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ANNUAL

R E P O R T

BOOKLET 1 - OVERVIEW

LOJAS RENNER S.A.



youcom CMICADO



dear reader

This report reiterates Lojas Renner S.A.'s commitment to transparency and dialog.

In this Annual Report, we present all our stakeholders with information on the principles and values that guide our pursuit of sustainability, our operations, performance and strategy for creating continued value.

The publication is composed of two booklets: “*Booklet 1 – Overview*”, containing relevant information about the Company's profile and our sustainability and value creation strategy, and “*Booklet 2 – The Year in Detail*”, presenting our performance in the form of indicators considered key to the execution of our strategy.

All images in this report are of the Company's employees.

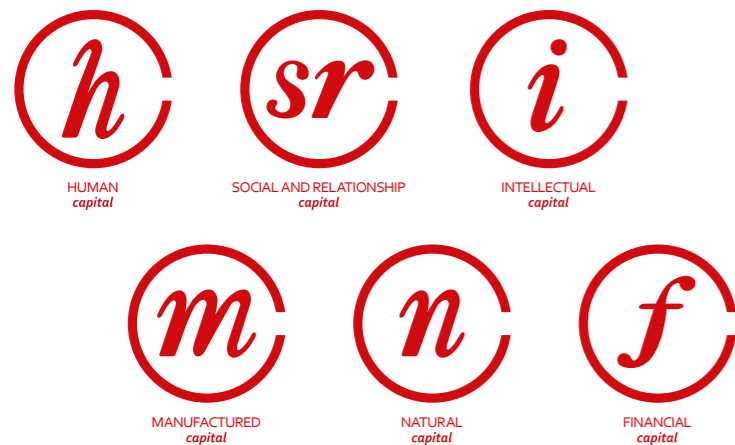
This report adopts best practices



The publication is based on internationally recognized guidelines, the Global Reporting Initiative G4 and the Integrated Reporting <IR> principles, which provide orientation and best practices for corporate communication.

Throughout the content, visual resources will show when we are talking about GRI indicators (**G4-XX**) and Integrated Report capitals (**C**).

Integrated Report Capitals icons:



TRANSPARENCY AND RELIABILITY **G4-33**

The information in this report is assured by KPMG, an independent auditing firm, which certifies the accuracy of the data.



Main lobby at Lojas Renner S.A.'s new headquarters

STAY TUNED!

Throughout the content, when referencing the Company, Lojas Renner S.A. or Lojas Renner will be used to refer to consolidated information on Lojas Renner S.A.'s subsidiaries – Renner, Camicado and Youcom.

If the information concerns a specific business, the term used will be “business”, or simply Renner (or Renner stores), Camicado and Youcom.

LEARN MORE
Throughout the report, we reference the Company's other publications that may provide more detailed information, such as the Financial Statements (DF) and the Reference Form (FR)*.
*The FR published at the time of the report disclosure (April 2017) addresses the 2015 fiscal year. The 2016 FR will be released in May.

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message from the management

We believe that sustainability is a value inseparable from the business, its strategy and performance. The following message is consequently published with the same content in both this Report and also the 2016 Financial Statements and the Reference Form and used each year by our Chief Executive Officer and Chairman of the Board of Directors to connect formally with our stakeholders.

The exception in the message in this Report is that we have included our continued support for the Global Compact, since this publication is also a progress report to the United Nations (UN) on Lojas Renner S.A.'s performance during the year in relation to commitments made under the Compact.

G4-1

Overcoming challenges. This is what best defines 2016 for Lojas Renner. In light of the economic recession and a grave political crisis in Brazil, our belief was reinforced as to the capacity of strong brands with clear and competitive differentials and a consistent value proposition in maintaining a trajectory combining growth with profitability even under adverse circumstances. This is a reflection of our closeness to our customers, our fashion knowhow and a set of daily practices constantly being fine-tuned and focused on simplicity and operating efficiency.

The combination of these factors has been instrumental in neutralizing inflationary pressures as well as additional expenses stemming from the resumption of social tax debits to payroll and new projects. In addition, we continued to upgrade our operations on the logistical front, achieving greater proximity with the stores and in the area of product quality and provision of a better shopping experience for our customers. Consequently, Renner was able to report an expansion in operating margins and growth in cash generation, with maintenance of the profitability levels close to those recorded in 2015. Net Revenue from Merchandise Sales was R\$ 5.7 billion, the Gross Margin from the Retailing Operation reaching 55.7% while the Total Adjusted EBITDA Margin reported 23.4% and Net Income, a growth of 8.0%.

Initiatives taken over the last few years in the granting process, the updating of credit limits and for collection strategy contributed to the result from financial products, which grew 20.6%, with non-performance of the Renner Card showing improvement. Another important milestone during the year was the authorization to constitute a financial institution. The necessary steps for incorporation are underway and expectations are that by the end of 2017, the Company will have its own structure, to be known as “Realize Crédito, Financiamento e Investimento S/A”. By supporting the core retailing business alone, once this new business is up and running, we shall enjoy greater flexibility, agility and transparency in the management of financial products.

A further important event during the year was the review of the store-opening plan with the expansion of 408 target to 450 Renner units in operation by 2021. We also announced the first operations outside Brazil in Uruguay with store openings scheduled as from the second half of 2017. In the case of Camicado, the target of 125 stores was maintained, while at Youcom we still visualize a potential for opening 300 units by 2021.

The annual investment program was implemented as planned, totaling R\$ 512.6 million. This includes the opening of 64 stores under the Renner, Camicado and Youcom flags and the modernization of a further 14 units. The expansion of our corporate head office, with the construction of an additional 32.7 thousand m² and adhering to the best practices of sustainability, will allow increased process optimization. The design, procurement and planning teams will now be working physically together in the new premises, thus contributing to agility in the process for designing and developing collections.

We continue to be alert to the potential impacts of new technologies in our businesses by maintaining investments in structural projects of a transformational nature to ensure our competitiveness. In logistics, we concluded a period of three years of investments with an injection in excess of R\$ 200 million for automation of two distribution centers (in the states of Rio de Janeiro and Santa Catarina) and for the acquisition of equipment. The entire structure has been prepared to operate the so-called push pull supply system, the improved economies of scale now beginning to ensue. This will translate into gains in efficiency of product distribution and decreased stock-outs and markdowns.

In August, without significant disruption, Renner concluded the upgrading of the enterprise resource planning (ERP) programs – its commercial management and back office systems. More robust, advanced and agile, the new technological platform will enhance the level of commercial and store management. This was a critical step in growth strategy since the new system will, among other benefits, allow the incorporation of a larger number of stores, operation of overseas units and the offer of new services with greater flexibility for e-commerce transactions as well as qualifying us in the use of new technologies.

Lojas Renner's performance can also be ascribed to investments in the upgrading of supplier skills through the Reactivity Project, the Suppliers' Development Program and the introduction to the Company's leading partners of the Lean Manufacturing concept. These actions have instilled greater productive efficiency together with socio-environmental responsibility, thus strengthening a relationship of long-term trust and partnership.

Mention should also be made of Camicado's new strategy for visual merchandising and selection of products with greater value added, both of which have contributed to the results of the store network, already with a presence in 20 states in Brazil. Similarly, Youcom, our business that specializes in fashion for the young consumer, has continued to invest in improvements in the development of the collections, consolidating its brand name nationwide and through more advantageous negotiations, seizing opportunities in shopping malls.

During 2016, we also intensified e-commerce sales and launched our own plus-size brand, available only from our online store. Ashua Plus & Curve Size was our first initiative developed entirely for the online universe, enabling us to explore an increasingly important market in Brazil in a different and innovative manner. At both Camicado and Youcom, we have also implemented new services for the online environment resulting in important improvements in the customer shopping experience.

For the third consecutive year, we were selected as components of the ISE portfolio, BMF&BOVESPA's Corporate Sustainability Stock Index. Inclusion in this index reflects the commitment to financial results, social development and reduction in environmental impact, always acting according to the best practices of corporate governance and to our commitment with the principles of the UN Global Compact, which we support on a continuous basis. During the year, Lojas Renner was recognized in the Dow Jones Sustainability Index (DJSI/RobecoSAM), ranking the Company's sustainability management as 14th in the worldwide retailing sector. The company also obtained a “Leadership” classification in the Carbon Disclosure Project (CDP) and for the first time, we successfully neutralized 100% of our disclosed greenhouse gas emissions.

In 2016, the percentage of Renner employee engagement was 87%, well above the level recorded for the Brazilian and global fashion-retailing sector at 64% and 54%, respectively. This result is particularly significant since it ranks us in a high performance zone among all globally monitored companies and sectors according to surveys conducted by AON Hewitt, a human resources consultancy. The Company was also rated among “The 150 Best Companies to Work For”, an award sponsored by the specialized magazine *Você S/A*. The Renner brand was ranked as the 13th most valuable in Brazil by Interbrand, reporting a 17% increase in brand value during the year.

With our focus on the long term, we will continue investing in the expansion of the physical stores and in e-commerce as well as in the consolidation of the Camicado and Youcom brands. Irrespective of the economic and political scenario, we will also maintain our pursuit of increases in productivity and expanded operational margins. We believe that there are opportunities for consistent growth based on our business model and the structural projects being implemented when set against the context of a highly fragmented sector.

Our thanks go to the shareholders, employees, customers and suppliers for the trust placed in this Company.

Osvaldo Burgos Schirmer
Chairman of the Board of Directors

José Galló
CEO

1. overview

Macroeconomic, 10 Sectorial, 12 Socio-environmental, 14

Macroeconomic G4-2

In 2016, the Brazilian economy continued recessionary for the second consecutive year with a 3.6% decrease in GDP but with the first signs of improvement in the main economic indicators. Measured at the Amplified Consumer Price Index (IPCA), inflation closed the year at 6.29%, down 4.38 p.p. from the previous year and below the government target ceiling of 6.5%. The basic interest rate decreased by 0.5 p.p. compared to the previous year, to reach 13.75%.

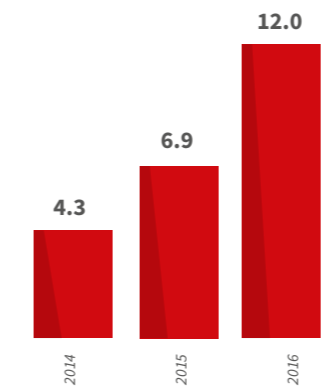
A reflection of the economic crisis that began in 2015, the unemployment rate rose by 5.1 p.p. during the year, reaching 12.0% and affecting 12.3 million people. This was the highest rate since 2012 according to the National Household Sample Survey of the Federal Government Statistics Office (IBGE).



