

A N N U A L

R E P O R T

2 0 1 9

LOJAS RENNER S.A.



RENNER

CMICADO

youcom

realize

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Learn More

GRI 102-53

Throughout the report links will lead you to documents with more detailed information, the main ones being:

• Financial Statements

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Strategy, governance and risk management

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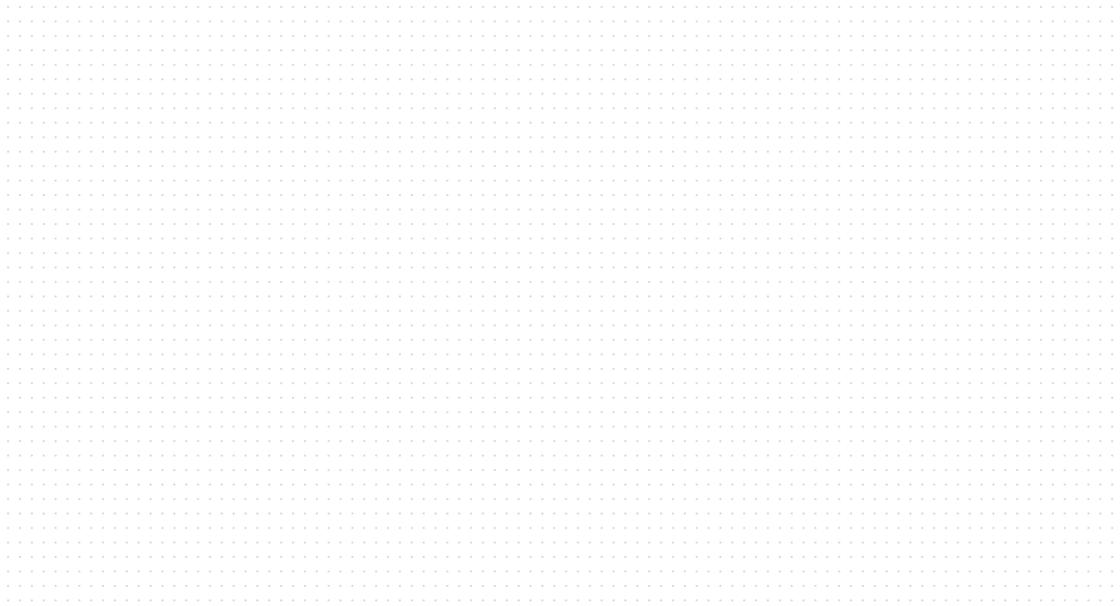
Commitments, values and conduct guidelines to suppliers

• Code of Conduct for Employees

Commitments, values and conduct guidelines in the relations of employees with all the Company's stakeholders

Questions about this report or requests for additional information may be directed to the Sustainability Management: relatorio@lojasrenner.com.br

Introduction



About the report

GRI 102-45

Best practices

Committed to transparency and dialogue, we publish this report every year, which presents our business model, our underpinning and value creation strategy as well as our performance.

This publication adopts internationally recognized best practices for transparency and sustainability management:

- For the 10th consecutive year we adhere to Global Reporting Initiative (GRI).
- For the 5th consecutive year we adhere to Integrated Reporting (IR).
- This year we also started reporting the Sustainability Accounting Standards Board (SASB) indicators for the sector.
- The information is assured by an independent auditor, ensuring its accuracy.

How to navigate

In addition to the linear reading of this publication, you have four other navigation possibilities:

QUICK READING

You can also quickly read the highlights of this publication by clicking on the chapter names in the page header and accessing the summary of each section.

GRI INDICATORS

Index that explains what each indicator means and displays the page on which it is reported, where you will find the following acronym GRI XX-X.

CAPITALS (INTEGRATED REPORTING)

Map that presents where the different capitals that support the business model and the page where the capital is presented, you will find the corresponding symbols:



SUSTAINABLE DEVELOPMENT GOALS (SDG)

Map showing the Company's contribution to the SDG, and the pages on which they are covered. On these pages, you will find the corresponding symbols:



Important note!

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

Message from the Presidency

GRI 102-12, 102-14

A period of transition. That's how we can describe 2019, not only due to political, economic and reform changes, but also as a result of the onset of a new investment cycle and the succession of the Company's CEO.

During the year, we concluded the **Fashion Retailer** investment cycle begun in 2012 when we remodeled and expanded the stores in the network, installed a new logistics platform, developed our suppliers' chain and reduced lead-times with an increase in the number of collection launches. And all this adhering to the best practices of socio-environmental responsibility.

Understanding that changes and adaptations in the business model are necessary to accompany new consumer behavior in a world which is increasingly connected and digitalized, we began the implementation of the Company's **Digital Cycle**. This new phase of strategic investments seeks to provide a shopping experience which integrates the physical and online channels on the basis of the omnichannel strategy, leveraged by a data-driven culture, giving us greater knowledge of our customers and generating a more personalized approach and greater operating efficiency.

To put this transformation into practice, we have organized our teams into three major structural projects. The first initiative is directed towards the **Single view of the Customer**, where we establish individual customer

communication, through the unification of data and the creation of a data lake, allowing us to better understand our customers and to recommend purchases on a personalized basis. Second, our initiatives under the **Life Cycle** project uses Artificial Intelligence for identifying and quantifying fashion trends but particularly tailored to store-by-store distribution of products and more accurate sales forecasts. Another important step was the **Omnichannel Transformation**, the objective of which is the complete integration of the online and offline sales channels. To underpin this growth and underscore the Company strategy, we have made a start on the construction of a new 150 thousand m² Distribution Center, to be concluded in 2022.

In the Corporate Governance dimension, 2019 was also characterized by transition. After 28 years as Chief Executive Officer, in April, José Galló took over the position of Chairman of the Board with Fabio Adegas Faccio succeeding him as the new CEO, making for a transparent, organized and very fluid transition process. With more than 20 years of experience at Renner, Fabio Adegas Faccio has maintained all the plans and projects already underway, focusing on the main deliveries of the Digital Cycle and on the present and future growth of the Company.

In 2019, we continued to reaffirm our commitment to increasingly responsible fashion based on our sustainability guidelines and oriented by the following strategic pillars: responsible suppliers; eco-efficient management;

engagement of employees, communities and customers; and sustainable products and services. We invested in the energy efficiency of the operations and renewable power of low impact, such as solar. We have expanded the process of mapping and monitoring international suppliers, increased the use of lower impact raw materials as well as initiatives for reducing and offsetting CO₂ emissions.

In this report, you will learn about some milestones that stood out for the innovation path in sustainability, such as the Cápsula Re collections, the Empowering Women Refugees program, support for the creation and development of the Agência Compromisso, the publication of the List of Suppliers, the validation of the Digital Traceability Project and overcoming the Less Impacting Products Goal. For actions of this kind, we were once again recognized in ISE B3, Dow Jones and Guia Exame, and doubled our score in the Fashion Transparency Index.

Once again, we would like to thank all our customers, employees, suppliers, directors and shareholders committed to these achievements and that reinforce our purpose of delighting everyone as our greatest achievement.



José Galló
Chairman of the
Board of Directors



Fábio A. Faccio
Chief Executive Officer

Our value generation

GRI 102-7

The capitals of our business model



Intellectual



Manufactured



Financial



Social and Relationship

Purpose

Enchanting everyone is our accomplishment.

Values

- To enchant
- Our way
- People
- Business owners
- Tenacity in achieving exceptional results
- Quality
- Sustainability



603 stores
with an area of 749,098.78 m²

4 Distribution Centers

with an area of 146,500 m²



E-commerce **Renner, Camicado, Youcom** and **Ashua**



Human



24.2 thousand employees

Market cap of the 795,557,567 shares of **R\$ 44.7 billion**



R\$ 272.7 million in net debt



R\$ 751.4 million invested in stores, systems, facilities, logistics, etc.



Environmental



659.3 GJ in energy consumed
0.6115 GJ/m² in energy intensity
44.3% from renewable sources

2,801 supplier companies, of which:



447 manufacturing products sold in stores



2,313 of administrative products and services



32.5 million of customers with Renner Card and Meu Cartão



75 projects supported by the Lojas Renner Institute



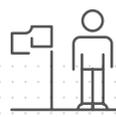
Learn at our website the full description of business values and the purpose of **Renner, Youcom, Camicado** and **Realize**.

Value created in 2019

GRI 201-1

- Jobs and income creation
- Training and career development
- Promotion of diversity

- R\$ 966.5 million in employee compensation
- R\$ 165.9 million in benefits to employees
- One of the Best Companies to Work and to Start the Career according to ranking from Você S/A magazine
- High employee engagement rate: 86%



For our
EMPLOYEES

- Profit distribution
- Management for long-term value generation

- R\$ 267.7 million in dividends and interest on equity paid to shareholders
- 47.5% in share appreciation
- For the 6th consecutive year, we were listed on B3's Corporate Sustainability Index and for the 5th year in the Dow Jones Sustainability Index (DJSI)
- Listing in the B3's Carbon Efficient Index



For our
SHAREHOLDERS

- Revenue generation to support the business
- Support for the sustainable development and efficiency of operations
- Support for innovation in processes and materials for circular and responsible fashion

- R\$ 5.2 billion in business contracted with suppliers
- R\$ 507.2 million of third-party capital remuneration (financial institutions and rent)
- 100% of domestic Resale Suppliers and their contractors assessed for sustainability and 90% of international suppliers
- 36% in the volume of revisits to monitor noncompliance in Resale Suppliers, demonstrating management advances
- Improvement of 22 p.p. in the Supplier Global Development Index (IDGF) from 2016 to 2019
- 117,253 people impacted by job creation in the Resale Supply chain in Brazil



For our
SUPPLIERS

Value created in 2019

GRI 201-1

- Support to the availability of financial resources for financial product customers
- Fashion and home products offers all over Brazil
- Growing supply of more sustainable products
- Continued ecoefficiency gains in our stores
- Awareness-raising for sustainable consumption and use
- Technological evolution for better efficiency and multi-channel shopping experience

- We contribute to the economy by paying taxes and fees
- Investment in social projects
- We create jobs and direct and indirect income (value chain)
- Commitment to the development of Responsible Fashion

- Renner card with no annual fee, with 30 days to start paying and options to pay in up to five interest free installments
- 97% of our customers were satisfied and very satisfied, measured by the Enchantmeter
- Launch of the Responsible Fashion Seal and collections of less impacting products
- 31% less impacting pieces, with Re Seal
- 30.6% of the pieces made with certified cotton
- Easy renegotiation of debts
- High security in financial transactions and in protection of customer data

For our
CUSTOMERS

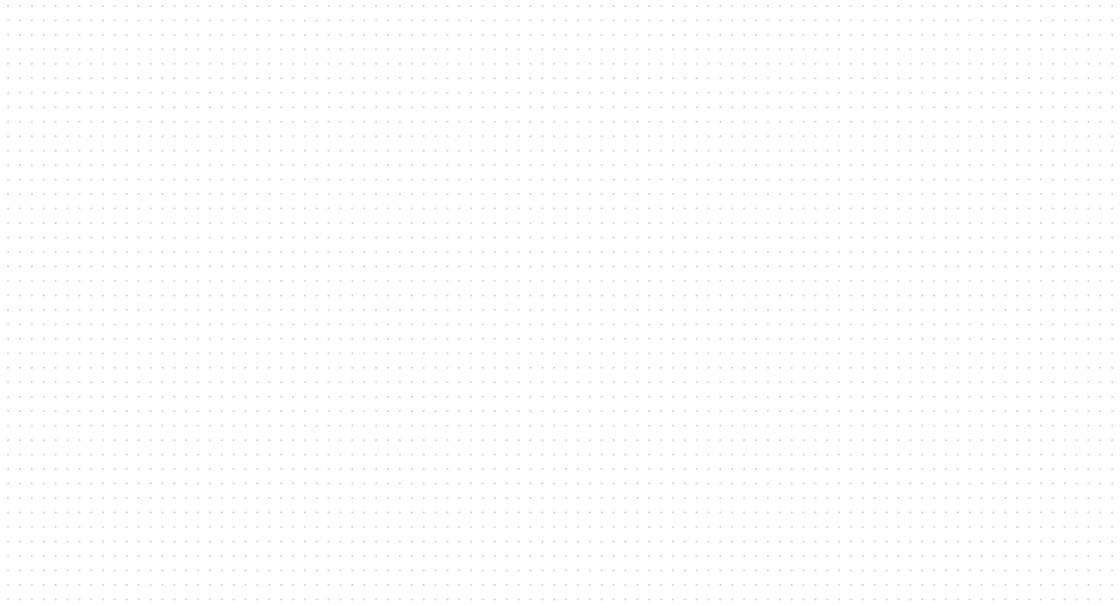


- R\$ 2.7 billion in taxes and fees paid to governments for Brazil's development
- R\$ 9.9 million invested in social projects
- Over 11 thousand people benefited from Lojas Renner Institute's projects
- Carbon neutral business: 100% of greenhouse gas emissions offset since 2017
- 1.93% gain in energy efficiency in stores
- Development of solar energy generation projects
- Development of pilot projects with three startups to promote sustainability
- 44.3% of energy consumed from renewable sources

For
SOCIETY



Who we are



Our business

GRI 102-1, 102-2, 102-3, 102-4, 102-6, 102-7

Lojas Renner S.A. is the largest fashion retailer in Brazil. Headquartered in Porto Alegre (RS), with 54 years of history and publicly traded for 52 years, the company is present in all regions of Brazil - through its Renner, Camicado, Youcom and Ashua stores as well as the Realize operation - and in Uruguay and Argentina through Renner stores.



24,162
employees

2,801
suppliers



4 Distribution Centers
 totaling 146,500m²



32.5 million of customers with
Renner Card and Meu Cartão

R\$3.4 billion
 In portfolio

603
 stores



Business segments

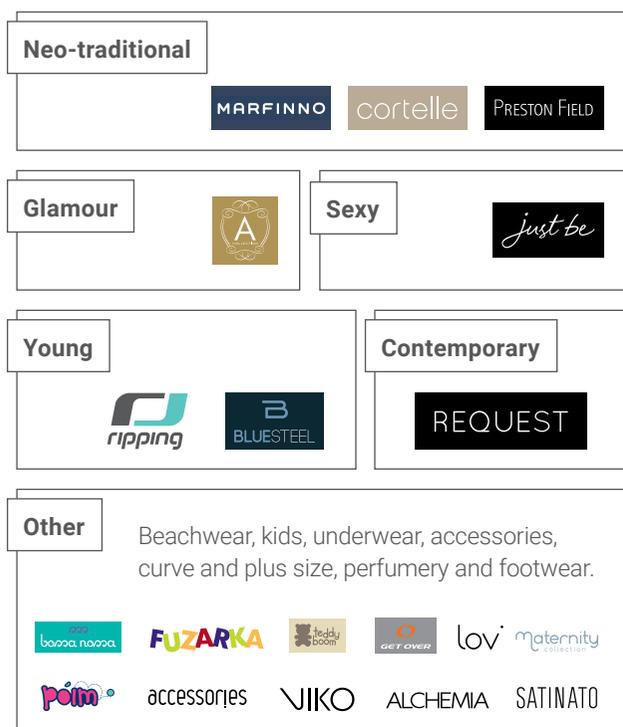
Retailing

RENNER

Chain of fashion stores with 20 owned brands, Renner has 380 stores across all states in Brazil, **9 stores** in Uruguay, **4 stores** in Argentina opened in 2019 and also its online store.

Apparel

8 brands making up 5 lifestyles.



To learn more, visit the [institutional website](#) and Renner's [online store](#)

CAMICADO

Chain of stores specializing in homeware and decor, operating in 23 states across all regions in Brazil through **114 stores**, plus the online store.

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 **101 stores** in 12 states in the five regions of the country, plus the online store.

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, in 2018 began the operation of mall stores, which already add up to **8 units**.

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

Corporate governance



Publicly traded since 1967,
two years after its foundation

795,557,567 common shares
LREN3 100% outstanding
shares traded at B3, listed at
Novo Mercado priced at
R\$ 56.19 at the end of the year

47.5%* in shares appreciation in 2019
6,143.3%* since 2005 vs. 356.9% at Ibovespa

* Adjusted by corporate events.

= **R\$44.7 billion**
in market value

Highly Liquid

- 3.8 million trades
- 980.7 million assets traded
- Average daily traded volume of
R\$ 184.8 million

BD and Board of Executive Officers receive **periodic formal performance evaluation**

Board of Directors (BD) with

- 88% independent members (7 of 8)
- 25% women (2 of 8)



Different Directors

hold the CEO and Chairman of the Board of Directors positions

Robust council

advisory structure:

- Specialized committees
- Own Secretariat and Internal Regulations for Council, Committees and Board of Executive Officers
- Council Portal

Management interest in line with that of the shareholders

Through a stock option plan and restricted share and profit sharing

Multidisciplinary **risk management** structure connected to the board, with well defined responsibilities and supported by corporate policies

Corporate governance secretariat

- Supports the functioning of governance
- Better service and relationship with shareholders and voting agencies
- Continuous evolution of best practices

R\$ 267.7* million distributed to shareholders

Interest on Equity **R\$ 252.0 million** Dividends **R\$ 15.7 million***

* Depending on the approval of the dividend amount defined at the Annual General Meeting of April 2020.

100%
Tag Along

25%
Payout

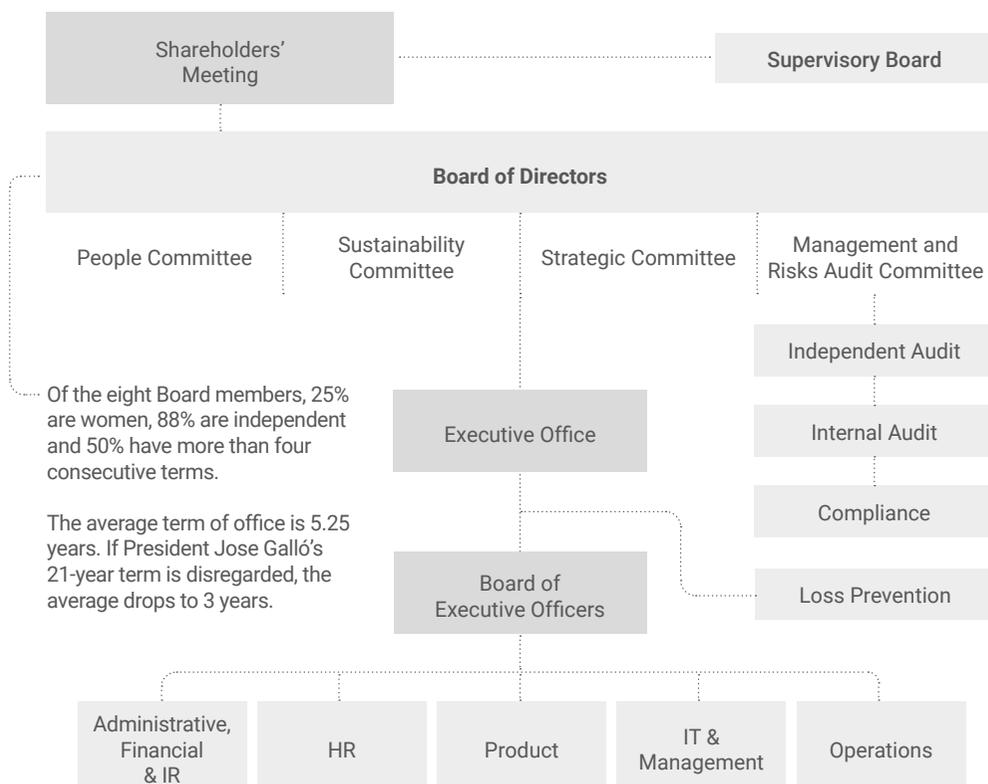
0.6%
Dividend yield

Permanent
Supervisory Board

Management

GRI 102-18

STRUCTURE



Succession

In April, Mr. José Galló, after 28 years as an executive at Lojas Renner, due to his contract end, took over as the Chairman of the Board of Directors and, thus, the Company now has a new Chief Executive Officer, Mr. Fabio Adegas Faccio, who has over 20 years of experience at Renner. The transition was marked by a highly structured and transparent succession process, with no impact on the Company's management and on the teams' engagement. Mr. Osvaldo Burgos Schirmer, who was Chairman between 2013 and 2019, and Mr. Carlos Fernando Couto de Oliveira Souto, who has served as Vice President since 2016, continue to be part of this body, as Vice President and member of the Board, respectively.

PIONEERING

The success and perpetuation of our Company has always been directly linked to our invariable commitment to good governance and transparency, which guides our pioneering history:

- we went public after just two years following our foundation.
- we became the **first fully publicly held corporation** in Brazil without a controlling shareholder.
- our stock is listed on **Novo Mercado**, the highest level among B3's corporate governance levels.
- we were the first Brazilian company to provide a **Manual for Participation in Shareholders' Meetings**.
- we were the first company to deliver the Report on the Brazilian Code of Corporate Governance to the Securities and Exchange Commission (CVM) in 2018, and in 2019 we had the **highest adherence to the Code** among companies, with 98.1%.



Meet the members of our board of directors on our Investor Relations [website](#).

In line with the culture of leaders who train other leaders and continuing the work of training and valuing internal talents, as well as underpinning the Company growth, new non-statutory boards were created, among them the Risk Committee which, as of December, now has a dedicated data protection structure, to comply with the necessary adjustments to the General Data Protection Law (LGPD), which is under the Corporate Compliance management.

Compensation and performance review

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 and values of the Company and on economic, social and environmental goals related to the business' strategy.

The process begins with the approval of compensation value of the members of the Board of Directors and of the Executive Board by shareholders, at the Meeting, and then the distribution of the total amount among Directors and Executive Officers based on the opinion of the People Committee. Part of this amount is fixed compensation and other part is variable.

Currently, the Board of Directors has only fixed compensation, since the one that was linked to the presence of each member at the Board meetings is no longer paid as a variable as of July 2019. The share-based compensation in the Board of Directors, on the other hand, is contractual grants from the Chairman of the Board, received as a member of the Executive Board.

For the Executive Board there is variable compensation, related to achieving Company and personal 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.

Members of the Board of Directors and of the Executive Board also undergo a formal performance review process.

In the Board's assessment, carried out with the support of specialized consultants, each Director is interviewed individually and all members evaluate their peers, the Chairman of the Board and the dynamics of the meetings. Afterwards, each director individually receives the consolidated feedback from the evaluations and, subsequently, the consultancy presents the overall assessment of the Board, pointing out positive factors and points to be developed.

In the Board of Executive Officers, the Chairman is evaluated by the People Committee and the Chairman of the Board of Directors and also evaluates all the Officers and reports to the Committee, which in turn reports to the Board.

Get detailed information about our compensation policy on item 13 of the **Reference Form** and on the composition and compliance with the distribution limit in 2019 in the **explanatory note 26.2.2 of the Financial Statements**.

COMPENSATION DISTRIBUTION



66% **R\$ 10.7 million**
Fixed compensation

31% **R\$ 5.1 million**
Stock Option Plan and Restricted Shares

3% **R\$ 494.0 thousand**
Variable compensation
(depends on participation at Board meetings)*

** No longer paid as a variable as of July/19.*



41% **R\$ 8.7 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)

28% **R\$ 5.8 million**
Variable compensation
(in connection with company and personal targets)

27% **R\$ 5.7 million**
Fixed compensation

4% **R\$ 915.5 thousand**
Benefits (health insurance, medical check-up, life insurance, automobile and mobile phone)

Risk management

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

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 Police
- Code of Conduct for Employees
- Code of Conduct for Suppliers
- Sustainability Policy

MANAGEMENT PROCESS

Identify, evaluate and measure

The Management and Risks Audit Committee, a multidisciplinary governance structure connected to the Board of Directors, is responsible for identifying and managing these risks and has the precise definition of responsibilities and the support of institutional policies to mitigate economic-financial and operating risks and impacts to the business.

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.

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.

Compliance risks

Non-compliance with company norms or applicable laws that may lead to legal or regulatory sanctions, as well as damaging the company's image.



Learn in more details the business risks and how they are managed in our **Reference Form** – items 4, 5.1 and 5.2 – and in the **Explanatory Notes in the Financial Statements**, note 6.1.

In 2019, we made changes to our management and the non-statutory Audit, Loss Prevention and Compliance departments are now called Risk Committee. In addition to the previous composition, the Committee now has a dedicated Data Protection structure, in view of the company's necessary adjustments to the General Data Protection Law (LGPD), under the management of the Compliance area.

Additionally, a new area has been implemented to conduct Information Security compliance processes, managed by the Systems Audit Management.

