



# TDV

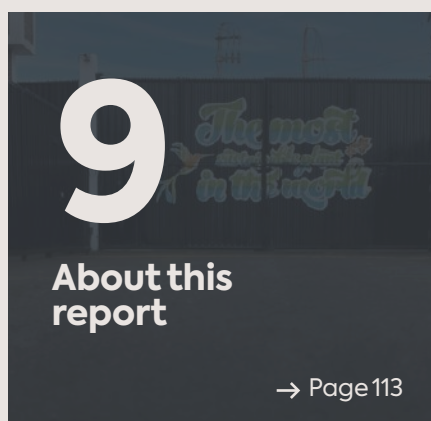
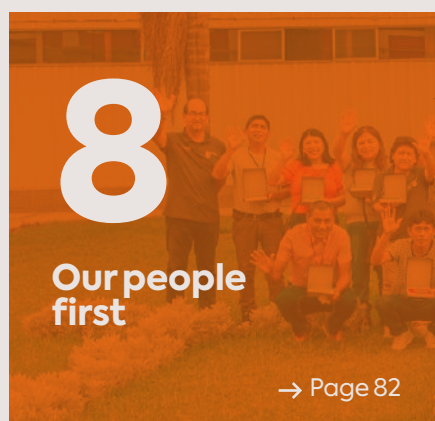
Textil del Valle



**SUSTAINABILITY  
REPORT**

# 2023







aspire  
ion to  
world  
quality  
ability



1

## CEO's Letter





**First and foremost, I would like to express my profound gratitude to our beloved community in Chincha and Lima,** as well as to all our areas of operational influence, both direct and indirect. I also want to extend my appreciation to our invaluable strategic partners and especially to our employees, who have stood by our side for yet another year.

For 36 years, we have played a pivotal role in job creation, tax contributions, and economic growth, while elevating the Made in Peru label to the highest standards globally. In this journey of continuous evolution and commitment, it is my pleasure to present our third Sustainability Report corresponding to the year 2023. This report has been prepared in accordance with the Global Reporting Initiative (GRI) standards and showcases our progress across the economic, social, and environmental dimensions. As you delve into its contents, my sincerest wish is for you and your families to enjoy continued health and wellbeing. Before delving into our performance throughout 2023, it is essential to contextualize within the global textile sector, a key pillar for Peru's economy and social development, driving revenue generation, economic growth, and formal job creation with social protections, thus mitigating economic vulnerabilities for families.

The year 2023 posed significant challenges, marked by a 25 % decline in U.S. apparel imports, our primary market, directly impacting both Peru and TDV. Moreover, Peruvian exports, including TDV's, decreased by 15 %. To navigate this, we implemented counter-cyclical strategies that helped mitigate the impact. Noteworthy among these strategies was the inclusion of more complex garments in our production programs, such as hoodies, jackets, and joggers, as well as an increase in the production of heavy fabrics like flannels and French terry.

Additionally, we faced a downturn in customer demand due to client surplus inventory, compounded by rising financial costs, necessitating prudent capital management amidst rising expenses.

On the social front, our commitment to sustainability remains unwavering. We continue our efforts to recycle 100 % of textile waste, yielding over 19,625 blankets donated to underserved communities in the southern region of

the country. Through initiatives like our Cotton of Life project, we have collaborated with various communities in Juanjuí (San Martín), focusing on childhood education and reforestation, significantly enhancing the quality of life in over 200 communities within our area of influence. These efforts align with key Sustainable Development Goals (SDG) such as Quality Education and Life on Land, demonstrating our commitment to long-term social and environmental sustainability.

Moreover, we maintain our commitment to the well-being of our employees through the Here to Be program, which promotes yoga as a means to foster an optimal work environment. This approach aims to enhance the work environment while increasing productivity by offering our employees a dedicated space for their physical and mental well-being.

On the environmental front, our commitment is steadfast and multifaceted. Although we already utilize 100 % renewable energy, with 13 % generated internally via solar panels, and reuse 30 % of our water consumption, we are currently in the process of introducing new initiatives. Notably, we are focusing on further reusing 30 % of wastewater through a microfiltration/reverse osmosis plant, similar to our existing setup. In addition, we are driving a water seeding project, or 'amuna,' to offset 100 % of the water used in our production processes.

Additionally, we are promoting a water-planting project, known as amuna, to offset 100% of the water used in our production processes. Looking ahead, we are dedicated to reducing greenhouse gas emissions, water usage, and waste generation, in alignment with industry trends and regulatory frameworks. Through the integration of innovative technologies and sustainable practices, our goal is to surpass industry standards and uphold an environmentally responsible approach to our operations.



On the economic front, during 2023, we launched two new dyeing machines, one with an 800 kg capacity and another with 400 kg capacity, which will help us increase our dyeing capacity by 20 %. We also initiated the Manufacturing Automation project (sewing and finishing) through the acquisition of automated machines that enhance production capacity with greater efficiency and lower costs, thus strengthening our competitiveness.

We are proud to be a certified B Corporation, reflecting our commitment to balancing profit with purpose and meeting high standards of social and environmental performance, transparency, and accountability. We actively collaborate with other organizations, academia, and government bodies to promote sustainable practices and industry best practices, leveraging collective expertise and resources for positive impact.

This year, we achieved a significant milestone by obtaining the Fair Trade certification, becoming the first company in the southern hemisphere's textile industry to do so. This distinction compels us to maintain our status as a fair company that complies with all labor regulations, especially those concerning our employees. Furthermore, due to our various sustainability projects, we have garnered recognition from prestigious companies such as Semana Económica, RPP & IPAE, among others.

Our collective efforts epitomize TDV's commitment to all stakeholders. We invite you to explore our Sustainability Report 2023, in which we explain in detail these and other achievements and reaffirm our commitment and purpose to continue transforming the world, dressing it with quality and sustainability in the years to come.



**I would like to extend my gratitude and admiration to our team of over 2,600 TDV employees, whose consistent dedication makes achieving our ambitious goals possible. It is their ongoing commitment, talent, and cohesiveness behind a common purpose that drives our collective efforts towards a more sustainable future.** Here at TDV, we recognize that reaffirming our commitment to sustainability is vital for our success. As Peru undergoes significant changes, we believe in facing them together, progressively, with cooperation and stability. By listening to one another and encouraging open dialogue, we can foster continuity and rebuild trust, essential for our company's growth. Now is the time to move forward with a sense of urgency, guided by principles of resilience, innovation, and collaboration, as we strive towards a more inclusive and sustainable world. We owe it to future generations.

**Juan José Córdova Benavides**  
**CEO**  
(GRI 2-22)



2

## **2023 ESG performance**



# 2023 ESG Performance

## ECONOMIC



**US\$ 65 MM**  
net sales



**50**  
suppliers  
evaluated under  
ESG criteria



**1**  
I+D Center



**US\$ 21 MM**  
purchases from  
local suppliers



**82 %**  
customer  
satisfaction



**1**  
Sustainability and Strategic  
Projects Management,  
established to further  
solidify our leadership  
position in the sector

## ENVIRONMENTAL



**66 %**  
of operational areas  
in our Chincha plant  
are equipped with  
LED lighting



**51 thousand  
of m<sup>3</sup>**  
of water consumed



**16 331 Ton  
CO<sub>2</sub> eq**  
emissions  
generated



**100 %**  
of wastewater is  
treated in the  
Wastewater  
Treatment Plant



**16 %**  
of dye reduction in  
the digital printing  
area



**100 %**  
of textile waste is  
recycled

## SOCIAL



**1 ESG award**  
from Semana  
Económica for our  
Cotton of Life  
project



**96 %**  
completion rate  
for the Annual  
Training Plan



**19 625**  
blankets donated to  
Peruvian highlands  
communities



**100**  
accident-free days  
at our Chincha and  
Lima plants



**54 %**  
of our workforce  
are women



**320 Ton**  
of waste collected  
through the Chincha  
Recicla program



3

**Peruvian hands  
dress the world  
with sustainability**





### 3.1

## About Us

We are **Textil del Valle (TDV)**, a leading Peruvian company in the textile industry.

For over three decades, we have crafted fabrics and apparel for top global brands known for their exclusivity, sustainability, and quality. Through our designs, we champion sustainable development by ensuring fair employment and prioritizing environmental protection in all our operations. **(GRI 2-1) (GRI 2-6)**

Our goal is to become the world's most sustainable textile company in the apparel manufacturing industry. In light of this, our actions are driven by a strong belief that Peru can emerge as a global leader in sustainable apparel design and manufacturing.

At TDV, we continually evolve to uphold our leadership and maintain our role as a strategic partner for our clients,



fostering competitive and responsible innovation and growth.



[Learn more about our operations](#)



### 3.2

## Our operations in Peru



**ADMINISTRATIVE OFFICE**  
Pasaje Los Delfines  
159 (third floor)

**District:** Santiago de Surco  
**Province:** Lima  
**Departament:** Lima, Peru.



**LIMA FACTORY**  
Argentina  
Avenue 2743

**District:** Cercado de Lima  
**Province:** Lima  
**Departamento:** Lima, Peru.



**CHINCHA FACTORY**  
Former Highway  
Panamericana  
Sur km 200

**District:** Chincha Baja  
**Province:** Chincha  
**Departament:** Ica, Peru.

## Our corporate values

**Our purpose**



**To inspire transformation to dress the world with sustainability**



**We develop relationships with our clients.**



**We value and recognize our people.**



**We care for our environment.**



**We take accountability.**



**We drive change.**



**We build teams.**

## Our value proposition

“TDV is a strategic ally with whom we develop apparel to the highest standards of quality and sustainability”.



### Expert guidance

We harness over three decades of experience and expertise to support our clients.



### Flexibility

We adapt to client needs and seek solutions promptly without compromising the quality of our products.



### Traceability

Real-time monitoring throughout the entire production chain, ensuring quality and sustainability at each stage.



### Comprehensiveness

Ability to provide solutions for the entire production chain, enabling our clients to address the needs of end-users.



### Sustainability

We work with inputs and processes aimed at mitigating the industry impacts. We seek to empower our community with sustainable practices to build a better world.



### Innovation and technology

We are continually upgrading our industrial infrastructure and proposing new production methods. Moreover, we evolve constantly to fulfill our purpose.

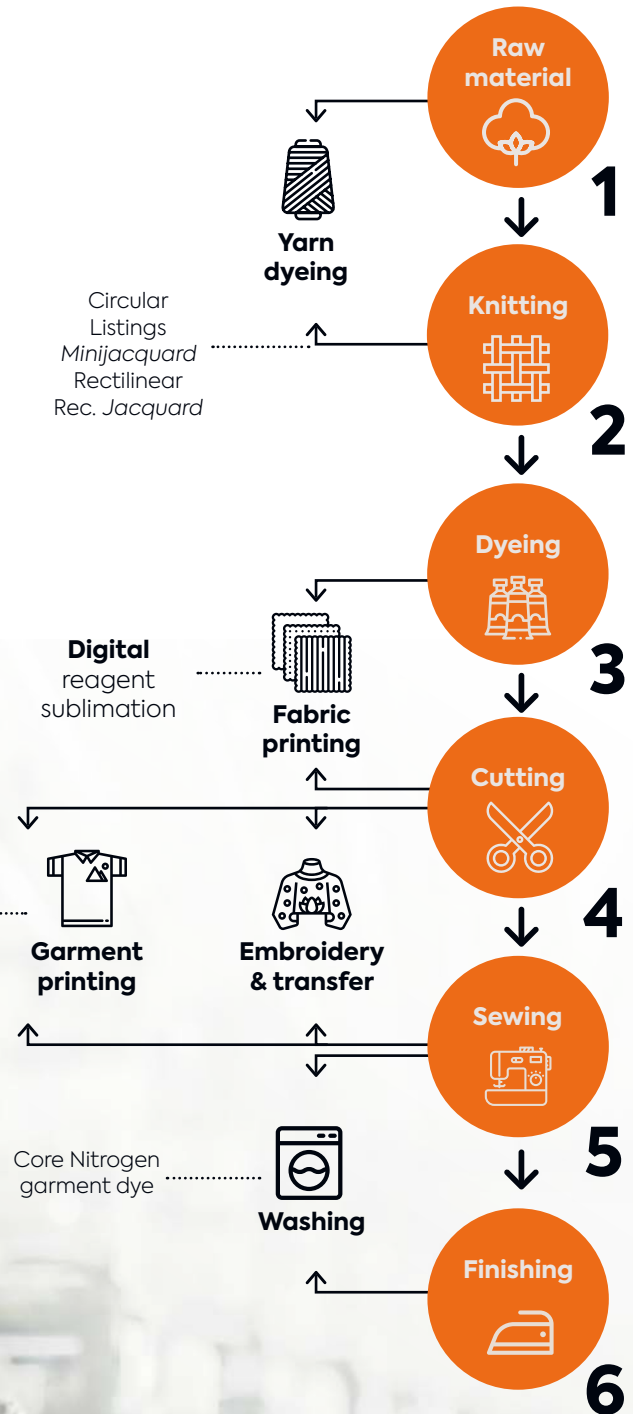


## TDV value chain

### [Vertical manufacturing facility]

Our value chain comprises six main processes, with sourcing of raw material marking the starting point of our production process, followed by knitting, dyeing, cutting, sewing, and finishing. This process is further enhanced by various sub-processes that ensure the production of high-quality products.

As a certified B Corporation, we go beyond financial profit, committing to environmental and social responsibilities. We continuously measure, evaluate, and enhance our impact across all processes. Proudly, we can say that 'Peruvian hands dress the world sustainably'.

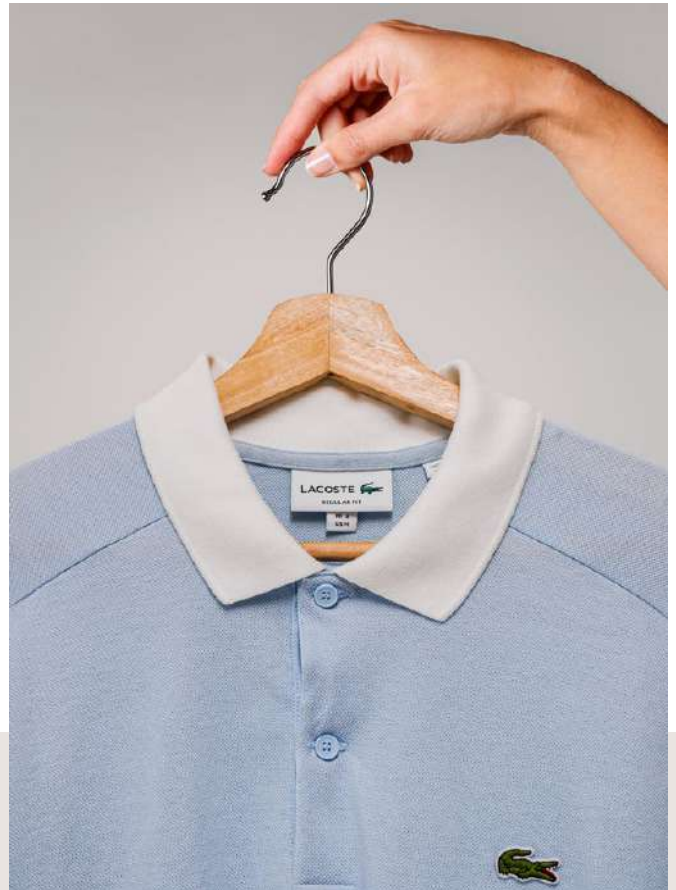


### 3.5

## Our products and services

### Knitted garments

We offer garment manufacturing services specializing in knitwear. Currently, this is our primary commercial activity at TDV, ensuring the production of high-quality and sustainable apparel. Our business follows a vertically integrated production process, encompassing yarn transformation into fabrics and subsequently into garments. This allows us to manufacture polo shirts, t-shirts, tank tops, henleys, knit dresses, jackets, pants, and other garments.



**Our raw materials include:**

**Long staple (LS) fibers,** such as Tanguis and Upland cotton.

**Extra long staple (ELS),** such as Pima cotton.

**Cotton blends with modal, polyester, recycled polyester, tencel, alpaca, among others.**

**100% cotton heather in long staple cotton (LS) and extra long staple cotton (ELS).**

**Regenerative organic cotton (ROC) and recycled cotton.**

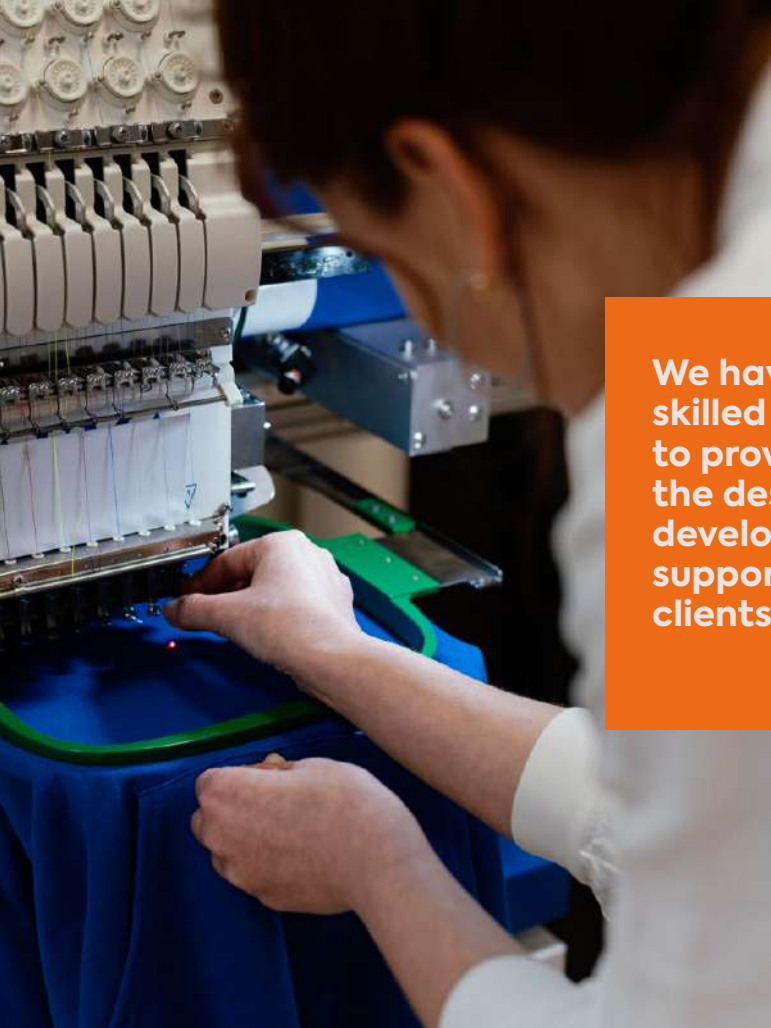
**Our range of fabrics also includes jersey, piqué, interlock, ribs, waffles, jacquards, stripes, flat knits with jacquard, among others.** Additionally, we have expertise in finishes, which we carry out in the dyeing facilities, including fabric mercerization, brushing, and suede processes.



### Fabrics

**In 2023, we continued fabric sales,** maintaining consistent compositions and materials for knitwear garment production. We introduced this activity to meet growing customer demands for intermediate products, used in their diverse operational units.





## Design and development services

**We have a highly skilled team to provide all the design and development support our clients need.**

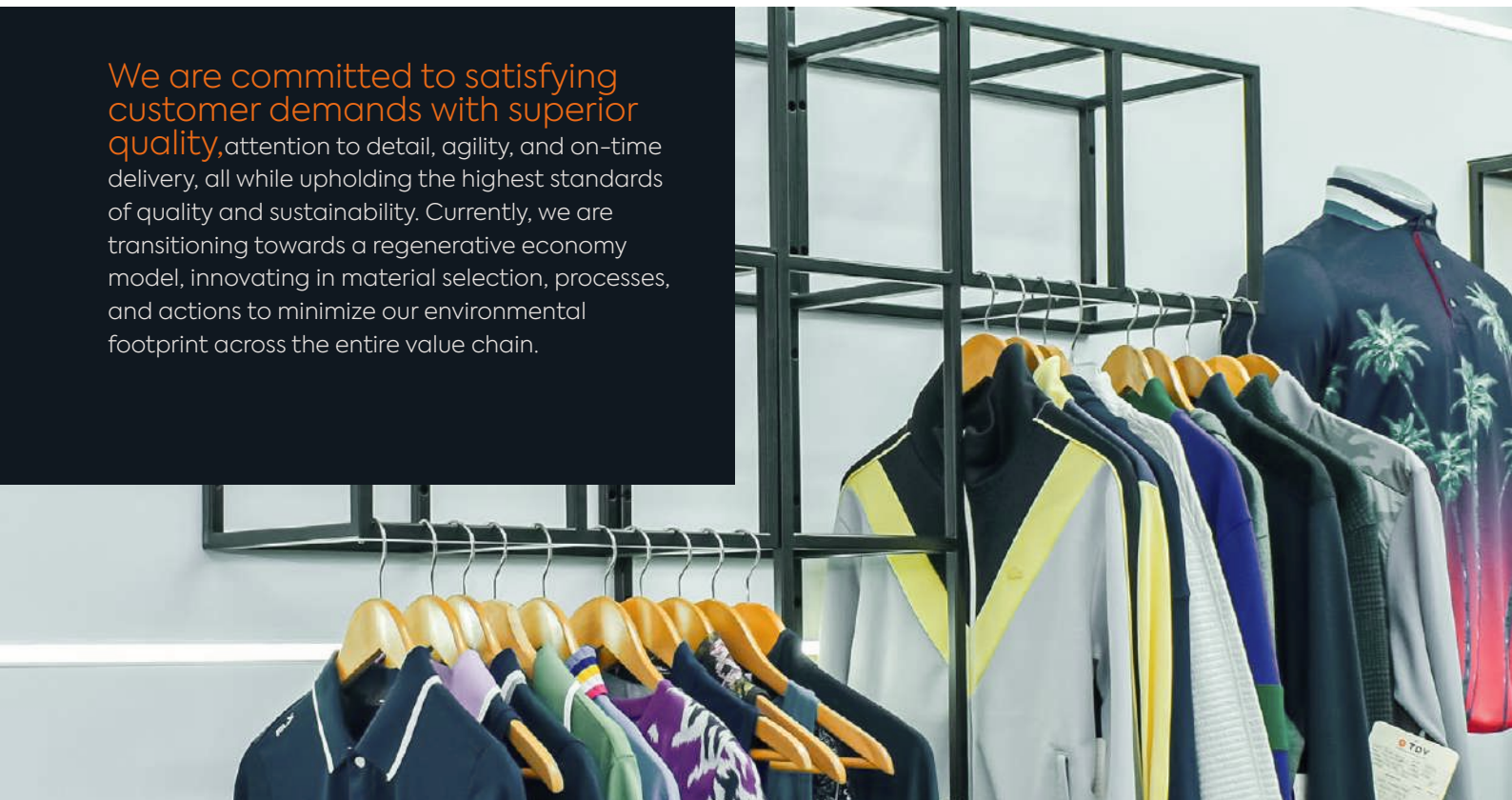
Our Development team operates independently from production and is equipped with cutting-edge tools for sample and product development. This includes specialized cutting areas, sewing machines, embroidery machines, and steam ironing stations. Furthermore, our product development facility is equipped with a Gerber Accumark system (version 9.0.0.245), featuring eight PDS stations, five GMS stations, five PDS + GMS stations and one Accunest station.

We also have Lectra Modaris 2 (version V6R1) and 4 (version V7R2) stations for pattern making. Finally, for modeling, we utilize simulation software: Browzwear 3D, an AI-powered system for designing and developing 3D garment samples.

**3.6**

## Our main markets

We are committed to satisfying customer demands with superior quality, attention to detail, agility, and on-time delivery, all while upholding the highest standards of quality and sustainability. Currently, we are transitioning towards a regenerative economy model, innovating in material selection, processes, and actions to minimize our environmental footprint across the entire value chain.

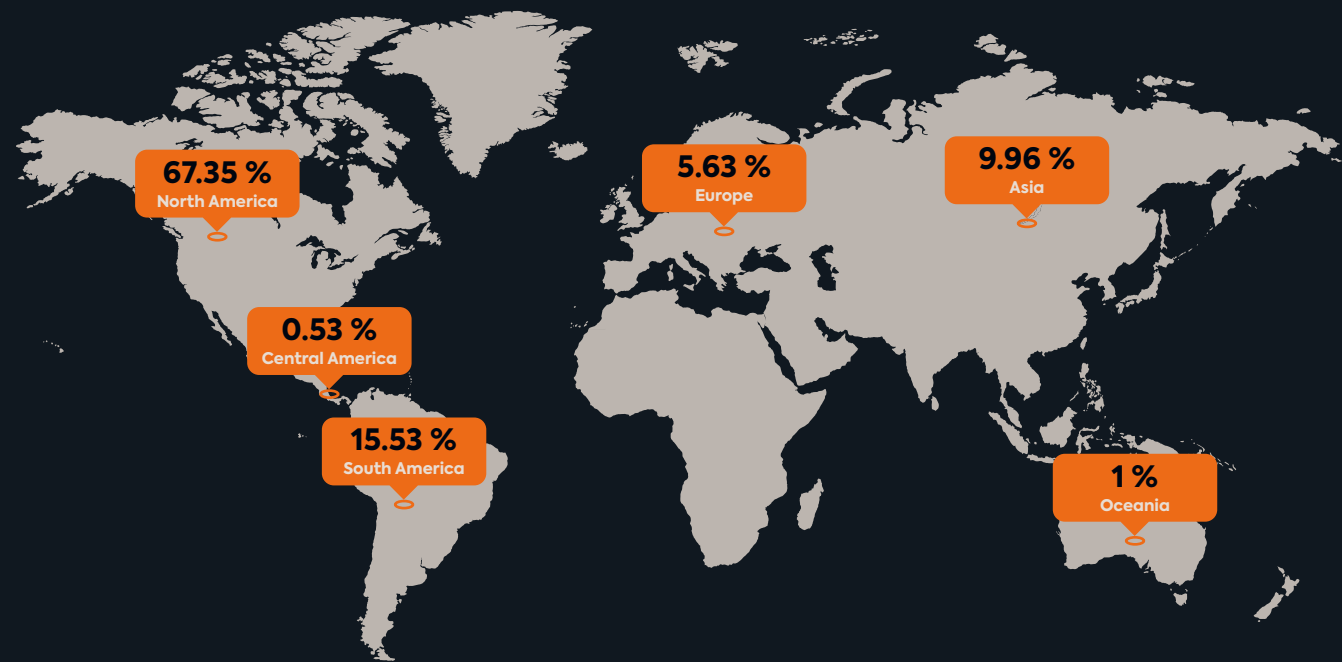


# International market

We hold a strategic position in the global market, with our products spanning four continents. In 2023, we maintained this leadership and were recognized for our

value proposition of integrity, flexibility, expertise, and technological advancements.

**TDV 2023 sales breakdown by region:**



## 3.7 Our clients

We serve and heed the demands of our discerning clients in global markets, seeking partnerships with brands that align with our business philosophy.

This entails conducting their operations in line with the highest standards of quality, sustainability, and stakeholder engagement.

These are some of the prestigious brands we work with:





## Supplier management

We maintain business relationships with global companies that integrate sustainability into all aspects of their business models including factors such as:

Environmental

Social

Governance

These companies manage and recommend suppliers with whom we should collaborate. Hence, the evaluation criteria and compliance with environmental and social standards are entrusted to the client, ensuring that all technical and sustainability requirements are met.

Currently, our supplier and contractor management is governed by our Purchasing procedure, within which we establish minimum quality criteria and standards for companies working with us. It is worth noting that most of TDV's buyers are international. **(GRI 3-3)**



### Supplier evaluation

In 2023, we took significant strides in our management by establishing our Supplier Code of Conduct and Ethics, aiming to elevate our sustainability standards and ensure supplier quality. This code encourages our business partners to meet sustainability requirements related to labor standards, ethics, and environmental protection.

Additionally, we are developing a program to train both critical and non-critical local suppliers on sustainability topics.

