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ANNUAL

R E P O R T

BOOKLET 2  
the year in detail

LOJAS RENNER S.A.

 RENNER youCOM CAMICADO

# The year in detail

Throughout this booklet, readers will find detailed information on Lojas Renner S.A.'s profile and performance comprising the Renner, Camicado and Youcom businesses.

This publication is based on Global Reporting Initiative (GRI) guidelines, which provide a set of profile and economic, social and environmental performance indicators so that companies worldwide are able to report using the same knowledge base, permitting ready comparability of their own performance over the years as well as between companies operating in the same sector.

In these pages, you will see the symbol **GRI G4-XX** pointing to which indicator the content refers and also the Integrated Report capitals (C). In addition, the last chapter contains the GRI Content Summary, which references all the indicators and the pages in which they appear in booklets 1 and 2. Their relationship with the Sustainable Development Goals (SDGs) and with the Global Compact, both initiatives of the United Nations (UN) is also shown.

Good reading!

*Icons of the Integrated Report Capitals:*



HUMAN  
capital



SOCIAL AND RELATIONSHIP  
capital



INTELLECTUAL  
capital



MANUFACTURED  
capital



NATURAL  
capital



FINANCIAL  
capital





# summary

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# 1 materiality and engagement

**GRI G4-18** The process for defining the report content and the aspect boundaries

**GRI G4-24** List of stakeholder groups engaged by the organization

**GRI G4-25** Basis for identification and selection of stakeholders with whom to engage

**GRI G4-26** Approach to engaging stakeholders and frequency of engagement

**GRI G4-27** Key topics that have been raised through stakeholder engagement

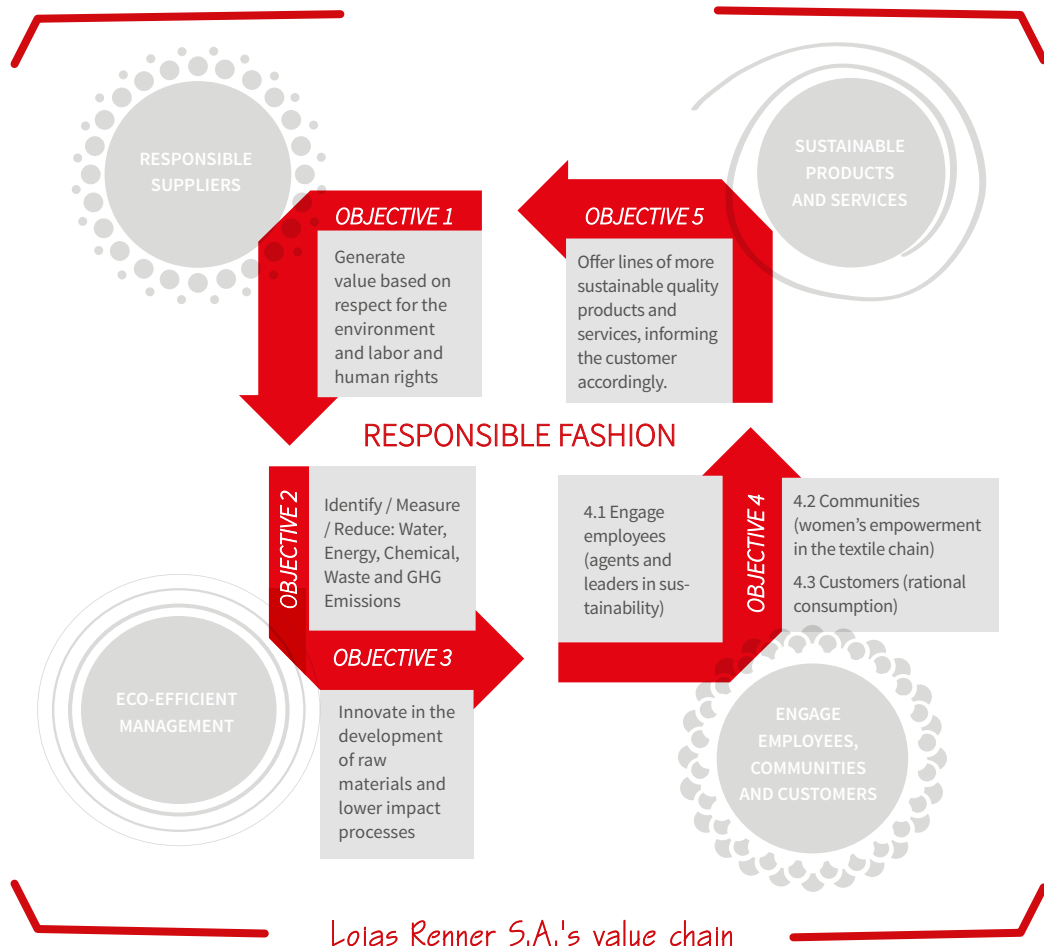


In 2016, the Company developed a strategic planning process for business sustainability that identified the material topics for the sustainable development of the business over the next five years.

The process involved the analysis of the sector's documents and domestic and international peers, analysis of Lojas Renner S.A.'s cultural guidelines and its sustainability policy as well as interviews with stakeholders with the greatest potential to influence the business. Such stakeholders are

the Company's senior management, investor representatives, business partners, customers, employees and opinion formers with specific knowledge of the sector's social and environmental risks.

As a result, Lojas Renner's strategic sustainability guidelines were established broken down into strategic objectives transversal to the business areas, validated by the Company's Sustainability Committee, the Board of Executive Officers and the Board of Directors.



The report's contents are based on these strategic topics for the sustainable development of the business and on the presentation of the Company's profile, strategy and governance in line with the Integrated Reporting methodology.

**GRI G4-19** List of material aspects identified in the process for defining the report content

In the case of each strategic guideline for Lojas Renner's sustainability plan, we identified the material topics to be addressed in this publication as shown below:



Youcom

Strategic guideline	Related topics identified as material		
<i>responsible suppliers</i>	<ul style="list-style-type: none"> <li>• Assessment of Suppliers on Human Rights</li> <li>• Assessment of Suppliers on Impacts on Society</li> </ul>	<ul style="list-style-type: none"> <li>• Assessment of Suppliers on Labor Practices</li> <li>• Procurement Practices</li> </ul>	<ul style="list-style-type: none"> <li>• Forced Labor or Analogous to Slave Labor</li> <li>• Child Labor</li> </ul>
<i>eco-efficient management</i>	<ul style="list-style-type: none"> <li>• Water</li> <li>• Effluent and Waste</li> <li>• Emissions</li> </ul>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• General</li> <li>• Transportation</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing Communications</li> <li>• Products and services</li> </ul>
<i>engage: employees, communities and customers</i>	<ul style="list-style-type: none"> <li>• Community</li> <li>• Employment</li> </ul>	<ul style="list-style-type: none"> <li>• Indirect Economic Impacts</li> <li>• Investment and Procurement Process Practices</li> </ul>	<ul style="list-style-type: none"> <li>• Labeling of Products and Services</li> <li>• Training and Education</li> </ul>
<i>sustainable products and services and responsible suppliers</i>	<ul style="list-style-type: none"> <li>• Supplier Environmental Assessment</li> </ul>		

**GRI G4-17** Entities included in the organization's financial statements

This report includes all Lojas Renner S.A.'s businesses in accordance with the consolidated financial statements:


- *Maxmix Comercial Ltda. (Camicado)*, which operates in the retailing of household, decor, bed, tableware and bath products.
- *Fashion Business Comércio de Roupas Ltda. (Youcom)*, which operates in fashion retailing for the young consumer.
- *Renner Administradora de Cartões de Crédito Ltda. (RACC)*, provides financial services for personal loans and operates the Meu Cartão brand.
- *Dromegon Participações Ltda. (Dromegon)*, which owns some real estate used in the Company's commercial transactions.
- *Lojas Renner Shanghai Trading Co. Ltd. (LRS)*, responsible for procurement, quality control and test sample development, acting as a vehicle for building up relationships with business partners and providing support in the prospecting of new suppliers in Asia.

**GRI G4-22** Explanation of the effect of any restatements of information provided in previous reports

The Company has not restated any information provided in previous reports.

**GRI G4-23** Significant changes from previous reports regarding the scope and aspect boundaries

The only change regarding the scope of the report that may influence the indicators in relation to the previous year is the increase in the number of the Company's stores, from 380 in 2015 to 444 in 2016.



Corridor in the patio area of the Company's headquarters

# 2 operational results



## GRI G4-9 Scale of the reporting organization

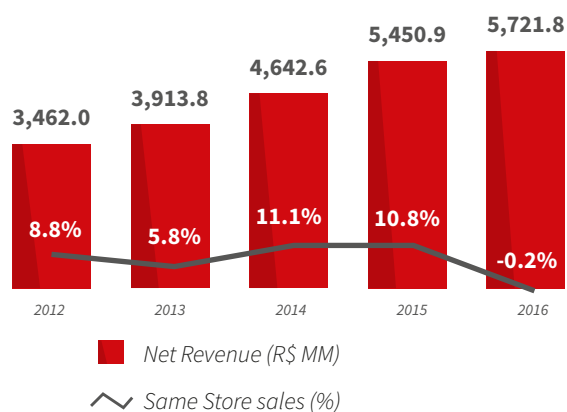
### Net revenue from merchandise sales

In spite of the high comparative base, Net Revenue from Merchandise Sales posted growth of 5.0% in 2016 with Same Store Sales practically stable at -0.2%.

During the year, internal and non-recurring questions affected performance, some of these due to Company growth strategy and competitiveness. In the first quarter of the year, there was lower availability of light summer items, postponement in the arrival of imported goods and more rigorous quality control. In addition, specific issues with respect to two brands of female apparel arose resulting in a lower than expected performance. The conclusion of the upgrading of the ERPs (enterprising resource planning) in August also led to an inventory imbalance at store level, albeit a foreseeable effect of such an upgrade.

Sales were also influenced by the economic environment and reflected in reduced footfall through the shopping malls. Atypical temperatures during certain periods of the year also affected sales. Conversely, the Camicado and Youcom operations showed impressive resilience in the face of the economic cycle and continued to make positive contributions, reporting sales growth of 18.2% and 96.5%, respectively. In short, despite all the challenges of 2016, Lojas Renner continued to perform better than the market, overall sales for which shrank 6.2% in the year, according to IBGE's Monthly Trade Survey (PMC) as at December/16.

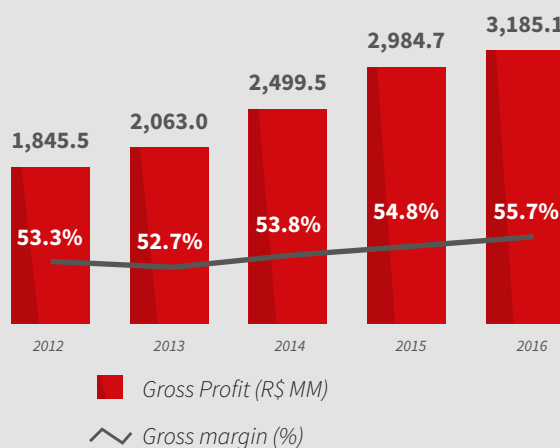
Net revenue from merchandise sales and same store sales



### Gross profit from the retailing operation

Gross Profit from the Retailing Operation recorded growth of 6.7% in relation to 2015, equivalent to a margin of 55.7% and a year-on-year improvement of 0.9 p.p. This increase relates to adjustments in commercial management despite the sector as a whole being dominated by promotional activity during the year. Equally, the better margins reported at Camicado and Youcom of 52.8% and 59.6%, respectively, also contributed to this result. The resumption of social tax charges to payroll further benefited margins by 0.5 p.p.