These processes, which were conducted by the IT Information Security area, are now under the responsibility of Systems Audit due to their compliance nature. The other processes already conducted by the Information Security area were kept under IT management. Learn more about the topic on page 69.

Social and environmental risks



Social and Relationship

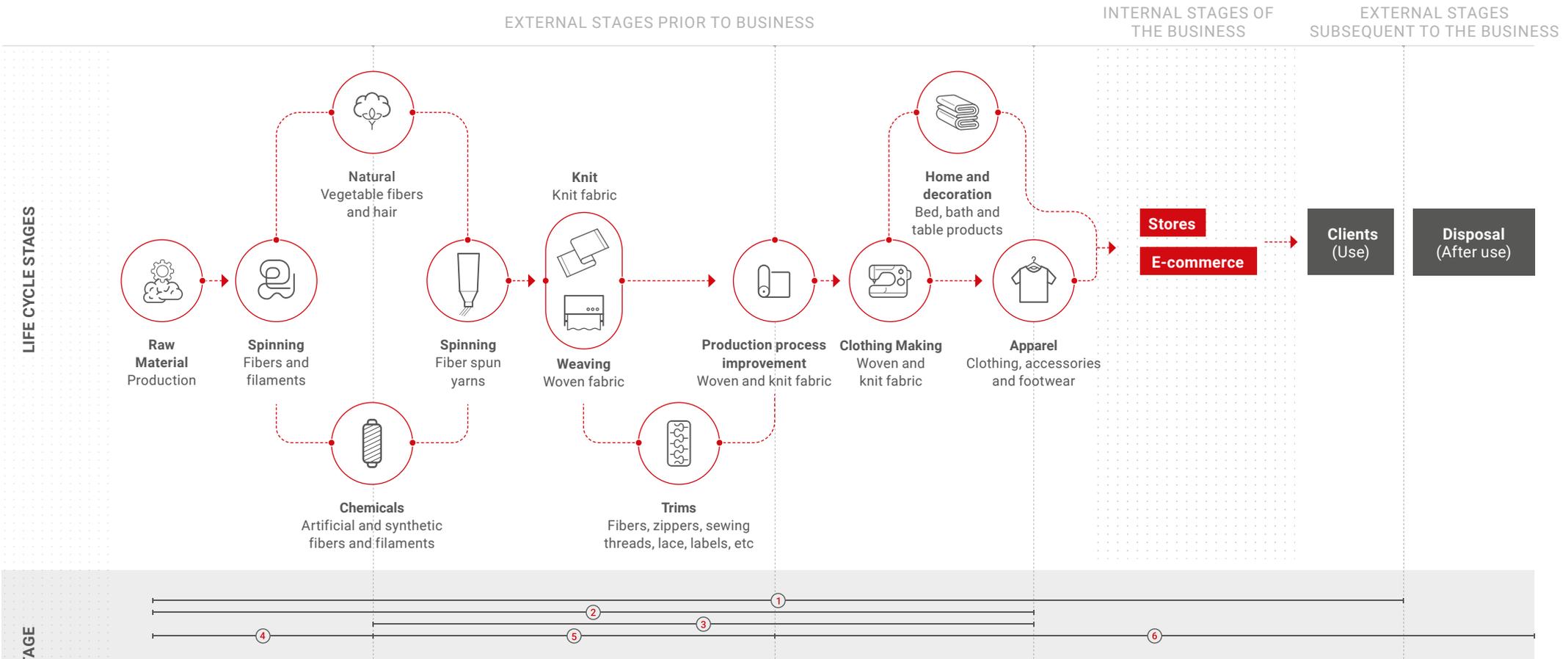


Environmental

GRI 102-15, 308-2, 408-1, 409-1, 411-1, 414-1, 414-2, CN0501-07

The lifecycle of the fashion products involves a network composed of different actors with different potentials of negative socio-environmental impacts. Managing these impacts becomes even more challenging in the face of the industry's need in recent years to combine the growing demand for speed, efficiency, and expense control to sustainable, responsible and value-creating development across the chain.

Get to know the main socio-environmental impacts of the sector and, from page 18, how we act in our operation - and beyond it - seeking to mitigate them while promoting ever more sustainable structures, processes and relationships.



* Data from the documentary: *The True Cost*, directed by Andrew Morgan in 2015. ** Occupational risk was not considered. *** Data from the Solid Waste Office at the US Environmental Protection Agency

Economic results

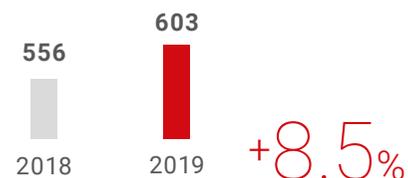
GRI 102-7, 201-1

Our operation remained growing and becoming more efficient from 2018 to 2019

Sales area (in thousand m²)

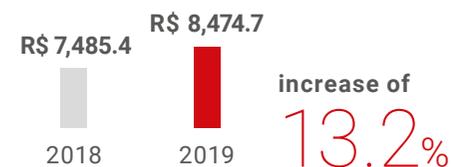


Total stores



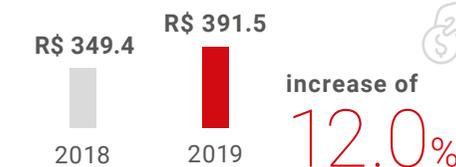
Total sales in our stores

in R\$ million



Financial products result

in R\$ million



Internationalization

Start of operations in Argentina with **4 stores** and expansion in Uruguay with **2 new stores**, totaling 9 stores in the country

Same store sales increase



If we had not considered new stores, sales would still have **increased their growth**

We reduced the **percentage of operating expenses** (sales, general and administrative) in relation to our revenue.

from **37.1%** 2018 to **36.7%*** 2019

** Considering a pro-forma calculation disregarding the effect of IFRS 16 to provide more comparability.*

We have achieved sustainable growth year after year...

In the last decade (2010-2019) our main indicators have evolved continuously and uninterruptedly

- Net Revenue **+3.9 times**
- Total Adjusted EBITDA **+3.9 times**
- Net Income **+3.6 times**
- Total stores **+4.5 times**
- Sales area **+2.7 times**

Levels above the macroeconomic scenario*

- GDP **+1.9 time**
- GDP per capita **+2.1 times**

** Data available until 2018.*

and shared with society

Added value reverted to society

- In the form of taxes **+3.5 times**

Totaling R\$ 2.7 billion distributed among:

- 2.6% municipal
- 57.1% state
- 40.3% federal

- And in compensation for our employees **3.1 times**

Totaling R\$ 966.5 million

Performance

Following is a summary analysis of our operating and financial performance in 2019. Learn about our detailed results in the Income Statements (page 23), and Management's comments on the performance of the year in the Management Report (page 3), both part of our Financial Statements.

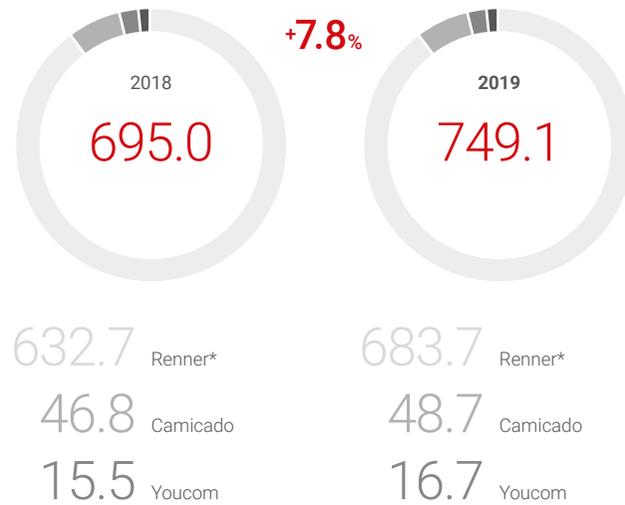
Retailing

OPERATION GROWTH

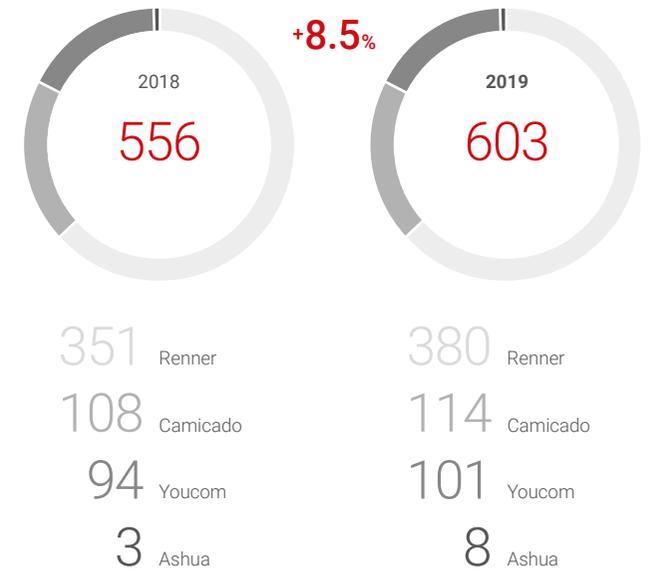
In 2019, we continued within the planned store expansion pace: there were 47 new stores.

We opened our first four stores in Argentina, Buenos Aires and Córdoba, expanded our presence in Uruguay with two new stores, totaling nine units in the country, in Montevideo and the metropolitan region, Rivera and Punta del Este, and we also started e-commerce in Uruguay.

SALES AREA (THOUSAND M²)



TOTAL STORES



*Includes Ashua.

NET REVENUE FROM MERCHANDISE SALES

2019 was defined by the consistency of collections, efficiency in operations and the adequate composition of inventories. These factors, added to the improvements implemented in the customers' shopping experience, chiefly with the introduction of technology in different processes, led to an increase in the customer traffic at Renner stores.

Thus, Net Revenue from Merchandise Sales reached R\$ 8,474.7 million, growth of 13.2%, with Same Store Sales of 8.7%, showing recurring gains in market share throughout the year, since the apparel and footwear sector evolved only 1.1%, accumulated up to November, according to data from to IBGE (Federal Government Statistics Office) Monthly Retailing Survey Index.

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

COGS reported an increase of 13.8%, compared to the previous year, slightly above the growth of Net Revenue from Merchandise Sales. Consequently, Gross Profit from the Retailing Operation posted a growth of 12.8%, totaling to R\$ 4,767.4 million, with Margin of 56.3%, compared to 2018 (-0.2 p.p.). Improvements in business reactivity and in the quality of the products offered

allowed this performance, almost completely offsetting the negative effect of the exchange rate contracted for imported items, mainly in the first half of the year.

OPERATING EXPENSES

Selling, General and Administrative Expenses (SG&A) totaled R\$ 2,701.1 million, a 2.7% drop over 2018, basically due to the implementation of IFRS 16, which decreased this account by R\$ 411.1 million.

On a comparable basis, these expenses grew 12.2%, below the 13.2% growth in the Net Revenue for the period, ensuring operational leverage of 0.4 p.p.. This performance was due to the lower growth in Selling Expenses (+11.6%), reflecting productivity and operational efficiency gains.

ADJUSTED EBITDA FROM RETAILING

Adjusted EBITDA from Retailing reached R\$ 1,586.6 million, in 2019, up 11.4% over last year, with Margin of 18.7%, versus 19.0% in 2018. The result was largely due to the increase in Other Operating Expenses and to the effect of the implementation of IFRS 16, which reduced this result by R\$ 35.2 million (0.4 p.p.).

Excluding the effect of IFRS 16, EBITDA from Retailing would have grown 13.9%, with a Margin of 19.1%.

E-Commerce

E-commerce continued to perform well, with a 52.8% growth in the year, higher than that of the online apparel and footwear sector, according to data released by specialized company until November. This performance is the result of initiatives implemented, such as Retire em Loja, as well as app and shopping experience improvements.



FINANCIAL PRODUCTS RESULT

The financial products result totaled R\$ 391.5 million, an increase of 12% mainly, in Meu Cartão, reflecting the 42.6% increase in this portfolio. Also, the growth in the Private Label revenue reflecting lower funding cost and the appropriation of interest on transactions that started to be recognized in Realize CFI, as of April.

Net Losses were 35.8% greater, in 2019, mainly due to the higher provisioning for the Private Label, as a consequence of the transactions at Realize CFI. Operating Expenses increased by 12.0%, below Net Revenue growth of the operation.

FINANCIAL PRODUCTS PORTFOLIO

The total financial products portfolio grew 23.6% over the previous year, mainly due to the increased use of Meu Cartão, whose portfolio totaled R\$ 2,070.6 million (+42.6%). The Private Label portfolio amounted to R\$ 1,317.3 million, in December 2019, 2.7% higher than last year, and the Saque Rápido (Quick Withdrawal) portfolio grew 9.8%, reaching R\$ 55.8 million.

PAYMENT CONDITIONS

The number of Renner Cards issued totaled 32.5 million in December 2019, registering a participation of 43.7% of merchandise sales versus 44.2% in 2018, a lesser percentage than last year, chiefly by the reduction of the participation of 0+8 installment purchases, due to the customer behavior, with less propensity to buying on credit with interest.

The average ticket for the Renner Card was R\$ 207.86 in 2019, 3.2% higher than in 2018. Meanwhile, the Company's average ticket was R\$ 154.54, a growth of 3.7% year-on-year.

Consolidated results

TOTAL ADJUSTED EBITDA: RETAILING + FINANCIAL PRODUCTS

The Total Adjusted EBITDA was R\$ 1,978.1 million, growing 11.5%, with a Margin of 23.3%, versus 23.7% in 2018, basically following the EBITDA Margin from Retailing. Excluding the effect of IFRS 16, this result would have grown 13.5%, with a Margin of 23.8%, reflecting the operating leverage in the period.

FINANCIAL RESULT, NET

In 2019, the Financial Result, Net was negative at R\$ 131.8 million, an increase of 145.8%, against 2018, above all due to the recognition of 82.2% in Financial Lease Expenses, mainly related to the adoption of IFRS 16. On a comparable basis, this result was negative at R\$ 49.6 million versus R\$ 53.6 million also negative in 2018, with the reduction in financial income being offset by the lower financing cost in the period.

FREE CASH FLOW

In 2019, the Company generated a Free Cash Flow of R\$ 297.6 million, with a reduction of R\$ 304.9 million in relation to 2018, mainly due to the Operational Financing of Financial Products. With the liquidation of FIDC, in April 2019, that financed the Private Label operation, these financings are now also made with Realize/CFI's own capital.

Excluding the effect of operational financing of financial products, free cash flow would have been R\$ 657.8 million in 2019 compared to R\$ 448.4 million in 2018.

DEBT/NET CASH AND CASH EQUIVALENTS

On December 31, 2019, the Company's Net Debt was R\$ 272.7 million, 46.0% less than the position held in 2018. This reduction was due to the lower levels of Operational Financing, as a result of the liquidation of the FIDC, mentioned above, and to maintain the Cash and Financial Investments levels.

NET INCOME

Net Income in 2019 totaled R\$ 1,099.1 million, growth of 7.7%, compared with 2018, and a Margin of 13.0% versus 13.6% for the preceding year. This reduction in Net Margin

was mainly due to the normalization of the effective income tax rate. In 2018, there was recognition of non-recurring tax credits, arising from a favorable final court ruling on the tax deductibility of expenses incurred with the Workers' Food Program (Programa de Alimentação do Trabalhador – PAT), as well as the recognition of amounts considered as investment subsidies in line with the requirements of Complementary Law 160/17.

Additionally, the operational result was impacted by the adoption of IFRS 16, already mentioned. Excluding these effects, Net Income would have grown 13.0%, with a stable Margin.

INVESTMENTS

In line with the Company's long-term strategy, in 2019 investments in fixed assets amounted to R\$ 751.4 million. Out of this amount, 34.9% was directed towards the opening of 52 new stores of which 29 Renner, 9 Camicado, 9 Youcom and 5 Ashua. A further 32.9% were invested in Technology Systems and Equipment and 19.3% in Distribution Centers relating to the start of construction of the new DC in São Paulo. The remaining 12.9% were invested in store remodeling and others.

Strategy



Digital cycle

IMPROVED CUSTOMER EXPERIENCE



- Elected 9th among 12 experts brands in the Digital Maturity Index ranking (IMD)
- New purchasing, payment and delivery technologies in stores and e-commerce.



Big data and Business intelligence for **evolution** of business **efficiency**

100% of Renner stores across Brazil identified by RFID

Artificial intelligence for predictability at product inventory level per store

Logistics evolution



20% reduction in lead time for store products



Increase in pieces of

11.7% per vehicle in the transfer between stores and **6.4%** between DC and stores, transporting more with fewer km driven



New Distribution Center (DC)

Start building the **new DC in São Paulo with 177.8 thousand m²**, which in 2022 will bring efficiency gains of:

-7.6% in total km driven and **CO₂** emissions volume resulting from the logistics network revision

COMMITMENT TO Responsible Fashion



• For the 6th consecutive year, we were listed on B3's Corporate Sustainability Index



• 5th year listed in the Dow Jones Sustainability Index (DJSI)



• 4th consecutive year at the Guia Exame de Sustentabilidade, being elected the most Sustainable of the Retail and a highlight in water management

Public commitments 2021:

- 80% less impacting products¹, 100% certified cotton
- 100% of the national and international resale chain²
- with social and environmental certification³
- 75% of corporate energy consumption will be from renewable energy sources⁴
- 20% reduction in absolute CO₂ emissions⁵

¹ Considering clothing products.

² 1st and 2nd tier companies producing Renner brand.

³ Renner certifications and/or audits accredited by external body.

⁴ Considering low impact renewable energy sources: small hydropower (SHPs), solar, wind and biomass.

⁵ Based on 2017 Inventory and considering scopes 1, 2 (market-based approach) and 3.

Being digital is much more about people than it is about technology. It is about absorbing technology to fulfill and reinforce our value proposition and our vision of delighting everyone. Using technology as an enabler to transform customer experience, operational processes, and business model for more revenue and operational efficiency.

2019 is the first year of our strategic digital transformation cycle 2019-2025 and has brought important advances both in the development of new technologies as well as in our innovation culture evolution, based on the modernization that has been carried out in recent years.

Digital transformation also supports our sustainability as it provides us with more accurate decision-making information, increasing our assertiveness, avoiding waste and improving results, which generates a more efficient business with less social and environmental impact.

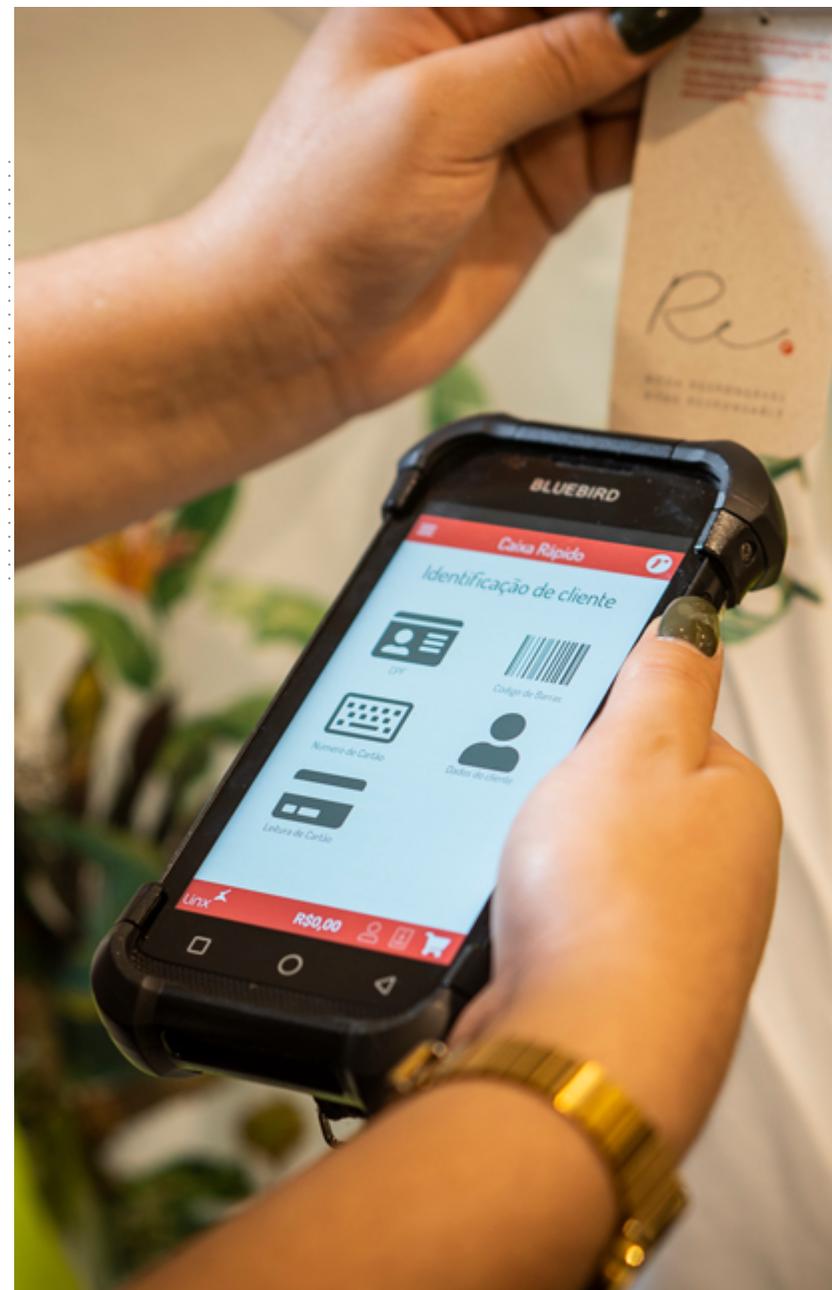
See below the three main objectives of digital transformation and the main structuring projects under development.

Innovation for Digital Transformation

Realize opened its doors to its 1st Hackathon, an uninterrupted 48-hour technology marathon in which teams developing the best digital solutions for Realize would be awarded R\$ 18,000 in cash and R\$ 8,700 in Renner purchases distributed among the first 3 places.

The challenge was: how to leverage technology to attract customers to Realize's financial products in both the physical and virtual worlds?

The event was attended by 340 professionals and students from areas such as software development, computer engineering, information technology, data science, marketing, design, etc. In all, 50 were chosen to develop digital solutions for the business.





GOALS

CUSTOMER UNIQUE VISION

Turn data into actions



maximizing communication with customers we've already identified



knowing the customers who we have not yet identified



creating a personalized and consistent customer relationship experience

DATA-DRIVEN DECISION FOR THE PRODUCT LIFE CYCLE

Apply technology to collections

improve decision making in trend selection based on predictive analytics

apply greater intelligence in assortment and distribution processes for SKU / Store accuracy

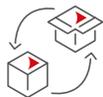
dominate the supply chain for faster decision making



act on feedback from our customers and consumers

OMNICHANNEL TRANSFORMATION

Create a unique shopping experience



orchestrating inventories



adapt the sales channels (physical infrastructure, systems and processes)



equalize the practices in the sales channels (prices, payment conditions and methods)



deliver an omnichannel after-sales experience

MAIN PROJECTS

Mobile sales devices – tool implemented in 2018 under consolidation in the year 2019, allows to inquire about product availability, in-store or in nearby stores, in real time and checkout the purchase of a customer anywhere in the store.

Self-checkout – payment solution for purchases on Renner cards and other brands in 13 mall stores.

Renner Digital Pay app – customer shopping experience on your smartphone app, with Renner Card, from anywhere in the store, in 30 stores.

Digital enchantmeters – digital totem that consolidates perception of customer satisfaction in real time.

Digital sale - mall stores can offer customers, in addition to their inventories, our e-commerce products.

Contactless Card – we launched My Card with contactless payment technology.

Product Query – service app that suggests complementary product combinations to create looks, and lets you view inventory quantities and book products from another store.

Radio Frequency (RFID) – In just under 4 months, we completed the deployment of radio frequency product identification (RFID) covering 80% of the products in ALL Renner stores in Brazil.

The most technological back office in Brazilian retail – use of an inventory addressing application in all Renner's stores in Brazil and Uruguay, in Brazilian stores there is also an RFID application to replenish inventory products to the sales area.

Repricing app – All Renner stores in Brazil and Uruguay use product repricing app.

Data-driven distribution and assortment – since 2018, we have been using demand predictive models and algorithms that have enabled us to feature predictive artificial intelligence at the product inventory level per store, 100% integrated with Renner systems with 100% automated allocation to supply. We achieved the goal of migrating 8.5% of sold items (based on 2018 results) to this platform in 2019 and had a 15% reduction in inventory requirements while advancing 7.5% in sales of these items.

100% autonomous journey – we created a pilot project for a new way of delivering online shopping with the Pick-Up-in-the-Store mode: the lockers. Available in six stores and at our headquarters, it allows the customer to send their order to a locker, taking a 100% autonomous journey from online shopping to having the product in hand.

