

SUSTAINABILITY REPORT – 2019

PEOPLE
OPERATIONS
PRODUCTS
OUR HISTORY
INSPIRING
OUR FUTURE

A MESSAGE FROM OUR CEO

102-14

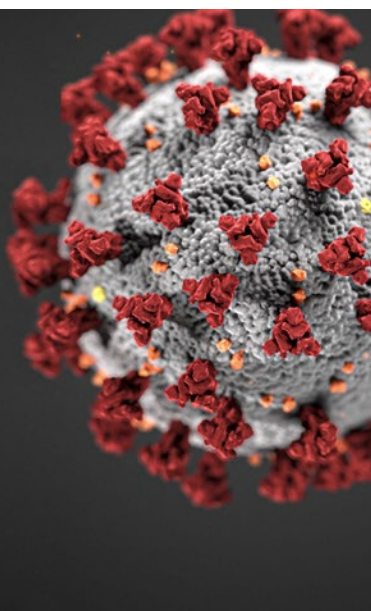
As a company that is close to turning 50, Grendene has historically been committed to the future. We have developed, produced and marketed our products responsibly since the beginning. We sought to be in line with the best practices, even before formalizing the institutional policies and internal regulations that guide our sustainability management.

We know that the road towards a sustainability industry model is long; and we work to evolve each day. We believe a company can create products ethically – with less environmental impact, that is taking care of people and the planet.

We know there is a sustainable use for plastic in the fashion industry and so we have been moving in that direction for a long time.

WE ARE MANY AND WE ARE TOGETHER

In support of the communities in the regions where Grendene operates and in support of the national mobilization to face the Covid-19 pandemic, Grendene is producing individual protection kits for public health professionals. All of these items are being donated to the health departments of Rio Grande do Sul and Ceará. Up to May 2020, 1,301.136 individual protection items were donated. All of this, in addition to filling us with pride, makes us believe more and more that, together, we can do more!





We are always seeking solutions to reduce waste, improve the use of materials and to understand the life cycle of raw materials, as well as to recycle products, to ensure more efficiency in all processes, and to contribute to the well-being of employees and the communities where our factories are located.

Our main raw material is plastic and we know that there is a sustainable use for plastic in the fashion industry – that is why we have been moving in that direction for a long time. Plastic is an exceptional material: light, clean, resistant, durable and recyclable, which must be used with awareness, creativity and responsibility. And this is a commitment we make every day.

So we invite you, dear reader, to get to know what we have been doing and what we still intend to do so that this commitment continues to translate into concrete actions. This is our journey towards sustainability.

Have a good read!

Rudimar Dall'Onder
CEO

WE ARE **GRENDENE!**

GRI 102-1 102-2

In 2021, we will turn 50 years old!

We are one of the world's largest producers of footwear, all made with our exclusive technology – for adults and kids.

WHAT WE BELIEVE GRI 102-16

GRENDENE MANIFESTO 2020

We believe sustainable fashion goes beyond having products of lower impact. It is all about a whole set of attitudes in our daily life. We at Grendene, have started. We're investing, learning and working hard to solve complex issues. We don't have all the answers, but we do know what our aim is: a more sustainable future.



OUR RESULTS

R\$ 495.0 million

net profit

15.5% LOWER *

R\$ 353.5 million

Ebit

22.6% LOWER *

150.9 million

volume of pairs

12.8% LOWER *

**In comparison to 2018 .*

5 INDUSTRIAL SITES AND 11 FACTORIES:

with a capacity to produce

250 million pairs per year GRI 102-3 102-4 102-7

1 SOBRAL **1** CRATO **1** FORTALEZA **1** TEIXEIRA DE FREITAS **1** FARROUPILHA

1085

stores

GRI 102-6 e 102-7

Domestic Market

141 Melissa Shops

164 Singlebrands Grendene

441 Multibrands Grendene

2 Melissa Galleries: London and NY

18 thousand

employees

GRI 102-8 201-7

International Market

318 Melissa Clubs

18 Melissa Mini Clubs

1 Melissa Gallery: São Paulo



For more information on financial results, operating in the foreign market, please visit our website: ri.grendene.com.br

OUR BRANDS

 **CARTAGO**

ZAXY

GRENDHA

 **rider**

Grendene® kids

Ipanema

melissa



To learn more about the Grendene
product portfolio, visit:
www.lojagrendene.com.br

OUR JORNEY TO SUSTAINABILITY

GRI 102-43 E 102-44

We've always had a culture of responsible use of resources. That's why, in 2011, we started the Grendene Sustainable Development Journey, seeking to improve the way we make products, care for our people and the eco-efficiency of our operations. On April 2019, we made such commitment official and we published our Grendene Sustainable Development Policy. It organizes a series of action we conducted ever since, it plans future developments regarding sustainable development and it shows us the ways to create the future we want to live in.

We understand that sustainable development applied to business is the form of actions that does not exhaust resources for the future. It's a model in which economic growth, environmental protection and social inclusion are all in harmony and balance.

WE ARE ALIGNED WITH THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Grendene's Sustainable Development Policy is based on the United Nations (UN) Sustainable Development Goals and also on targets related to the evolution of the global standards of living and productive activity until 2030.

The UN initiative comprises a plan for the planet, for the people and for organizations. It's a global challenge with 17 SDGs and 169 goals, with the main purpose of combating climate changes and poverty until 2030 (read more in: <https://nacoesunidas.org/pos2015/agenda2030/>).



THE FOCUS OF OUR ACTION IS BASED IN 3 PILLARS: **PEOPLE, OPERATIONS, AND PRODUCTS**

Our policy guides all company decisions throughout its value chain, which is organized in 3 pillars::

VALUING AND RESPECTING PEOPLE

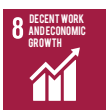
ECO-EFFICIENT OPERATIONS

LOWER IMPACT PRODUCTS

These pillars are divided into principles, all connected to the SDGs, and all Grendene employees are protagonists in their promotion.

