

2021

SUSTAINABILITY REPORT

VULCABRAS

building a better country through sports

SUMMARY

We live for the sport

3

Our purpose

3

Our values

4

Highlights

5

From the Chief Executive Officer

6

Who We Are

7

Vulcabras

7

Where we are

8

Our results

9

Our business model

11

Our brands

12

Awards and Accolades

15

Our 2030 Ambitions

17

More KM, less Waste

17

CO₂ Marathon

18

From Brazilian to Brazilian

18

Sport for All

19

Diversity and Inclusion

20

Corporate information

21

Governance

21

Ethics and anti-corruption

22

Risk Management

22

Conflict of interests

22

Complementary disclosures

23

About the report

53

Reporting process

53

Engagement Process

54

Process for definition of the material issues

54

Material issues

55

Materiality

56

GRI content summary

57

VULCABRAS & you

59

WE LIVE FOR THE SPORT

GRI 102-16

Our purpose

Vulcabras has a dream: to build a better country through sports.

Sport generates value, employment, income, well-being and development for cities. Producing in Brazil, through the hands of Brazilians, makes the country grow, creates jobs and new opportunities for thousands of citizens.

Based on its brands and products, the Company offers quality sports, democratizing access to high-tech sports products for all Brazilians, allowing more people to have access to sports performance.

The more access and the better the quality, the greater the return offered to society.

**The more access
and the better the
quality, the
greater the return
offered to society.**



Our values

In 2021, the Group revisited its values and presented seven new principles that will guide the relationships and decisions of teams and employees from now on.

Passion, Ownership, Teamwork, Excellence, Respect, Integrity and Thinking about Tomorrow will be part of the day-to-day of Vulcabras.

Passion for what we do builds innovative projects out of the desire to transform the impossible into reality and together with **team work**, even greater goals are achieved.

The search for **excellence** on a day-to-day basis creates and produces historic products, brings innovation and builds winning brands. **Ownership** empowers everyone to bring solutions to the challenges and opportunities of the Company's business.

Thinking about tomorrow brings projects and actions that reduce the impact on the environment and increase the positive impact on the societies in which they operate.

All this with a lot of **respect** and **integrity** among employees, partners and customers.

Thus an even greater Vulcabras is built.



Highlights

Gross revenue of **R\$ 2.2 billion** and a net profit of **R\$ 313.8 million**, representing **16.8% of net margin**;

Launch of the Olympikus Corre1 Eco, the brand's first running shoe **produced with materials with less environmental impact**;

Compensation of 14.5 tons of plastic packaging and post-consumption paper in partnership with co-participatory collection programs;

Start of production of footwear with **100% wind power**;

1,147.41 tons of recycled or reinserted inputs in the manufacturing process;

79% of the financial volume of material's purchase made from Brazilian suppliers;

64% of treated effluent at the Horizonte Unit was reused in the maintenance of plant activities;

Implementation of the **Sustainability Commission**;

Diamond Certification in the Sustainable Origin Program at the Horizonte, Ceará, factory

R\$ 477 million, equivalent to 48% of the budget for materials purchased in Brazil, invested in suppliers in the Northeast;

148,676 hours of training carried out by the Human Resources, Environmental Management, Sustainability, SESMT and Quality teams;

GRI 102-14 | 102-15 | 102-16 | 201-1

From the Chief Executive Officer

Vulcabras has been present in the life of Brazilians for 70 years. There were many commitments made, research carried out and technologies applied.

There are 17,000 Brazilians who make Vulcabras the largest sports brand manager in the country. Daily, the Company seeks a balance between its interests and available resources, generating greater positive impact on employees, communities, suppliers, shareholders and customers.

As part of the strategy to focus on the sporting goods market that started three years ago with the licensing of Under Armour, in February 2021 Vulcabras acquired the licensing of Mizuno in Brazil, with the aim of consolidating itself in the national sports market. Vulcabras' expertise in the production and distribution of sports footwear allowed the Japanese brand to expand its sales, which contributed to the end of the year with record gross sales.

In March 2021, as part of the Company's e-commerce channel expansion plan, the Distribution Center (DC) in Extrema, in the south of Minas Gerais, was opened. The location mainly concentrates the Group's online sales operations and improves the level of customer service and expands the channel's results.

On the environmental side, in October 2021 Vulcabras started using wind energy in all processing facilities, and as of 2022 100% of the footwear produced will be made with wind energy, a milestone for the company and for the footwear sector, further reinforcing the commitment to sustainable development.

Still in 2021, the manufacturing unit in Horizonte was recertified with the Diamond level by the Sustainable Origin Program, the highest category of the program, the only program that certifies the footwear chain in Sustainability and ESG, reinforcing that Vulcabras is a reference in the sector.

2022 will be the year of consolidation of our strategies, with an opportunity for sales growth in all channels and in all brands, with new investments in factories, launch of new products, growth of the e-commerce channel and expansion of the apparel division across all brands. On the environmental and social side, we will expand our activities in society with projects focused on education and sports in the regions where we operate and increasingly implementing sustainable technologies and solutions for our operations.

Pedro Bartelle, Vulcabras CEO



Pedro Bartelle, Vulcabras CEO

2 WHO WE ARE

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

Vulcabras

Founded in 1952, it is the largest sports brand manager in the country and the largest sports footwear industry in Brazil, with a wide presence nationally and in Latin American countries. Its portfolio of brands includes its own brand Olympikus and the licensed brands Under Armour and Mizuno, which together offer products for all athlete profiles, of all performances, of all budgets.

Since the capital reopening in 2017, the company has intensified investment in its operations, equipping its Research and Development Center and its factories with the best technologies and innovations to produce the best sports footwear in Brazil. Today, the Company has the largest R&D Center for sports footwear in Latin America and two factories, located in Horizonte, Ceará, and Itapetinga, Bahia that produce the most modern solutions for sports footwear. The widespread distribution serves more than 19,000 points of sale throughout the national territory and a wide commercial and marketing team, dedicated by brand, make Vulcabras one of the leading companies in national sports retail.

In the direct-to-consumer (DTC) sales channels, the self-managed e-commerce channel and a dedicated distribution operation complements the retail product offering, offering consumers a broad portfolio that dresses the athlete from head to toe on different occasions of consumption.

The Vulcabras factory in Ceará is now certified with the Sustainable Origin Award diamond seal. The processing facilities in Ceará and Bahia have good practices, such as the reuse of waste and effluents and the use of wind energy.



Where we are

In Parobé, Rio Grande do Sul, is located the Research and Development Center for sports footwear, the largest and most technological in Latin America, which has more than 600 employees who develop more than 800 models of footwear per year.

The products are made in two modern factories located in Brazil's Northeast region; namely, in the cities of Horizonte, Ceará, and Itapetinga, Bahia. The Company's administrative center is located in Jundiaí, São Paulo, in addition to a Logistics Distribution Center for the e-commerce channel and own stores located in Extrema, Minas Gerais. By 2021, these five units in Brazil directly employed more than 16 thousand workers. Abroad, Vulcabras is present in more than 15 countries, with a strong presence mainly in Latin America.

The company also has:

- Commercial team with **more than 330 sellers** throughout Brazil;
- **3 e-commerces** dedicated by brand;
- Operation in more than **16 marketplaces** in Brazil;
- **9 own stores** of the brands in Brasil: 3 Under Armour stores, 3 Mizuno stores and 3 Vulcabras factory stores;
- **50 own stores** in Peru and Chile;





GRI 102-5 | 102-7 | 102-45 | 201-1

Our results

Vulcabras ended 2021 with historical results for the Company, growing in all indicators. Gross revenue was R\$ 2.2 billion, an increase of 56% compared to 2020. EBITDA (earnings before interest, taxes, depreciation and amortization) reached R\$ 399 million, 255% higher than in the previous year. Net margin jumped from 2.7% in 2020 to 16.8% in 2021, while gross margin reached 35.3%, an increase of 5.8 percentage points. Given the financial performance for the year, we anticipated dividends to shareholders in the amount of R\$ 86 million in November 2021.

The record revenue in the year is the result of the strategic transformation built over the last three years, adjusting the Company's focus to the sports market with the arrival of Mizuno to its portfolio, which already had Olympikus and Under Armour. This allowed for a better portfolio mix.

As part of the growth plan, the digitalization of sales channels was carried out, focusing on e-commerce and new tools to support our partners' digital operations. The construction of the Distribution Center in Extrema, Minas Gerais, mainly dedicated to the brands' e-commerce, allowed a closer and direct connection with the brands' consumers, reducing the service time from 5 days to 2.4 days.

These measures, in addition to Vulcabras' ability to develop high-tech products, and fast respond to local market demand, played an important role in increasing revenues and net profit.

2022 will be the year of consolidation of this strategy, with opportunities for growth in the direct-to-consumer sales channel (e-commerce and stores) and in the apparel category. Moreover, in the first quarter of 2022, the new Mizuno's national collection, 100% developed by Vulcabras, will arrive at retail with more adherence to the needs of the Brazilian consumer, capturing synergies in the productive process, which should provide better margins. With the strengths of Vulcabras and the strength of the Mizuno brand, the brand returns to its leading role in the national sporting goods market. For Olympikus and Under Armour, the prospects are for consistency in the delivery of results, with the sales portfolios captured for the coming quarters showing good results.

Main figures

GRI 201-1 Direct economic value generated (R\$ million)			
Generated	2021	2020	2019
Revenue (R\$)	2,202,657	1,341,725	1,557,664
GRI 201-1 Direct economic value generated (R\$ million)			
Distributed	2021	2020	2019
Operating Costs	1,012,023	663,173	691,256
Employee salaries and benefits	537,376	394,501	442,195
Payments to the Government	294,236	185,562	215,386
Payment to capital providers ¹	382,514	70,985	165,274
TOTAL	2,226,149	1,314,221	1,514,111
GRI 201-1 Direct economic value generated (R\$ million)			
Withheld	2021	2020	2019
"Direct economic value generated" minus "distributed economic value"	(23,492)	27,504	43,553

1. Includes compensation on third-party capital (accrued interest, passive exchange variations, leases and others) and retained earnings (losses) for the year.

Check out the full financial statements at vulcabrasri.com

In 2021, the engagement of Ernst & Young Auditores Independentes S.S. (EY) took place to perform the services related to the audit of financial statements as of fiscal year 2022 and onwards, substituting the current auditors KPMG Auditores Independentes, who agreed with the referred substitution, everything in conformity with the provisions of CVM Instruction 308/99.



GRI 102-2 | 102-7 | 102-10 | 102-15 | 102-48 | 201-1

Our business model

Vulcabras is the largest sports brand manager in Brazil and offers products for athletes of all performances, with wide price ranges for every consumption profile. By providing quality sports for all Brazilians, Vulcabras directly contributes to sustainable development, in line with the Sustainable Development Goals (SDGs) proposed by the United Nations (UN) - in particular SDG 3, referring to health and well-being.

The brand management carried out by Vulcabras is leveraged by development and industry verticalization, together with the distribution of retail sales and its own channels – e-commerce for each of the brands and own stores. This allows Vulcabras to get to know the Brazilian consumer and react quickly to demand, creating products suited to market needs with shorter delivery and replacement times to the retailer. As a result, the sales channel is not over-supplied and can replace its inventory according to the sellout, reducing the need for discounted sales and maintaining the retailer's margin.

The Research and Development Center, located in Parobé, Rio Grande do Sul, has the most modern technologies for research and development of sports footwear in Latin America, which counts on professionals who range from the creation of models, go through a laboratory of internationally certified materials and tests, prototyping and arrive at the matrix, which is then sent to the factories for footwear production. Also, at Parobé unit, the apparel and accessory team develop the assortment for the athletes of each brand.

The factories, located in Horizonte, Ceará and Itapetinga, Bahia, have the most modern footwear production technologies in the world, allowing the production of high-performance products in Brazil. The Ceará plant is in the expansion phase to bring more innovation to its production process.

GRI 102-2

Our brands

The Group has in its portfolio brands that cater to different profiles of professional and beginner athletes. With Olympikus, the largest sports brand in Brazil, access to sports is democratized, offering sports technology with the best cost-benefit ratio for everyday “runs”. With Under Armour, the third largest multisport brand in the world, the entire ecosystem of sports products is offered to the high-performance athlete, who seeks to overcome their limits. And with Mizuno, the newcomer to the Company that reinforces to the portfolio products that bring a lot of technology with all the Japanese knowledge that serve both the most demanding consumers and the beginners.

