

**AREZZO  
& CO**

# **ANNUAL REPORT** **2021**

AREZZO SCHUTZ ALEXANDRE BIRMAN ANACAPRI FEVER ALME VANS "OFF THE WALL" TROC ZZ'MALL AR&CO Reserva Reserva mini Oficina RESERVA INK Reserva Go Baw® CAROL BASSI

# CONTENTS

<b>01</b>	<b>INTRODUCTION</b> .....	03
	About the report.....	04
	Message from the Management.....	06
<b>02</b>	<b>ABOUT AREZZO&amp;CO</b> .....	08
	About us.....	09
	Financial Results .....	34
	Value Generation.....	39
<b>03</b>	<b>CORPORATE GOVERNANCE</b> .....	43
	Governance Structure .....	45
<b>04</b>	<b>RESPONSIBLE PRODUCTION</b> .....	52
	Sustainability in Value Chain.....	53

<b>05</b>	<b>HEALTHY ENVIRONMENT</b> .....	67
	Responsible Raw Materials .....	68
	Eco-efficient Operation .....	76
	Fight Against Climate Change .....	79
<b>06</b>	<b>EMPOWERED PEOPLE</b> .....	85
	Talent: the raw material of our success.....	86
	Diversity and Inclusiveness .....	98
	People Development and Advancement .....	103
<b>07</b>	<b>ATTACHMENTS</b> .....	107
	GRI Content Index .....	108
	SASB Index .....	114
	Capitals Map .....	115
	SDG Map.....	116
	Independent Auditors' Report .....	118
	Credits.....	120



The background of the page features a teal-colored photograph of three models. They are wearing red, spaghetti-strap dresses and are posed on a red rectangular block. One model is standing in the background, leaning against the block, while two others are seated in the foreground. The overall aesthetic is modern and fashion-oriented.

# 1 INTRODUCTION

## RELATED CAPITALS

Our Report complies with the Integrated Reporting guidelines. At each chapter opening we will present which capitals are addressed in it. Learn more on a [page 05](#) and [page 115](#).





# ABOUT THE REPORT

GRI 2-4

**Our path is marked by the adaptability strength and openness to the new, and this path has also led us to undertake commitments for a good sustainability management in our brands, businesses, and operations**

This story is told throughout this report, released for the 4<sup>th</sup> year in a row, highlighting our commitment to transparent management, presenting information about the year's milestones, our business model, our culture, and the key results from January 1<sup>st</sup> to December 31<sup>st</sup>, 2021.

Have a nice reading!

## KEEP IN MIND!

Whenever we use the terms "Arezzo&Co" or "Company" throughout the content, we refer to all of our brands and businesses.

When we use "Reserva Group" we are referring to the Reserva, Reserva Go, Reserva Mini, Eva, Oficina and Ink brands. References to AR&Co include all Reserva Group brands and Baw.

In 2021, we initiated the AR&Co management integration process in our base, so some data regarding this business will not yet be reported in a consolidated manner in this report, as well as the data from the most recent acquisition (Carol Bassi), will not yet be reported. Learn more about our brands' scope on [page 13](#).



# READING TOOLS

GRI 2-3

Our report was compiled based on the main international guidelines for sustainability reporting and management.



Questions about the Report?

You can get in touch with us, to talk about questions or suggestions regarding this publication: [sustentabilidade@arezzo.com.br](mailto:sustentabilidade@arezzo.com.br)

ABOUT THE GUIDELINES



INTEGRATED REPORTING (CAPITALS)

The capitals map on [page 115](#) reports on which pages you can find the content corresponding to each of the Integrated Reporting capitals. At the beginning of each chapter, we also signal which capitals are addressed there, with the following icons:

- Natural**
- Social and Relationship**
- Intellectual**
- Manufactured**
- Human**
- Financial**



GLOBAL REPORTING INITIATIVE (GRI)

Along the report, the symbol **GRI XXX-X** appears next to the titles or subtitles of the chapters in which the indicator is reported. You can also find a full index of indicators in the GRI Content Index on [page 108](#), describing each indicator and referring to the page on which it is reported.



SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

For the first time, our report also complies with the guidelines of the Sustainability Accounting Standards Board (SASB), a voluntary standard for sector sustainability reporting, including indicators targeted at the retail and accessories, apparel and footwear sectors. The index is available on [page 114](#), and the corresponding content is signaled, through the SASB acronym with the HC-BP-XX indicators, throughout the publication.



SUSTAINABLE DEVELOPMENT GOALS (SDG)

We also strengthened the Company's commitment to the United Nations' Sustainable Development Goals. To explain the relationship between them and our business in a simple way, at the beginning of the chapters we indicate the SDGs that are related to the content. And on [page 116](#) you will find the SDG map, informing the content pages corresponding to the priority SDGs for our business.



# MESSAGE FROM THE MANAGEMENT

**The year 2021 mirrors Arezzo&Co's trajectory, full of hard work and passion. We entered the year confident, with a robust expansion and assertive choices. The swift adaptation to the crisis and the fight against the pandemic in 2020 made it possible for us to be prepared for the challenges and uncertainties of 2021, keeping our business in a solid and consistent position in the market, ending the year with record-breaking figures never seen before in our history.**

In 2021 we completed AR&Co's first 12-month cycle, a union that positioned us among the largest fashion and lifestyle groups in Brazil, and we achieved significant results, exceeding our goals for the year. We have verticalized the entire production of footwear of the Reserva Go brand, bringing more efficiency to production. At the end of the first semester, we consolidated Baw Clothing's acquisition and ended the year with an important and unprecedented step towards a market of approximately R\$15 billion, with the acquisition of Carol Bassi, a luxury women's apparel brand, expanding our addressable market and the strength to sustain the business in the long term.

With our brands' power, the Company's financial performance was also robust, and we achieved the highest revenue in the Company's history, reaching the R\$3.6 billion mark. The North American operation also reached record revenue, signaling the materialization

of our relationship with the main department stores in the USA. We are a multi-brand and multi-channel company, and our balanced results among each of these fronts prove the soundness of our business model.

The evolution of our CRM strategy during the year and the large investment in initiatives focused on the customer to optimize the omni experience ensured web commerce growth, with a new sales level in our digital channel, representing 25% of revenues, a historical high. Furthermore, always connected to the future, to support the Culture of Innovation at Arezzo&Co, we created our New Technology Development Center, the ZZ HUB, which will support the development of solutions that are connected to the business.

To maximize our value creation and ensure quality products and experiences with a lower impact on our stakeholders, our sustainability strategy was revisited in 2021, considering the arrival of Reserva Group in the group and the strategic focus and ESG trends also in the apparel segment. We also matured our management, strengthening the sustainability governance with a dedicated management, launching our Sustainability Policy and defining our ambition to become a benchmark in ESG in the industry.

All these factors have enabled us to take important steps in Arezzo&Co's ESG strategy and, as a result, in 2021 we joined B3's ISE portfolio, standing out



among the best companies in the country in relation to our commitment to corporate sustainability, support for sustainable development, and recognition for our ethical corporate responsibility.

**Our culture is a great asset of the Company, our people are engaged, have passion for what they do and are always committed to doing their best, our suppliers are outstanding partners and our customers have a strong relationship with our brands. Accordingly, to enhance our relationships and the positive impact on the regions where we operate, in 2021 we built our diversity and inclusiveness strategy, repositioned Alme as our sustainable brand, neutralized scope 1 and 2 emissions in our operations, strengthened the Arezzo&Co Internal Audit Area and invested in a partnership with Sebrae to ensure compliance in our chain.**

We ended 2021 with strong results, which represent the first stage of the New Era of Arezzo&Co that began here, creating perspectives for expansion opportunities and positioning of our brands. We will continue working so that in the future we will be increasingly more present internationally and consolidate our presence in the apparel sector.

Finally, our feeling is that, despite all the macroeconomic adversities in 2022, we are very well prepared to guarantee not only products, but also experiences with quality and sustainability, acting assertively at the appropriate moments, within our international fashion platform.

I close by thanking all those who make this story happen with such prosperity, always ensuring the excellence of the Arezzo&Co style of being and doing: our investors, analysts, employees, and all the Company's stakeholders who support our trajectory over these 49 years.

On towards 2154!

## Alexandre Birman

Arezzo&Co CEO and CCO





# 2 A AREZZO&CO

RELATED CAPITALS

RELATED SDG







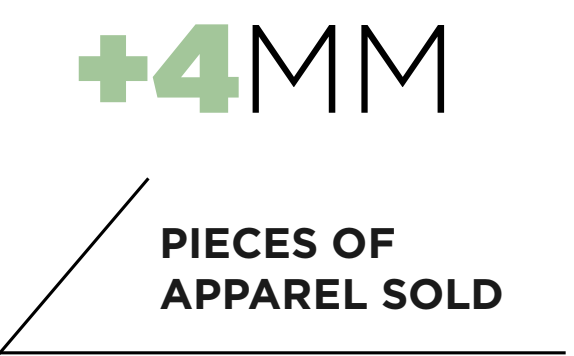
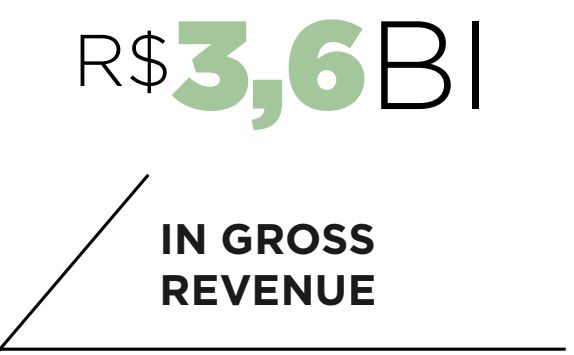
# ABOUT US

GRI 2-1 | 2-2 | 2-6 | 2-7 | 201-1

**We are Arezzo&Co, leader in the women's footwear, handbags and accessories sector in Brazil, with operations in all Brazilian states and abroad.**

Over our 49 years of history, driven by connection and the challenge of enchanting customers, we expanded our business and became a House of Brands, expanding our operations to the apparel sector, whose portfolio now includes 16 brands and two online fashion platforms.

## AREZZO&CO FIGURES








# OUR PRESENCE

SASB CG-MR-000.A

Presence in brick-and-mortar stores in all

**26** states  
of Brazil

-  3 Own Stores Abroad – Schutz.
-  2 Own Stores Abroad – Birman.
-  5 Arezzo Franchises Abroad: Latin America.
-  1 Arezzo Franchise in Europe: Portugal.
-  4 Distribution Centers\*
-  4 Own factories\*

\* In Campo Bom – RS we have 2 distribution centers, one for the domestic territory and the other for export, and 3 own factories.





# MANIFEST

## OUR ESSENTIAL ASSESSMENTS

We are children of an **entrepreneurial dream** and we want to enchant people, making them happier. We are brothers and sisters in a **network that breathes our brands**. We are a fierce team in everything we do, and this is reflected in our daily routine, in the passion with which we pursue our goals, and in the speed we make adjustments to our plans when we see a better path. We don't run away from the fight!

**We are very emotional, and we almost never stop.** We have the boldness to try to understand people's minds and guess their desires. **We are passionate about the new, proud of our craft, nonconformist with today and have the ambition to take our dream to more people in the world.**

We are Arezzo&Co,  
On towards 2154!

## MISSION

### What we must do

Guarantee high-quality and sustainable products and experiences, at the right time, through a global fashion platform.

## VISION

### Our future

Be a fashion leader in Brazil with an international footprint.

## PURPOSE

### Our reason to exist

Interpreting trends and awakening desires.

## PRINCIPLES

### Challenges

Achieved goals are the basis for the next goal.

### Flexibility

Always be ready for changes.

### Union

United we will win! Disagreements built. Conflicts destroy.

### Passion

Enjoy. Get involved and always be happy.

### Involvement

When in doubt. Act.

### Transparency

What can not be transparent should not be done.

# OUR HISTORY

Our journey started in 1972, in the city of Belo Horizonte – MG, when Anderson and Jefferson Birman brothers founded their first shoe factory.

**The drive to launch market trends and the innovative and expansion spirit have reshaped our history.**

## 1972

Arezzo is launched as a men's brand, but soon migrated to women's shoes. The first successful launch was the Anabela model.

## 1976

Opening of the First Monobrand store – Gypsy, first shoe boutique in Belo Horizonte – MG.

## 1980

Following the verticalization of production, it consolidates itself as a shoe factory with a large production capacity.

## 1988

Franchising operations begin, opening 10 franchises in various Brazilian cities.

## 90's

Expansion of brick-and-mortar stores and franchise channel. Focus on retail and outsourcing in Vale dos Sinos. Investment in R&D, communication and marketing, and trend development.

## 1991

The first Arezzo brand flagship store opened on Rua Oscar Freire in São Paulo.

## 1993

Alexandre Birman, at age 16, starts to be prepared for business succession.

## 1995

Birman launches the Schutz brand.

## 00's

**CORPORATE ERA**

## 2007

The Tarpon Investimentos fund acquires a 25% stake; also, Arezzo and Schutz brands are merged.

## 2008

Creation of Anacapri, focused on flat shoes, and Alexandre Birman, for the luxury segment.

## 2011

Arezzo&Co becomes a publicly traded Company and starts to have its shares listed on the Stock Exchange, under the ticker ARZZ3. SCHUTZ brand launches the Group's 1<sup>st</sup> e-commerce.

## 2012

Expansion into the North American market. Schutz opens its first flagship store on Madison Avenue in New York City.

## 2013

Headquarters inauguration in Campo Bom-RS, and production concentration in Vale dos Sinos.

## 2015

Fiever brand is created, focusing on functional and versatile sneakers.

## 2016

Distribution center inauguration in Cariacica-ES.

## 2018

Beginning of the digital transformation at Arezzo&Co. Creation of the Alme brand, focusing on beautiful and comfortable shoes.

## 2019

Vans brand licensing in Brazil.

## 2020

Reserva Group becomes part of Arezzo&Co and Ar&Co is born.

Launch of ZZ MALL, the group's marketplace.

Acquisition of 75% of the second-hand TROC platform and entry into the circular economy..

Creation of ZZ Ventures – Corporate Venture Capital arm to approach the startups universe.

## 2021

Acquisition of Baw Clothing, complementing AR&CO's lifestyle and apparel arm now with Streetwear.

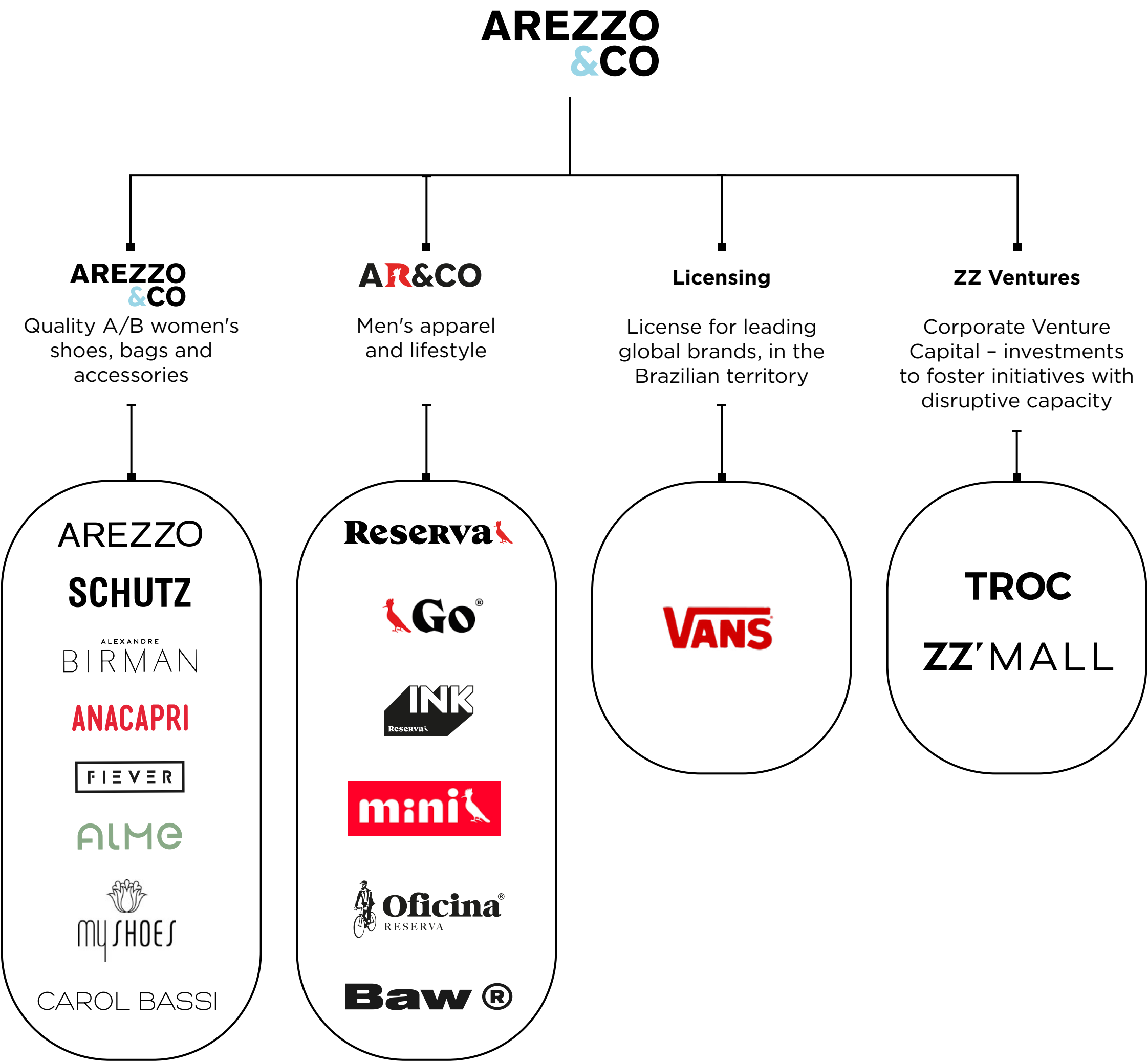
Acquisition of MyShoes brand and start of the strategic partnership with Mercado Livre.

Carol Bassi brand acquisition in November 2021.



# OUR BRANDS & BUSINESSES

GRI 2-1 | 2-2



We have expanded our business over the last few years, increased our addressable market, and incorporated brands from different fashion and lifestyle ecosystem categories and segments into our portfolio, becoming a House of Brands.

Our expansion, both in Brazil and abroad, is due to the consolidation of a very well structured strategic planning and a business model that focuses on product development, flexible production choices, simultaneous distribution on a national scale, and an efficient and competitive lead-time in the international operation.

## RESEARCH

Through our monitoring strategy, we identify consumer behavior and fashion trends.

## DEVELOPMENT

On average, we create 65 thousand models per year, which are gradually selected by the product team. 41% of the total reach the production stage to be made available in stores.

## DELIVERY

We distribute the products, in a coordinated way, to all the country's stores, moving thousands of pieces per day. All collections are presented simultaneously in every Brazilian store.

## FLEXIBLE SOURCING

We analyze and define the best production process for each piece: to be made in our own factory, or in independent contracted factories and ateliers.

Each one of our brands has a specific public and specific products, operating through a variety of distribution channels: company-owned stores, franchises, multi-brand stores, e-commerce, and some also export.

Moreover, each brand has its own executive boards that independently run their strategic planning, focused on enchanting and building customer loyalty.

**Next, we present our brands, our marketplace channels and their 2021 performance.**

Besides each brand's own website, our customers are also able to find them all on our marketplace platform ZZ MALL online or in the app, as well as ZZPay cashback [www.zzmall.com.br](http://www.zzmall.com.br)





# AREZZO

## Partner in fashion and in life

Our first brand, a reference in trend setting in the country, is one of the most consumed brands in Brazil. It has a nationwide presence, with a strong distribution network that includes franchises and multi-brand stores, as well as its own stores located in Rio de Janeiro, São Paulo, and Rio Grande do Sul.

To get to know AREZZO's exclusive market place [click here](#).

18

OWN  
STORES

441

FRANCHISES (BRAZIL  
AND ABROAD)

1,993

MULTI-BRAND  
STORES

6M

FOLLOWERS  
ON INSTAGRAM

R\$255MM\*

WEBCOMMERCE  
GROSS REVENUE

R\$1.1B

GROSS REVENUE  
IN THE DOMESTIC  
MARKET IN 2021

32.7%

OF AREZZO&CO'S  
DOMESTIC MARKET  
REVENUE IN 2021

\*Includes ZZMALL.



# B R I Z Z A

## Full plastic line from Arezzo

At the close of 2020, with the launch of the Arezzo brand's Sub-label, Brizza, we entered the Full Plastic market, focused on flip-flops, sandals, sliders, and purses, increasing our competitiveness and addressable market, with the incorporation of this new product category, which is widely consumed in the country.

65

Models launched.

over 1,4M  
pairs sold\*

\* Produced and sold in sell-in  
(franchisees, multi-brand, own stores).





# BAMBINI

## Arezzo's children's line

In May 2021, Arezzo launched the Bambini collection, the brand's first children's line, with bright colors and comfortable shoes. All models have adult versions so that moms can match their shoes with their daughters and walk together!

36

Models launched

over 71MIL  
pairs sold\*

\* Produced and sold in sell-in (franchisees, multi-brand, own stores)





# SCHUTZ

## Elevate the moment

Founded by Alexandre Birman, the brand invests in trend research, new materials and technologies to create its products.

The Schutz collections have a network of points of sale in all Brazilian states, in addition to its own flagship stores in the country's main fashion centers. In the foreign market, it has its own stores in New York, Florida, and Los Angeles, besides being in several retail outlets and department stores.

To learn more about SCHUTZ's exclusive marketplace [click here](#).

21

BRAZIL OWN  
STORES

03

USA OWN  
STORES

4,6M

INSTAGRAM  
FOLLOWERS

63

FRANCHISES

18,7%

OF AREZZO&CO'S  
DOMESTIC MARKET  
REVENUE IN 2021

R\$ 191MM\*

WEBCOMMERCE  
GROSS REVENUE

over 1,3mil

MULTI-BRAND  
STORES

R\$ 607,3MM

GLOBAL GROSS  
REVENUE IN 2021\*

\*Includes ZZMALL.







# ANACAPRI

## Choose to be yourself

A brand developed to be part of women's daily lives, its products have personality, quality, comfort, and casual design.

Anacapri has franchises in several Brazilian states, in addition to its own stores in São Paulo and Rio de Janeiro. With a strong presence in the multi-brand channel, it is present in several points of sale in the country.

The "Espaço Descomplica", the brand's flagship store, located on Oscar Freire Street in São Paulo - SP, positions AnaCapri among the largest brands in the country, focused on flat shoes.

Access Anacapri's exclusive marketplace [here](#).

02

OWN STORES

R\$ 292MM

GROSS REVENUE  
IN THE DOMESTIC  
MARKET IN 2021

1.5M

INSTAGRAM  
FOLLOWERS

207

FRANCHISES

9%

OF AREZZO&CO'S  
DOMESTIC MARKET  
REVENUE IN 2021

R\$ 52MM\*

WEBCOMMERCE  
GROSS REVENUE

over 2k

MULTI-BRAND  
POINTS OF SALE



ALEXANDRE  
BIRMAN

## Unique experience

The selection of noble raw materials composes the brand's DNA, the most luxurious and international brand of Arezzo&Co.

With global prominence, its collections are worn by celebrities and style icons, being present in the world's finest multi-brands, such as Bergdorf Goodman and Saks Fifth Avenue, as well as its own stores located in prime locations in Brazil and abroad.

To learn more, access the e-commerce of the **Alexandre Birman** brand.

08

BRAZIL OWN  
STORES

02

USA OWN STORES

1.8%

OF AREZZO&CO'S  
DOMESTIC MARKET  
REVENUE IN 2021

R\$ 142MM

GLOBAL GROSS  
REVENUE IN 2021

R\$ 9,8MM\*

WEBCOMMERCE  
GROSS REVENUE

402k

INSTAGRAM  
FOLLOWERS







**Celebrate the differences**

Its name is a mixture of FIVE (because it is the group' 5<sup>th</sup> brand) and FEVER. With an urban, cool and unpretentious concept, the brand is aimed at the young public.

With campaigns starring influencers and collections with all-gender representation, the brand, whose icon is the white sole sneakers, is cool and versatile.

Enter FIEVER's exclusive marketplace [here](#).

01

OWN STORE

01

FRANCHISE

0.8%

OF AREZZO&CO'S  
DOMESTIC MARKET  
REVENUE IN 2021

R\$ 25MM

GROSS REVENUE  
IN THE DOMESTIC  
MARKET IN 2021

504

MULTI-BRAND  
POINTS OF SALE

300k

INSTAGRAM  
FOLLOWERS

R\$ 9MM\*

WEBCOMMERCE  
GROSS REVENUE

\*Includes ZZMALL.



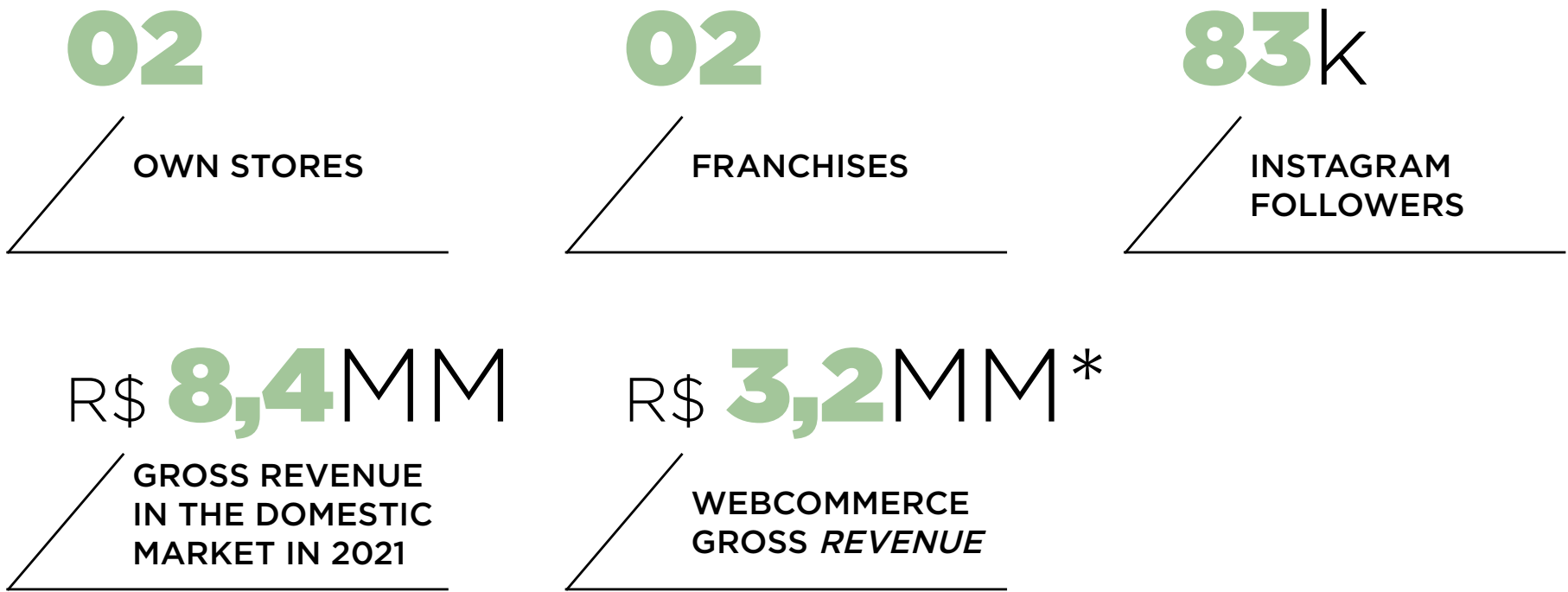
# ALME

## Walk with alme

In 2021, understanding that Alme’s comfort should go beyond the individual and that feeling comfortable is a collective relationship, we evolved our brand through a bold and necessary movement. With refined design and comfort technologies, Alme started to develop all its products with lower environmental impact raw materials and maximum comfort for the feet.

The brand’s portfolio includes footwear from sizes 33 to 44, with agender products, besides ensuring responsible and Brazilian production. Alme is a carbon neutral brand, which offsets 100% of its CO<sub>2</sub> emissions with Brazilian forest preservation projects. A brand against climate change and in favor of changing habits (learn more on a [page 61](#)).

Get to know ALME’s sustainable products, [click here](#).



\*Includes ZZMALL.







# VANS

## "OFF THE WALL"

We licensed the brand at the close of 2019 and are responsible for its exclusive distribution in Brazil. In its 56-year history, Vans is there to foster the creative expression of its customers.

The brand was our first acquisition beyond the footwear market, as its portfolio also includes apparel. In September 2021 we opened the first Brand Showcase Store of the brand in Latin America, on Paulista Avenue in São Paulo – SP.

Access VANS e-commerce [here](#).

08

OWN  
STORES

05

OUTLETS

over 2k

MULTI-BRAND  
STORES

12.4%

OF AREZZO&CO'S  
DOMESTIC MARKET  
REVENUE IN 2021

17M

INSTAGRAM FOLLOWERS  
@VANSBRASIL: OVER  
700 THOUSAND

R\$ 404MM

OF AREZZO&CO'S  
DOMESTIC MARKET  
REVENUE IN 2021

12

FRANCHISES

R\$ 91.4MM\*

WEBCOMMERCE  
GROSS REVENUE

\*Includes ZZMALL.





In July 2021, we announced the launch of My Shoes to the market and signed a partnership with Mercado Livre for the brand's logistics management. My Shoes' incorporation is part of our expansion strategy.

Its portfolio includes footwear, handbags and fashion content focused on the B- and C+ class, which makes this acquisition broaden our addressable market. The brand's products are op-

erated in three channels. Although they are sold in multi-brand channels, they have a strong presence in the digital market. Mercado Livre is responsible for My Shoes' operation both on its own platform and in the brand's own e-commerce and is responsible for the entire product distribution.

To visit My Shoes e-commerce [click here](#).



766

MULTI-BRAND  
POINTS OF SALE

R\$ 14MM

GROSS REVENUE IN THE  
DOMESTIC MARKET IN 2021

over 200k

FOLLOWERS

R\$ 414.6k

WEBCOMMERCE  
GROSS REVENUE

0.5%

OF AREZZO&CO'S DOMESTIC  
MARKET REVENUE IN 2021

**In 2022, we will develop an outsourcing network in São João Batista - SC and Jaú - SP, taking advantage of all Arezzo&Co's expertise and know-how in R&D for the brand.**



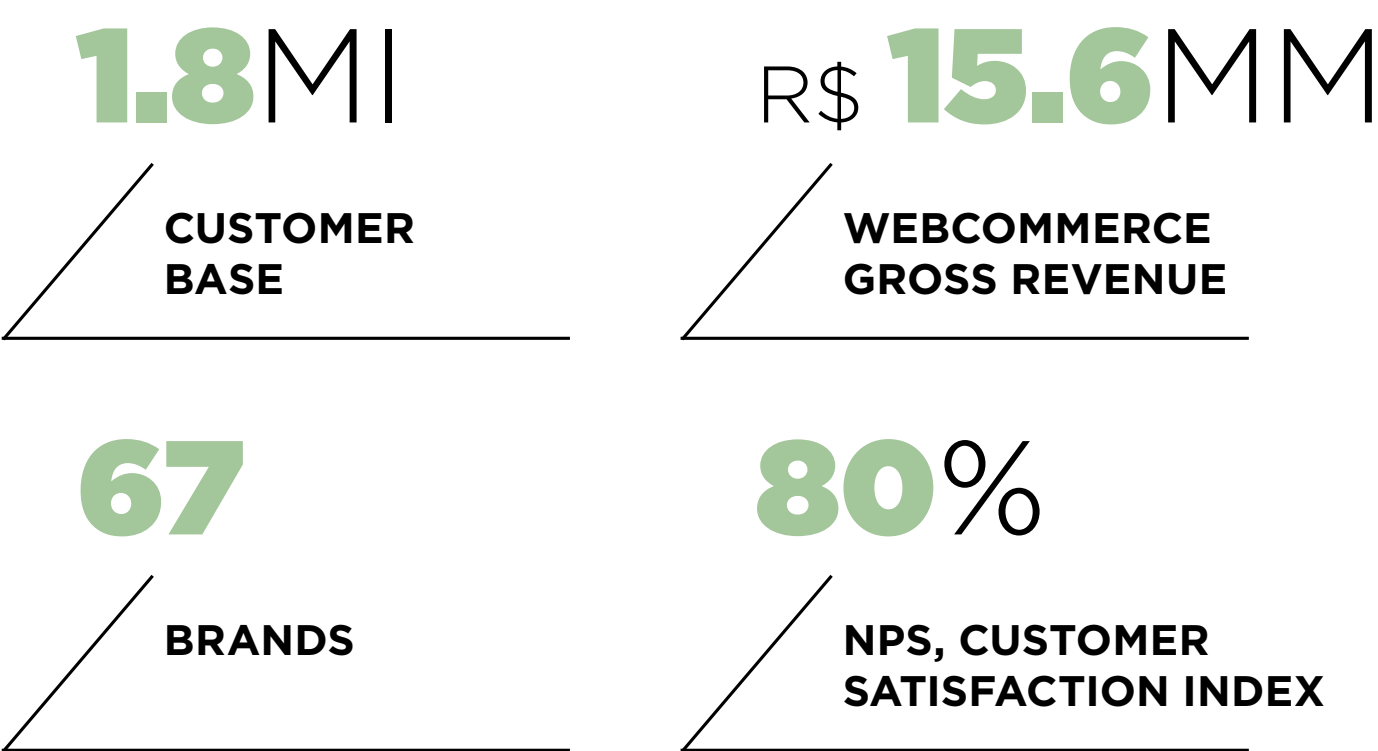
# OUR BUSINESSES

## ZZ'MALL

Created in 2020, the marketplace is the Company's first 100% digital platform and features all Arezzo&Co and AR&Co brands, as well as several prominent brands, such as Vivara, Hope, MOB, Spezatto, TVZ.

ZZ MALL has a website, APP, digital magazine MAGAZZINE and other products and services. (learn more on [page 31](#)).

To visit My Shoes e-commerce [here](#).

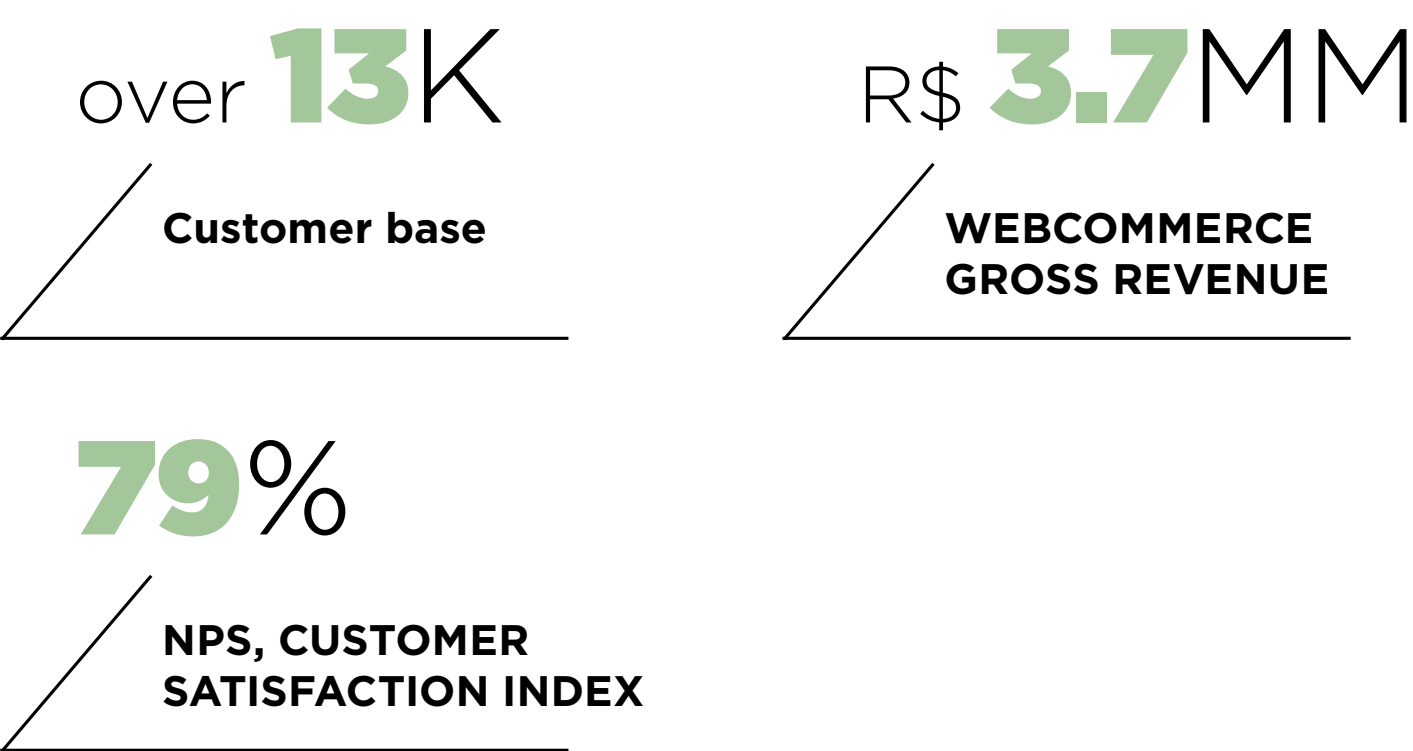


## TROC

Acquired in 2020, TROC is a secondhand platform for premium and luxury fashion brands. Our online thrift shop, TROC works to transform the consumption culture by strengthening the idea of circularity in the fashion world.

