

2023

**ANNUAL
REPORT**



**AREZZO
& CO**

INTRODUCTION



AREZZO | HIGH SUMMER 23

ABOUT THIS REPORT

GRI 2-3

Welcome to our 2023 Annual Report, which is being released for the 6th consecutive year.

This report transparently sets out the Company’s environmental, social, financial and governance information. It showcases not only the Group’s initiatives, projects, commitments and advances in sustainability but also its journey in 2023, its business model, strategy, goals and culture.

This report relied on interviews and data collected from January 01 to December 31, 2023—except where stated otherwise. It was signed off by the Sustainability Committee, consisting of four members of the Board of Directors, and follows the Global Reporting Initiative (GRI) standards, 2021 version, a global benchmark for sustainability reports.

Throughout the report you can see links and references to easily access information.

We hope you find this report an enjoyable read.



AREZZO | HIGH SUMMER 23



PLEASE EMAIL ANY QUERIES, COMPLIMENTS OR SUGGESTIONS TO:
SUSTENTABILIDADE@AREZZO.COM.BR
OR RI@AREZZO.COM.BR

READING TOOLS

EDITORIAL CHOICES

This publication has been designed to concisely and effectively showcase Arezzo&Co Group’s sustainability journey in 2023.

It has been prepared based on our materiality assessment and topics related to our ESG strategy, the Integrated Reporting frameworks of the International Integrated Reporting Council (IIRC), and the United Nations (UN) Sustainable Development Goals (SDGs).

Certain technical data has been compiled in a Disclosures appendix or Summaries found at the end of the file.

The report has been structured around the four pillars of our Sustainability Strategy: Healthy Environment, Empowered People, Responsible Production and Transparent Communication. The latter is a cross-cutting pillar and dictates everything the Group does.

! IMPORTANT

The terms **“Arezzo&Co Group”** or **“Company”** refer to all brands and businesses.

“AR&Co” (primarily textiles) encompasses the Reserva Group brands (Reserva, Reserva Go, Reserva Mini, Oficina, INK, Simples and Reversa) and BawClothing.

“Arezzo&Co” (primarily footwear) means the brands Arezzo, Schutz, Anacapri, Alexandre Birman, Alme, Vans®, Brizza, Carol Bassi, Vicenza and Paris Texas.

Learn more about each **brand** from page 19 onwards.

Page 21 talks about our **TROC** circularity platform and the **ZZ’Mall** marketplace.

ABOUT THE GUIDELINES

Tools help the reader identify which indicator or guideline a given piece of information corresponds to. Below are selected examples:



Integrated Reporting capitals

5TH CONSECUTIVE YEAR

The Capital Map on the right shows the capitals related to value creation. The business model on [page 39](#) also identifies the Group's deliverables.



Global Reporting Initiative (GRI)

5TH CONSECUTIVE YEAR

All GRI content comes under the respective heading in the format "GRI XXX-X".



Sustainable Development Goals (SDGs)

5TH CONSECUTIVE YEAR

The UN's SDGs are indicated by standard icons.

[Find out what they are in the SDG Map.](#)



Sustainability Accounting Standards Board (SASB)

3RD CONSECUTIVE YEAR

The format "SASB XX-XX-XXX.X" denotes the contents related to the disclosure. A summary at the end of the report helps you locate the disclosures.

[See information about the SASB index.](#)



Dow Jones Sustainability Index (DJSI)

2ND CONSECUTIVE YEAR



Task Force on Climate-related Financial Disclosures (TCFD)

2ND CONSECUTIVE YEAR

TCFD content is indicated throughout the report by the TCFD-X marker. A summary at the end of the report helps you locate the disclosures.



Corporate Sustainability Index (B3 ISE)

3RD CONSECUTIVE YEAR

CAPITAL MAP



Natural

Pages
47 and 93



Human

Pages
67 and 93



Manufactured

Page
93



Intellectual

Pages
47, 67 and 107



Social and Relationship

Pages
47, 67, 93 and 107



Financial

Pages
41 and 43

MAP OF SUPPORTED SDGS CORRELATED WITH OUR SUSTAINABILITY PILLARS AND MATERIAL TOPICS

SDG	4 QUALITY EDUCATION	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
UN DEFINITIONS	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Achieve gender equality and empower all women and girls	Ensure access to affordable, reliable, sustainable and modern energy for all	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Ensure sustainable consumption and production patterns	Take urgent action to combat climate change and its impacts	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development
STRATEGIC PILLARS	Empowered people	Empowered people	Healthy Environment	Responsible Production Empowered people	Healthy Environment Responsible Production	Responsible Production Healthy Environment	Healthy Environment	Healthy Environment	Responsible Production Transparent communication	Transparent communication Healthy Environment
RELATED MATERIAL TOPIC	Diversity and Inclusion	Diversity and Inclusion	Climate Change	Workplace conditions Supplier Management Diversity and Inclusion Employment and decent pay	Innovation in materials, products, and processes	Supplier management Waste management Responsible sourcing Reverse logistics Climate change	Waste management Responsible sourcing Reverse logistics Climate change	Climate change Responsible sourcing	Supplier management Innovation in materials, products, and processes	Innovation in materials, products, and processes Responsible sourcing
HOW AREZZO&CO GROUP IS PERFORMING THE SDGs	Foster employee development Pages 85 and 151 Qualify leaders and employees in diversity and inclusion Pages 71 and 77 Fast-track the careers of black people at the Company (Protagonizza and Scholarship Program) Pages 75 and 77	Promote equity in employment conditions, for women and minority groups (D&I Strategy) Pages 71 and 73	Consume energy from renewable sources Page 51 Ensure strategy of emissions monitoring and reduction Pages 49 and 51	Create direct and indirect job opportunities. Pages 95 and 103 Support the development of and monitor suppliers Pages 97 and 99 Forster sustainable economic growth Pages 83, 95 and 99	Foster Digital Transformation to create value for our customers Pages 33 and 119 Invest in digital platforms that support circularity Page 61 Optimize cutting processes Page 101	Ensure the use of responsible and less impactful raw materials in our operations Page 53 Implement mechanisms to promote circularity Pages 61 and 63 Promote ESG Culture to customers Pages 35 and 37 Waste Management Page 63	Ensure strategy of emissions monitoring and reduction Pages 49 and 51 Trade neutral carbon products Pages 19 and 109 Implement waste management strategies Page 63	Commit to leather traceability and zero deforestation Pages 53 and 123 Strive to neutralize greenhouse gas emissions Page 49	Keep high standards of Corporate Governance Pages 109, 113, 121 and 123 Support the development of and monitor our suppliers Pages 97 and 99	Make the Deforestation-Free Call to Action for Leather commitment Pages 55 and 123 Project Ecoar Pages 57 and 59

MESSAGE FROM THE CEO

GRI 2-22

When my father, Anderson Birman, founded Arezzo, he could not have foreseen its transformation, half a century later, into the Arezzo&Co Group, an ecosystem of national and international brands forming a genuine Brazilian “house of brands”.

In 2011, under his stewardship, we took a significant step forward and went public, marking the beginning of our journey to becoming a sustainable business.

Mindful that the path taken by a listed company is not always smooth or linear, my father was aware that we would face challenges when catering to market demands and the need for transparency and adaptability. That path, while full of challenging moments, has been a continual learning process.

Business has been booming since 2020, largely due to our people’s hard work. It is they who ensure we achieve our results, and that is why empowering them is part of our commitment as a Group. We have cultivated in a culture

that respects human rights, values an ethical workplace and is increasingly inclusive.

Our success is also down to the efficient management of our brand portfolio, our exceptional digital performance and a business model that is conducive with the balance, survival and sustainability of the entire chain, thereby ensuring that Arezzo&Co, our manufacturers and our franchisees all return a profit.

In 2023, we focused on efficiency, planning and prioritization, revisiting our achievements to date and maintaining the fundamental principle of introspection, cultivating resilience and continuing to grow, regardless of the macroeconomic landscape. We achieved record revenues, despite formidable challenges at home and overseas.

In just one example of how we are making a positive impact, we are the only Brazilian firm to have signed up to the Deforestation-Free Call to Action for Leather,

↑ **16.4%**

Gross revenue growth

an initiative requiring a commitment to sourcing bovine leather from deforestation-free supply chains by 2030. To show how we prioritize diversity, we produced an Anti-racism Handbook for employees and franchisees and made a commitment to equal opportunities through the Protagonizza+ program at Arezzo&Co and the Career Accelerator for black and brown people at AR&Co.

We have taken several crucial steps in areas such as supply-chain compliance, the use of lower-impact raw materials and the inclusion of sustainability in a revised risk matrix. In addition, major concessions were made to optimize expenditure and guarantee performance and resilience.



“The success we have achieved is also due to our efficient management of the brand portfolio.”

We doubled down on consolidating previously acquired brands and welcomed into the fold the Brazilian Vicenza and Italian Paris Texas brands, as part of our Mergers and Acquisitions (M&A) strategy.

We are optimistic about the future and will uphold our commitment to product quality. We are exploring opportunities for growth, such as expansion in the apparel and footwear markets, internationalization, class A and B consolidation, and emphasis on e-commerce.

Finally, I would like to thank all those who contributed to the company’s success in 2023: employees, franchisees, suppliers, partners, directors and investors. It is thanks to your hard work, dedication and trust that we have got where we are today.

Let us maintain our passion and determination, taking strong steps, **towards 2154!**

Alexandre Birman
Arezzo&Co CEO and CCO

AREZZO | WINTER 23



AREZZO
&CO
GROUP

ABOUT US

GRI 2-1, GRI 2-2, GRI 2-6

Arezzo&Co Group is a leader in the footwear sector and a leading player in the accessories and apparel sectors in Brazil, with a presence spanning all 26 states, the Federal District and abroad.

Its constantly growing portfolio includes organic brands, acquisitions and licensing. This diverse ecosystem makes the Company a House of Brands. [\(Learn more in Value Creation and Future Vision\).](#)

It includes the brands: Arezzo, Schutz, Anacapri, Alexandre Birman, Alme, Vans®, Brizza, Carol Bassi, Vicenza, Paris Texas, Reserva, Reserva Mini, Oficina, INK, Reserva Go, BawClothing, Reversa and Simples. The Company also owns the TROC and ZZ'Mall platforms.

Last year the Company continued operating in the consumer goods sector, in the categories of handbags, shoes, accessories, and apparel and segments for women, men, children and white sole. And it catered to classes A1, A2 and B1 through its own stores, franchises, multi-brand stores, e-commerce, exports and outlets.

Arezzo&Co Group exists to interpret trends and arouse desires. Its vision also goes far: towards 2154! And, to get there, it consistently pursues a commitment to more conscientious, responsible, inclusive and diverse fashion – fashion that is better for the world.



AREZZO | WINTER 23

#TOWARDS2154

MANIFEST

We are the offspring of an entrepreneurial dream and we want to delight people by making them happier.

We are brothers in a network that gives life to our brands. We are a fearless team in everything we do and this is reflected in our daily life, the passion with which we pursue our goals and the agility with which we adjust our plans when we see a better path.

We do not shy away from battles!

We are high-energy and almost never stop. We have the audacity to want to understand the mind and guess people's wishes. We are passionate about the new proud of our work, dissatisfied with the present and we have the ambition to share our dream with more people around the world.

We are Arezzo&Co*.

MISSION

Ensure products and experiences, with quality and sustainability, at the right time within an international platform.

*In the Manifest only, "Arezzo&Co" refers to Arezzo&Co Group.

VISION

To be a leader in fashion in Brazil and internationally present.

PURPOSE

Interpret trends and awaken desires.

PRINCIPLES

Challenge

The goals met are the basis for the next goal.

Flexibility

Always be ready for change.

Union

We're all in this together! Divergences build. Conflicts destroy.

Passion

Enjoy, like, get involved, and always be happy.

Engagement

If you are in doubt, act.

Transparency

What cannot be transparent should not be done.

WHERE WE OPERATE

GRI 2-1, 2-6, SASB CG-AA-000.A

Arezzo&Co Group's Geographies:

UNITED STATES
📍👠

PORTUGAL
👠

BOLIVIA
👠

BRAZIL
👠📍🏭🚚

PARAGUAY
👠

354
Productive suppliers

202
Subcontractors

208
Own stores



Stores

BRAZIL
In 26 states and the Federal District

OVERSEAS
Own stores:
Schutz
New York, NY (2)
Los Angeles, CA (1)
Aventura, FL (1)

Alexandre Birman
New York, NY (1)
Bal Harbour, FL (1)

Mono-brands:
Arezzo
La Paz, BO; Asunción, PY;
Lisbon, PT.

842
Franchise stores



Headquarters

BRAZIL
Brand houses:
Casa Birman, SP
Schutz Haus, SP
Estação Anacapri, SP
Ateliê Schutz LS, SP

5 Headquarters:
Belo Horizonte, MG
Rio de Janeiro, RJ
São Paulo, SP (3)
Campo Bom, RS

OVERSEAS
1 Headquarters:
New York, NY



Factories

BRAZIL
Alagoinhas, BA (1)
Parobé, RS (1)
Novo Hamburgo, RS (1)
Campo Bom, RS (3)
Igrejinha, RS (1)

7,878
Multibrand stores



Distribution centers

BRAZIL
Cariacica, ES
Rio de Janeiro, RJ
São Paulo, SP
Campo Bom, RS

BRANDS

AREZZO



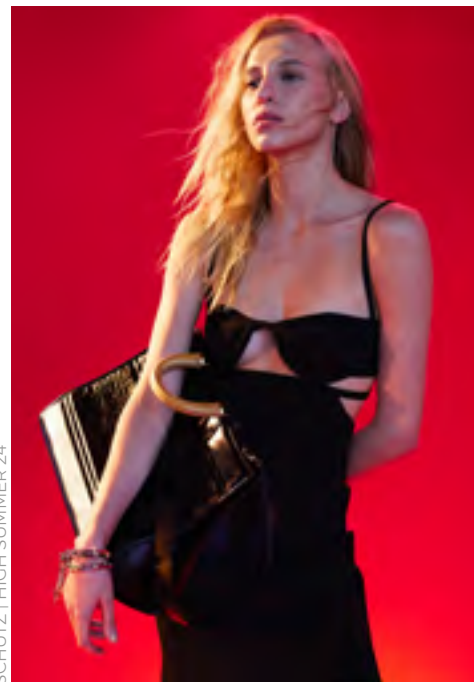
AREZZO | HIGH SUMMER 23

Since the launch of the Anabela model in the late 1970s, it has been *Top of Mind* in the women's footwear segment, and one of the favorite and most consumed brands in Brazil.

With a stance that combines concepts, high quality and contemporary design, it appeals to a wide range of women of all ages.

22 own stores
415 franchises.

SCHUTZ



SCHUTZ | HIGH SUMMER 24

Founded in 1995 by Alexandre Birman, the brand creates footwear that combines design, fashion and sensuality. Its collections ooze the spirit of contemporary young women: with their own style, who dare, seek the different and challenge the consensus. National and international presence.

24 owned stores
61 franchises.

ANACAPRI



ANACAPRI | HIGH SUMMER 23

The casual concept brand was launched in 2008 and targets women with a simple, light and high-spirited lifestyle. To this end, it seeks to simplify everyday life with flat shoes (without heels), the core of its collections.

2 owned stores
253 franchises.

BRIZZA



BRIZZA | SUMMER 24

A women's line launched in 2020, it is an exclusive category of products - flip flops, sandals and accessories - with the proposal to cater to women from the beach to the party.

2 owned stores
4 franchises.

ALME



ALME | SUMMER 23

Launched in 2018, the gender-neutral footwear brand with refined design underwent repositioning in 2021. Since then, it has been using raw materials with less environmental impact and maximum comfort for the feet. It is carbon neutral and encourages reverse logistics among consumers.

2 own stores

VANS "OFF THE WALL"



VANS | KNU SKOOL 23

A brand connected to youth culture and recognized worldwide for products for skateboarders, surfers, BMX bikers, and snowboarders. Since its licensing in 2019, it has brought new categories to the Company, such as men's, children's footwear, and apparel.

21 owned stores
20 franchises.

Vicenza)

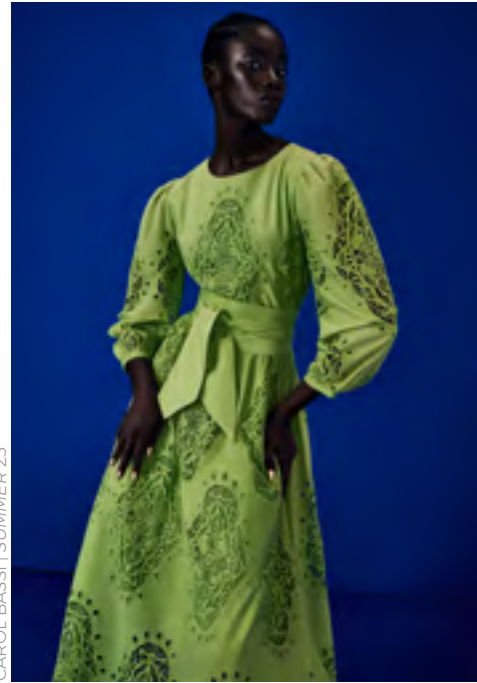


VICENZA | SUMMER 23

With 30 years of history and presence throughout the country, the Brazilian brand of footwear and handbags was acquired in 2023.

1 own store

CAROL BASSI



CAROL BASSI | SUMMER 23

One of the leading luxury women's apparel brands in Brazil, was acquired in 2022. The "lifestyle brand" has product curation carried out by Carol Bassi.

7 own stores

ALEXANDRE
BIRMAN



ALEXANDRE BIRMAN | HIGH SUMMER 23

The luxury footwear brand - named after the Company's CEO - was founded in 2008. Premium raw materials are ever-present, as the products are crafted by hand. It boasts international awards.

15 own stores

PARIS TEXAS



PARIS TEXAS | FALL WINTER 23

The Italian luxury shoes brand for women is engaged in operations ranging from creation and production to the marketing of luxury footwear for women. It was the Company's first international acquisition, in 2023.

TROC



TROC | AUGUST 23

TROC is a platform for second-hand premium and luxury products that aims to make fashion circular, avoiding the production of new products and the extraction and use of new raw materials. It also boasts the intelligent and responsible curation of used pieces.

1 own store

ZZ'MALL



ZZ'MALL | HIGH SUMMER 24

Marketplace launched in 2020, bringing together all the Company's brands digitally and partners with a similar *lifestyle*.

Reserva



RESERVA | SUMMER 24

AR&Co core brand is a benchmark in the men's apparel market in classes A and B in Brazil. Created in 2004 by Rony Meisler and Fernando Sigal, childhood friends.

66 owned stores
89 franchises.

Reserva mini



RESERVA MINI | SUMMER 24

Launched in 2009, the brand of clothing and accessories for children and babies strongly emphasizes the comfort of the pieces.

17 own stores

simples
RESERVA



SIMPLES | SUMMER 24

Basic apparel brand aimed at the AB demographic, male, female and children. Launched in 2021 to offer a wide range of sizes, a variety of colors and durability of the pieces.

3 own stores

Oficina
RESERVA



WORKSHOP | ESSENTIALS 23

Fashiontech created in 2016, the brand uses sophisticated raw materials and technology for the development of basic men's clothing and tailor-made shirts.

19 own stores

ReservaGo



RESERVA GO | SUMMER 24

The shoe brand directly related to Reserva emerged in 2019.

4 own stores

Reversa



REVERSA | MARINE 24

Created in 2022 as an apparel line for women and drawing on the same inspirations as its parent brand, Reserva.

1 own store

Baw

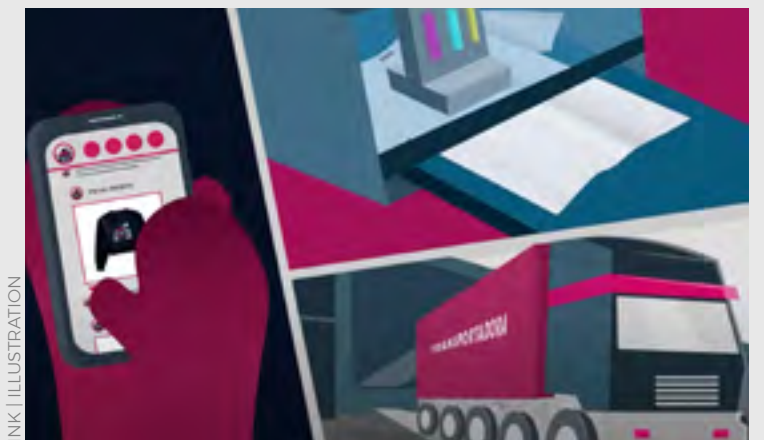


BAW | LOONEY TUNES

Brand of footwear, handbags, accessories and *streetwear* clothing acquired in 2021. Primarily targets Generation Z..

8 own stores

INK



INK | ILLUSTRATION

Founded in 2019, it assists any individual or brand in creating a store and selling designs for t-shirts, without having to worry about the bureaucratic issues needed to start up a business.

TIMELINE

Foundation and structuring



1972

Anderson and Jefferson Birman founded the men's shoe brand **Arezzo** in Belo Horizonte (MG).

1974

Start of production of **women's shoes**.

1976

Opening of the 1st single-brand store - Gypsy, first shoe boutique in Belo Horizonte.

Launching of the first successful model: tanned leather **Anabela**, lined with jute.



AREZZO | SUMMER 24

Industrial age



1984

Vertical integration of production and consolidation as a shoe factory with large production capacity.

1986

Start of franchising operation.

Retail age



1991

Expansion of physical stores with opening of first Flagship Arezzo on Oscar Freire street - SP.

1995

Alexandre Birman, at 18, launches the **Schutz** brand.

1997

Closure of the **factory in Belo Horizonte** - MG.

1999

Factory moves to **Campo Bom** - RS.

Corporate age



2000

Inauguration of **Creative Seat** in Campo Bom - RS.

2007

Entry into fund **Tarpon Investimentos**, with a 25% interest and merger of the Arezzo and Schutz brands. Arezzo&Co. emerges.

2008

Creation of **Anacapri**- focused on flat footwear - and the luxury brand **Alexandre Birman**.

Age of consolidation



2011

Arezzo&Co (ARZZ3) goes public. SCHUTZ brand launches the Group's first e-commerce operation.

2012

Entry in the **US market**. Opening of the first Schutz store on Madison Avenue in New York.

2013

Inauguration of administrative office in Campo Bom and **centralization of production** in Vale dos Sinos (RS).

2015

Creation of the brand **Fiever**, focused on practical and versatile sneakers

2016

Inauguration of the **Distribution Center** in Cariacica (ES).

2018

Start of the **Digital Transformation** process
Inauguration of the **Arezzo&Co Musuem**.
Creation of the brand **Alme**, focused on comfort and beauty.

2019

Start of inorganic growth: licensing of the **Vans®** brand in Brazil.

Creation of brands platform



2020

First inorganic growth acquisition: **Reserva Group - AR&Co**.

Launching of **ZZ'MALL**, the Group's Marketplace.

Acquisition of **TROC** and creation of **ZZ Ventures**.

2021

Inauguration of **ZZ HUB**
Acquisition of digital native brand **Baw Clothing**.
Acquisition and re-launching of **My Shoes**.
Acquisition of **Carol Bassi**.

2022

Entry into the **ISE B3** portfolio and **B System** Certification.
Inauguration of **Alagoinhas factory** (BA).
Acquisitions of Sunset and **HG**, handbag factory.
Inauguration of **Arezzo&Co Creative Center and Sustainable Materioteca** (materials library).

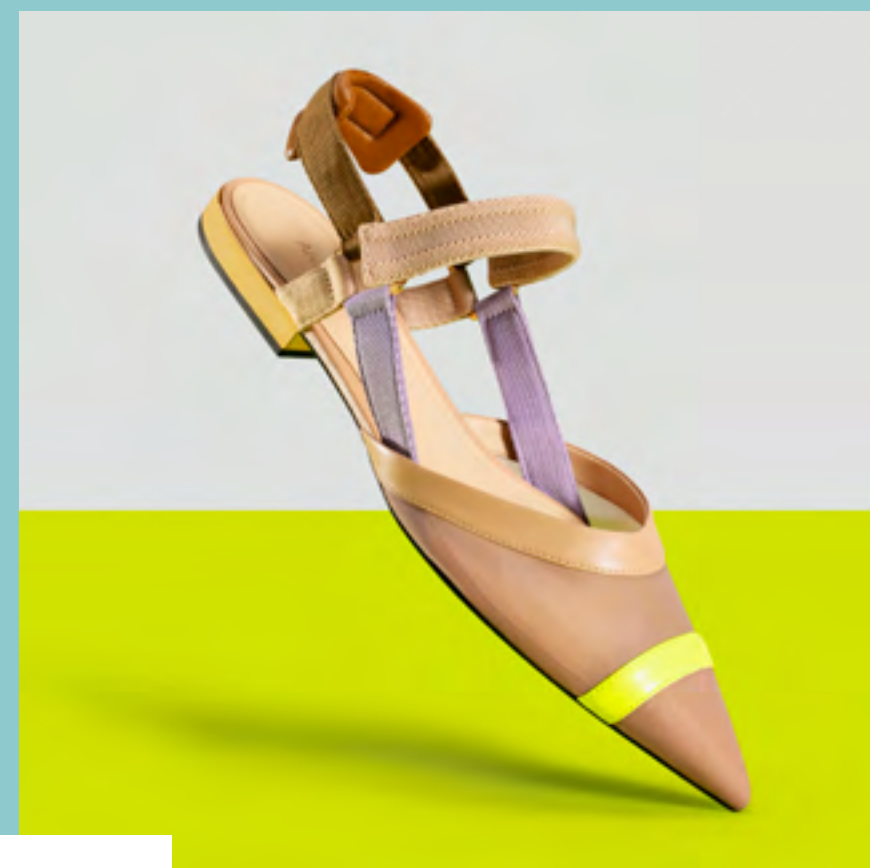
2023

Acquisitions of the brands **Vicenza** (Brazil) and **Paris Texas** (Italy).

Resumption of franchising operations.

Inauguration of **Schutz Haus, Casa Birman and Estação Anacapri**.

Launching of the book "**A Cada Passo**", Anderson Birman's biography.



THE YEAR AT A GLANCE

With employees driven by the motto "Time to Realize," the year 2023 for Arezzo&Co Group was marked by efficiency in the face of challenging situations for the sector as a whole, and expectations of maintaining constant expansion and record profits from previous years.

Obstacles such as a post-Covid consumption plateau, as well as political and economic uncertainties in the Brazilian landscape and conflicts abroad, required team restructuring, resource optimization and investment reduction.

In summary: it was necessary to "look inward," a moment to bed in the advancements achieved up to that point.

Despite this, Sustainability made significant improvement and definitively became part of the Company's strategy, filtering through to everything that Arezzo&Co Group does, from its own Committee to the Board of Directors.

AREZZO | PRE FALL 23



+16.4%
gross revenue
(vs. 22)

20.6
million
pairs of shoes sold

3.1
million
bags sold

9.8
million
articles of clothing sold

96%
of the production made in Brazil

5.6
million
customers

8,520
employees

60%
renewable energy in operations

100%
of direct CO₂ emissions offset

27%
pairs of leather shoes traced

21.1%
of black people in leadership positions

23000+
people impacted by social responsibility initiatives

100%
ABVTEX certification in company factories

CREATING VALUE AND FUTURE VISION



SCHUTZ | SUMMER 23

BUSINESS STRATEGY

Since its initial steps in portfolio expansion, when it acquired the entirety of the Reserva Group in 2020, the Arezzo&Co Group has been solidifying itself as a Brazilian House of Brands.

