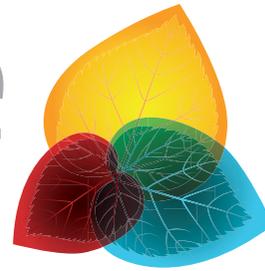


LAFAYETTE



SUSTAINABILITY
REPORT 2018

LAFAYETTE SUSTAINABILITY



Sustainability Report 2018

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SCOPE of the Sustainability Report 2018



- ▶ This report corresponds to the period from **January 1 to December 31, 2018**.
- ▶ It refers to international sustainability standards and agendas such as the GRI Standards, the United Nations Global Compact, the Sustainable Development Goals (SDG) and the Dow Jones Sustainability Index (DJSI) for its development. It was also guided by specific sector-related guidelines, including: the Fashion Industry Charter for Climate Action, the Blue Angel, the Bluesign Standard, Cradle to cradle, the Global Recycled Standard, STANDARD 100 by OEKO-TEX, GreenScreen For Safer Chemicals, and the OECD Due Diligence Guidance.
- ▶ It has been prepared in accordance with the **GRI Standards: Core option**.
- ▶ The report covers the information for **Textiles Lafayette S.A.S.¹**
 - ▶ The following entities² are included in the company's consolidated financial statements or equivalent documents:
 - In 2018, the company Isule Textiles S.A. joined Textiles Lafayette S.A.S. by means of a merger through absorption. The following are the foreign companies in the business group resulting from the absorption: Business Advisors International EXPS Ltda. (previously Business Advisors Costa Rica), Lafayette del Peru S.A.C., Telas Lafayette de Guatemala S.A., Telas Lafayette de Mexico S.A. de C.V. and Telas Lafayette de Chile SPA.
 - During 2018, several direct investments were made to constitute the following subsidiaries: LAFTECH S. A. S., Telas Lafayette de Paraguay S.A. (previously Nerdag Trading S.A.), Textiles Lafayette Bolivia S. A., Textiles Lafayette de El Salvador S.A. de C.V. and Textiles Lafayette de Honduras S.A.
 - A company was also purchased in the United States in 2018: Lafayette USA Corp.

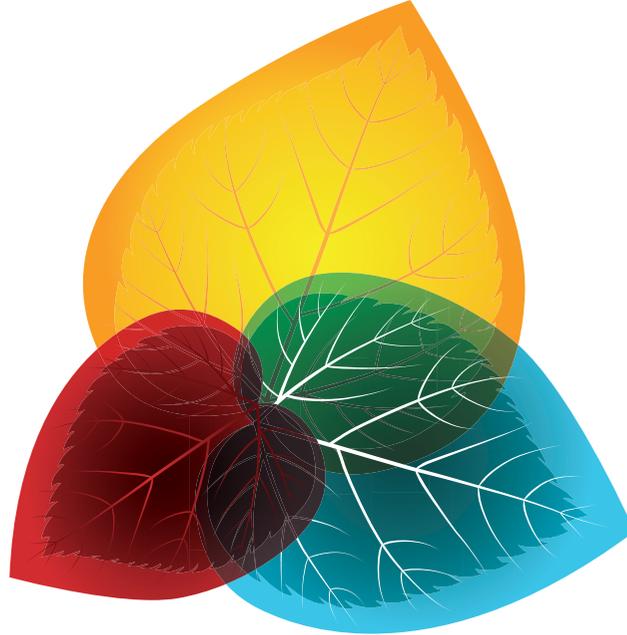
¹ Hereinafter Lafayette, the organization, or the company.

² Subsidiaries.

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01 LAFAYETTE SUSTAINABILITY

We are an **organization** with a long track record, **modern and agile**, that is deeply committed to **sustainable development**.

Our purpose is grounded in who we are, how we do things, and why we do them. Sustainability is therefore not just our reason for being, but the very way we do business, and it is woven throughout our day-to-day work.

This is reflected in **the way we act as friendly experts that power brands in Colombia and the region**. We activate economies, create jobs, stimulate local purchases, build skills, promote enterprise, and care for the environment. And we do all of this with conduct that is ethical and transparent, in a virtuous circle that energizes sustainable businesses in flourishing societies in a viable context.

This Sustainability Report reflects our long experience thinking about our economic, social, and environmental responsibilities. It emphasizes the initiatives and indicators for 2018, while defining future challenges for the 2019-2020 period.

Main Achievements 2018:

We had sales in 24 countries and a commercial presence in 15 of them. We have **27 Lafayette Stores**, 20 of which are located in Colombia and 7 in other countries.

We structured 2 new customer value propositions, one for Contract in Lafayette Deco and one for Lafayette Digitex, and we strengthened our offer of services with value added for our different business units.

Through **Innovation Lafayette**, we continued to strengthen a culture of innovation in everything we do, implementing more than 60 ideas and giving special recognition to the best. This ranked us at **position 24 among the 300 most innovative companies of Colombia** nominated by Dinero Magazine and the ANDI.

Although progress has been made on a national level, contraband, which has an influence on the sector and its ability to meet objectives, continues to pose a significant challenge to the textile and apparel industry. In this respect, we participate actively in government and sector initiatives to consolidate long-lasting solutions that will stimulate legal trade.

We strengthened our **Lafayette Employee** program to promote corporate values and highlight the fact that every single person working at the company has an impact on our results. In the context of our **Training Model** we focused on improving leadership skills and providing training in textile technology. In

We set challenging goals for ourselves, including making all businesses, categories, regions, and products profitable, removing inhibitors of strategic growth, and setting up the **Lafayette Foundation**. Other goals were building a new campus for the preschool, and partnering with schools in the final disposal of uniforms. We plan to establish new challenges once we define during 2019 our **Mega strategy for the next 6 years**.

We value joint work that will make our sustainable development approach a reality through concrete actions. Under that perspective, we will continue moving ahead together with our employees, suppliers, customers, neighbors, and other stakeholders, to take firm steps toward more sustainable business models.

addition, we honored more than 150 people who completed 10 or 20 years with the company.

We launched the program **Lafayette Synergy**, starting with raising supplier awareness. Suppliers play a key role in executing this initiative to improve the supply chain, with the goal of improving our response and production capacity.

We continued to develop the **Hilando Empresa** program for small and medium-sized clothing manufacturers in Colombia, and launched the same program in Ecuador. We also continued the **Managing Yourself** program, for the second consecutive year, to stimulate enterprise among mothers in vulnerable conditions.

We remained steadfast in our commitment to take care of the environment, and in that area our priority has been water resource management. **Over the last five years we have reduced by 20% the amount of water used for dyeing**, the process consuming the most water. Thanks to wastewater treatment plants **we treat 100% of the water discharged and reuse 65% in the productive process**. We set up recycling centers for reusing materials, and created an Energy Engineer position to manage initiatives connected with lowering power consumption to minimize our carbon footprint. In addition, while maintaining high quality standards, we gave priority to using materials with a low environmental impact, through the use of **recycled polyester chips** and **recycled fibers** purchased from a certified supplier.

SENIOR EXECUTIVES



UNIFORMS
WITH **LOVE**



HILANDO
EMPRESA



WOMEN
ENTREPRENEURS

FUNDACIÓN
LaFAYETTE

PROGRAMS WITH HIGH
SOCIAL
IMPACT



UNIFORMS WITH LOVE

The Lafayette Foundation was organized as a means of empowering the *Lafayette Sustainability* program. We celebrated the establishment of the new foundation by launching the **Uniforms with Love** program. It gives a second life to school uniforms in benefit of low-income communities, framed within our social investment and environmental initiatives.

HILANDO EMPRESA

Inspiration that transforms

LAFAYETTE

We have offered the *Hilando Empresa* program six times, demonstrating Lafayette's interest in **methodically preparing small and medium-sized companies** for the various situations an enterprise faces day after day. The apparel manufacturers' experiences in the six programs have led to joint actions to promote the sector's economic growth.



WOMEN ENTREPRENEURS

As part of the Lafayette Sustainability program, this initiative has the purpose of **helping develop the community near the mill** (the Kennedy district in Bogotá). To that effect, 50 women, out of an estimated pool of 200 mothers who work in recycling, were selected to participate. This project dignifies the role of women in society, empowers them as social actors, improves their quality of life, and strengthens their leadership skills through a methodology that focuses on self-management.

LaFAYETTE





02

INSPIRATION THAT
TRANSFORMS



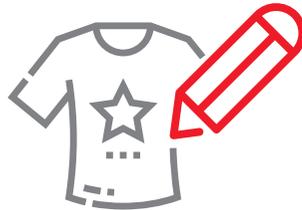
- WE -
MANUFACTURE
AND SELL
TEXTILES

LAFAYETTE

We offer superior polyester-based textile solutions for markets where image and performance are key.

We deliver significant **added value** in areas such as:

DESIGN



CORPORATE CONSULTATIONS



Support in the areas of:

QUALITY



ACCOMPANIMENT



ADVICE



Lafayette

WE ARE THE ONLY TEXTILE COMPANY
IN THE REGION THAT VERTICALLY
INTEGRATES THE ENTIRE
TEXTILE MANUFACTURING PROCESS

We have **3** mills

with cutting-edge technology, integrated at one site, that produce fabrics in accordance with the highest parameters for research and innovation, leading to superior textile solutions.

Our vertically **integrated** process starts with **spinning**, and progresses through **weaving**, **dyeing**, and **printing**, concluding with **finishing**.



1. Yarn manufacturing plant



Here we produce the yarn. **Polyester chips** are processed at very high temperatures, producing different varieties of yarn.

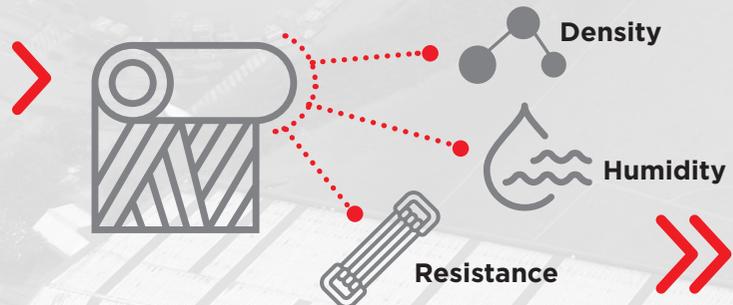


Every month we produce enough yarn

=

to go to the moon and back
58 times

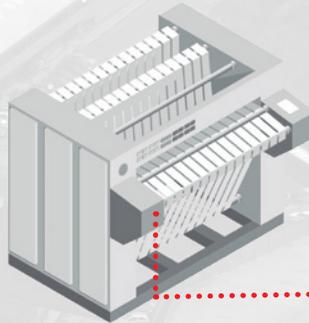
For each production lot, we assure:



2. Weaving Mill



The next step is weaving on **flat looms** and knitting machines.



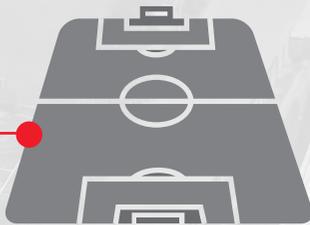
We produce **woven fabrics, warp knits, and circular knits** using a pool of more than

1,500 machines



to manufacture rolls of raw fabric.

The area of this mill = **14** professional **soccer fields**



...to span the distance from the **North Pole to the South Pole.**

3. Finishing Plant



Wash



Dye



Set



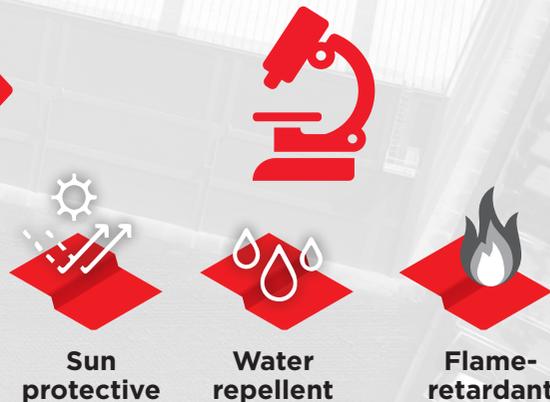
Print



Finish

We check quality and **develop special finishes in the laboratory**, transferring intelligence to our textiles, whose **functional attributes meet and surpass expectations.**

A few examples of finishes:

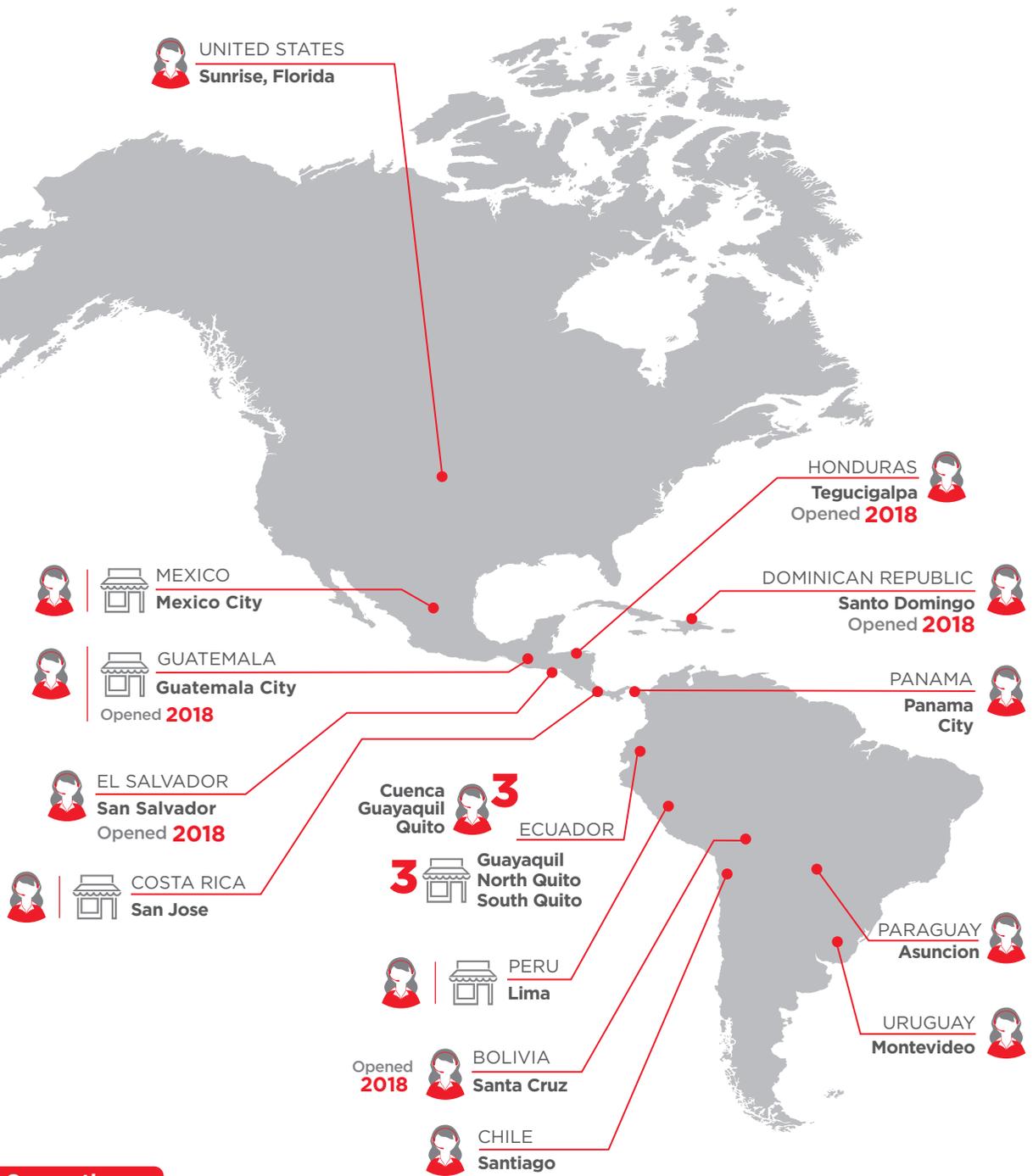


Sun protective

Water repellent

Flame-retardant

Map of operations³ LAFAYETTE Americas



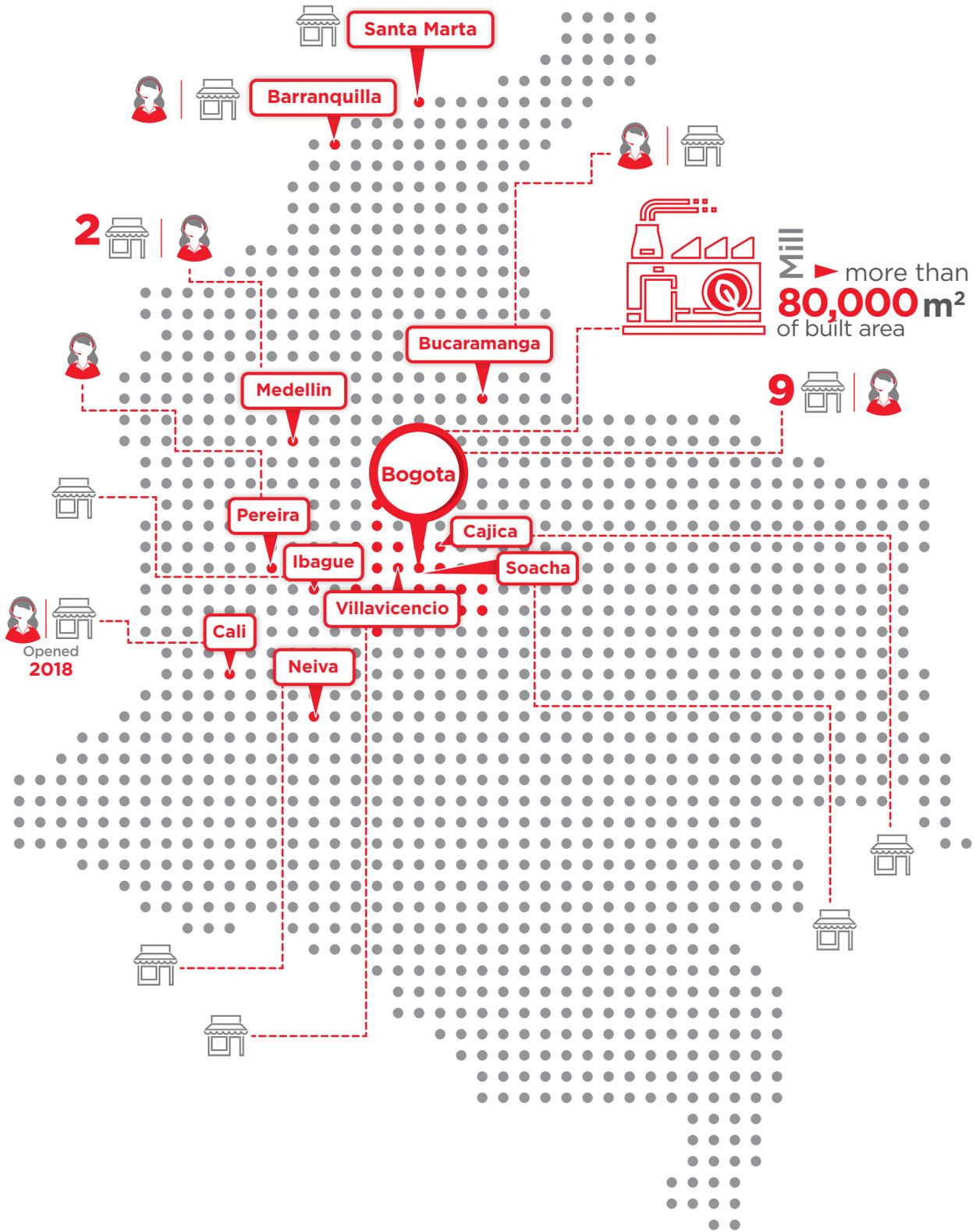
Conventions

 Lafayette Store*
  Sales Office

*Lafayette retail stores serve transformers in every business unit, as they showcase our portfolio.

³ In 2018 we opened stores in Cali, Colombia and in Guatemala City, Guatemala; and sales offices in La Paz, Bolivia; San Salvador, El Salvador; Santo Domingo, Dominican Republic; and Tegucigalpa, Honduras.

Map of operations³ LAFAYETTE Colombia





Our Brands



Brand essence

state-of-the-art

innovative

technological

Lafayette

offers superior **textile solutions**

Lafayette exists to inspire transformation without sacrificing originality. It will keep your essence intact even as your designs evolve, inspiring you and making everything you can imagine a reality. We value originality, freedom, creativity, and staying on top of the latest. Under this concept, Lafayette delivers to the market infinite possibilities for its raw materials to be transformed in countless creative settings.



Purpose

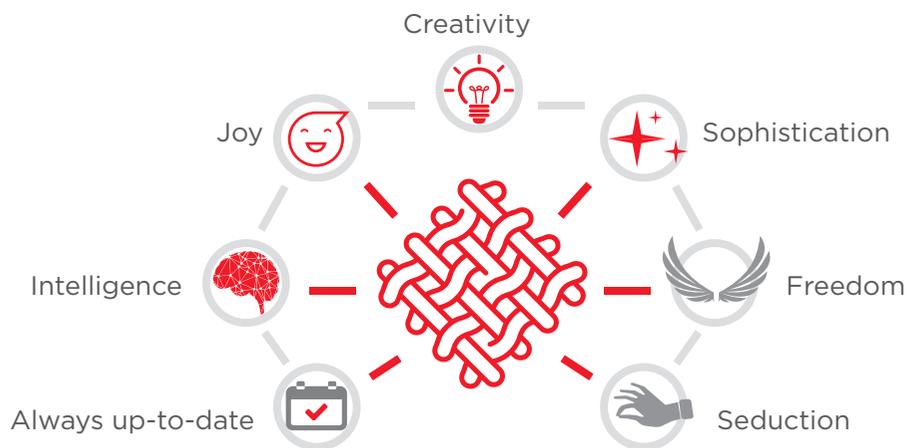
Friendly experts that power your brand with superior textile solutions, technology, and services, stimulating social and environmental progress in the region.



