

+stora

*Annual  
Report  
2021*





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# Welcome Hello!

I'm glad you are here. We invite you to immerse yourself in our universe. This is the SOMA Group's second annual report. You will find here the key accomplishments, results and challenges we faced in 2021.

This document is based on international guidelines for Environmental, Social and Corporate Governance (ESG) reporting and management, underpinning our commitment to transparency and to showing our impact, as well as the ways in which we share value with our partners, employees, customers, investors and the community around us.

We follow the standards of the Global Reporting Initiative (GRI) - Core option, we adopt specific procedures and content in line with the Sustainability Accounting Standard Board (SASB) and the Integrated Reporting Council (IIRC). You can find where the contents related

to each capital are located, on [page 156](#). As signatories of the UN's Global Compact, we also indicate in the report the 13 Sustainable Development Goals (SDGs) that we prioritize. In order to add even more transparency to the climate-change risks, we include a summary with the contents of the Task Force on Climate-Related Financial Disclosures (TCFD) that apply to our business on [page 72](#).

This Integrated Report was prepared by the Sustainability team, under the leadership of Taciana Abreu, Executive Sustainability Manager, in partnership with the company's areas specialized in each topic. The Sustainability team ensures the thoroughness of this report, which aims to ensure good governance and reflect the environmental, social, and economic impacts generated both internally and externally.

The content is aligned to the topics prioritized by our stakeholders in a collective consultation carried out to create the Materiality Matrix. This tool guided the material topics, as well as was one of the drivers of the SOMA Group's ESG strategy.

Although this is SOMA Group's second Annual Report, it is the first that includes Cia. Hering, after the business merger that occurred in September 2021. All of our activities are covered in this issue - industrial, administrative, brand and channel management - under the same scope as the Company's Financial Statements. GRI 102-45

We are constantly enhancing our governance process and proudly celebrate the certification of Cia. Hering as a B Company in December 2021. We have adopted System B as our management model and have publicly undertaken the commitment to seek certification for the entire SOMA group.

This Report had its content approved by our Board of Directors and was audited by KPMG.

Send questions and comments about this publication to [sustentabilidade@somagrupo.com.br](mailto:sustentabilidade@somagrupo.com.br)

We want to hear from you!  
GRI 102-53

To learn more about our Company, go to:

[> Financial Statements](#)

[> Reference Form](#)

[> Bylaws and Policies](#)



*Who*  
we are

# SOMA Group

## *Dream big, become a giant*

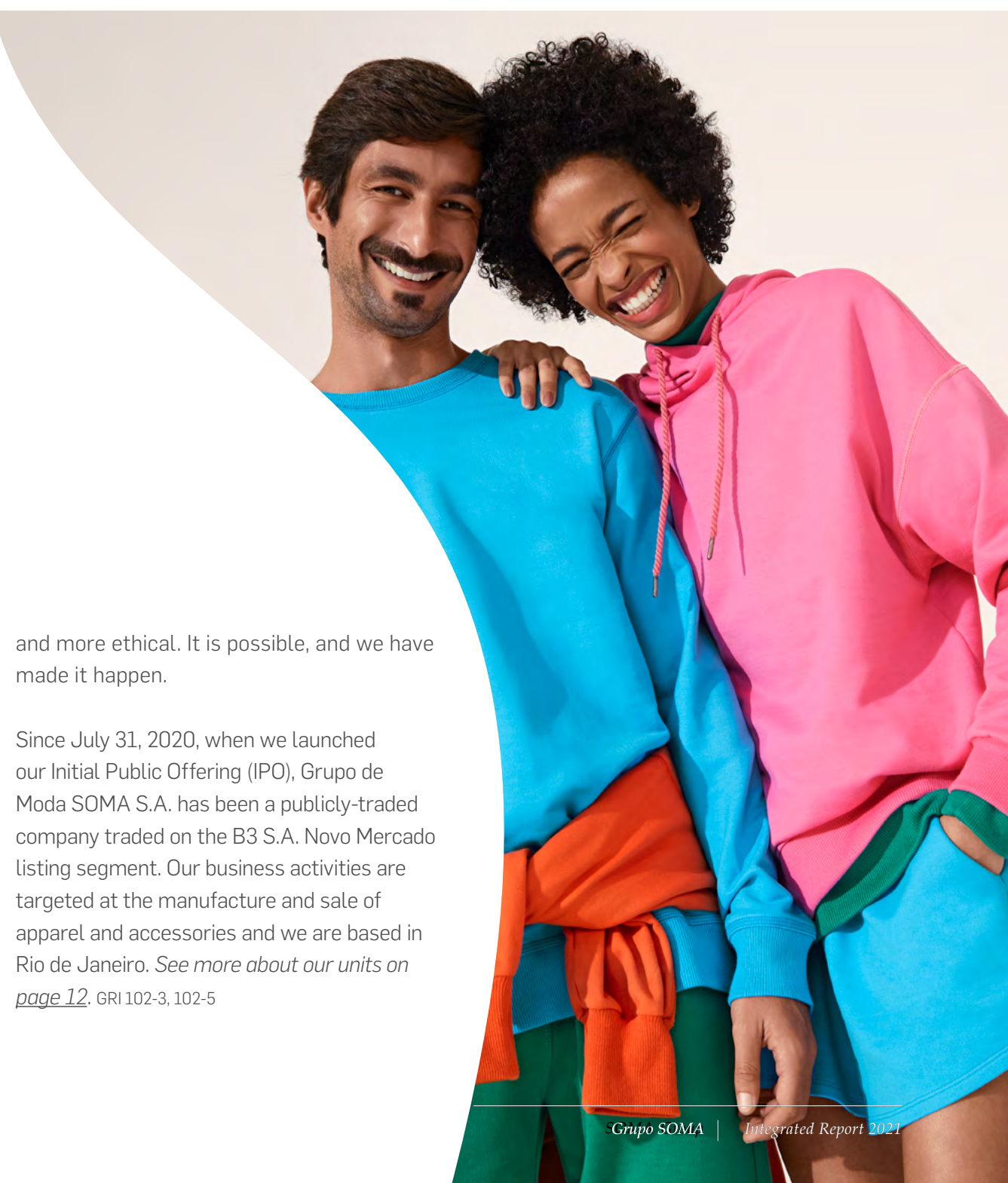
**T**he SOMA Group was born in 2014 after the merger of two major Rio de Janeiro-based brands known nationwide - Animale and FARM, which took place in 2010 and led to the consolidation of the group. This combination allowed each of the brands to grow and created the SOMA strategy: to make Brazilian fashion brands shine. This is our main goal with every acquisition or merger. Today, we include 15 brands. The newcomers in 2021 were NV, a digital native brand; Hering, Hering Kids and Hering

Intimates, which is well known in Brazil as "Brazil's Basics"; and DZARM, recognized for its versatile fashion and jeanswear. GRI 102-1

Every brand that has joined the Group has its own personality. We respect creative independence and are proud to have so many exciting brands in our portfolio. The soul of our business is to value the essence of each brand. We can only then bring together our talent and expertise to offer to the market the best of Brazilian fashion: a fashion that is more beautiful, cleaner, fairer,

and more ethical. It is possible, and we have made it happen.

Since July 31, 2020, when we launched our Initial Public Offering (IPO), Grupo de Moda SOMA S.A. has been a publicly-traded company traded on the B3 S.A. Novo Mercado listing segment. Our business activities are targeted at the manufacture and sale of apparel and accessories and we are based in Rio de Janeiro. *See more about our units on [page 12](#).* GRI 102-3, 102-5



# What moves us GRI 102-16

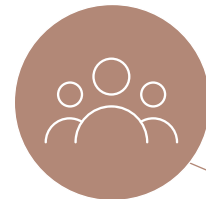
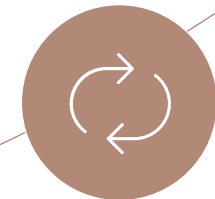
Our purpose is:

*Dream big,  
become a giant.*

Our values:

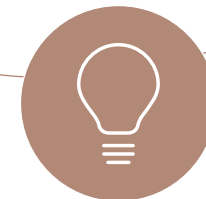
We always invest in sophistication and training. This is because we do business with one eye on the present and one eye on the future. On our path to innovation, technology and information enable us to soar higher and reach where before it was only a dream.

### *Management intelligence*



### *True partnership*

Ethics and transparency are in our blood. Here we do things eye-to-eye, side-by-side, with our body and soul. We fully believe in our very own, true and generous way of building relationships.



### *Dynamism to the fullest*

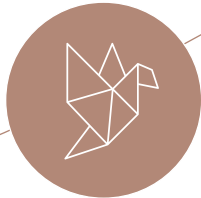
Change is part of our groove. We are constantly changing our clothes, the collection, the look of people. More than that: we transform reality, the market, the opportunities. To invent fashion is to roll up one's sleeves and make the results happen right in front of you.





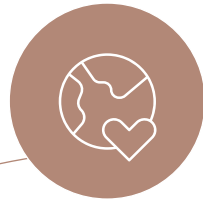
We don't have a formula for happiness, but we know that working on what we love is part of it. A gleam in the eye and satisfaction in the mind create more confidence to the team, warmth in the relationships, freedom and generosity in our daily lives. To do a job well requires also doing well for oneself.

### *Happiness in us*



### *Sustainability that does good*

Wearing new ways of caring for the world, investing in ideas that generate value for the entire chain. From textiles to production, from creation to business model, we decided that everything, really everything, has to be socially and environmentally responsible. To think ahead, to be more conscious, to deliver a better future, every day, for us and for the planet: this is our cause.



### Mission:

*To be the best and largest fashion brand team in the country, recognized worldwide for creativity, energy, passion, and efficiency.*



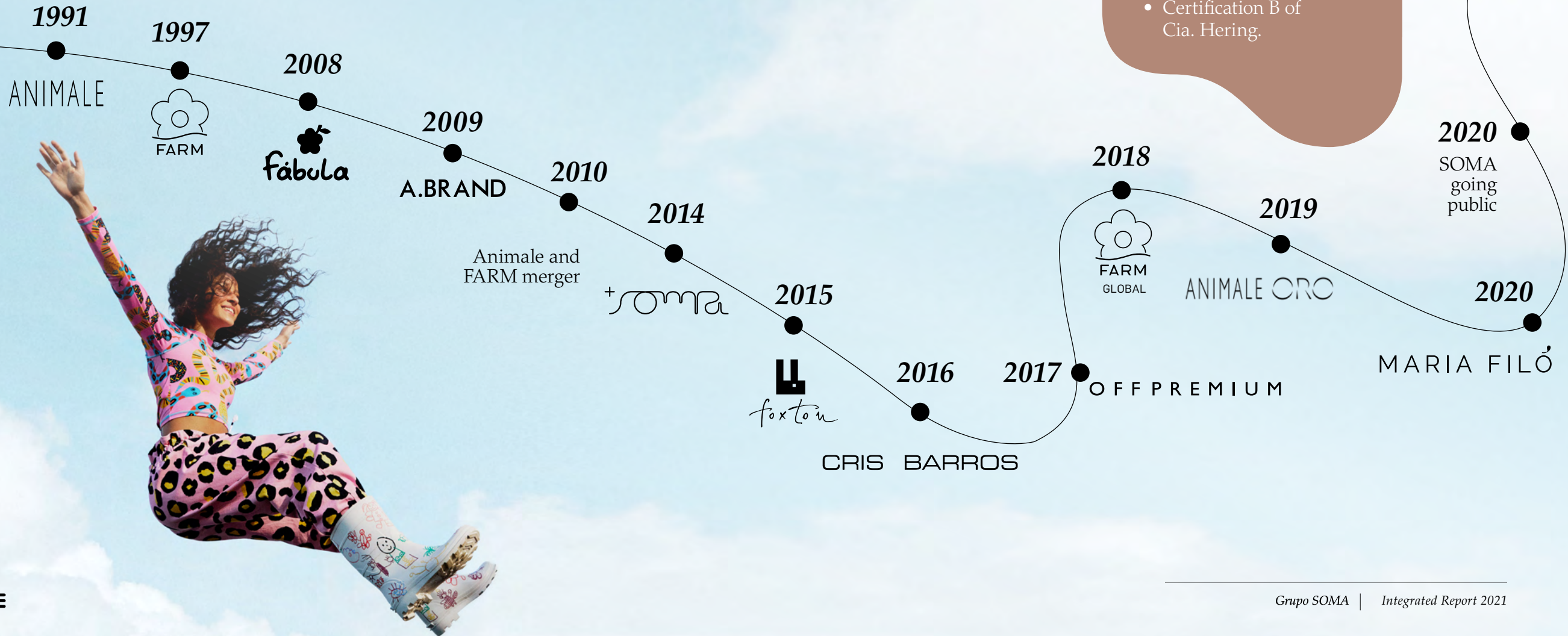


# Threads of History

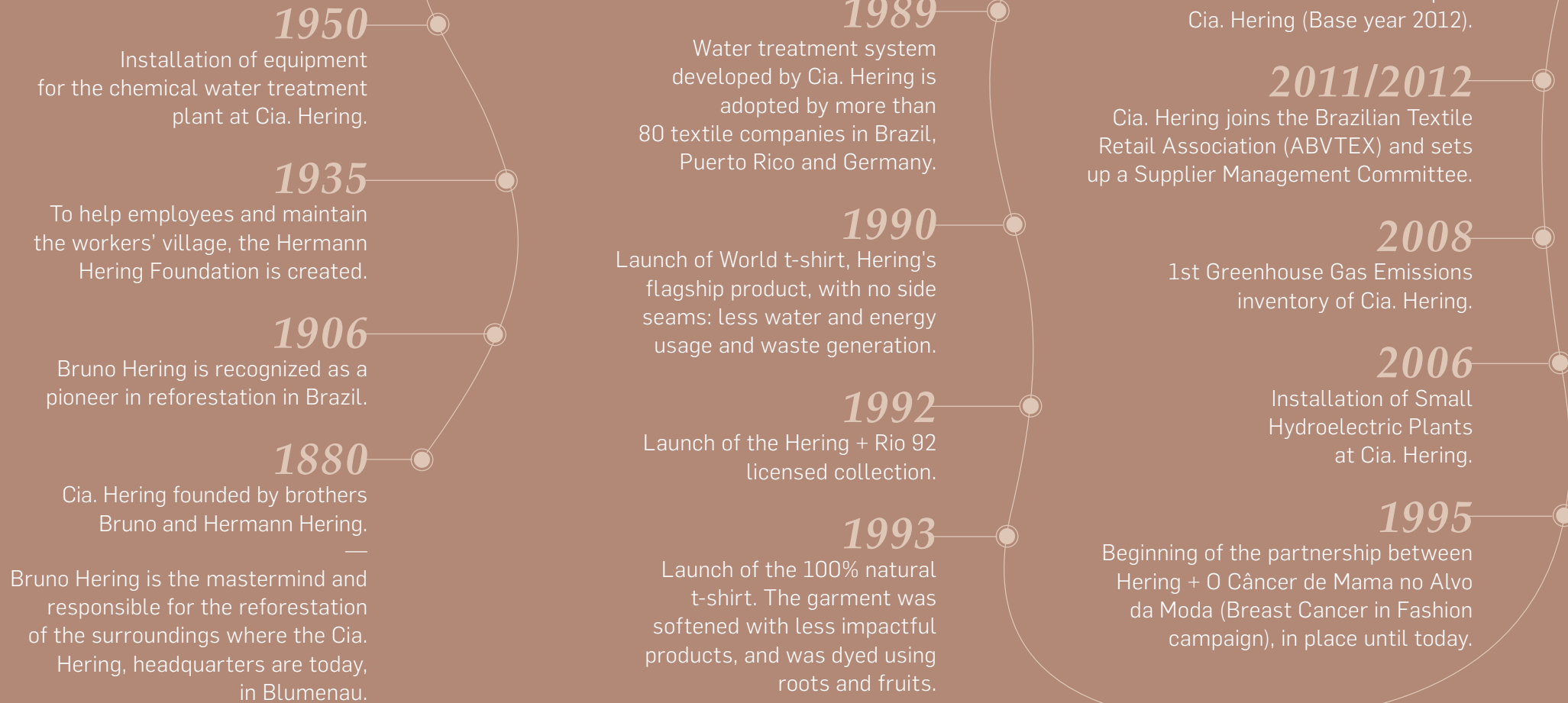


## 2021

- NV Acquisition
- Business merger with Cia. Hering.
- A. Brand termination.
- Certification B of Cia. Hering.



## ESG Time line



## 2016/2017

Construction of Cia. Hering's first Materiality Matrix and definition of priority topics.

Launch of the Abra Award to recognize Cia. Hering's suppliers with best practices.

Beginning of the partnership Cris Barros and NGO Casa do Rio.

Beginning of the partnership between FARM and the Yawanawá people.

Beginning of the partnership between FARM and Enjoei.

Beginning of the partnership between FARM and the Socio-environmental Institute (ISA).

Launch of the RE-FARM Upcycling line.

Start of the Muda Workshop Project.

## 2019

Investments in machinery at Cia. Hering, with a 45% drop in water use for knitwear dyeing.

1st edition of the SOMA Ethnic-Racial Census.

Beginning of the Animale and Ampara Silvestre partnership.

Beginning of FARM's partnership with the Instituto Vida Livre.

Launch of the Re-FARM Jeans collection.

EuReciclo (I Recycle) seal for Maria Filó.

Expansion of the Thousand Trees Program for FARM Global.

## 2018

Launching of Plurais, a diversity program focused on including people with disabilities at Cia. Hering.

SOMA Group joins ABVTEX.

Beginning of the reforestation actions that led to FARM's "A thousand trees a day, every day!"

Beginning of the partnership between FARM and ID\_BR for Racial Equality.

## 2020

EuReciclo (I Recycle) seal for Hering and DZARM.

Disclosure of the Hering Sustainability Policy.

Launch of the Reuse Hering t-Shirt.

Construction of SOMA Group's first materiality matrix.

Launch of FARM's first carbon-neutral collections.

Start of the Animale Vintage program.

## 2021

Cia. Hering becomes a Certified B Company - recognition for the best socio-environmental management practices.

1st edition of the Cia. Hering Ethnic-Racial Census

1st Greenhouse Gas Emissions Inventory of the SOMA Group (base year 2020).

1st SOMA Group Annual Report (base year 2020).

Joined the UN Global Compact.

Joined the Colabora Moda Sustentável sustainable fashion collab.

Participation in the Fair Includes PCD - Egalitè.

Launch of the negative carbon t-shirt (Hering).

Beginning of the partnership between Hering and ID\_BR to launch t-shirts that contribute to the cause of racial equality.

Animale and ID\_BR form a partnership for literacy and awareness actions.

Beginning of the partnership with SOS Mata Atlântica (Foxton, FARM and Fábula).

Disclosure of the SOMA+ Hering Sustainability Policy.

Launch of the Hering Diversity Policy and Supplier Policy.

Cia. Hering becomes carbon neutral - scopes 1, 2 and 3 (excluding raw material, business travel and franchises).

# Input ▶

# Business model

GRI 102-7

**Financial Capital Consolidated:**  
BRL 10 billion in assets.  
BRL 561 million in net debt.  
BRL 224 million cash flow.

**Social and Relationship Capital Consolidated**  
4.9 million clients.  
28,627 suppliers.  
74 socio-environmental partnerships.  
12,000 multi-brand customers.

**SOMA Group**  
1.4 million clients.  
23,380 suppliers.  
58 socio-environmental partnerships.  
4,000 multi-brand customers.

**Cia. Hering**  
3.5 million clients.  
5,247 suppliers.  
25 socio-environmental partnerships.  
8,000 multi-brand customers.

**Organizational Capital**  
Desire brands.  
SOMA Labs.  
Textile industry (Cia. Hering).

**Human Capital Consolidated**  
12,615 employees.  
**SOMA Group**  
7,107 employees.  
**Cia Hering**  
5,508 employees.

**Manufactured Capital Consolidated**  
5 industrial units, 3 distribution centers, and 7 offices.  
369 own stores in Brazil, 2 in the United States, and 734 franchises.  
13 e-commerce platforms.

**SOMA Group**  
1 Distribution Center (RJ - Rio de Janeiro), 5 offices (3 in RJ - Rio de Janeiro and 2 in SP - São Paulo), 268 own stores in Brazil and 2 in the United States, 20 franchises.  
9 e-commerce platforms.

**Cia. Hering**  
5 industrial units (SC - Blumenau - Itororó and Bom Retiro, GO - Goianésia, Paraúna and São Luís de Montes Belos), 2 Distribution Centers (SC - Blumenau, GO - Anápolis), 2 offices (SC - Blumenau, SP - São Paulo).  
71 wholly-owned stores, 713 franchises, 3 in Bolivia, 9 in Paraguay and 9 in Uruguay - totaling 21 stores in the international market.  
4 e-commerce platforms.

**Natural Capital**  
Land use and biodiversity.  
Water.  
Electricity.  
Fuel.

*Value Generation: build strong brands by delivering collections with passion and efficiency is our brand.*

# Proposal: Dream big, become a giant.

## CONSOLIDATION OF STRONG BRANDS

We identify, acquire, and accelerate the growth of brands that generate desire, serving different audiences.

## OPERATIONAL EFFICIENCY

We are always looking for the best way to make every product, in every collection, bring them to life in an exciting shopping experience. Now, together with Cia. Hering, we have a vertically integrated model in the house, which allows us to find the best strategy to produce a piece - internally or externally.

## BRAZIL AND BEYOND

In our administrative and manufacturing units - in the midwest, southeast, and south - or in the more than 1,000 stores located nationwide, in addition to the online channels, we are always close to our customers and generating value for the communities around us. In addition to Brazil, we are also present in four other countries.

## AFFECTION MANAGEMENT

We encourage talent internally and throughout our value chain. Our care in the relationships reflects our respect for diversity, the appreciation of development, balancing creativity, professionalism, respect for people and the planet.

## DIGITAL INNOVATION

We integrate the physical and digital worlds by delivering human-based, innovative, and unique experiences. We put people first, reducing friction and generating efficiency and loyalty.

## CORPORATE HARMONY

We uphold the relationship between partners to ensure cohesion, respect, and well-being. And this is one of our greatest differentials.

## SUSTAINABLE EXPANSION

We grow with awareness through acquisitions (M&A), online products (SomaLabs), and new markets (Internationalization), always looking to the future and our impacts. Our highlights in 2021 were the acquisitions of Cia. Hering (B Certified), NV and the performance of FarmGlobal.

**55**  
million  
garments  
sold.

**15**  
brands  
from basic  
to luxury.

"We are a brand that makes other brands shine."

*More than just selling clothes, we create experiences and connections.*

**Output**

**Impacts**

**Environmental**

**Consolidated:**

64,000 tCO<sub>2</sub>e offset.  
365,000 trees planted,  
in approximately 240 hectares  
of reforested area, and 75 hectares  
of protected area (legal reserve Cia. Hering).  
35% water use drop in production  
(see page 78).  
60% of the raw materials are certified.  
3,697 tons of textile scraps reused.  
5,115 tons of waste forwarded for recycling.

**SOMA Group:**

29,000 tCO<sub>2</sub>e offset.  
365,000 trees planted, in approximately  
240 hectares of reforested area  
47% of the raw materials are certified.  
36 tons of textile scraps reused.  
195 tons of waste forwarded for recycling.

**Cia. Hering:**

35,000 tCO<sub>2</sub>e offset.  
75 hectares of protected area (legal reserve).  
35% water use drop in production (see page 78).  
85% of the raw materials are certified.  
3,660 tons of textile scraps reused.  
4,920 tons of waste forwarded for recycling.

**Social**

**Consolidated:**

BRL 629 million in compensation and benefits.  
BRL 476.3 million in taxes and fees  
to be reverted to the country.  
BRL 16.9 million in investments  
in the community.  
51,570 hours of training.

**SOMA Group:**

BRL 376 million in compensation and benefits.  
BRL 362.7 million in taxes and fees  
to be reverted to the country.  
BRL 14.5 million in investments  
in the community.  
5,739 hours of training.

**Cia. Hering:**

BRL 253 million in compensation and benefits.  
BRL 113.6 million in taxes and fees  
to be reverted to the country.  
BRL 2.4 million in investments  
in the community.  
45,831 hours of training.

**Financial**

**Consolidated:**

BRL 2.8 billion  
in net revenue.  
BRL 436 million  
in adjusted Ebtida.



## Brand channels GRI 102-2, 102-4

We are present in all Brazilian states - with a complete portfolio of brands we offer fashion in the garment, footwear, and jewelry sectors with experiences focused on several audiences: our B2B franchisees and multi-brand retailers) and consumers. For each of our brands to express its personality, we count on the involvement of suppliers, employees, investors, the third sector, and the entire local community, in a relationship of exchange and mutual influence. As such, we have built financial assets and intangible assets that are some of Brazil's most beloved brands. GRI 102-6

### ***Animale, Animale Jeans and Animale Oro***

Premium, sophisticated brands. Animale celebrates 30 years in 2022 as a benchmark in Brazilian women's fashion. It currently has brand extensions for jeans (Animale Jeans) and jewelry (Animale Oro).

Animale believes that women's power is the sum of each woman's unique choices. It sees fashion as a creative energy, which frees feelings and opinions.

> It is present in 19 states and 25 cities, with 70 stores, including one Animale Oro. More than 600 multibrands.

### ***FARM and FARM Global***

The brand of Brazilianness, of joy, of nature. A lifestyle, inspired by the girl from Rio, from Brazil to the world. FARM offers clothing and, in line with its brand proposal, sprinkles its prints everywhere from surfboards to electric bikes.

> FARM is present in 21 states and the Federal District, 39 cities, with 82 stores and 1,700 multibrand stores.

> FARM Global is expanding its share in the international market, has its own store in New York and another one in Miami, and is available for sale in 159 department stores.

*Lean more about FARM in the brand's 2021 Annual Report.*





## *Fábula*

Fábula's collections are an invitation to play, translated into comfortable and creative products. The brand creates prints that are colorful and relate back to our childhood imagination.

> Present in five states and six cities, with 17 stores, and in more than 800 multibrand stores.

## *NV*

First digital native brand in Brazil. Known for bringing color and authenticity to classic tailoring, NV launches new fashion trends for Brazilians every season.

It represents versatile, authentic, and sophisticated women, and the garments are a true tribute to them, from the designs to the names.

> Present in five states and six cities, with ten stores. 75 multi-brand stores.



## *CRIS BARROS*

Cris Barros is a benchmark in Brazilian luxury brands. Unique, elegant, and sophisticated.

> Present in five states and six cities, with 11 stores. 55 multi-brand stores.





### ***Maria Filó***

Through wefts, shapes, and colors, Maria Filó brings lightness and femininity to its clothes. It surprises by mixing classic with modern, simplicity with sophistication. Always with attention to detail and a lot of love.

> It is present in 26 states and 32 cities, with 40 stores and 20 franchises. More than 460 multibrands.

### ***Foxton***

Foxton inspires and accompanies the contemporary man in his daily life by offering practicality, quality, and design.

Foxton values behaviors, stories, and products that transcend time, surpass trends, evolve, and stay current: the true classics.

> Present in eight states and eleven cities, with 25 stores. More than 250 multibrands.

### ***DZARM***

Urban brand, for everyday, with a complete jeanswear line offering differentiated tailoring. Dzarm believes in fashion that fits into people's lives and offers a style that enables personal expression, effortlessly.

> Present in two stores in Brazil, and in more than 1,700 multibrand stores.

### ***Hering, Hering Kids and***





## *Hering Intimates*

An icon of Brazilian fashion. Hering has more than 140 years of history: it is "Brazil's Basics" - young, contemporary and democratic. With the same attributes but focused on the children's market, Hering Kids emerged as a brand extension in 1992.

Hering Kids grows with the child, always underpinning its main characteristic, which is comfort in all lines, enhancing the freedom to play and explore.

Hering Intimates follows the concept of "Brazil's Basics" and offers a portfolio that includes underwear, pajamas, and loungewear for men and women. Hering Intimates is Brazil's undergarment brand.

- > In all, the brands have 784 street stores in Brazil and in three other countries - Bolivia, Paraguay, and Uruguay.
- > 71 company-owned stores, including 15 outlets.
- > 713 franchises.
- > Presence in 8,000 multibrand stores.

## *OFF Premium*

Curated, timely, and affordable quality.

Online marketplace that sells products from renowned local fashion brands.

- > It is present in eight states and eight cities, with 13 stores.



# Highlights 2021

GRI 102-10



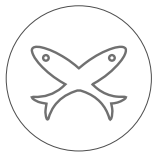
**Creation** of the Sustainability area as one of the pillars of the People & Management, Sustainability and Communication Board.



**Launch** of SOMA Group's Sustainability Policy.



**Acquisition** of first digital native brand, NV.



**Business merger** with Cia. Hering (Hering, Hering Kids, Hering Intimates and DZARM brands).



**Farm Global** grabs a greater slice of the US market and grows 8.2 times over 2019.



**Program** "A thousand trees a day, every day" reaches half a million trees planted by 2021.



**64,000 tons** of carbon offset – including SOMA + Cia. Hering in 2021.

# Message from the CEO

GRI 102-14

## *The year we became a giant*

**A** new company. It is with this thought that we close 2021. A year in which we practically doubled in size, but also multiplied our opportunities to generate a positive impact and to establish ourselves as Brazil's ultimate fashion Group.

A year that still started off with the effects of the pandemic and with a lot of concern for our people, suppliers, and results, but that turned out to be a very promising year for us.

We experienced the positive results of the first year post-IPO, in which we delivered beyond what we promised and felt the renewal of energy of the teams with the excitement brought by the new brands that merged into SOMA. We celebrated the incorporation of NV, a native online brand with high engagement and growth potential. And the entry of Hering, the longest-lasting

fashion brand in Brazil, a national heritage, which completes our portfolio in the white space of men's, women's, children's and underwear fashion at a more affordable price point.

We like and know how to take care of brands. As such, being given the opportunity to continue Hering's 140-year trajectory is very valuable. We have very similar principles, which will ease the process of cultural integration. We have the ability to help it renew its growth, placing Hering back into people's aspirations and, more importantly, consolidating it as a brand that kindles desire and national pride, increasing its appeal to all social classes.

In addition, we experienced the entire progression of FARM Global, which reached a turning point in 2021.



## We arrive more prepared in 2022. We have become more mature and robust.

From the get-go, we were an operation with enormous potential but facing new challenges we had yet to understand and overcome, and we are now proving we are growing stronger and have, in fact, become a unique case of internationalization of a Brazilian fashion brand. This makes us very proud.

In 2021, we opened 18 new stores, reached a gross revenue of BRL 3.27 billion, and an adjusted EBITDA of BRL 436.2 million. We achieved (minus Hering) record results, with a gross revenue of BRL 2.44 billion and an adjusted EBITDA of BRL 343 million. With this, we see that all the efforts made

in 2020 to face the pandemic and continue innovating were valid and we are reaping these results.

Without a doubt, we had another exciting year, in which our boldness with responsibility took us out of our comfort zone and led us even further.

It was also in 2021 that we put in place our Environmental, Social and Governance (ESG) criteria. We adhered to the commitments of the Global Compact and the United Nations Agenda 2030 and, in April, we created a corporate sustainability

area led by Taciana Abreu, in charge of FARM's marketing and sustainability from 2016 to 2021, which placed the brand in a prominent position in this agenda. The area, which already has 13 SOMA and Cia. Hering employees, reports to the Executive Director of People & Management, Sustainability and Communication, under the command of Roberta Bicalho, who is highly engaged in promoting diversity, equity and inclusion and has already elevated our People & Management practices to a new level. We want to be a benchmark in sustainability in fashion and be among the best companies to work for in Brazil according to the Great Place to Work (GPTW) ranking.

With the arrival of Hering, we celebrate the important achievement of B Certification for the Hering, Hering Kids, Hering Intimates, and DZARM brands, in addition to the strong

and important Indústria Hering, a pioneer in many socio-environmental and eco-efficiency practices. Together with Hering's Sustainability Committee, we have aligned the integration of the ESG strategies of the two companies, which are now one.

This all has enabled us to reach 2022 more prepared. We have become more mature and robust. We have reduced our portfolio risk and increased our diversification and coverage.

May 2022 be the turning point for a more beautiful, more just, more ethical, and cleaner world that we all have a duty to build.

**Roberto Jatahy**

## Priority topics

The construction process of our first materiality matrix took place between 2020 and 2021 and was the starting point for the creation of the content set forth in our first [Annual Report](#), with the base year of 2020.

After the merger of SOMA Group and Cia. Hering, we saw the need to revisit the process, as recommended by the GRI Standards good reporting practice, because the company's size had increased significantly.

The process was then conducted by Report Sustentabilidade, the same external consulting firm that supported us in the previous matrix.

Internal and external documents were analyzed, as well as market and sector reports to build a list of potentially relevant

topics for the combined businesses of the companies. This list was presented to the stakeholders of both companies for priority assignment.

We conducted 10 interviews with the top leadership of SOMA and Cia. Hering and two with external experts. In addition, by means of an online questionnaire, we received a response regarding the list of topics from 3,717 stakeholders, including SOMA and Cia. Hering employees, customers and suppliers of both companies, third sector organizations, financial market agents, and franchisees. GRI 102-40, 102-42

After the answers were received, a new materiality matrix was put together, taking into consideration the topics on the list according to the impact they produce or

may produce on the business and those prioritized by the stakeholders. The result was a matrix with 13 material topics approved by the Board of Directors and the company's top management.

These are the topics that guide the contents and GRI guidelines of this report for 2021.

**13**  
material topics  
were identified in  
our matrix
























# Materiality Matrix






















- 1 Social Responsibility
- 2 Transparency in the relationship with customers
- 3 Diversity, fairness and inclusion
- 4 Ethics, integrity and compliance
- 5 Health and wellbeing
- 6 Attracting, developing and retaining employees
- 7 Food quality and safety
- 8 Respect for human rights
- 9 Textile and non-textile waste management
- 10 Lower impact product
- 11 Supply chain management and engagement
- 12 Climate changes
- 13 Water and effluents







Priority topics GRI 102-44, 102-46, 102-47, 103-1

Material topic 2021	Why is it important?	Where the impacts occur	Topic boundary	SDG	Capital
 <b>Social Responsibility</b>	Strive for positive impact on the environment and society through socially responsible investment and corporate citizenship. Use the Group's power of influence to further causes that are important to society.	Inside and outside.	Geographic Borders.		> Human. > Social and relationship.
 <b>Transparency in the relationship with customers</b>	Be transparent in our relationship with our customers, offering relevant information about products and processes, always valuing good communication throughout their experience with our brands and operations.	Outside.	Market scope of the brands.	 	> Human. > Social and relationship.
 <b>Diversity, fairness and inclusion</b>	Foster respect for diversity inside and outside the organization, regardless of origin, gender, race, color, religion, age, height, weight, physical appearance, disability, social class, sexual orientation, pregnancy, marital status, union membership, political conviction, emotional or learning difficulties, HIV status, among others, in a transversal way, seeking to encourage inclusion in all levels of positions and in our relationships with third parties. Offer different sizes for different body shapes.	Inside and outside.	<p>The structural machismo that limits the access of women in leadership positions.</p> <p>Structural racism that makes it impossible to accelerate blacks into strategic and leadership positions.</p> <p>Ableism that makes it impossible for people with disabilities to enter more strategic positions.</p> <p>LGBTQIA+phobia that does not allow people to be the way they are.</p> <p>Any other types of prejudice and discrimination.</p>	  	> Human. > Social and relationship.