Lojas Renner S.A.'s headquarters

REFLECTIONS OF THE CHALLENGING MACROECONOMIC SCENARIO IN THE PAST FEW YEARS

Unemployment rate (%)

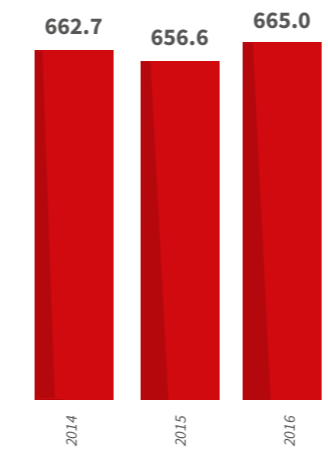


Confidence index (points)

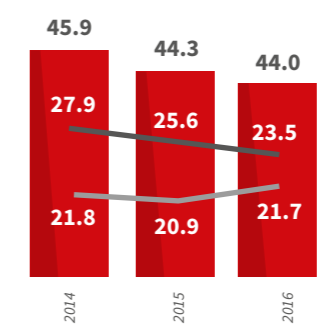


Debt profile

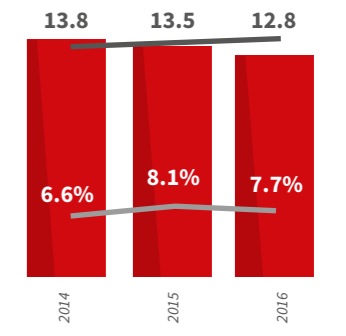
Total savings balance (R\$/million)



% of debt to household income



Trend in personal credit



■ % of debt to income
 ~ % of debt less household expense-related debt to income
 ~ % debt service to income

■ personal credit/GDP (end of each period)
 — trend
 ~ personal credit default rate (average for each period)

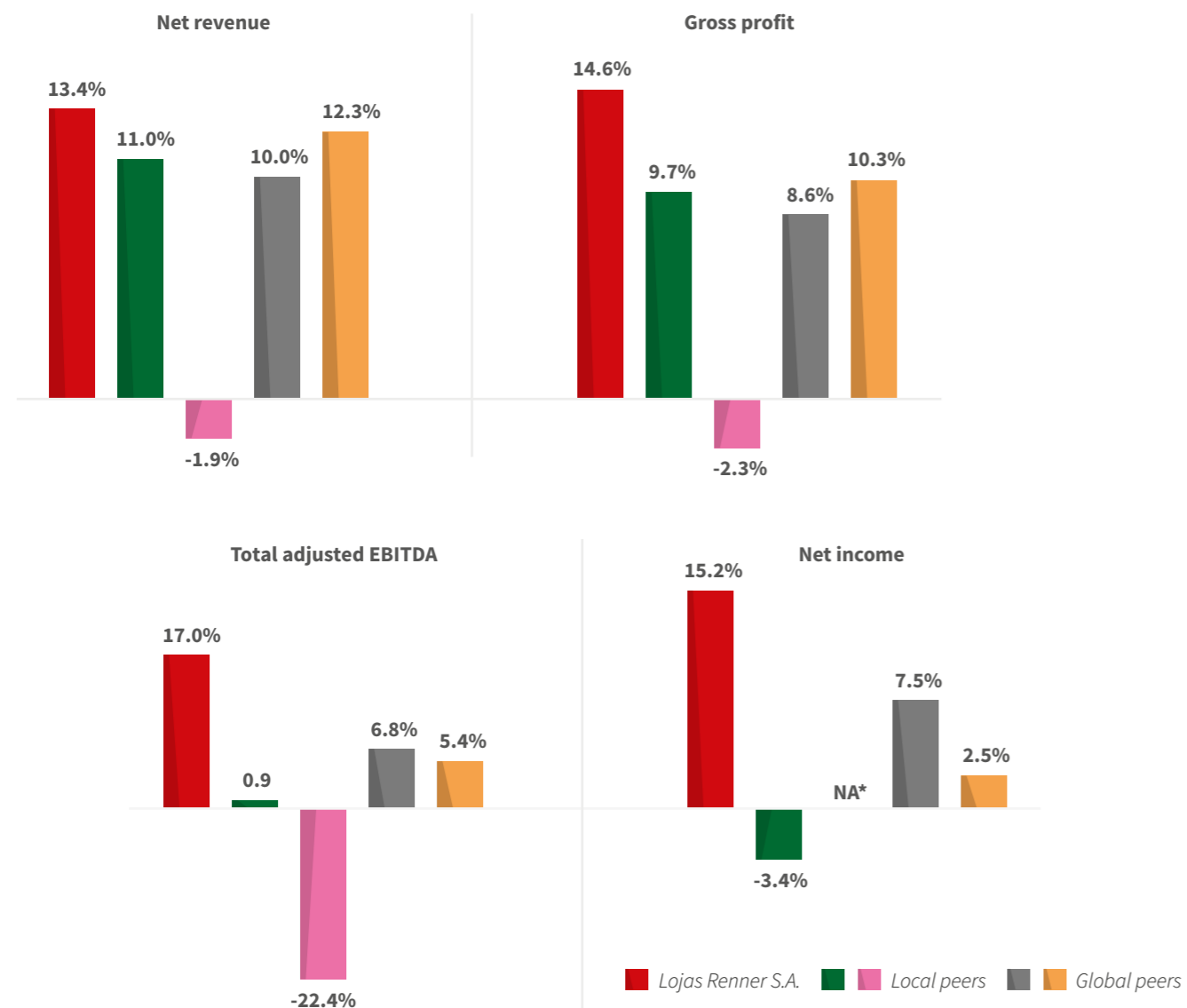
Source: Lojas Renner S.A. institutional presentation

Sectorial

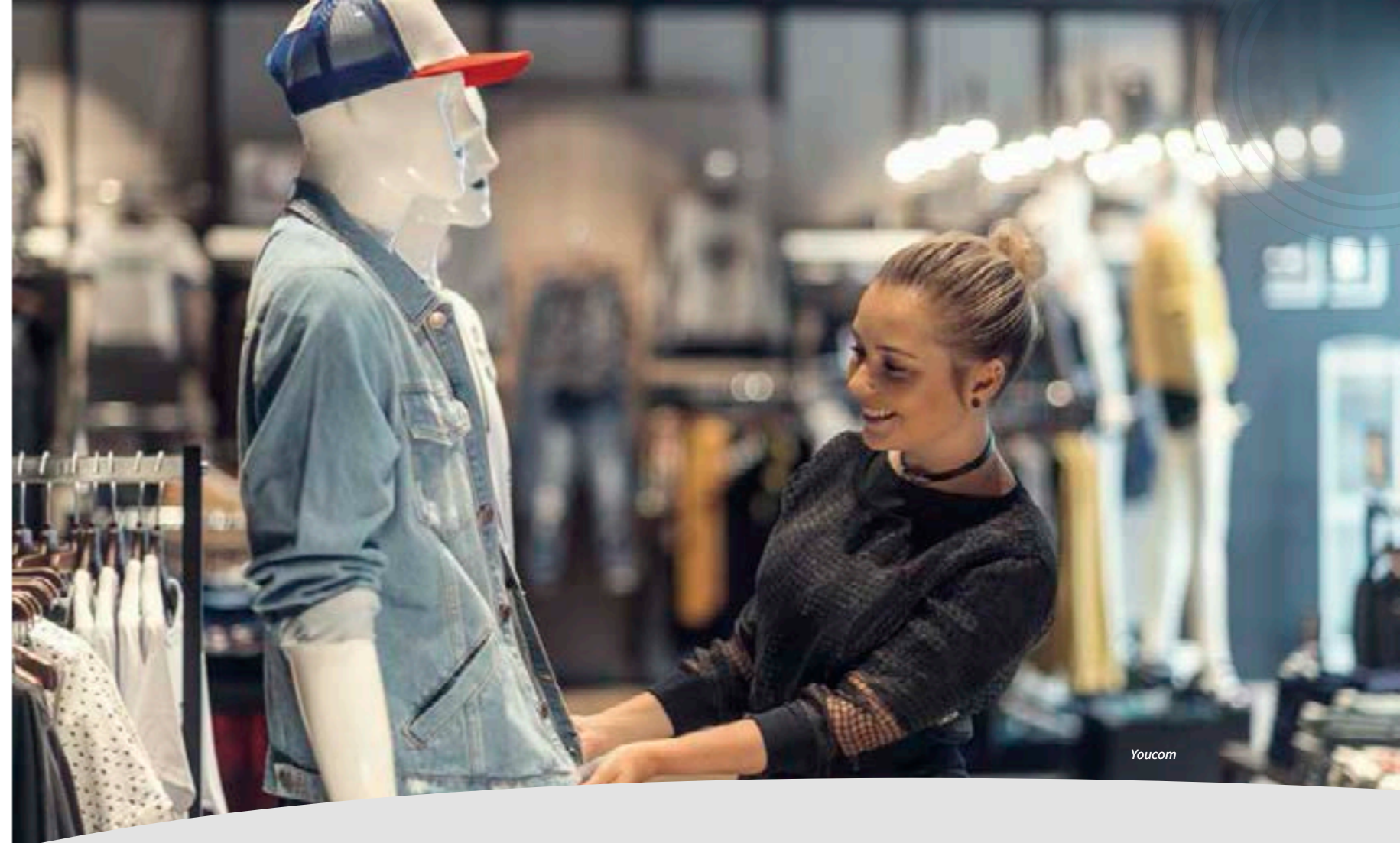
In recent years, Lojas Renner has reported higher average growth in its main economic indicators than its local and global peers.



Market comparison (CAGR - 2012 to 2016)



Source: companies' earnings releases.
 *Not applicable - from R\$230 MM in 2012 to a negative R\$88 MM in 2016.



Youcom

Despite a more challenging scenario, we have continued to grow and consolidate our foundations for a future of continuous evolution.

We achieved a 5.0% growth in Net Revenue from Merchandise Sales and an increase of 6.7% in Gross Profit from the retail operation in 2016, equivalent to a margin of 55.7%, an expansion of 0.9 p.p. The Result from Financial Products posted an increase of 20.6%.

Our Total Adjusted EBITDA reported growth of 7.4%, equivalent to a Margin of 23.4%, 0.5 p.p. higher than 2015. Excluding the effect of the resumed social tax charges to payroll, the Margin would have reached 24.3%, an increase of 1.4 p.p., a result of the Company's focus on protecting its operating margins and the good results from the Financial Products business.

We also reduced our Net Debt in 2016 to R\$909.0 million, 18.6% lower than recorded at the end of 2015 as a result of improved cash generation and capital management.

Net Income was R\$625.1 million, an 8.0% increase compared with 2015. Net Margin was 10.9% (or 11.5% if the resumption of social tax charges to payroll is excluded), 0.3 p.p. higher than the previous year.

