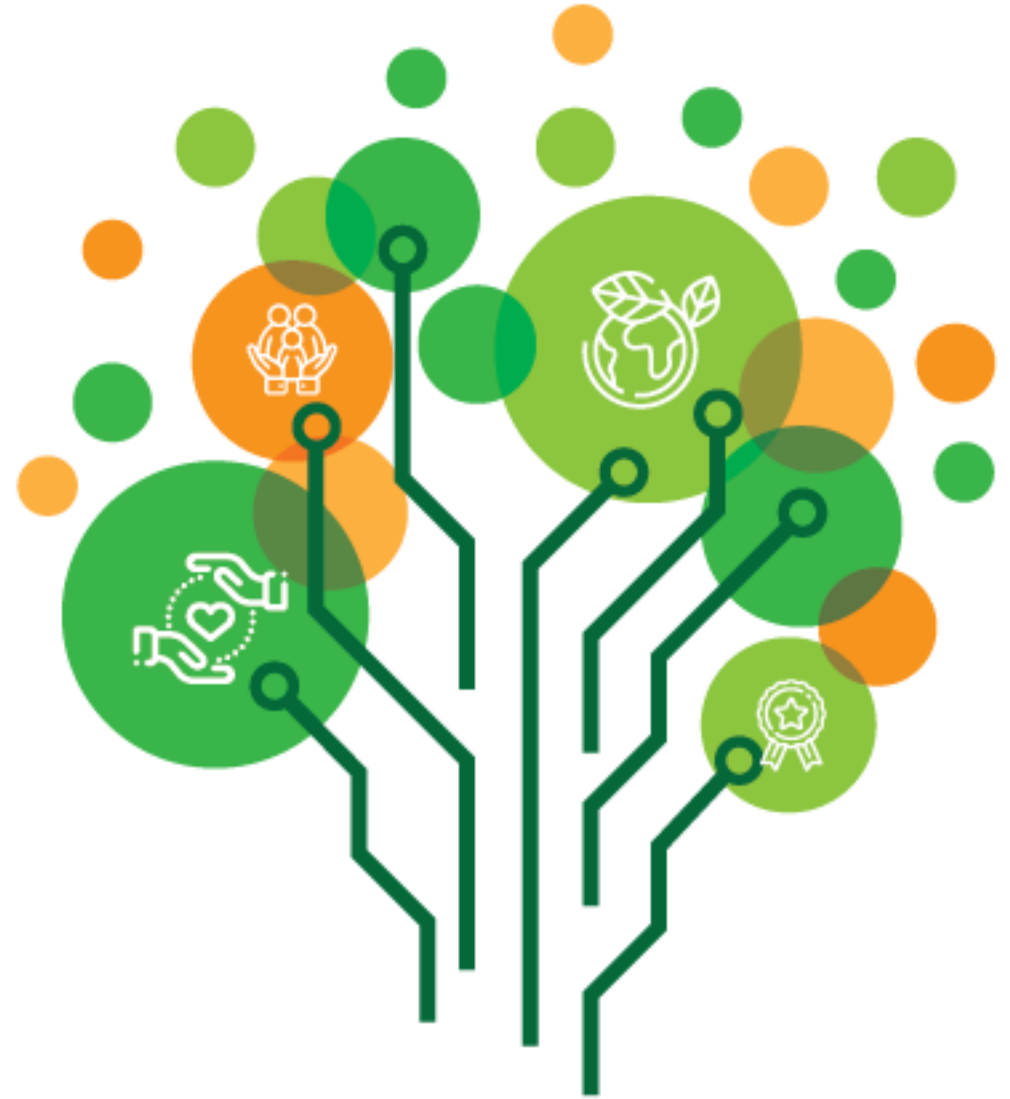



# SUSTAINABILITY PROGRAM — 2020



- **Our Commitment**
- **Sustainability Pillars**
- **Sustainability Development Goals**
- **2020 - 2021 Sustainability Program Sections**




- **Annexes**



Since the first ever civilizations, clothing has served as a way of protection, culture preservation and identity expression

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However, what used to be a mean to protect us from the dangers of the environment, is now destroying it. The textile industry is the second most polluting in the world.

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**100%**  
**SUSTAINABLE**

We want to transform the game rules of the textile industry with purpose made garments, which represents our ideal of responsible change.



