



muito eu

# Annual Report 2020



# Highlights for the Year

## Expansion



opening of **10 new stores**

**30 stores** revamped under the Customer Value Proposition strategy (CVP)<sup>1</sup>



**295 stores**

Total of **209 CVP stores**

1. Strategy of product cycle tracking and product display to boost sales.



## Digital Transformation



**Accelerated omni sales growth:** 297% with a 13% share



**App:** main sales channel, with 3.4 million active users monthly



**Galeria C&A:** over 200 sellers, focused on fashion and footwear



All stores with omnichannel initiatives from Ship from Store, Click and Collect and Infinite Aisle



**New channels:** sales through WhatsApp, Minha C&A (My C&A) and mini-stores



**C&A&VC (C&A&YOU):** more than 14 million customers



**New customers:** increase of 252% compared to 2019



Corporate squads and the Open Innovation program in partnership with Endeavor

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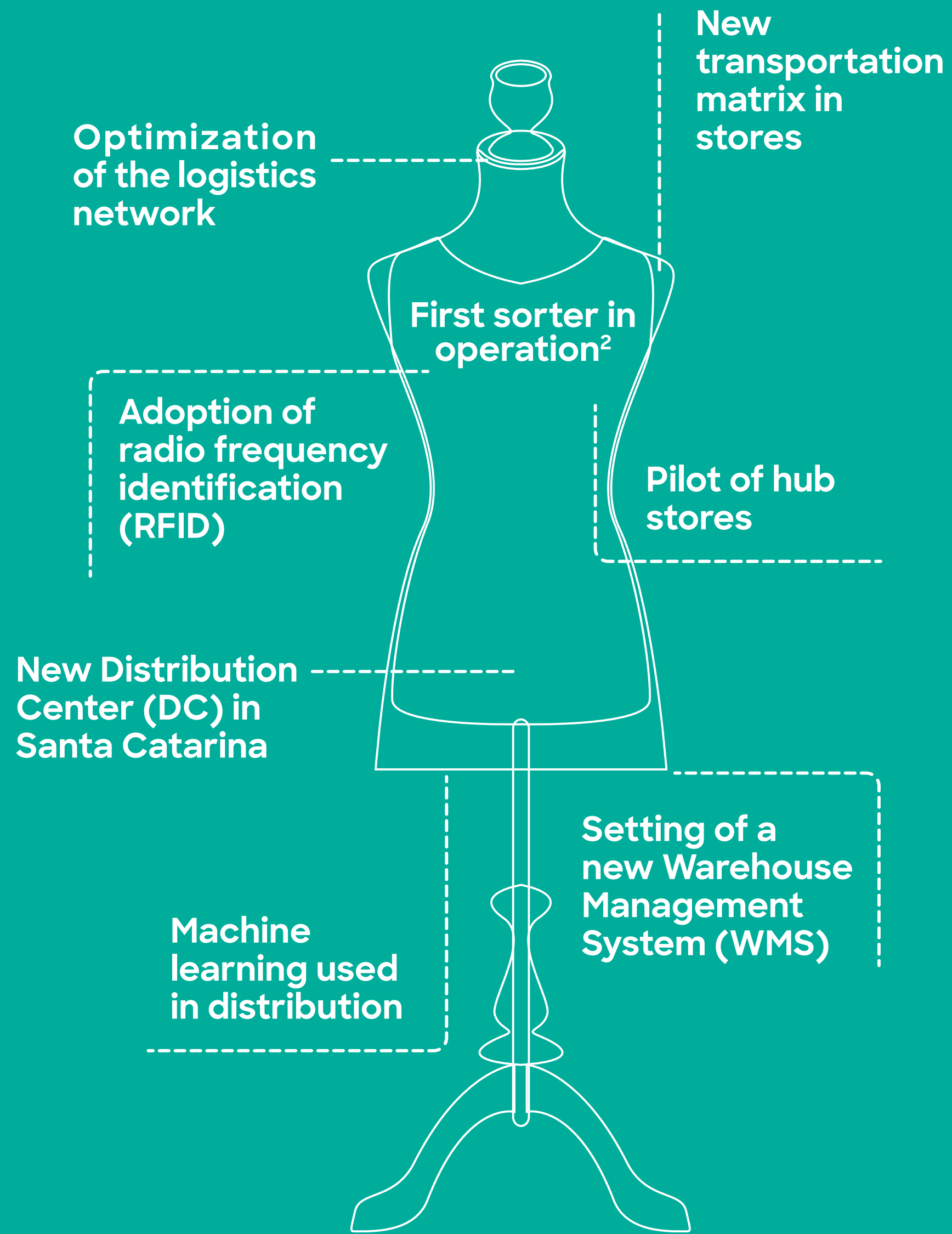
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# Modernization of the Supply Chain Operational Model



## Increased credit offering

Streamlined contact with customers of the C&A card in online channels, providing targeted information and offers

## More relevant product offerings

Increased assortment and capsule collections

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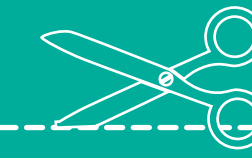
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2. Equipment for separating specific products.

## Behavioral Trends and Impact Reduction



- More than **90% of our cotton products** sourced as more sustainable cotton
- Over **60% of all the raw material** used was derived from a more sustainable source
- Denim collection with at least **65% less water usage** in the laundry process
- Ciclos Collection, **the first Cradle to Cradle Certified® Gold products produced in Brazil**
- 163 stores** with *Movimento ReCiclo* (in-store take-back program), with over **42,000 clothing** items collected, equivalent to about **7 tons**

- More than **80% of the volume** sold by C&A Brazil came from companies taking part in the chemical safety program
- Over **85% of the products** sold by C&A Brazil came from top-rated suppliers, in accordance with our audit protocol
- 21%<sup>3</sup> CO<sub>2</sub> emissions reduction**
- 24% reduction** in total electricity consumption and **18%** in total water consumption
- More than **93% of associates** are proud of C&A's contributions to the community, society and environment

3. Resulting from internal eco-efficiency programs and affected by restrictions due to Covid-19.

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# Introduction

This document introduces a new stage in the drawing up of C&A Modas S.A. corporate reports. After many years of publishing reports on a global level, we will resume to publish our Annual Report for the Brazilian market, starting with the 2020 fiscal year. This initiative is aligned with our drive for better governance and more transparency. [102-1](#) | [102-52](#)

This report has been prepared in accordance with the GRI Standards: Core option, an international standard in sustainability reporting created by the Global Reporting Initiative (GRI), with information referring to the period

from January 1<sup>st</sup> to December 31<sup>st</sup>, 2020. The information included in this publication covers all of C&A Modas S.A. facilities in the Country and is a rundown of the most important events in 2020, as well as our performance during this time. [102-45](#) | [102-50](#) | [102-54](#)

In an effort to emphasize the most relevant topics for our target audiences and our management, we have prioritized certain aspects in a material topics list. This enables us to present our value creation set up strategy and provide a more assertive communication process throughout this publication. For more information regarding the process of drawing up our material topics list, see the chapter titled About this Report.

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# Message from the CEO 102-14

The past few years have brought various changes throughout the world, for C&A and for our customer<sup>1</sup> as well. As such, we realize that we now need to be very clear about the path we take, what are our goals and how to deliver the best possible C&A Brazil to all of our customers.

Through the Initial Public Offering (IPO) occurred at the end of 2019, we have gained more autonomy and independence for our operation in Brazil. We established a plan to promote growth and create value, and our strategy was built focused on physical

1. As our customers are mostly female, we outlined our strategy for **HER**: our customer. This is why we have designed our products and services to deliver unique and special experiences for her, and we are connected with her way of living.

expansion, digital transformation, offering financial products and improving the supply chain infrastructure, with these measures starting to take place as early as 2020.

Along the way, a pandemic intervened. We have learned each day how to reinvent ourselves as being part of one of the most affected industries due to store closures and shifts in consumption patterns. The unusual circumstances of the year brought on both human and financial losses to the Country, but they also caused a speed-up in our main strategic plan guidelines. We rolled out a number of measures in record time that had been planned for development over the next few years, particularly in our omnichannel strategy. We reinvented ourselves during the pandemic and promoted significant growth in online sales. This was only possible thanks to the internal transformation on the way we work, and our staff resilience and engagement, ranging from the modifications required to adapt to a hybrid work model, to the introduction of dynamic models, including multidisciplinary squads.

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Our customer is more demanding each day; she expects further quality, speed and relevance. There is also increasing attention paid to the origin of our products, the impact we have on the environment, the materials we use – the bar keeps rising. Because of this, we are constantly keeping ourselves prepared, maintaining a series of initiatives to match up to this demand level.

We no longer talk about the difference between on and off channels. Our omnichannel journey was designed and built to include the customer at the center of the decision process, prioritizing her experience. We began producing capsule collections, which increased the speed of launches, as well as their relevance, without overlooking sustainability factors. All of this was only made possible due to a tight integration between the areas, with the use of new technologies and, of course, through the power of partnerships.

We believe that fashion is a form of self-expression. Our purpose has been built on that concept. We aspire to be a comprehensive platform that lets our customer express herself through fashion and beauty. To make this happen, we are supported by a vast physical retail chain that grew in 2020 and is expected to further expand. There is also an omnichannel

strategy, which posted an outstanding performance over the year, heralding what lies ahead. And finally, there's the human warmth of thousands of associates (as we refer to our employees), which reflects our personality and our passion for this business.

Caring for all sustainability aspects is not new to C&A. We are committed to this issue and responsible for some of the most significant trends in Brazilian retail related to this area. We are aware of the impacts that our industry can cause, and that's why we strive to produce fashion with a positive impact. From the perspective of circularity, our attention begins with product development and extends through the choice of raw materials, the suppliers that manufacture the garments and the logistical issues, all the way up to the final disposal.

Despite the numerous challenges, 2020 ended up strengthening the plan defined at the IPO. This grants us the certainty of a job well done and the needed stability to continue navigating through one of the most complex times in our corporate history. We appreciate everyone who has taken part in this journey with us.

**Paulo Correa**  
CEO of C&A Modas S.A.

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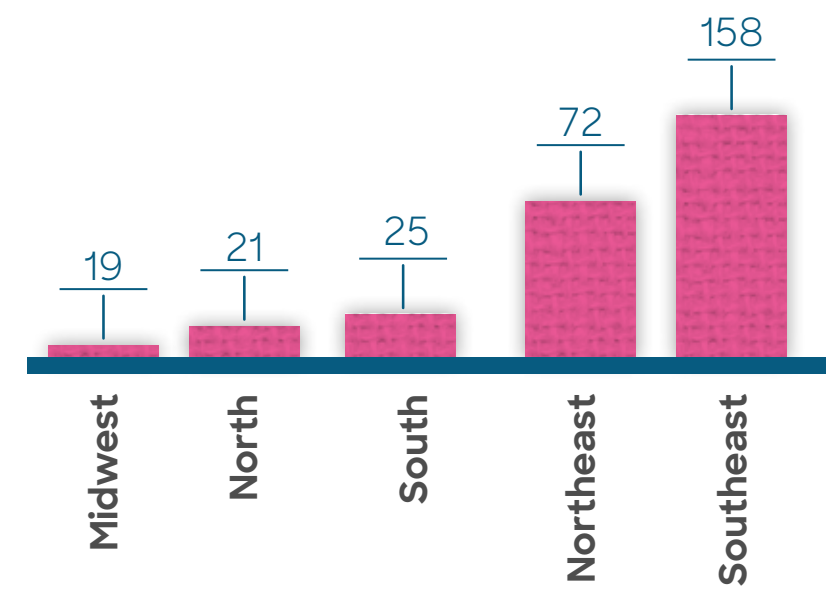




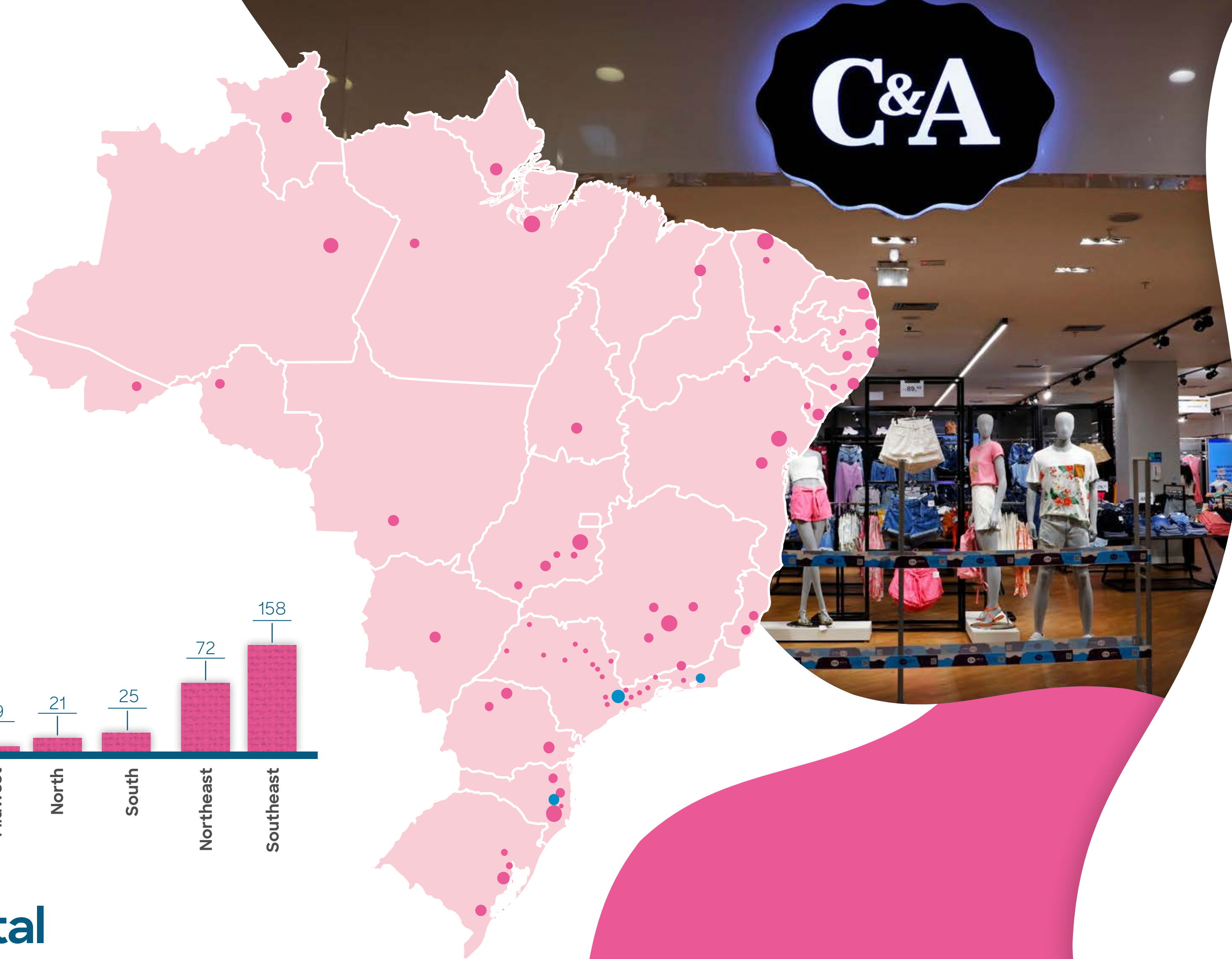
We are a publicly traded fashion Company that has been listed on the Brazilian Stock Exchange (B3) since October 2019, and we are well respected in Brazilian retail for aspects ranging from sustainability in the supply chain to the omnichannel journey offered to our customers. With over 14,000 associates, we closed out 2020 in 111 cities through all states of the Country, with 295 stores and 4 DCs. In addition to youthful, innovative, diverse and inclusive fashion for women, men and children, we offer a line of “fashiontronics” (cell phones, smartphones and watches) and cosmetics, and we introduced Galeria C&A, a marketplace that sells decor pieces, pet products, jewelry and other goods, in addition to fashion apparel. We believe that fashion is one of the most fundamental channels of self-expression, which is why we have placed our audience, primarily made up of young women, at the center of our strategy. Along with fashion retail, we also offer the C&A Card and sell insurance coverage and financial services.

[102-4](#) | [102-5](#) | [102-6](#) | [102-7](#)

## C&A Fashion Tech, the digital fashion company that understands Brazilian women, stores and a strong emotional connection



● Stores Distribution  
● Distribution Centers



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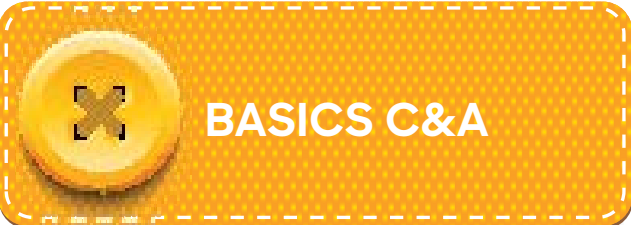
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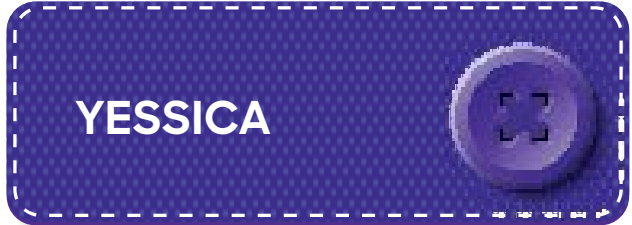
MINDSE7



SUNCOAST



BASICS C&A



YESSICA



ACE



CLOCK HOUSE



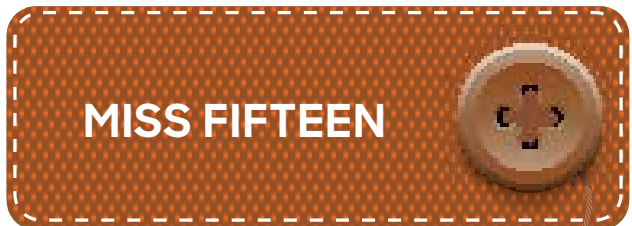
ANGELO LÍTRICO



DESIGN ÍNTIMO



BABY CLUB



MISS FIFTEEN



PALOMINO

We're a Company that is innovative and fun and, above all, we are passionate for people. Throughout our 180-year history, we have operated with ethics and focus to make sure that all our customers are always satisfied. At C&A, our associates can be whoever they want to be. The atmosphere is fun, inspiring and very youthful. **102-16**

### Our Values

- We are passionate about HER (our customer)
- We are all leaders and we are stronger together
- We work with integrity, clarity, confidence and respect for all people
- We love to innovate, engage and learn
- We are happy, we have fun and we are proud to be a part of C&A

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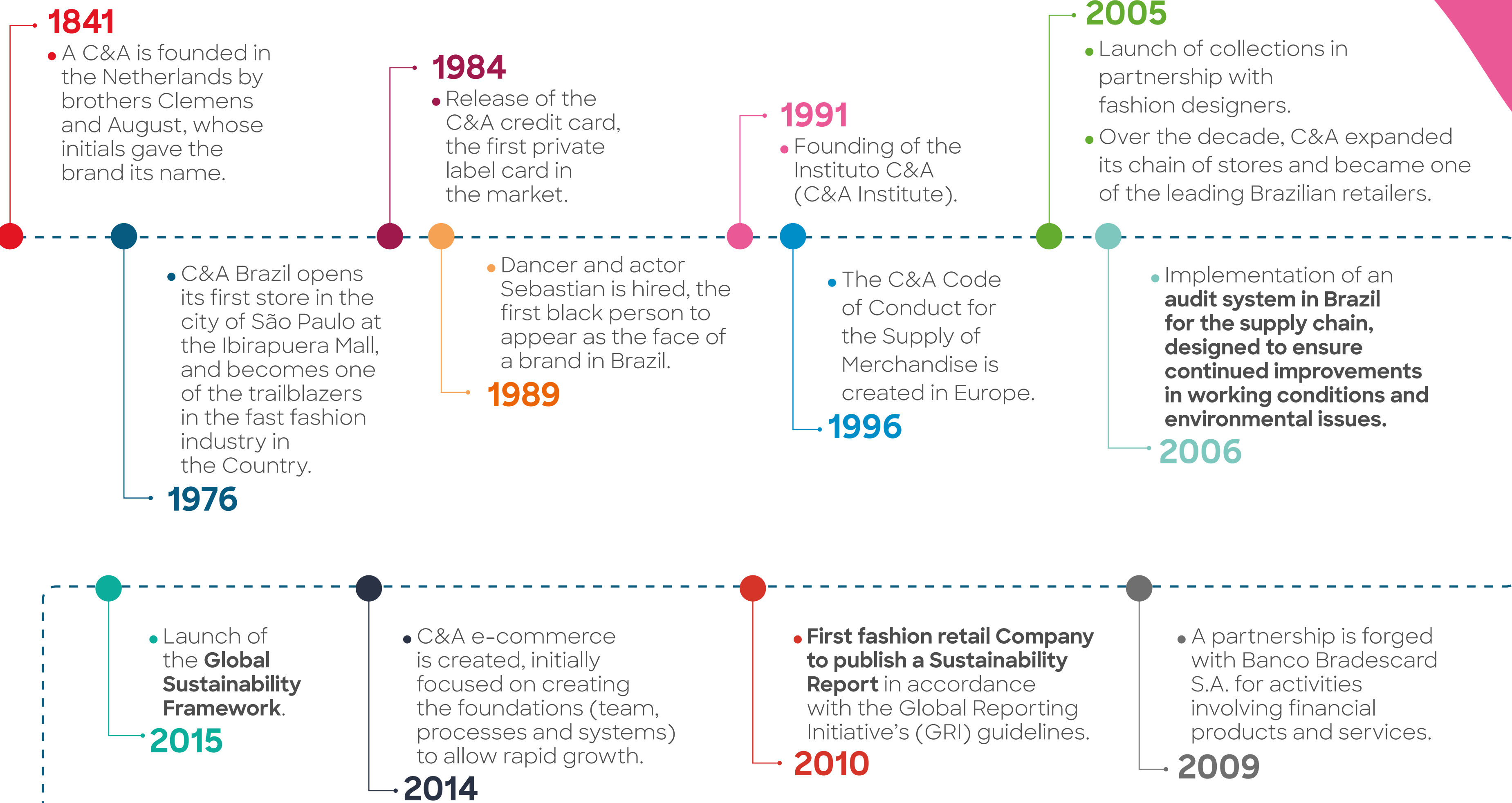
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# A Pioneering History



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## 2016

- Implementation of the Click and Collect service.

## 2018

- Launch of the digital native brand Mindse7.
- Creation of the C&A&VC (C&A&YOU) loyalty program.
- C&A subscribes globally to the United Nations (UN) Women's Empowerment Principles.

- C&A app launch.
- Store stock becomes available for omnichannel sales.
- The first collection featuring Cradle to Cradle Certified® Gold is sold in Brazil.
- Launch of the Movimento ReCiclo (in store take back program).

## 2017

- C&A's IPO in the B3 stock market, the Novo Mercado segment (with high standards in transparency and corporate governance).
- Introduction of the Infinite Aisle pilot project.
- Launch of the Beauty category.

## 2019

- Creation of the Digital Acceleration Committee.
- Exponential omnichannel acceleration as an opportunity due to the pandemic.
- Launch of new channels and services: drive-thru Click and Collect, sales via WhatsApp.
- Introduction of our marketplace, Galeria C&A.
- Partnership established with Endeavor in the open innovation program Conecta C&A.
- C&A is the first in the Americas to develop suppliers to produce under the Cradle to Cradle Certified® Gold products program.

## 2020

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# Our Capitals

Our business model, outlined on the next page, reflects our industry performance through the capitals, strategy and business contexts. We will also present the outcomes and value creation.



## Financial

Investments in physical and digital expansion, product offerings and improvements in infrastructure and supply chain management



## Manufactured

Stores, Distribution Centers and e-commerce



## Intellectual

Culture and knowledge



## Human

C&A Associates



## Social and relationship

Business partners and key stakeholders



## Natural

Natural resources for operations

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# Business Model

We're an innovative and fun company and, above all, we are passionate for people.



**Greater local autonomy and cultural transformation post-IPO** | **C&A Conecta with Endeavor**

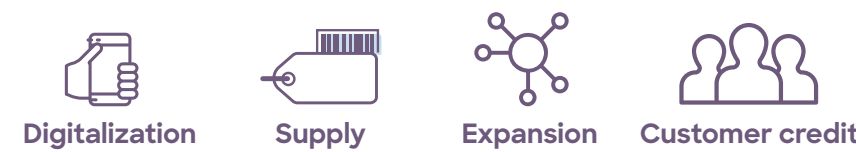


## Risks Context

- Pandemic • Consumer trends
- Customer Purchasing power
- Supplier dependency • Logistics infrastructure • Social and Environmental risks • Political, economic and social instability.

## Fashion Tech Strategy

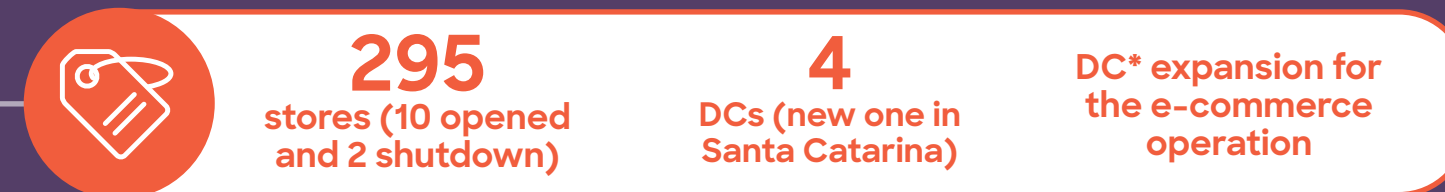
The digital fashion company that understands Brazilian women, with stores and a strong emotional connection



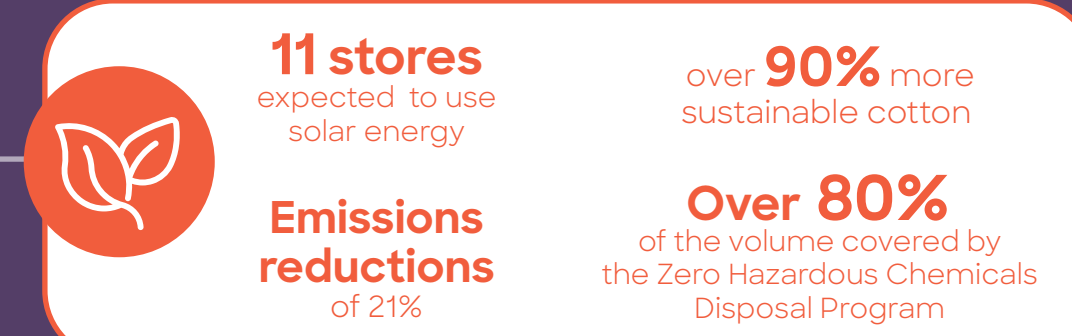
- Intensive technology and data use
- Encouraging a culture change in the Company
- Creation of a partnership hub

## Products and Services

We create and sell fashion, apparel, fashiontronics and beauty products. We also offer financial services.