Material topic 2021	Why is it important?	Where the impacts occur	Topic boundary	SDG	Capital
 <b>Ethics, integrity and compliance</b>	Ensure compliance with anti-corruption and anti-trust laws, commitments, and practices, upholding ethical and transparent management of organizational processes, including through the use of corporate mechanisms that enhance internal control and oversight by stakeholders.	Inside and outside.	None.		> Not associated with capital.
 <b>Health and wellbeing</b>	Ensure the well-being and the physical and mental health of the employee by managing the organizational environment and good corporate practices.	Inside.	In addition to the actions taken by the company, the employees also need to take care of their health and well-being in their personal life. Pandemic scenario impacts the topic.	 	> Human. > Social and relationship.
 <b>Attracting, developing and retaining employees</b>	Employer brand aligned to the best market practices, generation of value in the employee's experience and career management, continuous training fostering the development of internal talent.	Inside.	None.	  	> Human.
 <b>Food quality and safety</b>	Quality management and product durability aligned to technical standards, also considering ESG aspects. Responsibility in the use of chemicals that can affect the user and the environment.	Outside.	Research and development of new materials for steady improvement. Need for technological upgrades in the fashion industry and cost-cutting through scale gains.	 	> Intellectual. > Natural. > Manufactured.



Material topic 2021	Why is it important?	Where the impacts occur	Topic boundary	SDG	Capital
 <p>Respect for human rights</p>	<p>Implementation of processes to fight and deal with cases of human rights violation, both internally and externally, such as, for example, in the value chain. Advocate and encourage the improvement of decent conditions within the different parts of the chain.</p>	<p>Inside and outside.</p>	<p>High informality rate in the retail and fashion industry in Brazil.</p>	 	<p>&gt; Human.</p>
 <p>Textile and nontextile waste management</p>	<p>Think about waste generation from product creation to post-consumption. Separate and properly manage the waste generated so less of it ends up in landfills. Creation of products, processes, and business models aimed at reverse logistics, increasing the life cycle of clothing, reuse, and upcycling.</p>	<p>Inside and outside.</p>	<p>Need for technological upgrades, scalability of textile recycling, and cuts in operating costs.</p>	      	<p>&gt; Natural.</p>
 <p>Lower impact product</p>	<p>Assessment of impacts throughout the life cycle of products to reduce the ecological footprint. Establish processes to ensure efficient use of resources, recyclability, lower impact raw materials, and care for animal welfare.</p>	<p>Inside and outside.</p>	<p>Need for technological upgrades in the fashion industry and cost-cutting through scale gains.</p>	      	<p>&gt; Natural. &gt; Manufactured. &gt; Intellectual.</p>

Material topic 2021	Why is it important?	Where the impacts occur	Topic boundary	SDG	Capital
 <p>Supply chain management and engagement</p>	<p>Ensure good labor and environmental practices. Adherence to the values, principles and Code of Ethical Conduct of the SOMA Group throughout the supply chain. Traceability.</p>	<p>Inside and outside.</p>	<p>High informality rate in the retail and fashion industry in Brazil.</p>		<p>&gt; Human. &gt; Social and relationship. &gt; Natural.</p>
 <p>Climate changes</p>	<p>Measure and reduce Greenhouse Gas (GHG) emissions from the operation and value chain, having as a major reference the generational ethics and in line with the growing relevance of the topic for the capital market and other stakeholders.</p>	<p>Inside and outside.</p>	<p>None.</p>		<p>&gt; Natural. &gt; Intellectual. &gt; Social and relationship. &gt; Financial.</p>
 <p>Water and Effluents</p>	<p>Management of the impact of operations on water resources, related to water withdrawal and consumption, effluent discharge, and release of microfibers and chemicals into aquatic ecosystems.</p>	<p>Inside and outside.</p>	<p>None.</p>		<p>&gt; Natural.</p>

## Changes in our materiality matrix 2020 to 2021 GRI 102-49

	2020	Position in the Matrix	2021	Position in the Matrix
Environmental	Textile and nontextile waste management	7	Textile and nontextile waste management	9
	Climate changes	12	Climate changes	12
	Sustainable use and management of natural resources	10	Lower impact product.	10
	Circular economy	5	Water and Effluents	13
	Lower impact product	3	Food quality and safety	7
Social	Diversity and equality	2	Diversity, fairness and inclusion	3
	Working conditions and human rights	1	Health and wellbeing	5
			Attracting, developing and retaining employees	6
			Respect for human rights	8
			Supply chain management and engagement	11
Shared value generation	4	Social Responsibility	1	
Governance	Business vision and governance	6	Transparency in the relationship with customers	2
			Ethics, integrity and compliance	4



# SOMA *Strategy*



Our purpose of dreaming big and becoming a giant is based on a well-defined and realistic business strategy that stems from a great deal of market and trend research and by listening to the suggestions of our stakeholders.

Our business strategy in 2021 continued in line with the plans set in 2020, at the time of the IPO. We aimed to support the brands and spur their growth through our platform and reduce portfolio risks by finding opportunities that still exist at different price points and niche markets. The result is a diversified portfolio that generates even more desire and expands our addressable market. After merging with Cia. Hering, we reached an even more comprehensive portfolio of brands with many opportunities. That is why we have dedicated ourselves to the high-value growth levers in our brands.



## Our ESG strategy

Our goal is to become the leading ESG benchmark in Brazilian fashion and to become one of the best companies to work for in Brazil. This means:

Generate a positive impact on society by finding new ways to care for the world.

We know how we want to do this: by reducing our adverse impact and nurturing a positive one.

To get there, we based our strategy on three pillars:

### *Environmental (E): Cleaner Fashion*

> Make fashion that respects the environment in our processes and helps to increase the regeneration of natural resources;

### *Social (S): Fairer and more beautiful fashion*

> Be socially responsible and be a diverse, fair, and inclusive company.

### *Corporate Governance (G): More ethical fashion*

> Having corporate governance that adds value, positively impacts all stakeholders and generates results sustainably.

Furthermore, we approved with the Board of Directors and launched our Sustainability Policy - which includes the guidelines and the positioning of the SOMA Group for each of the ESG aspects. It is aligned with and underpins the principles of our [Bylaws](#),

[the Code of Conduct and Ethics](#) and other in-house policies. For our suppliers, we consolidate our values applied to our chain via contractual clauses and social and traceability audits.



# How we deploy our ESG strategy

	Environmental <b>Cleaner Fashion</b>	Social <b>Fairer and more beautiful fashion</b>	Governance <b>More ethical fashion</b>
<b>Objective</b>	Decarbonize the operation and value chain, guiding ecoefficient choices and boosting the circular economy.	Deploy diversity, equity and inclusion ensuring Human Rights, Health & Safety at work – inside and outside.	Be a constructive and active voice in advancing ESG agenda in Brazil, ensuring the systematic management of sustainability with ethics and transparency.
<b>Material topics</b>	<ul style="list-style-type: none"> <li>Product quality and safety.</li> <li>Management of textile and non-textile waste.</li> <li>Lower impact product.</li> <li>Climate changes.</li> </ul>	<ul style="list-style-type: none"> <li>Social Responsibility.</li> <li>Diversity, fairness and inclusion.</li> <li>Health and wellbeing.</li> <li>Attracting developing and retaining employees.</li> <li>Respect for human rights.</li> <li>Supply chain management and engagement.</li> </ul>	<p>Transparency in the relationship with customers. Ethics, integrity and compliance</p>
<b>SDG</b>			
<b>Goals</b>	<p><b>Carbon:</b></p> <ul style="list-style-type: none"> <li>Achieve Net Zero scopes 1 and 2 by 2030 (baseline 2021).</li> <li>Achieve Net Zero scope 3 by 2050 (baseline 2021).</li> </ul> <p><b>Ecoefficiency:</b></p> <ul style="list-style-type: none"> <li>Achieve the use of 100% renewable energy by 2025 at the business units and units.</li> <li>Reduce by at least 45% water consumption and wastewater generation by 2030 (baseline 2019).</li> </ul> <p><b>Waste:</b></p> <ul style="list-style-type: none"> <li>Be zero landfill by 2030 (baseline 2021).</li> </ul>	<p><b>Diversity:</b></p> <ul style="list-style-type: none"> <li>50% of Women in Top Leadership * by 2030.</li> <li>50% of self-declared blacks and mixed race in the SOMA Group by 2023.</li> </ul> <p>*We understand “Senior Management” as 2 levels below the CEO.</p> <p>**Other Diversity goals will be calibrated and disclosed after the second Ethnic-Racial Census of the SOMA Group and Cia. Hering, is concluded. The application is scheduled for 2022.</p> <p><b>Employees:</b></p> <ul style="list-style-type: none"> <li>To become one of the best companies to work for in Brazil, in accordance with GPTW methodology.</li> </ul>	<p><b>Indexes:</b></p> <ul style="list-style-type: none"> <li>Obtain System B certification.</li> <li>Continue to increase the score of our brands in the Fashion Transparency Index (ITM).</li> <li>Enter the Corporate Sustainability Index (Índice de Sustentabilidade Empresarial – ISE) portfolio of B3, incorporating its methodologies to our ESG management model.</li> </ul> <p><b>Ethics and Compliance</b></p> <ul style="list-style-type: none"> <li>100% of adhesion to the Code of Conduct and Ethics of employees, with at least one training per year.</li> </ul>

Use sustainability values and practices to innovate in products and communication and when connecting with customers.

## 2021 Work plan

We have designed our ESG strategy, outlined objectives, goals, and deployed an action plan. The year of 2021 was a year of planning but also of doing.

### **Agenda 2030 and Global Compact**

SDG 5, 12, 17

In February 2021, we joined the United Nations (UN) Global Compact. This has enabled us to confirm our adherence to the ten principles of Agenda 2030 and positively influence other market players to commit to the Sustainable Development Goals (SDGs). We have also signed the Business Ambition for 1.5°C, a commitment to contribute so that the global average temperature increase does not exceed this limit, which includes us in the Race to Zero, an international campaign led by the United Nations Framework Convention on Climate Change (UNFCCC) to achieve zero net carbon balance by 2050 (Net-Zero). In addition, we joined the Fashion Industry Charter for Climate Action, along with global fashion brands to advance the climate agenda. These ambitions have been incorporated into our goals for cleaner Fashion.

And more: we signed the Fairness is a Priority (Gender), committing ourselves, together with the Global Compact Network Brazil, to have 50% of women in top leadership positions by 2030. This goal had already been achieved by December 2021 with women occupying 51% of the top leadership positions. In addition, in 1Q22, Animale, a brand that embraces the cause of SDG 5 - Gender Equality, became an ambassador for the movement "Elas lideram 2030" of the Global Compact, as part of Ambition 2030, with the aim of encouraging the attainment of the goals of SDG 5 in this decade and increasing gender equality in Brazilian companies.

See on [page 35](#), other commitments we have made.





Empresa



Certificada

### **Certification B - Commitment to ongoing ESG improvement**

SDG 12, 16

In 2021, Cia. Hering was certified as a B Company, joining the group of businesses that stand out for best practices and commitments in governance, workers, community, environment, and customers. By the end of 2021, only 231 companies in Brazil had been audited and approved according to System B criteria, which aims to foster and build an economic system where not only financial success is considered but also the well-being of society and the planet. Cia. Hering was the country's 21st Company

Cia. Hering was certified as a B Company in 2021, joining the group of companies highly committed to the social and environmental agenda.

B to be certified in the fashion segment (textile industry, as well as the apparel and accessories markets). Cia. Hering's information is public [in this directory](#).

This recognition is in line with our ESG strategy and bolsters our efforts towards steady progress since we are now associated with a robust management system for ongoing improvement. Therefore, in 2021 we also initiated the process for the certification of the SOMA Group by hitting the targets needed to continue the audit processes throughout 2022, with the inclusion of the scope of FARM Global.



## ***ISE B3 and CDP - we will get there!***

SDG 16

For the first time, we filled in the questionnaire of B3's Corporate Sustainability Index (Índice de Sustentabilidade Empresarial - ISE) in 2021. We ranked in 70th place. It was not enough to get us into the portfolio, which considers the 46 best rated companies.

It was an important exercise, which is helping us to further develop our practices. Another relevant point is that the ISE has begun to adopt, as of 2021, the Carbon Disclosure Project (CDP) score for climate

assessment. We filled in this questionnaire for the first time in 2021 and our result stood below the C cut-off grade, the minimum for ISE. We got a C-, which places us amongst the 20% of companies that reached the "awareness" level in our segment. Our result was hampered by the incompatibility of the CDP submission timelines and the conclusion of the SOMA Group GHG Emissions Inventory for the base year of 2020, which was completed after the submission deadline. For 2022, this schedule has been realigned. Our goal now is to achieve at least a B-. We are confident in this improvement process because we have made a number of advances in our carbon reduction and offsetting strategies through 2021. See more about it on [page 37](#) in the chapter Cleaner Fashion.

## We are part of GRI 102-12, 102-13

In addition to joining the United Nations (UN) Global Compact and being aligned with the 10 principles of Agenda 2030, we are also part of the following sustainable development initiatives:

- > **The United Nations Fashion Industry Charter for Climate Action** – commitment to Business Ambition 1.5°C, from textile and fashion companies to achieve net-zero emissions by 2050.
- > **Science Based Targets** – (SBTi) – an initiative by CDP, Global Compact, WRI and WWF to set ambitious and meaningful industrial Greenhouse Gas reduction targets.
- > **EuReciclo** – certifies the reverse logistics of post-consumption packaging through environmental compensation.
- > **Sistema B** – certifies the reverse logistics of post-consumption packaging through environmental compensation. Cia. Hering became a B-company in 2021.
- > **CEBDS (Brazilian Business Council for Sustainable Development)** – a non-profit civil association that promotes sustainable development through cooperation with governments and civil society. Cia. Hering was associated throughout 2021.
- > **Women on Board** – a seal given to companies with at least two women on the Board of Directors or Advisory Board. SOMA Group and Cia. Hering (pre-business combination) have the seal.
- > **Great Place to Work (GPTW)** – methodology that identifies the best companies to work for. SOMA Group earned the seal in 2021.
- > **Fairness is Priority (Gender)** – an initiative of the Global Compact Network Brazil, which brings together companies committed to fairness.
- > **Corporate Council for Social Responsibility** – formed by the State Federation of Industries of Rio de Janeiro (FIRJAN).
- > **InPacto** – National Pact for the Eradication of Slave Labor:
- > **Colabora Moda Sustentável sustainable fashion collab.** – multi-sector platform to promote more responsible fashion.
- > **Brazilian Textile Retail Association (ABVTEX)** – is made up of the most representative local and international fashion retail chains. SOMA Group and Cia. Hering are signatories of the entity, and encourage their fashion chains to do the same.
- > **Fashion Hub** – an open innovation hub that brings together startups and large companies in the fashion chain to reach innovation and sustainability goals.





# *Environmental*

# Cleaner *Fashion*

## MATERIAL TOPICS

- > PRODUCT QUALITY AND SAFETY
- > TEXTILE AND NONTEXTILE WASTE MANAGEMENT
- > LOWER IMPACT PRODUCT
- > CLIMATE CHANGES

## SDG



## Cleaner Fashion

We believe that it is possible to make fashion better by seeking ways to enhance its positive impact and decrease its negative impact on the environment.

GRI 103-2, 103-3 | 301, 302, 303, 304, 305, 306, 307, 308

We know that natural resources are limited, and must be used with respect and, whenever possible, inserted in the circular model of production, applying technology and innovation.

To manage ESG indicators, we adopted Climas, an environmental performance monitoring and reporting software developed by Way Carbon. In this database, we compile our information about Greenhouse Gas (GHG) emissions, water and energy use, waste, resources, and inputs. The system

allows management through dashboards and is updated monthly, enabling greater control and speed in incoming and outgoing management with more transparency.

The basic documents of this management are the [Sustainability Policy](#) and our [Ethics and Conduct Code](#). We also plan, in 2022, to offer training concerning the Supplier Code of Conduct to cover this topic and positively influence our value chain. All these documents include the revision and collaboration of specialized consultants.



# Waste - in search of zero landfill

GRI 103-2, 103-3 | 306 | SDG 12

**W**aste is one of the important issues that need to be addressed and constantly improved so we can become an ever cleaner fashion company. This front is overseen as a corporate risk and followed up by the Sustainability, Environment, and Legal areas - in charge of implementing actions so that we can fulfill our commitments, with the objective of becoming a zero landfill company.

We restructured the entire waste management of the SOMA Group in 2021. In addition to reducing our final disposal in landfills, we expect to generate an annual revenue of approximately BRL 60,000 with these implementations. In addition, we support co-ops of recyclable material collectors that are within our workable areas, remunerating the environmental service provided in a way that benefits more than 60 families.

## Strategy

### Commitments:

Promote the reduction, reuse, recycling and disposal of products, their packaging and waste generated throughout the pre- and post-consumption process, in a sustainable manner, identifying, assessing and developing strategies that improve the eco-efficiency of processes.

### Goal:

Be zero landfill by 2030. This means reducing our waste generation as much as possible and increasing the amount sent for recycling, including textiles, as well as offsetting 100% of our packaging.

## It's a business

At Cia. Hering, all textile scraps and trimmings are appropriately disposed of to ensure that they are transformed into new products.

Part of these inputs are donated to the Hermann Hering Foundation - which partners with co-ops and artisans - part is aimed at products of the Reuse line ([learn more on page 63](#)) and the rest is sold.

In 2021, 0.9 tons were donated to the Foundation, 440 tons were sold to various companies, and, 3,211.6 tons were sold to Eurofios. In addition, another 8.3 tons were reused with the help of Fibrax and Cocamar to manufacture the yarn of Hering's Reuse product yarn.

Defibration is only one of the ways to transform textile scraps into new yarns, these materials can also be used in car upholstery, cleaning rags and others.

We have invested more than BRL 200,000 in waste management within our processes, projects, programs, and initiatives, such as the implementation of selective collection in all of the Group's units. Selective collection is still a main challenge in this topic. For our employees, we developed and offered several training sessions about the topics, totaling 960 minutes in 2021.

We also encourage textile donations and actions in circular economy (*see more on page 57*). For the coming years, we will increase the dissemination of knowledge and good waste management practices in our supply chain.

**Our waste priority order is:  
non-generation, reduction, reuse,  
recycling, treatment, and eco-friendly  
final disposal.**

The management of the topic throughout the Group follows the National Policy for Solid Waste, in which the order of priority is: non-generation, reduction, reuse, recycling, solid waste treatment, and eco-friendly final disposal of waste. At Cia. Hering, we invest in initiatives that aim to boost efficiency in the separation of waste so that it can be better managed, as well as in technologies for its treatment, particularly when it involves more complex waste, such as industrial waste. Management plans are updated whenever necessary and the data is analyzed monthly and reported to managers in the Internal Commission for Energy Conservation and Environment (CICE). GRI 306-2

The control of the volume and type of waste is done through "Waste Transport Manifests" both for the SOMA Group and for Cia. Hering and the final disposal certificates are issued by the relevant service provider for each activity.

In the SOMA Group, every emission-related project has its own indicators. The monitoring of the waste management goals and results is done annually by means of a

Sustainability Report, quarterly by means of OKRs (Objectives and Key Results), and monthly by the Climates system, for better internal information management.

The initiatives related to waste management are also a consequence of the actions to mitigate climate-related impacts, focused primarily on reducing scope 3 emissions (*see more on page 69*).



## Total waste generated

GRI 306-2

We generated in 2021, in the SOMA Group and Cia. Hering, 9,500 tons of waste, of which 5,100 tons were reused. The data points to greater management efficiency as compared to 2020, ensuring the correct separation, handling, packaging, and forwarding to recycling of a greater amount of waste.

In line with the concepts of the circular economy, we launched in 2021 a textile recycling challenge along with the Fashion Hub to keep trimmings from ending up in landfills through reuse initiatives (*see more on [page 62](#)*).

This action is in line with our commitment to become zero landfill by 2030, our target for future actions and to increase the recognition of our responsibility in the search for less polluting solutions.

## Other waste

GRI 306-1 | SDG 6

In addition to textiles, Cia. Hering, because it also has industrial activity, manages other waste, which is classified according to NBR 10.004/2004 as hazardous (class I) and non-hazardous (class II), and subdivisions. All waste is sent for recycling or for proper final disposal - incineration, landfill, or co-processing.

Waste classified as hazardous is collected separately, packaged, and stored in specific locations until its final disposal or final

treatment. One example is oils used for lubricating machinery. In this case, the waste is collected by a partner company that re-refines it.

Sludge from the effluent treatment plant is classified as non-hazardous (class II) because of Cia. Hering's responsible choices for production inputs.

Although this waste is still sent to industrial landfills, (as allowed by law and authorized by the authorities, on a case by case basis), the company is voluntarily studying the possibility of finding a better solution for this waste and, as such, is looking into a range of opportunities that culminate in the development of studies for the reuse of this waste.



## SOMA Group – Total waste generated in 2021, by breakdown (t) GRI 306-3

<i>Category</i>	<i>Type</i>	<i>Amount generated (t)</i>
Recyclables	Non-hazardous	195.4
Non-recyclables	Non-hazardous	385.7
<b>Total</b>		<b>581.1</b>

## SOMA Group – Total waste NOT for final disposal in 2021, by breakdown (t) GRI 306-4

<i>Breakdown</i>	<i>Amount not allocated for final disposal (t)</i>
Paper and Cardboard	160.2
Plastic	26.0
Wood	9.0
Metals	0.2
<b>Total</b>	<b>195.4</b>

Hazardous waste will be disposed of in 2022. It is worthwhile pointing out that the generation of hazardous waste is minimal.

## SOMA Group – Total waste NOT allocated for final disposal, by breakdown (t) GRI 306-5

<i>Breakdown</i>	<i>Amount allocated for final disposal</i>
Household waste	174.9
Textile waste	210.8
<b>Total</b>	<b>385.7</b>

In 2021, considering SOMA and Cia. Hering, we reached more than 50% of waste allocated for recycling.



### Cia. Hering – Total waste generated in 2021, by breakdown (t) GRI 306-3

Category	Type	Amount generated (t)
Recyclables	Non-hazardous	4,919.80
Non-recyclable and household waste	Hazardous and non-hazardous	4,070.08
<b>Total</b>	<b>Hazardous and non-hazardous</b>	<b>8,989.88</b>

Data sourced from CICE (Internal Commission for Energy Conservation and the Environment) 2021. We do not generate hazardous waste in significant volumes in our operations. Contaminated waste is sent for screening and co-processing before final disposal in the landfill.

### Cia. Hering – Total waste NOT for final disposal in 2021, by breakdown (t)

Breakdown	Amount not allocated for final disposal (t)
Paper and Cardboard	1,068.88
Plastic	225.55
Metals	112.22
Textiles	3,498.46
Glass	5.86
Batteries	8.83
<b>Total</b>	<b>4,919.80</b>

### Cia. Hering – Total waste sent for final disposal, by operation (t) GRI 306-5

Non-hazardous waste	Amount not allocated for final disposal (t)
Incineration without energy recovery	0.08
Landfill*	3,781.70
Co-processing	288.30
<b>Total</b>	<b>4,070.08</b>

Information taken from CICE 2021. We do not generate hazardous waste in significant volumes in our operations. All waste is sent for final disposal outside the company.

\* Breakdown of waste sent to landfill: 1807.66t sludge Effluent Treatment Station, 131.4t ash, 269.59t household waste, 10.6t fat box, 1562.45t septic tank.





## Step-by-step

GRI 306-1

We monitor how waste is generated in the entire production chain of the SOMA Group and its respective environmental impacts:

### Yarn production > *upstream chain*

Type of waste	Impacts	SOMA Mitigation
Natural yarn of vegetable origin.	Yarn production may involve the use of pesticides that, despite being controlled by law, may have an impact on the environment.	Prioritize certified raw materials and seek maximum use of these raw materials. Send leftovers for recycling.
Yarn of synthetic origin.	Energy expenditure. Emission of Greenhouse Gases.	Source recycled raw materials. Include raw materials in scope 3 of the Greenhouse Gas emissions inventory, encouraging the monitoring of materials that come from non-renewable sources with the purpose of reducing and/or offsetting Greenhouse Gas emissions.

### Weaving /knitting > *upstream and internal chain*

Type of waste	Impacts	SOMA Mitigation
Combustion gases in the raw material production process.	Emission of Greenhouse Gases. The production of textiles may require the use of pesticides that, despite being controlled by law, can cause an impact on the environment.	Design garments that minimize scraps, and reuse them in the recycling and upcycling processes. Source recycled raw materials. Include raw materials in scope 3 of the Greenhouse Gas emissions inventory, encouraging the monitoring of materials that come from non-renewable sources with the purpose of reducing and/or offsetting Greenhouse Gas emissions.

## Dyeing, printing and finishing textiles > *upstream and internal chain*

Type of waste	Impacts	SOMA Mitigation
Effluents and chemicals.	Risk of impact on water and soil due to disposal of large volumes of wastewater. Generation of ink sludge.	Reduce and reuse water by consuming responsibly and seeking suppliers that have good water management practices. Water treatment plant at Cia. Hering's factories. Invest in machines and processes for lower water consumption and less paint sludge generation. Prioritize chemicals that follow certification standards and give preference to certified products.

## Patterning > *internal chain*

Type of waste	Impacts	SOMA Mitigation
Rolls of fabric, pattern pieces, paper, and plastic.	Economic impact due to leftover fabric rolls. Storage space for scraps.	Donate rolls to support the businesses of small artisans Support initiatives for the recirculation of pattern pieces, including repair, upcycling, and fairs. See more about the initiatives on <a href="#">page 59</a> .

## Cut > *internal chain*

Type of waste	Impacts	SOMA Mitigation
Textile, paper, and plastic scraps.	Disposal of these types of waste generates Greenhouse Gas emissions and unnecessarily increases the volume in landfills.	Encourage donations and the reuse of scraps to create new collections, in addition to kicking off the challenge to recycle scraps in the Fashion Hub. See more about the initiatives on <a href="#">page 62</a> .

## Stitching and finishing > *downstream and internal chain*

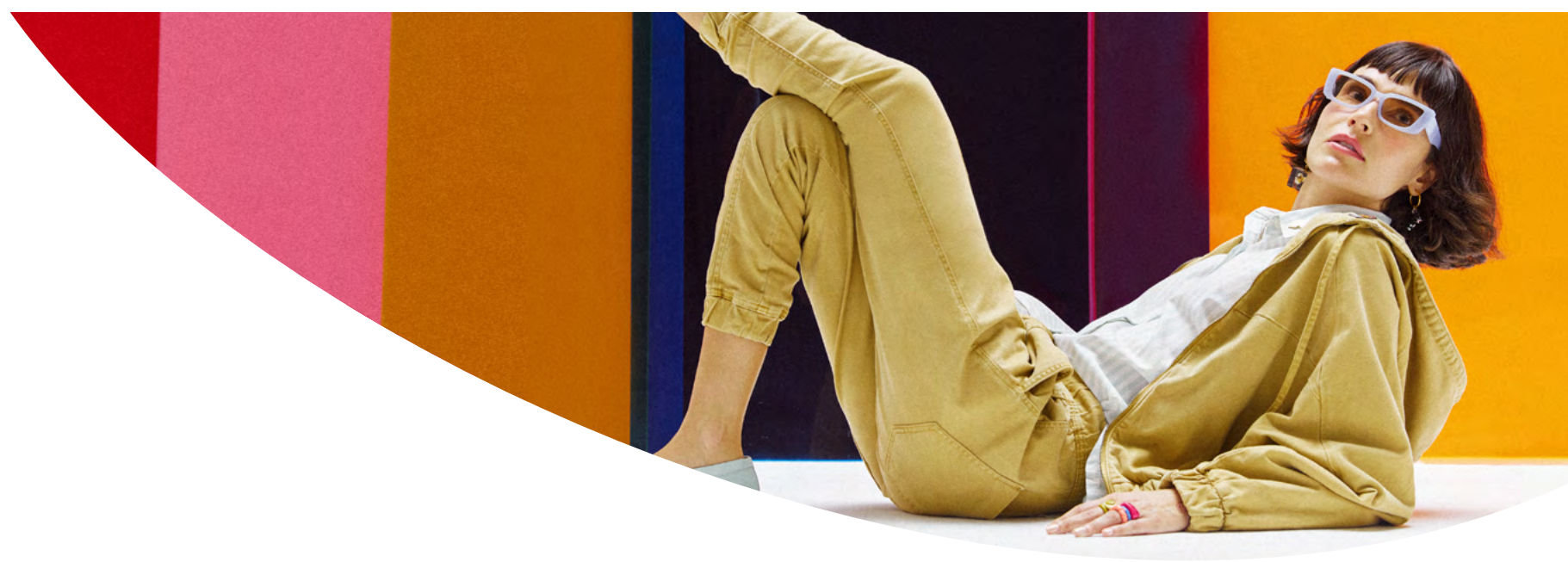
Type of waste	Impacts	SOMA Mitigation
Fabric trimmings, fabric scraps, substandard clothing, needles, and machine oil.	Raw material scraps. Disposal of these types of waste generates Greenhouse Gas emissions and unnecessarily increases the volume in landfills.	Put in place upcycling initiatives for finishes and textile and clothing scraps. It is worth mentioning that the traceability of the chain's waste is one of the environmental topics that is on the SOMA Group's radar. In 2022, we intend to collaborate with supplier training on best waste management practices. Put in place upcycling initiatives for finishes and textile and clothing scraps.

## Distribution and sales > *internal chain*

Type of waste	Impacts	SOMA Mitigation
Paper and plastic packaging; Scraps from finished product.	Disposal of these types of waste generates Greenhouse Gas emissions and unnecessarily increases the volume in landfills.	Avoid the use of plastic in the packaging that reaches end customers, as well as conducting studies to develop more responsible packaging. In shopping mall stores and in e-commerce, the cardboard is reused internally and, when it is no longer usable, it is sent to recycling or landfill. The scraps of finished products are sent to Oficina Muda and other partners, which upcycle the scraps. Packages are offset through the partnership with EuReciclo.

## Usage > *downstream chain*

Type of waste	Impacts	SOMA Mitigation
Microfibers.	Energy waste in the washing and ironing process. During the cleaning process of synthetic parts, microfibers may be carried into the municipal water and wastewater collection and treatment systems, which may subsequently be sent to bodies of water. To see more about raw materials, go to <a href="#">page 50</a> .	Educate through labeling about the best way to care for the garments, both for use and for final disposal.



## Disposal > *downstream chain*

Type of waste	Impacts	SOMA Mitigation
Post-consumer clothing.	The disposal and decomposition of this type of waste generates Greenhouse Gas emissions and unnecessarily increases the volume in landfills.	Second hand actions like Enjoei and Animale Vintage are responsible for extending the life cycle of the pieces. See more about the initiatives on <a href="#">page 58</a> .

## Management > *upstream, internal and downstream chains*

Type of waste	Impacts	SOMA Mitigation
Household waste: generated in all stages of the process.	The disposal and decomposition of this type of waste generates Greenhouse Gas emissions and unnecessarily increases the volume in landfills.	Manage waste in order to reduce its generation and ensure its correct disposal.
Recyclable waste: generated in all stages of the process.	Considerable use of energy for processing.	Form partnerships with waste picker co-ops and recycling partners. See more about the initiative on <a href="#">page 59</a> .
Hazardous waste: generated in all stages of the process.	These are harmful to the environment due to the amount of heavy metals and toxic substances.	Ensure proper disposal.

## Lower impact product

GRI 103-2, 103-3 | 301 | SDG 6, 7, 12

Several areas of the SOMA Group are dedicated to increasing the share of certified and responsibly sourced raw materials

in our brands, including the teams for styling, product planning, sustainability, sourcing, transport and others.

We have a low share of non-renewable inputs in our raw material purchases. Excluding sourcing purchases (finished product), the weight of renewable raw materials is 15,728 tons, which represents 94% of our consumption - of which the top 3 are viscose, cotton and linen. Only 6% (997 tons) of the total derive from non-renewable sources. This includes textiles such as elastane, polyamide, polyester, and acetate, which are petroleum-based fibers.

In terms of design, we conduct studies that consider sustainability requirements beyond our products. In our packaging, we include the use of more efficient materials, as well as designs that require fewer materials. We currently use two groups of materials in packaging – paper and cardboard (>90.0%); and plastic

At Cia. Hering, we have an Internal Committee for the Conservation of Energy and the Environment (CICE), which monitors and deliberates on the environmental impacts of all the company's units, considering fuel consumption, water consumption, waste and effluent generation, and energy use. This Committee sets up new projects focused on environmental responsibility, technical quality, and financial efficiency.

The company also has two committees related to chemical products - one of which is aimed at environmental and safety management, and the other at the development of lower impact products. The committees rely on the involvement and assessment of several areas, such as

research & development, safety, utilities, environment, and purchasing, to ensure that all areas are checked and to enhance the quality and safety of the end product.





## Resource-saving jeans SDG 12, 17

The Re-FARM jeans have a smaller environmental footprint because all their production stages are eco-efficient and their industrial washing process used only biodegradable products that are not harmful to nature. This process has received the international Green Screen certification. In producing these jeans, FARM has, since 2019, refrained from using 7 million liters of water and 133,000 kWh of electricity, and spared the planet from the emission of 210 tons of carbon dioxide gas equivalent (CO<sub>2</sub>e) (compared to a conventional industrial washing process). In addition, these jeans use 100% ABR certified cotton (Responsible Brazilian Cotton).

The Animale Jeans line uses textiles with recycled fibers. The brand proved that reusing textiles can lead to an array of positive impacts: 785 denim apparel,

including pants, skirts, shorts, and jackets from old collections that no longer had a purpose were transformed into 7,040 swatches of fabric, which were cut into 988 patches that were ultimately used to make 40 patchwork quilts. The limited collection, marked by ombré colors, had 180 unique and exclusive articles - 69 of which were sold for wholesale - and in 2022, 111 will be put up for sale in Animale Jeans' street and online stores.

In its Summer 2021 collection, DZARM launched the E-Co<sub>2</sub> Denim line, which uses an eco-efficient production process. The articles, which represented 17% of the entire collection, used 100% screened and certified cotton from sustainable management areas in Brazil. The use of natural fabric softeners and the choice not to use bleach have reduced the amount of substances that are harmful to health

and the environment. With the changes, the articles registered a 34% reduction in CO<sub>2</sub>e and consumed 96% less water in the process, compared to a pair of jeans produced using the conventional method. To top it off, DZARM compensated twice the emissions of 7.37 tons of CO<sub>2</sub>e of the collection in partnership with the Ipê

Institute. Furthermore, the packaging plastic was replaced by a 95% renewable material of plant origin (sugar cane), and now comes with recycling instructions. Over the next few years, we plan to expand these good practices to the Group's other brands. GRI 417-1



## Raw material guide

The Group's sustainability and sourcing teams developed the "Guide to More Responsible Raw Materials", about the positive points and points of attention of natural (vegetable and animal) and chemical (synthetic and artificial) textile fibers, available in print and digital versions for the style team of all the Group's brands.

The Guide looks into more than 15 certifications with market credibility and recommendations of suppliers who could

make this process realistic and ethical, as well as aesthetic. The Guide also includes a process of sustainable dyeing based on natural dyes, talks about anti-odor treatment, and relates attributes such as durability, recycling, water footprint, carbon footprint, energy, land use, use of chemicals, and biodegradability. The content was based on the study of the Textile Exchange Preferred Fibre and Material Exchange Index and the Fios da Moda (Fashion Yarns) report, an initiative of Modefica,

Regenerate Fashion, and the Getulio Vargas Foundation (FGV).

In 2022, more than 120 employees attended training sessions about the Guide, totaling more than 20 in-class hours to raise awareness about its 13 fibers. Each brand received a hand-painted box with about 100 fabric samples to make the interaction with the Guide even more efficient.

### Percentage of raw materials certified by a third party in a standard of environmental or social sustainability SASB CG-AA-440a.2.

