



Sustainability Report

2024 – 2025



MICHELL
Passion for Alpaca since 1931



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Message from our CCO

GRI General Disclosures 2-22



Juan Pepper Pastor
Chief Commercial Officer (CCO)



Path to Michell-100

At Michell & Cia., we are moving towards our centenary in 2031, reaffirming our commitment to a more sustainable, efficient and innovative textile industry.

Our "Path to Michell-100" vision seeks to strengthen responsible development throughout the alpaca value chain, fostering economic growth, positive social impact and the responsible use of resources, based on the following pillars.

Sustainable value chain

We promote social responsibility, traceability and development initiatives in collaboration with communities and stakeholders connected to alpaca fibre, strengthening sustainable, long-term relationships.

Circularity and responsible production

We promote more efficient processes by reducing waste, optimizing resource use and pursuing continuous improvements aimed at achieving more circular and competitive production.

Sustainable product development

Innovation and product development are central to our strategy, integrating natural fibres, quality, durability and sustainability to meet the evolving demands of the global market.

We continuously work to optimize processes, improve performance and modernize our operations to reduce impacts and strengthen our international competitiveness.

Responsible use of resources

We maintain an ongoing commitment to the efficient management of water, energy and raw materials, promoting responsible practices aligned with future environmental challenges.

Open innovation and the adoption of cutting-edge technologies are key drivers of our transformation. We integrate emerging tools at every stage of our value chain in pursuit of operational excellence. For us, every technological advancement and disruptive process seeks to generate a positive impact for our customers, society and the planet.



Towards 2031

The Path to Michell-100 represents our medium-term vision: to consolidate our position as a leading Peruvian natural fibre company, committed to sustainability, innovation and the development of the entire alpaca value chain.



1 Michell





1.1

Who we are

GRI General Disclosures
2-1, 2-2, 2-3, 2-4, 2-5

Michell & Cía., hereinafter referred to as Michell, celebrates 95 years of history, legacy and leadership in the Peruvian and global textile industry.

Throughout its history, the company has built extensive experience and in-depth expertise in alpaca fibre processing, establishing itself as a pioneering company, a leading producer and one of the world's largest exporters of alpaca tops and yarns, bringing Peruvian quality, tradition and innovation to the most demanding markets worldwide.

Our history

Woven with purpose

More than 90 years of experience, innovation and commitment to sustainability have enabled us to bring the finest-quality fibre from Arequipa to Peru and the world.



1931

Our beginnings

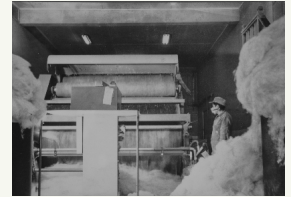
Michell & Cía. was founded in Arequipa with the vision of offering the highest-quality fibres.



1940 - 1960

Growth and consolidation

We expanded our operations and strengthened the quality of our products, earning the trust of the domestic market.



1970 - 1990

Innovation and expansion

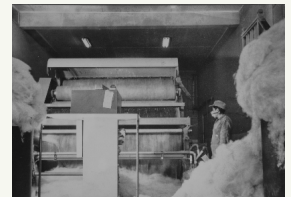
We modernized our technology and began establishing our presence in international markets.



2000 - 2010

Leadership and recognition

We established ourselves as pioneers in the processing of fine natural fibres, with quality standards recognized worldwide.



2011 - 2020

Sustainability and innovation

We integrated sustainability into our strategy, driving operational efficiency, textile innovation and responsible practices.



2024 - 2025

Looking to the future with purpose

We continue transforming our organization, creating shared value and strengthening our commitment to people and the planet.





We are a joint-stock company (Sociedad Anónima – S.A.) and do not present consolidated financial statements, as no acquisitions, mergers, spin-offs or similar transactions are applicable as of the date of this report.

As previously mentioned, on this occasion we present our **First Sustainability Report**, prepared in accordance with the **GRI Standards – Core Option**, covering the **2024–2025 reporting periods**, which includes:

30

General Disclosures

06

Topic-specific Disclosures

08

Indicators resulting from the materiality assessment and selected for disclosure in this second year of sustainability reporting

In addition, the report covers our socially responsible management across the economic (governance), social and environmental dimensions, for the period from January 1 to December 31.

At present, the report will not be subject to external assurance. For several years, our sustainability disclosures have been prepared on a biennial basis.

During the reporting period, the company underwent significant changes in its leadership and management structure:

- The departure of **Mr. Derek Michell** as Managing Director marked the conclusion of a period of strategic leadership.
- The Commercial Management Division, headed by **Mr. Juan Pepper**, assumed commercial leadership, strengthening the company's commercial vision across the entire production chain, from its initial stages through to engagement with international markets.
- We deeply regret the passing of **Mr. Raúl Rivera**, Marketing Manager, whose legacy of creativity and commitment remains an integral part of the organization's culture.
- The Yarns Foreign Trade Management Division was established under the leadership of **Mr. Alejandro Salazar**, with the aim of strengthening the global presence of our products.
- In addition, **Mr. Dereck Mannheim** joined the company as Commercial Manager of the Hand Knitting Division, bringing extensive experience and a strong focus on enhancing the value of textile craftsmanship.

For any questions or inquiries regarding our Sustainability Report, please contact:



Eng. Norma Manrique Durand

Head of Quality and Certifications Division

nmanrique@michell.com.pe



1.2

Our philosophy

95 years weaving purpose, innovation and sustainability

Mission

To transform alpaca fibre and other natural fibres into high value-added products, with the contribution of our employees, meeting global needs, promoting their use worldwide, and caring for the community and the environment.



Vision

To be a global benchmark for delivering quality and warmth through the finest alpaca and natural fibre products, providing unique experiences to our customers and community in a sustainable and innovative manner, supported by a committed and empowered team.



Passion

We love what we do from the heart; we overcome challenges, create and innovate.



Loyalty

A deep commitment to Michell; our actions go beyond what is required by established standards. Not out of obligation, but out of conviction.



Quality

As an integral part of our philosophy, we adhere to the highest standards in our pursuit of perfection.



Commitment

Driven by personal conviction; it comes from within and provides an extra effort that leads us towards excellence.



Creativity

The gateway to personal and organizational growth; always grounded in perseverance, trust and enthusiasm.



Responsibility

It enables us to grow as individuals and as a company; it makes us capable of responding appropriately and knowing how to act in the different circumstances we encounter.



1.3

Our scope and products

GRI General Disclosure 2-6

Michell & Cía. stands out for its extensive experience and innovation across its processes, rigorous safety standards and quality certifications, delivering products of the highest quality.

At Michell, we are redefining our path towards becoming a more sustainable company, built not only on a strong economic foundation, but also on solid social and environmental pillars.

1 Tops

Processed fibre that has undergone sorting, washing, carding and combing.



2 Yarns

A variety of yarns developed across the following lines:

2.1

Yarns for industrial knitting



2.2

Hand-knitting yarns



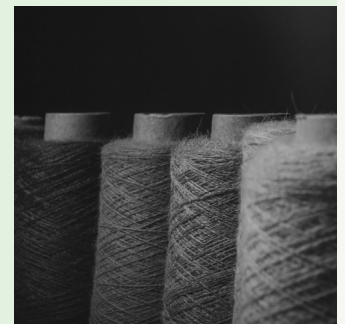
2.3 Tejer es Cool

Launched in 2022, this initiative seeks to promote hand knitting through a B2C business model.



2.4 Eco

We continue to offer yarns made from natural, undyed fibres and colours.





3 Garments

Finished products

3.1

Sol Alpaca

A brand focused on the tourism market.