Mizuno

Present in the world market for 116 years, the Japanese multinational was founded in the city of Osaka by Rihachi Mizuno. It has built its reputation for quality and innovation in the sport over the years, having even been a partner of great Brazilian names.

The brand offers a complete line of products in different modalities. In recent years, it has adopted the running category in Brazil as its focus. In 2021, Mizuno brought great innovations to the segment, such as the Wave Rebellion, a sneaker aimed at speed, whose main difference is the Mizuno Energy Lite technology, a super light midsole material with high energy return combined with the Wave plate reinforced with fiberglass that increases the level of cushioning and response during the race, other models in highlights are the Wave Sky Neo 2 and Wave Sky 5 with Mizuno Energy Core technology that revolutionizes the issue of cushioning and softness. In addition to these novelties, the brand launched new versions of its iconic products that contain Infinity Wave technology. Wave Creation has reached its 22nd edition and the Wave Prophecy X model, and to celebrate its 10th edition Mizuno has launched the Wave Prophecy Sorayama model, a collaboration with Japanese artist Hajime Sorayama that created a modern and futuristic look for the model calling attention around the world.



Mizuno Wave Prophecy Sorayama



Corre 2 Eco

Olympikus

Olympikus, the largest sports brand in Brazil, is the proprietary brand of the Company, was founded in 1975, and since then has been building a long relationship with Brazilian sport. It currently runs the proprietary street racing event, Bota pra Correr, and sponsors the São Paulo International Marathon.

In 2021, in the *running* category, the brand launched the Olympikus Corre1 Eco, the brand's first running shoe made with more environmentally friendly materials. The product uses materials such as Green EVA, which is produced from sugar cane and is present in the sole and insole of the shoes. Indicated for maximum running performance, among the main highlights of the Corre1 Eco are the Duoflow technology, which results in greater cushioning and response through Green EVA, the HyperSox, material with polyester yarns recycled from plastic bottles, ensuring better breathability, comfort, flexibility and lightness, and Gripper and Gripper Plus, natural rubber extracted from the rubber tree that provides better grip on the ground and impact absorption, and that produces 17 times less CO²/ton and consumes 13 times less energy, when compared to common synthetic rubber.

In the Casual category, one of the highlights was the Olympikus CS Urbn, sneakers with an urban design and different textures, in addition to the sole with Evasense and Gripper technologies, thus offering lightness, flexibility and grip. In the *athleisure* category, one of the most outstanding launches was the Olympikus Molécula, with the differential of a sole with an innovative and technological design, having the Evasense Plus technology, thus providing more lightness and comfort.



Olympikus Molécula



Under Armour

The North American brand Under Armour was founded in 1996, and is focused on sports performance for the entire athlete's journey.

In 2021, basketball was highlighted throughout the year, with products and actions focused on athletes and lovers of this sport. One of the biggest launches was the brand's partnership with American player Stephen Curry, which resulted in the Curry Flow 8 and, later, the Curry Flow 9, sneakers that revolutionize the design of a traditional basketball shoe by completely eliminating the rubber sole. At the end of the year, the brand launched Spawn 3, locally produced by Vulcabras.

Another great moment was the local production of footwear with HOVR technology, Under Armour's main technology. This was the first time that the brand manufactured models with the UA HOVR technology outside Asia, thus attesting to the high capacity of the industrial park and also the Vulcabras Research and Development Center. Three models were produced – UA HOVR Infinite 3, UA HOVR Infinite Summit 2 and UA HOVR Phantom 2. The HOVR line is already recognized globally by the sports community, because, in addition to the quality of its components that guarantee comfort when practicing sports, these models of the performance line have an embedded chip, which connects to the Under Armour app: Map My Run. When connected to the runner's cell phone, the app provides a real-time virtual trainer for the runner.



GRI 102-15

Awards and Accolades

Inclusion

In 2020, Vulcabras was recognized by the Government of Ceará, through the Secretariat of Economic Development and Labor (Sedet) and the Institute of Labor Development (IDT), with the Empresa Completa, Empresa que Inclui certificate.

The award took place on the National Day of Struggle for People with Disabilities and aimed to recognize the companies that most included people with disabilities, through the IDT/SINE service network, in 2020, and, with this, disseminate the importance of inclusion in the scope of work.

Vulcabras units have accessibility, technology resources and adaptations in the work environment so that employees feel completely included and welcomed.



Receipt of the Empresa Completa, Empresa que Inclui award.

DIAMOND Sustainable Origin Certification

The Sustainable Origin program is the only sustainability program that certifies footwear companies in the world.

In 2021, the Vulcabras unit located in Horizonte, Ceará went through the recertification process, earning the Diamond level – the highest of the Sustainable Origin certification, achieving more than 80% of the indicators.

The program is based on the best international sustainability and ESG practices, following indicators of five dimensions: economic, environmental, social, cultural and sustainability management.

Vulcabras is committed to aligning its production processes with internationally recognized indicators to drive sustainable growth throughout its production chain.



Receipt of the Diamond certificate of the Sustainable Origin program at Inspiramais.



Pedro Bartelle, CEO of Vulcabras, receives tribute in the 6th edition of the MONEY REPORT Gallery of Notables.

Gallery of notables

The 6th edition of the MONEY REPORT Gallery of Notables recognized personalities, companies and organizations that stood out in the economy, business and defense of the liberal agenda for Brazil throughout 2021, a year that presented unexpected challenges, caused by the Covid-19 pandemic, for the recovery of productive activity. Pedro Bartelle, CEO of Vulcabras, was honored in the Entrepreneurs of the Year category.

OUR 2030 AMBITIONS

Vulcabras continues to be increasingly engaged in positively impacting the communities in which it operates. Reducing its impact on the environment, bringing more and more innovation to the national industry, strengthening the chain with local suppliers and democratizing access to sports and bring more diversity to management are its commitments to society. Building a better country through sport is its purpose, and with it our responsibility to also build a better tomorrow today.

In this way, the Company presents **Sport for Brazil 2030**, an action plan to build a better and more sustainable country with ambitions to be worked on by Vulcabras until 2030. It comprises five fronts:

More KM, Less Waste

Reduce Vulcabras' impact on the environment, with the main interest of eliminating the disposal of industrial waste in landfills, in addition to reducing its generation by 10% at the units.

What we already do

100%

Reuse of waste in Itapetininga

20%

of Recycled EVA in OLYMPIKUS footwear

100%

of our packaging are fully recyclable

Up to

20%

of recycled paper

Until 2030

ZERO WASTE

in our direct operations

10%

waste reduction in all units

CO₂ Marathon

We believe in a low carbon world. And that's why we are committed to reducing our direct emissions and, in partnership with our suppliers, reduce emissions in our supply chain.

What we already do

100%

wind energy at our factories

Until 2030

All our operations will be

**LOW
CARBON**

Based

100% renewable energy

Partnering with our suppliers to reduce the carbon footprint in our supply chain

From Brazilian to Brazilian

We want to increasingly bring innovations to the industry and strengthen the chain with local suppliers.

What we've already done:

Vulcabras is a 100% Brazilian company and aligned with its purpose of building a better country based on sport, it promotes the national industry in all its business stages, contributing to the generation of jobs, income and investment, and to the economic growth of the regions in which we operate. In the supply chain, national companies are prioritized and given the location of the factories in the Northeast, this region concentrates the largest volume of purchases.

To demonstrate our commitment to the national industry, we brought to our 2030 ambition to further expand the purchase of inputs and services from national companies.

In 2021, R\$ 477 million was invested in revenue from suppliers in the Northeast, equivalent to 48% of revenue from materials purchased in Brazil.

79%

financial volume of material purchases from **local suppliers**

**2 local
factories**

Until 2030

Further expand the national supply chain

**+ national
apparel**
for all brands

Addition of

10%

purchasing from suppliers of national origin

Sport for All

Sport for All: sport creates better habits and improves the quality of life, and that is why Vulcabras wants to expand its participation in incentivized projects that aim at education based on sport.

Based on sports, we will offer inclusion for young people and adults with projects that allow quality sports to be practiced by more vulnerable groups.

What we already do:

Triathlon School*

* Contribution via incentive law. Project still open for fund raising.

Gympass for

65,000
employees and family

Until 2030

Expand our sports inclusion projects

1,000 people
per year in projects supported by Vulcabras and its brands

GYM PASS

Gympass is the only corporate wellness platform that offers access to over 50,000 gyms and studios, over 700 activities and the best wellness apps. In 2021, Vulcabras joined the program to encourage sport, generate well-being for its employees and dependents and thus foster the economic performance of the sport ecosystem in the cities where it operates. Along the year, there were more than 4,100 training sessions per month at partner gyms.

Our numbers:

1483 employees are registered on the Gympass platform (2021)

4100 training sessions/month performed by employees and their dependents (2021)



Inclusion and Diversity

In order to continue democratizing the sport, Vulcabras also aims to democratize its ecosystem, thus having a representative management.

What we already do:

23%

female representation in leadership positions* (11% board, 25% management)

19%

ethnic diversity in leadership positions* (16% board and 20% management)

Until 2030

30%

of female representation in leadership positions (management and board)

35%

of ethnic diversity in leadership positions (management and board)

Performance assessment and development plan for employees

Succession plan for management and board positions

*Board and Management



CORPORATE INFORMATION

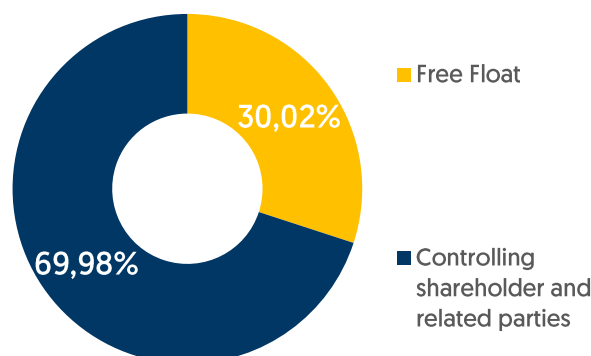
GRI 102-5 | 102-18 | 102-20 | 102-22 | 102-23 | 102-24 | 102-26 | 102-35

Governance

The Company is called “Vulcabras S/A.”, and is a corporation, governed by the Bylaws and applicable legal provisions, including Law no. 6.404, of December 15, 1976, as amended (“Brazilian Corporate Law”).

In 2021, the appointment of Mr. Paulo Sérgio da Silva to the position of independent member of the Board of Directors took place, with term of office until the next General Meeting on April 26, 2022, as provided for in article 150 of Law 6.404/76, to substitute Mr. Hector Nuñez, who resigned in December of that year.

Shareholding Structure



Members of the Board of Executive Officers

The Executive Board is composed of 7 (seven) members, elected annually by the Board of Directors, by majority vote, for a unified term of office of 2 (two) years, with reelection being admitted. It has representative and executive functions, with the powers conferred by applicable law and in accordance with the Bylaws.

Pedro Bartelle
Chief Executive Officer

Flávio de Carvalho Bento
Chief Industrial Officer

Rafael Carqueijo Gouveia
Superintendent Director

Evandro Saluar Kollet
Chief Product Development and Technology Officer

Wagner Dantas da Silva
Chief Administrative, Financial and Investor Relations Officer

Márcio Kremer Callage
Chief Marketing Officer

Rodrigo Miceli Piazer
Chief Supply Chain Officer

The total compensation of the Board is composed of four elements:

- Fixed Compensation
- Benefits
- Variable Compensation
- Stock Options

Members of the Board of Directors

The Board of Directors is composed of 5 (five) members, with deliberative functions, all elected and removed by the General Meeting, with a unified term of 2 (two) years, with reelection being permitted.

Pedro Grendene Bartelle
Chairman of the Board of Directors

André de Camargo Bartelle
1st Vice-President

Pedro Bartelle
2nd Vice-President

Paulo Sergio da Silva
Independent Member

Octávio Ferreira de Magalhães
Independent Member

Compensation is composed of Fixed compensation, which is based on market practices and aimed at recognizing, internally and externally, the participation and value of the Members.