	Soma Group		Cia. Hering	
	2020	2021	2020	2021
<i>Certified (%)</i>				
Certified Organic	-	16.80	-	-
Global Organic Textile Standard	-	-	0.13	0.18
Better Cotton Initiative	3.52	10.80	-	-
Forestry Stewardship Council (FSC)	-	6.80	-	-
OEKO-TEX® Standard 100	1.07	6.80	20.04	12.60
Carbonfree	6.63	-	-	-
Other certificate	-	-	81.10	83.93
<b>Total (m)</b>	<b>7,680,909.20</b>	<b>10,134,110.20</b>	<b>7,217,257.96</b>	<b>10,081,957.58</b>

*Cia. Hering also uses other sustainable materials that are not yet certified, but that have benefits in the environmental life cycle, such as defibered cotton (0.31%), recycled polyester (0.03%), polyamide (0.06%) and lyocell (0.17%). The SOMA Group also uses Rice Recycle softener (6.4%)*



## Thinking ahead

SDG 12

### Fábula

Fábula has increasingly invested in responsible raw materials in its collections to ensure the preservation of the environment for future generations. In 2021, in its beachwear line, Tatuí, Fábula used Amni Soul Eco certified polyamide - which claims accelerated biodegradation, in up to three years, if disposed of in landfills. In addition, the accessories launched in the Zum Zum collection, such as bags and backpacks, are made from recycled PET

bottles (90% of the composition) and have the GRS (Global Recycled Standard) seal.

In 2021, the brand produced 543,188 articles with certified cotton (ABR) and others; 19,777 garments with biodegradable raw materials, and 90,489 pieces tested for the presence of chemicals harmful to the health of the environment and people through ZDHC and OEKO-TEX 100 certification.

**68%**  
of the Fábula collection is made using certified cotton.



## *Maria Filó*

The brand is investing in lines and partnerships that have a lower environmental impact. HERA is a line created from low-impact processes and fabrics and, in 2021, reached its 4th edition with timeless innovations. The garments made from recycled PET and cotton do not require the use of chemical additives and water. Maria Filó also used, through the Re-vista (Re-wear/view) line, leftover raw material to create clothes full of stories.

It is with this purpose that it launched a limited edition of 12 kimonos, reusing a total of 315 meters of fabric. In addition, Maria Filó joined Sou de Algodão (I am of Cotton), a movement that encourages and values the use of this natural fiber. To encourage conscious use, the clothes were produced with 70% or more of this raw material and bear the seal of the partnership.

## *Cris Barros*

30% of the garments produced by Cris Barros are ecofriendly. The clothes includes materials such as Stoned linen obtained from reforested wood fibers and certified cotton.

## *Maria Filó + B.O.B*

The brand launched a collab with B.O.B (Bars over Bottles), a sustainable cosmetics brand. The collab includes four options of bar products (free of plastics). When buying a shampoo + conditioner, the customer gets an exclusive knitted package, developed from clothing scraps.

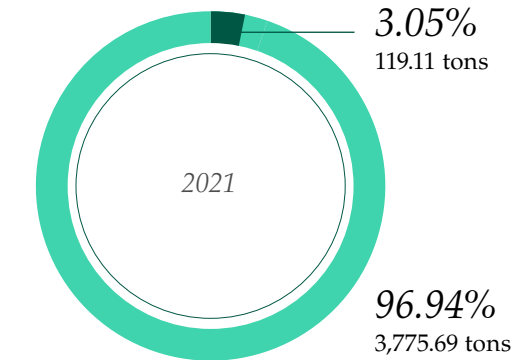


## SOMA Group - Materials used in production and packaging GRI 301-1

Name of material	Breakdown	Source	Weight (t)	Representation
Viscose	Man-made cellulosic fibers (MMCF)	Renewable	1,357.73	34.860%
Cotton	Natural plant fiber	Renewable	508.16	13.047%
Linen	Natural plant fiber	Renewable	211.05	5.419%
Polyester	Synthetic chemical fiber	Non-renewable	53.76	1.380%
Polyamide	Synthetic chemical fiber	Non-renewable	35.08	0.901%
Elastane	Synthetic chemical fiber	Non-renewable	26.72	0.686%
Silk	Natural animal fiber	Renewable	16.23	0.417%
Modal	Man-made cellulosic fibers (MMCF)	Renewable	4.6	0.118%
Acetate	Synthetic fiber	Non-renewable	3.38	0.087%
Wool	Natural animal fiber	Renewable	0.47	0.012%
Paper and Cardboard	Natural plant fiber	Renewable	1,677.45	43.069%
Plastic	Synthetic chemical fiber	Non-renewable	0.171	0.004%

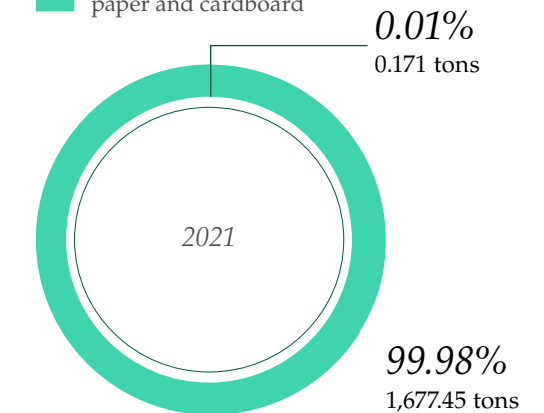
## Raw material SOMA Group

■ non-renewable (elastane, polyamide, polyester and acetate)  
■ renewable



## Packaging

■ plastic  
■ paper and cardboard

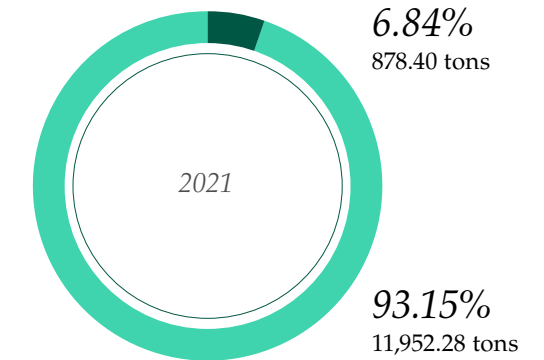


## Cia. Hering - Materials used in production and packaging GRI 301-1

Name of material	Breakdown	Source	Weight (t)	Representation
Cotton	Natural plant fiber	Renewable	8,855.61	69.019%
Viscose	Man-made cellulosic fibers (MMCF)	Renewable	1,833.76	14.292%
Polyester	Synthetic chemical fiber	Non-renewable	504.75	3.934%
Elastane	Synthetic chemical fiber	Non-renewable	61.17	0.477%
Liocel	Natural plant fiber	Renewable	20.38	0.159%
Linen	Natural plant fiber	Renewable	32.5	0.253%
Polyamide	Synthetic chemical fiber	Non-renewable	12.48	0.097%
Miscellaneous fibers (recycled fibers)	Natural plant fiber	Renewable	5.02	0.039%
Modal	Man-made cellulosic fibers (MMCF)	Renewable	3.49	0.027%
Paper and cardboard	Natural plant fiber	Renewable	1,201.52	9.364%
Linen	Synthetic chemical fiber	Non-renewable	76.02	0.592%
Plastic	Synthetic chemical fiber	Non-renewable	223.98	1.746%
Total	-	-	12,830.70	100.00%

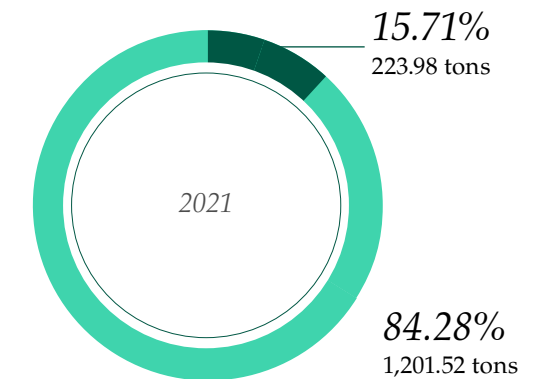
## Raw Material Cia. Hering

■ non-renewable (elastane, polyamide, polyester and acetate)  
 ■ renewable



## Packaging

■ plastic  
 ■ paper and cardboard



## Recycled materials

GRI 301-2 | SDG 12

We always seek to work with suppliers of certified raw materials. In the case of fabrics such as Antioquia and Zalie, the supply to the SOMA Group is made by a certified B Company, which attests to compliance with standards of socio-environmental responsibility. Both textiles are made up of cotton and polyester, and for the latter fiber, for every meter of fabric, 500g of textile waste and eight PET bottles are removed from the environment. Therefore, besides being a recycled material, its organicity is guaranteed by Ecocert certification. As for Dorry Eco used by Foxtton, the supply is also made by a certified company, which prioritizes the recovery of fishing nets, carpets, and industrial plastic over the use of virgin materials.

SOMA Group and Cia. Hering - Percentage of recycled raw materials or materials used in the manufacture of products and services GRI 301-2

Material	Measurement unit	Amount used 2021
Antioquia 198/19	m	2,045
Dorry Eco CFC 1261SA	m	2,867
Zalie 299/19 1243-1	m	1,421.30
Malha Reuse	kg	8,350

SOMA Group - Percentage of recovered products and their packaging (2021) GRI 301-3

Material	Measurement unit	Amount sold	Amount recovered	Percentage recovered
Used articles of clothing that have been collected on Enjoei and Animale Vintage	garments	9,765.189	71,770	7.35%
Paper and cardboard packaging	t	1677.45	301.32	18.00%
Plastic packaging	t	0.171	0.171	100.00%

*The packaging data was collected from the internal post-consumption packaging survey and its recovery is carried out through contracts with EuReciclo, in charge of offsetting the recycled packaging. Data referring to the SOMA Group (minus Hering).*

Cia. Hering - Percentage of recovered products and their packaging (2021) GRI 301-3

Material	Measurement unit	Amount sold	Amount recovered	Percentage recovered
Paper and cardboard packaging	t	1,201.52	814.35	67.77
Plastic packaging	t	223.98	22.20	9.91



### *Eu Reciclo (I Recycle)*

The offsetting strategy through the Eu Reciclo seal began in 2018 with Maria Filó and today encompasses nine other brands of the SOMA Group: FARM, Hering, Hering Kids, Hering Intimates, Dzarm, Animale, Fábula, NV and Cris Barros.

In 2021 alone, this partnership enabled an investment in the country's recycling chain equivalent to 570 tons of paper, plastic, and cardboard from the packaging of these brands. In addition to reuse, we are drawing up a plan for new packaging with better options in materials and formats, aimed at reducing the environmental impact and storage.

The partnership made it possible to invest the equivalent of 570 tons in the country's recycling chain.



## Creating circular economy

SDG 12

**B**y reusing leftover raw materials, we ensure they do not end up in landfills. When we upcycle finished products, we extend their life and reduce material demand and waste. This in turn reduces the incorporated energy of new materials, which according to Material Economics' 2018 report is essential to meeting the long-term goal of net zero emissions (see [more on page 67](#)).

The brands from the SOMA Group currently develop several initiatives to encourage the circular economy of parts and leftover raw materials, aiming to increase the useful life of products and materials. Besides upcycling, we also donate fabric scraps, which gain new meaning and generate income for different communities, benefiting groups of artisans, including socially vulnerable people.



## Second hand, why not?

We want our clothes to keep circulating for a long time, on different bodies, increasing their lifespan. So we first invest in the quality and durability of our products, but we don't stop there. Since 2018, FARM, in partnership with Enjoei, a platform for the sale of second-hand products, has encouraged its customers to bring back to the stores used articles in good condition, in exchange for credit in the purchase of new collections. The vintage garments are sold at Enjoei's online store. A total of 13,770 garments have been collected in the program, with 1,770 in 2021. On average, 50% of the articles are sold within 60 days.

As an annual initiative that has taken place since 2019, Animale maintains Animale Vintage, an action that invites customers to bring back to the stores pieces that they think should be recirculated, in exchange for credits to be used in the new collection. In 2021, 70,000 articles of clothing were collected in partnership with Dress and Go. Part of the clothes collected were donated to the NGO Gerando Falcões, and 40% of the profit from the resale of the articles was reverted to the Cut and Sew nucleus of the Dona de Si Institute.

## Timeline - Animale Vintage



## Animale ORO's pieces also follow the logic of reusing raw materials.

Gold to Go is a circularity experience in which customers take their jewelry for an appraisal and can also exchange it for credits to buy new pieces. The collected jewelry is reshaped and becomes the raw

material for the next collections. In 2021, 9 kg of items were collected and reintroduced into the production cycle. In return, more than BRL 2 million in credit was returned to the brand's customers.

## Opportunities galore! GRI 306-2

In 2021, we will donate 36 tons of textile waste to 16 projects located in the regions of our units. These donations went to initiatives that are aligned with our vision and our intention to benefit and empower people. We generated BRL 840,000 in income for the artisans involved in our partnerships.

- > **The Rede Asta** is one of these projects: a social business that brings together craftswomen from all over the country and transforms textile waste into products. Textile scraps from FARM, Fábula, and Maria Filó benefited 140 women in 2021 with the donation of 16.5 tons. Every kilo of fabric generated around BRL 18.90 in income.
- > The same goes for **Retrama**, an initiative of the Hermann Hering Foundation and an offshoot of the Trama Afetiva project. Retrama gets the textile waste donated by Cia. Hering and upcycles it, reusing the fabrics and increasing their life cycle in the environment by making items developed

collaboratively between the Foundation's team, a partnership with an independent seamstress, and the co-op Coopergips. Since 2017, the project has already recycled more than 2.3 tons of fabrics that were reused in the making of more than 20,000 new garments, including ecobags, plant pots, aprons, and toilet bags, among others. In 2021, 987 kg of fabrics were restitched into 7,495 new pieces, generating income for the partners.

- > **Dress a Girl Around the World** is another initiative that relies on the donation of leftover fabrics and trimmings from Maria Filó. Through this partnership, dresses have been made for more than 500,000 socially vulnerable girls in 81 countries. [Learn more](#) about the project here.
- > **Mulheres do Sul Global** is a social business of economic empowerment for refugee women in situations of social vulnerability supported by FARM and Animale. The program trains them in atelier sewing, creation and sale of garments.

## Reinventing fashion

Fábula, through its scraps, has partnered with cultural activities aimed at children. The projects Aldeias Infantis SOS Brasil, Escola de Musicais CATSAPA, and the children's opera Bem no Meio and Cordão da Bicharada all benefited from these partnerships.

The purpose of Cordão da Bicharada is to encourage preservation and bring children closer to nature. In 2021, with a financial support of BRL 14,000 from Fábula, an exhibition area was created for the collection of costumes inspired by animals from the jungle.

The scraps were transformed into costumes, scenery, and whatever else their reativity could come up with. These partnerships are in line with the brand's positioning, which explores the whimsical universe of playtime.

The partnership with the SOMA Group is longstanding and has been in place since 2018. In 2021 alone, more than 20 tons of textile scraps and trimmings were donated, benefiting more than 100 women of 9 different nationalities.

### *Upcycling and the art of reusing to recreate*

New pieces with defects or from past collections are sold to Oficina Muda, a project in Rio de Janeiro that makes the necessary adjustments and resells them. No material is wasted. Since 2016, more than 200,000 garments from the SOMA Group have been reintroduced into the market, preventing the disposal of 50 tons of fabrics to landfills. In 2021, this volume represented 16.5 tons. Maria Filó, FARM and Animale participate in this initiative. The pieces can be found at Oficina Muda's website and stores, including its space at Casa FARM.

### *Reuse of materials in furniture*

30 items of furniture from CRIS BARROS stores - among tables, totems, benches, and footstools - were developed by Ateliê Pedro Petry, using wood and urban forest residue.

In the same circular economy concept, FARM launched from 2017 to 2021, 8 collections under the Re-FARM line. A total of 21,906 pieces were produced in 112 different patterns with 65,000\* meters of reused fabric.

Cia. Hering also donates secondhand items to several institutions. In 2021, more than BRL 500,000 was donated in products so that these institutions could launch distribution or resale actions.

*\*Considering the average of 3m of fabric used in each piece.*



**No waste:**  
Oficina Muda, a project from Rio de Janeiro, acquires new pieces with defects or from past collections to make adjustments and resell them.

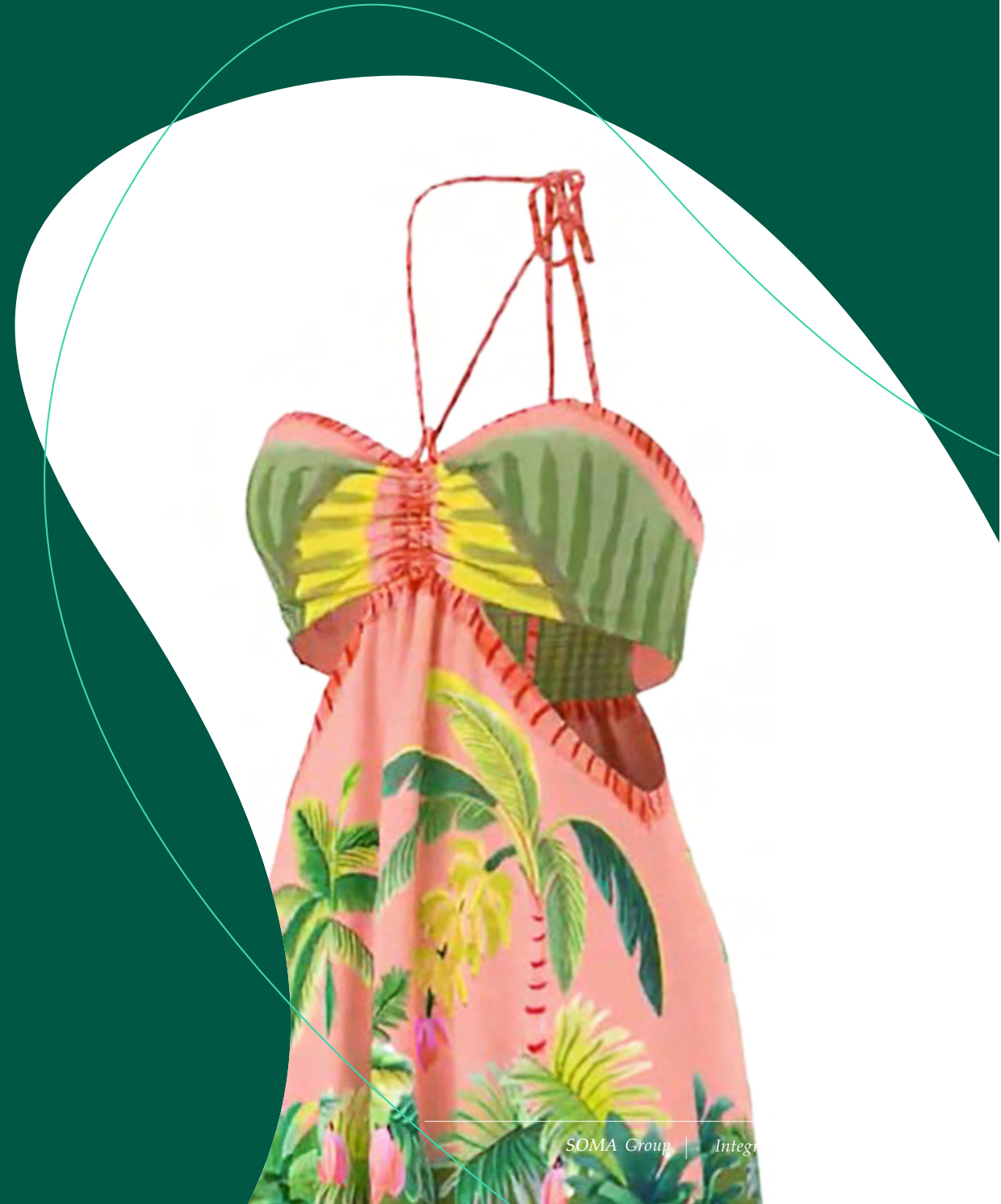
## Innovation to prevent waste SDG 9

**S**OMALabs has spearheaded and developed initiatives that, if successful for one brand, can be replicated to the others on our platform.

Digital technology has enabled mainly more intelligence to the creation and production processes, reducing raw material waste and increasing the speed and efficiency of the processes. One example is in the visual approval stage, where we eliminated the need to produce showcases to validate the collections, since this process is now done by means of digital 3D. This is a model that in 2021 led to a 25% drop in the fabric used in the production of pattern pieces and a ten-day gain in the collection creation process.

In addition, we implemented an online survey, through which the brands' audiences vote for their favorite outfits. This led to 70% more accuracy in gauging our collection, as well as reducing our margin of error and the generation of scraps from the collection.

Another advantage that digital technology has made possible is the single stock, i.e., the integration of stock between street stores, multi-brand stores, and webstore. This, of course, increased customer satisfaction, as they were able to buy the desired piece regardless of where it was physically located, and decreased collection leftovers, as it allowed for greater turnover of available pieces. Even so, what is not sold is directed to the Muda Workshop and reused (see more on [page 60](#)). GRI 306-2



## Fashion Hub

Fashion Hub is an open innovation hub that brings together startups and large companies in the fashion chain to reach innovation and sustainability goals. The initiative has brought together more than ten startups aiming at finding solutions to give scalability to textile recycling and traceability in the supply chain, a challenge launched by the SOMA Group in 2021.

### *Nothing is lost - Solutions found in the challenge*

Besides all the textile waste donation projects (see [page 59](#)), part of these scraps, either trimmings as well as rolls of fabric, are sent for chemical or mechanical recycling through a partnership we have with Âmago Têtil and Eurofios.

Eurofios is a company dedicated to the production and marketing of recycled textile fibers, i.e., it collects fabric scraps from the fashion chain and transforms them into raw material for customers all over the world, either by producing new yarns, insulation materials, or furniture fillings, among others.

Âmago Têtil has developed techniques in the laboratory that aim to transform cellulose fibers from fabrics into fuel or into a fertilizer rich in organic matter, what we call chemical recycling.

### *Challenge*

#### > textile recycling

The cycle looked for solutions that encompassed the complexity of the mix of textile waste generated internally at the SOMA Group (viscose, cotton, polyester, among others), not being limited solely to defibration. In addition, the new materials generated should be reused in and outside the textile industry. At the end of the process, we chose two startups to be our solution partners.

See more about the challenge at the [Fashion Hub's institutional address](#).

Both initiatives bring us closer to the goal of zero landfill because they lead to scalable solutions for recycling 100% of the Group's trimmings.



## *Cia. Hering and Eurofios*

Cia. Hering has been a partner of Eurofios since 2020 (see more on [page 39](#)). As of 2022, this partnership will include the SOMA Group, which has set up a Textile Scraps Center to make the operation possible.

In 2021, 8,350 kg of fleece was reassigned in the Reuse line.

### *New in fibers*

The Reuse line of Hering and Hering Kids' makes use of recycled fibers to ensure the reduction of waste and the use of water in its production and the reuse of various fibers to underpin its circularity. The yarn is generated from the unused scraps of Hering's own knitwear. This waste is returned to its fiber state to generate a new fabric. The Reuse line was previously only used for t-shirts but was expanded in 2021. It is now being used to make dresses, muscle tees, and shorts, as well as a great innovation: the Reuse sneaker, made of shredded fleece.

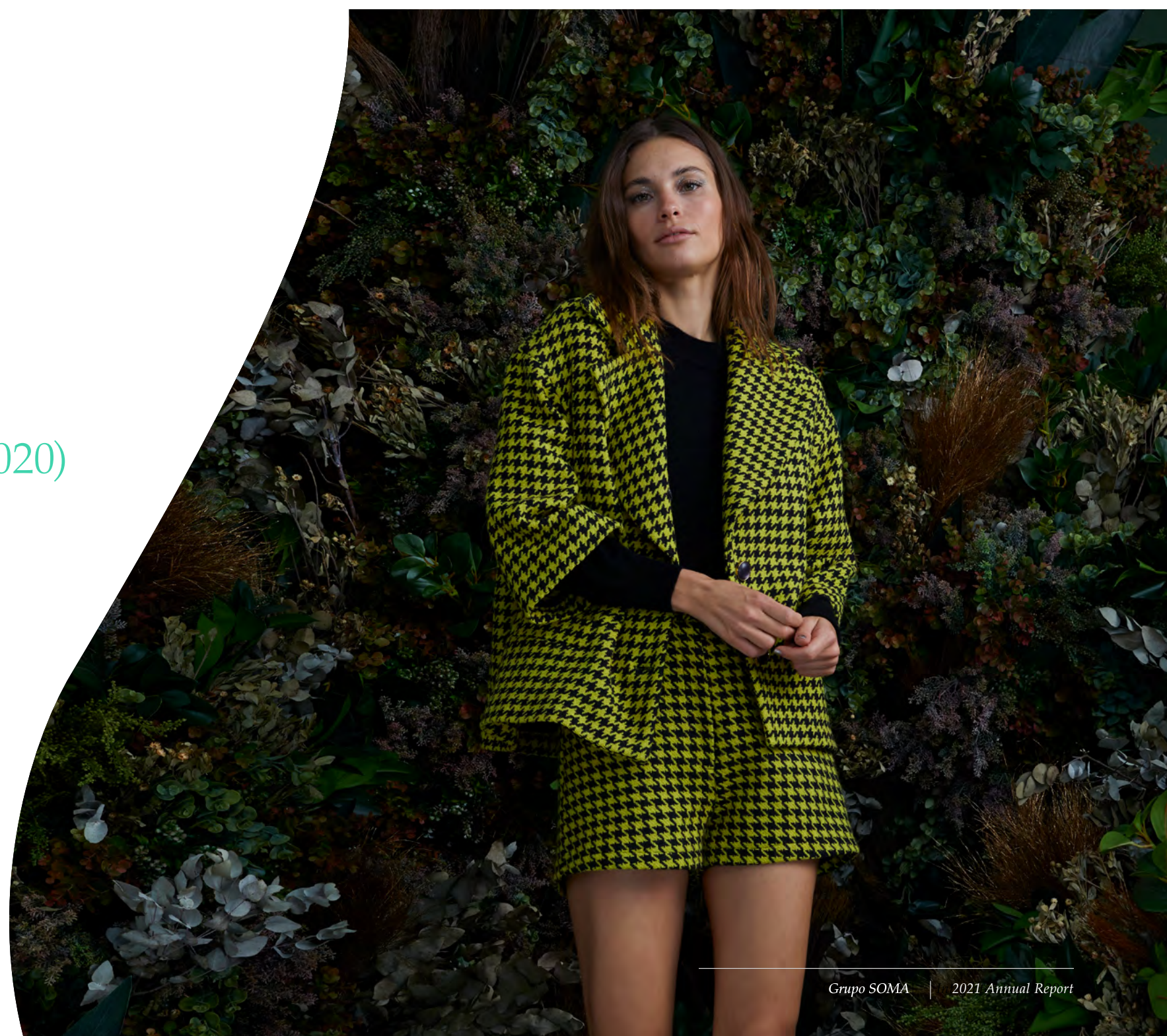


## Climate changes

GRI 103-2, 103-3 | 305 | ODS 7, 12 and 13

The 1st Greenhouse Gas Emissions Inventory of the SOMA Group (base year 2020) was conducted in 2021.

This initiative was previously restricted to a few FARM collections. As a result of the Group, we recorded emissions of 29,208.08 tCO<sub>2</sub>e in 2020. This emission was 100% offset, in 2021, through a few actions, one of them being the reforestation program of the FARM and FARM Global brands, "A thousand trees a day, every day."





## A thousand trees a day, every day

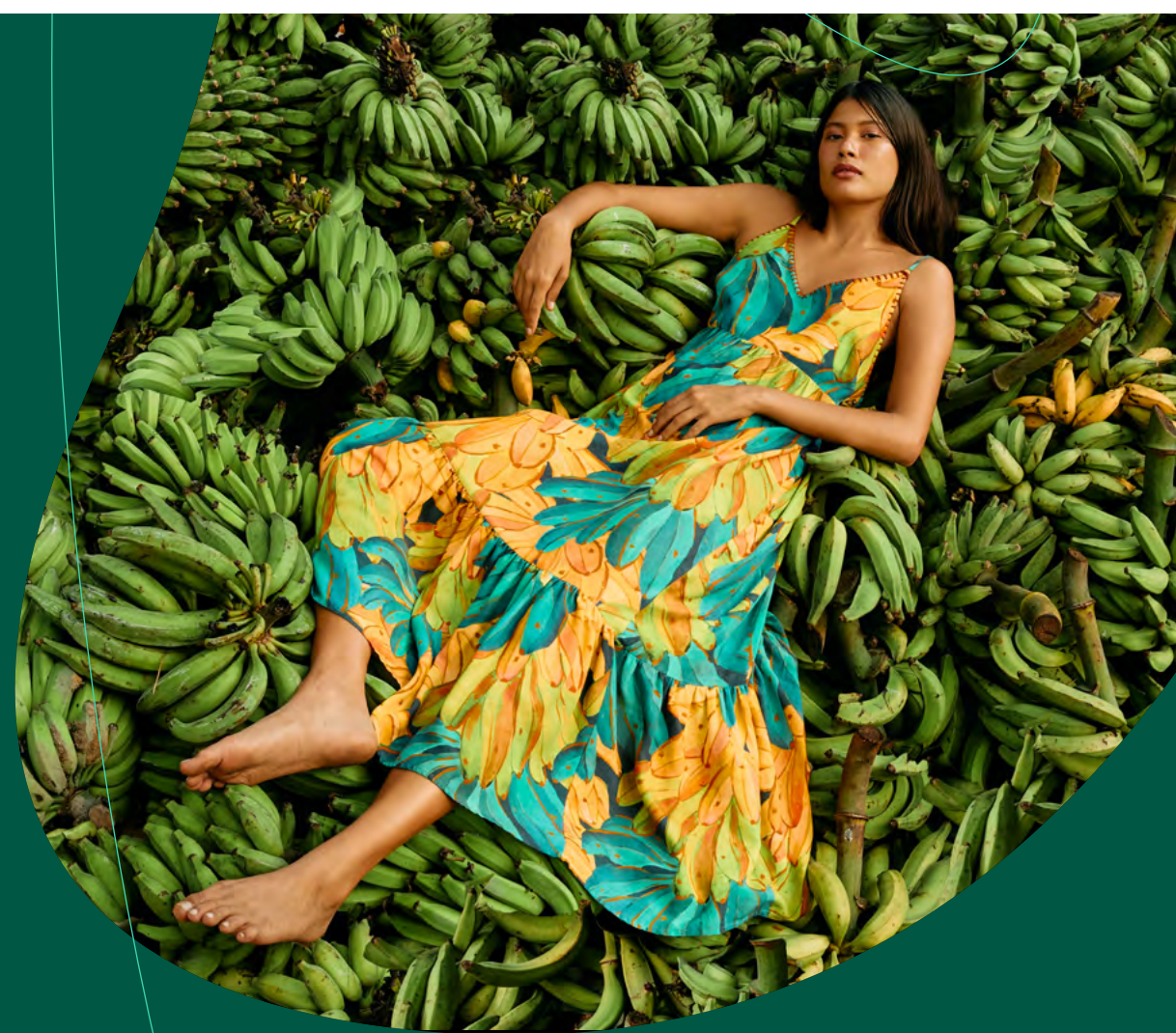
Throughout 2021, FARM and FARM Global planted 365,000 trees\* in four Brazilian biomes (Atlantic Forest, Amazon, Caatinga, and Cerrado), reaching 500,000 planted trees (accumulated since the beginning of the project). Out of these, the planting of approximately 65,000 trees made it possible to offset 45% of SOMA's GHG emissions with the purchase of reforestation credits, a very beneficial way. This is because, besides removing CO<sub>2</sub> from the atmosphere through the process of photosynthesis, trees also add several benefits to the region where they are placed, such as better quality of air, soil, and water, boosting local biodiversity, and improving the economy and food security of the communities, and others. The remaining 55% of the Group's emissions were offset by purchasing solar energy credits, one of the ways we support the transition to a low-carbon economy.

\*Global FARM trees planted until November 2021.  
The December plantings will be accounted for in the 2022 balance sheet and report

By 2022, FARM and FARM Global's goal is to reach the milestone of 1 million trees planted, adding to the project all the initiatives carried out by the brand since 2018 and the plantations set up with important partners such as Anthropologie.

The "A Thousand Trees a Day, Every Day" program creates permanent, long-term results, such as:

- > Neutralization of Greenhouse Gas Emissions.
- > Recovery of degraded soils, by planting trees - preserving biodiversity, water resources, and improving soil and air quality.



By 2022, FARM and FARM Global's goal is to reach the milestone of 1 million planted trees.

- > Engagement of families and encouragement for local agro-forestry production, with the positive impact of generating income and food within a planting system that favors nature.
- > Development of families for future local production activities.

About these long-term impacts, Idesam itself, one of the project's partners, talks about the need to promote sustainable management activities to stop deforestation:

Ensuring reforestation, serving to provide environmental services for future generations - instead of turning native areas into pastureland or monoculture plantations, for example, is the first impact

that reforestation projects can have. By planting trees and capturing carbon, these areas provide a service of enormous importance and growing global demand. At the same time, and in a fundamental way, the local communities gain access to nature in a way that allows them to forage and offer products for the so-called bio-economy. The social impact, kindled by these projects, is one of the premises for the generation of forest carbon credits.

*"The deforestation in Apuí (Amazon region) is linked to the expansion of pastures and farming activities. Therefore, a long-term proposal for the conservation of the region needs to recreate the foundations for a new economy, which combines social development, job creation, and quality of life based on the conservation of forests and their biodiversity."*

Victoria Bastos  
Head of the Strategic Initiative for Environmental Services at Idesam



## *We are carbon neutral*

**I**n addition to the Thousand Trees a Day, Every Day initiative, all of SOMA Group's brands are carbon neutral (referring to 2020 emissions).

This and other actions adopted in 2021 were combined with the many commitments we made during the year related to GHG emissions, such as our adherence to the UN Global Compact and the annual reports to the CDP (Carbon Disclosure Project), aligned with the recommendations of the TCFD (Task Force on Climate Related Financial Disclosures). We have also adhered to the science-based target design framework (SBTi) to limit the global temperature increase to 1.5°C.

To this end, we have committed to achieving net-zero in our Scope 1 and 2 emissions by 2030 and Scope 3 emissions by 2050. As such, our macro objectives include strategies to reduce emissions through robust and perennial actions, such as migration of the energy matrix to renewable sources, waste management with selective collection in our units, as well as increased acquisition of responsible raw materials, such as LENZING™ ECOVERO™ viscose, which emits up to 50% less Greenhouse Gases.

We have committed to achieving Net-Zero in Scope 1 and 2 emissions by 2030 and Scope 3 emissions by 2050.

## Carbon management at Cia. Hering

Cia. Hering brought to the SOMA Group much of its experience in sustainability since it is a trailblazer in this area. In 1906, one of its founders had already invested in reforesting the surroundings of the company's headquarters in Blumenau (SC), (see more on [page 84](#)). In 2008, Cia. Hering made its first GHG inventory and has been a carbon neutral company since 2020, considering scopes 1, 2 and 3 (excluding raw materials, franchises and business travel). In 2021, Cia. Hering acquired 22,000 carbon credits through the preservation of forest areas to offset emissions from its operations. As of 2021, Cia. Hering's inventory will be included in that of the SOMA Group, with the offsets that will take place in 2022.

### World T-Shirt – Negative Carbon

In 2021, to celebrate the 30th anniversary of its iconic World t-shirt, Hering performed an LCA (product life cycle assessment) to balance the environmental impacts of the garment. Since then, the brand doubly offsets the greenhouse gas emissions of each t-shirt in favor of the conservation of the Amazon.

Every year, more than 4 million of these t-shirts leave a positive balance for the planet, through REDD+ carbon credits, which protect the forest from deforestation. From June to December 2021, 12,949 carbon credits were purchased for the project.

In addition, World is made using an eco-efficient production model. With no side seams, there are fewer scraps left over in the process. As such, every product made uses 33% less raw materials and water.

