

The image features two women standing outdoors, smiling and laughing. They are positioned in front of a wall covered in lush green ivy. To the right, a blue-framed glass door is partially open, revealing a glimpse of an interior space with yellow and white tiled walls. The overall atmosphere is bright and positive.

Integrated  
Report  
**2022**

**We create the future today**

Guararapes

RIACHUELO

Midway



# Table of Contents

04

Leadership  
Message

21

Results  
2022

40

CRIA!  
Movement

69

People and  
Society

93

Appendix

06

Institutional  
Profile

25

Governance, Ethics  
and Business  
Transparency

43

Environment

78

Actions and  
Social Impact

105

GRI  
Summary

16

Value  
Creation

38

Technology  
and Innovation

63

Supply  
Chain

85

About this  
Report

120

Assurance  
Letter



# Introduction

The Guararapes Group informs society and its stakeholders on its operations and initiatives in relation to sustainability, social, environmental, and governance impacts for the second consecutive year. The data presented here pertains to 2022. We established a strong link between financial aspects and sustainability this year, which manifested in the technique of an integrated report using GRI standards and considering TCFD and SASB indexes.

The group holds that everyone of us has a role to play in creating a better future for future generations and that by reflecting on our actions and mobilizing others, we can build the strength required to bring about the changes the world needs.

For this reason, we must rely on the CRIA! (Create!) Movement for sustainability and take advantage of its strengths within society by paying attention to people, being open, and putting novel fashion-making techniques into practice. We're dedicated to preserving the world and civilization for future generations.

Happy reading!





# Leadership Message

[ GRI 2-22 ]



**Flávio Rocha**

Chairman of the Board of Directors

The steady advancement of significant initiatives from our ESG agenda was a highlight of the year when the Guararapes Group reached its 75th anniversary. This progression was inevitable. Sustainability permeates our ecosystem in a cross-cutting way, directing strategic choices and influencing not only our products but also our business practices and interactions with the public, our clients, our employees, our suppliers, and other stakeholder groups.

The connections and interdependencies between the financial and sustainability performances, as well as our priorities, achievements, and lessons learned, are detailed in this integrated report. We emphasize our ongoing initiatives to advance ethical corporate conduct, support the national economy, reduce our environmental impact, and support the socioeconomic advancement of the areas in which we operate.

The CRIA! (Create!) movement supports and unites our efforts in the conception and design of a just and more sustainable future. We uphold

and strengthen our adherence to the UN Guiding Principles on Business and Human Rights in light of this stance.

In a similar vein, we think that our investments in technology and innovation enable us to implement a sustainable strategy that is in line with the UN Global Compact Sustainable Development Goals.

As one of the biggest stakeholders in the country's textile industry, we see a growing need to move quickly in the search for circularity solutions. With the launch of the HUB on Innovation in Circularity and Sustainability, our agenda underwent a dramatic paradigm shift. With its help, we were able to bring together a sizable number of important market players, organizing them in order to promote a sound systematization of textiles in closed-loop recycling and, more importantly, achieve scalability.

Additionally, in 2022, we stepped up our efforts to combat climate change with two significant initiatives: our voluntary commitment to reduce our greenhouse gas emissions from our direct operations

by 30% and our participation in SBTI (Science Based Targets Initiative), about which more information can be found later in this report.

Once more, innovation and technology advancements have given us the chance to reduce our negative environmental effects using environmentally friendly raw materials and efficient processing. Our methods, which rely on cutting-edge technology, help the company take the lead in the water management and textile industries under the Carbon Disclosure Project (CDP). CDP is an entity that operates a global system of disclosure so that investors, companies, cities, states, and regions can manage their environmental impacts.

The greatest level of corporate governance, which involves the adoption of standards of sustainable management, ethics, and transparency, is what directs our ecosystem of lifestyle, fashion, and financial services. When considering how our operations affect the environment and society, we manage them to the highest standards. This effort included moving the business to the New Market





in 2022 as an illustration. We joined the 2023 Portfolio of the B3 Corporate Sustainability Index in the same year. Yet another reason to celebrate.

To realize our mission to democratize fashion, all of these accomplishments would not have been possible without the talent, devotion, and dedication of a staff that actively works to foresee trends and meet the needs of our customers with perfection. Our greatest asset is our workforce of more than 30,000 people. We think that by taking care of each person now, our entire society will change for the better in the future. We are dedicated to supporting your growth journey and providing a secure, healthy, inclusive, and diverse atmosphere because of this.

Our way of doing business is to put the clients in the center of all decision making. And this is a significant problem since we must adjust to ongoing behavioral shifts caused by the digital

transformation, which fundamentally alter how consumers interact with brands, goods, and services. As a result, our omnichannel journey was planned and constructed with your experience as the first focus. To keep up with this accelerated transition in 2022, we made investments totaling BRL 313.5 million.

In terms of 2022 results, we generated BRL 8.5 billion in consolidated net revenue, a 17.1% rise from the prior year. Compared to the prior year, Midway Finance’s net revenue climbed by 33.3%. Net income across the board was BRL 51.98 million.

Together with the UN and civil society organizations, we are committed to the promotion of dignified work and the advocacy and promotion of human rights across our productive chain. Our permanent commitment is to certify that our products are produced in an ethical and responsible way, and this very same view extends to the

promotion of the socioeconomic development of our suppliers and the communities where we operate. For that matter, we count on the Riachuelo Institute, whose mission is to use fashion as a key driver to transform lives in the Seridó Sertão in the state of Rio Grande do Norte. As a result, we stimulate social entrepreneurship, support educational, health, and safety initiatives, as well as the adoption of more environmentally conscious behaviors and the promotion of culture. The semiarid region’s 50 thousand citizens have already been affected by its operations after only two years of existence. 150 or more small and medium-sized business owners.

The Guararapes Group also invests in initiatives that benefit groups that are extremely vulnerable. The most recent illustration of this dedication is our collaboration with the UNHCR. Through the program, we have been able to assist 100 Venezuelan women refugees in their various stages of adaptation and

re-entry into Brazil, from basic assistance for survival to economic independence with the entry of their workforce.

We are dedicated to working even harder to further our sustainability objectives even though we are aware that there is still more to be done. In order to alter our industry and society, we think we can be a force for good that articulates, operates, leads, and promotes a shift. We anticipate growing much more with strong ESG performance. We appreciate the dedication and support of all of our staff members, vendors, customers, and partners as we work to develop an inclusive, democratic, and responsible business model that benefits all of our stakeholders. We are aware that this mission is shared. “We CRIA!” Let’s shape the future together!

**Flávio Rocha,**  
Chairman of the  
Board of Directors





LEADERSHIP MESSAGE

**INSTITUTIONAL PROFILE**

VALUE CREATION

RESULTS 2022

GOVERNANCE, ETHICS AND BUSINESS TRANSPARENCY

TECHNOLOGY AND INNOVATION

CRIA! MOVEMENT

ENVIRONMENT

SUPPLY CHAIN

PEOPLE AND SOCIETY

ACTIONS AND SOCIAL IMPACT

ABOUT THIS REPORT

APPENDIX

GRI SUMMARY

ASSURANCE LETTER



# Institutional Profile

[ GRI 2-1 ]





# The Guararapes Group

[ GRI 2-1 ]

The Guararapes Group is recognized among the largest fashion industry in Brazil, with its presence across the country. During seven decades, the Company counts with 396 strategically distributed stores and employs 31,155 workers. One of the main goals of the Guararapes Group is to democratize fashion, bringing agility and quality to consumers by offering products that respects Human Rights. In the supply chain, as well as, by responsible acquisition of raw material through safety standards of the environment and its clientele.

The business strategy is defined in the creation and strengthening of its own brands, each of them with visual identity and specific target and in partnership with renowned stylists and world fashion celebrities.

The sustainability commitment made guides the business in the effort to transform fashion in an asset that creates value from its chain to the consumer.

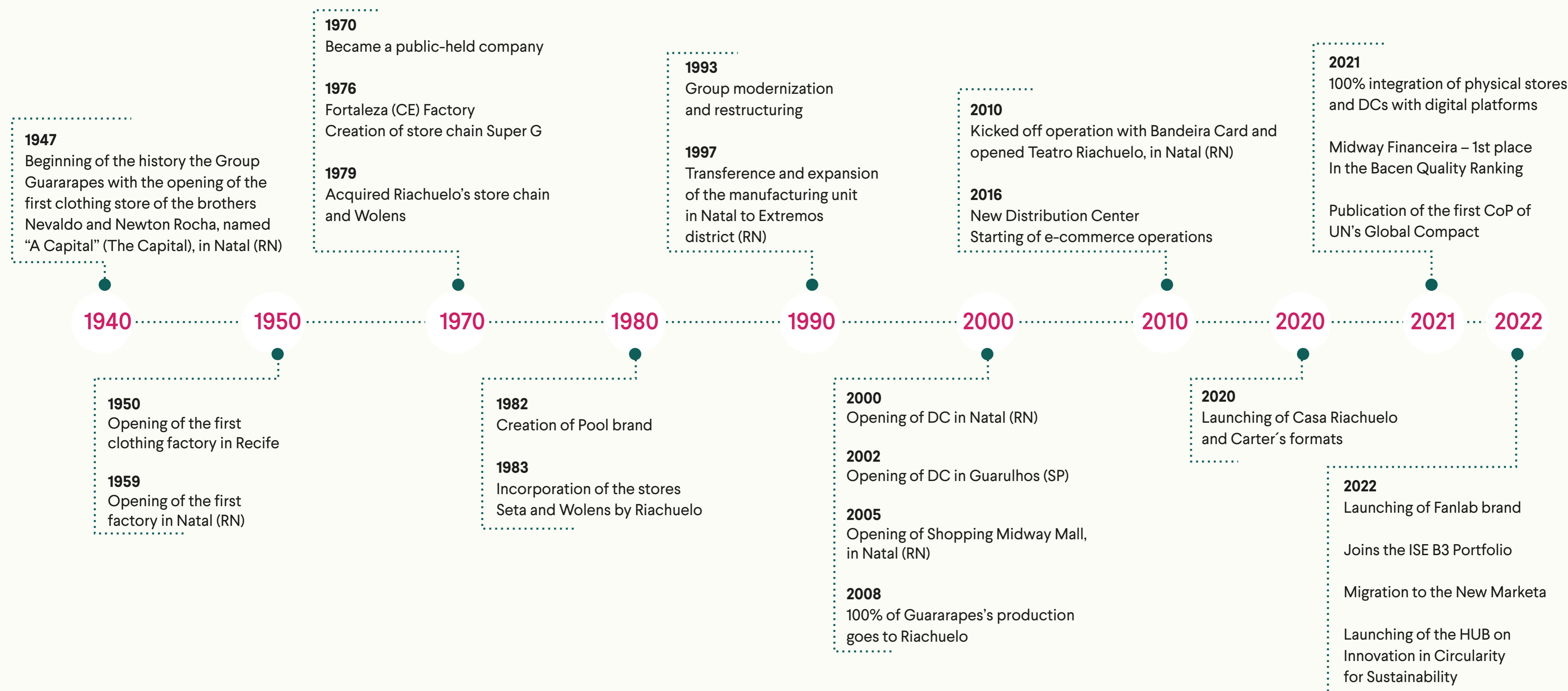
The Guararapes Group's differentiator is found in its integrated vertical chain which connects its operations from factory to suppliers, going through a logistical system engaging physical and digital sales channels of Riachuelo stores. In addition, offers to clientele, access to credit using its financing institution Midway. This vertical chain facilitates the business governance system and guarantees efficiency and competitiveness in the continued search for renovation and modernization of its industry and distribution centers, by keeping investments in new technologies and innovation.








# Timeline








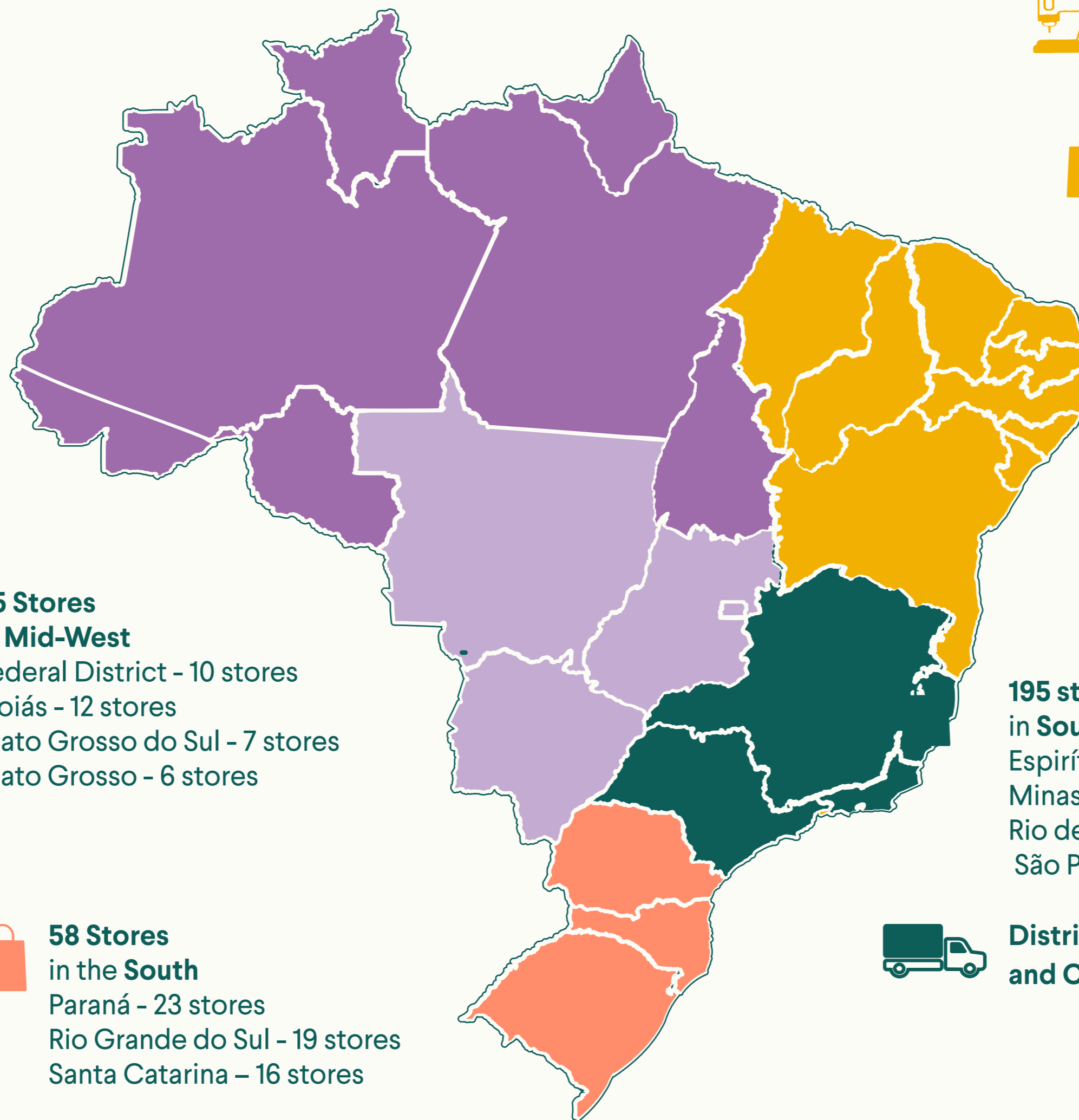
# Our businesses across Brazil

 **27 Stores** in the Amazonas  
**North** - 9 stores  
 Pará - 11 stores  
 Tocantins - 1 store  
 Amapá - 2 stores  
 Rondônia - 1 store  
 Roraima - 2 stores  
 Acre - 1 store

 **Distribution Center Manaus - AM**

 **35 Stores** in **Mid-West**  
 Federal District - 10 stores  
 Goiás - 12 stores  
 Mato Grosso do Sul - 7 stores  
 Mato Grosso - 6 stores


 **58 Stores** in the **South**  
 Paraná - 23 stores  
 Rio Grande do Sul - 19 stores  
 Santa Catarina - 16 stores



 **Factory in Natal - RN**

 **Distribution Center in Natal - RN**

 **81 Stores** in the **Northeast**  
 Alagoas - 6 stores  
 Bahia - 16 stores  
 Ceará - 13 stores  
 Maranhão - 9 stores  
 Paraíba - 5 stores  
 Pernambuco - 15 stores  
 Piauí - 5 stores  
 Rio Grande do Norte - 6 stores  
 Sergipe - 6 stores

 **Shopping Midway Theater Riachuelo and Contact Center - RN**

**195 stores** in **Southeast**  
 Espírito Santo - 9 stores  
 Minas Gerais - 24 stores  
 Rio de Janeiro - 39 stores  
 São Paulo - 123 stores

 **Theater Riachuelo Rio de Janeiro - RJ**

 **Distribution Center and Carrier - SP**

 **Offices - SP**  
 Pinheiros One  
 HUB One  
 Midway Financeira





# Our businesses

## Retail

[ GRI 2-2 ]

### Riachuelo



Fashion and lifestyle, with 100% Brazilian DNA. Bursting personality and reference in the feminine fashion retail, Riachuelo put on dreams, transforms, and empower the Brazilian woman, enabling the access to fashion and offering variety and fair price.

**Number of stores:**

333

**Openings:**

5

### Casa Riachuelo



With an omnichannel experience and an attractive mix of products, Casa Riachuelo offers its clientele the most recent trends in accessories and products for the embellishment of a Brazilian's home in an elegant ambiance and exclusive customer service for an even more pleasant and customized purchasing experience.

**Number of stores:**

12 stand alone e 13 store in store

**Openings:**

4, being 2 stand-alone and 2 store in store

### Carter's



A strong synergy with Riachuelo's value proposition and reinforces the positioning of the company in the segment of baby and early childhood clothing. Every Carter's store is Omni and integrated into our ecosystem.

**Number of stores:**

48 Stand alone e 2 store in store

**Openings:**

23, being 22 stand-alone and 1 store in store

### FanLab



New business front dedicated to the geek public, which counts with an independent operation in the physical and digital environments. FANLAB is already born in an omnichannel platform and integrated to solutions of fashion, lifestyle, and financial services, reenforcing the strategy of evolution of the Company's ecosystem.

**Number of stores:**

3

**Openings:**

3





# Our businesses

## Financial Services

[ GRI 2-2 ]


### Midway Financeira

One of the highlights of the Guararapes Group's operations is its company Midway Financeira, positioned among the ten largest credit cards issuers, only behind the main banks. It is the country's largest issuer of Private label cards. The 2022 net revenue was BRL 2.2 billion, a growth of 33.3% in relation to the year 2021, reflecting the gradual evolution of the credit portfolio which achieved a growth of 18.2% in relation to the end of 2021.

Midway Financeira is aligned with the business omnichannel strategy, enabling, and improving consumers relationship. An omnichannel client using a card has a purchase frequency of approximately 13 times more than other clients. In 2022, the Midway App registered 2.6 million of opened digital accounts,



approximately one million of clients with monthly access in transactions, such as transfers through PIX, invoice payments, debt renegotiation and cell phones recharge. It is an important relationship channel, cross-selling and revenue generation.

 ACCESS: Release of Results



**RIACHUELO CARD** and Brand Card



**DIGITAL ACCOUNT:** opened using the App, free and offers several services such as loans, transfer, and withdrawals.



**INSURANCE:** several types of insurance, such as residential, cell phones and personal accidents.



**24H ASSISTANCE:** for vehicles, motorcycles, and homes.



**LOANS:** personal loan service that can be rendered by application, by the Call Center or at any Riachuelo stores.



**HEALTH SERVICES:** health care plans for doctor's appointments and medical exams.



**DENTAL PLAN:** plans for dental appointments, exams, and treatment.



**NEGOTIATE YOUR DEBT:** possibility of renegotiation of credit card debt or personal loan with easy payment options, through the application or Call Center.





# Our businesses

## Industry, Logistic and Contact Center

[ GRI 2-2 ]

### Guararapes Confecções



Guararapes factory produced 39 million of pieces in 2022 bringing a revenue of BRL 1.8 billion to Riachuelo in this period. The participation of its own products achieved 45% of the total sales of clothing categories in the year 2022, which guarantees agility, reactivity as well as a better socio-environmental control of the chain.

### Transportadora Casa Verde



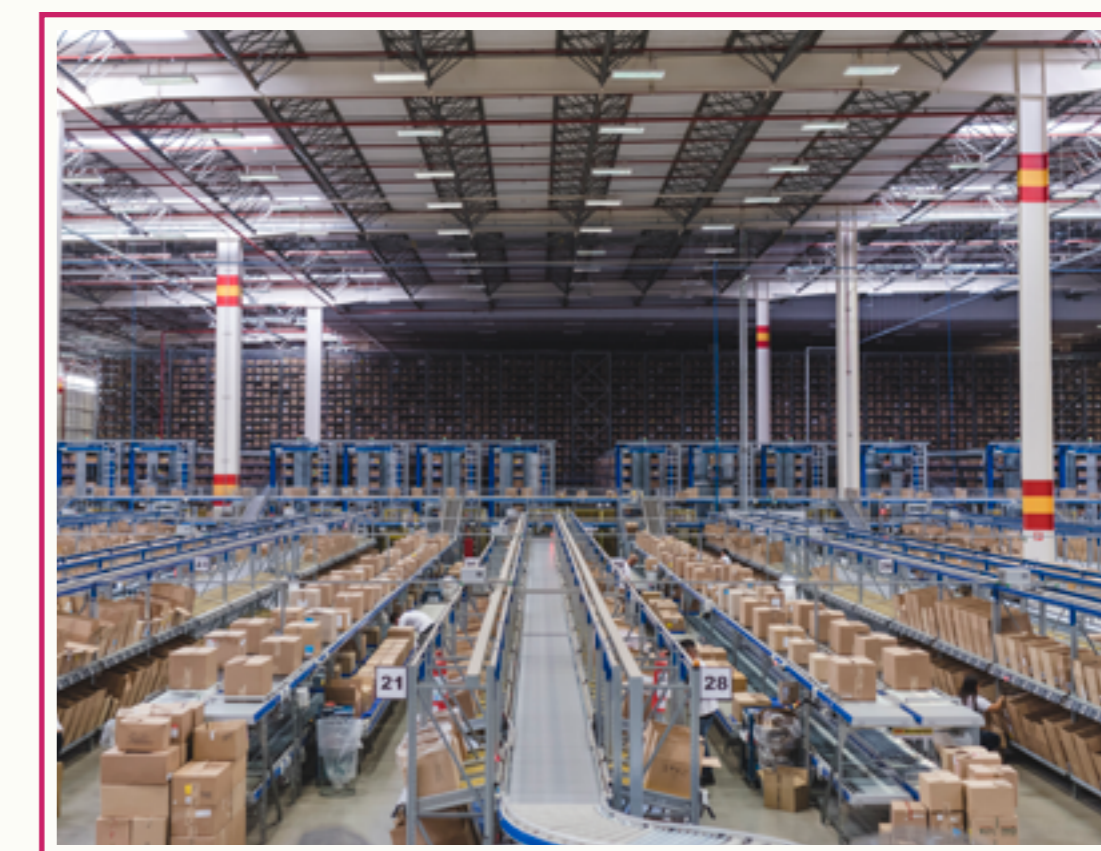
Transportadora (Carrier) Casa Verde – TCV – is responsible for the Group’s logistic. With the investments received in technology in recent years, efficiently delivers products manufactured by the Company to the Riachuelo’ stores.

### Contact Center



Located in Natal, Rio Grande do Norte, the main branch is the customer service for clients with a Riachuelo Card, for financial products sales, cards sale and research.

### Distribution Center



The Group invests in the distribution process to improve its integrated model to minimize timing between product development and delivery to the stores. To accomplish that, it counts with three distribution centers: In Extremo, Rio Grande do Norte, with 58,000 m<sup>2</sup>; in Guarulhos, São Paulo, with 100,000 m<sup>2</sup> and in Manaus, Amazonas, with 6,000 m<sup>2</sup>.





# Our businesses

## Other businesses

[ GRI 2-2 ]

### Shopping Midway

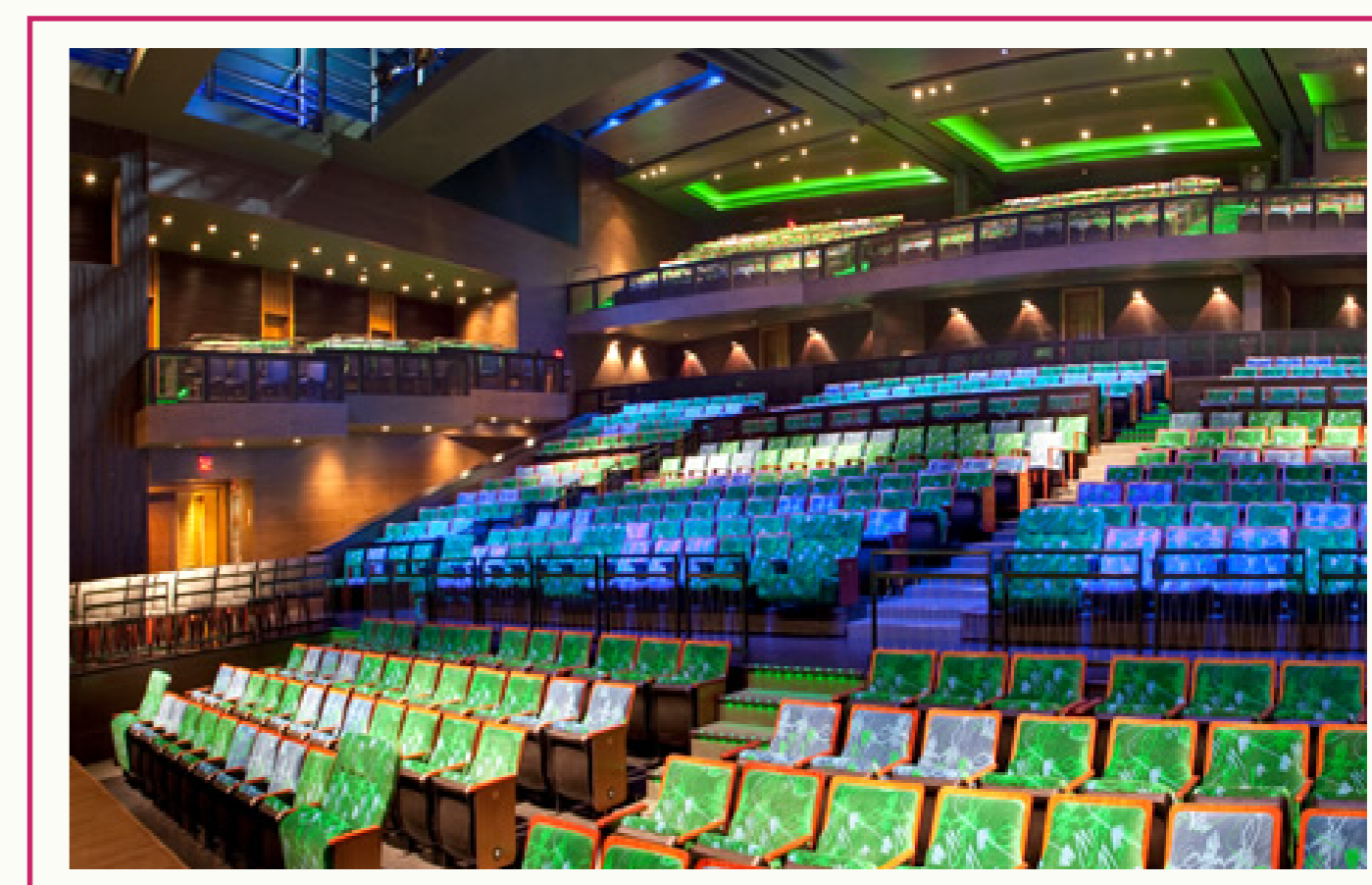


Launched on April 27, 2005, in Natal, Rio Grande do Norte, the Shopping It has a floor space of 231 thousand m<sup>2</sup> distributed over three operational levels destined to satellite stores, 13 anchor stores, food court and various services. The third floor, expanded in 2010, houses seven movie theaters (Cinemark), five new anchors, satellite stores and one complete gourmet space composed by the city's renowned restaurants.

### Riachuelo Theater



### Riachuelo Theater in Natal



Theater Riachuelo Natal is the most modern and complete event venue in Natal (RN). Inaugurated in December 2010, the space has the capacity for up to 3.500 viewers, depending on its configuration. Theater Riachuelo Rio, located in downtown Rio de Janeiro (RJ), occupies the installation of the former *Cine Palácio*, a heritage historical building restored in 2016.





# Participations and Associations

[ GRI 2-28 ]

Initiatives related to socio-environmental issues in which the Guararapes Group takes part in:



**ACNUR**  
August/2022



**LGBTS**  
**Institute Business Forum**  
June/2019



**ABVTEX (Brazilian Textile Retail Association)**  
June/2007



**Better Cotton Initiative**  
March/2020



**Global Compact**  
September/2020



**CDP (Carbon Disclosure Project)**  
November/2021



**GHG Protocol**  
September/2021



**InPACTO (National Pact to Eradicate Slave Labor)**  
Since 2017



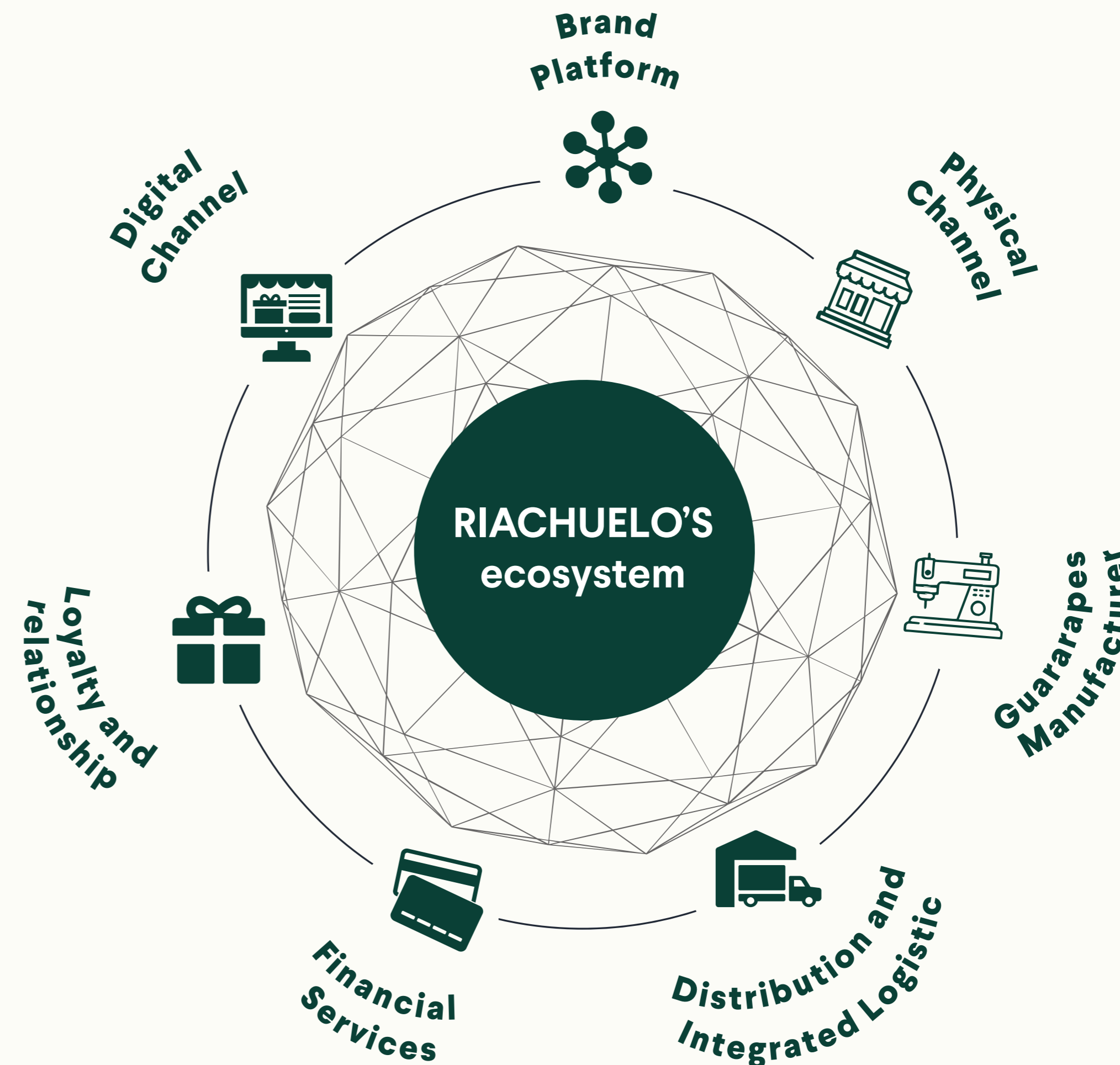


VISION

To be the ecosystem of lifestyle, products, and financial services in Brazil.

The mandala represents Riachuelo's ecosystem comprising all initiatives of the Guararapes Group in its business platforms.

ECOSYSTEM OF FASHION, LIFESTYLE AND FINANCIAL SERVICES







LEADERSHIP  
MESSAGE

INSTITUTIONAL  
PROFILE

VALUE  
CREATION

RESULTS 2022

GOVERNANCE, ETHICS AND  
BUSINESS TRANSPARENCY

TECHNOLOGY  
AND INNOVATION

CRIA!  
MOVEMENT

ENVIRONMENT

SUPPLY CHAIN

PEOPLE AND  
SOCIETY

ACTIONS AND  
SOCIAL IMPACT

ABOUT  
THIS REPORT

APPENDIX

GRI  
SUMMARY

ASSURANCE  
LETTER



# Value Creation

[ GRI 3-3 / GRI 203-2 ]





# Value Creation

[ GRI 3-3 / GRI 2-6 / GRI 203-2 ]

For the development of its activities, the Guararapes Group counts on supplies and established relationships, those according to the Structure of the International Council for the Integrated Report, are called “capitals”, subdivided in Manufactured, Natural, Human, Intellectual, Social and Financial Relationship. These capitals, acting jointly, transform into a productive cycle, allowing for the achievement of the best results and value creation to all parties involved.

Tracking the Company’s performance guarantees availability, quality and capital accessibility, ability to adapt to external or internal environment changes, to identify new impacts, risks, or opportunities, modifying established strategies, if necessary.