Dominant theme

Superior polyester-based textile solutions for markets where image and performance are key.

Corporate brand values



Size of the organization⁴



Income:
COP\$ 265,910,423,488



More than **20 types**
of services



Total number of operations⁵:
94,767



2,500 SKU
(Stock Keeping Units)



2,375⁶
Employees of which 2,180
are in Colombia

⁴ The economic figures are for Colombia.

⁵ All activities connected with areas that generate products or services.

⁶ Total all countries.

LAFAYETTE SUSTAINABILITY

At Lafayette we are resolute in our commitment to sustainability, responsibly **developing our strategy, offering customer value propositions, and implementing effective processes. At the same time, we preserve an economic, social, and environmental balance to generate a positive impact on society and our surroundings.** In this way, we guarantee not only our continued viability, but the well-being of future generations. We work untiringly to deliver profitable products and services in the framework of a culture that focuses on properly using and caring for resources.

Annual engagement, management, and reporting cycle



Stakeholder engagement

Our stakeholder engagement is governed by the principles of professionalism, friendliness, respect, transparency, and approachability.

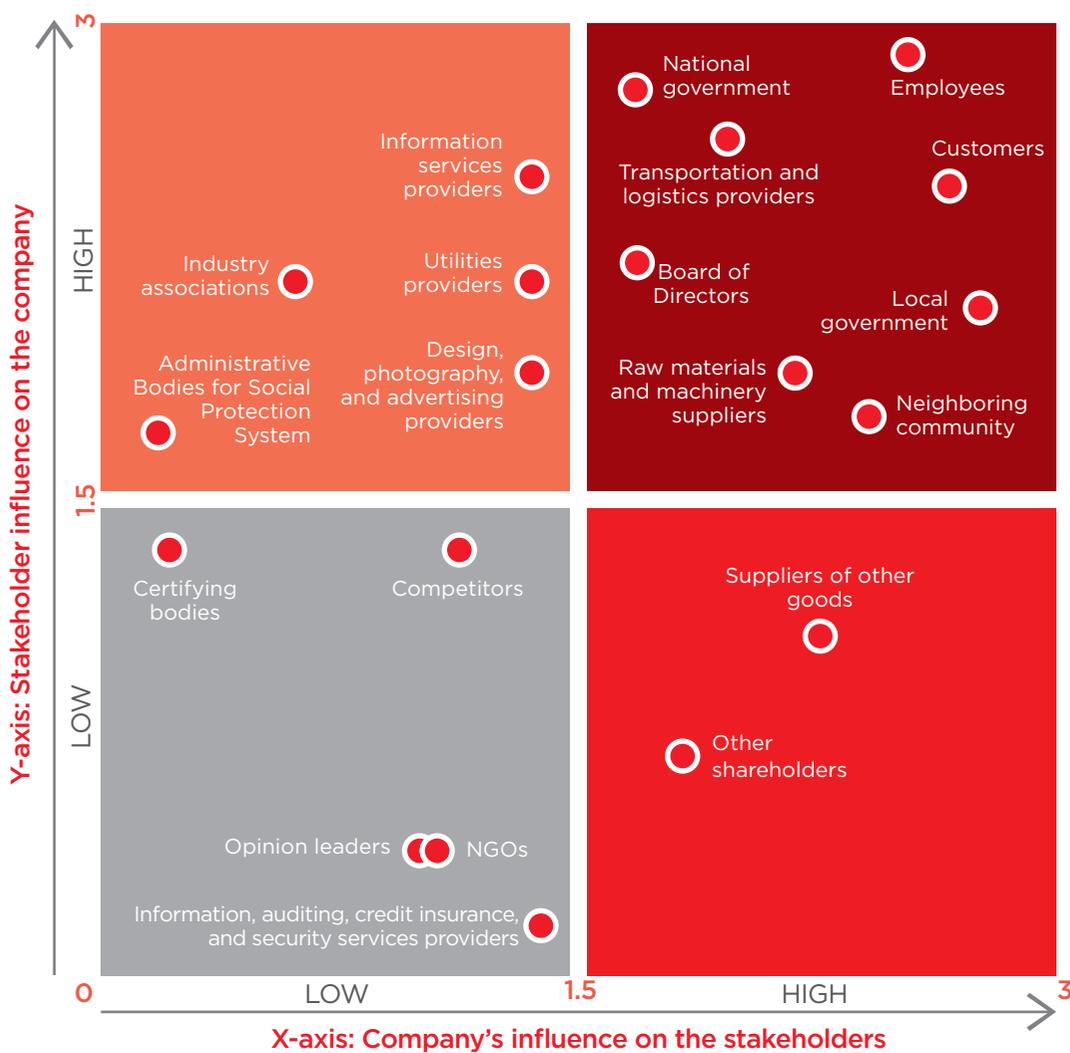


We build and reinforce relationships of trust and co-creation, where we are strategic partners in the creation of shared value and achievement of shared goals, with both a local and global perspective.



Stakeholder map⁷

As part of the process to strengthen Lafayette's sustainable development focus, during 2018 we prioritized our stakeholders. Through interviews with senior management, we evaluated each stakeholder using the following criteria: influence, power, interest, and impact:



CORE: Core stakeholders have high influence and power over the organization and a high level of interest in its work. The company has a high impact on these stakeholders and their context.

ADJACENT: These stakeholders have high influence and power over the organization and a high level of interest in its work. The company has a low impact on these stakeholders and their context.

NEAR: These stakeholders have low influence and power over the organization and a low level of interest in its work. The company has a high impact on these stakeholders and their context.

PERIPHERAL: Peripheral stakeholders have low influence and power over the organization and a low level of interest in its work. The company has a low impact on these stakeholders and their context.

⁷ Methodology designed and implemented by Desarrollo Visible.



Communication channels

Stakeholder	Shareholders	Board of Directors	Employees	Customers: Lafayette retail stores, Hilando Empresa program, institutions, distributors, apparel manufacturers/transformers
Communication channel	Regular meetings 	Meetings with managers Board meetings Regular reports	Managers: Regular reports Direct contact Employee committee meeting every three months with leaders representing mill personnel (focused on Lafayette is Competitive) Intranet Corporate email Léetelas Magazine Bulletin boards	Salesforce Call center /customer service line Events 27 Lafayette Stores Digital channels: web page, social media (Pinterest, Instagram, Twitter and LinkedIn) Television ATL: magazines, billboards BTL: trucks



Stakeholder	National government	Local government	Non-governmental organizations (NGOs) ANDI Chamber of Commerce Textile Group Colombo-Ecuadorian Chamber Fenalco	Nearby community
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Communication channel	Industry associations E-mail Legal area with the ministries	Direct communication Meetings	In-person meetings Virtual meetings Publications Press	Direct communication Phone WhatsApp Visits to the factory Visits to the community
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Stakeholder	Hilando Empresa customers	Institutional customers	Customers who are clothing manufacturers / transformers	Suppliers Raw material and machinery, transportation and logistics, design, photography, and advertising, information services, utilities, information, auditing, credit insurance, security services, and other suppliers of goods	Transportation and logistics providers
Communication channel	Lafayette retail stores where the program is offered 	Corporate consultants Digital platform	Sales representative 	 Supplier portal  Direct contact  E-mail  Phone  WhatsApp	GPS Tracking portal

Stakeholder	Certifying bodies	Social Protection Administrative Bodies	Industry associations	Competitors	Opinion leaders (the academic world, economic, social, or environmental experts, and the media)
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Communication channel	Phone E-mail	Account executives from the administrative bodies	 Committees Meetings  E-mail	Industry associations	Press briefings Press conferences Fairs: Colombiamoda, Colombiatex, Createx Digital channels: web page, social media (Pinterest, Instagram, Twitter, and LinkedIn)    
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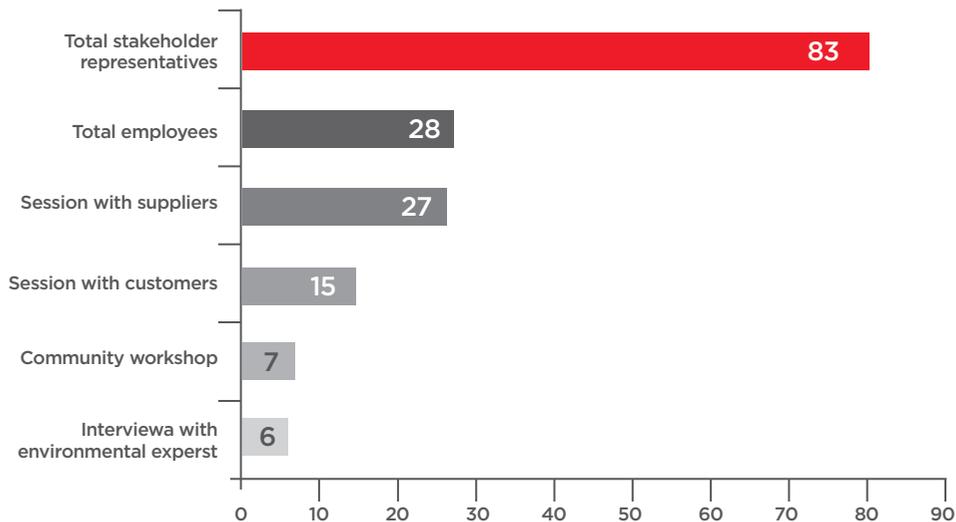


Dialogue with **stakeholders**

Once we prioritized our stakeholders, we began to systematically engage with different audiences in the context of sustainability in the textile industry. Our goals were to gain a deeper understanding of their economic, social, and environmental context, to undertake a materiality analysis to establish the material topics that will focus our efforts, to identify success stories and opportunities for improvement, and to continue to build relationships of trust and cooperation.

The most important opportunities for improvement identified have been incorporated into the initiatives and challenges described throughout this report.

Number of stakeholder representatives involved in dialogue in 2018, by venue.



Participation in **initiatives to benefit the textile sector:**

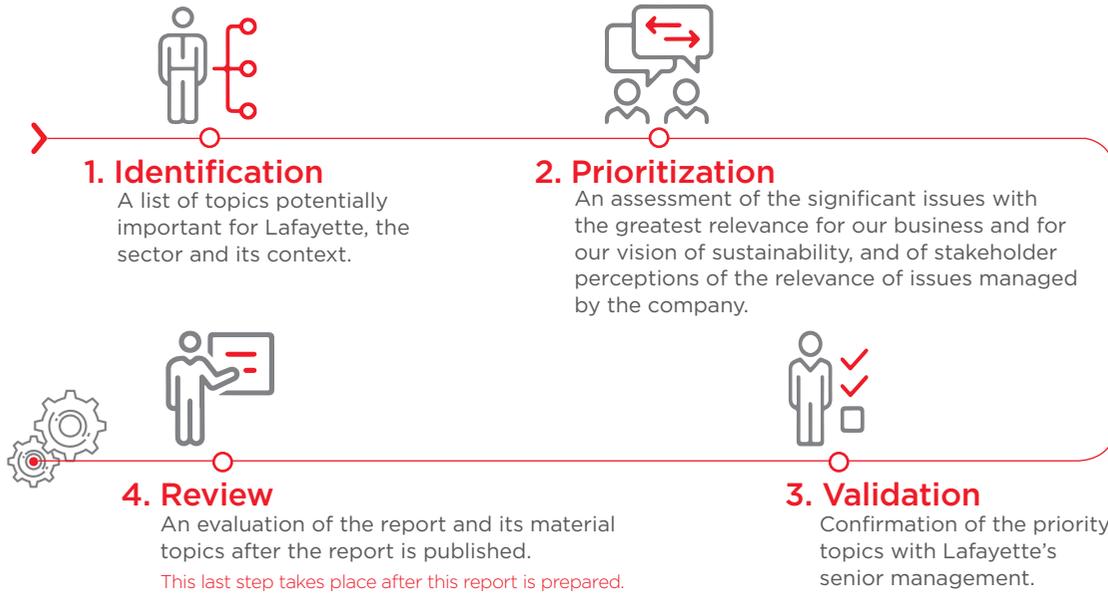
We are part of the Fashion and Textiles Chamber at the ANDI, the Steering Committee of Inexmoda - and through that committee we interact with members of the fashion system in Colombia and across the Americas -, the Bogotá Chamber of Commerce, the Colombo-Ecuadorian Chamber, Fenalco and Corporación TextilGrupo.

We are a member of the Transparency Agreement of the Textile-Clothing Manufacturing Sector of the ANDI and the Ministry of Commerce, Industry, and Tourism.

We have adopted the standards of the AEO Authorized Economic Operator initiative for international customs control, led by the World Customs Organization (WCO).

Material topics, explanation, boundaries and approach

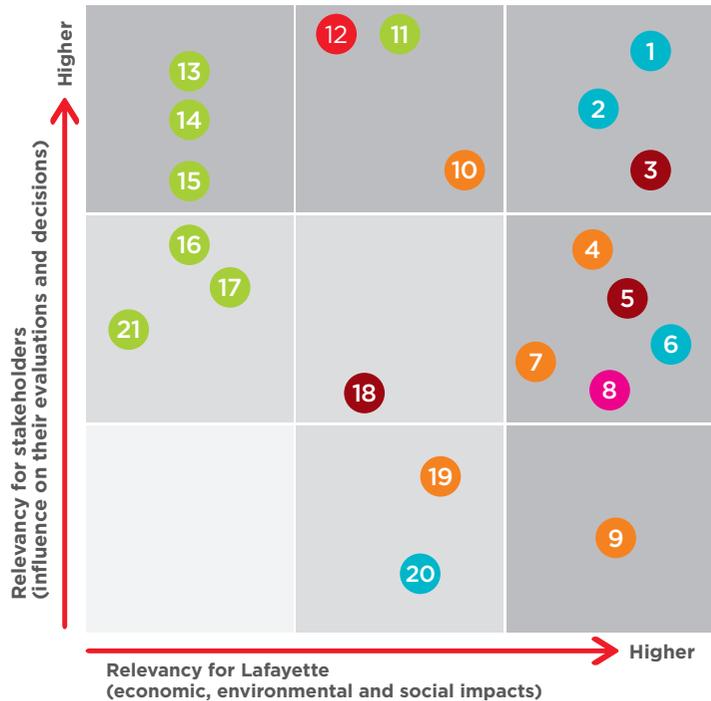
We used the cycle proposed in the Global Reporting Initiative (GRI) Standards to identify the material topics.



Materiality analysis⁸

By prioritizing material topics, we determined six action fronts under the Lafayette Sustainability framework. Those six actions fronts constitute the chapters of this report, encompassing the aspects presented in the diagram below.

- 1. [Research, development and innovation](#),
- 2. [Ethics, compliance, and transparency](#),
- 3. [Product quality and safety](#),
- 4. [Talent attraction, development, and retention](#),
- 5. [Value-added services](#),
- 6. [Growth and solidity](#),
- 7. [Fair and competitive salary](#),
- 8. [Positive impact on the community](#),
- 9. [Working climate](#),
- 10. [Health and safety \(employees and suppliers\)](#),
- 11. [Taking care of and efficiently using water](#),
- 12. [Responsible sourcing](#),
- 13. [Emissions management](#),
- 14. [Waste product management](#),
- 15. [Use of eco-friendly raw materials](#),
- 16. [Responsible chemical management](#),
- 17. [Energy efficiency](#),
- 18. [Small customer development](#),
- 19. [Well-being of employees and their families](#),
- 20. [Fight against contraband](#),
- 21. [Promotion of responsible consumption](#),



- Growth, solidity, and trust
- People as a factor for success
- Quality and value added services
- Responsible sourcing
- Environmental preservation
- Positive impact on the community

⁸ Methodology designed and implemented by Desarrollo Visible.



Management approaches for material topics

Sustainability Fronts	Material topics GRI 103-1	Boundaries GRI 103-1		Management GRI 103-2	Indicators GRI 103-2	Evaluation of the management approach GRI 103-3
		Internal stakeholders	External stakeholders			
Growth, solidity, and trust	1. Research, development and innovation	Employees / Meeting of Department Heads	Suppliers / Customers	Lafayette Innovation	Percentage of sales allocated to innovation / Number of ideas implemented	Review of best global practices / Materiality analysis update / Decision-making in the meeting of department heads
	2. Ethics, compliance, and transparency	Employees / Meeting of Department Heads	Suppliers / Customers / National government / Industry associations / Certification bodies / Opinion leaders	Code of conduct / Anticorruption policy / Security and foreign trade security policy / Asset Laundering and Financing of Terrorism Risk Management and Self-monitoring System (SAGRLAFT) / Authorized Economic Operator System (AEO) / Textile and Apparel Sector Transparency Agreement / Fight against contraband	Number of reports filed Number of sanctions Number and amount of fines	Study of national legislation Review of reports of unethical conduct filed using contact mechanisms Analysis of best global practices and agendas Materiality analysis update Decision-making at meeting of department heads
	6. Growth and solidity	Employees / Meeting of Department Heads	Shareholders / Board of Directors / Opinion leaders	Investments / Risk Management / Integrated management systems / Regular monitoring of management	Strategic map	
People as a factor for success	4. Talent attraction, development, and retention	Employees / Meeting of department heads / COPASST (Joint Management-Worker Health and Safety Committee)	Families of employees	Lafayette employee/ Training model/ Liderar-C Performance Evaluation /	Number of employees / Turnover rate/ Average salary by level and gender / Annual	Items brought before the COPASST / Work climate measurement / Analysis of

Sustainability Fronts	Material topics GRI 103-1	Boundaries GRI 103-1		Management GRI 103-2	Indicators GRI 103-2	Evaluation of the management approach GRI 103-3
		Internal stakeholders	External stakeholders			
People as a factor for success	7. Fair and competitive salary			Well-being for you and yours	investment in training and development / Average investment in training and development per full-time employee Work climate index	Global best practices and agendas / Materiality analysis update / Decision-making at meeting of department heads
	9. Working climate					
	10. Health and safety			Suppliers	Occupational health and safety management system (OHS-MS) / Chemical risk program/ Mechanical risk program/ Critical jobs program/ Epidemiological occupational noise surveillance system / Epidemiological musculoskeletal disorder surveillance system	
Quality and value added services	3. Product quality and safety	Employees / Meeting of Department Heads	Customers / Competitors	360 quality project / DECO-Contract / Xpertos 360 Clientenett / Corporate communication / Plan Digital EPD / Sports Marketing / Partners Plan / Digital Marketing / Training and promotions / Hilando Empresa / Voz del ClientTE	Percentage growth in sales/ Percentage market share/ Satisfaction score for initiatives / Satisfaction scores for Moments of Truth, handling of customer service requests, Relational Marketing, and Net Promoter Score (NPS) / Brand Equity Survey	Review of best global practices Materiality analysis update Decision-making in the meeting of department heads
	5. Value-added services					

Sustainability Fronts	Material topics GRI 103-1	Boundaries GRI 103-1		Management GRI 103-2	Indicators GRI 103-2	Evaluation of the management approach GRI 103-3
		Internal stakeholders	External stakeholders			
Responsible sourcing	12. Responsible sourcing	Employees / Meeting of Department Heads	Suppliers	Conduct code / Anticorruption policy / Asset Laundering and Financing of Terrorism Risk Management and Self-monitoring System (SAGRLAFT) / Authorized Economic Operator System (AEO) / Occupational Health and Safety Management System (OHS-MS) / PETTI TuCompra / Lafayette Synergy	Percentage of local purchases / Percentage of initiatives implemented / Response and production capacity	
Preserving the environment	11. Taking care of and efficiently using water 13. Emissions management 14. Waste product management 15. Use of eco-friendly inputs	Employees / Meeting of Department Heads	Suppliers / Customers / Neighboring community/ Certification bodies	Product Life Management (PLM) / Recycled polyester chip / Reusable yarn / Replacement of chemical products / Wastewater treatment plants / Power efficiency/ Emissions management / Waste product management	Volume of water recycled or reused / Direct GHG emissions from owned sources / Total weight of waste products generated, by treatment method and type / Percentage of textiles made from recycled chips / Percentage reduction in use of contaminating raw materials	Study of national legislation Materiality analysis update Decision-making at the meeting of department heads
Positive impact on the community	8. Positive impact on the community	Employees / Meeting of Department Heads	Neighboring community / Local government and authorities	Manage Yourself / Lafayette preschool / Communication and joint work	Investment / Number of beneficiaries	Review of development plans Study of global agendas Materiality analysis update Meeting of department heads

LAFAYETTE



03

GROWTH, SOLIDITY,
AND TRUST

The textile sector is very important not only because it dynamizes the country's economy and creates direct and indirect jobs, but also because it positively impacts innovation and skills. Ensuring the sector's growth and stability therefore presents major challenges, but is deserving of determined commitment.

