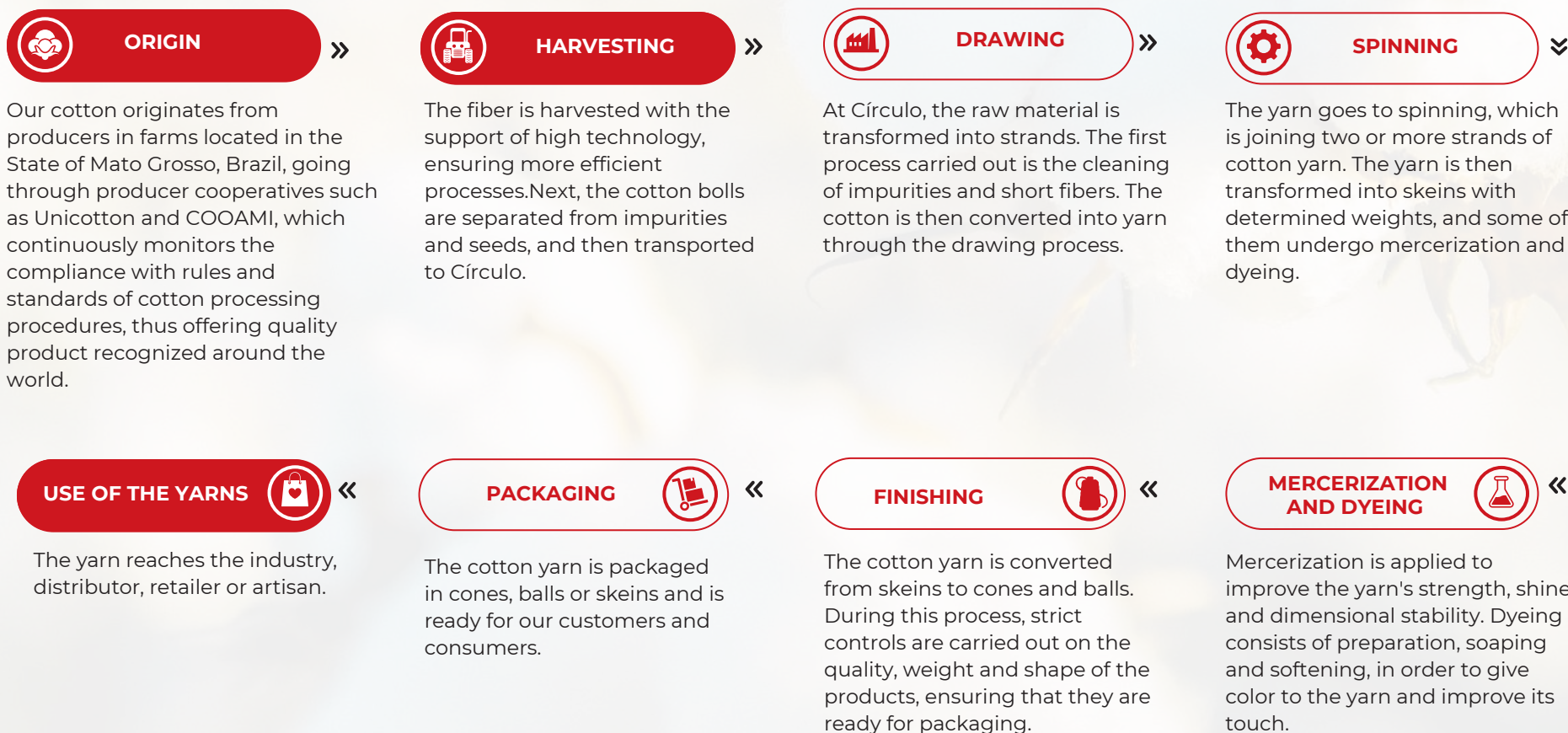
We established **responsible management of the environmental impacts of our operations** and the use of natural resources in our industrial processes. The Sustainability Committee maps and discusses environmental aspects that are relevant to the organization, always aiming to comply with current legislation and establish practices to mitigate waste or pollution. We are also attentive to opportunities for new products or improvements in processes that promote care and respect for the environment.

RAW MATERIAL AND PRODUCTS

We are committed to integrate raw materials with a lower environmental impact into our product portfolio. As an example we can mention the Apolo Eco line and the Summer line, which are products made of recycled fibers. We also use recycled packaging in the Amigurumi product line.

Our **largest raw material is cotton**, present in more than 86% of our yarns. Therefore, we focus our efforts on understanding the cotton value chain, seeking partners and certifications committed to reducing environmental impact, from planting to delivering the fiber to Círculo.

THE PATH OF COTTON





We have been part of the Sou de Algodão movement since 2020 (means “I am made of Cotton”), a Brazilian initiative that aims to raise awareness and promote **sustainable practices in the textile industry**, emphasizing the responsible, socially fair, and environmentally correct production of this natural fiber, in addition to encouraging more conscious consumer choices, giving preference to products that have cotton as the main component.