Ethics and anti-corruption

Vulcabras is committed to maintaining an ethical culture as a basis for formalizing policies and implementing corporate governance practices with the sharing of corporate values in an upstanding environment, with respect for the investor community and the capital market. Therefore, we publish the following policies and guidelines on the Investor Relations website:

- Bylaws
- Significant Event Disclosure Policy
- Company Shares Trading Policy
- Related Party Transactions Policy
- Nomination and Compensation Policy for Directors
- Internal Regulations Board of Directors
- Internal Regulations Supervisory Board
- Code of Ethics

Risk Management

The main financial risks related to Vulcabras' business model are grouped into four categories: Interest Rate, Exchange Rate, Trade Barriers, and Credit Risk.

- **Increase of the Interest Rate:** increase in the financing cost with the increase in variable interest rates in the domestic and foreign markets.
- **Exchange Rate Variation:** portion of our net sales revenue comes from the sale of goods in the foreign market and, therefore, is denominated in US dollars.
- **Commercial barriers:** stricter barriers in foreign markets which export our products.
- **Credit Risk:** risk of financial loss should a customer or counterparty to a financial instrument fail to fulfill its contractual obligations, which arise mainly from the Company's trade receivables and investment securities.

Additional risks may adversely affect the Company. The Company's financial discipline seeks to manage these risks in its economic indicators in light of market fluctuations.

Conflict of interests

All decisions on operations are submitted to its management, in accordance with the powers defined by the Bylaws. In the event of a possible conflict of interest between the matters under analysis and any member of its deliberative bodies, the provisions of the Brazilian Corporation Law are followed, and the respective member must abstain from voting, with the decision being made by the other members that have no relation to the subject under examination. More information can be found on your Reference Form.

COMPLEMENTARY DISCLOSURES

People Management

24

Inclusion and Diversity

24

Development and Qualification

26

Quality of Relationships

26

Membership in associations

26

Relationship with Workers' Union

26

Relationship with employees

27

Relationship with customers

28

Investor Relations

29

Suppliers

30

Supplier management

30

Data protection

32

IMS

33

Sustainability in Vulcabras' DNA

34

Priority SDGs

35

Environmental, Social and Corporate Governance (ESG)

35

Innovation highlights

36

Caldeira Institute

36

Manufacturing plant expansion

36

Environmental Management

37

Water management

37

Energy management

38

Emissions

39

Materials and waste management

40

Use of recycled inputs in the productive process 2021

42

Main benefits: reduction of natural resources

43

Biodiversity

44

Development and Qualification

45

Society

46

Community support actions

46

Health and Safety Management

47

Our Indicators

48

SIPATMA

48

Fighting Covid-19

51

PEOPLE MANAGEMENT

Its social commitment includes respect for human rights, in line with the principles of the United Nations Global Compact and the goals of the Sustainable Development Goals (SDGs). In this sense, the construction and implementation of an agenda focused on human rights is integrated to its business.

As the largest sports brand manager in Brazil, Vulcabras has the fundamental role of guaranteeing the well-being of its stakeholders and providing a safe, welcoming and diverse work environment.

GRI 102-7 | 102-8 | 102-10 | 102-16 | 401-1 | 405-1

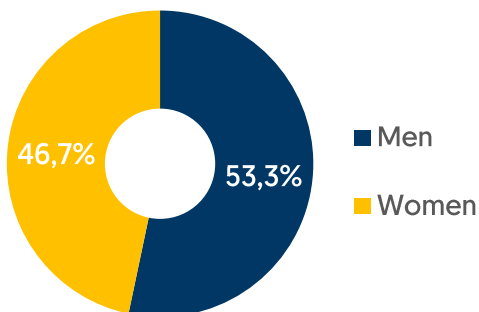
Inclusion and Diversity

Society demands changes and breaking paradigms within corporate environments. The consumer profile is more aware and the business social ecosystems are more attentive to this new reality.

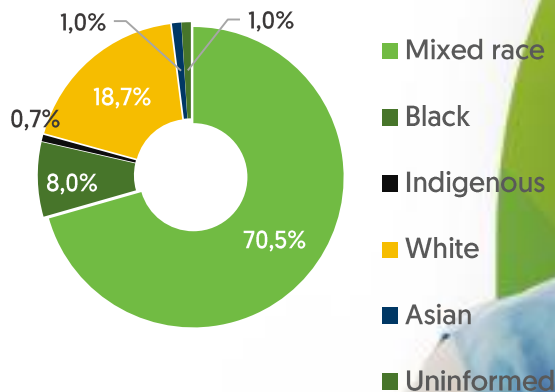
The company is developing mechanisms to ensure an inclusive and equitable environment in its work and recruitment dynamics.

It is believed that it is necessary to reflect the country's diversity within the Organization to ensure the well-being of its employees and society. Thus managing business risks in this increasingly competitive and dynamic environment.

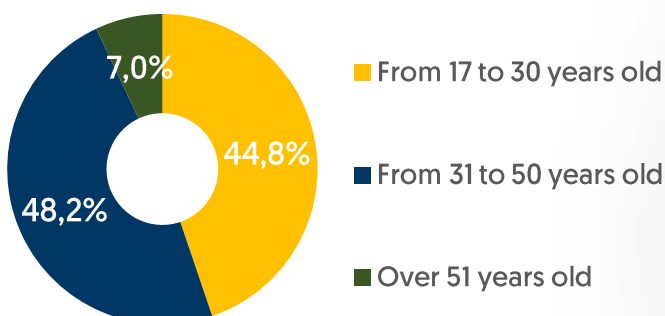
Employees by gender



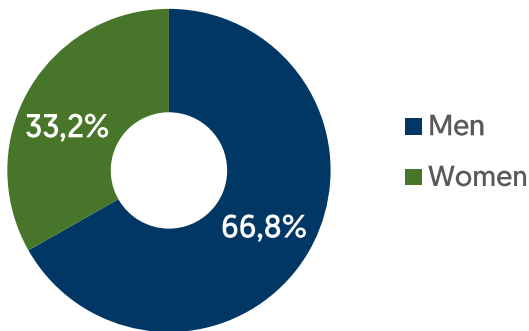
Employees by ethnicity



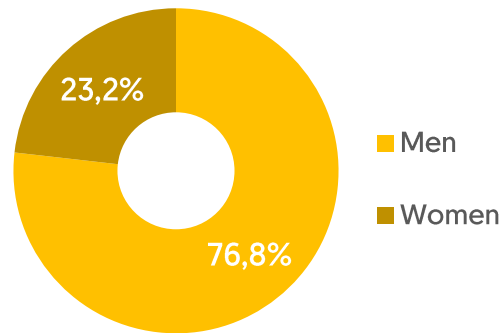
Employees by age group



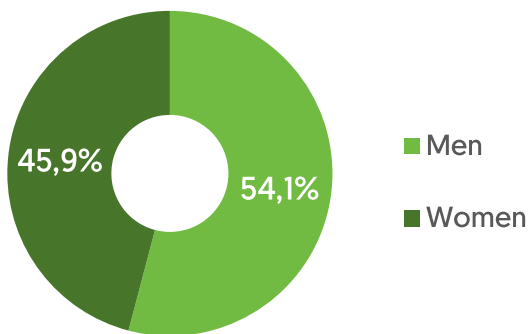
Employees in management positions by gender



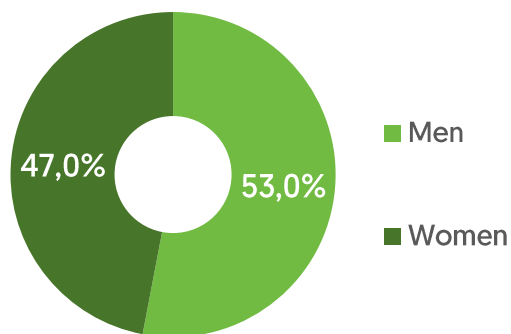
Employees who integrate director and manager positions by gender



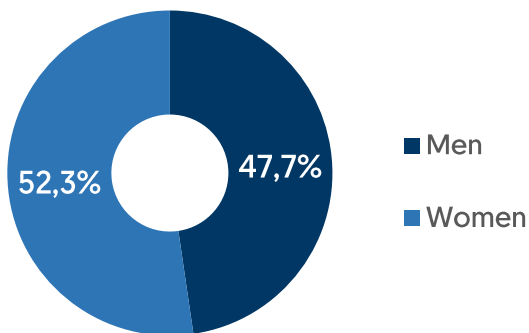
Employees in administrative positions by gender



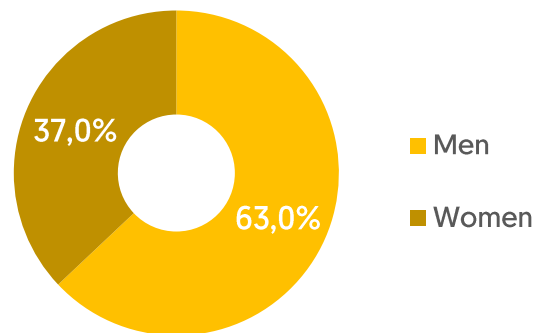
Employees in an operational position



Apprentice employees by gender



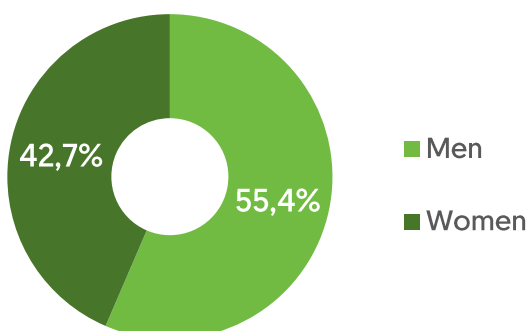
PWD by gender



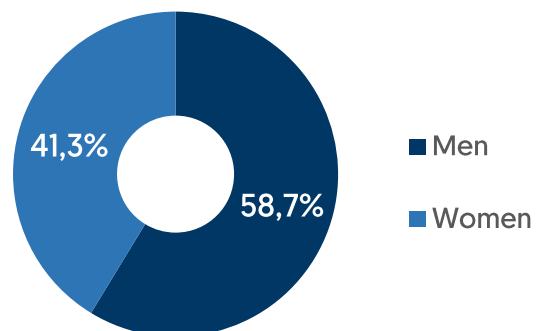
In 2021, Vulcabras promoted around 1086 new jobs. During this period, it set the attrition rate at 22.71%.

Most of the dismissals occurred in the manufacturing units where 92% of our employees are concentrated.

New hires by gender



Dismissals by gender



QUALITY OF RELATIONSHIPS

GRI 102-12 | 102-13

Membership in associations

Vulcabras is a member of the Brazilian Footwear Industries Association (Abicalçados). It participates in events, projects and exchanges of experiences related to business, putting into practice its purpose of building a better country through sport.

GRI 102-41 | 102-43

Relationship with Workers' Union

All its employees are covered by collective bargaining and also have the support of the Human Resources area in negotiations and definitions with the respective union.



Horizonte unit

GRI 102-41 | 102-43

Relationship with employees

Vulcabras is committed to maintaining an ethical and transparent dialog with its employees. In its processes the equity in professional relationships is appreciated, and any prejudiced and discriminatory attitudes are strictly prohibited.

The professional development and quality of life of its employees is encouraged, with safe and healthy working conditions, free from threats, acts of violence, and moral and sexual harassment. Conducts that affect the well-being of its employees can be reported in the suggestion box or directly to the Legal Department. Communications are confidential and, if desired, can be done anonymously.

Vulcabras will protect the person reporting, in good faith, against any retaliation.





