



annual report 2020

TRANSFORMATION
BY PEOPLE

LOJAS RENNER S.A.



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SDG



ABOUT THE REPORT

introduction

about the report

GRI 102-12, 102-14

We believe in dialogue, engagement and cooperation as important forces in building a more sustainable society. In the year 2020, which brought unprecedented challenges to society in light of the Covid-19 pandemic, this became even more evident.

Traditionally published every year, this report, in addition to reporting on our performance and strategy, brings to our stakeholders the learning and transformation story of 2020, anchored in our commitment to people and our purpose for enchantment.

Enjoy your reading!

This report is prepared following global best practices for transparency and sustainability management:



GLOBAL REPORTING INITIATIVE (GRI)

11TH CONSECUTIVE YEAR

Go to the [GRI Index](#) to learn about the indicators and the pages on which they are reported.



INDEPENDENT AUDITING OF INDICATORS

7TH CONSECUTIVE YEAR

Please access the [audit opinion certifying](#) the soundness of the reported information.



INTEGRATED REPORTING (IR)

6TH CONSECUTIVE YEAR

Visit the [capital map](#) to see the pages in which each capital is addressed in this report.



SUSTAINABLE DEVELOPMENT GOALS (SDG)

6TH CONSECUTIVE YEAR

See the [map](#) that presents our main projects supporting the reach of SDG and the pages in which they are covered.



SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

2ND CONSECUTIVE YEAR

Access the [SASB Index](#) to find out the indicators and the pages on which they are reported.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

1ST YEAR REPORTING

Check the [TCFD Index](#) to view the indicators and the pages on which they are reported.

message from the presidency

GRI 102-12, 102-14

The year 2020 will go down as a landmark period in history. Not only because of the pandemic and the intense and unpredictable days we have been living through but also for the entire transformation and evolution seen in our businesses.

For us there is no doubt that we are leaving 2020 much stronger, agile, and more resilient. We have reinvented ourselves in many aspects and today

we are a better company. We continue our ongoing physical store expansion, while accelerating the plans and goals of our digital transformation. All of this, with the same solid and strengthened commitments to sustainable development and Responsible Fashion that brought us here.

Our positive expectations and confidence in future opportunities are founded on the right strategy to face the crisis. We have worked in 2020 with a high degree of collaboration, respecting our main partners in the retail universe – our suppliers, our customers and our employees – further underlining one of our main corporate values: PEOPLE.

We were pioneers in our sector, taking the difficult but correct decision to temporarily close all our physical stores in March prior to any government edicts and moves by the market at large, placing people at front and center of our decisions, choosing to preserve health and

lives, while maintaining jobs and maximizing business activation.

From the very first moment, our employees were our priority: we committed to preserving jobs and quickly moved the administrative operations to a remote format. Simultaneously, we implemented rigorous measures to care for the health and safety of the operational areas that continued to operate, such as the Distribution Centers, with a dedicated medical team, continuous guidance and great support. As a result, we experienced a successful story of unity and collaboration, in which people took care of people and our employees were the main characters in all the actions taken, helping communities, suppliers, health professionals while overcoming themselves to keep enchanting our customers.

Thanks to this collaborative work, we have led the formation of a large solidarity network, together with our suppliers, other companies, and institutions to support people in vulnerable situations and health professionals and institutions on the frontline of the fight against the pandemic. A total of R\$ 5.1 million

was directly invested, which, along with the coordination for the necessary resources to reach their correct destination – such as personal protective equipment for physicians, food, hygiene and cleaning products for the communities – created a perceived value of about R\$ 10 million.

We have also supported our supply chain, maintaining our anticipated receivables interest rates, donating R\$ 1.5 million to small companies in critical financial situations, intermediating and guaranteeing loans totaling R\$ 87 million with the Brazilian Development Bank (BNDES). As always, we have worked with great closeness and respect, maintaining the orders that were already in production and creating new ways to maintain an order flow, by manufacturing facemasks and PPEs to be donated to society.

We also looked after the financial health of the Company, reinforcing our balance sheet by reducing investments and the planned dividends payouts, as well as by raising financial resources that would allow us to maintain a comfortable cash position.

With no doubt, a year of challenges but also one of beating the odds. We have

evolved much in the way we work and view things, in the roles we play and in the solutions proposed, acting with determination, working with a strong focus on the development of three important pillars: innovation, digitalization, and sustainability.

During the year we had a great expansion in online sales, which today have a new level of growth and relevance within the business. Accordingly, we continue to move forward in the search for greater productivity and speed to enchant omni customers and accelerate our transformation initiatives, bringing more and better products and services through digital sales.

To this end, we have developed new functionalities and services, new delivery options, new sales channels to be closer to our customers, offering more autonomy to the buying journey and a better experience. When reopening the stores, we speeded up our omnichannel offer, following the changes in consumer habits.

These changes have also been reflected in another important theme. In a crisis context, with the increased perception of the interdependence among people,

governments, companies and the environment, ESG (environmental, social and governance) themes have also gained relevance worldwide. Our Responsible Fashion strategy, which has had well-structured guidelines and targets in place for five years, has continued its development unabated.

Reflecting the significant progress made, which will be explored throughout this publication, we ranked first in the new S&P B3 ESG index and continue to participate in the leading sustainability indexes, which bring together the companies with the best ESG practices: the Corporate Sustainability Index (ISE) and the Carbon Efficient Index (ICO2) from B3, the Dow Jones Sustainability Index (DJSI), the MSCI Brazil ESG Leaders, and the CDP Climate Change.

We conclude our journey through 2020, noticing three clear opportunities: the first one focused on the new behavior on the part of consumers, allowing us to increase the number of omni customers and leverage the integration of the on- and off-line channels. The second concerning

the readjusting of the apparel sector following a difficult year, which will provide greater market share to those companies presenting clear competitive advantages. And thirdly, the opportunity relating to commercial relations which strengthened during the course of the year, thanks to the way we handled our relationship with our major partners, our Resale Suppliers.

For 2021, much uncertainty still lies ahead as to the economic and health-related scenarios, although we understand that now we are more prepared and very alert to the opportunities that may arise. We are already the largest omni fashion retailer in Brazil, the most recognized in sustainability and we shall continue to expand the store network while continuing to increase the online operation – with enchantment!

And finally, we cannot fail to send special thanks to our employees, executives and directors who have remained engaged in spite of so many challenges, not only in the Company but also in their personal lives; to suppliers which have remained committed and allowed us to conduct the operation

in safety; to the shareholders that have supported us in this trajectory; and to the customers and the community in general that have been instrumental in making us one of the most recalled companies during the pandemic according to a Croma Insights Institution survey and again being recognized by Interbrand as the 11th most valuable brand in the country.

Thank you all!



A handwritten signature in black ink, appearing to read 'José Galló'.

José Galló

Chairman of the Board of Directors



A handwritten signature in black ink, appearing to read 'Fábio A. Faccio'.

Fábio A. Faccio

Chief Executive Officer

CAPITALS



SDG



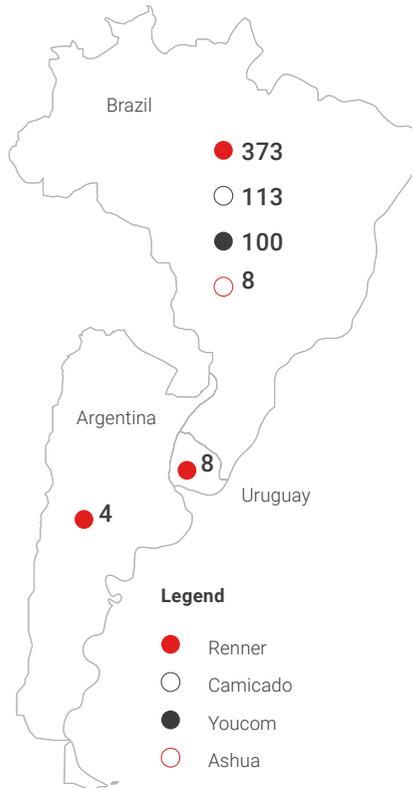
about **Lojas Renner S.A.**



our businesses

GRI 102-2, 102-3, 102-4, 102-6, 102-7

We are the largest fashion retailer in Brazil, with 55 years of history, publicly traded for 53 years, 606 stores and 24.8 thousand employees.



RENNER

CAMICADO

youCOM

realize



Fashion and homeware & decor with omni operation:
e-commerce + stores in Brazil, Argentina and Uruguay



Offices in Brazil (**Headquarters in Porto Alegre - RS**),
Shanghai (China) and Dhaka (Bangladesh)



3 Distribution Centers



INSTITUTO
LOJAS
RENNER

Civil Society Organization of Public Interest (OSCIP) investing in projects for the **socioeconomic empowerment of women**, based on their training and inclusion in the fashion chain from the entrepreneurship and job and income creation.



Financial institution
**offering credit, insurance,
and assistance products**

IMPORTANT NOTE

Throughout this report, whenever we use the terms “Lojas Renner S.A.” or “Company,” we refer to all subsidiaries. When we specifically refer to one of our businesses, we use the terms Renner, Camicado, Youcom and Realize.

The Ashua brand, although it has its own stores, is part of Renner’s structure.

Learn more about each of the companies in the following pages; to view the detailed map, access: <https://bit.ly/2PnbroK>

business segments

Over the course of 2020, we have expanded the integration of the companies that make up Lojas Renner S.A., both from the structural point of view, with the unification of systems, and from the strategic planning point of view.

By doing so, we are strengthening our fashion and lifestyle ecosystem, which allows us to expand the synergies among the four retail brands and the financial institution, reinforcing our corporate strategies.



RETAILING

RENNER

Fashion company with 20 owned brands, Renner has 385 stores (373 across all states in Brazil, 8 stores in Uruguay, 4 stores in Argentina) and also its online store.

LIFESTYLE

8 brands making up 5 lifestyles.

Neo-traditional



Young



Contemporary



Sexy



Glamour



OTHER BRANDS

12 brands making up beachwear, kids, underwear, accessories, curve and plus size, perfumery and footwear.



To learn more, visit the [institutional site](#) and Renner's [e-commerce](#)



CAMICADO

Brand specializing in homeware and decor, present across all regions in Brazil, with 113 stores, in addition to e-commerce. Apart from resale items, it develops private label items and has sellers in its marketplace.

In 2020, we have promoted a strategic review of Camicado's business, fast-tracking sustainability, digitalization, operational efficiency, logistics, and Market Place projects, and a complete review of the product mix, to bring customers the products they want.

To learn more, visit the **institutional site** and Camicado's **e-commerce**.



YOUCOM

Young lifestyle brand of clothing and accessories, offering clothes, footwear and accessories for women and men, featuring 100 stores in all Brazilian regions, plus the online store.

After an in-depth cycle to get closer to customers, understand their desires and expectations, we have advanced in data analytics and quality, Youcom is achieving evolution in the results and in accuracy of collections in 2020. The year also signaled the intensification of the brand's sustainability actions (learn more on page 107) and the launch of the You Change Seal, which brings together pieces with more sustainable attributes.

To learn more, visit the **institutional site** and Youcom's **e-commerce**.



ASHUA

Brand launched in 2016 as e-commerce aimed at curve and plus size fashion. Since 2018, it also features 8 mall stores to expand the omnichannel offering.

In 2020, we have launched Ashua brand store clothing displays inside three Renner stores, expanding both the reach and availability of our products. By 2021, we will create new displays reaching 13 stores. In the scenario impacted by the pandemic, we also accelerated Ashua's digital transformation, with emphasis on WhatsApp sales and Fashion Delivery, in which, through the use of data, we send selected items to the customer's home.

To learn more, visit Ashua's **e-commerce**.

FINANCIAL PRODUCTS

REALIZE

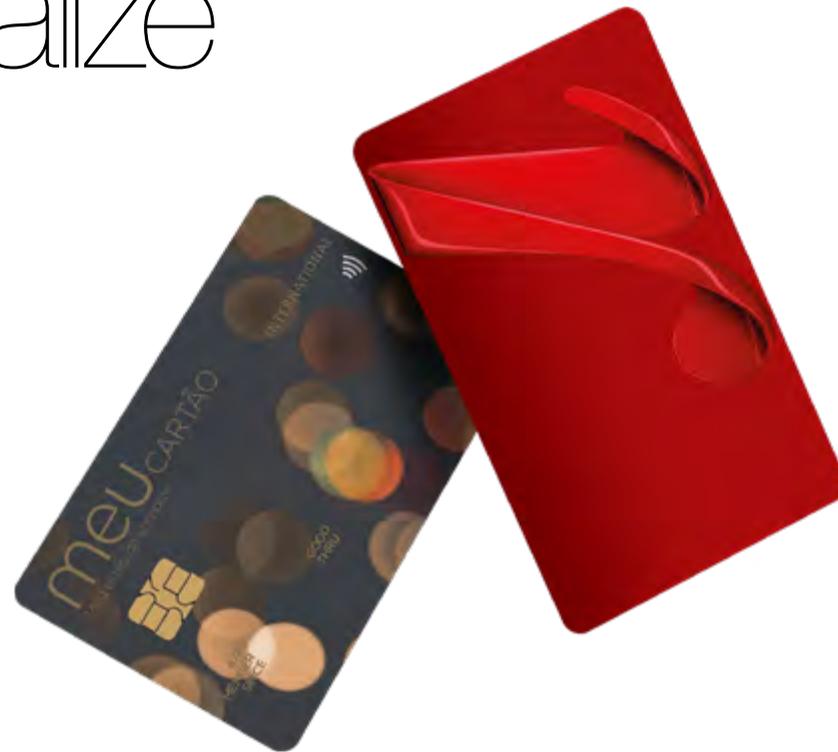
The financial products offered by the Company are important tools to support the retail operation, through the provision of credit and convenience.

We rely on the structure of Realize CFI, our financial institution, and through the Renner Card, Meu Cartão, Saque Rápido and Insurance and Assistance, we work towards customer loyalty and convenience.

To reinforce our complicity and enchantment proposal, in 2020 we made advances in digitalization and convenience in Realize's services (learn more on page 91), we facilitated payment options to support our clients in the fight against the pandemic (page 83), and we launched a dedicated benefits platform for Meu Cartão customers, bringing together discounts for over 150 brands.

As a result, we placed 1st in the Prêmio Finanças Mais, from Estadão, which evaluates the best and most balanced financial institutions, moving from 22nd to 8th place in Cardmonitor's app survey, which compares banks and cards apps.

realize



Meu Cartão and Renner Card

To learn more, visit Realize's [website](#).

55 years

On June 10, 2020 Lojas Renner S.A. has completed 55 years of history. To celebrate the moment, we held a ceremony at the headquarters, in which our CEO, Fabio Faccio, together with some employees, raised our first Lojas Renner S.A. flag and the flags of all countries where we are present, representing internationalization. At the event, Fabio also planted a fig tree, a symbol of hope and renewal, next to a commemorative plaque:

“A new sunrise

The power of nature makes us learn.
Resist, renew, be reborn.

The hours fly, the days pass.

The leaves fall and are born again.

Just like the fig tree,

We adapt,

We stand up and grow again.

Despite everything, the time, the world

There is always a new sunrise.”

06.10.2020 | 55 years

#WEREMAINTOGETHER

#WEENCHANTTOGETHER



Even with the social distancing background, we have created several digital actions throughout the day and broadcasted the ceremony live, so that our employees could celebrate this moment.

You can also see this exciting moment by watching the video on our Facebook Careers page: <https://bit.ly/3gjRbxQ>

CAPITALS USED

VALUE GENERATION

VALUE GENERATED



Human

- 24.8 thousand employees



Intellectual

- Solid culture aligned with a purpose: enchanting everyone is our accomplishment
- Responsible Fashion Strategy



Manufactured

- 606 stores
- 3 distribution centers (DCs)
- Offices in Brazil, China and Bangladesh
- E-commerce



Social and Relationship

- 17 thousand My Bag affiliates
- 586 supplier companies manufacturing the products we resell
- 2,973 suppliers of other products and services
- Health Care Institutions, Communities and projects supported by the Lojas Renner Institute



Environmental

- 495,000 GJ in energy consumed (0.4423 GJ/m² of sales area), 96.2% from renewable sources
- 292.0 thousand m³ water consumption in the operation
- 16.1 tons of cotton, 4,570.8 polyester, 5,636.7 viscose, 2,474.3 jersey and 1,563.39 polyamide



Financial

- R\$ 10.3 billion in gross revenue
- 796,170,210 shares with market value of R\$ 35 billion
- R\$ 544 million invested (CAPEX)



Human

- R\$ 727.9 million in compensation and benefits
 - 89% engagement rate
- R\$ 81.6 million distributed to employees in the Profit Sharing Program (PPR), based on the achievement of result targets, activation of Renner Credit Cards and sales



Intellectual

- Omnichannel experience and new sales and service channels
- 56.8% of products sold at Renner with Re Responsible Fashion Seal (sustainable attributes)



Manufactured

- 11 new stores
 - Circular store prototype (more sustainable)
- Expansion in the DCs in the year and new DC under construction until 2022



Social and Relationship

- 99.0% of our customers were satisfied and very satisfied
 - R\$ 4.4 billion in business contracted with suppliers
- Improvement of 17.3 p.p. in the Supplier Global Development Index (IDGF) since 2016
 - R\$ 1.8 billion in taxes and fees paid to governments for Brazil's development
 - R\$ 8.2 million invested by Lojas Renner Institute benefited more than 46 thousand people directly, besides the immeasurable amount of donations and PPEs and hospitals during the fight against the pandemic



Environmental

- Carbon neutral business: 100% of greenhouse gas emissions offset since 2017
 - 47.6% reduction in emission intensity since 2018
 - 57.9% improvement in energy efficiency index since 2017
- 79.9% of cotton products with certification and 73.5% of viscose products



Financial

- R\$ 271.5 million in dividends and interest on equity paid to shareholders
- 4008% share appreciation accumulated since 2005

sustainability

Our business and attitudes are guided by sustainability principles.

We believe that fashion should be **fair, conscious and responsible**, and our strategic sustainability guidelines steer our actions towards this.

We have defined in our **Responsible Fashion** strategic plan the priority themes for business sustainability by 2021.

Based on these, the Sustainability Committee and the sustainability team work to continuously **identify and minimize the relevant socioenvironmental risks** of our value chain and in generating value to our stakeholders, society and environment.



Get to know starting on **page 98** our performance and detailed performance in relation to the Responsible Fashion pillars.

MANIFEST

Fashion changes every day. And so do we.

And since it is about reinventing yourself, why not start with your style?

Re means rethinking our attitudes and reinforcing a less impacting fashion for the planet.

Re is to dress aware that that piece that goes with everything also goes with what you believe.

Re is Renner's seal of Responsible Fashion, which represents the way of thinking and practicing sustainability in everything that involves our business.

Rethinking fashion, attitude, and the planet. This is Re.

You can also watch the video that is part of our manifesto by clicking [here](#).



recognition

Lojas Renner S.A.'s Responsible Fashion strategy soundness and the progress in the adoption of more sustainable practices in our business model have been recognized by the main **corporate sustainability assessment tools:**

CORPORATE SUSTAINABILITY INDEX (ISE) B3

7th consecutive year

DOW JONES SUSTAINABILITY INDEX (DJSI)

6th year (one of nine Brazilian companies, the only retailer in the country and one of six companies worldwide in fashion retail)

ESG B3 INDEX AND S&P

Ranked 1st

BRAZIL FASHION TRANSPARENCY INDEX (ITMB) 2020

Renner and Youcom in 3rd place among the 40 Brazilian retailers.

CARBON EFFICIENT INDEX (ICO2) B3

10th year in a row

FTSE4GOOD

6th year in a row

MORGAN STANLEY CAPITAL INTERNATIONAL (MSCI)

Listed among the ten Brazilian ESG leaders in the MSCI Brazil ESG Leaders Index

CDP CLIMATE CHANGE

- 10th consecutive year submitting information to CDP Climate Change, with an improvement in the last year's score to B
- Selected for the portfolio of the new CDP Brazil Index - Climate Resilience (ICDPR-70)

SUSTAINABLE COTTON RANKING

Listed in the "Well on the Way" category of the World Wildlife Fund (WWF) ranking

PLATFORM LIVING WAGE FINANCIALS (PLWF)

2nd consecutive year analyzed by the platform, moving up in rank from "developing" to "maturing", ranking among the top 15 companies in the industry.

"Shareholders were always well informed about what was happening during the year. The ESG concept has gained momentum in the market and in organizations, adding value to governance management and further highlighting the social and environmental aspects. Likewise, diversity emerged as an increasingly present topic in the corporate environment. The inclusion of women and gender equity in the labor market, data safety, and circularity in the consumption journey are the topics that were most on the agenda in conversations with major investors and shareholders".

Paula Picinini
Director of Investor Relations
and Internationalization

integrated management

Reflecting our consistent commitment to sustainability, we have a management structure underpinned by policies, procedures, and teams dedicated to sustainable development, ensuring a systemic and in-depth look at the impacts of our operation with the aim of expanding our value creation and positive impact on the chain.

INSTITUTIONAL POLICIES

Sustainability Policy



Human Rights Policy

Code of Conduct for Employees



Code Of Conduct for Suppliers

INTEGRATED STRUCTURE



PUBLIC COMMITMENTS 2021



80% less impacting products*, 100% certified cotton.

Learn more on page 107.

* Considering apparel products.



75% of corporate energy consumption from low-impact renewable energy sources*.

Learn more on page 103.

* Considering low impact renewable energy sources: small hydroelectric plants (SHPPs), solar, wind, and biomass.



20% reduction in absolute CO₂ emissions*, compared to the 2017 inventory.

Learn more on page 99.

* Considering scopes 1, 2 (market-based approach) and 3.



100% of the global resale chain* with socio-environmental certification**.

Learn more on page 66.

* 1st and 2nd tier companies that produce for the Renner brand.

** Renner certifications and/or audits accredited by an external agency.

collaboration

GRI 102-12, 102-13

We also believe in collaborating with sustainability initiatives as a pivotal part of the process to transform the industry towards a more sustainable model.

For this reason, Lojas Renner S.A. actively participates in industry development and business sustainability organizations to broaden learning and share our knowledge for sustainable development:

SECTORIAL

- Member of the Institute for Retail Development (IDV)'s People Committee and Sustainability Committee.
- Member of Better Cotton Initiative (BCI) — a global initiative for certified cotton produced in a less impacting way.
- Member of the Labor Union and Labor Relations Technical Committee of the Rio Grande Do Sul State Federation of Trade in Goods and Services (Fecomercio - RS).
- Attended meetings with the Executive Board and workgroups (WG) with different focus of the Brazilian Textile Retail Association (ABVTEX): we are members of the Direct Board, Management Committee, Legal Committee, Fiscal Committee, Suppliers WG, Quality WG, and we coordinate the Sustainability Committee.
- Member of the Textile Exchange, global organization focused on developing less impacting textiles.
- Member of the Group of Institutes and Business Foundations (GIFE) through Lojas Renner Institute.

THEMATICS (SUSTAINABILITY)

- Signatories to the United Nations Global Compact (UN).
- Member of the Brazilian Business Council for Sustainable Development (CEBDS).
- Member of the Green Building Council Brazil, which guides sustainable building practices.
- Signatories to the National Pact for the Eradication of Slave Labor Institute (InPACTO).

- A member of the Social & Labor Convergence (SLCP) of the Sustainable Apparel Coalition (SAC).
- Association with SAC's Higg Index.
- Supporters of Childhood Brazil's Na Mão Certa Program, which fights the sexual abuse and exploitation of children and adolescents.
- Signatories of the Business and LGBTI+ Rights Forum.
- Membership in the LGBTI+ Alliance.
- Signatories to the Women's Empowerment Principles (UN WOMEN).
- Membership in the Business Coalition to End Violence Against Women and Girls.
- Members of the Woman on Board (WOB) initiative.
- Ethos Institute member.
- Supporter and member of the Climate Commitment managing committee, which brings together companies wishing to support social and environmental projects and foster a low carbon economy by jointly offsetting their greenhouse gas emissions (GHG).
- Signatories of the UN's Business Ambition for 1.5°C campaign, which calls on companies to set science-based emission reduction targets of an amount sufficient to contribute to limiting the global temperature increase to 1.5°C above pre-industrial levels.
- Member of Fashion Industry Charter for Climate Action.

governance

a history of value

Lojas Renner S.A. was created in 1965 and in 1967, just two years after its foundation, it went public. With 53 years of experience in the capital market, marked by innovation and pioneering in the adoption of the best practices of corporate governance.

1ST CORPORATION IN BRAZIL

In 2020, we held an innovative and online event at B3, to celebrate our 15th anniversary as a corporation, the first Company in Brazil with 100% of its shares traded on the stock exchange, with no controlling shareholder or group. Since then:

- We distributed **RS 3.3 billion in dividends**
- We evolved from **800 to 119 thousand shareholders**, of which 116 thousand are Individual shareholders
- We grew **4400%** in market value, from **R\$ 90 million to R\$ 35 billion**



B3 online event to celebration its 15 years as a corporation.

15 YEARS LISTED ON NOVO MERCADO

Since we became a corporation, we have also been listed on the Novo Mercado, B3's segment with the **highest requirements for good corporate governance practices**.

PIONEER IN SHAREHOLDER ENGAGEMENT

In 2006, we were the first Brazilian company to make the Meeting Manual available for shareholder participation, which presents the details of what will be discussed at the meetings, supporting shareholder engagement and their responsible voting, today a document requiring mandatory distribution and known by the market as the Manual for participation in Shareholder's Meeting (Management Proposal). In 2020, reflecting the continuous progress in investor relations, we were able for the first time in the Company to hold an Extraordinary General Meeting, which required a 2/3 quorum, with 67.09% participation, 58.06% of which via remote voting, demonstrating the shareholders' high commitment to the business and to the new ways of participating in the Meeting.

1ST AND MOST ADHERENT TO THE BRAZILIAN CODE OF CORPORATE GOVERNANCE

In 2018, we were the first Company to deliver the Report on the Brazilian Code of Corporate to the Brazilian Securities and Exchange Commission (CVM) and the most adherent to such Code. Since 2019, we have maintained the highest adherence to the Code among companies, with 98.1%.

our shares

LREN3

- traded on B3 - Brasil, Bolsa, Balcão priced at **R\$ 43.54** at the end of 2020
- ADRs on the US OTC market under the **LRENY** symbol
- 7.5 million receipts** issued by the end of 2020

APPRECIATION

+4008%
in the share price
since 2005

R\$ 34.7 billion
in market value by
the end of 2020

LIQUIDITY

7.6 million
trades in the year

2.1 billion
in assets traded

R\$ 358.8 million
Average daily market
volume

VALUE CREATION

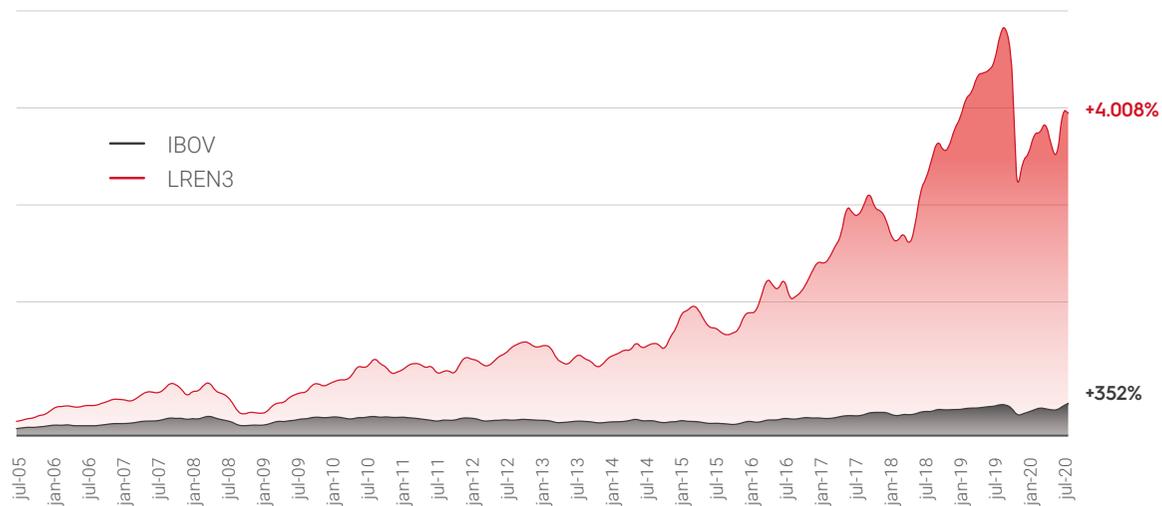
R\$ 240.8 million
distributed to shareholders
as interest on equity

R\$ 30.7 million
distributed as dividends

0.8% dividend yield

25% payout

LREN3 X IBOVESPA SHARE EVOLUTION



best practices

Our Corporate Governance structure is established according to the best corporate governance practices, ensuring the best effectiveness of each body and, consequently, the pursuit of excellence in business management.

Among these practices we highlight the following:

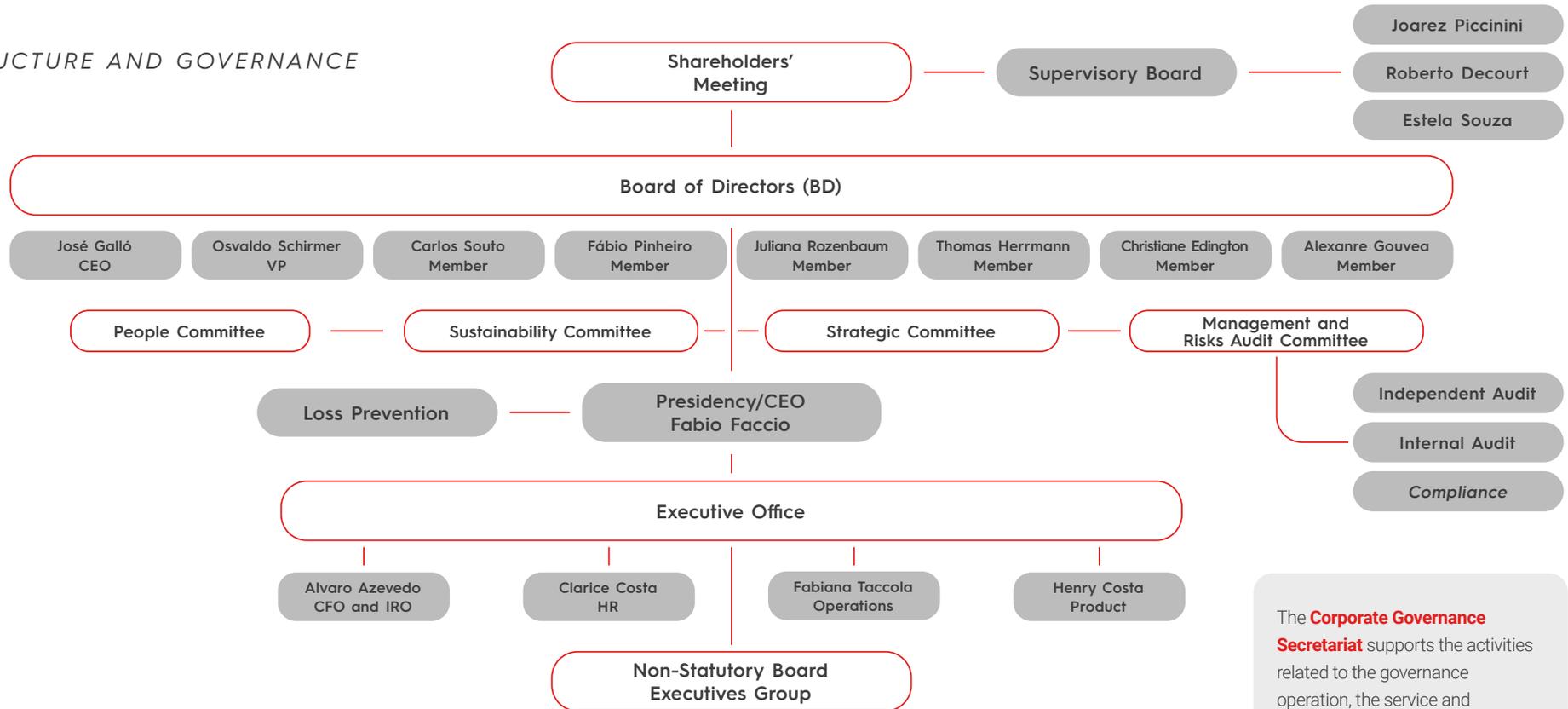
- **B3's Novo Mercado - Brasil, Bolsa, Balcão.**
- 100% **free float.**
- **88% independent members on the Board of Directors (BD)** - 7 of 8.
- **25% women in the BD** - 2 of 8.
- **33% women on the Supervisory Board (SB)** - 1 of 3.
- **40% women on the Board of Executive Officers** - 2 of 5.
- **Different executives as Chairman of the Board and CEO.**
- **Permanent Supervisory Board.**
- **Board Administration and Management Committees.**
- Manual for **Participation in Shareholders' Meetings.**
- **Stock Options and Restricted Stock Plan.**
- **Internal charter** for Boards, Executive Board and Committees.
- **Formal appraisal of the Board of Directors** (including the Presidency of the board), Committees and Executive Board.
- **Secretaries for Boards, Directors, and Committees.**
- **Governance Portal** (Board of Directors, Supervisory Board and Committees).
- **Internal Audit and Compliance.**
- Third-party and independent **whistle-blowing channel.**
- Various **Corporate Policies.**
- **Corporate Governance Secretary.**

The Company's main governance bodies composition are described below.

structure

GRI 102-18

STRUCTURE AND GOVERNANCE



The **Corporate Governance Secretariat** supports the activities related to the governance operation, the service and relationship with shareholders and voting agencies, the issues related to the meetings, and the proposition and implementation of processes that always promote the best practices.

board of directors

Our Board of Directors is made up of members elected individually at a General Meeting, with a one-year term of office reelection being allowed. For the Board of Directors members, the average term of office in 2020 was 7.1 years.

The Board may have between five and nine members with at least two members or one-third of the total number of members, whichever is greater, being independent.

Get to know the Board's Policy and the detailed experience of each member: <https://bit.ly/3sNbTeE> and <https://bit.ly/2MJHPBb>

Lojas Renner, valuing gender diversity, in line with its Management Nomination Policy and aiming to maintain the Company's practice aligned with global best governance practices, **signed a term of adherence with Women on Board (WOB), committing to maintain two women on its Board of Directors.**

WOB is an independent initiative supported by UN Women, which aims to recognize, value and publicize the existence of corporate environments with the presence of women on Boards of Directors, to demonstrate the benefits of this diversity to the business world and society.

Name	Position	Accumulated time in office	Attendance at meetings	Age
José Galló	Chairman	2 years and 22 on the Board	100%	69 years old
Oswaldo Burgos Schirmer*	Vice-Chairman	9 years	100%	70 years old
Carlos Fernando Couto de Oliveira Souto*	Board Member	6 years	100%	53 years old
Fábio de Barros Pinheiro*	Board Member	7 years	100%	60 years old
Alexandre Vartuli Gouvea*	Board Member	2 years	100%	61 years old
Christiane Almeida Edington*	Board Member	3 years	95%	55 years old
Thomas Bier Herrmann*	Board Member	4 years	100%	70 years old
Juliana Rozenbaum Munemori*	Board Member	4 years	100%	44 years old

* Independent Member.

In 2020, the Board of Directors met 22 times, with 99.4% average attendance. 77% of the meetings were remote, respecting the social distancing measures.

ADVISORY

The Board of Directors is supported by four managing committees:

PEOPLE COMMITTEE

SINCE 2005

Its purpose is to assist the Board of Directors to establish the terms of compensation and other benefits and payments to be received on any account from the Company by the officers and Directors, having as their basis the performance targets established by the Board of Directors.

In 2020, the Committee met 7 times, with 100% average attendance. 71% of the meetings were remote, respecting the social distancing measures.*

SUSTAINABILITY COMMITTEE

SINCE 2008

Its purpose is to advise the Board of Directors in the establishment of guidelines and principles related to sustainable development based in the social, environmental, and economic pillars, aligned to the best corporate governance practices.

In 2020, the Committee met 5 times, with 100% average attendance. 80% of the meetings were remote.*

AUDIT AND RISK MANAGEMENT COMMITTEE

SINCE 2012

Its purpose is the exercising of advisory functions for the Board of Directors with respect to the compliance of the latter's supervisory responsibilities for the monitoring and integrity of the processes of the Financial Statements and the Company's internal control systems, reviewing and evaluating the independence and performance of the independent auditors as well as that of the internal auditors of the Company. The Committee shall also review the areas of significant risk to the Company as well as monitor compliance with the legal and regulatory requirements.

In 2020, the Committee met 14 times, with 100% average attendance. 86% of the meetings were remote.*

STRATEGIC COMMITTEE

SINCE 2014

Its purpose to assist the Board of Directors in the approval and the monitoring of the execution of the strategic plans, expansion projects and investment programs of the Company.

