



# Sustainability

Report

---

# 2022



# Summary —

# Presentation

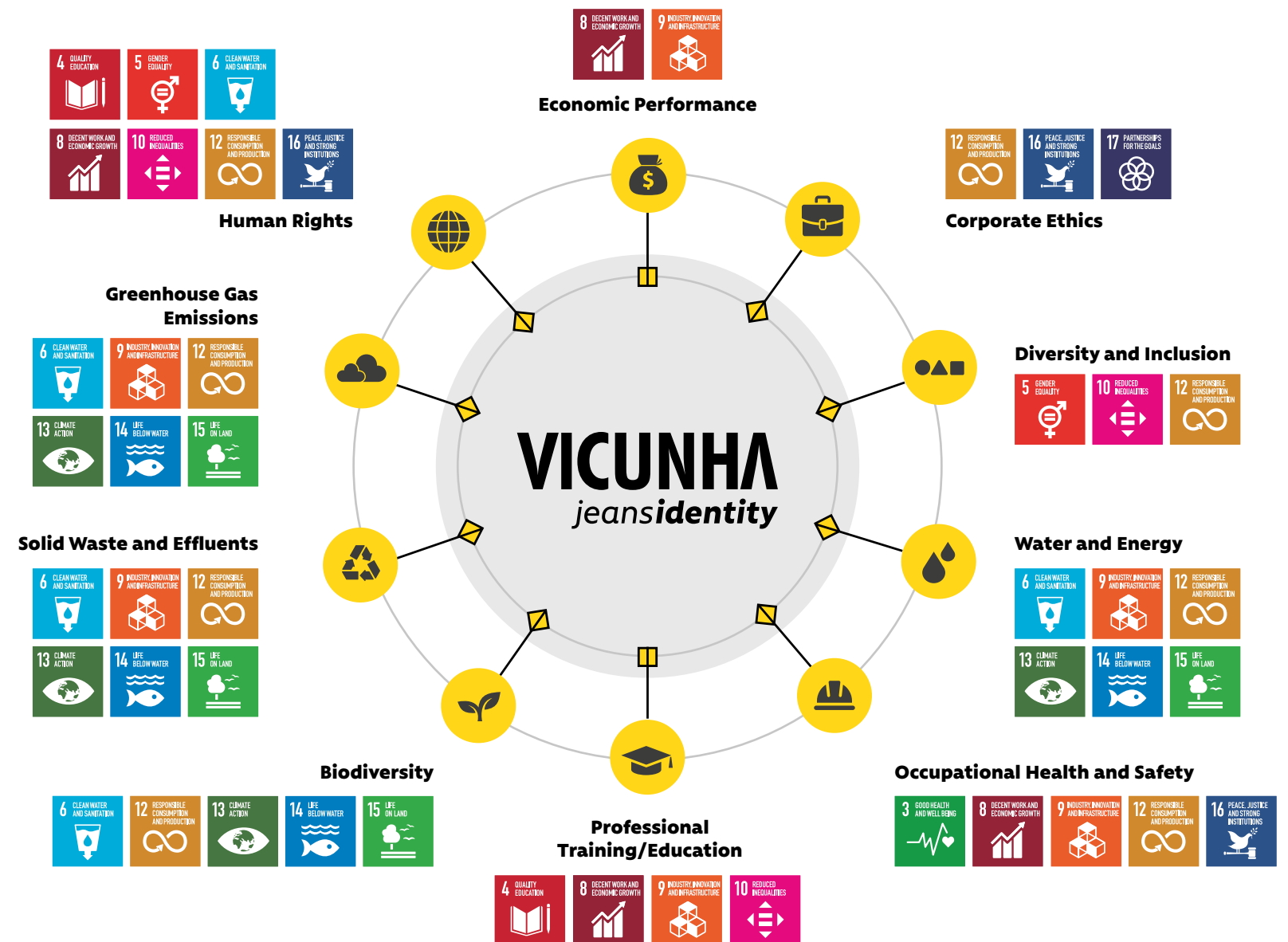
## *Jeansidentity* with innovation and sustainability

Sustainability is part of our long-term values and commitments. Throughout our journey, we have matured, have been everlasting, and have been at the forefront of technologies and innovations committed to responsible practices. It was no different in 2022: We gained scale in innovative initiatives, improved our practices, and brought quality and fashion to an increasingly demanding market.

We have maintained our position as the largest producer of Denim and Denim Colour in Brazil and Latin America, knowing that our leadership makes us responsible for acting as transforming agents in the value chain from production to consumption. Our second Sustainability Report proves our commitment, effort and engagement in environmental, social and governance aspects, reflecting the practices and processes that consolidate us as pioneers in the jeanswear market.

This document was prepared based on our established policies, the principles of the United Nations (UN) Global Compact, and the Sustainable Development Goals (SDGs), is inspired by the Global Reporting Initiative (GRI) guidelines and includes information from our units in Brazil, Ecuador, and Argentina. Our materiality process was carried out with our main stakeholders in 2022, determining ten material subjects that guide the information contained herein.

## Material *subjects*



# Highlights—



**7 thousand tons**  
of recycled cotton



We promoted over  
**600 employees,**  
thus contributing to  
developing talents for  
new roles and challenges



**Beginning of the development of our ESG**  
journey by establishing  
actions to develop  
certain themes



**Strict health protocols** during  
the pandemic and  
influenza crises



**Lengthening** of our  
debt profile



**Revision** of our Code of  
Ethics and Conduct



**A 30% expansion**  
of our production  
capacity in Argentina



**Inauguration**  
of a showroom  
in Buenos Aires



**Record**  
EBITDA results



**Creation of VOGA magazine,**  
Vicunha's internal digital magazine,  
with 20,000 hits per month



**Structuring of V.Laundry,**  
an innovation hub with the most modern  
and sustainable jeanswear practices



**A 27% drop** in the number of  
occupational accidents, with strong  
leadership involvement in raising  
awareness of accident risk analysis



**Over 100**  
Routine Management tables  
for indicators in the factories



# Message from Management —

| GRI 2-22 |

## *A period full of victories and challenges*

In 2022, we achieved record net revenue, lengthened the company's debt profile and reduced our leverage. However, this does not mean that it was an easy year. Together, we have gone through the most challenging times of our lives in recent years. It was in 2022 that we made progress in defining Vicunha's strategic guidelines and potential paths for growth. We have also taken advantage of opportunities that arose and continued to pursue sustainable growth.

This goal was particularly complex in a year still full of consequences of the pandemic in a market that still faced high inflation and interest rates. We have witnessed an increase in international competition while the political instability in Brazil and worldwide imposed consequences on the industry and consumer behavior.

We faced several obstacles but did our best because we were prepared and focused. Our sustainability initiatives remained

strong and gained scale both environmentally and financially. This is only possible thanks to a clear, robust structure and a respected and committed team.

Most of the cotton we use is certified (ABR and BCI), traceable, and follows the necessary requirements throughout the production chain. Most of our inputs originate in Brazil, where there is no need for irrigation, as in the states of Mato Grosso and Bahia, thus having lower demand for water consumption. Furthermore, we use around seven thousand tons of recycled cotton per year, promoting circularity.

Hemp fabric accompanies our vocation for innovation, a field in which we continue to focus our efforts and reap the rewards. We also implemented a new Supply Chain executive board during this period, providing us with more efficiency in our processes.

In 2022, we concluded the V.Laundry project, a major innovation hub that gathers the most modern products in the jeanswear sector. The launch was an important step in our one stop shop strategy of servicing our customers from start to finish.

—  
Hemp fabric accompanies  
**our vocation for innovation**, a field in  
which we continue to  
focus our efforts and  
reap the rewards.  
—



We lengthened our debt profile through a successful Agribusiness Receivables Certificate (CRA) operation, adjusting financial obligations each year to Vicunha's cash generation capacity.

Our growth means improvements that impact our business partners, customers, communities, and employees. We work continuously toward people's welfare and closely monitor our teams' health and safety. Because we are aware of our role in developing the communities around us, we have expanded the initiatives aimed at training vulnerable young people.

For the near future, even if we continue to face high interest rates, we have set ourselves the challenge of reducing working capital. We have a series of strategies to be implemented, mainly aimed at growth in Europe and Latin America and the launch of a program to improve our competitiveness called V.Comp. We have started taking some steps in this direction with our restructuring in Europe, the launch of specific collections for that market, and the acquisition

of a new Denim machine in Argentina. We are seeking even more sustainability in production by starting a partnership focused on regenerative agriculture.

This is just some of the progress we have made in our plans as a company leader and pioneer in its sector. We have focused on continuous improvement in all areas: results, governance, efficiency, innovation, people, and sustainability. This strategy brought us success in 2022 and allows us to take innovative and safe steps on a sustainable development path for Vicunha and the markets where we operate.



We have focused on continuous improvement in all areas: **results, governance, efficiency, innovation, people, and sustainability.**

**Marcos Antonio De Marchi**

CEO

# 1

## Vicunha



**Marcos Reis Torquato**  
Natal Unit - Rio Grande do Norte



## A global reference in jeanswear solutions

**We made history in disseminating the jeans culture in Brazil by encouraging the growth of production centers in the country, which made it a highlight in the sector.**

[GRI 2-1, 2-6]

We are Vicunha, one of world's largest Denim and Denim Colour producers and Latin America leader. We have achieved a global position in our segment by constantly reinforcing our commitment to innovation, ethics, and sustainability.

We deliver quality and fashion to over 4,500 customers in more than 20 countries worldwide. This is only possible with the work of our 6,897 registered employees and around 2,100 active suppliers operating in cotton cultivation, yarn production, chemicals, machinery, and others.

We complete 55 years in 2022 and are everlasting by producing and marketing Denim and Denim Colour and offering complete services to our customers. We made history in disseminating the jeans culture in Brazil by encouraging the growth of production centers in the country, which made it a highlight in the sector. Our portfolio includes more than 300 products, each created and developed to meet the growing demands of a market committed to environmental, social and technological aspects. These elements have everything to do with our history.

Big brands, retailers, clothing manufacturers and laundries rely on our one-stop shop operations, which include showrooms and customer-focused intelligence actions as a global vision. This includes products and solutions and multiple topics related to the sector, such as washing and modeling techniques, fashion trends, usability, and whatever else is needed to ensure excellence and a pioneering spirit in our deliveries. We operate at the forefront of innovation in jeanswear, continually strengthening our relationship with universities, new talents, creators, innovation hubs, social institutions, certification bodies, and verifiers.



**One of world's largest Denim and Denim Colour producers and Latin America leader**



**Commitment to innovation, ethics, and sustainability**



**+4,500 customers in +20 countries**

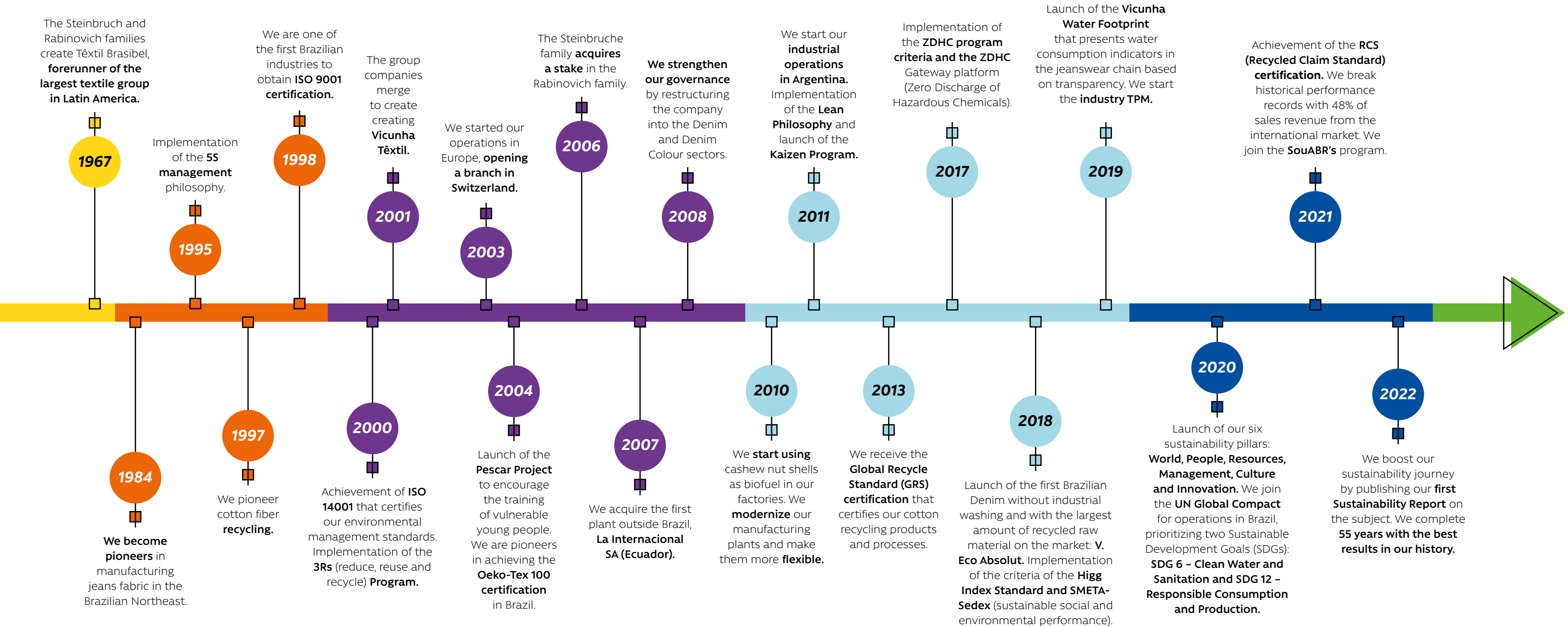


**6,897 registered employees**



**~2,100 active suppliers**

Timeline

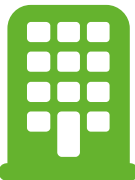




Action map



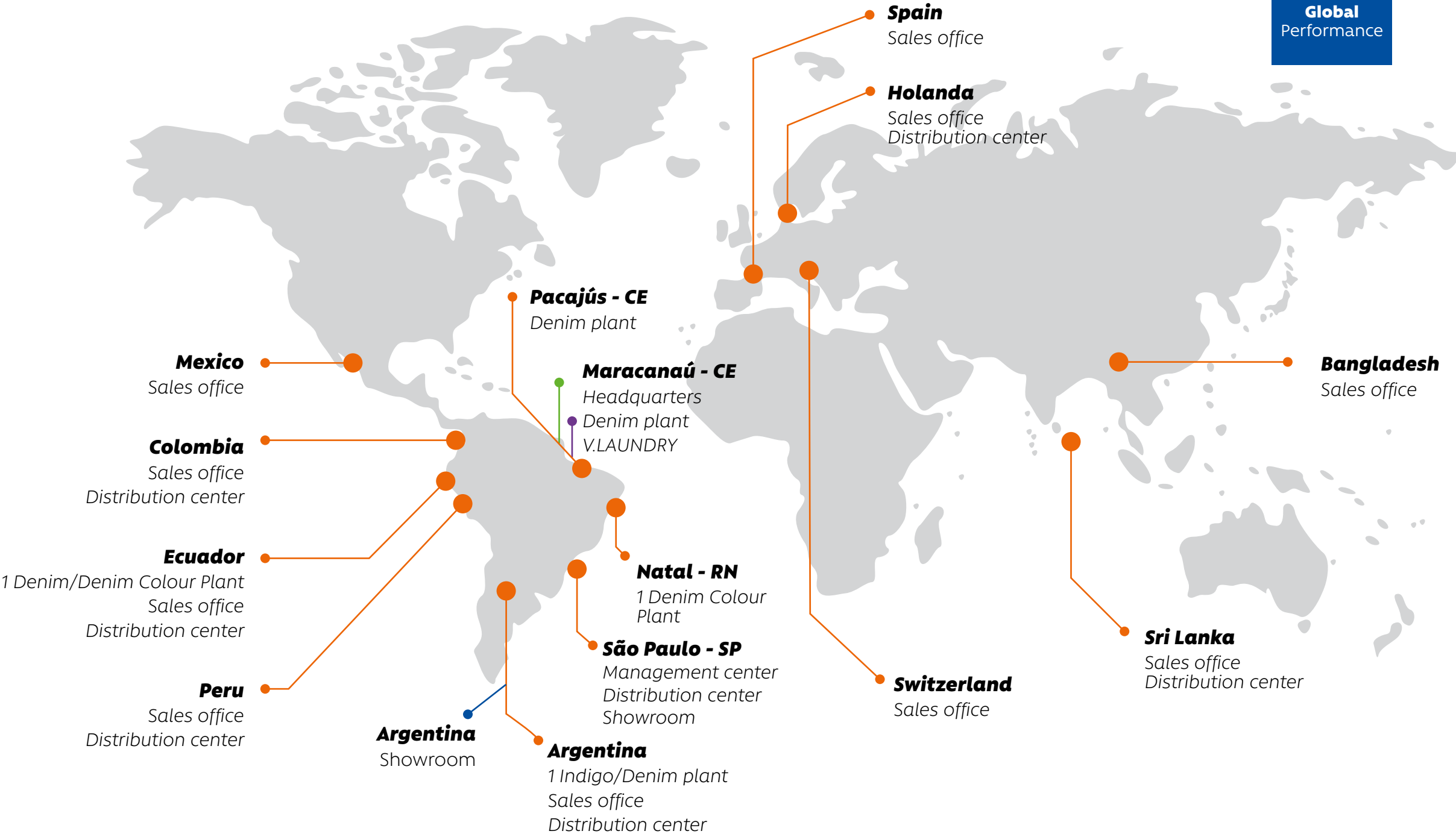
Opening  
showroom  
in Buenos Aires



Headquarters  
in Maracanaú (Ceará)



V.LAUNDRY  
in Maracanaú (Ceará)



## Seals, certifications and commitments

[GRI 2-23]

### Global Compact – Principle 8

Our growth and global recognition were achieved at the same time as we evolved and improved our sustainability initiatives. Through certifications and seals, we demonstrate our responsible business conduct by assuming commitments with guidelines and practices regarding topics such as quality, the environment, and social impact.

This premise is part of our history and is a driving force for developing the segment and the Brazilian market. We achieved ISO 9001 certification in the 1990s, proving our leadership in the sector. In 2000, we achieved ISO 14001 certification, and we became the first national company to obtain the Oeko-Tex 100 Green Seal in 2004.

These commitments give our consumers credibility regarding our products and processes and attest to the internal standardization and implementation of our values, behaviors and practices within the organization.



### Our operations

- ISO 9001 and ISO 14001 certify our quality and environmental management systems.
- We are Oeko-Tex Standard 100 certified, ensuring that all of our product components have been tested for harmful substances.
- We are certified by the Global Recycled Standard (GRS), international and voluntary guideline, which seek to verify and encourage the use of recycled materials in our production process.
- The Zero Discharge of Hazardous Chemicals (ZDHC) Roadmap to Zero Program guides the value chain toward safer use of chemicals. We are guided and audited based on the program standards.
- SMETA is a social audit methodology for companies to assess their factories and suppliers on supply chain working conditions, and we use it in all our operations.
- We are guided by the Higg Index standards, under which we are audited, that evaluate social and environmental sustainability throughout the supply chain of the apparel and footwear industry.

- To identify the most sustainable attributes in our products, we have developed the Vicunha seals: Less Water, Less Chemical, Recycle, Recovered, Pet Made, and Hemp Made.



### Raw Material

- We prioritize suppliers that are part of the Responsible Brazilian Cotton (ABR) program to unify the sustainability certification protocol in cotton production in Brazil.
- We value suppliers that hold the Better Cotton Initiative (BCI) seal, which proves cotton producers' social, environmental, and labor responsibility.
- We are connected with stakeholders who hold the Canopy environmental responsibility seal, which aims to protect forests from irregular pulp extraction.



**Sustainable** Development Goals

We are committed to the United Nations (UN) Global Compact by setting goals for adopting corporate social responsibility and sustainability policies by 2030. First, we prioritize two Sustainable Development Goals (SDGs) directly related to our daily practices.



**In our products**

**[GRI 417-1]**

Present on several items in our collection, our seals - Eco Cycle - reaffirm our commitment to more sustainable processes. All of our packaged products (finished fabric) are labeled to identify the country of origin; the product composition; consumption care; weight; meters; width; color; product classification; standards followed (ISO 3758:2012, Inmetro Ordinance 118/2021, Mercosur Technical Regulation on Labelling of Textile Products). Products manufactured in Brazil that contain recycled materials in their composition are also labeled according to the guidelines of the Global Recycled Standard.

The first is SDG 6 - Clean Water and Sanitation, which seeks to ensure availability and sustainable management of water and sanitation for all. In this area, we are committed to increasing water use efficiency in two ways by 2030: Reducing water consumption in factory operations and eliminating water consumption from surface springs in Ceará.

The second goal is SDG 12 - Responsible Consumption and Production, in which we are committed to increasing the production of more sustainable fabrics and reducing waste disposal in landfills by 2030.

In November 2022, our Sustainability Committee expressed its intention to prioritize one more SDG related to the social aspect - SDG 3 - Good Health and Well-Being. This prioritization and the establishment of a new goal will be made official in 2023.





## Fundamentals of the **Vicunha Culture**

**The future is**  
in (RE)SIGNIFYING



### **Belief**

Style is knowing who you are and translating that identity into how you dress and live.



### **Purpose**

To boost the jeanswear culture with solutions that allow each person in the world to find their jeansidentity.



### **Inspiring aspiration**

To be a reference in the art of dressing the body and soul of jeanswear.