For that reason, **we continue to push forward with opportunities such as production cost reductions, research, development, and innovation, internationalization, differentiation, and competitiveness.** We respond to rapid and continuous changes in market demand, offer products with greater value added, take advantage of Free Trade Agreements, and work jointly to end contraband.

We are committed to progressive development, constant growth, and mutual respect and trust with our stakeholders. For that reason, our business is founded on best practices for governance, ethics, and transparency.





GROWTH AND SOLIDITY

The growth and solidity of our business can be seen in our capacity to continue investing in machinery, in new markets and new points of sale in the country and the region, and in continuous improvements and efficiency.

Figures in Colombian Pesos	2018
Total income Colombia	COP \$265,910,423,488
Domestic income	COP \$201,980,694,730
Income from abroad	COP \$63,929,728,758
Growth in sales with respect to 2017	6.47%
Growth in production with respect to 2017	12.53%



RESEARCH, DEVELOPMENT AND INNOVATION

In response to a changing market accentuated by growing competition, research, development, and innovation are fundamental factors for our growth, cutting across every part of the business.

Our *Lafayette Innovation* program leverages our business strategy, generating dynamics that stimulate competitiveness and strengthen a culture of innovation in everything we do. Innovation gives constant answers along the way, helping us meet the goals established under our strategy.

Our efforts target:

- Generating growth and value for stakeholders
- Ensuring our viability
- Creating sustainable products and processes
- Producing new and greater income
- Offering better quality and service
- Being more efficient

At **Lafayette** we think and act **differently,** in a useful and effective manner.



4.41%

of sales are allocated to innovation.



COP \$1.1 billion in savings

as a result of improving processes and investing in new technologies.

68

ideas already implemented



100

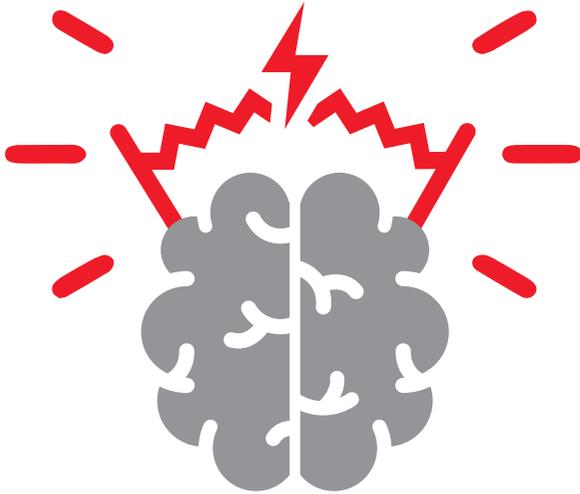
ideas being executed

Position 24



among the 300 most innovative companies of Colombia nominated by Dinero Magazine and the ANDI.

Culture of innovation



We are convinced we can innovate in every process, and that the ability to think up and execute new ideas is not the exclusive domain of a few people. All of us can innovate from our position and our experience. We have therefore incorporated a methodology that not only invites ideas, but offers tools for generating them systematically. It consists in breaking paradigms by asking concrete questions that lead to thinking differently.

We create incentives for creativity as a fundamental pillar of innovation, then translate that creativity into ideas that can be implemented and generate tangible results. We then follow up on those ideas during their implementation, documenting them to clearly identify lessons learned and achievements in savings, additional sales, or other metrics.

Innovation focuses

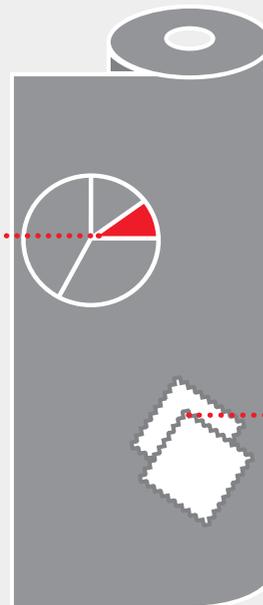
Research, development, and innovation are integrated into the different links of our value chain and are a vehicle for staying up-to-date in the textile world.

Our innovation focuses on **products, processes, and technologies.**

Products

In 2018, we pushed to create new and better textile solutions. We made fabrics with cutting-edge technology, keeping us on the vanguard of the latest trends in materials, textures, prints, and functional finishes for all our markets.

Product innovation represented **19.15%** of all sales¹.



We launched **26** base fabrics.

¹ This figure corresponds to sales of base fabrics, stock, and colors launched in 2018.

Product innovations during 2018

Laftech Technology.

With our development of technologies in high-performance base fabrics for the sportswear market, we entered the world of waterproof and breathable membranes. This required us to implement new productive processes.

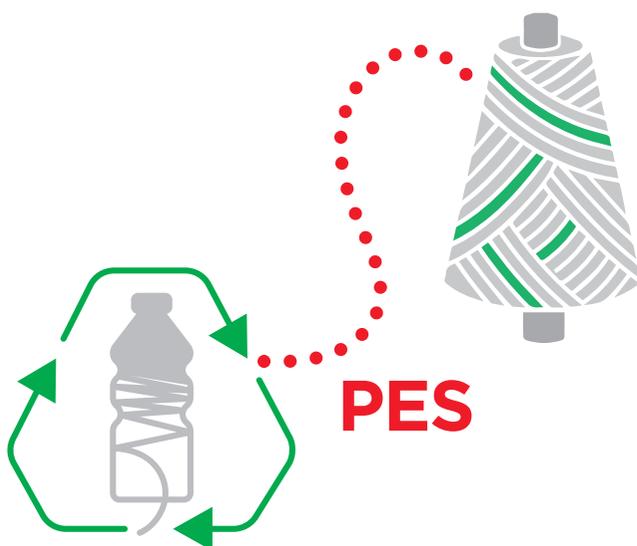
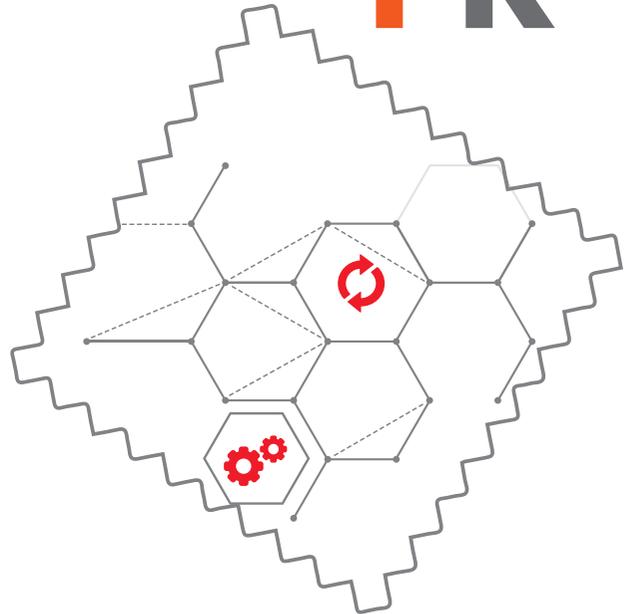
Flame Retardant (FR) Technology.

We developed this new in-house technology and incorporated it into fabrics used in industries where it is highly valued. The protection provided by FR fabrics in those settings beats the competition in terms of price. We continue our research to pursue and ensure further refinements.

Recycled Polyester (PES).

We have the ability to develop any base fabric, in the present or future, with a recycled-fiber content from 20% to 100%.

FR[®]



Making base fabrics with recycled yarn (ecological fibers) strengthens our environmental sustainability. In consequence, it makes us an **increasingly efficient and competitive organization that systematically improves its processes**, and that provides greater added value, making us highly valued by our customers.

Processes

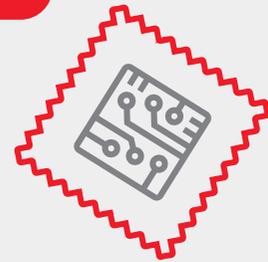


We focused on continuous improvement and problem-solving, and our processes were supported by the highest standards for research and innovation.

We engaged in disruptive innovation experiments or exercises to leverage new growth.

We also consolidated innovations that arose naturally, without using our creativity methodology, but that break paradigms, and have already been implemented, producing tangible and impactful achievements.

Technologies



These innovations were oriented toward CAPEX investments and following up on investment projects.

We invested in laboratory equipment to continue improving quality and ensure product control. We expanded and strengthened our capacity in warp knit and circular knitting machines for knitting new base fabrics, as well as machines for special finishes in sportswear, apparel, and home decor fabrics, leading to the creation of new products.

Challenges 2019-2020

- ▶ Quantifying the impact of innovations and consolidating an internal culture for measuring them
- ▶ Identifying and developing services that, based on their impact, are valued by clients and generate additional income
- ▶ Strengthening the exploration of best global practices with an eye toward streamlining implementation processes and opening doors to new alliances
- ▶ Determining textile platforms for developing new base fabrics, taking advantage of the equipment investments in 2018
- ▶ Expanding the portfolio of FR base fabrics, in line with international standards
- ▶ Achieving local production of recycled yarn in our factory in order to establish the country of origin for our base fabric exports



STRATEGIC INFORMATION TECHNOLOGY PLAN (PETI)

The Strategic Information Technology Plan (PETI for the Spanish) was implemented in 2010 to meet information needs. The portfolio of projects with a **high technological component helps leverage this strategy** and meet goals.

Simple and powerful methodology for project execution and follow-up

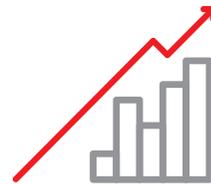
The Strategic Information Technology Plan involves:

- Interdisciplinary teams committed to a single objective
- A clear governance system involving leaders
- A committee to interact with managers
- Regular follow-up and control of departments and their teams, based on criteria for success defined from the beginning of each project

The criteria for success established for each project include sales growth, improvements in data processing and reporting times, diminished inventory, and more efficient purchases. The overall goal is to meet 80% of the criteria for success, measured at the end of each quarter.

5 of the **13**
information
technology
projects
concluded
in 2018

and the other
projects moved ahead
according to plan,
meeting their criteria
for success by **92%**



Information technology (PETI) projects implemented

- ▶ **PETI Clientte** manages relationships with customers.
- ▶ **PETI BI** gives the organization's different areas user-friendly access to strategic information for relevant and timely decision-making.
- ▶ **PETI Synergy** reduces inventory, optimizes mill operations and improves service.
- ▶ **PETI Corporativo** provides a tool for monitoring performance, to thus improve the management of each business line relative to the performance of the corporate team as a whole.
- ▶ **Intégratte** brought Ecuador, Mexico and Peru on line with the financial system, with modules up and running, replacing the previous information system.
- ▶ **IFRS** implemented the required International Financial Reporting Standards.
- ▶ **A la casa del decorador** helps the Home Decor unit improve processes and meet sales goals.
- ▶ **Digitex** has brought the business and its growth to potential.

Challenges 2019-2020

- ▶ Meeting **80%** of all criteria defined for each of the PETI information technology projects.



Risk During 2018 we formed the Risks Committee. The interdisciplinary team includes personnel from security, infrastructure, credit and accounts receivable, accounting and taxes, procurement, processes & IMS, and foreign trade. It also includes the heads of human resources, occupational health and safety, and internal control, along with integrated management system (IMS) analysts.

The committee meets quarterly, and its responsibilities include the following:

- **Review and approve** the methodology for managing risks and opportunities and the risk matrix for each process
- **Promote a culture** of compliance
- **Assess and recommend** risk exposure limits
- **Coordinate risk management** in the framework of the business group's control architecture and make recommendations for risks that may materialize
- **Make sure** Lafayette's risk profile is in line with the guidelines of the Board of Directors, and all risks are considered in our processes
- **Deliver, present, and communicate an annual report to the department heads** with a summary of goals met and actions taken by the Committee
- **Monitor and supervise** to ensure risk and opportunity management includes our activities' critical risks in all arenas, and that actions plans are followed for the risks identified
- **Validate the parameters and indicators** for measuring and controlling risks
- **Establish risk policies and general risk strategies**, seeking a shared vision of key aspects
- **Review** the risk mitigation plans and results
- **Keep the business** continuity plan updated to prevent losses

GOOD CORPORATE GOVERNANCE

It is imperative to adopt measures to strengthen corporate governance that will work to strengthen Colombia's ability to compete. Governance has a close relationship with the viability of our business.

Legal structure

Textiles Lafayette S.A.S., which can also act as Lafayette S.A.S., is a Colombian private sector enterprise domiciled in Bogotá D.C.

Textiles Lafayette S.A.S. is the parent corporation of the following subsidiaries: Business Advisors International EXPS Ltda. in Costa Rica, Lafayette del Peru S.A.C., Lafayette USA Corp., Laftech S.A.S., Textiles Lafayette Bolivia S.A., Textiles Lafayette de El Salvador S.A. de C.C., Telas Lafayette de Guatemala S.A., Textiles Lafayette de Honduras S.A., Telas Lafayette de Mexico

S.A. de C.S., Telas Lafayette de Paraguay S.A., Telas Lafayette de Mexico S.V. and Telas Lafayette de Chile SPA.

As part of this legal structure, the company has a legal department supported by outside attorneys with different specialties.

Our governing bodies are the General Meeting of Shareholders, the Board of Directors, and five departments.



Corporate Governance Code

The Code is published in the corporate bylaws, and is available to the public. Corporate governance is regulated by the Colombian Commerce Code.

Corporate Governance Policy

Senior management established mandatory corporate policies in line with the corporate strategy (Passion 2018). As the most important documents in the documentation hierarchy, these policies support directives and alignment with the management and good governance systems. Therefore, upon approval and signature by a department head or legal representative, they are posted to the Intranet, published, and disseminated to all employees.

To ensure compliance, they are included in a matrix with objectives, action plans, indicators, goals, periodicity, and the person responsible.

Control bodies and committees

- Department of Internal Control
- Compliance Officer for the Asset Laundering and Financing of Terrorism Risk Management and Self-monitoring System (SAGRLAFT)
- Audit office
- Employee Committee
- Risk Committee
- Environmental Management Committee

Regular monitoring of the work

We align the entire company to focus our actions on meeting corporate goals.

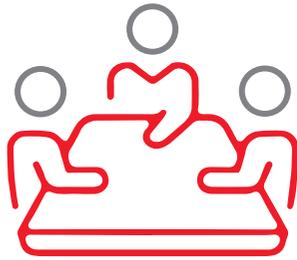
Each quarter we review the strategic map and measure the indicators for strategic objectives using a traffic light and scoreboard methodology for each area. The Office of Strategic Management and/or the area manager analyzes the most important results, impacts, and alerts, and shares them with personnel in half-hour sessions. These sessions empower people, helping them understand the impact of their work on Lafayette's performance.

Integrated Management Systems (IMS)

- We align the entire organization according to processes, setting up implementing committees with expert leaders as required by the different topics, with a corresponding action plan and quarterly progress report. Each implementing committee includes a person from the Processes area to make sure initiatives are properly managed and integrated.
- We specify the requirements for each management system and establish their compatibility in a matrix, so they can be executed efficiently.
- We designed a pamphlet for each system that explains, "*What I need to know about the integrated management system and my role in compliance.*"

Critical positions and leadership positions matrix

This matrix defines the impact on the organization starting from the creation of each position. The goal is for the matrix to guide good governance strategies and tactics, reaching all levels in a cascade effect. It also helps steer strategies and actions in favor of personal and professional development.



100% of
managers
are regularly updated in
scheduled meetings.

Challenges 2019-2020

- ▶ Consolidating our international operation commercially, legally, and structurally
- ▶ Modernizing financial administration
- ▶ Continuing to promote corporate governance policies, procedures, products, and services in line with international standards for environmental conservation



ETHICS, COMPLIANCE, AND TRANSPARENCY

We are governed by strict principles of legal compliance, ethics, and transparency. We work continuously to make sure the entire team at Lafayette is keenly aware of the principles that guide us.



Code of Conduct

Our code establishes nonnegotiable principles and prohibited behavior related to aspects such as: commercial or monetary relationships between employees and suppliers or customers, conflicts of interests, situations of risk, and the treatment and handling of confidential information.

Our Code of Conduct promotes working together productively and in harmony, making possible the administrative and financial stability of the company, its employees, customers, and suppliers, based

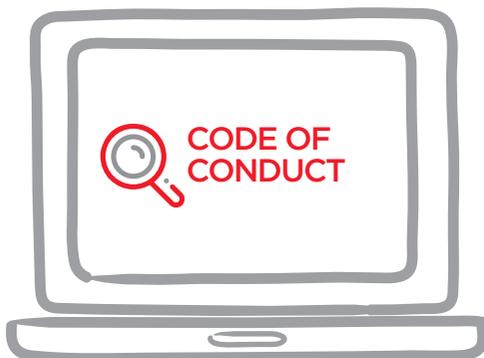
on the foundational principles of honesty, respect, loyalty, and social commitment that have characterized us throughout our history.

During 2018, we updated the Code of Conduct and then disseminated it to 100% of our personnel. This update emphasized fair treatment, respect for diversity, and zero tolerance for discrimination based on race, geographic origin, gender, social status, religious, political, or sexual orientation, or physical appearance.

Lafayette considers the following to be the criteria governing all of its actions and decisions:

- Compliance with all the legal and ethical regulations that govern the relationships of employees with each other and with their employer, and that govern relationships with suppliers and customers
- The policies and regulations for the market and for environmental conservation
- The protection of children and young people, as stipulated by laws and labor regulations, which is an aspect we give special attention
- Respect for religious and political diversity
- A commitment to solidarity seen in labor, family, and community relations on the part of the company and its employees
- Lafayette does not promote any particular political party or religion, and does not tolerate any type of discrimination in these areas. This non-discrimination criteria also applies to race, geographic origin, social status, gender and/or sexual orientation, and physical appearance.

The Code of Conduct is available for consultation on the Intranet, is included in our induction and re-induction processes, and is complemented by the Internal Work Regulations, which contain rules, rights, and duties that should be respected and heeded. Employees are evaluated in line with the Code of Conduct and the Internal Work Regulations in order to give them recognition and/or promotions, or to make disciplinary or contractual decisions.



Contact mechanisms for reporting unethical conduct:

- ▶ The e-mail address: servicoalcliente@lafayette.com, published on the web page
- ▶ Hotlines published on the web page
- ▶ Nuestra Gente Portal, accessed by entering user name and payroll number, using the option 'messages to payroll'
- ▶ Web page and social media

Anticorruption policy



The anticorruption policy underlines the importance of the ethical values of the organization and of its employees. It enforces compliance by the operations with the current laws regarding corruption and transnational bribery.

We have zero tolerance for any kind of conduct considered to be bribery or corruption of any type or that violates our principles regarding ethics, legality, respect, justice, equality, honesty, and responsibility.

This policy complements the Code of Conduct and has the following objective: to strictly prohibit bribery of any kind of a public servant or a private person, including both direct bribery and indirect bribery through an intermediary or third party, promoting the expression of ethical values in the conduct of all company employees.

Security and International Trade Security Policy

This policy:

- Establishes security rules and procedures for international supply chain processes, to prevent the use of export and import cargo as a vehicle for illegal activities such as cargo contamination, asset laundering, contraband, drug trafficking, the trafficking of inputs for drug processing, terrorism, financing of terrorism, and arms trafficking.
- Establishes rules, tools, and procedures for controlling information and the physical security and logistics of facilities and cargo.
- Cooperates continuously with national and international authorities.
- Safeguards the trust of our employees and business associates.
- Provides security education and training to personnel.
- Meets the applicable requirements.

Asset Laundering and Financing of Terrorism Risk Management and Self-monitoring System (SAGRLAFT)

During 2018 we formalized the SAGRLAFT Policy and the manual that contains Lafayette's other policies, functions, responsibilities, and provisions in this area. We determined the indicators for measuring compliance with objectives and established quarterly monitoring. We undertook dissemination and training activities for contracted personnel in line with the impact of their functions on the system.

Progress made in implementing

SAGRLAFT:
72%



We also developed the risk management system based on the ISO 31001 standards, to identify, detect, assess, prevent, or mitigate risks associated specifically with transnational bribery or corrupt practices. We determined the risks for 100% of our processes, 21 in total. The persons responsible for each process participated actively, contributing their experience and knowledge, to establish controls for preventing corruption, asset laundering, and the financing of terrorism.

Authorized Economic Operator (AEO)

The international customs control initiative led by the World Customs Organization (WCO) guarantees the secure flow of international trade for both imports and exports, producing tax benefits and optimizing customer service promises. In the context of this initiative, we modified the selection and creation procedures for employees, suppliers, and customers. We incorporated risk analysis and assessment, and requirements regarding knowledge and security validations prior to joining the organization or engaging in transactions with it. We also implemented the best practices of the ISO 28000 standards for a Secure Supply Chain Management System.



Transparency Agreement

At the Fashion and Textile Sector ANDI Assembly in 2018, we signed, together with 20 companies, the Textile and Apparel Sector Transparency Agreement sponsored by the ANDI and the Ministry of Trade, Industry, and Tourism. Under the agreement, we committed to doing business in a way that is fair, honest, and transparent, avoiding unfair competition and combating corruption in all its forms.

Fight against contraband



The textile industry is one of the sectors that generates the most jobs in Colombia, and at the same time is one of the industries most affected by contraband. Tax evasion through contraband causes harm to the nation's assets and therefore to its people. Contraband also undermines the country's industrial de-

velopment and formally established trade, therefore affecting its ability to compete. We therefore actively participate in the different initiatives led by government institutions and industry associations to counteract and prevent contraband in order to avert any imbalance in the national market.

