



**Sustainability  
Report**

**2021**



**Creditex**  
S. A. A.



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“ I have the honor of introducing our first Sustainability Report, a document in which we share the economic, social and environmental performance in different aspects of our value chain to all of our stakeholders. ”

# Letter from the General Manager

Dear readers,

I have the honor of introducing our first Sustainability Report, a document in which we share the economic, social and environmental performance in different aspects of our value chain to all of our stakeholders. At Creditex, we are convinced that working hand in hand with experts and using state-of-the-art technology establishes the foundation for creating innovative products that adapt to the changing trends and needs of the textile industry.

The global framework was affected by the COVID-19 pandemic, which moved organizations around the world to adapt to new realities and ways of doing business. At Creditex we were not immune to the impacts brought about by this one of a kind event. Notwithstanding, during the year 2021, we were able to regain our footing and overcome the disappointing results we obtained in 2020.

In the same vein, we know that the textile industry is characterized by demanding customers and for being one of the most analyzed industries in society. Supply chain management is a sensitive factor in this

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regard, and at Creditex we seek to respond to this need with one of our primary strengths: vertical integration throughout all of our processes.

Within the context of these aspirations, we know that there is greater scrutiny of the ways in which companies conduct their operations and are subjected to questioning about other sensitive and important issues, such as labor rights and human rights. For this reason, we viewed it as important to transparently convey our progress in the area of sustainability in this report.

I also wish to highlight some important data in relation to our performance. During 2011, in economic terms, our sales were 38 % higher than the previous period, owing to improvements in sales in both domestic and international markets stemming from market recovery and reactivation.

Operational safety is also a key factor of our business. In this regard, we wish to emphasize the fact that during the year the company had no serious accidents. This expressly indicates the commitment on the part of our employees to adhere to the safety guidelines in order to safeguard health and integrity.

Along the same lines, the human factor at Creditex is also a major component within our business model, given that it is on the basis of the people who make up the company's departments and teams that it was possible to achieve the excellent results obtained

“  
**During 2011, in economic terms, our sales were 38 % higher than the previous period.**  
”

during the year. This is why we deem it as essential that all the people in our company have the necessary skills and knowledge to perform their job functions. Accordingly, in 2021, we provided more than 4 000 hours of training and education for all our employees.

Some achievements obtained in the areas of compliance and governance are international certifications in the textile industry including the Business Alliance for Secure Commerce (BASC), ISO 9001, the Worldwide Responsible Accredited Production (WRAP) and the Global Organic Textile Standard (GOTS), in coordination with the company Bergman Rivera S.A.C.

With respect to our customers, who are the most important part of our business and to whom we are indebted, it is worth noting that over the past year we successfully passed all internal and external audits carried out by our clients. This is evidence of our strong commitment to quality and excellence in our processes toward meeting all of their needs.

Finally, we want to highlight the work of all our directors, employees, suppliers and everyone who made this report possible. Similarly, we again want to emphasize their effort and teamwork, on a day-to-day basis, which enabled us to overcome the difficulties imposed during the pandemic and affirm our commitment to sustainable management in 2021.

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**José Ignacio Eduardo Llosa Benavides**

**General Manager**



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# Main milestones



**318 441**

thousand Peruvian soles in revenues



**245 120**

thousand Peruvian soles paid to suppliers



**Certification: Worldwide Responsible Accredited Production (WRAP) and Global Organic Textile**

in effect during 2021



**We Export products to  
14 countries**



**Zero**  
fatal accidents



**316.9**  
mega liters of drinking water



**189 669**

Gigajoules of energy consumption



**230.9**  
mega liters of discharges under LMP



**3.06**  
hours  
of training per employee

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**01 About us**



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# 1. About us

## 1.1. Company description

**Creditex S.A. was constituted to operate as the manufacturer of unique textile products of the highest quality, owing to our creative, professional and specialized employees together with the help of advanced technology. Currently, we are the textile company with the greatest vertical integration in Peru.**

We manufacture textile products and we possess capacities in ginning, spinning, weaving, dyeing, finishing, printing, producing, and, in general, all activities related to the industrial processing of natural and synthetic textile fibers.

We are an open stock corporation, incorporated in August 1980. Initially under the corporate name of Textil Trujillo S.A. – Trutex. We subsequently modified our corporate name to Compañía Industrial Textil Credisa-Trutex S.A.A. and, ultimately changed it to the current name of Creditex S.A.A.

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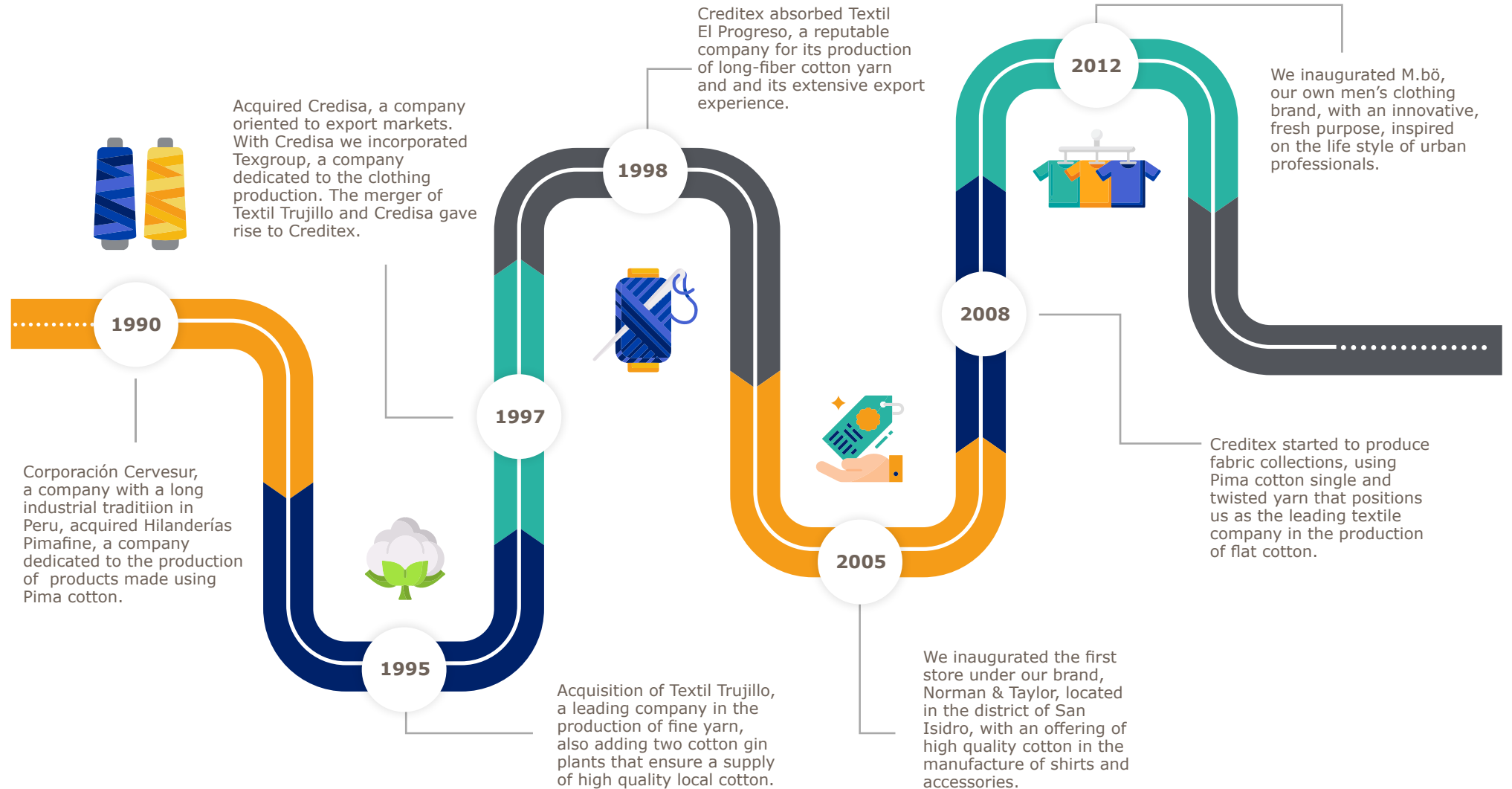
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Below we present a detailed account of our history:<sup>1</sup>



<sup>1</sup> Source: <http://www.creditex.com.pe/>





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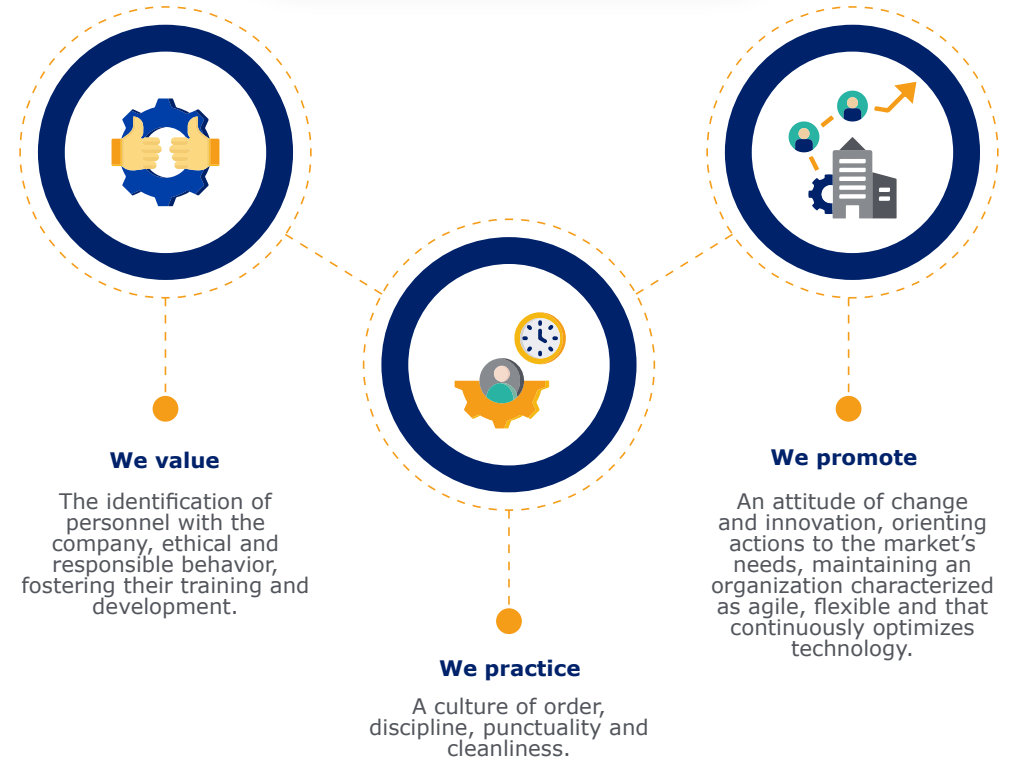


## Mission and philosophy

### Mission

From start to finish, we do things right.

### Business philosophy and culture





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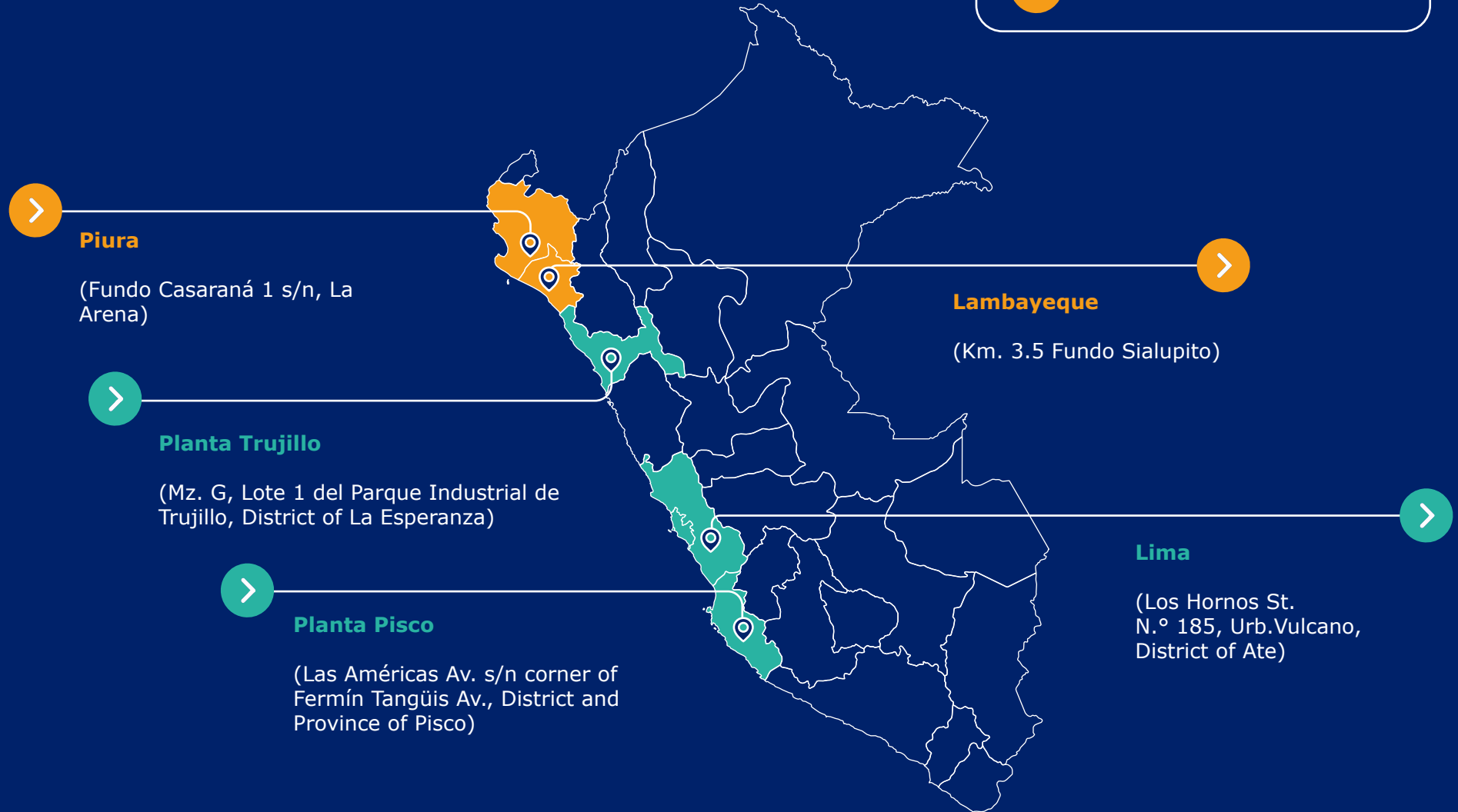
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Currently we operate three industrial plants and have cotton gins:



**> Industrial plants**

**> Cotton gins**





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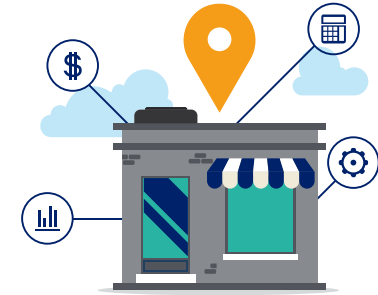
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## Branch locations and products

At Creditex we develop full package products, i.e., starting with the cotton gin, the fabric production process, total control over fabric manufacturing, and on through to

the production of a broad range of quality premium products

Among our most commonly marketed products are:



### Yarn



We produce approximately 10 000 tons/yr. of different varieties of cotton yarn: combed Pima; Tangüis and American, in carded and combed versions.



