



2023 SUSTAINABILITY REPORT

Tecnofil



Term: January - December 2023

Issue date : April 3rd, 2024



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Tecnofil in figures 2023



48

years of experience in the market



\$395

million in sales



42,000

thousands MT of finished product



New warehousing facilities in **USA, Mexico and Puerto Rico.**

Tecnofil



16

Operational Improvement Projects



8 certifications

we continue to maintain for the last 22 years.



6 awards

to our quality, safety, control, and environmental management system.



\$3.8

million in improvement projects





Tecnofil in figures 2023



\$ 356
million dollars in domestic purchases that helped to boost the economy



72%
of improvement on accident rate index compared to 2021



Cero
Environmental accidents

Tecnofil



Cero
Socio-environmental conflicts in our area of influence



\$ 69
thousand dollars of budget for environmental management



33
critical suppliers BASC / AEO in our supply chain



Worldwide presence



Sales in more than 50
countries worldwide



Distribution centers

USA
El Paso

USA
South Carolina

México
Ciudad de Mexico

Puerto Rico
Caguas



We have distribution centers in
USA, Mexico and Puerto Rico.



Our Awards



1st Business Leaders in Sustainability and Environmental Empathy Meeting

During this ceremony we were awarded for signing the Clean Production Agreement and obtaining the third star of the Carbon Footprint program.



We participated in the Accelerate Carbon Day organized by Schneider Electric in the USA. In this event we got positive customer reviews for our Sustainability commitments and projects.



Our Quality Control laboratory achieved excellent results in the chemical analysis-interlaboratory tests organized by the Collaborative Testing Services Inc. (CTS) of the United States!



We were awarded at the "II International Forum: Development of eco-industrial parks and sustainable industrial areas", organized by UNIDO, GEIPP and ZIS Peru, for our commitment to industrial development in our country, through sustainable technologies.



We won the 2023 Quality Sustainability Award, a competition organized by the Instituto para la Calidad - PUCP with the authorization of the International Academy for Quality - IAQ, for our project "Reducing liquid wastes generated during copper processing" at Tecnofil S.A.



Our client Eaton recognized us with an incredible award that highlights the quality of our products and our customer service commitment.



1

Presentation

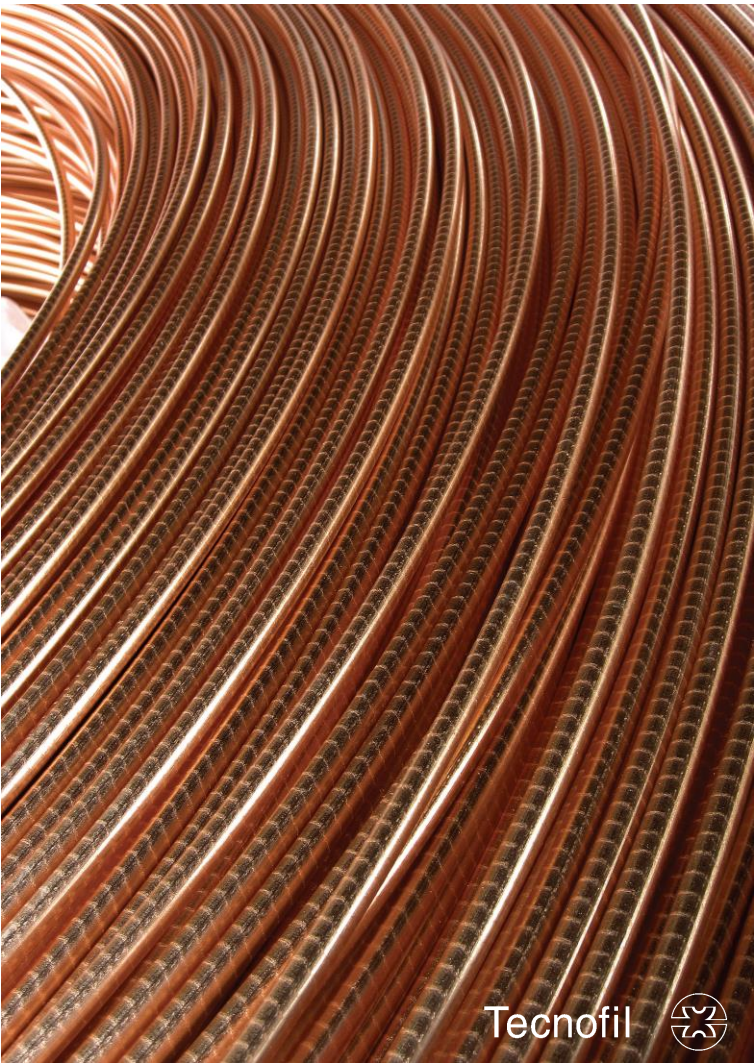
- 01 About us
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1.1 ABOUT US

We have more than 48 years of experience in the manufacture of copper and copper alloy products. We are recognized globally for our quality and competitive pricing, which has allowed us to develop long-term commercial relationships with our customers. We are confident that our quality, service and flexibility make us your most reliable supplier to meet all your requirements.