Gross profit and gross margin from the retailing operation



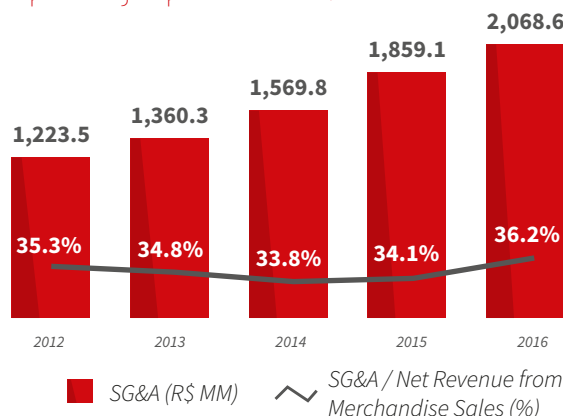
## Operating expenses

Selling Expenses were 27.1% of Net Revenue, an increase of 1.6 p.p. when compared with 2015, largely a reflection of the resumption of social tax charges to payroll and the larger number of stores rolled out during the period. General and Administrative Expenses were 9.1% of Net Revenue. This was an increase in relation to 2015, also due to the resumption of social tax charges against payroll as well as expenditure on the new DC in Santa Catarina, which was still not fully operational in 2015.

Operating Expenses (SG&A) increased by 11.3%, or 6.3%, if the effects of the resumption of social tax charges to payroll are discounted. This result reflects the rigid budgetary control exercised by the Company for adjusting operating expenses to the slower pace of sales and to offset additional pressures with respect to changes in tax treatment. On a same store basis, excluding the deduction of social taxes from payroll, Lojas Renner's operating expenses would have been largely steady at 0.8%.

Profit Sharing Program (PPR) expenses in the fiscal year amounted to R\$47.3 million while Statutory Participations totaled R\$6.7 million. These expenses are booked to the "Other Operating Results" line, and were positively impacted by R\$71.4 million, mainly arising from the identification of tax credits following a fiscal review process.

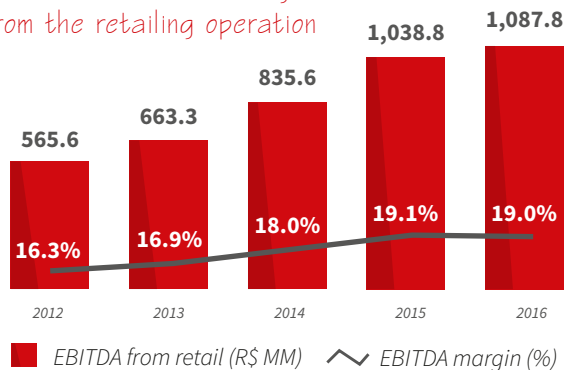
### Operating expenses - SG&A



## Adjusted EBITDA from the retailing operation

Despite the slower pace of sales and increased expenses, Adjusted EBITDA from the Retailing Operation was 4.7% greater than 2015 (7.5% if the resumption of social tax charges to payroll is excluded). The Adjusted EBITDA Margin from the Retailing Operation held steady at 19.0% and if the resumption of social tax charges to payroll is excluded, would have grown by 0.7 p.p.

### EBITDA and EBITDA margin from the retailing operation

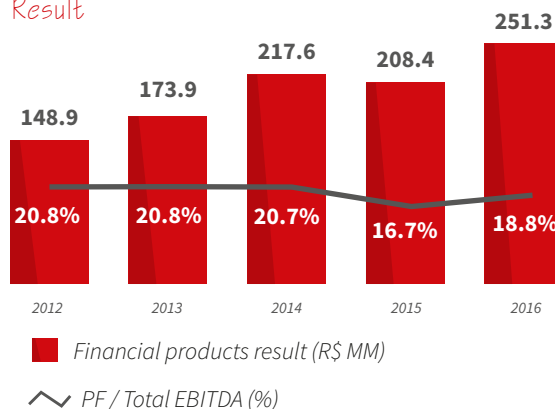


## Financial products result

In 2016, the Financial Products Result reported year-on-year growth of 20.6%, contributing 18.8% to Total Company EBITDA and reflecting improved revenue and a lower level of losses from the Renner Card. This performance reflected the important improvement in the level of credit losses, the result of initiatives involving the granting of credit, credit limit updates and collection strategy.

Learn more about the composition of the financial products result in the Financial Statements, available at: <https://goo.gl/QUmVnt>

### Financial Products Result

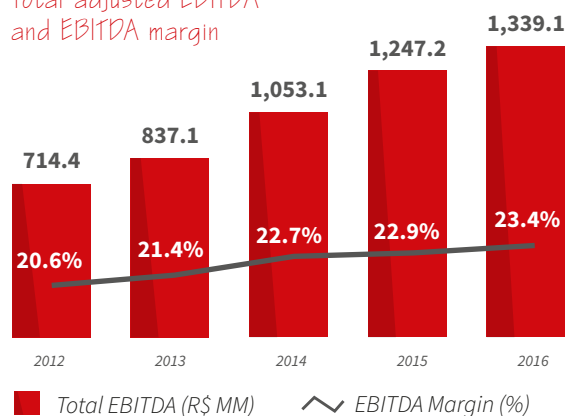




## Total adjusted EBITDA: retail + financial products

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

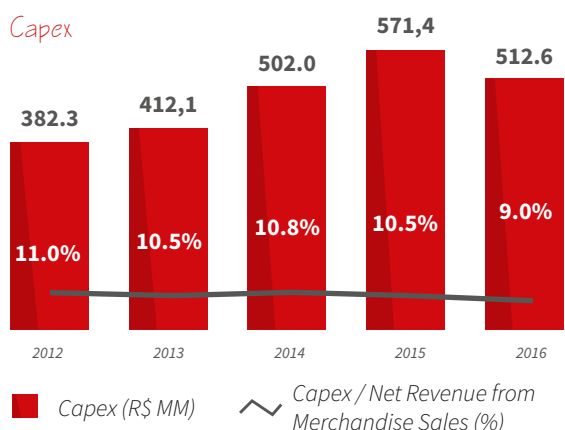
## Total adjusted EBITDA and EBITDA margin



## Capex

In line with its long-term plan, Lojas Renner invested a total of R\$512.6 million in key projects, including the opening of 64 new stores – 25 Renner stores, 17 Camicado stores and 22 Youcom units. Further investments were made in store modernization (8 Renner, 4 Camicado and 2 Youcom) as well as the upgrading of Renner's ERPs (commercial management and back office systems).

## Capex



CAPEX Summary (R\$ MM)	2016	2015
New Stores	180.0	177.0
Modernization of Installations	132.9	202.1
Systems and IT Equipment	163.0	116.3
Distribution Centers	12.3	50.4
Other	24.3	25.5
<b>Total Investments</b>	<b>512.6</b>	<b>571.4</b>

## NET FINANCIAL RESULT

In 2016, the negative Net Financial Result was R\$103.3 million, a slight improvement on the negative R\$104.6 million in 2015 and a reflection of a higher cash position and, to a lesser degree, reduced debt servicing due to lower leverage.

## DEBT / NET CASH AND CASH EQUIVALENTS

The Company's Net Debt on December 31, 2016 was R\$909.0 million, 18.6% lower than recorded at the end of 2015, mainly due to improved cash generation. This debt, which is made up of debentures, loans from the Brazilian Development Bank – BNDES and Banco do Nordeste and working capital lines, reflects capital management decisions taken by the Company. Operational finance lines are used for financing the Financial Product portfolios and variation in the amounts of this portfolio are linked to fluctuations in the financed volume of these products.

## NET INCOME

The Company reported a 2016 Net Income of R\$625.1 million, an 8.0% increase compared to 2015, a consequence of the factors mentioned above. Net Margin was 10.9% (or 11.5% if the resumption of social tax charges to payroll is excluded) versus 10.6% in 2015.

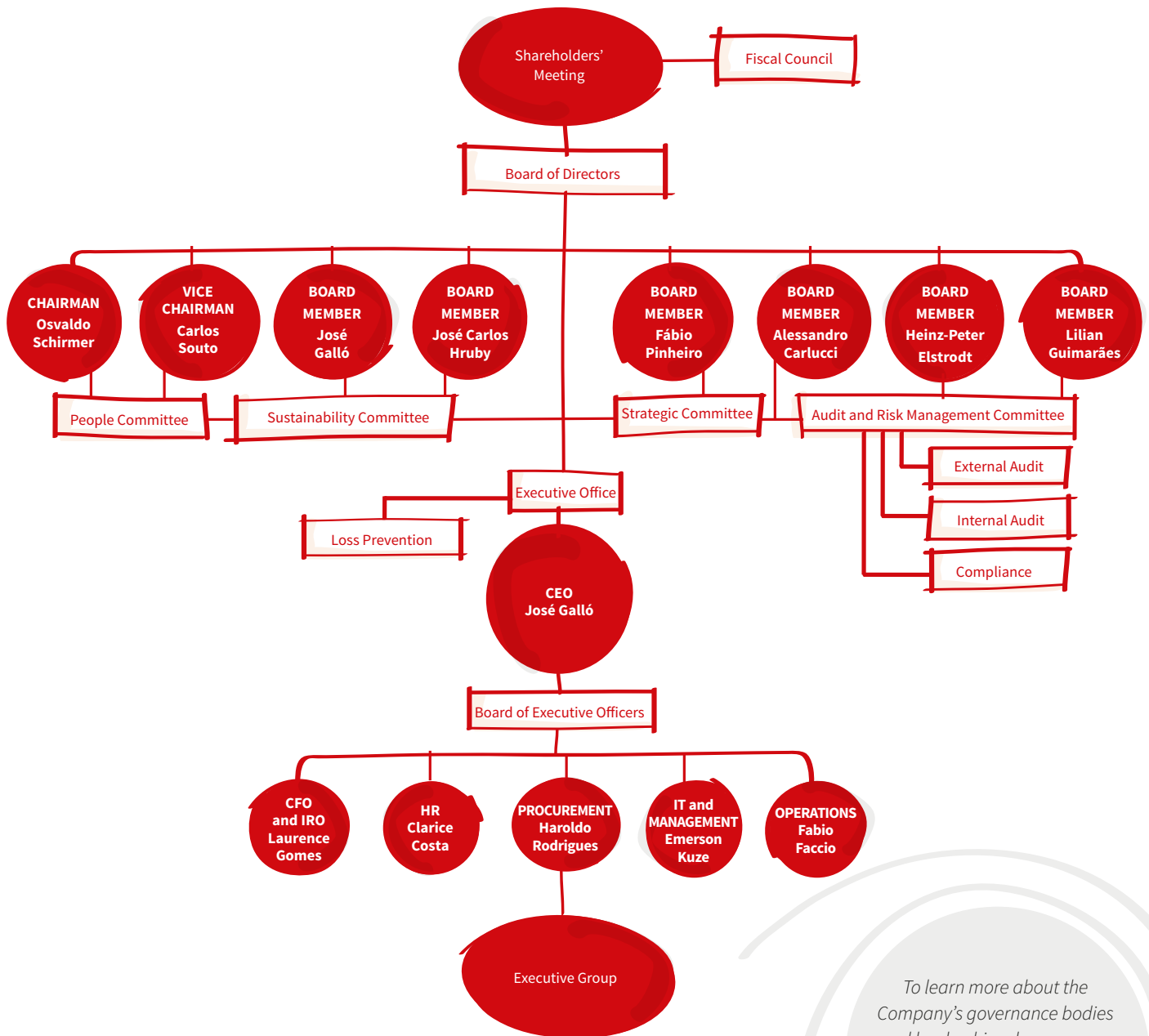
# 3 organizational profile



## Structure

**GRI G4-34** Governance structure, including committees

The Company is led by a group of experienced leaders, who work in a structure aligned with the best corporate governance practices to avoid conflicts of interest and endeavor to ensure the generation of sustainable results. Below is the Company's senior management organizational chart in 2016 – more details are available in the IR website: [www.lojasrenner.com.br/ri](http://www.lojasrenner.com.br/ri)



To learn more about the Company's governance bodies and leadership, please access the Company's Reference Form at <https://goo.gl/NFhT91>, and see pages 123 to 189.