VALUEING AND RESPECTING PEOPLE

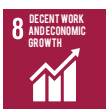
1. To encourage management mechanisms wich promotes equal opportunities and professional development.



2. To ensure the human rights of all those involved in the supply chain, repudiating any occurrences of degrading labor, such as child labor, forced labor or unfree labor.



3. To respect and promote diversity; to repudiate discrimination between employees regarding gender, ethnicity, skin color, age, sexual, political and religious orientation, and special needs.



4. Develop socio-cultural programs and initiatives in line with Grendene's values and for the benefit of the surrounding communities, through partnerships with institutions of proven repute with direct investments of our own.



Our three pillars are the base for 14 principles that are, in their turn, connected to the Sustainable Development Goals.

ECO-EFFICIENT OPERATIONS

- 5.** To continuously improve product's quality management, optimizing resources, increasing operational efficiency and reducing waste. To do MORE with LESS.



- 6.** To improve socio-environmental responsibility programs, environmental education and to promote the conscious consumption of resources, maintaining an energy efficiency management as well as a low water footprint.



- 7.** Optimize reuse, recycle and / or to eliminate the generation of waste in the process. To reduce and / or to eliminate (when technically and economically feasible) the use of hazardous chemicals in operations.



- 8.** To maintain a transparent, impartial and ethical relationship with the key stakeholders, such as employees, suppliers, the surrounding community, and partners.



LOWER IMPACT PRODUCTS

- 9.** To research and to encourage the use of renewable and recyclable materials, to promote recycling practices and the reuse of raw materials and waste.



- 10.** To assess the environmental impacts of products throughout the production chain until final disposal.



- 11.** To choose preferably single materials or similar, thus facilitating recyclability for products, packaging or accessories in general.



- 12.** To optimize, reuse, recycle and / or to eliminate packaging of materials and products.



- 13.** To optimize, reuse, recycle or to properly dispose of shoes at the end of their life cycle. To identify and to apply environmentally certified materials.



- 14.** To educate socioenvironmentally about the efficient use of the raw materials that make up our footwear and packaging and their advantages and disadvantages during their cycle and lifetime.





ON GRENDENE MATERIALITY

Grendene is publishing its first sustainability report, using the Global Reporting Initiative (GRI) methodology for reporting financial and non-financial results, whose data comprise all of Grendene's businesses and operations. **GRI 102-45.**

This is the first edition and it starts a cycle of annual publications. The content will address quantitative information related to our seven material topics, regarding the period from January 10, 2019 to December 31, 2019. **GRI 102-48 102-49 102-51 102-52**

The process of identifying such material topics was carried out in 2019, with the support of an external consultancy, which also led the development of this publication.

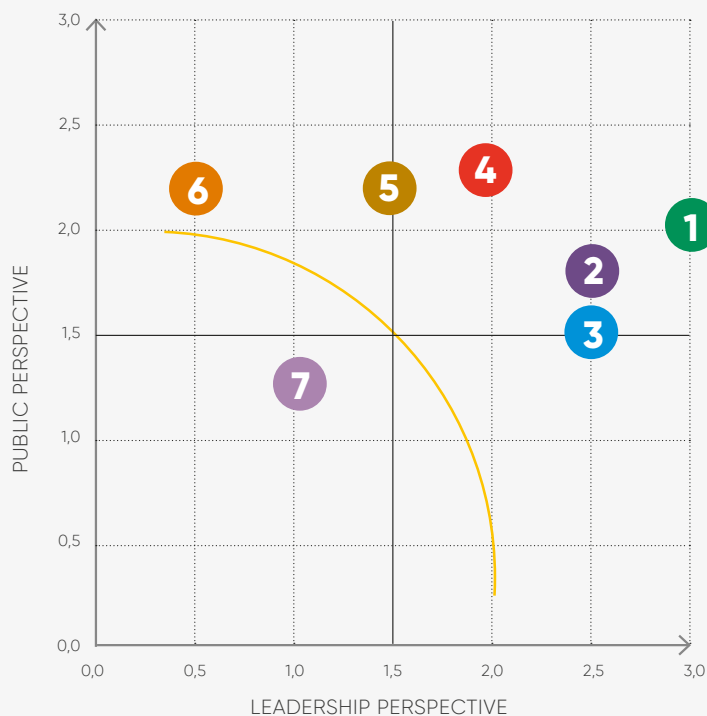
GRENDENE STRATEGIC THEMES

were identified from the analysis of : Sector studies – GRI Sustainability Topics for Sector, RobeccoSAM Yearbook, SASB and GlobeScan Radar; internal documents; interviews with Grendene's leadership; external interviews with experts; external interviews with suppliers; consultations with employees, industry associations, clients, providers, the community at large, service providers, investors and sector representatives. All the public impacted by Grendene's business and operations. **GRI 102-40 e GRI 102-42**

See our material topics on the next page.