In 2020, the Committee met 6 times, with 100% average attendance. 83% of the meetings were remote.*

Get to know the Committees' regulations and the members of the bodies at:

<https://bit.ly/3sNbTeE>
and <https://bit.ly/2MJHPBb>

* Respecting the social distancing recommendations.

PERFORMANCE REVIEW

GRI 102-28

Since 2009, we have carried out an annual formal performance review for members of the Board of Directors, its Presidency, its dynamics, and the advisory committees, following good corporate governance practices and seeking continuous improvement of the bodies.

The review is conducted by an external specialized consultancy and includes four stages for evaluating the functioning of the Board and Committees and the Board Chairmanship:

- Definition and preparation: alignment with the Chairman of the Board and the People Committee, with an online evaluation questionnaire.
- Individual meetings: individual interview led by the consultancy, with all the Board members and the Chairman of the Board and the response of all the Board members to a questionnaire.

- Data consolidation and internal analysis: the consulting firm consolidates the results of the questionnaire and inputs obtained during the interviews.
- Results presentation: the consulting company makes a preliminary presentation of the evaluation to the Chairman of the Board and, subsequently, to all members of the Board of Directors to discuss the results and define the improvement plans to be implemented.

The result of the 2020 evaluation shows that the Company's Board of Directors is perceived with a high level of effectiveness in the performance of its role in the various dimensions presenting an evolution in relation to the previous year.

Nevertheless, there are still room for improvement, aiming at a more diverse composition in view of the sector's challenges. The Board has structured and aligned governance rituals enabling it to conduct productive and efficient discussions, and

its members are engaged and contribute through appropriate experience.

The evaluation also shows that the Committees are effective in fulfilling their roles, with appropriate structure, composition, and proposition of themes to support the Board discussions, presenting, in some cases, improvement opportunities in relation to a more strategic and propositional performance, with more indepth reports to the Board.

The general evaluation of the Company's Board of Directors and Committees in 2020 therefore evolved, with a score of 4.8 (on a scale from 0 to 6) compared to 4.6 in 2019.

Even with the effective performance, the evaluation results allowed us to identify opportunities for improvement and some action plans to be outlined for the continuous search for improvement of the Body, always following good corporate governance practices.

supervisory board

The Supervisory Board is a corporate body independent from the board of directors, management and the Company's external auditors, as its primary responsibility is to oversee management's activities, analyze the Renner financial statements and to report its findings to the shareholders.

Lojas Renner S.A. Supervisory Board operates, on a permanent basis, with the powers and incumbencies provided by law and its Internal Charter since 2007. The Supervisory Board is composed of three to five sitting members, elected annually at a General Assembly for a one-year term of office, with reelection being allowed.

Name	Position	Accumulated time in office	Attendance at meetings	Age
Joarez José Piccinini	President of the Supervisory Board	2 years	100%	60 years old
Roberto Frota Decourt	Member	11 years	100%	48 years old
Estela Maris Vieira De Souza	Member	1 year	100%	56 years old

In 2020, the Board met 8 times, with 100% attendance by its members. Of these meetings, 4 had the participation of independent auditors.

The alternate board member Roberto Frota Decourt took over the position as effective member, due to the passing of board member Ricardo Zaffari Grechi, in July 2020. In an Extraordinary General Meeting, in October 2020, Vanderlei Dominguez da Rosa was elected to take the position of alternate board member.

Get to know the Supervisory Board's Internal Charter and the detailed experience of each member: <https://bit.ly/309t9hJ> e <https://bit.ly/2MJHPBb>

board of executive officers

Our Statutory Executive Board is made up of members elected by the Board of Directors, with a two-year term of office and reelection being allowed. The body may have between four and ten members, with one Chief Executive Officer, one Administrative and Financial Officer, one Investor Relations Officer and the others as Officers, with the designation to be defined by the Board of Directors in minutes when the Executive Board is elected.

Name	Position	Time in office	Age
Fabio Faccio	Chief Executive Officer	2 years	48 years old
Clarice Martins Costa	Chief Human Resources Officer	15 years	67 years old
Alvaro Jorge Fontes de Azevedo	Chief Financial Officer and Investor Relations Officer	1 year	56 years old
Henry Costa	Chief Product Officer (Purchasing)	2 years	46 years old
Fabiana Silva Taccola	Chief Operating Officer	3 years	52 years old

The Company's Executive Board meets weekly and, since the end of March, the meetings have been held remotely, respecting social distancing measures.

Learn about the Board of Executive Officers Regulations and the detailed experience of each member: <https://bit.ly/3bZ0bGT> e <https://bit.ly/3osxLcN>

ADVISORY

The Executive Board is assisted by six management committees, helping to add depth to the discussion of strategic topics and helping in the decision-making process:

LOSS PREVENTION COMMITTEE

Its main purpose is to analyze, discuss, develop and implement policies, programs, strategies, procedures and other activities related to loss prevention for the Company's assets, as well as inventory losses, losses caused by operational failures and other events brought about by internal or external agents related to physical and/or asset safety, among others, and that may jeopardize the equity of the Company, its customers and its employees.

REAL ESTATE COMMITTEE

Defines, according to the Company's expansion strategy, new store and store renovation projects for facilities forming the Company's physical infrastructure.

BUSINESS ETHICS COMMITTEE

Intended to ensure implementation of the Code of Conduct and deciding on matters where doubts emerge on construction of the document. In the event of breaches against the Code, it is the Committee's responsibility to determine the applicable sanctions.

EXECUTIVE COMMITTEE

Based on a scenario analysis including risks and opportunities, the Executive Committee will develop a strategic plan to be approved by the Board of Directors. Based on the priorities defined, strategies expand into projects and goals for all Officers and the entire executive group.

CORPORATE INFORMATION SECURITY COMMITTEE

It supports the guidance of information security guidelines and management, the definition of Information Security (IS) related policies and standards, the alignment and synergy of Information Security related initiatives for the areas that make up the Committee, the support to risk management and business continuity activities, and the follow-up and proposition of action plans for relevant risks and

Information Security incidents. The Committee is made up of the Company's core areas, such as HR, Legal, Information Technology (IT), Internal Audit, Loss Prevention, Corporate Marketing, Realize CFI in addition to the IS area itself. Learn more about Information Security management on page 96.

DISCLOSURE COMMITTEE

Manages the Company's disclosure policy, discusses and recommends the disclosure of or secrecy over material acts and facts and announcements to the market. It reviews and approves, with the participation of at least two members, one of them necessarily being the Investor Relations Officer, the information disclosed to the market before publication.

PERFORMANCE REVIEW

Each year we conduct a formal performance review of the Executive Board. The Chief Executive Officer is evaluated by the Personnel Committee and by the Chairman of the Board of Directors, and evaluates, on an annual basis, each officer, based on organizational, strategic and functional competencies. The results are formally reported to the Committee, which reports to the Board of Directors.

compensation

GRI 102-28

We have a senior leadership compensation system aimed at promoting the creation of sustainable and long-term value, based on the best market practices, purpose, value proposition, corporate values, economic, social and environmental goals linked to the business strategy.

The process starts with the approval of the global compensation value for the Board and the Executive Board by shareholders, at a General Meeting, and then the distribution of the amount among the members of the bodies by the Board of Directors, after the opinion of the People Committee.

Part of this amount is fixed compensation and other part is variable. The Board of Directors has only fixed compensation, the share-based compensation in the Board of Directors, is contractual grants from the Chairman of the Board, received as a member of the Executive Board.

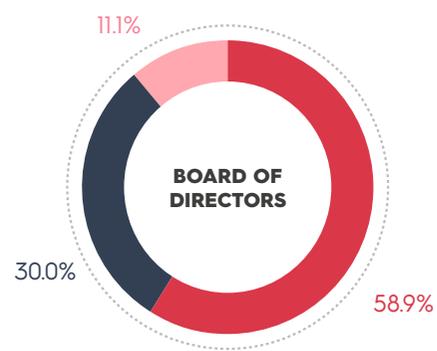
For the Executive Board, apart from fixed compensation, there is variable compensation related to achieving Company and individual targets.

The Executive Board also has the Stock Option Plan and Restricted Shares, helping to retain key executives while aligning their interests to those of our shareholders in creating long-term and sustainable value. The Stock Option Plan and/or Restricted Shares Plan will only be granted in years in which the Company has earned, in the immediately preceding year, enough profits to allow the distribution of mandatory dividends to shareholders.

Furthermore, in order to be granted, each executive will be evaluated by a composition of goals, measured through: corporate and individual goals, and level of adherence to the Company's principles and values.

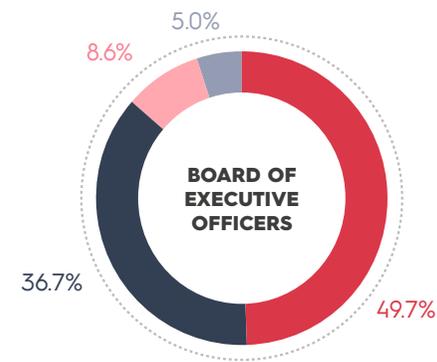
Get detailed information about our compensation policy on item **13 of the Reference Form.**

The Board's variable compensation includes themes related to sustainability and to the development and results of the Responsible Fashion strategic plan.



R\$ 19.3 million distributed among:

- **R\$ 11.4 million**
Fixed compensation
- **R\$ 5.8 million**
Stock Option Plan and Restricted Shares
- **R\$ 2.1 million**
Compensation for participation in committees



R\$ 15.8 million distributed among:

- **R\$ 7.8 million**
Stock Option Plan and Restricted Shares (helps us retain key executives, aligning their interests to those of our shareholders in creating value for our business in a sustainable way and in the long term)
- **R\$ 5.8 million**
Fixed compensation
- **R\$ 1.4 million**
Variable compensation (in connection with Company and personal targets)
- **R\$ 787.9 thousand**
Benefits

ethics

GRI 102-16, 412-2, 205-2, 205-3

CODES OF CONDUCT

Maintaining ethical relationships throughout the value chain is indispensable for the sustainability of the business, for that reason, since 1995 we have a Code of Conduct and since 2018 the Code of Conduct for Suppliers to guide, clarify and formalize the conduct, values and principles expected from our employees, managers and suppliers.

All employees must read and declare that they are aware of the Code upon hiring, or whenever the document is updated, and also receive training on the code at Universidade Renner. Suppliers, on the other hand, declare that they are aware of the Code at the moment of their hiring, must disclose the publication to their employees and continuously receive content and training on the topic (learn more on page 59).

ANTI-CORRUPTION POLICY

We direct our actions against corruption by the Anti-corruption Policy, published in 2014 in compliance with the Anti-Corruption Law and updated in 2018,

which explains the practices and principles to be observed by employees, suppliers and third parties.

Since 2017, this issue management has been conducted by the Corporate Compliance, responsible for risk mapping and for supporting the preparation of action plans for identified risks, which has provided greater consistency, focus and effectiveness, ensuring continuous monitoring of the issue, aiming at the improvement. In 2020, we did not identify any significant corruption-related risks.

Every year, we work on capacity building and training for our employees in our anti-corruption practices:

- On-site training for the Directors and Board Members to demonstrate the commitment of the senior management on the subject.
- Communication actions on the International Day to Combat Corruption, in December.
- Publication of the "Practical Guide to Relationship with Public Agent" available at the Knowledge Base, on our intranet, with good practices for promoting ethics and fighting corruption in relationships with public agents.

Moreover, we conduct external communications about our good practices with our third parties that may interact with public agents on behalf of Lojas Renner S.A., as described in our Practical Guide to Relationship with Public Agent.

In 2020, there were 792 training hours offered on the subject at Universidade Renner and we reached 77% of trained employees who had interaction with public agents (in Brazil). As a result of our actions, we had no cases of corruption involving Lojas Renner in 2020.

REPORTING CHANNEL

To support our ethics and human rights protection programs for our operations and supply chain, and our compliance with our policies and codes of conduct, in November we launched our new, unified reporting channel, which is both more modern and even safer, operated by a specialized, independent company.

Channel: 0800 900 9091 or

<https://bit.ly/3uQ1joX>
(in Portuguese, English and Spanish)

The channel is available 24 hours a day, with secrecy and confidentiality guaranteed.

The outsourcing supports the channel's independence and safety for the whistleblower, besides offering a more welcoming environment through a team of psychologists who receive the complaint and forward it. With the new channel, even if the complainant does not identify himself/herself and, keeping confidentiality and secrecy, he/she can also follow up on the complaint's status.

risk management

GRI 102-13, 102-15, 308-2, 408-1, 409-1, 411-1, 414-1, 414-2

We adopt best local and international practices for the efficient management of our business, strengthening our culture of ethics, transparency, and responsible governance, through a robust management structure, presented below:

We have a **multidisciplinary Crisis Committee**, which meets whenever there is a non-compliance that affects the Company's reputation. The Committee defines the initiatives to remedy any impacts of the occurrence, both on the Company and its stakeholders, the internal and external positioning, and establishes the people responsible for the action plan to ensure that the incident does not happen again.

MANAGEMENT POLICIES TO CONTROL RISKS

- Governance, Risk, and Compliance Policy
- Audit Policy
- Compliance Policy
- Financial Management Policy
- Income Destination Policy
- Anti-Corruption Policy
- Disclosure Policy
- Material Fact Disclosure and Securities Trading Policy
- Related Party Policy
- Indication and Compensation Policy of Directors
- Information Security Policy
- Service and CRM Policy
- Code of Conduct for Employees
- Code of Conduct for Suppliers
- Sustainability Policy

MANAGEMENT PROCESS

IDENTIFY, EVALUATE AND MEASURE

The managers of each business unit or area of the Company continuously promote, with a minimum annual review, the identification of the risks to which we are subject. The identified risks are evaluated and classified in risk matrices according to the potential impact on the Company.

HANDLING AND MONITORING

For each risk with the greatest impact potential, the manager defines the handling and control processes to mitigate or eliminate it. The dealing and monitoring of this risk is also supported by several risk management and compliance functions, such as Loss Prevention, Compliance, Legal, Information Security, Quality Control and Controlling.

Additionally, internal auditors evaluate the effectiveness of risk management and internal controls and report to the Management and Risks Audit Committee.

risk management culture

Our Risk Management works closely with the business departments, providing consultative support for the identification, prevention and handling of the main risks and also promoting the departments' awareness of a preventive risk management culture.

The risk management and internal audit teams support the departments to identify the main ordinary and extraordinary risks, structure and implement the action plans for risk mitigation.

In 2020, we worked jointly with the business areas, identifying risks that generated 376 action plans. We also conducted widely disseminated online training on compliance, on the General Data Protection Act and on Loss Prevention.

Periodically, we carry out the integration / welcome process for leadership position employees, covering issues related to risk management, strengthening the culture.

With the closeness to the departments we also opened space for feedbacks and continuous improvement. Every year all the Boards must present their main risks and significant concerns that feed the Audit Committee's performance strategy for ordinary risk management.

An important advance during the year was the adoption of compliance risk management software, ensuring speed and organization, in addition to enabling knowledge and sharing about this discipline among business areas.

EMERGING RISKS

We have identified the main emerging risks, that is, those that have been gaining more and more importance, as the following risks:

PANDEMICS

Impact: possible future pandemics, such as the one experienced from 2020 onwards, could have a significant impact on the global economy and therefore on our business results and our ability to generate growing revenues. Moreover, pandemics may also impact the physical and psychological health of our employees and their safety at work.

Mitigation: from an economic point of view, we are continuously developing new solutions to keep enchanting our customers by following and innovating in the face of their changing consumer habits (learn more about these actions on page 88).

From our employees' health and safety point of view, we work with a medical team dedicated to the topic, with actions aimed at prevention, but also at promoting well-being, quality of life, and physical and psychological health (learn more about these actions on page 42).

CYBERSECURITY

Impact: Possible cyber attacks may result in confidential information leakage, fraud, system unavailability, data hijacking and damage to the Company both in reputation and in non-compliance with laws.

Mitigation: we have a solid cybersecurity and non-compliance security strategy and structure, fully comply with the General Data Protection Law and continuously promote a security culture among our employees and partners. (learn more about these actions on page 97).

main categories of monitored risks



OPERATIONAL RISKS

Failures in internal processes, systems or actions developed by people that may generate losses involving operations, assets, customers and revenues.



STRATEGIC RISKS

They involve the decision-making of the Company's senior management and may cause major losses in the economic value of the organization.



REPUTATIONAL RISKS

Events that may damage the Company's reputation in cases where mismanagement of risks becomes public knowledge.



SOCIAL AND ENVIRONMENTAL RISKS

Negative socio-environmental impacts throughout the product life cycle, which involves a network composed of multiple actors, which may negatively impact the Company, its stakeholders and society in general.

Climate risks are also included in this category (learn more about the risks and vulnerabilities and mitigation initiatives on page 100).

Learn in detail the operational, strategic and reputational risks and how they are managed in our **Reference Form** — items 4, 5.1 and 5.2 — and in the Explanatory Notes to the **Financial Statements**, note 6. Next, get to know in detail the main socio-environmental impacts of the sector and, from page 40, how we act in our operation, and beyond it, to mitigate them while promoting increasingly sustainable structures, processes and relationships.

“We had this year the spreading in the preventive culture, greatly emphasizing the training part for risks and, also, a reinforcement regarding compliance, anti-corruption, and online loss prevention”.

Luis Alexandre Silva Ribeiro
Risk Director

SOCIO-ENVIRONMENTAL RISKS IN THE CHAIN

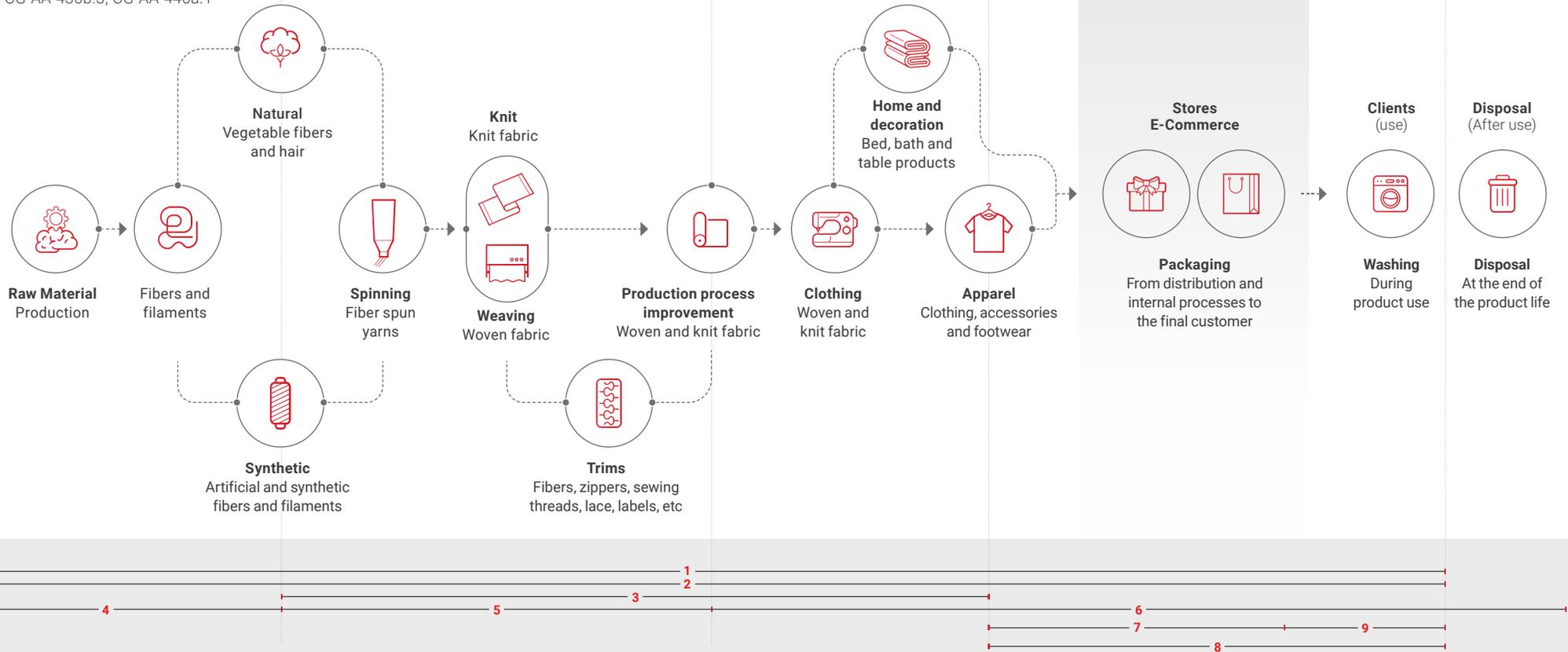
External Stages Prior to Business

Internal Stages of the Business

External Stages after the business

GRI 414-2, CG-AA-430b.3, CG-AA-440a.1

STAGES IN THE LIFE CYCLE



LIFE CYCLE IMPACT FACTORS BY STAGE

1. INTENSE WATER CONSUMPTION: during raw material processing and throughout the life of the product, in its use by consumers. **2. PRECARIOUSNESS OF WORKING CONDITIONS:** in crops, raw material processing and clothing, which may have a negative impact on social responsibility. The textile chain is the 3rd largest industrial sector in the world, with about 60 million workers. **3. INTENSIVE ENERGY CONSUMPTION:** during raw material processing, retail logistics and store operation and consequently, greenhouse gas emissions, in addition to consumption during product's life, in its use by consumers. **4. USE OF PESTICIDES:** soil and groundwater degradation and impact on workers' health and safety. The industry demands 25 million tons of cotton per year, the 6th largest extension crop. **5. USE OF CHEMICALS:** contamination of effluents and water bodies where they are discarded, besides the contamination of water bodies throughout the life cycle of the product with the washing of the pieces. **6. INTENSE GENERATION OF WASTE:** in confections, during building and remodeling stores processes and at the end of the life cycle, during disposal of pieces by consumers. In the United States, clothing disposal accounts for 4% of city solid waste, with an average of 18 kg per inhabitant.* **7. USE OF MATERIALS IN PACKAGING:** The use of packaging throughout the logistics and distribution process until the product reaches the end customer creates a material consumption environmental footprint. Plastic packaging, made from fossil fuels, contributes to the worsening of climate change at all stages from production to disposal. **8. FUEL CONSUMPTION:** the logistics and distribution of products from suppliers to DCs and then to stores and e-commerce customers creates fuel consumption and consequently greenhouse gas emissions. **9. ENVIRONMENTAL IMPACTS WHEN USING THE PRODUCTS:** the washing process generates, besides water consumption, energy consumption and greenhouse gas emissions and the release of micro plastics in the oceans.

* Data from the Solid Waste Office at the US Environmental Protection Agency.

OUR RESPONSIBLE FASHION PRACTICES TO MITIGATE IMPACTS

1. Cleaner Production pg 110
2. Responsible Suppliers pg 59
- 3 and 8. Fight against climate change pg 99
4. Less impacting raw materials pg 108
5. Less impacting processes pg 110
6. More efficient operations pg 99 and Recycled raw materials pg 109
7. Packaging and waste pg 114
8. Emissions pg 105
9. Raising awareness to transform pg 120

financial results

GRI 102-7

CONTEXT

The year 2020 was characterized by the Covid-19 effects, which impacted the economy not only in Brazil, but worldwide. The restrictions enforced by social isolation brought important effects on the activity of several sectors, on household income, and on investments in the country. To minimize these impacts, fiscal incentive and job preservation policies were launched, as well as income aid measures, which benefited economic sectors at different levels.

As the pandemic situation improved, and the restrictions on economic activities were gradually reduced, there was an evolution in different regions and business segments. In clothing retail, the footfall in the malls gradually returned to normalized levels and, with this, the segment's sales evolved sequentially as of April, already reaching levels close to the previous year in October, according to data from the PMC - Monthly Trade Survey, released by the IBGE. However, the increase in Covid-19 cases at the end of the year brought new limitations to mobility and consequently changed this trend.

Following the changes in consumer habits caused by the need for social distance due to the pandemic, we had a lower than normal flow in the physical stores when they reopened throughout the year, but with higher conversion and number of items per bag. Our sales in the online channels, on the other hand, had a significant increase, which was maintained even with the normalization of the offline operation.

All initiatives to improve the shopping experience (learn more on page 90), were reflected in increased flow on digital platforms, higher purchase frequency, as well as evolutions in the number of active customers and new customers.

As a result, our e-commerce had a new level of growth and relevance within the business. Our digital channels represented more than 12% of total sales, with 126.0% growth.

In 2020, for the **2nd consecutive year, we received the Transparency Trophy**, an award from ANEFAC (National Association of Finance, Administration, and Accounting Executives) that recognizes the clarity, completeness, and transparency of financial statements.

RETAILING

NET REVENUE FROM MERCHANDISE SALES

Net Revenue from Merchandise Sales reached R\$ 6.7 billion, down 21.4% compared to 2019, with Same Store Sales down 23.9%.

COST OF GOODS SOLD (COGS) AND GROSS PROFIT FROM RETAILING OPERATION

COGS reported a year-on-year reduction of 13.6%, less than the reduction in Net Revenue from Merchandise Sales. Consequently, Gross Profit from the Retailing Operation was 27.4% lower, equivalent to a Margin of 51.9%, versus 56.3% in 2019.

This again reflects the temporary closing of the stores, generating higher levels of markdowns during the year. The process of adjusting inventory began in April, stores reopening with the offer of discounts, and thus there was a gradual and steady improvement in margins quarter-on-quarter.

OPERATING EXPENSES

Selling, General and Administrative Expenses (SG&A) were 4.7% down in 2019, the result of lower sales volumes as well as adjustments and renegotiations to adapt the operation, more particularly during the period when stores were temporarily shut.

ADJUSTED EBITDA FROM RETAILING OPERATION

Adjusted EBITDA from Retailing amounted to R\$ 1,108.5 million in 2020, 29.0% lower than 2019.

EBITDA Margin was 16.6%, versus 18.4% in 2019, a reflection of reduced operational leverage, a function of sales volumes and a reduction in Gross Margin.

This result also reflects the recognition of R\$ 742.5 million in tax credits, already mentioned. Excluding this amount, EBITDA would have been R\$ 366.0 million, equivalent to a Margin of 5.5%.

FINANCIAL PRODUCTS

RESULT

The Financial Products Result amounted to R\$ 81.9 million, versus R\$ 391.4 million in 2019, largely due to lower Revenues generated.

The decline in Revenues is largely a reflection of lower portfolio levels and reflecting the period when stores were closed as well as the decline in the use of credit cards as a whole. Furthermore, discounts as a result of renegotiations, as well interest exemptions in the

period when stores were closed and the reduction in interest rates also had an impact on performance. Important to mention that as portfolio volumes were replenished, there was a gradual improvement in Revenues for subsequent periods.

Net Losses were 8.3% higher, due to portfolio higher coverage levels at 15.6% against 12.2% in 2019, given the uncertainties surrounding the macroeconomic scenario, which occasioned a higher level of provisioning. Operating Expenses increased 13.1%, reflecting more intensive collection activity and expenses related to digital initiatives at Realize.

CREDIT PORTFOLIO ANALYSIS

The total financial products portfolio recorded growth of 2.1%, and below normal. The Private Label portfolio amounted to R\$ 1,167.6 million in December 2020, 15.0% lower than 2019, again a reflection of temporary store closures.

The co-branded Meu Cartão, in turn, posted a portfolio outstanding of R\$ 2,349.6 million, a growth of 13.5%, still proportionally lower than historically, but compensating for the fall in the Private Label.

The reduction in the percentage of total overdues was principally a consequence of improved credit recovery

in the case of Meu Cartão, more than offsetting the increase in the case of the Private Label, impacted by the writing off of assets over the 360 days as opposed to 180 previously. It is worth recalling that as from April 2019, transactions with the Private Label are now being booked in Realize's accounts and as a result, in the 2nd semester of 2020, principally, registered higher volumes more than 180 days overdue.

The level of Losses was slightly higher relative to the total portfolio, principally due to the increase in Meu Cartão, reflecting lower growth and higher coverage, adequate for the economic scenario of the period.

PAYMENT CONDITIONS

The Renner Cards totaled 33.8 million units in December 2020 and represented a participation of 41.4% in merchandise sales versus 43.7% in 2019, mainly due to the reduction in the use of 0+8 installment finance plan, reflecting customer attitudes with a lower propensity to purchase on an interest-bearing installment basis and also more inclined in the current context to effect cash payments.

The average ticket for the Renner Card was R\$ 211.49 in 2020, flat in relation to 2019. The average ticket for the Company was R\$ 151.06, a decrease of 2.2%.

CONSOLIDATED RESULTS

TOTAL ADJUSTED EBITDA: RETAILING + FINANCIAL PRODUCTS

For the purposes of comparison with previous periods, the Company now reports EBITDA adjusted also for Depreciation and Financial Expenses following the adoption of IFRS 16, given the similarity with cash flows from leasing agreements. Without this adjustment, EBITDA would have been R\$ 1,661.2 million, equivalent to a Margin of 24.9%.

Total Adjusted EBITDA was R\$ 1,190.4 million, equivalent to a Margin of 17.9%, a year-on-year reduction. This performance was the consequence of the lower operational result from retailing as well as the reduced Financial Products Result and also reflects recognition of the tax credit, mentioned above. Excluding this amount, EBITDA would have been R\$ 448.0 million, corresponding to a Margin of 6.7%.

FINANCIAL RESULT NET

The Financial Result Net was positive at R\$ 343.9 million, basically, due to interest on tax credits of R\$ 560.4 million booked in the period. Excluding this amount, the result would have been negative at R\$ 216.5 million versus R\$ 184.4 million also negative in 2019.

This result was mainly due to the higher Interest on Loans, Financing and Swap, given the higher level of indebtedness throughout 2020, as well as the increase in negative Monetary Restatement due to of foreign trade payment flows and the execution of an exchange rate hedge.

FREE CASH FLOW

The Operating Free Cash Flow had positive effect of R\$ 1,302.9 million, due to the claw back of credits following the successful PIS and Cofins action. This amount was neutralized by the increase on the Taxes line.

Thus, the lower generation of Free Cash Flow was due mainly to the lower Adjusted EBITDA in the period.

DEBT/CASH AND CASH EQUIVALENTS NET

As of December 31, 2020, the Company reported Net Debt of R\$ 712.6 million, an increase of 161.3% relative to the position for the same period in 2019 due to, especially, the lower operating cash generation in the period.

NET INCOME

Net Income totaled R\$ 1,096.3 million, reporting a slight growth of 0.9% over 2019, equivalent to a Margin of 16.5% versus 12.8% in the preceding year, thanks to the claw back of the tax credit.

Excluding this nonrecurring item, the net income figure would have been R\$ 36.6 million and a reflection of lower Total EBITDA during the period as well as increased expenses with depreciation, reflecting fixed assets, and investments made in previous periods.

INVESTMENTS

In 2020, investments in assets amounted to R\$ 544.0 million. Of this amount, 48.8% was invested in Technology Systems and Equipment and 24.8% at the Distribution Centers, namely the construction of the new São Paulo DC. An additional 17.7% was spent on the rollout of 11 new stores: 7 Renner, 2 Camicado and 2 Youcom. The remaining 8.7% was allocated to modernization work on units and others.

We adopt tax planning practices always taking into account what the legislation or recent jurisprudence establishes.

The practices must be approved by our **Tax Committee** and, for large amounts, also by the **Audit Committee**. All decisions on tax practices must also be supported by at least two external opinions.

CAPITALS



SDG



ANNUAL REPORT

collaboration to overcome challenges



Photo: Collection made with agroecological cotton produced by a community in northern Minas Gerais, supported by the Lojas Renner Institute.

a journey of caring

People are and always have been our priority. And in 2020, the year that the entire world faced the Covid-19 pandemic, it could be no different.

We have been monitoring the pandemic's progress in Asia since the beginning of the year, before Covid-19 arrived in Brazil, through our local teams, our offices in Shanghai and Dhaka, and our trend research teams, who keep track of fashion and also the events that influence society.

This has allowed us to plan and adapt processes and care to preserve our employees, customers, suppliers, and contribute to supporting society.

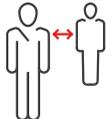


Caring for customers and employees in physical stores.

In mid-March, as Covid-19 progressed, we started to make more severe decisions to preserve everyone's health: we created a **Crisis Committee** with the main executives and 35 technicians from the work fronts, related to the specific themes impacted by the crisis, and we designed four action pillars and four operational phases, anchored on valuing all lives and protecting people first.

“Renner gradually reopened its physical stores, implementing a series of safety measures and innovative tools to welcome consumers. Simultaneously, it has developed a number of projects for the online channels, expediting its digital transformation process, with a focus on the omnichannel environment. Initiatives originally planned for the end of 2020 or 2021 were put into action in record time and improved our customers' shopping experience”.

Fabiana Taccola
Operations Director

ACTION PILLARS	Safety Mode MARCH TO APRIL	Walking again APRIL	Beginning to restart APRIL ONWARDS	FLYING AGAIN
 <p>Preservation of health and life</p>	<p>We were the first major retailer to close all stores, even before the legal requirement, our administrative employees also started to work from home at the same time, and we committed not to lay off anyone during this period.</p>	<p>Even with municipalities with authorized operation, we continuously followed the evolution of the pandemic, deciding with caution and precaution where we could reopen, with care for the employees' and customers' health managed by a dedicated medical team.</p>	<p>Even with 100% of our stores reopened, store employees belonging to the risk group remained away, returning to the office was not mandatory, and the medical team continued to take care of the physical and psychological health of our team.</p>	<p>The "new normal" has expedited the adaptation of our culture to the digital transformation and, listening to employees, we will keep the home office for administrative employees some days of the week post-pandemic, supporting their well-being, quality of life, and efficiency.</p>
 <p>Preserving jobs and income in the chain</p>	<p>We focused on reformulating orders that were already in progress and receiving what was already advanced, and we did not delay payments, ensuring our suppliers were paid what was expected to strengthen them to get through the pandemic.</p>	<p>We allocated R\$ 1.5 million to support small companies in our chain and organized suppliers to produce facemasks and PPEs, which, besides supporting the fight against the pandemic, generated income to support the business during the crisis.</p>	<p>We work very closely to our suppliers offering technical support (Sebrae consulting) and financial support (own loan and via BNDES), to design their strategies to face the crisis and maintain their business.</p>	<p>The close and collaborative work yielded important lessons for a more efficient production, with shorter lead times and more cost-effective alternatives.</p>
 <p>Support in fighting the pandemic</p>	<p>Even with the significant loss of revenue imposed by the crisis, since March 23, we quickly mobilized our team and chain and gained partners to support those who were in the front line of fighting the pandemic and the neediest and most vulnerable people who needed help. More than R\$ 5.1 million in resources were distributed to health institutions and disadvantaged communities: more than 1.7 million masks and protective equipment were produced and donated to hospitals and R\$ 2.0 million for the purchase of hospital supplies, and to vulnerable populations more than 130 tons of food and hygiene items, 4.8 thousand warm clothes, and R\$ 82.8 thousand in minimum income were distributed. A great solidarity effort in which everyone excelled, giving all the support possible to those who came to us so that, together, we could face the pandemic.</p>			
 <p>Preserving financial health</p>	<p>We have reacted quickly and responsibly to strengthen our capital structure, keep jobs and support our supply chain. We adjusted expenses, boosted cash flow, suspended non-urgent investments in renovations and store openings, and directed resources to advancing digital transformation solutions. With discipline and a strategic outlook, while preserving our financial health, we have supported the development of the other three pillars and prepared ourselves to capture the potential opportunities arising from the crisis.</p>			

employees

GRI 102-7

facing the pandemic

Anchored in our convictions and values, we were the first large retailer in Brazil to take the decision to temporarily close all stores to preserve the health and lives of people.

Find out below the main actions taken to take care of our employees.

SOCIAL DISTANCING

Since March 20, even before any municipality demanded the business closure, 100% of our stores in Brazil, Uruguay, and Argentina were closed. Facing uncertainty and unknown at the beginning of the pandemic, we opted for measures that prioritized protecting people. By doing so, we also stimulated the sector to do the same, coordinating with tenants' associations, talking to other chains, and negotiating with shopping centers, thereby amplifying the care.

Our back-office employees started working from their homes, a quick adaptation thanks to recent advances in our digital transformation and the home office pilot initiated the previous year. For employees in the Distribution Centers, who maintained our operation by receiving supplier orders and servicing e-commerce, we reinforced safety measures with the monitoring of a dedicated medical team and removed employees who belong to risk groups.

JOB PRESERVATION

We also sought to preserve jobs and undertook not to lay off any employees. That is why we adopted Provisional Measure 927/2020 (MP), which was part of the Brazilian government's program to maintain jobs.