## Governance

### Good Practices *GOOD PRACTICES AND DISTINCTIVE CHARACTERISTICS OF LOJAS RENNER S.A.'S CORPORATE GOVERNANCE*

- Adherence to BM&FBOVESPA's Novo Mercado segment for companies with best governance practices.
- Exclusive issuance of common shares, all enjoying the same rights.
- Protection from conflicts of interest through good practices in the composition of its senior management bodies – Board of Directors consisting of a majority of independent members (86%), alternation of executives occupying the positions of Presidency of the Board of Directors and the Board of Executive Officers and the existence of a permanently installed Fiscal Council – and the adoption of the Novo Mercado arbitration panel mechanism.
- Manual for shareholders' participation in meetings with the opportunity for shareholders to be informed and to have an improved understanding of the issues to be discussed.
- Protection of minority shareholders, guaranteeing them the same price and sale conditions of their shares as those offered to the controlling shareholders in the event of the sale of a controlling bloc of the Company.
- Attention to the execution of the Company's interests with formal evaluations of the Board of Directors and Board of Executive Officers and the existence of internal charters specific to the Board of Directors, the Fiscal Council and the Committees, establishing clear responsibilities, seeking to ensure the alignment of their activities to the business objectives.
- Practices of compensation to senior management that encourage the balanced promotion of sustainable growth of the business over the medium and long term and the achievement of short-term goals, always with the final objective of promoting the longevity of the business. Find out more in the infographic on page 16.
- Adherence to the Brazilian Association of Publicly-Held Companies (ABRASCA) Self-Regulatory Code and the Code of Best Practices of Corporate Governance of the Brazilian Institute of Corporate Governance (IBGC).
- Following a rigorous selection process conducted by BM&FBOVESPA, participation in the Corporate Sustainability Index (ISE), which selects companies with sound governance and sustainability practices.

## Performance and compensation

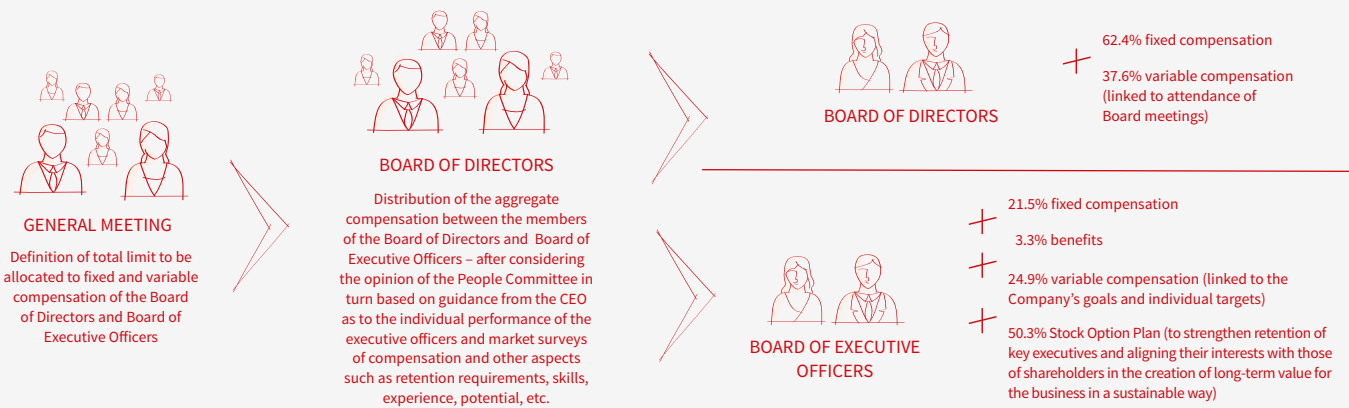
**GRI G4-44** Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics

**GRI G4-54** Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees

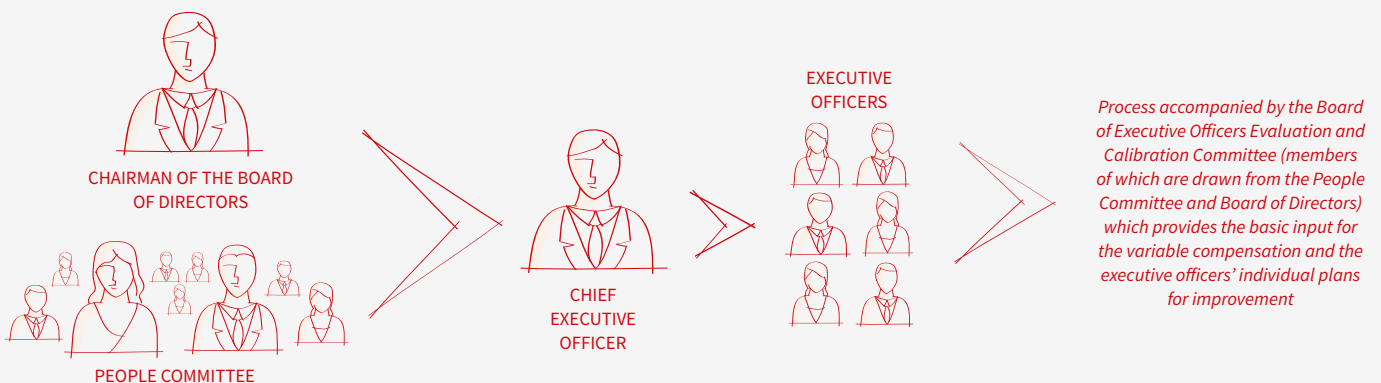
The Company's Board of Executive Officers is evaluated annually against skills and the achievement of economic, social and environmental goals, resulting in variable remuneration and establishing action plans where improvements are indicated.

### Definition of compensation

composition of compensation in 2016



### Variable compensation - performance evaluation of the Board of Executive Officers



Find out more about the compensation policy by accessing item 13 of the Reference Form and the amounts allocated to the fixed and variable compensation of executives in 2016 in item 13.2, available at <https://goo.gl/NFhT91>

# Our Shareholders

GRI G4-9 Scale of the reporting organization



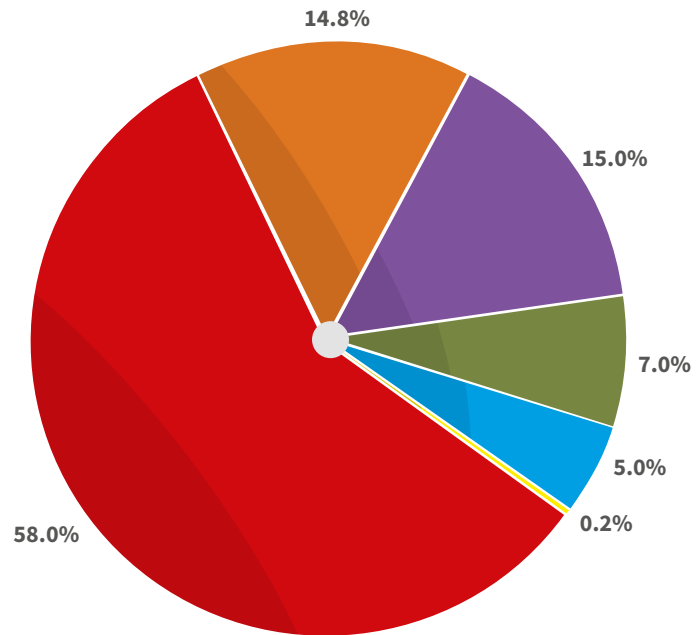
Lojas Renner S.A. was the first Brazilian corporation: 100% of its 643,550,575 shares are traded on BM&FBOVESPA under the LREN3 symbol. For the last ten years, the Company has been part of BM&FBOVESPA's Novo Mercado, a segment for companies with best corporate governance practices.

## Shareholding structure

(as of 12/31/2016)

During 2016, the Company's shares appreciated by 38.1% (1,950.4% since July 2005, adjusted according to corporate acts) and closed the year priced at R\$23.17, equivalent to a market value of R\$14.9 billion. During the period, 2.9 million trades were recorded involving 841.8 million shares at an average daily trading volume of R\$74.9 million.

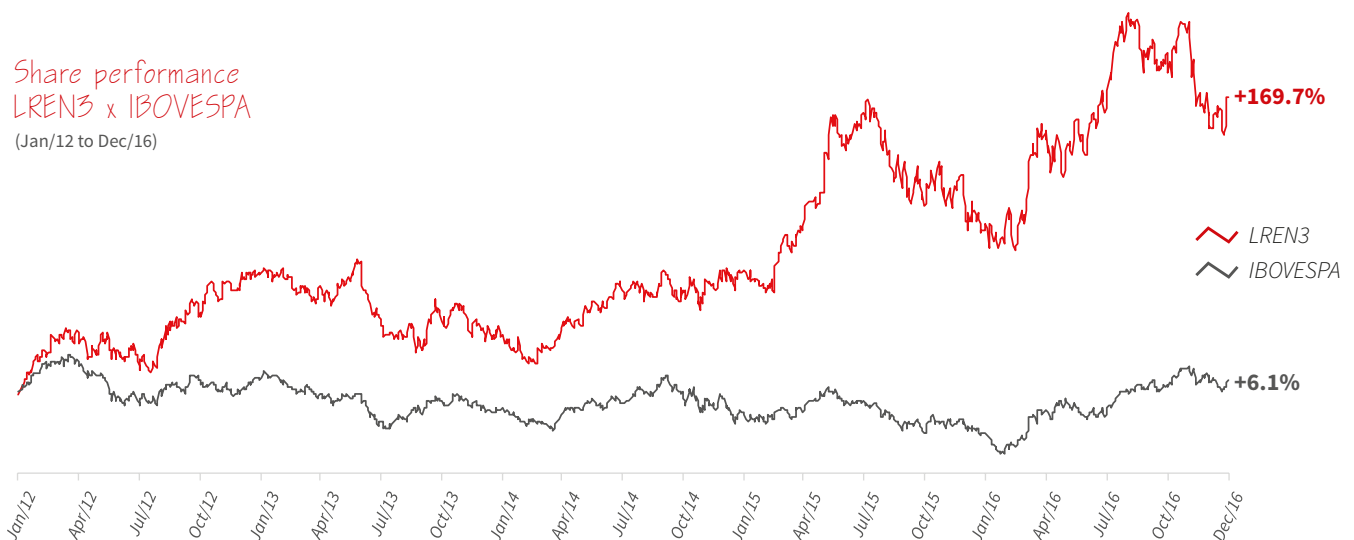
- Aberdeen Asset Management PLC.
- T. Rowe Price Associates, Inc.
- J.P. Morgan Asset Management H.Inc.
- BlackRock, Inc.
- Other
- Shares held in Treasury



## Share performance

LREN3 x IBOVESPA

(Jan/12 to Dec/16)



## Dividends

In 2016, R\$173.4 million was credited to shareholders in the form of Interest on Capital, which will be further complemented by the proposed annual dividend of R\$76.8 million. If approved by the 2017 General Meeting, the total compensation for 2016 will amount to R\$250.2 million, equivalent to a dividend yield of 1.7% (considering the share price on December 29, 2016) and a payout of 40%.

