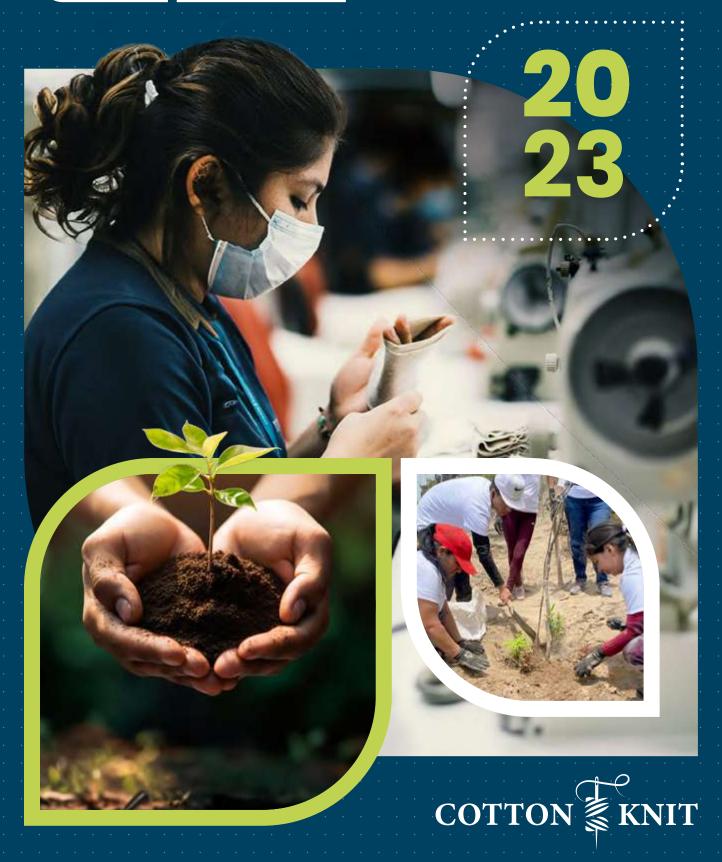
# SUSTAINABILITY Report



# CONTENT

Message	from our CEO	 Page 3
About ou	r Sustainability Report	 Page 7
Main 202	3 ESG Indicators	Page 8
	We are Cotton Knit Page 9	Peru, we have something to tell you: we craft success Page 46
	Our governance focus Page 20	We conserve our planetPage 58
	Consolidating our path toward sustainability Page 33	We create shared value Page 73

Table of GRI Content

Page 94

# Message from OUR CEO

To all our shareholders, employees, and other stakeholders:

We are pleased to share our 2023 Environmental, Social, and Governance (ESG) performance and to present the results of our sustainable management, including achievements, challenges, and opportunities encountered, as well as the lessons learned that drive our continuous improvement. We will also discuss the current state of the Peruvian textile sector and the challenges we expect to face in the future.

We continue to face a challenging global economic environment with our main clients. This is primarily due to increased interest rates and higher stock levels among clients, leading to a contraction in orders and a reduction in our sales capacity. As a result, sales projections have decreased compared to the previous period, amounting to \$36 million for 2023.

## Alberto Majluf COTTON KNIT'S CEO

"In response, Cotton Knit has implemented measures to streamline expenses, prioritizing cost efficiency and establishing new commercial partnerships. This approach is aimed at driving positive economic results for the company. Undoubtedly, these are challenging times for the entire textile sector, and we anticipate a long-term recovery that will help us restore the economic margins we previously maintained".



However, we remain committed to finding new clients, diversifying our offerings in international markets, and integrating sustainability as a distinguishing factor in our business practices.

## Our **PEOPLE FIRST**

We reaffirm our commitment to our workforce, as they are the ones who make Cotton Knit a competitive company in the Peruvian market. Therefore, we offer the best working conditions to encourage long-term retention. In 2023, we strengthened our agreements with universities and institutes, benefiting not only employees but also their families. Through our educational agreement with SENATI, over 100 employee families are receiving free higher technical education. This reflects our people's deep commitment and gratitude toward the company.

Additionally, we continue to invest in our Apprenticeship Program, which has had a positive impact on enhancing the skills of those eager to learn sewing techniques. After the induction and training process, these apprentices are given the opportunity to develop a career path as part of the Cotton Knit family.

These initiatives led to a 72% satisfaction rate in our workplace environment survey. While there is still room to grow, we remain committed to fostering a culture of continuous improvement.

# Strengthening Our HEALTH AND SAFETY MANAGEMENT

We are pleased to report that during 2023, we completed 180 days without workplace accidents and recorded zero fatalities. Our robust integrated management system (SIG in Spanish) reflects continuous improvement and our commitment to zero accidents within Cotton Knit. In the medium term, we hope to obtain ISO 45001 certification, which will further strengthen our Occupational, Health, and Safety (OHS) performance.

In line with this, we are reinforcing our synergies with allied institutions such as EsSalud, the Ministry of Health (Minsa in Spanish), and various other organizations. This year, we achieved a significant milestone with our

Annual Preventive Health Campaign. In this medical event, we invited our employees to participate in screenings for various diseases and to receive health and nutrition counseling, among other benefits. This has significantly reduced chronic illnesses, as early detection reduces risks and health consequences.

Additionally, we organized our first Health and Wellness Fair, a free event offering services in ophthalmology, obstetrics, dentistry, and more to employees, neighbors, and local businesses. This initiative has enhanced the well-being and performance of over a thousand Cotton Knit employees.



## **ENVIRONMENTAL PERFORMANCE**

The effective and eco-efficient management we are implementing has improved our environmental indicators. In circular economy practices, we are strengthening relationships with commercial partners such as Textiles Celestes, to whom we sell the textile scraps we generate. These scraps are transformed into blankets, towels, and other products that are then sold. In fact, for Mother's Day and Father's Day celebrations, we purchased these products, which originated as Cotton Knit remnants and scraps.

Another circularity initiative we are implementing is our partnership with the NGO Asociación de Ayuda al Niño Quemado (Aniquem in Spanish). We donate our waste electrical and electronic equipment (WEEE) to this organization, which provides care to thousands of children who suffer from burns.

We are also focused on implementing ecoefficient practices to improve our energy performance and reduce emissions. We have replaced conventional air conditioning units with R-410 units, which use an ecofriendly refrigerant. Additionally, we are testing less polluting chemical products with various suppliers, which, among other benefits, will allow us to use less water in dyeing and consume less electricity by lowering fabric washing temperatures.

In our environmental monitoring, we successfully completed 100% of air quality, emissions, water, and noise evaluations, with zero non-compliances. This strong performance has meant that we have not received any environmental fines or sanctions from regulatory entities.

"To further enhance our environmental performance, I am pleased to share that Cotton Knit participated in our inaugural environmental volunteer initiative, the 'Great Green Crusade', during which our employees planted over 100 trees in our district. I extend my gratitude to the Municipality of Ate and the Ministry of the Environment for inviting us to join this initiative, which we look forward to continue supporting in the future".

## Governance BEST PRACTICES

In governance, we continue to advance best practices across our corporate structure. In 2023, we updated our Code of Conduct and Ethics, placing a strong focus on conflicts of interest. To support these efforts, we conducted training sessions for our employees and strategic partners, reinforcing the standards and values they are expected to uphold.

We also made significant progress in identifying key operational risks, including those related to corruption, terrorism, money laundering, and other illicit activities. Our goal as an organization is to achieve excellence in risk management and control.

By year-end, we successfully obtained BASC recertification, affirming our status as a secure provider that meets high labor standards. We are also progressing toward Authorized Economic Operator (AEO) certification, which will validate our excellence in security within the global logistics chain.

Cotton Knit is advancing steadily toward becoming a profitable and sustainable company. These accomplishments are the result of years of dedicated work and the commitment of thousands of employees and clients who enable our continued progress. I warmly invite you to explore our second sustainability report, prepared in alignment with Global Reporting Initiative guidelines. (GRI 2-22)

Sincerely,

Alberto Majluf
Cotton Knit's CEO





We are pleased to present our second sustainability report for the 2023 fiscal year. This annual publication covers information gathered from January 1 to December 31, 2023, focusing exclusively on Cotton Knit's operations.

In this sustainability report, we share our Environmental, Social, and Governance (ESG) performance with all our stakeholders. For impact management and measurement, we have considered our operations in Ate, Lima.

This management document has been prepared in line with the Global Reporting Initiative (GRI) standards, following the updated universal standards of 2021. Additionally, we have incorporated reference frameworks from the United Nations Sustainable Development Goals (SDGs) and the Global Compact.

The information in this report has not been restated or subjected to external audit verification.

(GRI 2-2) (GRI 2-3) (GRI 2-4) (GRI 2-5)

## **MAIN ESG 2023 INDICATORS**

#### **ENVIRONMENTAL**



#### +100

trees were planted as part of our environmental volunteer program.



#### 10,625.89 kWh

of energy consumed in 2023.



#### +50%

of our treated water in our WWTP is reused in the dyeing process.



#### 100.70 t

of waste were segregated in 2023.



#### 100%

compliance with environmental monitoring programs.



#### 100%

of wastewater is treated.



We have partnerships with 2 companies (Tejidos Celeste and Aniquem) for the circularity of our recyclable waste.



## 226,400 kg of textile waste was

of textile waste wa recycled in 2023.

#### **SOCIAL**



#### +53%

of our workforce are women.



#### 75.33%

is the result of our client satisfaction survey.



#### **72%**

work environment index.



### +180 days

zero accidents.



## 4 educational partnerships

to promote higher technical education.



#### +500

employees participated in the Annual Health Campaign.



#### 221

training sessions conducted.

#### **GOVERNANCE**



## USD 32.8 million net sales.



## USD 11,475 million

in local purchases.



## We updated our BASC risk management matrix.

#### +5

textile recertifications maintained (GOTS, GRS, ISO 9001, ISO 14001, WRAP, BASC, HIGG, among others).



## We updated our Code of Conduct and Ethics, reaching

**100 %** of employees and contractors.



# We were recognized as the **Peruvian Company of the Year** for our track record and excellence.



#### 20 countries

We export our products to.



## WE ARE COTTON KNIT

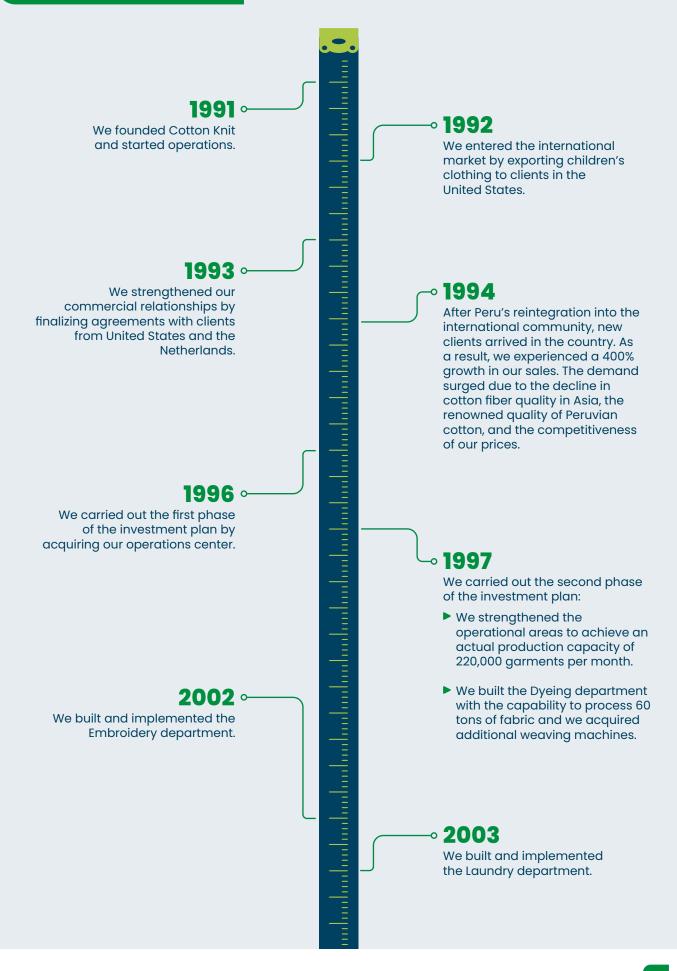
# OUR HISTORY

We were born amidst a socio-political upheaval that swept through Peru at that time. Despite the challenges, the perseverance and eagerness to establish a business by a group of siblings enabled us to found Cotton Knit on June 3, 1991. The driving force behind this dream were the brothers Alberto Majluf, Enrique Majluf, Luís Majluf, and Gustavo Majluf, who envisioned establishing a company aimed at meeting the needs of textile companies like Nettalco, Almeris, and COFACO.

Over the past 33 years, we have continued to innovate and grow within the textile sector. This journey has allowed us to establish ourselves as one of Peru's most important textile companies. Currently, we export our products to over 20 countries worldwide, and it is our customers who recognize the quality and excellence that has characterized us since our inception.

We are established as a closely-held corporation (SAC in Spanish) and our operations center is located at Santa Sofia Street, Ate 15022 (Lima). (GRI 2-1)

### **Main Milestones**



2004 •

We initiated the certification processes, obtaining the ISO 9001 certification in quality management.

**2006** °

We obtained the Business Alliance for Secure Commerce (BASC) certification, to highlight our commitment to safety in our supply chain.

2019 ∘

We obtained ISO 14000 certification to control and manage our environmental impacts and to bolster our environmental management strategy.

**2023** •

We achieved recertification for the GOTS and GRS, reaffirming our commitment to using raw materials sourced from organic cotton and recycled materials. **∞ 2005** 

- We began the construction and implementation of the Printing department.
- We created the Work Environment department, working collaboratively with all team leaders and their respective staff.

∘ 2012

We obtained the Worldwide Responsible Accredited Production (WRAP) certification to ensure good labor and environmental practices, among other aspects in our operations.

**∞ 2022** 

We obtained the Global Organic Textile Standard (GOTS) and the Global Recycled Standard (GRS) certifications to ensure that our raw materials originate from organic fibers and recycled materials, thereby strengthening our competitiveness in the international market.

# 1.2 COMPANY'S DESCRIPTION

Cotton Knit's history began weaving itself in 1991 when the Majluf family transformed a dream into reality: build the best textile company exporting knit fabric.

Since then, our challenge has been to drive service quality across all processes, guided by ethical values of excellence, integrity, inclusivity, and teamwork.

Today, we have consolidated our leadership, evolving into a modern, innovative company that has conquered new markets and countries, establishing itself as a reliable supplier for all our clients. This achievement would not be possible without the active participation of our 1,179 employees, whose effort, commitment, and dedication allow us to challenge the impossible. Together, we are not just creating a better company, but also a better community.



## Purpose, mission, vision, and values



#### **MISSION**

Produce and export knitted garments, with the goal of ensuring satisfaction among our customers, shareholders, and employees.

We value and prioritize our processes of social responsibility and environmental sustainability at each stage of our operations.