| MATERIAL THEME GRI 102-47 | THEME FOCUS GRI 102-44 | RELATED SDG | SDG AIM |
|--|--|-------------------------------|--|
| Circular Economy | Mechanisms for correct disposal; reuse and recycling; new products | SDG 9 SDG 12 | 9.4 By 2030, to modernize infrastructure and to rehabilitate industries to make them sustainable, increasing their efficiency in the use of resources and in employing clean and environment-friendly industrial technologies and processes. 12.2 By 2030, to achieve a sustainable management and an efficient use of natural resources. 12.5 By 2030, to substantially reduce the generation of waste through prevention, reduction, recycling and reuse. |
| Selection of Raw Materials | Materials with less impact; to take social and environmental issues into consideration when purchasing inputs. | SDG 12 | 12.7 To promote sustainable public procurement practices in accordance with national policies and priorities. |
| Brand Management | Strengthening the brand positioning on risks and ethical and social and environmental issues | Not applicable | Not applicable |
| Strategy for Sustainability | To strengthen the company's culture on environmental and social issues. | SDG 12 | 12.2 By 2030, to reach sustainable management and an efficient use of natural resources. 12.7 To promote sustainable public procurement practices, in accordance with national policies and priorities. |
| Waste Management | Efficient consumption of resources; correct disposal; techniques for reuse. | SDG 12 | 12.4 By 2020, to achieve an environmentally sound handling of chemicals and all waste throughout the life cycle 12.5 By 2030, To substantially reduce the generation of waste through prevention, reduction, recycling and reuse. |
| Ethics and Transparency | Ethical relationship with the public and business partners; fight against corruption; results reporting. | SDG 12 | 12.6 To encourage companies, (especially large and transnational ones) to implement sustainable practices and integrate sustainability information into their reporting cycles |
| Education for Conscious Consumption | Encouraging conscious consumption; correct product disposal. | SDG 12 | 12.5 By 2030, to substantially decrease the generation of wastes through prevention, reduction, recycling and reusing. |

OUR MATERIALITY MATRIX



OUR MATERIAL THEMES

- 1** Circular economy
- 2** Selection of raw materials
- 3** Strategy for sustainability
- 4** Brand management
- 5** Waste management
- 6** Ethics and transparency
- 7** Education for conscious consumption

Our material matrix results identified 21 themes – of those, seven were considered of greater importance to stakeholders. These themes will guide Grendene's sustainability actions in 2020 and 2021.

OUR GOVERNANCE

GRI 102-18

The Company is managed by its Board of Directors and by its Executive Board, in accordance with Brazilian laws (regarding its managing practices), in accordance with Grendene's Bylaws and B3's "Novo Mercado" ("New Market") governance rules. The Board of Directors is responsible for approving Policies and Regulations (both monitored and inspected), regarding their compliance, by the areas indicated by the Board and by the Executive Board.

COMBATING CORRUPTION GRI 103|205

As part of our communication with stakeholders, we also publish the management report, annually, with information on the economic - financial performance, addressing our practices in sustainable development and in human resources also.



For more information on our governance practices, please visit ri.grendene.com.br

RECOGNITION IN TRANSPARENCY

GRI 205-2 e 205-3

Grendene is one of the winners of the 23rd Anefac Award - Fipecafi- Serasa Experian. Recognition for transparency in the Company's relationship with its stakeholders and for its communication practices with the market, Considering the disclosure of financial results.

Today, when an employee is hired, he or she receives a Code of Conduct booklet during his or her integration process. IT is also available in a digital version, online, on the "conecta" ("connect") channel, a Grendene communication and activities platform.

VALUING PEOPLE

We believe in ethical and decent production chains that stimulate everyone's skills. Our products are made in our own factories, thus guaranteeing ethical working conditions, and fair wages, and valuing the work of all employees. To certify that our processes adhere to legislation and to quality, socio- environmental, health and "safety at work" standards, our factories undergo internal and external audits



NUMBER OF
AUDITS UNDERTOOK
IN THE LAST THREE
YEARS*

2019: **10**
2018: **19**
2017: **24**

**Audit examples:
ABVTEX, as well as
clients, such as Disney
and Walmart*

EDUCATION AND DEVELOPMENT: **GRENDENE UNIVERSITY**

To support the development of professionals, Grendene continuously invests to improve corporate education processes. The Grendene University (UG) is structured by "schools" related to technical and behaviour training.

In line with the motto "Learning and Evolving", UG seeks to cultivate organizational and human skills, with the aim of stimulating and contributing to the growth of our professionals.



EDUCATION FOR SUSTAINABLE DEVELOPMENT

Through education, Grendene seeks to contribute to the reduction of environmental impacts in its surrounding communities. Our Education Program for Sustainable Development main objective is to engage students and to turn them into agents of local change – in their schools, homes and communities. Through practical activities, students are trained in sustainability, thus developing their critical thinking and awareness about fighting wastefulness.

The Education for Sustainable Development Program directly impacted 2,000 children.

By the end of 2019, more than 2 thousand elementary school children from the communities of Farroupilha (RS) and Sobral (CE) were directly impacted by the Program. The content covered was based on the 3 R of

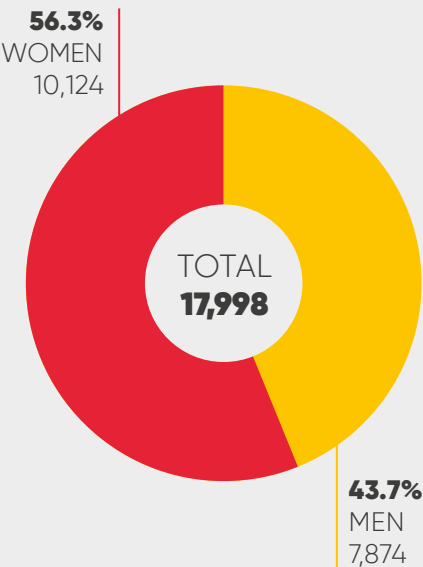


sustainability (Reduce, Reuse and Recycle), and was also based on practical actions to minimize the waste of materials and products, avoiding the use of non- renewable resources.