This ecosystem combines brands from different categories and fashion and lifestyle segments, each with its own audience and products.

By the end of 2023, the Company believes that all its 20 brands ([see page 19](#)) continue to be associated with articles and experiences of quality and sustainability, at the right time, within an increasingly international fashion platform.

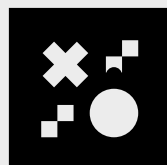
Such aspects are important not only to attract the buying desire of consumers from specific niches and in search of satisfying various occasions but also because they go hand in hand with the medium and long-term business strategy of the Arezzo&Co Group - guided by the motto "Towards 2154".

It was in the 1990s that Anderson Birman presented everyone with the idea of "Towards 2154". More than marking the two hundredth anniversary of its founder's birth and serving as a lever during one of the most difficult periods in the Company's history, the milestone has become a goal for the company, which started as a family business and is now international.

To get there, Arezzo&Co Group intends to maintain its proven growth through the synergy between acquisitions, business combination, internationalization, omnichannel approach, vertical integration and harnessing its capabilities for licensing foreign brands.

All of this with
a common engine:
sustainability





The current strategic map of the Company includes eight pillars and levers, as presented in the Business Model:

1. **Core growth/expansion** of existing brands.
2. **Men and women's clothing**
3. **Business model transformation:** evolution of merchandising, supply and sourcing, omnichannel customer experience.
4. **New segments and classes:** consolidation of the fashion market for classes A and B and insurgent brands, marketplace expansion, content and services addition, circular economy, and e-commerce acceleration.
5. **People, culture and sustainability:** governance, culture, and front-line empowerment with sustainability as the engine.
6. **Data and technology:** data analysis to support the business model transformation and the digitalization of the Company.
7. **International market:** expansion of the North American and European operations.
8. **Licensing.**



SCHUTZ | HIGH SUMMER 23



DISCOVER THE BUSINESS MODEL ON PAGE 39

Together with the sustainability strategy and the Company's mission, vision, purpose and principles, the strategic fronts of the Business Model are engines to consolidate the Group's Strategy and guide short, medium and long-term goals and initiatives. These include:

RESEARCH & DEVELOPMENT

From identifying consumer behaviors and fashion trends to creating items for 15 to 20 collections per year: the Research and Development process takes place in conjunction with sourcing and logistics.

COMMUNICATION AND MARKETING

Continuous and brand-customized campaigns ensure the Company's positioning as a market benchmark, as well as association with artists and opinion leaders. The attention from the catalog to the store environments reinforces the desired experience for the consumer.

SOURCING AND LOGISTICS

Combines its own production with the *façon* system, involving *ateliers* and independent specialized factories, all supplied by the Company. Products are distributed simultaneously to all stores across the country.

DIVERSIFIED DISTRIBUTION

The extensive distribution footprint and the visibility of the brands are achieved through a multi-faceted model. It occurs through owned stores, franchises, multi-brand stores, outlets, and e-commerce with a strong omnichannel strategy. In the USA, the Company has its own operation.

MANAGEMENT

Professionals with experience in the sector and business, possessing complementary expertise and a participatory profile, ensure the company's continuity. Various actions for selection, training and retention of personnel go hand in hand with the company's organizational culture and strategy.

FRANCHIZING

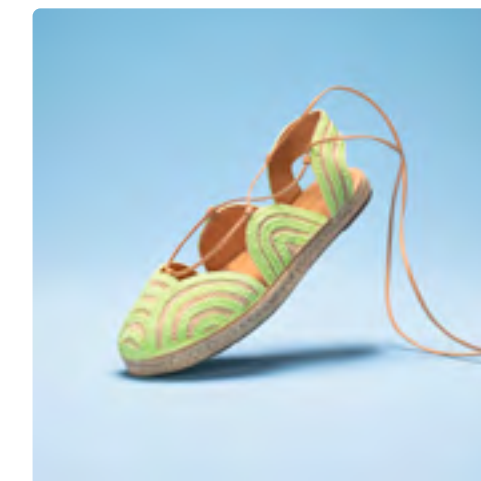
As part of the business strategy since 1986, franchising today represents 25% of the Company. The brands available for franchising are: Arezzo, Schutz, Anacapri, Vans and Reserva.

Dissolved shortly after the pandemic, the area was resumed in 2023.

This year's investments in the sector included a comprehensive diagnosis to identify strengths and areas of concern in Arezzo's franchising, the creation of a Franchisee Committee with 16 working fronts to address sector issues, and retail training through in-person roadshows. The expectation is to achieve results for franchisees within 24 months.

Meanwhile, starting in 2024, diagnostics for the Schutz and Anacapri brands are planned, and the launch of a remote learning platform, offering training pathways that will cover, among other topics, sales strategies and the entire history of the Arezzo Group.

AREZZO | SUMMER 24



SUSTAINABILITY STRATEGY

GRI 2-24, TCFD-11

The topic increasingly plays a cross-cutting role in the Arezzo&Co Group. Its presence goes beyond a specific department: it is ensured by a Sustainability Committee, established in 2018, composed of members of the Board of Directors, the CEO/CCO, the Executive Officer of People and Management, Sustainability, Institutional Relations and Expansion, and the Executive Manager of Sustainability.

The Arezzo&Co Group's sustainability strategy is based on a dedicated policy and four strategic pillars (see in the framework).

Through partnerships and ethical, collaborative and sustainable relations, these pillars guide business operations, the pursuit of development, value creation, and the mitigation of negative impacts throughout the value chain.

i SEE OUR SUSTAINABILITY POLICY HERE

Strategic sustainability pillars



RESPONSIBLE PRODUCTION

Create value for society based on the development of an ethical, responsible, safe and sustainable chain.



HEALTHY ENVIRONMENT

Develop products considering their whole life cycle, always prioritizing less impactful initiatives.



EMPOWERED PEOPLE

Ensure an inclusive, safe and prosperous workplace for all.



TRANSPARENT COMMUNICATION

Communicate with responsibility and promote educommunication for all stakeholders.

MATERIALITY

GRI 2-29, 3-1

The materiality matrix identifies the priority topics for the business according to the audiences with which the Arezzo&Co Group interacts, and also guides the strategy, project development, and public positioning in the short, medium and long term.

In 2023, the same tool used in the previous year was maintained, whose dual materiality methodology encompasses both internal and external perspectives and unifies all of the Company's businesses, considering the specifics of each brand.

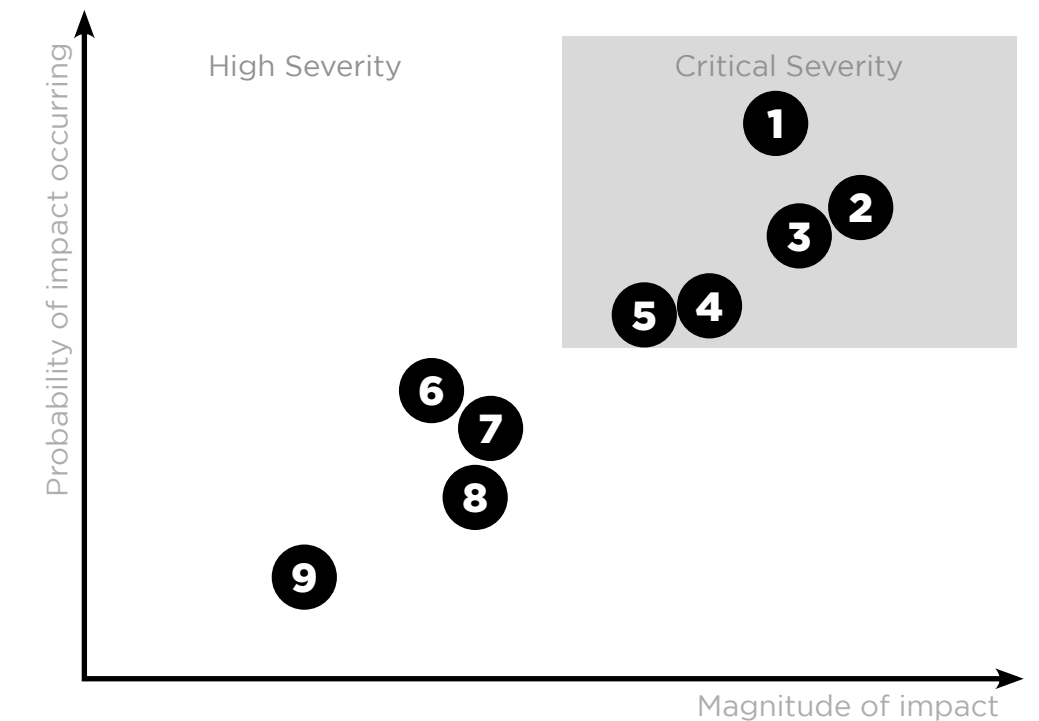
The definition process included the analysis of sustainability indicators and rankings, evaluation of sector companies, consultation of previous materiality, and the collection of information about the sustainability strategy and the business sector.

It also relied on the perceptions of stakeholders, such as finished product and raw material suppliers,

franchisees, investors, associations, customers, NGOs, government and employees from different business units. In total, there were 24 qualitative interviews and 621 quantitative responses.

Topics classified as critical and high-impact were considered material, validated and prioritized by the Sustainability Committee. A fresh study will be carried out in 2024.

MATERIAL TOPICS GRI 3-2



- | | |
|------------------------------|--|
| 1. Diversity and Inclusion | 6. Reverse Logistics |
| 2. Workplace conditions | 7. Innovation in materials, products and processes |
| 3. Supplier Management | 8. Responsible sourcing |
| 4. Waste Management | 9. Climate Change |
| 5. Employment and decent pay | |



ALME | CARBON NEUTRAL 23

PUBLIC COMMITMENTS

GRI 2-24, TCFD-T1

The public ESG commitments were made in 2019, the year the Company's strategy was established, and were reviewed in 2022 taking into account the post-pandemic context and the revision of the materiality matrix. To encourage the evolution of performance in sustainability, the C-level's variable compensation was linked to the annual ESG goals aligned with these commitments.



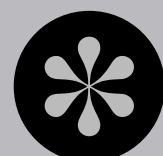
RESPONSIBLE PRODUCTION



HEALTHY ENVIRONMENT



EMPOWERED PEOPLE



TRANSPARENT COMMUNICATION



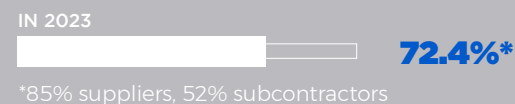
LEARN MORE IN COMPENSATION.

2024

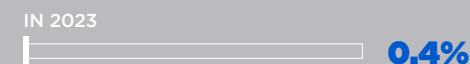
2030

2050

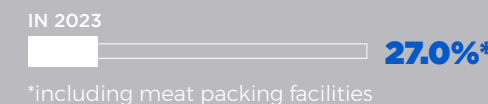
100% of the chain of direct suppliers of finished products and their subcontractors certified in socio-environmental aspects.



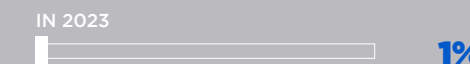
100% of the finished product supply chain is tracked.



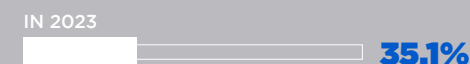
100% of the leather from all products is tracked to the breeding and/or rearing farms.



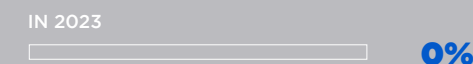
100% of cotton in all products tracked.



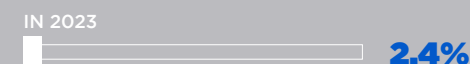
60% of sustainable materials in all products.



42% decrease in scope 1, 2 and 3 emissions.



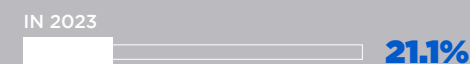
Implementation of reverse logistics in **100%** of own stores and national franchises in 2023



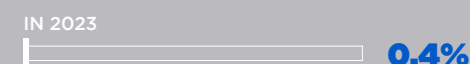
100% of packaging made from sustainable materials.



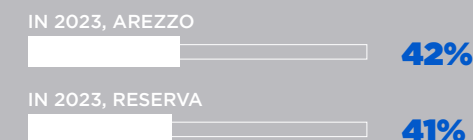
25% black people in leadership positions.



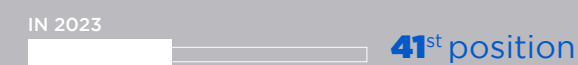
100% transparency for consumers about composition, manufacturing and origin.



Obtain grade superior to **70%** in the FashionTransparency index among respondent brands.



Be among the **ten top retail companies in Brazil in ISE B3.**



NET ZERO

Awaiting approval of the science-based target by the SBTi.

BUSINESS MODEL GRI 201-1

The strategies, both Business and Sustainability, were fundamental to the consolidation of this operating model, which includes information on how the Group generates value for its audiences, in addition to the main investments and results presented in the year.

SUSTAINABILITY STRATEGY

- RESPONSIBLE PRODUCTION
- HEALTHY ENVIRONMENT
- EMPOWERED PEOPLE
- TRANSPARENT COMMUNICATION

STRATEGIC FRONTS OF THE BUSINESS MODEL

R&D	
SOURCING AND LOGISTICS	COMMUNICATION AND MARKETING
DIVERSIFIED DISTRIBUTION	MANAGEMENT

MISSION, VISION AND PURPOSE

MISSION
Ensure products and experiences, with quality and sustainability, at the right time within an international fashion platform.

VISION
To be a leader in fashion in Brazil and internationally present.

PURPOSE
Interpret trends and arouse desires.



BUSINESS STRATEGY

INPUTS

OUTPUTS

LEARN MORE ABOUT OUR STRATEGY ON PAGES 31 TO 37

FINANCIAL CAPITAL
R\$ **6.1 B** in gross revenue
R\$ **7.1 B** in share value
R\$ **235.2 M** invested in Capex

MANUFACTURED CAPITAL
208 own stores
842 franchises
7 processing plants
5 administrative offices
4 Distribution Centers
1 center for development of new Technologies (ZZ Hub)

INTELLECTUAL CAPITAL
R\$ **450,000** invested in staff development
R\$ **1.15 M** invested in blockchain traceability platform

HUMAN CAPITAL
BRL **664 M** distributed to employees in salaries and benefits
Consolidation of Diversity & Inclusion Strategy
Affirmative action for black people

SOCIAL AND RELATIONSHIP CAPITAL
R\$ **2.5 B** paid to suppliers
5.6 M customers
R\$ **9 M+** invested in Social responsibility

NATURAL CAPITAL
Consumption and raw materials for production.
69,730 GJ of energy consumed
32.6 MI of water withdrawals

R\$ **4.8 B** in net revenue.
R\$ **801 M** Ebitda
R\$ **5.3 B** in added value distributed

20.6 M footwear items sold
9.8 M pieces of clothing sold
3.1 M handbags and accessories sold

4,000+ employees trained,
32,000+ hours of training
50 scholarships distributed to employees
27% of leather traced

8,518 employees
40.4% black people
57.0% women
4.5% PwD
381 affirmative positions
47.3% turnover rate

354 finished product suppliers
193 raw material suppliers
75 NPS satisfaction score
29 million+ plates of food supplemented
22,000+ products donated
23,000+ people impacted

60% of energy consumed from renewable sources
917.3 t of non-hazardous waste produced
837.1 t of hazardous waste produced
471.1 t of waste recycled
143,900 tCO₂e
155,000+ products sold in TROC

FINANCIAL AND OPERATING RESULTS

Faced with a challenging context, the focus of the year was on operational efficiency and profitability.

For this, it was necessary to make significant adjustments, such as reducing the brand portfolio (and focusing on the AB audience) and restructuring the corporate department.

Nevertheless, the union of forces, knowledge and skills from various brands, along with Arezzo&Co Group's history of excellent execution, yielded results.

The Company kept its focus on internationalization, with the strategic acquisition of the Italian luxury footwear brand Paris Texas, and took an important step in the resurgence and structuring of its franchising department [\(more information at on page 33\)](#).

The efforts of 2023 were already visible in the Mother's Day and Black Friday sell-in, both with record results.



AREZZO | CRUISE 24

i ACCESS THE COMPLETE INFORMATION IN THE FINANCIAL STATEMENTS.

RETURN TO SHAREHOLDERS REMAINS ABOVE ITS COST OF CAPITAL: **14.4%***

*from 2011 to 2023



R\$ 6.1B
Total gross revenue

54.5%
Recurrent gross margin

R\$ 801 M
Recurrent Ebitda

16.5%
Recurrent gross margin

R\$ 420 M
Recurring net income

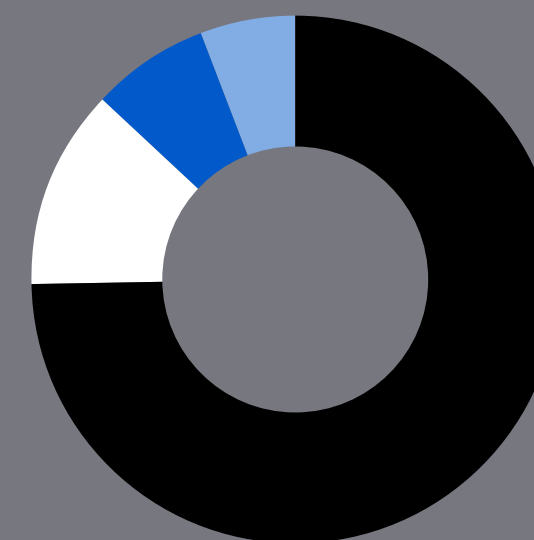
DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED GRI 201-1

7.22%
R\$386.1 M

5.6%
R\$300.5 M

12.42%
R\$664 M

74.73%
R\$3.9 B



R\$ 5.6 billion
Value creation

R\$ 5.3 billion
Value distributed

R\$ 218.1 million
Value retained

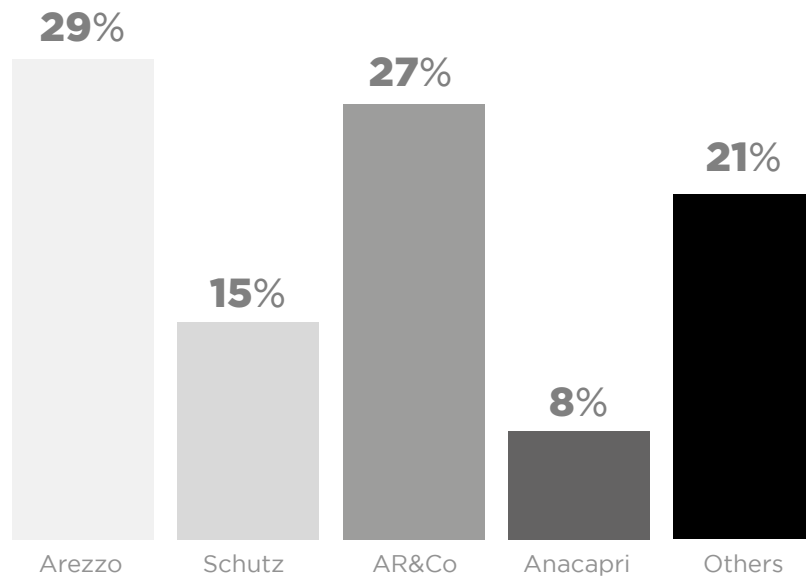
Operating expenses Employees Financiers Taxes

E-commerce revenue grew by 24.7% compared with the previous year

SIMPLES | SUMMER 24



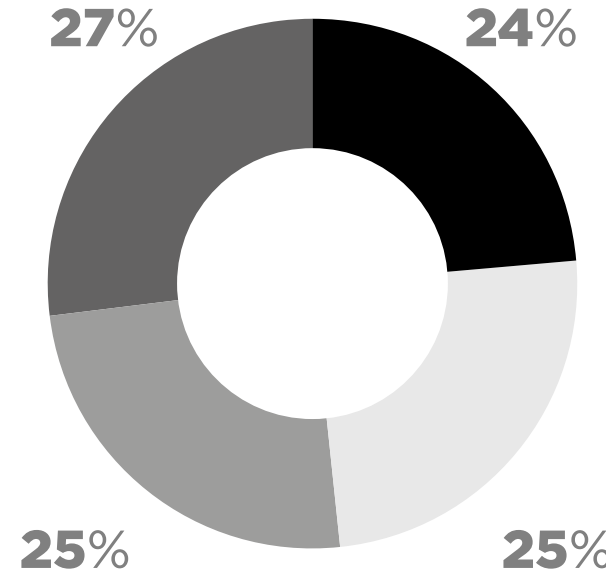
GROSS REVENUE BY BRAND



Brazil Revenue

Arezzo	R\$ 1.6 M	↑14.1%
Schutz	R\$ 840.5 K	↑4.4%
AR&Co	R\$ 1.5 M	↑26.3%
Anacapri	R\$ 446.3 K	↑21%
Others	R\$ 1.1 M	↑23.7%

GROSS REVENUE BY CHANNEL



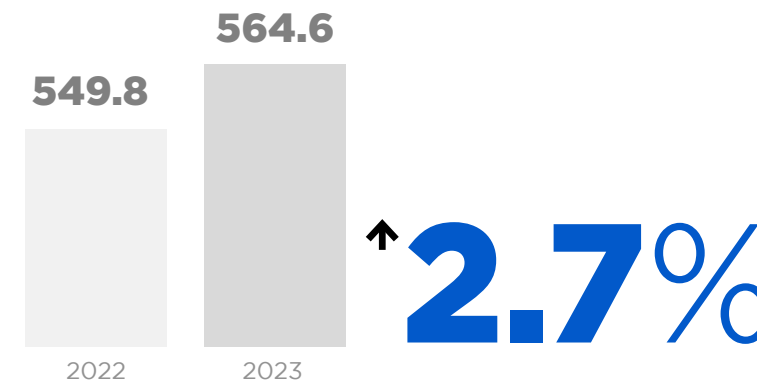
Franchises	R\$ 1.3 million
Multi-brands	R\$ 1.5 million
Own stores	R\$ 1.4 million
E-commerce	R\$ 1.4 million

Multi-brands Own stores E-commerce Franchises

INTERNATIONAL OPERATION

With Arezzo, Alexandre Birman, Schutz, and the newly acquired Paris Texas, the Company has a presence in South America, North America and Europe.

Gross Revenue (R\$ million)



9.3%
Total gross revenue of Company

i SEE LOCATIONS AND MAPS HERE

HEALTHY ENVIRONMENT



Develop products considering their whole life cycle, always prioritizing less impactful initiatives.



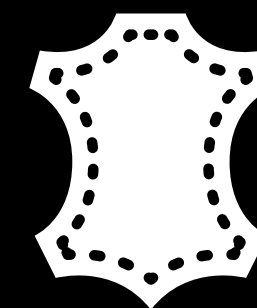
ALEXANDRE BIRMAN | PAULA RAIA 23

5.2+ M

pairs of shoes made with sustainable materials



25 REVERSE LOGISTICS POINTS POST CONSUMPTION



49.6%

of leather* tracked to meat-packing companies

*shoes and leather handbags from the Schutz and Alexandre Birman brands

Capitals



SDG

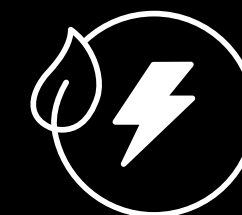


Material topics

- Waste Management
- Reverse Logistics
- Innovation in materials, products and processes
- Responsible sourcing
- Climate Change

1,900

tCO₂ offset scopes 1 and 2



60%

of energy from renewable sources

CLIMATE CHANGE

3-3 CLIMATE CHANGE, TCFD-10

Looking towards its future in 2154 also requires the Arezzo&Co Group to understand its role in the fashion industry and its responsibility in urgently mitigating climate change.

Responsible growth means working conscientiously, managing indicators, and acting on the continuous improvement of important issues such as water, waste, energy and greenhouse gas emissions.

Since 2022, the Arezzo&Co Group has also been using the framework of the Task Force on Climate-Related Financial Disclosures (TCFD), which aligns the risks of climate change with the financial impacts on the business.

As a commitment to Transparent Communication and Sustainability, the Arezzo&Co Group started reporting to the Carbon Disclosure Project (CDP) in 2021.

Since then, **it has been improving its score: in 2023, it was A-**, indicating progress in managing its emissions and reiterating its commitment to transition to a low-carbon economy, ensuring the Company's maintenance in the B3 ISE portfolio.

i ITS PERFORMANCES SINCE 2021 ARE AVAILABLE ON THE WEBSITE: WWW.CDP.NET/EN.



GHG MANAGEMENT IN 2023

Set goals and public commitments continue to guide the choices and strategies for reducing Greenhouse Gas (GHG) emissions and compensating for CO₂ emissions from scopes 1, 2, and 3 that cannot be mitigated. These goals include:

- Annual update of the atmospheric emissions inventory.
- Reduction of GHG emissions throughout the product lifecycle and operations.
- Means of offsetting CO₂ emissions that are socially and environmentally more beneficial.
- Use of low-impact energy, mainly from small hydropower plants.



ALME | LUME 23

Furthermore, starting in 2022, the Arezzo&Co Group began submitting its Greenhouse Gas Inventory to the [Public Emissions Registry](#), a public platform of the Brazilian GHG Protocol Program, holding the Gold Seal since then.

The Arezzo&Co Group faces the challenge of continuing to grow as a Company while reducing its emissions to reach net zero by 2050

100%

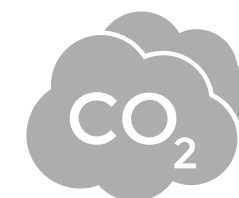
OFFSETTING IN SCOPES 1 AND 2

99%

OF EMISSIONS ARE FROM SCOPE 3*

A-

CLIMATE CDP RATING



COMMITMENT TO **BUSINESS AMBITION FOR 1.5°C**



SUBMISSION (SBTi)

SCIENCE-BASED TARGET IN 2023

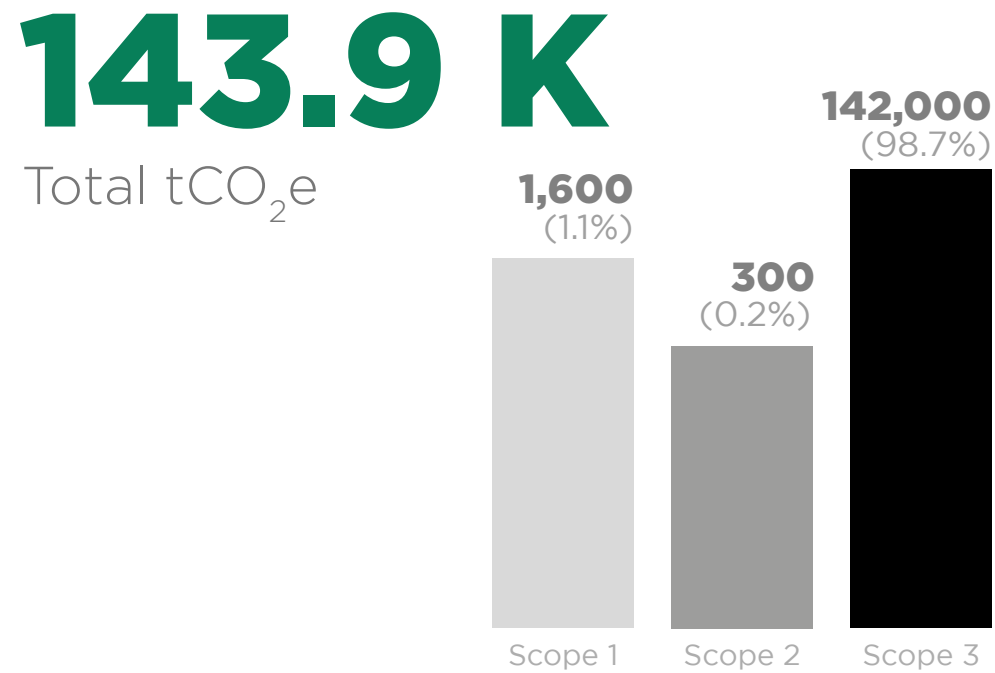
*Referring to business travel, waste generation in operations, purchased goods and services, transportation and distribution (upstream), energy loss and distribution, employee commuting and franchises.