The Company believes that these results reflect the transparency of its business strategy, the focus on its competitive differentials, the commitment to sustainability and the continuous search for improving the pillars, which sustain the business.

Learn more about our performance in the year on page 7 of Booklet 2 and in the Financial Statements, available at <https://goo.gl/QUmVnt>

Socio-environmental

SOCIETY

WORKING RELATIONS AND HUMAN RIGHTS

There is growing demand for agility, efficiency and cost control in a sustainable environment of a sector made up of different players that are commercially linked – from the generation of the raw material, through the manufacture of the product and its sale to the end consumer. Set against this scenario, the constant search for maximum compliance with labor laws has been a challenge for practically all large fashion retailers both in Brazil as well as worldwide.

At Lojas Renner S.A., we have been promoting continuously and intensively proper working conditions, focusing on the development of our employees and on the monitoring of compliance with labor laws by our trading partners with the aim of mitigating risks of any irregularities. This issue is of vital importance to the sustainability of the Company's operations since such violations cause profound social and economic damage to society as well as marring the reputation of businesses, economic sectors and countries.

In this context, and since 2013, Lojas Renner has been a signatory to the UN Global Compact, which establishes ten universal principles derived from the Universal Declaration of Human Rights and the Declaration of the International Labor Organization. The Company is also signatory to the Pact for the Eradication of Slave Labor, which promotes the prevention and eradication of slave labor in Brazil in the production chains of domestic and international companies. Consequently, we comply with labor rights and promote a number of benefits and good personnel management practices in our own operation, at the same time, strictly monitoring all our business partners (learn more on page 36).

THE ADOPTION OF BEST PERSONNEL MANAGEMENT PRACTICES PRODUCED POSITIVE RESULTS IN 2016

The Company was rated among **THE 150 BEST COMPANIES TO WORK FOR** in the country and placed 3rd in the sector according to the *Você S/A – 150 Best Companies to Work For - 2016* ranking.



The Company has achieved higher **EMPLOYEE ENGAGEMENT** than the local and global retail sectors and has been **CONTINUOUSLY REDUCING** the operation's **TURNOVER** (learn more on page 39).



WOMEN'S EMPOWERMENT

Brazilian Textile and Apparel Industry Association (ABIT) data shows the domestic textile sector production chain with a significant participation of women, representing about 75% of the 1.5 million jobs.

Thus, the sector has a growing role to play in the increasing dissemination of the need for gender equality and women's empowerment.

In line with the value proposition of standing by the modern woman as part of this scenario, the Company supports the *seven Women's Empowerment Principles*, elaborated and disseminated by UN Women and the UN Global Compact. Support is therefore given to the empowerment of women in the Company's operations and in the sector's value chain through projects developed by the Lojas Renner Institute aimed at training entrepreneurship and skills in the textile sector for socially vulnerable women (learn more on page 41).

Test display window, located at the Company's headquarters

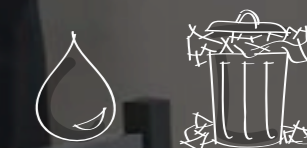
ENVIRONMENT

The life cycle of textile retail products goes from the extraction of raw materials to the lifetime duration of the product and eventual degradation in the environment. After being disposed by end users, consumer goods are usually destined for landfill sites where, in the big cities, it is becoming more and more difficult to absorb the amount of waste generated by society.

Lojas Renner S.A. seeks to promote attentive and strict environmental management as its contribution to reducing this impact, focusing on the production of its supply chain and on its own operations as well as the consumption and disposal habits of its customers (learn more on page 42).

INITIATIVES TO MINIMIZE THE ENVIRONMENTAL IMPACT

REDUCE THE CONSUMPTION OF NATURAL RESOURCES AND THE AMOUNT OF WASTE GENERATED through the promotion of efficiency gains in the production chain and the operation as a whole



Encourage the development of **NEW RAW MATERIALS WITH LOWER ENVIRONMENTAL IMPACT**



ENGAGE CUSTOMERS AND EMPLOYEES to identify **END OF PRODUCT CYCLE** opportunities for the reinsertion of used materials in the production chain



2. 2016 highlights

Main Indicators

G4-9, G4-13

CONTINUOUS AND CONSISTENT GROWTH



+ stores 

64
new stores
growth of 17%,
totaling 444 stores

50.9 thousand
m² of sales area
added, growth of 10%,
totaling 584.6 thousand m²

+ investment 

R\$512.6 million
in line with the Company's
long-term plan

+ positive results 

R\$5.7 billion of
net revenue from
merchandise sales
increase of 5.0%

R\$1.1 billion of Adjusted
EBITDA from the
retailing operation
increase of 4.7%

R\$251.3 million
financial products
result
increase of 20.6%

R\$625.1 million
of Net Income
increase of 8.0%

21.4% return on
invested capital
in the year

Appreciation of 38.1%
in the Company's shares
(LREN3)
in 2016 and 1,950.4%
since 2005

EFFICIENCY GAINS

+ availability of the products
that the customer wants,
where he wants

29% more reliability
that is, products are delivered
in store at the appointed time

91% of store satisfaction
with logistics



SUSTAINABILITY

+ social development
and eco-efficiency

87% of employees
engaged:
higher than the percentage for the
fashion retail industry in Brazil (64%)
and worldwide (54%)

894 people
promoted in 2016
774 at Renner, 101 at Camicado
and 19 at Youcom

about 2 million hours
of employee training
8.4% more than in 2015

R\$6.7 million invested in 76
projects of the
Lojas Renner Institute
benefiting
20,635
people

3,925 technical
visits to resale
business partners,
29% more than in the
previous year

Compensation
of 100%
of all greenhouse
gas emissions in
2015

Reduction of 11.7%
in electricity
consumption
year-on-year

Renner

Awards

Several of its awards consider the Company a bellwether in the retail industry:

1st place in the retail category

in the “Best and Largest of Exame” award by *Exame* magazine, in the “The Best of Dinheiro” award by *Dinheiro* magazine and in the “Valor 1000” award by *Valor Econômico* newspaper

3rd place in the retail category

in the “Época Negócios 360º Yearbook” award by *Época Negócios* magazine

And recognized as:

one of the best companies to work for

3rd place in the “150 Best Companies to Work For” ranking by *Você S/A* and 3rd place in the 17,000 employees plus category of the “Valor Carreira” award by *Valor Econômico* newspaper

most sustainable company

in the retail sector according to Exame’s Sustainability Guide by *Exame* magazine



Employees of the Macro-trends and Consumer Behavior Center

CEO OF LOJAS RENNER S.A., JOSÉ GALLÓ WAS THE RECIPIENT OF DIFFERENT AWARDS:

Best CEO in the “Best CEO of Brazil” award by *Época Negócios* magazine, the “Valor Executive” award by *Valor Econômico* newspaper and elected winner of the “Latin America Executive Team” award by Institutional Investor Magazine on a vote of both Buy-side and Sell-side analysts.

Among the 34 most successful CEOs in Brazil in the “Forbes Magazine’s Best CEOs in Brazil” award.

As well as best CEO, the Investor Relations team also won the “Latin America Executive Team” award presented by Institutional Investor Magazine in the categories of:

Best CFO – Laurence Beltrão Gomes (1st place in the Overall and the Buy-side categories and 3rd place in the Sell-side category)

Best IR professional – Paula Picinini (2nd place in the Overall, Buy-side and Sell-side categories)

Best investor relations program – Lojas Renner (1st place in the Overall, Buy-side and Sell-side categories)

Best IR team (2nd place in the Overall, Buy-side and Sell-side categories)

Best event for analysts – Lojas Renner (Renner Day) (1st place in the Overall category – Buy-side and Sell-side categories were not disclosed)

Best IR Website – Lojas Renner (1st place in the Overall category – Buy-side and Sell-side categories were not disclosed)

And in the “IR MAGAZINE AWARDS – BRAZIL” by IR Magazine, Laurence Beltrão Gomes (Chief Financial and Investor Relations Officer) was elected as the **best investor relations executive** – large & mega cap.

3. who we are

Outlook, 20 Culture and values, 22 Our value proposition, 22

Outlook

G4-3, G4-4, G4-8, G4-9

With more than 50 years of history, Lojas Renner S.A., headquartered in Porto Alegre (RS), has been a publicly traded company since 1967 and is the largest fashion retailer in Brazil.