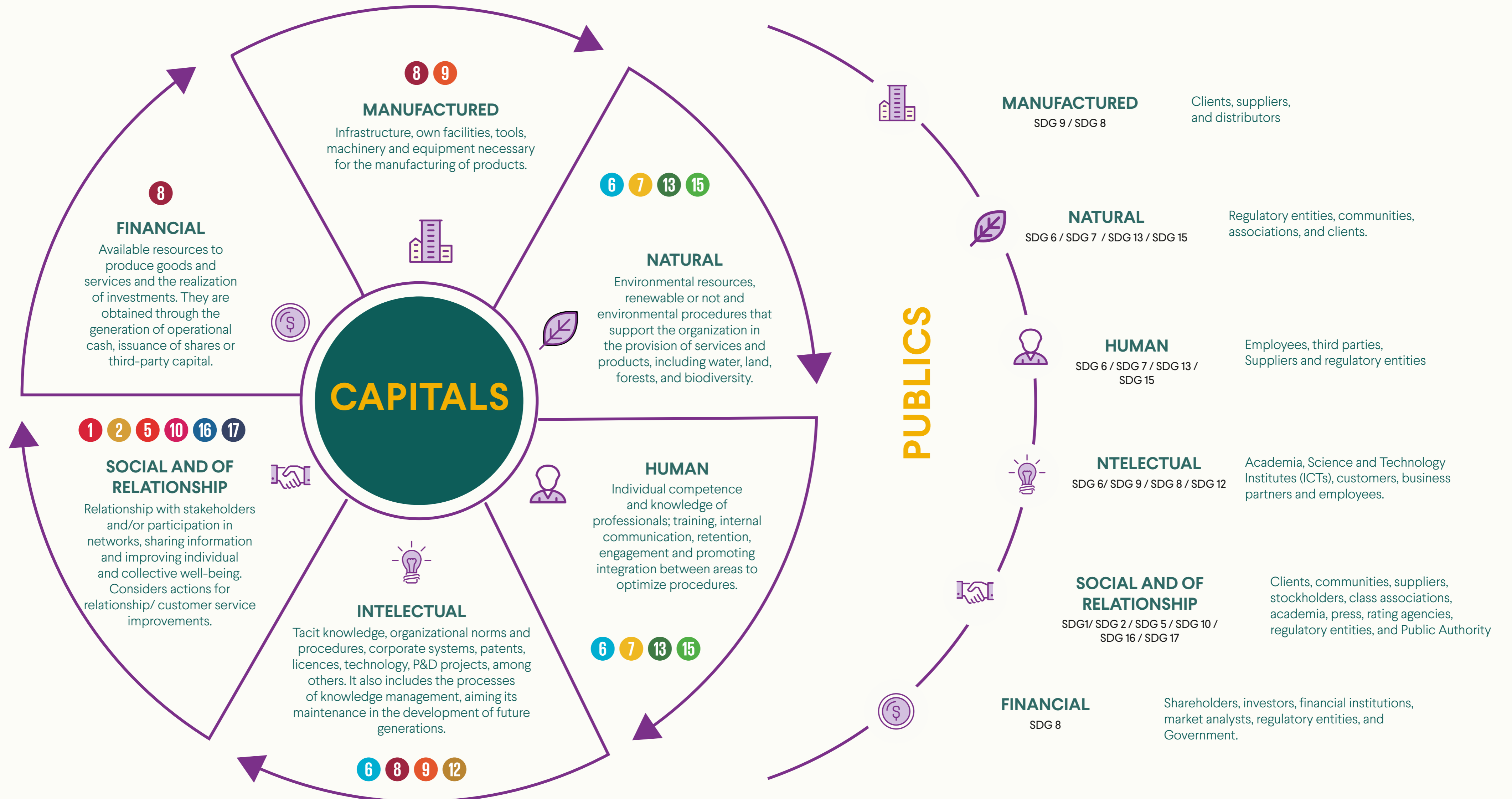
To measure the performance, we use indicators that can be related to the company’s impacts, such as financial results, or impacts in the surroundings: atmosphere emissions, distribution of private social investment and job creation.







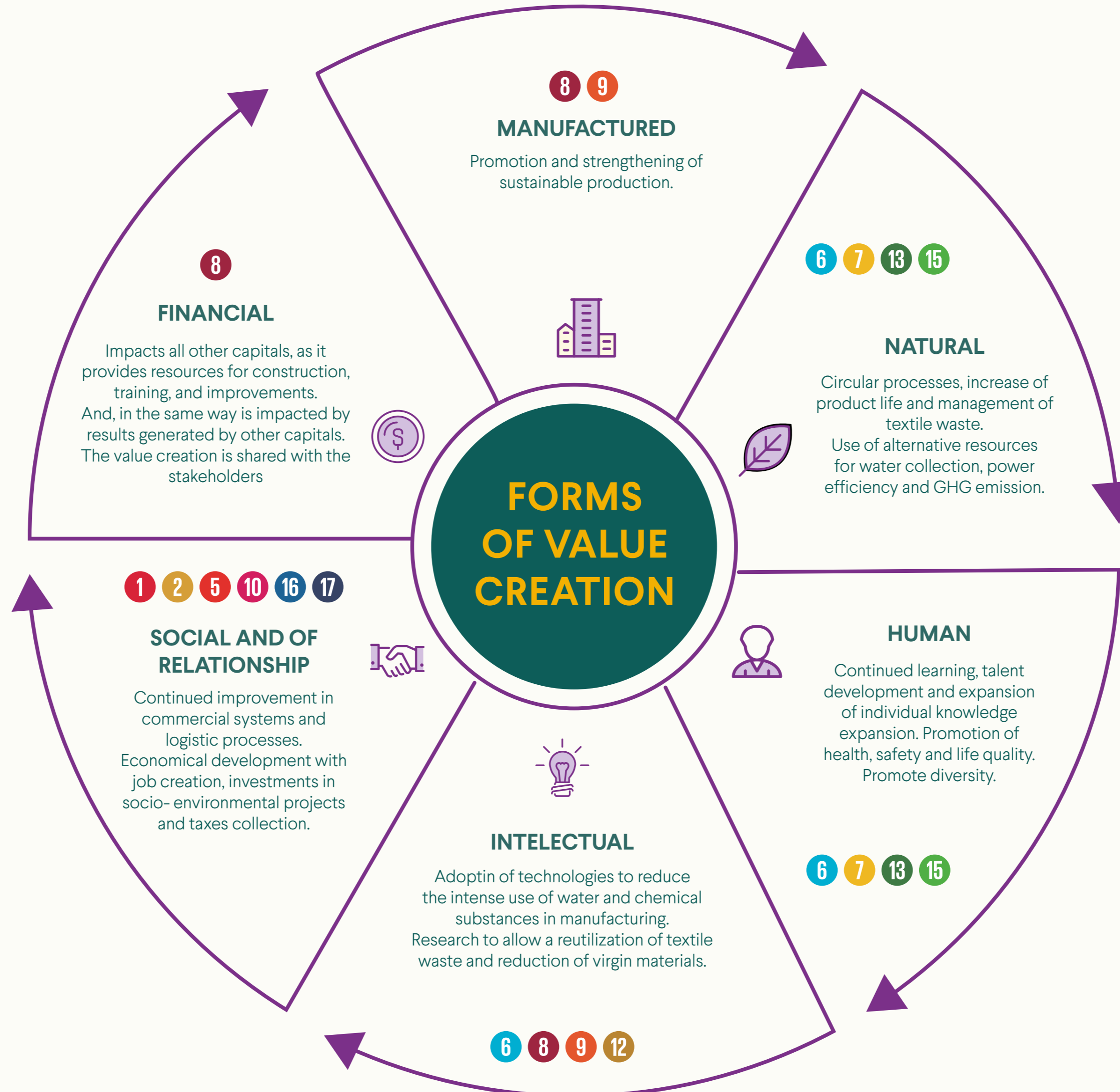
# Process of Value Creation







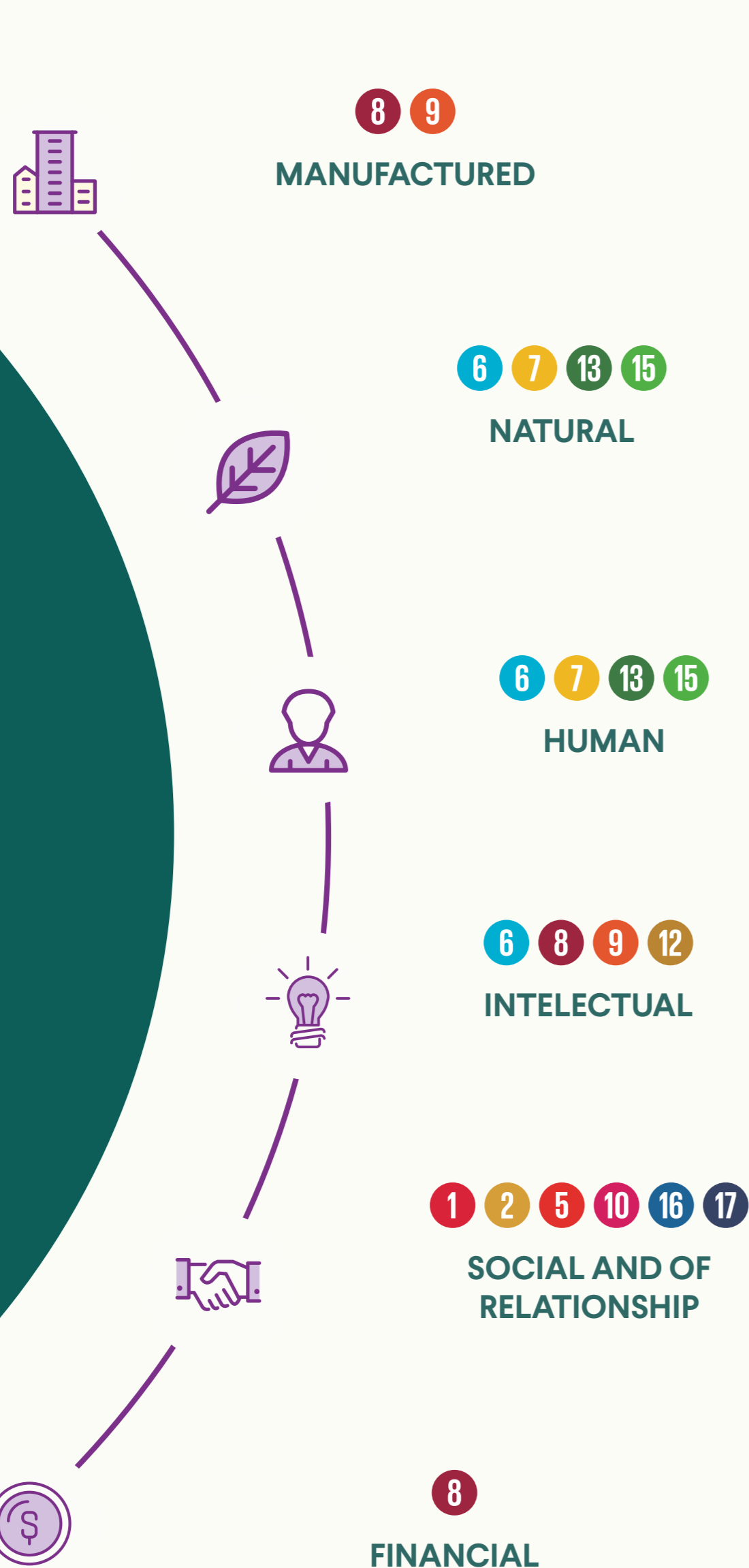
# Process of Value Creation







# VALUE CREATION PROCESS



## VALUE CAPTURE

**396 stores**  
**2 factories**  
**3 distribution centers**  
**2 Theaters**  
 Office in São Paulo and E-commerce Shanghai  
 Transportadora Casa Verde

**GHG Emission** 48,367 tCO<sub>2</sub>e  
**Waste Generation** 11.9 thousand tons of generated waste  
**Energy Consumption** 244.519 (MWh)  
**Water consumption** 380,910 (megaliters)  
**Tons of FMP** at Guararapes factory  
 \*7.79 thousand tons of cotton \*2.08 thousand tons of viscose  
 \*1.43 thousand ton of polyester \*341 ton of other FMPs (elastane, linen, lyocell, polyamide, etc.)

**Job creation** \*31,155 employees FTE\*  
**Leadership** \*63% of female in leadership positions  
**Rotativity rate by gender** \*men: 3.91% \*women: 3.96%

**Investments in P&D, Innovation and Development** of a new fiber made from our factory's textile waste: more than BRL 2 million, approximately 50% of the invested amount in 2022.  
 Knowledge dissemination **creation of an Innovation HUB on Circularity for Sustainability** in partnership with major players within the market and the industry

**Private Social Investment**  
 \*Investment of BRL 1.8 million via Riachuelo Institute  
 \*More than BRL 1.21 million towards donations via Guararapes Group  
 \*More than BRL 550 thousand invested in projects of social impact via Guararapes Group

**Contact Center Chain Map**  
 \*417 direct suppliers (237 national and 180 international)  
 \*1,024 outsourced (593 national and 431 international)

**Consolidated Gross Revenue**  
 BRL 10.4 billion  
**Investments (Capex)**  
 BRL 588,8 million in investments

## VALUE CREATION INDICATORS

Launching of **35 new stores**

Launching of **new offices** in São Paulo (Pinheiros and HUB One)  
 New business: FANLAB

**Use of more sustainable raw material and processes**  
 \*31.1% of more sustainable raw material in the entire chain  
 \*42% of certified cotton and 17% certified viscose (At Guararapes factories, the percentage is 98% certified cotton and 39% certified viscose)

**Voluntary goal Achievement in the reduction of GHG** in 30% for the direct emissions\* 100% of electrical power traceability of the entire Group

**58% of all waste** are recycled, reutilized, or reclaimed

**Energy efficiency** 100% of LED bulbs in the sales areas

87 hours of **training per employee** in the year **2022**  
 \*16,781 new hiring  
 516 courses provided in Riachuelo's training platform, 5 million of empowerment hours and 57,993 participations.

**BRL 313.5 million invested in technology and digital transformation**

**35% of more sustainable textile products at stores.**

**Riachuelo Institute:** more than 150 projects impacting 50 thousand people  
**UNHCR:** 140 Venezuelan women benefited from the partnership  
**Saving the Amazon:** 20 families of the Indigenous Community Tukuna **Umariáçu** benefited from the Omnichannel project.  
**21 million of active clients** in our ecosystem  
**53% of the clients who purchased digitally are also clients of physical stores.**

**CONSOLIDATED EBITDA**  
 BRL 961.9 million

**CONSOLIDATED ADJUSTED EBITDA**  
 BRL 948.1 million  
**Consolidated Net profit**  
 BRL 52 million





LEADERSHIP  
MESSAGE

INSTITUTIONAL  
PROFILE

VALUE  
CREATION

RESULTS 2022

GOVERNANCE, ETHICS AND  
BUSINESS TRANSPARENCY

TECHNOLOGY  
AND INNOVATION

CRIA!  
MOVEMENT

ENVIRONMENT

SUPPLY CHAIN

PEOPLE AND  
SOCIETY

ACTIONS AND  
SOCIAL IMPACT

ABOUT  
THIS REPORT

APPENDIX

GRI  
SUMMARY

ASSURANCE  
LETTER



# 2022 Financial Results





# Financial Results

## QUANTITY OF UNITS PRODUCED GUARARAPES FACTORY

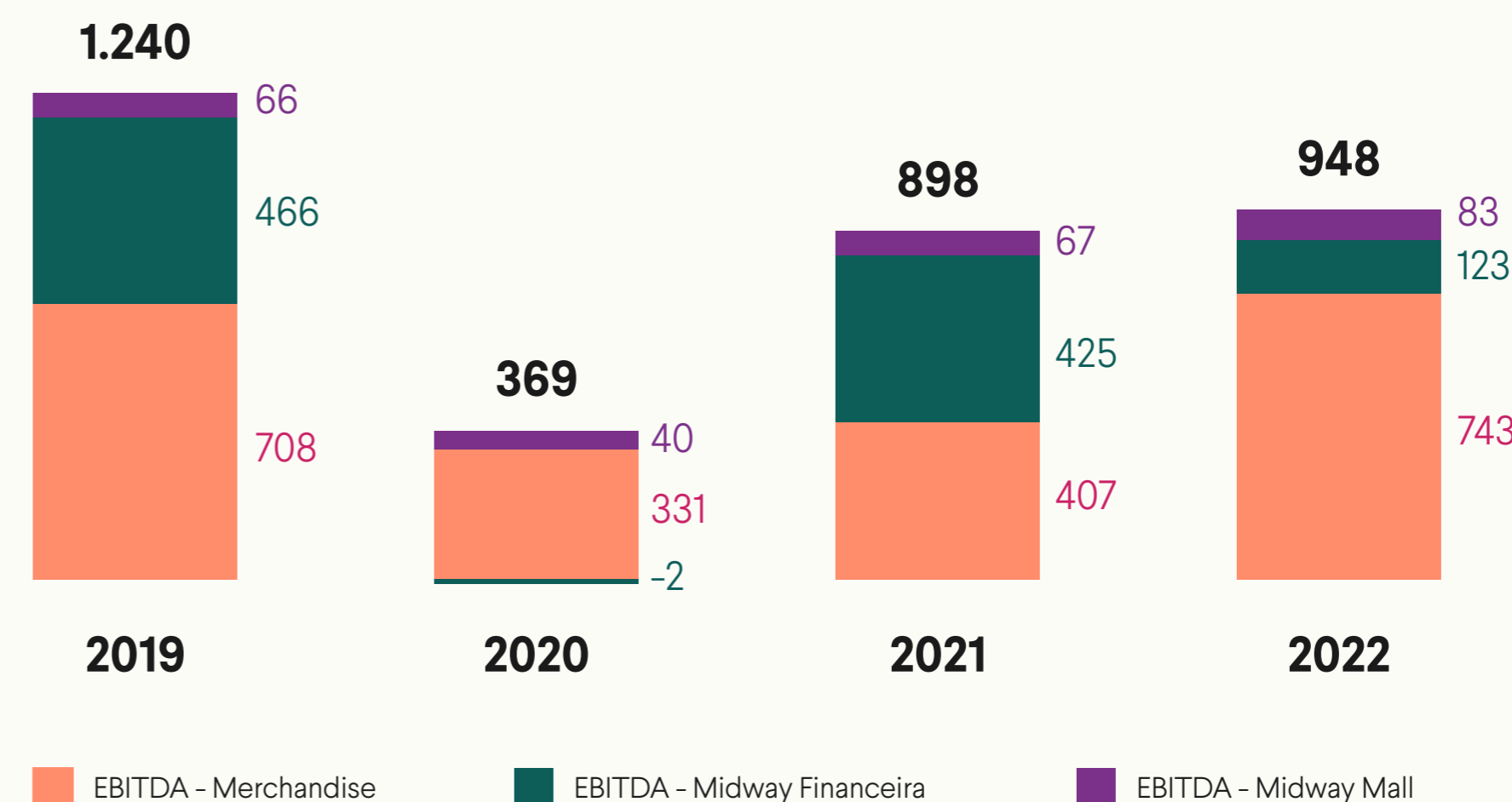
Year	Units
2022	39 Million
2021	43.2 Million
2020	36.2 Million

## PERCENTAGE OF INVESTMENT WITH SUSTAINABILITY

Year	Percentage
2022	0.15%
2021	0.09%
2020	0.16%

The Guararapes group's revenue comes from merchandise sales from Riachuelo Store, Casa Riachuelo, and Carter's, as well as from operations performed by Midway Financeira. Such as installment sales, insurance, and personal loans. In 2022, the company presented a consolidated net revenue of BRL 8.5 billion. A growth of 17.1% compared to 2021, an outcome from the evolution of its core business value proposal, causing an increase of 12.2% in net merchandise revenue, and a gradual growth of the Midway Financeira loan portfolio, resulting in a net revenue of 33.3% higher than the previous year. The 2022 adjusted consolidated EBITDA earned BRL 948.1 million, an increase of 5.6% compared to 2021, mostly due to the evolution of 82.5% in the merchandise adjusted EBITDA, which has already returned to pre-pandemic levels. The Midway Financeira faced a challenging scenario all year long and, and as a result, adhered to more conservative credit policies, adjusting the risk of granting credit for new cards and credit limit revisions for clients.

## EBITDA Adjusted Evolution (BRL Million)



In 2022, the consolidated raw revenue of the company was

# BRL 10.4 billion



ACCESS: RESULTS RELEASE





### 2022 HIGHLIGHTS

35 Stores opened  
FanLab (Geek Store)  
Xodo Loyalty Program



10,000 trees planted in the Amazon Forest  
7,500 trees planted in the Atlantic Forest

30% GHG  
Emission reduction



Leadership in water management in the  
Brazilian textile retail market  
100% of renewable electric energy

Joins the Corporate Sustainability  
Index ISE B3  
Migrates to a New Market



Commitment letter with UN Women  
and support for UNHCR

BRL 8.5 billions of net revenue  
(+ 17.1 % vs 2021)  
BRL 742.6 millions EBITDA Adjusted of  
Merchandise (+ 82.5% vs 2021)  
BRL 588.8 millions of investment made  
during the year (+ 3.6 vs 2021)



Launching of Innovation HUB in  
Circularity + Sustainability





LEADERSHIP MESSAGE

INSTITUTIONAL PROFILE

VALUE CREATION

RESULTS 2022

GOVERNANCE, ETHICS AND BUSINESS TRANSPARENCY

TECHNOLOGY AND INNOVATION

CRIA! MOVEMENT

ENVIRONMENT

SUPPLY CHAIN

PEOPLE AND SOCIETY

ACTIONS AND SOCIAL IMPACT

ABOUT THIS REPORT

APPENDIX

GRI SUMMARY

ASSURANCE LETTER

# Awards

A Company received the following awards in 2022:



**Great Place to Work (GPTW)**  
Best Retail Companies to work – 10th place



**2022 ABRAPE Prize**  
Best case of Extended Loss Prevention

Premiação Warner Melhor Execução com a coleção Midway 2022 Riachuelo



**Gupy Seal**  
Company providing Feedback (with more than 90% returns in recruitment process)



**Company Friend of Justice Seal**  
Riachuelo and Midway



**Game Brazil Research 2022**  
Most Known Brand in Geek Apparel



**Glassdoor**  
Riachuelo was a front runner in the textile retail market due to its performance in the popular Glassdoor platform. In 2022, the company closed the year with a score of 81% for “recommendation of Riachuelo to a friend”. Among the highlights of its good performance and “Diversity and Inclusion” and “Culture and Values”.



**Award Gupy Highlights 2022**  
100 RHs Inspiring of Brazil. Recruitment procedures



**MIDWAY**  
First Place in the Bacen Quality ranking of financial with less complaints



**Transparency Trophy Anefac 2022**  
Category: Company with net revenue ranging from BRL 5 billion up to BRL 20 billion



**Brazilian program of the CHG Protocol Golden Seal**





# Governance, Ethics and Business Transparency

[ UN Global Compact Principle 10 /SDG16 ]





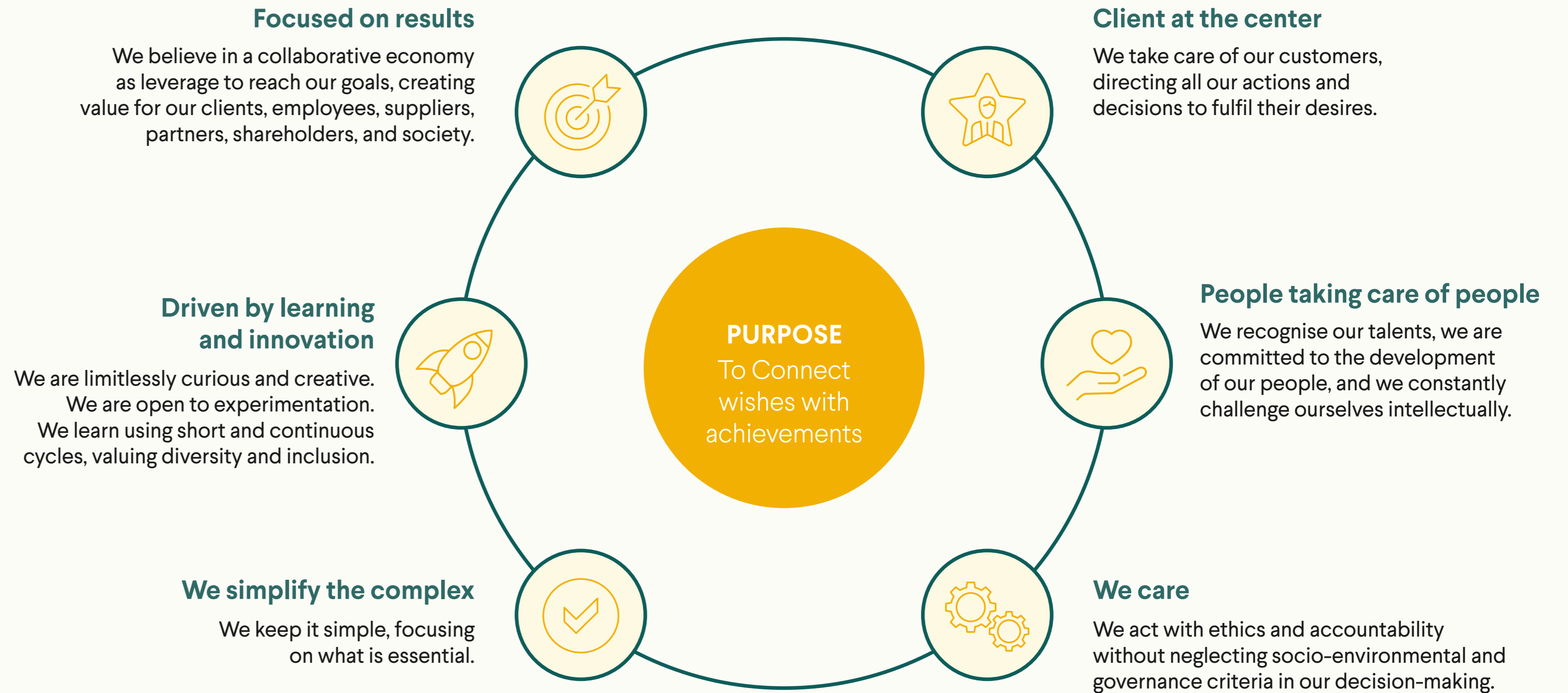
# Corporate Governance

Our purpose is to connect wishes and achievements.

## ACTION PILLARS

- ✓ People
- ✓ Technology and Innovation
- ✓ Simplicity
- ✓ Sustainability
- ✓ Governance
- ✓ Cultura RCHLOVER

# Purpose, values, and culture







# Governance

[ GRI 3-3 ]

The Guararapes Confecções S.A. Group has been a publicly traded company since 1970. Throughout the last four years, the company has invested in its sustainability strategy, featuring a policy that guarantees the promotion of fashion democratization through the offering of products that respect human rights in the supply chain and the responsible purchasing of raw materials in accordance with socio-environmental standards, preserving the health and safety of the client. This policy evidenced the Environmental, Social and of Governance Agenda (ESG), elevating the commitments for the perpetuity of the business. In April 2022, the group migrated to the B3 New Market, promoting changes in its social status aiming to become more transparent for shareholders and investors. As a positive result of its practices in the ESG Agenda, in December of this year, the Guararapes Group became part of the Corporate Sustainability Index – ISE, that scores companies listed on B3.

The Guararapes Group positions its corporate governance as driven by results, adopting the best recommended practices by the Brazilian Institute of Corporate Governance (IBGC). In its practices, it is decisive to strike a balance between the financial aspects and the agenda of ESG, always guided by a reliable and transparent relationship with its shareholders, investors, employees, suppliers, and clients.



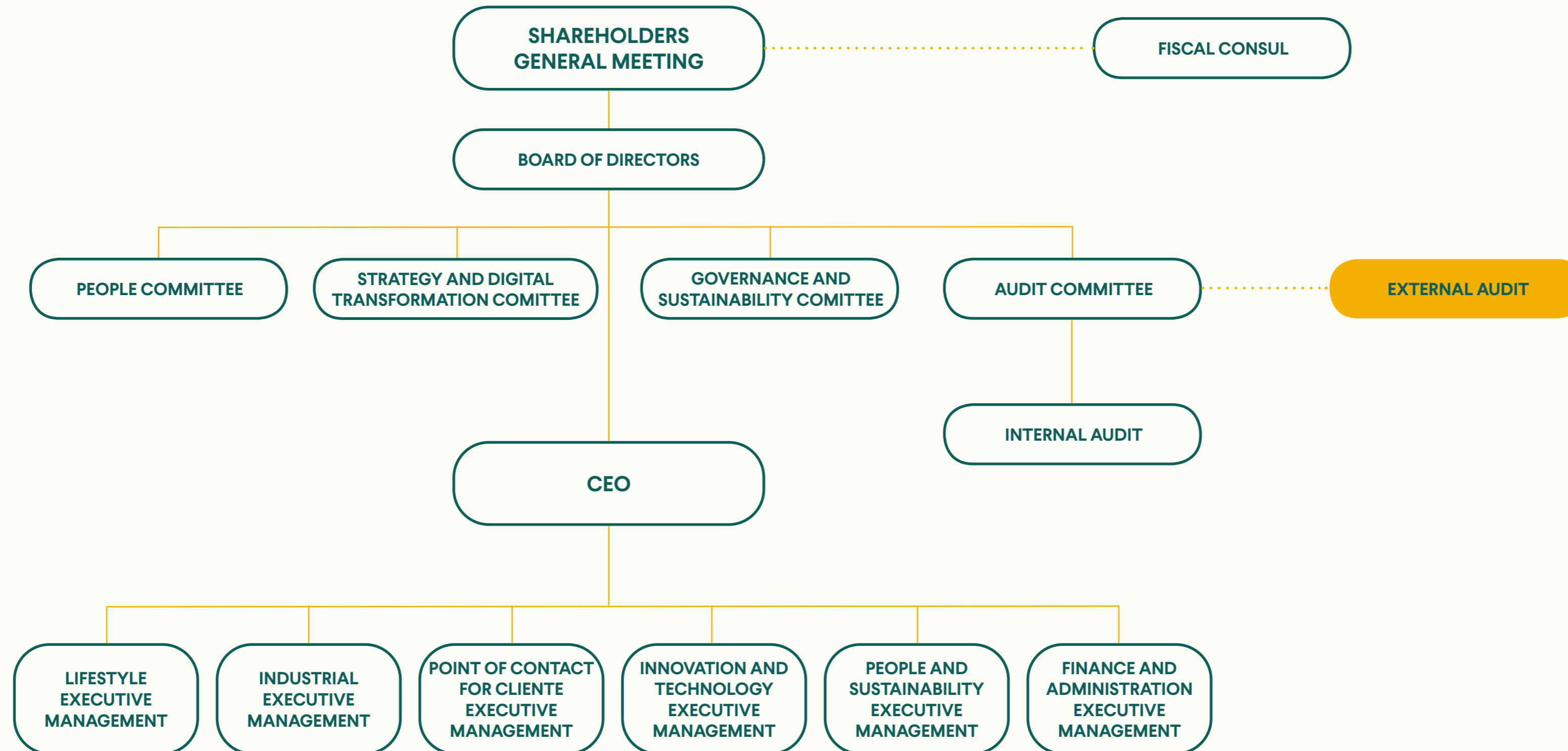




# Governance and Composition Structure

[ GRI 2-9 ]

## THE GUARARAPES GROUP GOVERNANCE STRUCTURE



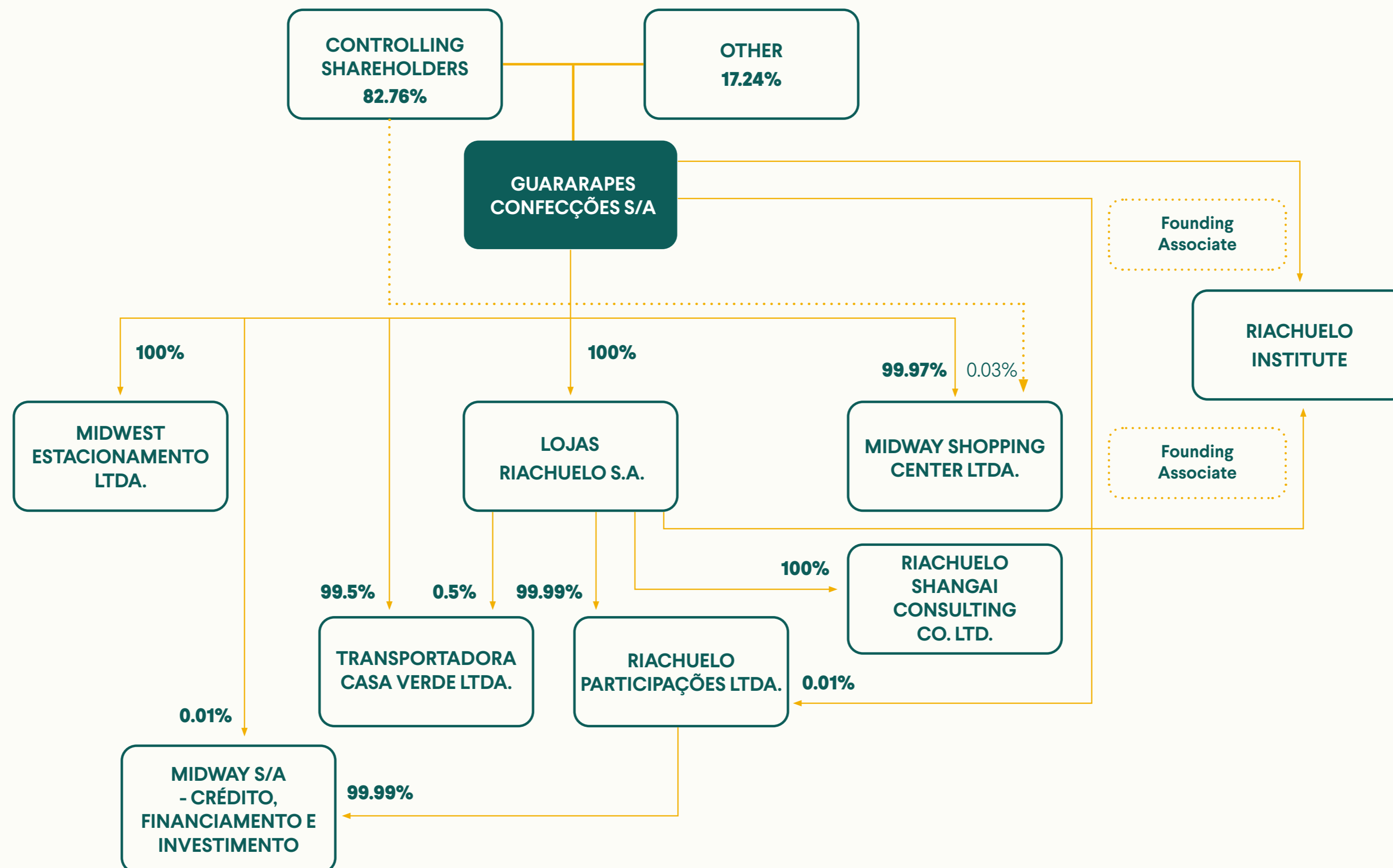




# Governance and Composition Structure

[ GRI 2-9 ]

## CORPORATE STRUCTURE ORGANIZATION CHART







# Governance and Composition Structure

## GENERAL MEETING

[ GRI 2-10 / GRI 2-11 ]

It has the authority to choose and remove members of the Board of Directors, which can consist of a minimum of three and a maximum of nine people, 20% of whom must be independent and one of whom must be a statutory. The shareholders should pick the board's president and vice president and have a casting vote on the executive director of the company. The tenure of the counsellors is set at one year. The amount of the distribution among the directors, both individually and in terms of institutional annual global remuneration, is decided at the general meeting.

**Chairman of the Board of Directors - Flávio Rocha**

## BOARD OF DIRECTORS

[ GRI 2-12 / GRI 2-16/ GRI 2-18 / GRI 2-19 / GRI 2-20 ]

The Board of Directors is Riachuelo's supreme body, responsible for nominating the members of the Executive Management. They jointly define the business strategies for the company's continued success and value creation, always considering the impact of its activities on the environment and society. With the responsibility to guarantee the fulfilment of the Sustainability Policy, the Board oversees the management of risks, ensures the efficacy of the business values and guidelines, ensures compliance with laws and internal and external regulations, and maintains the vitality of the code of ethics and conduct in addition to accompanying due diligence across the supply chain around socio-environmental aspects.

The Audit Committee and/or the Fiscal Council of the corporation send communications regarding key problems straight to the Board of Directors, who will act following deliberations and discussions that call for their knowledge.

Utilising a performance management approach, the Board of Directors' evaluation process enables the review and analysis of the Board's contribution to the accomplishment of the identified strategic goals. This assessment covers the company's primary goals (business strategy, risk management, decision-making, organizational culture, environmental, social, and governance goals (ESG), action dynamics, and participation of the board in management), and it is carried out on a digital platform with the individual's assured confidentiality.

The Board of Directors is in charge of approving the Administration Remuneration Policy.

Composition of the Board of Directors:

- Total of 5 members
- \* 2 independent members
- \* 2 female members

## RIACHUELO'S EXECUTIVE MANAGEMENT MANAGEMENT

It is capable of putting the Board of Directors and General Meeting's decisions into action. A minimum of two and a maximum of five statutory directors are required to constitute it for a term of one year. All of its executives should be Brazilian nationals, who may or may not be shareholders.

## FISCAL CONSUL

It consists of a minimum of three effective members or substitutes and a maximum of five effective members or substitutes, and it is only formed upon the shareholders' request. Critical communications are transmitted to the Board of Directors during their meeting.





# Governance and Composition Structure

**PEOPLE AND SUSTAINABILITY EXECUTIVE BOARD OF DIRECTORS**  
[ GRI 2-13 ]

Responsible for the creation of the socio-environmental plans and initiatives in Riachuelo. As a natural member of the Governance and Sustainability Committee, they oversee demands, dangers, and opportunities associated with climate change and sending them to the committee.