Upon the adoption of the Provisional Measure, we defined that the contract suspensions allowed by the Measure would be applied to contracts that were compensated by the Emergency Benefit for Preserving Employment and Income so that, in this way, active employees could maintain the same level of income, but creating a lower expense for the Company. We also took care to use salary reductions in a cautious way, taking care that no employee with an active contract had a reduction of more than 25% of his or her income.

Our CEO, Executive Officers, and the entire Board of Directors, despite not falling under labor law and not being included in government programs, also decided to reduce 25% of their paychecks during the pandemic, supporting the Company's financial health and, not least, showing all employees, shareholders, suppliers, the leadership's commitment to cooperate to overcome the challenges.

CLOSE COMMUNICATION

Our digital transformation strategy initiatives, which began in 2018, have proven to be assertive and have given us the tools we need to maintain a solid culture of dialogue, exchanges, and efficiency.

We were prepared for remote work. We had already implemented a home office program for corporate employees before the pandemic, so we had most of the team with portable equipment and online systems that allowed access to the main work tools.

With our corporate social network, the Workplace, and with the new Renner University platform, we remain connected. We established a network of information and constant learning with 100% of our employees and faced the challenges that the pandemic brought to everyone's reality. We learned about new ways of working and reinforced the importance of sticking together, even if physically distant (learn more on page 40).

We dedicated ourselves to taking to the collaborators relevant and necessary information for the moment, always with transparency and promptness, reducing their anxiety about the changes, solving their doubts, and guiding

everyone about the importance of protecting their health, of taking care of themselves and of others.

Through the Workplace, we promoted live broadcasts with key executives to update employees on the initiatives adopted during the pandemic and answer questions about the next steps of the business. We reached the mark of 6 thousand simultaneous accesses to the events, engaging teams from Brazil, Uruguay and Argentina.

Our communication prioritized transparency and dialogue in order to strengthen the relationship of trust with employees, even in such a complex moment. The leaders were critical in this context and, therefore, received full support to conduct the communication in the best way with their teams.

When we reopened the stores, we reinforced all hygiene precautions, also orienting our employees on how to protect themselves from the time they leave home until they return to work.

Universidade Renner was a great partner in this journey. After all, it brought together content appropriate to the needs of the employees at the time, connecting people and encouraging constant learning. We created tracks and held webinars with specialists in physical and mental well-being, such as mindfulness, home exercises and cooking.

“During 2020 we maintained a very close communication with our employees. We encouraged the exchange of information between leaders and subordinates, made our medical and G&D team available for explanations and expanded the online integration tools. We promoted webinars with the Company's executives, to update everyone about the initiatives adopted in the pandemic. We also promoted live broadcasts with content aimed at emotional well-being, including yoga, mindfulness and meditation classes, always with significant involvement from our store teams”.

Clarice Costa
Human Resources Director

HEALTH CARE DURING THE REOPENING

We prepared ourselves to reopen safely, installing new structures to keep the distance, distributing protective equipment and sanitizing products, besides creating a committee to analyze and take care of the stores reopening, in which the medical team was decisive in defining when to open and when to close each unit.

Employees' return to face-to-face activities was voluntary, and all those who declared themselves to be in a risk group were kept away from face-to-face activities and, at the same time, welcomed.



Caring for customers and employees in physical stores.

We educated employees about new procedures, reinforcing the importance of care in other situations outside the work environment, and we talked a lot, with open listening, to provide emotional and psychological support, caring for the health of all employees and their families.

To this end, we have also created squads and committees for specific issues, in order to propose initiatives that could be quickly implemented, having a direct impact on the employees' well-being.



Employee Joriane in one of our units.

attracting talent

Even facing the challenging scenario of 2020, we have made great progresses, both in attracting new talent with the skills and knowledge necessary to our growth strategy, and in developing our professionals.

Below are the main initiatives in 2020.

ARTIFICIAL INTELLIGENCE ON HIRING

We continue investing in Gupy, a platform for managing hiring and selection processes based on artificial intelligence and machine learning that cross and combine the demands of job opportunities with the profiles of candidates registered in the platform.

Through artificial intelligence, the tool is able to identify not only the adherence of professionals to the Company's culture, but also to measure the suitability of the candidate's technical capacity and skills for the desired position.

With gamification and specific tests, the platform reduces the evaluation time of candidates and guarantees assertiveness in the selection, finding professionals aligned with Lojas Renner S.A.'s opportunity and purpose with greater speed. Furthermore, the platform is concerned with the quality of the user experience.

In Lojas Renner S.A.'s webpage, the candidate can visualize the steps and has access to the feedback of the selection process in an agile and transparent way.



Besides our dedicated pages on Facebook and LinkedIn, we launched our **careers Instagram (@rennersacarreiras)**, another relationship channel with the market's talents.

CIRCUIT PROGRAM

Launched in 2019, the “Circuit Program - Great Talents Circulate Here” brings us closer to the Education and Innovation ecosystem, in Brazil and abroad, ensuring the attraction and development of talents by means of an ongoing agenda of meetings with partners to exchange knowledge, about new skills and competencies that are crucial to careers in the future, and for cooperation that generates value for the sector and society.

The program’s DNA is cooperation and, therefore, its governance is shared, since we unite professionals from various areas of the Company to make decisions together. We are already more than 60 Circuitadores at Lojas Renner S.A. and more than 250 internal and external talents connected in the Circuit ecosystem.

We have already added more than 200 hours of knowledge exchange and, in the year, the Circuit proposed challenges, hackatons and marathons connected to our business strategy and developed partnerships for exchange with Labs (laboratories), universities and reference institutions, being the main ones:

HACKATHON DO BEM

100% online marathon, in partnership with Lojas Renner Institute, which selected groups for daily meetings, mentoring and exclusive tools to prototype a solution, related to the challenge “Covid-19: How to connect hospitals with the health network and its supply chains, enabling better inventory management and lead time optimization of products and services?”.

SUPPLY CHALLENGE

Mentoring project focused on developing management solutions to provide overcoming and advancement to small suppliers of our post-Covid-19 chain. The project included leaders from Lojas Renner S.A. as mentors and content trails for development focused on supply, projects and innovation.

ACCELERATED CIRCUIT

This front encourages the development of ideas from MVPs (Minimum Viable Product), which are accelerated in the bootcamp format (intensive training), in addition to bringing teams of Renner professionals together with university students. The projects are built seeking solutions for business challenges, in a collaborative and innovative way. In 2020, over 70 people were directly impacted by this initiative.

INNOVATION MARATHONS

Challenges related to the business involving the internal and external ecosystem to create fast and innovative solutions.

EVENTS

Through the Circuit we are present in relevant events about the sector and business challenges, mainly those promoted by universities and Labs, contributing to the knowledge advance and bringing us closer to relevant talents to our strategy.



In all we have had more than 2,800 people impacted by the Circuit.

development

For Lojas Renner S.A., personal and professional development and career building in a shared way is richer, more representative and relevant.

That is why we are always committed to opening up paths and opportunities for career development and progression, and to giving our employees the tools they need to understand these paths, develop their talents and vulnerabilities, and thus be able to follow a path of evolution. We present below the main programs and initiatives in this direction.

In 2020, we were recognized as:



The Most Incredible Company in Corporate Education

by the Incredible Places to Work Award

4th among:



The Best in People Management 2020

in the Valor Carreira ranking in the category above 17 thousand employees.

LEADERSHIP DEVELOPMENT

We count on leadership development programs to expedite our employees' career progression and ensure the preparation of leaders to keep up with our intense expansion pace.

The process begins with identifying who the "high potentials" are in the 9box calibration committees, based on the cross-checking of the results of the skills assessment, goal achievement and potential analysis. From the identification of the "high potentials", we hold meetings to build the succession maps that will later be validated in the Board Succession Committee.

After map validation, we create structured plans to speed up readiness, offering coaching, mentoring, job rotation and external, national and international courses to leaders.

Since 1992, we have had a trainee program, open to external and internal candidates, which develops and trains future leaders, who identify with our business, philosophy and culture. The program's focus is the training of supervisors and managers for the stores, planners, buyers and designers for the product area.

The Company's top leadership position is a reflection of the Program's success. Today it is occupied by our CEO, Fabio Faccio, who, 21 years ago, was a trainee at Renner.

We have the goal of having 100% of the high leadership positions (from senior manager) with mapped successors and with immediate readiness, the whole management level of the Company has among its goals the training of successors. In 2020, the goal was achieved.

"Having a team that is talented and engaged with the Company's purpose, and that brings innovative solutions all the time, is very positive. 2020 was a difficult year, but also rewarding because we saw the quick reaction of our teams".

Fabio Faccio
CEO of Lojas Renner S.A.

CORPORATE EDUCATION

RENNER UNIVERSITY 4.0

The competencies model and the business strategies are the guidelines of our corporate development plan that is put into practice by Renner University (UR), through on-site and virtual development and training trails. Facing the strategic cycle of digital business transformation, UR has been a key instrument to develop skills and knowledge to expedite our mindset change.

With the launch of UR's new platform in 2020, the year of its 20th anniversary, we renewed our learning concept and achieved important technological advances through a more modern, interactive and collaborative tool, enhancing our network of

learning experiences. This way, our employees continue to develop wherever and whenever they want. Learn more about this new experience:

- In 2020, we joined the **Degreed** platform, where everyone has access to a library of content — texts, videos, podcasts — from platforms all over the world, and can share knowledge, create discussion groups and follow other people of their interest;
- The employee now also has the opportunity to contribute to **UR** with independence, i.e. an employee who watched a super interesting TED Talk about the product life cycle can now connect this content to the platform, which will be accessible to all;
- The new UR is a **Social Learning Network**, where employees can recommend

and enjoy content, discuss issues and follow influencers of specific topics — employees who are reference in an area of knowledge, providing a new learning experience;

- We have also launched **UR News**, talking to our team about the available contents and possibilities of using UR, engaging the employees in the access;
- We changed the concept of learning for the development of employees. Before, UR had tailor-made trails to meet the criteria of the PDI and now the employee has full autonomy over their learning and development process, controlling and defining their own trails, with the support of artificial intelligence that makes the personalized recommendation based on the PDI of each one.

CORPORATE INTERNSHIP

In 2020, we started our first Internship S.A. class, a corporate internship program, with a 100% customized development trail addressing Our Culture, Business, Soft and Hard Skills, allowing all our interns to have a well-developed systemic and corporate vision at the end of the one-year program.

At the end of the cycle, we performed a hackathon, bringing macro problems of all businesses (Renner, Camicado, Youcom and Realize), so that our interns developed a solution in 3 days.

We encourage the **development of our employees** through partnerships with dozens of educational institutions, which offer discounts of up to 50% on undergraduate, graduate and extension courses.

CAREER PLANNING

We provide all employees with a career cycle that includes structured and consolidated processes to identify, develop and track our talents.

The career planning cycle begins with skills assessment, an important time to promote and broaden performance and development conversations to recognize competencies, accomplishments and to plan learning and career advancement opportunities.

The assessment must be done every six months by 100%* of the employees, including trainees, and annually by the entire leadership.

The process starts with the self-assessment, performed in the career portal, and is a precondition to advance to the next phase, which provides for your immediate manager to do an assessment.

At the end of the assessment there is a formal feedback and career talk, where, from then on, the Individual

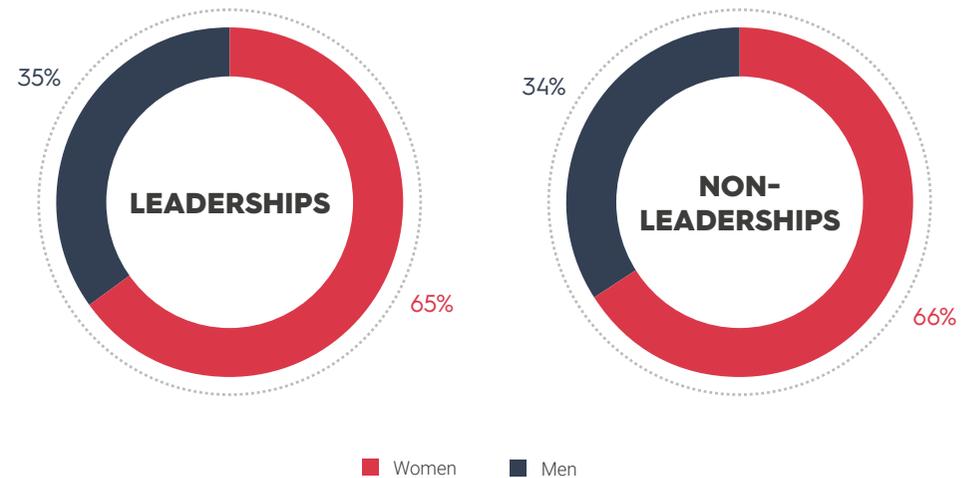
Development Plan (PDI) are collectively built — with the employee and his/her leader — focusing on career goals and current individual development needs. PDI is structured based on the 70/20/10 methodology, where 70% of the actions are taught hands-on, 20% learning by interacting with others and 10% learning through formal actions such as courses, training and reading.

Since 2019, skills assessment and the PDI have become mobile as part of our digital cycle, ensuring easiness, speed, convenience, allowing monitoring and adjustments to the PDI throughout the year.

We have also launched a new platform for PDI that relies on artificial intelligence that crosses the needs listed with the contents of Renner University and, finally, points out a curatorship of courses and training aligned with the PDI of each employee. Moreover, the employee can add reference persons, mentors and groups to his or her PDI (social learning).

EMPLOYEES WHO RECEIVED PERFORMANCE EVALUATION IN 2020 BY GENDER AND POSITION

GRI 404-3



Our employees have an online career and development system where they can access their PDIs, with guidance and tools to monitor and manage the actions planned for career development. Moreover, in our Career Portal, the professional can fill their internal résumé with their career interests, training and ambitions, which generates more mobility opportunities and advances in internal hiring.

* In 2020, 93% of employees joined and took the assessment.

ENGAGEMENT

We conduct active management of employee alignment and engagement with our corporate culture, an essential factor in stimulating both the career development of our professionals and talent retention. To this end, we rely on important forums of strategic and cultural alignment, in addition to the continuous communication routine.

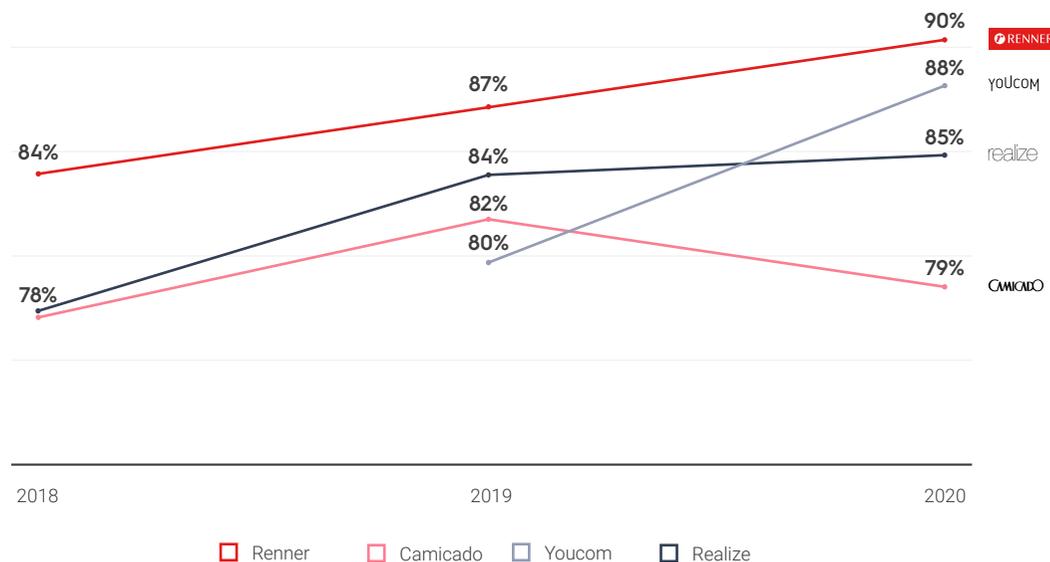
For 19 years, we have promoted our annual leader Convention, which brings together from managers to directors and works on strategic content for the development, integration of executives, the strengthening of the organizational culture and the dissemination of the Company's strategic directors. After the Convention, executives deepen content with other

managers at the Unfolding event, and then senior managers and leaders pass along the content and experiences with coordinators and experts.

To reach all employees and reinforce our purpose of enchantment, for over 20 years we have also promoted Magic Renner, aligned with the concepts in the Convention, considered one of the pillars of the corporate philosophy and culture for promoting full integration between different levels of the Company.

Every year, we carry out the voluntary and anonymous engagement survey among all Lojas Renner S.A. employees. In 2020 the survey participation was 86% and the average engagement was 89%, above the retail level and above our target of 85% engagement for 2020.

ENGAGEMENT



Themes with better results
Change Management: 94%
Brand: 91%
Focus on the Customer: 91%

Main challenges
Compensation and Benefits: 71%
Quality of Life: 74%
Coworkers: 82%

On page 120, we also present the programs to stimulate the engagement of our employees with Responsible Fashion.

diversity and inclusion

GENDER EQUITY

Throughout our history we have built an environment for repairing gender inequality in society: women have the same opportunity, the same voice, the same space. And that is why we do so well in practice what we take as our purpose: **to enchant everyone.**

We are a Company with a feminine soul. And this is reflected not only in the contact with our customers, but also in the internal environment of our business. Out of the total number of employees Lojas Renner S.A. 65% are women. When we look only at leadership positions, we also maintain women's participation at 65%, which proves that growth opportunities have no gender differentiation. In the top management, out of the 5 statutory boards, 2 are held by women: our Operations Director, Fabiana Taccola and our G&D Director, Clarice Costa.



In 2020, we kicked off **Plural**, a program that is guiding our diversity and inclusion strategy both in relation to our employees and to society.

The beginning of Plural involved a mentoring conducted by a specialized consulting firm, together with a working group of employees representing the different businesses, areas and diversity profiles.

Throughout 2021, we will unfold the diversity roadmap to be worked by Plural in the coming years.

Learn more about the program on page 86.

“Lojas Renner has always valued diversity in its different aspects, with special consideration for gender equity. But we know that we can further advance towards our purpose: to enchant **everyone** is our achievement! We have the opportunity to evolve and, to do so, we are expediting projects and developing new initiatives. The more diverse a company is, the better it becomes”.

Fabio Faccio
CEO of Lojas Renner S.A.

We monitor two relevant indicators for gender equity promotion in the labor market, in order to continuously evolve in women empowerment and the promotion of equal conditions.

MATERNITY LEAVE

GRI 401-3, 405-2

695 Leaves ended in 2020



Return rate:
99.4%

631 Total employees that in 2020 have completed 12 months since their return from leave



Retention rate after 12 months:
46.3%

RATIO BETWEEN THE COMPENSATION OF WOMEN/MEN

SENIOR LEADERSHIP FROM SENIOR MANAGER

0.78 considering base salary

LEADERSHIP UNDER SENIOR MANAGER

0.87 considering base salary

0.72 considering base salary + average benefit ticket

NON LEADERSHIP

0.92 considering base salary

INCLUSION OF PEOPLE WITH DISABILITIES

Since 2011, we have the Somar Program, which works on the effective inclusion of people with disabilities in the Company through the awareness and engagement of leaders and teams, initiatives to make the environments and activities inclusive for these professionals and the monitoring of their integration.

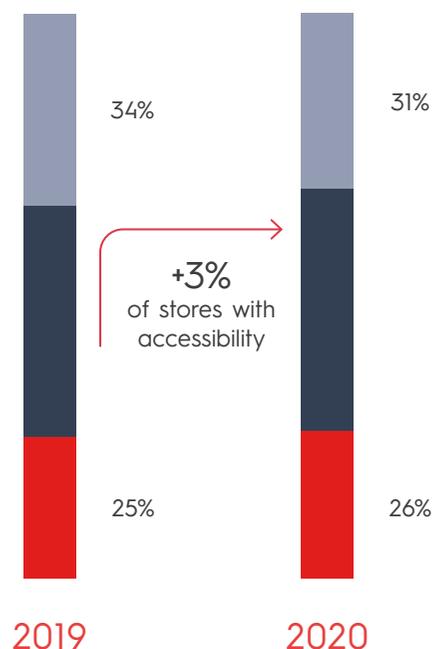
From 2015 on, we also started to develop the Inclusion Project to adapt stores to the accessibility of people with disabilities, with premises aligned with NBR 9050, which deals with accessibility of buildings, furniture, spaces and urban equipment.

Altogether, by the end of 2020 we had 1,012 employees with disabilities, a total of 4.09% of our workforce.



In 2020 we launched a **special collection of functional lingerie** to offer more convenience and autonomy to women with reduced mobility. Learn more on page 124.

RENNER STORE ACCESSIBILITY IN 2020 (%)



- Fully accessible
- Partially accessible
- Not accessible

complementary indicators

EMPLOYEE PROFILE

GRI 102-7, 102-8

24,757

employees

Until 2019, we monitored the diversity profile of our employees through the official registration data and, as of 2020, we also started to monitor the self-declaration of employees in the engagement survey, allowing a more updated view of our staff.

Below are the indicators:

Regional Distribution	Total	%
Brazil	23,951	96.8%
North	935	3.8%
Northeast	2,721	11.0%
Central-West	1,552	6.3%
Southeast	11,141	45.0%
South	7,602	30.7%
Uruguay	520	2.1%
Argentina	224	0.9%
China	56	0.2%
Bangladesh	6	0.02%

Gender	Total	%
Women	16,041	64.8%
Men	8,716	35.2%

Age Group	Total	%
29 Y.O. or Younger	14,255	57.6%
30 to 49 Y.O.	9,688	39.1%
50 Y.O. or Older	814	3.3%

Ethnicity	Total	%
Asian	137	0.6%
White	13,132	53.0%
Indigenous	25	0.1%
Black	6,783	27.4%
Brown	4,881	18.1%
Black	2,302	9.3%
Not informed	4,680	18.9%

Position	Total	%
Leadership	2,568	10.4%
Other Employees	22,189	89.6%

Workload	Total	%
Full-time	23,228	93.8%
Part-time	1,529	6.2%

Contract Type	Total	%
Open-ended work contracts	23,692	95.7%
Fixed – term contract	1,007	4.1%
Interns	58	0.2%

OFFICIAL EMPLOYEE REGISTRATION DATA

GRI 405-1

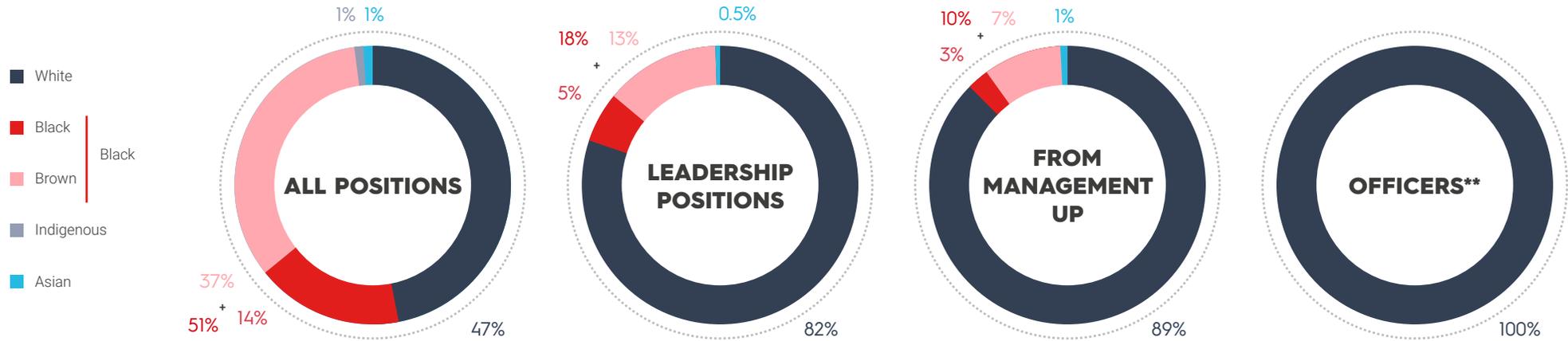
Diversity profile by position	Leadership							Other Employees
	Board of Directors	Executive Officers	Seniority profile			Performance profile**	Average	
			Senior	Full	Junior	Revenue-generating positions		
Gender								
Women	25.0%	28.6%*	46.0%	63.9%	66.4%	67.8%	64%	64.8%
Men	75.0%	71.4%	54.0%	36.1%	33.6%	32.2%	36.0%	35.2%
Age Group								
29 Y.O. or Younger	0.0%	0.0%			20.9%			61.8%
30 to 49 Y.O.	16.7%	61.9%			76.6%			34.3%
50 Y.O. or Older	83.3%	38.1%			2.5%			3.9%
Ethnicity								
Asian	0.0%	0.0%	0.9%	0.5%	0.4%	0.5%	0.6%	0.6%
White	91.7%	100.0%	87.6%	84.3%	69.2%	75.5%	76.7%	50.3%
Indigenous	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Black	0.0%	0.0%	1.8%	10.0%	24.8%	19.9%	17.3%	28.6%
Brown	0.0%	0.0%	1.8%	7.6%	16.8%	14.4%	5.2%	18.8%
Black	0.0%	0.0%	0.0%	2.4%	8.0%	5.5%	12.1%	9.8%
Not informed	8.3%	0.0%	9.7%	5.2%	5.6%	4.1%	5.4%	20.4%

* Considering the entire executive board. If we consider only the statutory board, the women's percentage is 40.0%.

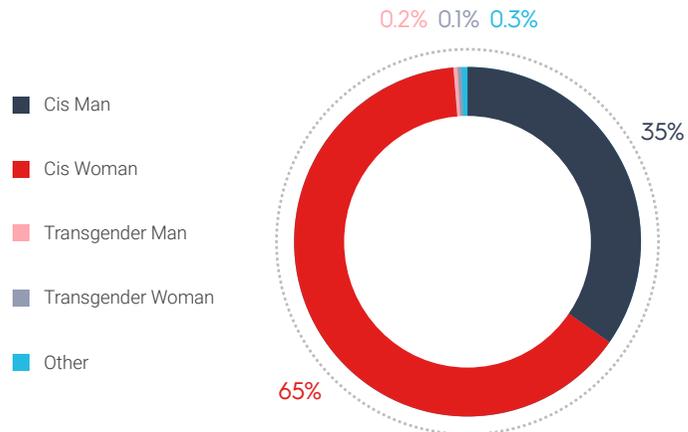
** The total number of women in STEM positions (Science, Technology, Engineering and Mathematics) is 31.8%.

COMPLEMENTARY SELF-DECLARED DATA COLLECTED IN THE ENGAGEMENT SURVEY*

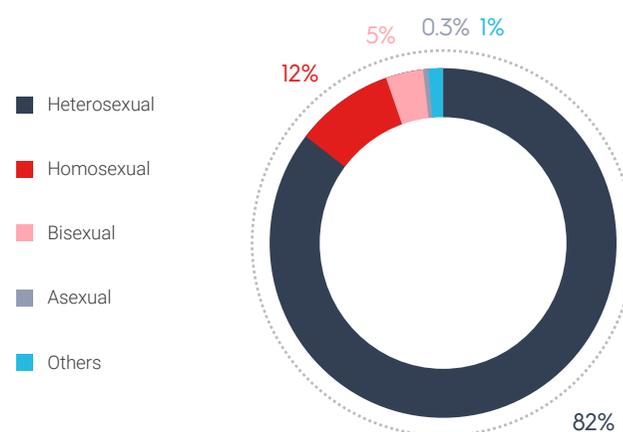
Employees by ethnicity:



Employees by gender identity:



Employees by sexual orientation:



* 86% of all employees joined the survey.
 ** Statutory and non-statutory.

TURNOVER

By gender	Hires	Hiring rate*	Terminations	Turnover rate**
Women	4,702	29.3%	4,729	29.5%
Men	2,913	33.4%	2,734	31.4%
By age group				
29 Y.O. or Younger	5,813	40.8%	5,343	55.9%
30 to 49 Y.O.	1,745	18.2%	2,008	14.1%
50 Y.O. or Older	57	6.1%	112	12.0%
By country				
Brazil	7,378	30.8%	7,342	30.7%
Uruguay	200	38.5%	70	13.5%
Argentina	26	11.6%	51	22.8%
China	10	17.9%	0	0.0%
Bangladesh	1	16.7%	0	0.0%
Geral				
Lojas Renner S.A.	7,615	30.8%	7,463	30.1%

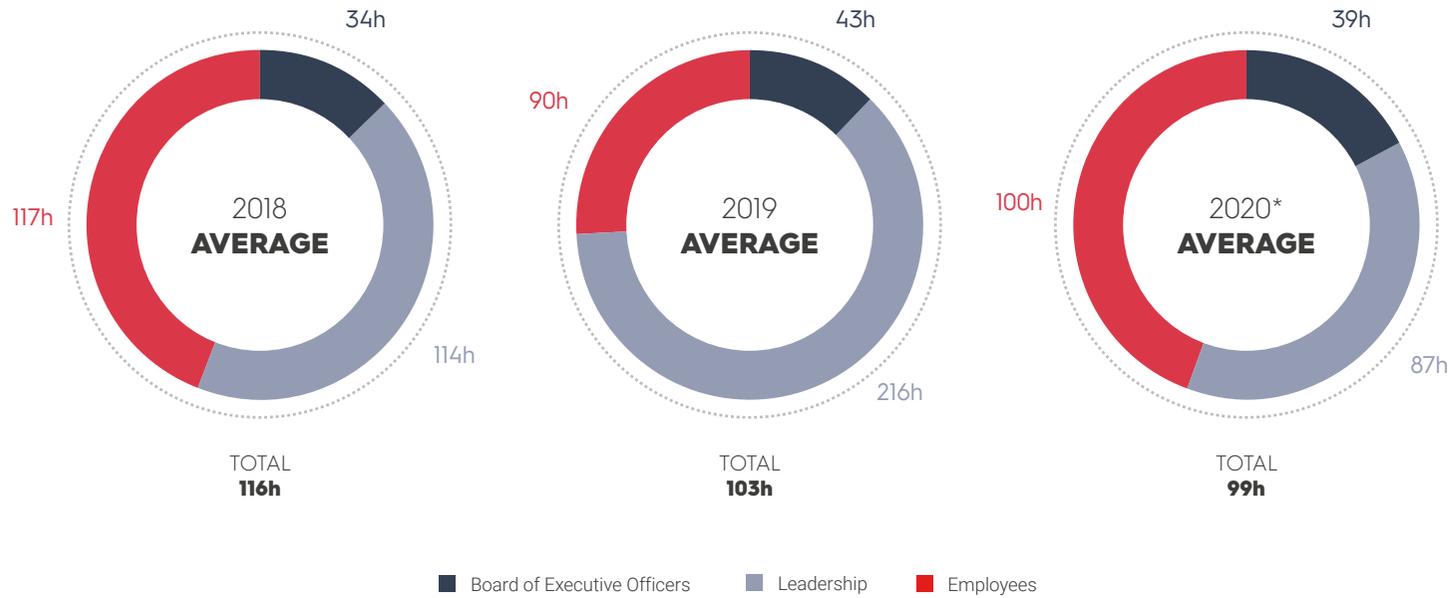
* Our internal hiring rate for the year was 47%.

** Turnover considers the percentage of dismissals in relation to the total active staff of each category presented. Considering this methodology, it is natural that the percentages do not add up to 100% in the categories. Our voluntary turnover rate was 16.3%.

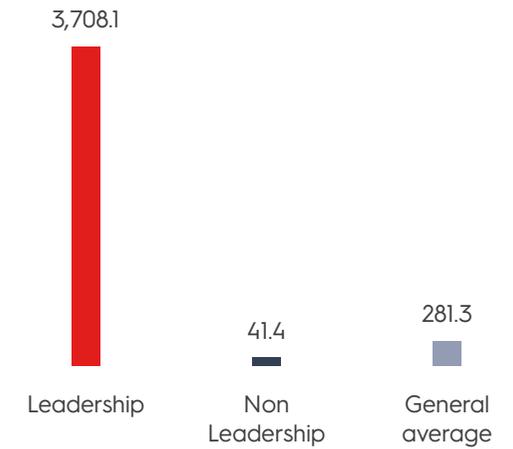
TRAINING INDICATORS

GRI 404-1

HOURS OF TRAINING PER EMPLOYEE



AVERAGE INVESTMENT IN TRAINING BY EMPLOYEE IN THE YEAR:



The training hours total in 2020 decreased because of the store closing period, which impacted the training of store employees.

HEALTH AND SAFETY

We provide our employees with safe and healthy workplaces, through compliance with medical and occupational safety laws, with a team dedicated to managing the issue and a number of structured standards and policies:

- Occupational Health Control Program (PCMSO)
- Environmental Risk Prevention Program (PPRA)
- Internal Accident Prevention Committee (CIPA)
- Ergonomic Work Analysis (AET)



Caring for employees in our offices.

We also encourage and educate our employees to adopt responsible attitudes in complying with internal laws and regulations related to medicine and occupational safety, acting in a preventive manner while promoting a safe, healthy and quality work environment, seeking continuous improvement.

In addition to meeting the standards, we have a health and wellness program that promotes our wellness week every year, which tracks, welcomes and guides employees with chronic diseases, employees on leave under social security and employees in cancer treatment, ensuring all necessary support for overcoming and promoting health.

In 2020, another important focus was the creation and monitoring of the application of the Covid-19 prevention protocol, following the recommendations of the Ministry of Health and the World Health Organization (WHO), as well as the follow-up and hosting of employees who were infected with Covid-19.

INDICATORS*

There were no employees fatalities or occupational diseases during 2020.

Year	Total accidents	Lost time accident frequency rate
2017	52	1.2
2018	70	1.4
2019	79	1.4
2020	48	0.9

* Frequency rate = (Number of lost time accidents) / (Total hours worked in the accounting period) x 1,000,000.

suppliers

GRI 102-9, 102-10, 103-1, 103-2, 103-3

facing the pandemic

GRI 102-10

Our concern with people extended to our partners' network. We got even closer to our suppliers so that, together, we could build solutions and mitigate the impacts of the crisis.

WORKING CLOSELY

To support our supply chain we honor the values and payment terms already agreed upon and work very closely with Resale Suppliers, seeking to replan orders that were in progress, adapting collections and redesigning products to tell new stories, reassembling the puzzle together.

We also organized our chain to produce facemasks and other safety and hygiene equipment donated to vulnerable populations and health institutions in the frontline of the fight against the pandemic (learn more on page 76), which, in addition to supporting society, ensured the injection of financial resources in the supply chain, helping to preserve companies and jobs. Some partners even extended the virtuous cycle of social responsibility and produced the equipment by forgoing their profits.

With these initiatives, we have supported our chain's financial security, we have kept ourselves prepared for the upturn with inventories suited to customer needs, and we have captured more knowledge and expertise from suppliers, a learning that has allowed us to improve our processes on a permanent basis.

In the comeback, with the companies in the sector's productive chain with large volumes of orders and some losses in productive capacity, we reaped the fruit of the solidity and proximity with our partnerships with suppliers, managing to guarantee our production in balance.

"We had to adapt very collaboratively and quickly to keep on enchanting. We planned, developed, bought, and put new collections at the point of sale, which resulted in the diversification of assortment, lifestyles, colors, and prints. To achieve this, our actions were always in partnership between the supplier and the internal teams".

Avani Cristiane Queiroz Viana
Product Director

"We had a dynamic year on a very low predictability. It was like driving a car in the dark. The good part is that we accelerated our work and knowledge of the digital world, e-commerce, and as a result many things evolved and came to stay".

Leonardo Costa Vieira
Product Director

FINANCIAL SUPPORT

We also sought to help our chain by means of financial support. For small companies, with up to 50 employees, we set aside R\$ 1.5 million of our own fund, which was reserved for investment and development of the companies in our chain. The companies went through a careful evaluation, taking into consideration, among others:

- High financial vulnerability
- Serving more than one supplier
- Workforce between 10 and 50 people
- No history of serious non-conformities

The initiative aimed to help maintain jobs and the structure of these companies, impacting about 2 thousand people.

These companies relied on Sebrae's consulting services to ensure the financial management and the perpetuity of the businesses (see more details below).

Moreover, we mediated a credit operation with BNDES, being the guarantor of our suppliers' loans, allowing the release of R\$ 87 million to the companies.

We maintained our anticipated receivables interest rates and granted R\$ 209.3 million to suppliers that adhered to this fund-raising option.

Thanks to all these initiatives, we were able to direct around R\$ 300 million to our chain,

supporting companies and their chains, which employ around thousands of people.

CRISIS MANAGEMENT SUPPORT

We joined forces with Sebrae to support micro and small companies in our production chain by providing, free of charge, a series of consultancies for crisis management and financial management. About 170 small businesses from six Brazilian states (Rio Grande do Sul, Santa Catarina, Paraná, São Paulo, Rio de Janeiro, and Minas Gerais) were impacted.