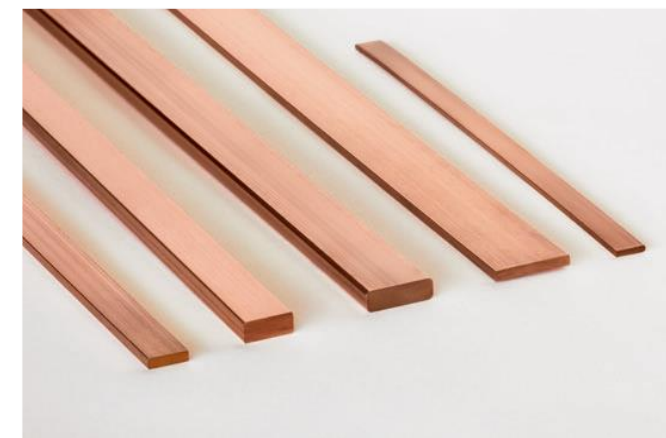


1.2 OUR PURPOSE

Our purpose

We transform copper to build a better world.

+ connected
+ clean
+ efficient





1.3 OUR PRINCIPLES



**You and I
A GREAT TEAM!**

Your welfare is a priority for Tecnofil.
Only by working as a team we can
generate value.



**Focused
WE WIN MORE**

We think and act in the best interest of
the organization, aligning ourselves to
meet all the financial objectives.



**ALWAYS with our
customers!**

We provide a unique and memorable
experience to our clients; from the first
time they contact us.



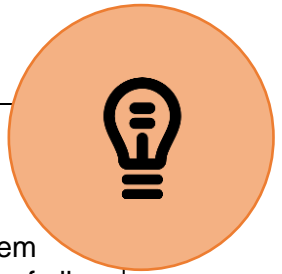
**NEW CHALLENGES
new solutions**

We generate new and better ideas in
an environment of trust. The best
technology is our ally.



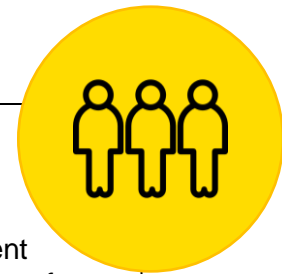
1.4 SUSTAINABILITY APPROACH

Continuous improvement



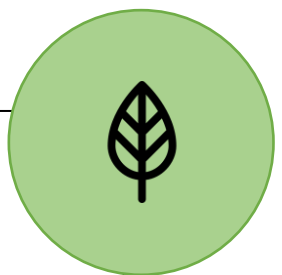
We maintain an Integrated Management System through continuous improvement and integrity of all our processes.

Social commitment



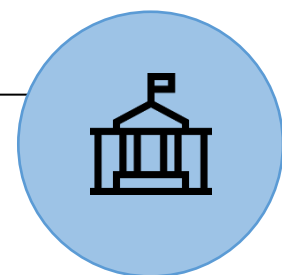
We provide safe working conditions to prevent injuries and health deterioration affecting our safety and the safety of everyone within our area of influence.

Environmental commitment



We protect the environment to prevent pollution, managing the environmental aspects and impacts generated by our activities and products, reinforcing the positive ones and reducing the negative ones.

Commitment to good governance



We have ethics, transparency and accountability as the cornerstones of good governance. Our organizational structure balances the responsibilities of the organization and divides the functions.



2

Continuous improvement

- 05 Strategic planning
- 06 Integrated Management System
- 07 5S
- 08 Improvement Projects





2.1 STRATEGIC PLANNING

STRATEGIC OBJECTIVES

Our commitment to continuous improvement drives us to periodically verify that our processes are adequate and working properly.

BSC INDICATORS

The Balanced Scorecard is a tool or methodology that helps us to achieve an integrated and strategic balance of the progress, growth, productivity and competitiveness of our organization and provides the direction we will follow in the future.

MANAGEMENT REVIEW

Our strategic guidelines to 2026 are periodically reviewed by Senior Management. There are 2 Trinorma Certification (ISO 9001, ISO 14001 and OHSA 18001) annual reviews and 1 BASC/AEO annual review.



26

objectives and 73 strategic initiatives.



100%

compliance with objectives in 2023.



3

annual management reviews



2.2 INTEGRATED MANAGEMENT SYSTEM

23

years certified
with **ISO 9001**

20

years certified
with **ISO 14001**

19

years certified
with **BASC**

17

years with
certification to
ISO 45001
(formerly OHSAS
18001)

10

years certified
with **SMETA**

8

years certified
with **AEO**
**Importer and
Exporter**

1

year certified
with **WCA**
**(Workplace
Conditions
Assessment)**

1

year certified
with **GEA**
**(Good
Employers
Association)**

Tecnofil has a **Certified Integrated Management System** focused on satisfying all its stakeholders: clients, suppliers, employees, shareholders, government and society, within the concepts of Quality, Environment, Integral Safety and Occupational Health, which aims to provide a high-quality product, guided by the guidelines established in our processes for the environmental protection, without prejudice to the health and safety of our employees and community.