**GOVERNANCE AND SUSTAINABILITY COMMITTEE**  
[ GRI 2-17 ]

Responsible for monitoring the company's progress towards its social, environmental, and governance goals. Supports the Board of Directors decision making. The Board of Directors approved the acquisition of renewable energy certificates (I-REC), one of the notable measures taken in 2022. This programme is a component of the strategy for decreasing GHG emissions, which was put into place in 2021 when Riachuelo began to submit its GHG inventory for independent auditing and to respond to the CDP's questionnaire. It is also in charge of the integrated report for the business. Consists of five members.

**PEOPLE AND MANAGEMENT COMMITTEE**

Responsible for ensuring the best organizational setup, personnel, and incentives so the business can accomplish its strategic objectives. Consists of four members.

**STRATEGY AND DIGITAL TRANSFORMATION COMMITTEE**

Responsible for ensuring alignment with and anticipation of technical innovation trends, ensuring the company's competitiveness, and supporting the advancement of the strategic agenda. Consists of two members.

**AUDIT COMMITTEE**

Oversees internal audit's activities and reviews financial statements, internal controls, independent audit reports, and corporate risk management. The Board of Directors receives the important communications gathered by this committee. Consists of three members.





# Policies

[ GRI 2-23 ]

The sustainability-related policies include:

- Sustainability Policy
- Environmental Policy
- Diversity and Inclusion Policy
- Social Investments Policy
- Corporative Volunteering Policy
- Donations Policy
- Material Disposal Policy
- Compliance Policy (Internal Controls, Information Safety, Risk Management)
- Code of Conduct for Suppliers and Third Parties

# Sustainability Policy

[ GRI 2-23 / 2-24 ]

It outlines the values that the Guararapes Group upholds in its interactions with all parties involved and is designed to comprehend the democratization of fashion through the provision of goods that uphold human rights throughout the supply chain and the responsible procurement of raw materials for the preservation and protection of the environment, as well as the health and safety of consumers. The sustainability strategy supports the achievement of the UN Sustainable Development Goals (SDGs) and is in line with the Global Compact guiding principles.

The introduction of a privacy tool into the Riachuelo's card system in 2022 improved the Guararapes Group's Safety of Data Programme. The action executes data searching automatically in the system base, minimizing potential operational errors and registering the conducted activities for the benefit of data holders. For the service of internal teams, the

system Privacy by Design was created, unifying the input channel for analysis requests for new and ongoing projects. The system Privacy by Design was developed for the benefit of internal teams, integrating the input channel for analysis requests for new and continuing projects. Jira's system handles the projects and the personal data that is being handled legitimately and with a clear purpose, identifying the privacy analyst who handled the case.

The company's privacy policy and portal were updated within the same time period, and we continued to uphold regulations for holders' rights. We implemented indicators of reported services on a weekly basis for the Director of Innovation and Technology.

We produced 27 workplace-related documents, provided 11 data protection general law training sessions, and devoted one week to information security-related activities.





# Ethics

## Conflict of Interest

[ GRI 2-15 ]

They are described in the Code of Ethics and Conduct and the Board of Directors' internal rules, and they are taken into account by both the legal provisions and the set of standards. Through this approach, the company's leadership is encouraged to abstain from discussions and debates on subjects that might be thought to be of particular interest. The responsible party must formally communicate and physically leave if this happens. The minutes for such an event should be established. The Board of Directors should be notified if this is the case by whoever is aware of it.

## Code of Ethics and Conduct

A system of values and awareness of ethical principles and behaviours based on honesty, dignity, respect, loyalty, decency, diligence, efficiency, and transparency should be the

greatest values that guide the transparent relationship of the Guararapes Group with its stakeholders and its businesses.

Employees, suppliers, and service providers of Guararapes Confecções S/A and other businesses in its Economical Group (collectively, "employees," "company," and "Guararapes Group") are subject to the Code of Ethics and Conduct. This also applies to members of the Board of Directors, Statutory Committees, Advisory Committees to the Board of Directors, the Supervisory Board, and shareholders. By signing the Terms of Acknowledgment and Commitment, they all formally attest to their understanding of the information included in this agreement.

*Grupo de Trabalho Canal de Denúncias* (Reporting Channel Work Group), which is focused on employee behaviour, is the level of governance in charge of monitoring ethical issues. These matters are brought to the Ethics Committee when necessary for discussion.

The manager is in charge of advising and guiding their direct staff on moral matters related to their work activities. Contact the compliance team with any questions you may have.

The Compliance Team is responsible for monitoring the fulfilment of the Code of Ethics and Conduct with the support of the Ethics Committee, Human Resources, and Legal Department.

## Anti-corruption Policy

[ GRI 205-1 ]

Discusses the subjects covered by Law Against Corruption No. 12.843/2013 and emphasises the Guararapes Group's attitude in the battle to stop the criminal acts of corruption and related acts. In this document, we lay forth rules that clearly exclude creating, assisting, or participating in any conduct that has to do with financing terrorism, money laundering, or unethical

business practices. According to the risk analysis, no significant instances of risks associated with corruption in the operations of the managed enterprises, workers, suppliers, or business partners have been found for the year 2022.

## Code of Conduct for Suppliers and Third Parties

Governs ethical and disciplinary standards to ensure that established firms abide by the predetermined standards. Contracts with vendors and service providers are drafted by the Guararapes Group to contain anti-corruption provisions.

With the assistance of the Ethics Committee, the Code of Ethics and Conduct and the Supplier's Code of Ethics and Conduct have ensured adherence to the standards.





# Ethics

## Training on Communication related to Ethics and Conduct





We held the Compliance Week in 2022, a weeklong event with both online and in-person training that is entirely dedicated to the subject. The “Workplace” access tool, which enables the submission of real-time messages, updates, and critical information on the subject, is another high point of the same time. It is used to aid the work of the Reporting Channel Work Group and is available to all employees. Along with providing specialised trainings by topic and audience, it also aids in the distribution of anticorruption recommendations. In 2022, no cases of corruption were registered.

The Guararapes Group’s challenge for 2023 is to improve staff training on ethics, internal audits, discrimination, harassment, and corruption, particularly among store managers, distribution centres, factories, and businesses, per region. To get the best results, the plan calls for continuing trainings and seminars as well as increase posting into “Workplace” and using specific materials.

## Risks Management Policy Risks Management Policy

[ GRI 2.16 ]

The Brazilian Institute of Corporate Governance’s (IBGC) Brazilian Code of Corporate Governance, which defines the guidelines for ongoing risk identification, analysis, control, and monitoring, aims to strengthen the corporate governance environment by requiring internal controls to adhere to both existing laws and the principles of the Brazilian Code of Corporate Governance. The company and the entities it controls do a self-assessment of their risks every six months. The compliance team analyses the data before presenting it to the Board of Directors, Statutory Board, and Audit and Risk Management Committee. These terms are used to define the work:

-  Risks Identification;
-  Risks Evaluation;
-  Risks Control;
-  Risks Monitoring.

## > Training on Ethics and Conduct 2022

TOPIC	TOTAL OF EMPLOYEES
Corporate Ethics	834
Anti-Corruption	1,532
Governance	1,555
Corporate Governance	1,180
Governance and Brands	1,885
Protection against frauds	1,493
Harassment /Discrimination	1,906
Information security	1,013
Reporting Channel	1,235





# Ethics

## Handling of real cases of violation of the Code of Ethics and Conduct

- Formal warning (written form)
- Verbal warning
- Suspension
- Dismissal with just cause
- Demissal without just cause
- Enhancement or development of (new) process/procedure
- Specific trainings, reducing the Channel’s major occurrences.
- Informing the responsible area
- Requesting clarity from the parties involved
- Feedback to the involved party
- Interruption of the commercial relationship when it refers to a supplier

## Reporting Channel

[ GRI 2-25 / GRI 2-26 ]

It is intended for the resolution of complaints involving actions that violate business ethics It is overseen by the business *Contato Seguro* and carried out by a group of specialists in the fields of risks, fraud, and other skills required to provide an excellent service. The compliance team then conducts investigations into the matter and gathers data regarding the veracity of the facts and any potential company actions.

## Administration Remuneration Policy

[ GRI 2-19 / GRI 2-20 ]

It defines criteria and guidelines to establish the remuneration and benefits granted to the members of the Board of Directors, the Executive Board, and the company’s committees. This policy, which is based on market practices, attempts to recruit and keep the top talent while fostering the alignment of the administrator’s and shareholders’ interests. To enable the business to keep up with trends and the finest business practices, research is constantly conducted to compare compensation and benefit packages. The annual General Meeting decides the proportions of the total annual salary paid to all administrators, as well as the amount of distribution among them on an individual basis. In 2021, the Board of Directors approved this policy. The company’s management wants to tie their compensation to the availability of more environmentally friendly textile products in the stores.







# Policies

## Mapped and Identified Risks

The Board of Directors’ internal rules and the Code of Ethics and Conduct outline the mapped and detected risks while taking into account statutory requirements. This method encourages the company’s leadership to avoid taking part in conversations and deliberations on subjects that can be thought to be really interesting. If this happens, the offending party must formally notify the others and leave the area. Such events ought to be recorded in the meeting minutes. If this isn’t done, whoever is aware of it should let the board of directors know.



### FINANCIAL RISK

Every scenario that can result in financial loss for the organization. This might happen because of financial transactions, mistakes made when carrying out procedures, investments, and other things.



### STRATEGIC RISK

Loss as a result of poor strategic decision-making outcomes or a lack of ability to react to the internal and/or external environment.



### REGULATORY/ LEGAL/FISCAL RISK

Losses related to the non-compliance or lack of skills to comply with the applicable legislation or regulations.



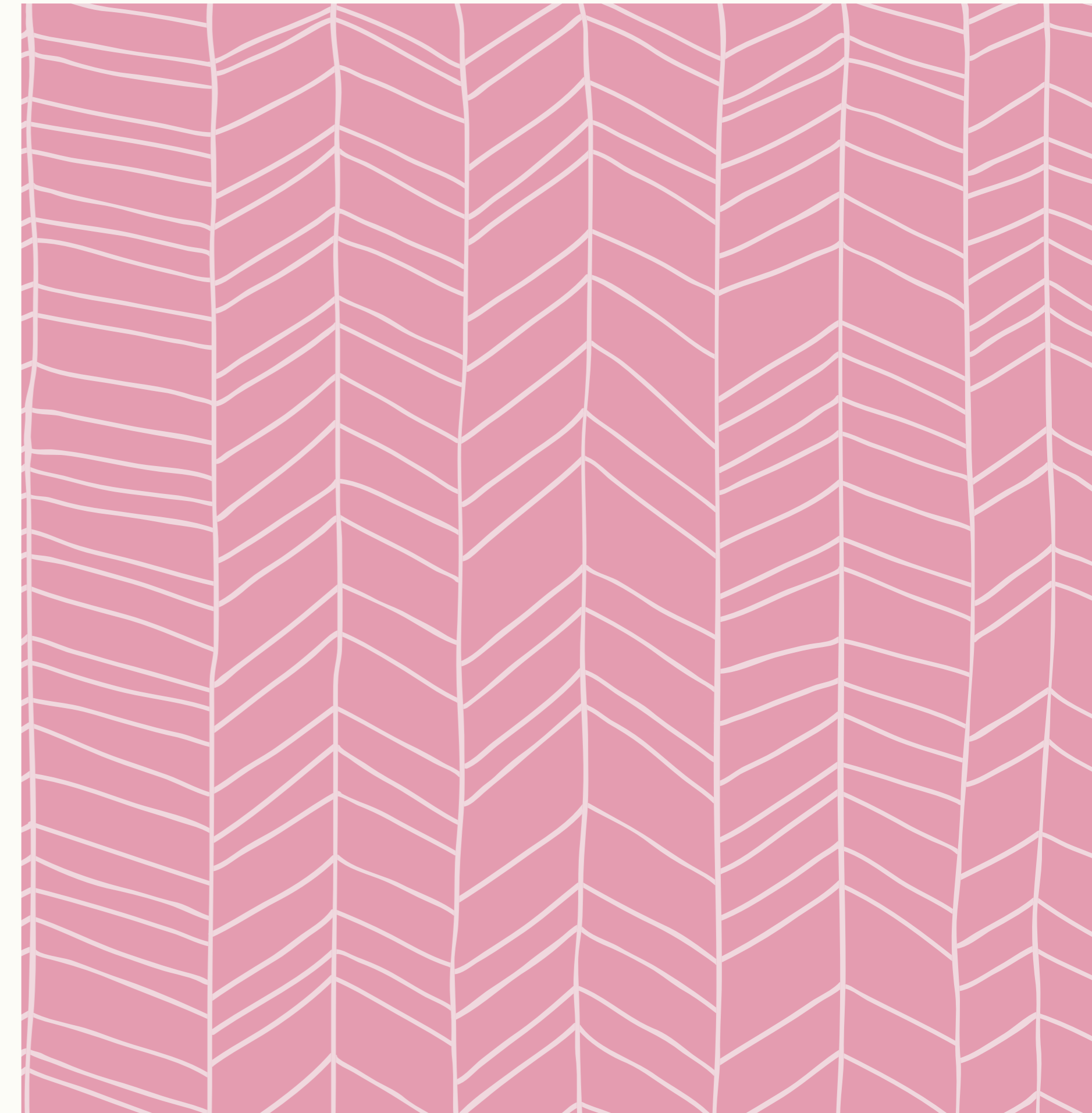
### REPUTATIONAL IMAGE RISK

Loss of credibility in the eyes of the public, both internal and external, brought on by misunderstanding or a lack of communication. This might happen because of the dissemination of false information by unauthorised parties, the use of ineffective communication tools, or the publication of unfavourable news.



### OPERATIONAL RISK

Loss due to incorrect specification or in the conduct of procedures, systems, or projects. It can also occur because of external events that cause losses in the execution of its regular activities or damage to physical assets.







# Transparency

[ GRI 3-3 ]

The Guararapes Group’s leadership is aware that maintaining company integrity requires being transparent in all of its dealings with its stakeholders. Since 2021, the company has responded to the Communication on Progress (CoP) of the UN Global Compact, which addresses the performance of all actions related to the fulfilment of the 10 principles and goals to achieve the Sustainable Development Goals (SDGs). Additionally, it responded to the CDP questionnaire for the second year in a row, making initiatives and activities to lessen the effects of climate change known. Additionally, it makes available the GRI-compliant integrated report that has undergone external verification. With the help of the Corporate Sustainability Index (ISE/B3), these efforts reflected an attempt on the part of the entire organization to highlight its commitment to the Environmental, Social, and Governance Agenda (ESG) in 2022.

The business participates voluntarily in the Fashion Transparency Index Brazil (ITMB), a project of the Fashion Revolution that supports a sustainable, environmentally friendly, and human-centered fashion industry. The movement promotes the search for greater accountability and openness in the fashion sector. Riachuelo received a score of 44% out of a possible 60, which is the margin attained by businesses that disclose their policies, procedures, socio-environmental goals, governance, and remediation methods, as well as the list of their Level 1 suppliers and processing facilities, in greater detail. Additionally, they take a proactive stance on matters like collective bargaining, the use of environmentally friendly materials, ways to deal with textile waste, and the carbon and water impacts of their own installations. The average score of the other brands that submitted questionnaires was 17%, which was 27% lower than this average. The ratings of 75% for the commitment policy and 64% for traceability were other noteworthy aspects of the ITM.

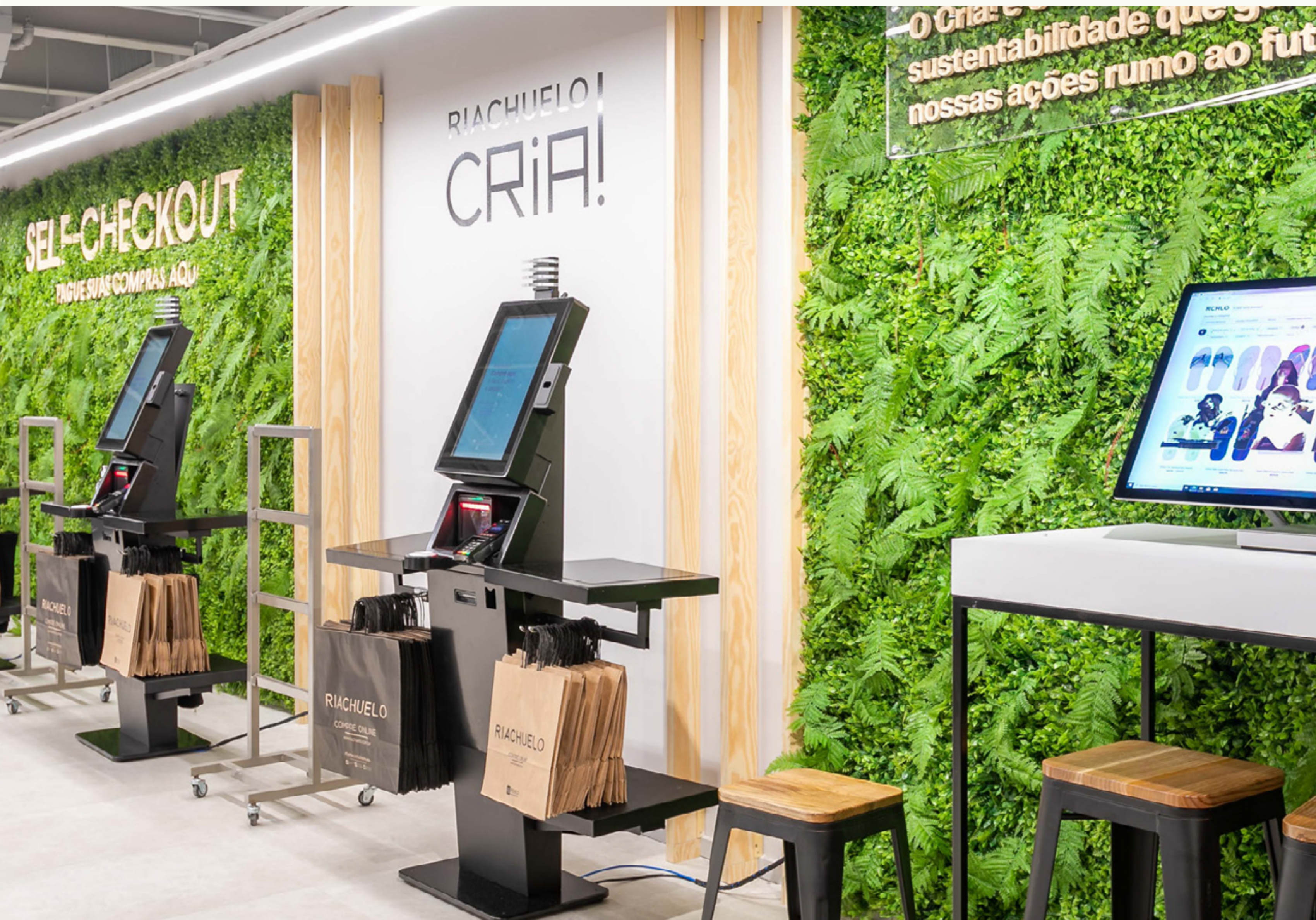
## Responsible Communication

One of the challenges of the fashion industry is to create a communication that can engage and change behaviors. The Cria! (Create!) Movement, which encompasses all the projects with the approach of the company’s sustainability strategy, was founded on the principles of increasing awareness, sensitising the public, and inviting society to adopt simpler and more sustainable practices. Campaigns and on going initiatives encourage people to make different decisions in order to achieve this.

Our collaboration with the “Há Limites” (There Are Limits) platform was one of our actions to promote more responsible communication and to involve civil society when we talk about more sustainable practices. The platform was developed to foster contacts between individuals, groups, scientists, and businesses in support of a society that is more and more sustainable. The platform contains articles, videos, and reports on themes that are signed by ESG specialists.







# Technology and Innovation





# Technology and Innovation

[ GRI 3-3 ]

Companies' competitiveness is becoming more and more dependent on their capacity for innovation, company transformation in difficult circumstances, and swift response. Technology and innovation permeate the ecosystem of the Guararapes Group, with innovation being a transversal axis on which all the company's actions are aligned.

The investments came to BRL313.5 million in 2022. All of these IT resources and initiatives aim to foster advancements at every stage of the production process. The long-term plan encourages the development of an ecosystem in which Riachuelo.com is a major actor in terms of traffic. The objective is to give customers an omnichannel experience by combining physical stores and online platforms.

The concept accommodates customer behaviour that favours quick decisions and purchases through digital channels and incorporates financial products provided by Midway's digital banking.



Active clients in the ecosystem

More than **21 million**



Digital channels

Participate in **9%** of the total sales



Riachuelo App

**43%** of sales online



Marketplace in digital channels

Participation increased to **17.4%**

**82%** of these clients had never purchased through this channel before

**42%** of the new clients are also new to the ecosystem





# CRI! (Create!) Movement





# CRIA! (Create!) Movement

CRIA! Movement reflects the ways in which decisions and actions transform, revolutionise, and create. To effectively implement the Environmental, Social, and Governance Agenda (ESGA), which permeates all facets of the company, Guararapes Group leads its projects in this manner. The CRIA! Movement is articulated by unified actions on four major topics:

-  Environment
-  Circularity
-  More Sustainable Products
-  People and Society
-  Supply chain



The CRIA! Movement is set up to carry out the practise of fashion in a more environmentally friendly manner by looking for materials and processes that have less of an impact on the environment, participating in social activities that create shared value, and monitoring the growth of suppliers. Here is Riachuelo's performance of its CRIA! Movement-related actions.





# Sustainability Strategy

The sustainability of the textile industry brings major challenges related to the impacts of its activities on the environment and society, such as the work instability of its chain, climate changes, consumption of natural resources, use and disposal of chemical substances, and the generated waste prior to and after consumption.

The Guararapes Group actively seeks to lessen these effects and to develop cutting-edge approaches that can regenerate ecosystems, advance the defence of human rights throughout its value chain, and strengthen local communities in the areas where it operates. The sustainability strategy thereby encompasses the group's whole ecosystem and is guided by the following axis of action:







LEADERSHIP MESSAGE

INSTITUTIONAL PROFILE

VALUE CREATION

RESULTS 2022

GOVERNANCE, ETHICS AND BUSINESS TRANSPARENCY

TECHNOLOGY AND INNOVATION

CRIA! MOVEMENT

**ENVIRONMENT**

SUPPLY CHAIN

PEOPLE AND SOCIETY

ACTIONS AND SOCIAL IMPACT

ABOUT THIS REPORT

APPENDIX

GRI SUMMARY

ASSURANCE LETTER



# Environment



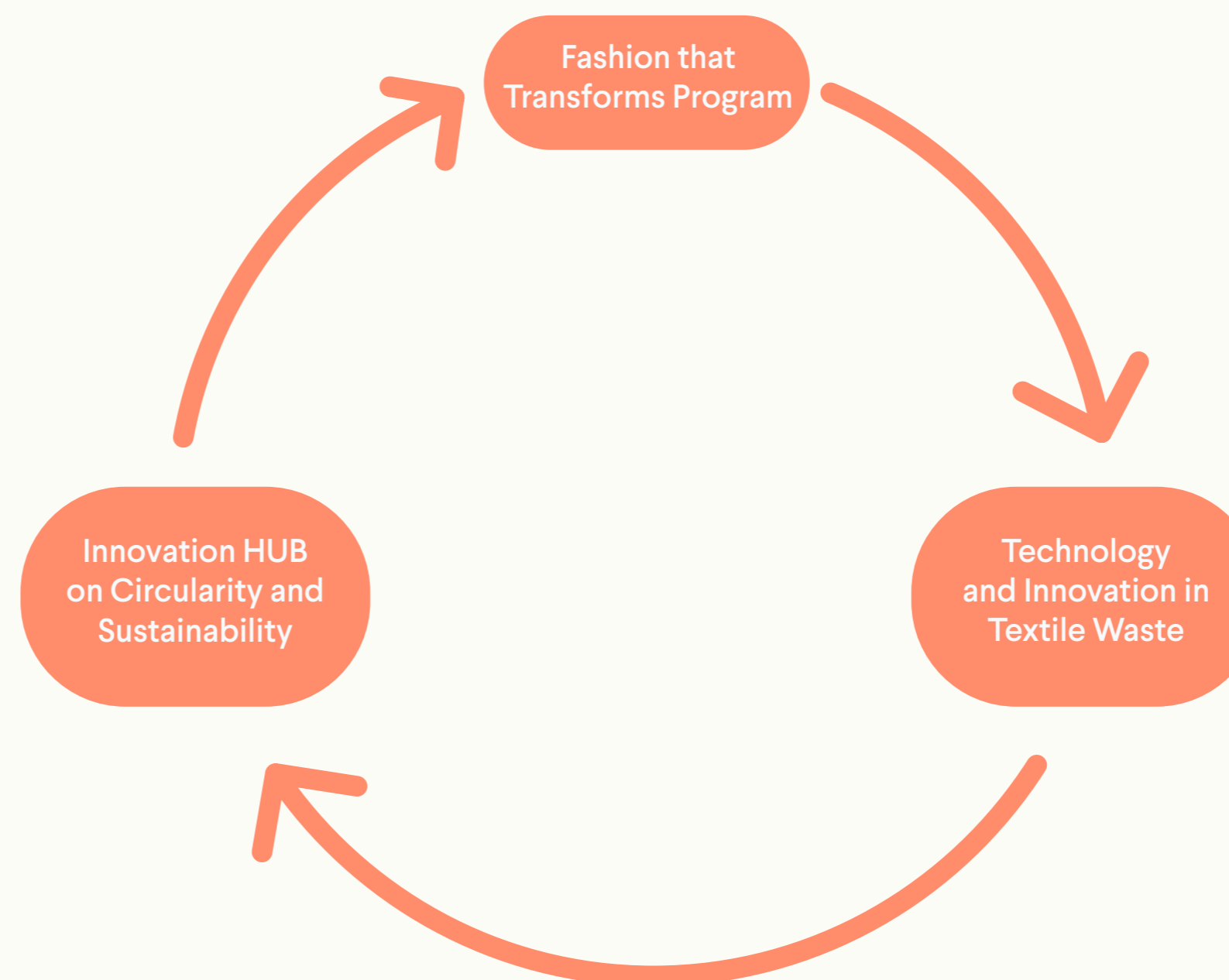


# Circularity

[ GRI 3-3 – UN Global Compact Principle 7-8-9 / SDG 6-9-12-13-17 ]

One of the biggest difficulties facing the industry is the huge socio-environmental impact of the textile sector and garment manufacture. It acknowledges the production of a lot of solid waste, a lot of energy and water use, a lot of greenhouse gas emissions, and contamination of the land across its entire extension. According to the most recent global report from Textile Exchange, which uses data from 2021, 113 million metric tons of fibre, 72.2 million metric tons of synthetic materials derived from petroleum, and 60.5 million metric tons of polyester were produced. The same report indicates that the production of natural material fibers, such as cotton, has decreased from 30% to 28%, and the production of recycled fibers has increased from 8.4% to 8.9%. The report highlights that less than 1% of global consumption is from recycled fiber. According to the Brazilian Association of Public Cleaning and Special Waste Companies (ABRELPE), Brazil disposes of approximately four million tons of textile waste every year.

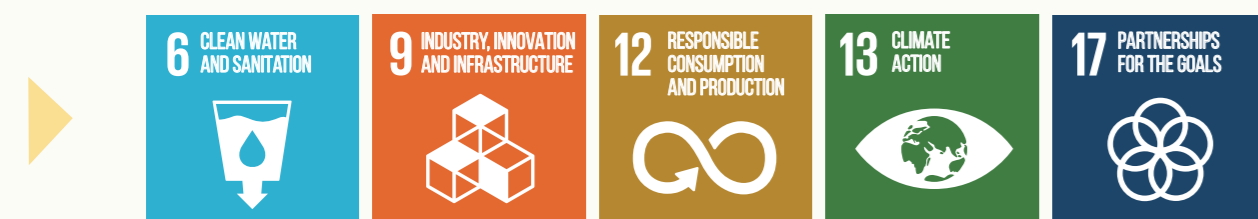
Brazil is positioned as the largest textile chain in the West, accounting for the fourth largest global production of clothing, totaling 2.16 million tons in 2021, according to data from the Brazilian Textile and Apparel Industry (Abit). According to the Brazilian Association of Public Cleaning and Special Waste Companies – Abrelpe, every year Brazil discards around four million tons of textile waste.



## Commitment

The Guararapes Group is aware that the modelling of its textile production closely relates to its function as an architect for the change of the fashion sector. 39 million articles of apparel were produced in 2022, producing 3.3 million metric tons of textile waste.

The Environmental Policy, which establishes the standards for the ecoefficiency of its activities with regard to the environment, the conservation of biodiversity, the sustainable management of natural resources, and circularity, outlines the vision and commitment.



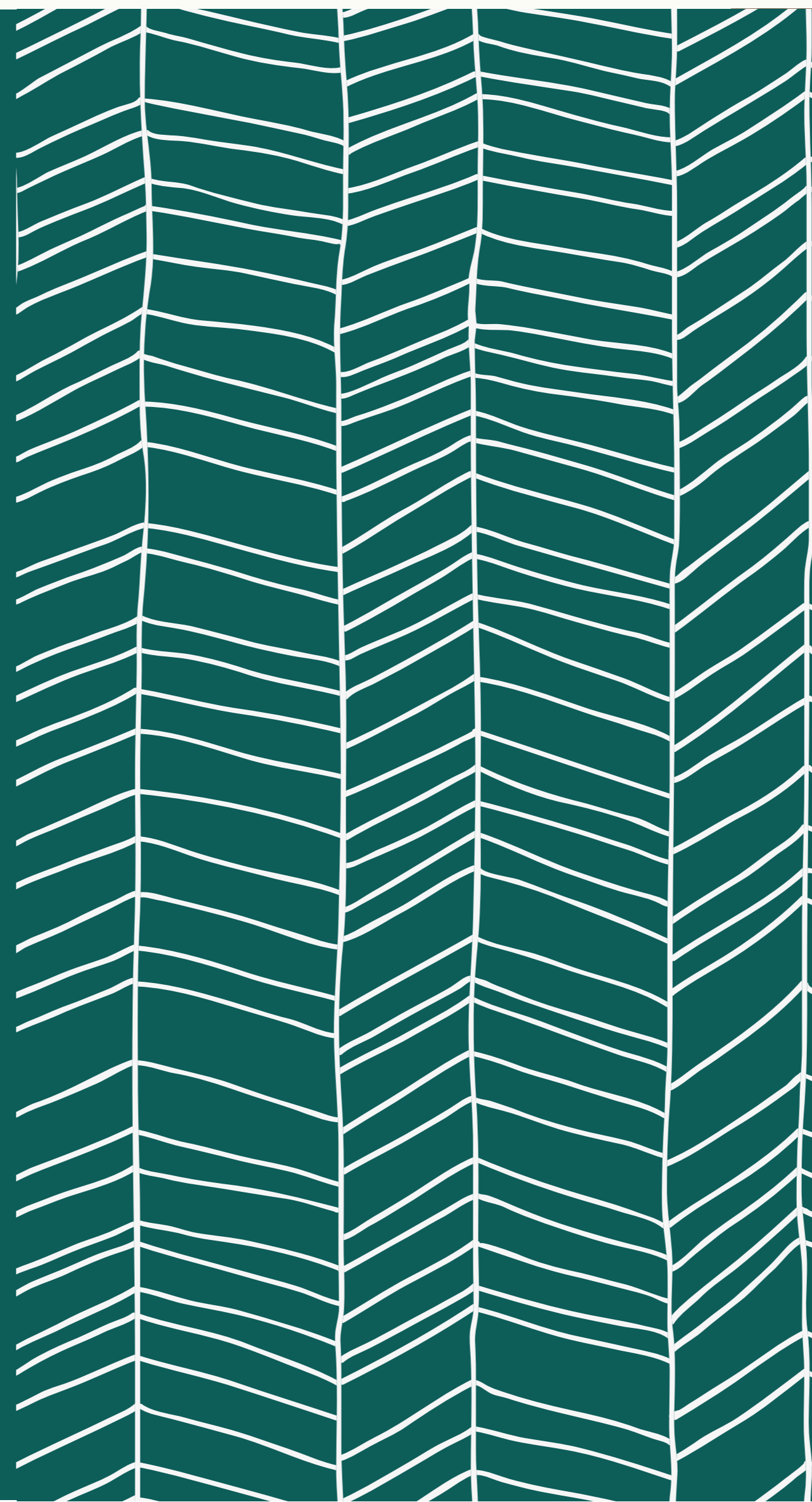




# “Fashion that Transforms” Program

[ GRI 306-4 ]

Our initiatives to drive the circular economy in the industry started in 2020 with the creation of “Fashion that Transforms”, present in more than 330 stores across the country. In order to support *Liga Solidária*, the program collects worn clothing, shoes, and accessories from customers and staff members. When sold in the institution’s bazaars, the pieces that are in good shape are destined for a second life and will raise money to support its social programs. The parts that are not given a second chance at life are recycled, and frequently they are converted into the raw materials used to make goods by other companies. We collected a total of 1.61 tons of textile waste in 2022, of which 91% were designated for a new life, extending the product’s lifespan; 8% were sent to recycling; and 1% were sent for proper disposal.