# Our Employees

GRI G4-10\* Workforce profile

19,018 employees throughout Brazil



CENTER-WEST

NORTHEAST

NORTH

SOUTH

SOUTHEAST

12,728 women (67%)



848 (68%)

1,559 (70%)

433 (68%)

5,802 (65%)

4,086 (68%)

6,290 men (33%)



397 (32%)

654 (30%)

206 (32%)

3,080 (35%)

1,953 (32%)

 **RENNER** 17,179  
(67% women, 33% men)

**CAMICADO** 1,391  
(64% women, 36% men)

**YOUCOM** 448  
(64% women, 36% men)

18,308 employees on open-ended contracts  
12,253 women (67%),  
6,055 men (33%)

18,519 employees on full-time contracts  
12,392 women (67%),  
6,127 men (33%)

## Young Apprentices

710 on fixed-term contracts  
475 women (67%),  
235 men (33%)

499 employees on part-time contracts (working hours of up to 125 hours per month)  
336 women (67%),  
163 men (33%)

49 interns

\*The data shown for the Company's payroll profile includes all permanent employees (active, on sick leave, interns, apprentices and trainees).



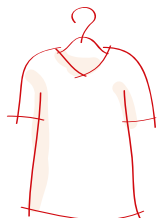
# Our suppliers

GRI G4-12 Description of organization's supply chain

GRI G4-EC9 Proportion of spending on local suppliers



In 2016, our supply chain totaled R\$3.6 billion by trading volume with **1,997 suppliers**



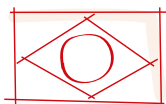
## Resale supply chain (Renner e Youcom)

Represents **68%** of the trading volume with suppliers (R\$2.5 billion)

Made up of **460 companies** that manufacture the products we sell in stores, of which:

**64%** are domestic suppliers

as well as 985 companies contracted by our resale suppliers in Brazil

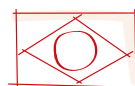


**36%** international suppliers

**76%** of the trading volume to domestic suppliers

## Administrative supply chain

Represents **32%** of the trading volume with suppliers (R\$1.1 billion), made up of **1,537 companies** that provide us with other products and services, of which:



**100%** are domestic suppliers

**4%**

related to civil construction and subject to a specific management process



Manufacturing industry, a Renner supplier

# Our Commitments

## **GRI G4-15** Social charters, principles, or other initiatives to which the organization subscribes or endorses

Lojas Renner S.A. supports the commitments of recognized organizations related to the promotion of sustainability, adopting in its operations, values and principles that contribute to the promotion of human rights, women's empowerment and the construction of sustainable businesses.

### UN GLOBAL COMPACT

A global initiative that unites companies and organizations around ten principles in the support of human rights, good labor practices, environmental preservation and anti-corruption policies.

### UN WOMEN'S EMPOWERMENT PRINCIPLES

A global initiative by UN Women and the UN Global Compact to help the corporate community to incorporate values and business practices aimed at achieving gender equality and the empowerment of women in business.

### PACT FOR THE ERADICATION OF SLAVE LABOR

Brazilian network of signatory companies under the auspices of the Institute of the National Pact for the Eradication of Slave Labor, which promotes the prevention and eradication of slave labor in production chains in Brazil.

### CHILDHOOD

In 2016, the Company became a signatory to the *Na Mão Certa Program* of Childhood, a non-governmental organization constituted in Sweden to protect children and ensure that "children are children". The partnership is a joint effort to end child and adolescent sexual exploitation on Brazilian highways. Lojas Renner's main line of action is to raise awareness among its logistics suppliers as to the need to tackle this problem.

## **GRI G4-16** Memberships in associations and advocacy organizations in which the organization is more than just an associate

The Company also actively participates in the leadership and operation of organizations for the development of the sector.

### BRAZILIAN ASSOCIATION OF TEXTILE RETAIL (ABVTEX)

We sit on its Fiscal Council as well as participate in meetings of the Executive Board and of several groups with a specific focus: Compliance and Quality, Supply Chain.

### RIO GRANDE DO SUL STATE FEDERATION OF TRADE IN GOODS AND SERVICES (Fecomércio/RS)

We are a member of the Federation's Labor Union and Labor Relations Technical Committee.

### INSTITUTE FOR RETAIL DEVELOPMENT (IDV)

We have participated in the IDV since 2004, when our current CEO, José Galló, helped found the institution. Today, we are a member of the Institute's Board and Labor Committee.



# 4 strategic guidelines performance



## Responsible Suppliers

### Impacts of the supply chain



**GRI G4-LA15** Significant actual and potential negative impacts for labor practices in the supply chain and actions taken

**GRI G4-HR11** Significant actual and potential negative human rights impacts in the supply chain and actions taken

**GRI G4-HR5** Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor

**GRI G4-HR6** Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor

**GRI G4-SO10** Significant actual and potential negative impacts on society in the supply chain and actions taken

#### SOCIAL

Due to the high rate of outsourcing and dispersion of civil construction processes as well as in the textile sector in Brazil, we have identified an environment potentially susceptible to infringements of human and labor rights. To mitigate these risks, our suppliers and their subcontractors go through an intense and closely monitored process, which includes principles of selection, monitoring and control, and development.

Learn more in the following subchapter “Relationship Management”.

#### ENVIRONMENTAL

**GRI G4-EN33** Significant actual and potential negative environmental impacts in the supply chain and actions taken

The main environmental impacts in the Company’s resale supply chain are the consumption of natural resources and the generation of waste from its production processes.

In the case of administrative suppliers, civil construction is one of the sectors that consumes the most natural resources from the production of the inputs used to the execution of the work and its operations. Civil construction is also the activity that generates the most waste, accounting for more than 60% of the total, according to the Brazilian Association for the Recycling of Civil Construction and Demolition Waste (Abrecon).

In order to mitigate these impacts, we enhance eco-efficiency through several initiatives as part of our internal operations. These are designed to increase the awareness of our resale and administrative suppliers as to good environmental practices in their businesses. Learn more on page 21.



## Relationship management

**GRI G4-AF1** Code of conduct content and coverage disseminated to suppliers

**GRI G4-AF7** Quantity and location of the jobs covered by the Code of Conduct

**GRI G4-AF6** Policies for suppliers' selection, management and contract termination

**GRI G4-EN32** Percentage of new suppliers that were selected using environmental criteria

**GRI G4-LA14** Percentage of new suppliers selected using labor practices criteria

**GRI G4-HR10** Percentage of new suppliers selected using human rights criteria

**GRI G4-SO9** Percentage of new suppliers selected using impacts on society criteria

### ETHICS IN THE SUPPLY CHAIN

Our Code of Ethics and Conduct sets forth the values and principles to be observed in our relations with all stakeholders, including our business partners – the administrative and resale suppliers.

The supplier approval process is aligned to the principles of the Code that are relevant to our relationship with these stakeholders through a Commercial Contract and Commitment Agreement, in which they declare to be in accordance with the conduct expected and undertake to implement it in their operations.

The relationship cycle with the Company's administrative and resale suppliers is based on the following principles: Selection, Monitoring and Control and Development.

# Approval Process

## ADMINISTRATIVE SUPPLIERS

Since 2015, the civil construction sector, seen as a critical element among administrative suppliers, has been subject to specific management criteria on the part of the Company. The purpose is to ensure compliance with the principles established in the Lojas Renner's Code of Ethics and Conduct as well as efficiency and quality in production processes.

Civil construction suppliers undergo an initial selection and approval process that evaluates their practices, commitments and aspects related to the following themes:

- occupational safety;
- environment;
- social responsibility (child labor, forced or slave labor, irregular foreign labor, freedom of association, discrimination, abuse and harassment, compensation, working hours, benefits);
- monitoring of the production chain; and
- compliance with mandatory documentation.

In this first phase, an assessment of the preliminary documentation is carried out by a specialized company contracted for this purpose.

In 2016, all of the 141 new companies supplying civil construction services – including construction companies as such, works management companies, architectural offices and their suppliers – underwent the approval process.

## RESALE SUPPLIERS

In the resale supplier approval process, document assessment, interviews and technical visits are carried out to ensure that the supplier complies with our requirements.

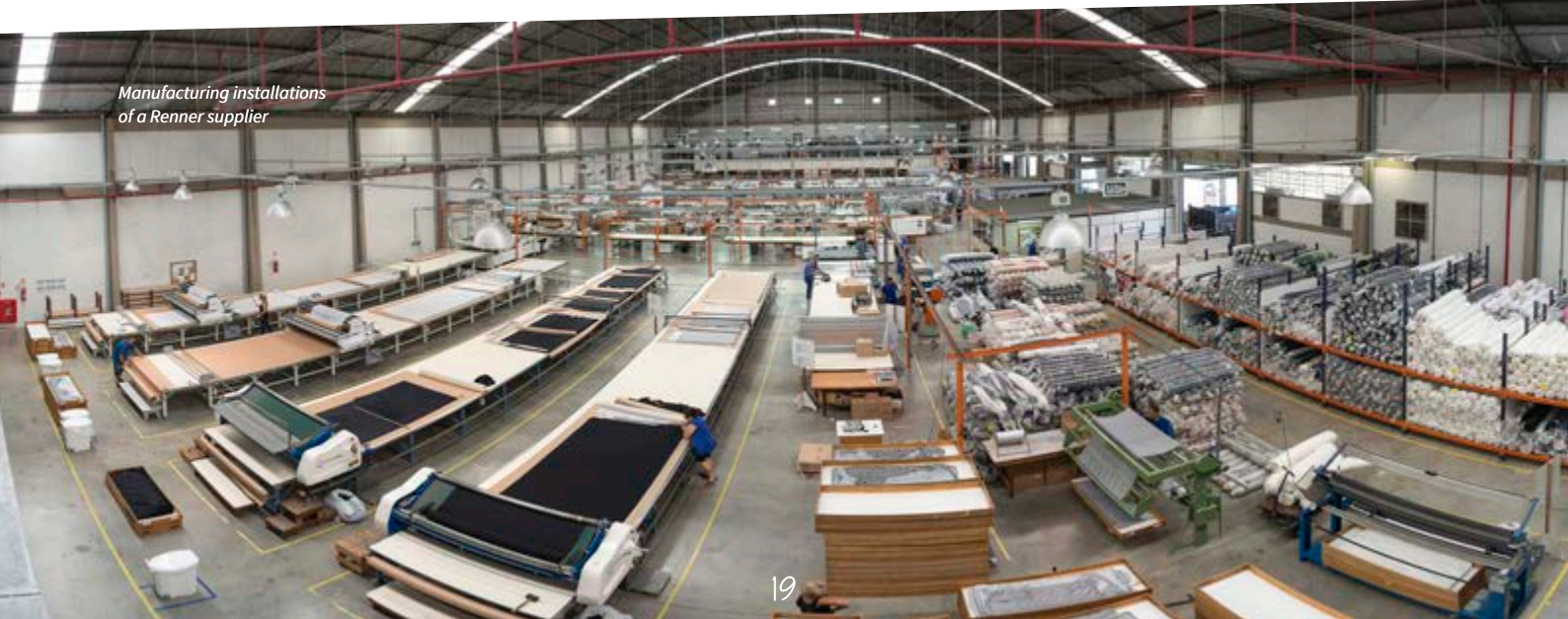
The Company is disposed to start a business relationship with suppliers that meet its requirements and sign a Commitment Agreement (attached to their Business Contracts) and undertaking to act in accordance with Lojas Renner S.A.'s values and principles with respect to:

- child labor;
- forced labor or slave labor or analogous thereto;
- health and safety;
- freedom of association;
- discrimination;
- disciplinary practices;
- working hours;
- compensation;
- legality; and
- anti-corruption practices.

Following completion of the approval process, new suppliers are invited to participate in the "Welcome Program", an event that takes place at our headquarters. The aim of the Program is to educate new entrants in the Renner way of being and acting and to integrate them with all areas with which they will interface during the period they supply products.