The consultancies were offered over two months, customized for each company's reality, with 12 hours of service in six virtual meetings, covering topics such as: financial management, crisis management, credit lines available in the market and government provisions, and other actions to face the pandemic.

We also prepared booklets and guidelines on resources and lines of credit available from the BNDES, and information on the Provisional Measures enacted by the government to tackle the crisis.

With these measures, we seek to provide clarity to the sector's business owners, affected by the decline in revenues, for decision making and business redirection, aimed at the management and survival of companies and jobs.

"We have been very concerned about our employees and our supply chain, being careful to maintain production and payments, as well as developing a credit program for suppliers. We are bringing the partners more and more into our business. The crisis boosted this approach: we had to rearrange the orders through new collections, building the new deliveries on top of the existing ones".

Cláudio Gustavo Barone
Youcom Director

“We support a BNDES project that allocated R\$ 87 million to suppliers over a period of 2 to 5 years. Even in this resumption period, the situation is still challenging, so this program (from BNDES) is essential. As an anchor-Company, acting as guarantor, Lojas Renner is contributing so that this resource reaches the suppliers that most need help at this time. We have always had a close and solid relationship with our partners and, during the pandemic, we expanded the support measures directed to them”.

Henry Costa
Product Director

responsible suppliers

GRI AF1, AF6, AF7, 102-12, 308-1, 308-2, 410-1, 414-1, 414-2

CONSISTENT PRINCIPLES AND MANAGEMENT

As a retailer, the engagement, monitoring and development of the supply chain is a central guideline in our sustainability strategy. In this respect, in our Responsible Fashion plan (learn more on page 14) one of the four strategic action pillars is Responsible Suppliers, which seeks to create value by promoting respect for the environment, human and labor rights in the supply chain, mitigating risks and negative impacts while enhancing our positive impact in building an ethical, responsible and increasingly sustainable supply chain.

The suppliers' management is based on the best practices established by widely legitimized and recognized international references and on Lojas Renner S.A.'s formal policies, which determine the procedures to be observed by all suppliers in their operations, in relation to the protection of human and labor rights, the promotion of ethics and the fight against corruption, and environmental preservation.

LOJAS RENNER S.A. POLICIES

Code Of Conduct for Suppliers

Carried out in a collaborative manner, with representatives from several areas of our Company, this code is a corporate guide that aims to clarify and formalize a set of guidelines that indicate the path we want to follow with our product and/or service suppliers.

Sustainability Policy

It presents Lojas Renner S.A.'s commitment to sustainable development, guiding the management, values and positioning of the Company and its entire value chain and stakeholders: from raw material producers to post-consumption players.

Human Rights Policy

It formalizes and spreads our commitment to promoting respect for human rights, establishing the guiding principles that should direct the Company's activities and relationships throughout the value chain of the business.

REPORTING

Anyone can submit complaints or denunciations about cases that go against our policies and principles, through a channel operated by an independent company, confidential with guaranteed anonymity:

<https://contatoseguro.com.br/en/lojasrennersa>

We disclose the channel to suppliers upon hiring, in workshops and e-mails. For Resale and civil construction Suppliers, we also require the disclosure of the channel to workers through banners in areas of high movement of workers at suppliers and their contractors and during technical visits we verify if the Renner code of conduct is displayed at the company and if it has disseminated the code of conduct to its contractors.

GLOBAL BEST PRACTICES GUIDELINES

UN

- UN's Sustainable Development Goals.
- UN Guiding Principles on Business and Human Rights.
- UN International Charter on Human Rights and its instruments: International Declaration of Human Rights, International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.
- United Nations Global Compact.

OCDE

- Multinational Guidelines of Organization for Economic Cooperation and Development (OCDE).

ILO

- International Labor Organization (ILO) declaration on fundamental principles and rights at work.

INSTITUTO INPACTO

- Signatories to the National Pact for the Eradication of Slave Labor, (Instituto InPacto).

Based on close management, we have teams and management strategies dedicated to our suppliers that monitor their compliance with our policies and principles, follow their performance and support their development and sustainability cycles.

These teams are divided between management of Retail Suppliers, who produce the items we sell in our stores, and management of Back-Office Administration Service Providers, who manage the other suppliers.

We have a consistent management and relationship cycle in the pillars of Accreditation, Monitoring and Control (for Back-Office Administration and Resale Suppliers), and Development (for Resale Suppliers), presented in detail below.

ACCREDITATION

Before contracting, 100% of our 3,559 national and international suppliers, from all sectors, undergo an accreditation process that evaluates their integrity promotion mechanisms and the conformity of their documentation, ensuring regularity and adherence to our contracting requirements.

All of them must also commit to our Code of Conduct for Suppliers, by signing the Commercial Contract and the Statement of Commitment to Responsible Conduct.

For the suppliers identified as having the highest risk of impact in each group – Resale and Back Office – the evaluation process goes deeper.

RESALE SUPPLIERS

Apart from the documental accreditation, done with all the contractors worldwide, our national private label Resale Suppliers and their apparel, footwear and accessories contractors must also be certified by ABVTEX (Brazilian Textile Retail Association), which evaluates their compliance with best social and environmental corporate practices. The ABVTEX certification presents an important efficiency gain by optimizing audits and sharing their results with the entire textile chain.

In 2020, as was already available to Resale Suppliers, **we created the Portal Nossa Rede for Back-Office Suppliers**, a communication channel with the supplier's single view for access to documents, standards, procedures and communications. We also started the LGPD compliance analysis for suppliers with access to personal data.

BACK-OFFICE ADMINISTRATION SERVICE PROVIDERS

For back-office administration service providers at our Administrative Headquarters, besides the documentary accreditation, we perform the functional accreditation, which evaluates the bond and ability to work against the legal requirements applicable to the activities they will perform.

Back Office Administration Service Providers contracted in the civil construction, logistics and maintenance sectors, identified as critical, also go through an accreditation process in which a specialized company evaluates suppliers' documentation evaluating their practices and commitments to:

- Occupational Safety;
- Environment;
- Social Responsibility (child labor, forced or compulsory labor, irregular foreign labor, freedom of association, discrimination, abuse and harassment, compensation, working hours, benefits).

MONITORING

GRI 407-1, 408-1, 409-1, AF3, AF4, AF8

RESALE SUPPLIERS

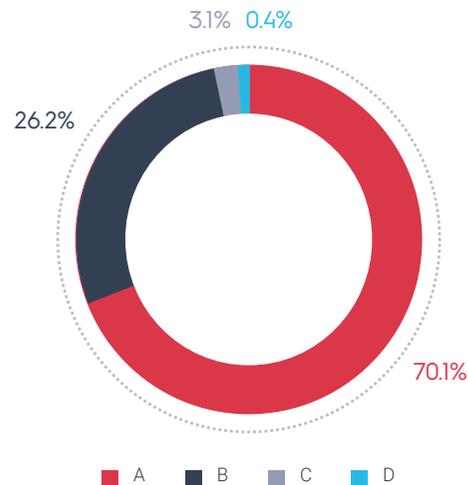
Following the initial contracting process, all national and international private label Resale Suppliers are monitored in relation to social and environmental responsibility and evaluated in audits, carried out at least once a year on suppliers (tier 1) and their contractors (tier 2) for apparel, accessories, footwear, and beauty.

The score in the audits creates a classification, unified for national and international suppliers in 2020, that considers five risk factors – Constitutional Rights, Occupational Health and Safety, Worker’s Rights, Company Formalization and Environment – and classifies suppliers into four levels:

Of the items assessed in supplier audits, some are classified as **“zero tolerance”**, immediately blocking the supplier from our chain and may lead to the end of the business relationship.

Learn in more detail about the items evaluated in the Audit checklist, available on our supplier portal: <https://bit.ly/37jHlbW>

RISK MATRIX CLASSIFICATION



A: Suppliers that are reference in management

B: Suppliers that have points of improvement in management items

C: Suppliers which have non-conformities in local legislation items

D: Suppliers that have nonconformities in critical items (learn more in consequence management, page 64)

Throughout 2020 we have worked to make the monitoring process more efficient, with technology progress and the use of data to manage risk and direct efforts.

We began using artificial intelligence and a machine learning algorithm to analyze historical data from audits and understand the correlations among nonconformities and recurrences by company profile, type of production process and region, pointing out the greatest potential risks.

To prioritize the supply chain monitoring and to have a more assertive performance, our risk matrix was revised and started considering the company’s risk axes* and relevance to our business**, classifying all companies in quadrants that define our monitoring approach.

In 2020, with the social distancing scenario, data analysis and the revision of the risk matrix were fundamental to continue monitoring the companies. We have personally audited more than 90% of the companies prioritized in the matrix*** and the rest of the chain was evaluated remotely.

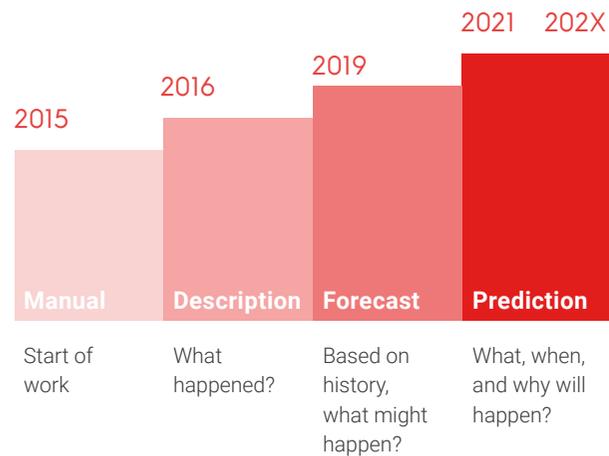
These monitoring initiatives allow us to move towards a predictive model of where and when non-compliance will occur, reducing the volume of audits performed and having greater availability to go beyond legal compliance, increasing the management level and promoting the improvement of socio-environmental performance of our chain.

* The history of audits, the place where the company is located (country and region), the supply segment, the type of activity, other certifications that it may have that contribute to mitigate the risk, financial evaluation, among other available data.

** Piece volume, order quantity, supplier board participation or other projects.

*** The total did not reach 100% because of the suspension of audits from March to July to preserve the health of auditors and employees of suppliers and subcontractors.

ADVANCES IN OUR MONITORING MODEL



EVOLUTION OF SUPPLIER COMPLIANCE MANAGEMENT

2015

- restructuring of the Compliance area.
- evaluation in social responsibility requirements.

2016

- creation of order traceability audits.

2017

- environmental diagnosis of the chain.

2018

- inclusion of environmental responsibility in the audit.
- raising awareness about chemicals .
- start of the International program, mapping Tier 1 suppliers and monitoring.

2019

- expansion of environmental items and inclusion of Chemical Management requirements.
- expansion of Social Responsibility Audits.

2020

- restructuring and expansion of the requirements evaluated in the audit checklist.
- new auditing models accelerated in the social distancing scenario imposed by the pandemic: creation of remote auditing and recognition of other protocols.
- phasing of the checklist also to support continuity of monitoring during the pandemic.
- Inclusion of environmental items in the audit and mapping extension for suppliers Tier 2.
- content production to support the chain in the evolution of its sustainability practices.
- pilot project to qualify the chain according to its risk level.

2021

- Review of the supplier chain classification (the higher level of demand should bring in the next few years the increase of companies in the lower levels of classification).

■ National Suppliers

■ International Suppliers

■ Both

CONSEQUENCE MANAGEMENT

GRI AF14, AF15, AF16, AF17

When we identify any points that need to be corrected to comply with our requirements and legislation, we ask the company to execute an action plan with a timeframe of two or three months for resolution.

As an exception, in 2020, due to the impacts from the pandemic, we have granted a 120-day deadline for resolution of the action plan.

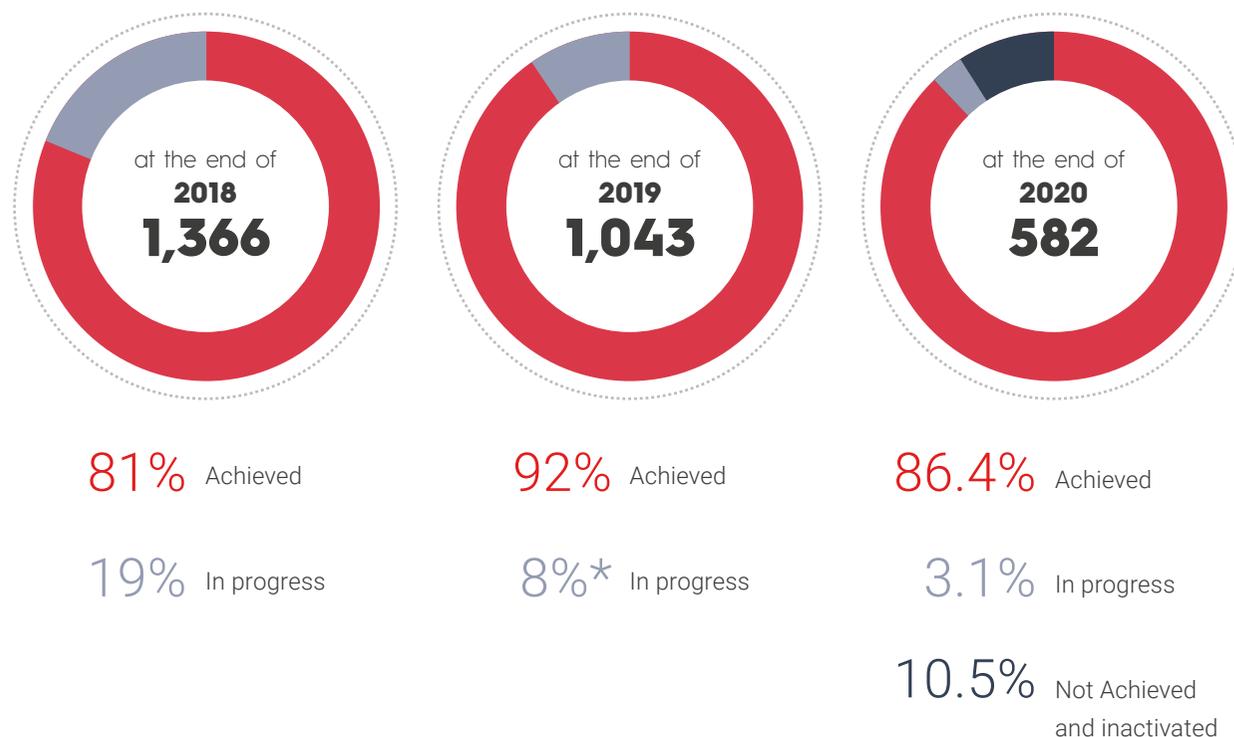
Depending on the criticality of the action plan, the follow-up and finalization is carried out in person.

If the plan is not complied with, the companies are blocked/suspended, do not receive new orders, and are subject to disqualification from Lojas Renner S.A.'s supply chain.

In 2020, we also started to consider the recurrence of non-conformities: in cases in which a recurrence is identified in aspects that lead the supplier to be classified as C and in cases of direct classification as D, we rely on the evaluation of the Supplier Committee, made up of Product leaders, Resale Supplier Management and Sustainability, which evaluates the supplier's permanence in the value chain.

ESTABLISHED ACTION PLANS

With national and international suppliers – tier 1 – and their contractors – tier 2

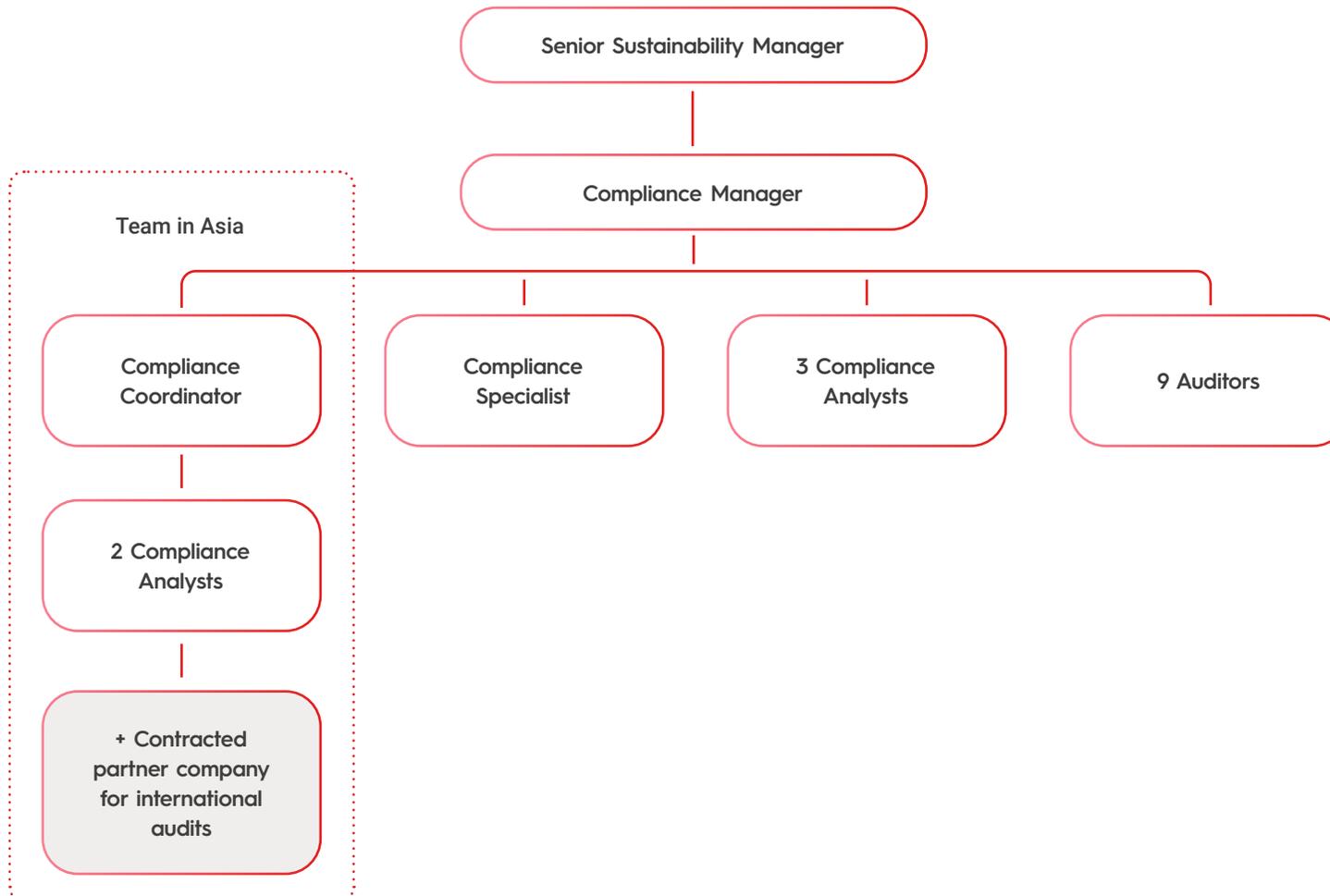


* Of this total, a small fraction of 0.3% of suppliers did not meet the stipulated action plans and had term extension.

DEDICATED TEAM

GRI AF2

The Supplier Compliance area is made up of a large and experienced team:



TRACEABILITY

In 2020, we have continued to advance in the project created in 2018 of using blockchain technology in the traceability of the national supply chain. With the results of the last two years, we worked on finding and defining a technology partner, with market experience in traceability projects with blockchain, to build a new tool that is even more solid, with new features, making it even more effective, while also allowing for an increase in scale.

We also continue to evolve in data analysis and, focused on improving the chain, we were able to perform on-site traceability audits in 100% of the companies that historically showed signs of risk in relation to the items assessed in this way.

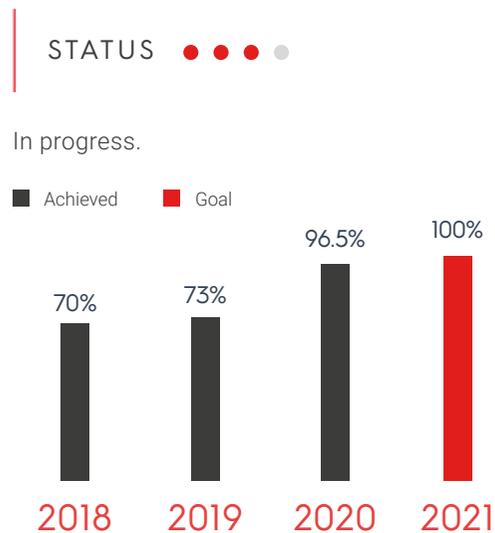
Also in 2020, we have expanded our traceability focus to international suppliers, who must declare the information of which factory will produce each order at the time of negotiation, supporting the mapping and monitoring of our production facilities.

CERTIFICATION

Our national and international compliance program goes through a third-party validation process, which attests that our program is aligned with the best practices in chain management and mitigates the risks it proposes, ensuring the chain's certification.

In addition, we are a signatory to ABVTEX and the Social & Labor Convergence (SLCP) of the Sustainable Apparel Coalition (SAC), which make up our supply chain monitoring program.

We publicly committed to have **100% of the global retail chain with socio-environmental certification by 2021**, ensuring the adoption of widely legitimized best practices, and by 2020 we reached 96.5%.



DEVELOPMENT INDEX

Apart from the audits to ensure compliance, we also monitor the performance of our Resale Suppliers in the knitwear, woven fabric, jeans/spandex, lingerie, beachwear, footwear, jewelry and accessories chains through a monthly assessment, based on the Supplier Global Development Index (IDGF).

The IDGF evaluates active suppliers and those with deliveries in the quality, logistics, commercial, and sustainability pillars, allowing us to identify those

with more critical results, which receive warnings and must present action plans.

The IDGF is also one of the aspects that influence our sourcing matrix, along with financial health and compliance aspects, as well as supplier performance.

Based on 2016, when the IDGF was redesigned to the current evaluation indexes, suppliers have already shown a progression of 17.3% by 2020.

ALIGNED TEAMS

We annually conduct, together with the product development teams and the purchasing teams that choose suppliers for development, training on our principles and practices to promote compliance and accountability in our supply chain. In these moments, we present our entire supplier accreditation and monitoring process, the items assessed in our risk matrix, and the importance of taking into account the risk classification of suppliers when defining and choosing a supplier.

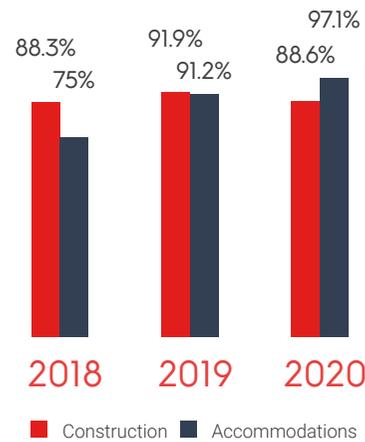
BACK-OFFICE ADMINISTRATION SERVICE PROVIDERS

For civil construction suppliers and their contractors, with a higher level of criticality, we also carry out technical visits, performed by a specialized company, to the construction sites and worker accommodation sites, assessing construction companies, managers, and their suppliers.

The inspections are guided by a checklist, are carried out unscheduled and include interviews with workers, in order to capture the perception of the work routine. Each visit results in a report that is forwarded to the evaluated company. In all, 13 projects were audited in the year, which represents 65% of the total number of construction sites and six accommodation sites, equivalent to 50% of the construction sites with accommodation.

No risks of violation to the rights to exercise freedom of association and collective bargaining, the occurrence of child labor or young workers being exposed to hazardous work or forced or slave-like labor were found with the monitored suppliers. There were also no cases of non-compliance with legal requirements or collective bargaining agreements on wages and overtime, cases of child labor, cases related to discrimination or any non-compliance with the Code of Conduct for Suppliers.

COMPLIANCE IN THE VISITS TO THE CONSTRUCTION AND ACCOMMODATIONS SITES



DEVELOPMENT SUPPORT

GRI AF5

We aim to maximize our potential for positive impact on the textile chain and, for this reason, we are active in initiatives and programs to support the development of Resale Suppliers in Brazil and Argentina, presented below:

EFFICIENCY AND SUSTAINABILITY

Continuous Improvement Program (PMC): in 2020, the 8th consecutive year of the program, the PMC focused on supporting the cash flow of the companies, supplying financial needs with short-and medium-term anticipation lines for national Resale Suppliers, according to analyses carried out with the chain in the face of the crisis. The initiatives provided a survival for our suppliers, promoting sustainability and ensuring the continuity of the business throughout the year.

Productive Chaining Program: In partnership with SEBRAE, since 2016, the project promotes the capacity building of companies contracted by our suppliers in four phases: awareness, diagnosis, training and consulting. In 2020, 134 companies were benefited in the states of Santa Catarina and Rio Grande do Sul. For 2021, we will expand our operations to the states of São Paulo and Paraná.

As a result of the program, the participants registered an improvement of 64% in competitiveness, 23% in productivity, 12% in the on-time delivery, **82% with more sustainable practices** (related to the SDGs), and a 23% reduction in disapproved parts.

Renner University for Suppliers: In 2019 we launched a pilot on the Renner University virtual teaching platform, inviting the group of strategic suppliers to take the first course, focused on the Quality theme. In 2020, we launched RU within the Workplace, in the Resale Suppliers group, in which content was made available on the topics of sustainability, quality, efficiency, innovation and cooperation, which are the five pillars of the Renner Excellence Program - PER. The group currently has about 130 members, from several resale supplier companies. The objective of this platform is to provide content to help in the development and pursuit of operational excellence in our chain.

Tecidoteca: The Fabric Library is located in the administrative headquarters of Lojas Renner, in Porto Alegre, and was created to help in the research of raw materials and technical information on new fabrics, as well as to support corporate negotiations with the Style and Product teams. Besides the physical space, about 2,500 raw materials, from 40 companies, are catalogued in PLM (Product Lifecycle Management), our product development management software, for everyone to consult.

Renner Excellence Program (PER): created in 2019, the PER reinforces our close, solid and consistent relationship with national suppliers and strives to promote and encourage development and innovation in the supply chain, recognizing companies that stand out in Quality, Sustainability, Efficiency, Cooperation and Innovation in the Supplier Convention. After the first full year of the PER, in 2020 we held the award ceremony with the delivery of trophies to the 10 suppliers that stood out in the year.

At the awards ceremony, we officially launched a video in honor to our Suppliers, thanking our partnership and recognizing their importance to the business. Watch it at: <https://bit.ly/3rzBHtR>

Financing from the Brazilian Development

Bank (BNDES): for the 5th consecutive year, we maintained the financing operation with the national Brazilian Development Bank (BNDES), this year focused on overcoming Covid-19 challenges imposed on our Resale Suppliers. In all, financing operations were made that allocated R\$ 1.8 million. In the project's five years, R\$ 11.1 million have already been financed.

We also have our Cleaner Production program to promote eco-efficiency in the supply chain, which brings important gains for an increasingly responsible fashion industry with less environmental impact. Learn more on page 110.

INNOVATION

Digital printing: we were the pioneers among the large fashion retailers in Brazil to implement, in 2020, a digital printing pilot project in our DC in Arujá, São Paulo. As a result, we gained quality and speed to produce on demand both for the stores and for e-commerce. The printing machine installed also has a more sustainable attribute, since it does not consume water during production.

3D Modeling: we have started a 3D modeling project to be created and developed in partnership with some of our Resale Suppliers for a pilot project to be launched in 2021.

STRATEGIC ALIGNMENT

Every year, we invite national suppliers to the Welcome Program at our headquarters, where we present the Renner way of being and acting, both for new suppliers and those who already work with us, integrating them with areas that already have or will have interface. Suppliers are also invited to schedule a visit on their delivery DC to get a closer look at the processes.

In 2020, due to the pandemic, we redesigned the program, carried out in an online format, with videos explaining the main processes. Besides the national suppliers, we also made videos available for suppliers based in Argentina, with content adapted to the reality of the country.

Every year we also carry out the Supplier Convention, which supports strategic alignment by bringing together Renner's entire Resale Supply chain, and the Asian Supplier Day.

The 2020 edition of the Convention was transformed into a live broadcast show of the Renner Excellence Program to promote and recognize the year's outstanding suppliers. The Supplier Day, held

for suppliers in Asia, brought an overview of the company's operations in the continent, the current situation in Brazil, the main actions taken during the pandemic, and a vision for 2021.

On a day-to-day basis, we are also continuously aligned with our suppliers. We have a Supplier Council, made up of 10 national Resale Suppliers considered strategic, which represent 14.9% of the volume of purchases from Resale Suppliers (20.3% of the national chain), from the textile segment, from the knitwear, jeans/twill and woven fabric chains, with whom we have and continually build long-term relationships.

The Council is an important forum for the exchange of experiences and relevant discussions about common themes of interest, in periodic meetings, with the objective of building an efficient, competitive and sustainable chain.

All suppliers can also answer the relationship survey and express their opinions and their satisfaction level with the processes and systems used in the interaction with the Company. The survey is an important tool for identifying opportunities for improving the relationship with

these partners. Throughout 2020, the survey tool and methodology were under revision and the survey was applied in early 2021. As a result, we had a satisfaction rate of 93%, two percentage points above the previous survey.

CLOSE DIALOGUE

We have always had very close communication with our Resale Suppliers. In 2020, the digital channels were crucial and strengthened the relationship even more.

In addition to the direct channel by email, we have had the Our Suppliers Network portal since 2018, with news and important communications, and, in 2020, we created the Resale Suppliers in the Workplace group, a social network-style platform with informative posts, videos, and integration among companies.

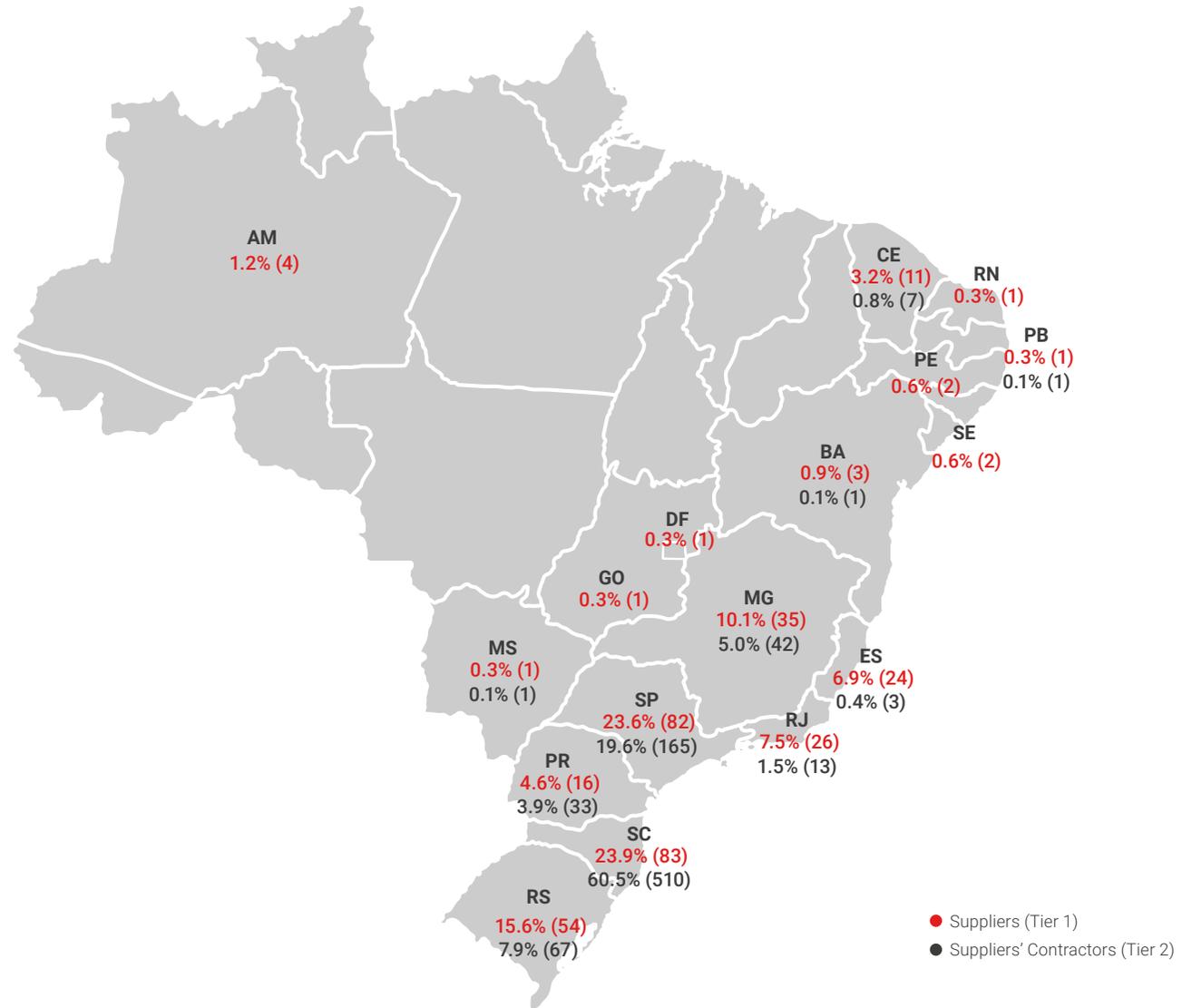
ENCOURAGING LOCAL DEVELOPMENT

GRI 204-1

Most of the companies in our Resale Suppliers network are centered in Brazil, the country where Renner was born and where we have most of our operations (learn more about the global distribution of suppliers on page 73). Besides, almost half of the national chain is located in Santa Catarina, a state with tradition in the textile industry and where one of our four DCs is located.

With this greater focus we have very close relationships with our suppliers, which allows us to overcome challenges, such as Covid-19, and cooperate on performance improvement actions and enabling the creation of innovation projects such as Re Jeans and Re Knit (learn more on page 109).

LOCATION OF RESALE SUPPLIERS AND THEIR CONTRACTORS



FAIR WAGE

All compliance monitoring initiatives (presented on page 59) support ensuring that our supply chain complies with labor laws including rights related to compensation, freedom of association, and collective bargaining.

In 2019, from a first analysis seeking to identify the gap between the lowest salary paid in our national Resale Suppliers chain and the fair salary value, considering the methodology established by the Interunion Department of Statistics and Socioeconomic Studies (DIEESE), in 2020, we organized our actions to advance promoting fair wages.

The first step was to monitor the actual compensation paid in our chain. With the support of our compensation and benefits team, we defined the compensation data to be collected in the annual compliance audits for national Resale Suppliers. The goal is to reach 100% of these suppliers audited under this new model by March 2021.

In this first survey, we found that the rate of identified non-compliances related to salary and overtime in Brazil and China, countries where we have the highest volume of Resale Suppliers (59.3% in Brazil and 24.4% in China), was only 2.4% and

3.4% of the total audited companies, respectively. In addition, the non-conformity solution rate related to the theme in the same year grew from 64% to 81%.

FAIR PURCHASING PRACTICES

To support the range of conditions necessary to pay fair wages in our supply chain, we also continue to advance our responsible sourcing practices throughout 2020.

We believe that having responsible practices since purchasing is also essential to support the sustainability of our supplier network and the generation of value for its stakeholders. Therefore, we are committed to fair purchasing practices, building good commercial relationships, which are crucial for promoting progress in achieving fair wages in the supply chain.

We have formally established and met deadlines for supplier payments, supporting their financial predictability, and we negotiate the deadlines that suppliers have for the delivery of orders in advance.

In 2020, we created a working group made up of the product teams, with representatives from

purchasing, styling and planning, and led by the Sustainability and Supplier Management areas to discuss our main fronts to advance in responsible purchasing in two main topics: planning, forecasting, costs and negotiation.

As an initial result, we have included in our supply policy, aimed at employees, content on how we should create a partnership relationship with our suppliers, providing the conditions for fair wages to be paid to employees in the chain, respect for production deadlines, payment deadlines and production capacity, avoiding work overloads and possible human rights violations.