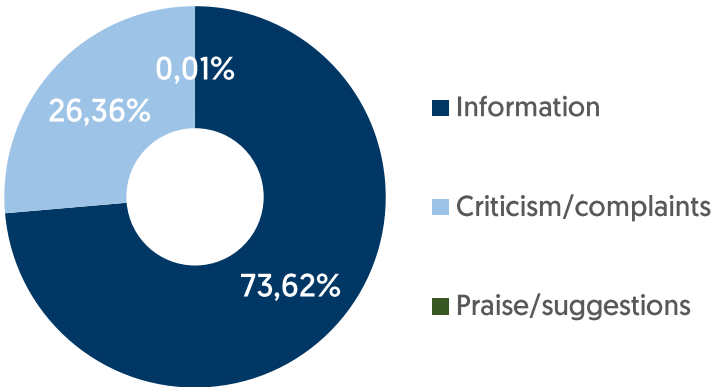
GRI 102-2 | 102-43

Relationship with customers

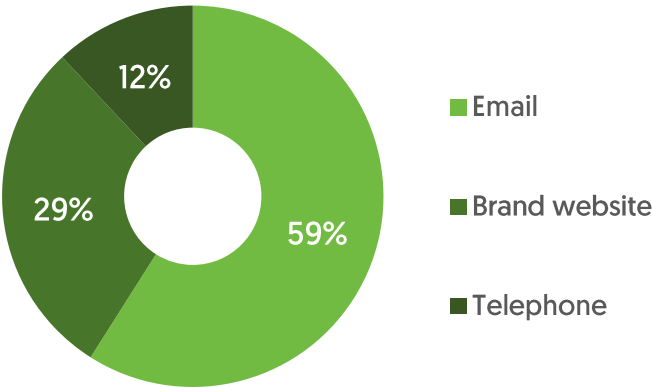
We look forward to a transparent and effective relationship with ours customers.

In 2021, 21,709 consumers were served by the Customer Service by phone, email and website of the brands. Of these, 2,755 pairs were analyzed.

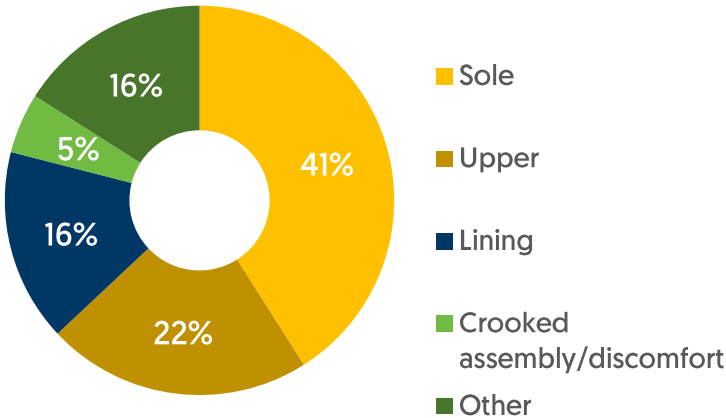
Contact type



Number of Consumers served



Defects found



The Group ensures cordiality, agility, efficiency, respect and compliance ethical standards, providing clear and accurate information to requests or complaints made by Vulcabras customers, which must be analyzed and responded to within a period compatible with each case, expectations and needs.

GRI 102-33 | 102-43

Investor Relations

Vulcabras seeks to create value for its investors, through the combination of growth and profitability in its business, with social and environmental responsibility. Thus, Vulcabras' relationship with the financial community and its investors is based on the disclosure of information with transparency and equity, with respect for legal and ethical principles, seeking to consolidate and maintain its image in the market. All information related to the business is disclosed through the CVM website (<http://sistemas.cvm.gov.br/>) and the IR website (<http://www.vulcabrasazaleiari.com.br/>).



SUPPLIERS

GRI 102-9 | 102-16 | 102-29 | 102-43 | 203- 2 | 204-1
|308-1 | 414-1

Supplier management

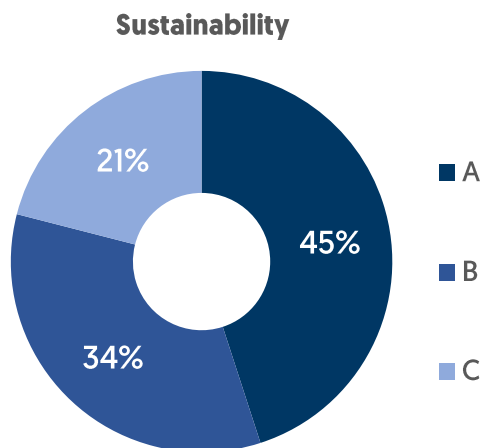
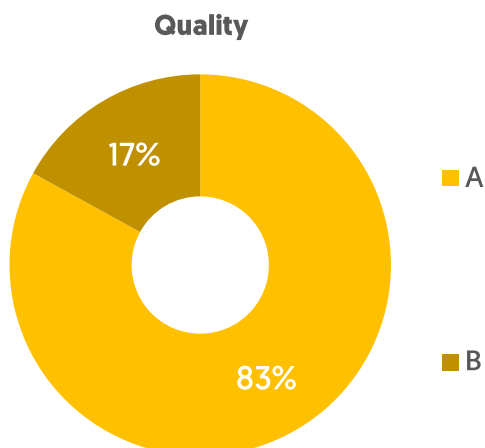
Vulcabras is committed to its supply chain through the Code of Ethics and Conduct. In 2021, the Manual of Good Supply Practices, in which activities were formalized with the report of procedures, requirements and recommendations for supplier development activities, was prepared.

In the current year, supplier development – aspects of manufacturing quality and sustainability – was also monitored and assisted through audits conducted by Vulcabras' IMS area.

Supplier rating	Audit frequency
A	Every 2 years
B	Annually
C	Monitoring every 6 months

Up to the current year, an audit has been carried out with 29 suppliers in a strategic position for Vulcabras, whether based on sales volume, product exclusivity or other relevant criteria in the supply chain. Among A-status suppliers, 45% achieved sustainability and 83% achieved manufacturing quality.

Its first concern is to understand the maturity stage that the supplier is in. While Vulcabras' expectation is that the organization meets its requirements and the external ones, it is understood that companies tend to be at different stages and full compliance with the requirements can sometimes be a challenge. Therefore, Vulcabras will accompany, develop and work with companies that are honest and transparent in the spirit of continuous improvement.

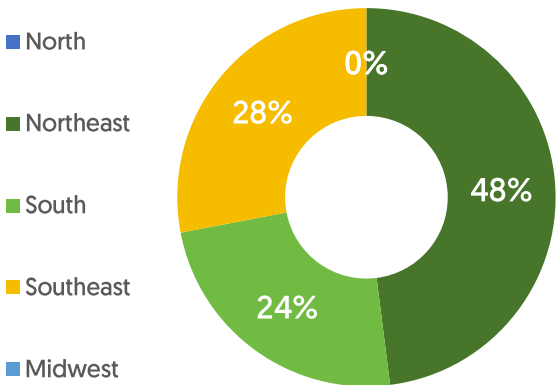


Domestic suppliers

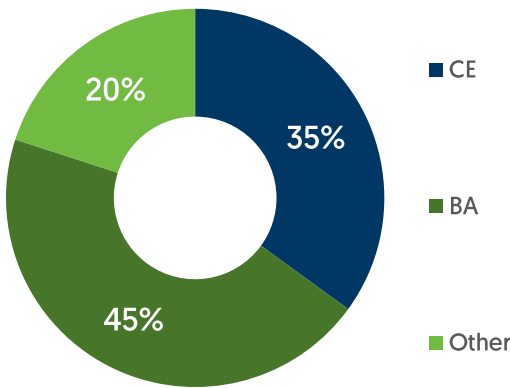
As a pillar for promoting the national economy, Vulcabras prioritizes local suppliers in its supply matrix.

Compared to 2020, there was a 2% increase in revenue compared to other regions of Brazil. In relation to the amount invested, the **investment in the Northeast grew 91% compared to 2020**

Suppliers Revenue - Region



Suppliers Revenue - Northeast



GRI 102-29 | 102-43

Logistics management

Vulcabras follows the principle of establishing partnerships with companies that are positioned before sustainability and ESG practices. In this process, it has a partner with Patrus Transportes, the first carrier in the world with System B certification, a reference in the

logistics service in the country and a fractional cargo transport company that continually invests in projects that meet the social and environmental pillars and corporate governance.





GRI 102-29

Data protection

With the establishment of the General Data Protection Law (LGPD), which came into force in 2020, the processes for the processing of personal data were revised and reinforced.

In this process, the Data Protection and Privacy Program was implemented with the objective of understanding possible vulnerabilities in the Group's systems, processes and contracts, as well as structuring action plans for evaluation by the Data Protection Committee. Among the planned activities, the Awareness Plan for its employees is already underway, through online training, divided into modules, on the **SEUSDADOS EDUCA** platform.

>Programa de Proteção de Dados e Privacidade da Vulcabras
>Lei Geral de Proteção de Dados_
>LGPD_
>Plano de Conscientização

**_NOVO CONTEÚDO
LIBERADO NO
MÓDULO III**

> DIREITOS DOS
TITULARES DE
DADOS - INCISOS
I A V

ACESSE AGORA

**CONFIRA TAMBÉM OS CONTEÚDOS
QUE JÁ FORAM DISPONIBILIZADOS
NO MÓDULO ANTERIOR.**

> É essencial que você acompanhe as postagens
e assista todos os vídeos disponíveis.

VULCABRAS

Information on LGPD training.

IMS

Vulcabras' Integrated Management System is made up of the Quality, Workplace Safety, Environment, Occupational Health and Sustainability sectors, which monthly record and integrate their results for consultation by the board at Book SGI.

The control of IMS goals is carried out through the development of the company's preferred indicators, focused on improving its management systems results, always taking into account the prerogatives defined in the IMS policy.

The goals are reviewed annually in order to obtain evolution and monitoring in their results and, in addition, the items considered essential for management must be part of the annual critical analysis.

The processes that ensure IMS maintenance and customer satisfaction are divided into three groups:

Strategic processes

Processes that involve the company's strategy

- Product Risk Analysis
- Pre-Production Product Validation Process.

Operational processes

Processes that are carried out continuously

- Preliminary Risk Analysis
- Product Review
- Finished Product for Invoicing Analysis
- Control Indicators

Internal audit

Internal IMS audits take place every six months, based on the plan that follows ISO 9001, 14001 and 45001 and internal procedures. Each non-compliance or improvement opportunity detected generates an action plan that is directed to the responsible areas that carry out the management and correction of these, following the pre-established parameters.

Support processes

Processes that support activities through deviation analysis

- Ergonomic Work Analysis
- Analysis and Problem Solving Methodology (MASP)
- Internal IMS and Social Responsibility Audit
- 5s Audits

With the IMS up and running, critical analysis is performed on the implementation of new products, machines or technologies. This analysis is carried out through risk assessment (for new products) and through implementation checklists.

Control of non-conformities, corrective and preventive action

Vulcabras has various ways to identify and control its non-compliance in processes and products, and its main sources of control are:

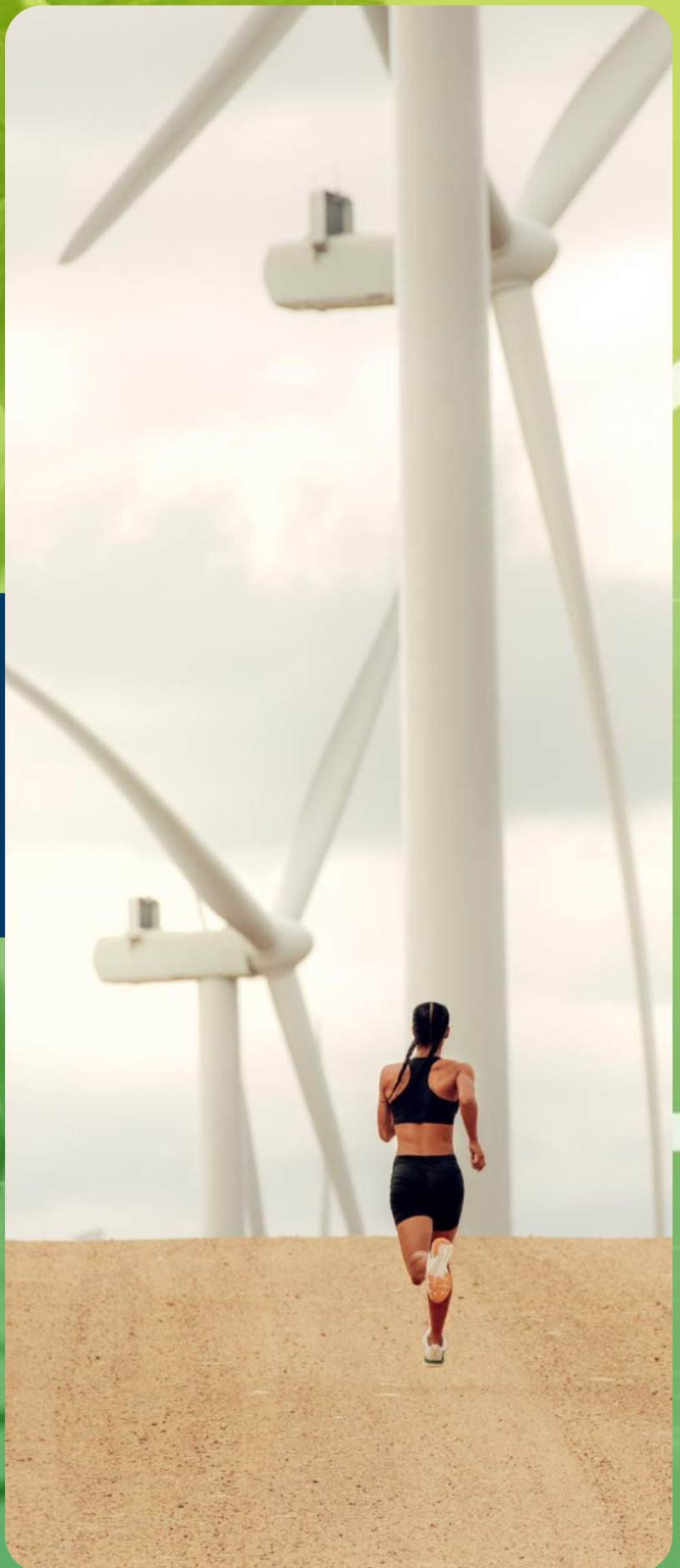
- Return registration (Customer non-compliance).
- Recording of non-compliance in audits.
- Non-compliance indicators detected in the general records (Book SGI).