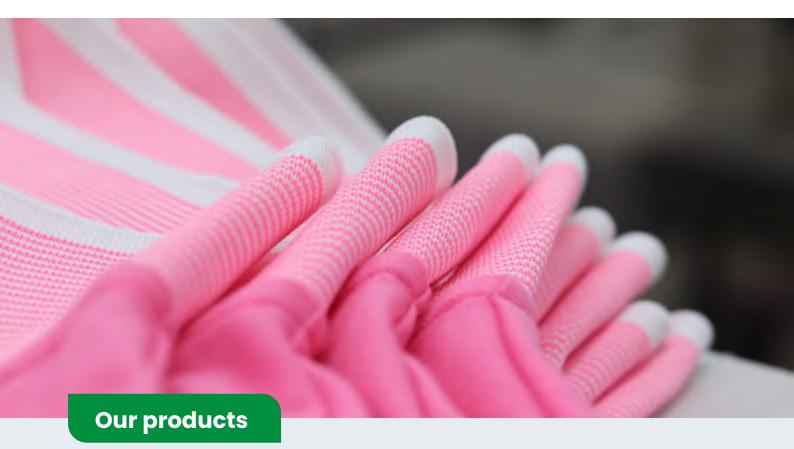
#### **VISION**

Become the benchmark company in the garment export industry in Peru, standing out as a sustainable company with high quality and service.



#### **VALUES**

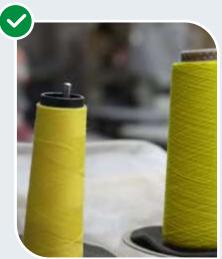
Our values serve as the pillars that consistently guide our actions and decisions. These values include quality, customer orientation, commitment, honesty, reliability, and responsibility.



We offer a wide range of full package garments, including t-shirts, polo shirts, dresses, sweatshirts, and sweatpants made of materials such as Pima cotton, modal, nylon, polyester, among others, for prestigious international brands. Our products meet high standards of quality, sustainability, traceability, and safety. In recent years, we have embraced a robust approach to sustainability with the goal of becoming a competitive, profitable, and sustainable company over time.

Currently, we produce over 600,000 garments per month and operate as a vertically integrated company with weaving, dyeing, cutting, sewing, laundry, embroidery, printing, and finishing processes.









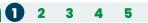
DESTINATION COUNTRY	Q GARMENTS PER DESTINATION
United States	1,898,000
Peru	238,000
Italy	191,000
Brazil	143,000
France	101,000
México	85,000
Chile	80,000
Canada	78,000
Hong Kong	67,000
Panama	43,000
Japan	28,000
Paraguay	21,000
Argentina	16,000
Korea	12,000

DESTINATION COUNTRY	\$ AMOUNT PER DESTINATION
United States	\$19,850,400
Peru	\$ 2,745,680
Brazil	\$1,956,880
Italy	\$ 1,877,590
France	\$ 1,541,880
Mexico	\$ 876,730
Canada	\$ 755,910
Chile	\$ 731,030
Hong Kong	\$ 621,920
Panama	\$ 484,530
Japan	\$ 455,000
Argentina	\$ 452,590
Paraguay	\$ 210,150
Korea	\$ 182,120

We have a presence in America, Europe, Asia, Africa, and Oceania. We collaborate with renowned international brands that see Cotton Knit as a company providing high-quality products and services.

It is important to note that our production is exclusively carried out upon orders from international clients.





#### **Our main clients**





Eden ∞ Park



Garnet Hill

vineyard vines

Unbranded Co.®



# 1.3 MAIN AFFILIATIONS AND PARTNERSHIPS

At Cotton Knit, we are committed to being a sustainability-driven company that contributes to the country's development. Therefore, proactively, we have worked to obtain the following sustainability certifications and meet sustainability standards: **(GRI 2-28)** 



ISO 14001



Worldwide Responsible Accredited Production (WRAP)



Global Organic Textile Standard



Global Recycled Standard (GRS)



The Higg Facility Environmental Module



Peru Carbon Footprint Program

#### We are part of various civil organizations, private companies, and industry associations:





The Lima Chamber of
Commerce is an association
that brings together
companies of various
industries and sizes in
Lima, fostering organized
collaboration among them.

Our association with the Lima Chamber of Commerce provides us with industry representation before the Government. Additionally, we engage in training sessions and talks on relevant topics for the textile industry.





We are part of the leading business association of Peruvian foreign trade. Thanks to the services it provides, we manage to maintain our international competitiveness.

ADEX gives us access to statistics on the export textile sector and opportunities to participate in trade fairs.





Non-profit institution that promotes the development of the manufacturing industry, drives the market economy, and contributes to the country's development from various fronts.

Maintaining synergies with them enables us to access training, talks, and/or relevant information about the national textile manufacturing sector.



Asociación Peruana de Técnicos Textiles



Association formed by individuals engaged in technical, scientific, and social activities related to the textile industry and its related fields, aimed at promoting and encouraging the study, research, and dissemination of technical knowledge derived from the textile industry. As members of this association, we receive news and updates about the Peruvian textile sector, along with access to training sessions and talks on emerging trends in textile processes.



Instituto Peruano del Algodón



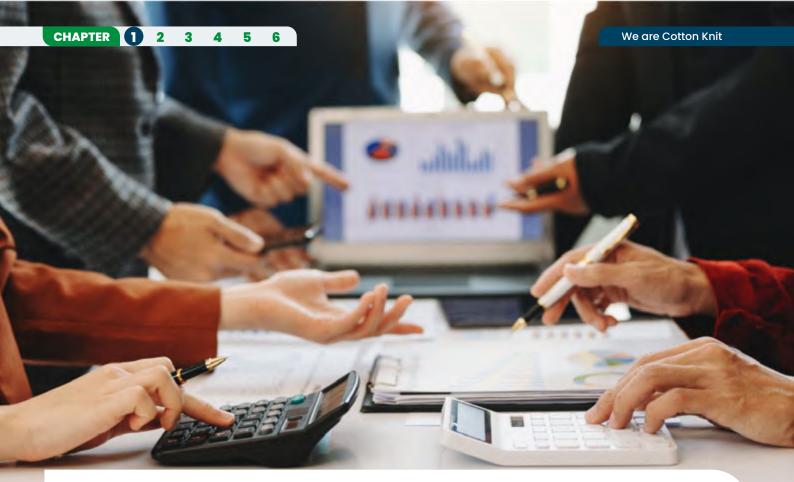
We are part of the Peruvian Cotton Institute and work collaboratively with the entire production chain to promote a common agenda that enhances the competitiveness of Peruvian cotton both nationally and internationally.





Better Cotton Initiative (BCI) is a non-profit organization working to promote sustainable practices in the cotton industry.

Through our participation, we support aid and technical assistance programs for individuals working in cotton farming fields.



## 1.4 FINANCIAL MANAGEMENT



Our leading position in the international market is cemented through the long-term relationships we foster with our clients.

The 2023 fiscal year was a year of adjustment. After the boom experienced the previous year, the international market contracted in 2023, mainly due to rising interest rates and the global economic slowdown. These events impacted our operations on several fronts. First, financially, we faced a high cost of financing, which reached nearly 100% at its peak. In terms of sourcing, there was

an increase in the cost of materials and production supplies. Finally, in terms of demand, the rising costs of maintaining stock forced clients to restrict new orders and prioritize the liquidation of inventories at their distribution centers and points of sale.

In response to this situation, the company implemented a series of adjustments throughout the year to mitigate the impact of the decline in sales, which was evident during the second half of 2023. Despite the challenges posed by the international market, which affected not only the company but the entire textile export sector, Cotton Knit remains one of the leading garment export companies in the country. (GRI 3-3) (GRI 201-1)

### Generated and distributed economic value (in million of soles) (GRI 201-1)

GENERATE	ED AND DISTRIBUTED ECONOMIC VALUE		2023 (in million of soles)	
DIRECT ECONOMIC VALUE GENERATED (DEVG)				
Revenues	Net sales (+) Income obtained from drawback (+) Assets sales	s/ 138,705 s/ 4,265 s/ 62	s/143,032	
	DISTRIBUTED ECONOMIC VALUE (DEV)			
	Cost of production materials and others	s/ 58,784		
	(+) Employee expenses (training costs and related expenses)	s/20		
<b>Operating costs</b>	(+) Expenses for subcontracted personnel	s/7,338	s/82,677	
opolating coots	(+) Administrative expenses	s/1	3/ 62,677	
	Taxes	s/ 0		
	(+) Contributions	s/3,255		
	(+) Other operational expenses	s/13,278		
	Salaries	s/30,405	s/44,687	
	(+) Employee profit sharing	s/140		
Salaries and employee benefits	(+) Health insurance	s/ 462		
	(+) Bonus	s/992		
	(+) Other benefits(transportation, food/snacks, etc.)	S/12,688		
Payments to government	Taxes and penalties	s/ 677	s/677	
	Payment of dividends to shareholders	-		
Payments to capital providers	(+) Interest from all types of debts and loans	s/ 8,213	s/8,213	
Investments in the community	Deductible and non-deductible donations	s/16	s/16	
	ECONOMIC VALUE RETAINED (EVR)			
Economic value retained (EVR)	Economic value generated - economic value distributed = reserves + amortization + depreciation	s/ 6,762	s/6,762	



## OUR GOVERNANCE FOCUS

## **CORPORATE GOVERNANCE**

Since our founding, we have been established as a family-owned business. In this regard, the highest governing bodies are held by four members of the Majluf family, who lead the company with the goal of ensuring efficiency, profitability, and transparency in its management. With the recent incorporation of sustainable management into our business model, we are integrating Environmental, Social, and Governance (ESG) components for a comprehensive impact management approach.

#### **Board of Directors**

The Board represents the highest governance body of the company and is composed by members of the Majluf family. The roles of the shareholders are clearly defined in the company's bylaws, outlining the obligations and responsibilities of both the shareholders and the General Management. It is important to highlight that currently, the Management Committee includes the participation of three women, who significantly contribute to the company's strategic planning.

(GRI 2-9)

### **Appointment**

The appointment of Cotton Knit's Board of Directors is governed by the family business statute. In this process, officials are selected to fill key positions, such as General Manager, as well as other members of Senior Management. Through a consensus reached between the parties, Mr. Alberto Majluf has been appointed as Chairman of the Board. It is worth noting that Mr. Majluf simultaneously serves as General Manager and holds a high-level executive position within the company.

(GRI 2-10) (GRI 2-11)

### **Board Responsibilities**

The Board performs the following functions within the company: (GRI 2-12) (GRI 2-14)

- Define the company's policies, strategies, and objectives for the specified period.
- Approve and/or modify the policies and strategies presented by Senior Management.
- Oversee compliance with good governance practices.
- Ensure the company's strong economic performance.
- Manage other matters within its competence and scope.
- Regarding sustainable development, the Board reviews, approves, and supervises the sustainability strategy, the sustainability report, as well as the certifications proposed by the Management System and Certifications department.
- Provide the necessary resources for the maintenance of the integrated management system and for obtaining new certifications aligned with our sustainability strategy.
- Provide the necessary resources for the optimal management and flow of production and support processes.

#### **2** 3

## Training and performance evaluation

In accordance with our internal policies, members of Senior Management receive ongoing training in various areas of expertise, including sustainability. In 2023, management committee members were trained on human rights, covering topics such as the prevention of sexual harassment sponsored by the Ministry of Labor (MINTRA in Spanish), as well as training on circular economy in the textile industry conducted by government agencies. For the upcoming year, we will continue with similar activities to strengthen their educational capacities and consolidate our position as a leading company in the Peruvian market.

Being a family-owned company, we do not conduct internal evaluations of shareholders. However, the members of the Management Committees undergo continuous evaluation by the General Management. This process includes constant feedback due to their extensive knowledge of the industry. We also consider criteria such as responsiveness and flexibility to market changes, among others. By maintaining an open-door management style at the Senior Management level, direct interaction with committee members is ensured, allowing any performance discrepancies to be addressed immediately. If Senior Management deems it necessary to conduct a formal evaluation, we request that it be done externally to ensure the transparency of the results. (GRI 2-17) (GRI 2-18)

#### **Conflict of interest**

At Cotton Knit, we believe it is essential that our company's objectives take precedence over personal interests. As such, 'honesty' and 'reliability' are core values that the company expects all employees to demonstrate in their daily work.

To reinforce these values, we have established a Code of Conduct and Ethics. This code emphasizes the importance of 'Doing business ethically' and 'Protecting our Company.' All our key suppliers are familiar with this code and commit to respecting and complying with it through formal agreements. Additionally, we provide the possibility to report any violations to our BASC Committee.

In the event of a conflict of interest within the company, our open-door policy ensures that employees can express it with confidence. Furthermore, they have the option to submit their complaints or grievances through the various communication channels offered by the company. The Committee for Addressing Complaints and Claims ensures that these communications are handled with appropriate confidentiality and receive a prompt resolution and response. (GRI 2-15)

### **Remuneration policy**

In line with our remuneration policy, we support the strategies defined by the company and the Human Resources department, aimed at attracting and retaining talent at Cotton Knit. We strive to promote both individual and team performance among our employees, ensuring consistency in remuneration to guarantee equality (without discrimination), internal equity, and competitiveness in relation to the market, while fully complying with labor laws.

#### Our salary structure is organized into three groups:







Determining salary ranges is based on the point factor method, which assesses various positions within the company, providing a transparent categorization.

Generally, salary reviews are determined by considering criteria such as performance levels, individual merits, pay position (valuation), external equity, among others. Proposals for salary increases should be requested and supported through Human Resources, which will assess the feasibility of the proposal before seeking approval from the General Management.

Due to confidentiality and competitive sensitivity in our industry, we have excluded detailed and quantitative information regarding the remuneration and expenses of the Board of Directors and General Management from this report.

(GRI 2-19) (GRI 2-20) (GRI 2-21)







#### **Comittes**

To address a wide range of issues, from economic performance and strategic planning to continuous improvement processes and environmental and social matters, we have established specialized committees. These committees play a key role in managing and responding to these areas comprehensively. General Management is actively involved in these committees, ensuring the necessary resources are provided for

implementing initiatives. Additionally, critical concerns about potential negative impacts on the organization are communicated by the management teams within the Management Committee to General Management during scheduled meetings. (GRI 2-13) (GRI 2-16)

#### **BASC COMMITTE**

Responsible for proposing, evaluating, approving, and implementing improvements to the Management System in Control and Security (BASC), aiming for continuous improvement. Also accountable for receiving, investigating, and finding solutions for reported suspicious activities.

#### **Composition:**

President and 5 members.



## COMMITTEE ON OCCUPATIONAL HEALTH, SAFETY, AND ENVIRONMENT

Responsible for reviewing and approving management documents related to the occupational health and safety system, aiming for continuous improvement while adhering to current legislation and regulations. Additionally, plays an active role in accident investigations and inspections of various occupational health and safety processes.

#### **Composition:**

Joint, with 6 representatives elected by employees and 6 appointed by the company.