In 2019 we were elected, among 284 Brazilian companies evaluated according to the development stage of their brands in the digital transformation, the 9th among 12 expert brands in the Digital Maturity Index (IMD) Brazil 2019 ranking.

Major gains

- Integrated vision for agile problem identification and troubleshooting
- Greater product availability for the customer
- More customer buying options
- Assertive, Agile and Reliable Inventory
- Rupture Reduction
- Increased productivity and process quality
- Faster replacement
- More time to take care of customer enchantment
- Quickly capture the buying behavior of our customers and readapt orders to suppliers to bring sizes, prints and pieces that had better acceptance.

Evolution of the logistic model

3 Distribution Centers (DCs) + Outsourced Fleet + Cross Docking*

Serve e-commerce and stores



SP

AMICADO



RJ



SC



youCOM



SP

ASHUA



Conclusion of the supply model implementation

The daily planning of Distribution Center operations has been improved and is now synchronized with the service of each of the company's stores, providing speed gains when meeting their needs.

20% reduction in total store delivery time

90% on-time store delivery

Integrated product flow management

The Product, Supply Chain and Store Operations Offices created an integrated product flow governance forum, refining planning and joint management, based on performance indicators, achieving important advances.

20% increase in consistency of basic items in store

Increased efficiency

In 2019, we improved our transportation operations productivity by completing the implementation of the Distribution Centers supply model, as well as changes in the loading method, shipping more products per vehicle.

We also started to deliver overnight to 19 stores in the state of São Paulo, gaining agility.

+10% pieces shipped per vehicle, equivalent to the reduction of 2.1 million km driven

New DC and distribution network review

We started the construction of our new Distribution Center in Cabreúva (SP), expected completion for 2022, which will enable efficiency, speed and synergy gains among businesses and integration between online and offline channels.

*Exchange for small trucks for delivery in the city of São Paulo.

Strategic commitment to Responsible Fashion

We believe that fashion should be fair, conscious and responsible and our strategic sustainability guidelines drive our performance to this end.

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 socio-environmental risks of our value chain through major projects on four fronts:

1 Responsible suppliers

Goal 1

Create value by respecting the environment, human and labor rights

2 Eco-efficient management

Goal 2

Identify/measure/reduce: water, energy, chemicals, waste, GHG emissions

Goal 3

Innovate in the development of lower impact raw materials and processes



4 Sustainable products and services

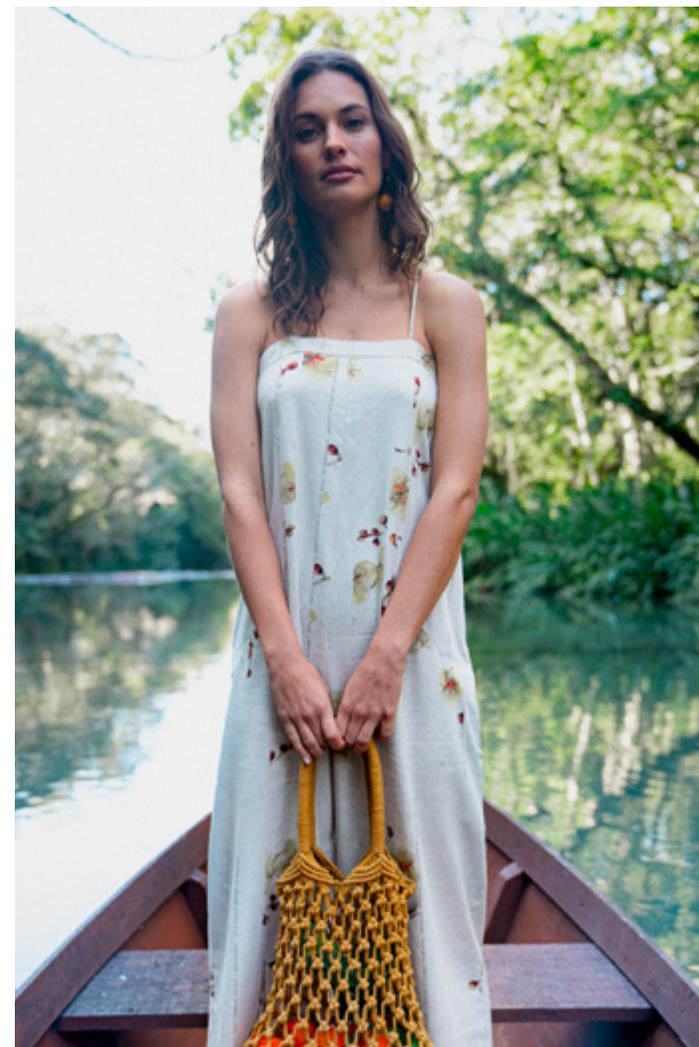
Goal 5

Deliver sustainable, quality product and service lines, and communicate customer value

3 Engage: employees communities & customers

Goal 4

- 4.1 Engage employees (agents and leaders in sustainability)
- 4.2 Communities (women's empowerment in the textile chain)
- 4.3 Customers (conscious consumption)



Learn about our activities and detailed performance in each of the **Responsible Fashion** pillars in the next chapters. (pages 32, 46, 57 and 66)

Solid management structure

Reflecting the consistency of our commitment to sustainability, we have a management structure based on policies, procedures and teams dedicated to sustainable development, ensuring a systemic and in-depth look at the impacts from our operation in order to expand our value and positive impact creation in the chain.

Policies

- Sustainability Policy
- Human Rights Policy
- Code of Conduct for Employees
- Code Of Conduct for Suppliers

Dedicated team

- Senior Sustainability Management at HR Office with areas and professionals dedicated to:



Eco-efficiency: 3 analysts, 1 expert, 1 technical consultant and 1 senior manager.



Resale Supplier compliance: 3 analysts, 10 auditors, 1 expert, 1 coordinator and 1 manager.



Lojas Renner Institute: 1 analyst and 1 coordinator

The strength of our strategy and the progress in adopting more sustainable practices in our business model have been recognized by the main corporate sustainability assessment tools. **For the 6th consecutive year, we were listed on B3's Corporate Sustainability Index and for the 5th year (2nd consecutive) for the Dow Jones Sustainability Index (DJSI)**, which has 318 companies from 27 countries and only seven from Brazil, the only one in retail.

Human rights

Respect for human rights is a non-negotiable premise for Lojas Renner S.A. and we are committed to working proactively to promote human rights through:

- Preventing possible violations to protect and respect these rights.
- Applying its best efforts to remedy negative impacts and consequences of the performance of the Company or third parties with whom we have business relationships in our chain.

We guide our commitment based on best practices established by widely legitimated and recognized international human rights declarations:

- 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.
- Multinational Guidelines of Organization for Economic Cooperation and Development (OECD).
- International Labor Organization (ILO) declaration on fundamental principles and rights at work.
- Brazilian Federal Constitution.

So that our commitment to respect and the promotion of human rights may permeate our work, it also unfolds into a set of policies, regulations and internal procedures that underlie our solid sustainability culture for the construction of a fair, conscious and responsible fashion:

- Code of Conduct for Suppliers
- Resale suppliers Guide
- Code of Conduct for Employees
- Sustainability Policy
- **Human Rights Policy, approved in 2019.**

Diligence

In 2019 we promoted a Human Rights Due Diligence study, supported by expert advice and in line with UN guidelines, giving rise to a matrix ranking the likelihood of violations occurring and the severity of the potential impact generated, as well as potential affected audiences.

This enables us to clearly identify the main risks of breach to which we are exposed and the opportunities to promote Human Rights in the value chain of our business, as well as to engage leaders and further strengthen our agenda for the management and promotion of human rights.

Collaboration for transformation

GRI 102-12, 102-13

We actively participate 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 (FECOMÉRCIO/RS).
- Attended meetings with the Executive Board and workgroups with different focus of the Brazilian Textile Retail Association (ABVTEX), such as the Legal Committee, Suppliers WG and Quality and sustainability WG.
- 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.
- Supporters of 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.

THEMATIC (SUSTAINABILITY)

- Signatories to the United Nations Global Compact (UN).
- Members of the Brazilian Business Council for Sustainable Development (CEBDS).
- Members of the Green Building Council Brazil, which guides sustainable building practices.
- Signatories to the National Pact for the Eradication of Slave Labor (InPACTO).
- Supporters of Childhood Brazil's Na Mão Certa Program, which fights the sexual abuse and exploitation of children and adolescents.

- Signatories to the Women's Empowerment Principles (UN WOMEN).
- Members of Ethos Institute.
- Supporters and members 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.
- Signatories of the UN Business Ambition for 1.5° C campaign (business ambition to 1.5 °C), 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.

Responsible suppliers

 Manufactured
  Social and Relationship



GRI 102-9, GRI 103-1, 103-2, 103-3, 204-1

PUBLIC COMMITMENT 2021

Have 100% of the national and international chain of Resale Suppliers with socio-environmental certification

STATUS

In progress: ●●○○




2,801
 suppliers

Back Office Suppliers



2,313 suppliers



36% of spending

Resale Suppliers



488 suppliers



64% of spending

Critical Back Office Suppliers

203 100% were accredited, (construction, logistics and maintenance)



67%
Brazil



33%
World



Technical accreditation visits to **100%** of national and **99%** of international suppliers

-36% of action plans generated in audit.



monitoring visits in 100% of worker accommodation sites and in 91.5% of construction sites in Brazil and 100% of construction sites in Argentina and 80% in Uruguay

Commitments and principles

GRI AF1, AF6, AF7, 102-12, 308-1, 308-2, 407-1, 414-1, 414-2

Our relationship network had 2,801 suppliers, which represented expenses of R\$ 5.2 billion in 2019.

As a retailer, supply chain engagement, monitoring and **development is a key guideline in our sustainability strategy.**

By working closely with our suppliers we support their development and sustainability cycles, aligning them with our goals and values, mitigating negative risks and impacts while enhancing our positive impact in building an ethical, responsible and, every day, more sustainable supply chain.

To this end, we have two teams and management strategies dedicated to our Resale Suppliers and our Back Office Administration Service Providers - those who produce the items we sell in our stores.

For the Company's suppliers identified with greater risk of impact*, we also have a consistent management and relationship cycle in the Accreditation, Monitoring and Control pillars (for Back Office and Resale Suppliers), and Development (for national Retail Suppliers), presented in detail in subchapters to follow.

*Renner considers critical suppliers to be those who present risk in at least one of the following pillars: financial, socio-environmental compliance, product quality, logistics and reputation.

In addition to this cycle, all suppliers (100%) must commit to our Code of Conduct for Suppliers, by signing the Commercial Contract and Statement of Commitment to Responsible Conduct, in which they declare to be in accordance with the conduct expected and undertake to implement it in their operations, in relation to the following topics:

- Fighting and not accepting child labor
- Fighting and not accepting forced labor, or compulsory
- Health and safety
- Freedom of association
- Child sexual exploration
- Environmental preservation
- Fighting discrimination
- Disciplinary practices
- Working hours and compensation according to law
- Commitment not to use non-regular employment that violates labor law
- Legality and compliance
- Anti-corruption practices
- Quality
- Copyright
- Security and confidentiality
- Communication and posture with the media



We are signatories to the National Pact for the Eradication of Slave Labor, managed by Instituto InPacto, which promotes the prevention and eradication of slave labor in production chains in Brazil. Learn more about the initiative at: <http://www.inpacto.org.br>

In 2019, we launched the supplier's page on our website with important information about becoming a Resale Supplier or Back Office Administrative Service Provider for the Company, as well as introducing the Code of Conduct for Suppliers, also available on the Our Network portal.

In 2019, we are participating in the pilot project from InPacto (National Pact for the Eradication of Slave Labor), the Vulnerability Index for Slave Labor (IVTE), to map the vulnerability to slave labor in all Brazilian municipalities, observing a set of factors that make a municipality or region more vulnerable to human rights violations.

The IVTE will enable companies to direct their efforts and undertake actions to prevent and fight slave and child labor. The pilot will be in the state of Minas Gerais and the Company will provide information and attend meetings with other large companies to create methodologies and premises to envision a robust tool.

Back Office Administration Service Providers

GRI 308-1, 308-2, 407-1, 414-1, 414-2, AF9, AF10, AF12, AF13, AF14, AF17

Accreditation

Since 2018, **all Back Office Service Providers contracted from all segments, critical and noncritical, undergo accreditation process**, where we evaluate their documentation to ensure their regularity and adherence to our hiring requirements.

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)**

For service providers at our Administrative Headquarters, in 2019, we also began to perform the functional accreditation, which evaluates the bond and ability to work against the legal requirements applicable to the activities they will perform, linking this analysis to access control at our facilities. Throughout the year 218 companies and 1,470 service providers underwent this analysis.

In 2019, we can highlight that 435 were monitored through the updating of their commercial accreditation documents and, from the critical suppliers managed by the Administrative Supplier Management (GFA) area, 97% remain fit against the initial hiring criteria.

GRIEVANCES AND COMPLAINTS

Our **Code of Conduct for Suppliers** provides channels for grievances and complaints, is disclosed to Back Office Administration Service Providers at the time of hiring and in workshops and e-mails. For civil construction suppliers, we also advertise the channels *in loco*, through posters.

Monitoring and control

Considering the criticality of construction activities, we monitor our direct supply chain and their subcontractors in order to continually ensure compliance with the law, agreed principles, good practices and ethics to identify and promote the evolution of their practices and processes. To do so, we carry out technical visits, carried out by a specialized company, at construction and worker accommodation sites, evaluating builders, managers and their suppliers. Visits are guided by a checklist, are unscheduled and provide interviews with workers in order to capture the real perception of the work routine. Each visit results in a report that is then sent to the company evaluated.

In 2019, there were 100% of worker accommodation sites and in 91.5% of construction sites in Brazil and 100% of construction sites in Argentina and 80% in Uruguay, assessed in their different stages. The quality level of the works against the required requirements was 92%, 12 pp more than 2018.

We also made six technical visits to civil construction suppliers involved in the construction processes for the Argentine stores, using the same methodology, with checklists adapted to international legislation.

No risks were found to violate the right to exercise freedom of association and collective bargaining, or the occurrence of child labor or of young workers exposed to dangerous work or even of forced labor or analogous to the slave labor with the monitored service providers. There were also no cases of non-compliance with the legal requirements or collective bargaining agreement on wages and overtime, cases of child labor, cases related to discrimination or any breach of the Code of Conduct for Suppliers.

COMMUNICATION

In 2019, we held a workshop with 125 Back Office Suppliers, 42% of strategic suppliers, to guide, talk and clarify doubts, thus making our partnerships increasingly value-generating.

Resale Suppliers

GRI 308-1, 308-2, 407-1, 408-1, 409-1, 414-1, 414-2, AF2, AF3, AF4, AF5, AF8, AF14, AF15, AF16, AF17, CN0501-05

Profile

In 2019, our resale supply chain was comprised of 488 suppliers (tier 1) and its 1,243 contractors (tier 2)*.

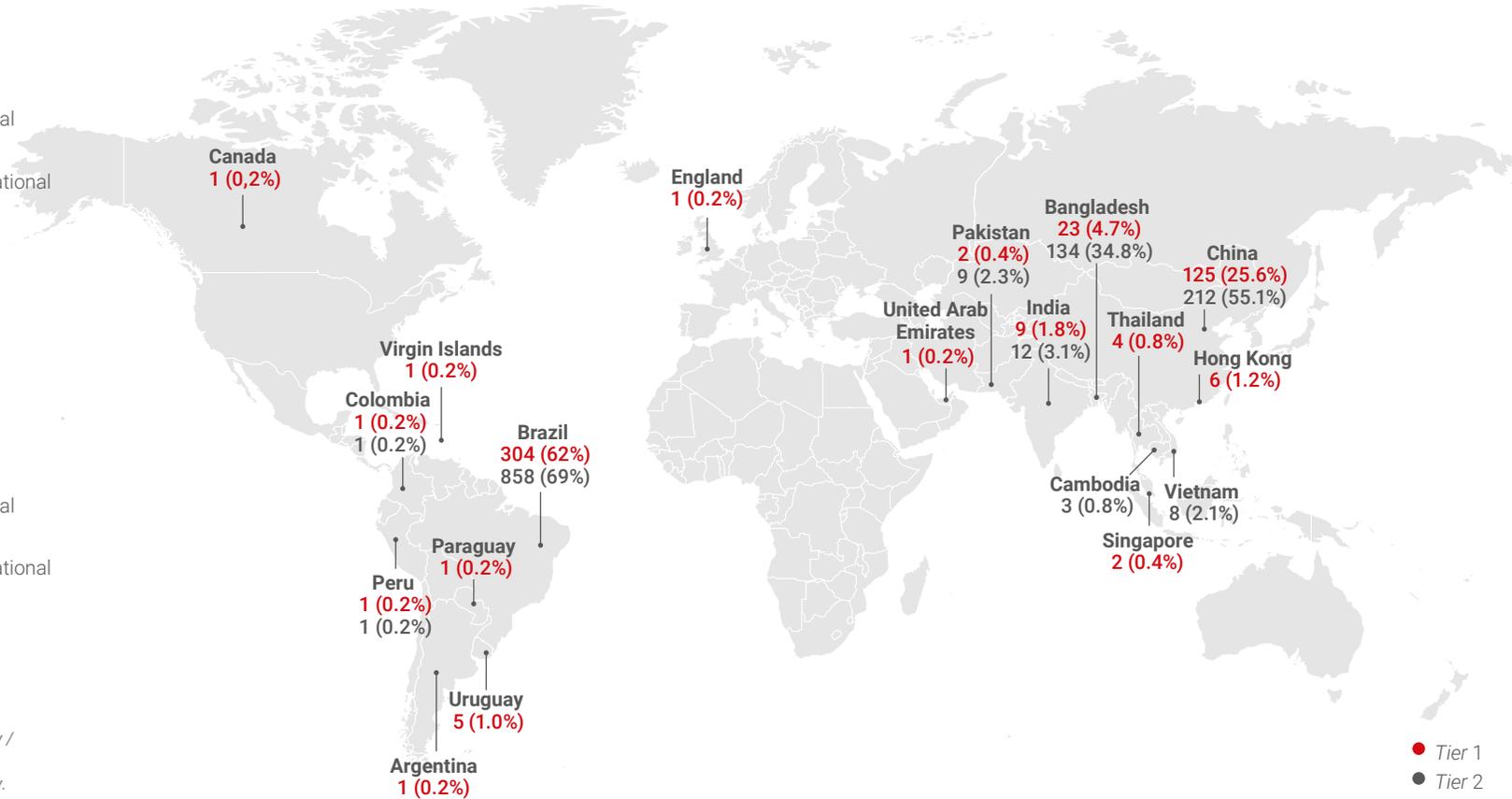
TIER 1 SUPPLIERS



TIER 2 SUPPLIERS



LOCATION OF RESALE SUPPLIERS AND THEIR CONTRACTORS

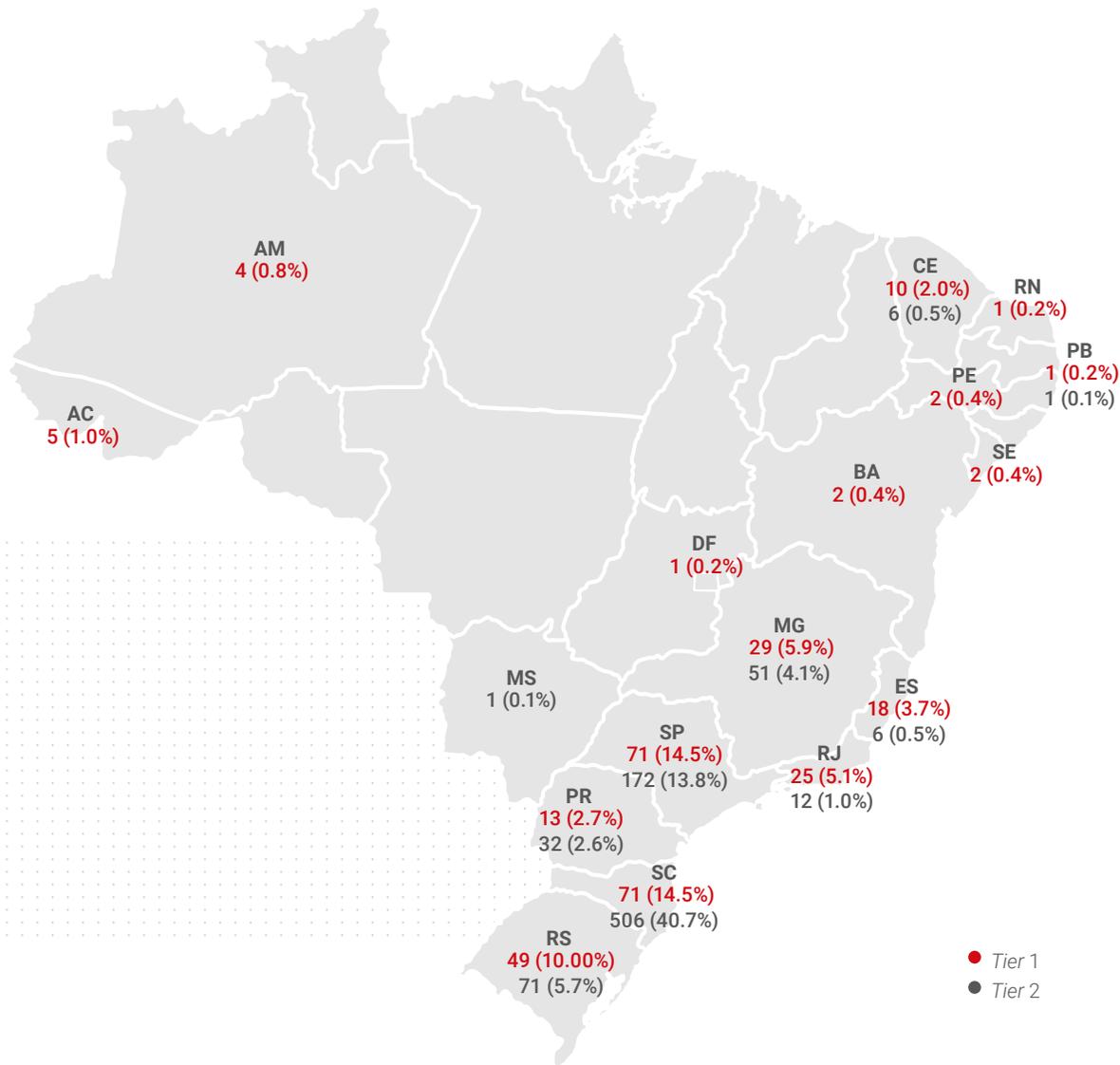


* Tier 1 - direct suppliers: production units, cutting / assembly / finishing, clothing factories, private label, tradings
Tier 2 - subcontractors: sewing, embroidery, finishing, laundry.

LOCATION OF NATIONAL RESALE SUPPLIERS AND THEIR CONTRACTORS

Most of these companies are concentrated in Brazil, the country where Renner was born and where we have most of our operations. In addition, 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 Distribution Centers is located.

This greater concentration allows us to have close relationships with the supply chain, enabling performance improvement initiatives while facilitating the creation of innovation projects such as Re Jeans and Re Knit (learn more on page 60).



Accreditation

In the Resale Supplier accreditation process, we analyze their documentation, their financial situation (domestic suppliers) and conduct social responsibility technical visits to ensure that the supplier complies with our requirements. In 2019, the document analysis of Resale Suppliers was integrated with that of Back Office Suppliers, providing more synergy, standard and rigor to the process.

In 2019, we performed the document accreditation process of the compliance program in 100% of the national and international Resale Suppliers contracted in the year. We also accredited with technical visits in 100% of national Resale Suppliers and reached 99% of international Resale Suppliers.

To start working with the Company all our domestic Resale Suppliers and their contractors of apparel, accessories, and footwear must be certified by the Brazilian Textile Retail Association (ABVTEX), which assesses whether they comply with best social and environmental corporate practices. The ABVTEX certification presents a significant efficiency gain by optimizing audits and sharing their results with the entire textile chain.

In 2019, ABVTEX implemented the Evolution Project, which included in the certification requirements, in addition to legal requirements, new management, compliance and environmental responsibility items. In doing so, it began to classify companies certified in Bronze, Silver and Gold, according to their performance in line with international protocols.

Furthermore, all suppliers must commit to our Code of Conduct for Suppliers, by signing the Commercial Contract and Statement of Commitment to Responsible Conduct, as mentioned on page 33.