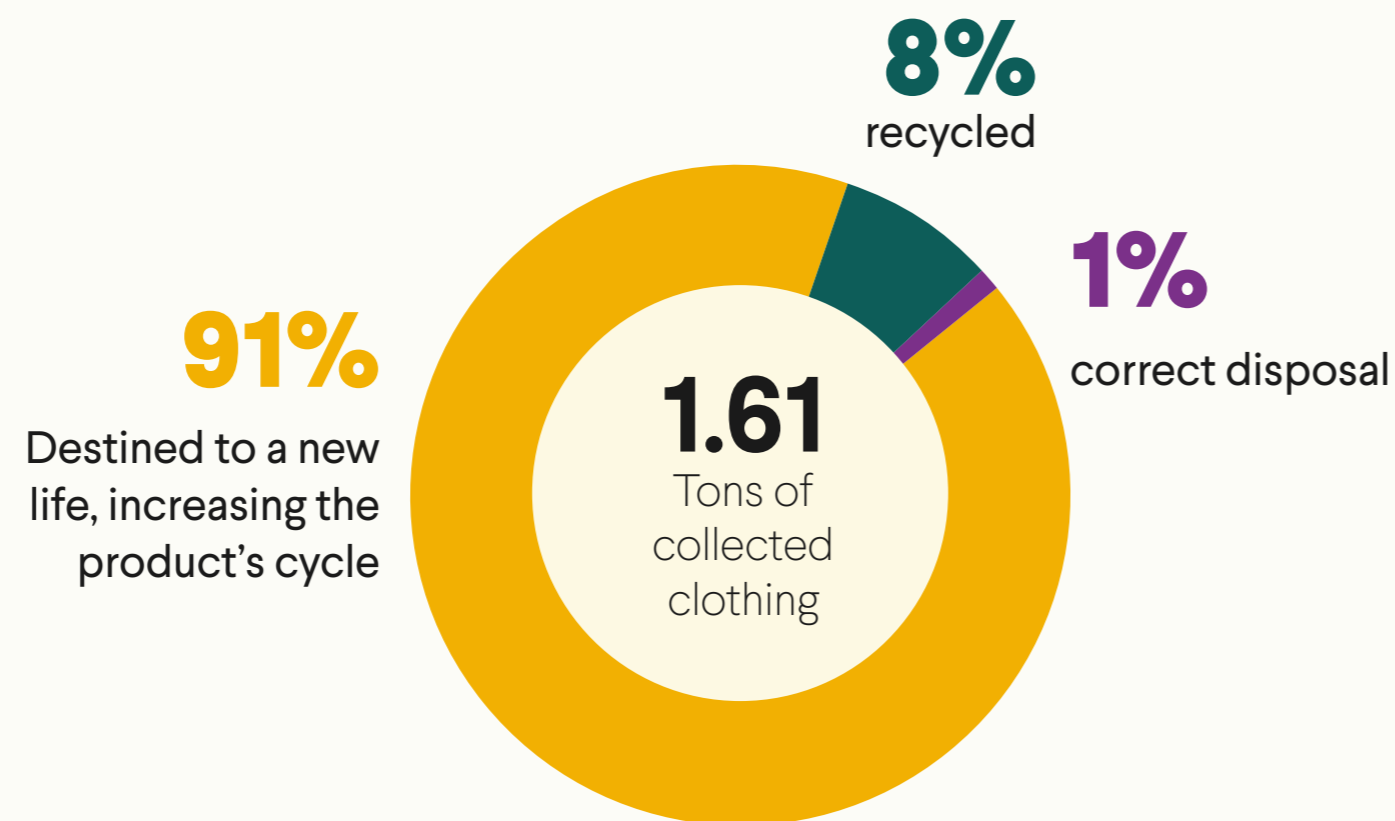




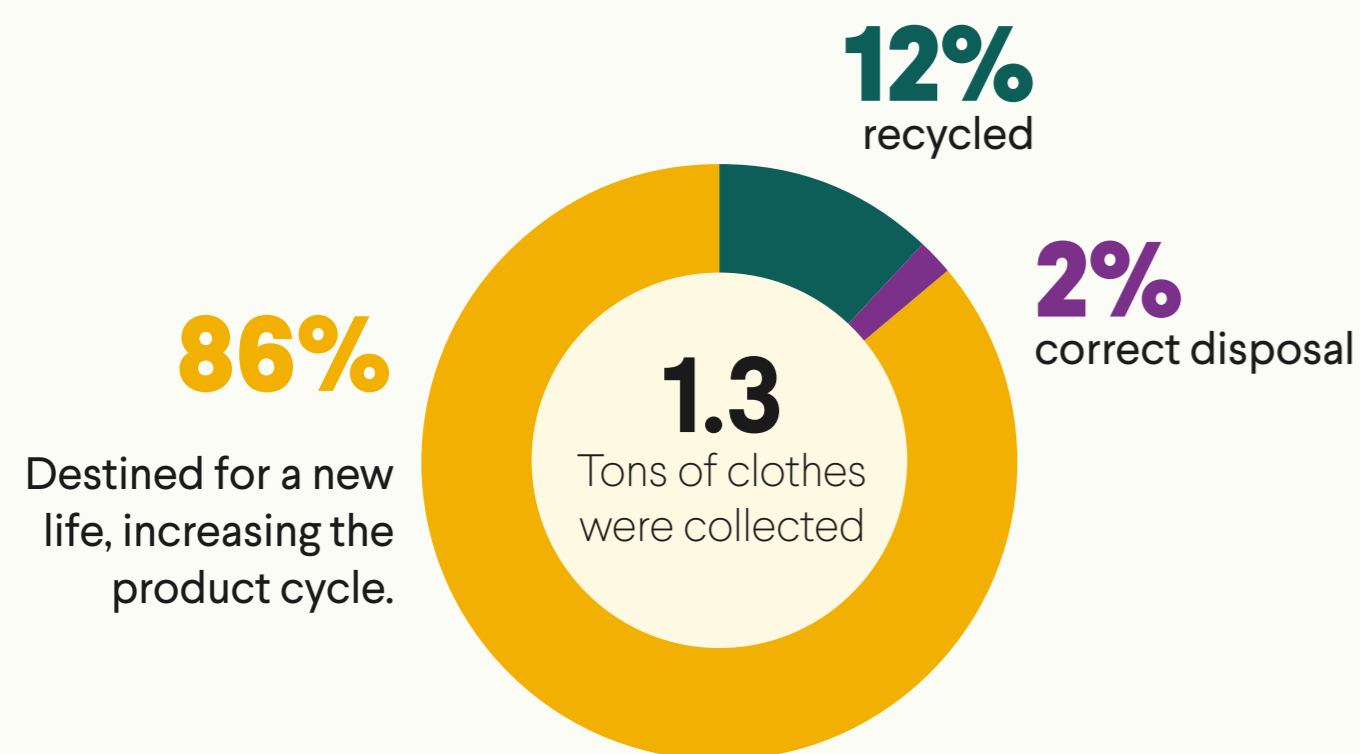
# “Fashion that Transforms” Program

[ GRI 306-4 ]

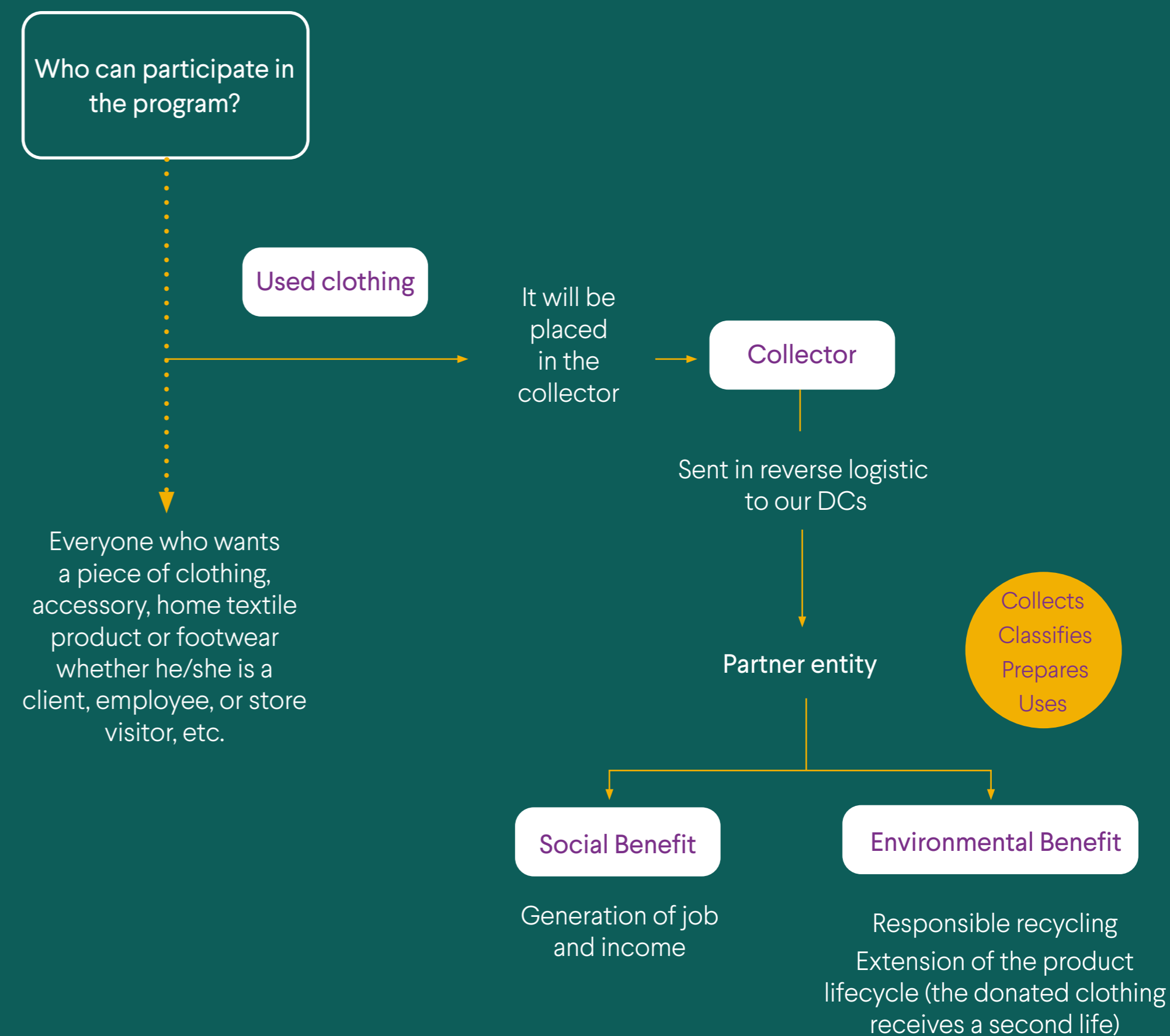
## TOTAL 2022



## 2021



## HOW THE PROGRAM WORKS





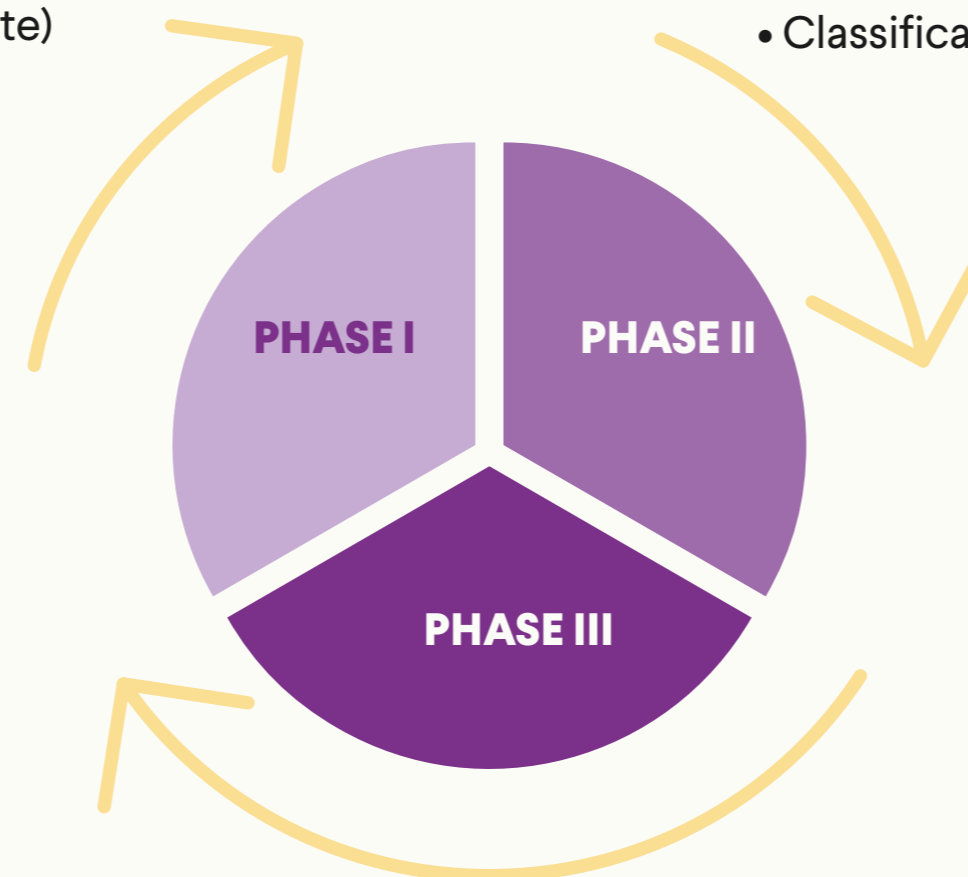


## Partnerships with Institutes for Technological

An important step taken by the Company was the partnership with the Institute for Technological Research of the State of São Paulo – IPT, celebrated in 2021, totaling investments in the amount of BRL 2 million for research and development targeting the creation of a new fiber, produced from textile waste of the Guararapes factory. The goal is to reuse about 3.5 thousand tons of textile waste, with the creation of a new thread, reducing the use of virgin material, which cooperates directly to the reduction of greenhouse gas emissions. Composed of three phases, the project is in its second phase, which foresees the development of the recycling procedures and the classification of the obtained Fibers. The third and last phase consists of the textile material prototyping, evaluation of the prototypes, and transference of technology. The chart on the side highlights the project in detail:

### PROJECT PHASES

- Technology Prospection
- Mapping (Waste)
- Characterization (Waste)
- Classification (Waste)



- Development of Recycling Procedures
- Classification of Obtained Fibers

- Textile Material Prototyping
- Evaluation of Prototypes
- Technology Transfer







# Innovation in Circularity Sustainability HUB

In 2022, Riachuelo launched the Innovation in Circularity and Sustainability Hub, which was born with the audacious mission of finding solutions at scale to close the loop around textile recycling. This is the path that the company has been taking for several years; however, with the launch of the HUB, the company has gained footing and strength in spreading circularity across the country. In order to integrate the HUB, major industry players were invited: B3, from its social and sustainability arm, Institute for Technological Research (IPT), Vicunha, Retalhar, Focus Têxtil, Opim, SFCB, Ama12, from Alexandre Herchcovitch and Mikael Malamut. They play a crucial role in solidly constructing a pool of creative concepts for the short- and medium-term. The HUB was founded with the promise of using science and technology to reduce what is disposed of in the environment, promote a circular economy, and salute the fashion industry in Brazil—necessary and urgent not only in the national context. The HUB is made up of highly specialised professionals and entities in their fields.





# JHENI FERREIRA

## LONDON FASHION WEEK

It was also in 2022 that Riachuelo sponsored the Brazilian designer Jheni Ferreira, creator of the brand SSJHENI, to showcase its creations at the London Fashion Week runway, one of the world's most famous fashion events.

Jhenié, known by its acting as the upcycling. All the materials used in the creation of the brand pieces were acquired in thrift stores and from dead stock. The stylist transforms what would have been discarded into luxury collections. The support of Riachuelo proved its commitment with the promotion of circular fashion, as London Fashion Week is historically known to bring social, environmental, and technological innovations, allowing independent projects to reach visibility and financial support.







# More Sustainable Raw Materials

[ GRI 3-3 / GRI 301-1 / CG-AA-430 a.3 ]

2022

42% of more sustainable cotton

17% of more sustainable viscose

31.1% of more sustainable acquired raw materials

## MORE SUSTAINABLE RAW MATERIALS AT GUARARAPES FACTORIES



98% of the cotton is certified



39% of the viscose is certified

The raw materials used in the textile industry have a high impact on the environment, such as high consumption of water, the use of chemical substances, and the emission of greenhouse gases. In order to overcome these challenges, the Guararapes Group works on its business strategy for the acquisition of more sustainable raw materials. In 2022, 42% of cotton and 17% of viscose classified as more sustainable across its chain were used.

Group is aware that using environmentally friendly products and methods is a step in the right direction for the industry. The company actively participates in this construction and in its commitment to provide the market with goods made from more environmentally friendly raw materials and produced using methods that minimise their negative effects on the environment while always keeping its employees' human rights in mind.







# More Sustainable Raw Materials

## BETTER COTTON

A non-profit global organisation that offers licence products focused on the practise of cultivation with little influence on the environment, adhering to cultivation protection, biodiversity, and soil health principles. Conscious use of water, chemicals, pesticides, and quality work are the evaluation criteria.

## ORGANIC COTTON

Handling without chemical substances, fertilisers, or agrochemicals with the guarantee of a lower environmental impact and the safety of field workers.

## SHREDDED COTTON

Shredding foresees the composition of new threads and fabrics and is a result of fabric scraps and textile waste from industrial processes.

## AMNI SOUL ECO BIODEGRADABLE POLYAMIDE

This fibre is used to create fabric that decomposes in three years, which makes it difficult to dispose of non-biodegradable plastic trash in the environment. But only if landfills are used effectively for disposal. Within 50 years, ordinary polyamide disintegrates.

## LENZING OR BIRLA CELLULOSE

It guarantees that the extraction of cellulose to produce viscose comes from wood from forestry management, cultivated through a rigorous cultivation process, reducing water consumption and emissions impacts.

Both certifying entities are actively engaged in the conservation of threatened forests of high aggregated value (HAV) and biodiversity found in these areas. The wood supply policies comply with global standards and are certified by the Sustainable Forestry Initiative (SFI) and the Programme for Endorsement of Forest Certification (FSC).

## I AM MADE OF COTTON

The Guararapes Group joined the “Sou de Algodão” (I am made of cotton) movement in 2022. This Brazilian Cotton Producers Association (Abrapa) project aims to improve consumer knowledge of fashion and responsible consumption.

The promotion of sustainable fibre, which as of today has some level of socio-environmental certification in 84% of production, has a direct impact on value creation for the environment and along the entire supply chain.

Weavers, artisans, fashion designers, stylists, and students are among those involved in the complicated textile industry’s actions, which span the supply chain from the farmer to the consumer.





# More Sustainable Products

[ GRI 3-3 / SASB CG-AA-430 a.3 ]

The Environmental, Social, and Governance Agenda (ESG) efficiency challenge places Riachuelo at the forefront of the complexity of its industry. An effort is made to map the effects of clothing manufacture, which collaborates with the work to provide an asset that generates value throughout its chain, in order to arrive at this understanding. For instance, a pair of jeans has a water footprint of 5 litres, and the use of chemicals and dyes affects the wellheads and water table in addition to emitting greenhouse gases.

Technology innovation for the creation of more environmentally friendly products is how the Guararapes Group defines it in its sustainability plan. The goal was to offer 30% more environmentally friendly goods in its stores by 2022; however, this goal was surpassed, reaching 35%. This goal is connected to the executives' variable compensation.

In 2022, in addition to using more sustainable products, the company dedicated itself to launching campaigns devoted exclusively to more responsible practices in its manufacturing procedures. The proposal is to engage consumers to embrace this cause.

Water consumption savings of up to **90%**

The technique used in the production of the jeans anticipates a 90% reduction in water consumption during the beneficiation phases of each garment. The use of ozone, in addition to supporting this decrease, also produces a reaction that completely eliminates the need for chemical substances, while nebulizers ensure the use of the least amount of water and materials to achieve the desired look.

Reuse of water **70%**

The accepted technique for the reuse of water in the industrial installation ensures that 55% will go to the washing facilities, 10% will go to the upkeep of gardens, and 5% will go to the restrooms, for a total of 70% in its application. Even though 30% of the wastewater is discharged to the municipal public grid, the wastewater that has been processed to a quality suitable for reuse still benefits the neighbourhood, reducing the impact on aquatic bodies.

Reduction of chemical substances of up to **85%**

The latest generation of technology for the use of lasers in the production of jeans is essential to reduce the processes that generate chemical waste that is harmful to the environment.







# Climate Changes

[ GRI 201-2 / GRI 3-3 / UN Global Compact Principle 7-8 / SDG 7-13-15 ]

Companies across a variety of industries were inspired to take action by the need to reduce greenhouse gas emissions, accelerating the corporate world's transition to a low-carbon economy. The Guararapes Group is dedicated to efficient water management and the preservation of biodiversity across all of its business units and in its supply chain as part of its sustainability policy.

The increase of extreme climatic events with periods of water scarcity in the northeast region where the industrial park is located or even in locations that provide raw material impacts directly the business and can result in a cost increase for water acquisition, reduction, or even the interruption of production, resulting

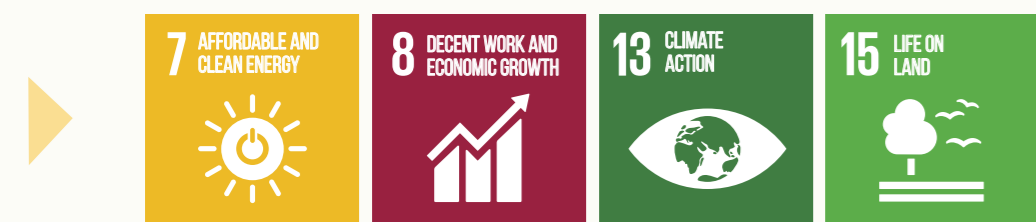
in financial risks.

The commitment of the Guararapes Group is not only to reduce greenhouse gas emissions, minimizing their environmental impacts, but also to regenerate ecosystems. In 2022, the company took over the commitment with the initiative Science Based Targets Initiative (SBTi), a result of a partnership among the Carbon Disclosure Project (CDP), UN Global Compact, WRI, and WWF for a global cooperation to elaborate methods and tools, engage companies and support them in the process of the establishment of their targets, evaluate and validate the targets, and communicate data and information related to the initiative and to the

participating SBTi collaborates in the definition of targets for the reduction of the company's greenhouse gas emissions, an effort that represents the seriousness and urgency that should be given to the achievement of the objectives of the Paris Agreement.

The climate opportunities affect the strategy of the Guararapes Group through investment and incentives in technologies that contribute to the reduction of greenhouse gas emissions. These investments are oriented towards the application of innovative methods and technologies of production capable of contributing to the reduction of the environmental impact. At its industrial park, the company uses fabrics

composed of shredded cotton from scraps and textile waste generated in the industrial processes. These compounds made of shredded cotton are acquired from suppliers that work in the process of shredding and produce new threads and fabrics. The alternative creates a more sustainable product and replaces the use of new raw materials, reducing the volume of discarded textile waste and the energy consumed to obtain the raw material, with a reduction in CO2. Opportunities are being evaluated for research and development of technologies that enable the shredding and recycling of the Fibers in its own industry and the application of textile waste to produce new fabrics.



[LEARN MORE](#)



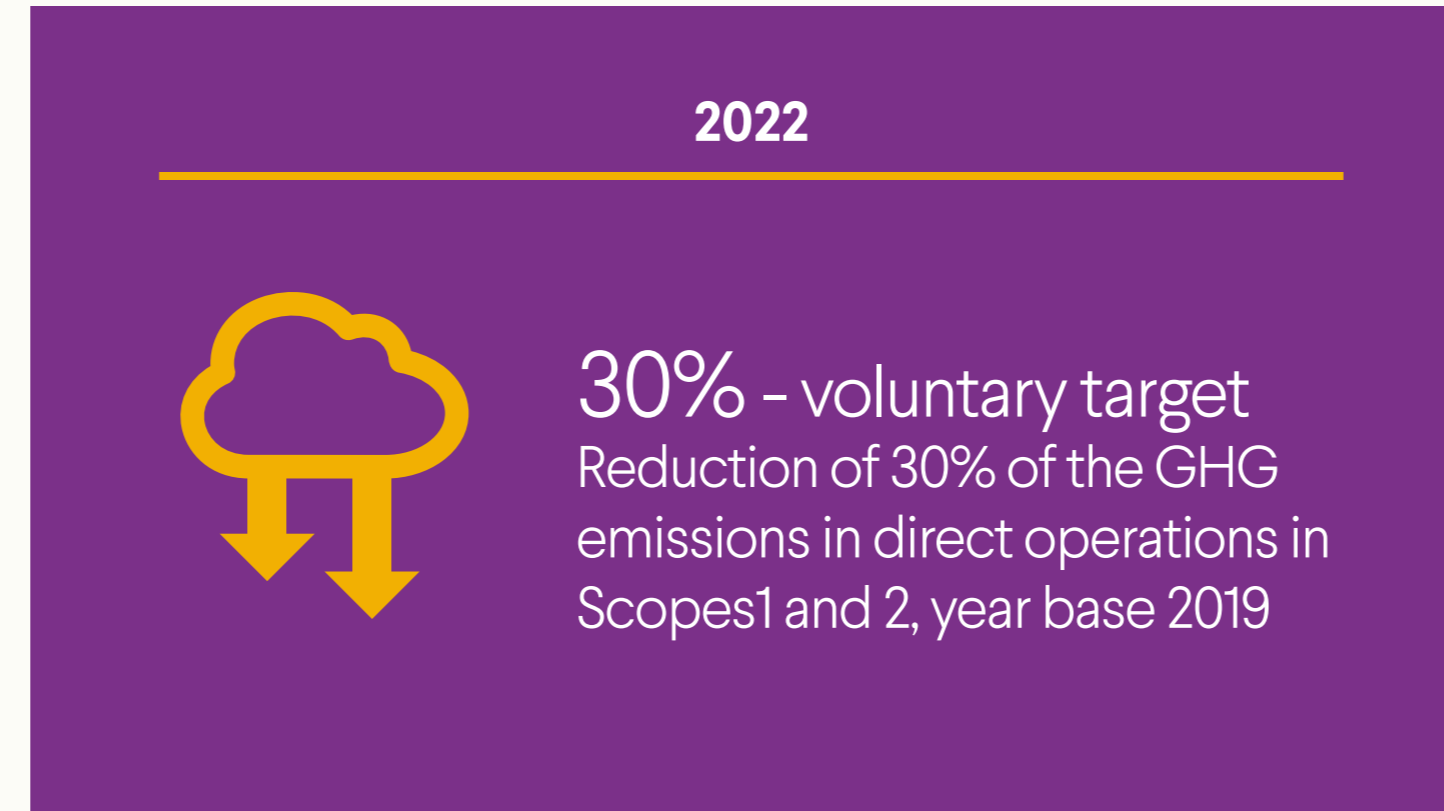


## › GHG Emissions

[ GRI 305-1 / GRI 305-2 / GRI 305-3 / GRI 305-5 / GRI 305-6 ]

The Corporate Inventory of Greenhouse Gas Emissions, which is submitted to a third party for verification, serves as the basis for the Monitoring of Greenhouse Gas Emissions Programme (GHG) throughout all Guararapes Group operations. Using 2019 as the base year, the GHG reduction objective of 30% in direct operations was accomplished in 2022. It was feasible to guarantee that all of the electrical power consumed within the organization came from renewable sources by purchasing I-RECs.

The Guararapes Group received the Gold Seal from the Brazilian Programme of the GHG Protocol in 2022 for the second time in a row, which is given to businesses that meet all requirements for transparency in the reporting of their emission data and submit their inventories to a third party for verification. Additionally, the business responded to the Carbon Disclosure Project (CDP) for the second time in a row. The business received a B+ on the climate section of the quiz.



GHG Emissions (tCO2e) [GRI 305-1, 305-2, 305-3]	2020	2021	2022
Direct (Scope 1) greenhouse gases emissions (GHG)	26,122	32,853	37,211
Indirect (Scope 2) greenhouse gases emissions (GHG) deriving from energy acquisition (localization)	12,495	29,984	10,517
Indirect (Scope 2) greenhouse gases emissions (GHG) deriving from energy acquisition (purchase choice)	6,448	13,532	0
Other indirect (Scope 3) greenhouse gases emissions (GHG)	4,003	4,469	11,157
<b>Total</b>	<b>42,620</b>	<b>67,306</b>	<b>48,368</b>



The group purchased I-RECs (Renewable Energy Certificates) in 2022 (Cycle 2023) to guarantee the traceability of all the electrical power used. Following that, the company started reporting Scope 2 emissions using a purchase-based approach, showing a 27% decrease in Scope 1 and 2 emissions using 2019 as the base year and taking all previously reported data into account. We saw an improvement in the standard of data collection pertaining to air conditioning gas recharges in the same year of 2022, and as a result, there was a rise in emissions in this category. The voluntary aim of a 30% reduction in Scope 1 and 2 emissions on an equivalent basis (i.e., matching the quality of reported information for air conditioning in 2019 and 2022).





## › GHG Emissions

[ GRI 305-5 ]

As the first step in managing a company's carbon emissions, Riachuelo has elaborated its annual inventories of emissions starting in 2019 using the GHG methodology from the GHG Protocol. As of 2020, Riachuelo will have earned the Gold Seal from the GHG Protocol (the highest level of transparency with inventories audited by a third party). The business made two commitments regarding this subject in 2022:

1. First voluntary target to reduce GHG emissions: reduction of 30% of Scope 1 and 2 emissions, year base 2019 (Target achieved with the acquisition of I-RECs certificates and traceability of 100% of consumed electrical power by the group, eliminating Scope 2 emissions);
2. Celebration of commitment with the SBTi, with the intention to commit with an emissions reduction target more aggressive, based on science, which is being developed at this moment.

In both commitments, the year base 2019 was adopted, since it was the first year that the inventory of emissions was prepared by the Group without the interference of the Covid-19 pandemic that started in 2020.

Besides the two public commitments mentioned above, Riachuelo has developed measures that are targeted at energy efficiency, such as the replacement of conventional bulbs with LED bulbs. In 2022, we reached 100% of the stores with LED bulbs in their sales areas and implemented the gradual replacement of the air conditioning for more modern and efficient systems. In addition, other initiatives are being studied, such as the replacement of the factory boiler with biomass and the self-generation or outsourcing of renewable electrical power.







## Saving the Amazon

The Guararapes Group established a partnership with the Saving the Amazon Movement in 2022. This organization engages in dialogue, information sharing, and active participation to empower the public in the fight against climate change by promoting the planting of trees in areas inhabited by the Tikuna Umariçu and Porto Extrema ethnic groups in the Amazonian region. The programme created in the year made it possible to grow 10,001 trees in the vast indigenous reserve of Tukuna Umariçu, satisfying the requirements for carbon capture and impact reduction of greenhouse gas emissions, mostly carbon dioxide (CO2).

The cultivation model occurred at enrichment levels where the more abundant species were: Açai (Euterpe oleracea), Cedar (Cedrela odorata L.) and Umari (Poraqueiba sericea), 64% of the seeding total was made with investment by the Guararapes Group.

With this partnership Riachuelo also supports the independence and financial stability of indigenous communities that are in a state of acute vulnerability and poverty and who are in charge of growing the tree seedlings and maintaining them.

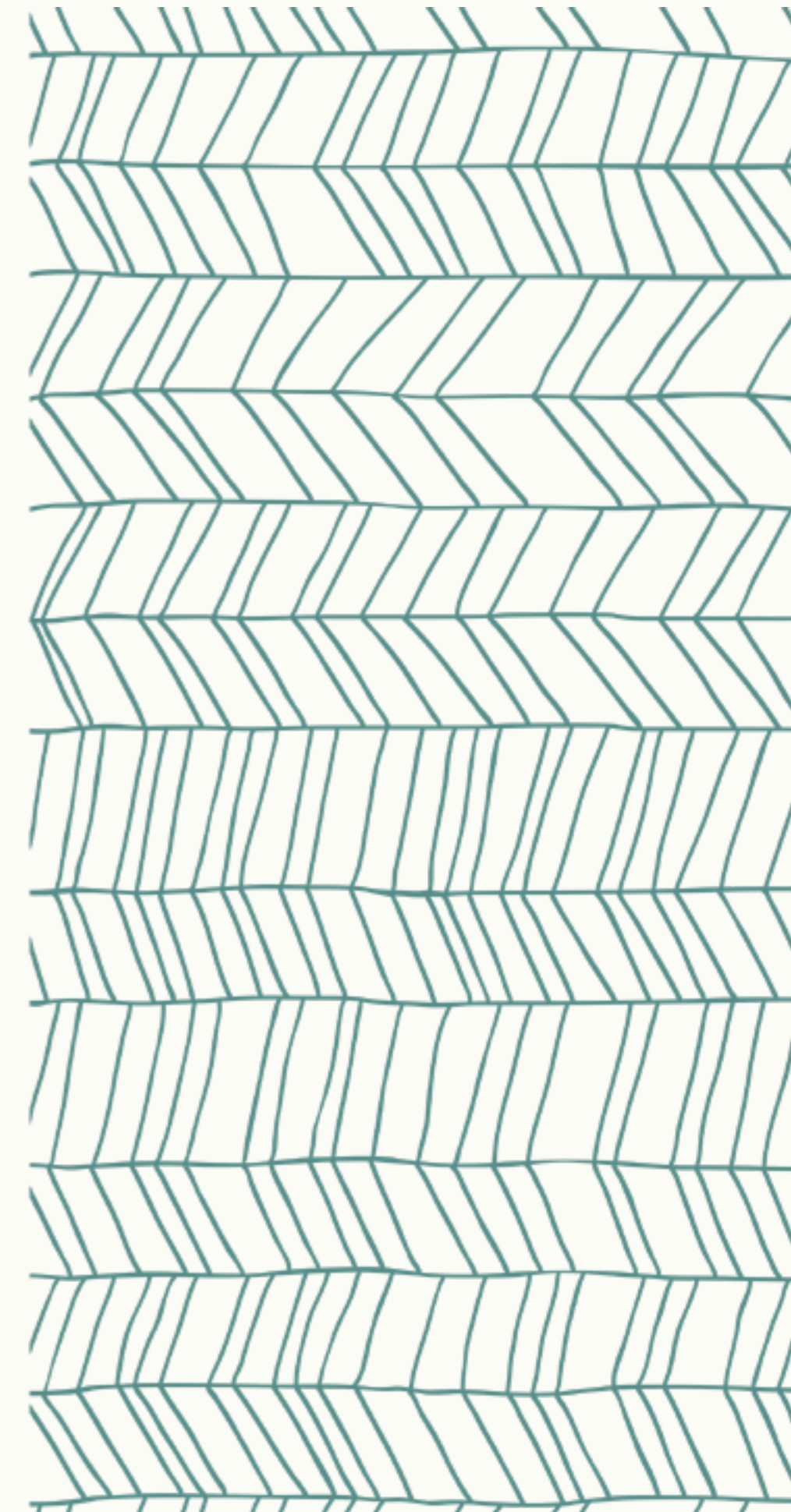


# 64%

of the seeding total was made with the investment by Guararapes Group

## SOS Atlantic Forest

The collaboration with the Take Care with Peanuts programme, which addresses issues of environmental preservation through comic strips and comments from Snoopy cartoon characters, was another significant effort related to the climate problem. Together with the SOS Atlantic Forest Foundation, Take Care with Peanuts works to plant 75,000 trees over the course of five years. The company will assist in achieving 10% of this total.







## › Energy

[ GRI – 201-2 - GRI 302-1 – 302-3 – 302-4 – 302-5 / SASB EM-MM-130a.1 ]

Energy from renewable sources and energy efficiency are two things that Riachuelo consistently aims to utilize in its operations. With the purchase of Certificates of Renewable Energy (IRECs), which guarantee the traceability of 100% of the electrical power consumed by the Group, we will end 2022 with 100% of the electrical power originated from renewable resources. Additionally, by the end of 2022, all stores were using LED lights at the checkout areas.

Energy consumption within the organization (MWh) [GRI 302-1 W SASB EM-MM-130A.1]	2022	2021	2020
Consumption of fuel deriving from non-renewable resources (electrical power from the Grid)	218,642	210,672	186,281
Factories	112,847	107,803	85,895
Distribution Centers	12,826	14,614	14,106
Stores	51,884	49,521	53,724
Others*	41,085	38,734	32,556
Consumption of fuel deriving from renewable resources (renewable electrical power)	135,458	133,266	100,373
Factories	6,739	7,741	5,055
Distribution Centers	8,599	9,126	9,539
Stores	115,417	110,364	82,540
Others*	4,730	6,035	3,238
<b>Total</b>	<b>354,127</b>	<b>343,939</b>	<b>286,654</b>
Percentage of consumed energy that was supplied by the grid electrical power on total (%)	100%	100%	100%
Percentage of consumed energy from renewable sources on the total (%)	100%	55%	48%

\*Others: Transportadora Casa Verde, Contact Center, Midway Mall and Head office

**Nota:**

Electricity: 100% of the group's consumed electrical power derives from the grid (a regulated and promoted market). The data presented above are related to the consumption of electrical power and fuel by the group in MWh, and other fuels are not included. As of 2022, the group has started to trace 100% of its consumed electrical power, ensuring a renewable resource through the acquisition of IREC certificates.

Electrical Power Intensity (MWh) [GRI 302-3]	2022	2021
Products sold by the company - units	105,691,568	120,100,073
Consumption of electrical power in kWh/sold unit	3.35	2.86





# Ecoefficiency

[ UN Global Compact Principles 7-8-9 / SDG 6 ]

## >> Water and Effluents

[ GRI 3-3 / GRI 303-1 / GRI 303-2 / GRI 303-3 / GRI 303-4 / GRI 303-5 / SASB EM-MM-140a.1 ]

In 2022, it was the only Brazilian company in the textile retail industry to achieve the grade A-, reaching the maximum level of leadership at the Water Safety Programme of the Carbon Disclosure Project (CDP), an entity that operates a global programme of disclosure so that investors, companies, cities, states, and regions manage their environmental impacts. The recognition considered the water management in its productive procedures and the transparency in the reporting of information to the market.

Total water intake	<b>1,130,991,00</b> (megaliter ml)
Total amount of water wasted	<b>749,985,00</b> (megaliter ml)
Total water consumption	<b>380,910,00</b> (megaliter ml)



The Guararapes Group's operations depend heavily on the water resource, which extends across the entire extent of the productive chain, from manufacturing to the operation of stores and offices. The industrial park is located in the northeastern part of the country, close to water basins that are highly critical in terms of the quantity and quality of the water that is readily available. If these basins are not protected from water capture, the cost and availability of this resource will rise, and it may even be interrupted.

The major demand for water occurs in the factories during the procedures of fabric washing and dyeing, which has an impact on the management of such a natural resource. To guarantee its activities and reduce the dependence on conventional supply resources, the company seeks to diversify supply resources and increase water efficiency, with special attention to the reuse of effluents. The concern of the Guararapes Group with water resource goes beyond the preservation and the continuity of the business, as it also seeks to ensure the compliance of the Human Rights to Water and Basic Sanitation to the communities in the area.

With 2019 serving as the baseline year, the goal

is to lower the volume of collected water by 20% by the year 2030. Maps showing the water deficit from the National Water and Sanitation Agency (Agência de Água e Saneamento Básico, ANA) and the tool Aqueduct from the World Resources Institute, WRI, were used to evaluate the water management of the operational units programme. In all of the Guararapes Group's manufacturing facilities, the quality of the collected water and the effluent that is dumped is continuously monitored.