These measures are taken from the MASP and its actions are monitored on a weekly basis.

Communication

Vulcabras has a specific procedure for communication, with mainly Recall being used.

SUSTAINABILITY IN VULCABRAS' DNA



Priority SDGs

Vulcabras has the purpose of building a better country through sport and for that we have selected the Sustainable Development Goals (SDGs) below as priorities, which demonstrate the scale and ambition of this agenda.

In line with its commitments:

ODS3: Quality Health



Ensuring access to quality sport for every athlete profile.

Promoting well-being for all, at all ages

ODS4: Quality education



Ensuring access to inclusive, equitable quality education and promoting learning opportunities for its employees

ODS7: Renewable and affordable energy and SDG 13: Climate action



Ensuring the use of wind energy sources in the industrial parks, aiming to reduce the carbon footprint

ODS9: Industry, innovation and infrastructure



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

They were selected under the legacy of the Millennium Development Goals and the company's strategic planning and balance the three dimensions of sustainability: economic, social and environmental.

Others in line with its environmental projects and corporate practices

ODS6: Clean water and Sanitation



Ensuring the availability and sustainable management of water with the use of reused water

ODS8: Decent work and economic growth



Promoting inclusive and sustainable economic growth, full and productive employment and decent work for all employees

ODS 12: Sustainable production and consumption



Ensuring sustainable consumption and production patterns

GRI 102-15 | 102-18 | 102-19 | 102-20 | 102-22 | 102-27 | 102-28 | 102-31 | 102-32

Environmental, Social and Corporate Governance (ESG)

In 2021, we made progress by creating the Sustainability Commission.

Its purpose is to recommend to the Statutory Board of Vulcabras the best sustainable practices related to its areas of activity, in order to provide greater efficiency and quality in decision-making, and to ensure that the company's activities are in accordance with the laws, ethics and the internal controls.

Currently, the Committee is made up of 8 (eight) members, with a term of office of one year, and they may be reappointed for another year, all of whom have experience and proven technical capacity regarding the responsibilities and competences assumed. 50% (fifty percent) of vacancies are reserved for women, black people, LGBTQIA+ and people with disabilities. With responsible and engaged management, all efforts are directed to the continuous creation of value for the balance among the environmental, social responsibility and governance areas.

Innovation highlights

Research and Development

600 people
dedicated to R&D

+800 new
sports
models per
year

Local production
of global
technologies from
brands like UA Hovr
and Mizuno Wave

Certified and awarded
products (Ibtec) by the main
market evaluators (Contra Relógio,
O2) and evaluating institutes

Innovation
HUB
Caldeira Institute,
to connect us with
Startups

Caldeira Institute

Vulcabras is always looking for evolution and innovation.

Thus, in March 2021, Caldeira Institute was founded with 38 more companies. The space is an ecosystem for fostering innovation between private companies, the community and public authorities. This was designed to provide multidisciplinary work between Vulcabras teams, partners and startups, with complete infrastructure for the idealization of new projects, which can be extended to the entire company, in addition to holding workshops, training and lectures.

The initiative is a milestone in the movement for innovation and entrepreneurship in Rio Grande do Sul and meets the commitment to innovation, already consolidated in the areas of development and production, as well as in the internal areas of the business.

Manufacturing plant expansion

In less than two years, another major expansion was carried out at the plant in Horizonte, Ceará. The process is part of the plant's expansion and modernization plan. The plant will receive another 7,000 m² to be delivered in the first quarter of 2022, adding to the more than 73,000 m² of currently built area. This investment will result in greater production capacity for the Company's operations and an estimated 150 direct jobs for the local population.



ENVIRONMENTAL MANAGEMENT

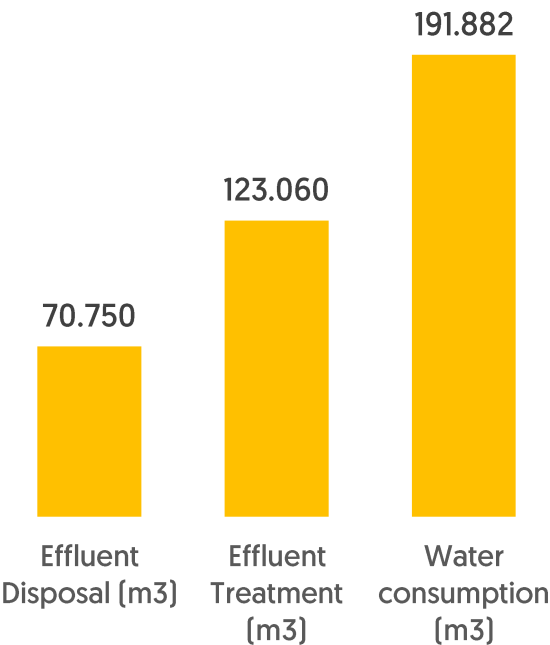
GRI 102-11 | 303-1 | 303-2 | 303-5

Water management

We treat 100% of the effluents generated in the manufacturing units.

At the plant in Horizonte, Ceará, 64% of the treated effluent was reused in the maintenance of toilets, sprinkler irrigation and cleaning services in general. This amount corresponds to 43% of the effluent treated by all units.

2021



Reuse of water used in gardening in the unit of Horizonte (CE).

Energy management

Aiming to take advantage of natural and renewable resources, with the objective of reducing the utilities consumption, mainly electrical energy, Vulcabras adopts in its buildings systems that reduce the consumption of energy inputs.

Skylight roof

Thermal comfort, energy savings and employee well-being. These are some of the benefits that a skylight roof brings to industries. In addition to enhancing the work, making it more modern and sustainable, the installation of industrial skylights is also advantageous in terms of work safety, showing the company is concerned with following the rules and prioritizing the health of employees.

Translucent tiles

More lighting which results in energy savings. The translucent tile provides comfort and economy, as it allows the entry of up to 70% of the light that falls on the roof and distributes natural light throughout the environment.

Wind exhausts

Installed on the roof, they allow the circulation of the cold air mass which, in turn, exchanges heat by convection, removing the hot air mass from the environment. Powered by wind energy, they favor energy savings.

Wind energy consumption

In October 2021, Vulcabras started using wind energy in its plants located in Itapetinga, Bahia and in Horizonte, Ceará. From then on, the plants have been supplied by one of the largest wind energy complexes in the world, Rio do Vento, in Rio Grande do Norte.

2021

Total energy consumption: 72 GWh

In the period, wind power consumption represented 19% of annual consumption.

Stay up to date

In 2021, during the 2021 United Nations Climate Change Conference, the 26th Conference of Parties to the United Nations Framework Convention on Climate Change [COP26] was held, in November 2021 in Glasgow, Scotland. During the event, through the National Confederation of Industry, Vulcabras was presented via institutional video as a case of the footwear industry for its environmental initiatives, with emphasis on the use of wind energy in its manufacturing operations.



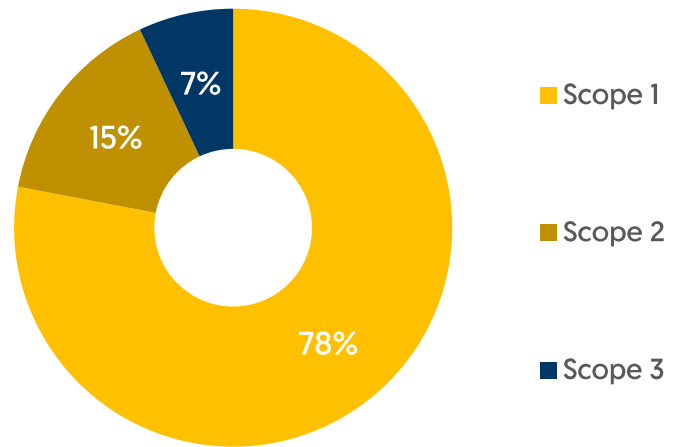
Emissions

Vulcabras has invested in sustainable development projects with a focus on improving its processes and products. Thus, initially, its Greenhouse Gas Inventory (GHG) aims to present the emissions emitted by the second recurring year of inventory. The internationally recognized methodology called GHG Protocol was used. However, in view of the national scenario in which the organization is inserted, the adaptation carried out by the Brazilian GHG Protocol Program was applied, which is organized into three different categories, namely: Scope 1, 2 and 3.

The following gases are part of the emissions inventory: Carbon dioxide (CO₂); Methane (CH₄); Nitrous oxide (N₂O); Sulfur hexafluoride (SF₆); Hydrofluorocarbons (HFC's) and Perfluorocarbons (PFC's).

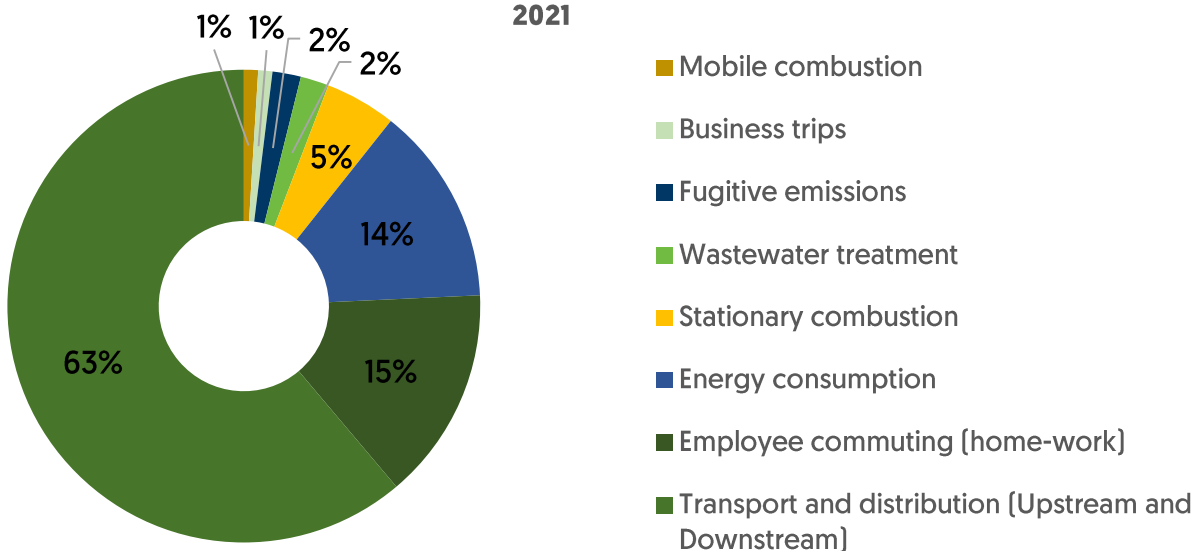
In 2021, approximately 10.5 thousand tCO₂e were emitted, including Scope 1 (direct) and Scope 2 (indirect) emissions. Considering indirect emissions from uncontrolled sources (Scope 3) in the previous calculation, the total emitted was 47.9 thousand tCO₂e.

tCO₂e emissions by scope
2021



In the analysis by scope, it is observed that the main sources of emissions from Vulcabras are in Scope 3, a percentage of 78%. Among the mapped categories, the one that most contributed to this result was in transport and distribution followed by the movement of employees. All these transports are from outsourced companies.

tCO₂e emissions by emission source
2021



The greater diversity of the 2021 GHG inventory is represented by the better accuracy obtained through data maturity.