3.2

Patapampa

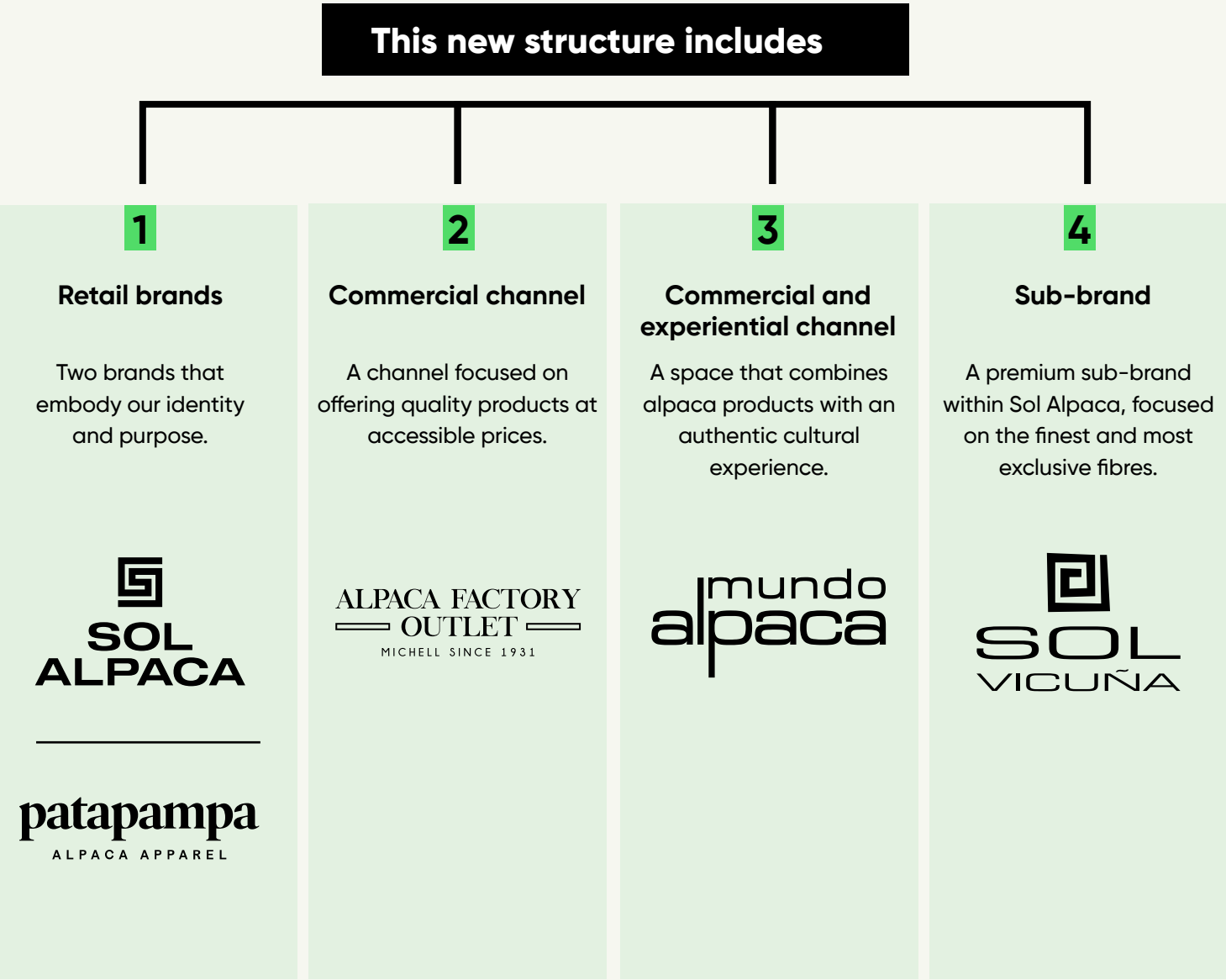
A purpose-driven brand that seeks to reinvest resources in children's education.

In less than a year since the brand was launched, it has provided support to 296 children in early childhood and primary education in the communities of Cojata and Vilque Chico, located in Puno.





During the reporting periods, Michell underwent a significant organizational transformation. We evolved from operating solely as Sol Alpaca to establishing a Retail Business Unit, a structure that brings together different brands and commercial channels under a unified strategy.



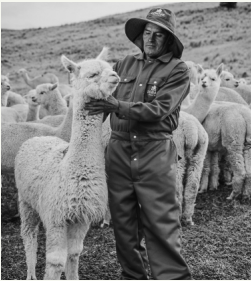


Process map

01



Shearing



The highest-quality alpaca fibre is obtained through shearing.

02



Sorting



The fibre is sorted according to fineness, length, colour and quality.

03



Washing



Impurities are responsibly removed from the fibre through washing processes designed to minimize environmental impact.

04



Carding



The fibres are aligned and opened to achieve uniformity and volume.

05



Short fibres and remaining impurities are removed to obtain a finer, cleaner and more resilient fibre.

06



Spinning



The combed fibre is spun into yarns with different counts and characteristics.

07



Dyeing



Colour is applied using responsible dyeing processes that deliver high colour fastness.

08



Fancy yarn production



Yarns with distinctive textures, blends and special effects are created to provide differentiation.

09



Finishing



Finishing processes are carried out to enhance the yarn's quality, appearance and performance.

10

Dispatch



The final product is inspected and prepared for shipment to markets worldwide.



Our stores and facilities

Our head office is located at Av. Juan de la Torre #101, San Lázaro, Arequipa – Peru.

We also operate three production facilities, located at:



Washing and Combing Plant:
Pasaje Clisa #106
José Luis Bustamante y Rivero



Spinning Plant:
Calle Ambrosio Vucetich, H1–H3
Parque Industrial



Finishing Plant:
Jacinto Ibáñez #436
Parque Industrial.



Stores

Our stores in Peru

■ Arequipa	■ Lima	■ Cusco	■ Puno
05 stores	09 stores	22 stores	03 stores



International presence



Chile
Santiago



Bolivia
La Paz



Australia
Melbourne y Sidney



Our garments reach customers worldwide through our locations and **e-commerce** platforms, which we have been actively expanding over the past four years.



1.4 Governance bodies

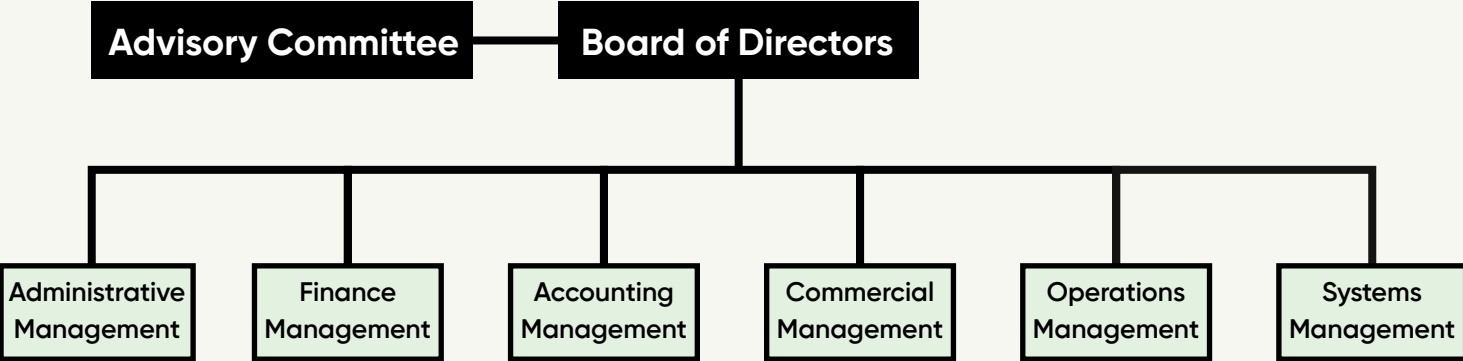
GRI General Disclosures

2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 2-17, 2-18

Organizational structure

Corporate governance and sustainable management

Our organizational structure enables efficient, innovative and responsible management, aligned with our values and our commitment to sustainability.





The company's highest governing body is the Board of Directors, supported by an Advisory Committee and a management team responsible for leading, overseeing and ensuring the organization's effective strategic and operational management.



These governance bodies play a fundamental role in the company's sustainability, continuity and institutional strengthening. Members of the Board of Directors are appointed in accordance with established corporate procedures, through formal meetings and the adoption of resolutions duly recorded in signed minutes, ensuring transparency, formality and traceability in decision-making.



The main functions of the Board of Directors include meeting periodically to direct, oversee, monitor and ensure the proper implementation of the corporate strategy, business plan and Michell's overall management. It also performs due diligence functions across the organization, overseeing the establishment of and compliance with policies, practices and processes related to the company's economic, social and environmental management, as well as the appropriate management of impacts arising from its operations.

With regard to corporate integrity, the company has internal mechanisms designed to prevent and manage potential conflicts of interest, fostering a culture of ethics, transparency and compliance. These mechanisms include declarations of interest, controls and reviews conducted by the Compliance function, as well as ongoing adherence to the Code of Conduct and Ethics.





These mechanisms enable the company to identify, communicate, monitor and address in a timely manner situations that could compromise objectivity, impartiality or independence in decision-making, particularly in processes related to contracting, tendering, resource allocation, and relationships with suppliers and third parties.

The Chief Commercial Officer (CCO) is responsible for reviewing and approving the Sustainability Reports, following technical validation by the team responsible for their preparation. In this context, this document constitutes the company's First Sustainability Report, prepared in accordance with the GRI Standards – Core Option.

Furthermore, this report is being prepared at a significant point in the organization's history, coinciding with the appointment, for the first time, of a woman to a management position, reflecting Michell & Cia.'s commitment to promoting leadership and equal opportunities.

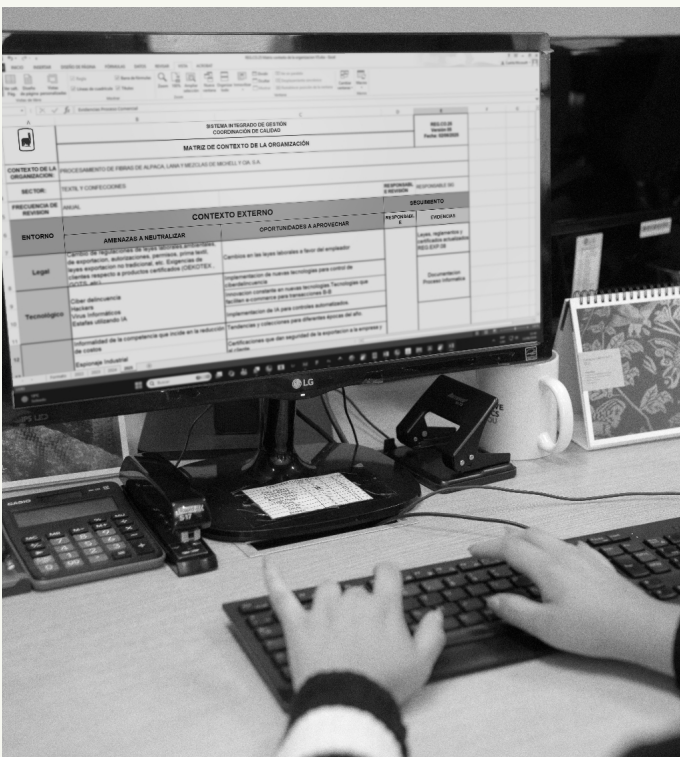
The company conducts its activities in strict compliance with applicable Peruvian laws and regulations, while pursuing high standards of excellence, operational efficiency, employee well-being, sustainability and long-term value creation.