# OUR COMMITMENT

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## ¿Second most polluting industry in the world?

Precisely, the textile industry corresponds to the 2nd most polluting industry around the world. Just to make 1 cotton t-shirt, 2,700 liters of water are required, which equals to 27 five-minute showers approximately.

We are conscious of our industry's impact and we believe that we have the responsibility of making a necessary change to stop it. We challenge ourselves constantly in order to shift the current ways businesses are managed and to innovate within our industry in benefit of our community and environment. Thus, becoming a reference and influence for the rest of the national and global economy participants.

We are Textil del Valle S.A., a vertically integrated Peruvian company, part of the textile industry, dedicated to making garments for export. We offer our customers a competitive service while creating value for our shareholders with social responsibility for our workers and community.

Sincerely, the Management



# SUSTAINABILITY PILLARS

Textil del Valle (TDV) has defined **6 sustainability pillars**, which will guide its performance and serve as a reference for decision-making and execution of the business operations. These pillars represent the foundation that supports our transition to not only a responsible company, but an organization that creates changes and contributes to collective benefits (economic, environmental and social). Thus, being our 2020 mission to become:

**“The most sustainable plant in the world”**



# SUSTAINABILITY PILLARS

The **6 sustainability pillars** are listed below, which are detailed in the Sustainability Policy (Annex 1).

- 1 Transparency**
- 2 Continuous Improvement**
- 3 Participation**
- 4 Environmental Management**
- 5 Involvement**
- 6 Compliance**





# SUSTAINABILITY PILLARS

These pillars are directly related to our values as a company (Annex 2), each contributing to the development of one or more values:

- Integrity
- Respect
- Continuous Improvement
- Teamwork
- Commitment

In the following table, this relationship can be observed.

**Table 1: Relationship between TDV values and Sustainability pillars**

Sustainability Pillars	TDV Values				
	Integrity	Respect	Continuous Improvement	Teamwork	Commitment
Transparency	●				
Continuous Improvement			●		
Participation				●	
Environmental Management			●		●
Involvement			●		●
Compliance		●			



# 7 SUSTAINABLE DEVELOPMENT GOALS

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# SUSTAINABLE DEVELOPMENT GOALS

During 2020, TDV is committed in contributing to 7 of the 17 Sustainable Development Goals (SDGs), which were established by the United Nations to promote the sustainable growth (economic, social and environmental) of the global societies towards the year 2030 (United Nations, 2015).





# SUSTAINABLE DEVELOPMENT GOALS

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3



**Good health  
and well-being**

“3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being”

# SUSTAINABLE DEVELOPMENT GOALS

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5



**Gender  
equality**

“5.1 End all forms of discrimination against all women and girls everywhere”

“5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life”

“5.c Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life”

# SUSTAINABLE DEVELOPMENT GOALS

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6



**Clean water  
and sanitation**

“6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally”

“6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity”

“6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes”

“6.b Support and strengthen the participation of local communities in improving water and sanitation management”



# SUSTAINABLE DEVELOPMENT GOALS

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7



**Affordable  
and clean  
energy**

“7.2 By 2030, increase substantially the share of renewable energy in the global energy mix”

# SUSTAINABLE DEVELOPMENT GOALS

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11



**Sustainable  
cities and  
communities**

“11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management”

“11.b By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels”

# SUSTAINABLE DEVELOPMENT GOALS

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13



**Climate  
action**

“13.2 Integrate climate change measures into national policies, strategies and planning”



# SUSTAINABLE DEVELOPMENT GOALS

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15



Life on land

“15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements”

“15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally”

“15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world”

“15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species”



# 2020 - 2021 SUSTAINABILITY PROGRAM SECTIONS





# 2020 - 2021 SUSTAINABILITY PROGRAM SECTIONS

As part of the Sustainability program, 4 sections were established. Based on these, action plans were proposed that will aim to contribute to the previously specified SDGs. These sections are mentioned below and detailed in the following pages.

## Placid valley

Promote and improve activities that develop the health and well-being of all Textil del Valle collaborators



## Environmental protection

Mitigate the impact on the environment through the application of sustainable and innovative equipment, processes and management



## Community

Establish a close relationship with the citizens of Chincha, introducing initiatives that contribute to the development of the community



## Sustainable excellence

Ensure the continuous and innovative improvement of Textil del Valle's transition to a sustainable business



# 1. PLACID VALLEY

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The concept of Placid Valley as part of TDV, implies maintaining a safe, welcoming and challenging environment, which complies with national and international regulations, in order to ensure the optimal well-being of its members.