5 business units

 RENNER

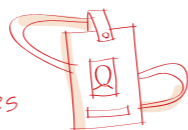
CAMICADO

YOUCOM

 e-Commerce

 Financial Products

19,018 employees



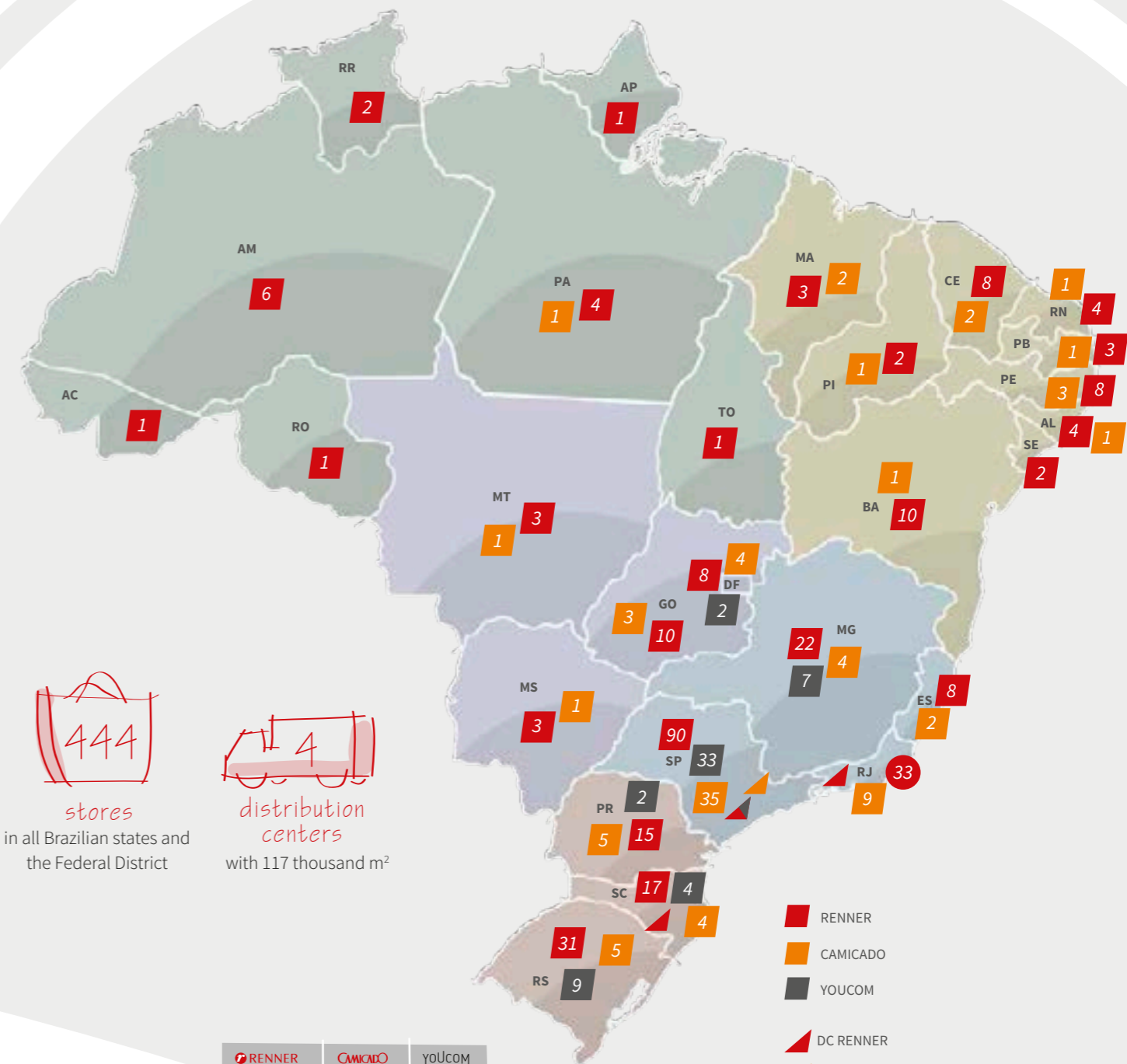
27.4 million Renner card customers

1,997 direct suppliers

of Renner and Youcom (administrative and resale, domestic and international)



Employees of the Style Department



444 stores in all Brazilian states and the Federal District

4 distribution centers with 117 thousand m²

	RENNER	CAMICADO	youCOM
South	63	14	15
Southeast	153	48	42
Center-West	24	9	2
Northeast	44	13	-
North	16	1	-
TOTAL	300	85	59

Culture and Values

G4-56



Mission

OUR MISSION IS TO BE THE BEST AND LARGEST FASHION RETAILER IN THE AMERICAS FOR THE MIDDLE/UPPER-CLASS SEGMENT OF CUSTOMERS WITH DIVERSE STYLES, OFFERING FASHION, QUALITY, COMPETITIVE PRICES AND SERVICES OF EXCELLENCE, ENCHANTING AND INNOVATING, ALWAYS IN A SUSTAINABLE WAY

Our Values

TO ENCHANT

This is our fulfillment: we put ourselves in our customers' shoes, treating them the way we would like to be treated. We must understand their desires and needs and exceed their expectations, so that we can enchant them. We do not act as mere employees; we enchant our customers. We do not have a Customer Service Center because each of us is a Customer Service Desk: in case of any problem, we solve it with immediate effect.

OUR WAY

We are a cheerful, innovative, ethical, austere, open-doors company, where communication is easy and transparent. We do things in a simple and responsive way, with much enthusiasm and passion. Our business is driven by persistence, creativity, and optimism, always very close to the market: we adopt a get-up-and-go attitude.

PEOPLE

We hire, develop and retain the best staff – staff that like people, who have a passion for what they do and a shine in their eyes. We work as a team and our staff have the authority and responsibility to take decisions. We provide the same ladder to all our employees so they can rise in the Company at a pace equal to their talents, efforts and results.

OWNERS OF THE BUSINESS

We think and act like owners of our business units, being rewarded as such. We have a sense of urgency, attitude and aggressiveness in the pursuit of best practices, grasping all market opportunities. We take decisions, running risks with responsibility; we accept errors that become lessons learned, not seeking to blame anyone but to identify causes that must be corrected. We are responsible for the long-term future of Renner, mainly through attitudes and examples: an example is worth more than a thousand words.

OBSTINACY FOR OUTSTANDING RESULTS

We are responsible for achieving results, not just good ideas. Results are what guarantee our investments, provide a return to our shareholders, pay our salaries and enable our long-term growth and longevity.

QUALITY

We develop and implement standards of excellence in all that we do, since there is room for improvement in all that we do. Our products and services enjoy the highest levels of quality: this is embodied in our DNA.

SUSTAINABILITY

Our businesses and attitudes are based on sustainable principles. Beyond financial results, we aim to achieve social development and reduced environmental impacts, always in accordance with the best practices of corporate governance.

Our Value Proposition

“To be a brand accomplice to the modern woman, offering various styles of fashionable high quality merchandise at competitive prices and excellence in customer service. Enchanting and innovating.”



Valores

ENCANTAR É A NOSSA REALIZAÇÃO

... exceder as expectativas dos clientes

OBSTINAÇÃO POR RESULTADOS EXCEPCIONAIS

... responsabilidade por gerar resultados e não apenas boas ideias

NOSSO JEITO

... fazer as coisas de forma simples e ágil, com muita energia e paixão

QUALIDADE

... nossos produtos e serviços têm os mais altos níveis de qualidade

GENTE

... contratar, desenvolver e manter as melhores pessoas

SUSTENTABILIDADE

... nossos negócios e atitudes são pautados pelos princípios da sustentabilidade

DONOS DO NEGÓCIO

... pensar e agir como donos de nossa unidade de negócio, sendo recompensados como tais

adoramos DESAFIOS
NÃO SABENDO QUE É IMPOSSÍVEL, NÓS VAMOS LÁ E FAZEMOS!

In 2016, the Company updated its mission, reinforcing its commitment to sustainable development. Learn more on page 35.

Read more about the Company's values in the corporate website: www.lojasrenner.com.br in the Institutional section > Corporate Foundations



Mission, Vision and Values mural at corporate headquarters

Renner

19 own brands, 16 being apparel, 01 for cosmetics, 01 for accessories and 01 for footwear, as well as licensed products. Renner's own brands are divided into:

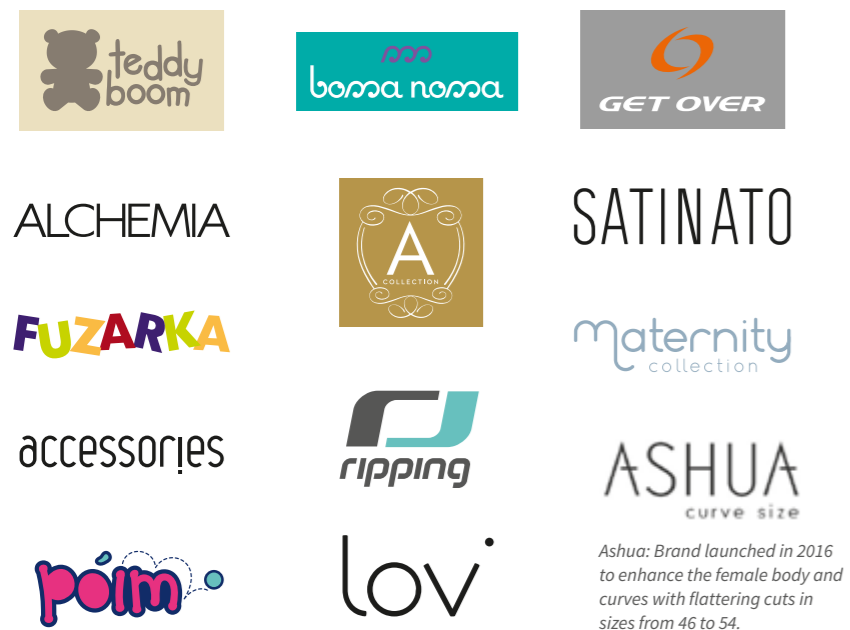
6 brands

which make up 5 lifestyles: different styles that track global fashion trends, respecting diversity and the unique ways of being in the different regions of Brazil.

Distributed in the stores in separate spaces, making selection of items by customers easier and shopping more time-efficient.



13 brands for different products



Ashua: Brand launched in 2016 to enhance the female body and curves with flattering cuts in sizes from 46 to 54.



300 stores
in every state of Brazil
+
the online store

Consistent market positioning, leading its competitors, with a target audience composed of women aged between 18 and 39 from A-, B and C+ social classes



Camicado

MISSION

To be largest and best homeware and decor store in the Americas, providing an enchanting and inspiring experience in a sustainable way

A store specialized in homeware and decor – leader in the Brazilian market, it offers a wide range of household, decorations, bed, bath and tableware products in physical and online stores.

Since 2014, Camicado has been implementing Renner's methodology of presenting its collections to the customer organized around the lifestyles concept, becoming more assertive in the products offered and in attracting new customers.

85 stores in 20 states in every region of Brazil, all located in shopping malls, as well as an online store.

Recognized brand, it is known for its experience in wedding gift lists. Target audience aged between 18 and 39 in the A-, B and C+ social classes.



Youcom

MISSION

To surprise and connect young people with the world of fashion



VISION

To make Youcom the first option for young people who seek fashion trends at fair prices, understanding their desires and surprising always



PURPOSE

We exist to enable young people to express their individuality

Brand projecting attitude, humor and style, connected with a youth market. It offers clothes, shoes and accessories for women and men with a flavor of world fashion, music, technology and urban culture.

59 physical stores in the South, Southeast and Central and West regions of Brazil, all of them located in shopping malls. In addition, there is an online store.

Target audience aged between 18 and 28 from the A-, B and C+ social classes.



E-Commerce

Each business – Renner, Camicado and Youcom – has their own e-commerce channels, introducing an online shopping experience and benefits such as ease of use, convenience and information for customers. In 2016, following the rapid growth of this segment in Brazil, several improvements were made to the Company's online platforms, notably Renner's new layout, new features, launch of lookbooks and the Ashua Plus and Curve Size brand, sold exclusively through the website.

- As well as being another channel for relating to customers, it improves brand recognition and increases sales in the online and the physical stores.



E-Commerce studio at the Company's headquarters

Financial Products

G4-9

Lojas Renner's Financial Products are convenience and loyalty tools, offered to customers through partnerships with financial institutions, which are aligned with the value proposition of being an accomplice to the modern woman. Although Financial Products are not the Company's core business, they are important tools in supporting the retail operation.

