

KnowTheChain 2023 Apparel & Footwear Benchmark

Additional Disclosure

Company Name: Lojas Renner S.A.

Date: September 13, 2023

Guidance:

- Please add any additional information you wish to provide under the relevant indicator elements below.
- We welcome examples of leading practices.
- Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website.
- Note **KnowTheChain has already undertaken a review of your website**. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to.

INDICATOR 1: SUPPLIER CODE OF CONDUCT AND CAPACITY BUILDING

1.1 has a supplier code of conduct that requires suppliers to respect the ILO core labour standards, which include the elimination of forced labour; and requires suppliers to cascade/implement standards that are in line with the company's supplier code of conduct; and

1.2 engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labour to their own supply chains and/or trains suppliers below the first tier on such policies, and measures the effectiveness of capacity building.

We train our suppliers below the first tier regarding our policies related to Human Rights addressing forced labour. Information is available on pages 85 and 87 of 2022 Annual Report - <https://api.mziq.com/mzfilemanager/v2/d/13154776-9416-4fce-8c46-3e54d45b03a3/5598e303-c0d0-e7f4-a581-70a7314f947d?origin=1>

INDICATOR 2: MANAGEMENT AND ACCOUNTABILITY

2.1 has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labour; and discloses how incentives for staff (e.g. bonuses, part of employee performance reviews) are tied to improvements in working conditions in supply chains;

We have a specialized and dedicated management, responsible for managing the compliance of Resale Suppliers, with 20 professionals, including our own team located in Asia, ensuring proximity to our suppliers, and a third party company, that supports the performance of international audits. Information available on page 80 of 2022 Annual Report - <https://api.mziq.com/mzfilemanager/v2/d/13154776-9416-4fce-8c46-3e54d45b03a3/5598e303-c0d0-e7f4-a581-70a7314f947d?origin=1>

We achieved our public commitment for 2021 of having 100% of Renner's global reseller chain with a socio-environmental certification, ensuring the adoption of widely legitimized best practices.

As of 2021, the compensation of the Board of Executive Officers is linked to ESG goals, with semiannual monitoring of result indicators. Compensation metrics were related to public commitments assumed for 2021, on issues related to climate change, socio-environmental compliance of suppliers and less impacting products.

Information available on pages 50 and 33 of the 2021 Annual Report -

<https://api.mziq.com/mzfilemanager/v2/d/13154776-9416-4fce-8c46-3e54d45b03a3/39434e40-7eb5-ac77-3bbc-e98619f2348f?origin=1>

2.2 discloses how it trains relevant decision-makers within the company on risks and policies that address forced labour; and

We also carry out annual training on our principles and practices for the teams that develop the products and the purchasing teams that choose the suppliers, to reinforce the importance of taking into account the risk classification of suppliers. Information available on page 80 of 2022 Annual Report - <https://api.mziq.com/mzfilemanager/v2/d/13154776-9416-4fce-8c46-3e54d45b03a3/5598e303-c0d0-e7f4-a581-70a7314f947d?origin=1>

2.3 has tasked a board member or board committee with oversight of its supply chain policies that address forced labour, and describes how the experiences of affected workers or relevant stakeholders (such as civil society, unions, and workers or their representatives) informed board discussions.

INDICATOR 3: TRACEABILITY AND SUPPLY CHAIN TRANSPARENCY

3.1 the names and addresses of first-tier suppliers;

On page 79 on our Annual Report, you can check the information that we have 6,246 suppliers in total (considering administrative and resale suppliers), however, below that, you can check that we have 754 resale suppliers (tier 1) and 954 subcontractors (tier 2). KnowTheChain Methodology states that "Suppliers/supply chains "Supply chains" and "suppliers" refer to all the supply chains that are directly related to the company's creation of products.", so it should consider only the Resale Supply Chain: have 754 resale suppliers (tier 1) and 954 subcontractors (tier 2). The information about 100% of our resale suppliers and subcontractors are presented in our public suppliers list:

<https://www.lojasrennersa.com.br/en/wp-content/uploads/2022/09/Suppliers-list.pdf>

3.2 the names and locations of below-first-tier suppliers (this does not include raw material suppliers); and

On page 79 on our Annual Report, you can check the information that we have 6,246 suppliers in total (considering administrative and resale suppliers), however, below that, you can check that we have 754 resale suppliers (tier 1) and 954 subcontractors (tier 2). KnowTheChain Methodology states that ""Supply chains" and "suppliers" refer to all the supply chains that are directly related to the company's creation of products.", so it should consider only the Resale Supply Chain: 754 resale

suppliers (tier 1) and 954 subcontractors (tier 2). The information about 100% of our resale suppliers and subcontractors are presented in our public suppliers list:
<https://www.lojasrennersa.com.br/en/wp-content/uploads/2022/09/Suppliers-list.pdf>

3.3 the sourcing countries of at least three raw materials at high risk of forced labour

INDICATOR 4: RISK ASSESSMENT

4.1 details on how it conducts human rights supply chain risk or impact assessments that include forced labour risks or assessments that focus specifically on forced labour risks, including through engaging with relevant stakeholders (such as civil society, unions, and workers or their representatives) in countries in which its suppliers operate;

4.2 details on forced labour risks identified in different tiers of its supply chains; and

4.3 how it has consulted with relevant stakeholders (such as civil society, unions, and workers or their representatives) in steps taken to address the risks identified.