2.2 INTEGRATED MANAGEMENT SYSTEM



years with the
Carbon Footprint
verification in
2023

YEARS:

2019
2020



years to be
verified with the
Carbon Footprint
in 2024 and 2025

YEARS:

2022
2023
2024

This measurement aims to obtain
the **4th star** from MINAM, for the
consecutive reduction in more
than two years.



CURRENT



IN PROGRESS





2.4 IMPROVEMENT PROJECTS

Improvement Projects are a tool of our Continuous Improvement process to increase our operational capacity, increase the efficiency of our operations and/or implement new technologies in our processes. This 2024, \$1.4 million is budgeted.

Number of Improvement Projects completed	
2023	2024 (Projected)
16	26





3

Environmental commitment

- 09 Waste Management with a Circular Economy Approach
- 10 Sustainable Production
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- 15 Awareness-Raising

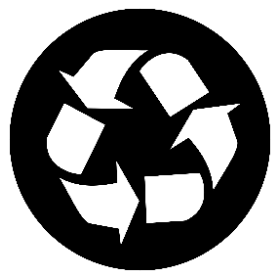




3. ENVIRONMENTAL COMMITMENT

One of the current problems in Peru is the inadequate management of solid waste.

According to figures from the Ministry of Environment* (MINAM), Peru generates 8,214,355.90 tons of waste per year, of which only **1.81%** is **recovered**. This waste is made up of: 56.7% organic waste, 20.9% inorganic waste, 12.7% non-usable waste and 9.7% hazardous waste.



1.81%
of recovered
waste in Peru



8,214,355.90
tons of waste were
generated in Peru in 2021



148,496.63 tons per year
total waste recovered
in Peru in 2021

**Source: Solid Waste Management Information System, 2021*



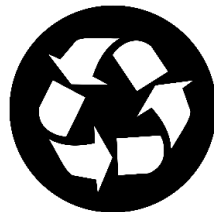
3. ENVIRONMENTAL COMMITMENT

In line with the UN Sustainable Development Goals (SDGs), Tecnofil recovered **93%** of the total waste generated in 2023.

Thanks to our **Circular Economy** initiatives, recovering our waste and using it as supplies for the production of other industries, strengthening our country's waste management and generating indirect employment.



SDG 12: Responsible Consumption and Production



93%

of our waste is
recovered or reused,
5% more than in
2022



7%

of our waste we
dispose of,
5% less than in
2022



3.1 CIRCULAR ECONOMY APPROACH

USE OF RECYCLED RAW MATERIALS

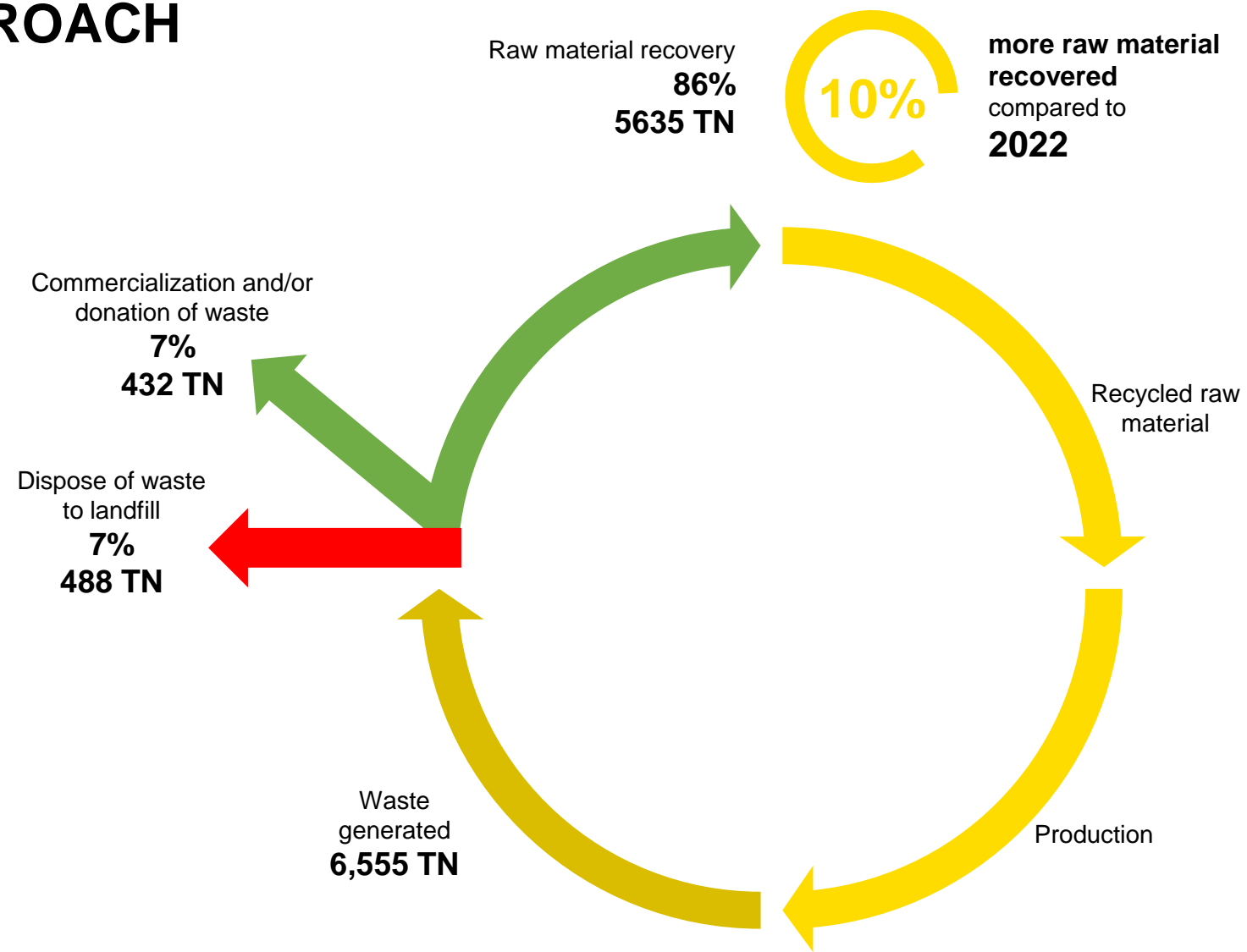
Tecnofil uses recycled raw material in its production process maintaining the quality standard in its finished product.
19% of the raw material coming into our production process is recycled: 14% comes from our **clients**, 3% **recirculates** to our own process and 2% comes from the purchase of **scrap**.