Throughout the second half of 2021 TROC featured TROC Flash Pop Up, temporary brick and mortar stores in the cities of Curitiba – PR and São Paulo – SP. At the end of 2021 they closed their activities.

[Access](#) the platform TROC.



## CAROL BASSI

We ended 2021 by acquiring the Carol Bassi clothing brand, debuting Arezzo&Co's operations in the women's apparel segment.

The brand created by the entrepreneur Anna Carolina Bassi features timeless, versatile pieces with a feminine and sophisticated design and employs 72 people.







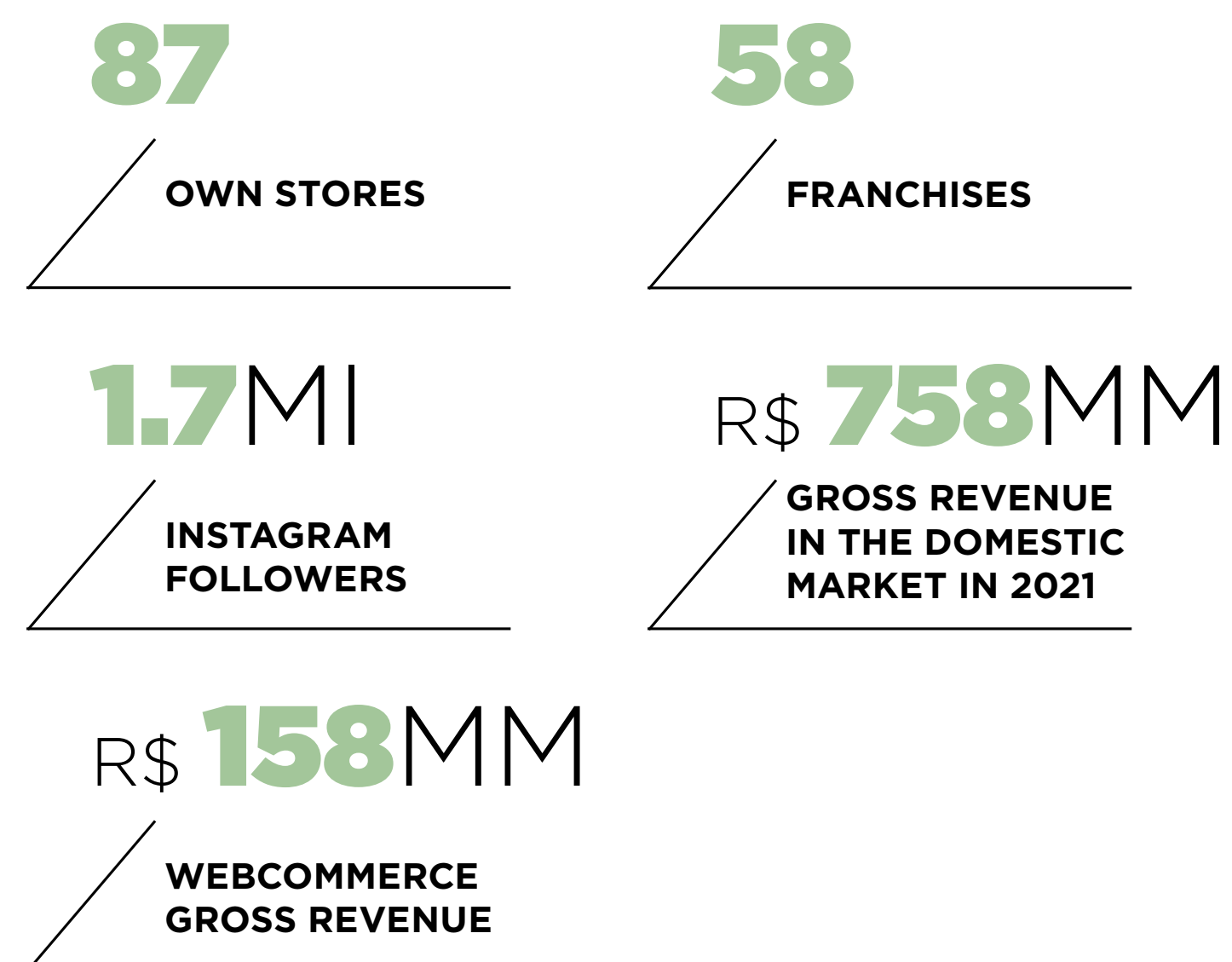
## To fly even higher

Following the incorporation of Reserva Group, in 2020, we created AR&Co, a business segment that includes the Reserva brands and our recent acquisition: Baw Clothing. This union, based on our strategic expansion planning, has placed Arezzo&Co among the largest fashion and life-style groups in Brazil.

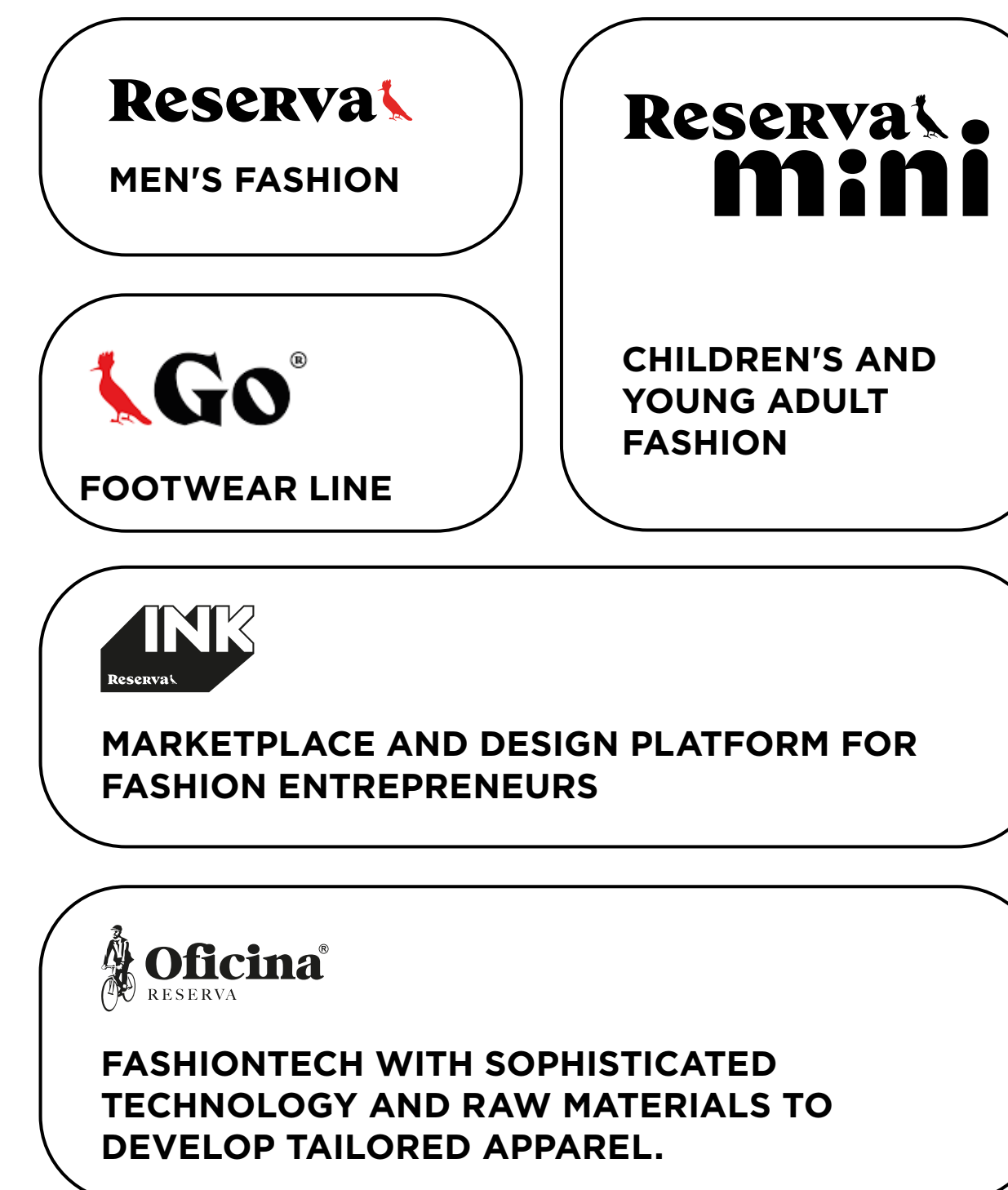
Known for blending fashion and innovation to positively impact users, Reserva has the Company B certification, granted to businesses that meet high social and environmental performance standards, transparency and fiscal responsibility, in-line with financial sustainability and purpose, a model that will be implemented in all Arezzo&Co brands (learn more on [page 63](#)).



### AR&CO BRANDS PERFORMANCE 2021



### OUR BRANDS





INTEGRATION

The year 2021 was characterized by integrating the Reserva Group and building AR&Co, with strong and solid results. We have internalized the production of Reserva Go footwear, raising efficiency and quality, based on our extensive footwear experience, reinforcing the launch of collections and product development and, as a result, we have quadrupled the production volume and profitability of the brand's footwear.

The new brands' management consolidation and integration process is still under construction, we are working to consolidate the new companies' culture alignment, and this transformation is a step-by-step process, so in this report some data from the AR&Co brands will still be presented separately.



**Baw®**

In June 2021, we acquired Baw Clothing, to make up our lifestyle and apparel segment. This acquisition supports our strategy to increase the addressable market and foster diversity in the Company.

BAW is among the three best known streetwear brands in Brazil, has a strong digital presence and its collections are heavily promoted by digital influencers.

In November 2021, we launched the brand's first brick and mortar store, in the district of Bom Retiro in São Paulo - SP.

R\$ **39.5MM 01**

WEBCOMMERCE  
GROSS REVENUE

OWN  
STORE

**1.4M**

INSTAGRAM  
FOLLOWERS



# INNOVATION AND DIGITAL TRANSFORMATION

**At Arezzo&Co, digital transformation is there to deliver more value to our customers.**

With the covid-19 pandemic, our digital transformation initiatives, which had been in planning and development since 2018, have been ramped up and our customer-focused digitalization agility and assertiveness have been critical to sustaining and continuously generating value from our business.

**We are a large digital fashion platform, with extensive brand experience. At Arezzo&Co, technology brings even more intelligence to capture trends, awaken desires and connect it all across multiple channels, increasing customer recurrence.**

Next, we will present the key highlights of the digital transformation fronts in 2021.

## CHANNELS: OMNICHANNEL EXPERIENCE

GRI 2-29

In 2021, we have consolidated our digital transformation and innovation framework, evolved our CRM strategy with cross-national reach, and created tools that enhance the shopping experience and customer satisfaction by connecting the physical and the digital.

**Our CRM database has 9.7 million registered customers, with whom we carry out relationship activities using various channels.**

We have a **Digital Business** team focused on incubating and developing new projects and digital solutions that bridge gaps at Arezzo&Co and other partners, providing, besides the potential sales increase, an opportunity to sell solutions to the external public and create new businesses for our ecosystem, expanding the Company's revenue generation fronts.

over **9MM**  
**customers** in the database

**44%**  
activated by e-mail

**65%**  
via cell phone

With our retail digitization robustness coupled with CRM data analytics, we achieved over R\$497 million in digitally driven sales, representing 14% of our revenue.



**BRAND PLATFORM**

Thanks to the variety of brands that make up our platform, we have multiple channels to expand our relationship with our customers and get to know them more and more, being able to create precise strategic actions to increase our base and purchase frequency in the various brands.



**OMNI CUSTOMERS**

During the pandemic we stepped up our initiatives to optimize the omni experience and the customer volume on this front increased by 13.8%, which directly results in our business revenue growth.



**Average ticket**

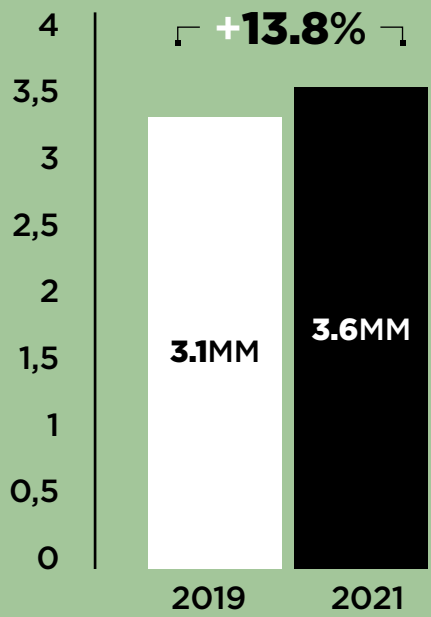
R\$**302.11** online  
R\$**273.19** brick-and-mortar stores  
**10.6%** higher\*



**Frequency**

**4.72**  
**+ 56%**  
In relation to brick-and-mortar stores\*

**ACTIVE CUSTOMER BASE**



**OMNI customer** spending is **3X HIGHER** than exclusives to one channel.

\* Data does not include AR&CO



CRM: NEW COMMUNICATION APPROACHES

In 2021 we concluded implementing the CRM DATA, which organizes, in a technical and structural way, all the data from the Arezzo&Co consumer public, allowing us to provide a more personal and customized service and, therefore, a greater accuracy in our relationship actions.

We also innovated with the Digital Managers project, created in the ZZLab of the new digital business area, offering stores our network's intelligence and clients' knowledge to implement local social media strategies. In the project, our digital transformation teams foster the store's social media planning and activation strategy and content creation, empowering and improving its process and, consequently, boosting sales.

♥ 93

stores impacted

by the Digital Manager project in

20

brazilian cities



During the year, we also created a biannual SCHUTZ subscription club, in which customers receive a monthly surprise box at home, cashback, and have exclusive experiences, such as first-hand activation about new launches.

+over 1,000

SUBSCRIPTIONS

54%

INCREASE IN BASE

38%

INCREASE IN THE AVERAGE TICKET





## ZZ APP

**In 2021, we redesigned the ZZ App, also known as the salesperson app, a digital sales solution launched in 2020.**

The app is a central intelligence tool for the sales team. The app allows salespeople to find contacts, view individual profiles, and check each customer's buying history.

### ZZ APP (SELLER'S APP)

**1.6M**

TOTAL SALES INFLUENCED  
BY THE APP IN 2021

**754**

STORES USING IT

**25%**

OF THE 2021 SALES WERE  
DRIVEN BY ONLINE.

**18.5M**

CUSTOMER ACTIVATIONS  
THROUGH THE APP IN 2021.

**497M**

REVENUE INFLUENCED BY  
THE ONLINE TOOL.

The tool is a crucial piece in our CRM strategy, used to facilitate the contact and access of the sales team with our customers in a strategic, customized way, based on data analysis.

### FAZ UM PIX! (SEND A PIX)

**To make sales performance easier, we also developed a PIX solution. With it, any salesperson can send a PIX code to the customer and make a sale, through this transaction.**

This solution is triggered by the App and can be used both in brick and mortar stores and in the remote model.

## ZZ LINK

In order to provide more efficiency and security, we developed and launched, in 2021, a proprietary tool integrated to ZZ App, the ZZ LINK, our remote payment solution has a robust anti-fraud system, exponentially decreasing our risks regarding fraudulent payments with cloned cards.



# BRAND AND PRODUCT: CONNECTIONS THAT AWAKEN DESIRES

## ZZ MALL

In 2020, when screens became our biggest showcases, we created the **ZZ MALL** platform, our digital asset, where customers find all Arezzo&Co brands in a single marketplace. In this virtual space, we develop content focused on special actions for our brands, engaging an influencer network to enhance our customers' engagement.

**In addition, our platform also unifies shopping experience, curation, and content from established and emerging brands.**

In 2021, we launched a loyalty program, through a payment wallet, **ZZPay**, which contributed to the platform's positive sales results. Throughout the year, **ZZ MALL** presented itself as our virtual environment with higher recurrent purchases and with the highest NPS and service satisfaction index.

1,256  
NEW CUSTOMERS

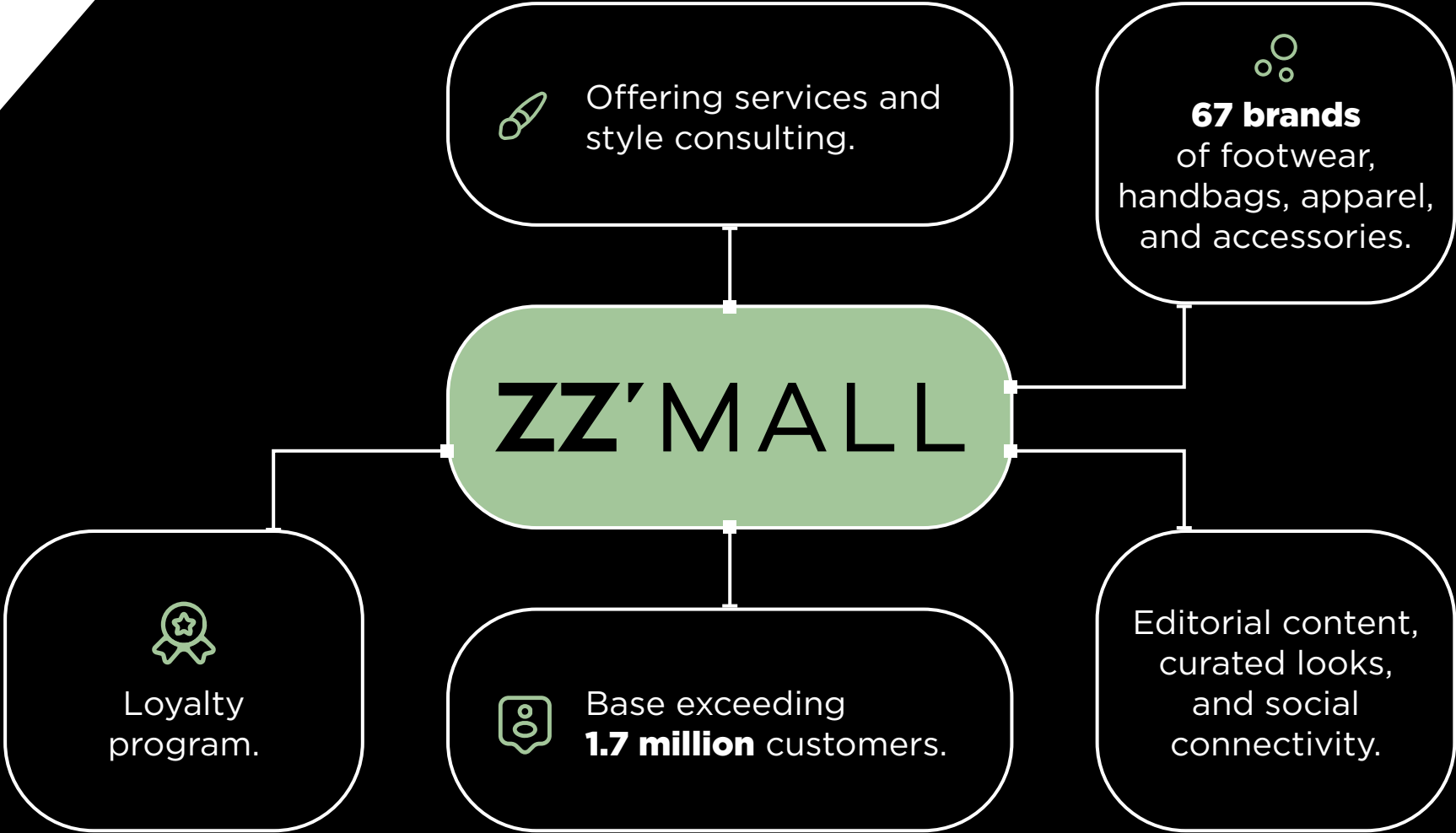
14.7%  
ORDERS USING  
ZZPAY IN THE APP

80  
NPS OF THE ZZ MALL  
PLATFORM

over 1.000  
Active influencers

Work directly at **ZZ MALL** and are paid commissions by the platform, according to their performance.

over R\$110K  
in compensation in 2021





# TECHNOLOGY:

## DATA INTEGRATION AND INTELLIGENCE

**We have developed a robust, flexible, highly scalable platform that supports our digital transformation strategy, and we continuously invest in its advancement year after year.**

In 2021, apart from the continuous investment, we moved forward with the integration of the Vans and Reserva Group operations into the MyShoes and Mercado Livre systems, in addition to adapting all our websites to the General Data Protection Law (LGPD).

### INFORMATION SECURITY AND PRIVACY

**SASB CG-MR-230a.1 | SASB CG-MR-230a.2 | GRI 418-1**

We respect the privacy and protection of personal data, not only of our employees, but of all our customers, franchisees and other people and entities with a relationship with Arezzo&Co and we do not transfer data or information to third parties through sale, rent or sharing.

The Information Security area of the Company has three action pillars:

- Policy and Privacy (Compliance).
- Cybersecurity (information security infrastructure).
- Secure Development (safe development of technologies).

Our main management system is currently hosted inside a tier 3 data-center, with the market’s best security practices, and our Privacy Policy applies to all of the Company’s operations, including our supply chain.

We rely on the SSL Pro SGC security certificate, issued by GMO GlobalSign, one of the world’s largest certification authorities. With this certificate, all information provided by the holder on our purchasing sites is encrypted and stored confidentially on secure servers. In the year 2022, we will implement our Information Security Plan that is under development during this reporting period.

When privacy issues escalate, management is carried out by the Data Protection Officer (DPO) hired by Arezzo&Co. Also, our Code of Conduct and Information Security Policy provides for disciplinary actions in case of violation of data protection. In the year 2021 we had no proven complaints regarding breaches of privacy, as well as no leaks, thefts or losses of customer data were identified in the period.

**Moreover, we conducted a risk assessment with score definition and action plan for 2022, aiming to mitigate risks and increase the Company’s information security.**

If our stakeholders become aware of any privacy policy violation, the Information Security department should be contacted through the Ethics Channel of Arezzo&Co.

Every complaint is investigated, containment measures, impact assessment and need for communication about the incident are evaluated.

The Information Security department analyzes all and any information, as well as the available evidence that may identify the cause of the problem. The information is compiled and attached to a report to document the occurrence.

Possible violators and those who assist them are subject to the sanctions provided in the contracts by which they are bound to Arezzo&Co, without prejudice to other sanctions (civil, criminal or administrative) provided for in the Brazilian legislation and are personally accountable for any damages and losses caused to Arezzo&Co or third parties.





# INNOVATION CULTURE

GRI 203-1 | 203-2

In 2021, we took an especially important step for our performance in innovation, with the inauguration of ZZHUB, our New Technology and Digital Product Development Center, in a heritage building that was once the headquarters of an Arezzo factory in Campo Bom – RS. The space is 100% focused on technology, to develop business-related solutions and our perspective is that by 2022 we will have about 100 permanent employees working with innovation at ZZHUB.

To this end, we have activated our relationships focused on building partnerships with universities and startups, which develop research and solutions linked to our business, to compose our work teams. ZZHUB has a dedicated coworking space to welcome our partners and build solutions to major technology and business challenges.

**ZZHUB also supports us in our goal of attracting and retaining talent in an innovative way, with defined spaces such as creative spaces, game rooms, and collaborative activities.**



over R\$**4**MI  
**invested**



**2,000**m<sup>2</sup>  
office space



**100**  
new jobs





# FINANCIAL RESULTS

GRI 201-1

**We are defined by our courage and willingness to change, qualities that ensure Arezzo&Co's financial growth, despite the crisis.**

Our business financial sustainability is very well structured. Although 2021 was still affected by the pandemic, with a brief period of brick-and-mortar stores closing in the second quarter, we operated our budget in a flexible manner, and were able to act assertively to adapt our business model to the scenario.

Our financial management is focused on frequent measurement of our results. We started the year working with adaptable budget pieces and, thus, we were able to consolidate a solidly built and well architected strategic plan, generating good results.

## CONTEXT

In 2021, due to the pandemic, we faced a complex moment in the macroeconomic sense, a challenging inflationary outlook and uncertainties about consumer behavior. In light of this, we worked both to strengthen our sales and to restructure and maintain our production efficiency.

Our verticalized product management and value chain have enabled us to gain speed in production, an essential feature to overcome the adversities faced throughout the year.

Our team – passionate and hard working – was crucial for the evolution of the company in this and the last few years, especially in overcoming the obstacles and difficulties brought on by the pandemic.

We ended the year having significantly exceeded our internal goals, resulting in the maximum bonus payment.

Over the 11 years we have been publicly traded, out of 44 quarters, we had 40 quarters with revenue growth and 35 quarters with EBITDA growth. From the IPO to the present, our shares have appreciated by more than 306%, well above the 81% appreciation of the IBOV.



# OUR PERFORMANCE

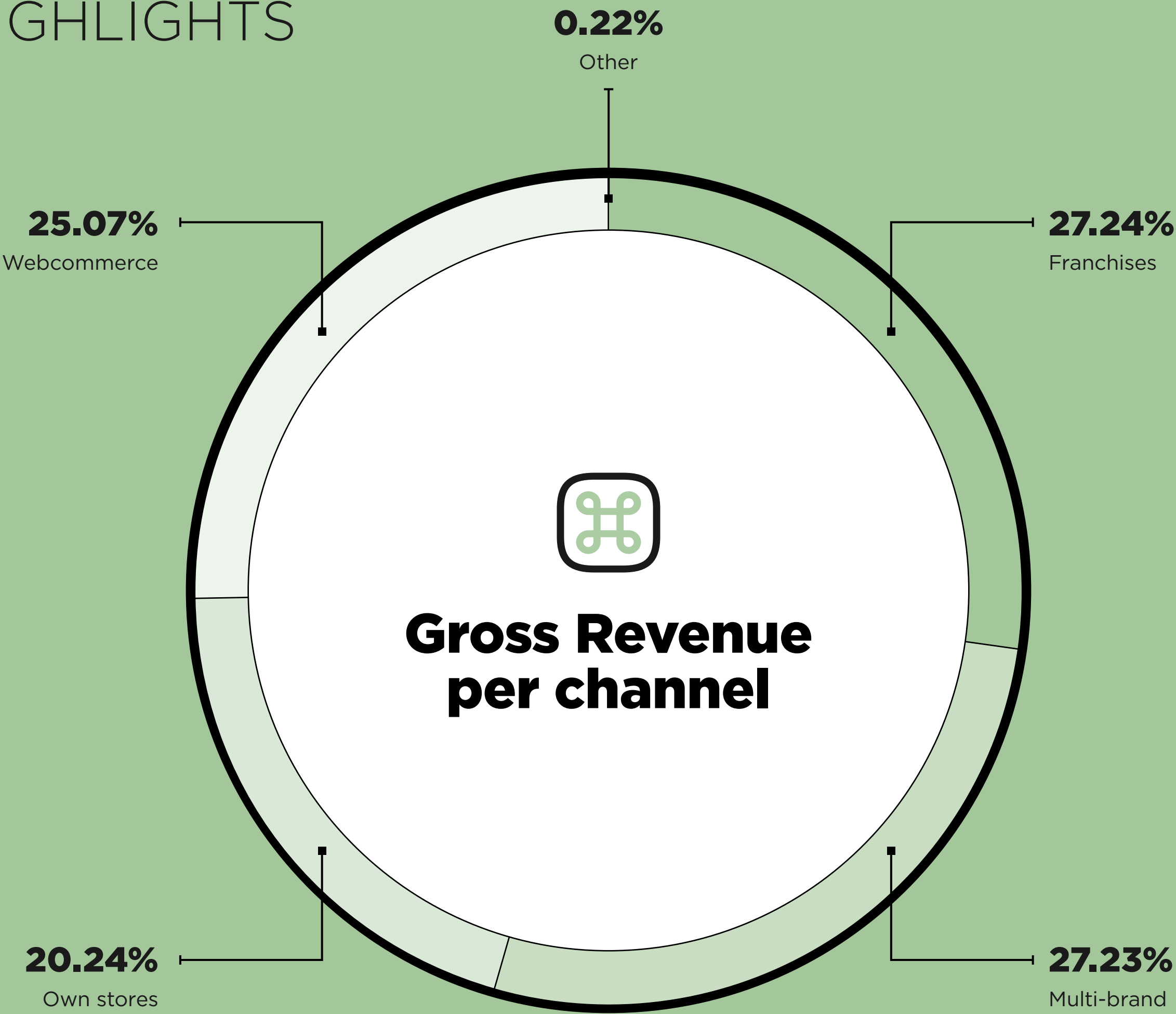
In the year that saw AR&CO's first full cycle as part of the group, we commercialized more than 25 million products – 18.4 million footwear, 4.6 million apparel items and 2.2 million handbags.

We reached the highest revenue of the company's history, of R\$3.6 billion and record adjusted EBITDA of R\$459 million. The online channel reached a new level of sales, ending the year with revenues of R\$816 million, about 25% of our revenues.

Arezzo&Co's organic brands grew 44% in the year and the inorganic brands achieved results above expectations. Reserva ended the year with R\$731 million in revenue. We also set a record in the North American operation, with revenues of R\$ 347 million and a positive EBITDA margin.

We expanded our gross margin by 510bps, to 53%, and had a record accounting EBITDA for the year of R\$572 million and net income of R\$343.7 million.

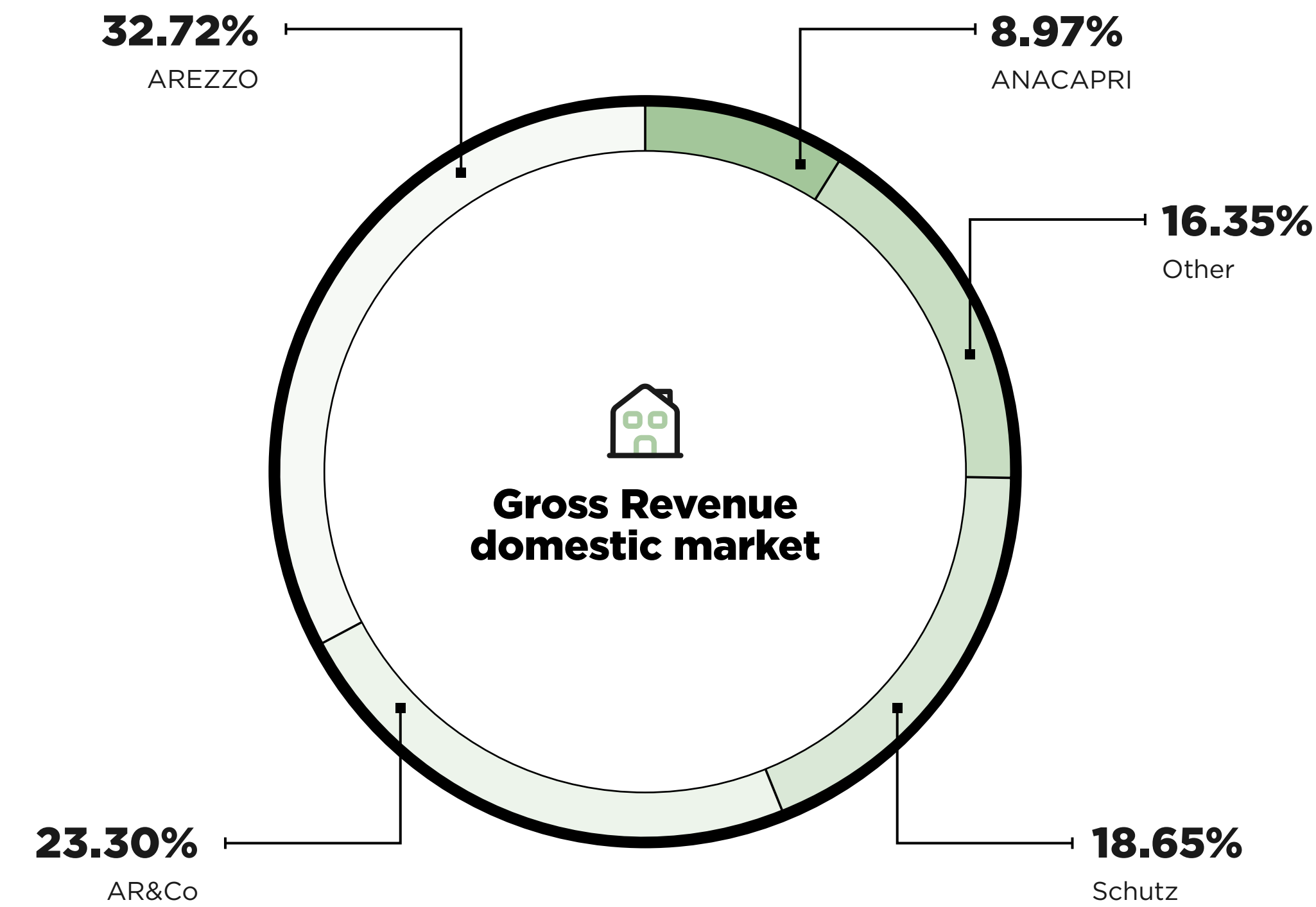
# CHANNEL HIGHLIGHTS



Other: Includes revenues from the domestic market that are not specific to distribution channels.



# BRANDS HIGHLIGHTS



The strength of the Arezzo&Co core brands are expressed in their great performance in 2021.

## AREZZO

Brazil Revenue: R\$ 1.1 BI  
Growth: +40.1% vs 2020

## ANACAPRI

Brazil Revenue: R\$ 292.1 MM  
Growth: +34% vs 2020

## SCHUTZ

Brazil Revenue\*: R\$ 607.4 MM  
Growth: +42.0% vs 2020

\* Does not include revenues from international operation

## Other

Brazil Revenue: R\$ 532.5 MM  
Growth: +77.2 % vs 2020

\* Includes Vans, A. Birman, Fiever, Alme, TROC and MyShoes brands in the domestic market only and other non-brand-specific revenues.