RENNER CARD

Private Label card, with 27.4 million cards issued at the end of 2016, represented 48.2% of sales and a credit portfolio of R\$1.3 billion

MEU CARTÃO


Co-branded card, with 2.7 million cards issued at the end of 2016 and a credit portfolio of R\$529.5 million

SAQUE RAPIDO (QUICK WITHDRAWAL)

Personal loan services with a credit portfolio of R\$144.6 million at the end of 2016

INSURANCE AND ASSISTANCE

Several protection services offered in partnership with insurance and home assistance companies

 Learn more at www.realizesolucoesfinanceiras.com.br



4. our operations

GROWTH, COMPETITIVENESS AND PROFITABILITY, 30
 Store Expansion, 30 Technological transformation, 32 Logistic evolution, 33
 New business platform, 34 Support for efficient production, 34

RESPONSIBLE FASHION, 35
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Growth, Competitiveness and Profitability

Store Expansion G4-13

2016 SCENARIO

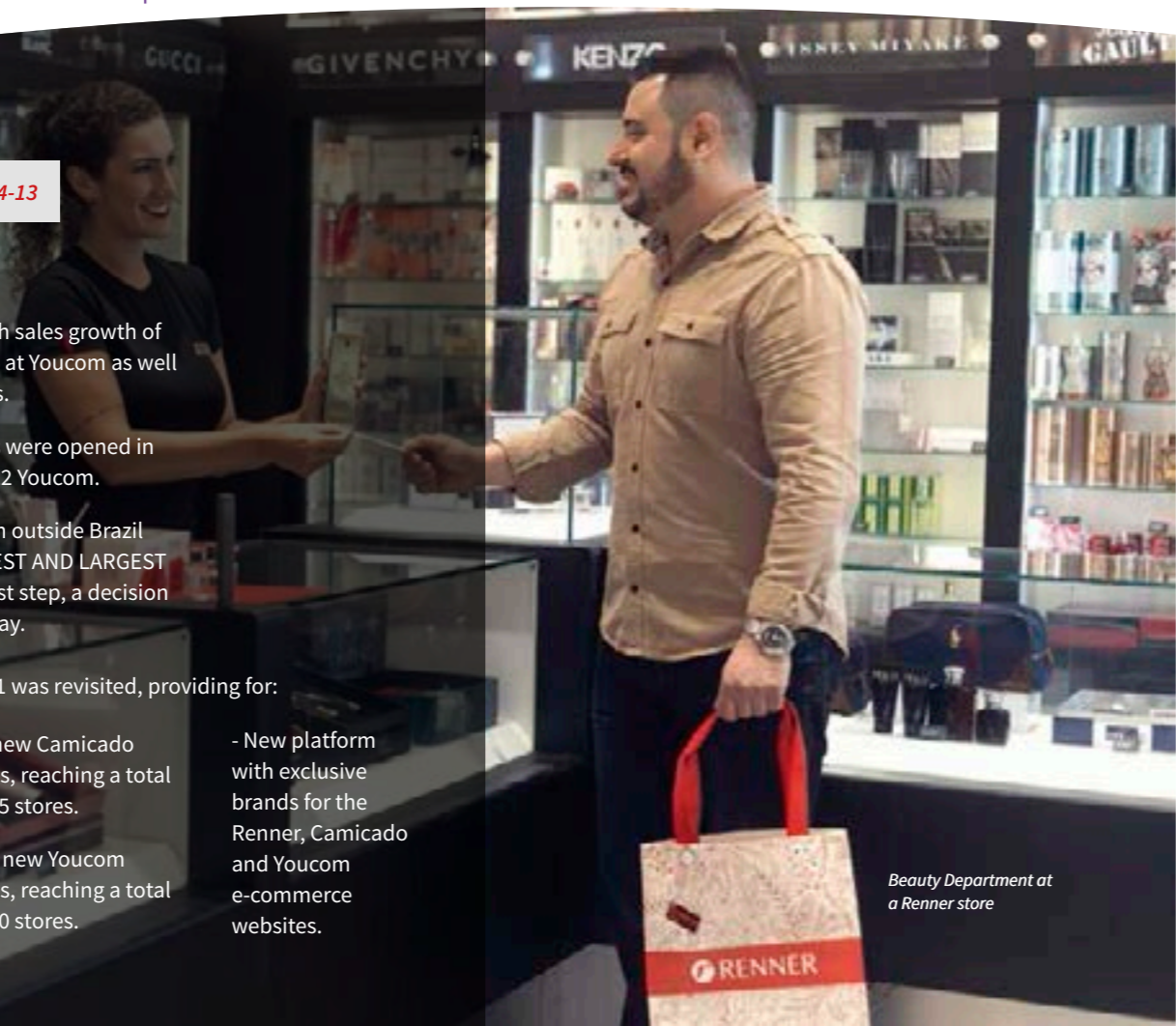
The Company continued to expand rapidly with sales growth of 8.2% at Renner, 22.2% at Camicado and 61.9% at Youcom as well as 5.0% in net revenue from merchandise sales.

In line with the expansion curve, 64 new stores were opened in 2016 of which – 25 Renner, 17 Camicado, and 22 Youcom.

In this context, the highlight was our expansion outside Brazil and aligned with our mission of “TO BE THE BEST AND LARGEST FASHION RETAILER IN THE AMERICAS”. As a first step, a decision was taken to open four Renner stores in Uruguay.

During the year, the expansion plan out to 2021 was revisited, providing for:

- 4 new Renner stores in Uruguay: 3 in Montevideo in 2017 and one in Rivera in 2018.
- 150 new Renner stores, reaching a total of 450 stores (in 2015, the forecast was a total of 408 stores).
- 40 new Camicado stores, reaching a total of 125 stores.
- 241 new Youcom stores, reaching a total of 300 stores.
- New platform with exclusive brands for the Renner, Camicado and Youcom e-commerce websites.



Beauty Department at a Renner store

BENEFITS

The continuation of expansion in Brazil despite the economic recession is an important differential and demonstrates our confidence in the potential for consolidation of domestic fashion retailing, currently very fragmented.

The operation in Uruguay will be an important overseas experience opening new fronts and opportunities for expansion elsewhere in Latin America.

WHY URUGUAY?

After a thorough macro- and micro-economic analysis of the industry and competitors in Latin America, we identified the potential in the Uruguayan market for our first experience abroad:

ECONOMIC POTENTIAL

- Growing domestic consumption
- One of the largest GDPs per capita in Latin America

ATTRACTIVE PROFILE

- Average age of the population matching Renner's target market
- Population concentration of Montevideo (1.4 million) similar to that of Porto Alegre (1.5 million) with culture and climate similar to the state of Rio Grande do Sul
- Uruguayan population familiar with the Renner brand due to tourism
- Location close to the Company's Distribution Center, headquarters and stores in Brazil

ROOM FOR A SIGNIFICANT MARKET SHARE

- Limited presence of local and international players
- Few anchor stores in shopping malls
- Uruguay's retail sector is undergoing a process of concentration as in Brazil
- Our products and prices are competitive with those in the Uruguayan market

Montevideo

Technological Transformation

G4-2



2016 SCENARIO

Lojas Renner S.A. completed an important cycle with the conclusion of large technological transformational projects. Complete system changes were introduced, ranging from the back-office to the Company's management and operations with the completion of the new cards platform and stores operation.

In digital channels, Renner's new online store application was launched, our websites redesigned and prepared for the Financial Institution's technological environment (learn more on page 34), among many other projects.

All these achievements permit consolidation and modernization of the Company's technological environment in readiness to meet future challenges.

BENEFITS

The initiatives enable the Company to strengthen security in its processes and to continue growing with the best and most modern practices, meeting new demands that arise with greater agility and increasing intensity due to the technological influence in business operations and people's lives.

The Company has also seen gains in efficiency throughout the year:

- Increased productivity by improving systems performance and gains in agility for several processes.
- New features aimed at mobility and management.
- More assertive reporting focused on business/store operations.
- Adaptation of the technological infrastructure to meet demands of projects requiring agility.
- Reduction of 20% to 25% in customer service time at store checkouts due to new commercial automation.
- Realize Soluções Financeiras' proposals are prepared in half the time previously needed and can be completed on tablet devices, face-to-face with the customers and in loco at the Company's own stores.



Logistic Evolution

G4-2, G4-EN30



2016 SCENARIO

In 2016, there were important developments in the evolution of logistics systems:

- Inaugurated in 2015, the Distribution Center in Santa Catarina began operations at full capacity, absorbing the activities previously performed by the Logistics Operator in Navegantes and the Distribution Center in Palhoça, both the latter operations being shut down.
- Improvements were made in the integration between logistics, suppliers, procurement and stores, increasing service quality as well as speed, precision, punctuality in delivery and the quality of the product boxes. These boxes now contain only one division and are identified by product division, facilitating store organization when receiving merchandise.
- The Sustainable Logistics Workshop was held for promoting the exchange of knowledge with our transportation service suppliers and the debate on waste management, health and safety, management of greenhouse gas emissions and climate change. We became partners of Childhood Brasil with the Na Mão Certa Program, which seeks to eliminate the sexual exploitation of children and adolescents on Brazilian highways.

BENEFITS

The entry into full operations of the Santa Catarina DC concluded the consolidation and integration process of our network. In 2010, there were nine Distribution centers but since reduced to four. The two newest ones (in Rio de Janeiro and in Santa Catarina, corresponding to 80% of the Company's total DC area) are fully automated.

This structure has brought gains in both agility and efficiency, facilitating the installation of the push and pull model in all stores. This substitutes the logistics flow that "pushes" products to the stores with one that is based on the replacement of the items as they are sold. In this way, it is possible to offer customers the product they want at the time they want it, giving more precision to store operations by reducing disruption, increasing satisfaction and gaining efficiency by avoiding the transfer of products between stores and thus minimizing markdowns. In 2016, there was an increase in the level of service in the items in operation in the push and pull model, and, for 2017, there is an internal plan aimed at further leveraging volumes operated using this model.

The improvement in logistics services also allowed stores to spend less time receiving products, allocating resources and managing inventory, so increasing service time available to the customer. An in-store enchantment survey showed logistics service satisfaction improving from 77% to 91% in 2016. In addition, we also detected an increase in lead time (time between the delivery of the product by the supplier to the DC and its delivery to the store).

Finally, efforts are made to generate less negative socio-environmental impacts and more opportunities for value creation through raising the awareness and engagement of the logistics chain on the issue of sustainability.



New Business Platform

2016 SCENARIO

Throughout 2016, we worked on the constitution of the Realize Crédito, Financiamento e Investimento S.A. subsidiary. Finally, in November, we obtained the authorization of the Central Bank of Brazil to set up and formalize our own financial institution.

BENEFITS

The financial institution will bring greater flexibility, agility and transparency in the management of financial products, supporting the retail operation – our core business – in the improvement of credit installment conditions, financing and customer loyalty.

Support for Efficient Production

G4-2

2016 SCENARIO

In recent years, much work has been done to get a better understanding of our customers, offering the right products at the right time in line with the best fashion trends in the world. To this end, we work closely with our suppliers to achieve the best quality, efficiency and reactivity.