GRI 301-1 | 301-2 | 306-1 | 306-2 | 306-3 | 306-4 | 306-5 | 308-2 | 414-2

Materials and waste management

Its entire value chain is monitored in order to develop strategies to reduce the consumption of virgin raw materials and promote the closed cycle.

Its employees play a fundamental role in the characterization or use of these inputs. In view of this, in 2021, the awareness process was intensified with a visual representative, “Maurício, sem desperdício”, aimed at presenting ways to reduce losses not only in the factory environment, but also in the domestic environment.

informativo sustentabilidade

O descarte de forma correta faz toda a diferença na preservação do meio ambiente.

- Oi, eu sou Maurício, sem desperdício. Junte-se a mim, no movimento para a destinação correta dos resíduos.

EM CASA

Ecobags.
Use bolsas de resíduo na sua sala de recicláveis. Resíduos, duráveis e reduzem o consumo de plástico.

Embalagens.
Escolha produtos com embalagens recicladas ou retornáveis.

Compostagem.
O material orgânico pode ser reaproveitado para a produção de adubo sustentável. Processo natural, sem uso de produtos químicos ou pesticidas.

NO TRABALHO

Coletores.
Separe os resíduos no momento do descarte para destinação correta.

Produção.
A mistura dos diferentes tipos de resíduos cria o novo ou a reciclagem, podendo ser reaproveitada e gerar altas perdas.

Contato.
Em caso de dúvida, solicite a orientação da equipe responsável com o código.

A Vulcabras também repensa sua forma de consumo desse recurso.

- A Vulcabras adota os 5R's: Reduzir, Reciclar, Reutilizar, Repensar e Recusar.
- 100% dos resíduos gerados na unidade de Tapetaria abastecem a economia circular. A unidade de Hóspedes também possui esta iniciativa. Os resíduos são reutilizados na produção dos nossos produtos ou reinseridos como matéria-prima na cadeia de parceiros estratégicos.

Conheça mais nossas iniciativas



informativo sustentabilidade

Energia é essencial para a nossa sobrevivência e conforto.

- Oi, eu sou Maurício, sem desperdício. Junte-se a mim, em um movimento sem perdas energéticas.

EM CASA

Equipamentos e Eletrodomésticos.
Compre aparelhos com Selo Procel. O selo permite ao consumidor escolher os mais eficientes com menos energia.

Na sala.
Não deixe o eletrodoméstico ligado se ninguém estiver usando. Você economiza energia e reduz o consumo de energia.

Nos cômodos.
Use lâmpadas fluorescentes. Elas consomem menos energia e duram mais tempo.

NO TRABALHO

No banheiro e na sala.
Feche a torneira e desligue o que não está em uso.

No local de trabalho.
Desligue o monitor nas pausas, ao almoço ou ao sair para uma reunião.

No escritório.
Antes de entrar e ao sair, verifique se as luzes e o ar-condicionado estão desligados. Quando o ambiente estiver vazio, desligue o ar-condicionado.

A Vulcabras também repensa sua forma de consumo desse recurso.

- Em 2022, iniciaremos o uso de energia eólica em nossas fábricas.
- Anualmente, realizamos o levantamento de todas as fontes de emissões.

Conheça mais nossas iniciativas



Methods are constantly being sought to reduce waste and increase the rates of recycled material throughout its production process to supply its factories and strategic partners.

At the Ceará unit, they have collectors in strategic areas and a recycling factory that carries out the entire process necessary for the relocation of materials that would be discarded to create a new product for the consumer.

Thus, in a more sustainable way, Vulcabras is also moving towards a lower carbon footprint.

As in 2020, the total of raw materials used to maintain its production system was listed.

Material	Description	2021	U.M
Recyclables	Lace - {ATA}	11,608,795	PAIR
	Miscellaneous rubbers - {BN/BS}	489,507	KG
	Miscellaneous compounds - {PVC/TPE/TPU/TRC}	721,050	KG
	Miscellaneous strings - {COD}	12,066,245	MT
	Miscellaneous elastic bands - {ELA}	1,111,287	MT
	Paper packaging - {CCF/COL/EOL/USA/EMZ/PPL/ETC}	28,747,654	UN
	Plastic packaging - {ESA/ETC}	348,300,000	UN
	Foam - {LPE}	268,328	M ²
	Embroidered Label - {EBR}	4,298,000	UN
	Rubber tag - {ETB}	7,160	UN
	Miscellaneous labels - {ETQ}	100,189,166	UN
	Transfer tag - {ETR}	3,771,859	UN
	Miscellaneous tapes - {FPS/FIT}	12,418,798	MT
	Polyester straight upper - {GAP}	1,402,269	PAIR
	PU Laminate - {LPU}	251,916	M ²
	Synthetic laminate - {LPV}	388,032	M ²
	Miscellaneous threads - {FGP/FIO/LBD/LNY/LPS}	349,799	KG
	Miscellaneous insoles - {PAO}	11,367,272	PAIR
	Miscellaneous solvents - {ADE/AIR/SO/SOL}	1,421,828	KG
	Cotton fabric - {TAL}	145,484	M ²
	Lining fabric - {TFR}	817,850	M ²
	Non-woven fabric - {TNT}	1,571,883	M ²
	Nylon fabric - {TNY}	923	M ²
	Polyamide fabric - {TPD}	849	M ²
Not recyclable	Miscellaneous resin - {RE/RES/RR}	2,866,066	KG
	Nappa leather - {NAP}	415	M ²
	Leather scrapes - {RAS}	0	M ²
	Miscellaneous inks	33,877	KG

Caption:
 PAIR = Pairs
 KG= Kilograms
 MT= Megatons
 UN= Units
 M²= Square meters



Use of recycled inputs in the productive process 2021

We are constantly moving towards reducing waste and reusing our raw materials in the formulation of new products.

By reusing existing plastic, EVA and TPU, we contribute to a significant reduction in discarded waste and our emissions.

PLASTIC

167.14 tons of reused plastic inserted in the production of the heel counter*

*Material used to give structure and conformation to the back of the footwear

EVA

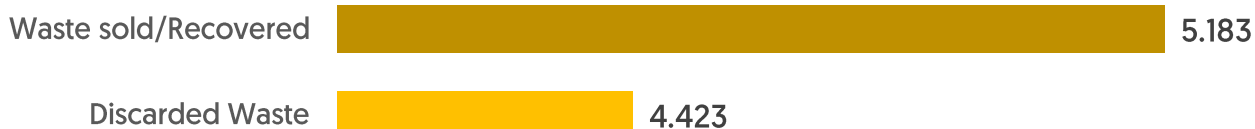
685.27 tons reinserted in the production of soles

TPU/TR/PVC

295 tons reinserted mostly in upper components* and PVC boots

*Upper part of the footwear

Inputs Sold/Recovered x Discarded in the production process 2021 (Tones)



Vulcabras adopts actions related to reverse logistics, through the EURECICLO program, in compliance with sectoral agreements established together with the Brazilian Association of Footwear Industries (ABICALÇADOS) for the life cycle of plastic and metallic packaging of the finished product.

In 2021, more than 14.5 tons of plastic packaging and post-consumption paper were compensated, in partnership with co-participatory collection programs;

In addition to this process, the models of its individual boxes were rethought and recycled fibers were used in the packaging.

Main benefits: reduction of natural resources*

**85.3 tones
fiber/year**

**13 tones
CO₂/year**

2,572 m³ water - enough to supply
500 people for a month

24 tons Solid Waste
Equivalent to the waste generated
by 769 people in a month

71,111 kWh – proportional to the
electricity consumption of 388,584
people in a month

1,950 m³ effluents –
corresponding to the generation of
sewage from 423 people in a month

*Data considering the volume of 9,680,000 annual boxes

20% recycled fibers were also used in its packaging. Such fibers come from the Circular Economy acquired from wastepaper wholesalers, partners and some customers, and industrial waste from the production of paper and corrugated cardboard from Westrock itself, which is the main packaging business partner of Vulcabras.



GRI 304-3

Biodiversity

Vulcabras contributes to the preservation of habitats through actions carried out in the Preservation Area in Itapetinga, Bahia. In January 2021, the planting stage was completed in four areas, totaling 30,300 m² of planted area.



10

DEVELOPMENT AND QUALIFICATION

GRI 404-1 | 404-2 | 413-1

Since the beginning of its operations, Vulcabras has been building social relationships that promote the development and qualification of its employees inside and outside the company's premises. They seek to add value to their journey and contribute to their professional future.

Development programs

Agreement with educational institutions aimed at technical, undergraduate and graduate courses;

Worker education in partnership with Serviço Social da Indústria (Sesi) by offering primary and secondary education;

Young Apprentice Program in partnership with Serviço Nacional de Aprendizagem Industrial (Senai);

Prodel carried out from the appointment and training of employees to take leadership positions in the Organization;

Internal recruitment with announcements of openings via email and bulletin boards at the company;

In 2021, 1,569 people were directly impacted by the aforementioned programs.

In the same year, 148,676 hours of training were carried out by the Human Resources, Environmental Management, Sustainability, SESMT and Quality teams, totaling 9.31 hours per employee.

The Sustainability area intensified its training process, with the inclusion of the topic in the integration and development of the units' leaders, as well as training about greenwashing for IMS employees.



SENAI room on the premises of the unit in Horizonte [CE].



SOCIETY

GRI 102-12 | 413-1

Community support actions

In December 2021, amid the heavy rain weather events that occurred in the State of Bahia and the rupture of the dam in the city of Barra Choça, Vulcabras made an ambulance and fire truck available to the City Hall of Itapetinga to rescue victims. In addition, 200 kg of meat were donated for the meals of the homeless, in addition to 120 pairs of boots to the volunteers who carried out the search, rescue of victims and city cleaning.

In addition to the donations made, the unit's water reservoir was made available to the City Hall to supply the population and the anticipation of the delivery of food baskets to all employees.

GRI 403-1 | 403-2 | 403-3 | 403-4 | 403-5 | 403-7 | 403-9

Health and safety management

With regard to health and safety, initiatives are carried out by the SESMT management teams, which ensure standardization, allowing for greater consistency and clear interpretation of results, and compliance with relevant legislation and internal standards.

Health and safety initiatives led by Vulcabras

Work Permit (PT)

The process helps in the identification and mitigation of situational risks of each activity already in the planning stage of the activities, following with its execution and its closure.

Problem Solving Sheet (FSP)

The occupational accident analysis and investigation process uses a combination of unified methodologies through the Problem Solving Sheet (FSP), as described below:

- Brainstorming
- Ishikawa Diagram
- 5 Whys Method

Deviation Identification Form (FID)

Process to manage the work, organization and supervision routine of processes, in order to avoid accidents and also to maintain good work safety practices.

Ergonomics Committee (Coergo)

The Committee is made up of volunteer employees, who guarantee the maintenance of the worker's comfort, health and safety.

Internal Accident Prevention Commission (CIPA)

The CIPA team is an integral part of the employee's education and listening process, in addition to working in the activities already provided for in NR 5.



Our indicators

Vulcabras operates within the best national and international health and safety standards.

Among its occupational accident metrics, the Frequency Rate (FR) and Severity Rate (SR) are monitored, both recommended by NBR 14.280, which reveal the current moment of the company and its projection for the next million hours worked. In 2021, we kept FR at 15.74 and the SR at 44.69, both classified as “very good” according to the International Labor Organization (ILO). The excellent result was supported by the investments made in health and safety management and in the training and qualification of its employees.

R\$ 2,344,529 invested in ergonomic chairs, ventilation system and safety improvements

72,363 hours of training and qualification in Occupational Health and Safety

SIPATMA

Vulcabras' Internal Week for the Prevention of Occupational and Environmental Accidents (SIPATMA) took place from August 23 to 27, 2021. The company had the opportunity to integrate employees from all company units, in addition to emphasizing the importance of aligning the Safety Culture with Sustainability principles.