In 2016, the 62 newly engaged resale suppliers concluded the approval process. In addition, all 243 domestic suppliers of apparel, accessories and footwear are certified by ABVTEX (Brazilian Association of Textile Retail), which assesses their adherence to good corporate social responsibility and environmental practices. The Company's own team makes technical visits to suppliers and subcontractors to ascertain that suppliers' conduct is in line with requirements.

Manufacturing installations  
of a Renner supplier





reunião conformidade

## Monitoring and Control

**GRI G4-AF2** Parties and people involved in the compliance code function

**GRI G4-AF3** Compliance audit process

**GRI G4-AF4** Policy and procedures to receive, investigate and respond to complaints and claims

**GRI G4-AF8** Number of audits conducted and percentage of workplaces audited

**GRI G4-AF15** Data analysis of code compliance audits

**GRI G4-AF16** Remediation practices in response to non-compliance findings

**GRI G4-AF17** Actions to identify and mitigate business practices that affect compliance with the code

### ADMINISTRATIVE SUPPLIERS

We monitor our chain of direct civil construction suppliers and their sub-contractors permitting ongoing verification of compliance with legislation, agreed principles and good practices and ethics in conducting the business. Eventual identification of aspects where there is room for improvement in practices and processes is also made possible.

To this end, technical visits are made by a specialized company in construction and works accommodation sites for evaluating constructors, works management companies and their suppliers. The visits are made without prior notice and are based on a checklist that includes interviews with employees in order to capture the real perception of the work routine and practices.

Each visit results in a report that is sent to the respective supplier for possible adjustments or even contractual cancellation. In 2016, 167 technical visits were conducted during working hours and 76 visits to works accommodation sites, and 100% of the construction work was evaluated at different stages. With the intensification of the process, these figures represent an increase of 129% in construction site visits and 70% in works site accommodation visits.

*In 2016, we created a dedicated area for administrative supplier compliance, collecting data and generating performance indicators and conducting audits and technical visits. The area is also responsible for extending the management processes - already implemented for civil construction suppliers - to other sectors, such as Maintenance, IT, Logistics, among others. The management process for diagnosis and methodologies for assessing compliance in other sectors will be established in 2017.*

### RESALE SUPPLIERS

The Supplier Compliance area conducts the system of technical visits to the domestic suppliers of apparel, accessories and footwear, monitoring their regularity in relation to the legislation and social responsibility in the supply chain.

In 2016, 3,925 on-site technical and follow-up visits were conducted, 29% more than in 2015. Visits are made throughout Brazil by the Company's in-house teams based in the states of Rio Grande do Sul, Santa Catarina and São Paulo. The results of visits are then evaluated by an internal team. Should cases of non-compliance be found, we request the supplier to implement a plan of action with deadlines for solutions. Depending on the gravity of non-compliance, the supplier may be removed from the supply chain of Renner and Youcom altogether.

International suppliers are not subject to a systematic process of monitoring but are audited on demand in cases of complaints of non-compliance with the law, values and/or commitments made. In 2017, a risk map of international resale suppliers is to be prepared for the structuring of an audit plan to be implemented from 2018.

In addition to technical visits, the Resale Supplier Development area monitors the performance of jeans/ twill, woven fabric and knit fabric suppliers using the Global Supplier Performance Index (IDGF). This gives us an overview of supplier performance based on commercial, logistical, quality, financial and social responsibility criteria - guiding our actions accordingly. In 2016, the index was revamped to include a financial analysis of the suppliers and evaluation of the Compliance area in the light of technical visits.



Quality Laboratory  
at the Company's  
headquarters

## Development

**GRI G4-AF5** Strategy and scope of efforts to strengthen the capacity of the management, employees and other parties in improving performance on social and environmental issues

### ADMINISTRATIVE SUPPLIERS

With the beginning of the administrative management of civil construction suppliers in 2015, the Company also created the Women's Inclusion Plan in the Civil Construction Industry. The Plan conducted several analyzes throughout 2016. However, progress was affected by the impact of the macroeconomic crisis on the civil construction sector, with its existing workforce idle and, therefore, with no vacancies and opportunities for inclusion of new employees. In the light of this scenario, activities of women in the sector under the Plan were concentrated in the project and construction work management phases as well as the installation of fire-fighting equipment at one of our stores.

### RESALE SUPPLIERS

Aware of the potential for the positive impact of our operations on the textile chain as a whole, we are involved in initiatives and programs to support the development of resale suppliers in Brazil, as follows:

- **RISK MONITORING PROGRAM:** expanded in 2016 to cover the Company's largest suppliers, promotes guided technical visits, awareness meetings and technical training with the aim of improving internal compliance processes of suppliers and making them similar to Renner's processes in order to reduce the frequency of non-compliance found in each supplier's chain.
- **PRODUCTIVE CHAIN PROGRAM:** in 2016, we worked on building a partnership that will contribute to the improvement of the Company's supply chain: Sebrae's National Productive Chain Program. The initiative is strategic to integrate the links of the value chain and with customer satisfaction as the main focus.  
*In the Program's first year, Sebrae will train companies contracted by our suppliers, helping them to innovate and improve their processes and products, increasing competitiveness, cooperation and technological and business management skills. By assisting in the development of these companies, Lojas Renner seeks to increase its efficiency and the quality of its suppliers' products based on the principles of sustainability.*
- **CONTINUOUS IMPROVEMENT PROGRAM (PMC):** since 2013, the implementation of actions for the development of resale suppliers has been envisaged under the Program. In 2016, the Company continued to apply Lean Manufacturing concepts for identifying improvements and gains in competitiveness at jeans/twill, woven fabric and knitwear fabric suppliers. In essence, the program seeks to reduce supplier lead times, increase productivity, improve product quality, eliminate waste and promote energy efficiency (learn more on page 30 in the "Sustainable Products and Services" section).
- **BNDES FINANCING:** in 2016, we were granted a line of finance by the Brazilian Development Bank (BNDES) for developing the projects of domestic suppliers of products sold in our physical and online stores. In total, the loan provides for the allocation of R\$32.2 million to these companies to expand their productive capacity, modernize their plants and improve their own supply chains.
- **SUPPLIER COUNCIL:** the Suppliers Council was structured in 2016 for contributing to the construction of an efficient, competitive and sustainable chain through closer relationship and communication with the Company's suppliers. To this end, meetings with the main suppliers are held on a quarterly basis where matters are raised by the suppliers themselves and discussed with the appropriate areas of Renner as a means towards continually improving our processes.

# Engagement

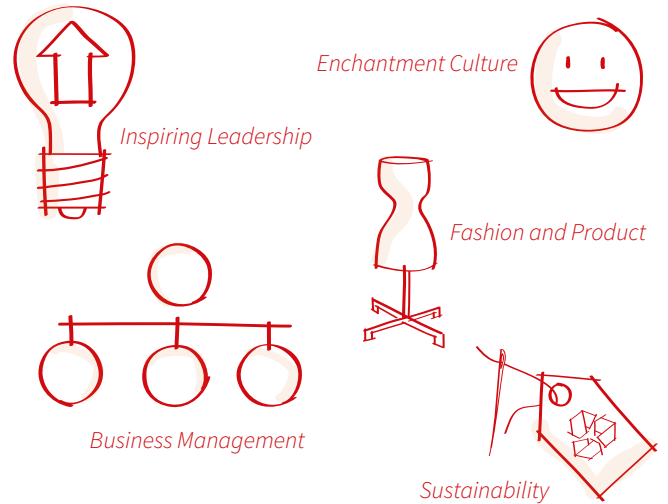


## Employees

**GRI G4-LA9** Average number of hours of employee training per year

Renner's People and Development center promotes corporate education with a focus on skills management, preparing employees for current and future challenges, having business strategies as drivers.

### Pillars of Renner's corporate education model



LOJAS RENNER ALSO HAS A STRONG CULTURE OF DEVELOPMENT OF INTERNAL TALENT, SUPPORTED BY ACTIONS INCLUDING:

#### WELCOMING

Induction program for the integration of new employees at Lojas Renner S.A. aiming to disseminate the basic corporate principles, strategic guidelines, institutional policies and people management practices.

#### MAGIC

Held annually with all employees of Renner and Camicado being contemplated - for disseminating the culture and strategy of each business.

#### TRAINEE PROGRAM

The objective is the development of professionals from both the wider market and in-house, accelerating their readiness for leadership positions at supervisory and managerial level at Renner.

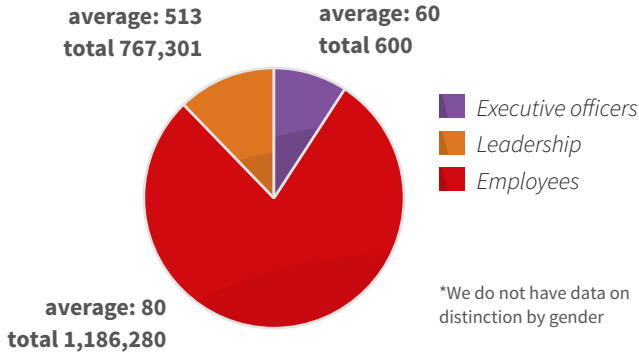
#### LEADERSHIP

Training and development practices according to our values and organizational skills, aimed at strengthening the leaders of Renner, Camicado and Youcom, covering business, management, technical and behavioral issues, so leveraging results, engagement and people management practices.

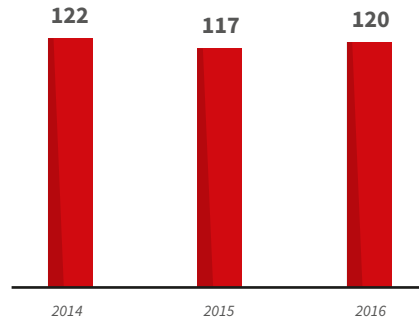
#### ONLINE COURSES

In a virtual learning environment, a portfolio of online courses is available for Renner, Camicado and Youcom with content tailored to ensure the development of employees in policies, processes, systems and other matters, such as self-development.

Average (and total) hours of training by functional category\*



Trend in the average hours of training per employee



**GRI G4-HR2** Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to the operations

As in previous years, in 2016, employees received training in the Company's Code of Ethics and Conduct for reinforcing the values of the business and the expected conduct of all in order to perform according to good ethical practices in working relations.

This year, 3,456 employees – 2,099 from Renner, 216 from Camicado and 141 from Youcom – completed the online course on the Code. By the end of 2016, a total of 11,389 employees had completed the course.

## Communities

**GRI G4-EC8** Significant indirect economic impacts, including the extent of impacts

**GRI G4-SO1** Percentage of operations with implemented local community engagement, impact assessment and development programs

The Lojas Renner Institute manages the Company's social investment (learn more on page 40 of Booklet 1) and works on the development of its own projects as well as supporting the projects of other organizations.

The funds invested in these projects are raised through tax breaks, Renner's own budgeted resources and through the *Mais Eu Campaign*. The latter allocates 5% annually of Renner's pre-tax net sales in the four days after Father's Day to the Institute. In 2016, this amount totaled R\$1,865,101.99.

IN 2016, R\$6.7 MILLION WAS INVESTED IN 76 PROJECTS THAT BENEFITED 20,635 PEOPLE IN THE FOLLOWING CATEGORIES:

	Investor Organization	Investment	Beneficiaries	Projects
<i>Women's empowerment</i>	Lojas Renner Institute	R\$2,745,025.64	1,414	32
<i>Youth formation</i>	Lojas Renner Institute	R\$454,071.39	271	9
<i>Community development</i>	Lojas Renner and Renner Administradora de Cartões de Crédito	R\$3,483,000.00	18,950	35

THE WOMEN'S REFUGEE EMPOWERMENT PROJECT WAS ONE OF THE HIGHLIGHTS OF 2016 IN THE PROMOTION OF HUMAN RIGHTS AND WOMEN'S EMPOWERMENT

Lojas Renner and the Lojas Renner Institute are parties to the Women's Refugee Empowerment Project: a partnership between the Global Compact, UNHCR (The UN Refugee Agency), UN Women and PARR (Brazilian Refugee Resettlement Support Program).