WASTE COMMERCIALIZED AND/OR DONATED

10% of our waste is **commercialized** and **1%** is **donated** as a supply or raw material in other production processes.

WASTE AND SUPPLIES RECOVERY

We recover **24%** of the **wooden pallets**, **13%** of the used **industrial wiping rags**, and **2%** of the **cardboard boxes** that come from our clients, which we use within our operation. We also recover **12%** of our **organic waste** with our compost machine, transforming it into compost which we donate to the local government.





3.2 PRODUCCIÓN SOSTENIBLE

In Tecnofil we have an environmentally responsible operation, so we work on projects focused on **energy efficiency, reduction of greenhouse gases and reduction of water consumption.**



GREENHOUSE GASES

HUELLA DE CARBONO PERU
(CARBON FOOTPRINT PERU) AND
RENEWABLE ENERGY

We consolidated the **purchase of renewable energy** to offset our emissions from electricity consumption. This action is also part of our efforts to obtain **the 4th star** of MINAM's HC Peru program.

WATER CONSUMPTION

WATER FOOTPRINT AND
BLOWDOWN RECOVERY
PROJECT

During 2023, we completed the implementation of our savings projects submitted to the Autoridad Nacional del Agua (National Water Authority). By 2024 we are working on a **blowdown recovery project** in the cooling towers.



**ESTIMATED
SAVINGS
BY 2024**



Water:
3,600 m3/year



GHG*:
6,091 tCO2/year

*Greenhouse gases





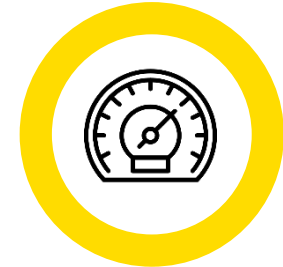
3.3 ENVIRONMENTAL MANAGEMENT

ISO 14001
CERTIFICATION



APPROVED
ENVIRONMENTAL
INSTRUMENT
(TSR AND EIS)