Within this framework, the company promotes the responsible optimization of resources, economic profitability, and the protection of the social and environmental environment, incorporating principles of continuous improvement throughout its processes, operations and strategic decision-making.





Managing the organization's impacts on the economy, the environment and people is a cross-cutting responsibility assumed by the company and implemented through the collaboration of all those involved in its strategic, core and support processes, ensuring effective alignment between corporate strategy, operational performance and sustainability commitments.



Likewise, any critical concern, significant risk or matter of strategic interest is communicated in a timely manner to the appropriate governance bodies through formal reporting mechanisms, including electronic communications, management reports, and the monitoring of KPIs and performance indicators, thereby ensuring transparency, traceability and sound decision-making.

During the reporting period, the company collected and assessed various suggestions, contributions and recommendations for improvement from employees and other stakeholder groups. These were managed in accordance with the internal communication, participation and consultation procedure. This process helped strengthen continuous improvement, active participation and responsible engagement with stakeholders.

The governance bodies also play an active role in organizational knowledge management, promoting ongoing training and competency development in areas related to corporate social responsibility, sustainability, corporate governance and integrated management. The company also conducts periodic assessments of the quality, performance and efficiency of its teams. These assessments consider economic (governance), social and environmental criteria, enabling the company to measure the organization's overall performance and reinforce its commitment to responsible and sustainable management.





Within its logistics and export operations, the company promotes business relationships based on legality, transparency and regulatory compliance. Accordingly, agreements entered into with transport companies and other logistics service providers establish commitments aimed at ensuring traceability, operational integrity and strict compliance with ethical standards and international trade requirements, thereby contributing to the safety and reliability of export processes.

This approach strengthens Michell's corporate governance framework by promoting responsible management, risk prevention and the development of trust-based relationships with all parties involved throughout the international logistics chain.

Customers are also engaged in these processes. They are not only informed of the applicable procedures, but also undertake to adhere to these principles and ensure transparency throughout the entire process.





2.

CSR and sustainability management





2.1

Sustainability strategy

GRI General Disclosure 2-28

In line with our corporate purpose and the services we provide, we seek to deliver solutions that make a meaningful difference in the textile industry.

Michell is committed to respecting the environment and its surroundings, complies with all applicable regulatory frameworks, and fosters an organizational culture aligned with these principles.

We have established sustainability guidelines embedded in our corporate social responsibility strategy and integrated across our operations through executive programs, responsible practices and strategic partnerships. This approach ensures that our commitment to sustainability is translated into concrete action.





2.2

Affiliations and memberships

In line with our commitment to sustainable development and value creation for the company's stakeholders, Michell maintains strategic relationships and affiliations with various public institutions, industry organizations, suppliers and other key stakeholders connected to its operations. These include:



Arequipa Chamber of Commerce and Industry (CCIA):

We promote business competitiveness and the sustainable economic development of Arequipa and southern Peru.



Alpaca Civil Association of Peru (ASCALPE):

We promote the sustainable development and competitiveness of the alpaca and South American camelid value chain.



International Alpaca Association (AIA):

We contribute to the international positioning and recognition of alpaca fibre.



COMEXPERU:

We participate in initiatives that strengthen Peru's foreign trade and export competitiveness.



National Society of Industries (SNI):

We support the sustainable development of Peru's industrial sector by fostering opportunities for dialogue and collaboration.



Peruvian Exporters Association (ADEX):

We promote innovation and the sustainable growth of Peruvian exports.



Association of Companies of the Arequipa Industrial Park (ADEPIA):

We promote business integration and industrial development in the region.



2.3

Awards and certifications

Certification	2024	2025
 Fair Trade Good Practices Peru – BPCJ We have renewed our Fair Trade certification, granted by PROMPERÚ and certified by ICONTEC, demonstrating our compliance with the criteria and indicators established by the standard and confirming that our business management is founded on equity, transparency and mutual respect. Spun by Michell	 Audited and certified Compliance with the BPCJ criteria and indicators was verified.	 Audited and certified Compliance with the BPCJ criteria and indicators was verified.
 STANDARD 100 12.HPE.14517 Hohenstein HTTI OEKO TEX (2024–2025) We successfully renewed our STANDARD 100 by OEKO-TEX® Level I certification (articles for babies) for all our tops and yarns in white and natural alpaca, sheep wool and vicuña colours, ensuring the human-ecological safety of our textiles and reinforcing our commitment to international health and safety requirements.  STANDARD 100 23.HPE.36896 Hohenstein HTTI We also successfully renewed our STANDARD 100 by OEKO-TEX® Level II certification (articles with direct contact to skin) for all our dyed tops and yarns, covering the wide range of colourways and fibre blends we produce.	 Level I renewal (articles for babies) for tops and yarns in white and natural alpaca, sheep wool and vicuña colours.  Level II renewal (articles with direct contact to skin) for dyed tops and yarns and fibre blends.	 Level I renewal (articles for babies) for tops and yarns in white and natural alpaca, sheep wool and vicuña colours.  Level II renewal (articles with direct contact to skin) for dyed tops and yarns and fibre blends.



Certified by
Control Union,
CU 847906

GOTS and OCS

The Global Organic Textile Standard (GOTS) certification ensures the traceability and environmental integrity of our products throughout the entire supply chain, from animal rearing through to the production of garments. It ensures that no harmful chemical inputs are used and that we comply with fundamental social criteria established by the International Labour Organization (ILO).

2024	2025
GOTS and OCS certifications renewed Maintaining our strong social and environmental commitment.	GOTS and OCS certifications renewed Maintaining our strong social and environmental commitment.



Interwoollabs

In March and October 2022 and 2023, the results of fibre fineness analyses were assessed through testing rounds organized for the renewal of the Interwoollabs certification, which ensures the accurate performance and reliability of the fineness testing equipment used to assess our exports.

Certification renewed	Certification renewed
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Michell & CIA S.A. is RWS, RAS & RMS certified, Control Union 847906. Only the products which are covered by a valid transaction certificate are RWS, RAS & RMS certified.

RAS, RWS and RMS

We safeguard animal welfare and compliance with the Five Freedoms of animal welfare for the animals that provide the fibres we process. We also promote sustainable land management, having successfully renewed these certifications in both reporting years.

In addition to our own breeding farm being certified, many other alpaca farms and breeders have joined this initiative under Michell's framework over the past two years, thereby expanding our scope of action in support of animal welfare. Likewise, our production chain is certified, strengthening responsible practices throughout the supply chain.

RAS, RWS and RMS certifications renewed Expansion of certified alpaca producers and the certified supply chain.	RAS, RWS and RMS certifications renewed Expansion of certified alpaca producers and the certified supply chain.
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Business Alliance for Secure Commerce – BASC certification



In October 2022 and August 2023, our BASC certification was renewed. Its purpose is to promote secure international trade throughout the logistics supply chain and to establish controls designed to prevent our shipments from being contaminated through the smuggling of goods, narcotics, terrorism and other illicit activities.

This certification has also enabled us to foster a comprehensive security culture among all the transportation service providers with whom we work.

2024	2025
 Certification renewed	 Certification renewed





3. Ethics and transparency





3.1

Economic performance

GRI Standard 201 (2016), Topic-specific Disclosures GRI 201-1, GRI 3-3

For the company, it is important and material to report on its economic management in a transparent, ethical and accountable manner. In doing so, we demonstrate our commitment to acting responsibly towards each of our stakeholders, including compliance with the various applicable regulatory frameworks.

The scope of this material topic is Peru, where we provide our services and conduct our operations, and where the relevant impacts disclosed in this report were assessed. No relevant information on this matter has been restricted or omitted.



Michael W. Michell

The Board of Directors plays a strategic and cross-cutting role in steering the organization, ensuring financial sustainability and the proper execution of the annual operating plan. Its responsibilities extend beyond safeguarding business profitability to include ongoing oversight of progress towards established objectives, aligning the efforts of each area with the corporate vision.

Under its leadership, the company promotes responsible management and strict compliance with its economic, labor, tax and other obligations under applicable laws and regulations, thereby strengthening a corporate culture founded on transparency, commitment and legal compliance. With regard to our employees, we provide all statutory benefits and entitlements in accordance with their type of employment contract, safeguarding their well-being and that of their families. We also provide voluntary benefits, which are described later in this report.

With regard to our suppliers, we work with formally established companies aligned with our organizational culture and philosophy. We prioritize the engagement of local suppliers, as well as local sourcing in our procurement activities.