## COMMITTEE FOR INTERVENTION AGAINST SEXUAL HARASSMENT

Responsible for conducting investigations and systematizing complaints and claims related to sexual harassment by employees. It also proposes disciplinary action to prevent new cases and suggests measures that promote respect, equality and dignity, contributing to a positive work environment.

#### **Composition:**

Joint, with 2 representatives elected by employees and 2 appointed by the company.



## COMMITTEE FOR INTERVENTION IN INQUIRIES AND COMPLAINTS

Responsible for reviewing, assessing, and proposing solutions for cases of inquiries, complaints, and suggestions that were not resolved initially. Additionally, it formulates measures to strengthen the work environment.

#### **Composition:**

Joint, with 2 representatives elected by employees and 2 appointed by the company.





#### **WRAP COMMITTEE**

Responsible for ensuring compliance with WRAP principles and our Code of Conduct and Ethics. This committee places special emphasis on key aspects such as human well-being, ethical negotiation, and environmental stewardship, making a significant contribution to fostering a safe and pleasant work environment.

Composition: 8 members.

Additionally, to address corporate sustainability matters, we have the Management System and Certifications department. Elizabeth Maúrtua, Coordinator of such department, spearheads sustainability-related initiatives within the organization. This includes overseeing certifications such as ISO 9001, ISO 14001, WRAP, BASC, GOTS, and GRS, in addition to supervising the Sustainability Strategic Plan. (GRI 2-24)

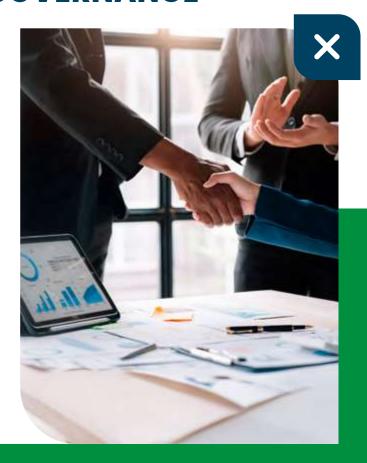
### **SUSTAINABILITY MANAGEMENT** IN CORPORATE GOVERNANCE

### Ethics and anticorruption management

We promote continuous improvements organizational culture, focusing on strengthening our values, transparency, and corporate ethics. We aim to establish a framework that guides the conduct of all our employees and other stakeholders.

Our Code of Conduct and Ethics, consisting of principles, guidelines, and instructions, ensures compliance with ethical and integrity standards that all our stakeholders are expected to follow.

Below are the guidelines:





Prohibition of forced labor



Prohibition of child labor



Prohibition of abuse



Prohibition of discrimination





Prohibition of discrimination and violence against women



Health and Safety



Freedom of association



Compensation and benefits



Hours of work













Management and mechanisms for resolving complaints



Security

Legal andethical criteria

**Environment** 

Customs compliance The Committee for Intervention in Inquiries and Complaints addresses violations of the Code of Conduct and Ethics, follows up on cases, and imposes sanctions, with leadership from employee representatives. For anti-corruption matters, the BASC Committee is in place.



#### **Policies and Code of Conduct and Ethics**

#### **Cotton Knit ethics hotline**

We encourage our employees and other stakeholders to report actual or potential acts that violate the guidelines established in the Code of Conduct and Ethics. In this regard, the Committee for Intervention in Inquiries and Complaints is responsible for receiving complaints or claims related to mistreatment, harassment, discrimination, and other unethical acts. Meanwhile, the BASC Committee is tasked with handling reports of fraud, theft, and corruption in all its forms.

It is important to highlight that we manage cases comprehensively and with discretion, ensuring the confidentiality and protection of the reporting individuals.

Additionally, we implement a rigorous control process for reported cases, which varies based on specific factors of each situation such as urgency, impact, severity, among others. (GRI 2-25) (GRI 2-26)

Type of report or complaint	Amount	Percentage
Managerial ability / leadership	10	31%
Camaraderie	7	22%
Dining services	6	19%
Teamwork	4	13%
Security personnel	2	6%
Harassment	1	3%
Discrimination	1	3%
Transportation	1	3%
Total	32	100%



#### In person

Any employee can approach the Human Resources department at any time to present their inquiry, complaint, claim, report, or suggestion, which, according to its nature, will be forwarded to the responsible committee.

3



#### **Email**

Inquiries, complaints, claims, reports, or suggestions can be sent via email to the following address: comunicaciones@cottonknit.com, including any pertinent information you deem relevant for the investigation.



2



#### **Suggestion box**

Any employee can submit an anonymous complaint, claim, report, or suggestion either in the physical suggestion box located on our premises or through its digital version via a QR code link.

4



#### **WhatsApp**

We provide the number 51+ 998 100 832 to promptly address inquiries, complaints, claims, reports, or suggestions as part of our open-door policy. Any employee or interested party can contact the General Management, Human Resources Department Head, or their respective department's head to discuss any concerns they may have.

It is important to highlight that these communication channels and mechanisms are disseminated among our employees and strategic partners throughout the year across multiple communication platforms.

#### 6

### **Anti-corruption**

At Cotton Knit, we continue to implement anticorruption best practices to operate safely and reliably through our Control and Security Management System. To manage these practices, we hold the BASC certification, which strengthens our system and aligns with C-TPAT standards. For this purpose, we have established procedures, guidelines, manuals, and BASC risk assessment matrices.

These assessment matrices help us identify various risks related to our operations and those of our suppliers. With our suppliers, we establish security agreements and conduct visits to their facilities to ensure compliance with our Code of Conduct and Ethics.

During 2023, we made significant improvements to our Control and Security Management System:



**Update of the Code of Conduct and Ethics:** Our commitment to conducting business ethically was reinforced, including guidelines for handling gifts offered by suppliers.



**Communication of the Code of Conduct and Ethics:** The updated Code of Conduct and Ethics was distributed to 100% of our strategic partners for compliance. Additionally, we requested the voluntary declaration of the origin of their funds to ensure they do not come from illicit activities.



**Evaluation of operational controls:** The effectiveness of our BASC Risk Matrix operational controls was assessed to measure their effectiveness in managing the identified risks.



The BASC Committee, chaired by Mr. Enrique Majluf, remains responsible for addressing and managing reports related to acts of corruption, bribery, fraud, theft, contamination, any action sabotage, or connected to illicit activities. It is worth noting that there is a strong culture of reporting illicit acts such committee member, with the assurance that confidentiality will be maintained.

In 2023, various training sessions were conducted to prevent corruption, bribery, money laundering, and terrorist financing. These efforts aim to prevent our employees from engaging in such crimes. Simultaneously, different simulations of illegal activities were conducted on our premises, which were captured by our CCTV system. This allows us to assess the commitment and response of employees to the scenarios presented. Additionally, the IT department conducted several types of cyberattack simulations that could harm our information system, identifying employees who did not respond appropriately, with the aim of training them to protect the company's information. All these actions demonstrate our strong commitment to the safety of our clients, partners, and employees. (GRI 3-3)

### **Upcoming projects**



## Restructuring of the Audit department:

We aim to continuously audit our processes to ensure compliance with regulations and the early detection of potential risks.



#### **Ongoing training:**

Various types of illicit activities will be continuously communicated to all employees so they can learn to identify suspicious activities and respond appropriately.





CODE OF CONDUCT AND ETHICS





ETHICS HOTLINE



Policies and guidelines that address the anti-corruption management

BASC COMMITTEE



PROCEDURE FOR
DETECTING AND
REPORTING SUSPICIOUS
ACTIVITIES





We have been BASC certified since march 2006, ensuring secure trade control and preventing smuggling, illicit drug trafficking, and terrorism.



#### 2

# Operations evaluated based on corruption-related risks

During 2023, 100% of the 13 processes considered critical to operations in terms of anti-corruption risks were evaluated. This evaluation identified critical activities with associated risks such as theft, collusion, bribery, among others.

In total, 64 corruption risks were identified in our BASC Matrix, and operational controls were implemented to minimize the possibility of corrupt acts.

(GRI 205-1) (GRI 205-3)



## Training and Education on Anti-Corruption

During 2023, training continued for 100% of Cotton Knit's Board of Directors and administrative employees involved in BASC processes on the prevention of corruption and bribery, terrorist financing, and anti-corruption policies. This training was also extensively extended to our suppliers and contractors, who were instructed on our policies, compliance aspects, and Code of Conduct and Ethics.



Below is the number and percentage of employees who have been informed about policies and procedures related to anti-corruption. (GRI 205-2)

Job	2023	
category	Number	Percentage
Executives	8	100%
Employees	337	100%
Operators	834	100%

Business	2023	
partners	Number	Percentage
Suppliers	28	100%
Contractors	2	100%



## CONSOLIDATING OUR PATH TOWARD SUSTAINABILITY







In 2021, we outlined a clear road map to integrate sustainability at the core of our business. We established our mission and incorporated indicators and goals within a triple-impact strategy: economic and governance, environmental, and social. Within a three-year time frame, we have achieved significant progress, which is detailed in our second sustainability report.

Sustainability is not just an internal commitment but also a shared responsibility with our employees, customers, and suppliers, as well as with the community at large. We firmly believe that by aligning our efforts with all stakeholders, we not only strengthen our position in the market but also contribute to building a more ethical and sustainable business environment. We are committed to engaging all stakeholders in our journey toward sustainability, promoting transparency, collaboration, and innovation in all our operations and strategic decisions.

Currently, we are working diligently to ensure that these actions have a positive impact on our employees and other stakeholders.

(GRI 2-23) (GRI 2-24)

### Cotton Knit's triple impact strategy



**GOVERNANCE** 



**ENVIRONMENTAL** 



SOCIAL



Corporate governance and ethics



Climate neutrality strategy



Occupational health and safety



Economic performance



Materials, waste, and water management



**Professional** development, diversity, and commitment with our employees



Responsible management in the supply chain



**Human Rights and Good Labor Practices** 



Risk and Crisis Management



**Employment** Generation



## CONTRIBUTION TO THE SUSTAINABLE **DEVELOPMENT GOALS (SDG)**

Aligned with our corporate sustainability strategy, we have prioritized nine SDGs, driving tangible actions toward their attainment and thus, supporting the 2030 agenda. In the Peruvian context, we have identified challenges that require addressing in collaboration with the private sector.

Hence, issues such as quality education, access to healthcare, climate action, among others, need to be approached through a multisectoral lens to narrow the existing gaps in the country. We present our contribution to the SDG across the governance, environmental, and social dimensions:

## **GOVERNANCE** Ethics and Corporate Governance 17

**PARTNERSHIPS** FOR THE GOALS ▶ Strategic partnerships with our raw material suppliers (yarn).

Code of Conduct and Ethics covering ethical standards, anti-bribery, and corruption.

#### SOCIAL

#### OHS and workplace climate

03 **GOOD HEALTH** AND WELL

▶ 864 employees benefited from health campaigns and wellness programs. Thanks to early detection through these programs, many were able to access timely treatments, improving their quality of life.



**72%** satisfaction rate in the workplace climate index.



#### **Education**



**97%** competency index.



▶ 6,345 h of training provided to our employees during 2023.





We have strategic educational agreements for our employees to enhance their performance and skills (SENATI, ADEX, UCV, UPN).





3 scholarships have been awarded to

talented children from low-income populations, thanks to Cotton Knit's partnership with Peru Champs, an organization dedicated to reducing educational inequality in our country.



#### **Human Rights**

05 **GENDER EQUALITY** 

non-discrimination policy for our employees based on factors such as race, gender, disability, religion, education, among others.







#### **ENVIRONMENTAL**

#### Air

## 13 CLIMATE ACTION

▶ 29 mg/m³

de óxido de nitrógeno is the concentration of nitrogen oxide in CK, which falls beneath the permissible maximum limit of 320 mg/m<sup>3</sup>.

▶ 58 mg/m³

is the concentration of carbon monoxide in CK, which falls beneath the permissible maximum limit of  $100 \,\mathrm{mg/m^3}$ .

#### **Recycling and chemicals**

12 RESPONSIBLE CONSUMPTION AND PRODUCTION > 226,435 kg of textile waste from cutting and sewing were recycled during 2023.

▶ 174,912 kg

of waste were properly segregated during 2023 according to their classification: papers, plastics, and cardboards.

▶ 920 kg

of waste electrical and electronic equipment (WEEE) were donated to Aniquem NGO through the program Recycle to Help.

13 CLIMATE ACTION



3 years utilizing the B-Hive software, enabling

us to maintain an inventory of the chemicals we use and to track their certifications.

#### **Water and energy**

06 LIFE BELOW Water

**100%** 

of the residual water from our processes is treated.

50%

of the osmotized water is reused in our processes.

12 RESPONSIBLE Consumption and production

▶ 30 L

of water savings per kilogram of processed fabric. Moreover, by reducing the bath ratio, we also minimize the use of chemicals and dyes in the process.

07 AFFORDABLE And Clean



> +15 years

using natural gas, promoting the use of clean energy.

**50%** 

of the energy consumption dedicated to plant lighting is saved due to the utilization of LED luminaries.

# INTEGRATED MANAGEMENT SYSTEM (IMS)



Meeting the needs and expectations of our customers and stakeholders regarding the quality, quantity, and timeliness of our products.



Ensuring the safety and health of our employees at work.

Respect for the

At Cotton Knit, we have an integrated management policy aimed at:

environment.



Safeguarding security within the supply chain through the continuous improvement of our processes and the sustainability of the organization.

Our integrated management policy is built upon 4 main pillars:

## strength

Specializing in crafting high-quality knitwear garments and efficiently managing the risks inherent in our activities.

## responsibility

Taking care of the environment and the health and safety of our employees and stakeholders is paramount. We promote engagement and consultation, raise awareness about good work practices, and prevent injuries, illnesses, and incidents. We ensure that our activities are conducted without pollution, thereby creating a healthy and sustainable environment.

Meeting the needs of our customers and stakeholders while fulfilling quality requirements, safeguarding the environment, and preventing pollution in a safe environment conducive to the well-being of our employees.

## prevention

Committed to complying with legal regulations concerning workplace health and safety, the environment, and other applicable requirements. We aim to enhance our employees' skills, fostering their professional and personal development.

It is crucial to understand and internalize our policy and pillars, effectively applying them in our daily work.