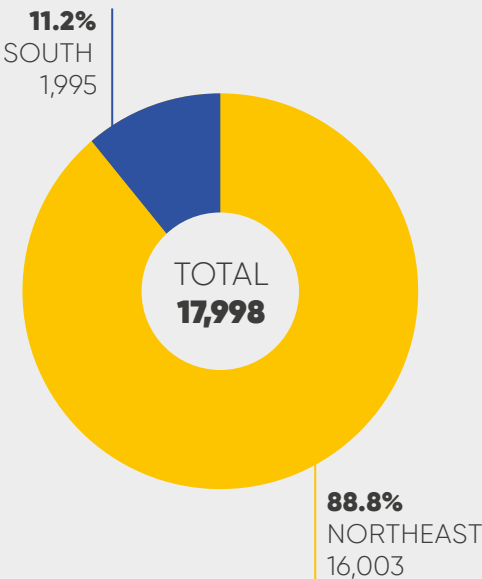
For 2020, Grendene intends to expand its Education Program to the communities of Fortaleza and Crato (both in Ceará state). A pilot program for teacher training will also be initiated, covering themes of self-knowledge and the strengthening of socio- emotional and collaborative skills, as well as empathy. All these actions are developed by the Sustainable Development areas and by the Grendene University, which work together.

INFORMATION ON
**EMPLOYEES AND
OTHER WORKERS** GRI 102-8

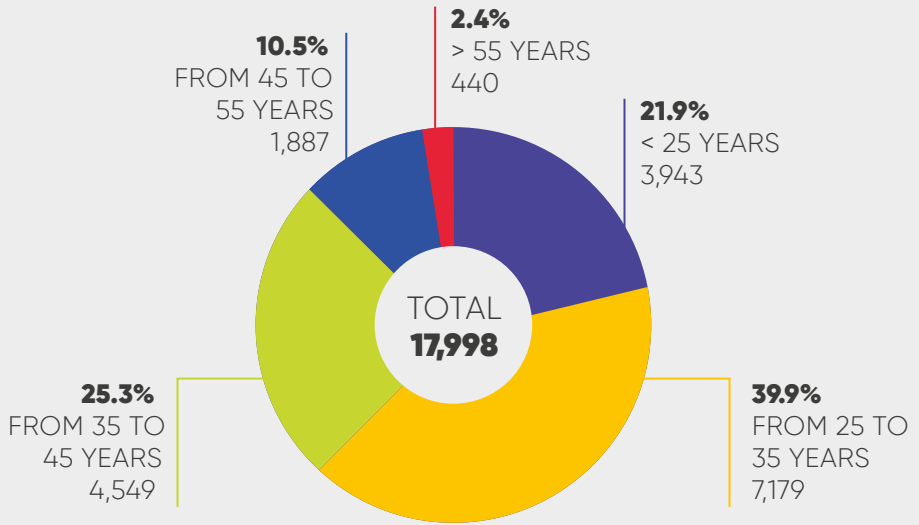
CONTRACT TYPE
INDEFINITE DURATION"



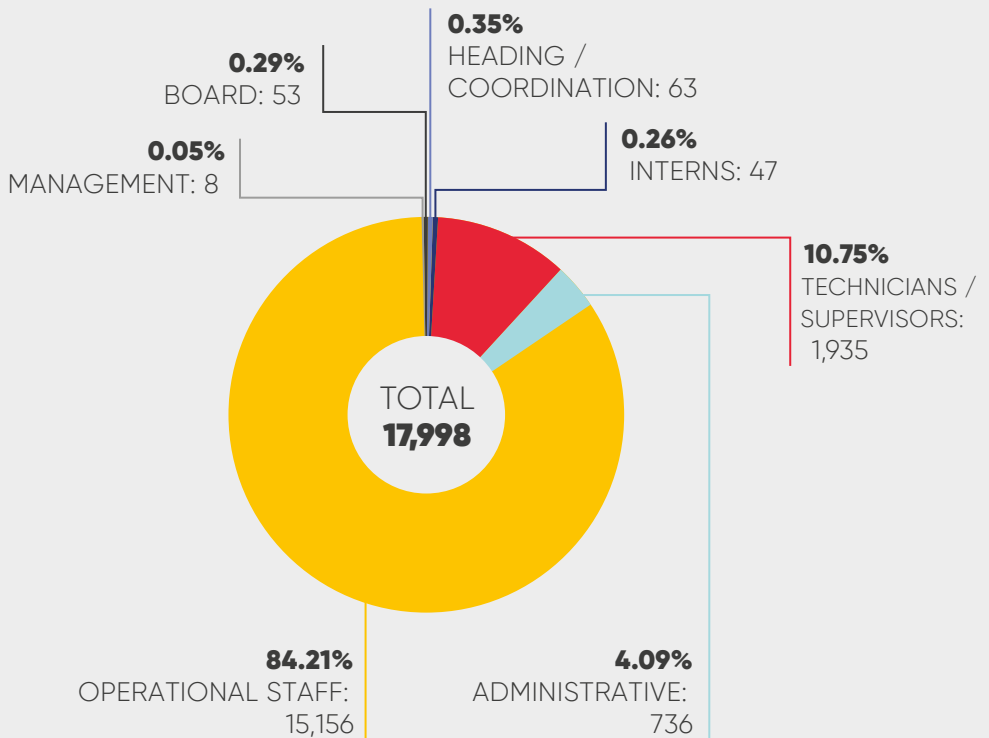
REGION
INDEFINITE DURATION"



EMPLOYEES PER AGE CATEGORY



EMPLOYEES BY EMPLOYEE CATEGORY



Note: Grendene's workforce also includes 204 third parties and a minor apprentice.

LESS IMPACT PRODUCTS

Throughout this journey, we have researched the impact of our products on the environment. In 2017, through studies based on the Life Cycle Assessment (LCA) methodology, we mapped our industrial process from beginning to end. We evaluated the environmental performance of our raw materials and of our production processes and also the final disposition of our footwear. We identified the environmental impacts of the following categories: CO₂^{eq}, water consumption, energy consumption and recycling percentage. Based on studies like this, we have been working on reducing our footprint since the product was conceived.