# 1. PLACID VALLEY

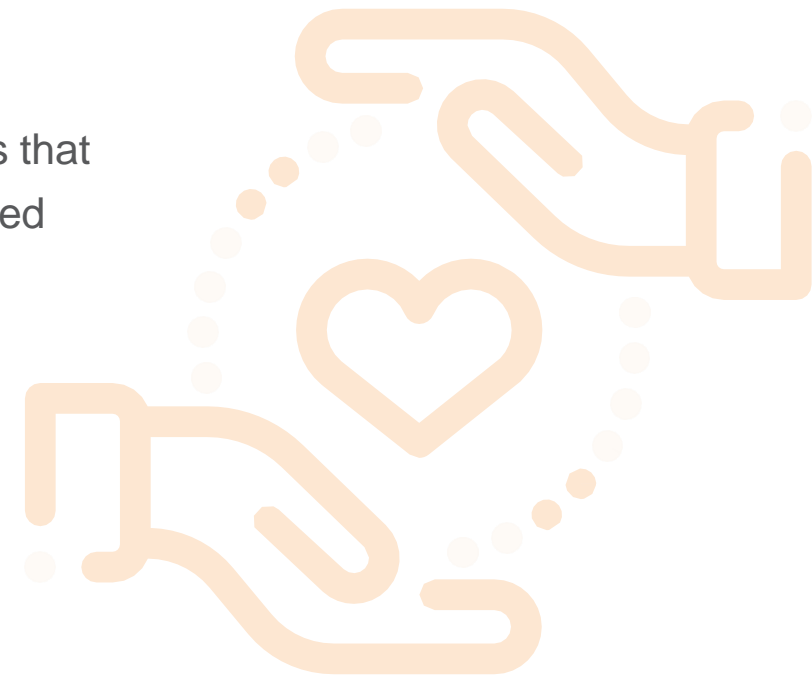
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## 1.1 ETHICS CODE AND COMMUNICATION LINE

As part of our processes review in the Human Resources department, the introduction of an Ethics Code and Communication Line has been designed for the generation of a harmonious work environment. This stipulates the moral and behavioral responsibilities that a TDV collaborator should have with the company, his colleagues and himself. In addition, it establishes sanctions for non-compliance with policies. Control will be supervised by an Ethics Committee designated for the case.

The Communications Line will serve as a complementary medium through which collaborators may make complaints and accusations that go against the provisions of the Code of Ethics. This will be managed by the consulting company Ernst & Young (EY).

***Implementation date: February 2020***





# 1. PLACID VALLEY

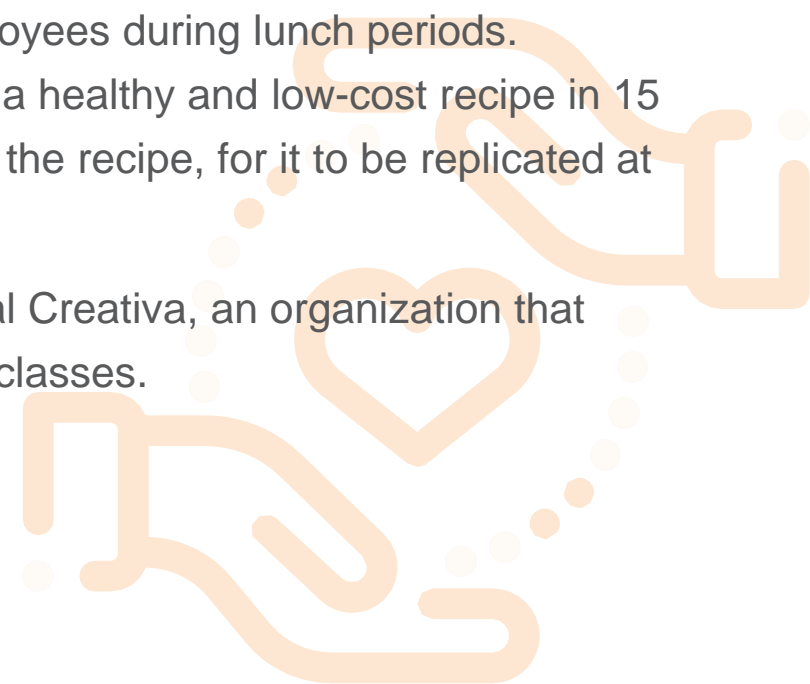
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## 1.2 YOGA & NUTRITION