The **Better Cotton Initiative** is an international non-profit organization that aims to improve global cotton production by promoting agricultural practices with less environmental impact and fairer labor relations. In Brazil, certification is provided by ABRAPA, with the ABR (Responsible Brazilian Cotton) seal, which is validated by Better Cotton. At Círculo, we chose to **acquire certified cotton**, a volume that represented 100% of the total non-recycled raw material purchased in 2024.



We work with recycled cotton fiber, which comes from **defibrated fabric**. In 2024, **39.5% of cotton** products were produced with some amount of recycled cotton fiber. We also have natural yarns in our portfolio, without chemical finishing, and consequently, with lower water consumption.

MANAGEMENT OF CHEMICAL PRODUCTS

During the dyeing and finishing processes, we apply chemicals to give color, shine, and softness to the yarn. Therefore, we have a **Chemicals Committee**, responsible for ensuring compliance with quality standards and applicable legislation. We always choose solutions that **minimize impacts on the environment** and the health of employees, and guarantee a safe final product for our customers.

The Committee, made up of professionals from the Quality, Dyeing, Polypropylene, Utilities, Research & Development, Safety, and Supplies areas, also works on the analysis and validation of chemical suppliers and proposes improvements in the production process, aiming at the efficiency in the use of the substrate.



We are OEKO-TEX certified, an international seal that recognizes products from the textile industry that do not contain harmful substances that can cause harm to health. We are pioneers in the handicraft industry with this certification.

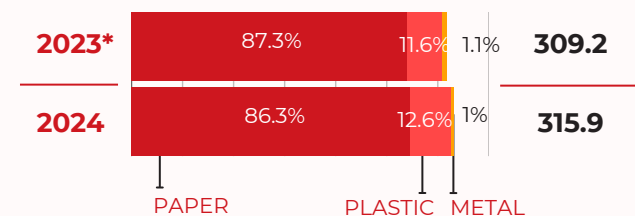
WASTE

To manage waste from our operations, we have the **Solid Waste Management Plan**, a document that defines guidelines for the separation and disposal of waste.

Our largest volumes of waste are plastics, textile fibers, and cardboard, all recycled. Sludge, which is generated at the effluent treatment plant, is another significant waste. In 2024, we installed equipment to remove part of the liquid content and compact the final waste, which enabled us to reduce the volume of sludge going to landfills.

We also **offset waste generated after consumption**, such as packaging used to store and protect products. We operate with the offset model for this waste through Eureciclo. With this partnership, we promote investment in cooperatives to enhance recycling processes in the regions of the country where we sell our products. As a result, we compensated 315.9 tons, which corresponds to 30% of the total volume generated in 2024.

OFFSET PACKAGING (TONS)



**The graph above presents updated data from 2023.*





TYPE OF WASTE

TONS

DESTINATION

2023

2024

Textile fibers	384.8	446.2	Recycling
Paper and cardboard	140.6	132.9	
Metal, metal packaging	61.7	73.9	
Construction and demolition waste	40.2	57.4	
Plastic	56.7	43.7	
Lubricating and vegetable oil		1.7	
Sludge from effluent treatment	1,434.2	1,313.1	Landfill
Waste from finishing processes not covered		168.1	
Ash and dust from boilers	136.7	147.5	
Other urban and similar waste	123.5	142.2	
Other waste	0.5	1.0	
Health care waste (outpatient), sharp or scarifying materials	0.03	0.7	Autoclave + Landfill
Any type of packaging contaminated with hazardous substances	7.8	6.6	Co-processing
Sawdust, shavings, planing tapes, wood, etc	69.2	14.0	Incineration
TOTAL	2,455.8	2,549.0	



TYPES OF WASTE

51.5% effluent sludge
17.5% textile fibers
13.4% other waste
6.6% finishings
5.8% boiler ash/dust
5.2% paper/cardboard

DESTINATION

69.5% landfill
29.7% recycling
0.5% incineration
0.3% co-processing

NOTE: In 2024, we also recycled 1,434 units of fluorescent, sodium and mercury vapor, and mixed lamps.

EMISSIONS AND ENERGY

We carried out an **inventory of Greenhouse Gases**, covering scope 1, related to direct emissions from sources owned or controlled by the company, and scope 2, related to indirect emissions from the generation of purchased electrical and/or thermal energy.

We maintained the **GHG Protocol silver seal**, a national qualification that brings together standards, guidelines, tools and training for companies and governments to measure and manage greenhouse gas emissions responsibly.

Energy consumption is one of the factors in the generation of polluting gas emissions. Our energy matrix is mainly made up of **electricity, purchased on the free market, which can be from hydro, wind or photovoltaic power**, natural gas and reforested wood chips, used for burning in boilers. We periodically control and monitor the use of these resources, seeking to implement improvements and optimizations.



In 2024, there was a **reduction in scope 1**, caused by a correction in the metrics used to compile vehicle emissions. In scope 2, we had an increase in emissions due to higher consumption of electricity in production, and mainly due to changes in the National Emission Factor, an indicator linked to electricity consumption in Brazil, which can be attributed to a combination of climatic and operational factors that affected the country's energy matrix.