**Omni Initiatives:** Click and Collect, Ship from Store and Infinite Aisle | **Innovation:** Mindse7 pre-sale, mini-stores | **Ciclos Collection:** first collection with Cradle to Cradle Certified@ Gold products produced in Brazil



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\* DC = Distribution Centers

## Value created for our stakeholders



## Value Creation and Financial Performance [102-10](#)

2020 experienced an unprecedented shake-up in global retail, significantly affecting our activities in Brazil for many months. **All of our stores were closed for more than a month**, and the gradual reopening extended until August 31<sup>st</sup>, with restrictions on opening hours over the subsequent months.

For C&A Brazil, this was a time for a breakthrough, an opportunity window, based on the deep shifts in the buying behavior of our customers. Our evolution in the digital transformation was radical. We have stepped-up our strategy delivery, so our customers would have a complete platform that allows them to express themselves through fashion, offering different channels, formats and content.

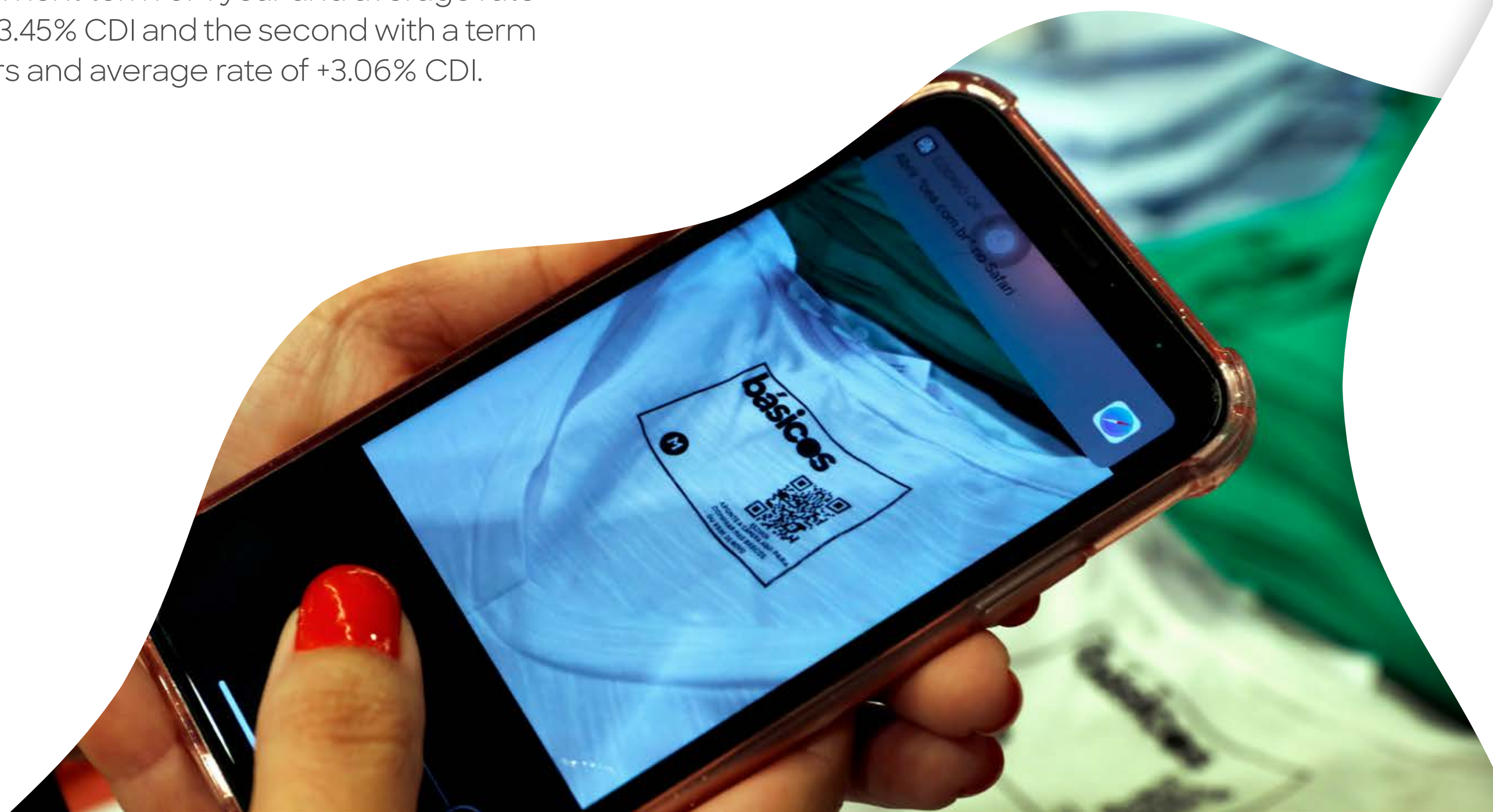
The result of this evolution was a growth in e-commerce sales. Our Gross Merchandise Value (GMV), or gross revenue from goods sold online, stood at R\$658.5 million and our net online revenue rose 297% compared to 2019, representing 13% of total merchandise sales. We wrapped up the year with net cash of R\$297.9 million and R\$2,654.8 million in equity. [102-6](#)

## Consistency and Autonomy

The new post-IPO governance structure has provided us with more autonomy to manage liquidity and working capital. Even before the pandemic, we had already planned for a local debt-underwriting operation in 2020 to reinforce our financial soundness and, at the start of April, we issued promissory notes in the amount of R\$500 million and remuneration of Interbank Deposit Certificates (CDI) +1.09% per year with a three-year payment term.

We also took swift measures in April 2020 to guarantee cash in the wake of the pandemic turmoil with the issuance of two Bank Credit Notes (CCBs), each for R\$350 million, the first with a payment term of 1 year and average rate (all in) of +3.45% CDI and the second with a term of 2.9 years and average rate of +3.06% CDI.

# Our gross revenue from goods sold online topped R\$658.5 million in 2020



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## Indicators<sup>1</sup>

### It's booming!

The performance of C&A's gross margins in 2020 further validates that we stood out in Brazilian retail: compared to our direct competition, our indicators were the least impacted by the unusual aspects of the year. This is due to our effectiveness in inventory management and offering products that are truly relevant to customers – minimizing the need for discounts.

1. Because of our IPO in October 2019, the financial data does not show any track record for previous years – the annual calendar was from March to February and the numbers were accounted for according to the parameters of the controlling shareholder. Starting in 2019, the information is on comparable bases with the civil calendar, accounting rules and Brazilian corporate law. We will gradually build the historical series based on the new parameters.

## TOTAL NET REVENUE

(R\$ millions)



variation  
**-22.7%**

As a result of the pandemic effects, our net revenue was down by 22.7% in 2020 compared to the previous year, totaling R\$4,085.5 million. As of mid-March, our sales dropped due to our stores closing. With the gradual reopening that began in April, we resumed sales at physical stores. However, the business was affected throughout the year by the restrictions established on working hours and traffic flow, as well as by the different stages of the pandemic. On the other hand, e-commerce activities have grown beyond imagination, providing a modicum of compensation for the struggles in physical retail.

We saw a gradual and consistent recovery in sales during the fourth quarter, primarily in stores, up to the end of November. However, with an increase in the number of Covid-19 cases in various locations and the subsequent imposition of new business restrictions, the month of December – usually a crucial month for retail sales in fashion – was heavily affected. This shift played a major role in the magnitude of the drop in revenue observed over the year.

## TOTAL GROSS MARGIN



variation  
**-2.2 p.p.**

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## GROSS MARGIN ON GOODS



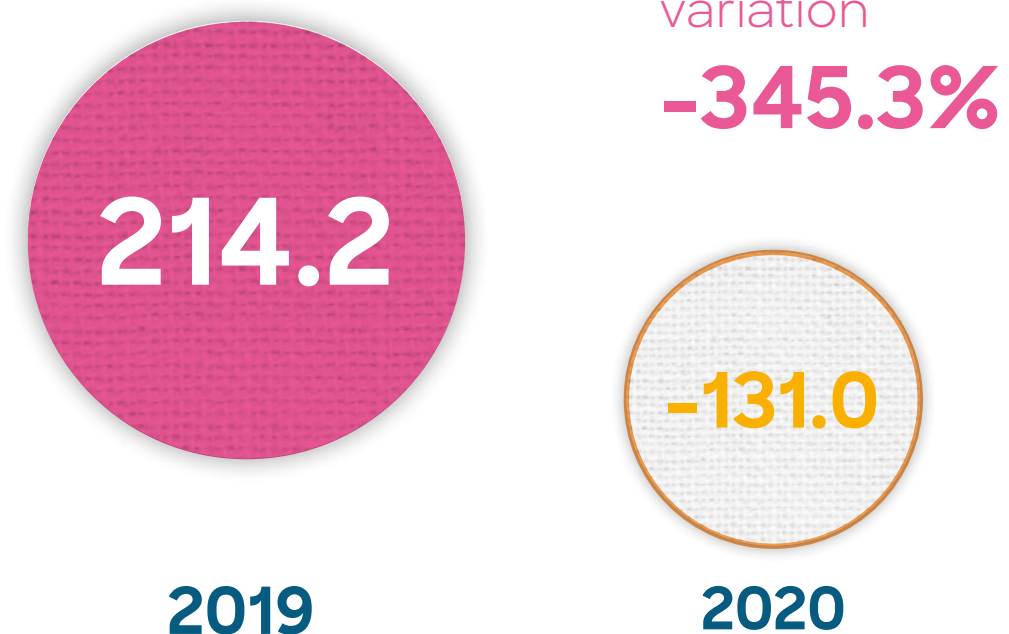
Variation  
**-1.7 p.p.**

The gross margin on goods was only 1.7 p.p. less than in 2019. The nuanced performance of the margin during such an adverse year in sales was the result of strict inventory management, ending the year a mere 18% above 2019, and the release of customer-relevant products even during the peak of the pandemic, sold at full price.

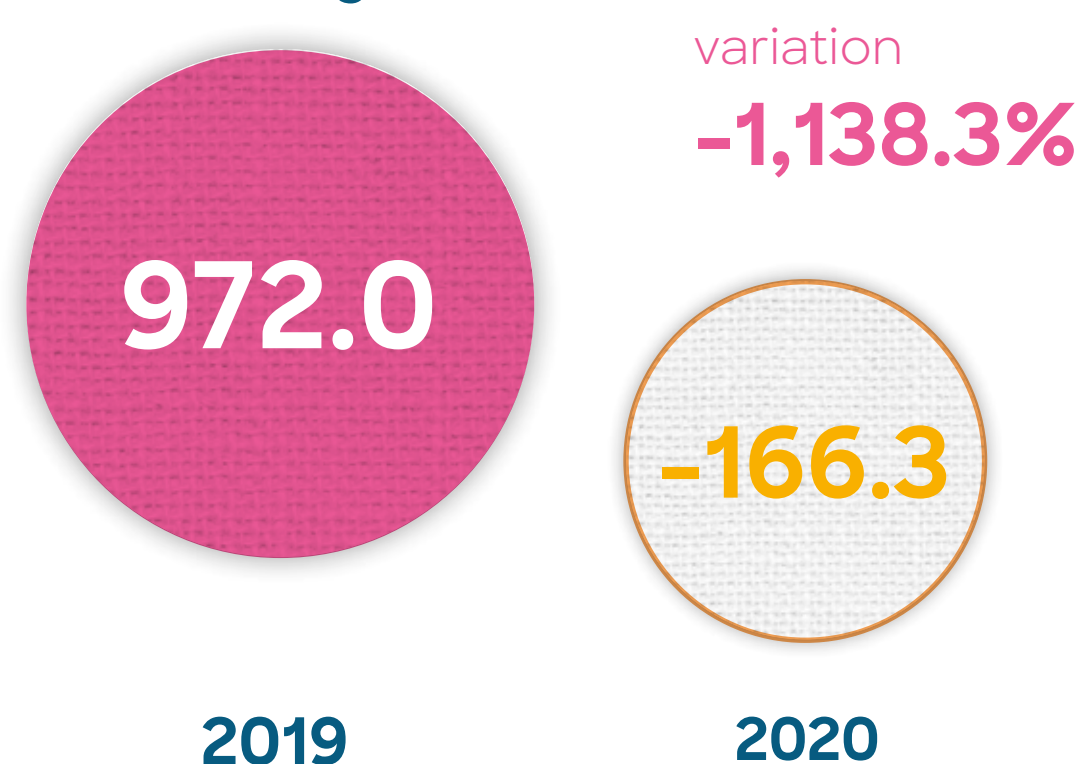
## NET PROFIT (LOSS) FOR THE YEAR

(R\$ millions except margin)

*Pro forma*



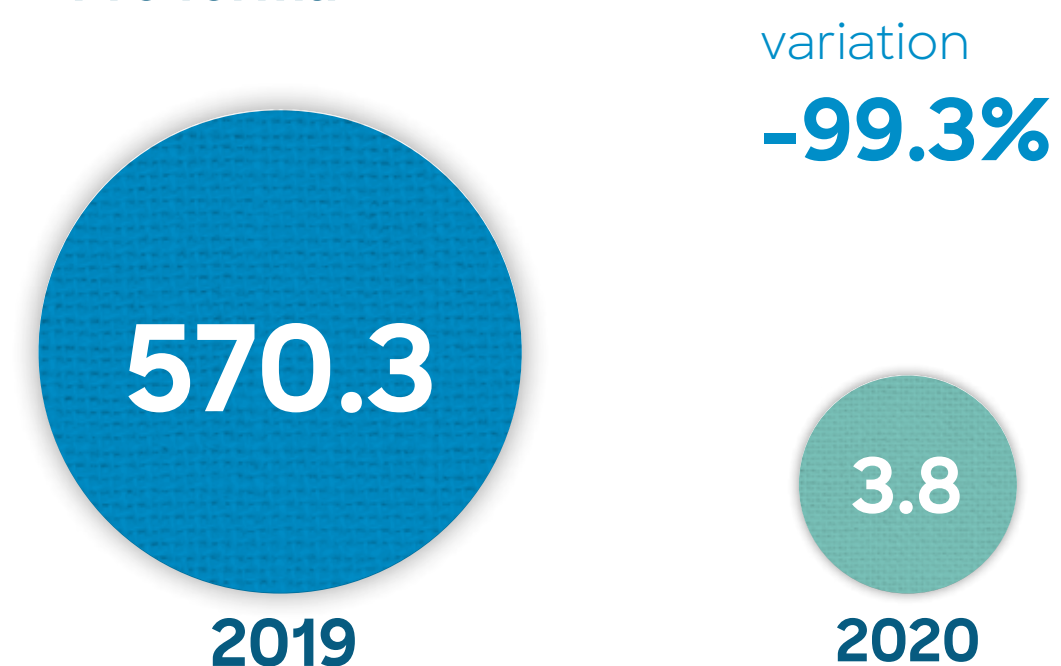
*Accounting*



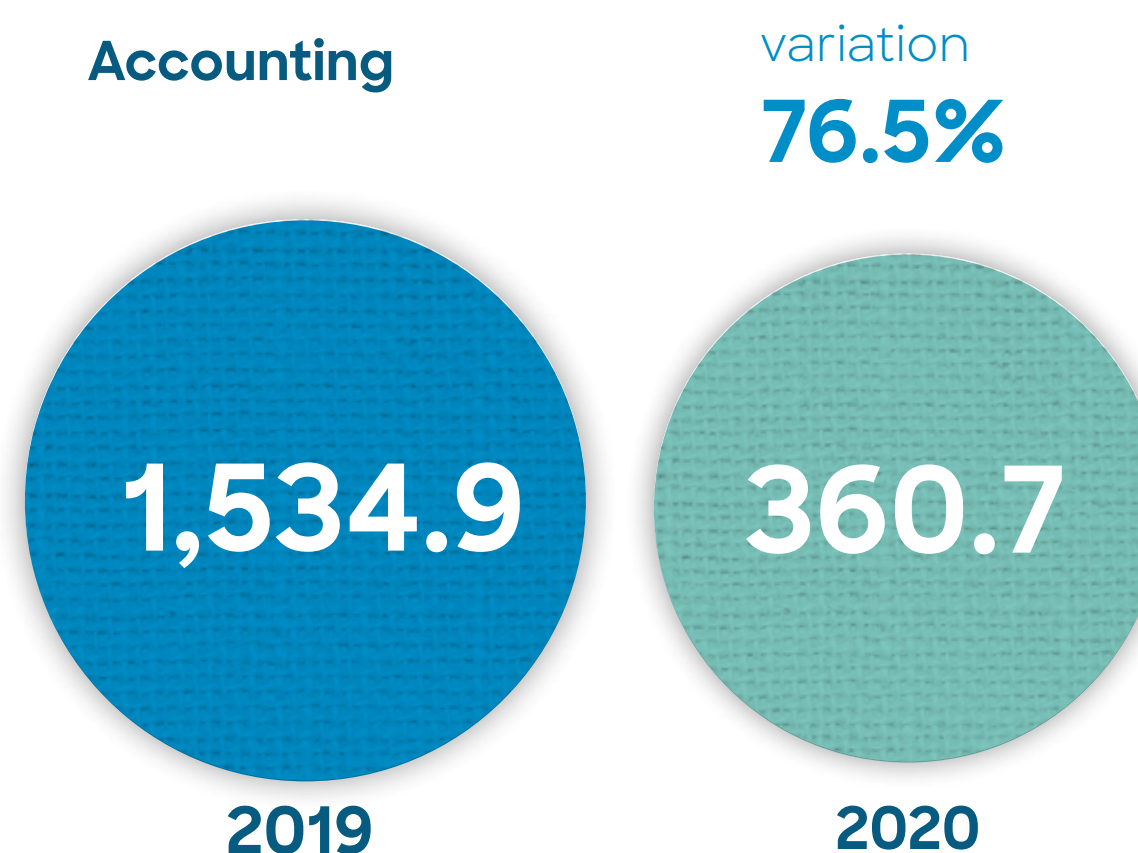
## EBITDA

(R\$ millions except margin)

*Pro forma*



*Accounting*



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To better reflect the nature of our business and its economic reality, we report net profit/loss and Ebitda *pro forma*, including adjustments that discount the impact from the International Financial Reporting Standards (IFRS) 16 and recognition of the tax credit gain in 2019 for R\$1,282.0 million.

We closed out 2020 with a total gross debt of R\$1.2 billion and a solid cash position, with net cash of R\$297.9 million. Total debt had an average maturity of 1.68 years and an average cost (all in) of CDI + 2.33%.

<b>INDEBTEDNESS (R\$ MILLION)</b>	<b>2019</b>	<b>2020</b>	<b>VARIATION</b>
Gross debt	0.0	1,211.3	1,211.3
Short term debt	0.0	390.6	390.6
Long term debt	0.0	820.7	820.7
(-) Cash and cash equivalents	447.1	1,509.2	1,062.1
(=) Cash or (net debt)	447.1	297.9	-33.4%

<b>DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (EVG&amp;D) (R\$ MILLION) 201-1</b>	<b>2019</b>	<b>2020</b>
Direct economic value generated	7,516.9	5,431.8
Distributed economic value	3,504.2	2,048.3
Retained economic value	-4,012.7	-3,383.5

Note: The individual and consolidated statements of added value (AVS), prepared under the responsibility of the Company's Management and presented as supplementary information under IFRS, were subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The statements of the Accounting Pronouncements Committee (APC) are reconciled with the financial statements and accounting records, as appropriate, and if their form and content are in accordance with the criteria defined in the Technical Pronouncement of CPC 09. [103-2](#) and [103-3: Economic performance](#)

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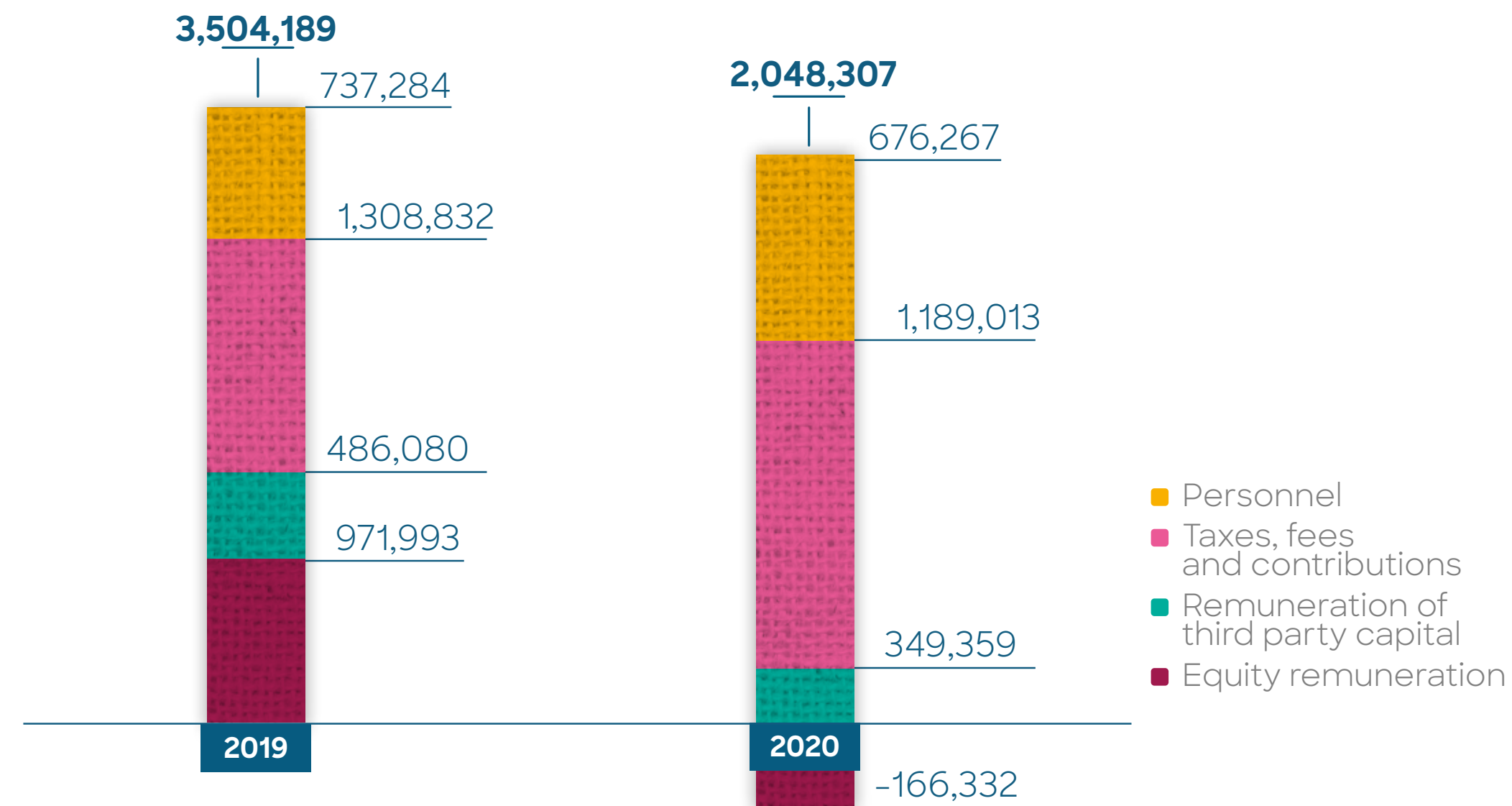
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Our Value Added Statement (VAS) accounts for funds allocated for tax payments, personnel salaries and operating expenses. The results were detrimentally impacted by the restrictions due to the pandemic, which hindered the distribution of earnings in 2020.