## **Principles**

**Integrity and lasting relationships:** To lead by example, do what is right and comply with all covenants respectfully to allow us to mitigate risks and build sustainable relationships.

**Autonomy and knowledge:** Confidence and work autonomy are achieved with competence, shared knowledge and a sense of ownership to take care of the company's affairs as if they were your own.

**People and open dialogue:** Providing a workplace that respects and values people, diversity and open dialogue creates better conditions for developing talent and delivering consistent results.

**Results with customer focus:** The result that creates sustainable value is the result of joint construction, enriched by the perspective of our (internal and external) customers.

**Innovation and excellence:** Fostering confrontation of ideas and accepting mistakes as a learning process are essential to innovate and overcome the challenges of seeking excellence in everything we do.

**Agility and simplicity:** Having clarity and intimacy with what is relevant allows us to improve and simplify processes and decisions to be increasingly efficient and fast.

## Vicunha Culture Evolution

We believe that a solid culture spread throughout the company results in efficiency and synergistic collaboration between teams. By modernizing our strategy in 2019, we placed ourselves at the forefront with the one stop shop model—through which we offer trends, practices, and innovative solutions for the global textile chain—and reinforce our principles. These are guides for our Culture Evolution program, which matures and gains strength each year.

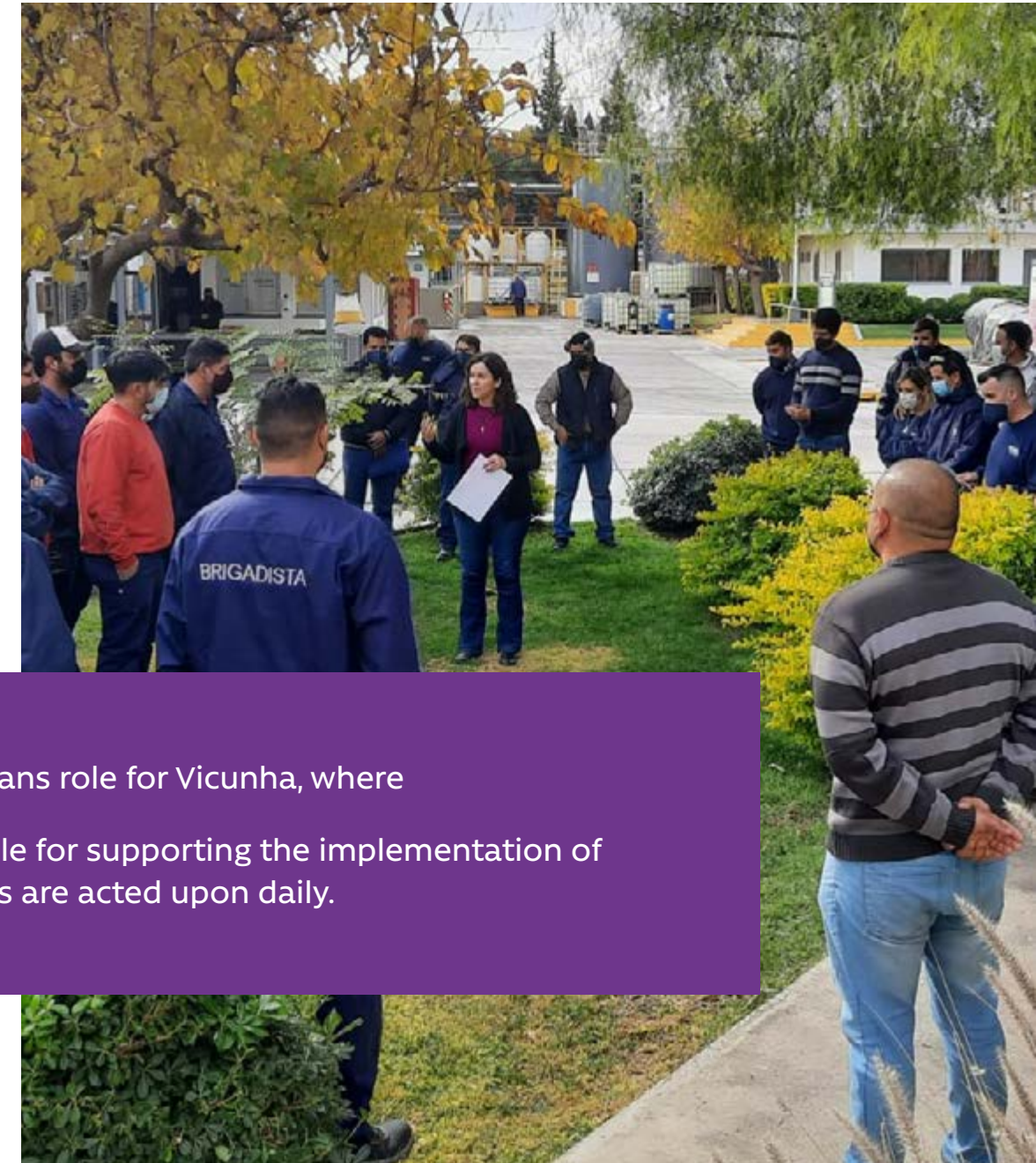
The #EvolveTogether (#EvoluirJuntos) process aims to promote cultural evolution and implement the organizational culture management model, thus supporting our growth. We disseminated our culture in all the company's units in 2021 and counted on more than 5,000 participants. The action led us to an adherence survey and workshops that resulted in 95 proposals for cultural actions.

The Organizational Culture Development Plan (PDCO) grew and evolved in 2022. This was also possible because of the efforts of 14 leadership work focus groups. Divided by area, these leaders proposed actions for developing the Vicunha culture. They presented aligned ideas focused on a company that is even more human, more focused on relationships, more agile and focused on customers both externally and internally.

In all, the workgroups developed 162 actions to boost the experience of this culture throughout the year. Activities were supported by action plans based on discipline and frequency to ensure employee engagement and, consequently, promote changes in collective behavior.

The Culture Panel was implemented at the end of 2022. This is a methodology for action governance to establish systematic monitoring and management of the Organizational Culture Development Plans (PDCO).

Finally, the focus groups pointed to a more modern and vibrating company, principles detected and measured by the people management area in Pulso da Cultura, a survey taken by 75% of our employees in Brazil and abroad. With the result in hand, the next step is to analyze the actions in progress to identify whether they are consistent with our desired culture. These actions will be monitored by the Culture Panel created in 2022.



We also created the culture guardians role for Vicunha, where **45 people** are responsible for supporting the implementation of initiatives to ensure that our values are acted upon daily.

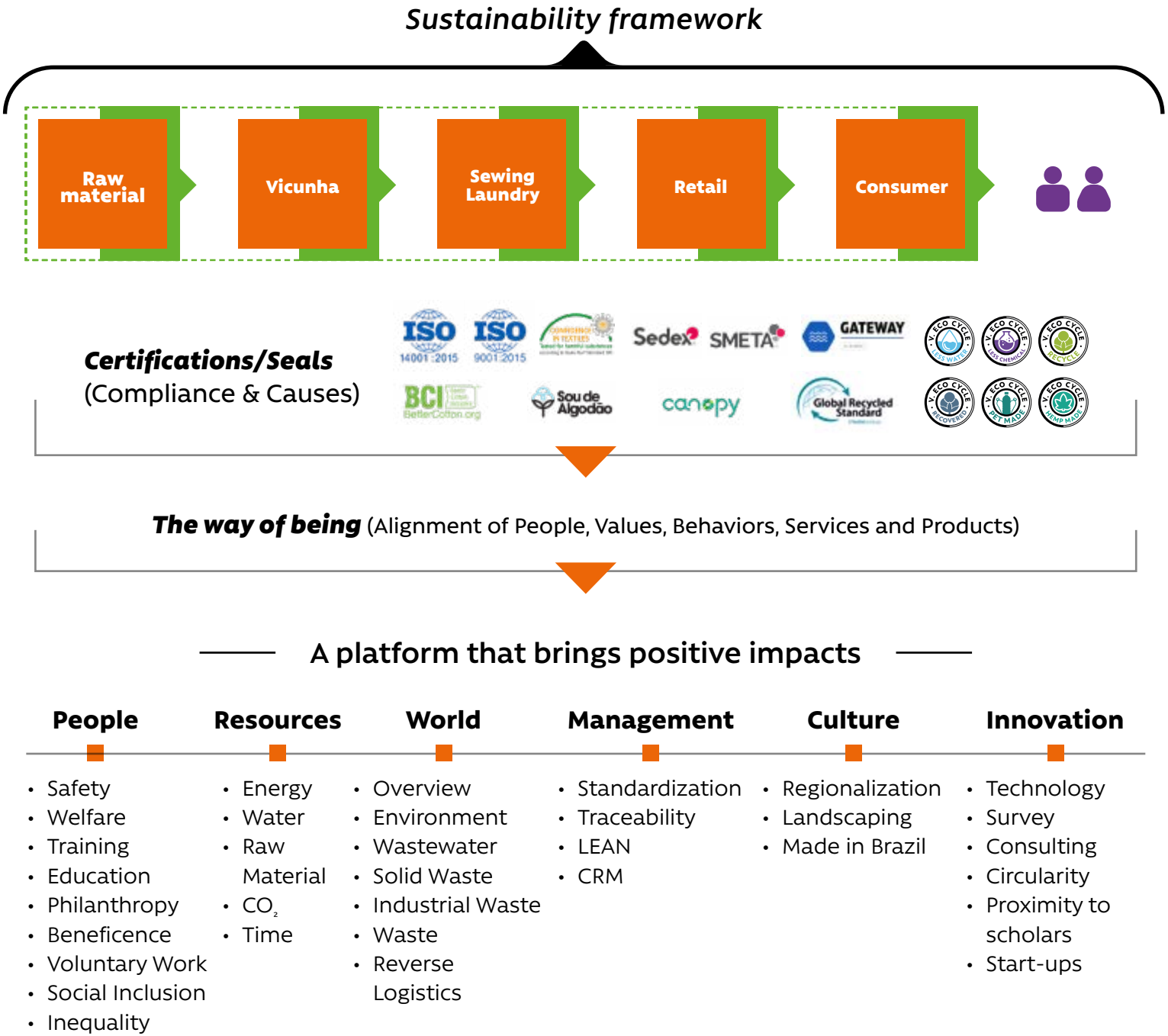


Sustainability framework

Our sustainability framework defines how we manage the topic within the company and in the production chain and aims to make sustainability a transversal aspect of the life cycle of our products. The six pillars that support our operating model are: World, People, Resources, Management, Culture and Innovation. Our management strategy registers the positive practices generated by our projects and actions in each of these pillars, thus creating a history of sustainable solutions in constant evolution.

Working on sustainability and social responsibility in our activities involves combining pioneering technologies and methods that minimize interference with the environment and promote economic and social development in the communities in which we operate. This vision of the whole picture paves the way for significant impacts in the lives of our employees, customers, suppliers and communities. Our customers and consumers are increasingly aware of the responsibility behind their choices, and we work constantly to respond through the best products and practices.

The framework helps us define, monitor and register all our activities that significantly affect the value chain, people, behaviors, values, services, and products. The essence of this variety of actions is reflected in our six pillars. Each action is performed based on our quest to positively impact these aspects and create a history of more sustainable and ever-evolving solutions.



Material subjects

- Environmental**
- Water and Energy
  - Biodiversity
  - Solid Waste and Effluents
  - Greenhouse Gas Emissions

- Social**
- Human Rights
  - Professional Training/Education
  - Diversity and Inclusion

- Governance**
- Corporate Ethics
  - Economic Performance

## Engagement with stakeholders

[GRI 2-28, 2-29]

Our relationship with our stakeholders is marked by the purpose of disseminating the jeanswear culture with solutions that allow everyone in the world to find their jeansidentity. Through an integrated (internal and external) and multichannel communication plan connected with the business strategy, we carry out actions to engage the different stakeholders that make up the Vicunha Ecosystem and communication with the chain.

We work actively in favor of a responsible and transparent fashion chain; therefore, we are members of some associations that contribute to the sustainable development of the textile sector. We are members of the Brazilian Association of Textile and Clothing Industry (Abit) and the Brazilian Association of Cotton Producers (Abrapa) and are active in the industry federations of the São Paulo (Fiesp), Ceará (Fiec) and Rio Grande do Norte (Fiern) states and in the textile sector unions in the regions where we operate. In Argentina, we are members of the Argentina Federation of Textile Industries (Fita), the Argentine Industrial Union (UIA), the San Juan Industrial Union, and the Argentine Association of Dye and Textile Chemicals (AACQT). In Ecuador, we are affiliated with the country's Textile Industries Association.

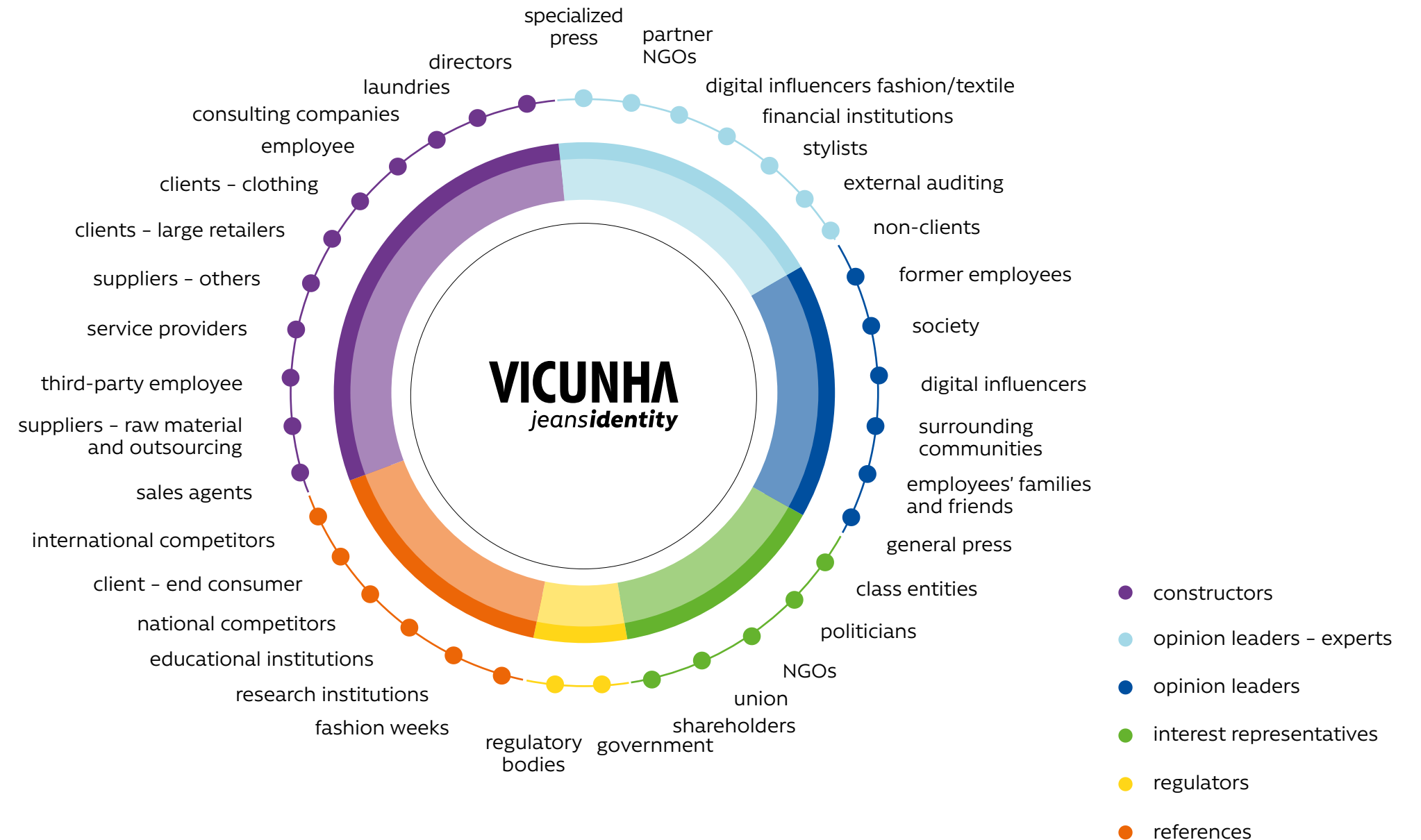
In addition, we are:

Members of the Better Cotton Initiative (BCI), a global initiative for more sustainable cotton cultivation, since 2011;

Signatories of the United Nations (UN) Global Compact in Brazil since 2020.



## Vicunha Ecosystem



# The future is in (RE)VERBERATE

**The Board Support Committees monitor the main corporate policies and analyze the effectiveness of processes and the company's main challenges.**

## Governance

[GRI 2-9, 2-10, 2-11, 2-12, 2-14]

Our governance structure is composed of the Shareholders' Meeting, the Board of Directors and the Board Support Committees, the Steering Committee, and the Thematic committees. These bodies' activities are guided by our Bylaws, Vicunha's Code of Ethics and Conduct and our internal policies and are in line with the relevant legislation. Our impacts on the economy, the environment and people are identified and managed in its meetings.

The Board of Directors approved the new Strategic Plan in 2022 and has been monitoring its implementation since then. It is also responsible for approving investment dossiers and policies and monitoring goals related to sustainable development. The Board Support Committees monitor the main corporate policies and analyze the effectiveness of processes and the company's main challenges. Topics that must be decided as established in the Bylaws are discussed with the Board in ordinary meetings that take place quarterly or, if necessary, extraordinarily at any time.

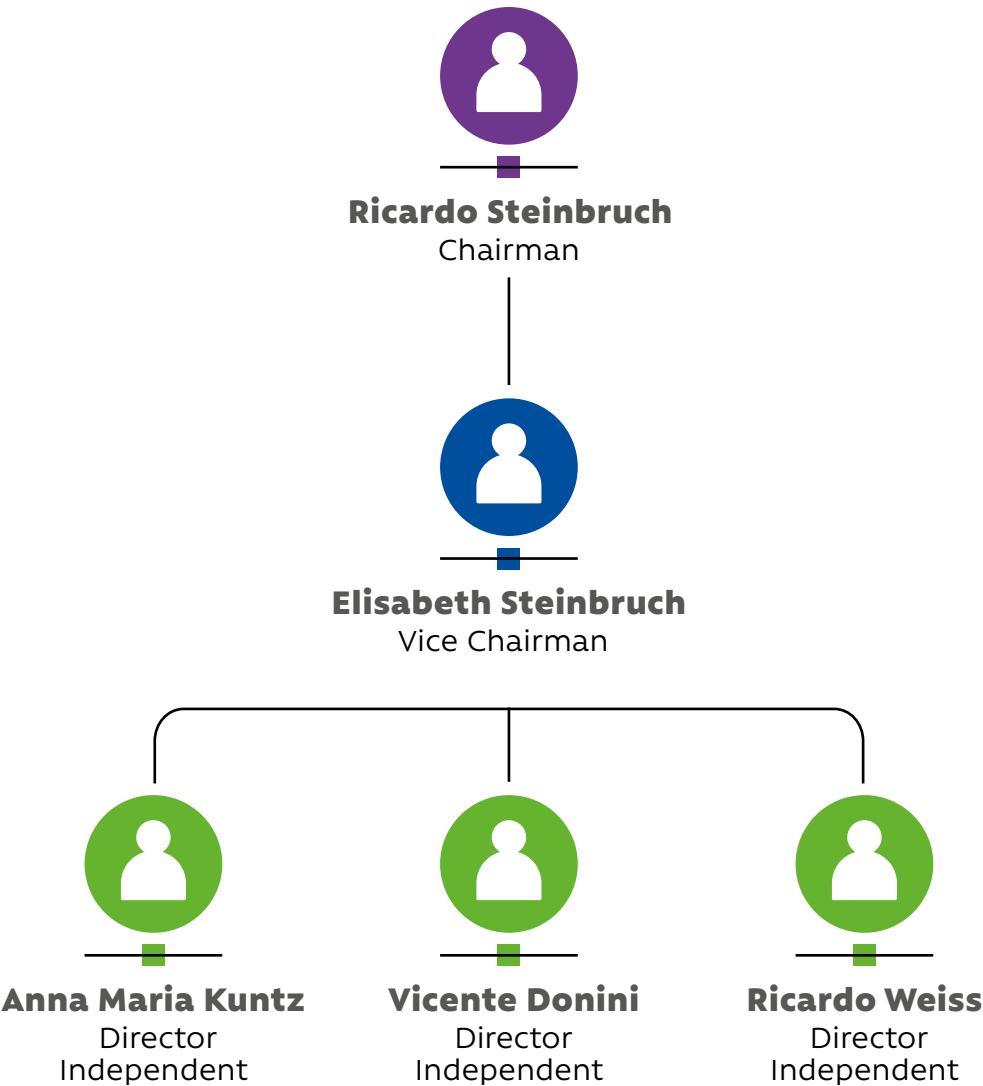
Forty percent of the Board of Directors members are women. Women are also present in the Thematic Committees, dedicated to discussing specific technical themes. We have not surveyed the

presence of LGBTQIA+ people within the company, so it is possible that people who are part of this community are present in any of the management bodies.

Selecting and appointing members to the highest governance bodies is based on established criteria, such as knowledge of the textile sector, relevant experience in the area, technical and educational knowledge, independence and representation of shareholders (specifically for the positions of Board of Directors chairman and vice chairman). The relevant skills are consistent with our Cultural Evolution Program: commitment to customers; seek for learning; effective execution; collaborative work; commitment to results; strategic vision; and personnel management. These skills are assessed individually and periodically for all company employees.