We trained over 1,500 employees in ecodesign premises in partnership with Grendene University. Thereby acquiring a trained eye for the reduction and replacement of non-renewable materials – thus simplifying the assembly processes at the factory. By inserting the Design for Disassembly (to facilitate post-use reverse logistics), we manage to deliver more sustainable products to the market.

The premise of reducing environmental impact runs through our product portfolio and reaches our packaging

In 2019, the Papete Platform, a partnership between the Melissa and Rider brands, arrived in stores delivering a better environmental performance in its packaging form. With a design based on LCA, this new packaging is made up of mono-material, guaranteeing 100% of its recyclability. The ecodesign allows for a plug-in assembly system, which eliminates the use of solvent-based glue. In addition, the box has the option of a detachable handle, allowing the customer to carry the shoes without a bag. Finally, the new graphic design allowed a considerable reduction in paint consumption.



Along with all this, we are advancing so that more and more products contain materials with less environmental impact.

IPANEMA BRAND HAS BIOBASED CERTIFICATION

Awarded by TUV Austria, it guarantees a percentage between 20% and 40% of renewable raw material in the composition of Ipanema brand products.



Along with all this, we are advancing so that more and more products contain materials with less environmental impact.

In recent years, we have researched, together with suppliers, formulations to replace the inputs of animal origin in our shoes. In 2017, we excluded all animal ingredients and in 2019 we are Vegan registered.

WE ALSO HAVE THE FOREST STEWARDSHIP COUNCIL (FSC) CERTIFICATION

All paper in our packaging is FSC certified, which ensures the origin of the raw material is from responsible forest management.



WE ENSURE CARE AND RESPECT FOR ALL WHO WORK WITH US, WITH ETHICAL WORK PRACTICES AND RESPONSIBLE PRODUCTION.

We are regularly audited and we are recognized with the Brazilian Textile Retail Association (ABVTEX) certification, which attests to good practices in the Grendene production chain.



AWARDS AND RECOGNITIONS

> "Valor 1000" in the textile, leather and clothing sector

Grendene was recognized with the Valor 1000 award for the 6th year, ranking 1st in the textile, leather and clothing category. To come up with the ranking of the 25 champions, Valor had a partnership of Serasa Experian and Getulio Vargas Foundation. Eight indicators (both financial and accounting) were analyzed.

> Troféu Onda Verde (Green Wave award) on solid wastes

Grendene won the Onda Verde (Green Wave) Trophy at the 26th Ecology Expression Award in the "Solid Waste" category - From Dish to Dish: Biogas Generation from Food and Other Waste - A Case of Application of the Concept of Closed Cycle. The award was created in 1993 by Editora Expressão and is recognized by the Ministry of the Environment.

> Retail Design Innovation Award (Visual Merchandising)

Melissa Gallery the Retail Design Innovation Award in the Visual Merchandising category (3rd edition) at the Lata Retail Show (organized by GS&MD and coordinated by the Retail Design Institute - RDI - and ABIESV).

> Troféu Transparência (Transparency Trophy)

Grendene is one of the winning companies in the 23rd Anefac Award - Fipecafi-Serasa Experian. The Transparency Trophy expresses recognition for the transparency with which Grendene communicates its financial statements to the market.

ECO-EFFICIENT OPERATIONS

We seek solutions to reduce waste, to provide a circular economy, ensure more efficiency in processes, to contribute to the well-being of employees and the communities where our factories are located.

Following the guidelines of the Sustainable Development Policy, Grendene will publish in 2020 its first CO₂^{eq} Emissions Inventory.

A background image of white, smooth, rounded pebbles or stones, filling the entire page. A dark grey rectangular box is overlaid on the right side, containing text.

CIRCULAR ECONOMY

Our shoes can be used and reused for many years, being exchanged or donated before being discarded. We are also already developing ways to give a correct destination to those shoes that can no longer be reused, so that they return to the production cycle as material.

Our first big step was the installation, in October 2019, of collectors in all Melissa stores in Brazil, in addition to United Kingdom and New York. All used Melissa shoes will be received for an appropriate end of life.

By the end of 2019, 2,748 pairs of used shoes had been collected. Besides, collectors were placed on all Grendene factories so that they may be used by almost 18 thousand employees.

GRENDENE TAKES ACTIONS THAT PROMOTE THE CREATION OF ENVIRONMENTAL VALUE

> Reduction in waste generation

According to the Sustainable Development Policy, Grendene is committed to reducing the generation of waste, per pair produced, on an annual basis. For 2020, the reduction target is 6%.

> Effluent reuse

Our commitment is to deliver effluents within the parameters of regional environmental agencies. For 2020, the goal is towards 100% reuse.

> Conscious consumption

We promote attitudes towards conscious consumption through communication campaigns and internal actions. In 2019, we replaced disposable cups with regular cups in all of our units cafeterias. In our snack bar, we offer discounts on coffee for those with reusable cups.



Below: Campaign Poster #BringYourMug
Be part of the sustainable wave!
#SimpleAttitudesGreatImpacts



Reduction in the generation of waste and wastewater, environmental education and conscious consumption are among Grendene's practices.

> Environmental education

Grendene also conducts the Education for Sustainable Development program, with lectures (supported by Grendene University) for its employees. In 2019, the Sustainable Development Policy was released to leaders and teams in all factories, presenting our journey with a focus on a more sustainable future.

During the Design Week, a round of conversation was held (open to the public), with the participation of design and sustainability professionals. The goal of such meeting was to promote discussion on just how we can create products with less impact.