INDICATOR 5: DATA ON SUPPLY CHAIN RISKS

5.1 the percentage or number of supply chain workers who are women;

The information is available on <https://www.lojasrennersa.com.br/en/wp-content/uploads/2022/09/Suppliers-list.pdf>

5.2 the percentage or number of supply chain workers who are migrant workers' and

The information is available on <https://www.lojasrennersa.com.br/en/wp-content/uploads/2022/09/Suppliers-list.pdf>

5.3 the percentage or number of supply chain workers that are being paid a living wage.

INDICATOR 6: PURCHASING PRACTICES

6.1 commits to responsible buying practices in its contracts with suppliers;

6.2 describes how it has adopted responsible purchasing practices in the first tier of its supply chains, which includes planning and forecasting, and how it ring-fences labour costs; and

We believe that having responsible practices, from the moment of purchase, is also essential to support the sustainability of our network of suppliers and the generation of value for their stakeholders. Therefore, we have guidelines for the relationship with suppliers on clarity in negotiations, partnership with the supplier, respect for production deadlines, considering the productive capacity of each supplier and the generation of adequate conditions for the payment of fair living wages.

We count on a working group with Product, Purchasing, Style and Planning teams, led by the Sustainability and Supplier Management areas, to discuss our main steps forward in responsible purchasing, guided by the seven principles of Better Buying's Responsible Purchasing. The principles prioritized in 2021 were planning and forecasting, costs and negotiation, and the group discussed advances to give suppliers greater visibility into the stages of product development and production of orders and greater predictability of supply.

Information available on page 55 of the 2021 Annual Report -

<https://api.mziq.com/mzfilemanager/v2/d/13154776-9416-4fce-8c46-3e54d45b03a3/39434e40-7eb5-ac77-3bbc-e98619f2348f?origin=1>

6.3 discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labour.

1 - We count on a working group with Product, Purchasing, Style and Planning teams, led by the Sustainability and Supplier Management areas, to discuss our main steps forward in responsible purchasing, guided by the seven principles of Better Buying's Responsible Purchasing. The principles prioritized in 2021 were planning and forecasting, costs and negotiation, and the group discussed advances to give suppliers greater visibility into the stages of product development and production of orders and greater predictability of supply.

2 - In the 2021 Supplier Satisfaction Survey, 96% of respondents fully or partially agree that negotiations are conducted fairly.

Information available on page 55 of the 2021 Annual Report -

<https://api.mziq.com/mzfilemanager/v2/d/13154776-9416-4fce-8c46-3e54d45b03a3/39434e40-7eb5-ac77-3bbc-e98619f2348f?origin=1>

INDICATOR 7: RECRUITMENT-RELATED FEES

7.1 requires that no worker in its supply chains should pay for a job—the costs of recruitment-related fees should be borne not by the worker but by the employer ("Employer Pays Principle");

We require that no worker in our supply chains should pay for a job. The information is verified on our Audit Checklist on item 4.03 "The facility avoids collecting monetary deposits as a condition of employment unless the fees are allowed by applicable laws and regulations". Information available at: <https://www.lojasrennersa.com.br/en/wp-content/uploads/2023/09/Social-and-Environmental-checklist.pdf>

7.2 provides detail on the implementation of the Employer Pays Principle in its supply chains by demonstrating how it works to prevent the charging of fees to supply chain workers in different supply chain contexts; and

7.3 in the event that it discovers that fees have been paid by workers in its supply chains, provides evidence of re-payment of recruitment-related fees to workers. The company describes how it engages with affected workers in the remediation process.

INDICATOR 8: RESPONSIBLE RECRUITMENT

8.1 discloses information on the recruitment agencies used by its suppliers; and

8.2 provides details of how it supports responsible recruitment in its supply chains (e.g. by collaborating with relevant stakeholders to engage policy makers to strengthen recruitment standards).

INDICATOR 9: FREEDOM OF ASSOCIATION

9.1 works with independent local or global trade unions and/or other legitimate worker representatives to improve freedom of association in its supply chains;

9.2 discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labour rights agreement with trade unions or worker organisations; and

9.3 discloses the percentage of supply chains covered by collective bargaining agreements.