We consider these initiatives fundamental as they strengthen our vision of sustainability and corporate ethics, promoting transparency, responsibility, and continuous improvement in our operations. Our commitment to ethical standards and sustainable practices not only allows us to mitigate risks but also drives us to build strong relationships with committed suppliers who share these same values.



[See Supplier Code of Conduct and Ethics](#)



## Evaluation of technical criteria



In our Purchasing procedure, we set three evaluation criteria for selecting suppliers: delivery timeliness, quantity delivered, and product quality control. We use percentage ratings to gauge compliance with these criteria. Suppliers scoring 50 % or lower are discontinued as they fail to meet our company's

standards. We highlight that our Integrated Management System (IMS) department is responsible for monitoring compliance with the previously proposed criteria and indicators. In 2023, we made progress in developing our responsible supply chain by implementing the Supplier Code of Conduct and Ethics, which we require our suppliers to review, accept, and sign.



## Evaluation of Environmental, Social, and Governance (ESG) criteria



Dedicated to upholding a responsible supply chain, in 2023 we advanced in integrating ESG criteria into supplier assessments. This helps us efficiently manage risks and bolster our strategic position in the textile market.

In assessing environmental impact, we examine suppliers' operations regarding emissions management, natural resource utilization, and conservation practices. For social evaluation, we consider aspects such as working conditions, respect for human rights, and contribution to local communities. Lastly, under

governance criteria, we analyze suppliers' actions concerning corporate ethics, operational transparency and leadership, and control structures.

It is important to note that, in this initial stage, we have thoroughly evaluated 50 strategic suppliers based on the previously mentioned ESG criteria across all three dimensions. This has allowed us to identify some gaps and improvement opportunities. In the next stage of our strategy, we will develop a support program for local suppliers and include more suppliers in the evaluation. **(GRI 308-1) (GRI 308-2) (GRI 414-1) (GRI 414-2)**



## TDV supplier chain





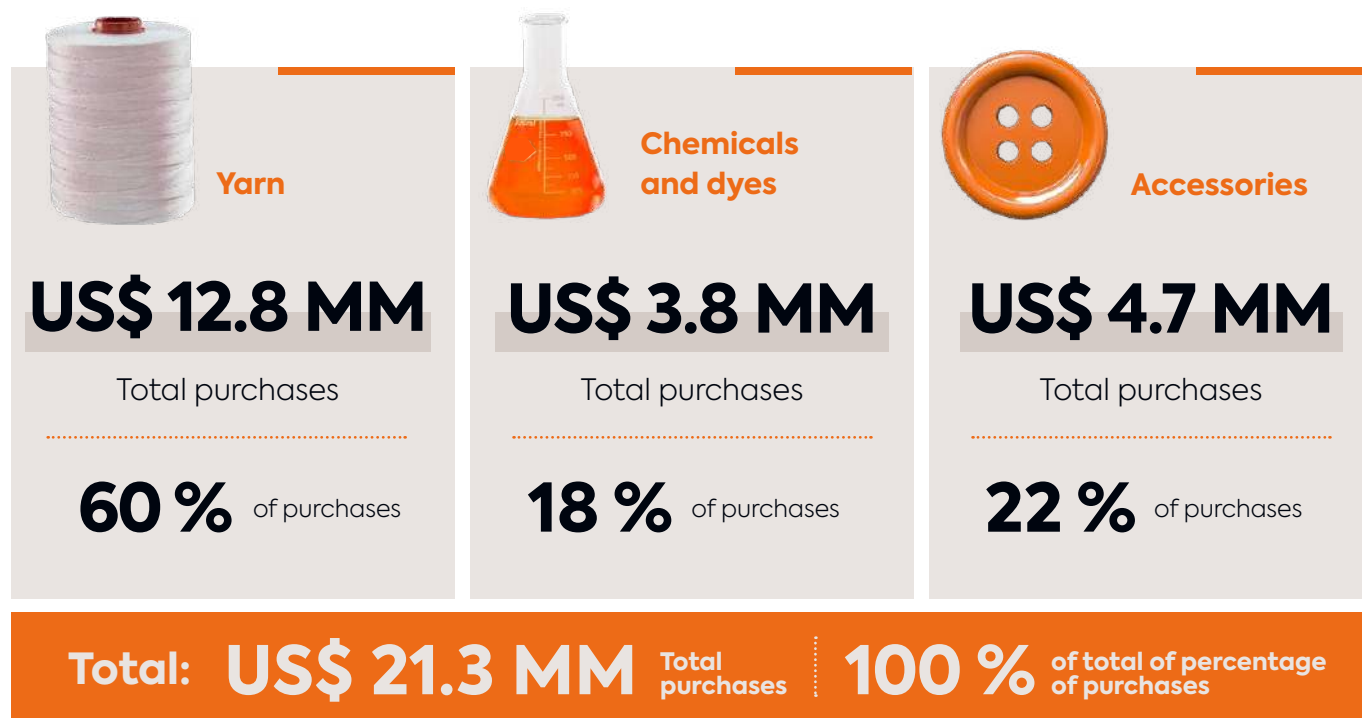
## Local suppliers

Presently, our sourcing process operates through two channels. The bulk of our purchases are sourced from international suppliers, with final supplier selection and approval falling to the client. For local procurement, encompassing processes within our national territory, we retain control over supplier selection, contracting and evaluation.

Local sourcing includes the acquisition of various products such as yarns, chemicals, dyes, and

accessories. A significant portion of our local purchases involves yarn acquisition, accounting for 40 % of purchases in the domestic market. Importantly, the international brands we work with ensure that Peruvian suppliers meet quality and supply standards, and adhere to ESG criteria. **(GRI 3-3) (GRI 204-1)**

## Percentages of contracts with local suppliers during 2023



## Operational excellence

At TDV, we strive for operational excellence by fostering a business culture geared towards risk reduction, process improvement, and cost optimization to attain peak efficiency in managing operations. This entails strategic efforts led by highly skilled professionals and backed by our IMS. Such initiatives enable us to swiftly anticipate and meet our customers' needs.

**We implement an Integrated Management Policy that reaffirms our commitment to meeting high quality standards, ensuring the improvement of our processes with a focus on sustainability and productivity. (GRI 3-3) (NO GRI Operational efficiency)**

We evaluate our operational processes using the Balanced Scorecard (BSC) framework. Our assessment involves the following steps:

1

Identify critical operational processes that directly impact product or service delivery.

2

Define key performance indicators (KPIs) for each critical process.

3

Establish clear, specific, measurable, achievable, relevant, and timely objectives and goals for each KPI.

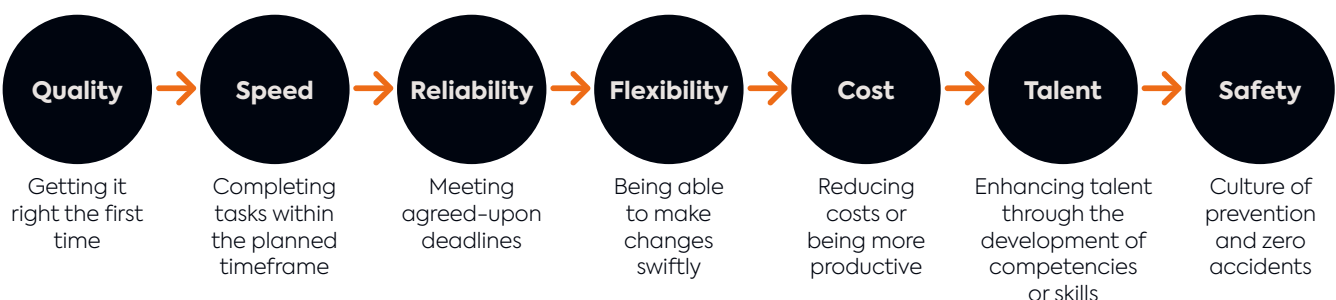
4

Implement mechanisms to measure and monitor operational performance and KPIs.

5

Assess results and implement adaptive management to continually enhance operational performance.

The criteria used to assess enhanced operational efficiency at TDV are as follows:





3.10

## Innovation and product development

As a leading company in the textile sector, we are constantly exploring new raw materials and technologies, as well as upgrading our industrial infrastructure. We aim to keep our clients at the forefront of textile advancements. Our core value lies in delivering high-quality products and services.

Innovation and product development are essential processes that not only generate economic revenue for our company but also enhance our competitiveness in international markets. Our approach to new product development begins with identifying specific customer needs, followed by in-depth research using technological information sources. Finally, we integrate process and product innovations into our team.

The outlined criteria will guide us in developing, evaluating, and determining the products and services we can offer our clients. It is vital for our core business to

integrate innovation, quality, and sustainability. We also aim for our suppliers to adopt these criteria, ensuring sustainable and high-quality production processes.

The Development department leads innovation and new product development, handling proposal, assessment, approval, and launch. We collaborate closely with the Technical and Quality Management team, holding weekly meetings to discuss proposals and consider various perspectives. Agreements reached during these sessions are documented in meeting minutes.

In 2023, we launched the **TDV Design program** in response to client needs.

Throughout the program we analyzed emerging fabric trends and integrated sustainability elements into our proposals. We developed a total of 45 new products, which were presented to clients Lululemon and Patagonia, receiving favorable feedback and opportunities for

product enhancement. These achievements were made possible thanks to the support of our Innovation team and our suppliers, who also prioritize sustainability criteria in their offerings, origin, capacity, lead time, and more. **(GRI 3-3) (NO GRI Product innovation)**



### SORONA

Sorona is a sustainable fiber derived from polyester, enhanced with a polymer that contains 37 % plant-based content. This material requires 30 % less energy and emits 50 % fewer greenhouse gases compared to nylon production from non-renewable sources.

At TDV, we consistently seek out materials and products crafted with innovative sustainable technologies, focusing

on both composition and manufacturing processes. This versatile product boasts enduring stretch and recovery, breathable insulation, lasting softness, and user-friendly care.

In collaboration with our supplier DUPONT, we are currently procuring the threads necessary for upcoming months.

### ZioRay – Claros Technologies

This innovative textile technology product provides over 98 % UV protection, enhancing UPF to 70+ in fabrics with natural blends and synthetic fibers, and reducing UVA transmission to less than 5 %.

ZioRay is a biologically-based chemical product that is environmentally friendly. This product (developed by Claros Technologies) has been researched and recommended by the customer

Patagonia. During this research phase, it was applied to various fabric qualities, which were assessed with measuring equipment.

### Browzwear

Aligned with market trends, we are embracing innovation in the industry through technological solutions. We are actively developing prototypes and virtual models to create 3D designs tailored to our clients' needs. Over the past years, our partner, Browzwear, has been guiding us in utilizing the Stylezone digital platform, a 3D design software renowned for its 95 % realistic garment simulation accuracy for end consumers.

The integration of this innovation has yielded numerous benefits for our company. Notably, it has reduced our environmental footprint by minimizing material waste and diminishing our reliance on physical prototypes. Furthermore, it has streamlined various processes, resulting in cost savings and faster garment turnaround times.

This accomplishment is pivotal for TDV as it empowers us to lead the

way and achieve our sustainability objectives.



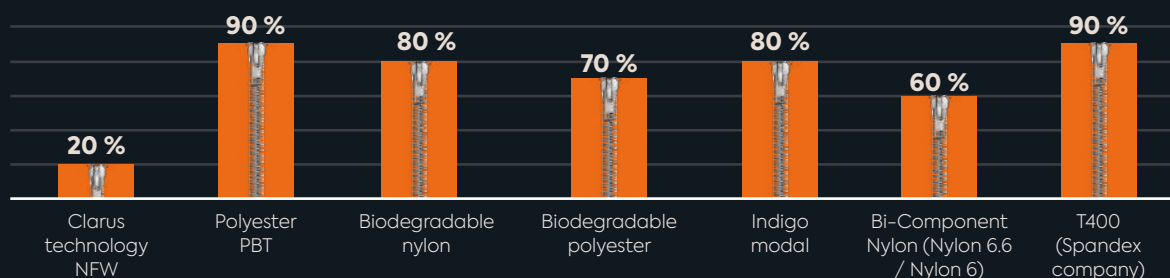


## FIBERS AND YARN PROJECTS

| Project   | Objective   | Main achievements  |
|---|---|--|
| <b>Tecnología Clarus NFW</b>                    | The Clarus technology employs ionic liquids to swell, mobilize, and reconstruct cellulose bonds at a molecular level (welding method). Through this process, we obtain stronger threads and fabrics while maintaining 100 % natural fiber, yet with enhanced performance. | Yarn procurement is currently underway.  |
| <b>Polyester PBT</b>                            | ANTEX PBT yarn stands out as a modified form of polyester, distinguished by its unique chemical composition. Noteworthy for its exceptional elasticity, stretchability, and elastic recovery, it also demonstrates resilience against sunlight and chlorinated water.     | Following thorough product development and successful testing, it has been presented to clients, and we await order requests to commence production. |
| <b>Biodegradable nylon</b>                      | Decrease the degradation time of garments made with nylon.  | Developed in partnership with supplier Antex. The product has been presented to our clients, and we await their purchasing requests.                 |
| <b>Biodegradable polyester</b>                  | Decrease the degradation time of garments made with polyester and disposed of by the user (exposed to the environment).   | Fabrics are undergoing testing to assess biodegradability (developed in collaboration with CHT Europa).  |
| <b>Indigo modal</b>                             | In contrast to conventional indigo dyeing, this process has a lower carbon footprint and saves water, chemicals, and energy, while also generating less waste.  | This product has been developed internally with positive results and has been offered to our clients.  |
| <b>Bi-Component Nylon (Nylon 6.6 / Nylon 6)</b> | It utilizes innovative thread technology with a unique dyeing process, achieving various color effects. Furthermore, a sustainable version, made from recycled materials, is also available.  | This product is currently under development, and a new batch of yarn from the supplier is forthcoming.   |
| <b>T400 (Spandex company)</b>                   | Develop fabrics with sustainable elasticity, without spandex, as the T400 yarn is made from 50 % recycled PET bottles and 18 % renewable plant-based materials.   | This product has been developed with optimal results. It has been offered to our clients and we await their purchasing requests.                     |



## Percentage of progress



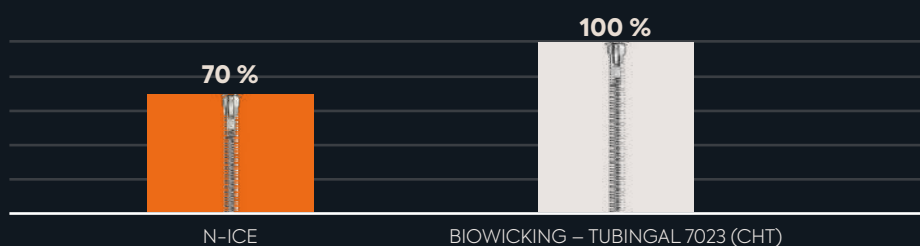


## DYEING AND FINISHING PROJECTS

| Project                                 | Objective   | Main achievements   |
|---|---|---|
| <b>N-ICE</b>                            | Dyeing garments with reactive dyes, which represents a new technology optimizing the dyeing process by conducting it at room temperature. This method is distinguished by its low water consumption and absence of auxiliary applications, thus achieving a wide range of colors in bright tones with good colorfastness. | Developed for Lululemon, N-ICE is currently undergoing approval before production commencement. |
| <b>BIOWICKING – TUBINGAL 7023 (CHT)</b> | Producing garments with absorbent functionality using raw materials of biological origin. Applicable for Global Organic Textile Standard (GOTS) certification.  | In production for Greyson, Ralph Lauren, and Lululemon clients.                                 |



### Percentage of progress



## Circular economy

At TDV, we implement a circular economy model for two key resources within our operations. Firstly, we focus on waste utilization, striving to maximize the usage of textile scraps sourced from various materials like cotton, polyester, nylon, and blends.

Secondly, we extend this approach to water management by implementing wastewater treatment processes. In these endeavors, we actively engage our stakeholders, inviting them to participate in initiatives that directly

and indirectly benefit our local community. **(GRI 3-3) (NO GRI Circular Economy)**

For assessing the performance of our circular management, we have established measurable objectives and indicators focusing on responsible production and consumption. These are integral to our commitments under our Benefit Corporation business objectives presented below. It is worth to mention that Benefit Corporations are also known as Benefit and Collective Interest (BIC) companies.



**Utilize sustainable materials to enable efficient use of natural resources.**



**Minimize waste generation and implement circular economy practices, alongside comprehensive solid waste management throughout the supply chain.**





## Selection of certified raw materials

In our pursuit of excellence, we are firmly committed to providing durable, sustainable products that can be reintegrated into other production processes. This approach perfectly aligns with our philosophy of dressing the world sustainably. In close collaboration with our clients, we develop circular models that incorporate certified raw materials into their composition.

Throughout 2023, our product composition consisted primarily of organic and regenerative cotton, recycled cotton, and recycled polyester. All the aforementioned raw materials adhere to the Global Recycled Standard (GRS) and Global Organic Textile Standard (GOTS) certifications. These certifications ensure our strict adherence to the sustainability requirements and environmental standards demanded by our clients.

**At TDV, we actively engage in implementing a circular and regenerative economy model, promoting socially and environmentally responsible practices.** Our goal is to minimize the impact of fast fashion on the textile industry. Below, we detail the categories of sustainable raw materials used in our products during the year 2023:

### By Certification

Total sum of Ton received

| Certification | Total        | Unit       | Percentage of total yarn purchased in 2023 |
|---------------|--------------|------------|--|
| GRS           | 252.8        | Ton        | 15.36 %                                    |
| GOTS          | 416.6        | Ton        | 25.30 %                                    |
| <b>Total</b>  | <b>669.4</b> | <b>Ton</b> |  |

|                                     |                    |
|-------------------------------------|--------------------|
| <b>Total yarn purchased in 2023</b> | <b>1,646.3 Ton</b> |
|-------------------------------------|--------------------|

### By Certification GOTS/GRS and yarn type

| In Ton        |                |                 |            |                    |             |
|---------------|----------------|-----------------|------------|--------------------|-------------|
| Certification | Natural cotton | Recycled cotton | Polyster   | Recycled polyester | Total (Ton) |
| GRS           | 17.9           | 3.2             | 1.5        | 230.1              | 252.8       |
| GOTS          | 416.6          | -               | -          | -                  | 416.6       |
| <b>Total</b>  | <b>434.5</b>   | <b>3.2</b>      | <b>1.5</b> | <b>230.1</b>       |             |

### By Certification GOTS/GRS and yarn type

| In percentage |                |                 |          |                    |         |
|---------------|----------------|-----------------|----------|--------------------|---------|
| Certification | Natural cotton | Recycled cotton | Polyster | Recycled polyester | Total % |
| GRS           | 7.1 %          | 1.3 %           | 0.6 %    | 91.0 %             | 100 %   |
| GOTS          | 100.0 %        | 0.0 %           | 0.0 %    | 0.0 %              | 100 %   |

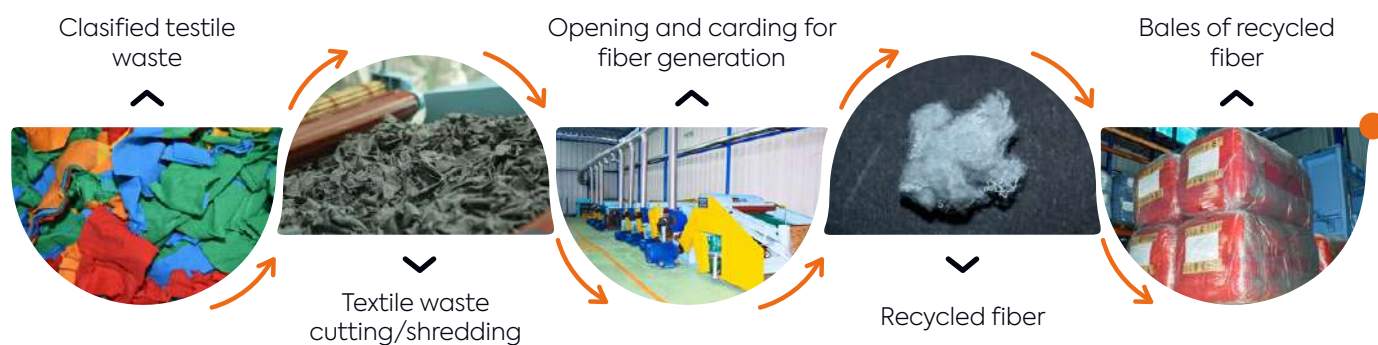


## Recycling plant

In 2020, we established a recycling plant to process textile cutting waste into cotton fibers. These fibers are then sold to Filasur, a yarn company, for transformation into yarn. Upon

completion of the process, we purchase the recycled yarn from Filasur for the production of new garments.

Below, we outline the internal fiber treatment process:



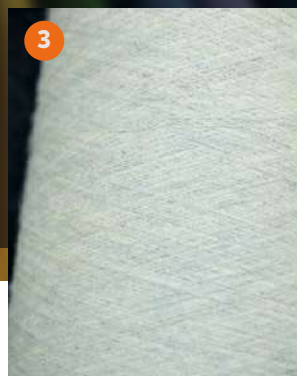
## Recycled garments



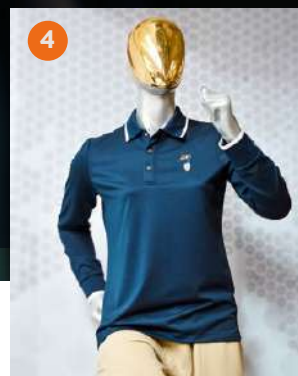
**Classification of 100% cotton waste**



**Waste recycling**  
(Cutting, shredding, fiber separation & compacting)



**Spinning of recycled fiber**  
(Partner: Filasur)



**Fabric production and garment manufacturing for sales**



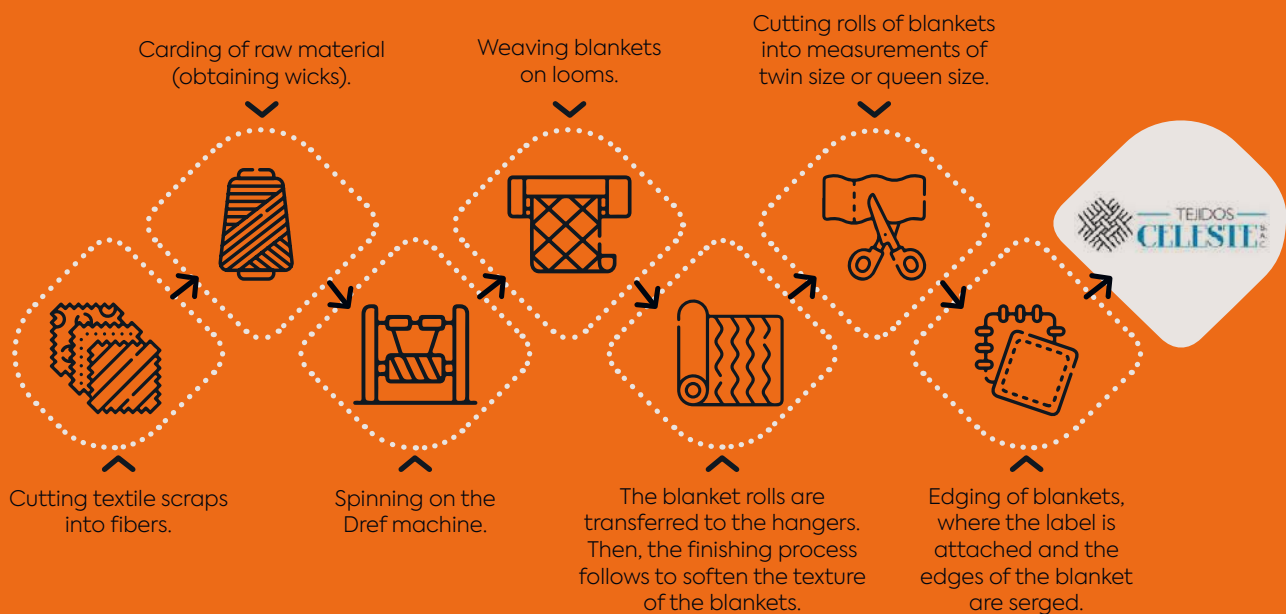


## Blanket manufacturing and donation

For over three years, we have been running the Abrigote Perú program, aimed at supporting Peru's most vulnerable communities. We produce highdensity blankets from recycled materials and donate them to various Andean communities.

These areas are particularly affected by cold spells and frosts during the winter months. We continue to implement this program in partnership with Tejidos Celeste, who oversee the entire transformation process.

Below, we outline the process of manufacturing blankets made from textile scraps:



To distribute the blankets, we collaborate with the NGO Juguete Pendiente, a partnership established since 2021. This organization manages aid, identifies beneficiaries, and tracks donation deliveries through registries.

Afterwards, Juguete Pendiente provides donation information to our company for verification.



### Process of the Abrígate Perú program



#### Classification of scraps made from blends

(Cotton, polyester, nylon, etc.)



#### Recycling and manufacturing of recycled blankets

(Partner: Profitec)



#### Donation of blankets to vulnerable highland communities

(20,000 units per year)



### Wastewater circularity

As a BIC company, TDV is committed to optimizing water resource efficiency. In 2020, we installed an ultrafiltration/reverse osmosis (UF/ RO) plant at our Chincha headquarters. This technology enables us to remove residual salts from wastewater originating from our

treatment plant, resulting in purified water. The majority of this water is reused in production, while a portion is donated to Chincha Baja Municipality for maintaining green areas and cleaning public spaces.



## 2023 Management achievements

# 30 %



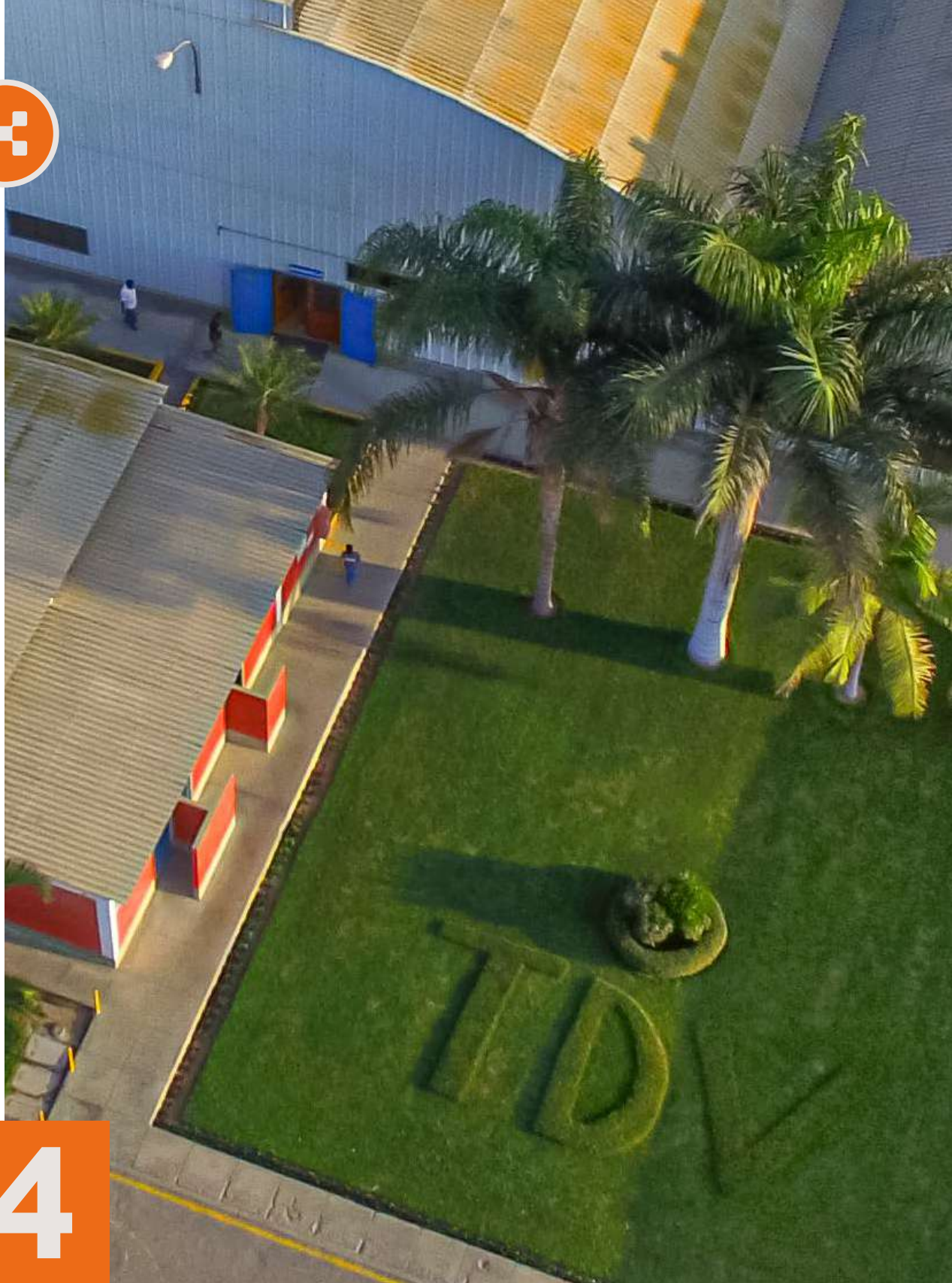
of wastewater was reused through UF/RO processes.