Our directors are appointed by shareholders in accordance with the Brazilian Corporations Law and our Bylaws; officers are appointed and elected by the Board of Directors; and the Support Committees members are appointed by the Board of Directors. The Chairman of the Board of Directors is not an executive at Vicunha.

Board of Directors of Vicunha Têxtil\*



\* all with term of office effective until 11/03/2024

Board Support Committees

They are made up of two Board members, the Chairman, and the officers of the areas relevant to the topic. The Committees prepare the deliberations made by the Board of Directors in their meetings.



**Financial and Risk Management Committee:** it is coordinated by the chairman of the Board. Director Elisabeth Steinbruch and the CEO and CFO executives are members. They monitor the Finance Policy (minimum cash, investments, funding strategy, and foreign exchange exposure), the financial leverage management, and the risk map.



**Innovation and Investment Committee:** it is coordinated by the Chairman of the Board. Its members include Director Vicente Donini and the executive officers CEO, the CCO, the COO, and the CFO. They monitor the Investment Policy and the innovation metrics and discuss new opportunities.



**Commerce and Cotton Committee:** it is coordinated by the chairman of the Board. Its members are director Anna Maria Kuntz, the CCO, and the Supplies and Cotton officer. They monitor commercial management by region (sales, average price, payment term, default, inventories, among others) and the Cotton Policy (contracting level, inventories, derivatives, among others).



**People and Compensation Committee:** it is coordinated by director Ricardo Weiss. Its members are the chairman of the Board, the CEO and the corporate Human Resources officer. They monitor people issues, such as organizational culture, qualification and training, compensation, development, succession, absenteeism, and occupational health and safety.





Steering Committee (Codir)

At the end of 2022, we decided to expand CoDir to increase management's visibility on operations and the company's decision-making process, promote greater integration between management and the organization and increase the number of interlocutors capable of implementing strategic actions quicker, thus increasing the company's alignment around our Cultural Evolution. CoDir is responsible for developing the Strategic Plan by leading and ensuring the execution of strategic initiatives, defining and ensuring compliance with policies, and monitoring indicators, projects and improvement actions. The Expanded CoDir, which started in 2023, is made up of our corporate officers, officers of the Ecuador and Argentine subsidiaries, and general managers of Information Technology, Commercial Brazil, Product Development, Industrial, Quality and Processe.

Vicunha Officers participating in CoDir (term of office until 04/29/2025):



---

**Marcos Antonio De Marchi**  
(CEO)



---

**Marcel Imaizumi**  
(COO)



---

**Pedro Teixeira**  
(CFO)



---

**German Silva**  
(CCO)



---

**Alexandre Ferreira**  
(Corporate Human Resources Officer)



---

**Dawid Wajs**  
(Supply Chain and Cotton Officer)


Thematic Committees

Our Thematic Committees deal with specific matters related to our management and operations by means of regular meetings held throughout the year. When not summoned, the Steering Committee members are always invited and may choose whether or not to participate. Below are the active Committees in 2022.




---

**Strategy Committee**



---

**Raw Materials Committee**



---

**IT Committee**



---

**Tax Planning Committee**



---

**S&OP Committee**



---

**Sustainability Committee**

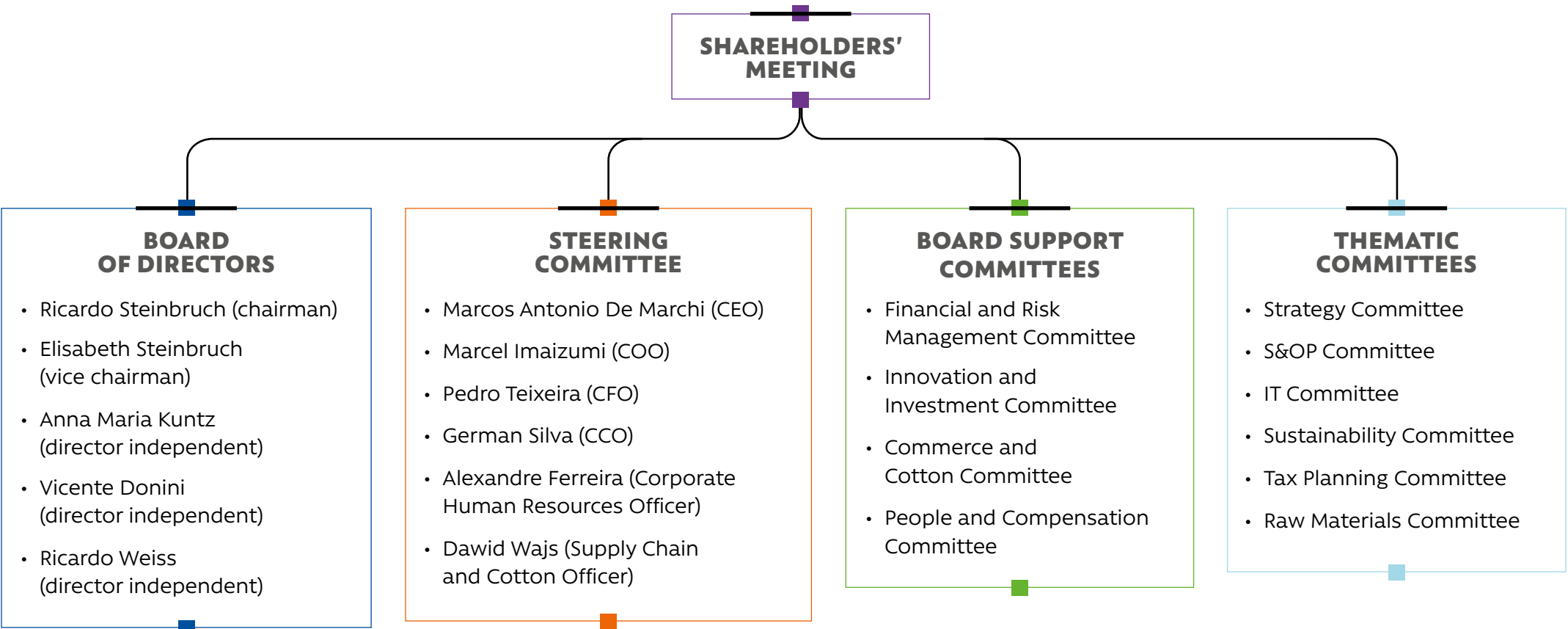




Crisis Management Committee

We prepared our Crisis Management System Procedure in 2022, aiming to structure our Crisis Committees to prevent and mitigate the effects of our impacts and protect people, the environment, the business and Vicunha's reputation. When implemented in 2023, the Crisis Management Committees will be made up of general and sectoral managers to, as a group, evaluate, establish, implement and control actions to avoid or mitigate possible impacts resulting from the crisis in a quick, structured and safe way, ensuring that everything returns to normal in the shortest possible time.

Governance structure



## Attention to sustainability

Our Sustainability Committee was established in 2019 due to the strategic map update that would be its guideline for the next three years. Its first formal meeting was held in November of that same year. The agendas discussed address environmental, social and governance (ESG) issues. In this Committee, we decided to structure Vicunhas' ESG Journey, which is in progress and will become a strategic position for stakeholders. All steps in the design of our sustainability report, materiality matrix, emissions inventory, prioritization of SDGs and other sustainability-related topics are discussed, aligned, and decided between the members.

## Ethics and conduct

[GRI 412-3]

### Global Compact – Principle 2

We reviewed our Code of Ethics and Conduct in 2022 in line with the principles that guided our new Anti-Corruption Policy and the Vicunha Dissemination of Culture.



The new Code of Ethics and Conduct is based on the Vicunha principles, namely: Integrity and Lasting Relationships; Results with Customer Focus; Autonomy and Knowledge; Innovation and Excellence; People and Open Dialogue; Agility and Simplicity.

Throughout the year, we worked on revising the content and involving representatives from different areas to discuss topics such as freedom of association, political rights, respect for the environment, fight against corruption and ways to repress slave or child labor and any type of discrimination and harassment.

Over 35 employees from different areas took part in reviewing the Code of Ethics and Conduct. Managers, lawyers, coordinators, safety engineers, internal human resources consultants, analysts, production maintenance instructors, and internal auditors were among them. They attended 13 workshops and several individual meetings with general managers and officers.

With our participation in the Brazilian Association of Textile and Clothing Industry (Abit) and the industry federations of São Paulo, Ceará and Rio Grande do Norte, we monitor issues related to unfair competition, antitrust, and monopoly. If action is needed in this area, it is evaluated by our Steering Committee and may be referred to the Board of Directors if necessary.

All of our significant investment contracts (over BRL 1 million reais) contained clauses related to human rights protection in 2022.

The Maracanaú (CE) unit is audited once a year based on the Global Recycled Standard (GRS), which addresses issues such as child labor, health and safety, benefits, and wage equity. During this period, we underwent external audits with employee interviews to verify human rights compliance. The audits were carried out by customers and used the SMETA methodology.



## Anti-Corruption Policy

Global Compact – Principle 10

We matured our approach to the topic of corruption in 2022 by drawing up a proposal for a robust and precise Anti-Corruption Policy concerning practices committed to transparency and honesty. The policy preparation was led by the Financial Board and the Legal Department and resulted from a series of meetings between the area and the Steering Committee.

The policy is strict against any type of public or private corruption and is in line with best practices concerning national laws addressing corruption, money laundering, and bribery, and is equivalent to the UK Bribery Act and the Foreign Corrupt Practices Act (USA). The final content will undergo approval and will be reflected in our Code of Ethics and Conduct, and we estimate that it will be published in the first half of 2023.

A policy summary will be incorporated into the company's new Code of Ethics and Conduct and will be part of the annual training sessions related to the Code. Several contractual instruments of which we are parties are now being revised, reinforcing our commitment to fighting corruption, money laundering, and bribery.

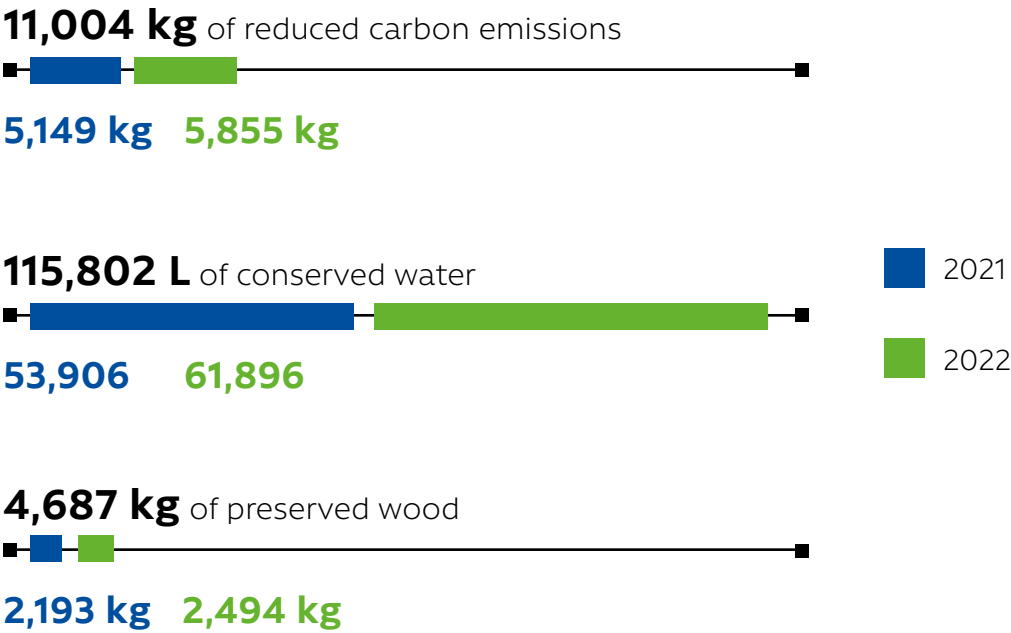
In 2023, we will start providing our leaders and employees with communication and training in anti-corruption policies and procedures. In 2022, we carried out 74 organizational risk assessments in the five units in Brazil. They included five risks related to corruption and were all discarded. We had no confirmed cases of corruption in that period. **[GRI 205-1, 205-2, 205-3]**

### Data security **[GRI 418-1]**




In 2022, we concluded our adaptation project to the General Data Protection Law (LGPD), which started in 2020, by mapping all internal areas, contracts, and work processes that access personal data within the organization. A governance structure for personal data was implemented with a Privacy Management Committee, a Privacy Operational Committee and Privacy Key Users (employees appointed by the business areas as privacy guardians).

Since the project began in 2020, Vicunha has taken important steps towards modernizing the signing of contractual instruments by adopting the DocuSign platform. With this electronic signature platform, Vicunha gained benefits, such as agility in the process (signature collection, sending by mail and/or courier, file), security of the information contained in the documents provided by the digitization of the process, and better use of physical space that will no longer be used as physical files. In addition to these improvements, it also reduced using paper, reduced carbon emissions and saved water, according to the results provided by the platform\*:

### Vicunha Textil SA environmental savings

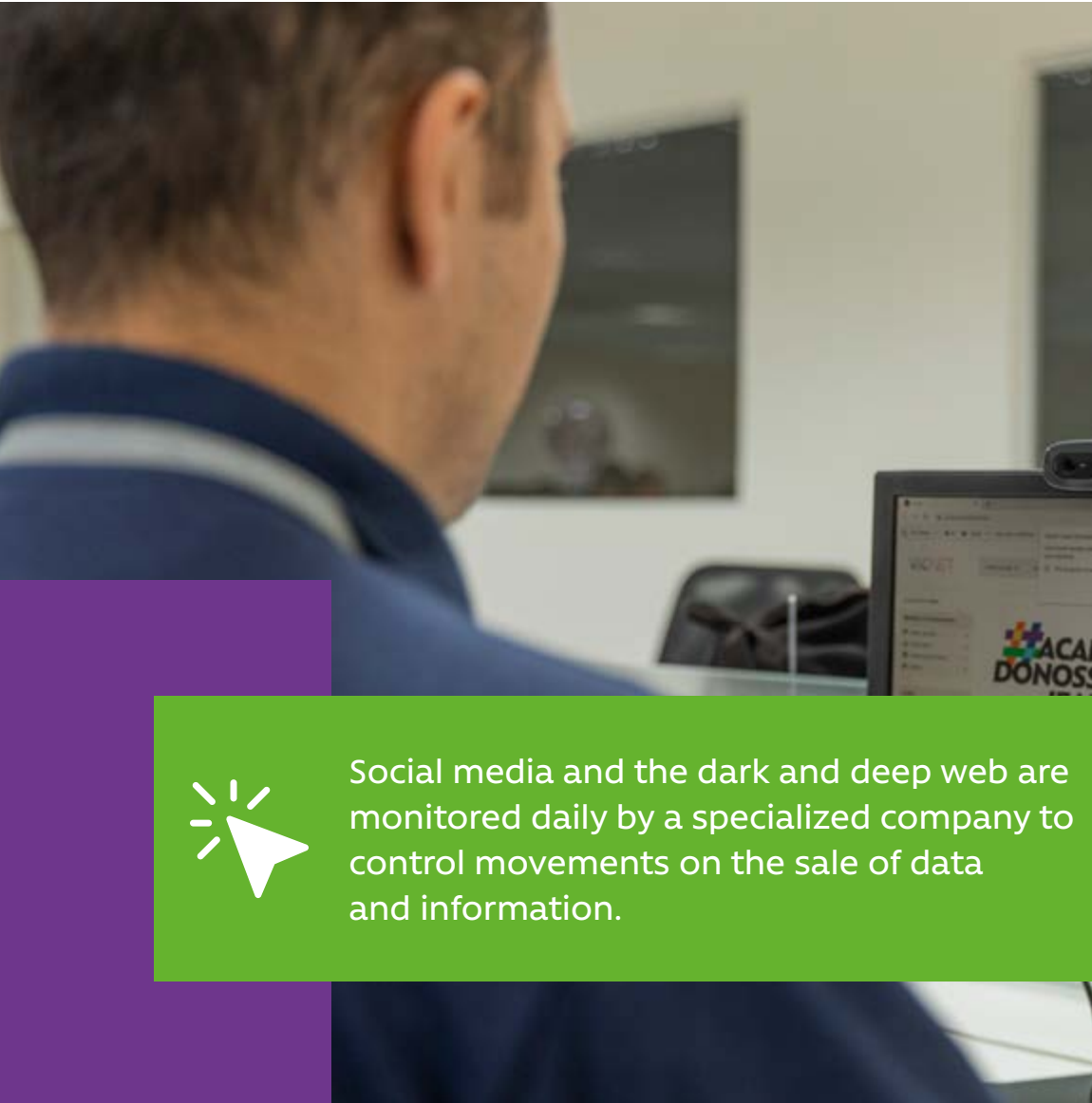


### This compares to:

-  Removing **two cars** from roads
-  Using washing machines **26** fewer times
-  Conserving **37 trees**
-  Saving **36,647 pages** of paper

\* According to data provided by the platform, the estimated environmental impact data presented is provided for illustrative and informational purposes only and should not be considered a completely accurate representation of the environmental benefits or the impact of the reduction in using paper from using DocuSign products.

We have not identified complaints regarding privacy breaches and loss of customer data in 2022. We suffered a cyber-attack in June and found that data was leaked, but no sensitive customer data was exposed. We have robust information technology protection systems and improved our entire defense structure after the attack.



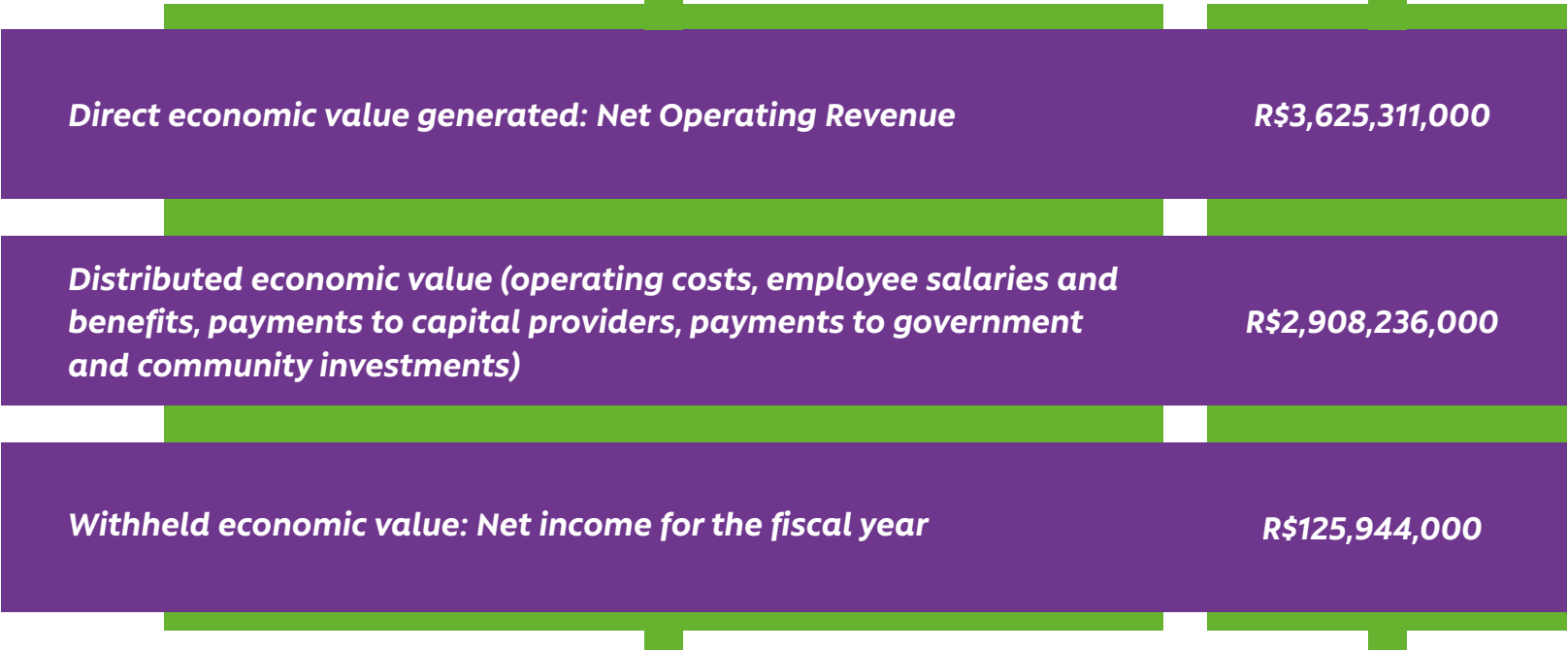
Social media and the dark and deep web are monitored daily by a specialized company to control movements on the sale of data and information.

**Financial performance**  
**[GRI 201-1]**

Our financial results in 2022 showed that we are stable. We reached a record net revenue of BRL 2.9 billion and EBITDA, also a record, of BRL 474 million with no non-recurring effects. The year 2022 was marked by new national and global challenges, such as the retail crisis and the high interest rate in Brazil that year. Despite this, we were prepared to absorb these impacts.

From our progress that year, we highlight that we kept our leverage ratio at 1.6x and lengthened Vicunha's debt profile after

the successful issue of the Agribusiness Receivables Certificate (CRA) of BRL 360 million with a maturity of 4.5 years. Lengthening our debt profile provided us with a healthier environment in which the repayment levels each year are more in line with operating cash generation. This success was made possible thanks to the assumption of clear and long-term commitments related to governance, the implementation of new corporate policies, and a responsible stance towards the environment and society.