GRIEVANCES AND COMPLAINTS

Grievances or complaints received by telephone, e-mail, technical compliance visit, ABVTEX channels or any other specific channels of Lojas Renner S.A. are received and verified in up to five days, through a verification visit with a specific report.

These channels are publicly available on our Code of Conduct for Suppliers and are disseminated internally to employees and also to our suppliers, who are committed to

promoting the channel to their employees through posters placed in busy areas, while demanding the same from their subcontractors.

The channels allow confidential and anonymous reporting, and the Company has whistleblower protection mechanisms to prevent retaliation against reports. Also, the whistleblower may report in all languages by email or letter.

To ensure everyone's access to the channel, one of the evaluated items during technical visits is whether the supplier has the Renner's code of conduct displayed in the company and whether it has disseminated the code to its contractors.

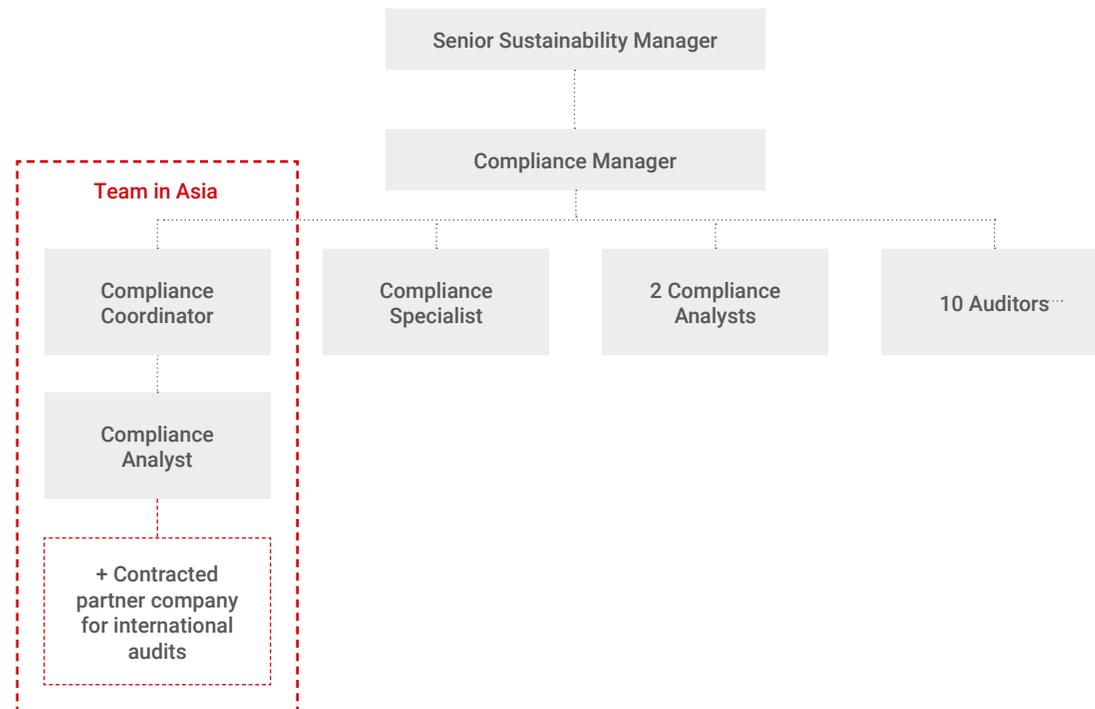
Monitoring and control

We rely on risk matrices from our national and international suppliers, that is based on the score identified in the audits performed at least once a year on suppliers (tier 1) and their contractors (tier 2) for apparel, accessories and footwear, as well as the beauty suppliers of the Alchemia brand.

The matrix considers four risk factors: - Constitutional Rights, Occupational Health and Safety, Worker Rights and Company Formalization. Thus, we evaluated working conditions and compliance with legislation, as well as compliance with the social and environmental responsibility principles established by Lojas Renner S.A.

By 2020 we will extend this process to one more level of the business value chain and will audit dyeing, fabric printing and denim weaving (tier 3).

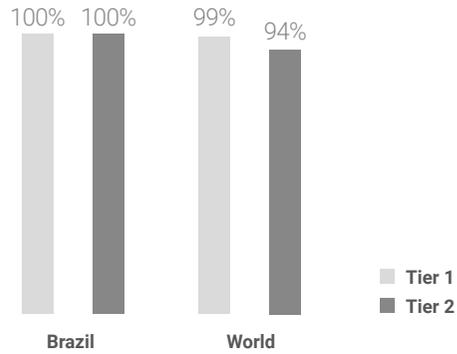
The process is conducted by the supplier Compliance area, with a dedicated, broad and experienced team:



When we identify a point that needs to be refined to meet our requirements, we ask the supplier to execute a two-month action plan for resolution. In the cases with less criticality we promote documentary evaluation to follow up the plan progress and in those with greater criticality we

carry out technical visits for monitoring. If the plan is not complied with, the companies are blocked/suspended, do not get new orders and are subject to contract termination from the Lojas Renner S.A. supply chain.

EVALUATED / MONITORED SUPPLIERS



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.

Macro-themes of the main non-compliance

- Health and safety
- Labor issues
- Environmental issues

Among these items, Health and Safety is the item with most occurrences and had a 28% drop the last year.

Continuous improvement

In 2019, the number of suppliers identified as critical decreased by 39%. Among domestic suppliers, 4.9% of them are critical and among international suppliers 10.6%.

We also reduced the number of identified non-compliance by 25.5%, even as the number of audits increased with the inclusion of international suppliers and increased by 11 pp the resolution rate of the determined action plans.

We also monthly monitored the performance of our Resale Suppliers of knit fabric, woven fabric, jeans/twill, underwear, beachwear, footwear, bijou and accessories, using the Supplier Global Development Index (IDGF).

The evaluation considers commercial, logistics, quality, sustainability and the results of the evaluations guides supplier development programs, conducted with the support of the Resale Supplier Management department (learn more in PMC, Next).

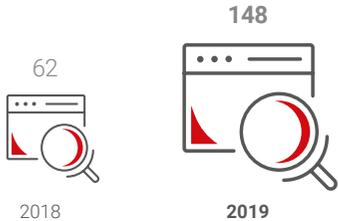
2019 MONITORING ADVANCES

Deeper evaluation

In the complete audits, which are conducted once a year throughout Renner’s national supply chain, we now evaluate 148 items, more than double from the 62 items evaluated so far. New blocks were included to assess supplier management level on social, environmental, chemical use and human resources aspects. We also built an “express checklist” used for 30-item revisit **audits** focused on the highest risk and severity topics for follow-up throughout the year.

Still in 2019, we started a project that will allow us to use artificial intelligence for internal and external data analysis in 2020, predicting possible supply chain nonconformities, prioritizing and directing our audits.

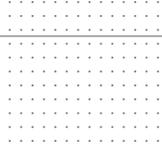
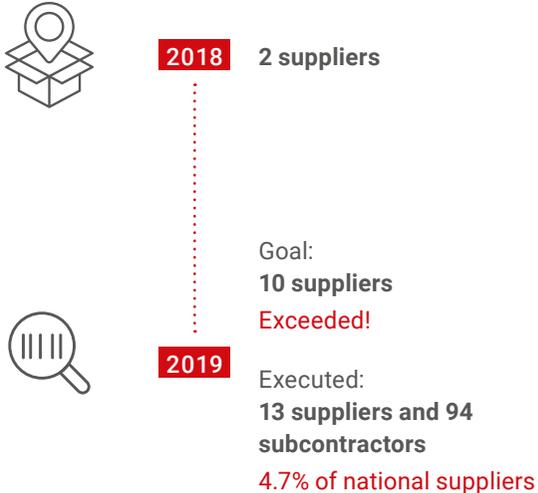
ITEMS EVALUATED IN AUDITS



Traceability

We expanded the pilot project, created in 2018, using Blockchain technology to track the product path in the production chain in real time, which allows us to better monitor sustainability principles.

TRACEABILITY PILOT ADVANCES



Chemicals Management

CN0501-01, CN0501-02

We are acting preventively in the value chain to eliminate possible restricted chemicals from our products. In this journey, we adopted the Restricted Substances List (RSL) of the AFIRM Group (Apparel and Footwear International RSL Management Group) and ABNT NBR 16787, which sets restricted substance limits for finished products. Following are the advances and next steps in chemical management.



2019

- We have included 31 Chemical Management requirements in national audits
- We sensitized and communicated the international chain on the topic.
- We piloted two suppliers in the children's division, with effluent and finished products testing . As a result, we identified which chemical substances present in the effluent in high concentration, resulted in incidence of this substance in the finished product.
- Published ABNT NBR 16787 Brazilian Standard for Textile Chemical Safety
- We took part in the review of an application booklet for the standard, which will be published in 2020 by ABVTEX (Brazilian Textile Retail Association), ABIT (Brazilian Textile and Apparel Industry Association) and ABQUIM (Brazilian Chemical Industry Association).
- We promoted training on the principles of Higg Index to 34 suppliers.



2020

- We will include Chemical Management requirements in the international suppliers audits.
- We will publish positive list of chemicals, raw materials and inputs supporting our suppliers to choose more responsible products.



2021

- We will prioritize the elimination of possible restricted chemicals that may be identified in audits and tests in 2020.

International Certification

We disclosed the **public commitment of having 100% of the national and international resale chain with social and environmental certification by 2021**, ensuring the adoption of best practices widely legitimized. In 2018, we began mapping and auditing international Resale Suppliers and joined the Social & Labor Convergence Project (SLCP), - connected to the SAC (Sustainable Apparel Coalition) - with the objective of monitoring the chain on issues such as respect for human rights, labor laws and occupational health and safety. **In 2019, we audited 90% of tier 1 suppliers and created a risk rating methodology, aligned with international principles**, in which suppliers are ranked by their performance in levels A, B, C and D audits (high risk).

For 2020 we aim to have no business relationships with companies at level D of the matrix.

Environmental compliance evaluation

In 2018, we conducted a deeper environmental diagnosis with our strategic suppliers based on the Sustainable Apparel Coalition Higg Index self-assessment standard. In 2019, continuing this diagnosis, we carried out an audit conducted by a third party based on the Higg Index verification process to assess compliance with environmental management requirements at these suppliers, which represent 26.46% of our domestic purchasing volume.

Also based on the HIGG Index, we have included new items in the social and environmental audit checklist. This process of evolving compliance monitoring and good environmental management practices enables us to expand our eco-efficiency programs with suppliers. Learn more on page 61.

With this inclusion, we went from 11 environmental compliance items assessed with suppliers in 2018 to 26 in 2019.

Transparency

In 2019, reinforcing our commitment to Responsible Fashion, **we released the list of Resale Suppliers and also the main suppliers of Renner and Youcom product's raw materials** on our website; for more information on the list contents or the supply chain compliance processes, we made available an email for our Compliance department: conformidade@lojasrenner.com.br.

Fair wage

In 2019 we conducted an initial survey on fair wages in the supply chain in Brazil (where most of our Resale Suppliers are located) and by 2020 we will progress in the fair wage monitoring methodology for employees and resale supply chain.

Camicado supplier management

Considering the specificities of the home and decoration segment, in 2018 Camicado began developing its management program for Resale and Back Office Providers, based on the results of the evaluation of supply chain risks in relation to environmental, safety and occupational health aspects, labor practices, human rights, consumer products and services, and anti-corruption ethics and practices.

In 2019 a pilot for the validation of the program began, considering four phases: accreditation, remote audits, face-to-face audits and follow-up of action plans, as well as training and actions for its development. 16 suppliers prioritized by their level of criticality participated: suppliers of textile products, suppliers of products with raw materials of forest origin and transport companies.

Supplier Global Development Index

IDGF evaluates active and deliverable suppliers on the pillars of quality, logistics, business and sustainability, enabling us to identify those who have the most critical results, receive warnings and must present action plans. IDGF is also one of the aspects that influence our sourcing matrix, along with financial health and compliance, in addition to supplier performance.

Based on 2016, when the IDGF was restated for current valuation indices, suppliers have grown by 22 percentage points by 2019.

Procurement teams from the Products Department that define the Resale Suppliers to be contracted, can only choose the ones based on accredited and approved suppliers and monitor the IDGF for decision making, valuing those with the highest score and therefore the highest commitment to best practices, driving a long-term relationship that creates value for both parties.

In 2019, we reviewed and updated the IDGF indicators to be applied in 2020, presenting new items to be monitored in the performance of domestic Resale Suppliers, such as the delivery of less impacting products, the quality returns index and the input margin calculation, for example. In addition, we are now also monitoring the international supply chain, with indicators that evaluate the quality, logistics and commercial pillars.

The international supplier matrix is being built from the 100% supplier accreditation and monitoring, and as a result, there are no comparative data from critical suppliers' drop.

According to the monthly results, suppliers may participate in development programs, presented below

Development

We want to maximize our potential for a positive impact on the textile chain and, therefore, we work on capacity building and long-term training to support the development of Resale Suppliers in Brazil, presented below.

EXCELLENCE

Continuous Improvement Program (PMC)

In 2019, for the seventh consecutive year of the program, the PMC focused on promoting quality culture in the factories of national Resale Suppliers of the woven, knit, jeans/twill fabric chains, as well as other segments, as demanded by the Product area, encouraging the development of techniques and promoting events to approach machines and weaving companies. The initiatives led to an evolution in the operation of our partners, resulting in the improvement of IDGF, commented above, and reaching all suppliers of the mentioned chains, according to the demand of the Product area.

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 the first cycle, which ended in 2018, 64 micro and small companies were supported.

In the second year, which began in 2019, we supported 140 companies in Rio Grande do Sul and Santa Catarina, including companies operating in the textile waste recycling chain, strengthening the circular economy in fashion. **The main results were: 35% increase in productivity, 10% increase in on time delivery and 48% reduction in disapproved parts.**

Renner Excellence Program (PER)

We created PER in 2019 to consolidate our supply guidelines, promote and encourage supply chain development and innovation, and leverage business with product excellence.

The Program recognizes suppliers that excel in Quality, Sustainability, Efficiency, Cooperation and Innovation at the Supplier Convention.

Within the PER initiatives, we created the Innovation Day, an event to be held annually and in which suppliers present their innovation cases. About 50 cases were enrolled, of

which 10 were selected for onsite presentation and, at the end of the event, we awarded the 3 most voted by the audience and sponsors of PER.

Supplier Convention

In the year, we also launched this event, which supports strategic alignment by bringing together Renner's entire Resale Supply chain. The 2020 edition, in addition to the strategic alignment, will also feature the highlighted suppliers for the year, according to the PER score, mentioned earlier.

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. The initiative was well received by suppliers and, by 2020, we will provide other courses and expand access to more companies.

Eco-Efficiency in the Supply Chain

In 2017, we implemented a project involving domestic Resale Suppliers of the knit fabric and jeans production chains of Renner and Youcom to reduce the generation of textile waste in manufacturing processes and use leftovers to make new fabrics to be used in new pieces. Learn more on page 62.

In 2019, besides the audits, we also performed environmental assessments, executed by a third party, on 100% of the laundries in our jeans chain.

The assessments covered the topics of Management, Water Use, Energy Use, Effluents, Atmospheric Emissions, Solid Waste and Chemical Management.

COLLABORATION

Welcome Program

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.

Ecosystem Summit

Pioneering, we brought together a group of suppliers, weavers, prints, universities, startups and representatives of the S System (Sesc, Senac, Sebrae, etc.), among other partners and held meetings to seek quality, sustainability and flexibility solutions for the fashion industry.

Dialogue without borders

In 2019, we held the first Renner Supplier Day in Shanghai (China) and in our new office that opened in the same year in Dhaka (Bangladesh), strengthening the dialogue with our international suppliers and spreading our product, compliance and quality strategies.

To expand our dialogue with all suppliers, we also launched the Suppliers page on the Lojas Renner S.A. website, bringing important information on how to be a Back Office or Resale Supplier for Renner, Youcom and Camicado. In addition, the Code of Conduct for Suppliers and Renner's list of suppliers are also available on this page.

BNDES Financing

For the 4th consecutive year, we maintained our credit facility with the Brazilian Development Bank (BNDES) for development projects involving our Resale Suppliers. The loan we were granted this year enabled the allocation of R\$ 4.1 million to these companies so they can expand their capacity, modernize their factories, and provide training in their production chains. **In the three years of the project, R\$ 9.3 million have already been financed.**

Relationship Survey

Channel for suppliers to share their opinions and their level of satisfaction with processes and systems they use to interact with us. This is an important tool to identify opportunities for improvement in our relations with these partners. **In 2019, we updated the survey tool and methodology and achieved 91% satisfaction.**

Supplier Council

Formed by a group of domestic Resale Suppliers that are strategic for our operations, with which we have and continuously build long term relationships, the Council is an important forum for sharing experiences and discussing themes of common interest, in quarterly meetings, with the goal of building an efficient, competitive and sustainable chain. In 2019, 12 strategic suppliers, which represent 29% of the purchase volume, from the textile, knitwear, jeans/twill and woven fabric sectors participated in the Board.



Eco-efficient management



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

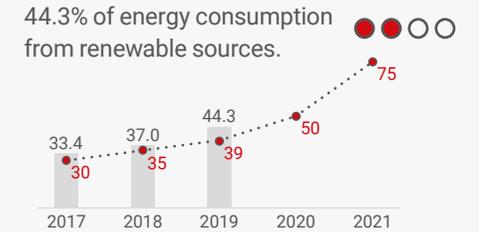
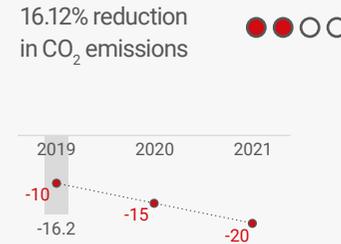
PUBLIC COMMITMENT 2021

Reduce absolute* carbon dioxide (CO₂) emissions by 20% compared to 2017
 Have 75% of corporate energy consumption from renewable sources**

STATUS

In progress:

■ Achieved
 ● Goal



Pilot Model

Circular Store

- Reduction in the number of furniture models that, with modularity, use less material than the old model, are 100% free of toxic substances and 100% recyclable.
- Reduction in the consumption of raw materials in store building, in the generation of waste, and increased use of recycled or recovered raw materials.

Since 2015

231 stores built and remodeled in line with **Technical Specifications and Descriptive Memorials** with more sustainable premises.

LEED certification

of sustainable building in



	3 stores	headquarters
Water	-45%	-55%
Energy	-18%	-15%

Solar energy

generation for 8 stores*** (RJ,RS and DF)



Carbon neutral company:

offset of 100% corporate greenhouse gas emissions



80%

of solid waste recycling in the operation



Ecodriving training to **100% of Renner's dedicated drivers** in Brazil operation

1.93% of Energy Efficiency gain



100% of Renner's stores with **LED Lamps**



33% automated **Renner's stores**



3.5% reduction in **energy/R\$ Net Revenue costs**

Pilot telemetry project in logistics providers to reduce fuel **consumption and emissions**

1.6% drop in energy consumption intensity



Store with a **simpler structure** since 2018

→ **-65%** material

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

** Considering low impact renewable energy sources: small hydropower (SHPs), solar and biomass.

*** Three of them will start operation and supply by early 2020.



Eco-efficient stores

In our own operation, stores construction, remodeling and operation processes represent our greatest direct environmental impact. The Company has 603 stores and since 2016, 137 stores were built and 129 remodeled.

To minimize this impact, our building and remodeling processes have continually advanced on several fronts, as follows.

LEED CERTIFICATION

In 2014, for the first time, we used the premises of the Leadership in Energy and Environmental Design (LEED), which aims to promote and foster sustainable building practices.

In 2019, one store was LEED silver level certified in addition to our headquarters and two stores are gold level.

Impact reduction estimates for sustainable LEED buildings

- **45%** less water consumption in stores
- **18%** less power consumption for shop lighting
- **Estimated 15%** less energy/ m² consumption at headquarters
- **Estimated 55%** less water/ m² consumption at headquarters

MORE EFFICIENT STANDARDS

The LEED certification process has allowed us to build an important learning legacy to perpetuate this less impacting model. Since December 2015, we have grouped all the learning in the construction of certified stores and created manuals with Owner's Assumptions, Technical Specifications and Descriptive Memorial for New Construction or Remodel, improved in 2018. These documents set out, for internal teams and suppliers, the premises, concepts and criteria for project development and project execution in relation to:

- Operation Safety
- Customer Satisfaction
- Employee Satisfaction
- Permissions and Legalizations
- Energy Efficiency
- Sustainability
- Accessibility

At the end of 2014, we built the first sustainable store, with LEED Gold certification, and at the end of 2018, we opened a street store with premises for circularity that allowed us to significantly reduce raw materials, such as:

- **65% less plaster per m2**
- **65% less joint compound per m2**
- **91% less air conditioning return ducts per m2**

CIRCULAR STORE

We want to expand the concept of circular economy to different stages in the life cycle of our business, with an integrated approach to sustainability, from the store environment to the product. To do so, in 2018 we started developing the Ambiente Construído Project which introduced the principles of circular economy in the construction and remodeling of our stores, also developing our display furniture.

From the prototypes developed, we have achieved important advances in the selection of more circular materials and in the optimization of their consumption and in the reduction of waste generation and reuse. Through a more efficient design, it was possible to prove important gains:

- Reduction in the number of furniture models that, with modularity, use less material than the old model, are 100% free of toxic substances and 100% recyclable.
- Reduction in the consumption of raw materials in store building, in the generation of waste and increase in the use of recycled or recovered raw materials.

Fight against climate change

GRI 305-3

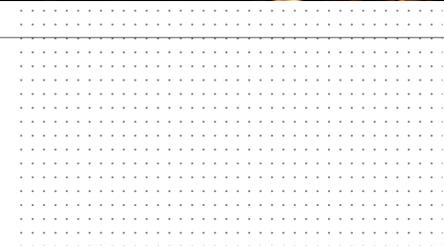
We have the public commitment to reduce by 20% the absolute corporate emissions of CO₂ by 2021*. To achieve this goal and reduce pollution, we work to promote energy efficiency and increase the use of energy from renewable sources in our operation, in management and efficiency initiatives and improvements in logistics operation, in monitoring, transparency and offset, topics presented below.

In addition to mitigating climate change, we have also worked on our strategy to adapt to this scenario in order to reduce and control risks and foster opportunities.

In 2019, we carried out work to identify risks, opportunities and adaptation measures in the face of climate change, considering the reality of the company and the specificities of the retail sector for the next 30 years. The study covered Renner, Camicado, Youcom and Ashua operations, considering 592 stores (total stores at the time of the study) in Brazil, Uruguay and Argentina, as well as 4 distribution centers (and one under prospecting) and two administrative units.



* Based on 2017 emissions inventory and scopes 1, 2 (location-based approach) and 3.





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 our Management Model, **executives' short-term variable compensation is linked to the achievement of goals linked to the fight against climate change**, through themes such as energy efficiency, increasing the proportion of renewable energy and reducing emissions in logistics.

Reduction in electricity consumption

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

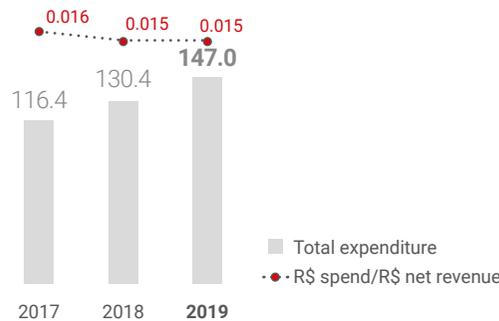
In addition to minimizing energy-related environmental impacts through the construction and remodeling of stores with more sustainable processes (learn more on page 47), we continually work to improve energy efficiency in operating stores.

Since 2015, the Energy and Asset Remote Management Project promotes the optimization and rationalization of operations in the stores' air conditioning and lighting systems, through automated monitoring and control. The expansion of automation enables efficiency gains in the energy consumption of Renner stores, and also ensures thermal comfort for customers and employees.

- **100% of stores with all LED lamps**, 80% more energy efficient than an incandescent lamp and 30% more energy efficient than fluorescent.
- **126 stores (33% of Renner's total stores) with remote monitoring of consumption**, keeping desired efficiency levels. The forecast for 2020 is to reach 152 stores (37% of total Renner stores).

As a whole, by 2019, we invested R\$ 8.2 million in energy conservation projects and reached 1.6% improvement in energy consumption intensity in comparable stores.

ENERGY EXPENSES (R\$ MILLION)



ENERGY CONSUMPTION (GJ)



Solar farms

VASSOURAS (RJ) SOLAR FARM

- ⚡ **4 thousand panels** with 1.32 MW of power
- 💡 Average generation of **1,800 MWh/year**
- 🏠 **-13%** energy expenditure

FEDERAL DISTRICT 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) Pântano Grande (RS)

- ⚡ **1 thousand panels** with 375 kW of power
- 💡 Average generation of **516.6 MWh/year**
- 🏠 **-26%** energy expenditure

*Farm under construction.