4

## Governance for sustainability



Our governance framework is geared towards responsible decision-making, which entails addressing our

environmental and social impacts while creating shared value in collaboration with our stakeholders.

Thanks to the commitment and conviction of our Senior Management regarding sustainability, **responsible decisionmaking is now ingrained in our DNA**, enabling us to take actions that surpass mere compliance.



## 4.1

# Corporate governance

The highest governing body of TDV is the General Board of Shareholders (GBS), which meets annually or as needed to assess the company's overall performance, oversee accountability processes and appoint Board of Directors members, among other key responsibilities.

The Board of Directors, chosen by the GBS, convenes monthly to address key matters such as annual budget approval, strategic and sustainability goals' monitoring, and compliance with social and environmental regulations.

In recent years, TDV has been committed to a **sustainable development approach**, aiming to integrate sustainability into fashion and the textile industry.








We are pleased to announce our membership in the United Nations Global Compact since 2022. As a result, the Board of Directors and Senior Management were trained by our CEO Juan José Córdova on the importance of implementing the Compact's ten principles in our company.

This ensures that decisions made align with our corporate philosophy of becoming the world's most sustainable textile factory. **(GRI 3-3) (GRI 2-9) (GRI 2-17)**



## Members of TDV's Board of Directors

| Name   | Independency (Yes/No) | Position (Executive/Non-executive) | Time in position | Position                          |
|--|-----------------------|------------------------------------|------------------|-----------------------------------|
|  <b>Diego Ricardo Briceño Clemens</b>               | No                    | Non-executive                      | 14 months        | <b>Director</b>                   |
|  <b>José Ricardo Martín Briceño Villena</b>         | No                    | Non-executive                      | 4 years          | <b>Chairman of the Board</b>      |
|  <b>Luis Felipe Pinillo Casabonne</b>               | No                    | Non-executive                      | 8 years          | <b>Vice Chairman of the Board</b> |
|  <b>Pedro Enrique González Orbegoso Sanguinetti</b> | Yes                   | Non-executive                      | 14 months        | <b>Director</b>                   |
|  <b>Roberto Leigh Raffo</b>                         | Yes                   | Non-executive                      | 14 months        | <b>Director</b>                   |

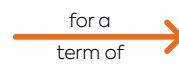
## Nomination and performance evaluation of TDV's Board of Directors



The members of TDV's Board of Directors are



**General Board of Shareholders**



 **3** years

**Currently, we have two independent members and three dependent members on the Board of Directors. For the current term, José Ricardo Martín Briceño Villena has assumed the position of Chairman of TDV's Board.**

The annual performance of our Board of Directors is evaluated by the members of the highest governing body, the GBS. This assessment is conducted independently and documented in an internal report. Based on the report's findings, the GBS makes critical decisions regarding the ratification or removal of Board members.

At TDV, transparency and effective communication are essential values. Therefore, information and results

concerning good corporate governance are shared in both Board of Directors and Shareholders' meetings.

This streamlined communication process eliminates the need for additional reporting, leading us to forego the adoption of a formal corporate governance code. **(GRI 2-10) (GRI 2-11) (GRI 2-18)**

## Conflict of interest



Our operations adhere to a regulatory framework that **underscores the importance of conducting ourselves ethically and transparently**, ensuring no harm to third parties.



This commitment is enshrined in our Code of Conduct and Ethics, a crucial document mandating all Senior Management and employees to refrain from engaging in negotiations or processes that could result in direct benefits to themselves or their relatives. Moreover, they are prohibited from taking actions on behalf of the company that may compromise TDV principles.

We also have preventive measures in place, including our Ethics Hotline and an Ethics Committee where conflicts of interest can be reported. This committee is responsible

for addressing, managing, resolving, and sanctioning such matters if they arise.

All employees, suppliers, and members of Senior Management receive training and inductions on the Code of Conduct and Ethics and must demonstrate their agreement by signing it, committing to uphold the Code's standards objectively in accordance with TDV's values. **(GRI 2-15)**



[See Code of Conduct and Ethics](#)



## Roles of the Board of Directors, Management, and Committees at TDV



Our Board of Directors oversees and guides our business operations to ensure effective decision-making by our management team. It is worth noting that alongside our governing bodies, TDV operates with **eight central management divisions led by the General Management, which is directed by Mr. Juan José Córdova Benavides**. This team is tasked with steering our company towards strategic objectives, fostering stakeholder trust, and enhancing both economic and sustainability

performance for longterm value creation.

For the year 2023, we are gearing up for a comprehensive due diligence process, scheduled for completion by 2024. The General Management oversees compliance with key indicators covering economic, environmental, and social aspects.

To advance our sustainability objectives and manage ESG impacts, we rely on our Corporate

Sustainability Committee, which closely monitors our sustainability initiatives, including due diligence efforts, with a specific focus on human rights. Active involvement of the General Management in this committee ensures alignment with our targets and enables prompt action if needed. **(GRI 2-12) (GRI 2-13) (GRI 2-14)**



In 2023, we established **the Sustainability and Strategic Projects Management (SSPM) department** with the firm aim of becoming the world's most sustainable textile company. This initiative will enhance our ability to efficiently manage risks and opportunities in sustainable practices.



Furthermore, this managerial division will oversee sustainability initiatives and propose and develop ESG projects across short, medium, and longterm timelines.

The SSPM department will also track the performance of our triple-impact strategy to ensure alignment with the goals and actions outlined in our sustainability plan. Furthermore, the SSPM department will approve material topics and the Sustainability Report, **aligning all corporate projects with the**



**Sustainable Development Goals (SDG) to contribute to bridging societal gaps.**

The SSPM department will report progress to the General Management and the Senior Management, providing updates and reviews on sustainable development efforts. This year, we provide updates on the challenges and advancements of the Cotton of Life project, a significant undertaking in collaboration with diverse stakeholders in the San Martín region of the Peruvian Amazon.



**Javier Landázuri Barclay**

was appointed by TDV's Board of Directors as the Chief Sustainability Officer.





## TDV Committees



Within TDV, we have 7 internal committees tasked with strategic planning, financial and administrative oversight, and project management. These committees drive

ongoing improvements in environmental, social, and governance areas, each focusing on its designated area of responsibility. **(GRI 2-9) (GRI 2-13) (GRI 2-16)**



### Administration and Finance Committee

Responsible for dealing with matters related to the company's economic performance.



### Operations Committee

Oversees and coordinates daily operations to ensure the efficiency, effectiveness, and quality of production processes.



### Corporate Sustainability Committee

Ensures compliance with the company's sustainability strategy objectives and actions, including reviewing and approving the contents of the sustainability report.



### Audit Committee

Supervises and ensures the integrity and transparency of reports within the organization.



### Ethics Committee

Monitors compliance with the Code of Conduct and Ethics in TDV by tracking cases and sanctioning violations and misconduct within the organization.



### Environment and Corporate Social Responsibility (CSR) Committee

Identifies and evaluates environmental impacts within TDV operations, including greenhouse gas emissions, water and air pollution, and the use of energy and natural resources.



### Occupational Health and Safety Committee

This joint committee ensures compliance with guidelines related to health and safety in TDV operations.

## Remuneration and salary increase policies



At TDV, we adhere to our Remuneration policy, which outlines the general guidelines for managing salary proposals. These guidelines uphold principles of market competitiveness and internal equity, ensuring the retention

and motivation of our employees. It is important to note that this policy applies to both administrative and operational staff.

**The Human Development (HD) and Corporate Social Responsibility (CSR) team**



establishes salary bands considering factors such as:

**Market-established wages**

**Job profiles**

**Peruvian labor market regulations**

To manage salary increases, we rely on the Compensation department, which is tasked with defining and approving requests for raises. In pursuit of fairness, the department head overseeing this process thoroughly assesses salary bands and approves proposals, whether they involve raises or promotions.

As for senior executive compensation, our system incorporates both fixed and variable remuneration components. However, due to confidentiality considerations, this report omits detailed quantitative information regarding

the remuneration and expenses of the Board of Directors and General Management. This decision is made to safeguard the competitiveness of our industry. **(GRI 2-19) (GRI 2-20) (GRI 2-21)**



### 4.2

## Ethics and Anti-corruption management

At TDV, we are committed to nurturing a corporate culture built on integrity and transparency. To achieve this, we have established a strong ethical system consisting of guidelines, policies, procedures, and audits to guide our business practices in alignment with our desired culture. Importantly, we have actively involved all our employees in this endeavor, recognizing their role as key contributors. As a result, we can confidently state that they share and uphold the values and principles we advocate for as an organization.





# Code of Conduct and Ethics

This document acts as a compass for the principles, corporate values and behavioral standards we uphold for our executives, employees, suppliers, and strategic partners. It is crucial to note that when new employees join our company, they receive specialized training on our Code of Conduct and Ethics. Following this, in a gesture of mutual commitment, they sign this document, thereby embracing the responsibility to align their actions with our corporate principles and values.

 [See Code of Conduct and Ethics](#) 



## Ethics Committee

In order to uphold operational safety and ensure adherence to TDV's Code of Conduct and Ethics, we have formed a committee responsible for investigating and monitoring cases of misconduct, as well as determining appropriate sanctions based on the severity of the violations.

Currently, this committee includes the following members:



**Juan José Córdova Benavides**  
Chief Executive Officer



**Javier Landázuri Barclay**  
Chief Sustainability Manager & Strategic Projects



**Diego Ricardo Briceño Clemens**  
Director



**Christian Cunyas Zamora**  
Head of Internal Audit

## Roles of the Ethics Committee

**A**

Propose updates to be included in the Code of Conduct and Ethics.

**B**

Address inquiries regarding the scope of the Code of Conduct and Ethics.

**C**

Provide guidance to decision-makers on whether a situation constitutes a violation and apply the appropriate sanctions.

**D**

Promote the values and behaviors advocated in the Code of Conduct and Ethics.


In 2023, the Ethics and Conduct Committee held 6 meetings to address cases related to breaches and violations of the Code of Conduct and Ethics.

## TDV Ethics Hotline

We are a company that adheres to high ethical standards. We encourage our employees, clients, shareholders, suppliers, and other stakeholders to utilize our internal and external channels to raise their respective concerns and lodge complaints if they believe the Code of Conduct and Ethics is being violated. These reporting mechanisms


are secure and confidential. Currently, we manage our Ethics Hotline through the consulting firm Ernst & Young. We provide our stakeholders with channels through which they can make inquiries, suggestions, and complaints: **(GRI3-3) (GRI 2-26) (GRI 406-1)**


 **Email:** casos@tdvt-escucha.com

 **Web form:** www.tdvt-escucha.com

 **Toll-free hotline:** 0-800-1-8106

 **Landline phone:** 01 219-7106

 **Voicemail:** 0-800-1-8106 (opción 2).

 **Postal mail:** Av. Víctor Andrés Belaunde 171  
San Isidro, Lima, Peru.

### **In-person personal interview**

Conducted by an EY advisor.


#### • **Address**

Av. Víctor Andrés Belaúnde 171  
San Isidro, Lima, Peru

#### • **Schedule**

Monday – Friday (8:30 a.m. a 6:30 p.m.)

\* **Outside of regular hours by appointment**

 **Personal interview** conducted by a member of TDV's Ethics Committee at the Chincha and Lima plants, as well as at the Surco offices.

## TDV Ethics Hotline Reports

Based on the data from our Ethics Hotline in 2023, **we received a total of 69 complaint reports**. Here, we detail the primary critical concerns addressed and resolved by the Internal Audit department. **(GRI 2-16) (GRI 406-1)**

1

### **Topic:**

Treatment of personnel

### **Number of Reports:**

53 cases (77 % of the total)

### **Breakdown by numbers:**

**43** inadequate communication  
**6** preferential treatment  
**2** workplace harassment  
**2** contract renewal

These classifications primarily refer to the way in which superiors or departmental leaders instruct their staff.

2

### **Topic:**

Unethical conduct

### **Number of Reports:**

8 cases (12 % of the total)

3

### **Topic:**

Inappropriate use of company resources

### **Number of Reports:**

5 cases (7 % of the total)



## **OTHER CONCERNS**

### **Topic:**

Fraud (Document Forgery)

### **Number of Reports:**

2 cases

### **Topic:**

Sexual harassment

### **Number of Reports:**

1 case

### **Declaración:**

Unfounded





Considering that the 2023 complaint report indicates that inappropriate treatment of personnel had the most significant impact, **we have initiated collaborative efforts with other departments to investigate the underlying causes of these complaints.**

Furthermore, **we have developed an intervention plan in partnership with the Human Resources team** to enhance the interpersonal skills of managers, coordinators, and supervisors, aiming to improve the overall workplace atmosphere.

In addressing preferential treatment cases, we have implemented corrective actions involving the parties concerned and conducted awareness sessions on the subject. To mitigate the adverse effects of these issues, we plan to conduct human rights due diligence next year and provide training and awareness workshops on both this topic and responsible business conduct for all employees.

## Employee training on unethical conduct



In 2023, as part of our ethics and anti-corruption management initiatives, we launched awareness campaigns promoting TDV's Ethics Hotline to all employees. These efforts included organizing training sessions facilitated by the Internal Audit department, made

possible through coordination with the Communications department. It is important to highlight that our campaign comprised 14 training workshops, attended by a total of 1,575 employees from both plants. **(GRI 205-2)**

### Number and percentage of employees participating in the TDV Ethics Hotline awareness campaign



**LIMA**  
**Attendance:** 260  
**Percentage:** 69 %



**ICA**  
**Attendance:** 1,315  
**Percentage:** 62 %

**■ TOTAL**  
**Attendance:** 1,575  
**Percentage:** 63 %

In accordance with our Supplier Code of Conduct and Ethics, it is imperative that companies providing various products and services to us adhere to the highest standards of integrity and ethics. This includes actively engaging in anti-corruption practices and maintaining a steadfast stance against bribery, fraud, and other improper conduct.

In 2023, we achieved a significant milestone in our ethics and anticorruption management by training 100 % of the employees from the security service provider on how to use the TDV Ethics Hotline. This accomplishment underscores our commitment to reinforcing with suppliers and contractors the crucial importance of adhering to ethical and integrity-driven management practices.



**16 employees**

from the security service provider received training on the TDV Ethics Hotline.

## Anti-corruption

At our organization, we uphold integrity as a core value and are dedicated to preventing and combating corruption in all its forms.

We firmly reject any involvement in bribery, whether it is giving or receiving, whether directly or indirectly through intermediaries. Our commitment to corporate integrity extends to preventing activities such as money laundering, terrorism financing, and other illicit practices.



In 2023, we successfully strengthened our company's **anti-corruption policy**, effectively communicating its content to our directors, employees, suppliers, and contractors. This enables us to prevent and promptly detect the aforementioned acts, ensuring compliance with Peru's anti-corruption regulations and international standards.

Considering the above, we adhere to the BASC (Business Alliance for Secure Commerce) certification guidelines. The framework of this certification helps us prevent and combat smuggling, terrorism, corruption, and other forms

of illicit activities by implementing security standards and practices in our commercial operations and supply chain.

Additionally, we emphasize that our Internal Audit and Compliance department is responsible for analyzing and investigating reported frauds and irregular conduct, particularly in sensitive areas and operations of the organization. Our anticorruption management also includes a matrix of fraud and corruption risks, serving as a tool for risk control and prevention. **(GRI 3-3)**



### Assessment of operations for corruption-related risks

In collaboration with the Internal Audit department, we conducted evaluations of our operations at both company plants during 2023. **A total of 14 audits were carried out, with a primary focus on Production and Support areas.** Through this process, various risks were identified, including issues related to procedural compliance, report integrity, attempted theft of company garments, and other concerns.

Additionally, we received a report through the TDV Ethics Hotline regarding a fraud allegation. The case

was identified as involving document forgery, and after thorough investigation, appropriate administrative sanctions were imposed. **(GRI 205-1) (GRI 205-3)**

Within the Internal Audit and Compliance department, we implement the following measures to prevent corruption, bribery, fraud, money laundering, and terrorism financing **(GRI 205-2):**



## COMMUNICATION OF ANTI-CORRUPTION POLICIES AND PROCEDURES BROKEN DOWN BY JOB CATEGORY AND REGION



### Board of Directors

**Region:** Peru  
**Number:** 2  
**Percentage:** 33 %



### Employees

**Region:** Peru  
**Number:** 1,575  
**Percentage:** 63 %



### Shareholders

**Region:** Peru  
**Number:** 0  
**Percentage:** 0 %

## TRAINING ON ANTI-CORRUPTION TOPICS IN GOVERNANCE BODIES, BROKEN DOWN BY REGION

### Board of Directors



**Region:** Peru  
**Number:** 2  
**Percentage:** 33 %

## TRAINING OF EMPLOYEES ON ANTICORRUPTION TOPICS CATEGORIZED BY JOB CATEGORY AND REGION

|                               | Region | Chincha |            | Lima   |            |
|-------------------------------|--------|---------|------------|--------|------------|
|                               |        | Number  | Percentage | Number | Percentage |
| Management and sub-management | Peru   | 1       | 14 %       | 0      | 0 %        |
| Head Offices                  | Peru   | 7       | 27 %       | 4      | 40 %       |
| Technicians                   | Peru   | 1,293   | 62 %       | 270    | 74 %       |

### 4.3

## Commitment to human rights

In line with our dedication to human rights, we highlight that since 2022, we have been signatory members of the United Nations Global Compact. Through this voluntary initiative, we commit to aligning our business practices with four core pillars and adhering to the Compact's 10 fundamental sustainability principles. Additionally, our Progress Report will annually communicate our advancements in fulfilling the Global Compact's objectives to our stakeholders. Currently, we are developing actions linked to human rights compliance, labor relations, environmental respect, and the fight against corruption.



As part of our human rights management, we operate our processes based on the following guidelines and policies:  
**(GRI 2-23) (GRI 2-24)**

|          |                                   |          |   |          |                                 |
|----------|-----------------------------------|----------|---|----------|---------------------------------|
| <b>A</b> | <b>Code of Conduct and Ethics</b> | <b>B</b> | <b>Child Labor Remediation Policy</b>       | <b>C</b> | <b>Internal Work Regulation</b> |
| <b>D</b> | <b>WRAP Certification</b>         | <b>E</b> | <b>Suppliers Code of Conduct and Ethics</b> | <b>F</b> | <b>FAIR TRADE Certification</b> |

**WRAP Certification**

**At TDV, we adhere to the 12 principles of the Worldwide Responsible Accredited Production (WRAP) standard.** These principles are essential for ensuring responsible and ethical practices in our production processes, forming a crucial aspect of our certification.

This underscores our dedication to upholding labor standards, ensuring safety, and respecting human rights across our supply chain.

Below, we outline the key principles we are committed to adhering to as part of our certification:

|  |   |  |  |  |   |
|--|---|--|--|--|---|
| <br><b>Compliance with laws and workplace regulations</b> | <br><b>Prohibition of forced labor</b> | <br><b>Prohibition of child labor</b> | <br><b>Prohibition of harassment or abuse</b> | <br><b>Freedom of association and collective bargaining</b> | <br><b>Hours of work</b> |
| <br><b>Prohibition of discrimination</b>                  | <br><b>Health and safety</b>           | <br><b>Compensation and benefits</b>  | <br><b>Environment</b>                        | <br><b>Customs compliance</b>                               | <br><b>Security</b>      |



**Progress in 2023 Management**

We are delighted to announce that in 2023, we achieved a significant milestone: **becoming the first Peruvian textile company to receive the Fair Trade Factory USA certification.** This accomplishment underscores our unwavering commitment to fostering fair and ethical working conditions, safeguarding the human rights of our employees, and promoting environmental conservation. In today's global textile markets, the pursuit of lower

prices often comes at the expense of the basic rights of small-scale producers.

Recognizing this challenge, TDV is fully committed to fortifying our supply chain to ensure equitable treatment and create value for all stakeholders. This achievement reflects our steadfast dedication to responsible practices, as we endeavor to catalyze sustainable transformation within our industry, both locally and globally.





## Upcoming actions

**In 2024, we plan to conduct our inaugural human rights due diligence.** To accomplish this, we will engage a consulting firm to help us identify the primary human rights risks and impacts associated with our operations.

Subsequently, we will receive recommendations and guidance on implementing corrective measures to address and prevent any violations of human rights. These discussions will be held during sessions facilitated by the Sustainability Committee, reaffirming our Senior Management's commitment to this endeavor.

## Human rights integration across the value chain



**In line with our adherence to certifications and commitments made as a B Corporation, we promote responsible and transparent business conduct, ensuring that our employees uphold and comply with these standards.**

Likewise, we encourage our stakeholders to embrace such practices within their respective organizations. We firmly commit to implementing them at all levels of our company.

Concerning collective bargaining processes, we respect the unions or guilds that our employees may choose to join, and in compliance with the Worldwide Responsible Accredited Production (WRAP) certification, we recognize these rights as legitimate. However, TDV does not have a workers' union as we have several committees addressing the labor rights of our employees. **(GRI 3-3) (GRI 2-30) (GRI 407-1)**

Regarding child labor, at TDV, we have implemented a Child Labor Remediation Policy, outlining guidelines for identifying and remedying cases of underage employment within our company. We reaffirm our respect for national laws and regulations regarding the employment of minors and strictly ensure compliance with them by unequivocally refraining from hiring child labor for any position within the company. In 2023, we did not identify any operations or suppliers posing a risk of child labor. It is worth noting that, for suppliers, we require international certifications such as BASC (Business Alliance for Secure Commerce),

WRAP, among others, ensuring the absence of child labor and human rights violations in their operations. **(GRI 3-3) (GRI 408-1)**

Regarding forced labor, we adhere to norms, rights, and obligations governing the relationship between the company and its employees. Therefore, in our Internal Work Regulations (IWR), we emphasize our rejection of forced or involuntary labor. At all times, we conduct our activities in accordance with the guidelines and recommendations of the International Labour Organization (ILO) Declaration on Forced Labor (C. 29 and 105). Additionally, in 2023, we once again obtained certification in the WRAP standard, endorsing that our operations comply with labor regimes permitted by law and that our employees are not subjected to forced labor or any form of coercion restricting their freedoms. Likewise, we ensure that companies entering into contracts with us adhere to the same provisions. **(GRI 3-3) (GRI 409-1)**



5

## Strategy and risk management



# Milestones of our sustainable management

## 2018

- ✓ Introduction of sustainability as a strategic pillar for TDV.

## 2020

- ✓ Implementation of the Yoga & Nutrition program.
- ✓ Implementation of the Code of Conduct and Ethics and Communication Line with Ernst Young.
- ✓ Commencement of operations at the Ultrafiltration/Reverse Osmosis plant.
- ✓ Attainment of the B Coporation certification.



## 2022




- ✓ Launch of the Music for the Planet program, providing recycled violin classes to the children of TDV employees.
- ✓ Launch of the Chincha Recycles program, cofinanced by the Lacoste Foundation to bolster recycling culture in Chincha.
- ✓ Release of TDV's first Sustainability Report.



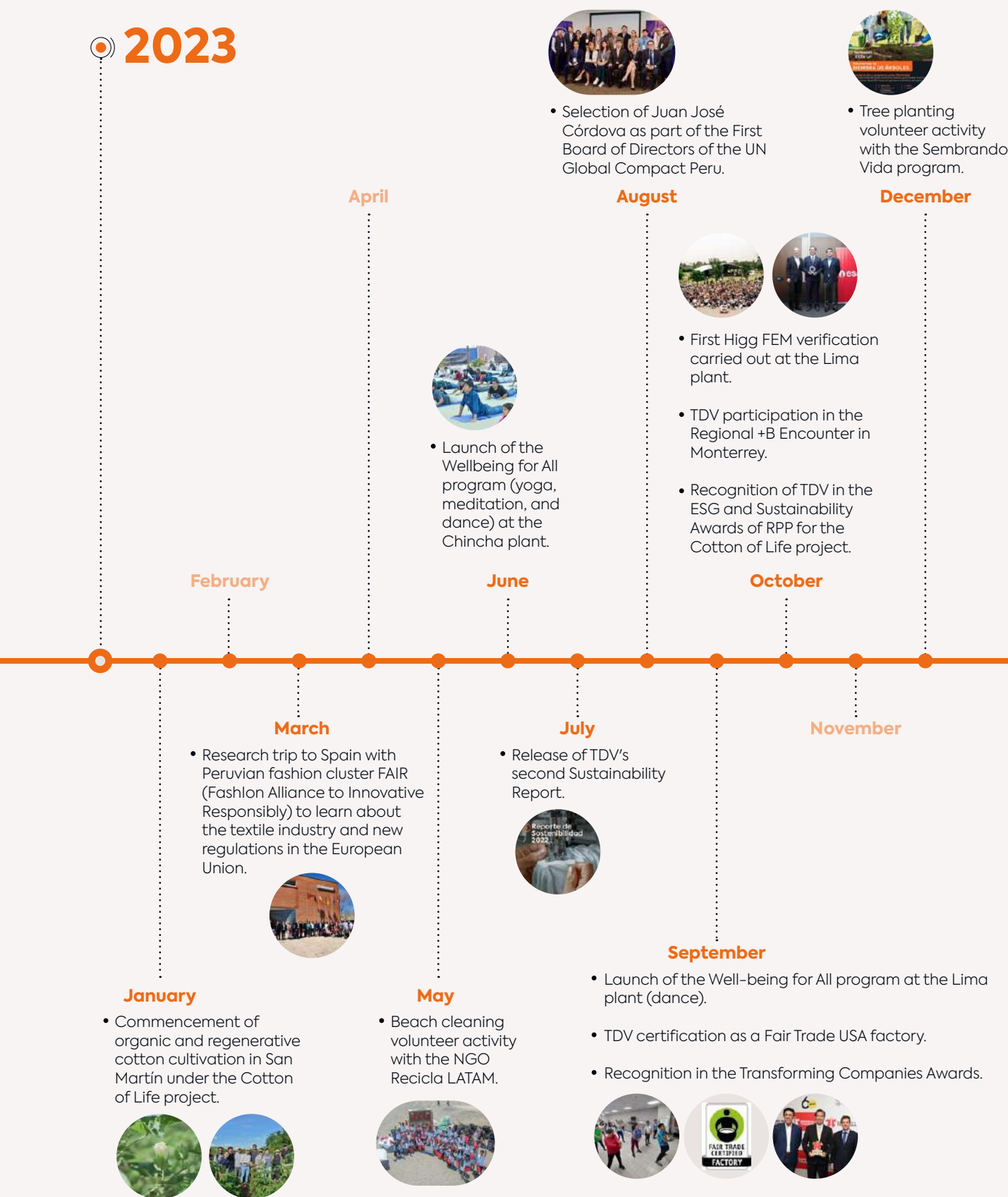
## 2019

- ✓ Quantification of the first carbon footprint and water footprint.
- ✓ Launch of the Lulu-Chakra Program: organic crop initiative for employees.