## AR&CO

Brazil Revenue: R\$ 758.8 MM  
Growth: +94.4% vs 2020



## 2021 FINANCIAL HIGHLIGHTS

R\$ **3.6B**

CONSOLIDATED  
GROSS REVENUE

R\$ **269MM**

ADJUSTED NET  
INCOME

+ **660**bps

GROSS  
MARGIN

R\$ **816MM**

WEB COMMERCE  
GROSS REVENUE

R\$ **459MM**

ADJUSTED  
EBITDA

**25%**

WEB COMMERCE  
SHARE

**15.7%**

ADJUSTED  
EBITDA MARGIN

R\$ **759MM**

AR&CO  
GROSS REVENUE



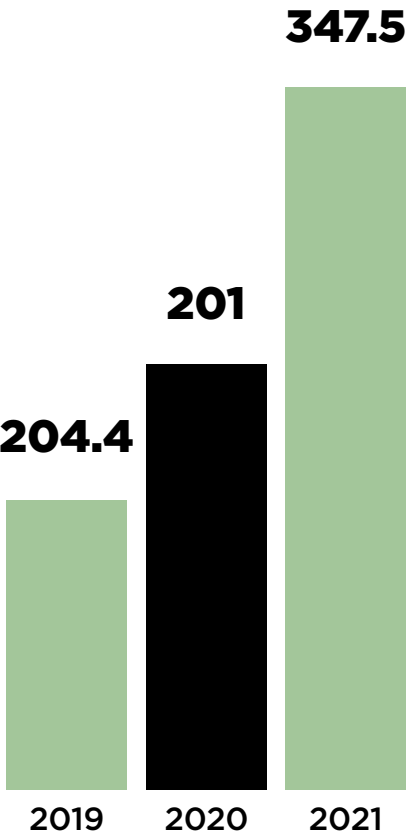


INTERNATIONAL OPERATION

As a result, we achieved the highest revenue level in the international operation’s history, supported mainly by the good web commerce performance.

We closed 2021 with growth driven by sales outside the brick-and-mortar stores channel, achieving positive results, with gross revenue of R\$ 347.5 million, a level 72.8% higher than the previous year.

GROSS REVENUE  
R\$ MILLION



GROWTH  
OVER 2020

72.8%

Our web commerce has achieved good performance and robust growth.

9.6%  
of total gross revenue

+R\$146.5MM  
Compared to 2020

87.63MIL  
New customers.



# VALUE GENERATION

In our mission statement, we are committed to "ensuring quality and sustainable products and experiences" for our clients.

To achieve this mission, our sustainability strategy guides our business model, seeking to develop and generate value while mitigating the negative impact throughout the chain, based on partnerships and ethical, collaborative and sustainable relationships.

**For Arezzo&Co, sustainability is defined as a norm, seeking a distinguishing level in the brands.**

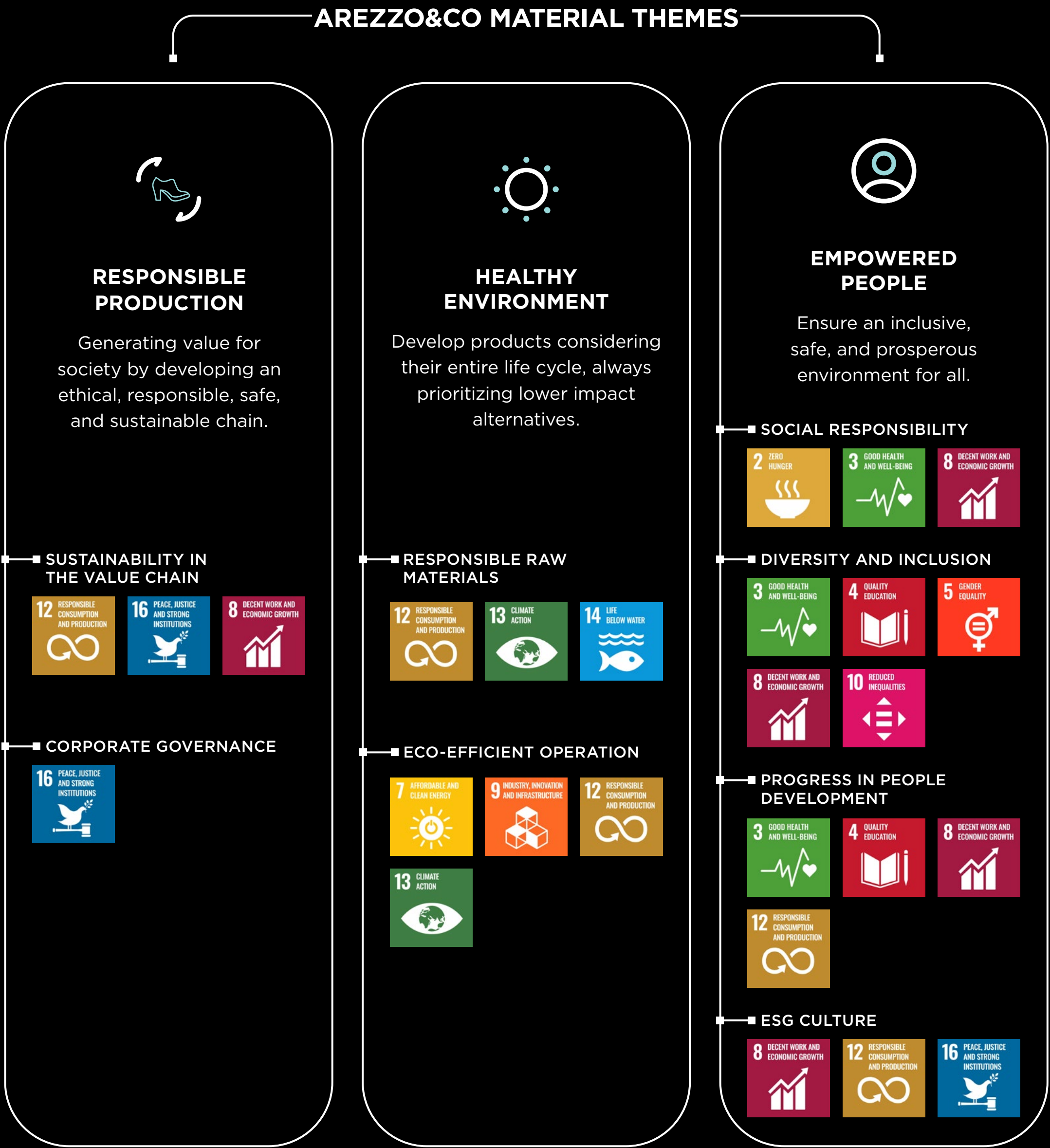
# SUSTAINABILITY STRATEGY

GRI 3-2 | 2-4 | 3-1 | 2-17 | 2-22 | 2-13

Built in 2019 and reviewed annually, our strategy is organized into three pillars, in which we made public commitments to advance management and performance until 2024.

In 2021, the strategy review covered a study of the main sustainability references in the capital market – indexes, ratings and other companies – and also promoted the consolidation of the old Arezzo&Co and Reserva Group strategies, resulting in a single Arezzo&Co strategic organization, although with specific actions for each business and brand in the group.

In 2021, for the first time, we were selected to make up the portfolio of B3's Corporate Sustainability Index (ISE), which shows our soundness in adopting good ESG practices, positioning us among the benchmark companies in sustainability in Brazil.





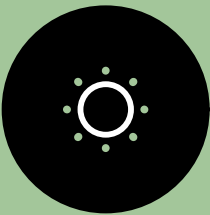
OUR PUBLIC COMMITMENTS (2020-2024)

GRI 2-23



RESPONSIBLE PRODUCTION

- 100% of the supply chain tracked and certified.
- 100% product transparency for customers, with information on composition, origin, and manufacturing.
- Integrate ISE portfolio (B3).
- To be listed as one of the top 10 retail companies in Brazil, in relevant sustainability indexes.
- Recognition of the brands' sustainability practices.



HEALTHY ENVIRONMENT

- Neutralization of emissions by 2024 (scopes 1, 2 and 3).
- 100% of packaging produced with recycled and/or biodegradable material.
- 40% Certification, substitution or reduction of raw materials (products) for more sustainable alternatives.



EMPOWERED PEOPLE

- 100% of suppliers/employees trained annually on relevant topics.
- To be among the 3 best retail companies in Brazil in GPTW woman.
- Constant development of the shoemaker's staff.



**In 2021, our Board of Directors, Executive Board, and Sustainability Committee also began reviewing the Group's strategic sustainability positioning, which should guide the strategy review in 2022.**

In this review, we defined our ambition to be a reference in ESG in the sector in the country and defined the priority themes for 2022, aligned with materiality and public commitments:

- chain compliance.
- leather traceability.
- sustainable raw materials.
- variable compensation linked to ESG for all executives.
- construction of an ESG Culture.
- diversity and inclusiveness.
- circularity.

In the following chapters, learn about the Company's performance and operations in each of our sustainability strategy pillars.



MANAGEMENT

GRI 2-13

We have had a Sustainability Department since 2018, with a dedicated management. In 2021, the area was restructured to expedite the sustainability strategy and promote progress, in an integrated manner, in the different departments of the business.

Additionally, our Sustainability Committee holds bimonthly meetings with the presidents of Arezzo&Co and the Board of Directors, the executive directors and the area’s management, guiding the Company’s sustainability operation and analyzing the topics related to the strategy.

SUSTAINABILITY POLICY

GRI 2-23

In July 2021, we implemented our Sustainability Policy, a document that, together with the Supply Chain Code of Conduct and Ethics, establishes our strategy for sustainable development of the business and other activities, implementing best practices for environmental, social and governance management in our value chain.

Arezzo & Co’s Sustainability Policy guidelines establish commitments and goals for our actions, focused on reducing negative impacts, promoting positive impacts and generating value for our stakeholders.

The document is aligned with our ethical, transparent and sustainable principles, to conduct operations in compliance with social and environmental aspects, rules, regulations and legislation applicable to the business, in addition to establishing our commitment to communicate, in a transparent manner, our performance in relation to the topics addressed.

 Read our full [\*\*Sustainability Policy\*\*](#).





# VALUE GENERATION IN 2021

**AREZZO & CO**

**STYLE OF BEING and DOING**

Revenue and Investments in digital transformation, business model diversification and marketing.

Own stores, distribution centers and factories.

- Investments in the Digital Transformation area;
- Training of employees.

Own and third-party employees in stores, offices, distribution centers, and throughout the value chain.

Consumers, suppliers, employees, shareholders, communities, press, NGOs, government.

Use of natural resources in own operations and other operations in the value chain.

CAPITAL  
**FINANCIAL**



CAPITAL  
**MANUFACTURED**



CAPITAL  
**INTELLECTUAL**



CAPITAL  
**HUMAN**



CAPITAL  
**SOCIAL AND RELATIONSHIP**



CAPITAL  
**NATURAL**



CAPITAL  
**FINANCIAL**



CAPITAL  
**MANUFACTURED**



CAPITAL  
**INTELLECTUAL**



CAPITAL  
**HUMAN**



CAPITAL  
**SOCIAL AND RELATIONSHIP**



CAPITAL  
**NATURAL**



- R\$ 1.1 billion in added value distributed to business, government, and employees;
- R\$ 139.6 million distributed to shareholders;
- R\$ 2.9 billion in Consolidated Net revenue.

- 158 company-owned stores (Brazil and abroad);
- 783 franchised stores (Brazil and abroad);
- 4 Own factories.

- 01 New Technology Development Center - ZZ HUB;
- R\$ 738 thousand distributed in employees' intellectual improvement.

- 5,968 employees;
- R\$ 400.0 million distributed to employees in salaries, profit sharing, and restricted stock and stock option plans;
- 2.9 hours of average training per employee and an investment of R\$710 thousand;
- Awarded the Great Place to Work (GPTW) Seal, with a score of 76. And the AR&Co brands won the Humanized Companies seal.

- 343 direct suppliers;
- Over R\$ 266 thousand invested in SEBRAE to support suppliers to join the ABVTEX program;
- 7.3 million customers and 75.5 NPS satisfaction;
- Over 60 million meals donated by 1P=5P since 2016;
- R\$ 1 million donated to the NGO Gerando Falcões.

- 37.19% Consumption of energy from renewable sources;
- 812 ton of waste recovered.



# 3 CORPORATE GOVERNANCE

RELATED CAPITALS

RELATED SDG







# CORPORATE GOVERNANCE

GRI 2-1 | 2-29 | 3-3

Arezzo&Co has been a publicly traded company since 2011, with shares listed under the Novo Mercado on the Stock Exchange (B3), a segment that requires companies to adopt best corporate governance practices.

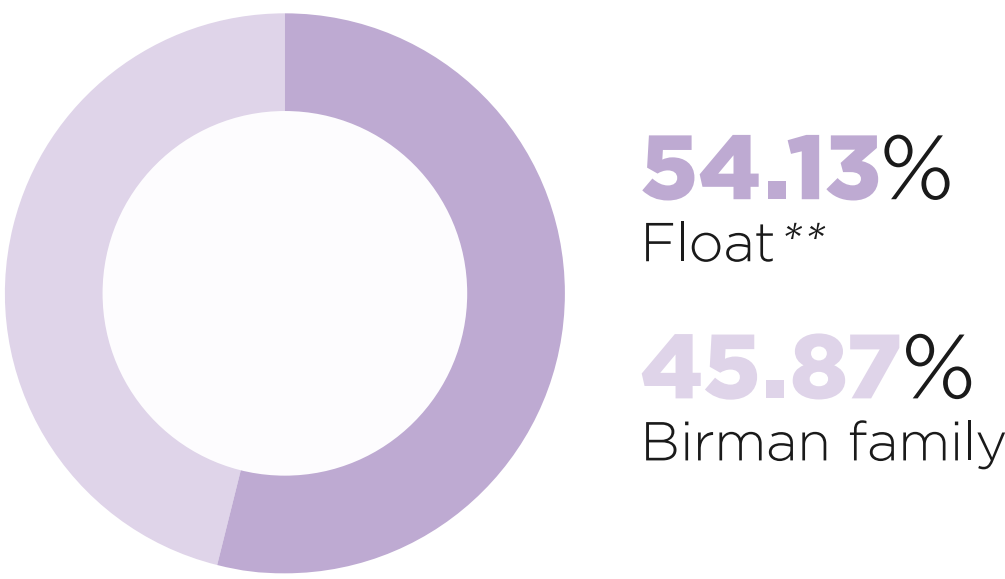
Our Governance model is structured to optimize the Company's performance and protect all stakeholders, pursuing the sustainable development of the business and a performance aligned with our commitment to transparency, equal treatment among shareholders and accountability.

## SHAREHOLDER BREAKDOWN

Shareholder	Number of shares	%
Controlling group	45,700,588	45.87%
Management	3,848,048	3.86%
Free float	50,082,778	50.27%
Shareholders owning 5% or more capital	-	-
Other shareholders	50,082,778	50.27%
TOTAL	99,631,414	100.00%

\* Shareholding structure in December 2021.

over **306%**  
Share appreciation  
since 2011\*\*\*



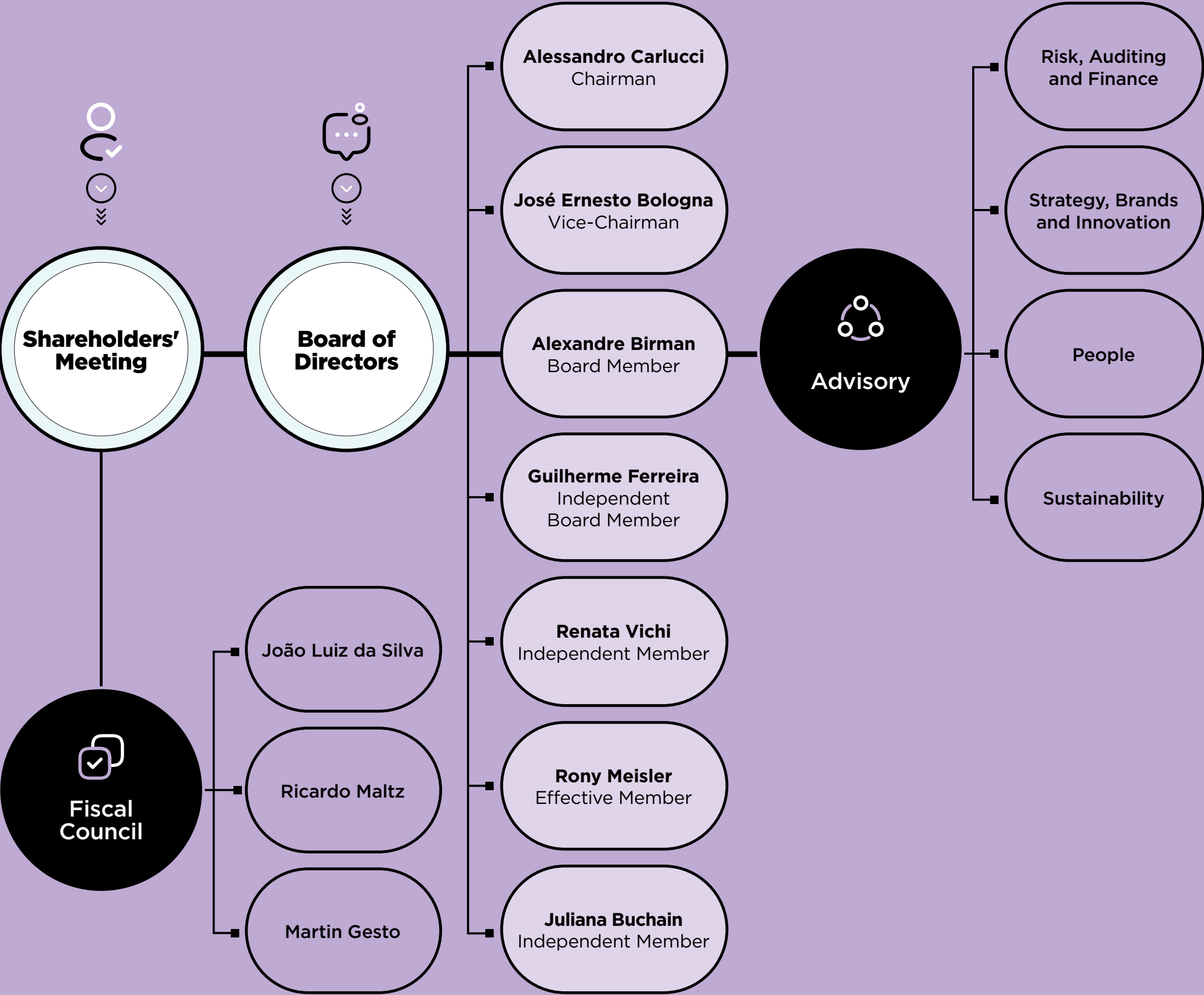
\*\* Float includes the percentage of outstanding shares in the Stock Exchange, free for any interested investor.  
\*\*\* Value considers the average price of ARZZ3 shares in the period from January 2012 to December 2021.



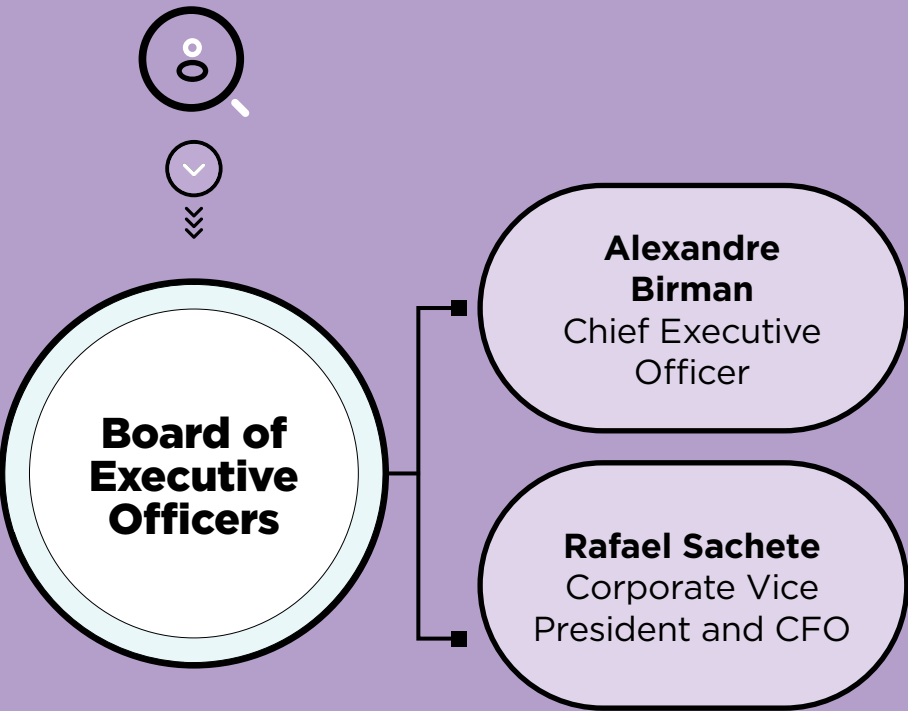
# GOVERNANCE STRUCTURE

GRI 2-9

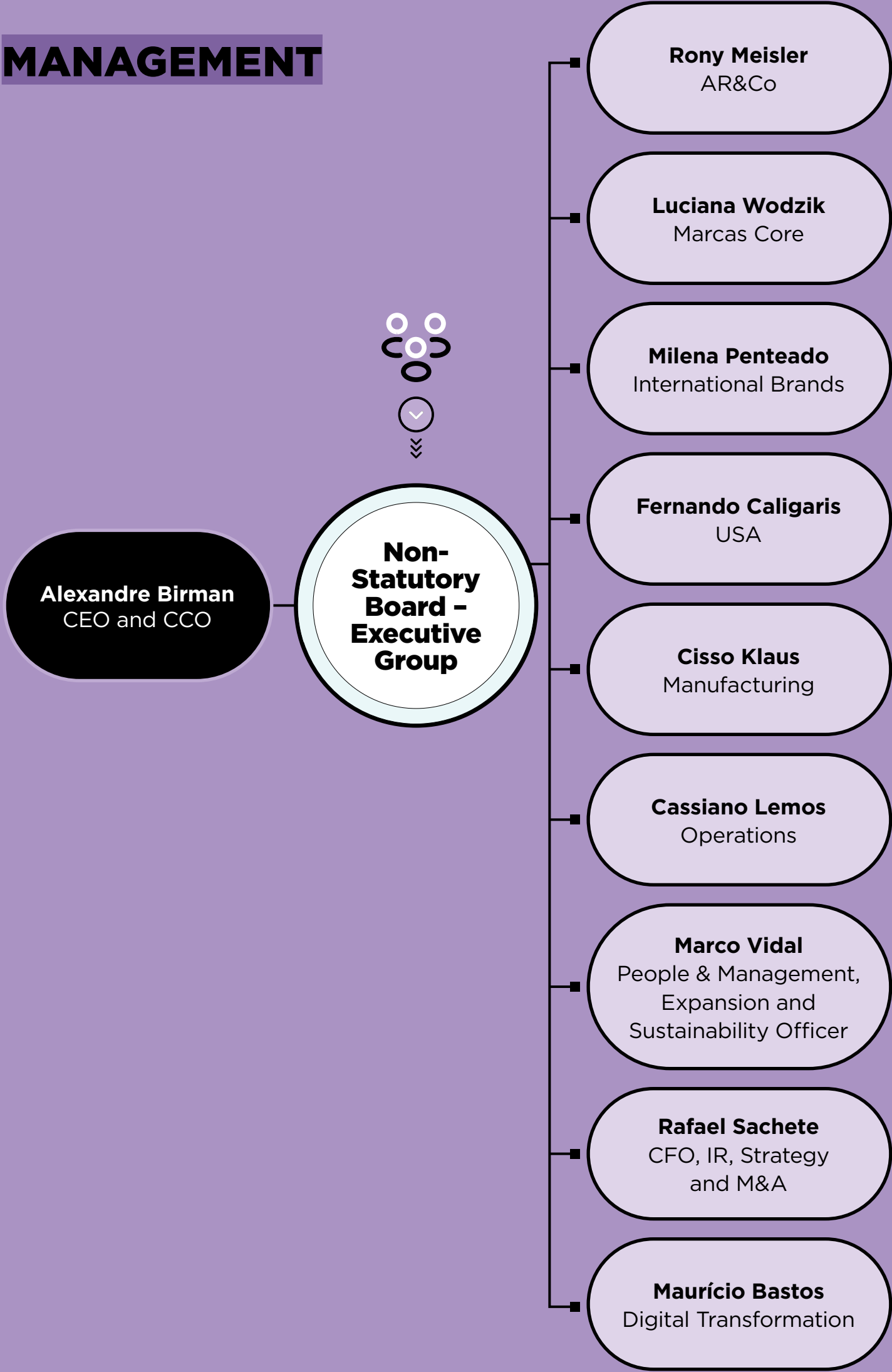
## COUNCIL AND COMMITTEES



## ADMINISTRATORS



## MANAGEMENT





# BOARD OF DIRECTORS

GRI 2-9 | 2-10 | 2-11

**Our Board of Directors is made up of a minimum of five and a maximum of ten members, 20% of whom are independent directors, in accordance with the terms of B3's Novo Mercado Regulations.**

Our board members, whether residing in Brazil or not, are elected by a General Shareholders’ Meeting for a unified two-year term of office, with reelection permitted. Regardless of the election date, their members and their respective terms end on the date of the General Shareholders’ Meeting that examines the accounts for the last year of their term of office.

Members are chosen considering the alignment with the Company’s purpose and strategic positioning, and by criteria such as diversity, independence, knowledge and experience related to economic, environmental and social topics. In the second half of 2021 we started another term of office, composed of a collegiate body with new competencies and knowledge; currently, the Board of Directors is composed of seven members:

Name	Position	Attendance at meetings	Election	Term
Alessandro Giuseppe Carlucci	Chairman	100%	AGM, 2021	2 years
José Ernesto Beni Bologna	Vice-President	100%	AGM, 2021	2 years
Alexandre Café Birman	Effective Member	100%	AGM, 2021	2 years
Guilherme Affonso Ferreira	Independent Member	100%	AGM, 2021	2 years
Renata Figueiredo de Moraes Vichi	Independent Member	100%	AGM, 2021	2 years
Rony Meisler	Effective Member	100%	AGM, 2021	2 years
Juliana Buchain Corrêa Fonseca	Independent Member	100%	AGM, 2021	2 years

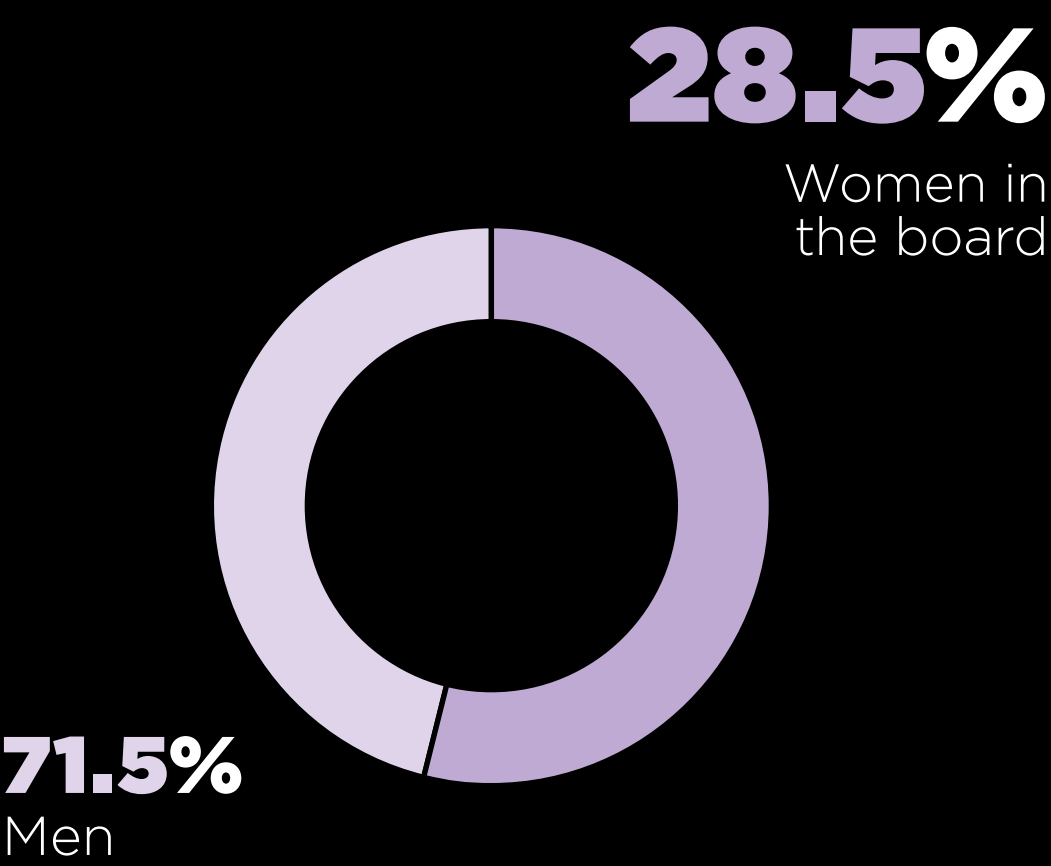
## DIVERSITY IN THE BOARD OF DIRECTORS

GRI 2-0 | 405-1

Since 2011, when we became a publicly traded company, we have innovated by being the first board in the *ново mercado* to have two women on the board in its very first composition, a percentage that has been maintained after 11 board compositions.

As a result, we are recognized by the Women on Board (WOB) certificate, an independent initiative that values and publicizes companies with at least two female board members on their staff.

Learn about the Board’s Rules of Procedure and the detailed experience of each member [here](#).





### BOARD EXPERIENCE

Our board members have extensive industry experience, engagement and commitment to AREZZO&CO’s strategic planning.

### ADVISORY COMMITTEES

**GRI 2-12 | 2-13 | 2-17**

The Board of Directors is advised by four committees, which support the Board’s decision making process with more speed and precision, ensuring alignment with the strategic planning and the challenges of the business dynamics. They are:

- Risks, Auditing and Finance.
- Strategy, Brands, and Innovation.
- People.
- Sustainability.

**The Risk and Sustainability Committees, together with the Board of Directors, the Senior Management and the Internal Audit Department of Arezzo&Co have a relevant role in the Company’s risk management process, supporting strategic decisions related to the topic (learn more on [page 50](#)).**

### PERFORMANCE REVIEW

**GRI 2-18**

We carry out performance reviews for the members of the Board of Directors and its committees, based on their alignment with the Company’s values, aiming at improvement and renewal, when necessary. Performed annually and internally by the Arezzo&Co IR area, the review aims at:

- improving the Board’s profile alignment with the corporate strategy.
- improving the support offered to the CEO.
- improving the recruitment and renewal process for Board Members and the Executive Board.
- to ensure the Board’s trustworthiness.
- to evaluate the suitability of the Chief Executive Officer’s actions in executing the Company’s strategic direction.

Our review has no impact on the Board members’ compensation, which is fixed. We have established qualitative and quantitative corporate targets as performance indicators for the Board of Executive members.

Among the quantitative targets are the follow-up of the global result measured by EBITDA, as well as ROIC (return on invested capital). Furthermore, we carry out periodic evaluations to measure individual performance, based on specific targets set out in the company’s Profit Sharing Program.





# FISCAL COUNCIL

We have a Fiscal Council in place at the Annual General Assembly (AGM) of 2021, with a term until 2023, providing even more security, soundness, and transparency to the Company’s controls, supporting its fiscal strategy.

## FISCAL COUNCIL MEMBERS

Name	Position	Attendance at meetings	Election	Term
Martin da Silva Gesto	Effective Member	100%	AGM, 2021	2 years
João Luiz Trindade Telles da Silva	Effective Member	100%	AGM, 2021	2 years
Ricardo Guz Maltz	Effective Member	100%	AGM, 2021	2 years

# EXECUTIVE BOARD

We have an Executive Board and a Group of non-statutory Executives who support the business development and growth in a nimble manner in line with the core pillars of the Arezzo&Co culture, while preserving the brands DNA and independent management, enhancing the customer experience and connection.

# COMPENSATION

GRI 2-19 | 2-20

**We have a senior management compensation model aimed at promoting sustainable, long-term value creation, based on strategic goals and market best Corporate Governance practices.**

The overall fixed compensation of the Executive Board, Board of Directors and Fiscal Council is defined at the General Shareholders’ Meeting, and the Board then distributes it among the members, taking into account the People, Culture and Governance Committee’s opinion. The non-statutory Executive Board’s compensation is defined by the People, Culture and Governance Committee, based on information acquired through market research, carried out annually.

Board of Directors members have fixed compensation, which is not based on attendance at meetings, do not receive any benefits and may receive additional compensation for participation in committees.

Compensation paid to the Company’s statutory and non-statutory executive officers consists of fixed compensation consisting of a salary or WAGE COMPENSATION, benefits including meal vouchers, daycare assistance, life insurance and health care, and variable compensation consisting of profit sharing, bonuses and stock-based compensation.

Executive officers’ compensation is established according to individual negotiations held with each member, with the objective



of offering the officers direct compensation for services rendered and aligning management compensation with market practices, using market salary surveys conducted by a third-party company as a reference.

The variable compensation elements aim to compensate them according to the results of the Company’s performance indicators and the individual targets established in the Profit Sharing Program. This practice contributes to high performance and the achievement of pre-established targets. Additionally, the portions resulting from the plans are also important to retain officers as a long-term incentive.



# ETHICS

GRI 2-23 | 2-24 | 2-25 | 2-26 | 205-2

**Our Company has always acted with high ethical standards, integrity, honesty, transparency, sustainability and respect for human rights, essential tools for sustaining Arezzo&Co’s business, as well as upholding an honest working environment and the society in which we operate.**

In November 2021, we launched our new Code of Conduct\*, approved by the Board of Directors, to establish and officialize the conduct principles and guidelines that should drive our actions, decisions and relationships.

The document is aimed at our employees and all other publics and entities with which we interact in our activities (customers, franchisees, shareholders, business partners, public agents, etc).

Our Internal Audit Department is the area responsible for determining the sanctions, disciplinary measures and/or actions provided for in the Code of Conduct for violations. Decisions are taken based on the information received and ascertained about potential infractions, observing that the application of any penalty must follow uniform criteria and the principles of reasonableness and proportionality.

\* During 2021 our Code of Conduct went through an updating process. Therefore, the training sessions on the document (which include anti-corruption topics) were not held during the year but will take place again in 2022.

## ETHICS CHANNEL

Since 2013, Arezzo&Co has provided the Ethics Channel, accessible to all employees and society, to safely communicate conduct considered unethical or in violation of ethical principles, standards of conduct, current laws and regulations, our Code of Conduct, and/or other internal rules of the Company.

The channel is operated by an independent and specialized company, ensuring absolute discretion and appropriate handling of each situation. The investigations of the complaints are conducted by the Internal Audit Department, in an independent and unbiased manner.

Channel: 0800-721-0731 (Brazil) or 1-800-824-3984 (USA).

**<https://www.canaldeetica.com.br/arezzoco/>**

The channel is available 24 hours a day, and the whistleblower can track the report’s status.



AR&Co also has “Pronto Falei” a direct communication channel with the CEO (Rony Meisler), where all employees may communicate safely and even anonymously, if they prefer.

Furthermore, for the external public, we have the SAC, a humanized channel open for all.