### VALUE-ADDED STATEMENT (R\$ thousands) 201-1



### GOVERNMENT FINANCIAL SUPPORT RECEIVED (R\$ THOUSANDS) 201-4

	2019	2020
Benefits/tax credits	2,408.42	-
Subsidies for investment, research and development and other relevant types of grants	11,050.32	10,341.34

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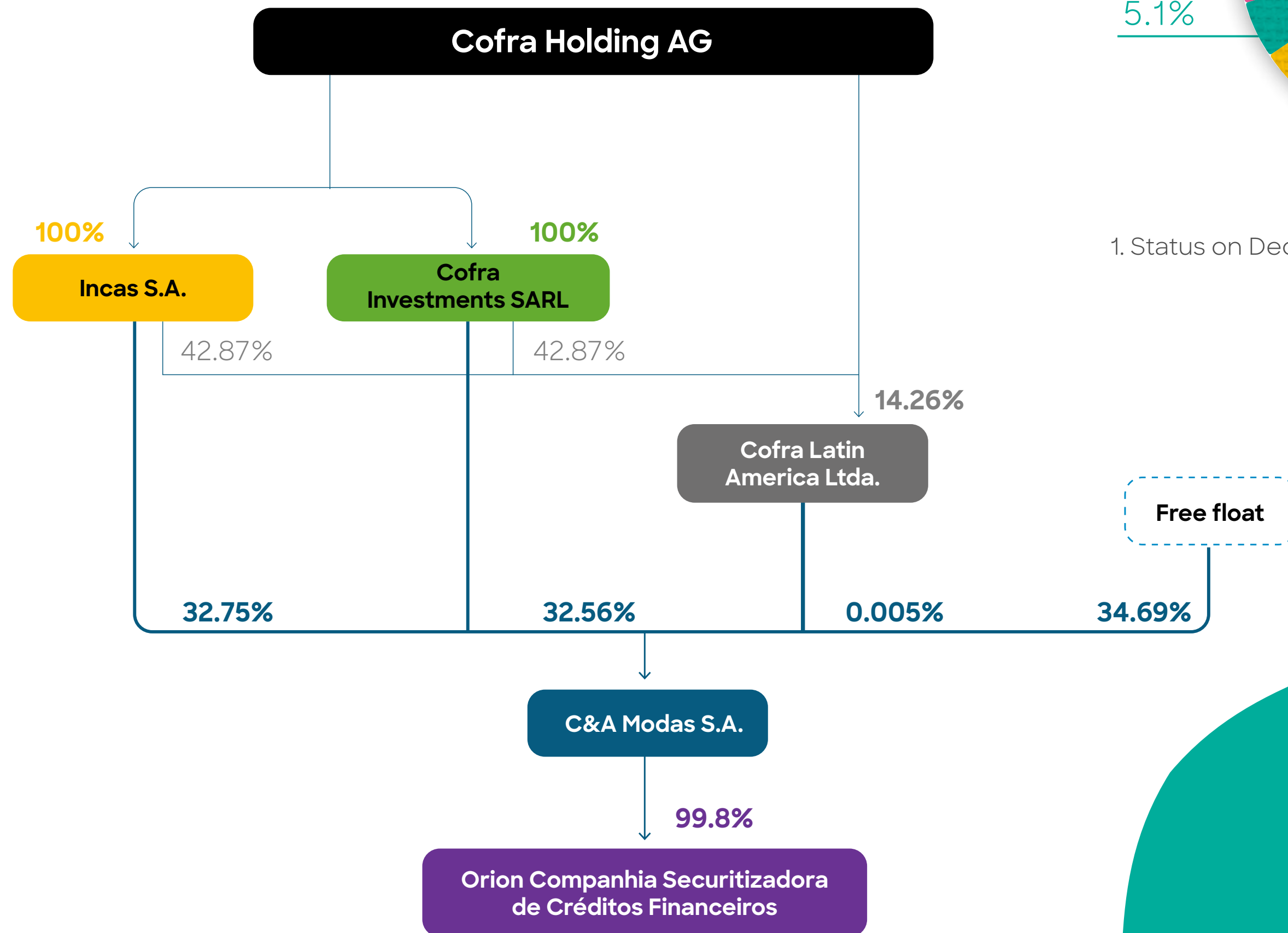
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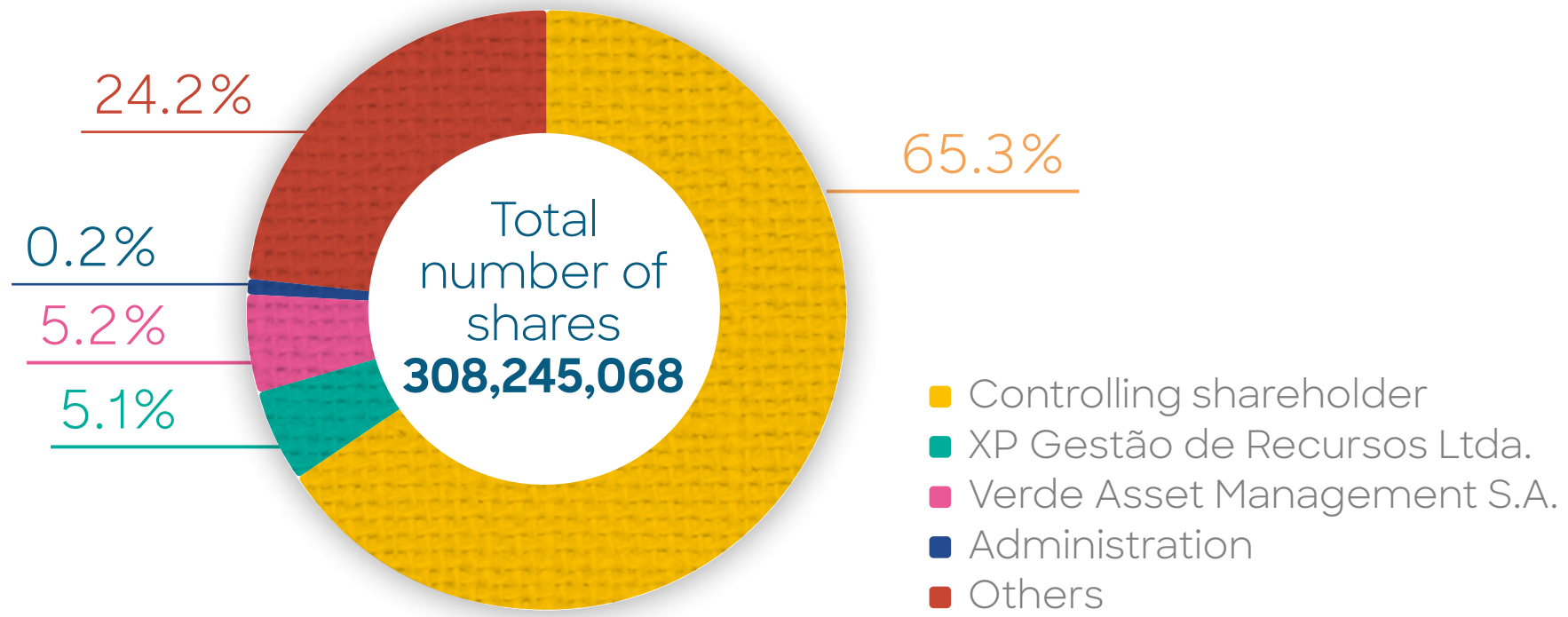
## Corporate Governance

C&A Brazil is part of Cofra Group, which manages companies in the retail, real estate, renewable energy and investment funds segments.

## CORPORATE STRUCTURE

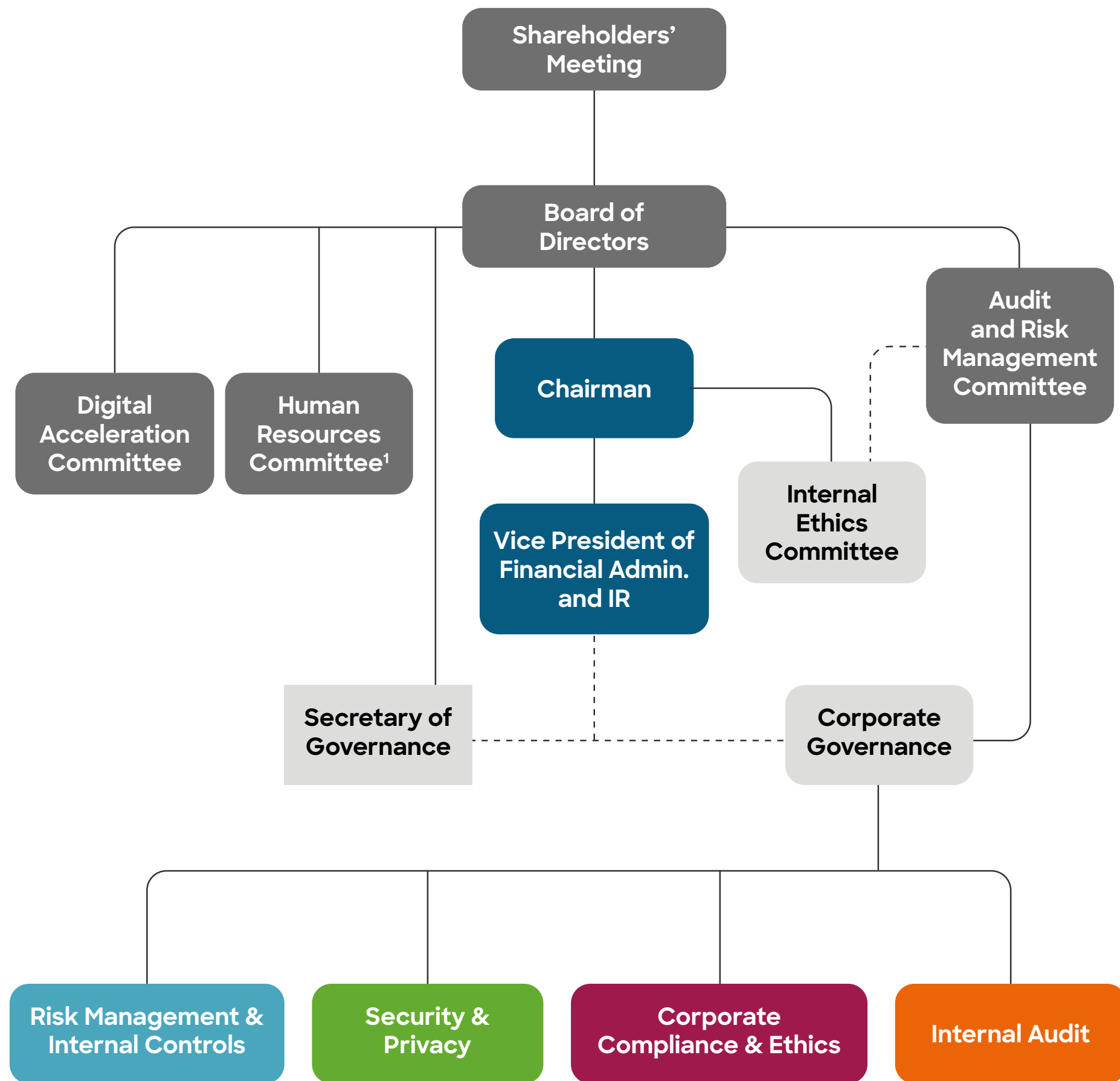


## C&A BRAZIL SHAREHOLDING COMPOSITION<sup>1</sup>



1. Status on December 31, 2020.

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1. The Human Resources Committee was made official in January 2021.

## Governance Highlights

- Local management autonomy
- Company listed in the Novo Mercado (high governance standard)
- 80% of independent members on the Board of Directors
- Assemble of committees to improve governance
- Strengthening of internal controls and processes

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When we became a publicly-held company in 2019, we became regulated by the Brazilian Corporation Law, as well as regulations issued by the Brazilian Securities and Exchange Commission (CVM) and B3 S.A., and we chose to be a part of the Novo Mercado Regulation, thereby submitting ourselves to the strictest Corporate Governance requirements in Brazilian law. As such, our governance structure has undergone some adaptations to match all the new requirements.

Our administrative structure consists of the Board of Directors, the Executive Board, the Audit and Risk Management Committee, and the Digital Acceleration Committee. In January 2021, the Human Resources Committee was created. [102-18](#)

## It's here now!

Designed in 2020 and established in January 2021, the goal of the **Human Resources Committee** is to assist in the recruitment, compensation, evaluation and succession planning of our senior management; and to help the Company implement a digital culture.

Our Corporate Governance structure reports to the Audit and Risk Management Committee and is organized in four pillars, providing the proper independence and segregation of duties. They are the following: Risk Management & Internal Controls; Security and Privacy; Corporate Compliance & Ethics; and Internal Audit.

As of December 31<sup>st</sup>, 2020, our Board of Directors (BD) was composed of five members, **four of whom were independent directors**. In an effort to instill the best Corporate Governance practices, we replaced two members during the year, providing more independence to the Board, which now has 80% of independent members. We also felt that there was a lack of diversity, which is why one of the new members is a woman, who in addition to providing her specific skills and business vision, will play a role in our commitment to women's empowerment.



Find out more about the members of the Board of Directors, Executive Board and committees here.

### Committees

- The Audit & Risk Management Committee is a statutory body and advises the Board of Directors in the supervision of financial statements and other activities.
- Created in 2020, the Digital Acceleration Committee brought in outside experts to support the Board of Directors in expediting our digital agenda.

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## Conduct and Ethics

Our officers, directors and associates are responsible for creating a work environment that encourages ethical conduct, and our managers are expected to set an example of ethical behavior. Our [Code of Ethics](#), available to all stakeholders, is expected to be followed by everyone working at C&A, and our business partners must respect our ethical standards and supply conditions. In 2020, the Code of Ethics was released to all members through our online training platforms, providing improved engagement and familiarity with the document and the guidelines established within.

Our anti-corruption guidelines are part of the Code of Ethics and our agreements include anti-corruption clauses. Our standards and procedures framework include the Corporate Policy on Preventing and Combating Fraud and Corruption, published in February of 2019. Distributed internally to our associates, the document establishes guidelines that reinforce C&A's commitment to cooperating with domestic and international initiatives to prevent and combat fraud, corruption and other illicit acts, in all its forms. The document is supported by other corporate policies and procedures that ensure the fraud and corruption prevention

within the Company, including operational risk management and procedures for handling whistleblowers and the corporate policies for Supplier Registration and Recruitment and Selection, and others. [103-2 and 103-3: Anti-corruption](#)

As outlined in our Code of Ethics, we offer a course that addresses anti-corruption issues at Academia da Moda (Fashion Academy), our online training platform. The course contains an institutional track within the integration content section. Upon a new associate's first workday at the store, they are helped through the course. Reports can be generated through the platform that can identify which associates have or have not completed the training.

In 2020, 231 (1.61%) associates received training on anti-corruption. Of the associates who have been trained, 3% are apprentices, 20% are in management positions, 35% are supervisors and 42% are in operational positions. [205-2](#)

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The conduct expected from our associates and outsourced workers on the subject of discrimination is also covered in our Code of Ethics. In 2020, we received five extrajudicial demands and six complaints via Canal Aberto (Open Channel). All cases were handled without the origin identified, but contact was made with the customer and the associate to help satisfy the complainant and to train the store's associates. When the cases were proven valid, we conduct a reading and consequences based on criticality, reinforcement of the Code of Ethics, unjustified dismissals of some managers and associates, and verbal and written warnings. [103-2 and 103-3: Non-discrimination](#) | [406-1](#)

## Risk Management [102-11](#) | [102-15](#)

We strongly believe that effective risk management is the key distinction that builds confidence to the business plans and strategies, in addition to managing risks to ensure they will not jeopardize the business, even more so given the increasingly competitive, rigorous, digital, and regulated business environment.

Since our IPO in October 2019, we have been on a journey to adapt our Corporate Governance by structuring the Risk Management and Internal Controls pillar, which is our guardian of the Risk Management Policy, and we will continually strive to strengthen this process at C&A.

With the support of internationally renowned consultants, we are aligning our Risk Management Policy with the recommendations of business risk management standards recognized in the market (including ISO 31000/2009) in an effort to recognize and properly respond to the risks that we are exposed to. Our Executive Board has actively participated in this process and in updating our General Risk Map.

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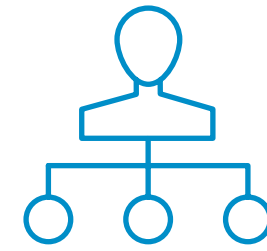
## Under our scope, we consider risks to be:



**Strategic:** a group of risks that affect our strategic objectives, business model, competitive intelligence and governance, as well as external factors, independent of our actions;



**Financial:** a group of risks related to the reliability of the balance sheet and the financial operations exposure;



**Operational:** a group of risks related to our infrastructure (processes and personnel), which affect operational efficiency and the effective and efficient resources use;



**Technological:** a group of risks associated with application systems, tools, technologies and information/data; and [103-2 and 103-3: Customer privacy](#)



**Regulatory:** a group of risks related to law compliance, like labor, civil and tax/fiscal law, or that involve procedures related to regulatory agencies, such as accounting, CVM, B3, and others.

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### Social and Environmental Risk 102-11

We believe that social and environmental risk is strategic for our business, and we have adopted several different preventive management initiatives. Since 2006, we have had a supply chain monitoring and management program in place that is geared towards curbing any type of irregular labor practice and strives for the continuous improvement of working conditions and environmental issues in the

supply chain. We also have a sustainability strategy structured on three main pillars of action: Sustainable Products, Sustainable Supply Chain and Sustainable Lives (more information can be found in the Sustainability chapter). We also feature Instituto C&A, which helps strengthen communities through fashion (more information can be found in the Communities chapter).



To learn more about C&A's corporate governance, see our Investor Relations website.

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# Strategy and Operation

103-2 and 103-3: Indirect economic impacts | 203-1



We continuously evaluate and improve our activities in order to meet our client's needs and trends in the market. The rise of the omnichannel experience over the past decade has propelled the launch of digital solutions that have leveraged our large chain of physical stores, creating an easier, faster and more complete shopping experience and providing more convenience and flexibility to our target group.




These advances are aligned to the strategy we set in 2019 and was outlined in our Initial Public Offering (IPO). Some of the defined drivers included opening and remodeling stores, supply chain, digital transformation, and credit offering. These continued to help navigate our movements throughout 2020, allowing us to stay on course despite the challenges presented during the year. This direction has been a fundamental aspect in reducing our reaction time to the limitations imposed by the pandemic, serving as a compass and placing us ahead of the growing e-commerce market.

Investments in digitization have stepped up the initiatives that have been underway since 2015 and were further bolstered at our IPO. The radical transformations of 2020 heavily affected the corporate mindset as well as that of our stakeholders. The Covid-19 pandemic drastically altered the social and economic outlooks for Brazil and the consumers' expectations and behaviors. The rapid and significant changes affecting online sales in 2020 are now consistently integrated with physical stores. We employ a Data Privacy team responsible for mapping out processes, processing personal data, responding to data holders' requests, and ensuring that processes comply with the Data Protection Laws and Regulations and the General Personal Data Protection Law (LGPD). [103-2](#) and [103-3](#): [Customer privacy](#)

## Drivers

-  Digital transformation
-  Modernization of the supply chain
-  Expansion and store layout
-  Increased credit offering

## Support Pillars

-  Intensive technology and data use
-  Encouraging organization and the culture of change
-  Creation of a partnership hub

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# Omnichannel highlights in 2020

 **297%**  
**growth**  
in online sales

 The C&A app has become the hub of the brand ecosystem

 Number of monthly active users (MAU) on the app went from **0.56 million** in January 2020 to **3.4 million** in December 2020

 **229 sellers** in Galeria C&A, our marketplace, at the end of 2020

## Digital Transformation

We are well aware and value the integration and complementarity of online and offline. In 2020, we ramped up our omnichannel journey, creating the signature “C&A - *Muito On, Muito Eu*”. Our customer has transformed her shopping experience and incorporated new channels and touchpoints into her decision-making process, and we will continue to challenge ourselves to find creative and innovative omnichannel solutions. We invest in making the shopping experience more fluid, quick, natural, and intelligent in the range of products offered.

We have advantages that ensure our prominence on this path. This symmetry between e-commerce and physical stores gives C&A capillarity and relevant benefits, including logistics, with an increase in the product range offered to

our customers. This potential became true due to the Ship from Store initiative, which turns our stores into mini distribution centers. Meanwhile, promotions like Corredor Infinito (Infinite Aisle) remove the limits of the stores and integrate the customer experience in a complete way.

Our ever-increasing investments in the omnichannel strategy have provided the necessary stability so that we could reinvent ourselves faster during the pandemic, ensuring a robust and meaningful digital transformation and resulting in an expressive growth in online sales over the year. We closed out the year engaging our customers through multiple channels and a changing internal digital culture, ranging from team organization to the decision-making process.

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# Integrated journey of the C&A customer on online and offline platforms



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## Product Development

We took advantage of the digital speed-up context to transform the way we build collections, identifying and responding to customer's needs and communicating with HER. The creation of collections in the capsule format, which has debuted in 2018 under the Mindse7 brand, made it possible to launch the bi-weekly fashion content and to speed-up collaborative collections. In 2020, the creation of our own collections in web-exclusive capsules, in new product lines and also from our marketplace partners, ensured a solid range of products and availability expansion on the digital channel.

The customer is at the heart of decision making of product development. We are connected to design teams and data analysts to ensure a faster performance readout, and to provide greater speed in simplifying and digitizing purchasing processes. This new format has helped make the content and communication of the collections even more in tune with the customer's current situation, an essential strategy for building a collection in a period of deep behavioral changes.

Through data use and analyzing customers' behavior in e-commerce, we are able to quantify our bets on fashion trends in a more analytical way, boosting our success probability and speed decision making in the very first hours of a product selling. This aspect was important in modeling the pre-sale activities of three Mindse7 collections, which had been confirmed even before the products were received. The format makes it possible to test out and be more certain when investing in better selling products and to reduce gambles on the ones that are less popular. We have also pioneered the development of two collections with "ama" (love) customers in the C&A&VC loyalty program.



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It's booming! 

Our app registered a **512%** increase in the number of registered customers over the year compared to 2019. The number of monthly active users on the app went from **0.56 million** in January 2020 to **3.4 million** in December 2020.

### e-Commerce C&A App

Our app, our customer's experience hub, was the most downloaded fashion app in Brazil in 2020, recording 12.4 million downloads. The tool was already part of our strategy, but with the onset of social distancing, we directed all efforts to channel our customer's attention to the app. At the end of 2020, around 60% of our customers were already using the interface, which has been consistently developed to offer one of the best experiences in the Brazilian retail fashion.

### Galeria C&A

The launch of Galeria C&A, which had 229 active sellers by December 2020, reinforced our strategic goal of being a platform for self-expression fashion. The first marketplace platform among the major omnichannel fashion retailers in the Country, Galeria C&A has expanded our portfolio to complementary categories that include home, toys, jewelry, books, and pets. In addition to top brands in the Brazilian market, Galeria C&A curates new partners who identify with our customer.

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## Omnichannel Ship from Store

Found in 100% of our physical retail locations, Ship from Store is a service in which inventory from stores is also available to fulfill orders placed in any virtual channel. Physical stores can now function as DCs and logistics activities are streamlined, reducing the need for transportation and delivery time, in addition to making the stock available in an integrated way.

## Click & Collect

The Click & Collect service allows the customer to make a purchase over the internet and pick it up at our physical store. In addition to savings on freight costs, the initiative drives the omnichannel journey by promoting integration between online shopping and products offered in retail stores. “Collect” lockers are available in areas near the fitting rooms, which makes it easier to offer products and cross-sell. Created in 2016, the service was expanded in 2020 to all stores by the end of the year, and the customer could pick-up the product in up to three hours.

## Drive-thru Pick-Up

In light of the pandemic, Click & Collect began offering a drive-thru product pick-up model in 2020 during the quarantine period. C&A was a pioneer in offering this service in Brazilian fashion retail, making sure it was implemented quickly by Mother’s Day and underlining the rapid organization of staff at stores. In just one week, 95 stores were already offering the service. Present in 256 stores, the service was offered free of charge and allowed faster deliveries than the traditional method used in e-commerce.

## Infinite Aisle

This option increases the range offered to our customer because it allows a check on and sale of products that are not physically in the store. The Infinite Aisle is available at all of our stores and its use has been growing, increasing the physical stores sales share.

## Digital Footwear Platform

Already in place within our concept store at the Iguatemi Mall in São Paulo, this unprecedented format in fashion retail expands the integration of online and offline inventories by making part of the e-commerce range in footwear available in the store. Displayed on a three-sided digital panel, the products can be purchased by the customer through the item’s QR code and picked up at the store or sent to her home.

**It’s booming!** 

**Sharply expanded in 2020, Ship from Store accounted for over 43% of our e-commerce revenue in the year, offering faster and smarter shopping experiences.**

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## Customized Care Sales through WhatsApp

In an effort to add a bit of human warmth on virtual tools, we started active and receptive sales services through WhatsApp in 2020. Quickly developed as an alternative during the pandemic, it has established itself as a new C&A sales channel and relationship, providing more than 615,000 services in December 2020. The response service is an exclusive channel for e-commerce purchases: the customer can ask questions, ask for help to find a product and receive fashion tips and explanations about the items. Associates get in contact with customers registered in our relationship program, offering products and tips and making themselves available to help them at the time of a purchase. Created in May, the service had approximately 570 C&A associates across the Country by the end of 2020, and the number of sales converted was substantial.



## It's here now!

**CONECTA C&A IS AN OPEN INNOVATION PROGRAM CREATED IN PARTNERSHIP WITH ENDEAVOR IN 2020. WE PRESENT OUR BUSINESS CHALLENGES, ATTRACTING SCALE-UPS THAT HELP US DEVELOP TOOLS. OVER THE YEAR, SEVEN SCALE-UPS HAVE PROVIDED SOLUTIONS FOR COMMERCIAL, OPERATIONAL, AND PRODUCT DEVELOPMENT CHALLENGES.**

### Support-Chat

Our new virtual assistant, launched in a pilot project in 2020, helps recommend complete looks, similar pieces, and answer questions about various products. Through the use of artificial intelligence, the information processed by the assistant will be used for developing collections in an effort to fulfill consumer demand. Our virtual assistant was built in partnership with Catwalk, one of the scale-up members of Conecta C&A, the Company's first acceleration program that was introduced in early 2020 with Endeavor. The service was initially implemented only for products from the Mindse7 line in 2020.

### Minha C&A (My C&A)

More than an online service, Minha C&A is a new direct sales business model that includes selected consultants who offer fashion curation through social networks, working as a showcase for products, and a personalized space in our e-commerce. By the end of 2020, around 200 consultants were registered in the program, giving our service more of a human warmth and deepening the relationship with our brand. Minha C&A enhances our presence in various parts of the Country by providing closer relations with our customers through local influencers, who can adjust our offers by creating looks adapted to the specific characteristics of each region. In this manner, we can be "many C&As" and respect the cultural diversity of our Country.

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## Modernization of the Supply Chain

The ability to be responsive and pertinent in customer service relies on a supply chain that is connected and adjusted to these new processes. At the time of the IPO at the end of 2019, we made a commitment to modernize our supply chain by strengthening the team and partners, streamlining the methodology, and promptly capturing benefits. Our goal is to make sure that the operation is efficient and offers delivery and service speed.

Our physical stores operations are supported by 4 DCs. Two are in São Paulo, one is in Rio de Janeiro and the other is based in Santa Catarina, with a total area of more than 110,000 square meters. Our e-commerce platform also includes a dedicated logistics facility at one of the DCs in São Paulo.

## Network and Distribution

In 2020, we optimized our logistics network by examining the structure, processes and transportation, resulting in reduced lead-time and costs. We began to gain more efficiency thanks to the import and receiving operation in Santa Catarina.

On the distribution level, we continue to increase the productivity of the currently installed sorter, which, in addition to the denim category, also handles other products, helping to increase sales and make inventory more efficient. The second sorter should be up and running by the first half of 2021, further increasing the positive impact.

We also purchased a third sorter, which will start operating in the second half of the year. With all three sorters running by the end of 2021, we will distribute most of our inventory by stock keeping units (SKUs) (meaning by product and not by package), an important step in the supply modernization strategy seeking the push and pull operation model.

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## Omnichannel Operation

We implemented a new in-store transportation matrix with the goal of improving delivery times and reducing costs. We have identified high exposure risk to the Post Office as a logistical agent. With the announcement of the postal strike in mid-August, we accelerated the project to implement the new matrix.

After introducing the new transportation matrix, this established method is starting to show its benefits: after we tripled the deliveries percentages in two days from the start of the pandemic, there are now several markets in which we are operating with more than 50% of orders in this model. We have strengthened the scale, service and efficiency of our operation by expanding the shipping capacity of our DC-Web. Changes to the layout yielded productivity gains, increasing the capacity from handling 10,000 orders per day to 40,000 orders per day.