## 2021

- ✓  Receipt of the Socially Responsible Company Distinction 2020 from Perú Sostenible.
- ✓  Execution of the first donation of recycled blankets in Cusco, Puno, and Lima through the Abrigate Perú program.
- ✓  Implementation of the B Hive chemical inventory and Zero Discharge of Hazardous Chemicals water testing.

# 2023





## 5.2

# Our triple impact strategy

**Our triple impact strategy began in 2018, emphasizing the necessity for our company to generate social and environmental value alongside financial profitability in collaboration with our stakeholders.**

As evidence of our dedication, TDV has embarked on a cultural transformation journey to minimize our environmental footprint while enhancing economic, environmental, and social value creation.



In line with our sustainability strategy, we fulfil our corporate guidelines through our Triple Impact model: Planet, People & Profit. This approach showcases our commitment to conducting operations that benefit both the community and TDV while also respecting the environment. Additionally, we emphasize our alignment with the Sustainable Development Goals (SDGs) by implementing initiatives that prioritize 9 out of the 17 SDGs, each closely tied to the value we aim to generate.

Since 2020, TDV has embraced the B Corporation status, reflecting our dedication to addressing environmental

and social challenges. This ethos is now deeply embedded within our workforce and local communities, thanks to the unwavering belief of our Senior Management in the possibility of profitability alongside environmental and social responsibility.

In 2021, we proudly became one of the pioneering companies to adhere to the BIC (Benefit and Collective Interest) Law, which fosters a legal framework supporting sustainable development goals. This significant step solidified TDV's position as a leader inspiring industry-wide change.



We commit to protecting the planet by working to minimize our environmental impact.



We aim to enhance the quality of life for all our stakeholders through valuable and equitable activities.



We continually innovate for our customers and invest in redesigning our production processes and industrial facilities, all with a sustainable focus to attract brands aligned with our purpose.

## TDV Sustainability Committee



Established in **2020** to lead, execute, and oversee the implementation of our sustainability plan.

Senior Management's pivotal engagement and support in integrating sustainability into the decision-making process has significantly impacted our employees and other stakeholders.

Our Sustainability Committee meets three times a year to review project progress, coordinate sustainability initiatives, and analyze budgetary aspects. The participation of General Management ensures effective decision-making and the integration of sustainable practices throughout TDV.

In 2023, we furthered our commitment to sustainability by creating the Sustainability and Strategic Projects

Management. This move aims to position TDV as a global leader in sustainable textile practices, making us increasingly appealing to international markets. Notably, our efforts were recognized in 2023 by Semana Económica, which awarded us for our Cotton of Life project, highlighting our achievements in the ESG and Sustainability realms, particularly in the social category.

### Composition of TDV's Sustainability Committee



**Fernando Ruíz Gastello**  
Head of  
Sustainability

**Flavio Pérez Burlando**  
Sustainability  
Analyst

**Javier Landázuri Barclay**  
Chief Sustainability Manager  
& Strategic Projects

**Juan José Córdova Benavides**  
Chief Executive Officer



5.3

## Our contribution as a B Corporation



In 2020, we became the first company in the textile sector in Peru to be recognized as a B Corporation.



**We have consistently focused on improving our performance each year across key areas including governance, employee welfare, community engagement, environmental stewardship, and customer satisfaction. We firmly believe in harnessing the power of business to tackle social and environmental challenges.**

As members of the B Corp Community, we actively engage in Sistema B's initiatives and collaborate with other companies to create value for our stakeholders. Certified B Corps are not perfect but we strive for continuous improvement.

Our current focus on producing quality, sustainable garments has yielded positive results. In 2023, our Cotton of Life project, implemented in the San Martín department, received recognition and awards in Peru for its demonstrated positive impact on our

community and the environment. In essence, being a B Corporation has always been an integral part of our identity.

*B Corporations strive to contribute to the creation of an inclusive, equitable, and regenerative economic system.*

- Sistema B International -

## On the path to recertification as a B Corporation



Our goal for the upcoming year is to maintain our B Corporation certification. To achieve this, TDV has diligently worked on closing the gaps related to the governance and community dimensions, areas where we identified several opportunities for improvement during our initial certification.

Over the past three years since obtaining certification, we have developed strong social practices and policies aligned with our triple impact strategy. Regarding governance, we have enhanced our practices and transparency with our stakeholders.

Throughout these processes, the support and conviction of the company's Senior Management have been crucial in achieving these milestones and improvements in our management.

## In 2023, we participated in various B Corp movement activities organized by Sistema B.



### LATAM Encounter +B

One notable event was Encounter +B that gathered Latin America B Corps in Monterrey, Mexico, in October 2023.

The purpose of this encounter was to strengthen alliances with other B Corporations, including those within the same industry, aiming to foster regenerative development beyond sustainability.

Additionally, we sought actions that would contribute to the democratization of education. We are delighted and proud to be one of the few B Corporations in the textile sector, and furthermore, to continue working towards building a purpose-driven economy. TDV's Sustainability Management represented the company at this event.



### SINBA facilities visit

TDV actively participated in activities organized by the Sistema B Peru network. In September 2023, the sustainability team took part in guided tours of SINBA's facilities, which welcomed and allowed us to closely examine their business model and the impact they generate through waste recirculation.

During these visits, attended by other network companies, we gained insights into waste collection and transformation processes, and embraced the company motto: 'In nature, nothing is wasted; everything is transformed.' We extend our gratitude to the SINBA team for sharing their successful business models and positive impact on people and the planet.





The theme of the new paradigm of regenerative economy was addressed at the latest Encounter +B held in Monterrey, Mexico.



Thus, in line with our business philosophy of becoming the world's most sustainable textile factory, **we aim to transition to a regenerative economy approach in the medium to long term.** Consequently, the projects currently underway at TDV have been implemented under this framework, which, in addition to reducing, seeks to restore and renew natural systems, creating better conditions for present and future generations.

We believe that addressing the current challenges facing society and the environment necessitates collective action to address the most pressing issues. We believe that addressing the current challenges facing society and the environment requires collective action to tackle the most pressing issues. Therefore, we aim to continue operating under this business paradigm, involving our Senior Management, employees, and other stakeholders.

**Together, we are changing our economic system,** shifting from benefiting only a few to benefiting all, from concentrating wealth and power to ensuring equity, from extraction to regeneration, and from prioritizing individualism to embracing interdependence.



- Sistema B, Peru -



**WE ENVISION A GLOBAL ECONOMY WHERE BUSINESSES SERVE AS A FORCE FOR GOOD. THIS ECONOMY CONSISTS OF A NEW TYPE OF COMPANY, THE B CORPORATION, WHICH IS GUIDED BY PURPOSE AND CREATES BENEFITS FOR ALL STAKEHOLDERS, NOT JUST SHAREHOLDERS. AS B CORPORATIONS AND LEADERS IN THIS EMERGING ECONOMY, WE BELIEVE THAT WE MUST BE THE CHANGE WE SEEK IN THE WORLD, THAT ALL BUSINESSES SHOULD OPERATE CONSIDERING THAT PEOPLE AND THE PLANET MATTER, AND THAT THROUGH THEIR PRODUCTS, PRACTICES, AND OUTCOMES, BUSINESSES SHOULD STRIVE TO DO NO HARM AND SHOULD BENEFIT EVERYONE. ACHIEVING THIS REQUIRES US TO ACT WITH THE UNDERSTANDING THAT WE ALL DEPEND ON EACH OTHER AND, THEREFORE, WE ARE RESPONSIBLE FOR EACH OTHER AND FUTURE GENERATIONS.**

Source: Sistema B





## 5.4

# Contribution to the UN Sustainable Development Goals

Our sustainability strategy is aligned with the United Nations Sustainable Development Goals (SDGs). As a private sector entity, we contribute through the development of initiatives and actions that generate positive impacts on our stakeholders.

**Within the framework of our sustainability objectives, we have chosen to focus on advancing actions related to 9 out of the 17 SDGs.** Progress and measurement of these actions are monitored during the Sustainability Committee sessions.



## Our contribution to the UN SDGs is integrated into our 2025 Sustainability Plan.



Each year, we provide updates on TDV's actions and their outcomes. Furthermore, during quarterly Sustainability Committee sessions, we report progress toward our goals and associated programs.

This information is also included in the BIC report submitted to PRODUCE (Ministry of Production), reflecting our commitment to transparent management aligned with sustainable development and the SDGs.

## Economic



**4 943.37** training hours at CENFOR.

**1** training center for new collaborators with no textile experience (CENFOR).



**1** textile recycling plant for cotton and cotton blend.

**100 %** of recycled polyester following client requirements.

## Environmental



**100 %** of wastewater is treated at the Wastewater Treatment Plant (WWTP).

**30 %** of water reused in the ultrafiltration/ reverse osmosis plant.



**100 %** electricity from renewable sources.

**87 %** hydroelectric power.

**13 %** solar energy (self-generated).



**100 %** of cutting waste is recycled to manufacture garments and blankets to be donated to communities in the Peruvian highlands.

**16 %** of dye reduction in the digital printing area.



**100 %** offsetting carbon footprint through the purchase of carbon credits.

## Social



**4** programs promoting employee well-being (Yoga, Life in Motion, and Music for the Planet).



**7,056.3** training hours provided to our employees.



**46/54** is the proportion of male to female employees.



**1** recycling program for Ica residents (Ica Recycles).





## 5.5

# Stakeholder engagement




At TDV, we value the importance of every stakeholder to our business. We actively engage with them to understand their expectations and interests, fostering close dialogue.

Our commitment to responsible practices includes building synergies with our diverse stakeholders to strengthen our sustainable business model. **(GRI 2-29)**



| Stakeholder   | Dialogue mechanism   | Improvement processes   |
|---|--|---|
|  <b>Board of Directors</b> | <ul style="list-style-type: none"> <li>Board sessions</li> <li>Corporate mail</li> </ul>   | <ul style="list-style-type: none"> <li>Materiality analysis</li> <li>Board evaluation</li> </ul>  |
|  <b>Employees</b>          | <ul style="list-style-type: none"> <li>Social media</li> <li>Corporate mail</li> <li>Physical notices</li> <li>Web page</li> <li>Wall newspaper</li> <li>Direct communication</li> <li>Ethics Hotline</li> </ul> | <ul style="list-style-type: none"> <li>Employee engagement survey</li> <li>Ongoing feedback</li> <li>Soft skills workshops</li> <li>Materiality analysis</li> </ul> |
|  <b>Clients</b>            | <ul style="list-style-type: none"> <li>Regular meetings</li> <li>Emails</li> <li>Telephone calls</li> <li>Surveys</li> <li>Social media</li> <li>Web page</li> </ul>   | <ul style="list-style-type: none"> <li>Satisfaction survey</li> <li>Materiality analysis</li> <li>Dialogues of best practices</li> <li>Audits</li> </ul>            |
|  <b>Government</b>         | <ul style="list-style-type: none"> <li>Mail / Letters</li> <li>Directorial Resolutions</li> <li>Monitoring platforms</li> </ul>  | <ul style="list-style-type: none"> <li>Tax payments</li> <li>Working meetings with PROMPERU</li> <li>Social and environmental declarations</li> </ul>               |



| Stakeholder   | Dialogue mechanism   | Improvement processes   |
|---|--|---|
| <br>Suppliers                  | <ul style="list-style-type: none"> <li>• Meetings</li> <li>• Emails</li> <li>• Phone calls</li> <li>• Web page</li> </ul>  | <ul style="list-style-type: none"> <li>• Human rights due diligence</li> <li>• Participation in audits</li> <li>• Working meetings</li> <li>• Materiality analysis</li> <li>• Audits and certifications</li> </ul>                                      |
| <br>Textile industry companies | <ul style="list-style-type: none"> <li>• Meetings</li> <li>• Instant messaging groups for alliance coordination</li> <li>• Phone calls</li> <li>• Textile sector forums, seminars, and fairs</li> <li>• Dialogue groups: fashion cluster and ADEX</li> </ul>           | <ul style="list-style-type: none"> <li>• Learning through sectoral groups</li> <li>• Participation in events</li> <li>• ADEX Manufacturing Committee</li> <li>• Guided tours to other companies to learn about sustainability best practices</li> </ul> |
| <br>Community                  | <ul style="list-style-type: none"> <li>• Web page</li> <li>• Social Media</li> <li>• Complaints and claims mechanism</li> <li>• Guided tours of the Chincha plant</li> <li>• Signing of agreements</li> <li>• Participation in public sustainability events</li> </ul> | <ul style="list-style-type: none"> <li>• Expectations assessment</li> <li>• Human rights due diligence</li> <li>• Cooperation agreements</li> <li>• Materiality analysis</li> </ul>   |



## 5.6 Materiality analysis

Materiality analysis serves as a crucial management tool, allowing us to pinpoint strategic priorities for our sustainability efforts. In response to recent updates in the Global Reporting Initiative (GRI) reporting standard, we have initiated a revision process for our material topics, incorporating the new evaluation criteria with a focus on due diligence and human rights.

Aligned with this approach, we have crafted our materiality assessment with an impact-centric perspective. This entails identifying both actual and

potential impacts on our stakeholders in environmental, social, and human rights realms.

Moreover, we have considered the risks and opportunities that could affect our ability to generate value with these stakeholders. While we have not set specific prioritization thresholds in our current material topics analysis, we have devised a graph to enhance the visibility of key issues for our organization. We review our material topics every two years and have scheduled an update of our sustainability priorities in 2024. **(GRI 3-1) (GRI 3-2)**

**We present the methodological steps we have followed to identify our material topics:**



### **Understanding the organizational context**

We conducted a comprehensive analysis, both internally and externally, to grasp the business environment in which our company operates. Externally, we benchmarked leading companies in the textile sector, with whom we have business relationships. We also focused on reviewing key sustainability guidelines and standards, particularly the SASB standard, via the sectoral supplement for apparel, accessories, and footwear. Additionally, we examined sustainability context and prominent sector trends, alongside country-level dynamics and associated risks.

Internally, we scrutinized our sustainability strategy's impact on value generation and assessed primary policies and management documents to gain insights into the sustainability issues we address.



### **Identifying real and potential impacts**

To identify impacts, we convened a workshop with company management, where we discerned the effects stemming from our operations and business relationships—whether positive or negative, real or potential. We also employed additional tools such as surveys and focus groups involving stakeholders like commercial customers, employees, and suppliers, to gather insights on the most significant aspects of our company.



### **Evaluating and prioritizing real and potential impacts**

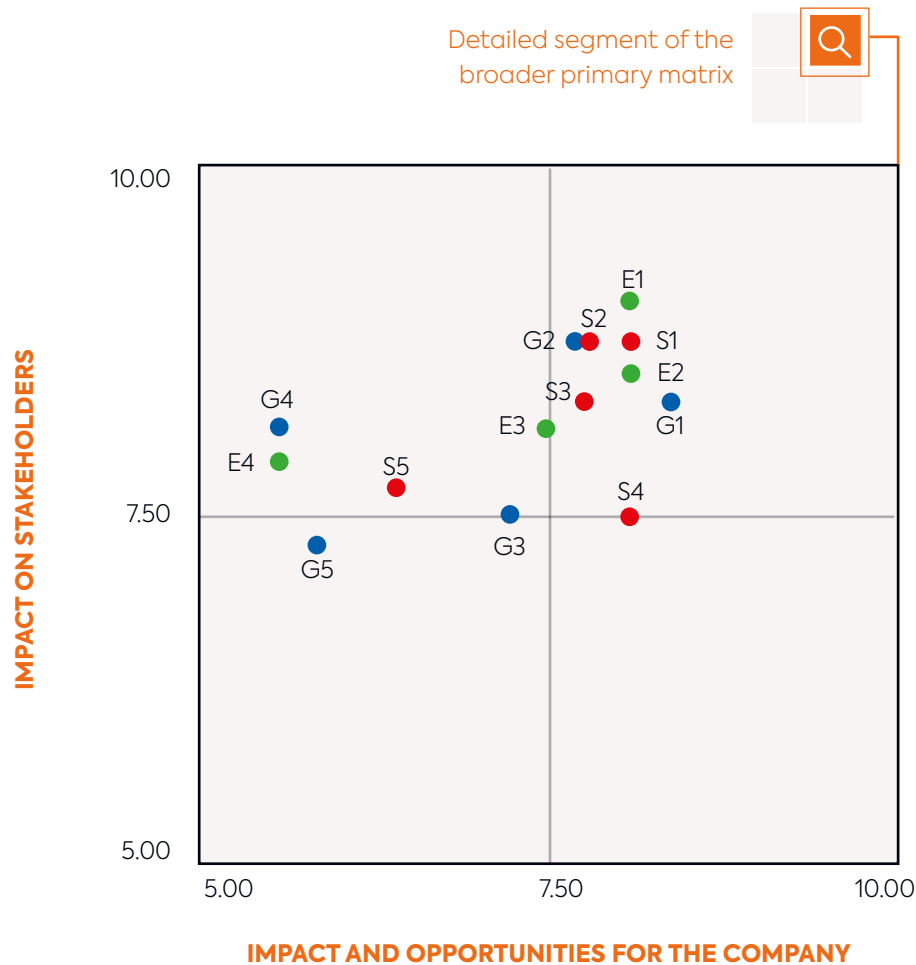
Following a comprehensive analysis of preceding stages, we established various evaluation criteria to prioritize the most significant impacts. Negative impacts, both real and potential, were assessed based on scale, scope, likelihood, and severity. Similarly, positive impacts, real and potential, were evaluated considering factors like scale and scope, alongside other pertinent criteria. In conclusion, we identified and assessed the impacts, prioritizing those most significant for our sustainability management.



### **Validation of material topics**

We presented the most significant material topics for our organization to the Sustainability Committee, which endorsed the proposed material topics. Next, we detail our prioritization of the list of material topics:

# TDV materiality matrix



## ESG ENVIRONMENTAL

- ✓ **E1** Water management ecoefficiency
- ✓ **E2** Climate change strategy and mitigation
- ✓ **E3** Waste and chemical management
- ✓ **E4** Product innovation and circular economy

## ESG SOCIAL

- ✓ **S1** Human rights
- ✓ **S2** Occupational health and safety
- ✓ **S3** Job creation, employee wellbeing, and human capital development
- ✓ **S4** Positive community relations
- ✓ **S5** Diversity, equity, inclusion, and fair treatment

## ESG GOVERNANCE

- ✓ **G1** Profitability and shared value creation
- ✓ **G2** Good corporate governance, ethics, and business best practices
- ✓ **G3** Operational efficiency
- ✓ **G4** Responsible sourcing in the supply chain
- ✓ **G5** Risk management and crisis handling



## 5.7

# Key affiliations and recognitions

As leaders in the Peruvian textile sector, we voluntarily adhere to various sustainability frameworks, certifications, and standards.

This choice underscores our commitment to sustainable management excellence across economic, environmental, and social dimensions. **(GRI 2-28)**



We are part of various civil society organizations, private companies, and guilds, which enable us to coordinate efforts to develop a more competitive and sustainable textile industry:



Non-profit association aimed at mobilizing the Peruvian business sector to become agents of change in promoting sustainable development. It offers management tools such as the Socially Responsible Company Distinction, which measures companies' performance in economic and governance, environmental, and social criteria.



Association of Peruvian companies dedicated to exporting high-quality garments. Its contribution is reflected in the fact that the products it exports meet high standards of quality and sustainability. With the technical support and leadership of PROMPERU, it assists in promoting our garments internationally, emphasizing their connection to ancient tradition and their contribution to sustainable development.



Leading business guild in Peruvian foreign trade. Thanks to the services it provides, TDV can be competitive internationally.



Peruvian Sustainable Fashion Cluster aiming to foster collaboration and synergies among companies and small to medium enterprises within the textile industry. Our collaboration with FAIR is grounded in shared objectives and enables us to garner governmental support, enhancing the visibility and competitiveness of our brands and products on both national and international scales.



As members of the Chíncha Chamber of Commerce and in collaboration with other local businessmen, we work to boost the economy of the region and make Chíncha a competitive province, generating formal employment.



We are part of the non-profit civil association 'Empresarios por la Educación' (Entrepreneurs for Education), where we support initiatives that contribute to the improvement of national public education. This collaboration harnesses synergies between the public sector, the private sector, and civil society organizations.



INSTITUTO PERUANO DE ALGODÓN

We support the Peruvian Cotton Institute, a non-profit organization, by proposing and implementing innovations that enhance the competitiveness, sustainability, and quality of the raw material we use. This innovation in Peruvian cotton will be a critical factor in increasing our attractiveness in the international market.



United Nations  
Global Compact



In 2022, we voluntarily joined the United Nations Global Compact, a global movement comprised of organizations and companies worldwide working towards creating a fairer and more sustainable world. The following year, our CEO, Juan José Córdova, was invited to participate in the inaugural meeting of the Peruvian Board of Directors for the United Nations Global Compact. This board aims to guide and lead transformative actions in the country, with Juan José serving as a leader not only within TDV but also across the Peruvian textile industry.

## Acknowledgment of our sustainability practices



We were honored to receive **the ESG and Sustainability Award in the Social category** from Semana Económica.



To gain recognition for our social sustainability efforts, we participated in the II ESG Awards organized by Semana Económica, in collaboration with Sistema B and ESAN University. Our Cotton of Life project aims to create social and economic value in rural farmer communities in the Peruvian Amazon by converting areas once used for illicit crops like coca leaves into organic cotton cultivation lands. This transformation has been made possible through the support of our clients Filasur, GR Algodón Orgánico and Textil del Valle. Improving the lives of hundreds of farmer and indigenous families by providing them with a fair compensation for high quality raw materials.

To showcase the significant efforts put into this project, and with the support of our Sustainability Management, we submitted our project for consideration and were honored to receive the award in the social category.

This recognition validates our exceptional ESG practices. Committed to continuing to inspire and lead transformation, we strive not only to dress the world sustainably but also to ensure a better future for generations to come.



## 5.8

# Risk management and crisis handling

**Risk management at TDV is paramount, enabling us to identify and address deficiencies across all areas,** encompassing strategic, operational, informational, and compliance domains. Our dedicated Internal Audit team oversees the Audit Plan, focusing on the company's most critical processes and conducting thorough and unannounced reviews. This approach has greatly bolstered our internal control measures.



Below, we outline the stages of our risk management system:



### Prevention Officer

- a. Appointment of the Prevention Officer.
- b. Design of the Compliance Model.



### Risk Identification

- a. Identify specific risks.
- b. Incorporate internal control measures.
- c. Update the RC matrix.



### Evaluation

- a. Risk Impact (high, medium, low).
- b. Occurrence.



### Implementation

- a. Action Plan.
- b. Establish procedures and policies.



### Monitoring

- a. Monitoring of the Action Plan and compliance with procedures and/or policies.

Our Integrated Management System (IMS) department ensures effective oversight of risk management, aligned with the company's strategic objectives.

We hold monthly meetings with the heads of each department to monitor the progress of corrective actions and control measures.

**In 2023, our Audit Plan conducted 8 inspections focused on financial risks and 4 on operational risks.** Based on this, we developed a joint action plan for compliance, and by the end of the year, we had 82 % of corrective actions completed.







For 2024, **our goal is to increase audits and reviews by 70 %** to further reduce risks.

Strictly monitoring the Action Plan is key to our strategy for risk minimization. **(GRI 3-3) (GRI 2-25) (NO GRI Risk management and crisis handling)**

Risk classification by category:



**Financial risks**

We evaluate liquidity, profitability, solvency, credit, inventory, and legal risks.



**Health and Safety risks**

We focus on the areas of EHS (Environment, Health, and Safety), asset security, and social well-being.



**Operational risks**

We focus on production areas, ensuring compliance with policies, procedures, and operational controls.



**Information Security risks**

We focus on the management and protection of information, overseen by the Information Technology department.



6

**Creating value**

## 6.1

# Integrated Management System (IMS)

At TDV, we employ management tools to optimize company resources, enhancing our business performance across economic, social, and environmental dimensions. Our clients appreciate both our products and our dedication to sustainability. Thus, we have adopted an integrated management policy and obtained certification for our IMS, meeting the ISO 9001 (Quality Management) and ISO 14001 (Environmental Management System) standards.



This allows us to achieve higher quality in our processes, increasing productivity and consistency while reducing costs, thus enhancing our competitiveness.



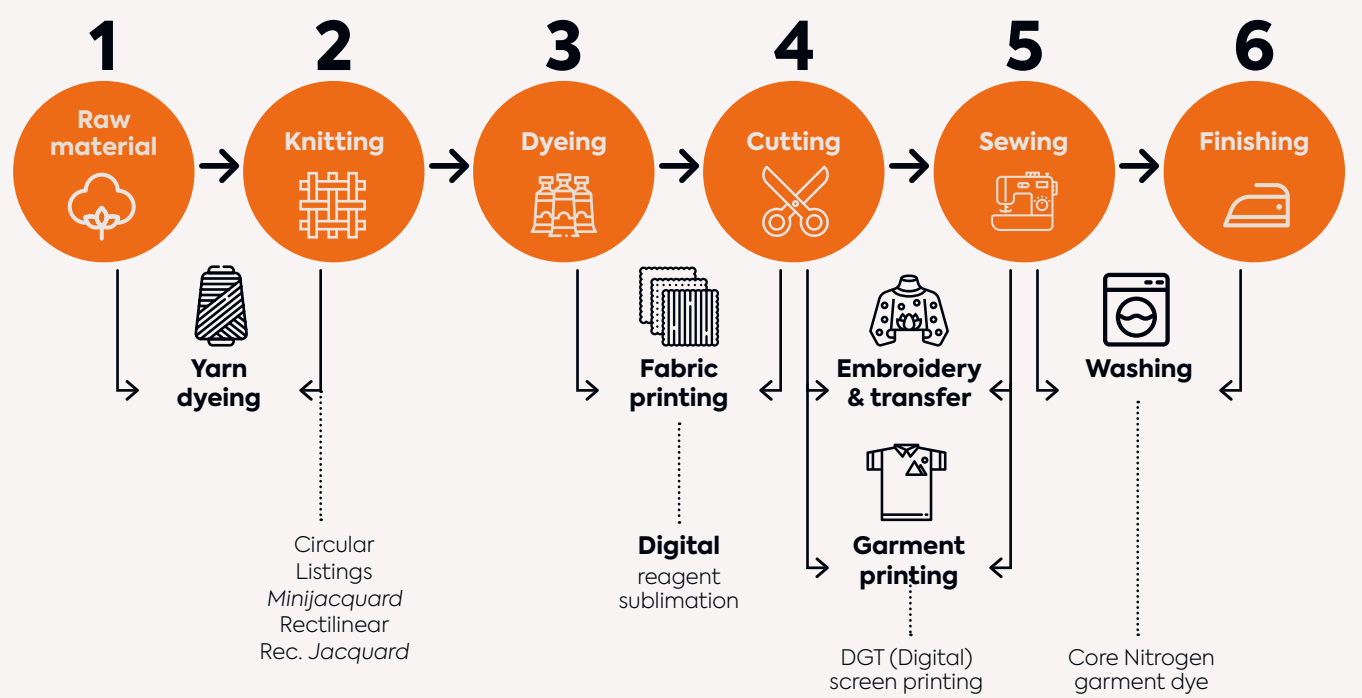
We assure our clients and other stakeholders that TDV maintains a strong environmental performance and exercises full control over the impact of its activities, products, and services on the environment.

## 6.2

# Vertically integrated manufacturing facility

TDV operates as a vertically integrated manufacturer in the textile sector, encompassing all stages of production, from fabric knitting to garment assembly and finishing.

This comprehensive approach allows us to internally manage the entire production process, ensuring efficiency from raw material acquisition to the final product. This strategic framework has enhanced our quality control, process efficiency, and agility in responding to international market trends. Moreover, we have achieved cost reductions by eliminating intermediaries.