Since 2018, the Yoga & Nutrition program has been carried out, which consists of yoga sessions and nutrition classes for employees. These aim to develop a healthier and more conscious lifestyle, in order to reduce stress levels, anxiety and the bad eating habits of the employees. Yoga sessions are held weekly during working hours: collaborators are grouped by departments and each group attends their respective 25-minute session in a designated space in the factory. Additionally, the results of the program are monitored in the collaborators: Body mass index (BMI), % body fat, % absenteeism, % efficiency and physical well-being.

At the same time, cooking classes (Nutrition) are held for the employees during lunch periods. Participation is voluntary and each class covers the preparation of a healthy and low-cost recipe in 15 minutes. After the class, each assistant is given a physical copy of the recipe, for it to be replicated at home.

These programs are carried out with the support of the NGO Social Creativa, an organization that provides us with qualified teachers to teach yoga and the cooking classes.



# 1. PLACID VALLEY

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## 1.3 'YOGA IN OUR FACTORIES'

This program will serve as a complementary extension of the Yoga practice, which is already carried out in the factory facilities. The difference will be that this program will be carried out at the collaborator's workstations, during the beginning of each working day (for 5-10 minutes).

The initiative was created thanks to our client Lululemon Athletica Inc., who is promoting the project within the facilities of their global vendors.

***Implementation date: June 2020***



# 1. PLACID VALLEY

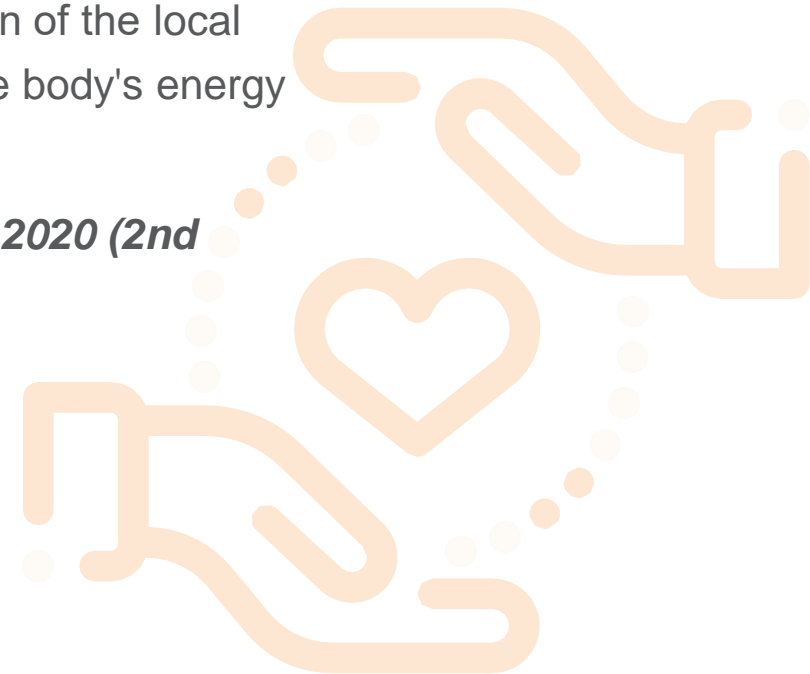
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## 1.4 LULU-CHAKRA

The Lulu-Chakra project started in 2019, which is still contemplated in 2020. An area of 8,000 m<sup>2</sup> was designated for the cultivation of various vegetables. The harvest is then handed out to the collaborators of the company, adding to our intentions of being able to contribute with healthy food for their diet. Two campaigns are contemplated in 2020, one during the summer (cucumber, beet, radish and parsley) and the other during winter (corn and sweet potatoes).

The project was developed in collaboration with one of our clients Lululemon Athletica Inc., hence the term 'Lulu'. While the term 'Chakra' is a combination of the local concept of a designated rural space for cultivation (chakra) and the body's energy centers (chakra).