We have made adjustments to the boilers, equipment used in the production process to generate heat from burning wood chips. With this improvement, we estimate a **5% reduction in wood chip consumption by 2025**, contributing to greater energy efficiency and reduced operating costs. In practical terms, we generate more steam with less fuel demand.

In the administrative areas, along with a layout restructuring we replaced the air conditioning system with a new, more efficient model, which should contribute to a reduction in energy consumption that will be noticed in the coming years.

**GHG EMISSIONS***

	2023	2024
Scope 1 (tons)	639.9	561.9
Scope 2 (tons)	525.3	817.1
TOTAL:	1,165.3	1,379.0

INTENSITY**

0.25 tons CO ₂ / tons of yarn	0.29 tons CO ₂ / tons of yarn
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**ENERGY CONSUMPTION**

	2023	2024
Purchased electricity (Mwh)	13,746.9	14,839.2
Non-renewable fuels (gas oil - liter)	11,447.0	15,838.5
Wood/chips for boilers (tons)	17,181.0	17,368.0
LPG - Liquefied Petroleum Gas (tons)	5.9	13.2

**Scope 1: Stationary combustion, mobile combustion, fugitive emissions, and effluents. | Scope 2: Electric energy.*

***The calculation of emissions intensity considers the total tons of emissions divided by the total tons of yarn produced in the year.*

WATER AND EFFLUENTS

Water is an important natural resource for our business, especially in activities such as dyeing and processing yarns. We collect water from the Itajaí-Açu River, which runs close to our plant. After collection, we **treat the water**, with the aim of establishing the necessary cleaning parameters for use in the production process. The effluent generated undergoes appropriate treatment, **complying with all applicable legislation**, and then returns to the same river from which the water was collected.

In 2024, we made **improvements in the Water Treatment Plant (WTP)** and the Effluent Treatment Plant (ETP). The investments provided greater stability in the processes and significant efficiency gains, contributing to lower sludge generation and an estimated 75% reduction in water consumption in the sludge dewatering process.



WATER AND EFFLUENTS

	2023	2024
Water collected	847.7	826.2
Effluents generated	529.6	608.6



WATER CONSUMPTION

- 94.3% - used in dyeing and processing.
- 5.7% - used to generate steam, wash yards, bathrooms, among others.



RESPONSIBLE WATER CONSUMPTION

We have adopted the **clean dyeing technique** called Dye Clean, which allows us to reuse water from the same bath in several dyeing processes, thus eliminating the need for frequent changes and saving up to 60% of water at the stage in which it is applied. Around 170 tons of yarn produced at Círculo in 2024 had the Dye Clean approach at a certain stage of the dyeing process.

In the mercerization process, we also **reuse the washing water**. With this process, we estimate that 1,900 m³ of water will be saved per year. In 2024, we also improved the dyeing recipe process, reducing consumption by 670 m³ of water, from January to November.

05

SOCIAL IMPACT

Our employees __ 45

Community of artisans __ 54

Presence in the local community __ 58



OUR EMPLOYEES

Our team is made up of people who are passionate about craftsmanship and who are dedicated to keeping the company as a leader in the segment. These employees are the **protagonists of their own stories of growth** and development, and build Círculo's success story.