We allocate sales of fabric production to American and European customers, to meet the demand of major national exporters of knitted garments, and to foreign customers.



We produce organic yarn under the certification: Global Organic Textile Standard (GOTS) in joint venture with the company Bergman Rivera S.A.C.





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## Fabric



We manufacture approximately 9 million square meters per year of fine cotton fabrics, divided into 2 product lines:

- ▶ Decoration and clothing (fine shirt and sport fabrics)
- ▶ Trouser fabrics



Our plant is equipped with state-of-the-art machinery, which we use to produce satins, poplins, dobby fabric, and denim, among other textile cloth in thread counts running from 10/1 to 160/2.

## Clothing



We lead Peruvian exports of flat woven full package garments, supported by our clothing subsidiary, Texgroup.



At Texgroup, we evaluate and develop the feasibility associated with manufacturing our customer's requirements in making garments, to satisfy their expectations, and replicating garment production on an industrial level.



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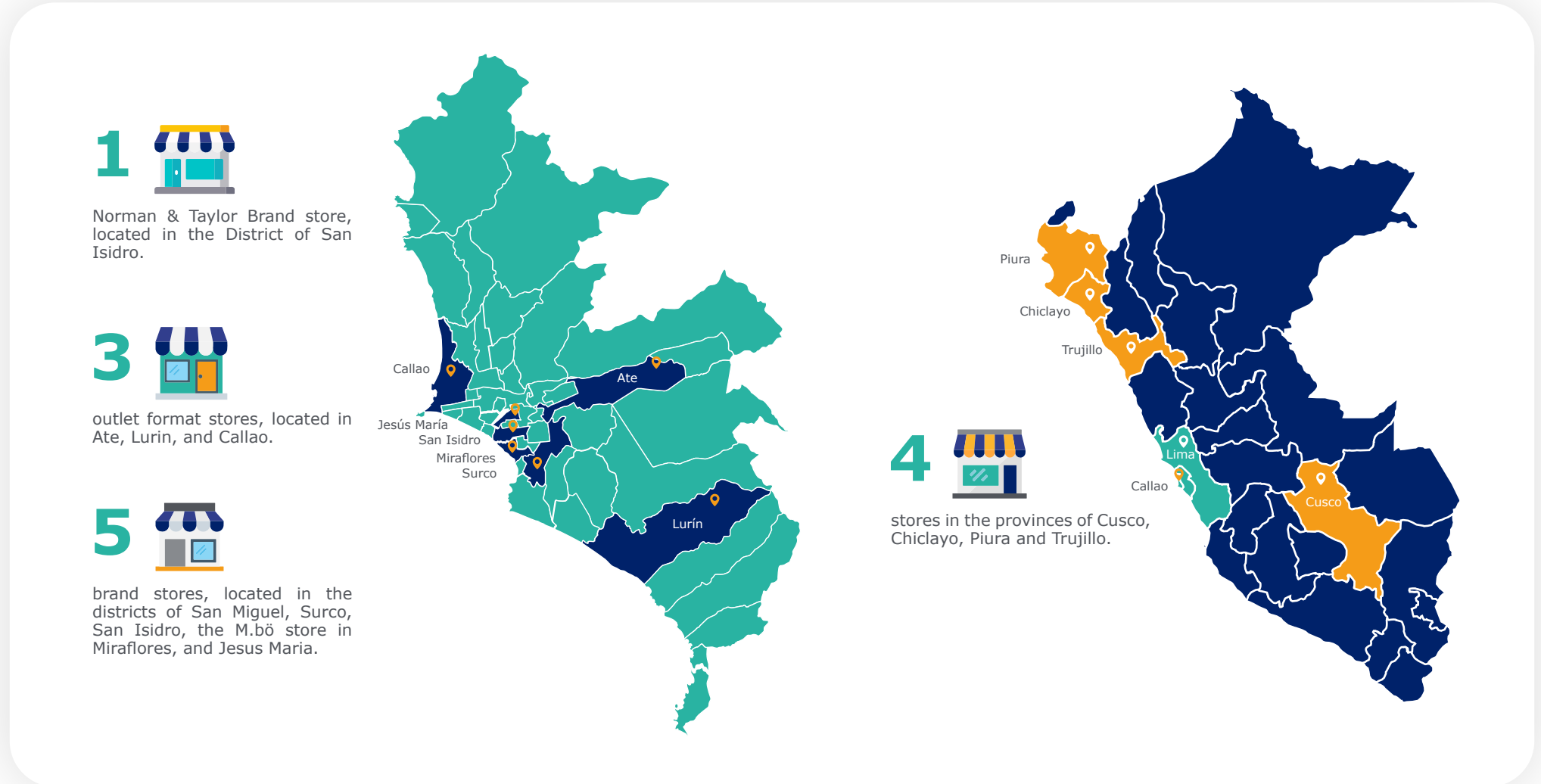
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Currently, our retail division manages 13 points of sale in Peru:



In addition, we have a fabric store located in the district of Ate, Lima, to serve Peruvian retailers and wholesalers who wish to purchase superior quality flat cotton fabrics at a highly competitive price in the market.



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**1.2. Associations**

As of 2021, our association memberships were as follows:

**Sociedad Nacional de Industrias**  
*(National Society of Industries in Peru)*



**Cámara de Comercio de Pisco**  
*(Pisco Chamber of Commerce)*



**CÁMARA de COMERCIO  
de PISCO**

**Sociedad de Comercio Exterior del Perú**  
*(Peruvian Foreign Trade Society)*



**Cámara de Comercio de La Libertad**  
*(La Libertad Chamber of Commerce)*



**CÁMARA de COMERCIO  
de LA LIBERTAD**

**Cámara de Comercio de Lima**  
*(Lima Chamber of Commerce)*





### 1.3. Economic performance

**We are an open stock corporation with a voluntary disposition to share our figures and financial results to the market, and to be very formal in our compliance with the laws and regulations of the industry in which we operate. Our actions involve commitments with the people, who make up the organization, product quality and a result of this performance is that we contribute to the development of society.**

During 2021, sales were over 300 million soles, 38 % higher than in 2020, owing to the higher volume of production generated for our export markets and local fabric sales, along with market demand improvements stemming from its recovery and reactivation.

Our company's EBITDA amounted to S/ 43 399 thousand soles this year, compared with the minus -1 696 thousand soles obtained in 2020, due to the unfortunate effects of the pandemic.

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	Year 2021 (In thousands of soles)
<b>Direct economic value generated and distributed</b>	
<b>Direct economic value generated</b>	
<b>a) Revenues:</b>	324 721
Net sales	318 441
Income from financial investments	6 210
Sale of assets	70
<b>Economic value distributed (EVD)</b>	
<b>b) Operating costs = general expenses + personnel expense (educational courses/training and related expense) + subcontracted personnel expenses + administrative expense + taxes + contributions + other operating expense</b>	61 323
c) Provision for loans, net of recoveries	-93
d) Employee salaries and social benefits = compensation + employee profit sharing + health insurance + bonuses + other benefits (transportation, snacks, and others)	63 384
e) Payments to government = Income Tax	11 999
f) Payment to fund providers = dividends to shareholders (year 2020) + interest payments to fund providers	12 157 1 328
g) Community investments = deductible and non-deductible donations	9
<b>Retained economic value (REV) (calculated as generated economic value less economic value distributed) = reserves + amortization + depreciation</b>	<b>14 714</b>

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We have strategic plans linked to the budget in order to have clear and measurable economic goals to pursue. During 2021, we implemented measures to properly manage the negative impacts that may have affected our economic performance:



We have acted in accordance with Government provisions pursuant to paid leave of our employees, and paying them on a timely basis; similarly, we ensured timely payments to our employees suffering from comorbidities who were affected during the pandemic.



We reduced working hours, adjusting them to market requirements, and reduced electricity consumption and other expenses.



We provided agreed upon payment terms negotiated with our customers who were affected by the emergency situation.



We never ceased payments to our suppliers.



Facing the event of a possible reduction in our personnel, we implemented compensation payments.



We guaranteed personnel that they would be rehired at such time that the period of impact was regularized, which in fact occurred during the course of the year.



We implemented employee health care and monitoring programs, in addition to rigorous prevention campaigns seeking to avoid COVID-19 infections.







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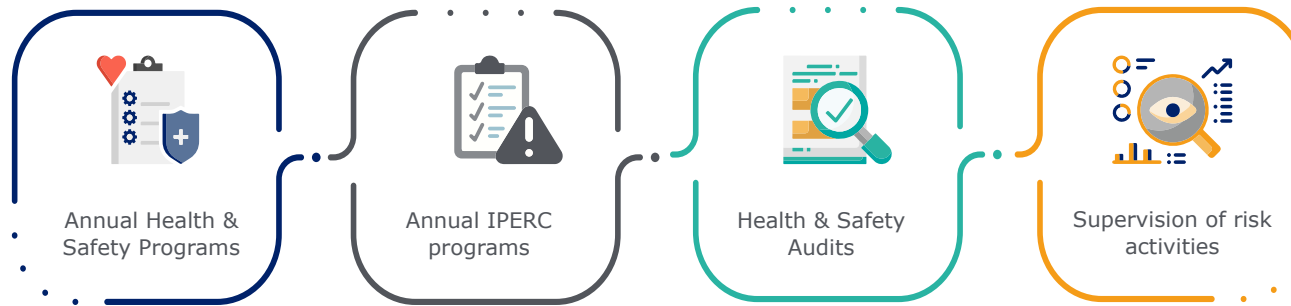
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## 1.4. Risk management

The safety of our workers represents a fundamental component of our Quality Policy and our Policy on Comprehensive Health, Safety and Environmental Management. Our safety risk management forms part of the Occupational Health and Safety System; and we also have an ISO 9001:2015 Quality Management System to manage risks associated with quality.

Risk management of our Occupational Health and Safety System enables us to control the risks and accidents associated with our operations, in addition to reducing costs and improving employee performance. Accordingly, managing these risks fosters the creation of a sense of belonging and well-being in the company, because employees come to feel more protected and valued. In order to effectively manage the risks associated with these processes, we have implemented the following tools and mechanisms in the company:



It is worth mentioning that we comply with all safety requirements for our workers as required by law. Similarly, we analyze the risks and develop the FMEA matrix for business operational risk assessment and action plans.

GRI 2-24

In response to critical events, we prepare action plans to cover business risks, for example, we completed a risk management plan to deal with the issue of business continuity during the COVID-19 pandemic. As for our occupational health and safety processes, and quality processes, we perform internal and external audits every 6 months to verify their proper operation and application.

GRI 2-25

Action plans for the risks arising from the operation of computer systems and communication networks, are prepared

according to the primary recommendations developed in our sector. In the same vein, we hire recurring resource services to ensure business continuity in the event of catastrophic events, cybersecurity attacks, and other adverse events.

Furthermore, successfully managing the positive risks that emerge in our business activities represents an important part of the work we do in terms of risk management. These are considered opportunities for improvement both for our business model and our operating processes, i.e., we produce projects to confront and deal with these positive risks.

One specific example we identified was the positive risk of digitalization in the fashion and production market, where following an analysis of the scenarios, we decided to establish a Block Chain development project with UNECE and FAO, which has turned out to be successful. Similarly, we created a digital transformation project towards industry 4.0 in the event of a positive opportunity or risk in the area of artificial intelligence in our sector.

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GRI NO GRI Risk Management

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**02**

# Textiles from Peru, for the world



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## 2. Textiles from Peru, for the world

### 2.1. Customer Management

**Satisfying the most demanding quality standards of our customers constitutes a critical component of our Quality Policy, and is based on our innovative capacity, flexibility and dedication to service. It feeds our vision, which aspires and encourages us to operate under the guidelines of research and development to provide satisfaction and an effective response to our customers.**

This is combined with the global context where the incorporation of sustainability management into the business strategy and maintaining good customer relationships is critical to ensuring the long-term continuity of the company. This is why we safeguard key aspects of dealing with our customers, such as face-to-face or virtual meetings to learn what their requirements and needs are. On a more technical level, the quality of the fabrics and garments we offer, bolstered by good service, also constitutes a dominant factor of our business given the nature of the domestic and international markets in which we operate.

In this respect, customer communication is a key component in establishing trusting relationships. We have continuously open communication channels with our customers through a team of account executives who prioritize effective and proactive communication, in addition to complaints and claims channels that are appropriate to the type of problem, and the Quality Control Department where we solve problems associated with the relevant department, or they are handled directly by the Sales and Marketing Department.

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GRI NO GRI Customer Management





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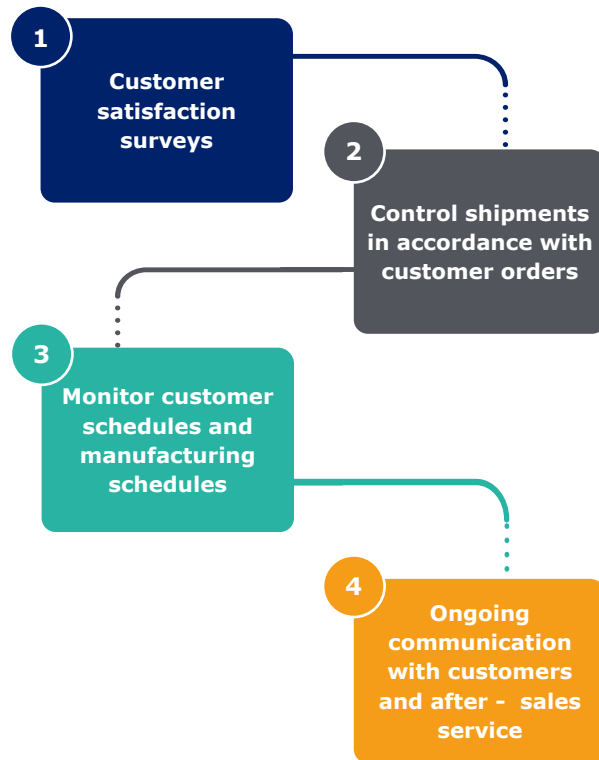
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Along the same lines, the information we provide to our customers is vital in achieving a competitive advantage. To this end, we make relevant information about the company, such as our production team capabilities, available to the general public.

When managing our customers, we make use of the elements of our process phase system shown below:



Moreover, as part of our ongoing commitment to achieve high value for our customers, we implemented the following mechanisms to address problems arising in the event of the occurrence of any negative impacts:

- a. Make modifications to products or after sales services as required to resolve shipping and/or billing errors.
- b. Conduct customer visits when there are observations or claims concerning quality in the shortest possible time.
- c. Address potential claims and events of customer satisfaction in the most efficient and transparent way possible seeking to generate and maintain trusting relationships.

Furthermore, we have continuous improvement processes that follow the Lean-Six Sigma methodology, which help us to provide better products and services to our customers. Part of the actions and initiatives includes our sending

quality reports to the offices of customers who request additional information about products.

Our sales force consistently provides a personalized, friendly and close service, together with efficient attention aimed at responding to customer requirements in the shortest possible time. Lastly, we remain in constant dialogue with our current and potential customers through the continuous remittance of information and product development samples, which serve to supplement their collections.

In the final step of the customer management process, we monitor each of the sales and after-sales services. We also reinforce this effort with customer surveys and the continuous monitoring of customer orders, to confirm whether the quality of the products shipped correlates with customer requests.