## 6.3

# Economic performance



In recent years, **TDV has made significant strides in enhancing transparency regarding our economic performance**, thus reflecting its commitment to sustainability and compliance with certifications.

During 2023, the textile industry faced adverse conditions, characterized by growth below our projections, primarily attributable to inventories of brands. These factors led to brands accumulating unsold merchandise, inflating costs due to high interest rates, which reached record levels throughout the year. Consequently, it was necessary to adjust our placements, focusing more on delivery times than on the quantity of products. Brands, confronted with high inventory levels, opted to delay deliveries by one to two months.

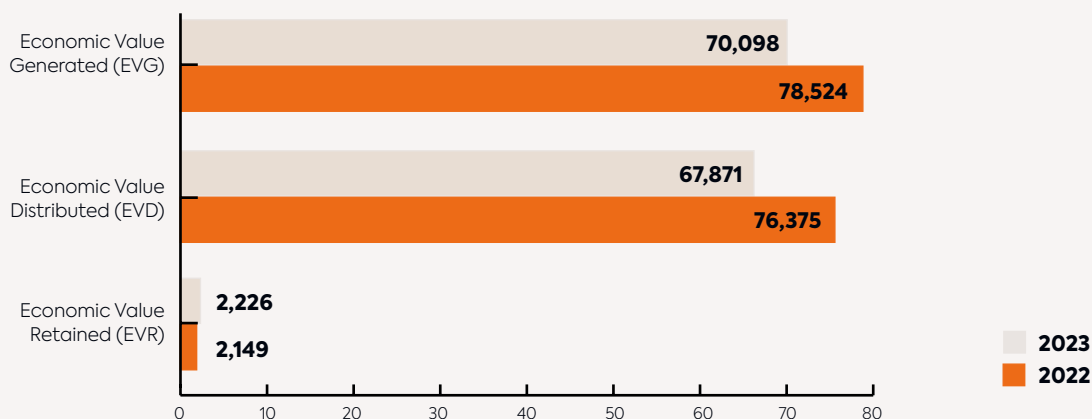
In response to these challenges, which directly impacted our economic performance, we implemented various strategies to enhance the management of our liquidity risks and preserve a robust financial position. By the end of 2023, we experienced market regulation that favored modest recovery.

The 2022 results went through a validation and updating process. The economic value generated (EVG) by TDV in 2023 amounted to USD 70 million. It is noteworthy how stakeholders benefit from the economic value we create and distribute. Thus, the distributed economic value (DEV) reached USD 67 million, allocated to cover operational costs, wages and benefits for our employees, taxes to the Peruvian government, and additional investments in the communities in our influence area. As for our retained economic value (REV), this amounted to USD 2 million, reflecting our ability to generate and retain economic value in a challenging environment. Note. The 2022 results went through a validation and updating process.

**(GRI 3-3) (GRI 201-1)**



**Direct Economic Value Generated, Distributed, and Retained (GRI 201-1)**  
(In millions of dollars)



## Projects aligned with our economic dimension

### Financial education campaign



In the first quarter of 2023, TDV partnered with Banco de Crédito del Perú (BCP) to launch a pilot financial education project specifically tailored for our employees. Through careful implementation of communication strategies, we

achieved a significant increase in their knowledge and skills related to savings. The main objective was to help them improve their credit rating, enabling access to loans when needed.

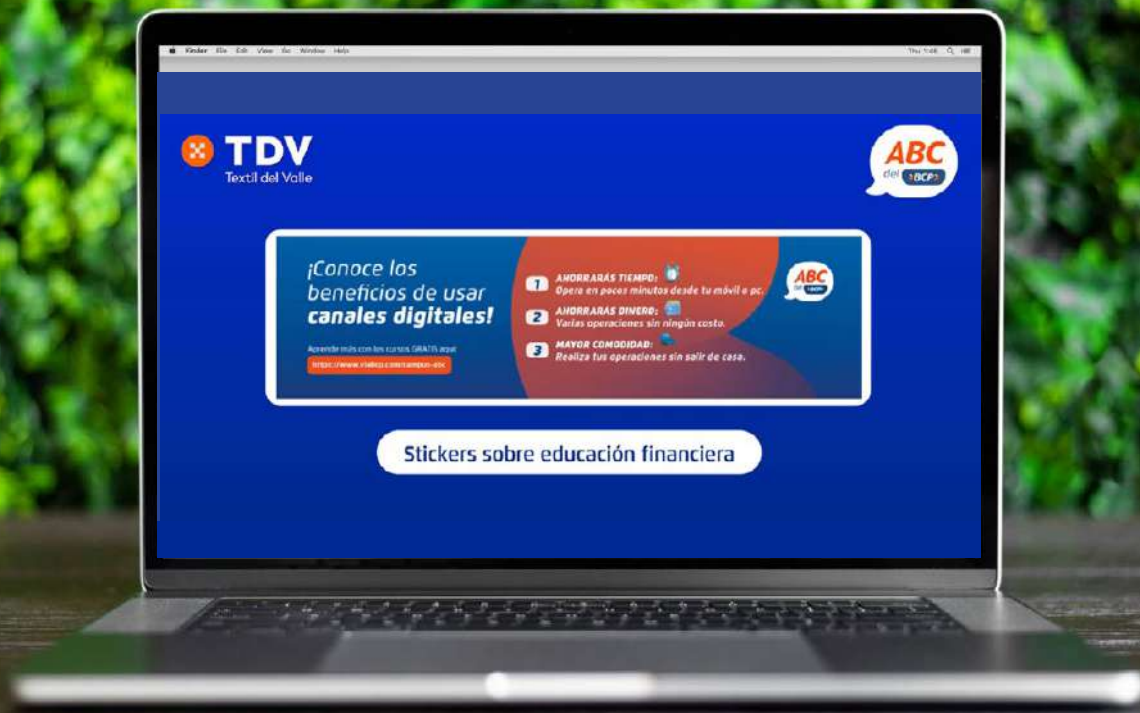
**As leaders in the Peruvian textile industry, we are committed to fostering synergies with other entities.** In line with this commitment and with the valuable guidance of the BCP banking's ABC program, we developed and distributed a range of communication products, including audio recordings, videos, stickers, and talks. These resources were shared through various internal channels and platforms, ensuring that all TDV employees received the information.



This project has had a positive impact on the financial behavior of over 2,500 employees, who now demonstrate a greater inclination towards saving and adopting financial technologies.

Through these partnerships, we aim to inspire others, demonstrating that collaboration among strategic partners is key to building a better country.





The results of the financial education campaign revealed significant positive impacts among our employees. Below are the results obtained from the closure of the campaign:

#### Awareness of the partnership

**Over 60 %**

of the respondents were aware of the partnership between BCP and TDV, underscoring the effectiveness of our internal communication strategies.

#### Utility of financial advice

**Over 80 %**

found the financial advice provided by BCP useful. This indicates a widespread appreciation of the shared resources.

#### Impact on personal finances

**Over 87 %**

of participants believe that the advice received will help them improve their personal finances or those of their family, highlighting the perceived value of this project.

#### Interest in continuous learning

**Over 67 %**

expressed their willingness to participate in a 10-15 minute virtual financial education course, demonstrating a genuine interest in deepening their knowledge.

#### Most interesting topics

**72 %**

of respondents considered "Organizing my money: budgeting and saving" as the most useful topic for effective financial management, indicating a clear preference for learning practical financial management strategies.

#### Least interesting topics

The topic of "What is a credit history?" was the least interesting, which could indicate an opportunity to increase awareness and understanding of the importance of credit and its impact on long-term financial health.



## 6.4

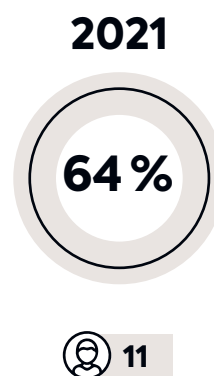
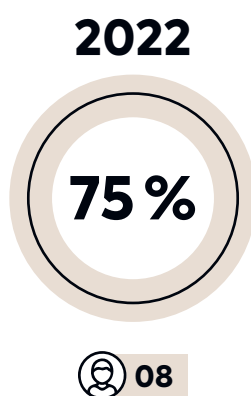
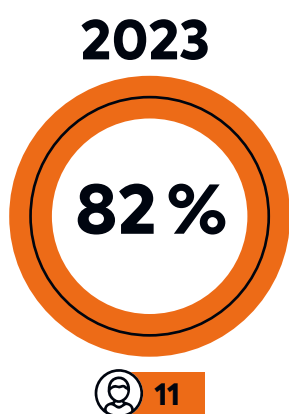
# Customer satisfaction



To assess our customers' satisfaction with TDV's products, we conducted a meticulous analysis focusing on key aspects such as quality, delivery time, provision of timely information, and sustainability.

This process enables us to identify both positive elements and areas needing improvement, facilitating decision-making aimed at optimizing various processes contributing to delivering quality service.

## Customer satisfaction level by year



In 2023, we achieved a significant milestone by **surpassing our set target of 75 %**, marking a 7-point increase from the previous year when **we reached a 82 % satisfaction rate**.



These results reflect the commitment of all involved departments to enhance our customers' satisfaction levels and meet their needs and expectations aligned with TDV's objectives.





7

## **Caring for the planet**

We aim to revolutionize the fashion industry by **creating garments that make sense** and embody our vision of responsible change.

**At TDV, we are committed to integrating sustainability into all our processes and activities**, which involves taking measures to mitigate the effects and consequences of climate change. Aligned with our corporate vision of being the most sustainable textile factory in the world,

we have implemented actions geared towards a regenerative economy.

**Our goal is to minimize our environmental impacts and contribute to the restoration and regeneration of nature and ecosystems.**

**The current global context demands more rigorous measures and solutions to address critical issues of climate change. At the national level, we are working on various fronts to confront the looming climate risks, including the potential occurrence of an El Niño phenomenon.**

Our environmental management is guided by Our Sustainability Policy and the commitments established in our statutes related to the environment. Since our establishment as a Benefit and Collective Interest (BIC) company, we have aimed to reduce our impacts based on three main objectives:



Reusing water and improving efficiency in consumption and the quality of water generated in our processes.



Enhancing energy consumption efficiency and transitioning our energy mix to one that employs low-impact renewable sources.



Implementing a circular economy and comprehensive solid waste management throughout the value chain.

Regarding environmental regulatory compliance, we emphasize that we have an Environmental Adjustment and Management Program in place for our headquarters in Chíncha, which represents 80 % of our operations, aimed at preventing, mitigating, and restoring environmental impact.

This program has been updated and aligned with the ISO 14001 (Environmental Management) standard to capitalize on environmental improvement opportunities. Notably, we have not received any environmental sanctions for our operations at TDV during the reported period. (GRI 2-27)



## Achievements in our Environmental Management System



We conducted our first carbon footprint verification.



**66 %** of operational areas in our Chincha plant are equipped with LED lighting.



**30 %** of water recovered at our reverse osmosis plant.



**100 %** of cutting waste is recycled to manufacture garments and blankets to be donated to communities in the Peruvian highlands.



**100 %** of recycled polyester is used in our operations.



**16 %** of dye reduction in the digital printing area.

### 7.1

## Climate action

We are the first Peruvian textile company to achieve carbon neutrality, a milestone accomplished in collaboration with non-profit organizations through the purchase of carbon credits.

This initiative significantly reduces our environmental impacts and offsets all our emissions. We believe in the transformative power of the textile industry and are committed to leading towards a more sustainable future.



In 2023, we successfully **reduced our greenhouse gas emissions (GHG) by 29 %** across all our operations.



## Energy performance at TDV

We acknowledge that our textile industrial activities require the use and consumption of energy across all stages of our value chain. Consequently, transitioning to renewable energy sources has become a strategic priority to minimize negative impacts and combat climate change. As a result,

we have joined initiatives for energy supply through renewable sources.

For proper energy management and energy efficiency, we adhere to the guidelines outlined in our Energy Saving Policy, where we express our commitment to optimizing the energy use of all our operations.

In 2023, we set two main objectives to enhance our energy performance: optimizing energy usage in processes within a range of <1-2> kW h and maintaining a 13 % utilization of self-generated energy from sustainable sources. Through internal audits, we successfully achieved these objectives, improving our performance in the Higg Facility Environmental Module (Higg FEM), an environmental assessment indicator, to 66 %.

team bi-monthly reports progress on objectives to the Sustainability Committee. In collaboration with the committee, we assess the department's performance and propose initiatives and solutions to ensure compliance with annual indicators. We are pleased to report that in 2023, we exceeded the proposed indicators, achieving outstanding energy performance at TDV. **(GRI 3-3) (GRI 302-1)**

To ensure optimal performance of the indicators established for our energy management, the Maintenance

## Energy performance achievements



66 % of operational areas in our Chincha plant are equipped with LED lighting.



Cutting, dyeing, and screen printing areas are 100 % equipped with LED lighting.



1,320 solar panels covering an area of 5,000 m<sup>2</sup> with a supply capacity of 500 kWh.

## Energy consumption

Our energy consumption in 2023 reached an average ratio of kWh per kg of product, below the target range set, indicating efficient energy consumption per kilogram of processed product. **(GRI 302-1)**



### TDV energy consumption

| Energy consumption                                 | Unit of measure | Lima             |                | Chincha           |                  |
|--|-----------------|------------------|----------------|-------------------|------------------|
|  |                 | 2022             | 2023           | 2022              | 2023             |
| <b>Fuel consumption from non-renewable sources</b> | <b>KWH</b>      | <b>1,056,019</b> | <b>988,689</b> | <b>38,384,834</b> | <b>1,925,556</b> |
| Natural gas  | KWH             | 74,468           | 66,636         | 38,296,952        | 1,680,800        |
| LPG  | KWH             | -                | -              | 45,920            | 41,962           |
| Diesel   | KWH             | 162,961          | 132,618        | 41,962            | 202,794          |
| ENEL electricity                                   | KWH             | 724,188          | 691,284        | -                 | -                |
| Gasoil   | KWH             | 94,402           | 98,151         | -                 | -                |
| <b>Consumption of renewable fuel sources</b>       | <b>KWH</b>      | <b>0</b>         | <b>0</b>       | <b>9,557,900</b>  | <b>9,925,036</b> |
| ATRIA 1 Supply (electricity)                       | KWH             | -                | -              | 3,638,608         | 3,495,707        |
| ATRIA 2 Supply (electricity)                       | KWH             | -                | -              | 5,428,222         | 6,004,060        |
| ATRIA 3 Supply (electricity), solar panels         | KWH             | -                | -              | 491,070           | 425,269          |
| Other sources                                      | KWH             | -                | -              | -                 | -                |

| Energy consumption   | Unit of measure | Lima             |                | Chincha           |                   |
|--|-----------------|------------------|----------------|-------------------|-------------------|
|  |                 | 2022             | 2023           | 2022              | 2023              |
| <b>Energy consumption from different types of energy purchased</b> | <b>KWH</b>      | <b>681,840</b>   | <b>691,284</b> | <b>9,557,900</b>  | <b>9,925,036</b>  |
| Electricity consumption  | KWH             | 681,840          | 691,284        | 9,557,900         | 9,925,036         |
| Heating consumption  | KWH             | -                | -              | -                 | -                 |
| Cooling consumption  | KWH             | -                | -              | -                 | -                 |
| Steam consumption  | KWH             | -                | -              | -                 | -                 |
| <b>Total energy consumption</b>                                    | <b>kW h</b>     | <b>1,056,019</b> | <b>988,689</b> | <b>47,942,734</b> | <b>11,850,592</b> |

## Leading the way: TDV's use of renewable energy

In line with our environmental objectives, we have enriched our energy mix by integrating renewable sources, specifically through the self-generation of electricity using solar panels installed at our Chincha plant. The implementation of solar energy plays a crucial role in significantly reducing our carbon footprint, showcasing our commitment to environmental protection and combating climate change.

Our facilities now encompass 5,000 m<sup>2</sup> dedicated to hosting 1,320 solar panels, which harness solar energy to supply the various production areas of the company. This project has been made possible through the collaboration and guidance of our strategic partner, ATRIA, which provides the necessary support for the optimal operation of the solar panels.



**Our goal for 2025 is to ensure that 30 % of our electricity comes from renewable and self-generated sources.** This innovative initiative sets us apart as one of the leading sustainability-driven companies in the Peruvian textile sector.



# Emissions Management

As highlighted in the report "Textiles in Europe's Circular Economy" by the European Environment Agency, the global textile industry accounts for approximately 10 % of global CO<sub>2</sub> emissions. Aware of our environmental footprint and the negative impacts of climate change, we are committed to offsetting our greenhouse gas (GHG)

emissions by promoting the use of renewable energy and acquiring carbon credits.

This effort is strongly supported by our international clients and investors, who encourage us to take immediate action to mitigate the effects of this global crisis.

In accordance with our Sustainability Policy, we have set the following objectives for our emissions performance by 2025:



Reducing our carbon emissions.



Offset GHG emissions generated by our operations.



Incorporating climate change measures into national policies, strategies and plans

**In 2022, we adopted methodological updates for calculating our carbon footprint, including the 2018 version of ISO 14064-1:2018.** This methodological change prevented us from achieving our reduction targets this year, as increases in emissions were identified due to the use of materials and inputs from suppliers.

In 2023, as part of our Annual Emissions Reduction Plan, TDV operations underwent independent verification to compare our carbon footprint results from the previous

year. This verification process received comprehensive assistance from Icontec Perú.

The results revealed a slight increase in emissions, from 22,667 tons of CO<sub>2</sub> equivalent to 22,906 tons of CO<sub>2</sub> equivalent. **(GRI 3-3) (GRI 305-1)**

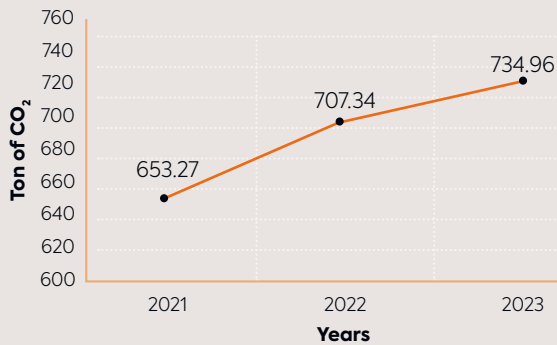
The assessment of **all six emission scopes in 2023 revealed a total emission of 16,331.16 tCO<sub>2</sub>eq**, signifying a decrease in our GHG emissions compared to the previous year.

## 2023 Direct GHG emissions (Scope 1, 2, 3, 4, 5 and 6) (GRI 305-1) (GRI 305-2) (GRI 305-3) (GRI 305-4) (GRI 305-5) (GRI 305-6)

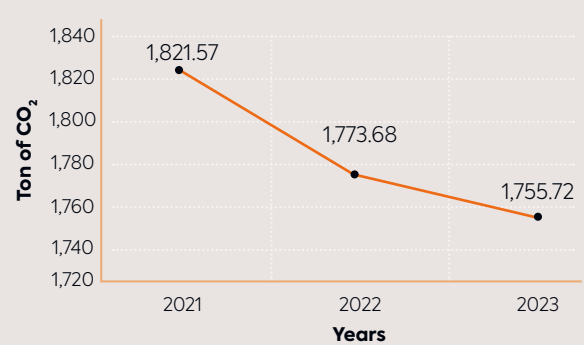
| Scope        | Unit of measurement      | Chincha plant    | Lima plant    | Administrative offices (Surco) | Total            |
|--------------|--------------------------|------------------|---------------|--------------------------------|------------------|
| Category 1   | tCO <sub>2</sub> eq      | 660.87           | 28.36         | 45.73                          | 734.96           |
| Category 2   | tCO <sub>2</sub> eq      | 1,611.91         | 131.10        | 12.71                          | 1,755.72         |
| Category 3   | tCO <sub>2</sub> eq      | 4,493.91         | 147.80        | 185.69                         | 4,827.40         |
| Category 4   | tCO <sub>2</sub> eq      | 8,750.14         | 252.42        | 10.53                          | 9,013.09         |
| Category 5   | tCO <sub>2</sub> eq      | -                | -             | -                              | -                |
| Category 6   | tCO <sub>2</sub> eq      | -                | -             | -                              | -                |
| <b>Total</b> | <b>tCO<sub>2</sub>eq</b> | <b>15,516.82</b> | <b>559.68</b> | <b>254.66</b>                  | <b>16,331.16</b> |

## GHG emissions (Scope 1, 2, and 3) per year

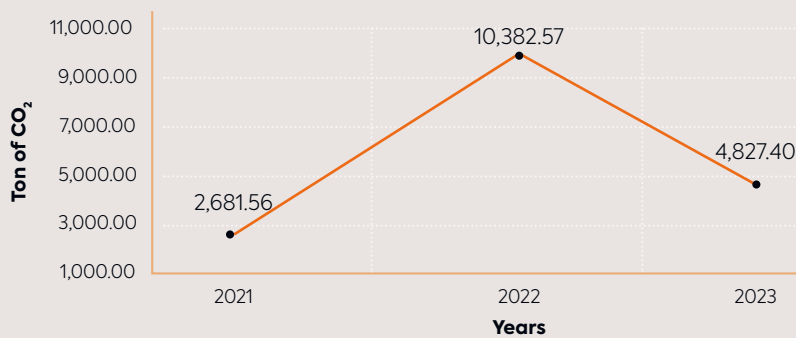
Direct GHG emissions (Scope 1) per year



Direct GHG emissions (Scope 2) per year



Direct GHG emissions (Scope 3) per year



### Offset project

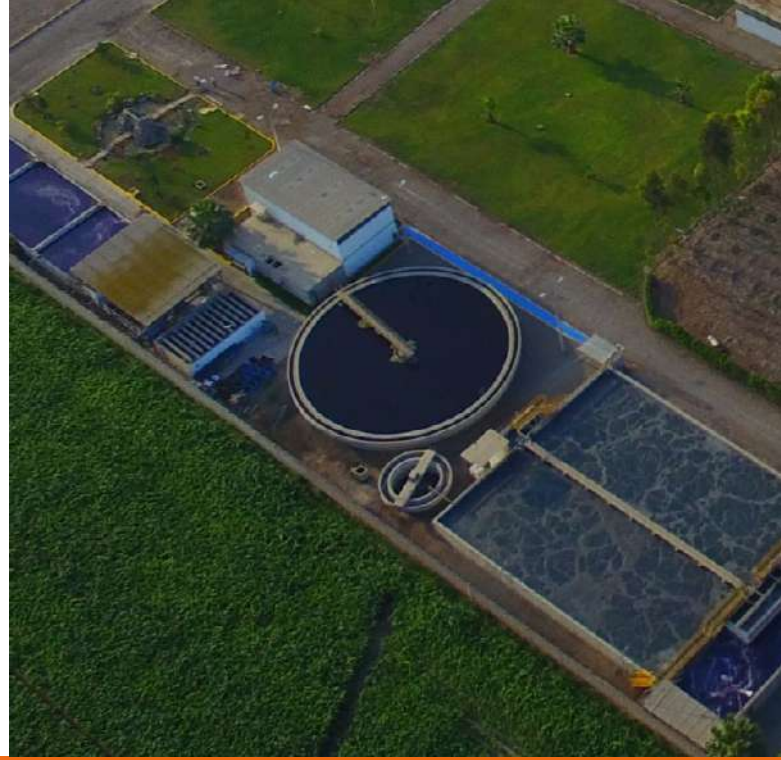
In 2023, we maintained our compensation approach under technology-based projects, thus, the 2022 compensation was carried out with the same project we had initiated

in 2021 under the Yunnan Lincang Zhenai Hydropower MDL (Clean Development Mechanism) Project, located in Yunnan Province, People's Republic of China.

## 7.2

# Eco-efficiency in water management

We recognize the critical importance of water in the textile industry. At TDV, this essential resource is utilized in various processes such as sizing, mercerization, cleaning, dyeing, printing, and finishing. Therefore, we have made a steadfast commitment to managing water to the highest standards, employing tools that optimize its usage, under the premise that without it, the textile industry cannot exist.



**Aligned with our objective to generate benefits as a BIC Company, we have set clear goals to enhance our water management:**



Reuse water while enhancing its consumption efficiency and the resultant water quality from our processes.



Implement biological treatment on industrial wastewater to remove toxic components that could harm the environment.



Reuse wastewater through ultrafiltration/reverse osmosis (UF/RO) processes, following circular economy practices and contributing to the SDG N.º 12. **(GRI 3-3)**

## Water supply sources



We obtain water from three underground wells for production processes in our Chincha plant. Prior to usage, this water undergoes softening through an ion exchange process.

Subsequently, it is utilized in dyeing processes (for fabrics, yarns, and finishes), laundry areas, and for steam generation in boilers.

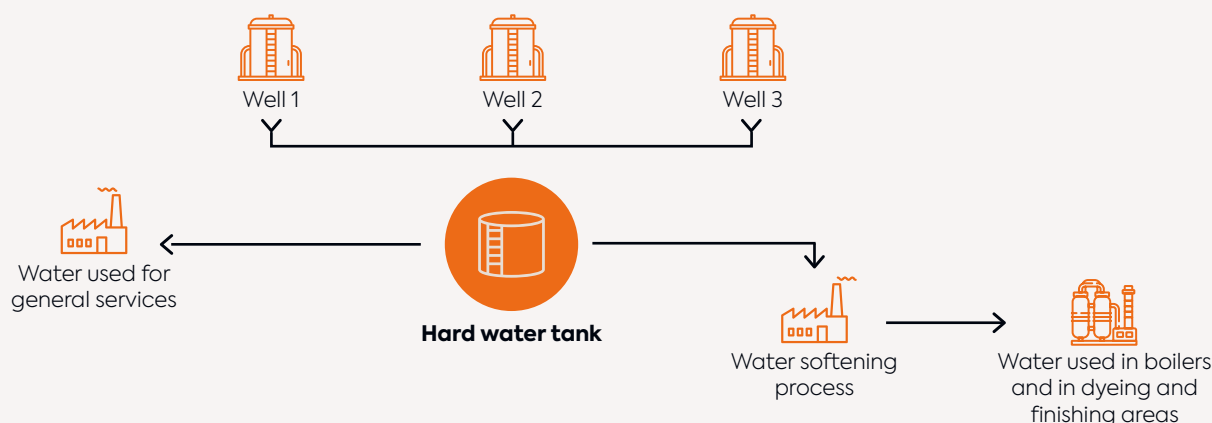
The remaining water from our wells is allocated for cleaning and general services, including sanitation facilities, irrigation, and food production in the cafeteria. It is pertinent to mention that these underground wells are

properly licensed and supervised by the National Water Authority (ANA in spanish), the regulatory body responsible for the management and oversight of water sources in Peru.

To monitor and optimize water usage in our Chincha plant, we conduct daily readings of the extraction well meters. These data are recorded and digitized in spreadsheets for internal control, enabling us to assess our performance through the measurement of the company's water footprint. **(GRI 303-1) (GRI 303-3)**



## Water supply flow at our Chincha plant



### Water extraction (GRI 303-3)

| Water extraction by source                           | Unit of measure                   | 2022         | 2023         |
|--|-----------------------------------|--------------|--------------|
| <b>Total water extraction TDV wells</b>              |                                   |              |              |
| <b>Surface water (total)</b>                         |                                   |              |              |
| Freshwater (total dissolved solids ≤ 1000 mg/l)      | Thousands of m <sup>3</sup>       | 8.1          | 10.3         |
| Other water (total dissolved solids > 1000 mg/l)     | Thousands of m <sup>3</sup>       | –            | –            |
| <b>Groundwater (total)</b>                           |                                   |              |              |
| Freshwater (total dissolved solids ≤ 1000 mg/l)      | Thousands of m <sup>3</sup>       | 434.7        | 389          |
| Other water (total dissolved solids > 1000 mg/l)     | Thousands of m <sup>3</sup>       | 0            | 0            |
| <b>Seawater (total)</b>                              |                                   |              |              |
| Freshwater (total dissolved solids ≤ 1000 mg/l)      | Thousands of m <sup>3</sup>       | –            | –            |
| Otras aguas (total de sólidos disueltos > 1000 mg/l) | Thousands of m <sup>3</sup>       | –            | –            |
| <b>Produced water (total)</b>                        |                                   |              |              |
| Agua dulce (total de sólidos disueltos ≤ 1000 mg/l)  | Thousands of m <sup>3</sup>       | 0            | 0            |
| Other water (total dissolved solids > 1000 mg/l)     | Thousands of m <sup>3</sup>       | –            | –            |
| <b>Total water extraction from third parties</b>     |                                   |              |              |
| Surface water  | Thousands of m <sup>3</sup>       | –            | –            |
| Groundwater  | Thousands of m <sup>3</sup>       | –            | –            |
| Seawater   | Thousands of m <sup>3</sup>       | –            | –            |
| Produced water                                       | Thousands of m <sup>3</sup>       | –            | –            |
| <b>Total water extraction</b>                        | <b>Thousands of m<sup>3</sup></b> | <b>442.8</b> | <b>399.3</b> |

## Water consumption

Regarding our water consumption, according to the analysis carried out to measure the water footprint, in 2022, there was a total water consumption of 81.7 thousand m<sup>3</sup>. In 2023, it decreased with a total water consumption of 51.01 thousand m<sup>3</sup> of water.