Expansion in renewable sources

Another front of our energy consumption management is the expansion energy consumption from renewable and low impact sources - solar, biomass and Small Hydroelectric Plants (SHP) - to meet our public commitment of 75% of corporate energy consumption from these sources by 2021.

By 2019, we have already exceeded our target of reaching 39%, reaching 46.6% of consumption from these sources, considering only the stores that were operating since 2018, and 45.8% with the stores opened in 2019.

To do so, in 2019 we invested in the purchase of energy from small hydroelectric plants (SHPs) in the free energy market and from solar farms to supply our stores.

Sustainability and economy

The supply of renewable energy from the free market provides savings of R\$ 196.34/m² and solar energy of R\$ 19.07/m² compared to conventional energy from the regulated market.

Another important indicator is the percentage of energy from renewable sources which, besides the low-impact ones, also includes hydroelectric dams. If we consider that the 55.7% of energy contracted in the regulated market, 96%* corresponded to renewable sources in 2019 according to the National Electric Energy Agency (ANEEL), we reach a total of 98% of energy consumed from renewable sources. Below, photo of the Vassouras Solar Farm - Rio de Janeiro

** Percentage of renewable sources in the Brazilian energy matrix in 2019, according to the National Electric Energy Agency (ANEEL).*



Fuel consumption reduction

We participate in the Green Logistics Program Brazil (PLVB), which works the autonomy and capacity of logistics agents in favor of improving the efficiency of logistics and cargo transportation in Brazil to reduce the intensity of emissions of atmospheric pollutants and greenhouse gas (GHG) emissions. Throughout the year, we promoted awareness and training actions focused on fleet renewal, energy-efficient driving, preventive maintenance and improved management of the fuel consumption indicator along to our logistics providers.

In 2019, we conducted a pilot project with deployment of telemetry to track the behavior of 30 fleet vehicles from eight suppliers, comprising 72% of Renner's partner carriers, and identify key offending behaviors that could cause efficiency losses and safety risks.

With this monitoring, **we were able to promote five training classes for 90 drivers, representing 100% of the dedicated drivers of Lojas Renner's operation in Brazil on "ecodriving"**, sharing best practices for increasing fuel efficiency by changing driving behavior.

In all, in the year, we reduced fleet fuel consumption by 5.28%, which allowed us to reduce by 10.8% the emissions associated with product transportation*.

** Data does not consider Camicado information, unavailable.*

Monitoring and transparency

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

For 9 years we remain listed in B3's Carbon Efficient Index (ICO₂), published our inventory of greenhouse gas emissions (GHG) - , verified by third party since 2014, being awarded with the Gold seal of the Brazilian GHG Protocol, voluntarily answering the Carbon Disclosure Project (CDP) questionnaire.

In 2019 we also moved forward collaborating with the collective commitments for a low carbon economy:

- **We have become 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 signed an open letter on carbon pricing from the Brazilian Business Council for Sustainable Development (CEBDS), which advocates the implementation of an appropriate carbon pricing mechanism for Brazil**, the inclusion of pricing in climate policies, the creation of structures that support investing in low carbon assets in Brazil and ensuring the use of tools and metrics that effectively incorporate the risks and opportunities of GHG emissions in financial assessments.
- **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.

Our operation continues to grow, but focused on efficiency, even with the 8.5% increase in the number of stores between 2018 and 2019, GHG emissions increased by only 6.6% considering the type of energy purchase choice.

Lojas Renner S.A. has several actions to reduce GHG emissions, among which we highlight the purchasing of low-impact renewable energy, which in 2019, represented 44.3% of all energy consumed, responsible for the reduction of 42.60% in scope 2 emissions.

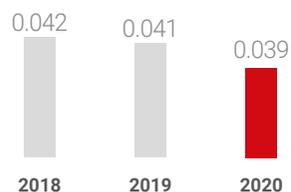
Regarding the public commitment - 2021, to reduce absolute emissions of greenhouse gas emissions by 20% compared to 2017, our status in 2019 shows a reduction of 16.12%. Lojas Renner SA continues to decarbonize, acquiring low-impact renewable energy¹.

¹ This data referring to the 2019 inventory represents the reduction of emissions in a current scenario of growth in the use of low-impact renewable energy sources, compared to the non-use of renewable sources.

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 GOAL (tCO₂e/M2 OF BUILT SPACE)



SOURCES OF GHG EMISSIONS (tCO ₂ e)	2016	2017	2018	2019
Scope 1 Emissions				
Stationary combustion	189.1	137.3	97.0	103.5
Mobile combustion	17.6	21.2	11.6	6.7
Cooling/air-conditioning	5,077.9	5,474.4	3,234.7	3,342.8
Total scope 1	5,284.7	5,632.8	3,343.3	3,435.0
Scope 2 Emissions				
Electricity acquired and consumed (location-based)	14,098.2	17,883.2	13,091.8	13,528.5
Electricity acquired and consumed (market-based)	-	12,704.1	8,585.5	7,764.7
Total scope 2 (location-based)	14,098.2	17,883.2	13,091.8	13,528.5
Total scope 2 (market-based)	-	12,704.1	8,585.5	7,764.7
Scope 3 Emissions				
Solid waste	270.7	489.5	223.6	209.4
Business travel	2,270.1	2,967.7	1,838.3	3,413.8
Upstream transportation and distribution	14,889.9	16,944.3	20,562.5	22,013.9
Total scope 3	17,430.7	20,401.5	22,624.3	25,637.0
Total emissions (in tons of CO₂e) - Considering location-based Scope 2 emissions	36,813.6	43,917.6	39,059.4	42,600.5
Total emissions (in tons of CO₂e) - Considering market-based Scope 2 emissions	-	38,738.5	34,553.1	36,836.7
Emissions intensity (tCO₂e/m² of built space)	NA	0.050	0.042	0.041

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

Carbon neutral company

For four years, we have been a Carbon neutral company and offset annually 100% of our greenhouse gas emissions from last year's inventory.

In 2019, we offset 100% of the emissions related to the 2018 inventory. The offset occurred through investment of R\$ 323.4 thousand in the acquisition and retirement* of carbon credits from two biodiversity protection projects:

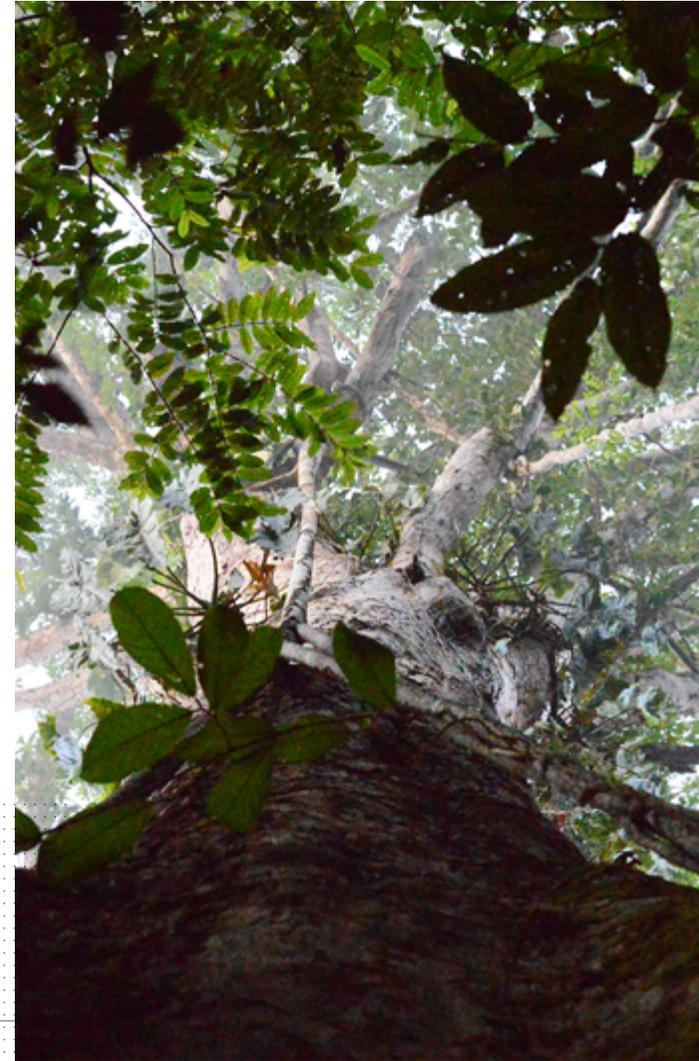
- REDD + Manoa project (81.4% offset), located in the municipalities of Cujubim, Itapoã do Oeste and Porto Velho, in Rondônia.
- REDD+ Rio Preto Jacundá project (18.6% offset), located in the municipalities of Machadinho D'Oeste and Cujubim, also in Rondônia.

The projects conserve the few remaining native Amazon forest in a private area in the region, increasingly deforested by land invasions and wood theft, and are essential as they offer shelter for various species and connect the landscape since they are close to protected areas.

Over 168,000 hectares are conserved through remote monitoring, field surveillance and scientific research, as well as promoting local economic development through capacity building and training in forest management techniques for the surrounding population and environmental education of children and adolescents, aiming for the future of environmental conservation and consequent improvement in these people quality of life.

Biodiversity appreciation was also the focus of our work on the Empodera Tumbira project, supported by the Lojas Renner Institute (learn more on page 84) and the launch of the ReFlora collection with pieces inspired by the endangered Brazilian flora (learn more on page 88).

** Retirement means that the credit is definitely withdrawn from the market to offset a carbon footprint and cannot be resold or passed on to another company.*



Water

The greatest environmental impact of water consumption is in our supply chain. To minimize this impact, since 2018 we develop a water management diagnostic project in our jeans' suppliers, in which we have established water management indicators, seeking to reduce consumption and circularity (learn more on page 62).

Environmental Assessments were conducted by a third party, covering the topics of Management, Water Use, Energy Use, Effluents, Atmospheric Emissions, Solid Waste and Chemical Management. The companies that underwent these assessments represent 100% of the laundries in our jeans chain.

In 2019, the total water consumption from our own operation was 309.7 thousand m³ from the supply network.

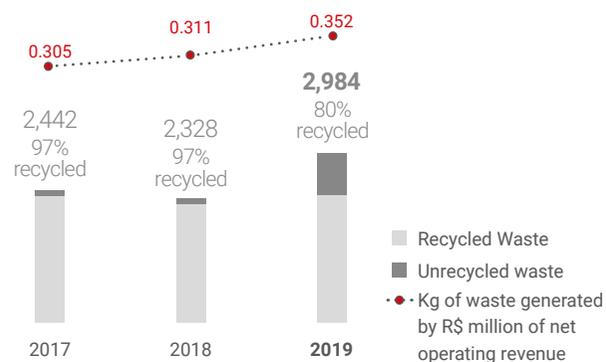
Waste

GRI 306-2

Solid waste management focuses on reducing the volume of waste generated, ensuring the correct separation, handling, packaging and final disposal, avoiding contamination and encouraging their reinsertion into the production cycle. At Renner, this process is guided by the Solid Waste Management Program, which adheres to the National Solid Waste Policy, and at by the new Waste Management Manual of Camicado Stores.

Recycling

GENERATION OF WASTE (KG)



We aim to reduce waste generation by 10% and increase recycling volume by 10 percentage points.*

* 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, 301-1

PUBLIC COMMITMENT 2021

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

* Considering apparel products.



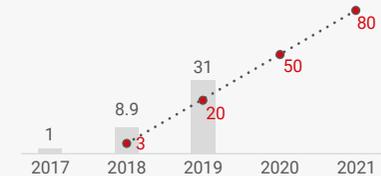
STATUS

In progress:

30.6% certified cotton



31% Re products



Re **31%** less impacting Re pieces, 22.1 p.p. more than in 2018



30.6% pieces made with certified cotton



2 tons of knit leftovers **reinserted in the productive chain**, by Re Knit



2.1 tons of clothes and 53.9 tons of perfumery packages **collected by the EcoEstilo service**

Required **viscose and cotton certified** on all Brazilian and international suppliers by the end of 2020.

Re Knit collection with t-shirts made from fabric cut residue

Project expansion

Water Footprint

Development of own methodology and pilot in 2 jeans Resale Suppliers



Re Jeans progress

with recycled, polyester-free jeans pieces for 2020, which allows for new, easier or more efficient recycling, or with greater added value.

Re Jeans planning **recycling used pieces** collected from our Youcom customers

Up to 45% less environmental impact with Re Jeans calculated with ACV

3.2 tons of agro-ecological cotton produced by **female quilombola community leaders** supported by Instituto Lojas Renner



Expansion of the reverse logistics service **from initial 15 to 94 Renner stores**

Startups

Investment in 3 startups,

chosen from 102 entrants from a public call for innovation in sustainability:

- Solar Energy Subscriptions Club
- Sustainable hangers
- Textile agroforestry



Roadmap definition

with the aim of eliminating priority restricted chemicals substances

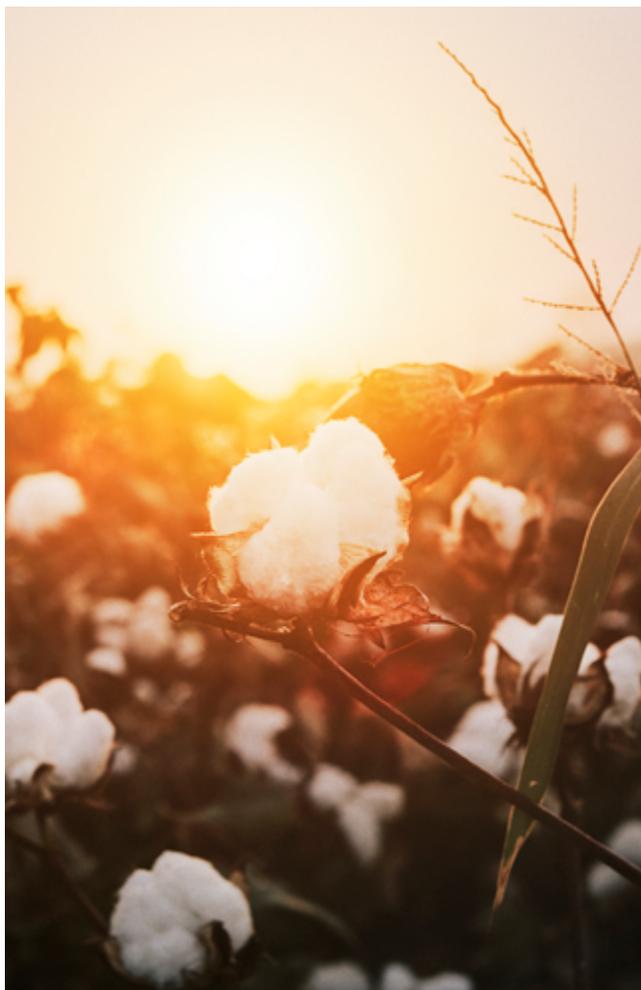
Local production

64% of resale products purchased are produced in Brazil.

We believe that in order to offer less impacting products and services, we must contribute to the evolution of commitments, processes and practices throughout the chain involved in the product life cycle, stimulating initiatives in the supply chain, in our operations and in the consumption and disposal habits of our millions of customers.

In 2019, we produced more than 46.7 million pieces with the RE Responsible Fashion seal, made with less impacting raw materials and processes. This volume represents 31% of total products in the year and we are committed to raising this percentage to 80% by 2021.

To achieve this goal, we have been working on Resale Supplier capacity building and alignment, supporting industry innovation and development, and engaging and raising awareness among our product teams that even have less impacting product creation targets tied to their variable compensation in the year.



30.6% of cotton items

certified in 2019

+100% target by 2021

Of all the textile fibers used in the world in the sector, those of vegetal origin - such as cotton, lyocell and viscose - correspond to a third, with cotton equivalent to 90% of this group.

The other synthetic and animal fibers account for another two-thirds, according to the report from Pulse of the Fashion Industry in 2018. Thus, initiatives that favor a more sustainable cotton production process have great potential for positive impact.

Discover below the main attributes of less impacting products.

Less impacting raw materials

CN0501-04

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 2020, 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.

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.

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.

LOW IMPACT COSMETICS

Our own brand of perfumery and cosmetics offers the Bio line, featuring products with low impact on the environment, with an organic and natural concept, certified with the biodegradable seal and, containing an average of 90% natural ingredients and their derivatives without any component from animal origin and not tested on animals. Additionally, all Bio line packaging carries the FSC seal.

PACKAGING

At Renner, Youcom and Ashua stores, all bags use less impacting raw materials. In 2019, 57% were produced with FSC (Forest Stewardship Council) certified paper and 43% with oxybiodegradable plastic.

2019

In all, we produced 33.3 million pieces with raw materials showing responsible production in the year.

Recycled raw materials

GRI 301-2

RECYCLED COTTON

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

RECYCLED PET

The fabric originates from the transformation of PET 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.

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 62), 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.

In 2019, 56 thousand pieces were produced with about two tons of Knit reinserted in the production cycle with Re Knit.

2019

In all, there were 2.9 million pieces with recycled raw materials in the year.



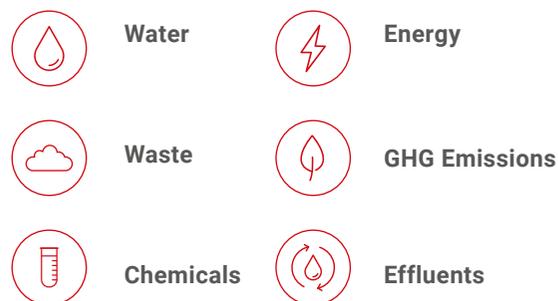
Check out the special Re seal collections developed in the year with less impacting raw material and processes features in the Engagement chapter, page 88.



Less impacting processes

CHAIN ECO-EFFICIENCY ROADMAP

In 2019, we began planning the development of our eco-efficiency incentive program and improving the environmental performance of the Resale Suppliers chain with a focus on six environmental aspects:



In 2020 we will jointly define with our suppliers the program's key indicators and goals.

OEKO-TEX

In 2019, 8.9% of the garments produced were made from OEKO-TEX Standard 100 certified fabrics, which guarantees that they are free of restricted substances, harmful to human health.

LIFE CYCLE ANALYSIS (ACV)

Knowing the environmental impact of the product throughout its life cycle is key to develop less impacting processes and stimulate more sustainable use habits. With

that in mind, in 2015 and 2016, in partnership with GVCes (Getúlio Vargas Foundation's Center for Sustainability Studies), we analyzed the life cycle of a basic pair of women's jeans sold at our stores, through our Life Cycle Analysis pilot project, monitoring its water footprint and CO₂ "from cradle to grave", or how much water it consumed and emissions it generated from obtaining raw material to final disposal by the customer.

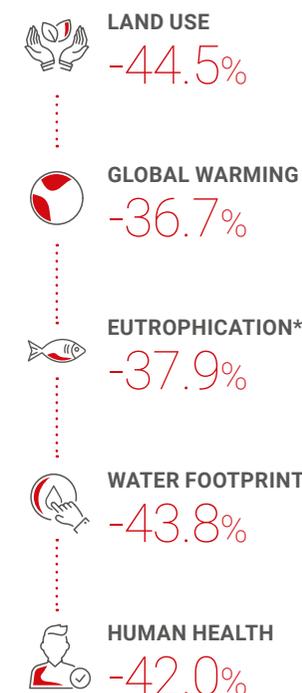
These studies were the basis for the construction of the Cleaner Production project, presented below, which made it possible to launch Re Jeans, the first collection - in 2018 -, with recycled jeans made from recycled yarns from the leftovers (learn more about Re Jeans in the Engagement chapter, page 83).

On the path of continuous evolution, in order to evaluate the impact reduction in the life cycle reached with Re Jeans, in 2018 we did the LCA of the recycled jeans from the cradle to the cradle from obtaining the raw material to its reinsertion in the cycle, to compare the impact of its life cycle in relation to the impact of the traditional virgin cotton thread jeans.

The ACV of recycled jeans (Re jeans), carried out with the support of USP and with independent third-party verification, was completed in 2019 and indicated a better environmental performance of Re jeans in all evaluated categories, with an impact reduction of 37 to 45% compared to conventional jeans.

The figures presented refer to the impact of jeans throughout their life cycle, from the extraction of the raw material to the final disposal or until their reinsertion in the productive cycle, in the case of Re jeans.

IMPACT COMPARISON OF RE JEANS VS. CONVENTIONAL JEANS



*Imbalance in water quality due to excessive nutrients

CLEANER PRODUCTION (P+L)

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 for manufacturing processes, reducing the generation of textile residues and encouraging the use of leftovers from production fabrics to generate new parts.

1st year - 2017: the project achieved a disposal reduction of 388 tons of waste with six suppliers of the jeans and knit fabric chain, launching the first collection with recycled jeans, Re Jeans (learn more on page 60).

2nd year – 2018: all the strategic suppliers of jeans, knit and woven fabric chain began to participate in the reduction of waste project, cutting over 47 tons of textile waste, and started to implement in two jeans suppliers a water management diagnosis, from the establishment of environmental performance indicators, water footprint and circularity of water, to promote improvements in management and reduction in water consumption in the productive process.

3rd year – 2019: from the environmental diagnosis of the previous year, **we have developed our own methodology for measuring water footprint**, to calculate the water consumption in production steps in real time and to categorize the results into three consumption ranges - low, medium and high.

The methodology, which was based on international best practices, was adapted by our team to consider the specifics of our chain and thus be able to be applied with speed and comprehensiveness. With this adaptation, to ensure data credibility, **we submitted our methodology to the analysis of a third party and gained its validation.**

Throughout the year, we applied the methodology to the two suppliers that participated in the initial environmental diagnosis, trained the other suppliers and, in November, we announced the new requirement for suppliers and their contractors.

With the methodology, from 2020 onwards, jeans suppliers shall monitor and report to the Company upon delivery of the products, their water consumption indicator and, every six months, they will be submitted to data verification audits.

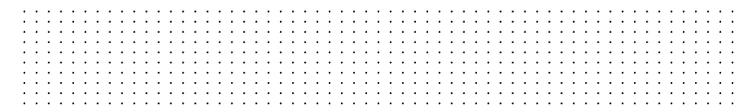
With this process, the Company will have subsidies to inform its customers about the water consumption of each piece of jeans and reduce the Water Footprint in the supply chain processes.

RECYCLING, REUSE AND UPCYCLING

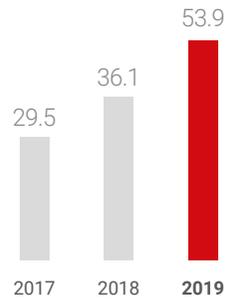
Collection

To increase circularity, we offer our customers a reverse logistics service, EcoEstilo, for two categories: perfumery and apparel. Since 2011, perfumery and beauty packaging and bottles can be discarded in perfumery EcoEstilo collectors in all Renner stores, even if they have not been purchased at Renner stores. Collected waste is then sent for final, eco-friendly disposal, avoiding contamination of the environment.

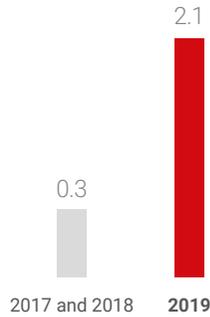
Since 2017, customers can also discard their clothes, purchased at Renner stores or not, at Ecoestilo apparel collectors. The project has expanded from the first 15 pilot stores to 94 in 2019. **In all, since 2017 2.4 tons of clothing were collected, which will be destined for recycling, through the defibration process, or will be sent for reuse by upcycling or donation.**



WASTE COLLECTED BY PERFUMERY ECOESTILO (TON)



WASTE COLLECTED BY APPAREL ECOESTILO (TON)



Recycling and reuse

The CP project also contributes to and encourages the development of a reverse chain that collects and recycles waste for use in other segments (handicraft threads, upholstery filling, thermal and acoustic insulation for the automotive industry). By 2017, 388 tons of textile waste had been collected from suppliers.

In 2018, 700 tons and, in 2019, 885 tons, adding to the equivalent to about 610 garbage trucks*, were no longer destined for landfills and gained new uses through recycling or reuse.

Upcycling

We use the upcycling technique to avoid wasting potentially useful materials by producing pieces made with the creative reinsertion of raw materials that would be discarded in the production cycle. Instead of developing new prints and fibers from scratch, we use the excess of existing fabrics to create new products and give new uses to a material that would no longer be on the market.

2019

In all, we produced 14.2 million pieces with less impacting processes in the year.