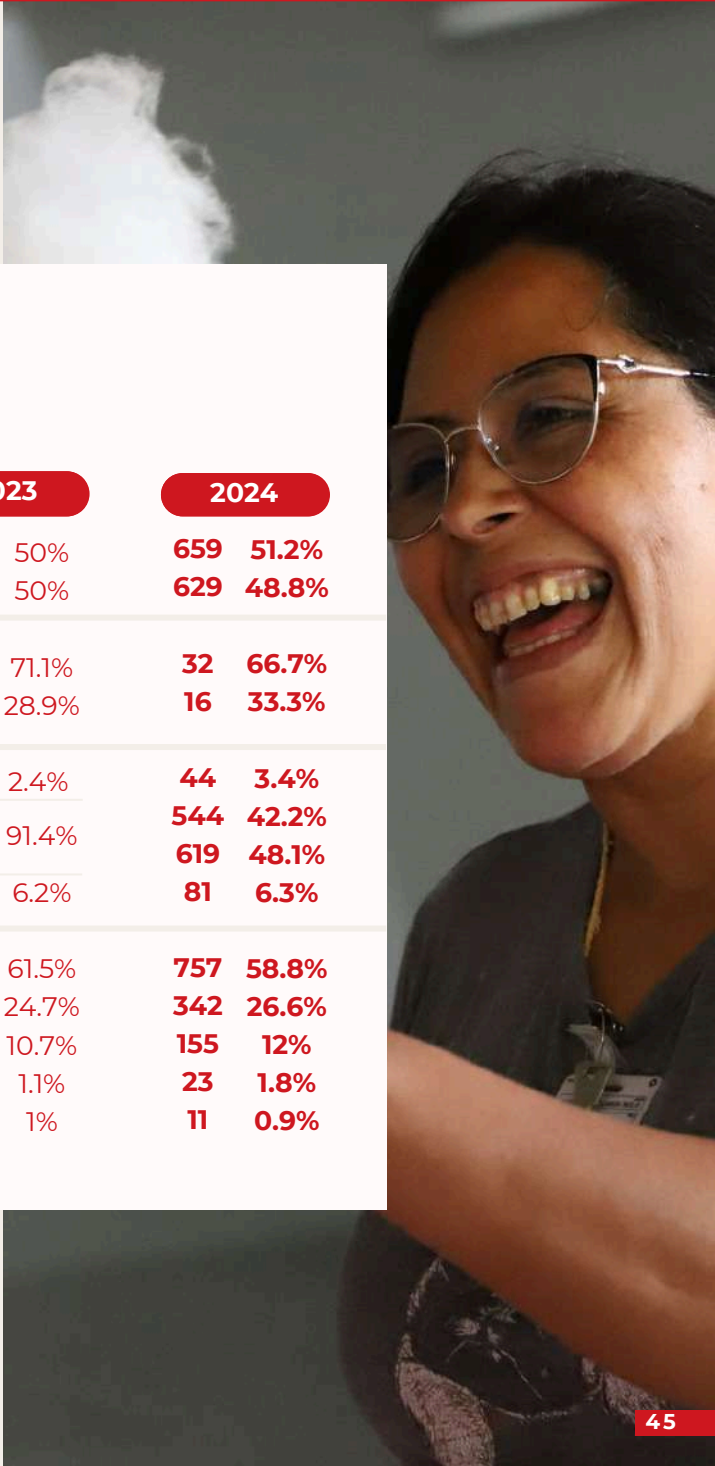
We are committed to providing a respectful, healthy work environment that welcomes everyone. In 2024, we invested in courses and education programs, and promoted several actions to engage, integrate, and value our people.



OUR CÍRCULO STAFF

	2023		2024	
Men	646	50%	659	51.2%
Women	645	50%	629	48.8%
Men in leadership*	32	71.1%	32	66.7%
Women in leadership*	13	28.9%	16	33.3%
Up to 18 years old	31	2.4%	44	3.4%
18 - 35 years old	1180	91.4%	544	42.2%
36 - 60 years old			619	48.1%
Over 60 years old	80	6.2%	81	6.3%
White	794	61.5%	757	58.8%
Mixed-race	319	24.7%	342	26.6%
Black	138	10.7%	155	12%
Yellow	26	1.1%	23	1.8%
Indigenous	14	1%	11	0.9%

**Leadership includes directors, managers, coordinators and supervisors.*





ACTIVE COMMUNICATION

We established an **open and accessible communication** with our employees. Through our internal communication platform Syync, we shared relevant information about the business, daily routine, and actions aimed at employees.

During the year, we also strengthened an important initiative of listening and dialogue with employees: We held **50 one-to-one conversations**, a tool for mapping the climate and opportunities for improvement, support, and appreciation of our people. The process encompasses both administrative and production areas, brings people closer, and helps build a relationship of trust.

CULTURE AND ENGAGEMENT

Throughout the year, we promote several **actions and events to create relaxed spaces** for integration and good connections. We celebrate New Years, employees' birthdays, and their time of service in the company; we celebrate traditional festivals and important dates, such as Textile Professionals' Day, among other celebrations.

We also **encourage solidarity** among our employees through fundraising and donation campaigns. One example is the *Lacre Solidário* ("Pull Tab Solidarity") campaign, which aims to reduce environmental impact and purchase wheelchairs for the Vale do Itajaí region by selling aluminum bottle caps.

Another campaign that engages employees and has a **positive impact on the community** is *Tampinha Amiga* ("Friendly Bottle Cap"), in which we collect and donate plastic bottle caps to institutions that work to protect animals. The proceeds from the sale of the caps help to buy food and cover other expenses for local animal shelters. In 2024, we collected 89 kilos of bottle caps.



The *Colcha Solidária* ("Solidarity Quilt") is another special action that we develop with our teams. Employees are invited to create several **crochet squares, which are joined together to form blankets and quilts** to be donated to institutions in the community.

In 2024, we collected 849 squares that were transformed into 18 blankets. In addition to the social impact, the campaign is an opportunity for employees to learn the art of crochet and develop a new ability.





DEVELOPMENT OF OUR TEAMS

In 2024, we strengthened partnerships with vocational training institutions and universities, and invested in internal training programs, such as **Estágio C (“Internship C”)**, to support the development of new talents. In 2024, we had 11 interns, three of whom were hired in the areas of MKT, R&D, and Dyeing.

Another development program launched in 2024 was **Habilita Carreira (“Enable Career”)** in partnership with SENAI, aimed at the electrical maintenance team, held at our own unit, with theory and practical classes. The course had seven participants and totaled 168 hours of training over the year. We also invested in the professional development of our employees, **paying 75% of the costs of vocational courses** in areas such as textile industry, electricity, and mechanics for 8 employees, totaling BRL 29,800.00.