In 2021,  
we avoided the consumption of  
**16.3m<sup>3</sup> of water**

we prevented the emissions of  
**112 tons of CO<sub>2</sub>e**

We saved  
enough fabric to produce  
**more than 1 million  
t-shirts**

In more than 30 years, since  
the model was launched:

we avoided the consumption of  
**over 900,000 m<sup>3</sup> of water**

we prevented the emission of  
**more than 5,000 tons of CO<sub>2</sub>e**

We saved  
enough fabric to produce  
**more than 37 million  
t-shirts**



## GHG emissions inventory - 2021

### SOMA Group and Cia. Hering

Total direct GHG emissions\* (Scope 1):

**18,268.54 tCO<sub>2</sub>e** GRI 305-1

Biogenic CO<sub>2</sub> emissions (t CO<sub>2</sub> equivalent) GRI 305-1

	2021
Wood burning + effluents	31,900.37

### Cuts in Scope 1

Source - tCO <sub>2</sub> e	2021	representativeness
Stationary combustion	11,795.40	64.6%
Mobile combustion	49.83	0.3%
Fugitive (fire extinguishers and air conditioning)	1,706.97	9.3%
Industrial Processes	215.97	1.2%
Solid Waste and Liquid Effluents	4,500.36	24.6%

### SOMA Group and Cia. Hering

Total indirect GHG\* (Scope 2) from the acquisition merge:

**5,346.94 tCO<sub>2</sub>e** GRI 305-2

**73%**

of scope 2 at SOMA Group and Cia. Hering come from renewable energy sources generated from a combination (hydroelectric power, wind, solar, and biomass).

\*Inventory carried out under the rules of the GHG Protocol methodology, with WayCarbon's consulting services. The base year for calculation is 2021, which marks the introduction of Cia. Hering in the emissions of the SOMA Group and has a great impact on scopes 1, 2 and 3 due to the size of its process and plant. The energy consumption for the month of December was estimated in accordance with the past annual average. For the franchises, the consumption was also estimated in accordance with the size of the stores.

## Definitions

### Scope 1:

Direct GHG emissions from sources owned or controlled by the organization.

### Scope 2:

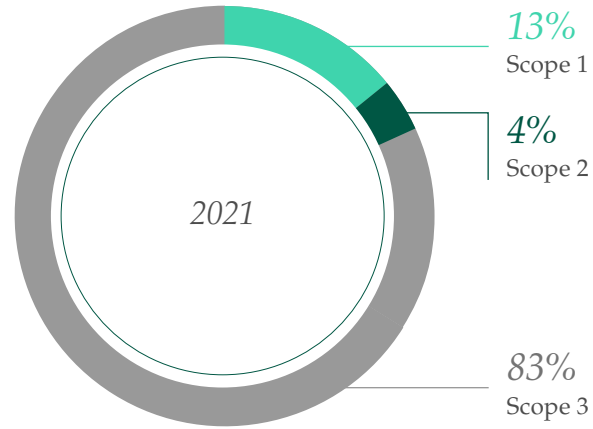
Indirect GHG emissions from the acquisition of electricity that is consumed by the organization.

### Scope 3:

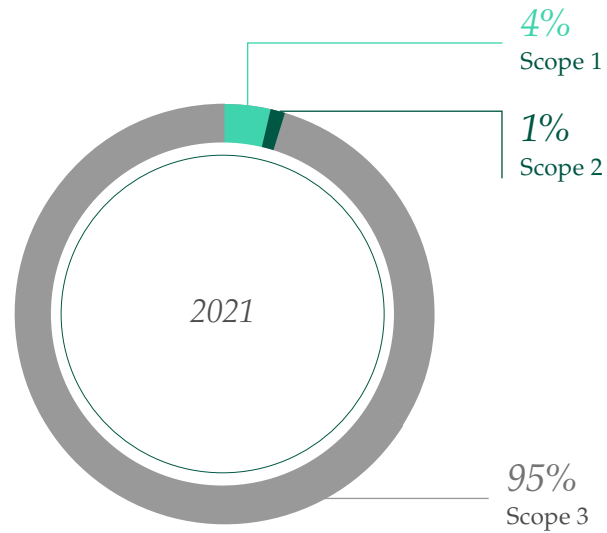
Considers all other indirect emissions not included in Scope 2. These emissions are a result of the organization's activities but occur at sources that are not owned or controlled by the organization, such as emissions from suppliers throughout the supply chain.

To calculate Scope 3, the SOMA Group considered: goods and services purchased (raw material), commuting of employees (home-work), franchises, waste generated in operations, transport and distribution (upstream), in addition to business travel.

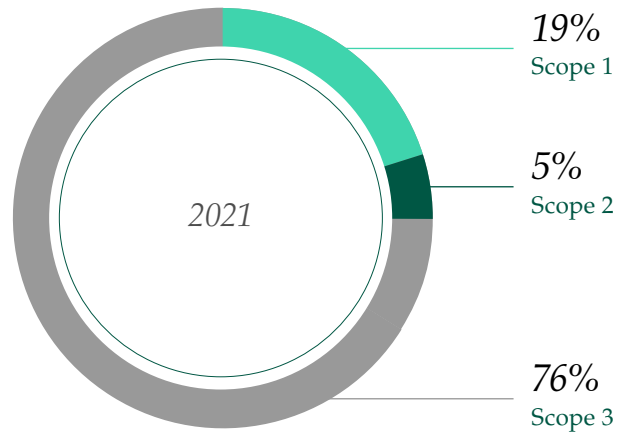
Soma Group + Cia. Hering emissions Hering



Soma Group emissions



Cia. Hering emissions



## Methodology

Inventory carried out under the rules of the GHG Protocol methodology, with WayCarbon's consulting services. The base year for calculation is 2021, which marks the introduction of Cia. Hering in the emissions of the SOMA Group and has a great impact on scopes 1, 2 and 3 due to the size of its process and plant.



## SOMA Group and Cia. Hering

Total direct GHG emissions\* (Scope 3):

# 113,382.19 tCO<sub>2</sub>e

SOMA Group and Cia. Hering – Other greenhouse gas emissions\* (t CO<sub>2</sub> equivalent) GRI 305-3

	2021
Purchased goods and services	55,116.43
Transport and distribution	42,165.93
Waste generated in the operations	5,054.26
Business travel	981.88
Employee transportation	6,918.17
Franchises	3,145.52
<b>Total</b>	<b>113,382.19</b>

SOMA Group and Cia. Hering – GHG emissions intensity

GRI 305-4

	2021
Total GHG emissions (tCO <sub>2</sub> equivalent)*	23,615.47 tCO <sub>2</sub> e
GHG emissions intensity**	0.00042

\*Total GHG emissions: Scope 1 + 2 (direct and indirect emissions from energy acquisition).

\*\*Specific metric used in the calculation: units of product sold = 55,781,320.

SOMA Group – GHG emissions balance (t CO<sub>2</sub> equivalent)\* GRI 305-5

	2021
Reductions of direct emissions (Scope 1)	908.2 (increase)
Reductions of indirect emissions from energy acquisition (Scope 2)	-232.48
Balance deriving from other indirect emissions (Scope 3)	11,337.80 (increase)
<b>Total GHG emission reductions</b>	<b>12,013.53 (increase)</b>
Reduction from offsetting	176

\*Increase because inventory parameters have become more robust and brands have increased their production, relative to 2020.

\*\*In order to compare with the year 2020, the analysis was made without Cia. Hering and without NV, brands that entered the Group's portfolio in 2021.

Cia Hering – GHG emissions balance (t CO<sub>2</sub> equivalent)\* GRI 305-5

	2021
Reductions of direct emissions (Scope 1)	4,349.89 (increase)
Balance deriving from indirect emissions from energy acquisition (Scope 2)	1,695.30 (increase)
Balance deriving from other indirect emissions (Scope 3)	61,557.38 (increase)*
<b>Total GHG emission reductions</b>	<b>67,602.57 (increase)</b>
Reduction from offsetting	12,949**

\*The increase is due to the addition of franchise logistics, raw materials, and business travel to Hering's previously unmapped inventory.

\*\* Camiseta World Project, considering offsets from June 2021 to December 2021.

## Climate risk management

We evaluate our risks and aim our strategy based on them so we can understand the opportunities that the changes may offer. We have based ourselves on TCFD

recommendations to understand the impact of climate-related risks, and we developed actions in as early as 2021 to mitigate possible consequences on our business.



### Risk: Transition

*Definition: Associated with changing habits and new policies during the transition to a low-carbon economy.*

Types	Examples	Impacts to the sector	Mitigating measures
New policies and legal risks.	Carbon pricing: increasing credit values, implementation of a regulated carbon market.	Uncertainty about future regulations. Increased pricing of products due to increased pricing and/or taxation of Greenhouse Gas emissions.	In 2021, we chose to carry out not only the Greenhouse Gas inventory but also its monitoring and the creation of action plans to reduce and offset emissions.  We budgeted for carbon offsetting for the first time, anticipating the cost of credits to offset, on a voluntary basis, 100% of the emissions mapped in scopes 1, 2 and 3 of the SOMA Group and 1, 2 and 3 of Cia. Hering (excluding raw material, franchises and business travel). We reinforced the need for a more robust management of GHG reduction and offsetting indicators and strategies.  The SOMA Group has allied itself with initiatives to fight climate change such as the Global Compact, adherence to the SDGs, and SBTi. <i>See more on <a href="#">page 32</a>.</i>
	More emission reporting obligations and enhancements.		
Technological risks.	Replacement of existing products and services for lower emission options: low carbon economy.	Costs to adopt/implement new practices and processes.	We are committed to developing more responsible products like Hering's World t-shirt. Our packaging is also under revision although it is currently composed mostly of paper and cardboard, recyclable and certified materials ( <i>see more on <a href="#">page 56</a></i> ). We also use the circular economy model to lengthen the life cycle of our garments. We have changed processes and invested in eco-efficient machinery aiming to reduce time, and, consequently, electric and steam consumption.



<i>Types</i>	<i>Examples</i>	<i>Impacts to the sector</i>	<i>Mitigating measures</i>
Market risk.	Changes in customer behavior.	Reduced demand for goods and services due to changing consumer preferences.	Our customers understand that a lower impact product is something to be taken into account at the time of the purchase. We are not only talking about impacts on the environment but also on our value chain. By offering products aligned with sustainability demands, we are ensuring that the change in consumer behavior is also reflected in our portfolio.
	Economic market fluctuations.	Higher production costs due to changes in input prices (water, fuel, chemicals, and energy).	Besides the transition to a renewable energy matrix ( <i>see more on page 75</i> ) and the use of LED lighting, we have an eco-efficiency goal that aims to reduce water consumption and effluent generation by at least 45% by 2030. The reduction of water, energy, and steam in the processes also involves the use of more efficient and less polluting chemicals.
	Increased cost and/or scarcity of raw materials.	Abrupt and unexpected changes in product costs.	We work with a variety of raw materials, which facilitates financial management in cases of crisis. The SOMA Group's main raw materials are viscose and cotton, and we are on the way to diversifying this matrix, and making it even more responsible through certifications.
Reputational risks.	Boycotts and cancellations.	Reduced revenue due to decreased demand for goods/services.	Consumers are increasingly more aware of the raw materials that make up their clothing and the quality of the product. In addition, they also want to know how their clothes were made, demanding fair working conditions. At the SOMA Group, we are increasingly committed to transparency in our data as we are aligned with our policies and commitments. We believe that this flow helps to build a relationship of trust with our customers and shows we believe in our products for better market practices in the short-, medium-, and long-term.

## Risk: Physical

*Definition: Associated with phenomena of nature or long-term consequences of climate change.*

Types	Examples	Impacts to the sector	Mitigating measures
Extreme events.	Hurricanes, floods and blackouts.	Reduced revenue due to decreased production capacity (e.g. transportation difficulties, supply chain disruptions).	<p>First, we are committed to fighting climate change (<i>see more on <a href="#">page 64</a></i>).</p> <p>We are increasingly more driven to fostering the resilience of our production and logistics chains and supporting a better structure for our suppliers (<i>see more on <a href="#">page 127</a> - Productive Chain</i>).</p> <p>We have suppliers in many parts of Brazil, and some of them are located in areas prone to extreme events. In the occurrence of these phenomena, we offer all the support needed, including financial support for the reconstruction of infrastructure and other needs that may arise.</p>
	Changes in rainfall patterns and climate variability.	Increased operating costs (e.g. inadequate water supply for textile production).	<p>This is where building resilience becomes necessary. To fight the increase in operating costs resulting from climate interferences, we seek greater autonomy in water and energy consumption through initiatives to reuse rainwater and change the energy matrix to diversified renewable sources.</p> <p>It is worth mentioning that reforestation projects, such as the "A thousand trees a day, every day" project, are also able to mitigate the effects of climate change by recovering degraded soils and increasing the natural storage of carbon in the atmosphere, as well as conservation initiatives that prevent the release of GHGs by protecting forests from deforestation, such as REDD+ carbon credits.</p>



## On the way to energy transition

GRI 103-2, 103-3 | 302 | SDG 7

**W**e have faced the challenge of accelerating the transition of the SOMA Group's energy matrix.

Our guideline is that the energy required for our activities comes from renewable sources, which is essential to meet the goal of achieving Net Zero of scopes 1 and 2 by 2030. We also work to reduce energy use in our operations and in the value chain.

Energy management, therefore, is an agenda that has become more prominent within the organization with monthly tracking of the related indicators. Since 2020, we have encouraged the replacement of ordinary light bulbs with more efficient options (LED) in all our units. The replacements carried out now by maintenance and the new store projects already include this model.

Cia. Hering has also adopted specific measures to cut consumption, such as buying energy from renewable sources: small hydroelectric plants and others.

This practice began to be implemented in 2018 and today covers five industrial units - Bom Retiro (SC), Itororó (SC), São Luís de Montes Belos (GO), Goianésia (GO) and Paraúna (GO), in addition to the Distribution Center in Anápolis (GO) and the administrative building in Blumenau (SC).

The expansion of this energy source to Paraúna (GO) and Goianésia (GO) was carried out in 2021. Therefore, the procurement of clean energy in the company went to 99% (excluding stores and franchises).

Since October 2021, diesel generators have only been put into operation in emergency

situations. It is important to highlight that, because it has two industrial centers that contemplate all the stages of the production process, Cia. Hering's energy intensity is much higher than that registered by the SOMA Group. Our Sustainability Policy ensures a clear direction toward reduced energy use and preference for renewable sources.



## Consumption of fuels from non-renewable sources (GJ) GRI 302-1

	<i>Soma Group</i>		<i>Cia. Hering</i>	
	2020	2021	2020	2021
Natural Gas	–	–	89,673.51	157,654.86
LPG	–	–	8,264.94	3.998.13
Gasoline	–	77.48	-	-
Diesel	214.46	736.56	1,648.22	2,925.34
Acetylene	–	–	–	0.36
<b>Total</b>	<b>214.46</b>	<b>814.04</b>	<b>99,586.67</b>	<b>164,578.69</b>

## Consumption of fuels from non-renewable sources (GJ) GRI 302- 1

	<i>Soma Group</i>		<i>Cia. Hering</i>	
	2020	2021	2020	2021
Firewood	–	-	232,474.50	284,568.94
<b>Total</b>	<b>–</b>	<b>-</b>	<b>232,474.50</b>	<b>284,568.94</b>

## Energy consumed (GJ) GRI 302-1

	Soma Group		Cia. Hering	
	2020	2021	2020	2021
Electricity	52,869.70	22,211.34	103,088.19	130,788.38
<b>Total</b>	<b>52,869.70</b>	<b>22,211.34</b>	<b>103,088.19</b>	<b>130,788.38</b>

In the case of the SOMA Group, the variation from 2020 to 2021 was due to double counting in the system in 2020. In 2021, the parameter was adjusted.

## Total energy sold (GJ) GRI 302-1

	Soma Group		Cia. Hering	
	2020	2021	2020	2021
Electricity	–	–	6,027.5	17,392.09
<b>Total</b>	<b>–</b>	<b>–</b>	<b>6,027.5</b>	<b>17,392.09</b>

## Total energy generated (GJ) GRI 302-1

	Soma Group		Cia. Hering	
	2020	2021	2020	2021
Fuels from renewable sources	214.46	814.04	99,586.67	168,934.08
Fuels from renewable sources	–	–	232,474.50	445,094.67
Electricity consumed	52,869.70	22,211.34	103,088.19	130,788.38
Electricity sold	–	–	-6,027.5	-17,392.09
<b>Total</b>	<b>53,084.16</b>	<b>23,025.38</b>	<b>429,121.86</b>	<b>727,425</b>

## SOMA Group and Cia. Hering – Energy Intensity GRI 302-3

	Soma Group	Cia. Hering
	2021	
Fuels from renewable sources	814.04 GJ	168,934.08 GJ
Fuels from renewable sources	–	284,568.94 GJ
Electricity	22,211.34 GJ	130,788.38 GJ
Amount of products sold	9,765,189 garments	46,016,130 garments
Intensity rate	0.0023 GJ/garment	0.012 GJ/garment



## Water security GRI 103-2, 103-3I 303, 303-1 | ODS 6

The water used in the SOMA Group's (ex-Hering) operations comes from the supply networks of utilities that serve the commercial facilities, administrative buildings, and distribution centers. According to the Aqueduct Water Risk Atlas, the company's operations are not located in extremely high water stress areas. Only Greater São Paulo is classified as a region of high competition for water. To contribute to local water security, the SOMA Group made investments in natural infrastructure in the Tietê Basin, where it was responsible for planting 141,106 trees.

The water usage indicators are tracked on a monthly basis, both in the administrative and logistical support units and in part of our stores. In 2021, we started considering

individualized water consumption measurements in the opening of stores and their renovations. Currently, 76 stores are tracked on a monthly basis. To avoid waste, flow reducers and faucet timers have been installed in all administrative and logistical support units.

Cia. Hering, since it has industrial plants, has a much more intense water consumption and, therefore, it withdraws water from different sources, such as surface, underground, utilities and rainwater. At all industrial units, in Blumenau and Goiás, the monitoring of drinking water consumption and quality is weekly, rather than monthly. The water for industrial use also goes through strict quality control based on internal and external analyses.

## A goal to minimally reduce water consumption and wastewater generation by 45% by 2030 has been set.

Cia. Hering constantly takes on the challenge of improving its processes to reduce water consumption. A Water Management Plan was prepared in 2021 to assess the water balance (abstraction, consumption and loss) and the action plans (some recently carried out, some in progress, and others to be carried out in the future). A goal to minimally reduce water consumption and wastewater generation by 45% by 2030 from the 2019 baseline has also been set.

There has already been, for example, a reduction in this resource in the dyeing plant, with the acquisition of new machines that consume less water and the replacement of chemical products. A timer design was also implemented in the cylinder washer and the washing method was changed to closed baths, which reuse water and cause less waste. Water consumption at the dyeing plants' washer has already registered a reduction for washing of approximately 45% (average consumption from 180.31 L/kg in 2019 to approximately 97.05 L/kg in 2021).

Cia. Hering also began reusing the cooling water from the production machines, through the Heat Recovery System, which represented 111,649.03 m<sup>3</sup> of reused water from this process in 2021.

Considering the accumulated amount in the processes in 2021, the indicator of treated water per ton produced was 103.99 m<sup>3</sup> in 2019, this number was 161.21 m<sup>3</sup>, therefore, we have already had a 35% drop in water consumption in production and we have continued implementing the improvement plan to reach at least a 45% reduction by 2025.

### SOMA Group – Total volume of water withdrawn from all areas and stress areas, by source (ML) GRI 303-3

Source	2021
<b>Outsourced water</b>	<b>28.73</b>

### Cia. Hering – Total volume of water withdrawn from all areas and stress areas, by source (ML) Hering GRI 303-3

Source	2020	2021
Surface water	1,032.10	1,130.09
Groundwater	46.10	49.42
Rainwater	0.13	0.33
Outsourced water	0.70 (without store)	325.52 (with stores)
<b>Total</b>	<b>1,079.04</b>	<b>1,505.36</b>

*The reused/recirculated volume was 123,851 ML, which equals 9.5% of the total volume withdrawn. In this calculation the normal reuse, reverse osmosis, rainwater and cooling water of the machines were considered. For franchises, the value was estimated according to consumption in own stores, relating to the size of each store.*

### SOMA Group and Cia. Hering – Total volume of water withdrawal, per source (ML)\* GRI 303-3

Source	2021
Surface water	<b>1,130.09</b>
Groundwater	<b>49.42</b>
Outsourced water	<b>354.25</b>
Rainwater	<b>0.33</b>
<b>Total</b>	<b>1,534.09</b>

*\*Refers to franchises, stores and support buildings, distribution centers and production units of Cia. Hering and SOMA Group.*

## Impacts of effluent disposal

GRI 303-1, 303-2

As mentioned earlier, all of the SOMA Group's (ex-Hering) units are supplied by local water utilities, so the discharge of effluents into water bodies is their responsibility. The only unit that has an individualized septic tank solution is the Distribution Center located in Rio de Janeiro. At this site, the effluents are treated and are monitored monthly, meeting the standards established and scaled by the relevant law.

The main impact caused by water use in the SOMA Group is the generation of sanitary effluents in the local sewage systems. The biggest environmental impact of our water consumption is, however, in our supply chain. Our raw material suppliers are the stakeholders that use the most water resources. As such, we created the Sustainable Raw Material Guide to inform our style team which fabric choices are better

from the point of view of indicators such as water consumption, greenhouse gas emissions and land use, among others, so we can contribute in the cost-benefit analyses and in the choice of suppliers for the purchase of raw materials and services.

We work to reduce the externalities of the textile chain and are aligned with SDG 6, which covers clean water and sanitation. As legal compliance, the company also values compliance with the general action guidelines of the National Water Resources Policy.

In the late 1980s, Cia. Hering developed an innovative treatment system for its industrial effluent. The Effluent Treatment Stations (ETE) of the Itororó (SC) and São Luís de Montes Belos (GO) plants are a benchmark for textile industries around the world. These ETEs follow the strictest standards established by the federal and state laws

### NV – Water for the thirsty

With the support of NV, the Love Together Brazil project took drinking water to schools, hospitals, day-care centers, and communities in the dry northeastern region of Brazil. This partnership was mediated by IMA Brands. The donation of part of the amount raised from the sale of 100,032 customized bottles for NV in 2021, accounted for 11% of the total budget for the construction of artesian well 18 - "Claudia Raia" in the Ouro Branco neighborhood in Piancó (PB), benefiting about 100 families.

where they are installed regarding conditions and parameters for effluent discharge. The effluents are treated with ozone technology, which has the benefit of significantly reducing the color of the effluent as well as the sludge generated, thus reducing the waste sent to the landfill.

Cia. Hering's Effluent Treatment Station is a benchmark for textile industries around the world.



## Biodiversity, Brazil's wealth

GRI 103-2, 103-3| 304, 304-3, 304-4 | SDG 15

The SOMA Group's (minus Hering) operations are not located in environmental preservation areas and have low relevance to biodiversity. We understand, however, that from an ethical-moral point of view, we can (and should) do our part to minimize the environmental impact caused by the chain, considering among other factors the consumption of water, energy, and Greenhouse Gas emissions. For this reason, the SOMA Group, represented mostly by FARM, has actively invested BRL 1,982,788.40 in carbon offsetting and natural habitat recovery by 2021, including the planting of one thousand trees a day, every day (*see more on page 65*).

Located in four of the six Brazilian biomes, more than 80% of the trees planted are in the Atlantic Forest, where the

company conducts most of its activities, also considering its logistical capillarity. In addition, the Atlantic Forest is one of the biomes that most urgently needs to be recovered in the world since it retains little more than 12% of its original native vegetation area\*.

As an example of this activity focused on habitat recovery, the SOMA Group carries out plantations in partnership with the Wildlife Research Society (SPVS). This institution maintains the School of Nature Conservation, an educational project that aims to increase awareness, inform, and gives students the tools to protect the natural heritage of biodiversity. The SOMA Group also contributes indirectly to the school.

\*Source: SOS Mata Atlântica.



## Protected or restored areas

<i>Independent external experts who attested to the success of the action</i>	<i>Biome</i>	<i>Number of trees planted 2020</i>	<i>Number of trees planted 2021</i>	<i>Total trees planted in the partnership</i>	<i>Size of protected or recovered habitat area (km<sup>2</sup>)</i>
Idesam	Amazônia	1,633	2,994	4,627	0.227
SOS Mata Atlântica	Mata Atlântica	5,000	7,692	12,692	0.07
reNature /SPVS	Mata Atlântica	–	19,000	19,000	0.025
Ipê Institute + One Tree Planted (OTP)	Mata Atlântica	–	90,000	90,000	0.45
Initiative + One Tree Planted (OTP)	Mata Atlântica	82,367	80,000	162,367	0.974
Anthropologie	Mata Atlântica	–	13,000	13,000	0.15
	Amazônia	–	12,000	12,000	
Tedesco Ecopark	Mata Atlântica	-	300	300	0.01
Yawanawa	Amazônia	1,000	5,000	6,000	0.036
Anjos do Sertão	Caatinga	-	1,600	1,600	0.3
	Cerrado	–	11,002	11,002	
Assobio	Mata Atlântica	–	122,412	122,412	0.800
	Peruvian and Brazilian Amazon	18,500	–	18,500	
SOS Amazônia + One Tree Planted (OTP)	Brazilian Amazon	30,000	–	30,000	0.180
<b>Total</b>		<b>138,500</b>	<b>365,000</b>	<b>503,500</b>	<b>3,3333</b>

## The SOMA Group supports good animal welfare practices ("Five Freedoms") and develops actions based on the Universal Declaration of Animal Rights.

The trees we plant have an extensive beneficial effect on biodiversity. In all the locations where our planting projects take place, we have listed more than 250 species of flora and fauna on the International Union for Conservation of Nature and Natural Resources (IUCN) list as having some degree of threat. We point out below the plants classified as near threatened, vulnerable and endangered, which helps to understand the importance of investment in recovery since the effects reflect on the balance of all biodiversity.

<i>Species (in Portuguese)</i>	<i>Scientific Name</i>	<i>IUCN Status</i>
<b>Guabiroba</b>	<i>Campomanesia simulans</i>	Near threatened
<b>Mandioqueiro</b>	<i>Schefflera calva (Cham.) Frodin &amp; Fiaschi</i>	Near threatened
<b>Mandioqueiro-do-Cerrado</b>	<i>Schefflera macrocarpa (Cham. &amp; Schlttdl.) Frodin</i>	Near threatened
<b>Palmeira-Coco-de-Natal</b>	<i>Bactris setosa Mart.</i>	Near threatened
<b>Louro-Tabaco</b>	<i>Cordia trichoclada DC.</i>	Near threatened
<b>Guamirim, Cambuizinho</b>	<i>Eugenia cerasiflora Miq.</i>	Near threatened
<b>Araucária</b>	<i>Araucaria angustifolia</i>	Endangered
<b>Mogno</b>	<i>Swietenia macrophylla</i>	Vulnerable
<b>Jequitibá Vermelho</b>	<i>Cariniana legalis</i>	Vulnerable
<b>Cedro</b>	<i>Cedrela fissilis</i>	Vulnerable
<b>Palmito-Juçara, Palmitero, Palmito-Doce, Jussara</b>	<i>Euterpe edulis Mart.</i>	Vulnerable
<b>Gueirova, Gueroba, Gariroba, Guariroba, Palmeira-Guariroba</b>	<i>Syagrus oleracea (Mart.) Becc.</i>	Vulnerable
<b>Jerivá, Palmeira Jerivá, Coco-Gerivá, Baba- de-Boi, Jaruvá</b>	<i>Syagrus romanzoffiana (Cham.) Glassman</i>	Vulnerable
<b>Cumarú, Baru</b>	<i>Dipteryx alata Vogel (Hayne) Y. T. Lee &amp; Langenh</i>	Vulnerable
<b>Guabiroba-Branca</b>	<i>Campomanesia neriiflora (O. Berg) Nied.</i>	Vulnerable
<b>Maiate, Arariba</b>	<i>Simira sampaioana (Standl.) Steyerm.</i>	Vulnerable
<b>Guacá/ Guapeva/ Guapeva-Vermelha/ Bapeba-Preta</b>	<i>Pouteria bullata (S.Moore) Baehni</i>	Vulnerable
<b>Pau-Santo</b>	<i>Bulnesia sarmientoi Lorentz</i>	Endangered
<b>Araribá</b>	<i>Simira walteri</i>	Endangered
<b>Cereja do Cerrado</b>	<i>Eugenia calycina</i>	Endangered
<b>Pateiro, Oiti</b>	<i>Couepia uiti (Mart. &amp; Zucc.) Benth. ex Hook.f.</i>	Endangered
<b>Mama Cadela, Marmelinho</b>	<i>Brosimum glaziovii Taub.</i>	Endangered
<b>Pau-Amargo, Cedrinho</b>	<i>Picramnia sellowii Planch.</i>	Endangered

## FOXTON + SOS Mata Atlântica Foundation

In 2021, Foxtton donated more than BRL 60,000 to the coordination of the SOS Mata Atlântica Foundation for the maintenance of the NGO's infrastructure. This partnership was responsible for the upkeep of the trails, shelters, reception of volunteers, and environmental education at the unit. In addition, the partnership was disseminated through support given to SOS Mata Atlântica's press office and social media.

### Cia. Hering's environmental reserve

In Blumenau, on the land next to where the company's first unit was installed, Cia. Hering maintains a legal reserve in the Atlantic Forest biome, covering 75 hectares of virgin forest and reforested (legal reserve), within a protected area of 420 hectares. A phytosociological survey conducted in 2017 showed that the area is home to approximately 140 tree species, 27 of which are under some degree of threat. Over the years, projects have been developed to reintroduce native flora and fauna.

The land, acquired at the end of the 19th century, belonged to a lumber company that carried out the predatory extraction of plants. The recovery of the area was started by founding partner Bruno Hering (1842 - 1918), recognized as a pioneer in reforestation in Brazil. Descendants of the family and the company's management have continued the process, keeping the area protected to this day.

The following table shows the plants species that are under some degree of threat and are being protected in Cia. Hering's Environmental Reserve. Hering.



<i>Species (in Portuguese)</i>	<i>Scientific Name</i>	<i>Threat Level</i>
<b>Araticum do mato</b>	<i>Annona neosericea</i> H.Rainer	Critically endangered
<b>Pindaíba</b>	<i>Xylopia brasiliensis</i> Spreng.	Critically endangered
<b>Mandioqueira Amarela</b>	<i>Schefflera angustissima</i> (Marchal) Frodin	Endangered
<b>Araucária</b>	<i>Araucaria angustifolia</i> (Bertol.) Kuntze	Endangered
<b>Palmito-Juçara</b>	<i>Euterpe edulis</i> Mart.	Vulnerable
<b>Ingá Ferro</b>	<i>Inga sellowiana</i> Benth	Near threatened
<b>Canela Amarela</b>	<i>Ocotea aciphylla</i> (Nees) Mez	Near threatened
<b>Canela Preta</b>	<i>Ocotea catharinensis</i> Mez	Vulnerable
<b>Cedro</b>	<i>Cedrela fissilis</i> Vell.	Vulnerable
<b>Véu-de-noiva</b>	<i>Rudgea jasminoides</i> (Cham.) Müll. Arg.	Vulnerable
<b>Chapéu-de-Napoleão</b>	<i>Chrysophyllum viride</i> Mart. & Eichler	Near threatened
<b>Canela Sassafrás</b>	<i>Ocotea odorifera</i> (Vell.) Rohwer	Threatened

A new tree species was discovered in the Cia. Hering reserve in 1955 and named *Myrcia heringii* D. Legrand.

### ***Ipê Institute + Animale and FARM:***

For over twenty years, the IPÊ Institute has been working with and caring for biodiversity through scientific research and socio-environmental innovation through actions with community involvement and education in the Atlantic Forest, Amazon, and other biomes. In 2021, in addition to a financial donation of BRL 35,000.00 to the Institute, contributing to the global results, Animale also developed one-of-a-kind products and prints inspired by the Ipê tree, which is an icon of Brazilian biodiversity and lends its name to the Institute.

Throughout 2021, FARM planted 90,000 trees in partnership with the Institute.

### ***Vida Livre Institute + FARM and Fábula***

The Vida Livre Institute has been working for years to free wild animals, creating and developing projects for the rehabilitation and conservation of Brazilian wildlife impacted by urban dangers and illegal trafficking in the Atlantic Forest region of Rio de Janeiro. In 2021, FARM and Fábula supported the Institute with BRL 27,624 in the winter collection and BRL 7,000 in the high summer collection for the release of 20 ararinhas-maracanã (blue-winged macaws), a native species of the biome, which is currently threatened with extinction in the municipality of Rio de Janeiro.

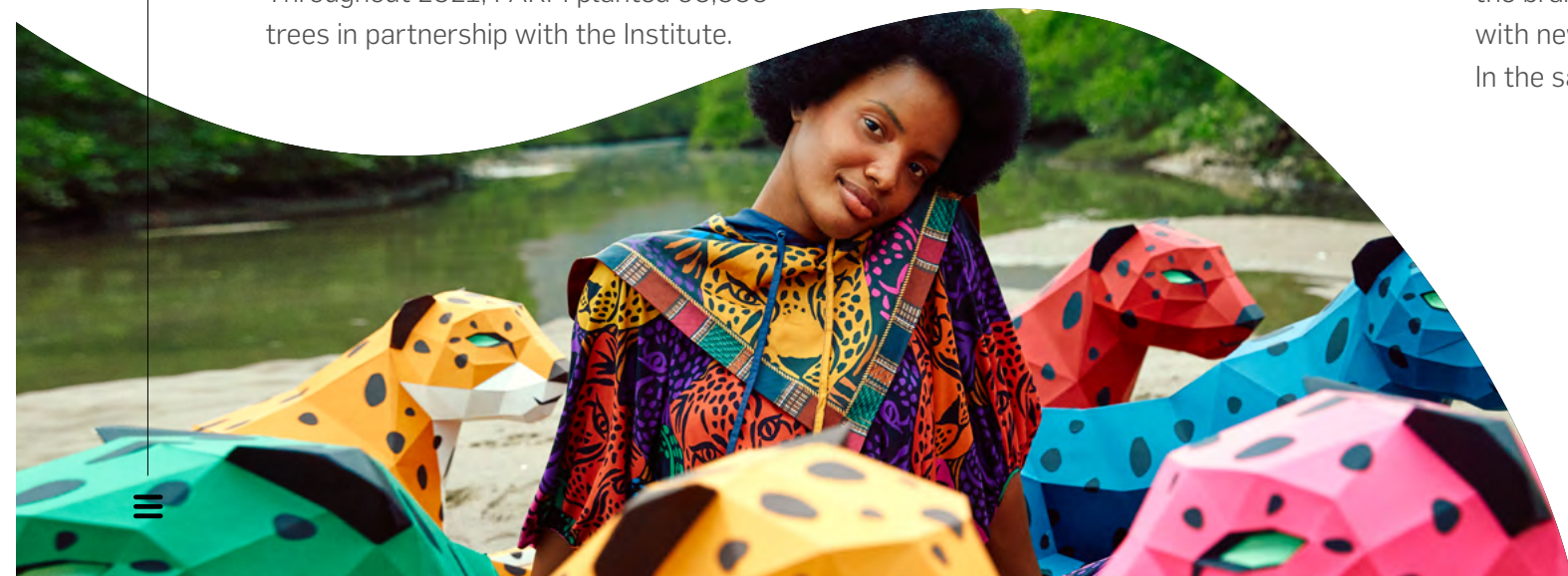
### ***Ampara Animal + Animale, Maria Filó and FARM***

Animal-inspired prints are part of Animale's DNA and are always present in its collections. Animale has been a partner of Ampara Animal since 2019. The first joint project took place that same year, when the brand joined "Life Print", the first certified animal print in the world, which was born with the aim of preserving the jaguar, a fundamental species of Brazilian fauna - today classified as "near threatened" on the red list of the International Union for Conservation of Nature and Natural Resources (IUCN). In 2021, in honor of Animale's 30th anniversary, the brand launched the Memórias collection with new animal prints of Brazilian jaguars. In the same year, BRL 70,000 was donated

directly to help build the animals' enclosure in the Pantanal. In addition, Animale donated 300 articles of clothing to Ampara Animal during the We Friday action.

Maria Filó also supported the Ampara Animal project with part of the sale of two t-shirts created to celebrate Friend's Day on July 20th.

FARM also paid tribute to jaguars in its prints in the campaign that benefited Ampara Silvestre, which is aimed at rehabilitating animals so they can be returned to nature and ensures wellbeing to animals condemned to captivity. In 2020, when FARM kicked off the partnership with Ampara Silvestre, BRL 71,000 had already been donated. In 2021, BRL 57,000 acquired from the sale of the Onça Pop and Onça da Noite showcase articles was donated to care for the project's animals.