Impact overview

Currently, three quarters of all material processed along the fashion value chain is lost to landfill, which is equivalent to one textile waste truck per second*, according to the report **A new textile economy: redesigning the future of fashion** from Ellen McArthur Foundation. Therefore, initiatives to reduce waste generation and reuse and recycle to a new life cycle are.

* 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).



QUALITY

We have a special care with quality with a laboratory where we test the products on items such as run test (customer usage simulation), home washing, pilling, wash fastness, friction fastness, shrinkage, deformation, twisting, migration, weight and seam finishes, and we tailor products to best international practice. Thus, we also contribute to a more sustainable model, which amplifies the life cycle of products.

In addition to testing, we also monitor product quality through three key indicators: the percentage of failed orders that were inspected, the percentage of product returns from stores for manufacturing defects, and a satisfaction survey sent to customers 14 days after purchase to assess their satisfaction.

In parallel to this, we have taken actions to improve samples' quality and reduce pieces returns such as:

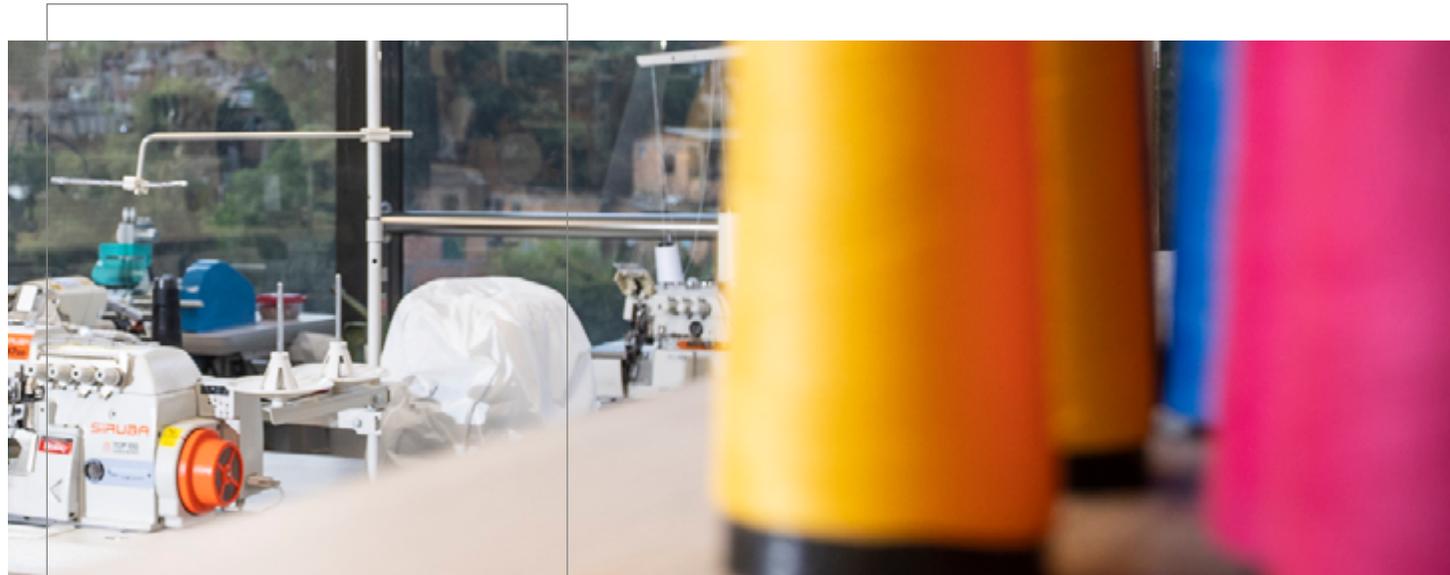
- Quality Culture Campaign: whereby we launched eight Quality Videos, seven of them on specific topics: torn belt loop, product crumpled at the store, raw material, store product exchange, modeling, jewelry oxidation and sewing.

- Launch of the quality trail at Renner University.
- Lecture on quality culture with the director of Citeve Portugal, recognized center of textile technology, and consultancy with the center to redefine our minimum quality requirements
- Review or update quality inspection requirements according to customer perception.

Experience and innovation in practice

We opened in 2019, in the Technical Product Development area at the Administrative Headquarters, the Pilotage Room, aligned with the lean manufacturing concept, which works as a space for modeling, cutting, preparing, sewing and finishing clothes.

The space joins traditional sewing technologies to industry 4.0, with digital sewing machine pressure regulation for different fabrics, allowing us to create and correct pieces, **accelerating development time, reducing lead time by up to 12 business days and excellent sample quality standard.**



Support for innovation

Our commitment to Responsible Fashion brings us an important opportunity and responsibility to support the transformation of the fashion value chain. An essential part of this transformation is rethinking processes, purposes, goals, to build innovative solutions.

In 2018 we invited startups, in partnership with Wow Aceleradora, to look for companies with disruptive innovations that contribute to the sustainability of the fashion value chain. In all, there were 102 registered startups, 10 selected to perform on a pitch day and three selected for a proof of concept investment.

SUSTAINABLE HANGERS

One of the prototypes was the sustainable hanger, made from polyester - waste from the textile chain - and propylene BOPP - waste from metallic plastic packaging collected at the Vila Pinto sorting center, located in the Bom Jesus community, next to Lojas Renner Administrative Headquarters.

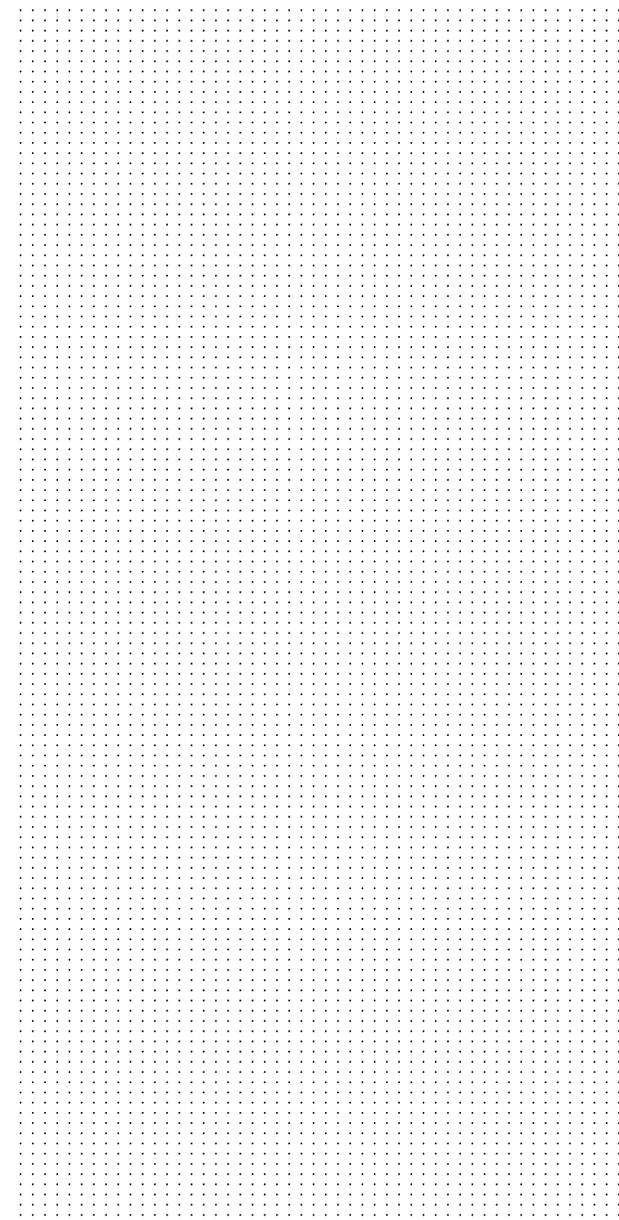
Both waste used in the manufacture of the hanger cannot be recycled, that's why the prototype is so special. It transforms these wastes that would go to landfill or less noble uses and transforms them into raw materials again, an upcycling process that prolongs their useful life, avoids disposal and also the extraction of new raw materials.

TEXTILE AGROFORESTRY

Investment in a project aimed at producing sustainable fabrics from plant fibers from sustainable agroforestry management.

SOLAR ENERGY ACCESSIBLE TO ALL

We have invested in the development of future installation of solar panels at our headquarters that will power a digital platform that enables individuals to access a solar energy club.



Engagement

 Social and Relationship

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

Employees



65.1%
of **women** in
leadership positions

47.5%
in high leadership positions

Once again among the
**Best Companies to Work
for according to Você S/A**



103
hours of training
/employee

86%
in employee
engagement



Communities

R\$9.9mi
invested by the  **INSTITUTO
LOJAS
RENNER**

3.2 tons of agro-ecological cotton
produced by female quilombola
community leaders supported
by Instituto Lojas Renner

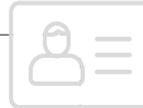


11.2
thousand
benefited from



75
supported
projects

Female Refugees



Since 2016,
+ than 300 trained and
75+ hired by Renner,
Youcom and Camicado



Customers

Sustainability

Awareness for sustainability

RE SPECIAL COLLECTIONS

- ReFlora
- ReFolklore
- ReResort



Enchantment

97%

very satisfied and
satisfied customers

Dissatisfied drop from
5.1% to 3%



0

complaints regarding
breach of customer
privacy or loss of
customer data

Ethics and sustainability culture



GRI 102-16, 412-2

Ethics

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 for Employees** 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.



ADHERENCE

Upon hiring and whenever the document is updated

Contractual clauses in the accreditation process and have their compliance monitored (learn more on page 37)

REPORTING

Reporting Channel – via letter, telephone, e-mail and institutional site, disclosed to society in the Codes and continuously by means of communication actions to the internal and external publics.

Misconduct reports are treated with absolute secrecy, confidentiality and impartiality by the Conduct Committee specialized, trained and linked to the Board of Directors, trained to conduct the case. The analyzes of complaints in accounting matters are conducted by the Audit area and the others by the Compliance area.

AWARENESS

7,648 in-person and virtually trained employees on the code of conduct, totaling 4,591.5 hours

- 3 Code presentation events to 239 suppliers
- 2 ethics workshops for Back Office Suppliers
- Email Communication

Fighting corruption Social and Relationship

GRI 205-2, 205-3

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 2019 we did not identify any significant risk.

Awareness

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.

In 2019, there were 68.3 hours of face-to-face training offered on the subject with the participation of 667 Lojas Renner S.A. employees and three hours of training for suppliers with 239 participants. As a result of our actions, we did not have any cases of corruption involving Lojas Renner in 2019. Below, image of the administrative headquarters, located in Porto Alegre - RS.



Information security intellectual

Information Security is an increasingly relevant aspect in contemporary society facing the increasing connectivity provided by the internet. In our business, which has wide public reach and access to confidential data, Information Security is one of the pillars of the business and is part of the fundamental commitments of the Code of Conduct and the Board of Directors is involved in the management of the subject, approving and validating the Information Security strategy.

We work to this topic by means of a solid management structure:

STRUCTURE AND POLICIES

- A formal and public Privacy Policy, that governs the ethical principles of secrecy and privacy 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 No. 8.771 / 2016 (Brazilian Civil Rights Framework for the Internet Regulation).
- Information Security Policy and Structured department.
- Multidisciplinary Corporate Committee on Cyber Risk and Fraud.

PROTECTION AGAINST CYBER ATTACKS

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

- SOC – Security Operation Center aimed at protecting the perimeter of the internet, correlation of events and response to incidents.
- Ethical Hacking with recurrent intrusion tests in the environment.
- Brand Protection, aimed at monitoring the main brands of Lojas Renner S.A. on the Internet.
- Threat Intelligence, focused on perimeter security and predictive actions for new retail threats.

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

INCIDENT AND INTERRUPTION RESPONSE

We have a Business Continuity Management (GCN) process through which we conduct operational risk assessment and Business Impact Analysis (BIA). From this scenario, we defined the Operational Continuity Plan (PCO) and all systems classified as vital and critical at BIA are considered in the Disaster Recovery Plan (DRP).

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. Currently, we are focused on the adaptation to LGPD (General Data Protection Law), which will take effect in Brazil in August 2020, implementing our Multidisciplinary Privacy and Personal Data Protection Program.

In 2019, Lojas Renner had no complaints regarding breach of privacy or loss of customer 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 RBAC (Role-Based Access Control), Single Sign-On, and complementary processes.

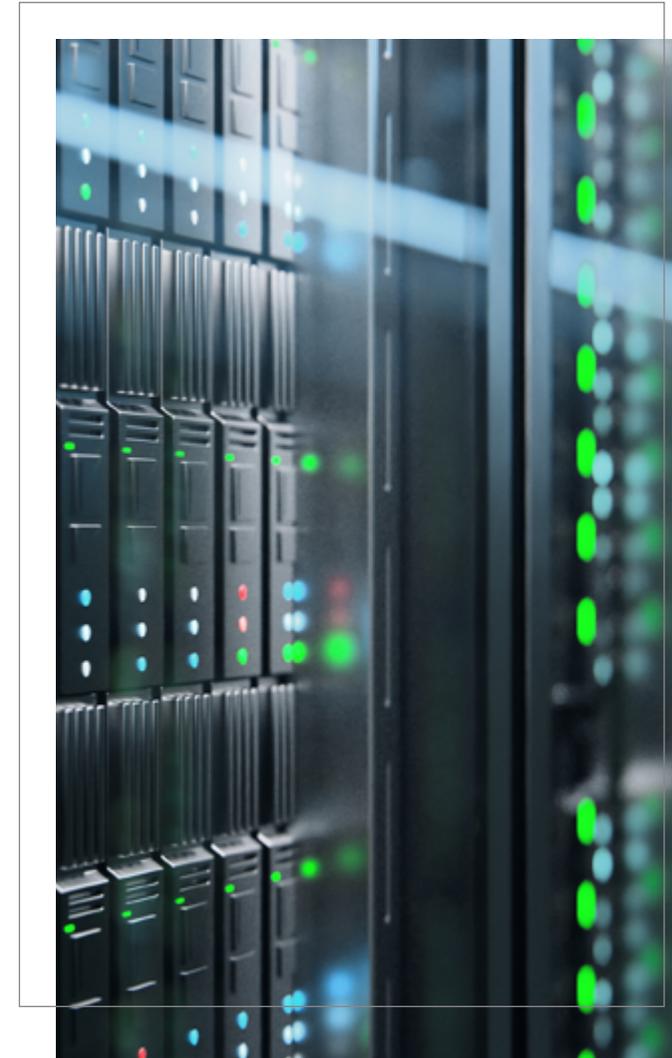
AWARENESS FOR SAFETY

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, online course on Information Security, education campaigns on topics such as password care, cybercrimes, classification of information, among others.

Another relevant aspect to show commitment to Information Security is the presence of **goals in the performance evaluation of experts or managers, which are linked to awareness.**

On the right path

There were no fines or penalties from regulatory agencies for breaches of customer privacy, Information Security breaches, or cybersecurity incidents during the year.



Employees

GRI 102-7, 102-8, 401-3, 405-1, 405-2

DIVERSITY PROFILE

24,162
employees



Regional Distribution	Total	%
Brazil	23,340	96.6%
North	900	3.7%
Northeast	2,673	11.1%
Central-West	1,480	6.1%
Southeast	10,775	44.6%
South	7,512	31.1%
Uruguay	513	2.1%
Argentina	249	1.0%
China	55	0.2%
Bangladesh	5	0.0%
Gender	Total	%
Women	15,718	65.1%
Men	8,444	34.9%



Age Group	Total	%
29 Y.O. or Younger	14,229	58.9%
30 to 49 Y.O.	9,055	37.5%
50 Y.O. or Older	878	3.6%



Position	Total	%
Leadership	2,368	9.8%
Other Employees	21,794	90.2%



Workload	Total	%
Full-time	22,861	94.6%
Part-time	1,301	5.4%



Contract Type	Total	%
Open-ended work contracts	23,122	95.7%
Fixed – term contract	959	4.0%
Interns	81	0.3%

Diversity profile by position	Board of Directors	Executive Officers	Leadership					Other Employees
			Seniority profile			Performance profile	Average	
			Senior	Full	Junior	Revenue-generating positions		
Gender								
Women	25.0%	18.8%	47.50%	65.9%	65.4%	68.7%	65.1%	65.0%
Men	75.0%	81.3%	52.50%	34.1%	34.6%	31.1%	34.9%	35.0%
Age Group								
29 Y.O. or Younger	0.0%	0.0%	24.80%				24.6%	62.6%
30 to 49 Y.O.	18.7%	75.0%	72.80%				72.8%	33.6%
50 Y.O. or Older	81.3%	25.0%	2.40%				2.5%	3.8%
Ethnicity								
Yellow	0.0%	0.0%	1%	0.7%	0.3%	NA	0.5%	0.5%
White	100.0%	100.0%	94.80%	87.9%	72.8%	NA	78.8%	55.9%
Indigenous	0.0%	0.0%	0.0%	0.0%	0.0%	NA	0.0%	0.1%
Brown	0.0%	0.0%	2.1%	7.9%	17.6%	NA	12.1%	21.9%
Black	0.0%	0.0%	0.0%	2.9%	8.2%	NA	5.2%	10.6%
Not informed	0.0%	0.0%	2.1%	0.6%	1.1%	NA	3.5%	10.8%

All employees are covered by trade union agreements, whose rights and obligations are enforced through a robust management system. For union agreements the company has a GED (Electronic Document Storage) system where it stores 100% of this content.

GENDER EQUITY INDICATORS

We monitor two relevant indicators for the promotion of gender equity in the labor market, so as to continually evolve in women's empowerment and the promotion of equal conditions.

Maternity leave

623

Leaves ended in 2019



Return rate:

71%

708

Total employees that in 2019 have completed **12 months** since their return from leave



Retention rate after 12 months:

47%

657

Total employees that in 2019 have completed **24 months** since their return from leave



Retention rate after 24 months:

36%

Ratio between the compensation of women/men



Senior Leadership (from Senior Manager):

0.84

considering base salary



Leadership (under Senior Manager):

0.74

considering base salary

0.76

considering base salary + average benefit ticket



Non leadership:

0.92

considering base salary

DIVERSITY IN OPPORTUNITIES

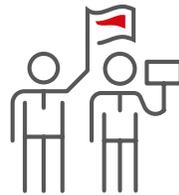
In 2018 we gave greater visibility to the diversity theme and inclusion in the Company, with the creation of the Diversity area, carried out a diagnosis on the Company and the sector best practices and challenges and began the construction of a plan of action to stimulate a culture of diversity in the coming years.

In addition to the diversity area, we have employees from different areas and categories, including leaders, who are inclusion agents, aiming to multiply the Company's culture of diversity.

In 2019, the Diversity and Inclusion strategy was approved by the board with the focus of working on Women's Plurality over the next 3 years. In this sense, one of the most important actions of the year was the holding of a Diversity Census with all employees, of all Lojas Renner S.A. companies, with anonymous and voluntary participation, in order to better understand our public and so we can focus our efforts more assertively to create new initiatives that respect and further value our people. We had 32% adherence to the Census, which brought some important information about the diversity profile of the Company.



34%
of the workforce
is comprised of
**black and brown
employees**



93%
of the LGBTQI+*
public stated they feel
**free, respected
and welcomed
among their peers**

We also include compulsory training on the topic in the integration of new employees and held, on Women's Day, several empowerment workshops on topics such as mechanics, use of turban, upcycling, personal image and makeup as expression.

**Acronym for Lesbians, Gays, Bisexuals, Transsexuals, Queer, Intersexuals and the +, which represents several other forms of gender identity.*



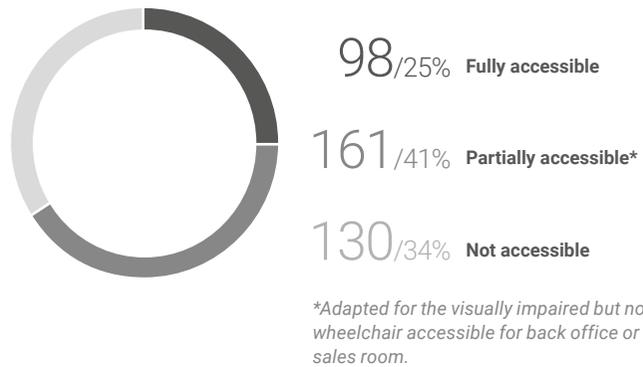
THE WEALTH OF DIVERSITY

In 2019, the Lojas Renner Institute trained 20 Venezuelan women in the Customer Service and Retail Sales course in Boa Vista, Roraima, under the Empowering Women Refugees program. All of them were hired in Lojas Renner operations in 13 Brazilian cities, and settled together with their families. Check out the full [documentary](#) of the project.

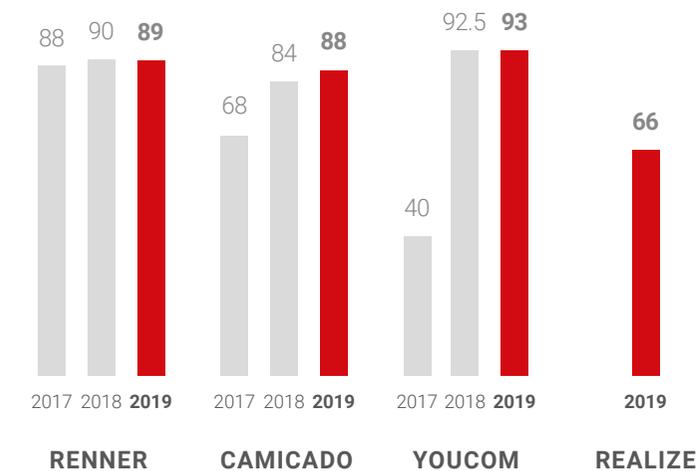
In addition to Boa Vista, the program was also carried out in Porto Alegre, Salvador and São Paulo.

Inclusion indicators for persons with disabilities

RENNER STORE ACCESSIBILITY IN 2019



COMPLIANCE WITH HIRING QUOTA FOR PERSONS WITH DISABILITIES (%)



Support for development

GRI 404-1, 404-3

CAREER AND DEVELOPMENT

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

That's why our skills assessment process is an important time to promote and broaden performance and development conversations to recognize competencies and accomplishments and to plan learning and career advancement opportunities. For the public of non-leadership employees, the process is carried out every six months, while for the leadership it is annual.

With the results of the assessment, each employee carries out their Individual Development Plan (PDI) with the support of their leader to plan actions for their development.

In 2019, 99% of Lojas Renner S.A.'s eligible employees went through the process, 8 pp more than in the previous year, an important advance in employee engagement on the process relevance in building their careers.

ELIGIBLE EMPLOYEES* WHO RECEIVED PERFORMANCE EVALUATION



**All active employees who have been with the Company for at least three months and have not been away for more than half of the evaluation period are eligible.*

Renner University

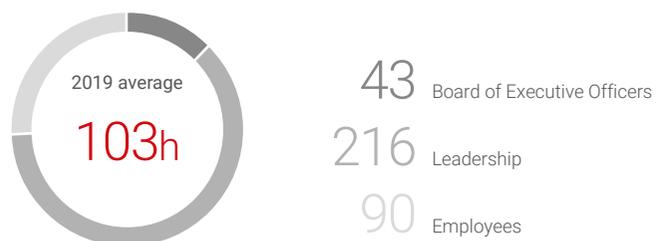
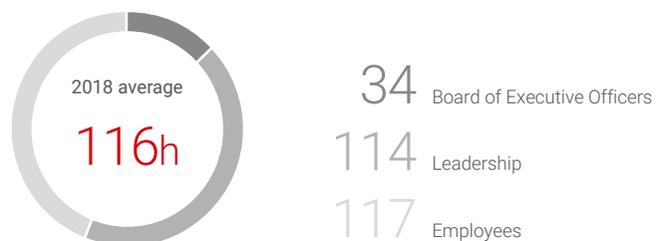
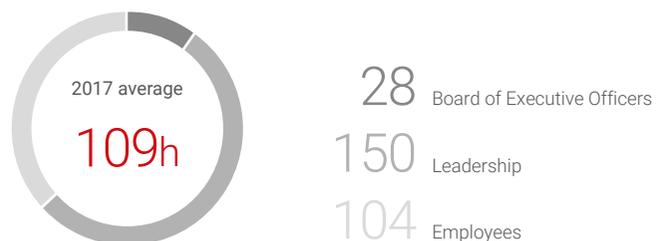
Renner University (UR) is a network of learning experiences that connects Renner, Youcom, Camicado and Realize employees in all countries where we operate, turning knowledge into enchantment since 1995. The University has a modern learning platform and encourages networks of experiences and connection between employees to enhance knowledge exchange.

The training base considers the following pillars: Inspiring Leadership, Culture of Enchantment, Business Management, Sustainability, Fashion and Product.