The reuse water is a strategy to ensure the continuity of operations in face of scenarios of water scarcity, adopted directly in the factory located in Fortaleza, Ceará, and in the Distribution Center located in Guarulhos, São Paulo. Its use occurs in industrial processes, such as in the laundry facilities, in the supply for toilets, watering of gardens and external cleaning. The quality of effluent follows the standards of quality and safety of Brazilian legislation.

In the production chain, the water consumption focuses mainly on the cultivation of raw materials such as cotton and viscose, the preparation of textile Fibers, the manufacturing

of knitted fabrics, and finishings with threads and fabrics. The quantity of suppliers of laundry services is also significant; the activity performed by these companies has a significant impact on the value chain in relation to water consumption in the production of clothing pieces. To monitor these suppliers, since 2021, Riachuelo has started to request information on the management and water consumption of 26 suppliers of larger commercialised volumes in essential services to operations. In total, 92% answered, representing 76% of the expenses associated with the acquisition of fabric, threads, and laundry facilities.

All suppliers are encouraged to report their information related to the management of water resources in the ARCA Sustainability System, presenting data on collection, management, and targets for consumption reduction, improvement of its procedures, and efficiency indicators.

For more information on engagement and attention with the acquisition of raw materials with less water impact, please refer to the chapter on More Sustainable Raw Materials.





# Management of Chemical substances

[ GRI 3-3 / SASB CG-AA-250 a.1 / SASB CG-AA-250 a.2 ]

The textile chain involves several processes that count on the use of chemical substances in their washing, dyeing, and bleaching processes, among others.

The significant impacts are related to the risks of soil and water resource contamination, predominantly from waste that is considered harmful. In this context, the units that have a more significant impact on the Guararapes Groups are the factories and logistics centres. These units generate harmful waste such as scraps and other chemical substances, contaminated materials, mud from the treatment station, hospital waste, bulbs, and waste from perfume and cosmetics. The workers across this chain are also frequently exposed to several chemical substances and to the risk of inhaling synthetic or natural fibre.

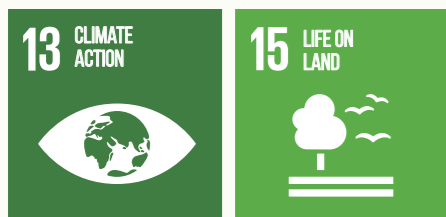
Since 2021, with the Management of Chemical Substances Programme, the Group has been prepared and has provided training to employees on the control of chemical substances in their wet processes at the factory located in Natal, RN. Among the initiatives, it was elaborated the inventory for identification of chemical composition following the ZDHC Protocol (Zero Discharge of Hazardous Chemicals).

The risk management of chemical substances depends on the support of the company's purchasing department, which requires the Material Safety Data Sheet (MSDS), a standardised document by the Brazilian Association of Technical Standards (ABNT). In 2022, there were no cases of non-compliance.

Another important action to reduce the use of chemical substances in industrial processes is the technological innovation applied in the washing and dyeing of fabrics.



 [LEARN MORE](#)







# Waste Management

[ GRI 3-3 / GRI 306-3 / GRI 306-4 / GRI 306-1 / 306-2 / GRI 306-5 / SASB EM-MM-150a.10 ]

Guidelines adopted by the Guararapes Group in its waste management programme in accordance with its sustainability policy based on the principles of reduction of environmental impact and regeneration of ecosystems include the reuse and recycling of waste to reduce its routing to landfills and offer traceability in their management process.

To ensure efficiency and the ideal location, the waste management system relies on logistics performed by specialised enterprises that are integrated on a national scale. As one of the instruments of the National Policy on Solid Waste, the National System of Information on Solid Waste Management (Nacional de Informações sobre a Gestão dos Resíduos Sólidos, SINIR) issues Waste Transport Manifests (Manifestos de Transportes de Resduos, MTRS) and Certificates of Final Destination (Certificados de Destinação Final, CDFS), documents that guarantee traceability.

More than 3.3 thousand tons of waste, or 58% of the waste produced by the company, were directed to recycling, recovery, or reutilization in 2022, remaining constant from 2021.

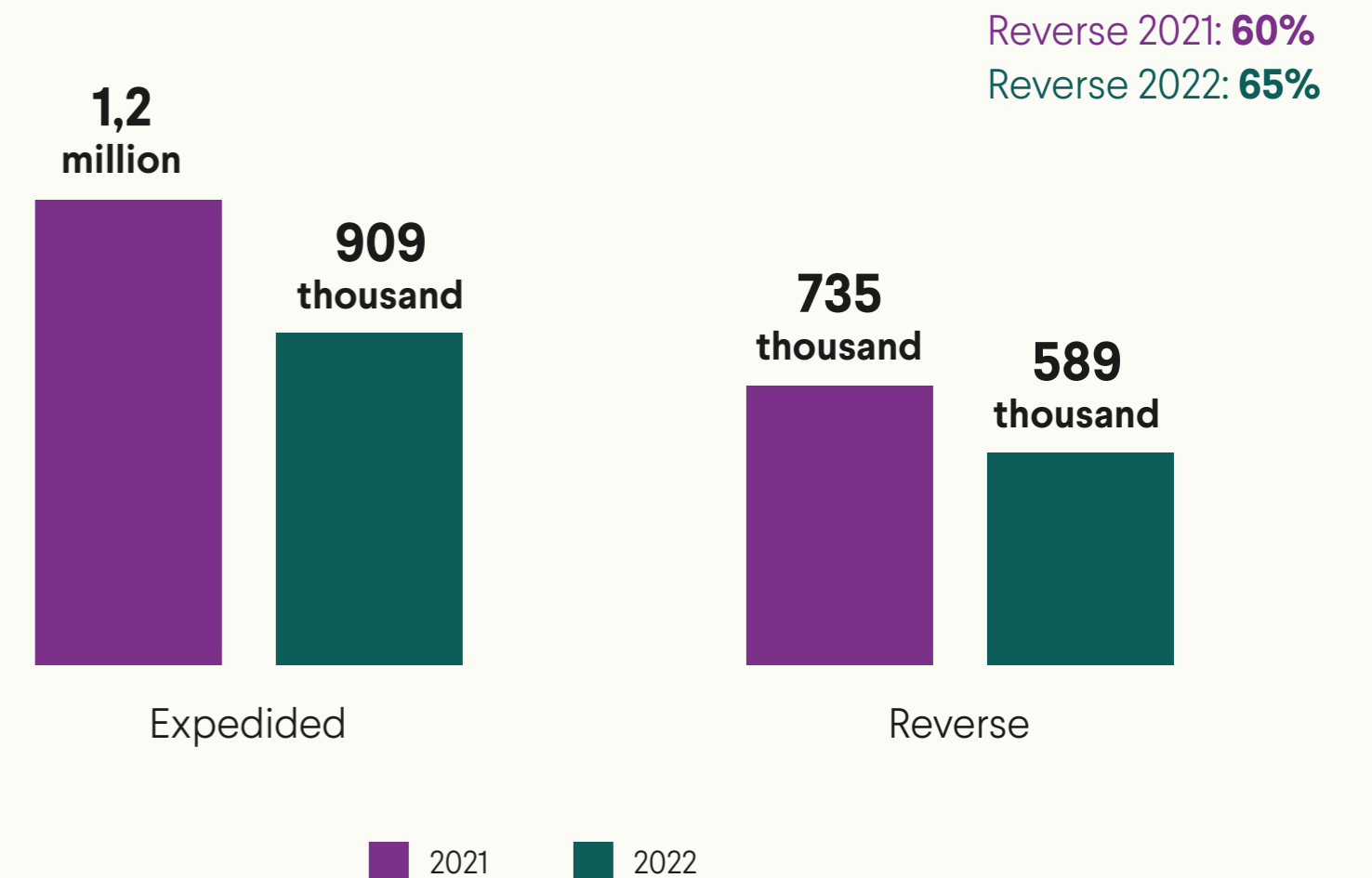
## REVERSE LOGISTIC AND REUTILIZATION OF CARDBOARD BOXES PROGRAM

[ GRI 301-1 / GRI 301-3 ]

The goal of the Reverse Logistic and Reutilization of Cardboard Boxes Programme, which has been in place since 2018, is to raise the rates of packaging reuse among stores and DCs while lowering the expenses associated with purchasing new boxes. The plan entails a monthly follow-up of the stores' reverse rates. The operation's team and regional managers receive the data by email once a month from the DC team so they can examine the findings and take appropriate action in the stores to increase the reverse rates and, as a result, the reutilization.

The Reverse Logistic and Reutilization of Cardboard Boxes Program collaborated with nearly 65% of the reutilized cardboard boxes among the stores and distribution centers.

### General Reverse Comparative







Waste generated, in metric tons (t) [GRI 306-3]	2020	2021	2022
<b>WASTE</b>			
Non-harmful waste			
REGULAR GARBAGE	2,759	3,559	3,398
FABRIC SCRAPS	1,423	3,414	3,323
CARDBOARD AND PAPER	2,055	2,816	2,870
ETE MUD	1,040	1,372	1,332
ORGANIC WASTE	320	336	294
PLASTIC	316	263	210
RUBBLE	24	78	162
OTHER WASTE	3	9	37
METAL	306	138	114
WOOD	390	62	82
GLASS	6	16	16
HOME FASHION (DAMAGE)	25	9	6
CONTAMINATED RECYCLES	-	20	106
Harmful waste			
PERFUME	4	11	9
BULBS	15	3	0
HOSPITAL WASTE	1	1	1
OTHER WASTE	30	8	16
<b>TOTAL GENERATED WASTE (T)</b>	<b>8,717</b>	<b>12,114</b>	<b>11,978</b>
<b>DESTINATION</b>			
RECYCLING	32.0%	27.1%	27.6%
LANDFILL	46.6%	42.1%	41.5%
SALE AS SUBPRODUCT (REUTILIZATION)	18.2%	30.3%	29.6%
INCINERATION WITHOUT ENERGY RECOVERY	0.0%	0.0%	0.1%
COGENERATION/COPROCESSING/REUTILIZATION/ENERGY RECOVERY	3%	0.4%	1.2%
<b>% RECYCLED / REUSED / RECLAIMED WASTE</b>	<b>53%</b>	<b>58%</b>	<b>58%</b>

Waste not destined to final discard, in metrics tons (t) [GRI 306-4]	2020	2021	2022
<b>Within the organization</b>			
Preparation for reutilization	-	-	-
Recycling	-	-	-
Other disposal operations	-	-	-
Avoided waste	-	-	-
Avoided waste	-	-	-
<b>Out of the organization</b>			
Harmful waste	32.99	17.99	24.06
Preparation for reutilization	-	-	-
Recycling	27.60	2.61	6.75
Other recovery operations	5.39	15.38	17.31
Non-harmful waste	4,605.48	6,991.33	6,971.43
Preparation for reutilization	1,589.91	3,673.86	3,548.44
Recycling	2,758.48	3,285.26	3,294.09
Other disposal operations	257.09	32.21	128.90
Avoided waste	-	-	-
Avoided waste	-	-	-
<b>Total</b>	<b>4,638.47</b>	<b>7,009.32</b>	<b>6,995.49</b>





## MATERIAL REUTILIZATION IN VISUAL MERCHANDISING PROGRAM

We strive to lessen the negative effects that our inventions in VM have on the environment as part of the worldwide sustainability agenda. In terms of raw materials, employing traceable procedures, reusing materials, and conserving resources without sacrificing quality and aesthetic pattern, new solutions and a new manner of designing window displays and POS promotion campaigns are becoming increasingly sustainable.

Along with the positive effect on the environment, we greatly cut costs in the field of reutilization, helping to carry out campaigns throughout the year. 180 campaigns and projects were completed along the road. The use of recycled materials to build more than 30 retail window displays reduced the environmental impact of the VM visual messages. In the upcoming years, it is intended to keep up a crescendo of material reuse.

**Upstream:**  
In the factory, we implemented action in partnership with the fabric supplier for the reutilization of cardboard tubes.







LEADERSHIP MESSAGE

INSTITUTIONAL PROFILE

VALUE CREATION

RESULTS 2022

GOVERNANCE, ETHICS AND BUSINESS TRANSPARENCY

TECHNOLOGY AND INNOVATION

CRIA! MOVEMENT

ENVIRONMENT

SUPPLY CHAIN

PEOPLE AND SOCIETY

ACTIONS AND SOCIAL IMPACT

ABOUT THIS REPORT

APPENDIX

GRI SUMMARY

ASSURANCE LETTER



# Supply Chain





# Supply Chain

[ GRI 3-3 / GRI 407-1 / GRI 408-1 / GRI 409-1 / UN Global Compact Principles 1-2-4-5 / SDG 5 / SDG 8 / SDG 10 / SDG 17 ]

Human rights compliance in their supply chains is significantly hampered by the complexity of the textile industry and garment manufacturing. To fully realise workers’ rights, it is essential to combat child labor, slave slavery, and other forms of inhumane labor, as well as promote good work and address ethical and diverse challenges. Concerns about the environment, particularly those relating to climate change and ecosystem preservation, work together to uphold human rights.

The Guararapes Group is dedicated to ethical supply chain management, which enables the creation of a successful and long-lasting environment that complies with its high environmental and social standards. Along with defence, the promotion of human rights throughout its supply chain is a top priority, according to its sustainable culture. The performance of

the group extends beyond observing labor laws; it also seeks to add value for these individuals by promoting their growth and having the least negative environmental impact possible.

Both domestic and foreign vendors can be found in the Guararapes Group’s supply chain. Additionally, the Guararapes Group’s own factory, where 45% of the apparel products offered are made, is one of its major competitive advantages. This makes it simpler to ensure that the chain is developed, that more sustainable production methods are adopted, and that the use of raw materials with a lower environmental impact is increased. The company was organised in 2022 with two plants, one each in Natal and Fortaleza, totaling more than 300,000 m<sup>2</sup>.

Early in 2023, the Group shut down

operations at its Fortaleza facility in an effort to concentrate on a more agile business model with more potential for product diversity, increased effectiveness, and operational centralization. The most environmentally friendly production techniques were maintained in Natal thanks to the transfer of the Fortaleza plant’s technology there. Due to its continued high production capacity, the Guararapes facility remained the leading supplier of textiles to the group. The group gave the plant workers in Fortaleza priority during this procedure and secured for them perks above and beyond the rights protected by labor laws. The results of the general content indicators (number of employees, GHG emissions, water and energy consumption, and waste management) may change as a result of this adjustment.







# Supply Chain

## Sustainable Management of the Chain

The organization has a sustainability strategy, as well as a code of conduct for suppliers and other stakeholders, to guarantee that ethical standards are upheld throughout the supply chain. All manufacturers and suppliers are required to adhere to the strict management standards and procedures outlined by the corporation in these documents. [The Guararapes Group's sustainability policy](#) adheres to the [UN Global Compact's Guiding Principles on Businesses and Human Rights](#), which state that all businesses must respect human rights and take reasonable steps to identify, prevent, mitigate, and account for their effects. They also must manage socio-environmental risk throughout the value chain by putting in place procedures that prevent relationship-based conflicts.

The industry views wholesale providers as the riskiest. Currently, 100% of wholesale suppliers are chosen based on social standards like the outlawing of child labor, forced labor, discrimination, abuse, or inhumane treatment; adherence to collective bargaining rights and freedom of association; workplace safety and cleanliness; and a workday without excessive overtime. We expect it and ensure that our suppliers follow moral standards at work and do not engage in any form of exploitation.

In this context, the group has a department dedicated exclusively to supply chain management, responsible for monitoring suppliers' compliance with the Code of Conduct for Suppliers and Third Parties and the Sustainability Policy. The supplier compliance program also monitors compliance with labor legislation and environmental legislation.

The company has a practice to foster the procedure. Know Your Customer, or KYS, is a preventive measure led by the Compliance Area to manage risks and avoid possible business with suppliers linked to illicit acts.

## Audit

Including social, environmental, and traceability audits carried out by internal staff and outside certifiers, the Group annually assesses all of its level 1 and level 2 national supply chains. Suppliers are certified by the Brazilian Association of Retail for Textiles (ABVTEX).

Through globally accepted credentials like BSCI, SMETA, and ILS, multinational suppliers must fulfil the same obligations to obey the laws of the countries in question.

In an earlier stage, the Supply Chain Management department performs audits on companies that intend to market







# Supply Chain

[GRI 2-24]

textile products, with a special focus on health and safety, labor, real estate infrastructure, organization of production areas, environmental issues, social responsibility, tax compliance certificates, and employment regularity, aiming to certify regularity within the established compliance standards.

## Traceability

The Group also has the practice of tracking the entire production process of its chain, in addition to analyzing the production capacity of its suppliers and factories in order to avoid undeclared subcontracting.

## Corrective Action Plans

Following the social audit, Riachuelo-monitored corrective action plans may be developed as needed. The organization advises our suppliers,

who in turn advise their subcontractors, to adhere to the corrective action plans within the specified time frames. We think that the working conditions in these organizations are constantly changing. Supplier organizations are excluded if they don't follow the corrective action programmes.

In 2022, 51% of wholesalers suppliers were identified as women. The list of suppliers is available on the company's website. The process of product traceability has also begun this year, reaching 20% of national suppliers, and the risk mapping for suppliers and subcontractors throughout the national chain.

Since 2017, the Group has been an institutional supporter of the National Pact Institute for the eradication of slave labor (InPACTO), a non-governmental organization whose mission is to promote the prevention and eradication of slave labor in the production chain.

<p>2022 Chain Map:</p> <p><b>1,441</b> in the product chain</p> <p><b>417</b> direct suppliers = 237 national and 180 international</p> <p><b>1,024</b> subcontractors = 593 national and 431 international</p>	<p>2022 Results:</p> <p><b>1,207</b> social audits = <b>243</b> traceability audits</p> <p><b>575</b> corrective action plans = 168 suppliers 407 subcontracted suppliers</p>
---	---





# Supply Chain

## Due Diligence

In addition to social audits, we constantly perform due diligence on our first- and second-tier product suppliers as well as our Marketplace *sellers*. The objective is to check respect for human rights and, above all, compliance with labor obligations.

There is a monitoring process established, resulting in corrective action plans so that, once irregular actions are detected, they can be corrected and repaired.

In order for it to occur, the business continuously audits the compliance status of its suppliers in between social audits by gathering relevant labor and environmental evidence. Professionals with a commitment to the field conduct the audits, and within the previously set repair timeframes, action plans are created and negotiated with suppliers.

## Due Diligence

### Main risks involved

#### Social Risks

- Non collection of Social Security
- Non collection of Employee's Severance Guarantee Fund
- Non payment of wages within the time established by law
- Presence on the Register of Employers who Utilise Work Analogous to Slavery
- Lack of industry certifications: ABVTEX, SMETA and other social certifications
- Excessive overtime
- Lack of work contracts

#### Related Environmental Risks

- Lack of environmental standard certifications, depending on the company's main activity, lack of effluent treatment.
- Lack of a consistent management chemical program

#### Financial Risks

- Degree of indebtedness of the company
- Taxes evasion

#### Risk of money laundering and corruption





# Partnership with Suppliers

[ GRI 2-29 ]

The Guararapes Group has a related-party transaction policy, approved on July 26, 2019, and updated on August 17, 2021, by the Board of Directors. This policy establishes the guidelines for entering into related-party transactions, ensuring the interests of its shareholders and directors.

The policy is based on the company's bylaws, on the act of a joint-stock company, in compliance with the regulations of the Security and Exchange Commission (CVM) on the matter, especially CVM Resolution 94/22, in B3's New Market Regulation – *Brasil, Bolsa, Balcão* in effect since January 2, 2018 (“*Regulamento*

*Novo Mercado*”) and in the Code of Ethical Conduct of the company.

The Guararapes Group seeks to ensure that decisions are made with a high degree of impartiality, respecting the principles of corporate governance, respecting its interests, and complying with the provisions of Article 117 of the Corporations Act and other regulations on the subject.

The particular instruments to be firmed with Related Parties will be elaborated following the hiring rules of the company and must be approved by its Board of Directors, which may request from its Executive Board market

alternatives to the referred transaction, adjusted for the risk factors involved.

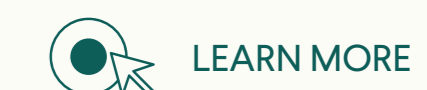
Relationship-Based Transactions Independent appraisal reports must be created independently of any parties interested in the transaction under consideration, using data cited by third parties and reasonable assumptions.

The Board of Directors and Statutory Management of the Company may restrain the approval of the related party transaction to the criteria they deem necessary and should always consider:

(a) if there are clear reasons

to execute the related party transaction; (b) if the transaction terms meet the criteria foreseen in the policy, filing the pertinent documentation to prove its commutativity; and (c) analysing the recommendation of the Audit Committee, the results of evaluations carried out, or opinions and reports issued by a specialised and independent professional or company, if any.

According to the Brazilian Corporation Law, any member of the board of directors or executive committee of the company is prohibited from participating in any business dealings or transactions in which his or her interests conflict with those of the organization.



LEARN MORE





LEADERSHIP  
MESSAGE

INSTITUTIONAL  
PROFILE

VALUE  
CREATION

RESULTS 2022

GOVERNANCE, ETHICS AND  
BUSINESS TRANSPARENCY

TECHNOLOGY  
AND INNOVATION

CRIA!  
MOVEMENT

ENVIRONMENT

SUPPLY CHAIN

**PEOPLE AND  
SOCIETY**

ACTIONS AND  
SOCIAL IMPACT

ABOUT  
THIS REPORT

APPENDIX

GRI  
SUMMARY

ASSURANCE  
LETTER



# People and Society





# Working conditions and quality of life

[ GRI 3-3 / UN Global Compact Principles 1-2-3-4-5 ]

A stable, compatible wage and remuneration, working conditions in a respectful and inviting atmosphere, and opportunity to develop talents and abilities are all important contributors to economic and social progress. For all business sectors, addressing the social issues and inequities that still leave lasting wounds in our society is one of the biggest difficulties.

The strategy of the modern company must be focused on creating value in the economic-financial, ethical, social, and environmental dimensions, and sharing the results with its various stakeholders. This strategy will help the activity itself remain competitive and continue to be promoted in society.

The workforce of 31,000 workers is the most valuable asset of the Guararapes Group, which adopts the premise of compliance with Human Rights referenced in its commitment to the United Nations Global Compact and guided by the Guiding Principles on Business and Human Rights / UNGCG, which defines parameters of integrity and responsibility of companies toward their employees. The Company also supports and develops in its people management strategy actions that collaborate with the achievement of the Sustainable Development Goals - SDGs.

## GROUP GUARARAPES COMMITMENT EM PEOPLE MANAGEMENT:



Support and respect the protection of internationally recognized human rights.



Support freedom of association and the effective recognition of the right to collective bargaining.



Create programmes that encourage environmental stewardship and the creation and adoption of eco-friendly technologies.



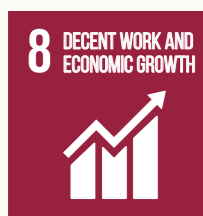
Ensure that individual rights are not violated on its premises.



Ensure that the company continues to be free from any form of forced or compulsory labor, child labor and/or discrimination in employment.



Stand against corruption in any forms.







## › Health an Safety

[ GRI 403-3 / GRI 403-4 / GRI 403-7 ]

The Guararapes Group cares for the health and safety of all its employees and outsourced personnel in order to ensure appropriate and salubrious conditions, according to the occupational safety protocols. Training activities and regular briefings provide orientation on the rules and procedures of the guidelines of the Regulatory Standards of the Department of Labor and Social Security and the Norms of Occupational Hygiene (NHOs) in order to preserve the physical integrity of the entire team. Health promotion activities are also carried out in order to develop a culture of well-being and care, as well as continuous preventive and corrective actions.



### Internal Health and Safety Policy

- Caring for the comprehensive health of employees through integrated actions in the area of care as well as in health and safety at work;
- Being the main source of information, guidance, and engagement of employees through actions that enable the achievement of a healthier and more productive lifestyle;
- Establishing managerial, operational, and behavioral standards and structures to support the health and safety management system and its objectives, building a positive safety culture, and creating a healthy work environment;
- Promoting a healthy work environment, identifying occupational hazards and evaluating the potential risks inherent to the activities, contributing to their elimination, reduction, or mitigation, and ensuring the management of the theme focused on the continuous improvement of the related processes;
- Continuously improving the health and safety management system and processes and promoting continuous training, including preparedness for emergency situations;
- Raising awareness on an ongoing basis among employees about the promotion of health and safety at work, both inside and outside the institution, in terms of healthy habits, disease prevention, and workplace risks;
- Complementing the legal provisions referring to safety and health at work are both the regulatory norms of the Ministry of Labor and the other norms and regulations pertinent to labor safety and occupational health, whether municipal, state, or federal;
- Promoting a healthy work environment with safe practices in matters of occupational health and safety, processes, and activities; promoting continuous training actions, including emergency preparedness;
- Investigating accidents, and work incidents, and occupational diseases resulting from the activities in order to prevent new occurrences and/or ensure the minimization of their effects.
- Investigating accidents, work incidents, and occupational diseases resulting from the activities in order to prevent new occurrences and/or ensure the minimization of their effects.





## › Education, Training and Development

[ GRI 404-2 ]

In order to achieve the greatest outcomes for working, the environment, and the sustainability of the business, the People Management section supports the professional growth of the company’s staff through activities and content that might have a beneficial impact on their lives.

Capacity building, training and development actions:

- Structured guidelines for professional training in the most diverse business positions.
- Face-to-face and synchronous online trainings cover 28 competencies in competency-oriented development courses.

- RCHLOVER culture that presents the purpose, mission, and values and how these dialogues interact with the business strategy.
- A digital journey for the customer that shows how the Company is changing its way of connecting with customer experiences resulting in an omnichannel approach.
- Maratona Fashion showcases product strategy with curated fashion and visual merchandising, allowing allRCHLOVERS to breathe fashion into the company.
- Money Laundering Prevention.
- Integrity Program creating guidelines and premises for an ethical and preventive action in the fight against money laundering and receiving stolen goods.

## › Human Rights

Training in human rights or procedures related to human rights aspects is developed in nine courses through the study platform available to all employees. In 2022, participation reached 13,460 employees. The topics covered were:

- Talk About Inclusion
- Hearing Impairment
- Physical Disability
- Intellectual Disability
- Multiple Disabilities
- Visual Impairment and Deaf-Blindness
- Talk About Inclusion: Introduction
- Talk About Inclusion: Quotas Law
- Inclusive Culture and Representativeness
- Clients with Disabilities and their Rights

The Occupational Safety training for outsourced professionals trained 21 professionals, completing 315 hours of training, in 2022. The topics covered were:

- Safety Guidelines on Accident Prevention;
- Internal Standard for hiring third parties;
- Importance of individual and collective protection;
- General conducts (internal circulation, lunch hours, behavior, prohibitions, etc.);
- Analysis of the risks inherent to the activity, mitigating measures, and presentation of the APR and PT.





## › Career Assessment

[ GRI 404-3 ]

In 2022, career development and performance reviews were given to 90.1% of the employees. As part of this process, managers, peers, and leaders are evaluated. A full cycle, including calibration, a self-evaluation by the person and one of their managers, conversations on development, and IDP planning, was finished in the first quarter.

A workshop on competences was organized in 2022. With 90.1% adherence, the Performance Evaluation Platform identifies and develops competencies. Additionally, throughout this time, 86% of professionals participated in discussions on performance development and received feedback.

The application of knowledge management is done through four annual programs:

- **Escalada (Climbing):** The development program for the first level of the pipeline focused on self-knowledge, process, business vision, customer experience, teamwork, and leadership skills..
- **Expresso(Express):** Development program for the second level of the pipeline focused on the competencies of self-knowledge, time management, knowledge management, change management, people management, and results management.
- **Fábrica de Aviões (air craft Manufacturing):** Development program for the third level of the pipeline focused on the competencies of self-knowledge, overview, quality management, decision making, conflict management, analysis and resolution of complex problems, and delivery capability.
- **Move:** Development program focused on digital transformation competencies: analytics, agile methodologies, digital mindset, digital culture and business model, UX design, data science.

## Goals for the coming years

- Carry out actions to increase the participation of employees in courses held with the objectives of:
  - Intensify sustainability and diversity actions.
  - Promote actions for greater engagement in available courses on human rights.
  - Team development in individual and corporate competencies.
- Support the sales team by amplifying the behavioral tactics used, sustaining the culture, and contributing to the business outcome, all of which are backed by the corporate pillars.







## › Guarantee of freedom of association and the right to collective negotiation

[ GRI 2-30 / GRI 201-3 ]

The Guararapes Group guarantees the freedom of association and the right to collective bargaining for all employees in accordance with the principles of good faith, recognition of the parties, and mutual respect.

In 2022, there were no cases of shutdowns lasting a full shift or longer due to disputes between workers and management, including strikes and lockouts.

Collective bargaining agreements encompass a total of 16% of the full-time workforce. The business decides the working conditions for individuals not covered by collective bargaining agreements based on agreements reached by unions.

### Benefit plans for all employees full-time or part-time

[ GRI 201-3 / GRI 403-8 ]

Food voucher, transport voucher, private pension plan, health plan, dental plan, maternity/paternity leave, agreement with SESC (Social Service of Commerce), Ticket Plus (flex card), and employee discount on purchases with the Riachuelo Card By the Collective Labor Convention: Life Insurance (which can also be by adherence or activity), Day Care Aid, and Culture Voucher.

#### HEALTH PLAN

Outpatient, urgent, emergency, and obstetric coverage. The definition of coverage corresponds to the position you hold.

The Factory workers—30% of the staff—do not have obstetric coverage.

National coverage is offered to 50% of the professionals. Currently, the company has a contract with two operators.

#### OPTIONAL LIFE INSURANCE

It offers coverage of 36 salaries, with a ceiling of BRL 750 thousand, with a guarantee of 50% for the spouse and 10% for children up to 24 years of age.

In the case of accidental death, the coverage is 72 salaries, with a ceiling of BRL 1.5 million. Coverage in cases of disability, which can be total or partial. Funeral assistance in the amount of BRL 5 thousand for collaborators and their dependents in case of the death of the spouse and children up to 24 years old.

#### MANDATORY LIFE INSURANCE

Complies with the agreement of the local Collective Labor Convention.

#### PRIVATE PENSION

For every employee who joins, the contribution is stipulated at between 1% and 8% of salary, depending on the salary level. After a certain value, the company pays the amount in return.

Besides the private pension plan, There are exclusive benefits defined in the retiree policy, such as complementary time in the medical plan while there is a change of plan.

#### OTHER BENEFITS

Vida Ativa Benefit for the support of physical activity.

The Employee Support Center offers a 24-hour Emergency Line, which includes nursing care, physical educator and nutritionist, as well as Social Service and Psychology.

In addition, the Rollout of telemedicine by Riachuelo doctors for the whole of Brazil.





# Diversity and Inclusion

[ GRI 3-3 / GRI 405-1 / 405-2 / UN Global Compact Principles 6 / UN Global Compact Principles 1-2-3-4-5 ]

The Guararapes Group adopts measures to remove discrimination from the hiring process in order to guarantee that employees have access to training, assessment, and advancement opportunities in a friendly, safe, and productive workplace. Realizing that all employees are given equal opportunity regardless of their gender, ethnicity, age, place of origin, sexual orientation, religion, physical appearance, or other health issues. People who belong to a minority group in society are given special consideration. Its Diversity and Inclusion Policy, which provides means for efficient activities in the management of people, reflects this idea.

The Guararapes Group joined the Forum of Companies and Rights for LGBTI+ in 2019. In its letter of adherence, the corporation committed to a plan to increase employee dedication and to foster respect in working relationships with possibilities for everyone.

## 31,155 TOTAL OF EMPLOYEES (FTE)



- 1.** To commit, presidents and executives with the respect and promotion of LGBTI+ rights.
- 2.** Promote equality of opportunity and fair treatment for LGBTI+ people.
- 3.** Promote a respectful, safe and healthy environment to LGBTI+.
- 4.** Sensibilize and educate the respect of LGBTI+ rights.
- 5.** Stimulate and support the creation of affinity groups LGBTI+.
- 6.** Promote respect for LGBTI+ rights in marketing communication.
- 7.** Promote respect for LGBTI+ rights in the planning of products, services, and customer service.
- 8.** Promote actions for the professional development of LGBTI+ people.
- 9.** Promote the social-economic development of the GBTI+ people in its value chain.
- 10.** Promote and support actions to support LGBTI+ rights in the community.