### Water consumption (GRI 303-5)



Total water  
consumption

**81.7**

Thousands of m<sup>3</sup>

**2022**

**51.01**

Thousands of m<sup>3</sup>

**2023**

## 2023 Achievements



### Wastewater Treatment Plant (WWTP)

**100 %**

of wastewater is treated in the WWTP.



### Ultrafiltration/Reverse Osmosis (UF/RO) Plant

This company asset allows us to recycle and reuse 30 % of our generated wastewater.

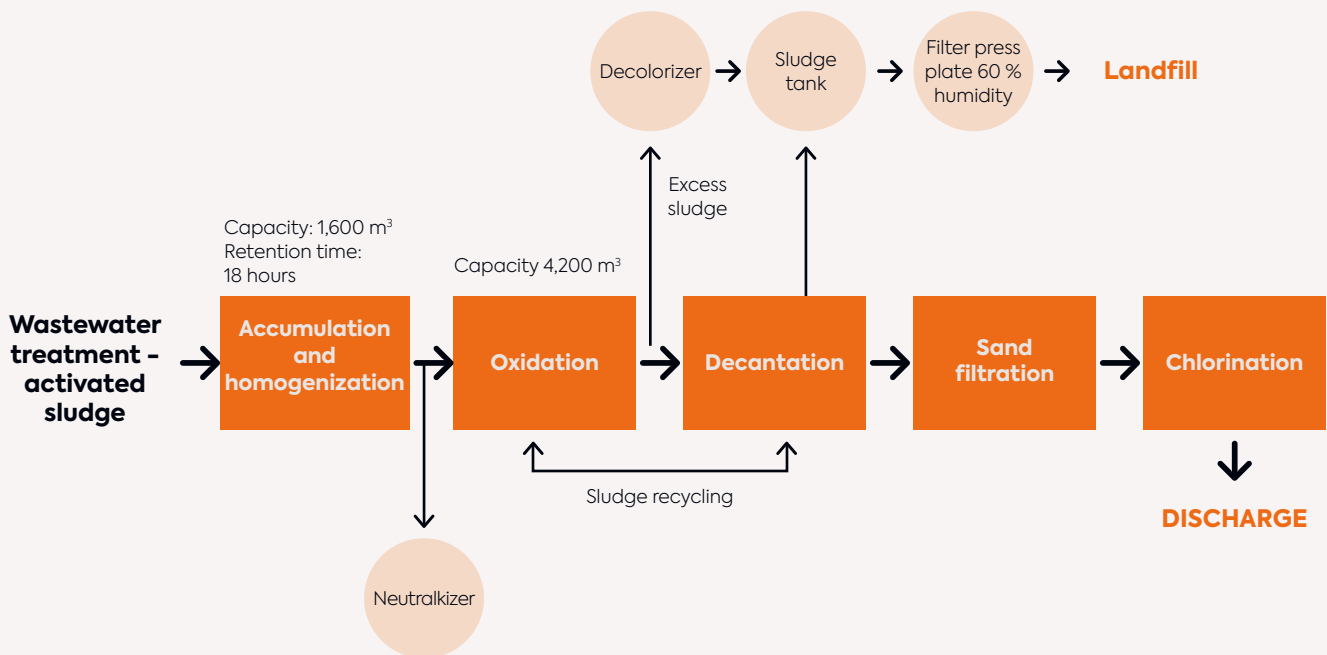


## Effluent Treatment

TDV has made substantial investments in acquiring state-of-the-art equipment for treating the liquid effluents generated by our operations. Consequently, our wastewater undergoes thorough processing in our advanced WWTP, ensuring effective biological treatment and the release of clean, non-toxic water into the environment.

## Industrial Wastewater Treatment Plant

Industrial effluents or wastewater generated by our operations undergo treatment using advanced treatment systems, including primary, secondary, and tertiary treatment stages:



We further purify the water previously treated at the WWTP through an additional process conducted at our UF/RO plant. The water recycled and reclaimed at the UF/RO plant is reintegrated into new production processes or donated to public institutions.

Any remaining water that cannot be reused is discharged via either industrial water or public service water channels. We adhere to the highest standards for our wastewater discharge, as outlined by the World Bank and mandated by Supreme Decree No. 004-2017 issued by the Ministry of the Environment.





**Thanks to the integration of these purification processes at the UF/RO plant, we have achieved a 30 % recycling rate for effluent water,** reducing our environmental footprint from water discharges. It is noteworthy that we have not received any fines or penalties for environmental violations during this reporting period.

**Water discharge (GRI 303-2) (GRI 303-4)**

| Water discharge by destination | Unit of measure                   | 2022       | 2023           |
|--------------------------------|-----------------------------------|------------|----------------|
| Surface water                  | Thousands of m <sup>3</sup>       | 435        | 316.263        |
| Groundwater                    | Thousands of m <sup>3</sup>       | -          | -              |
| Seawater                       | Thousands of m <sup>3</sup>       | -          | -              |
| Water to third parties (total) | Thousands of m <sup>3</sup>       | -          | -              |
| <b>Total water discharge</b>   | <b>Thousands of m<sup>3</sup></b> | <b>435</b> | <b>316.263</b> |

## 7.3 Waste and chemical management

### Waste management

**We recognize the significant environmental impact caused by textile waste.** Thus, we are dedicated to maximizing the value of our waste through the implementation of circular processes across our entire value chain.



Our waste management practices adhere to the principles outlined in the Comprehensive Solid Waste Management Law, DL No. 1278. This is further supported by our Environmental Management Plan (EMP), which ensures effective oversight of our environmental impacts. Most of TDV waste consists of discarded materials, which possess commercial value and are subject to valorization by specialized companies.

To ensure compliance with waste management regulations, we have established a Waste Minimization Plan. This plan delineates procedures for the proper

handling and management of waste, encompassing hazardous and non-hazardous materials. It is based on waste classification according to NTP 900.058 -2019 and covers processes such as segregation, storage, transportation, and final disposal at authorized landfills. Following these procedures, we receive documentation from the solid waste operator certifying our adherence to proper waste management practices. This management cycle is further reinforced by our annual declaration to the Solid Waste Management Information System (SIGERSOL), underscoring our ongoing commitment and responsibility to effective waste management.

### TDV waste management workflow



To ensure effective waste management compliance, we have implemented an Inspection Plan overseen by our Internal Audit department. **Additionally, our key clients conduct regular external audits to verify adherence to our EMP initiatives.**

To identify improvement opportunities and enhance safety measures, we utilize an Environmental Aspects

and Impacts Matrix. This tool enables us to implement more effective control measures regarding our waste management impacts. Consequently, we have trained TDV operational and administrative staff to support the company's proposed ecoefficiency actions. **(GRI 3-3) (GRI 306-2)**

## Waste generation

At our Chinchá and Lima plants, we classify waste according to the Peruvian technical standard NTP 900.058-2019 into **hazardous** (including contaminated waste, used oils, and hydrocarbon rags) **and non-hazardous** (such as general waste, production leftovers, WWTP sludge, plastics, and paper). We manage waste in compliance with protocols outlined in the Minimization Plan and the Solid Waste Management Law. As part of our eco-efficiency actions, we have equipped all production areas with color-coded bins to facilitate proper waste segregation by employees.

Non-hazardous waste is valorized by certified by solid waste trading companies that meet stringent environmental standards, while hazardous waste is disposed of by qualified companies in authorized landfills.

To ensure compliance with waste management objectives, we meticulously keep track of daily reports to obtain precise data on waste generation. Additionally, we implement environmental impact matrices and training programs emphasizing waste segregation practices according to NTP 900.058.2019 standards, along with policies for paper consumption and reduction, and other relevant environmental measures.



**Since October 2023, as part of our ongoing commitment to environmental stewardship,** we have implemented hazardous waste valorization practices. This has led to the recovery of significant quantities of sodium hydrosulfite, empty drums, and containers originating from the dyeing process and the recycling of Waste Electrical and Electronic Equipment (WEEE). **We remain dedicated to enhancing our holistic approach to solid waste management.**

During 2023, our operations generated a total of:

**42,514** tons of hazardous waste & **891,623** tons of non-hazardous waste

**It is worth noting that we include sludges from our WWTP in our non-hazardous waste accounting. (GRI 306-1) (GRI 306-3)**



**Waste generated by type (t) in Chincha and Lima plants  
(GRI 306-3) (GRI 306-4) (GRI 306-5)**

| Chincha plant  |                     |                         |
|--|---------------------|-------------------------|
| Type of disposal   | Hazardous waste (t) | Non-hazardous waste (t) |
| Landfill   |                     |                         |
| WWTP sludge – Solid  | –                   | 569.06                  |
| WWTP sludge – Liquid   | –                   | –                       |
| Non-reusable   | –                   | 90.21                   |
| Waste  | –                   | –                       |
| Hazardous waste (obsolete luminaries, WEEE, solid materials, contaminated containers, batteries, etc.) | 41.22               | –                       |
| Marketable   |                     |                         |
| Paper  | –                   | 86.23                   |
| Cardboard  | –                   | 85.28                   |
| Plastic  | –                   | 28.24                   |
| Scrap  | –                   | 14.19                   |
| PET bag  | –                   | –                       |
| Lima plant   |                     |                         |
| Type of disposal   | Hazardous waste (t) | Non-hazardous waste (t) |
| Landfill   |                     |                         |
| Non-reusable   | –                   | 11.146                  |
| Hazardous waste (obsolete luminaries, WEEE, solid materials, empty containers)                         | 1.294               | –                       |
| Marketable   |                     |                         |
| Paper  | –                   | 1.925                   |
| Cardboard  | –                   | 3.335                   |
| Plastic  | –                   | 2.007                   |

**Total waste (t)**



**CHINCHA PLANT**

Hazardous waste (t)

**41.22**

Non-hazardous waste (t)

**873.21**



**LIMA PLANT**

Hazardous waste (t)

**1.294**

Non-hazardous waste (t)

**18.413**



**TOTAL**

Hazardous waste (t)

**42.514**

Non-hazardous waste (t)

**891.623**

We manage the valorization and disposal of hazardous and non-hazardous waste through certified solid waste management companies that adhere to rigorous standards and comply with both local and international regulations.

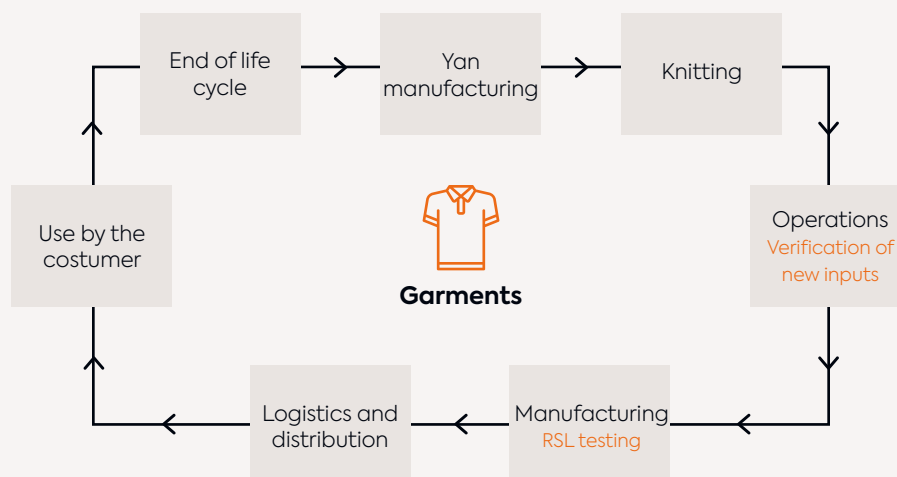
| Type of material                        | Company   | Non-hazardous waste (t) | Detail                               |
|---|---|-------------------------|--------------------------------------|
| <b>Marketable</b>                       | JRV inversiones y Negocios S. A. C., Reciclaje y Servicios Múltiples del Sur E. I. R. L., Sánchez E. I. R. L., Provesur, Papelera del Sur | 221.207                 | Paper, cardboard, plastic, and scrap |
| <b>Non-reusable and waste</b>           | Tower and Tower S. A.   | 101.356                 | General waste                        |
| <b>WWTP sludge (solid &amp; liquid)</b> | Petramás / Sheche Group   | 569.06                  | Non-hazardous category               |
| <b>Hazardous waste</b>                  | Petramás / Sheche Group   | 42.514                  | It is sent to PETRAMÁS landfill      |
| <b>Waste used for blankets</b>          | Tejidos Celeste   | 560.5                   | Donated blankets                     |

## Chemical management

Managing chemicals is a critical aspect of TDV's operations, acknowledging the potential impacts of our activities. We have implemented stringent control measures, collaborating closely with certified laboratories and prioritizing the use of organic products. The Logistics department oversees the comprehensive management of chemical products, including procurement from certified suppliers and safe transportation within the plant. The Laboratory department plays a crucial role in ensuring product quality, developing efficient formulas, and promoting environmental safety. Our Purchasing Policy and Bhive Procedure outline the requirements for acquiring products, including specific certifications demanded by our clients.

We have products that have certifications such as REACH, Bluesign, OekoTex, and Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing Restricted Substances List (MRSL) certifications, ensuring our raw materials and processes are free from harmful substances. We have adopted the Bhive platform, an innovative tool for monitoring chemical inventory and ensuring supplier compliance with quality and sustainability standards. Widely recognized by international brands, this platform promotes regulated chemical management, supporting the transition to a more sustainable chemistry in the textile industry. **(GRI 3-3) (NO GRI Chemical products)**

### Chemical product management workflow



## Regulation on chemical substance usage

We utilize BHive, a chemical management software, to validate certifications for chemicals used in dry cleaning, printing, and laundry processes in real-time. Each certification establishes strict criteria for chemical inputs, including a restricted substances list (RSL) tailored to the client's requirements.

To ensure compliance with certifications, our textile materials, prints, and accessories undergo RSL testing during preproduction or production stages, following client protocols. Samples are sent to a third-party laboratory

designated by the client, where standards such as Bluesign or AFIRM RSL (Apparel and Footwear International RSL Management) are applied.

For the verification of the finished product, and to ensure compliance with client requirements, we conduct testing methods standardized by organizations such as AATCC (American Association of Textile Chemists and Colorists), ASTM (American Society for Testing and Materials), and ISO (International Organization for Standardization).

**To guarantee the environmentally-responsible use of chemicals at TDV, we hold the following certifications:**



**GOTS (Global Organic Textile Standard)**

Certifies that our yarns are organic and have a transaction certificate. GOTS also guarantees that the chemical inputs we use in yarn production do not harm human health or the environment.



**GRS (Global Recycle Standard)**

Certifies that our yarns are recycled or partially recycled, with a transaction certificate. Additionally, we ensure the manufacture of sustainable products by verifying inputs to meet standards such as Bluesign and ZDHC.

In 2023, as a part of our environmental commitments, we aimed to reach 80-90% compliance with the global ZDHC standard for the chemicals we use, adhering to the Manufacturing Restricted Substances List (MRSL).

This objective emphasizes our dedication to ensuring safety and meeting environmental standards in our garment production processes.

**The results achieved in 2023 regarding our compliance goal with the ZDHC MRSL standard are as follows:**



**Dry Cleaning/  
Laundry Chemicals**

**Compliant products:**

**188 (85 %)**

**Non-compliant products:**

**35 (15 %)**



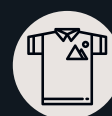
**Screen Printing  
Chemicals E**

**Compliant products:**

**15 (39 %)**

**Non-compliant products:**

**23 (61 %)**



**Digital  
Chemicals E**

**Compliant products:**

**22 (100 %)**

**Non-compliant products:**

**0 (0 %)**



**TOTAL:**

**Compliant products:**

**225 (85 %)**

**Non-compliant products:**

**58 (20 %)**





8



**Our people first**





**The TDV family is the driving force behind all our work. We are constantly focused on providing them with tools that contribute to their personal well-being, that of their families, and the community.**



**In recent years, we have shifted our business approach to one that prioritizes generating value for both our employees and the communities we serve.** Being part of the B Corp community has empowered us to make a positive impact on our employees by providing them with fair and equitable opportunities, competitive wages, and avenues for professional advancement within the company.

Regarding community engagement, we endeavor to foster harmonious relationships and participate in projects with significant social impact, aligning closely with our corporate ethos. Currently, we are actively involved in social investment initiatives in the Peruvian tropical rainforest, recycling programs, and skill development projects

benefiting children, women, and migrant communities. Our collaboration with brands that share our vision and trust in our mission has been instrumental, particularly given our steadfast commitment to a triple impact approach, which we champion wholeheartedly at TDV.

By 2023, our social performance goals as a Benefit and Collective Interest Company (BIC) entail the following key objectives:



Promoting healthy living for citizens and communities across Peru.



Enhancing involvement and initiatives to foster gender equality, acknowledging the invaluable role of women.



Spearheading Chincha's development for the betterment of its residents, through collaborative efforts with local authorities.

## Social performance achievements



**54%** of our workforce are women.



**6700** hours of training provided through the CENFOR Program.



**100%** of employees received quarterly 90° performance evaluations.



**100** accident-free days at our Chincha and Lima plants.



**1** workshop focused on diversity and inclusion training.



**19,625** blankets donated to rural communities in Peru.

## 8.1

# People management

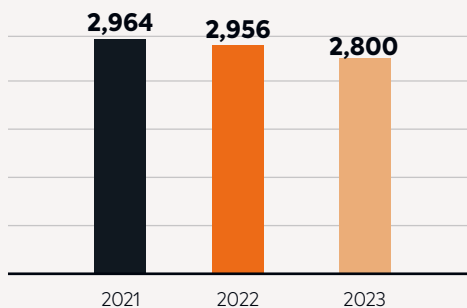
At TDV, we play a significant role in fostering both direct and indirect formal employment, driving the textile sector's economy in the country. Our responsible social and environmental practices position us as a global leader, recognized for providing dignified working conditions and meaningful benefits for all our collaborators. Notably, over 7 % of the economically active population in Chincha is formally employed by our company.

In 2023, our workforce comprised 2,800 employees, with a distribution of 54 % women and 46 % men. This highlights our recognition of the pivotal role women play in propelling our industry and the Peruvian economy.

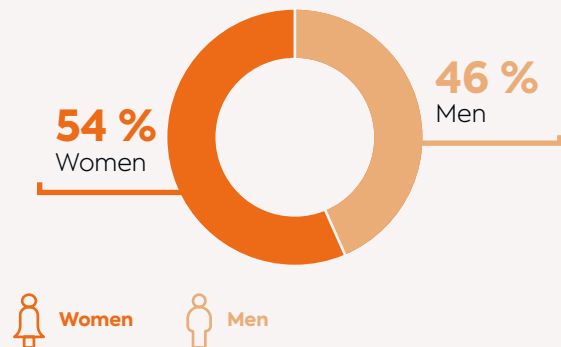
Regarding our subcontracted personnel, we maintain labor relations with companies providing various essential services for our operations. In 2023, at our Chincha plant, we contracted services from security and food companies, totaling 39 workers, while at our Lima plant, we employed 10 workers from the cleaning and security sectors. Additionally, we hired one person for cleaning duties in our administrative office in Surco. **(GRI 2-7) (GRI 2-8)**

### 2023 Workforce composition

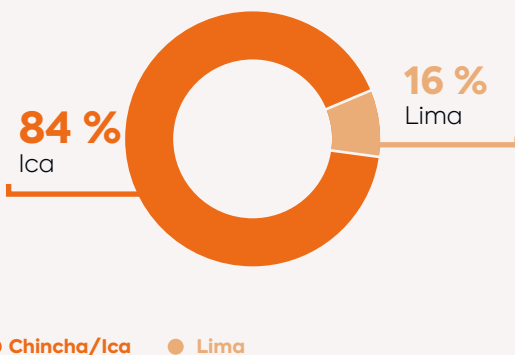
Number of employees per year



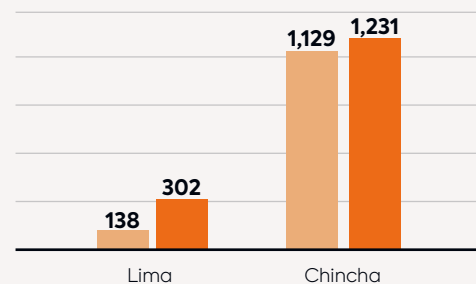
Distribution of employees by gender



Distribution of employees by province

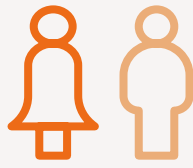


Distribution of employees by contract type and gender



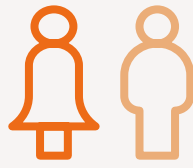


### Distribution of employees by age range



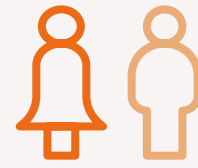
Under 30 yo.

**900**



Between 30 - 50 yo.

**1,600**



Over 50 yo.

**300**

## Let's get to work: new hires and employee turnover



### New hires

In 2023, the textile sector faced significant challenges due to decreased sales resulting from economic contraction, impacting business profitability. Despite this, we continued our recruitment efforts at various job fairs and platforms. Collaborating with the Ministry of Labor and Employment Promotion (Mintra), we implemented initiatives to promote the inclusion of people with different abilities, offering them opportunities within our company.

Additionally, we participated in job fairs organized by Mintra and San Juan Bautista University to provide

employment opportunities to students and graduates. This effort was also replicated at SENATI PISCO, where we not only offered job positions but also provided presentations on labor market insertion. Although our hiring rates decreased by 53 % in 2023 due to the aforementioned challenges, we aim to return to normal levels of hiring and productivity by 2024. **(GRI 3-3)**

### New hires number and rate per province, gender and age range

**2022**



New hires

**3,000**



Rate of new hires

**100 %**

**2023**



New hires

**1,400**



Rate of new hires

**50 %**

|                                       | Chincha        |                    |                |                           |                             |
|---------------------------------------|----------------|--------------------|----------------|---------------------------|-----------------------------|
|                                       | Under 30 yo.   | Between 30 - 50 yo | Over 50 yo.    | Total new hires by gender | Rate of new hires by gender |
| <b>Men</b>                            | 190            | 280                | 50             | 520                       | 46.43 %                     |
| <b>Women</b>                          | 210            | 320                | 70             | 600                       | 53.57 %                     |
| <b>Total new hires by age range</b>   | <b>400</b>     | <b>600</b>         | <b>120</b>     | <b>1,120</b>              | <b>-</b>                    |
| <b>Rate of new hires by age range</b> | <b>35.71 %</b> | <b>53.57 %</b>     | <b>10.71 %</b> | <b>-</b>                  | <b>-</b>                    |

|   | Lima           |                    |                |                           |                             |
|---|----------------|--------------------|----------------|---------------------------|-----------------------------|
|   | Under 30 yo.   | Between 30 - 50 yo | Over 50 yo.    | Total new hires by gender | Rate of new hires by gender |
| <b>Men</b>                                    | 20             | 35                 | 10             | 65                        | 33 %                        |
| <b>Women</b>                                  | 40             | 70                 | 20             | 130                       | 67 %                        |
| <b>Total number of new hires by age range</b> | <b>60</b>      | <b>105</b>         | <b>30</b>      | <b>195</b>                | <b>-</b>                    |
| <b>Rate of new hires by age range</b>         | <b>30.77 %</b> | <b>53.85 %</b>     | <b>15.38 %</b> | <b>-</b>                  | <b>-</b>                    |

## Employee turnover

The textile sector experiences high turnover rates, especially among operational staff, driven by personal aspirations and the allure of opportunities in other sectors or entrepreneurship. Additionally, the abundant seasonal employment opportunities in the agricultural sector further contribute to turnover.

To address this, we are focused on implementing strategies to enhance employee retention and loyalty. Our analysis shows that turnover rates peak at 3 % during July and December. **(GRI 3-3)**

### Employee turnover number and rate per province, gender and age range (GRI 401-1)



|   | Chincha      |                     |             |   |   |
|---|--------------|---------------------|-------------|---|---|
|   | Under 30 yo. | Between 30 – 50 yo. | Over 50 yo. | Total number of new employee turnover by gender | Rate of new employee turnover by gender |
| <b>Men</b>  | 200          | 290                 | 40          | 530   | 45 %                                    |
| <b>Women</b>  | 240          | 350                 | 70          | 660   | 55 %                                    |
| <b>Total number of employee turnover by age range</b> | <b>440</b>   | <b>640</b>          | <b>110</b>  | <b>1,190</b>                                    | <b>-</b>                                |
| <b>Rate of employee turnover by age range</b>         | <b>37 %</b>  | <b>54 %</b>         | <b>9 %</b>  | <b>-</b>  | <b>-</b>                                |

|   | Lima         |                     |             |   |   |
|---|--------------|---------------------|-------------|---|---|
|   | Under 30 yo. | Between 30 – 50 yo. | Over 50 yo. | Total number of new employee turnover by gender | Rate of new employee turnover by gender |
| <b>Men</b>  | 40           | 60                  | 15          | 115   | 36.51 %                                 |
| <b>Women</b>  | 70           | 100                 | 35          | 200   | 63 %                                    |
| <b>Total number of employee turnover by age range</b> | <b>110</b>   | <b>160</b>          | <b>45</b>   | <b>315</b>                                      | <b>-</b>                                |
| <b>Rate of employee turnover by age range</b>         | <b>35 %</b>  | <b>51 %</b>         | <b>14 %</b> | <b>-</b>  | <b>-</b>                                |

## Employability enhancement initiatives



### Soft skills seminar for employability



We were invited by the Autonomous University of Ica (Chincha campus) to conduct a seminar focusing on soft skills for employability. This session, aimed at undergraduate students from various disciplines, attracted approximately 60 participants.

### Job Fair at SENATI, PISCO



We participated in SENATI's inaugural job fair at its Pisco campus. Students and graduates from Chincha, Pisco, and Ica campuses attended. Alongside offering job positions, three TDV executives delivered presentations (Jean Paul Salas, Erick Ylave, and Ali Paima).



### Business forum: Enhance your knowledge and stay updated with the best



We joined the Autonomous University of Ica (Chincha campus) and executives from various organizations (public and private) for a business forum. Over 100 participants, including students and alumni, attended.

### Job Fair by Mintra and Pueblo Nuevo Municipality



We attended Mintra's invitation (Chincha branch), collaborating with Pueblo Nuevo Municipality for a job fair held at their premises, open to the public.

### Job Fair by Mintra and San Juan Bautista University



At the invitation of Mintra (Chincha branch) and San Juan Bautista University, we participated in a job fair targeting students and alumni. Additionally, we

provided insights as speakers on effective job search strategies.

## Good practices and employee benefits



**We deeply appreciate the dedication and commitment our employees consistently demonstrate in their work with the company.** To support their well-being and maintain a healthy work-life balance, we offer a range of benefits.

Our employee benefits foster a culture of performance grounded in flexibility, a sense of belonging, and trust in the organization.