In the 2019 supplier satisfaction survey (learn more on page 69), we added questions about the relationship perception with Renner and **92% of survey respondents said that negotiations are conducted fairly. In 2020, this percentage rose to 96.8%.**

Discover in detail our commitment to promoting fair and safe work at https://www.lojasrennersa.com.br/conteudo/posicionamento_salario_justo_rev7-site-ingles.pdf

supplier profile

GRI 308-1, 308-2, 414-1, 414-2

CONSISTENT PRINCIPLES AND MANAGEMENT

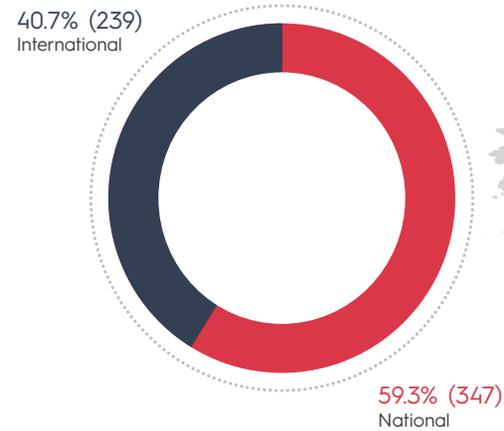


DISTRIBUTION OF RESELE SUPPLIERS

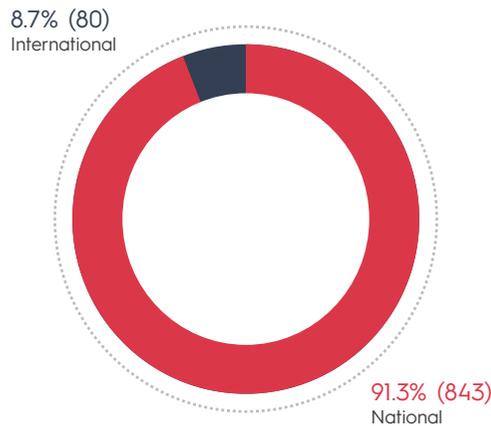
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Our resale supply chain consists of 586 suppliers (tier 1) and their 923 contractors (tier 2)*

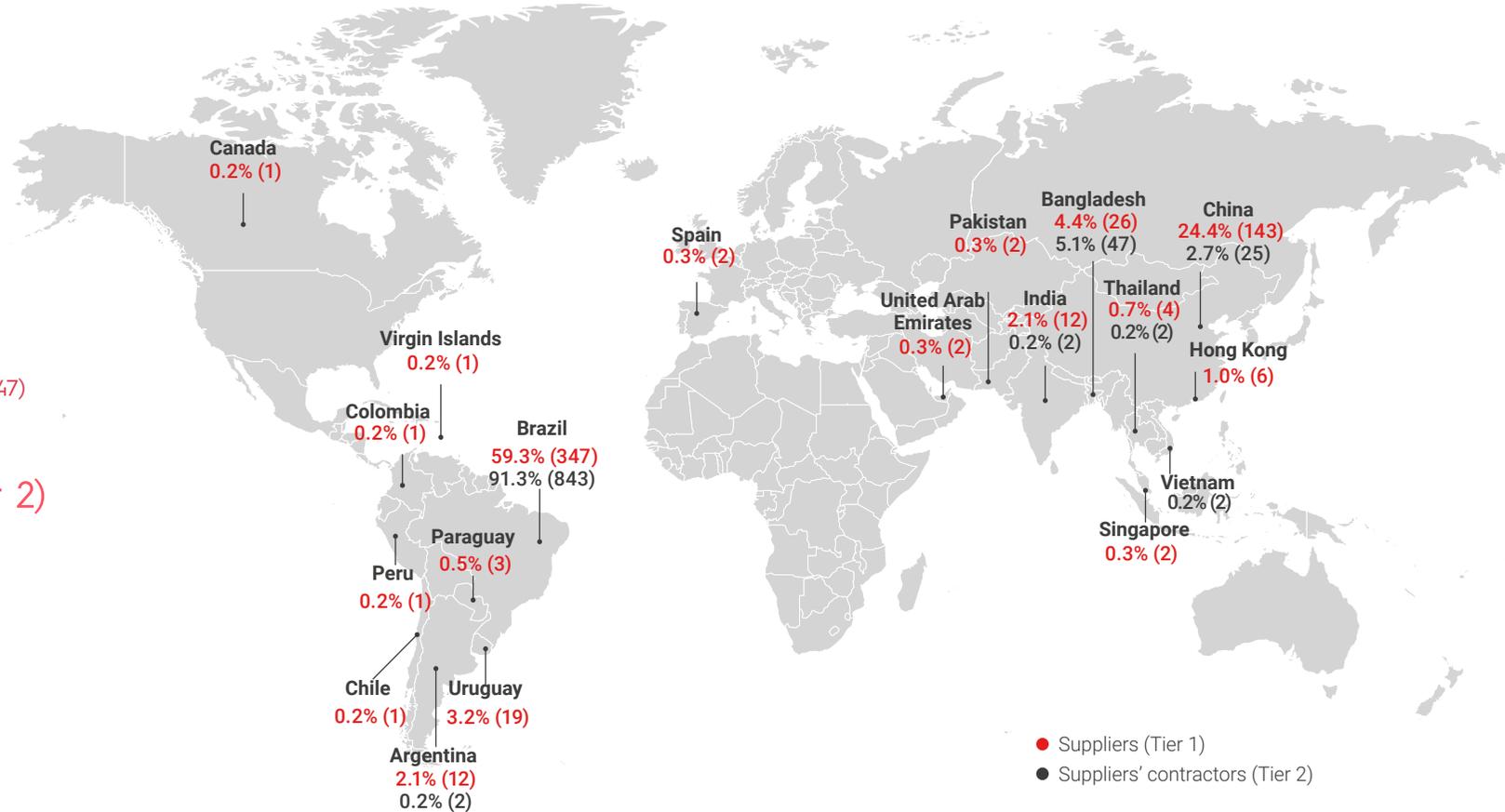
Suppliers (tier 1)



Suppliers' contractors (tier 2)



Location of Resale Suppliers and their contractors



In 2020, we have published our list of Resale Suppliers and raw material suppliers on our website: <https://bit.ly/2Ob3frL> and <https://bit.ly/3er2Ewl>

* Tier 1 - Direct suppliers: production units, cutting/assembly/finishing, clothing factories, private label, tradings.
 ** Tier 2 - Subcontractors: sewing, embroidery, finishing, laundry.

communities

pandemic response

Even with the great impact on revenue from store closures, we have united and challenged ourselves to do more and better with our resources and relationships to urgently support society, the most vulnerable groups and institutions at the forefront of the fight against Covid-19.

COOPERATION TO DO MORE

We directed all available financial resources from Lojas Renner Institute, traditionally focused on entrepreneurship and job and income generation for women in the fashion chain, in addition to investing the company's own resources and, as we wanted to help as many people as possible, we added to the financial resources the commitment, knowledge and willingness to overcome challenges.

We have joined the experience and relationships of our teams to the expertise of Lojas Renner Institute, which manages the private social investment of the Company and has spent more than a decade working with organizations and community leaders to expand the potential of our actions to assist communities and support hospitals and medical teams.

Thus, we created a large ecosystem of social cooperation and we multiplied the resources we had by mobilizing our employees and partners, who added competence, excellence and experience to find solutions that generated the greatest possible value for society.

We have invested R\$ 5.1 million on projects directed to society and R\$ 1.5 million on the support to our supply chain (learn more on page 39). With all the coordination and the use of the investments, including the production of protection equipment, the estimated perceived value of this investment reaches R\$ 10 million.

To strengthen the solidarity network established to fight the pandemic, the Lojas Renner Institute supported the development of the Rede Elos platform, with the objective of sharing knowledge with communities affected by Covid-19 and articulating resources of individuals and corporations to meet urgent needs during the most critical period. Through the platform resources were raised for communities throughout Brazil:

<https://bit.ly/2Oihmev>

Learn about the main initiatives of assistance to communities and health professionals and institutions we conducted throughout 2020 and access the report of Lojas Renner Institute, to be published at the end of April, to learn the stories in detail: **<https://bit.ly/3ataPpZ>**.

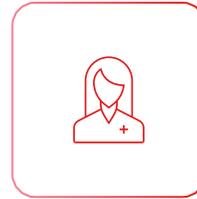
On pages 57 and 58 we also present the initiatives to support our suppliers network.

SUPPORT TO HEALTH PROFESSIONALS

Production and distribution of PPE for public hospitals (SUS)

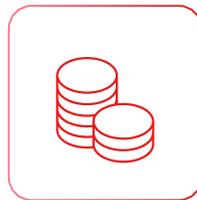


+ 1,400,000
hospital face masks



+ 142,000
medical gowns

Donation for hospital supplies



+ R\$ 1,990,000



245,000
fabric face masks



20,000
Alcohol gel units
for Incor



3,000
Alcohol gel filling
bottles

PPE PRODUCTION

With the great global demand for personal protective equipment (PPE), high costs and long lead times, we have started a great effort of coordination to guarantee the production of this equipment and its donation to hospitals in several parts of Brazil.

Although we never produced PPE, we guaranteed that, in less than a week, our suppliers would have prototypes of hospital aprons and masks, following the sanitary standards in force, besides the necessary raw material (TNT) to produce them.

To this end, we activated our suppliers — who extended their solidarity and agreed to produce hospital masks and aprons for labor cost values and even free of charge. So, we started the coordination to buy raw material with the company Fitesa.

When the production started, we needed more raw material that was out of stock. Then another company arrived in this solidarity network: Braskem, which donated the polymer, Fitesa produced the fabric, and the Renner Stores Institute financed the sewing.

Klabin donated the boxes for transportation and, to distribute them, we brought another partner, FEMSA, from the Coca-Cola Group, which made transportation possible at no cost.

With a budget to produce 250 thousand masks and aprons, we managed to make 1.4 million.

One million more chances to save lives and in record time. For more than 20 years our minimum production time was 10 days. We did it in 3 days because health could not wait.

DONATION TO HOSPITALS AND HEALTH NETWORKS

Lojas Renner Institute made cash donations to reference hospitals in the care of SUS patients with Covid-19, totaling R\$ 1.99 million destined to several institutions for the purchase of equipment and supplies in a period of high demand, reduced stocks and very high prices.

RIO GRANDE DO SUL

R\$ 400 thousand destined to the emergency care of several hospitals through the Floresta Institute, making possible, together with partners, the donation of mineral water for the consumption of professionals and patients of the Hospital das Clínicas de Porto Alegre, which had the water supply cut off, with the forecast of being re-established in 60 days, period in which the donation was essential for the functioning.

RIO DE JANEIRO

R\$ 220 thousand donated through the State Health Fund.

SÃO PAULO

20 thousand bottles of alcohol gel and R\$ 500 thousand donated to INCOR for the purchase of supplies for care, training and equipment, R\$ 50 thousand donated to Hospital Santa Marcelina for the purchase of supplies and equipment, in addition to four sewing machines that facilitated the production of PPE and R\$ 600 thousand for Hospital Albert Einstein to set up the Field Hospital in the Pacaembu stadium, enabling the deployment of four ICU beds, in addition to another 8 thousand masks for emergency care.

SANTA CATARINA

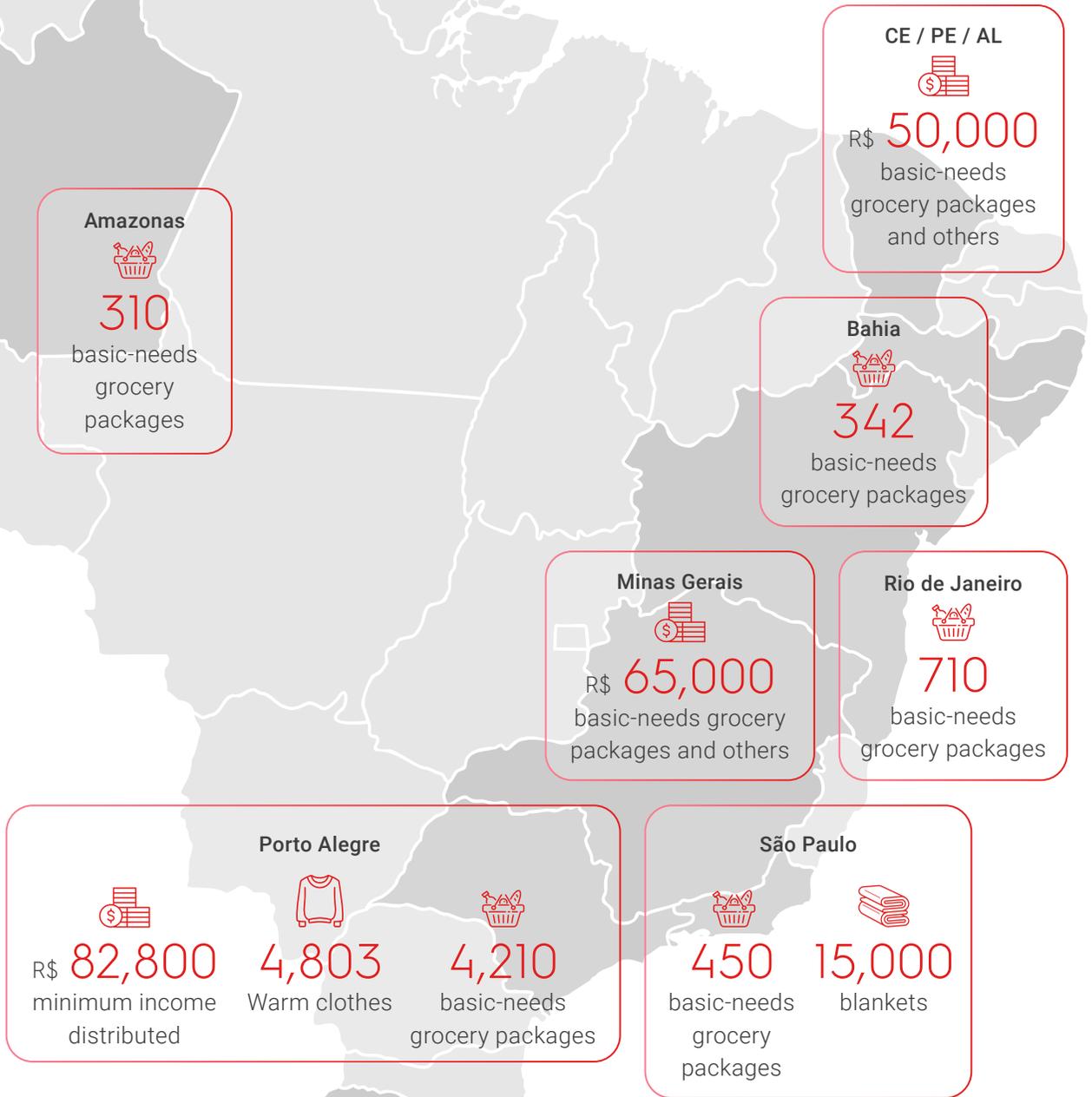
R\$ 110 thousand donated to Hospital São José, in Criciúma, and R\$ 110 thousand to Hospital São Donato, in Içara, both reference hospitals.

COMMUNITY ASSISTANCE

Over
130 tons
 of donated food and
 hygiene items



Partnership with Grupo RBS and Lojas Lebes to distribute face masks in Rio Grande do Sul communities.



With operations all over Brazil and more than 24 thousand employees in several municipalities, we were able to articulate a large support network for the vulnerable communities most impacted by the pandemic by donating food, protective equipment, hygiene products and financial resources.

COMPLEXO BOM JESUS (PORTO ALEGRE - RS)

With about 35 thousand inhabitants and close to our headquarters, Lojas Renner Institute has been supporting the community for over ten years in projects with young people, families, recyclers and community associations. With this proximity and knowing well the demands of the residents, we donated 4,210 basic-needs grocery packages and hygiene and cleaning products, distributed over three months with the guidance of local organizations so that the families would have support during the most critical phase of social isolation.

We also guaranteed the minimum income with financial support of R\$ 300 per month for three months, even before the government's assistance, to the Environmental Education Center (CEA) recyclers, seamstresses and other residents of the Bom Jesus Complex who have a leadership role and have already participated in projects of the Institute.

RIO GRANDE DO SUL

With the logistics of RBS Group and the participation of Central Única de Favelas (CUFA) we donated 200 thousand masks to communities in Pelotas, Caxias do Sul, Porto Alegre, Passo Fundo and Santa Maria. The masks were made with the support of our suppliers and by seamstresses from communities supported by projects of Lojas Renner Institute, strengthening their financial support.

TUMBIRA (AM)

We sent to the riverside community, already supported by other projects of the Institute, 310 basic-needs grocery packages that needed naval freight to reach the residents. In July, when the packages arrived, the residents extended aid and donated 50 of them to other nearby communities, which had not received any support since the beginning of the pandemic.

RIO DE JANEIRO (RJ)

We donated 310 basic-needs grocery packages to CUFA, 100 packages to Casa Nem — the shelter for LGBTIs and 300 packages for the ShowSolidariedade initiative, which distributes among entertainment professionals who have lost their income.

SÃO PAULO (SP)

We donated 100 basic-needs grocery packages to Casa 1, which shelters LGBTQIA+ people, 300 packages to the Centro de Apoio ao Migrante (CAMI) and 50 to the Associação Franciscana de Solidariedade (SEFRAS). With the support of B3 we also produced with our suppliers and donated to the Social Fund of the State of São Paulo 15 thousand blankets for the homeless people of the State.

SERTÃO DO ALAGOAS, CEARÁ AND PERNAMBUCO

We donated R\$ 50 thousand to the NGO Amigos do Bem, which is equivalent to 7.2 tons of food, also considering the logistic costs, which benefited around 2,800 people from the regions.

MONTES CLAROS (MG)

We donated R\$ 65 thousand to the NGO Centro de Agricultura Alternativa (CAA) which invested in the purchase of sewing machines and fabrics for the production of 3 thousand masks and in the production of soaps from the oil extracted from the cotton seed by a group of women from the region, generating and distributing the items to local communities.

To contribute even more with the actions to fight Covid-19, at each mask sold at Renner, Camicado and Youcom e-commerce we donate R\$ 1 in fabric masks to vulnerable communities.

entrepreneurship and empowerment

Besides the initiatives to support society in facing the challenges of the pandemic, the Lojas Renner Institute has continued investing in the development of women through support to income generation and entrepreneurship in the fashion chain.

See below the main projects supported.

WOMEN FASHION ENTREPRENEURS

Created in 2018, the program promotes the technical and management training of women to undertake the creation, expansion or professionalization of their businesses in the fashion chain.

In this two years of the program, we have connected with productive groups from several states in Brazil, bringing knowledge about management, entrepreneurship, technical training in sewing and upcycling.

We continued investing in some groups that stood out so they could become suppliers of Lojas Renner S.A., supporting their sustainability and financial autonomy.

An example is the Cooperativa Novos Horizontes, a collective in Porto Alegre (RS) which, since December 2020, has been approved as a supplier for Renner and Youcom products.

Besides products for resale in our stores, the women's cooperative will produce bags and curtains for the stores that will open in 2021.

In 2020, we also stimulated the income generation of fashion entrepreneurs with the orders of non-retail items, such as masks for donation, bags, fitting and photo model services, generating in 2020, an income of more than R\$ 200 thousand for the groups.

Besides, we developed a catalog to spread the work of these groups:
<https://bit.ly/20h4IS7>

The resources invested by the Institute come both from the tax incentives of Lojas Renner S.A., as well as from its own resources, raised from the Todas Avançam Juntas movement.

The movement promotes commercial actions in our stores to engage customers and raise funds from the sale of products connected to the women's empowerment.

In 2020, the Todas Avançam Juntas movement has collected R\$ 3.2 million with the 5% Renner's and Ashua's profit from four days of sales in March. Besides, we also reverted part of the products sales profit connected to the woman's cause and to the combat against the pandemic during the year at Renner, Youcom, Camicado and Ashua stores, guarantying more R\$ 729 thousand.

In all, in the year, considering both women's empowerment projects and support in the fight against Covid-19, we invested R\$ 8.2 million, 75% of which with our own resources, which benefited over 46 thousand people.



Re Minas collection made with agroecological cotton from the north of Minas Gerais, planted and harvested by women supported by the Lojas Renner Institute.

WEAVING AUTONOMY

Since 2017, we have developed with the Malhada Grande Quilombola Community Women's Association, in Catuti (MG), the Weaving Autonomy project, which has provided professional qualification to female rural quilombola community leaders from three communities to improve production processes in agroecological cotton cultivation.

In 2020, we continued to invest in the development of family agriculture and included in our chain a total of 3.2 tons of agroecological cotton produced by the women, considering 344 hectares planted in consortium, 17 municipalities, 81 communities, involving quilombola, indigenous, catingueiros, geraizeiros, vazanteiros, and veredeiros groups.

The 2019 harvest became the special T-shirt of Todas Avançam Juntas 2020, supporting the development of the Association's social business. Check it out in the video. The 2020 harvest will become the Re collection with agroecological cotton, to be launched in February 2021.

In two years of project, more than 6.5 tons of agroecological cotton are already produced by quilombola women supported by Weaving Autonomy.

#TODASAVANÇAMJUNTAS

In 2019, we launched the web series #TodasAvançamJuntas to talk about the advancement of women and the power of transformation they generate. In the new episode of 2020, launched on Women's Day, women supported by Lojas Renner Institute projects talk about sorority, empowerment and fashion as elements of transformation.

To continue this conversation, we also created the podcast #TodasAvançamJuntas, with three episodes with the webseries participants.

Watch the **episode** and listen the **podcast!**

EMPOWERING WOMEN REFUGEES

Empowering Refugees is one of the projects conducted by the United Nations High Commissioner for Refugees (UNHCR), Global Compact and UN Women, in partnership with the Lojas Renner Institute, which welcomes female Venezuelan refugees and their families, promotes their training in Service and Sales for Retail and Modeling and Sewing, and sends them to positions at Lojas Renner S.A.

Since 2016, when the project began, more than 300 women have been trained, and 87 have been hired by Lojas Renner S.A., supporting their social insertion and the construction of a new life opportunity in Brazil. Learn more about these stories:

<https://bit.ly/3bbljdF>

In 2020, 12 women trained by the project were settled in Roraima, together with their families, and hired by Renner for a new job in stores in Roraima, São Paulo and Distribution Centers in Rio de Janeiro, Santa Catarina and São Paulo.

PESCAR PROJECT VOLUNTEERING

We hire and train young apprentices at our Administrative Headquarters through the Pescar Project, carried out by about 60 Company volunteers, who dedicate their time and knowledge to teach young people from the Bom Jesus community in Porto Alegre (RS). Even in a pandemic year, the meetings between young people and volunteers took place in a totally virtual format and we had 23 young apprentices supported by the project.

PRODUCTS DONATION

When products are available for donation, we forward them to philanthropic organizations registered in Santa Catarina and São Paulo, where there are Distribution Centers, and in Rio Grande do Sul, where our headquarters are located. In 2020, around 600 thousand items of clothing were donated.



Cleidimar, Venezuelan refugee and Renner employee.

customers

pandemic response

Aware of our role in influencing millions of people and guided by the closeness with our customers, we created innovative ways to approach this audience during the pandemic, in a connection that sought to support well-being during the isolation period and encourage health care.



CLOSENESS

We have created the **live shop**, bringing influencers to our social networks to introduce our products, trends and fashion and styling tips to our customers.

We provided yoga classes on our Youtube channel, guided visits to museums, programs aimed at parents with children and we wore masks with the logos of our brands, making the population aware of the importance of this method of protection.



We created T-shirts with comforting messages, with prints inspiring affection and kindness in everyday life and made within the premises of the Re Seal with certified cotton (learn more on page 107), and we invested up to 30% of sales (R\$ 10 each piece), through the Lojas Renner Institute, to initiatives that helped to minimize the social impacts caused by Covid-19 in the most vulnerable communities.

We have published the **Renner Fashion Talks**, our podcast in Spotify about fashion, behavior and sustainability, one of the first retail podcasts, which seeks to inspire the market and the consumer and deepen the dialogue with our audience, always guided by current and relevant themes for the public.

“More than ever, society is demanding coherence between the companies’ discourse and the actions that they practice. Lojas Renner has a performance guided by social and environmental responsibility, which was even more evident during the pandemic, for all the initiatives that we have developed to contribute to the fight against Covid-19. This was recognized by the customers and strengthened the complicity relationship that we have always had with them. In communication, attentive to the needs of people at every moment, we reinforced the existing bonds and conveyed important messages of closeness and empathy”.

Maria Cristina de Amarante Merçon
Corporate Marketing Director



Comfy collection campaign produced by employees at home.
Employee photo: Ana Claudia Lopes Dias, Quality Manager

RESPONSIBLE MARKETING

We recorded remote campaigns, with models oriented in video meetings about the creative concept, receiving the clothes at home, making their own production and recording on their cell phones.

In the most critical months, we suspended the participation of models for product registration in e-commerce and used still images (only the products, no models wearing them), involving as few professionals as possible and following all recommended security criteria.

For the first time, we launched a collection (spring/summer) in a totally online and collaborative event, inspired by the changes the season brings and its representation of a renewal opportunity, inviting our audience to redesign their eyes on time, not ignoring the difficult moment, but with hope in better days and the certainty that they always come.

We invited a team of artists to translate the collection's proposal, each in their own way and in a collaborative way — and all done safely and remotely, recorded from their homes — to build the campaign focused on seeking a more welcoming look at the new context.

With the event, besides presenting the new features for the station, we democratized the catwalk in a live broadcast on our digital channels.



FINANCIAL SUPPORT

We also seek ways to support the maintenance of our clients' financial health, making payments more flexible. We implemented the Renner Card interest exemption for up to seven days and started to offer a credit line for financing Meu Cartão invoices, with a cost 65% lower than what was previously practiced.

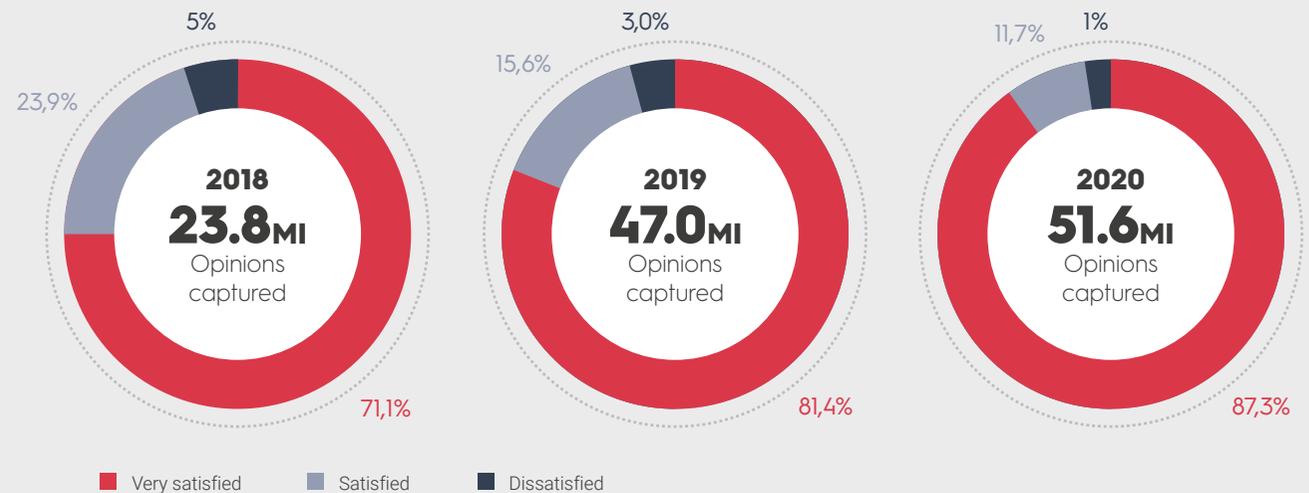
enchantment

Enchanting customers is part of our essence: it is one of our values and our reason to exist. More than 20 years ago, we pioneered the creation of the Enchantmeter device, which measures the purchase experience of customers at the door of each Renner store — a distinguishing feature of the company in the fashion retail market.

“We have clustered the company according to the target audience, creating a new price range according to the existing categories, as well as new categories and subcategories. We changed our market approach, becoming a younger, more emotional brand, closer to the consumer. As a result, customer engagement has increased, and we have had greater loyalty to our products, with a higher number of repurchases.”

Carlos Jaime Alves Paschoal
Director of Camicado

ENCHANTMETER RESULTS IN 2020



In 2020, we have moved forward with speed in face of the new scenario imposed by Covid-19 creating new channels, tools and ways of delivery bringing important gains in the customer experience (learn more on page 90).

As a result, we were elected the favorite fashion and accessories company in the Ebit Nielsen Award, the main Brazilian e-commerce award.

We also passed the customers' sustainability perception in the year, reaching 38.5% of customers who gave grades 9 and 10 to the Company's sustainability management.

We also achieved record results at the Enchantmeter in 2020, with 99.0% of customers very satisfied and satisfied.

human rights

Aligned with our commitment to human rights, we continue to work hard to identify the risks of violations in our operations, mitigate them, and remediate the impacts caused.

Throughout 2019, we began drafting our **Human Rights policy**, published in 2020, which establishes the conduct and values to be observed by all our stakeholders to ensure respect for the UN Guiding Principles on Business and Human Rights. Get to know the policy:

<https://bit.ly/3e2JjBL>

When developing this policy, we conducted an important due diligence process on the impacts of our chain on human rights, seeking to identify the main violation risks and opportunities to promote human rights, based on the UN Ruggie Framework and considering references on the subject from the Sustainable Apparel Coalition, the Sustainable Development Goals, and capital market indexes.

Violation risks were mapped according to each right-holder group: Lojas Renner S.A. employees, Brazilian Resale Suppliers, international Resale Suppliers, Back-Office Suppliers, customers and society. In all, 17 risks were mapped and classified in a matrix that considers the Likelihood X Severity.

The result is a matrix that ranks the 17 risks identified based on the likelihood of violation and the severity of the impacts for the victims, which identifies the priority risks and the current level of maturity of the topic management.

The matrix has reinforced our ongoing human rights management work with indicators.

The main priority risks identified, inherent to the operation, are:

- Fraud, corruption and labor violations in the international Resale Supplier chain
- Damage to the environment in the production process
- Discrimination among employees

From the due diligence, in 2020 we deployed the human rights governance and management strategy and assembled a multidisciplinary working group to address the identified risks.

We are committed to constantly advancing in the handling of human rights violation risks.

Accordingly, we continue to expand the scope of our compliance audits with international Resale Suppliers (learn more on page 62), of our programs to develop sustainability practices in the production chain (learn more on page 110), of our compliance program (learn more on page 66), and of the promotion of diversity, equality and anti discrimination (learn more on page 49).

FIGHT AGAINST DISCRIMINATION

Bearing in mind the scenario for the year and the risks identified in the matrix, we have prioritized the discrimination risk and created initiatives, including our internal and external stakeholders, to manage the theme on two fronts: zero tolerance to discrimination and harassment and fighting domestic violence. To this end, we organized a multidisciplinary team to promote actions related to the two themes with deliverables in the process, awareness, training, mitigation, and corrective measures areas.

As initial advances in this journey, in 2020 we conducted training for employees and leaders on issues relevant to the topic – such as unconscious biases, racism, discrimination, harassment, among others – and our Reporting Channel, which until then was only internal, is now operated by a third-party company and the category “discrimination” was included, which will allow us to handle and account for these cases specifically (learn more on page 29).

We are also working on standardizing and formalizing the investigation and handling processes for reports, the corrective measures for aggressors and the remediation plan for victims. In 2021, we will centralize in Corporate Compliance the registration of in-store incidents involving physical aggression, harassment, discrimination and bullying among employees and customers.

DIVERSITY & INCLUSION

Along with our human rights strategy and governance work, we have started to build Plural, a program that guides our diversity and inclusion strategy.

An employee working group representing different businesses, areas and diversity profiles started the construction of the Program with the support of a mentoring process conducted by a specialized consulting firm. Throughout the mentoring, the working group and the HR team attended four training sessions on unconscious biases, place of speech, minority groups, and discrimination.

Diversity has also become part of the Welcome Program, which welcomes new employees, and of the Young Talents Program, which welcomes interns and trainees.

In 2021 we will work on the deployment of Plural, planning actions and initiatives to achieve our strategic goals of diversity and inclusion.

In June 2020, we joined the Business Coalition for the End of Violence Against Women and Girls and the Business and LGBTI+ Rights Forum.

2021 STRATEGY

Our way to a more plural company





innovation to get closer

Spring/Summer 2020 collection
launched in an online fashion show, an
innovation to be closer to the customer.

omnichannel presence

GRI 102-10

enchantment in all formats

Being digital is much more about people than technology. It's about absorbing technology to fulfill and reinforce our value proposition and our vision of enchanting everyone. Using technology as an enabler to transform the customer experience, the operational processes and the business model, driving more efficiency and sustainability.

Not surprisingly, in 2020, the third year of our 2018-2025 digital transformation strategic cycle, context drove the evolution of a more digital and omnichannel business.

We had the foundations ready, both from a technological standpoint, as well as from the standpoint of culture and mindset for innovation and digitalization. With the new scenario, we have invested in accelerating and anticipating the development in record time the projects that strengthen our relationship, improving customer experience, expanding sales channels, and enhancing deliveries.

With the new needs brought about by social distance, the customer also saw his/her way of buying change, speeding up his/her behavior and realizing the benefits in using omnichannel, buying and receiving his/her products wherever, whenever and how he/she wants.

These changes have taken society's consumption habits, in a lasting way, to a new level, with advances in digital behavior that, even with the return of the face-to-face world, should remain in the customers' purchasing options.

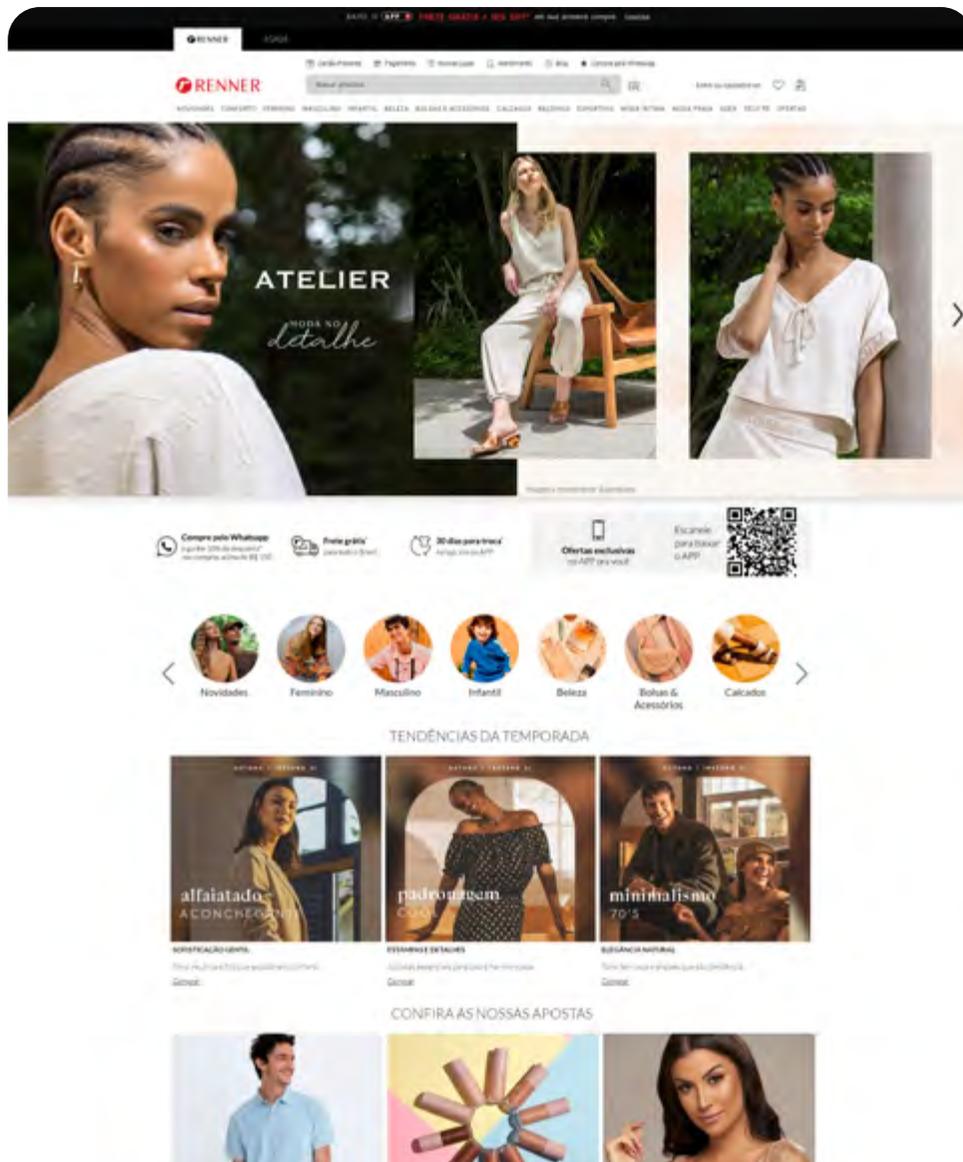
Our innovation and digitalization projects, which were accelerated by the pandemic, are also taking us to a new level of service and omnichannel. In just a few months, we have advanced years in our digital strategy, adapted complex processes, learned a lot, and taken ever better care of the experience across our customer journey in an omnichannel ecosystem.



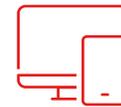
We have pioneered many of the industry's digital transformation advances in recent years, which has prepared us to seize the opportunities of the new outlook and strengthen our customer enchantment.