Emissions inventory

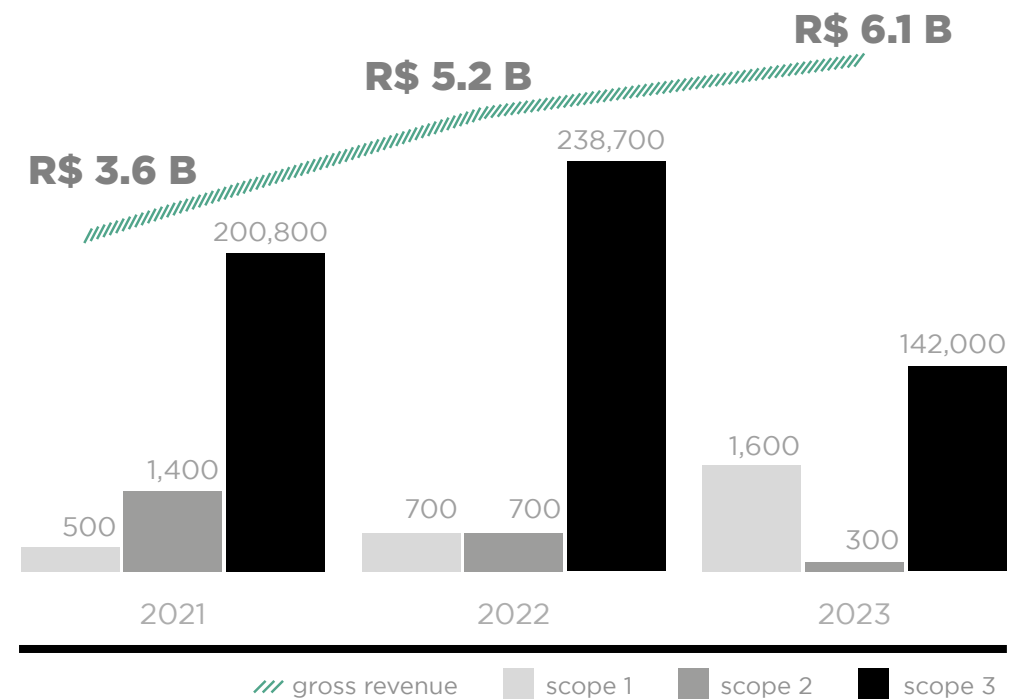
The reliability of the Company's GHG inventory, based on the GHG Protocol methodology, is independently assured by a third-party.

The GHG tool is the most used by companies and governments worldwide for calculating, understanding and controlling greenhouse gas emissions. It is compatible with ISO 14064 standard and the quantification methods of the Intergovernmental Panel on Climate Change (IPCC).

GHG EMISSIONS IN tCO₂e



GHG EMISSIONS (tCO₂e) X OPERATIONAL GROWTH



REVERSA | SUMMER 24



MORE DETAILS ABOUT THE COMPANY'S EMISSIONS ARE AVAILABLE ON PAGES 141 TO 143

RENEWABLE ENERGY SASB CG-MR-130A.1

THE AREZZO&CO GROUP USED **60% OF ENERGY FROM RENEWABLE SOURCES**

(in 2022: 50%)

Total energy consumption was 60,493.34 GJ, a 14% increase on 2022.

40% of the total energy consumed comes from utilities, used in 2023 for deliveries

05 vehicles electric
Highlight for the use of **electric vehicles** from the Reserva brand

+157,000 km kilometers driven for deliveries

33% of own Reserva stores have deliveries made by electric vehicles

Purchase of renewable energy certificates 10.666 I-REC

Natural light is utilized in physical facilities through the use of translucent roofing tiles

LED lights to reduce electricity consumption, LED lights are used whenever possible

RESPONSIBLE RAW MATERIALS

3-3 RESPONSIBLE SOURCING

As a representative of the fashion industry, the Arezzo&Co Group understands its responsibility in reducing the impact of raw materials on the environment and in preserving biodiversity.

To this end, it mobilizes its entire supply chain and guides its brands based on a [List of attributes for sustainable materials](#).

This list feeds the Sustainable Products Materioteca for footwear, handbags and accessories, a collaboration of the R&D, Sustainability and Sourcing departments, with goals set in 2021 and implemented in 2022. Thanks to it, it is possible to search for collections that use materials listed in the List of Attributes.

The consultancy of a researcher also underpins solutions for the footwear segment, such as incorporating waste into production, replacing components with lower-impact options or developing new materials.

35.1%

sustainable materials
in footwear

ALME | MAP 23



The Group is committed to using 60% sustainable materials in the manufacturing of all its products.

The Company began mapping the raw materials for clothing with Reserva. The next step is to set goals for it, as well as for other acquired brands.

Since 2020, when it entered into an agreement with PeTA (People for the Ethical Treatment of Animals), **the use of fur, cotton lint, feathers or any other part of exotic animals** is prohibited in all Arezzo&Co Group brands.

In 2021, the **Alexandre Birman** brand pledged to no longer buy exotic furs.

LEATHER TRACEABILITY

3-3 RESPONSIBLE SOURCING

From the factory to the breeding farm: the Arezzo&Co Group has committed to tracing 100% of the leather by 2030 to ensure its products are not linked to deforestation.

The project began in 2022 with the adoption of blockchain technology and the Fair Fashion platform, designed for the traceability of the fashion industry's supply chain, connecting the chain's links collaboratively.

The information indicating the history of the raw material - its origin, authenticity, movement, and production - is sent via API (Application Programming Inter-

face) or manually entered into the platform.

Since 2022, a portion of the leather used in shoes and handbags - whether raw or finished - is traced through invoices, production orders, and stock consumption, considering data on articles, suppliers of origin and destination, size or weight.

Traceability brings greater transparency and efficiency to the Company's processes, focusing on identifying and mitigating potential risks in the leather chain. It also reduces risks and ensures compliance with ESG targets.

The Arezzo&Co Group has committed to tracing 100% of the leather chain by 2030, minimizing social and environmental impacts

 Leather Traceability Commitment made by Arezzo&Co:

2026

100% of meatpackers

2028

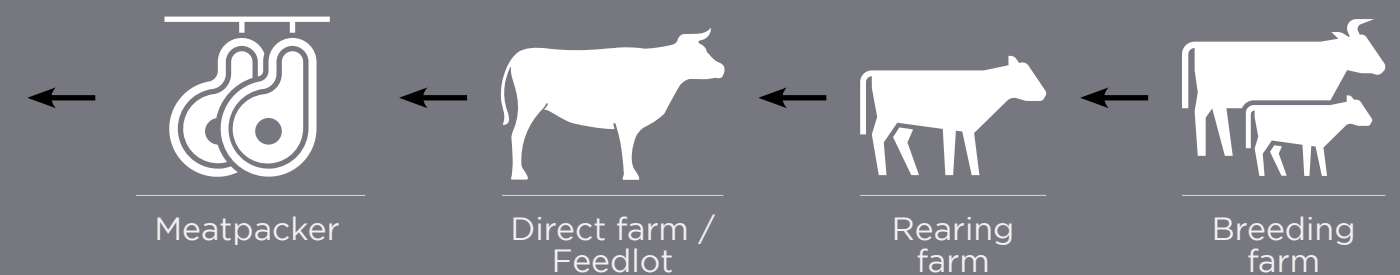
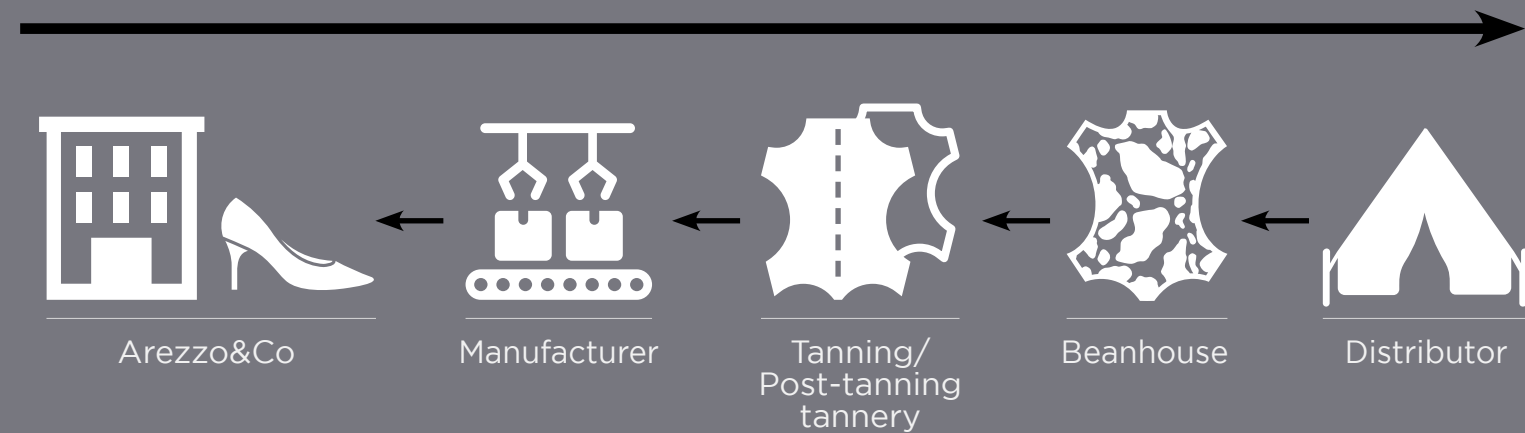
100% of direct farms

2030

100% of rearing and/or breeding farms

Leather traceability map

TRACEABILITY FLOW

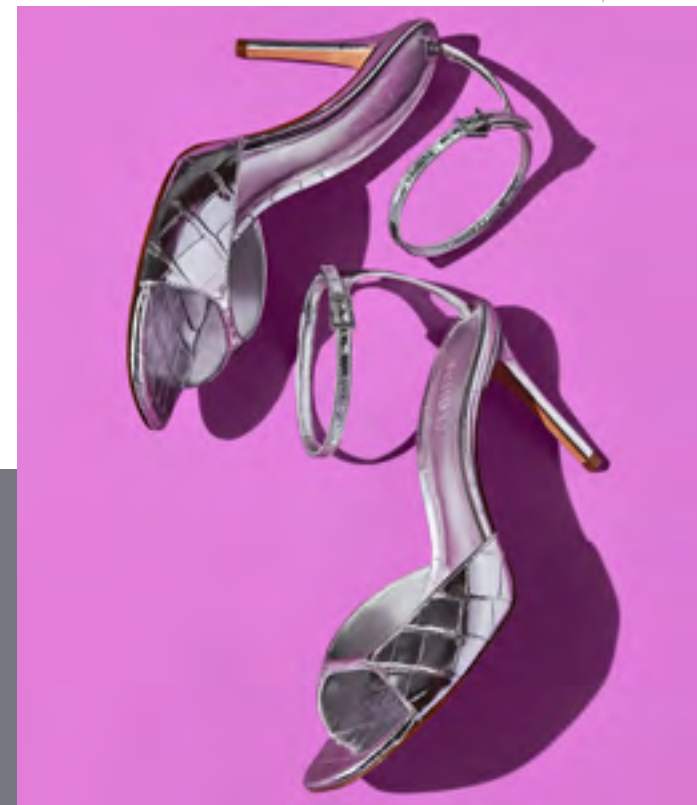


LEATHER FLOW

Why Blockchain?

Blockchain technology records information in an immutable and encrypted manner, enabling data transparency through secure sharing of this information.

SCUTZ | SUMMER 24



DEFORESTATION-FREE CALL TO ACTION FOR LEATHER

The Arezzo&Co Group is the **only Brazilian representative** to commit to the Deforestation-Free Call to Action for Leather.

The initiative is coordinated by the Textile Exchange, Leather Working Group (LWG), and World Wildlife Fund (WWF), calling on brands and retailers to use **cattle leather from deforestation-free supply chains by 2030**, or sooner, starting from:

1. Establishing requirements for **obtaining leather**.
2. Setting and meeting targets in the **supply chain**.
3. Respecting **human rights** throughout the entire bovine leather supply chain.
4. Implementing **traceability**.
5. Making **investments**.
6. Reporting **progress**.



COTTON TRACEABILITY


The Sou ABR–Brazilian Responsible Cotton Program is a Reserva partnership with the Brazilian Association of Cotton Growers (Abrapa) and other brands.

Launched in 2021, it was the first large-scale traceability initiative of the national textile chain.

Through blockchain technology, it monitors the cotton used in the pieces up to its property of origin.

Thus, the journey taken by the raw material becomes digitized, accessible and auditable.

1% 
pieces traced
in 2023


THE ABR CERTIFICATION ANALYZES 178 ITEMS, DISTRIBUTED IN EIGHT CRITERIA (LEARN ABOUT THEM HERE).



SIMPLES | SUMMER 24

ALME TRACEABILITY

GRI 3-3 INNOVATION IN MATERIALS, PRODUCTS AND PROCESSES

By accessing a QR code on the label, **Alme customers can learn about the product's journey.** There, a map of the production stages is available, with information on the sustainable attributes and the carbon footprint of the piece. **To learn more about the brand,** gender-neutral, 100% carbon-neutral, and using lower-impact raw materials, visit: www.somosalme.com.br

PROJECT ECOAR


The Arezzo&Co Group sponsored the ecoAR project, a competition for innovative and sustainable solutions to the fashion sector's challenges. It's directed at students, professionals and entrepreneurs from all over Brazil.

The Company's Executive Manager of Sustainability was responsible for curating the projects, which were then evaluated by a jury composed of the founder of the Reserva brand, the founder of the TROC platform, and a researcher, business consultant, and professor specialized in Industrial Production Management and with a PhD in Environmental Quality.

The four winning projects each received R\$10,000, a trophy and a certificate of participation.

The ecoAR project also yielded two exhibitions and a book detailing the trajectory of fashion and sustainability, in addition to presenting the proposals that won first place.

This initiative was carried out using the cultural incentive law, valued at R\$440,000.

 FOR FURTHER INFORMATION PLEASE SEE CONCURSOECOAR.COM.BR



Total of 257 project proposals submitted

Category: Product

SUBCATEGORY: RAW MATERIALS

26%

SUBCATEGORY: PROCESSES

19%

Category: Post-consumption

SUBCATEGORY: MATERIAL UPCYCLING

46%

SUBCATEGORY: REINSERTION INTO THE PRODUCTION PROCESS

9%



CATEGORY: PRODUCT



Subcategory: Raw Materials

1ST PLACED: BETO BINA

PROJECT: Farfarm - Textile Agroforestry



Subcategory: Process

1ST PLACED: SIODUHI PAULINO DE LIMA

PROJECT: Manicolor - Cassava Peel-Based Textile Dye



CATEGORY: POST-CONSUMPTION



Subcategory: Reinsertion into the Production Process

1ST PLACED: SUZANA BARRETO MARTINS

PROJECT: Textile Waste Bank (BRT)
Action with cooperatives and the public for processing and reuse



Subcategory: Material upcycling

1ST PLACED: ARTHUR CESAR DE ASSIS SANTOS

PROJECT: Bruk Wear
Clothes and accessories collected from tire repair shops, landfills and thrift stores

CIRCULAR ECONOMY

The Arezzo&Co Group understands the value of the Circular Economy as a way to promote environmental and economic sustainability, and to address challenges posed by resource depletion, pollution and climate change.

To this end, it operates the Circular Economy through two fronts: TROC and Reverse Logistics.

TROC is an online thrift store for premium and luxury brands (or second-hand platform) aimed at fostering the concept of circularity in society and thus changing the consumption culture.

Through it, quality pieces are resold, and damaged pieces are directed to donation.

Since its acquisition by the Company, TROC also sells products from past collections and with minor defects from Arezzo&Co Group brands.

With the acquisition of TROC in 2020, the Company not only met its sustainability expectations but also established its position in Brazil's fashion circular economy market, a niche expected to move R\$ 31 billion by 2029, according to the "ThredUp" report.

Through Reverse Logistics actions, the Arezzo&Co Group reaffirms its responsibility with the products it places on the market and meets the increasingly common expectations among consumers. As a result, it also complies with environmental regulations and opens up space for new business opportunities.

TROC
The most sustainable outfit is the one that already exists



HOW DOES TROC CREATE VALUE?

Salesperson arranges free postal delivery or schedules home collection of pieces in good conditions.

TROC qualified team analyzes the quality, produces photos, catalogs, prices and makes the items available in e-commerce.

TROC customer buys the piece. The platform keeps a percent of the value and the salesperson receives the rest.

Customers can ask for a TROC reusable bag at the time of purchase of Alme, Arezzo and Schutz brands.

Pieces not approved can be returned or donated to social institutions.

TROC-organized charity bazaars forward part of the sales to non-profit social organizations.

TROC's impact in 2023:

155.2 K PIECES CIRCULATED
+R\$28.7 MILLION IN REVENUE GENERATED

+30 K pieces sold from the Company's past collections inventory

350 K people participated in the #efeitotroc

1.5 B liters of water saved.

222.9 tons of clothing less in landfills

1,767.3 tonsless CO₂ in the atmosphere

21 M people impacted by circular fashion

69 K items donated to partner NGOs

REVERSE LOGISTICS

GRI 3-3 REVERSE LOGISTICS

Since 2019, the Arezzo&Co Group has implemented a Reverse Logistics Program for the Arezzo, Brizza, Alme and Reserva brands. The goal is to appropriately dispose of end-of-life products, mitigating their negative environmental impacts.

Circular Reserve is AR&Co's post-consumption reverse logistics program, a partnership with the Circular Cotton Move platform, active since 2022.

Collection points in physical stores receive pieces at the end of their use cycle. The collected pieces undergo sorting and have three possible destinations:

1. **Reinsertion into the production or manufacturing process***
2. **Donation**
3. **Co-processing**

*blankets for vulnerable people

25

post-consumption reverse logistics points in São Paulo and Rio de Janeiro

20 from Reserva brands and five from Arezzo&Co brands

AREZZO | WINTER 23



As an incentive, Reserva offers a 15% discount to customers who discard pieces they no longer use.

The Company aims to provide collection points in 100% of its stores, ensuring the proper disposal of these materials. Furthermore, it intends to train all store teams to make the Program effective. The entire collection process is tracked by the Group.

Alme Returns

GRI 3-3 INNOVATION IN MATERIALS, PRODUCTS AND PROCESSES

Alme stores throughout Brazil accept shoes of any brand for disposal. The shoes are used as input in the cement industry.

For shoe brands, the third possible destination is reinsertion into the production process.

WASTE MANAGEMENT

3-3 WASTE MANAGEMENT, SASB CG-MR-410a.3

The Arezzo&Co Group is aware of the problems of overproduction, excessive consumption, disposal and pollution caused by the fashion industry's linear model.

Through its Sustainability Policy, it formalizes guidelines that should guide action on the topic.

In addition to implementing actions on circularity, post-consumption reverse logistics, and responsible raw materials ([see more on pages 53 to 63](#)), the Company values transparency in disclosing information about the waste it generates ([Learn more about the types generated in the Disclosures Appendix](#)).

In this sense, the main impacts are related to waste generated by the Group's own activities, in the production of suppliers and by customers.

These include our:

- shavings and sawdust from chrome-tanned leather
- remains of impregnated textile materials, elastomers, and plastomers
- textile materials contaminated by hazardous substances
- contaminated packaging
- septic tank sludge from septic cleaning
- leftover paints and solvents

The Group has storage centers for general and hazardous waste for the proper disposal of materials, as well as relies on third-party companies for surveying, monitoring, tracking, collection and transportation of these materials.

Since 2021, packaging with recycled plastic in its composition has been used, and in 2023 part of the plastic packaging was replaced with compostable and biodegradable bioplastic, significantly reducing the risk of negative environmental impact.

The Company seeks alternative arrangements, such as sale for recycling, co-processing and new product manufacturing to deal with its waste. When an alternative cannot be found, waste is sent to landfill.

Finally, data on volume, transportation, and final disposal of the Company's generated waste are collected monthly. Our key numbers in the year are:



1,754.4 t of waste generated, including **837.1 t** hazardous and **917.3 t** non-hazardous

511.9 t waste recycled or reused



LEARN MORE ON PAGES 129 TO 133.



REVERSA | SUMMER 24

EMPOWERED PEOPLE



SCHUTZ | SUMMER 23

Ensure inclusive, safe and prosperous environment for all.



AREZZO&CO ARCHIVES



+26 K

people impacted by social responsibility initiatives



21.1%

of black people in leadership positions

R\$ 9 million



social responsibility initiatives

40%

of women in Executive Board positions

Capitals



SDG



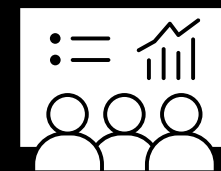
Material topics

Diversity and Inclusion

Employment and decent pay

1,024

leaders received literacy training in Diversity & Inclusion



+32 K

hours of training

WHO MAKES AREZZO&CO GROUP

GRI 2-7, 405-1

The empowerment of individuals directly or indirectly involved with the Arezzo&Co Group is only possible through a corporate culture of ongoing listening and improvement. It respects human and labor rights, values an ethical and fair environment, acts against discrimination, ensures the dignity of employees, and fosters a humane, productive and healthy workplace.

TEAM PROFILE

8,518

DIRECT EMPLOYEES



4,502
Full time

358
Part time

543
Non-guaranteed hours*



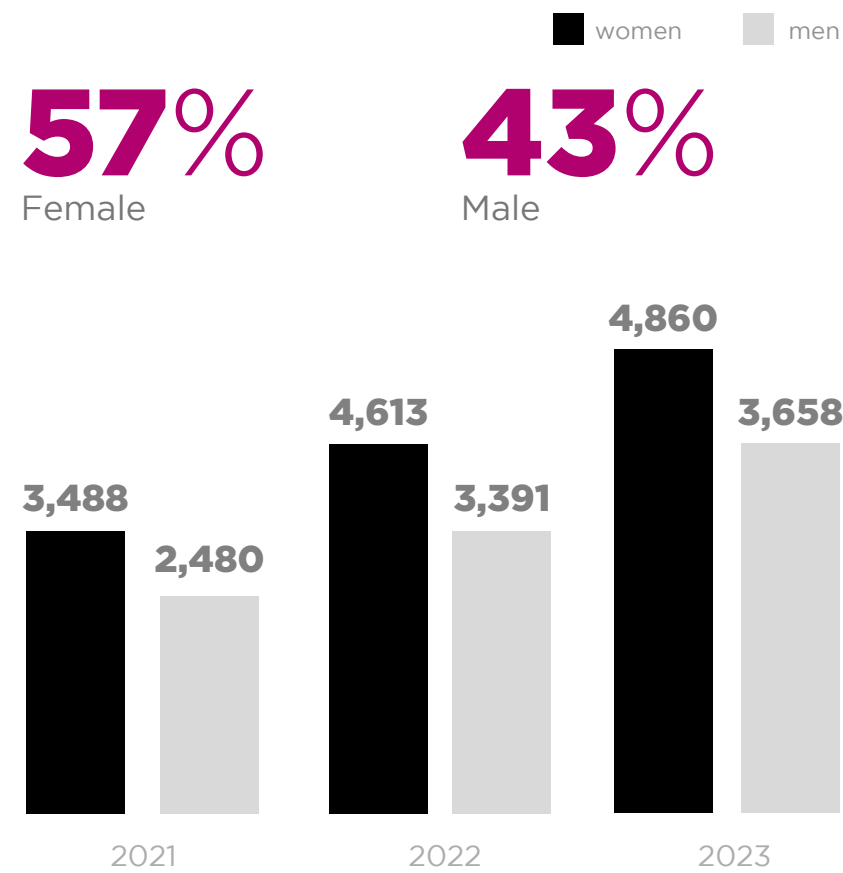
3,427
Full time

231
Part time

474
Non-guaranteed hours*

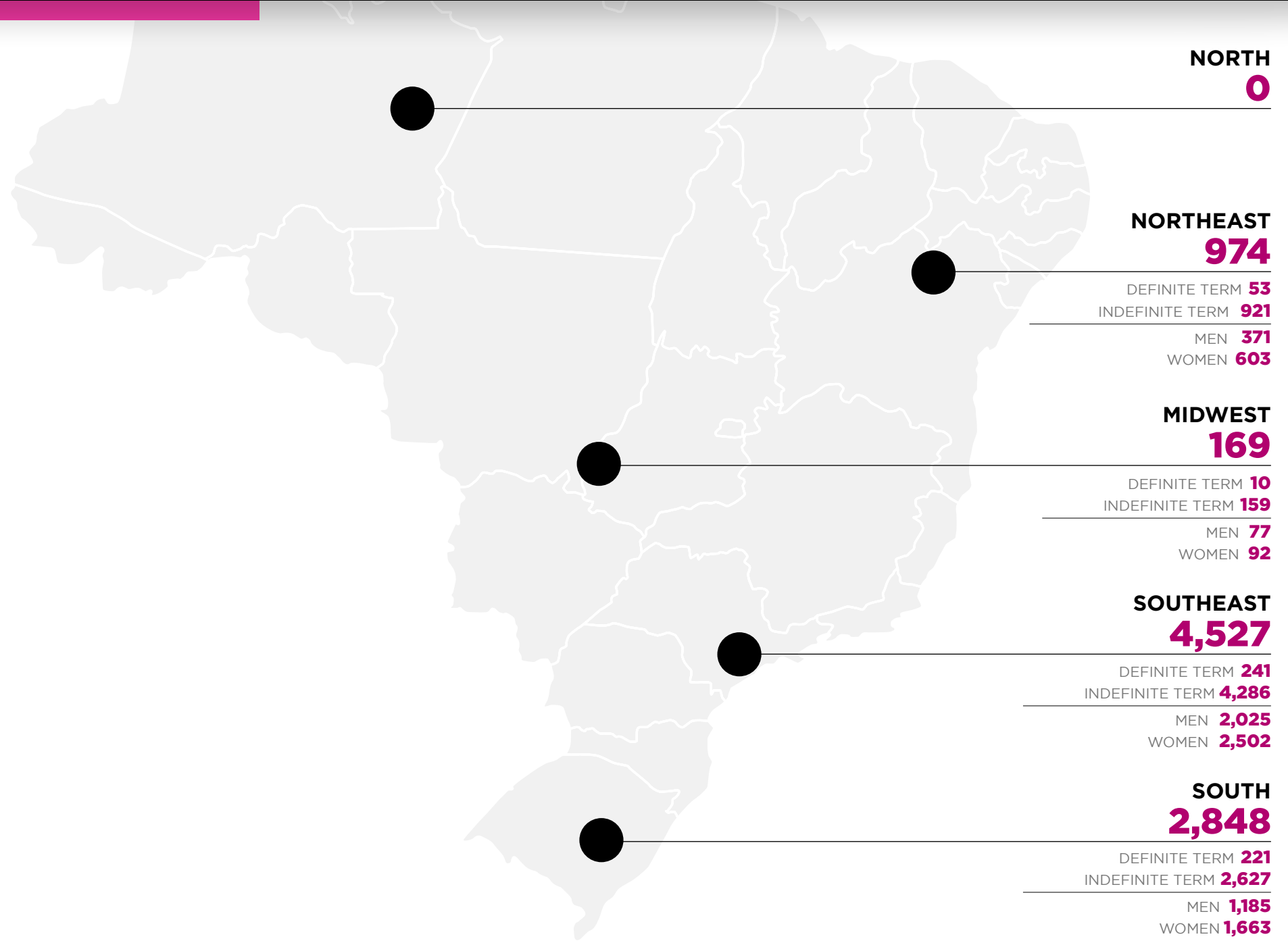
Employees with non-guaranteed hours are exempt from clocking in.