386 companies. This information is available in our Suppliers List

<https://www.lojasrennersa.com.br/en/wp-content/uploads/2022/09/Suppliers-list.pdf>

On page 79 on our Annual Report, you can check the information that we have 754 resale suppliers (tier 1) and 954 subcontractors (tier 2), i.e., 1,708 tier 1 and 2 suppliers. Thus, $386 / 1708 = 22,6\%$

2022 Annual Report - <https://api.mziq.com/mzfilemanager/v2/d/13154776-9416-4fce-8c46-3e54d45b03a3/5598e303-c0d0-e7f4-a581-70a7314f947d?origin=1>

INDICATOR 10: GRIEVANCE MECHANISM

10.1 takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labour conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives across supply chain tiers; and

"It is unclear whether the mechanism is also intended for supply chain workers" - To support our Ethics and Human Rights Protection Programs in the Operation and Supply Chain, and respect for our policies and principles, we offer the society as a whole, suppliers (tier 1 and 2), customers, and employees, a corporate whistleblower channel, which assists, in a unified way, all the companies of the Group.

This information is available on page 56 of the 2022 Annual Report -

<https://api.mziq.com/mzfilemanager/v2/d/13154776-9416-4fce-8c46-3e54d45b03a3/5598e303-c0d0-e7f4-a581-70a7314f947d?origin=1>

10.2 discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved; and

In 2022, there were 1,063 wellfounded complaints; the three main themes involved moral harassment (462), inappropriate behavior (771) and non compliance with internal policies and procedures (297). The main corrective actions to address violation cases were: training, warnings, monitoring, feedbacks, transfers, and dismissals. We also keep, continually, engagements about ethics, human rights, and diversity.

This information is available on page 56 of the 2022 Annual Report -

<https://api.mziq.com/mzfilemanager/v2/d/13154776-9416-4fce-8c46-3e54d45b03a3/5598e303-c0d0-e7f4-a581-70a7314f947d?origin=1>

10.3 takes steps to ensure that its suppliers' workers or their legitimate representatives are involved in the design and/or performance of the mechanism, to ensure that the workers trust the mechanism.

INDICATOR 11: MONITORING

11.1 its methodology for monitoring the implementation of its supply chain policies addressing forced labour;

Audits include review of relevant documentation, worker interviews including off-site, assessment of workers dormitory (item 11.8). Audit checklist is available on

<https://www.lojasrenner.com.br/en/wp-content/uploads/2023/09/Social-and-Environmental-checklist.pdf>

11.2 the findings of monitoring reports, including details regarding any violations revealed in relation to forced labour and indicators of forced labour, across supply chain tiers; and

11.3 the use of worker-driven monitoring (i.e., monitoring undertaken by independent organisations that includes worker participation and is guided by workers' rights and priorities).

INDICATOR 12: REMEDY AND RESPONSE TO ALLEGATIONS

A(1) a process for responding to potential complaints and/or reported violations of policies that address forced labour and how it engages affected stakeholders as part of this process; and

A(2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers.

COMPLIANCE ACCELERATION PROGRAM (CAP) - In 2021, we launched the CAP, in which we offer consultancy services to Renner's reseller suppliers identified in the audit process as needing to

improve their performance in compliance management. With diagnostic steps and action plans, built with the supplier and our experts, we accelerate the advancement of supplier practices to ensure their compliance and devise the advance to the high performance zone. In the diagnosis we assess six categories – Organizational Structure, Subcontractors’ Management, Document Management, Development of Subcontractors, and Techsocial System Management – and prepare systemic actions to effectively manage risks, involving the top management of companies to ensure commitment with sustainability culture.

We have worked, since 2021, with 33 companies advised by our compliance experts, and obtained initial 45.1% average of diagnoses of compliance acceleration. After six months of followup the compliance acceleration average rose to 83.1%, above the established goal of 80%.

This information is available on page 87 of the 2022 Annual Report - <https://api.mziq.com/mzfilemanager/v2/d/13154776-9416-4fce-8c46-3e54d45b03a3/5598e303-c0d0-e7f4-a581-70a7314f947d?origin=1>

In addition, where an allegation is identified in a company’s supply chains:

B.1.1 that it engages in a dialogue with the stakeholders reportedly affected in the allegation(s)

B.1.2 outcomes of the remedy process in the case of the allegation(s); and

B.1.3 evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

Where an allegation is identified in the company’s supply chains, but is denied by the company:

B.2.1 a description of what actions it would take to prevent and remediate the alleged impacts; and

B.2.2 as part of this process, it would engage with affected stakeholders and their representatives.

NON-SCORED RESEARCH

Reporting Legislations

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.

Yes/No. Please provide link to a publicly available statement.

Australia Modern Slavery Act: Where applicable, the company discloses at least one statement under the Australia Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

High Risk Sourcing

Please indicate whether your company sources any of the below high-risk raw materials. Note where a company does not provide this information, KnowTheChain will review the company's website as well as third party sources to identify relevant information.

- Bamboo
- Cashmere
- Cotton
- Leather (cattle)
- Rubber (natural)
- Silk
- Viscose
- Wool

Please indicate whether your company sources from any of the below high-risk locations.

- Argentina
- Bangladesh
- Brazil
- China
- Ethiopia
- India
- Malaysia
- Nepal
- North Korea
- Thailand
- Vietnam