**Our employees enjoy benefits** aligned with the non-traditional export regime governed by **Decree Law 22342.** (GRI 401-2)





## Parental leave



Aligned with our country's legal requirements, all our employees are entitled to parental leave benefits. Maternity leave for women is regulated by Law 30367.

**Accordingly, we offer our female employees 49 days of prenatal leave and 49 days of postnatal leave. Male employees receive 10 days of leave for natural childbirth cases. (GRI 401-3)**

Below, we present the data associated with parental leave taken at TDV in 2023:

| Parental leave  | Men          | Women       | Total       |
|---|--------------|-------------|-------------|
| Employees who qualified for parental leave  | 63           | 62          | 125         |
| Employees who utilized parental leave   | 63           | 62          | 125         |
| Employees who returned to work after parental leave   | 63           | 60          | 123         |
| Employees who returned to work after completing parental leave and remained employed for 12 months thereafter | 38           | 27          | 65          |
| <b>Return to work rate</b>  | <b>100 %</b> | <b>96 %</b> | <b>1.96</b> |
| <b>Employee retention rate</b>  | <b>60 %</b>  | <b>45 %</b> | <b>1.05</b> |



## 8.2

# Crafting the best of You: professional development and training

**At Textil del Valle, we understand that our human capital is the driving force behind our company's success.**

**Thus, we are dedicated to continuously empowering our employees, providing them with opportunities to advance their careers and grow with us.** Our approach to work emphasizes the development of leadership skills and productive abilities, guided by our leadership model aimed at achieving optimal outcomes.

As part of our learning and development strategy, we conduct a training needs assessment, which is integral to shaping our Annual Training Plan (ATP). This plan not only outlines training topics for our teams but also aligns with our corporate strategy, ensuring a cohesive approach to organizational development.

**In 2023, we achieved a 96 % completion rate for our ATP delivering 403 training sessions conducted by both internal and external instructors.**

These sessions covered a wide range of topics, from soft skills to specific technical competencies, significantly

enhancing our company's capabilities and preparing us for future challenges.

It should be noted that:

**22** hours of training in human rights.



Benefiting to:

**1,685** employees.



**One noteworthy accomplishment was surpassing our previous year's total training hours target of 2,700 by reaching 7,056.3 hours. This translates to an average of 2.8 hours per employee. (GRI 3-3) (GRI 404-1)**



## 2023 Management achievements



**75 %**

is the result of our work climate survey



**6,700**

training hours in TDV training centers CENFOR

## Training programs 2023 (GRI 404-2)



### English IN HOUSE

Since 2018, our English In-House program has been enhancing oral expression, listening comprehension, grammar, and reading skills among our employees. This initiative has enabled over 250 TDV collaborators to significantly improve their communication with international clients. This year, we introduced the "English for the Fashion Industry" module, designed to enrich industry-specific vocabulary and facilitate connections with our global clientele. At TDV, we remain committed to continually promoting the development and enhancement of our team's skills.

### Leadership workshop

In August 2023, we advanced our Talent Management strategy by conducting Leadership 2.0 workshops for 163 leaders across our organization, including personnel from both the Chinchá and Lima plants, as well as administrative offices. These workshops aimed to reinforce essential competencies such as assuming responsibilities, effective communication, and delegation, crucial for strengthening our leadership model and identifying emerging talents.

### Workshops for a motivational environment

Throughout 2023, we implemented workshops focused on improving the work environment, recognizing its significance for performance. These sessions equipped leaders with tools to develop skills in empathy, effective communication, active listening, gratitude, and recognition. 53 supervisors from the Textile and Manufacturing areas participated. In addition to providing fun moments, these workshops fostered integration among supervisory teams from different areas, resulting in a notable improvement in communication.

### Generation Z Development program

Over four months, we conducted comprehensive training targeting Generation Z employees in the Garment Development area. This program aimed to prepare interns and junior staff in all garment development processes, strengthening their technical knowledge and soft skills. Thirty-two collaborators participated, led by a team of trainers, mainly professionals from the Product Development area.

### Training centers (CENFOR)

Throughout the year, we continued to enhance our Training Centers (CENFOR), making significant contributions to both our company's expansion and community development. This program offers a valuable opportunity for individuals without prior experience in the sector, providing them with ongoing training and the chance to earn income while learning, with the goal of becoming textile industry professionals.

This initiative not only opens doors within our company but also serves as a pathway for participant development. In 2023, we expanded our efforts by establishing new training centers focusing on areas such as finishing, dyeing, and cutting. This expansion resulted in the training of 114 employees, who collectively completed over 43 hours of training, totaling 6,700 training hours.

## Performance management



**At TDV, we cultivate a culture of high performance. Therefore, since 2022, we have been evaluating the performance of our key team members.**

In 2023, we underwent a significant shift in this process, moving from manual evaluations to a digital evaluation platform. This transition has streamlined and made the evaluation process more accessible. Additionally, we have broadened the scope of evaluation to include coordinators, department heads, and managers, ensuring a comprehensive and equitable assessment of our entire team.



These evaluations not only gauge our team’s performance but also enhance the relationship between leaders and their teams through recognition and constructive feedback.

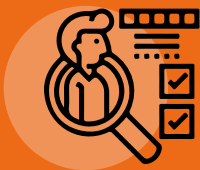
Our approach doesn’t just aim to enhance individual performance but also looks towards the future. In 2024, we aim to identify potential talents and establish robust succession planning within the organization. **(GRI 3-3) (GRI 404-3)**

We have implemented a structured performance management cycle comprising four key stages, each strategically aligned to achieve our annual objectives.



**Employees who undergo periodical performance evaluations  
(GRI 404-3)**

| Job category    | Number |       | Percentage |       |
|-----------------|--------|-------|------------|-------|
|                 | Men    | Women | Men        | Women |
| Manager         | 9      | 1     | 90         | 10    |
| Sub-manager     | 3      | 0     | 100        | 0     |
| Department head | 23     | 10    | 69.7       | 30.3  |
| Coordinator     | 23     | 14    | 62.2       | 37.8  |
| Specialist      | 1      | 2     | 33.3       | 66.7  |
| Total           | 59     | 27    | 68.6       | 31.4  |



**100 %**

Quarterly 90°  
performance  
evaluation



**3.40 %**

Annual 180 - 360°  
performance  
evaluation



# Work climate and organizational culture



**At TDV, monitoring the work climate is vital for understanding our employees' commitment, forming an integral part of our social strategy.** Unlike industries with a more mechanized focus, our production processes rely on people, making ongoing assessment of the work climate and employee engagement pivotal to our success.



Since 2022, we have utilized a digital platform to measure the work climate, ensuring the involvement of all company employees. In 2023, we achieved a 91 % participation in our survey, ensuring the results representativeness.

Based on these findings, our managers, department heads, coordinators, and supervisors are tasked with fostering a positive work climate in their respective areas as part of their performance objectives.

This encourages our managers to take leadership actions to nurture a healthy work environment and boost motivation among their teams.

## Measurement indicator results



**ENGAGEMENT:** 78 % Two points higher than the previous year's survey.

**DETAIL:** This reflects the commitment and emotional connection employees have with the company, evident through positive behaviors.



**ORGANIZATIONAL CLIMATE:** 75 %

**DETAIL:** This indicates the overall satisfaction and positive perception of our value proposition by company employees.



**Compared to five other companies in the same sector, TDV surpasses the average work climate score by 4 points, according to the Visma (human management services company) team results report.**

### 8.3

## Occupational health & safety

At TDV, we prioritize the health and well-being of our team members, ensuring a safe working environment across our entire value chain. We promote a culture of occupational health and safety (OHS), focusing on preventing and mitigating workplace risks. To achieve this, we align our internal policies with the requirements of OHS Law 29783 and ISO 45001 standards.

Our approach involves training our team members and equipping them with the necessary tools to effectively manage occupational risks and accidents. We also extend our OHS policies to our suppliers and regularly assess their



compliance. Through periodic audits, we identify areas for improvement and implement necessary corrections to ensure effective OHS management. **(GRI 3-3) (GRI 403-1) (GRI 403-8)**

**Our OHS policies and management strategies are included in our Occupational Health and Safety and Environmental (OHSE) Plan. Below are the 2023 objectives of our OSHE Plan.**

**100 %**

**Compliance**



Achieving 100 % compliance in designing legal records on safety matters.

**90 %**

**Compliance**



Achieving over 90 % compliance with our Corporate OHSE Program (including inspections, drills, training, and industrial hygiene)

**100 %**

**Compliance**



Achieving the reduction of the accident rate by 0.25 % compared to 2022.



Our occupational health and safety and environmental system covers all TDV employees, regardless of their role or level within the company. Additionally, we have extended this coverage to our contractors providing specific services, such as surveillance companies and the food service concessionaire.

## Coverage of the OHSE Management System (GRI 403-8)

| Employment category | Lima   |            | Chincha |            |
|---------------------|--------|------------|---------|------------|
|                     | Number | Percentage | Number  | Percentage |
| Employees           | 333    | 11.88 %    | 2,470   | 88.12 %    |
| Contractors         | 11     | 21.56 %    | 40      | 78.44 %    |

## Hazard identification, risk assessment, and incident investigation



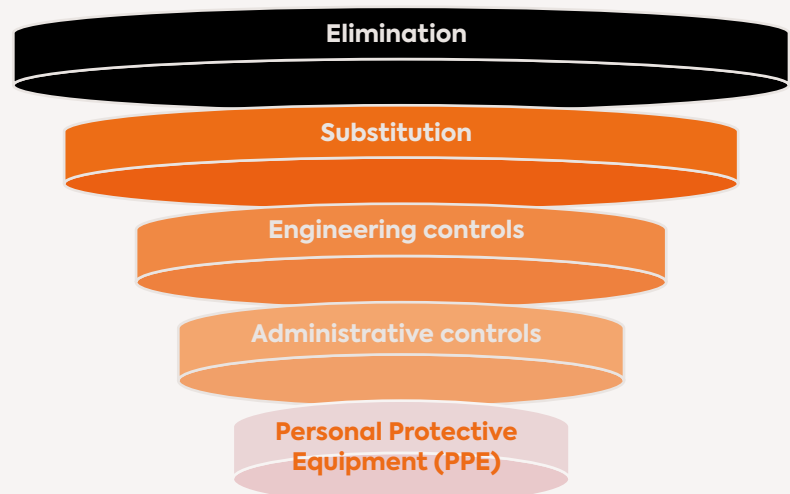
At TDV, we have implemented a procedure alongside a Hazard Identification, Risk Assessment, and Control Matrix (HIRAC). This ensures that our primary safety measures align with the risk control hierarchy outlined in ISO 45001, aimed at minimizing occupational hazards within our organization.



Our dedicated team of OHSE professionals conducts thorough reviews of hazard identification and risk assessment, closely collaborating with production departments. This process involves initial identification followed by comprehensive evaluation, with results shared throughout the organization.. (GRI 403-2)



### Hierarchy of risk controls





We have adopted an open-door policy concerning hazard reporting, allowing all employees to report potential hazards, risks, or unsafe acts. In 2023, we promoted a preventive culture by initiating operational meetings in production areas to address these reports directly and share our internal management progress.

As part of our OHSE initiatives in 2023, we introduced the recognition of accident-free days to incentivize safe work practices among employees. This approach strengthens our commitment to “No Safety, No Garments” in production. We celebrated achieving 100 Accident-Free Days at our Chinchá plant on August 29 and later at our Lima headquarters in November 2023.

Since implementing the ROTDV program for reporting unsafe conditions and acts, we have successfully reduced our accident rate, ending 2023 with 2,021 reports of unsafe conditions and/or acts.

Lastly, our OHSE department has an internal email for employees to report workplace hazards and incidents, facilitating prompt evaluations and investigations according to our protocols and the application of corrective measures. In 2023, we updated our OHSE guidelines for suppliers, contractors, and visitors, reinforcing our preventive culture and dedication to minimizing accidents. **(GRI 403-2) (GRI 403-7)**



## OHS Committee

We are dedicated to enhancing our OHS system by encouraging the active participation and input of our employees through their representatives on the OHS Committee.

This committee convenes at least once a month to address pertinent OHS issues.

**Our team responsible for Occupational Health, Safety, Environment, and Corporate Social Responsibility (OHSE-CSR)** provides guidance and oversight on OHS regulations at both the Central Committee and subcommittee levels, ensuring the development and monitoring of plans and programs for effective OHS management across all levels of our organization.

In 2023, we continued to hold regular and special meetings of the Central OHS Committee in Chinchá, as well as the established subcommittees for our Lima plant and Surco offices. It is essential to emphasize that these committees maintain equal participation from all members.

Below are the responsibilities and functions of the OHS Committee:

- 1  Review and approval of OHSE plans and programs.
- 2  Review and approval of the RISST.
- 3  Participation in workplace accident investigations.
- 4  Participation in the Inspections program.
- 5  Promotion of a prevention-oriented culture within the organization to help reduce accident rates.



**Adán**  
Echeandía Farfan  
Chairman of CSST



**Erick**  
Ylave Ponte



**Andres**  
Alva Novoa



**Jean**  
Salas Tamayo



**Geraldine**  
Segastegui Garcia

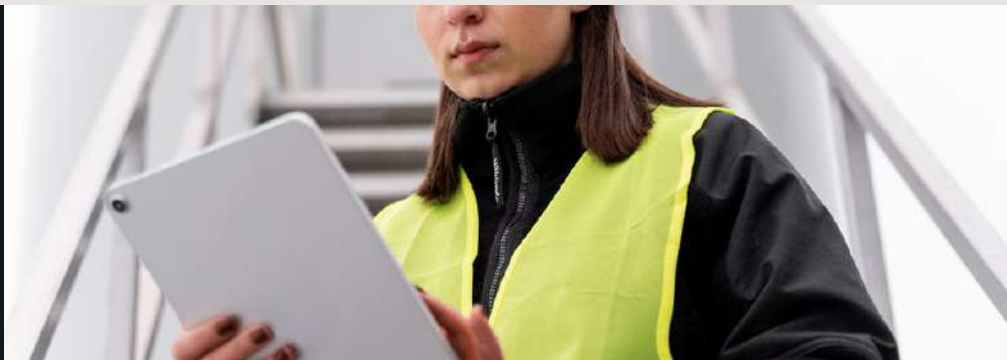


**Gianfranco**  
Gervasoni Florez

Both the Central Committee and the Lima and Surco subcommittees convene monthly to review agreements, commitments, and consensus reached during the month on OHS matters.

These meetings are integral to monitoring the progress of our Health and Safety program. **(GRI 403-4)**

## OHSE training



**As part of our Training Program, we provide our employees with OHSE-CSR Management training** aimed at fostering a culture of accident and incident prevention within our organization.



**In 2023, we conducted a meeting with leaders from various TDV production areas to understand their specific needs and suggestions regarding priority OHS topics.** These actions were taken to minimize risks and reduce the accident rate within our organization.

A total of 20 training sessions in OHSE-CSR Management were conducted in 2023, including six sessions for all TDV

employees, three for the OHS Committee, and four for TDV emergency response teams. These sessions highlight our commitment to achieving the objectives outlined in our Training and Development Program. **(GRI 403-5)**



We complemented these training sessions with a weekly distribution of OHSE-CSR newsletters and the following campaigns, focused on prevention and environmental care.

**A Breast cancer prevention campaign.**

**B Planting Life campaign.**

**C OHS International Day campaign Hand care.**



**Newsletters**

Using TDV's internal communication channels, we regularly distribute our OHSE-CSR newsletter. This initiative is designed to keep our employees informed and raise awareness about the importance of assessing their work environment and environmental stewardship.





## Occupational health at TDV



**We place great value on our collaborators at TDV and recognize the importance of ensuring a safe and healthy work environment.** Given the nature of our textile operations, from weaving to garment production and finishing, we are vigilant about inherent occupational risks that could affect our team's health, if proper preventive measures are not taken.



To address these risks, **we have strengthened our occupational health management with a specialized team, including an occupational physician and nurses**, who provide continuous support from the moment of a workplace accident through the employee's return to work. They also oversee general health monitoring across all our locations.

In 2023, we centralized and standardized our health programs at a corporate level, resulting in a significant reduction in accident rates and severity of workplace accidents. Importantly, we have not recorded any occupational illnesses within our operations to date. Key actions taken include:



- ✓ Emphasizing risk prevention and good health promotion across all work areas.
- ✓ Maintaining detailed records of accidents, incidents, health inspections, occupational monitoring, medical examinations, and occupational illnesses.
- ✓ Analyzing the aforementioned information to identify trends and patterns that inform efforts to reduce accident severity and rates, leading to the development of targeted plans and programs.
- ✓ Increasing the frequency of periodic inspections to assess the effectiveness of our Occupational Health programs and documenting outcomes.
- ✓ Continuing to monitor and manage COVID-19 cases in accordance with regulatory changes and epidemiological reports from the Ministry of Health (MINSA).

**Additionally, conducting ongoing occupational monitoring at our facilities has provided valuable insights aligned with preventive measures for significant risks.**





We have made progress in digitizing employee medical documentation, ensuring the confidentiality and proper handling of medical information by healthcare personnel. **(GRI 403-3) (GRI 403-6)**



### COVID-19 Vaccination Campaigns

**To foster a safe workplace environment, TDV continued vaccination campaigns with support from the Ministry of Health (Minsa), adhering to the national vaccination schedule.** These campaigns focused on administering the third and fourth doses of the COVID-19 vaccine to our employees and contractors in response to increasing cases.

Despite a holiday season surge in infections, our OHSE-CSR team's effective response and our COVID-19 surveillance and Occupational Health Plan measures led to mild cases and timely monitoring, resulting in no severe cases reported in 2023.



**We incentivized participation in these campaigns, ensuring 100 % of our employees received at least 3 doses of the COVID-19 vaccine by the end of the year.** Despite changes in vaccination regulations, we continued our campaigns according to MINSA guidelines and updated our COVID-19 Plan accordingly.



## Workplace injuries



In the textile sector, our operations involve a range of activities including weaving, garment production, dyeing, and fiber finishing, each carrying inherent risks that could result in injuries and accidents. **Common risks include handling sharp objects, using manual hydraulic carts, and exposure to chemicals.**



Our OHSE management system maintains a statistical record of work-related accidents and incidents. Through data collection and analysis, this record helps us identify trends and develop proposals to reduce the accident rate within the organization. Additionally, we conduct regular internal inspections to assess the effectiveness of our management system. The information collected is documented and independently reviewed to ensure compliance with inspection criteria and to implement necessary preventive and corrective measures.

As part of the OHS Committee's commitment, monthly inspections are conducted by representatives of both the employer and employees. This team ensures compliance with essential aspects such as clear access to exits and aisles, proper use of PPE, availability and proper use of firefighting equipment and first aid kits, as well as the presence of emergency lights and appropriate signage for evacuation routes.

### Work-related injuries among TDV employees (GRI 403-9)

| Employees  | Unit of measure | 2022      | 2023      |
|--|-----------------|-----------|-----------|
| Number of fatalities resulting from a work-related injury                            | #               | 0         | 0         |
| Rate of fatalities resulting from a work-related injury                              | index           | 0         | 0         |
| Number of work-related injuries with significant consequences (excluding fatalities) | #               | 0         | 0         |
| Rate of work-related injuries with significant consequences (excluding fatalities)   | index           | 0         | 0         |
| Number of reportable work-related injuries   | #               | 42        | 8         |
| Rate of reportable work-related injuries   | index           | 5.93      | 1.23      |
| Number of hours worked   | #               | 7,077,848 | 6,493,448 |



| Contractors  | Unit of measure | 2022    | 2023    |
|--|-----------------|---------|---------|
| Number of fatalities resulting from a work-related injury                            | #               | 0       | 0       |
| Rate of fatalities resulting from a work-related injury                              | index           | 0       | 0       |
| Number of work-related injuries with significant consequences (excluding fatalities) | #               | 0       | 0       |
| Rate of work-related injuries with significant consequences (excluding fatalities)   | index           | 0       | 0       |
| Number of reportable work-related injuries   | #               | 0       | 0       |
| Rate of reportable work-related injuries   | index           | 0       | 0       |
| Number of hours worked   | #               | 120,000 | 115,200 |

### Additional indicators in OHS (GRI 403-9)

| Indicator                                      | 2022      |             | 2023      |             |
|--|-----------|-------------|-----------|-------------|
|  | Employees | Contractors | Employees | Contractors |
| Lost Time Injury Frequency Rate (LTIFR)        | 5.93      | 0           | 1.23      | 0           |
| Total Reportable Injury Frequency Rate (TRIFR) | 5.93      | 0           | 1.23      | 0           |

\* Calculation: Number of lost-time injuries of employees in the evaluation period divided by the total hours worked by employees in the same evaluation period multiplied by 1,000,000



## 8.4

# Diversity, Equity, and Inclusion

As a B Corporation, TDV understands the importance of adopting a transformative business model that goes beyond seeking profitability within the economic system. **Our goal is to foster inclusive, equitable, and regenerative development for all members of our organization.**

**In 2022, we strengthened our commitment to diversity and gender equality by implementing a comprehensive Diversity and Inclusion Policy.** Diversity is a core value at our company, and we are dedicated to bridging gaps and eliminating inequities. Through this commitment, we are creating safe work environments that are free from discrimination.

Our medium-term objective is to launch an awareness program to promote diversity and inclusion, empower all individuals, and prevent harassment and discrimination.



### Gender Equality Policy



Based on our commitment to diversity, equity, and inclusion, we present TDV's four proposed pillars that underpin our cultural values and business philosophy on this subject: **(GRI 3-3) (GRI 405-1)**



## 2023 Management achievements



**83**

women supervisors trained in leadership.



**14**

individuals with disabilities were hired by TDV.



**42**

women participated in the Communication, Recognition, and Teamwork workshop.



**100 %**

of the workforce has received training on sexual harassment, workplace harassment, and discrimination.



## Employment inclusion



At TDV, our aim is to foster inclusive workplaces that enable equitable participation for all individuals, regardless of nationality, personal characteristics, or abilities. In 2023, we actively participated in the Good Practices in Employment Inclusion of Refugees and Migrants event organized by HIAS Peru, with support from UNHCR and the UN Refugee Agency. This event showcased best business practices in inclusion and employability implemented by peer companies with migrants and refugees, and introduced innovative hiring platforms.



As part of our employment inclusion efforts, we have hired 16 foreign individuals, including 5 men and 11 women from diverse nationalities, in various roles within the company. We remain committed to advancing a more inclusive Peru, free from barriers based on country of origin!



### TDV inclusive pathway

We take pride in cultivating an inclusive and diverse work environment that recognizes every voice at TDV. In partnership with Cuso International, we conducted a series of trainings focused on diversity and inclusion, aimed at promoting equity and mutual respect in our workplace. These initiatives have enriched our corporate culture, promoted equal opportunities, and reaffirmed our dedication to inclusion.

By nurturing an inclusive environment, we drive innovation and growth, creating a space where every team member feels valued and empowered to reach their full potential. Together, we will continue building a stronger and more prosperous future for our company and community.



## 8.5

# Contribution to community development in Peru

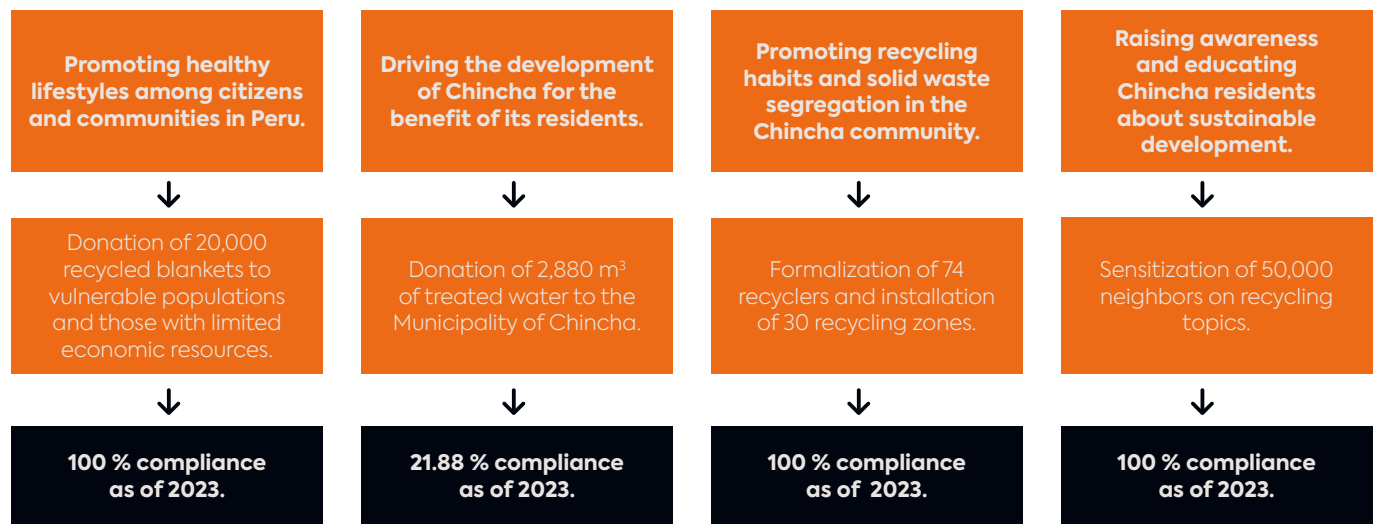
At TDV, we recognize the crucial role that businesses play in Peru's development. **We serve as formal job creators and actively contribute to the social wellbeing of our communities.** Our business approach aims not only for profitability but also for a positive social impact that reaches beyond our immediate surroundings.



Our community engagement strategies align with the principles established in our Human Rights & CSR Policy. Following these guidelines, we strive to cultivate strong

relationships with the communities we interact with, proactively addressing any concerns or issues that arise.

Since becoming a BIC company in 2021, we have committed to initiatives that bridge gaps in the country and promote sustainable development. **Below are our objectives aligned with our social benefit goals by 2025:**



Aligned with our overarching goal of fostering community development in Chincha for the benefit of its residents, we have set specific targets to promote recycling, solid waste segregation, and awareness of sustainable development, since 2022.

These initiatives have been made possible through collaboration with the Lacoste Foundation, which has provided financial support and necessary resources for their implementation.

To ensure the effectiveness of the initiatives aforementioned, we monitor and evaluate key indicators through our Sustainability Committee. This committee provides monthly or bimonthly progress reports during

meetings, ensuring transparent and efficient management of our sustainability efforts. **(GRI 3-3) (GRI 203-1) (GRI 413-1) (NO GRI Healthy lives for citizens and communities in Peru).**

## 2023 Management achievements



### ICA RECYCLES

We are expanding the reach of our recycling program, promoting a culture of recycling, this time in the city of Ica. Our actions will focus on three main areas:

**a**



Installation of recycling stations.

**b**



Promotion of the Source Segregation program.

**c**



Support for recycling organizations in the city.

### COTTON OF LIFE

Cotton of Life Program: This project aims to develop a sustainable supply chain for organic and regenerative cotton, supporting the development of local farmers in the San Martín department.

In 2023, we were honored with the II ESG Awards in the social category, recognizing our work with local communities.



## Alliances and contributions for community development

**We implement projects with both our directly impacted communities and vulnerable communities throughout Peru. These initiatives are central to our sustainability strategy, which is focused on the 'People' pillar.** Through this pillar, we aim to address needs for our employees, their families, and communities.



Our efforts under the 'People' pillar are guided by two main intervention areas: promoting the health and well-being of our employees and stakeholders, and driving social and environmental development in communities near our operations.

In 2023, to maintain transparency with our stakeholders, we share details of our philanthropic contributions and investments in social programs.