# 2

The future is  
in **(RE)INVENTING**





## **Production management** *and care for raw materials*

***That same year, we improved  
our way of working by  
implementing and consolidating  
new technologies, pioneering  
processes, and working in synergy  
with our customers' demands.***

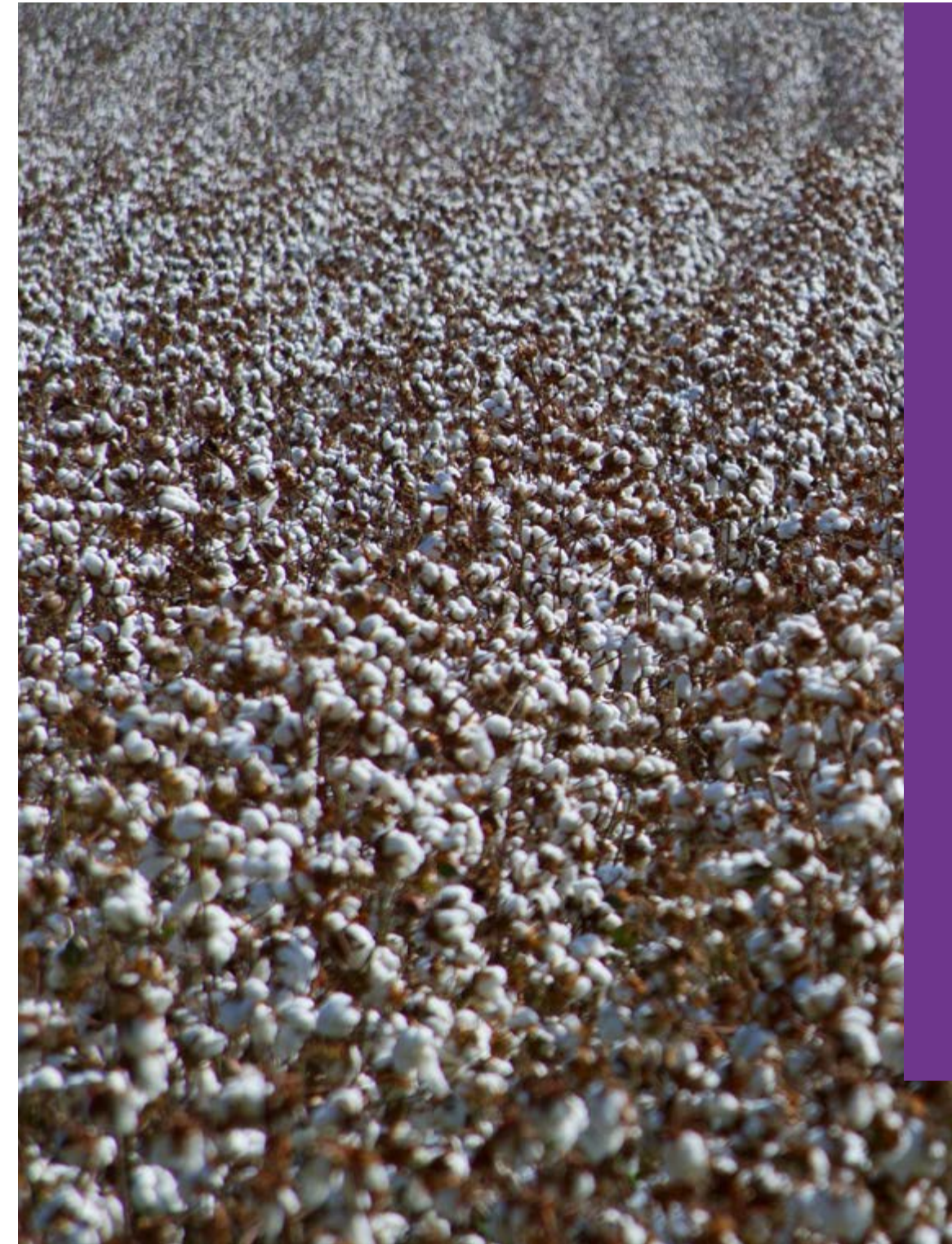
We are committed to continuous improvement as the pillar for all our processes, technologies, and launches. Based on this principle, we improve our verticalized business model each year.

We held initiatives in the products area in 2022, especially considering the cotton chain, and we plan to start using certified regenerative cotton to protect and recover the soil. Throughout the year, we entered into a partnership to launch collections with raw material recovered from our spinning mill and started using hemp fiber, a more sustainable material that needs less water and fewer chemicals in its production process.

That same year, we improved our way of working by implementing and consolidating new technologies, pioneering processes, and working in synergy with our customers' demands. These values were implemented in our Brazilian industrial parks (Ceará and Rio Grande do Norte) and internationally in Ecuador and Argentina.

We train our teams in process management to ensure the quality of our products by investing in professional education and training (more information on [Performance and development](#) 📄). This is even more important due to climate change, as it affects our raw materials, making human evaluation essential.

Furthermore, we seek to use more sustainable and quality inputs: We always look for raw materials that can add value to our products. To do this, we have a dedicated team that keeps up with news in the sector and suppliers with new developments.



Lean Philosophy

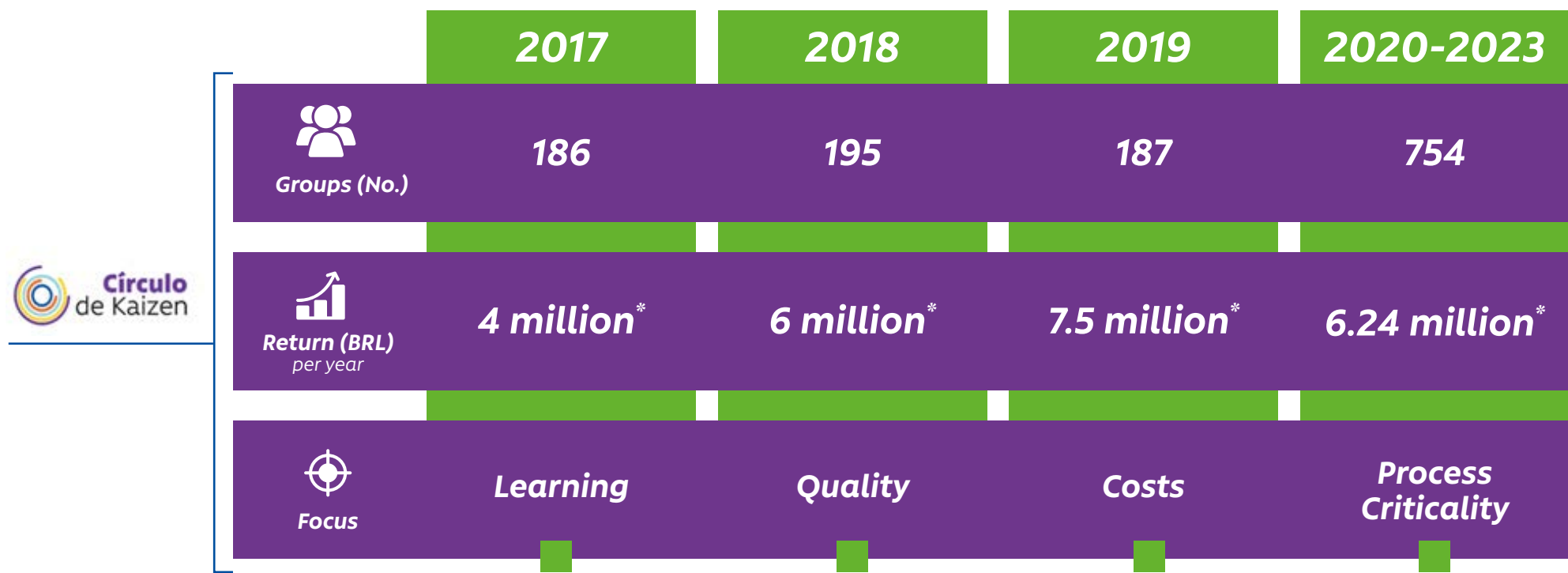
We implemented the Lean Philosophy in 2011, encouraging the generation of ideas to eliminate seven types of waste: overproduction, movement, transport, processing, waiting, inventory, and correction. The program was expanded in 2017 and became the Kaizen Circle, the purpose of which is to encourage innovation and excellence with work teams that seek opportunities for continuous improvement in various areas.

The Kaizen Circle program is made up of successive learning events in which employees from all sectors and positions are encouraged to develop initiatives to promote the improvement of processes, the progress of work environments and the safety of all with consistent, validated results. The Lean team supports project teams and advises them on the appropriate methodology or tools for achieving the proposed objectives.

The program includes conducting audits, verifying implemented actions to ensure their effectiveness in eliminating root causes, and standardizing actions in our systems. The initiatives are assessed based on efficiency, quality, environment, standardization, meeting deadlines, replication, security and financial criteria by a panel that converts the final scores into financial rewards. The panel comprises general and industrial management, improvement and impacted area leadership, Lean coordination, and other stakeholders.

Several ideas were approved and implemented throughout 2022 when we had more than 360 Kaizen Circles with a series of innovative and transformative initiatives. The program enabled more than 870 employees from the most diverse sector areas to be involved in this movement, generating financial savings of approximately BRL 2.09 million for the business in 2022 only.

All this work is used daily to maintain our sustainability pillars, whether through the safety of people, the intelligent use of resources or innovation in processes to contribute to our business success. The most prominent Circles in 2022 had Occupational Safety, Availability, and Quality as their main themes, representing 57% of the total. The Utilities (the area that received the most Kaizens, 59 in total), Finishing, RTA and Weaving Preparation sectors were champions in bringing creative and functional initiatives.



Note: Due the data is dynamic, they are from 02/03/2023.

\* Data validated by the Controllorship.



### **Total Productive** Management (TPM)

The efficiency of our processes is guided by Total Productive Management (TPM), a concept that has been present at Vicunha since 2019 and increases the productivity and efficiency of our production processes by training our people. With this, trained and qualified operators can better manage the machines, equipment and processes under their responsibility.

By sharing knowledge, people become great allies in solving problems, preventing unwanted situations, and contributing to achieving goals that seek to eliminate corrective breaks and quality defects and promote a safe environment for everyone.

TPM is now present in machines at the Maracanaú (CE), Natal (RN) and Pacajus (CE) units. We aim to implement TPM in at least one machine in all production areas at the Vicunha units in Brazil by 2023 and apply the Routine Management methodology in Brazil and Argentina.



### **Vicunha** Ecuador

We acquired our first industrial unit outside Brazil in 2007, and it operates with a vertical model from yarn production to the commercial management of customers in the region. We are the county's only producer of Denim and Denim Colour, with a national market share of approximately 38%. In addition, we offer technical assistance and apparel design consultancy to help customers with their market and product strategies. The company's local marketing focuses on highlighting our products added value. The unit relies on 777 employees and has solid management, strict control of the plant, and a commercial area with outstanding performance that allowed the opening of markets and relationships with countries in the region.



### **Vicunha** Argentina

Our unit in Argentina was acquired in 2011 and produces Denim and Denim Colour for the domestic market through the acquisition of yarn produced a few kilometers from the plant. We are the largest woven fabric producer in the country, and we are verticalizing our operation with the expansion of the one stop shop model. In 2022, we opened a showroom in Buenos Aires to offer a high-level space to customers and partners. The space brings together pieces produced with jeans articles, helping to inspire the work of local brands and stylists. The new showroom is an important step toward getting even closer to our partners and customers by offering more sustainable products, trends and solutions in a visual, tactile and interactive way. We are one of the ten largest employers in the province of San Juan. Our unit is a reference in the region for our cutting-edge processes and environmental practices.

## Supply chain

[GRI 204-1]

Staying at the forefront of industry innovations while maintaining a close relationship with our suppliers and business partners. We seek to create mutual value in a partnership with stakeholders based on ethics and transparency.

In 2022, we focused our supply chain strategies on the new Supply Chain executive board, which covers all of Vicunha's processes from inputs to finished products. This way, we reduce waste while gaining more planning capacity, efficiency and greater synergy within the company. These actions allow for better control of our working capital and optimization of inventories.

At Vicunha, caring about our raw materials throughout the production process is a premise confirmed by our certifications.

Brazil stands out in cotton production due to its climatic characteristics and legislation requiring the preservation of reserve areas. The SouABR initiative is the first blockchain traceability program in the textile industry in Brazil. It aims to provide transparency on each piece's origin and trajectory and allow the entire production cycle to be monitored from the farm that grows raw materials through spinning, weaving or knitting, clothing and retail. The information is encrypted and cannot be changed when entered into the system. Consumers can access traceability information through the QR Code on the clothing label to make more informed choices.

To obtain the ABR social and environmental certification, cotton farms are audited by internationally certified third-party agencies and must meet more than 180 requirement items. These include: Mandatory employment contracts and dignified conditions for workers, prohibition of discrimination, good preservation practices, and full compliance with Brazilian environmental laws.

Thus, each cotton bale has an identifier recording the producer, the farm and the location of origin of the material, allowing the consumer to have access to the production chain. Even when we buy from intermediary companies (tradings), we can trace the input back to its origin.

We have significant relationships with local suppliers in Brazil, specifically in the Northeast region, representing 25% of our budget for significant purchases. In Argentina, this proportion reaches 81%, with five suppliers located in that country, while in Ecuador, the percentage is 16%. This proximity allows us to develop lasting and sustainable relationships, promote good practices, and contribute to the textile chain as a whole.



At Vicunha, caring about our raw materials throughout the production process is a premise confirmed by our certifications.






## Product innovation and sustainability

**We managed to gain volume within 2022 innovative launches, with emphasis on the hemp jeans in partnerships with important brands and the greater use of garments made with fully traceable cotton.**

We want to keep investing more and more in new projects that make our sector more responsible and sustainable. We are aware of our role as one of the world's largest jeanswear manufacturers and seek to be at the forefront of the most innovative and sustainable solutions in the market. Throughout the year, we have improved our processes to gain agility in creating solutions and expanded our efforts towards consolidating and gaining scale in innovative products that have already been launched.

As a result, we managed to gain volume within 2022 innovative launches, with emphasis on the hemp jeans in partnerships with important brands and the greater use of garments made with fully traceable cotton. All these initiatives were developed based on principles of **circularity, sustainability** and **traceability**.

Our choices follow Vicunha's vocation for anticipating trends and taking the lead in the search for more sustainable solutions. Our experience proves this through impact actions such as the pioneering use of biomass as fuel, the development of the first Denim that does not need industrial washing, the jeans capable of neutralizing various types of microorganisms, and in transparency in relation to water impact through our Water Footprint project – pioneer in Brazil (more information in [Water and effluents](#) )



## **Circularity**


In 2022, we supported a large company in reusing pieces that would otherwise be discarded by creating a new, internationally-certified fabric made with seamless fabric from 100% cotton T-shirts. With this, we repurposed more than 4,000 new T-shirts, preventing them from being discarded in an unsustainable way.

The special fabric comprises 72.4% standard cotton, 24% recycled cotton from the reuse of Vicunha's production process waste, and 3.6% cotton from seamless cotton T-shirts.

Our partnership with the brand allowed us to study and create possibilities to expand circularity in our industry.

After its launch as a capsule collection, we proved that it is possible to bring the concept of circularity to the market: to transform finished pieces into fiber and create new fabric from it.

## **Traceability** in new collections

We innovated by producing the first traceable jeans in Brazil in our Pacajus unit through Abrapa's Responsible Brazilian Cotton (SouABR) program. The program uses blockchain technology to track all certified social and environmental cotton found in garments from the farms where raw material is grown to the final consumer store (more information on [Supply chain](#) ).

Collections launched by a large retailer included a QR Code on the labels of each piece. When a phone camera scans the

QR Code, consumers are directed to a page containing all information on the origin of the cotton used to manufacture that item, a description of the production process, and details of the suppliers in each step.

With this, consumers are made aware that the piece was produced responsibly and in accordance with the over 180 requirement items required by the certification.



## **Hemp-based sustainability**

One of the most sustainable natural fibers on the planet, hemp has been part of our portfolio since 2021, making us the first Brazilian textile company to invest in this type of manufacturing and technology in jeanswear. Hemp is in four types of our products, and its use by relevant customers in the market has been growing.

The difference in using hemp fabric is justified by its reduced environmental impact. The plant grows fast, has high productivity, and can adapt to different types of soil and climatic conditions. Furthermore, it also represents a safe crop that is less aggressive for the environment, as it is naturally resistant to most insects and diseases and has antimicrobial properties. Customers are also attracted by the rustic, natural look that the fiber provides to clothing.



## **Natural dyeing**

We partnered with a major magazine in 2022 to launch a capsule collection of jeans colored with biosynthetic dyes—synthetic organics derived from agricultural waste, such as flowers, leaves, seeds and fruits. The new models were produced using our White Jeans fabric and responsible cotton certified by the Eco Cycle Less Water seal. This resulted in 20% water saved in the production process.



The new models were produced using our White Jeans fabric and responsible cotton certified by the Eco Cycle Less Water seal. This resulted in

# 20%

water saved  
in the production process.



## Commitment to the Sustainable Development Goals



In order to constantly evolve in water management in Vicunha and meet our commitments with SDG 6, an online monitoring project for water consumption is underway with flow meters installed per machine. This will allow us to intervene immediately in the event of problems with consumption or on the production lines and to target smart strategies for more efficient use of water consumption. The project has been underway since 2022, and three installations have been carried out in our three units in Brazil. In 2023, this work will be updated, and we will continue holding periodic meetings to appraise the performance of water management, the actions proposed in 2022 and the establishment of our long-term goals.

We focused on SDG 12 in 2022 and worked with a working group throughout the year to understand the topic and develop a comparable metric over time that allows us to set goals and measure progress.

Our negotiations advanced, and we created—based on information from our product engineering and electrical and utilities maintenance—a dashboard aimed at mapping and scoring products based on their sustainably following several parameters, including, among others, water consumption, use

of chemicals, electricity and steam. Our challenge in 2023 is a historical evaluation to set and scale goals over time.

We also formed working groups to reduce waste generation through prevention, reduction, reuse and recycling by 2030. We evaluated the chosen goal with data collection and the necessary adjustments to align the information across all Brazilian units. We defined actions to enable ways to reduce significantly the waste generated and sent to landfills and started two projects: A feasibility study for disposing of ash from boilers for agricultural use (fertilizers) and a study for reducing waste of food from cafeterias.

We will begin feasibility studies in 2023 on ash and sludge from treatment plants for use in civil construction in partnership with research institutions and the private sector. A traceability process for civil construction waste will be structured with our service providers to facilitate the reuse of this material.



SDG 6 commitments is underway with an online monitoring project for water consumption. Focused on SDG 12, we worked throughout 2022 with a working group in understanding of the theme, developing a metric comparable to the over time that allows definition of goals and measurable advances.





## One stop shop and customer relationship

By combining our operational excellence with innovation, intelligence actions, advice and expertise in producing more sustainable jeanswear, we have improved and expanded our one stop shop model, which is vital to offering quality and fashion to our customers. We strengthened this model last year by launching V. Laundry and offering advice, lectures and actions focused on promoting market knowledge.

This is all part of working with a focus on our customers. Our relationships go beyond transactions; they encompass tailor-made solutions based on our knowledge of the market, the business and our expertise. Thanks to this relationship of synergy and trust with customers, we establish innovative partnerships, thus increasing efficiency and productivity.

Our Cool Hunting area can anticipate trends, analyze consumer behavior and set strategies to encourage the jeanswear culture in society. This process takes us to lectures, events, advisory actions and direct relationships with customers.

Our customers can access our digital catalog through the V.Space app, the first initiative of its kind in the textile industry. Our catalog includes 300 Denim and Denim Colour products and up-to-date information on the main behavior and fashion trends. The app was improved in 2022 with the segmentation of products by regional markets, inclusion of Vicunha Argentina and Latin America products, the implementation of a QR Code to connect users to specific product pages, navigation through our macro lines, the inclusion of new search filters, excellent quality images and continuous improvements based on launches and needs.

### V.Laundry

In 2022, we launched our innovation hub in Maracanaú (CE). V. Laundry is a technological space that aims to facilitate networking and creative experiences and establish valuable partnerships through state-of-the-art technology in tailored services focused on sustainability, design and laundry.

The space has an area of more than 2,300 square meters and state-of-the-art equipment, innovative software and a qualified team dedicated to creating and implementing differentiated products and processes. Customers can test different types of finishes and washes on Vicunha fabrics and build their collections based on the newest trends in the sector.

The hub helps us innovate with agility and precision, providing tools for designing parts digitally in less time, with assertiveness and conscious use of raw materials when creating pilots, for example. The space connects with our offices around the world, and we intend that it will serve all markets where Vicunha operates.

This initiative is the first of its kind in Latin America and was inaugurated at the end of 2022, with a market launch in 2023.





V.talks  
[GRI 2-29]

As a leader in jeanswear solutions, we know our relevance in guiding the most important content in the sector. We created our podcast, V.Talks, to disseminate these themes in such an increasingly popular communication format in Brazil and worldwide.

The program focuses on spreading jeanswear content to different public segments interested in the subject: influencers, stylists, fashion enthusiasts, customers and partners, and even final consumers. Episodes are released every fortnight and discuss themes related to fashion, behavior, and jeans trends and cultures in a practical and didactic way. The podcast is hosted by Lola Botti, coolhunter, and Caroline Pasternack, Vicunha's content specialist. Some topics addressed in 2022 include the history of jeans, hemp production, authorial fashion, and futurism.

We created a page on our website with more information about this unprecedented initiative in the sector. The page was the third most accessed on our portal in 2022, with over 15 thousand accesses, proving this content's relevance for our stakeholders.