Challenges 2019-2020

- ▶ Generating commitments and actions that strengthen ethical behavior among employees
- ▶ Setting up and disseminating a Business Ethics Line. This will be an exclusive channel for different instances to report unethical conduct. It must be accessible by employees and external stakeholders, and properly managed and controlled.
- ▶ Defining specific security guidelines for promoting ethical conduct in contracting
- ▶ Developing follow-up and control tools for SAGRLAFT
- ▶ Structuring and executing audit plans to ensure the coherence and permanence of the initiatives implemented

LaFAYETTE



04

PEOPLE AS A FACTOR
FOR SUCCESS

Every Lafayette team member is a factor for our success. That's why we focus on the human aspect of our work, a focus leading to our commitment to facilitating long-term goals and purposes, both personal and professional.

We work meticulously to attain the best results and create value during recruitment, selection, training, and performance evaluations. We carefully monitor occupational health and safety, and the general well-being of workers and their families, in order to build a sense of belonging, promote a better work environment, and stimulate variables of success such as leadership, innovation, productivity, and ability to compete.

We seek to retain the best talent and strengthen organizational happiness.





TALENT ATTRACTION, DEVELOPMENT, AND RETENTION

Total number of employees by contract type	2016		2017		2018	
	Women	Men	Women	Men	Women	Men
Fixed-term	493	1,209	568	1,363	621	1,499
Open-ended	73	73	89	97	90	108
Interns	5	21	16	43	21	36
Total all countries	571	1,303	673	1,503	732	1,643

Total employees by country in 2018	Total number of employees	Fixed-term	Open-ended	Interns
Colombia	2,180	2,120	3	57
Argentina	0	0	0	0
Canada	0	0	0	0
Bolivia	1	0	1	0
Chile	3	0	3	0
Costa Rica	21	0	21	0
Ecuador	82	0	82	0
El Salvador	1	0	1	0
United States	0	0	0	0
Spain	0	0	0	0
Guatemala	20	0	20	0
Honduras	1	0	1	0
Italia	0	0	0	0
México	31	0	31	0
Panama	1	0	1	0
Paraguay	0	0	0	0
Peru	32	0	32	0
Dominican Republic	1	0	1	0
Uruguay	1	0	1	0
Venezuela	0	0	0	0
Total	2,375	2,120	198	57

Origin of employees in Colombia	2018			
	Bogota	Other regions of Colombia	Foreigners	Total
Fixed-term	1,993	125	2	2,120
Open-ended	3	0	0	3

Total employees by age group and gender	2016		2017		2018	
	Women	Men	Women	Men	Women	Men
18 a 25 years	32	75	51	165	77	210
26 a 35 years	174	318	226	409	260	496
36 a 45 years	206	390	230	388	239	420
46 a 55 years	125	359	134	375	127	365
56 a 65 years	34	150	32	154	29	141
Over 66 years	0	11	0	12	0	11
Total all countries	571	1,303	673	1,503	732	1,643
	1,874		2,176		2,375	

Employees in Colombia by age group and gender	2016		2017		2018	
	Women	Men	Women	Men	Women	Men
18 a 25 years	28	81	46	161	72	208
26 a 35 years	141	296	183	366	211	446
36 a 45 years	176	329	196	346	210	376
46 a 55 years	119	361	127	370	120	357
56 a 65 years	34	152	32	152	29	140
Over 66 years	0	11	0	12	0	11
Total all countries	498	1,230	584	1,407	642	1,538
	1,728		1,991		2,180	

Total employees by level and gender	2016		2017		2018	
	Women	Men	Women	Men	Women	Men
Department Managers	0	5	0	5	0	5
Assistant Managers	4	11	4	11	4	12
Directors	28	46	24	39	29	31
Area Heads	21	35	22	34	46	42
Coordinators	23	24	24	24	21	35
Analysts	30	34	31	31	39	32
Assistants	24	11	24	14	25	7
Operators	126	674	124	688	127	743
Interns	1	0	2	0	1	-
SENA interns	21	51	24	51	21	55
Others	293	412	394	606	419	681
Total all countries	571	1,303	673	1,503	732	1,643
	1,874		2,176		2,375	

Number and rate of new employee hires by gender	2018		
	Women	Men	Total
Number of employees at start of period (people hired under contract)	657	1,460	2,117
Number of employees at close of period (people hired under contract)	711	1,607	2,318
Number of new hires during the period (people hired under contract)	238	508	746
New hires rate = (Total hires / final number of personnel) * 100	33.47	31.61	32.18

Number of new employee hires by country	2016	2017	2018
Colombia	168	167	199
Argentina	0	1	0
Canada	0	0	0
Bolivia	0	1	1
Chile	0	2	2
Costa Rica	3	2	2
Ecuador	0	2	4
El Salvador	0	1	0
United States	0	0	0
Spain	0	0	0
Guatemala	0	2	0
Honduras	0	0	1
Italia	0	0	0
Mexico	0	0	0
Panama	0	1	1
Paraguay	0	0	1
Peru	0	2	0
Dominican Republic	0	0	1
Uruguay	0	0	0
Venezuela	0	0	0
Total	171	181	212

New employee hires in Colombia	2016	2017	2018
Bogota D.C.	144	150	164
Other regions of Colombia	24	17	34
Foreigners	0	0	1
Total	168	167	199

Number of new employee hires by age group	2016	2017	2018
18 a 25 years	33	53	40
26 a 35 years	86	78	115
36 a 45 years	38	41	55
46 a 55 years	13	8	2
56 a 65 years	1	1	0
Over 66 years	0	0	0
Total all countries	171	181	212

Personnel turnover by gender	2018		
	Women	Men	Total
Number of employees at start of period (people hired under contract)	657	1,460	2,117
Number of employees at close of period (people hired under contract)	711	1,607	2,318
Number of separations at close of period (people hired under contract)	142	276	418
Annual turnover rate = (Total separations/ final number of personnel) * 100	19.97%	17.17%	18.30%
Annual voluntary turnover rate = (voluntary separations during the year / average personnel during year)* 100			14.15% ¹

¹This indicator used as its denominator the average for the mill in 2018 (2,218 employees).

Number of employee separations by country	2017	2018
Colombia	264	355
Argentina	0	1
Canada	0	0
Bolivia	0	1
Chile	1	3
Costa Rica	4	6
Ecuador	28	24
El Salvador	0	1
United States	0	0
Spain	0	0
Guatemala	7	5
Honduras	0	0
Italy	0	0
Mexico	18	11
Panama	0	0
Paraguay	0	0
Peru	23	11
Dominican Republic	0	0
Uruguay	0	0
Venezuela	0	0
Total	345	418

Number of employee separations by age group (people hired under contract)	2017	2018
18 to 25 years	55	87
26 to 35 years	192	215
36 to 45 years	78	79
46 to 55 years	19	32
56 to 65 years	1	4
Over 66 years	0	1
Total	345	418

Separations by cause (people hired under contract)	2017	2018
Expiration of contract	44	69
Dismissal	35	35
Mutual agreement	1	0
Resignation	265	314
Death	0	0
Total	345	418

Gender equality

	2018
Percentage of women in workforce	30.82%
Percentage of women in managerial positions	0%
Percentage of women in junior executive positions ²	43.99%
Percentage of women in top management positions (a maximum of two levels below senior executives) ³	43.4%
Percentage of women in executive positions with income producing functions ⁴	35%



Fair and competitive salary

Lafayette is one of the textile companies that best remunerates its employees. In development of our Value added for the employee policy, we organize services that promote the well-being of employees and their families based on principles that satisfy their personal and family needs. Depending on the worker's level in the organization, we offer a benefits package that includes their family. Plus, each year we increase salaries by more than the government-decreed increase.

² First line executives, junior executives, and the lowest management level in the company's management hierarchy. People typically responsible for leading or executing the day-to-day work toward the organization's operational objectives, transmitting instructions from the higher level managers and directors to subordinates.

³ Includes managerial positions a maximum of two levels from the CEO, who are responsible for planning, leading, directing, and formulating policies, establishing strategies, and providing general leadership of organizations for the development and delivery of products or services, within the parameters approved by administrative or other governing bodies.

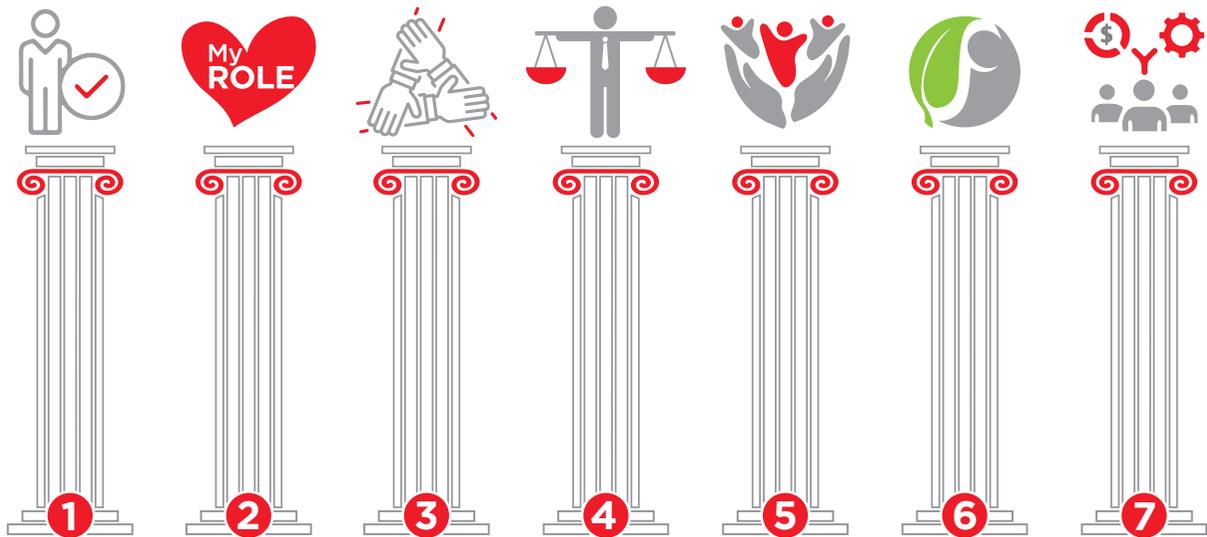
⁴ Includes areas that contribute directly to generating income for the company, such as sales, commercial, etc. Excludes support functions such as human resources, legal, and information technology.



Lafayette Employee

This strategy offers the employee a value proposition as a differentiating factor and promotes corporate values. It creates a sense of belonging, and highlights the way each person, through their participation and development, impacts Lafayette's results.

The seven attributes of a Lafayette employee:



1 We value you as a human being, one who acts with fairness and justice, takes care of himself and his well-being, and makes plans for development and growth.

2 You enjoy the challenge of developing your role with passion.

3 You find accompaniment and support for meeting your challenges.

4 You find balance between your work and your personal life.

5 You pursue well-being for yourself and your loved ones.

6 You identify with the company's social and environmental sustainability.

7 You make a direct contribution to our clear business strategy.

Lafayette is Competitive

The Employees' Committee is a group of people elected for a two-year period of service. They help improve the company under the *Lafayette is Competitive* focus, establishing clear responsibilities.

To improve the company's ability to compete and strengthen its commercial and financial viability, and its viability as an employer, we implemented several strategies and new



focuses that are appropriate to a modern organization. In the area of employment, thanks to joint work with the Employees' Committee, we have motivated people to focus their energy and time on new achievements for themselves. Meanwhile, managers continue their open-door policy, available to listen to comments, with the resulting development of teams that produce innovative and effective results.

Training Model

Each year, we establish a training budget based on training needs identified.

Annual investment in training and development (Colombian pesos)		
2016	2017	2018
280,000,000	490,000,000	630,000,000

Average investment in training and development per full-time employee (Colombian pesos)		
2016	2017	2018
130,536	223,540	270,000

Number of people trained by level and gender (people with employment contracts)						
Level	2016		2017		2018	
	Women	Men	Women	Men	Women	Men
Vice Presidents	0	5	0	5	0	5
Asst Vice Presidents	3	10	4	10	4	10
Managers	24	28	27	28	30	29
Area Heads	29	32	36	32	41	39
Coordinators	15	13	17	18	20	25
Analysts	31	22	29	23	31	26
Assistants	21	4	22	5	22	5
Operators	103	760	108	775	109	804
Interns	2	5	3	3	2	4
SENA interns	19	38	17	40	19	38
Total	247	917	263	939	278	985
	1,164		1,202		1,263	

Number of training hours and average training hours in 2018 by level and gender							
Level	2016		2017		2018		Average 2018
	Women	Men	Women	Men	Women	Men	
Vice Presidents	0	20	0	28	0	40	14.7
Asst Vice Presidents	20	70	22	72	24	78	47.7
Managers	80	80	70	70	95	98	82.2
Area Heads	65	65	70	70	88	95	75.5
Coordinators	45	40	40	35	60	66	47.7
Analysts	60	50	70	80	98	96	75.7
Assistants	55	9	65	12	82	15	39.7
Operators	257.5	2,280	270	1,937	381	2,814	1,323.3
Interns	6	12	7	8	8	12	8.8
SENA Interns	38	76	34	80	45	78	58.5
Average hours	62.65	270.2	64.8	239.2	88.1	339.2	

During 2018, we offered training to strengthen skills related to leadership, textile technology, sales of goods and services, and other topics.

Leadership skills development



This program was organized with support from Pontificia Universidad Javeriana and was offered to directors, area heads and coordinators in the Production Department. The course intensity was 100 hours, and was based on the results of the climate measurement in 2017 and on corporate competencies.

The objective was to develop a leadership style focused on people with different profiles and ages, in order to guarantee corporate results and stimulate a good working environment, personnel retention, and good relations.

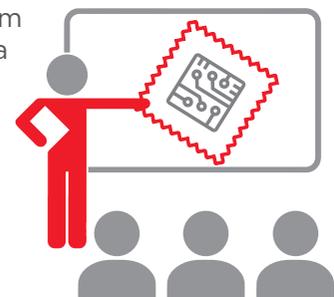
The University contributed quality teaching and the program structure. Lafayette supervised the relevance of the topics, the use of cases applicable to our context, follow-up and accompaniment strategies, and the methodology.

Textile technology training

The following are the objectives of this formal educational program taught by the SENA:

- To contribute to the comprehensive development of employees.
- To form future leaders.
- To strengthen and update technical knowledge.
- To provide recognition in the form of training.
- To offer an educational option that can be pursued without missing work.

The two-year program confers a degree as a Textile Technologist. Operators, supervisors, technicians, and area heads from the Production area participated in the classes.

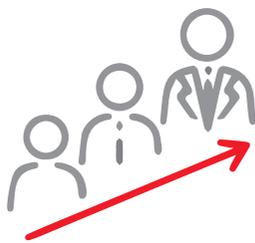


Lafayette encouraged participation, giving priority to personnel demonstrating good performance, a desire to improve, and a future with the company. We facilitated aspects such as logistics (time, classrooms, and other resources), and we offer guided visits of the mill. The SENA assigned the teachers and contributed the academic resources and the learning platform.

25
employees
received this
training in 2018.



Main results 2018 for people who received Textile Technology training



12
employees
were promoted
to positions with
greater responsibility.

As a result of these learning opportunities, turnover decreased in this population group by

4% over the previous year.



Goods and services sales technician

This four-year program targeted all the personnel in the Lafayette retail stores in Bogotá, giving them comprehensive training and in-depth information about aspects related to their work. It facilitated their professionalization and ensured they can meet the organization's sales goals and properly manage the challenges of the market.



The program included 40 hours of courses in sales skills, looking at specific product issues (technical data sheets, uses, benefits, composition etc.). In 2018, participants with excellent job and academic performance and projection with the company were offered an opportunity to obtain a technical diploma from the SENA.

Initiatives like this one lead to employees who have better skills, better customer service, and more sales tools. It also leads to lower turnover and greater motivation.

Liderar- 

We developed the Liderar-C program in response to a need to strengthen leadership. It provides communication tools to help coordinate different jobs and promote positive relations that ensure focused and well-executed actions. It targets people in all of the organization's departments in Colombia and in the other countries where we operate.

Second level executives in our organizational structure who are certified in coaching designed and taught this workshop. They led discussions to reinforce the knowledge acquired during the workshop and to cover questions arising out of everyday experiences.

In addition, this concept will be incorporated into a cross-company evaluation of leadership competencies in 2019.

English and Excel



In today's demanding, fast-paced, and globalized environment, we offer these two programs to give employees the tools they need for optimum performance on the job.

The two programs are a permanent part of our portfolio of training courses.

Performance evaluation



We evaluate the performance of all employees annually. We measure development in the six corporate competencies for the employee assessed.

Payroll employees who received regular performance and professional development evaluations, by level and by gender						
Level	2016		2017		2018	
	Women	Men	Women	Men	Women	Men
Vice Presidents	0	5	0	5	0	5
Asst Vice Presidents	3	10	4	7	4	7
Managers	24	22	22	22	30	29
Area Heads	29	25	20	28	40	34
Coordinators	15	13	15	18	20	25
Analysts	31	22	29	23	31	26
Assistants	21	4	22	5	20	5
Operators	103	760	103	765	103	790
Total	226	861	215	873	248	921
	1,087		1,088		1,169	



OCCUPATIONAL HEALTH AND SAFETY



OHS

We are committed to improving employee health and safety with a focus on preventing work-related accidents and occupational illnesses that could affect employees' quality of life.

Occupational Health and Safety Management System (OHS-MS)⁵

The OHS-MS is based on continuous improvement and involves every level of the organization. It creates safe working environments, controlling the risks and hazards to which employees may be exposed.

In 2018, compliance with standards was ⁶

62.25% 

OHS-SM Figures ⁷	2017	2018	2018
Absence rate = (Number of days of absence with work-related or non-work-related illness / Number of man-days of work scheduled in the period) * 100 ⁸	0.32	0.33	0.32
Frequency index for work-related accidents = (Number of cases/ total population) * 100	12.4	10.8	11.7
Work-related accident severity index ⁹	9.8	9.4	10.3
Frequency index for non-work-related illness = (Number of cases/ total population) * 100	107.8	141.9	154.9
Number of work-related fatalities	1	0	0

Number of employees with jobs with an elevated risk or incidence of illness		
Job	Incidents or risks	Number of people
Production (operators/ assistants)	· Load lifting, pushing, and pulling	18
	· Repetitive work	
	· Work outside of comfort angle	
	Exposure to noise (hearing loss)	
Administration	Repetitive movements	1



In 2018 there were **NO** cases classified as occupational illness.

⁵ For more in-depth information, see Resolution 1111 of 2017 (rescinded in 2019 by Resolution 0312).

⁶ According to the audit by the ARL (Labor Risk Administrator).

⁷ Data is kept for men and women, but the days worked by gender are not recorded.

⁸ i. Absenteeism is calculated as established in Resolution 1111 of 2017, article 15 (minimum OHS-MS standards); ii. Man hours worked (MHW) is used; iii. For the year 2016, this adds up to 6,000 days due to a fatal accident.

⁹ Uses the following formula: SI: [(Lost days from work-related accident / Man Hours Worked) * K] K=240000.

Chemical risk program



This program seeks to prevent work-related accidents and occupational illness caused by the manipulation, handling, or disposal of chemical substances. It identifies hazards and controls risks with the goal of preserving and safeguarding the health of employees involved in the process.

We take the following actions:

1. We establish standards, responsibilities, and guidelines for the comprehensive handling of chemical substances.
2. We inspect work areas to make a diagnosis.
3. We develop an management plan at the source, for the environment, and for the individual.
4. We follow up on findings and verify the safety program's impact on employees and on the environment.

In 2018 we:

- ▶ Labeled the different chemical substances used at the mill.
- ▶ Checked the storage areas in different areas of the mill.
- ▶ Installed trays and containers for responding to a chemical spill.
- ▶ Introduced signage regarding chemical risk.
- ▶ Marked out specific areas for storing chemical substances.
- ▶ Provided training in chemical risk, including general information, safety standards for the use of chemical substances, emergency cards, and personal protective equipment (PPE).

-
- ▶ Verified use of PPE for managing chemical substances.
 - ▶ Identified storage tanks.
 - ▶ Prepared and shared safety standards for using chemical substances.
 - ▶ Carried out chemical risk inspections.
 - ▶ Installed emergency showers.
 - ▶ Acquired a spill kit.
 - ▶ Trained the spill response brigade.
 - ▶ Audited and followed up on chemical safety management.

Main results:

- ▶ Empowerment of area heads
- ▶ Active participation of leaders in labeling areas
- ▶ Assignment of budget for improvements Resaltar mediante diseño



Mechanical risk program



This program prevents work-related accidents produced by interactions with machines, tools, or equipment. It identifies hazards and controls risks in the operations, in benefit of the quality of life of employees and their families.