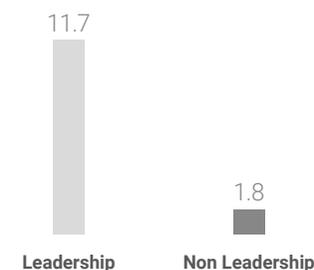
We believe the best way to learn is to experiment, learn, unlearn and relearn. Therefore, UR builds on hands-on, collaborative and theoretical learning experiences to strengthen leadership and team development.

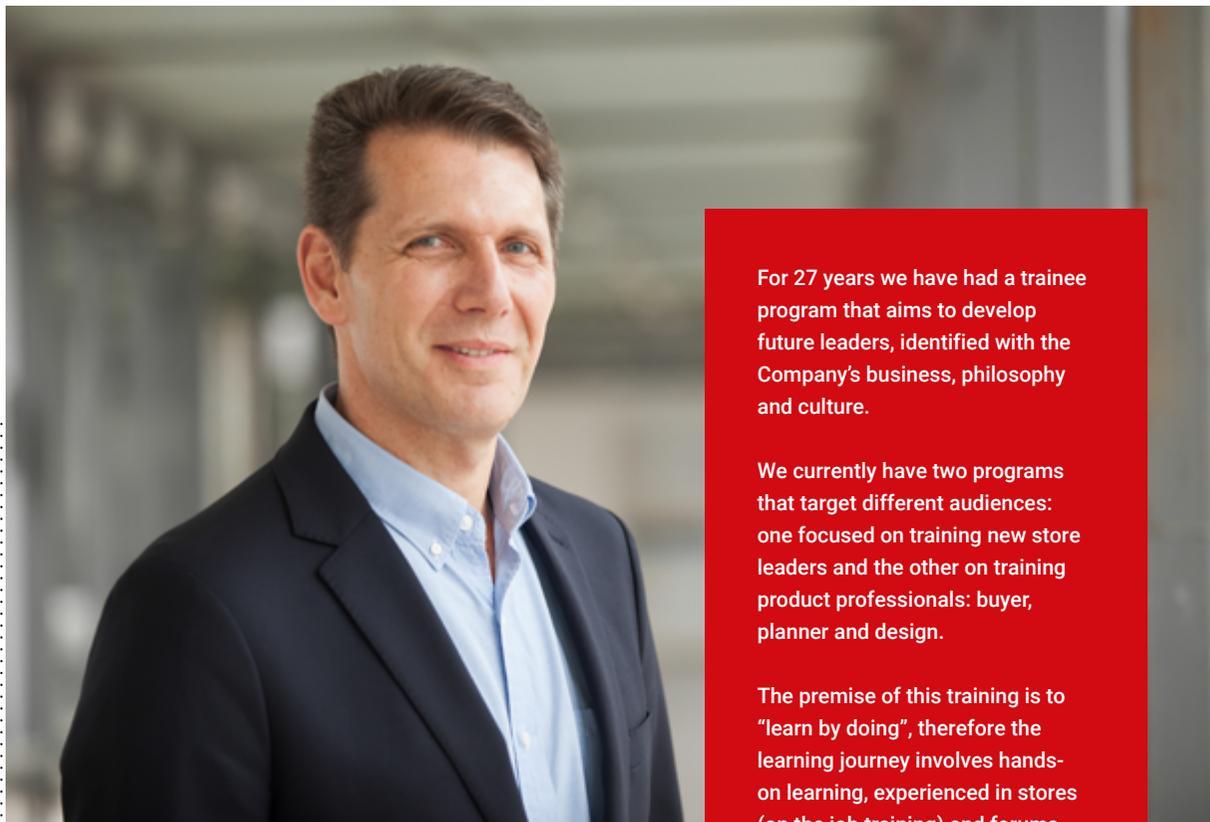
All this on a modern platform, using new technologies like games, virtual reality, augmented reality, chatbots and artificial intelligence.

HOURS OF TRAINING PER EMPLOYEE



AVERAGE INVESTMENT IN TRAINING BY EMPLOYEE IN THE YEAR (IN R\$ THOUSAND):





For 27 years we have had a trainee program that aims to develop future leaders, identified with the Company's business, philosophy and culture.

We currently have two programs that target different audiences: one focused on training new store leaders and the other on training product professionals: buyer, planner and design.

The premise of this training is to "learn by doing", therefore the learning journey involves hands-on learning, experienced in stores (on the job training) and forums with Directors and CEO, as well as several workshops facilitated by the leadership.

The program has already trained countless leaders, such as our President, Fábio Faccio, who began his career at the Company 19 years ago as a Store Manager trainee.

Culture

As a large company, present throughout Brazil and abroad, we have an active management in alignment and engagement with our corporate culture. For 18 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 disseminate to all employees the alignment with the strategic theme of the Convention.

For over 20 years we have 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.

Health, safety and well-being

We provide our employees with safe and healthy workplaces through compliance with occupational health and safety laws, with a dedicated management team and a set of structured rules and policies:

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

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 and promoting a safe, healthy and quality work environment, seeking continuous improvement.

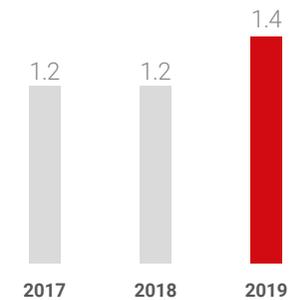
In 2019, we began a management program for employees on leave, promoting closer monitoring of these employees and supporting their return to work.

During the year, we also made progress in initiatives to promote quality of life:

- Pregnancy Monitoring Program
- Partnership with Gympass, valid for all employees and their dependents, to join discount plans and access to various modalities and gyms, stimulating physical activity. In 2019, 842 employees joined such plans.
- Pilot project for home office and flexible hours for the Product and E-commerce Departments, with 209 and 203 participants, respectively, which will be expanded in 2020 to other areas of Renner.

Indicators

ACCIDENT FREQUENCY RATE



There were no occupational illnesses or fatalities in 2019.



ENGAGEMENT

“We hire, develop and maintain the best people, who like people, who have passion for what they do and spark in their eyes. We work as a team, and our people have the authority and responsibility to make decisions. We provide the same ladder so all employees can rise to the speed of their talents, efforts and results.”

The excerpt above is one of our “PEOPLE” corporate fundamentals and a cornerstone for it to permeate our entire business is the engagement of all. Therefore, we are attentive to taking care, every day, of what makes us have a favorable climate in the workplace, where people feel valued, recognized, want to be and stay.

Annually, we conducted the voluntary and anonymous engagement survey and, in 2019, in addition to covering all employees from Renner and Camicado, we also began to hear from Youcom and Realize, covering 100% of the Company.

Results are above retail levels and reached our goal of 86% engagement by 2019.

In 2019, we were recognized once again among the Best Companies to Work for in the Você S/A Guide, also highlighting the ranking in the Leadership category, and also the only retail company elected among the 45 Best Companies to Start Careers by the Você ranking. S.A.

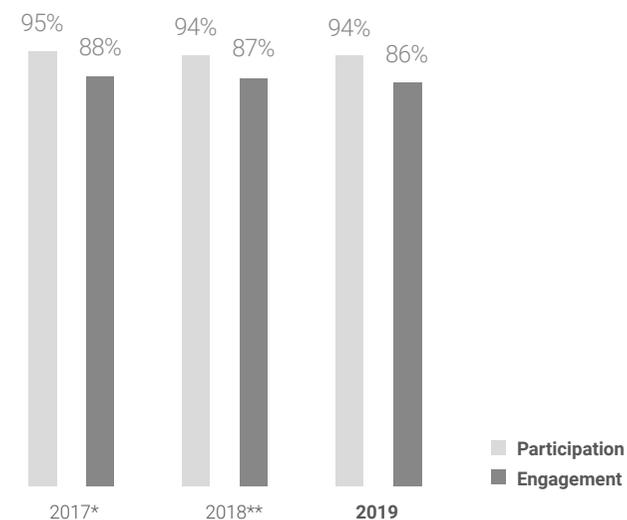
FEATURED THEMES

	% engagement
Focus on the customer	92%
Diversity	90%
Brand	90%

MAIN CHALLENGES

Compensation and benefits	71%
Quality of life	76%
Coworkers, immediate superior and performance management	83%

ENGAGEMENT SURVEY



* Values considered only Renner stores.

** Values considered only Renner and Camicado stores.

Inspiration for sustainability

Building a less impact business model is a daily effort and involves the actions and decision making of employees from all areas of the business. Therefore, we have developed several initiatives to disseminate and strengthen this culture.

STORES

An important step was the creation of the Guardians of Sustainability pilot project, with the objective of training store employees about the Company's sustainability initiatives and thus contributing to a virtuous cycle of evolution: guardians multiply the spread of our commitment to sustainability in stores reaching thousands of customers and also bring us important insights into evolutionary points in the day to day operation for an increasingly sustainable business.

The Guardian project started on a 30-day pilot project in a regional in São Paulo with 22 stores with the challenge of testing a store sustainability engagement model that also worked on attributes and values such as prominence, belonging, sales potential and enchantment.

The pilot involved training the teams, creating informational materials such as booklets, videos and content at Renner University, creating a bracelet made with reused fabric by women supported by the Lojas Renner Institute that identifies the guardians and evaluate the program.

Results

Impacts from Guardians of Sustainability:

- 24 direct and 861 indirect employees
- 219,546 customers
- +0.5% in products Re sales

TRAINEES

In 2019, the trainee development program also included a sustainability discipline, preparing new business leaders in this fundamental and strategic pillar of the Company.

The initiative included visits to projects supported by Lojas Renner Institute and trainee mobilization actions in partnership with the women benefited by the projects.

In all, during the year, 14 trainee classes were trained in 31 hours of sustainability training for 377 participants.

PRODUCT DEVELOPMENT TEAM

We also promoted training and capacity building for product teams on sustainable materials and circular design, totaling 346 hours of training for 49 employees.

Community support

Our fashion retailing operations do not have a significant negative impact on our communities. Our focus on managing this relationship is therefore in exerting our potential of reaching millions of people to, by encouraging entrepreneurship, generate development for society and develop an increasingly sustainable fashion value chain.

For 11 years, Lojas Renner Institute manages our company's private social investment, the funds invested in these projects are raised through tax incentives and Lojas Renner S.A.'s own budgeted resources.

Own resources, from the beginning of the Institute's activities come from the We All Advance Together movement, which promotes commercial actions in our stores to engage customers and raise funds from the sale of products in line with Lojas Renner Institute's mission. Get to know the investments and fundraising of the year on page 84.

The supported projects are aligned with the different links in the fashion textile chain, in a way that unites the value creation to the people and organizations benefited to the construction of our strategic objective of Responsible Fashion.

Since 2008, the Institute focuses mostly on projects that create jobs and income for socially vulnerable women. When its mission changed in 2016, the Institute established a partnership with Lojas Renner S.A. and UN Women to support economic and social empowerment initiatives for women in the textile industry's value chain.

In 2019 we also reinforced in our strategy the connection of the supported projects with our business so that we can multiply our positive impact, supporting entrepreneurship and articulating the generation of opportunities for building and self-sustaining social businesses.



#WeAllAdvanceTogether

We launched the #WeAllAdvanceTogether, a web series to talk about women's advancement and the transformative power she generates. In it, the mediator Babi Thomaz, presenter and columnist, Rosa Maristela, and Natália Romualdo, from Papo de Preta channel, talk about sorority, empowerment and fashion as elements of transformation.

There are three episodes with different guests sharing their personal views and experiences:

Episode 1: Fabiana Taccola, Lojas Renner Institute's Marketing Director and Carina Zagonel, participant of Fashion Entrepreneurs talk about entrepreneurship.

Episode 2: Suelen Joner, Lojas Renner's Sustainability Technical Consultant, and Silvana Souza Soares, participant of the Lojas Renner Institute Agroecological, Cotton Project talking about the role of rural women.

Episode 3: Fabiola Silveira Lima, Lojas Renner's Supplier Compliance Manager and Roberta Negrini of the Joaquina Brazil project talk about the importance of capacity building and empowering women who are inmates or former inmates.

Watch the episodes in the playlist **#TodasAvançamJuntas**

Key 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. With duration of 12 months, the program provides training in relation to the different knowhow needed by an entrepreneur:

- Requirements for sustainability, product quality and social compliance
- Productive chain
- Hiring
- Financial controls
- Productivity
- Pricing, sales and disclosure
- Technical training in industrial sewing or upcycling techniques
- Skills (prominence, leadership, emotional intelligence, cooperation and financial independence)

The Women Fashion Entrepreneurs is developed in six cities of Rio Grande do Sul, Santa Catarina, São Paulo and Rio de Janeiro and trained 649 women in the first groups, completing their training in 2019.

Here are the main social businesses developed from Women Fashion Entrepreneurs:

AGÊNCIA COMPROMISSO

Created in 2019, its purpose is to empower young people from the Bom Jesus neighborhood, neighboring our headquarters, through inclusion in the labor market and the fashion industry. The Institute invested in training the management of local entrepreneurs, who after the formalization of the company, began to provide services to Lojas Renner S.A. with proof models and photographic models. Working with the agency creates value for the community, with the inclusion of young people in the job market, and also for the Company, which expands the diversity of its models, approaching its audience. **Check it out in the video.**

COLLECTIVE LOCKER

Entrepreneurs of the urban intervention movement that creates lockers for people to detach from things they no longer wear have, in fashion, identified a way to generate revenue for maintaining the social business by turning jeans left in lockers into stylish aprons and bags. The group also developed Youcom store bags from their own store-replaced jeans curtains, also through upcycling. **Check it out in the video.**

COPEARTE

One of the program's participating groups in Porto Alegre received leftover fabrics from our suppliers and worked on upcycling to turn them into Alchemia soap packaging sold in our e-commerce. All the proceeds from the sale of the soap went to the Institute, benefiting other women in the next development cycle. **Check it out in the video.**

WE ALL ADVANCE TOGETHER BAGS

Productive groups from Porto Alegre and Florianópolis that participated in the program developed a collection of bags from reuse jeans through upcycling. The pieces were delivered as gifts to customers of Oscar Freire's Renner store in São Paulo.

EMPOWERING WOMEN REFUGEES

The Institute has offered professional training to refugee women in São Paulo (SP), since 2016, in Rio de Janeiro (RJ) and Belo Horizonte (MG), in 2018, and in 2019 has expanded its activities to Porto Alegre (RS), Salvador, (BA) and in Boa Vista (RR).

Since 2016, through a partnership with training centers, the project has already trained **over 300 women** from countries like Angola, Congo, Haiti and Venezuela. The Empowering Women Refugees prepares professionals to enter the Brazilian job market, with two types of course: Customer Service and Retail Sales and Modeling and Sewing.

The courses also include the development of behavioral skills such as self-confidence, teamwork and issues related to Brazilian culture, health and safety at work, as well as opportunities for contact with managers of Renner, Camicado and Youcom and visits to the stores so they know how the Brazilian retail routine runs.

In the second half of 2019 a class was held in Boa Vista (RR), training 20 Venezuelan women refugees. At the end of the course, all were hired by Lojas Renner units in 13 locations in Brazil, settled by the Army with their families. Since the project began in 2016, more than 75 refugees have been hired by the network. Check it out in the video.

WEAVING AUTONOMY

Since 2017, we have developed with the Malhada Grande Community Quilombola 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 agro ecological cotton cultivation.

In 2019, the project expanded to approximately 80 women and 300 families, and had its first harvest of 3.2 tons of agro-ecological cotton that will serve as raw material for the We All Advance Together 2020 special t-shirt, supporting the development of the Association's social business. **Check it out in the video.**

BONJA VIVA

Bonja Viva is a collective initiative formed by schools, social projects, associations and residents of Bom Jesus, neighboring Lojas Renner headquarters, which aims to transform the reality of the community through initiatives in the areas: social, cultural, environmental, income generation, sports, citizenship and educational. Lojas Renner Institute is the meetings' articulator, using Elos Institute methodology, for the development of residents and local leaders, creating and structuring projects, seeking the evolution of existing initiatives or the construction of new projects. In 2019 four major community events were held, a joint effort, as well as follow-up meetings and the opening of a call for seed investment in five initiatives. **Check it out in the video.**

EMPOWERING TUMBIRA

We support the execution of the project from the Zagaia Amazônia association, which seeks to foster a society with more gender equality and also new economic paths for those who care for and live in the forest. Riverside women from the community, which is located in the Rio Negro Sustainable Development Reserve (RDS), participate in the project “The preservation of species as a factor of transformation and female empowerment”. The goal is for women to be awareness multipliers regarding the forest preservation in their community and to step up ecological tourism. Support for the project is part of the launch of one of the special Re collections of the year, ReFlora (learn more on page 88). **Check it out in the video.**

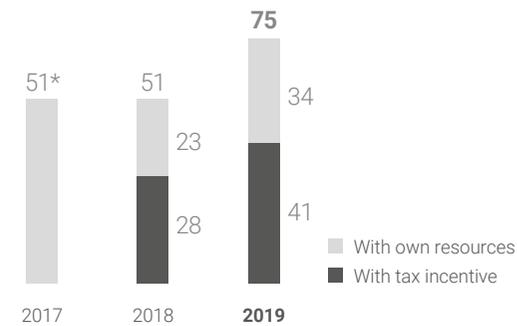
WOMEN’S EMPOWERMENT IN TECHNOLOGY

Representing Realize’s social investment, we launched a public notice in September 2019 to select girls and women empowerment projects from technology through the contribution of funds from the Childhood and Adolescence Fund. Projects were selected in Cataguases (MG) and Florianópolis (SC), which will be executed in 2020.

Investments

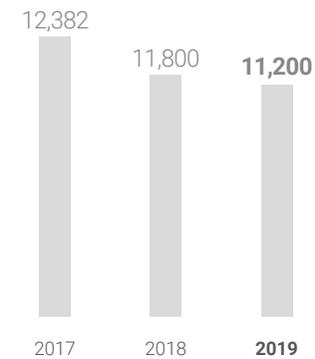
In 2019, the We All Advance Together movement raised R\$ 2.8 million with the profit of 5% of August’s 4-day sales, engaging customers with Lojas Renner Institute’s mission.

SUPPORTED PROJECTS

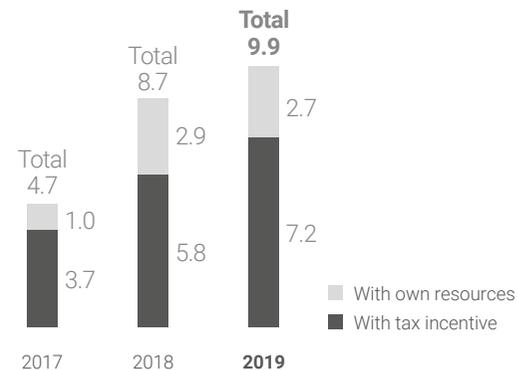


* Breakdown between own resources and with tax incentives not available.

BENEFITED PEOPLE



TOTAL INVESTED (R\$ MILLION)



Volunteering

We hire and train young apprentices at our Administrative Headquarters through the Fishing Project, carried out by about 60 Company volunteers who devote their time and knowledge to teaching young people.

Customers

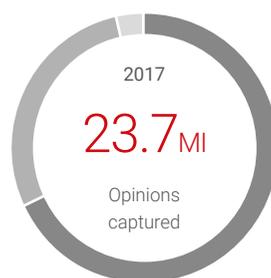
Focus on the customer

Enchanting customers is one of our core values and the reason why we exist. Over 20 years ago we invented the Enchantmeter device, which measures customers' shopping experience at each Renner store door and became one of our edges in the fashion retail market.

The continuous search for the enchantment in 2019 was supported by several technological, process and logistics improvements so that store employees can focus more on service activities and also so that we can offer the products that the customer wants, whenever/wherever he/she wants, while providing ever-better shopping experiences (learn more on page 26).

This work allowed us, in 2019, to achieve important advances to enchant our customers with record opinion captured, almost double the previous year and high rate of satisfied and very satisfied customers: 97%.

ENCHANTMETER (%)



68% Very satisfied
28.4% Satisfied
3.6% Dissatisfied



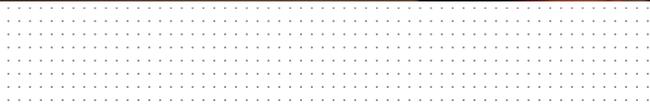
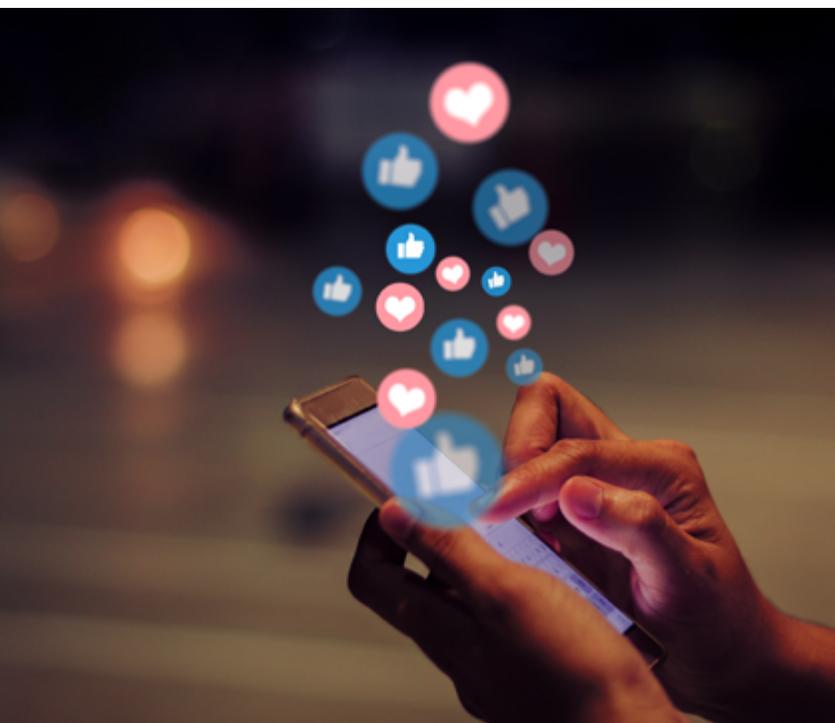
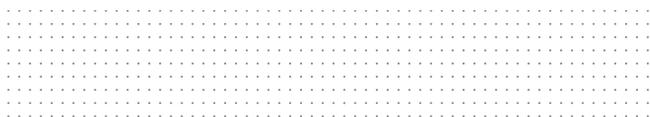
71.1% Very satisfied
23.9% Satisfied
5.0% Dissatisfied



81.4% Very satisfied
15.6% Satisfied
3.2% Dissatisfied

Proximity

With the rapid digital evolution of society, an important part of the enchantment is to be attentive to opinions, demands and expectations of our customers in the online world, each day more connected with the profiles of each of our stores.



BRANDS' SOCIAL NETWORK PRESENCE

	Facebook	Instagram	Twitter	Pinterest*
Renner	9.8 million	6 million	106 thousand	5.2 million
Camicado	1.0 million	1.7 million	8.9 thousand	1.6 million
Youcom	1.1 million	458 thousand	3.6 thousand	350 thousand

*Monthly viewers.

TAILORED CUSTOMER SERVICE CHANNELS

Find our Call Center numbers, and access the Contact Us by email and Chats Online at:

Renner

www.lojasrenner.com.br/central-de-atendimento

Camicado

www.camicado.com.br/atendimento/content/12

Youcom

www.youcom.com.br/autoatendimento

We have a dedicated team to answer to customer complaints registered through our RECLAME AQUI website

We are present in the main social networks of each business, such as Facebook and Instagram:

Renner

www.facebook.com.br/LojasRenner

www.instagram.com/lojasrenner

Camicado

www.facebook.com.br/camicado

www.instagram.com/camicado

Youcom

www.facebook.com.br/lojyoucom

www.instagram.com/lojyoucom

In case of complaints, depending on the matter to be dealt with, the client can have the solution immediately after the request, but more sensitive issues that need support from the Legal and Corporate Marketing areas are shared internally and can lead to an investigation and more detailed analysis to come up with a solution.

Diversity

We have increasingly worked on the issue of representing different stereotypes and increasing the representation of minorities in advertisements. We seek to contemplate different races and age groups in our campaigns, essays and videos. In 2019, we reached 15% of black actors and models in Camicado and Youcom campaigns and 30% on Renner campaigns.

In June, LGBTQ + Pride Month, our Product team developed a Pride capsule collection for some stores and e-commerce, celebrating diversity.