We also started the pilot of the hub stores in this pillar for the Ship from Store operation. After identifying the stores with a potential to be regional hubs, we began to increase operational efficiency and shipping capacity in three of them and ended the year with 14 stores up and running. There is a relevant impact on the processing capacity of these stores, and it can reach 1,000 orders per day in

some cases. In addition to advancing further in improving the new transportation matrix and in implementing the other Ship from Store hub stores, the plan for 2021 is to automate DCs with an e-commerce focus. The hope is that there will be more efficiency in separating orders and improving processes, reducing possible errors.

## Technology

We are accelerating our supply chain technological modernization. Breakthroughs in setting up the radio-frequency identification (RFID) project has made it possible to gain more accuracy in inventories, matching benchmark levels in this scope, as well as increasing omnichannel sales through the ability to sell up to the last item. Using an electronic tag that is accessible by electromagnetic waves, each item takes on a unique identity, making it possible to constantly identify discrepancies in quantities of each product, thereby enabling a more efficient management of all of our stock.

We also fast tracked the adoption of machine learning in our distribution, covering 70% of sales with this tool. Finally, there was a decision made to replace the legacy WMS system with a market-leading system that will support the future C&A Fashion Tech architecture that we are developing.

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## Expansion and Store Format 102-10

Physical retail fashion stores were one of the most affected segments by the pandemic. On March 22 of last year, we shut down all of our stores in Brazil, gradually reopening in April 2020 and only reactivating all physical retail by late August, however with reduced work hours. This shift in business dynamics prompted us to reallocate investments initially planned for physical stores to meet the needs of e-commerce. Changes in consumer behavior also introduced a discussion about the format of our physical retail, especially in light of the evolution of omnichannel initiatives.

The pandemic ultimately affected the short-term goals of leveraging new stores, slowing the pace of openings over the year. It was also possible to revise the original planning due to the impact of the closing of the malls and the opportunities that we saw as being an effect of the pandemic, including the chance to have space in malls we would like to be in or a more favorable store location at places we already have deals with.

Initiatives carried out during the year introduced new physical retail models in our structure, as well as distinct services in existing stores. These innovations catered to the shift in the client's behavior on the journey in the physical world. With the gradual reopening of retail in the second half of 2020, store visits were objective, quick and focused on items that had already been defined. Under this scenario, sales came out of a lower flow of traffic than in the previous year, but had a higher conversion rate.

## We're here for you

AS ISOLATION MEASURES WERE RELAXED, THE NUMBER OF PEOPLE IN MALLS AND STREETS WAS GRADUALLY INCREASING. IN A NEW OPERATIONAL MODEL, WE HAVE ADOPTED ALL THE REQUIRED CARE AND SAFETY MEASURES FOR REOPENING AND OPERATIONS.



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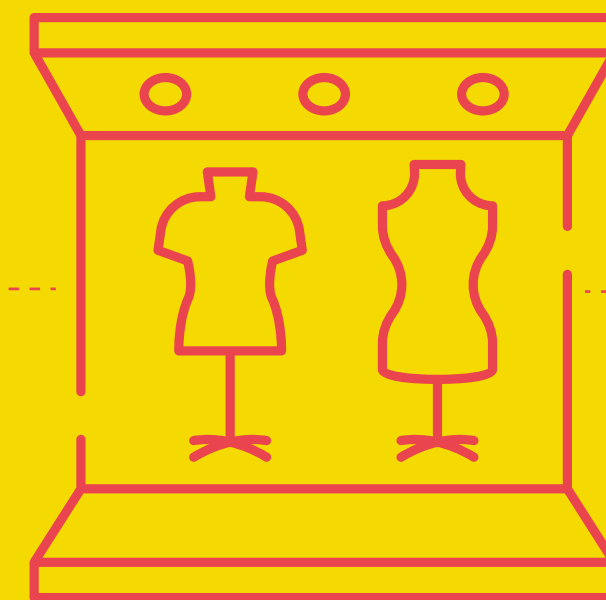
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# Customer Experience Centers

In total, we opened **10 new stores** in 2020.

The goal is to return to the IPO expansion plan. With our omnichannel focus, these new stores open up regional opportunities and have the potential to be transformed into distribution hubs in nearby locations.



In addition, our units are transformed into experience centers for the customer, who, through the physical facilities, also has contact with the entire product line and diversity we offer online, as well as access to financial services and facilities like the Movimento ReCiclo, our alternative for the proper clothing disposal. These experiences increase opportunities for sales and facilitate a more in-depth relationship with our target customers.

We closed out 2020 with **295 stores**,

10 of them new units and 30 which had been renovated over the year within the Customer Value Proposition (CVP) model, which provides a better shopping experience by reconfiguring product display equipment and the customer's route through the store. We also expanded two stores and inaugurated two mini-stores. Two stores (in the Villa Lobos Mall and the Iguatemi Ribeirão Preto Mall) were closed last year.

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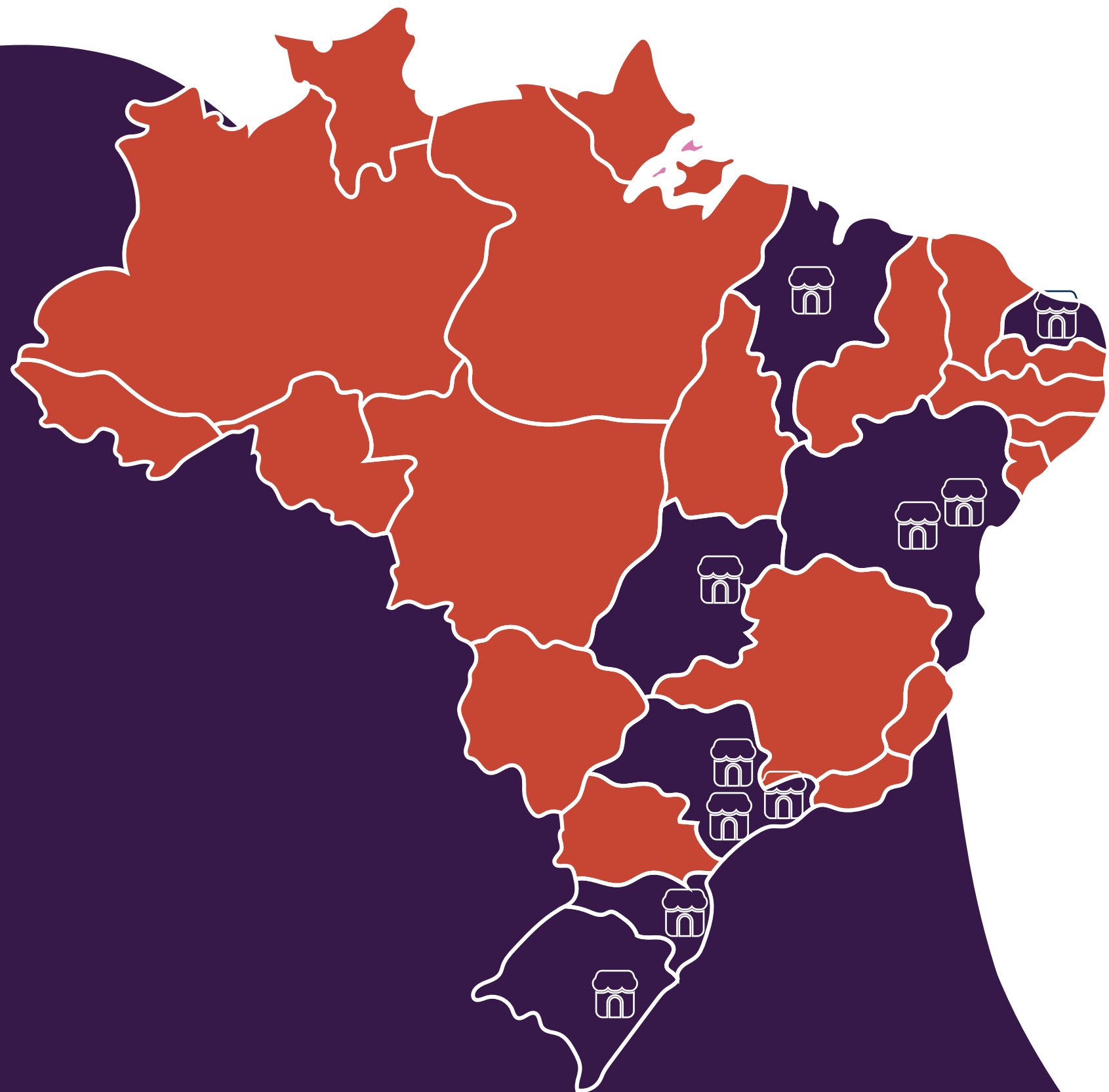
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# New Stores

- ✓ GOLDEN SHOPPING CALHAU - SÃO LUÍS/MA
- ✓ PARTAGE SHOPPING MOSSORÓ - MOSSORÓ/RN
- ✓ PARQUE SHOPPING DA BAHIA - LAURO DE FREITAS/BA
- ✓ SHOPPING CENTER LAPA - SALVADOR/BA
- ✓ ÁGUAS CLARAS SHOPPING - BRASÍLIA/DF

- ✓ SHOPPING ANÁLIA FRANCO - SÃO PAULO/SP
- ✓ PLAZA SHOPPING CARAPICUÍBA - CARAPICUÍBA/SP
- ✓ GOLDEN SQUARE SHOPPING - SÃO BERNARDO DO CAMPO/SP
- ✓ NAÇÕES SHOPPING - CRICIÚMA/SC
- ✓ PARTAGE SHOPPING RIO GRANDE - RIO GRANDE/RS



## Mini-stores

In 2020, we increased our presence in strategic locations with a large people flow, betting on a new sales format: mini-stores. Located at the Tatuapé bus terminal and on the São Bento subway in the city of São Paulo, the mini-stores are modeled after the licensed kiosks and allow us to get even closer to our customers.

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## Financial Services Offerings

C&A's financial products and services business comes from a partnership with Bradescard. In addition to the store's cards and banners, we offer installment payments on the C&A Card, loss and theft insurance and dental insurance, installments plans with interest (longer plans), and receiving bills (auto, bank slips, etc.) preferably on C&A cards.

Our financial products and services staff includes 1,800 associates and they are present in 100% of our stores. The sales process is fluid, and a part of the customer's experience. The card is of an easy and immediate print, and includes exclusive benefits.

The digital services speed-up in 2020 has also reached our financial services. Information for customers about their cards is now also available on the C&A website and app, providing additional convenience and ease in tracking their purchases through the services integration.

We have also begun to implement initiatives and offers targeting C&A Card customers.

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# People





We believe that our business relies on people, their needs and the human warmth displayed in our customer service, all the way to communications with our consumers. Throughout our over four decades in Brazil, we have learned a lot from all the regions we have been active in, and have tackled numerous challenges with the joy and enthusiasm that are part of our DNA. In 2020, the pandemic brought on radical new experiences, reinforcing our belief that people always need to come first.

Even though we're far apart, we have remained together throughout the year by means of technology and new dynamics that have indelibly changed the way we relate internally and externally. When the pandemic began, we adopted a contingency plan led by a crisis committee that, from the start, kept close track of the issue and introduced a series of preventive measures throughout the Company's business to ensure the safety of its associates, customers and partners in accordance with the resolutions determined by the Country's health authorities and agencies.

## We're here for you

**WHEN RESUMING OUR BUSINESSES, WE REMAINED CAUTIOUS AND SAFE. THE NEW OPERATIONAL MODEL INCLUDED: EMPHASIZING HYGIENIC PRACTICES IN ALL ENVIRONMENTS; ALCOHOL GEL SANITIZER MADE AVAILABLE FOR ASSOCIATES AND CUSTOMERS; REDUCED NUMBER OF ASSOCIATES AND SHIFT REVIEWS; DISTANCING IN FITTING ROOMS AND AT CASHIERS; USE OF PROTECTIVE MASKS; DAILY MEASUREMENT OF ASSOCIATES' TEMPERATURES; AND OFF DAYS FOR PEOPLE BELONGING TO THE RISK GROUP.**

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## Our Customer

Our target audience is primarily young women looking for innovative and fun styles in fashion. We believe that women are responsible for a majority of the clothing purchases in Brazil (for themselves, their relatives or as a gift for others). We design our collections to reflect current and quality fashion that is affordable.

Our strategic decisions are increasingly guided by our customer's insights. To better tap into their feedback, we began a project to replace the partner assisting us in measuring the NPS (Net Promoter Score) – a methodology for capturing consumer satisfaction with a brand – including more content in the feedback and getting an overall picture of the customer's omnichannel journey. This is why we did not calculate the indicator this year. Throughout 2020, we magnified our strategic listening methods to get a sense of reactions to the changes that took place during the pandemic.

Many women had lost their income, while others had to manage their children being away from school. Identifying the human aspect of our customers is a critical step in developing and offering our products. We immediately decided to suspend commercial campaigns and released the C&A “em Casa” (at home) platform, inspired by the situation our customers were experiencing.

We opened up our networks for other women to take over and offer relevant content to those who were at home. The content included financial tips, things to entertain children, organizing the home, and a focus on physical and mental health. The people producing the content were freelance workers who were also C&A customers. This demonstrated how we acknowledge what is happening and work harmoniously with our customers.

## C&A&VC

C&A&VC, our loyalty program that reached over 14 million registered customers in December 2020, also provides us with valuable insights into our audience behavior. The program recognizes and builds loyalty among customers who shop more at C&A.

The year was challenging for C&A&VC because, up until then, physical stores were a very important contact point for registration and relationships. Despite lower in-person interaction, we continued forward with sales that grew above the average in the other channels – the audience using the program was the one that stayed closest to C&A during the pandemic, and it **represented 56% of C&A's revenue for the year.**

This platform opens up a range of options for interactivity with customers through the omnichannel. In 2020, campaigns offering, through the app, benefits to be redeemed at the physical store were carried out. This allowed us to analyze the customer base and to examine their habits and preferences, which served as a basis for coming up with initiatives, and a channel was established for driving cross-selling and to better use the omnichannel. We also began communicating with these customers via WhatsApp in 2020.

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## Communication and Marketing

There were some significant marketing and communications activities conducted in 2020. C&A's appearance on Big Brother Brasil was one of the key drivers for the remarkable expansion of our application use throughout the year, which was the focus of our involvement with the television show.

Our virtual fitting room was also a vital strategy after we were able to step up our customer's online experience. Generally, Brazilian women are concerned with not knowing how each clothing item will fit. So, in partnership with YouTube, we created the Eu Experimento pra Você (I'll Try it on For You) project, which

transformed the platform into a C&A virtual fitting room. YouTubers with different body-types and styles, from small to extra-large, were invited to try out clothes from our brand in order to show the details of each piece. We have the leading fashion brand YouTube channel in Brazil.

To increase our online presence, in addition to other initiatives, we are focusing on collaborations with digital native brands. We invited six prominent brands in the digital environment to help us create our summer 2021 swimwear collection. They were able to come up with options for the women's, men's and children's markets, combining the essence of each brand with our festive tone.

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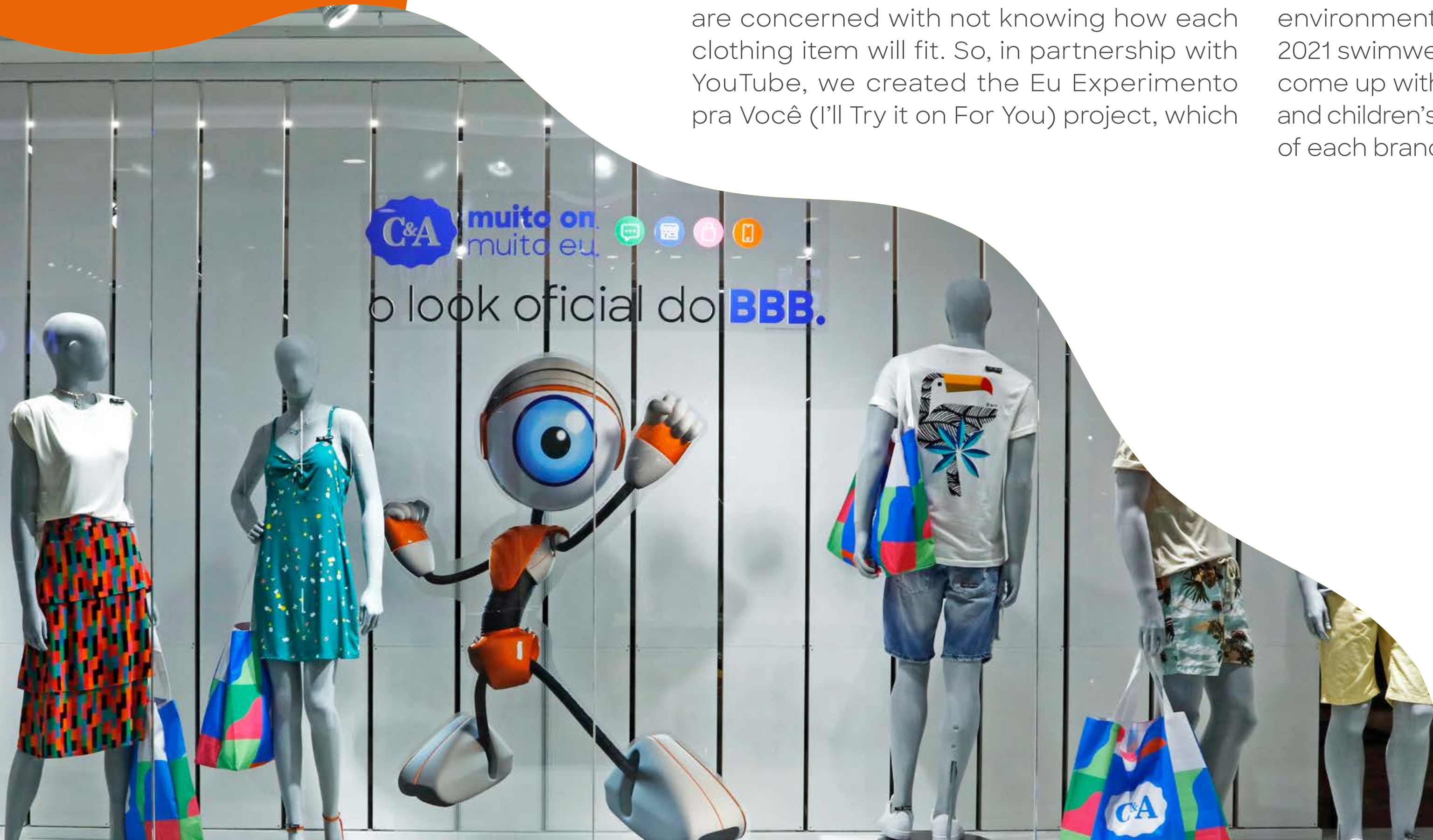
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## Compliance

C&A complies with the prevailing legislation and works with suppliers on meeting the standards defined by the Brazilian Association of Technical Standards (ABNT) on labeling. According to the sampling plan, 100% of the orders are inspected and the wording on the label is checked as to the composition of the product, with any item liable to rejecting the batch. We also recommend that products depending on government certification cannot be sold without the proper authorization from relevant agencies. This illustrates our concern over the health and safety of our customers, as well as our reputation. [103-2 and 103-3: Marketing and labeling](#)

We had one case of non-compliance on labels in 2020 that resulted in a fine, and seven cases that yielded a warning (a notification without a fine). We also reported ten cases of non-compliance in relation to marketing communications that brought on a monetary fine. [417-2 | 417-3](#)

## Safety in Children's Products

[103-2 and 103-3: Customer health and safety](#)  
We are committed to make sure that no children's products sold by C&A can possibly be harmful to our customers.

In 2020, we voluntarily upheld the Mechanical Safety in Children's Products program. The re-quirements in our manual ensure that components such as cord, zipper, sequins, glitter, buttons, and others are used safely. All rules are observed throughout the process, from product develop-ment to their arrival at the point of sale. This manual is widely shared with our associates involved in the development, negotiations and quality control for children's products (including all our suppliers) through in-person and online training, and on the C&A Portal.

Although not mandatory in Brazil, we follow the European standard applied by C&A in all of its activities in Europe. As such, we guarantee the highest standards for the mechanical safety of children's products.

This verification process follows two stages: visual analysis and Quality Control laboratory tests on the control sample; and visual analysis and lab tests on any orders before they are shipped to stores. C&A Brazil's efforts to comply with the mechanical safety rules – not just in clothes, but also in shoes and accessories – are completely voluntary.

In 2020, 97.4% of children's products (domestic and imported) were examined for health and safety protocols by our Quality Control area, with 100% of our national products having gone through these assessments. We identified 132 cases of mechanical safety non-conformity among the products submitted by our suppliers. There were no recalls for chemical safety, but any orders that posed a risk were returned due to the product's mechanical safety. 25.2% of the volume received from domestic products is from the children's division. [416-1 | 416-2 | 417-1](#)

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## Our Associates

We believe that our people management policy is an important part of our business strategy, which is focused on having the best people in the right places. We rely on a competency model in which we evaluate all teams on an annual basis in an effort to develop these skills and to constantly challenge their performance and, consequently, our high performance in business.

Taking care of our associates was even more fundamental in 2020 with the onset of the health emergency, and this reaffirmed our ethical values towards people. We started to monitor and take measures to combat Covid-19 back in January of 2020 due to our supply relationship with China and employees in the business area who traveled there. In February, we assembled a Contingency Committee for people management. This tracked all cases of suspected and confirmed infections, making periodic reports to senior management, stating the number of cases, trend curves and hospitalizations.

## We're here for you

WE TRACK ALL ASSOCIATES WHO ARE SUSPECTED OF HAVING COVID-19. IN CASE OF POSITIVE RESULTS, IN ADDITION TO HEALTH MONITORING, A SOCIAL WORKER IS ASSIGNED TO HELP THE ASSOCIATE AND THEIR FAMILIES TO DEAL WITH THE ILLNESS. WE DID NOT LOSE ANY ASSOCIATES TO COVID-19 IN 2020.

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## People Come First

On March 22<sup>nd</sup>, we closed all our stores. We quickly made arrangements to set up work from home structure for the Central Office, withdrew store associates in risk groups, and suspended events and travels. To a greater or lesser extent, these measures extended throughout the year.

As stores gradually began to reopen, which occurred between April and August, we invested in health care and social distancing in all environments. We created a manual with information on contamination risks and protocols. Upon resuming activities, the associates read and signed the manual and the commitment term, they also filled out a health questionnaire, and adhered to measures like wearing a mask, social distancing, using hand sanitizer and assuring that there is signage, with inspections carried out on these measures.

Our agile methodology, with rapid squads' development, in addition to a work methodology concept, can also be physically seen at the Central Office (CO) located in Alphaville. During the acute period at the beginning of the pandemic, we made changes in the physical structure of the CO: we ended fixed associate placement area, which means that each associate arriving at the CO can select where they will stay; numerous signs and adaptations to all environments to avoid spreading the disease; implementation of a table reservation system and checkin via

application; lockers spread throughout the floors so that associates could keep their belongings in a safe and hygienic place during the working day; and the replacement of the partner company in the cafeteria.

### Mental and Emotional Health 401-2

We believe that health is a core factor for the well-being and the consequent successful performance of our staff. We reacted quickly in providing support to our associates. At a time when almost no tests were given and assistance was still scarce, we quickly rolled out a telemedicine program and made arrangements with our health insurance.

We created the Programa Amigo (Friend Program), a hotline where an associate receives psychological, legal, and financial support. The confidential channel was already planned to start up in 2020, and we stepped up its implementation due to the pandemic.

Like the telemedicine initiative, the program will continue to run even after the health emergency period. We also offer a mindfulness and therapy program throughout the year.

Caring for people's emotional state is a priority that intensified during the pandemic and will continue to be a top concern. Work is a social place in people's lives, and store closures had a marked emotional impact. There was a lot of anxiety and, to alleviate it, we maintained frequent contact with management through the HR business partner who follows the teams. The leaders were also instructed to maintain close contact and actively listen to their teams.



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# Employment and Compensation



One of our primary concerns at the pandemic onset was the chance of having to lay off people, which made us signatories of the **#NãoDemita** (**#NoLayoffs**) movement. Participating companies signed a commitment not to release any employee until May 31<sup>st</sup>, 2020. In addition to economic support, the initiative represented a period of stability for people to adapt to the new situation.

## Close Even Far Away

We maintained frequent contact with everyone at all levels of the Company, and senior management was instructed to remain close to people, maintaining fluid and close communication.

The Pulses tool, created through a partnership with Conecta C&A (see more information in our Digital Transformation chapter), has been used throughout the year since the beginning of the pandemic to measure how people feel about returning to on-site activities. We were able to use it to change the way we measure the climate and view engagement indicators, with active listening during the associate's journey. The tool quickly measures associates' opinions, with autonomy and prominence for senior management. In 2020, 2,970 associates used the tool, which means around 30% of adhesion.

## We're here for you

BASED ON FEDERAL LEGISLATION, WE USED THE CONTRACT SUSPENSION FEATURE AFTER THE INITIAL PANDEMIC PERIOD, SO WE HAD NO LAYOFFS. IN SUSPENSIONS, IN CASES WHERE A PARTIAL PAYMENT BY THE GOVERNMENT WAS LESS THAN WHAT THE ASSOCIATE WAS USED TO RECEIVE, WE MADE FINANCIALLY COMPLEMENTED THE AMOUNT TO ENSURE THE NORMAL NET COMPENSATION FOR OUR ASSOCIATES.