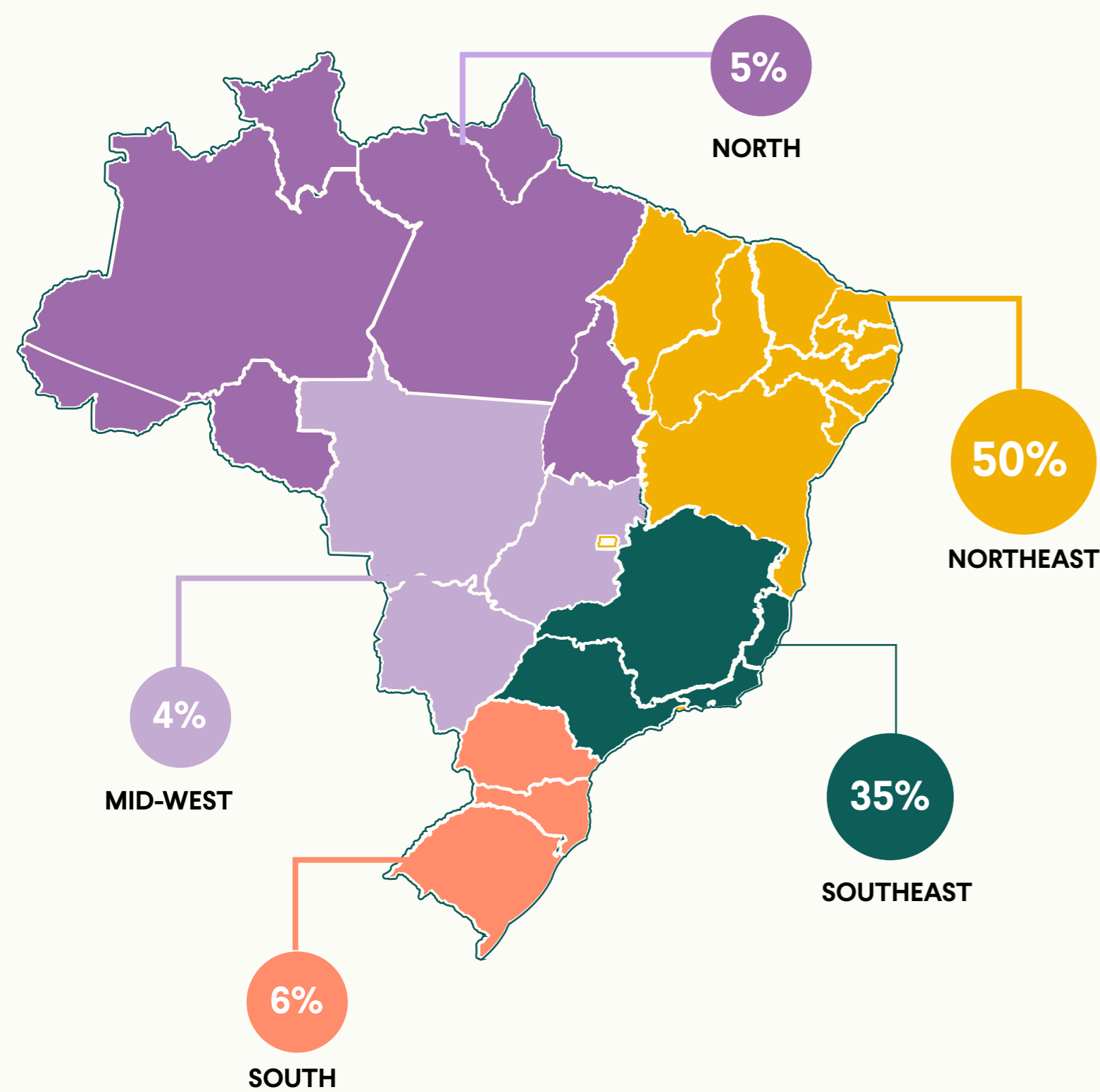




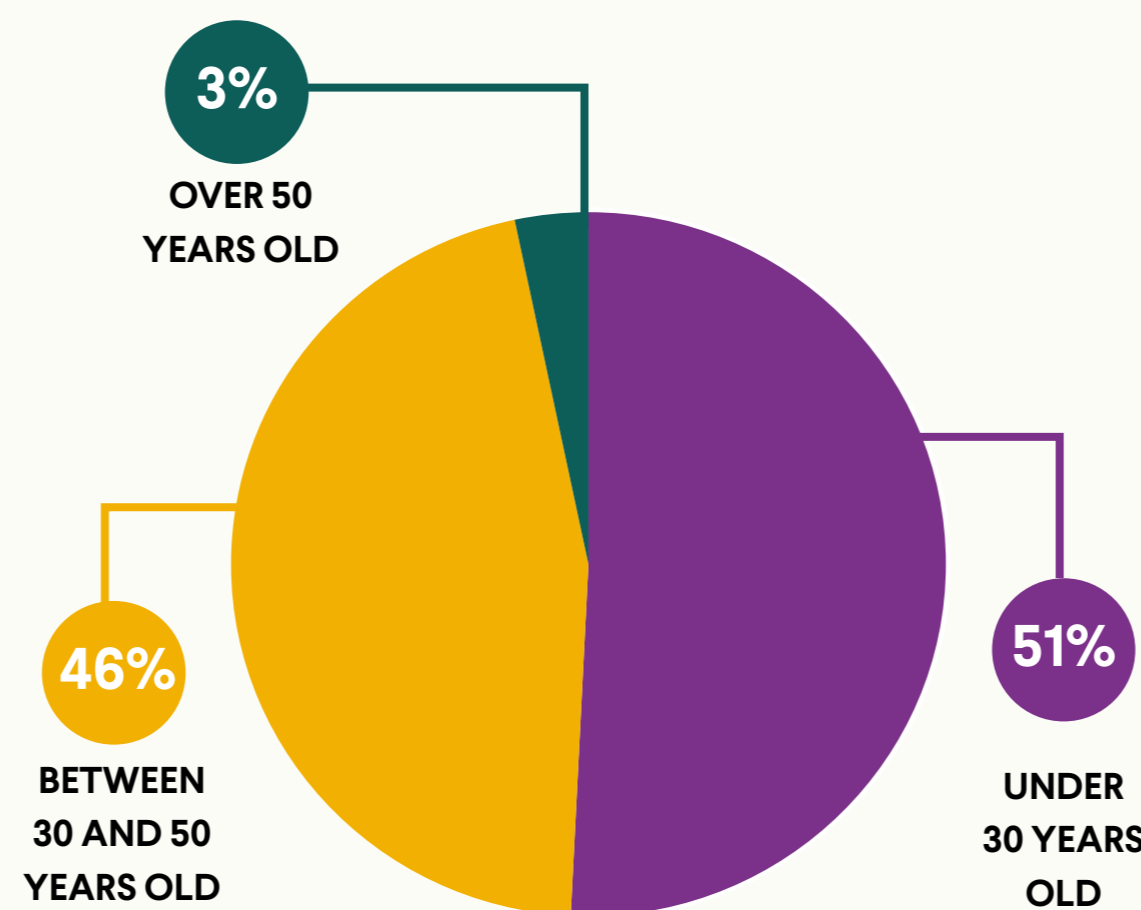


# Our employees

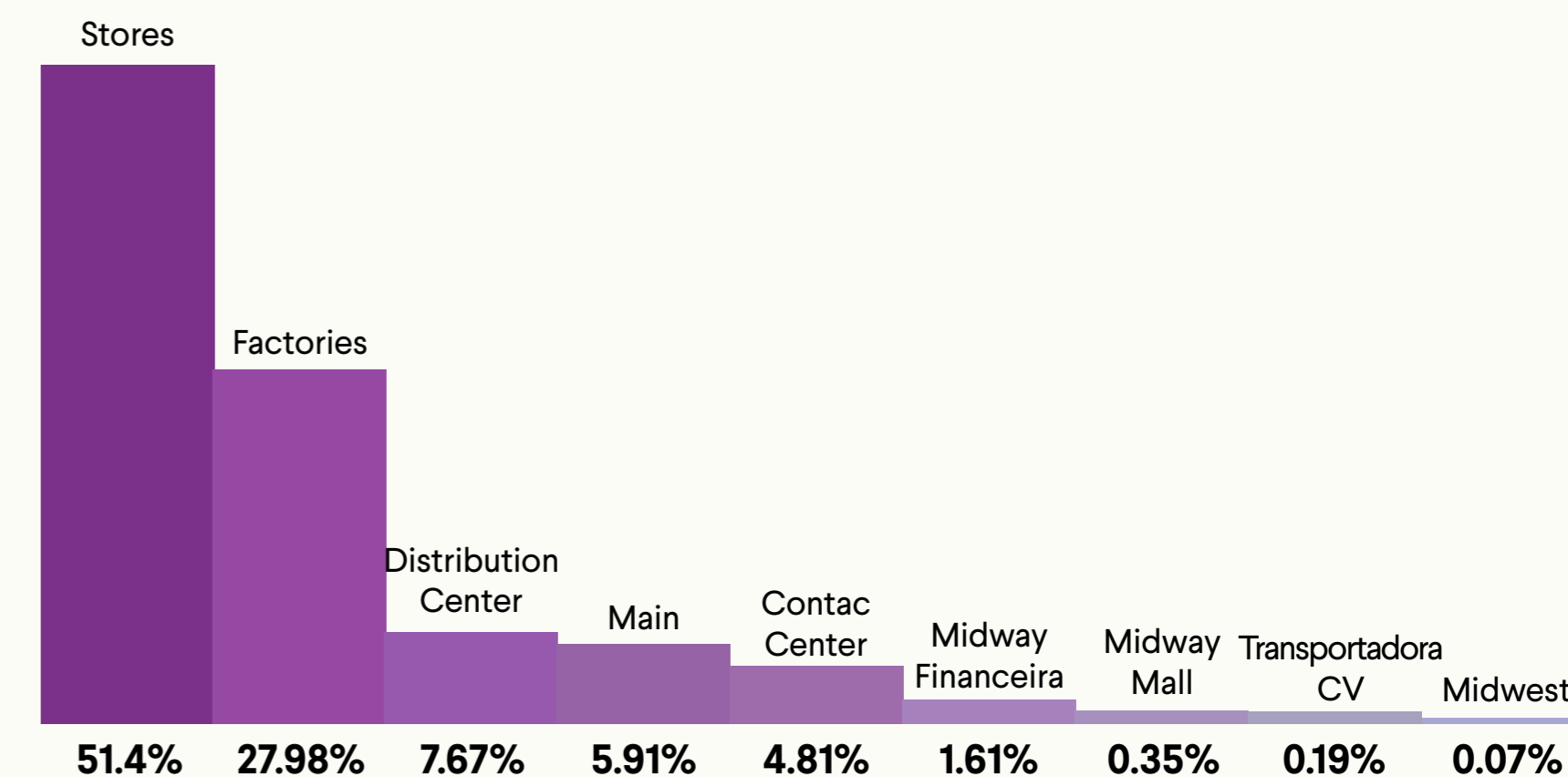
> Employee by region



> Employee by age group



> Employee by Business Unity

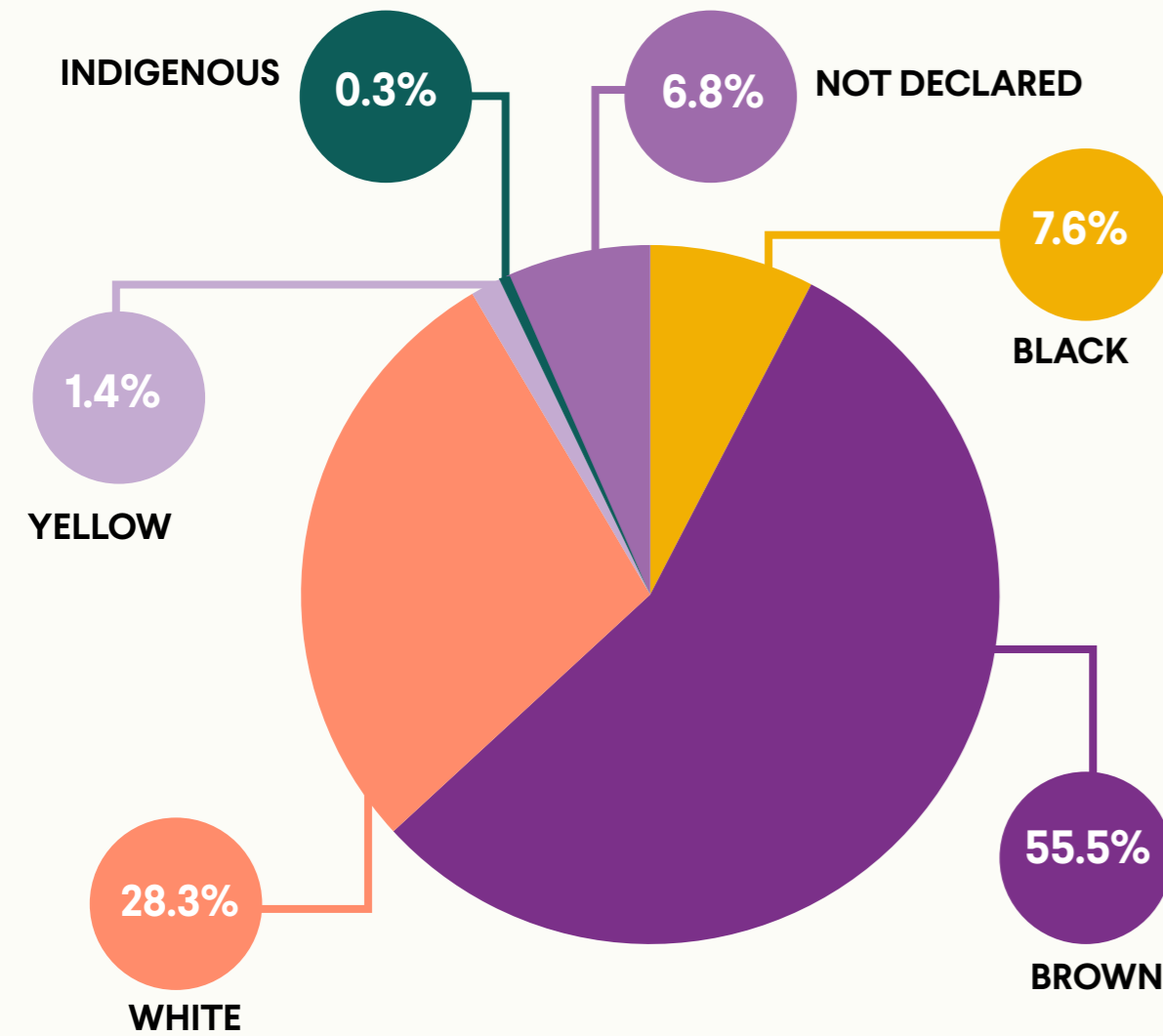




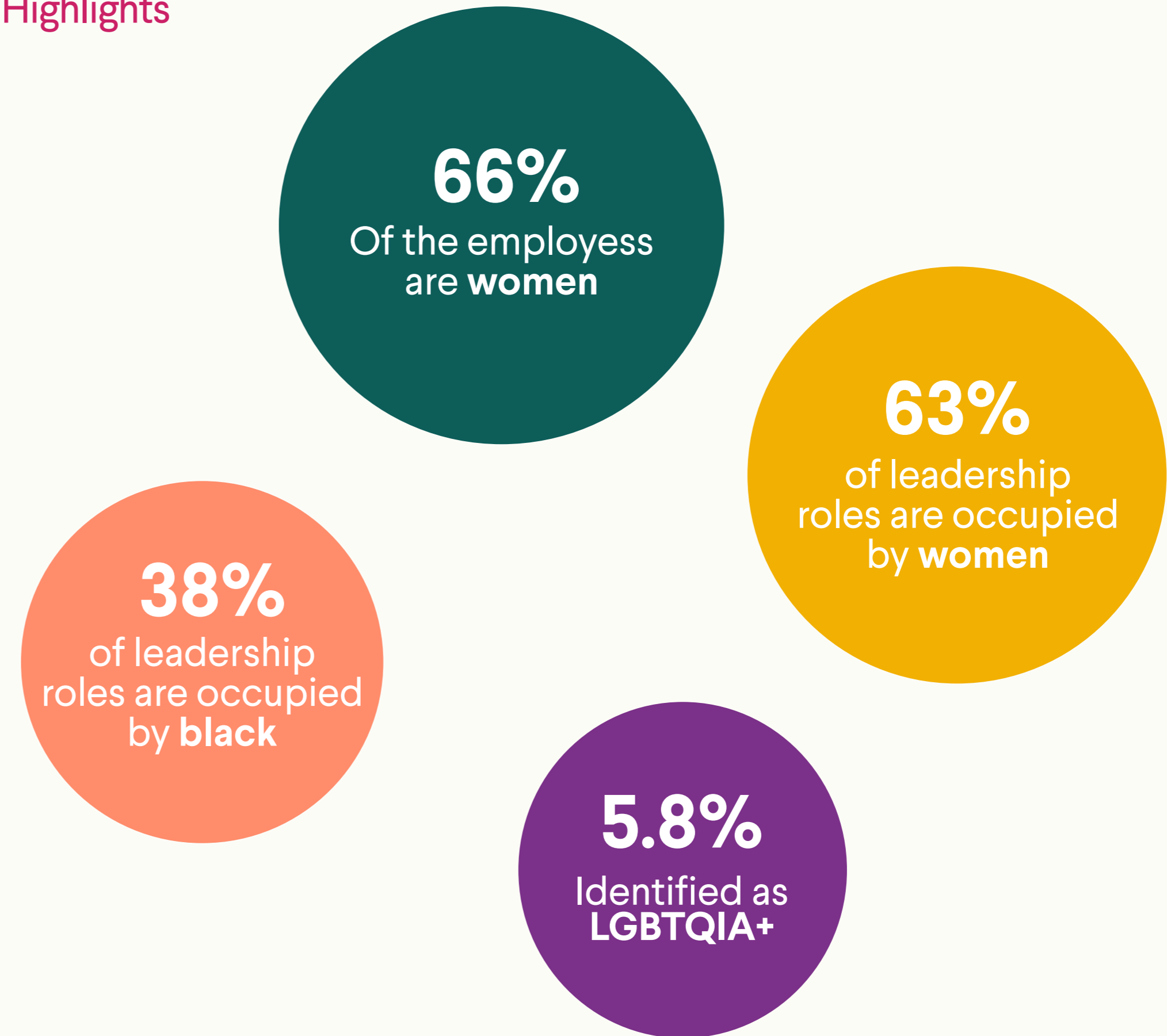


# Our employees

## › Employees by race



## Highlights







# Actions of Social Impact

[ UN Global Compact Principle 1-2-3-4-5-6 ]





# Actions of Social Impact

The Guararapes Group understands its role as a private sector organization with the responsibility to cooperate in the issue of poverty and inequality and to contribute for the development of the society through voluntary participation in social and in the communities where operates. In 2022, the company promoted several actions with the objective to promote the economic and social development of extreme vulnerability groups, immigrants, refugee women and indigenous communities.

## Support for the UNHCR

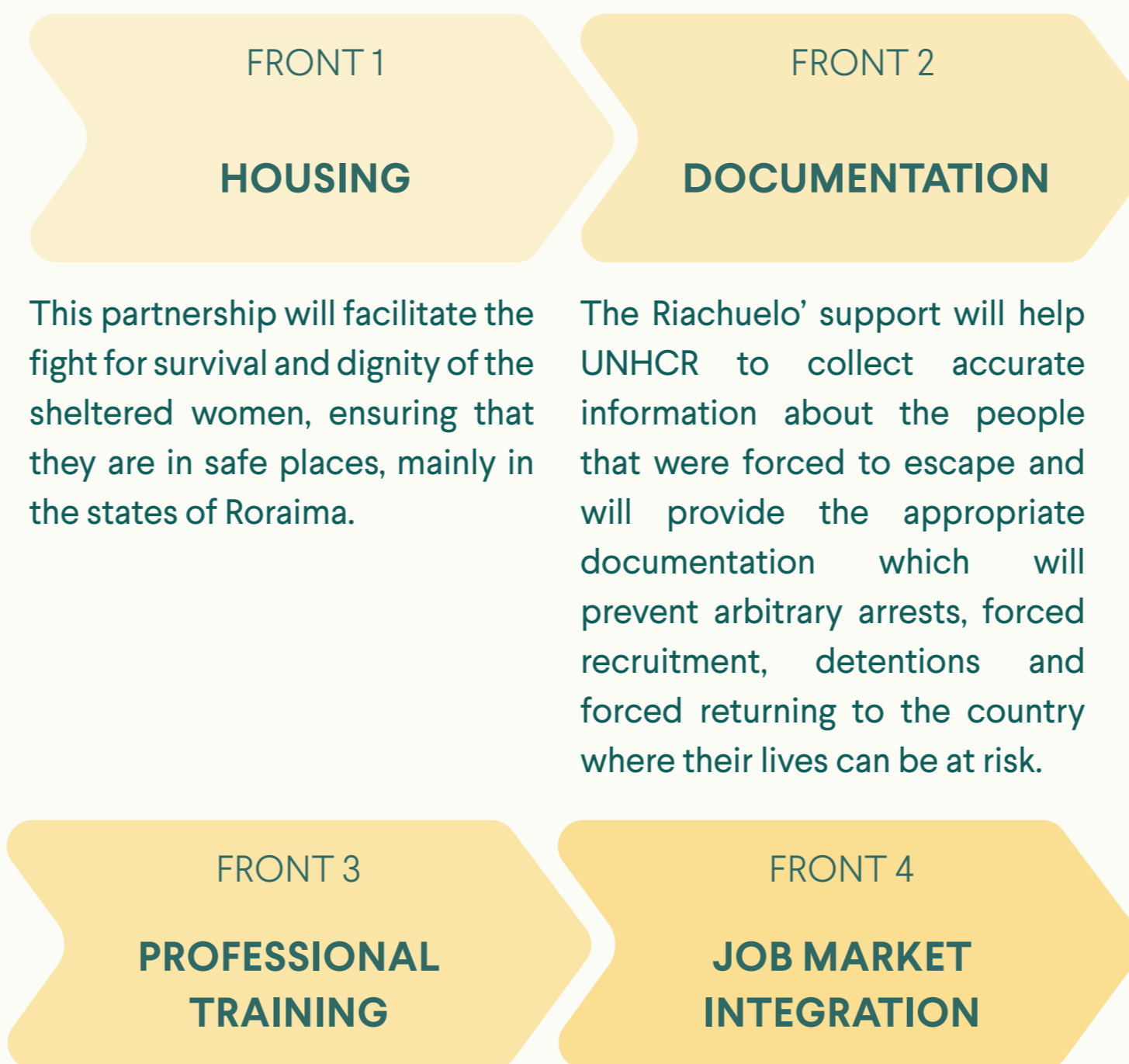
Underpinning this commitment was the calamitous situation facing humanity, with a recorded 100 million refugees seeking refugee and internally displaced person status around the world. There are people who are forced to flee because of wars, conflicts,

persecution, human rights violations and climate change according to data from the United Nations High Commissioner for Refugees - UNHCR.

According to the agency, Brazil has more than 65,000 people living as refugees. To effectively deal with this highly vulnerable group, in 2022 Grupo Guararapes signed a partnership with the UNHCR to address the refugee crisis through actions that save lives, guarantee fundamental rights and build a more promising future for hundreds of women and girls who have experienced the trauma of forced displacement and have ended up in Brazil.

The support of Grupo Guararapes is essential for strengthening socioeconomic integration and vocational capacity building, diploma validation and networks for access to work.

### The project foresees four Support fronts:



**FRONT 1  
HOUSING**

This partnership will facilitate the fight for survival and dignity of the sheltered women, ensuring that they are in safe places, mainly in the states of Roraima.

**FRONT 2  
DOCUMENTATION**

The Riachuelo' support will help UNHCR to collect accurate information about the people that were forced to escape and will provide the appropriate documentation which will prevent arbitrary arrests, forced recruitment, detentions and forced returning to the country where their lives can be at risk.

**FRONT 3  
PROFESSIONAL TRAINING**

The lack of employment and access to the regular work for income generation are the most challenging difficulties reported by refugee women and girls.

**FRONT 4  
JOB MARKET INTEGRATION**

Entering in the Job market: For 2023, the action to place these women in the job market, ensuring them an income and autonomy.







# Action of Social Impact

## Saving The Amazon

More than 10 thousand trees of the Group's Corporative Forest in the Amazonia exist thanks to the meticulous work of the indigenous families of the Tikuna Ethnics, who are responsible not only for their cultivation, but also for their upkeep. The financial contribution from Riachuelo to the Saving the Amazon Movement offers to each of these families the autonomy and economical safety. Previously, these individuals were in extreme vulnerable conditions as they lived in precarious lands. With the support, they have achieved greater economical independency and well-being.

## NU Commitment Letter Women

On the Women's International Day, Riachuelo participated in the event "Integrate and Empower" about the economical empowerment and social inclusion of the refugee and immigrant women. The action is an initiative of NU Women, entity of the United Nations for gender equality and women empowerment. At the event, the company signed a commitment to support the economical empowerment of refugee and immigrant women.

## AACD

For many years, the Group contributes to the Association of Special Needs Children (Associação de Assistência à Criança Deficiente - AACD), so the entity can maintain and expand the social work with their patients, create and enhance technological centers of rehabilitation across the national territory. In 2022, the company donated more than BRL 700 thousand to the entity.

## Gerando Falcões

Riachuelo supports the mission called "Gerando Falcões" which transforms the poverty found in the slums in museum pieces. Our donation to the entity, which totaled BRL 1 million in 2022, helps initiatives that can promote education, economical development, and citizenship at the slums.



Foto: Manuel Palacios





LEADERSHIP  
MESSAGE

INSTITUTIONAL  
PROFILE

VALUE  
CREATION

RESULTS 2022

GOVERNANCE, ETHICS AND  
BUSINESS TRANSPARENCY

TECHNOLOGY  
AND INNOVATION

CRIA!  
MOVEMENT

ENVIRONMENT

SUPPLY CHAIN

PEOPLE AND  
SOCIETY

**ACTIONS AND  
SOCIAL IMPACT**

ABOUT  
THIS REPORT

APPENDIX

GRI  
SUMMARY

ASSURANCE  
LETTER



# Riachuelo Institute

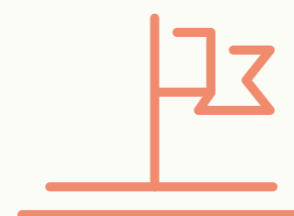
[ UN Global Compact Principles 1-2-3-4-5-6 ]





# Riachuelo Institute

With the purpose of using fashion as a tool to transform lives, the Riachuelo Institute performs actions that promote social entrepreneurship, socio-environmental practices, education, health and safety and appreciation to culture. The Riachuelo Institute is the arm for social responsibility of the Guararapes Group and was launched in 2021. The impact of its actions reaches a population of more than 50 thousand residents of the semiarid region, approximately 150 small and medium entrepreneurs in the countryside of the state of Rio Grande do Norte. The future goal is to act in other regions of the country.



## MISSION

To transform lives through means of job creation and income.



## VISION

Contribute to improve the quality of life and intensify the economic dynamism through the strengthening of the value chain, job creation and income and the development of human capital.



## VALUES

- Honesty
- Individual responsibility
- Commitment
- Equal opportunities
- Value all human beings equally







## › Entrepreneurship and Community Development



The activities developed in the communities by the Riachuelo Institute and with its partnerships are oriented to the sustainability not only economic, but also environmental and complete social development. This consists exactly in the realization of activities that take the evolving parties to a financial achievement that is lasting, sustainable and with respect to environmental issues, such as the incentive in the return of agricultural practices of the agroecological cotton.

### AGRO SERTÃO

The project is developed in the region of Seridó, in partnership with Embrapa, in the application of agricultural technology for the cultivation of agroecological cotton, planted in agrifood consortiums, without the use of agrochemicals, with a sustainable management using practices that promote the reduction of environmental impact. The project is a promoter of family agriculture and considers not only the environmental aspects, but also the cultural, social and economic aspects, since the farmers intercalate in the same soil

other cultures, such as corn, sesame, beans and palm (that has a good protein for the cattle).

In the period of two years, 80 families will be beneficiated. The project's contemplated municipalities are Acari, Cruzeta and São José do Seridó. The expectation is that the production reaches 17 tons of plume cotton and help to generate approximately BRL 500 thousand in financial resources during this period.

### HANDICRAFT AND EMBROIDERY IN THE SEMI-ARID REGIONS

The project aims to encourage and promote the local culture in the practice of handicraft and embroidery in the semi-arid regions. The initiative approaches artisans to potential buyers, assists in the production and in the marketing, enables the levelling of products quality, encourages groups to create novelties that meet the demands of the textile market and supports the business management. Currently, there are 80 local entrepreneurs benefited from the project.



80 benefited Families



80 benefited entrepreneurs





## › Entrepreneurship and Community Development

### SEWING WORKSHOPS / PRÓ-SERTÃO

The program is developed in partnership with Sebrae, in the social technology of the production chain, that allow to promote the operations systematization in the production process, people management and financial management. The Pró-Sertão aims to offer visibility to small entrepreneurs and incentive to job creation in the semi-arid regions. Currently, more than 100 sewing workshops participate and serve the Guararapes Group generating five direct jobs in several cities at that region. All the contracts firming with the workshops comply with the applicable legislation.



 +100 sewing shops

### EDUCATION AND PROFESSIONAL EMPOWERMENT


The project allows the opportunity for professional education to the children of the Guararapes Group's employees and is developed from two partnerships. Through the Federation of Industries System of the State of Rio Grande do Norte – FIERN, it was made available 100 scholarships together with SESI, with admissions for the primary and secondary school, where the students have access to innovating resources, such as interactive digital blackboard, 3D printer and arena for robotics. To empower the entrepreneurship and the financial education, the Institute maintain partnership with Junior Achievement, to serve sewing workshops in 30 cities in the Seridó region.

 100 scholarships

### HEALTH AND WELLBEING

In partnership with the Group Reviver, the Riachuelo Institute promotes actions for the prevention of breast cancer. The partnership makes available a mobile health unit that performs mammogram exams, ultrasounds, biopsies and offers information on the importance of self-examination and early diagnostic to the women between the ages of 30 and 69, residents of the Metropolitan region of Natal, Rio Grande do Norte. The diagnostic is made from the facilitated access on a national platform.

 [LEARN MORE](#)

 benefits women residents in Natal/RN





LEADERSHIP  
MESSAGE

INSTITUTIONAL  
PROFILE

VALUE  
CREATION

RESULTS 2022

GOVERNANCE, ETHICS AND  
BUSINESS TRANSPARENCY

TECHNOLOGY  
AND INNOVATION

CRIA!  
MOVEMENT

ENVIRONMENT

SUPPLY CHAIN

PEOPLE AND  
SOCIETY

ACTIONS AND  
SOCIAL IMPACT

**ABOUT  
THIS REPORT**

APPENDIX

GRI  
SUMMARY

ASSURANCE  
LETTER



# About this Report

[ GRI 2-2 / GRI 2-3 / GRI 2-5 / GRI 2-14 /  
GRI 2-29 / GRI 3-1 / GRI 3-3 ]





# About this Report

[ GRI 2-2 / GRI 2-3 / GRI 2-5 / GRI 2-14 ]

This Integrated Report of the Guararapes Group covers the period between January 1st to December 21st, 2022. Its scope encompasses all business areas of the Guararapes Group and was validated by the Audit Committee and Board of Directors

The document follows the international structure for integrated report proposed by the Value Reporting Foundation and complies with the standards of the Global Reporting Initiative – GRI, published in 2021. It also counts with the indicators of the Sustainability Accounting Standards Board – SASB and the Task Force on Climate-related Financial Disclosures- TCFD.

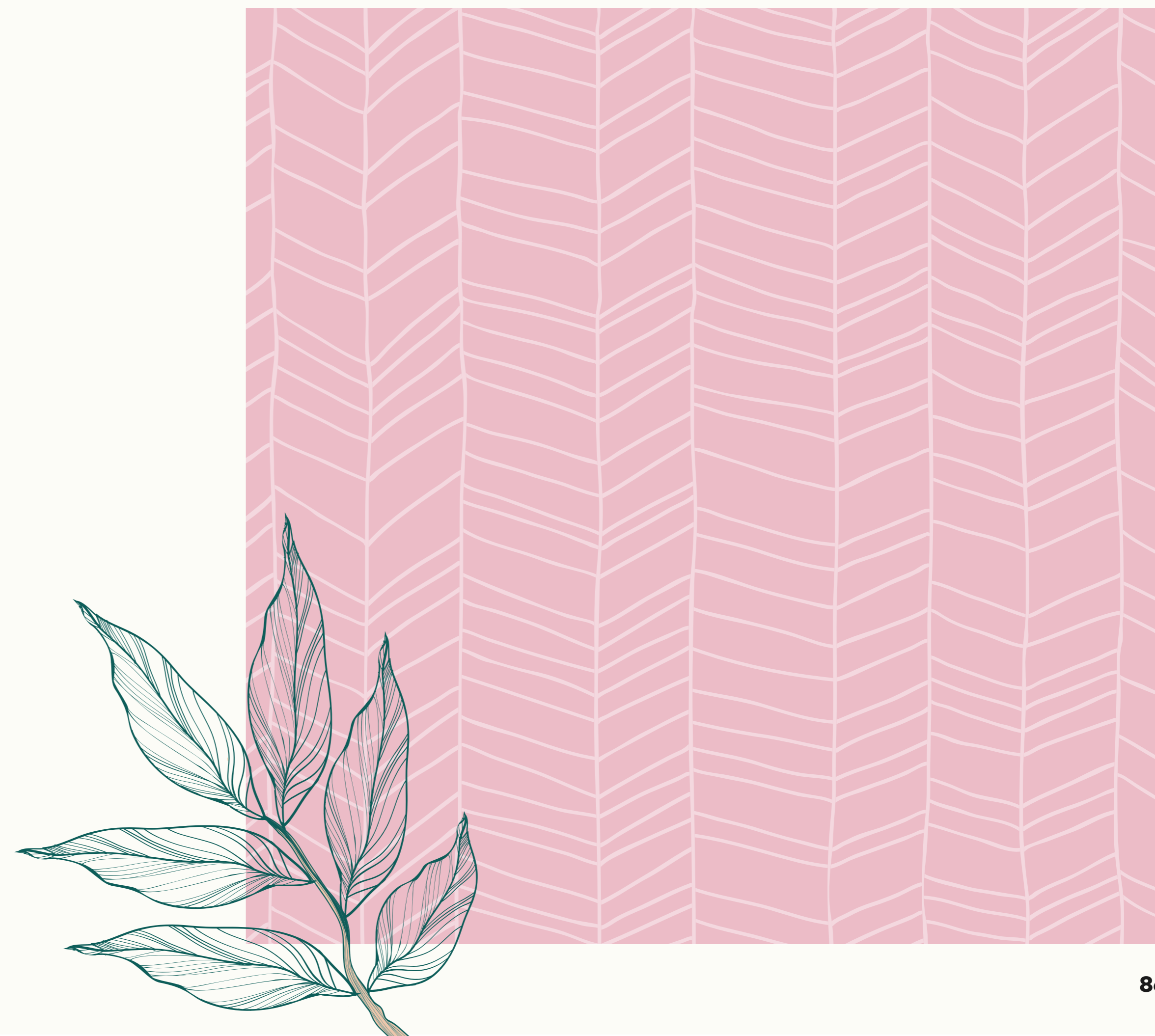
The content considers the impacts and the practices related to the generation

of business value highlighting strategies, objectives, targets, indicators, management procedures, and actions performed not only with the commitment towards sustainability by the Company, but also with operational excellence and focus on results.

In 2021, the Guararapes Group launched its first Sustainability Report in compliance with the GRI Standards, also submitted to third-party verification.

It is demonstrated along its content the fulfillment of the 10 UN Global Compact Principles and the achievement of the 10 objectives of the Sustainable Development Goals – SDGs, which can be verified in the Summary.

*\* At the beginning of May 2023, the Guararapes Group underwent a transition of its CEO; Oswaldo Nunes left the position after five years leadership and André Farber joined the Company as the CEO. His expertise will be fundamental to drive the growth of our fashion, lifestyle and financial services ecosystem consolidated in the past 75 years. This event occurred after the period contemplated in this Integrated Report (January to December 2022) and does not interfere with the indicators reported in this document.*







# Definition of Material Topics

[ GRI 2-14 / GRI 2-29 / GRI 3-1 / GRI 3-2 / GRI 3-3 ]

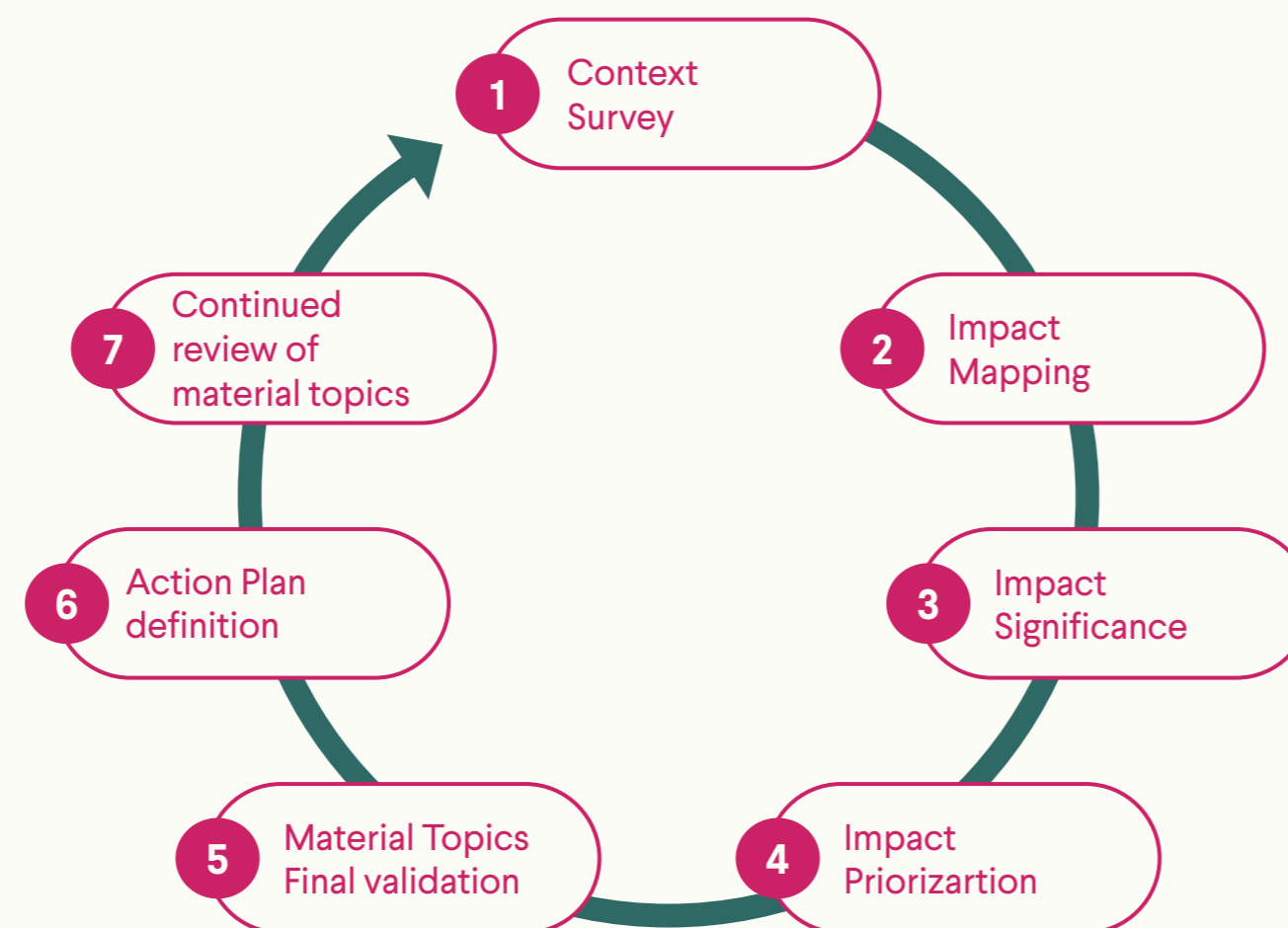
As a parameter for the GRI Standards content selection to be reported in the Integrated Report 2022, the mapping process highlighted the relevant topics that can impact the Guararapes Group and its stakeholders in the short, medium and long term, in compliance with the 2021 GRI Standards. The Guararapes Group performs the mapping of material topics since 2021.