100% OF
ENVIRONMENTAL
COMMITMENTS
ASSUMED



HALF-YEARLY
ENVIRONMENTAL
MONITORING

MONTHLY / HALF-YEARLY
ENVIRONMENTAL
CLEANING



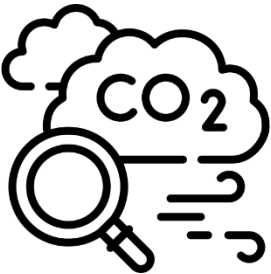
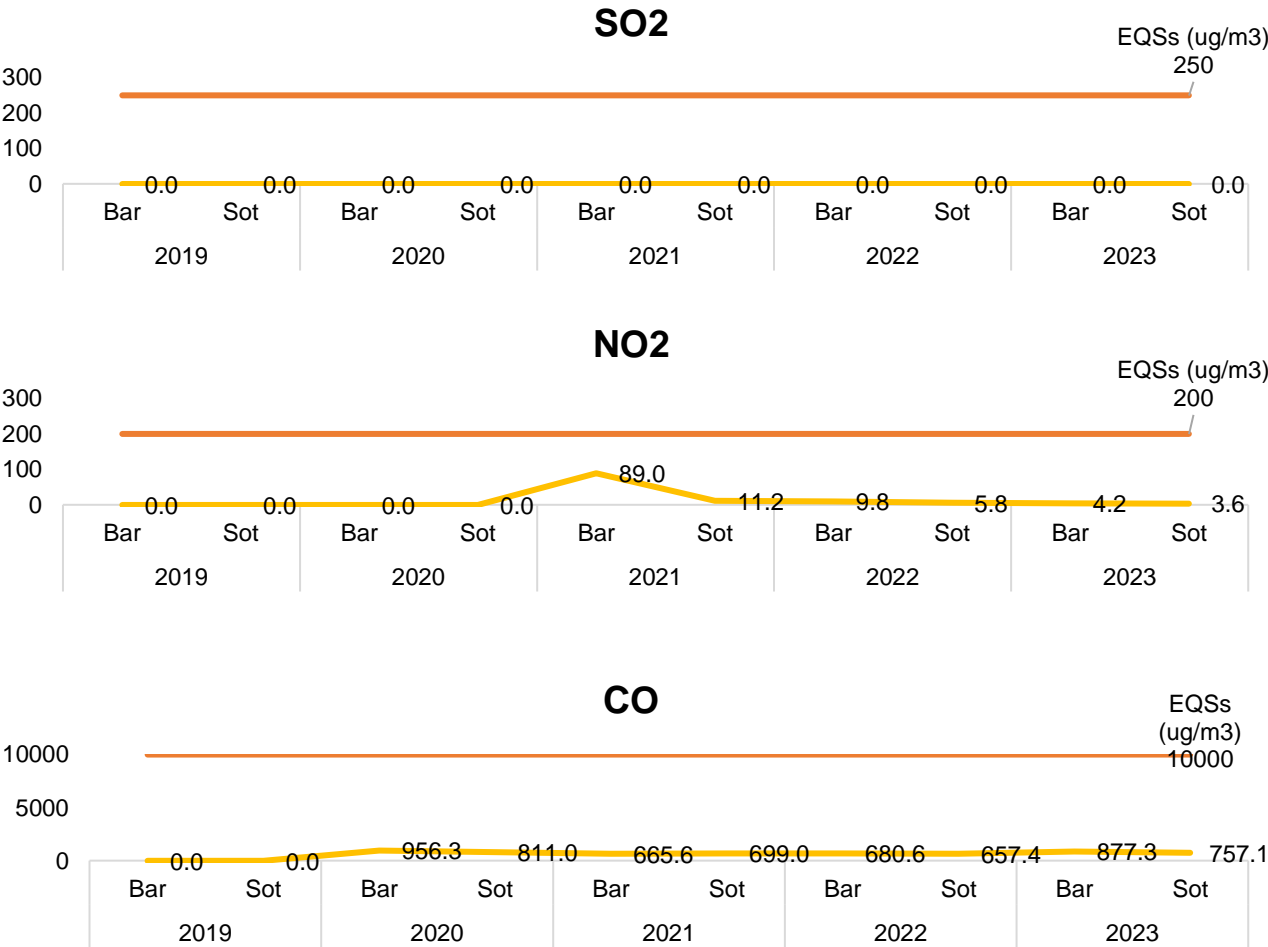
ENVIRONMENTAL
PROJECTS FOCUSED
ON CE*

**Circular Economy*

We promote environmental protection and pollution prevention from a point of view of balance with social and economic aspects.



3.3 ENVIRONMENTAL MANAGEMENT

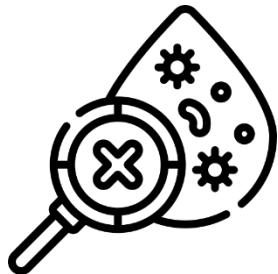
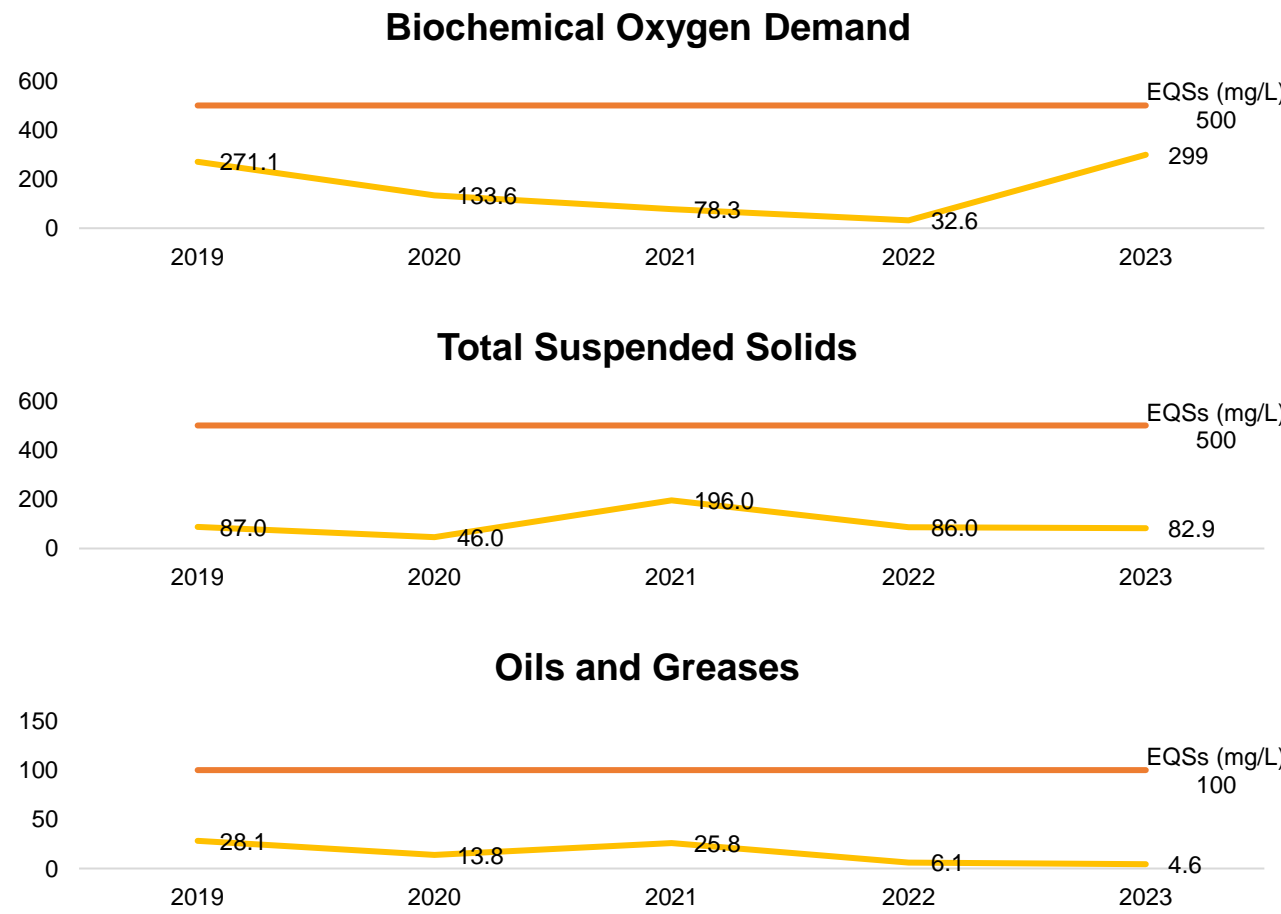