The program:

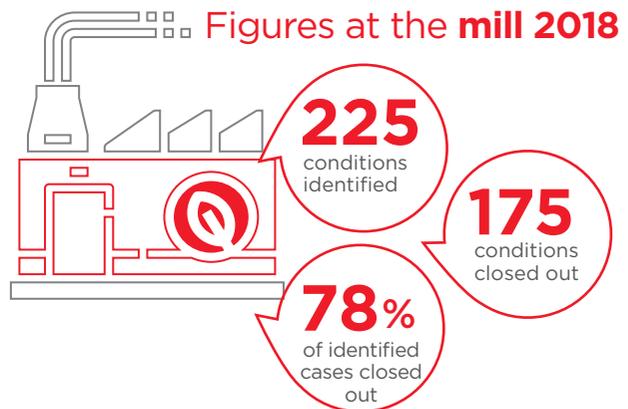
1. Establishes a methodology for identifying, assessing, preventing, and controlling mechanical risks from the use of machines, equipment, and tools.
2. Develops a management plan at the source, in the work environment, and with individuals to diminish the probability of a mechanical accident, property damage, or environmental impact.
3. Verifies the impact of the safety program on the employee population and on the environment, which could affect the company's viability.
4. Updates the program to ensure continuous improvement.

We have taken these actions:

- ▶ Ran a diagnosis in 2016
- ▶ Trained leaders in aspects such as hazard identification, mechanical risk, accident investigation, and job risk assessment
- ▶ Inspected machinery safety
- ▶ Made the improvements identified
- ▶ Closed out improvement plans
- ▶ Implemented behavior-based safety

Results

- ▶ Stronger commitment by area heads
- ▶ Active participation by leaders in training sessions
- ▶ Assignment of budget for improvements
- ▶ Interaction and communication between areas to report conditions



COPASST (Joint Management-Worker Health and Safety Committee)

The committee's main functions are the following:

- To propose measures and activities for improving health and safety at the workplace.
 - To be involved in occupational health and safety training activities.
 - To supervise the development of the occupational health and safety management system, promoting knowledge of and compliance with the system.
 - To make inspections and observations of the behavior of workstations, teams, emergency resources, etc.
 - To determine the causes of work-related accidents and occupational illnesses.
 - To propose control measures and follow-up on them.
 - To propose corrective measures and follow up on them.
 - To study and consider suggestions from employees.
 - To coordinate between management and employees the solution of problems related to occupational health and safety.
 - To regularly request reports on the rates for accidents and occupational illness, along with other reports.
- To keep a file of meeting minutes and actions taken.
 - To cooperate with government officials in actions taken at the company.

A total of **179 people** participated on the committee, representing **4%** of all employees:

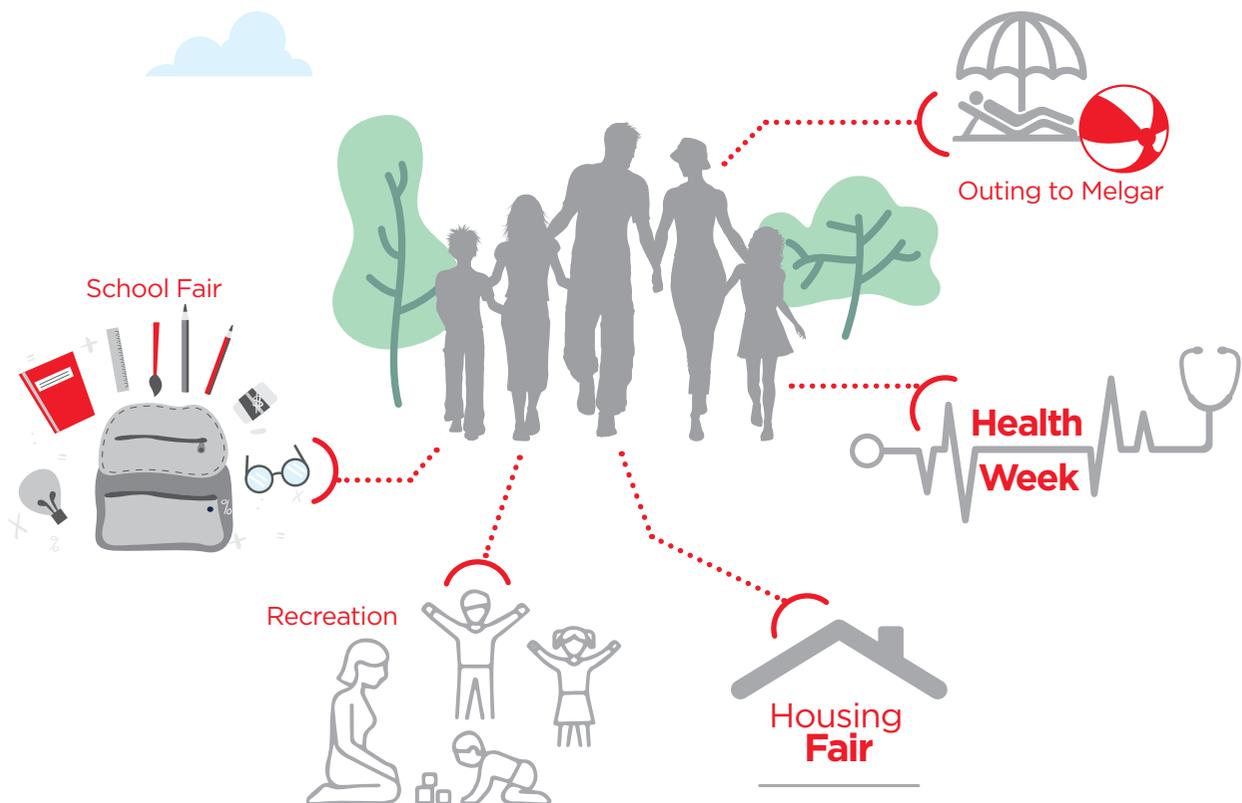
- Lafayette: 16 people, 8 representing the organization (4 members and 4 alternates), and 8 representing the employees (4 members and 4 alternates)
- Zyllette: 4 employee representatives and 4 management representatives
- Procenal: 4 employee representatives and 4 management representatives
- Lafatela: 11 representatives, one from each point of sale.
- Workplace harassment committee: 4 from Lafayette, 4 from Zyllette, and 4 from Procenal.
- Evacuation coordinators: 92 people in production positions and 32 in administrative positions

WELL-BEING OF EMPLOYEES AND THEIR FAMILIES

Our well-being program, called “Well-being for you and yours,” contributes to the quality of life of our employees and their families. It boosts their motivation and satisfaction, with the resulting improvements in personal and organizational achievements.

In the scope of this program, we promote recreational activities so employees can get to know each other. These include outings, hikes, and periodic events such as health week, recreational vacations for the younger children of employees, the housing fair, and the school fair.

“Well-being for you and yours”



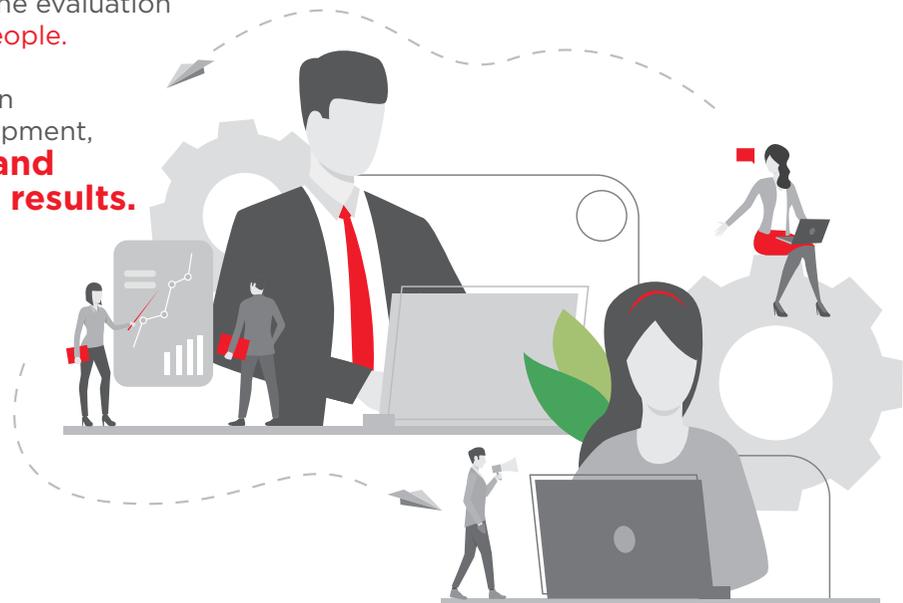
Subsidies, bonuses, and loans 2018	Amount per person (COP)	Persons benefited	Total amount (COP) ¹⁰
Employee training	1,050,874	61	64,103,281
Eyeglasses	127,410	250	28,294,622
Schooling (children of employees)	402,560	780	327,961,815
Birth (gift)	63,619	640	40,715,846
Funerals	435,914	20	8,488,411
Food baskets and gifts	69,000	2,100	144,059,632
Private healthcare insurance (monthly)	71,000	370	377,862,000
Meal service	1,036,787	2,150	2,229,090,318
Christmas and seniority bonuses	380,660	2,150	818,420,010
Special bonuses	2,559,011	422	1,791,307,757
Vacation bonuses	435,632	1,250	544,539,331
Home loans	2,059,121,098	610	



WORKING CLIMATE

We evaluate our working climate every two years.

- ▶ During 2017, the climate index was **79%** as measured by the evaluation conducted with **1,616 people**.
- ▶ The resulting action plan focused on skills development, mainly **leadership, and disseminating the results**.

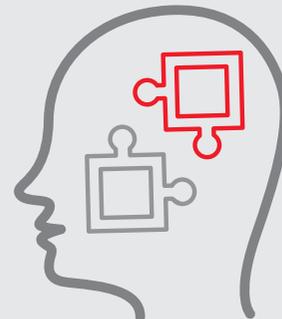


¹⁰ Assistance, bonuses, and credits are awarded in accordance with the employees' seniority, for which reason they are paid proportionally in line with seniority.

CHALLENGES 2019-2020

Talent attraction, development, and retention

- Developing differential attraction strategies to attract the best talent, using the employer branding concept
- Favorably impacting the turnover rate through opportunities for further study and development
- Ensuring the most recently hired employees receive the Goods and Services Sales Technician training, and helping those who already have their technical degree to work on higher level degrees, such as technologist or professional
- Strengthening leadership through training, helping empirical leaders become trained leaders
- Reinforcing performance evaluations by integrating competencies and indicators and developing individual development plans



Occupational health and safety

- Increasing the percentage execution of the OHS-MS
- Reducing cases of occupational illness, the number of accidents, and their severity
- Improving employee management of chemical substances
- Continuing with the process to improve unsafe conditions
- Implementing the Globally Harmonized System (GHS) in pareto areas



Well-being of employees and their families

- Diversifying arenas for employee well-being recognizing different stages of life.



LAFAYETTE



05

QUALITY AND VALUE
ADDED SERVICES

Our customers are at the center of our decisions. We know they count on us to help their business be successful, and we understand they value differentiated value propositions that incorporate a whole package of additional benefits delivered together with the product. For that reason, we offer outstanding quality, absolute availability, and value added services in each business unit.

The new realities invite us to adapt. Technological and digital development implies continuous generation of consumer experiences; greater awareness of the effects of products on people's health or the environmental impact of the operations, requires a management perspective that includes the entire value chain; and the need to activate the economy implies a commitment to develop initiatives that stimulate entrepreneurialism.



For all these reasons, **we control the product throughout the entire milling process. We include environmental and health aspects in both the development and design of products and in our procurement of inputs and raw materials. And in the productive processes, we carefully use resources such as water and power while we implement actions to protect our surroundings.**

We support the development of micro-enterprise in the markets where we operate by developing small-scale customers. We provide entrepreneurship training and mentoring at no cost, leading to job creation and exports.

Innovation and joint efforts are fundamental for offering products and services that meet and surpass our customers' needs and expectations.



This unit specializes in creating **high-performance textiles for the sportswear market**. It was created to empower user experience by improving performance. **Its creative textile solutions, incorporating technological components, make every garment comfortable**. Under our full package model, we work with partner sportswear manufacturers to meet customer needs.

This brand **specializes in fashion**. It offers textile solutions that are highly differentiated in terms of their technology, textures, colors, and designs. **Investigating world trends, it adapts them to the style of each of its markets**. The brand balances a dose of unique talent and originality with the highest standards for quality and functionality and a great sense of aesthetics. Lafayette Fashion inspires all lovers of design, transforming and giving life to their ideas.





This brand offers **smart textile solutions for unique and durable uniforms using functional, high-tech fabrics with great quality and design.** Its complete line of textiles is designed with cutting-edge technology for uniforms that have proven to meet high standards for durability and performance. This business unit develops base fabrics for the business, school, security, and healthcare & hospitality markets.

The Lafayette Deco brand offers **textile solutions for home and business interior design projects.** With the help of our quality assurance laboratory, we manufacture functional, high-performance products that are backed by Lafayette's quality seal.



This brand **specializes in delivering textile solutions to the digital printing market in the form of high-quality products with excellent definition.** The versatility of the brand's products make them ideal for producing many types of publicity materials.



Technology brands: Base fabric technology



Technology brand of
Lafayette Sports



Technology brand of
Lafayette Uni For Me



Technology brand of
Lafayette Deco



PRODUCT QUALITY AND SAFETY

calidad 360
LAFAYETTE



Our 360 Quality project assures the productive process and is a way of consistently improving and optimizing quality, while preventing or managing variable aspects that could have a negative impact on it.



Results

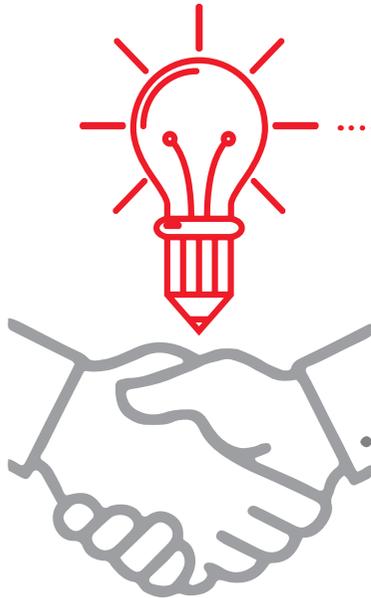
- ▶ Information was gathered and control pilots were set up.
- ▶ Additions were made to personnel to guarantee assurance presence 24 hours a day.
- ▶ The quality and production area at the finishing mill was restructured.
- ▶ Training plans were established and are being executed in the areas of Innovation and electrical maintenance.
- ▶ Documentation was created for inspection plans and testing for 100% of the company's productive processes.
- ▶ Measurement equipment was purchased to control the process.
- ▶ 43% of the requirements for project execution were passed on to IT.

Challenges 2019-2020

- Producing finished fabric with a rejection rate less than or equal to 7%
- Achieving a production rework rate of less than two digits (less than 10%)
- Keeping base fabric reproducibility indicators above 70%



VALUE-ADDED SERVICES



We work untiringly to be the best provider of value, with innovation supporting the creation and development of initiatives that will strengthen relations between Lafayette and its business unit customers, leading to growth for everyone.

Cognos BI



This is our main tool for analyzing sales, financial, and production information. The tool permits browsing and consulting reliable information, in favor of graphic and structured analysis of data that facilitates powerful decision-making that is timely and effective. In addition, it is the main repository for sales information with an eye toward studying trends, regions, sales channels, businesses, categories, and even types of customers.

LAFAYETTE RETAIL STORES

We partner with the Lafayette retail stores to distribute the products of the different business units.

Partners Plan

The Partners Plan is our customer loyalty program for store customers, where patrons can accumulate points to redeem textiles from our portfolio.

Since the launch of the Partners Plan in 2016, we have taken the following actions:

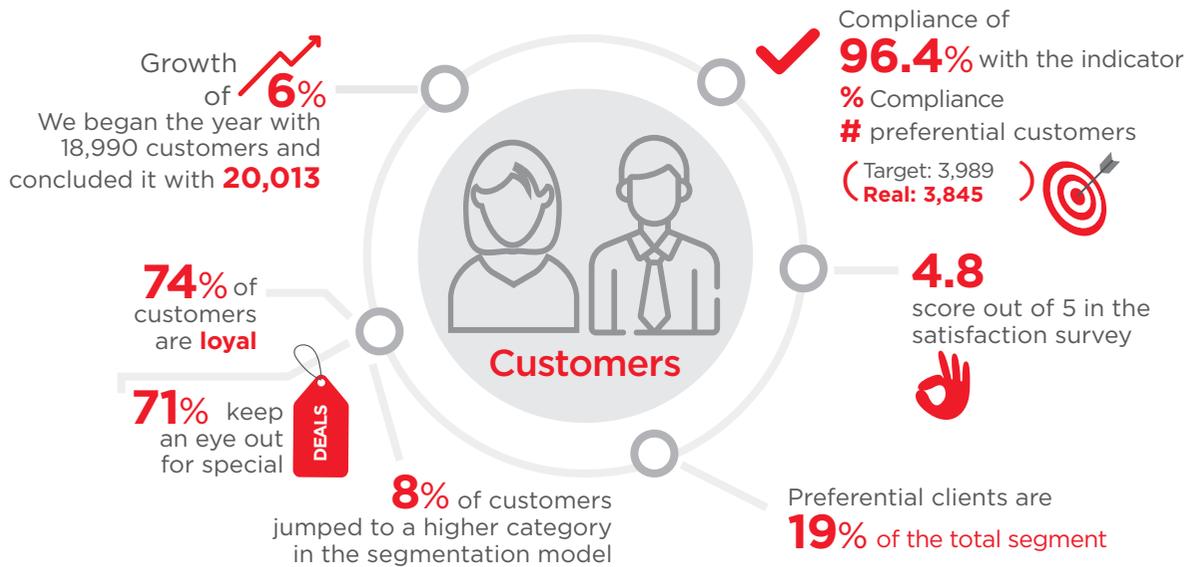
- Plan development with a multidisciplinary team



- Program launch and awareness raising with the business units and teams
- Ongoing communication campaigns

- Constant sales force training for comprehensive understanding of the program
- Proposals for additional benefits and actions to continue creating value for participating customers.

Figures 2018



Challenges 2019-2020

- ▶ Offering additional benefits
- ▶ Focusing the activity, using it as a basic tool in 2019 for leveraging the indicator *% compliance # preferential customers*
- ▶ Creating benefits for each customer segment



Digital marketing

We implement digital activities to maintain clients and help them grow. These include branding and loyalty programs, and working with potential clients via brand awareness campaigns.

Our digital marketing covers all the regions where we operate, segmenting each initiative in accordance with the needs and particularities of each region in terms of customer digital behavior.

Results 2018 for digital marketing:

- ▶ **Newsletter.** 27% variation in the open rate in 2018 over 2017 (2018 open rate is 16% higher than the average open rate for company news).
- ▶ **Facebook.** 87% increase in redirects to the website.
- ▶ **Website.** Second most visited page, with 130,000 visits (after Lafayette's main or "home" page, with 523,000 visits).
- ▶ **Advertising.** Ads with 50% effectiveness.

Challenges 2019-2020

- ▶ Working further with 'Google My Business'
- ▶ Increasing organic traffic
- ▶ Increasing traffic in retail stores as a result of digital activities
- ▶ Centralizing the WhatsApp account for Lafayette retail stores, generating specific KPIs for follow up

Training and special promotions



Training and special promotions are two ways to strengthen our ties with our customers around the brand and the channel.

Internal training has the goal of generating a clearer sales presentation with in-depth knowledge. With customer training and special promotions at Lafayette stores, our goal is to generate greater knowledge

and deliver tools that will help customer businesses grow.

Promotions include seasonal sales, promotions with strategic business units, and store or event-based promotions.

All of this leads to satisfaction, loyalty, and sales growth, especially among customers included in our segmentation model.

Figures 2018:



6.5% growth in sales



6% growth in segmentation model customers (18,990 at the start of the year and 20,013 at its conclusion)

4.79

average satisfaction score out of 5 for training sessions



8% of customers moved up into a higher segment, demonstrating evolving purchase behavior



20% on average attended training sessions, out of all customers invited

Challenges 2019-2020

- ▶ Additional coverage of specialized topics that add value to our customers' businesses
- ▶ Increasingly segmenting promotions to increase their impact

Hilando Empresa

This program was launched in 2013 to strengthen the administrative and business skills of our small and medium-sized transformers who are customers of Lafayette retail stores.

Hilando Empresa is the entrepreneurship program that is part of our social responsibility policy. It strengthens the administrative and business skills of our clients in partnership with Lafayette's

training provider - the Business Training Center - with 64 hours of instruction in the classroom. As part of the course, the entrepreneurs design a business plan and an investment plan. The best plans win seed capital to invest in machinery, advertising, digital marketing, remodeling, raw materials or other needs. Additional benefits are available for these customers who are clothing manufacturers whose performance in the program is outstanding.

Since 2013, the six courses organized have produced:



More than **600** transformers formally trained in entrepreneurship and how to develop a business plan.



More than **30** transformers who have benefited from seed capital.



More than **90** customers impacted by the program through other types of incentives for strengthening their businesses.

Figures 2018:



120 people trained



6 people received seed capital



11 people received other incentives



HILANDO EMPRESA

Inspiration that transforms



The **Hilando Empresa** program has been praised by our employees and direct and indirect beneficiaries, because it strengthens business relations, promotes customer development, and improves sales at Lafayette retail stores, with a direct impact on the organization's strategic objectives.

Challenges 2019-2020

- ▶ Taking *Hilando Empresa* to the international markets
- ▶ Ensuring concrete financial results for training participants to inspire admiration for the model and a desire in others to receive the same training
- ▶ Finding strategic partners who will be angel investors
- ▶ Expanding coverage nationally to all the retail stores

Voz del ClientTE

Since 2018 we have launched a regular meeting for sharing customer satisfaction indicators, along with any recommendations, which we call Voz del ClientTE (Voice of the Customer) Meetings. The meetings are reinforced by monthly reports.