With the hybrid format, the lectures were also carried out through Sesi's EAD platform, ensuring the availability of access at the most opportune time for the employee. On Instagram (@sipatmavulcabras), **they reached 11,592 interactions with the content.**



SIPATMA at the Horizonte unit.

In person, sectorial DDS, lectures, exhibitions, educational traffic and ergonomic checkpoints and campaigns with visual representatives of the event were applied.



Training at the Itapetinga unit, in Bahia.



Mobilization for interaction on the event's social networks.



Ergonomics activity.

Also, there was the realization of the 1st Conscious Behavior Challenge, aiming to keep the work environment safer, thus preventing occupational incidents and accidents, as well as occupational diseases. The responsible and conscientious sectors received the prevention golden sneakers award (Parobé, Rio Grande do Sul) and the prevention golden helmet award (Horizonte, Ceará and Itapetinga, Bahia).



Olympikus Development
Parobé, Rio Grande do Sul



Soles
Horizonte, Ceará



Assembly
Itapetinga, Bahia



Foundry
Parobé, Rio Grande do Sul

The Sustainability Exhibition was also held during the event. During the journey through the panels, the main material issues for the company and its stakeholders were addressed. The employees were given gifts, such as seed paper, ecological cups, plantable pencils and seedlings.



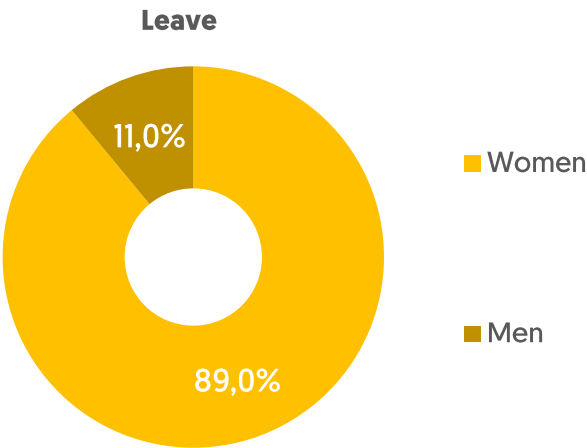
Exhibition on sustainability at the Itapetinga (BA) and Horizonte (CE) units.

Fighting Covid-19

Since 2020, Vulcabras has carried out actions to fight Covid-19 in all company units, encouraging awareness and prevention among employees, the community and service providers.

- Creation of the crisis committee at the beginning of the pandemic with daily meetings to fight Covid-19;
- Preparation of the contingency protocol, in line with the definitions of the Ministry of Health, Ministry of Economy through the Special Labor Secretariat and the World Health Organization. The plan is a reference for several partners and municipalities;
- Checkpoint involving all employees (own and third parties) with the delivery of more than 19,200 fabric masks and availability of audio messages at the entrance of the factories and the cafeteria, with information on prevention, social distancing and care regarding the constant hygiene of the work stations;

- For third parties, screening and a Covid protocol were carried out at the unit's medical clinic;
- All national and/or international trips, migrations between units and others were avoided at all costs. Any imperative need had to be approved by the Board of Directors in view of the risk and only occurred with an RT-PCR or non-detectable Antigen (Swab) test carried out no more than 4 days before the trip.
- Employees in the risk group – pregnant women, people over 60 years of age and with existing comorbidity – were 100% placed on leave. In 2021, 486 employees had their face-to-face activities suspended as a form of protection.
- Monitoring of suspected employees or with confirmed Covid-19 through visits, teleservice and WhatsApp guidance from the internal occupational health team.
- Adequacy of the layout of factories and common spaces (rest areas and restaurants) to meet the standards of Covid-19 prevention and inactivation of some environments.

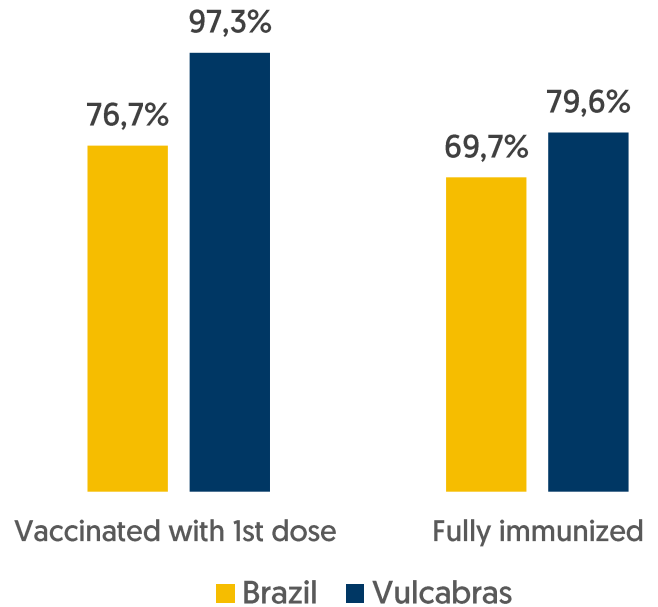


Physical barriers at the Horizonte [CE] plant.

- Weekly health dialogues with Covid-19 prevention tips and the importance of vaccination;
- Registration of employees on Government platforms for access to vaccination;
- Distribution of hand sanitizer in places with greater circulation of people;
- Adaptation of drinking fountains, to reduce contact to activate them;
- Cleaning of packages and mail received, common spaces and workstations;
- Vaccination carried out at the factories, with the objective of having the greatest reach of employees;

- Monthly survey of the number of employees vaccinated. In January 2022, 97.3% of our employees were already immunized with the 1st dose and 79.6% were fully immunized;

Comparative - Vaccinated



Source: adapted from g1.globo.com



Vaccination in Itapetinga, Bahia.



Vaccination in Itapetinga, Bahia.

12 ABOUT THE REPORT

GRI 102-46

The 2021 Sustainability Report reinforces Vulcabras' commitment to sustainability.

It seeks, in a transparent, humane and innovative way, to dialogue with the methodology and principles of the Global Reporting Initiative (GRI) Report to present how it creates value for its stakeholders.

It has a short, medium and long-term systemic and multistakeholder vision for positive and transformative socio-environmental impact.

Its movement represents a positive impact ecosystem with the purpose of building a better country through sport.

GRI 102-50 | 102-51 | 102-52 | 102-54

Reporting process

It directs its content from the results obtained in the stakeholder engagement process. Management initiatives, assessment and approach and related GRI items are described throughout the report.

Management and Sustainability Commission meetings, stakeholder surveys, institutional presentations, highlights of the year and external market research, as well as the units' indicators and the Materiality Matrix, supported the content.

The financial statements refer to the company's annual volume, and its quarterly monitoring is possible in the reports audited by KPMG Auditores Independentes available on the IR website. These follow Brazilian standards and the International Financial Reporting Standards (IFRS). The 2021 Sustainability Report has not been externally verified.

Social and environmental indicators were carried out through the gathering of data from the internal records of its administrative and operational units in Brazil. Measurement techniques were used with absolute data from the reporting period to allow analyses of the change in Vulcabras' performance, and in order to support analyses related to other companies.

Highlights of the year, context and market positioning, transparency in structure and management, strategies, form of operation, products and services, initiatives, process of creating value for stakeholders, and goals and commitments were organized and identified, in an integrated manner with the GRI items. This information were the base to conduct critical analysis and develop action plans.

The ten Reporting Principles were understood and implemented to define the content and quality of the report.

The Portuguese and English versions in PDF format are available on the Vulcabras website at: <http://www.vulcabrasri.com>



GRI 102-21 | 102-40 | 102-42 | 102-43 | 102-46

Engagement Process

The choice of stakeholders was based on their strategic position in relation to Vulcabras, either because they are significantly affected by activities, products and services, or because their actions affect the company's ability to implement its strategies and achieve its objectives.

Among the internal stakeholder groups, employees from all areas and hierarchical levels were consulted. Among the external groups, it happened with the consultation of a diverse group of suppliers, customers and the municipality's social assistance secretariat.

"We have the challenge of increasingly engaging our stakeholders to direct our strategies and articulate the context and importance of sustainability for the perpetuity of the business to all parties"

Milena Pinheiro
Sustainability Analyst at Vulcabras

"We have a complex role to play in generating maturity in understanding the importance of the materiality matrix and its connection with stakeholder activities"

Luiz Otávio Goi Junior
IMS and Sustainability Manager at Vulcabras

GRI 102-46 | 102-49

Process for definition of the material issues

The process of surveying the material issues was carried out by the Sustainability area based on aspects impacted by Vulcabras' business model.

Initially, the material aspects of the previous year were reassessed and issues were prioritized for the IMS Management and Executive Board. After the period, an email was sent to internal and external stakeholders with the form (FO.SGI.04 - Materiality Survey) to consult this initial survey, open for the inclusion of new issues.

Once the survey was completed, the result of the process and the materiality matrix were presented to the IMS Management and to the Sustainability Committee so that, together with the Statutory Board, they could be aligned with Vulcabras' annual strategic planning. During the analysis of the material aspects of the previous year, items were reassessed based on company reports and indicators on their impacts on its value chain, and two new material issues were included, namely climate change and supplier socio-environmental development.



Material issues

Material Matter (GRI 103-1)	Description (103-1)	Where it happens	Related aspects and disclosures
			GRI
Environmental issues			
Water	Effluent treatment system and reuse in the units located in points with water stress	Operating Units, Water Resources, Stakeholders	Environmental impact
			103-2 103-3 303-1 303-2 303-5
Circular economy	Relationship with more than 20 strategic partners that use its recyclable waste as raw material. All of these are intended for local companies, where they generate income and employability.	Operating Units, Economic Partners, Suppliers, Environment	Materials
			103-2 103-3 301-1 301-2 306-1 306-2 306-3 306-4 306-5
Renewable energy	Use of wind energy in 100% of the production	Operational units, Environment	Energy Matrix
			103-2 103-3 201-2 302-1
Climate change	Annual survey of emission sources	Operational units, Environment	GHG emissions
			305-1 305-2 305-3
Economic issues			
Economic performance	Investment capacity linked to direct and indirect impact, ensuring the continuity of the business imperative and economic development of strategic areas in an intentional and genuine manner	Corporate management, Shareholders, Employees, Stakeholders	Economic and financial performance
			102-5 102-18 102-29 103-2 103-3 201-1
Indirect economic impact	Participation in the performance of the City Development Index (CDI) in the municipalities where the company's units are located, as it influences employability and professional growth, increases the population's income level, encourages the expansion of the service sector, commercial activities and greater formalization of the economy	Employees, Society in general	Job and income generation
			102-8 103-2 103-3 203-2 204-1 413-1
Social issues			
Impact on society and supplier generated by the company	Will to develop skills and competences for hiring the local population. Emergence of local suppliers and regional economic development.	Society in general, Supplier, Municipalities where the units are located	Working condition
			102-8 103-2 103-3 203-2 204-1 401-1 403-1 403-3 403-4 403-5 403-7 405-1
Use of safe products	Evaluating the impacts of products and services and being transparent about them confirms the relevance of Vulcabras in the market in terms of responsible consumption	Supply Chain, Economic Partners, Consumer, Environment	Responsible consumption
			102-9 103-2 103-3 416-1
Supplier socio-environmental development	Improvement of the relationship with the supply chain, encouraging the use of continuous improvement tools and the development of sustainability matters.	Supplier chain	Supply chain
			102-9 103-2 308-1 414-1