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GRI NO GRI Customer management



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## 2.2. Cotton management

**We try to keep up-to-date on the new cotton farming methods, including crop alternatives, product quality and technological developments emerging in the different cotton varieties that we use. We also take sustainability criteria into consideration when looking at cotton production.**

The decision to prefer purchases from controlled and regulated suppliers, such as cotton of American origin, is based on a qualitative objective of acquiring products that are aligned with sustainable farming practices, which our ultimate objective.

The quality review of the cotton we use is entirely focused on the origin, fiber variety and correlation with the level of quality required by our customers. Accordingly, we are working with traceability mechanisms to ensure proper identification of cotton origins throughout our production chain.

With respect to crop origin, we differentiate the acquisition process into domestic and foreign categories. We evaluate domestic



purchases closely in the fields. We consider planting techniques and other aspects such as the channeling of agricultural production to ginning plants.

We try to avoid contaminated fiber and, to the extent possible, we support farmers with their harvests, by supplying them with crop picking bags, blankets and, in some cases, financing for fertilizers or other harvest related expenses. All actions seek to avoid the loss of planted farmland or cotton varieties of proven quality. In fact, it is worth mentioning that during 2021 we developed a production chain model in the Lambayeque Valley with 34 farmers and a scope of 150 hectares.

As for import purchases, we identify primary supply sources; In our case, the United States is a good option, considering the fiber quality, access to proper open market negotiation mechanisms, and good transaction conditions. The efforts and engagement in best practices by farmers on their crops in the United States represent a guarantee of reliable supply in aspects of crop development and commercial transactions.

In addition, the supplier management and services are important, because we select the most qualified suppliers based on the historical performance of their transactions with the company. Subsequently, these prospects will compete with each other in a bidding process.

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With respect to cotton import purchases, which represent the largest proportion of our purchases owing to shortfalls in domestic production, we group them by organizations like the National Cotton Council of America, whose mission is that cotton production chains compete in an effective and profitable manner.

The U.S. Department of Agriculture - Classification Laboratories provide services in the analysis of American cotton bales. Our subscription to these services enables us to verify data on the quality of cotton we receive from our suppliers, which we also validate by testing samples in our own laboratory.

Similarly, these organizations located abroad represent an advantage, because they promote good crop growing practices so that cotton is produced reliably, both in terms of quality, and farming conditions. It is based on this premise that we take into consideration all agricultural technical, genetic and labor related criteria. As a participant in the chain leading to the final consumer, we are also members of the U.S. Cotton Trust Protocol.

Furthermore, in relation to the local cotton varieties processed at the company's ginning plants, we regularly conduct field inspection visits and participate in research and development plans for the varieties that the Peruvian Cotton Institute promotes, with the aim of sustaining productive and quality cotton crops through genetic improvement, training and product marketing support.

**“ The quality review of the cotton we use is entirely focused on the origin, fiber variety and correlation with the level of quality required by our customers. ”**

Among other initiatives, we actively and closely participate with the actors located in the field seeking to manage any negative impacts such as control management. The main control measure in quality assurance is an analysis of the fibers prior to acceptance based on previously established parameters at our fiber laboratory using HVI and AFIS systems.

Similarly, when managing the positive impacts of cotton management purchased abroad, we have a Supima license, a registered trademark that aims to ensure consumers have access to and receive quality cotton products under its trademark.

We are also hold certifications for the cotton we use:

American Cotton from the Better Cotton Initiative (BCI) Program

GOTS certified Peruvian cotton

We set up regular monthly reviews of the accounting value versus replacement value of the company's most consumed varieties of cotton, in addition to monitoring the supply policy, including the evolving status of global cotton production, demand and prices.

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## 2.3. Operational and product excellence

**We consider innovation a fundamental element of our business strategy, because it is the catalyst of the industry in which we operate and, in order to remain at the level of our clients' requirements and on a par with our competitors, we must incorporate innovation into our DNA.**

However, it is important to emphasize the fact that because we have different business lines such as yarn, fabric and garment production, the objectives and importance related to innovation are different. For example, in the case of spinning mills, innovating our processes is aimed at achieving superior quality products, but at a lower cost.

In the case of our fabrics and garments unit, it is essential that we innovate using new blends, new finishes, new textures, and other things to achieve better product performance. At the same time, the industry needs to keep in constant touch with fashion and new market trends, and as such, it becomes extremely important that it maintain an efficient and effective idea building process for new products.



New product development candidates are evaluated in the new products committee and again by the relevant managers and unit heads. All decisions and actions to be taken are documented in committee meeting minutes and, when needed, new procedures and courses of action are established for a given product.

“ For 10 years we have had zero non-conformities in external audits of our ISO 9001:2015 Quality System. ”



Quality is a core element of the value offered to our customers, which is why we aim to meet and exceed the expectations of our customers, and also, achieve competitive service times, market costs, and production efficiencies that enable us to generate expected profit margins. This has led to multiple quality and operational efficiency improvement programs, which denotes the importance that the company's management assigns to these two elements. The value of these elements is key in the textile and clothing value chain, where quality and operational efficiency are essential elements to the business model's continuity.

We have a Quality Policy that defines our quality objectives and indicators for every critical issue that is detected, and we monitor each of them with the relevant managers and unit heads. Similarly, we hold the current quality certification ISO 9001:2015. Also pertinent is

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the fact that no non-conformities were found in all external audits we have undergone for about the past ten years. This reflects our exemplary management in matters of quality assurance over time.

These 2 mechanisms govern how we manage the effects related to quality issues. Each critical issue that is identified goes through an internal monitoring process and we report the results from this on a monthly basis. Furthermore, in the event an indicator is not met we generate a documented corrective action for follow-up.

In addition, we carry out activities aimed at process standardization work and risk assessment protocol for new customer orders, where prior to each order a historical assessment of the behavior and failures of that item is generated, along with recommendations for actions to be taken on the new order.

When warranted, we generate improvement projects based on the Six Sigma methodology, where a Black Belt is assigned to each project. As applicable to each case, we perform an analysis of the causes, which can be viewed by the Quality Control, Process Engineering Departments or the Six Sigma team. Depending on the type of problem, we currently have procedures to deal with quality deviations, all of which are documented.

Other mechanisms used to help ensure quality processes are internal and external audits. Corrective actions resulting from external audits, closes the audit observation.

As for quality management, we modified the company's standards and procedures in line with the improvements and lessons learned from the corrective actions and the risk analysis and prevention process carried out by the Process Engineering Department. Between 2020 and 2022, 38 procedures were modified as a result of the lessons learned and corrective measures from the Process Engineering Department.

GRI 3-3

GRI NO GRI Product and operational excellence

## 2.4. Innovation

We address innovation management on different fronts:



Investment projects in machinery and technology



New product and process development







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## New product and process development

We are constantly generating new products, improving our processes and using different blends to satisfy the market and customer demand. For this purpose, we have a Pre-production Department in charge of channeling this effort and bringing it to fruition in accordance with customer specifications. We have a procedure for product design, development, verification and validation to minimize the risks associated with new products.

In addition, the Pre-production Unit is audited both externally and internally by the quality management system. This way, we are able to certify that the processes established for the department are satisfactorily complied with.

GRI 3-3

GRI NO GRI Innovation

Some of the main developments that work was performed on until 2021 are listed below:



Dyeing cotton with cationic dyes, which reduces the use of water, energy and chemical products during the process.



The use of auxiliary chemical products together with new technologies that reduce water and energy consumption.



Dyeing using the new "lastingcolor" reactive dye chemistry, which reduces water and energy consumption by 50 %.



Fabrics with thermo-adjustable yarns, characterized by facilitating perspiration considerably and being able to eliminate humidity from the body by transporting sweat to the outside layer of the fabric.



Use of machinery with Swiss patented, state-of-the-art technology, with an impact impregnation system, such as Ben-impacta and Ben extracta.



Formaldehyde free repellent finishes.



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## Investment projects in machinery and technology



With respect to investment projects, we conduct concept tests or technical validation exercises before approving the investments. Following this, they are submitted to the management committee for evaluation and, subsequently, they are approved by the company Chairman of the Board of Directors.

At this juncture, we implement mitigating actions as needed; however, we lack a backup protocol for these cases. In the event that an impact warrants it, we implement documented corrective actions, as provided in the procedures under the quality management system.

For investment projects, we give presentations to the management committees regarding the progress and achievements of each project. Based on project results, we make decisions to expand or correct the scope as deemed appropriate.

When monitoring the effectiveness of innovation management initiatives and actions, we give presentations on project progress and effectiveness in follow-up meetings that are scheduled regularly on a weekly or bi-weekly basis, as applicable according to the nature of the project.

It is worth mentioning that we currently lack a formal policy on innovation; nevertheless, during 2021 we made significant progress in this area. In aspects of technological and process innovation, we started a transformation project towards intelligent process standard for Industry 4.0. To do this, we created a new management team and formed a multidisciplinary team that will be in charge of designing and implementing the initiatives and actions aimed at promoting innovation in all our business lines.

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**03**

**We work with  
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## 3. We work with ethics and integrity

### 3.1. Our framework of action

**Dignified treatment and respect toward our employees is a fundamental component of our organizational culture. Similarly, we consider it important to obey the laws of our country and we are aware of the impact that our operation has on the environment.**

For this reason, our code of conduct contains the Business Management Certificate by the World Wide Responsible Accredited Production (WRAP), thus ensuring legal, human and ethical working conditions for all our employees.





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To qualify for this certification we must comply with the 12 WRAP principles shown below:

GRI 2-23

## 12 WRAP principles



Combined with this, we have the following instruments to enforce compliance with our ethical commitment:



In keeping with our code of conduct, we are committed to compliance with human rights and production under sustainability standards. The business behavior of our employees is founded upon the most absolute respect for people, values and their entire social, cultural, legal and environmental setting. Similarly, our code of conduct underscores the unrestricted respect for human rights and dignity of people. At Creditex we prohibit all types of discrimination, child labor; we promote respect for freedom of thought and religion, and respect for freedom of association, ensuring strict compliance with labor laws and the obligations mandated by them.



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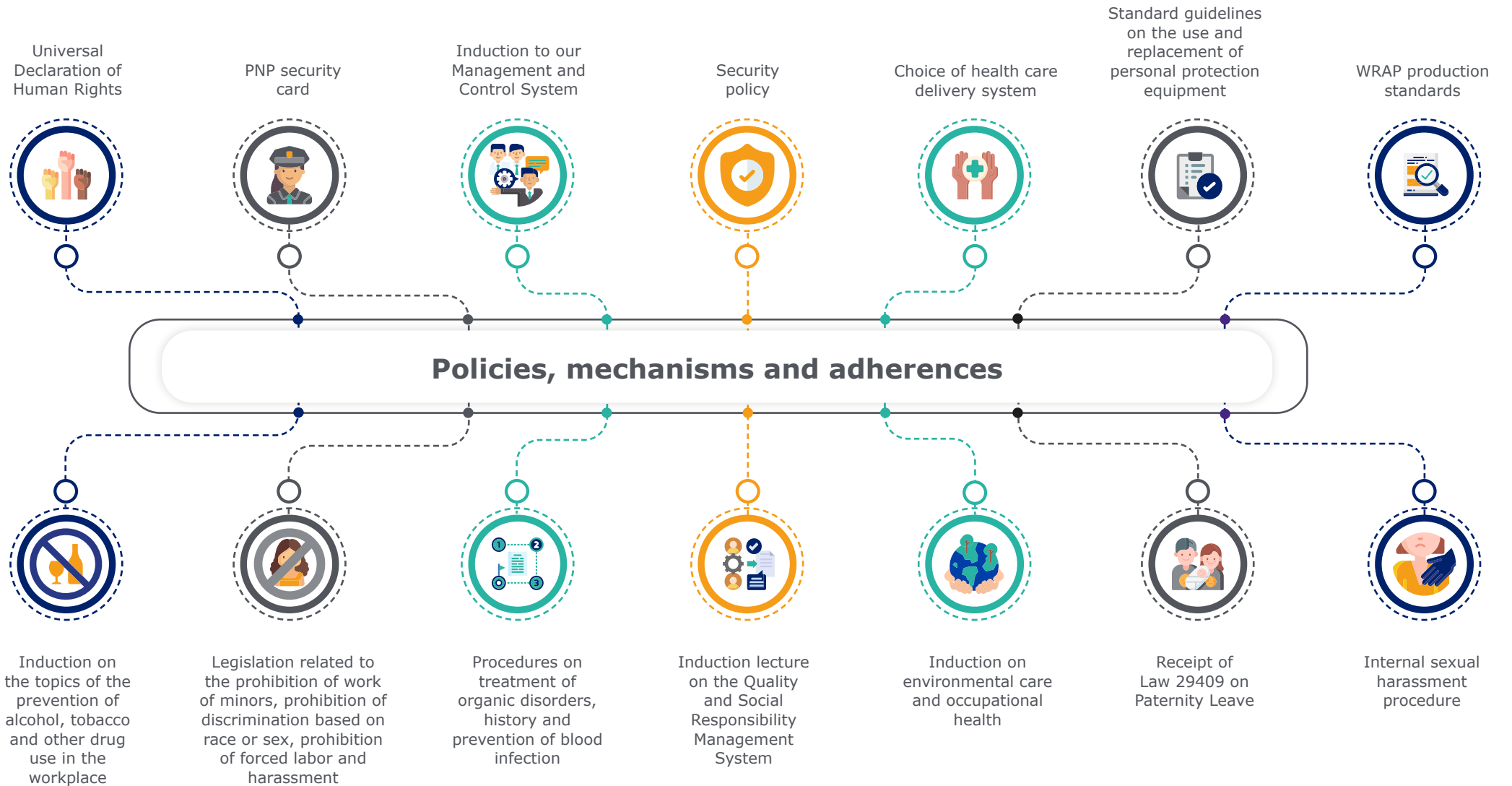
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Moreover, we communicate and provide all of our employees with informative brochures about all of our policies, mechanisms and adherences that we apply in our day-to-day management, some of these are listed below:





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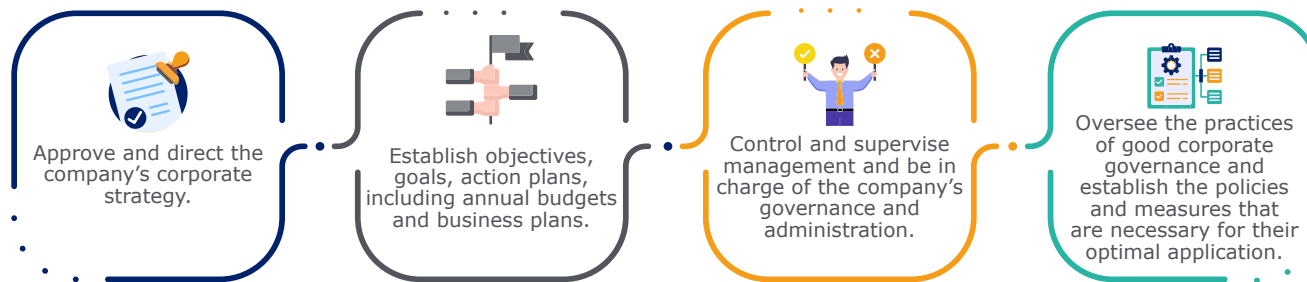
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**Verification of Due Diligence and Human Rights processes at Creditex 2021**

Due Diligence and Human Rights Processes	Yes	No	Control Mechanisms
Do the commitments stipulate that due diligence be performed?	x		Each one of Creditex processes is audited by organizations that safeguard compliance with the policies
Do the commitments stipulate that the precautionary principle be applied?	x		Prevention is stipulated through awareness building and induction seminars where policies are stipulated
Do the commitments stipulate respect for human rights?	x		All of our processes and policies have unrestricted respect for human beings

**3.1.1 Corporate Governance**

The Board of Directors, the highest body of governance, is nominated and elected by the General Shareholders' Meeting every 3 years according to company Bylaws. Among the main activities of the CEO and the Board of Directors are the following:



The Chairman of the Board, Mr. Andreas von Wedemeyer Knigge, is also a senior Executive of the company.