### Scenario

The world is experiencing one of its worst humanitarian crises with more than 20 million refugees by mid-2015 according to UNHCR.

**In Brazil, requests for asylum increased almost 15 times:** from 566 in 2010 to 8,302 by October 2014 according to UNHCR.



### Our work

The Institute set up the Sewing School in 2011 at locations where Renner has business relationships with textile resale suppliers. The School's objective is to train socially vulnerable women in industrial sewing activities.

In addition to sewing, during the courses the women are given instruction on computer use, entrepreneurship and occupational health and safety. In partnership with suppliers, social organizations and local government, course members have the opportunity at the end of the course of either being hired by the local supplier, or hired by other companies in the textile sector or becoming entrepreneurs and running their own businesses.

In 2016, the Institute held the first Sewing School course for female refugees in partnership with international organizations: 40 refugees from Angola, Congo, South Africa, Nigeria and Togo were trained. In 2017, the Sewing School will be expanded to the Fashion School concept with the goal of supporting 70 women refugees.



The Sewing School for women refugees was the theme of the panel presented by the Lojas Renner Institute at the 2016 Ethos 360° Conference – “Empowering Women Refugees: integration challenges and the role of the private sector” – which was attended by one of Renner’s employees, a refugee herself, to share her experience.

**In addition to the Institute’s project, Renner also worked on making the hiring and integration processes of employees more flexible in order to welcome refugee candidates.**

**Based on the knowledge acquired from this experience and the development potential of both parties, the Fashion School will also offer courses in Selling and Customer Service, Retail Operations and Apparel Customization and Repair.**



# Customers

**GRI G4-PR5** Results of customer satisfaction surveys

The Enchantment Stories Program at Renner stores has evolved out of our corporate enchantment culture. The Program recognizes and rewards employees and teams with the best customer enchantment stories.

By the end of 2015, our employees had already submitted 750,000 stories. During 2016, they wrote another 21,797. The winner receives a cash prize and the store with the most stories during the year (in proportion to its employee numbers) wins a cash award to be spent on a celebratory event with the team. The store also wins the Store Enchanter trophy.

The 'Enchantmeter', created more than 20 years ago, measures customers' shopping experience at the door of every Renner store.

In 2016, 18.9 million customers' opinions were collected from Enchantmeters

66.7%  very satisfied

30.1%  satisfied

3.2%  unsatisfied



Panel exhibited in the lobby of the Company's new headquarters, constructed in accordance with LEED standards



## Eco-efficient Management

In 2016, we reiterated our commitment to “eco-efficiency”, which is now an integral part of our stores and headquarters. We opened Renner’s second “green” store in Riomar Presidente Kennedy Shopping Center in Fortaleza and concluded the construction of the Company’s new headquarters in Porto Alegre – both buildings constructed in accordance with LEED (Leadership in Energy and Environmental Design) standards, a globally recognized green building certification and environmental guidance system (learn more on page 42 of Booklet 1). In addition, since 2015, the best practices acquired from the experience from Lojas Renner’s green buildings have been compiled into a technical memorandum in support of all the Architecture and Engineering Department’s new construction and modernization work, progressively minimizing the social and environmental impacts of our developments

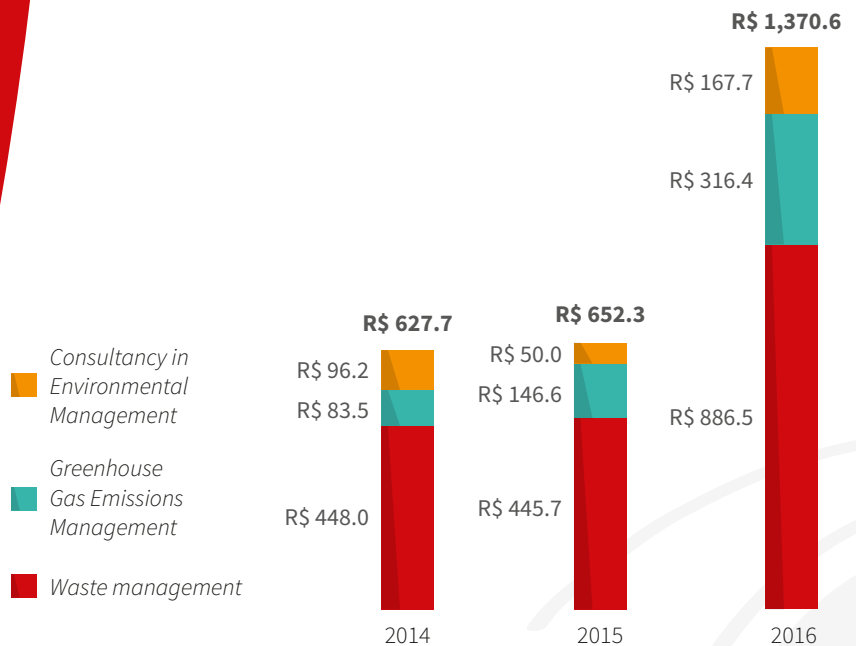


### GRI G4-EN31 Total environmental protection expenditures and investments by type

In 2016, we invested a total of R\$1.4 million in environmental management, more than twice the amount in the previous year. This increase is due to:

- the total invested in waste management in the year now sweeps up Company expenditures as a whole, not only that of the sustainability area as in previous years.
- higher investment in emissions management to neutralize 100% of the greenhouse gases (GHGs) emitted in 2015.

Below are our eco-efficiency indicators and the main projects developed throughout the year.



# Energy Efficiency

**GRI G4-EN3** Energy consumption within the organization

**GRI G4-EN5** Energy intensity

**GRI G4-EN6** Reduction of energy consumption

**GRI G4-EN7** Reductions in energy requirements of products and services



Since 2015, we have achieved significant energy efficiency gains through the Energy and Asset Management Project initiatives, which promote improvements in technology and intelligence in the use of Renner store infrastructure in capturing opportunities for reducing consumption.

## RESULTS OF THE ENERGY AND ASSET MANAGEMENT PROJECT TO THE END OF 2016

**50 stores with full system automation**, allowing remote monitoring of equipment, which increases store security, agility in solutions, reducing manual dependence on interventions in equipment and increasing energy efficiency.

### Automated systems:

- Lighting
- Air conditioning
- Nobreaks
- Substation
- Mobility (escalators and elevators)
- Security systems (intruder and fire alarms)
- Generators

Retrofit of water cooling equipment in air conditioners in **5 stores** in 2016.

Continued **replacement of fluorescent** for LED lamps with the exception of T5 lamps, increasing efficiency, reducing energy consumption and volumes of disposed spent lamps.



Thanks to this hands-on management of consumption, in 2016 we were able to reduce energy consumption\* by 11.7%: 591,500 GJ at Renner stores, 22,400 GJ at Camicado stores and 7,400 GJ at Youcom's stores, and energy intensity of 1.01 GJ/m<sup>2</sup>, 0.6 GJ/m<sup>2</sup> and 0.8 GJ/m<sup>2</sup>, respectively.

\*The comparison considers those stores subject to 12-month monitoring of energy consumption between 2015 and 2016. Energy consumption in this indicator considered only electric power consumed, this being more representative in measuring electric power intensity for Renner, Camicado and Youcom.

# Emissions

## **GRI 4-EN19** Reduction of greenhouse gas (GHG) emissions

The Company is committed to mitigating its emissions in order to contribute to the reduction of the impact of climate change on the planet. In 2016, Lojas Renner took a big step forward in this respect, neutralizing all its emissions reported in the inventory for 2015 by supporting a project that also brought with it social and economic benefits as well as environmental ones.

In addition to mitigating its emissions, in recent years, the Company has also been seeking to meet the targets for total emissions reduction from its business. In 2015, energy efficiency projects implemented at the stores together with processes for improving and optimizing logistics were instrumental in reducing emissions by 22% and emissions intensity per m<sup>2</sup> of sales area by 30%. In 2016, total emissions were reduced by 0.1% and emissions intensity by 8.7%.

**The neutralization of emissions was achieved thanks to the Company's support for the REDD+ Jacundá project, which promotes the conservation of 95,300 hectares of native Amazonian forest, the protection of its biodiversity and the social and economic development of the communities in the Machado River basin area of the state of Rondônia.**

## **GRI 4-EN15** Direct greenhouse gas (GHG) emissions (Scope 1)

## **GRI 4-EN16** Indirect greenhouse gas (GHG) emissions from purchased electricity (Scope 2)

## **GRI 4-EN17** Indirect greenhouse gas (GHG) emissions (Scope 3)

## **GRI 4-EN18** Greenhouse gas (GHG) emissions intensity

## **GRI 4-EN30** Significant environmental impacts of the transportation of products and other goods and materials used for the organization's operations, and transportation of its employees

### GHG EMISSIONS INVENTORY RESULTS IN tCO<sub>2</sub>e

source of GHG emissions	2014	2015	2016	variation (%) 2015-2016
<b>SCOPE 1</b>				
Stationary combustion	138.4	146.1	189.1	29.4
Mobile combustion	6.9	5.5	17.6	218.4
Refrigeration / Air Conditioning equipment	2,854.9	3,300.1	5,077.9	53.9
<b>Total escopo 1</b>	<b>3,000.2</b>	<b>3,451.8</b>	<b>5,284.7</b>	<b>53.1</b>
<b>SCOPE 2</b>				
Purchased and consumed electric power	23,241.6	23,531.8	14,098.2	-40.1
<b>Total (Scope 2)</b>	<b>23,241.6</b>	<b>23,531.8</b>	<b>14,098.2</b>	<b>-40.1</b>
<b>SCOPE 3</b>				
Solid waste	140.9	294.3	270.7	-8.0
Business trips	2,493.9	2,491.6	2,270.1	-8.9
Transportation and distribution (upstream)	18,960.9	7,080.0	14,889.9	110.3
<b>Total (Scope 3)</b>	<b>21,595.7</b>	<b>9,865.9</b>	<b>17,430.7</b>	<b>76.7</b>
<b>TOTAL EMISSIONS (tons of CO<sub>2</sub>e)</b>	<b>47,837.4</b>	<b>36,849.4</b>	<b>36,813.6</b>	<b>-0.1</b>
<b>Performance indicator (kgCO<sub>2</sub>e/m<sup>2</sup>)</b>	<b>0.098</b>	<b>0.069</b>	<b>0.063</b>	<b>-8.7</b>

Achieving good results from the mitigation of emissions is only possible with constant monitoring: for the fourth consecutive year, the Company's greenhouse gas (GHG) inventory was published and verified by a third party, ensuring the veracity of the information and for which Renner received the GHG Protocol's Gold Seal. The 2016 inventory with emissions data in the above table will also be in the public domain from the Brazilian GHG Protocol platform as from August 2017.

In the light of sound management, good performance and transparency in the commitment to combatting climate change, in 2016, Lojas Renner retained its listing in BM&FBOVESPA's Carbon Efficient Index (ICO2) for the sixth consecutive year, also voluntarily completing the Carbon Disclosure Project (CDP) questionnaire. The CDP is an initiative of institutional investors - jointly turning over US\$87 trillion annually - the objective of which is to promote the disclosure of information on climate change policies by companies listed on the world's leading stock exchanges.

In 2016, Lojas Renner was recognized for its leadership in the results obtained in CDP's Climate Change Program, reaching the second highest score in its report (A-).