WORKFORCE BY GENDER



WORKFORCE BY AGE GROUP

Below 30	3,983	46.8%
30 to 50	3,816	44.8%
Over 50	719	8.4%



INTERNATIONAL OPERATION*



35



24

*USA and Italy: Numbers not included in the Group's total headcount.

ATTRACTING AND RETAINING TALENT GRI 401-1

4,506

NEW EMPLOYEES IN 2023

47.3% turnover rate

52.9% hiring rate

DIVERSITY AND INCLUSION

3-3 DIVERSITY AND INCLUSION

The Arezzo&Co Group originates from a family business and, more than 50 years after its first steps, continues as a Company made by people and for people.

Today, the thousands of individuals impacted daily by the Group's brand portfolio highlight the importance of continuously working to value diversity, representation, and inclusion: from its direct employees to customers.

The Company does not tolerate any practice or form of discrimination, whether for age, color, race, ethnic group, nationality, religion, gender, marital status, family situation, belief system, disability, disease or physical or mental issues, opinions, political options and/or sexual identity.

To ensure this, it utilizes a [Diversity Policy](#).

This effort is carried out by the People and Sustainability departments, with the support of the Sustainability Committee, the People, Culture and Governance Committee, and the Executive Committee for Diversity and Inclusion.

The Arezzo&Co Group's Diversity and Inclusion strategy, which has four priority groups and is based on three pillars, is applied to employees, suppliers, partners, franchisees, and all other stakeholders.



BRIZZA | SUMMER 24

Priority groups of the D&I Strategy:

- Women
- People with disabilities (PwDs)
- LGBTQIA+ people
- Black people

Strategic pillars:

01 DIVERSITY & INCLUSION CULTURE

We cultivate a culture based on respect, inclusion, equity, and valuation of diversity, **vigorously fighting all forms of discrimination and prejudice**, within and outside Arezzo&Co Group.

02 EQUAL OPPORTUNITIES

Ensure that everyone will have access to development and growth opportunities at the Company by **building policies capable of minimizing obstacles**, whether from individual or social issues, identifying inequalities to promote social justice.

03 REPRESENTATIVENESS OF ALL STAKEHOLDERS

To promote a work environment where the diversity of the population is represented and where **differences in culture, race, gender, age, and ideas, among others, are welcomed and respected**.

RESERVA | NAMORADOS 23



For the guidance and awareness of employees at all levels, from the factory to the store, Arezzo&Co Group makes use of specific publications: the [Anti-Racism Handbook](#), launched in 2023, and the Diversity Handbook, developed in 2021.



LEARN MORE ABOUT THE DIVERSITY HANDBOOK

EXECUTIVE D&I COMMITTEE

To extend the culture and strategy of Diversity and Inclusion to all levels and businesses, the Company has established its own committee for the topic.

The Executive Committee of D&I is led by the Executive Officer of People and Management, Sustainability, Institutional Relations and Expansion of the Arezzo&Co Group and complemented by External Members (from the Board of Directors and expert consultants in the topic) and Internal Members (from the Brands and Support departments).

Its duties include:

- Reviewing and approving **D&I policies, standards, procedures and goals.**
- Supporting **crisis management** in the D&I scope.
- Monitoring the **development of initiatives** proposed in Committee agendas.
- Deliberating on **strategic D&I decision-making** and affirmative actions.
- Promoting and ensuring **the engagement of stakeholders** for equity and diversity promotion.
- Approving **new campaigns, products and services** based on the principles of inclusion and representativeness of all stakeholders.
- Reporting **risks and opportunities** associated with social issues.
- Presenting the **investments needed** to execute the proposed plans to the Sustainability Committee and Board of Directors.



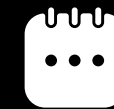
RESERVA | JEANS 23

In addition to the Committee, there is a consultancy specialized in racial topics, which works on antiracist training for leadership, content and campaign assessment, and supports the creation of educational, institutional materials and affirmative actions.

STRATEGIC ACTIONS PYRAMID



TARGETS



INITIATIVES



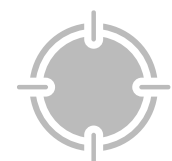
RAISING AWARENESS OF ALL STAKEHOLDERS



RAISING LEADERSHIP AWARENESS



VANS | KNU SKOOL



TARGETS MET

40.7%

of black people in overall workforce

(38.6% in 2022)

21.1%

of black people in leadership positions

(20% in 2022)

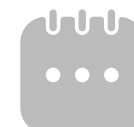


ANACAPRI | COLLAB GUARANÁ ANTÁRTICA 23

2030 public commitment
25% of black people in leadership positions



LEARN MORE ABOUT OUR PUBLIC COMMITMENTS ON PAGE 37



AFFIRMATIVE ACTIONS MADE

Fast-track of the careers of black people GRI 404-2

Program launched in 2022 aimed at increasing the representation of black people in the leadership of AR&Co brands, features a development pathway that covers topics such as ancestry, affection, leadership skills and corporate strategy.

Aimed at specialists, analysts and assistants, in 2023 it selected 11 people among eligible candidates.

Protagonizza+

In 2022, Arezzo&Co initiated its own program to develop black university students, aiming to make its environment more inclusive and diverse, fulfilling the People and D&I strategy.

The affirmative internship positions were in Commercial, Sustainability, E-Commerce, Marketing, Legal, Merchandising, People, IT/Information Security, Management, Institutional Relations, and Internal Communication departments.

With a duration of one year, Protagonizza+ resulted in:

48% retention

29 positions available (14 in RS and 15 in SP)

R\$500 K + investment

Arezzo&Co decided to expand Protagonizza+, and in 2024, in addition to the 29 positions for university students, it will offer 20 positions for black high school students from Campo Bom (RS). The program will last 18 months, with the possibility of being hired permanently.

The project was developed with the consent of the local Department of Education, aiming to meet the specific needs of the region's population.

Senai Program for Inclusive Actions - PSAI

As a way to combat invisibility and bring people with intellectual and psychosocial disabilities into the labor market, PSAI offers a six-month theoretical course followed by six months of practical activities in the Arezzo&Co Group's factories.

Throughout the program, each participant is supported by mentors, who are Arezzo&Co Group employees trained in inclusion by an external consultancy.

Since 2022, PSAI has been carried out with Senai, Apae from Novo Hamburgo, and Sine from Campo Bom (both in Rio Grande do Sul state).

Results in 2023:

42 people developed

616 hours of training and development

R\$345 K + invested

CAROL BASSI | SUMMER 23



Affirmative Scholarship Program

Through access to education, the program aims to boost the careers of black employees by offering scholarships 100% funded by the company for technologist, undergraduate and graduate courses.

50 scholarships

including 10 for graduate and 40 for undergraduate studies



AWARENESS AND LITERACY

RETAIL

514

people trained

Onboarding that includes introductory concepts.

Monthly training to deepen topics and concepts.

Gurias in Tech

Through a partnership with the startup GrowDev and PUC-RS, Arezzo&Co continued its promise of qualifying five women interested in technology, who received a full scholarship and an opportunity to start their careers in the company as full-stack web developers.

AREZZO | CRUISE 24



INCLUSION AND DIVERSITY FOR BUSINESS AWARD

Grupo Sinos awarded Arezzo&Co in two categories with its **Internal Communication cases: Empowered People** (for the Company's Diversity and Inclusion handbook) and **Affirmative Action** with the Protagonizza+ program.

CONTRIBUTORS

3,278

accesses

Topics: Diversity and Inclusion Trail. On-line training.

LEADERSHIP

304

leaders trained

Topics: Diversity & inclusion Anti-racism Training Diversity in fashion.

DIVERSITY, EQUITY & INCLUSION CENSUS

For the second consecutive year, the Company conducted an integrated census to map diversity in the company and understand employees' perception of inclusion and equity.

The information was independently assessed by a specialized consultancy between August and September 2023. There was a 60% adherence and participation from 4,621 employees.

The results showed the Company's commitment in practice and also pointed out areas for improvement.

Key issues identified:

- Majority presence of women.
- Participation of women in leadership positions above market average.
- Participation of LGBTQIAP+ people in leadership positions above market average.
- Increase in the presence of marginalized groups in the company, especially black and brown people and people with disabilities.

IMPROVEMENT OPPORTUNITIES

1. Increase the participation of the 50+ population.
2. Increase the participation of black and brown people and people with disabilities in leadership positions.

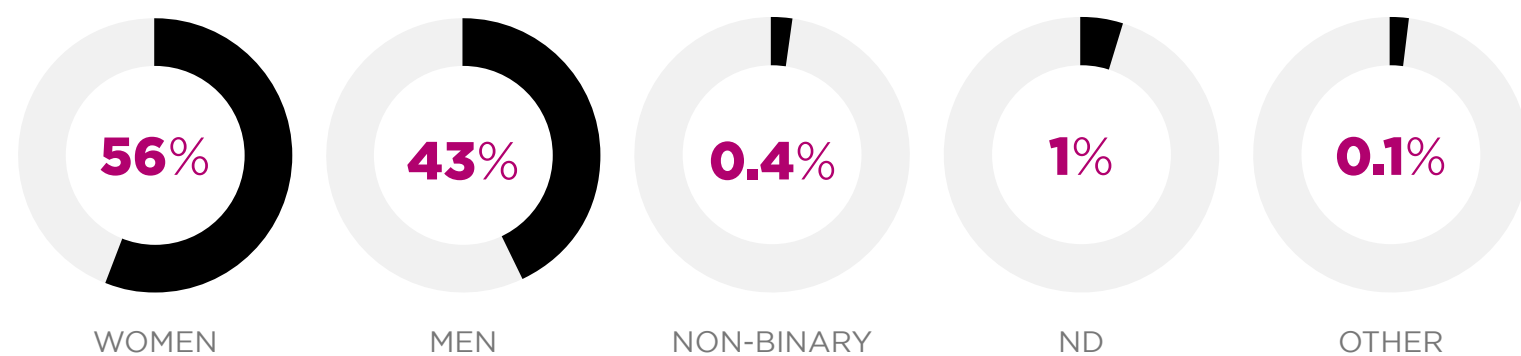


RESERVA | SUMMER 24

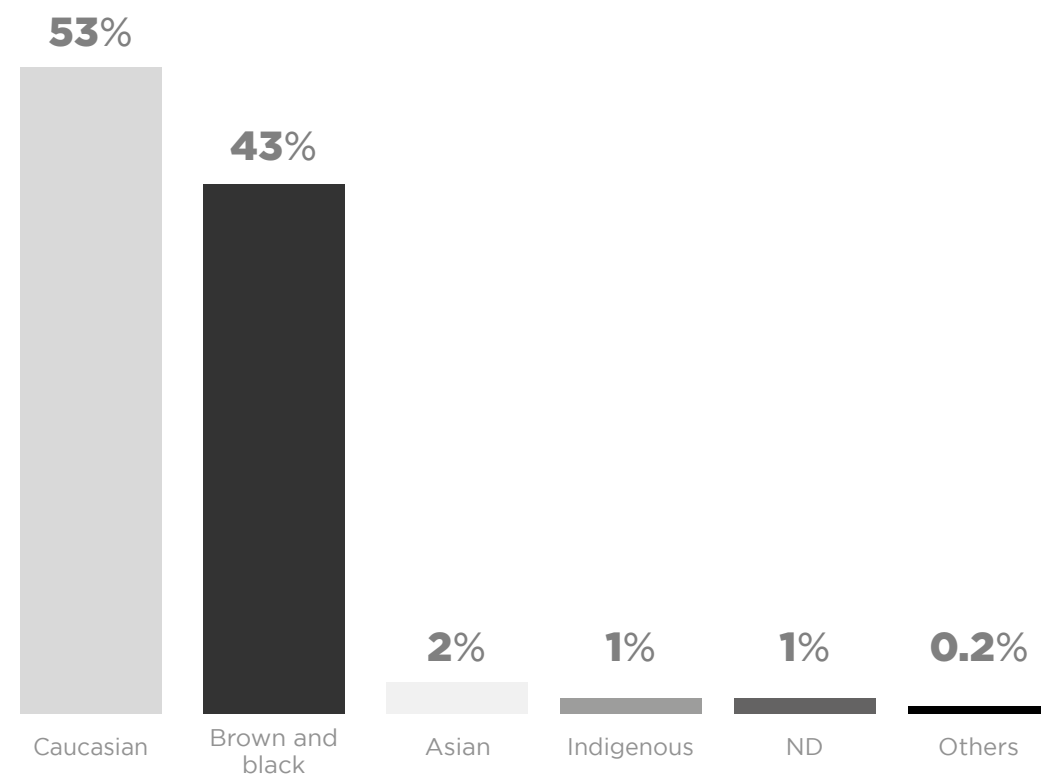
DIVERSITY IN AREZZO&CO GROUP

(% IN RELATION TO THE TOTAL RESPONDENTS OF THE CENSUS)

GENDER



RACE AND COLOR



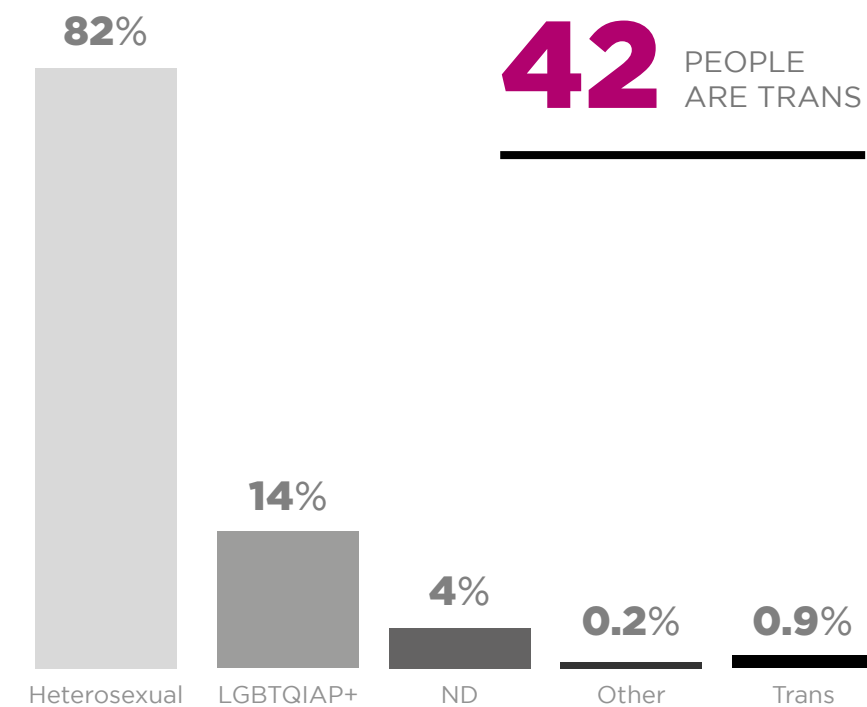
28% BROWN

15% BLACK

BRIZZA | SUMMER 24



SEXUALITY



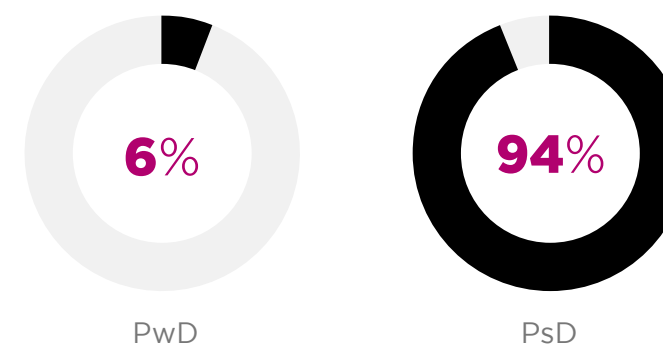
GENERATIONAL

50- **92%** **50+** **8%**



AREZZO | CRUISE 24

DISABILITY



- 30%** physically disabled
- 30%** visually impaired
- 13%** with hearing impairment
- 27%** other

26% of women are mothers

10% are single mothers

23% of women are black

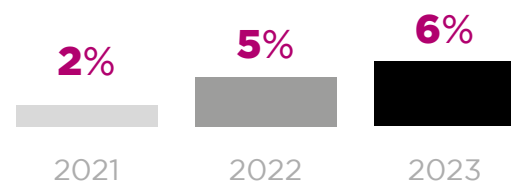
5% are black single mothers

52.4% of PwDs are women

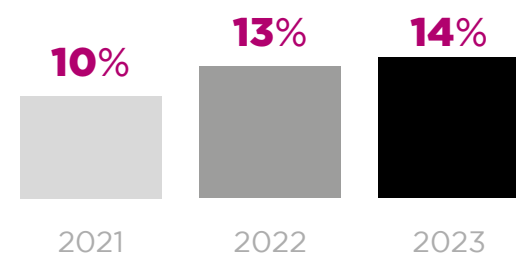
8% of the LGBTQIAP+ population are women

OVERALL PROGRESSION RATE

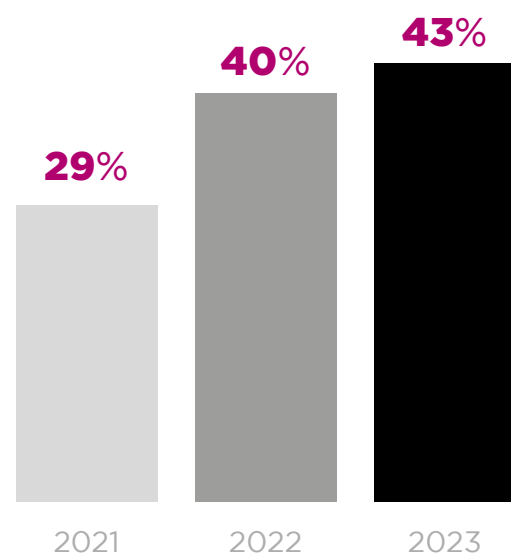
PwD



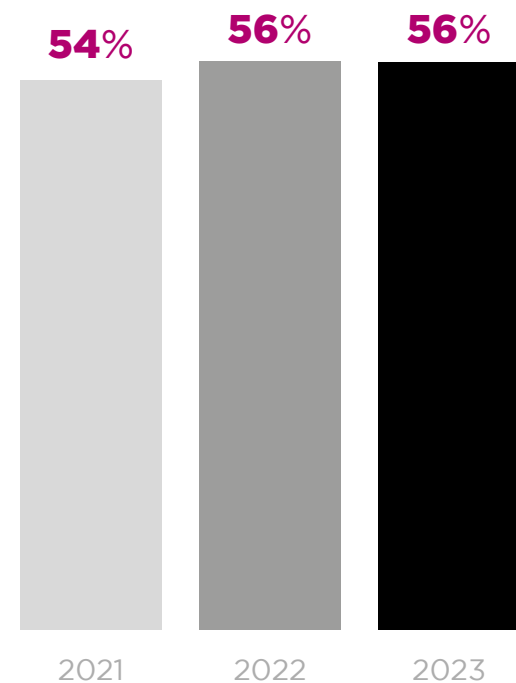
LGBTQIAP+



BLACK PEOPLE



WOMEN



INCLUSION INDEX

This index captures the impressions of all employees, showing that the Company needs to persevere in its work on inclusion and improve methods and communication for the valuation of human resources as a whole.

As a result, it was observed that marginalized groups scored lower on the index compared to the group of men, white, heterosexual and without disabilities.

Therefore, the identified opportunities for improvement were:

- Increase clarity/alignment with direct leadership, career perspectives, and company support for marginalized groups.
- Work towards Leadership engagement with Diversity, Equity and Inclusion.
- Ensure the representation and inclusion of marginalized groups within the Company.

115 107 117 122

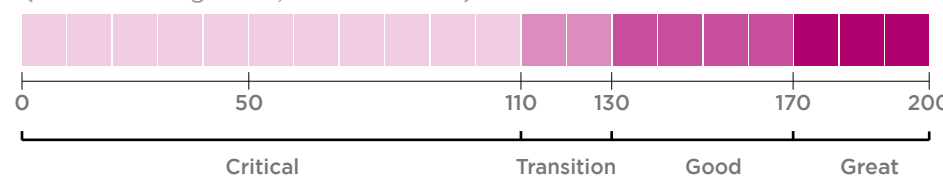
Psychological Safety

Life, Work and Career

Openness and Encouragement to DE&I*

Structure and Culture of Inclusion

(Benchmarking index, scale 0 to 200)



AREZZO | CRUISE 24



In 2024, Arezzo&Co Group will use the census results for the review and execution of its Diversity & Inclusion strategy, building a more inclusive work environment and exploring presented opportunities.

To this end, the Company will promote leadership training on social markers of diversity and other topics of interest (listening, empathy, unconscious biases, for example). It will also highlight the positions of those in the highest offices and link the topic to their KPIs.

*DE&I: Diversity, Equity and Inclusion.

EMPLOYMENT AND DECENT PAY

GRI 3-3 EMPLOYMENT AND DECENT PAY, 401-2, 403-6

Among the challenges of 2023, the people who make up the Arezzo&Co Group delivered efficiency while feeling the impacts of layoffs, cost reductions and the integrations necessary for a House of Brands.

These measures impacted the quality of life and engagement of employees, behaviors verified through surveys with NPS methodology.

With this, the People and Management planning identified the importance of humanizing the corporate culture and an individualized look at the Company's people.

Leveraging the skill exchange among the portfolio brands, a series of adjustments and improvements were implemented throughout the year, and others have been scheduled for the beginning of 2024.

+ NEW

Quick **Massage service** in São Paulo and Rio Grande do Sul;

Birthday day off (retail);

Decompression room

for employees at the administrative office Campo Bom;

Cost assistance for employees not residing in Campo Bom, Novo Hamburgo, and Sapiranga (RS);

Extension of parental leave, totaling 180 days (Maternity) and 20 days (Paternity).

+ READJUSTED BENEFITS

A 10% increase in the **Meal Tickets** and **Grocery Vouchers**;

Reduction of the Food Voucher discount rate on the payroll, from 20% to 10%.

SCHUTZ | HIGH SUMMER 23



+ MAINTAINED BENEFITS

Profit Sharing Program (**PPR**);

Gympass, access to gyms, live online classes, and personal trainers;

Psicologia Viva, an online therapy session platform;

Corporate **birthday day off**;

Food hampers for own factory employees;

Life insurance;

Workplace exercises.



ALEXANDRE BIRMAN | PRE FALL 23

For employees of the Campo Bom units, Arezzo&Co has the RUNNERZZ running group. Participants take weekly training and receive the follow-up from a Physical Education teacher and a nutritionist.

*All employees also have access to transportation tickets, meal/food vouchers, the New Value benefits club, gift cards and daycare allowance

*Applied according to each category's collective agreement.

TRAINING GRI 404-2

The Company has invested in the training of its employees, covering topics such as compliance, leadership development, technical training, diversity and inclusion, code of conduct, among others.

In franchising, retail team development includes topics like sales opportunities, sustainability and brand strategies, among others. In-person trainings (road shows) in São Paulo, Belo Horizonte, Recife, Salvador, Fortaleza, Rio de Janeiro, Londrina, and Bauru trained 2500 professionals.

With the leadership development program for corporate offices, factories and own stores, 586 professionals were trained.

In AR&Co, retail leadership undergoes enhancement and development in people management and leadership concepts, integrating the organizational culture with a human focus and productive leverage. Additionally, operational leadership in Logistics/Industry is developed in leadership competencies, people management, and process management through the First Management Training Program.

Career and skills development

GRI 404-3

The People Cycle is a process that stimulates recognition, efficiency, and the development of people, promoting the Culture of the Arezzo&Co Group.

It operates through the verification of Observable Behaviors aligned with the Company's Principles and a Goal Panel, in line with corporate management guidance and strategic planning.

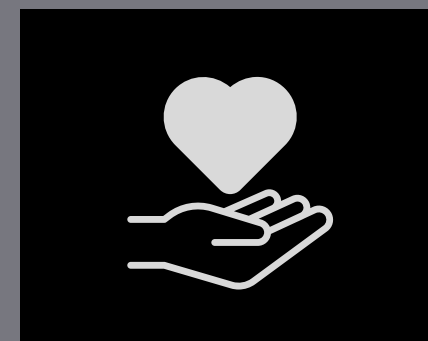


ANACAPRI | SUMMER 23

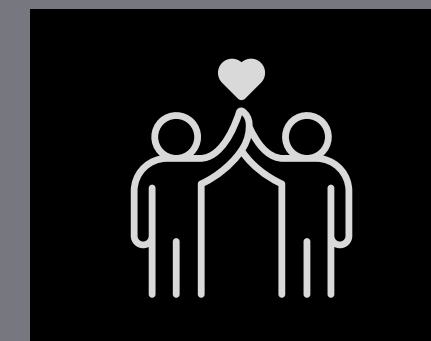


LEARN MORE IN THE DISCLOSURES APPENDIX.

PEOPLE CYCLE*



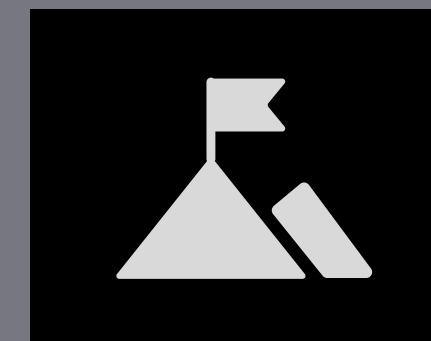
Promote **cultural** fit



Develop and acknowledge people



Map and accelerate growth potentials



Sustain the leadership pipeline

Key figures



2,026 assessments

24.1% participating employees

*Does not take into account TROC employees



AREZZO | WINTER 23

SOCIALLY RESPONSIBLE OPERATIONS

The Arezzo&Co Group understands its role as a promoter of change in society and acts to mitigate inequalities and social injustices, as well as to foster training actions.

Four topics are highlighted by the Company:

1. People in social vulnerability
2. Fighting hunger
3. Sports
4. Female empowerment

The Group invested: R\$ 9 million+ in corporate social responsibility initiatives



ANACAPRI | PRE FALL 23

LOJA DOS SONHOS (STORE OF DREAMS)

The Dream Store was established in 2018 with the goal of offering a retail experience to socially vulnerable women.

In Campo Bom, it operates as an annual event, and in São Paulo, it is available through two fixed units.

380

women benefited

338

volunteers

6 K+

items donated

The project expanded into a Social Store format in 2022, with the opening of the first unit in the Paraisópolis favela, in partnership with the Costurando Sonhos institute.