The senior executives of the Business, Production, Quality, and Innovation and Development departments, the Textile Technical Support and CRM offices, the head of Customer Service, and other guests have participated in this initiative, as pertinent based on the topics discussed.

Participants present progress made with action plans, or describe current situations that are relevant to our customers.

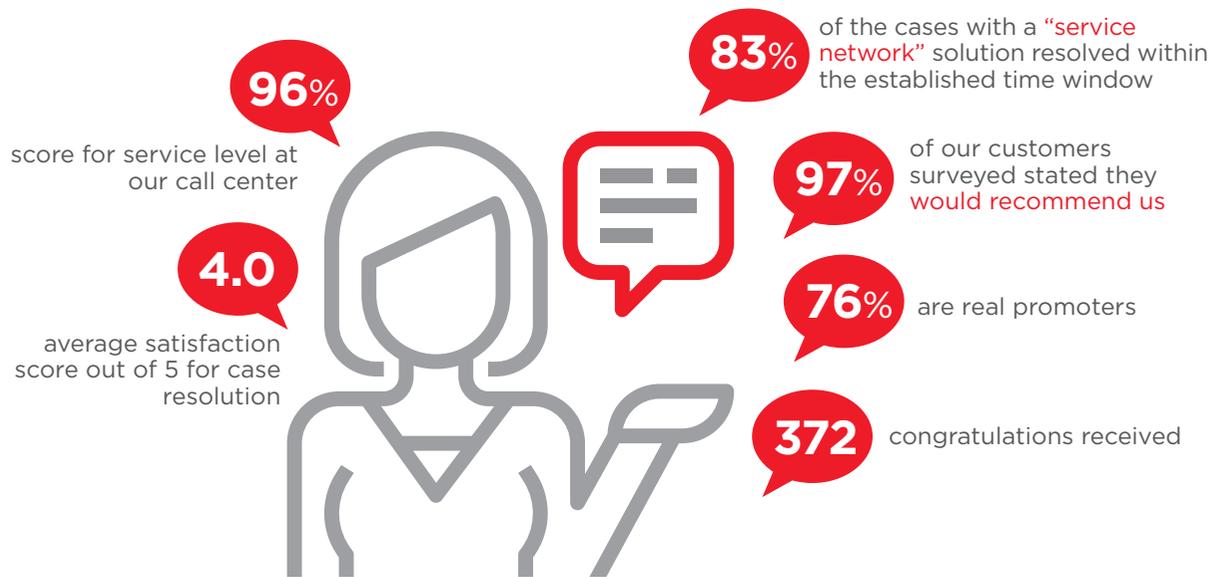
Benefits:

- ▶ Increased customer service awareness expressed in case response times and quality
- ▶ Senior management familiarized with customer perceptions of our processes
- ▶ Improvements in complaints and claims and in new customer processes.
- ▶ Improvement opportunities detected in connection with customers, permitting more focused efforts

We have taken the following actions after analyzing information gathered during Voz del ClientTE meetings:

- ▶ Pareto analysis of root causes for quality-related claims, and work to mitigate and monitor those causes and valid claims
- ▶ Development of a Quality Plan to increase customer satisfaction in connection with claims
- ▶ Accompaniment plan for responding to 100% of claims
- ▶ User accompaniment to improve customer response indicators (% of cases resolved and % of tasks completed in a timely manner).

Figures 2018:



Challenges 2019-2020

- ▶ Familiarizing all senior executives with these results

CUSTOMER SATISFACTION



We investigate and monitor customer satisfaction.

Investigations

- ▶ **Loyalty and Satisfaction Study.** This was done in 2014.
- ▶ **Moments of Truth.** This is a yearly measurement for all business units, for the groups of customers the value proposition targets.

Monitoring

- ▶ The customer satisfaction indicator is reviewed monthly with the primary group at the CRM office and then sent in the Voz del ClientTE report. The customer service team conducts the measurement via telephone or web surveys.
- ▶ **Satisfaction with handling of customer service requests:** This is measured daily using surveys administered by the customer service team each time a case is closed. A survey is administered on the occasion of: claims, complaints, returns, new clients, and technical support visits.
- ▶ **Relational marketing satisfaction:** satisfaction with the Partner Plan is measured annually.
- ▶ **Net Promoter Score (NPS):** Likelihood to recommend and intent to recommend are measured.

Results

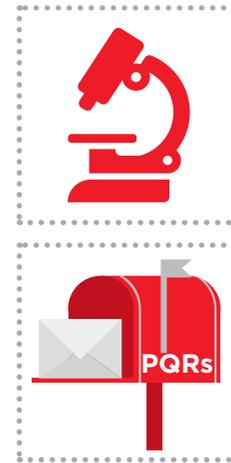
Indicator Name	Goal	Result 2018
Moments of Truth		
Uni For me – institutions	4.0%	4.52%
Uni For me – clothing manufacturers	4.0%	4.38
Sports – EPD	4.0%	4.35%
Sports – DMO	4.0%	4.33%
Deco – Decorators	4.0%	4.35%
F&I – Brand owners	4.0%	4.15%
F&I – Clothing manufacturers	4.0%	4.34%
Digitex – institutions	4.0%	4.47%
Digitex – clothing manufacturers	4.0%	4.39%
Satisfaction with handling of customer service requests		
General	3.8%	4.01%
Quality claims	3.8%	3.75%
Complaints	3.8%	4.23%
Returns	3.8%	4.33%
New customer	3.8%	3.88%
Technical support visit	3.8%	4.23%
Relational marketing satisfaction		
Lafayette retail store partners	4%	4.6%
Deco partners	4%	4.79%
Net Promoter Score (NPS)		
Recommendation	95%	96.76%
% Detractors	NA	6.48%
% Passives	NA	16.06%
% Promoters	NA	76.55%

Action plans based on results:

- **Quality plan.** We identified opportunities for improvement as the result of customer scores for resolving quality claims. We then formed an interdisciplinary team (sales, textile technical support, and customer service) to accompany customers presenting quality claims, in order to give a quick and focused response in line with the specific case and customer.



- ▶ **Lab Dip process.** This project led by the Textile Laboratory area diminishes our response time when customers request the development of a color. We adjusted the process and automated some of its steps, reducing the time by half.
- ▶ **Complaint accompaniment plan.** We appointed a person in Customer Service to provide oversight for all complaints or suggestions (PQRs in Spanish), providing internal accompaniment to the area managing each complaint and customer.
- ▶ **Evolution of Partners Plan.** Based on survey results, we expanded the benefits of this program by providing training sessions and other tools.



BRAND EQUITY MEASUREMENT: MARKETING STUDY



This was done via direct consulting, in other words, face-to-face, measuring these components of our Brand Equity indicators:

- **1. Buyer Profile:** awareness, penetration, frequency, and repeat purchases
- **2. Involvement:** importance of the brand in choosing a product in the category
- **3. Equity: quality,** differentiation, relevance, familiarity, and popularity
- **4. Price:** comparison and evaluation

Based on the results, we designed strategies for each business unit.

We did brand equity measurements in 2017 in Colombia and Ecuador, and in 2018 in Mexico, to measure and monitor the performance of our brand indicators. We studied the positioning of our brands, and the positioning of the brands of our main competitors.

Results Colombia and Ecuador in 2017

We consulted a total of 1,473 decision-makers who select and purchase fabrics for companies, in both traditional and corporate segments. We consulted 887 and 586 people in Colombia and Ecuador, respectively.

Overall brand health index			Target score
Lafayette	221	174	From 107-123
Lafayette Uni For me	234	180	From 107-123
Lafayette Sports	224	176	From 107-123
Lafayette Deco	231	176	From 92-107
Lafayette Fashion	203	148	From 107-123
Lafayette Digitex	171	- ¹	From 92-107
Lafayette Fashion + Digitex	191	152	From 92-107

The results show the brand is performing well in the different countries.

Results in Mexico in 2018

We surveyed 278 decision-makers who purchase materials for manufacturers of beachwear, uniforms, sportswear, and advertising materials. These are the results for people who are familiar with the brand.

Overall brand health index		Target score
Lafayette	130	From 107-123
Lafayette Uni For me	138	From 107-123
Lafayette Sports	159	From 107-123
Lafayette Fashion	104	From 107-123
Lafayette Digitex	87	From 92-107
Lafayette Fashion + Digitex	93	From 92-107

¹The health index for the Lafayette Digitex brand in Ecuador could not be calculated due to the limited number in the survey group.

One of the opportunities identified in Mexico is related to increasing brand knowledge, because our customers greatly value the quality of the product and the relationship with the supplier.

Action plans were established in both Ecuador and Mexico to position the corporate brand, including mass advertising, more about Who we are in all sales tools in the countries; development of the *Hilando Empresa* program in Mexico, corporate brand training with employees in those two countries; and a corporate event with customers and fashion celebrities in Bogotá, Colombia and Mexico, that will also be replicated in 2019 in Ecuador.

Challenges 2019-2020

- ▶ Maintaining customer satisfaction levels.

Lafayette



06

RESPONSIBLE SOURCING

Developing responsible sourcing strategies is more than just a way for us to manage impacts and risks. It is a way we can transcend the commercial relationship and integrate social and environmental variables in supply chain management.



Our efforts focus on maintaining fair and transparent business conditions, making on-time payments, and assuring the highest quality standards. We also work under ethical principles for behavior, create safe workplaces, and offer development programs.

We are challenged to work jointly with our different suppliers to move forward on the economic, social, and environmental responsibilities we share.



SUPPLIER CHARACTERIZATION

	2016	2017	2018
Total number of domestic suppliers registered in the organization's database	20,208	21,276	22,391
Total number of international suppliers registered in the organization's database	3,368	3,529	3,736

	2016	2017	2018
Total number of suppliers from whom purchases were made during the year	4,471	4,407	4,484
Total number of domestic suppliers from whom purchases were made during the year	3,916	3,882	3,905
Total number of international suppliers from whom purchases were made during the year	555	525	579

Purchases (millions of pesos)	2016	2017	2018
Total purchases	66,000	64,000	90,000
Domestic purchases	16,000	16,000	22,000
Imported purchases	50,000	48,000	68,000
Domestic purchases as a percentage	24.2%	25%	24.4%

Percentage of domestic purchases per type						
	Goods			Services		Inputs
	Raw Materials	Machinery	Replacements, computers, software, and office supplies	Transportation and logistics	Information (information technology), auditing, credit insurance, security	Coal, power, natural gas, and water
2016	25%	4.5%	56%	100%	100%	100%
2017	25%	63%	32%	100%	100%	100%
2018	25%	26%	43%	100%	100%	100%

ALIGNMENT WITH LAFAYETTE'S POLICIES

Our Suppliers Manual¹ provides a framework for our relationships with this group of stakeholders. It explains general contracting conditions and duties.

We use our Quality Management System (QMS) for the selection, evaluation, and reevaluation of suppliers who provide raw materials and other elements affecting the quality of laboratory testing.

Relative to the Information Management Policy and the policy for the Asset Laundering and Financing of Terrorism Risk Management and Self-monitoring System (SAGRLAFT), since 2017, all suppliers accept the conditions of these policies as part of the registration process, and commit to meeting them. We also establish guidelines for compliance with the SAGRLAFT policy for domestic and international suppliers, and for compliance with the requirements of the AEO certification.

Authorized Economic Operator (AEO) System

We implemented the AEO system based on our commitment to security in the logistics process. AEO is an international customs control initiative led by the World Customs Organization (WCO) with the goal of expedited, transparent and safe trade. It safeguards minimum security levels and facilitates the flow of international trade by forging solid alliances between the public and private sectors to guarantee security for the entire supply chain and build relationships of trust, with the ultimate goal of reciprocal recognition.

The AEO is understood to be authorization given by a customs authority, in accordance

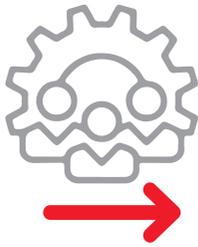
with WCO guidelines, to a company that demonstrates commitment to security along its entire supply chain. The company must meet requirements in the area of security and have a satisfactory record in terms of complying with customs and tax obligations.

Meeting the standards established in the regulatory framework of the AEO generates a series of benefits for foreign trade and recognition that the company is safe both for its business associates and for control agencies.

The AEO system is a tool for promoting security in the logistics chain, resulting in a greater ability to compete.

¹ Applies to all natural or juridical persons connected with the supply of goods or services to Lafayette.

Results



Implementation is at **90%**

- Cultural changes have been generated in the organization, reflected in provisions for facility access control.
- We established methodologies, such as the risk management methodology, that provides tools for predicting adverse events that could negatively impact strategic objectives.
- We created security policies leading to stricter procedures for ensuring the reliability and safe execution of merchandise dispatch and receipt processes.
- Simultaneously, we modified supplier selection and creation procedures, implementing the best practices of the ISO28000 - Supply Chain Security Management System.

PETI TuCompra

We have created the PETI TuCompra program, a strategic information technology plan for purchases. It ensures that, when suppliers register or update their information, they all meet requirements such as the SAGRIFT and the AEO requirements.

These guidelines for registering all suppliers in the platform, which includes acknowledgement that they are familiar with the Suppliers' Manual, were applied in 2019 to long-term suppliers. Since then, all new suppliers are registered in this manner.

ANNUAL SURVEY

Starting in 2018, we conduct an annual survey to determine supplier perceptions and then establish action plans based on the results.

The first survey looked at purchases made from suppliers during 2017. Raw materials, spare parts, and purchases for marketing and administration were selected based on the Pareto value of purchases that year in all categories.

The calculation included all suppliers managed by the Purchasing area, but not 100% of the suppliers registered in the company's database.

- Total suppliers surveyed: 56
- Response rate: 39 suppliers
- Percentage participation: 70%

Main results

The scores were positive for service, attention, and general aspects related to the purchasing and warehousing areas. The goal is to continue good service, friendliness, and expedited responses to all supplier requirements.

Clear Information	4.64
Clarity on purchase conditions	4.69
Ethical conduct in business dealings	4.38
Purchasing services	4.67
General warehousing services	4.38
Project approvals	4.77
Growth perspective	5.00
Total average	4.65

LAFAYETTE SYNERGY

This scheduling methodology is based on internationally-recognized best practices. It starts with demand planning and continues to cover the entire process all the way to product delivery to our customers. Its objective is to establish a controlled process in order to:

- Increase response and production capacity.
- Reliably source the value chain.
- Give customers an excellent level of service.

We started implementation in 2018 and will conclude the process in 2020 with the

participation of the Production and Operations Department, which includes production mills, quality and planning, and operations.

In 2018, we raised the awareness of the supply chain regarding the challenges of this project and the alignment needed inside the organization in order to deliver visible results in the short term.



Challenges 2019 - 2020

- ▶ Including 100% of suppliers in the program in order to verify information and build business relationships that safeguard compliance with all the objectives of the PETI TuCompra program
- ▶ Reducing inventory stockouts
- ▶ Reducing the value of inventory
- ▶ Improving the on-time delivery rate (OTD)
- ▶ Guaranteeing that suppliers contracted by the company meet the guidelines of the SAGRLAFT, Quality Management and AEO systems
- ▶ Implementing the AEO system 100%, and applying for the validation of requirements by the DIAN and the anti-narcotics police, for AEO accreditation for imports and exports.

Lafayette



Lafayette water treatment plant

07

ENVIRONMENTAL PRESERVATION

We are in tune with the global trend toward preventing further deterioration of ecosystems. We are steadfastly committed to becoming increasingly efficient in the use of resources and to protecting the environment.

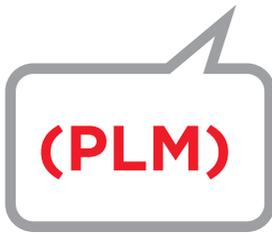
The most relevant issues in textile industry impacts have to do with the efficient management of water resources, emissions, and waste products, as well as the use of eco-friendly raw materials.

Based on a circular economy focus, we want to make good use of resources throughout our production chain and throughout the product lifecycle. This means being efficient, so we can produce more using less. It means ensuring reuse of raw materials that, based on their properties, can be put back into the productive process, maximizing their lifecycle.

This implies efforts to identify, evaluate, prioritize, and intervene in the impacts and risks caused by our industrial activities. It implies direct and continuous work with our suppliers and clients, the constant generation of skills, and the strengthening of a green culture. It brings into play investment in research, development, and innovation as fundamental pillars for achieving objectives for reducing and mitigating effects on ecosystems.



PRODUCT LIFECYCLE MANAGEMENT



This initiative orients our product development based on its full lifecycle, from the time an idea is born until the decision is made to discontinue it. It also ensures that product information is complete during development, production, and sales in order to facilitate decision-making.

PLM Actions

- ▶ Analysis of best practices in different industries
- ▶ Integration of development information with productive processes
- ▶ Chemical Development Office involvement in the working plan and in the evaluation of NCV samples of raw materials

Results

- ▶ We raised the awareness of 100% of the areas involved in new product development.
- ▶ We reduced the time by 20% for the development of new base fabrics by integrating information and using different scheduling tools.

Challenges 2018-2019

- ▶ Ensuring information is available at every stage, from the acquisition of raw materials (*Tu Compra*), through production (*Synergy*), and all the way to the sale of the product (*Clientte and Cognos BI*).
- ▶ Defining product trees by unit
- ▶ Determining the final disposal of products



USE OF ECO-FRIENDLY RAW MATERIALS

We are committed to creating textiles that meet the highest technical specifications, while giving priority to the use of materials with a low environmental impact.



Recycled Polyester Chip

After studying the behavior of recycled polyester chips, we find it equal to that of recently manufactured raw materials in terms of characteristics such as quality and performance. At the same time, it leaves a smaller environmental footprint, because it requires less energy to make and keeps

waste products from ending up in landfills. We therefore began to use these chips in Lafayette Sport and have obtained results that are 100% successful.

We plan to continue using recycled polyester chips for more base textiles, until 100% of our textiles are based on recycled chips.

Fabrics with recycled materials

We test in order to guarantee the quality of reusable threads, which are purchased from a certified source. The challenge is to use fabrics that are made 100% from recycled materials.

Substitution of chemical products

We began replacing conventional chemicals in production with other globally-accepted chemicals that do not have a negative impact on people's health or the environment, and that allow us to maximize the recovery of water.

To that effect, we formed a team and designed a plan to:

- ▶ Hold conversations with customers and suppliers.
- ▶ Analyze and monitor water at the finishing

mill to identify contaminating raw materials (water sampling).

- ▶ Develop a chart to list all chemical products and assess them according to risk level criteria.
- ▶ Formulate a working plan that includes looking for suppliers that can replace high risk chemicals starting in 2019.
- ▶ Share information with the different areas of the company to align changes in some chemical products with risk of impact.

Retos 2019-2020

- ▶ Listing 100% of the raw materials at the finishing mill in the sustainability matrix, with their respective risk level
- ▶ Replacing raw materials that contain restricted substances
- ▶ Determining which chemical products are generating failures in water monitoring reports, and replacing them.
- ▶ Gathering international certificates (ZDHC, Oekotex and Bluesign) for the raw materials used in the finishing mill, to guarantee optimal final products free from carcinogenic¹ substances and/or products
- ▶ Continuing to request environmental certificates from the suppliers for each raw material or group of raw materials sold regularly as a product line
- ▶ Informing our suppliers about the need to replace raw materials that do not meet or do not have environmental certification

¹ Analysis and testing is done to verify that there are no products or substances that could be harmful to health in the textiles or during the manufacturing stage.



TAKING CARE OF AND EFFICIENTLY USING WATER

In a context of growing water scarcity, it is urgent to reduce its use and protect water sources. The textile industry consumes high amounts of this resource in all of its manufacturing processes. In addition, production also impacts water through effluents with a high potential to pollute. We exercise responsibility in treating discharges and working to reuse water in the longest cycle possible.



Wastewater treatment plants minimize water resource contaminants



At the mill, we have a sludge treatment plant with a belt filter press. We have two fourth-generation water treatment plants incorporating removal of dissolved solids, clarification by dissolved air flotation (DAF), ultra-filtration and reverse osmosis, all in line with the regulatory parameters for discharges. This gives us the ability to recycle 65% of the water used in our productive process.

Water not recovered is screened and aerated at the wastewater treatment plant, and then discharged into the public sewage system in good conditions, as established in our discharge permit.

Water withdrawal by source ²	2016	2017	2018
Water main (m ³)	223,661	153,098	380,084
Well water (m ³)	137,798	118,377	NA ³

Volume of water recycled/ reused	2016	2017	2018
Water recovered (m ³)	221,278	347,953	343,052
Water main (m ³)	323,941	467,587	469,728
Total volume of water recycled / total discharge / year)	657,885	655,900	632,700
Total water recovery facility	143,462	166,896	194,881
Percentage of water recycled / reused (%)	33.63%	53.04%	54.22%

- ▶ **Water recovered:** this is water that has gone through the treatment plant and goes back into the productive process in the mill. This water comes from the wastewater from the finishing mill, from groundwater in the well, and from a plant that recovers the knitting and weaving machine water.
- ▶ **Water from recovery facility:** this is water that has gone through the water recovery facility, coming from the knitting and weaving machines, and that goes back to the mill after being treated.
- ▶ **Volume of water recycled:** this refers to the total water that goes through the treatment plant each year, and is the volume of water coming from the productive process.
- ▶ **Percentage recovery:** This is the amount recovered divided by the total volume recycled.