We provide **training in craft techniques** for our employees. We provide the necessary materials and instructors to guide participants. The actions aim to encourage the use of our products, in addition to stimulating the development of new skills and even an extra income.

Our **Young Apprentice Program** received 210 applications, demonstrating the community's great interest in the development opportunity at Círculo. Of these, 66 teenagers were approved as apprentices and, at the end of the program, nine were hired. Young people also participated in the *Jovens em Ação* program, with meetings held in partnership with *Júnior Achievement*, covering topics such as financial education, the economy, and the job market.

We strengthened **Decola**, our education platform, which includes online and in-person training. During the year, we offered 2,200 hours of training, totaling an investment of over R\$ 200,000.00. We also had more than 5,500 accesses to the digital platform, with 544 active users, more than 800 training courses available, 616 certificates issued and 847 training courses completed.



We are a “Corporate Citizen”, a certification awarded to companies in Santa Catarina responsible for opening their doors to teenagers served by the Novos Caminhos (New Ways) Program, whether through internships, apprenticeships, or formal employment.

LEADERS IN FOCUS

To reinforce the synergy between the factory and the market, we made it possible for all coordinators and managers to participate in the Sales Convention. Together with the market team, we had a sales record in a single day, the largest in the company's history, called **Turbo Day**. An action that involved our leaders in an experience of direct contact with our customers.

We provided **training for Supervisors and Coordinators**, focusing on Nonviolent Communication and Teamwork. Some of these meetings took place outdoors, creating a more relaxed environment that encouraged interaction and sharing of experiences among participants. We promoted the **Coffee with HR**, a special moment for conversation and alignment between leaders.

We posted **exclusive content series on Decola**, addressing topics essential to the growth of leaders and the development of their teams. In total, there are four series with an average duration of 5 to 10 hours each, allowing for complete immersion in the subject. We also provide close support to each leader, helping them complete the course and apply the content in their daily work routine.



HEALTH AND SAFETY

The well-being and safety of our employees is a priority. We maintain a robust **SESMT (Specialized Occupational Health and Safety Service) structure**, which includes our own outpatient clinic, a team made up of a Practitioner, an Occupational Health Nurse and Nursing Assistants, as well as a Safety team made up of Occupational Health and Safety Engineers and Technicians, who work daily to prevent risks and accidents.

Our **occupational health and safety system** is supported by a series of documents, as provided for in legislation, such as the Risk Management Program and the Occupational Health Medical Control Program. We also have the active participation of the CIPA (Internal Committee for Prevention of Accidents and Harassment) team, with 28 members and 88 fire wardens, in mapping risks and promoting a culture of workplace safety.



Our Emergency Brigade conducts monthly training in CPR (cardiopulmonary resuscitation) and firefighting techniques. This multidisciplinary team works 24 hours a day and conducts frequent inspections in areas with potential risk of fire and accidents. One of the highlights is the annual total area evacuation training, which involves the Fire Department of the city of Gaspar (SC).

ACCIDENT INVESTIGATION

In the event of accidents, in addition to assisting the victim, we conduct a **detailed investigation of the incident** with the Safety team, CIPA, and the leadership. The analysis process, based on the “5 Whys” technique, results in action plans and improvements. In 2024, there were 48 loss-time accidents, a **2% reduction compared to 2023**, and 18.7% of these were commuting accidents.