Certified since 2004



Certified since 2006



Certified since 2012



Certified since 2019



Certified since 2022



Certified since 2022

## 3.5 HUMAN RIGHTS



At Cotton Knit, we advocate for the promotion, defense, and respect of human rights for our employees and other stakeholders. Our human rights framework aligns with the principles of the WRAP (Worldwide Responsible Accredited Production) standard, as well as the Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration. Implementing best practices in human rights is supported by the leadership and involvement of all levels of the company. We are working to implement a comprehensive policy that includes a diversity and inclusion program. (GRI 3-3)

#### The 12 principles of the WRAP standard encompass the following human rights:

Prohibition of Compliance with Prohibition of Prohibition of Harassment and Laws and Workplace Forced Labor Child Labor Abuse Regulations Compensation Prohibition of Health and Safety Hours of Work and Benefits Discrimination Freedom of Customs **Environment** Association and Security compliance Collective Bargaining





Through our non-discrimination policy, we ensure equal opportunities and fair treatment for all Cotton Knit employees, regardless of their race, gender, sexual orientation, religion, among other characteristics. In 2023, we reported one case of discrimination among our employees, which we were able to resolve promptly to prevent the normalization of such practices. The case concluded with a formal notice to the employee to cease the acts of harassment. Subsequently, we held sessions for all staff to reinforce our Code of Conduct and Ethics, as well as our internal policies. (GRI 406-1)



We govern our activities in accordance with the provisions of the National Superintendence of Labor Supervision (SUNAFIL in Spanish) and the Ministry of Labor and Employment Promotion, Peruvian regulatory and oversight bodies regarding child labor and forced labor. Furthermore, we follow the guidelines of the WRAP certification to ensure that our operations and those of the companies we engage with maintain a zerotolerance policy towards child labor and forced labor. In 2023, we have not identified any cases of forced or child labor within the company or among our suppliers. (GRI 408-1) (GRI 409-1)



We respect the processes of free association and collective bargaining in accordance with the principles of the WRAP standard, which promotes an ethical and responsible work environment.

While we currently do not have a formal employees' union, we have introduced alternative mechanisms to promote employee involvement in matters concerning their labor rights, workplace safety, ethics, and well-being.

To this end, we have formed Committees made up of representatives from various departments, elected by employees at all levels. These Committees provide open and transparent communication channels, allowing employees to share their concerns, suggestions, and proposals on various aspects of their work life.

(GRI 2-30) (GRI 407-1)

## 3.6 MATERIALITY

Materiality analysis is a crucial tool in our sustainability management as it allows us to identify strategic priorities for said management. Following the recent updates in the Global Reporting Initiative's (GRI) reporting standard, we have conducted a thorough process to update our material topics, incorporating the new evaluation criteria. This materiality approach focuses on due diligence and the identification of impacts on human rights.

In line with this, we developed our materiality with an impact focused approach, integrating the identification of actual and potential impacts on our stakeholders (environmental, social, and human rights), as well as risks and opportunities that could affect our ability to create value with these groups. In this analysis of material topics, we have not set a prioritization threshold, but we have created a matrix to visualize the most significant topics for our organization.

Additionally, we update our materiality process every two years, which is why we are using the materiality from the previous year as input. (GRI 3-1)

The methodology we have employed to identify our material topics is outlined below:



## Comprender el contexto de la organización

In this essential step, we conducted an internal and external analysis of the environment within which our company operates. Externally, we performed benchmarking with leading companies in the textile sector with whom we have business relations. This included a detailed review of the main sustainability guidelines and standards, with a specific focus on the SASB standard through the Apparel, Accessories, and Footwear sector supplement, the Higg Index, the SDGs, and the Sustainability Yearbook.

Subsequently, we analyzed the sustainability context and prevailing trends in the sector, as well as the national context and potential risks that could affect us.

Internally, we reviewed our sustainability strategy and assessed its impact on value generation. We also integrated key policies and management documents to thoroughly understand the sustainability issues we address.





# 2 Identifying actual and potential impacts

We conducted an impact workshop with the company's management teams. In this workshop, we analyzed the impacts generated in our operations and business relations (both positive and negative, actual and potential). Additionally, we employed other tools such as surveys and focus groups with some stakeholders including customers, employees, suppliers, and governmental entities. We investigated the most impactful aspects of Cotton Knit, both positive and negative, including topics that could affect our financial performance. This process allowed us to attain a comprehensive view of the impacts relevant to our sustainability management.

## Assessing and prioritizing — actual and potential impacts

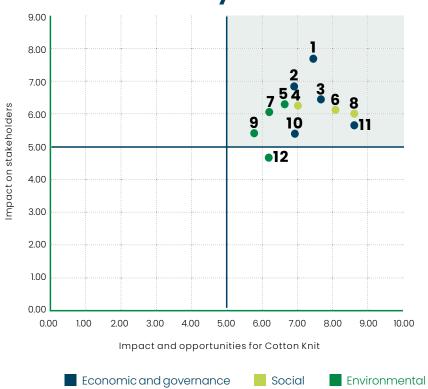
After an exhaustive analysis of the previous steps, we integrated specific evaluation criteria to prioritize Cotton Knit's most significant impacts. We evaluated actual and potential negative impacts based on severity variables (scale, scope, and irreversibility) and probability. As for actual and potential positive impacts, we assessed them considering

scale, scope, and probability, among other relevant criteria. In summary, we identified and assessed various impacts (positive, negative, actual and potential) to ultimately prioritize the most significant ones in our sustainability management.

## Validating material topics

We presented our most significant material topics to Cotton Knit's General Management, which approved the proposal of material topics. Here, we present the prioritization of our list of material topics.





## Material topics (GRI 3-2)

N°	Material topic
1	Responsible supply chain management and traceability
2	Technology, innovation, and product development
3	Economic performance
4	Occupational health and safety
5	Water management eco-efficiency
6	Job creation, employee well-being, and human rights
7	Waste management
8	Customer relationship management
9	Climate change strategy and mitigation
10	Good corporate governance, ethics, and anti-corruption
11	Operational efficiency
12	Chemical management

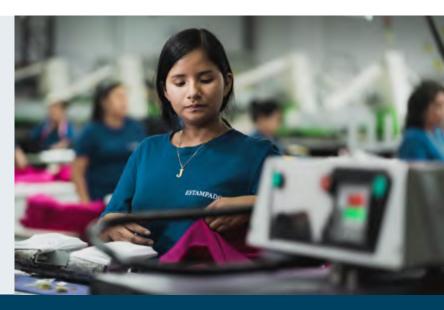






In 2021, we established a sustainability road map that involved identifying our key stakeholders. This analysis allowed us to prioritize internal and external stakeholders, as well as understand their expectations and engagement mechanisms.

(GRI 2-29)



#### Next, we present our key stakeholder groups:





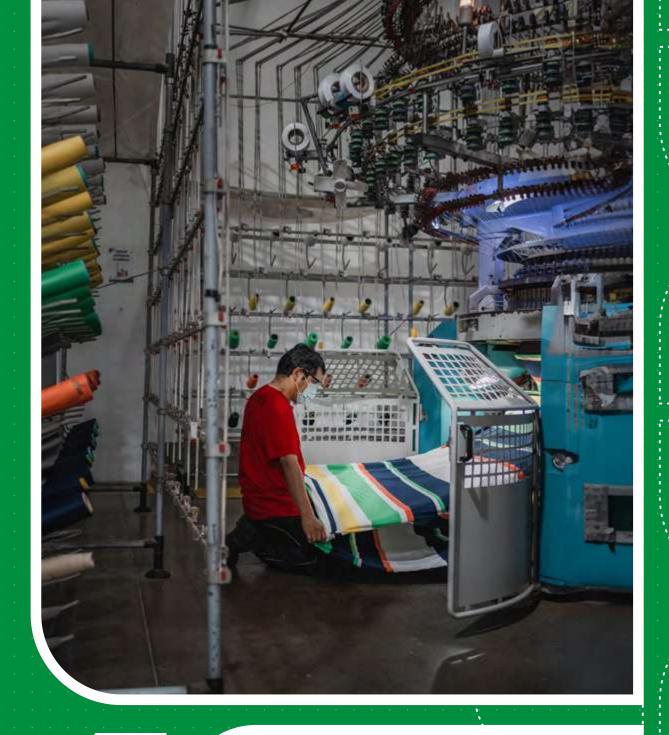
- 3	

Stakeholders	Needs and expectations	Stakeholders category
	Generate profits	
	Compliance with the General Law of Corporations No. 26887	
	Fulfillment of client requirements regarding product quality and contractual terms	
Shareholders	Respect for the environment	Internal
	Ensure a safe environment for employees	
	Safe exportation	
	Apply good labor practices in the workplace	
	Compliance with product specifications (quality, delivery times, among others)	
44 200	Respect and care for the environment, with actions aimed at mitigating the effects of climate change	External
Clients	Compliance with health and safety regulations at work	
	Safe product exportation	
	Implementation of good labor practices in the workplace	
	A company with transparent management based on legality	
	Respect for labor rights	
£_+rffm	Positive work environment	
	Compliance with the internal work regulations Training programs	Internal
Employees	Trainings	Internal
	Compliance with the Occupational Health and Safety Law	
	Safe work environment	
0,2,0	Respect for coexistence	
の(り)。 多で Community	Ensuring operations do not negatively impact or compromise the security of the area	External
Community	Respect for the local environment	





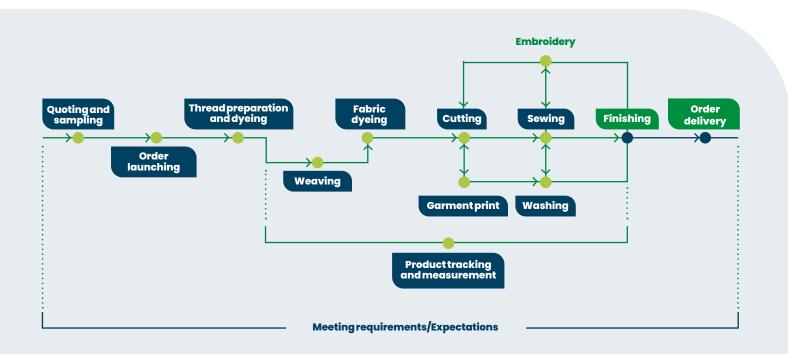




PERU, WE HAVE SOMETHING TO TELL YOU: WE CRAFT SUCCESS

## 4.1 VALUE CHAIN

We actively manage various stages within our value chain, from raw material procurement to the manufacturing and distribution of final products. This includes overseeing fabric production, garment manufacturing, and retail sales, ensuring greater control over product quality, costs, and distribution. We operate under a vertical integration approach, enhancing quality control, reducing costs, improving coordination, and fostering innovation by having mastery over multiple stages of the value chain. (GRI 2-6)



## 4.2 OPERATIONAL EXCELLENCE

At Cotton Knit, we foster a culture of applied information to enhance efficiency. We are integrating all the company's processes and procedures to achieve optimal outcomes using minimal resources, such as time, money, and effort.

This process of integration has been gradually implemented. Initially, the strategy focused on production, addressing processes like sewing, weaving, printing, and embroidery. However, over time, we have expanded this integration to other processes, seeking a holistic vision.



To ensure its proper functioning, we have invested in technology and trained our staff to consider the assessment criteria. In this regard, data entries are conducted using tablets and specialized software enabling cloud-based information capture. Analyzing this data is crucial for information managers to make well-founded decisions and identify improvement opportunities.

Data analytics are conducted weekly by the respective department and monthly in management committees, where the performance of key indicators is reviewed. This enables us to identify patterns, optimize processes, and make datadriven decisions. This practice also includes simulating client-requested orders, crucial for product traceability. (GRI 3-3) (NON GRI Operational efficiency)

We assess our performance, identify areas for improvement, and base our decisions on the following objectives:



1

Increase
production while
maintaining
quality standards
and meeting
delivery deadlines.



2

Reduce
operational costs
by optimizing
resource utilization
and minimizing
waste.



3

Enhance customer satisfaction by delivering products that exceed their expectations and providing personalized, efficient service.



4

Strengthen the company's human capital by training employees, improving the work environment, and fostering teamwork.

Below we present a summary of the operational efficiency management that we apply at Cotton Knit:



Restructuring of critical areas to achieve greater agility in response times, benefiting the organization's delivery time.

use of disposable materials such as paper, plastic, prints, inks, and cardboard in both productive and



Implementation of the Microsoft 365 operating system in the organization to enhance interaction and information exchange.

Implementation of document digitization in productive and administrative areas, with regularly used documents to be shared via devices such as tablets and/or smartphones.







#### Upcoming short-term projects for 2024:

1



Establishment of a dedicated space for continuous improvement, fostering the pursuit of enhancements through interdisciplinary collaboration.

2



Expansion of the application (App) for process control and monitoring.

3



Implementation of automated planning tools driven by data analysis, ensuring we know from the outset what needs to be done to meet our clients' needs.

4



Design and implementation of a Key Performance Indicators (KPIs) system to measure operational efficiency, including production time, daily product output, and production cost per unit.

5



Automation of all production sequencers: textile finishing, cutting, printing, and embroidery.



We produce a wide range of products, from basic to highfashion styles, utilizing innovative fabrics, various types of blends, special finishes, and washes; all under the highest sustainability and quality standards. Innovation is a key driver across our operations, allowing us to be creative, agile, and efficient.

Our innovative capacity in product development is reflected in the range of products meeting our customers' requirements, thanks to continuous process improvements backed by technological innovation and the development of new fabrics crafted from the finest, export-quality materials.

(GRI 3-3) (NON GRI Innovation and product development)



## **Systems**

The implementation of Office 365 offers many advantages for the organization, which we outline below:

#### Cloud access:





Enables users to access documents and applications from any device with an internet connection.

#### **Automatic updates:**



Applications stay up to date automatically without manual intervention.

## Real-time collaboration:



**Cloud storage:** 





Enables multiple users to work on documents simultaneously.



Allows files to be stored in OneDrive and accessed from anywhere.

#### **Security:**



5







Includes advanced security features to protect your data.



Provides direct technical support from Microsoft.

#### Integration:



Integrates with other Microsoft tools and services.

#### **Scalability:**



Can easily adapt to the growing needs of the organization.

#### **Cost savings:**



Can be more cost-effective than purchasing individual licenses for each application.

#### **Access to new** features:

10



Allows access to new features and tools before users of previous versions.



#### 6

### Issuance of electronic shipping guides:

Adaptation to SUNAT regulations since July 2023, reducing the need for printed forms.

## **Upcoming projects**



The digitalization of documents aims to reduce our environmental impact by using less paper for printing documents such as product development technical sheets, which are currently physically sent to various production processes. By next year, we plan to distribute these sheets digitally. Additionally, we aim to digitize import files as well.



## Quality

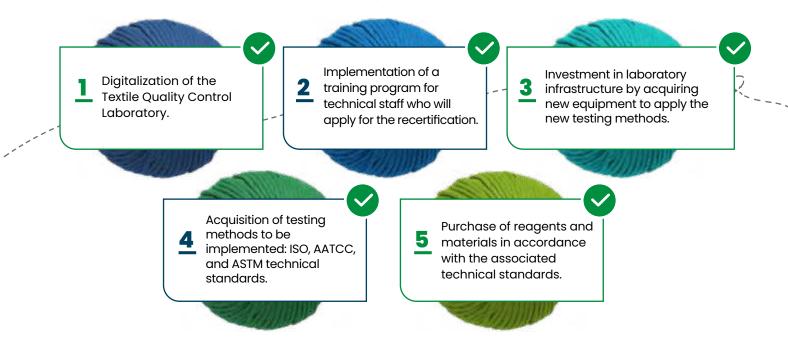
## Certification of the textile quality control laboratory in ISO, AATCC, and ASTM methods.