The revision of material topics occurred between the months of November 2022 and January 2023. The work consisted of broad research of content to map the positive and negative impacts, considering, the 2021 Sustainability Report, the Annual Reports of companies in the industry and sectorial documents, ISE/B3 questionnaire, 2021 Reference Form, 2021 Fashion Transparency Index, 2021 GRI Standard, SASB, IRFS and articles published by the press.

## › Stages of the Materiality Process

[ GRI 3-1 ]

The methodology used to understand the business impacts considered the more significant to the least significant, establishing a cutting point. Then, it was formed a grouping of topics to build up a list. The process included the consultation with specialists to measure the impact level. The Material Topics were submitted to the Board of Directors who incorporated Governance with Ethics and Transparency Topic and Management of Textile Waste to Circularity.



## MATERIALITY MATRIX







MATERIAL TOPIC	SUBTOPICS/APPROACH	DESCRIPTION	RELATED SDG
<b>Governance, Ethics and Transparency</b>	<ul style="list-style-type: none"> <li>• Policies on the industry's topics</li> <li>• Responsible Communication</li> </ul>	The strengthening of the Corporate Governance, the ethical commitments, the integrity mechanisms, the compliance system and data management are essential to ensure business trust and transparency. The topic includes all spheres and guides business relations, aiming to guarantee the fight against corruption, bribery and fraud.	16
<b>Value Creation</b>	<ul style="list-style-type: none"> <li>• Economic performance that generates socio-economical value shared with society</li> </ul>	The economic and financial performance of the Guararapes Group create value, which is shared through returns for shareholders and investors, in addition to driving the economy with the acquisition of commodities and materials, for the development of the supplier's chain, for the direct and indirect job creation in the payment of taxes.	1, 2, 5, 6, 7, 8, 9, 10, 12, 13, 15, 17
<b>Circularity</b>	<ul style="list-style-type: none"> <li>• Increase of products' lifecycle</li> </ul>	Investment and promotion of initiatives and solutions to promote the extension of product lifecycle. Highlight to the launching of the Innovation in Circularity + Sustainability HUB, representing an important milestone in this agenda.	6, 9, 12, 13, 17
<b>Climate Changes</b>	<ul style="list-style-type: none"> <li>• GHG Emissions</li> <li>• Energy</li> </ul>	The fight against climate changes through the reduction of GHG emissions and energy efficiency is essential to protect and preserve the environment, the human life and of other species. In addition, it cooperates to secure operations and to avoid penalties.	7, 13, 15
<b>Management of Non-Textile Waste</b>	<ul style="list-style-type: none"> <li>• Appropriate destination of waste, legislations for waste, recycling, reverse logistic</li> </ul>	The waste management foresees the generation, sorting, storing, recycling, treatment and the final appropriate disposal as the means to protect health and the environment.	13, 15
<b>Water</b>	<ul style="list-style-type: none"> <li>• Act with more efficient procedures and technologies that reduce water consumption significantly</li> </ul>	The efficiency of water resources through innovating technologies and the sustainable water use are essential to preserve the business and to share with surrounding communities. Associated to this, is also the attention with the effluent in order to protect and preserve the environment.	6, 13, 15
<b>Chemicals</b>	<ul style="list-style-type: none"> <li>• Minimize the environmental impact in the textile manufacturing through new technologies</li> </ul>	The adoption of effective and efficient technologies to minimize the risks related to soil and water resources contamination using chemical substances in the manufacturing of clothing. In addition, the management and rigorous control of the use of these chemical substances.	13, 15
<b>More sustainable raw materials</b>	<ul style="list-style-type: none"> <li>• Cotton, polyester, viscose, etc.</li> </ul>	Initiatives to reduce the socio-environmental impacts from the manufacturing of the most frequently used fibers in the fashion industry. Involvement of celebrities for the use of best practices and manufacturing and consumption technologies.	15
<b>More sustainable products</b>	<ul style="list-style-type: none"> <li>• Fibers, productive processes and the advocacy of human rights</li> </ul>	Incentive and promotion of recycled/reutilized materials, certified/fairtrade/BCI agroecological cotton, recycled/sustainable wool, recycled polyester, chrome-free/recycled leather, fabrics from sustainable forest origin, etc.	9, 8, 15, 17
<b>Technology and Innovation</b>	<ul style="list-style-type: none"> <li>• Information safety/data leakage</li> <li>• Digitalization, Innovation in sustainability and Business innovation</li> </ul>	Technology and innovation guide the entire ecosystem of the Guararapes Group, where innovation is the transversal axis in which all the Company's actions are aligned. This is important to guarantee business competitiveness and efficiency of its operations.	9
<b>Work conditions and quality of life</b>	<ul style="list-style-type: none"> <li>• Promotion and advocacy of employees' human rights</li> <li>• Internal development programs</li> </ul>	To offer work conditions and life quality to employees ensuring their work rights, health and safety, career development, attraction and retention of talents, guaranteeing an ethical and respectful environment in all hierarchical levels.	8
<b>Diversity and inclusion</b>	<ul style="list-style-type: none"> <li>• Gender, race, ethnicity and sexual orientation among other factors such as foreign and immigrant labor</li> </ul>	The offer of dignified work conditions, in a friendly, safe and productive environment involves the elimination of discrimination from the recruiting process, giving access to training, remuneration, evaluation and employees promotion. It also includes legitimate and fundamental conditions, so all have equal opportunities, independent of gender, race, age, origin, sexual orientation, gender identity, religion, physical condition, health condition, etc. With special attention to those that fit in society's minority groups.	5, 10
<b>Supplier Chain</b>	<ul style="list-style-type: none"> <li>• Management and monitoring of suppliers</li> </ul>	The responsible management of the supplier's chain guaranteeing and preserving human rights advocacy, as well as repressing and eliminating child, slave or forced labour in order to promote decent work.	1, 5, 8





# Management of Material Topic

Material Topic	Approach (page)	Impact (stakeholders)	Related Disclosures	
			GRI Content	Correlated indicators
Value Creation	16	Shareholders, Investors, Clients, Communities, Government, Suppliers.	GRI 3: Material Topic 2021	3-3
			GRI 2: General Disclosures 2021	2-6
			GRI203: Indirect Economic Impact 2016	203-2
			GRI 3: Material Topic 2021	3-3
Governance, Ethics, and Business Transparency	25	Shareholders, Investors, Employees, Suppliers, Competitors, Clients, Community, Government.	G 2: General Disclosures 2021	2-9
				2-10
				2-11
				2-12
				2-13
				2-15
				2-16
				2-18
				2-19
				2-20
				2-21
				2-23
				2-24
				2-25
				2-24
				2-25
			2-26	
2-28				
GRI 205: Fight against Corruption 2021	205-1			





# Management of **Material Topic**

Material Topic	Approach (page)	Impact (stakeholders)	Related Disclosures	
			GRI Content	Correlated indicators
<b>Technology and Innovation</b>	38	Shareholders, Investors, Employees, Suppliers, Clients.	GRI 3: Material Topic 2021	3
<b>Climate Changes</b>	53	Shareholders, Investors, Employees, Suppliers, Clients.	GRI 3: Material Topic 2021	3-3
			GRI 201: Economic Performance 2016	201-2
			GRI 302: Energy 2018	302-1
				302-2
				302-3
				302-4
			GRI 305: Emissions 2016	302-5
				305-1
				305-2
				305-3
305-4				
305-5				
305-6				
<b>Water and Effluents</b>	58	Investors, Employees, Suppliers, Clients.	GRI 3: Material Topic 2021	305-7
				3-3
				303-1
				303-2
				303-3
303-4				
				303-5





# Management of Material Topic

Material Topic	Approach (page)	Impact (stakeholders)	Related Disclosures		
			GRI Content	Correlated indicators	
Waste Management	60	Shareholders, Investors, Employees, Suppliers.	GRI 306: Waste	306-1 306-2 306-4	
Management of Chemical Substances	59	Shareholders, Investors, Employees, Suppliers.	GRI 3: Material Topic 2021	3-3	
Work Conditions and Life Quality	70	Shareholders, Investors, Employees, Suppliers, Clients	GRI 3: Material Topic 2021	3-3	
			G2: Content GRI 2021	2-7 2-8	
			GRI 202: Market Presence 2016	2-30 202-1 202-3	
			GRI 401: Employment 2016	401-1 401-3	
			GRI 403: Health and Safety 2018	403-1 403-3 403-4 403-5 403-6 403-7 403-8 403-9 403-10	
				GRI 404: Empowerment and Training 2016	404-1 404-2 404-3





# Management of **Material Topic**

Material Topic	Approach (page)	Impact (stakeholders)	Related Disclosures	
			GRI Content	Correlated indicators
Diversity and Inclusion	75	Shareholders, Investors, Employees, Suppliers, Clients.	GRI 3: Material Topic 2021	3-3
			GRI 405: Diversity and Equal Opportunities 2016	405-1 405-2
Suppliers Chain	63	Shareholders, Suppliers, Clients.	GRI 3: Material Topics 2021	3-3
			GRI 2: General Disclosures 2021	2-29
			GRI 407: Freedom of Association and Collective Bargaining 2016	407-1
			GRI 408: Child Labour 2016	408-1
			GRI 409: Forced or Compulsory Labour	409-1





LEADERSHIP  
MESSAGE

INSTITUTIONAL  
PROFILE

VALUE  
CREATION

RESULTS 2022

GOVERNANCE, ETHICS AND  
BUSINESS TRANSPARENCY

TECHNOLOGY  
AND INNOVATION

CRIAI  
MOVEMENT

ENVIRONMENT

SUPPLY CHAIN

PEOPLE AND  
SOCIETY

ACTIONS AND  
SOCIAL IMPACT

ABOUT  
THIS REPORT



GRI  
SUMMARY

ASSURANCE  
LETTER

# Appendix





# GHG Emissions

2022						2021				
GHG emissions per business unit (tCO2e) [GRI 305-1, 305-2, 305-3]	Scope 1	Scope 2 (localization)	Scope 2 (purchase choice)	Scope 3	Total 2022	Scope 1	Scope 2 (localization)	Scope 2 (purchase choice)	Scope 3	Total 2021
Guararapes Factories	19,402	1,604	-	5,695	<b>25,097</b>	19,327	4,953	3,924	3,512	<b>27,792</b>
Distribution centers	3,493	328	-	932	<b>4,426</b>	3,808	1,015	42	42	<b>4,865</b>
Stores	9,836	7,126	-	-	<b>9,836</b>	5,621	20,063	6,238	-	<b>25,684</b>
Shopping Midway	1,271	1,191	-	3,042	<b>4,314</b>	758	3,328	3,328	-	<b>4,086</b>
Head Office and Hub One	683	74	-	1,459	<b>2,142</b>	700	361	-	915	<b>1,976</b>
Transportadora TCV	2,501	-	-	-	<b>2,501</b>	2,602	-	-	-	<b>2,602</b>
Contact Center	23	194	-	28	<b>51</b>	37	264	-	-	<b>301</b>
<b>Total</b>	<b>37,211</b>	<b>10,517</b>	<b>-</b>	<b>11,157</b>	<b>48,368</b>	<b>32,853</b>	<b>29,984</b>	<b>13,532</b>	<b>4,469</b>	<b>67,306</b>

2020						2019				
GHG emissions per business unit (tCO2e) [GRI 305-1, 305-2, 305-3]	Scope 1	Scope 2 (localization)	Scope 2 (purchase choice)	Scope 3	Total 2020	Scope 1	Scope 2 (localization)	Scope 2 (purchase choice)	Scope 3	Total 2019
Guararapes Factories	14,209	1,929	1,626	3,242	<b>19,380</b>	16,889	3,063	2,712	3,797	<b>23,749</b>
Distribution centers	3,534	551	48	15	<b>4,100</b>	5,637	784	426	13	<b>6,434</b>
Stores	3,188	8,411	3,316	-	<b>11,599</b>	4,202	13,481	8,876	-	<b>17,683</b>
Shopping Midway	2,886	1,200	1,200	-	<b>4,086</b>	1,159	2,170	2,170	-	<b>3,329</b>
Head Office and Hub One	297	269	164	746	<b>1,312</b>	714	345	345	2,568	<b>3,627</b>
Transportadora TCV	1,984	-	-	-	<b>1,984</b>	2,342	-	-	-	<b>2,342</b>
Contact Center	24	135	94	-	<b>159</b>	3	186	186	-	<b>189</b>
<b>TOTAL</b>	<b>26,122</b>	<b>12,495</b>	<b>6,448</b>	<b>4,003</b>	<b>42,620</b>	<b>30,946</b>	<b>20,029</b>	<b>14,715</b>	<b>6,378</b>	<b>57,353</b>

Note: From 2019 to 2020 there was a significant reduction of the emissions total due to the reduction of operations because of the COVID-19 pandemic. From 2020 there was a significant increase of the emissions in Scope 2 (emissions resulting from energy consumption) mainly because of the elevation of the SIN Average Intensity of Emissions Brazil in 2021 with the increase of the use of Thermoelectric. In the year 2022 (Cycle 2023), The Group started to acquire certificates of renewable energy (I-RECs) to guarantee the traceability of 100% of their consumed energy.





# GHG Emissions

	2022	2021
<b>GHG emissions intensity [GRI 305-4]</b>		
Intensity of the GHG emissions per manufactured piece at the Guararapes' factories	0.50 kg CO2eq/manufactured piece	0.56 kg CO2eq/manufactured piece
Intensity of GHG emissions per store's sales area, in m <sup>2</sup>	59.2 kg CO2eq/m <sup>2</sup>	85.10 kg CO2eq/m <sup>2</sup>
Intensity of GHG emissions per store	90.756 ton CO2eq/loja	161.85 ton CO2eq/loja
<b>Emissions of ozone depleting substances (SDO) (tCF-11e) [GRI 305-6]</b>		
Emissions of ozone depleting substances (SDO)	5,864	3,841
<b>Emissions of NOX, SOX and other significant air emissions (metric tons) [GRI 305-7]</b>		
SOx	-	10.5 mg/Nm <sup>3</sup>
NOx	5.6 mg/Nm <sup>3</sup>	28.2 mg/Nm <sup>3</sup>
Other standard categories of air emissions identified in relevant laws and regulations	1310.1 mg/Nm <sup>3</sup>	435.2 mg/Nm <sup>3</sup>
<b>SASB EM-MM-110a.1 Global gross emissions* from scope 1 (tCO2e)</b>	<b>Cycle 2023 (2022)</b>	<b>Cycle 2022 (2021)</b>
carbon dioxide (CO <sub>2</sub> )	25,349	24,809
methane (CH <sub>4</sub> )	44	25
nitrous oxide (N <sub>2</sub> O)	89	105
hydrofluorcarbons (HFCs)	11,728	7,914
<b>TOTAL of global gross emissions from Scope 1 (tCO2e)</b>	<b>37,211</b>	<b>32,853</b>
<b>SASB EM-MM-120a.1 Air emissions of the following pollutants (metric tons)</b>	<b>Cycle 2023 (2022)</b>	<b>Cycle 2022 (2021)</b>
Carbon monoxide (CO)	1,310	435
Nitrogen oxide (NOX)*	6	28
Sulphur oxide (SOX)**	-	11
<b>TOTAL</b>	<b>1,316</b>	<b>474</b>

Note: As of 2021, this indicator has been reported at the Public Registry of the GHG Protocol. It was noted that from 2021 to 2022, there was a reduction in its intensity. The drop in its intensity can be justified by the reduction of the total emissions of the Group' Scopes 1 and 2, because of the traceability of 100% of the consumed energy, with the acquisitions of I-RECs certificates.

Note: All gases used in the recharge of air conditioning units are collected in the platform, including gases such as R-22 and R-141B in air conditioning units. The emissions of these cooling gases are reported separately to the inventory of GHG emissions, as they are not part of the Kyoto Protocol and are part of the Montreal Protocol (Ozone Depleting Substances).

Note: The emissions of NOx, Sox and other gases such as carbon monoxide and dioxide are monitored annually in the Factories' boilers, knit dryers and fluid heaters as per condition of environmental licence, by accredited laboratory. The data presented above are the emissions measured in a boiler of the factory located in Natal.





# Water

Water withdrawal by resource [GRI 303-3]	2022		2021		2020	
	ALL AREAS	AREAS WITH WATER STRESS	ALL AREAS	AREAS WITH WATER STRESS	ALL AREAS	AREAS WITH WATER STRESS
<b>Subterranean water</b>	<b>1,003,175</b>	<b>1,003,175</b>	<b>1,056,169</b>	<b>1,056,169</b>	<b>837,778</b>	<b>837,778</b>
Fresh water (total of dissolved solids ≤1,000 mg/L)	1,003,175	1,003,175	1,056,169	1,056,169	837,778	837,778
Other types of water (total of dissolved solids >1,000 mg/L)	-	-	-	-	-	-
<b>Produced water</b>	<b>173,822</b>	<b>173,822</b>	<b>181,373</b>	<b>181,373</b>	<b>127,590</b>	<b>127,590</b>
Fresh water (total of dissolved solids ≤1,000 mg/L)	173,822	173,822	181,373	181,373	127,590	127,590
Other types of water (total of dissolved solids >1,000 mg/L)	-	-	-	-	-	-
<b>Water from third parties</b>	<b>127,816</b>	<b>127,816</b>	<b>108,387</b>	<b>108,387</b>	<b>86,665</b>	<b>86,665</b>
Fresh water (total of dissolved solids ≤1,000 mg/L)	127,816	127,816	108,387	108,387	86,665	86,665
Other types of water (total of dissolved solids >1,000 mg/L)	-	-	-	-	-	-
<b>Collection of water = Subterranean water (total)+ Produced water(total)+ Ocean water (total)+ Water from third parties (total)</b>	<b>1,130,991</b>	<b>1,130,991</b>	<b>1,164,556</b>	<b>1,164,556</b>	<b>924,443</b>	<b>924,443</b>

Note: We began to report this indicator in the public registry. The withdrawn water volume of all operational units are gathered and reported except for the Stores, as for these units, there are still no measurement or estimation of the consumed volume

Water disposal [Content 303-4]	2022		2021		2020	
	ALL AREAS	AREAS WITH WATER STRESS	ALL AREAS	AREAS WITH WATER STRESS	ALL AREAS	AREAS WITH WATER STRESS
<b>Water Disposal by destination</b>						
Surface water	-	-	-	-	-	-
Subterranean water	-	-	-	-	-	-
Ocean water	-	-	-	-	-	-
Water from third parties (total)	749,985	749,985	850,315	850,315	638,575	638,575
<b>Total water disposal (megaliter ML)</b>	<b>749,985</b>	<b>749,985</b>	<b>850,315</b>	<b>850,315</b>	<b>638,575</b>	<b>638,575</b>
<b>Water disposal by fresh water and other types of water (megaliter ML)</b>						
Fresh water (total dissolved solids ≤1,000 mg/L)	-	-	-	-	-	-
Other types of water (total of dissolved solids >1,000 mg/L)	749,985	749,985	850,315	850,315	638,575	638,575
<b>Total water disposal (megaliter ML)</b>	<b>749,985</b>	<b>749,985</b>	<b>850,315</b>	<b>850,315</b>	<b>638,575</b>	<b>638,575</b>





# Water

Water consumption [Content 303-5]	2022		2021		2020	
	ALL AREAS	AREAS WITH WATER STRESS	ALL AREAS	AREAS WITH WATER STRESS	ALL AREAS	AREAS WITH WATER STRESS
<b>Water consumption per business units</b>						
Factories	169,748	169,748	136,550	136,550	135,176	135,176
Distribution Centers	20,535	20,535	13,064	13,064	12,317	12,317
Transportadora TCV	-	-	-	-	-	-
Shopping Midway	173,354	173,354	147,401	147,401	119,540	119,540
Head Office and Contact Center (+Hub One in 2022)	17,273	17,273	17,226	17,226	18,835	18,835
<b>Total water consumption (Megaliter ML)</b>	<b>380,910</b>	<b>380,910</b>	<b>314,241</b>	<b>314,241</b>	<b>285,868</b>	<b>285,868</b>

Note: In accordance with the GRI standards (GRI Standards: GRI 303 Water and Effluents 2018) “The water consumption measures the water used by the organization that were not longer available for the use by the ecosystem or by the local community”. Therefore, in order to calculate the water consumption, it was considered the quantity of withdrawn water deducting the volume of generated and discharged effluents.

It is important to note that up to the year 2021, the amount reported for consumption did not include the deduction of the discharged effluent volume of the two factories. For this reason, the amounts for 2020 and 2021 in the present spreadsheet are different in relation to the reported amount last year, since it was adjusted in accordance with the methodology suggested by GRI.

# Environment

Volume of used materials GRI 301-1 e SASB CG-AA-440a.4]	2022		2021	
	Total Volume (ton)	Purchased quantity of certified/ more sustainable (ton)	Total Volume (ton)	Purchased quantity certified/more sustainable (ton)
<b>Total of raw material from the Guararapes factories (tons)</b>				
Cotton	7.79 thousand	7.6 thousand	12 thousand	10.6 thousand
Viscose	2.08 thousand	807	1.5 thousand	739
Polyester	1.43 thousand	-	2.5 thousand	-
Elastane	132.4	-	214	-
Linen	120.4	3.3	29.7	-
Lyocell	11.8	10.9	21.0	-
Poliamides	58.0	-	26.2	-
Poliuretano	-	-	-	-
Other	18.0	-	6.8	-
<b>Total</b>	<b>11.6 thousand tons</b>	<b>8.42 thousand tons (72%)</b>	<b>16.2 thousand tons</b>	<b>11.3 thousand tons (70%)</b>

Note: more sustainable raw material presented are BCI cotton, ABR cotton, organic cotton, Lenzing viscose, Birla and European flax. All presented data are not recyclable.

Packaging - bags (unity)	2022	
Plastic	37,636,500.0	92%
Paper	3,388,320.0	8%
Cardboard	16,197.0	0%
<b>Total</b>	<b>41,041,017</b>	

Note: more sustainable raw material presented are BCI cotton, ABR cotton, organic cotton, Lenzing viscose, Birla and European flax.





# People and Society

## › Average hours of training per year

Average Training hours per year, per employee, per gender [GRI 404-1]	2020			2021			2022		
	Organizational Competencies			Organizational Competencies			Organizational Competencies		
	Number of Employees	Hours	Hours per person	Number of Employees	Hours	Hours per person	Number of Employees	Hours	Hours per person
Female	43,046	2,569,788	60	41,250	2,541,900	62	39,078	3,563,636	91
Male	21,205	1,190,336	56	20,451	1,149,840	56	18,915	1,485,896	79
<b>Total</b>	<b>64,251</b>	<b>3,760,124</b>	<b>59</b>	<b>61,701</b>	<b>3,691,740</b>	<b>60</b>	<b>57,993</b>	<b>5,049,532</b>	<b>87</b>

Average Training hours per, per employee, per functional category [GRI 404-1]	2020			2021			2022		
	Organizational Competencies			Organizational Competencies			Organizational Competencies		
	Number of Employees	Hours	Hours per person	Number of Employees	Hours	Hours per person	Number of Employees	Hours	Hours per person
Board of Directors	22	0	0	21	23	1	23	12	1
Management	828	316	0	864	2,986	3	881	476	1
Coordination	265	160	1	269	419	2	271	108	0
Technical/ Supervision	1,707	11,336	7	1,591	18,698	12	1,519	89,276	59
Administrative	6,355	2,767,992	436	6,430	2,654,920	413	6,098	2,391,216	392
Operational	55,074	980,320	18	52,526	1,014,694	19	49,201	2,568,444	52
<b>Total</b>	<b>64,251</b>	<b>3,760,124</b>	<b>59</b>	<b>61,701</b>	<b>3,691,740</b>	<b>60</b>	<b>57,993</b>	<b>5,049,532</b>	<b>87</b>

Calculation performed on the total numbers of the company's employees/by accumulated hours in activities of empowerment, training and development. Including technical work time and functional training, new employees' agenda, etc. The smaller variation in 2020 is the reflection of the pandemic.

[GRI 2-7] 2022						
Number of Employees per contract type	Females	%	Males	%	Total	%
Permanent	19,022	65%	10,192	35%	29,214	94%
Temporary	374	78%	104	22%	478	2%
No guarantee of workload	1,048	72%	415	28%	1,463	5%
<b>TOTAL</b>	<b>20,444</b>	<b>66%</b>	<b>10,711</b>	<b>34%</b>	<b>31,155</b>	<b>100%</b>

2022						
Number of Employees per employment type	Females	%	Males	%	Total	%
Full Time	20,417	66%	10,698	34%	31,115	100%
Part Time	27	68%	13	33%	40	0%
<b>TOTAL</b>	<b>20,444</b>	<b>66%</b>	<b>10,711</b>	<b>34%</b>	<b>31,155</b>	<b>100%</b>

2022						
Number of Employees per region	Females	%	Males	%	Total	%
Mid-West	1,008	71%	402	29%	1,410	5%
Northeast	10,029	65%	5,514	35%	15,543	50%
North	1,046	68%	483	32%	1,529	5%
Southeast	7,127	65%	3,791	35%	10,918	35%
South	1,233	70%	521	30%	1,755	6%
<b>TOTAL</b>	<b>20,444</b>	<b>66%</b>	<b>10,711</b>	<b>34%</b>	<b>31,155</b>	<b>100%</b>





## > Accidents

[ GRI 403-9 / 403-10]

Number of accidents (403-9)	2020							2021							2022						
	Employees		Third parties		Self-employed		Total	Employees		Third parties		Self-employed		Total	Employees		Third parties		Self-employed		Total
	Males	Females	Males	Females	Males	Females		Males	Females	Males	Females	Males	Females		Males	Females	Males	Females	Males	Females	
Head Office	1	3	N/A	N/A	N/A	N/A	4	4	5	N/A	N/A	N/A	N/A	9	1	3	0	0	0	0	4
Stores	27	52	N/A	N/A	N/A	N/A	79	23	58	N/A	N/A	N/A	N/A	81	47	119	0	0	0	0	166
Distribution Centers (CDG,CDM)	23	36	N/A	N/A	N/A	N/A	59	23	43	N/A	N/A	N/A	N/A	66	28	24	0	0	0	0	52
Midway Mall	0	0	N/A	N/A	N/A	N/A	0	1	0	N/A	N/A	N/A	N/A	1	2	0	0	0	0	0	2
Midway Financeira	0	0	N/A	N/A	N/A	N/A	0	0	0	N/A	N/A	N/A	N/A	0	0	0	0	0	0	0	0
Factories	82	128	0	0	0	0	210	98	141	0	0	0	0	239	72	96	0	0	0	0	168
TCV	0	0	N/A	N/A	N/A	N/A	0	2	0	N/A	N/A	N/A	N/A	2	2	0	0	0	0	0	2
CCR	3	12	N/A	N/A	N/A	N/A	15	9	7	N/A	N/A	N/A	N/A	16	8	16	0	0	0	0	24
<b>Total</b>	<b>136</b>	<b>231</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>367</b>	<b>160</b>	<b>254</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>414</b>	<b>160</b>	<b>258</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>418</b>

Employees Occupational disease rate	2020			2021			2022		
	Males	Females	Total	Males	Females	Total	Males	Females	Total
Head Office	0	0	0	0	0	0	0	0	0
Stores	0	1	1	0	0	0	0	2	2
Distribution Centers (CDG,CDM)	0	0	0	0	2	2	1	0	1
Midway Mall	0	0	0	0	0	0	0	0	0
Midway Financeira	0	0	0	0	0	0	0	0	0
Factories	13	17	30	6	12	18	4	4	8
TCV	0	0	0	0	0	0	0	0	0
CCR	2	6	8	2	6	8	1	3	4
<b>Total</b>	<b>15</b>	<b>24</b>	<b>39</b>	<b>8</b>	<b>20</b>	<b>28</b>	<b>6</b>	<b>9</b>	<b>15</b>





## > Accidents

[ GRI 403-9 ]

Total of lost days. Explain if the days mean “consecutive days” or “scheduled workdays”; where the counting of lost days starts (ex. At the accident day or 3 days after the accident)	2020	2021	2022
Head office	16	44	5
Stores	138	612	537
Distribution Centers (CDG,CDM)	290	232	176
Midway Mall	0	0	0
Midway Financeira	0	0	0
Factories	1,068	978	464
TCV	0	2	10
CCR	554	436	25
<b>Total</b>	<b>2,066</b>	<b>2,304</b>	<b>1,217</b>

Frequency rate	2020	2021	2022
Head office	0,17	1.23	0,46
Stores	1.17	0,55	1.64
Distribution Centers (CDG,CDM)	14.04	22.51	4.93
Midway Mall	0,00	0,00	0,00
Midway Financeira	0,00	0,00	0,00
Factories	22.18	25.54	4.47
TCV	0,00	13.63	4.98
CCR	4.77	4.84	1.45
<b>Total</b>	<b>42.33</b>	<b>68.31</b>	<b>17.93</b>

Severity Scale	2020	2021	2022
Head office	2.77	7.76	0,76
Stores	3.11	15.36	9.01
Distribution Centers (CDG,CDM)	250.01	113.75	23.45
Midway Mall	0,00	0,00	0,00
Midway Financeira	0,00	0,00	0,00
Factories	101,43	101.59	16.20
TCV	0,00	20.44	49.75
CCR	114.84	87.98	5.19
<b>Total</b>	<b>472.17</b>	<b>346.88</b>	<b>104.37</b>





### › Total of workers that are not employed with work controlled by the organization

[ GRI 2-8 ]

Total of workers that are not employed with work controlled by the organization, per type [GRI 2-8]	2022
<b>Direct hiring</b>	<b>1,159</b>
Contracted	130
Apprentice	604
Temporary workers	399
Trainee	26
Subcontracted	0
Volunteers	0
Home office workers	0
Other*	0
<b>Indirect hiring (through a third party)</b>	<b>2,945</b>
Contracted	2,945
Apprentice	26
Subcontracted	0
Volunteers	0
Home office workers	0
<b>TOTAL</b>	<b>4,104</b>

### › Total of workers that are not employed work controlled by the organization

[ GRI 2-8 ]

Total of workers that are not employed with work controlled by the organization, per type of activity performed [GRI 2-8]	2022
<b>Direct Hiring</b>	<b>1,159</b>
Activities - final	399
Activities - midst	949
Maintenance, cleaning, security, and conservation	2,756
Sales, promotion and marketing	
Other	
<b>TOTAL</b>	<b>4,104</b>

### › Return rate after parental leave

[ GRI 404-3 ]

Rate of return to work and retention after parental leave, per gender [GRI 401-3]	2020	2021	2022
<b>Employees with the right to leave of absence</b>	1,783	1,573	1,344
Female	1,488	1,267	1,158
Male	295	306	186
<b>Employees that returned to work after end of leave (unit)</b>	1,783	1,573	1,344
Female	1,488	1,267	1,158
Male	295	306	186
<b>Employees that remained employed 12 months after their return (unit)</b>	1,770	1,561	1,326
Female	1,475	1,255	1,140
Male	295	306	186
<b>Empregados que continuaram empregados 12 meses após seu retorno (unid)</b>	917	1,323	1,043
Female	714	1,070	857
Male	203	253	186
<b>Rate of return to work (%)</b>			
Female	99%	99%	98%
Male	100%	100%	100%
<b>Retention of employees that took leave of absence (%)</b>			
Female	48%	85%	75%
Male	69%	83%	100%

There is a small variation in the retention rate for 2021/2022, as this is a normal pattern. In 2020, we had an amount of resignation request of newborn mothers due to the pandemic.





## > New hiring and employee's turnover

[ GRI 401-1 ]

New Employees Hiring		2020		2021		2022	
Per gender	Number	Rate	Number	Rate	Number	Rate	
Males	5,433	33%	5,693	33%	5,341	32%	
Females	10,900	67%	11,521	67%	11,440	68%	
<b>Total</b>	<b>16,333</b>		<b>17,214</b>		<b>16,781</b>		
Per region	Number	Rate	Number	Rate	Number	Rate	
North	1,247	8%	951	6%	1,275	8%	
Northeast	5,473	34%	6,123	36%	4,320	26%	
Mid-West	1,173	7%	1,110	6%	1,579	9%	
Southeast	7,141	44%	7,323	43%	7,665	46%	
South	1,299	8%	1,707	10%	1,942	12%	
<b>Total</b>	<b>16,333</b>		<b>17,214</b>		<b>16,781</b>		
Per age group	Number	Rate	Number	Rate	Number	Rate	
< 30 years old	11,659	71%	12,213	71%	12,824	76%	
30 to 50 years old	4,581	28%	4,827	28%	3,850	23%	
> 50 years old	93	1%	174	1%	107	1%	
<b>Total</b>	<b>16,333</b>		<b>17,214</b>		<b>16,781</b>		

Employee's Turnover		2020		2021		2022	
Per gender	Number	Rate	Number	Rate	Number	Rate	
Males	4,724	3.00%	5,191	3.50%	5,369	3.91%	
Females	8,778	2.87%	9,274	3.23%	10,585	3.96%	
<b>Total</b>	<b>13,502</b>		<b>14,465</b>		<b>15,954</b>		
Per region	Number	Rate	Number	Rate	Number	Rate	
North	743	3.50%	790	4.28%	896	5.09%	
Northeast	5,047	3.09%	5,146	3.72%	5,786	3.37%	
Mid-West	766	3.80%	831	4.80%	954	5.96%	
Southeast	5,197	4.23%	5,723	5.20%	6,155	5.72%	
South	997	4.01%	1,191	5.71%	1,203	6.12%	
<b>Total</b>	<b>12,750</b>		<b>13,681</b>		<b>14,994</b>		
Per age group	Number	Rate	Number	Rate	Number	Rate	
< 30 years old	7,270	2.89%	8,608	3.80%	9,507	4.78%	
30 to 50 years old	5,653	2.91%	5,609	2.90%	6,067	3.21%	
> 50 years old	579	3.46%	248	1.55%	380	2.27%	
<b>Total</b>	<b>13,502</b>		<b>14,465</b>		<b>15,954</b>		





## > Diversity in government bodies and employees

[ GRI 405-1 ]

Functional category - PCD	2022				TOTAL
	People with Disability (PcDs)				
	Women	%	Men	%	
COUNSELLOR		0%		0%	0
DIRECTOR/ SUPERINTENDENT/ PRESIDENT		0%		0%	0
MANAGEMENT		0%	1	0%	1
SUPERVISOR/ COORDINATOR	3	0%	4	1%	7
ADMINISTRATIVE	30	4%	30	5%	60
PRODUCTION	205	29%	176	30%	381
OPERATIONAL	473	67%	382	64%	855
<b>TOTAL</b>	<b>711</b>	<b>100%</b>	<b>593</b>	<b>100%</b>	<b>1.304</b>

Functional Category New Employees	2022				TOTAL
	NEW EMPLOYEES				
	Females	%	Males	%	
COUNSELLOR		0%		0%	0
DIRECTOR/ SUPERINTENDENT/ PRESIDENT		0%	3	0%	3
MANAGEMENT	57	1%	32	1%	89
SUPERVISOR/ COORDINATOR	78	1%	66	2%	144
ADMINISTRATIVE	408	6%	355	11%	762
PRODUCTION	425	7%	215	7%	639
OPERATIONAL	5,304	85%	2,460	79%	7,764
<b>TOTAL</b>	<b>6,270</b>	<b>100%</b>	<b>3,131</b>	<b>100%</b>	<b>9,401</b>

RELATION BETWEEN FEMALES AND MALES' REMUNERATION per base salary, per remuneration, per functional category [GRI 405-2]	2021	2022
<b>Senior Management</b>		
Base Salary	-	-
Remuneration	-	-
<b>Directors</b>		
Base Salary	89%	93%
Remuneration	90%	94%
<b>Management</b>		
Base Salary	81%	81%
Remuneration	80%	80%
<b>Non-Leadership roles</b>		
Base Salary	81%	81%
Remuneration	80%	80%

There is a significant variation de 4 p.p. at the Director level, related to the salary classification and structure alteration. The other levels do not present a significant variation on its calculation. The omission for Senior Management level roles is because there are no women occupying roles in this level.