Planned and unplanned water discharges by destination and treatment ⁴ - for process water (m ³)		
2016	2017	2018
94,833	149,122	147,022

Quality of water discharged ⁵			
Parameter	2016	2017	2018
Oils and greases (mg/L)	22	< 5	10
Aluminum (mg/L)	< 0.05		
Acidity (mg/L)		24	< 10
Alkalinity (mg/L)		50	18
Arsenic (mg/L)	< 0.010		
AOX (mg/L)		6.6	1,10
BTEX (mg/L)		< 0.10	< 0.10
Barium (mg/L)	< 0.50		
Boron (mg/L)	< 1.0		
Cadmium (mg/L)	< 0.003	< 0.002	< 0.005
Cyanides (mg/L)	< 0.02		

² Includes all national and international operations.

³ The well has been turned off since the end of 2017, due to DAMA tax costs.

⁴ Does not include rainwater collected or domestic wastewater.

⁵ The spaces left blank indicate parameters of which the environmental agencies do not require measurement.

Quality of water discharged ⁵			
Parameter	2016	2017	2018
Color (mg/L)	< 5		
Color (UPC)		30	32
Chlorides (mg/L)		783	316
Cobalt (mg/L)		< 0.05	< 0.05
Copper (mg/L)	< 0.05	< 0.015	< 0.015
Hexavalent chromium (mg/L)	0.298		
Total chromium (mg/L)	< 0.10	< 0.05	< 0.05
Absorption coefficient 436 nm (m-1)		1.2	3.0
Absorption coefficient 525 nm (m-1)		0.5	2.1
Absorption coefficient 620 nm (m-1)		0.2	1.4
BOD5 (mg/L)	410	120	141
COD (mg/L)	810	452	280
Calcium hardness (mg/L)		32	25
Total hardness (mg/L)		53	31
Phenols (mg/L)		< 0.08	0.18
Phosphorus (mg/L)		0.32	< 0.1
Hydrocarbons (mg/L)	19	< 0.9	< 1.2
HAP Hydrocarbons (mg/L)		< 0.002	< 0.002
Iron (mg/L)	< 0.3		
Lithium (mg/L)	0.15		
Manganese (mg/L)	0.03		
Mercury (mg/L)	< 0.002		
Molybdenum(mg/L)	< 0.50		
Nickel (mg/L)	< 0.05	0.005	< 0.0045
Nitrates (mg/L)		0.9	6.9
Nitrates (mg/L)		< 0.003	< 0.007
Ammonium nitrate (mg/L)		9.4	0.30
Total nitrogen (mg/L)		12.7	
Orthophosphate (mg/L)		< 0.05	
pH (mg/L)	6.73 -		
pH (units)	8.07	6.69	
Silver (mg/L)			
Lead (mg/L)	< 0.05		
MBAS (mg/L)	< 0.02	0.93	1.23
Selenium (mg/L)	1.48		
SS (mL/L-h)	< 0.005	< 0.5	< 0.5
TSS (mg/L)	< 0.05	5	< 5
Sulfates (mg/L)	24	189	125
Sulfides (mg/L)		< 1.0	< 0.8
Temperature (°C)		26.0	19.7-24.1
Zinc (mg/L)		0.06	0.04

Challenges 2019-2020

- ▶ Increasing the volume of water recovered from 55% to 75% (recover 400,000 m³ in 2019)
- ▶ Reducing the use of chemical inputs for treatments and washing
- ▶ Diminishing the number of membrane replacements (they are currently made from fiber and require changing every four years), replacing them with ceramic membranes that require a change every 10 years

ENERGY EFFICIENCY



Energy and thermal efficiency are highly dependent on natural resources and on the energy transition outside the country. For that reason we must anticipate and adapt to international protocols such as the Treaty of Lisbon and the European Commission's Energy Roadmap 2050, and to trends in sustainability. The goal is to produce more with less, implementing cutting-edge technology and strengthening our internal culture relative to taking care of resources. This will result in savings, greater ability to compete, and a reduction in environmental impact, particularly with respect to fighting climate change.

Total energy consumption	2016	2017	2018
Direct primary energy purchased (GJ)	638,395	628,315	684,546
Direct primary energy produced (GJ)	0	0	0
Direct primary energy sold (GJ)	0	0	0

Direct primary energy purchased – nonrenewable energy sources	2016	2017	2018	Process in which it is used
Natural gas (m ³)	5,308,155	4,147,782	8,284,895	Steam generation, thermal oil heating, direct heating in machines
Steam coal (kg)	7,744,981	8,435,206	4,327,935	Steam generation
Crude oil from Rubiales (gal)	0	60,043	0	Thermal oil heater
Propane gas (lbs)	10,700	9,400	14,460	Forklifts
Regular gasoline (gal)	14,000	9,920	13,500	Vehicles for messengers and bodyguards
Premium gasoline (gal)	5,000	4,000	4,000	Vehicles for partners
Diesel (ACPM)	10,000	10,000	14,100	Vehicles for dispatching fabric



Efficiency initiatives

We have variable speed drives for all motors of more than 20 hp, 90% LED lighting, and motion sensors to turn on 30% of all lighting.

Steam system

We have 5 gas-fired boilers for saturated steam, and one coal-fired boiler that meets all the regulatory parameters and has been approved by the District Secretary of the Environment (Bogotá) for an Atmospheric Emissions Permit. The coal-fired boiler is used only as a backup in the case of serious damage to the gas-fired boilers or in the case of a natural gas supply problem.

The 6 boilers supply our demand for steam, and we plan their use according to need. Regardless of which type of boiler is being used, we fully comply with the regulations for atmospheric emissions, because all of them

are equipped with high-technology control equipment.

The coal-fired boiler has a multi-cyclone, sleeve filter, and a gas scrubber. It has control equipment to prevent pollution and to ensure it operates within the parameters established.

In addition, the boilers have traveling grates and an induced draft fan with drives. The variable speed drives raise or lower the speed of the traveling grates in the induced draft and forced draft ventilators, to effectively control coal combustion to produce CO and NOx within the limits established in the regulations.

Modernization of the steam boilers



In 2018, we replaced the old burners in the steam boilers with burners that use the latest technology. They are highly efficient and have low emissions of nitrogen oxides (NOx), one of the main causes of the greenhouse gas

effect. We have thus made improvements with respect to legal and government standards, increased the energy efficiency of our steam generation, and minimized harmful impacts on the atmosphere.

Results from the isokinetic sampling in November 2018:

- 120 ppm of NOx, below the government standard of less than 500 ppm
- Zero CO emissions
- O₂ emissions of less than 4.5%, guaranteeing complete combustion.
- No gray emissions

Other actions

- Measuring pounds of steam generated per cubic meter of natural gas
- Establishing an energy performance indicator for each boiler
- Decreasing the consumption of natural gas and characterizing the process in terms of steam generation.

Challenges 2019-2020

- ▶ Establishing energy efficiency control systems to optimize steam generation resources
- ▶ Diminishing the temperature of flue gas emissions by controlling boiler inlet variables
- ▶ Reducing the indicator for lbs of steam / cubic meter of gas
- ▶ Reducing consumption of natural gas by controlling steam generation variables
- ▶ Improving production conditions and characterizing the steam network
- ▶ Following up and controlling processes that consume steam
- ▶ Turning off one of the boilers

Compressed air system



Producing yarn uses compressed air as a raw material. We did detailed engineering for the compressed air network to decrease power consumption while producing a product with the same quality at a lower cost. As a result, power consumption went from 110 to 40 psi.

In the constant pursuit of energy efficiency, we have made significant investments in measuring equipment with the latest world-class technology to obtain an energy indicator per meter produced, establish a baseline, and determine savings based on that baseline.

Through software advances, we adapted and adjusted process conditions to obtain greater energy efficiency. As of 2016, we adjusted the compressor software and hardware, and, as a result, now generate compressed air for the mill at a lower production cost.

“
The energy consumption of compressed air has gone down from
110 psi
↓
40 psi
”

Challenges 2019-2020

- ▶ Diminishing energy consumption by the equipment, initially by 3%
- ▶ Implementing a co-generation system at the mill
- ▶ Modernizing and updating the technology of the equipment that uses thermal or electric energy, in order to improve efficiency and diminish impacts on the environment
- ▶ Migrating the energy management system to the Industry 4.0 technology associated with competitive advantage. This will provide an indicator and a stable platform for making decisions regarding product prices and competitiveness.
- ▶ Aligning the energy systems with the production strategy (Synergy) to thus optimize the operation of the mill and the power generators and lower the cost of operating the equipment.
- ▶ Optimizing the performance of the compressed air generation system using latest generation software to compensate compressor performance based on the inlet conditions for ambient air, such as changes in temperature, pressure, and relative humidity.

In the midterm we hope to **reduce power consumption by between 105% and 15% by implementing co-generation or trigeneration** technology. That way, we can take advantage of the heat generated by the cold and hot processes that are indispensable for manufacturing textiles, and we can use electricity to operate the machines and decrease the direct cost of manufacturing the products.

In the long term we hope to achieve a flexible power supply system that will guarantee the production variables related to quality, reliability, efficiency, and cost, in order to produce more with less.



EMISSIONS MANAGEMENT

We focus on:

- ▶ Using resources such as natural gas efficiently.
- ▶ Reducing consumption.
- ▶ Generating efficient combustion, doing checkups twice a year, and ensuring compliance with national legal regulations.
- ▶ Training the personnel who manage energy resources, with an emphasis on responsible resource consumption.

Direct GHG emissions from all sources owned	2016	2017	2018
Steam generation			
Coal (kg/year)	7,744,981	8,293,504	2,948,928
Natural gas (m ³ /year)	6,111,341	4,681,949	9,381,226
Crude oil from Rubiales (gal/ year)	0	0	0
Thermal oil heaters			
Natural gas (m ³ /year)	423,827	39,7037	425,154
Direct heating			
Natural gas (m ³ /year)	6,111,341	4,681,949	9,381,226

The gas consumption values are taken from the meters on the gas-fired steam boilers in the boiler room. Steam is also generated by the coal-fired boiler.

Challenges 2019-2020

- ▶ Meeting Colombian environmental regulations
- ▶ Reducing nitrogen oxide emissions

NOISE EMISSION



We control noise at the source through a machine maintenance program with vibration analysis. We also installed discharge silencers on equipment with vents and soundproof enclosures for power generators and compressors.

We periodically measure decibels to correct any increase outside of the parameters.



WASTE PRODUCT MANAGEMENT



**RE-
CICLOS**

Under the leadership of the industrial recycling area, called Re-ciclos, we classify and dispose of regular and hazardous waste products, maximizing their value when we can use them in other processes, while generating income from their reuse.

- We have collection areas for materials to be reused.
- We sell industrial surplus to third parties who reuse it as a raw material.
- Both the collection and disposal of used oil, and the collection, classification, storage, and delivery of other hazardous waste products is managed by authorized handlers.
- We launched the campaign *How's recycling going?* to correctly separate waste products generated by different areas of the organization, in order to minimize ordinary waste products. We started with the administrative areas and will later do the program with the operations areas.

Total weight of waste products generated, by type and by treatment method				
Raw materials	2016	2017	2018	Handling
Yarn waste (kg)	63,482	29,583	37,211	Sale to clients to maximize its useful life
Support materials	2016	2017	2018	Handling
Lubricants, oils (kg)	14,610	11,022	12,144	Sale to authorized handlers
Lubricants, greases (kg)	235	313	986	Treatment and/or final disposal (filter mats)
Waste equipment parts	3,559	1,986	6,069	Sale as scrap metal
Semi-finished products	2016	2017	2018	Handling
Dyes (kg)	5,030	7,222	8,596	Final disposal: Filter mats
Chemical products (kg)	2,065	3,200	2,424	
Packing materials	2016	2017	2018	Handling
Polyethylene (kg)	64,407	61,366	70,667	Use in the industrial recycling area
Cardboard tubes (kg)	86,415	78,335	85,890	
Hazardous waste products (kg/year)	2016	2017	2018	Type of treatment
Fluorocarbons	0	20,624	27,797	Filter mats
Foam	1,709	10,230	11,818	Filter mats
Printing paste	1,166	6,369	7,318	Filter mats
Sublimated dyes	98	456	588	Filter mats
Flock dust	0	0	182	Hazardous waste cell
Devoré	145	0	0	Filter mats
Degreaser	10	20	315	Filter mats
Asutol CD 5	110	432	414	Filter mats
Contaminated thermal oil	0	1,514	2,741	Filter mats
Oily water	0	512	440	Filter mats
Oil with detergent	0	0	5,870	Filter mats

Hazardous waste products (kg/year)	2016	2017	2018	Type of treatment
Crude oil	0	193	199	Filter mats
Mix of mineral spirit and thinner	0	49	190	Filter mats
Contaminated solids	0	0	2,440	Incineration
Grease with solvents	0	206	12	Filter mats
Base waste products	395	1,009	734	Filter mats
Acids	102	51	138	Filter mats
Compressed waste	0	27	13	Incineration
Trichlorophenol	0	129	48	Filter mats
Radiox	0	25	20	Filter mats
Silver nitrate	0	25	0	Filter mats
Contaminated containers	56	673	318	Incineration
Mercury	0	0	32	Hazardous waste cell
Resins	277	1,140	239	Incineration
Silica gel	0	0	350	Non-hazardous sludge

Non-hazardous waste products	2016	2017	2018	Type of treatment
Paper and cardboard (kg/year)	180,090	179,735	215,345	Reuse
Plastics (kg/year)	89,375	78,647	89,189	Reuse
Wood (kg/year)	67,699	83,886	76,460	Reuse
Glass (kg/year)	1,810	0	4,000	Reuse
Metal (kg/year)	88,230	74,215	214,510	Reuse
Textiles (kg/year)	1,175,066	1,394,441	878,234	Identification of interested customers and delivery
Non-ferrous waste products (kg/year)	36	18	14	Reuse
Special waste products (kg/year)	78	64	65	Post-consumption
Used oil (kg/year)	14,610,75	11,022,75	12,144	Reuse

Challenges 2019-2020

- ▶ Decreasing raw material waste by 10%
- ▶ Achieving a 60% improvement in separation in the administrative areas
- ▶ Developing the *How's recycling going?* campaign in the operations area

LaFAYETTE



08

POSITIVE IMPACT
ON THE COMMUNITY

We are convinced that when we help solve social or environmental problems, everyone wins.

We want to invest in projects that are highly relevant to the communities of which we form a part and highly relevant to our business strategy.

This requires creating incentives for partnerships with all sectors of society in order to coordinate actions around commonly held goals and objectives.

It also requires skills in innovation, leadership, and empowerment.

We aim at effectively cooperating with community development through high-impact projects that will endure over time.



WE DIALOGUE WITH THE COMMUNITY NEAR OUR OPERATION



During 2018, we were in active conversation with representatives of the community near our operation in Bogotá D.C., which is located in the Villa Alsacia neighborhood in Kennedy. We wanted to gain a deeper understanding of the local context and focus our efforts by identifying relevant issues for our neighbors and for Lafayette.

Main results of the dialogue

- ▶ The two main issues pointed out by our neighbors as problematic were:
 - Neighborhood safety, in connection with an increase in the number of homeless people in the sector, invasion of public space, drug dealing, and thefts and robbery.
 - Pollution, particularly because there are recycling warehouses located in the neighborhood, and because community members dump construction debris or garbage on the street.
- ▶ Concerns were identified in connection with teenagers: dropout rates, gangs, and drug addiction.
- ▶ The community expressed an interest in receiving regular and timely information from Lafayette about aspects such as job offers and the programs we run.
- ▶ They praised two of the organization's initiatives: The Manage Yourself program and the preschool.





This program we offer every two years (the first program was in 2016 and the second in 2018), targets women from vulnerable population groups in our neighboring community. It seeks not only to dignify their role in society, but also to help improve their quality of life.

We offer 50 hours of training in social entrepreneurship, taught by experts from the Mario Santo Domingo Foundation at the Business Training Center. As part of the training, participants define a business idea and determine its potential for generating additional income. They then receive seed capital and accompaniment to organize, start up and monitor their project.

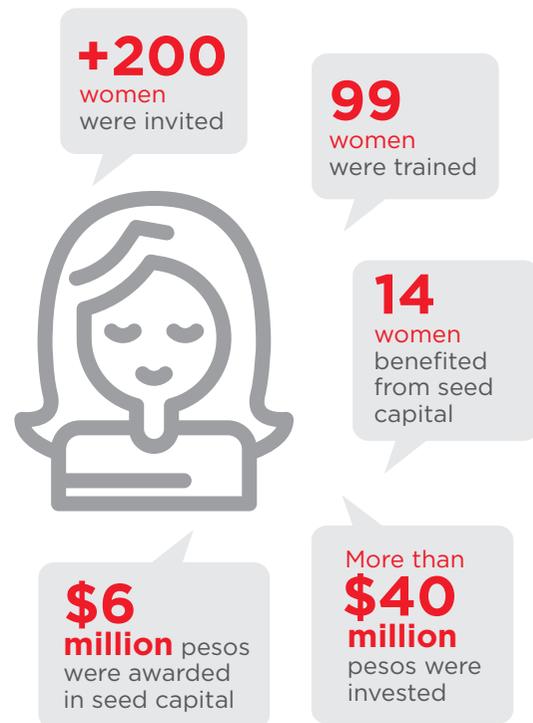
We have seen that by the time they finish the training, participants have not only established a business idea, but they have built relationships of trust and job networks. They have recognized their own leadership skills, and demonstrate greater confidence and self-esteem, because they feel valued and recognized.

Implementation process

- ▶ **Invitation:** We involve a social agent from the area, who extends an invitation via WhatsApp campaigns and announcements at community action councils in the neighborhoods near the mill. We also invite the women recyclers in the 200-person association of informal recyclers.
- ▶ **Training:** fifty-one women responded to the invitation to the first program, and 48 women to the second program, all of whom received training.
- ▶ **Selection of the best business ideas:** we evaluate the viability and sustainability of each project, based on the participant's project presentation, commitment, discipline, and interest.
- ▶ **Awards:** we awarded seed capital to the

6 best proposals in 2016 and to the 8 best proposals in 2018, distributing a total of 3 million Colombian pesos among the women receiving awards each year.

Results of the two programs



Training came in the form of practical workshops that started off with a life plan and lessons about resilience. Topics were covered such as costs, markets, handling cash, debt, savings, leadership, and human development, and all of this in the framework of an investment plan and with a gender perspective.

The most successful undertakings were a business specializing in cleaning butcher shops, a plus-size clothing manufacturer, a fish market, and an organic and healthy foods home delivery service.



LAFAYETTE PRESCHOOL

Thanks to this initiative over the last couple of decades, we have provided protection, nutrition, and education for the young children of families in the neighboring community and for the children of

employees. We partner in this program with the Colombian Family Welfare Institute (ICBF) and are also supported by the Nuevo Amanecer Parents Association.

The association helps ensure parents are meeting the requirements for their children to continue attending the preschool, and also supports school activities and outcomes in benefit of the children.

Lafayette provides financial resources to fund the preschool and the ICBF assigns the community mothers on the teaching staff, in addition to providing nutritional assistance.

Results





We are currently building a new school with larger areas that will allow us to serve 120 children instead of 75. The project includes recreation areas so it can be more than just a daycare, implementing activities that will promote the children's comprehensive development.

COMMUNICATION AND JOINT WORK



Lafayette's Security area has established a security front with the participation of neighbors from the community, the community action councils in the Visión Colombia neighborhood, the police station in the Castilla neighborhood, and the company Expreso Bolivariano. We hold monthly meetings and are in constant communication, sharing information about situations of interest to the community, especially those related to security. We talk about Local Development Plan projects and talk about Lafayette's initiatives in the area, such as the construction of a new campus for its preschool.

Examples of cooperative work

- ▶ A path was built from the bridge over the Fucha River (over Avenida Boyacá) to the La Araña Park, to give the Police motorcycle access so they can control security in the sector.
- ▶ Cleaning campaigns in the area of the Fucha River, with a resulting reduction in the rodent population.
- ▶ In schools, we promote the proper disposal of uniforms, working with Lafayette's business segment.

Challenges 2019-2020

- ▶ Expanding the scope of the *Manage Yourself* program to include young entrepreneurial families in low-income groups
- ▶ Structuring an initiative to mitigate risks to children and teenagers in the community
- ▶ Establishing an action plan to minimize pollution in the neighborhood
- ▶ Leading in a conversation with authorities and the District to develop a formal action plan

09 GRI Content Index



“This report has been prepared in accordance with the GRI standards: Core Option.”