WASTE MANAGEMENT

GRI 103|306

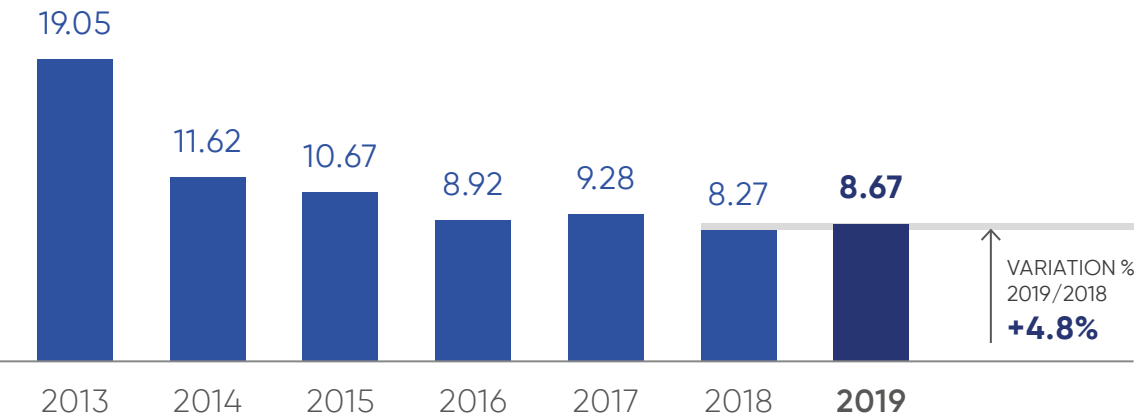
Grendene has teams trained in waste management and wastewater treatment in all its units. Our main raw material, PVC, is 100% recyclable with Grendene's own technology. We are currently able to use up to 30% of recycled material in our footwear (in the closed production cycle). Industrial waste that we are unable to reuse is sent to partners, in compliance with our zero landfill policy. We currently have two forms of disposal: recycling, which uses the materials in new production processes, or energy generation through co-processing.

Since 2013, we have reduced our waste generation by 54% (per pair produced)

At the Farroupilha unit (RS), we have a biogas generation system (which uses food residues). This project was one of the winners of the 26th Ecology Expression Award, published in the Sustainability Guide – Main environmental projects in Southern Brazil.

In 2019, Grendene spent R\$ 726,239.59 on waste treatment and disposal.

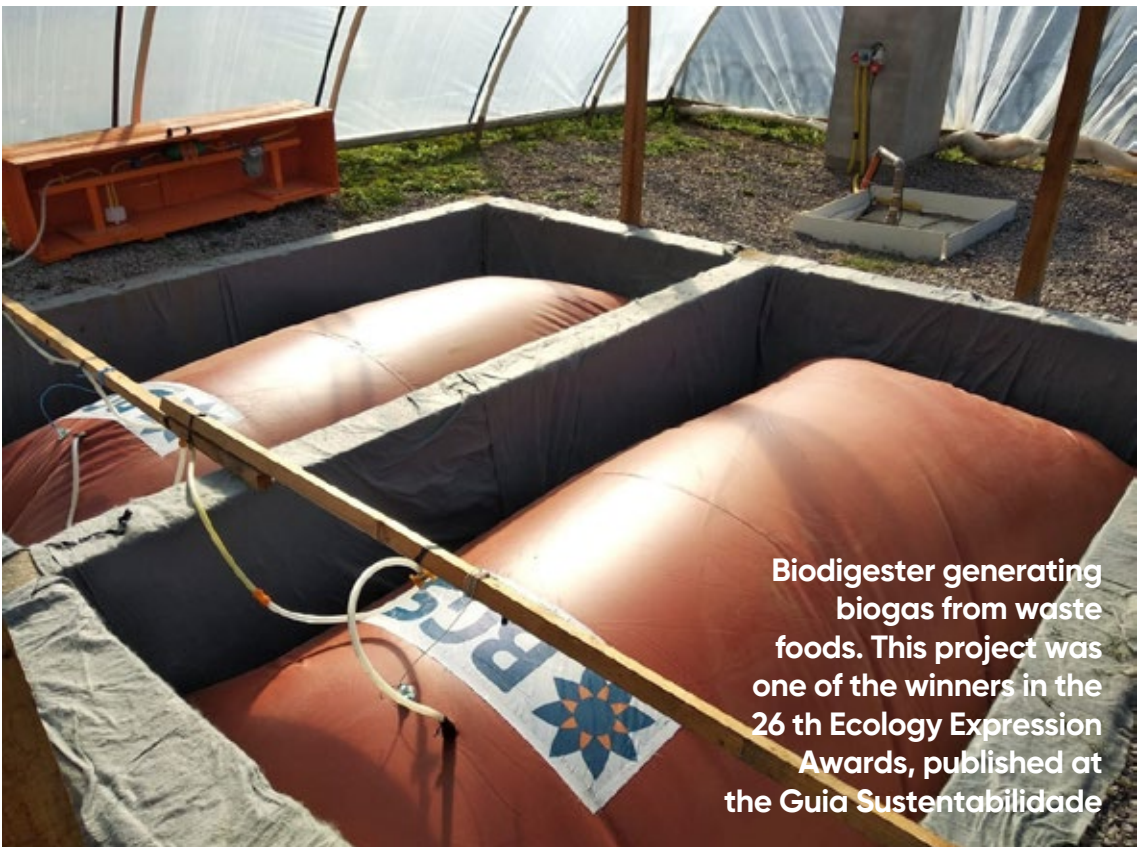
WASTE (g/pair)



Waste reduction targets (per pair produced) were established and the factories are evaluated monthly based on the management of indicators.