QR Code

point your cell phone  
camera and scan the code  
to access the information



V.Talks 2022



2.044

downloads across  
all platforms



253

followers



602

unique listeners



64%

of listeners  
are women



Most of the listeners are  
based in São Paulo, Ceará  
and Paraná, in addition to  
the presence in Portugal

Actions in our showroom

Our Brazilian showroom in our administrative headquarters in São Paulo works as an education and enchantment tool and as a source of research. We provided over 500 assistances in 2022, closing 54 strategic partnerships with fashion brands, 12 of which were major partnerships linked to sustainability, and supported 50 stylists and brands at fashion weeks, always promoting good practices throughout the jeanswear network.



# 3

## The future is in (RE)PRESENTING



**Erica Priscila de Lima Santos**  
Natal Unit - Rio Grande do Norte



## Our people

**We see respect for people  
as the foundation of a  
fairer society.**

Employees are the soul of Vicunha and are directly responsible for the quality of our products and services. We deepened our internal relationships and strengthened our ties with the community in 2022. Our team is diverse, embraces opportunities and is committed to consolidating a culture based on belief, purpose and principles.

We see respect for people as the foundation of a fairer society. Because of this, not only do we follow all rules on employee rights and safety, but we have also expanded our career development and social impact initiatives in our internal ecosystem.

Our Recruitment and Selection area has a management system based on the Vicunha principles: Integrity and Lasting Relationships; Results with Customer Focus; Autonomy and Knowledge; Innovation and Excellence; People and Open Dialogue; Agility and Simplicity.

We are aware of our responsibility in inserting young people into the job market and have expanded our operations in all countries where we operate. The Young Apprentice and Internship Program works in accordance with local legislation in force and is used in partnerships and agreements with higher education or professional training organizations.



**Employees**  
Ecuador Unit

Total employees [GRI 2-7]

		2020	2021	2022
Argentina	Men	481	497	537
	Women	31	35	46
	Total	512	532	583
Brazil	Men	4,327	4,428	4,620
	Women	868	896	918
	Total	5,195	5,324	5,537
Ecuador	Men	672	667	687
	Women	81	81	90
	Total	753	748	777
TOTAL	Men	5,480	5,592	5,844
	Women	981	1,013	1,054
	Total	6,460	6,604	6,897

Permanent employees [GRI 2-7]

		2020	2021	2022
Argentina	Men	481	497	537
	Women	31	35	46
	Total	512	532	583
Brazil	Men	4,206	4,313	4,489
	Women	792	800	817
	Total	4,998	5,112	5,306
Ecuador	Men	584	444	408
	Women	76	64	60
	Total	660	508	468
TOTAL	Men	5,271	5,251	5,434
	Women	900	897	923
	Total	6,170	6,152	6,357

Temporary employees [GRI 2-7]

TOTAL NUMBER OF TEMPORARY EMPLOYEES, BY GENDER AND REGION		2020	2021	2022
Argentina	Men	0	0	0
	Women	0	0	0
	Total	0	0	0
Brazil	Men	121	116	131
	Women	76	96	100
	Total	197	212	231
Ecuador	Men	88	223	279
	Women	5	17	30
	Total	93	240	309
TOTAL	Men	209	339	410
	Woman	81	113	130
	Total	290	452	540

Full-time employees [GRI 2-7]

		2020	2021	2022
Argentina	Men	481	494	537
	Women	31	33	46
	Total	512	527	583
Brazil	Men	4,113	4,242	4,439
	Women	786	794	813
	Total	4,899	5,036	5,252
Ecuador	Men	584	444	408
	Women	76	64	60
	Total	660	508	468
TOTAL	Men	5,178	5,180	5,384
	Woman	894	891	919
	Total	6,071	6,071	6,303



Part-time employees [GRI 2-7]

		2020	2021	2022
Argentina	Men	0	0	0
	Women	0	0	0
	Total	0	0	0
Brazil	Men	93	71	50
	Women	6	6	4
	Total	99	77	54
Ecuador	Men	0	0	0
	Women	0	0	0
	Total	0	0	0
TOTAL	Men	93	71	50
	Women	6	6	4
	Total	99	77	54

Notes for all tables:

Total employees = permanent + temporary employees.  
Total permanent employees = full-time + part-time employees. Temporary employees = apprentices.  
No Vicunha employees work without a guaranteed workload.  
Data in Brazil is managed via the HCM Totvs system; in Argentina and Ecuador, data is managed through payroll.  
The 2020 and 2021 information were revised to better meet the standards proposed by the GRI content.

Workers who are not employees and whose work is controlled by the organization

[GRI 2-8]

COUNTRY	ACTIVITIES	NATURE OF THE CONTRACTUAL RELATIONSHIP	2020	2021	2022
Argentina	Concierge/asset security and cleaning; university interns	Intern	0	4	3
		Subcontractor	16	46	40
Brazil	General services, asset security, on fixed-term contracts. Third parties and interns	Intern	64	77	78
		Subcontractor	653	556	594
Ecuador	Safety, cleaning, and food. Interns	Intern	0	4	7
		Subcontractor	33	39	36

Note: In Argentina and Ecuador, data is monitored through reports from subcontracted companies; in Brazil, subcontractors are managed by the Contract Management team. Vicunha interns are included in our payroll reports.

New hires and employee turnover **[GRI 401-1]**

HIRES		2020 HIRES	2020 RATE (%)	2021 HIRES	2021 RATE (%)	2022 HIRES*	2022 RATE (%)*
Argentina	Men	30	6.2	63	12.3	118	22.1
	Women	0	0	7	13.9	14	31.1
	Below 30 years old	17	3.3	33	30.5	77	13.3
	30 to 50 years old	13	2.5	36	7.7	55	9.5
	Over 50 years old	0	0.0	1	2.6	0	0.00
	Total	30	45.9	70	12.4	132	22.8
Brazil	Men	619	14.3	980	22.1	845	18.3
	Women	166	19.1	290	32.4	222	24.2
	Below 30 years old	554	35.3	908	54.8	782	45.5
	30 to 50 years old	227	7.3	354	11.2	276	8.5
	Over 50 years old	4	0.8	8	1.6	9	1.6
	Total	785	15.1	1270	23.9	1,067	19.3
Ecuador	Men	82	12.8	184	27.6	118	17.2
	Women	9	11.1	17	21.0	19	21.1
	Below 30 years old	77	38.9	154	67.8	114	41.2
	30 to 50 years old	14	3.3	46	11.6	23	5.8
	Over 50 years old	0	0.0	1	0.8	0	0.0
	Total	91	12.1	201	26.9	137	17.6

TURNOVER		2020 TURNOVER	2020 RATE (%)	2021 TURNOVER	2021 RATE (%)	2022 TURNOVER*	2022 RATE (%)*
Argentina	Men	24	5.0	47	9.5	69	12.9
	Women	2	6.3	3	8.6	2	4.3
	Below 30 years old	8	1.6	20	3.8	20	14.2
	30 to 50 years old	18	3.5	27	5.1	50	12.6
	Over 50 years old	0	0.0	3	0.6	1	2.3
	Total	26	5.1	50	9.4	71	12.2
Brazil	Men	592	13.7	716	16.2	616	13.3
	Women	151	17.4	200	22.3	192	20.9
	Below 30 years old	378	24.1	532	32.1	519	30.2
	30 to 50 years old	293	9.4	349	11.1	259	8.0
	Over 50 years old	72	14.4	35	6.8	30	5.3
	Total	743	14.3	916	17.2	808	14.6
Ecuador	Men	188	28.0	103	15.4	178	25.9
	Women	17	21.0	9	11.1	13	14.4
	Below 30 years old	88	44.4	57	25.1	149	53.8
	30 to 50 years old	106	24.9	37	9.4	32	8.1
	Over 50 years old	11	8.5	18	14.3	10	9.4
	Total	205	27.2	112	15.0	191	24.6

Employee turnover according to GRI 401-1: Employees who leave the organization voluntarily or as a result of dismissal, retirement, or death in service. Admissions and dismissals are managed via the HCM Totvs system and payroll.



Diversity

We know the dimension of the responsibility of promoting diversity within our activities. Our entry requirement is a minimum age of 18, with no maximum age limit, as we seek to give opportunities and value people's development of skills, performance and leadership. We also encourage hiring people with disabilities in partnership with specialized agencies. In 2022, this initiative was certified as a Company of Inclusion by the Government of the State of Ceará. **Global Compact – Principles 1 and 6**

No cases of discrimination were confirmed in our activities in the period. However, if the Human Resources teams are made aware of an event of this nature or if a complaint is made through our Conduct Channel, we open an investigation or diagnosis process in the relevant area to listen to those involved in the report and investigate the facts. The area leadership is responsible for monitoring the matter, and an investigation report is submitted for analysis and opinion of our legal area for due action. **[GRI 406-1]**

We do not tolerate forced labor, direct contract or child labor, as set out in our Code of Ethics and Conduct and audits for the Global Recycled Standard certification, the SMETA standard, the Higg FSLM Program (social), and our prioritization in using BCI- and Abr- certified cotton. **Global Compact – Principles 4 and 5**

Diversity – governance bodies **[GRI 405-1]**

	ARGENTINA			BRAZIL			ECUADOR		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Men	1	1	1	8	8	9	1	1	1
Women	0	0	0	2	2	2	0	0	0
Below 30 years old	0	0	0	0	0	0	0	0	0
30 to 50 years old	0	0	0	3	3	3	0	0	0
Over 50 years old	1	1	1	7	7	8	1	1	1

Note: There are no people with disabilities in the governance bodies. Our officers and members of the Board of Directors were considered.



We do not tolerate forced labor, direct contract or child labor, as set out in our Code of Ethics and Conduct and audits for the Global Recycled Standard certification, the SMETA standard, the Higg FSLM Program (social), and our prioritization in using BCI- and Abr- certified cotton.

Diversity – employees

[GRI 405-1]

	ARGENTINA			BRAZIL			ECUADOR		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Men	481	497	535	4,327	4,428	4,620	672	667	687
Women	31	35	45	868	896	918	81	81	90
Below 30 years old	128	118	140	1,569	1,658	1,720	198	227	277
30 to 50 years old	349	375	397	3,127	3,154	3,247	425	395	394
Over 50 years old	35	39	43	500	513	571	130	126	106
People with Disabilities	0	0	0	243	246	253	27	27	27



Marceli Ferreira do Nascimento  
Maracanaú Unit - Ceará



**Poliana Pimentel da Silva**  
Maracanaú Unit - Ceará

Ratio of base salary and compensation of women to men

[GRI 405-2]

	ARGENTINA			BRAZIL			ECUADOR		
Employee category	2020	2021	2022	2020	2021	2022	2020	2021	2022
Officer	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Manager	0.00%	0.00%	98.00%	105.04%	102.01%	103.48%	0.00%	0.00%	0.00%
Coordinator/ Specialist	115.00%	112.00%	91.00%	101.82%	100.93%	100.27%	97.56%	97.34%	125.96%
Analyst	121.00%	121.00%	107.00%	91.59%	91.35%	86.97%	96.44%	100.99%	107.09%
Technician	81.00%	69.00%	100.00%	85.45%	87.02%	87.66%	100.87%	98.80%	99.44%
Administrative	0.00%	0.00%	100.00%	72.23%	70.23%	62.21%*	95.33%	93.58%	82.12%
Operational	69.00%	101.00%	100.00%	92.87%	93.56%	93.41%	105.70%	104.81%	106.32%

\*The percentage is due to the fact that most male employees are supervisors and most female employees are assistants in the administrative category. Thus, a variation exists due to the majority position held by each gender.



Labor Relations

All Brazilian employees are covered by collective bargaining agreements. In Argentina, this number reaches 91%, while the remaining employees are under employment contracts governed by local labor contract laws. In Ecuador, two associations have union recognition. Thus, 74.5% of employees are members of the Company Committee, and 84.7% of the Employees' Association. All employees, except those under temporary contracts, receive the same benefits. **[GRI 2-30], Global Compact – Principle 3**

We comply strictly with a calendar of meetings scheduled during collective negotiations with the labor union and align communications with leaders on the negotiation progress until it is closed to transmit the information correctly.  
**Global Compact – Principle 3**

We received three labor infraction notices in Brazil in 2022 but were not imposed fines, as the cases are awaiting judgment. In this period, BRL 749,190.01 was paid referring to seven labor claims reported in previous periods. A significant labor complaint was filed in Ecuador, resulting in a fine of USD 36,036.64. No significant cases were filed in Argentina. **[GRI 2-27]**

Performance and development

Part of our culture's evolution happened through a specific program, **People Evolution**; it was created in 2021 and strengthened in 2022. This initiative included self-assessment and feedback processes, became a training session to reinforce assessments and feedback, and resulted in the creation of Individual Development Plans (PDI). All of this contributes to increased consolidation of our culture and our employees' knowledge of it in 2023.

The **People Evolution** program aligns work, performance monitoring, result assessment, and continuous development actions expectations, such as implementing PDIs with managers. In the end, they are the ones who will direct the planning and periodic monitoring of actions.

In 2022, 4,085 employees participated in the program, representing 59.23% of the total staff. This number shows new opportunities for technological and behavioral growth for increasingly more people, making them feel inserted in a culture of transformation, collaboration and constant evolution.

All information about People Evolution is available at [evolucaodagente.vicunha.com](https://evolucaodagente.vicunha.com).

Percentage of employees receiving regular performance and career development reviews

[GRI 404-3]

	Men	Women	Total
Senior Management	0.12%	0.10%	0.22%
Middle Management	6.00%	1.03%	7.03%
Specialist	5.51%	3.21%	8.71%
Technician	2.96%	0.34%	3.30%
Operational	69.89%	10.67%	80.56%
Sales	0.12%	0.05%	0.17%

<sup>1</sup> Employees who have been employed at the company for more than six months from September 30, 2020, are eligible for the Program. Apprentices, interns and third parties are not eligible.

Employees' training

Vicunha values its employees' training and qualification and seeks to contribute to its people's development. Our professionals improve their education levels while working at the company

by having access to certifications and technical diplomas, qualifications in work operations, industrial operations, textile processes, spinning, and weaving, among others.

Average hours of training given to employees  
[GRI 404-1]


	ARGENTINA			BRAZIL			ECUADOR		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Women	4.47	6.63	4.02	20	37	31.41	9.86	1	7.57
Men	1	8	10.5	28	57	41.59	2.36	3.73	16.28

Programs implemented to improve employee skills [GRI 404-2]

COUNTRY	OPERATING UNIT	2022 IMPROVEMENT PROGRAMS
ARGENTINA	San Juan	Textile Enhancing Technician, Dyeing for Beginners, Dyeing Course for beginners, Excel basic, intermediate and advanced levels, Instructor Training Course. Brigade Training. Languages: Portuguese/English.
	Maracanaú (CE)	Textile Technician
BRAZIL	Natal (RN)	Textile Technician
	Pacajus (CE)	Textile Technician
	Pinheiros (SP)	V. Academy - Jeanswear
ECUADOR	Quito	Language course - portuguese, Emergency Brigade Training, Procedures training

In-company Textile Technical Course (manufacturing plants in Brazil)

The technical training Program for Vicunha employees, resulting from a partnership with SENAI, the National Service for Industrial Learning, is 70% funded by the company and 30% funded by the employee until training is completed. The selection process includes a test (Portuguese, mathematics and writing). Only employees who reach the percentage of 70% are able to enroll. Vicunha offers a preparatory course for all enrolled to give them the opportunity to review the test topics, completely free of charge. The technical course teaches spinning, knitting, weaving, finishing, textile testing, among other disciplines, totaling 1,540 hours of workload with supervised internship. The class of 2022/2024 has 108 participants in Natal, Maracanaú and Pacajus. participantes em Natal, Maracanaú e Pacajus.



Vicunha offers a preparatory course for all enrolled to give them the opportunity to review the test topics, completely free of charge.

## V. Academy

Our corporate education strategy aims to reinforce organizational knowledge management through the V. Academy. We held 14 meetings in 2022 with 128 participants, totaling 56 hours of training.

V.Academy's principles are:

- To identify relevant issues for business results;
- To structure contents, focusing on these themes and using senior professionals with notable tacit knowledge and accumulated experience in the relevant areas;
- To disseminate this knowledge in a replicable way, where and when necessary, developing important skills for business performance;
- To make it possible to improve it over time with new accumulated experiences, constantly updating it against strategic challenges and the market context in which the company operates.



We held in 2022

**14** meetings with

**128** participants, totaling

**56** hours of training.

## Belonging [GRI 2-29]

The year 2022 provided us with a scenario in which the challenges posed by the pandemic have been mitigated, and we could bet on a sense of belonging to bring people closer to Vicunha. The **Bring Your Family to Work** project was resumed to allow visits by the employees' families to the work environment as a way of fostering pride in being part of the company.

The sense of belonging was also present in initiatives such as **Voga Magazine**, our internal electronic magazine on the week's main news sent by email and WhatsApp on Mondays. The magazine's strategy is based on relevant content, channel-crossing, and tool modernization. Voga reached 20,000 monthly accesses at the end of 2022, most via WhatsApp and smartphones. Communications happen through Communication Facilitators: over 30 people within our units who tell us stories and discuss company-relevant topics in a non-hierarchical, inclusive and participatory manner.

We implemented the **My HR** platform in 2022 to concentrate our internal communication channels based on innovation and excellence principles. It also brings together content and services aimed at our professionals.

We also develop 360-degree communication actions on special dates throughout the year, such as Women's Day, World Jeans Day, International LGBTQIAP+ Pride Day and Fashion Day, by connecting internal and external channels strategy and carrying out endomarketing actions in the units of Vicunha in Brazil and Latin America. Over 6,500 employees—as well as our external audiences—were impacted by our World Jeans Day and Fashion Day initiatives.

Our LinkedIn is increasingly becoming a 360-degree communication channel; we ended 2022 with more than 67 thousand followers (ahead of all our national and international competitors) and more than 632 thousand content views. With corporate and global content, the channel is followed by different audiences, from job candidates to stylists, customers, consumers and brand admirers.







**Occupational health and safety**  
**[GRI 403-1, 403-2, 403-4, 403-7, 403-8]**

Vicunha's PraSer program consolidates our health and safety management system. The program's governance is divided into three strategic management pillars: Safety, Health, and Quality of Life. The program is applied in all our units and areas, both in production (operational) and administrative support, considering the peculiarities of each process.

Vicunha's units in Argentina, Brazil and Ecuador operate a health and safety management system based on preventive actions, in compliance with legal requirements and recognized standards, covering all employees and contracted workers. Through the SAAS system and by using BI tools, the units in Brazil manage all health and safety information, considering dangers and risks according to the activities developed in each work environment and directing preventive actions, appropriate protective equipment and medical examinations as necessary to assess employees' health. This compiled information is structured in a database and can be viewed through the BI Portal. In Argentina and Ecuador, information is controlled via spreadsheets.

When hiring outsourced labor, we must meet the requirements established in internal procedures by health and safety guidelines. Moreover, outsourced workers undergo safety integration training when they join us, where they learn about our internal standards and procedures, including golden rules. They also undergo specific training on the activities they will perform and receive legal qualifications for risk activities according to the necessary NRs.

Activities considered critical are monitored by immediate leadership with the support of the technical safety team, which assesses the activity risks and issues a work permit if necessary. In case of accidents or emergencies, first aid is provided inside our units. Then, workers are referred to outside care as needed.

The Health, Safety and Environment (HSE) team manages and monitors all of the area actions, projects and indicators monthly and monitors compliance with the control agencies' requirements (specific legislation, social security, Ministry of Labor, and firefighters, among others).

As the PraSer Management Program evolved, we conducted preventive actions to generate quality of life and welfare in Vicunha's work environment. Actions we have taken to meet these goals include identifying hazards and assessing risks through Occupational Risk Management by focusing on human and organizational factors in line with new safety visions, developing our Ergonomics Program, and creating our knowledge matrix with the HSE learning teams.