In addition to all the gains made possible by advances in technology, systems, management and logistics, another important highlight of 2016 was financing arranged from the Brazilian Development Bank (BNDES) for development projects at some of the Company's trading partners.

In all, the loan provides for the allocation of R\$ 32.2 million to domestic resale suppliers to expand their productive capacity, modernize their manufacturing installations and train their employees.

BENEFITS

Supply chain development projects are essential for the continuity of Lojas Renner's growth. They provide more agility in developing collections and are aligned to the best socio-environmental practices, ensuring a responsible supply chain (learn more on page 36).

Responsible Fashion

G4-2

There is a constant goal guiding all these projects that are transforming the Company and preparing it for the future: to produce fashion in a responsible way, ensuring the development of our business and the consequent sustainability of Lojas Renner S.A.

In this sense, in 2016, we made significant progress in the Company's commitment to sustainable development, aligning sustainability values with the business strategy through two significant initiatives.

The first initiative was the establishment of four strategic guidelines for sustainability, with objectives common to the business areas:

- responsible suppliers;
- eco-efficient management;
- employees, customers and community engagement; and
- sustainable products and services.

The other action was the incorporation of the sustainability theme in the Company's Mission: "To be the best and largest fashion retailer in the Americas for the middle/upper-class segment of customers with diverse styles, offering fashion, quality, competitive prices and services of excellence, enchanting and innovating, always in a sustainable way."

All of this has the objective of consolidating our medium and long-term expansion plan, mitigating risks and negative impacts as well as creating virtuous cycles of development of the Company's resources and capital.

Consequently, we seek to ensure a performance that offers our customers fashion that generates value from the preservation of resources and enchantment with all the links in our value chain.

Learn more about our performance in each of Lojas Renner S.A.'s sustainability guidelines in the following pages.

For the first time, the Company signed a financing agreement with Projects and Studies Financer (FINEP) for partially funding its innovation projects.

Responsible Suppliers

G4-12, G4-EC9



Lojas Renner maintains business relations with several companies that produce the items sold in the stores and with others that provide support services. In this context, one of the strategic objectives of sustainability is to generate value based on respect for the environment, human and labor rights in the supply chain.

To this end, due to the specific characteristics of each group, the Company has the Administrative Suppliers Management and Resale Suppliers Management areas, dedicated to the relationship management and the initiatives of Renner and Youcom specifically focused on these business partners.

ADMINISTRATIVE SUPPLIERS MANAGEMENT

The Administrative Suppliers Management area manages companies that provide products and services that are not for resale in the Company's stores.

In 2016, Lojas Renner maintained business relationships with approximately 1,537 active suppliers of administrative services, these accounting to a total outlay of R\$1.1 billion in orders. Of this total, 4% is allocated to civil construction suppliers providing store modernization services as well as construction services in the case of the Company's new stores. This work is subject to a specific assessment process for mitigating the socio-environmental risks arising from this activity.

CIVIL CONSTRUCTION SUPPLIERS

Lojas Renner S.A.'s civil construction suppliers are considered a critical point in the administrative suppliers' chain due to the nature of their activities, which involve environmental and occupational health and safety issues. Activities are therefore, subject to a specific management process in order to ensure compliance with our commitments, values and guidelines.

The Civil Construction Suppliers Management process was launched in June 2015 at a workshop involving the chain's main suppliers (Building Managers, Construction Companies and Architectural Firms), and it operates in line with Lojas Renner's Administrative Suppliers Training Program.

The Program provides for the engagement, monitoring and auditing (by an independent company) of domestic suppliers of civil construction services involved in the store expansion plan based on commitments to respect the legislation and best practices in occupational safety, environmental questions and social responsibility.

Learn more about the relationship with civil construction suppliers on page 19 of Booklet 2.

Overview of the supplier network in 2016

In 2016, we did business with

1,997 administrative and resale suppliers

at a total trading volume of R\$3.6 billion,

of which

68% from resale suppliers and 32% from administrative suppliers.

Trend in Administrative Supplier Compliance



RESALE SUPPLIER MANAGEMENT

Resale suppliers are those that manufacture the products sold at Renner and Youcom stores. Considered critical links due to the risks involved in complying adequately with the current legislation, resale suppliers have the greatest potential for development and value generation in the Company's supply chain.

To minimize the risks involved in its supply chain, all domestic suppliers of apparel, accessories and footwear are certified by ABVTEX (Brazilian Association of Textile Retail), which assesses adherence of both suppliers and their subcontractors to good corporate practices of social responsibility and environmental protection.

In addition, Lojas Renner supports the development of these suppliers, raising awareness among them regarding best market practices in three areas dedicated to the management of this relationship: Compliance, Development and Quality of Resale Suppliers.

The Compliance area monitors labor and occupational safety issues through technical visits made by Lojas Renner's own team and promotion of training sessions for suppliers and their subcontractors, disseminating good practices of internal compliance.

The Development area monitors the performance of resale suppliers through the Global Supplier Performance Index (IDGF). This encompasses commercial, logistical, quality, financial and social responsibility criteria, which guide the development of these companies and the mitigation of the risks involved. The area also has a technical team that promotes actions with suppliers, seeking improvements and competitive gains through training, awareness campaigns or development programs, called Continuous Improvement Programs for inculcating the Lean Manufacturing concept.

In turn, the Quality area operates at the different phases of the production process – development, production and post-production – in order to ensure the quality and standard of the products according to 12 specific quality manuals. Tests for observance of ABNT standards are conducted for all phases of manufacture at our textile analysis laboratory to simulate the impacts on products of pilling, dimensional changes (shrinkage and stretching), solidity (transfer and color fading) and flexometry (wear and tear of shoes when walking).

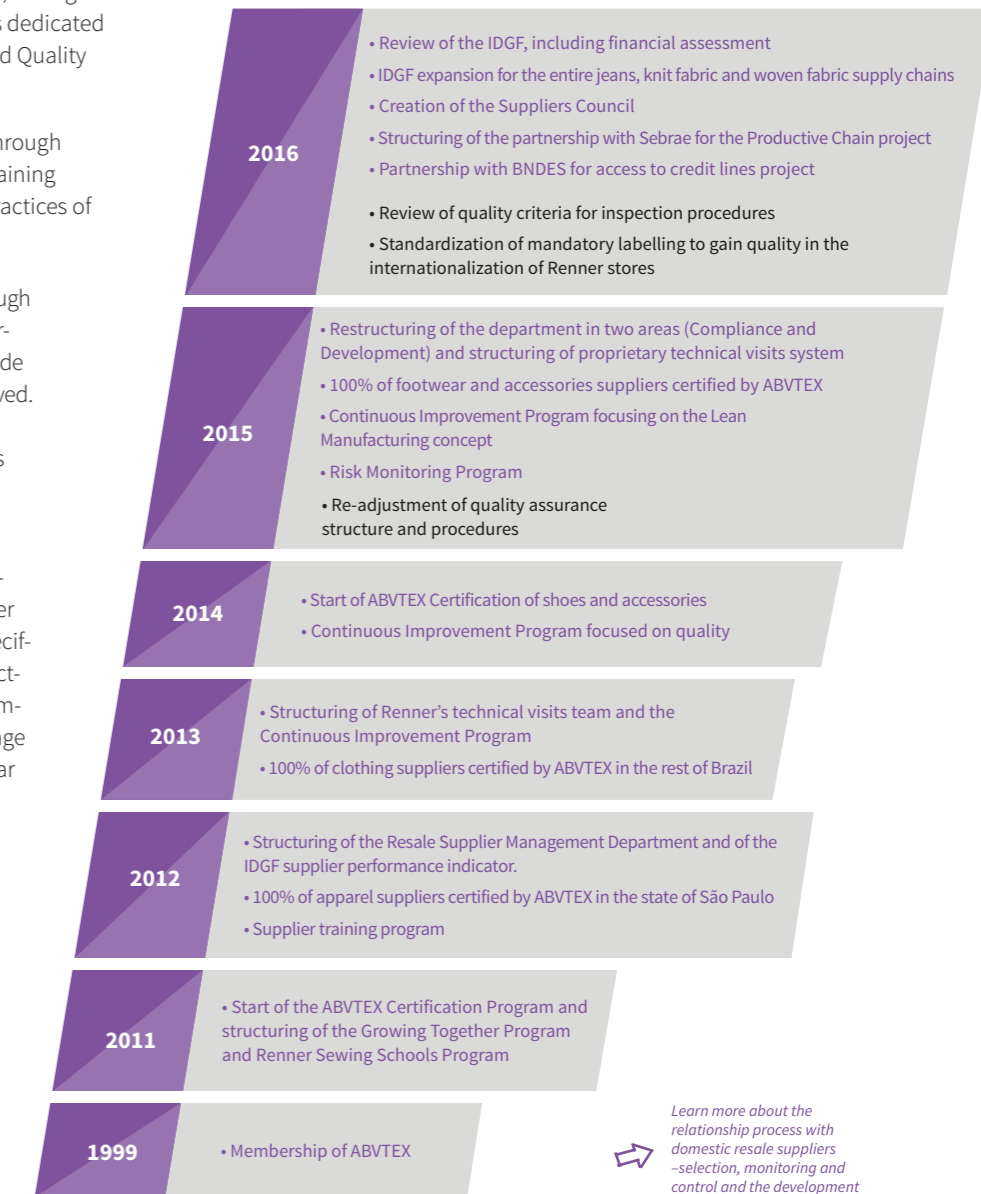
Overview of resale suppliers in 2016

460 active domestic and international suppliers (Renner and Youcom), totaling a trading volume of R\$2.5 billion

64% for domestic suppliers
36% for international suppliers

Trend in Resale Suppliers Management

SUBTITLE:
- Areas of Compliance and Development - Quality



Learn more about the relationship process with domestic resale suppliers –selection, monitoring and control and the development pillars – on page 19 of Booklet 2.

Engagement

The engagement of stakeholders is directly related to the Company's enchantment culture:



Engaged professionals evolve personally and professionally and enchant customers.



Enchanted customers are loyal, and loyal customers deliver consistent results.



Consistent results support a healthy business.



A healthy company generates and shares value with the communities and stakeholders with which it relates.

In line with one of the strategic plan's guidelines, in the next few years, we will promote customer and employee awareness on sustainability as a way of multiplying enchantment with even more responsible fashion.