The Textile Quality area received certification from Bureau Veritas for the Textile Quality Control Laboratory. This certification covers the main physical and chemical testing methods (non-analytical) ISO/AATCC/ASTM, which are integral to the quality protocols required by our clients. The certification was achieved through sustained efforts in the technological implementation of the laboratory and ongoing technical training of the staff, ensuring reliable competency in performing the 23 certified test methods.

In the next phase, the laboratory aims to increase the number of accredited methods from 23 to 29, focusing on those closely linked to the physical and chemical safety aspects of our products for clients. This includes test methods such as pH determination and accessory detachment resistance in garments, as well as methods related to product functional performance, including Recovery, Wicking, and Absorbency. This trio aims to provide added value, helping our clients differentiate themselves within their market niches.

Cotton Knit understands that its role as a supplier not only involves meeting client needs and expectations but also building trust in our results, acting as a technical support that advises, assists, and makes proactive suggestions. In this context, the ongoing training of our technical team will be strengthened through digitalization, enhancing traceability and generating sufficient data to manage trends identified in the performance of each characteristic. This will ultimately positively impact the efficiency of our continuous improvement process (PDCA cycle: Plan, Do, Check, Act).

## **Upcoming actions for 2024**





6

Cotton Knit's customer management considers various indicators that provide us with a precise measure of our customers' satisfaction levels:





We conduct periodic surveys with each of our clients, focusing on measuring variables from multiple perspectives, such as quality, On- Time-In-Full (OTIF) delivery, response speed, and technical support.



#### 2 Billing level

This measures the evolution of billing per client, enabling us to identify opportunities aligned with each client's needs.





#### Claims level

This measures the level of claims in relation to the sales period and allows us to identify the source of any non-conformities. It is gratifying to report that Cotton Knit has not received any claims during this period.

As part of our performance metrics, we use the On Time indicator (shipments delivered on the scheduled date) and the In Full indicator (shipments delivered in the scheduled quantity). These metrics help us assess the effectiveness of our delivery times and the accuracy of quantities supplied to our clients. With these indicators, we can analyze orders dispatched for each client by style, color, and size. The results enable us to take corrective and/or improvement actions in cases where the proposed objectives are not met.

We are proud to maintain longterm relationships with our clients, and our primary focus is on continually strengthening these partnerships to ensure continuity and competitiveness. Brands choose us because we consistently meet their expectations for quality, pricing, and timely delivery. Notably, our key clients, many of whom are global brands, have an average relationship with us spanning 15 years. This long-standing collaboration has allowed us to support their growth, evolve alongside them, and adapt to their changing needs.

(GRI 3-3)

(NON GRI Customer relationship management)





#### **Customer satisfaction**

Feedback from our clients is crucial to maintaining long-term business relationships. Year after year, we strive to enhance our performance across four fundamental criteria: product quality, delivery timeliness, response speed, and technical guidance. The overall measurement of customer satisfaction incorporates the Customer Satisfaction Index (CSI), enabling us to ascertain the annual percentage of satisfied customers.

Product quality remains one of the most highly valued aspects by our clients. However, a decrease in the other evaluated criteria was observed compared to the results of the 2022 survey, which motivates us to intensify our efforts in developing comprehensive tools that provide visibility across the entire value chain, from start-up to dispatch.

In 2023, we evaluated our customers' satisfaction through a survey, achieving 75.33%.

This result is within the expected parameters, considering the circumstances our company faced that year. We are aware of the challenges ahead, and our goal is to improve in the coming years.









### **Traceability and quality**

Over recent years, we have focused on bolstering our supply chain by integrating environmental and social criteria to identify and manage risks, and promoting practices that ensure the quality, excellence, and reliability of the products we market.



Currently, our supplier management is guided by the following objectives:



To have suppliers as strategic partners capable of fulfilling quick-response orders.



Conduct periodic reassessment of suppliers, considering criteria such as compliance level, pricing, product or service quality, production capacity, adaptability to new procedures, technical competence, and quality, occupational health and safety, and environment management systems.

Cotton Knit is committed to share the assessment results with the suppliers that receive a rating below 3 (on a scale of 1 to 5). This allows the suppliers to improve in the areas with low ratings, and to monitor the improvement process.

This comprehensive supply chain management not only enhances operational performance and reduces costs but also elevates customer satisfaction.

When choosing and assessing our suppliers, we consider the following technical aspects:





The assessment of these criteria not only allows us to reduce the levels of risks we are exposed to but also creates value across the entire supply chain. At Cotton Knit, we have a supplier risk management matrix that helps us classify the risks based on their level of criticality. (GRI 3-3)



To meet our goal of ensuring on-time delivery of textile production (finished fabric), in 2023 we strengthened our commercial partnerships with two strategic allies: TEXTIL OCÉANO S.A.C. and IDEAS TEXTILES S.A.C. Together, we handled 25% of our total finished fabric production. Our key challenge is to provide them with ongoing technical support and guarantee timely deliveries.

### **Local purchases**

Regarding local suppliers at the country level, we source various supplies and raw materials such as sewing accessories, chemical inputs and dyes, yarn, raw fabric, and finished fabric. All these companies meet the quality and sustainability standards required by our international clients.

#### Distribution of suppliers by type of contracted product and region (GRI 204-1)

	Lima		
Local suppliers	Local purchases in USD	Percentage	
Sewing and finishing accessories	1,975,000	55%	
Chemical inputs and dyes	1,700,000	100%	
Yarn, raw fabric, and finished fabric	7,800,000	100%	
Total	11,475,000		





### Responsible sourcing

In response to the demands of international brands, we have implemented continuous improvements throughout our supply chain year after year. We comprehensively manage the impacts stemming from our business relationships. For environmental and social criteria management, our Occupational Health, Safety, and Environment (SSOMA in Spanish) department ensures that suppliers meet the minimum required standards. Specifically, textile supply (yarn) providers must demonstrate possession of certifications such as GOTS, GRS, as well as a Quality Management System (QMS), or show that they are in the certification process. Additionally, they must certify that their products are free from harmful chemical inputs.

another framework Furthermore, governing our relationship with all suppliers is the signing of our Safety, Social Responsibility, and Environmental Agreement, which includes the Code of Conduct and Ethics. In these documents, we clearly establish the mandatory compliance with environmental, social, and human rights standards.

(GRI 3-3) (GRI 308-1) (GRI 308-2) (GRI 414-1) (GRI 414-2)



#### New suppliers that have met selection filters according to environmental and social criteria (GRI 308-1) (GRI 414-1)

In 2023, we evaluated six suppliers—two for textile sourcing and four for sewing and finishing supplies taking into account environmental and social criteria, in addition to quality standards. Four of them hold certifications such as OEKO-TEX, FSC, GRS, and GOTS. During the evaluation period, 67% of the suppliers reassessed under ESG criteria had management systems in place. For 2024, we aim to evaluate and reassess all our production suppliers, considering sustainability (environmental and social) and quality criteria using the same format.

#### Management achievements in 2023

As part of our initiative to meet the new sustainability requirements from our clients and Cotton Knit, we have communicated to our suppliers the importance of aligning with and working under this approach. Thanks to these efforts, our supplier of sewing accessories, Perú Trader SAC, has obtained the Forest Stewardship Council (FSC) certification, ensuring that their production uses certified materials and meets high sustainability standards.







## WE CONSERVE OUR PLANET

With the implementation of our sustainability strategy, we have mapped out a clear path to responsibly manage our environmental impacts. In our commitment to being industry leaders, we have achieved recertification in the ISO 14001 environmental management standard, significantly boosting our sustainability performance.



To provide more sustainable products that meet our customers' expectations, we have been measuring our environmental performance using the Higg Index since 2020. This indicator evaluates the performance of companies in the fashion and footwear industries across social and environmental dimensions.

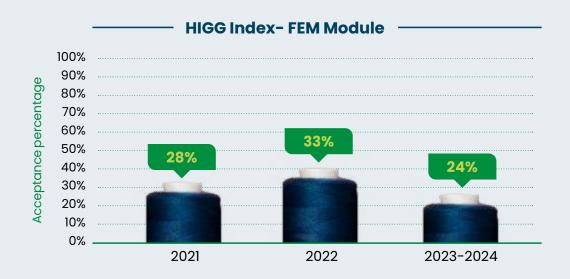
In 2021, we started with a compliance score of 28%. By 2022, we improved our management, reaching a score of 33%.

In 2023, we achieved a score of 24%. The decrease compared to the previous year was due to changes in the selfassessment format, which introduced more than 100 additional questions on various topics (energy, water, waste,

chemicals, etc.). This increased level of detail has helped us identify new actions to strengthen our environmental commitment. Despite the overall decrease, we saw improvements in our scores for water, emissions, and chemicals compared to 2022. This progress motivates us to continue finding new ways to reduce our environmental impact.

Looking ahead, we are committed to further promoting responsible and eco-efficient practices, aiming to solidify our position as a leader in the sector with strong environmental performance. It is also worth noting that, thanks to our robust integrated management system (IMS), we have not received any fines or sanctions from environmental oversight bodies. This system enables us to identify, update, and ensure compliance with various regulations, including environmental standards. (GRI 3-3) (GRI 2-27)

#### Progress of our environmental performance, as per the Higg Index





#### Air

- The concentration of nitrogen oxide at Cotton Knit is 29 mg/m³, which is below the permissible maximum limit of 320 mg/m³.
- The concentration of carbon monoxide at Cotton Knit is 58 mg/m³, remaining below the permissible maximum limit of 100 mg/m³.



#### Recycling and chemicals

- In 2023, 226,435 kg of textile waste from cutting and sewing processes were recycled.
- In 2023, 174,912 kilograms of waste were correctly segregated, sorted into categories such as paper, plastic, and cardboard.
- All our chemical product suppliers hold recognized certifications, including ZDHC, OEKO-TEX, GOTS, and BLUESIGN.
- We have been using the BHive software for 3 years now, allowing us to maintain an updated inventory of the chemicals used in our processes.



#### Water and energy

- 100% of the wastewater is treated.
- We recycle 50% of the osmotized water for reuse in various stages of our processes.
- We achieved a savings of 30 liters of water for every kilogram of fabric processed. Reducing the bath ratio not only saves water but also decreases the use of chemicals and dyes in the process.
- 50% of the energy consumption dedicated to plant lighting is reduced through the implementation of LED luminaires.

## 5.1

### **ENVIRONMENTAL MANAGEMENT**

#### **Emissions**

According to the United
Nations Environmental
Programme (UNEP), the
textile industry is one of the
main sources of emissions,
comparable to international
flights, ranking third in terms
of the highest emissions.

At Cotton Knit, we are committed to conducting semiannual monitoring of greenhouse gas (GHG) emissions through environmental assessments performed by a consulting firm. This strategy, implemented since 2019, is a part of our Environmental Adaptation Diagnostic Program (DAA in Spanish) approved by the Ministry of Production.

Aligned with our environmental policy and dedication to environmental stewardship, we are committed to measuring atmospheric emissions from our boilers. Biannually, we conduct measurements of gases such as nitrogen oxide (NOx) and carbon monoxide (CO).

In 2023, nitrogen oxide (NOx) levels at 29 mg/m³ and carbon monoxide (CO) levels at 58 mg/m³ were well below the legal limits of 320 mg/m³ for NOx and 100 mg/m³ for CO, ensuring that emissions from the boilers do not pose a threat to the environment.

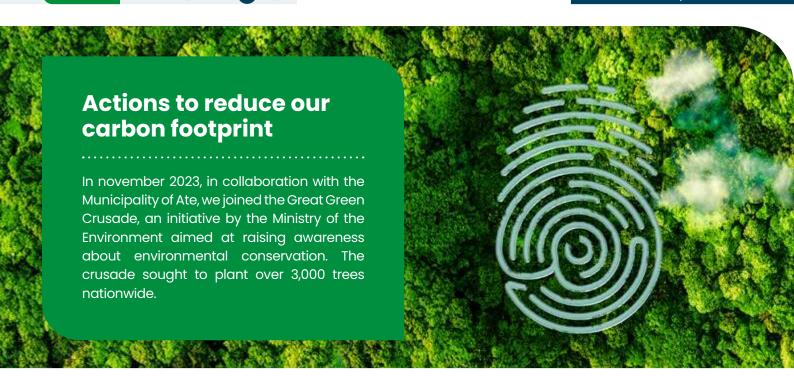
Since 2019, we have been measuring our corporate carbon footprint following the guidelines of ISO 14064, the international GHG Protocol, and national measurement standards. In recognition of these efforts, we obtained the first star in the Carbon Footprint Peru program in 2019, granted by the Ministry of Environment. (Minam in Spanish). (GRI 3-3)

## Eco-efficient practices to reduce our emissions

In recent years, we have implemented significant changes at Cotton Knit's offices air conditioning system. Initially, we used the R22 refrigerant gas and have since transitioned to the use of R410 refrigerant gas. This shift is part of our commitment to more sustainable practices, as R410 is a non-toxic and environmentally friendly option.



The measurement of our 2023 carbon footprint will be carried out in the second half of 2024, following the same methodology used for the 2022 footprint assessment.



Cotton Knit's volunteer team participated in a reforestation event that contributed to the planting of 100 trees in the Ate community in Lima.





### **Energy management**

In recent years, we have made investments focused on optimizing our energy matrix and implementing eco-efficiency measures to reduce our emissions. Since 2005, we have incorporated the use of natural gas in boilers, fabric finishing machines, and furnaces. We have also replaced 95% of traditional lighting with LED lights, and we plan to reach 100% by 2024. Additionally, we have begun installing constant pressure systems in our pump room, which reduces electricity consumption by up to 50%.

Regarding our electricity consumption, we operate three 10 kWh electrical substations supplying energy to all our production processes. Internal meters are used for precise control of each equipment's consumption, and we assess unit based indicators to enhance efficiency across all company processes.

This approach allows us to maintain detailed records and conduct analyses to identify areas for improvement and take corrective action when necessary. (GRI 3-3) (GRI 302-1)

### **Energy consumption per garments produced in 2023**



#### Main projects carried out in 2023





# Water pumping systems

In 2023, we installed a constant pressure system in the water pumps of our buildings and in our main soft water pump, which allowed us to reduce electricity consumption by 50%.

For 2024, we plan to install the constant pressure system in the main hard water pump. With this, our entire pump room will operate 100% with variable speed drives, reducing total current consumption by 120 amps.





### **LED lights**

In 2023, we successfully replaced 95% of our conventional lighting with LED lights. By 2024, we aim to complete the installation of 100% LED lighting.

### **Upcoming projects for 2024**







#### **Energy measurement**

For 2024 and 2025, we plan to implement energy meters for each production process to have more precise control over consumption in each area. This will help us achieve more efficient energy use and measure the impact of our improvement projects.



### Solar panels

This year, we continue to analyze the implementation of solar panels, with the goal of reducing our energy consumption from conventional sources and replacing it with renewable energy.