## Waste

**GRI G4-EN23** Total weight of waste by type and disposal method

Lojas Renner operates a Solid Waste Management Program, which complies with the requirements of the National Solid Waste Policy and has as its main objectives:

- minimizing waste generation;
- adequate segregation at origin;
- ensuring the correct handling, packaging and disposal of waste;
- encouraging recycling; and
- executing the integrated management of solid waste, controlling and reducing risks and negative impacts on the environment.

In 2016, we recycled 1,939.1 tons of waste, representing 98.5% of the total of 1,967.9 tons\* generated at Renner's stores, reinserting it into the production cycle rather than disposing it in landfills.

### FURNITURE AND MANNEQUINS

During the year, we also conducted a pilot project to increase the reuse and recycling of furniture and mannequins disposed as a result of Renner store modernization. About 450 mannequins were reused and over 40% of items of discarded furniture following store refurbishments were recycled, significantly reducing the percentage of these materials dispatched to landfills. The project also reduced the cost per kg of the final disposing of these materials, resulting in savings of around R\$90,000 compared to 2015.

\*This total considers waste monitored in kg and does not include organic waste

**GRI 4-EN27** Extent of mitigation of environmental impacts of products and services

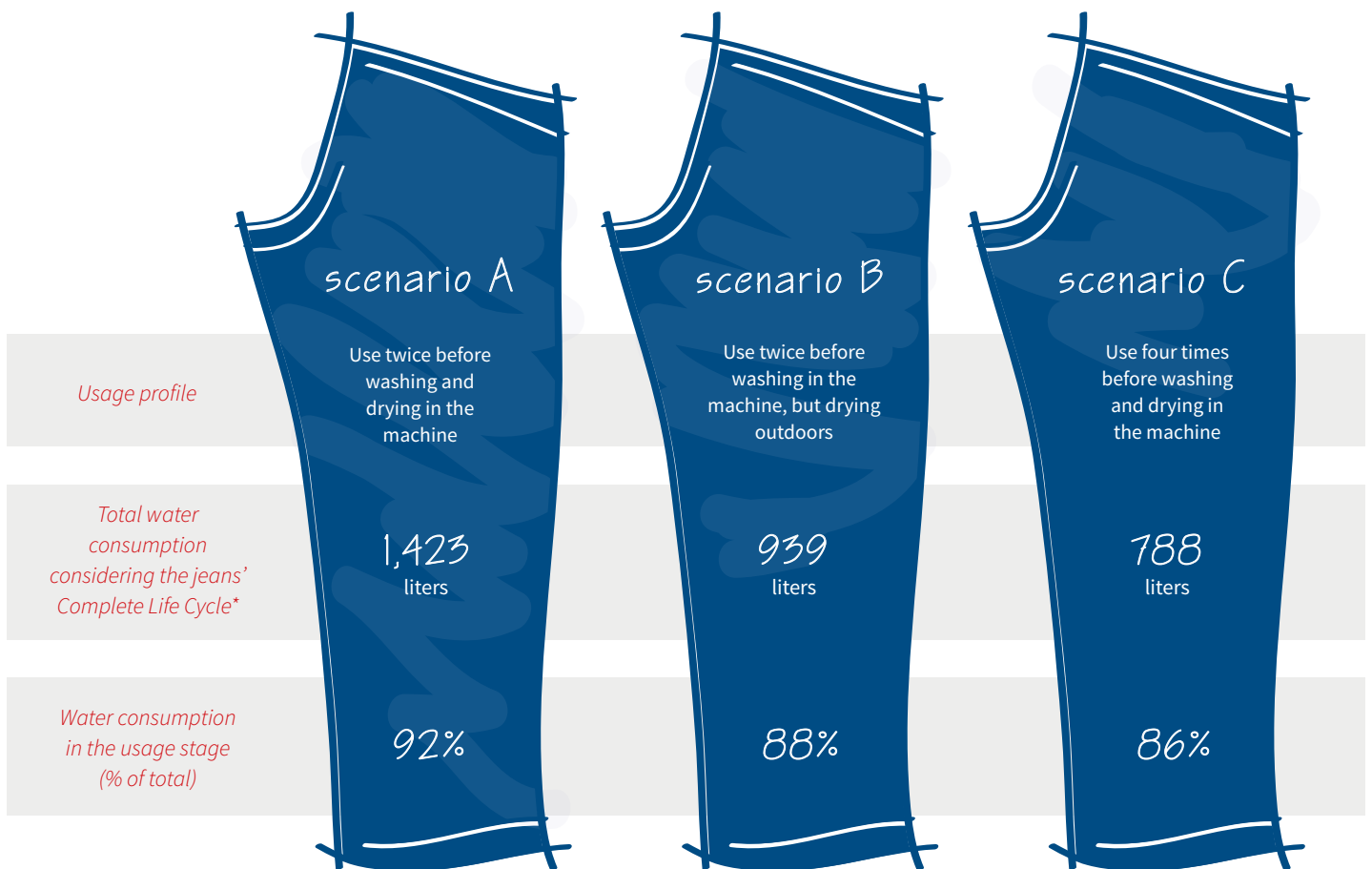
## Life cycle analysis

Since 2015, the Company has been investing in the Life Cycle Analysis (LCA) to develop improvements and initiatives for mitigating the negative impacts of the jeans chain. This particular chain has the most negative impact on the environment due to intensive water consumption, use of chemicals, waste generation and energy consumption. The LCA project is a partnership with GVces (Sustainability Studies Center of the Getúlio Vargas Foundation's Business Administration School).

The study consists of measuring the jeans chain's "environmental footprint" through a comprehensive study of the impacts from extraction of raw materials to final disposal following the stages of production, distribution and consumption. In 2015, we analyzed the carbon footprint of a woman's pair of jeans sold in our stores and, in 2016, we conducted the Life Cycle Analysis of the "water consumption footprint" for the same item of apparel.

Considering user behavior in 3 different scenarios, we concluded that the usage stage from the point of view of water and carbon footprints is the one that generates the greater environmental impacts and could represent as much as 92% of total water consumption during the life cycle of a pair of jeans.

Hence, small changes in the way the end consumer uses the product can significantly reduce environmental impact.



\*The Complete Life Cycle considers the stages of obtaining the raw materials and pre-processing, production, distribution and storage, usage and end of life (landfill), considering the jeans are worn for one year.

## Sustainability in the jeans, knitwear fabric and woven fabric supply chains

In 2016, the sustainability project for the jeans supply chain was included in the Continuous Improvement Program (PMC) of the Resale Suppliers Development area and was extended to include the knitwear fabric and woven fabric supply chains, covering the main suppliers of each chain.

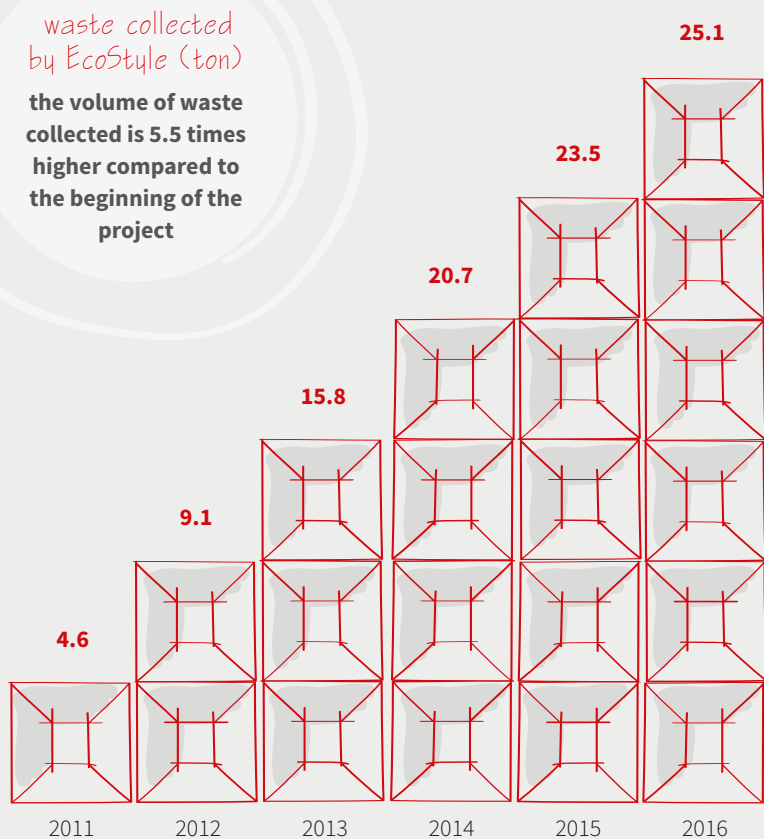
The focus of the project was waste management, water management, effluent treatment and energy efficiency of these suppliers. From the project, we concluded that the production processes of knitwear fabrics and woven fabric suppliers do not generate significant environmental impacts, since there is no wet processing or use of chemicals or high-powered equipment in their manufacture. Consequently, the generation of textile waste was the only area where there were great opportunities for improvement in the case of both supply chains.

In the light of findings to date, project strategy for the coming year is part of a medium- and long-term action plan, further elaborated to achieve greater eco-efficiency. Our initiatives will be aimed at encouraging the resale suppliers to manage their sustainability indicators, supporting them in reaching innovative solutions for reducing, reusing and recycling textile waste as well as persuading them to use new textile fibers with lesser environmental impact.

## EcoStyle project for perfumery products

**GRI G4-EN28** Percentage of products sold and their packaging materials that are reclaimed by category

Since 2011, the main project in Lojas Renner's Solid Waste Management Program has been EcoStyle, a project that provides collection bins in the perfume departments of Renner's stores. Customers and employees can use this space to deposit empty perfume and beauty product packaging and bottles whether purchased or not from Lojas Renner. The collected material is properly disposed without harming the environment.



# Realize

**O QUE VOCÊ PODE ENTREGAR?**  
 Roupas, acessórios, calçados, bolsas, acessórios, etc.

**O QUE VOCÊ NÃO PODE ENTREGAR?**  
 Roupas com manchas, rasgos, furos, etc.  
 Roupas com zíperes quebrados, botões, etc.  
 Roupas com partes de couro, etc.  
 Roupas com partes de metal, etc.

**REGULAMENTO**

- Entrega feita apenas em lojas da Barra Shopping de São Paulo Shopping. Não é possível em outros locais. Será entregue somente em locais que não são pontos de entrega de lixo.
- Não poderá ocorrer a entrega em domingos e feriados de São Paulo Shopping e Barra Shopping.
- Cada cliente poderá doar até 10kg de roupas por loja. Não serão aceitas doações em excesso.
- As doações não são reembolsadas. Ou seja, não serão feitas trocas por dinheiro ou outros produtos.
- Não haverá coleta fora de um horário específico em uma única ocasião. Os pontos de coleta serão fixados na loja, apenas no 1º e 2º andar.

RENNER

**QUER VER COMO SUAS ROUPAS PODEM GANHAR NOVA VIDA E AINDA FICAREM CHEIAS DE estilo?**

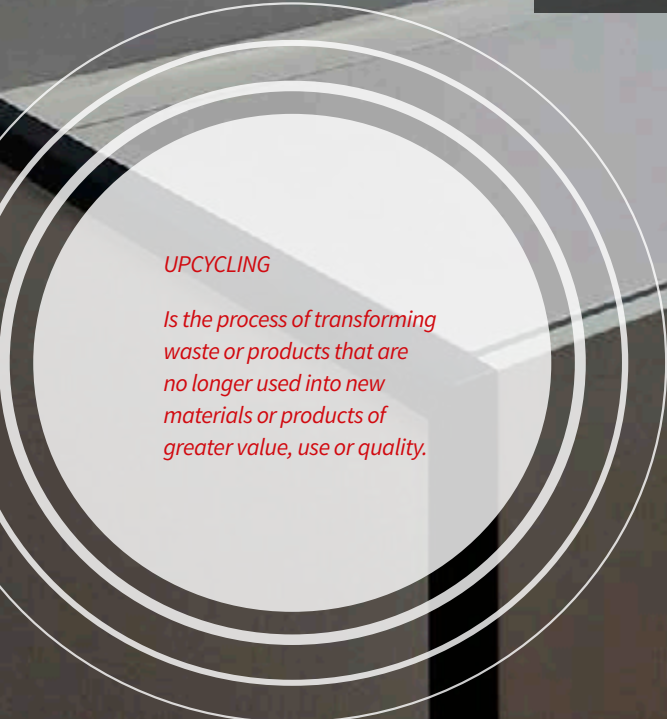
Como participar?