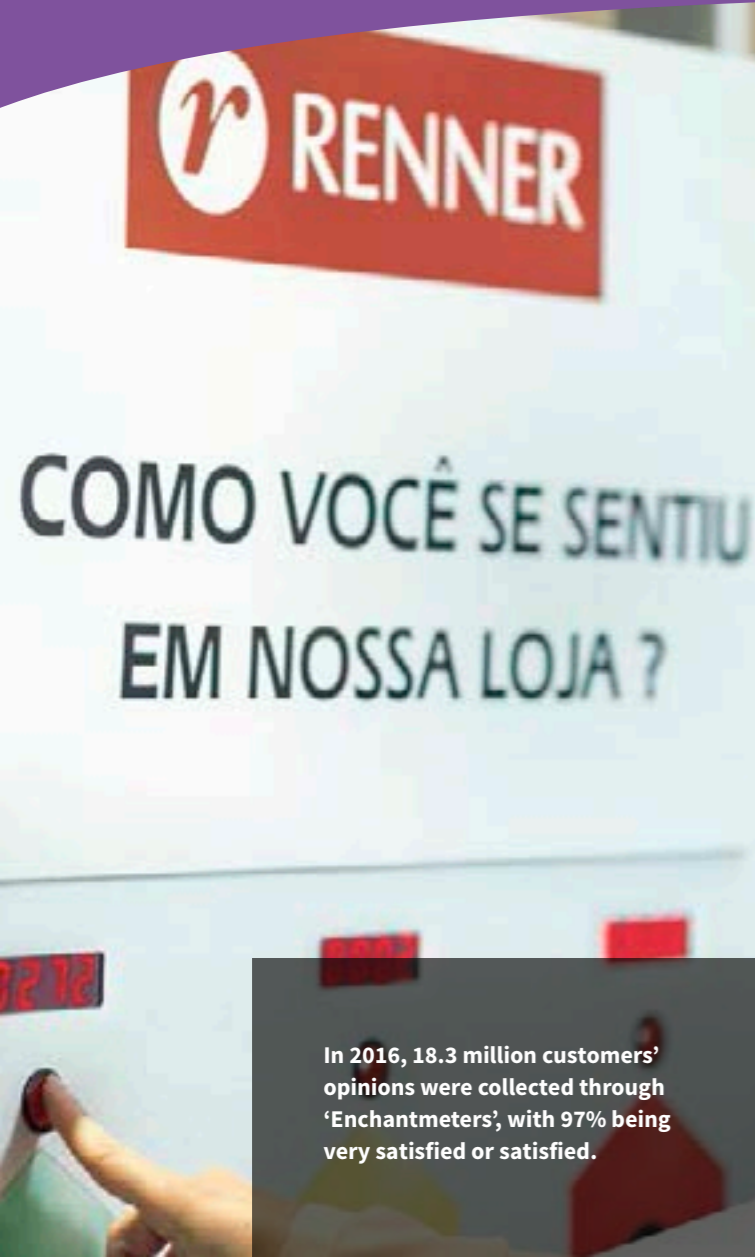


ENGAGED EMPLOYEES

Lojas Renner S.A.'s main strength lies in its differentiated and committed team of professionals, aligned with its culture. All 19,018 employees throughout the country take the enchantment culture to every one of the Company's stakeholders. Learn more about the profiles of our professionals on page 12 of Booklet 2.











Renner



FOCUS ON CUSTOMER G4-PR5

Enchanting customers is part of our essence – it is one of our corporate pillars. More than 20 years ago, we created the Enchantmeter, a pioneering initiative in Brazil, which measures the customer shopping experience at the exit of every Renner store. This is one of the Company's differentials in the fashion retail market and a tool already part of the customers' shopping routine. At the end of their shopping experience, customers are able to choose between "Very Satisfied", "Satisfied" or "Unsatisfied". (Learn more in Booklet 2, page 25)

We are also alert to the opinions, demands and expectations of our customers in the digital world, increasingly connected with the profiles of each of our businesses.

Footprint of brands in social networks	 (fans)	 (followers)	 (followers)	 (monthly hits on blogs)	 (followers)
 RENNER	8,376,686	3,143,017	90,199	300,894	22,173
 CAMICADO	664,805	312,000	8,397	23,145	2,433
 YOUCOM	789,190	99,493	1,885	29,681	-

Customer Service Channels



CHAT ONLINE
Via corporate website



FACEBOOK
Contact us with average reply time of up to 72 hours by email



CONTACT US
By phone and via corporate website

RedameAQUI

Website with exclusive interface that directs contacts to the responsible areas

Renner, Camicado and Youcom offer the above tools in a personalized way to their respective stakeholders

In addition to knowing the customer and maintaining a close relationship in order to continue enchanting them, the Company has developed a number of initiatives for improving store efficiencies. The objective is to reduce the time dedicated to administrative and management tasks, allowing employees to focus more on customer service and to provide a better shopping experience. Learn more on pages 30 to 34.

In 2016, 18.3 million customers' opinions were collected through 'Enchantmeters', with 97% being very satisfied or satisfied.

The Company maintains a close relationship with its employees, encouraging them to achieve their full potential for personal and professional development.

Lojas Renner invests in establishing a favorable climate in the workplace where people feel themselves to be valued and recognized – and in line with our goal of attracting and retaining the best talent.

For more than 20 years now, Renner has been conducting an annual engagement survey covering all employees, online and on a voluntary and anonymous basis. The results show that the Company is on the right track. In 2016, 95% of Renner's employees participated in the survey and for the second consecutive year, the result was an engagement index of 87% - much higher than the global fashion sector average of 54% and the retail average as a whole of 60%.

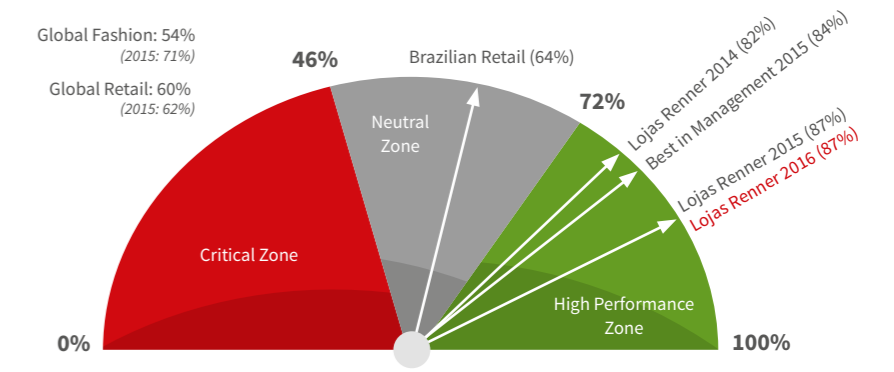
At Camicado, the engagement index reached 79%, an improvement of 15 percentage points over the previous year.

These positive engagement rates have also been reflected in the reduction of our turnover rates, which improved 8.3 p.p. at Renner and 10.0 p.p. at Camicado.

At Youcom, although an engagement survey has not yet been conducted, turnover also improved by 11.45 p.p.

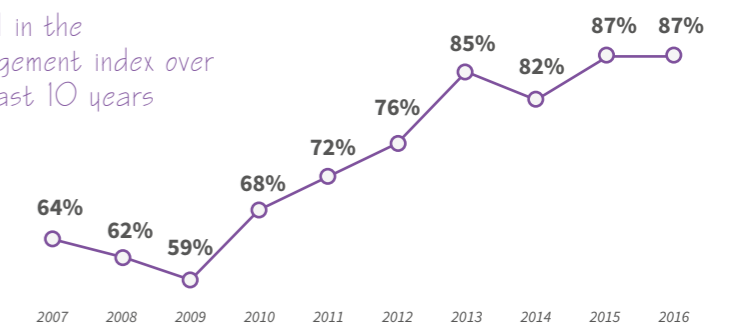
Comparison of the engagement index with the sector

95% participation (13,269 employees)



Survey Period: February 22 to March 18, 2016
Source: Aon Hewitt

Trend in the engagement index over the last 10 years





Training at the DC (Rio de Janeiro)

Training and Development

G4-LA9

Renner's corporate education program aims to develop skills that are critical to business with a focus on the Enchantment Culture, Inspiring Leadership, Business Management, Fashion and Product and Sustainability, through face-to-face or online training and on-the-job structured development. In this way, we seek to prepare employees for current and future challenges, always driven by business strategies.

The Company develops its leadership to train future leaders and as custodians of the organizational culture, investing continuously in structured programs for training and career follow-up. Renner also has a Succession Plan, created to map and develop potential successors for all of the Company's key positions, which are: Officers, General Managers and Senior Managers (Procurement and Stores).

As part of EMPODERA, in 2016, the Institute's selection of projects was focused on the empowerment of women specifically in the textile chain at an investment of R\$1.5 million.

During the year, one of the key events at EMPODERA was participation in the "Empowering Female Refugees" project of the Brazilian Network of the Global Compact, UNHCR (The UN Refugee Agency), UN Women and the PARR (Brazilian Refugee Resettlement Support Program). Under the umbrella of this project, the Lojas Renner Institute promoted the first Sewing School groups exclusive to refugees from African countries and aimed at their inclusion and employability in Brazil.

Based on this experience, the Fashion School was created, a project that will be implemented in 2017 to promote women's empowerment in the textile sector, covering different aspects of the fashion value chain, as well as training women in industrial sewing activities.

Learn more about the projects supported by the Company in Booklet 2, page 23.



COMMUNITIES

G4-EC8, G4-SO1

As a large Company reaching millions of people, Lojas Renner believes that it has great potential, responsibility and opportunity to generate development and well-being in society.

Mindful of this, the Lojas Renner Institute was founded in 2008 for promoting the economic and social empowerment of women in the textile value chain through the management of the Company's private social investments in social projects.

The Institute's focus is in line with the fifth goal of the Sustainable Development Goals (SDGs) – "Achieve gender equality and empower all women and girls" – and its commitment to UN's Women's Empowerment Principles.

Lojas Renner S.A., the Lojas Renner Institute and UN Women work to have a positive impact on the value chain, setting up EMPODERA, a program that invests in initiatives aimed at women's empowerment through the participation of employees, suppliers and partners.

In 2016, the Institute redesigned its strategic plan in order to define its focus and bring it closer to Lojas Renner S.A.'s values, goals and core business.

This process resulted in the updating of its Mission, which is now:

"To promote the economic and social empowerment of women in the textile value chain".



First Sewing School group for refugees and members of UN Women, Lojas Renner and Lojas Renner Institute.



Eco-efficient Management

G4-EN7, G4-EN27



To ensure the long-term sustainability of our operation, we understand the importance of minimizing the negative impacts of the business on the environment. Last year, this commitment became part of the Company's strategic plan in the form of two basic objectives: identify, measure and reduce water, energy, chemicals, waste and emissions; and innovate in the development of raw materials and lower impact processes.