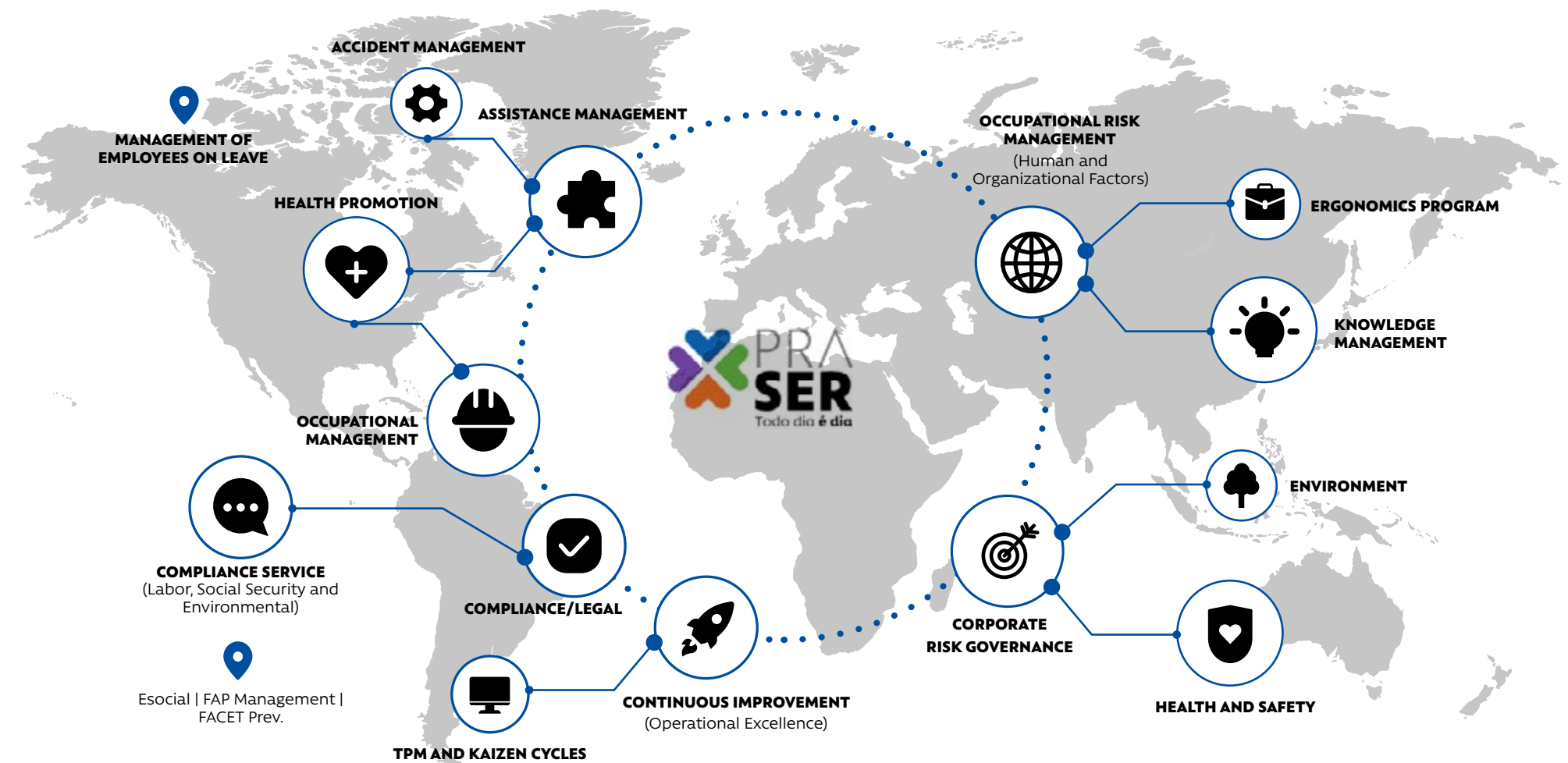
The results of the hazard identification and risk assessment processes are entered and managed in health and safety software in Brazil and other controls in other countries, allowing continuous evaluation of these results and facilitating the identification of vulnerable points and the implementation of improvements. We perform routine assessments by applying risk analysis and hazardous activity clearances, while non-routine assessments are carried out in the field by monitoring activities and observing the productive areas.

At Vicunha Ecuador, risk assessment processes rely on identification instruments, such as Work Risk Analysis and Safe Work Analysis. At Vicunha Argentina, San Juan, we carry out risk assessments based on OHSAS 18001 in all new and existing works. All assessments are updated when a change in position, an unwanted event, or a deviation occurs. After the assessment, we establish improvements or controls and generate action plans for follow-up.

We promote the role of our Health and Safety employees through practices such as daily safety dialogues, refusal of risky tasks, energy blockages, operational reporting (on deviations and incidents), safe time, observation and behavioral approach, learning teams, annual HSE campaigns (Internal Workplace and Environmental Accident Prevention Week - SIPATMA, golden rules, lectures, and awareness raising).

Participation occurs in different activities in Argentina, with daily safety dialogues and through QR Code deviation reports. Employees also participate in risk assessments.

In Ecuador, we count on our workers' participation in the party committee, in the Emergency Brigades, and in active breaks. We also conduct onboarding of new employees and third parties (contractors) and Periodic Safety Talks.



### **Occupational health services** **[GRI 403-3, 403-6]**

Our health area in Brazil conducts preventive actions to promote our employees' health and continuous care. Evidence of attendance and management of these actions are carried out by the SAAS platform (software), spreadsheets, and the BI portal. To meet the goals above, we promote actions such as diagnosing our employees' health and social and economic profiles as the basis for planning the health promotion program to be implemented in 2023.

Other actions that help us achieve our prevention goals are psychological assistance (To be Human (Pra Ser Humano)), social assistance by listening to employees actively, a program for pregnant women (Gestar Bem (Well-being in Pregnancy)), vaccine campaigns, and health promotion awareness campaigns. We started our accident management project in 2022. Its first phase was sick leave management, which will be important for reducing absenteeism at the company.

In Argentina, San Juan, we have an occupational medical service and coordinate health campaigns with the Human Resources team, where our doctors visit the plants.

The services below are available in Ecuador:

- Occupational medical checks and examinations;
- First aid;

- Protection and medical surveillance of priority care and vulnerable groups;
- Protection and surveillance for managing general health services correctly: inspection of cafeterias, restrooms, drinking water supply and other workplace facilities;
- Internal record of occupational medicine;
- Prevention Programs: A drug use prevention program, an HIV prevention program, and a Blood Donation Campaign were implemented;
- Curative medicine: Primary care, free medical exam campaigns, monthly health lectures, and health promotion through internal communication;
- Breastfeeding Support Room.

### **Training in Health and Safety** **[GRI 403-5]**

The methodology we apply to develop health and safety perception and qualification is a Qualification Matrix, which is being developed in stages. The training applied in the matrix involves occupational hazards and dangerous activities or situations.

In addition, we started training focused on human factors to promote safe behavior among our employees in 2022. It is called

Protagonista em Segurança (Safety Protagonist). The first target audience was the area leaderships. We helped them take active care of their team of subordinates. In 2023, training will be extended to other hierarchical levels, increasingly reinforcing the safety culture among our employees.

All new employees in Ecuador go through an onboarding process that includes health and safety and workplace risks content. Once they join their respective areas, they receive training on specific operating procedures. According to the Human Resources team's annual planning matrix, new employees receive training in different areas (brigade, safe forklift handling, electrical licenses, among others) and participate in safety dialogues monthly.



We started training focused on human factors to promote safe behavior among our employees in 2022. It is called Protagonista em Segurança (Safety Protagonist). The first target audience was the area leaderships.



At our unit in San Juan, Argentina, a knowledge and skills matrix establishes the training required for each position according to the identified risks.

Occupational Accidents  
[GRI 403-9]

	ARGENTINA						BRAZIL						ECUADOR					
	No. in 2020	2020 Rate	No. in 2021	2021 Rate	No. in 2022	2022 Rate	No. in 2020	2020 Rate	No. in 2021	2021 Rate	No. in 2022	2022 Rate*	No. in 2020	2020 Rate	No. in 2021	2021 Rate	No. in 2022	2022 Rate
Number and rate of deaths resulting from occupational accidents	1	1.5	0	0	0	0	0	0	1	0.1	0	0	0	0	0	0	0	0
Number and rate of occupational accidents with serious consequences (except deaths)	16	23.5	17	19.0	2	2.1	37	4.4	35	3.5	31	3.1	2	2.5	5	4.0	4	3.0
Number and rate of occupational accidents required to be reported	16	23.5	23	25.7	6	6.2	57	6.8	66	6.7	63	6.3	14	17.7	20	16.0	16	12.0
Worked hours	681,229	-	894,684	-	968,942	-	8,441,810	-	9,872,165	-	10,027,556	-	791,681	-	1,251,985	-	1,328,848	-

Note: The data for Argentina corresponds to the San Juan unit only.  
Data is not controlled in Buenos Aires.  
Rates were calculated based on 1,000,000 hours worked.

In Argentina and Ecuador, we did not record occupational accidents with serious consequences or mandatory reporting in 2022. In Brazil, 13 accidents were recorded; seven were mandatory reporting occupational accidents, and six had serious consequences. In Argentina, Brazil and Ecuador, no deaths were recorded.

We prioritize risks and points of attention to develop contingency plans, manage identified risks, and establish operational procedures.

The main hazards relate to work in places requiring physical arrangements, unprotected machinery and equipment, inadequate storage and tools, material handling areas, and ergonomic hazards. We had no records of occupational diseases in 2022. **[GRI 403-10]**

We regularly review and update all contingency plans and risk management strategies we implement by taking into account new processes, areas, technologies and other factors that may affect employee health.

Welfare and benefits

Global Compact – Principle 1

Our quality-of-life programs include actions to promote psychological welfare, immunization actions focused on collective health, encouraging the practice of sports, and the Gestar Bem (Well-Being in Pregnancy) Program, structured in 2022 and aimed at promoting preventive and educational measures, encouraging adherence to prenatal care, helping pregnant women and their families break taboos and strengthen the mother-child bond.

In Ecuador, in addition to transportation, food, dental care and daycare, we provide for the estimated value of employers' pensions, which applies to employees with more than 25 years

in the company. Payment is made upon employees' departures. According to this calculation, employees over 25 are fully covered by the provision, which totaled USD 6,438,846 in 2022. **[GRI 201-3]**

Benefits that are standard for the organization's full-time employees but are not offered to temporary or part-time employees

[GRI 401-2]

ARGENTINA (*)	All	Scholarships: Financial aid to help them complete undergraduate and/or postgraduate university studies.
BRAZIL	All	The disability and invalidity aid is aimed only at those covered by social security (INSS). All functional categories—except interns—are entitled to parental leave.
ECUADOR	Quito – Ecuador	Seniority Allowance Commissioner Bonus (food staples) Christmas subsidy Voluntary Termination Allowance Birth allowance Retirement allowance Death benefits Aid for children with disabilities AEVE Voluntary Retirement Award Birth benefits Medical care insurance Life insurance

(\*) There are no part-time employees.

Parental leave [GRI 401-3]

Total number of employees entitled to parental leave		2020	2021	2022
Argentina	Women	32	36	46
	Men	481	497	537
Brazil	Women	868	896	918
	Men	4,327	4,428	4,620
Ecuador	Women	81	81	90
	Men	672	667	687

Total number of employees who took parental leave		2020	2021	2022
Argentina	Women	2	1	1
	Men	16	33	19
Brazil	Women	39	25	25
	Men	133	158	151
Ecuador	Women	2	3	1
	Men	21	21	7

Total number of employees who returned to work after their parental leave ended		2020	2021	2022
Argentina	Women	2	1	1
	Men	16	33	19
Brazil	Women	39	25	25
	Men	133	158	151
Ecuador	Women	2	3	1
	Men	21	21	7

Total number of employees who returned to work after their parental leave ended and continued working 12 months after their return		2020	2021	2022
Argentina	Women	2	1	1
	Men	16	33	19
Brazil	Women	29	21	17
	Men	133	158	151
Ecuador	Women	2	3	1
	Men	21	21	7



Return to work rate of employees  
who took parental leave

		2020	2021	2022
Argentina	Women	100%	100%	100%
	Men	100%	100%	100%
Brazil	Women	100%	100%	100%
	Men	100%	100%	100%
Ecuador	Women	100%	100%	100%
	Men	100%	100%	100%

Retention rate of employees  
who took parental leave

		2020	2021	2022
Argentina	Women	100%	100%	100%
	Men	100%	100%	100%
Brazil	Women	74%	84%	68%
	Men	100%	100%	100%
Ecuador	Women	100%	100%	100%
	Men	100%	100%	100%

Note: The number of employees who took parental leave is included in the payroll situation report in the HCM Totvs system.



Maria Patricia da Silva  
Pacajus Unit - Ceará

## Communities

**The Projeto Pescar, which we partnered with in 2004 and is aimed at training young people aged 17 to 19 years old - had, in 2022, its first class formed in Technology Information.**

We understand the relevance of our manufacturing plants in the surrounding communities and seek to promote value creation for the people around us. We do this by conducting actions within the production chain, donating fabric, supporting social transformation projects through fashion, and training young professionals in different areas.

### **Pescar** Project Foundation [GRI 203-2, 413-1]

The Projeto Pescar, which we partnered with in 2004 and is aimed at training young people aged 17 to 19 years old - had, in 2022, its first class formed in Technology Information. The focus throughout the year was to provide young people in social risk situations with digital transformation. The group joined our projects aimed at technical and industrial training, expanding possibilities within the communities. Classes are divided between social (60%) and professional (40%) training and build skills based on personal, social, citizen and professional technical development.

Students have access to other benefits such as medical care, life insurance, company-provided meals, food staples, uniforms, and hygiene kits. Meetings are held from time to time with families about monitoring young people and involving them in the development process.



**Pescar Project Students**  
Maracanaú Unit - Ceará

The Program is managed by our Human Resources area and by the Pescar Project Foundation. Each unit of the Pescar Project is made up of an educator and a social coordinator in addition to their team of volunteers. The social coordinator identifies the class profile, level of interest, expectations and basic needs and provides techniques for self-knowledge, body image, self-esteem, cultural roots and ethnic identity (origins, values and achievements).

The Pescar Project Foundation is a non-governmental, non-profit organization created in 1995 to disseminate the pioneering social franchising model. Its goal is to raise awareness and involve business organizations in helping low-income adolescents exercise citizenship and prepare for the job market.



The Pescar Project Foundation is a non-governmental, non-profit organization created in 1995 to disseminate the pioneering social franchising model. Its goal is to raise awareness and involve business organizations in helping low-income adolescents exercise citizenship.

	Pescar Project Foundation – CE – Unit I (Maracanaú) Course: Basic Electromechanical Processes	Pescar Project Foundation – RN Unit II - Courses: Industrial Mechanical Maintenance and Basic Electromechanical Processes	Pescar Project Foundation – EC Unit III (Pacajus) – Course: Basic Electromechanical Processes
Total Enrolled	464	555	177
Selected	36	40	20
Male	18	20	9
Female	18	20	11
Age of those selected			
17 years	16	6	11
18 years	17	26	7
19 years	3	8	2
Volunteers	38	53	29
Hired as textile apprentices in Vicunha	11	30	6
Hired at another company	3	2	2
Annual investment (Contribution from Vicunha to the Pescar Foundation)	BRL 27,720.00	BRL 27,720.00	BRL 113,215.20



**V. Tex**  
[GRI 2-29, 413-1]

V.Tex is Vicunha's fabric bank that contributes to social initiatives. We partner with new stylists: We donate fabrics for them to create their collections and leverage their careers and provide them with technical knowledge about products and the market.

The Mulheres do Brasil (Brazilian Women) initiative was one of the actions V.Tex contributed to in 2022. The project seeks to train socially vulnerable young women. We participated by donating 200 meters of printed fabrics as input for sewing classes.

We donated more than a thousand meters of fabric to InMod Cria Costura, a São Paulo Fashion Week initiative that trains socially vulnerable young women on sewing and the garment production process. The action is led by stylist Jefferson Assis in São Paulo outskirts neighborhoods. At the end of the year, 20 participants visited our showroom in São Paulo, and 80 women graduated from the project.

We also supported PanoSocial, a social company that generates value by making sustainable textile products and inserting people with prior justice system involvement into the job market. We also carried out marketing actions with 19 new stylists from Casa de Criadores, the most significant event dedicated to Brazilian authorial fashion, four of which came from Projeto PIM – Periferia Inventando Moda (Outskirts in Fashion). In 2022, we supported 11 new brands and donated around 2,000 meters of fabrics for actions with stylists.



**The Mulheres do Brasil**  
(Brazilian Women) initiative  
was one of the actions V.Tex  
contributed to in 2022.



In 2022,  
**we supported 11 new  
brands** and donated around  
**2,000 meters of fabrics**  
for actions with stylists.



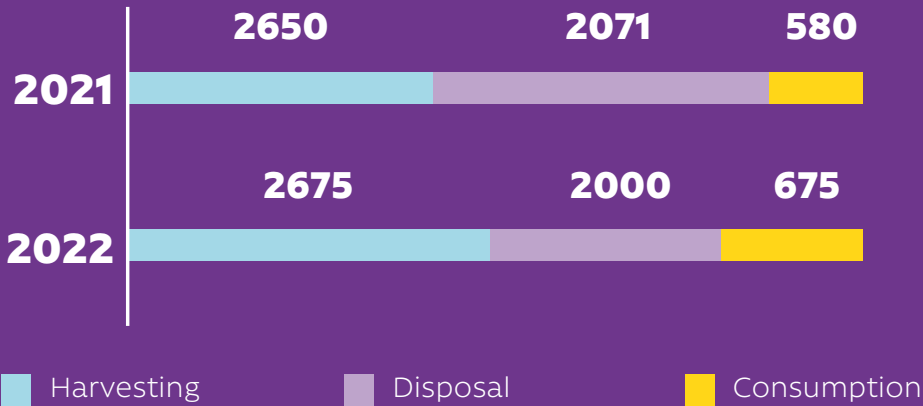


# 4

The future is  
in (RE)GENERATE

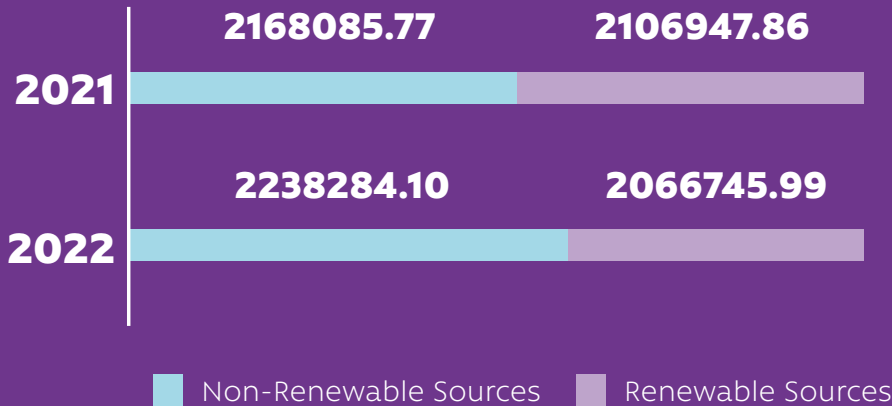


Water (ML)



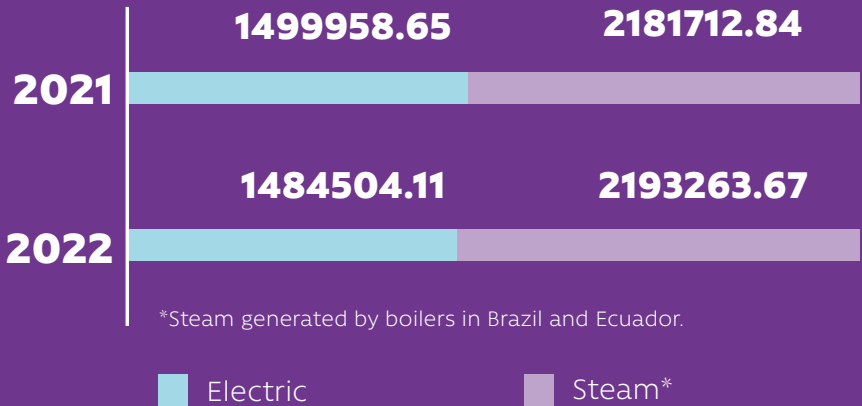
Note: The increase in water consumption is related to the increase in abstraction in function of the decrease in discard.

Power (GJ) - Power consumption - source



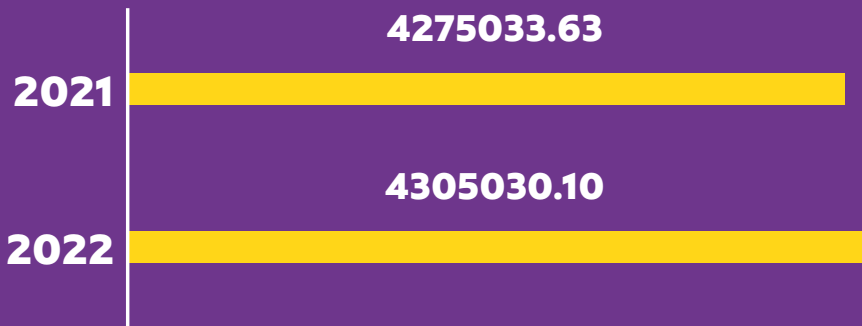
Note: The reduction in the use of renewable energy is related to the decrease in the use of hydroelectric power in Ecuador and the use of biomass in Brazil. With the reduction in the use of renewables, it was necessary to increase the use of non-renewables to source the operation.

Power (GJ) - Power consumption - use



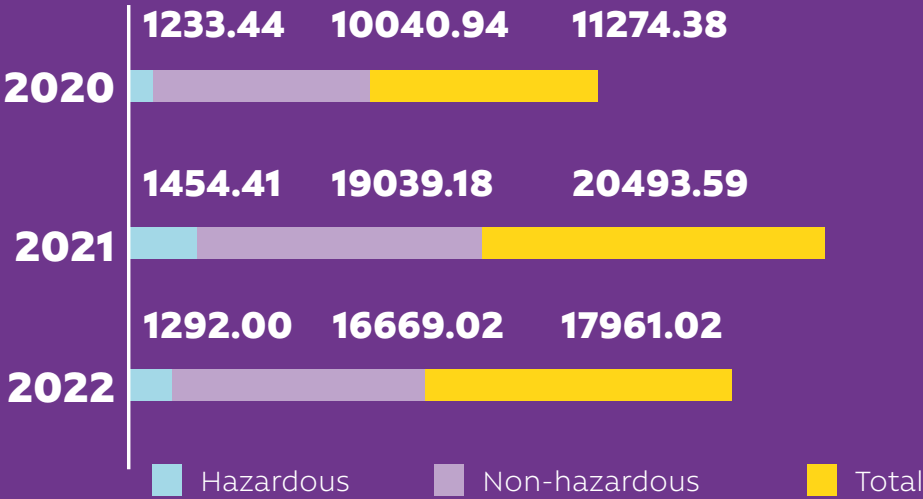
Note: The increase in steam consumption is related to the increase in production in Ecuador.