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# Profile of Associates 102-8

## North

Temporary Contract

	2018	2019	2020
WOMEN	25	32	33
MEN	33	21	23

Permanent Contract

	2018	2019	2020
WOMEN	588	650	602
MEN	364	391	350

## Central-West

Temporary Contract

	2018	2019	2020
WOMEN	28	32	26
MEN	19	14	5

Permanent Contract

	2018	2019	2020
WOMEN	519	496	477
MEN	221	243	219

## Northeast

Temporary Contract

	2018	2019	2020
WOMEN	114	152	130
MEN	73	50	43

Permanent Contract

	2018	2019	2020
WOMEN	2,219	2,356	2,214
MEN	997	1,109	1,027

## Southeast

Temporary Contract

	2018	2019	2020
WOMEN	377	364	285
MEN	163	108	86

Permanent Contract

	2018	2019	2020
WOMEN	5,393	5,537	5,328
MEN	2,839	2,869	2,593

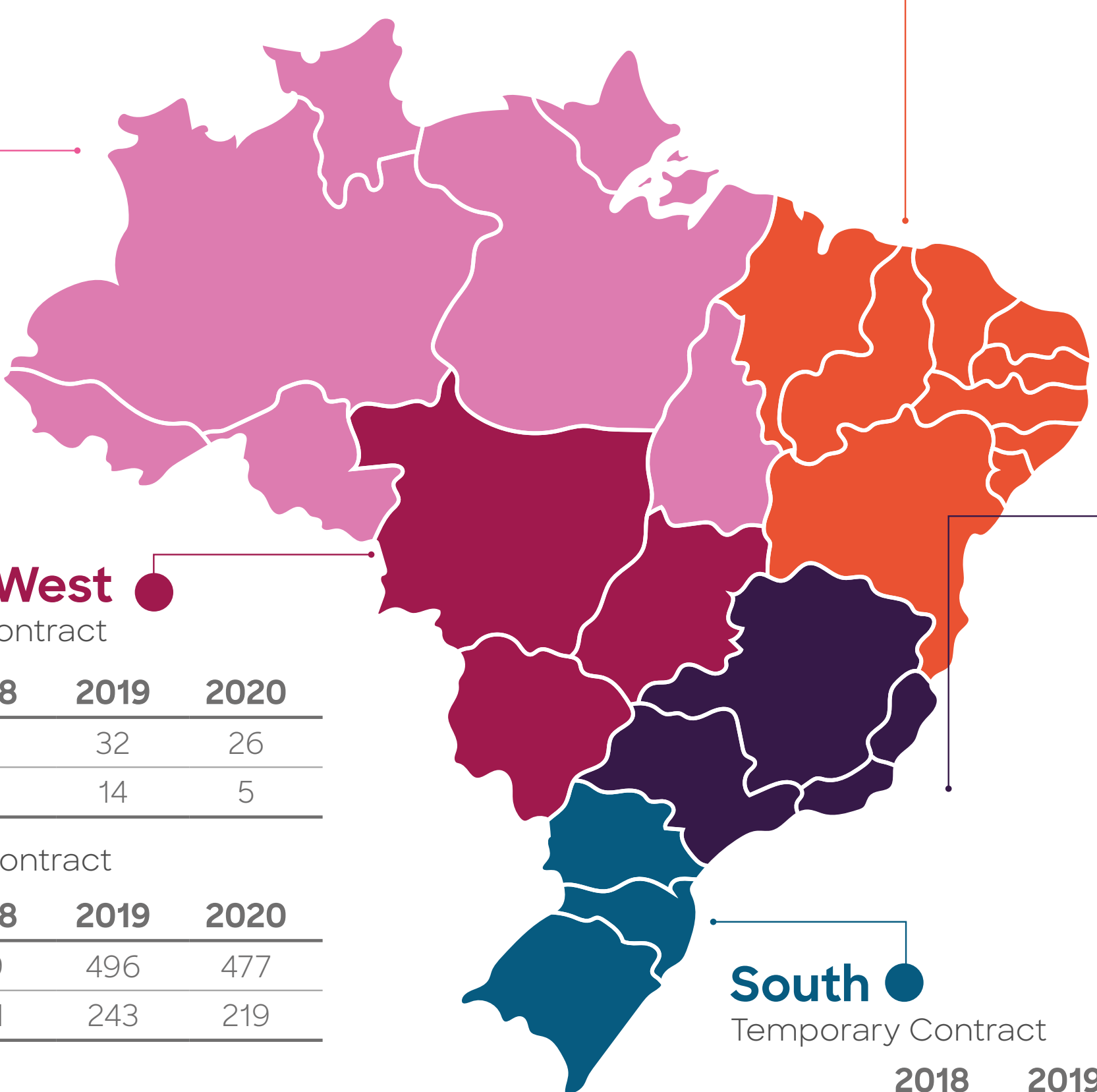
## South

Temporary Contract

	2018	2019	2020
WOMEN	35	39	30
MEN	15	16	15

Permanent Contract

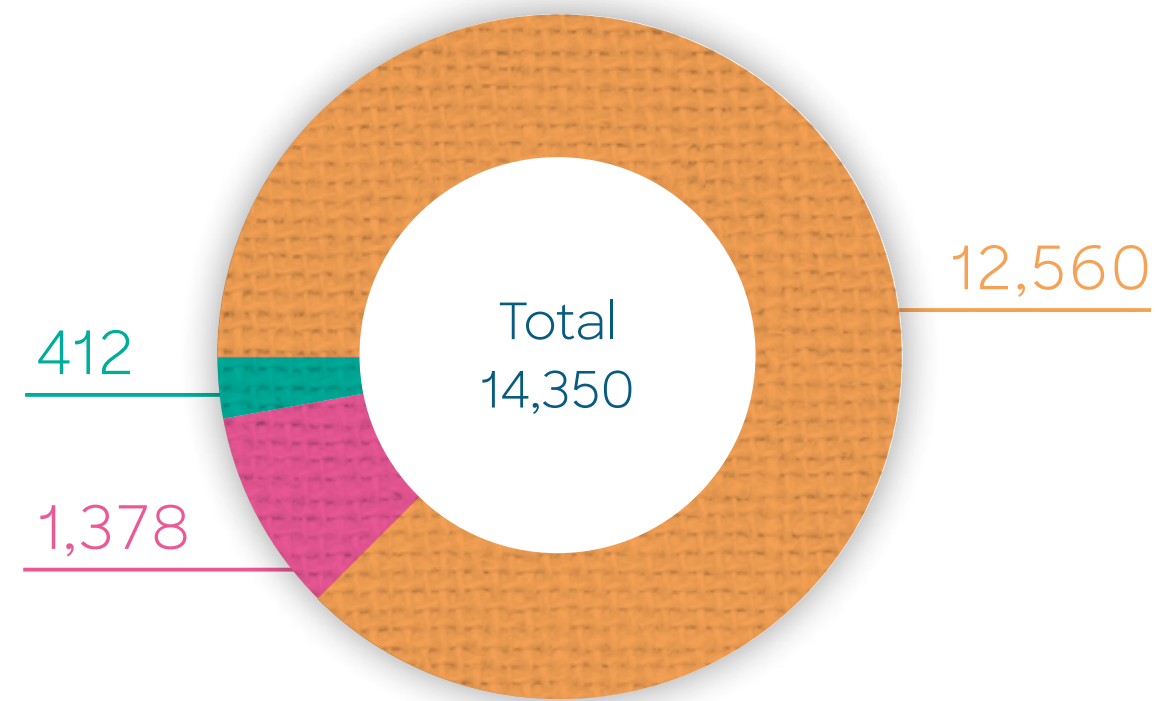
	2018	2019	2020
WOMEN	524	584	577
MEN	264	300	287



		2018	2019	2020
Total number of <b>full-time</b> associates	WOMEN	9,197	9,582	9,142
	MEN	4,686	4,899	4,466
Total number of <b>part-time</b> associates	WOMEN	625	660	560
	MEN	302	222	182
<b>Total number of associates</b>	WOMEN	<b>9,822</b>	<b>10,242</b>	<b>9,702</b>
	MEN	<b>4,988</b>	<b>5,121</b>	<b>4,648</b>

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## TOTAL NUMBER OF ASSOCIATES BY CENTRAL OFFICE, DISTRIBUTION CENTERS, AND STORES



- Total number of associates at Stores
- Total number of associates at Distribution Centers
- Total number of associates at the Central Office

Dismissed and sidelined associates – for over 150 days – were excluded from the data.

Outsourced employees are hired according to operational planning, according to needs presented on commemorative dates and strategies for events to ensure that stores run smoothly during times of high demand. Hiring is done through partner agencies to allocate job vacancies, align profiles, conduct recruitment and selection, control stipulated deadlines and support stores to ensure execution according to the rules stipulated for the process. [103-2 and 103-3: Employment](#)

## OUTSOURCED WORKERS

**2019 - Total: 9,226**

**2020 - Total: 7,968**

**WOMEN 6,685**

**WOMEN 5,341**

**MEN 2,541**

**MEN 2,627**

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## Innovation and Technology

Our teams' organization was already going through changes with the agile methodology adoption, which had been stepped up considering the challenges of 2020. The omnichannel strategy allowed greater integration and connection between people from different areas. We organized ourselves by squads, meaning multi-functional teams that track the client's journey in the digital world. We were trained by independent partners to improve the process. This methodology has provided a new, less hierarchical form of internal organization. Groups are now defined according to business challenges.

The sales channels digitalization has created the need to hire people with diverse skills for both the stores and for our Central Office. The transformation level required was quite high, which also heightened the need for collaboration. This is why we have modernized ourselves by assembling internal knowledge, getting support of startups and implementing the most up-to-date training, performance, engagement, environment, recruitment and selection methodologies. More than just tools, we have developed a new concept of how to handle our associates' journey.

Our Management Cycle boasts a new intuitive platform with features that help organize tasks and align priorities. We attempt to facilitate the genuine development of our people through continuous and confidential 360° feedback. We also encourage the strengthening of relations with the One-on-One method – periodic, informal meetings with only one manager and one employee at a time.

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## Recruitment and Retention

We employ strategies to recruit and retain talent, and we are aware of the high turnover that is common in our sector. In an effort to source talent in fashion tech, we have been working on this image publicly, publicizing our innovation processes and spawning curiosity in the market. During this time of social distancing, tools like LinkedIn became even more relevant in efforts to recruit employees, including the increased use of online interviews to facilitate and streamline processes. We provide compensation and benefits, rewards, and career solutions, building a valuable proposal for associates that addresses monetary and intangible aspects aligned with the new reality and that yields the best return on investment in people. [103-2 and 103-3: Employment | 401-2](#)

We offer compensation packages that are in line with the positions and a salary structure that is appropriate to our organizational processes. Retention plans are individual. Each year, we outline the business-critical positions and diagnose areas in which there may be some disruptions in the event of outflow. Therefore, we have devised new retention strategies that can be financial or about training, coaching, and mentoring activities.

In 2018, we began selecting associates for our stores through applications, using geolocation, online tests and artificial intelligence when selecting the candidates' profile, and the pandemic became a catalyst for this process. In partnership with Levee, we adopted machine learning and artificial intelligence to

transform and automate talent attraction processes for operations. This sped up the time it usually takes to fill vacancies to three days, providing even more data for decision-making.

For positions available in the Central Office and for internal hires, we implemented Kenoby – a re-cruitment and selection software that helps us hire smarter, reducing costs and time.

Corporate benefits are offered to associates (with permanent and temporary contracts and apprentices) according to the position: [401-2](#)

- Maternity and paternity leave
- Private pension plans
- Health care
- Dental care
- Checkups
- Vehicle
- Parking (CO and DCs)
- Daycare allowance
- Funeral grant
- Partnership club
- Pharmacy assistance
- Shopping discounts
- Dr. Aon (Telemedicine)
- Payroll loan
- *Programa Amigo* (Friend Program)
- Meal
- SESC (Social Service of Commerce membership)
- Transport Voucher

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**MATERNITY/PATERNITY LEAVE** 401-3

	2018		2019		2020	
TOTAL NUMBER OF ASSOCIATES	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
Eligible to take maternity/paternity leave	9,822	4,988	10,242	5,121	9,702	4,648
Who took maternity/paternity leave	631	0	568	0	554	0
Who returned to work after the end of maternity/paternity leave	621	0	559	0	544	0
Who returned to work after the end of maternity/paternity leave and remained employed 12 months after returning to work	239	0	260	0	407	0
Return to work and retention rates of employees who took maternity/paternity leave	98.42%		98.42%		98.19%	
Retention rate			42%		73%	

Data on the retention rate in 2018 was not reported because it relies on data from 2017, which had not been consolidated into the metrics of this Report.

We are passionate about people, and this is why we want to develop the best of what our associates have to offer, through ongoing performance evaluations and assertive

development activities that provide them with the best experiences. Our performance evaluation process is conducted on an annual basis and is structured around the following steps:

- **Evaluation:** Time for the associates to evaluate themselves, be evaluated and evaluate their managers based on five corporate competencies plus individual results/deliveries.
- **Alignment:** time for managers to discuss the teams' performance and to classify associates according to the following aspects: deciding, developing, valuing or investing, ensuring fair and balanced criteria.
- **Feedback:** time for managers to reveal the results from the assessments to the team individually, and to help them construct their Individual Development Plan (IDP).

These steps occur via the system, ensuring the governance of data and convenience for those involved. The goal of this process is to establish fair and measurable evaluation criteria, as well as to provide self-knowledge to the associate, to work on meritocracy and to promote more assertive development activities.

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**ASSOCIATES WHO HAVE RECEIVED  
REGULAR PERFORMANCE AND  
CAREER DEVELOPMENT  
EVALUATIONS IN 2020 404-3**

		2018		2019		2020	
		WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
Executive board	Total number	1	5	1	5	0	2
	%	17	83	17	83	0	100
Management	Total number	261	196	278	186	298	187
	%	57	43	60	40	61	39
Consultant/ Coordinator	Total number	383	207	412	217	411	228
	%	65	35	66	34	64	36
Operational staff	Total number	8,399	3,965	7,458	3,555	371	287
	%	68	32	68	32	56	44
Trainees	Total number	0	0	8	1	4	1
	%	0	0	89	11	80	20
Interns	Total number	0	0	1	0	8	6
	%	0	0	100	0	57	43
Total	Total number	9,044	4,373	8,158	3,964	1,092	711
	%	67	33	67	33	61	39
<b>Total associates who received a regular performance evaluation</b>		<b>13,417</b>		<b>12,122</b>		<b>1,803</b>	

Due to the pandemic, many associates had their contracts suspended at the time of the evaluation (June), which reduced rates, particularly at the operational level.

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# Programs for Improving the Skills of Associates and Career Transitions Assistance 404-2

**Future Leaders:** career acceleration program, intending to develop and maximize leadership skills in our talents, as well as to retain and engage participants. It lasts for one year, and associates who are evaluated within the valuing and investing dimensions become eligible to participate in the program. Participants are chosen based on recommendations from the managers and business partners.

**Collaborative Learning Ecosystem:** we provide a digital learning platform that promotes ongoing learning to enhance and develop skills and competencies through leadership roles for all associates at the Central Office, DCs and management. We provide a variety of content, hold meetings, and encourage the sharing of knowledge. Associates, through machine learning, have access to a wealth of information that is customized according to their preferences.

**Supervisors Development Program (SDP):** exclusively for store supervisors, the program is used to train participants for their next career move – becoming a store manager. In order to be included in the program, a candidate needs to have been evaluated in the last performance cycle within the valuing and investing dimensions, as well as been recommended by the manager and go through a technical/behavioral assessment that suggests the potential for the position. The program lasts for one year and the participants go through a number of different learning experiences that, at the end of the period, eventually lead to them being promoted to the position of store manager – as such, we seek only 20% of our managers in the market.

**Internship Program:** we hire and develop young people to work in their field of training/ interest. All interns complete a learning cycle with asynchronous content on our platform and during live meetings. The program lasts for one year, after which we expect that the young people are prepared to assume permanent positions at the Company.

**Trainee Program:** the two-year program aims to hire and train talent to take on leadership positions at C&A. The young people hired receive full training in technical and behavioral skills, as well as on-the-job training and support from a coaching manager. The program was suspended in 2020 due to the pandemic.

**Academia da Moda (Fashion Academy):** in an effort to help store associates better perform their duties, the Fashion Academy is an online environment that provides a variety of exclusive courses and content that ranges from operational processes to business strategies.



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## Training and Development

### 103-2 and 103-3: Training and education

Our training is business-oriented and supports the strategy for the year. For in-store staff, training is conducted by *Academia da Moda* (Fashion Academy) training platform and attendance list in the case of in-person training. Because of the pandemic, on-site training is now being conducted via Webex, and the associate can check in using a QR code.

Training is organized in a matrix, in which each job position is required to complete the courses that are relevant to their area/or duties, in addition to integration training. Courses are available in various formats to optimize learning. Over the course of the activities, we promote interactions that help us identify and outline how much the associate understood and/or absorbed the subject. New associates follow the learning map to integrate with the store, job position and C&A. Central Office employees conduct their training online on the Degreed platform according to the skills required for their position and role.

Because of the business capillarity – a significant number of stores spread over a wide territory – and the turnover in retail, having training available online is an effective and secure way for this knowledge to reach all of our associates.

Moreover, we are able to more accurately track the courses in real-time, so that the information arrives in a standardized manner and at the same time, for all members. The platform delivers a dashboard solution that offers a lot of conveniences: detailed reports, cross-checked information and analysis that generate data for action and reinforcement plans and other training initiatives.

### Degreed

In 2020, we implemented Degreed, a tool that completely changes the way of educating at corporations, giving the associate a leading role in their own development and education. In addition to our mandatory training courses, Degreed offers a collaborative learning ecosystem that has topics tailored to each user's profile. This provides flexibility and commitment to learning, which are core skills for C&A Fashion Tech. Employees can share what they have learned in the tool, which works as a social learning network in a social learning format. The idea is to spark the learning will within people. In 2020, Degreed was made available to staff and management at the Central Office, and our goal is to expand it to include all associates over the next few years.

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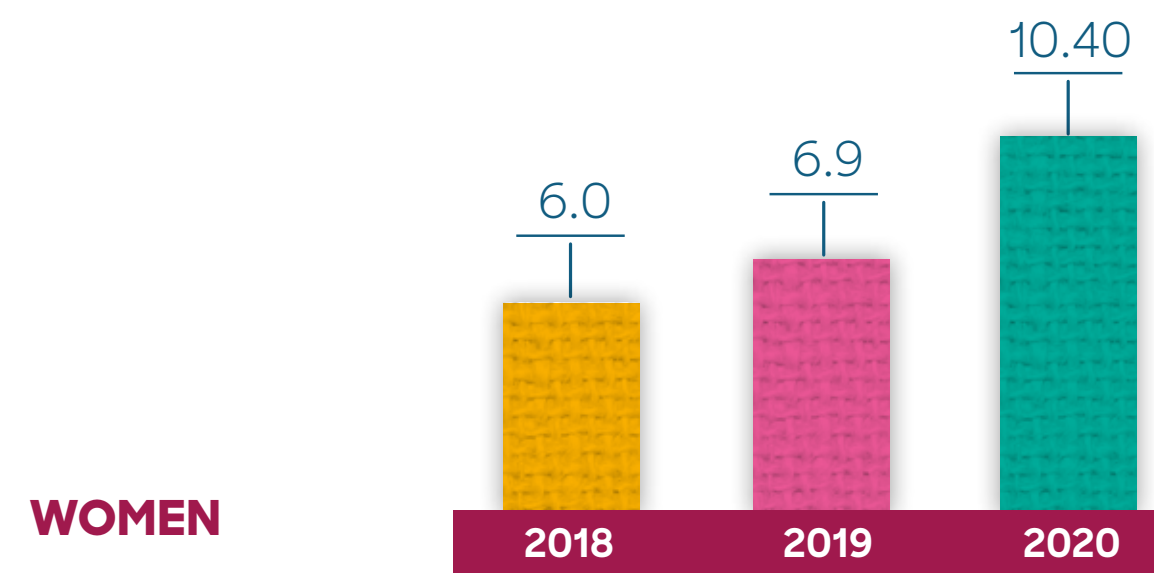
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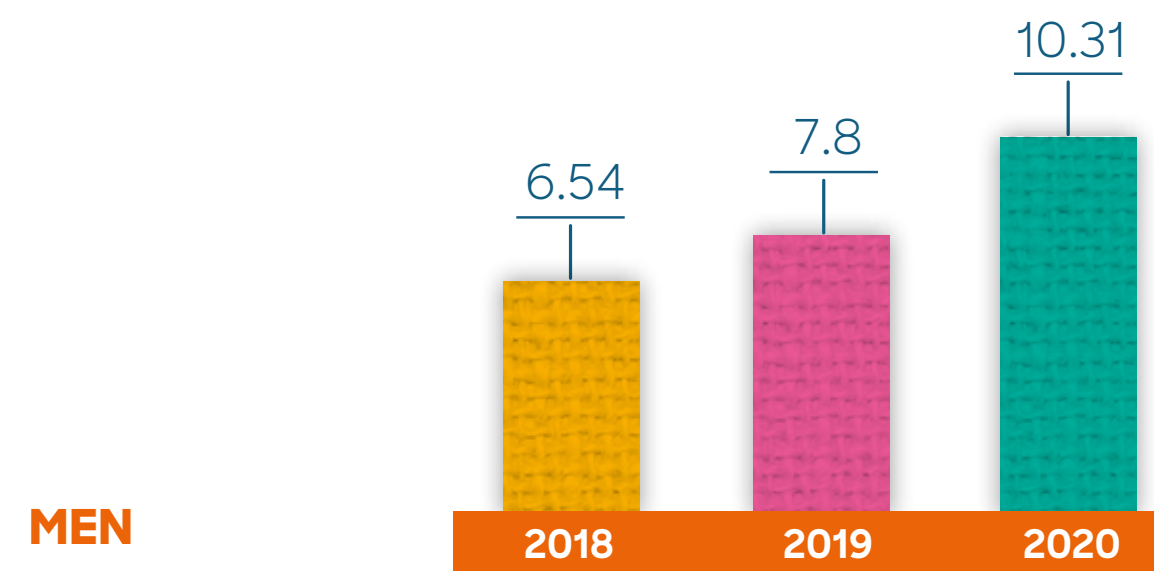
## AVERAGE HOURS OF TRAINING 404-1



### 2020

#### WOMEN AVERAGE HOURS

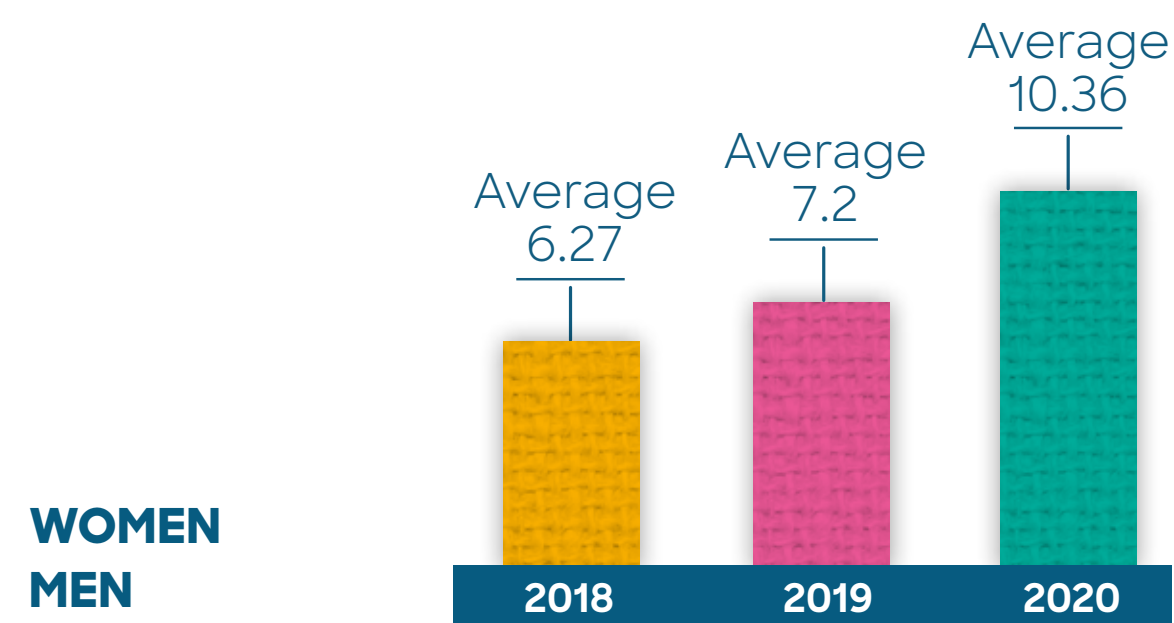
Officer	2.44
Manager	32.25
Supervisor	20.95
Operational position	2.99
Intern	2.69
Apprentice	1.09



### 2020

#### MEN AVERAGE HOURS

Officer	0.00
Manager	20.55
Supervisor	37.28
Operational position	2.98
Intern	0.00
Apprentice	1.08



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## **Diversity** 103-2 and 103-3: Diversity and equal opportunities

Diversity is an important pillar in our people management – we are making progress in this area and broadening our actions with customers and associates. In 2020, we created a new Diversity Committee, which supports the Company in addressing issues related to this topic. We have stamped our position on the subject in our campaigns and collections, and are noted as pioneers in national retail by launching the Collection Pride in June, the

month marking LGBTQIA+ pride (lesbian, gay, bisexual, transsexual, queer, intersex, asexual, and other groups and variations in sexuality and gender). C&A was one of the first companies in Brazil to extend health care benefits to spouses in same-sex relationships, long before the legal requirement. Furthermore, we have subscribed to the United Nations Women’s Empowerment Principles, which underlines our commitment to work towards gender equity within the Company.



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**ASSOCIATES BY GENDER, AGE RANGE, AND EMPLOYEE CATEGORY 405-1**
**2018**

By employee category	WOMEN			MEN		
	Under 30 years old	Between 30 and 50 years old	Over 50 years old	Under 30 years old	Between 30 and 50 years old	Over 50 years old
Executive Board	0	0	1	0	4	3
Management	36	245	3	27	175	5
Consultant/Coordinator	152	242	11	82	137	8
Operational staff	6,661	1,813	109	3,055	1,129	82
Interns	23	0	0	10	0	0
Apprentices	526	0	0	271	0	0
Total number	7,398	2,300	124	3,445	1,445	98
Percentage (%)	75.3	23.4	1.3	69	29.0	2.0
<b>Total</b>	<b>9,822</b>			<b>4,988</b>		
	<b>14,810</b>					

**2019**

By employee category	WOMEN			MEN		
	Under 30 years old	Between 30 and 50 years old	Over 50 years old	Under 30 years old	Between 30 and 50 years old	Over 50 years old
Executive Board	0	0	1	0	4	3
Management	37	268	2	22	167	6
Consultant/Coordinator	177	245	11	81	143	9
Operational staff	6,936	1,826	123	3,193	1,195	92
Interns	13	0	0	8	0	0
Apprentices	603	0	0	198	0	0
Total number	7,766	2,339	137	3,502	1,509	110
Percentage (%)	75.8	22.8	1.4	68.4	29.5	2.1
<b>Total</b>	<b>10,242</b>			<b>5,121</b>		
	<b>15,363</b>					

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By employee category	WOMEN			MEN		
	Under 30 years old	Between 30 and 50 years old	Over 50 years old	Under 30 years old	Between 30 and 50 years old	Over 50 years old
Executive Board	0	1	0	0	5	3
Management	31	277	1	16	158	3
Consultant/Coordinator	150	265	11	84	162	6
Operational staff	6,464	1,920	97	2,860	1,108	76
Interns	7	0	0	4	0	0
Apprentices	478	0	0	163	0	0
Total number	7,130	2,463	109	3,127	1,433	88
Percentage (%)	73.5	25.4	1.1	67.3	30.8	1.9
<b>Total</b>	<b>9,702</b>			<b>4,648</b>		
	<b>14,350</b>					

#### ASSOCIATES BY EMPLOYEE CATEGORY AND BY GENDER (%) 405-1

	2018		2019		2020	
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
Executive Board	12.50	87.50	12.50	87.50	11.11	88.89
Management	57.84	42.16	63.58	36.42	63.58	36.42
Consultant/Coordinator	64.08	35.92	65.02	34.98	62.83	37.17
Operational staff	66.80	33.20	66.48	33.52	67.71	32.29
Interns	69.70	30.30	61.90	38.10	63.64	36.36
Apprentices	66.00	34.00	75.28	24.72	74.57	25.43

Note: we have chosen to follow the premises set forth in the presentation of the new HR Committee indicators. We excluded people who were dismissed from the count, but those who were dismissed were counted in 2019 because they were active in December at some point.