# RISK MANAGEMENT

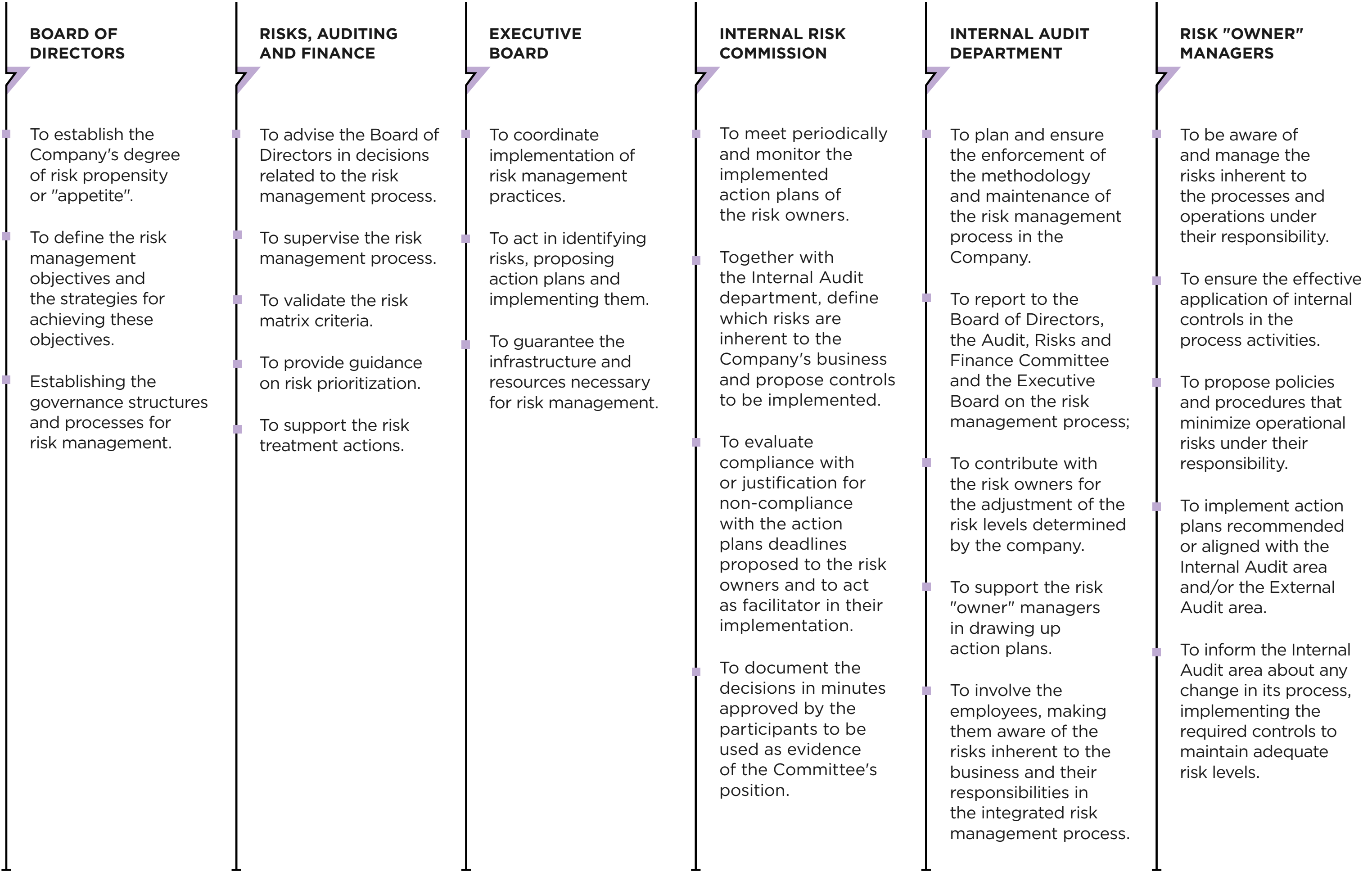
GRI 2-12

At Arezzo&Co, the risk management process permeates all levels of the organization. In this regard, we approach risk management as a responsibility of all the Company's employees, who, to the extent of their duties and roles, should strive to ensure the proper functioning of the internal control systems, monitor process risks and systematically and formally communicate facts that may adversely affect Arezzo&Co. results.

So that the business conduct is aligned with the guidelines set by management, the Board of Directors, the Risks, Audit and Finance Committee and the Executive Board have, collectively, the responsibility and duty over the definition of the Company's goals, the definition of strategies to achieve these goals and the establishment of governance structures and processes to manage risks during the achievement of these goals.

In 2021, the Company established the **Internal Risk Commission**, composed of the Administrative-Financial, People and Operations Executive Boards, a multidisciplinary structure responsible for supporting the definitions of internal risk management policies and procedures, the definition of changes in risk exposure levels, and for monitoring risk management practices.

The Company's risk management responsibilities are divided among the organizational instances presented in the organizational chart below.



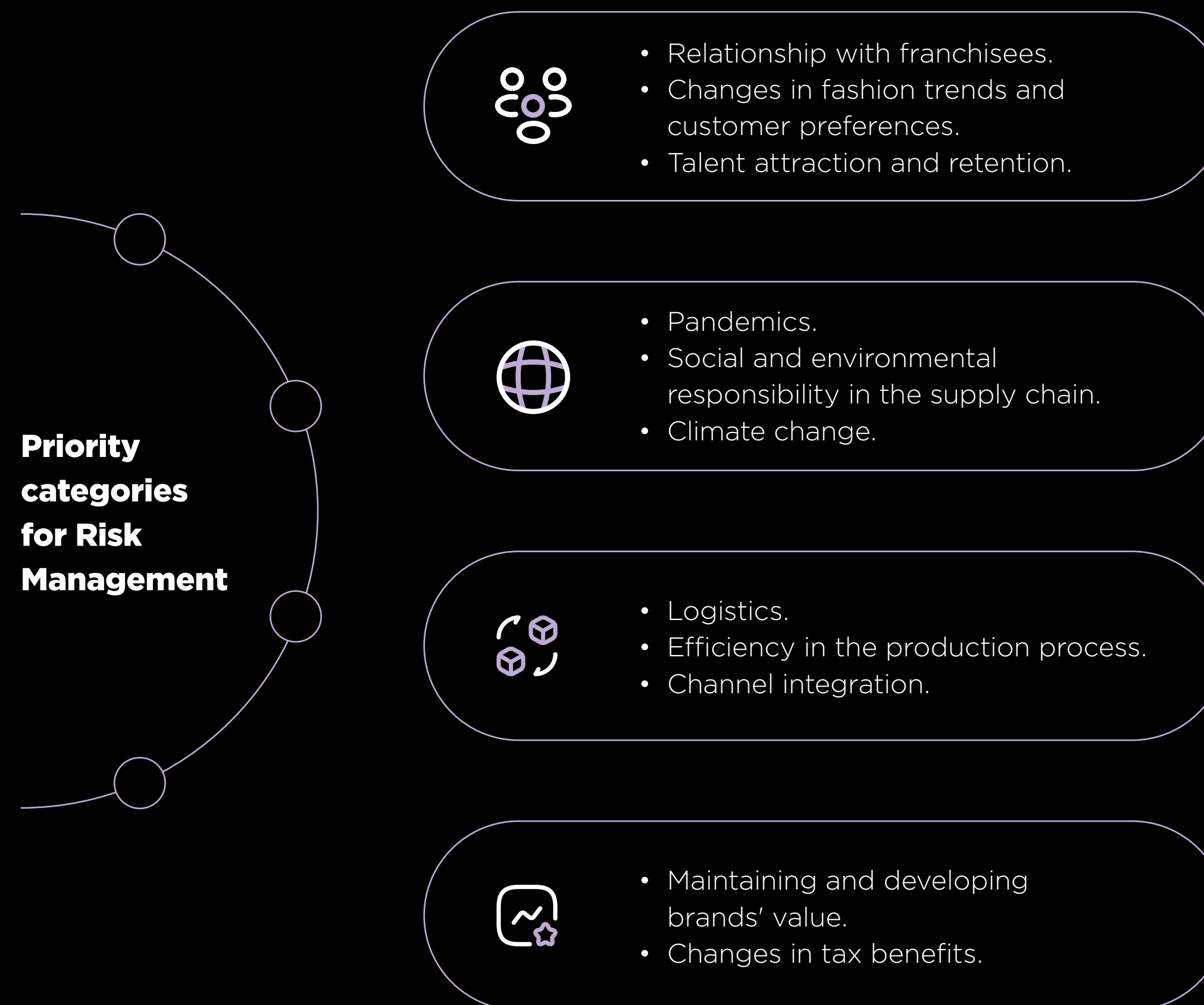


In the identification and mapping stages, we define a risk matrix, measuring its impacts and probabilities. From there, we prepare a recommendation report, providing plans to improve the process or control in order to mitigate the risks. The execution of the recommended actions is deployed to the competent teams (which rely on the continuous support of the Internal Audit team) and is considered in the performance review of the areas and their managers.

**The monitoring, as well as the follow-up of the action plans and their implementation for risk management is under the responsibility of the Internal Risk Commission.**

In case of disagreements between the management suggestions of the Internal Audit Department and the risk "owners", the Committee must decide by consensus which actions will be implemented. When no consensus is reached, the matter must be submitted for approval to the Risks, Audit and Finance Committee. To improve this management, our Risk Management Policy is under development.

## MAIN RISKS MANAGED



## COMMUNICATING CRITICAL CONCERNS

### GRI 2-16

The Internal Audit Department is in charge of managing and reporting the communication of critical concerns of stakeholders about actual or potential negative impacts of the Company.

Any complaint found that violates the standards of conduct and/or current legislation related to the employees, operations and units of Arezzo&Co are reported to the Risks, Audit and Finance Committee, which advises the Board of Directors. The Executive Board is also committed to informing the Board of Directors if any occurrence is not investigated directly by the ethics channel.

The Company does not control the total number of concerns and/or situations reported to the Board of Directors.



# 4 RESPONSIBLE PRODUCTION

RELATED CAPITALS

RELATED SDG







# SUSTAINABILITY IN VALUE CHAIN

GRI 3-3

## OUR SUPPLIERS

GRI 2-29 | 2-6 | 204-1 | SASB CG-AA-000.A

### CHAIN PROFILE

The relationship with our supply chain is highly strategic to our business model, considering that our own factories are responsible for 10% of our production, while the other 90% is manufactured by our local partners in the footwear, handbags and accessories segment. For the apparel segment, 100% of production is carried out by our partners.

**For this reason, we have a remarkably close relationship with our suppliers, promoting their sustainable development and sharing best practices to ensure quality products with social and environmental compliance.**

With an expansion of about 46% in the footwear production volume and 42% in the handbag volume, compared to 2020, we expanded our production chain by approximately 41 factories in 2021.

In total, R\$1.4 billion was destined to 343 contracted suppliers in 2021, adding up the whole Arezzo&Co chain covering the categories: apparel, footwear, handbags, wallets, belts, accessories and complements of all\* the brands.

\* except for the Baw brand



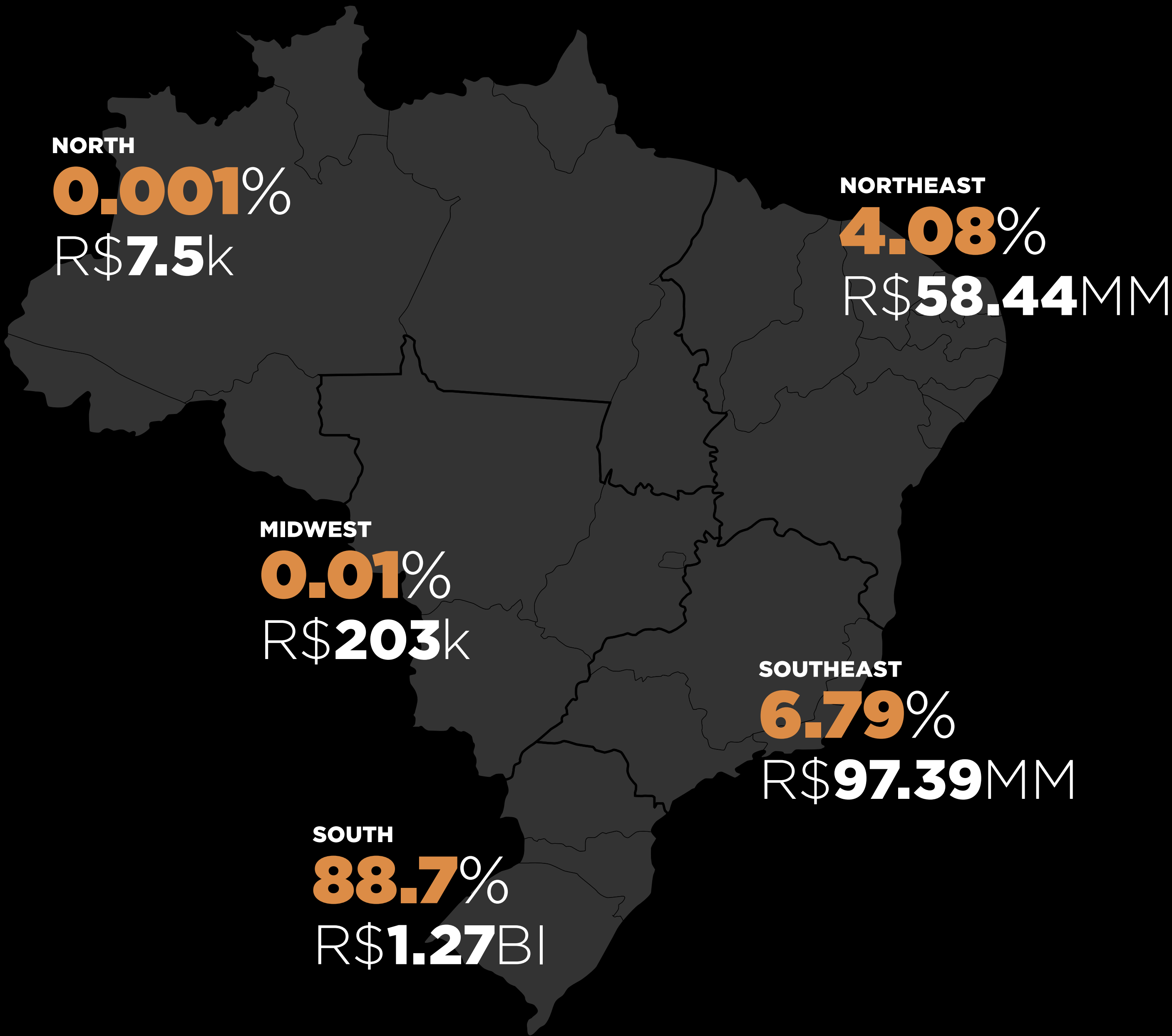
# CHAIN MAP

Expenditure and  
presence by region

**343**  
Direct suppliers

Total spent  
over R\$ **1.4B**

  
**0.42%**  
Foreign suppliers  
R\$ **5.9MM**





**REGIONAL DEVELOPMENT**  
**GRI 203-2**

In our production chain 99.58% of our suppliers are located in Brazil. Aligned with our purpose to generate value for the business and for the local communities, besides establishing a close and long-term relationship, building and maintaining trustworthy partnerships.

**89% of the footwear, handbags and accessories volume is produced in the Vale dos Sinos region (RS), where our headquarters and own factories are located. And 65.7% of the apparel volume is also produced in the southern region (RS, SC, PR).**

In May 2021, Arezzo&Co led and subsidized a project in partnership with Sebrae for the structured development of the supply chain of finished prod-

ucts, handbags, footwear and accessories, and their subcontractors. The program had an investment of R\$266,774.40, serving 16 Tier 1 suppliers and 71 sub-contractors (Tier 2).

**COMPLIANCE**

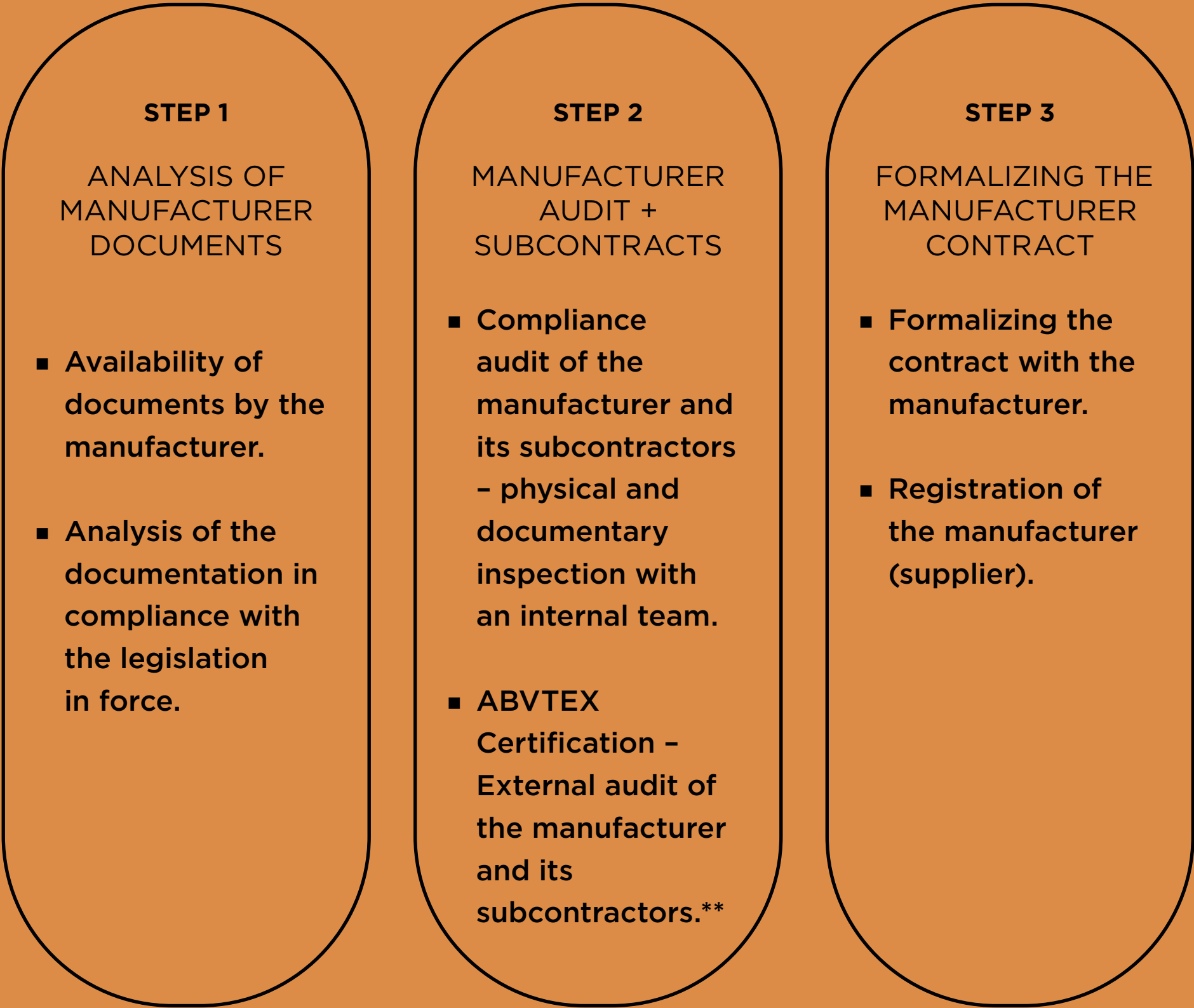
**SASB CG-AA-430b.1 | CG-AA-430b.2 | GRI 308-1 | 414-1**

Since 2013 we have had a compliance management cycle, to ensure, in our supply chain, respect for the law, for our commitments and principles with ethics and sustainability, and also the use of best social, economic and environmental practices.

As of 2019, this process, previously conducted by the sourcing team, is now managed by the Internal Audit team, avoiding possible conflicts of interest when selecting suppliers.

The first step to ensure compliance is accreditation, a process where we analyze the suppliers' documentation to identify possible legal non-compliance in relation to labor and environmental issues (Environmental License, Waste Disposal Certification, Environmental Risk Prevention Program, among others). At present, 100% of our suppliers go through accreditation. All suppliers must also declare their commitment to our Supply Chain Code of Conduct and Ethics.

**ACCREDITATION OF NEW FINISHED PRODUCT SUPPLIERS**



\*\* FFC (FAIR FACTORIES CLEARINGHOUSE) and QIMA (QUALITY CONTROL & SUPPLY CHAIN AUDITS) are responsible for the External Audit of VANS brand suppliers and subcontractors.



## DIRECT SUPPLIERS



**96%**

of suppliers have signed the Arezzo&Co. Supplier Code of Conduct.



**100%**

of suppliers evaluated according to social and environmental aspects.



**41**

new manufactures assessed on their social impacts, representing 35% of active suppliers.



**36%**

priority non-compliance rate and **25%** have been subject to corrective measures associated with audits of the suppliers' code of labor conduct.



**64%**

of suppliers certified in the ABVTEX Program by audit agencies accredited by the Program.

Considering that we have suppliers that were hired before the accreditation process began, and that we have new brands still being integrated, we are also applying the process retroactively. By 2022, we want to guarantee that 100% of the active suppliers in the apparel, footwear, handbags, and accessories segments are compliant with the evaluated documentation.

Following accreditation, we continue to evaluate the documentation of all suppliers with active contracts on a monthly basis, ensuring continuous monitoring. We also conduct periodic audits with our own team, from the Internal Audit Area of Arezzo&Co, unannounced.

Failure to meet the criteria required in the accreditation, after the established deadline for adjustment, causes the exclusion of the supplier from our network. Additionally, we have created a "dirty list" in which cases of attempted bribery and falsification of documentation are registered, and the companies involved are removed from current and future supply.

**Since 2020, this entire accreditation and document monitoring process is managed by the integrated management tool, allowing us to organize and access the documentation, tracking each supplier's status.**



**ABVTEX**  
**GRI 408-1 | 409-1 | SASB CG-AA-430b.1**

We joined the ABVTEX Program (Associação Brasileira do Varejo Têxtil – Brazilian Textile Retail Association), aimed at the external certification of our entire supplier network, by means of audits carried out by ABVTEX, based on its compliance checklist regarding legislation and good socio-environmental practices: <https://www.abvtex.org.br/checklist/>. The Reserva Group has participated in the Program since 2016 and the Arezzo&Co brands in the footwear, handbags and accessories segment since 2020, moreover our ZZSAP factories have a gold seal certification.

Currently, ABVTEX certification is required for 100% of new suppliers in the accreditation process. Suppliers of the active base or of new brands go through the accreditation and have a deadline to obtain the ABVTEX certification.

We have the goal of achieving 100% of the supplier and subcontractor chain tracked and certified by 2024, with 100% of direct suppliers certified by 2022.

In 2021 we have reached:

**64%** certified direct suppliers.

**65%** mapped subcontracted suppliers signed the compliance commitment with the arezzo&co supplies code of conduct.



**SUPPLY CHAIN ETHICS**

In the second half of 2021, we launched our **Supply Chain Code of Conduct and Ethics** so that all suppliers commit to behave ethically, sustainable, and in compliance with the guidelines established in the Code, effectively taking responsibility for the following topics:

- |   |   |
|---|---|
| ✓ <b>Current Legislation</b>  | ✓ <b>Environment</b>  |
| ✓ <b>Human and Labor Rights</b>   | ✓ <b>Preventing and Fighting Corruption</b>                         |
| ✓ <b>Quality and Safety of Products</b>   | ✓ <b>Socio-environmental Auditing</b>                               |
| ✓ <b>Reporting Channel</b>  | ✓ <b>Restrictive Substances</b>                                     |
| ✓ <b>Confidential Information, Copyright, Privacy and Intellectual Property</b> | ✓ <b>Gratuities or anything that suggests an attempt at bribery</b> |



DEVELOPMENT


GRI 408-1 | 409-1

We stay very close and open in our commercial relations and carry out several alignment programs, exposing Arezzo&Co's goals and intentions in relation to the chain while building joint solutions for efficiency gains and a more sustainable operation.

In 2021, to support the chain in the management advances needed to achieve ABVTEX certification within the established deadlines, we hired the Brazilian Micro and Small Business Support Service (Sebrae) for diagnosis, consulting, and training of suppliers and subcontractors in topics related to business sustainability and compliance with the ABVTEX Program parameters.

over  
 R\$**266**mil  
invested

 **87**  
suppliers trained

 Find out more on [page 68](#) about our commitments to use more sustainable raw materials and, therefore, companies with better social and environmental practices in our products' value chain.



In 2021, ABVTEX led the creation of the ModaComVerso movement, to promote socially responsible fashion in Brazil, by stimulating an ethical, human, and transparent value chain.

The Movement acts on two fronts: bringing visibility to the signatory retailers (who must ensure that 100% of their production chain is certified by the Abvtex Program), and promoting the engagement of society in fashion's backstage, with the support of organizations focused on conscious consumption.

**Our brands Arezzo, Alexandre Birman, Alme, Anacapri, Fiever, Eva, Oficina Reserva, Reserva, Reserva Mini, and Schutz are part of the ModaComVerso Movement.**



# SUSTAINABLE CULTURE IN FRANCHISEES

## GRI 2-29

Our franchises are critical to business sustainability, not only because they represent 27.2% of the Company's revenues, but also because they are a direct customer contact channel and, therefore, have the potential to spread our delight, preserve our reputation and strengthen our presence.

Therefore, our corporate policies – such as the Code of Ethics and Conduct and the Sustainability Policy – apply to franchisee partners and we promote continuous engagement and alignment with our principles and values, in addition to supporting quality development in customer service and business management.

## FRANCHISE SUPPORT

Our franchise management model relies on some tools which support the development, training, and efficient service in retail, in order to promote better results in sales, with integration and connection actions, and ample support to all the mono-brand stores. Below, you will find examples of these initiatives:

**Day-to-day operation support** – all franchisees can count on AgiliZZZa, a service to meet operational demands, efficiently and swiftly, in addition to direct support from the commercial team of our brands.

**Digital transformation** – in 2021, we carried out a diagnostic project of our franchise network, to assess performance and implement actions to support business sustainability.

**Diversity training** – in 2021, in line with the launch of our Diversity Booklet, we held training sessions with our own stores and all franchises on unconscious biases, gender, race, disability, LGBTQIA+ and other minority groups, aiming to fight discrimination and promote inclusion (learn more on [page 98](#)).

We have  
**761**  
franchises in more than  
**297 cities.**

## KEY ACTIONS TO SUPPORT BUSINESS SUSTAINABILITY AND VALUE GENERATION IN THE FRANCHISE NETWORK

Intense retail **training**.

**Solid relationship** and constant support to the franchisee.

**Constant Support:** average of six stores per consultant, and 22 visits per store during the year.

**I.T. systems** integration, **reaching 100% of the network.**



# MORE SUSTAINABLE CHOICE FOR CUSTOMERS

GRI 3-3 | 2-29

One of the mainstays of our sustainability strategy is to promote the ESG Culture among our stakeholders. To this end, in 2021 we launched products that combine quality and sustainable attributes to ensure new consumption experiences for our customers, with differentiation levels in each brand.

Next are some highlights of our products with sustainable attributes:



**ANACAPRI**

- 100% Vegan Line
- Certified by the Brazilian Vegetarian Society



**Reserva**

- 100% Vegan, free of animal materials and animal testing
- Certified by the Brazilian Association of Veganism



**Reserva**  
CIRCULAR

- Sustainable line made with recycled fabrics
- Raw material from defibering (separation of yarns from knits and fabrics that would otherwise be discarded)



**Reserva**

- Collections adapted for people with disabilities with ergonomic and functional adjustments




**FIEVER**

- Recycled polyethylene and cotton yarn
- Recycled rubber and EVA waste




**Reserva**

- Made from coffee waste that would otherwise be discarded



**Reserva**

- Simple T-Shirt: Made of 100% certified cotton.- Annual T-Shirt Subscription and Circularity: when returned at the end of the year, they are recycled and become new products.



**Go**

- The entire line produced with recycled fabrics, such as those generated from polyethylene bottles and chrome-free leather from certified tanneries.





# ALME

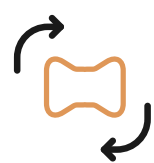
## Walk well with the world, walk with Alme.

Our Alme brand, created in 2018 focused on offering comfort and well-being from lower impact footwear , relaunched its positioning and commitment to sustainability in 2021, revamping its performance strategy and establishing the following pillars, principles and premises:

### PILLARS



**Conscious design and raw materials  
with lower environmental impact**



**Responsible, sustainable and circular**



**Comfort-enhancing technology**



**Made with respect in Brazil**

### PREMISES

#### ANIMAL WELFARE

When we use animal based raw materials, we act responsibly to track how these animals are cared for and treated. We choose sheep farms that handle sheep correctly and follow international animal welfare standards.

#### TRACEABILITY

We track all the production stages of Alme models. All production is carried out by approved partners, who operate in compliance with Human Rights. Customers can learn about the product's journey through the production chain by accessing a QRCode that displays a map of the production stages and where they took place, as well as information about the product's sustainable features and carbon footprint.

#### TRANSPARENCY

We report to consumers and the market: our impacts, our production chain, the origin of raw materials. In 2021 our focus is on informing the consumer about the location and production stages of Alme products.

#### CONSCIOUS DESIGN AND LOWER IMPACT RAW MATERIALS

Our production process favors biodegradable, recycled, and renewable materials to reduce our emissions and environmental impact.



**LIFE CYCLE ANALYSIS (LCA) ON 100% OF PRODUCTS**

We calculate the carbon footprint of our production in each product and disclose the equivalent amount of CO<sub>2</sub> released in each Alme, from the choice of materials, to manufacturing and transportation.

**OFFSETTING 100% OF EMISSIONS**

For the amounts of CO<sub>2</sub> that we are unable to stop emitting, we neutralize 100% of our emission by purchasing carbon credits. We are committed to continuous improvement; our proposal is to reduce our carbon footprint with each new production.

**CIRCULARITY**

To encourage circularity, we offer Alme Retorna, a post-consumption reverse logistics service in which our customers may send Alme shoes they want to discard to our stores, of any brand, and they will be forwarded for transformation into materials for other industries, preventing waste generation and extraction of new raw materials. We also have a partnership with TROC to generate value through second hand, encouraging the resale of products that have no more use, giving them a new destination as well as extending their useful life.

**EFFICIENT STORES**

Our commitment to sustainability is also reflected in our Alme stores, which use less-impacting resources, such as eco-granite, rammed earth and recycled cotton in the architectural design. At the Oscar Freire Street store, in São Paulo – SP, a bicycle rack was also installed, as an eco-efficient stimulus to urban mobility.

**SUSTAINABLE RAW MATERIALS**

The primary materials that compose Alme’s footwear originate from renewable sources, recycled materials, and agro-ecological raw materials, minimizing socio-environmental impacts throughout the production chain.

**RECYCLED PET BOTTLES**

Recycled PET bottles have a new destination: they are transformed into yarns that originate the fabrics used in Alme’s sneakers and shoelaces. We do not use virgin raw material and we bet on transforming what already exists, as the right way to go.

**SUGARCANE**

Raw material that is the basis of the Green EVA, used in Alme’s insoles and lightweight soles. Unlike traditional EVA, which uses fossil fuels in its process, our EVA is plant-based.

**RECYCLED COTTON**

Scraps and trimmings from the Brazilian textile industry are defibered and transformed into new threads, leading to a new fabric, which we use in our products. Everything is reused, ensuring circularity in the essence of its Alme.

**BRAZILIAN WOOL**

100% Brazilian wool, from free-range sheep on farms in Rio Grande do Sul. Before summer arrives, the wool is removed from the sheep by the process of esquila – a careful handling that respects the animal’s well-being. It is prepared and transformed into threads that we use in our uppers.

**WATER-BASED ADHESIVE**

The adhesive we use in Alme’s assembly process is water-based. It does not contain solvents, taking care of the health of those who produce our shoes, and of the environment as well.

**CERTIFIED PAPER**

The labels used on our sneakers are made of FSC (Forestry Stewardship Council) certified paper and are finished with latex to ensure durability. The same seal is guaranteed on the packaging, which protects the shoe until it reaches your home.



# VALUE CREATION FOR COMMUNITIES

GRI 3-3 | 2-29 | GRI 413-2 | 413-1

As a large company, we recognize our potential to generate value for society and the communities where we operate, both directly, by paying taxes, making social investments and creating jobs, and indirectly, by generating high levels of employment throughout the value chain (from raw material suppliers, franchisees and multi-brand companies, etc.). Our environmental responsibility, and performance in compliance with all current legislation, is also a relevant factor for impact management in the communities where we operate (learn more on [page 55](#)).

GRI 201-1

## VALUE DISTRIBUTION

In 2021, we retained R\$167.97 million of the value generated and we distributed R\$ 1.1 billion of added value, R\$ 223.3 million going to society as taxes, R\$ 347.8 million as payments to our employees, R\$ 152.7 million in compensation for third-party capital, R\$ 343.7 million in compensation for own capital. Furthermore, we allocated R\$ 1.4 billion as payments to our suppliers.

## B CORPORATION

Another important means of performing this potential is by advancing sustainability practices, making us a company that increasingly generates positive socio-environmental impact and, therefore, contributes to society.

Since early 2020, Reserva Group has the System B seal, an international organization that aims to create an inclusive, equal and regenerative economic system for all people on the planet.

The companies that have the B Corp certification measure their socio-environmental impact and make a personal, institutional and legal commitment to make decisions taking into



over  
**R\$2.5B**  
distributed in 2021

consideration the long-term consequences of their actions on the community and the environment.

This certification was validated based on the proof of all the practices implemented in the Reserve's operations, in the Governance, Labor Practices, Support to Communities, Environment and Clients axes.

Arezzo & CO operations that include the footwear, handbags and accessories segment began the certification process in system B in June and are in the final certification phase, already in the stage of auditing and evidencing the responses.



SOCIAL INVESTMENT

GRI 413-1

Our Sustainability Policy, launched in 2021, publicly sets out our commitment to creating value in communities: we are committed to supporting and encouraging the development of disadvantaged communities, giving priority to areas and regions close to our business facilities and operations.

Our actions in this regard will be aligned with the sustainability strategy and the company's values, by means of a corporate volunteer program, donations and partnerships with educational institutions and social organizations.

Learn more about the main social projects supported during the year.

EASTER SOLIDARITY

This initiative engaged employees to nominate two social organizations to receive financial support, reverted into chocolate Easter eggs and a covid-19 prevention kit.

The selected organizations were Lar Colmeia in Campo Bom – RS, which shelters children and/or teenagers in situations of physical, social, and emotional vulnerability, and Casa José Coltro in São Paulo – SP, which offers training, family income generation programs, and guidance to children and teenagers, aiming at integrating them into society, improving their quality of life, and developing their citizenship.

R\$ 20k  
donated

2  
institutions benefited

CORRE DA RESERVA

A race idealized by the brand where, for each race kit bought by the participants, ten meals are provided through 1P=5P (plus an additional meal per kilometer run).

1,000  
kits sold

12,000  
km run

19 thousand  
meals donated

DREAM STORE

In December 2021, we held the 4<sup>th</sup> edition of the Dream Store, where we offered a retail experience at the Arezzo&Co headquarters in Campo Bom – RS to 30 women in vulnerable situations. Through a campaign, we collected personal hygiene items, clothes, toys, among others, in addition to our own donations of our brands' footwear.

In partnership with the Elas Por Elas project and the Centro de Referência de Assistência Social (CRAS) of Campo Bom – RS, the women are welcomed by our team and given vouchers to buy the products.

30  
Women benefited

over 14k  
items donated

60  
volunteer employees engaged





### **R\$ 1 MILLION AGAINST HUNGER**

In May 2021, we contributed to the campaign promoted by the NGO network Gerando Falcões, contributing to social development and fighting hunger in the Brazilian poor outskirts.

**20** thousand  
families benefited

over **5** thousand  
Communities assisted by  
the Organization

### **AREZZO&CO + CAMPO BOM**

In 2021 we carried out an initiative to donate basic needs food packages to local families in vulnerable situations, in a joint action between the Company and the city hall. This action also donated bedding kits to the municipal hospital.

**3** thousand  
families benefited

**100** kits  
bedding

### **ALME + ORIENTAVIDA**

We donated pairs of shoes for the NGO Orientavida's bazaar in November 2021.

**200**  
shoes donated

### **VANS - PRIDE**

During LGBTQIA+ Pride month, the brand donated US\$ 200 thousand to four organizations that work on behalf of this community in several regions of the world. In Brazil, the NGO awarded was Casa 1, in São Paulo - SP.

R\$ **250k**  
donated

Impacting  
**15k** people



### **1P=5P: RESERVA**

Since 2016, for every piece sold at Reserva and Reserva Mini, the company donates five meals through the Food Bank Civil Association and the Projeto Mesa Brazil/SESC.

over **60** MM  
meals since 2016

### **SIPAT SOLIDÁRIA**

During the Internal Week for the Prevention of Accidents at Work, our employees collected non-perishable food items to support the community in the region of our Distribution center in Cariacica - ES.

over **180** kg  
in food collected

### **MADE IN BRAZIL**

A large part of the production takes place in Brazil, to boost the domestic industry and job creation in the country.