The use of new manufacturing technologies (focusing on innovation) as well as the adoption of lean manufacturing methodologies (in a systemic way) in the company, promoted the lower consumption of materials and efficient use of raw materials and inputs in the production processes, thereby reducing the waste generation.

In the last six years we have reduced the equivalent of the weight of 11 thousand popular cars in the generation of waste.



Biogas
Biodigester generating biogas from waste foods. This project was one of the winners in the 26 th Ecology Expression Awards, published at the Guia Sustentabilidade

WASTE - DISCRIMINATED BY TYPE AND DISPOSAL METHOD 306-2

In 2019, the generation of waste (per pair produced) increased 4.8%, compared to the previous year. This result was impacted by the development phase of a new material manufacturing process, in which several experiments were carried out until the process was fully stabilized. For 2020, we shall continue with projects aimed at reducing waste and we aim to reduce this indicator by 6%.

Grendene generates 8.67 g of waste * (per pair produced) – such waste generated in the process is then sent to external recyclers or for energy use (co-processing). The goal for 2020 is to reduce generation to 8.149 g per pair produced.

**This calculation takes into consideration waste that has a disposal cost or that presents risks to health or to the environment.*

DISPOSAL OF HAZARDOUS WASTE (T) – 2019 306-2

| | |
|--|---------------|
| Recycling* | 231.38 |
| Recovery (including energy recovery)** | 432.39 |
| Incineration (mass burning)*** | 1.09 |
| Total | 664.86 |

* Solvent and lubricating oil.

**Contaminated process waste.

***Health waste.

DISPOSAL OF NON-HAZARDOUS WASTES (T) – 2019 306-2

| | |
|--|------------------|
| Recycling* | 23,866.67 |
| Recovery (including energy recovery)** | 543.17 |
| Landfill*** | 391.94 |
| Total | 24,801.78 |

* Plastic, paper, metal and industrial PVC.

**General waste not recyclable, Class II A and B.

***Sewage (waste from toilets and pantries).

LOW **WATER FOOTPRINT**

Our industrial operations are located in an arid region, which reinforces the need to increase the availability of water and, consequently, to reduce the impact of our water footprint. Currently, reused water is used in toilets and in the irrigation of the entire green area of the company.

Grendene has one of the smallest water footprints when it comes to the production of footwear: its water consumption is of approximately 75% for human use. In 2019, we had a 5.6% increase in water consumption per pair produced (directly linked to the 13.4% drop in pair production), since 3/4 of the water consumed always remains stable, as is intended for human use.



WASTEWATER TREATMENT GRI 103|306

We treat 100% of the wastewater 1 we generate and, in 2019 alone, we reused 93.2 million liters of treated wastewater (which corresponds to 54% of the treated volume). From 2020, we will have the ability to reuse all the effluent within our factories, with the goal of zero waste and loss of any liter of treated water. Currently, our capacity is 78%.

Grendene's internal laboratories monitor the wastewater generated to ensure treatment efficiency. Analyzes are also carried out in external laboratories, certified by ISO 17.025. Regarding official authorizations and permits, Grendene follows a series of conditions established by the local environmental agencies.

WE HAVE ONE OF THE SMALLEST WATER FOOTPRINTS IN THE INDUSTRY

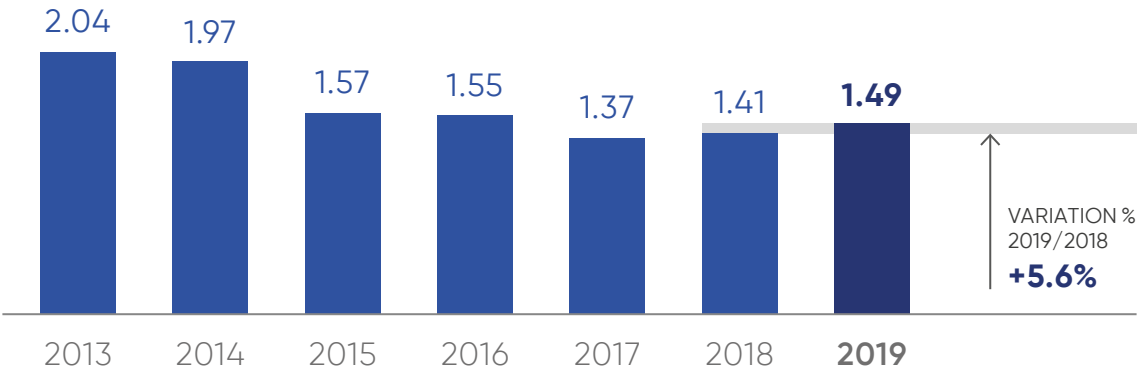
75%
of our water consumption is for human use, not industrial

160 OLYMPIC POOLS SAVED IN OUR FOOTWEAR PRODUCTION

Between 2013 and 2019, we reduced the consumption of water needed to produce each pair of shoes by 27%.

This corresponds to 400.404 m³ of water, the equivalent of 160 olympic swimming pools.

WATER (l/pair)



1. Wastewater are liquid waste generated, for example, in cleaning floors, flushing the toilet and by our industrial processes.

ENERGY EFFICIENCY

Through the monitoring and control of processes and the management of industrial indicators, we achieved a 0.65% lower result in 2019 in consumption in kWh / Pair. This is equivalent to an annual reduction of 626 MWh, corresponding to 313 tCO₂ equivalent avoided.

With the responsibility of using carbon-free energy, we generate 2,630 MWh in our photovoltaic plant, installed in the Sobral (Ceará state) unit.