We are the first company in our fashion retail segment to have an app, to develop data driven projects for distribution and product assortment, and to have specialized boards for digital and new business.

Even before the Covid-19 pandemic, our e-commerce was already performing well, growing consistently in recent years.



See on the next pages the main advances and innovations of 2020.



In 2020, our e-commerce grew 126%, representing 12.3% of sales. All of this with the care always taken to enchant the customer. As a result, we were elected by the EBIT Award the most beloved online store in the sector, by popular vote.

“Renner is consistent and adaptable. Evidence of this is having the boldness to make changes even when external forces are contrary. The win-win relationships, such as investments in logistics and omnichannel, are long-lasting. Today 50% of e-commerce sales are made to new customers”.

Guilherme Reichmann
New Business Director

new ways of buying

Minha Sacola (My Bag): In just one week, we anticipated and concluded the project, planned for 2021, and launched a new option for income generation. Minha Sacola allows anyone (including our employees) to sign up and advertise Renner products by posting links on their social networks and WhatsApp groups, receiving a 7% net commission on any sale generated from access through these links.

Minha Sacola generates a relevant opportunity, at a time of crisis and high unemployment, for people to be able to make an extra income. By the end of 2020, we replicated the project for operation in Uruguay and we already have 17,400 registered sellers.

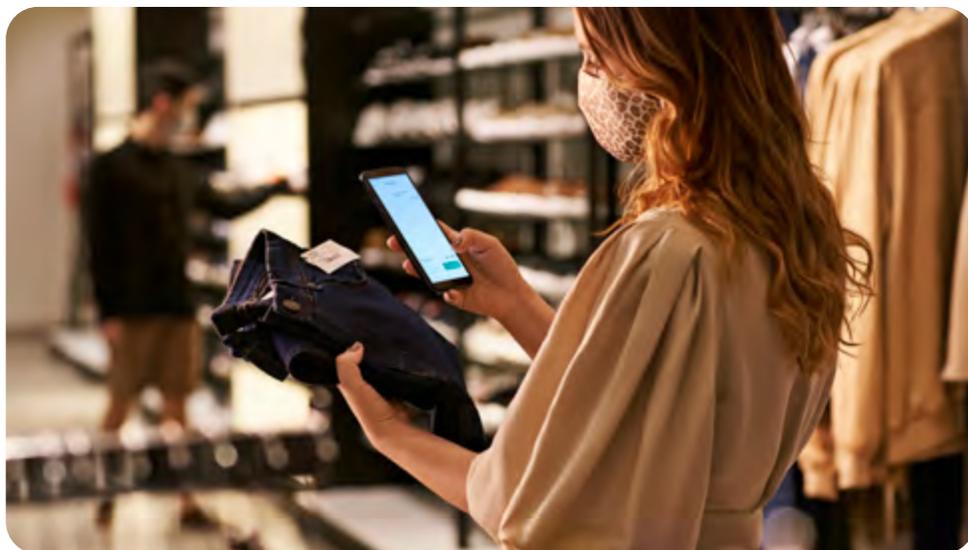
WhatsApp sales: also planned for 2021, the WhatsApp sales service was developed in a little over a week and began operating in April in Porto Alegre, to serve customers who feel more comfortable talking to a salesperson when choosing products. By the end of 2020, the new channel was already operating in 60 cities of 26 states from all regions of Brazil, two cities in Uruguay, and two cities in Argentina for Renner, Camicado, and Ashua.

Call and buy: our customers were also able to buy their favorite looks over the phone, with the help of a team of consultants from product selection to payment and delivery.

Live shop: In live broadcast on our social networks, fashion influencers presented our products, trends and fashion and styling tips, with QR Codes that lead customers to our e-commerce, enhancing the shopping experience. In the Renner Live Music virtual shows, the artists who performed also wore and showed our looks, which were sold at a discount in the e-commerce.

“We have stepped up our digital transformation while advancing the customer experience, the usability of websites and apps, and new functionalities to facilitate the shopping journey. It is a new era, in which our solid history gives us the basis to develop the skills and attributes that will take us into the future”.

Ronaldo Magalhaes Lima
Digital Business Director



Customer using the Pague Digital technology in her Renner app.

Digital selling: since 2019, physical stores have also started offering products in addition to their stocks, and customers can buy in-store products from e-commerce and choose where they prefer to receive them.

Self-service checkouts: in 2020, we launched in a store the pilot project with self-service checkouts, in which the customer can experience a journey with more independence when completing their purchases, which supports social distancing.

Pague Digital: since 2019, in an innovative way in Brazilian retail, Renner Card customers have the option to pay and complete their purchase through Renner's app, with their own smartphone, anywhere in the store, allowing a 100% autonomous journey.

Mobile sales: since 2019, customers can also finish their purchases with speed anywhere in the store, with the support of a collaborator with a mobile device which, in times of pandemic, also helps to promote social distancing. Today, about 20% of sales in Renner's physical stores are already concluded in this modality.

“In 2020, the financial division of Lojas Renner S.A., Realize CFI sped up the implementation of innovative digital solutions to improve the shopping experience and customer relations of the largest omnichannel fashion retailer in Brazil. Result of a work that has been developed by multidisciplinary teams, fast and in squads, the launches leave an important legacy in this moment of changing consumption habits”.

Gustavo Guedes Maniero
CEO Realize

“The year 2020 was a challenging one for all of us, with a high focus on helping customers and employees, taking care of people and the business. One highlight is the important progress we made in the digitalization of financial products and services. Today, 95% of invoices are digital. Before the pandemic, 80% of payments were made in physical stores. With the pandemic, this was reversed. We also made it possible for customers to manage their finances in the palm of their hands”.

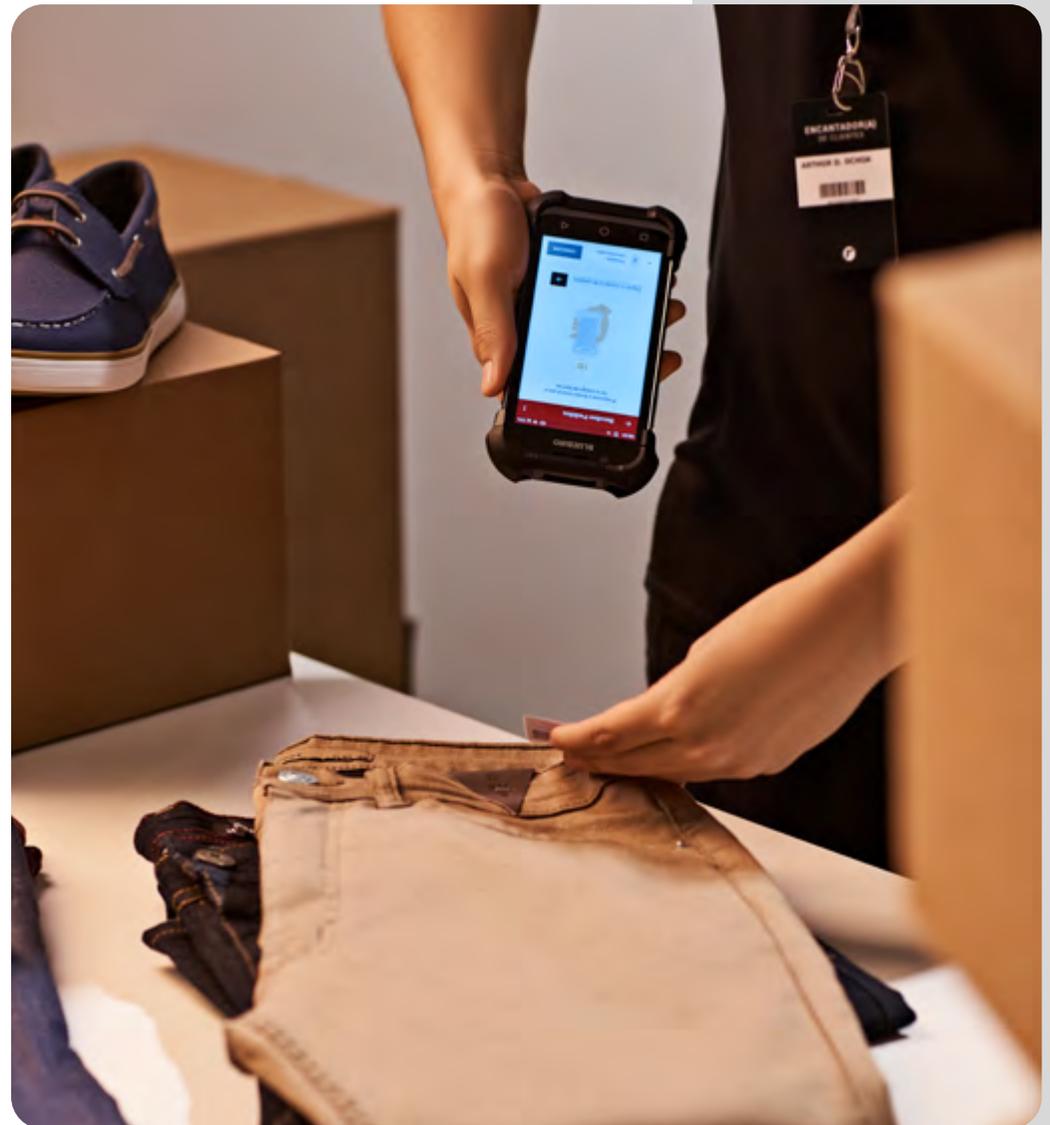
Roberto Medina
Director of Realize

more convenience to receive products

Infinite shelf: with a system based on artificial intelligence, which identifies the location of the customer who bought online and uses the stocks of the closest stores, our stores began to operate as mini distribution centers, bringing our products closer to hundreds of municipalities throughout Brazil, significantly reducing delivery times and ensuring greater availability of the desired products. There are already more than 180 stores operating in the shipping from store model, which offers us the infinite shelf and is also expanding in other businesses.

Drive-thru: during the social isolation months, we made available in all Brazilian states the option to pick up the purchases made online through a drive-thru at the nearest unit, with the option of an appointment, providing customers with speed and safety.

Pick up in store: for some years now our customers can also choose to buy their products online and have them delivered to the store of their choice. Exchanges for online products can also be made directly in the stores.



Technology based on artificial intelligence, which identifies the customer's location when shopping online and shortens delivery times.

new features

Besides presenting new possibilities to buy and receive products, we work intensively to give our customers the best experience in their digital journey:

- We have created new features, such as a product review on the website, a new image search and a new virtual fitting room with greater precision in measurements.
- We have created a specific menu on the website and app with suggestions for clothes to wear at home.
- We have improved the app's usability and conquered the rank of **most downloaded and accessed app in fashion retail**.
- We got closer to the customer with more quality content in our e-commerce and in many formats that supported their entertainment, health and wellness (more on page 82) and also their awareness for more sustainable choices in buying and using products (more on page 120).
- We are now accepting new payment methods such as Samsung Pay, Apple Pay, Payment Link, QRCode, and PIX.
- We launched the new Meu Cartão app with twice as many features and biometrics to offer even more safety to customers.
- We have progressed in the digitalization of Realize's services, reaching 80% of customers with online invoices using the digital experience, a significant increase from the previous year's level of 20%.
- We broke the monthly access record in the Meu Cartão app, with 20 million accesses.

"At the peak of the pandemic, we had 20 million accesses to the cards section of Renner's app, which represented a greater opportunity to engage our customers. We have also expanded the features in the app from 22 to 44, improving the user journey in terms of usability and value proposition".

Sandro Almeida
Director of Products and Financial
Services at Realize

solid foundations

All the significant advances and the acceleration in digital transformation have only been possible because of the continuous investment in technology over the last few years.

Since 2019, we have adopted RFID technology to identify Renner products, which automates processes, gives us greater precision and speed in stock management and replenishment in the sales area, allows the integration of DC and store inventories in an omnichannel platform, and will also allow a customer journey with more autonomy, starting in 2021, eliminating the anti-theft tag removal process, which used to be done exclusively at the cashier.

Since 2018, we have also used demand prediction models and algorithms that allowed us to reach artificial intelligence predictability in the product inventory level per store, 100% integrated with Renner's systems,

and to allocate supply in a 100% automated manner and with much more precision. In 2020, the total number of stores supplied by this model, allocated with no human intervention, jumped from 8.5% in the previous year to 17% at Renner, besides reaching 6% at Youcom and starting a pilot project at Camicado. The technology also increased the availability index of sizes and colors of products sought by customers at the points of sale.

The greater speed and accuracy in projections about fashion trends and customer desires also prevent stock-outs, provide better planning for orders, supporting the relationship with our suppliers, and promote sustainability by allowing us to schedule production with greater alignment to the actual behavior of demand, with no unnecessary consumption of working capital or raw material waste while reducing the need for markdowns and new production to achieve sales targets.



RFID technology, which brings precision and speed to stock management.

“All the company’s processes were migrated in the first quarter, which brought gains in scale, efficiency, and savings. This gave us more robustness and allowed us to customize deliveries by websites. With the unified IT management, we were able to operationalize important deliveries with the G&D area, such as Workplace, Degreed and implementation and expansion of the home office. The IT team also supported improvements in the stores operation to support customer empowerment, enhancing the shopping experience”.

Alessandro Pomar
Director of Information Technology

prepared logistics

In 2020, we advanced the expansion of our logistics capabilities to serve the business and adjusted the operation models to the new sales, delivery and pickup formats (learn more on page 90), in line with the strategies of digital transformation.

We have diversified our operations, strengthened our teams, evolved in the packaging quality and preparation of the products sent, generating better buying experiences for the digital channels customers, and enabled new operations in record time. We have also promoted greater synergy among the group's companies by sharing transportation with management, in a corporate manner, generating efficiency gains and increasingly sustainable operations.

We faced several challenges with supplier deliveries, exercising our responsibility by not cancelling orders that were already in progress (learn more on page 57), through an effective management and planning of stock balance, which made it feasible to continue receiving orders, even in many cases where the products did not go immediately to the stores.

We have adapted to the emerging scenario with new health and safety guidelines, we have redesigned our Distribution Centers and networks with a view to later

resumption with greater speed and excellence. This calibration allowed us to reopen with healthy stocks and a product portfolio suitable for store restocking, in addition to promoting the significant expansion of omnichannel through shipping from store (learn more on page 92), raising the level of service to our customers by increasing product availability while reducing delivery time.

All this was only possible thanks to a capable and integrated management. In 2019, with the advances in our logistics model management, we had implemented a forum for integrated governance of the product flow, composed of the Product, Supply Chain and Store Operations Managements, which gained even more relevance in the pandemic scenario, improving the planning and management in a joint way, based on performance indicators, allowing a more responsive, fluid and accurate decision making.

In the midst of so many changes, we continue with the construction of our new Distribution Center in Cabreúva (SP), scheduled for completion in 2022, which will allow efficiency, speed and synergy gains among businesses, and greater integration between online and offline channels.

“With the closing of the stores, in March, we maintained the operation required for the change of collection following the seasonal change. This was a great challenge and required the adaptation of the Distribution Centers. It was a wise decision, because it allowed us to plan the resumption of our physical operation with the appropriate product mix. When the stores reopened, we were already stocked with winter clothes”.

Pedro Pereira
Supply Chain and Logistics Director

data security

Information security is an increasingly relevant aspect in present-day society, with increasing connectivity and the expansion of the Internet in people's daily lives. For us, who access personal data from millions of customers, Information Security is one of the pillars of the business, is part of the core commitments of the Code of Conduct and relies on the direct involvement of the Board of Directors in management, approving and validating the strategy that guides our solid management of the issue:

STRUCTURE

- Two structured areas focused on the Cyber Security theme in the Company:
 - Information Security Department, of the IT Management Team
 - Risk and Information Security Compliance Area of the Risk Management
- Multidisciplinary Corporate Committee on Cyber Risk and Fraud

PRIVACY AND SECURITY FOR CUSTOMERS

- Lojas Renner S.A.'s formal and published Privacy and Personal Data Protection Policy, which governs the guidelines to be observed and clarifies the general conditions for the collection, use, storage, processing and protection of data on Internet sites, platforms and web applications, in accordance with Law 12.965/2014 (Brazilian Civil Rights Framework for the Internet) and Decree N° 8.711/2016 (Brazilian Civil Rights Framework for the Internet Regulation) and the General Data Protection Law (LGPD).

POLICIES AND REGULATIONS

- We have a structure of guidelines consisting of 3 policies and 21 regulations, as well as manuals detailing the processes, for example:
 - Information Security Policy
 - Information Security Policy for Partners
 - Business Continuity Management Policy (GCN)
 - Information Classification Regulation
 - Governance and Data Protection Regulation
 - Information Security Incident Management and Data Privacy Regulations
 - Information Security Risk Management Regulation
 - Logical Access Control Standard
 - Cyber Incident Response Plan Manual

We have a dedicated structure in the **Compliance** department, in the Risk Management, focused on compliance with the General Data Protection Law (LGPD), which has been working since 2018 on the advances needed to adopt the best practices on the subject.

In 2020, we finalized the implementation of the LGPD adaptation project with important deliveries to ensure privacy and data security:

- Data protection-oriented structure
- Privacy by design process for processing personal data in new products, processes and process changes
- Data inventory management process
- Implementation of more than 30 regulations aimed at data protection and information security
- Processes to assist data owners
- Improvement of the data leakage prevention process
- Employee Awareness Roadmap
- Data protection employee training plan at Renner University
- Appointment of Privacy Agents

PROTECTION AGAINST CYBER ATTACKS

We have several processes to protect the Company from the risk of attacks and intrusions by hackers, (or crackers), with four main macro-operating structures paved in specialized partner companies:

- Security Operation Center (SOC) aimed at protecting the perimeter of the internet, correlation of events and response to incidents;
- Ethical Hacking, recurrent intrusion tests in the environment, scheduled in monthly calendar;
- Brand Protection, aimed at monitoring the main brands of Lojas Renner S.A. on the Internet;

We also have a professional dedicated to performing periodic intrusion testing in the environment, a team that manages the Company's technical vulnerabilities, and a Formal Cyber Incident Response Plan. Additionally, the Company is covered by a cyber insurance contract..

INCIDENT AND INTERRUPTION RESPONSE

We have a formal Business Continuity Management (GCN) Policy and process, through which we conduct a survey of operational downtime risks (partial or total) and Business Impact Analysis (BIA). Based on this scenario, we define strategies in the Operational Continuity Plan (PCO) for the processes, as well as a Disaster Recovery Plan (DRP) for all systems classified as vital and critical in BIA. To ensure the efficiency of this process, we conduct annual PCO tests, semiannual DRP tests, also providing incident response training.

PROTECTION OF CUSTOMER DATA

Regarding the risk of information leakage, we have a strong focus on protecting customer data: we are recertified annually in PCI DSS (Payment Card Industry Data Security Standard) since 2012, standard for data protection of credit and debit cards. We use data protection techniques in databases and active Data Loss Prevention (DLP) functionalities for the monitoring and prevention of leakage of sensitive data.

In 2020, we registered one complaint regarding client privacy, due to a system error, reviewed and resolved in the same year, and no complaints regarding loss of client data.

IDENTITY AND ACCESS MANAGEMENT

We have a platform for managing the identities and accesses of employees and partner companies covering the most relevant systems and the vast majority of access accounts. The platform uses Role-Based Access Control (RBAC), Single Sign-On, and complementary processes.

AWARENESS FOR SAFETY

We believe that our employees and partners represent the most important link in the information protection network, in line with our corporate value People. In this sense, we have a corporate program focused on education and Information Security awareness.

The program includes lectures on Information Security integration for new employees, an annual week dedicated to information security awareness called Cyber Week, an Information Security Program made available online at Renner University, as well as education campaigns on topics such as password care, cybercrimes, information classification, among others.



CAPITALS



SDG



ANNUAL REPORT

responsible **fashion**



Photo: Re Jeans collection made from recycled fabrics with reduced water consumption.

fighting climate change

GRI 103-1, 103-2, 103-3, 305-3, TCFD 6, TCF 7, TCFD 8, TCFD 9, TCFD 10

CONTEXT

The IPCC (Intergovernmental Panel on Climate Change), the main global body on the subject, estimates that human activities have already caused 1°C of global warming above pre-industrial levels, which already impacts society negatively with extreme weather events, such as heat waves, droughts, floods, winter storms, hurricanes, and forest fires.

The Panel also defines that an increase of 2°C above the pre-industrial temperature will bring great losses of biodiversity on the planet as well as economic losses, estimated at 20% of GDP, in addition to the immeasurable impact on people's lives. In other words, acting to fight global climate change is urgent and depends on everyone.

Therefore, the Paris Agreement, which comes into force in 2020, brought together 195 countries committed to containing temperature increases to 2°C by reducing greenhouse gas emissions. Brazil has the goal, established in the agreement, of reducing 43% of emissions by 2030.

MITIGATION

To support this very urgent mission for society, we have made a public commitment to **reduce our absolute corporate emissions of CO² by 20%* by 2021**, compared to base year 2017. In 2020, we achieved our goal, with a 36,75% reduction in emissions compared to the base year, a drop driven by the considerable increase in renewable energy in operations (reaching the 65% mark) and also favored by the decrease in operations due to the pandemic.



* Considering scopes 1, 2 (market-based approach) and 3.

We are working to achieve this goal by working both on energy efficiency gains in our own operations and logistics, subjects addressed in this chapter, and on transforming the production chain into a more circular model, with less impacting raw materials and processes, subjects addressed in the next chapter, page 107.

Apart from reducing the volume of our emissions, we have also reduced the impact they have, through offsetting.

For five years now we have been a carbon neutral business: we annually offset 100% of our greenhouse gas emissions determined in the previous year's inventory.

The offsets in 2020 came in the form of support for a project to preserve 186 thousand hectares of forest and a project to reuse industrial water, which replenishes the production sector, reducing water consumption and methane release, and a project to plant forests on land previously under extensive cattle grazing.

Learn more about our emissions and emissions intensity indicators in the complementary indicators appendix, page 105.

To further strengthen the relevance of our commitment to fighting climate change, the executives' short-term variable compensation is tied to the achievement of climate change targets, through topics such as energy efficiency, increasing the proportion of renewable energy, and reducing emissions in logistics.

ADAPTATION

RISK ANALYSIS

Besides mitigating climate change we have also been working on our strategy of adapting to this scenario, so as to reduce, control risks and generate opportunities.

In 2019, we carried out a work to identify risks, opportunities, and adaptation measures in the face of climate change, considering the company's reality and the specificities of the retail sector for the next 30 years.

The study covers the operations of Renner, Camicado, Youcom, and Ashua, considering 592 stores (total stores at the time of the study) in Brazil, Uruguay, and Argentina, as well as 3 Distribution Centers in operation (and one under prospection) and two administrative units.

RISK CATEGORIES AND OPPORTUNITIES ANALYZED

Transition

- **Regulatory:** international agreements and voluntary agreements; air quality certification standards (limits for air pollution); carbon pricing; regulations on energy/fuel taxation, product efficiency and renewable energy; uncertainties about new regulations; and other risks associated with regulation.
- **Other Risks:** reputation; customer behavior; and market uncertainties.

Physical

Change in temperature patterns (extremes and trends); change in precipitation regimes (extremes and trends); changing frequency of extreme events that lead to the impacts of heat waves, floods and landslides, as well as uncertainties and other potential indirect physical hazards such as forest fires and weather droughts.

MAIN RISKS IDENTIFIED

- Heat waves generating changes in consumer behavior and marketing strategies and negatively impacting employee and customer comfort.
- Impact of flooding and landslides affecting logistics (DC) processes, stores and supply chain.
- Influence of water scarcity on the production of raw material (cotton).
- Regulatory risks, such as carbon pricing and taxation of greenhouse gas (GHG) emissions, which are already a reality in many countries, affecting operating costs, especially in logistics operations.

KEY OPPORTUNITIES IDENTIFIED

- Increasing energy efficiency and investing in low-GHG energy can bring a competitive advantage over companies that make no effort to modernize their processes.
- Extreme precipitation events that raise the risk of flooding and landslides may directly affect consumer access and behavior, also creating greater online sales opportunities.
- Searching for new business fronts through collaboration on low carbon government projects and fostering small entrepreneurs and local communities are also identified opportunities.

From these results we are setting up a climate change adaptation plan which will aim to create a transition strategy for a low carbon economy, reduce the vulnerability of operations to physical risks, leverage opportunities and enable effective communication with stakeholders.

In 2020, we held engagement rounds on the topic with several areas of the company that are directly related to the risks and opportunities related to climate change, **driving the incorporation of the climate risk variable in decision making.**

PRECIFICATION

In 2020, we moved forward with a carbon pricing study, which assigns costs to the impacts of climate change supporting the anticipation of impacts, risks and opportunities and, therefore, representing a strategic tool for decision making in the decarbonization journey.

The study evaluated, among other aspects, the use of electricity and fuels, which together represent 97% of the emissions in our value chain, and initially considered a pair of softened women's jeans, a product with high representativeness and with data available from the Life Cycle Assessments performed (learn more on page 117). We also analyzed different settings, identifying that the production process in Brazil has a higher use of electricity generated from renewable sources than the international one.

Considering the average internal price of carbon in the fashion retail sector in the world of R\$150/tCO₂e, we identified that carbon pricing has a potential impact of 1.97% on profit in the long term.

With the study, we also carried out internal engagement rounds on the subject in order to support and prepare the teams for the use of carbon pricing, in the areas that are directly related to the risks and opportunities involved: Architecture and Engineering, Planning and Control, Energy Department, Expansion Project, Resale Supplier Management, Prevention and Loss, Store Division, Finance, Shared Service Centers and Finance.

COLLABORATION

Our climate change management is rooted in collaborative initiatives that are references in the topic, giving strength to our commitments and practices.

SINCE 2010

- We remain on the B3 Carbon Efficient Index (IC02).

SINCE 2014

- We publish our inventory of greenhouse gas emissions (GHG) with third party (KPMG and 2020) verification and Gold seal of the Brazilian GHG Protocol program.
- We voluntarily answered the Carbon Disclosure Project (CDP) questionnaire.

SINCE 2015

- We are a carbon neutral business, offsetting 100% of our greenhouse gas emissions.

SINCE 2019

- We are institutional supporters of the Climate Commitment Program, which brings together companies that want to support social and environmental projects and foster a low carbon economy by jointly offsetting their greenhouse gas emissions.
- We joined the letter from the Brazilian Business Council for Sustainable Development (CEBDS) that defends Carbon Pricing.
- We committed to the UN Business Ambition for 1.5°C campaign, which calls on companies to set

targets based on scientific data to reduce emissions sufficiently to limiting the global temperature increase to 1.5°C above pre-industrial levels.

- We have joined the Fashion Industry Charter for Climate Action, a commitment created by the United Nations Framework Convention on Climate Change (UNFCCC), which sets a 30% sector reduction in global emissions by 2030 and details objectives and action plans to do so.
- We support the **Science Based Targets initiative (SBTi)**, a global initiative that brings companies together on a clearly defined pathway to reduce emissions in line with the Paris Agreement target.

SINCE 2020

- We have signed the **Statement of the Brazilian business sector**, made by dozens of companies, investors and institutions to the Executive, Legislative and Judiciary to reaffirm the commitment to the sustainable development agenda and express concern about the negative international perception of Brazil in relation to the Amazon. See the document: <https://bit.ly/20ox4o7>

Lower energy consumption

GRI 302-1, 302-3, 302-4, 302-5

STORES

Our main environmental impact in our own operations is the energy consumption of our stores. This is why we work to have increasingly eco-efficient stores, with rational use of energy, both through the adoption of best practices since their design and construction, and through equipment modernization and automation.

In 2014, for the first time in the construction of a store we used the premises of the Leadership in Energy and Environmental Design (LEED), which aims to promote and foster sustainable building practices, with an estimated reduction of 15% to 18% in energy consumption for lighting. Currently, one store has LEED silver level certification, in addition to our headquarters and two stores with gold level certification.

Since 2015, we have gathered all the learning from the construction of certified stores in manuals that establish for internal teams and suppliers the premises, concepts and criteria for building and remodeling stores with more sustainable standards.



100% LED lighting in all the company's stores.

Five years ago, we also created the Energy and Asset Management Project that promotes the adoption of better technologies in lighting and air conditioning and the expansion of remote monitoring and automation for efficiency gains in the energy consumption of Renner's stores.

Since the beginning of the project, we have already invested R\$ 9 million in the Energy Management Project.

Currently, 100% of our stores are equipped with LED lights, which are significantly more cost-efficient, and 130 stores (34%) and the headquarters (north tower) are automated, with remote, centralized monitoring of consumption that allows the desired levels of efficiency to be maintained. The goal is to reach 155 automated stores (+25) by 2021. In 2020 we also implemented a management software that allows us a broad analysis of consumption data to define consistent energy efficiency actions.

During the period when the stores were closed to fight the pandemic, automation allowed us to identify and continuously adjust the climate control levels needed to preserve the pieces accurately, following the relative humidity and temperature of the environment while saving energy.

The technology also allowed us to check equipment and ensure the safety of the stores during the closing periods in the face of the pandemic. With automation and longer store closing times, we achieved a 13% reduction in energy consumption in stores.

Learn in detail about our indicators for energy consumption, energy intensity and energy expenditure in the sub-chapter on complementary indicators, page 104.

LOGISTICS

Over the last few years, we have continuously promoted, together with our logistics suppliers, awareness and training actions focused on the management of greenhouse gas emissions and their impacts, fleet renewal, cost-effective driving, preventive maintenance, and improvement in the management of the fuel consumption indicator.

From a telemetry pilot project carried out in 2019 in 30 vehicles from our suppliers, in 2020 we have reached 100% of vehicles that run more than 500 km with telemetry implemented. This enables us to monitor vehicle behavior in a precise and centralized manner, identifying the main offending behaviors that may cause efficiency losses and, therefore, increased emissions intensity, and safety risks.

We have also developed a fleet sharing project between Renner and Camicado, which integrated 21 stores, bringing route and vehicle occupation efficiency while representing a 3.4% reduction in emissions.

Use of renewable energy

Another front of our energy consumption management is the expansion of energy consumption from renewable and low-impact sources – solar, wind, biomass, and Small Hydro Power Plants (SHPPs) – to achieve our public commitment of **75% of corporate energy consumption from these sources by 2021**.



* Calculation that considers the sum of the percentage contracted in the free market and the 89% percentage of renewable energy among the 35% contracted in the regulated market, according to the Brazilian energy matrix in 2020, according to the National Agency of Electrical Energy (ANEEL).

** If we consider the sum of the percentage contracted in the free market added to the percentage of 12% of low impact renewable energy among the 65.35% contracted in the regulated market, according to the Brazilian energy matrix in 2020, according to the National Agency of Electrical Energy (ANEEL), we come to 72.8% of energy consumed from low impact renewable sources.

By 2020, we have reached 96.2% of the energy consumed coming from renewable* sources, of which 65% is generated from low-impact** renewable sources.

Also in 2020, we acquired I-REC (International REC Standard) renewable energy certificates, which made it possible to extend the use of low-impact renewable energy beyond Renner stores to Youcom, Camicado, and Ashua stores.

Apart from buying energy on the open market, we continue investing in partnerships to build solar energy farms to supply our stores. On top of not emitting greenhouse gases in the generation process, renewable energies are more cost-effective and offer savings. Compared to conventional energy from the regulated market, free market energy provides average savings of 25%.

Get to know the profile of our solar power generation farms on the next page.

supplementary indicators

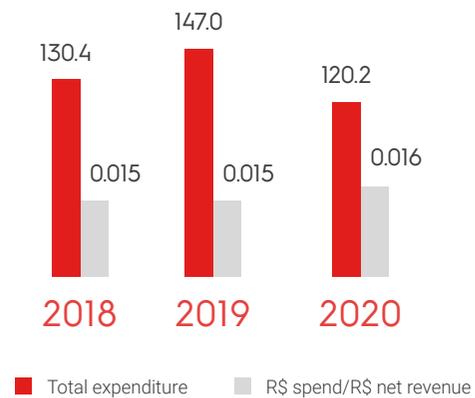


Energy panels at a Solar Farm.

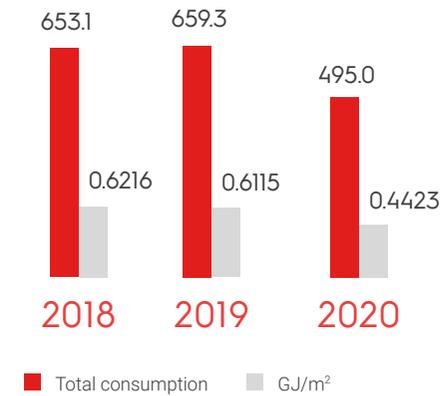
Learn more about the main eco-efficiency indicators in our operation.

ENERGY

ENERGY EXPENSES (R\$ MILLION)



ENERGY CONSUMPTION* (IN THOUSANDS GJ)



* Considering comparable stores. Considering total with new stores in 2020 this amount is 541.2 thousand GJ.

SOLAR FARMS

Vassouras Solar Farm (RJ)

⚡ **4 thousand** panels with **1.32MW** of power

💡 Average generation of **1,8 thousand MWh/year**

🏠 **-13%** energy expenditure

Rural Center of Café sem Troco (DF)

⚡ **900 panels** with **300 kW** of power

💡 Average generation of **553.5 MWh/year**

🏠 **-18%** energy expenditure

Pântano Grande (RS)

⚡ **1 thousand panels** with **375 kW** of power

💡 Average generation of **516.6 MWh/year**

🏠 **-26%** energy expenditure

EMISSIONS

GRI 305-1, 305-2, 305-3, 305-4, 305-5

sources of GHG emissions (tCO ₂ e)	2018	2019	2020
Scope 1 emissions			
Stationary combustion	97	103.5	148.4
Mobile combustion	11.6	6.7	0.87
Cooling/air conditioning	3,234.70	3,342.80	4,760.42
Total scope 1	3,343.30	3,435.00	4,909.69
Scope 2 emissions			
Electricity acquired and consumed (location-based)	13,091.80	13,528.50	10,262.14
Electricity acquired and consumed (market-based)	8,585.50	7,764.70	2,980.86
Total scope 2 (location-based)	13,091.80	13,528.50	10,262.14
Total scope 2 (market-based)	8,585.50	7,764.70	2,980.86
Scope 3 emissions			
Solid waste	223.6	209.4	95.1
Business travel	1,838.30	3,413.80	357.71
Upstream transportation and distribution	20,562.50	22,013.90	19,436.33
Total scope 3	22,624.30	25,637.00	19,889.16
Total emissions (in tons of CO₂e) – considering location-based Scope 2 emissions	39,059.40	42,600.50	35,060.98
Total emissions (in tons of CO₂e) – considering location-based Scope 2 emissions	34,553.10	36,836.70	27,779.71
Emissions intensity (tco ₂ e/m ² of built space)	0.042	0.041	0.022

Scope: Headquarters, Distribution Centers, Lojas Renner, Youcom and Camicado in Brazil.

In 2020, we have reduced 24.4% of our total emissions (market-based approach) compared to the previous year.

This reduction was favored by the pandemic, which caused a drop in electricity consumption, with the closure of stores and employees from headquarters in home office, a reduction in business travel and emissions related to waste, transportation and distribution (upstream).

Another important factor was the significant increase in the use of renewable energy, which already represents 65% of our consumption, driven by the purchase of IRECs*, which allowed access to this energy source to stores that operate in apportionment systems (as in some malls) and are unable to migrate to the free energy market or consume directly from solar farms, for example.

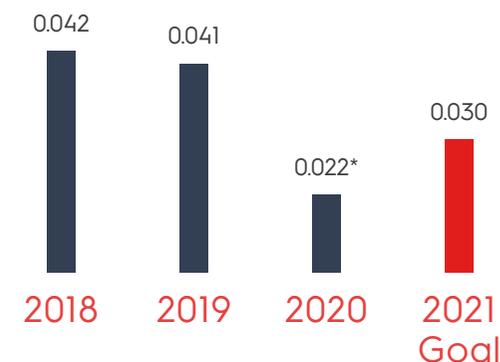
* International REC Standard (I-REC) is a global system that enables the trading of renewable energy certificates.

With the advancement of the free energy contracting market, since 2017 we have used two methods to calculate scope emissions:

1. the location-based method: more generic, considers the location of electricity consumer units and the emission factor used in this method is the average of the emission factors of different electricity generation sources that make up the National Interconnected System (SIN).

2. the market-based method: more specific, uses factors specifically associated with each source we chose to acquire and consume electricity from, supporting our evolution towards an increasingly renewable matrix.

EMISSIONS INTENSITY (tCO₂e/m² OF BUILT SPACE)



* Overcoming the target was influenced by the pandemic scenario throughout 2020.