Our fact that we prioritize domestic suppliers is also part of our strategic planning to generate value in the communities where we operate.

**99.58%**  
domestic production

### **CORONA NO PAREDÃO, FOME NÃO!**

Organized by the NGO Gerando Falcões, the campaign held in April mobilized employees to contribute to the collection of basic needs food packages to be delivered by the GF to socially vulnerable families.

**450**  
basic needs food packages  
collected with our employees





# 5 HEALTHY ENVIRONMENT

RELATED CAPITALS

RELATED SDG







# RESPONSIBLE RAW MATERIALS

GRI 3-3

**We understand that a large percentage of our business' environmental impact occurs in the value chain, from raw material production, which can cause impacts on the environment, animal welfare and human rights.**

Accordingly, tracking down the origins of raw materials that might potentially generate a negative impact and promoting their replacement with alternative or certified raw materials are key steps to progressively offer more sustainable products.

In 2019, we began mapping the main materials used to manufacture Arezzo&Co footwear, which resulted in an online catalog with materials with sustainability features and suppliers of these materials, supporting brands in defining and fast-tracking their plans to expand the use of responsible and less impacting raw materials.

In 2021, we had a partnership with a PhD in Environmental Quality with emphasis on materials development to pursue alternatives and develop solutions for footwear components made with raw materials with lower environmental impact. From this work we have built a list of lower impact raw material features that covers all the group's businesses, from footwear to textiles.

To view the full material [click here](#).

Learn about recent advances when using less-impacting raw materials as follows.





# SUSTAINABLE ORIGIN

Since 2020, the Arezzo&Co footwear, handbags and accessories brands are part of the Sustainable Origin Program, a pioneering initiative in the world, to certify companies that produce footwear and inputs for the sector, promoted by the Brazilian Footwear Industry Association (Abicalçados) and by the Brazilian Association of Leather, Footwear and Artifact Components Companies (Assintecal).

**Arezzo&Co was one of the first companies to cooperate and stimulate industries to adopt the Sustainable Origin certificate. In 2020, we started our certification process at the parent ZZSAP factory, and our goal is to achieve the highest certification level – Diamond Level.**

The Program offers companies a guide to introducing best international sustainability practices, and participants commit to monitoring the 104 proposed indicators, as well as developing and achieving the targets required to obtain best practice certification.

We have also requested this certification from our raw material suppliers in the footwear and accessories chain, and currently 15% of the suppliers have the certification or are in the process of obtaining it.





## LEATHER

We request certifications from our leather suppliers that guarantee good social and environmental practices in leather processing. Currently, 70% of the tanneries that supply us with leather already have the Leather Working Group (LWG) seal or the Brazilian Leather Sustainability Certification (CSCB), granted by the Center for the Brazilian Tanning Industry (CICB). The others are undergoing certification.

As a next step, we are moving forward with leather traceability, in a chain mapping phase, seeking to identify the indirect suppliers that supply the finishing tanneries, which includes other tanneries and slaughterhouses. We want to go further and identify the origin farms of our raw material, ensuring animal welfare and mitigating the risks and impacts of deforestation from cattle breeding.

To do so, we are studying the feasibility of using blockchain to track leather, with the goal of having the leather chain's indirect suppliers tracked by 2024.

## RESTRICTIVE SUBSTANCES

In 2019, we prepared a Restrictive Substances Booklet, which identifies chemical substances that should not be used in our products, in line with European Union rules and the REACH Regulation, in order to avoid negative impacts on people's health and the environment.

**The booklet, updated in 2021, is available to our entire footwear, handbags and accessories supply chain, and contains guidance on controlled substances and acceptable limits in the main raw materials used.**

Get to know the booklet [here](#).





# CONTROVERSIAL RAW MATERIALS

Among all our brands, only Alexandre Birman uses exotic fur to produce its footwear, but in 2021 the brand committed not to buy this raw material or develop any new products with it and has used only what is left in stock.

From this initiative, the Global Organization People for the Ethical Treatment of Animals (Peta) recognized the brand for being part of the exotic fur exploitation interruption movement in the fashion world.

# RESPONSIBLE COTTON

Arezzo&Co brands in the footwear, handbags and accessories segment have expanded the best practices of the Reserva Group, which is B certified, and stands out in Brazil for its increasing use of organic, recycled and certified raw materials.

Regarding cotton, we strive to use certified cotton in all products and, in 2021, the Reserva brand launched the SouABR Program – Responsible Brazilian Cotton, in partnership with the Brazilian Association of Cotton Producers (Abrapa) and other brands.

**The program is the first large-scale traceability initiative in the national textile chain, allowing the cotton used in the garments to be traced back to its property of origin, ensuring, through the Responsible Brazilian Cotton certification, the best social and environmental practices throughout the chain, right up to the finished product.**

With blockchain technology, the information about the path taken by the cotton is digitalized, accessible and auditable, lending reliability to the certification. The ABR certification analyzes 178 verification items, distributed in eight criteria: labor contract, prohibition of child labor, prohibition of labor analogous to slavery or in degrading or undignified conditions, freedom of union association, prohibition of discrimination against people, labor safety, occupational health, work environment, environmental performance, and best practices.



# CIRCULARITY

**The fashion industry is responsible for extracting almost 100 million tons\* of non-renewable resources, and about US\$ 500 billion\* in apparel is disposed of annually.**

That is why circularity is a pivotal way to minimize the industry's environmental impacts, and we have been working on initiatives to encourage circularity, both in our production processes and with our customers.

We recover part of our products that are discarded by customers of brands in the footwear, handbags and accessories segments, as well as packaging materials to dispose of these items correctly. The volume of recovered materials has remained stable over the last three years, at 22%.

Find out more about our main initiatives in circularity next.

\* According to data from the United Nations (UN) and the Ellen MacArthur Foundation.

PERCENTAGE OF PRODUCTS AND THEIR PACKAGING MATERIALS THAT ARE RECOVERED, BY PRODUCT CATEGORY

	2019	2020	2021
Total sold	4,738.45 (ton)	3,216.41 (ton)	8,559.68 (ton)
Total recovered	1,042.46 (ton)	707.61 (ton)	1,883.13 (ton)
Percent recovered	22%	22%	22%





# TROC

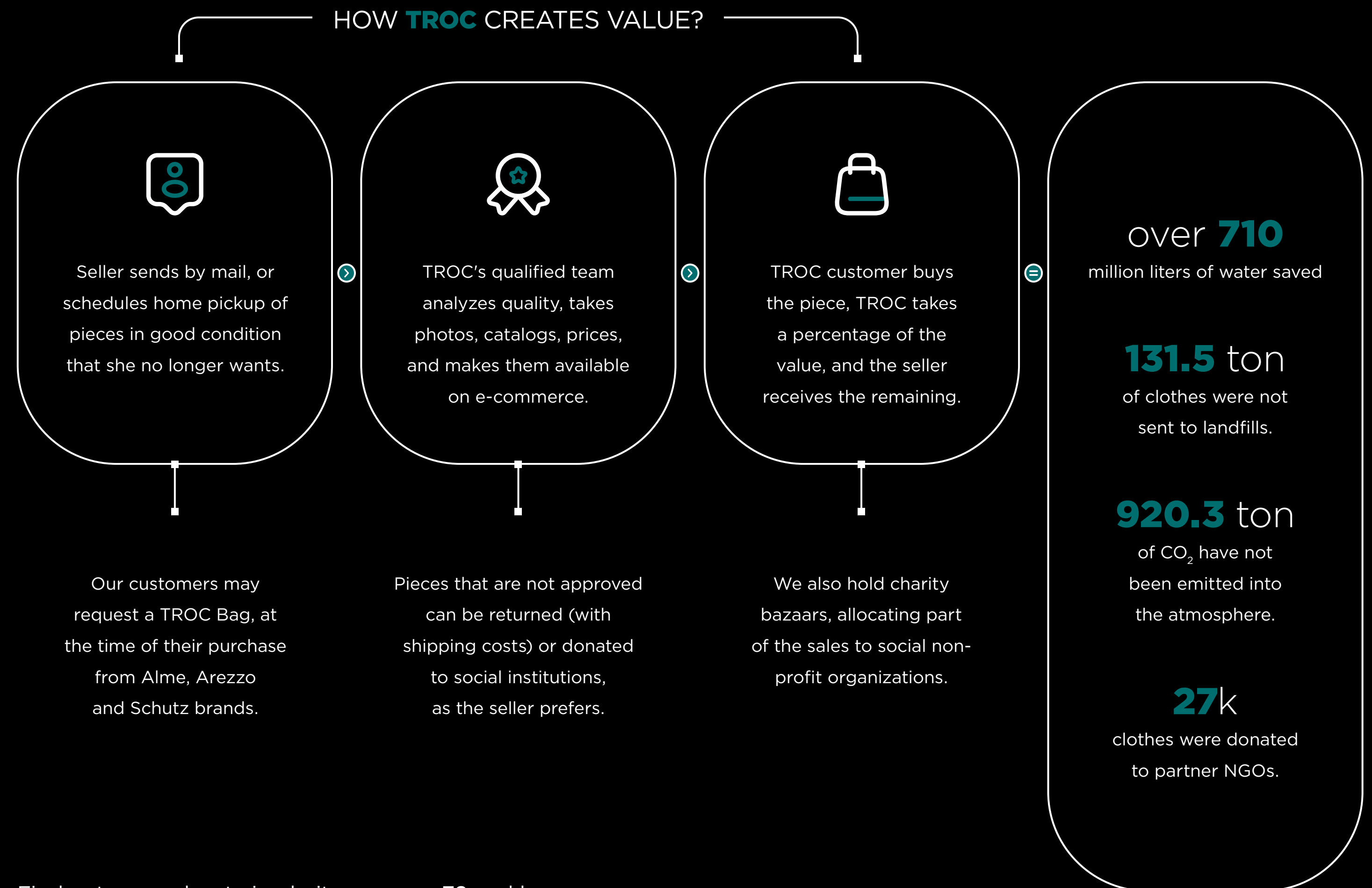
## The most sustainable clothing is the one that already exists

One of the most important mainstays for increasing retail sustainability is the extension of the product life cycle, which significantly reduces waste generation and the demand for the extraction of virgin raw materials.

At Arezzo&Co Group, in addition to the brands' initiatives to encourage circularity (more information on [page 72](#)), we operate in the resale market with Brazil's largest online thrift store, TROC, our online circular economy platform.

**With intelligent curation, market knowledge, and efficient logistics and e-commerce platform, TROC offers products from various premium and luxury fashion brands with guaranteed quality.**

Starting in 2021, Alme, Arezzo, and Schutz brand customers could also opt to receive a TROC Bag when they purchase their products, to sell the pieces they no longer want on the TROC, so as to give them a second life.



Find out more about circularity on [page 72](#) and learn more about TROC in our [corporate video](#).





In 2021, Arezzo&Co and TROC joined the Circulytics Community and submitted their circularity practices to Circulytics 2.0, a tool from the Ellen MacArthur Foundation, an international industry benchmark organization that fosters the circular economy.

With the tool, we were able to measure TROC's circularity as a whole, support strategic development and decision making, as well as increase our transparency and identify new circularity opportunities. At the end of the assessment, Arezzo&Co received a grade C- and TROC received an A-.

## ALME

At the end of 2021, the Alme brand launched Alme Retorna, a reverse logistics project, whereby our customers may dispose of their shoes of any brand, and we send them to co-processing that fosters their reuse as raw material in other industries, replacing part of the fossil fuel consumption of this industry.

Learn more about Alme on [page 61](#) and learn in detail about Alme Retorna, at [website](#).



### REVERSE LOGISTICS

Six Arezzo, Alme and Fiever flagships and two administrative headquarters offer a post-consumer shoe, accessory and packaging disposal service to their customers, ensuring the proper disposal of the collected items, which either go to the TROC store or are co-processed.

### RESERVA CIRCULAR

In 2020, Reserva launched a product line developed from left-over fabric that has been shredded and re-woven, giving new meaning to what would be trash. In 2021, the initiative turned into a robust program with the implementation of post-consumption reverse logistics in 10 brick-and-mortar stores to collect jeans pieces so they can become new products.



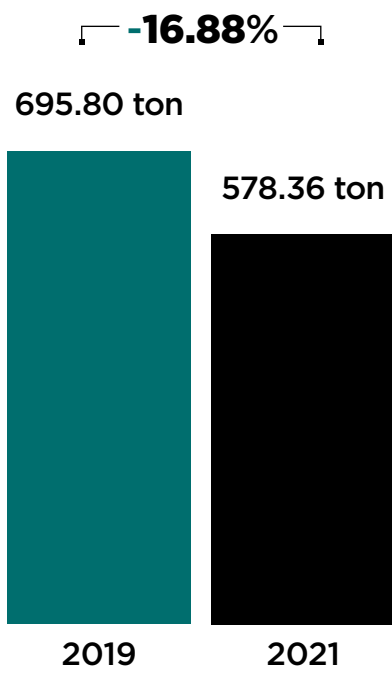
# RESPONSIBLE PACKAGING

SASB CG-MR-410a.3 | GRI 301-3

In 2020, we conducted research into possible materials, sizes and types of finishing to reduce the environmental impact of our sales and changed the packaging model used to ship products sold in the e-commerce of the Arezzo, Schutz, Anacapri, Fiever, Alme and Vans® brands. With this measure, we reduced the volume of paper used and adopted recycled and recyclable boxes, produced with solvent-free ink and glue.

Furthermore, in 2021, we implemented a 15% reduction target for packaging, and, for this purpose, Arezzo brand boxes received a sustainable upgrade, with a mono-box model, produced by a supplier with best practices for carbon compensation with B Certification, reducing by 16.9% the volume of materials used in its production and the Company's impact on the environment.

## REDUCTION IN PACKAGING MATERIAL CONSUMPTION



## QUE SACO!

In an effort to fight ocean pollution, which receives about 14 million tons of plastic per year, the Reserva Group's brands have replaced the plastic used in the packaging of the clothes they sell with seaplast, a plastic compound that is removed from the oceans and coastlines in Brazil. As of June 2021, all clothes sold at Reserva are packed with this recycled, recyclable and reusable material.

The initiative called "Que Saco!" is guided by AR&Co's principles of conscious and sustainable production and all the plastic bags that surround our five million pieces sold annually have responsible packaging, containing messages to engage our clients in sustainable consumption and in the reuse of the material itself.

**The "Que Saco" represents approximately 95% of the material in our plastic packaging, which totals, on average, 24 tons of plastic used throughout 2021.**

To get to know the details of the project watch our institutional video [institutional video](#).



# ECO-EFFICIENT OPERATION

GRI 3-3 | GRI 413-2

Apart from searching for products with more sustainable features and moving forward with circularity, we understand that having an eco-efficient operation, especially in our factories, is a key point to reduce the business’ environmental impact.

In this regard, Arezzo&Co Sustainability Policy guides our environmental management system, in accordance with NBR ISO14001:2015, aiming to ensure legal compliance, environmental risk management and mitigation, and continuous improvement in the operations’ eco-efficiency to drive impact reduction.

**100% of our factories bear the gold seal under the ABV-TEX Program, which means they are audited by the Association against the complete checklist, including, from the environmental point of view, the legal environmental compliance assessment, environmental governance, waste, effluent and emissions management.**

Also, we are in the final stages of certifying the plants for the B Corp system, which evaluates our operations in several aspects concerning the themes:

- Environmental impact and management in the operation and chain.
- Energy consumption, energy efficiency and use of renewable sources.
- Toxins and pollution reduction methodologies.
- Monitoring of Greenhouse Gas (GHG) emissions in scopes 1, 2, and 3.
- Product use impact and life cycle management.
- Waste management and reverse logistics procedures.
- Biodiversity management.
- Raw materials management.
- Innovation in resource conservation.

Learn, as follows, about the main measures to promote eco-efficiency in our operation.

\* This data does not include the Veranópolis – RS plant since its operation started at the end of 2021.

## MAIN FRONTS TO ENSURE AN ECO-EFFICIENT OPERATION



**Climate Changes**  
(Find out more on [page 79](#))



**Packaging**  
(Find out more on [page 75](#))



**Circular Economy**  
(Find out more on [page 72](#))



**Supply chain certification**  
(Find out more on [page 55](#))



**Traceability**  
(Find out more on [page 70](#))



**Lower impact raw materials**  
(Find out more on [page 68](#))




# ENERGY

GRI 302-1 | 302-2 | 302-3 | 302-4 | SASB CG-MR-130a.1

Our energy efficiency actions are focused on consumption through free market purchases, preferably using energy matrices from renewable sources with low impact. Moreover, when choosing equipment for our production line we always favor more efficient equipment in relation to energy consumption.

Our facilities have transparent roof tiles to take advantage of natural light, whenever possible, we reduce consumption intensity in our brick and mortar facilities with LED lighting, and we carry out awareness actions with our employees about economy and responsible energy consumption.

The footwear, handbags and accessories segment brands’ energy consumption did not show a reduction in 2021, because many units did not operate normally in 2020 due to the pandemic and resumed operations this year. Our energy intensity, based on our own factories, their area in m² and energy consumed was 0.80208 (GJ). The energy consumption outside the Company was 15,807.13 MWh.



The total electrical energy consumed by Arezzo&Co was

**39,198.80** GJ,

and 36.7% of this consumption came from renewable sources.

## ELECTRICAL ENERGY CONSUMPTION (GJ)

	2020	2021
Total energy consumed	19,244.55	39,198.80

## FUEL CONSUMPTION (GJ)

Renewable	Biodiesel	151.00
	Anhydrous ethanol	338.30
Non-Renewable	Diesel	1,465.34
	Gasoline	1,806.60
	LPG	4,123.49

## ENERGY EXPENDITURE

	2018	2019	2020	2021
Total (R\$)	4,446,594.00	6,384,374.30	5,620,720.45	6,537,560.77
Total expenses in the last 4 years	R\$ 22,989,249.52			



# WATER MANAGEMENT

GRI 303-1 | 303-2 | 303-4 | 303-5; 305-4

In our own factories, offices, distribution centers and stores we consume water from the public water supply of local utilities, for commercial use only. Due to our business profile, the company does not use water in its production processes.

We have no specific water use disposal other than sanitary effluent and chemical effluent treatment (performed by a third party company specialized in fluid treatment and responsible for the disposal). Regarding water disposal from sanitary effluent the Company meets the parameters of CONSEMA Resolution No. 355/2017.

In our offices, water consumption is accounted for by apportionment between us and the other units in the building. Water consumption in our Distribution Centers is managed by the condominium where they are located, and most of our stores are located in malls. To reduce consumption, we use automatic timer taps in our units. Moreover, last year we started a rainwater harvesting project in one of our production units, where we estimate a reduction in consumption of 300 m³ per month.

**By the end of 2021 we implemented the rainwater reuse project in our ZZSAP factory.**



## WATER CONSUMPTION (MEGALITERS)\*

	2020	2021
TOTAL WATER CONSUMPTION	24.81	24.45

\* Does not include stores located in shopping malls and condominiums, where there is no individualized consumption monitoring.





# FIGHT AGAINST CLIMATE CHANGE

## EMISSIONS

The fight against climate change is an urgent issue for companies in various sectors, and for society as a whole. Therefore, we have strengthened our initiatives in this direction and committed to the neutralization of CO<sub>2</sub> Scope 1 and 2 emissions since 2019, and AR&Co since 2020.

In 2021, we signed the Business Ambition for 1.5°C, a commitment of the United Nations (UN) Global Compact, consisting of companies from around the world that have committed themselves to implement actions to reduce their Greenhouse Gas emissions and limit Global Warming to 1.5°C.

Since 2019, Reserva has a commitment to the Fashion Industry Charter for Climate Action initiative that brings together the world's leading fashion brands aiming to reduce greenhouse gas emissions by 30% by 2030 and 100% by 2050, to limit global warming to 1.5°C.

Our Alme brand, for its part, is committed to offsetting 100% of the CO<sub>2</sub> emissions from its production.

## ELECTRIC VEHICLES

In the second half of 2021, Reserva started using electric vehicles to make deliveries in Rio de Janeiro – RJ, with the intention of expanding sustainable deliveries to all of Brazil.

This initiative is part of Ar&Co's strategic planning to achieve carbon neutrality by 2050.

**A delivery electric truck emit 42 times less pollutant gases than traditional vehicles.**



GREENHOUSE GAS INVENTORY\*

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

In 2019, we conducted our first greenhouse gas inventory. In 2020, as it was an atypical year, with interruptions in stores and factories operations, we had a significant reduction in data collection, which affected information analysis.

The 2021 inventory will contain important advances, including all brands and companies and scope 3 in the categories of business travel, waste generation in operations, goods and services purchased, transportation and distribution (upstream) and franchises, in addition to undergoing third-party verification.

In 2021, we reported to the Carbon Disclosure Project (CDP) for the first time and obtained a score of C+, which made us eligible to join B3’s ISE portfolio. As of 2022, we are also planning to implement studies to assess climate change-related physical risks in our operations.

DIRECT GREENHOUSE GAS EMISSIONS

SOURCE OF GHG EMISSION (tCO <sub>2</sub> e)	2019	2020	2021
Scope 1 emissions			
Stationary Combustion	70.04	77.18	92.14
Mobile Sources	87.89	67.02	95.35
Fugitive emissions	89.86	54.80	279.24
TOTAL GROSS CO <sub>2</sub> EMISSIONS (tCO <sub>2</sub> e)	247.79	199.00	466.73
Biogenic Emissions – Scope 1			
TOTAL GROSS CO <sub>2</sub> EMISSIONS (tCO <sub>2</sub> e)	28.91	26.10	33.95
Scope 2 emissions			
Energy acquisition (location-based)	533.20	408.15	1,400.80
Energy acquisition (market-based)	482.21	280.77	895.72
Scope 3 emissions			
Supply chain	Not calculated	Not calculated	200,766.26
Transportation (upstream)	1,951.49	Not calculated	1,769.72
Transportation (downstream)	Not calculated	Not calculated	6,556.35
Business Travel	1,136.96	Not calculated	761.83
TOTAL GROSS CO <sub>2</sub> EMISSIONS (tCO <sub>2</sub> e)	3,088.45		209,854.16



The results of the 2021 Greenhouse Gas inventory showed an increase in emissions due to the normalization of activities, the expansion of Arezzo&Co with the addition of Baw, Reserva Group and TROC units covering the operations of our own stores, Corporate Unit, Own Factories and Distribution Centers of our businesses. Another relevant aspect was our new emission factor for scope 2 emissions, which also suffered changes due to increased data comprehensiveness.

To strengthen our commitment to transparency and environmental responsibility we have undertaken goals to reduce our emissions in the short, medium and long term, for the year 2022 our goal is to reduce them by 5%.

OUR GOALS

Term	Year	Reduction target
Short term	2022	5%
Medium Term	2027	20%
Long Term	2030	30%

WASTE

GRI 306-1 | 306-3

We have done significant work to reduce the impact caused by the disposal of our packaging and we have already reduced the amount of cardboard used to manufacture these items.

In Arezzo&Co’s own factories the waste is generated throughout the processes, which starts when the raw materials are received in the warehouses, where we generate waste from various packaging such as cardboard.

The warehouses distribute the raw materials to the sectors that will perform the prefabrication, cutting, sewing, assembling and during these steps textile, synthetic and leather waste scraps, among others, are generated. When shoes are ready, they pass through the finishing and revision sector creating waste from cloths contaminated by chemical substances used to clean the finished products. The shoes that have some damage or that were used as samples are discarded, being sent for co-processing.

We work with a focus on waste reduction and to this end we have developed some actions. In our units we try to reuse pallets and packaging, we also replaced disposable cups with



reusable bottles and cups. The factories have cutting equipment that reduces waste generation, due to the better use of materials, and the industry’s waste is also used in the composition of some footwear components such as insoles and soles, and we keep advancing in projects that provide circularity to our waste.

In 2021, most of the waste generated at Arezzo&Co was leather, paper and cardboard, and textile scraps. These materials accounted for 744.30 tons of the 811.79 tons of total waste. Most of the Reserve Group’s waste is organic waste and paper and cardboard, corresponding to 485.3 tons of the total 493.3 tons.





## SIMPLE T-SHIRT – RESERVA

In May 2021, Reserva launched the “Simple T-shirt”, with no prints, in 12 different colors, to dress all genders, sizes and ages.

The T-shirt was made available through an annual subscription service with a monthly fee of R\$24.99, during a period of one year the customer receives three T-shirts.

At the end of each cycle, the customer returns the T-shirts to Reserva, which sends the pieces for recycling, where the yarn is defibered to become a new product.

With this initiative no fabric from this line is discarded in the environment and the products’ life cycle is extended.

## WASTE REDUCTION

### GRI 306-2

The Arezzo&Co Internal Audit Department periodically verifies suppliers’ declarations regarding waste generation and disposal of finished products. Our own manufacturing units have an environmental management system with operational control related to documentation and processes, with measurement of results, always aiming for continuous improvement.

In 2021 we implemented experimental projects to use residues from our own and partner factories to produce new products. Furthermore, we conducted training sessions for subcontractors for best practices in waste management and Compliance with the support of Sebrae (learn more on [page 53](#)).

The Reserva Group’s supply chain has a project to defiber textile waste for incorporation into new products. Launched at the end of 2020, the “Clothes made from garbage” campaign is part of Reserva’s commitment to sustainable production processes with less environmental impact. This apparel line was developed from leftovers of knitwear, half knit and piquê, the yarns are defibered and rewoven giving a new destination to the waste.

In 2021 we produced 52,237 pieces of defibered fabric, reusing more than 2 tons of textile waste.



ZERO LANDFILL

GRI 306-5 | 306-4

We do not send the waste generated in our industrial processes to industrial landfills, always pursuing nobler destinations for our waste, such as selling it for recycling, reinserting it in the process through co-processing, and manufacturing new products. Our goal is to gradually work only with partners that do not dispose of their waste in landfills.

The waste from the plastic, paper and cardboard categories of the Reserva Group are destined for recycling.

The tables below show the total weight and type of waste generated in our operations in 2021 and its destinations:

RESERVA GROUP WASTE

Categories	Metric tons (t)	Destination
Paper and cardboard	136.70	Recycling
Plastic	8.10	Recycling
Total	144.80	-

WASTE NOT DESTINED FOR FINAL DISPOSAL

CATEGORIES	TONS (T)
Hazardous waste	
Leather (trimmings, sawdust and powder)	142.13
Contaminated empty packages	3.29
Septic tank sludge	14.00
Contaminated materials	15.17
Chemical waste	0.59
Wastewater*	2.00
TOTAL HAZARDOUS WASTE	177.18
Non-hazardous waste	
Scrap mixture	1.50
Paper and cardboard	378.87
Scraps of leather sole	0
Wastewater*	12.40
Rubbers and synthetics	3.84
Production material scraps	0.13
Plastics	0.30
Products (samples, reverse logistics, defects, malfunctions)	14.25
Textiles	203.64
Leather trimmings	19.70
TOTAL NON-HAZARDOUS WASTE	634.63
GRAND TOTAL	811.81

\*The presence of wastewater in our operations is related to an oil leak in our compressor in 2021. To solve the problem we had the help of a third party company to treat effluents. New equipment was installed and the compressors have already normalized their operations.





WASTE NOT DESTINED FOR DISPOSAL BY RECOVERY OPERATION

CATEGORY	TONS (T)
Hazardous waste	
Autoclave	113.52
Blending for Co-processing	24.54
Recycling	22.92
Effluent Treatment	16.00
Sorting with Storage	0.20
TOTAL	117.18
Non-hazardous waste	
Autoclave	18.74
Blending for Coprocessing	154.66
Coprocessing	36.09
Recycling	9.79
Reuse	21.64
Wastewater Treatment	12.61
Sorting with Storage	381.10
TOTAL	634.63
GRAND TOTAL	811.81

\*Wastewater was a one-time waste in 2021, from a process that we will no longer have. It concerns the water generated as a result of the compressor condenser and is considered waste because it is generated in the equipment's dryer.



# 6 EMPOWERED PEOPLE

RELATED CAPITALS

RELATED SDG





# TALENT: THE RAW MATERIAL OF OUR SUCCESS

GRI 2-29 | 3-3 | 402-1

**The high performance of  
our results mirrors the  
strength of our team.**

Passion is one of the great distinguishing features of our culture. Our employees have a deep connection with our business, a crucial mark of the Arezzo&Co culture for our teams to enchant customers.

We understand that sustaining this connection is done with the care of all professionals who build Arezzo&Co, offering a prosperous journey of growth, learning and achievements to all, through the initiatives of our **People Management**.

Our Sustainability Policy, launched in 2021, addresses our commitments to people management



Act with respect for human and labor rights, not tolerating any abusive practices and any kind of harassment, violence or other forms of intimidation, being inadmissible any form of direct or indirect exploitation of slave labor or analogous to slavery, adult or child.



To provide a fair, moral, and ethical environment, embracing diversity and inclusion as tools for an increasingly equitable workplace.



To ensure non-discrimination of employees, whether by age, color, race, ethnicity, nationality, religion, gender, marital status, family situation, creed, social group, disability, physical or mental illness or condition, opinion, political option, and/or sexual orientation, ensuring dignity in the workplace.



To provide a humane, productive, safe, and healthy work environment, ensuring compliance with the legislation, contributing to the employees' emotional balance, well-being, and quality of life.



To make a corporate whistleblowing channel available for situations and behaviors that are not consistent with the ethical principles, standards of conduct and/or current legislation, ensuring privacy for the whistleblower and keeping the reports of different stakeholders confidential, as well as not retaliating, directly or indirectly, against good faith reports.



EXTERNAL ACKNOWLEDGEMENTS



Arezzo&Co certified by **GPTW** in 2021.

**76%**

of our employees say **we are a great place to work.**



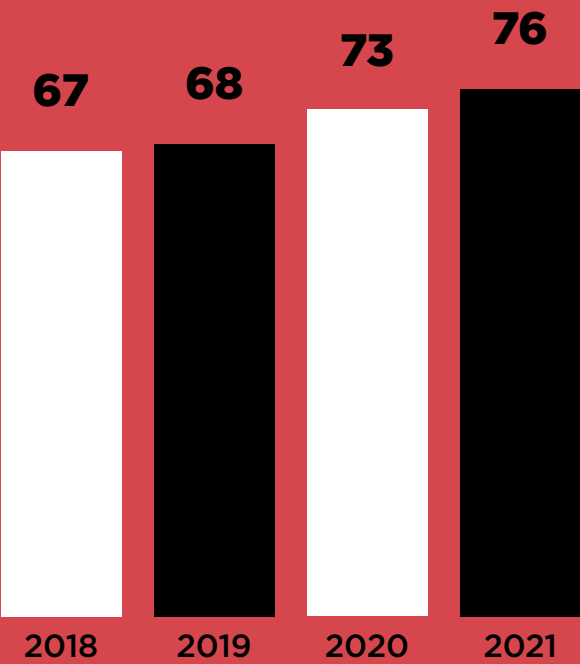
is recognized by the Empresas Humanizadas seal, for excellence in management and quality of relations.

CLIMATE SURVEY

In 2021, we conducted our climate survey, supported by GPTW.

The survey was randomly selected among 1,000 employees of the footwear, handbag and accessory brands, AR&Co and TROC, to ensure representation of the entire Arezzo&Co group.

CLIMATE EVOLUTION



We grew 3% compared to 2020 and our target is to grow 4% by 2022, reaching a score of 80.

Next, we will present our teams' data and profiles. The employees of the Carol Bassi brand are not included since the brand was acquired in late 2021.

Some data from the AR&Co brands will also be presented separately because the data integration and consolidation process is under construction.

To make reading easier, all data will show their coverage.

In 2021, besides the recognition for our people management, Arezzo&Co and our leaderships were also awarded for their outstanding performance in the market:

- **Prêmio Executivo de Valor (Value Executive Award):** Alexandre Birman was listed in 1<sup>st</sup> place for his leadership and management skills in the Fashion Industry sector.
- **500 most influential leaders:** Alexandre Birman and Luciana Wodzick.

And Reserva, in the **Humanized Companies** Survey, stood out among the 20 most humanized companies in Brazil in the following categories: **Leadership, Conscious Culture, Shared Value Strategy, Greater Purpose, and TOP 30 Best Companies.**



# OUR TEAM

GRI 2-29 | 2-7 | 2-30 | 401-1 | 405-1 | SASB CG-MR-330a.1

**5,968**  
employees  
in 2021\*.

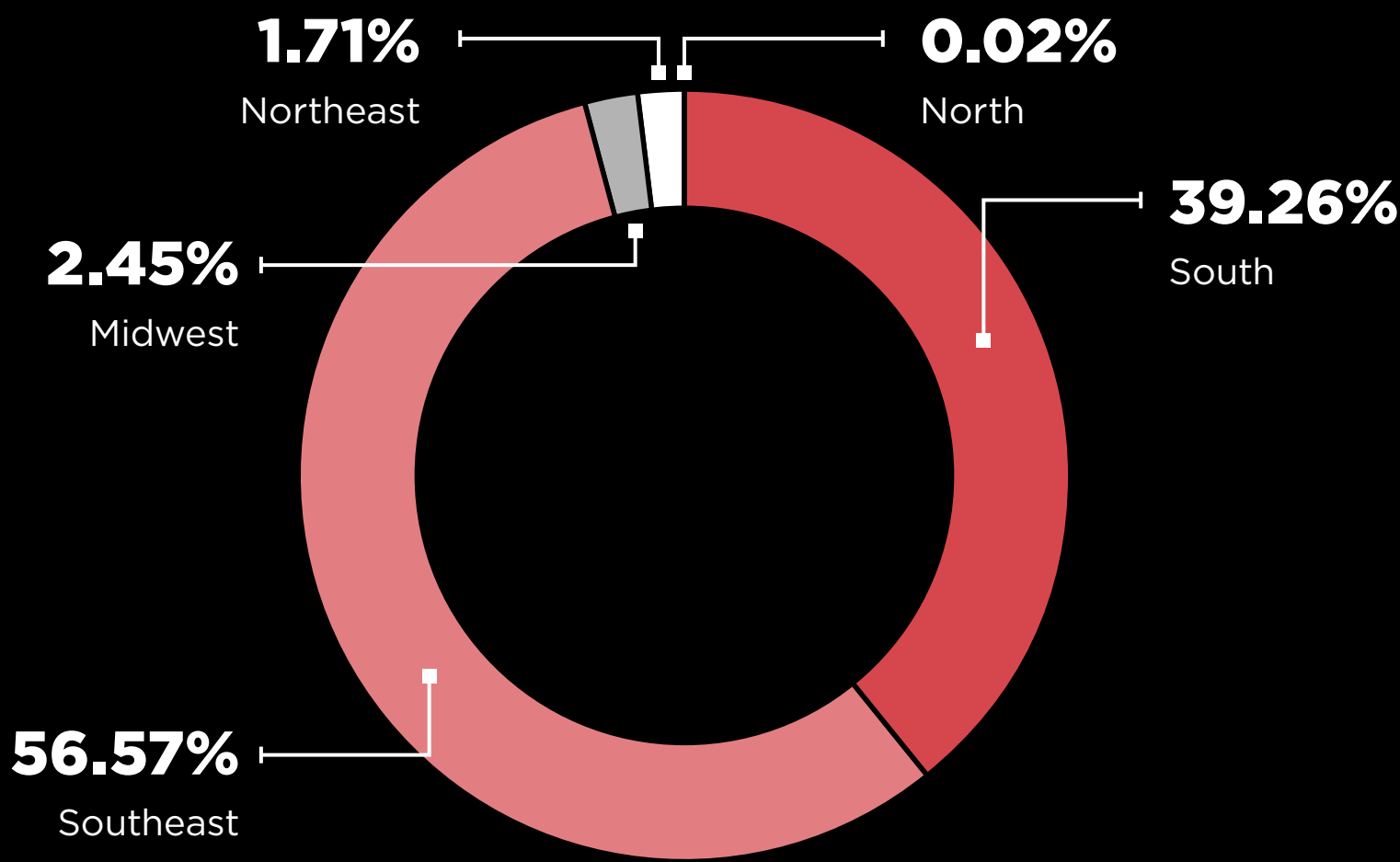
**5,795**  
work full time.