AIR QUALITY RESULTS

We are **96%** below the Environmental Quality Standard



3.3 ENVIRONMENTAL MANAGEMENT

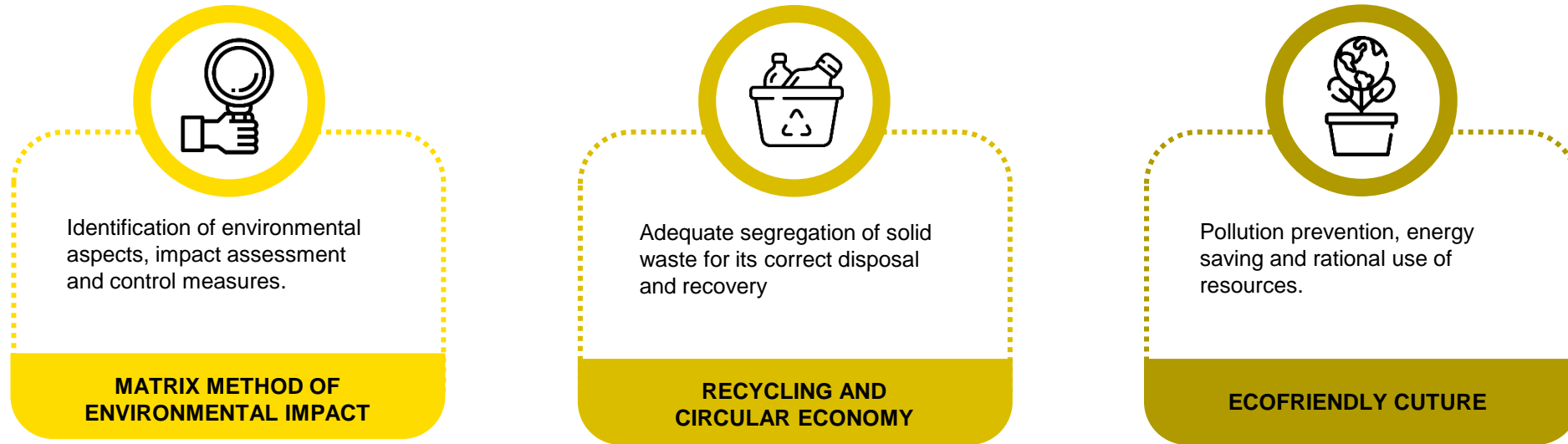


WATER QUALITY RESULTS

We are **77%** below the Environmental Quality Standard for water discharged to sewers.



3.4 AWARENESS-RISING



We train **all our employees and the local government (Municipalidad de Independencia)** annually on strategically selected environmental issues to ensure proper waste management in all our processes.



4

Social commitment

16 Accident prevention
18 Employees
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4.1 ACCIDENT PREVENTION

According to the International Labor Organization, about 1,000 people a day lose their lives as a result of occupational accidents and about 6,500 from occupational diseases. It is estimated that at least 1.9 million occupational fatalities occur worldwide each year, in addition to 360 million non-fatal occupational accidents that result in more than 4 days of sick leave. According to the Ministry of Labor*, during 2022 a monthly average of 12 fatal accidents, 1875 occupational accidents, 18 dangerous incidents and 9 occupational diseases were recorded in Lima. In the Manufacturing Industry, the monthly average was 3 fatal accidents, 622 occupational accidents, 10 dangerous incidents and 0 occupational diseases.