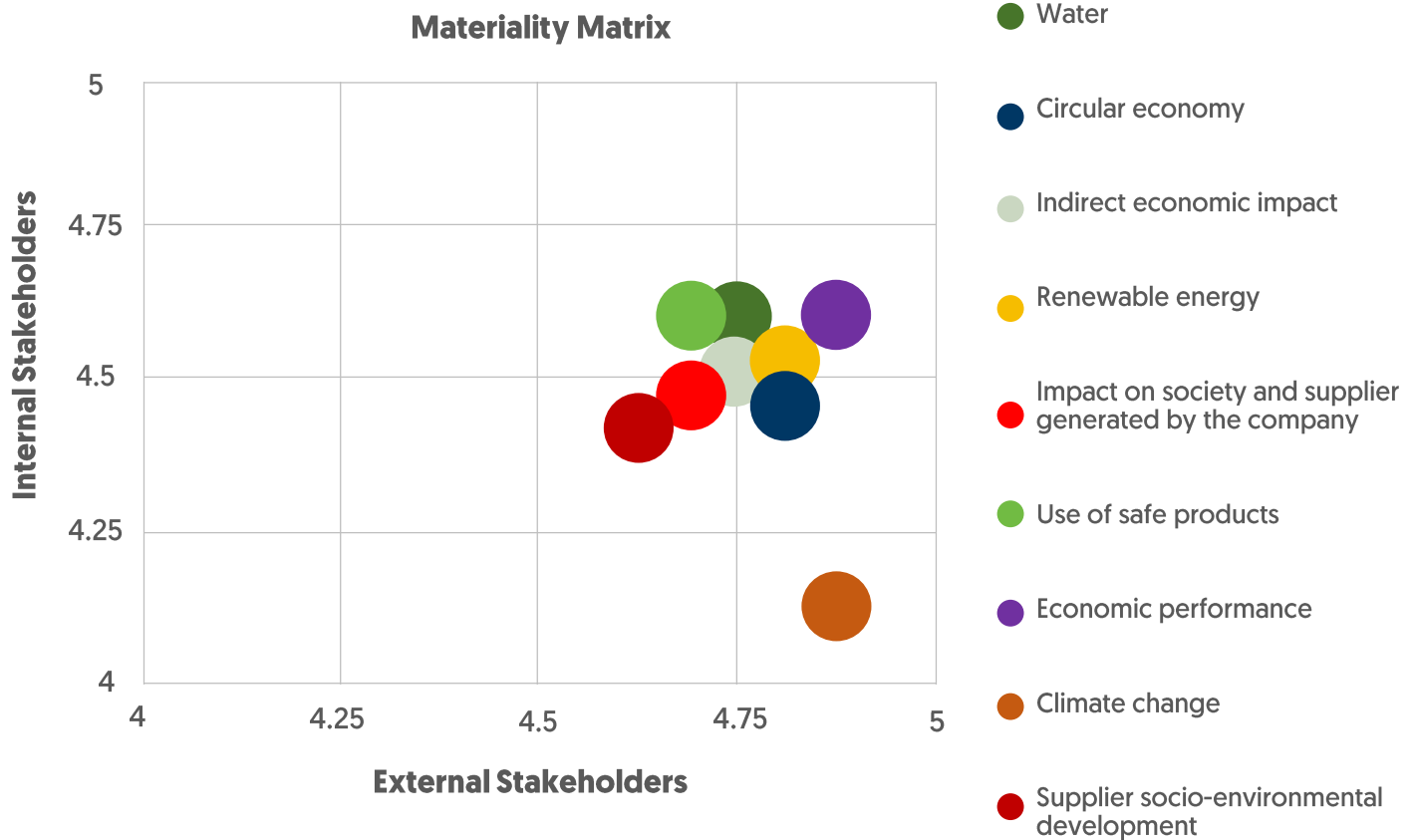


GRI 102-43 | 102-44 | 102-46

Materiality

The Materiality Matrix points out the most relevant issues for the business and for the main groups that are part of Vulcabras' value chain. The issues - organized in the environmental, social and economic axes - represent the way in which it manages the business and its performance,

which is in alignment with the United Nations Sustainable Development Goals (SDGs), proposed by the 2030 Agenda, in the priority SDGs and GRI Summary.



GRI content summary

GRI - GLOBAL REPORTING INITIATIVE (2021)					
Macro	General Content	Item	Page	Omission of information	SDG
ORGANIZATION PROFILE	GRI 102 General Disclosure 2016	102.1: Organization Name	7, 8		-
		102.2: Activities, Brands, Products and Services	7, 8, 11, 12, 13, 14, 28		-
		102.3: Headquarters Location	7, 8		-
		102.4: Location of operations	7, 8		-
		102.5: Shareholding control and legal form	9, 21		-
		102.6: Operating markets	7, 8		9, 12
		102.7: Size of the Organization	7, 9, 11, 24		9
		102.8: Information about employees and other activities	8, 24		5, 8, 10
		102.9: Supply chain	30		8, 12
		102.10: Significant changes in the organization and its supply chain	11, 24, 36		8.12
		102.11: Precautionary principle approach	22, 33, 37		8, 16
		102.12: Externally developed initiatives	26, 46		17
		102.13: Membership in associations	26		17
STRATEGY	GRI 102 General Disclosure 2016	102.14: President's statement	6		12
		102.15: Main impacts, risks and opportunities	6, 11, 15, 22, 33, 35, 36, 55		12
ETHICS AND INTEGRITY	GRI 102 General Disclosure 2016	102.16: Values, principles, standards and norms of behavior	3, 4, 5, 6, 22, 24, 30, 33, 36		16
		102.17: Advice mechanisms and ethics concerns	22		16
Governance	GRI 102 General Disclosure 2016	102.18: Governance structure	21, 35		16
		102.19: Delegation of authority	35		-
		102.20: Executive level as responsible for economic, social and environmental topics	21, 35		-
		102.21: Consultation with stakeholders on economic, social and environmental issues	54		16
		102.22: Composition of the highest governance body and its committees	21, 35		16
		102.23: Chairman of the highest governance body	21		16
		102.24: Appointment and selection of the highest governance body	21		-
		102.25: Conflict of interests	22		16
		102.26: Role of the highest governance body in defining values, purpose and strategy	21		-
		102.27: Collective knowledge of the highest governance body	35		-
		102.28: Performance evaluation of the members of the highest governance body	35		-
		102.29: Identification and management of economic, social and environmental impacts	22, 30, 31, 32, 33		12, 16
		102.30: Effectiveness of risk management processes	22		-
		102.31: Review of economic, social and environmental issues	35		-
		102.32: Role of the highest governance body in the sustainability report	35		-
		102.33: Communication of critical matters	29		-
		102.35: Compensation policy	21		-

GRI content summary

ENGAGEMENT OF STAKEHOLDERS	GRI 102 General Disclosure 2016	102.40: List of stakeholder groups	54		17
		102.41: Collective bargaining agreements	26, 27		-
		102.42: Identifying and selecting stakeholders	54		8, 17
		102.43: Approach to stakeholder engagement	26, 27, 28, 29, 30, 31, 35, 54, 56		17
		102.44: Key topics and concerns raised	55, 56		9, 12, 17
REPORTING PRACTICE	GRI 102 General Disclosure 2016	102.45: Entities included in the consolidated financial statements	9		-
		102.46: Defining report content and material issues limits	53, 54, 56		12
		102.47: List of material issues	55		12
		102.48: Restatements of information	4, 5, 11		-
		102.49: Changes in reporting	54		-
		102.50: Report period	53		-
		102.51: Date of most recent report	53		-
		102.52: Reporting cycle	53		-
		102.53: Contact point for questions regarding the report	60		-
		102.54: Claims of reporting in accordance with the GRI standards	53		-
		102.55: GRI content index	57, 58, 59		-
ECONOMIC PERFORMANCE	GRI 103 Management Approach 2016	103.1: Explanation of the materiality and its limit	55		-
		103.2: The management approach and its components	55		-
		103.3: Evaluation of the management approach	55		-
	GRI 201 Economic Performance 2016	201.1: Direct economic value generated and distributed	6, 9, 10, 11		8
		201.2: Financial implications and other risks and opportunities due to climate change	22, 39		8, 13
SOCIAL PERFORMANCE (EMPLOYMENT)	GRI 103 Management Approach 2016	103.1: Explanation of the materiality and its limit	55		-
		103.2: Management approach and its components	55		-
		103.3: Management approach evaluation	55		-
	GRI 203 Indirect Economic Impacts 2016	203, 2 Significant indirect economic impacts	30		8, 9, 12
	GRI 204 Procurement Practices 2016	204.1: Proportion of spending on local suppliers	30		8, 9, 12
	GRI 401 Employment 2016	401.1: New employee hires and employee turnover	24		8
	GRI 413 Local Communities 2016	413.1: Operations with local community engagement, impact assessments, and development programs	45, 46		9, 16

GRI content summary

ENVIRONMENTAL PERFORMANCE	GRI 103 Management Approach 2016	103.1: Explanation of the materiality and its limit	55		-
		103.2: Management approach and its components	55		-
		103.3: Evaluation of the management approach	55		-
	GRI 301 Materials 2016	301.1: Materials used by weight or volume	40		11, 12
		301.2: Recycled input materials used	40		11, 12
	GRI 302 Energy 2016	302.1: Energy consumption within the organization	38		7, 12
	GRI 303 Water and Effluents 2018	303.1: Interactions with water as a shared resource	37		6, 12
		303.2: Management of water discharge-related impacts	37		7, 12
		303.5: Water consumption	47		-
	GRI 304 Biodiversity 2016	304.3: Protected or restored habitats	44		15
	GRI 305 Emissions 2016	305.1: Direct (Scope 1) greenhouse gases (GHG) emissions	39		13, 12
		305.2: Indirect (Scope 2) greenhouse gases (GHG) emissions originating from energy acquisition	39		13, 12
		305.3: Other indirect (Scope 3) greenhouse gases (GHG) emissions	39		13, 12
	GRI 306 Waste 2020	306.1: Waste generation and significant waste-related impacts	40		6, 12
		306.2: Management of significant waste-related impacts	40		6, 12
		306.3: Waste generated	40		6, 12
		306.4: Waste diverted from disposal	40		6, 12
		306.5: Waste directed to disposal	40		6, 12
	GRI 308 Supplier Environmental Assessment 2016	308, 1 New suppliers that were screened using environmental criteria	30		8, 12
		308-2 Negative environmental impacts in the supply chain and actions taken	40		
	GRI 414 Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	30		8, 12
		414-2 Negative social impacts in the supply chain and actions taken	40		8, 12
HEALTH AND SAFETY	GRI 103 Management Approach 2016	103.1: Explanation of the materiality and its limit	55		-
		103.2: The management approach and its components	55		-
		103.3: Evaluation of the management approach	55		-
	GRI 403 Occupational Health and Safety 2018	403.1: Occupational health and safety management system	37		3, 8
		403.2: Hazard identification, risk assessment, and incident investigation	47		3, 8
		403.3: Occupational health services	47		3, 8
		403.4: Worker participation, consultation and communication to workers on occupational health and safety	47		3, 8
		403.5: Worker training on occupational health and safety	47		3, 8
		403.7: Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	47		3, 8
		403.9: Work-related injuries	47		3, 8
	GRI 416 Customer Health and Safety 2016	416.1: Assessment of the health and safety impacts of product and service categories	33		3, 8, 12
TRAINING AND EDUCATION	GRI 103 Management Approach 2016	103.1: Explanation of the materiality and its limit	55		-
		103.2: Management approach and its components	55		-
		103.3: Evaluation of the management approach	55		-
	GRI 404 Training and Education 2016	404.1: Average hours of training per year per employee	45		4, 8, 12
		404.2: Programs for upgrading employee skills and transition assistance programs	45		4, 8, 12
DIVERSITY AND EQUAL OPPORTUNITIES	GRI 103 Management Approach 2016	103.1: Explanation of the materiality and its limit	55		-
		103.2: The management approach and its components	55		-
		103.3: Evaluation of the management approach	55		-
	GRI 405 Diversity and Equal Opportunities 2016	405.1: Diversity of governance bodies and employees	24		5, 8, 10

GRI 102-53

VULCABRAS & you

Vulcabras is committed to continually improving its reporting process. Reporting its economic, social and environmental impacts is not only transparent in being accountable to society, but also promotes our organizational culture and corporate responsibility in light of good practices.

Therefore, be part of this process by sending your feedback, comment, question or request for clarification about the report to the company's sustainability area.

**Milena Pinheiro
Bizerra**

milena.bizerra@vulcabras.com

**Luiz Otávio Goi
Junior**

luiz.junior@vulcabras.com

Credits

Corporate Communications
and ESG Office

Thaiany Assad

Operations Office

Flavio Bento

IMS and Sustainability
Management

Luiz Otávio Goi Junior

Annual report
coordination

Milena Pinheiro Bizerra

Contributed to this edition

Editing and Text

Vanessa Giácomo

2021

SUSTAINABILITY REPORT

VULCABRAS

building a better country through sports