COMMUNICATION AND AWARENESS

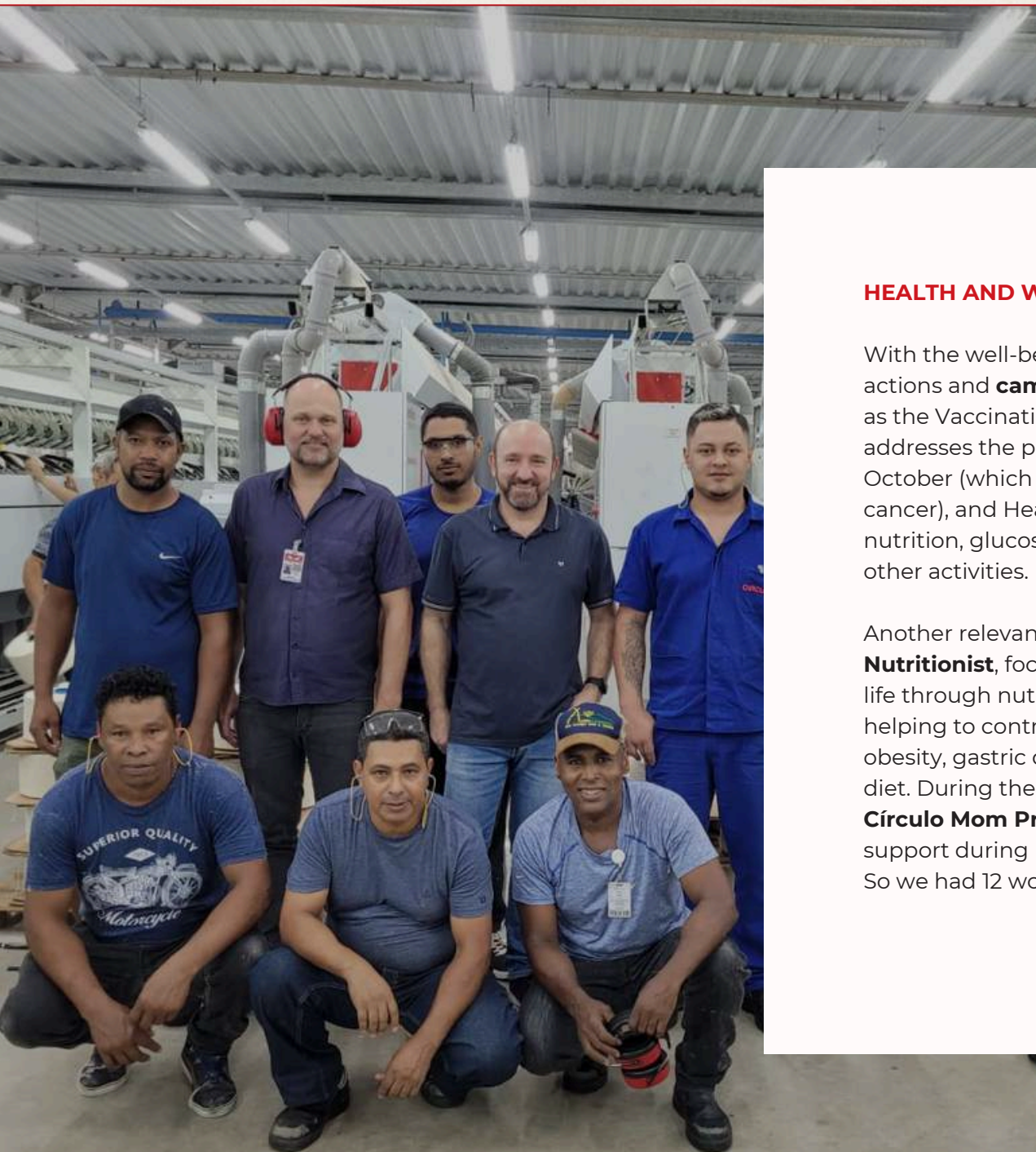
We work daily to raise employee awareness about the importance of **adopting safe behaviors at work**, through training, campaigns, Safety Talks - which are short conversations in the sectors, and actions such as “SIPAT” (Internal Week for the Prevention of Accidents at Work) and the Yellow May campaign, with lectures and group activities on traffic education and defensive driving.



RISK MAPPING

To map risks in the workplace, our Safety Technicians, together with the Emergency Brigade and CIPA team, **use a checklist**, which includes checking the condition of equipment, the condition of the work environment, and the behavioral safety of the employee.

We communicate the opportunities and red flags identified to the section leaders and develop action plans, if necessary. We also encourage our employees to immediately report any critical situation, whether to the CIPA, Brigade, Safety Technician or even their leadership.



HEALTH AND WELLNESS

With the well-being of our team in mind, we promote actions and **campaigns on health-related topics**, such as the Vaccination Campaign, Blue November (which addresses the prevention of prostate cancer), Pink October (which addresses the prevention of breast cancer), and Health Week, with guidance and care on nutrition, glucose monitoring and vital signs, among other activities.

Another relevant initiative is the **care service with a Nutritionist**, focusing on healthy eating and quality of life through nutrition. 144 employees were assisted, helping to control comorbidities such as diabetes, obesity, gastric disorders, and other factors related to diet. During the year, we also held two editions of the **Círculo Mom Program**, which provides guidance and support during pregnancy and after the baby is born. So we had 12 women participating in 2024.



COMMUNITY OF ARTISANS

Círculo's growth in recent years also reflects the development of the craft market, which is not just a source of extra income anymore, but it has become the main activity for many people. More and more enthusiasts are discovering, or rediscovering, the value of handcrafted work in its various techniques, which has also renewed the interest of new generations in learning and improving this knowledge.

Círculo has been promoting handicraft training and **professional practice** for years. We create different formats of content and opportunities online and offline to inspire and teach new craft techniques to beginners or those who already have experience with handmade work.

Love Círculo, our app developed to bring inspiration and practicality to handmade lovers, offers a variety of exclusive recipes, video tutorials, e-books, as well as news and trends in the craft world. In 2024, the number of logins to the app grew by around 25%, which represents more than 300,000 logins. In addition, the application was accessed in more than 115 countries, which demonstrates its relevance and global reach.



OUR IMPACTS

7,600 step-by-step recipes available for free on the website.

1,400 live sessions held on Círculo's and customers' profiles.

232 e-books available online, with more than 885.9K views. In total, there are almost 3 million views.

2,100 videos with diverse content published on YouTube, with 3.5 million views in 2024 and a total of more than 53 million views.