The inauguration of the new headquarters in Porto Alegre was one of the main events of 2016. The result of the Company's commitment to eco-efficient initiatives, the building was constructed in a totally sustainable way in accordance with LEED (Leadership in Energy and Environmental Design), an internationally recognized green building system of certification. During not only its construction but also when in use, the building employs several strategies for minimizing environmental impacts.



New headquarters of the Company in Porto Alegre

(Continued - ECO-EFFICIENT MANAGEMENT)

In 2016, Renner opened its second sustainable store in Riomar Presidente Kennedy Shopping Mall in Fortaleza (CE) and for which LEED certification is pending.

Based on the knowhow acquired from the construction of Renner's first sustainable store, since 2014, all our construction projects or renovations have adhered to the Architecture and Engineering Department's technical memorandum, a compendium of best practices learned, setting out sustainable standards for our projects.

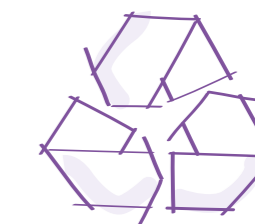
ECO-EFFICIENCY INDICATOR HIGHLIGHTS IN 2016



We neutralized 100% of our 2015 greenhouse gas emissions



We reduced Renner's energy consumption by 11% (considering the same base for 2015)



We recycle 98.5% of the waste generated by Renner's stores*

*considers waste monitored in kg, neither including furniture disposed due to renovations nor organic waste.

Learn more about these projects, our indicators and eco-efficiency projects and projects for the mitigation of the environmental impacts of the business on page 26 of Booklet 2.

Sustainable Products and Services

G4-EN27



We have been analyzing the entire value chain in order to identify opportunities for improving programs to mitigate the environmental impact of our products and services.

PRODUCTS

Since 2015, we have analyzed the environmental footprint of a basic pair of women's jeans sold in our stores using the Life Cycle Analysis (LCA), which identifies the impacts of a product from "cradle to the grave".

In 2015, the LCA studied the carbon footprint and, in 2016, its water footprint, in order to develop improvements and actions that can mitigate the negative impacts of the product on the environment at the raw material extraction phase through usage to final disposal.

In 2016, the sustainability project in the jeans chain was expanded and integrated into the Continuous Improvement Program (PMC) and conducted jointly with knit fabric and woven fabric resale suppliers. Consequently, the scope of the environmental management improvements was extended to new links in the chain.

Learn more about these projects on page 30 of Booklet 2.

SERVICES

In addition to several eco-efficiency initiatives – such as the improvement of environmental indicators and the development of raw materials and lower impact processes – the Company aims to offer its customers alternative sustainable products and services.

To this end, Lojas Renner began planning different actions in 2016 for offering a product line with a lower environmental footprint as from 2017, as well as launching a pilot project that stimulates the circular economy called EcoStyle – post-sale reverse logistics in apparel.

ECOSTYLE

The EcoStyle Program already operates a reverse logistics scheme for perfume and beauty product packaging. This has now been extended to a pilot version for customers' unwanted clothes.

The objective was to reinsert these clothes back into the textile chain, reducing waste generation and raw material extraction and encouraging income creation: the clothes collected will be transformed and sold by social organizations supported by the Lojas Renner Institute (learn more on page 32 of Booklet 2).

5. our pillars

Governance, 44 Ethics, 44 Risk Management, 45 Value Generation, 46

Governance

As a publicly-held company for almost half a century – and, since 2005, as the first widely held company in Brazil without a controlling shareholder – Lojas Renner has an irrevocable commitment to ethics and transparency, an essential and invariable condition when conducting business and when relating with all stakeholders.

The Company has always prioritized respect for the laws, transparency in its negotiations and accessibility and equity of access to information by its shareholders.

In 2016, Lojas Renner continued to adhere to the most advanced corporate governance practices and promote continuous improvements: the Manual for Shareholder Participation in Annual Meetings was revised according to international proxy voting standards, pursuant to best practices, and the scope of the Compliance area was also broadened. Previously focusing on financial compliance and operational issues only, starting 2017, the new structure will involve Corporate Compliance – together with the Internal Audit and Loss Prevention areas – with a more strategic coverage, to include all Lojas Renner's subsidiaries.

Learn more about our governance structure and practices on page 15 of Booklet 2.

Ethics

Ethical conduct throughout the business value chain is indispensable for the Company's sustainability and longevity. The Code of Ethics and Conduct, published in 1995 and updated periodically, is the instrument that guides, clarifies and formalizes attitudes for ensuring ethical conduct in the day-to-day relations with all stakeholders.

All employees when hired are made aware of and adhere to the Code. If there are any changes in the publication, they must again declare their awareness of the expected conduct. All suppliers must also align with the Company's values through an agreement, attached to the relative commercial contracts, representing a formal commitment to act in accordance with Lojas Renner S.A.'s ethical principles.



General Manager of Investor Relations and New Business

Risk Management

G4-2

The culture of ethics and transparency is also strengthened through the adoption of best international practices for the efficient risk management of the business.

The Company has created a multidisciplinary governance structure, linked to the Board of Directors, with precise definition of responsibilities and institutional policies to mitigate risks and negative impacts, always identifying factors and scenarios that may affect our sustainability. Preventive plans are in place to reduce or even eliminate negative impacts or, alternatively, transform the identified risks into opportunities.

The main risks to the Company's operations are:

SECTOR RISKS AND EXTERNAL FACTORS that may impact the business

Learn more in item 5.2 of the Reference Form

CURRENT AND FUTURE SCENARIOS AND CIRCUMSTANCES that could expose the Company to risks in relation to its stakeholders

Learn more in item 5.1 of the Reference Form

Factors that can have negative results and impacts on the PERFORMANCE OF OUR OPERATION AND THE EXECUTION OF OUR STRATEGY

Learn more in item 4.1 of the Reference Form

RISK CONTROL MANAGEMENT POLICIES

- COMPLIANCE POLICY
- CUSTOMER SERVICE AND CRM POLICY
- FINANCIAL MANAGEMENT POLICY
- DISCLOSURE POLICY
- MATERIAL FACT DISCLOSURE POLICY
- DATA SECURITY POLICY
- RELATIONSHIP WITH RESALE SUPPLIERS POLICY
- SUSTAINABILITY POLICY
- AUDIT POLICY
- ANTI-CORRUPTION POLICY
- GOVERNANCE, RISK AND COMPLIANCE POLICY
- RELATED PARTIES POLICY

The Reference Form is available at: <https://goo.gl/G9AVxd>

Value Generation

G4-9

2016 SCENARIO:

Resources	Operations	Interferences	Results
<p><i>Resources and relationships necessary for the sustainability of our business and the generation of financial and non-financial value</i></p>	<p><i>How operations generate value from these resources</i></p>	<p><i>Main risks to value generation (learn more on page 45)</i></p>	<p><i>The value generated from our performance for all our stakeholders and society</i></p>
<p>FINANCIAL RESOURCES</p> <p>R\$512.6 million in investment in systems, facilities, stores, logistics efficiency, etc</p> <p>643,550,575 shares and market value of R\$14.9 billion</p> <p>Net debt of R\$909.0 million</p> <p>R\$5.7 billion in revenue from the sale of merchandise and R\$2.2 billion of receivables</p> <p>OUR RELATIONSHIPS</p> <p>19,018 employees</p> <p>About 14 million users connected to Renner, Camicado and Youcom via Facebook, Instagram, Pinterest, Twitter and the brands' Blog</p> <p>1,997 suppliers, of which: 460 suppliers manufacture the products sold in stores and 1,537 suppliers of administrative products and services</p> <p>MATERIAL RESOURCES</p> <p>444 stores with an area of 584,600 m²</p> <p>Renner, Camicado and Youcom E-commerce websites</p> <p>4 Distribution Centers with an area of 117,000 m²</p> <p>Two stores and the administrative headquarters are already classed as green buildings; modernization work and construction of new stores are performed according to best eco-efficiency practices</p> <p>NATURAL RESOURCES</p> <p>Consumption of other natural resources in the operation of stores and also of raw materials in the production chain are not yet measured on a consolidated basis</p> <p>591,400 GJ of energy directly and indirectly consumed</p>	<p>HOW FINANCIAL VALUE IS CREATED</p> <p>Distributing profit to shareholders</p> <p>Creating jobs and direct and indirect income (value chain)</p> <p>Investing in social projects</p> <p>Contributing to the economy by paying taxes, fees and contributions</p> <p>Supporting the availability of financial resources for financial product customers</p> <p>HOW NON-FINANCIAL VALUE IS CREATED</p> <p>Encouraging our suppliers to improve their sustainability practices (page 36)</p> <p>Supporting the women's empowerment and the generation of income through the Lojas Renner Institute (page 40)</p> <p>Contributing to the development of the Brazilian textile sector through participation in ABVTEX (page 37) and innovation projects to minimize the environmental impact in the use and handling of raw materials (page 42)</p> <p>Endorsing commitments from nations and companies for sustainable development (page 10 of Booklet 2)</p>	<p>EXTERNAL</p> <p>Changes in local and global economic environment</p> <p>Customer default</p> <p>Fiscal and monetary policy</p> <p>Regulatory actions</p> <p>INTERNAL</p> <p>Processes and operational failures</p> <p>Collections and product errors</p> <p>Decline in customer enchantment levels</p> <p>Non-compliance with laws, regulations, principles and rules in our operation</p> <p>Relationships that violate our ethical and sustainable commitments</p> <p>Reputational damage</p> <p>Management's decision-making processes that generate losses</p>	<p>FINANCIAL</p> <p>R\$1.9 billion in taxes and fees paid to governments for Brazil's development</p> <p>R\$853.3 million in compensation to employees</p> <p>R\$3.6 billion in payments to suppliers</p> <p>R\$6.7 million in Private Social Investment</p> <p>R\$250.2 million in dividends distributed to shareholders</p> <p>R\$571.0 million in compensation to third party capital (financial institutions and rents)</p> <p>NON-FINANCIAL</p> <p>One of the best companies to work for according to <i>Você S/A</i> with 87% of employee engagement</p> <p>Suppliers in the jeans, knitwear fabric and wovens chains benefited from the Continuous Improvement Program (page 43)</p> <p>Reduction of 11.7% in energy consumption by Renner's stores (considering the same base of 2015)</p> <p>More than 20,000 Brazilians benefited from the Lojas Renner Institute's projects</p> <p>18.3 million customers enchanted, satisfied and very satisfied with Renner's products and services (page 38)</p> <p>In 2016, neutralization of 100% of the greenhouse gas emissions in 2015</p>

To learn more

G4-31

Learn more about the indicators on projects and strategies presented in this publication in "*Booklet 2 - The Year in Detail*".

If you have any questions or want to know more about some of the topics addressed in this report, we maintain an open channel to the Sustainability Management team through the e-mail relatorio@lojasrenner.com.br

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