GRI 2-10

On the other hand, the CEO chairs the management committees held regularly in the company and guides the committee on issues in alignment with the organization's policy, determining which questions should be elevated to the company's highest governing body for consideration (Board of Directors). He has the power to absolve the General Management of any concern in decision making, ensuring that they are carried out within the parameters of the organization's policy.

With respect to sustainable development, the General Manager, with the support of the Sustainability Committee, presents any concern or project to the Management Committee; they take due note of the matter and decide on which actions to follow. We appointed José Ignacio Llosa, General Manager, as the person in charge of the organization's sustainability management.

GRI 2-1

GRI 2-17

Similarly, the General Manager oversees company due diligence, using the indicators established for each process that is implemented, for the purpose of addressing any economic, environmental and social impacts.

GRI 2-12

GRI 2-13

GRI 2-18



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## Composition of members of the board of Directors

GRI 2-9

GRI 2-11

GRI 405-1

Nº	Full name	Position: Executive or non- executive	Independence	Time in position	Significant Positions and responsibilities	Gender	Relevant capacities for the organizational impacts
1	Andreas von Wedemeyer Knigge	Executive	No	27 years	Chairman of the Board of Directors	M	Business Administration
2	Fernando García Calderon y Soto	Executive	No	19 years	Vice Chairman of the Board	M	Attorney
3	Jorge von Wedemeyer	Executive	No	27 years	Director	M	Business Administration
4	Alonso Bustamante Letts	Executive	No	21 years	Director	M	Business Administration
5	Juan Thiermann Brunst	Executive	No	23 years	Director	M	Entrepreneur
6	Francisco García Calderón Portugal	Executive	Yes	19 years	Director	M	Business Administration

The Board of Directors, or the Management Committee, analyzes each case that represents a critical concern and these are discussed in the committees or with the board of directors, and recorded in the session minutes. We list these in the table below:

GRI 2-15

GRI 2-16

### Identified critical concerns

Nº	Critical concern type
1	Pandemic developments and their effects
2	Sudden rise in raw material prices
3	Effect of government actions and their impact (legal changes)





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The compensation of the senior executives or members of the highest body of governance includes the following:

GRI 2-19

	Yes	No	Yes	No
<b>I. Fixed remuneration and variable remuneration.</b>		X		X
<b>II. Session sign-in bonuses or recruitment incentive bonuses.</b>		X		X
<b>III. Termination payments.</b>	X			X
<b>In the event termination payments apply:</b>				
Periods of notice for members of the highest body of governance and senior executives are different from the rest of employees.	X		X	
Termination payments for members of the highest body of governance and senior executives are different from the rest of employees.	X		X	
Members of the highest body of governance and outgoing senior executives receive compensation other than compensation related to the notice period.		X	X	
Mitigation clauses are included in the termination agreements.				
<b>IV. Reimbursements.</b>		X		X
<b>V. Retirement benefits.</b>		X		X

The process for determining remuneration is recommended by management, based on remuneration scales and job market updates, which are submitted for approval by the CEO (Chairman of the Board of Directors).

GRI 2-20

**Total annual compensation ratio**

% Increase in the compensation of highest paid person	% Increase of the total annual compensation ratio of the average of all employees excluding the highest paid person.	Ratio
15 %	23 %	0.652

GRI 2-21



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### 3.1.2. Anti-corruption management and Human Rights

#### 3.1.2.1. Anti-corruption

We are committed to ensuring conduct that is free of corruption in our business and value chain decisions.

For the prevention of corruption crimes specifically at Creditex, we have an Anti-Bribery, Corruption and Money Laundering, Terrorism and other Crimes Policy, which sets the guidelines for actions to deal with of a variety of situations that could generate a risk in this regard. We hand deliver a copy of our policy to all employees upon admission to the company and we continuously disseminate it through all of the organization's communication channels.

Likewise, dating back to previous years, we have been implementing a communication plan through which we inform all our employees and make them aware of the importance of practicing ethical values and principles in the organization. For example, through the bulletins issued by our Good Morning Creditex Program.

GRI 3-3

GRI 205-2

#### Communication and training about anti corruption policies and procedures in the board of Directors

Number of members of the governing body	Members of the governing body who have received information and training	%
8	8	100 %

#### Communication and training about anti corruption policies for employees

Total number of employees	Total number of employees who have received information and training	%
1 374	1 374	100 %

#### Communication and training about anti corruption policies for strategic business partner

Type of strategic business partner	Number of strategic business partners by type	Total number of strategic business partners by type who have received information and training	%
Suppliers	12	12	100 %
Customers	58	5	9 %

GRI 205-2

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In order to validate the effectiveness of the actions we implement, we undergo BASC, ISO, WRAP certification audits, internal audits and external customer audits that assess compliance with our internal policies. Among our main goals applied evaluating management progress in the area of anti-corruption are as follows:



**2021 Goals**

- 1** 100 % of the workers have received and are acquainted with the policies of anti-bribery, corruption and money laundering, terrorism and other crimes (internal policy).
- 2** Successful pass 100 % of the certifications BASC, ISO and WRAP (international regulatory certifications).
- 3** Make weekly announcements on topics concerning values, ethical principles and others.

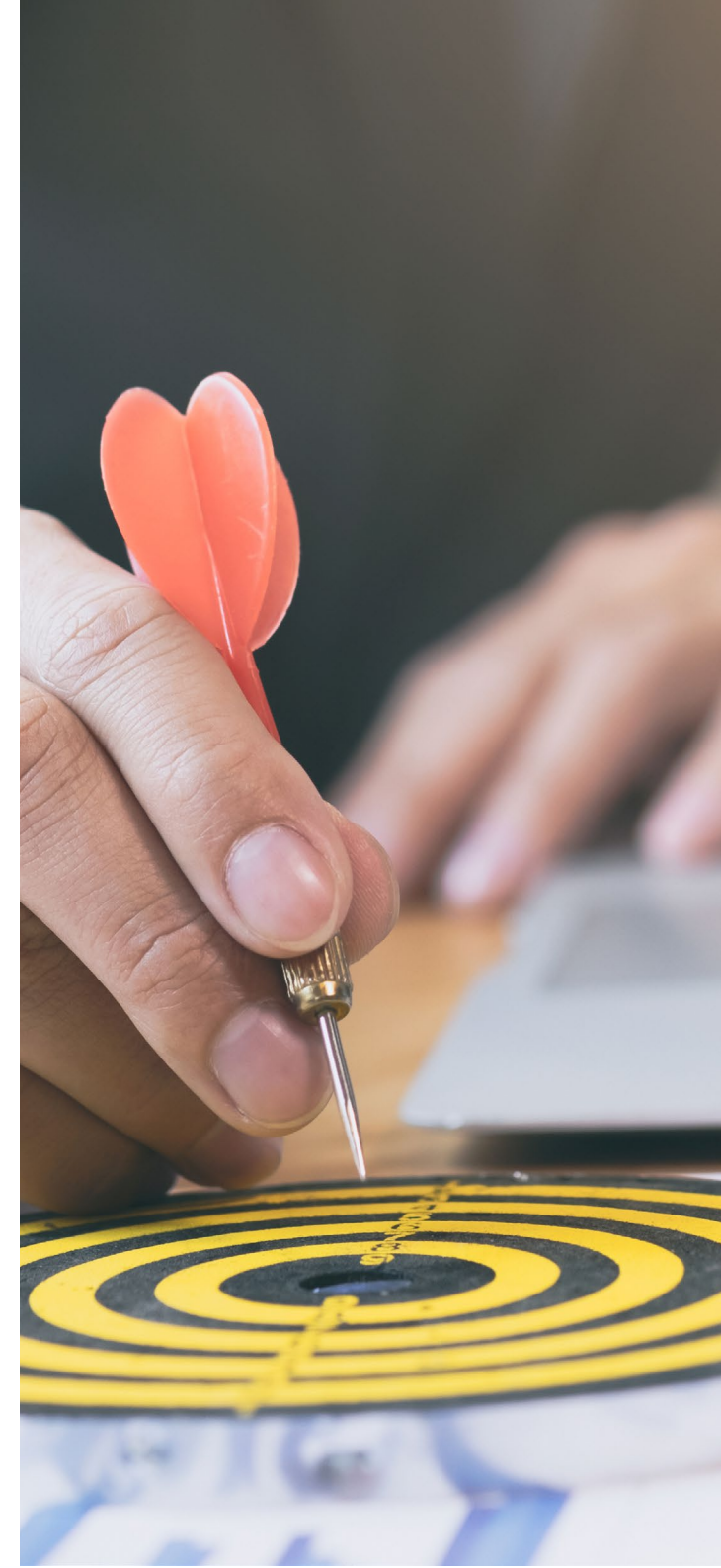
In 2021 there was not a single case of corruption within the organization and we achieved the following advances in this area:

 205-3



**2021 Achievements**

- 1** We were certified in all scheduled international certifications.
- 2** We successfully surpassed qualifications in 100 % of our customers' audits.
- 3** We successfully completed 100 % of the scheduled internal audits.



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**04 Our work force**



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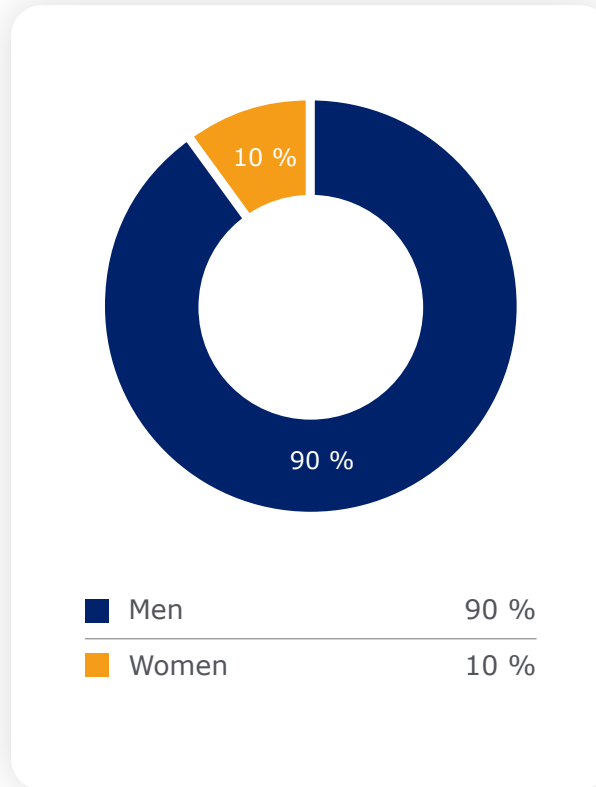
# 4. Our work force

## 4.1. Talent management

**At Creditex we recognize decent work and fair conditions as part of our commitment to society and stakeholders.**

Our code of conduct obtained the Business Management Certificate issued by the Worldwide Responsible Accredited Production (WRAP), therefore ensuring legal, human and ethical working conditions for all our employees. We condemn and prohibit the hiring of minors under 18 years of age and discrimination of any kind, base our hiring decisions solely on the job profile and skills of the applicant when selecting our personnel. Similarly, we believe that diversity in all aspects related to thought, experience and skills adds great value to the company. At the end of 2021, the company had 1 374 employees. The table below reflects a break down by gender and age:

GRI 2-7      GRI 405-1





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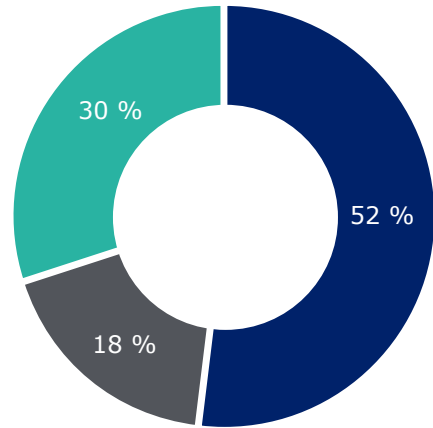
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■ Between 30 and 50 years old	52 %
■ Over 50 years old	18 %
■ Under 30 years old	30 %

During the past year, 174 people have joined Creditex, with a ratio of 100 % for managers and unit heads being between 30 and 50 years old. In the employee category, 51.43 % were under 30 years old, 44.29 % were employees between 30 and 50 years old, and 4.29 % were over 50 years old. Meanwhile, for the category of worker operators, we have a ratio of 46.94 % for those under 30 years old, 45.92 % for employees between 30 and 50 years old, and 7.14 % for those over 50 years old.

Internal promotions apply to all job categories, and particularly for job positions that are strategic to the company. During the past year, 86 employees left their jobs for various reasons, representing a turnover rate of 48.84 % for employees under 30 years old, 45.35 % for employees between 30 and 50 years old, and 5.81 % for those over 50 years old.



“ We ensure legal, humane and ethical working conditions for all our employees because our code of conduct is certified by Worldwide Responsible Accredited Production (WRAP). ”



**Job Category: Department Managers and Unit Heads**

Place/Gender	Under 30 years	Between 30 and 50 years	Over 50 years	Total by region and gender	Rate of new hires by region and gender
<b>Lima and Callao</b>	0		0	2	100 %
Women	0	1	0	1	50 %
Men	0	1	0	1	50 %
<b>Provinces</b>	0		0	0	0 %
Women	0		0	0	0 %
Men	0		0	0	0 %
<b>Total by age group</b>	0	2	0	0	
<b>Rate of new hires by age group</b>	0 %	100 %	0 %		

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### Job category: Employees

Place/Gender	Under 30	Between 30 and 50 years	Over 50 years	Total by region and gender	Rate of new hires by region and gender
<b>Lima and Callao</b>	<b>29</b>	<b>25</b>	<b>3</b>	<b>57</b>	<b>81.43 %</b>
Women	15	10	1	26	37.14 %
Men	14	15	2	31	44.29 %
<b>Provinces</b>	<b>7</b>	<b>6</b>	<b>0</b>	<b>13</b>	<b>18.57 %</b>
Women	5	2	0	7	10.00 %
Men	2	4	0	6	8.57 %
Total by age group	<b>36</b>	<b>31</b>	<b>3</b>	<b>70</b>	
Rate of new hires by age group	<b>51.43 %</b>	<b>44.29 %</b>	<b>4.29 %</b>		

### Job Category: Operators

Place/Gender	Under 30	Between 30 and 50 years	Over 50 years	Total by region and gender	Rate of new hires by region and gender
<b>Lima and Callao</b>	<b>24</b>	<b>26</b>	<b>5</b>	<b>55</b>	<b>56.12 %</b>
Women	1	1	0	2	2.04 %
Men	23	25	5	53	54.08 %
<b>Provinces</b>	<b>22</b>	<b>19</b>	<b>2</b>	<b>43</b>	<b>43.88 %</b>
Women	0	0	0	0	0 %
Men	22	19	2	43	43.88 %
Total by age group	<b>46</b>	<b>45</b>	<b>7</b>	<b>98</b>	
Rate of new hires by age group	<b>46.94 %</b>	<b>45.92 %</b>	<b>7.14 %</b>		



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### Job category: Trainees

Place/Gender	Under 30	Between 30 and 50 years	Over 50 years	Total by region and gender	Rate of new hires by region and gender
<b>Lima and Callao</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>100 %</b>
Women	1	0	0	1	25 %
Men	3	0	0	3	75.08 %
<b>Provinces</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0 %</b>
Women	0	0	0	0	0 %
Men	0	0	0	0	0 %
Total by age group	<b>4</b>	<b>0</b>	<b>0</b>	<b>4</b>	
Rate of new hires by age group	<b>100 %</b>	<b>0 %</b>	<b>0 %</b>		

### Employee Rotation by age group, gender and region

Place/Gender	Under 30	Between 30 and 50 years	Over 50 years	Total by gender and place	Rotation rate
<b>Lima and Callao</b>	<b>29</b>	<b>22</b>	<b>2</b>	<b>53</b>	<b>61.63 %</b>
Women	7	4	0	11	12.79 %
Men	22	18	2	42	48.84 %
<b>Provinces</b>	<b>13</b>	<b>17</b>	<b>3</b>	<b>33</b>	<b>38.37 %</b>
Women	2	0	0	2	2.33 %
Men	11	17	3	31	36.05 %
Total by age group	<b>42</b>	<b>39</b>	<b>5</b>	<b>86</b>	
Rotation rate	<b>48.84 %</b>	<b>45.35 %</b>	<b>5.81 %</b>		





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We implemented an exit survey to gather feedback from all workers who were leaving the company voluntarily, seeking to improve business turnover management in 2021. This helped us grow and focus on providing soft skills training for our middle managers, through the Leadership Program, along with 120 employees who have staff under their supervision.