# *Social*

# Fairer and more beautiful *Fashion*

## MATERIAL TOPICS

- > SOCIAL RESPONSIBILITY
- > DIVERSITY, FAIRNESS AND INCLUSION
- > HEALTH AND WELLBEING
- > ATTRACTING, DEVELOPING AND RETAINING EMPLOYEES
- > RESPECT FOR HUMAN RIGHTS
- > SUPPLY CHAIN MANAGEMENT AND ENGAGEMENT

## SDG





**O**ur ambition is to transform the SOMA Group into the top benchmark in people management and ESG in Brazilian fashion. With this purpose, we invest in and care for people - our employees, suppliers, and society.

In order to realize this strategy, we have created a People & Management board that covers Sustainability and Communication. We have a lot of experience in all the pillars and, in the Social aspect, we want to be recognized as a company that adds internally to the people who are part of our business and to the community to which we belong.

# People sum it up

We are a platform that drives great talent because people are our brand.



# People management and development

GRI 103-2, 103-3 | 401 | 404 | SDG 5, 8

**O**ur ambition is to be among the best companies to work for in Brazil. To reach this position, we will work on three pillars: people, management, and sustainability.

On the people front, we want our employees to be happy, high-performing, well-paid people, who are aligned with the SOMA culture, because we believe that the best people make the best place to work.

We took an important step in 2021, structuring our People & Management area and outlining a series of initiatives for the entire SOMA employee journey.

In recruitment and selection, we aim to promote equity and inclusion (*see more on [page 103](#)*). We have invested in tools for engagement, with membership in the Great Place to Work (GPTW) and the eNPS survey.

We started a benefits review in 2021 and in 1Q22, we launched a new package targeted at attracting and retaining talent to make the SOMA Group more competitive in the market. Other strategies for attracting and developing employees will be added, as well as turnover management to increase talent engagement and development strategies.



## SOMA Group – Hired employees, by age GRI 401-1

2021	No.	Rate (variation compared to 2020)
Under 30	3,043	81.15%
Between 30 and 50	1,661	55.68%
Over 50	95	25.40%
<b>Total</b>	<b>4,799</b>	<b>67.50%</b>

## SOMA Group – Hired employees, by gender GRI 401-1

2021	No.	Rate (variation compared to 2020)
Men	1,392	61.58%
Women	3,407	88.44%
<b>Total</b>	<b>4,799</b>	<b>67.52%</b>

## SOMA Group – Hired employees, by region GRI 401-1

2021	No.	Rate (variation compared to 2020)
N	28	35.9%
NE	349	64.2%
MW	230	75.2%
SE	3,788	66.93%
S	404	86.7%
<b>Total</b>	<b>4,799</b>	<b>67.5%</b>

## SOMA Group – Employees by type of employment contract and gender GRI 102-8

Contract Type	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent	1,008	3,559	4,567	1,245	3,987	5,232	1,477	4,743	6,220
Temporary	61	558	619	77	500	577	97	790	887
<b>Total</b>	<b>1,069</b>	<b>4,117</b>	<b>5,186</b>	<b>1,322</b>	<b>4,487</b>	<b>5,809</b>	<b>1,574</b>	<b>5,533</b>	<b>7,107</b>

## SOMA Group – Employees by type of employment contract and region GRI 102-8

Contract Type	2019			2020			2021		
	Predetermined period of time	Undetermined period of time	Total	Predetermined period of time	Undetermined period of time	Total	Predetermined period of time	Undetermined period of time	Total
N	74	13	87	71	19	90	24	73	97
NE	377	64	441	357	61	418	106	413	519
MW	277	42	269	228	53	281	73	233	306
SE	3,577	455	4,032	4,247	396	4,643	610	5,110	5,720
S	312	45	357	329	48	377	74	390	464
Blank	–	–	–	–	–	–	–	1	1
<b>Total</b>	<b>4,567</b>	<b>619</b>	<b>5,186</b>	<b>5,232</b>	<b>577</b>	<b>5,809</b>	<b>887</b>	<b>6,220</b>	<b>7,107</b>

## SOMA Group - Employees by type of job GRI 102-8

Contract Type	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full time	1,010	3,993	5,003	1,232	4,334	5,566	1,462	5,281	6,743
Part time	59	124	183	90	153	243	112	252	364
<b>Total</b>	<b>1,069</b>	<b>4,117</b>	<b>5,186</b>	<b>1,322</b>	<b>4,487</b>	<b>5,809</b>	<b>1,574</b>	<b>5,533</b>	<b>7,107</b>

At Grupo Soma there are seasonal variations in the year-end period, more precisely November and December because of Black Friday and Christmas, respectively.

To prevent the numbers from being skewed by seasonal changes, the arithmetic average of the number of assets per month was applied. Temporary employment contracts are either service agreements (RPA) or are regular private sector employment contracts under (CLT rules) with pre-defined admission and dismissal dates, such as the case of Christmas temps, apprentices, and trainees. To differentiate full-time from part-time we adopted the criteria that contracts of less than or equal to 6 hours a day are part-time, and more than 6 hours correspond to full-time.

## SOMA Group - Employees who left the company, by age GRI 401-1

2021	No.	Rate (variation compared to 2020)
Under 30	1,718	45.8%
Between 30 and 50	1,791	60.0%
Over 50	152	40.6%
<b>Total</b>	<b>3,661</b>	<b>51.5%</b>

## SOMA Group - Employees who left the company, by region GRI 401-1

2021	No.	Rate (variation compared to 2020)
N	21	26.9%
NE	240	44.1%
MW	233	76.1%
SE	2,813	49.2%
S	354	76.0%
<b>Total</b>	<b>3,661</b>	<b>51.5%</b>

## SOMA Group - Employees who left the company, by gender GRI 401-1

2021	No.	Rate (variation compared to 2020)
Men	749	47.6%
Women	2,912	52.6%
<b>Total</b>	<b>3,661</b>	<b>51.5%</b>



## Cia. Hering - Hired employees, by age GRI 401-1

	2019		2020		2021	
	No.	Rate	No.	Rate	No.	Rate
Under 30	2,057	75%	1,800	78%	2,824	94.63%
Between 30 and 50	580	26%	573	31%	996	51.11%
Over 50	38	9%	36	8%	77	13.37%
<b>Total</b>	—	—	—	—	<b>3,897</b>	<b>70.75%</b>

\*Partial - all employees with a workload of less than 210 hours per month classify as partial and full regime are all employees with a workload of 210 to 220 hours per month

## Cia. Hering - Hired employees, by gender GRI 401-1

Contract Type	2019		2020		2021	
	No.	Rate	No.	Rate	No.	Rate
Men	1,032	54%	885	50%	1,329	66.12%
Women	1,643	48%	1,524	53%	2,568	65.05%
<b>Total</b>	—	—	—	—	<b>3,897</b>	<b>70.75%</b>

## Cia. Hering - Hired employees, by region GRI 401-1

Contract Type	2019		2020		2021	
	No.	Rate	No.	Rate	No.	Rate
NE	160	18%	65	103%	45	62.50%
MW	748	49%	836	53%	1,751	81.52%
SE	1,034	94%	858	81%	1,107	91.87%
S	733	39%	650	34%	994	47.72%
<b>Total</b>	—	—	—	—	<b>3,897</b>	<b>70.75%</b>



## Cia. Hering - Employees by type of employment contract and gender GRI 102-8

Contract Type	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent	1,854	3,318	5,172	1,727	2,811	4,538	1,891	3,208	5,099
Temporary*	51	130	181	32	65	97	119	290	409
<b>Total</b>	<b>1,905</b>	<b>3,448</b>	<b>5,353</b>	<b>1,759</b>	<b>2,876</b>	<b>4,635</b>	<b>2,010</b>	<b>3,498</b>	<b>5,508</b>

\*Temporary - These are employees hired for the Christmas period, plus young apprentices and trainees, all others are permanent employees.

## Cia. Hering - Employees by type of employment contract and region GRI 102-8

Contract Type	2019			2020			2021		
	Predetermined period of time	Undetermined period of time	Total*	Predetermined period of time	Undetermined period of time	Total	Predetermined period of time	Undetermined period of time	Total
NE	4	861	865	–	63	63	20	52	72
MW	17	1,501	1,518	80	1,504	1,584	61	2,087	2,148
SE	122	979	1,101	–	1,062	1,062	238	967	1,205
S	38	1,829	1,867	17	1,907	1,924	90	1,993	2,083
<b>Total</b>	<b>51</b>	<b>1,854</b>	<b>5,353</b>	<b>97</b>	<b>4,538</b>	<b>4,635</b>	<b>409</b>	<b>5,099</b>	<b>5,508</b>

\*Includes 2 indefinite term employees living outside Brazil.



## Cia. Hering - Employees by type of job GRI 102-8

Contract Type	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full time	1,816	3,339	5,155	1,745	2,863	4,608	1,995	3,419	5,308
Part time*	89	109	198	14	13	27	15	79	140
<b>Total</b>	<b>1,905</b>	<b>3,448</b>	<b>5,353</b>	<b>1,759</b>	<b>2,876</b>	<b>4,635</b>	<b>2,010</b>	<b>3,498</b>	<b>5,508</b>

\*Partial - all employees with a workload of less than 210 hours per month classify as partial and full regime are all employees with a workload of 210 to 220 hours per month

## Cia. Hering - Employees who left the company, by gender GRI 401-1

Contract Type	2019		2020		2021	
	No.	Rate	No.	Rate	No.	Rate
Men	595	30%	1,140	65%	464	23.08%
Women	888	24%	2,340	81%	929	26.56%
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,393</b>	<b>25.29%</b>

## Cia. Hering - Employees who left the company, by region

Contract Type	2019		2020		2021	
	No.	Rate	No.	Rate	No.	Rate
NE	72	8%	899	1,427%	6	8.33%
MW	544	33%	389	53%	568	26.44%
SE	453	49%	915	86%	468	38.83%
South	414	18%	827	43%	351	16.85%
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,393</b>	<b>25.29%</b>

## Cia. Hering - Employees who left the company, by age GRI 401-1

Contract Type	2019		2020		2021	
	No.	Rate	No.	Rate	No.	Rate
Under 30	968	40%	1,897	82%	1,015	34.01%
Between 30 and 50	469	18%	1,373	74%	354	18.17%
Over 50	46	0.8%	210	45%	24	4.17%
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,393</b>	<b>25.29%</b>



## Maternity/Paternity Leave GRI 401-3

2021		SOMA Group*	Cia. Hering
Employees who were entitled to take a leave	men	1,574	2,010
	women	5,533	3,498
Employees who took the leave during the year	men	-	32
	women	178	193
Employees who returned to work, within the reporting period, after the end of their leave	men	-	32
	women	155	130
Return Rate	men	-	100%
	women	87.1%	94%
Employees who returned to work after their leave and are still employed 12 months after their return	men	-	13
	women	104	63
Retention rate	men	-	59.10%
	women	58.4%	31.35%

\*Item first answered in 2021. For paternity leave, we are improving the SOMA Group management for 2022.





## Relationship with our employees

GRI 102-43

We actively and periodically listen to our employees and based on the results gathered, we set up a strategic plan to act on the aspects identified as priorities. We use the eNPS method to annually measure the loyalty and satisfaction of our people. In 2021, this methodology was applied quarterly, and we were able to observe an evolution in the favorability index from the

first to the second quarter, from 22% to 50%, and a small retraction in the last quarter, with 48% favorability.

### Engagement

Type of survey	Audience	Type of engagement*	Frequency in 2021
eNPS survey	SOMA Group's internal employees	eNPS	Quarterly
Organizational climate survey	All employees of the SOMA Group and Cia. Hering (separate surveys)	GPTW (Great Place To Work)	Annual
Ethnic and Racial Census	All employees of the SOMA Group and Cia. Hering (separate surveys)	Ethnic and Racial Sampling	Annual

\*None of these engagements were conducted for the report writing process.

\*\*Performed after an online reputation crisis that affected the FARM brand after it posted a marketing action in tribute to a saleswoman of the brand killed in Rio de Janeiro as a result of a stray bullet. The survey found 74% favorability for the FARM brand and 93% for the Fable brand.

## A great place to work

This is a fact that makes us very proud: 76% of the employees of the SOMA Group (minus Hering) say that our company is a great place to work. In Latin America as a whole, the average of this percentage in fashion companies is 70%. The data was collected by the GPTW (Great Place to Work) methodology, which certifies and recognizes the best work environments in 109 countries worldwide.

We conducted a climate survey with our employees in 2021. We compared the result with the percentages registered by the companies listed in the "Top 25 GPTW - Large Retail" and "Top 10 GPTW - Large Companies in Rio de Janeiro" and we have outlined improvement plans for the categories: development opportunities; feeling of fair compensation; fair and unbiased recognition. SDG 8



## Continuous investment in people

GRI 103-2, 103-3 | 404, 404-1

To train and develop our talents, we offer an online training platform called "Mais Saber" (More Knowledge). It is available to all SOMA Group employees and offers more than 220 courses and more than 20 learning paths. The platform's content is divided into topics, such as: leadership, sustainability, business, diversity, health, and others.

In addition to this online training, we also conduct in-person training for the entire operational team, in accordance with an annual schedule. It encompasses several topics: how to delegate, how to work on communication, how to give feedback, and others.

To ensure the training of all employees, regardless of region or work format (remote, face-to-face, or hybrid), we also hold webinars for up to 1,000 participants with sign language interpreting. We want to ensure the inclusion of all employees. The meetings are subsequently published on the Mais Saber platform and are available for searches.

The SOMA Group's training and education model is decentralized, which allows every board or brand to create content it deems appropriate for its own audiences. Our purpose is to ensure that the company's strategy is met, as well as to periodically follow up on employee engagement and satisfaction, disseminating the training culture.

To complement people's development, the SOMA Group also conducts the People Cycle.

In 2021, this process lasted 38 days, from March 09 to April 27, and was divided into two formats 360º and 180º.

## People Cycle – SOMA Group

### 360º Model:

94% de adherence in self-assessment;  
98% de adherence of managers;  
96% de adherence of evaluators.

### 180º Model:

87% de adherence in self-assessment;  
92% de adherence of managers;  
83% de adherence of evaluators.





Cia. Hering created the Culture & People (Cultura e Gente) Portal in 2020, which integrates Human Resources solutions in a single platform. It offers general information about employees, job openings, selection processes, courses, lectures, and webinars, as well as training and educational content. The Portal allows the number of trained employees to be tracked so the attainment of goals in each area can be checked.

We are constantly seeking the evolution of our people. This is why we invest in different initiatives to ensure everyone's progress. We seek to develop talents, with a transversal look at technical and behavioral competencies, in addition to alignment with our values.

Complementing and strengthening all development support, we reinforce in our culture the practice of constant feedback, fostering the sharing of learning and experiences among our employees in a continuous manner.

All direct employees of Cia. Hering and our network of own stores and franchises, as well as multi-brand partners, have access to our knowledge platform, where all our training modules are located. We look from the door inwards and from the door outwards, influencing the huge network that is part of our business - see more about our performance within the value chain on [page 119](#).

Our philosophy is to ensure equal opportunities and learning for everyone, taking into consideration the particularities and development needs of each person according to the context they live in, the work they do, and the position they occupy.

Information about Cia. Hering, its brands, its business activities and content related to self-knowledge and self-development are reviewed in the training courses.

The employees of Cia. Hering in 2021 received 214 hours of training for onboarding (leadership, corporate, and retail), 84 hours of leadership development, and 45,831 hours of training aimed at the development of skills for the job and area of operation, of which 652 hours for industry and 44,881 hours for retail.

Considering that Cia. Hering has a base of 13,656 people, who have been either directly (own employees) or indirectly (employees from the franchised and multibrand store chain) impacted by the training program, we reached the rate of 3.4 hours of training per year, per employee.

Training objectives:

- > **Onboarding:** ensure that the employee gets to know and adapt to the company, maximizing his/her engagement with the business. It is also the first contact he or she has with our Code of Conduct. GRI 412-2
- > **Industry:** receive technical job training covering topics such as stitching operation and Lean methodology.
- > **Retail:** expand the repertoire of the sales experience in all channels - own stores, franchises, multi-brand stores, and online. This training includes collection launches, integration of new franchisees, new sales channels, brand positioning, campaigns, product attributes, sustainability, and other information that sustains sales pitches.
- > **Leadership:** work on leadership skills, team development, acceleration of potentials, business skills, and relationship with leaders and followers.



Cia. Hering invests in several programs to enhance skills:

- **Store Manager Training:** basic training for store managers aimed at developing leadership skills and working on team management concepts, operation at the point of sale and knowledge of the business. In 2021, a group of 79 managers took part in the training, which lasted 5 months and totaled 30 hours.
- **Leadership Development:** with a focus on the skills of the present and future business, this module aims to expand the agenda of self-knowledge and ability to change the environment, paving the way for the development of impact projects for the organization. The program started in 2021 and is expected to end in December 2022, totaling 24 hours of training, and it is currently attended by 12 managers.
- **First Leadership:** targeted at training coordinators and supervisors, this module works with aspects such as "Me with myself",

"Me with my team", "Me with my peers", "Me with my leader", "Me with the business". In total, 45 leaders were trained in two groups with 30 hours each.

- **Trainee:** aims at developing professionals for careers in Fashion Retail, preparing them to take on strategic challenges within Cia. Hering. There are seven trainees in total, with a planned 18-month career path starting in August 2021.

In addition to the training actions, Cia. Hering also keeps the Performance Cycle active. This is a methodology that provides tools and data to support the professional development of our people, to improve leadership with regard to the management of a team, and to strengthen the business by generating insights that support merit-based decision-making and company growth.

The Performance Cycle involves three major stages. The first is the Check-in, when agreements and arrangements are made through a conversation between manager

and employee to align expectations in relation to deliverables, metrics, projects, goals, and expected attitudes for the coming months. The second is Checkpoint, which covers the follow-up of projects and agreements, underpinning the engagement, transparency, and focus on results and deliveries. Lastly comes Checkout, which is when all deliveries are measured, the results are assessed, and there is a conversation between manager and employee about the deliveries made in the cycle, generating an opportunity for exchanges aimed at continuous improvement and recognition of achievements. GRI 404-2

**Stage** GRI 404-3

Other tools also support the regular performance assessment and were addressed in a workshop held in July 2021, in addition to being reinforced in support pills triggered by cards sent weekly to all employees:

- **Feedback** - the system is available throughout the year and the employee can at any time register or request feedback within the platform. The idea is to facilitate a constructive exchange to encourage professional growth.
- **1:1** - a practice consisting of an informal conversation between leader and team members or peers. It can be performed once a week, every two weeks or on a monthly basis. The goal is to align expectations but it is also an excellent opportunity for the employee to be heard, and to express his ideas and opinions about projects, processes, and especially his or her development.

## Performance Cycle Cia. Hering

**360° Model:**

95% adherence at Check-in  
(agreements and arrangements)

80% adherence to Check Point  
(goal and behavioral tracking)

78% at Checkout (deliveries and  
feedback)



## Leadership Academy

The SOMA Group maintains the Leadership Academy, aimed at developing corporate leaders. The contents are worked with basis on key topics and in an immersion methodology involving dynamics, activities with the respective teams, and other challenges. Four topics were covered in 2021 in three classes: "Motivation and Purpose: why do we do what we do?", "Independence: how to delegate responsibly"; "Partnership: how to build trust in your team" and "Productivity: developing autonomous teams".

In addition, programs were introduced, such as:

- **Summing Leaders** - training for operational leadership, has as a highlight the more accessible language and the search to optimize management qualities. All meetings were face-to-face.
- **Connecting SOMA Training** - topics considered relevant to the employees were given priority, such as how the areas that make up the Group work. Open to Grupo SOMA's employees from Corporate, Atelier and Corporate from Pavuna, it was offered online.
- **Leader of the Future** - a group of 10 people participated in this initiative, which offers a week-long immersion with the objective of increasing the technical and behavioral knowledge of Leadership.

## Sustainability Award

As a way to acknowledge the importance of the strength of the group for the transformation we want to achieve and of a culture that is increasingly integrating sustainability, we honor collaborators by means of the first edition of the "Friends of Sustainability Award". Representatives from several areas were recognized for their partnership in the implementation of projects and initiatives important to the ESG agenda, inside and outside the SOMA Group and Cia. Hering. Logistics, Operations, Legal, Communication, Planning, Compliance, Sourcing, Patterning, Environment, and P&D (Product and Development) were recognized. The statuettes were made by artist Andréa Olighon from trimmings from our brands, which took the shape of a tree to represent the vision of the future of all the seeds that are being planted now.



# Diversity, fairness and inclusion

GRI 103-2, 103-3 | 405

A major milestone in advancing the agenda of diversity, fairness, and inclusion in the SOMA Group was reached after the formation of our Sustainability team in 2021. The area, which operates at the forefront of the ESG agendas, is dedicated to diversity and other concepts, particularly in the social aspect. The topic has gained even more prominence after the development of a dedicated hub for the topic in the first quarter of 2022. With this structure, programs and initiatives are being accelerated and will gain traction throughout the year.

The management of the topic also involves the Ethics Committee and the Risk Committee. The first handles reports made in our Ethics Channel (see more on [page 150](#)), while the second takes a close look at the specific needs of employees with disabilities, as well as validates the goals and public commitments that drive us to go further.

The SOMA Group's diversity strategy aims to structure, examine, and include in order to transform. The purpose of the management approach is to ensure and foster real inclusion, not only the entry of underrepresented groups into the company but also equal opportunities and career acceleration.

In 2021, besides applying the Racial Ethnic Census, Cia. Hering launched its Diversity Policy, opened affinity groups, launched its Diversity Glossary, included a training track in the knowledge portal, raised awareness on leadership, and initiated actions on commemorative dates, celebrating plurality in events such as Women's Day, LGBTQIA+ Pride, Black Awareness, and Day of People with Disabilities. The actions were reflected in brand launches, such as the Verena Smit, Disney Rainbow, Hering + ID\_BR collabs, in favor of the women's cause, LGBTQIA+ pride, and racial equality, respectively.

Many advances are also taking place within the brand context. Throughout 2021, FARM created a series of initiatives to encourage the diversity, fairness, and inclusion agenda based on the public commitment to anticipate goals announced in June 2021, the full text of which can be seen by clicking on this [link](#).

In addition, FARM developed a diversity textbook, which is available to all its employees and also at all its points of sale, along with other literature. To see more, click [here](#).

In 2021, Animale launched Animale Talks, meetings with the commercial team to talk about sharing trajectories and starting an internal listening movement. Employees can suggest topics and guests for the conversations, which include topics such as: life stories; maternity and the labor market; diversity; careers, and other topics that are recommended by the participants in online forms.

We believe in each of the trajectories that make it possible to build the brands and the SOMA Group, and we are getting stronger every day: from the inside out. The brands' initiatives anchor the institutional strategy of prioritizing the topic in the business.







The topic of diversity, fairness and inclusion has been worked on internally and externally. Cia. Hering already has its own Diversity Policy and the SOMA Group has specific guidelines on this topic Sustainability Policy, without detriment to the specific Diversity policy to be launched in 2022.

# Diversity, fairness and inclusion management



## Sustainability

Leads projects and ensures the knowledge of the company as a whole on the topics of diversity, equity and inclusion.



## Communication

Expands the issue so that it reaches all stakeholders - internal and external.



## People & Management

Encourages the entry and inclusion of employees from underrepresented groups, ensuring the necessary welcome.

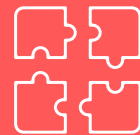


## Ethics and Compliance Committee

It handles possible reports regarding the topic in the Ethics Channel.

## External sourcing and compliance

Works on the knowledge and development of the value chain on the topic.



## Major initiatives in diversity, fairness and inclusion:

### People with (D)isabilities

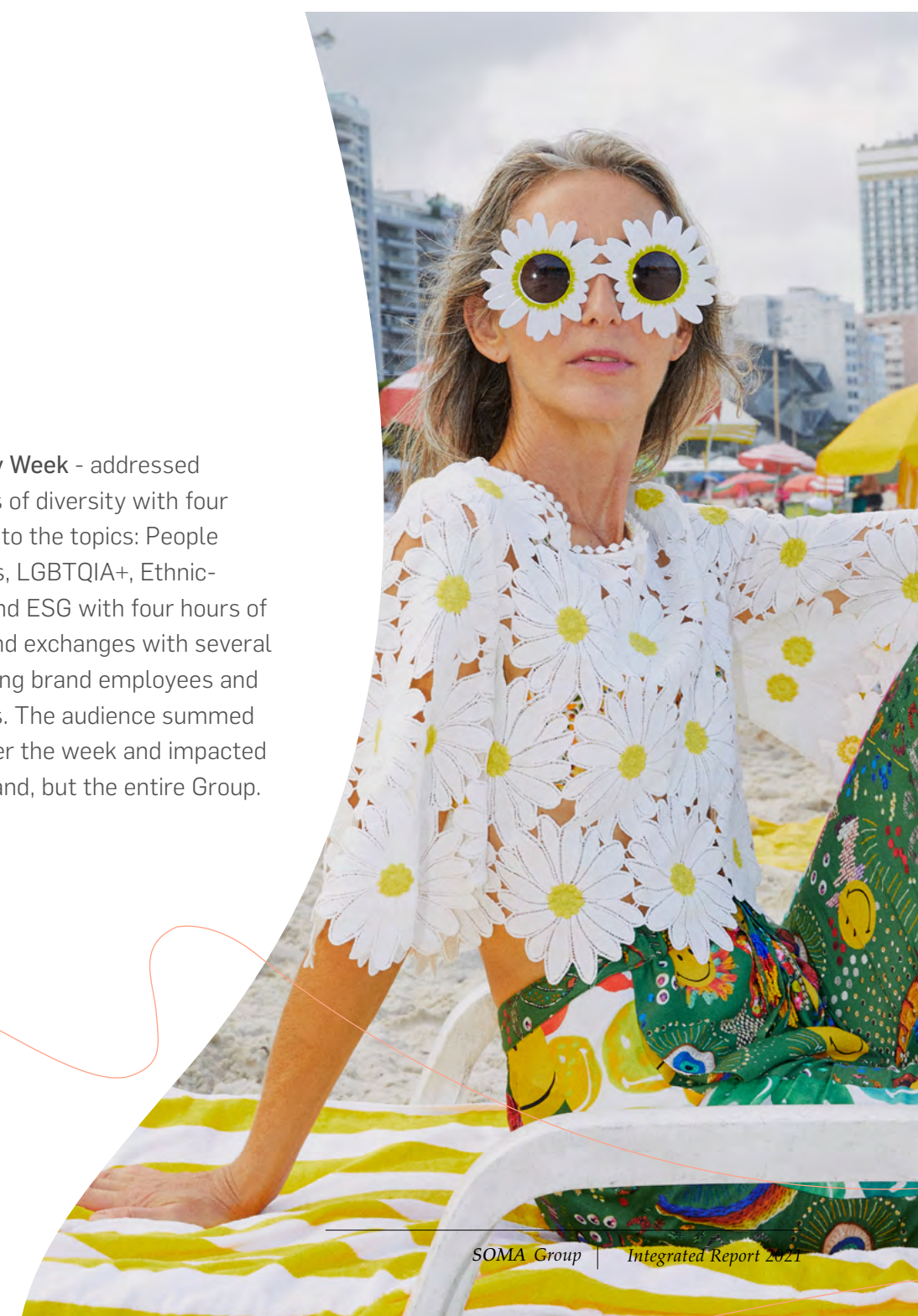
- > **Program for professionals with disabilities** - through a partnership with Egalité, a company focused on the inclusion of people with disabilities, the SOMA Group trained and qualified its team for the topic. In all, more than 480 minutes of training were given to the People and Management team, leaders, and employees. In addition, content pills were emailed to all employees throughout the second half of 2021. Lastly, the material was published as an e-book and placed on our internal knowledge platform.
- > **Plural Program** - with this Program, Cia. Hering keeps an agenda for the inclusion of people with disabilities and constantly opens new opportunities for these professionals to join the administrative

and industrial units, as well as the brands' stores. The company also works with awareness, encouraging discussions about inclusion, conversation circles, and follow-up interviews with employees, valuing the plurality it already has and aiming to expand it even further.

The corporate Diversity strategy of SOMA and Cia. Hering will be combined in 2022.

- > **Sponsorship of the InlucPDC Fair** - we sponsor InlucPDC, the largest online job fair for people with disabilities. In all, more than 10,000 registrations were entered and more than 25,000 accesses were made to the fair's website.

- > **FARM Diversity Week** - addressed various aspects of diversity with four days dedicated to the topics: People with Disabilities, LGBTQIA+, Ethnic-Racial Equity and ESG with four hours of conversation and exchanges with several guests - including brand employees and external guests. The audience summed 6,301 views over the week and impacted not only the brand, but the entire Group.



## Actions that make us proud

1. We won the Women on Board Seal for having two women board members - Maria Laura Tarnow and Rachel Maia.
2. We signed the UN's Fairness is Priority commitment: Gender, taking on the goal of having 50% women in top leadership positions by 2030.
3. We updated the Code of Ethics and Conduct and reinforced the dissemination of our reporting channel. New training courses have been created and will be shared with all employees by 2022.
4. We carried out the Ethnic and Racial Census of the SOMA Group and Cia. Hering (see main results on [page 111](#)). In 2022, we will conduct the first integrated SOMA + Cia. Hering Census. The result will serve as a basis for the creation of social goals, taking into consideration other diversity agendas.
5. We introduced the topic of diversity, fairness and inclusion in our Supply Chain through training.
6. In 2022, we will launch the SOMA Diversity Policy, whose foundations began to be built in 2021, and are based on the policy that already exists at Cia. Hering.



SOMA Group and Cia. Hering - Individuals within the governance bodies of the organization, by gender (%) GRI 405-1

		Members of the governing bodies (%)
2020	Men	71%
	Women	29%
	Total	100%
2021	Men	77%
	Women	22%
	Total	100%

\*Data referring to the Board of Directors.

SOMA Group and Cia. Hering - Individuals within the governing bodies of the organization, by age (%) GRI 405-1

		Members of the governing bodies
2020	Under 30	0
	Between 30 and 50	29%
	Over 50	71%
	Total	100%
2021	Under 30	0
	Between 30 and 50	20%
	Over 50	80%
	Total	100%

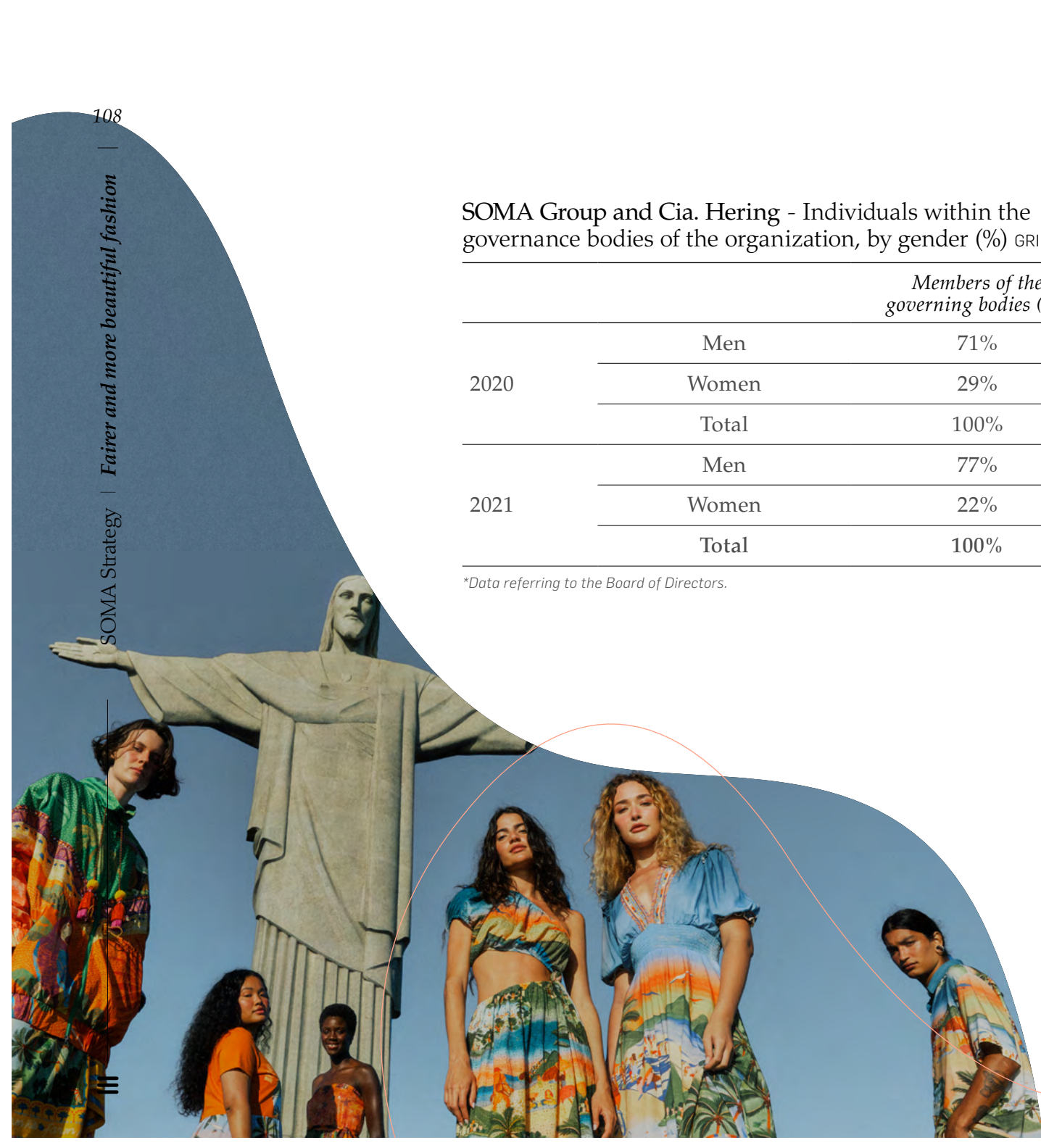
\*Data referring to the Board of Directors.

SOMA Group and Cia. Hering - Percentage of underrepresented groups within the organization's governing bodies GRI 405-1

		Members of the governing bodies
2020	Blacks	16.87%
2021	Blacks	10%

\*Data referring to the Board of Directors.

See more about our organizational structure on [page 145](#)



### SOMA Group - Employees by type of job category and gender (%) GRI 405-1

	2020		2021	
	Men	Women	Men	Women
Senior Management + Board Members	75%	25%	51%	49%
Executive Management	29%	71%	46%	54%
Corporate Management	23%	77%	30%	70%
Store Management	-	-	20%	80%
Vendor	12%	88%	12%	88%
Operational	32%	68%	27%	73%
Trainee	8%	92%	26%	74%
Interns	-	-	39%	61%
Apprentices	-	-	21%	69%
<b>Total</b>	<b>23%</b>	<b>77%</b>	<b>22%</b>	<b>78%</b>

### SOMA Group - Mathematical ratio of salary and remuneration between women and men GRI 405-2

	2021
Board of Directors	0.88
Executive Management	0.79
Management	0.99
Analyst	0.97
Operational	1.04

### SOMA Group - Employees by type of job and age (%) GRI 405-1

	2020			2021		
	Under 30	Between 30 and 50	Over 50	Under 30	Between 30 and 50	Over 50
Senior Management + Board Members	-	60%	40%	3%	57%	41%
Executive Management	3%	89%	8%	-	85%	15%
Corporate Management	16%	81%	3%	6%	86%	8%
Store Management	60%	38%	2%	18%	78%	3%
Vendor	67%	31%	2%	68%	30%	2%
Operational	42%	46%	12%	50%	43%	7%
Trainee	90%	10%	-	95%	5%	-
Interns	-	-	-	95%	5%	-
Apprentices	-	-	-	100%	-	-
<b>Total</b>	<b>53%</b>	<b>42%</b>	<b>5%</b>	<b>55%</b>	<b>39%</b>	<b>5%</b>

\*The numbers for Interns and Apprentices were not reported in 2020. We started to build the timeline in 2021.