In 2023, the second unit was launched at the Casa Transitória Fabiano de Cristo in São Paulo.



CAROL BASSI | HIGH SUMMER 24

All income from the Social Stores is reverted to the Casa Transitória (a Social Organization benefiting children, the elderly, pregnant women, and families) and to Costurando Sonhos, an initiative of the nonprofit organization G10 Favelas, which trains women in sewing and provides financial autonomy.

Revenue was generated of R\$ 150,000+ for both operations

CASA TRANSITÓRIA

3.7 K+

products sold

2,000

people reached monthly

PARAISÓPOLIS

2.2 K+

products sold

128 women

reached monthly



REVERSA | SUMMER 24

**1P=5P
(1 PIECE =
5 FULL PLATES)**

For every piece sold at Reserva, Reserva Mini, Reserva Go, and Reversa, five plates of food are supplemented for people experiencing food insecurity in Brazil. The project, launched in 2016 in partnership with the NGO Banco de Alimentos, reached 100 million supplemented meals in 2023.

In 2023 alone:

57

social institutions served

29 million+

meals donated

Since the start of the project, 112,418,780 plates of food have been supplemented. The company continues its commitment to fighting hunger and food waste.

PACTO CONTRA A FOME

The Arezzo&Co Group has joined Pacto Contra a Fome, a supra-partisan, multi-sectoral movement aimed at combating hunger and reducing food waste in Brazil.

The goal is to have no one suffering from hunger by 2030, and by 2040, to have everyone well-nourished.

ALEXANDRE BIRMAN | SUMMER 23



SCHUTZ | RESORT SS24

AÇÃO SCHUTZ + COSTURANDO SONHOS AND ORIENTA VIDA

The partnership between Schutz and the NGOs Costurando Sonhos Brazil and Orienta Vida combines circular economy with female empowerment.

Surplus fabrics from past collections are repurposed to create beach wraps. Thus, the brand finds a purpose for textile waste in its inventory.

The resulting upcycled wraps are purchased by Schutz and gifted to customers.

SUPPORT FOR CALAMITIES

The Arezzo&Co Group has made direct donations and product donations to calamities that occurred in Brazil.

- Disasters on the North Coast of São Paulo
- Floods in Rio Grande do Sul

R\$ 136,500

Total amount donated

7.8 K+

Items donated (including grocery packages, hygiene kits, mattresses and blankets)

MINAS TENNIS CLUBE

The Arezzo&Co Group believes that sport is part of creating citizens better prepared for the world and therefore supports the Minas Tennis Club's (MTC) swimming division from pre-school to the main team.

The company's financial support encourages sports practices by subsidizing all training costs, travel, and food for athletes of the club based in Belo Horizonte (MG).

In 2023, over R\$ 1 million was invested, impacting 352 athletes

BRIZZA | CRUISE 23



FOR FURTHER INFORMATION, VISIT WWW.USERESERVA.COM/IP5P

RESPONSIBLE PRODUCTION



AREZZO | TIC 23

Create value for society based on the development of an ethical, responsible, safe and sustainable chain.



AREZZO&CO ARCHIVES

Capitals



SDG



Material topics

- Workplace conditions
- Supplier Management
- Innovation in materials, products and processes



100% ABVTEX certification for direct suppliers

OWN FACTORIES HAVE **ABVTEX CERTIFICATION GOLD LEVEL**



96% of Arezzo&Co's production made in Brazil

100% of AR&Co's production made in Brazil

9.9% of partners certified with Sustainable Sourcing

WORKPLACE CONDITIONS

3-3 WORKPLACE CONDITIONS, 403-1, 403-8

Due to the significant job creation and participation in a sector that demands outsourced labor, Arezzo&Co Group recognizes the importance of work conditions, both for the Company itself and for those who depend on its operations.

These conditions include aspects such as time (working hours, rest periods, and work schedules), compensation, and physical and mental well-being in the workplace.

HEALTH AND SAFETY

The Group adopts measures and invests in raising awareness among all its employees for accident prevention aligned with its Sustainability Policy and Health and Safety Policy.

The health and safety-related risks are mapped by the SOHSS department, based on the data

from the Risk Management Program, the ergonomic report and the Occupational Health Medical Control Program. In part, these risks are mitigated by proper operational procedures and personal protective equipment (PPE).

All employees, including workers who are not employees, but whose work or workplace is controlled by the organization, are covered by the health and safety at work management system, which is aligned with Regulatory Standards (NRs).

The Company also has tools to assess compliance with legal requirements applicable to Occupational Health and Safety and ISO

AREZZO | HIGH SUMMER 23



MORE INFORMATION ABOUT OCCUPATIONAL HEALTH AND SAFETY AND WORK CONDITIONS IN THE DISCLOSURES APPENDIX.

WORK-RELATED INJURIES

GRI 403-9

The main types of accidents in the operations of Arezzo&Co Group are small cuts, sprains and road accidents. Following an incident, the SOHSS department conducts an investigation in accordance with internal procedures, opening a CAT (accident communication) if necessary, promoting safety dialogs, and continuously monitoring potential health and safety risks to employees.

Audited internally, this system encompasses Specialized Services in Safety and Occupational Medicine, Fire Brigade, Safety Technicians at Work, and the Internal Accident Prevention Committee (Cipa).

Care for the health of employees is reinforced by the presence of nursing technicians in the factories and third-party companies.

When necessary, TROC relies on the support of Arezzo&Co's SOHSS to address related issues.

SUPPLIER MANAGEMENT

GRI 2-24, 3-3 SUPPLIER MANAGEMENT, 407-1, 408-1, 409-1, 204-1, SASB CG-AA-430b.1, SASB CG-AA-430b.3

Arezzo&Co Group's supply chain consists of its own factories, outsourced finished product suppliers and their subcontractors, in addition to raw material suppliers.



FOREIGN SUPPLIERS
5.25%
R\$ **132.8 million**

NETWORK OF SUPPLIERS

96%

Brazilian suppliers

4%

Foreign suppliers

354

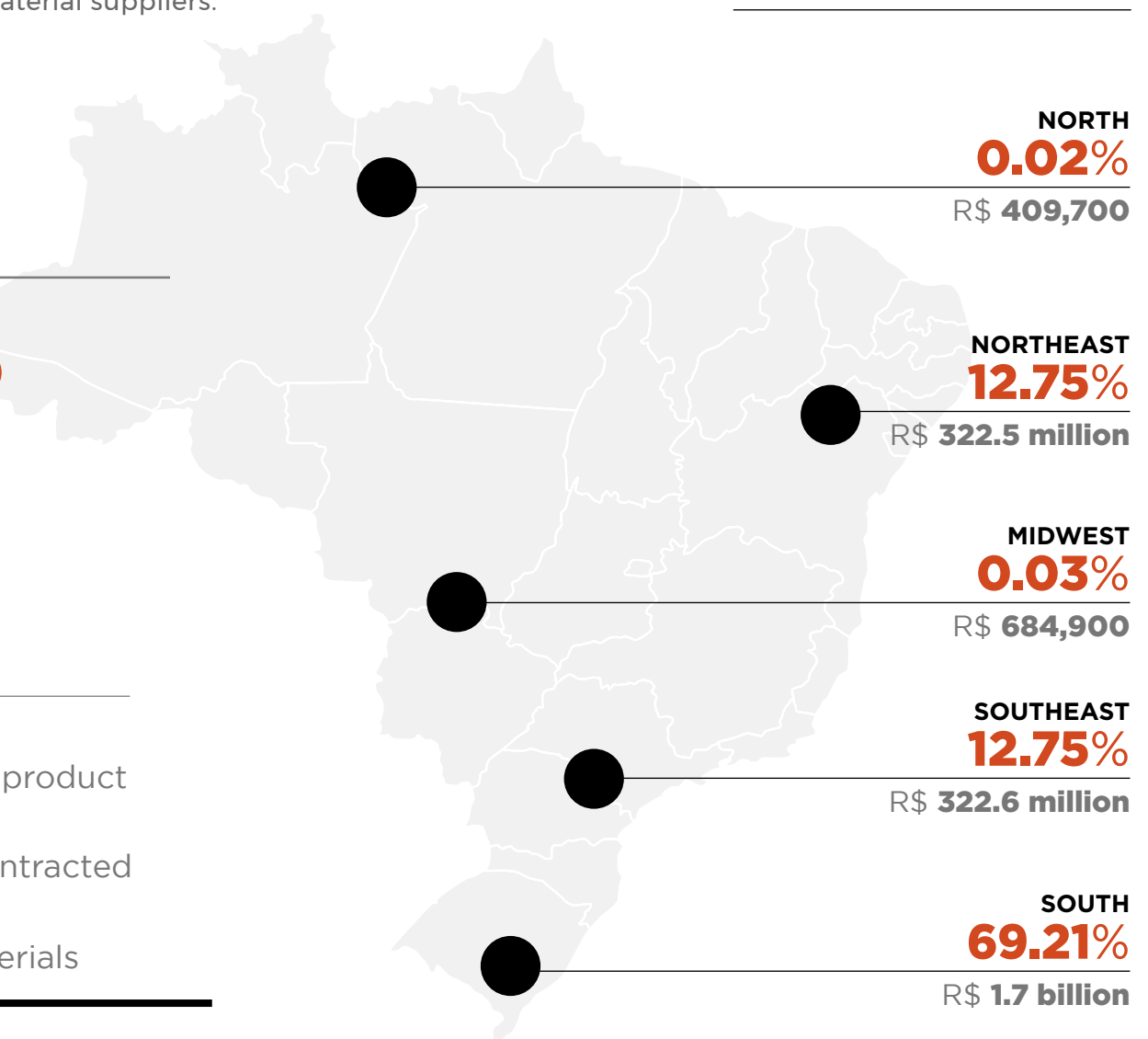
Direct finished product

202

Indirect/Subcontracted

208

Direct raw materials



The Supplier Compliance Management Process is led by the Internal Audit department, which assesses socio-environmental requirements and ethical conduct guidelines. It includes stages of selection, approval, audit (initial and/or periodic), continuous monitoring and management of consequences.

During the approval process, documentation is reviewed to ensure compliance with effective laws and regulations (labor, tax, en-

vironmental, health and safety at work, among others) and the ABVTEX certificate is evaluated. For finished product suppliers, the declaration of their subcontractors is also requested. When necessary, both undergo an audit process with an internal team for physical and documentary inspections. Vans requires its suppliers and subcontractors to undergo an external audit by FFC (Fair Factories Clearinghouse) and QIMA (Quality Control & Supply Chain Audits).

International finished product suppliers must comply with the standards and legislation of the country of origin, and the socio-environmental requirements defined by the Company. To ensure legal compliance in labor and environmental topics, SMETA (Sedex Members Ethical Trade Audit Report) or BSCI (Business Social Compliance Initiative) audits are used.

Furthermore, all finished product suppliers are subjected to monthly documentation analysis and must maintain their ABVTEX Certification valid, according to the criteria and deadlines established by the Program.

AREZZO | WINTER 23



ABVTEX Certification goals

100%

of finished product suppliers, footwear, and clothing ABVTEX certified*

* Except Schutz Lifestyle and Carol Bassi apparel, which are within the two-year adjustment period.

23% subcontracted by own factories (-78% - not achieved).

Due to the business model of mergers and acquisitions, Arezzo&Co Group operates in the following ways regarding the compliance of finished product suppliers:

- Brands and businesses with more than two years of acquisition: a commitment to effective approval and mandatory ABVTEX certification are required.
- Brands and businesses with less than two years of acquisition: Approval with concessions. Certification is not mandatory, and there is flexibility for some documents to be obtained up to two years as practiced by ABVTEX.

ALEXANDRE BIRMAN | WINTER 23



To support suppliers and subcontractors in the certification process, Arezzo&Co Group has partnered with Sebrae since 2022

Throughout the year, 124 new finished product suppliers were signed up considering socio-environmental criteria, and 260 were evaluated on social impacts (Human and Labor Rights, Discrimination, Child Labor, Forced or Slave Labor, Occupational Health and Safety,

Compensation, and Freedom of Union Association). Of these, three (1.15%) were identified as potential social impactors, with two (0.38%) having already completed an action plan.

GRI 308-1, 414-1, 414-2, CG-AA-430b.2

01

supplier dismissed due labor violations



LEARN MORE IN THE DISCLOSURES APPENDIX



AREZZO | MADE IN BRAZIL 23



SCHUTZ | TRENDS 23

NON-PRODUCTIVE SUPPLIER SCREENING

This topic is on the Company's radar for future action, especially regarding **cleaning and security suppliers.**

Due to security requirements at the **Distribution Center**, which employs a significant amount of indirect labor, the Internal Audit is developing access policy materials, standards, and security and gatehouse manuals.

93%

tanneries certified

9.9%

of partners certified with Sustainable Sourcing

In 2022, a pilot evaluation of raw material suppliers for the Reserva brand was initiated but was suspended in 2023 due to the Group's focus on cutting expenses. The action will be reformulated in 2024.

Although there is not yet a screening process for raw material suppliers, the Group encourages its leather suppliers to obtain Leather Working Group (LWG) and/or Brazilian Leather Sustainability Certification (CSCB). The Company was one of the first to cooperate and recommend its suppliers to obtain the Sustainable Sourcing certification, which is unique in the world for footwear and inputs manufacturers.

The company's main own factory, in Campo Bom (RS), achieved the Sustainable Origin Diamod seal, the highest level of certification

INNOVATION IN MATERIALS, PRODUCTS AND PROCESSES

3-3 INNOVATION IN MATERIALS, PRODUCTS AND PROCESSES



ALME | CARBON NEUTRAL 23

2023 was a year of structuring ZZ-Bags, the development center of the HG handbag factory, acquired by the Company the previous year along with Sunset, a company specialized in imports.

For the Sourcing department, this unification of operations brought several gains: in internal productivity, external relations and the development of samples and prototypes that scale up production.

The past year also saw resources for new cutting-edge technologies for the Company: the latest in the world for leather cutting, implemented in the Campo Bom (RS) factory.

With it, it's possible to make more pieces with the same amount of leather and, in addition, generate less waste.

*depending on the leather model in normal use.

Leather cutting consumption gain of **4% to 7%***

ALME MODELS

Alme uses the Life Cycle Assessment methodology to measure the carbon footprint of its products. The average carbon footprint calculated from the models developed in the brand is 5.41 kg of CO₂ / pair.

ALME | LUME 23



With a lean and assertive mix, Alme highlights the models that have become icons and sales champions:

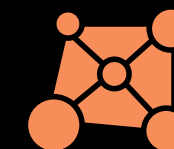
- **LUME SNEAKERS** (carbon footprint 5.03 kg CO₂/pair).
- **ECO SLIDE** (carbon footprint 1.78 kg CO₂/pair).
- 100% of CO₂ emissions from the production of Alme products was neutralized.



MORE INFORMATION AT: WWW.SOMOSALME.COM.BR

ON DEMAND

AR&Co's on-demand clothing factory in Rio de Janeiro is focused on on-demand productions, both for customers and INK retailers. This reduces waste production and optimizes inventory spaces.



ZZ HUB

ZZ HUB is our **first business focused on technology development**, which is part of our digital transformation. Located in an area of 4,000 m² in Campo Bom (RS), **promotes innovation and co-creations with students and startups, as well as training.**

RESERVA CO | NEO 23



LOCAL DEVELOPMENT

GRI 204-1, CG-MR-000.A

With 96% of suppliers in the national territory, Arezzo&Co Group works to positively impact local businesses.

In the production of pieces of clothing, 56% of the amount invested is allocated to partners located in South Brazil, where our headquarters and four own factories are located.

The opening of the Alagoinhas (BA) factory also expanded the development and income generation of local communities.

This positive impact also occurred in Carriacica (ES), the city chosen for the Company's Distribution Center.

56% of the investment in apparel pieces is allocated to partners located in the Southern region

SCHUTZ | SUMMER 24



	AREZZO&CO	AR&CO
Franchises	806	89
Suppliers	129	144
Employees Indirect in retail	4,301	586
Employees Indirect at manufacturers	28,574	17,101



50,562 INDIRECT EMPLOYEES IMPACTED

Data for early December 2023

TRANSPARENT COMMUNICATION

AREZZO | MADE IN BRAZIL 23



Communicate with responsibility and promote educommunication for all stakeholders.

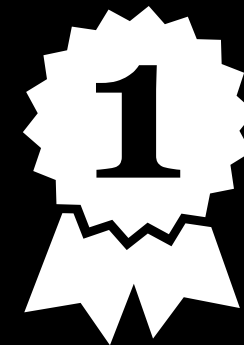


SCHUTZ | SUMMER 23

★ ♥
75 NPS

42%
ITM score for Arezzo

41%
ITM score for Reserva



BEST ANNUAL REPORT, AWARDED BY THE BRAZILIAN ASSOCIATION OF PUBLIC COMPANIES

Capitals



SDG



156
grievances reported to our Ethics Channel

10
resolutions (valid cases)

13
priority attention points in risk mapping



CORPORATE GOVERNANCE

As a publicly traded company since 2011 (ARZZ3) and listed since 2021 in the highest governance segment - the Novo Mercado of the Stock Exchange (B3) -, Arezzo&Co Group adheres to practices that go beyond legal requirements. **GRI 2-1**

Its Governance model aims to optimize the Company's performance,

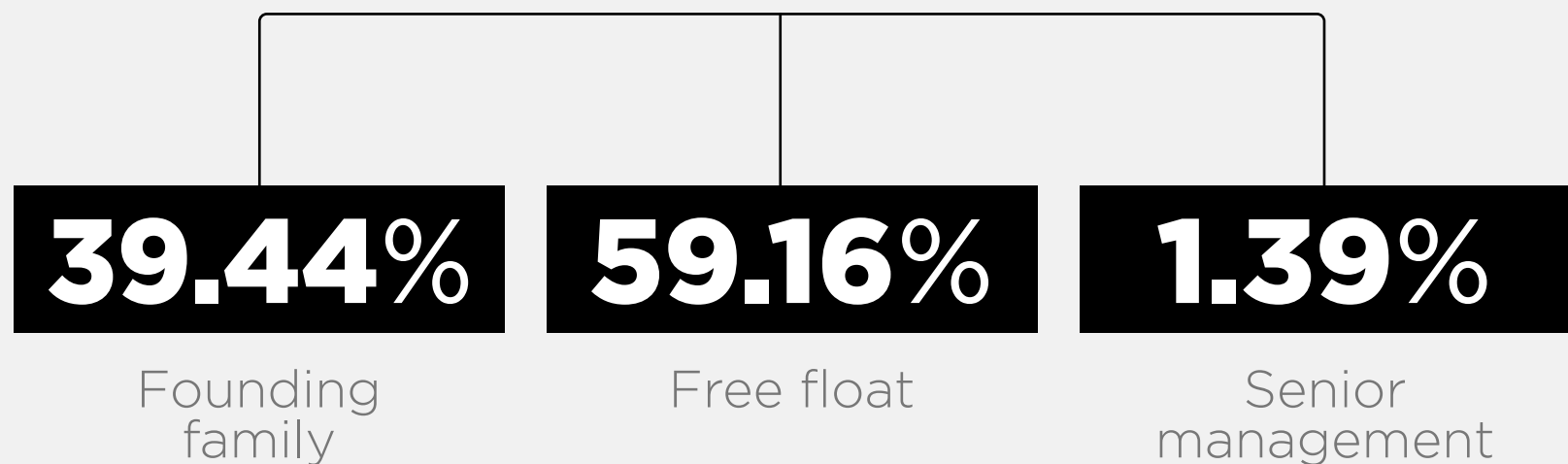
ensure sustainable development, and promote actions with transparency, fairness and accountability.

Arezzo&Co operates in the private market, without governmental shareholding or political contributions. It has not made monetary contributions to lobbying, political campaigns or trade associations in the last five years. **GRI 415-1**



SCHUTZ | SUMMER 23

110,989,206 Shares



BOARDS & COMMITTEES

GRI 2-9 AND 2-10

Comprised of at least five and at most ten members, of which 20% are independent, the Board of Directors is the highest governance body of the Company. Board members are appointed by the Annual General Meeting for a renewable term of two years.

The members are chosen for their alignments with the Company's strategic positioning and purpose, in addition their diversity, independence, expertise and experiences in economic, environmental and social topics.

Four Committees assist the Board of Directors in decision-making, guided by the strategic map of

the Company. These committees are: Risk, Audit and Finance Committee; People, Culture and Governance Committee; Strategy, Brands and Innovation Committee; and Sustainability Committee. **GRI 2-24**

Furthermore, the Company also has an Audit Board, providing more security, solidity and transparency to controls, in addition to supporting the fiscal strategy.

The Statutory Executive Board and a group of non-statutory Executives support the development and growth of the business in an agile manner aligned with the fundamental pillars of the internal culture.

See our complete governance structure:

GRI 2-9



Board & Committees

Senior management

Management

Sensitive Issues Committee
TCFD-8

The Arezzo&Co Group acted as a pioneer by establishing its own committee for the management of sensitive issues.

The Committee, operational since mid-year, brings together the Compliance, People, Legal, Institutional Relations, Sustainability/Diversity, and Inclusion departments.

With this new committee, situations with the potential to cause crises can be addressed by a unique multidisciplinary team, directed to their respective departments for further monitoring.

BoD Diversity
GRI 405-1

The Board of Directors (BoD) of the Arezzo&Co Group includes two women among its members.

Having two effective female board members awarded the Company the Women on Board (WOB) certificate.

However, the percentage of female participation on the BoD decreased with the entry of two new male board members.

Currently, the diversity on the board is: 71.4% men and 28.6% women.

The Company is aware of this diversity gap and will undergo Board mandate renewal in 2025.

Sustainability Committee
GRI 2-24, TCFD-1, TCFD-8

The Sustainability Committee, comprised of four members of the Board of Directors, meets bimonthly with the president of Arezzo&Co, the chairman of the Board, the executive officers and the management of the department. It is responsible for guiding the sustainability of the Company's operations and analyzing topics related to the ESG strategy, including climate change; approval of variable compensation for executives linked to ESG performance; setting of goals, among others. The Sustainability Committee is also responsible for managing environmental and climate risks and for actions of social and environmental responsibility, aligned with the materiality matrix.

The Sustainability Committee evaluates ESG strategy topics, in addition to managing environmental and climate risks and social and environmental responsibility actions

VANS | KNU SKOOL 23



PERFORMANCE ASSESSMENT
GRI 2-18

The members of the BoD and committees undergo annual performance evaluations, in a process led by the Governance department and aligned with the Company's values. The objectives include:

Improve the alignment of the profile of the bodies with the corporate strategy

Enhancing the support offered to the CEO

Improve the process of recruiting and renewing Directors and the Executive Board

Ensure the Board's credibility

Assess the adequacy of the CEO's actions when implementing the Company's strategic direction.

COMPENSATION
GRI 2-19, 2-20, TCFD-11

The Company has a compensation model for Senior Leadership that considers strategic goals and best governance practices, with criteria such as market research, compensation history, CVM rules, and performance.

The amounts allocated to bodies like the Board of Directors, Audit Board, Support Committees, and Administrative Officers are defined in a General Meeting.

Members of the Board of Directors and Audit Board, and Support Committee members, do not receive compensation based on profit sharing and/or stock options, nor do they receive benefits.

Administrative Officers, as well as officers, executive managers, managers, coordinators, and specialists, are compensated with a fixed portion (salary or pro-labore) and a variable portion (profit sharing and long-term incentives). In addition to benefits like meal vouchers, life insurance and medical assistance.

For the second consecutive year, the Arezzo&Co Group linked a part of the variable compensation for C-level leadership to ESG targets as a way to foster sustainability within the Company.

AREZZO | WINTER 23



These targets are updated annually and are a condition for defining the value of the Senior Leadership's Profit Participation Program (PPR).

In 2023, there were:

- 20% black leaders. Achieved: 21.1%
- 40% traceability of leather in Schutz and Alexandre Birman shoes and handbags. Achieved: 49.6%
- 32% sustainable materials in Stock Keeping Units (SKUs) produced. Achieved: 35.1%
- 100% ABVTEX certification for direct suppliers. Achieved: 100%
- 100% ABVTEX certification for subcontractors of owned factories. Not achieved: 23%

Additionally, some Company departments have ESG targets linked to their outcomes, such as Sustainability, People, Internal Audit, Sourcing, Engineering, and Brand R&D.

ETHICS & INTEGRITY

With the Board of Directors' approval, the Code of Conduct is the cornerstone for all initiatives, decisions and relations of the Arezzo&Co Group.

In the document, which is presented to employees at the time of onboarding along with the Ethics Channel, the following topics are included:

- Equity,
- Diversity,
- Health care,
- Safety,
- Discrimination,
- Harassment (moral or sexual),
- Data protection,
- Conflicts of interest,
- Brazilian Anti-Bribery Act,
- Antitrust practices,
- Preserving the environment.

SCHUTZ | SUMMER 23



The Code of Conduct is managed by the Internal Audit department, located at the Company's headquarters in Campo Bom (RS).

To ensure its uniform application, there are multipliers spread across all units.

The Group raises awareness among its stakeholders about the importance of avoiding conflicts of interest in the workplace through actions such as:

- public disclosure of conflicts of interest
- maintenance of an ethics committee
- establishment and review of policies and procedures related to the topic
- education and training
- transparency through clear records of all decisions
- isolation of individuals or parties related to conflicts of interest
- organizational culture aimed at combating conflicts of interest



ALEXANDRE BIRMAN | HOLIDAY IN BIRMANS 23

Additionally, it commits to disclosing to stakeholders the existence of conflicts of interest such as: participation of board members in other administrative bodies; shareholders who are also suppliers or have other relationships with the Company; and the existence of controlling shareholders.

Details on this topic are available in the explanatory notes of the [Financial Statements](#) and in [items 5.2 and 5.3 of the Report on the Brazilian Corporate Governance Code of Arezzo](#) Indústria e Comércio S.A. **GRI 2-15**



DISCOVER THE CODE OF CONDUCT OF AREZZO&CO GROUP

CONDUCT FOR SUPPLIERS

Suppliers and service providers of the Arezzo&Co Group are required to comply with standards, regulations and laws applicable to business activities in all countries where they operate or provide products. They must also comply with contractual clauses and commercial negotiations established with the Company.

Moreover, to disseminate its corporate culture and promote best practices, Arezzo&Co Group has a Supply Chain Code of Conduct.

Organized by the Audit department, this code is directed to all suppliers, service providers, other business partners, and anyone working on the Company's premises or representing it to third parties.