During the reporting period, the company fully complied with all applicable regulatory requirements and received no fines or sanctions of any kind. We exercise due diligence in complying with the laws and regulations governing our operations and adhere to them across our economic, social and environmental performance.

The company files its financial statements with the Superintendencia del Mercado de Valores (SMV) on a timely annual basis. These financial statements are publicly available.



3.2

Our policies

GRI General Disclosures 2-23, 2-24, 2-27

Our policies reflect and address the principles outlined above, with a particular focus on due diligence, respect for human rights, the precautionary principle, and other commitments concerning our various stakeholder groups, including:

Employees, communities, the environment and other stakeholders.

Each of our policies is formally communicated throughout the organization and is mandatory for all employees and members of the organization.





Policy		Related SDGs
	Quality We are committed to delivering products that meet stringent quality standards, providing the best service and support to ensure customer satisfaction, with a focus on quality and on-time delivery.	  
	Environmental We reaffirm our commitment to environmental protection and the conservation of natural resources, the sustainability of alpaca and the reduction of environmental impacts. We promote eco-efficiency, the responsible use of resources, clean energy and sound waste management.	  
	Social and ethical We foster an environment that promotes the well-being of our employees and their families. We encourage ethical conduct based on honesty, integrity and transparency with all our stakeholders, while maintaining open and ongoing communication.	  
	Occupational health and safety We safeguard the physical integrity, health and safety of all persons involved in our operations, complying with applicable laws and regulations and promoting preventive and proactive management together with our employees.	 
	Export security We secure our exports through a management system designed to prevent illicit activities, ensure regulatory compliance and promote continuous improvement throughout the supply chain and information technologies.	
	Non-discrimination We promote equal opportunities and combat discrimination, in accordance with the Universal Declaration of Human Rights and other relevant instruments.	 
	Prevention of child labor We are committed to the eradication of all forms of exploitation and child labor, ensuring that no child or adolescent is employed in violation of applicable legal requirements.	 
	Prevention of sexual harassment We promote safe and respectful workplaces and provide channels through which our employees can report cases of workplace sexual harassment.	 
	Alcohol and drugs We maintain zero tolerance for alcohol and drug use, promoting the health, safety and well-being of our employees and the safety of our operations.	



3.3

Code of ethics

At Michell, our organizational culture is founded on ethical principles, corporate values and standards of conduct that guide the actions of all our employees, executives and representatives in the performance of their duties and in their relationships with our stakeholders.

The Code of Conduct and Ethics establishes the fundamental principles that guide our decisions and conduct, promoting management based on integrity, honesty, transparency, respect, responsibility and regulatory compliance. It also fosters ethical, trust-based relationships with our employees, customers, suppliers, shareholders, communities and other stakeholders.

Complementing the Code, the Internal Work Regulations (RIT) provide the regulatory framework governing rights, obligations, standards of conduct and workplace guidelines within the organization, promoting a safe, inclusive and respectful working environment aligned with applicable legislation. In addition, we have Internal Occupational Health and Safety Regulations, which are intended to communicate safety standards to all employees, who are required to comply with them and actively participate in risk prevention and mitigation.

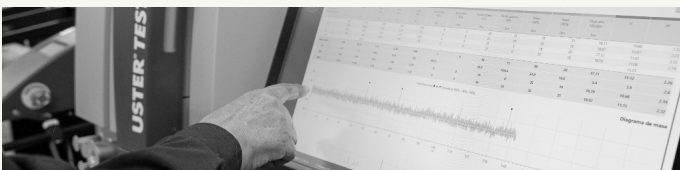


These instruments include provisions concerning equal opportunities, non-discrimination, the prevention of workplace sexual harassment, the prohibition of child labor, occupational health and safety, the prevention of alcohol and drug use, and respect for human and labor rights.

To ensure that they remain current and aligned with regulatory developments and corporate best practices, the Code of Conduct and Ethics and both sets of regulations are periodically reviewed and updated.

Their dissemination and communication form part of our employee induction processes and institutional training programs, through talks, workshops, internal campaigns and other awareness-raising activities that strengthen understanding of and compliance with the principles and standards governing our organization.

Through these mechanisms, Michell reaffirms its commitment to responsible, transparent and sustainable management, fostering a culture of integrity and respect that contributes to people's well-being and to the sustainable development of the company and its stakeholders.





4. Our stakeholders





4.1

Human capital – Our team

GRI General Disclosures 2-7, 2-8, 2-19,
2-20, 2-21, 2-29, 2-30
GRI Standard 401 (2016)
Topic-specific Disclosure 401-2, GRI 3-3



Michell is committed to the growth and development of its human capital, recognizing its people as a key strength in meeting commitments and achieving the challenging objectives established by the organization. We recognize the importance of our employees and therefore strive to provide the best possible working conditions for our team.

This material topic reflects the company's commitment to safeguarding and implementing good labor practices. It represents the organization's responsibility towards its workforce, both through compliance with applicable labor laws and regulations and through voluntary initiatives that benefit our employees, in line with our corporate social responsibility commitments.

In 2024 and 2025, our workforce comprised 1,275 and 1,135 employees, respectively, who support the delivery of our operations and services.

The following tables provide a breakdown of our workforce by gender, employment type and location:

Gender / Year	Permanent employees	
	2024	2025
Men	540	493
Women	735	642
Total	1275	1135
Location / Year	Permanent employees	
	2024	2025
Perú	1275	1135
Total	1275	1135

Our duly qualified personnel are assessed by the Human Resources Department in accordance with specific procedures designed to ensure the recruitment of suitable candidates who effectively meet the organization's requirements. This contributes to the delivery of the high-quality services that characterize Michell.



The company establishes salaries based on the functions and responsibilities assigned to each position, ensuring that compensation is fair and competitive within the labor market.

In addition, the company consistently and rigorously fulfills all obligations towards its employees, complying with applicable labor laws and safeguarding their employment rights, including the timely payment of salaries, statutory benefits and applicable bonuses.

This approach strengthens employee trust and well-being while fostering an ethical and transparent work environment.

During the reporting year, the company received no fines or sanctions of any kind in this regard. With respect to the annual total compensation ratio, this information is not disclosed due to company confidentiality considerations.

Each permanent employee is formally registered on the company's payroll and is therefore entitled to all statutory employment benefits under Peruvian labor law, including:

- **Health benefits**
- **Statutory Life Insurance (Seguro Vida Ley)**
- **Paid annual leave**
- **Compensation for Time of Service (CTS)**
- **Statutory bonuses (Gratificaciones)**
- **Pension fund contributions**
- **School allowance and other applicable benefits**





As previously stated, we also provide voluntary benefits, which are detailed below:

Category	Voluntary benefit	Description
Family Support	Voluntary Family Allowance	Benefit provided to employees who do not have children or whose children have exceeded the statutory age limit.
Education	School Allowance	Financial support to help cover the educational expenses of employees' children.
Education	School Loan	Financing provided on preferential terms to cover family educational expenses.
Recognition	Labor Day Allowance	Financial benefit provided in accordance with the collective bargaining agreement.
Recognition	Quality Incentive	Financial recognition awarded for consistent performance in assigned duties.
Service Recognition	Length-of-Service Bonus	Benefit granted to employees for every five years of service with the company.
Service Recognition	Seniority Bonus	Special benefit granted upon completing 10 and 15 years of service.
Meals	Meal Allowance	Subsidy for breakfast and partial subsidy for lunch and dinner.
Meals	Night-Shift Meal Allowance	Meal benefit provided to employees who work night shifts.
Employee Well-being	Meal Break During Working Hours	Employees are entitled to a 45-minute meal break considered part of their working hours across all three shifts.
Employee Well-being	Birthday Meal	Special meal provided to employees in celebration of their birthday.
Compensation	Additional Night-Shift Premium	Additional financial benefit above that required by applicable labor legislation, including employees who are not legally entitled to it.
Compensation	Voluntary Salary Increase	Salary increase granted to employees with more than three years of service and upon reaching specific seniority milestones.
Compensation	Position-Based Bonuses	Financial benefit granted in accordance with the company's compensation policy.
Compensation	Merit-Based Bonuses	Financial recognition based on performance assessment and individual merit.
Family Support	Bereavement Allowance – Immediate Family Member	Financial support provided to an employee upon the death of an immediate family member.
Family Support	Bereavement Allowance -Employee	Benefit provided to the family of a deceased employee.
Education	Academic Excellence Award	Recognition granted to employees' children who rank among the top five students based on academic performance.
Employee Engagement	Christmas Gift Basket	Christmas gift basket provided to employees during the year-end holiday season.
Well-being and Health	Personal Hygiene Supplies	Periodic provision of personal hygiene products to employees.



Programs and initiatives to strengthen organizational culture, well-being and sustainability.