1,300 free workshops and in-person events, totaling more than 3,700 hours of workshops.

+30,000 people impacted by free workshops and in-person events.

Another highlight is the **workshops** we held throughout Brazil, through a team of 16 artisans, including at the industry fairs we participated in. At Artesanal Sul, for example, we held 19 free workshops, bringing together more than 500 people at our stand to learn new craft techniques.

In 2024, we also launched our e-learning platform, **Ganhe Mais** (means "Earn More"), which includes courses on entrepreneurship and marketing for craft business. With content aimed at artisans who want to take off in their careers, improve techniques and make their crafts more professional, the tool is free and expands the learning channels and formats that we promote for our community of artisans.

We believe that, more than selling products, through our business we are building a legacy for society: the rescue of handcrafts, highly connected to cultures and traditions, and the promotion of a new creative and sustainable economy.

PROMOTION THROUGH CRAFTS

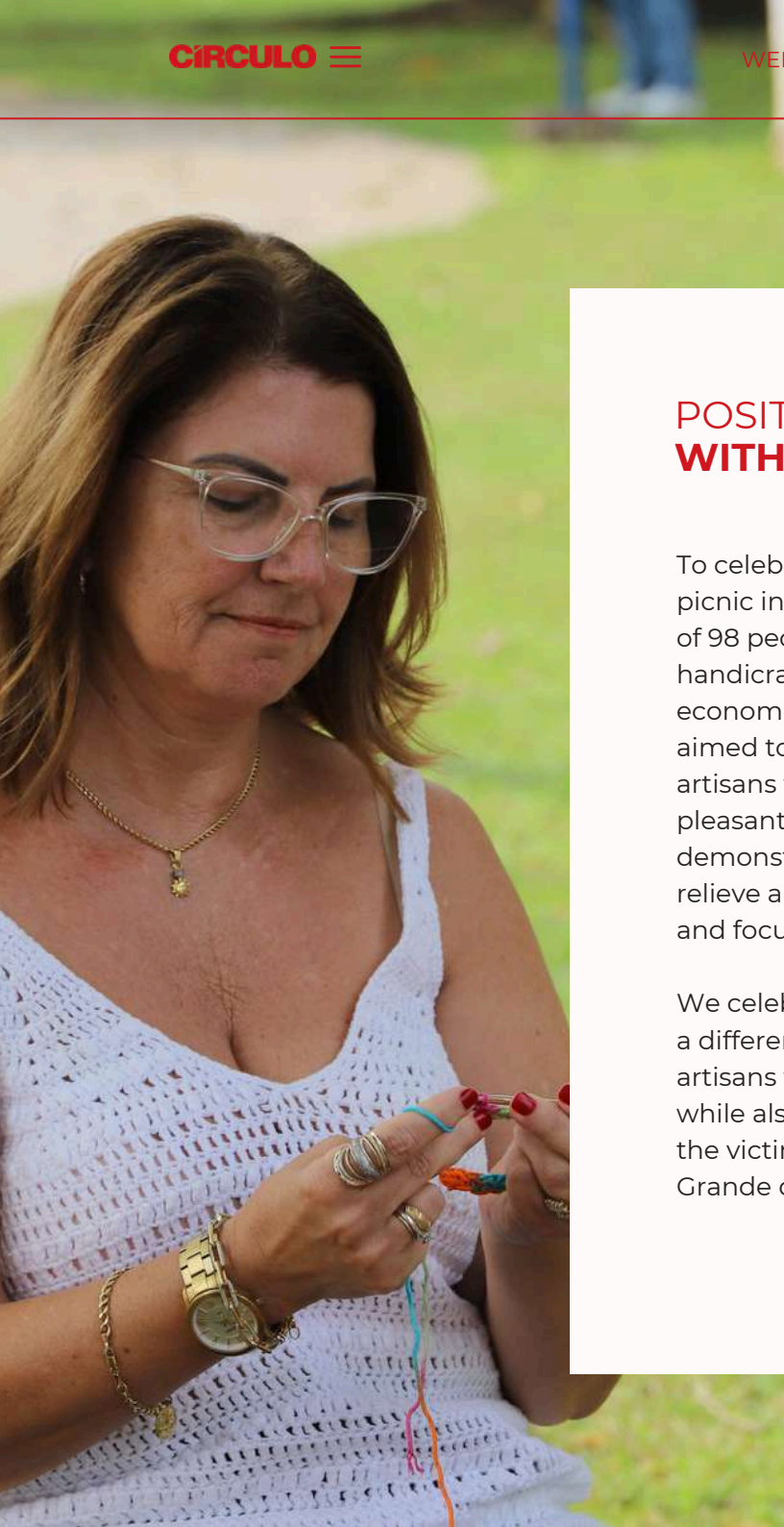
One of our partners in the the São Paulo Fashion Week was **Catarina Mina**. The brand, which originated in the Brazilian State of Ceará, took to the catwalk the “Guardians of Memory” collection, which celebrates the beauty and delicacy of Ceará lace, in addition to highlighting the leading role of Ceará artisans, highlighting their importance as guardians of a valuable tradition, weaving memories that last over time. The brand works with 31 communities and 450 artisans, 99% of whom are women, and many of them are mothers and grandmothers, generating income, freedom, and financial autonomy.