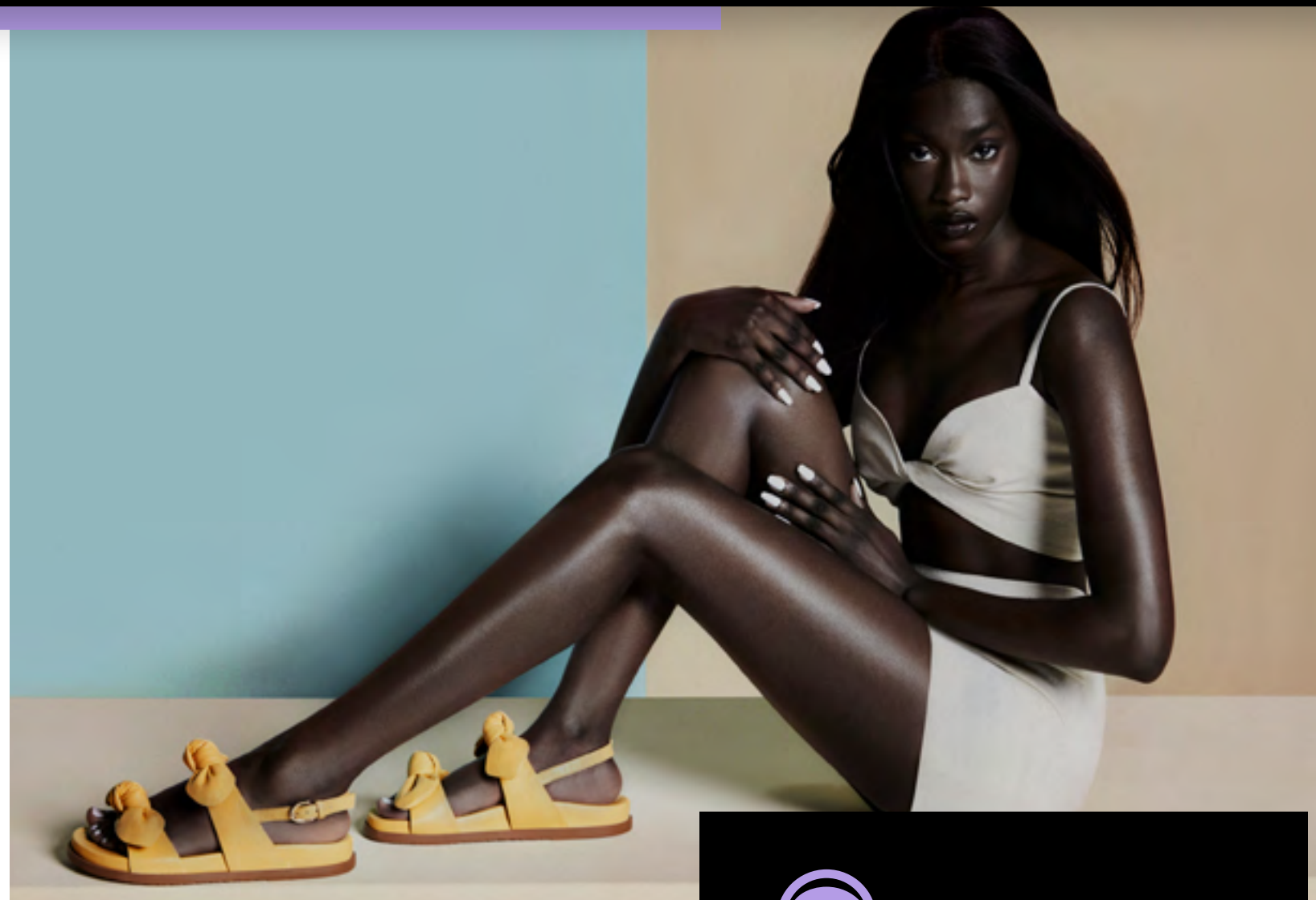
Upon receiving it, the supplier signs a term of awareness and commitment to this code.

CONDUCT FOR FRANCHISEES AND PARTNERS

Up to now, the franchisee has received instructions and guidance directly from the Company.

In 2024, the Company plans a unique Code of Conduct for this stakeholder.

i DISCOVER THE SUPPLY CHAIN CODE OF CONDUCT OF THE AREZZO&CO GROUP



AREZZO | SUMMER 24

ETHICS CHANNEL

GRI 2-25, 2-26, 406-1

Since 2013, the Group has maintained an Ethics Channel for secure and anonymous (if desired) communication of unethical behaviors or violations of ethical principles, standards of conduct and/or effective legislation.

To ensure confidentiality in handling incidents, the information is received by an independent and specialized company.



ETHICS CHANNEL

The channel operates 24/7.

Online

www.canaldeetica.com.br/arezzoco/

By phone

0800-721-0731 (Brazil)

1-800-824-3984 (USA)

The Arezzo&Co Group received 156 reports through its Ethics Channel. Out of the total, 91 have already been investigated and concluded by the Ethics Committee, with ten considered valid with appropriate measures applied, 17 partially valid, nine not valid, 39 inconclusive, and 16 with insufficient data. Below is the detail of the records:

25 related to discrimination

9 related to conflicts of interest

3 related to affective relationships with direct subordination

8 related to sexual harassment / sexual importuning

51 related to non-compliance with internal policies and procedures

18 related to violations of labor, tax or other laws

25 related to moral harassment or physical aggression

3 related to leakage or misuse of information

2 related to theft, robbery or misappropriation of materials

1 related to destruction or damage to company assets

11 related to other issues



VANS | ULTRARANGE 23

RISK MANAGEMENT

GRI 2-24, 2-25, TCFD-2, TCFD-8

The risk management process is guided by the [Risk Management Policy](#) and must be adhered to by all employees of Arezzo&Co Group.

Strategic guidelines are proposed by the Risk, Audit, and Finance Committee, and the Executive Board promotes the culture and ensures the implementation of the topic's management. Both commit to communicating to the Board of Directors critical situations (of social, environmental, or economic nature) that do not directly go through the Ethics Channel and/or Internal Audit and that may impact the Company.

No relevant occurrences were forwarded to the Board of Directors. [GRI 2-16](#)

INTERNAL AUDIT

Even amid the expense reduction in 2023, the Internal Audit area received the necessary attention and investment for the expansion of its work fronts.

Topics such as Loss Prevention and Supplier Compliance and corporate Compliance matured, while others

were initiated (Internal Controls) or resumed (Process Audit).

Risk Management was resumed in 2023. As a result, a new Risk Matrix, updating the previous version from 2021, was commissioned to a specialized consultancy at the end of the year.

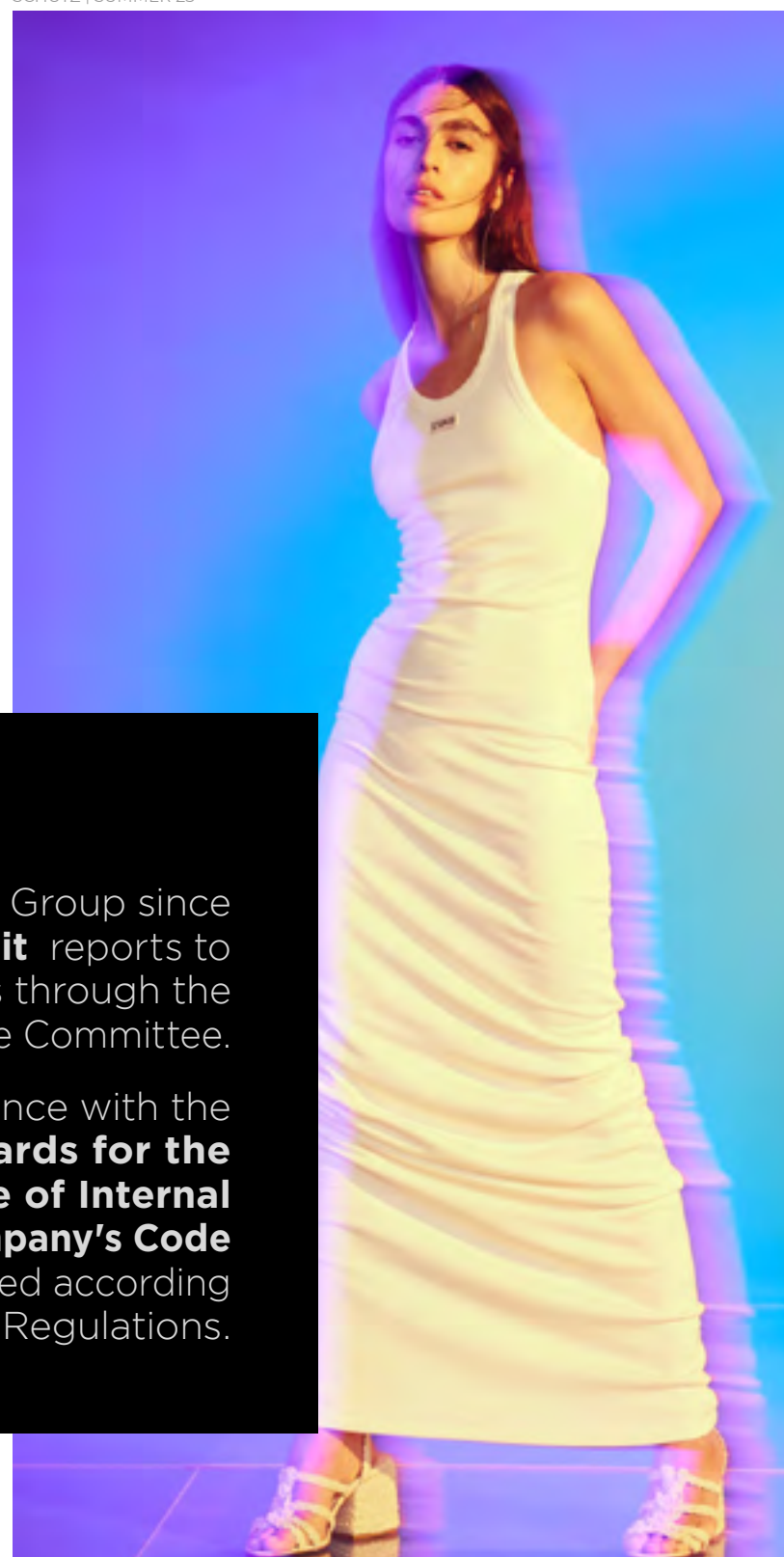
The new matrix will allow the implementation of action plans to reduce risk exposure in 2024 and the assessment of feasibility and priorities with executive officers.

INTERNAL AUDITING

Present in Arezzo&Co Group since 2013, the **Internal Audit** reports to the Board of Directors through the Risk, Audit and Finance Committee.

It operates in accordance with the **International Standards for the Professional Practice of Internal Auditing and the Company's Code of Ethics**, also structured according to the Novo Mercado Regulations.

SCHUTZ | SUMMER 23



RISK MATRIX

The new risk mapping identified 80 points of attention, with 13 of them being priorities.

Nine risks will be treated at the Executive Board level, and the rest will be unfolded with management and coordination in the year 2024.

The 13 main risks mapped for Arezzo&Co Group include:

1. Cyber attacks
2. Crisis management
3. Supplier and facilities chain
4. Information security
5. C-level Succession
6. Fiscal and tax
7. Technological Architecture and Infrastructure
8. Risk Management & Internal Controls
9. Mergers and Acquisitions (M&A)
10. PMI Post-Merger Integration
11. Organizational culture
12. ESG
13. Franchises

INFORMATION SECURITY

The Information Security Committee of Arezzo&Co Group brings together technical departments, with the participation of technology leaders from acquired companies, and also a multidisciplinary Committee focused on BR GDPR (Brazilian General Data Protection Regulation), involving the Legal and Digital Transformation departments.

The Digital Transformation department intensified Vulnerability Management initiatives, which indicated possible cybersecurity risk that were prioritized and corrected.

To identify and correct vulnerabilities in the Company's technological infrastructure and possibilities of exposure to cyber attacks, a pentest (penetration test) was also executed for the brands Arezzo, Schutz, Alexandre Birman, Anacapri, Vans and ZZ Mall.

AREZZO | PRE FALL 23



Raising employee awareness [CG-MR-230a.1](#)

Considering the Company's cross-cutting role of Transparent Communication, there is also the ongoing work of the Employee Awareness Program, which in 2023 dealt with:

- Dual authentication factor and corporate passwords
- Security incidents generated by human errors
- Responses to security incidents
- Data subject rights in BR GDPR
- Relationship with third parties and data protection
- Employee data protection
- Relationships with franchisees

Disaster Recovery Structure

Starting in 2024, the Arezzo&Co Group will expand its Disaster Recovery (DR) structure. The DR consists of a parallel and up-to-date infrastructure, with key information, databases, and applications available so that, in the event of incidents, they always remain operational.

INDEXES, CERTIFICATIONS AND RECOGNITION

TCFD-8

For the Arezzo&Co Group, reporting to indicators, integrating specific portfolios, adhering to agreements and making commitments are a fundamental part of its Transparent Communication with society.

They also pave the way for understanding the role of Sustainability within the Company and provide the necessary vision for stakeholders to make informed decisions, manage risks and capitalize on opportunities.

For the third consecutive year, the Arezzo&Co Group is part of the ISE portfolio



SCHUTZ | SUMMER 23

The Arezzo&Co Group has reached the following spots:

REPORTS

DOW JONES SUSTAINABILITY INDEX (DJSI)

A global financial performance indicator that serves as a reference for investors about companies and good sustainability practices.

MSCI

Morgan Stanley Capital International maintains globally recognized indicators for evaluating different asset classes, such as company stocks in specific countries or sectors.

IS A SIGNATORY

GLOBAL COMPACT

A United Nations initiative for voluntary commitment based on commitments made by the CEOs of participating companies to implement universal sustainability principles and take actions that support the achievement of the Sustainable Development Goals (SDGs).

CDP

A nonprofit organization that bridges shareholders and companies, seeking business opportunities arising from global warming. Known as the Carbon Disclosure Project.

The Company participates in the programs CDP Forest, CDP Water and CDP Climate, with an A- grade in the latter.

INTEGRATE

B3 ISE PORTFOLIO

Corporate Sustainability Index, which assesses corporate governance, economic-financial, social and environmental criteria.

FASHION TRANSPARENCY INDEX (FTI)

Annual report of the largest fashion brands and retailers operating in Brazil, ranked according to the level of information they publicly disclose about their policies, practices, and impacts on the environment, human rights, internal operations and their value chains.

Progress: Arezzo (+8 p.p)* Reserva (+6 p.p)*

*percentage points compared with 2022

BRAZILIAN GHG PROTOCOL PROGRAM

An initiative responsible for adapting the Greenhouse Gas Protocol (GHG) method to the Brazilian landscape, bringing together organizations that publish their greenhouse gas emission inventories.

The Company received the Gold Seal of the protocol.



AREZZO | HIGH SUMMER 23

TOOK COMMITMENT

SCIENCE BASED TARGETS INITIATIVE (SBTi)

Science Based Targets initiative (SBTi) Submission of a science-based target involves a set of clear and well-defined business actions to reduce greenhouse gas (GHG) emissions (GEE).

DEFORESTATION-FREE CALL TO ACTION FOR LEATHER

A multi-sector initiative that promotes the end of deforestation and the conversion of natural ecosystems related to the acquisition of leather.

The Company is the sole representative from Brazil

RACIAL EQUITY PACT

A Brazilian initiative aimed at implementing a Racial ESG Protocol. It has voluntary adherence from companies interested in meeting social demands for greater racial equity, social awareness and transparency.



ABRASCA AWARDS

Best Annual Report, awarded by the Brazilian Association of Listed Companies.

DIVERSITY AND INCLUSION AWARD SINOS GROUP

Two categories.

VISÃO CONSCIENTE AWARD, FECOMÉRCIO RJ

The Circular Reserve Program prevailed in the Environmental category

REPORTING MATTERS

An initiative promoted in Brazil by CEBDS that aims to optimize the effectiveness of sustainability reporting.

Its unique analysis methodology highlights three strengths and three areas for improvement for companies.

The Group ranked among the top ten Reports of the year.



NPS AND CUSTOMER SATISFACTION

GRI 2-29

For the first time, the NPS, a customer-related indicator, was part of the goals of Arezzo&Co's executives.

NPS measurement began in 2019 and underwent the implementation of a more robust measurement tool in 2022. In 2023, the company dedicated a multidisciplinary group to work on understanding customer perceptions, aiming to identify the drivers of detractors and act directly on them, easing pain points in the customer journey.

Although the target of 77 was not met, the Company's efforts resulted in a 36% reduction in the returns index in the second half of the year. These include optimizing quality inspections at the distribution center, preventing more than 5,000 defective pairs from reaching customers, adjusting the product images for e-commerce, and improving customer satisfaction research.

In 2024, the working group will focus on understanding the customer journey, to identify and act on the points that add the most value to the customer.

75 was the NPS score in 2023

AREZZO | CRUISE 24

Certified **AREZZO&CO GROUP IS A CERTIFIED B CORPORATION**

A designation awarded to companies that meet rigorous standards of social and environmental performance, transparency and accountability.

A "B Corporation" is committed to balancing financial success with positive impact on people and the planet.

APPENDICES



ALME | LUME 23

GRI DISCLOSURES

GENERAL DISCLOSURES

2-9 | Governance structure and composition

MEMBERS OF THE BOARD OF DIRECTORS	POSITION	HOLDS AN EXECUTIVE ROLE	SERVES ON OTHER BOARDS	TERM IN OFFICE
Alessandro Carlucci	CEO	No	Yes	2 years
José Ernesto Bolonha	Vice President	No	Yes	2 years
Alexandre Birman	Serving Director	Yes	No	2 years
Guilherme Ferreira	Independent Director	No	Yes	2 years
Renata Vichi	Independent Director	No	Yes	2 years
Rony Meisler	Serving Director	Yes	No	2 years
Juliana Buchaim	Independent Director	No	Yes	2 years
Thiago Lima Borges	Serving Director	No	Yes	7 months
Tufi Duek	Serving Director	No	No	7 months

MATERIAL TOPICS

Workplace conditions

403-3 | Form of management - Occupational health services

The company implements control measures for dangerous services and tasks, restricting access to hazardous areas to authorized individuals only. Risks are controlled through workstations (GHE - Common Exposure Groups) in the Senior system. Places like the chemical warehouse and the generator access are clearly identified, allowing exclusive access to qualified employees.

Additionally, the organization preserves the confidentiality of personal health information of workers through internal policies, training, secure data management systems (IT and internal audit), access control, secure communication protocols, and confidentiality agreements with service providers, ensuring that these data receive the same level of protection, complying with BR GDPR (Brazilian General Data Protection Regulation).

403-4 | Form of management- Worker participation, consultation, and communication on occupational health and safety

Arezzo&Co Group has communication channels to address and strengthen issues related to occupational health and safety (OHS). The objectives include allowing the communication of demands, sharing information, and promoting interaction among employees. Additionally, in the units' bulletin boards, there are communications about the topic, ensuring that suppliers and third parties receive essential information.

Monthly meetings occur between the SOHSS, the Cipa,

and the Emergency Brigade that raises employee concerns, suggests improvements, collaborates on campaigns such as the Sipat, and addresses relevant topics like Fire Prevention. Communication with employees occurs through the company's official channels.

Topics related to OHS, such as Personal Protective Equipment, Uniform, Cipa, Medical Examinations, Acceptance of Medical Certificates, and Use of Open Shoes, are covered in union agreement.

403-9 (2019) | Work-related injuries

	2019	2020	2021	2022	2023
Number of fatalities as a result of work-related injuries	0	0	0	0	0
Rate of fatalities as a result of work-related injuries ¹	0	0	0	0	0
Number of high-consequence work-related injuries (excluding fatalities)	0	0	0	42	11
Rate of high-consequence work-related injuries (excluding fatalities) ¹	0.00	0.00	0.00	4.29	0.79
Number of recordable work-related injuries (including fatalities)	35	18	14	47	49
Rate of recordable work-related injuries (including fatalities) ¹	0.43	0.24	1.40	4.80	3.54

¹ Rate calculated by the average of the rate of all operations on a basis of 1,000,000 hours worked. A total of 13,857,910.15 hours worked in 2023. The reported data does not include TROC and refers solely to employees, excluding workers who are not employees.

Accidents, whether serious or not, incidents, and near-misses are reported through the Cipa, Ethics Channel, or by the Occupational Safety Technicians team.

Monthly records are kept of internal monitoring reports, such as work accident investigation cards and accident data, which can identify hazards and causes.

In 2023, no incidents or near-misses were recorded. All accidents are investigated, and a CAT is issued. These results highlight the effectiveness of the preventive measures adopted and the continuous attention to safety in the workplace, reflecting the robustness of the monitoring and prevention system implemented.

Supplier management

308-1 | New suppliers that were screened using environmental criteria

ITEM SUPPLIED	NUMBER OF SUPPLIERS		
	RAW MATERIALS	FINISHED GOODS	ADMINISTRATIVE
Total new suppliers	19	124	3,200
Total new suppliers screened using environmental criteria	1	124	0
Percentage of new suppliers that were screened using environmental criteria (%)	5.26%	100%	0%

The approval of administrative suppliers or raw material suppliers based exclusively on environmental criteria did not occur, as this practice is not yet adopted by the Company. Only the approval process for finished product suppliers evaluates environmental criteria.

Waste management

306-1 | Waste generation and significant waste-related impacts

The Group's waste management process encompasses generation, separation, internal collection, and temporary storage. The stages of external collection, transport, and final disposal are the responsibility of outsourced companies.

Recyclable waste is sent for recycling, while the rest are destined for landfills, except for production waste. The generated wastes include:

- Cardboard, which includes all cardboard originating from both received inputs and own packaging, and occasionally, wooden pallets.

- Plastics, covering all plastics from received inputs or own packaging, as well as, sometimes, plastic bin boxes.
- Organic waste, which encompasses all waste produced by sweeping.
- Other waste such as empty cleaning product containers, food scraps, bathroom trash, waste generated by the embroidery/ haberdashery/operation team, and all trash produced in the Distribution Center (DC) and Distribution Operation (DO), except for DO printer inks, which are collected by specialized companies and controlled by the DO.

The significant impacts – both real and potential – encompass waste generated in their own activities, as well as those generated in the upstream and downstream stages of their value chain. In the upstream phase, waste generated includes trimmings, sawdust, and leather dust, textile

material waste such as impregnated textiles, elastomers, plastomers, as well as textile materials contaminated by hazardous substances, contaminated packaging, paint and solvent leftovers. In the downstream phase, the waste includes paper, cardboard, and plastic packaging.

306-2 | Management of significant waste-related impacts

The organization has taken measures to prevent waste generation and manage significant impacts of waste generated in its activities and throughout its value chain. Initially, the printing process was digitalized, eliminating the use of paper for order checking and process control. Since 2021, packaging with recycled plastic has been chosen, and in 2023, some plastic packaging was replaced with compostable and biodegradable bioplastic, reducing the environmental impact.

Additionally, the Group implemented a reverse logistics program, collecting end-of-use cycle pieces for recycling, reducing the disposal of textile waste in landfills. The TROC

brand promotes circular fashion, operating as a thrift store and outlet, extending the lifespan of pieces. The reverse logistics program for packaging is also applied, with outsourced selective collection of packaging for recycling.

All outsourced companies for waste collection, transport, and disposal are duly licensed, and compliance with legal obligations is ensured by controlling Operation Licenses. Waste monitoring is done through the Waste Transport Manifest (MTR) and the Final Destination Certificate (CDF), ensuring proper disposal. Specifically for the On-Demand leftover inks, collection is carried out by the manufacturer itself as part of a reverse logistics process.

306-3 | Waste generated*

TYPE	2021	2022	2023
Hazardous	177.2	497.3	837.11
Nonhazardous	615.89	652.3	917.31
TOTAL WASTE GENERATED (t)	793.07	1,149.6	1,754.42

*Arezzo&Co reports third-party waste. This waste is not reported at AR&Co. Increase in volume from the previous year due to new factories and increased production.

Non-hazardous waste generated	
BREAKDOWN	QUANTITY (t)
Metal fixtures	6.79
Equipment scrap	0.47
Wastewater sludge	9.90
Construction waste	4.76
Other unspecified waste	79.97
Municipal waste	24.75
Paper/cardboard	465.75
Plastic	11.97
Textiles	234.05
Biodegradable waste from kitchens and canteens	9.52
Leather	38.50
Other selective collection items	23.39
Non-recyclable	7.50
TOTAL	917.31

The "Non-recyclable" category includes organic waste.

Hazardous waste generated	
COMPOSITION	QUANTITY (t)
Contaminated textile materials	14.61
Primary and secondary batteries	4.43
Contaminated packaging	2.27
Metal Packaging	1.59
Wastewater sludge	468.49
Leather Waste	332.48
Paint and varnish	0.73
Aqueous suspensions containing hazardous substances*	12.52
TOTAL	837.11

*paints, varnish, organic solvents

The "Non-recyclable" category includes organic waste.

The Group's waste management does not include TROC, own stores and franchises. The administrative headquarters in São Paulo, Rio de Janeiro and Belo Horizonte are not counted either.

Waste from Arezzo&Co lamps, hazardous waste and AR&Co rubble are not monitored. In addition, other selective collection and non-recyclable items were not monitored from June to December 2023.

306-4 | Waste diverted from disposal

Total waste DIVERTED from disposal, by recovery operation (t)			
	2021	2022	2023
HAZARDOUS WASTE			
Upcycling	0.2	0.95	4.88
Effluent Treatment	16	185.3	488.90
TOTAL	177.18	497.32	493.78
NON-HAZARDOUS WASTE			
Recycling	9.79	185.32	471.09
Upcycling	21.64	57.94	35.97
Screening with storage	381.1	80.51	52.45
Composting			1.77
TOTAL	615.89	652.29	561.28
TOTAL WASTE DIRECTED TO DISPOSAL	793.07	1,149.61	1,055.06

306-5 | Waste directed to disposal

Total waste directed to disposal, by operation, in metric tons (t)			
	2021	2022	2023
HAZARDOUS WASTE			
Blending for Co-processing	24.54	87.33	83.34
Autoclave	113.52	140.54	139.63
Co-processing	76.23	-	124.61
TOTAL	214.29	227.87	347.58
NON-HAZARDOUS WASTE			
Blending for Co-processing	154.66	324.82	262.49
Landfill	-	-	75.52
Co-processing	36.09	-	0.07
TOTAL	190.75	324.82	338.08
TOTAL WASTE DIRECTED TO DISPOSAL	405.04	552.69	685.66

The weight, in tons, of the disposed waste is 456.18 (t). This calculation was made following the volumes raised in the Company's internal generation and disposal reports, we add the amount of waste generated and destined for recovery operation.

Reverse logistics

301-3 | Reclaimed products and their packaging materials

NAME OF CATEGORY, MATERIAL AND UNIT OF MEASURE	REUSED OR RECYCLED PRODUCTS OR PACKAGING	PRODUCTS SOLD	PERCENTAGE OF REUSE OR RECYCLING
Packaging, cardboard, t	1,028	3,427	30
Plastic packaging, t	1.67	5.56	30.04

Post-consumer packaging is recovered through the compensation program where recycling certificates corresponding to 30% of the packaging placed on the market are acquired, thus encouraging the recycling chain.