## Energy consumption in 2023 (in kWh) (GRI 302-1)

	Measurement unit	Lima	
Energy consumption		2022	2023
Non-renewable fuel consumption			
Natural gas	kWh	7,115,670.9	4,948,362.9
Luz del Sur supply 724845 (electricity)	kWh	610,638	364,794
Total	kWh	7,726,308.9	5,313,156.9
Total consumption of fuels from renewable sources			
ATRIA supply 1448476 (electricity)	kWh	3,190,066.2	2,371,588.5
ATRIA supply 324286 (electricity)	kWh	4,103,352.5	2,941,153.06
Total	kWh	7,293,418.7	5,312,741.56
Energy consumption	kWh	15,019,727.6	10,625,898.46

## **WATER MANAGEMENT**

In line with our IMS policy, we have set commitments for environmental protection and efficient management of water resources within our company.



We environmental comply with all requirements associated with water resource management. Our water supply for production processes comprises a license underground well issued by the National Water Authority (ANA in Spanish) and seven connections from the public network.

The water used in the wet processes of our textile segment originates from both the underground well and two connections from the public network. It is crucial to note that these waters undergo a comprehensive treatment process before being utilized in our operations. This process begins by storing water in the company's tanks, then proceeds with softening and settling in the designated soft water tank, and finishes by pumping the water through a pressure system to meet production needs.

Similarly, water allocated for our domestic use comes from five public network sources and is utilized in sanitary services and the cafeteria.

promote ecoefficient practices responsible water management, we regularly measure and monitor our water recovery rate. Additionally, our SSOMA department conducts talks and training sessions, primarily aimed at employees in the fabric and yarn dyeing areas, as well as other employees, to ensure the proper use of this resource both within and outside the organization.

(GRI 3-3) (GRI 303-1) (GRI 303-3)



### **Wastewater management**

We effectively manage domestic effluents through a grease trap and implement subsequent bacterial treatment to ensure compliance with the maximum allowable values (MAV) established by regulations. To manage our industrial effluents, we have an on-site Wastewater Treatment Plant (WWTP) that has been operational for eight years and is dedicated to treating water from the dyeing, fabric finishing, laundry, and printing areas.

Before discharging, industrial waters undergo a rigorous treatment to ensure compliance with MAVs (Supreme Decree N.º 010-2019-Housing), supervised by SEDAPAL, and to meet the parameters of the ZDHC program.

The sludge generated by the WWTP, as well as industrial wastewater, is analyzed twice a year according to ZDHC criteria and managed appropriately to prevent risks to human health and the environment.

It is worth noting that our WWTP serves a dual purpose, as we recover approximately 50% of the treated waters and reuse them for dyeing processes. This allows us to save water from the well and public networks.

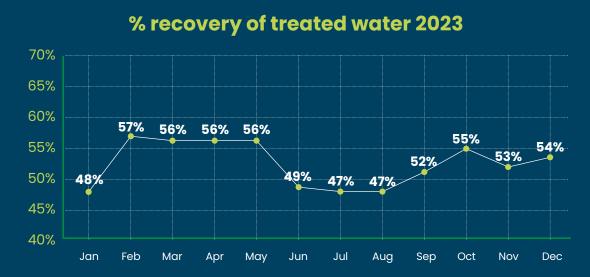
(GRI 303-2) (GRI 303-4)

In our WWTP, we implement a physico-chemical treatment comprising the following processes:





The water recovery rate is the primary internal indicator linked to water and effluent management.



In 2023, we achieved an average recovery rate of 52%, thanks to chemical cleanings performed to extend the lifespan of reverse osmosis and ultrafiltration membranes. In 2024, we aim to further improve the recovery percentage, and we are already evaluating membrane replacements to reach a 70% recovery rate.



#### 2023 water consumption (in cubic meters) (GRI 303-5)

Waterconsumption	Unit of measurement	2023
Water extraction	m³	78,052
Water obtained from the municipal network	m³	47,073
Groundwater	$m^3$	30,979
Total water recovery	m³	22,873
Produced (recovered) water	m³	22,873
Total water discharge	m³	43,958
Water discharged to public or private services, etc.	$m^3$	43,958
Total water consumption	m³	11,221





## **WASTE AND CIRCULAR ECONOMY**

We carry out our solid waste management in strict compliance with the current legal regulations in Peru. To achieve this, we have a Solid Waste Minimization and Management Plan (SWMMP) that includes actions aimed at reducing the generation of solid waste, as well as efficiently managing the generated waste. It is important to note that our plan prioritizes the waste recovery process over its final disposal.

The SWMMP enables us to carry out precise segregation of our waste, following the guidelines established in the Peruvian Technical Standard (NTP in Spanish) N.º 900.058:2019, which defines color codes for the proper storage of both municipal and non-municipal solid waste.

This approach has yielded positive effects by allowing us to reuse materials such as plastic, paper, and cardboard.

For the final disposal of non-recyclable waste, we exclusively collaborate with authorized solid waste management companies (EO-RS in Spanish). These companies are responsible for conducting comprehensive waste management, carrying out final disposal in properly established and legally authorized landfills. Additionally, as part of the 'Recycle to Help ' program, we donate WEEE to the NGO Aniquem. Through this initiative, we make a significant contribution to the comprehensive rehabilitation of children who have suffered burns.

As part of our current waste management framework, we have established a series of objectives to ensure proper handling. These objectives include:



Among our most notable achievements is the successful implementation of the 5s Project. This methodology, based on five principles (seiri, seiton, seiso, seiketsu, and shitsuke), has brought about a significant cultural shift in our organization, enhancing efficiency in waste segregation systematically.

These initiatives are meticulously planned and overseen by the SSOMA department and monitoring them involves the ongoing analysis of management indicators specifically related to waste reduction. Additionally, we conduct internal audits, along with training and environmental awareness programs tailored to our employees.

(GRI 3-3) (GRI 306-1) (GRI 306-2) (GRI 306-3)

### Main projects carried out in 2023



Regarding the 2023 projects, three out of the four planned projects were completed. We successfully established an agreement with the NGO Aniquem for the donation of WEEE and partnered with Tejidos Celestes to transform our textile waste into new products. These products were also purchased for special occasions, such as Mother's Day, when we bought towels made from our textile waste.

As for awareness campaigns, we held 3 training sessions on the segregation and management of textile waste throughout the year.

### **Upcoming** projects for 2024



Our next project is the donation of second-hand clothing as social aid and expanding the scope of textile waste management within the organization.

### **Waste generation**

In 2023, our solid waste management achieved a significant reduction, particularly in recyclable (nonhazardous) waste and the generation of sludge from the WWTP. Non-hazardous waste, including paper, cardboard, and plastic, was reduced by 43% compared to 2022.

As for hazardous waste, the generation of sludge from the WWTP decreased by 39% compared to 2022. It is worth noting that the reduction in production during 2023 had a direct impact on the decrease in waste generated.



### Composition of waste generated by type (in tons) (GRI 306-3)

Waste generation	Wastetype	Unit of measurement	2023
	Paper	per Tons	40.0
	Cardboard	Tons	46.9
Non-hazardous waste	Plastic	Tons	53.8
	Scrap	Tons	226.4
	Hazardous	Tons	24.2
	WWTP sludge	Tons	65.6
Hazardous waste	Biologically contaminated	Tons	0.04
	Special regime (WEEE)	Tons	0.9
Totalwastegeneration		Tons	417.84



327.1t Non-hazardous

waste

90.74 t

Hazardous waste

**Total waste** generation

417.84t

## CHEMICAL MANAGEMENT

We fully acknowledge that manufacturing our garments involves the use of dyes and chemicals, which are essential for achieving garments with optimal appearance and desired texture. However, our customers emphasize the need to meet high environmental and social standards when selecting products for our manufacturing processes.



6

To comply with international regulations, we are committed to acquiring certified chemicals and dyes that ensure the health and safety of our customers. In this context, Cotton Knit maintains a rigorous policy when selecting chemical suppliers supported by recognized certifications such as REACH, Bluesign, OEKO-TEX, and ZDHC. These certifications guarantee the absence of hazardous substances in our chemical inputs.

Additionally, we hold prestigious certifications such as GOTS and GRS. These certifications stand as a testament to our commitment to sustainability, indicating that our products are organic and have minimal environmental impact. (GRI 3-3) (NON GRI Chemical products)

To ensure stricter control, at Cotton Knit we consider the list of chemicals and dyes that meet the requirements of GOTS and GRS certifications. **Below, we present the process cycle we follow to manage chemicals within the company:** 



#### Warehouse:

Responsible for receiving, organizing, and reporting the daily stock of chemicals.



#### **Logistics:**

Receives weekly information from the laboratory, contacts suppliers, and manages the entry of chemical products into the plant.



#### **Laboratory:**

Generates a report based on the weekly work program of the dyeing department and the stock report sent by the warehouse.

# Software for chemical products management

The BHive software enables real-time validation of certifications for the chemical products used in dyeing and laundry processes. It is noteworthy that this software conforms to the ZDHC standard. Through its utilization, we achieve effective management of chemical products and keep our inventories consistently up-to-date. At Cotton Knit, we maintain a strict policy of zero products containing hazardous substances.



## **Characteristics**

# Self-generation of chemical inventory:

Based on all the chemicals scanned through the BHive application, we generate a chemical inventory that can be viewed in desktop mode.

This inventory not only facilitates internal management of chemicals within our facilities but can also be shared with our clients to provide a detailed overview of the chemicals used on our site; thus enhancing transparency.



## Communication channel:

We conserve our planet

This feature gives users the ability to stay updated on news and discover our innovative chemical products. These announcements are visible to both factories and brands.



#### **Factory profile:**

Washing/dyeing factories can use this feature to provide their clients more information about their facilities.



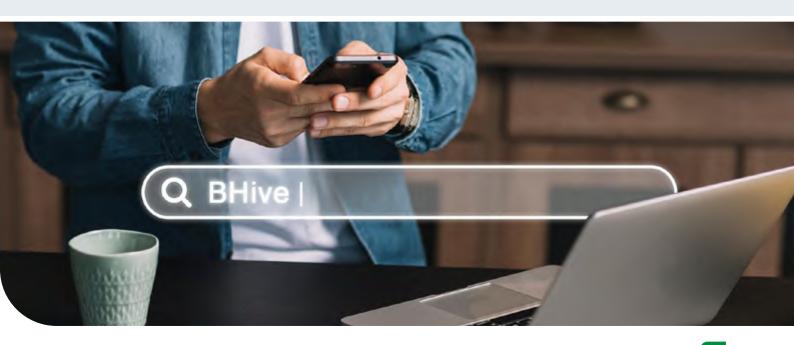
### **Analysis:**

Circular graphs are automatically generated to indicate whether the chemicals used align with various sustainability or brand criteria.



### Data export:

Users can also export the chemical product inventory as an Excel file.







### WE CREATE SHARED VALUE



### **611** OUR HUMAN CAPITAL

Since our foundation, we set out to establish ourselves as a modern, innovative, and peoplecentered company.

Today, after 32 years, we proudly assert that our most valuable asset is our team, comprising over 1,100 employees. Their effort, commitment, and dedication enable us to constantly challenge the impossible, contributing not only to building a better company but also to forging a stronger community.

It is important to note that all employees at Cotton Knit receive all legal benefits in accordance with current regulations, along with a range of additional benefits that promote their growth and well-being. In this way, we create a safe and diverse work environment that provides equal opportunities and fully respects human rights.

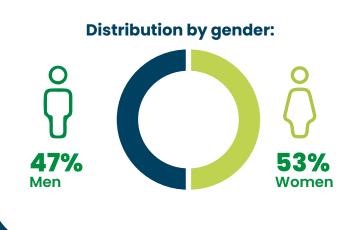
(GRI 3-3) (GRI 2-7) (GRI 401-1)



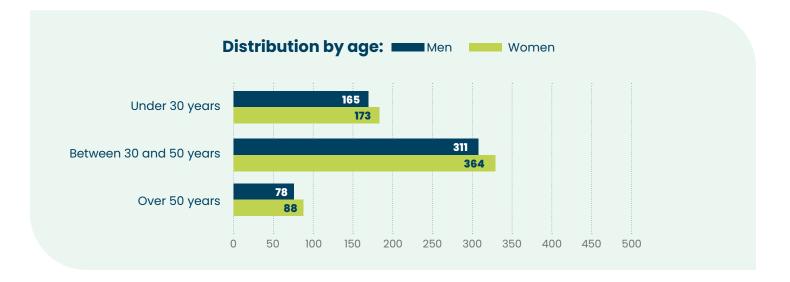
Regarding subcontracted personnel, they provide us with security and food services. Throughout 2023, we had the support of 13 workers dedicated to security across all our operations, while 20 workers handled food preparation services at the company's facilities. To ensure compliance with the company's requirements, we continually assess the performance of the services they provide. (GRI 2-8)

#### We present the composition of our workforce during 2023:

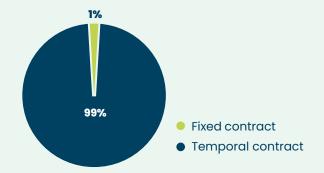








#### Distribution by contract type:

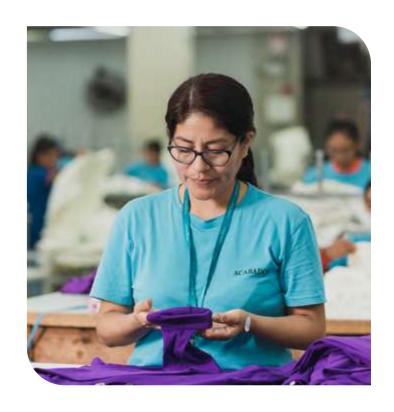


#### Distribution by length of service with the company:

Antique	Total
Over 5 years	498
From 1 to 4 years	478
Under 1 year	203
Overall total	1,179

### **Employability**

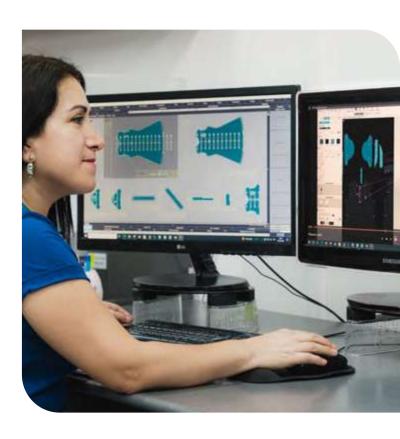
The textile sector in Peru is a significant source of employment for thousands of individuals. Given the sector's dynamics, it is important to note that the industry faces a high turnover rate, influenced by the competitive nature of the field and the employees' professional aspirations. In this context, Cotton Knit is committed to enhancing its employability management to curb personnel turnover rates. Our goal for 2023 is to keep this rate below 3.5% per month.



Through our internal labor policies, we ensure that our employees work under fair conditions and in compliance with the law. This framework strictly prohibits practices that reinforce forced and child labor, among others. Our commitment is to manufacture products that meet high social and environmental standards. For this reason, our employment management aligns with the Worldwide Responsible Accredited Production (WRAP) certification, which enables us to promote good labor practices, including our value chain.