We also highlight the valuable collaboration of our partners, which

enhances the social impact in our communities, particularly in Chincha. **(GRI 3-3) (GRI 203-1)**

## Social contributions in USD

**US\$ 54 224.1**

**2021**

**US\$ 71 495.8**

**2022**

**US\$ 175 618.5**

**2023**



### Health and wellness projects

Projects within the health and wellness initiative directly benefit our employees, their families, and the community. It is noteworthy that several actions undertaken in 2023 received support and funding from our strategic clients, underscoring

TDV's strong commitment to our people's well-being and the creation of social value. Below are the programs associated with our health and wellness efforts: **(NO GRI Healthy lives for citizens and communities in Peru)**

#### WELLNESS FOR ALL



**The wellness for all program was developed in collaboration with Lululemon through their Vendor Grant initiative.** TDV has participated in the Vendor Grant initiative for six consecutive years, highlighting our brand's enduring social commitment and dedication to enhancing employee well-being in supplier factories. In this edition, the program focused on integrating various activities that catered to the diverse interests of our employees, consolidating past wellness initiatives into a comprehensive package of offerings.

The Wellness for All program was implemented with tailored approaches at each TDV facility:

📍 **Location:** Chincha plant  
**Activity:** 30-minute sessions featuring three different activities such as yoga, meditation, and dance.  
**Objective:** Designed to give employees the option to participate in at least one session per week, with the flexibility to attend more if desired.

📍 **Location:** Lima plant  
**Activity:** Weekly dance sessions, building on the positive reception of similar initiatives carried out in 2020.

📍 **Location:** Surco offices  
**Activity:** Weekly massage sessions, tailored to accommodate the smaller number of staff compared to the production plants.



## MUSIC FOR THE PLANET



**We launched the Music for the Planet program to teach the children of our employees how to play musical instruments, specifically the violin.**

Encouraged by its positive impact, we extended the program to include children from the Chincha community.

Notably, the instruments used in these classes were crafted from recycled materials, guided by Professor Jesús Peralta Chunga. Furthermore, we tailored the class content to emphasize the importance of environmental conservation. This initiative has now benefited over 50 children for the second consecutive year.



## Socio-environmental development projects

We initiate these projects to tackle and alleviate socio-environmental challenges. Through our environmental initiatives, we integrate a robust social component, aiming to promote sustainable development while addressing

gaps within our direct and indirect communities of influence. **(NO GRI Healthy lives for citizens and communities in Peru)**

## COTTON OF LIFE: A VISION TOWARDS A REGENERATIVE ECONOMY



**The Cotton of Life project was initiated in 2020 during an unprecedented global pandemic. Despite these challenges, TDV decided to forge ahead and create a program that would generate social, inclusive, and equitable value for our communities.** In collaboration with our strategic partner, GR Algodón Orgánico, Filasur and Mercantil Algodonera, we launched the Cotton for Life project in 2022, transforming areas previously dedicated to coca leaf cultivation into organic cotton fields. This transformation has benefitted over 200 peasant

communities in the department of San Martín, who are now engaged in organic cotton cultivation.

Currently, the project covers over 2,000 hectares of cotton cultivated and harvested across various provinces in the Peruvian Amazon, including Juanjui, Saposoa, Bellavista, Sisa, Picota, Lamas, and Tocache. Our goal for 2025 is to harvest 10,000 hectares of fiber, nearly doubling the average cotton area planted in Peru over the past five years.



## Our main customers



**The production chain begins with GR Organic Cotton Peru, directly managing cotton cultivation and maintaining contact with producers.** Mercantil

Algodonera handles ginning and packaging the cotton into bales. Filasur intervenes in the final stages, spinning yarn from the cotton. TDV completes the process with the manufacturing of fabrics and garments, maintaining direct contact with international clothing brands.

**Juan José Córdova, TDV CEO,** highlights the uniqueness of the project: “Brands seek sustainable

alternatives that resonate with the sustainable renaissance of their relationship with consumers. This project fits perfectly with that quest, being unique in the world”.

**This initiative is supported by major clients such as Lululemon, Lacoste, and Patagonia, who value the project's high socio-environmental impact. It is a sustainable and regenerative model that uses rainwater for irrigation, is carbon neutral, and exclusively employs organic fertilizers.**

## Advantages of the Cotton of Life project



Community transformation in San Martín: We have positively impacted communities in the San Martín department by promoting economic inclusion. This initiative helps bridge social gaps and ensures fair prices for farmers, offering a sustainable alternative to coca leaf cultivation.



Crop rotation Practices: Our cultivation practices involve crop rotation, allowing cotton to thrive alongside coffee, cocoa, and papaya within the same hectare. This approach promotes biodiversity and maximizes land use efficiency.



Marketing certified organic products: We market highvalue organic products to our customers, ensuring they meet rigorous environmental and social sustainability standards. This not only enhances product quality but also underscores our commitment to responsible business practices.



Promoting ecological awareness: Through this initiative, we aim to cultivate ecological awareness in new generations, emphasizing the importance of environmental stewardship and sustainable development.



## CHINCHA RECYCLES



Since 2022, in collaboration with the Lacoste Foundation under their Livelihood program, we have been implementing the **Chincha Recycles program**. This initiative aims to promote a culture of recycling within our direct community influence in Chincha. Activities fulfilled in 2023 include:



Installation of 30 recycling stations at strategic points in Chincha, making it easier for residents to segregate recyclable materials. These stations were maintained throughout 2023.



Implementation of the Source Segregation program, encouraging the collection of waste directly from households in Chincha. Throughout the year, we managed to collect 320 tons of waste, combining efforts from the recycling stations with the collection conducted by the municipal program.

The collected materials were delivered to five formal recycling associations in the city. Additionally, we received technical support from the NGO Recicla Latam, which assisted us with the design and execution of the project.

## ABRÍGATE PERÚ PROJECT



The **Abrígate Perú project** focuses on repurposing textile waste generated from our cutting and overlocking operations into blankets through our collaboration with TDV supplier, **Tejidos Celeste**. These blankets are then donated to Andean communities in Peru to provide protection against cold weather.

As a BIC company, these actions reflect our commitment to social impact. In 2023, we successfully

distributed 19,625 blankets to Andean communities nationwide, surpassing our previous year's target. To date, this initiative has benefited over 30,000 individuals across various departments, significantly contributing to preserving life and enhancing the well-being of our most vulnerable communities.





**We developed this project in collaboration with the NGO Juguete Pendiente**, responsible for managing the distribution of blankets through its network of beneficiaries. At TDV, we closely oversee this process to ensure effective delivery to recipients across our target communities.

#### ICA RECYCLES



**Building on the achievements of the Chinchá Recycles program in 2022, Ica Recycles is once again supported by the Lacoste Foundation's Livelihood program.** This project shares the same premise as its predecessor, aiming to increase awareness of recycling habits now focusing on the city of Ica. The objective is to replicate the success seen in Chinchá and expand it to Ica, where our influence is also significant. The initiative is structured around three main pillars of action:



Installation of recycling stations.



Promotion of the Source Segregation program.



Support for Ica recyclers' associations.

The objectives set for this program are ambitious and reflect our commitment to sustainability and community well-being:



**Installation of 50 recycling stations.**



**Increase the Municipal Recycling Program by 20 %.**



**Collect an additional 30,000 kg annually compared to the amount collected in 2022.**

#### WATER DONATION TO CHINCHA BAJA MUNICIPALITY



**Our water donation program was paused in 2023 but is set to resume in 2024, with a focus on supporting Chinchá Baja Municipality.** This initiative underscores our dedication to sustainable

development and enhancing community well-being in Peru, reflecting our commitment to create positive impacts beyond our business operations.



9

## About this report



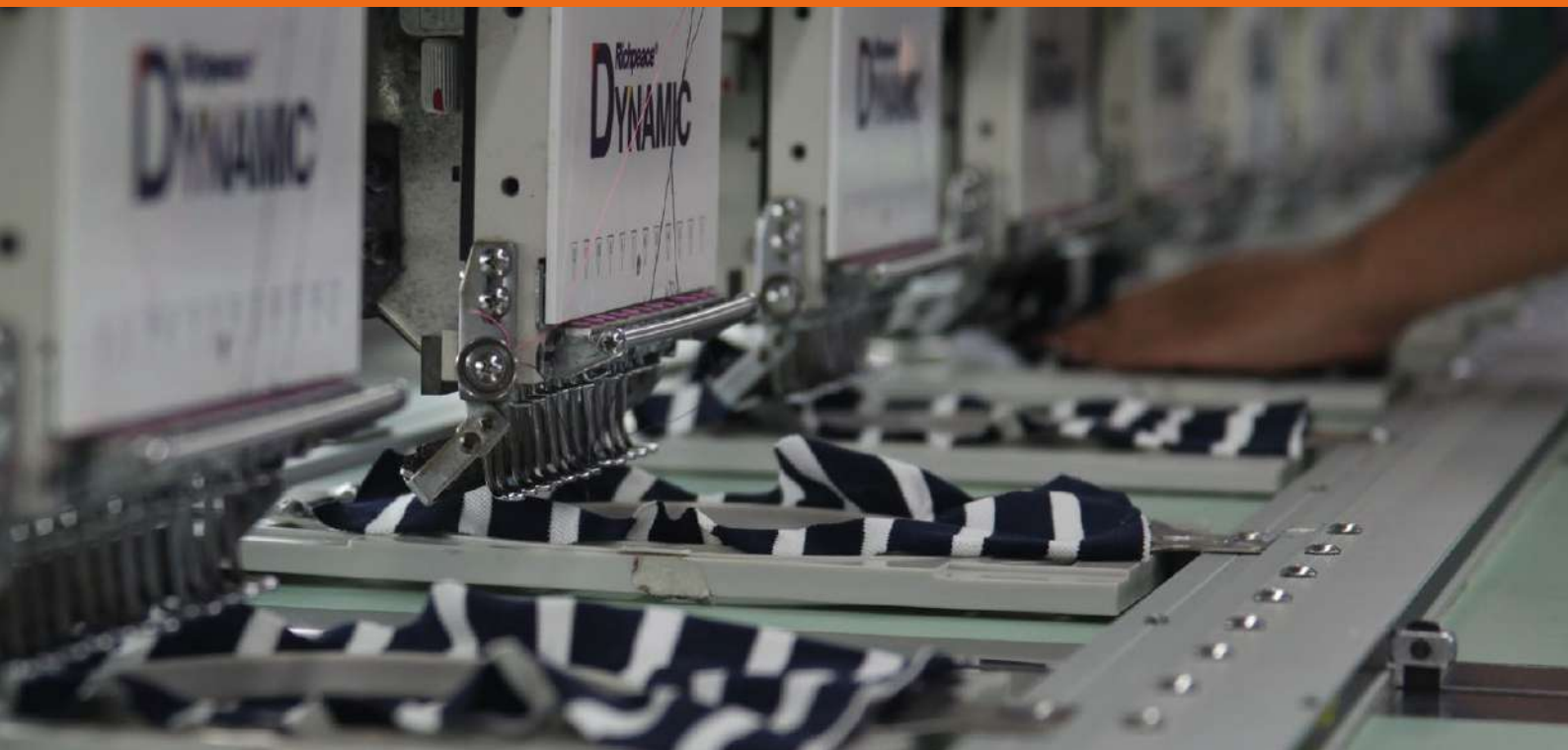
## About this report

**We present our third sustainability report for the fiscal year 2023.** This annual publication covers the period from January 1st to December 31st, 2023, providing comprehensive insights. **The scope of this report is limited to TDV operations in Peru.**

In this sustainability report, we share our performance in managing Environmental, Social, and Governance (ESG) impacts with our shareholders and stakeholders. Our impact management and measurement efforts cover operations in Chincha and Lima.

This document adheres to the Global Reporting Initiative (GRI) standards, incorporating the latest Universal Standards for 2021. Additionally, we have integrated frameworks such as the United Nations Sustainable Development Goals (SDGs), the Global Compact, and System B standards.

It is worth noting that the information in this report hasn't been restated or verified by an external auditor. **(GRI 2-2) (GRI 2-3) (GRI 2-4) (GRI 2-5)**







10

## Table of GRI content

|                         |   |
|-------------------------|---|
| <b>Statement of use</b> | Textil del Valle S.A. has reported in accordance with GRI standards for the period January 01 to December 31, 2023. |
| <b>GRI 1 used</b>       | GRI 1: Foundation 2021  |

| GRI Standard                    | Content  | Page | SDG | Omission            |        |             |
|---------------------------------|--|------|-----|---------------------|--------|-------------|
|                                 |  |      |     | Requirement omitted | Reason | Explanation |
| General Disclosures             |  |      |     |                     |        |             |
| GRI 2: General Disclosures 2021 | 2-1 Organizational details   | 9    | -   | -                   | -      | -           |
|                                 | 2-2 Entities included in the organization's sustainability reporting             | 114  | -   | -                   | -      | -           |
|                                 | 2-3 Reporting period, frequency and contact point                                | 114  | -   | -                   | -      | -           |
|                                 | 2-4 Restatements of information  | 114  | -   | -                   | -      | -           |
|                                 | 2-5 External assurance   | 114  | -   | -                   | -      | -           |
|                                 | 2-6 Activities, value chain and other business relationships                     | 9    | -   | -                   | -      | -           |
|                                 | 2-7 Employees  | 84   | -   | -                   | -      | -           |
|                                 | 2-8 Workers who are not employees  | 84   | -   | -                   | -      | -           |
|                                 | 2-9 Governance structure and composition   | 28   | -   | -                   | -      | -           |
|                                 | 2-10 Nomination and selection of the highest governance body                     | 29   | -   | -                   | -      | -           |
|                                 | 2-11 Chair of the highest governance body  | 29   | -   | -                   | -      | -           |
|                                 | 2-12 Role of the highest governance body in overseeing the management of impacts | 30   | -   | -                   | -      | -           |
|                                 | 2-13 Delegation of responsibility for managing impacts                           | 30   | -   | -                   | -      | -           |
|                                 | 2-14 Role of the highest governance body in sustainability reporting             | 30   | -   | -                   | -      | -           |
|                                 | 2-15 Conflicts of interest   | 30   | -   | -                   | -      | -           |
|                                 | 2-16 Communication of critical concerns  | 32   | -   | -                   | -      | -           |
|                                 | 2-17 Collective knowledge of the highest governance body                         | 28   | -   | -                   | -      | -           |
|                                 | 2-18 Evaluation of the performance of the highest governance body                | 29   | -   | -                   | -      | -           |
|                                 | 2-19 Remuneration policies   | 33   | -   | -                   | -      | -           |
|                                 | 2-20 Process to determine remuneration   | 33   | -   | -                   | -      | -           |

| GRI Standard   | Content  | Page | SDG  | Omission                     |        |  |
|--|--|------|------|------------------------------|--------|--|
|  |  |      |      | Requirement omitted          | Reason | Explanation  |
| GRI 2: General Disclosures 2021                                | 2-21 Annual total compensation ratio   | 33   | 2-21 | Confidentiality Restrictions | -      | It is sensitive information for the market competitiveness of our industry. The application of standards to estimate competitive compensation is guaranteed. |
|  | 2-22 Statement on sustainable development strategy                             | 5    | -    | -                            | -      | -  |
|  | 2-23 Policy commitments  | 39   | -    | -                            | -      | -  |
|  | 2-24 Embedding policy commitments  | 39   | -    | -                            | -      | -  |
|  | 2-25 Processes to remediate negative impacts                                   | 58   | -    | -                            | -      | -  |
|  | 2-26 Mechanisms for seeking advice and raising concerns                        | 35   | -    | -                            | -      | -  |
|  | 2-27 Compliance with laws and regulations                                      | 66   | -    | -                            | -      | -  |
|  | 2-28 Membership associations   | 55   | -    | -                            | -      | -  |
|  | 2-29 Approach to stakeholder engagement  | 51   | -    | -                            | -      | -  |
|  | 2-30 Collective bargaining agreements  | 40   | -    | -                            | -      | -  |
| Material Topics  |  |      |      |                              |        |  |
| GRI 3: Material Topics 2021                                    | 3-1 Process to determine material topics                                       | 52   | -    | -                            | -      | -  |
|  | 3-2 List of material topics  | 52   | -    | -                            | -      | -  |
| Profitability and shared value creation                        |  |      |      |                              |        |  |
| GRI 3: Material Topics 2021                                    | 3-3 Management of material topics  | 61   | -    | -                            | -      | -  |
| GRI 201: Economic Performance 2016                             | 201-1 Direct economic value generated and distributed                          | 61   | 8,9  | -                            | -      | -  |
| GRI 203: Indirect Economic Impacts 2016                        | 203-1 Infrastructure investments and services supported                        | 107  | -    | -                            | -      | -  |
| Good corporate governance, ethics, and business best practices |  |      |      |                              |        |  |
| GRI 3: Material Topics 2021                                    | 3-3 Management of material topics  | 37   | -    | -                            | -      | -  |
| GRI 205: Anti-corruption 2016                                  | 205-1 Operations assessed for risks related to corruption                      | 37   | 16   | -                            | -      | -  |
|  | 205-2 Communication and training about anti-corruption policies and procedures | 37   | 16   | -                            | -      | -  |
|  | 205-3 Confirmed incidents of corruption and actions taken                      | 37   | 16   | -                            | -      | -  |



| GRI Standard   | Content   | Page   | SDG          | Omission            |        |             |
|--|---|--|--------------|---------------------|--------|-------------|
|  |   |  |              | Requirement omitted | Reason | Explanation |
| <b>GRI 206: Anti-competitive Behavior 2016</b>                     | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | Regarding unfair competition issues, we maintain that we do not have procedures or guidelines, since our competition is not local but foreign. | -            | -                   | -      | -           |
| <b>Responsible sourcing in the supply chain</b>                    |   |  |              |                     |        |             |
| <b>GRI 3: Material Topics 2021</b>                                 | 3-3 Management of material topics   | 17   | -            | -                   | -      | -           |
| <b>GRI 204: Procurement Practices 2016</b>                         | 204-1 Proportion of spending on local suppliers                                       | 17   | 8            | -                   | -      | -           |
| <b>GRI 308: Supplier Environmental Assessment 2016</b>             | 308-1 New suppliers that were screened using environmental criteria                   | 16   | -            | -                   | -      | -           |
|  | 308-2 Negative environmental impacts in the supply chain and actions taken            | 16   | -            | -                   | -      | -           |
| <b>GRI 414: Supplier Social Assessment 2016</b>                    | 414-1 New suppliers that were screened using social criteria                          | 16   | 5, 8, 16     | -                   | -      | -           |
|  | 414-2 Negative social impacts in the supply chain and actions taken                   | 16   | 5, 8, 16     | -                   | -      | -           |
| <b>Risk management and crisis handling</b>                         |   |  |              |                     |        |             |
| <b>GRI 3: Material Topics 2021</b>                                 | 3-3 Management of material topics   | 58   | -            | -                   | -      | -           |
| <b>This material topic has no specific associated GRI Standard</b> | NO GRI Risk management and crisis handling  | 58   | -            | -                   | -      | -           |
| <b>Operational efficiency</b>                                      |   |  |              |                     |        |             |
| <b>GRI 3: Material Topics 2021</b>                                 | 3-3 Management of material topics   | 18   | -            | -                   | -      | -           |
| <b>This material topic has no specific associated GRI Standard</b> | NO GRI Operational efficiency   | 18   | -            | -                   | -      | -           |
| <b>Climate change strategy and mitigation</b>                      |   |  |              |                     |        |             |
| <b>GRI 3: Material Topics 2021</b>                                 | 3-3 Management of material topics   | 68   | -            | -                   | -      | -           |
| <b>GRI 302 Energy 2016</b>   | 302-1 Energy consumption within the organization                                      | 68   | 7, 8, 12, 13 | -                   | -      | -           |

| GRI Standard   | Content  | Page   | SDG               | Omission            |        |             |
|--|--|--------|-------------------|---------------------|--------|-------------|
|  |  |        |                   | Requirement omitted | Reason | Explanation |
| <b>GRI 305 Emissions 2016</b>                                      | 305-1 Direct (Scope 1) GHG emissions                         | 70     | 3, 12, 13, 14, 15 | -                   | -      | -           |
|  | 305-2 Energy indirect (Scope 2) GHG emissions                | 70     | 3, 12, 13, 14, 15 | -                   | -      | -           |
|  | 305-3 Other indirect (Scope 3) GHG emissions                 | 70     | 3, 12, 13, 14, 15 | -                   | -      | -           |
|  | 305-4 GHG emissions intensity                                | 70     | 13, 14            | -                   | -      | -           |
|  | 305-5 Reduction of GHG emissions                             | 70     | 13, 14, 15        | -                   | -      | -           |
|  | 305-6 Emissions of ozone-depleting substances (ODS)          | 70     | 3, 12             | -                   | -      | -           |
| <b>Water management ecoefficiency</b>                              |  |        |                   |                     |        |             |
| <b>GRI 3: Material Topics 2021</b>                                 | 3-3 Management of material topics                            | 72     | -                 | -                   | -      | -           |
| <b>GRI 303 Water and Effluents 2018</b>                            | 303-1 Interactions with water as a shared resource           | 71     | 6, 12             | -                   | -      | -           |
|  | 303-2 Management of water discharge - related impacts        | 76     | 6                 | -                   | -      | -           |
|  | 303-3 Water withdrawal                                       | 71     | 6                 | -                   | -      | -           |
|  | 303-4 Water discharge  | 76     | 6                 | -                   | -      | -           |
|  | 303-5 Water consumption                                      | 74     | 6                 | -                   | -      | -           |
| <b>Waste and chemical management</b>                               |  |        |                   |                     |        |             |
| <b>GRI 3: Material Topics 2021</b>                                 | 3-3 Management of material topics                            | 77     | -                 | -                   | -      | -           |
| <b>GRI 306: Waste 2020</b>   | 306-1 Waste generation and significant waste-related impacts | 78     | 3, 6, 11, 12      | -                   | -      | -           |
|  | 306-2 Management of significant wasterelated impacts         | 77     | 3, 6, 8, 11, 12   | -                   | -      | -           |
|  | 306-3 Waste generated  | 78, 79 | 3, 6, 11, 12, 15  | -                   | -      | -           |
|  | 306-4 Waste diverted from disposal                           | 79     | 3, 11, 12         | -                   | -      | -           |
|  | 306-5 Waste directed to disposal                             | 79     | 3, 6, 11, 12, 15  | -                   | -      | -           |
| <b>This material topic has no specific associated GRI Standard</b> | NO GRI Chemical management                                   | 80     | -                 | -                   | -      | -           |
| <b>Product innovation and circular economy</b>                     |  |        |                   |                     |        |             |
| <b>GRI 3: Material Topics 2021</b>                                 | 3-3 Management of material topics                            | 19     | -                 | -                   | -      | -           |
| <b>This material topic has no specific associated GRI Standard</b> | NO GRI Product innovation                                    | 19     | -                 | -                   | -      | -           |

| GRI Standard   | Content   | Page | SDG         | Omission            |        |             |
|--|---|------|-------------|---------------------|--------|-------------|
|  |   |      |             | Requirement omitted | Reason | Explanation |
| <b>This material topic has no specific associated GRI Standard</b>     | No GRI Circular economy   | 22   | –           | –                   | –      | –           |
| <b>Occupational health and safety</b>                                  |   |      |             |                     |        |             |
| <b>GRI 3: Material Topics 2021</b>                                     | 3-3 Management of material topics   | 95   | 3, 8, 16    | –                   | –      | –           |
| <b>403: Occupational Health and Safety 2018</b>                        | 403-1 Occupational health and safety management system  | 95   | 8           | –                   | –      | –           |
|  | 403-2 Hazard identification, risk assessment, and incident investigation  | 97   | 8           | –                   | –      | –           |
|  | 403-3 Occupational health services  | 101  | 8           | –                   | –      | –           |
|  | 403-4 Worker participation, consultation, and communication on occupational health and safety                       | 98   | 8, 16       | –                   | –      | –           |
|  | 403-5 Worker training on occupational health and safety   | 98   | 8           | –                   | –      | –           |
|  | 403-6 Promotion of worker health  | 101  | 3           | –                   | –      | –           |
|  | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 97   | 8           | –                   | –      | –           |
|  | 403-8 Workers covered by an occupational health and safety management system  | 95   | 8           | –                   | –      | –           |
|  | 403-9 Work-related injuries   | 102  | 3, 8, 16    | –                   | –      | –           |
| <b>Job creation, employee wellbeing, and human capital development</b> |   |      |             |                     |        |             |
| <b>GRI 3: Material Topics 2021</b>                                     | 3-3 Management of material topics   | 85   | –           | –                   | –      | –           |
| <b>GRI 401: Employment 2016</b>  | 401-1 New employee hires and employee turnover  | 85   | 5, 8, 10    | –                   | –      | –           |
|  | 401-2 Benefits provided to fulltime employees that are not provided to temporary or parttime employees              | 88   | 3, 5, 8     | –                   | –      | –           |
|  | 401-3 Parental leave  | 89   | 5, 8        | –                   | –      | –           |
| <b>GRI 404: Training and Education 2016</b>                            | 404-1 Average hours of training per year per employee   | 91   | 4, 5, 8, 10 | –                   | –      | –           |
|  | 404-2 Programs for upgrading employee skills and transition assistance programs                                     | 91   | 8           | –                   | –      | –           |



| GRI Standard  | Content  | Page | SDG      | Omission                               |        |             |
|---|--|------|----------|--|--------|-------------|
|   |  |      |          | Requirement omitted                    | Reason | Explanation |
| <b>GRI 404: Training and Education 2016</b>                           | 404-3 Percentage of employees receiving regular performance and career development reviews                           | 93   | 5, 8, 10 | -                                      | -      | -           |
| <b>Diversity, equity, inclusion, and fair treatment</b>               |  |      |          |  |        |             |
| <b>GRI 3: Material Topics 2021</b>                                    | 3-3 Management of material topics  | 104  | -        | -                                      | -      | -           |
| <b>GRI 405: Diversity and Equal Opportunity 2016</b>                  | 405-1 Diversity of governance bodies and employees   | 104  | -        | -                                      | -      | -           |
|   | 405-2 Ratio of basic salary and remuneration of women to men   | -    | -        | Information not available / incomplete | -      | -           |
| <b>Human rights</b>   |  |      |          |  |        |             |
| <b>GRI 3: Material Topics 2021</b>                                    | 3-3 Management of material topics  | 35   | -        | -                                      | -      | -           |
| <b>GRI 406: Non-discrimination 2016</b>                               | 406-1 Incidents of discrimination and corrective actions taken   | 35   | 5, 8     | -                                      | -      | -           |
| <b>GRI 407: Freedom of Association and Collective Bargaining 2016</b> | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 40   | 8        | -                                      | -      | -           |
| <b>GRI 408: Child Labor 2016</b>                                      | 408-1 Operations and suppliers at significant risk for incidents of child labor                                      | 40   | 5, 8, 16 | -                                      | -      | -           |
| <b>GRI 409: Forced or Compulsory Labor 2016</b>                       | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor                       | 40   | 5, 8     | -                                      | -      | -           |
| <b>Positive community relations</b>                                   |  |      |          |  |        |             |
| <b>GRI 3: Material Topics 2021</b>                                    | 3-3 Management of material topics  | 107  | -        | -                                      | -      | -           |
| <b>GRI 413: Local Communities 2016</b>                                | 413-1 Operations with local community engagement, impact assessments, and development programs                       | 107  | -        | -                                      | -      | -           |
| <b>This material topic has no specific associated GRI Standard</b>    | NO GRI Healthy lives for citizens and communities in Peru  | 107  | -        | -                                      | -      | -           |

## Textil del Valle Anonymous Society of Benefit and Collective Interest | Textil del Valle S.A. BIC



### Main Plant Address

Former Highway Panamericana Sur Km 200  
El Pedregal (Former Highway Panamericana Sur Km 202),  
Chincha, Ica.



### Lima Plant Address

2743 Argentina Avenue, Cercado de Lima, Lima.



### Offices Address

Pasaje Los Delfines N.º 159 3er. Piso, Surco, Lima.



### Phone

(+51-56) 27-2205



### Web Page

<https://www.textildelvalle.pe/>



### Contact

Sostenibilidad TDV  
[sustainability@textildelvalle.pe](mailto:sustainability@textildelvalle.pe) (GRI 2-1) (GRI 2-3)



### General Editing and Design

Modo Sostenible [www.modosostenible.com](http://www.modosostenible.com)