Responsible sourcing

301-1 | Materials used by weight or volume

Final Product - Materials Used, broken down by weight					
	RAW MATERIALS*	PLAIN FABRIC (m)	%	KNITWEAR (kg)	%
ORIGIN RENEWABLE	Cotton	644,952	80.42	447,397	95.10
	Linen	89,208	11.12	286	0.06
	Viscose	17,861	2.23	5,749	1.22
	Type	1,876	0.23	-	-
	Silk	83	0.01	4	0.00
	Lyocell	49	0.01	-	-
	ORIGIN NON-RENEWABLE	Polyamide	24,877	3.10	1,895
Polyester		22,962	2.86	15,109	3.21
Acetate		151	0.02	-	-
TOTAL		802,019	100.00	470,440	100.00

Trimblings - Materials Used, broken down by weight

	MATERIAL	AMOUNT (units)	ESTIMATED UNIT WEIGHT (KG)	TOTAL WEIGHT (kg)	%
ORIGIN RENEWABLE	MDP	3,260,473	0.0003	815.00	13.40
	Rubber*	125,672	0.0049	620.00	10.20
	Corozo	186,742	0.0003	47.00	0.80
	Coconut Fiber	171,116	0.0003	43.00	0.70
	Linen	1,526	0.0002	0.31	0.00
	Wood	1,038	0.0003	0.26	0.00
ORIGIN NON-RENEWABLE	Metal	1,292,282	0.0022	2,895.00	47.70
	Polyester	4,594,044	0.0003	1,149.00	18.90
	Leather	55,807	0.0049	275.00	4.50
	Plyurethane	31,749	0.0066	210.00	3.50
	Zamac	8,992	0.0022	20.00	0.30
TOTAL				6,074.57	100.00

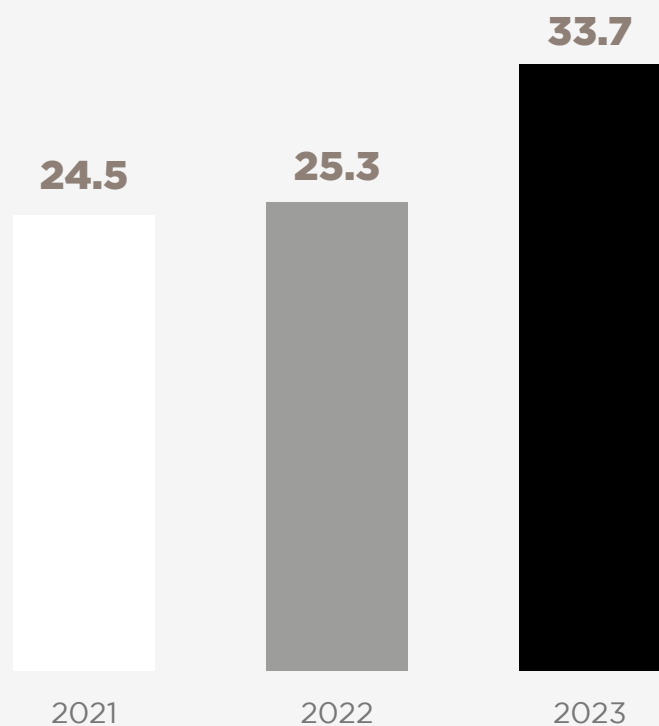
Currently, we do not have the monitoring of the total raw materials used at Arezzo&Co. The data presented refers to AR&Co, and the classification considers the main raw material (+50%) in the composition of the fabrics.

301-2 | Recycled input materials used

NAME OF MATERIAL AND UNIT OF MEASURE	AMOUNT USED	TOTAL RECYCLED INPUT MATERIALS	PERCENTAGE
Cotton (kg)	447,397	85.55	0.02

To date, the only recycled raw material used is defibrated cotton. The calculation took into account the average weight of a shredded cotton T-shirt, size M for men.

303-3 | 303-5 | Water withdrawal and consumption* (MI)



Water is sourced from third-party utilities. The Group does not draw water directly from the source, meaning there are no studies for identifying areas of water stress.

Only units with individualized invoices were considered in the calculations, including 3 distribution centers, 10 offices (headquarters), 11 factories and 33 stores.

The data does not include the New York office, offices and distribution centers located in complexes alongside other companies, and stores located in shopping malls that manage their own water.

*The increase in capture and consumption is due to 6 new administrative headquarters (offices and brand houses).

304-2 | Significant impacts of activities, products, and services on biodiversity

The Arezzo&Co Group's operations do not have a significant direct negative impact on biodiversity.

In 2023, the direct and indirect impacts include the disposal of effluents, related to the production and processing of raw materials and textile products, as well as leather tanning. Atmospheric emissions and greenhouse gas emissions occurred indirectly through the operation of boilers in the supply chain and logistics operation. Generation and disposal of waste from

operations and packaging delivered to customers. And the greenhouse gas emissions generated by the use of leather in products.

All these impacts have the potential to cause damage to biodiversity, whether due to contamination of water resources, soil or the loss of biodiversity due to untracked activities that may be related to deforestation or land use change.

416-1 | Assessment of the health and safety impacts of product and service categories

To monitor and track the health and safety impacts caused by the Company's products, the Group maintains a list of restricted substances distributed to suppliers, informing prohibited substances. The commitment is assumed by signing a term. In 2022, tests were carried out on products to assess compliance with the list, and non-compliance cases were addressed with suppliers.

In 2023, Arezzo&Co joined the SENAI-RS Restricted Substances Proficiency Program, selecting 9 suppliers of the main raw materials from its own factories. Articles, including leather, synthetics, polymers, metals, and adhesives, were tested for compliance with restricted substances and passed the tests.

In 2024, it plans to expand the number of suppliers in the program and select new raw materials from already participating suppliers.

Climate change

201-2 | Financial implications and other risks and opportunities due to climate change

Risk factors which could affect the Group's business:

- New regulations that can introduce obligations and taxes related to GHG emissions, impacting suppliers of products and raw materials, as well as logistics operators. This may lead to an increase in the final costs of products sold. The Risk Committee and executive management of sustainability constantly assess the impacts of new legislation related to climate change to mitigate these risks.
- Technological risks associated with the adoption of new low-carbon technologies, which may impact products and operations. If not properly assessed and incorporated, they can compromise competitive advantages and result in market share loss. In response, the Group adopted the use of electric vehicles for deliveries, significantly reducing pollutant gas emissions, as part of its strategic planning to become carbon neutral by 2050.
- Market risk in which climate changes can affect the supply chain and consumer preferences, leading to a decrease in sales.
- Reputational risk related to not executing practices aligned with the low-carbon transition, which can depreciate the value of shares and negatively affect product sales. To mitigate it, the Company committed to global initiatives to reduce greenhouse gas emissions and improve the mapping of financial impacts on the business.
- Acute physical risks such as acute climate events can generate significant negative effects on operations and the supply chain. The company is developing a map of climate risks and opportunities for more robust management of these risks.
- Chronic physical risk related to long-term changes in climate patterns, impacting the consumption of electricity and production due to prolonged droughts, which can significantly increase the costs of Group activities. Measures to manage these risks are being calculated, reflecting the commitment to strategic planning.

302-1 | Energy consumption within the organization

Electricity consumption			
	2021	2022	2023
Electricity (GJ)*	39,198	52,678	58,591.08
Fuel combustion (GJ)	7,884	9,057	7,818.57
NON-RENEWABLES	7,395	7,848	6,259.88
<i>Diesel</i>	1,465	856	363.14
Gasoline	1,807	4,160	5,879.78
LPG	4,123	2,793	14.51
CNG	-	39	2.45
RENEWABLES	489	1,209	1,558.69
<i>Biodiesel</i>	151	86	46.24
Anhydrous ethanol	338	1,123	1,512.45
TOTAL	47,082	61,735	66,409.65

*For electricity accounting, utility bills were used as a data source, and for units without a dedicated invoice, extrapolation was conducted.

The Group reported data from all sites under its operational control, including four Distribution Centers (DC), six offices and five factories, all located in Brazil. Arezzo&Co stores in Brazil and abroad (USA), and AR&Co stores located in Brazil, totaling 208 own stores.

The data does not include the Vicenza and Paris Texas brands, and due to their recent acquisition, the data were not available at the time of the calculations.

302-2 | Energy consumption outside of the organization

In 2023, 59,029.61 GJ were consumed in the 842 franchised stores.

To perform the calculation, the energy consumption of the own stores was used as a reference, considering the square footage for stores that do not have a dedicated invoice.

General Average (kWh/month/m²) - for an estimate of the stores that do not contain actual data.

The factor used from the National Grid (SIN).

302-3 | Energy intensity

Energy intensity	
TYPE OF CONSUMPTION	AMOUNT
Metric (reference) to calculate relative energy	Energy intensity is calculated based on the area (m ²) of own factories in relation to the energy consumed.
Amount	40,278.1
Total energy consumption within the organization (GJ)	66,409.65
Energy intensity (within the organization)	1.72
Energy consumption outside of the organization (GJ)	59,029.61
Energy intensity (outside the organization)	67.93
Total energy consumption (GJ)	125,439.26
Energy intensity (total for the organization)	69.65

For the calculation of energy intensity, the consumption of electrical energy divided by the area (square meters) of the own factories was used. The energy intensity calculation was based on consumption of fuel and electricity.

Energy intensity ratio within/outside the organization	0.025
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305-1 | Direct (scope 1) GHG emissions

Greenhouse gas emissions - scope 1 (t CO₂ equivalent)					
	2019	2020	2021	2022	2023
Stationary Combustion	70.04	77.18	92.14	43.55	27.22
Mobile Combustion	87.89	67.02	93.35	234.16	387.00
Fugitive Emissions	89.86	54.8	279.24	458.67	1,071.94
Solid waste and wastewater	-	-	-	-	95.51
TOTAL	247.79	199	464.73	763.38	1,581.67
Biogenic emissions	28.91	26.1	33.95	59.01	97.64

Cases accounted for: CO₂ - carbon dioxide; CH₄ (methane); N₂O (nitrous oxide); and HFCs - hydrofluorocarbons. The numbers presented here were collected, organized, and reported according to the GHG Protocol Brazilian Program.

The Group reported emissions from all sites under its operational control, including four Distribution Centers (DC), six offices and five factories, all located in Brazil. Arezzo&Co stores in Brazil and abroad (USA), and AR&Co stores located in Brazil, totaling 208 own stores and 842 active franchises.

The data does not include the Vicenza and Paris Texas brands, and due to their recent acquisition, the data were not available at the time of the calculations.

305-2 | Indirect (Scope 2) GHG emissions

Greenhouse gas emissions - scope 2 (t CO₂ equivalent)					
	2019	2020	2021	2022	2023
Purchased electricity (location-based approach)	533.2	408.15	1,400.80	683.83	784.10
Energy acquisition (market-based approach)	482.21	280.77	895.72	353.38	348.65

Cases accounted for: CO₂ - Carbon dioxide. The numbers presented here were collected, organized, and reported according to the GHG Protocol Brazilian Program.

305-3 | Other indirect (Scope 3) GHG emissions

Other GHG emissions - scope 3 (t CO₂ equivalent)					
	2019	2020	2021	2022	2023
UPSTREAM					
Supply chain	Not calculated	Not calculated	200,766.26	193,812.47	98,639.10
Transportation and distribution	1,951.49	Not calculated	1,769.72	23,659.63	21,155.62
Capital goods	-	-	-	9,008.46	3,332.75
Employee commuting	-	-	-	4,924.07	5,779.90
Business travel	1,136.96	Not calculated	761.83	2,021.23	2,875.33
Fuel- and energy-related activities not included in Scope 1 or Scope 2	-	-	-	520.87	546.06
Waste generated in operations	-	-	-	230.35	509.91
DOWNSTREAM					
Transportation and distribution	Not calculated	Not calculated	6,556.35	3,603.35	5,304.27
End-of-life treatment of sold products	-	-	-	-	3,261.87
Franchises	-	-	-	883.29	572.47
TOTAL	3,088	-	209,854.16	238,663.72	141,977.28

Biogenic CO₂ emissions - scope 3 (t CO₂ equivalent)					
	2019	2020	2021	2022	2023
	28.91	26.1	33.95	59.01	1,565.40

The numbers were collected, organized and reported according to the Ceda and Defra methodology.

305-4 | Greenhouse gas (GHG) emissions intensity

GHG emissions intensity		
	2022	2023
Metric (reference) to calculate relative emissions	Scope 1, 2 and 3 emissions divided by the number of items sold.	
Amount	32,400,000	34,070,800
Total GHG emissions (t CO ₂ equivalent)	160,805.90	143,907.64
Greenhouse gas emissions intensity	0.0050	0.0042

The intensity is calculated by considering scope 2 emissions.

Gases accounted for: CO₂ - carbon dioxide; CH₄ (methane); N₂O (nitrous oxide); and HFCs - hydrofluorocarbons.

Diversity and inclusion

202-1 | Ratio of standard entry level wage by gender compared to local minimum wage

Ratio of standard entry-level wage compared to local minimum wage, by gender (2023)		
	WOMEN	MEN
Entry-level wage paid by the organization	R\$ 1,320.00	R\$ 1,320.00
Minimum wage as established by legislation or the relevant union	R\$ 1,320.00	R\$ 1,320.00
Percent ratio	100%	100%

405-1 | Diversity of governance bodies and employees

Individuals within governance bodies - by age group (%)		
	NUMBER	PERCENTAGE
Below 30	0	0
30 to 50	3	42.90%
Over 50	4	57.10%
TOTAL	7	100%

Percentage of workforce by employee category and gender

		MEN	WOMEN	TOTAL
OFFICERS	Number	29	20	49
	Percentage	59.18%	40.82%	100.00%
MIDDLE MANAGERS	Number	181	197	378
	Percentage	47.88%	52.12%	100.00%
COORDINATORS	Number	99	169	268
	Percentage	36.94%	63.06%	100.00%
SUPERVISORS	Number	105	51	156
	Percentage	67.31%	32.69%	100.00%
SUBJECT-MATTER SPECIALISTS	Number	54	59	113
	Percentage	47.79%	52.21%	100.00%
CONSULTANTS	Number	15	65	80
	Percentage	18.75%	81.25%	100.00%
ANALYSTS	Number	346	516	862
	Percentage	40.14%	59.86%	100.00%
ASSISTANTS	Number	1,291	1,994	3,285
	Percentage	39.30%	60.70%	100.00%
APPRENTICES	Number	853	821	1,674
	Percentage	50.96%	49.04%	100.00%
SALES REPRESENTATIVES	Number	142	245	387
	Percentage	36.69%	63.31%	100.00%
OTHER	Number	543	723	1,266
	Percentage	42.89%	57.11%	100.00%
TOTAL	Number	3,658	4,860	8,518
	Percentage	42.94%	57.06%	100.00%

Percentage of employees, by job category and age group					
		< 30	30-50 YEARS	> 50	TOTAL
OFFICERS	Number	0	40	9	49
	Percentage	0.00%	81.63%	18.37%	100.00%
MIDDLE MANAGERS	Number	59	305	14	378
	Percentage	15.61%	80.69%	3.70%	100.00%
COORDINATORS	Number	36	218	14	268
	Percentage	13.43%	81.34%	5.22%	100.00%
SUPERVISORS	Number	19	109	28	156
	Percentage	12.18%	69.87%	17.95%	100.00%
SUBJECT-MATTER SPECIALISTS	Number	34	72	7	113
	Percentage	30.09%	63.72%	6.19%	100.00%
CONSULTANTS	Number	6	68	6	80
	Percentage	7.50%	85.00%	7.50%	100.00%
ANALYSTS	Number	423	407	32	862
	Percentage	49.07%	47.22%	3.71%	100.00%
ASSISTANTS	Number	1,308	1,437	540	3,285
	Percentage	39.82%	43.74%	16.44%	100.00%
APPRENTICES	Number	387	0	0	387
	Percentage	100.00%	0.00%	0.00%	100.00%
SALES REPRESENTATIVES	Number	918	740	16	1,674
	Percentage	54.84%	44.21%	0.96%	100.00%
OTHER	Number	793	420	53	1,266
	Percentage	62.64%	33.18%	4.19%	100.00%
TOTAL	Number	3,983	3,816	719	8,518
	Percentage	46.76%	44.80%	8.44%	100.00%

Percentage of employees by minority groups, by employee category				
		BLACK PEOPLE*	PwD	TOTAL
OFFICERS	Number	1	0	49
	Percentage	2.04%	0.00%	100.00%
MIDDLE MANAGERS	Number	92	0	378
	Percentage	24.34%	0.00%	100.00%
COORDINATORS	Number	39	1	268
	Percentage	14.55%	0.37%	100.00%
SUPERVISORS	Number	59	0	156
	Percentage	37.82%	0.00%	100.00%
SUBJECT-MATTER SPECIALISTS	Number	15	0	113
	Percentage	13.27%	0.00%	100.00%
CONSULTANTS	Number	13	0	80
	Percentage	16.25%	0.00%	100.00%
ANALYSTS	Number	176	22	862
	Percentage	20.42%	2.55%	100.00%
ASSISTANTS	Number	1,478	248	3,285
	Percentage	44.99%	7.55%	100.00%
APPRENTICES	Number	186	2	387
	Percentage	48.06%	0.52%	100.00%
SALES REPRESENTATIVES	Number	725	5	1,674
	Percentage	43.31%	0.30%	100.00%
OTHER	Number	662	105	1,266
	Percentage	52.29%	8.29%	100.00%
TOTAL	Number	3,446	383	8,518
	Percentage	40.46%	4.50%	100.00%

*black and brown combined

405-2 | Ratio of basic salary and remuneration of women to men

Ratio of basic salary and remuneration of women to men, by employee category		
	BASIC SALARY	REMUNERATION
Officer	0.74	0.69
Manager	0.93	0.94
Coordinator	0.95	0.95
Supervisor	0.91	0.91
Specialists	0.92	0.92
Consultant	0.92	0.92
Analysts	0.94	0.94
Assistants	0.85	0.85
Apprentice	1.04	1.04
Sales representatives	1.21	1.21

For the Officer level, the level of Officer + Executive Officer was used, for the Manager level, Manager (Corporate) + Gerex, other levels such as coordinator, supervisor, specialist, consultant, analyst, and assistants as per the nomenclature and all only Corporate, with the exception of the salesperson for which the retail job group was used.

Employment and decent pay

401-1 | New employee hires and employee turnover

Total number and rate of new employee hires by age group			
AGE GROUP	TOTAL NUMBER	HIRES	RATE (%)
Under 30	3,983	2,825	70.93%
30 to 50	3,816	1,554	40.72%
Over 50	719	127	17.66%
TOTAL	8,518	4,506	52.90%

Total number and rate of new employee hires, by gender			
GENDER	TOTAL NUMBER	HIRES	RATE (%)
Men	3,658	1,966	53.75%
Women	4,860	2,540	52.26%
TOTAL	8,518	4,506	52.90%

Total number and rate of new employee hires, by region			
REGION	TOTAL NUMBER	HIRES	RATE (%)
South	2,848	1,130	39.68%
Southeast	4,527	2,959	65.36%
Midwest	169	119	70.41%
Northeast	974	298	30.60%
North	0	0	0.00%
TOTAL	8,518	4,506	52.90%

For the data collection, the asset bases for each month of 2023 and the termination base for the year 2023 were used.

Total number and rate of employee turnover by age group			
AGE GROUP	TOTAL NUMBER	TERMINATIONS	RATE (%)
Under 30	3,983	2,228	56.01%
30 to 50	3,816	1,615	42.32%
Over 50	719	187	29.17%
TOTAL	8,518	4,030	47.31%

Total number and rate of employee turnover by gender

GENDER	TOTAL NUMBER	TERMINATIONS	RATE (%)
Men	3,658	1,726	47.18%
Women	4,860	2,304	47.41%
TOTAL	8,518	4,030	47.31%

Total number and rate of employee turnover by region

REGION	TOTAL NUMBER	TERMINATIONS	RATE (%)
South	2,848	1,349	47.37%
Southeast	4,527	2,357	52.07%
Midwest	169	105	62.13%
Northeast	974	219	22.48%
North	0	0	0.00%
TOTAL	8,518	4,030	47.31%

401-3 | Parental leave

Parental leave

		2022	2023
TOTAL WORKFORCE	Men	3,391	3,641
	Women	4,613	4,776
TOTAL EMPLOYEES WHO TOOK PARENTAL LEAVE	Men	51	52
	Women	142	155
RETURN RATE	Men	90%	100%
	Women	71%	100%
RETENTION RATE	Men	50%	100%
	Women	38%	100%

404-1 | Average hours of training per year per employee

Average hours of training per employee by gender

	AVERAGE HOURS
Men	3.54
Women	4.06
TOTAL	3.83

Average hours of training per employee by employee category

	AVERAGE HOURS
Executives	4.34
Managers	4.42
Coordinators	7.79
Supervisors	8.33
Specialists	5.60
Consultants	5.03
Analysts	5.50
Assistants	5.43
Apprentices	4.35
Sales representatives	1.51
Other*	3.46
TOTAL	3.83

* In the 'others' category are interns and other retail positions, such as store assistant, cashier and stock clerk.

404-2 | Programs for upgrading employee skills and transition assistance programs

At Arezzo&Co, there is educational support for undergraduate, graduate and language courses for employees in corporate offices and factories. In 2023, 41 employees were benefited. The Group also supports the training of shoe modelers, with 20 employees trained in 2023, and training in development, modeling, and manufacturing of handbags, with nine professionals trained.

For terminations initiated by Arezzo&Co, in managerial positions and in some specific cases of Coordinators with at least five years in the company, an outplacement package is offered, which includes assistance in job placement in the market, conducted by an external partner entity.

404-3 | Percentage of employees receiving regular performance and career development reviews

Employees receiving performance reviews, by employee category (%)			
	MEN	WOMEN	TOTAL
Executives	93.10%	100.00%	95.83%
Managers	51.41%	72.68%	62.22%
Coordinators	88.00%	82.46%	84.50%
Supervisors	91.53%	81.48%	88.37%
Specialists	81.48%	92.86%	87.27%
Consultants	85.71%	86.89%	86.67%
Analysts	57.58%	65.77%	62.44%
Assistants	32.29%	33.23%	32.90%
Apprentices	2.01%	2.00%	2.01%
Sales representatives	0.00%	0.00%	0.00%
Other	13.25%	10.43%	11.63%
TOTAL	23.04%	24.85%	24.07%

Employees hired up to 12/31/22 participate in the process. At Arezzo&Co, all administrative employees from all units, factory and retail leaders participate. At AR&Co, all employees undergo evaluation, with stores and logistics operations having a dedicated assessment. The data does not include TROC and units acquired by the Group throughout the year.

The evaluation models used in the Company are:

360° | view from various angles - Immediate manager, self-assessment, peers, and team.

270° | view from three angles - Immediate manager, self-assessment and peers.

180° | view from two angles - Immediate manager and self-assessment.

To achieve adherence, active internal communication and reinforcement and sustainability activations are utilized.

For 2024, the Group will conduct training and engagement initiatives, in addition to expanding the eligible audience (encompassing a total of 1,700 professionals, an increase of 19% on the previous cycle). It also intends to follow up on the development plan of participating employees and the unfolding/calibration of results at the coordination level. Furthermore, it will work on a structured succession plan to guide decisions on strategic positions.

Other non-material disclosures

207-2 | Tax governance, control and risk management

The Company and its subsidiaries adopt a conservative fiscal and accounting stance, aligning with understandings widely spread in the market by companies in the same segment. Due to the constant dynamics of updating regulations, laws, case law and doctrines, it tirelessly seeks to stay informed about the best economic and tax practices. This commitment aims not only to optimize its revenue but also to ensure total compliance with the current regulatory best practices.

Risk Committee, and approval by a third-party audit. This rigorous validation process ensures not only strict compliance with legal standards but also the maximization of available tax benefits, thus aligning with operational efficiency and the continuous search for financial optimization opportunities.

As a rule, any change in the tax stance is carefully evaluated and implemented only after obtaining a favorable opinion from the company's legal advisors, consent of the

The Company deeply values the need to anticipate changes in the regulatory and tax landscape, recognizing the constant importance of adaptation and improvement. Thus, we reiterate our commitment to maintaining a strategic approach in the face of challenges and opportunities that may arise in the regulatory and fiscal environment.

SASB DISCLOSURES

Customer data security

CG-MR-230a.1 | Consumer Goods Sector - Multiline and Specialty Retailers and Distributors | Data Security

Description of approach to identify and address the data security risks

The Company has an ongoing Information Security improvement program to protect technological assets, mitigate potential cyber risks and expand the vulnerability management process to all cloud environments.

Practices include:

- Identifying and correcting vulnerabilities in technological assets, detecting potential security flaws and implementing timely corrections to prevent malicious exploitation.
- Adopting automated tools for detecting security incidents which not only reduces the response time but also potentially reduces the damages caused by malicious activities.
- Identifying, mitigating and sharing information about high risks from critical areas and potential threats, implementing mitigation strategies to decrease the likelihood of their occurrence.
- Promoting transparency in the dissemination of information about risks at the Information Security Committees.

- Awareness raising with ongoing actions to educate employees about safe practices.
- Performing simulated phishing tests to evaluate and improve employees' ability to identify and avoid potential threats.

Thus, in addition to enhancing awareness programs among its stakeholders, it incorporates cyber risks into the company's overarching strategy. As such, it has set the following goals to be achieved by December 2024:

- To maintain 50% of cloud environments within the vulnerability management program.
- Create 20 new use cases in Security Information and Event Management (SIEM).
- To add all high-level cyber risks to the global risk view.
- To implement a global risk tool by the Internal Audit.
- To incorporate three additional topics into the awareness program.



ASSURANCE LETTER

GRI 2-5



WHEN TRUST MATTERS

Independent Limited Assurance Statement

Arezzo Industria e Comércio S.A . ("Arezzo") has commissioned DNV Business Assurance Assessments and Certifications Brasil Ltda ("DNV" or "we") to carry out the independent verification of the 2023 Annual Report ("Report") and to carry out an independent verification for selected performance indicators for the year ended December 31, 2023.



Our opinion: Based on the work carried out, nothing has come to our attention to suggest that the Report does not adequately describe Arezzo's adherence to the principles described below. In terms of the reliability of the performance data, nothing came to our attention to suggest that this data had not been properly grouped from the information reported at the operational level, nor that the assumptions used were inappropriate. In our opinion, the report provides sufficient information for readers to understand the company's management approach to its most relevant issues and impacts.

Without affecting our assurance opinion, we also make the following observations:

Stakeholder Inclusiveness

The participation of stakeholders in the development and achievement of a responsible and strategic response to sustainability.

Throughout the assurance process, DNV identified that AREZZO systematically involves key stakeholders in its business, including associations, customers, employees, suppliers, franchisees, investors, NGOs, public authorities, and others. There is evidence that stakeholder feedback helped define the content of the Report and influenced decision-making within the company.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Stakeholder Inclusion Principle.

Materiality

The process for determining the issues that are most relevant to an organization and its stakeholders.

AREZZO has demonstrated a structured and effective process for identifying its most material issues. The materiality process, carried out in

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Sustainability Context principle.

Completeness

How much of all the information that has been identified as material to the organization and its stakeholders is reported?

The report provides a comprehensive overview of AREZZO's ESG performance in the reporting year. Based on the work done, we do not believe that AREZZO has failed to report any of its material issues. It was found that the company uses systems and software to control information, which brings greater reliability and quality to the data. However, for some information, such as that related to the Environment, we noticed that there is estimated data, where there is no management of information from some units in the consolidated controls. It is recommended that the information be obtained from all units, in order to improve the management and effectiveness of the information.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness.

2022, considered a wide range of inputs, including the company's sustainability and risk context, industry trends, and stakeholder perspectives. Through its risk management framework, the company continuously monitors emerging and priority issues. The Report presents the company's activities and performance in relation to its more material themes.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to Materiality.

Sustainability Context

Presenting the organization's performance in the broader context of sustainability.

AREZZO's 2023 Annual Report aligns with global sustainability frameworks such as the Global Reporting Initiative (GRI).

Reliability

The accuracy and comparability of the information presented in the Report, as well as the quality of the underlying data management systems.

AREZZO has established a variety of processes to collect and consolidate the various data it reports. We have confidence in the processes in place to ensure accuracy in the information presented in the Report and in the data management systems. The dissemination of data is comprehensive, and the indicators are disseminated in a balanced manner. Our review of selected indicators presented in the Report resulted in some technical errors that were identified and corrected based on our sampling.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

Scope and approach

We carry out our work using DNV's VeriSustainTM assurance methodology, which is based on our professional experience, international assurance best practices, including the Revised International Standard for Assurance Works (ISAE) 3000 ("ISAE 3000").