**173**  
are part-time.

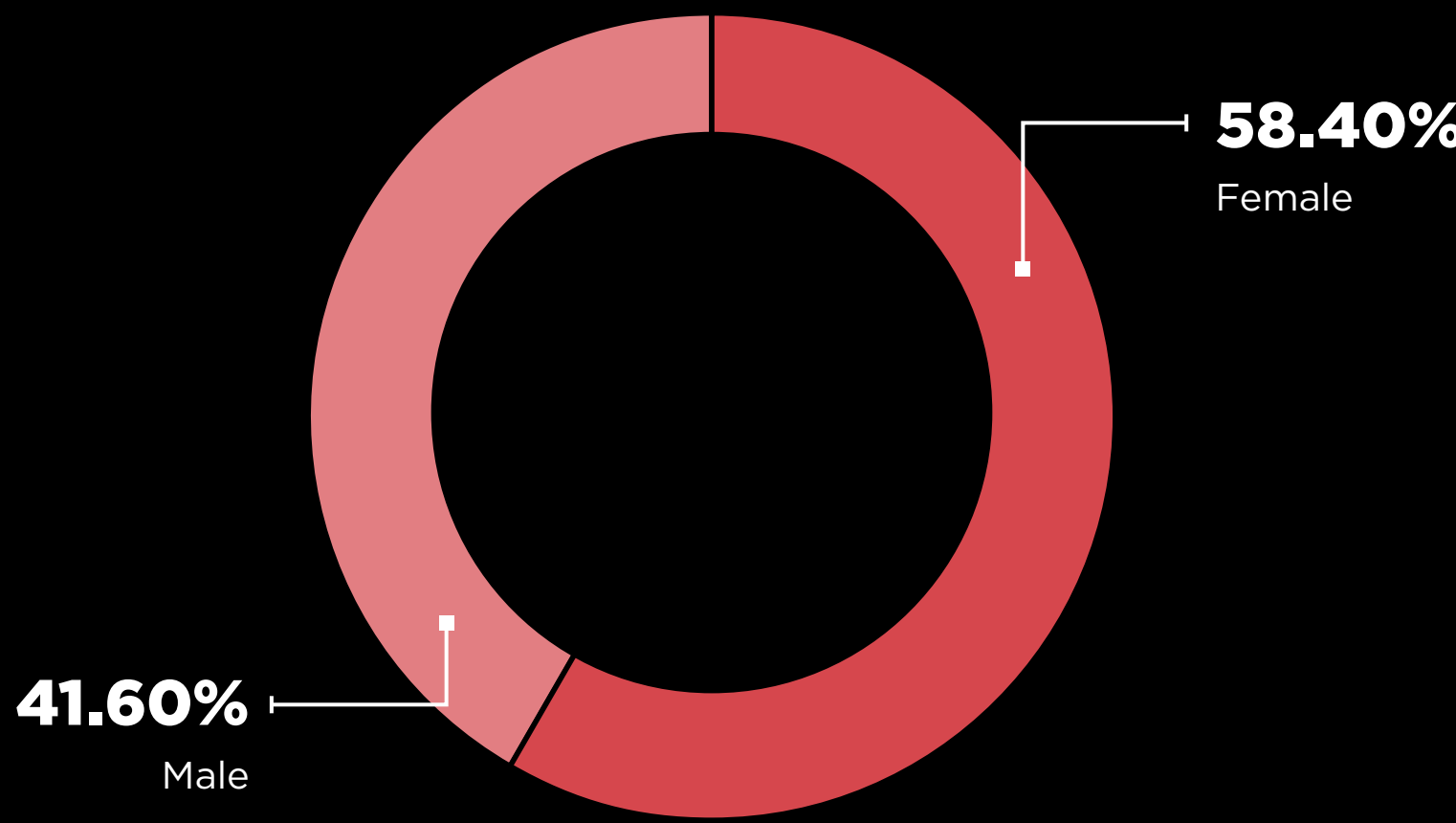
**151.2%**  
**Growth**  
in the #  
of employees  
by 2021.

\* Also consider AR&Co. temporary employees.

EMPLOYEES BY REGION



EMPLOYEES BY GENDER



**3,376**  
work in the Southeast region.

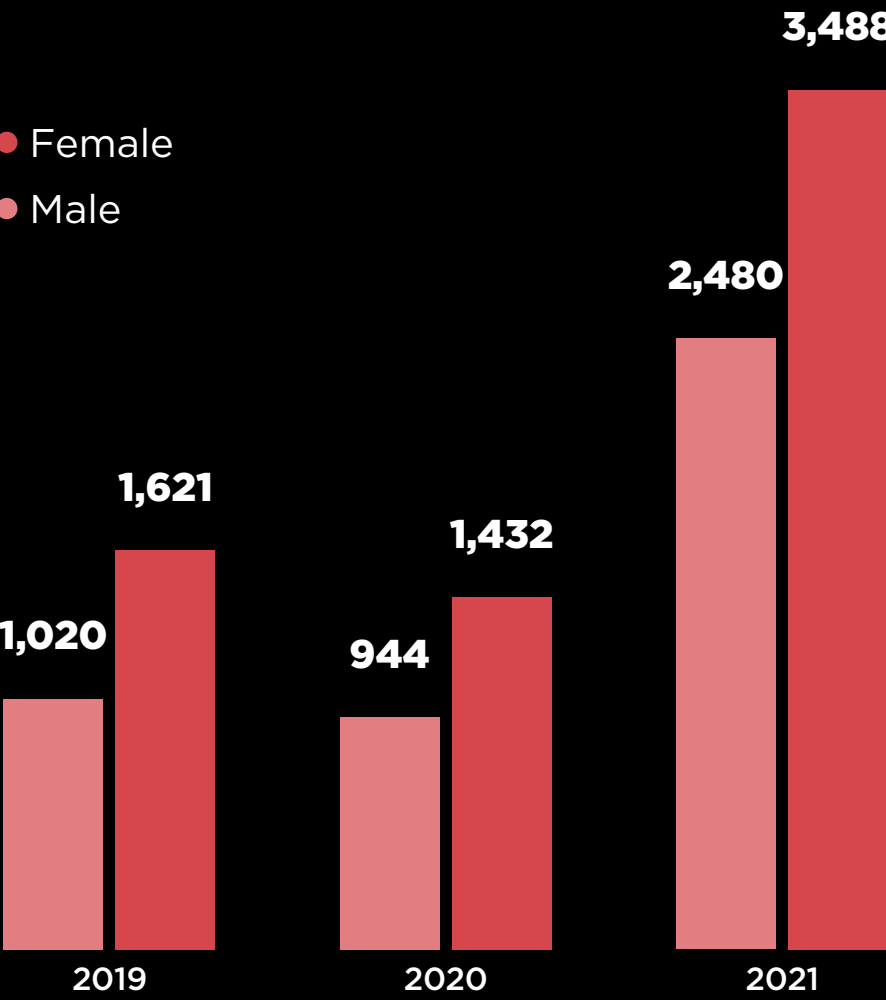
**2,343**  
are in the South region of Brazil.

**146**  
in the Midwest region.

**102**  
in the Northeast

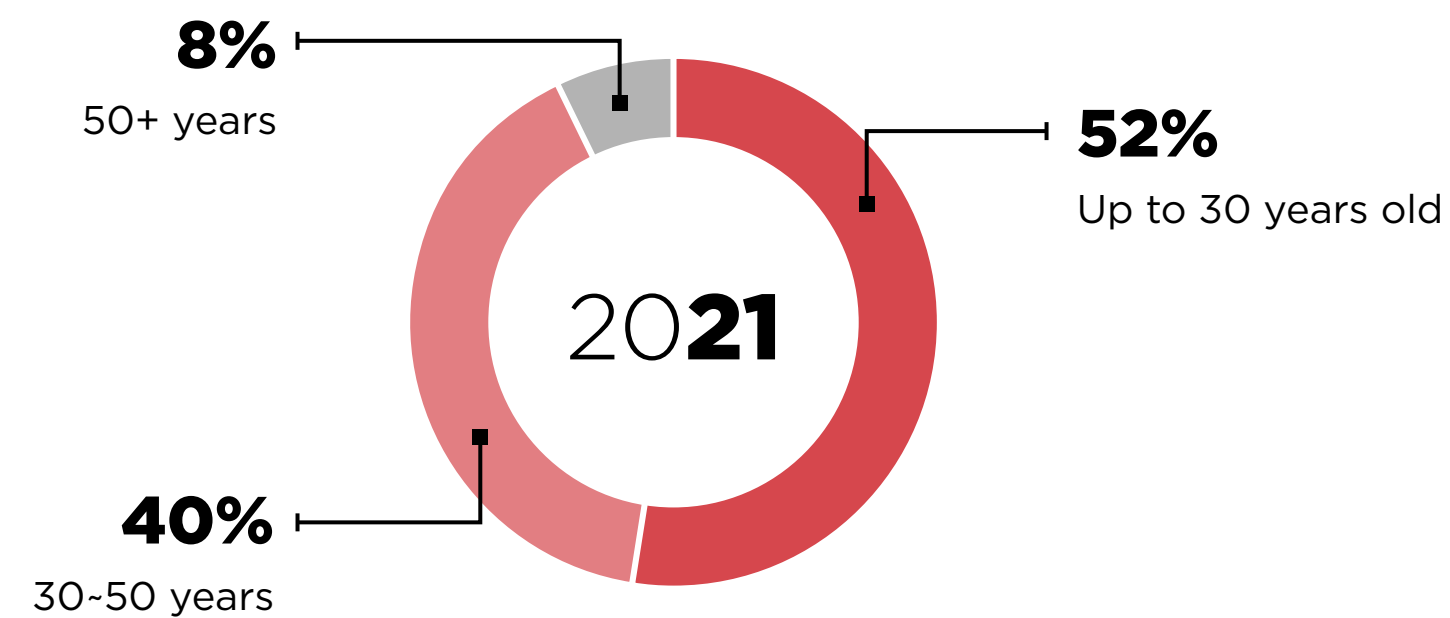
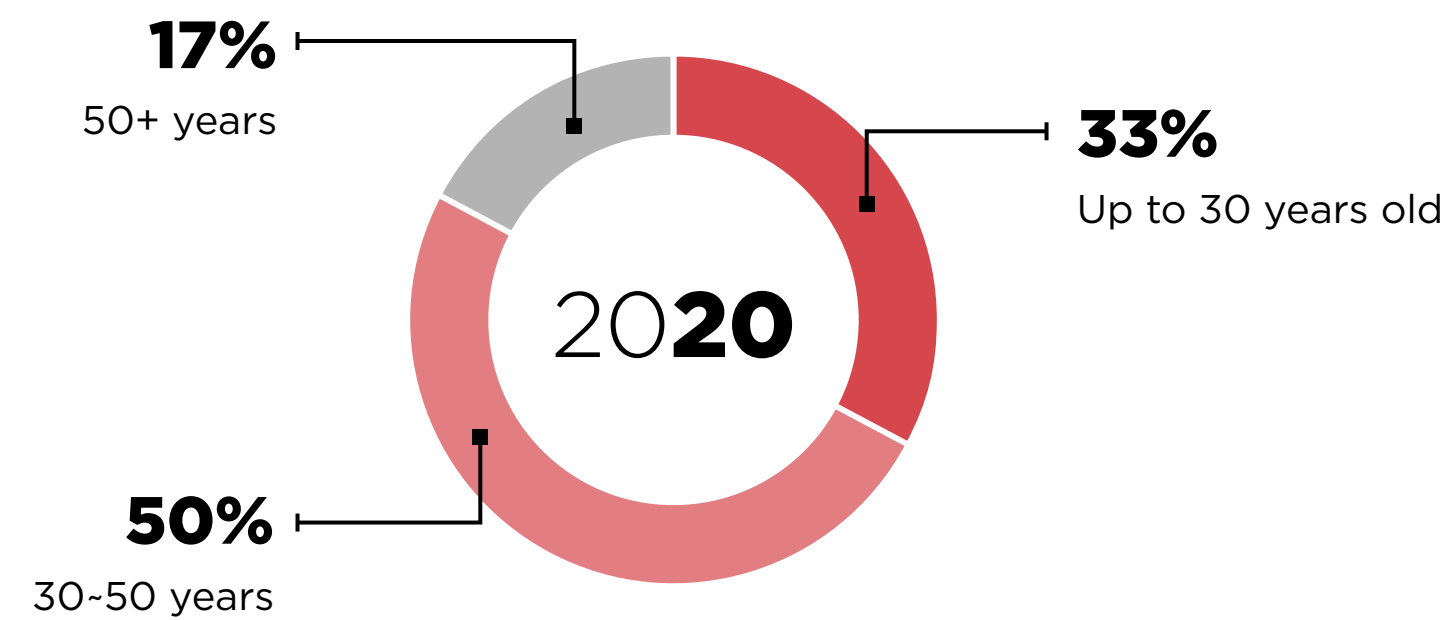
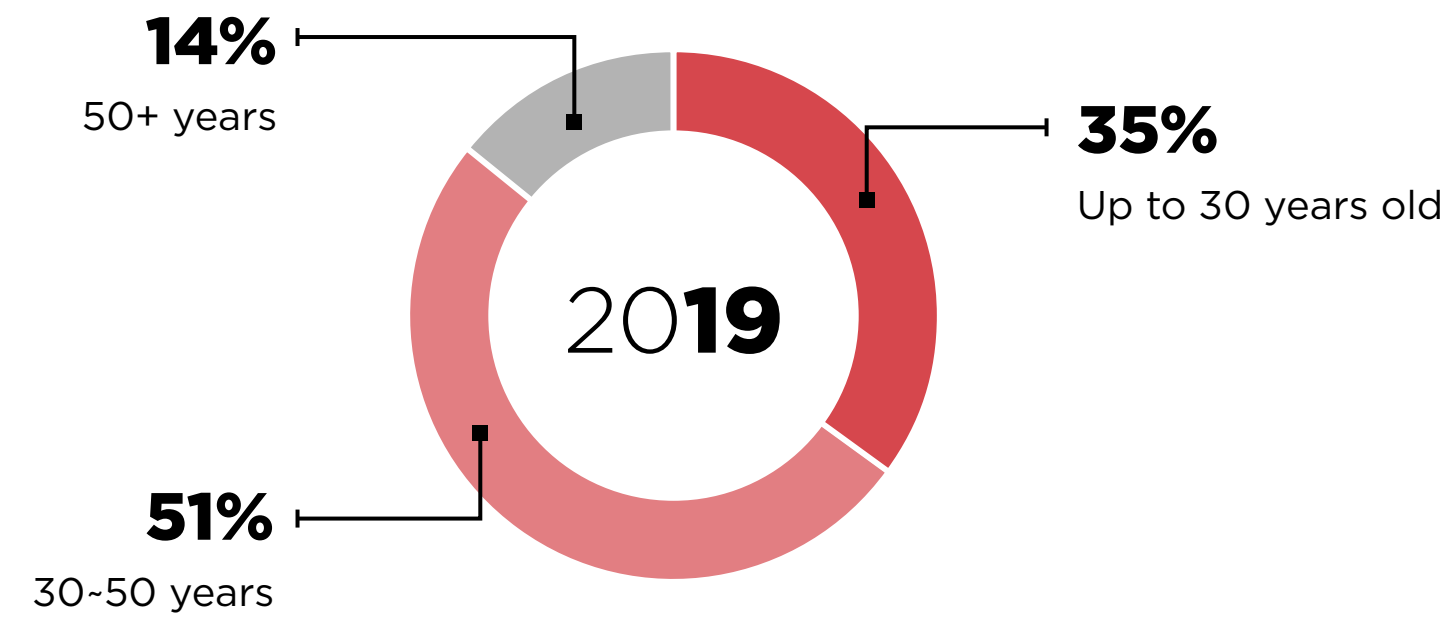
**1**  
in the North

EMPLOYEES BY GENDER FOR THE PAST 3 YEARS





## EMPLOYEES BY AGE GROUP



## AREZZO&CO'S EMPLOYEES – BY JOB CATEGORY

Category	2019	2020	2021
Board of Executive Officers	17	13	37
Management	114	109	207
Leadership/Coordination	137	128	319
Technical/supervisory	47	42	75
Administrative	142	180	220
Operational	2,004	2,178	3,046
Analyst	0	0	540
Assistant	0	0	1,115
Specialist	0	0	98
Consultant	0	0	53
Apprentice	0	0	161
Trainees	6	0	0
Other	0	0	97
<b>Total</b>	<b>2,467</b>	<b>2,650</b>	<b>5,968</b>

These figures consider temporary employees.

### GRI 2-7

The ongoing expansion of Arezzo&Co's business has significantly increased our workforce in 2021, besides opening new jobs, positively impacting the regions where our operations are located.

Among our employees, 812 are temporary and work in the AR&Co brands. The Company has no non-guaranteed hours employees.



GRI 2-30

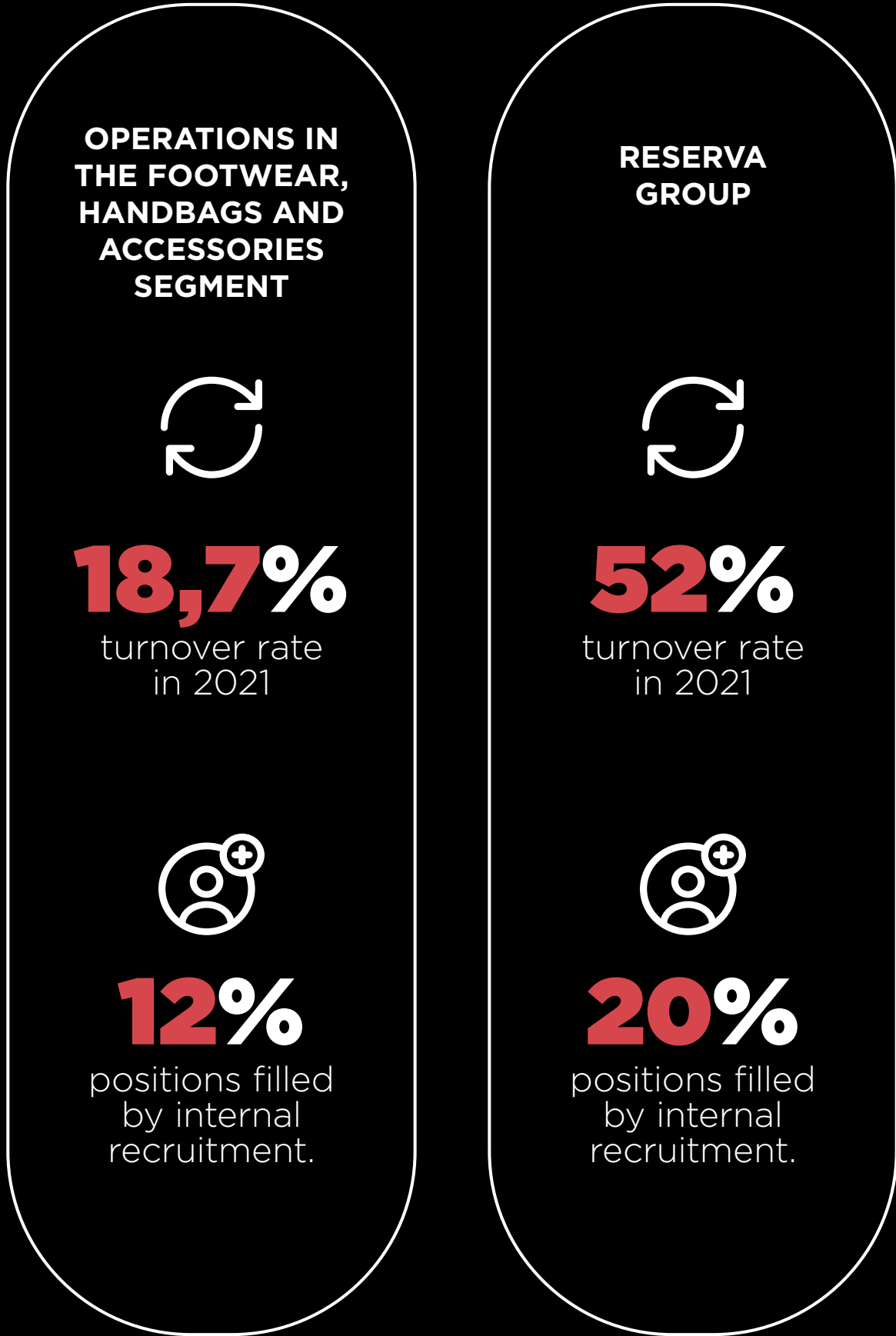
Because the year 2021 was still characterized by the integration of all our businesses, the following data will be presented with specifications about its coverage.

**2.918**  
new hires  
in 2021\*

\*Considering Reserva Group and footwear, handbag and accessory brands.

**100%**  
dos colaboradores  
cobertos pela  
CCT\*\* da Category

\*\* Collective Bargaining Agreement.



GRI 401-1

TURNOVER RATE IN THE LAST FOUR YEARS – AREZZO&CO  
OPERATIONS IN THE FOOTWEAR, HANDBAGS AND  
ACCESSORIES SEGMENT

Year	Total (%)	Voluntary (%)
2018	16.8%	11.0%
2019	20.3%	14.8%
2020	16.2%	9.7%
2021	18.7%	10.1%

TURNOVER RATE IN STORES IN 2021  
SASB CG-MR-310a.2

	Voluntary	Involuntary
Footwear, handbag and accessory stores	17.55%	24.27%
Reserva stores	22%	15%



NEW HIRES\*\*  
GRI 401-1

HIRING BY GENDER

Gender	Total employees	Hiring rate
Female	774	40%
Male	453	36%
GRAND TOTAL	1,227	39%

HIRING BY AGE GROUP

Age group	Total employees	Hiring rate
Over 50 years old	67	17%
Up to 30 years old	730	54%
From 30 to 50 years old	430	30%
GRAND TOTAL	1,227	34.13%

HIRING BY STATE

State	Total employees	Hiring rate
AL	2	100%
BA	6	75%
CE	2	100%
DF	16	70%
ES	2	10%
GO	7	25%
MG	22	41%
PB	1	50%
PE	1	33%
PR	9	64%
RJ	89	54%
RS	685	32%
SC	15	65%
SP	370	25%
GRAND TOTAL	1,227	34.13%

BASE SALARY BY GENDER \*\*  
GRI 405-2

Operational Unit	Gender	Average Wage (R\$)
Corporate	Female	R\$ 5,133.77
Corporate	Male	R\$ 5,867.04
Retail	Female	R\$ 5,076.26
Retail	Male	R\$ 3,870.69
Factory	Female	R\$ 1,729.07
Factory	Male	R\$ 2,336.76

WAGE LEVEL BY GENDER\*\*  
GRI 202-1

Country	Local Minimum Wage	Lowest salary paid by the Company (Female)	Lowest salary paid by the Company (Male)
Brazil	R\$1,212	R\$1,210	R\$1,210

\*\* All information in this section includes only Arezzo&Co employees from the footwear, handbags and accessories segment. AR&Co and TROC are not included.





# CONNECTION AND CARE

GRI 403-6


## HEALTH AND WELFARE OF EMPLOYEES IN THE FOOTWEAR, HANDBAGS AND ACCESSORIES SEGMENT

Employee health and welfare management for the different brands that make up our business is not yet integrated, so they will be presented specifying the scope of a given benefit.


To protect employees' health, we always act in accordance with the recommendations of the Health agencies and state and municipal decrees, as well as facilitating access to medical services for all. Our professionals have the option to join the health and dental plans we offer. In the units with outpatient clinics, we have qualified professionals such as an Occupational Physician and an Occupational Nurse Technician, and employees who do not have health insurance can schedule medical appointments with the occupational physician for clinical evaluation, bandages, and blood pressure measurement.

The consultations in our outpatient clinics are carried out on an individual basis and all the information collected about the employees' health is restricted to the professionals responsible for providing the assistance.

We have increasingly made our culture of quality of life and well-being stronger for our employees, and implemented programs, in 2021, through **ZZ EM EQUILIBRIO**, using partner platforms.



The Gympass tool grants access to gyms, live online classes, online and one-on-one sessions with personal trainers. The App contains on-demand classes and complete wellness content. Employees of the Arezzo&Co brands in the footwear, handbags and accessories segments, as well as employees of the AR&CO brands have access to the benefit.



Psicologia Viva is a platform that allows employees to have online therapy sessions and take care of their emotional health without leaving home. The professionals' health data is confidential, stored in systems that are appropriate to the technologies already used in the General Law of Data Protection (LGPD), and only the occupational physician and the professionals authorized by him/her have access to this information.

Through its partner platforms, The ZZ em Equilibrio program offers services that include:

- Mental and emotional health.
- Physical health.
- Financial health.
- Food health.
- Educational Health.
- Agreements



## CAUTIONS REGARDING COVID-19

GRI 402-1 | 413-1

We implemented work model transformations to avoid crowding and protect our employees. In 2021, 20% of corporate teams worked in a mixed way, alternating between home-office and regular office. We prioritize mothers when choosing the remote model.

All employees with children up to 12 years old received financial assistance to support their work routine with their children at home.

The entire manufacturing team benefited from the provision of basic needs food packages, hygiene and cleaning products, as well as medication for covid-19 cases.

Throughout the year we ran seven campaigns aimed at raising awareness, prevention, and protection of our employees.

Moreover, our SESMT area organizes monthly campaigns aimed at disease prevention. In all, in 2021, we conducted 17 health campaigns aimed at our employees, covering topics such as mental health care, vaccination against covid-19, preventive protocols against the virus, masks distribution, suicide prevention, pink October (breast cancer), blue November (prostate cancer), orange December (skin cancer) and red December (prevention of sexually transmitted infections HIV/AIDS).

## BENEFITS POLICY

GRI 401-2 | 401-3

In 2021 to enhance the care for our teams, we implemented some changes in our benefits policies:

**Paternity Leave:** Leave extension from five to 20 days for corporate employees.

**DAY-OFF:** We introduced a day-off in the birthday month of corporate employees.

**Basic needs food package:** In the second semester we started to deliver Basic needs food packages to our employees at the company's own plants.

**PPR:** We rolled out the Profit Sharing Program for our own plants and in two annual installments for the corporate employees.

Our benefits policy also includes flexible working hours, applicable according to the time bank, with the exception of underage apprentices, interns, and the call center teams, in accordance with the legislation in force.

All employees in the footwear, handbags and accessories segment of the Arezzo&Co operations also have transportation vouchers, meal vouchers, a health plan, a dental plan, a New Value benefits club, Gift Card and day care assistance, applied in accordance with the collective bargaining agreement for each category.

Some areas and positions also have other agreements and additional benefits, such as fuel vouchers and pharmacy discounts.

### MATERNITY LEAVE

**64**  
**Licenses ended until 2021**

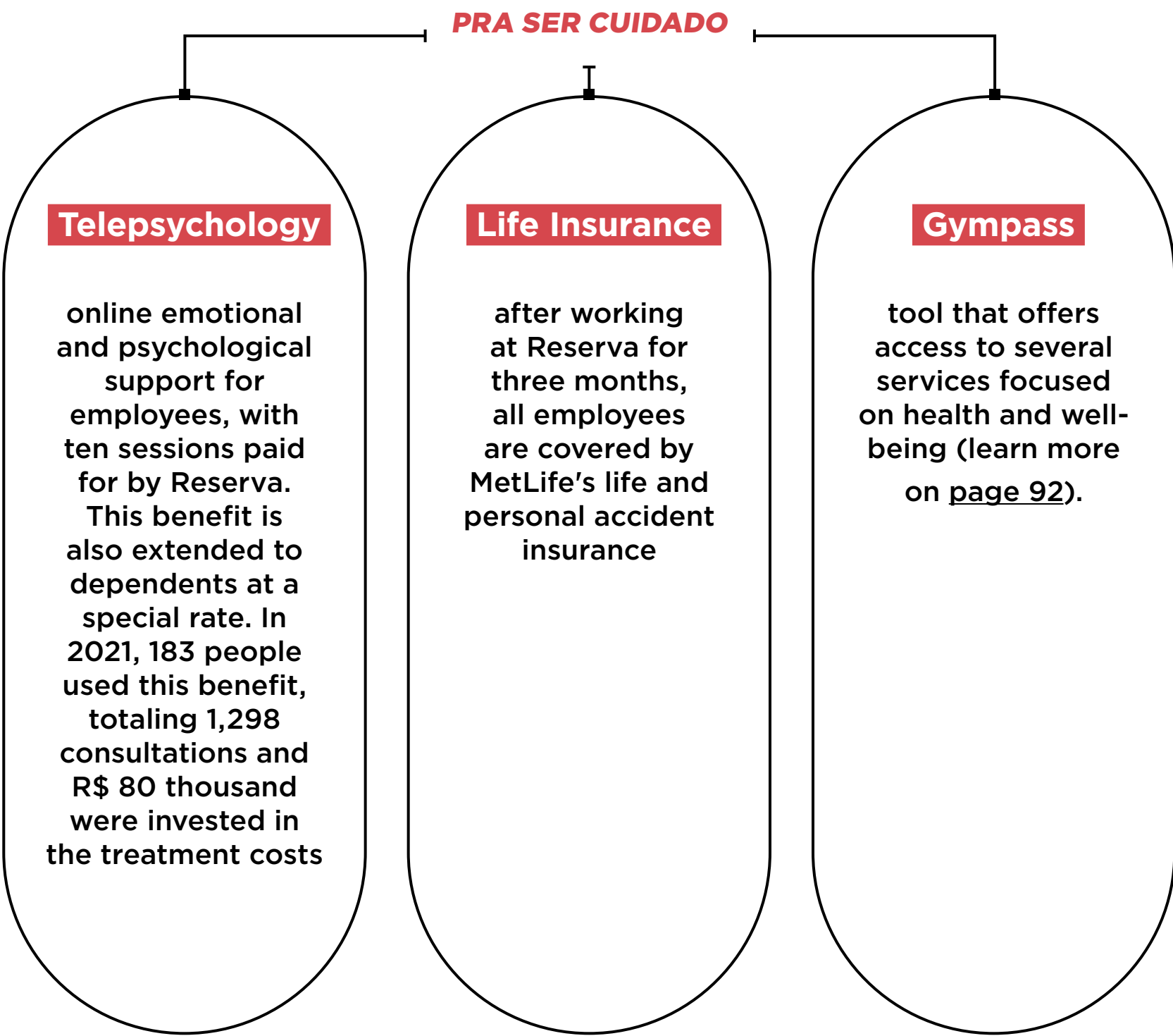
**98%**  
**Return Rate**

Our female employees enjoy a four-month maternity leave.



# HEALTH AND WELFARE OF THE RESERVA'S EMPLOYEES

Reserva Group stands out in the market for being a humanized company, always looking out for the well-being of its employees. Within the benefits policy, one of the great distinguishing features of Reserva is the six-month maternity leave for female employees and a 45-day paternity leave. Employees also have access to a health and dental plan. Moreover, Reserva also offers the Pra Ser Cuidado program, which has the following benefits:



## HAPPINESS DEPARTMENT - RESERVA

Reserva Group has a Happiness Department, responsible for aligning the Company's culture and values through effective internal communication along with initiatives to foster this essence in the day-to-day lives of employees. The department has three priority foundations that guide its activities, they are:

- Pleasure and positive emotions.
- Engagement and recognition.
- Purpose.

## RESERVA - A PEOPLE COMPANY

Reserva Group has an internal recognition program to engage its employees. Among them we highlight:

**BOTA NA VITRINE:** program that makes dreams come true and highlights the members of the Reserva Team who exceeded all expectations.

**OBRIGADOOOOOOOO:** card developed so that employees can send words of recognition for their performance to the members of their own team.

**TOP SELLERS:** Top Sellers are the salespeople who invoice the most at Reserva, are elected annually and receive awards for their performance.

**Employees also have access to discount programs and exclusive coupons for shopping both AR&CO brands and the other brands that make up Arezzo&Co, the day-off on their birthday, flexible working hours, and home-office (mixed model) for corporate employees.**

They also benefit from the program "tamo junto" to give gifts and support employees who are going through some delicate situation in their personal life.



# OCCUPATIONAL SAFETY

GRI 403-1 | 403-6 | 403-8

The AR&Co brands do not have an occupational health and safety management system. Therefore, all the data presented here refers to the operations of the Arezzo&Co brands in the footwear, hand-bags and accessories segment, not including TROC or Carol Bassi.

We have a commitment to employee safety, in line with our Sustainability Policy. We have taken measures and invested in making everyone aware of how to prevent accidents. This includes mapping the possible risks to which people are exposed to, such as ergonomic risks, noise and contact with chemicals.

All employees of the operations that include the footwear, hand-bags and accessories segment are covered by our management system Senior SM: Safety and Medicine, covering 57.2% of all Company employees. Using this software, it is possible to track and monitor health exams and their due dates, register vaccines, record exposure to occupational risks, the Social Security Profiles (PPP), and the Communication of Work Accidents (CAT).



In addition to other details, such as job descriptions, courses taken, training for Cipa and the emergency brigade, the use of PPE, accident records, and accident investigations, with the purpose of carrying out action plans to minimize our employees' exposure to risks.

In late 2020, we hired an organization that is a reference in legal requirements management consulting in the areas of Occupational Health and Safety, to further advance the management and control of health and safety indicators, with the support of a monitoring software, IUS natura, which was fully implemented in 2021.

Also, the IUS natura tool manages all the legal requirements applicable to Occupational Health and Safety and legal requirements management in ISO, through which it is possible to assess our activities' compliance and in cases where unmet requirements are identified,

we include action plans for correction, with a deadline and delegation of a person responsible for monitoring, in addition to including plans for maintaining the items when they are continuous.

A large part of the operations are covered and evaluated by the system, only the retail segment was not finalized in 2021 due to the expansion of the number of stores in the year.



of Arezzo&Co employees covered by the Occupational Health and Safety Management System.



HEALTH AND SAFETY RISK MANAGEMENT

GRI 403-2 | 403-3 | 403-7 | 403-10

The management of Occupational Health and Safety (OHS) risks in Arezzo&Co’s operations in the footwear, handbags and accessories segment, is done through a methodology known as “fishbone” in which we follow all incidents in a comprehensive manner, considering all parties involved, as well as the necessary action plans. All identified risks are mitigated using personal protective equipment (PPE) and appropriate operating procedures.

Employees of operations that contain OHS management, when they are exposed to danger while performing their duties, are paid an additional amount for risk in their salaries and this control is done monthly by Arezzo&Co.

**In the period from January to November 2021, a total of 12 employees were contemplated with this benefit.**

We identified occupational diseases during the PPRA and ergonomic report, in the Occupational Health Control Program activities, and in 2021 we had no employees on leave or deaths resulting from occupational diseases in footwear, handbags and accessories operations. Furthermore, we mapped the health history and other absences (unrelated to occupational diseases) through the record of all care provided by our outpatient clinics in the operations that have OHS management.

Further, in the units covered by the Health and Safety management system, we permanently carry out medical examinations to evaluate employees’ health in accordance with the Environmental Risk Prevention Program and the Occupational Health Control Program. These evaluations are mandatory, and the results contribute to risk

identification and minimization. The professionals responsible for this management are registered with the Regional Council of Engineering and Agronomy of the State of São Paulo (CREA) and with the Ministry of Labor and Employment (MTB). All information from reports issued is restricted to the Health and Safety at Work areas, and employees receive a copy of the exam to which they are submitted, in accordance with Regulatory Standard NR7.

Our business model has no negative impacts related to OHS; we have an efficient safety management in our operations, products or services. Regarding processes, in our own factories we continuously control exposure to physical and chemical agents, by means of quantitative and qualitative measurements, all these results are included in the Environmental Risk Prevention Program (PPRA) in force.

OCCUPATIONAL HEALTH SERVICES  
- RESERVA GROUP

All Reserva’s employees undergo medical exams for hiring and dismissal.