Our communication and marketing campaigns comply with specific legislation, such as the Brazilian Code of Advertising Self-Regulation, in addition to the normative instruments, laws and decrees regulated by the Secretariat of Social Communication of the Presidency of the Republic (Secom).

Sensitization in consumption

We believe that we have an important responsibility in our relationship with our customers to create an increasingly sustainable business: to offer less and less impacting product lines (learn more on page 57) by informing the public about the production process of these pieces and empower their choices while stimulating more sustainable consumption and use habits.

With that in mind, in 2018 we launched the Re Responsible Fashion Seal, which symbolizes our way of thinking and practicing sustainability and identifies our products, services and initiatives focused on the theme.

COLLECTIONS AND SPECIAL PRODUCTS

In 2019, in addition to the products launched throughout the year with the Re Seal, we had three special collections designed in a collaborative effort among product, marketing and sustainability teams to bring new concepts to our customers:

Concepts

- Use of less impacting raw materials.
- Product design was designed to make maximum use of available waste, reducing disposal and the leftovers generated during the cutting step were used to make the accessories of the collections.

- Versatile shaped parts that can be used in different formats, including two-sided, extending the possibilities of using the same piece.
- Genderless clothing models.

We were the master sponsor of the largest fashion and sustainability meeting in Latin America, the 3rd edition of Brazil Eco Fashion Week (BEFW), free and open to the public with over 70 lectures, talks and practical workshops, two of which were sponsored by Renner:

Talk "A life without trash" – with Cristal Muniz

Responsible Beauty Workshop
– with Cristal Muniz

The event is a platform to boost brands, professionals, researchers and fashion initiatives, committed to the practices of social, environmental and cultural responsibility.

Collections

ReFlora: pieces inspired by the endangered Brazilian flora with different sustainability attributes, either through the use of alternative materials or the adoption of processes and technologies that reduce the impact on the environment. The pieces also bear the name of the endangered species, and the date on which it occurred, according to the Ministry of Environment. Among the raw materials used are BCI cotton, certified viscose, biodegradable polyamide and lyocel. Another highlight is the recycled thread, resulting from Re Knit, within the circular economy loop closure concept. In an action coordinated with the launch of the collection, the Lojas Renner Institute allocated resources to the Zagaia Amazônia Association (learn more on page 84).

ReFolklore: Inspired by Brazilian folklore, this collection was developed based on principles of circular design, with the creative reuse of fabrics, using the upcycling technique, and a focus on the total reuse of fabric leftovers, getting as close as possible to zero waste.

The collection also brought pieces with multiple ways to wear, since the greater use of what is available in the wardrobe also generates a more conscious consumption: the kimono that can be worn as a blouse or beach outing, the skirt turns into a dress, The dress can be dismembered as skirt and top, the top with different prints on the front and back, the reversible linen top with several options of lashings and the layered skirt that turns into a dress tied at the neck. In addition, the line still presents genderless, hybrid parts.

ReResort: Inspired by the waters, highlighting the fluidity and naturalness of Brazilian seas and rivers, the collection was developed with raw materials such as certified viscose, recycled thread and BCI (Better Cotton Initiative) cotton. The watercolor prints have been hand-drawn and digitally applied through a collaborative process with brand partner suppliers with a technique that prints directly on the pieces and reduces the use of water in the processes and, consequently, the production water footprint.



Responsible fashion in communication

The efforts of the internal and external communication teams reflected in articles, social network posts and reports in the corporate newsletter, ensuring wide dissemination of sustainability in our various channels.

Solar Energy (105 stories), Empowering Refugees (39 stories) and Re Seal launches (24 stories) are among the main topics of interest to the press in 2019. Of the 7,161 publications in which Renner was mentioned, 366 were Sustainability-related stories.

The organic reach of our posts on people who follow Renner on social networks and were impacted by sustainability posts/stories on Facebook and Instagram was 5.2 million. Media reach (impact on users of the same networks that do not necessarily follow our profile) was 48.5 million and number of website visits (e-commerce) through media campaigns that clicked on Re Responsible Fashion disclosures was 49.5 thousand.

Through Corporate CRM and Market Intelligence, campaigns like We All Advance Together impacted 1.4 million people and Re Collections (such as ReFlora + ReFolklore) together impacted 2.9 million people.

In internal communication, the publication Planeta News, sent by e-mail to employees, had 73 notes about sustainability (out of a total of 316 notes). Of these, 23 were actions/news from Lojas Renner Institute, 10 with reinforcement of public commitments, eight on fashion/collections/Re Seal and seven on awards and recognitions.



Responsible Fashion in Renner Style

From mid-year onwards we also intensified our communication routine with our customers about sustainability, with an average of four posts per month on our blog Estilo explaining the sustainability concepts, showing its importance and engaging everyone in a more sustainable consumption.



Biodegradable Products to Invest

Alchemia soap line has the touch of entrepreneur women



End-to-end responsibility: Learn about our supply chain practices



Other posts to check out:

- Dia do Consumo Consciente
- #TodasAvançamJuntas
- 100 mil campos de futebol: esse é o tamanho da área que a Renner ajuda a conservar na Amazônia
- Como encontrar produtos Re nas lojas
- Nosso estilo é ser responsável
- Alchemia Bio: conheça nossos produtos biodegradáveis e sem testes em animais
- No Rio de Janeiro, quatro lojas da Renner são movidas à energia solar
- Dos bastidores ao produto: conheça nossas práticas de sustentabilidade em loja
- Mais (e mais!) algodão responsável!
- Matérias-primas menos impactantes

- EcoEstilo: já conhece o serviço de logística reversa da Renner?
- Renner no Brasil Eco Fashion Week
- Agência Compromisso: conheça o projeto que seleciona manequins de prova na nossa comunidade vizinha, em Porto Alegre
- Uma peça, vários usos: as novidades Re são alegres e superserváveis!
- Encontre as tags que identificam a sua peça de Moda Responsável!
- Renner no ranking Dow Jones de sustentabilidade!
- Como sua rotina de beleza pode ser mais consciente e responsável
- Canudos reutilizáveis: o nosso estilo é ser responsável
- Produtos biodegradáveis para investir

GRI content index

GRI 102-55

DISCLOSURE		REFERENCE (PAGE) / DIRECT ANSWER	SDGs REFERENCE
GRI 102: GENERAL DISCLOSURES			
Organizational Profile			
102-1	Name of the organization	Pg. 10	
102-2	Activities, brands, products, and services	Pg. 10	
102-3	Location of headquarters	Pg. 10	
102-4	Location of operations	Pg. 10	
102-5	Ownership and legal form	Corporation, publicly traded.	
102-6	Markets served	Pg. 10	
102-7	Scale of the organization	Pg. 7, 10, 18 and 71	
102-8	Information on employees and other workers	Page 71. The data reported includes all employees, active and on-leave, until 12/31/2019.	
102-9	Description of the organization's supply chain	Pg. 32	8
102-10	Significant changes to the organization and its supply chain in the reporting period	New office in Dhaka (Bangladesh) and start of operations in Argentina with Renner stores.	
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 chapter Social and Environmental Risks, page 16.	
102-12	Externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses	Pg. 5, 31 and 33	
102-13	Main memberships of industry or other associations, and national or international advocacy organizations	Pg. 31	
Strategy			
102-14	"Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization"	Pg. 5	
102-15	Key impacts, risks, and opportunities	Pg. 16	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	Pg 67. Our Vision, Values and Code of Conduct are available in Portuguese, English and Spanish to reach all members of the governing body, employees, business partners and other stakeholders.	16
Governance			
102-18	Governance structure, including committees	Pg. 13	
102-28	"Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics"	Pg. 14	

DISCLOSURE		REFERENCE (PAGE) / DIRECT ANSWER	SDGs REFERENCE
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%	8
102-42	Basis for identifying and selecting stakeholders with whom to engage	In 2019, we conducted a value chain mapping and stakeholder prioritization analysis based on Edward Freeman's stakeholder theory and Ann Qualman's power-interest methodology. Priority stakeholders have been involved in on-site 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 carried out a new materiality process, with a five-year horizon, which involved an online survey and an in-person workshop with priority stakeholders to define the Company's main impacts and externalities, stakeholders and management priorities for the upcoming years.	
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"	<p>1. Responsible Suppliers: Responsible supply chain - Pg. 32</p> <p>2. Engage customers, employees and communities: Attention and development - Pg. 75 - Supporting development Diversity and equality - Pg. 74 Privacy and security - Pg. 70 Fostering progress - Pg. 81 Employee Engagement - Pg. 79 Digital transformation - Pg. 24 Enchantment - Pg. 85</p> <p>3. Eco-efficient management and sustainable products and services Eco-efficiency- Pg. 61 Stimulating research and innovation - Pg. 65 Customer Engagement (Re Seal) - Pg. 87</p>	
Reporting practice			
102-45	Entities included in the consolidated financial statements	Lojas Renner (Renner), Maxmix Comercial Ltda. (Camicado), Fashion Business Comércio de Roupas Ltda. (Youcom), Renner Administradora de Cartões de Crédito Ltda. (RACC), Dromegon Participações Ltda. (Dromegon) - company owning some of the properties used in our commercial operations - Lojas Renner Shanghai Trading Co. Ltd. (LRS) - responsible for procurement, quality control and test sample development, with Asian suppliers and Realize Crédito, Financiamento e Investimento S.A. (Realize). All the companies in our structure included in the financial statements are considered in the report's quantitative indicators.	
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.	

DISCLOSURE	REFERENCE (PAGE) / DIRECT ANSWER	SDGs REFERENCE
102-47 List of material topics identified in the process for defining report content	1. Responsible Suppliers: Responsible supply chain (within and outside) - Pg. 32 2. Engage customers, employees and communities: Attention and development (outside) - Pg. 75 - Supporting development Diversity and equality (within and outside) - Pg. 74 Privacy and security (within and outside) - Pg. 70 Fostering progress (outside) - Pg. 81 Employee Engagement (within) - Pg. 79 Digital transformation (within and outside) - Pg. 24 Enchantment (within and outside) - Pg. 85 3. Eco-efficient management, sustainable products and services - Eco-efficiency (within and outside) - Pg. 61 Stimulating research and innovation (within and outside) - Pg. 65 Customer Engagement (Re Seal) (within and outside) - Pg. 87	
102-48 Report on the effect of any restatements of information provided in previous reports	We have changed the emission intensity calculation metric (including historical information since 2016 presented here) from m2 of sales area to m2 of built area to have more comprehensive information that also includes Distribution Centers and administrative offices.	
102-49 Significant changes from previous reporting periods in the list of material topics and topic Boundaries		
102-50 Reporting period	2019	
102-51 Date of most recent report	2018	
102-52 Reporting cycle	Annual	
102-53 Contact point for questions regarding the report	Pg. 2	
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	Pg. 91	
102-56 External assurance	Pg. 100	
GRI 103: MANAGEMENT APPROACH		
103-1 Explanation of the material topic and its Boundary	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. 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. 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.	
103-2 The management approach and its components	Pgs. 32, 46, 57 and 66	
103-3 Evaluation of the management approach	Pgs. 32, 46, 57 and 66	

DISCLOSURE		REFERENCE (PAGE) / DIRECT ANSWER	SDGs REFERENCE
GRI 201: ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	Pg. 7 and 18	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.	12
GRI 204: PROCUREMENT PRACTICES			
204-1	Proportion of spending on suppliers local to significant locations of operation	Pg. 32. We consider Brazilian suppliers as local.	12
GRI 205: ANTI-CORRUPTION			
205-2	Communication and training about anti-corruption policies and procedures	Pg. 68	
205-3	Confirmed incidents of corruption and actions taken	Pg. 68	
GRI 301: MATERIALS			
301-1	Materials used by weight or volume	The five main raw materials used in the products in 2019 were Cotton (14.4 t.), Polyester (6.0 t.), Viscose (5.6 t.), Synthetic (2.0 t.) and Polyamide (1.7 t.)	
301-2	Recycled input materials used	Pg. 60	
GRI 302: ENERGY			
302-1	Energy consumption within the organization	Pg. 51	7,8, 12 and 13
302-3	Energy intensity	Pg. 51	7,8, 12 and 13
302-4	Reduction of energy consumption	Pg. 51	7,8, 12 and 13
302-5	Reductions in energy requirements of products and services	Pg. 51	7,8, 12 and 13
GRI 305: EMISSIONS			
305-1	Direct (Scope 1) GHG emissions	Pg. 53	3, 12 and 13
305-2	Energy indirect (Scope 2) GHG emissions	Pg. 53	3, 12 and 13
305-3	Other indirect (Scope 3) GHG emissions	Pg. 49 and 53	3, 12 and 13
305-4	GHG emissions intensity	Pg. 53	13
305-5	Reduction of GHG emissions	Pg. 53	13
GRI 306: EFFLUENTS AND WASTE			
306-2	Waste by type and disposal method	Pg. 56	3 and 12
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT			
308-1	New suppliers that were screened using environmental criteria	Pg. 33, 34 and 35	
308-2	Negative environmental impacts in the supply chain and actions taken	Pg. 16, 33, 34 and 35	
GRI 401: EMPLOYMENT			
401-3	Return to work and retention rates of employees that took parental leave, by gender	Pg. 71	
GRI 404: TRAINING AND EDUCATION			
404-1	Average hours of training per year per employee, by gender and employee category	Pg. 75	
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	Pg. 75	4, 5 and 8

DISCLOSURE		REFERENCE (PAGE) / DIRECT ANSWER	SDGs REFERENCE
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	Pg. 71	
405-2	"Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation"	Pg. 71	
GRI 406: NON-DISCRIMINATION			
406-1	Total number of incidents of discrimination and corrective actions taken	Our control systems do not have segmented discrimination cases.	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	Risks were identified in three international indirect suppliers, representing 0.27% of the total suppliers.	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	Risks were identified in an international indirect supplier, representing 0.09% of total suppliers.	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	Risks were identified in three international indirect suppliers, representing 0.27% of the total suppliers.	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"	Pg. 67. 100% trained employees.	
GRI 414: SUPPLIER SOCIAL ASSESSMENT			
414-1	New suppliers that were screened using environmental criteria	Pg. 16, 33, 34 and 35	
414-2	Negative social impacts in the supply chain and actions taken	Pg. 16, 33, 34 and 35	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 financial or in-kind political contributions were made, directly or indirectly, by the Company.	16

DISCLOSURE		REFERENCE (PAGE) / DIRECT ANSWER	SDGs REFERENCE
SECTOR SUPPLEMENT			
Code of conduct			
AF1	Code of conduct content and coverage.	Pg. 33	16
Audit process			
AF2	Parties and personnel engaged in code of conduct compliance function	Pg. 35	12 and 16
AF3	Compliance audit process	Pg. 35	12 and 16
Grievance procedures			
AF4	Policy and procedures for receiving, investigating, and responding to grievances and complaints	Pg. 35	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	Pg. 35	8, 12 and 16
Business integration			
AF6	Policies for supplier selection, management, and termination	Pg. 33	8, 12 and 16
Code of conduct			
AF7	Number and location of workplaces covered by the Code of Conduct	100% of our own employees and our direct suppliers are covered by the Code of Conduct for Employees and the Code of Conduct for Suppliers.	
Audit process			
AF8	Number of audits conducted and percentage of workplaces audited	Pg. 35	12
Non-compliance findings			
AF9	Incidents of non-compliance with legal requirements or collective bargaining agreements on wages	58 cases in direct suppliers (tier 1) and 168 cases in their national contractors (tier 2), all with established action plans for regularization.	12
AF10	Incidents of non-compliance with overtime standards	18 cases in direct suppliers (tier 1), 35 cases in their national tier 2 contractors and 54 cases in international tier 2 suppliers, all with established action plans for regularization.	12
AF12	Incidents of the use of child labor	1 non-compliance case identified among international tier 2 suppliers, with established action plans for regularization.	12
AF13	Incidents of noncompliance with standards on gender discrimination	3 cases in direct suppliers (tier 1) and 2 cases in their national contractors (tier 2), all with action plans for regularization established.	12
AF14	Incidents of non-compliance with code of conduct	Pg. 34 and 35	12
Business integration			
AF15	Analysis of data from code compliance audits	Pg. 35	12
AF16	Remediation practices to address non-compliance findings	Pg. 35	12
AF17	Actions to identify and mitigate business practices that affect code compliance	Pg. 34 and 35	12

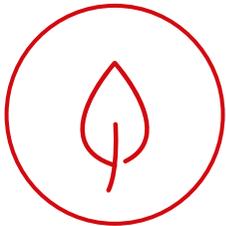
SASB Index

SASB Index

CODE	METRIC	PAGE
Management of chemicals in products		
CN0501-01	Description of processes to maintain compliance with restricted substances regulations	Pg. 41
CN0501-02	Description of processes to assess and manage risks associated with chemicals in products	Pg. 41
Raw material sourcing & innovation		
CN0501-03	Top five raw materials used in products, by weight	The top five raw materials used in the products in 2019 were: Cotton (14.4 t.), Polyester (6.0 t.), Viscose (5.6 t.), Synthetic (2.0 t.) and Polyamide (1.7 t.)
CN0501-04	Percentage of raw materials third-party certified to an environmental or social sustainability standard, by standard	Pg. 59
Labor conditions in the supply chain		
CN0501-05	Percentage of (1) tier 1 suppliers and (2) suppliers beyond tier 1 that have been audited to a labor code of conduct, percentage conducted by a third-party auditor	Pg. 35
CN0501-06	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	The most noncompliant aspect of the mandatory items in the Resale Supplier audits was the noncompliance in the Federal Revenue and FGTS Negative Debt Certificate documentation. In cases where this non-compliance is identified, we request the supplier to regularize with the competent bodies and present updated evidence.
CN0501-07	Discussion of greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	Pg. 16
Environmental impacts in the supply chain		
CN0501-08	Percentage of (1) tier 1 supplier facilities and (2) supplier facilities beyond tier 1 with wastewater discharge meeting or exceeding legal requirements	Among the national suppliers, where the item is monitored in audits, we have 0.9% of direct suppliers and 0.12% of their contractors with non-compliant effluents.
CN0501-09	Percentage of (1) tier 1 suppliers and (2) suppliers beyond tier 1 who have completed the Sustainable Apparel Coalition's Higg Index Facility Module assessment or equivalent environmental data collection	Higg Index assessment is not yet a requirement in the supply chain, but we are progressing on eco-efficiency requirements. Learn more on page 42.

Capitals

Map



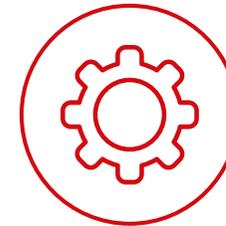
Environmental

Pg. 6, 16, 46, 57



Financial

Pg. 6



Manufactured

Pg. 6, 32



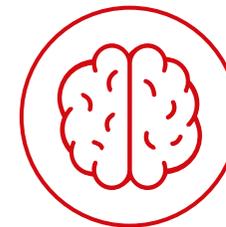
Human

Pg. 6



Social and Relationship

Pg. 6, 16, 32, 66, 67, 68



Intellectual

Pg. 6, 12, 24, 69

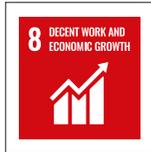
Priority **SDG Map**



Achieve gender equality and empower all women and girls

- Ensuring equity in employment conditions, training and benefits for women
- Women's empowerment in the textile chain
- Support women through social development projects and initiatives

Employees, Pg. 71
Supporting development, Pg. 75
Community support, Pg. 81



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
- Foster human rights advocacy in our operations and supply chain
- Promote development and economic growth through social support

Responsible suppliers, Pg. 32
Supporting development, Pg. 75
Community support, Pg. 81



Reduce inequality within and among countries

- Create job opportunities within our operation and, indirectly, in our suppliers
- Foster human rights advocacy in our operations and supply chain
- Promote development and economic growth through social support

Responsible suppliers, Pg. 32
Community support, Pg. 81



Ensure sustainable consumption and production patterns

- Manage the social and environmental impacts involved in the life cycle of our products
- Act with suppliers to monitor, control and foster responsible production processes
- Promote awareness among our customers for sustainable consumption

Risk management, Pg. 15
Responsible Suppliers, Pg. 32
Eco-efficient stores, Pg. 47
Fighting climate change, Pg. 49
Community Support, Pg. 81
Customers, Pg. 85



Take urgent action to combat climate change and its impacts

- Ensure emissions reduction and climate change mitigation strategy
- Working for four years as a carbon neutral business
- Reduce fuel consumption

Eco-efficient stores, Pg. 47
Fighting climate change, Pg. 49



Strengthen the means of implementation and revitalize the global partnership for sustainable development

- Active participation in organizations for sector development and sustainability promotion

Strategic commitment to Responsible Fashion, Pg. 28

Caption:

SDG	SDG target
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•Lojas Renner performance

Relation to content/pages

Independent auditors' report

GRI 102-56



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Limited assurance report issued by independent auditors

To the Board of Directors, Shareholders and Stakeholders
Lojas Renner S.A.
Porto Alegre - RS

Introduction

We have been engaged by Lojas Renner S.A. ("Lojas Renner" or "Company") to apply limited assurance procedures on the sustainability information disclosed in Lojas Renner's Annual Report 2019, related to the year ended December 31st, 2019.

Responsibilities of Lojas Renner's Management

The Management of Lojas Renner is responsible for adequately preparing and presenting the sustainability information in the Annual Report 2019 in accordance with the *Standards for Sustainability Report of Global Reporting Initiative - GRI*, as well as the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

Independent auditors' responsibility

Our responsibility is to express a conclusion about the information in the Annual Report 2019 based on a limited assurance engagement conducted in accordance with Technical Communication (TC) 07/2012, which was prepared based on NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), both issued by the Brazilian Federal Accounting Council - CFC and equivalent to international standard ISAE 3000, issued by the International Federation of Accountants and applicable to Non-Financial Historical Information. These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the Lojas Renner's Annual Report 2019, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of questions and interviews with the Management of Lojas Renner and other professionals of the Company involved in the preparation of the information disclosed in the Annual Report 2019 and use of analytical procedures to obtain evidence that enables us to reach a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the

information disclosed in the Annual Report 2019 taken as a whole could present material misstatement.

The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the Annual Report 2019, on other engagement circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist. The procedures consisted of:

- a. engagement planning: considering the material aspects for Lojas Renner's activities, the relevance of the information disclosed, the amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the Lojas Renner's Annual Report 2019. This analysis defined the indicators to be checked in details;
- b. understanding and analysis of disclosed information related to material aspects management;
- c. analysis of preparation processes of the Annual Report 2019 and its structure and content, based on the Principles of Content and Quality of the *Standards* for sustainability report of the Global Reporting Initiative - GRI (GRI-Standards);
- d. evaluation of non financial indicators selected (102-1;102-2;102-3;102-4;102-5;102-6;102-7;102-8; 102-8;102-9;102-12;102-13;102-18;102-40;102-42; 102-43;102-44;102-45;102-46;102-47;102-54;102-55;102-56;103-1; 204-1; 205-2; 301-2; 302-1; 306-2; 308-2; 405-1; 406-1; 408-1; 409-1; AF6; AF8; AF14; AF16):
 - understanding of the calculation methodology and procedures for the compilation of indicators through interviews with management responsible for data preparation;
 - application of analytical procedures regarding data and interviews for qualitative information and their correlation with indicators disclosed in the Annual Report 2019;
 - analysis of evidence supporting the disclosed information;
- e. analysis of whether the performance indicators omission and justification are reasonable to be accepted associated to aspects and topics defined as material in the materiality analysis of the Company;

We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied to a limited assurance engagement are substantially less extensive than those applied to a reasonable assurance engagement. Therefore, we cannot provide reasonable assurance that we are aware of all the issues that would have been identified in a reasonable assurance engagement, which aims to issue an opinion. If we had conducted a reasonable assurance engagement, we may have identified other issues and possible misstatements within the information presented in the Annual Report 2019.

Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data's materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to prior periods, to evaluate the adequacy of policies, practices and sustainability performance, nor future projections.

Conclusion

Based on the procedures carried out, described earlier in this report, we have not identified any relevant information that leads us to believe that the information in the Annual Report 2019 of Lojas Renner is not fairly stated in all material aspects in accordance with the *Standards* for Sustainability Report of *Global Reporting Initiative - GRI (GRI- Standards)*, as well as its source records and files.

São Paulo, April 17th, 2020

KPMG Assurance Services Ltda.
CRC 2SP-023228/O-4



Eduardo V. Cipullo
Accountant CRC 1SP135597/O-6

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Administrative, Financial and IR Executive Office – Investor Relations Management

Editorial project, writing, GRI & integrated reporting consulting and translation

RICCA Sustentabilidade
www.riccari.com.br

Graphic design: layout & illustrations

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LOJAS RENNER S.A.

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