For our recruitment and selection process, we conducted interviews for each profile, in which we seek to identify candidate competencies, update their profiles and then verify that they meet the required profile. It is important to mention that our recruitment invitations are open to the general public without restriction and anyone who fills the profile can apply without distinction of race, religion, sex or other characteristics.


Performance evaluations help employees achieve professional development and improve work performance and productivity. Another important aspect of human management in our organization involves social participation activities, which foster the employees' physical and personal well-being, generating a sense of belonging and emotional stability.

The management of employee social benefits and all other benefits governed by law is something that is made available to employee starting on day one and until the pay check summary is delivered. Another mechanism we use to listen to our employee's needs and claims is our virtual and physical suggestion box. We strive to respond to each claim in a prompt and timely manner to resolve them effectively.

GRI 2-26

Seeking to verify that our processes are aligned with what is stipulated by law and the system, we obtained BASC, ISO, and WRAP certifications. Similarly, we are continuously subjected to audits from customers and regulatory entities such as the Ministry of Labor and Employment Promotion (Mintra), the National Superintendence of Labor Inspection (SUNAFIL), who monitor and verify compliance with the policies, standards and procedures of our organization. Further still, we conduct internal audits in order to follow up on opportunities for improvement and strengthen the good actions we have realized.

We monitor our indicators on a monthly basis which enables us to quantitatively oversee the range of objectives. In addition, we have Labor Climate surveys, leader assessments, exit surveys, post-training surveys, virtual communication channels and open door policies that help bring us closer to what the employees are feeling and in this way establish action strategies.



**“ We have Labor Climate surveys, leader assessments, exit surveys, post-training surveys, virtual communication channels and open door policies that help bring us closer to what the employees are feeling. ”**

Following the outbreak of COVID-19 and all the sanitary measures implemented for its prevention, we set up a dining room in the garden on one of the floors, this open space has been one where people can enjoy their lunch and get in touch with nature. This space is also used to hold didactic training sessions for work groups 14.24 % of the total number of employees were covered by collective bargaining agreements during 2021.

In addition, we further support freedom of association and collective bargaining with our “Freedom of Association and Collective Bargaining” policy, an instrument by which we pledge to respect and recognize the freedom of workers to associate with or join the organizations of their choice. We have had a workers' union since Creditex was founded.

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GRI 2-30

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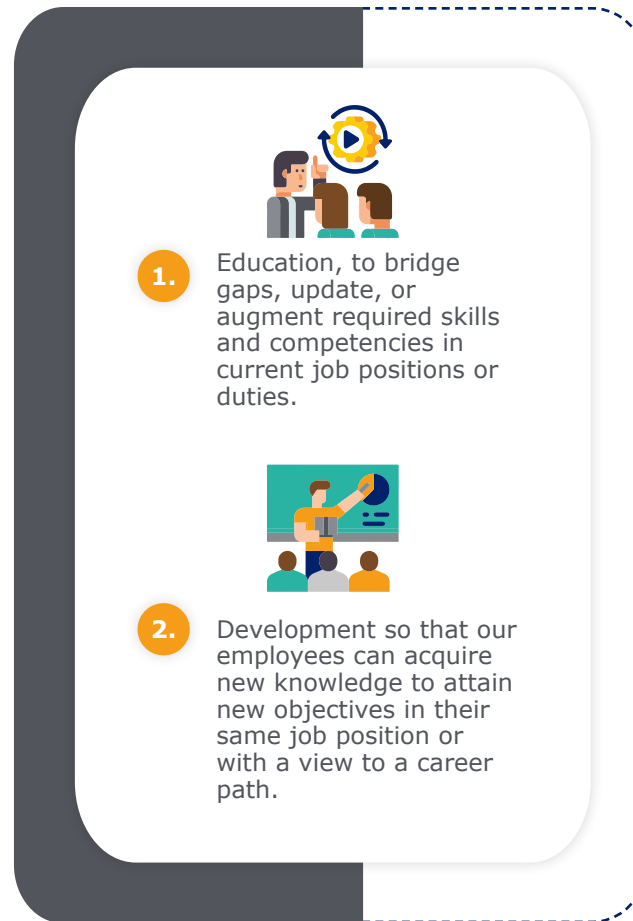
#### 4.1.1. Training and performance


At Creditex, ensuring that the people who comprise the organization have the necessary skills to perform their job properly is a priority. For this reason we arranged for the preparation and implementation of the Annual Training Plan (PAC), a procedure designed to diagnose the needs of each department, and applies to all production plants and company departments.


Furthermore, we provide continuous internal training, where trained personnel from a given department share information and give on the job training to the incoming employee. Also, we are contributors to SENATI, an educational institution that provides short training courses, where all employees can enroll freely, subject to the availability in their schedules and prior evaluation by their direct supervisors.

Each and every year we update the Training Plan, prioritizing the courses that were not available during the previous year or were not carried out for reasons explained to the General Manager. Similarly, the Needs Survey is requested from each department head, this information is analyzed by Human Resources, which verifies that different employees are afforded opportunities according to the needs of the department or unit. The same process is applied to course registration at SENATI.

The purpose of the training process is to ensure that the people who make up the organization possess the necessary skills to properly perform their jobs. There are 2 basic justifications for training:



- 

1. Education, to bridge gaps, update, or augment required skills and competencies in current job positions or duties.
- 

2. Development so that our employees can acquire new knowledge to attain new objectives in their same job position or with a view to a career path.

Similarly, suppliers are trained in their area of specialization, such as in the case of the company food concessionaire, where a trained nutritionist conveys knowledge and good practices in food management. Furthermore, Performance Assessments play an important role, just as effectiveness evaluations help us to identify personnel who have potential, are in development or still need to improve. Some specific indicators, such as the ISO goals, represent 85 % of the product of PAC execution.

Likewise, we hold monthly management meetings, and we follow up on training indicators. In addition, internal and external audits are carried out that enable us to get to know the real status of the process. Performance assessments, along with post-training surveys and the open door policy permit us to be in constant communication and contact with the company's employees.

Seeking to raise awareness about the environment, the initiative called Eco Thursdays was created within the communication plan, whereby communications are sent out by all physical and virtual means, including advice, tips or general information about the importance of caring for the environment. Similarly, as an industrial company we undertake to minimize the impact of water pollution and foster the proper use of energy; and for this we send notices of recognition to departments that



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consume less water and energy, among other items. An employee has been sent to Environmental Sustainability Training, with the purpose of sharing knowledge across all company departments.

In order to ensure the effectiveness of the plan and the training activities we implement, different mechanisms are available. One of them is the use of internal and external audits, for ISO, BASC, and other certifications. Next, training advances are verified monthly according to compliance indicators. Likewise, the PAC is followed up and course registrations are coordinated with the departments, and attempts are made to locate alternative institutions or organizations that dictate the course in the event that the course selected in the PAC has no vacancies open.

Adapting to new scenarios has also had an impact on this field of work, because virtual training has become necessary within the context brought on by the pandemic. In this respect, we continue to train personnel according to needs and budget determined by the General Manager. We changed the training methodologies, to avoid unsafe proximity between students, which is why internal training has been organized for implementation by departments and subgroups.

GRI 3-3

GRI 404-1

**Training broken down by days equivalent**



**Days equivalent  
of training and  
education**

**168**

**Training broken down by job category, gender and average number of hours**

Job category	Gender	Total number of hours of training and education	Average hours per employee
Employee	Men	1 627.5	<b>4.65</b>
	Women	630	<b>5.25</b>
Worker	Men	1 762	<b>2.10</b>
	Women	18	<b>2.00</b>
<b>Total</b>		<b>4 037.5</b>	<b>3.06</b>

GRI 404-1



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## 4.2. Health and safety in the workplace

At Creditex, we are governed by the principle of protecting our employees' physical, mental and social integrity, through the prevention, elimination, minimization and control of occupational risks, in addition to protecting the environment and property, the benefits of which benefits revert directly back to our employees and their families. Our Safety, Occupational Health and Environment Policy seeks to ensure compliance with the legal requirements associated with occupational health and safety as stipulated under our country's regulations.

GRI 3-3

GRI 403-1

“

**In 2021  
we had ZERO  
fatal accidents.**

”

Likewise, we have complementary mechanisms that have helped us to achieve this objective during 2021, such as the Surveillance and Prevention Plan against COVID-19 and the General Emergencies and Contingency Plan. The former examines the

objective of describing the guidelines for prevention and protection against COVID-19 throughout all of our operations. The latter, describes all the procedures to be followed during the occurrence of an emergency or contingency within the company. Finally, we emphasize the fact that, as provided by law, all our employees are covered by Complementary Risk Work Insurance (SCTR).

GRI 403-3

In this regard, we adopt an approach aimed at the prevention or mitigation of negative impacts on occupational health and safety. We also center our attention on providing the resources needed for the physical and psychological protection of our employees to reduce and eliminate any risks that could arise during their work activities. Therefore, our objective is to ensure safe conditions for our employees and foster a culture of prevention in matters of safety, through communication and the influence of direct leadership, carried out by the managers and team heads of all of our operational and administrative departments.

GRI 403-7





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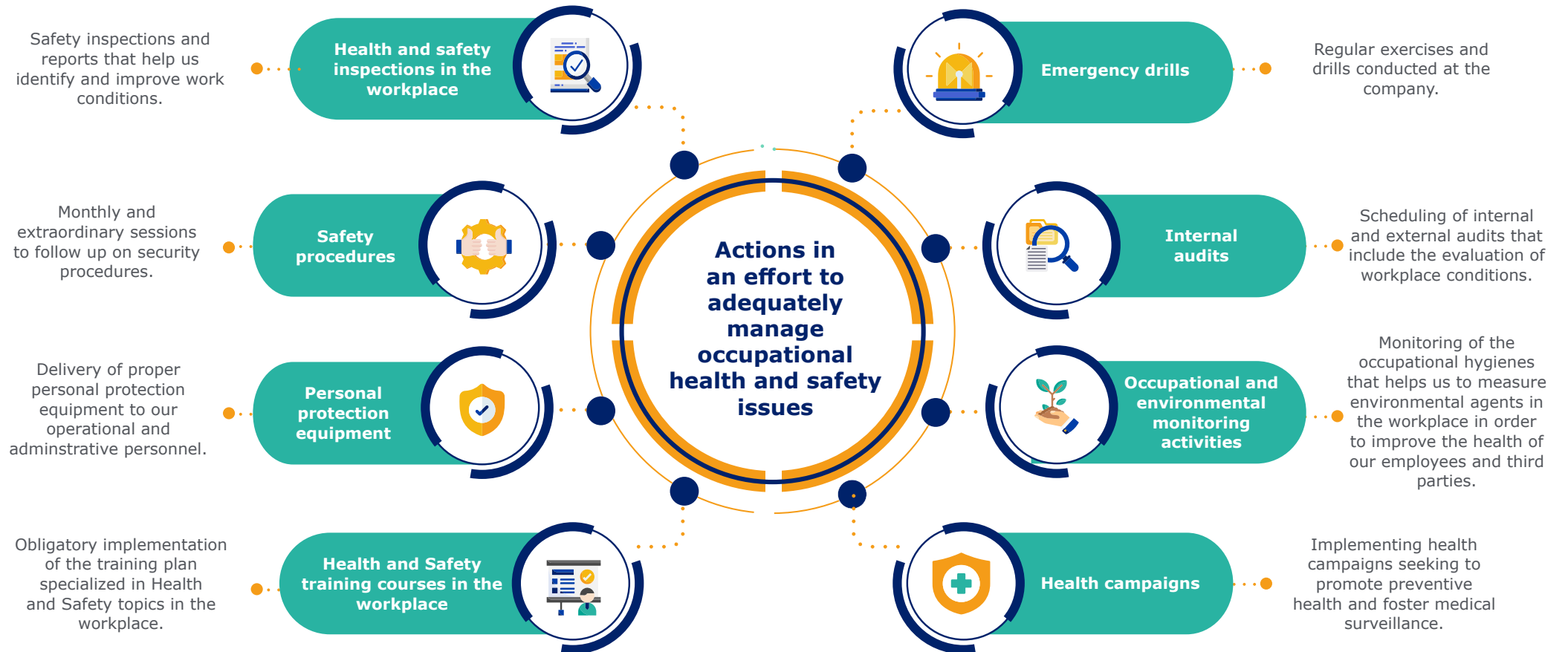
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In 2021, based on these policies and mechanisms, we implemented the following actions in an effort to adequately manage occupational health and safety issues, and other negative impacts relevant to our company. The above thoughts are better explained with the categories listed below:



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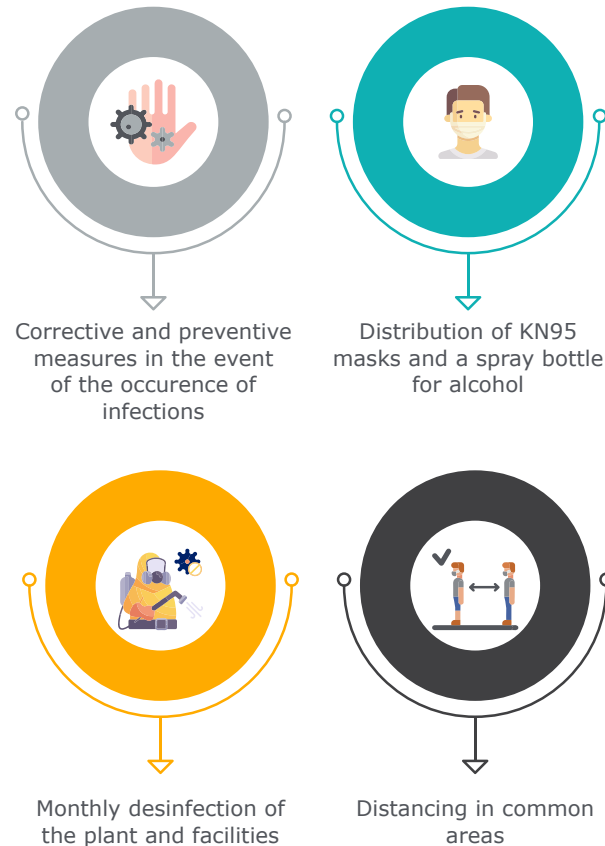
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Other aspects to consider, within the context of the pandemic stemming from COVID-19, were the new measures enacted with respect to our employees' health and safety due to the emergence of new concerns and actions to be adopted. With respect to the latter, we implemented the following measures during the course of the year:



Within the framework of promoting positive practices in matters of the health and safety of our employees, during 2021, we focused on implementing a lecture and training program covering a variety of topics, and provided by our company's Medical Department. Secondly, we wish to highlight the adoption of our Good Morning Creditex Program, a space where we seek to give recommendations regarding physical and mental health care using communication and publications located in public spaces of our facilities.