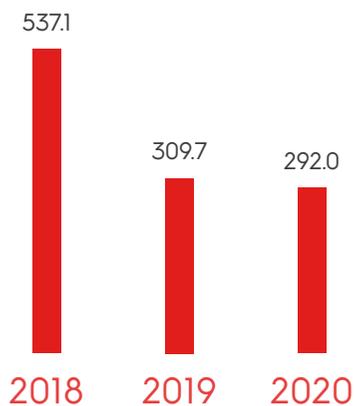
WATER

In our operation, water consumption comes from the water supply network at the headquarters, offices, stores and Distribution Centers. At our headquarters and Distribution Centers, we have a system to capture rainwater for reuse.

In 2020, we began to consider the automated measurement of water consumption in the projects for new stores and renovations, and we have the goal of reaching a total of 25 stores with automation by 2021.

Therefore, the greatest environmental impact of water consumption is in our supply chain. To minimize this impact, since 2018 we have developed the Cleaner Production project with suppliers, focusing on reducing consumption and circularity (learn more on page 110).

WATER CONSUMPTION (thousand m³)



WASTE

GRI 306-2

Solid waste management in our operation focuses on reducing the volume of waste generated and ensuring the correct separation, handling, packaging and final disposal, avoiding contamination and encouraging its reinsertion into the production cycle through recycling.

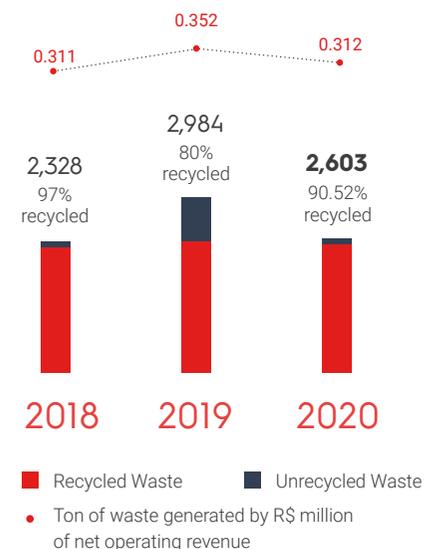
At Renner, this process is guided by the Solid Waste Management Program, in compliance with the National Solid Waste Policy, and at Camicado by the Waste Management Manual of Camicado Stores.

We also develop reverse logistics projects for fashion, perfumery and beauty products for recycling, reuse and upcycling, seeking the closure of the life cycle and its reinsertion in the chain.

Learn more about the projects on page 116.

In 2020, we exceeded our goal of reducing waste generation by 10%, reaching a 12.7% reduction, and we achieved our goal of increasing recycling volume by 10 percentage points (p.p.), increasing 10.52 p.p. Our target for 2021 is to reduce waste generation by 10% compared to 2020.

WASTE GENERATION (TON)



* These data consider Renner and Distribution Centers waste monitored in kg and does not include furniture discarded in the renovations nor organic waste.

sustainable products and services

GRI 103-1, 103-2, 103-3



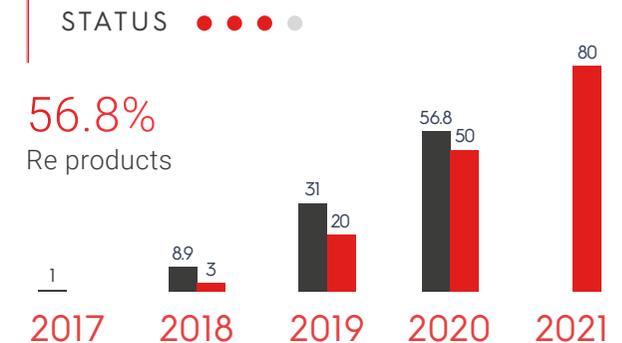
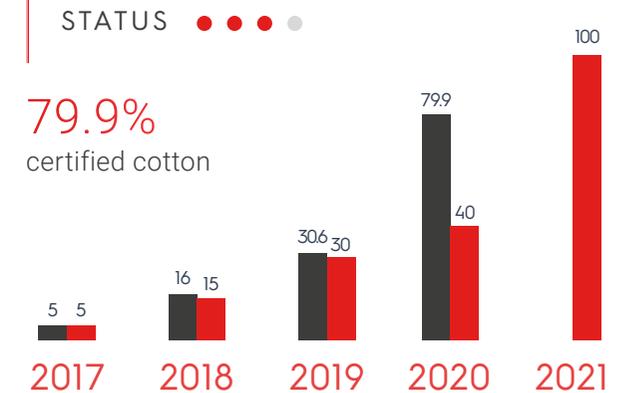
We understand that the path to Responsible Fashion necessarily involves building a supply of less impacting products and services. To do so, it is necessary to develop and evolve the entire chain for more sustainable models, from raw materials, through processes, to the life cycle of products and services, in search of circularity.

We have an active role in this construction, materialized by the Re Responsible Fashion Seal (Renner) and You Change (Youcom), which identify products with raw materials or processes with lower environmental impact and higher value generation in the chain.

To reach the goals, we have been working on the training and alignment of Resale Suppliers, on the support for innovation and industry development, and on the engagement and raising awareness of our product teams, which even have goals for creating less impacting products linked to their variable compensation for the year.

Get to know next the main attributes of the products with the Re Responsible Fashion Seal and our work for the development of less impacting processes in the production chain.

We have publicly committed to reaching, by 2021, 80% of our product* portfolio with the Re Seal, with 100% of cotton products made with certified cotton. By 2020, we will have achieved 56.8% of pieces with the Re Responsible Fashion Seal (more than 75 million pieces) and 79.9% of products with certified cotton.



* Considering Renner clothing products.

■ Achieved ■ Goal

less impacting raw materials

CG-AA-440a.2

RESPONSIBLE PRODUCTION

CERTIFIED COTTON

Certification by independent organizations on the cotton production process in terms of respect for labor rights in the chain; conscious use of water, chemicals and pesticides; and preservation of soil and habitat health.

We have established with our Resale Suppliers a requirement that by the end of 2021, 100% of the cotton used is certified among 12 certification options: BCI (Better Cotton Initiative), ABR (Responsible Brazilian Cotton), Ecocert, IBD, GOTS (Global Organic Textile Standard), GRS (Global Recycled Standard), OCS (Organic Content Standard), RCS (Recycled Claim Standard), Made in Africa, Cotton Connect, Fair Trade, Cotton Australia.

AGROECOLOGICAL COTTON

We continue to invest in the development of family farming and, for the second consecutive year, we have inserted in our chain agroecological cotton produced by women leaders of quilombola and indigenous communities supported by the Lojas Renner Institute, adding 3.2 tons. In all, with the project, 6.5 tons of agroecological cotton have already been harvested,

used as raw material in special collections of Re products (learn more on page 80).

CERTIFIED VISCOSE

Made from sustainably managed vegetable fibers, ensuring the origin of wood from certified sources and production processes with less environmental impact. We have established with our Resale Suppliers a requirement that by the end of 2021, 100% of the viscose used be certified from suppliers with at least 20 buttons in the Canopy Hot Button Report assessment.

In 2020, we have already reached a level of 73.5% of certified viscose.

LIOCEL

Fiber obtained from pulp (tree pulp) transformation, therefore from renewable source, it is extracted from trees certified with the FSC (Forest Stewardship Council) seal, which ensures that the wood used comes from an ecologically sound, socially fair management while economically viable, produced with efficient natural resource processes with reduced chemical use.

Fabric production uses only 50% of the water needed to produce cotton, uses no toxic products and allows 99.5% of the dissolving agent to be used repeatedly.

MODAL

Vegetable fiber, also extracted from FSC certified trees, which follows rigid environmental standards during the extraction and manufacture of fiber.

BIODEGRADABLE POLYAMIDE

Biodegradable polyamide allows clothes to decompose in 3 years when properly disposed of in landfills, rather than 50 years, the common polyamide degradation time.

BIODEGRADABLE NATURAL FIBER

Fiber developed from the leaf of the butia tree (butia yatay), from sustainable management and handcrafted.

NATURAL DYEING

Dyes created from natural dyes extracted from plants.

LOW-IMPACT COSMETICS

Our own brand of perfumery and cosmetics offers the Bio line, with low environmental impact products, with an organic and natural concept, certified with the biodegradable seal and with, on average, 90% natural ingredients and their derivatives with no animal component and not tested on animals. Additionally, all paper packaging of the Bio line carries the FSC seal.

We continued to invest in the innovative pilot project of a startup selected in our Public Call in 2018, which promotes the planting of cotton through the principles of agroforestry regeneration, helping to regenerate the soil and capture CO₂, supporting the neutralization of emissions from the subsequent stages of the production process.

In 2020 we harvested about 200 kg of agroforestry cotton, which will be destined for a capsule collection of children's products in 2021. We have also started a new stage of the project with the goal of harvesting two tons by the end of 2021.

Get to know the full list of the less impacting product attributes on our Renner website: <https://bit.ly/36UWxMw>.

RECYCLED RAW MATERIALS

RECYCLED COTTON

Through defibration processes, used clothes, from leftovers of textiles are cut, crushed and processed resulting in new threads and new fabrics.

RECYCLED PLASTIC BOTTLES

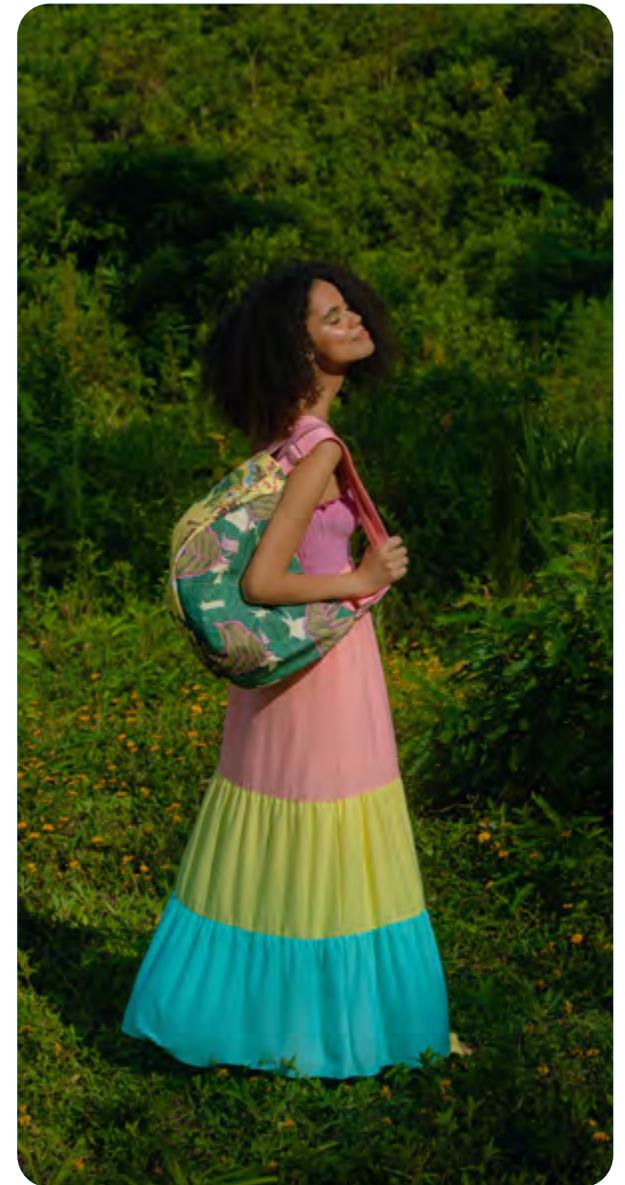
The fabric originates from the transformation of plastic bottles into polyester threads after a special extrusion process.

RE JEANS

Parts of recycled jeans made from leftover fabric, which would be destined for landfills, but are reinserted into cycle, separated and defibrated, and then new fabrics are created (learn more on page 117).

RE KNIT

Based on our learning from Re Jeans, and with the expansion of the Cleaner Production project to other chains (learn more on page 110), in 2019 we created Re Knit, knit pieces developed from the reuse of waste in the manufacture of Renner products, meeting the principles of circular economy. With Re Knit, in 2020, we were able to reinsert 1.2 tons of fabric in the production cycle, avoiding the generation of waste.



Re Accessories collection, made with recycled yarn and zero waste production. Pieces produced in partnership with Movimento Eu Visto o Bem.

less impacting process

GRI 302-5

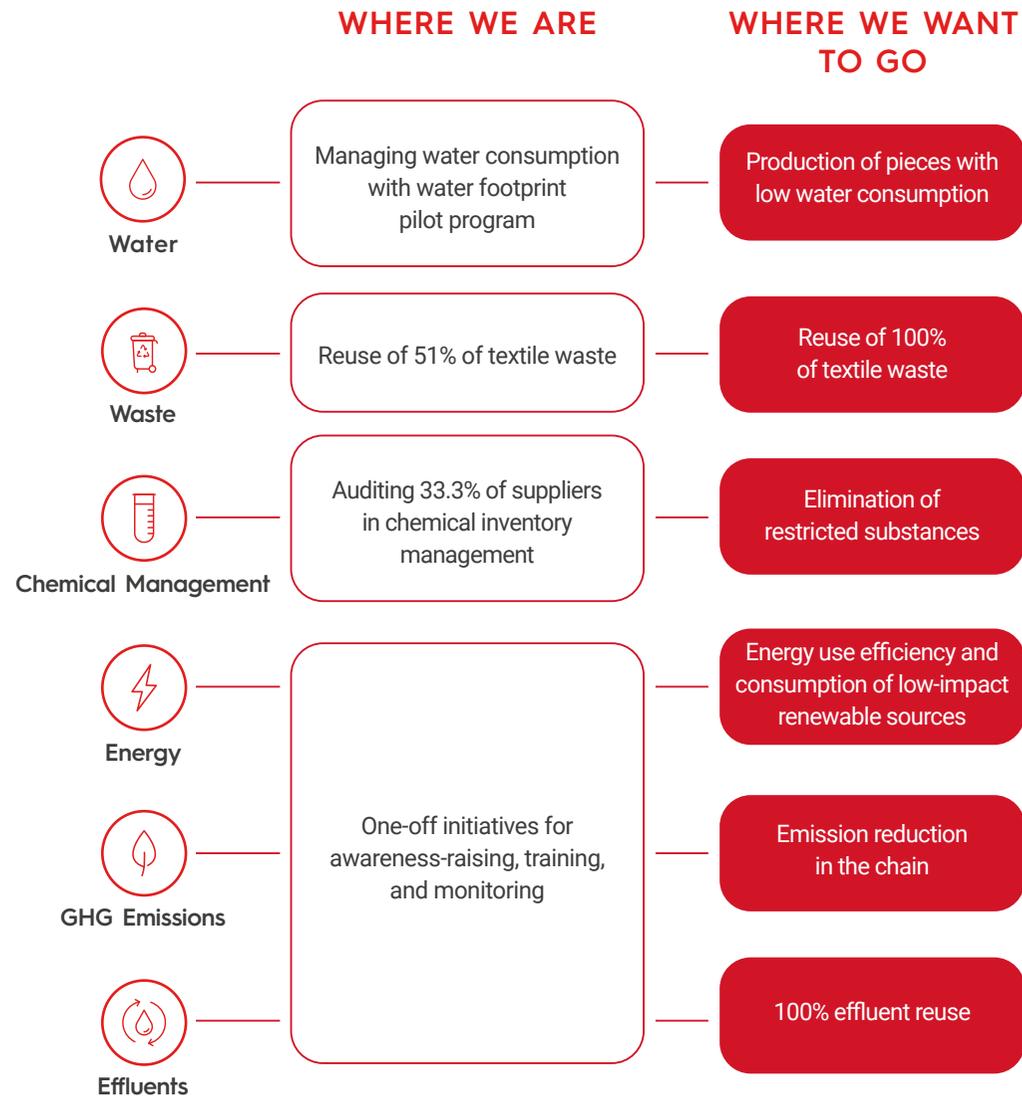
Since 2017, in partnership with the University of São Paulo (USP), we have developed – together with Renner and Youcom Resale Suppliers of knit, jeans and woven fabric production chains – the Cleaner Production (CP) Project.

The initial focus was on reducing the generation of textile waste and using leftover fabrics from production to generate new pieces. Over the years, we internalized the project to our own teams and, in 2019, we expanded the scope of the project, launching Cleaner Production 4.0 to encourage eco-efficiency in its production processes and the improvement of the environmental performance of the Resale Supply chain.

To move forward in relation to all pillars of the program, in 2020 we have developed several training courses, contents, and manuals on the topics, and we have developed a pilot project, applied to four suppliers of a monitoring and data management system for Energy Consumption, Water Consumption, Effluent Generation and Quality Parameters, Waste Generation, and Atmospheric Emissions.

Here are the main advances of the project on each front.

JOURNEY TO A CLEANER PRODUCTION



Besides supporting eco-efficiency, we also **assess compliance and environmental management in audits of 100% of our domestic and international Resale Suppliers** (learn more about the audits on page 62), based on the Sustainable Apparel Coalition’s Higg Index standard.

Get to know the special Re Seal collections developed during the year, with the features of raw materials and less-impacting processes, and the collections of products with a cause on page 121.

WATER

In 2018, we started in two jeans suppliers a water management diagnosis, establishing indicators for measuring the water footprint and water circularity, as a first step to promote improvements in the management and reduction of water consumption in the production process.

From this diagnosis, in 2019 we internally developed our own methodology for measuring the Water Footprint, which allows the calculation of water consumption of the production stages in real time and categorizes the results into three consumption ranges: low, medium, and high.

The methodology, applied to the two suppliers that had already participated in the diagnosis, was based on the best international practices and was adapted by our team to consider the specificities of our chain and, thus, could be applied with speed and comprehensiveness. To ensure the data's reliability, we submitted our methodology to the analysis of a third party and achieved its validation.

In 2020, we began to require that jeans suppliers use the methodology and monitor and report their water consumption to the Company upon delivery of the products, and we established biannual audits to verify the data. To support them in this new process and stimulate efficiency gains, we trained all jeans suppliers about monitoring and the methodology, and about the main ways to reduce consumption.

By the end of 2020, after the audits, 16% of the suppliers in the jeans chain (responsible for 22% of the production of these pieces) were certified and able to report water consumption classification information and use a low consumption label.

In addition to monitoring, we have made special collections with sustainability features and reduced water consumption in the production process. Learn more on page 117.

In 2020, we have launched the new Re Jeans collection, with pieces made from recycled jeans (learn more on page 117).

Re Jeans, besides reducing waste generation, allows for 44% less water consumption in the product's life cycle.

Re Jeans



Re Jeans collection made from recycled fabrics and reduced water consumption.

GHG EMISSIONS

In 2020 we started a project to engage suppliers on climate change, so as to stimulate knowledge and management of the topic to further advance in practices for monitoring and mitigating emissions. To support the measurement, we conducted a pilot project considering the corporate emissions of four suppliers in the knitwear, woven fabric and jeans chains. We developed a data management system to monitor greenhouse gas emission sources and, based on the information, we supported the construction of the 2019 GHG emissions inventory for each supplier.

ENERGY

We have produced and distributed to our suppliers, throughout 2020, a booklet on Conscious Consumption, in order to encourage and promote better energy use in equipment and processes, addressing: initiatives to create an energy efficiency program, electrical energy efficiency initiatives, and information on low-impact renewable energy.

Moreover, a partnership was developed to promote the use of low impact renewable energy in the chain with the work of a multidisciplinary team, composed of the areas of Sustainability, Management of Back-office Suppliers (GFA), Management of Resale Suppliers (GFR) and Department of Architecture and Engineering (DAE) along with a supplier of distributed energy.

WASTE

We support the management of the suppliers' process in order to minimize waste generation and we encourage the development of a reverse chain that collects and recycles waste to reinsert it in the production cycle.



Since the beginning of the project, we have already avoided the generation of more than 435 tons of textile waste, reinserted in the production cycle, which gave rise to the Re Jeans and Re Knit collections (learn more on page 109).



We have also collected more than 2 thousand tons of waste, destined for use as raw material in other segments. The sum of these volumes represents 770 truckloads* of waste that were no longer destined for landfills and gained new uses.

Currently, three-quarters of all material processed along the fashion value chain is lost to landfill, which equates to one truckload

of textile waste per second, according to the Ellen MacArthur Foundation report: A New Textiles Economy: Redesigning the Future of Fashion. Therefore, initiatives to reduce waste generation and reuse and recycle to a new life cycle are essential to reduce the industry's negative impact.

DATA MANAGEMENT

In 2020, we developed a data management system, which allows us to **better manage environmental indicators.**

The system went through a pilot phase, in which suppliers were a vital part in defining the data reporting structure.

* Considering an average of 2.6 tons (average density of a bale of textile waste of 150kg/m³ and a truck with a volume of 17.5m³)



CHEMICAL SAFETY

CG-AA-250a.2

We work preventively in the value chain, aiming to eliminate from our products possible chemical substances considered hazardous, the so-called restricted substances. In 2020, we have prioritized the substances that must be eliminated by 2025.

Through compliance audits, our suppliers and their contractors are evaluated on Chemical Management requirements, which have mandatory chemical control through inventory. In 2020, 80% of our suppliers have a chemical inventory. In the year we also conducted a pilot for inventory digitalization, through a tool that allows management and transparency about the chemicals used in the chain. Starting in 2021, we will extend this pilot to test the tool widely.

To support suppliers, **in 2020 we built a list of chemicals available in the Brazilian market that have evidence of exemption of restricted substances**, made publicly available to any interested stakeholder. Access the list: <https://bit.ly/3vhCqT5>

The document is an initiative to support our supply chain and the industry in the chemical safety journey and brings the chemicals free of restricted substances, presented by chemical supply company, as well as presenting the contacts so that our Suppliers and subcontractors, or any company, can consult chemical options to support the substitution of the restricted substances.

Learn more about chemical safety and access our disposal plan at:

<https://bit.ly/3rFmckG>.

EFFLUENTS

CG-AA-430a.1

Over 2020 we worked on training the jeans chain on effluent management by conducting a training session on Effluents in the Textile Industry, presenting information about the effluent treatment plant management and the steps to develop a closed loop process to reuse 100% of the water and reduce the generation of effluents in the production process.

Besides the training, we have developed a complete manual, presenting the main topics to perform a better effluent management and properly maintain the effluent treatment plant.

All suppliers that generate effluents also have their effluent management compliance assessed through audits (learn more on page 113). In 2020, 61.1% of direct suppliers (tier 1) were in compliance regarding effluents and 64.3% of their contractors (tier 2). For suppliers and their contractors that presented non-conformities, we defined an action plan for adjustment (learn more on page 64).

transition to circular economy

We understand that circularity is a key route to sustainability, by avoiding the use of new natural resources and the generation of waste in volumes that already exceed the planet's capacity to process and regenerate. Therefore, we are working to expand the circular economy concept to different stages of our business life cycle, with an integrated approach to sustainability, from the store environment to products and raw materials.

MATERIALS CONSUMPTION

STORES

Since 2016, we also have a new store construction model with a simplified structure and lower consumption of materials, which was used in 88.9% of the 2020 construction works, allowing us expressive reductions*, such as:

63%
less plaster per m²

66%
less joint compound per m²

90%
less air conditioning return ducts per m²

* Percentages consider the maximum achievable reduction, but do not represent that these percentages are in fact achieved on every job site

PACKAGING

A few years ago we developed initiatives to mitigate the environmental impact of our product packaging.

Of the total packaging used in our stores, Distribution Centers and e-commerce in 2020, 86% is paper/cardboard and 14% is plastic. The paper/cardboard packaging, both in DCs and stores, is 100% FSC certified**. Among the plastic packaging, 42% are recyclable.

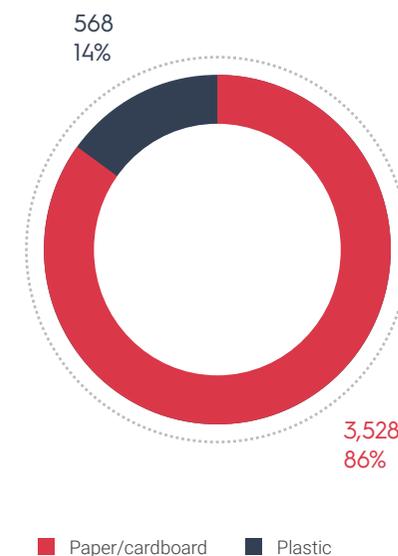
For internal use in stores during purchases, since 2018 we have been implementing at Renner bags with fabric generated from textile recycling. At Youcom, we began replacing them in 2019 with bags made from Upcycling by groups of women entrepreneurs supported by the Lojas Renner Institute, whose mission is the empowerment of women in the textile chain.

Apart from the actions related to bags, since 2011 we have offered our customers the reverse logistics service for perfume and beauty packaging, the Ecoestilo (learn more on page 116).

In 2020 we initiated the construction of our institutional strategy to continue advancing towards the reduction of material use and the adoption of less impacting options in packaging and, in 2021, we will carry out pilot projects to reduce the environmental impact of packaging in e-commerce, aiming to gradually reduce our consumption of single-use plastics.

** Forest Stewardship Council, a standard that guarantees responsible forest management.

PACKAGING BY MATERIAL
(IN TONS AND %)



This year, we have defined our recommendations manual for responsible packaging, based on the premise of non-generation of waste. The recommendations guide the acquisition of packaging prioritizing the preferred materials and which features should be observed, aiming at the gradual decrease our single-use plastics consumption.

CIRCULAR STORE

Since 2018, we have been applying circular economy principles in new store construction, renovations, and furniture development to achieve advances in optimizing material consumption, reducing waste generation, and using materials with higher recyclability potential.

In 2021, we will open the first circular store in the country, which aligns circularity with digital transformation to create a unique experience for customers. Circular stores will bring sustainability features in different aspects.

In 2020, we have opened a store in the Village Mall (RJ) already with some of the circular store's features:

STOREFRONT

Circularity-based design – materiality reduction; manufacturing construction process; prioritization of recyclable materials.

Adaptation of the visual pattern – maintenance of the visual elements already present on the current storefronts, ensuring brand identification.

Higher permeability – increased store permeability by qualifying the initial stages of the customer journey (motivation and navigation).

CASHIERS

Use-based design – increased equipment modularity; review of operating assumptions and ergonomics for employees and customers.



Renner storefront at Village Mall - RJ, a store with sustainability features.

Natural elements – will be responsible for greater identification with the store's purpose, as well as being one of the supporting elements in customer navigation. They were selected based on low maintenance and easy replicability.

MATERIALS

Recycled – use of recycled and recyclable materials for the store's packaging, which will be the basis for the new bag model to be launched in 2021, 100% aligned with the less impacting product features already used for the products (learn more on page 109).

Experimentation – use of electronic tests and sprays for the perfume and treatment line,

allowing more experimentation for users (within the post-Covid standards), as well as enhancing the purchase of the beauty category.

UNIFORMS

Re – new Re Uniforms, aligned with style standards and made of materials 100% aligned with our sustainability features of the Re Seal (learn more on page 107), with more combinations and fits.

EMPLOYEES

Employee selection process and training in line with Plural, our diversity program (learn more on page 49).



Ecoestilo, reverse logistics service.

TURNING WASTE INTO RAW MATERIAL

GRI 306-2

REVERSE LOGISTICS FOR CUSTOMERS

To increase circularity, we offer our customers a reverse logistics service, EcoEstilo, for two categories: perfumery and clothing. Since 2011, perfumery and beauty packages and bottles can be discarded in the EcoEstilo collectors in all of Renner's stores, even if they were not purchased at Renner. The collected waste is disposed of in an environmentally correct manner, avoiding environmental contamination.

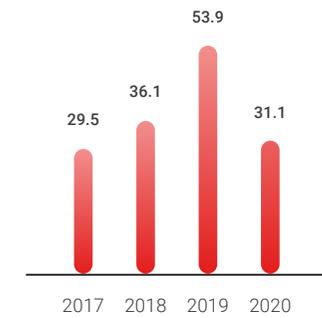
Since 2017, customers can also dispose of their clothes, whether purchased at Renner stores or not, in the Ecoestilo clothing collectors. The project has expanded from the first 15 pilot stores to 86 by 2020.

In 2020, we had an evolution in the collected perfumery waste management, with the incorporation of a new process: glass grinding and destination for recycling, in partnership with one of our perfumery and beauty suppliers.

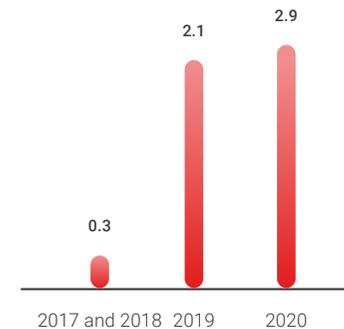
In all, since 2017 there have been 5.4 tons of clothes collected, which will be destined for recycling, through the defibration process, or for reuse by upcycling or donation and 150.6 tons of perfumery waste collected with the correct destination.

In 2020, with social distancing, store closings and reopening with reduced hours, there was a reduction in the volume collected.

PERFUMERY WASTE COLLECTED BY ECOESTILO (TONS)



CLOTHING WASTE COLLECTED BY ECOESTILO (TONS)



PRODUCT RECYCLING, REUSE, AND UPCYCLING

With the C+P 4.0 project, we promote the reduction of waste generation in the production process and the reinsertion of waste in the production chain (learn more on page 110).

When creating our collections, we also use the upcycling technique to avoid the waste of potentially useful materials, producing pieces made by creatively reinserting raw materials that would otherwise be discarded in the production cycle. Instead of developing new prints and fibers from scratch, we use the surplus of existing fabrics to create new products and give new uses to a material that would no longer have a place in the market.

Here are the main collections launched in 2020 with the circularity principle to reduce environmental impact:

In 2019, we invested R\$ 263.7 thousand in Research and Development projects

aimed at creating new yarn models that would expand the circularity of the pieces. The yarns were used in the Re Jeans collections and the Youcom circular pants, launched in 2020.



RE JEANS

In 2020 we launched the new Re Jeans collection, developed from recycled material, with fabric produced with leftovers, which are defibrated, and transformed into a new yarn. The new Re Jeans is also free of synthetic fibers and made with certified cotton, which means that it can be reused again at the end of its useful life by the client, with infinite circularity potential.

With Re Jeans, we promoted the reinsertion of 673 kg of jeans fabric in the production cycle, avoiding its disposal. Apart from this direct positive impact, the Life Cycle Assessment (LCA), carried out during the first Re Jeans collection, shows us that its production also reduces the environmental impact in relation to different aspects, if compared to conventional jeans.

IMPACT COMPARISON OF RE JEANS VS. CONVENTIONAL JEANS



* Imbalance in water quality due to excessive nutrients.

YOUCOM POST-CONSUMER CIRCULAR PANTS

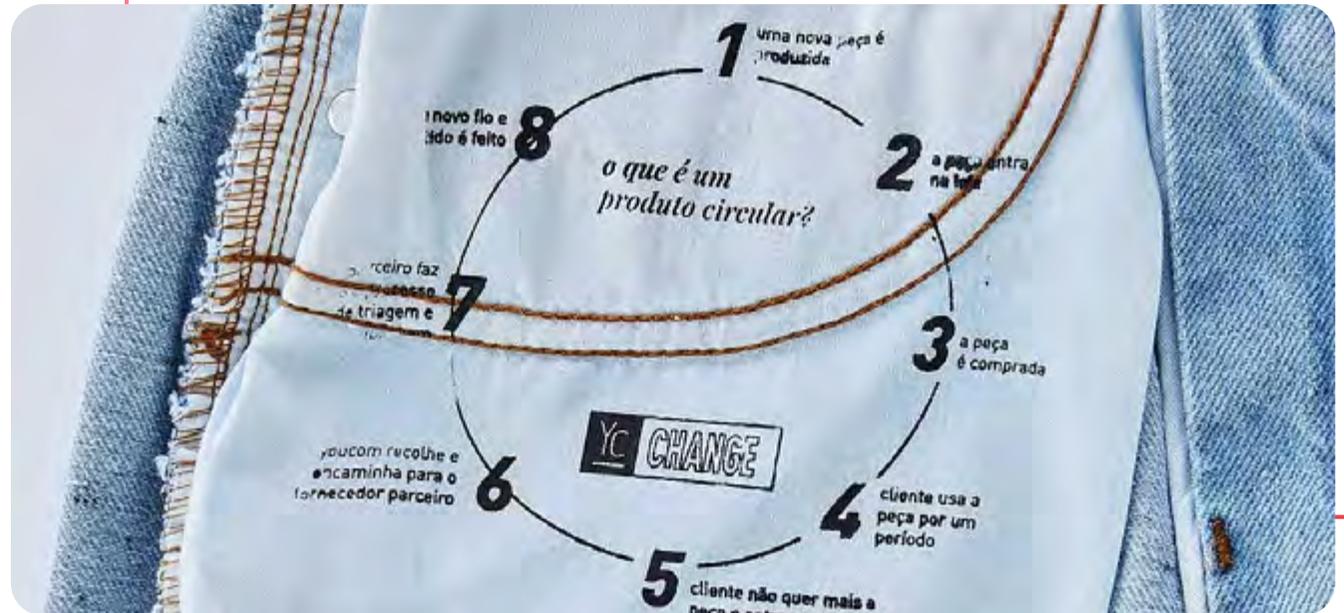
In 2020, we launched the first post-consumption pants in Brazil, made from jeans that would be discarded and were donated by customers at Youcom stores over the three years of the Jeans For Change Project, a platform that focuses on reusing used jeans and increasing their useful life. In all, 900 kg of fabric were reused, through defibration, which became 600 units of new pants.

The production process began with a sorting process, which discarded pieces out of standard colors and fibers, then the selected products went through a de-characterization stage, in which trims, such as buttons and zippers, were removed and destined for responsible disposal, and then the pieces went through defibration.

With our investment in research and development, we created a yarn composed of the fibers from the defibered material mixed with pure cotton, generating a new fabric with a final composition of 30% recycled material and 70% certified cotton, which allows new reuse at the end of its useful life, with endless circularity potential.

In the process, we also seek to reduce water consumption, using resources such as laser and ozone, and 75% of the water consumed comes from reuse. Furthermore, as we recycle the collected jeans, we also had a significant reduction in the environmental impact of Re Jeans in relation to conventional jeans (see infographic on the previous page).

Circular pants



The 600 post-consumer pants produced generated an impact reduction* of:

36.72% in CO₂ emissions equivalent to:



7,500 btu air conditioner running for 65,850 hours = 7 and a half years continuously on

or



The amount 33 Atlantic Rainforest trees absorb of CO₂

or



a computer on for 317,275 hours = 36 years

43.75% in water consumption, equivalent to:



747,075 bottles of mineral water (500ml)

or



18,677 water jerry cans (20L)

or



9 years total water consumption for one person

* Based on the Life Cycle Analysis (ACV), carried out during the first Re Jeans collection.

EXTENDING THE USEFUL LIFE OF PARTS

QUALITY

We take special care with quality, adapting products according to the best international practices and contributing to a more sustainable model, which extends the life cycle of products.

We carry out quality inspections on products at different stages, allowing us to correct any problems and improve the quality of the products sold:



in **pre-production** and product development, through laboratory tests

3.5 thousand in 2020



in **production**, still at suppliers, to identify compliance with our quality standards

27 thousand in 2020



in **Distribution Centers** to identify storage or transportation damage

4 thousand in 2020



in **stores** to solve occasional problems

120 audits in 2020

We have our own laboratory where we test the products on items such as running-in (simulation of customer use), domestic washing, pilling, wash fastness, rubbing fastness, and dimensional changes. In 2020, 7 thousand tests were performed.

Besides the tests, we also monitor product quality through three main indicators: the percentage of failed order samples inspected (16.9% in 2020) and the percentage of product returns from stores due to manufacturing defects (0.07% in 2020).

WASTE REDUCTION

In our digital transformation cycle, we developed a predictive analytics and assortment decision project based on data that gives us greater speed and accuracy in projections about fashion trends and consumer desires (learn more on page 94).

As a result, we also support Responsible Fashion: we increasingly produce what the customer actually wants, reducing markdowns and stock-outs that, in retail, make companies have to produce even more to meet sales targets, increasing consumption of natural resources and disposal of leftover products.

USED CLOTHES

We started a partnership with thrift shop Repassa, aiming to encourage conscientious consumption and the extension of the useful life of garments.

Our customers can pick up for free at our participating stores the Sacola do Bem to separate their clothes that are no longer used and send them to be sold at the thrift shop.

The value from the sale of the pieces can be used however the customer wishes: buying on Repassa, withdrawing the value, or donating to one of the supported NGOs.

Only in the first full month of the program, in December, there had already been 1,074 bags identified by customers on the website as having been picked up at Renner, totaling approximately 7 thousand pieces. The estimated impact*, considering the volumes from this first month alone, already has a great potential of positive environmental impact.