Initiative	Objective	Scope and impact
360° Communication	Strengthen organizational culture through the dissemination of corporate values, quality, safety and eco-efficiency.	Conducted weekly with operational personnel, promoting active listening spaces to gather observations, suggestions and opportunities for improvement. Information is channeled to supervisors and responsible areas for assessment and potential implementation.
Workplace Climate Strengthening	Promote a safe, participatory and motivating work environment.	Based on the results of the 2025 workplace climate survey (76%), actions were implemented to promote creativity and employee initiative, as well as the assessment and improvement of well-being services such as medical care, social services and the cafeteria.
"Michell Zero Harassment" Program	Prevent and eradicate all forms of workplace harassment.	Ongoing initiative focused on awareness-raising and promoting a culture of respect, while strengthening prevention and response mechanisms.
"Quality: Think Differently" Campaign	Reinforce the importance of quality as a cross-cutting value in both work and everyday life.	Reached 100% of employees, promoting a culture based on attention to detail, continuous improvement and purposeful work.
Climate Change Awareness Campaign	Raise awareness of environmental challenges and each employee's role in mitigating impacts.	Through participatory activities, quizzes and on-site training, good environmental practices and a commitment to sustainability were promoted.
#ParaTuVida Campaign	Promote employees' personal and professional development.	Weekly content aligned with corporate pillars is shared, providing practical tools and recommendations applicable to both the workplace and everyday life.
"Your Idea, Our Strength" Program	Foster innovation, creativity and continuous improvement.	Ongoing campaign encouraging the submission of proposals aimed at optimizing processes, generating efficiencies and adding value to the organization.
Recognition for Exemplary Performance	Recognize commitment and workplace discipline.	During the reporting period, 142 employees were recognized for maintaining an outstanding record of attendance, punctuality and overall performance.
PAC Program	Recognize initiatives, good practices and exemplary actions.	Promotes active employee participation through symbolic recognition of outstanding contributions in quality, innovation and performance.
Institutional Recognition and Celebrations	Strengthen employees' sense of belonging and recognition.	Includes recognition on commemorative dates (Mother's Day, Father's Day, Women's Day and Labor Day) and celebrations related to technical and professional specializations.
Señor de los Milagros Volunteer Team	Promote employee integration and voluntary participation.	An initiative that strengthens the values of identity, tradition and internal cohesion.
Fire Safety Training	Strengthen emergency response capabilities.	In coordination with the Virgen de Chapi Fire Department, 139 employees were trained in the proper use of fire extinguishers and initial incident response.
"You Take Care of Yourself, We Take Care of Each Other"	Promote hygiene practices and disease prevention.	Awareness-raising activities were conducted on handwashing and preventive measures to safeguard health and process quality.
Campaign Vaccination	Contribute to employee well-being and preventive health.	Vaccination campaigns and medical assessments were conducted to support early detection and the prevention of health risks.
LUP Medical Briefings	Promote a culture of participation, continuous learning and improvement through spaces for dialogue where employees can share perceptions, suggestions and opportunities to improve both their own well-being and operational excellence.	LUPs (One-Point Lessons) are conducted weekly across the different areas and processes of the company's facilities, involving work teams in the analysis of operational and management topics. This practice strengthens internal communication, promotes continuous improvement and contributes to the development of a collaborative environment focused on operational excellence.



Michell strives to provide the best possible work environment and conditions for talent development and employee empowerment. The company promotes continuous training, occupational health and safety, professional growth and development, supporting employees in achieving their full potential and enhancing productivity.





4.2

Knowledge management

GRI Standard 401 (2016), Topic-specific Disclosure 404-2, GRI 3-3

Michell continuously promotes training and capacity building throughout its value chain, with the aim of strengthening competencies, performance and employability. Given the nature of our operations, knowledge management and continuous learning are strategic and highly relevant aspects for the organization. We therefore foster training opportunities focused on professional development, continuous improvement and strengthening the capabilities of our workforce.



The company also has a Performance Evaluation Program, conducted annually by the Organizational Development area. In addition, each year we assess our organizational climate to maintain and continuously improve working conditions and the work environment for the benefit of our team and other stakeholders.



The company provides internal training programs for employees involved in its operations. These programs cover technical topics as well as matters related to quality, safety, certifications, resource efficiency and environmental protection, together with personal development. Each training session also provides an open communication channel through which employees can share opinions and suggestions of any kind.

Based on the above, the following results were recorded for the reporting period:

Indicator	2024	2025
Training attendance rate (%)	88.4	91.1
Training hours provided	564	698
Investment in training	S/ 61 306.57	S/ 66 916.94

As previously stated, our training programs focus on enhancing our employees' capabilities, strengthening their performance and enabling them to respond effectively to an evolving work environment.

At present, the company does not provide programs to support employees in cases of retirement.





Training and capacity building

1 With alpaca-farming communities

At Michell, we understand that sustainable development requires strengthening the capabilities of both our employees and the communities that form part of our value chain. Therefore, in addition to implementing ongoing internal training programs, we promote the transfer of knowledge and best practices to alpaca producers, associations, cooperatives, farms and high-Andean communities linked to our operations.

These initiatives contribute to improving fiber quality, promoting sustainable production practices, strengthening producers' management capabilities and creating economic development opportunities for alpaca-farming families.



2 With our service providers

At Michell, our commitment to service providers extends beyond technical support and quality assurance. We seek to build relationships based on shared values and exemplary ethical conduct. Accordingly, we actively promote adherence throughout our supply chain to our internal policies and global standards, which require unrestricted respect for human rights, non-discrimination, the absolute prohibition of child labor and zero tolerance for corruption, bribery and illicit trafficking of goods.

We grow alongside our business partners, consistently seeking to foster a fair, ethical and sustainable business environment. The company has two labor unions, with 15% of employees represented by them.

In line with our due diligence approach and commitment to respecting the human rights we promote, we address these matters with our employees and other stakeholder groups to reinforce appropriate conduct and compliance with our standards.

During the reporting year, we received no fines or sanctions of any kind in relation to these matters. With respect to the annual total compensation ratio, this information is not disclosed due to company confidentiality considerations.





Training and capacity building

3 With the community at large



Michell Talks is a communication, information and learning platform designed for the general public. Through conversations with professionals and specialists, we share experiences, knowledge and diverse perspectives on topics related to Michell, its industry and its various areas of development.

This initiative seeks to inform, educate and share knowledge in an engaging and accessible manner, giving a voice to those who form part of Michell's experience, expertise and legacy.



Mundo Alpaca is a cultural and educational initiative by Michell & Cía., created to showcase the richness of Peru's textile tradition to both domestic and international visitors. Through an immersive experience, visitors can learn about alpacas and vicuñas, their fibers, traditional fiber sorting and weaving processes, as well as the history and evolution of the textile industry.

It is a space dedicated to informing, educating and preserving our cultural heritage, bringing the public closer to the knowledge, traditions and textile legacy of Peru.





Training and capacity building

Participation by gender



980
Producers trained
Associations, cooperatives,
farms and communities.



705
72%
Men
275
28%
Women
Cumulative participation
2024 - 2025

Main training topics



Certificación RAS

Dissemination of sustainability and animal welfare standards.



Use of production records

Strengthening product traceability and management.



Sorting according to the Peruvian Technical Standard (NTP)

Improving fiber quality and management practices.



Fiber commercialization

Increasing knowledge of markets and product value enhancement.



Training of field technicians

Strengthening technical capabilities to provide assistance and support to producers.

Other specialized topics Development of production, environmental and management capabilities.

Impact on our value chain



Alpaca producer associations



Cooperatives



Private farms



High-Andean communities

100% of training sessions documented
Attendance records and training materials.