GRI 403-6

Finally, we wish to direct special attention to our counseling program on the part of the company's Wellness Department, where personalized support is provided to our employees on issues of health and quality of life.

Below, we present a description of the scope and coverage of the employees, activities and workplace locations that are covered by our Occupational Health and Safety Policy:

GRI 403-8



Employee Type	N°	N° of employees covered by the Health and Safety System	%
Direct employees	1 417	1 417	100 %
Employees under contract	48	48	100 %



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Procedure or instrument	Brief description	Quality control or assurance mechanism	Titles of the people who implement or use the instrument
Supplier and/or contractor management procedure	Document that lists the requirements authorized for the entry and nature or activities of suppliers and/or contractors in Creditex S.A.A.	Review	Managers, supervisors and assistants
Standard protocol for the entrance of vehicles to Creditex premises	Document that lists the requirements authorized for the entry of any transportation company into Creditex S.A.A. facilities.	Review	Managers, supervisors and assistants
ATS (Safe Work Analysis)	Instruments used to identify hazards and risks that could cause potential accidents or illnesses during each phase of a job or a specific task.	Review	Health and Safety Supervisor

**Group 1**

Employees	Activities	Work Place
Operating Employees	In charge of input material distribution, manufacturing, storage and distribution of products that the company sells at the end of production.	Yarn spinning, pre-production, weaving, Planning & Control of Production PCP, dyeing, fabric printing, laundry, PQ storage and warehouses.
Administrative employees (offices)	Responsible for managing the administrative processes of the company.	Department heads in accounting, finance, marketing and sales, retail, information and technology, human resources.
Administrative employees (stores)	Carry out the sales and marketing of company products.	Stores located in different shopping centers throughout the country.
Maintenance employees	In charge of checking and performing maintenance on all equipment and machinery in the production plant and administrative offices.	Production plant, administrative offices and maintenance shop.
Employees de SSO	In charge of health and safety management in the workplace (administrative and operations).	Administrative offices, production plant and stores.

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**Group 2**

Employees	Activities	Work Place
Security guards	Protect the security of Creditex facilities. Verify the entry and exit of employees, suppliers and contractors	Security guard gate, administrative offices and production plant
Dining hall concession employees	Food preparation for Creditex employees.	Creditex dining hall

**Group 3**

Employees	Activities	Work Place
CAJUSOL	Equipment and machinery maintenance at the production plant	Cajusol Workshops, - Creditex plant

Our employees actively participate in health and safety management in the workplace by way of the Committee on Health and Safety in the Work Place (CSST), which is made up of 10 full members, with equal representation, i.e. 05 representatives from the employer and 05 from the Workers.





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## Job-related injuries

We gather data on incidents and accidents from the reports, inspections and alerts generated by our personnel working in the company's operational, administrative and support departments, and by our medical personnel, with whom we generate the baseline information that helps us to carry out appropriate preventive and corrective measures.

The methodology applied to hazard identification and risk assessment stems from the work processes that we perform in the company, and is related to each job position linked to its business activities. Thus, we classify the different hazards as mechanical, biological, locative, ergonomic, and others. We supplement all this by using a hazard identification and risk assessment matrix (IPERC matrix), also associated with the job position and the duties being performed. Below, we specify the following related indicators:

### Indicators of occupational accidents among employees at all of our plant locations during 2021

Indicator	N°
Total recordable fatalities (TRF)	0
Number of lost time injuries (LTI)	58
Total recordable injuries (TRI)	75
Number of lost days	711

GRI 403-10

GRI 403-2

GRI 403-9

Indicator	2021
Lost time injury frequency rate (LTIFR)	17.92
Recordable injury frequency rate (TRIFR)	23.17
Severity rating (SR)	219.61
Number of hours worked	3 237 497

Among the main hazards associated with injuries arising from occupational accidents with great consequences, are those of a mechanical nature caused by the manipulation of machinery and equipment, with the main injuries being cuts and bruises.

In relation to the above, we adopted inspection and preventive maintenance measures in the form of safety devices placed in the machinery and equipment, and we posted warning signs in work areas having existing hazards and risks, seeking to minimize and eliminate such hazards. Further still, we make great efforts to train and raise employee awareness about risk prevention in the use of machinery and equipment. We consider it important to promote the correct use of personal protection equipment and conduct constant supervision in work areas.



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Responsibilities



- Preparation, approval and implementation of policies, plans and promotion programs associated with Health and Safety in the workplace.
- Investigate the accidents and perform health and safety inspections in the workplace.
- Perform regular inspections in administrative and operational and other workplace areas.
- Report information concerning health and safety in the workplace to the maximum company authority.

Meeting frequency



- Monthly

Decision Making



- Decision are made in conjunction with the the deciding vote of the Committee Chairman.



We hold lectures and workshops focused on health and safety in the workplace to strengthen participation among all of our employees.

What's more, we schedule induction events to train all our employees who are not contracted directly in health and safety in the workplace, where we share the following information with them:

- The Occupational Health & Safety and Environmental Policy
- The basic concepts of the Occupational Health and Safety and Environment Policy including hazards, risks and controls, specifying the particular aspects of each work area, in addition to the measures that are to be taken in the event of emergencies and the need to safeguard the environment.

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**05 We comply with  
environmental standards**



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# 5. We comply with environmental standards

**We have a Health and Safety and Environmental Policy that seeks to promote efficiency and continuous improvement in management and our processes, by optimizing resources and with the aim of being a social responsible company, and to reduce our impacts all along our supply chain.**

In addition, we contribute to the reduction of impacts in the textile industry in ecosystems, through various environmental management actions and certifications that ensure that our operations engage in the best practices. Among some of these certifications we have:



GRI 3-3



Throughout 2021, we recorded no significant cases of non-compliance with any environmental laws or regulations.

GRI 2-27





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## 5.1 Energy efficiency

As part of our commitment to responsible energy use, we adhere to the regulatory guidelines in Peru issued by the Ministry of Energy and Mines, and we are also regulated by the Supervisory Agency for Investment in Energy and Mining (Osinermin). Moreover, it is important to emphasize that we fully comply with the relevant legal regulations in matters concerning electrical risk assessment in all our processes and operations.

In this same vein, it is worth noting that during the 2020 and 2021 periods we obtained the Renewable Energy Certificate granted by Enel. This certification certifies that energy consumed by Creditex plants during the year comes from renewable sources and in addition, it highlights our environmental commitment.

Furthermore, at Creditex, we aspire to energy efficiency and the reduction of energy consumption, performing ongoing monitoring inspections and daily reporting about the work areas, in addition to employee feedback and training aimed at preventing excessive or unnecessary consumption.

Every year, our production units set specific goals based on indicators that monitor monthly electricity and natural gas consumption relative to total production in that month. This report is read and evaluated by each of the department heads and supervisors who are in charge of implementing appropriate measures with each department in the event consumption exceeds the goals and to provide employee training to address this issue. Similarly, when the established goal limits are not met, we request feedback to identify the primary reasons for

**“ We achieved a reduction of 6.2 % on our energy consumption by the end of 2021. ”**



the lack of compliance and then prepare an action plan, to get back on a successful track in meeting the set of objectives.

In 2021, through our Capital Investment Plan for Machinery Renewal, we invested in modern equipment, enabling us to achieve greater efficiency and lower energy consumption. This has represented savings of 6.2 %, when compared with the same measure of consumption last year, with the decrease in consumption attributed to our direct operations. Similarly, energy consumption within our facilities is also an aspect that we deem important to address.

In fact, we added several eco-efficient projects, which enabled us to reduce energy consumption and create an impact on the company's general indicators, thus achieving a 4.7 % reduction in gas consumption compared to 2020. In the same way, energy consumption was reduced by 9.8 %, obtaining a savings equal to 6.2 % of total energy consumption and 5 % of light energy use, due to the change to LED lighting technology for LED within our facilities and administrative offices. Among



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other initiatives, we implemented gas meters in our production processes in order to achieve a more effective control gas consumption in our operations.

Along the same lines, seeking avoid overloading the equipment's electrical systems, we set up a schedule for our production operations, which is strictly adhered to by all our work areas. In addition, we have a bank of capacitors at each electrical substation that serve to compensate for the reactive energy consumed by the electric motors, by reducing the occurrence of voltage drops and power failures.

To achieve the above, constant communication and feedback is vital. To this effect, we manage weekly, virtual and face-to-face meetings, in which we communicate the actions adopted for the improvement of good practices in the various different production processes that we carry out in the plant. In addition, we communicate the new goals and projects that we aim to achieve and work on within a certain time frame. As needed, the heads of each unit its work team of the new policies and projects that are expected to be carried out. Finally, the indicator progress tables along with the new objectives, are presented in meetings between the management and the respective operating units.

At year end, our annual reduction target compared to the previous year is 4 %, achieving a 6.2 % reduction for the year 2021, owing to the fact that the year 2020 was unique because of the pandemic.

GRI 3-3

GRI 302-1

### Energy consumption 2021

Energy consumption	Unit	2021
<b>Consumption of fuels from nonrenewable resources (includes all fuel types used)</b>	Gigajoules	147 746.74
Diesel	Gigajoules	0.00
GLP	Gigajoules	0.00
Natural gas	Gigajoules	147 746.74
Gasoline	Gigajoules	0.00
Carbon	Gigajoules	0.00
Other source: (if applicable)	Other source: (if applicable)	0.00
<b>Consumption of fuels from renewable resources</b>	Gigajoules	0.00
Other source: (if applicable)	Other source: (if applicable)	0.00
Total electricity consumption	Gigajoules	57 805.39
Total heating consumption	Gigajoules	0.00
Total cooling consumption	Gigajoules	0.00
Total steam consumption	Gigajoules	0.00
<b>Total energy consumption (nonrenewable fuel + renewable fuel consumption + electricity, heating, cooling and steam purchased for consumption)</b>	Gigajoules	205 552.13



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## 5.2 Responsible water and effluent management

Currently, the relevance concerning the responsible use of water resources is indisputable. In this regard, seek out strategies and tools that enable us to develop efficient water management throughout our entire production cycle, starting from design, use and treatment, to the reuse and recycling of the consumed resource. Each year, we set specific attainable goals in each production area, based on indicators that evaluate monthly water consumption as a ratio to the production achieved in that given month. This report is sent to and read by each area manager and supervisor, seeking to optimize monthly consumption.

Along the same lines, we have an internal policy on occupational health, safety and environmental care, which guides our operations in managing water and effluents. Seeking to achieve the above, we follow the guidelines of our Environmental Management Instrument (IGA) and all our operations are derived from our Environmental Management Plan.

Aiming to comply with applicable regulations, we use treated water in our production processes, maintaining effluent emission values within the provisions of the Maximum Admissible Values (VMA) that are periodically regulated and monitored by the Lima (Sedapal) Drinking Water and Sewage Service.<sup>2</sup>

Furthermore, seeking to ensure that our industrial effluents comply with the VMA established by the regulatory agency, we have our own Wastewater Treatment Plant, through which we channel all the industrial drainage of our operations to be treated pursuant to the applicable standards so that, ultimately, this water is sent to the Sedapal collector.

In fact, our Wastewater Treatment Plant meets the VMA for non-domestic wastewater discharges into the sewer system. The industrial effluent from our operations is collected in the system and transferred to the sedimentation, homogenization, neutralization and cooling processes. In addition, we equip the plant with controllers and sensors, to monitor the input and output pH levels.

Similarly, we have a Caustic Soda Recovery Plant that enables us to recover 90 % of the diluted soda content resulting from the fabric mercerizing process. We also use the gases from the boiler chimneys to neutralize industrial effluents in the Neutralization Plant, which has 2 towers that permit us to lower the pH level of the wastewater that circulates through them. Ultimately, these processes enable us to improve the quality of the wastewater flowing into the public network.



<sup>2</sup> The discharge of effluents is aligned to current rules and regulations under: **DS -010- 2019 VVDA** 



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As for monitoring the quality of the water we use and the effluents we generate, this represents a vital component of our water management. It is for this reason that we send regular samples of the industrial effluents discharged into the Sedapal collector to a laboratory accredited by the National Quality Institute (Inacal). This sampling is accompanied by our report about the waste water's physicochemical properties (BOD, COD, AyG, SS, TSS, etc.).

In addition, we assessed the impact of the waste water flows into the public collector relative to the water intake flows in the wells with the Water Balance Study and Measurement of Drainage Flows. We also assessed and monitored monthly water consumption using water gauges. We regularly conduct the Water Balance Study and Drainage Flow Measurement of our industrial and domestic effluents in order to determine the volume of drainage input into the plant's public network.

Water supply for industrial use, domestic consumption and garden irrigation is done by extracting groundwater from 2 borehole wells located within the facilities. This is the only source of water supply available to the plant.

Water is used in our spinning and weaving processes to control environmental humidity; in dry cleaning and finishing for dyeing, washing, drying, ironing processes and general factory services. Given that most of these processes must be carried out under heated conditions, we use steam intensively,

both directly and indirectly to heat liquids, for cylinder heat applications, drying and for steaming.



As of the end of 2021, we consumed 316.9 mega liters of water, vs the 240.03 mega liters of water consumption from the

previous year, representing an increase of 32.3 %. It should be pointed out that during 2020 we registered lower average monthly production than in 2021 and we operated only 10 months of the year. Conversely, we discharged 230.18 mega liters of water vs 174.38 the previous year, also representing an increase of 32 % because of the increase in water consumption.



**Water consumption 2021**

Water consumption (in mega liters)		2020	2021	Description
Water extraction by source	<b>Total underground water</b>			
	Fresh water (total solids dissolved ≤1000mg/l)	240 036	316 929	Water extracted from 02 wells. <b>See note.</b>
	Other water (total solids dissolved >1000mg/l)			
	<b>Total amount of water supplied by third parties</b>			
	Fresh water (total solids dissolved ≤1000mg/l)			
	Other water (total solids dissolved >1000mg/l)			
<b>Total water extraction (Total surface water + total underground water + total water produced + total water received from third parties)</b>		240 036	316 929	

**Note:** During 2020, average monthly production was lower than 2021 and we only operated 10 months that year.





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### 5.3. GHG Greenhouse gas emissions

Starting in the years 2019 and 2020 have performed a carbon footprint measurement, by measuring greenhouse gas (GHG) emissions. We began managing GHG emissions with carbon footprint measurements in 2019 using the Peru Carbon Footprint Calculator.