Since 2022, in an effort to promote employability, have continued our Apprenticeship Program, a long-term initiative that provides job opportunities for individuals with limited experience in specific production areas.

Upon completion of the program's stages, we hire participants for positions within the company, allowing them to join the economically active population (PEA). (GRI 3-3) (GRI 401-1)



### **Management achievements during 2023**





**Collaboration with universities** and Senati: We have renewed our strategic partnerships with universities and institutions like Senati to attract talent by accessing their job boards.



WRAP Recertification: Through this recertification, we ensure exemplary management in employment practices, underscoring our commitment to labor and human rights.

#### Lessons learned





In 2023, employment management presented a challenge due to adjustments in the Personnel Assignment Chart, which required enhancing talent management strategies in terms of productivity and engagement. Despite these circumstances, the results were positive. Performance levels remained at 98%, and the work environment showed favorable outcomes within the targeted satisfaction index.

### New personnel hires by age, gender, and job category in 2023 (GRI 401-1)

Year	Number of new hires	Rate of new hires
2022	54	3.17%
2023	24	2.00%

Lima y Callao					
New hires by gender					
Men	13	54%			
Women	11	46%			

New hires by age	Number of new hires	Rate of new hires
Under 30 years	11	46%
Between 30 to 50 years	11	46%
Over 50 years	2	8%

### Personnel turnover by age, gender, and job category in 2023 (GRI 401-1)

Year	Annual turnover	Turnoverrate
2022	55	3%
2023	64	4%

Lima y Callao			
Turnover by gender	Number of employee's turnover	Employee's turnover rate	
Men	34	1.4167	
Women	30	1.2500	

Turnover by age	Number of employee's turnover	Employee's turnover rate
Under 30 years	32	1.333
Between 30 to 50 years	27	1.125
Over 50 years	5	0.208

### **Professional development**

At Cotton Knit, our organizational culture is firmly committed to the professional development of all our employees, without distinction of gender. We have entered into agreements with universities and institutes of higher educations as an integral part of our strategy to strengthen the growth and development of our workforce. These agreements enable our employees to continue enhancing their education, talent, and professional growth within the company.

To ensure a structured approach to skill development, we implemented an Annual Training Plan that outlines training requirements by area, budget allocation for courses, responsibilities, and other relevant aspects. The management of these requirements falls under the purview of the Human Development department.



During 2023, we achieved significant advancements in our Training and Talent Development Program.







In 2023, we invested a total of 19,869 soles in training programs. This demonstrates Cotton Knit's strong commitment to the realization of the dreams of thousands of Peruvians who see us as a company dedicated to the professional development of its employees. (GRI 404-2)



Through this initiative, we encourage the growth and development of our human team by providing training to those with limited experience and enabling them to acquire skills in various productive areas of the company. Subsequently, we assess their learning process and promote them to a specific line of work.



We promote opportunities to practice active listening and effective communication to strengthen the soft skills of our employees overseeing staff. These encounters have improved connections, empathy, and interpersonal relationships.



### **Sponsorship** with SENATI

We support the growth of our employees' knowledge through an agreement with the SENATI Institute of Higher Technological Education. We offer a series of training courses through an interactive platform to enhance their technical skills.

#### Distribution of average training hours by job category and gender in 2023 (GRI 404-1)

<b>Job category</b>	Total number of training man hours	Number of training hours	Average training hours per worker
Employees	1,840.1	127.7	5.49
Operators	4,505.01	312.6	5.4
Total	6,345.08	440.29	5.4
Gender	Total number of training man hours	Number of training hours	Average training hours per worker
Men	2,982.2	206.9	5.383
Women	3,362.9	233.4	5.381
Total	6,345.08	440.29	5.4

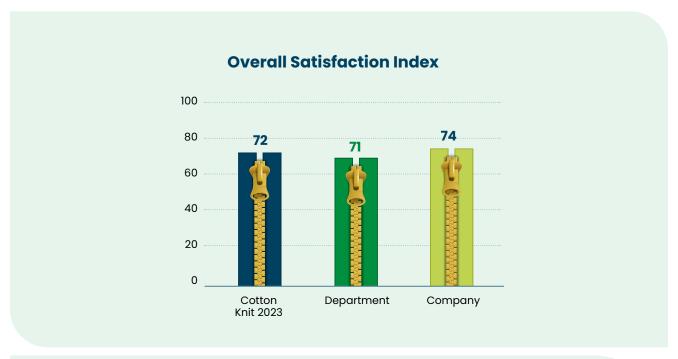


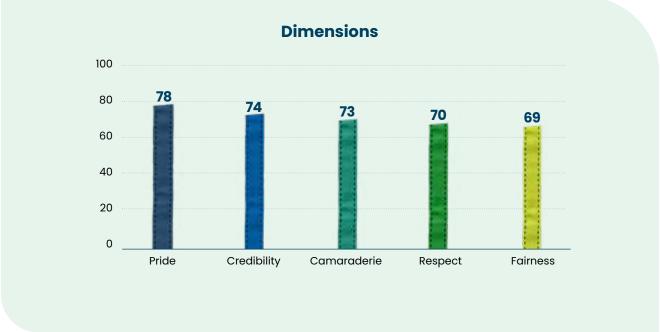
#### **Work environment**

We strive to build an employer brand that reflects our commitment to the company and empowers our employees to serve as our ambassadors. We maintain active listening to identify improvement opportunities that allow us to attract and retain the best talent in the market.

At Cotton Knit, the measurement of workplace satisfaction the covers dimensions of respect, impartiality, credibility, camaraderie, and pride. Based on the results in these areas, the Human Resources department develops improvement plans to enhance employee satisfaction and strengthen our corporate reputation.

Here are the results obtained in the 2023 work environment survey:

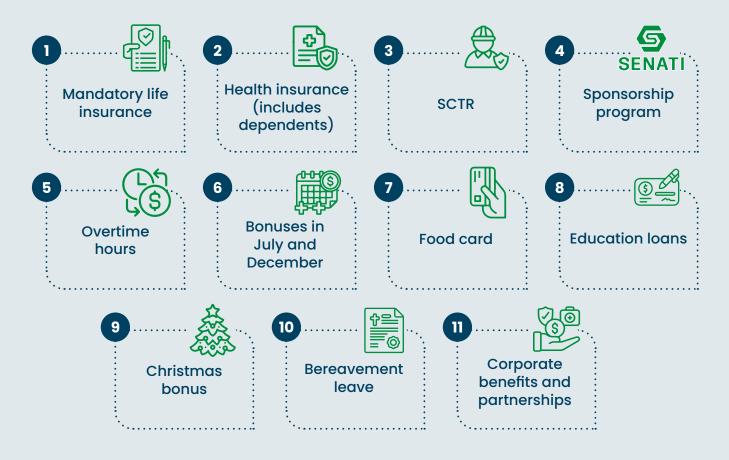




### Benefits for full-time employees

We offer all our employees a range of comprehensive benefits designed to ensure their health, well-being, development, and professional growth. These benefits include legally mandated provisions as well as additional support related to parental leave. (GRI 401-2)

### Employee benefits in accordance with national regulations



### Parental leave benefits



### **Performance management**

We conduct annual performance evaluations, considering the competencies of our employees, which are categorized into both transversal and specific competencies. Transversal competencies include aspects such as adaptability, initiative, quality orientation, and safety and environmental awareness, and are applicable to all positions. Specific competencies are defined according to the profile of each position, with the aim of ensuring efficiency and good performance in position-specific responsibilities.

This performance evaluation is applied throughout and at all levels of the organization. This allows us to assess the potential of our employees and identify opportunities for training and development.

(GRI 404-3)

#### Percentage of employees who receive regular performance evaluations in 2023 (GRI 404-3)

<b>Job category</b>	Number		Perce	ntage
com caregor,	Men	Women	Men	Women
Employees	554	625	47%	53%

Type of performance evaluation	% of employees
Competency assessment	97.51%



We create shared value



## OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

Occupational health and safety (OHS) management is guided by the principles outlined in our integrated management system policy, which details our commitments to employee safety. We strive to provide safe and healthy working conditions, preventing injuries and other healthrelated issues.



In accordance with Law No. 29783 and its Regulation D.S. 005-2012 TR, this occupational health and safety management system applies to all our employees, regardless of gender, including those directly employed, on temporary work contracts, apprenticeship agreements, or any other type of employment relationship established by law. This system covers various roles and operational areas involved in the manufacturing and sale of knitwear. Additionally, we consider within our scope, third parties and contractors with whom we maintain any kind of business relationship.

(GRI 3-3) (GRI 403-1) (GRI 403-7) (GRI 403-8)

### Objectives of our OHS system

Protect the health and safety of all employees through the prevention of incidents, hazardous situations, and occupational diseases.

Train, raise awareness, and encourage employee participation in occupational health and safety matters.

Assess the effectiveness of the occupational health and safety management system.

04

Ensure compliance with current legislation, as well as commitments made to stakeholders.

Lessons learned in occupational health and safety management highlight that each day brings an opportunity to identify new risks and develop better ways to communicate with employees, integrating them into a culture of prevention. To ensure our system operates effectively, we conduct internal and external audits to pinpoint strengths and areas for focused improvement. This approach helps ensure compliance with OHS regulations and best practices at Cotton Knit. (GRI 403-2)

### Identification and evaluation of occupational hazards

We have a procedure and a matrix for the identification of hazards, risk assessment, and control measures (HIRAC). The identification of hazards allows us to understand the conditions or situations that can cause injuries, illnesses, or other harm to people in various processes. This process is carried out comprehensively, considering all possible sources and taking

into account the current conditions of the work environment. The control measures we apply follow the hierarchy of controls, prioritizing the elimination of the hazard as the first measure, followed by its substitution, then engineering controls, administrative controls, and finally, the use of personal protective equipment.

The control measures we apply follow the hierarchy of controls, prioritizing the elimination of the hazard as the first measure, followed by its substitution, then engineering controls, administrative controls, and finally, the use of personal protective equipment:

- Changes to the physical infrastructure of the facilities.
- Changes or modifications in processes and operations.
- Introduction of new activities, processes, or projects.
- Occurrence of accidents or incidents.

- Acquisition of new equipment.
  - New legislation and/or applicable regulations.
- Other circumstances that may affect the occupational health, safety, and environment.



### Occupational Health, Safety, and Environment Committee

We encourage the participation of all our employees in OHS. Therefore, in accordance with national regulations, we have established an Occupational Health, Safety, and Environment Committee composed of employee representatives, structured in a balanced manner. On a monthly basis, they supervise, report, and take measures to prevent occupational accidents and diseases.

### Here are some additional complementary functions of the committee: (GRI 403-4)

- Approve the internal policy for the employee's health and safety.
  - Participate in the development, approval, implementation, and evaluation of policies, plans, and programs to promote health and safety at work, as well as the prevention of occupational accidents and diseases.
- Approve the annual training plan for employees on occupational health and safety issues.
- Ensure that employees are informed about regulations, technical work specifications,

- notices, and other written or graphic materials related to risk prevention in the workplace.
- Conduct periodic inspections in administrative and operational areas, facilities, machinery, and equipment to strengthen preventive management.
- Hold regular monthly meetings to analyze and assess progress on the objectives set in the annual program, and convene extraordinary meetings to review serious incidents or as circumstances require.

### Channels for communicating and/or reporting incidents and accidents in OHS



### **OHS Training**

We ensure OHS training and education for all our employees and contracted personnel, following the guidelines outlined in our Annual Training Plan. This practice aligns with the legal requirements established by Law No. 29783, the Occupational Health and Safety Law. (GRI 403-5)

Below are the training courses offered to our employees in 2023:



























Ergonomic Risk Prevention.









These training courses are essential to maintain a healthy and safe work environment, ensuring compliance with current regulations and promoting the well-being of our team.

### Occupational health

At Cotton Knit, we are committed to ensuring and promoting a healthy and safe work environment for our employees. To achieve this goal, we implement effective strategies aimed at controlling and mitigating the occupational risks to which our employees may be exposed.

As an integral part of our services, we maintain an on-site medical office staffed by a nurse specialized in occupational health. This team is responsible for preparing medical reports, which are then sent to our partnering occupational clinic with whom we have a close collaboration.

In this way, scheduled medical exams are conducted for each employee in accordance with the guidelines established by the Occupational Health, Safety, and Environment (SSOMA) department.

In addition to medical exams, our occupational health service conducts assessments and audits to identify potential risks related to occupational or other types of illnesses. This approach allows us to continuously improve the quality of our services and minimize occupational risks.

We have developed training courses and occupational health campaigns to strengthen our culture of risk and illness prevention. These initiatives are essential for promoting greater awareness and responsibility in occupational health and safety among our employees.



## Health programs offered by Cotton Knit

We provide various health services for the benefit of all our employees, aiming to prevent and address various occupational diseases. (GRI 403-3) (GRI 403-6)



### **Health and Wellness Campaigns**

With a focus on health care and the prevention of various diseases that could impact our employees and their families, the Social Welfare department organizes a series of health campaigns and programs through strategic partnerships with EsSalud, MINSA, private clinics, and insurance providers. Notable campaigns held in 2023 include:

### **Annual Health Campaign**

This is an annual preventive health campaign conducted in strategic partnership with EsSalud. The program involves providing annual preventive check-ups for all employees to detect illnesses early and assess their current health status. In 2023, 500 employees participated, receiving care across various medical specialties over a period of a month and a half.

The medical specialties included were:

















This program offers significant advantages, as the results of our employee's medical examinations, including medical specifications, are uploaded onto an EsSalud platform. This allows other doctors in the original healthcare centers to access these results, facilitating prompt care in case of complex diagnoses.

In the category of chronic illnesses, 143 of our employees were diagnosed with conditions such as diabetes, elevated triglycerides, high cholesterol, overweight, and anemia, among others. As part of their treatment, they received nutritional counseling and were enrolled in the Mi Salud Mi Vida program as well as the Iron Employees program.



These initiatives are designed to provide a comprehensive approach and continuous support for employees facing chronic conditions, thereby helping to improve their overall quality of life and well-being.

### **Iron Employees Program**

During the annual health campaign, 45 employees were diagnosed with anemia. Due to the high number of cases, the Iron Employees program was launched to provide daily monitoring of iron supplement intake, helping to boost hemoglobin levels.

Additionally, Cotton Knit offers a free daily breakfast to ensure employees start their day with adequate nutrition.

The nurse also encourages participants daily on the importance of healthy eating and requests blood tests every four months to check for hemoglobin improvement, releasing employees from the program once their levels are adequate.



### Vaccination campaigns

We carry out annual vaccination campaigns in coordination with Minsa and EsSalud. In 2023, we conducted vaccination campaigns to prevent illnesses such as COVID-19 (four campaigns), tetanus (one campaign), and influenza (two campaigns). This program has benefited over 418 employees, helping reduce absenteeism rates due to these diseases and ensuring the protection of our workforce against these occupational risks.