In 2021 the Group’s head office started to have an infirmary for the employees’ health care

ENGAGEMENT

GRI 403-4 | 403-5

Arezzo&Co’s operations in the footwear, handbags and accessories segment have an Internal Commission for Accident Prevention (Cipa) with whom the Company maintains an ongoing dialogue. Through the requests from the fire brigades, Cipa and the Daily Safety Dialogues (DDS), we listen to our employees about issues and questions related to Health and Safety at Work, these surveys are forwarded to the Specialized Services in Safety Engineering in Occupational Medicine (SESMT) area so that all questions are answered.

During the preparation of mandatory documents such as the ergonomic report and the Risk Management Program, employees are consulted so that possible improvements can be applied. Additionally, we have an internal digital platform of the Company, our workplace, where information related to the employees’ health diagnosis is available and we hold monthly meetings with the leadership to put in place improvement actions for this management.

Also, in all companies in the footwear, handbags and accessories segment we have Cipa’s organized and trained, as well as in each of our own stores we have a person responsible for representing Cipa. We also hold SESMT area meetings involving representatives from the Company’s Board of Directors and employees; in these meetings the demands related to health and safety are presented, as well as issues concerning workplace improvement. The meetings are monthly and occur in all Arezzo & Co units, all issues discussed are closed only after a feedback from SESMT to all involved.



In 2021 we provided training sessions on the usage of Personal Protective Equipment (PPE), handling of chemical products, new employee integration and DDS's approaching relevant subjects such as covid-19 and the importance of proper use of PPE.

HEALTH AND SAFETY  
COMMUNICATIONS – RESERVA

All new employees of the Reserva Group brands undergo health and safety training. In 2021, we counted with 240 new trained people.

What's more, to engage our teams on the theme, we carried out communications regarding covid-19, Yellow September, Pink October, Blue November, and various information about "Pra Ser Cuidado" (learn more about the program on [page 94](#)).

WORK-RELATED ACCIDENTS

GRI 403-9

The main types of accidents and injuries related to the operation of the Company's segments in the footwear, handbags and accessories sector are minor cuts and commuting accidents. When we record these occurrences, we also conduct specific training, and every cutting tool has individual identification to alert employees as to its handling.

As a result of our actions to ensure our teams' safety, in 2021 we had a 60% drop, compared to 2019, in work-related accidents and injuries in the mapped operations.

Our accident and injury rate was averaged across all our operations and increased because it reflects the increase in employees, hours worked, expansion of operations and production.

With regard to third-party employees, we only require our partner companies to provide documents related to OHS compliance. Starting in 2022 we will implement Third Party Management for service providers.

EMPLOYEE HEALTH AND SAFETY RATES AND FIGURES

	2019	2020	2021
Number of fatalities as a result of work-related injuries	0	0	0
Fatality rate as a result of occupational-related injuries	0	0	0
Number of serious occupational-related injuries (excluding fatalities)	0	0	0
Rate of serious occupational-related injuries (excluding fatalities)	0	0	0
Number of reportable work-related accidents and injuries	35	18	14
Rate of reportable work-related accidents and injuries	0.43	0.24	1.4

In the Reserve Group operations, we had only three work accidents in 2021 and no record of occupational disease. As of 2022, we will also consolidate the AR&Co numbers on the Company's bottom line as a whole.





# DIVERSITY AND INCLUSIVENESS

GRI 3-3

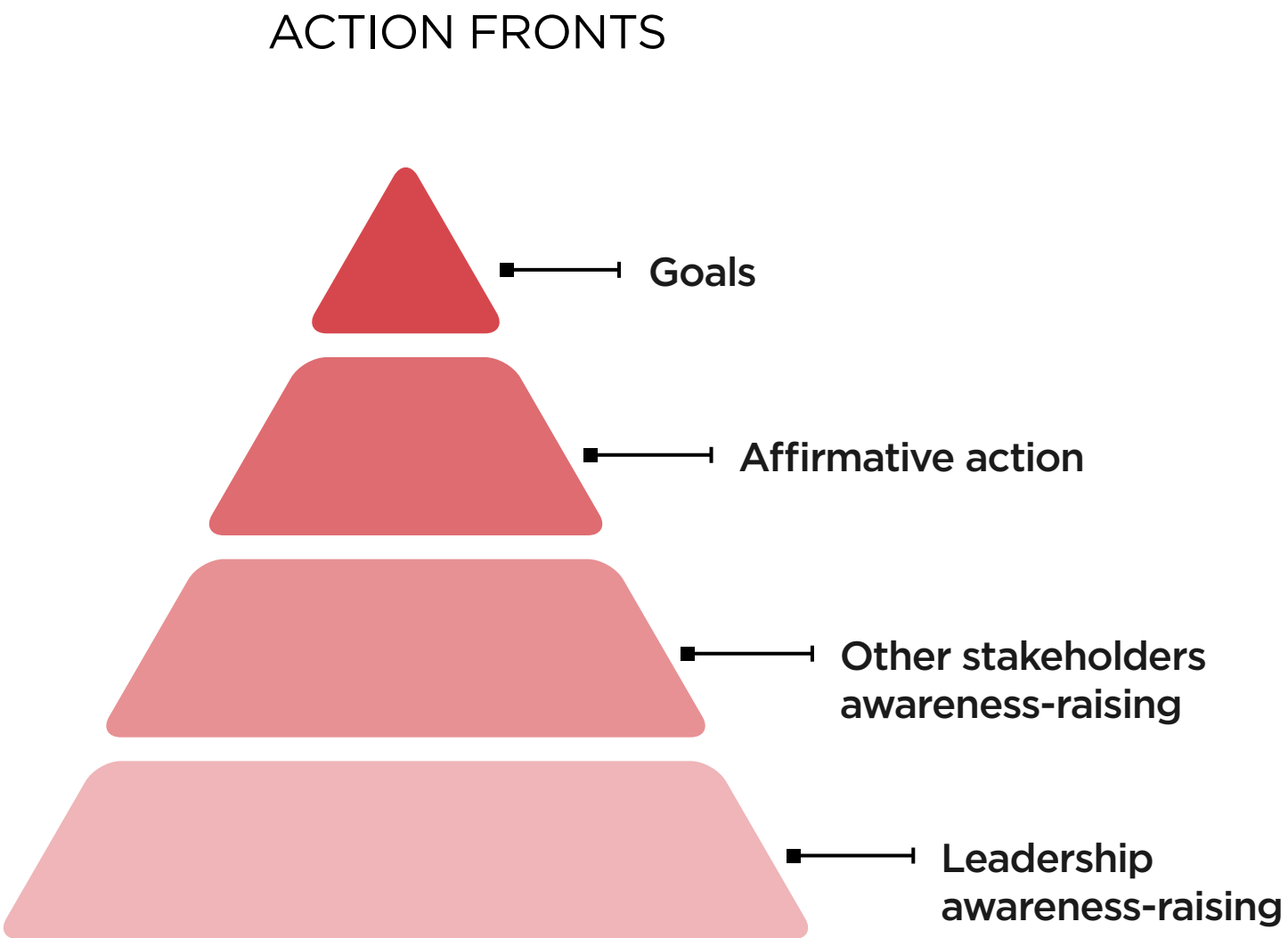
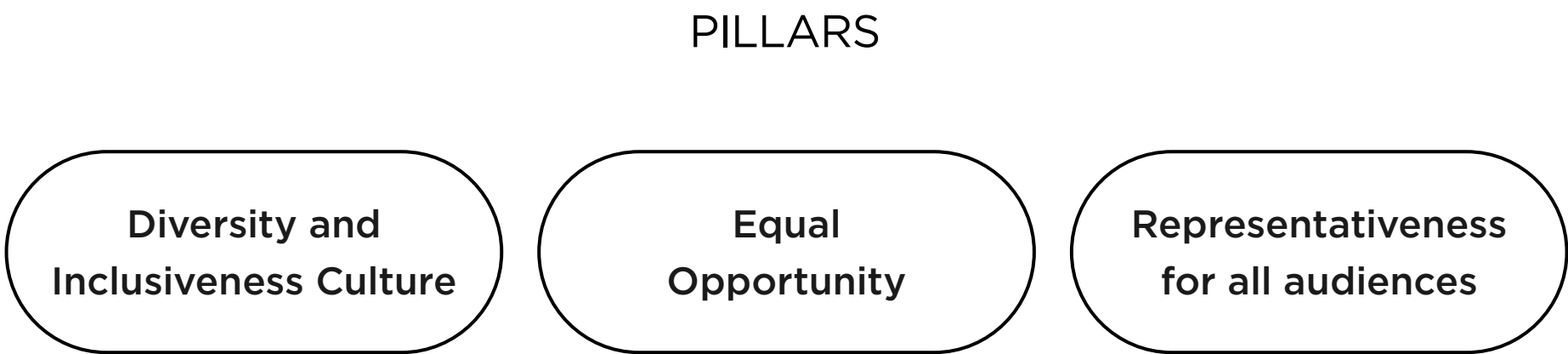
**Being diverse and inclusive is part of Arezzo&Co essence. We are driven by passion, connecting multiple profiles and styles in a single company. The diversity present in our showcases is also inside our organization.**

We are a company with people from different ethnicities, cultures, genders, and lifestyles. All are welcome and we work to be a reference in the industry in this regard. We have a Diversity Policy, since 2019, to guide our commitment in an effort to promote a diverse and inclusive corporate culture.

By officially creating our Diversity Committee in 2020, made up of people from various areas and hierarchical levels, we have evolved in our management towards diversity and inclusiveness, to offer everyone equal access to opportunities.

In August 2021, our Diversity Strategy was approved, in which we formally committed to implementing procedures to foster inclusion and respect for diversity in all our areas together with our partners in the coming years, including engagement with training and awareness-raising of leadership and other stakeholders, affirmative action, and goals.

Our strategy is based on three pillars and structured into four action fronts:





Our internal communication resources incorporate this strategy, to ensure the engagement and incorporation of the entire Arezzo&Co in the culture of diversity. As a result of advances in this area, in 2021, we can highlight the following:

- We signed a partnership with **Instituto Identities do Brasil (ID\_BR)**, which now supports us in training and hiring people;
- We started using neutral language in internal communication materials, to increase representativeness and welcome everyone;
- We carried out our first voluntary diversity census;
- We created a **Diversity Booklet**, focused on training our employees, to foster an increasingly inclusive environment at Arezzo&Co;
- We organized two training meetings for the entire retail Arezzo brands, including franchises, with the theme Open Dialogues: Paths for welcoming diversity and fighting prejudice, at the booklet launch with more than 1,100 accesses and almost 10,000 people online.
- We created education and thematic awareness actions, based on the national diversity calendar;
- We held a Valentine's Day campaign with diverse couples, including the representation of people with special syndrome, heterosexual and same-sex couples.

**DIVERSITY TRAINING**  
**GRI 412-2**

Our training was aimed at retail employees from stores in the footwear, handbags, and accessories segment.



**3**

total hours  
offered



**1.208**

direct  
participants

**Public**

**84%**  
franchisees

**16%**  
company-owned  
stores

**DIVERSITY BOOKLET**

Supported by a consulting company specialized in ESG management and social and environmental impact strategies, in December 2021 we launched our Diversity Booklet.

The document's focus is to foster training and understanding across Arezzo&Co on the theme, and to align all our employees' behavior with our culture, which does not tolerate discrimination of any kind.

The booklet not only presents our commitments and channels for encouraging ethical and inclusive behavior in the company, but also provides a conceptual and conduct guide to raise the awareness among our teams. The booklet has simple language, with practical examples applicable to everyday life. The topics covered include:

- **Race:** raises awareness and encourages an anti-racist culture
- **Genders and sexual orientation:** fosters understanding, gender equity, and fights homophobia;
- **People with disabilities:** presents an overview of this group and fights against capacitism;
- **Generations:** emphasizes the importance of age diversity in the workplace;
- **Cultures and beliefs:** tackles cultural and religious intolerances in our society;
- **Bodies:** presents the diversity of body types and the relevance of respect and self-acceptance movements against non-inclusive aesthetic standards.

Read the full booklet [here](#).



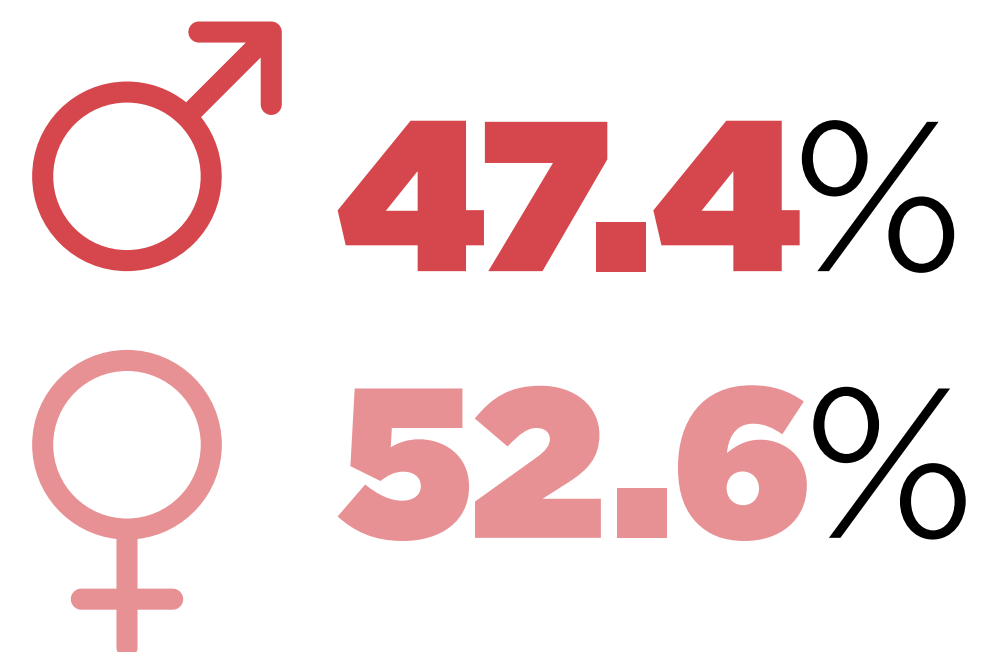
## GENDER DIVERSITY IN LEADERSHIP

GRI 405-1 | SASB CG-MR-330a.1

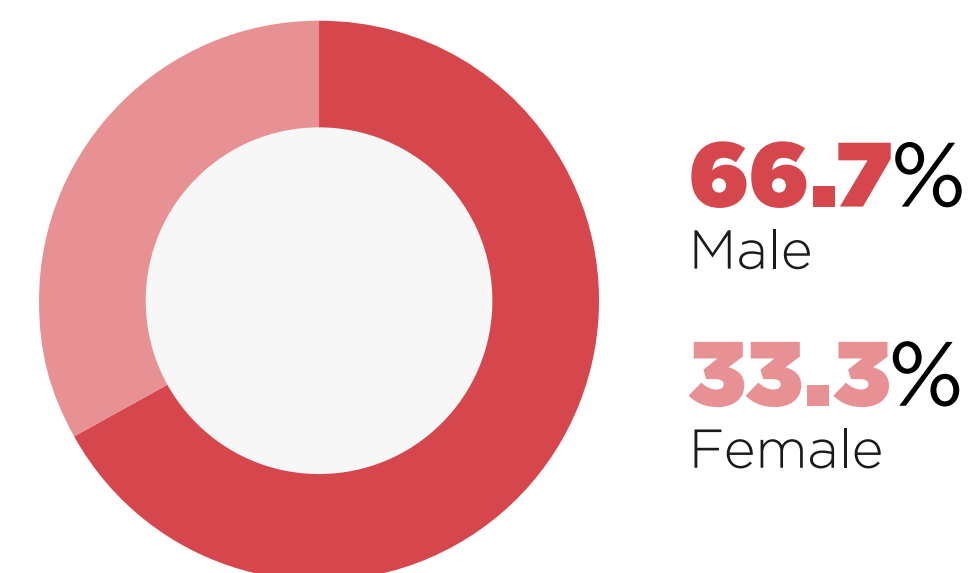
A large part of our products are directed to the female public, so we understand that the representation of women in our management positions is paramount to the Company.

Our leadership, including Arezzo&Co's teams in the footwear, handbags and accessories segment and the Reserva Group, counts on 608 people, among which 52.6% are women.

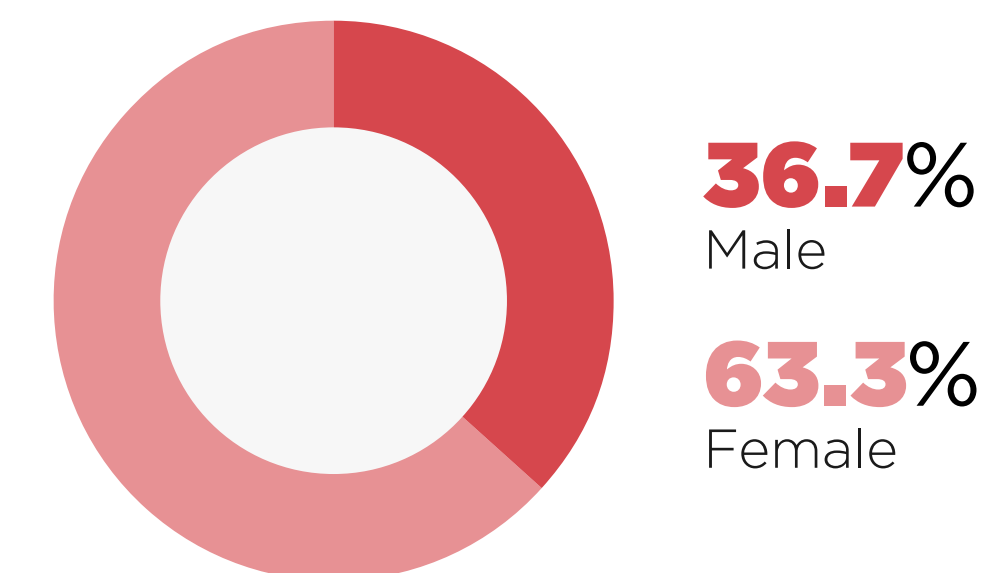
## LEADERSHIP PROFILE BY GENDER



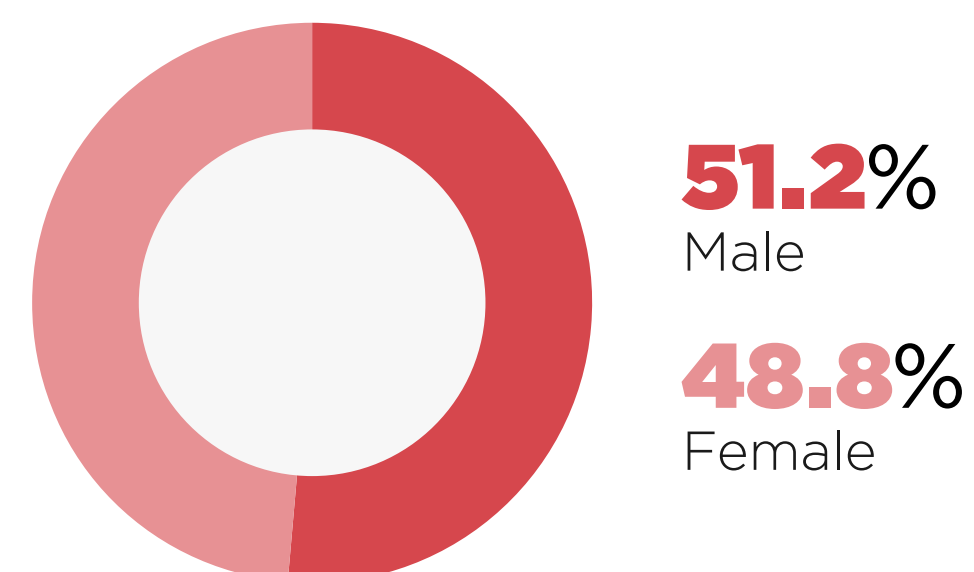
EXECUTIVE BOARD



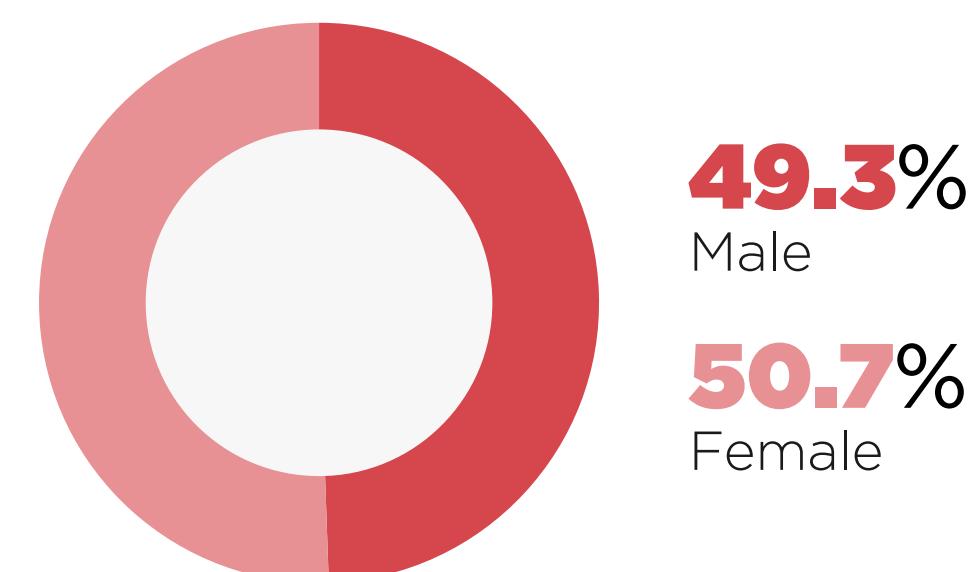
COORDINATORS



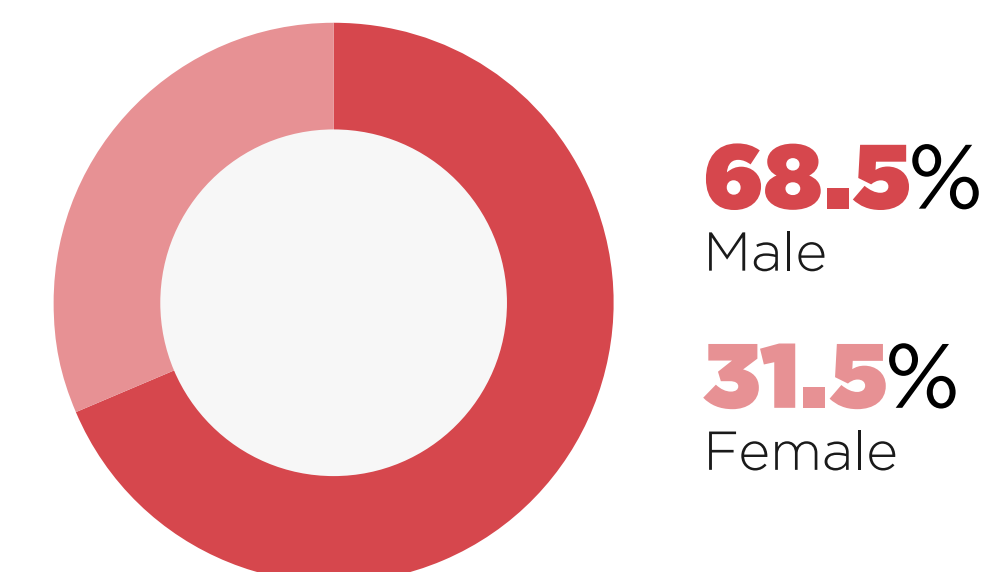
BOARD\*



MANAGEMENT



SUPERVISORS



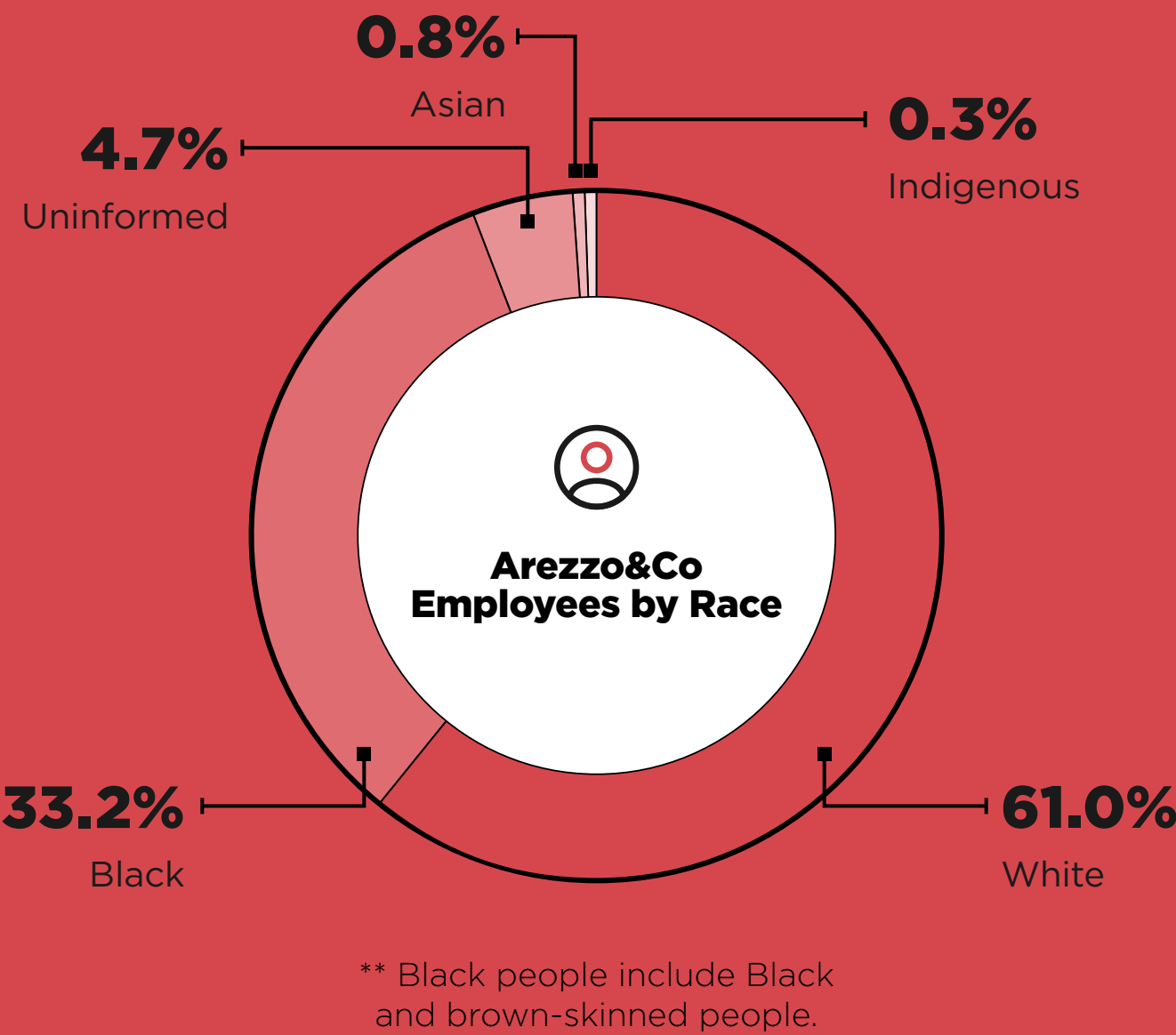
\* The 5 brand managers of Reserva Group are included.



# RACIAL REPRESENTATION

GRI 405-1 | SASB CG-MR-330a.1

The racial composition of our employees is 61% white people, and then the largest representation is of Black people making up 33.2% of our teams.



In 2022, we intend to implement affirmative actions to increase the representation of minority groups in our teams (learn more on [page 98](#)).



EMPLOYEES BY RACE AND POSITION – FOOTWEAR, HANDBAGS AND ACCESSORIES SEGMENT AND RESERVA

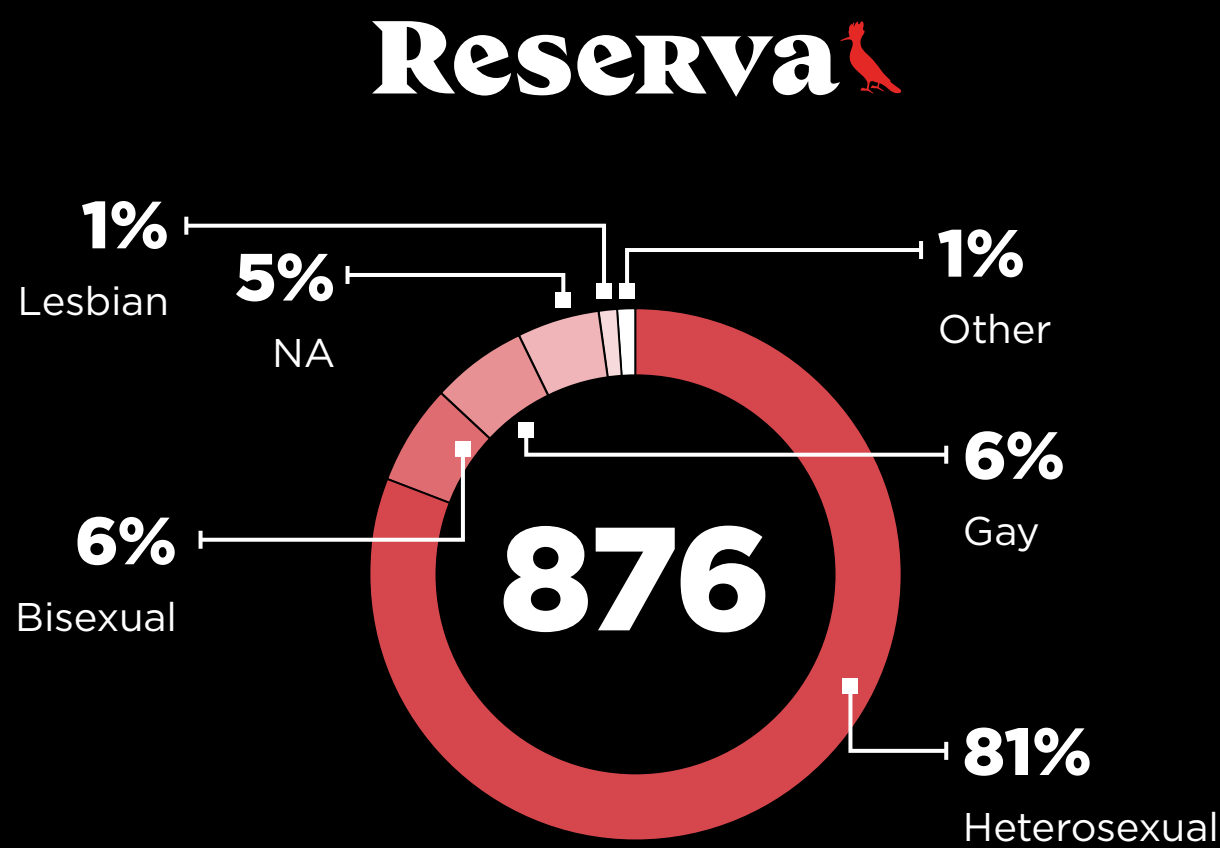
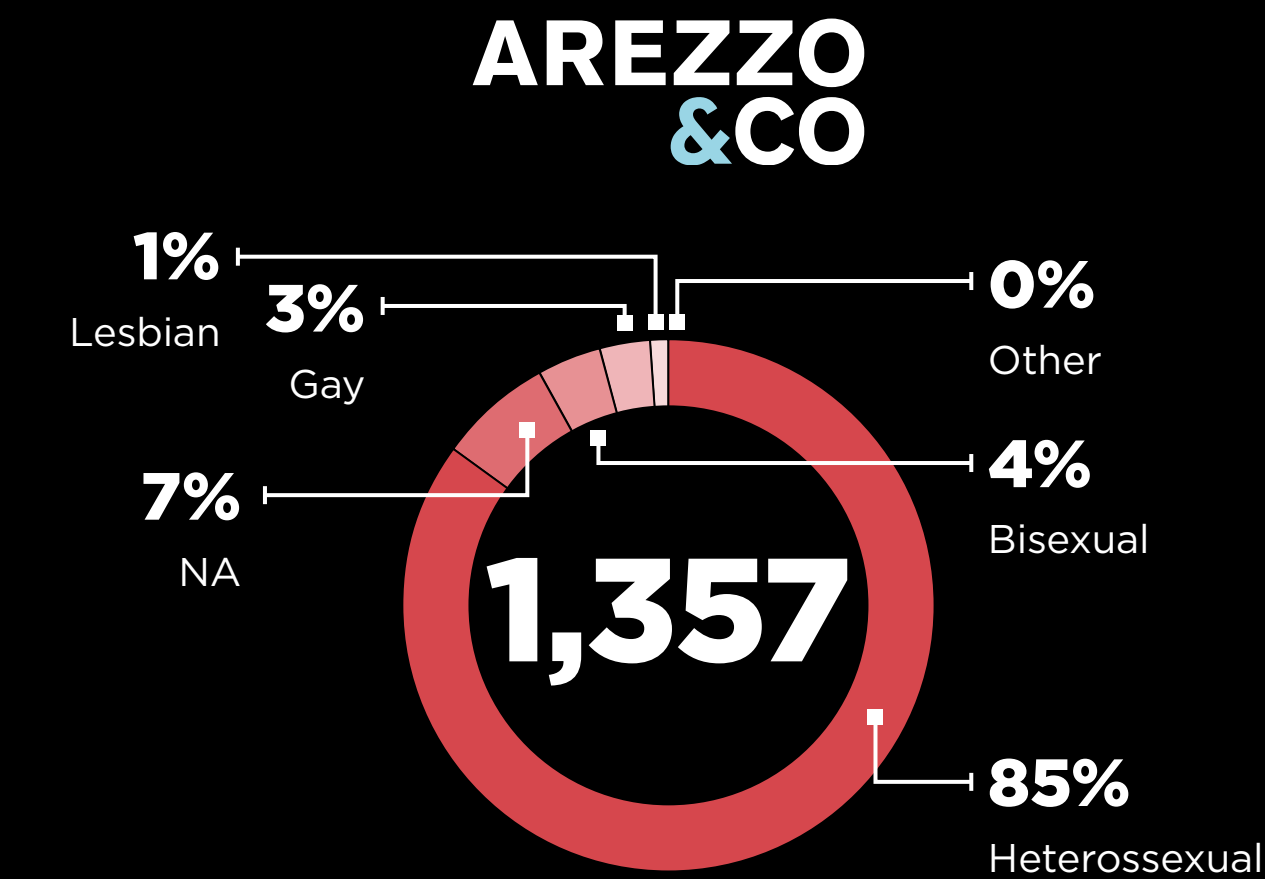
POSITION	RACE				
	Asian	White	Indigenous	Not informed	Black
Analysts	0.09%	6.87%	0.02%	0.21%	1.80%
Assistants	0.12%	10.77%	0.03%	0.21%	8.69%
Coordinators	0.02%	4.61%	0.00%	0.07%	0.64%
Directors	0.00%	0.57%	0.00%	0.00%	0.00%
Specialists	0.00%	0.88%	0.02%	0.03%	0.19%
Managers	0.03%	2.84%	0.02%	0.05%	0.55%
Others	0.57%	33.07%	0.21%	0.99%	21.17%
Supervisors	0.00%	0.71%	0.00%	0.02%	0.24%
Consultant	0.03%	0.75%	0.02%	0.00%	0.12%
Apprentice	0.00%	1.87%	0.02%	0.05%	0.81%



# DIVERSITY IN OUR TEAMS

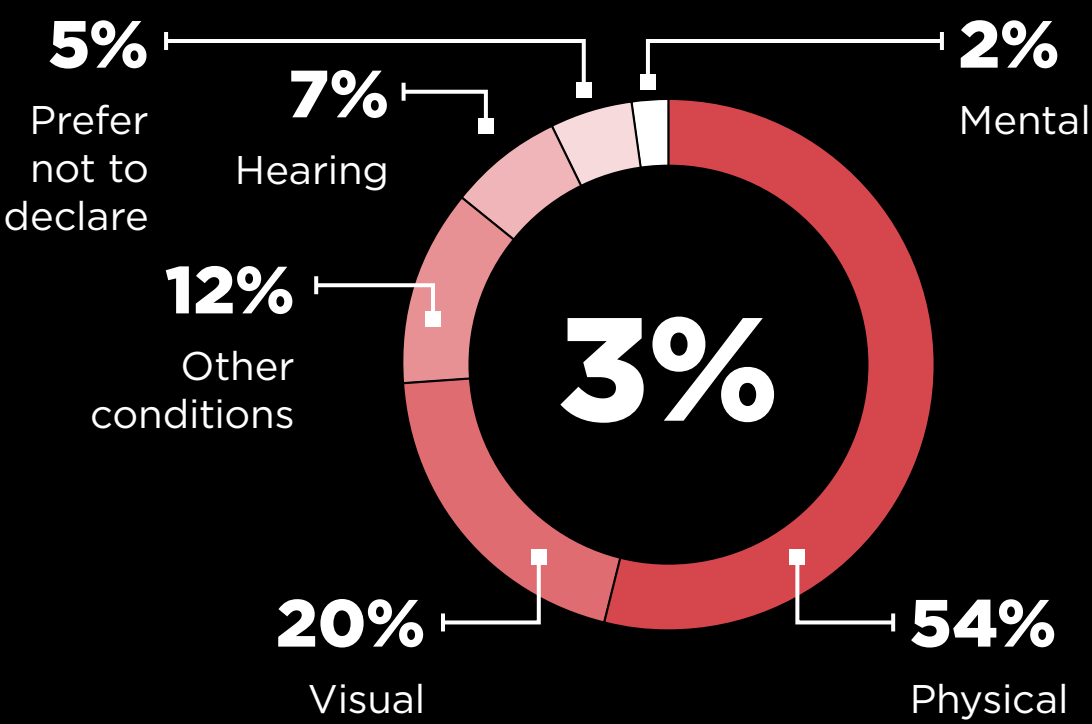
In July 2021, we conducted a diversity census with employees from the footwear, handbags and accessories segment at Arezzo&Co and employees from Reserva Group. Below, we present the self-declared data by research participants considering the affective sexual orientation and Person with Disabilities categories.