68.12 million liters of watersaved



63.07 thousand people drinking water for 1 year

378.44 thousand less kilograms of CO₂ in the atmosphere



17.20 thousand trees absorbing CO₂ for 1 year

1.62 thousand kilowatts per hour saved



1,809.34 families consuming energy for 1 month

* According to data from Repassa.

raising awareness to transform

GRI 103-1, 103-2, 103-3

INSIDE OUT

The construction of a lower impact business model is daily and involves the everyday actions and decision-making of employees from all areas of the business. Therefore, we have developed several initiatives to spread and strengthen this culture.

An important step was the creation of the pilot project Guardians of Sustainability in 2019, aimed at training store employees on the Company's sustainability initiatives and thus contributing to a virtuous cycle of evolution: the guardians multiply the dissemination of our commitment to sustainability in the stores, reaching millions of customers, and also bring us important perspectives on points of evolution in the day-to-day operation for an increasingly sustainable business.

Against the backdrop of the 2020 pandemic, sustainability has gained even more prominence in society and we have expanded the training of more Guardians, from 24 employees in 2019 to 169 by the end of the year. Guardians also stayed connected through training, awareness raising, and exchange groups.

In 2020 we started the Responsible Fashion Working Group, which brings together a multidisciplinary squad to discuss and define the paths of evolution in sustainability management and disseminate the actions required to achieve them in the different business areas.

The Renner University also has development tracks on sustainability for all employees, our trainee program, which trains the future leaders of the business, includes a discipline on the theme, with 10 hours of training, and our product development teams are continuously trained and qualified on sustainable design and materials.

AWARENESS IN CONSUMPTION

We believe we have an important responsibility in the relationship with our customers to create an increasingly sustainable business, which goes beyond offering less impacting product lines (learn more on page 107).

It is imperative to inform and make our public aware of the production process of these pieces and its advantages, empowering their choices and encouraging more sustainable consumption and use habits.

To this end, in 2018 we created the Re Responsible Fashion Seal for Renner products and, in 2020, the YC Change Seal for Youcom products, which symbolize our way of thinking and practicing sustainability and identifies our products, services and initiatives focused on the theme.



We were master sponsor of the largest fashion and sustainability meeting in Latin America, the 4th edition of Brazil Eco Fashion Week (BEFW).

Apart from the financial support, we participated in two panel discussions, where we talked about the use of less impacting raw materials in Re collections and about the SDGs supported with the Productive Chain program in the supply chain.

Learn more in our blog: <https://bit.ly/3bXylw7>

SPECIAL COLLECTIONS AND PRODUCTS

In 2020, apart from the products launched throughout the year with the Re Seal, which already represent 56.8% of the total products launched and bring in features from more sustainable production processes (learn more on page 107), we had special collections of products with a cause:

Todas Avançam Juntas: in March, international women's month, Renner launched the Todas Avançam Juntas T-shirt, made from agroecological cotton produced by quilombola and indigenous women from a project supported by the Lojas Renner Institute. The sale of the T-shirt was reverted to the Lojas Renner Institute to support new projects for women empowerment.

Ashua and Youcom also launched special T-shirts with the theme of women's empowerment and the percentage of sales reverted to Lojas Renner Institute's projects.

Agroecological cotton collection: pieces produced with agroecological cotton planted and harvested by female rural producers in municipalities of northern Minas Gerais, fruit of the Tecendo Autonomia project (learn more on page 80), supported by the Lojas

Renner Institute. The history of the local community is represented in the embroidery and the dyeing of the clothes involved less impacting processes, from the reuse of rainwater and solar energy consumption.

I Wear the Good Movement: we have developed a collection of accessories in partnership with the Movement, made by inmates women and former inmates of the prison system and made with recycled fabric and zero waste.

Natural dyeing: we have developed a collection rescuing the millennial technique of natural dyeing from plants such as annatto, turmeric, and alfalfa, with certified cotton.

Fighting the pandemic: at the outbreak of the pandemic, we launched the "Camisetas do Bem", with comforting messages and prints inspiring affection and kindness in daily life, made within the premises of the Re Seal with certified cotton, and we reverted up to 30% of the sales value (R\$ 10 each piece) to the Lojas Renner Institute, for initiatives that helped to minimize the social impacts caused by Covid-19. We also started to sell protection face masks and for each unit sold we donate R\$ 1 in fabric face masks to vulnerable communities.

"We have greatly intensified our developments of responsible fashion collections, considering not only the environmental pillar of sustainability, but also the social and economic one. In this respect, we began to support and provide visibility to artists and designers from different regions of the country. We develop collections co-created with these local talents, with aesthetic diversity and within the style of each one".

Fernanda Feijó
Style Director



We Are Art Collection made in partnership with artists.

Re Jeans and Post-consumer Jeans: Renner and Youcom have launched collections with jeans reinserted in the production cycle, which bring important benefits to the environment. Learn more about the special collections and their features and impact reduction on page 121.

Somos Arte

We are Art: the project connects Renner to artists to value and democratize different expressions of art and culture through special collections that value the diversity of styles intrinsic to Brazilian art, created in a collaborative way. Learn more at:

<https://bit.ly/3bZ8TVx>

The We Are Art collection is aligned with the Renner Cultural movement, launched in 2019 with the goal of contributing to the democratization of culture. Within the Renner Cultural umbrella, the company has prepared activities for the National Culture Day, celebrated on November 5.

The kickoff was the new episode of the Renner Fashion Talks podcast, which deals precisely with the relationship between art, culture and fashion. Mediated by actress, filmmaker and presenter Marina Person, the conversation has the participation of Lilian Pacce, who is a journalist, writer and curator at the São Paulo Museum of Art (MASP), and Karen Hofstetter, who is a designer, illustrator and photographer – and one of the names that sign the We Are Art collection.



Clay Master Women collection.

Clay Master Women: Camicado has launched a collection of handmade ceramic pieces made by the collective of artisans from the communities Coqueiro Campo and Campo Alegre in Turmalina (MG), Jequitinhonha valley, valuing the traditional culture and the women's entrepreneurship.

Learn more at: <https://bit.ly/3razfKC>

COMMUNICATION

Our communication and marketing campaigns comply with specific legislations, such as the Brazilian Advertising Self-regulation Code, in addition to the normative instruments, laws, and decrees regulated by the Social Communication Secretariat of the Presidency of the Republic (Secom).

In 2020, we did not identify any non-compliance with regulations and voluntary codes regarding marketing communications, both institutional and retail.

We also take the sustainability concepts to society in our routine communication with our customers in our Estilo Renner blog, explaining the sustainability concepts, showing its importance and engaging everyone for a more sustainable consumption, with content on responsible behavior

and consumption patterns that contribute to the preservation of the environment and respect for people.

In 2020, we did this, for example, with the announcement of Re collections and less impacting items, influencing the consumer to know more about the origin and manufacturing process of sustainable products. We also highlighted eco-efficiency practices in Lojas Renner's daily routine, we talked about the development work of the supply chain, the events supported or sponsored, our performance in relation to climate change, public commitments and the consequent recognition for our investments. We also emphasize Re products as an alternative gift on commemorative dates in the retail calendar and take advantage of some thematic dates as an opportunity to tell stories that help generate value for our stakeholders.

Get to know the stories by clicking on the posts below

COMMEMORATIVE DATES

[Christmas](#) [Fathers's Day](#) [Spring](#) [Environment Week](#)
[Women's Day](#) [Women's Day \(2\)](#) [Earth Day](#)

PRODUCT

[Re Jeans](#) [Loungewear](#) [Natural Dyeing](#) [Re Knit](#)
[Re Tags](#) [First Looks](#) [Tropical Rustic](#)
[Bamboo](#) [TAJ Shirt](#) [Products with a Cause](#)

INSTITUTE

[Repassa](#) [Refugees](#) [Inspirations](#) [Women Entrepreneurs](#)

INSTITUTIONAL

[Sustainable Construction](#) [Recognitions](#) [Retrospective](#)
[Responsible Suppliers](#) [Documentary](#) [Events](#)
[Climate Changes](#) [Amazon](#)



Our first adaptable jeans, a pant that fits five different sizes.

DIVERSITY AND INCLUSION SUPPORT

We have increasingly been working on the issue of representation and diversity in our campaigns, essays and videos. In 2020, we reached a representation of models and actors in the campaigns of our brands in Brazil, Uruguay, and Argentina of 64% women, 23% black people, and 11% plus size models.

We also work with extended size grids to accommodate the diversity of bodies, and we perform modeling tests on different bodies to ensure quality products for all styles. We also offer the Ashua brand products, specializing in curve & plus size to bring more options to our customers.

In 2020, we introduced our first adaptable jeans, a pant that fits five different sizes, with stretch fabric and modeling created to fit women with waists from 70cm to 86cm and hips from 98cm to 114cm.

During the year we also developed a lingerie line with comfortable and functional pieces, which have ergonomic features and distinguished fastenings for more convenience in everyday life, with the proposal of offering more autonomy to women with reduced mobility. This is the first lingerie line with this proposal and was developed in a collaborative way, with women who have reduced mobility, and with a campaign starring our employee Fernanda Barcellos.

Learn about Plural, our diversity and inclusion program, on page 86.

attachments

GRI CONTENT INDEX

GRI 102-55

GENERAL CONTENT		REFERENCE (PAGE)/ DIRECT ANSWER	RELATION TO THE SDG
GRI 102: GENERAL DISCLOSURES			
Organizational Profile			
102-1	Name of the organization	Lojas Renner S.A.	
102-2	Activities, brands, products, and services	Page 08	
102-3	Location of headquarters	Page 08. Porto Alegre (RS), Brasil.	
102-4	Location of operations	Page 08	
102-5	Ownership and legal form	Corporation, publicly traded.	
102-6	Markets served	Page 08	
102-7	Scale of the organization	Pages 08, 34, 40 and 51	
102-8	Information on employees and other workers	PG 51. The data reported includes all employees, active and on-leave, until 12/31/2020.	
102-9	Description of the organization's supply chain	Page 57	8
102-10	Significant changes to the organization and its supply chain in the reporting period	Pages 57 and 88	
102-11	Whether and how the organization applies the Precautionary Principle or approach	We do not formally apply the precautionary principle, but we manage social and environmental risks in a preventive manner, as reported on the Social and Environmental Risks chapter, page 30.	
102-12	Externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses	Pages 04, 05, 18 and 59	17
102-13	Main memberships of industry or other associations, and national or international advocacy organizations	Pages 18 and 30	17

GENERAL CONTENT		REFERENCE (PAGE)/ DIRECT ANSWER	RELATION TO THE SDG
Strategy			
102-14	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization	Pages 04 and 05	
102-15	Descrição dos principais impactos, riscos e oportunidades	Page 30	
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	Page 29	16
Governance			
102-18	Governance structure, including committees	Page 22	
102-28	Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics	Pages 25 and 28	
Stakeholder Engagement			
102-40	List of stakeholder groups engaged by the organization	Employees, Back Office Administrative Service Providers, Resale Suppliers and their subcontractors, customers, Lojas Renner Institute partners, raw material suppliers, investors, sector bodies, consulting companies and influencers.	
102-41	Percentage of total employees covered by collective bargaining agreements	100% and every year there are new collective bargaining.	8
102-42	Basis for identifying and selecting stakeholders with whom to engage	In 2019, we mapped the value chain and performed a stakeholder prioritization analysis, based on Edward Freeman's stakeholder theory and Ann Qualman's power x interest methodology. Priority stakeholders were involved in the face-to-face and online materiality survey and will be continuously engaged in the communication and engagement program for sustainability. The list of priority stakeholders is presented in indicator 102-40.	
102-43	Organization's approach to stakeholder engagement, including frequency of engagement	In 2019, we conducted a new materiality process, considering a five-year horizon, which involved an online survey and a face-to-face workshop with priority stakeholders to define the Company's main impacts and externalities, the audiences involved, and management priorities for the upcoming years.	

GENERAL CONTENT	REFERENCE (PAGE)/ DIRECT ANSWER	RELATION TO THE SDG
102-44 Key topics and concerns that have been raised through stakeholder engagement, including how the organization has responded to those key topics and concerns	1. Responsible Suppliers: Responsible supply chain - Page 59 2. Engage customers, employees and communities: Attention and development - Page 43 - Supporting development Diversity and equality - Page 49 Privacy and security - Page 96 Fostering progress - Page 74 Employee Engagement - Page 48 Digital transformation - Page 87 Enchantment - Page 84 3. Eco-efficient management and sustainable products and services Eco-efficiency- Page 107 Stimulating research and innovation - Pages 68 and 117 Customer Engagement (Re Seal) - Page 120	
Reporting Practice		
102-45 Entities included in the consolidated financial statements	Explanatory Note 3.7, on page 40 of the Financial Statements, available at https://bit.ly/3brmh4F .	
102-46 Process for defining report content and topic Boundaries	The content of the report is based on these strategic themes for the sustainable development of the business and also on the presentation of the Company's profile, strategy and governance, in line with the Integrated Reporting methodology.	
102-47 List of material topics identified in the process for defining report content	Material topics are presented in indicator 102-44.	
102-48 Report on the effect of any restatements of information provided in previous reports	There were none.	
102-49 Significant changes from previous reporting periods in the list of material topics and topic Boundaries	There were none.	
102-50 Reporting period	2020	
102-51 Date of most recent report	2019	
102-52 Reporting cycle	Annual	
102-53 Contact point for questions regarding the report	Page 137	
102-54 Claims of reporting in accordance with the GRI Standards	This Report has been prepared in accordance with the GRI Standards: Core option.	
102-55 GRI content index	Page 126	
102-56 External assurance	Page 137	

GENERAL CONTENT		REFERENCE (PAGE)/ DIRECT ANSWER	RELATION TO THE SDG
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its Boundary	<p>1. Responsible Suppliers: relevant because it considers the full extension of the Company's supply chain, as a large retailer. The impact occurs within the Company and outside, in the suppliers and society, and the Company's role is to mitigate risks while providing development in the chain, especially of resale.</p> <p>2. Engage customers, employees and communities: relevant for having a direct link with the Company's Vision, to enchant everyone, and is fundamental for building a more responsible fashion with the involvement of all. The impact is felt on the Company, on the society, on the customers and on the communities and minorities supported by Lojas Renner Institute's projects.</p> <p>3. Eco-efficiency and sustainable products and services: relevant because it considers the large extent of the volume of products sold by the Company and the socio-environmental impacts that exist in the sector's value chain. The impact is within the Company and outside, on suppliers, customers and society, and the Company's role is to mitigate risks while providing development to the resale chain.</p>	
103-2	The management approach and its components	Pages 57, 99, 107 and 120	
103-3	Evaluation of the management approach	Pages 57, 99, 107 and 120	
GRI 201: ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	Page 13	2
GRI 202: MARKET PRESENCE			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	The lowest wage for all genders is equivalent to the minimum wage.	10 e 12
GRI 204: PROCUREMENT PRACTICES			
204-1	Proportion of spending on suppliers local to significant locations of operation	Page 70. We consider Brazilian suppliers as local.	12
GRI 205: ANTI-CORRUPTION			
205-2	Communication and training about anti-corruption policies and procedures	Page 29	16
205-3	Confirmed incidents of corruption and actions taken	Page 29	16
GRI 302: ENERGY			
302-1	Energy consumption within the organization	Page 102	7,8, 12 and 13
302-3	Energy intensity	Page 102	7,8, 12 and 13
302-4	Reduction of energy consumption	Page 102	7,8, 12 and 13

GENERAL CONTENT		REFERENCE (PAGE)/ DIRECT ANSWER	RELATION TO THE SDG
302-5	Reductions in energy requirements of products and services	Page 102 and 110	7,8, 12 and 13
GRI 305: EMISSIONS			
305-1	Direct (Scope 1) GHG emissions	Page 105	3, 12 and 13
305-2	Energy indirect (Scope 2) GHG emissions	Page 105	3, 12 and 13
305-3	Other indirect (Scope 3) GHG emissions	Pages 99 and 105	3, 12 and 13
305-4	GHG emissions intensity	Page 105	13
305-5	Reduction of GHG emissions	Page 105	13
GRI 306: WASTE			
306-2	Management of significant waste-related impacts	Pages 106 and 116	3 and 12
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT			
308-1	New suppliers that were screened using environmental criteria	Pages 59 and 72	12
308-2	Negative environmental impacts in the supply chain and actions taken	Pages 30, 59 and 72	12
GRI 401:EMPLOYMENT			
401-3	Return to work and retention rates of employees that took parental leave, by gender	Page 50	5
GRI 404: TRAINING AND EDUCATION			
404-1	Average hours of training per year per employee, by gender and employee category	Page 55	4
404-3	Percentage of total employees by gender and by employee category who received a regular performance and career development review, by gender and employee category	Page 47	4, 5 and 8
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Percentage of individuals within the organization's governance bodies by gender, age group, minorities, and other indicators of diversity	Page 52	5
405-2	Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation	Page 50	5

GENERAL CONTENT		REFERENCE (PAGE)/ DIRECT ANSWER	RELATION TO THE SDG
GRI 406: NON-DISCRIMINATION			
406-1	Total number of incidents of discrimination and corrective actions taken	Until October 2020, our reporting channel did not investigate discrimination cases in a segmented manner. With the launch of the new system (Page 85) in 2021 we will have the indicator monitored.	8
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
407-1	Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk, and measures taken	There is no risk in own operations. Learn more about management in the chain to ensure these rights on page 62.	8 and 16
GRI 408: CHILD LABOR			
408-1	Operations and suppliers considered to have significant risk for incidents of child labor, and measures taken by the organization to contribute to the effective abolition of child labor	There is no risk in own operations. Learn more about management in the chain to ensure these rights on pages 30 and 62.	8 and 16
GRI 409: FORCED OR COMPULSORY LABOR			
409-1	Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor and measures taken by the organization to contribute to the elimination of all forms of forced or compulsory labor	There is no risk in own operations. Learn more about management in the chain to ensure these rights on pages 30 and 62.	5, 8 and 16
GRI 412: HUMAN RIGHTS ASSESSMENT			
412-2	Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including percentage of employees trained during the reporting period	Page 29. 100% of employees are trained on our Code of Conduct.	5 e 16
GRI 414: SUPPLIER SOCIAL ASSESSMENT			
414-1	New suppliers that were screened using environmental criteria	Pages 30, 59 and 72	5 e 16
414-2	Negative social impacts in the supply chain and actions taken	Resale Suppliers, which represent 72.7% of spending in the year. Learn more about management on Pages 30, 33, 59 e 72.	8, 12 and 16
GRI 415: PUBLIC POLICY			
415-1	Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary	No contributions were made by the Company, directly or indirectly, to political parties, political campaigns or lobbying associations.	16
SECTOR SUPPLEMENT			
Code of Conduct			
AF1	Code of conduct content and coverage	Page 59	16
Audit Process			
AF2	Parties and personnel engaged in code of conduct compliance function	Page 65	12 and 16
AF3	Compliance audit process	Page 62	12 and 16

GENERAL CONTENT		REFERENCE (PAGE)/ DIRECT ANSWER	RELATION TO THE SDG
Grievance Procedures			
AF4	Policy and procedures for receiving, investigating, and responding to grievances and complaints	Page 62	12 and 16
Capacity building			
AF5	Strategy and scope of efforts to strengthen capacity of management, workers and other staff to improve in social and environmental performance	Page 67	8, 12 and 16
Business Integration			
AF6	Policies for supplier selection, management, and termination	Page 59	8, 12 and 16
Code of Conduct			
AF7	Number and location of workplaces covered by the Code of Conduct	100% of our own workplaces and those of our direct suppliers are covered by the Supplier Code of Conduct and the Employee Code of Conduct.	8, 12 and 16
Audit Process			
AF8	Number of audits conducted and percentage of workplaces audited	Page 62	12
Non-Compliance Findings			
AF9	Incidents of non-compliance with legal requirements or collective bargaining agreements on wages	4 suppliers and 29 subcontractors.	12
AF10	Incidents of non-compliance with overtime standards	22 suppliers and 48 subcontractors.	12
AF12	Incidents of the use of child labor	There were none.	12
AF13	Incidents of non-compliance with standards on gender discrimination	There were none.	12
AF14	Incidents of non-compliance with code of conduct	Page 64	12
Business Integration			
AF15	Analysis of data from code compliance audits	Page 64	12
AF16	Remediation practices to address non-compliance findings	Page 64	12
AF17	Actions to identify and mitigate business practices that affect code compliance	Page 64	12

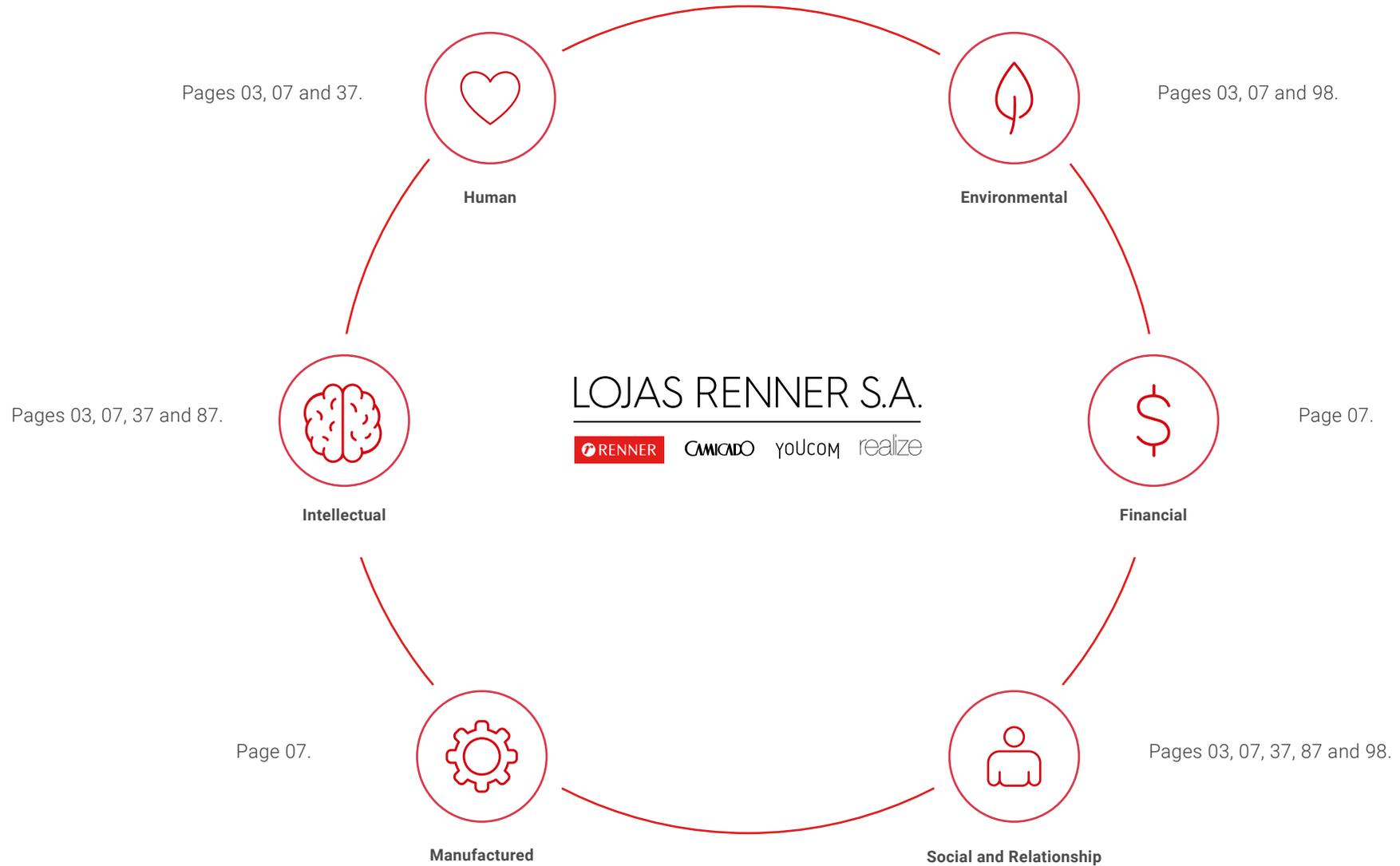
SASB INDEX

CODE	METRIC	REFERENCE (PAGE)/ DIRECT ANSWER	RELATIONSHIP WITH THE SDG
MANAGEMENT OF CHEMICALS IN PRODUCTS			
CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations.	Page 113	6 and 12
CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products.	Page 113	6 and 12
ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN			
CG-AA-430a.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreements.	Page 113	6 and 12
CG-AA-430a.2	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment.	85.8% of tier 1 suppliers.	12
LABOR CONDITIONS IN THE SUPPLY CHAIN			
CG-AA-430b.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor.	100% of tier 1 and 2 suppliers with internal and external audits.	8 and 12
CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits.	The main non-compliance was access denied to auditors at tier 2 suppliers. As a corrective measure, online training throughout the year reinforcing the penalty table, reinforcing the consequences of access denied in the companies, and we encouraged our tier 1 suppliers to visit their subcontractors and go over Renner's checklist and audit process with them, avoiding future access denials.	8 and 12
CG-AA-430b.3	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain.	Page 33	8 and 12
RAW MATERIALS SOURCING			
CG-AA-440a.1	Description of environmental and social risks associated with sourcing priority raw materials.	Page 33	8 and 12
CG-AA-440a.2	Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard.	Page 108	12
ACTIVITY METRICS			
CG-AA-000.A	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1.	Page 73	

TCFD INDEX

THEMES	RECOMMENDED DISCLOSURES	PAGE
Governance 1	Describe the board's oversight of climate-related risks and opportunities.	Our Responsible Fashion strategy has a robust pillar of work in mitigation and adaptation to climate change. The Sustainability Committee, which advises the Board, presents a quarterly report on the evolution of our initiatives and performance in relation to the Responsible Fashion strategy, including our adaptation strategy, which is being built based on a vulnerability analysis that identified the main risks and opportunities (learn more on page 100).
Governance 2	Describe management's role in assessing and managing climate-related risks and opportunities.	The Audit and Risk Management Committee, which advises the Board, identifies, assesses, and measures the risks with the business areas, defines the control processes to reduce them, and follows up with the areas involved, reporting to the Board of Directors on the effectiveness of the risk management. Learn more about the risk management structure on pages 30 and 31.
Strategy 1	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	On page 100 we present the risks and opportunities identified in the risk and impact analysis process, based on the IPCC methodology, prepared by a specialized third-party consulting company. The analysis focused on physical and transition risks and covered all the Company's stores and its Distribution Centers at the end of 2019.
Strategy 2	Describe the impact of climaterelated risks and opportunities on the organization's businesses, strategy, and financial planning.	Our carbon pricing study has identified potential to impact emissions by 1.97% on long-term profit.
Strategy 3	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We have been developing a consistent Responsible fashion strategy that brings resilience to the business when facing climate change: we are a carbon neutral business (pg. 99), we develop products with lower environmental and social impact in the entire life cycle (pg. 33), we have a high percentage of renewable energy in our consumption matrix (pg. 103), an energy efficiency program with continuous intensity reduction (pg. 102) and formal goals for emissions reduction (pg. 99), including being part of the variable leadership compensation (Pages 28 e 99)
Risk Management 1	Describe the organization's processes for identifying and assessing climate-related risks.	Pg. 135
Risk Management 2	Describe the organization's processes for managing climate-related risks.	Pg. 100
Risk Management 3	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	The overall risk management fosters continuous alignment with the business areas for the identification, handling, and monitoring of risks (learn more on page 100). Therefore, the risks related to climate change are handled and monitored jointly by the sustainability team and the corporate risk management structure.
Metrics and Targets 1	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Pg. 100
Metrics and Targets 2	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Pg. 105
Metrics and Targets 3	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Pg. 99

CAPITALS MAP



PRIORITY SDG MAP

Achieve gender equality and empower all women and girls



- Ensuring equity in employment conditions, training and benefits for women Page 49
- Women's empowerment in the textile chain. Page 79

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



- Create job opportunities within our operation and, indirectly, in our suppliers. Page 37
- Foster human rights advocacy in our operations and supply chain. Page 57
- Monitor compliance and good labor practices in our supply chain. Page 61
- Support the development of our suppliers. Page 59
- Adopt fair purchasing practices. Page 71

Reduce inequality within and among countries



- Create job opportunities within our operation and, indirectly, in our suppliers. Page 37
- Monitor the payment of fair wages in our operation and supply chain. Page 71
- Promote development and economic growth through social support. Page 74

Ensure sustainable consumption and production patterns



- Manage the social and environmental impacts involved in the life cycle of our products. Page 14
- Act with suppliers to monitor, control and foster responsible production processes. Page 57
- Increase the use of less impacting raw materials. Page 108
- Promote awareness among our customers for sustainable consumption. Page 107

Take urgent action to combat climate change and its impacts



- Ensure emissions reduction and climate change mitigation strategy with clear goals and continuous development of initiatives. Page 99
- Maintain our business, for the 5th consecutive year, carbon neutral. Page 99
- Continuously increase the already high standard for using impact reduced renewable energies. Page 103
- Reduce energy consumption intensity. Page 104
- Manage the social and environmental impacts involved in the life cycle of our products. Page 33

Strengthen the means of implementation and revitalize the global partnership for sustainable development



- Active participation in organizations for sector development and sustainability promotion. Page 101

Independent auditors' report

A free-translation from Portuguese into English of Auditors' Report on non-financial statements (Annual Sustainability Report) originally prepared in Portuguese and in Brazilian currency (R\$).

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT ON THE LOJAS RENNER S.A. ANNUAL SUSTAINABILITY REPORT BASED ON GRI – STANDARDS (IN ACCORDANCE – "CORE")

To the Shareholder, Advisers and Management of

Lojas Renner S.A.
Porto Alegre – RS

INTRODUCTION

We were engaged by Lojas Renner S.A. ("Company" or "Renner") management to present our limited assurance report on the information contained in the Annual Sustainability Report based on Global Reporting Initiative ("GRI") – Standards for the twelve-month period ended December 31, 2020 ("Report").

MANAGEMENT AND GOVERNANCE RESPONSIBILITIES FOR THE REPORT

Renner's management is responsible for preparing and presenting appropriately the information contained in Report in accordance with criteria, assumptions and

requirements of the GRI guidelines (In accordance – "Core"), and for the internal controls as management determines is necessary to enable the preparation of information free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' RESPONSIBILITY

Our responsibility is to express a conclusion on the Renner's Report information, based on the limited assurance work conducted in accordance with Technical Notice of Ibracon Nº 07/2012, approved by the Brazil's National Association of State Boards of Accountancy (CFC) in light of NBC TO 3000 (Assurance Work Other Than Audit or Review), issued by the CFC, which is equivalent to international standard ISAE 3000, issued by the International Federation of Accountants, applicable to non-historical information. These standards call for compliance with ethic requirements, including independence and work carried out to obtain limited assurance that the Report is free of material misstatement.

A limited assurance work conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of inquires of management and other professionals from Renner who were involved in the preparation of the Report, as well as of the application of additional procedures deemed necessary to obtain evidence

which enables us to conclude on the limited assurance on the Report. A limited assurance work also requires additional procedures, as the independent auditor becomes aware of matters that lead him to believe that the Report information may contain material misstatement.

The selected procedures relied on our understanding of the aspects concerning the compilation and presentation of the Report information in accordance with criteria, assumptions and own methodologies from Renner. The procedures comprised:

- (a) the planning of the work, considering the materiality, the volume of quantitative and qualitative information and the operating and internal control systems which supported the preparation of the Report;
- (b) the understanding of the calculation methodology and the procedures for preparation and compilation of the Report through interviews with management in charge of preparing the information;
- (c) the application of analytical procedures on quantitative information and sample verification of certain evidence supporting the data used for the preparation of the Report;
- (d) comparison of the financial indicators with the financial statements and/or accounting records.

The procedures applied in this limited assurance work also comprised compliance with the guidelines of the structure for development of the GRI applicable in the preparation of the information contained in the Renner's Report.

We believe that the evidence obtained in our work was sufficient and appropriate to provide a basis for our limited conclusion.

SCOPE AND LIMITATIONS

The procedures applied in a limited assurance work are substantially less in scope than those applied in an assurance work aimed at issuing an opinion on the Report information. As a consequence, we are not in a position to obtain assurance that we are aware of all matters which would be identified in an assurance work aimed at issuing an opinion. Had we carried out a work to issue an opinion, we could have identified other matters or misstatements in the Report information. Accordingly, we did not express an opinion on this information. In addition, Renner's internal controls were not part of our limited assurance scope.

The non-financial data is subject to further inherent limitations than financial data, given the nature and diversity of methods used to determine, calculate or estimate such data. Qualitative interpretations of materiality, significance and accuracy of data are subject to the individual assumptions and judgments. Also, we did not carry out any work on data reported for prior periods nor in relation to future projections and goals.

CONCLUSION

Based on the procedures performed and herein described, nothing came to our attention that makes us believe that the GRI KPIs presented on the Report, for the twelve-month period ended December 31, 2020, was not prepared, in all material respects, in accordance with criteria, assumptions and methodologies for the preparation of the KPI's based on requirements of the Global Reporting Initiative – Standards (In accordance – "Core").

São Paulo (SP), March 30th, 2021.

Ernst & Young

Auditores Independentes S.S

CRC-2SP015199/O-6



Leonardo Masseli Dutra

Expert group: Technical Reviewer



Flavio A. Machado

Quality Review Partner – CRC-1MG 065.899/O-2

credits

GRI 102-53

Coordenation

Human Resources Executive Office – Sustainability
Management and Internal Communication
Investor Relations Executive Office
Controllership Executive Office
Marketing Executive Office

Editorial project, writing, GRI & Integrated Reporting consulting and translation

RICCA Sustentabilidade
<https://riccari.wixsite.com/sustentabilidade>

Graphic design

Paim
<https://sunopaim.com/>

Layout, design and illustrations

RICCA Sustentabilidade
<https://riccari.wixsite.com/sustentabilidade>

Photo Production

Cover: Gleeson Paulino.

Internal: Julio Bittencourt (page 6), Pedro Braga (page 7), Marcelo Donadussi (page 9 e 10), Fabiano Panizzi (page 10), Emmanuel Denau (page 12), Gleeson Paulino (pages 3,15, 37, 80, 87 and 125), Clarissa Londero (pages 38, 42, 43, 56, 91, 92, 94, 102 and 116), Bruna Castanheira (pages 43, 81, 98 and 117), Pedro Milanez (page 118), Sherolin Santos (page 122), Wagner Romano (page

122), Helm Silva (page 124), Mateus Bruxel (page 77), João Araes (page 83), Wallace Domingues Ribeiro (page 109), Marcos Gouvea (page 115).

Collaboration

This report was developed thanks to the contribution of a multidisciplinary team committed to Responsible Fashion, to whom we want to thank and dedicate this publication:

Adriano Galvão, Alessandro Pomar, Alexandre Aires, Alessandro Tavares, Aline Almeida, Álvaro Azevedo, Amanda Freitas, Ana Finkler, Ana Paula Menezes, Andréa Okada, Aneliz Silva, Arno Duarte, Avani Viana, Bárbara Barreira, Bruna Todeschini, Bruno Hirschmann, Bruno Luz, Carlos Jaime, Carlos Medina, Clarice Costa, Cláudio Barone, Daniela Bonesi, Daniela Costales, David Pellejero, Dieli Reghelin, Diva Freire, Eduardo Ferlauto, Eduardo Lauer, Elisa Córdova, Fabiana Cordeiro, Fabiana Farias, Fabio Faccio, Fabiola Silvério, Fabiana Taccola, Fernanda Bock, Fernanda Castro, Fernanda Feijó, Fernando Gutheil, Filemon Posse, Florinda Sousa, Gabriela Lara, Giovanna Gimenez, Guilherme Reichmann, Henry Costa, Jaciara Costa, Jessica Lunardelli, João Fischer, Joaquim Rizzi, Juan Arechavaleta, Juliana Reis, Juliani Lima, Juliano Santos, Kamila Garantizado, Lara Ely, Leonardo Vieira, Lisiane Silveira, Lúcio Ludwig, Luis Alexandre Ribeiro, Luisa Faria, Luiza Xavier, Magda Borges, Márcia Pacheco, Maria Claudia Sanchothene, Maria Cristina Merçon, Mônica Oliveira, Nicolas Castiglia, Osmar Boracina, Pablo Falcão, Paula Picinini, Pedro Pereira, Pedro Valle, Rebeca Parodi, Ronaldo Magalhães, Suelen Joner, Vinicius Duzac.

TO LEARN MORE

Policies that reaffirm our commitment to generating value for society:

[Sustainability Policy](#)

[Human Rights Policy](#)

[Code Of Conduct](#)

[Code of Conduct for Suppliers](#)

Detailed results, commented by the Management:

[Financial Statements](#)

Overview of relevant aspects of the business such as Corporate Governance and Risk Management:

[Reference Form](#)

For more information about our commitment to Responsible Fashion, write to our sustainability management. The team will be pleased to help you: relatorio@lojasrenner.com.br