## Cia. Hering- Employees by type of job and gender (%) GRI 405-1

	2021	
	Men	Women
Senior Management + Board Members	80.00	20.00
Executive Management	52.08	47.92
Management (Coordination/specialist/ store manager/store supervisor)	45.02	54.98
Vendor	27.62	72.38
Operational	36.52	63.48
Interns	30.00	70.00
Apprentices	22.64	77.36
Total	36.49	63.51

## Cia. Hering - Employees by type of job and age (%) GRI 405-1

	2021		
	Under 30	Between 30 and 50	Over 50
Senior Management + Board Members	-	66.67	33.33
Executive Management	-	89.58	10.42
Management (Coordination/specialist/ store manager/store supervisor)	15.87	79.34	4.80
Vendor	73.28	25.87	0.87
Operational	55.09	33.38	11.54
Intern	100.00	-	100.00
Apprentice	100.00	-	-
Total	54.18	35.37	10.46



### Ethnic and Racial Census

We conducted the second Census of the SOMA Group in 2021 (the first was done in 2019) to collect information about the profile of our employees. Cia. Hering also conducted its first Census in the same year. A new edition is scheduled to be carried out in July 2022, this time combining the SOMA Group and Cia. Hering.



**SOMA Group:**

4,102 respondents.

80% adhesion.

Conducted in March 2021.



**Cia. Hering:**

2,798 respondents.

71.5% adhesion.

Conducted in May 2021.

## General Profile of Respondents

### SOMA GROUP: Color & Race (IBGE Standard)

52.61% white  
43.54% black (29.21% black and 14.33% mixed race).

### Cia. Hering: Color & Race

53.6% white  
41.5% black (7% black and 34.50% mixed race).

### SOMA Group: gender identity and sexual orientation

80.30% heterosexual	Trans	CIS
17% LGBTQIA+	0.15% women	78.99% women
2.53% undisclosed (UD)	0.27% male	17.94% male
		0.27% non binary
		2.39% undisclosed (UD)

### Cia. Hering: gender identity and sexual orientation

78.98% heterosexual	Trans	CIS
11% LGBTQIA+	0.28% women	53.60% women
9.94% undisclosed (UD)	0.17% male	33.70% male
		(-) non binary
		11.79% undisclosed (UD)



## Group SOMA - Total X Gender Identity

Regarding diversity and inclusion within the company, do you feel that: (criteria regarding equality or differences in treatment)

	Overall Total	Cisgender woman	Cisgender men	Trans women	Trans men	Non-binary	Prefer not to answer
All people are treated equally	71%	69%	77%	63%	20%	42%	68%
Some groups are favored at the time of hiring but after hiring everyone is treated equally	5%	6%	4%	13%	0%	8%	3%
No groups are favored at the time of hiring, but within the company there are groups that are favored	12%	14%	9%	25%	40%	25%	14%
There are groups that are favored at the time of hiring as well as within the company	11%	11%	9%	0%	40%	25%	14%

Source: Racial Ethnic Census - SOMA Group 2021.

### ***Sim à Igualdade Racial (Yes to Racial Equality) Forum***

This event aims to foster debates about new job market trends and especially to connect black women, black men and indigenous people with companies that uphold racial equality and invest in diversity and inclusion. In the 2021 edition, Animale sponsored this creative exercise project aimed at finding strategies and discussions for the development of can-do attitudes for the creation of actions and policies for racial equality in Brazil and the world.

### ***ID\_BR***

Hering entered into a partnership with ID\_BR (Instituto Identidades do Brasil) in 2021 to help further the racial cause. The organization and the brand created awareness actions for the employees and launched a licensed collection. Part of the sales of any article of the Hering + ID\_BR collection was donated to the Institute, for a total of BRL 22,000 donated to ID\_BR in 2021. In addition to Hering, FARM and Animale also partnered with ID\_BR in the same year for the creation of leadership

awareness actions, lectures such as the ABC of Race, and consulting services to set up FARM's affinity group.





## Listen to Learn

On June 8, 2021, a FARM brand employee was the victim of a social tragedy in a case of urban violence that occurred on the northern side of Rio de Janeiro. The brand's positioning was widely criticized at the time, which led it to face its most challenging crisis.

It was from the lessons learned in this event that the brand and the SOMA Group as a whole made the choice to speed up the process of expanding the diversity and inclusion guidelines.

In order to manage the crisis, a committee was created with the brand's top leadership and two consultants specialized in diversity and inclusion. This committee spent seven days actively listening and talking to more than 800 employees in about fourteen meetings. FARM's Diversity and Inclusion

Acceleration Plan was borne from this process supported by 5 pillars and objective goals.

The 5 pillars are:

- > Transform FARM's culture through diversity and inclusion by putting them at the center of decisions.
- > Expand and deepen knowledge about diversity and inclusion.
- > Restructure the People & Management area, broadening the scope on diversity.
- > Actively invest in social responsibility actions in Rio de Janeiro.

> Include and accelerate the careers of black and indigenous people at all levels of the company.

These and other actions, which can be checked in greater detail in the Farm 2021 Annual Report, are a reflection of the commitment of the brand and the SOMA Group to become genuinely diverse and inclusive, recognizing the issue as a strategic pillar.



## Health and wellbeing

GRI 103-2, 103-3 | 403 | 416, 403-1, 403-2, 403-4, 403-5, 403-7 | ODS 3

The SOMA Group takes health and safety management very seriously, after all this is an important pillar to ensure the well-being and happiness of our employees. Our work safety management system takes into account the rules that exist in Brazil, as well as in-house rules and procedures applied in Occupational Safety Programs.

This management is based on the continuous monitoring of good OHS (Occupational Health and Safety) practices, by means of periodical inspections, verification of legal documentation - such as service orders, PPE (personal protection equipment) delivery records, procedures related to working at height, and others.

Any discrepancy found is reported every fifteen days to the top management for the purpose of resolution, as well as for the development of opportunities for improvement. GRI 403-7

The workers have an active role in this management by means of the Internal Commission for Work Accident Prevention, which meets monthly and is composed of nine employees elected by their peers and nine appointed by the company. GRI 403-9

Integration training is given to new employees; Daily Safety Dialog; training about proper use of machinery and equipment, forklift operation, work-at-height platform operation, fire brigade training, and others.

## *Cia. Hering*

Cia. Hering also has a work safety management system based on Brazilian standards, in addition to internal rules and procedures applied in Occupational Safety Programs with clear guidelines for high-risk work, such as in confined spaces, at height, cutting and welding, cargo movement, and others - particularly important when it comes to the industrial facilities.

All units have occupational safety professionals (safety technicians), and the industrial units also have occupational safety engineers. To care for occupational

health, visits are made to workstations to identify and eliminate hazards and minimize risks. GRI 403-3 (2019)

The internal security policies are applied to all employees, third parties, and any visitors who enter the company's premises. Each unit is in charge of its own management of indicators, as well as of communicating safety standards to the teams and people in charge.

Cia. Hering also has Internal Commissions for Accident Prevention in place in the production units that carry out internal

audits of the labor safety management system. Likewise to SOMA, the Internal Commissions for Accident Prevention at Cia. Hering are made up of employees chosen by their colleagues and appointed by the company. The members receive training and skill-building exercises for accident prevention, and their term lasts for one year. The meetings of the Internal Commissions are held monthly but one-off meetings may take place if the need arises.

Health and safety are topics that are taken seriously at the SOMA Group and Cia. Hering through training for employees, management system and policies.



Cia. Hering follows the Risk Management Program, a legal requirement for the assessment, anticipation and control of existing risk in work activities. The application of this Program is initially carried out by describing the flow of activities and tasks in the production process. A risk analysis is then undertaken for each stage of the activities and a classification of risks is created so that an action plan can be developed for correction or mitigation. This entire procedure is planned and carried out organically along with the company's occupational safety professionals, as set forth by the law in force.

In addition to the Risk Management Program, Safety Standards Committees were implemented in 2021, in which managers, occupational safety professionals, maintenance and production reps meet monthly to assess every aspect of the safety standards and to outline and adjust action plans for the units. GRI 416-1

Employees in the onboarding process receive initial safety training, work orders, and specific training to properly perform their

jobs. The recycling of this training happens according to the internal planning of each unit. They are also instructed on the need to report and communicate any risks and incidents they may have witnessed and about their right to refuse any task.

Cia. Hering has an Emergency Response Plan in place, as well as emergency and panic prevention systems and teams of firefighters and firemen trained in emergency situations. The company keeps an emergency extension line open so that employees can call in necessary situations. Cia. Hering encourages all inappropriate behavior to be reported on the Ethics Channel directly to the manager or the Work Safety team.

Any occurrences involving employees or third parties are registered and analyzed so that procedures can be put in place to handle the incidents and any unsafe behavior, as well as preventive measures through an action plan.

Cia. Hering offers membership in a group health insurance plan. Employees who do not have a health insurance plan receive

guidance on how to use the public healthcare network (SUS) and the medical care offered by their union. The outpatient clinics offer medical, gynecological, physical therapy, and psychological care.

It also offers programs focused on mental health, prenatal care, vaccination, campaign against dengue fever, and Health Week, with several activities related to the employees' health and well-being. GRI 403-6



Employees receive initial security training as soon as their onboarding begins.

## Management of safety indicators and targets GRI 403-7

Cia. Hering has a computer system (Senior) to record the various activities carried out by the Safety teams, such as action plans, records and investigations of accidents and incidents, control and management of PPE (Personal Safety Equipment) and reports of unhealthy and hazardous conditions, and others. It also has other systems such as Easy Checklist for clearing work fronts and field surveys; BPM for registering third-party demands; and CIPA Cloud for the management of Internal Commissions for Accident Prevention (CIPA) (available for the São Paulo office).

Every unit's performance in regard to occupational environment and accidents is measured by the Safety Index, one of the indicators used to compile the units' Safety Ranking. The points of the Safety Ranking are released every month and a Gold, Silver or Bronze classification is given at the end of each annual cycle.

1. Internal audits were suspended in 2020 and 2021 due to restrictions imposed by the pandemic, the audits are to resume in 2022.

Dashboards, with the main occupational safety indicators, are periodically updated by the corporate safety team and released monthly to the teams so that remedial action plans can be put in place to solve the issues found. An A3 format visual Management model is under construction to provide even more transparency and increase engagement. It will include update and display the main indicators in various sectors of the units to give visibility to the achievement or not of the target and the action plans proposed for correction.

A self-assessment system was also implemented in 2021: month by month, each unit evaluates its level of adherence to the company's internal rules. The self-assessment complements the internal audit work<sup>1</sup> performed annually by the corporate team in order to certify the level of compliance with the management system. The audit then starts to validate what has been identified by the unit itself.

Also in 2021, a prevention program related to the perception and correction of so-called unsafe behaviors was implemented in the Goianésia (GO) and Paraúna (GO) units, and is expected to be extended to the other units in 2022.



### Work-related injuries – Employees (2021) GRI 403-9

	SOMA Group <sup>1</sup>	Cia. Hering
Number of hours worked*	10,731,246	12,093,337
Number of deaths resulting from work-related injuries	1	0
Number of deaths resulting from work-related injuries	0.019	0
Number of serious work-related injuries (excluding deaths)**	0	6
Rate of serious work-related injuries (excluding deaths)	0	0.099
Number of work-related injuries (including deaths)	11	68
Rate of work-related injuries (including deaths)	0.205	1.125
FAR***	0.205	1.124
FAA****	0	0.099
SEV*****	113.034	6.648
Lost days	6,065	402
Safety Index <sup>1</sup>	22.634	1.578

\*Base number of hours worked = 200,000

\*\* Accidents with leave of more than 15 days.

\*\*\*FAR: Frequency of reportable accidents: represents the number of work accident disclosures reported to the government agency (social security) for every two hundred thousand man-hours worked.

\*\*\*\*FAA: Frequency of accidents with leave: represents the number of accidents with leave per two hundred thousand man-hours worked.

\*\*\*\*\*SEV: Severity: estimate of the number of days lost related to work accidents per two hundred thousand man-hours worked.

1. Safety Index - aims to measure the accidents taking into consideration the number of accidents, with or without leave and their severity (FRA/7.5 + FAL+ SEV/5)

# Partners and community

## Supply chain ODS 8, 10

The SOMA Group views its supply chain as a giant partnership, essential for the development of its business. This outlook encourages us to work with suppliers who, besides the best price and high quality, share our mindset in regard to upholding human rights and responsibility with the environment. Our procurement practices are guided by procedures from the Compliance and Sourcing areas based on the demands of the style and operations teams, which always have the customer as their primary goal.

Our products come from two different production models: production on demand and the purchase of finished products, which makes us a company with a hybrid business model. To guarantee the supply of these products, we count on three types of suppliers: raw material suppliers, clothing factories - which are in charge of the production process stages - and Sourcing - which supply us with finished items.

Having this array of supply possibilities is one of our strategies to mitigate any risks related to the supply or price of raw materials and to give us the flexibility to seek the best products with specialized suppliers.



In addition to the analysis of legal compliance and good socio-environmental practices, we use two criteria for the procurement and use of products: availability in the local market and exchange rates. The choice of suppliers is made based on these elements and, most of the time, we prioritize local suppliers - the competitive edge lies with local producers because they have better lead time for delivery and less impact on GHG emissions.

The raw material supply and procurement practices are based on the demands of the planning teams of each brand. The orders are generated for the procurement area in an automated manner. We work with PLM (Product Lifecycle Management), a proprietary system that shows us where each part is and allows us to track the entire production cycle. It also helps us with Compliance management.

To us, the best strategy to ensure on-time deliveries, attractive prices, and the creation

of decent work is to build long-lasting and transparent partnerships with the supply chain, based on trust.

Our entire chain undergoes unannounced audits at least every four months to mitigate risks regarding human rights violations, fair working conditions, and non-compliance with laws, by means of social audits performed by a third-party company. SOMA Group and Cia. Hering require in their contracts that suppliers comply with the labor laws, fulfilling, at least, the payment of the minimum wage as a floor for the remuneration of full-time workers.

GRI 103-2, 103-3 | 202, 202-1

In 2021, more than 7,200 audits were conducted at SOMA suppliers and 564 audits at Cia. Hering suppliers - between social and traceability audits. The social audits take place every four months, and the traceability audits take place monthly, which ensures that the criteria is being met and that production is being carried out as agreed contractually.

As members of the Brazilian Textile Retail Association (ABVTEX), we help and encourage our chain in the process of adapting their companies so they can also be certified. Currently 88% of the SOMA Group's (minus Hering) supply chain is ABVTEX certified, considering direct and indirect suppliers.

GRI 408-1, 409-1

Cia. Hering negotiated, throughout 2021, with 375 toll manufacturing suppliers and 119 national sourcing suppliers, resulting in a total of 494 available suppliers directly related to textile production.

Out of this total, 39% are ABVTEX certified, and 100% of the sourcing chain is certified by the institution.

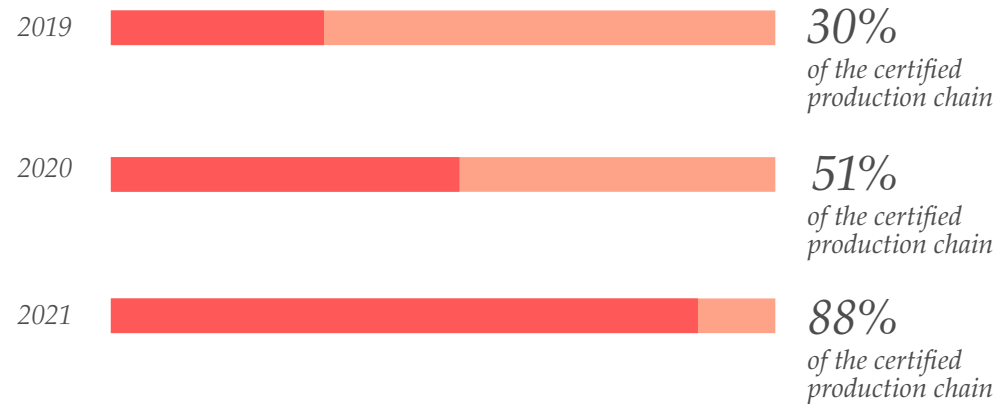




We encourage all our suppliers to be ABVTEX certified.

#### % ABVTEX Certification

#### Productive Chain of the SOMA Group (minus Hering)



In regard to the Higg FEM assessment, we do not have specific monitoring that directly addresses any issues in the chain related to certification. The audit process for ABVTEX integrates topics related to environmental management, but it is not 100% adherent to the Higg scope. SASB CG-AA-430a.2.

Cia. Hering has a Supplier Policy that is committed to a management based on the continuous evolution and generation of social, economic and environmental value. The objective is to guide and establish guidelines for the management of the supply

FARM Global is affiliated with the Sustainable Apparel Coalition (SAC).

SASB CG-AA-430a.1., SASB CG-AA-430b.1.

chain, considering approval and maintenance processes. The company assumes the role of influencer in the network to build transparent relationships, in constant legal and socio-environmental compliance.

We act as influencers in our supply chain to build transparent relationships in constant legal and socio-environmental compliance.

## Socio-environmental assessment of the chain

GRI 103-2, 103-3 | 308 | 408 | 409 | 412 | 414

If it is important to us, who understand our supply chain as an extension of our operation, to analyze it from the socio-environmental aspect. Therefore, we started in 2021 to build a knowledge base and to map opportunities to mitigate environmental impacts and risks in the chain and we plan to conclude by the end of 2022.

In line with Agenda 2030 and SDGs 8, 9, 10, 12 and 17, we are signatories of the Global Compact since 2021 and of ABVTEX since 2018 as the SOMA Group and since 2011 as Cia. Hering. Hering. Supporting fair and safe practices in our production chain is a commitment we undertake and we ensure it is met by means of the ABVTEX Certification and the audits performed by an outside partner. GRI 408-1, 409-1

Our greatest challenge lies undoubtedly in the traceability flow since outsourcing represents a real risk of involving illegal

labor in the production process. This is why we register and audit all our suppliers. One of our tracking methods is to work on chain traceability projects.

Considering that the processes of Cia. Hering and the SOMA Group are being combined, they include the management for contracting and partnerships: our [Code of Conduct for Suppliers](#), Procurement Policies (internal), [Supplier Policy](#), [Compliance Policy](#) and our process that informs how the approval of a supplier must be carried out step by step (prior checklist). In addition to this process, a specific form to formalize service agreements is used for services. The good practices of each of the companies are being adopted as a reference so that they are transversal to all the procedures.

Cia. Hering already performs a due diligence process for new suppliers through a tool



that informs the impact potential taking into account the service and the public information stated by the partner. This tool was adopted in the second half of 2021 and is another important step towards stronger supplier monitoring guidelines. It also informs if the supplier has any lawsuits or convictions at the relevant environmental agencies on a federal level, which causes our Compliance area to intervene and request the regularization of the pending item so that the supplier approval process can continue. We periodically conduct our own audits on toll manufacturing suppliers and assess the environmental topic for legal

documentation (licenses) at no detriment to the own obligations of the suppliers and statements that inform their compliance with these standards.

SOMA Group and Cia. Hering value the relationship with ethical and regular partners. We do not accept suppliers with a history of compulsory labor, child labor, or any other rules that do not uphold human rights. The social assessment is, therefore, of a classifying and eliminating nature. And this requirement is substantiated in our contractual clauses.

Cia. Hering conducts random social audits in toll manufacturing operations, considered to have the highest risk potential for child labor. The diligence involves a periodic search in relation to the corporate taxpayers' registry history of these suppliers, including possible information from national and international governmental units that deal with the topic

(local and international sanctioning bodies). We also make available the Ethics Channel for anonymous reporting, through the Safe Contact application, of situations that may violate our Code of Conduct.

GRI 103-2, 103-3 | 409

In 2021, no situations of child or slave labor were identified in either the SOMA Group or Cia. Hering, and 100% of the local suppliers went through a human rights assessment. In 2021, 88% of the toll manufacturing production chain was audited by Cia. Hering and 100% of the sourcing chain was audited by ABVTEX. GRI 408-1, 412-1, 414-1

If social non-conformities are found during our audits, we work together with the chain to resolve them, with improvements in processes and working conditions for everyone involved. An action plan is also drawn up with Compliance until completion.



SOMA Group and Cia. Hering - Operations and suppliers that may present significant risks of occurrence of cases of forced labor, slave-like labor or child labor GRI 408-1, 409-1

Suppliers / Operations	How we operate	Type	Geographic country/ area
Toll manufacturers	As a member of the ABVTEX program, we have a team of auditors that conducts social audits based on the same scope of the Organization's audits, including a guaranteed similarity of the checklist.	Textile Industry	Brazil
Local Sourcing	We work with the ABVTEX certification requirement to maintain the business relationship. Likewise, subcontractors are only accepted after the presentation of the valid certificate.	Finished Product	Brazil
International Sourcing	We look for suppliers with social certification (such as SEDES SMETA, BSCI and/or BCI). We also conduct our own audits to ensure that there is no risk of the risk materializing.	Finished Product	Other countries

### SOMA Supplier policy GRI 102-9

**82%**  
are Brazilian suppliers  
+ R\$ 546 million  
allocated to these  
suppliers in 2021.

**more than  
15,000**  
direct and indirect jobs  
in Brazil and abroad.  
**BRL 19,023,228.00**  
allocated to salaries.

Concentration of the  
chain in the  
**Southeast**  
region.

**more than  
7,200**  
audits conducted.

**100%**  
of the local chain  
undergoes social and  
traceability audits.

## Procurement budget spent with local suppliers\* GRI 204-1

	Soma Group	Cia. Hering
	2021	2021
Budget for suppliers (BRL)	665,998,952.64	1,108,362,456.00
Amount spent with local suppliers	546,937,817.14	1,044,962,210.00
% of budget spent with local suppliers	82%	94%
Amount spent with local suppliers (BRL)	277,749,944.76	881,217,134.,00
% of budget spent with local suppliers	42%	80%

\*Local Suppliers - Brazil.

Local suppliers - in the states where the company has administrative or manufacturing units, for the SOMA Group, we consider RJ and SP, and for Cia. Hering, GO, SC and SP.

SOMA Group and Cia. Hering value the relationship with ethical partners and suppliers because we consider our chain an extension of our operations.

## Supplier chain Cia. Hering GRI 102-9

5,733

suppliers of inputs, raw materials, indirect materials, and services.

439

clothing factories and *sourcing*.

95%

in the country and the other 5% in other countries, considering monetary value\*.

BRL 1,093,892,353

is allocated to suppliers, of which BRL 497,201,962 (45%) to local suppliers\*\*.

\*Except sourcing. Calculation based on the suppliers' invoices.

\*\*Cia. Hering considers local suppliers to be those in the states of Santa Catarina and Goiás (where it has operational units).

100%

of the local chain undergoes social and traceability audits.

564

own in-person and/or remote audits were conducted and

355

action plan audits have been implemented and closed.



## Initiatives for our suppliers

GRI 103-2, 103-2I 204

### Support for the chain ODS 10

We are aware of the financial difficulties of many companies in our chain, no doubt aggravated by the COVID-19 pandemic. That is why we stood by our partners to ensure and contribute to keeping them fully regularized. We have implemented an improvement project in the production processes, offering advance payments for future payments, which are later discounted in installments, without charge.

In 2021, more than BRL 1.5 million was invested in the chain for ABVTEX certification regularization, expansion of the manufacturing complex, and financial regularization. GRI 203-2

In addition, we invest in the growth of our chain. We have sought to regularize the financial contribution to suppliers so they can expand their production capacity. As such, we hope to encourage entrepreneurs with strategic relationships with the Group to be always supported and to seek success in their businesses.

### SOMAR

This is the name we gave to the SOMA Supplier Development Program, created in 2021. The goal is to monitor the performance of our active suppliers on a monthly basis, as well as to contribute to their development. SOMAR is based on seven indicators, divided into five pillars - sustainability, operation, gross margin, quality assessment, and reactivity. We deploy our strategic focus to our suppliers and partners of finished and toll manufactured products. Based on the analysis, a score is calculated that, if below the minimum acceptable, will demand the execution of an action plan for improvement by the partner.

## *RADAR - Potential Analysis*

RADAR, which is a diagnostic tool structured to boost operational improvements in the SOMA Group chain, uses the five pillars of SOMAR as guidelines. The objective is to obtain a panorama that points out possible flaws in the company's management regarding sustainability, operation, margin, quality, reactivity, and strategy. Through this analysis, suppliers can identify the points that need attention and structure the action plan to improve their company's performance.

## *Productive Chain*

We have a partnership with Sebrae (Support Service for Micro and Small Companies) in the Productive Chain (PC) program. The goal is to offer consulting for suppliers to speed up their development. It is a methodology used in several Brazilian states that has helped to systematically improve the fashion chain in the country.

The first cycle of SOMA PC kicked off in March 2021. It is scheduled to end in August 2022 and has 23 suppliers in Rio de Janeiro. They receive training in groups and on-site consulting. These are opportunities to learn about different topics for business improvement, including people and financial management.

The results will be measured at the end of the cycle by Sebrae but our main challenges are to increase the companies' competitiveness through the MEM (Model of Excellence for Management) analysis, to increase the partners' productivity and the

quality of the products developed, as well as to reduce the production lead time. We intend to take the PC to our entire chain and expand it to other states.

The Supplier Code of Conduct has been in use at Cia. At Cia. Hering, the Productive Chain has been in place since 2017. The company was a pioneer in this partnership, forming the first classes together with Sebrae and with the active participation of the Hermann Hering Foundation. In 44 cities from three states, 51 collective activities have already been carried out, with 334 hours of training, 8,774 hours of consulting, 120 companies served, and 3,238 people impacted.

Cia. Hering's Productive Chain also has program content focused on business development, with modules that address leadership, strategy, customer management, people and process management, and results.



In June 2021, the Cia. Hering PC trained a group of 30 companies, which registered an increase of 117% in the competitiveness index and 30% in the ABC curve performance. Cia. Hering has signed up with Sebrae for another Productive Chain cycle, which will be in effect until August 31, 2022, and aims to improve the conditions of competitiveness and sustainability of 41 micro and small companies in the fashion segment - all suppliers of Cia. Hering in the state of Goiás.

We are in the process of outlining an integration plan between the Productive Chain programs of Cia. Hering and the SOMA Group, that takes into account the regional particularities of the supplier groups and values the common interest of business development.

### *Listening Partnership*

The SOMA Group values active and efficient exchange and listens to the entire chain. Therefore, communication takes place through a unified channel with suppliers. We try to respond to these demands as quickly and accurately as possible so we can settle any doubts and solve any problems that arise. Furthermore, it is through this channel that we send communications about issues that directly involve our suppliers, so that they are always aware of possible changes, information, and research.

### *Supplier webinars*

Our supplier webinars are another initiative we put in place to stay close to our chain during the COVID-19 pandemic. Three online meetings were set up in 2021 to add more transparency to our goals, growth perspectives for the coming years, and to broaden the entrepreneurs' view of the opportunities that should arise along our trajectory. With the presence of CEO Roberto Jatahy, directors, and operations heads, the webinars were attended by more than 400 suppliers of raw materials, products, and retailers.



**SOMA Group strives to actively and efficiently listen to its supply chain and we try to respond to every demand as promptly as possible.**





### *Relationship Research*

Our numerous visits to our suppliers helped us realize that we needed to understand the bottlenecks in the relationship between the chain and the Group. Therefore, we developed a Relationship Survey, aimed at improving communication between SOMA and the suppliers.

The survey had 82 respondents and measured our NPS (Net Promoter Score), which shows, on a scale of -100 to 100, how much a supplier would recommend the SOMA Group as a partner to another entrepreneur. Through the questionnaire, we got an average score of 52, which is considered a very good score.

From the results, we were able to review inefficient processes and rethink strategies to make improvements and build an increasingly stronger relationship with the chain. The NPS indicator is now a recurrently monitored index.

### *Code of Conduct for Suppliers*

Like our Code of Ethics, which validates the in-house culture, the Code of Conduct for Suppliers lays out the requirements that a supplier needs to abide by to operate in the SOMA Group chain and to produce with quality for our customers. The Code of Conduct was updated in 2021, and will be worked on in 2022, to underpin the guidelines of the Group within our supply chain under the social, human rights and the environment aspects. It is one of the ways we have found to encourage our chain to adopt the conduct that we expect from our suppliers.

The Supplier Code of Conduct has been in use at Cia. Hering since 2009, and in 2022 will be updated together with SOMA.



### Cia. Hering - Suppliers with potential adverse and real social impacts GRI 414-2

	2021
No. of suppliers evaluated in regard to social impacts	494 (375 toll manufacturers +119 local sourcing ones)
No. of suppliers identified as causing adverse environmental and/or social impacts	202
No. of significant impacts - actual and potential - identified in the supply chain	1 adverse impact related to salary payment, we identified payment outside the relevant legal base date
No. of suppliers identified as having significant actual and potential adverse social impacts with whom improvements have been agreed as a result of the assessment	0
% of suppliers identified as having adverse social impacts with whom improvements were agreed as a result of the assessment	0
No. of suppliers identified as having adverse social impacts with whom improvements have been agreed as a result of the assessment.	0
% of suppliers identified as having adverse social impacts with whom improvements have been agreed as a result of the assessment.	52%

## Community GRI 103-2, 103-3 | 203 | 413, 203-2 | ODS 10

As a company that aims to generate a positive impact for all stakeholders, we seek to be socially responsible in our processes. We drive ourselves to generate shared value, to be diverse and inclusive in order to make a difference in the lives of our employees and in the communities where we work and that interact with us. The impact we have on communities feeds back to us - their development benefits our business as well.

As such, the topic is managed through the relationship with the communities for the identification of needs; design of

joint strategies; approval of investments; partnerships with institutions and financial control of donations. The effectiveness of the management method is evaluated according to feedbacks from our partners. Lessons learned are applied in day-to-day management and in the strategy of future projects.

We know that more needs to be done to reduce the inequalities in our country. Therefore, we invest in several initiatives with the communities. In the case of Cia. Hering, this work is underpinned by the Hermann Hering Foundation.

**We drive ourselves to generate shared value, to be diverse and inclusive in order to make a difference in the lives of our employees and in the communities.**





## Hermann Hering Foundation

The Hermann Hering Foundation is 87 years old. It is a private civil non-profit legal entity, which operates in the areas of Memory & Culture and Entrepreneurship, aligned with the purpose of building #ModaProNewWorld.

One of the great initiatives of the Hermann Hering Foundation is the Hering Museum. It was founded in 2010 in the city of Blumenau, Santa Catarina state with the mission of encouraging interactions and reflections about the future of fashion, valuing the legacy of Cia. Hering and of all those who dedicated themselves to this collective venture.

In its 11 years of existence, the Hering Museum has already received more than 170,000 visitors. In 2021, after the

lockdown gradually subsided, the space was reopened with a new long-term exhibition and free access for visitors. The "A New Time" exhibition received 7,644 visitors during the year.

After it reopened, the museum's events were resumed and, thus, from March to December, other actions were deployed, such as: 15<sup>a</sup> Primavera dos Museus: "Losses and New Beginnings"; Holidays at the Museum; Workshops in partnership with students from the Regional University of Blumenau (FurB) and Workshops held by the HHF team.

Besides the Museum, the Foundation also maintains the Ingo Hering Memory Center, where more than 60,000 documents about the history of fashion in Brazil are stored.

The Foundation also maintains social actions in the entrepreneurial arena:

**5th Brazil Eco Fashion Week - HHF** supported the organization of this event aimed at promoting global ecosystems for innovative and responsible fashion, boosting the textile industry through its connections, discussing and promoting local initiatives, in line with the Creative Economy.

**Colabora Moda Sustentável - FHH** actively participated in the meetings of the movement that brings together individuals and companies to bring about changes in culture, influence public policies, strengthen the fashion ecosystem, build new narratives, and find with robust solutions. In 2021, the focus was on building recommendations for the sector to advance the sustainable fashion agenda, based on racial and gender fairness, integration of people with disabilities, policies for LGBTQIA+ people, valuing decent work and workers, strengthening small businesses, more space for Brazilian identities, education and culture

for sustainable fashion, neutralization of impact, integration of the production chain, regeneration, and circularity.

**Santa Catarina Fashion and Culture (SCMC)** - a platform for creative experimentation that works to promote the fashion and design industry in Santa Catarina, with the participation of FHH, through the Desafio Moda Amanhã project.

In 2021, the action encouraged and rewarded university students with BRL 5,000 scholarships for each member of the winning team. The winning team was the Universidade do Vale do Itajaí (Univali).

**Farol Criativo** - conducted as a pilot project in 2021, the project involved meetings on distance learning platforms (EAD) with future entrepreneurs from all over Brazil,

who started or reinvented their businesses and personal projects, learned about creativity, innovation, and life purpose. In all, the venture involved 55 registrants, 43 finalists, 135 hours of knowledge exchange, 95 hours of live meetings and activities, and 40 hours of study.

## + HHF

The projects Retrama (see more on [page 59](#)), Vestir o Brasil (see more on [page 137](#)) and Productive Chain (see more on [page 127](#)), mentioned in this report, are also initiatives of the Hermann Hering Foundation.



## Partnership with the Yawanawá people

GRI 203-2, 413-1

**F**ARM, one of the brands of the SOMA Group, is inspired by biodiversity, the Brazilian culture, and the feminine essence. The partnership with the Yawanawá women was kicked off in 2017 with the launch of the first collection in 2018. It has been five years of an encounter that forever changed the way FARM and SOMA look at indigenous people and nature. Since then, we have sought to support and give back to these people and their history, this place of healing, care, and respect.

The professionalization of the Yawanawá women's accessory making transcends income generation and becomes an instrument of female empowerment. Once perceived as a secondary activity, it now generates in income for the women. Once perceived as a secondary activity, it now generates in income for the women. Therefore, the feedback generated by the program has made it possible to break gender-related paradigms in the villages. The construction of the accessories is a way to ensure that indigenous culture, rituals, and representative images are perpetuated over time.

Besides the handcrafted work, the Yawanawá are also an inspiration for the development of patterns. As such, FARM spreads this beautiful culture to Brazil and the world.

All the actions carried out respect the Yawanawa Plan of Life, with proposals for the use of the land and the improvement of the families' social, economic, and cultural conditions.

From 2017 to 2021:

**160**

empowered  
artisans

**3,233**

items  
produced

more than

**BRL 1 million**

in direct income  
generation

**BRL 400,000**

in local  
investments

**2,000**

trees planted in  
deforested areas

**7**

Yawanawá villages  
with internet

**400**

washable absorbent underwear  
Farm + Donated Pantys

**8 collections**

Investment of BRL 2.5 million  
in social projects in indigenous  
communities



## Offsets and investments

### 2017

Start of partnership  
BRL 70,000

### 2018

Team remuneration  
BRL 50,000

Mariri Festival  
BRL 30,000

Investments in projects  
BRL 12,000

Aid for Casa das Artes  
BRL 5,000  
(crowdfunding outside the contract)

### 2019

Sementes Workshops  
BRL 25,000

Barco Rautihu  
BRL 15,000

Aid for Casa das Artes  
BRL 12,000

### 2020

Aid for Casa das Artes  
BRL 15,000

WiFi for villages  
BRL 60,000

ADM course  
BRL 5,000

Sementes Project  
BRL 20,000

Planting A thousand Trees a day, Every Day Program  
BRL 75,800  
(Outside the contract)

Donation of FARM, Fábula and Partys items  
BRL 23,000

### 2021

Food security  
Planting A thousand Trees a Day, Every Day Program  
BRL 224,500

Mariri Festival  
BRL 30,000

In all, around BRL 2.5 million was invested over the past five years. We had eight collections and currently the articles and prints are also reproduced at FARM Global.



### *Plano de Menina (Girl's Plan)*

The Plano de Menina project connects socially vulnerable young people with transformative content shared by Maria Filó's female leadership. And on the International Day of the Girl (October 11th), the brand joined the project that celebrates female roles and cares for the leaders of the future.