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**ASSOCIATES BY EMPLOYEE CATEGORY AND ETHNICITY (%)** 405-1

**2018**

	ASIAN	WHITE	INDIGENOUS	NOT GIVEN	BI-RACIAL/BLACK	TOTAL
Executive Board	0	100	0	0	0	100
Management	1.63	84.32	0	1.02	13.03	100
Consultant/Coordinator	1.27	65.98	0.32	1.11	31.32	100
Operational staff	1.58	41.64	0.58	0.24	55.96	100
Interns	0	75.76	0	0	24.24	100
Apprentices	1.38	38.52	0.88	0.38	58.84	100
<b>Total</b>	<b>1.55</b>	<b>44.03</b>	<b>0.57</b>	<b>0.31</b>	<b>53.53</b>	<b>100</b>

**2019**

	ASIAN	WHITE	INDIGENOUS	NOT GIVEN	BI-RACIAL/BLACK	TOTAL
Executive Board	0	100	0	0	0	100
Management	1.59	82.07	0.40	0.60	15.34	100
Consultant/Coordinator	1.20	63.06	0.90	0.75	34.09	100
Operational staff	1.62	39.45	0.61	0.16	58.16	100
Interns	0	80.95	0	0	19.05	100
Apprentices	1.00	38.58	0.87	0	59.55	100
<b>Total</b>	<b>1.56</b>	<b>41.91</b>	<b>0.62</b>	<b>0.20</b>	<b>55.71</b>	<b>100</b>

**2020**

	ASIAN	WHITE	INDIGENOUS	NOT GIVEN	BI-RACIAL/BLACK	TOTAL
Executive Board	0	100	0	0	0	100
Management	1.44	80.25	0.21	0.41	17.69	100
Consultant/Coordinator	1.77	65.04	0.88	0.44	31.87	100
Operational staff	1.71	38.44	0.68	0.23	58.94	100
Interns	0	81.82	0	0	18.18	100
Apprentices	1.87	34.95	0.31	0.31	62.56	100
<b>Total</b>	<b>1.71</b>	<b>41.02</b>	<b>0.66</b>	<b>0.25</b>	<b>56.36</b>	<b>100</b>

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**RATIO BETWEEN BASE SALARY AND THE COMPENSATION RECEIVED BY WOMEN AND THAT RECEIVED BY MEN (%) <sup>405-2</sup>**

		2018	2019	2020
Central Office	Executive Board	97.0	96	66
	Management	88.3	84.0	83.5
	Consultant/Coordinator	92.8	93.9	91.8
	Operational staff	87.8	91.8	89.8
Distribution Centers	Consultant/Coordinator	108.9	107.2	102.4
	Operational staff	108.3	106.7	103.4
Stores	Consultant/Coordinator	105.4	106.8	105.8
	Operational staff	97.7	98.3	98.5

Interns and apprentices receive the same amount.  
 Managerial positions in Stores are accounted for in the Central Office.

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## Communities

### 103-2 and 103-3: Local communities

Instituto C&A (C&A Institute) was founded in 1991 to invest in organizations, projects and initiatives that are geared towards promoting basic education for children from zero to twelve years old. From the Institute's start, C&A associates were invited to take part in voluntary actions with this group.

The Institute shifted its focus in 2015, working globally in transforming the fashion industry with a holistic look at supporting projects involving everything, from the production of raw materials to labor issues related to manufacturing and consumption and post-consumption. This shift allows associates to start a journey of volunteer work that resides in the fashion chain.

**In 2020, Instituto C&A's (institute) transformational legacy throughout the world migrated to the Laudes Foundation, and Instituto C&A resumed as a regional initiative focused on strengthening communities through fashion.** The Volunteer Program is now 100% focused on organizations that use fashion to conduct work in social promotion with beneficiaries.

A new Entrepreneurship Program has been introduced at the Institute that focuses on developing initiatives led by people from social groups who struggle to defend their rights throughout the Country.

One of the tenets of the Institute's new stance is to maintain the legacy of the Volunteer Program that we have been providing since 1991, one of the oldest collaborative volunteer programs in Brazil. As such, we have maintained the Program based on a strategic shift, turning it towards social organizations that use fashion as a central element. We have also created a specific entrepreneurship initiative with groups that are battling to assert their rights: women, peripheral communities, black communities, LGBTQIA+, the inmate population and people with disabilities. Our goal is to encourage entrepreneurial projects and initiatives that incorporate more sustainable practices and value decent work, so that they may be able to integrate into the C&A value network in the medium or long-term.

Due to the Country's social inequalities, there is a natural estrangement of these marginalized groups and territories. We believe that we can create an empathy motion, by connecting the volunteers and allowing people to see those issues and difficulties up close. The Entrepreneurship Program is due to be launched in 2021.

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## Organization of the Institute

The Board of Directors for the Instituto C&A is composed of people from within C&A and outside the company. The board's role is to steer and help implement the annual planning, as well as to approve financial investments of over R\$100,000. In addition, financial statements are submitted every six months to the Cofra Foundation, which is one of Instituto C&A's investors. The Cofra Foundation invested €800,000 in 2020 for the Instituto C&A's activities in Brazil.

Each program contains established targets and goals. For the Volunteering Program in 2019, we saw 16% of our associates involved in at least one voluntary activity in the community through 360 initiatives conducted in all states throughout Brazil. We provided assistance to around 120 social organizations across the Country. In person and on-site voluntary actions were suspended in 2020, which severely impacted our engagement. We did not set any goals for this year, but we have taken measures to revert the amount invested from the Volunteering Program into our humanitarian aid activities.

## Performance during the Pandemic

Instituto C&A also grants financial contributions for humanitarian aid in situations involving public emergencies due to environmental, social, and health crises. In early 2020, investments were shifted from humanitarian aid to initiatives and projects that were focused on battling the pandemic with communities and health personnel, making a total investment of R\$554,000.

Micro-entrepreneurship and supporting the neediest and most vulnerable communities were our causes in battling the pandemic. The activities were supported on three fronts:

- **Instituto C&A partners:** based on contact with partners to outline needs and the scenario, we selected the organizations that had been impacted the most;
- **Civil society funds:** financial contributions to fundraising initiatives that have been involved in the purchase and distribution of supplies to assist the hospitals, communities, and micro-entrepreneurs that are most vulnerable to the crisis; and
- **Network connection:** funding to help Rede Asta in the manufacture of hospital PPE by connecting seamstresses, raw material suppliers, and distributors.

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ACTIONS	INVESTMENT (R\$ THOUSANDS)	OBJECTIVE
Coletivo Trans Sol	15	Providing two months of aid for running the Collective
Ipê	7.5	Providing two months of assistance to the seamstresses from Costurando o Futuro (Sewing the Future) project
Associação das Mulheres de Paraisópolis	20	Providing 3,000 meals to the Paraisópolis community
Rede Asta	180	Manufacturing and distributing 15,000 face shields (Rio de Janeiro, São Paulo, Manaus, and Fortaleza) and assembling seamstresses and craftspeople for PPE production and distribution
Coalizão Éditodos	50	Supporting micro-entrepreneurs located in peripheral communities in the Country
Matchfunding Enfrente	27	Supporting micro-entrepreneurs and communities around the Country
Fundo Volta por Cima	50	Supporting micro-entrepreneurs by offering zero-interest loans
Redes da Maré	20	Purchasing hygiene items and basic food baskets for families in Complexo da Maré
OCA Escola Cultural	20	Purchasing hygiene items and basic food baskets for poor communities in Carapicuíba
Amebras	10	Paying seamstresses to produce masks in Rio de Janeiro
Fundo CoVida	25	Implementing a national fund to support the survival of social businesses impacted by the crisis
Coletivo Tem Sentimento	15	Supporting the manufacture and free distribution of masks in Cracolândia, in São Paulo
Plana Vivências	5	Purchasing and distributing basic items for the Jaraguá indigenous community in São Paulo
Rede Nós por Nós	5	Supporting micro-entrepreneurs in Grajaú in the southern region of São Paulo
Conexão Musas	10	Supporting the production of fabric masks made by women in socially vulnerable situations
Ficas de Máscara	10	Supporting the structuring of the project for income generation for women in this project
#EuCuido	10	Purchasing and donating fabric masks made by women who have been released from prison to communities in the northern region of the Country
Atrium SP	20	Supporting the production of packed lunches to be distributed to homeless people in downtown São Paulo
Centro Integrado de Estudos e Programas de Desenvolvimento Sustentável (CIEDS) RJ	20	Supporting the production of packed lunches to be distributed to homeless people in central Rio de Janeiro
Casa Miga Manaus	15	Helping with the costs of maintaining, for three months, the shelter for LGBT people who have been expelled from their homes in Manaus
Aliança Povos Indígenas Manaus	20	Supporting the purchase of hygiene items and food to indigenous communities in the city of Manaus
<b>Total</b>	<b>554</b>	

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## Volunteering

For associates at our stores, we offer a volunteering program 100% dedicated to the needs of the communities where we do business. At the start of the program, the volunteers and a store manager go to the social organization located near the business unit. Once there, they plan for the voluntary activities that will take place for the year, and sign a term of commitment. This term officially establishes the partnership along with the organization's needs and the skills and opportunities for C&A associates to volunteer are coordinated in a plan. [413-1](#)

With Instituto C&A's transformation from previously focusing on organizations working in basic education for children from 0 to 12 years old and then to working with social organizations related to fashion, we made a significant contribution to the institutions assisted in 2019 to help them support themselves, and also provided guidance for volunteers on their

farewell from the program to prevent the sudden break of relationship bonds. The donation amounted to R\$3,500 per organization, totaling 117 organizations and R\$409,500 in aid.

At the Central Office, our associates carry out more multi-disciplinary and diverse duties compared to what our store associates do. This is why the volunteering program offers a potential for unique contributions to our partner social organizations. As such, we received a very positive response from our engagement in 2020, thereby reinforcing online activities.

Developing new activities for the year was particularly difficult due to the health crisis. We adapted the program to allow us to do everything with social distancing, but out of more than 70 teams registered at the start of the year, only 20 were able to develop the work the way it was originally designed.

In 2020, including volunteer work and humanitarian aid, we benefited 78 organizations with a total investment of R\$3.8 million. [203-1](#)

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## Volunteering Activities in 2020

- Instituto C&A at home:** Instituto C&A at home: C&A associates were encouraged to use their personal social networks to promote fundraising campaigns for four social organizations that were working in support of families affected by the consequences of the Covid-19 crisis: Redes da Maré in Rio de Janeiro, Associação do Bairro do Coroado in Salvador, Jurunas in Pará (Telas em Movimento Project) and Associação de Catadores (Refuse Collectors Association) in Porto Alegre.
- Hackathon Social:** through online meetings and invested funding, 75 volunteers from the C&A Central Office designed a work plan to help resolve issues for four social organizations in the greater São Paulo area: the Coletivo Tem Sentimento, which operates in the Cracolândia region by promoting local women participation in a sewing workshop; the Coletivo Trans Sol, which supports transvestites and transsexuals by providing capacity-building courses in sewing and doll-making techniques; the Projeto Cerzindo offering training and assistance in sewing and silkscreen workshops for migrants and refugees; and Oficina do Bem at Centro Social Carisma, which works on capacity-building for women from poor neighborhoods in Osasco.

- Moda para o Bem (Fashion for Good):** store associates forged partnerships with over 20 organizations that work with fashion, mapped out their needs and, as a result of these efforts, Instituto C&A made investments for institutional support of these organizations due to the fundraising crisis provoked by the Covid-19 pandemic.

	AMOUNT (R\$ THOUSANDS)	ACTIONS
Volunteering Program	2,100.0	Consulting services for managing volunteering in stores, DCs and Social Hackathon with investments in social organizations that have been chosen by volunteers
Entrepreneurship Program	80.0	Consulting services for structuring the program
Humanitarian aid	554.0	Instituto C&A's responses to the Covid-19 pandemic with Brazilian partners and organizations
Communication	340.0	Rebranding and redesigning internal and external channels (new website and social networks)
Administration costs	311.0	Infrastructure costs, services and participation in organizations
Salaries	429.1	
<b>Total</b>	<b>3,814.1</b>	

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# C&A during the Pandemic

In addition to Instituto C&A's initiatives, C&A also made direct social investments in activities to support society in the midst of the Covid-19 pandemic. Since the onset of the novel coronavirus, we have set up a crisis committee that began monitoring actions and impacts on associates, customers and suppliers in an effort to offer quick and appropriate solutions tailored to situations.



## Donations of white t-shirts for healthcare professionals

In an effort to support professionals working on the front lines in the fight against the coronavirus, we donated 10,000 white cotton t-shirts to the Municipality of São Paulo to be given out to health professionals in the municipal system. The campaign came out of a partnership with Cotton Star and Têxtil Cristina, and benefits people with higher exposure to the virus.



## Donating masks to the community

We donated 100,000 fabric masks to people in vulnerable situations in partnership with a few of our suppliers and the logistics team. 50,000 kits featuring two reusable, double-layer, non-surgical masks and made of 100% cotton fabric were donated. Our strategic partners are involved in these efforts, from fabric supply to delivery. Masks are produced in partnership with Rede Asta, NCCV, Aerosoft Cargas Aéreas, Azzurra, Dimatex, Elastisul, Elastok Elásticos, Estrela Elásticos, Focus Têxtil, Lorsa, Nasul Cargo Logística, Sequoia, Studio 40, and Top Sport. The kits with two masks included a folder with wash and use instructions for those who would receive them.

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**Sustainability**

Sustainability is one of the C&A's tenets, and we are dedicated to strengthening our relationships with various stakeholders, promoting best practices through safe products that are tailored to our customer's needs, as well as transparent processes that are based on ethical conduct with people and the environment.

We have the advantage of being connected to an international structure that believes in innovative practices concerning sustainability. Our team is focused on managing and monitoring our practices on the subject while supporting the goals defined in our 2015–2020 Global Strategy.

Many of the initiatives that we have adopted over the last few years have been truly ground-breaking in the Brazilian market, and have driven shifts in retail standards as a whole. This notably includes the Ciclos products (featuring Cradle to Cradle Certified® Gold), the supply chain monitoring, sustainable chemicals management in the supply chain, the use of more sustainable raw materials, and the Movimento ReCiclo – an in-store take back initiative to properly dispose of garments that customers no longer want.

Our pioneering spirit is illustrated by our contribution in developing the Associação Brasileira do Varejo Têxtil (Abvtex – Brazilian Textile Retail Association) certification program back in 2010. Through the program, participating retailers commit to monitoring 100% of their supply chain and to only procure products from companies that have been approved in the audits carried out by the entity.

### **Sustainability Strategy**

Our sustainability strategy is aligned with C&A's Global Sustainability Framework, which provides integrated guidance on our initiatives and goals in all countries in which we operate. From 2015 to 2020, this framework has been structured around three pillars: Sustainable Products, Sustainable Supply Chain and Sustainable Lives.

The overall aspirational goals were defined with the participation of the regions in which the group operates. The Brazilian performance has become a benchmark in many of the group's practices. We innovated communications for sustainability by introducing #VistaAMudança (the Brazilian version of #WearTheChange), a global multichannel communication movement for sustainability in 2018. One of the distinguishing factors between the regions was how we translated the global concept of communication into sustainability in Brazil as a movement and not as a campaign.

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# 2015–2020 Global Sustainability Framework



## Sustainable Products



### Sustainable Materials

Using more sustainable raw materials

- Over 90% of the cotton used in our products sourced as more sustainable (0% in 2015)
- Over 60% of our raw materials as more sustainable (0% in 2015)



### Circular Economy

Developing and producing products while accounting for their next life cycle

- Ciclos Collection, the first Cradle to Cradle Certified® Gold, produced in Brazil
- Over 160 stores with Movimento ReCiclo (in-store take-back program), and more than 42,000 clothing articles collected, equivalent to about 7 tons



## Sustainable Supply Chain



### Clean Environment

Reducing our direct impact

- Over 80% of the volume covered by the Programa de Zero Descarte de Químicos Perigosos (Zero Discharge of Hazardous Chemicals) (0% in 2015)
- Denim collection that reduced water usage in the laundry process by more than 65%



### Safe and Fair Labor

Ensuring safe and fair working conditions

- Over 85% of products sourced from suppliers rated A/B (0% in 2015)<sup>1</sup>

1. The ratings range from A to E, with A being the best classification based on more than 150 items assessed in the audits.



## Sustainable Lives



### Associate Engagement

Creating a culture of sustainability among our employees

- More than 93% of associates are proud of C&A's contributions to the community, society, and environment



### Customer Engagement

Helping customers act in a more sustainable manner

- Highest score in the Fashion Transparency Index Brazil
- Around 10,000 customers involved in the Sacola do Bem do Repassa (Goody Bag), a clothing giveaway campaign
- Products with more sustainable qualities are identified in stores
- #VistaAMudança (#WearTheChange) Movement

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## Sustainable Products

Our mission is to create fashion with a positive impact, and this starts when we market products to our customers with less environmental impact or with circularity features in their development.

### More Sustainable Materials 102-11

One of our commitments is that the cotton used in our products is sourced as more sustainable, considering that it is the raw material used most in our products and that it generates significant impacts on the environment. At C&A, we work with three types of cotton:

- Cotton grown according to BCI standards (an international non-profit association) minimizes the use of harmful pesticides, uses water efficiently, ensures soil health, habitat conservation and biodiversity, is careful about fiber health and strives to promote proper working conditions.
- The certified organic cotton is safer for farmers and the well-being of their communities while protecting biodiversity and water supply, preventing water pollution and reducing carbon emissions.
- Certified recycled cotton is cotton that is processed from industrial waste, producing a new thread that must be traced throughout the value chain – thereby reducing water consumption, chemicals and emissions in the planting and processing stages.

Our ultimate goal is to have 100% of the cotton used in our clothes sourced from a more sustainable origin. While the goal was to reach this level in 2020, the pandemic disrupted the processes. We were able to achieve the mark of over 90% for the year, a significant evolution given that this number had been zero and BCI was hardly known in Brazil in 2015.

Alongside our cotton initiatives, we support conservation of Ancient and Endangered Forests in the production of viscose through our work with the CanopyStyle Initiative. Through this global agreement, we are committed to evaluating the origin of pulp-based fibers and eliminating those that come from ancient and endangered forests. Our actions include recruiting and training suppliers in the CanopyStyle Initiative, encouraging them to give preference to viscose producers involved in this standard. [103-2](#) and [103-3: Biodiversity](#)

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## Circular Economy

We reinforced our commitment to circular fashion in 2020, and became the first company in the Americas to roll out Cradle to Cradle Certified® Gold products made in Brazil. This was made possible thanks to an extensive developmental work carried out by our local supply chain, which can now produce denim and knitwear products under this Certification. Known as Ciclos, the certified collection revolutionizes the Brazilian fashion retail and encourages the production chain to rethink its model and adopt sustainability innovations that have been applied in the textile industry in benchmark countries on the topic.

C2C Certified® program is an advanced science-based measure for materials and products that are safe, circular, and responsibly made. The program specifies criteria ranging from growing cotton with less environmental impact, using safe materials and managing water resources by encouraging the use of renewable energy in the garments production, in addition to applying fair and safe business practices. There are five certification levels to be achieved in the C2C Certified® Products Program: Basic, Bronze, Silver, Gold and Platinum.

Our Ciclos products are designed and created intelligently, using more sustainable cotton and made with materials that preserve the soil and water, and that can be recycled at the end of their life cycle. When customers no longer want garments in their wardrobes, we encourage them to donate or, if they prefer, deposit them in the Movimento ReCiclo box (an initiative by C&A that is present in more than 160 physical stores), which offers an alternative for disposing clothing of any brand (see more in More Responsible Actions).

For these products, the Cradle to Cradle Certified® Gold ensures that:

- ✓ 100% of the chemicals used pose no harm to the environment and to people, and the buttons do not contain any dangerous heavy metals in their composition;
- ✓ 100% of all cotton used in products comes from a more sustainable source;
- ✓ 50% of the energy used in making the products came from renewable sources or encouraged this type of production;
- ✓ 100% of the products are manufactured by companies that uphold working conditions for their employees that are higher than those imposed by local law, in addition to conducting social projects that impact the life of the local community;
- ✓ 100% of the water used in the production process goes back into the environment with no negative impacts; and
- ✓ the products in the collection were designed with their next usage cycle in mind.

**ciclos**  
eu faço essa moda circular

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Our commitment to circular fashion was also enhanced through a partnership with the start-up Repassa. Through the Sacola do Bem project, we have provided nearly 10,000 customers the possibility of giving new uses to garments they no longer need. Repassa is a fashion-conscious startup and the largest online thrift store in the Country. We have distributed bags free of charge through the pilot partnership, encouraging an increase in the garments usage cycle through sales of what is no longer used.

Each customer can put about 30 articles in the bag, which are then screened to evaluate the condition of the items for resale. Through these used items, consumers are able to use 60% of the profit made from the sale in different ways, like withdrawing the amount, donating the money to Repassa partner NGOs or using it as credit for new purchases at Repassa or at C&A.

### **Movimento ReCiclo (In-Store-Take-Back program)**

Movimento ReCiclo offers our customers or anyone who is interested, an alternative way to dispose used clothing. It receives articles of clothing in good conditions that are sent for reuse, and it's also a great option for discarding garments that cannot be reused. As of December 2020, the program was available in 163 stores in every state in Brazil. The garments placed in the collection boxes are sent to a C&A DC, where they are sorted and graded.

To take part, any interested party can voluntarily deposit clothes that no longer have any use in the ReCiclo boxes. Any brand of garments is accepted, as long as they are clean and are in accordance with legal requirements. Clothes in good condition are sent to the Centro Social Carisma, located in Osasco in São Paulo. The Centro Social Carisma makes sure that these pieces are reused by those who need them most. There are plans to include other social organizations who will benefit from reusing collected items.

The articles that are in no condition to be worn are sent to Retalhar, a company certified by Sistema B (a social and environmental non-profit organization). They perform a reverse manufacturing process for these clothes, meaning that components such as zippers and buttons are separated out to be properly disposed on a sustainable basis. The fabric is submitted to the shredder process, which transforms it into a raw material used primarily in the automotive industry as well as other segments.

Over the course of 2020, more than 27,000 articles, equivalent to about 5.5 tons, were allocated for reuse, and over 15,000 pieces, roughly equal to 2 tons, were sent for recycling. Since the program began in 2017, we have collected more than 100,000 garments, equivalent to about 27 tons, sent to ReCiclo partners.

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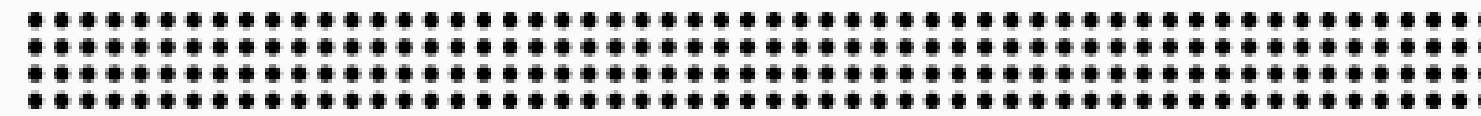
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# Movimento ReCiclo

(in-store take-back program)



the customer **brings the pieces they no longer want**, according to the rules, to a participating store



and put them in the **Movimento ReCiclo's** box.



the items are shipped to the **C&A's distribution centre**



where the items are **sorted and classified** as items with good conditions of use or items with no conditions of use



the **items without conditions of use** are sent to our partner that makes the reverse manufacture and ships the trimmings and fabric for **recycling** and conversion into new materials.



the **items in good conditions** are sent to social organizations for **reuse**.