***Implementation date: February 2020 (1st campaign) and April 2020 (2nd campaign)***



# 1. PLACID VALLEY

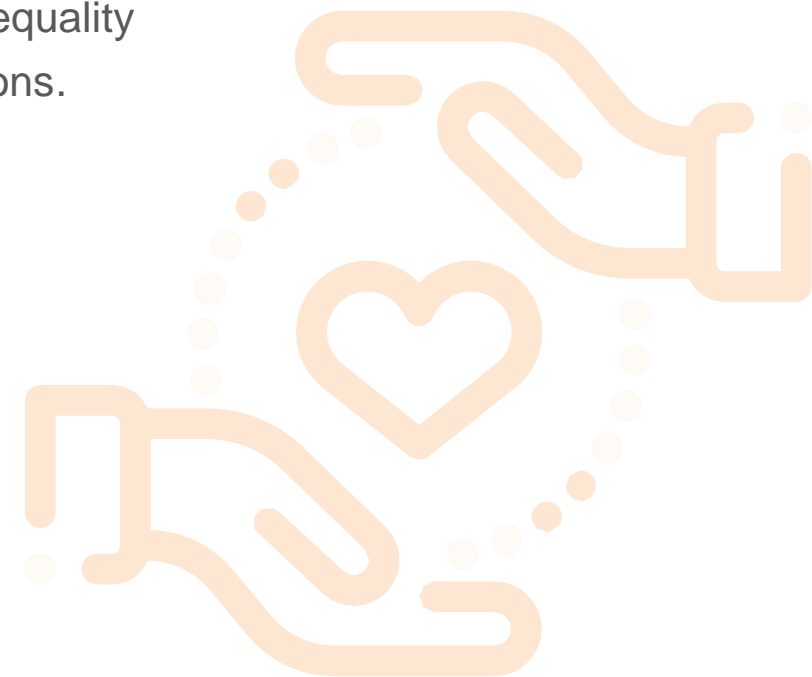
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## 1.5 GENDER EQUALITY PROGRAM

Gender equality is an aspect with which TDV is committed to promoting and adapting within the company. For this reason, it has been initially planned the preparation of an internal diagnosis, and then the establishment of an action plan that allows reducing gaps between women and men in the company (quantity, wages, opportunities).

This program will be accompanied by the elaboration of a gender equality policy, which establishes the company's commitment to these actions.

***Implementation date: April 2020***



## 2. ENVIRONMENTAL PROTECTION

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Environmental management will include improvements in internal processes in order to make our operations more responsible and less polluting. The involved projects will cover aspects of energy, water and waste.





## 2. ENVIRONMENTAL PROTECTION

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### 2.1 SOLAR ENERGY

By 2030, efforts will be made to supply the plant with 100% electrical energy from low-impact renewable sources. For this reason, in 2020 a first stage of solar panel installation will begin at the plant, in order to generate 50% of the electrical energy consumed per year.

An area of 5,000 m<sup>2</sup> will be covered for the installation of 1,320 solar panels that will generate a capacity of 500 kW. The project will be worked together with Atria Energía, TDV's current provider of electrical energy.

***Implementation date: February 2020***



## 2. ENVIRONMENTAL PROTECTION

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### 2.2 ULTRAFILTRATION (UF) AND REVERSE OSMOSIS (RO) PLANT

The UF and RO plant is part of the action plan that TDV has been executing for water care. Currently, the company owns a Wastewater Treatment Plant (WWTP) that performs a biological treatment of our wastewater.

50% of the outlet effluents from the WWTP will be processed at the UF and RO plant, and then used within the production process. This quality of the result water will be suitable for reuse in the internal processes that use soft water.

The project will be worked with RWL Water, who will be in charge of the operation and monitoring of the plant during the first 6 months.

***Implementation date: February 2020***



## 2. ENVIRONMENTAL PROTECTION

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### 2.3 WASTE MANAGEMENT PLAN

Within the action plans determined for 2020, the development of a waste management plan has been included. This plan will include projects to reuse materials used in the production processes, in order to give them a new use, either internally or externally. This way, circular economy and a integrated management of solid waste are introduced in the company.

One of the first, already established projects of the plan, is fabric recycling.



## 2. ENVIRONMENTAL PROTECTION

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### 2.3.1 FABRIC RECYCLING

This project will consist of redirecting fabric losses for the manufacture of new garments, among other products. In the cutting process, fabric losses are generated (remaining pieces that are not part of the final cut pieces). The losses will be cut and then transformed into yarn, which we will be used to manufacture new product lines.