Total power consumption in the organization (GJ)



Nota: Não houve variação significativa.

Waste (t) - Total waste - generated\*\*



\* The total waste generated include the São Paulo Distribution Center and the other operating units.  
Note: The reduction in waste generation is related to the implementation of internal reuse projects and consumption optimization of available resources, and include the production reduce in Brazil.

Note: All data shown in this chapter refer to Vicunha's operating units in Brazil, Argentina and Ecuador. Administrative units and distribution centers are not included.



## Integrated Management System

*Through the IMS, we identify our stakeholders' needs and expectations, legal and other relevant requirements and describe the macro process and documents necessary for management.*

Our Integrated Management System (IMS) encompasses Health, Safety, Environment and Quality (HSE) policies and is based on the ABNT NBR ISO 9001:2015 and ABNT NBR ISO 14001:2015 management standards. Through the IMS, we identify our stakeholders' needs and expectations, legal and other relevant requirements and describe the macro process and documents necessary for management.

Senior management is responsible for monitoring and reviewing information related to these issues at planned intervals. Furthermore, it conducts internal audits to ensure the IMS effectiveness and application to ensure that it aligns with the requirements of external and internal management standards that originated it and is consistent with our company's management policies.



**Francisco de Assis da Silva**  
Maracanaú Unit - Ceará

# Environmental controls

*These actions and controls are intended to minimize or eliminate our activities' risks and possible impacts on the environment and in the health and safety of our teams and the local community.*

**[GRI 304-2, 413-1, 413-2]**

**Global Compact – Principles 8 and 9**

We made an relevant organizational change in 2022: The Environmental Management operational area was incorporated into Health, Safety and Environment (HSE) management. After the creation of this area, new revitalization programs and projects are planned for 2023.

Our Brazilian units manage environmental aspects and impacts per the ISO 14001:2015 standard and register and classify our activities' environmental aspects and impacts in an internal system, correlating the respective operational controls to those considered relevant. In addition, they conduct a survey of all the legal requirements pertaining to our activities through the matrix of aspects and impacts.

We conduct an environmental verification audit annually to secure and continuously improve our management, in addition to a periodic internal assessment. As improvements are identified, we develop action plans and convene all parties that can contribute to their implementation.

These actions and controls are intended to minimize or eliminate our activities' risks and possible impacts on the environment and in the health and safety of our teams and the local community.

The Kaizen Circle program (Continuous Improvement), managed by the Lean area, is used to make improvements that reduce our environmental impact. We carefully monitor the use of chemicals in our production processes and train the teams on handling these products and aligning information passed on by our suppliers. We reduced the use of chemicals by more than 7.6 tons by optimizing processes through the Chemical Consumption Reduction Project that began in 2022. **Global Compact – Principle 7**





### Efficiency actions in 2022



*Reuse of washes (New Denim kitchen – Vicunha/EAS).*



*Systematics of lubrication management, conducting studies on more efficient lubricants, training operating and management teams.*



*Replacement of lamps less efficient to more efficient lamps (LED technology).*



*Replacement of less efficient motors to high efficient ones.*

We always try to act preventively, considering the complexity of our activities. We know we must be prepared to act in possible emergencies, which is why we count on equipment and safety devices, emergency kits, trained brigade teams, civil firefighters, and the Emergency Response Plan in our facilities.

Regarding biodiversity management in Ecuador, we have an Environmental Management Plan in place that includes a Citizen Participation and Community Relations Plan. Plans are reported to the environmental agency annually and audited externally every two years in accordance with the recommendations of the environmental agency and Ecuadorian legislation.

At the industrial plant and hydroelectric power station, relations with the community are managed by the Citizen Participation and Community Relations Plan for each project, which includes the following activities in 2022:

**Industrial plant:**

- Disclosing activities to mitigate environmental impacts through meetings with residents of the area of influence;

- Disseminating programs maintained by Vicunha Ecuador for controlling solid waste and effluents and complying with environmental legislation;
- Promoting cultural, medical or sporting activities sponsored by Vicunha Ecuador in the neighborhoods of the area of influence.

**Hydroelectric Power Station:**

- Hiring personnel by considering the area inhabitants as much as possible;
- Meeting the area inhabitants with direct influence to disclose the Emergency Plan and the Environmental Management Plan;
- Establishing a procedure for receiving complaints from communities.

In 2022, community complaints regarding our industrial plants were related to noise and resulted in mitigation actions. We will conduct a new impact study with new mitigation measures in 2023. Based on biodiversity studies conducted in 2015, 2016 and 2018, activities are implemented to preserve the biotic environment that helps native vegetation—typical of the Andean dry forest—grow and the number of native species increase.



# Water and effluents

Today, we have different sources of water harvesting, such as concessionaires, well water, rainwater harvesting and reuse water.

[GRI 303-1 e 304-2]

Water is one of the most significant inputs in the textile chain, from our suppliers planting raw materials to end customers washing fashion items. It is the natural resource with the greatest potential impact on our business. Today, we have different sources of water harvesting, such as concessionaires, well water, rainwater harvesting and reuse water. We also recycle textile waste and, consequently, reach levels of water and chemical savings in more sustainable product lines.



## 2022 Results

We offer technical advice to customers for improving laundry processes through the Marketing and Technical Assistance areas. At V.Laundry in Maracanaú, CE, we will provide our customers with a fully-equipped industrial laundry facility for developing products with more effective washes. This project has had a megastructure in operation since 2022.



**2.1 milion** liters of water are saved per month by reusing treated domestic effluents.



**5.3 milion** liters of water are recovered monthly by optimizing filter-washing processes at water treatment plants.



**144 milion** liters of rainwater are collected and reused at the units in Northeast Brazil.



Reverse osmosis technology is used to produce water for boilers, thus reducing water waste by **4.9 milion** million liters monthly.



**3.6 milion** liters of water are reused per month in the caustic soda recovery process for preparing Denim and Denim Colour.

**Shared Management**

We share the management of our water resources and target collecting 33.6 m³ of water per ton of finished Vicunha Brasil fabric. This number is subdivided per unit and their respective industrial processes and administrative areas.

We hold periodic meetings to monitor water consumption indicators and communicate advances at the factories from time to time. If a manufacturing unit performs below expectations for three months, we prepare an action plan.

In Brazil, our improvement efforts aim to reduce water harvesting from concessionaires, as it is supplied from dams in strategic water stress regions. Disposal is carried out via concessionaires after treatment.

Water is supplied to our Ceará units via the state concessionaire and undergoes an internal treatment process to meet the parameters of our industrial process. Vicunha Brasil relies on Green Line (Linha Verde), through which all employees can report water or effluent leaks or any environmental impacts on the plant.

At our units in Ecuador, water is extracted from wells with a treatment plant for a coagulation, flocculation and iron oxidation process to reduce solids and color. Once it meets all quality requirements, the water is supplied to our industrial processes. After-use effluents are sent to the treatment plant for processing and compliance with the water quality requirements for disposal

in the public system. The quality control of effluents is reported to the environmental agency. Water harvesting from wells has not impacted the community's water supply, as it is provided by the municipal water company.

One of the commitments we made for being granted the right to harvest water from wells is conducting biodiversity studies and conservation actions in the basin. Reforestation actions were carried out internally on our premises, in the San Francisco ravine and the Pululahua Geobotanical Reserve. We promote annual reforestation campaigns in areas of direct and indirect influence and training in urban gardens and composting.

In Argentina, the water used at our plant is obtained from two wells, and we do not use resources from the local supply network. The San Juan plant is managed by the Environment team, which measures and reports the water consumption by different sectors and activities involved daily. The effluents flow, the process tank's working flow, the equalizer and Effluent Treatment Plant (ETE), and the water steam generated are all measured daily

Local legislation is the minimum standard we observe for the quality of effluent disposal in all units, and we manage parameters via internal and external laboratory tests. We had, YTD, a reduction of approximately 3.5% in the volume discarded. **[GRI 303-2]**



We share the management of our water resources and target collecting **33.6 m³ of water per ton** of finished Vicunha Brasil fabric. This number is subdivided per unit and their respective industrial processes and administrative areas.

Water Harvesting (ML) [GRI 303-3]

Type	BRAZIL		ARGENTINA		ECUADOR	
	2021	2022	2021	2022	2021	2022
Surface water	88.21	144.31	0.00	0.00	0.00	0.00
Groundwater	1156.94	1129.53	313.61	331.75	244.81	265.03
Produced water	19.28	23.80	0.00	0.00	0.00	0.00
Water from third parties	821.14	775.13	0.13	0.15	7.05	5.68
Total harvesting	2085.57	2072.77	313.74	331.87	251.86	270.71
VICUNHA HARVESTING	2651.00	2675.00				

Water Harvesting - Water stress areas (ML) [GRI 303-3]

Type	BRAZIL		ARGENTINA	
	2021	2022	2021	2022
Surface water	88.21	144.31	0.00	0.00
Groundwater	1156.94	1129.53	313.61	331.75
Produced water	19.28	23.8	0.00	0.00
Water from third parties	821.14	775.13	0.13	0.15
Total harvesting	2085.57	2072.77	313.74	331.87
VICUNHA HARVESTING	2399.00	2404.00		

Our Brazilian units decreased water harvesting by third parties (concessionaires) by 2% and increased rainwater harvesting by 2.8% compared to the previous year. This type of harvesting doubled at our Maracanaú unit (CE) in 2022.

Water Disposal (ML) [GRI 303-4]

Type	BRAZIL*		ARGENTINA		ECUADOR	
	2021	2022	2021	2022	2021	2022
Water from third parties	1599.8	1504.54	303.94	314.12	167.28	181.39
Total disposal	1599.8	1504.54	303.94	314.12	167.28	181.39
VICUNHA DISPOSAL	2071.02	2000.05				

Water Disposal - Water Stress Areas (ML) [GRI 303-4]

Type	BRAZIL		ARGENTINA	
	2021	2022	2021	2022
Water from third parties	1599.80	1504.54	303.94	314,12
Total disposal	1599.80	1504.54	303.94	314,12
VICUNHA DISPOSAL	1903.74	1818.66		

Note 1: The 2021 and 2022 water discharge data were reviewed and estimated, as information gaps were found due to technical failures in our measurement equipment.

Note 2: No surface water, underground water or water produced in the units was disposed of in 2021 and 2022.



Our water consumption increased significantly in 2022 by 16.5%. This variation results from problems in the cationic resins of the treatment plant softeners in a Brazilian unit, as this increased the need for harvesting to maintain production.

Water Consumption (ML) [GRI 303-5]

	BRAZIL		ARGENTINA		ECUADOR	
	2021	2022	2021	2022	2021	2022
	485.76	568.26	9.79	17.75	84.57	89.31
VICUNHA CONSUMPTION	580.10	675.30				

Water Consumption - Water stress areas (ML) [GRI 303-5]

	BRAZIL		ARGENTINA	
	2021	2022	2021	2022
	485.76	568.26	9.79	17.75
VICUNHA CONSUMPTION	495.60	586.00		

\*Note: Cationic resins are insoluble structures found in softeners to remove salts present in the water to be treated. The better the performance of the resins, the less water is rejected in the process.

More effective measurement

To monitor water consumption data more faithfully, we elaborated a project to install meters both by sector and machine to identify excessive consumption or leaks. We expect this to help us measure water consumption instantly and accurately so that we can set water reduction goals and strategies for continuous improvement projects and environmental programs. As the project completion is scheduled for 2023, monitoring will be remote, thus increasing data reliability and our agility to respond to anomalies.

Pacajus development [GRI 203-1]

The Pacajus plant, Ceará, disposes of effluents through infiltration/evaporation ponds. For the improvement, we developed the Technical Projects for the Industrial Effluents Treatment and Disposal System and the Reuse Water Production and Supply on the Pacajus-Horizonte Axis. They aim to readjust the current system for launching the ETE Pacajus, which treats our unit's and other industries' effluents, thus creating a more sustainable strategic scenario for the productive sector, concessionaires, and the surrounding communities.

This project involves investments of BRL 35 million, has financing approved by Sudene, and is expected to be inaugurated in 2023. We are studying the implementation of this model at the Maracanaú unit.



This project involves investments of **BRL 35 milion,** has financing approved by Sudene, and is expected to be inaugurated in 2023. We are studying the implementation of this model at the Maracanaú unit.

## Materials and waste

*In 2022, our consumption of cotton and recycled and reused materials remained stable compared to its strong growth in the previous year.*

**[GRI 306-1, 306-2]**

Circularity is part of our desire to innovate and reduce environmental impacts in the sector by reusing textile materials. We also act responsibly in the chain: Our primary raw material—cotton—is recyclable, so we use this to manufacture more sustainable products.

In 2022, our consumption of cotton and recycled and reused materials remained stable compared to its strong growth in the previous year. Due to increased production, our use of non-renewable materials (plastic film for wrapping fabric and chemicals) increased 7.85% in Brazil, 56.1% in Argentina and 29.72% in Ecuador. **[GRI 301-1]**

Our Solid Waste Management Program (PGRS) goes beyond compliance with laws, as it aims at environmental preservation. By implementing these practices, we ensure we can minimize environmental impacts, monitor generated waste evolution, and propose corrective actions when necessary.

Our waste is segregated at its places of origin through selective collection, then moved to pre-established collection points and internal treatment sites and later stored until the proper destination of the generated waste. Through selective collection, waste is destined for nobler purposes such as reuse, recycling and recovery.

We acquire waste from external processes for use in manufacturing, a practice certified by the Global Recycled Standard (GRS). Textile waste is recycled, while cotton waste

generated in opening and carding processes is reused. We monitor our textile waste reduction targets to implement improvement actions.

Our total waste generation decreased 2532.57 tons (12%) in 2022, 8% in Brazil and 34% in Argentina, and 7.4% in Ecuador. Only 7% of our waste is hazardous. We started a pilot project not to send boiler ashes to landfills: The project establishes, as an alternative, reusing ashes as fertilizers on the Vicunha group's farms or incorporating them into the civil construction industry processes.



Our primary raw material—cotton—is recyclable, so we use this to manufacture more sustainable products.

Waste generated (in tons) [GRI 306-3]

Total weight of waste generated (in tons)	BRAZIL			ARGENTINA			ECUADOR			VICUNHA		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Hazardous waste	132.84	196.66	228.92	1079.66	1201.83	1000.42	20.94	55.92	62.66	1233.44	1454.41	1292.00
Non-Hazardous waste	7534.85	15824.29	14510.31	1845.49	2218.83	1250.23	660.60	996.06	908.48	10040.94	19039.18	16669.02
TOTAL	7667.69	16020.95	14739.23	2925.15	3420.66	2250.65	681.54	1051.98	971.14	11274.38	20493.59	17961.02

Waste not intended for disposal (in tons) [GRI 306-4]

Total weight of hazardous waste generated but not disposed	BRAZIL			ARGENTINA			ECUADOR			VICUNHA		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Preparation for reuse	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Recycling	40.79	13.42	69.40	0.00	0.00	0.00	0.00	19.29	16.10	40.79	32.71	85.50
Other recovery operations	8.96	8.91	14.24	4.83	0.00	7.80	0.00	0.00	4.30	13.79	8.90	26.34
Total weight of non-hazardous waste generated but not disposed	BRAZIL			ARGENTINA			ECUADOR			VICUNHA		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Preparation for reuse	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Recycling	5039.90	9546.35	9400.67	905.49	1174.83	1116.63	265.70	447.93	412.58	6211.09	11169.11	10929.89
Other recovery operations	0.00	0.00	0.00	0.00	0.00	11.046	0.00	0.00	0.00	0.00	0.00	11.046



Waste for disposal (in tons) [GRI 306-5]

Total weight of waste generated for disposal	BRAZIL			ARGENTINA			ECUADOR			VICUNHA		
HAZARDOUS	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Incineration (with energy recovery)	39.80	173.38	95.29	4.83	7.33	7.80	20.91	32.47	35.58	65.54	213.18	138.67
Incineration (no energy recovery)	23.67	0.00	6.38	1070.00	1194.50	984.82	0.00	4.08	6.35	1093.67	1198.58	997.55
Disposal in a sanitary landfill	19.62	0.95	43.61	0.00	0.00	0.00	0.00	0.00	0.24	19.62	0.95	43.85
Other forms of disposal	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.08	0.09	0.03	0.08	0.09
NON-HAZARDOUS	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Incineration (with energy recovery)	0.00	1.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.32	0.00
Incineration (no energy recovery)	0.00	1.08	0.00	0.00	0.00	0.00	0.00	0.19	0.19	0.00	1.27	0.19
Disposal in a sanitary landfill	2494.95	4747.89	5109.64	940.00	98.00	122.55	394.90	547.94	470.84	3829.85	5393.83	5703.03
Other forms of disposal	0.00	1527.65	0.00	0.00	946.00	0.00	0.00	0.00	24.87	0.00	2473.65	24.87
TOTAL	2578.04	6452.27	5254.92	2014.83	2245.83	1115.17	415.84	584.76	538.16	5008.71	9282.86	6908.24
Total disposed	BRAZIL			ARGENTINA			ECUADOR			VICUNHA		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Within the organization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Outside the organization - Hazardous	83.09	174.33	145.28	1074.83	1201.83	992.62	20.94	36.63	42.26	1178.86	1412.79	1180.16
Outside the organization - Non-Hazardous	2494.95	6277.94	5109.64	940.00	1044.00	122.55	394.90	548.13	495.90	3829.85	7870.07	5728.09

# Emissions

To mitigate the climate change risk and promote the reduction of our activities' environmental impact, we seek actions to use the resources better and avoid waste.

[GRI 201-2, 305-1, 305-2, 305-3]

We understand that climate change is related to major global issues regarding using natural resources such as water, biodiversity and raw materials. The climate is relevant for our business, as we use water intensely and our factories are located in regions with little rain and few rivers. This means that water shortages would put our operations at risk.

We started diagnosing our emissions in 2022 to help us adopt future actions and implement a low-carbon program. This diagnosis resulted in our 1st Greenhouse Gas Inventory for 2021.

To mitigate this risk and promote the reduction of our activities' environmental impact, we seek actions to use the resources better and avoid waste.

	2021			
	BRAZIL	ARGENTINA	ECUADOR	TOTAL
DIRECT EMISSIONS (SCOPE 1)				
Direct GHG emissions in metric tons of CO <sub>2</sub> eq	41600.80	14118.30	8365.00	64084.10
Biogenic CO <sub>2</sub> emissions in metric tons of CO <sub>2</sub> eq	225890.00	-	-	225890.00
INDIRECT EMISSIONS (SCOPE 2)				
Indirect GHG emissions in metric tons of CO <sub>2</sub> eq	58067.30	2721.70	884.50	61673.50
OTHER INDIRECT EMISSIONS (SCOPE 3)				
Other indirect GHG emissions in metric tons of CO <sub>2</sub> eq	4059.50	309.60	3172.10	7541.20
Biogenic CO <sub>2</sub> emissions in metric tons of CO <sub>2</sub> eq	117.10	-	-	117.10

In 2022, we considered CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and HFCs emissions according to the mapped sources of direct emissions (scope 1) and data availability—stationary combustion (using diesel in power generators, using firewood in boilers, using natural gas, using LPG in equipment). For indirect emissions (scope 2), we consider electricity consumption (National Interconnected System - SIN). For Scope 3 emissions, the mapped categories were upstream transport and distribution (road transport); solid waste (destined for landfill); generated effluents (industrial effluents); business travel (air transport); commuting from home to work (metro rail transport, bus transport, transport in private vehicles); downstream transport and distribution (road transport).

The base year covered activities in 2021, the first year of the inventory when we produced constantly and had data availability throughout the year. The consolidation approach for emissions was operational control, using the Brazilian GHG Protocol Program specifications, the SBTi specifications, the Science Based Targets Initiative, 2021, the Standard NBR ISO 14064, and others.

Avoided emissions were also calculated because more sustainable practices under scope 3 of the methodology were observed in Vicunha Brasil's activities, such as solid waste diverted from sanitary landfills and alternative transport with a total of 16,492 tCO<sub>2</sub>e.

After preparing our first emissions inventory for 2021, we continued to update the data for 2022 and monitor the development of parameters, targets, reductions and improvements on greenhouse gases and climate change.

We manage the quality of the gases from our boiler chimneys to obtain a more accurate balance of CO<sub>2</sub> emissions. Our boilers are used to supply water steam in the textile process, from preparation to weaving to processing, and not as an electromotive triggering source. We reduced our greenhouse gas emissions in 2022, directing CO<sub>2</sub> from biomass boilers to correct the pH of the effluent treatment plants.



We reduced our greenhouse gas emissions in 2022, directing CO<sub>2</sub> from biomass boilers to correct the pH of the effluent treatment plants.





## Energy

*To reduce biomass consumption, we constantly implement studies and routines to mitigate steam leaks in processes at the units, thus reducing use requests and burning of this input.*

Steam is vital for our textile production process. In the past, we used natural gas at our Brazilian units as fuel for generating steam in our boilers, but we chose to replace the primary energy matrix for steam generation and prioritized using biomass as our primary fuel instead of natural gas (which became secondary).

The types of biomass consumed in each unit depend mainly on supply and price in the regions. At the Ceará units, the primary sources come from cashew, mesquite and eucalyptus firewood (forest plantations); native wood (sustained forest management plans); and chestnut shell. At the Rio Grande do Norte unit, the primary biomass we currently use comes from cashew wood.

To reduce biomass consumption, we constantly implement studies and routines to mitigate steam leaks in processes at the units, thus reducing use requests and burning of this input. We also conduct studies to improve the efficiency of burning this fuel. This reduces consumption, costs and environmental impacts.