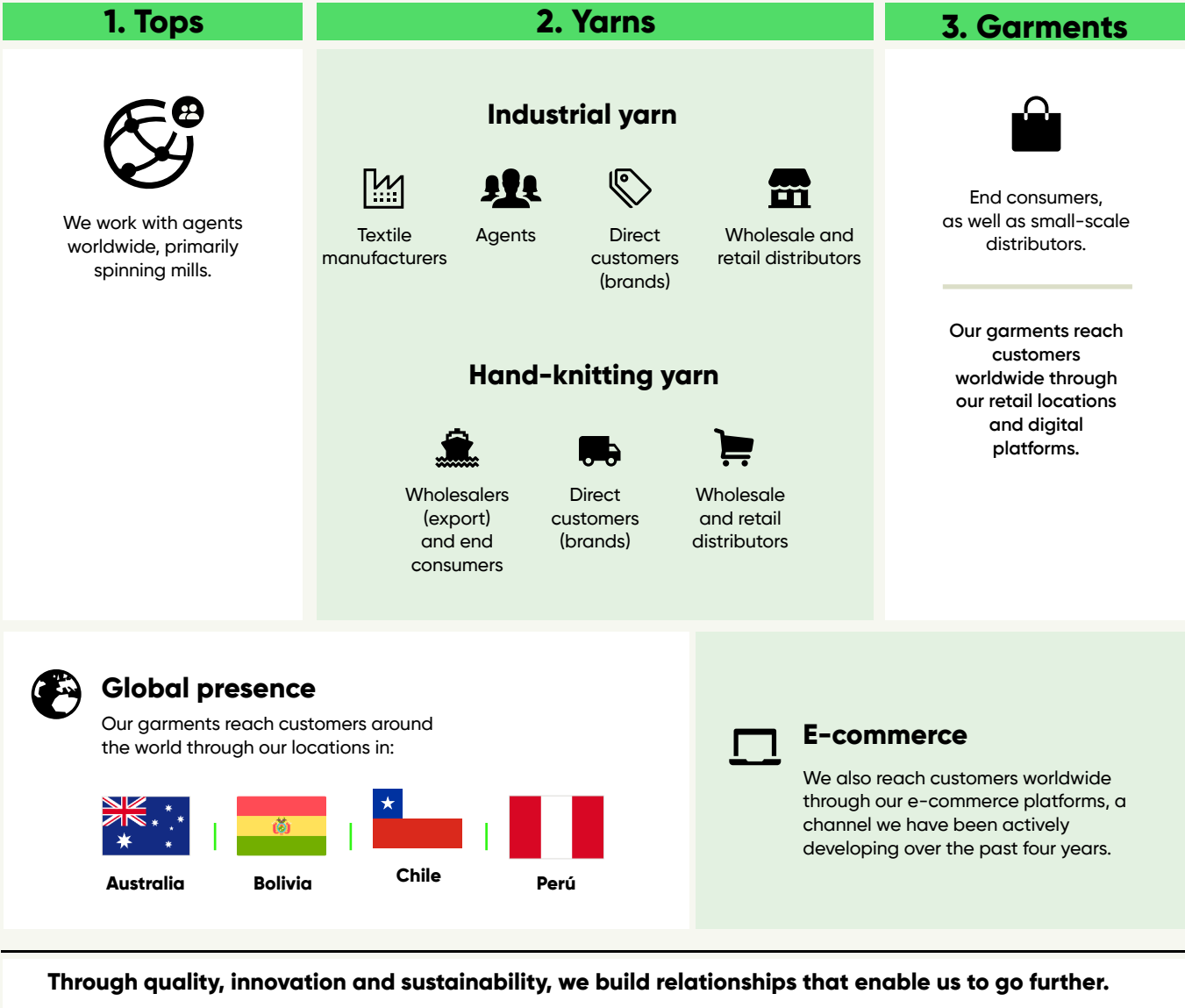




4.3

Our customers

Bringing alpaca fiber to the world





International presence and customer engagement

As part of its commercial strategy and its commitment to strengthening long-term customer relationships, Michell actively participates in leading international events in the textile and natural fiber industry. These platforms provide opportunities to present new collections, identify market trends, strengthen business partnerships and position alpaca fiber in the world's leading markets.

Trade show	Location	Michell's participation	Objective
 H+H Cologne	Cologne, Germany	Customer meetings and sales activities during March and April.	Presentation of the Spring–Summer collection and strengthening of relationships with international customers and distributors. Michell maintains a policy of respecting its distribution channels, avoiding direct competition with wholesale customers participating as exhibitors.
 H+H Americas	Chicago, United States	Attended as a visitor.	Business meetings and collection presentations for North American customers who were unable to attend the Cologne edition, strengthening customer relationships and providing personalized service.
 Pitti Filati	Florence, Italy	Exhibited with its own booth.	Presentation of the Hand Knitting and Machine Knitting collections for the Fall–Winter season. This is Michell's most strategically important trade show, providing an opportunity to showcase its latest alpaca and wool fiber innovations and developments to the global market.
 Spin Expo - NY	New York, United States	Commercial participation and collection promotion.	Generation of business opportunities, identification of market trends and strengthening the presence of Peruvian alpaca in international markets.
 Perú Moda	New York, United States	Participation as a trade promotion platform.	Promotion of Peru's export offering and strengthening of business relationships with international buyers, designers and brands.



Creating value for our customers

Participation in these international events enables Michell to maintain close communication with its customers, understand evolving market needs and develop innovative solutions aligned with global trends in sustainability, quality and design.

Furthermore, these initiatives contribute to positioning alpaca fiber as one of the world's most highly valued natural fibers, strengthening the competitiveness of the value chain and creating new opportunities for the producers and communities involved in this activity.





4.4

Environmental management

GRI Standard 302 (2016)

Topic-specific Disclosure GRI 302-1, GRI 3-3

GRI Standard 303 (2016)

Topic-specific Disclosure GRI 303-5, GRI 3-3

Michell recognizes the importance of environmental protection and conservation and acknowledges the challenges, risks and impacts associated with climate change.

With this in mind, we manage our environmental performance with a focus on achieving the highest possible levels of efficiency and sustainability, preventing and mitigating environmental impacts, and protecting natural resources, among other priorities.



These efforts are carried out in accordance with our Environmental Policy, Environmental Management Plan and Solid Waste Segregation Plan.

During the reporting period, Michell implemented a range of initiatives aimed at regulatory compliance, the prevention of environmental impacts, eco-efficiency and the continuous improvement of environmental performance. These initiatives were implemented across our Washing and Combing, Spinning, and Finishing and Dyeing operations.





Program	Objective	Main activities
Environmental Commitments and Regulatory Compliance	Ensure compliance with environmental commitments and prevent regulatory contingencies.	- Environmental monitoring at all three production facilities. - Reports and regulatory filings submitted to the relevant authorities. - Employee training. - Monitoring of Environmental Management Instruments.
Environmental Monitoring and Control	Strengthen environmental competencies and promote a culture of sustainability.	- Annual environmental monitoring. - Management and segregation of hazardous and non-hazardous waste. - Collection and transfer of waste electrical and electronic equipment (WEEE).
Environmental Awareness and Training	Strengthen environmental competencies and promote a culture of sustainability.	- Training in Cleaner Production and eco-efficiency. - Implementation of environmental information boards. - Awareness campaigns for World Water Day, World Environment Day, Earth Hour and climate change.
Environmental Auditing and Risk Prevention	Verify legal compliance and prevent environmental risks across operations.	- Environmental audits and inspections at production facilities. - Follow-up on corrective and preventive actions.
Environmental Contingency Management	Strengthen emergency preparedness and response capabilities for environmental incidents.	- Development and updating of emergency response procedures. - Chemical spill response drills. - Training in environmental emergency response.
Sustainability and Eco-efficiency	Reduce environmental impacts and promote continuous improvement.	- Update of the ISO 14001 Environmental Management System. - Circular economy and eco-efficiency initiatives. - Development of the "Hilando Verde" project.



Regarding our material topic **Energy**, consumption during the reporting periods was as follows:

	2024	2025
Fuel – Sm ³	1 971 048.00	1 875 025.00
Electricity kWh	13 925 400	13 900 400



Regarding our material topic **Water**, consumption during the reporting periods was as follows:

	2024	2025
Water – m ³	434 330.00	430 030.00





Waste Management and Segregation

At Michell, we promote comprehensive waste management based on the principles of prevention, recovery, and the circular economy.

As part of our commitment to environmental protection, we implement source segregation procedures that enable the proper classification of waste generated by our operations, facilitating its recovery, recycling, treatment, or final disposal in accordance with applicable regulations.

During the reporting periods, we continued to strengthen our waste management practices through the Annual Solid Waste Declaration for the 2024 and 2025 periods, registered and managed through the Solid Waste Management Information System (SIGERSOL), the official platform of Peru's Ministry of the Environment.

2024						
Plant	Hazardous waste	Recoverable non-hazardous waste	Non-recoverable non-hazardous waste	WEEE	(ELTs)	Discarded material
Total (TN)	13.4378	127.21	87.43	1.3965	0.029	656.63

2025							
Plant	Hazardous waste	Recoverable hazardous waste – polyester sliver waste with colorant	Recoverable non-hazardous waste	Non-recoverable non-hazardous waste	WEEE	ELTs	Discarded material
Total (TN)	5.8573	1.1008	110.45106	50.5524	0.8199	0.029	656.63





4.5

Michell and Its Community

During 2024 and 2025, Michell reaffirmed its commitment to the sustainable development of the communities connected to its value chain, recognizing the importance of our areas of influence and, in particular, of alpaca producers, who contribute to preserving and strengthening one of the world's most highly valued natural fibers.



In line with the information reported in previous years, we maintain close, long-term relationships with our communities, promoting initiatives that contribute to capacity building, improved productivity, local economic development, and a better quality of life for alpaca-producing families. The scope of this material topic remains consistent with previous reports, with no relevant omissions or limitations in the information presented.

At Michell, we understand sustainability as an integral part of the way we do business. We are aware that our activities generate economic, social, and environmental impacts. We therefore manage these impacts responsibly, seeking to contribute to people's well-being, stronger communities, and the conservation of the natural resources that sustain our operations.



During the 2024–2025 period, we continued implementing training, technical assistance, and capacity-building programs aimed at alpaca producer associations, cooperatives, farms, and communities. These initiatives provided training to 980 alpaca producers, promoting good production practices, sustainability standards, responsible fiber management, improved quality, and access to greater development opportunities.

Through these efforts, Michell contributes to strengthening a sustainable, inclusive, and resilient value chain, benefiting producer families, supporting the development of highland communities, and promoting the long-term sustainability of alpaca production for future generations.



Transforming Lives
Through Education

Mirasol School is a social initiative supported by Michell and international partners, focused on providing educational opportunities and better living conditions for children and adolescents from highland communities connected to alpaca production. It is important to highlight that Michell contributes between 60% and 65% of the program’s financial support.