*Implementation date: April 2020*



# 3. COMMUNITY

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At Textil del Valle, we believe that a company like ours should break barriers and take responsibility for the development of the surrounding population and societies. The power and reach that we have to generate positive changes drives TDV to intervene and join efforts against current local problems.



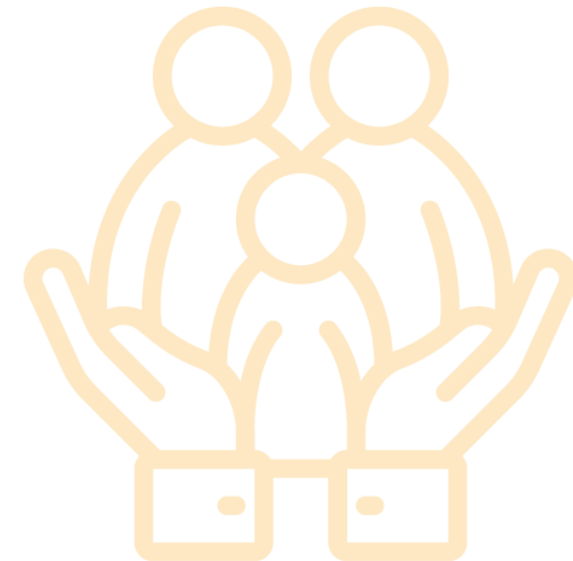


# 3. COMMUNITY

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## 3.1 YOGA

After the good results of the yoga program inside the factory, the program was extended to the community, specifically for children in the area. Yoga sessions are scheduled in schools located in Chincha with the support of Social Creativa (NGO); so that physical and mental well-being is encouraged in children from an early age. This program reaches approximately 120 children and is carried out during school hours.



# 3. COMMUNITY

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## 3.2 HEALTHY LUNCHBOXES

TDV continuously seeks to complement physical and nutritional well-being, which is why the Healthy Lunchbox program has been proposed to generate greater awareness of the contributions that a balanced and nutritious diet have in children. We will work hand in hand with Social Creativa to develop healthy lunch workshops for parents at TDV, involving them to assemble lunchboxes that are fast, low-cost, but at the same time healthy for their children (discarding foods that are high in fats and sugars).

***Implementation date: May 2020***



## 3. COMMUNITY

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### 3.3 SPORTS ACADEMY

With the help of one of our main clients, the opening of a soccer sports academy for the children of the company's collaborators, has been planned. We consider that the constant practice of sports allows the development of a good physical condition, at the same time that it allows children to learn and internalize values and abilities such as teamwork, leadership and concentration.

The development of the school will take place in the TDV's facilities. We will work in collaboration with Academia Fabucha, a local soccer school that will support us in operations, specifically, teaching classes with qualified teachers.

Additionally, psychological and nutritional sessions will be provided for children and parents, and in the same way, health checks of children will be carried out. Classes will be inclusive, allowing the participation of boys and girls born between 2007 and 2014. Students will be classified into 4 categories according to birth year.

***Implementation date: March 2020***



## 3. COMMUNITY

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### 3.4 'MÁS AGUA PARA TODOS' (MORE WATER FOR ALL)

As a result of the installation of the UF and RO plant, it has been contemplated, the donation of part of the resulting water for the local Municipality. This water will be used to irrigate parks and to clean sidewalks.

A donation of 360 m<sup>3</sup> of water per month is estimated and these will be distributed to the areas of choice and need where the Municipality requires it, the latter will also be responsible for the provision of a tank truck that will distribute the water.

The project will be developed as part of TDV's shared value program, a necessary project to obtain the 'Certificado Azul' (Blue Certificate) issued by the National Water Authority (ANA).

***Implementation date: March 2020***



# 4. SUSTAINABLE EXCELLENCE

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Committed to constantly renew ourselves and generate greater responsible added value, TDV aims to obtain a series of national and international recognitions that support its continued growth in innovation and sustainability.





# 4. SUSTAINABLE EXCELLENCE

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## 4.1 GLOBAL ORGANIC TEXTILE STANDARD (GOTS)

It recognizes the organic state of marketable textile products, so that it assures the consumer that standards have been met from the obtaining of the raw material to the manufacturing of the final products. It was designed by the Global Organic Textile Standard International Working Group, made up of 4 world organizations.