### *Casa do Rio*

In 2021, for the fifth time, the CRIS BARROS brand entered a partnership with the NGO Casa do Rio, which allocates to the entity 100% of the profits from the sale of the kit of six Christmas balls (dyed by hand and made of ambé vines, a sustainably managed raw material from the Amazon forest). The partnership benefited 58 women artisans and young indigenous people from nine different ethnic groups, from two locations in the Amazon. In 2022, the support will be used to structure the Derequine Atelier, a space of cultural affirmation and rescue for the women of the Witoto ethnic group.

### *Hours of life*

DZARM donated 100 medical consultations for the Care Cycle of the Hours of Life project, which also counts on the support of the FEMME laboratory to provide free mammograms. The purpose of this is to raise awareness, prevent breast cancer, and fight fear, misinformation, and lack of access to medical visits and exams. The brand invited its customers to be part of the campaign by making donations on the website of Horas da Vida, a non-profit institution that was organized in 2013 and fights for social inclusion and free access to health care for people in situations of social vulnerability. The campaign included a special cast of real women, including oncoinfluencer Mônica Alcantara.

### *O Câncer de Mama no Alvo da Moda*

Hering, which as always encouraged awareness and the prevention of breast cancer, has partnered with the campaign for more than 25 years. The income from the t-shirts bearing the Blue Target is donated to the São Camilo Oncology hospital. BRL 46,000 was donated to the Institution in 2021.

Hering has been a partner of the O Câncer de Mama no Alvo da Moda (Breast Cancer on Fashion's Target) campaign for more than 25 years.





### Synapse Network

A new social engagement of the CRIS BARROS brand was launched in 2021, focusing on supporting the Synapse Network, an initiative of public school teachers who train other teachers and help each other in order to promote quality literacy for children in different parts of Brazil.

Cris Barros invited mothers, who are friends of the brand and their children, to participate in two campaigns where 100% of the profit from the first sale of articles equal to those worn by the guests was reverted to the Synapse Network, allowing it to collaborate with +40 municipalities in three new states over the next three years.

### Vestir o Brasil

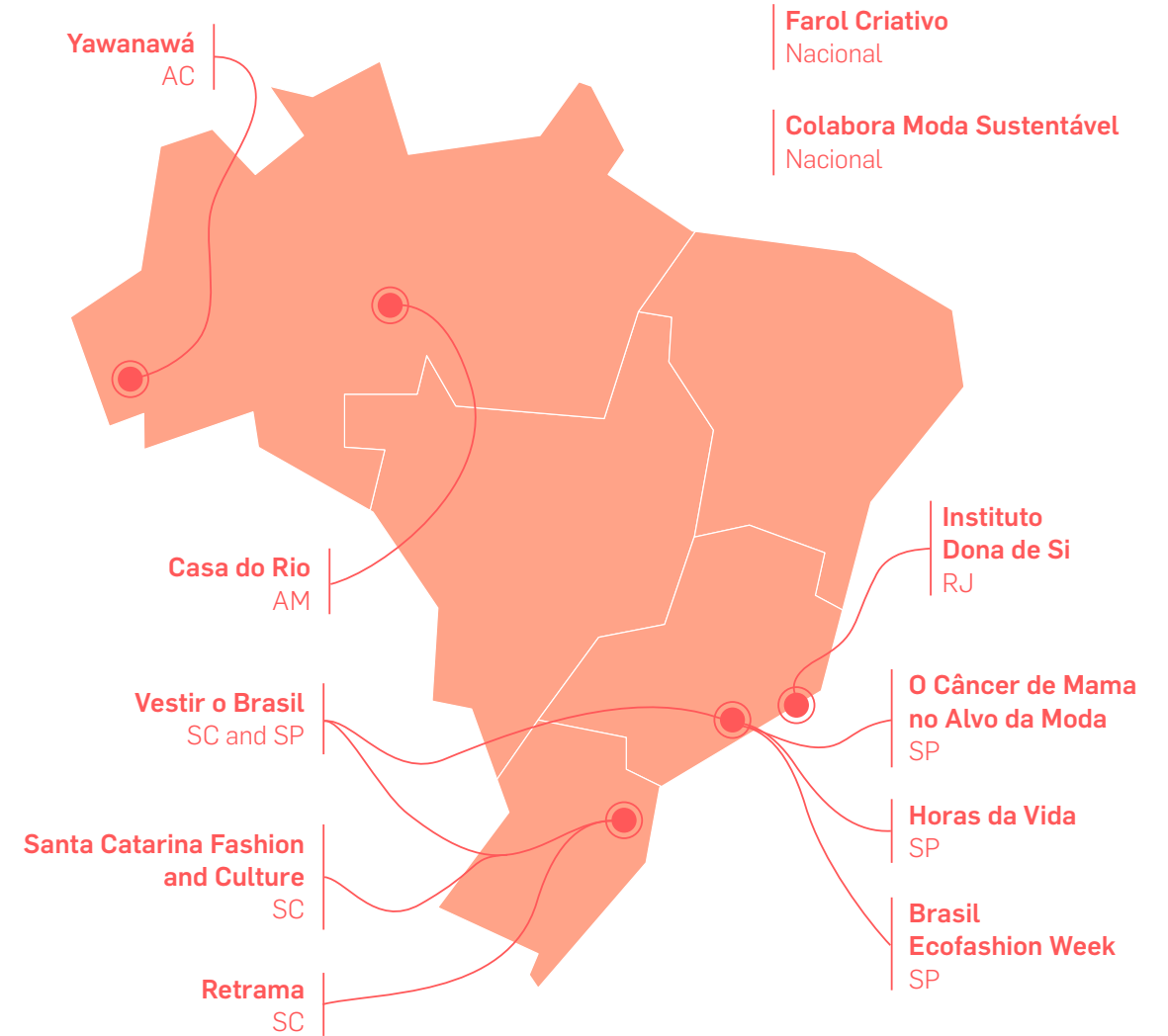
The project consists of innovation and creativity workshops for young students aged 14 to 24, with the aim of stimulating the development of new products for sustainable fashion. It is carried out by Cia. Hering in partnership with the Hermann

Hering Foundation, the Reciclar Institute, and Junior Achievement Santa Catarina. In 2021, it included 113 participants, 14 mentors, 18 hours of training, and 19 projects were developed. An increase of 56% was registered in the number of young participants compared to the previous year (72 participants in 2020).

### Instituto Dona de Si

In addition to the one thousand articles of clothing donated by Animale Vintage to the Dona de Si Institute, the BRL 99,692.25 derived from the sale directly impacted at least 300 women from the Morro dos Prazeres community. Thirty of them graduated from the Fashion Lab and developed 17 collections, from the Cutting and Sewing core, which aims to accelerate talents, supporting women to enter the job market and achieve financial independence through income generation and entrepreneurship.

### National scope GRI 413-1



## Second year of Covid-19

**A**s we enter 2021 with the pandemic still raging on, we continue to care for people. The employees who were able to stay at home and, when this was no longer possible, we followed safety and hygiene protocols in accordance with the rules of every location.

For the communities, we continued providing support throughout the year to help mitigate the impacts caused by the health crisis, for example, we contributed to the vaccination campaign and continued to donate masks.

### *Unidos pela Vacina (United by the Vaccine)*

The SOMA Group supported the Unidos pela Vacina movement, enabling infrastructure so that more than 86,000

doses of vaccine against COVID-19 could be applied in a vaccination unit in Campo de São Bento in Niterói.

Cia. Hering also participated in the movement to make donations of inputs and services needed to speed up the immunization process in 38 cities in the regions of Santa Catarina and Goiás, states where the company's units are located. The donations included materials such as freezers, preservation chambers, syringe collection boxes, reusable ice reels, and thermometers, and were delivered in July 2021.

### *Gastromotiva*

Founded in 2006, Gastromotiva is an organization that offers professional training for entrepreneurs, assistants, and chefs, and hopes the students will be

### *List of cities adopted by Cia. Hering:*

- > **SC:** Blumenau, Benedito Novo, Gaspar, Guabiruba, Ilhota, Luís Alves, Navegantes.
- > **GO:** Abadiânia, Alexânia, Anápolis, Campo Limpo de Goiás, Cocalzinho de Goiás, Corumbá de Goiás, Gameleira de Goiás, Goianápolis, Pirenópolis, Teresópolis de Goiás, Adelândia, Aurilândia, Buriti de Goiás, Cachoeira de Goiás, Córrego do Ouro, Firminópolis, Palmeiras de Goiás, Palminópolis, Paraúna, Sanclerlândia, São João da Paraúna, São Luís de Montes Belos, Turvânia, Barro Alto, Goianésia, Itaguaru, Jaraguá, Mimoso de Goiás, Padre Bernardo, Santa Rita do Novo Destino e Vila Propício.



replicators of its methodology. The impacts of using gastronomy as a tool for social transformation and to fight waste are many. In 2021, the initiative joined forces with two other projects - Junta Local and Chega Junto, both in Rio de Janeiro, to create Junta Solidária. The initiative trained refugees in social vulnerability and food insecurity. A bridge was built between those who needed to eat and those who needed to work: on one side street people and families who wanted food on their plates amidst the pandemic chaos. On the other, small producers and refugee exhibitors who no longer had their in-person fairs because of lockdown. The result was conscious gastronomy with affection. The SOMA Group supported this partnership with BRL 100,000, which is making 1,500 meals a month possible for one year (from July 2021 to July 2022).

### ***Multi-brand scanning***

The initiative started in 2020 as a pilot project aimed at helping the Group's multi-brand partners maintain their turnover at

the beginning of the COVID-19 pandemic. In a scenario of closed stores and low digital penetration, since few of them had their own e-commerces, the measure had a great social impact, ensuring the survival of the businesses. In the first year, the program transacted BRL 22 million (9% of the channel's total revenues). In 2021, at the SOMA Group, BRL 99 million of the revenue came from the program (23% of the channel's total revenue, a 350% growth compared to the previous year).

### ***Bem do Estar Institute***

Inspired by the theme "Conscience" of Animale's winter 2021 collection, we joined the Bem do Estar Institute, which aims to welcome people, especially women, in matters of mental health, contributing to the prevention of psychological illnesses and for a more conscious and healthy society, understanding that the pandemic context is challenging in many ways and people must be cared for. BRL 28,000 were invested in the project in 2021.

### ***Connections that save***

Committed to people, Cia. Hering has connected its network for collab initiatives. In a moment of urgency, as the pandemic worsened, it chose to invest in actions that would contribute to the well-being, health, and safety of the communities, and, for the purpose of mitigating the impact of hunger, it donated, from May to December 2021, 100 basic food baskets per month to CUFA and 100 basic food baskets per month to G10, in addition to BRL 50,000 for each of the institutions to invest in actions aimed at entrepreneurship - such as the purchase of connection chips that made it possible for women to work as sales representatives. In addition, the Hering brand also engaged by bringing the action to its sales channels. For each t-shirt sold over the weekend of May 17 to 22, Hering donated 100% of the sale to CUFA and G10, resulting in an amount of BRL 221,000 shared equally between the two institutions.



# Our customers

GRI 103-2, 103-3 | 417

The reason our brands exist is to generate enchantment and desire in each of their customers. and there are many, fortunately.

SOMA's active customer base ended 2021 with 1.4 million registrations, and Cia. Hering's, with 3.5 million. That's a lot of people! It is for these people that our employees create, innovate, experiment, dare, and work.

Behind the choice of patterns, articles, lines, collections, and models, the SOMA Group implements a lot of intelligence. We use consulting studies and market analysis, as well as data obtained through AI, to understand our audiences and to offer them the best shopping experience, either in our own stores and franchises, in a multi-brand location or through our online channel.

GRI 103-2, 103-2 | 417

The brands seek to maintain an active communication with their customers, both through tools such as [Customer Service \(SAC\)](#), and through the ombudsman, [Ethics Channel](#), disclosure of results, websites and social networks, as well as annual reports, such as this document.

The SOMA Group also uses the eNPS mechanism to measure its employees' satisfaction level (*see more on [page 97](#)*) and the OKR system to define and measure key objectives and specific results for each area of the company. The NPS with customers is immediately after the purchase - with every transaction, the customer receives an email to fill in an assessment. GRI 417-1

## Voice of the customers

In 2021, Hering carried out an online survey with 800 people (of which 200 customers) in the 25 to 55 age bracket of the AB classes in Recife (PE), Rio de Janeiro (RJ), the São Paulo metropolitan region and the interior of the state, and Porto Alegre (RS). As a result, it was the most spontaneously remembered brand for 30% of those interviewed. 99% of the total know Hering and 77% consider it an option when buying clothes. Of the latter group, the majority are between 35 and 44 years old and belong to class A.

Furthermore, the participants recognize Hering as the brand with the most sustainability and environmental responsibility attributes. Among the group of brand buyers, in addition to highlighting the quality of the products, most state that "best value for money," "it is unique," "it is a brand I am proud to use," "it treats me fairly," and "it makes me feel valued."

## Brand value

In 2021, Hering was ranked in the Interbrand Ranking among the 25 most valuable brands in Brazil.

O Básico do Brasil (Basics of Brazil), a cultural heritage of this country, updates itself and strengthens the bonds with its audience, always in synch with the spirit of the times.

The Interbrand ranking uses the Brand Strength methodology, consolidating in a single key performance indicator, the brand's ability to drive business results and meet customer expectations.

Research shows that Hering's clients consider it a "unique" brand, "that I am proud to wear", among other attributes.





## #adoroFARM

FARM conducted a qualitative research of 86 total hours in 2021 with 34 people from its team and 40 female consumers to better understand these audiences, their relationship with the brand, and aspirations.

In regard to the consumers, all of them recognize FARM's style as being very well defined and original. A new profile, Lovers, was identified and is formed by people who are in love with the brand in a way that was not recorded in previous surveys, and who connected to FARM for being inclusive and democratic in relation to different ages and bodies.

Another two important profiles is that of the abandoners, who consider themselves fans of the brand but no longer recognize themselves in the brand (some want to return, others think its time has come and gone). The prospects, on the other hand, admire the brand because of its attributes of inclusion and sustainability but they do not recognize themselves in the style.

In the total group of consumers, the brand's major highlights were the reforestation project "A thousand trees a day, every day", the reuse of fabrics, the project with the Yawanawá community, and the concern with the carbon footprint. They also pointed out the models with different body shapes on the brand's website. One of the points they mentioned that needs to be improved is the service in the stores.

Among the internal team, there is division over the brand's new, more inclusive positioning. One group believes that it can become even more disruptive in the fashion world and another group fears the loss of aspiration in regard to FARM and the risk of it becoming "commonplace". The team reports great pride in working and being part of the brand's journey and sees the day-to-day challenges as drivers.

# Governance



# More ethics *fashion*

## MATERIAL TOPICS

- > TRANSPARENCY IN THE RELATIONSHIP WITH CUSTOMERS.
- > ETHICS, INTEGRITY AND COMPLIANCE.

## CAPITALS



HUMAN



SOCIAL AND  
RELA-  
TIONSHIP

## SDG



16 PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS



17 PARTNERSHIPS  
FOR THE GOALS





## Our organizational structure GRI 102-18

The SOMA Group was born with two iconic and unique brands, FARM and Animale. From this first union, other major brands gradually joined in. It was necessary, from early on, to adopt good practices to consolidate governance in order to create an integrated Group, respecting each brand's look and allowing for sustainable growth. Part of our journey is based on ethical and transparent behavior, as well as the application of flows and processes that allow quick decision making based on evidence and on safe ground, without turning management into bureaucracy and ensuring freedom of creation.

This type of management demands the creation and enforcement of policies with objective rules that make sense to the internal and external audiences, regulating with transparency and fairness the relationships with all stakeholders. This base, with the main practices, rules, and processes gathered together, was already ready when our IPO (Initial Public Offering) took place in 2020. Since then, the SOMA Group is listed in B3's Novo Mercado, a segment that includes companies with a high standard of corporate governance, voluntarily applying rules that go beyond the law, that guides, monitors, and encourages the actions of shareholders, board of directors, executive board, inspection and control bodies, and other stakeholders.

### Board of Directors

Responsible for establishing our overall business policies, long-term strategy, and monitoring our executive board. It has no executive activities. It consists of seven members, at least 20% of whom must be independent. They are elected for two-year terms at our General Shareholders' Meeting with reelection allowed.

Good corporate management practices are part of our trajectory.



### Risk, Audit and Finance Committee

Responsible for advising the Board of Directors. This committee has operational autonomy and its attributions and competencies include issues related to risk management, audit controls, and results assessment, encompassing among other aspects non-financial information materially relevant to the ESG agenda of the Company and its brands. It consists of at least three members, appointed by the Board of Directors, at least one of whom must be an independent director and at least one of whom must have recognized experience in corporate accounting matters.

### People Committee

This committee is made up of the areas of People, Management, Sustainability, and Communication, as well as three board members, two of whom are members of our Board of Directors and one an independent board member. The role of the Committee is to discuss the issues that will lead the SOMA Group to be recognized as one of the best companies to work for in Brazil. The Committee delves deeply into diversity and, in 2022, has evolved into a forum that encompasses all the ESG topics of the SOMA Group, in addition to social issues.

### Sustainability Committee

The business merger with Cia. Hering brought an already established Sustainability Committee to SOMA. Its role is to advise the Board on the company's sustainability policies and practices. In 2021, the Sustainability area and the Committee started working together to align the strategy and action plan in terms of ESG. The Sustainability Committee had an active role in the review of the Materiality Matrix of the SOMA Group and approved the integration of the SOMA and Cia. Hering carbon inventory as of 2021.

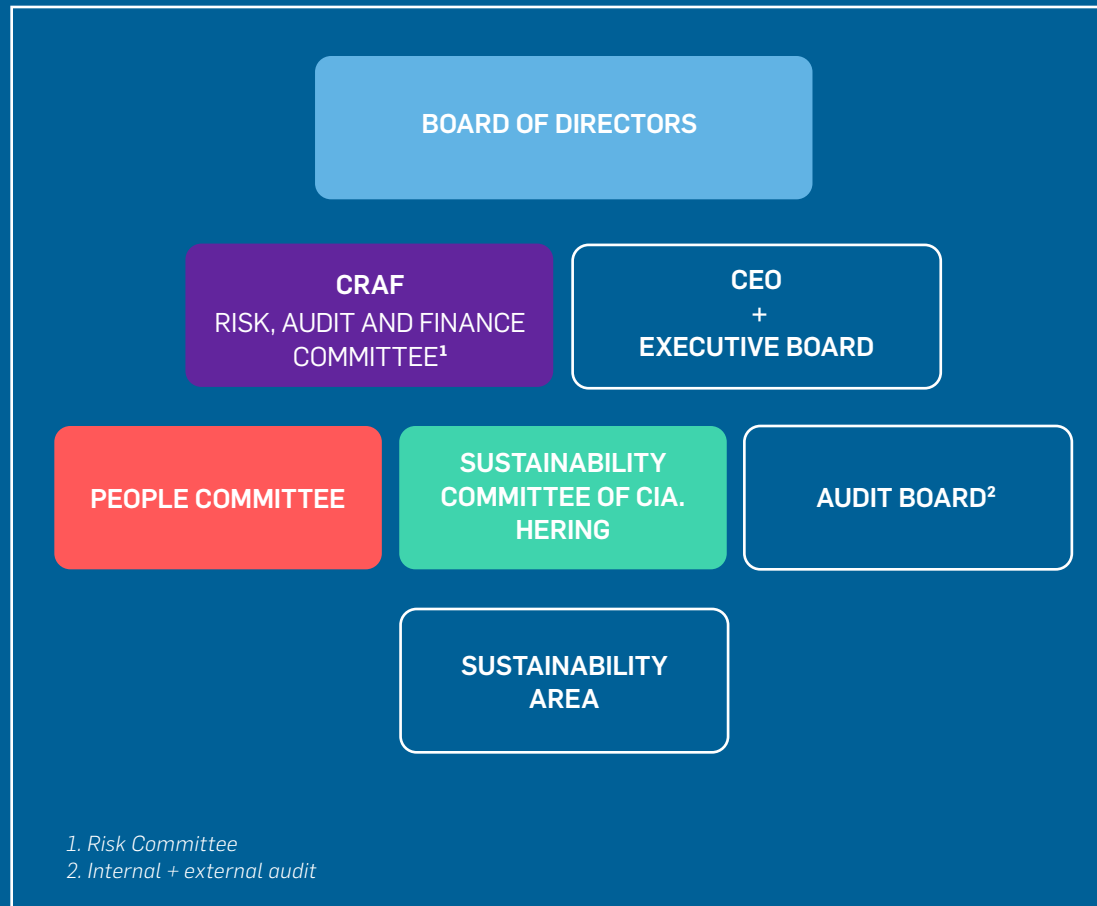
### Executive Board

Responsible for the overall management of the SOMA Group's business and activities, including the monitoring and implementation of programs, actions and strategic initiatives of the SOMA Group and its brands. It consists of a minimum of two and a maximum of seven members elected by the Board.

After the recent merger, the SOMA Group incorporated Cia. Hering's Sustainability Committee at the end of 2021. The SOMA People Committee changes its name in 2022 to the ESG Committee.



# ESG Governance



BOARD OF DIRECTORS			
<b>Fábio Hering</b> Chairman of the Board of Directors	<b>Roberto Luiz Jatahy Gonçalves</b> Board Member	<b>Haroldo Luiz Rodrigues Filho</b> Independent Board Member	<b>Igor Chalhub de Abreu Lima</b> Board Member
<b>Marcel Sapir</b> Deputy Chairman of the Board of Directors	<b>Marcello Bastos</b> Board Member	<b>Maria Laura Santos Tarnow</b> Independent Board Member	<b>Edison Ticle de Andrade Melo e Souza Filho</b> Independent Board Member
	<b>Rachel Maia</b> Independent Board Member		

RISK, AUDIT AND FINANCE COMMITTEE
<b>Edison Ticle</b> Board Member
<b>Marcel Sapir</b> Board Member
<b>Mauro Moreira</b> External Member

PEOPLE COMMITTEE
<b>Roberto Jatahy</b> CEO and Board Member
<b>Roberta Bicalho</b> Executive Director of People, Management, Sustainability and Communication
<b>Maria Laura Santos Tarnow</b> Board Member
<b>Marcel Sapir</b> Board Member
<b>Maria Aparecida Fonseca</b> Independent Board Member

SUSTAINABILITY COMMITTEE CIA. HERING
<b>Fábio Colletti Barbosa</b> Coordinator
<b>Fábio Hering</b> Committee member
<b>Thiago Hering</b> Committee member
<b>Renata Vivan Del Bove</b> Committee member
<b>Caroline Muzzi Bufarat</b> Committee member
<b>Roberta Bicalho</b> Executive Director of People, Management, Sustainability and Communication
<b>Taciana Abreu</b> Head of Sustainability

## Women in Top Leadership

SDG 5

23% of our Board of Directors is made up of women, a value that positions us above the average for publicly-traded companies in Brazil.

According to a study by XP Investimentos, 38.5% of the companies listed on B3 do not have women on the Board of Directors. In addition, we have 51% women in Top Leadership.

*\*High leadership: 2 levels below CEO. For the calculation, we considered Executive Directors, Brand Unit Directors, Directors, Executive Managers, General Managers and Heads.*



## Ethics, integrity and compliance

GRI 103-2, 103-3 | 205 | 406 | SDG 8

**A**t the SOMA Group, ethics is more than a value, it is a daily practice. We do not tolerate any kind of discrimination or misconduct.

The policies, codes, statutes and committees of the SOMA Group and Cia. Hering that guide and maintain our ethical behavior are available on the institutional website. In addition, Cia. Hering has since 2020 had a Compliance Policy in place to perpetuate its commitment to monitor corruption practices in the different processes and operations of the organization.

Corruption-related risk assessments are made in a corporate fashion, and 100% of the employees are adherent to the SOMA Group's Code of Conduct and Ethics. No significant corruption-related risks were detected in 2021. GRI 205-1

The SOMA Group provides a channel for complaints (Contato Seguro), which can be used by employees and third parties, partners, service providers and sales representatives, through the website or by phone (0800 601 8662). Complaints or demands are managed by an outsourced company. Cia. Hering also has its own reporting channel, and in 2021, in light of the merger with the SOMA Group this channel was unified.

In addition to the reporting channel, the SOMA Group has other means to interact with its stakeholders (WhatsApp, social media, and brand websites), in which it receives comments, compliments, or complaints. Each brand in the group has the autonomy to deal with issues in the fastest and most efficient way possible. GRI 103-2



## How Ethics Channel complaints are handled

The Ethics Channel is made up of two committees:

**Operational Committee** - receives the complaints, except in cases of complaints from Directors and Members of the Committee itself.

- > Does not receive notifications of entries from the Corporate Committee
- > If members of the Operational Committee are reported, the entry will be sent to the Corporate Committee.

**Corporate Committee** - receives complaints from directors, members of the Operational Committee, and Corporate Committee member (when there is only one member).

- > Does not receive notifications of entries from the Operational Committee
- > Has visual access to the records of the lower committee(s)
- > If members of the Corporate Committee are reported, the entry will be sent to the Operational Committee.



### Cases of discrimination and remedial actions GRI 406-1

2021	Soma Group	Cia. Hering
Cases of discrimination	61	9
Cases investigated by the organization	61	9
Implemented remedial plan	61	9
The remedial plan was implemented and its results analyzed through routine internal management review processes	61	9
The case is no longer subject to action (i.e., it is settled, closed)	61	9
<b>Total</b>	<b>61</b>	<b>9</b>

## Compliance Management

We restructured our Compliance management this year. We have reviewed our Code of Conduct and Ethics, the organization and breakdown of the committees - including the themed committees, our consequence management policy, optimizing our deal flow, making our Compliance sector management more robust, so we can present in the next reports more accurate indicators that reflect the Group's governance.

Moreover, this year we had the merger of giants Cia Hering and the Soma Group, which have different management styles and different degrees of maturity in their operations. The processes will be fully merged by 2022, so we will be able to present in the next reports more accurate indicators to reflect the governance of the SOMA Group as a whole.

This year, the knowledge referring to the Code of Conduct and Ethics, in addition to the greater dissemination of the Ethics Channel in the updated Governance documents, have led to an increase in the number of reported and treated cases.

## Fashion Transparency Index

The "Fashion Transparency Index Brazil", an initiative of the Fashion Revolution movement, has been published in the country since 2018. The index is calculated from an annual analysis of major fashion brands and retailers operating in the country, classified according to the level of information they disclose publicly about their policies, practices, and impacts on human rights and the environment, in their own operations and in their supply chains. It is an incentive for transparency in accounting for the sector's socio-environmental impacts.

The Index is based on public information (websites and social responsibility or sustainability reports) and on the questionnaire sent to brand representatives. Five categories are evaluated: "Policies and Commitments," "Governance," "Traceability," "Know, Communicate and Resolve," and "Hot Topics."

### Procurement budget spent with local suppliers\* GRI 204-1

Brand	Period			
	2018	2019	2020	2021
Animale	15%	12%	21%	25%
FARM	15%	12%	24%	28%
Hering	17%	26%	57%	40%
<b>Total of selected brands</b>	<b>20</b>	<b>30</b>	<b>40</b>	<b>50</b>
Average score of other brands in the market	17%. Only two brands scored above 50%	16%. Only one brand scored above 60%	21%. Only one brand scored above 70%	18%. Only one brand scored above 60%

\*The annual variation can be explained by constant improvements in the assessment methodology.

From the SOMA Group, the brands Animale, FARM and Hering have appeared in the reports since the 2018 edition. It is important to mention that the Index criteria aims to understand better the most relevant issues within the content of every year and, furthermore, to foster the segment's evolution, increasing the

rigor of the analyses. Therefore, variations from one year to another registered by the analyzed brands do not necessarily mean a worsening or regression in transparency, but the result of new requirements, not previously considered. For the 2021 assessment, 24 indicators were added as compared with 2020. In addition,

the updated weighting of the scores is designed to encourage more detailed public disclosure of information, placing greater emphasis on results, impacts, and data that can be usefully and more practically used by external stakeholders when holding brands accountable.

## Risk management GRI 102-11

We follow the procedures provided by law to avoid or mitigate possible damage to the environment, people and communities caused by our operations. The way we handle risk is laid out in our [Risk Management Policy](#). Our Risk Committee, made up of top directors with different branches of expertise, adopts the preventive management of socio-environmental risks aligned with the COSO model and the ISO 31000 methodology, with a review conducted at least once a year.

The social and environmental risks of the SOMA Group are monitored jointly by the areas of Sustainability, Legal, Compliance and Controllershship. The main environmental risks identified, as well as the mitigation strategies, are on [page 72](#). Cia. Hering also has an Internal Commission for Energy and Environmental Conservation (CICE), which monitors and deliberates on the environmental impacts of all its units and

new projects, considering fuel, energy and water consumption, in addition to waste and effluent generation.

Cia. Hering also has two committees related to chemical products, focused on environmental management and development of lower impact products.

Specifically regarding the Climate Urgency Risk, the SOMA Group and Cia. Hering became Carbon Neutral in 2021 by offsetting their 2020 emissions. It is worth noting that the SOMA Group has neutralized all scopes 1, 2 and 3 mapped, and so has Cia Hering, excluding from its scope 3 raw materials, business travel, and franchises. The only product that had its raw material offset under scope 3 at Cia. Hering was the World t-shirt ([see more on page 68](#)). We have committed to go further, reducing our annual emissions to Net Zero. We also continue to advocate for the cause of mitigating climate change to happen beyond our doors.

The climate risk is mapped and is being monitored. The methodology is described in our Risk Management Policy. This is a risk that also impacts our value chain, with consequences such as: water shortage, changes in soil quality, change in the method of planting and harvesting raw materials essential to the functioning of our operations. Among the opportunities for mitigation are the search for eco-efficiency, investment in process optimizations, and the reduction of Greenhouse Gas emissions. Offsetting actions can also be considered to maintain the balance of microclimates, fertilize the soil, increase water retention and good quality in the

biological, physical, chemical and geological properties of raw materials. [GRI 201-2](#)

As an example of this initiative, we highlight the "A thousand trees a day, every day" program" ([see more on page 65](#)), which offers opportunities in the medium and long term to create carbon credits from reforestation.



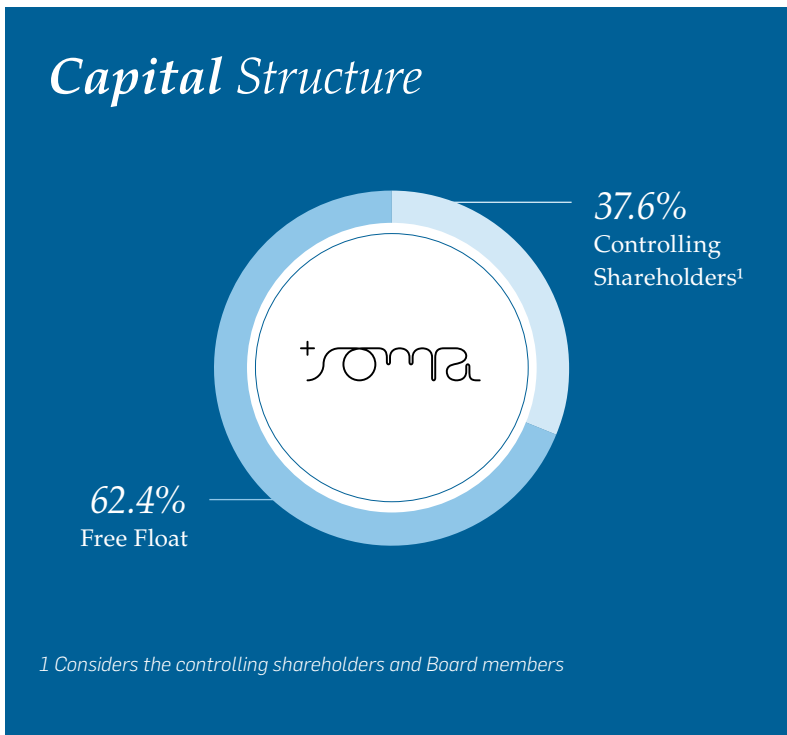


# Economic and financial results

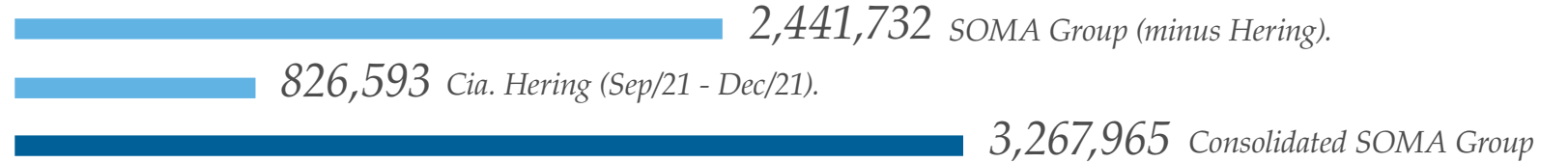
The SOMA Group delivered record results in 2021, both considering its portfolio of brands with and without Cia. Hering. It was the best economic result in the Group's history.

To know the financial results in detail and the performance per brand, click [here](#). GRI 201

*For "Consolidated SOMA Group" we considered the sum with Cia. Hering's results after the business merger, i.e., as of September 2021.*



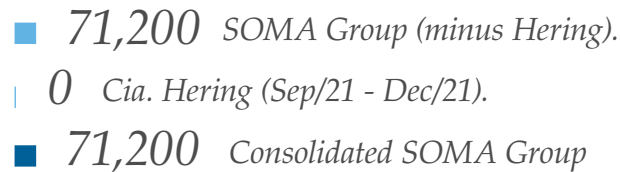
## Direct economic value generated: Gross revenue



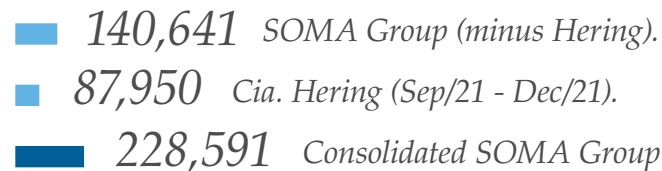
## Economic value distributed: Allowance for possible loan losses, inputs acquired from third parties, withholdings, added value received in transfer, personnel and fees, labor, social and tax charges, third-party capital remuneration.



## Dividends



## Economic value withheld: Direct economic value generated less economic value distributed less dividends.



## *The future is a place that is conquered*

**B**y looking forward, we can see that there are many possibilities for us as a brand platform. In 2021, we invested in studies and consulting for a better understanding of the markets we operate in and our growth opportunities. Based on this data, our outlook is quite optimistic. The addressable market for our brands is still very broad, which spurs us on to achieving the following:

1. a sustainable revenue growth of 15% per year, equivalent to double every five years
2. steady advance in gross margin and EBITDA margin;
3. discipline in capital allocation, focusing on cash generation and increasing the return on invested capital
4. accelerated agenda for digital and multi-brand channels to be important growth levers
5. attention to new opportunities for procurement, mergers and licensing.







As such, we have outlined our acceleration strategy that goes through the following growth levers at the brand level:

- > Integration and efficiency gain for Cia. Hering and its brands
- > Exponentialization of FARM Global and NV
- > Sustainable growth of FARM and Animale
- > Acceleration of brands with < BRL 30 M EBITDA - Fábula, Foxtan, Cris Barros and Maria Filó, through the creation of a new Executive Board.