Another project we supported in 2024 was **Casa Vix**, by Vix Paula Hermany. We donated all the materials and provided teachers for the classes. This project aims at providing professional training and opportunities to women from communities near the brand's factory in Petrópolis, Rio de Janeiro. In 2024, we had two embroidery module classes, totaling 72 hours of classes and 17 students graduating. Of these, two students were hired by VIX, one of our clients.



**Products from
Catarina Mina brand.**

The founder, Celina
Hissa, seating on the
right.



POSITIVE IMPACT WITH CRAFTS

To celebrate **World Crochet Day**, we held a picnic in Gaspar (SC), with the participation of 98 people. The date celebrates the handicraft technique and all its cultural, economic, and social impact. The action aimed to bring together and encourage artisans from the region to experience a pleasant and inspiring moment. A way to demonstrate the power of this activity to relieve anxiety and promote relaxation and focus on the present moment.

We celebrated **World Knitting Day** in a different way. We brought together artisans to knit blankets, hats, and socks, while also collecting supplies to support the victims of the climate disaster in Rio Grande do Sul.



We are partners with **Knitted Knockers in the United States**, a project that mobilizes volunteers to produce and distribute free knitted or crocheted breast prostheses to women who have undergone breast cancer procedures. With two Círculo yarns approved by the organization, Anne and Charme, we held free classes in October to teach how to make the prostheses.

We donated yarn to **student organizations in California**, with the aim of promoting and encouraging the practice of crochet among young people. We chose schools that offered classes, courses or extracurricular activities focused on learning and practicing crochet.

With product donations, we support the **Crochet and Knitting Society in Ukraine**, a non-profit organization that brings together people interested in learning knitting and crochet techniques, especially people who cannot afford to buy materials.



COMMUNITY

We are present in many **industry associations and organizations** such as SCMC (Santa Catarina Fashion and Culture), the Núcleo Catarinense de CCQ de Melhoria Continua (Santa Catarina Center for Continuous Improvement Quality Control Circles), Sintex (Union of the Industry, Spinning, Weaving and Clothing), ABRH (Brazilian Association of Human Resources), ACIG (Business Association of Gaspar), ABIT (Brazilian Association of the Textile and Clothing Industry), and JA (Junior Achievement), which promotes education for children and young people.

Through these institutions, we access environments for sharing knowledge, training, **strategic networking**, as well as relevant

content on market trends. They also enable us to create a positive social impact. This is our way of staying connected to initiatives that drive creativity, innovation and sustainable growth.

Participating in and supporting these organizations reinforces our commitment to innovation, sustainability, talent development, and strengthening the textile and crafts sector. We also support local initiatives, through direct donations or transfers via incentive laws, with the aim of strengthening the development of the community surrounding our unit.



DONATIONS THROUGH INCENTIVE LAWS

FDS - Social Development Fund

FUMDES - State Fund to Support the Maintenance and Development of Higher Education

Audiovisual - Belli Studio Project

PRONAC - National Program to Support Culture - Osterfest

Sports Fund - AEEG Project

PRONAC - Crocheters Project (RS)

FIA - Child and Adolescent Fund

FEI - State Fund for the Elderly

R\$ 1,241,400.00



DIRECT DONATIONS

Women's Network to Combat Cancer, Gaspar (SC)

Military Police of Gaspar (SC) for PROERD - Educational Program for Resistance to Drugs and Violence

R\$ 19,100.00

Rotary Club (SC)

Military Fire Department (SC)

São Pedro Apóstolo Parish (SC)

Various entities
(Community festivals, schools, daycare centers and other entities)

**0.9 tons
of products**

TOTAL

R\$ 1,260,500.00



SDG TOPICS

OUR ACTIONS
CONNECTED TO
THE SUSTAINABLE
DEVELOPMENT
GOALS (SDG)

RELEVANT TOPICS AT CÍRCULO	PAGE	SDG
EFFICIENT AND RESPONSIBLE BUSINESS MODEL	14 A 25 34 A 37	 
BUSINESS CONDUCTED WITH ETHICS AND INTEGRITY	29 A 31	
NATURAL RESOURCE MANAGEMENT/WASTE MITIGATION	38 A 40 42 A 43	  
REDUCTION OF POLLUTING GAS EMISSIONS	40 A 41	
EMPLOYEE WELL-BEING AND DEVELOPMENT	48 A 53	 
TRAINING, PROFESSIONAL PRACTICE, AND PROMOTION OF HANDICRAFT WORK	54 A 57	  
ACTIVE PRESENCE IN THE LOCAL COMMUNITY	58 A 59	



CÍRCULO

2024

SUSTAINABILITY
REPORT

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Círculo Sustainability Committee

Photos by

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Writing and Layout

Pupa - Communication, Education &
Sustainability Management