*Certification date: February 2020*



# 4. SUSTAINABLE EXCELLENCE

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## 4.2 CERTIFIED B

Certification B ensures that a company is aligned to generate collective benefits and have a positive impact on its environment, beyond just economic results. This implies generating benefits for the company's stakeholders: community, workers, environment, among others.

This certification is issued by B Corporation, a nonprofit organization that seeks to redefine the way companies operate and create value around the world.

***Certification date: July 2020***



# 4. SUSTAINABLE EXCELLENCE

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## 4.3 INITIATIVE FOR COMPLIANCE AND SUSTAINABILITY (ICS)

ICS is an international initiative to improve the environmental and social conditions of the supply chain of the member companies that make up the group, allowing to raise the working standards of all its participants.

*Certification date: June 2020*



# 4. SUSTAINABLE EXCELLENCE

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## 4.4 GLOBAL RECYCLED STANDARD (GRS)

The GRS is an international standard that mainly verifies and certifies the use of recycled material in production, allowing to reduce the negative impact on the environment and communities around a company. Additionally, issues related to labor practices, chemical use, among others, are evaluated.

This standard is managed globally by the non-profit organization Textile Exchange, which has the mission of promoting the transition of the textile industry towards one with better standards and greater responsibility in its supply chains.

***Certification date: March 2020***



# 4. SUSTAINABLE EXCELLENCE

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## 4.5 'CERTIFICADO AZUL' (BLUE CERTIFICATE)

National distinction designed and delivered by the National Water Authority (ANA) to those companies that successfully completed the Water Footprint Program. This program, established by ANA, consists of a project that seeks to mitigate the negative impact on water, be it by reducing water consumption, recycling water, among other means.

*Certification date: March 2021*





# 4. SUSTAINABLE EXCELLENCE

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## 4.6 CARBON NEUTRAL®

Recognition offered to companies that manage to reduce the total of their carbon emissions (carbon footprint). This requires that a company, in search of the neutrality of its operations, carry out a prior measurement of its carbon footprint. Once this amount has been defined, each business must establish strategies to reduce its emissions and, in addition, define conservation plans for natural areas that compensate for those remaining emissions that are not eliminated, since these areas capture carbon from the environment and transform it into oxygen.

***Certification date: July 2020***



# ANNEXES





# ANNEX 1: SUSTAINABILITY POLICY

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In TDV we include sustainability as a transversal aspect in the operation of our business. We aim to be recognized as an export company dedicated to fabric and garment manufacturing with high added value, which provides its services respecting the environment and promoting the improvement of the life quality of our workers and community. We have a responsibility towards future generations, so we adopt the best practices to align our objectives with the Sustainable Development Goals (SDGs).

## **Sustainability Pillars of TDV**

Within the framework of our sustainability policy, we have defined the following pillars that help us to have a better understanding and determination of its scope.

### **1. Transparency**

Share our results and operations information of our business, focusing on our stakeholders.

### **2. Continuous Improvement**

We have a Business Sustainability Plan, which is constantly reviewed, updated and improved together with our stakeholders.



# ANNEX 1: SUSTAINABILITY POLICY

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## **3. Participation**

We seek the active participation of our stakeholders, gathering the different expectations regarding sustainability.

## **4. Environmental management**

We seek to have an efficient management of natural resources in our production processes throughout their life cycle, through initiatives to reduce environmental impacts and risks.

## **5. Involvement**

We get involved in international and national initiatives that generate an improvement for society and the environment.

## **6. Compliance**

Cumplimos con la normatividad, políticas y leyes nacionales e internacionales que buscan y velan por todos nuestros grupos de interés.

# ANNEX 2: TDV VALUES

## Integrity

We act ethically, honestly and transparently, our behavior is aligned with our values, and we do things the right way even when no one is watching us.

## Continuous Improvement

We constantly research and learn, relying on technology, with innovative thinking and positive attitude towards change.



## Commitment

We identify with the company and its objectives. We give our best in our day to day, showing a true willingness to serve others.

## Respect

We value and respect each collaborator, we comply with internal rules and policies, always ensuring the good working environment.

## Teamwork

Our goals and challenges are connected. We organize ourselves to be more efficient in our work, collaborating generously and adding our teams.



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