Contusions and strikes with objects and work tools occupy the first place in reported non-fatal accidents, with overconfidence and the lack of prevention plans in the companies as the main factors causing these accidents.

In Tecnofil, during 2023, we have 0 fatal accidents, 1.7 occupational accidents, and 0 occupational diseases as a monthly average.

Tecnofil's Accident Prevention Program is focused on reducing the level of occupational risk by identifying and correcting Unsafe Acts and Conditions. For Unsafe Acts, we have been working with a Behavior Based Safety methodology SOTA (Stop, Observe, Think and Act) that responds to a powerful tool for safe decision making in our working day. For Unsafe Conditions we work on Improvement Projects in machines, tools and facilities that help us to reduce the occupational risk index.



72%

of improvement in the
accident rate with respect to
2022

**Source: Ministry of Labor and Employment Promotion, 2023*





4.1 ACCIDENT PREVENTION



**MANAGEMENT
OF UNSAFE
ACTS**

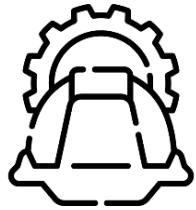
25%

improvement in the total number
of occupational accidents due to
unsafe acts compared to 2022

POPA is our **Behavior-Based Safety** methodology that prioritizes the prevention of workplace accidents due to **unsafe acts**, through this culture we seek to standardize the method for making **safe decisions** during the workday



4.1 ACCIDENT PREVENTION



We provide annual specialized **training** in Occupational Safety and Health, and daily **5-minute talks** before starting work.



We conduct periodic **drills** in all our Emergency Plans to prepare all our employees.



We have a **Brigade** that has been trained in all emergency situations that may arise.

MANAGEMENT OF UNSAFE CONDITIONS

13

Improvement Projects focused on improving **unsafe conditions**.





4.2 EMPLOYEES

RESULTS OF THE EVALUATION OF THE RELATIONSHIP WITH THE EMPLOYEES



68%
of work environment



84%
of satisfaction with cultural
change



89%
of operators benefiting from self-
insurance



82%
proud to work at Tecnofil



94%
recognize and identify
themselves with the company's
purpose



51%
of administrative personnel have
received technical/ leadership
trainings.



77%
would recommend Tecnofil for
its good working environment.



19%
of administrative personnel have
been promoted.



53%
of plant personnel have received
technical/leadership trainings



23%
more women in leadership
positions



18%
more women in managerial
positions



15%
of women have been promoted.



4.2 EMPLOYEES



ECONOMIC BENEFITS



Food allowances
based on monthly indicators.



Quinquenios (Five-year periods) to recognize years of service.



Interest-free loans,
according to each need.



Transportation 100% covered for workers attending the plant.



Shared savings to duplicate the AFP/SNP according to the years of service.



Housing program, to improve workers' quality of life





4.2 EMPLOYEES



WELFARE



Breakfast and snack are free.



Psychological support and counseling available to everybody.



Bereavement leave for immediate family members.



Lunch subsidized at 75%.



Free **laundry** for all workers.



Gifts to workers for births or marriages.



Voluntary and **solidarity fundraising** to help in the most difficult moments.



Self-insurance for care in private clinics, covering 90% of analyses or examinations.





4.2 EMPLOYEES



DEVELOPMENT



Agreements for the development of our workers in:

- Short courses
- Technical and University careers
- Continuing education programs (post-graduate).



Sponsorships to children or siblings who study at SENATI, to support the family of our workers,





4.3 COMMUNICATION

WORKERS' REPRESENTATIVES

We hold face-to-face meetings every 4 months between Senior Management and Employee Representatives, where issues related to the running of the factory are discussed and suggestions are received.



TCOMUNICA AND MONTHLY RESPONSES

Through Tcomunica we communicate with workers about different plant issues through WhatsApp and banners in the plant. We also receive queries that are answered monthly by Management.



MEETINGS WITH SENIOR MANAGEMENT

Every 3 months we hold meetings between Senior Management and all employees, to inform them about issues related to quality and complaints, safety and environment, common interests, etc.





4.3 COMMUNICATION

190

Daily average number of **views** of the corporate WhatsApp stories.



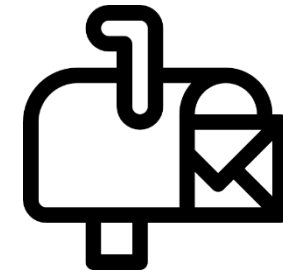
2050

Monthly average of corporate LinkedIn **views**.



100%

Percentage of messages **answered** by TComunica (692 messages in total).



14

External communications with other interested parties (local government, regulatory entities, etc.)





4.4 TRAINING

LEADERSHIP



Aimed at personnel with people in charge in order to develop their leadership and high-performance team management skills.

TECHNICAL



Aimed at all personnel with the purpose of developing the theoretical knowledge and skills necessary for the execution of responsibilities inherent to each position.

REGULATIONS



Aimed at all personnel in order to comply with legal and Integrated Management System audits.