DNV applies its own management standards and compliance policies for quality control, which are based on the principles contained in ISO IEC 17029:2019 - Conformity Assessment - General Principles and Requirements for Validation and Verification Bodies, and accordingly maintains a comprehensive quality control system, including documented policies and procedures in relation to compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We evaluated the Report for adherence to the VeriSustainTM Principles (the "Principles") of Stakeholder Inclusion, Materiality, Sustainability Context, Completeness, and Trustworthiness. We evaluate the selected GRI indicators and performance data as shown below using the GRI Reporting Principles to define the quality of the report (Accuracy; Equilibrium; Clarity; Comparability; Completeness; Sustainability Context; Timing; Verifiability).

The review of financial data is not within the scope of our work. We understand that financial data, including financial data that feeds into the calculation of the Selected Performance Indicators, is subject to a separate independent audit process. DNV has relied on this information to be accurate for the purposes of our scope of work. This includes, but is not limited to, any statements relating to sales, revenue, salaries, payments, and financial investments.

The limit of our work for in-scope data is country operations. The reliability of the reported data depends on the accuracy of data collection and monitoring arrangements at the market and site level, not considered as part of this warranty.

In-scope data

The GRI indicators in scope include:

- 302-1: Energy consumption within the organization
- 303-3: Water withdrawal
- 303-5: Water consumption
- 305-1: Direct (scope 1) GHG emissions
- 305-2: Energy indirect (Scope 2) GHG emissions
- 306-1: Waste generation and significant waste-related impacts
- 306-2: Management of significant waste-related impacts

Responsibilities of AREZZO and the assurance provider

AREZZO is solely responsible for the preparation of the Report. When we conduct our assurance work, our responsibility is to AREZZO's management. However, our statement represents our independent opinion and is intended to inform all interested parties. DNV has not been involved in the preparation of any statements or data included in the Report, except for this statement. This is our first year providing assurance on AREZZO's indicators and the first year providing assurance for AREZZO's Report. DNV's assurance work is based on the assumption that the data and information provided by the client to us as part of our review has been provided in good faith. DNV expressly disclaims any liability or co-liability for any decision that a person or entity may make based on this statement. All assurance work is subject to inherent limitations, as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques

- 306-3: Waste generated
- 403-1: Occupational health and safety management system
- 403-9: Work-related injuries*
- 404-2: Programs for upgrading employee skills and transition assistance programs
- 404-3: Percentage of employees receiving regular performance and career development reviews
- 405-1: Diversity of governance bodies and employees
- 408-1: Operations and suppliers at significant risk for incidents of child labor
- 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor
- 417-2: Incidents of non-compliance concerning product and service information and labeling
- 417-3: Incidents of non-compliance concerning marketing communications

may result in different quantifications between different entities.

*Note: For indicator 403-9, DNV did not evaluate item b and its subitems i., ii., iii., iv., v., because the Company does not manage such information for Third-Party Employees.

Level of Assurance	Independence
We plan and execute our work to obtain the evidence we deem necessary to support our assurance opinion. We are providing a 'limited' level of assurance. A 'reasonable' level of assurance would require additional work at headquarters and local levels to obtain more evidence to support the basis of our assurance opinion.	The policies and procedures established by DNV are designed to ensure that DNV, its personnel and, where applicable, others, are subject to independence requirements (including personnel from other DNV entities) and maintain independence when required by relevant ethical requirements. This work was performed by an independent team of sustainability reporting assurance professionals.

Basis of our opinion

A multidisciplinary team of sustainability and assurance experts carried out work from February to March 2024. We carry out the following activities:

- Review of current sustainability issues that may affect AREZZO and are of interest to stakeholders.
- Review of AREZZO's approach to stakeholder engagement and recent results.
- Review of the information provided to us by AREZZO about its reporting and management processes related to the Principles.
- We conducted interviews with the head of ESG, and areas such as risk management, sustainability, human resources, environment, health and safety, and compliance. They are responsible for the areas of management and stakeholder relations addressed in the Report. The purpose of these discussions was to understand the high-level commitment and strategy related to AREZZO's ESG and governance arrangements, stakeholder engagement activities, management priority, and systems. We were free to choose interviewees and roles covered.
- We accessed documentation and assessed evidence that supported and substantiated the claims made in the Report.
- Review of specified data collected at the corporate level, including those collected by other parties, and statements made in the Report. We interviewed managers responsible for internal data validation, reviewed their work processes, and conducted sample audits of the processes of generating, collecting, and managing quantitative and qualitative sustainability data.
- We assess whether the evidence and data are sufficient to support our opinion and AREZZO's claims.
- We provided feedback on the report based on our scope of assurance.

Business Assurance

DNV Business Assurance is a global provider of certification, verification, assessments and training, helping clients build sustainable business performance.

<https://www.dnv.com.br>

**Oliveira,
Mayara** Digitally signed by
Oliveira, Mayara
Date: 2024.03.28
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Lead Auditor

**Arias,
Paulo** Digitally signed by
Arias, Paulo
Date: 2024.03.28
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Technical Reviewer

By and on behalf of DNV Business Assurance Avaliações e Certificações Brasil Ltda.

Sao Paulo, Brazil

March 28, 2024

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GRI CONTENT INDEX

Statement of use: Arezzo&Co has developed its report in accordance with the GRI Standards for the period from January 01 to December 31, 2023.

GRI 1 used: GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION RESPONSE OMISSION
GENERAL DISCLOSURES		
GRI 2: General Disclosures 2021	2-1 Organizational details	The Arezzo Indústria e Comércio SA is a publicly traded corporation based in Belo Horizonte (MG), Brazil. Further details about the organization are included in the Annual Report.
	2-2 Entities included in the organization's sustainability reporting	The sustainability report and financial statements cover all brands and companies of the Company, except for Vicenza and Paris Texas. The acquired companies will be included in the sustainability strategy within up to two years for some topics, such as supplier management.
	2-3 Reporting period, frequency and contact point	The sustainability reporting period is the same as the company's financial reporting period. Page 5
	2-4 Restatements of information	The data reported in 2023 do not include the companies acquired in 2023, Vicenza and Paris Texas. In addition, for this report, information regarding Arezzo&Co and AR&Co, reported separately in 2022, was consolidated.
	2-5 External assurance	The non-financial information in the report is assured by an independent third party, as per the Assurance Report available on page 155.
	2-6 Activities, value chain and other business relationships	Its activities include production, sales, and marketing; logistics and procurement; research and development (R&D); quality management; corporate social responsibility; and quality management. Its value chain encompasses inbound and outbound logistics; operations; marketing and sales; human resources management; procurement; raw materials; suppliers; and distribution. In 2023, it had suppliers of varying scales (small, medium, and large), locations (local, national, and international), activities (products, services, and inputs), and relationships (intermediaries and outsourced). It also worked with partners such as the Government, associations, ABVTEX, Abicalçados, Assintecal, NGOs, suppliers, customers and investors. Learn more on pages 15 and 17.

GRI STANDARD	DISCLOSURE	LOCATION RESPONSE OMISSION
GENERAL DISCLOSURES		
GRI 2: General Disclosures 2021	2-7 Employees	Page 69
	2-8 Workers who are not employees	In 2023, there were 873 third-party contractors working in areas including information technology, logistics, cleaning, security, electrical, climate control, store maintenance, and DC staffing. This number does not include third-party contractors from AR&Co and employees operating as legal entities within TROC.
	2-9 Governance structure and composition	The Board of Directors consists of 2 women and 7 men, with no participation from individuals of socially under-represented groups. Learn more about the board members' skills at: https://ri.arezzoco.com.br/governanca-corporativa/diretoria-e-conselho/ and pages 109, 111 and 127
	2-10 Nomination and selection of the highest governance body	Page 109
	2-11 Chairman of the highest governance body	The Board Chairman does not hold an executive role at the Company.
	2-12 Role of the highest governance body in overseeing the management of impacts	In managing impacts and implementing guidelines related to sustainable development, the highest governing body takes on the role of: strategic oversight; approval of policies and objectives; definition of mission and values; implementation and supervision of practices; management of impacts on the economy, environment, and people; financial risk assessment; supply chain analysis; cost-benefit analysis; and monitoring of economic indicators and corporate social responsibility.
	2-13 Delegation of responsibility for managing impacts	The organization has delegated the responsibilities for impact management to the Executive Director of People, Management, Sustainability, Expansion, and Institutional Relations, and to the members of the sustainability committee. These responsibilities include developing and implementing sustainability strategies, evaluating and monitoring performance, ensuring compliance with regulations and standards, integrating sustainability into processes and operations, promoting stakeholder engagement, developing initiatives, and publishing sustainability reports. Information on impact management is reported to the highest governing body through executive presentations, the sustainability committee and quarterly meetings. Additionally, the Company has four advisory committees involving members of the Board of Directors on specific topics.
	2-14 Highest governance body's role in sustainability reporting	The Board of Directors, the Sustainability Committee, and the Executive Board are responsible for evaluating and approving the Company's material topics. Likewise, the Annual Report is approved by these bodies, except for the Board of Directors, as it is represented by its chairman, who is the coordinator of the Sustainability Committee.
2-15 Conflicts of interests	Page 115	

GRI STANDARD	DISCLOSURE	LOCATION RESPONSE OMISSION
GENERAL DISCLOSURES		
	2-16 Communicating critical concerns	Page 119
	2-17 Collective knowledge of highest governance body	To expand the highest governance body's knowledge on sustainable development, internal communications about the topic and updates on the main issues discussed by the Sustainability Committee are disseminated. Additionally, some members of the Committee are also part of the Board of Directors.
	2-18 Evaluating the highest governance body's performance	After the evaluations, the consolidated result is discussed at a Board of Directors meeting, where plans for any improvements are defined. There were no actions in the last evaluation. More information in the Reference Form, to be disclosed in May 2024, including the methodology used, which will be available at: https://ri.arezzoco.com.br/informacoes-financeiras/documentos-cvm/ Page 113
	2-19 Remuneration policies	There are no pension plans provided to the members of the Board of Directors and the Statutory Officers of the Company. Find out more in the Reference Form to be disclosed in May 2024, available at: https://ri.arezzoco.com.br/informacoes-financeiras/documentos-cvm/ Page 113
GRI 2: General Disclosures 2021	2-20 Process for determining remuneration	Page 113
	2-21 Annual total compensation ratio	The ratio between the total remuneration (salary + benefits) of the highest paid individual and the average annual total remuneration of the other employees is available in the Reference Form, to be disclosed in May 2024, including the methodology used, which will be available at: https://ri.arezzoco.com.br/informacoes-financeiras/documentos-cvm/
	2-22 Statement on sustainable development strategy	Page 11
	2-23 Policy commitments	The organization aligns with the United Nations Guiding Principles on Business and Human Rights, the International Labor Organization (ILO) Standards, the Global Compact, the Sustainable Development Goals (SDGs), and the Organization for Economic Co-operation and Development (OECD). These instruments mandate due diligence, the application of the precautionary principle, and respect for human rights. The guidelines adopted by the Group are approved by the highest governance body and apply to all activities and business partners. The commitments are communicated to stakeholders through social media, websites, events, conferences, annual reports, press interviews and official documents. Learn more about our policies at: https://ri.arezzoco.com.br/governanca-corporativa/estatuto-e-politicas/

GRI STANDARD	DISCLOSURE	LOCATION RESPONSE OMISSION
GENERAL DISCLOSURES		
	2-24 Embedding policy commitments	The Board of Directors oversees the integration of commitments at different organizational levels. The integration of these commitments into the Group's strategies is carried out by setting goals, incorporating them into policies, developing operational procedures, training and raising awareness, impact assessment, due diligence, internal communication, feedback, and employee engagement, as well as disclosing in annual reports. With business partners, the Group seeks to implement commitments through integration practices, careful selection of business partners, inclusion of contractual clauses, audits and monitoring, open and transparent communication, problem-solving and continuous improvements, and periodic evaluation of business partners. Page 35, 37, 97, 109, 113, 119
	2-25 Processes to remediate negative impacts	Page 117, 119
	2-26 Mechanisms for seeking advice and raising concerns	Page 117
GRI 2: General Disclosures 2021	2-27 Compliance with laws and regulations	No relevant cases in the last two years of non-compliance with laws and regulations were not identified, considering fines and non-monetary sanctions. We consider as relevant cases situations with fines above R\$ 50,000.00.
	2-28 Membership of associations	Arezzo&Co participates in projects, working groups, or commissions of the following associations and organizations: Brazilian Association of Footwear Industries (Abicalçados); Brazilian Franchising Association (ABF); Brazilian Association of Companies of Components for Leather, Footwear, and Artifacts (Assintecal); Brazilian Textile Retail Association (ABVTEX); Sindilojas; Brazilian Business Council for Sustainable Development (CEBDS); and the Global Compact.
	2-29 Approach to stakeholder engagement	The Company maintains engagement with business partners, consumers, clients, employees, third parties, governments, communities, NGOs, shareholders, investors, and suppliers to identify real and potential impacts, define prevention and mitigation responses, build lasting relationships, understand needs and expectations, make decisions, manage risks and opportunities, promote innovation, comply with regulatory requirements, build reputation, promote sustainability, and meet investor demands. This relationship is maintained through open and transparent communication, with periodic consultations, conducting training, monitoring demands in communication vehicles, and publishing the sustainability report, among others. Page 35, 123
	2-30 Collective bargaining agreements	100% of employees are covered by collective bargaining agreements.

GRI STANDARD	DISCLOSURE	LOCATION RESPONSE OMISSION
MATERIAL TOPICS		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 35
	3-2 List of material topics	Page 35
WORKING CONDITIONS		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 95
GRI 402: Labor/management relations 2016	402-1 Minimum notice periods regarding operational changes	There is no policy defining the minimum notice period for operational changes.
	403-1 Occupational health and safety management system	Page 95
GRI 403: Occupational health and safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	The management of hazards and risks, both routine and non-routine, includes inspections of fire-fighting equipment, chemical and environmental monitoring at workplaces, and measurement of noise, vibration, and heat. The need for hazardous and unhealthy work bonuses is indicated in the Technical Workplace Environment Report (LTCAT). The company uses a channel for opening tickets, where improvements related to the building are recorded and addressed. Annually, the budget for the area is updated, aiming for the continuous improvement of processes.
	403-3 Occupational health services	Page 127
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 127
	403-5 Worker training on occupational health and safety	Health and safety training is provided through the integration of new employees, daily safety talks (DDS), training on specific standards or activities and general regulatory training.

GRI STANDARD	DISCLOSURE	LOCATION RESPONSE OMISSION
MATERIAL TOPICS		
GRI 403: Occupational health and safety 2018	403-6 Promotion of worker health	Through the quality of life program, the Company offers benefits to all employees, such as subsidies for gyms (with Gympass), enrollment and discounts on health and dental plans, and other rewards. Annual vaccination campaigns, services like Psicologia Viva (Live Psychology), and workplace gymnastics complement the health promotion actions. For those who do not join the health plans, the Group ensures more affordable prices through agreements with partners. Learn more on page 83.
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	The Company implements measures to ensure Occupational Health and Safety (OHS), from operational procedures to specific indicators. Tools such as the Senior System and the IUS Natura platform are used to assess aspects related to the topic. Fulfilling the objectives established in the safety policy, filed in this context, is crucial for mitigating risks and impacts on employees' health. Notably, the annual update of the Hazard Identification and Risk Analysis (IPAR) and the implementation of programs such as PGR, PCMSO, and AET contribute to the promotion of OHS.
	403-8 Workers covered by an occupational health and safety management system	Page 95
	403-9 Work-related injuries	Page 95. 127
	403-10 Work-related ill health	The Company follows a priority order to control risks related to occupational diseases. If an occupational disease is identified, the Specialized Occupational Health and Safety Service (SOHSS) conducts a study to understand the causes and applies control measures, adjusting equipment or processes. Throughout the year, only one case of a compulsorily reportable occupational disease was recorded, related to Carpal Tunnel Syndrome.
SUPPLIER MANAGEMENT		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 97
GRI 204: Procurement practices 2016	204-1 Proportion of spending on locally-based suppliers	Page 97. 103
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	Page 99. 129

GRI STANDARD	DISCLOSURE	LOCATION RESPONSE OMISSION
MATERIAL TOPICS		
GRI 308: Supplier environmental assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	The Company is structuring actions directed towards the assessment of environmental impacts in the supply chain, which will be implemented in the coming years.
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	There is no risk in own operations, but there is in the manufacturing of finished product (footwear, handbags, and clothing) by independent factories. To mitigate this risk, monitoring is conducted by the ABVTEX program. Learn more on page 97.
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	To ensure legal compliance of suppliers regarding labor and environmental issues, external market suppliers must comply with local laws and regulations, and the socio-environmental requirements defined by the Company, through the conduct of global social and environmental audits, such as SMETA (Sedex Members Ethical Trade Audit Report) or BSCI (Business Social Compliance Initiative).
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	Page 99
	414-2 Negative social impacts in the supply chain and actions taken	Page 99
INNOVATION IN MATERIALS, PRODUCTS AND PROCESSES		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 57, 63, 101
WASTE MANAGEMENT		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 63
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Page 129
	306-2 Management of significant waste-related impacts	Page 129

GRI STANDARD	DISCLOSURE	LOCATION RESPONSE OMISSION
MATERIAL TOPICS		
GRI 306: Waste 2020	306-3 Waste generated	Page 129
	306-4 Waste diverted from disposal	Page 133
	306-5 Waste directed to disposal	Page 133
REVERSE LOGISTICS		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 63
	301-3 Reclaimed products and their packaging materials	Page 135
RESPONSIBLE SOURCING		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 53
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Page 135
	301-2 Recycled input materials used	Page 135
GRI 303: Water and effluents 2018	303-2 Management of water discharge related impacts	In some manufacturing units, the Group uses septic tank and filter systems for sewage disposal, following the effluent discharge quality standards set by Consema Resolution 355, required by the licensing agency. No internal standards for water quality have been established. As for the profile of the water body receiving the discharge, the analysis is the responsibility of the licensing agency, which defines the parameters to be met in the issuance of the environmental license.
	303-3 Water withdrawal	Page 137
	303-4 Water discharge	All water captured by the Company is discharged into the public network following the wastewater discharge quality standards set by Consema Resolution 355, required by the licensing agency. There are no wastewater treatment plants at the units, and we do not use water in the production process of the units.

GRI STANDARD	DISCLOSURE	LOCATION RESPONSE OMISSION
MATERIAL TOPICS		
GRI 303: Water and effluents 2018	303-5 Water consumption	The Arezzo&Co Group does not use water in its production process. All consumption is for employee use, bathrooms, and cleaning in general. Page 137
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products, and services on biodiversity	Page 137
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Page 137
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	In 2023 there were no incidents of noncompliance with regulations and/or voluntary codes concerning the health and safety impacts of our products and services.
CLIMATE CHANGE		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 49
GRI 201: Economic performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Page 137
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page 139
	302-2 Energy consumption outside of the organization	Page 139
	302-3 Energy intensity	Page 139
	302-4 Reduction of energy consumption	There was no reduction in energy consumption, as new store openings and new factory acquisitions occurred in 2023.

GRI STANDARD	DISCLOSURE	LOCATION RESPONSE OMISSION
MATERIAL TOPICS		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 141
	305-2 Energy indirect (Scope 2) GHG emissions	Page 141
	305-3 Other indirect (Scope 3) GHG emissions	Page 141
	305-4 GHG emissions intensity	Page 143
	305-5 Reduction of GHG emissions	There was no reduction in emissions versus the baseline year. There was an increase in scope 1 emissions due to a failure in the cooling system at Reserva's distribution center. Scope 2 emissions increased in the location-based category due to an increase in the number of stores and also a manufacturing unit in Bahia.
DIVERSITY AND INCLUSION		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 71
GRI 202: Market presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Page 143
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	Page 69, 111, 143, 145
	405-2 Ratio of basic salary and remuneration of women to men	Page 147
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Page 117

GRI STANDARD	DISCLOSURE	LOCATION RESPONSE OMISSION
MATERIAL TOPICS		
EMPLOYMENT AND DECENT PAY		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 83
GRI 202: Market presence 2016	202-2 Proportion of senior management hired from the local community	Considering the members hired in Rio Grande do Sul state, the company's headquarters, the percentage is 28.57% (2 of 7 members).
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 147, 149
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 83
GRI 404: Training and education 2016	401-3 Parental leave	Page 75
	404-1 Average hours of training per year per employee	Page 149
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 75, 85, 151
GRI 404: Training and education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	Page 85, 151
	OTHER NON-MATERIAL DISCLOSURES	
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Page 39, 41

GRI STANDARD	DISCLOSURE	LOCATION RESPONSE OMISSION
MATERIAL TOPICS		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	An assessment of units regarding corruption-related risks was not conducted. The procedure will be adopted in 2024 as part of the Risk Management Project.
	205-2 Communication and training about anti-corruption policies and procedures	4,211 Group employees were trained (49%). By employee category: Senior Management: 13 (81%), Executive Board: 26 (53%), Leadership: 480 (60%), Operational: 3,562 (75%) and Apprentices/interns/other positions: 130 (4%). By region: South: 2,239 (79%), Southeast: 1,182 (26%), Midwest: 81 (18%) and Northeast: 759 (78%).
	205-3 Confirmed incidents of corruption and actions taken	In the last two years, there were no internal records or reports in the Ethics Channel of corruption cases deemed as substantiated.
GRI 207: Taxes 2019	207-2 Tax governance, control and risk management	Page 151
GRI 305: Emissions 2016	305-6 Emissions of ozone-depleting substances (ODS)	Ozone depleting substances: HCFC-22 (516.56 kg); HCFC-141b (6.26 kg).
	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Estimates not conducted.
GRI 417: Marketing and labeling 2016	417-1 Requirements for product and service information and labeling	The organization's procedures establish specific requirements for information and labeling of products and services. Regarding labeling, obligations include the disclosure of composition for textile products and the inclusion of pictograms for footwear. As for the percentage of significant product or service categories covered and assessed according to these procedures, the Group does not yet have this data.
	417-2 Incidents of non-compliance concerning product and service information and labeling	In 2023, two fines were paid for infractions received in 2022, to the regulatory authority (INMETRO/IPEM) regarding product labels, where it was found that the label of two imported products did not meet the national labeling rules. The products were withdrawn from circulation. The goal for 2024 is to develop a manual and conduct training to improve the product labeling process, providing increasingly appropriate information to the consumer.
	417-3 Incidents of non-compliance concerning marketing communications	None.

SASB CONTENT INDEX

SASB standards used (industries): *Apparel, Accessories & Footwear (CG-AA) and Multiline & Specialty Retailers & Distributors (CG-MR) for the period from January 01 to December 31, 2023.*

CODE	METRIC	LOCATION / RESPONSE
ACTIVITY METRICS		
SASB CG-AA-000.A	Number of (1) tier 1 suppliers and (2) suppliers beyond tier 1	Page 17
SASB CG-MR-000.A	Number of retail and distribution centers	Page 103
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	Page 97
SASB CG-AA-430b.2	Priority non-compliance rate and associated corrective action rate for suppliers' labor code of conduct audits	Page 99
SASB CG-AA-430b.3	Description of the greatest (1) labor risks and (2) environmental, health, and safety risks in the supply chain	Page 97
EMPLOYEES		
SASB CG-MR-310a.1	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	The information is not public.
SASB CG-MR-310a.2	(1) Voluntary and (2) involuntary turnover rate for in-store employees	Voluntary: 31.5% Involuntary: 30.6%
SASB CG-MR-330a.1	Percentage of gender and racial/ethnic group representation in Top Management and other employees	Page 145

CODE	METRIC	LOCATION / RESPONSE
CUSTOMER DATA SECURITY		
SASB CG-MR-230a.1	Description of approach to identifying and addressing data security risks	Page 153
SASB CG-MR-230a.2	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	As in 2022, there were no personal data leaks in 2023. For 2024, the Company continues with continuous improvements to avoid incidents of personal data leaks.
PACKAGING MANAGEMENT		
SASB CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	Page 63
ENERGY MANAGEMENT		
SASB CG-MR-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Page 51
WATER MANAGEMENT		
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.	Currently, the Finished Product Suppliers Compliance team requests Environmental Licenses and conducts periodic monitoring through the final waste destination certificate. However, wastewater discharge is not specifically evaluated.
SUPPLIER ENVIRONMENTAL MANAGEMENT		
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 conduct Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) or an equivalent environmental data assessment at tier 1 and 2 supplier facilities. Environmental requirements are evaluated in the ABVTEX Certification and through continuous monthly monitoring.

TCFD CONTENT INDEX

CODE	METRIC	LOCATION / RESPONSE
GOVERNANCE		
TCFD-1	1. Describe the Board's oversight of climate-related risks and opportunities	The monitoring of management is the responsibility of the Sustainability and the Internal Audit departments, which report to the Sustainability Committee, which advises the Board of Directors on the subject. Learn more about the sustainability committee's responsibilities on page 113.
TCFD-2	2. Describe management's role in assessing and managing climate-related risks and opportunities	The Board actively participates in the strategy to fight climate change, according to the guidelines identified by the Internal Audit and Sustainability department. Learn more about risk management on page 119.
STRATEGY		
TCFD-3	3. Climate-related risks and opportunities the organization has identified over the short, medium, and long term	<p>Risk 1: Increase in indirect (operational) costs Description: Extreme weather events can have negative effects on operations and our supply chain. Type of risk: Acute physical / Heavy precipitation (rain, hail, snow/ice) Time frame: Short term</p> <p>Risk 2: Decrease in revenue due to reduced production capacity Description: Changes in regulation and/or taxation of emissions or new regulations. Type of risk: Emerging regulations Carbon pricing mechanisms. Time frame: Medium / Long term:</p>
TCFD-4	4. Impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	<p>Risk 1: Interruption of operations due to extreme weather events such as rains, floods, and storms.</p> <p>Risk 2: Impact on the suppliers of products and raw materials, affecting availability and cost, generating negative impacts on the production and distribution of finished products.</p>
TCFD-5	5. Resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	They are resilient because they undergo periodic review and are based on global climate agreements and commitments.

CODE	METRIC	LOCATION / RESPONSE
RISK MANAGEMENT		
TCFD-6	6. Organization's processes for identifying and assessing climate-related risks	The climate risk management process aims to identify and respond to events that may affect the achievement of strategic objectives. The methodology references the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission - COSO. Moreover, the risk management policy foresees the topic of climate change in the evaluation processes.
TCFD-7	7. Processes used by the organization to manage risks related to climate change.	The topics are addressed by the Sustainability Committee, which reports directly to the Board of Directors. Moreover, the risk management policy foresees the topic of climate change in the evaluation processes.
TCFD-8	8. How processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	The work is done jointly by the Internal Audit and Sustainability departments, according to the directions of the Sustainability and Risk, Audit and Finance Committee. All act in an integrated and continuous manner to identify, monitor and treat potential risks, in accordance with the Group's internal guidelines and international best sustainability practices. Learn more about our Risk Management on pages 113, 119 and 121.
METRICS AND TARGETS		
TCFD-9	9. metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	We are awaiting the approval of the science-based target for the definition of metrics aligned with the assumed and validated reduction commitments.
TCFD-10	10. Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Pages 49, 51, 141
TCFD-11	11. Targets used to manage risks and opportunities and performance against targets.	Pages 35, 37, 113

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