Since the installation of our photovoltaic plant, we have avoided the emission of 1,803 tCO₂. This is equivalent to enough energy to supply 1,831 low-income homes for an entire year. *



* Note on the calculation basis: National Inventory of CO₂ equivalent emissions, according to the current energy matrix. Simple average from January to October 2019. (Available in: https://www.mctic.gov.br/mctic/opencms/ciencia/SEPED/clima/textogeral/emissao_despacho.html. Accessed: 17/Jan/2020).

**WITH OUR
PHOTOVOLTAIC PLANT
WE AVOID THE EMISSION
OF 1,803 TONS OF
CARBON**

This is equivalent to enough energy to supply 1,831 low-income homes for an entire year.

**OVER 25 THOUSAND
TUBULAR
FLUORESCENT LAMPS
WERE REPLACED WITH
LED LAMPS.**

And over 4,000 metallic vapor reflectors have been replaced by LED reflectors.

**85% OF THE ENERGY
CONSUMED
IN OUR FACTORIES
COMES FROM
RENEWABLE
ENERGY MATRICES**

In Sobral (CE), we have a solar plant that generates 2,630 Mwh of renewable energy per year.

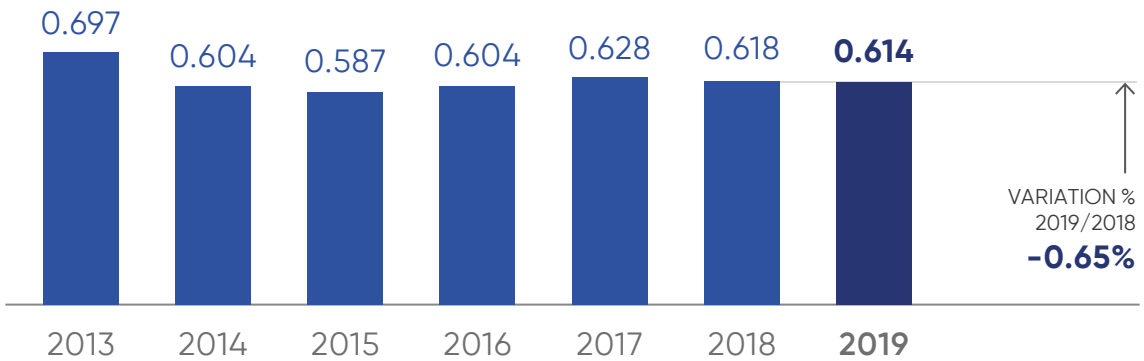
**WE HAVE ANNUALLY
REDUCED THE
CONSUMPTION OF
APPROX.
626 MWH AND 313 T
OF EQUIVALENT CARBON**

We replaced the electric motors and adopted innovative technologies in the exhaust system.



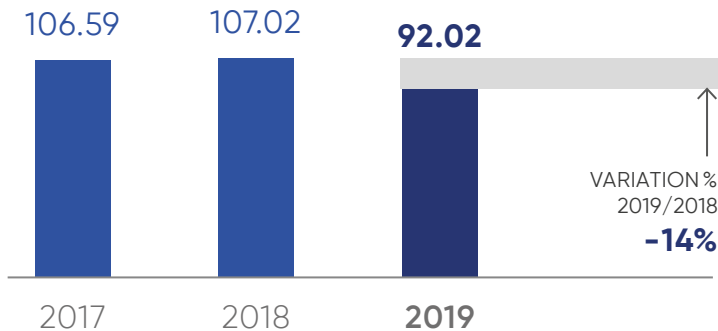
Since 2013, we have already
reduced electricity consumption by
12% (per pair of shoes produced)

ENERGY (KWh/pairs)



ELECTRIC ENERGY CONSUMPTION

ANNUAL CONSUMPTION (Gwh)



GREEN LUNG

We have planted over 4,000 trees at our factory in Sobral (Ceará state). This directly impacts the microclimate around the unit, influencing temperature, humidity, water availability and carbon sequestration.

ENVIRONMENTAL AND SOCIAL EVALUATION OF SUPPLIERS

GRI 103 | 308 103 | 414 102-9

The policies and commitments that cover the management of suppliers' environmental issues include the visit for diagnosis, which is carried out by Grendene.

This procedure assesses industrial plants regarding their structure and management practices, checking their compliance with the requirements of the legislation, such as Environmental Licensing; Solid Waste Management Program (PGRS); treatment and control of liquid effluents; and efficient use of natural resources.

They also involve investigating aspects of the social responsibility of suppliers, such as: working hours in accordance with legislation, "bank of hours" agreements, union agreements, institution of Specialized Services in Safety Engineering and Occupational Medicine (SESMT), Environmental Risk Prevention Program (PPRA) and Occupational Health Medical Control Program (PCMSO), establishment and compliance with a code of conduct, freedom to come and go, equal opportunities and professional development.

**The approval process for
any new material includes
the necessary control of
restricted substances**

GRI 103 | 308 103 | 414 102-9




SUPPLIERS MANUAL WILL BE LAUNCHED IN 2020

GRI 308-1 414-1 102-9

Until 2019, Grendene did not have, in its corporate policies, guidelines and formal sustainability criteria for the selection of suppliers.

In 2020, the Grendene Supplier Manual will be published, which, among other topics, will address the supplier's self-assessment and the homologation audit that will verify the data reported in the self- assessment and requirements on management, development, quality, sustainability (environment, social responsibility) and occupational health and safety.

Suppliers will be monitored monthly and classified according to the assessment. When they do not meet the defined goals, they should work together with Grendene on certain actions to give opportunities for improvement. Depending on its classification, the supplier may be approved or fail. In the latter case, it will be excluded from the list of approved suppliers.



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The logo features the word "Grendene" in a bold, italicized, white sans-serif font, followed by a registered trademark symbol (®). The text is positioned in the bottom-left corner of the image, which has a background of overlapping yellow and dark blue curved shapes.

Grendene®