Indicator	Result
Students benefited	75
Educational levels served	Early Childhood, Primary and Secondary Education
Daily meals	Breakfast, lunch and dinner
Student accommodation	100% of beneficiaries
Educational materials provided	100% of students
Academic support	Ongoing
International partner companies	5

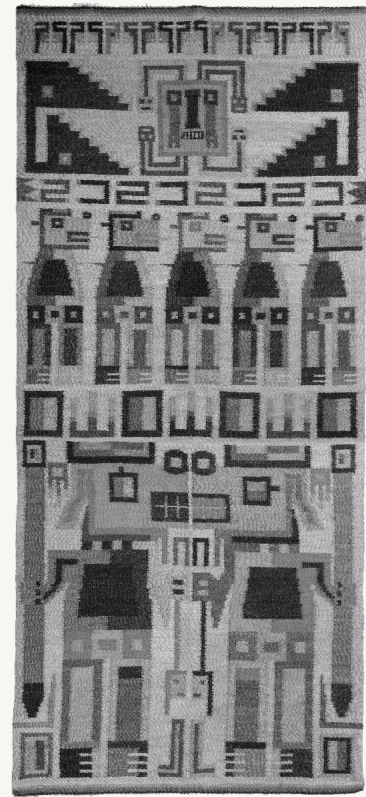




ARTE MICHELL

Arte Michell is one of Michell & Cia.'s most emblematic cultural programs. Since its creation in 1981, the competition has established itself as one of Peru's most important private initiatives for the promotion of the arts, contributing to the development and recognition of national talent across a range of artistic disciplines.

During 2024 and 2025, Arte Michell continued to strengthen its commitment to promoting Peruvian art, providing a platform for artists from across the country to exhibit their work and gain recognition. The competition maintained its Watercolor, Oil Painting, and Textile Art categories, fostering creativity, innovation, and the preservation of artistic expressions connected to Peru's cultural identity.



The Textile Art category was particularly significant, showcasing traditional and contemporary techniques inspired by the Andean textile heritage and contributing to the appreciation of ancestral knowledge and the strengthening of cultural industries associated with Peru's natural fibers.

Through this initiative, Michell reaffirms its commitment to culture and sustainable development, creating spaces that bring together artists, communities, and the general public, while contributing to the preservation and promotion of Peru's artistic heritage. After more than four decades of uninterrupted history, Arte Michell continues to be a leading platform for the promotion of Peruvian art and an important vehicle for inspiring new generations of artists.



Sustainability Programs and Campaigns Across Our Brands

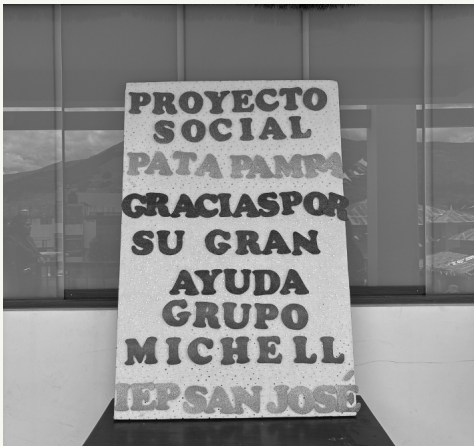
Michell's brands actively contribute to the creation of social, environmental, cultural, and economic value by developing initiatives aligned with our sustainability commitments and strengthening their positive impact on our communities and stakeholders.





SOL ALPACA

Initiative	Focus	Results and Impact
Comprehensive Medical Campaigns	Community health	1,350 medical consultations planned, benefiting 12 rural communities in Puno and reaching a population of 17,200 people.
Infinity Scarves	Circular economy	Repurposing textile by-products to create sustainable accessories, helping reduce waste generated during the production process.
Amano Museum Collection	Cultural heritage	Contribution to the annual funding of the Amano Museum, supporting the preservation and promotion of Peru's pre-Columbian textile heritage.
Origins Collection	Textile sustainability	The world's first brand with alpaca fiber, yarn, and garments certified under the GOTS (Global Organic Textile Standard).



patapampa
ALPACA APPAREL

Initiative	Focus	Results and Impact
Huancané Educational Infrastructure	Education	Construction and outfitting of one classroom with capacity for 30 students, as well as restroom facilities for the Huancané Parish Educational Center.
Knit & Save	Circular economy	Development of products using internally recovered materials, promoting the responsible use of resources.
Organic Collection	Textile sustainability	The second Michell Group brand to achieve GOTS certification, expanding the range of sustainable and certified products.
Mirasol Collection	Community education	Ongoing funding for Mirasol School through the sale of products that support the initiative.



mundo alpaca

Initiative	Focus	Results and Impact
Educational Tourism Experience Centers	Education and culture	Operation of 4 experience centers located in Arequipa, Lima, Cusco Chinchero, and Cusco City, offering free admission to domestic and international visitors.
Promotion of Alpaca Culture	Education and awareness	Promoting knowledge of alpaca fiber and its industrial processing, Peru's pre-Columbian and Inca textile heritage, and its contribution to the Peruvian economy.



Key Highlights 2024–2025

Committed to the sustainable development of our communities, environmental stewardship, and the preservation of our heritage.

						
1,350	12	17,200	1	2	4	
Projected medical consultations	Rural communities reached	People within the area of impact	Classroom built and equipped	Michell Group brands with GOTS certification	Mundo Alpaca experience centers	Positive and sustainable social, environmental, cultural, and economic impact

Sol Alpaca	Patapampa	Mundo Alpaca
Community Health Comprehensive Medical Campaigns in Rural Communities 1,350 Projected medical consultations	Educational Infrastructure Huanané 1 classroom built and equipped (capacity for 30 students), plus complete restroom facilities.	Tourism and Educational Experience Centers Domestic and international visitors can learn free of charge about alpaca fiber, its industrial processing, Peru's pre-Columbian and Inca textile heritage, and its impact on the regional and national economy.
Communities Reached 12 Rural communities in Puno	Circular Economy Knit & Save Creation of a product line using internally recycled materials.	4 Operating Centers Free admission to the public:
People within the Area of Impact 17,200 People benefiting directly and indirectly	Textile Sustainability Organic Collection Second Michell Group brand to achieve GOTS certification.	 Arequipa  Lima  Cusco  Cusco Chinchero
Textile Sustainability Origins Collection The world's first brand with alpaca fiber, yarn, and garments GOTS-certified.	Ongoing Educational Support Mirasol Collection Partial annual funding for Mirasol School.	



5. Our Sustainability Report





5.1

Our Sustainability

General Disclosures 2-25, 2-26, 2-29

The material topics disclosed in this Sustainability Report have been defined based on our materiality assessment. This assessment considered the activities, operations, and impacts generated during 2024 and 2025, identifying and determining those of greatest relevance. For the reporting periods, two indicators have been disclosed for each of the ESG criteria assessed: economic (governance), social, and environmental.

The company's sustainability management approach focuses on its key stakeholder groups: shareholders, employees, customers, suppliers, communities, government, and the environment.

The organization recognizes the value of each of these groups and, accordingly, promotes relationships based on trust, transparency, ongoing dialogue, and responsible collaboration, among other principles. Within this framework, we maintain communication mechanisms that enable us to identify expectations, address concerns, respond in a timely manner, and strengthen our close and participatory approach to sustainability management.





In line with the above, we contribute not only to risk mitigation, but also to identifying opportunities for improvement and value creation, generating positive impacts on our economic (governance), social, and environmental performance. We work collaboratively with different agents of change and key stakeholders who share our approach, commitment, and actions toward corporate social responsibility and sustainable development.

Our current Sustainability Report has been prepared in accordance with the “In Accordance – Essential” option of the GRI Standards. As previously stated, it comprises 30 General Disclosures, 6 Topic-specific Disclosures, and 8 indicators resulting from the materiality assessment and selected to report on this second year of sustainability disclosure under this reporting option.

The report has been prepared over several years and is currently developed with the specialized advisory support of HumanizaRSE – Acción Sostenible.



Stakeholders



Employees



Customers



Shareholders



Environment



Suppliers



Community



Government
and Society



5.2

Principles



01



Understand the Organization's Context

- Activities and business relationships, including the Mission, Vision, Purpose, operations, product and service portfolio, and Supply Chain.
- An overview of stakeholders.
- The sustainability context in which the organization operates.

02



Identify Impacts

- The methodology used to identify impacts covers all our activities and business relationships.

03



Assess Impacts

The priority of impacts was analyzed using the following methodology:

- For the assessment of financial materiality, criteria related to financial impact, impact on the company's strategy, risks, and opportunities were applied.
- In addition, impact significance criteria and expert opinion were considered.

04

Materiality Matrix

- In the final stage, the material topics were determined and, using the Global Reporting Initiative (GRI) Standards, the identified topics were aligned with the corresponding standards.