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**We have been pioneers in monitoring suppliers since 1996**

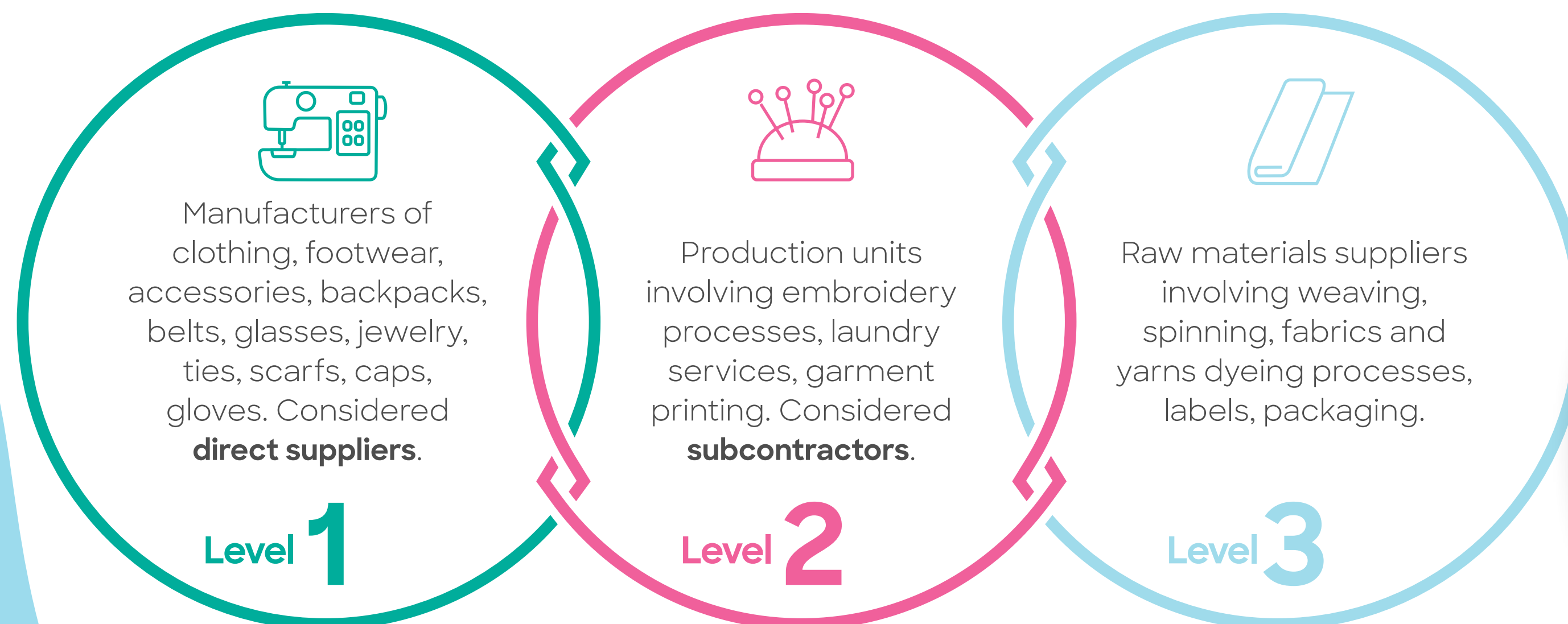
## Sustainable Supply Chain

103-2 and 103-3: Suppliers social assessment | 103-2 and 103-3: Suppliers environmental assessment | 103-2 and 103-3: Human rights assessment

We are pioneers and a national benchmark in monitoring suppliers and subcontractors: since 1996, we have used a **Code of Conduct for the Supply of Merchandise**, acceptance of which is mandatory and valid worldwide. In 2006, we created an audit process for our supply chain that is geared towards curbing any type of irregular labor practice and strives for the continuous improvement of working conditions and environmental issues in the supply chain.

The audits are periodic, unannounced and are done to make sure that the working conditions are proper and that the labor laws are observed. The presence of slave-like or child labor, as well as other infractions, is deemed unacceptable by C&A. All new suppliers (100%) are selected based on social and environmental criteria. 308-1 | 414-1

We were the first fashion retail company in Brazil to publish our **full list of suppliers**, in 2017, an important step towards transparency. We rate our suppliers at three levels:



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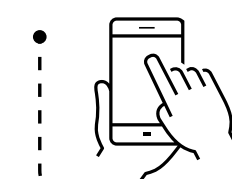
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Our supply chain is organized in two ways: national and imported. The national supply handles the purchase of clothing, footwear, and accessories. C&A's local supply chain, responsible for around 80% of the supply, finished 2020 with 712 production units, including 186 direct suppliers and 526 subcontractors that, together, employ 114,000 workers. We added 133 new production units in 2020, expanded procurement opportunities due to the need for suppliers to extend their subcontracted units, and work with 75 units was discontin-

ued. Around 65% of the production units are located in the states of São Paulo and Santa Catarina. We also have electronics (16), cosmetics and beauty (40), watches (5), glasses (3) and packaging (3) suppliers. [102-9](#) | [102-10](#)

Imported supply is equivalent to 20% of purchased volume, and includes 144 registered suppliers.



**Visit the C&A Sustainability website to learn more.**

Our Sustainable Supply Chain (SSC) team is staffed with auditors in the field responsible for monitoring our suppliers and their subcontractors. The SSC Team also has a unit called Development Officers, who work in an advisory capacity and have the task to monitor the suppliers' action plans with the lowest grades and support them in working towards complying with our supply standards. The consistency gained on this front, which includes level 1 and 2 suppliers, helped us minimize impacts on the working conditions and safety of people working in our supply chain during the health crisis. The expansion of monitoring for level 3 companies, like weavers and spinning mills, which began as a pilot in 2019, was postponed due to the pandemic.

## Audit types and frequency



### initial

Complete auditing **before** C&A products are manufactured

**Held within 30 days**  
(After the documents are approved)

### complete

**Complete** auditing

**A Rating** In up to 24 months  
**B Rating** In up to 12 months

### follow up

Follow up on the **Action Plan** (Limit of one follow-up between annual audits)

**C Rating** In up to 180 days  
**D/E Rating** In up to 120 days

### desktop

Audit performed remotely with submission of evidence (photos/videos)

**A/B/C/D/E Rating**  
Limit of one desktop per full-cycle audit

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Our in-person audits were suspended on March 18, 2020, right at the onset of the pandemic. They resumed on August 5 in a hybrid format – online and on site. We visit companies according to authorizations by the regulatory agencies and the health requirements for each city. The main challenge was to find a way to conduct remote evaluations while making sure the information was reliable. To help ensure that the hybrid process was efficient, all companies that were only temporarily monitored remotely were placed into priority groups so they could be toured as soon as possible. Given the unprecedentedness of the year, we have revised the 2020 target to 90% of products from A and B rated suppliers – this ratio was over 85% at the end of the year.

In 2020, many of our suppliers were financially impacted by the long period of shuttered physical stores; small companies and job creation were particularly affected. To support the chain's recovery, we designed the Programa de Retomada com Impacto Positivo (Recovery Program with a Positive Impact) in partnership with Sebrae for micro and small companies in the segment. 100 companies, small production units that are outsourced from suppliers, benefited from the program (in SP, SC and MG). [203-1](#)

Our supply contracts reflect the care we have for people by requiring legal compliance with human rights, particularly when it comes to employment relationships. Our suppliers and subcontractors are also appraised on child labor and forced or slave labor, employment practices, health and safety practices, labor relations, incidents, wages and compensation, working-hours, chemical safety and proper environmental practices. Our team of auditors used to visit suppliers and subcontractors on a daily basis to check that the laws and rules of C&A's Code of Conduct for the Supply of Merchandise are being followed. The primary complaint mechanism used for this topic is Canal Aberto (Open Channel) ([canalaberto@cea.com.br](mailto:canalaberto@cea.com.br)). [103-2 and 103-3: Freedom of association and collective bargaining](#) | [103-2 and 103-3: Child labor](#) | [103-2 and 103-3: Forced or compulsory labor](#)

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We identified five production units in 2020 that had not fulfilled all the requirements of the collective agreement (one supplier and four sub-contractors). Of the cases identified, two were settled through the action plan that same year, and three have a deadline of April 2021 to correct the issue. There were no significant risks or evidence of child labor, forced or slave labor in our supply chain during the year. [407-1](#) | [408-1](#) | [409-1](#)

We have detected 13 types of significant actual and potential negative social impacts in our supply chain, including those related to health and safety at work and labor rights, as well as others. Of the 378 suppliers evaluated in this regard, 85 were found to have non-conformities. 69% agreed on improvements, and we terminated our business relations with the remaining 31%. [414-2](#)

We examined 378 suppliers for their adverse environmental impacts, and identified eight cases in three different aspects that had an impact: outdated chemical inventory list, absence or inadequate wastewater treatment plant, and the discharge of wastewater in violation of legal requirements. In 63% of the cases, we granted them the opportunity to make improvements from the assessments performed. In the other 37%, the contracts were terminated. [308-2](#) | [103-2](#) and [103-3](#): [Environmental conformity](#)

Not many of our products use raw animal materials, but we are committed to the issue and disclose this to all suppliers. In accordance with our Code of Conduct for the Supply of Merchandise, our partners take responsibility to adhere to our commitments. [103-2](#) | [103-3](#): [Animal welfare](#)

### **Programa de Monitoramento Participativo (Supplier Ownership Program)**

Introduced in 2019, the program is an evolution of the supplier development cell. Companies that are eligible for this voluntary program need to have an audit expert within the company and fulfill other prerequisites, including the need for consistency in the best audit assessments. By the end of 2020, about 25% of the products procured by C&A came from suppliers that were part of this program.

The goal is to transform the supplier into the forefront of the monitoring process, promoting trust and transparency in our relations. Our monitoring schedule is reduced in the companies that participate in the program, so we concentrate our efforts into the search for fair and safe working conditions in level 3 suppliers.

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## Management of Chemical Products 102-11

The fashion industry is one of the most polluting businesses in the world. This occurs during the dyeing, weaving, textile printing and laundry processes, which use chemical products to achieve the desired result. We recognize this impact and we want to make sure that the chemicals used to manufacture our products are safe for people who are involved in the production process as well as the planet. We also want to ensure the safety of customers who will wear the garment after it is ready for sale.

This is why we support eliminating hazardous chemicals in all production, and trace the use of materials in the clothing, footwear and accessories industry. We are founding members of Zero Discharge of Hazardous Chemicals (ZDHC), a coalition of global retailers who have a shared commitment to not dispose of any hazardous chemicals in their supply chains. In-house, we created the Programa de Gestão Sustentável de Produtos Químicos (Sustainable Chemical Management), which is involved in capacity-building in production units to make improvements in the environmental management of their processes.

Because of its attributes, this monitoring – which is done through the Higg FEM platform of the Sustainable Apparel Coalition (SAC) in addition to an analysis of effluents according to the ZDHC guide for wastewater and the Manufacturing Restricted Substances List (MRSL)<sup>1</sup> – involves our level 2 and 3 suppliers. The methodology and tools are from the ZDHC platform, and C&A assists in developing suppliers with the procurement of tools, training and guidance. Suppliers participating in the program accounted for more than 80% of our purchased product volume at the end of 2020. We are the pioneering retailers of this program in Brazil, and the improvements obtained have had an impact on the entire textile segment, given that the supplying companies provide services to other players in the domestic market. 203-1

We also encourage our supply chain to adopt waste reducing measures through operational efficiency, separate hazardous from non-hazardous waste for proper disposal, and facilitate the water reuse in the factories processes or maintenance, and recycling whenever possible, including adopting measures to mitigate air and water pollution. 306-2

1. List of restricted chemical substances, of which the use is prohibited in the processing of textile materials, leather, rubber, foam, adhesives and finishing garments in textiles, clothing and footwear.

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## Sustainable Lives

The C&A #VistaAMudança (#WearTheChange) movement promotes sustainable initiatives to preserve the future of the planet. We are committed to expanding our products made with more sustainable raw materials, focusing on the circular economy, to promote fair and safe working conditions in our supply chain and to engage customers and associates in the pursuit of fashion with a positive impact. In-store, we identify products that have more sustainable attributes through tags, signs on equipment or by means of audio spots that play inside stores. This is how we call our con-

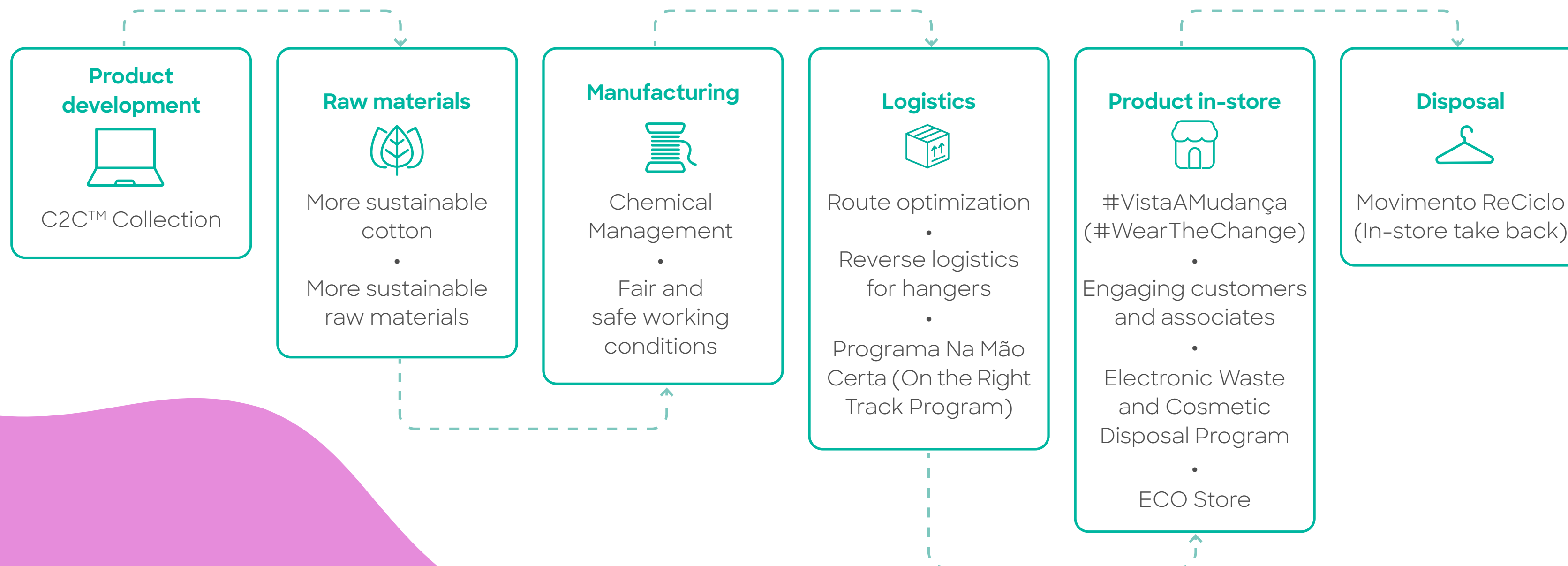
sumers' attention to C&A actions, initiatives and products that express a relationship with sustainability practices.

We also firmly believe that our associates play a key role in our journey to make fashion with a positive impact. We want every one of them to become ambassadors for this issue, connecting with the customer. In order to do this, we sponsor specific events, like the Semana de Sustentabilidade (Sustainability Week), which sheds light on the topic and engages people. We use our surveys to gauge their engagement

level, and the findings in 2020 point out that 93% of them are proud of C&A's contribution to the community, society, and the environment.

In 2020, we created the Biblioteca de Conhecimento de Sustentabilidade (Sustainability Knowledge Library), which offers manuals, photos and guidelines on our strategy and our activities related to the topic to our associates. We also published information during Environment Month and held a livestream on sustainability for our employees, along with other internal communication materials.

## Acting more sustainably during the product life cycle



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We are attempting to make fashion with a positive impact, which is why we work responsibly throughout our products' life cycle, including transportation and in-store activities. In addition to helping customers properly dispose of products they no longer use, we also address this issue on the resources we use in our activities – at stores, DCs and offices. We have optimized routes to become more efficient with less impact. Ship from Store played an important role in reducing the distances the products need to travel.

A range of sustainability initiatives that are implemented in our stores comes from experiences and tests done at our C&A ECO Store. This store was our eco-efficiency test laboratory. Based in Porto Alegre since 1978, this unit has introduced practical aspects of sustainability, providing more efficiency in the use of resources. The store earned the Leadership in Energy and Environmental Design (Leed) certification in 2013, the most widely used international seal in the world, which certifies and promotes initiatives to transform buildings around sustainability. Prior to the pandemic, we offered guided tours to the public four times a year in order to spread the word about our practices and talk about sustainability at C&A.

## Climate Change

201-2

We recognize that extreme climate change, natural disasters and water shortages have an impact on our activities and financial performance. Our growth agenda is prone to inventory management risks, including weather fluctuations, seasonality, shifts in consumer preferences, and fashion trends.

Additionally, our product supply chain could be affected by these factors, with significant losses coming from cotton planting up to the production of clothing, as well as the operation of stores and DCs, causing substantial disruptions or a reduction in activities. These events may also undermine our ability to distribute our products, prevent or delay deliveries, create additional costs, and lower in-store foot traffic, which can decrease our sales and affect our operational income and our financial circumstances.

The collection concept is one of our key strategic advantages regarding the market and, as such, the selection of products, the appeal of the third party brand, the fabric quality, and climate change are all considered strategic risks when creating the collection. We can provide no assurances that we will correctly select new products to be purchased or that our initial product demand estimate will be maintained or accurate. Certain products we purchase may take longer to deliver and our suppliers may not accept returns or exchanges for these products.

We may not be able to sell our products in sufficient quantities or sell more than expected during peak-sales periods. Also, improper handling of or long-term garments inventory storage can lead to obsolescence or an unexpected loss of a portion of these products. The emergence of any of these aforementioned factors could cause inefficiencies in our inventory volume, distort our actual inventory available for sale and also adversely affect our operational performance.

Prolonged periods of higher temperatures during the winter or colder during the summer may leave part of our inventory incompatible with the expected climatic conditions. As such, periods of unusual weather may lead us to sell excess inventories at discounted prices and reducing our margins, which could have a significant negative effect. This may be more significant in the case of the winter collections, which have higher average prices.

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## Emissions management

103-2 and 103-3: Emissions | 305-5

We also conducted an inventory of greenhouse gas (GHG) emissions from C&A Brazil's operations in 2020. We were backed by a specialized consulting service and numerous internal areas that were managing this process. Data and

information were collected with assumptions then established for calculating emissions. Based on the findings, the consulting firm has prepared a report with recommendations for improving the local emission management.

### GREENHOUSE GASES (GHG) INVENTORY - tCO<sub>2</sub>E - KYOTO PROTOCOL 305-1 | 305-2 | 305-3

Scope	2019	2019	2020	2020
	(Location)	(Market based)	(Location)	(Market based)
<b>Scope 1</b>	<b>463.58</b>	<b>463.58</b>	<b>2,343.57</b>	<b>2,343.57</b>
Stationary combustion	80.71	80.71	64.31	64.31
Mobile combustion	1.81	1.81	1.51	1.51
Fugitive	381.06	381.06	2,277.75	2,277.75
<b>Scope 2</b>	<b>12,914.02</b>	<b>10,417.81</b>	<b>9,118.64</b>	<b>7,012.50</b>
Procurement of electricity	12,914.02	10,417.81	9,118.64	7,012.50
<b>Scope 3</b>	<b>130,238.45</b>	<b>130,238.45</b>	<b>101,934.26</b>	<b>101,934.26</b>
Activities related to fuel and energy not included in Scopes 1 and 2	82.03	82.03	43.76	43.76
Goods and services purchased	17.03	17.03	13.69	13.69
Employee commuting (home-work)	102,592.48	102,592.48	83,137.95	83,137.95
Waste generated in operations	11,156.91	11,156.91	6,986.38	6,986.38
Transportation and distribution (downstream)	750.45	750.45	766.91	766.91
Transportation and distribution (upstream)	14,375.03	14,375.03	10,666.62	10,666.62
Business traveling	1,264.52	1,264.52	318.95	318.95
<b>Total</b>	<b>143,616.05</b>	<b>141,119.84</b>	<b>113,396.47</b>	<b>111,290.33</b>

1. The increase in emissions from 2019 to 2020 was due to air-conditioning equipment that was replaced and the consequent gases replenishment. The purpose of this initiative was to have more modern machines installed. As such, we expect to see lower GHG emissions in the upcoming years.

2. Reductions in scope 2 and 3 emissions occurred due to the limitations on business operations imposed by the Covid-19 pandemic in 2020.

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## Energy Management

103-2 | 103-3: Energy | 302-1

We at C&A have a team devoted to improved energy management, and we are supported by an independent consulting firm and the Indirect Purchasing Center team for the trade part of energy purchases. We work hard to ensure that energy and comfort are offered in stores for associates and customers while keeping in mind the regional characteristics combined with efficient energy use and cost control. Our goals include reducing energy consumption per square meter of sales area and increasing the proportion of energy from renewable sources and lower CO<sub>2</sub> emission energies in our contract base.

The stores opened from 2016 follow a few efficiency guidelines:

- ✓ 100% LED lighting;
- ✓ inverter air-conditioning equipment (except in stores where it is not technically feasible);
- ✓ emergency generator with low diesel consumption;
- ✓ remote power monitoring in real time;
- ✓ remote-adjusted temperature set point;
- ✓ system to remotely turn on/off air-conditioning and lighting equipment according to load management efficiency policies;
- ✓ elevators and escalators with inverters and decreased consumption when not in use.

At existing stores, we include:

- LED spot lighting ("warm" lighting);
- remote power monitoring in real time;
- remote-adjusted temperature setpoint in 48 stores;
- automatic system to remotely turn on/off air-conditioning and lighting equipment according to load management efficiency policies.

Remote automated monitoring allows us to switch the lighting on/off remotely and to also adjust the hours that air-conditioning equipment is used according to the stores operating-hours, and also reduce the percentage that the air-conditioning is used during opening hours when there is less customer foot traffic. The store's energy bills are tracked and the information is logged into a database to help in cost control and improvements evaluation.

**We strive  
to include  
sustainability in  
our practices**

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## Free Market and Renewable Energy

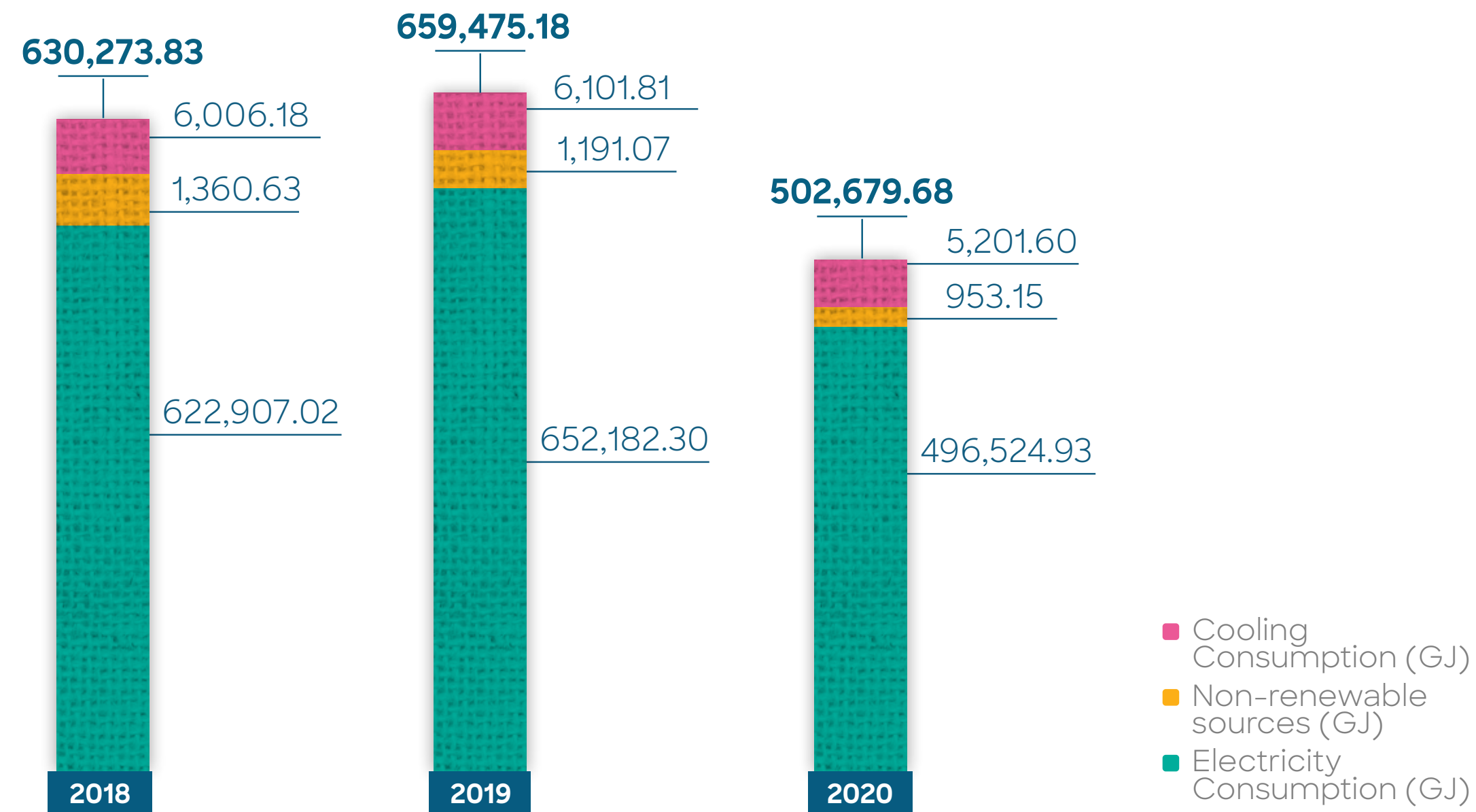
For the efficient energy consumption, we have migrated a sizable portion of our stores to the Free Energy Market (Free Contracting Environment), thereby having renewable sources supplied in order to save over 30% in costs compared with the contracted market. 33 stores migrated to the free energy market in 2020, bringing the total to 197 stores, with another 9 scheduled for migration in 2021. Having stores on the free market permits us to use energy that is generated from renewable sources, such as small scale hydro power plants, wind, solar and biomass. 102-10

In 2020, we established a partnership with a solar energy company that will supply stores using a distributed generation project. Construction began that same year on two solar plants that will initially supply 11 stores located in Rio de Janeiro and Brasília for a period of ten years, including the possibility of expanding and extending the contract. Our solar power plants will have the capacity to generate 5.5 GWh per year – enough energy to power the equivalent of 2,800 homes during the same period. This will help us prevent the emission of 1.8 thousand tons of CO<sub>2</sub> annually, roughly equivalent to planting 11,000 trees or less than 1,000 vehicles, with an average of 12,000 km

traveled on Brazilian roadways. We also estimate potential savings of nearly R\$20 million by the end of the contract, in addition to social and environmental benefits like reducing greenhouse gas emissions and procuring renewable energy.

Yet again, talking about using clean energy, we have also encouraged production units in our supply network in the state of Minas Gerais to forge partnerships to share solar farms, saving on the energy costs without the need for any investments by the production units.

### POWER CONSUMPTION 302-1



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## Water Management

103-2 | 103-3: Water and effluents | 303-1 | 303-2

The use of water in almost all of our units is exclusively for human consumption and for cleaning the premises. Only nine stores have condensation towers for air-conditioning systems. There are no internal industrial processes that use water, so we are not generating industrial effluents.

Consumption is managed through the use of efficient materials and processes, and faucets and toilets with low waste have been adopted. We promote the responsible water use within our units. One of our goals is to reduce water consumption per square meter of sales area while monitoring payments and tracking water consumption in stores.

Some measures adopted for water savings include:

- ✓ Installing faucets with shutoffs and aerators;
- ✓ Replacing wall valves and single-action coupled box flushing systems for double activation (3 and 6 liters per flush) to save water;

- ✓ installing flow control systems in 20 stores in 2016 to reduce water consumption; and
- ✓ replacing underground pipes in the CDR (DC at Rio de Janeiro) to aerial piping, making it easier to identify leaks.