### **Breast cancer screening** campaign

Breast cancer is the most common cancer among women, representing 19.5% of all cancer cases in our country. Studies emphasize that preventive check-ups can reduce mortality by up to 20% through early detection. With this in mind and a commitment to supporting our employees' health, Cotton Knit organized a breast cancer screening campaign in partnership with the San Juan de Dios Clinic. Seventyfour employees participated, gaining not only access to professional screenings but also learning how to perform self-exams to monitor their health proactively.



### **Colon cancer** screening



Understanding importance the early detection in colon cancer-since screenings can significantly improve treatment outcomes starting at age 50, or earlier for those with family history or risk factors—Cotton Knit, in partnership with MINSA, conducted a colon cancer screening campaign for employees over 40. A total of 99 employees participated, with 10 cases identified and referred to EsSalud for further evaluation.

### **HIV and syphilis** screening



Rapid tests for syphilis and HIV are essential tools for timely diagnosis and appropriate treatment. For this reason, Cotton Knit, in partnership with MINSA, conducted an HIV and syphilis screening campaign for all male employees. Seventy-nine employees took part, gaining an understanding of the importance of preventive screenings for maintaining good health.

# Pap smear screening campaign



Recognizing that the Pap smear is a key test for preventing and early detection of cervical cancer, Cotton Knit, in coordination with MINSA, organized an on-site Pap smear screening campaign. A total of 54 female employees participated, with 13 cases identified and subsequently evaluated and treated by MINSA gynecologic oncologists. The campaign successfully concluded with treatment, evaluation, and follow-up of the detected cases.

### Health and Wellness Fair



Committed to the health of our employees, their families, and the Los Sauces community, Cotton Knit held its first Health and Wellness Fair. The fair aimed to raise awareness about the importance of health care, beginning with prevention, and created a space where participants could access preventive health campaigns and other resources to support their personal and family well-being. Employees, family members, and community residents attended, benefiting from the following health services and the opportunity to purchase products at corporate prices.

Sales	Free Health & Wellness Campaigns
Cosmetic Products	Facial treatments
Natural dermatological products	Relaxing massages
Perfumes and hair treatments	Vision care (screenings and eye exams)
Natural edible products	Dental care (diagnosis, treatment planning, and fluoride application)
Jewelry and accessories	Obstetrics (family planning and pap smear)
Bimbo products	HIV and syphilis screening (for male employees)
Movie tickets and combo offers	Vaccinations (hepatitis, tetanus, diphtheria, COVID-19, and more)
Sale of purses, bags, backpacks, fanny packs, wallets, and more	Gynecological consultations

### **Workplace injury incidents**

At Cotton Knit, we encourage employees to report any incidents that may pose a health risk or potential damage to facilities to prevent these situations from escalating into accidents.

When an accident occurs, a trained first-aid team is ready to provide immediate assistance, working alongside the Welfare department and the occupational health physician. We also have access to the Alerta Médica service, which can treat the injured employee or

transport them to the nearest clinic or hospital if necessary. Notably, if the employee's life is at risk, protocol dictates they be taken to the San Juan de Dios Clinic, located just two minutes from our facilities.

All accidents are investigated to implement measures that prevent recurrence. We also maintain a statistical record of accidents and incidents, enabling the OHS Committee and the SSOMA department to conduct a deeper analysis and develop proposals to reduce our injury rate. These proposals are then presented to General Management.

(GRI 403-9) (GRI 403-10)

#### 2023 Occupational Health and Safety Indicators for Employees

Francisco de Albadia esta e	Unit of	Year
Employees / Indicator	measurement	2023
Number of hours worked	Number	2,276,305
Number of fatalities resulting from workplace injuries	Number	0
Number of workplace injuries with significant consequences (excluding fatalities)	Number	-
Number of recordable workplace injuries	Number	11
Fatality rate from workplace injuries	Number	0
Rate of workplace injuries with significant consequences (excluding fatalities)	Number	-
Rate of recordable workplace injuries	Number	0.33



### TABLE OF GRI CONTENT

### **Table of GRI Content**

Statement of use

Cotton Knit SAC has reported in accordance with GRI standards for the period January 01 to December 31, 2023.

GRI1 used

GRI 1: Foundation 2021

GRI Standard	Content	Page	SDG	Omission			
				Requirement omitted	Reason	Explanation	
		General D	isclosures				
	2-1 Organizational details	10	-	-	-	-	
	2-2 Entities included in the organization's sustainability reporting	7	-	-	-	-	
	2-3 Reporting period, frequency and contact point	7	-	-	-	-	
	2-4 Restatements of information	7	-	-	-	-	
	2-5 External assurance	7	-	-	-	-	
	2-6 Activities, value chain and other business relationships	47	-	-	-	-	
	2-7 Employees	74	-	-	-	-	
	2-8 Workers who are not employees	74	-	-	-	-	
	2-9 Governance structure and composition	21	-	-	-	-	
GRI 2: General Disclosures 2021	2-10 Nomination and selection of the highest governance body	21	-	-	-	-	
	2-11 Chair of the highest governance body	21	+	-	-	-	
	2-12 Role of the highest governance body in overseeing the management of impacts	21	-	-	-	-	
	2-13 Delegation of responsibility for managing impacts	24	-	-	-	-	
	2-14 Role of the highest governance body in sustainability reporting	21	-	-	-	-	
	2-15 Conflicts of interest	22	-	-		-	
	2-16 Communication of critical concerns	24	-	-	-	-	
	2-17 Collective knowledge of the highest governance body	22	-	-	-	-	

GRI Standard	Content	Page	SDG	Omission					
				Requirement omitted	Reason	Explanation			
General Disclosures									
	2-18 Evaluation of the performance of the highest governance body	22	-	-	-	-			
	2-19 Remuneration policies	23	-	-	-	-			
	2-20 Process to determine remuneration	23	-	-	-	-			
	2-21 Annual total compensation ratio	23	-	-	-	-			
	2-22 Statement on sustainable development strategy	6	-	-	-	-			
	2-23 Policy commitments	34	-	-	-	-			
GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	25, 34	-	-	-	-			
	2-25 Processes to remediate negative impacts	27	-	-	-	-			
	2-26 Mechanisms for seeking advice and raising concerns	27	-	-	-	-			
	2-27 Compliance with laws and regulations	59	-	-	-	-			
	2-28 Membership associations	16	-	-	-	-			
	2-29 Approach to stakeholder engagement	43	-	-	-	-			
	2-30 Collective bargaining agreements	39	-	-	-	-			
		Materio	ıl Topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	40	-	-	-	-			
	3-2 List of material topics	42	-	-	-	-			
Economic Performance									
GRI 3: Material Topics 2021	3-3 Management of material topics	18	-	-	-	-			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	18	8,9	-	-	-			

Content	Page	SDG	Omission					
			Requirement omitted	Reason	Explanation			
Good Corporate Governance, Ethics, and Anti-Corruption								
3-3 Management of material topics	30	-	-	-	-			
205-1 Operations assessed for risks related to corruption	32	16	-	-	-			
205-2 Communication and training about anti- corruption policies and procedures	32	16	-	-	-			
205-3 Confirmed incidents of corruption and actions taken	32	16	-	-	-			
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Regarding unfair competition issues, we maintain that we do not have procedures or guidelines, since our competition is not local but foreign.	-	-	-	-			
	Operationa	l Efficiency						
3-3 Management of material topics	48	-	-	-	-			
NON GRI Operational Efficiency	48	-	-	-	-			
Responsible :	supply chain m	anagement o	and traceability					
3-3 Management of material topics	56	-	-	-	-			
204-1 Proportion of spending on local suppliers	56	8	-	-	-			
308-1 New suppliers that were screened using environmental criteria	57	-	-	-	-			
308-2 Negative environmental impacts in the supply chain and actions taken	57	-	-	-	-			
414-1 New suppliers that were screened using social criteria	57	5, 8, 16	-	-	-			
414-2 Negative social impacts in the supply chain and actions taken	57	5, 8, 16	-	-	-			
	Good Corporations 3-3 Management of material topics  205-1 Operations assessed for risks related to corruption  205-2 Communication and training about anticorruption policies and procedures  205-3 Confirmed incidents of corruption and actions taken  206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices  3-3 Management of material topics  NON GRI Operational Efficiency  Responsible statement of material topics  308-1 New suppliers that were screened using environmental criteria  308-2 Negative environmental impacts in the supply chain and actions taken  414-1 New suppliers that were screened using social criteria  414-2 Negative social impacts in the supply chain and actions taken	Good Corporate Governance  3-3 Management of material topics  205-1 Operations assessed for risks related to corruption  205-2 Communication and training about anticorruption policies and procedures  205-3 Confirmed incidents of corruption and actions taken  206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices  Coperations  Operations  Regarding unfair competition issues, we maintain that we do not have procedures or guidelines, since our competition is not local but foreign.  Coperations  Responsible supply chain material topics  Responsible supply chain material topics  And Management of material topics  Responsible supply chain material topics  Solution of spending on local suppliers  3-3 Management of material topics  Coperations  3-3 Management of material topics  Solution of spending on local suppliers  56  308-1 New suppliers that were screened using environmental criteria  308-2 Negative environmental impacts in the supply chain and actions taken  414-1 New suppliers that were screened using social criteria  414-2 Negative social impacts in the supply chain for supply chain for supply chain in the supply chain social criteria  414-2 Negative social impacts in the supply chain for supply	Good Corporate Governance, Ethics, and 3-3 Management of material topics  205-1 Operations assessed for risks related to corruption  205-2 Communication and training about anticorruption policies and procedures  205-3 Confirmed incidents of corruption and actions taken  206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices  Coperational Efficiency  Operational Efficiency  Responsible supply chain management of material topics  Responsible supply chain management of material topics  Responsible supply chain management of procedures or guidelines, since our competition is not local but foreign.  Operational Efficiency  3-3 Management of material topics  Responsible supply chain management of material topics  56	Good Corporate Governance, Ethics, and Anti-Corruption  3-3 Management of material topics  30	Good Corporate Governance, Ethics, and Anti-Corruption  3-3 Management of material topics  30			

GRI Standard	Content	Page	SDG	Omission				
				Requirement omitted	Reason	Explanation		
Technology, innovation, and product development								
GRI 3: Material Topics 2021	3-3 Gestión de los temas materiales	49	-	-	-	-		
This material topic has no specific associated GRI Standard	NON GRI Technology, innovation, and product development	49	-	-	-	-		
	Cus	tomer Relation	ship Manag	ement				
GRI 3: Material Topics 2021	3-3 Management of material topics	53	-	-	-	-		
This material topic has no specific associated GRI Standard	NON GRI Customer Relationship Management	53	-	-	-	-		
	W	ater managem	ent eco-effici	ency				
GRI 3: Material Topics 2021	3-3 Management of material topics	65	-	-	-	-		
GRI 303 Water	303-1 Interactions with water as a shared resource	65	6, 12	-	-	-		
	303-2 Management of water discharge - related impacts	66	6	-	-	-		
and Effluents 2018	303-3 Water withdrawal	65	6	-	-	-		
	303-4 Water discharge	66	6	-	-	-		
	303-5 Water consumption	67	6	-	-	-		
	Clim	ate Change Str	ategy and Mi	tigation				
GRI 3: Material Topics 2021	3-3 Management of material topics	61, 62	-	-	-	-		
GRI 302 Energy 2016	302-1 Energy consumption within the organization	62	7, 8, 12. 13	-	-	-		
GRI 305 Emissions 2016	305-1 Direct (Scope 1) GHG emissions	-	3, 12, 13, 14, 15	305-1	Information not available	It is important to note that the measurement of our carbon footprint for the 2023 period will take place in the second half of 2024.		

	Content	Page	SDG	Omission			
GRI Standard				Requirement omitted	Reason	Explanation	
GRI 305 Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	-	3, 12, 13, 14, 15	305-2	Information not available	It is important to note that the measurement of our carbon footprint for the 2023 period will take place in the second half of 2024.	
	305-3 Other indirect (Scope 3) GHG emissions	-	3, 12, 13, 14, 15	305-2	Information not available	It is important to note that the measurement of our carbon footprint for the 2023 period will take place in the second half of 2024.	
		Waste ma	nagement				
GRI 3: Material Topics 2021	3-3 Management of material topics	69	-	-	-	-	
	306-1 Waste generation and significant waste-related impacts	69	3, 6, 11, 12	-	-	-	
GRI 306: Waste 2020	306-2 Management of significant wasterelated impacts	69	3, 6, 8, 11, 12	-	-	-	
	306-3 Waste generated	69	3, 6, 11, 12, 15	-	-	-	
		Chemical m	anagement				
GRI 3: Material Topics 2021	3-3 Management of material topics	71	-	-	-	-	
This material topic has no specific associated GRI Standard	NON GRI Chemical management	71	-	-	-	-	
		Occupational h	ealth and safe	ety			
GRI 3: Material Topics 2021	3-3 Management of material topics	84	3, 8, 16	-	-	-	
	403-1 Occupational health and safety management system	84	6, 12	+	-	-	
403: Health and Safety at work 2018	403-2 Hazard identification, risk assessment, and incident investigation	85	8	-	-	-	
	403-3 Occupational health services	88	8	-	-	-	
	403-4 Worker participation, consultation, and communication on occupational health and safety	86	8, 16	-	-	-	
	403-5 Worker training on occupational health and safety	87	8	-	-	-	
	403-6 Promotion of worker health	88	3	-	-	-	

	Content	Page	SDG	Omission			
GRI Standard				Requirement omitted	Reason	Explanation	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	84	8	305-2	-	-	
403: Health and Safety at work 2018	403-8 Workers covered by an occupational health and safety management system	84	8	305-2	-	-	
	403-9 Work-related injuries	93	3, 8, 16	-	+	-	
	403-10 Work-related ill health	93	3, 8, 16	-	-	-	
	Job creation	, employee we	ll-being, and	d human rights			
GRI 3: Material Topics 2021	3-3 Management of material topics	74	-	-	+	-	
	401-1 New employee hires and employee turnover	74, 76, 77	5, 8, 10	-	+	-	
GRI 401: Employment 2016	401–2 Benefits provided to fulltime employees that are not provided to temporary or parttime employees	81	3, 5, 8	-	+	-	
	404-1 Average hours of training per year per employee	80	4, 5, 8, 10	-	-	-	
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	79	8	-	+	-	
Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	83	5, 8, 10	-	-	-	
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	39	5, 8	-	+	-	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	39	8	-	-	-	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	39	5, 8, 16	-	-	-	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	39	5, 8	-	-	-	



(GRI 2-1) (GRI 2-3)

**Cotton Knit S.A.C.** 

Addres

Calle Santa Sofía 137 urb. Industrial La Aurora Ate, Lima, Peru.

Phone (+51) 618 7777

Contact
Sostenibilidad Cotton Knit emaurtua@cottonknit.com

General editing and design
Modo Sostenible
www.modosostenible.com

www.cottonknit.com :ัด