We use electricity purchased on the free energy market at four of our units in Brazil. All units consumed conventional electricity with no source traceability, so we classified it as non-renewable energy. All electricity consumed is managed in kilowatt-hours or multiples.

Our use of non-renewable energy increased by 3.24% in 2022 due to increased production, with 0.35% in Brazil and 11.24% in Argentina. In Ecuador, non-renewable energy consumption increased by 19.52%, and renewable energy consumption decreased by 10.16% (12,815.15 GJ) because facility problems resulted in flooding in the river where the water is harvested. Thus, reducing the use of the hydroelectric power station.



We use electricity purchased on the free energy market at four of our units in Brazil. All units consumed conventional electricity with no source traceability.

Energy consumption (GJ) [GRI 302-1]

		BRAZIL		ARGENTINA		ECUADOR		VICUNHA	
		2021	2022	2021	2022	2021	2022	2021	2022
Non-Renewable sources	Natural Gas	235871.95	282255.02	248579.92	282347.33	0.00	0.00	2168085.77	2238284.10
	Liquefied Petroleum Gas (LPG)	180754.82	161143.65	0.00	0.00	4408.31	7932.29		
	Diesel Fuel	1876.97	1847.31	1359.86	1172.00	121237.21	130229.90		
	Gasoline	167.00	166.26	0.00	0.00	0.00	0.00		
	Electricity	1281867.05	1261120.35	76771.33	79906.00	15191.35	30164.00		
Renewable sources	Biomass	1980819.94	1953432.23	0.00	0.00	0.00	0.00	2106947.86	2066745.99
	Hydroelectric	0.00	0.00	0.00	0.00	126128.92	113313.76		
Electric		1281867.05	1261120.35	76771.33	79906.00	141320.27	143477.76	1499958.65	1484504.11
Steam		2061241.00	2063889.00	0.00	0.00	120472.00	129375.00	2181712.80	2193263.70
TOTAL ENERGY CONSUMPTION		3681356.73	3659964.82	326711.11	363425.32	266965.79	281639.95	4275033.62	4305030.09

Since Vicunha does not have an I-REC certificate, all electricity from the concessionaire was considered non-renewable.

# 5

## About this report





**To reduce biomass consumption, we constantly implement studies and routines to mitigate steam leaks in processes at the units, thus reducing use requests and burning of this input.**

**[GRI 2-1, 2-2, 2-3, 2-14]**

This Annual Report reflects the activities of Vicunha Têxtil S.A., a Brazilian closely-held corporation, and its subsidiaries (Vicunha Ecuador S.A. and Vicunha Argentina S.A.), in Ecuador and Argentina, from January 1 to December 31, 2022. This document was produced based on the Global Report Initiative (GRI) standards.

Its content was reviewed and approved by the members of our Steering Committee and appreciated by our Sustainability Committee. The Steering Committee comprises the company's highest-ranking statutory officers. Our financial statements are audited by PWC – PricewaterhouseCoopers Auditores Independentes Ltda. The information is consolidated partly via ERP and partly in reported files of the Financial Statements forwarded by the branches. In the eliminations, we consider sales/purchases between related parties in the consolidation and consider their effective sale to final customers only.

More information about this document can be obtained via email [sgi\\_gestao@vicunha.com.br](mailto:sgi_gestao@vicunha.com.br). 

## **Materiality process**

**[GRI 3-1, 3-2]**

Material subjects were determined as follows: structuring, consulting process, prioritization of themes, and completion. To select the subjects, a benchmark was carried out with three textile sector companies, and the Global Reporting Initiative guidelines, the Sustainability Accounting Standards Board (SASB) indicators and the UN Global Compact aspects were analyzed. This process resulted in an initial list of 30 themes.

The list was released for consultation by our main stakeholders in an online survey in July 2022. These external audiences participated in the consultation process: customers, end consumers, class associations (unions), the scientific community, the surrounding communities, social institutes and organizations, service providers, certification bodies, regulatory bodies, opinion leaders, distributors and representatives, government representatives, and agricultural producers. Internally, members of the Board of Directors, the executive board and employees of various positions were involved.

The consolidation of our results underwent a new sectorial analysis, a prioritization workshop with the members of our Sustainability Committee, a graphic presentation of the materiality matrix, and an evaluation of the relationship of material subjects with the Sustainable Development Goals (SDGs). The list of material subjects did not change compared to the previous report.



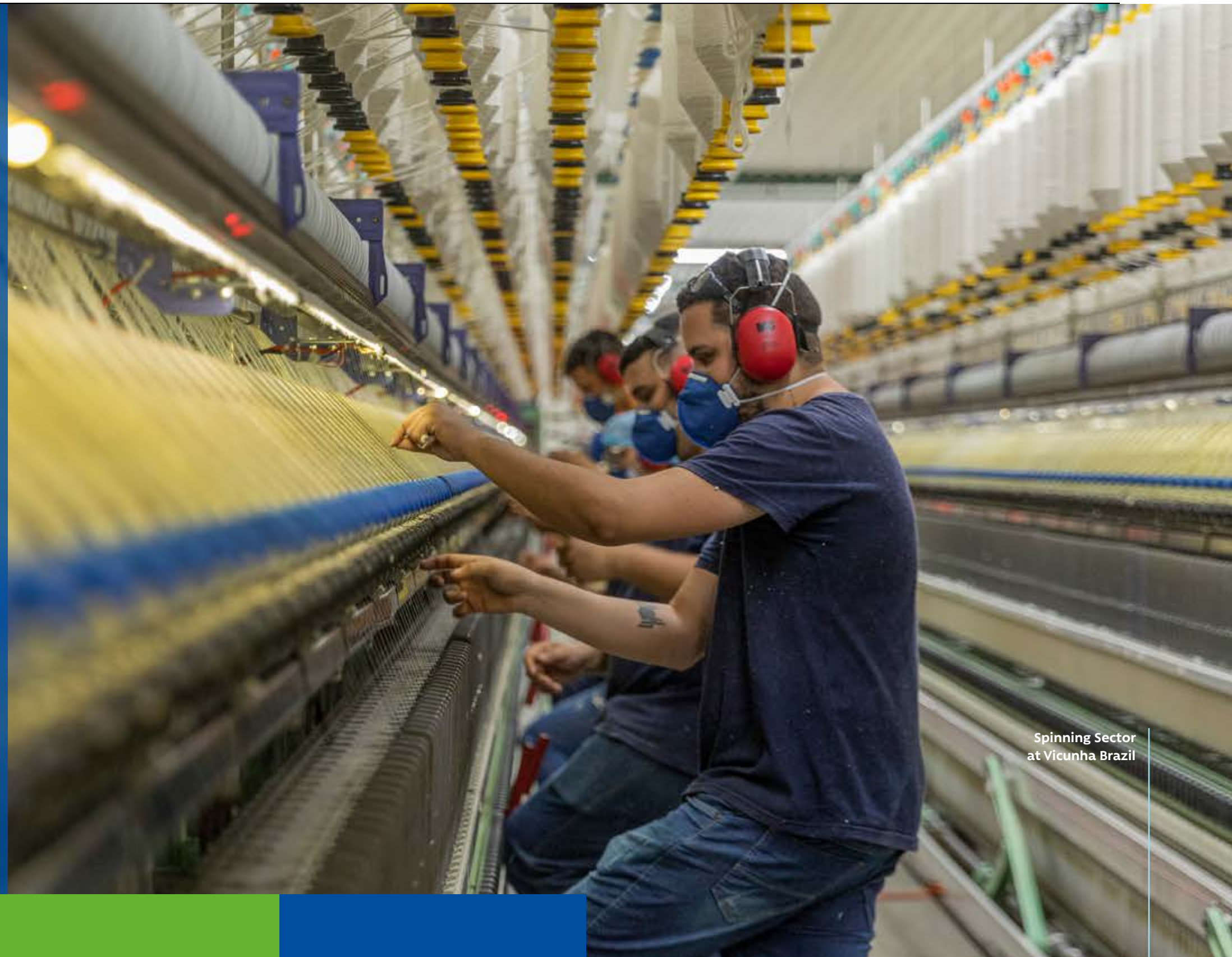
## **Management** of material subjects [GRI 3-3]

We have actions and indicators in place to demonstrate the monitoring of our nine material subjects: water and energy, occupational health and safety, professional training/education, solid waste and effluents, and emissions.

We define operational controls and manage matrices of environmental aspects and impacts of operational units to mitigate and avoid these impacts. Corporate governance monitors economic performance, strategic planning and topics to ensure corporate ethics. Diversity, inclusion, and biodiversity are addressed within the organization, but these subjects still have no formal management.

Our commitments are present in our Code of Ethics and Conduct, Health, Safety and Environment Policy, Quality Policy, Chemical Management Policy, and Procurement Policy. As signatories of the UN Global Compact, we are guided by the 10 Principles and the SDGs that drive our actions.

By knowing the relevant material subjects highlighted by our stakeholders, we were able to incorporate these subjects in planning and risk discussions. Additionally, we started a Diagnosis and Action Plan in 2022 regarding Vicunha's ESG themes to guide our journey toward more transparent and sustainable performance. The project will be completed in 2023.



Spinning Sector  
at Vicunha Brazil



# 6

## GRI summary





GRI	DESCRIPTION	ORGANIZATIONS' ANSWER	SDG CORRELATION
2-1	Organizational details	Pages <a href="#">8</a> and <a href="#">74</a>	-
2-2	Entities included in the organization's sustainability report	Page <a href="#">74</a>	-
2-3	Reporting period, frequency and contact point	Page <a href="#">74</a>	-
2-4	Information reformulations	The 2020 and 2021 information on employees (GRI2-7 and GRI 401) and the 2021 data referring to Materials, Energy and Water were revised and adjusted.	-
2-6	Activities, value chain, and other business relationships	Page <a href="#">8</a>	-
2-7	Employees	Pages <a href="#">36</a> , <a href="#">37</a> and <a href="#">38</a>	-
2-8	Workers who are not employees	Page <a href="#">38</a>	-
2-9	Governance structure and composition	Page <a href="#">17</a>	-
2-10	Nomination and election of the highest governance body	Page <a href="#">17</a>	-
2-11	Chair of the highest governance body	Page <a href="#">17</a>	-
2-12	Role of the highest governance body in overseeing impact management	Page <a href="#">17</a>	-
2-14	Role of the highest governance body in sustainability reporting	Page <a href="#">17</a>	-
2-22	Declaration on the sustainable development strategy	Page <a href="#">5</a>	-
2-23	Political commitments	Page <a href="#">11</a>	-
2-27	Compliance with laws and regulations	Page <a href="#">44</a>	-
2-28	Membership associations	Page <a href="#">16</a>	16
2-29	Approach to stakeholder engagement	Page <a href="#">16</a>	-

GRI	DESCRIPTION	ORGANIZATIONS' ANSWER	SDG CORRELATION
2-30	Collective bargaining agreements	Page <a href="#">44</a>	-
3-1	Process for determining material subjects	Page <a href="#">74</a>	-
3-2	List of material subjects	Page <a href="#">74</a>	-
3-3	Management of material subjects	Page <a href="#">75</a>	-
201-1	Direct economic value generated and distributed	Page <a href="#">23</a>	8 and 9
201-2	Financial implications and other risks and opportunities arising from climate change	Our first GHG emissions inventory was prepared in 2023 to help us understand our emissions better and design a plan related to climate change.	8 and 9
201-3	Defined benefit plan obligations and other retirement plans	Page <a href="#">51</a>	8 and 9
202-1	Ratios of standard entry level wage compared to local minimum wage by gender	The lowest salary paid to men and women in 2022 was equivalent to 102% of the local minimum wage in Brazil, 153% in Argentina, and 103% in Ecuador.	8 and 9
203-1	Infrastructure investments and services supported	Page <a href="#">65</a>	8 and 9
203-2	Significant indirect economic impacts	Page <a href="#">54</a>	8 and 9
204-1	Proportion of spending on local suppliers	Page <a href="#">28</a>	10, 11 and 12
205-1	Operations assessed for corruption-related risks	Page <a href="#">22</a>	10, 11 and 12
205-2	Communication and training on anti-corruption policies and procedures	Page <a href="#">22</a>	10, 11 and 12
205-3	Confirmed corruption incidents and actions taken	Page <a href="#">22</a>	10, 11 and 12
206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	We did not record pending or closed lawsuits relating to unfair competition and violations of antitrust and antitrust laws during the reporting period.	12, 16 and 17

GRI	DESCRIPTION	ORGANIZATIONS' ANSWER	SDG CORRELATION
301-1	Materials used by weight or volume	Page <a href="#">66</a>	6, 12, 13, 14 and 15
302-1	Energy consumption within the organization	Page <a href="#">72</a>	6, 7, 9, 12 and 13
302-2	Energy consumption outside of the organization	Vicunha does not yet centralize information management on energy used outside the organization.	6, 7, 9, 12 and 13
302-3	Energy intensity	Over the last few years, Vicunha has been structuring and improving its data and indicators management. It will evaluate disclosing this information in the following years.	6, 7, 9, 12 and 13
302-4	Reduction of energy consumption	Energy efficiency actions were developed in 2022 and resulted in energy savings; however, the values were insignificant.	6, 7, 9, 12 and 13
302-5	Reductions in energy requirements of products and services	Energy efficiency actions were developed in 2022 and resulted in energy savings; however, the values were insignificant.	6, 7, 9, 12 and 13
303-1	Interactions with water as a shared resource	Page <a href="#">62</a>	6, 9, 12, 13, 14 and 15
303-2	Management of water disposal-related impacts	Page <a href="#">63</a>	6, 9, 12, 13, 14 and 15
303-3	Water harvesting	Page <a href="#">64</a>	6, 9, 12, 13, 14 and 15
303-4	Disposal of water	Page <a href="#">64</a>	6, 9, 12, 13, 14 and 15
303-5	Water consumption	Page <a href="#">65</a>	6, 9, 12, 13, 14 and 15
304-2	Significant impacts of activities, products, and services on biodiversity	Pages <a href="#">60</a> and <a href="#">62</a>	6, 12, 13, 14 and 15
305-1	Direct (Scope 1) GHG emissions	Page <a href="#">69</a>	6, 9, 12, 13, 14 and 15
305-2	Energy indirect (Scope 2) GHG emissions	Page <a href="#">69</a>	6, 9, 12, 13, 14 and 15
305-3	Other indirect (Scope 3) GHG emissions	Page <a href="#">69</a>	6, 9, 12, 13, 14 and 15



GRI	DESCRIPTION	ORGANIZATIONS' ANSWER	SDG CORRELATION
306-1	Waste generation and significant waste-related impacts	Page <a href="#">66</a>	6, 12, 13, 14 and 15
306-2	Management of significant waste-related impacts	Page <a href="#">66</a>	6, 12, 13, 14 and 15
306-3	Waste generated	Page <a href="#">67</a>	6, 12, 13, 14 and 15
306-4	Waste not intended for final disposal	Page <a href="#">67</a>	6, 12, 13, 14 and 15
306-5	Waste intended for final disposal	Page <a href="#">68</a>	6, 12, 13, 14 and 15
307-1	Non-compliance with environmental laws and regulations	We did not record significant fines within the parameters established for this analysis or non-monetary sanctions during the period.	16 and 17
401-1	New employee hires and employee turnover	Page <a href="#">39</a>	5, 10 and 12
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page <a href="#">51</a>	5, 10 and 12
401-3	Parental leave	Page <a href="#">52</a>	5, 10 and 12
403-1	Occupational health and safety management system	Page <a href="#">47</a>	8, 9, 10, 12 and 16
403-2	Hazard identification, risk assessment, and incident investigation	Page <a href="#">47</a>	8, 9, 10, 12 and 16
403-3	Occupational health services	Page <a href="#">49</a>	8, 9, 10, 12 and 16
403-4	Worker participation, consultation, and communication on occupational health and safety	Page <a href="#">47</a>	8, 9, 10, 12 and 16
403-5	Worker training on occupational health and safety	Page <a href="#">49</a>	4, 8, 9, 10, 12 and 16
403-6	Promotion of workers' health	Page <a href="#">49</a>	8, 9, 10, 12 and 16
403-7	Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	Page <a href="#">47</a>	8, 9, 10, 12 and 16

GRI	DESCRIPTION	ORGANIZATIONS' ANSWER	SDG CORRELATION
403-8	Workers covered by an occupational health and safety management system	Page <a href="#">47</a>	8, 9, 10, 12 and 16
403-9	Occupational accidents	Page <a href="#">50</a>	8, 9, 10, 12 and 16
403-10	Occupational diseases	Page <a href="#">51</a>	8, 9, 10, 12 and 16
404-1	Average hours of training per year per employee	Page <a href="#">45</a>	4, 8, 9 and 10
404-2	Programs for improving employee skills and career transition assistance programs	Page <a href="#">45</a>	4, 8, 9 and 10
404-3	Percentage of employees receiving regular performance and career development reviews	Page <a href="#">44</a>	4, 8, 9 and 10
405-1	Diversity in governance bodies and employees	Pages <a href="#">41</a> and <a href="#">42</a>	5, 10 and 12
405-2	Ratio of base salary and compensation of women to men	Page <a href="#">43</a>	5, 10 and 12
406-1	Cases of discrimination cases and corrective actions taken	Page <a href="#">41</a>	5, 10 and 12
407-1	Operations and suppliers whose right to freedom of association and collective bargaining may be at risk	No risks were found in our operations. We do not manage the issue with service providers.	8, 10, 11 and 16
408-1	Operations and suppliers with significant risks of hiring child labor	The company does not verify this issue objectively to ensure compliance by supply suppliers. We do not work with cotton suppliers that present this risk. The Company includes clauses in its contracts with suppliers requiring all employees assigned to work at Vicunha to be hired legally and affiliated with Social Security.	6, 8 and 9
409-1	Operations and suppliers with significant risks of hiring forced or compulsory labor	The company does not verify this issue objectively to ensure compliance by supply suppliers. We do not work with cotton suppliers that present this risk. The Company includes clauses in its contracts with suppliers requiring all employees assigned to work at Vicunha to be hired legally and affiliated with Social Security.	6, 8 and 9

GRI	DESCRIPTION	ORGANIZATIONS' ANSWER	SDG CORRELATION
410-1	Security personnel trained in human rights policies or procedures	No human rights training for security personnel were conducted. The Human Rights theme is in the integration of new employees and in the Code of Ethics and Conduct.	-
411-1	Incidents of violations involving the rights of indigenous peoples	We did not record incidents of violations involving the rights of indigenous peoples in 2022.	6, 8 and 9
412-2	Employee training on human rights policies or procedures	The Human Rights subject is addressed when onboarding new employees and in the Code of Ethics and Conduct, but no training is given, and no specific policy is in place on this subject.	4, 6, 8 and 9
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Page <a href="#">21</a>	6, 8 and 9
413-1	Operations with engagement, impact assessments and development programs focused on the local community	Units in Argentina did not implement engagement projects, impact assessments and/or development programs aimed at the local community in 2022.	6, 8 and 9
416-1	Assessment of health and safety impacts caused by product and service categories	We do not assess the impacts of products and services on health and safety.	8, 9, 12 and 16
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	We did not identify declared non-conformities affecting the health and safety of our consumers in relation to our products during the period.	8, 9, 12 and 16
417-1	Requirements for product and service information and labeling	Page <a href="#">12</a>	11 and 12
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page <a href="#">22</a>	8, 12 and 16



GLOBAL COMPACT	DESCRIPTION	ORGANIZATIONS' ANSWER	SDG CORRELATION
PRINCIPLE 1	Businesses should support and respect the protection of internationally proclaimed human rights	Pages <a href="#">41</a> and <a href="#">51</a>	8, 10 and 16
PRINCIPLE 2	Businesses should make sure that they are not complicit in human rights abuses	Page <a href="#">21</a>	8, 10 and 16
PRINCIPLE 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Page <a href="#">44</a>	8, 10 and 16
PRINCIPLE 4	Businesses should uphold the elimination of all forms of forced and compulsory labor	Page <a href="#">41</a>	8, 10 and 16
PRINCIPLE 5	Businesses should uphold the effective abolition of child labor	Page <a href="#">41</a>	8, 10 and 16
PRINCIPLE 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation	Page <a href="#">41</a>	8, 10 and 16
PRINCIPLE 7	Businesses should support a precautionary approach to environmental challenges	Page <a href="#">60</a>	11, 12, 13, 14 and 15
PRINCIPLE 8	Businesses should undertake initiatives to promote greater environmental responsibility	Pages <a href="#">11</a> and <a href="#">60</a>	11, 12, 13, 14 and 15
PRINCIPLE 9	Businesses should encourage the development and diffusion of environmentally friendly technologies	Page <a href="#">60</a>	11, 12, 13, 14 and 15
PRINCIPLE 10	Businesses should work against corruption in all its forms, including extortion and bribery	Page <a href="#">22</a>	16

# 7

## Credits





## Chairmanship

Human Recourses Executive Board

Operations and New Business Executive Board

Sales, Marketing and Products Executive Board

Financial Executive Board

Supply Chain and Cotton Executive Board

## Vicunha IMS

## Vicunha Communication and Marketing

### Arcadis Consulting

Nadja Costa (General Coordination)

Thailla Calabrez (GRI Consultant)

Bruno Eduardo Torres (GRI Consultant)

Nadia Zuca (GRI Consultant)

### Editorial Content

Svendla Chaves

### Art and Design Direction

L7 Design

### Photos

Vicunha Archive



Spinning  
Vicunha Brazil





[vicunha.com](http://vicunha.com)

**VICUNHA**  
*jeansidentity*