In 2020, we measured our carbon footprint independently, which is a global practice for the entire company and our offices, achieving a direct scope, referring to scopes 1 and 2, and an indirect scope, known as scope 3. However, we were forced to cease this process because of the pandemic, because plant operations were affected by this situation. Accordingly, it is our hope that by 2023 we will be able to resume our measurement activities and to continue our contribution to mitigating the effects of our business operations.

With respect to our emissions management, we comply with the provisions of the Environmental Management Plan approved in the Preliminary Environmental Diagnosis (DAP), which contains the preventive control and mitigation measures needed to comply with the Environmental Adaptation and Management Program (PAMA), and we also comply with the protocols published by the Ministry of Production (R.M. No. 026-2000-ITINCI) and the General Directorate of Environmental Health (R.D. No. 1404-2005-SA).

Periodically, we publish an environmental monitoring report, where we disclose measurements of atmospheric emissions stemming from boiler operations; we assess effluent quality and measure noise levels at various points located inside and outside the Industrial Plant.

GRI 3-3   GRI 305-1   GRI 305-2   GRI 305-3

“ **By 2021, our carbon footprint was 678 tons of CO<sub>2</sub>.** ”



#### GHG emissions 2020 and 2021

GHS emissions	2020	2021
Direct GHG emission (scope 1)	6.25	6.78
Indirect emission due to energy consumption (scope 2)	-	-
Other indirect GHG emissions (scope 3)	-	-

	NO, CO, CO <sub>2</sub>	NO, CO, CO <sub>2</sub>
Indicate the gases included in the calculation of emissions (CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFC, PFC, SF <sub>6</sub> , NF <sub>3</sub> o todos):	Scope 2 Scope 3	- -
Indicate the biogenic CO <sub>2</sub> dam (in tons of CO <sub>2</sub> equivalent) derived from biomass combustion or biodegradation:	0.48 Scope 3	0.58 -
Indicate the base year for the calculation of emissions, provide a justification for the selection of the base year and the emissions in the base year expressed in tons of CO <sub>2</sub> equivalent:	2020 Scope 2 Scope 3	2021 - -
Indicate the source of the emission factors and global warming potential (GWP) rates used or a reference to the source of GWP:	Boilers Scope 2 Scope 3	Boilers - -

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Indicate the main categories and activities associated with other indirect GHG emissions (scope 3) included in the calculation and the tons of CO <sub>2</sub> equivalent of each one:	
List of sources	
<input type="checkbox"/> Goods and services - upstream	
<input type="checkbox"/> Capital assets - upstream	
<input type="checkbox"/> Operations related to energy and fuel (not included in scope 1 y 2)	
<input type="checkbox"/> Distribution and transportation - upstream	
<input type="checkbox"/> Waste generated in operations (composting, incineration)	
<input type="checkbox"/> Business travel	
<input type="checkbox"/> Personnel commuting to the workplace	
<input type="checkbox"/> Leased assets - upstream	
<input type="checkbox"/> Distribution and transport - downstream	
<input type="checkbox"/> Processing sold products (downstream)	
<input type="checkbox"/> Use of sold products	
<input type="checkbox"/> End of life treatment of products sold	
<input type="checkbox"/> Leased assets - downstream	
<input type="checkbox"/> Franchises	
<input type="checkbox"/> Investments	
<input type="checkbox"/> Others, upstream	
<input type="checkbox"/> Others, downstream	

Indicate source 1: -

Indicate source 2: -

Indicate source 3: -





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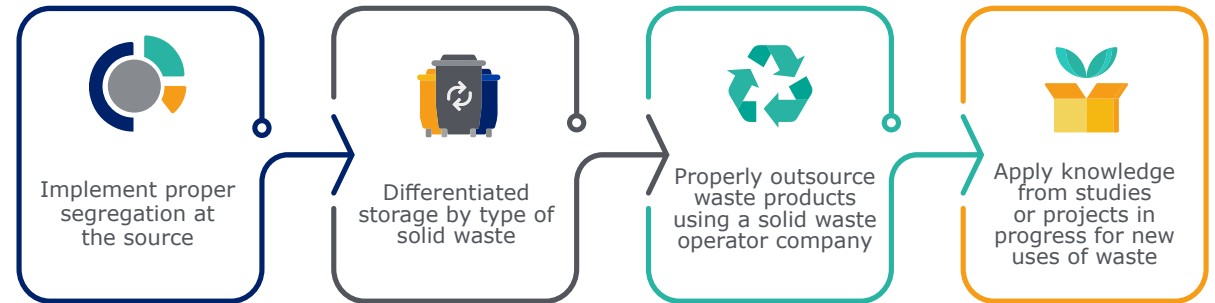
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## 5.4. Waste management

In our Solid Waste Minimization Plan, we are committed to reducing the amount of waste generated by minimizing its generation and by promoting efficiency in the management, of both hazardous and non-hazardous waste. Similarly, we treat solid waste under the standards authorized by government agencies, which comply with the requirements under national regulations governing the environment.

GRI 3-3

In addition to our Solid Waste Minimization Plan, we have a management strategy that comprises the following 4 steps:



These 4 steps, performed concurrently, ensure that we execute proper waste management starting at its source and on through to its subsequent treatment and disposal over the course of our operational, maintenance, and logistics processes, among others.

Seeking to verify compliance with correct solid waste segregation, we developed 2 key processes. The first was implementing ongoing inspections on the part of the teams in each department, and the second with an effective and timely waste removal on the part of the solid waste operating company, to manage solid waste overproduction by the most optimal method and time intervals.

In addition, the education and training of our personnel play a key role in building awareness and changing the company culture in seeking more efficient waste management. In this regard, we implement a continuous training plan with all our employees, to build environmental awareness while simultaneously improving our waste management.

Our program was developed by applying the following 3 approaches:

1. Face-to-face group training by area.
2. Virtual training by videoconferencing, by area.
3. Through dissemination and awareness building campaigns by emails.



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In 2021, we generated a total of 145.71 tons of solid waste, 138.69 tons of which were non-hazardous solid waste and 7.02 tons were hazardous waste. Out of the total, we were able to reuse a major part of paper waste, donating it to children’s villages, while the sewing thread containers we recover are returned to the supplier Textil Amazonas.

GRI 306-1

GRI 306-2

GRI 306-3

**Waste composition in tons, broken down by hazardous and non-hazardous waste**

Waste composition (e.g. organic, metallic, mineral, paper, plastic, etc.)	Hazardous Waste (t)	Non-hazardous waste (t)
Cardboard	-	51.93
Wood	-	-
Material to be discarded	7.02	-
Metals	-	50.94
Paper	-	-
Plastics	-	35.82
Electrical and electronic device waste	-	-
Sacks	-	-
Clearing material	-	-
Unusable	-	-
Organic (dining hall)	-	-
Used oils	-	-
Contaminated bags	-	-

Waste composition (e.g. organic, metallic, mineral, paper, plastic, etc.)	Hazardous Waste (t)	Non-hazardous waste (t)
Empty contaminated containers (aerosols, paints)	-	-
Empty contaminated containers (cardboard and canisters)	-	-
Fluorescents and lights	-	-
Glycerin	-	-
Sludge	-	-
Batteries	-	-
Expired reagents	-	-
Solvent	-	-
Contaminated cloth	-	-
Toner	-	-
Usable oil	-	-
Useable batteries	-	-
Usable containers and packaging	-	-
Usable glycerin	-	-
<b>Total waste</b>	<b>7.02</b>	<b>138.69</b>

“ We generated 145.71 t of solid waste, 138.69 t were non-hazardous solid waste and 7.02 t were hazardous waste. ”



GRI 306-3

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## 6. We create social value

### 6.1. Supplier management

**In 2021, we maintained business relationships with domestic and foreign suppliers. Our foreign suppliers are from India, Hong Kong, China, Vietnam, Indonesia, the United States, Germany, Colombia, Brazil, and Honduras.**

Currently, we do not conduct evaluations of our local suppliers using environmental criteria, but we do using social criteria. With respect to the latter, our we verified that the suppliers comply with their social obligations such as pension fund and insurance payments, and that they are not linked to criminal proceedings or active lawsuits. In 2021, we had 35 outsourced workers who perform duties in cleaning, security, maintenance, civil works, food concession services, and other activates.



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Our guidelines contain an ISO standard and procedure that discusses the evaluation and admission of suppliers into our master database. This standard, denominated RCX-ADM-LOG 001, indicates the steps to follow in order to evaluate compliance criteria of new suppliers based on quality requirements and compliance with current labor regulations.

In addition, we do not preapprove or confirm our suppliers; rather, we identify a group of critical suppliers, and request that they send us, their production safety certifications and evaluations. Also, that they send us ISO or similar certificates attesting to the quality of their products or services, and compliance criteria on labor matters.



However, it is important to mention that we have certificates from our chemical product suppliers such as Oeko-Tex, that enable us to verify that there are no harmful substances in the products they sell to us or in any of stages of manufacturing processes.



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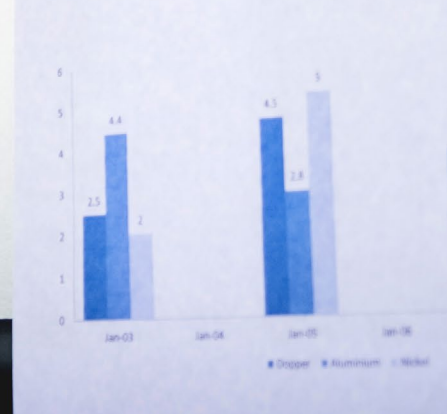
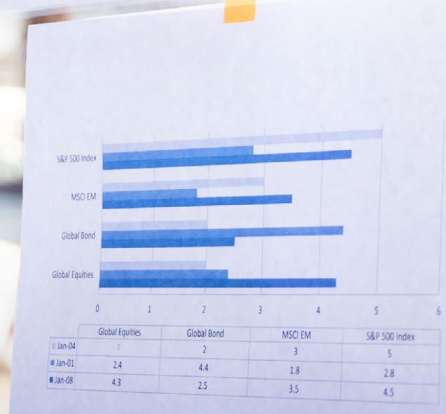
# 7. About this report

**We have prepared our first sustainability report in accordance with the Global Reporting Initiative (GRI) standards and discuss our management performance in detail in relation to the economic, environmental and social aspects of the company occurring between January 01 and December 31, 2021.**

In addition, this document contains information that is restricted to the actions carried out by Creditex S.A.A., and does not include information about the performance of other associated or related companies.

GRI 2-2

GRI 2-3





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## 7.1. Our stakeholders

Below, we introduce our stakeholders with whom we have formed a process characterized by active listening and continuous dialogue.



GRI 2-29



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## 7.2. Materiality

When determining relevant topics, we have considered the following stages suggested by the GRI methodology:

GRI 3-2

### 1. Expand the organizational context



During this stage we perform a benchmarking analysis using 3 sustainability reports from peer companies and leaders in the industry. In addition, we identify relevant sustainability issues at the national level caused by the context of COVID-19, and we review international guidelines and standards including: The Initiative for Compliance and Sustainability (ICS), the U.S. Cotton Trust Protocol, the certification of Company B and the GOTS. Similarly, we take into consideration the primary documents of corporations such as their strategic plans and related policies.

### 2. Identify current and potential impacts



We completed a dialogue process with the organization and stakeholder groups to identify and prioritize the real and potential impacts of the initial sustainability issues. The first process entailed determining the level of economic, social, environmental and human rights impacts that Creditex generates for causes attributable to its operations and products. Concurrently, we conduct interviews, dialogue panels and surveys with our shareholders, employees and customers, seeking to analyze and assess the importance for the stakeholder group that Creditex manages sustainability issues due to their economic, environmental and social impacts.



### 3. Assess current and potential impacts



We then evaluated the significance of the impacts identified based on the criteria of probability and severity. At this stage, the risks identified as critical in the interviews with managers and the outcome of the dialogue processes with stakeholder groups were taken into account.

### 4. Validation



The material topics emerging from the previous stages, together with the GRI thematic content to be used in the 2021 Sustainability Report, were validated by the office of general management in conjunction with participating departments and the sustainability committee.

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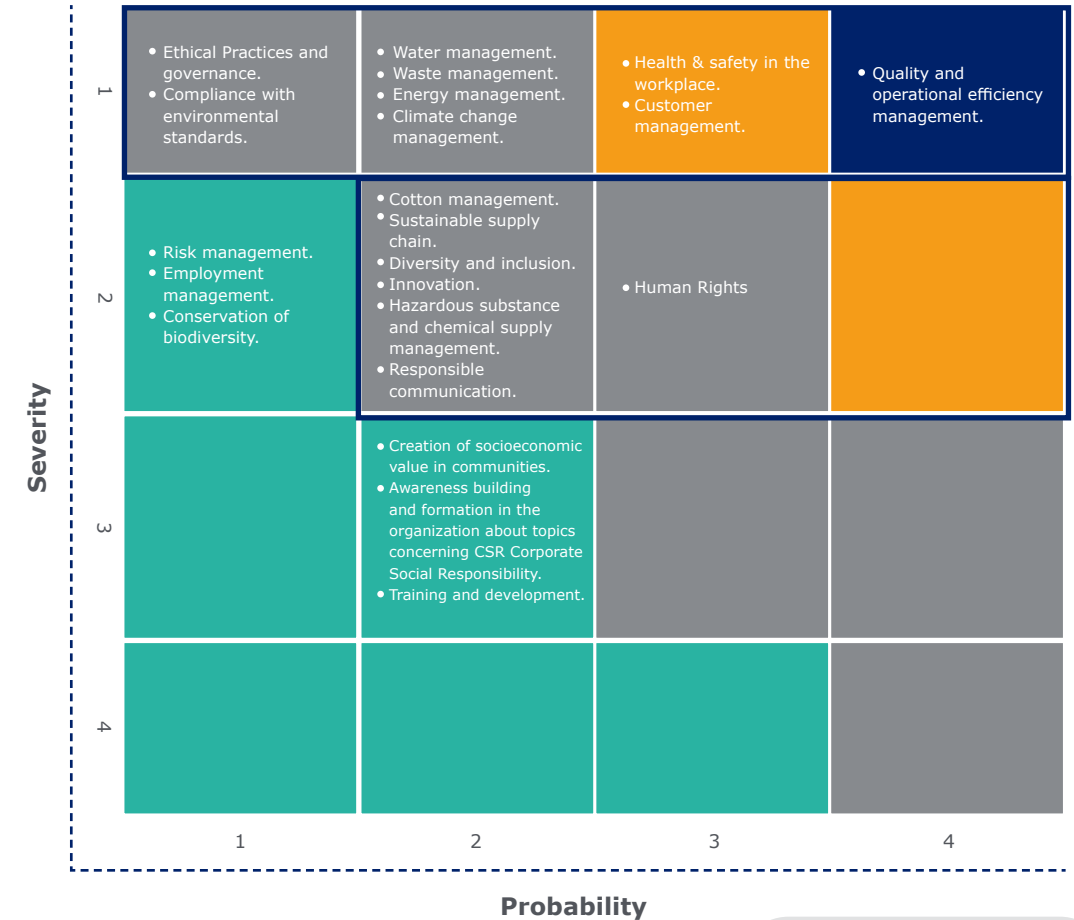
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As a result of the aforementioned process, we obtained the following list of material topics, on which we report throughout our report:

GRI 3-1

N°	Material topic
1	Ethical practices and governance
2	Quality management and operational efficiency
3	Innovation
4	Risk management
5	Health and safety in the workplace
6	Employment management
7	Diversity and inclusion
8	Responsible communication
9	Sustainable supply chain
10	Training and development
11	Customer management
12	Water management
13	Waste management
14	Energy management
15	Compliance with environmental standards
16	Cotton management
17	Climate change management

**Materiality matrix**



- Very high impact
- High impact
- Medium impact
- Low impact

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GRI 2-4

GRI 2-5

Statement of use	Compañía Industrial Textil Credisa S.A.A. has reported in accordance with GRI standards for the period January 01, 2021 to December 31, 2021.
GRI 1 used	GRI 1: Fundamentals 2021

GRI Standard	Content	Page	SDG	Omission		
				Requirement omitted	Reason	Explanation
	<b>General content</b>					
GRI 2: General content 2021	2-1: Organization details	7,31 Textil Credisa S.A.A.	--	No	--	--
	2-2: Entities included in the organization's sustainability reports	65	--	No	--	--
	2-3: Notification period, frequency and point of contact	65	--	No	--	--
	2-4: Restatements of information	There are no restatements of information given that this is Creditex' first Sustainability Report.	--	No	--	--
	2-5: External verification	This document has not been subjected to external verification or to any other audit mechanism.	--	No	--	--
	2-6: Activities, value chain and other trade relationships	10	--	No	--	--
	2-7: Employees	37	--	No	--	--



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GRI Standard	Content	Page	SDG	Omission		
				Requirement omitted	Reason	Explanation
GRI 2: General content 2021	2-8: Workers who are not employees	62	--	No	--	--
	2-9: Structure and composition of governance	32	--	No	--	--
	2-10: Nomination and selection of the highest body of governance	31	--	No	--	--
	2-11: Chairman of the highest body of governance	32	--	No	--	--
	2-12: Role of the highest body of governance in the oversight of impact management	31	--	No	--	--
	2-13: Delegation of responsibility for impact management	31	--	No	--	--
	2-14: Role of the highest body of governance in the preparation of Sustainability reports	The general management is the highest level of authority within the company responsible for ensuring that the Sustainability Report content provides a true account of the management of Creditex's material issues.	--	No	--	--
	2-15: Conflicts of interest	32	--	No	--	--



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GRI Standard	Content	Page	SDG	Omission		
				Requirement omitted	Reason	Explanation
GRI 2: General content 2021	2-16: Communication of critical concerns	32	--	No	--	--
	2-17: Collective knowledge of the highest body of governance	31	--	No	--	--
	2-18: Performance assessment of the highest body of governance	31	--	No	--	--
	2-19: Remuneration policies	31	--	No	--	--
	2-20: Process for determining remuneration	32	--	No	--	--
	2-21: Total Annual Compensation Ratio	32	--	No	--	--
	2-22: Sustainable Development Strategy Statement	4	--	No	--	--
	2-23: Policy commitments	29	--	No	--	--
	2-24: Incorporation of political commitments	17	--	No	--	--
	2-25: Processes for remediating negative impacts	17	--	No	--	--
2-26: Mechanisms for seeking advice and voicing concerns	41	--	No	--	--	





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GRI Standard	Content	Page	SDG	Omission		
				Requirement omitted	Reason	Explanation
GRI 2: General content 2021	2-27: Compliance with laws and regulations	52	--	No	--	--
	2-28: Membership associations	14	--	No	--	--
	2-29: Approach to stakeholder participation	66	--	No	--	--
	2-30: Collective bargaining agreements	41	--	No	--	--
<b>Material topics</b>						
GRI 3: Material topics 2021	3-1: Process for determining material topics	67	--	No	--	--
	3-2: List of material topics	68	--	No	--	--
<b>Economic performance</b>						
GRI 3: Material topics 2021	3-3: Material topic management	16	--	No	--	--
GRI 201: Economic performance 2016	201-1: Direct economic value generated and distributed	15	--	No	--	--



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GRI Standard	Content	Page	SDG	Omission		
				Requirement omitted	Reason	Explanation
<b>Anti-corruption</b>						
GRI 3: Material topics 2021	3-3: Material topic management	34	--	--	--	--
GRI 205: Anti-corruption 2016	205-2: Communication and training about anti-corruption policies and procedures	34	16	No	--	--
	205-3: Confirmed cases of corruption and measures taken	35	16	No	--	--
<b>Energy</b>						
GRI 3: Material topics 2021	3-3: Material topic management	53 - 54	--	--	--	--
GRI 302: Energy 2016	302-1: Energy consumption within the organization	54	--	No	--	--
<b>Water and effluents</b>						
GRI 3: Material topics 2021	3-3: Material topic management	55 - 56	--	--	--	--
GRI 303: Water and effluents 2018	303-1: Interaction with water as a shared resource	56	6, 12	No	--	--
	303-2: Management of impacts related to water discharges	56	6, 12	No	--	--



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GRI Standard	Content	Page	SDG	Omission		
				Requirement omitted	Reason	Explanation
GRI 303: Water and effluents 2018	303-3: Water extraction	56	--	No	--	--
	303-4: Water discharges	56	--	No	--	--
	303-5: Water consumption	56	6	No	--	--
<b>Emissions</b>						
GRI 3: Material topics 2021	3-3: Material topic management	57	--	--	--	--
GRI 305: Emissions 2016	305-1: Direct GHG emissions (scope 1)	57	--	No	--	--
	305-2: Indirect GHG emissions upon generating energy (scope 2)	57	--	No	--	--
	305-3: Other indirect GHG emissions (scope 3)	57	3, 12, 14, 15	No	--	--
<b>Waste management</b>						
GRI 3: Material topics 2021	3-3: Material topic management	59	--	--	--	--
GRI 306: Waste 2020	306-1: Waste generation and significant impacts related to waste	60	3, 6, 11, 12	No	--	--



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GRI Standard	Content	Page	SDG	Omission		
				Requirement omitted	Reason	Explanation
GRI 306: Waste 2020	306-2: Management of significant impacts related to waste	60	3, 6, 8, 11, 12	No	--	--
	306-3: Waste generated	60	3, 6, 11, 12, 15	No	--	--
<b>Environmental assessment of suppliers</b>						
GRI 3: Material topics 2021	3-3: Material topic management	63	--	--	--	--
GRI 308: Environmental assessment of suppliers 2016	308-2: Negative environmental impacts in the supply chain and measures taken	63	3, 6, 11, 12	No	--	--
<b>Job management</b>						
GRI 3: Material topics 2021	3-3: Material topic management	37	--	--	--	--
GRI 401: Employment 2016	401-1: New employee hires and staff turnover	38	5, 8, 10	No	--	--
<b>Health and safety in the workplace</b>						
GRI 3: Material topics 2021	3-3: Material topic management	44	--	--	--	--



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GRI Standard	Content	Page	SDG	Omission		
				Requirement omitted	Reason	Explanation
GRI 403: Health and Safety in the workplace 2018	403-1: System for Health and safety in the workplace	44	8	No	--	--
	403-2: Hazard identification, risk assessment and incident investigation	45, 49	3, 8	No	--	--
	403-3: Healthcare services in the workplace	44	3, 8	No	--	--
	403-4: Worker participation, consultation and communication on health and safety in the workplace	48	8, 16	No	--	--
	403-5: Educating workers about health and safety in the workplace	50	8	No	--	--
	403-6: Promoting of worker health	46	3	No	--	--
	403-7: Prevention and mitigation of impacts on the health and safety of workers who are directly related through business relationships	44	8	No	--	--
	403-8: Workers covered by an occupational health and safety management system	46	8	No	--	--
	403-9: Work related injuries	49	3, 8, 16	No	--	--
	403-10: Work related health problems	49	--	No	--	--



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GRI Standard	Content	Page	SDG	Omission		
				Requirement omitted	Reason	Explanation
<b>Education and training</b>						
GRI 3: Material topics 2021	3-3: Material topic management	42-43	--	--	--	--
GRI 404: Education and training 2016	404-1: Average hours of training per year per employee	42-43	4, 5, 8, 10	No	--	--
<b>Diversity and equal opportunity</b>						
GRI 3: Material topics 2021	3-3: Material topic management	32, 37 - 40	--	--	--	--
GRI 405: Diversity and equal opportunity 2016	405-1: Diversity in bodies of governance and among employees	32, 37 - 40	5, 8, 10	No	--	--
<b>Freedom of association and collective bargaining</b>						
GRI 3: Material topics 2021	3-3: Material topic management	41	--	--	--	--
GRI 407: Freedom of association and collective bargaining 2016	407-1: Operations and suppliers whose rights to freedom of association and collective bargaining could be at risk	41	8	No	--	--



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GRI Standard	Content	Page	SDG	Omission		
				Requirement omitted	Reason	Explanation
<b>Supplier Social Responsibility Assessment</b>						
GRI 3: Material topics 2021	3-3: Material topic management	63	--	--	--	--
GRI 414: Supplier Social Responsibility Assessment 2016	414-2: Negative social impacts in the supply chain and measures taken	63	3, 6, 8, 11, 12	No	--	--
<b>Innovation</b>						
GRI 3: Material topics 2021	3-3: Material topic management	25 - 26	--	--	--	--
This material topic has no specific associated GRI Standard	NO GRI Innovation	25 - 26	9	No	--	--
<b>Risk management</b>						
GRI 3: Material topics 2021	3-3: Material topic management	17	--	--	--	--
This material topic has no specific associated GRI Standard	NO GRI Risk management	17	--	No	--	--
<b>Responsible communication</b>						
GRI 3: Material topics 2021	3-3: Material topic management	20	--	--	--	--



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GRI Standard	Content	Page	SDG	Omission		
				Requirement omitted	Reason	Explanation
This material topic has no specific associated GRI Standard	NO GRI Responsible communication	20	9	No	--	--
<b>Customer management</b>						
GRI 3: Material topics 2021	3-3: Material topic management	19 - 20	--	--	--	--
This material topic has no specific associated GRI Standard	Not GRI Customer management	19 - 20	9	No	--	--
<b>Cotton management</b>						
GRI 3: Material topics 2021	3-3: Material topic management	21 - 22	--	--	--	--
This material topic has no specific associated GRI Standard	NO GRI Cotton management	21 - 22	--	No	--	--
<b>Quality and operational efficiency management</b>						
GRI 3: Material topics 2021	3-3: Material topic management	23 - 24	--	--	--	--
This material topic has no specific associated GRI Standard	NO GRI Quality and operational efficiency management	23 - 24	--	No	--	--



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## 9. Glossary of terms

**BASC:** Business Alliance for Secure Commerce. Certification in the application of security for international trade

**BCI:** Better Cotton Initiative. Certification of cultivated cotton that use sustainable practices and have the least impact on the environment.

**BOD:** Biological Oxygen Demand.

**CH<sub>4</sub>:** Methane Gas.

**CO:** Carbon monoxide.

**CO<sub>2</sub>:** Carbon Dioxide gas.

**COD:** Chemical Oxygen Demand.

**CHS:** Committee for Health & Safety in the workplace.

**EBITDA:** Earnings Before Interest, Tax, Depreciation and Amortization, Financial indicator that refers to a company's profits before taxes, amortization, depreciation and financial expense.

**FAO:** Agency of the United Nations that leads the international effort to defeat hunger.

**FMEA:** Failure Mode and Effect Analysis. Evaluates the way in which a product system or component fails for the purpose

of classifying its importance, the effect and the probability that the failure could occur.

**GHG:** Green House Gas Emissions.

**GOTS:** Global Organic Textile Standard. Certification on the use of organic materials in the manufacture of clothing.

**GRI:** Global Reporting Initiative. Global standard about how to report the sustainability results of an organization.

**GWP:** Global Warming Potential.

**HFC:** Hydrofluorocarbons.

**HIRA:** Hazard Identification and Risk Assessment.

**HR:** Human Rights.

**ICS:** The Initiative for compliance and sustainability. An international sectoral initiative that seeks to improve work conditions along the global supply chains of their retailers and member brands.

**IGA:** Environmental Management Instrument EMI. A mechanism aimed at the implementation of environmental policy.

**INACAL:** National Institute of Quality. Recognizes that a laboratory or agency is authorized to perform testing, analysis, inspection and certification, and in this manner it seeks to ensure technical competency in Conformity Assessment Bodies.

**ISO:** International Organization for Standardization. Set of internationally recognized standards that were created for the purpose of helping companies establish levels of homogeneity with respect to the management, service provision and product development in the industry.

**LPG:** Liquefied Petroleum Gas.

**LTI:** Number of lost time injuries

**LTIFR:** Number of lost time injuries.

**MAV:** Maximum Allowable Values.

**MINTRA:** Ministry of Labor and Employment Promotion of Peru. It is the body of the Peruvian State governing employment matters.

**MPL:** Maximum permissible limits.

**N<sub>2</sub>O:** Nitrous oxide



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**NF<sub>3</sub>**: Nitrogen trifluoride.

**NO**: Nitric oxide.

**O&G**: Oils and greases.

**Oeko-Tex**: Certificate by which manufacturers of chemical textile or leather products can demonstrate the suitability of their products in sustainable production and that they are ecologically safe for humans and respectful of the environment.

**OSINERGMIN**: Supervisory Agency for Investment in Energy and Mining. Responsible for supervising that electricity companies, fuel companies and those of the general mining regime of Peru comply with the legal regulations of the activities they carry out.

**PAC**: Annual training plan.

**PAMA**: Environmental Adaptation and Management Program. Submits the environmental diagnosis of current operations.

**PED**: Preliminary Environmental Diagnosis.

**PFCs**: Perfluorocarbons.

**PH**: Potential Hydrogen. Measurement of the acidity or alkalinity of an aqueous solution.

**PNP**: Peruvian National Police Force.

**SCTR**: Supplementary Risk Work Insurance.

**SDG**: Sustainable Development Goals. Goals established by the UN in 2015 that aim to resolve the main current problems by 2030.

**SEDAPAL**: Drinking Water and Sewage Services - Lima. Provides potable drinking water and sewage services to the urban sector of the city of Lima.

**SENATI**: : National Service for Training in Industrial Work, is a professional training institution whose purpose is to provide professional education and training for industrial manufacturing activities and for installation, repair and maintenance tasks.

**SF<sub>6</sub>**: Sulfur hexafluoride.

**SH**: Safety and Health at work.

**SI**: Severity index.

**SS**: Suspended Solids.

**SUNAFIL**: National Superintendence of Labor Inspection. Promotes, supervises and controls compliance with the social and labor legal framework and that concerning safety and health in the workplace, in addition to providing technical advice, conducting investigations and proposing the issuance of regulations on these matters.

**TRF**: Total Recorded Fatalities.

**TRI**: Total recordable Injuries.

**TRIFR**: Recordable Injury Frequency Rate.

**TSS**: Total Suspended Solids

**UNECE**: The United Nations Economic Commission for Europe. Promotes Pan-European economic integration and provide assistance to countries with economies in transition.

**VEC**: Direct Economic Value.

**VED**: Distributed Economic Value.

**WRAP**: Worldwide Responsible Accredited Production. Certification in terms of social guidelines and human rights.



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