## WATER CONSUMPTION (mega liters)

303-3 | 303-4 | 303-5



Note: For water, the volume of billing was considered for each unit (utility or shopping mall/condominium invoice). In the absence of this information, the average for the months of the unit or mirror store was considered.

We do not collect water in water-stressed areas. Because we do not use industrial processes at our units, there are no industrial effluents. The only effluent from our units is ordinary sewage, which is disposed of in the sewage system at each location.

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## Waste Management

103-2 | 103-3: Materials | 301-1 | 103-2 |  
103-3: Waste | 306-1 | 306-2

Proper waste management is part of our operations. Managing waste produced from our activities is regulated by documents like the Plano Coletivo de Gerenciamento de Resíduos Sólidos (PCGRS – Collective Solid Waste Management Plan), waste disposal flows and guidance manual for disposing waste. In addition to being required by law, these materials provide instructions on the correct disposal, prioritizing the maximum for reusing and avoiding the final destination for landfills whenever possible.

Our PCGRS maps out the generation of more than 20 types of waste related to the specific activity. The waste manual contains all the corporate guidelines for disposing of each type of waste mapped out in the PCGRS.

Waste management for renovation projects, expansions or new stores is done by a contracted company. A diagnostic plan is conducted for waste that covers the stages of collection and the approval of transport companies for final disposal.

## Electronic Waste Program 301-3

Implemented in 2010, it is a program to collect cell phones and batteries from collection sites located in all C&A stores, offices and DCs. A partner company collects and properly disposes of these items and periodically sends disposal and control certificates of items collected at the store. Since the program's inception, more than 640,000 items were collected – equivalent to around 35 tons. In 2020, these materials assigned for recycling (cell phones, batteries and accessories) amounted to roughly 3.2 tons.

## Cosmetics Disposal Program

As a way to facilitate the proper packaging disposal, we launched the Cosmetics Disposal Program in 2019 at stores that feature Espaço Beleza (Beauty Space). Customers can participate by depositing empty bottles and expired products in the collection bins provided at our stores, with the confidence that they will be disposed of in an environmentally sound way, such as recycling or co-processing.



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## Reverse Logistics and Recycling of Hangers

301-2 | 301-3

We introduced reverse logistics for hangers at our DCs in 2013. In this process, hangers in usable condition are separated and sent back to stores in cardboard boxes reused from imported products that had been previously discarded. Broken or scrapped hangers are sent for recycling or recovery. In 2020, there were 34,100,488 units of hangers. Of these, 0.04% were sent off for recycling (plastic hangers) and 2.15% were recovered (metal hangers).

### COMPOSITION OF WASTE (TON)

306-3 | 306-4 | 306-5

	2018	2019	2020
<b>NON-HAZARDOUS WASTE</b>			
Organic	8,074.58	8,884.16	5,572.74
Cardboard and paper	390.36	355.53	407.83
Building material	1,491.18	612.63	377.06
Other – non-hazardous <sup>1</sup>	83.99	157.72	127.94
<b>HAZARDOUS WASTE</b>			
Electronics (computers and accessories)	20.99	32.67	17.68
Other – hazardous <sup>1</sup>	10.14	32.3	11.86
<b>Total</b>	<b>10,071.24</b>	<b>10,075.01</b>	<b>6,515.11</b>

1. The following is included in “Other – non-hazardous”: regular plastics, hanger plastics, aluminum and other metals, hanger metals, glass, store associates’ uniforms, coffee capsules, packaging waste, septic tanks waste, electronic waste (LED panels), items that are deposited at the ReCiclo collection boxes, but don’t conform with regulations or are not in usable condition, and non-segregated waste (lighting fixtures and mixed waste). The following is included in “Other – hazardous”: batteries, toners, light fixtures, reactors, batteries, cell phones, vegetable oil, non-segregated hazardous substances, chemical products, medical, other – contaminated. The data on 2018 building materials and plastic hangers for 2019 has been revised and adjusted.  
EC, CDP, CDR and CDT waste.

### DISPOSAL OF WASTE (TON)

306-4 | 306-5

	2018			2019			2020		
	Non-hazardous waste	Hazardous waste	Total	Non-hazardous waste	Hazardous waste	Total	Non-hazardous waste	Hazardous waste	Total
Recycling	1,384.09	29.07	1,413.16	856.32	64.29	920.61	793.12	29.53	822.65
Incineration (with energy recovery)	0.00	0.00	0.00	0.00	0.00	0.00	1.46	0.00	1.46
Incineration (with no energy recovery)	0.00	0.03	0.03	0.00	0.25	0.25	0.00	0.01	0.01
Landfill confinement	8,654.53	2.00	8,656.53	9,137.72	0.44	9,138.16	5,674.99	0.00	5,674.99
Other disposal operations	1.49	0.02	1.51	16.00	0.00	16.00	16.00	0.00	16.00
<b>Total</b>	<b>10,040.11</b>	<b>31.12</b>	<b>10,071.23</b>	<b>10,010.04</b>	<b>64.98</b>	<b>10,075.02</b>	<b>6,485.57</b>	<b>29.54</b>	<b>6,515.11</b>

There was no waste allocation for reuse and recovery.

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**Our goal is to  
make fashion with  
a positive impact**

## **Commitments and Industry Performance**

102-12 | 102-13

In addition to being global signatories to the Zero Discharge of Hazardous Chemicals (ZDHC) and Better Cotton Initiative (BCI) programs and adhering to the supply chain certification program from the Associação Brasileira do Varejo Têxtil (Abvtex – Brazilian Association of Textile Retail), we were also the first company in the fashion industry to join the Na Mão Certa (On the Right Track) Program in 2007. We conducted awareness-raising campaigns to encourage and guide our drivers in this activity, which is an initiative by Childhood Brasil for more effectively tackling the sexual exploitation of children and adolescents on Brazilian highways.

Adoption of these initiatives, which support our strategy and our position on social and environmental issues, has a direct impact on our suppliers and the overall community.

We also believe in associative participation as a way to share information and encourage the segment. Accordingly, in addition to being associated with Abvtex, we are also affiliated with the Associação Brasileira da Indústria Têxtil (Abit – Brazilian Association of Textile Retail), the American Chamber of Commerce for Brazil (Amcham) and the Associação Brasileira de Comunicação Empresarial (Aberje – Brazilian Association of Corporate Communication). We also support the Instituto Ethos, the Fundação Abrinq and the Instituto Pacto Nacional pela Erradicação do Trabalho Escravo (InPacto – National Pact Institute for the Eradication of Slave Labor).

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# Our Awards



We have been recognized for our transparency: in 2020, for **the third consecutive time**, we were awarded **the highest score** in the **Fashion Transparency Index Brazil (ITMB)**.

The analysis was conducted by **Fashion Revolution Brasil**, and it included 40 major brands and retailers in the Brazilian market who were evaluated according to the amount of information disclosed on their policies, practices, and social and environmental impacts.

**In 2020**, our **Programa de Monitoramento Participativo (Supplier Ownership Program)** was a **winner** at the **37<sup>th</sup> Eco Amcham Award**, in the **Processes category**. This was the **fourth year in a row** that we were awarded, with a total of six awards.

Residents of Rio de Janeiro rated us the **most admired brand** in the **women's fashion** category, according to the 11<sup>th</sup> edition of the Marcas dos Cariocas survey conducted by the O Globo newspaper in partnership with TroianoBranding.

We were among the **top 20 best companies** to work for in Brazilian retail for the second straight year. We were singled out in the **Great Place To Work (GPTW)** ranking on the list of Best National Companies (Retail Category). We are also on the list of GPTW Barueri and nearby regions, where we are distinguished for being among the ten Best Large Companies in the ranking.

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We were ranked in the **top 3** by the **iBest Academia Jury** as **Fashion eCommerce**.

We retained the Abrinq's Seal **Empresa Amiga da Criança (Child-Friendly Company)** in 2020. The program calls on companies to **make commitments** to ensure the **rights of children and adolescents** and recognizes those who are dedicated to this cause.

We received the **Prêmio Consumidor Moderno de Excelência em Serviços à Cliente (Modern Consumer Award for Excellence in Customer Services)**, winning in the **Fashion Retail** category. The recognition honors companies and professionals who demonstrate a commitment to **quality when it comes to their relationships with customers**.

C&A maintains the **green light** on the **Moda Livre** app, which assesses how **brands combat slave labor**. More than 120 brands are currently evaluated, and the rating granted to each company is calculated based on a questionnaire answered voluntarily and background data based on inspections by the federal government. We are the **only company** with **“green” status since the tool was introduced** in 2013.

We are also **“O Melhor de São Paulo”** (The Best of São Paulo) in the **Department Store** category, tied with another major fashion retailer. The survey is conducted by the **Folha de S. Paulo** newspaper.

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The content of this publication was drawn on interviews with our top executives, as well as additional information contained in institutional materials, internal information, information released to the press and complementary documents and data collected.

While compiling the content, principles like the cohesion of the narrative, balance of the topics, clarity of the content and comprehensiveness were all considered. Restatements of information are outlined throughout the report. This document is published in Portuguese and English, and there is a digital version available on the website <https://sustentabilidade.cea.com.br/> and on our Investor Relations page at (<https://ri.cea.com.br/>). For comments, suggestions or questions regarding this Report, please contact us by email at [sustentabilidade@cea.com.br](mailto:sustentabilidade@cea.com.br) or [ri@cea.com.br](mailto:ri@cea.com.br). 102-48 | 102-53

### Materiality 102-44 | 102-46

The content of this Annual Report was also defined based on a review of materiality in light of shifting dynamics involving the Company's operations, trends evaluation, and sustainability changes, particularly related to business management. We aim to:

- unify our sustainability and business topics and identify opportunities to evolve our strategies and practices;
- identify and report relevant information to the Company's business, including its impact and influence on environmental, social and economic factors;

- prioritize the topics that have the greatest impact on creating value over time;
- indicate which value drivers (revenue, cost, or risk) are impacted by these topics;
- specify which strategies, products, or initiatives are related to the topics; and
- support the creation of communication with our stakeholders focusing on material issues.

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The materiality review process involved the following steps:

- Topics of the 2015-2020 Sustainability Strategy;
- analysis of the Company's internal documents;
- benchmarking with national and international companies in the segment, assessing public reports;
- analysis of documents and international studies, including: Dow Jones Sustainability Index (DJSI), Sustainability Accounting Standards Board (SASB), Materiality for Sectors (GRI), and Global Risks Report 2020; and
- adequacy verification based on the guidelines from the Global Reporting Initiative (GRI) and the Integrated Reporting (IR).

For this Reporting cycle, the list of stakeholders included queries through online interviews with C&A executives, investors, associates, customers, suppliers, industry association, an influencer and the press, amounting to 12 in-depth interviews. After consolidating these inputs, topics were presented, discussed and approved by the C&A management. [102-40](#) | [102-42](#) | [102-43](#)

The following is the list of topics validated by the board. [102-46](#) | [102-47](#) | [103-1](#)

2020 TOPIC	IMPACTS		GRI TOPIC MANAGEMENT APPROACH <a href="#">103-1</a>   <a href="#">103-2</a>   <a href="#">103-3</a>	GRI DISCLOSURE
	INTERNAL	EXTERNAL		
Digital transformation, new sales channels, infrastructure	X	X	2016 Indirect economic impacts	203-1
Workers' well-being (supply chain)			2016 Child labor	408-1
		X	2016 Forced or compulsory labor	409-1
			2016 Supplier Social Assessment	414-1; 414-2
Associates' well-being			2016 Employment	401-2; 401-3
	X		2016 Training and education	404-2
			2016 Diversity and equal opportunities	405-1; 405-2
Communication and transparency (customers)			Stakeholder engagement	102-40; 102-42; 102-44; 102-44
		X	Reporting practices	102-47; 102-50; 102-51; 102-53; 102-54; 102-56
Circularity	X	X	There is no GRI-related topic	
Economic performance and development	X	X	2016 Economic performance	201-1; 201-2; 201-3; 201-4
Community		X	2016 Local communities	413-1; 413-2
More sustainable raw materials and animal welfare	X	X	2016 Materials	301-1; 301-2; 301-3
			2016 Environmental compliance	307-1
Sustainable chemical management in the supply chain	X	X	2016 Environmental assessment of suppliers	308-1; 308-2
Waste	X	X	2020 Waste	306-1; 306-2; 306-3; 306-4; 306-5
Reduction of greenhouse gas emissions (GHG)	X	X	2016 Emissions	305-1; 305-2; 305-3; 305-5; 305-6; 305-7
Reduction of water footprint (supply network)		X	2018 Water and effluents	303-1; 303-2; 303-3; 303-4; 303-5
Industry collaboration	X	X	Organizational profile	102-12; 102-13
Plastic pollution		X	2016 Materials	301-2; 301-3
Biodiversity		X	2016 Biodiversity	304-1

The topics provide an overview of our strategy and reinforce the alignment of the materiality review process with key demands in the segment and global guidelines.

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# GRI Content Index 102-55

## GRI 101: 2016 FOUNDATION

### GRI 102: 2016 GENERAL DISCLOSURES

#### Organizational profile

	PAGE	OMISSION	UNGC	SDG
102-1: Name of the organization	5			
102-2: Activities, brands, products, and services	10			
102-3: Location of headquarters	111			
102-4: Location of operations	9			
102-5: Ownership and legal form	9			
102-6: Markets served	9; 15			
102-7: Scale of the organization	9			
102-8: Information on employees and other workers	49		6	8
102-9: Supply chain	77			
102-10: Significant changes to the organization or its supply chain	15; 37; 77; 85			
102-11: Precautionary principle or approach	24; 26; 72; 80			
102-12: External initiatives	89			17
102-13: Membership of associations	89			17

#### Strategy

102-14: Statement from the senior decision-maker	6			
102-15: Key impacts, risks, and opportunities	24			

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**GRI 101: 2016 FOUNDATION**

**GRI 102:  
2016 GENERAL DISCLOSURE  
DISCLOSURES**

	PAGE	OMISSION	UNGC	SDG
<b>Ethics and integrity</b>				
102-16: Values, principles, standards and norms of behavior	10		10	16
<b>Governance</b>				
102-18: Governance structure	21; 22			
<b>Stakeholder engagement</b>				
102-40: List of stakeholder groups	95			
102-41: Collective bargaining agreements	100% of employees are covered by collective bargaining agreements.		3	8
102-42: Identifying and selecting stakeholders	95			
102-43: Approach to stakeholder engagement	95			
102-44: Key topics and concerns raised	94			

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**GRI 101: 2016 FOUNDATION**

**GRI 102:  
2016 GENERAL DISCLOSURE  
DISCLOSURES**

**Reporting practice**

	PAGE	OMISSION	UNGC	SDG
102-45: Entities included in the consolidated financial statements	5			
102-46: Defining report content and topic Boundaries	94; 95			
102-47: List of material topics	95			
102-48: Restatements of information	95			
102-49: Changes in reporting	There was a change in the data collecting period, which previously corresponded to the period from March to February (required by the global disclosure) and now are reported from January to December.			
102-50: Reporting period	5			

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**Reporting practice**

**PAGE**

**OMISSION**

**UNGC**

**SDG**

102-51: Date of most recent report

The Sustainability Global Report 2019 was the most recent publication of C&A. C&A Brazil, as well as other regions where it works (México, China and Europe), reported the indices (period from March to February, adopted by this publication) so that a unique report was constructed with highlights for each region.

102-52: Reporting cycle

5

102-53: Contact point for questions regarding the report

94

102-54: Claims of reporting in accordance with the GRI Standards

5

102-55: GRI content index

96

102-56: External assurance

There was none.

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MATERIAL TOPICS	DISCLOSURE	PAGE	OMISSION	UNGC	SDG
<b>GRI 201: 2016 Economic performance</b>					
GRI 103: Management approach	103-1: Explanation of the material topic and its Boundary	95			
	103-2: The management approach and its components	18; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	18; 95			
	201-1: Direct economic value generated and distributed	18; 19			2, 5, 7, 8, 9
	201-2: Financial implications and other risks and opportunities due to climate change	82		7	13
	201-3: Defined benefit plan obligations and other retirement plans	On September 30, 2020, the fair value of plan assets, related to the minimum benefit described above, exceeds the present actuarial value of accumulated benefited obligations by approximately R\$2,925 (R\$1,078 on December 31, 2019).			
	201-4: Financial assistance received from the government	19			
<b>GRI 203: 2016 Indirect economic impacts</b>					
GRI 103: Management approach	103-1: Explanation of the material topic and its Boundary	95			
	103-2: The management approach and its components	27; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	27; 95			
	203-1: Infrastructure investments and services supported	27; 66; 78; 80			2, 5, 7, 9, 11

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MATERIAL TOPICS	DISCLOSURE	PAGE	OMISSION	UNGC	SDG
<b>GRI 205: 2016 Anti-Corruption</b>					
GRI 103: Management approach	103-1: Explanation of the material topic and its Boundary	95			
	103-2: The management approach and its components	23; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	23; 95			
	205-1: Operations assessed for risks related to corruption		The operations are not assessed.	10	16
	205-2: Communication and training on anti-corruption policies and procedures	23		10	16
	205-3: Confirmed incidents of corruption and actions taken		There was no incidents of corruption registered in the year.	10	16
<b>GRI 301: 2016 Materials</b>					
GRI 103: Management approach	103-1: Explanation of the material topic and its Boundary	95			
	103-2: The management approach and its components	87; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	87; 95			
	301-1: Materials used, by weight or volume	87		7, 8	8, 12
	301-2: Recycled input materials used	88	The recycled raw materials are undergoing certification in both process and custody in order to have traceability.		8, 12
	301-3: Reclaimed products and their packaging material	87; 88			8, 12

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MATERIAL TOPICS	DISCLOSURE	PAGE	OMISSION	UNGC	SDG
<b>GRI 302: 2016 Energy</b>					
GRI 103:	103-1: Explanation of the material topic and its Boundary	95			
Management approach	103-2: The management approach and its components	84; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	84; 95			
	302-1: Energy consumption within the organization	84; 85		7, 8	7, 8, 12, 13
<b>GRI 303: 2018 Water and effluents</b>					
GRI 103:	103-1: Explanation of the material topic and its Boundary	95			
Management approach	103-2: The management approach and its components	86; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	86; 95			
	303-1: Interactions with water as a shared resource	86	Water consumption in the units is fairly low compared to the consumption in the supply chain, for which monitoring activities are performed.	7, 8	6, 12
	303-2: Management of water discharge-related impacts	86		7, 8	6, 12
	303-3: Water withdrawal	86		7, 8	6
	303-4: Water discharge	86		7, 8	6
	303-5: Water consumption	86		7, 8	6

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MATERIAL TOPICS	DISCLOSURE	PAGE	OMISSION	UNGC	SDG
<b>GRI 304: 2016 Biodiversity</b>					
GRI 103:	103-1: Explanation of the material topic and its Boundary	95			
Management approach	103-2: The management approach and its components	72; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	72; 95			
	304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		We have no stores located within or adjacent environmental protection areas, and areas with high biodiversity value that are outside environmental protection areas.	8	6, 14, 15
<b>GRI 305: 2016 Emissions</b>					
GRI 103:	103-1: Explanation of the material topic and its Boundary	95			
Management approach	103-2: The management approach and its components	83; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	83; 95			
	305-1: Direct (Scope 1) GHG emissions	83			
	305-2: Energy indirect (Scope 2) GHG emissions	83			
	305-3: Other indirect (Scope 3) GHG emissions	83			
	305-5: Reduction of GHG emissions	83		8, 9	13, 14, 15

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MATERIAL TOPICS	DISCLOSURE	PAGE	OMISSION	UNGC	SDG
<b>GRI 306: 2020 Waste</b>					
GRI 103: Management approach	103-1: Explanation of the material topic and its Boundary	95			
	103-2: The management approach and its components	87; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	87; 95			
	306-1: Waste generation and significant waste-related impacts	87		8	3, 6, 12
	306-2: Management of significant waste-related impacts	80; 87		8	3, 6, 12
	306-3: Waste generated	88		8	3, 6, 12
	306-4: Waste diverted from disposal	88		8	3, 6, 12
	306-5: Waste directed to disposal	88			
<b>GRI 307: 2016 Environmental compliance</b>					
GRI 103: Management approach	103-1: Explanation of the material topic and its Boundary	95			
	103-2: The management approach and its components	79; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	79; 95			
	307-1: Non-compliance with environmental laws and regulations		We didn't identify any incident of non-compliance with environmental laws and/or regulations in the year of 2020.	8	16
<b>GRI 308: 2016 Environmental assessment of suppliers</b>					
GRI 103: Management approach	103-1: Explanation of the material topic and its Boundary	95			
	103-2: The management approach and its components	76; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	76; 95			
	308-1: New suppliers that were screened using environmental criteria	76		8	8
	308-2: Negative environmental impacts in the supply chain and actions taken	79		8	

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MATERIAL TOPICS	DISCLOSURE	PAGE	OMISSION	UNGC	SDG
<b>GRI 401: 2016 Employment</b>					
GRI 103: Management approach	103-1: Explanation of the material topic and its Boundary	95			
	103-2: The management approach and its components	50; 52; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	50; 52; 95			
	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	47; 52			3, 8
	401-3: Parental leave	53		6	5, 8
<b>GRI 404: 2016 Training and education</b>					
GRI 103: Management approach	103-1: Explanation of the material topic and its Boundary	95			
	103-2: The management approach and its components	56; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	56; 95			
	404-1: Average hours of training per year per employee	57		6	4, 5, 8
	404-2: Programs for upgrading employee skills and transition assistance programs	55			8
	404-3: Percentage of associates receiving regular performance and career development reviews	54		6	5, 8
<b>GRI 405: 2016 Diversity and equal opportunities</b>					
GRI 103: Management approach	103-1: Explanation of the material topic and its Boundary	95			
	103-2: The management approach and its components	58; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	58; 95			
	405-1: Diversity of governance bodies and employees	59; 60; 61		6	5, 8
	405-2: Ratio of basic salary and remuneration of women to men	62		6	5, 8, 10

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MATERIAL TOPICS	DISCLOSURE	PAGE	OMISSION	UNGC	SDG
<b>GRI 406: 2016 Non-discrimination</b>					
GRI 103: Management approach	103-1: Explanation of the material topic and its Boundary	95			
	103-2: The management approach and its components	24; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	24; 95			
	406-1: Incidents of discrimination and corrective actions taken	24	The indicator's historical data will not be reported due to the change in the information's consolidation metric, making it impossible to compare the data.	6	5, 8, 16
<b>GRI 407: Freedom of association and collective bargaining</b>					
GRI 103: Management approach	103-1: Explanation of the material topic and its Boundary	95			
	103-2: The management approach and its components	78; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	78; 95			
	407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		All associates, when hired, sign the Code of Ethics of C&A, which guarantees the freedom of association and 100% of our associates are covered by collective bargaining agreements.	3	8

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MATERIAL TOPICS	DISCLOSURE	PAGE	OMISSION	UNGC	SDG
<b>GRI 408: 2016 Child labor</b>					
GRI 103:	103-1: Explanation of the material topic and its Boundary	95			
Management approach	103-2: The management approach and its components	78; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	78; 95			
	408-1: Operations and suppliers at significant risk for incidents of child labor	79		5	8, 16
<b>GRI 409: 2016 Forced or compulsory labor</b>					
GRI 103:	103-1: Explanation of the material topic and its Boundary	95			
Management approach	103-2: The management approach and its components	78; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	78; 95			
	409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	79		4	8

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<b>GRI 412: 2016 Human rights assessment</b>					
GRI 103: Management approach	103-1: Explanation of the material topic and its Boundary	95			
	103-2: The management approach and its components	76; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	76; 95			
	412-1: Operations that have been subject to human rights reviews or impact assessments	C&A analyzes the fundamental rights provided in the Code of Ethics through the complaints made in our Open Channel.		1	
	412-3: Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	In 2020, 100% of 1,732 established contracts included those clauses.		2	
<b>GRI 413: 2016 Local communities</b>					
GRI 103: Management approach	103-1: Explanation of the material topic and its Boundary	95			
	103-2: The management approach and its components	63; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	63; 95			
	413-1: Operations with local community engagement, impact assessments, and development programs	66		1	1, 10
	413-2: Operations with significant actual and potential negative impacts on local communities		Not applicable: there is no negative impact on the local communities where C&A operates.	1	1, 2

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<b>GRI 414: 2016 Supplier social assessment</b>					
GRI 103: Management approach	103-1: Explanation of the material topic and its Boundary	95			
	103-2: The management approach and its components	76; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	76; 95			
	414-1: New suppliers screened using social criteria	76		2	6, 8, 16
	414-2: Negative social impacts in the supply chain and actions taken	79		2	6, 8, 16
<b>GRI 416: 2016 Customer health and safety</b>					
GRI 103: Management approach	103-1: Explanation of the material topic and its Boundary	95			
	103-2: The management approach and its components	45; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	45; 95			
	416-1: Assessment of the health and safety impacts of product and service categories	45			
	416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	45			16
<b>GRI 417: 2016 Marketing and labeling</b>					
GRI 103: Management approach	103-1: Explanation of the material topic and its Boundary	95			
	103-2: The management approach and its components	45; 95		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	45; 95			
	417-1: Requirements for product and service information and labeling	45			12, 16
	417-2: Incidents of non-compliance concerning product and service information and labeling	45			16
	417-3: Incidents of non-compliance concerning marketing communications	45			

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**GRI 418: 2016 Customer privacy**

GRI 103: Management approach	103-1: Explanation of the material topic and its Boundary 103-2: The management approach and its components 103-3: Evaluation of the management approach	95 25; 28; 95 25; 28; 95		1, 8	1, 5, 8, 16
	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	There wasn't any complaint related to the topic.			16

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## GENERAL COORDINATION

Investor Relations, Sustainability and Communication

## PHOTOS

C&A Brazil collection and Rodrigo Paiva

## WRITING, INDICATORS AND MATERIALITY CONSULTING (GRI), ART AND DESIGN DEPARTMENT

TheMediaGroup

## TRANSLATION

Global Translations.BR

## C&A MODAS S.A.

Alameda Araguaia, 1.222/1.022, Alphaville Centro Industrial  
e Empresarial, CEP 06455-000 - Barueri/SP - Brazil 102-3

**C&A routinely performs tests on employees and requests them from service providers to prevent the spread of the coronavirus; that's the case for the people portrayed in the publicity photos in this Report.**

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