GRI GENERAL STANDARD DISCLOSURES	RESPONSE	PAGE OR GRI CONTENT INDEX	OMISSIONS	ASSURANCE
GRI 101: FOUNDATION, 2016				
GRI 102: GENERAL DISCLOSURES, 2016				
GRI 102: ORGANIZATIONAL PROFILE				The topics in the General Standard Disclosures of Lafayette's Sustainability Report 2018 were not subject to outside assurance. Use of outside assurance will be considered for the next report.
▶ 102-1 Name of the organization	Scope of the Sustainability Report 2018: Textiles Lafayette S.A.S.	Page 2 GRI Content Index		Not assured
▶ 102-2 Activities, brands, products, and services	Inspiration that transforms	Pages 10-16		Not assured
▶ 102-3 Location of headquarters	Lafayette S.A.S. Calle 15 No. 72-95 Phone: +(57)1 424-8888 Bogotá D. C.- Colombia	Page 2 GRI Content Index		Not assured
▶ 102-4 Location of operations	Map of operations Lafayette Americas Map of operations Lafayette Colombia	Page 14 Page 15		Not assured
▶ 102-5 Ownership and legal form	Legal structure	Page 35		Not assured
▶ 102-6 Markets served	Map of operations Lafayette Americas Map of operations Lafayette Colombia Our brands	Page 14 Page 15 Pages 63-65		Not assured
▶ 102-7 Scale of the organization	Size of the organization	Page 17		Not assured
▶ 102-8 Information on employees and other workers	Total number of employees by contract type Total employees by country in 2018 Origin of employees in Colombia Total employees by age group and gender Employees in Colombia by age group and gender	Pages 43-46		Not assured

GRI GENERAL STANDARD DISCLOSURES	RESPONSE	PAGE OR GRI CONTENT INDEX	OMISSIONS	ASSURANCE
▶ 102-8 Information on employees and other workers	Employees/ workers in Colombia by level and gender	Pages 43-46		Not assured
	Number and rate of new employee hires by gender			
	Number of new employee hires by country			
	New employee hires in Colombia			
	Number of new employee hires by age group			
▶ 102-9 Supply chain	Supplier characterization	Page 79		Not assured
▶ 102-10 Significant changes to the organization and its supply chain	There were no significant changes in the organization during the reporting period.	GRI Content Index		Not assured
▶ 102-11 Precautionary Principle or approach	Risk management	Pages 34-35		Not assured
	Growth, solidity and trust	Page 28		
	People as a factor for success	Page 42		
	Quality and value added services	Page 62		
	Responsible sourcing	Page 78		
	Environmental preservation	Page 84		
	Positive impact on the community	Page 98		
▶ 102-12 External initiatives	Scope of the Sustainability Report 2018	Page 2		Not assured
	Participation in initiatives to benefit the textile sector	Page 22		
▶ 102-13 Membership of associations	Participation in initiatives to benefit the textile sector	Page 22		Not assured
GRI 102: STRATEGY				The topics in the General Standard Disclosures of Lafayette's Sustainability Report 2018 were not subject to outside assurance. Use of outside assurance will be considered for the next report.
▶ 102-14 Statement from senior decision-maker	Lafayette sustainability	Pages 4-5		Not assured
▶ 102-15 Key impacts, risks and opportunities	Lafayette sustainability	Pages 4-5		Not assured
	Risk management	Pages 34-35		
	Growth, solidity and trust	Page 28		
	People as a factor for success	Page 42		
	Quality and value added services	Page 62		
	Responsible sourcing	Page 78		
	Environmental preservation	Page 84		
Positive impact on the community	Page 98			

GRI GENERAL STANDARD DISCLOSURES	RESPONSE	PAGE OR GRI CONTENT INDEX	OMISSIONS	ASSURANCE
ETHICS AND INTEGRITY				The topics in the General Standard Disclosures of Lafayette's Sustainability Report 2018 were not subject to outside assurance. Use of outside assurance will be considered for the next report.
<p>▶ 102-16 Values, principles, standards, and norms of behavior</p>	Purpose Dominant theme Corporate brand values Lafayette sustainability Corporate Governance Code Corporate Governance Policy Code of Conduct Anticorruption Policy Security and Foreign Trade Security Policy Asset Laundering and Financing of Terrorism Risk Management and Self-monitoring System (SAGRLAFT) Authorized Economic Operator System (AEO)	<p>Pages 17-18 Pages 36-39</p>		Not assured
<p>▶ 102-17 Mechanisms for advice and concerns about ethics</p>	Contact mechanisms for reporting unethical conduct	<p>Page 38</p>		Not assured
GOVERNANCE				The topics in the General Standard Disclosures of Lafayette's Sustainability Report 2018 were not subject to outside assurance. Use of outside assurance will be considered for the next report.
<p>▶ 102-18 Governance Structure</p>			We do not publish this information due to an internal policy in favor of protecting people's safety.	Not assured
<p>▶ 102-22 Composition of the highest governance body and its committees</p>	Control bodies and committees	<p>Page 36</p>	We do not publish this information due to an internal policy in favor of protecting people's safety.	Not assured
<p>▶ 102-25 Processes for the highest governance body to ensure conflicts of interest are avoided and managed</p>	Corporate Governance Code Corporate Governance Policy Code of Conduct	<p>Pages 36-37</p>		Not assured

GRI GENERAL STANDARD DISCLOSURES	RESPONSE	PAGE OR GRI CONTENT INDEX	OMISSIONS	ASSURANCE
STAKEHOLDER ENGAGEMENT				The topics in the General Standard Disclosures of Lafayette's Sustainability Report 2018 were not subject to outside assurance. Use of outside assurance will be considered for the next report.
▶ 102-40 List of stakeholder groups	Stakeholder map	Page 19		Not assured
▶ 102-41 Collective bargaining agreements	Lafayette does not have a collective employment agreement. We have a model under which an Employee Committee negotiates agreements.	 GRI Content Index		Not assured
▶ 102-42 Identifying and selecting stakeholders	Stakeholder map	Page 19		Not assured
▶ 102-43 Approach to stakeholder engagement	Stakeholder engagement Stakeholder map Communication channels Dialogue with stakeholders	Pages 19-22		Not assured
▶ 102-44 Key topics and concerns raised through stakeholder engagement	Materiality analysis Management approaches for material topics	Pages 23-26		Not assured
REPORT PROFILE				The topics in the General Standard Disclosures of Lafayette's Sustainability Report 2018 were not subject to outside assurance. Use of outside assurance will be considered for the next report.
▶ 102-45 Entities included in the consolidated financial statements	Scope of the Sustainability Report 2018	Page 2		Not assured
▶ 102-46 Defining report content and topic boundaries	Material topics, explanation, boundaries, and approach Management approaches for material topics	Pages 23-26		Not assured
▶ 102-47 List of material topics	Materiality Analysis	Page 23		Not assured
▶ 102-48 Restatements of information	There were no consequences from restatements of information from previous reports, and there were no restatements of information in this report.			Not assured

GRI GENERAL STANDARD DISCLOSURES	RESPONSE	PAGE OR GRI CONTENT INDEX	OMISSIONS	ASSURANCE
▶ 102-49 Significant changes from previous reporting periods in the list of material topics and topic boundaries	There were no significant changes from previous reporting periods in the list of material topics and topic boundaries			Not assured
▶ 102-50 Reporting period	Sustainability Report 2018: This report covers the period from January 1 to December 31, 2018.	 Page 2		Not assured
▶ 102-51 Date of most recent report	This is Lafayette's first sustainability report.	GRI Content Index		Not assured
▶ 102-52 Reporting cycle	Annual engagement, management, and reporting cycle	Page 18		Not assured
▶ 102-53 Contact point for questions regarding the report	Contacts for questions regarding our sustainability performance www.lafayette.com www.lafayette.com/sostenibilidad	Page 2 Links to webpages		Not assured
▶ 102-54 Claims of reporting in accordance with the GRI standards	This report has been prepared in accordance with the GRI standards: Core Option.	GRI Content Index		Not assured
▶ 102-55 GRI content index	GRI Content Index	Page 103		Not assured
▶ 102-56 External assurance	The information contained in this report has been reviewed and validated internally by the different areas of Lafayette, but it has not been subject to external assurance.	GRI Content Index		Not assured

MATERIAL TOPICS FOR LAFAYETTE AND OUR STAKEHOLDERS	CONTENTS	RESPONSE / LOCATION	PAGE OR GRI CONTENT INDEX	OMISSIONS	ASSURANCE
GROWTH, SOLIDITY, AND TRUST					The topics in the Specific Standard Disclosures of Lafayette's Sustainability Report 2018 were not subject to outside assurance. Use of outside assurance will be considered for the next report.
<p>▶ Research, development, and innovation</p> <p>Ethics, compliance, and transparency</p> <p>Growth and solidity</p>	<p>GRI 103: Management Approach 2016</p>	<p>103-1: Explanation of the material topic and its boundary</p>	<p>Management approach for the material topics</p> <p>Growth, solidity and trust</p>	<p>Page 24</p> <p>.....</p> <p>Page 28</p>	<p>Not assured</p>
		<p>103-2: The management approach and its components</p>	<p>Management approach for the material topics</p> <p>Growth, solidity and trust</p>	<p>Page 24</p> <p>.....</p> <p>Page 28</p>	<p>Not assured</p>
		<p>103-3: Evaluation of the management approach</p>	<p>Management approach and the material topics</p>	<p>Page 24</p>	<p>Not assured</p>
<p>▶ Research, development, and innovation</p>			<p>Research, development, and innovation</p>	<p>Pages 29-32</p>	<p>Not assured</p>
			<p>Strategic Information Technology Plan (PETI)</p>	<p>Pages 33-34</p>	<p>Not assured</p>
<p>▶ Ethics, compliance, and transparency</p>	<p>GRI 205: Anti-corruption, 2016</p>	<p>205-2: Communication and training about anti-corruption policies and procedures</p>	<p>Purpose</p> <p>Dominant theme</p> <p>Corporate brand values</p> <p>Lafayette sustainability</p> <p>Corporate governance code</p> <p>Corporate governance policies</p> <p>Code of Conduct</p> <p>Anticorruption Policy</p> <p>Security and Foreign Trade Security Policy</p> <p>Asset Laundering and Financing of Terrorism Risk Management and Self-monitoring System (SAGRLAFT)</p> <p>Authorized Economic Operator System (AEO)</p>	<p>Pages 17-18</p> <p>Pages 36-39</p>	<p>Not assured</p>
		<p>205-3: Confirmed incidents of corruption and actions taken</p>	<p>During 2018, there were no cases of corruption either among employees, or business partners (Zero: 0). Nor were any claims filed related to employment or environmental practices (Zero: 0).</p>	<p>GRI Content Index</p>	<p>Not assured</p>

MATERIAL TOPICS FOR LAFAYETTE AND OUR STAKEHOLDERS	CONTENTS	RESPONSE / LOCATION	PAGE OR GRI CONTENT INDEX	OMISSIONS	ASSURANCE
GROWTH, SOLIDITY, AND TRUST					The topics in the Specific Standard Disclosures of Lafayette's Sustainability Report 2018 were not subject to outside assurance. Use of outside assurance will be considered for the next report.
▶ Ethics, compliance, and transparency	GRI 206: Anti-competitive Behavior, 2016	206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During the reporting period there were no legal actions related to anti-competitive behavior, monopoly practices or against free competition: Zero (0).	GRI Content Index	Not assured
	GRI 415: Public Policy 2016	415-1: Contributions to political parties and/or political representatives	During the reporting period there were no legal actions related to anti-competitive behavior, monopoly practices or against free competition: Zero (0).	GRI Content Index	Not assured
	GRI 419: Socio-economic Compliance 2016	419-1: Non-compliance with laws and regulations in the social and economic area	During 2018, Lafayette was not sanctioned or fined for any failure to comply with social or economic laws and regulations: Zero (0).	GRI Content Index	Not assured
	GRI 307: Environmental Compliance, 2016	307-1: Non-compliance with environmental laws and regulations	During 2018, Lafayette was not sanctioned or fined for any failure to comply with social or economic laws and regulations: Zero (0).		Not assured
▶ Growth and solidity	GRI 201-1: Economic Performance, 2016	201-1: Direct economic value generated and distributed			There is no information related to this indicator for the reporting period. It will be systematized in accordance with GRI Standards in future reports.
			Total income Colombia Domestic income Foreign income Growth in sales over 2017 Growth in production over 2017	Page 29	Not assured

MATERIAL TOPICS FOR LAFAYETTE AND OUR STAKEHOLDERS	CONTENTS	RESPONSE / LOCATION	PAGE OR GRI CONTENT INDEX	OMISSIONS	ASSURANCE
PEOPLE AS A FACTOR FOR SUCCESS					The topics in the Specific Standard Disclosures of Lafayette's Sustainability Report 2018 were not subject to outside assurance. Use of outside assurance will be considered for the next report.
<p>▶ Talent attraction, development, and retention</p> <p>Fair and competitive salary</p> <p>Working climate</p> <p>Health and safety</p>	<p>GRI 103: Management Approach 2016</p>	<p>103-1: Explanation of the material topic and its boundary</p>	<p>Management approach for material topics</p> <p>People as a factor for success</p>	<p>Pages 24-25</p> <p>.....</p> <p>Page 42</p>	<p>Not assured</p>
<p>Health and safety</p>		<p>103-2: The management approach and its components</p>	<p>Management approach for material topics</p> <p>People as a factor for success</p>	<p>Pages 24-25</p> <p>.....</p> <p>Page 42</p>	<p>Not assured</p>
		<p>103-3: Evaluation of the management approach</p>	<p>Management approach and the material topics</p>	<p>Pages 24-25</p>	<p>Not assured</p>
<p>▶ Talent attraction, development, and retention</p>	<p>GRI 401: Employment, 2016</p>	<p>401-1: New employee hires and employee turnover</p>	<p>Total number of employees by contract type</p> <p>Total employees by country in 2018 Origin of employees in Colombia</p> <p>Total employees by age group and gender</p> <p>Employees in Colombia by age group and gender</p> <p>Employees/ workers in Colombia by level and gender</p> <p>Number and rate of new employee hires by gender</p> <p>Number of new employee hires by country</p> <p>New employee hires in Colombia</p> <p>Number of new employee hires by age group</p> <p>Personnel turnover by gender</p> <p>Number of employee separations by country</p> <p>Number of employee separations by age group (people hired under contract)</p> <p>Separations by cause (people hired under contract)</p>	<p>Pages 43-48</p>	<p>Not assured</p>

MATERIAL TOPICS FOR LAFAYETTE AND OUR STAKEHOLDERS	CONTENTS	RESPONSE / LOCATION	PAGE OR GRI CONTENT INDEX	OMISSIONS	ASSURANCE
PEOPLE AS A FACTOR FOR SUCCESS					The topics in the Specific Standard Disclosures of Lafayette's Sustainability Report 2018 were not subject to outside assurance. Use of outside assurance will be considered for the next report.
▶ Talent attraction, development, and retention	GRI 401: Employment, 2016	Contenido 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	Training model Well-being of employees and their families	Pages 50-52 Pages 58-59	Not assured
▶ Fair and competitive salary			Fair and competitive salary	Page 48	Not assured
▶ Working climate			Lafayette Employee Working climate	Page 49 Page 59	Not assured
▶ Health and safety	GRI 403: Occupational Health and Safety, 2016	403-1: Worker representation in formal joint management-worker health and safety committees	Joint Management-Worker Health and Safety Committee	Page 57	Not assured
		403-2: Types of accidents and accident frequency rates, occupational diseases, lost days, absenteeism, and number of work-related fatalities through occupational diseases or work-related accidents.	OHS-MS Figures	Page 54	Not assured
		403-3: Workers with high incidence or high risk of diseases related to their occupation	Number of workers with jobs with an elevated risk or incidence of illness	Page 54	Not assured
		403-4: Health and safety topics covered in formal agreements with trade unions	We do not have trade unions at Lafayette, but we are committed to our obligation to improve employee health and safety with a preventative focus, in order to prevent work-related accidents and professional illnesses that could affect the quality of life. To that effect we have an Occupational Health and Safety Management System (OHS-MS) and we work on initiatives such as the chemical risk program and the mechanical risk program	Pages 53-57 GRI Content Index	Not assured

MATERIAL TOPICS FOR LAFAYETTE AND OUR STAKEHOLDERS	CONTENTS	RESPONSE / LOCATION	PAGE OR GRI CONTENT INDEX	OMISSIONS	ASSURANCE
QUALITY AND VALUE ADDED SERVICES					The topics in the Specific Standard Disclosures of Lafayette's Sustainability Report 2018 were not subject to outside assurance. Use of outside assurance will be considered for the next report.
▶ Product quality and safety Value-added services	GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	Management approaches for the material topics Quality and value added services	Page 25 Page 62	Not assured
		103-2: The management approach and its components	Management approaches for material topics Quality and value added services	Page 25 Page 62	
		103-3: Evaluation of the management approach	Management approach for material topics	Page 25	
▶ Product quality and safety	GRI 416: Customer Health and Safety, 2016	416-1: Assessment of the health and safety impacts of product and service categories	360 Quality Lafayette	Pages 65-66	Not assured
		416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	During the reporting period, there were no incidents of non-compliance concerning the health and safety impacts of products and services: Zero (0).	GRI Content Index	
▶ Value-added services			Value-added services	Page 67	Not assured
			Lafayette retail stores	Pages 67-71	
			Customer satisfaction	Pages 72-74	
			Brand equity measurement: market study	Pages 74-76	

MATERIAL TOPICS FOR LAFAYETTE AND OUR STAKEHOLDERS	CONTENTS	RESPONSE / LOCATION	PAGE OR GRI CONTENT INDEX	OMISSIONS	ASSURANCE
RESPONSIBLE SOURCING					The topics in the Specific Standard Disclosures of Lafayette's Sustainability Report 2018 were not subject to outside assurance. Use of outside assurance will be considered for the next report.
▶ Responsible Sourcing	GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	Management approach for material topics	Page 26	Not assured
		103-2: The management approach and its components	Responsible sourcing	Page 78	
			103-3: Evaluation of the management approach	Management approach for material topics	Page 26
	Responsible sourcing	Page 78			
	GRI 204: Procurement Practices, 2016	204-1: Proportion of spending on local suppliers	Management approach for material topics	Page 26	Not assured
			Supplier characterization	Page 79	
			Alignment with Lafayette's policies	Pages 80-81	Not assured
Annual survey			Page 81		
Lafayette synergy			Page 82		
ENVIRONMENTAL PRESERVATION					The topics in the Specific Standard Disclosures of Lafayette's Sustainability Report 2018 were not subject to outside assurance. Use of outside assurance will be considered for the next report.
▶ Taking care of and efficiently using water Emissions management Waste product management Use of eco-friendly raw materials	GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	Management approach for material topics	Page 26	Not assured
			Environmental preservation	Page 84	
		103-2: The management approach and its components	Management approach for material topics	Page 26	Not assured
			Environmental preservation	Page 84	
		103-3: Evaluation of the management approach	Management approach for material topics	Page 26	Not assured

MATERIAL TOPICS FOR LAFAYETTE AND OUR STAKEHOLDERS	CONTENTS	RESPONSE / LOCATION	PAGE OR GRI CONTENT INDEX	OMISSIONS	ASSURANCE
ENVIRONMENTAL PRESERVATION					The topics in the Specific Standard Disclosures of Lafayette's Sustainability Report 2018 were not subject to outside assurance. Use of outside assurance will be considered for the next report.
▶ Taking care of and efficiently using water	GRI 303: Water, 2016	303-1: Water withdrawal by source	Water withdrawal by source	Page 88	Not assured
		303-2: Water sources significantly affected by withdrawal of water	Water withdrawal by source	Page 88	Not assured
		303-3: Water recycled and reused	Volume of water recycled/ reused	Page 88	Not assured
		303-3: Water recycled and reused	Planned and unplanned water discharges by destination and treatment - for process water (m ³)	Page 88	Not assured
	GRI 306: Effluents and Waste, 2016	306-2: Waste by type and disposal method	Quality of water discharged	Pages 88-89	Not assured
▶ Emissions Management	GRI 305: Emissions, 2016	305-1: Direct GHG emissions (scope 1)	Direct GHG emissions from all sources owned	Page 94	Not assured
		305-5: Reduction of GHG emissions	Direct GHG emissions from all sources owned	Page 94	Not assured
			Efficiency initiatives	Pages 91-93	Not assured
▶ Waste Management	GRI 306: Effluents and Waste, 2016	306-2: Waste by type and disposal method	Waste management	Pages 94-96	Not assured
▶ Use of eco-friendly raw materials	GRI 301: Materials, 2016	301-1: Materials used by weight or volume	Product lifecycle management		Not assured
		301-2: Recycled input materials used	Use of eco-friendly raw materials	Pages 85-86 Pages 94-96	Not assured
		301-3: Reclaimed products and their packaging materials	Waste management		Not assured

MATERIAL TOPICS FOR LAFAYETTE AND OUR STAKEHOLDERS	CONTENTS	RESPONSE / LOCATION	PAGE OR GRI CONTENT INDEX	OMISSIONS	ASSURANCE
POSITIVE IMPACT ON THE COMMUNITY					The topics in the Specific Standard Disclosures of Lafayette's Sustainability Report 2018 were not subject to outside assurance. Use of outside assurance will be considered for the next report.
▶ Positive impact on the community	GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	Management approach for material topics Positive impact on the community	Page 26 Page 98	Not assured
		103-2: The management approach and its components	Management approach for material topics Positive impact on the community	Page 26 Page 98	Not assured
		103-3: Evaluation of the management approach	Management approach for material topics	Page 26	Not assured
	GRI 413: Local Communities, 2016	Content 413-1: Operations with local community engagement, impact assessments, and development programs.	We dialogue with the community near our operation Manage yourself Lafayette preschool Communication and joint work	Pages 80-81	Not assured
	Content 413-2: Operations with significant actual and potential negative impacts on local communities	Our operations do not generate significant actual or potential negative impacts on local communities.	GRI Content Index	Not assured	
		We dialogue with the community near our operation	Page 99		



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Bogota D.C. - Colombia
2020