9%

**more trained
operating** personnel
compared to
2022



4.5 COMMUNITY

2023 DONATIONS



We contribute to UTEC's **Avanzando Juntos Scholarship** for outstanding students facing financial hardship.



We are members of the Hombro a Hombro program for disaster preparedness and early warning in disaster management in Peru.



We contribute to the **Alimenta Perú** program, which brings aid to 1,000 soup kitchens and benefits 15,000 Peruvian families.



We installed water-saving plumbing fixtures in the restrooms of a community school.





5

Commitment to good governance

- 28 Crime prevention
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16

PEACE, JUSTICE
AND STRONG
INSTITUTIONS





5.1 CRIME PREVENTION

Peruvian Anti-Corruption Law 3024 regulates the Administrative Liability of Juridical Persons and has been regulated on January 12th, 2019 through DS-002-2019 JUS. This Law penalizes companies for the commission of crimes of Bribery, Collusion, Influence Peddling and Money Laundering and Financing of Terrorism.

The Administrative Liability consists of sanctions against the company ranging from: **the closure of the premises, loss of licenses and fines** of up to 49 million soles and **imprisonment** of its legal representatives (Directors, Managers, among others), for committing acts of corruption

TECNOFIL S.A. during 2023 implemented a Prevention Model based on 5 Components: **Prevention Officer, Risk Management, Complaints Procedures, Training and Monitoring.**



5.1 CRIME PREVENTION

In 2023 **we completed the implementation** of the Anti-Bribery Act, ISO 37001 and Internal Fraud Management System.

With these controls we minimize the risk of being part of illicit activities such as bribery, money laundering, terrorist financing, drug trafficking, among others.



ANTI-BRIBERY LAW

The Anti-Corruption Law is a tool that regulates liability for corruption, bribery, money laundering, financing of terrorism, influence peddling and collusion.



ISO 37001

It is the international standard that specifies the requirements and provides guidance for establishing, implementing, maintaining, reviewing and improving an anti-bribery management system.



INTERNAL FRAUD

Defines key information management and controls to permanently prevent internal fraud, misrepresentation or misappropriation of information or assets in the organization at all levels.





5.2 RISK AND AUDIT COMMITTEE



ANNUAL INTERNAL AUDITS

- BASC/AEO
- Trinorma
- Legal compliance
- Anti-bribery
- WCA



ANNUAL EXTERNAL AUDITS

- BASC
- AEO
- Financial Institution



HALF-YEARLY EXTERNAL AUDITS

- Trinorma Follow-up



TRIANNUAL EXTERNAL AUDITS

- Trinorma Recertification
- Social Responsibility



BIANNUAL EXTERNAL AUDITS

- SST / MINTRA

Our Risk Management methodology encompasses our entire **Integrated Management System**. Our Risk and Audit Committee is formed by Tecnofil's Board of Directors and ensures the implementation and compliance of all control measures determined to minimize the risks identified.

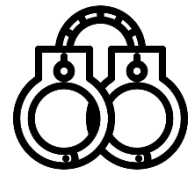
This process is periodically evaluated through environmental, occupational health and safety, quality, supply chain safety, financial and organizational audits.



5.3 SUPPLY CHAIN

Illicit drug trafficking is a crime against public health and is defined in articles 296 to 298 of the Penal Code. It consists of promoting, favoring or facilitating the illegal consumption of drugs through manufacture or trafficking, or possessing such substances for the latter purpose.

According to figures from INEI*, 13,263 people were arrested for illicit drug trafficking in Peru in 2022. In these interventions, a total of 64,875 kg of drugs were seized, of which 42% corresponded to cocaine base paste (PBC), 35% to marijuana and 24% to cocaine.



13,263

people arrested for illicit
drug trafficking during 2022
in Peru



64,875 kg

of drugs confiscated in
interventions during 2022 in
Peru

**Source: National Institute of Statistics and Informatics, 2023*



5.3 SUPPLY CHAIN

Our international trade activities allow us to maintain a control and security management system to mitigate the current risks of product contamination, terrorism, smuggling, among other illicit activities. Our BASC and AEO Importer and Exporter certifications ensure that we counteract and prevent these illicit activities and guarantee the security of our processes for all our business partners.

OTHER BENEFITS



Timely response to
illicit findings



International
credibility



Increased access to
international markets



Streamlining customs
management



Safe working
environment

100%

of the critical Business Partners
have BASC, AEO certification or
other equivalent.

100%

of the critical Business Partners
have signed Security Agreements.





5.3 SUPPLY CHAIN

Tecnofil has a **Control and Security Management System** based on BASC and AEO certification, which allows us to have the following benefits* in the areas of security, customs, processes, logistics operations, inventories, on-time deliveries, timely response and clients.

SECURITY

38% reduction in thefts and losses

INVENTORIES

14% reduction in stock requirements

LOGISTICS
OPERATIONS

29% reduction in transport times

43% increase in automated import management

ON-TIME
DELIVERIES

30% increase in on-time deliveries to clients

CLIENTS

48% reduction in client inspections

*Source: Stanford University report, 2018



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