## AFFECTIVE-SEXUAL ORIENTATION



**Participation in the survey at Arezzo&Co was 42.58% of all employees, and at Reserva Group 84%.**

## PwD



During the census period, Reserva had no PwD employees. At the end of 2021 six employees were hired, two of them on a temporary basis.

LGBTQ representation in Arezzo&Co's footwear, handbags and accessories brands corresponds to 8% of the total and 14% at Reserva. In Brazil, this group corresponds to 15% of the total population, so we are remarkably close to the Brazilian average.



# PROFESSIONAL DEVELOPMENT AND ADVANCEMENT

GRI 3-3 | 2-29

**To ensure that our employees perform well and create a favorable environment for everyone to reach their full potential, we work on the constant training of our teams, aligned with Arezzo&Co.'s purpose.**

A feature in 2021 was the training of leaders, improving their skills in people management and relationships in the interaction between areas and various leaders. To this end, in the leadership trainings we mixed the classes, with people from different sectors, as an opportunity for interaction, learning, and greater connection among them.

Moreover, in 2021 we invested in motivational training focused on retail teams, to achieve better sales results, integration, and support connection for all of the own-brand stores in our chain.

## RETAIL TRAINING FOCUSED ON THE PERFORMANCE OF FRANCHISES AND OWN STORES



100% of the sales team attends three online sales conventions every year, to align the message and ensure motivation at the beginning of each collection.



Support and services program, to help franchisees in sales and profitability goals.



Recurring training programs in products, fashion trends, sales techniques, store management, I.T., among others.



Investments in visual merchandising, trade marketing, ambiance, and training.

### EDUCATION, INNOVATION AND PURPOSE

AR&Co brands from Reserva Group have their own training school open to all employees: the Rebellion School, an educational center focused on retail, innovation and disruptive proposals. It is a business school to encourage entrepreneurship in theory and practice, to attain good results. Furthermore, they have the Notables Program, which offers the possibility of equity participation to employees who show above-average performance.

To learn more about the Rebellion School [access the website](#).



EDUCATIONAL INCENTIVE PROGRAM  
GRI 404-2

As of November 2021, Arezzo&Co implemented an education incentive program for CLT employees in the footwear, clothing and accessories segment, who have been working at the Company for at least one year. This program was proposed aiming at talent acceleration, updating on strategic issues, technological innovation, and employees’ development to improve their activities’ performance. The budget includes an educational incentive subsidy of up to R\$ 1,042 (one thousand and forty-two reais) per month or R\$ 12,500 (twelve thousand and five hundred reais) per year, per participant, for Specialist and Leadership positions.

**On top of that, the budget also includes an educational incentive allowance of up to R\$ 883 (eight hundred and eighty-three reais) per month or R\$ 10,000 (ten thousand reais) per year per participant, for the other positions.**

Reserva Group also has partnerships with several Universities, with programs for employees offering from 7 to 55% discount in undergraduate and graduate courses. Besides having a specific department for employee training, the Rebellion School (learn more on [page 103](#)), is an internal producer, which reduces training costs with external partners. Even so, the investment average is R\$15.96 per employee. For 2022, the expectation is that this figure will be at least R\$79.18 per employee

PERFORMANCE EVALUATION – AREZZO&CO STYLE OF BEING AND DOING

GRI 404-3

In Arezzo&Co’s operations in the footwear, handbags and accessories segment, we rely on the People Cycle, a process that encourages the recognition, meritocracy and development of our people.

This process is carried out based on our principles and behaviors, which express our style of BEING, and based on the Performance Balanced Scorecard (BSC) results – a management methodology that is based on four main perspectives: internal processes, learning and growth, customers, and financial – which manifest our style of DOING.

The BSC behaviors and performance guide us to work in line with the Arezzo&Co Culture and direct our goals. To do so, we conduct a 360º Assessment, this process allows us to have a broad view of the employee through various points of view, including the assessment of their immediate manager, peers, the team and a self-evaluation. Our Performance Evaluation takes place annually and is an independent process.

Area/ Sector	Positions that perform Performance Evaluation
Corporate	CEO/CCO, Executive Directors, Directors, Managers, Coordinators and Supervisors Adm. Supervisors Prod. Samples, Consultants, Specialists, Analysts and Assistants
Factory	Managers
Logistics	Managers, Coordinators, Supervisors and analysts and assistants.

Our evaluation process consists of the following steps:

- Evaluation, Feedback.
- Individual Development Plan (IDP).
- Calibration with Executive Directors, Directors and Managers, and
- Succession Map with Executive Directors, Directors and Managers.

After the calibration process and formalized succession map we have inputs to guide the employee’s next steps and professional development within the Company.

PERFORMANCE EVALUATION – RESERVA

The Employee Competence Improvement and Career Transition Assistance Program at Reserva Group relies on an evaluation that, based on the results of the cultural fit, performance evaluation and the employee’s history in the company, selects people who stand out to join a training and assistance program to improve their competences and leadership training.

All Reserva employees undergo performance evaluation, the continuous feedback model is applied to 100% of the employees and after completing six months at the company, the employees become eligible for performance and cultural fit evaluation.



LEADERSHIP DEVELOPMENT

In 2021, we carried out some activities focused on our leadership development, among them we would like to highlight the following actions:

- GPTW- Leader for all training.
- Lecture with the consultant and professor of entrepreneurship, leadership culture and people management, Rogério Chér.
- Leadership development cycle with Provoko.
- Training of leaders for digital transformation.
- Basic training on labor legal issues.
- Training "ESG in practice: protection and value generation.

CONSTANT TRAINING

GRI 404-1

With internal and external partnerships, we encourage professional development and leadership among our employees. Altogether, 466 training sessions were held in 2021 with employees from the operations in the footwear, handbags and accessories segment, focusing on management, institutional, behavioral, processes and tools, health and well-being and general topics, aimed at the operational units: factory, corporate and retail.

RESERVA EMPLOYEES  
AVERAGE TRAINING HOURS

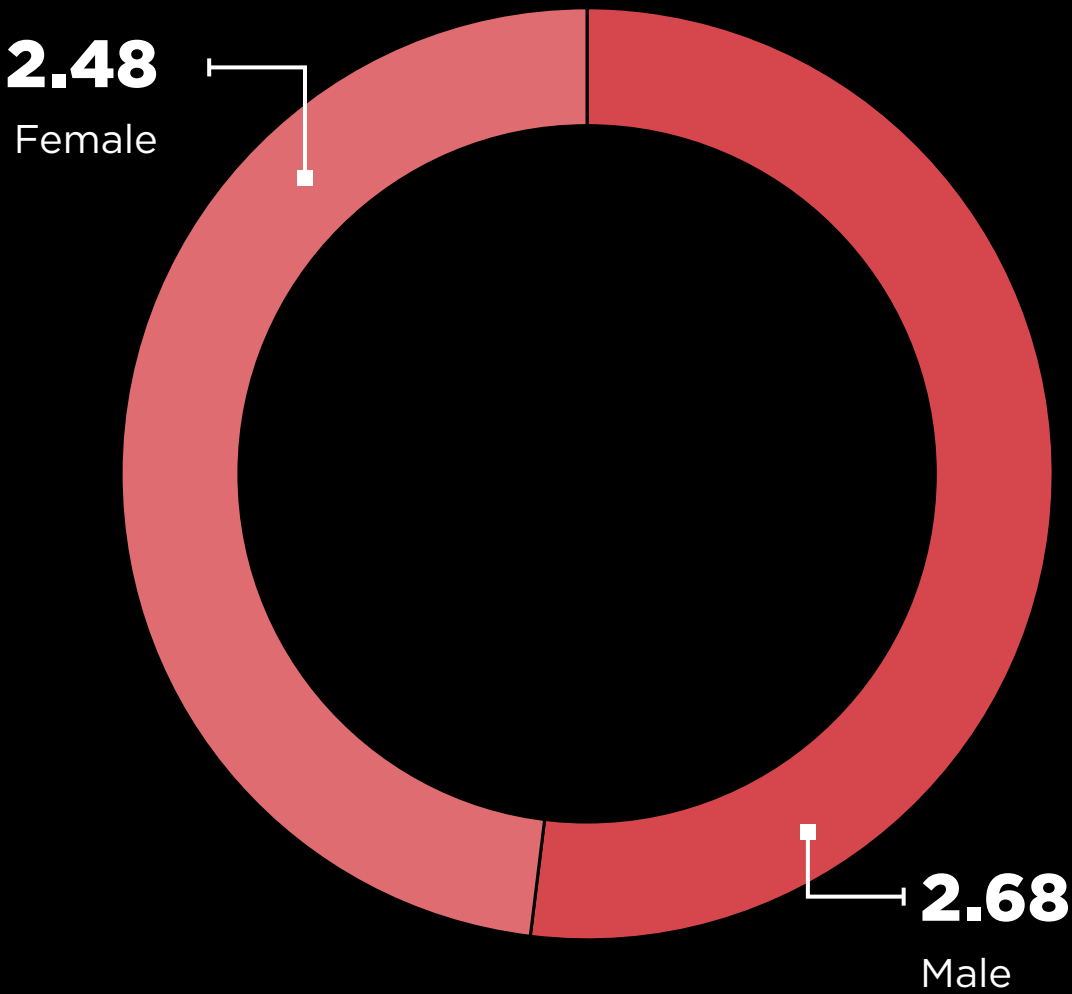
2,7h per employee



1.475:58:00

Total training hours provided in 2021

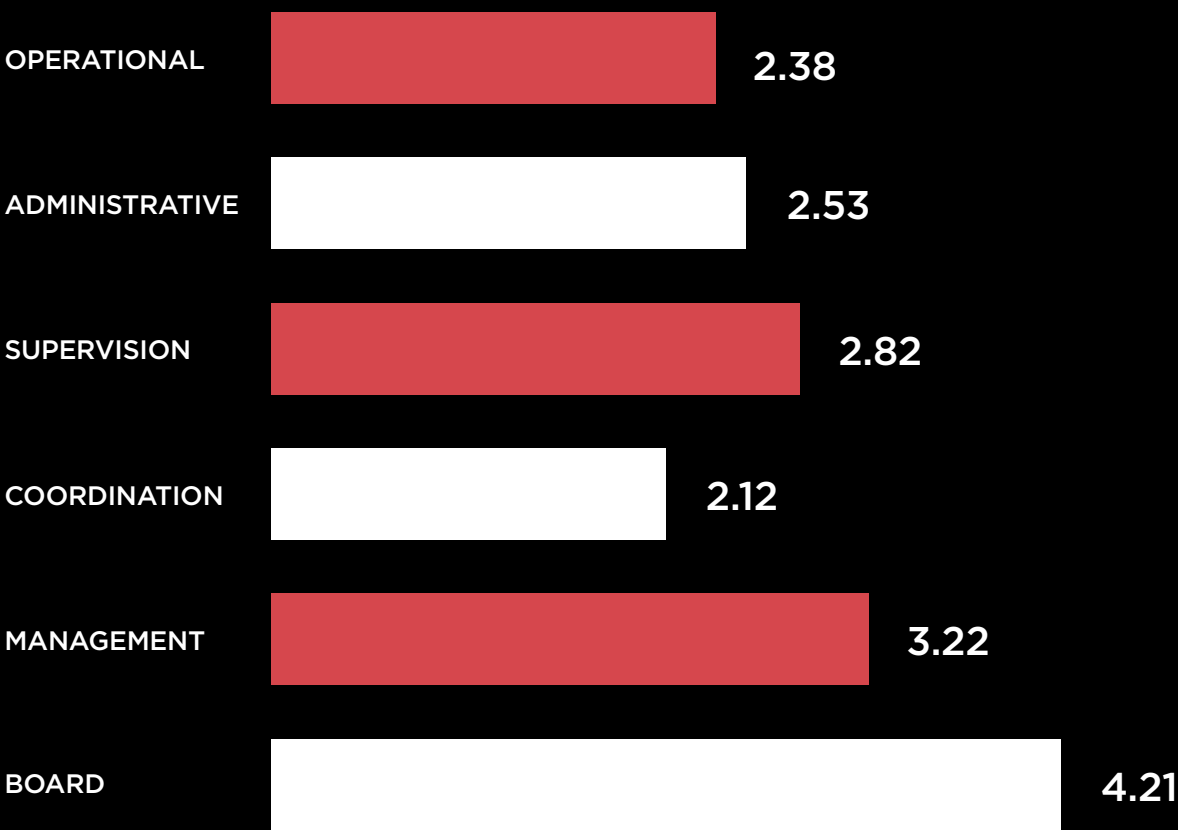
AVERAGE HOURS OF TRAINING,  
BY GENDER



R\$430.66

Average Investment per employee

AVERAGE HOURS OF TRAINING,  
BY FUNCTIONAL CATEGORY



\* Data include only employees from the footwear, handbags, and accessories segment.





# FUTURE

**The covid-19 pandemic was a turning point for Arezzo&Co, we sped up our transformations and were able to end the year 2021 with results that guarantee our business will be sustained and expanded**

The year 2022 will be remembered for celebrating our 50-year history, and to further strengthen this trajectory, we will focus our efforts on the organic growth of our brands through new product categories, expanding our presence in the physical store network, investing in digital fronts mainly in the logistics and sourcing area to enhance our business, continuing to expand in the North American market, and working towards diligent inorganic growth through new M&A and licensing.

Our strategic planning to reach new market segments will focus on expanding our operations in the apparel segment. We will launch the Schutz clothing line, so that together with the AR&CO brands, this segment will be more relevant in our revenues and, in the future, 50% of our revenues will come from clothing.

We will continue working to direct our expertise to the perpetuity of the business, following our mantra:

## ON TOWARDS 2154!







# GRI CONTENT INDEX

UNIVERSAL STANDARDS		REFERENCE (PAGE) / DIRECT ANSWER
GENERAL DISCLOSURES		
THE ORGANIZATION AND ITS REPORTING PRACTICES		
2-1	Organizational details	Arezzo Indústria e Comércio S.A. is a publicly traded company, headquartered in Belo Horizonte (MG). More details on pages 09 and 13
2-2	Entities included in the organization's sustainability reporting (Scope of Controlled Companies)	Pages 09 and 13
2-3	Reporting period, frequency and contact point	January 1, 2021, to December 31, 2021. Annual publication frequency. More details on page 05
2-4	Restatements of information	Page 39
2-5	External assurance	As a means of consolidating our reporting transparency, Arezzo&co's sustainability management hired KPMG Assessores Ltda., an independent external audit firm, which has global experience in sustainability services, to verify the Annual Sustainability Report and Greenhouse Gas Inventory 2021. The verification was performed based on the GRI standard, at the core level and limited assurance.
ACTIVITIES AND WORKERS		
2-6	Activities, value chain and other business relationships	Page 09
2-7	Employees	The data presented includes only the Arezzo&Co employees, since up to December 2021 the AR&Co employees had not yet been incorporated into the Company's general base. Detailed information can be found on the pages 09 and 88.
2-8	Workers who are not employees	We do not have workers who are not employees.
GOVERNANCE		
2-9	Governance structure and composition	Pages 45 and 46
2-10	Nomination and selection of the highest governance body	Page 46
2-11	Chair of the highest governance body	The Chairman of the Board has no executive functions in the Company.
2-12	Role of the highest governance body in overseeing the management of impacts"	Page 47
2-13	Delegation of responsibility for managing impacts	The company has a Sustainability Committee to discuss strategic agendas related to the theme. Learn more on the pages 39, 41 and 47.
2-14	Role of the highest governance body in sustainability reporting	The Chairman of the Board was interviewed in advance in ascertaining the topics that would be covered in this report, and the Board of Directors is responsible for reviewing and approving the information in the Sustainability Report, as well as the material topics.
2-15	Conflicts of interest	As indicated in item 12.3 of the Reference Form, we follow the forms of identification and management of conflicts of interest set forth in the Brazilian Corporation Law, and do not have specific rules to identify and manage such conflicts, as we consider the legal provisions to be sufficient.



UNIVERSAL STANDARDS		REFERENCE (PAGE) / DIRECT ANSWER
<b>2-16</b>	Communication of critical concerns	Page 51
<b>2-17</b>	Collective knowledge of the highest governance body	Pages 39 and 47
<b>2-18</b>	Evaluation of the performance of the highest governance body	Page 47
<b>2-19</b>	Remuneration policies	Page 48
<b>2-20</b>	Process to determine remuneration	Page 48
<b>2-21</b>	Annual total compensation ratio	Reason for omission: confidential.
<b>405-1</b>	Diversity of governance bodies and employees	Pages 46, 88, 100 and 101
STRATEGY, POLICIES AND PRACTICES		
<b>2-22</b>	Statement on sustainable development strategy	Page 39
<b>2-23</b>	Policy commitments	Pages 40, 41 and 49
<b>2-24</b>	Embedding policy commitments	Page 49
<b>2-25</b>	Processes to remediate negative impacts	Page 49
<b>2-26</b>	Mechanisms for seeking advice and raising concerns	Page 49
<b>2-27</b>	Compliance with laws and regulations	Information unavailable on a consolidated basis and therefore not reported.
<b>2-28</b>	Membership associations	Arezzo&Co participates in projects or committees of the Brazilian Footwear Industry Association (Abicalçados), Brazilian Association of Companies of Components for Leather, Footwear and Artifacts (Assintecal) and Brazilian Textile Retail Association (ABVTEX).
STAKEHOLDER ENGAGEMENT		
<b>2-29</b>	Approach to stakeholder engagement	<b>Employees</b> (Page 86), <b>Suppliers</b> (Page 53), <b>Franchisees</b> (Page 59), <b>Customers</b> (Pages 27 and 60), <b>Investors</b> (Page 44), <b>Communities</b> (Page 63).
MATERIAL TOPICS		
<b>3-1</b>	Process to determine material topics	Materiality was defined in 2020, based on consultations with stakeholders and document analysis, prioritizing topics with the greatest potential impact on the business. Learn more on page 39.
<b>3-2</b>	List of material topics	The main change in relation to the previous year regarding material topics was the joining of Arezzo&Co's material themes with those of Reserva. In order to consolidate Reserva Group and Arezzo&Co's Materiality, we conducted a study considering a benchmark with peers in the sector and with the world's main sustainability indexes. More information on Page 39
<b>3-3</b>	Management of material topics	<b>Corporate Governance</b> (Page 44), <b>Sustainability in the value chain</b> (Page 53), <b>Responsible raw materials</b> (Page 68), <b>ESG Culture</b> (Page 60), <b>Progress in People Development</b> (Page 103), <b>Diversity and Inclusiveness</b> (Page 98), <b>Social Responsibility</b> (Page 63), <b>Eco-efficient operations</b> (Page 76).



TOPIC STANDARDS		REFERENCE (PAGE) / DIRECT ANSWER
ECONOMIC CONTENTS		
ECONOMIC PERFORMANCE		
201-1	Direct economic value generated and distributed	Pages 9, 34 and 63
INDIRECT ECONOMIC IMPACTS		
203-1	Infrastructure investments and services supported	Page 33
203-2	Significant indirect economic impacts	Pages 33 and 55
PROCUREMENT PRACTICES		
204-1	Proportion of spending on local suppliers	Page 53
ANTI-CORRUPTION		
205-1	Total number and percentage of operations assessed for risks related to corruption and significant risks related to corruption identified	The Company does not have a formal matrix of corruption-related risks but has a Code of Conduct that presents guidelines aligned with the main Brazilian and American anti-corruption laws.
205-3	Confirmed incidents of corruption and actions taken	In 2021, the Company had no records in the Ethics Channel of any corruption related situations classified as having grounds.
ENVIRONMENTAL CONTENTS		
MATERIALS		
301-3	Percentage of reclaimed products and their packaging materials in relation to total products sold	Page 75
ENERGY		
302-1	Energy consumption within the organization	Page 77
302-2	Energy consumption outside of the organization	Page 77
302-3	Energy intensity	Page 77
302-4	Reduction of energy consumption	Page 77
WATER AND EFFLUENTS		
303-2	Management of water discharge related impacts	Page 78
303-3	Total water withdrawal by withdrawal source, including in areas with water stress	Page 78
303-4	Breakdown of total water discharge by types of destination, including in areas with water stress	Page 78
303-5	Total water consumption	Page 78



TOPIC STANDARDS		REFERENCE (PAGE) / DIRECT ANSWER
EMISSIONS		
<b>305-1</b>	Direct (Scope 1) GHG emissions	Page 80
<b>305-2</b>	Energy indirect (Scope 2) GHG emissions	Page 80
<b>305-3</b>	Other indirect (Scope 3) GHG emissions	Page 80
<b>305-4</b>	GHG emissions intensity	Page 80
<b>305-5</b>	Reduction of GHG emissions	Page 80
<b>305-6</b>	Emissions of ozone-depleting substances (ODS)	
WASTE		
<b>306-1</b>	Waste generation and significant waste-related impacts	Page 81
<b>306-2</b>	Management of significant waste-related impacts	Page 82
<b>306-3</b>	Total weight of waste generated in metric tons	Page 81
<b>306-4</b>	Total weight of waste diverted from disposal in metric tons	Page 83
<b>306-5</b>	Total weight of waste directed to disposal in metric tons	Page 83
SUPPLIER ENVIRONMENTAL ASSESSMENT		
<b>308-1</b>	New suppliers that were screened using environmental criteria	Page 55
SOCIAL CONTENTS		
EMPLOYMENT		
<b>2-30</b>	Collective bargaining agreements	Pages 88 and 90
<b>202-1</b>	Ratios of standard entry level wage by gender compared to local minimum wage	The wage data only include operations in Brazil. Learn more on page 91.
<b>202-2</b>	Proportion of senior management hired from the local community	In 2021 we had two new local hires for our Executive Offices, both in the Southeast region, in the city of São Paulo – SP, Brazil. To act as Brand Director and E-commerce Director.
<b>401-1</b>	Total number and rate of new employee hires and rate of employee turnover, by age group, gender and region	Page 91. There is no information available on turnover by age, gender and region.
<b>401-2</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 93
<b>401-3</b>	Return to work and retention rates of employees that took parental leave, by gender	Page 93
<b>402-1</b>	Minimum notice periods regarding operational changes and whether they are specified in collective agreements	Page 93



TOPIC STANDARDS		REFERENCE (PAGE) / DIRECT ANSWER
<b>405-2</b>	Ratio of basic salary and remuneration of women to men	Page 91
<b>OCCUPATIONAL HEALTH AND SAFETY</b>		
<b>403-1</b>	Occupational health and safety management system	Page 95
<b>403-2</b>	Hazard identification, risk assessment, and incident investigation	Page 96
<b>403-3</b>	Occupational health services	Page 96
<b>403-4</b>	Worker participation, consultation, and communication on occupational health and safety	Page 96
<b>403-5</b>	Worker training on occupational health and safety	Page 96
<b>403-6</b>	Promotion of worker health	Page 95
<b>403-7</b>	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 96
<b>403-8</b>	Workers covered by an occupational health and safety management system	Page 95
<b>403-9</b>	Work-related injuries	Our rates have been calculated on a 1,000,000 basis and averaged across all our operations. More information on page 97
<b>403-10</b>	Work-related ill health	Page 96
<b>TRAINING AND EDUCATION</b>		
<b>404-1</b>	Average hours of training per year per employee, by gender and employee category	Page 105
<b>404-2</b>	Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment	Page 104
<b>404-3</b>	Percentage of employees receiving regular performance and career development reviews, by gender and employee category	Page 104
<b>410-1</b>	Security personnel trained in human rights policies or procedures	The security personnel hired by the company is outsourced, we don't have an internal training procedure for the security team. And the third-party companies with which we have contracts do not have control of the training carried out.
<b>412-2</b>	Employee training on human rights policies or procedures	Page 99
<b>NON-DISCRIMINATION</b>		
<b>406-1</b>	Incidents of discrimination and corrective actions taken	The Company's Ethics Channel does not segregate the typology of the cases registered and answered; therefore, we do not have a quantitative survey regarding discrimination cases. We intend to update our Channel and insert the "discrimination" typology in 2022 in order to be able to report this data in the future.
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>		
<b>407-1</b>	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	100% of the company's employees are covered by the CCT of the category, so there is no risk.



TOPIC STANDARDS		REFERENCE (PAGE) / DIRECT ANSWER
CHILD LABOR		
408-1	Operations and suppliers at significant risk for incidents of child labor	There is no risk in our own operations, however, we have identified risks in Outsourcing Operations, involving the manufacturing of finished products (footwear, bags and apparel) by independent factories. To mitigate this risk, we implemented the ABVTEX program and hired SEBRAE to monitor and support the chain in managing this issue. Learn more on pages 57 and 58
FORCED OR COMPULSORY LABOR		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	There is no risk in our own operations, however, we have identified risks in Outsourcing Operations, involving the manufacturing of finished products (footwear, bags and apparel) by independent factories. To mitigate this risk, we implemented the ABVTEX program and hired SEBRAE to monitor and support the chain in managing this issue. Learn more on pages 57 and 58.
LOCAL COMMUNITIES		
413-1	Operations with local community engagement, impact assessments, and development programs	Pages 63, 64 and 93
413-2	Operations with significant actual and potential negative impacts on local communities	Pages 63 and 76
SUPPLIER SOCIAL ASSESSMENT		
414-1	New suppliers that were screened using social criteria	Page 55
CUSTOMER PRIVACY		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 32



# SASB INDEX

CODE	METRIC	REFERENCE (PAGE) / DIRECT RESPONSE
LABOR CONDITIONS IN THE SUPPLY CHAIN		
SASB CG-AA-430b.1	Percentage of (1) tier 1 supplier facilities and (2) supplier facilities beyond tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor.	Currently, the Company manages ZZSAP’s subcontractors. By 2022 we will begin managing the subcontractors of other finished product suppliers. Additional information on the indicator is on pages 55 and 57.
SASB CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers’ labor code of conduct audits.	Page 55
SASB CG-AA-430b.3	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	The Company cannot assure the regularity and legality of its suppliers, service providers and marketplace partners, including with regard to labor conditions and practices, contractors and subcontractors, sustainability, respect for the environment and safety. As described in item 4.1 of the Reference Form – Description of Risk Factors. To read the full document access: <a href="https://ri.arezzoco.com.br/informacoes-financeiras/documentos-cvm/">https://ri.arezzoco.com.br/informacoes-financeiras/documentos-cvm/</a>
LABOR PRACTICES		
SASB CG-MR-310a.1	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	Average hourly wage: R\$16.98.
SASB CG-MR-310a.2	(1) Voluntary and (2) involuntary turnover rate for in-store employees	Page 90
SASB CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	Pages 88, 100 and 101
DATA SECURITY		
SASB CG-MR-230a.1	Description of approach to identifying and addressing data security risks	Page 32
SASB CG-MR-230a.2	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	Page 32
PRODUCT SOURCING, PACKAGING & MARKETING		
SASB CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	Page 75
ENERGY MANAGEMENT IN RETAIL & DISTRIBUTION		
SASB CG-MR-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Page 77
ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN		
SASB CG-AA-430a.1	Percentage of (1) tier 1 supplier facilities and (2) supplier facilities beyond tier 1 in compliance with wastewater discharge permits and/or contractual agreement.	The Company does not monitor this specific point, only the existence and validity of the license, not analyzing conditioning factors.
ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN		
SASB CG-AA-430a.2	Percentage of (1) tier 1 supplier facilities and (2) supplier facilities beyond tier 1 that have completed the Sustainable Apparel Coalition’s Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment.	The Company does not apply Higg in the chain and does not require this protocol from suppliers.
ACTIVITY METRIC		
SASB CG-AA-000.A	Number of (1) tier 1 suppliers and (2) suppliers beyond tier 1	Page 53
SASB CG-MR-000.A	Number of: (1) retail locations and (2) distribution centers	Page 10



# CAPITALS MAP

NATURAL

PAGE 52  
PAGE 67

SOCIAL AND  
RELATIONSHIP

PAGE 43  
PAGE 52  
PAGE 67  
PAGE 85

INTELLECTUAL

PAGE 03  
PAGE 08  
PAGE 85

MANUFACTURED

PAGE 08  
PAGE 52

HUMAN

PAGE 03  
PAGE 08  
PAGE 43  
PAGE 85  
PAGE 52

FINANCIAL

PAGE 08  
PAGE 43  
PAGE 67



# SDG MAP



**End hunger, achieve food security and improved nutrition and promote sustainable agriculture**

- Promote Social Impact actions. Pages 64, 65 and 66



**Ensure healthy lives and promote well-being for all at all ages**

- Fostering Diversity and Inclusion at Arezzo&Co. Page 98
- Promote value creation for Communities. Page 63



**Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**

- Promote employee development. Page 98
- Empower leaders and employees on diversity and inclusion. Page 99



**Achieve gender equality and empower all women and girls**

- Ensure gender equity in top leadership. Pages 46 and 100
- Promote equal employment conditions for women and minority groups. Pages 101 and 102



**Ensure access to affordable, reliable, sustainable and modern energy for all**

- Consuming energy from renewable sources. Page 77



**Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

- Create direct and indirect job opportunities Page 88
- Support the development and monitoring of our suppliers Page 55
- Promote sustainable economic growth. Page 34



# SDG MAP



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

- Fostering Digital Transformation to create value for our customers. Page 27
- Invest in digital platforms supporting circularity. Page 73



**Reduce inequality within and among countries**

- Implement strategies to foster Diversity and Inclusion at Arezzo&Co. Page 98



**Ensure sustainable consumption and production patterns**

- Ensure the use of responsible and less impacting raw materials in our operations. Page 68
- Implement mechanisms to promote circularity. Page 72
- Promote the ESG Culture to our clients. Page 70



**Conserve and sustainably use the oceans, seas and marine resources for sustainable development**

- Produce packaging with ocean-friendly raw materials. Page 75



**Take urgent action to combat climate change and its impacts**

- Ensure the emission monitoring and reduction strategy. Page 79
- Commercialize carbon-neutral products. Page 61
- Implement waste management strategies. Page 76



**Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

- - Maintain high Corporate Governance standards. Page 44



# INDEPENDENT AUDITORS' REPORT

KPMG Assessores Ltda.  
Rua Arquiteto Olavo Redig de Campos, 105, 6º andar - Torre A  
04711-904 - São Paulo/SP - Brasil  
Caixa Postal 79518 - CEP 04707-970 - São Paulo/SP - Brasil  
Telefone +55 (11) 3940-1500  
kpmg.com.br

## Limited verification report issued by independent auditors

To the Board of Directors and Shareholders of  
**Arezzo Indústria e Comércio S.A.**  
São Paulo - SP

### Introduction

We were engaged by Arezzo Indústria e Comércio S.A. ("Arezzo" or "Company") to apply limited verification procedures on the sustainability information disclosed in its Annual Report 2021 ("Report"), in the accompanying information to this report related to the period ended December 31, 2021.

### Responsibilities of SulaAmérica's Management

The Management of Arezzo is responsible for adequately preparing and presenting the sustainability information in the Annual Report 2021 in accordance with both the Standards for Sustainability Report of Global Reporting Initiative – GRI and 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 Report based on a limited verification engagement conducted in accordance with the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI-Standards) and the methodology developed globally by KPMG for verification of social and environmental information disclosed in sustainability reports denominated KPMG Sustainability Assurance Manual - KSAM, applicable to historical non-financial information.

These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited verification that the information disclosed in the Arezzo's Report, taken as a whole, is free from material misstatement.

KPMG Assessores Ltda. ("KPMG") applies Brazilian and international standards on quality control, and consequently maintains a comprehensive quality control system including documented policies and procedures related to compliance with ethical and professional standards, in addition to the legal and regulatory applicable requirements. We comply with the comprehensive code of ethics including detailed independence requirements, established based on the ethical principles of integrity, objectivity, competence and professional care, confidentiality and professional behavior.



A limited verification engagement conducted in accordance with the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI-Standards) and the KPMG Sustainability Assurance Manual - KSAM consists mainly of questions and interviews with the Management of Raia Drogasil and other professionals of the Company involved in the preparation of the information disclosed in the Report and use of analytical procedures to obtain evidence that enables us to reach a limited verification conclusion about the sustainability information taken as a whole. A limited verification engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the Report 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 Report, 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 Arezzo'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 Arezzo's Report. 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 Report 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:
  - 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 Report;
  - 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.
- f.** comparison of financial indicators with the financial statements and/or accounting records.

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

### **Scope and limitations**

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

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 performed, described in this report, we have not identified any relevant information that leads us to believe that the information in the Annual Report 2021 is not fairly stated in all material aspects in accordance with the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI- Standards) and with the records and files that served as the basis for its preparation.

São Paulo, April 14<sup>th</sup>, 2022

KPMG Assessores Ltda.

*Original report in Portuguese signed by*  
Marcio Andrade Barreto  
Partner



# CREDITS

**COORDINATION, EDITING, EDITORIAL SUPERVISION AND CONSOLIDATION**  
Sustainability Management

**EDITORIAL PROJECT: WRITING, GRI CONSULTING, INTEGRATED  
REPORTING AND TRANSLATION**  
[RICCA Sustentabilidade](#)

**GRAPHIC PROJECT: LAYOUT, DESIGN AND ILLUSTRATIONS**  
[Ricca Sustentabilidade](#)

**PHOTOGRAPHIC PRODUCTION**  
Arezzo&Co Collection



**TO FIND OUT MORE**

Our policies that testify to Arezzo&Co's commitments  
to creating long-term value for society:  
[\*\*Sustainability Policy and Supply Chain\*\*](#)  
[\*\*Code of Conduct and Ethics\*\*](#)

Detailed financial results, commented by management:  
[\*\*Financial Statements\*\*](#)

Overview of relevant business aspects such as  
Corporate Governance and Risk Management:  
[\*\*Reference Form\*\*](#)

If you are looking for additional information,  
please visit our institutional relations website:  
[\*\*https://ri.arezzoco.com.br/\*\*](https://ri.arezzoco.com.br/)

or contact us via e-mail:  
[\*\*ri@arezzo.com.br\*\*](mailto:ri@arezzo.com.br)



**AREZZO**  
**&CO**