## > Diversity in governance bodies and employees

[ GRI 405-1 ]

Diversity in governance bodies and employees – age group [FTE]	Under 30 years	Between 30 and 50 years old	Over 50 years	TOTAL 2022
COUNSELLOR	-	-	-	-
DIRECTOR/SUPERINTENDENT/PRESIDENT	-	11	9	20
MANAGEMENT	56	592	24	672
SUPERVISOR/COORDENATOR	280	883	28	1,190
ADMINISTRATIVE	1,369	1,535	69	2,973
PRODUCTION	1,861	4,544	533	6,938
OPERATIONAL	12,258	6,734	369	19,361
<b>TOTAL</b>	<b>15,824</b> 51%	<b>14,299</b> 46%	<b>1,032</b> 3%	<b>31,155</b>

Diversity in governance bodies and employees – age group [FTE]	Under 30 years old
Cisgender female	9,192
Cisgender male	4,774
Non-binary	73
Trans women	86
Trans men	70
Not answered	16,960
<b>Total</b>	<b>31,155</b>

Functional Category - Race [FTE]	BLACK	BROWN	WHITE	YELLOW	INDIGENOUS	NOT DECLARED	TOTAL 2022
COUNSELLOR	-	-	-	-	-	-	-
DIRECTOR/SUPERINTENDENT PRESIDENT	-	-	18	-	-	2	20
MANAGEMENT	11	124	509	8	2	18	672
SUPERVISOR/COORDENATOR	71	515	520	18	3	64	1,190
ADMINISTRATIVE	194	1,091	1,527	86	2	73	2,973
PRODUCTION	283	5,693	876	59	6	22	6,938
OPERATIONAL	1,818	9,877	5,379	266	92	1,930	19,361
<b>Total</b>	<b>2,376</b> 8%	<b>17,299</b> 56%	<b>8,829</b> 28%	<b>437</b> 1%	<b>105</b> 0%	<b>2,109</b> 7%	<b>31,155</b> 100%

Diversity - LGBTQIAP+ self-identified [FTE]	TOTAL 2022	%
<b>Total</b>	<b>1,808</b>	<b>5.8%</b>





# GRI SUMMARY

This report follows the International Structure for Integrated Report, proposed by the Value Reporting Foundation, follows the standards of the Global Reporting Initiative – GRI, published in 2021, it also counts with the indicators of the Sustainability Accounting Standards Board – SASB and Task Force on Climate-related Financial Disclosures – TCFD. It covers the period of January 1st to December 31st, 2022.





# GRI Content Summary

Declaration of Use

The Guararapes Group reported in accordance with the GRI Standards for the period between January 1st to December 31st, 2022.

GRI 1

GRI 1: Foundation 2021

Applicable GRI Sectorial Standard

None

GRI Standard	Content	Answer (pg.)	Omission			UN Global Compact Principle	SDG
			Omitted Requirement	Reason	Explanation		
	2-1 The organization details	6					
	2-2 Bodies included in the organization's sustainability reporting	85					
	2-3 Reporting period, frequency, and contact point	85					
	2-4 Restatements of information	-		Not Applicable			
	2-5 External assurance	120					
	2-6 Activities, value chain and other business relations	16					
	2-7 Employees	98					
	2-8 Workers who are not employees	101					
	2-9 Governance structure and composition	28, 29					
<b>GRI 2: General Disclosures 2021</b>	2-10 Nomination and selection of the highest governance body	28					
	2-11 Chair of the highest governance body	28					
	2-12 Role of the highest governance body in the overseeing the management of impacts	28					
	2-13 Delegation of responsibility for managing impacts	31					
	2-14 Role of the highest governance body in the sustainability reporting	85					SDG 16
	2-15 Conflicts of interest	33					
	2-16 Communication of critical concerns	30, 34 The communications related to critical concerns are sent directly to the Board of Directors, the Guararapes Group's highest governance body by the Company's Audit Committee and/or Fiscal Committee, who proceed with this after deliberations and discussion that demand the knowledge of the Board of Directors					





# GRI Content Summary

Declaration of Use	The Guararapes Group reported in accordance with the GRI Standards for the period between January 1st to December 31st, 2022.
GRI 1	GRI 1: Foundation 2021
Applicable GRI Sectorial Standard	None

GRI Standard	Content	Answer (pg.)	Omission			UN Global Compact Principle	SDG
			Omitted Requirement	Reason	Explanation		
<b>GRI 2: General Disclosures 2021</b>	2-17 Collective knowledge of the highest governance body	28					
	2-18 Performance evaluation of the highest governance body	28					
	2-19 Remuneration policies	32, 35					
	2-20 Process to determine remuneration	32, 35					
	2-22 Statement on sustainable development strategy	4, 32					
	2-23 Policy commitments	32					
	2-24 Embedding policy commitments	32					SDG
	2-25 Processes to repair negative impacts	37					
	2-26 Mechanisms for seeking advice and raising concerns	28, 29					
	2-27 Compliance with laws and regulations	-			Not Applicable		
	2-28 Membership associations	14					
	2-29 Approach to stakeholders' engagement	68					
2-30 Collective bargaining agreements	74						
<b>MATERIAL TOPICS</b>							
<b>GRI 3: Material Topics 2021</b>	3-1 Process for the definition of material topics	87					
	3-2 List of material topics	88					





# GRI Content Summary

Declaration of Use	The Guararapes Group reported in accordance with the GRI Standards for the period between January 1st to December 31st, 2022.
GRI 1	GRI 1: Foundation 2021
Applicable GRI Sectorial Standard	None

GRI Standard	Content	Answer (pg.)	Omission			UN Global Compact Principle	SDG
			Omitted Requirement	Reason	Explanation		
<b>MATERIAL TOPIC: GOVERNANCE, ETHICS AND TRANSPARENCY</b>							
<b>GRI 3: Material Topic 2021</b>	3-3 Management of material topics	26, 32, 36					
<b>GRI 205: Anti-Is Corruption 2016</b>	205-1 Operations assessed for risks related to corruption	33				10	SDG 16
	205-2 Communication and training about anti-corruption policies and procedures			No segmented information per region			
	205-3 Confirmed cases of corruption and actions taken	-		None			
<b>MATERIAL TOPIC: VALUE CREATION</b>							
<b>GRI 3: Material Topic 2021</b>	3-3 Management of material topics	16, 17					SDG 1, 2, 5, 6, 7, 8, 9, 10, 12, 13, 15 and 17
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-2 Significant Indirect economic impacts	16					
<b>MATERIAL TOPIC: TECHNOLOGY AND INNOVATION</b>							
<b>GRI 3: Material Topic 2021</b>	3-3 Management of Material Topics	36					
<b>MATERIAL TOPIC: CIRCULARITY</b>							
<b>GRI 3: Material Topic 2021</b>	3-3 Management of Material Topics	42					
<b>GRI 306: Waste 2020</b>	306-1 Generation of waste and significant impact related to waste	-		Not Applicable		7, 8 and 9	SDG 6, 9, 12, 13 and 17
	306-2 Management of significant impacts related to waste	-		Not Applicable			
	306-4 Waste not destined to final discard	43, 44					
<b>MATERIAL TOPIC: MORE SUSTAINABLE RAW MATERIALS</b>							
<b>GRI 3: Material Topic 2021</b>	3-3 Management of Material Topics	48					
<b>GRI 301: Material Topic 2016</b>	301-2 Recycled input materials used	-		Information not available			





# GRI Content Summary

Declaration of Use

The Guararapes Group reported in accordance with the GRI Standards for the period between January 1st to December 31st, 2022.

GRI 1

GRI 1: Foundation 2021

Applicable GRI Sectorial Standard

None

GRI Standard	Content	Answer (pg.)	Omission			UN Global Compact Principle	SDG
			Omitted Requirement	Reason	Explanation		
<b>MORE SUSTAINABLE PRODUCTS</b>							
<b>GRI 3: Material Topic 2021</b>	3-3 Management of material topics	52					
<b>MATERIAL TOPIC: CLIMATE CHANGES</b>							
<b>GRI 201: Economic Performance 2016</b>	3-3 Management of material topics	53					
<b>GRI 305: Emissions 2016</b>	201-2 Financial implications and other risks and opportunities due to climate changes	53, 56					
	305-1 Direct (Scope 1) GHG emissions	54, 94					
	305-2 Indirect (Scope 2) of GHG emission from energy acquisition	54, 94					
	305-3 Other indirect (Scope 3) GHG emissions	54, 94					
	305-4 GHG Emissions Intensity	95					
	305-5 Reduction of GHG emissions	54, 55					
	305-6 Emissions of ozone depleting substances (SDG)	54, 94, 95				7 and 8	SDG 7, 13 and 15
	305-7 Emissions of NOX, SOX and other significant air emissions	95					
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	57					
	302-2 Energy consumption outside of the organization		Information not available				
	302-3 Energy intensity	57					
	302-4 Reduction of energy consumption	57					
	302-5 Reductions in energy requirements of products and services	57					





# GRI Content Summary

Declaration of Use	The Guararapes Group reported in accordance with the GRI Standards for the period between January 1st to December 31st, 2022.
GRI 1	GRI 1: Foundation 2021
Applicable GRI Sectorial Standard	None

GRI Standard	Content	Answer (pg.)	Omission			UN Global Compact Principle	SDG
			Omitted Requirement	Reason	Explanation		
<b>MATERIAL TOPIC: WATER AND EFFLUENTS</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	58					
<b>Gri 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	58					
	303-2 Management of water discharge-related impacts	58				7, 8 and 9	SDG 6
	303-3 Water withdrawal	58					
	303-4 Water discharge	58					
	303-5 Water consumption	58					
<b>MATERIAL TOPIC: MANAGEMENT OF CHEMICAL SUBSTANCES</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	59					SDG 13 SDG 15
<b>MATERIAL TOPIC: WASTE MANAGEMENT</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	60					
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	60					
	301-3 Reclaimed products and their packaging materials	60					
<b>GRI 306 : Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	60					
	306-2 Management of significant waste-related impacts	60					
	306-3 Waste generated	60, 61					
	306-4 Waste diverted for disposal	60, 61					
	306-5 Waste directed to disposal	60					





# GRI Content Summary

Declaration of Use

The Guararapes Group reported in accordance with the GRI Standards for the period between January 1st to December 31st, 2022.

GRI 1

GRI 1: Foundation 2021

Applicable GRI Sectorial Standard

None

GRI Standard	Content	Answer (pg.)	Omission			UN Global Compact Principle	SDG
			Omitted Requirement	Reason	Explanation		
<b>MATERIAL TOPIC: SUPPLY CHAIN</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	64				1, 2, 4 and 5	SDG 1, 5, 8, 10 and 17
<b>GRI 204: Procurement Practices</b>	204-1: Proportion of spending on local suppliers	-		Information not available			
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and to collective bargaining may be at risk	64					
<b>GRI 408: Child Labour 2016</b>	408-1 Operations and suppliers with significant risk for incidents of child labour	64					
<b>GRI 409: Forced or Compulsory Labour t2016</b>	409-1 Operations and suppliers with significant risk for incidents of forced or compulsory labour	64					
<b>MATERIAL TOPIC: SUPPLY CHAIN</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	68					
<b>GRI 201: Economic Performance 2016</b>	201-3 Defined benefit plan obligations and other retirement plans	74					
<b>GRI 202: Market Presence 2016</b>	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	-		Information not available			
	202-2 Proportion of senior management hired from the local community	-		N/A		1, 2, 3, 4 and 5	SDG 8
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee's turnover Occupational	102					
	401-2 Benefits provided to full time employees that are not provided to temporary or partial period employees	-		N/A			
	401-3 Parental leave	101					
<b>GRI 402: Labor/Management Relations 2016</b>	402-1 Minimal notice periods regarding operational changes	-		Information not available			





# GRI Content Summary

Declaration of Use

The Guararapes Group reported in accordance with the GRI Standards for the period between January 1st to December 31st, 2022.

GRI 1

GRI 1: Foundation 2021

Applicable GRI Sectorial Standard

None

GRI Standard	Content	Answer (pg.)	Omission			UN Global Compact Principle	SDG
			Omitted Requirement	Reason	Explanation		
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	71					
	403-2 Identification of hazard, assessment of risks and investigation of incidents	-		N/A			
	403-3 Occupational health services	72					
	403-4 Workers participation, consultation and communication on occupational health and safety	71					
	403-5 Worker training on occupation health and safety	72					
	403-6 Promotion of worker's health	71					
	403-7 Prevention and mitigation of the impacts of occupation health and safety directly linked by business relations	71					
	403-8 Workers covered by an occupational health and safety management system	74				1, 2, 3, 4 and 5	SDG 8
	403-9 Work-related accidents	To be included as an attachment					
	403-10 Work-related illnesses	To be included as an attachment					
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	98					
	404-2 Programs for upgrading employee skills and transition assistance programs	72					
	407-1 Percentage of employees receiving regular performance and career development reviews	73					
<b>GRI 407: Freedom to association and Collective Bargaining 2016</b>	403-9 Work-related accidents			Information not available			





# GRI Content Summary

Declaration of Use

The Guararapes Group reported in accordance with the GRI Standards for the period between January 1st to December 31st, 2022.

GRI 1

GRI 1: Foundation 2021

Applicable GRI Sectorial Standard

None

GRI Standard	Content	Answer (pg.)	Omission			UN Global Compact Principle	SDG
			Omitted Requirement	Reason	Explanation		
<b>MATERIAL TOPIC: DIVERSITY AND INCLUSION</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	75				6	SDG 5 and 10
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	75					
	405-2 Ratio of basic salary and remuneration of women to men	75					
<b>GRI 406: Non-Discrimination 2016</b>	406-1 Incidents of discrimination and corrective measures taken	-		None			
<b>OTHER RELEVANT INDICATORS</b>							
<b>GRI 201: Economic Performance 2016</b>	201-3 Defined benefit plan obligations and other retirement plans	74					
	201-4 Financial support received from government	-		Not applicable			
<b>GRI 203: Indirect Economic Impacts</b>	203-1 Infrastructure investments and services supported	-		None			
	203-2 Significant indirect economic impacts	16, 17					
<b>GRI 206: Anti-competitive behaviour 2016</b>	206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	-		N/A			
<b>GRI 207: Tax 2019</b>	207-1 Approach to tax			N/A			
	207-2 Tax governance, control and risk management			N/A			
	207-3 Stakeholder engagement and management of concerns relate to ta			N/A			
	207-4 Country-by-country reporting			N/A			
<b>GRI 304: Biodiversity 2016</b>	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-		N/A			
	304-2 Significant impacts of activities products and services on biodiversity	-		N/A			
	304-Protected or restored habitats	-		N/A			
	304-4 Species included in the IUCN red list and national conservation list species with habitats in areas affected by the Organization's operations	-		N/A			





# GRI Content Summary

Declaration of Use

The Guararapes Group reported in accordance with the GRI Standards for the period between January 1st to December 31st, 2022.

GRI 1

GRI 1: Foundation 2021

Applicable GRI Sectorial Standard

None

GRI Standard	Content	Answer (pg.)	Omission			UN Global Compact Principle	SDG
			Omitted Requirement	Reason	Explanation		
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New supplier screened using environmental criteria	-			100% wholesale chain		
	308-2 Negative environmental impacts in the supply chain and actions taken	-		None			
<b>GRI 410: Security Practices 2016</b>	410-1 Security personnel trained in human rights policies or procedures	-		Information not available			
<b>GRI 411: Rights of Indigenous Peoples 2016</b>	411-1 Incidents of violations involving rights of indigenous peoples	-		N/A			
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact, assessments, and development programs	-		N/A			
	413-2 Operations with significant actual and potential negative impacts on the local communities	-		Information not available			
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	-		Information not available			
	414-2 Negative social impacts of the supply chain and actions taken	-		None			
<b>GRI 415: Public Policy 2016</b>	415-1 Political contributions	-		N/A			
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and services categories	-		N/A			
	416-2 Cases of non-compliance concerning the health and safety impacts of products and services	-		None			
<b>GRI 417: Marketing and Labeling 2016</b>	417-1 Requirements for products and services information and labelling	-		N/A			
	417-2 Incidents of non-compliance concerning products and services information and labelling	-		N/A			
	417-3 Cases of non-compliance concerning marketing communication	-		N/A			
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	-		None			
	Actions of social impact	78				1, 2, 3, 4, 5, 6	SDG 1, 5, 8, 10, 17
	Riachuelo Institute	81					





# SASB Content Summary

## TOPICS AND ACCOUNTING METRICS FOR THE DISCLOSURE OF SUSTAINABILITY INDUSTRY: CLOTHING, ACCESSORIES AND FOOTWEAR

Material Topic	SASB Topic	Code	Accounting Metrics	Page
More sustainable raw material	Environmental Impacts in the Supply Chain	SASB CG-AA-430 a.3	Percentage of (1) of Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement	50
More sustainable products		SASB CG-AA-430 a.3		52
Climate changes: Energy	Energy Management	SASB EM-MM-130a.1	1) Total energy consumed, 2) Percentage of grid electricity, 3) Percentage of renewable energy	53
Water and Effluent	Water Management	SASB EM-MM-140a.1	Total of freshwater withdrawn, 2) Total of freshwater consumed, percentage of each in regions with baseline High or Extremely High Baseline Water Stress	58
Management of chemical substances	Management of Chemical Substances	CG-AA-250a.1	Discussion of processes to maintain the compliance with restricted substances regulations	59
Management of chemical substances	Management of Chemical Substances	CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemical substances in products	59
Waste management	Management of Hazardous Material	SASB EM-MM-150a.10	Description of waste and hazardous materials management policies and procedures for active and inactive operations	60
Climate changes: Emissions	GHG Emissions	SASB EM-MM-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	53





# TCFD

Topics	TCDF Recommendations	Reference (page)/ Direct Answer
<p><b>Governance</b></p>	<p>a) Describe how the Board oversees the risks and opportunities related to climate changes</p>	<p>Riachuelo's Governance and Sustainability committee is one of the Board of Directors' advisory committee. This committee composed by six individuals, four of them from the Board of Directors and two from Senior Management; the Executive Director, People and Sustainability and the Executive Director, Finance and Administration. The committee meets every month to discuss the company's strategy, its impacts, good practices and investments related to the ESG agenda, specially to discuss issues related to climate changes. In these meetings, they authorize action plan, investments and short- and long-term goals. An example of this is its ongoing engagement to follow-up and assess the company's performance of GHG emissions, approve initiatives, adopt voluntary targets and commit to the issue. In 2021, this committee elaborated and approved Riachuelo's GHG emission reduction target. The issue was a constant topic for discussions and studies in the years 2020 and 2021. In 2022, this same committee approved the firmed commitment with the Science Based Targets Initiative (SBTI) and the development of target based on their criteria. This initiative will be implemented in the next two years. The Governance and Sustainability committee reports every two months to the Board of Directors through scheduled meetings.</p>
	<p>b) Describe the role of the Board of Directors in the assessment and management of risks and opportunities of climate changes</p>	<p>The Board of Directors oversees, follows-up and assess the risks and opportunities related to climate changes taking the advice of the Governance and Sustainability Committee.</p>
<p><b>Strategy</b></p>	<p>a) Describe the risks and opportunities of climate changes that the organization has identified in short medium and long terms.</p>	<p><a href="#">CDP C2. Risks and Opportunities (C2.3 Risks / C2.4 Opportunities)</a></p>
	<p>b) Describe the impacts of the risks and opportunities of climate changes on the Company's businesses strategies and financial planning</p>	<p><a href="#">CDP C2. Risks and Opportunities (C2.3 Risks / C2.4 Opportunities)</a></p>
	<p>c) Describe The resilience of the organization strategy considering different climate changes scenarios including a scenario of 2°C or less.</p>	<p>Sustainability is one of the pillars of the Guararapes Group's business model. With an integrative management, we seek efficiency gain and competitiveness prioritizing the development and the creation of our products through processes with more favorable raw materials to the environment and society. In the textile retail sector, sustainability is translated into major challenges and common to many other industries, such as the reduction of GHG emissions, the reduction of water footprint (quantity of water used in the manufacturing of a product), eco-efficiency in all operations and the management of waste and effluents. Within these topics, there are opportunities for big improvements in specific aspects of production and sale of textiles such as the use of more sustainable raw material and products with less environmental impact. In this context, the Company had its strategy influenced by risks and opportunities and plan the development of a climate transition plan in the next two years. The Group is attentive to the climate risks and opportunities, is committed to elaborate a target based on The Science Based Target – commitment already firmed with SBTi (officialised in the beginning of 2022), it performs the verification of Scopes 1, 2 and 3 of its GHG inventory, has initiatives for low carbon and the involvement with suppliers and financial planning also are influenced by climate changes risks. As per the elements of the transition plan, Riachuelo has already taken some actions and will work to include all the described above.</p>
<p><b>Risk Management</b></p>	<p>a) Describe the processes used by the organization to identify and assess the risks related to climate changes.</p>	<p>Riachuelo, through its Sustainability Department and external specialists collects information, identifies and evaluates the potential risks associated to climate changes forwarding the relevant information for approval of related projects to the Executive Director, People and Sustainability, who forwards the issues for discussions to the Governance and Sustainability Committee. The issues related to climate changes are then reported to Riachuelo's Board of Directors. The Sustainability Department is responsible for the assessment and management of the climate issue at Riachuelo and the Engineering Department provides support in the assessment of the technical feasibility for the implementation of GHG emissions reduction projects, such as fuel replacement for the company's boilers. Riachuelo defines a strategic risk, as one that can affect in an adverse or negative way, its business, financial condition, its operational results, its cash flow, liquidity, and the market share price of its stocks. An example of climate change significant risk is the increase of extreme climate events such as water scarcity in the region where our production units are located (Fortaleza and Natal Factories), or in regions where the raw material is supplied. For example, the factories are in water basins of high criticality in relation to the quantity and quality of available water and climate events of this type represent risk of water supply reduction, which can result in the increase of cost for water acquisition, reduction or even production interruption. The scales for identification of substantive financial impacts used by Riachuelo is in BRL: low risk (&gt;500 k), medium risk (500k to 2M), high risk (2M to 10M), and critical risk (&gt;10M). Therefore, any risk that imposes a financial impact higher than BRL 10 million is considered a critical risk for the company. In 2021, this amount (BRL 10 million) represented nearly 1% of the organization's EBITDA (BRL 961,5M). This definition is applicable for the risks in the direct operation as well as in company's supply chain.</p>





# TCFD

Topics	TCDF Recommendations	Reference (page)/ Direct Answer
<p><b>Risks Management</b></p>	<p>b) Describe the processes used by the organization to manage the risks related to climate changes</p> <hr/> <p>c) Describe how the process used by the organization to identify, evaluate and manage the risks relate to climate change are integrated to the organization's general management of risks.</p>	<p>The Riachuelo's assessment process of climate risks occur initially through the collection of information by the Sustainability Department and by external specialists, who then, identify, discuss and assess opportunities and risks associated to climate issues. In this process, the Sustainability Department also receives the support of the Engineering Department in the technical feasibility assessment. The analysis and the projects related to this topic are presented to the Governance and Sustainability Committee for discussion of the proposals.</p> <p>Riachuelo's Board of Directors supervises the corporative approach for the management of risks and opportunities of climate changes through the revision and coordination of the company's strategy and the annual budgets. For this task, the Board receives the advice of the Governance and Sustainability Committee which is also responsible for the approval of the topic's cooperative targets and goals. The report is prepared by the committee every two months.</p> <p>For the analysis of the financial impact of climate issues, the evaluation is performed by the Sustainability Department and by the Compliance department. Compliance assesses the impact ad occurrence possibility and the risk of financial impact.</p> <p>Due to the changes in climate standards and precipitation, Riachuelo's Sustainability Department developed a project to assess water scarcity using the tool Aqueduct (WRI) in its units. Since our factories located in the Northeast of Brazil need water of sufficient quality in our industrial processes, the lack of water in quantity and quality presents a risk as it can result in reduction or even production interruption. The assessment proposal was elaborated by the Sustainability Department and presented to the Director of People; Sustainability followed by the Board of Directors.</p> <hr/> <p>The climate risks and opportunities were elaborated by the Sustainability team to be reported to the CDP. The company's Risk Management Policy foresees the socioenvironmental risk in general.</p>
<p><b>Metrics and Targets</b></p>	<p>a) Describe the metrics used by the organization to evaluate the risks and opportunities related to climate changes in accordance with its strategy and its process of risk management.</p>	<p>In its climate changes risk assessments, Riachuelo considers the current regulations as well as governmental plans and projects. The Company supervises the fulfillment of environmental legislation in the regions where it operates as well as other obligations with special attention to the contamination prevention minimizing the possible environmental impacts generated across the supply chain.</p> <p>Currently, there is no regulation on climate issues that is applicable to Riachuelo. In Brazil, there are environmental bodies that request the reporting of GHG emissions for productive unities that exceed a certain quantity of emissions in the states of São Paulo and Rio de Janeiro. Therefore, in the regions where Riachuelo's production units are located (Northeast of Brazil), the environmental entities do not require this s type of reporting. Such regulations can represent additional costs to the company.</p> <p>At Riachuelo, the Legal Department and the Corporative Sustainability Department are responsible to act in the identification of issues related to environmental legislation in the Company's performance areas. Riachuelo considers the emergent regulations related to climate changes in its risk evaluations. The Company supervises the fulfillment of environmental legislation in the areas where it operates, as well as other obligations with special attention to the prevention of contamination, minimizing the possible environmental impacts generated across the supply chain.</p> <p>Riachuelo evaluates the technological issues in its risk evaluations since recent technologies of low carbon emission can impact our products (design and manufacturing) and operations (logistic and store operation). The Engineering Department identifies and evaluates risks and opportunities of technological innovation in our processes such as the replacement of fossil fuel in the boilers, replacement of bulbs for LED technology and the transition to a more sustainable electrical matrix, through the contracting of renewable energy at the free market in Brazil. They assess opportunities related to water efficiency and alternative water resources for the operations, such as the reuse technology of treated effluents. In case that the technology is not assessed and managed properly, the issue can impact the Company's competitive advantages and eventually, loss of market share.</p> <p>In the history of the Company's operation, no claims were identified in relation to climate issues. Therefore, the company continues to monitor this topic as it understands its importance.</p> <p>Riachuelo considers the market risks on its activities through the Commercial Director and Corporate Sustainability. The effects of climate changes can affect the supply of raw materials needed for the manufacturing of our products, resulting in the reduction of supply or eventual cost increase. In the other hand, the preference changes from customers also can represent a market risk. The increase of demand for more sustainable products for example, products of low carbon footprint can represent a risk in case Riachuelo do not perform an adequate management of its GHG emissions.</p> <p>Riachuelo considers the reputation as part of the criteria for risk evaluation and management, therefore, we follow the client evaluation and our image impact. On this issue, the commitment of the company towards the environment is of important value and great relevance for society, being a factor considered by a major part of clients who seek to acquire more sustainable products. For reputational risk, the Corporative Sustainability Department and the Compliance Department are responsible to identify and evaluate this risk.</p> <p>The Riachuelo's Sustainability Department identifies and evaluates the major physical risks that can cause impact at the unit's operation use. An example of a major physic risk with significant potential impact in our operations is the increase of extreme climate events such as elevate precipitations that can result in flooding. Floodings can result in the closing of stores, reducing portion of the Company's sales.</p> <p>The Sustainability Department identifies and assess the critical physical risks that can cause impact at the unit's operation such as water scarcity in the regions where our units are located or areas of raw material supply. These climate events can result in reduction of available water reducing or interrupting the production or supply of raw material.</p>





# TCFD

Topics	TCDF Recommendations	Reference (page) / Direct answer
<p><b>Metris and Targets</b></p>	<p>b) Inform the GHG emissions of Scope 1, Scope 2 and if it is the case, Scope 3 and the risks related to them.</p> <hr/> <p>c) Describe the metrics used by the organization to manage the risks and opportunities of climate changes and the performance in relation to the targets.</p>	<p>Answer in page 53.</p> <hr/> <p>Target for voluntary reduction of 30% of Scopes 1 and 2 up to 2022, with year base 2019 – already reached. Commitment signed with SBTi in 2022 for the elaboration of targets for emissions reduction based in the sciences, i.e., aligned with the Paris Agreement, to suppress the Global warming in 1,5 degrees and prevent the more drastic effects of climate changes.</p>





LEADERSHIP  
MESSAGE

INSTITUTIONAL  
PROFILE

VALUE  
CREATION

RESULTS 2022

GOVERNANCE, ETHICS AND  
BUSINESS TRANSPARENCY

TECHNOLOGY  
AND INNOVATION

CRIAI  
MOVEMENT

ENVIRONMENT

SUPPLY CHAIN

PEOPLE AND  
SOCIETY

ACTIONS AND  
SOCIAL IMPACT

ABOUT  
THIS REPORT

APPENDIX

GRI  
SUMMARY

**ASSURANCE  
LETTER**

# Assurance Letter





# Assurance Letter



São Paulo Corporate Towers  
Av. Pres. Juscelino Kubitzchek, 1909  
Torre Norte - 9º Andar - Itaim Bibi  
04543-011 - São Paulo/SP, Brasil

Tel: (11) 2573-3000  
Fax: (11) 2573-5780  
ey.com.br

A free translation from Portuguese into English of auditors' limited assurance report on non-financial statements originally prepared in Portuguese.

## Independent auditors' limited assurance report on the non-financial information contained in the Annual Sustainability Report

To  
Shareholders, Directors and Management of  
**Lojas Riachuelo S/A**  
São Paulo - SP

### Introduction

We have been engaged by Lojas Riachuelo S/A ("Riachuelo" or "Company") to present our limited assurance report on non-financial information contained in Riachuelo's 2022 Annual Sustainability Report ("Report"), for the year ended December 31, 2022.

Our limited assurance does not extend to prior period information or any other information disclosed in conjunction with the Report, including any embedded images, audio files or videos.

### Responsibilities of Riachuelo's management

Riachuelo's management is responsible for:

- select and establish appropriate criteria for preparing the information contained in the Report;
- prepare information in accordance with the criteria and guidelines of the Global Reporting Initiative ("GRI Standards"), the Sustainability Accounting Standards Board - Apparel, Accessories & Footwear ("SASB") and for climate disclosures in accordance with the Recommendations of the Task Force on Climate-related Financial Disclosures (June 2017) and its annex Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (October 2021), hereinafter collectively referred to as guidelines of TCFD;
- design, implement and maintain internal control over the relevant information for the preparation of the indicators and climate disclosures contained in the Report, which are free from material distortion, regardless of whether caused by fraud or error.

### Responsibility of the independent auditors

Our responsibility is to express a conclusion on non-financial information contained in the Report, based on the limited assurance work carried out in accordance with Technical Communication CTO 07 - Limited Assurance Engagements regarding the non-financial information contained in the Integrated Report issued by the CFC, and based on NBC TO 3000 - Non-Audit Assurance Work and Review, also issued by the CFC, which is equivalent to the international standard ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information, issued by the International Auditing and Assurance Standards Board (IAASB). These standards require the auditor to comply with ethical requirements, independence and other responsibilities related to it, including the application of the Brazilian Quality Control Standard (NBC PA 01) and, therefore, the maintenance of a comprehensive quality control system, including documented policies and procedures on meeting ethical requirements, professional standards, and applicable legal and regulatory requirements.



A free translation from Portuguese into English of auditors' limited assurance report on non-financial statements originally prepared in Portuguese.

Additionally, the aforementioned standards require that the work be planned and executed with the objective of obtaining limited assurance that the non-financial information disclosures contained in the Report, taken as a whole, are free of material distortions.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists primarily of inquiries to Riachuelo's management and other Company professionals who are involved in preparing the information, as well as the application of analytical procedures to obtain evidence that make it possible to conclude, in the form of a limited assurance, on the information taken as a whole. A limited assurance work also requires the execution of additional procedures, when the independent auditor becomes aware of matters that lead him to believe that the indicators and climate disclosures disclosed in the Report, taken as a whole, may present material distortions.

The selected procedures were based on our understanding of the aspects related to the compilation, materiality and presentation of information contained in the Report, other circumstances of the work and our consideration of areas and processes associated with the material information disclosed in the Report, in what material misstatements could exist. The procedures comprised, among others:

- a) the planning of the work, considering the relevance, the volume of quantitative and qualitative information and the operational systems and internal controls that served as a basis for the preparation of indicators and climate disclosures contained in the Report;
- b) understanding the calculation methodology and procedures for compiling indicators and climate disclosures through inquiries with the managers responsible for preparing the information;
- c) the application of analytical procedures on the quantitative information and inquiries about the qualitative information and its correlation with the indicators and climate disclosures contained in the Report;
- d) for cases in which non-financial data correlate with indicators of a financial nature, the confrontation of these indicators with the financial statements and/or accounting records.

The limited assurance work also included adherence to the guidelines and criteria of the GRI Standards, SASB and guidelines of TCFD applicable in the preparation of information contained in the Report.

We believe that the evidence obtained in our work is sufficient and appropriate to support our limited conclusion.

### Scope and limitations

Procedures performed in limited assurance engagements vary in nature and timing and are less extensive than in reasonable assurance engagements. Consequently, the level of assurance obtained in a limited assurance engagement is substantially less than that which would have been obtained if a reasonable assurance engagement had been performed. If we had carried out a reasonable assurance work, we could have identified other matters and possible distortions that may exist in the indicators and climate disclosures contained in the Report. Accordingly, we do not express an opinion on this information.



A free translation from Portuguese into English of auditors' limited assurance report on non-financial statements originally prepared in Portuguese.

Non-financial data are subject to more inherent limitations than financial data, given the nature and diversity of methods used to determine, calculate or estimate such data. Qualitative interpretations of data materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we did not carry out any work on data reported for previous periods, nor in relation to future projections and targets.

The preparation and presentation of sustainability indicators and climate disclosures followed the GRI Standards, SASB and guidelines of TCFD and, therefore, do not have the objective of ensuring compliance with social, economic, environmental or engineering laws and regulations. The aforementioned standards provide, however, for the presentation and disclosure of any non-compliance with such regulations when sanctions or significant fines occur. Our assurance report must be read and understood in this context, inherent to the selected criteria (GRI Standards, SASB and guidelines of TCFD).

With respect to the guidelines of TCFD, the absence of a significant body of established practices upon which to rely for assessing and measuring relevant disclosures allows for different but acceptable valuation and measurement techniques, which may affect comparability between entities over the course of the time. TCFD recommendations are principle-based, allowing the possibility for different organizations to implement a variety of policies, processes and activities to demonstrate their alignment. How management determines how they should respond to these recommendations remains, to some extent, a matter for their judgment, exposure to climate risks and commitments to their stakeholders. For this reason, our conclusion does not extend to the suitability of Riachuelo's policies, processes or activities to achieve alignment with TCFD recommendations.

### Conclusion

Based on the procedures carried out, described in this report and on the evidence obtained, nothing has come to our attention that leads us to believe that the non-financial information contained in Riachuelo's Report for the year ended December 31, 2022, were not prepared, in all relevant aspects, in accordance with the criteria and guidelines of the Global Reporting Initiative - GRI ("GRI - Standards"), Sustainability Accounting Standards Board ("SASB") and Recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

São Paulo (SP), May 10th, 2023.

**Ernst & Young**  
Auditores Independentes S/S Ltda.  
CRC SP- 034519/O

Leonardo Masseli Dutra  
Sustainability Partner

Flavio A. Machado  
Accountant CRC MG - 065.899/O-2



# Credits

## **Completion**

### **Senior Management, People and Sustainability**

#### **Iara Falcon**

Sustainability Specialist

#### **Inayanna Motta**

Sustainability Specialist

#### **Luciana Santos**

Sustainability Specialist

#### **Mauro Mariz**

Executive Director, People and Sustainability

#### **Raphael Frigerio**

Manager, Chain Management

#### **Tatiana Konovaloff Silvestri**

Sustainability Specialist

#### **Valesca Magalhães**

Director, Sustainability, Internal Communication and Employer Branding

#### **Walk4Good**

Consulting Firm

#### **Glaucia Terreo e Regiane Abreu**

Technical Coordination

#### **Regiane Abreu e Adriana Leles**

Methodology and Indicators

#### **Adriana Leles**

Writing and Edition

#### **Alexandra Marchesini**

Graphic Project

#### **Famigerado Estúdio**

Graphic Design



guararapes

RIACHUELO

Midway