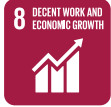








# *SDG* and capitals

# Map of SDGs and capitals

	SDG	Positive impacts	Adverse impacts	Capitals	Material topics
Environmental		<ul style="list-style-type: none"> <li>• Reduction of water consumption and effluent generation.</li> <li>• Waste management and water treatment.</li> <li>• A thousand Trees a Day, Every Day Program.</li> <li>• Cia. Hering's forest reserve.</li> <li>• Carbon management (indirectly).</li> <li>• Training on the topic (ESG Week).</li> </ul>	<ul style="list-style-type: none"> <li>• Water consumption in textile production.</li> </ul>	<ul style="list-style-type: none"> <li>• Natural.</li> </ul>	<ul style="list-style-type: none"> <li>• Lower impact product.</li> </ul>
		<ul style="list-style-type: none"> <li>• Small Hydroelectric Power Plants (Cia. Hering).</li> <li>• Carbon emission reduction plan.</li> </ul>	<ul style="list-style-type: none"> <li>• Energy consumption in the operational and administrative units.</li> </ul>	<ul style="list-style-type: none"> <li>• Natural.</li> </ul>	<ul style="list-style-type: none"> <li>• Lower impact product.</li> <li>• Climate Changes.</li> </ul>
		<ul style="list-style-type: none"> <li>• Eco-efficiency in industry.</li> <li>• Quality infrastructure.</li> <li>• In-house and outsourced production (hybrid model, to optimize operations).</li> <li>• SomaLabs innovation projects including digital transformation.</li> <li>• Fashion Hub Projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Pulverization of the value chain and the units.</li> </ul>	<ul style="list-style-type: none"> <li>• Manufactured.</li> <li>• Intellectual.</li> <li>• Social and relationship.</li> </ul>	<ul style="list-style-type: none"> <li>• Product quality and safety.</li> <li>• Supply chain management and engagement.</li> </ul>
		<ul style="list-style-type: none"> <li>• Lower impact products.</li> <li>• Environmental certifications.</li> <li>• Responsible raw material.</li> <li>• Efficient use of natural resources.</li> <li>• Product life cycle analysis.</li> <li>• Upcycling initiatives.</li> <li>• Waste management.</li> <li>• Carbon management and SBTi commitment.</li> <li>• A thousand Trees a Day, Every Day Program.</li> <li>• Water treatment station (Cia. Hering).</li> <li>• Sustainability campaigns of the brands.</li> <li>• Training on sustainability for internal audience.</li> <li>• Business Impact Assessments (BIA).</li> <li>• Fundação Hermann Hering's work to develop culture and entrepreneurship in the communities.</li> <li>• Yawanawá Partnership</li> </ul>	<ul style="list-style-type: none"> <li>• Production increase.</li> <li>• Calendar of launches linked to fashion retail. Product lifespan</li> </ul>	<ul style="list-style-type: none"> <li>• Manufactured.</li> <li>• Social and relationship.</li> <li>• Natural.</li> </ul>	<ul style="list-style-type: none"> <li>• Transparency in the relationship with customers.</li> <li>• Product quality and safety.</li> <li>• Textile and nontextile waste management.</li> <li>• Lower impact product.</li> <li>• Supply chain management Supply chain management and engagement.</li> </ul>

	SDG	Positive impacts	Adverse impacts	Capitals	Material topics
Environmental		<ul style="list-style-type: none"> <li>• Carbon management and SBTi commitment.</li> <li>• + 70% of the energy matrix from renewable sources.</li> <li>• A thousand Trees a Day, Every Day Program.</li> <li>• Cia. Hering.</li> <li>• Environmental Risk Assessment + Task Force on Climate-Related Financial Disclosures (TCFD).</li> <li>• Sustainability Policy</li> <li>• Training on sustainability for internal audience.</li> <li>• Publication of socio-environmental goals.</li> <li>• Sustainability Investments.</li> </ul>	<ul style="list-style-type: none"> <li>• GHG emissions</li> <li>• Generated waste.</li> <li>• Water consumption.</li> <li>• Energy consumption.</li> </ul>	<ul style="list-style-type: none"> <li>• Natural.</li> <li>• Social and relationship.</li> </ul>	<ul style="list-style-type: none"> <li>• Climate changes</li> </ul>
		<ul style="list-style-type: none"> <li>• Thousand Trees a Day, Every Day Program + biodiversity mapping in the project area.</li> <li>• Yawanawá Program.</li> <li>• Ampara Animal partnership.</li> <li>• Cia. Hering.</li> <li>• Carbon management.</li> <li>• Waste management.</li> </ul>	<ul style="list-style-type: none"> <li>• Monocultures, in particular cotton</li> <li>• Waste generated.</li> </ul>	<ul style="list-style-type: none"> <li>• Natural.</li> <li>• Social and relationship.</li> </ul>	<ul style="list-style-type: none"> <li>• Social Responsibility</li> <li>• Textile and nontextile waste management.</li> <li>• Climate changes</li> </ul>
		<ul style="list-style-type: none"> <li>• Fashion Hub Projects.</li> <li>• A thousand Trees a Day, Every Day Program.</li> <li>• Partner organizations for the execution of social projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Industry secrets.</li> </ul>	<ul style="list-style-type: none"> <li>• Social and relationship.</li> <li>• Intellectual.</li> </ul>	<ul style="list-style-type: none"> <li>• Social Responsibility.</li> <li>• Diversity, fairness and inclusion.</li> <li>• Respect for human rights.</li> <li>• Ethics, integrity and compliance.</li> <li>• Supply chain management and engagement.</li> </ul>
Social		<ul style="list-style-type: none"> <li>• Unidos pela Vacina.</li> <li>• Internal flu vaccination campaigns (Cia. Hering).</li> <li>• COVID tests.</li> <li>• Health and wellness practices + training.</li> <li>• Campaigns (Yellow September, Pink October, Mental Health, for example).</li> <li>• Gympass.</li> <li>• Health and dental plans.</li> <li>• Outpatient clinics.</li> <li>• Hybrid work format.</li> <li>• Training for handling chemical products.</li> <li>• Development of lower impact chemicals (R&amp;D Cia. Hering).</li> <li>• Carbon management (indirectly - air quality).</li> </ul>	<ul style="list-style-type: none"> <li>• Handling heavy machinery and chemicals.</li> <li>• Ergonomics.</li> <li>• Occupational diseases.</li> </ul>	<ul style="list-style-type: none"> <li>• Human.</li> <li>• Social and relationship.</li> </ul>	<ul style="list-style-type: none"> <li>• Health and wellbeing.</li> <li>• Attracting developing and retaining employees.</li> </ul>

	SDG	Positive impacts	Adverse impacts	Capitals	Material topics
Social		<ul style="list-style-type: none"> <li>Representation of women in the workforce and a fair wage policy.</li> <li>Commitment "Equity is a priority - gender" - Global Compact.</li> <li>UN Women Commitment.</li> <li>Diversity goals.</li> <li>Continuous Learning.</li> <li>Code of Conduct and Ethics + Reporting Channel.</li> <li>Yawanawá Partnership (empowerment of craftswomen and internet access).</li> </ul>	<ul style="list-style-type: none"> <li>Disparity of female representation in senior management.</li> </ul>	<ul style="list-style-type: none"> <li>Human.</li> <li>Social and relationship.</li> </ul>	<ul style="list-style-type: none"> <li>Diversity, fairness and inclusion.</li> <li>Respect for human rights.</li> <li>Ethics, integrity and compliance.</li> <li>Attracting developing and retaining employees.</li> </ul>
		<ul style="list-style-type: none"> <li>Generation of formal employment and income in and out (value chain).</li> <li>Projects of equality, fairness and inclusion.</li> <li>Trainee, Young Apprentice, and Internship programs.</li> <li>Management and Development Programs - SOMAR.</li> <li>Entrepreneurship Programs - Productive Chain,</li> <li>Yawanawá, Vestir o Brasil.</li> <li>Production diversification, technological modernization, and innovation.</li> <li>Environmental management to decouple economic growth from environmental degradation.</li> <li>Audits and certifications (ABVTEX) of the value chain to eradicate child labor or slavery-like labor.</li> </ul>	<ul style="list-style-type: none"> <li>Risks of non-compliance in partners.</li> <li>Wage disparity.</li> </ul>	<ul style="list-style-type: none"> <li>Human.</li> <li>Social and relationship.</li> <li>Intellectual.</li> <li>Manufactured.</li> <li>Financial.</li> </ul>	<ul style="list-style-type: none"> <li>Social Responsibility.</li> <li>Diversity, fairness and inclusion.</li> <li>Respect for human rights.</li> <li>from environmental degradation employees.</li> <li>Supply chain management and engagement.</li> </ul>
		<ul style="list-style-type: none"> <li>Projects of equality, fairness and inclusion.</li> <li>More than 80% local production, favoring the local economy.</li> <li>Financial and development incentives (Productive Chain) of the value chain.</li> <li>Products with varied pricing, ensuring access to different audiences.</li> <li>Financial growth.</li> <li>Access to information and communication technologies (Yawanawá Project).</li> </ul>	<ul style="list-style-type: none"> <li>Price pressure.</li> <li>Wage disparity.</li> </ul>	<ul style="list-style-type: none"> <li>Social and relationship.</li> <li>Financial.</li> </ul>	<ul style="list-style-type: none"> <li>Social Responsibility.</li> <li>Diversity, fairness and inclusion.</li> <li>Respect for Human Rights;</li> <li>Transparency in the relationship with customers.</li> </ul>

	SDG	Positive impacts	Adverse impacts	Capitals	Material topics
Social		<ul style="list-style-type: none"> <li>• Projects of equality, fairness and inclusion.</li> <li>• Entrepreneurship Programs - Productive Chain, Yawanawá, Vestir o Brasil.</li> <li>• Young Apprentice (Jovem Aprendiz) Program.</li> <li>• Hermann Hering Foundation participation.</li> <li>• Partnerships with Co-ops and NGOs. (see <a href="#">page 59</a>) and private social investment initiatives, in general.</li> <li>• Code of Conduct and Ethics.</li> </ul>	<ul style="list-style-type: none"> <li>• Wage disparity.</li> <li>• Linear economy.</li> </ul>	<ul style="list-style-type: none"> <li>• Human.</li> <li>• Social and relationship.</li> <li>• Financial.</li> <li>• Intellectual.</li> </ul>	<ul style="list-style-type: none"> <li>• Social Responsibility.</li> <li>• Diversity, fairness and inclusion.</li> <li>• Respect for human rights.</li> <li>• Ethics, integrity and compliance.</li> </ul>
		<ul style="list-style-type: none"> <li>• Projects of equality, fairness and inclusion.</li> <li>• Compliance Programs.</li> <li>• Audits and certifications (ABVTEX) of the value chain to eradicate child labor or slavery-like labor.</li> </ul>	Unidentified	<ul style="list-style-type: none"> <li>• Human.</li> <li>• Social and relationship.</li> <li>• Intellectual.</li> </ul>	<ul style="list-style-type: none"> <li>• Social Responsibility.</li> <li>• Diversity, fairness and inclusion.</li> <li>• Respect for human rights.</li> <li>• Ethics, integrity and compliance.</li> </ul>
		<ul style="list-style-type: none"> <li>• Fashion Hub Projects.</li> <li>• Yawanawá Program.</li> <li>• Hermann Hering Foundation participation.</li> <li>• Partnerships with Co-ops and NGOs. (see <a href="#">page 59</a>) and private social investment initiatives, in general.</li> <li>• Taxes and fees paid to the governments for the development of the country (see <a href="#">page 13</a>).</li> <li>• Moda Sustentável sustainable fashion collab.</li> <li>• InPact.</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive environment.</li> </ul>	<ul style="list-style-type: none"> <li>• Social and relationship.</li> <li>• Financial.</li> </ul>	<ul style="list-style-type: none"> <li>• Social Responsibility.</li> <li>• Diversity, fairness and inclusion.</li> <li>• Respect for human rights.</li> <li>• Ethics, integrity and compliance.</li> </ul>
Governance		<ul style="list-style-type: none"> <li>• Sustainability and Diversity Policies.</li> <li>• Risk matrix.</li> <li>• Code of Conduct and Ethics and Reporting Channel.</li> <li>• Compliance Programs.</li> <li>• Audits and certifications (e.g. ABVTEX).</li> <li>• Advocacy partnerships. (see <a href="#">page 35</a>)</li> <li>• Transparency practices with all stakeholders - publication of the Integrated Report and quarterly results (publicly traded company listed on B3's Novo Mercado).</li> <li>• Anti-corruption practices.</li> </ul>	Unidentified	<ul style="list-style-type: none"> <li>• Social and relationship.</li> <li>• Intellectual.</li> </ul>	<ul style="list-style-type: none"> <li>• Social Responsibility.</li> <li>• Diversity, fairness and inclusion.</li> <li>• Respect for human rights.</li> <li>• Ethics, integrity and compliance.</li> <li>• Transparency in the relationship with customers.</li> </ul>
		<ul style="list-style-type: none"> <li>• Commitments under the Global Compact.</li> <li>• Advocacy partnerships. (see <a href="#">page 35</a>).</li> </ul>	Unidentified	<ul style="list-style-type: none"> <li>• Social and relationship.</li> </ul>	<ul style="list-style-type: none"> <li>• Social Responsibility.</li> <li>• Diversity, fairness and inclusion.</li> <li>• Respect for human rights.</li> <li>• Ethics, integrity and compliance</li> </ul>



# *Content Index*

GRI



# GRI Content Index GRI 102-55

GRI Standards	Contents	Page/URL	Omission	SDG
<b>General Content</b>				
GRI 101: 2016 Foundations				
GRI 101 has no Content				
Organizational profile				
GRI 102: General content 2016	102-1 Name of the organization	05		
	102-2 Activities, brands, products and services	14		
	102-3 Location of headquarters	05		
	102-4 Location of operations	14		
	102-5 Ownership and legal form	05		
	102-6 Markets served	14		
	102-7 Scale of the organization	12, 13		
	102-8 Information on employees and other workers	91, 92, 94, 95		8, 10
	102-9 Supplier chain	124, 125		
	102-10 Significant changes to the organization and its supply chain	The SOMA Group and Cia. Hering merged in 2021. Hering. There have been no significant changes to the supply chain.		
	102-11 Precautionary principle or approach	153		
	102-12 External Initiatives	32, 35		
	102-13 Participation in associations	35		

<i>GRI Standards</i>	<i>Contents</i>	<i>Page/URL</i>	<i>Omission</i>	<i>SDG</i>
<b>Strategy</b>				
GRI 102: General content 2016	102-14 Statement from senior decision-maker	19		
<b>Ethics and integrity</b>				
GRI 102: General content 2016	102-16 Values, principles, standards and codes of behavior	06		16
<b>Governance</b>				
GRI 102: General content 2016	102-18 Governance structure	146		
<b>Stakeholder engagement</b>				
GRI 102: General content 2016	102-40 List of stakeholder groups	21		
	102-41 Collective bargaining agreements	All employees are entitled to all the rights established in the law and collective labor agreements issued by the trade unions.		8
	102-42 Identifying and selecting stakeholders	21		
	102-43 Approach to stakeholder engagement	97		
	102-44 Key topics and concerns raised	23		

<i>GRI Standards</i>	<i>Contents</i>	<i>Page/URL</i>	<i>Omission</i>	<i>SDG</i>
<b>Reporting practices</b>				
GRI 102: General content 2016	102-45 Entities included in the consolidated financial statements	03		
	102-46 Defining report content and topic boundaries	23		
	102-47 List of material topics	23		
	102-48 Restatement of information		Not Applicable.	
	102-49 Changes in reporting			
	102-50 Reporting period	January 1 to December 31, 2021		
	102-51 Date of most recent report	2020		
	102-52 Reporting Cycle	Annual		
	102-53 Contact point for questions regarding the report	03		
	102-54 Claims of reporting in accordance with the GRI Standards	This report has been drawn up in accordance with the GRI Standards "Core" option.		
	102-55 GRI Content Index	162		
	102-56 External assurance	183		

<i>GRI Standards</i>	<i>Contents</i>	<i>Page/URL</i>	<i>Omission</i>	<i>SDG</i>
<b>Material topics</b>				
<b>Market presence</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	120, 150		
	103-3 Evaluation of the management approach	120		
GRI 202: Market presence 2016	202-1 Ratio of lowest wage and local minimum wage, by gender	Cia. Hering and the SOMA Fashion Group consider the same minimum wage base, according to a national benchmark, in all regions where it has units. Of which, BRL 1,100.00 until December 31, 2021. * On January 1, 2022, the minimum wage was readjusted to BRL 1,212.00. The ratio is 1:1 for permanent employees, among genders.		
<b>Indirect economic impacts</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	131, 150		
	103-3 Evaluation of the management approach	131		
GRI 203: Indirect economic impacts 2016	203-2 Significant indirect economic impacts	126, 131, 134		

<i>GRI Standards</i>	<i>Contents</i>	<i>Page/URL</i>	<i>Omission</i>	<i>SDG</i>
<b>Procurement practices</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	126, 150		
	103-3 Evaluation of the management approach	126		
GRI 204: Procurement practices 2016	204-1 Ratio of expenses with local suppliers	125, 152		8
<b>Anti-corruption</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	150		
	103-3 Evaluation of the management approach	150		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	150		16
	205-2 Communication and training on anti-corruption policies and procedures		Information unavailable - We carried out throughout 2021, at Cia. Hering, Compliance training agendas (Code of Ethics and Compliance Program) that relate to the anti-corruption topic.	16
	205-3 Confirmed incidents of corruption and actions taken	There were no confirmed cases of corruption at the SOMA Group and Cia. Hering took place in 2021.		16

<i>GRI Standards</i>	<i>Contents</i>	<i>Page/URL</i>	<i>Omission</i>	<i>SDG</i>
<b>Materials</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	38, 48, 150		
	103-3 Evaluation of the management approach	38, 48		
GRI 301: Materials 2016	301-1 Materials used, by weight or volume	53, 54		8, 12
	301-2 Raw or recycled materials used	55		8, 12
	301-3 Reclaimed products and their packaging materials	55		8, 12
<b>Energy</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	38, 75, 150		
	103-3 Evaluation of the management approach	75		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	76, 77		7, 8, 12, 13
	302-3 Energy Intensity	77		7, 8, 12, 13
<b>Water and Effluents</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	38, 78, 150		
	103-3 Evaluation of the management approach	38, 78		

<i>GRI Standards</i>	<i>Contents</i>	<i>Page/URL</i>	<i>Omission</i>	<i>SDG</i>
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	78, 80		
	303-2 Management of water discharge-related impacts	80		
	303-3 Water withdrawal	79		
	303-4 Water discharge	For the SOMA Group, the disposal of water is equal to consumption because water is not used in the production processes. There are no concerning substances to be prioritized in the SOMA Group's disposal.		
	303-5 Water consumption		SOMA Group - not applicable.	
<b>Biodiversity</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	81, 150		
	103-3 Evaluation of the management approach	81		
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	81		
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	81	Cia. Hering - Information not available	

<i>GRI Standards</i>	<i>Contents</i>	<i>Page/URL</i>	<i>Omission</i>	<i>SDG</i>
<b>Emissions</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	64, 150		
	103-3 Evaluation of the management approach	64		
GRI 305: Emissions 2016	305-1 Direct GHG emissions (Scope 1)	69		3, 12, 13, 14, 15
	305-2 Indirect GHG emissions (Scope 2)	69		3, 12, 13, 14, 15
	305-3 Other indirect GHG emissions (Scope 3)	71		3, 12, 13, 14, 15
	305-4 Intensity of GHG emissions	71		13, 14, 15
	305-5 Reduction of GHG emissions	71		
<b>Waste</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	38, 39, 150		
	103-3 Evaluation of the management approach	38, 39		



<i>GRI Standards</i>	<i>Contents</i>	<i>Page/URL</i>	<i>Omission</i>	<i>SDG</i>
GRI 306: Waste 2021	306-1 Waste generation and significant waste-related impacts	41, 44		3, 6, 11, 12
	306-2 Management of significant waste-related impacts	40, 41, 59, 61		3, 6, 11, 12
	306-3 Waste generated	42, 43		3, 6, 12, 14, 15
	306-4 Waste not destined for final disposal	42		3, 11, 12
	306-5 Waste destined for final disposal	42, 43		3, 6, 11, 12, 14, 15
<b>Environmental compliance</b>				
GRI 307: Environmental Compliance 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	38, 150		
	103-3 Evaluation of the management approach	38		
	307-1 Non-compliance with environmental laws and regulations	No non-compliances with environmental laws and regulations were found in the current year.		
<b>Environmental assessment of suppliers</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	122, 150		
	103-3 Evaluation of the management approach	90		

<i>GRI Standards</i>	<i>Contents</i>	<i>Page/URL</i>	<i>Omission</i>	<i>SDG</i>
GRI 308: Environmental assessment of suppliers 2016	308-1 New suppliers screened with basis on environmental criteria	For Cia. Hering, in general environmental assessments are not performed on suppliers, only if requested by compliance. Suppliers of waste collection are frequently assessed, and the appropriate environmental licenses are requested for them.	Not applicable - The SOMA Group does not select suppliers based on environmental criteria.	
	308-2 Negative environmental impacts in the supply chain and actions taken	There was none.	Not applicable - The SOMA Group does not select suppliers based on environmental criteria. No information available for Cia. Hering.	
<b>Employment</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	90,150		
	103-3 Evaluation of the management approach	90		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	91, 92, 93, 94, 95		5, 8, 10
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	The benefits offered by the SOMA Group are food and meal vouchers; transport vouchers; medical and dental care, discounts on the Group's brands; Gympass; The benefits offered by Cia. Hering are life insurance; health plan, private pension plan and food vouchers, cafeteria, meal vouchers, transport vouchers and chartered buses.		3, 5, 8
	401-3 Parental Leave	96		5, 8

<i>GRI Standards</i>	<i>Contents</i>	<i>Page/URL</i>	<i>Omission</i>	<i>SDG</i>
<b>Occupational health and safety</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	114, 150		
	103-3 Evaluation of the management approach	114		
	403-1 Occupational health and safety management system	114	Information not available for the SOMA Group - Management System being implemented by contracting a Security Operation System. The contract is scheduled to start in April 2022, therefore, there is no evidence for 2021.	8
	403-2 Hazard identification, risk assessment and incident investigation	114	Information not available for the SOMA Group - Management System being implemented by contracting a Security Operation System. The contract is scheduled to start in April 2022, therefore, there is no evidence for 2021.	3, 8
	403-3 Occupational health services	The information related to the workers' health of the SOMA Group and Cia. Hering, are kept confidential among professionals trained in the area of occupational health and occupational health clinics. Exchanges of information about patients occur only under medical confidentiality.		
	403-4 Worker participation, consultation, and communication on occupational health and safety	114		8, 16

<i>GRI Standards</i>	<i>Contents</i>	<i>Page/URL</i>	<i>Omission</i>	<i>SDG</i>
GRI 103: Management approach 2016	403-5 Training for workers in occupational health and safety	114		8
	403-6 Promotion of worker health	<p>The SOMA Group pays for occupational exams (admission, dismissal, periodic, change of job, return to work), health plan with coparticipation, and the telemonitoring of suspected cases of COVID-19, based on the COVID-19 Protocol.</p> <p>Regarding the call center for suspected cases of COVID-19, the company provides the WhatsApp number "Nurse SOMA" .</p> <p>To promote the employee's health, Cia. Hering offers a medical insurance plan, guidance to employees who have no health insurance on the use of the SUS public healthcare network and medical clinic, physiotherapy, psychological and gynecological care available in the company's outpatient clinics. Medical care guidelines are also provided for by the workers' union.</p> <p>In addition, Cia. Hering offers several plans such as a Mental Health Program, with psychological care according to demand and medical referrals. Bebe a Bordo (Baby on Board) Program, with guidance from health professionals, biannual meetings, and prenatal consultations. Vaccination Program, with guidance on vaccines available in the SUS network and in-company vaccination against influenza. Assistance care with general practitioner, gynecologist, psychologist, and physiotherapist. Health Week, which brings several activities related to health and well being, such as mental health and mindfulness practice, encouragement for the practice of physical activities, self-defense classes, spa day, and healthy nutrition.</p> <p>Cia. Hering is also involved in campaigns to fight dengue fever with distribution of repellents and guidance, as well as interactive activities and a raffle of prizes as a way to encourage the fight against mosquito breeding points.</p>		3
	403-7 Prevention and mitigation of impacts on the health and safety of the work directly tied to business relationships	114, 117		8

<i>GRI Standards</i>	<i>Contents</i>	<i>Page/URL</i>	<i>Omission</i>	<i>SDG</i>
GRI 103: Management approach 2016	403-8 Workers covered by an occupational health and safety management system	100% of Cia. Hering's workers are covered by an occupational health and safety management system based on legal requirements and/or recognized standards/guidelines. In 2021, due to the pandemic, no formal internal safety audit was conducted.	Information not available for the SOMA Group - Management System being implemented by contracting a Security Operation System. The contract is scheduled to begin in April 2022.	8
	403-9 Work accidents	114, 118		3, 8, 16
	403-10 Work-related illnesses	No deaths and no mandatory communication related to occupational diseases for the SOMA Group and Cia. Hering took place in 2021.		3, 8, 16
<b>Training and education</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	98, 150		
	103-3 Evaluation of the management approach	98		
GRI 404: Capacity building and education 2016	404-1 Average hours of training per year, per employee	98. For coming years, we will improve the management of the indicator for more detailed reporting.		4, 5, 8, 10
	404-2 Programs for upgrading employee skills and transition assistance programs	100		8
	404-3 Percentage of employees receiving regular performance and career development assessments	100% of the employees of the SOMA Group receive regular performance and career development reviews.		5, 8, 10

<i>GRI Standards</i>	<i>Contents</i>	<i>Page/URL</i>	<i>Omission</i>	<i>SDG</i>
<b>Diversity and equal opportunity</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	103, 150		
	103-3 Evaluation of the management approach	103		
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity in governance bodies and employees	108, 109, 110		5, 8
	405-2 Ratio of basic salary and remuneration earned by women to men	109		5, 8, 10
<b>Non-discrimination</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	The mechanism to evaluate how this topic is managed is the Ethics Channel.		
	103-3 Evaluation of the management approach	150		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	61 cases of discrimination were reported at the SOMA Group during the reporting period. We restructured our compliance and ethics management. We have reviewed our Code of Conduct and Ethics, the organization and breakdown of the committees - including the themed committees - and our consequence management policy, optimizing our deal flow, making our Compliance sector management more robust. As such, we intend to present, in the next reports, more accurate indicators that reflect the Group's governance. 9 cases of discrimination were reported at Cia. Hering in 2021. All of these accounts were analyzed and concluded. The need to develop and/or step up initiatives on the subject in the company has been addressed. With regard to the reports that were classified as founded, a formal warning was given and the person was reminded of the company's commitments and values. As for those that were classified as unfounded and/or inconclusive, no remedial action was taken.		5, 8

<i>GRI Standards</i>	<i>Contents</i>	<i>Page/URL</i>	<i>Omission</i>	<i>SDG</i>
<b>Child Labor</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	122, 150		
	103-3 Evaluation of the management approach	122		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	120, 122, 123		8, 16
<b>Forced or compulsory labor</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	122, 150		
	103-3 Evaluation of the management approach	122, 150		
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk of forced or compulsory labor	120, 122, 124		8
<b>Human rights assessment</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	122, 150		
	103-3 Evaluation of the management approach	122		

<i>GRI Standards</i>	<i>Contents</i>	<i>Page/URL</i>	<i>Omission</i>	<i>SDG</i>
GRI 412: Human rights assessment 2016	412-1 Operations subject to human rights or human rights impact assessments	123		
	412-2 Employee training on human rights policies or procedures	99		
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	For the SOMA Group, 5.55% is the percentage of investment contracts that were submitted to human rights assessment.		
<b>Local communities</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	131, 150		
	103-3 Evaluation of the management approach	131		
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments and development programs	137		
	413-2 Operations with significant actual and potential negative impacts on local communities		Impact not measured by the SOMA Group This does not apply to Cia. Hering.	1, 2



<i>GRI Standards</i>	<i>Contents</i>	<i>Page/URL</i>	<i>Omission</i>	<i>SDG</i>
<b>Environmental assessment of suppliers</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	122, 150		
	103-3 Evaluation of the management approach	122		
GRI 414: Social assessment of suppliers 2016	414-1 New suppliers selected based on social criteria	123		5, 8, 16
	414-2 Negative social impacts in the supply chain and actions taken	130	Information not available for the SOMA Group.	5, 8, 16
<b>Customer health and safety</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	114, 150		
	103-3 Evaluation of the management approach	114		
GRI 416: Customer health and safety 2016	416-1 Assessment of health and safety impacts caused by product and service categories	116		
	416-2 Cases of non-compliance regarding health and safety impacts caused by products and services	No cases of non-compliance regarding health and safety impacts caused by products and services, either by the SOMA Group or Cia. Hering, were registered in 2021. There was a case of a FARM comforter that caused an allergic condition in a consumer. The case was followed up but was later dismissed because the information was inconclusive.		16

<i>GRI Standards</i>	<i>Contents</i>	<i>Page/URL</i>	<i>Omission</i>	<i>SDG</i>
<b>Marketing and labeling</b>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	23		
	103-2 The management approach and its components	140, 150		
	103-3 Evaluation of the management approach	150		
GRI 417: Marketing and labeling 2016	417-1 Requirements for product and service information and labeling	140		12
	417-2 Cases of noncompliance regarding product and service information and labeling	No fine for faulty communication on packages and labels of the SOMA Group and Cia. Hering was registered in 2021. Hering		16
	417-3 Cases of non-compliance regarding marketing communication	<p>During the year, Fábula was accused of plagiarism for allegedly appropriating a print. Our legal department carried out an inventory of the pattern creation, and the originality and authorship by Fábula's designer was proven. Another issue, with legal proceedings still open, was the unauthorized publication by FARM of a photo of an actress wearing one of the dresses from its collection.</p> <p>No cases of non-compliance by the other brands of the SOMA Group and Cia. Hering were registered in 2021.</p>		16

# SASB Content Index

SASB	Contents	Page/URL	Omission	SDG
<b>SASB Apparel, accessories and footwear</b>				
Environmental impacts in the supply chain	SASB CG-AA-1 Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement 2			
	SASB CG-AA-430a.2 Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Higg Facility Environmental Module (Higg FEM) assessment, of the Sustainable Apparel Coalition of the Higg Facility Environmental Module (Higg FEM) or an equivalent environmental data assessment	121		
Working conditions in the supply chain	SASB CG-AA-430b.1 Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that were audited for a code of labor conduct, (3) percentage of total audits conducted by a third-party auditor	121		
	SASB CG-AA-430b.2 Priority noncompliance rate and associated remedial action rate for supplier labor code of conduct audits		Information not available - we do not have a remedial action rate indicator, it is an opportunity to improve our scope, currently for level 1 suppliers every non-compliance generates a remedial action directly with the audited supplier and immediately upon completion of the audit  The correction rates are under constant review, as are the results of our audits. Therefore, measures are constantly put in place so that there is no inconsistency in the results.	
Raw material supply	SASB CG-AA-440a.2 Percentage of raw materials certified by a third party to an environmental and/or social sustainability standard, by standard	50		

## TCFD Content Index

<i>Recommended Disclosure</i>	<i>GRI Correlation</i>
Governance a	102-18; 102-19; 102-20; 102-26; 102-27; 102-29; 102-31; 102-32
Governance b	102-29; 102-31; 102-32
Strategy a	102-15
Strategy b	201-2
Strategy c	-
Risk management a	201-2
Risk management b	-
Risk management c	-
Metrics and Goals a	102-30
Metrics and Goals b	102-29; 102-30; 201-2
Metrics and Goals c	-



# Limited Assurance Report GRI 102-56



To the Board of Directors  
and Shareholders, the SOMA S.A.  
Fashion Group

São Paulo - SP

## Foreword

We were hired by the SOMA S.A. Fashion Group ("SOMA Group" or the "Company") for the purpose of applying limited assurance procedures on the sustainability information disclosed in SOMA Group's "Integrated Report 2021" ("Report") accompanying this report for the year ended December 31, 2021.

## Responsibilities of SOMA Group's board

The SOMA Group's board is responsible for properly drawing up and presenting the sustainability information disclosed in the "Integrated Report 2021" in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative - GRI, with the CPC Guideline 09 - Integrated Reporting (which correlates to the Basic Conceptual Framework for Integrated Reporting, prepared by the International

Integrated Reporting Council (IIRC), and with the internal controls it has determined to be necessary to enable the preparation of this information free from material misstatement, either due to fraud or error.

## Responsibility of the verifiers

Our responsibility is to draw a conclusion regarding the information disclosed in the Report based on the limited assurance work conducted in accordance with Technical Communication (TC) 07/2012 approved by the Federal Accounting Council and prepared based on NBC TO 3000 (Assurance Work Other than Auditing and Review) issued by the Federal Accounting Council (CFC), which is equivalent to international standard ISAE 3000 issued by the International Federation of Accountants, applicable to historic non-financial information. These standards require compliance with ethical requirements, including independence requirements, and that the work be performed with the objective of obtaining limited assurance that the information disclosed in the Report, taken as a whole, is free from material misstatement.

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

A limited assurance engagement conducted in accordance with NBC TO 3000 and ISAE 3000) consists mainly of making inquiries to the SOMA Group's board and other company professionals who are involved in drawing up the information contained in the Report, as well as applying analytical procedures to gather the evidence we need to reach a conclusion, in the format of limited assurance, about the sustainability information as a whole. A limited assurance engagement also requires undertaking additional procedures when the external auditor becomes aware of matters that may lead him

or her to believe that the information, taken as a whole, may contain material misstatements.

The procedures selected were based on our understanding of the aspects relating to the compilation, materiality and presentation of the information in the Report and other circumstances of the engagement and our consideration of areas and processes associated with the material sustainability information disclosed in the Report where material misstatements could exist. The procedures comprised:

- a. work planning: consideration of the materiality of the aspects involved in the SOMA Group's activities, the relevance of the information disclosed, the volume of quantitative and qualitative information and the operating and internal control systems that served as a basis for the creation of the Company's Report. This analysis defined the indicators to be tested in detail.
- b. understanding and analysis of the information disclosed in relation to how the material aspects are managed.;

c. analysis of the processes used for the Report and its structure and content, based on the Content and Quality Principles of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI-Standards) and on CPC 09 Guidance - Integrated Reporting (which correlates to the Basic Conceptual Framework of Integrated Reporting, prepared by the International Integrated Reporting Council (IIRC).

d. assessment of the sampled non-financial indicators::

- the understanding of the calculation methodology and procedures for the compilation of the indicators through interviews with the managers in charge of preparing the information.
- the application of analytical procedures about the quantitative information and inquiries into the qualitative information and its correlation with the indicators disclosed in the Report;
- analysis of evidence that supports the information disclosed.

e. analysis of the reasonableness of the justifications given for the omissions of performance indicators associated with aspects and topics indicated as material in the Company's materiality analysis.

f. the comparison of the indicators of a financial nature with the financial statements and/or accounting records.

We believe that the information, evidence and the results of our work are sufficient and appropriate to support our conclusion in the limited format.

#### Scope and limitations

The procedures applied in a limited assurance engagement are substantially less extensive than those applied in a reasonable assurance engagement. As such, we are unable to obtain assurance that we are aware of all the matters that would be identified in an assurance engagement that aims to issue an opinion. Had we performed the work with the objective of reasonable assurance, we might have identified other issues and possible misstatements that may exist in the

information contained in the Report.

Non-financial data is subject to more inherent limitations than financial data,

given the nature and diversity of the methods used to determine, calculate, or estimate this data. Qualitative interpretations of materiality, relevance, and accuracy of data are subject to individual assumptions and judgments.

Moreover, we did not perform any work on data reported for prior periods to assess the suitability of sustainability policies, practices and performance nor in regard to future projections.

#### Conclusion

Based on the procedures used, as described in this report, nothing has come to our attention that causes us to believe that the information included in the Integrated Report 2021 of Grupo SOMA S.A., have not been compiled, in all material respects, in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI-Standards), with CPC Guideline 09 - Integrated Reporting

(which correlates to the Basic Conceptual Framework for Integrated Reporting prepared by the International Integrated Reporting Council - IIRC), and with the records and files that were used as the basis for its preparation.

*São Paulo, July 05, 2022*

KPMG Auditores Independentes Ltda.  
CRC 2SP014428/O-6

Sebastian Yoshizato Soares  
Accountant CRC (Regional Accounting Council no.) 1SP257710/O-4

## Corporate information

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### Revision

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### Images

Grupo SOMA Collection



+soma