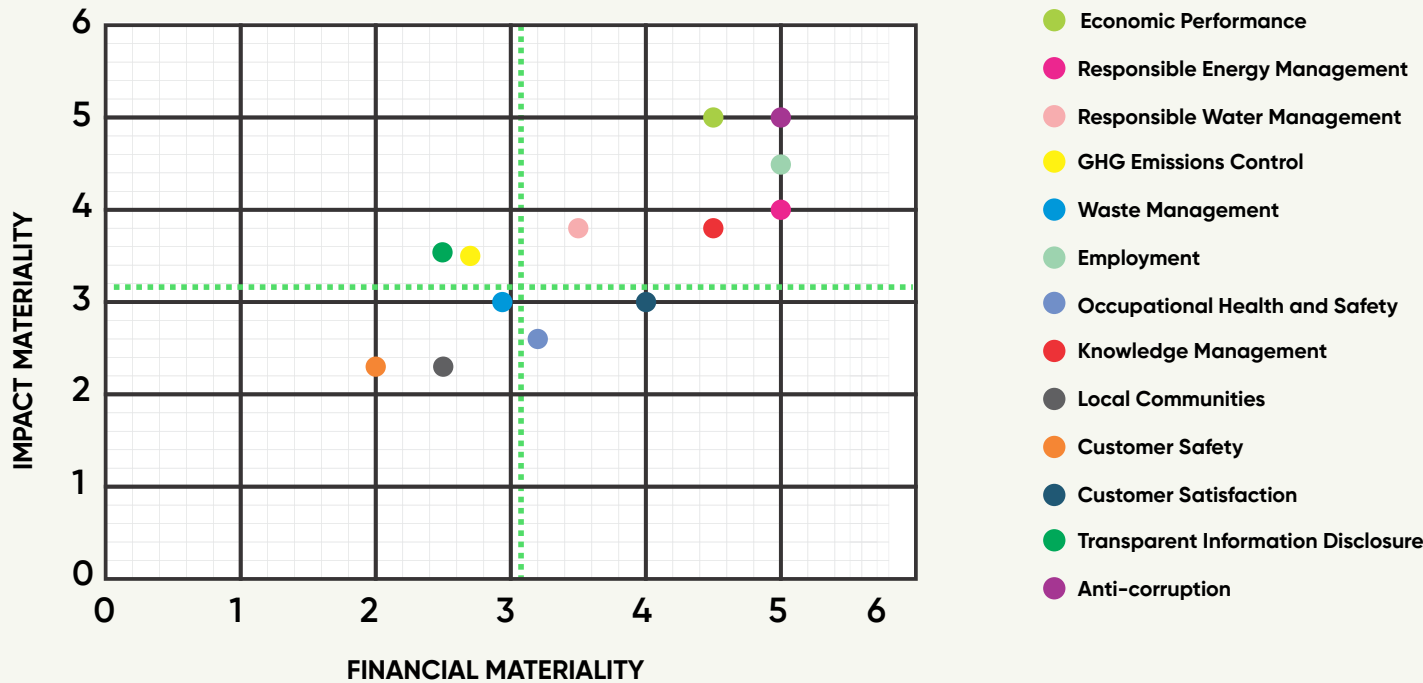
5.3 Materiality Analysis

ESG	Specific Disclosures	Definition
G	201 Economic Performance	Value creation, growth, and financial stability through the efficient management of resources.
	205 Anti-corruption	Commitment to transparency and ethics in operations, ensuring integrity, legality, and due process in procedures, management, and business relationships.
E	302 Responsible Energy Management	Efficient and sustainable use of energy resources to minimize environmental impact and optimize performance.
	303 Responsible Water Management	Efficient and sustainable use of water resources to minimize environmental impact and optimize performance.
	305 GHG Emissions Control	Measures and technologies aimed at reducing and managing the release of greenhouse gas (GHG) emissions.
	306 Waste Management	Appropriate processes for waste collection, treatment, and disposal. Includes reduction, reuse, recycling, and safe disposal, ensuring regulatory compliance and resource optimization.
S	401 Employment	Strategies and processes to manage, develop, and optimize the organization's human talent.
	403 Occupational Health and Safety	Measures, standards, and practices designed to ensure a safe working environment.
	404 Knowledge Management	Development and strengthening of employees' skills, competencies, and abilities through learning, training, and professional development programs.
	413 Local Communities	Actions and resources dedicated to improving the social, economic, and environmental well-being of surrounding communities.
	416 Customer Safety	Measures and protocols implemented to safeguard customers.
	417 Customer Satisfaction	Fulfillment of customer expectations and requirements, fostering trust, preference, and loyalty.
	418 Transparent Communication of Information	Protection of customers' sensitive data and assurance of its appropriate handling in accordance with regulations and ethical principles.

* G = Governance
* E = Environmental
* S = Social



Materiality Diagram



Below is the breakdown of the identified impact and financial materiality. The indicator for each category selected and considered for reporting for the 2024 and 2025 periods is highlighted:

IMPACT MATERIALITY	FINANCIAL MATERIALITY
Economic Performance	Economic Performance
Anti-corruption	Anti-corruption
Employment	Responsible Energy Management
Responsible Energy Management	Employment
Knowledge Management	Sustainable Water Management
Sustainable Water Management	Knowledge Management
Occupational Health and Safety	GHG Emissions Control
GHG Emissions Control	Occupational Health and Safety
Customer Satisfaction	Waste Management
Waste Management	Customer Satisfaction
Local Communities	Transparent Information Disclosure
Transparent Information Disclosure	Local Communities
Customer Safety	Customer Safety

According to the Materiality Chart – Analysis Priority



5.4

GRI International Standards

GRI Content Index General Disclosures

The Organization and Its Reporting Practices				
General Disclosures		Page	Omissions	External Assurance
2 – 1	Organizational details	5 – 8	-	No
2 – 2	Entities included in the organization's sustainability reporting	5 – 8	-	No
2 – 3	Reporting period, frequency and contact point	5 – 8	-	No
2 – 4	Restatements of information	5 – 8	-	No
2 – 5	External assurance	5 – 8	-	No
Activities and Workers				
2 – 6	Activities, value chain and other business relationships	9 – 13	-	No
2 – 7	Employees	30 – 32	-	No
2 – 8	Workers who are not employees	30 – 32	-	No



Governance

General Disclosures		Page	Omissions	External Assurance
2 – 9	Governance structure and composition	14 – 16	-	No
2 – 10	Nomination and selection of the highest governance body	14 – 18	-	No
2 – 11	Chair of the highest governance body	14 – 18	-	No
2 – 12	Role of the highest governance body in overseeing the management of impacts	14 – 18	-	No
2 – 13	Delegation of responsibility for managing impacts	14 – 18	-	No
2 – 14	Role of the highest governance body in sustainability reporting	14 – 18	-	No
2 – 15	Conflicts of interest	14 – 18	-	No
2 – 16	Communication of critical concerns	14 – 18	-	No
2 – 17	Collective knowledge of the highest governance body	14 – 18	-	No
2 – 18	Evaluation of the performance of the highest governance body	14 – 18	-	No
2 – 19	Remuneration policies	25 – 27	-	No
2 – 20	Process to determine remuneration	25 – 27	-	No
2 – 21	Annual total compensation ratio	25 – 27	Confidential Information	No



Policies and Practices

	General Disclosures	Page	Omissions	External Assurance
2 – 22	Statement on sustainable development strategy	3	-	No
2 – 23	Policy commitments	27 – 29	-	No
2 – 24	Embedding policy commitments	27 – 29	-	No
2 – 25	Processes to remediate negative impacts	36 – 39	-	No
2 – 26	Mechanisms for seeking advice and raising concerns	36 – 39	-	No
2 – 27	Compliance with laws and regulations	26 – 27	-	No
2 – 28	Membership associations	21	-	No

Stakeholder Engagement

2 – 29	Approach to stakeholder engagement	30 – 33, 35 – 40	-	No
2 – 30	Collective bargaining agreements	30 – 32	-	No

Contenidos específicos

200 - Topic-specific Disclosures

201 - Economic Disclosures

	Topic-specific Disclosures	Page	Omissions	External Assurance
	Material Topic 3-3	26	-	No
201 – 1	Direct economic value generated and distributed	26	-	No



205 – Anti-corruption

	Topic-specific Disclosures	Page	Omissions	External Assurance
	Material Topic 3-3	26	-	No
205 – 1	Operations assessed for risks related to corruption	26	-	No
205 – 2	Communication and training about anti-corruption policies and procedures	26	-	No
205 – 3	Confirmed incidents of corruption and actions taken	26	-	No

300 – Environmental Disclosures

302 – Energy

	Topic-specific Disclosures	Page	Omissions	External Assurance
	Material Topic 3-3	40 – 41	-	No
302 – 1	Energy consumption within the organization	40 – 41	-	No

303 – Water

	Topic-specific Disclosures	Page	Omissions	External Assurance
	Material Topic 3-3	40 – 41	-	No
303 – 5	Water consumption	40 – 41	-	No

401 – Employment

	Topic-specific Disclosures	Page	Omissions	External Assurance
	Material Topic 3-3	33 – 37	-	No
401 – 2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	33 – 37	-	No

404 – Training and Education

	Topic-specific Disclosures	Page	Omissions	External Assurance
	Material Topic 3-3	33 – 37	-	No
404 – 2	Programs for upgrading employee skills and transition assistance programs	33 – 37	-	No



Prepared in collaboration with:



HumanizaRSE - Acción Sostenible

www.humanizarse.org

Contacts:

- claudia.valencia@humanizarse.org
- ana.perez@humanizarse.org
- sofia.ibarcena@humanizarse.org
- andrea.mallea@humanizarse.org

Phone Numbers:

- 950305525
- 963324271
- 983725822
- 956363968



Humaniza RSE - Acción Sostenible



@humanizarse_accionsostenible



www.michell.com.pe

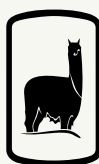


@michell_alpaca



Michell Alpaca

95 years



MICHELL

Passion for Alpaca since 1931

Juan de la Torre 10, San Lázaro | Arequipa | Peru | South America
Telephone: +51 54 20 2525 | E-mail: michell@michell.com.pe

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