RENNER

## EcoStyle reverse logistics of post-consumption apparel

In order to encourage a state of mind where there is more awareness of the need for sustainability in fashion, over a period of a month, Renner's BarraShopping Sul store in Porto Alegre (RS) introduced an innovative upcycling project. A campaign was run to make our customers aware of the project and encouraging them to donate their unwanted clothes to three local social organizations supported by the Lojas Renner Institute. AVESOL (Volunteering and Solidarity Association), a non-profit organization, and the Lojas Renner Institute's partner in this action, coordinated the organizations participating in the project.

During the campaign, customers disposed used, clean and well-maintained clothing in the dedicated EcoStyle collector bins. The collected pieces were donated to the supported organizations, led by women previously trained in fashion design according to the upcycling concept by a Uruguayan fashion designer and specialist in the process. The new items produced from the donated clothes as well as the decorative items produced from fabric trimmings, will be sold by the participating organizations creating value from waste and income to the entrepreneurs.



### UPCYCLING

Is the process of transforming waste or products that are no longer used into new materials or products of greater value, use or quality.

**ec@estilo**  
 REDUZIR. REUTILIZAR. RECICLAR. RENNER



# 5 set goals and their status

Stakeholder	Commitment in 2016	Status and performance in 2016	2017 Commitment
Shareholders and investors	Consolidate the Youcom brand, especially in the Southeast region.	<b>ACHIEVED</b> We had a 164% increase in the number of visits to the website in the Southeast region, reflecting the growth of the brand and, consequently, potential sales in this region.	Consolidate the Youcom brand, especially in the Southeast region.
Customers	For 2016, Renner will seek to increasingly enchant its customers by answering 90% of the tickets within the SLA's of 72 hours.	<b>NOT ACHIEVED</b> 257,437 tickets were received, with 76,124 being warning tickets, and 44% were answered within 72 hours.	For 2017, Renner will seek to increasingly enchant its customers by answering 90% of the tickets within the SLA's of 72 hours.
	Keep the ratio of satisfied and very satisfied customers above 96% in 2016.	<b>ACHIEVED</b> The ratio of satisfied and very satisfied customers came to 96.8%.	Keep the ratio of satisfied and very satisfied customers above 96%.
Employees	<p>Implement the fifth phase of the project for greater absorption of the store processes and consolidation of administrative processes.</p> <p>Through evaluation of opportunities, we believe in a sixth phase to be implemented in 2017, which should be planned during this year.</p>	<b>ACHIEVED</b> The fifth phase of the project was implemented with the consolidation of stores processes and administrative processes.	Expand the scope of the CSC for productivity and efficiency gains, with reduced costs.
Community and social organizations	Hold Projeto Pescar classes at Lojas Renner's headquarters, continuing to be a maintainer partner of the Projeto Pescar Foundation.	<b>ACHIEVED</b> We held classes with a group of 17 young people, and 15 of them concluded the course. The Institute was the maintainer partner of the Projeto Pescar Foundation.	Concluded The goal will no longer be disclosed as it is an ongoing process at Renner.

Stakeholder	Commitment in 2016	Status and performance in 2016	2017 Commitment
Community and social organizations	Conduct 10 Sewing Schools in 2016.	<b>PARTIALLY ACHIEVED</b> 3 Sewing Schools groups for women refugees and 4 Sewing Schools groups for Brazilians were held.	Conduct 4 Sewing Schools groups for Refugees. New Sewing Schools for Brazilians will only be held on suppliers' demand.
	Launch a request for proposal in partnership with UN Women, expected to support 20 projects.	<b>PARTIALLY ACHIEVED</b> 15 projects were approved.	The request for proposal model is being revised due to Lojas Renner Institute's new mission.
	Execute, in partnership with the State Government Program – Rede Parceria Social – the new social and economic project, through funding and monitoring of 10 social organizations located in Porto Alegre and Greater Porto Alegre, preferably in the Bom Jesus neighborhood, to encourage women's entrepreneurship and income generation development.	<b>ACHIEVED</b> All 10 projects were completed in December 2016.	The partnership with the State Program – Social Partnership Network is not yet defined for 2017.
Administrative suppliers	Ensure that 90% of suppliers classified as under the A Curve Risk are evaluated according to IDGF standards and have action plans established and monitored.	<b>ACHIEVED</b> 98% of suppliers classified as under the A Curve Risk were evaluated according to IDGF standards and have action plans established and monitored.	Concluded These evaluations will continue to be made by the Compliance area, in accordance with the item described in "Civil Construction Approvals" (page 19).
	Reduce 5% of costs with acquisition of materials, equipment and services negotiated by the Administrative Supplier Management (GFA).	<b>ACHIEVED</b> Reduction of 14.8% in costs with acquisition of materials, equipment and services held by GFA.	Concluded The goal will no longer be disclosed as it is part of the ongoing process of negotiations and internal strategy.

Stakeholder	Commitment in 2016	Status and performance in 2016	2017 Commitment
Administrative suppliers	In 2016, actions taken to mitigate risks related to sustainability within administrative suppliers will be defined together with the Sustainability Area.	<p><b>ACHIEVED</b> A workshop was held, together with the sustainability area, for logistics suppliers with the following topics: waste management, health and safety, GHG emissions management, climate change and child and adolescent sexual exploitation on Brazilian highways.</p> <p>In addition to this action, the Administrative Suppliers Compliance area was structured, within the Administrative Supplier Management (GFA), aiming at the expansion and standardization of Supplier Management processes for other administrative suppliers, according to the process already implemented for Civil Construction suppliers. The methodology will be developed in 2017.</p>	Ensure that 90% of the civil construction suppliers are approved (according to the established criterion).
Resale suppliers	Restructure of the IDGF and review its evaluation methodology and indexes regarding the national suppliers of the jeans, knit and woven fabric chains. Hold biannual workshop with Renner's multifunctional team for the analysis of performance and operations in the IDGF.	<p><b>ACHIEVED</b> The IDGF indicator, already restructured, including financial analysis of the suppliers and evaluation of the technical visits done by the Compliance area, monitored 100% of the national suppliers of jeans/twill, woven and knit fabric. Workshops with the multifunctional team were held in the first and second half of the year, for the analysis of performance and distribution of supplier volumes by production chain.</p>	Expand the monitoring of the domestic resale suppliers through the IDGF indicator and workshops for the analysis of performance involving the suppliers of the Lingerie, Beachwear and Footwear chains.
	Conduct the Continuous Improvement Program, seeking the Lean Manufacturing transformation on three strategic national suppliers for each of the monitored chains, totaling operations in nine suppliers.	<p><b>ACHIEVED</b> The Supplier Development area started the Lean Manufacturing intervention process, through the Continuous Improvement Program, in nine strategic national suppliers, segmented by production chain: jeans/twill, woven and knit fabric. The process, focused on the development of suppliers, was directly responsible for reducing lead time and increasing productivity, as well as actions seeking product quality and sustainability.</p>	Extend the Continuous Improvement Program to the main national suppliers of jeans/twill, woven and knit fabric.

Stakeholder	Commitment in 2016	Status and performance in 2016	2017 Commitment
Resale Suppliers	Conduct the Continuous Improvement Program, seeking the Lean Manufacturing transformation on three national strategic suppliers for each of the monitored chains, totaling operations with nine suppliers, where one of the pillars will address the sustainability issue.	<b>ACHIEVED</b> The Supplier Development area started the Lean Manufacturing intervention process, through the Continuous Improvement Program, in nine strategic national suppliers, segmented by production chain: jeans/twill, woven and knit fabric. The process, focused on the development of suppliers, also acted on the sustainability area, aiming to disseminate good practices regarding waste, water and energy management.	Establish the management of energy and water indicators* for the Company's main suppliers.  <i>*Only applies to suppliers of the jeans/twill chain.</i>
	Expand the activities of the technical team through the implementation of a Traceability Audits process, performing at least 3 of these audits in 85% of apparel suppliers active on 05/01/2016 with 6 or more Purchase Orders issued in the year.	<b>NOT ACHIEVED</b> Due to budgetary issues, the traceability pillar was not structured within the supplier compliance area, making it impossible to carry out traceability audits.	Expand the activities of the technical team through the implementation of a Traceability Audits process, performing at least 1 of these audits in 100% of active apparel suppliers.
	Maintain the ABVTEX certification for 100% of Brazilian suppliers and subcontractors of apparel, footwear and accessories.	<b>ACHIEVED</b> The ABVTEX certification was maintained for 100% of Brazilian suppliers and subcontractors of apparel, footwear and accessories – totaling 256 Certified Suppliers (190 Apparel and 68 Footwear and Accessories) and 985 Certified Subcontractors (958 Apparel and 27 Footwear and Accessories).	Maintain the ABVTEX certification for 100% of Brazilian suppliers and subcontractors of apparel, footwear and accessories.
	Hold technical visits* to 100% of national resale suppliers and subcontractors of apparel, shoes and accessories, considering the suppliers list on 05/01/2016.  <i>*Include technical visits whose access was denied.</i>	<b>ACHIEVED</b> Technical visits were held in 100% of national resale suppliers and subcontractors of apparel, shoes and accessories – totaling 3,925 visits from January to December 2016.	Hold technical visits to 100% of national resale suppliers and subcontractors of apparel, shoes and accessories.
	Audit 10% of international resale suppliers declared by PO (Purchase Order)	<b>NOT ACHIEVED</b> This was not achieved because the international audits project was not implemented, as the program was still in its maturing phase in the domestic market.	Carry out the international chain risk mapping and elaborate the international auditing plan based on the risk mapping, prioritizing its execution.

Stakeholder	Commitment in 2016	Status and performance in 2016	2017 Commitment
Resale suppliers	Maintain awareness of the monitored apparel suppliers chains on issues related to sustainability management.	<p><b>PARTIALLY ACHIEVED</b> Initiatives to raise awareness on Sustainability were carried out with a specific group* of suppliers, such as an in-person event, presenting the incorporation of Sustainability into the Company's strategy. This way, the issue was discussed with the main suppliers to identify the best way to approach this subject with other suppliers in the chain.</p> <p><i>*Members of the Supplier Council: the Company's main suppliers and high performance suppliers in the IDGF.</i></p>	Disseminate the sustainability strategy to the other suppliers of the Company.
Environment	Reduce by 2% the emissions of the performance indicator, having the 2015 inventory as base.	<b>ACHIEVED</b> Reduction of total emissions of the performance indicator of 8.7%.	Reduce emissions of the performance indicator (CO2 emission/m2 of sales area) by 5%, having the 2016 inventory as base
	Maintain the percentage of recycled/reused waste at 90%.	<b>ACHIEVED</b> The percentage reached was 98.49%.	Maintain the percentage of recycled/reused waste at 98%.
Shareholders and Investors, Employees, Customers, Suppliers, Community and Social Organizations	Develop the Company's Sustainability Strategic Plan.	<b>ACHIEVED</b> The Company's Sustainability Strategic Plan was carried out, as disclosed in this Report.	Concluded. The Plan was carried out and approved by the Board of Directors.
	Develop a new Sustainability Policy aligned with the Company's Strategic Plan.	<b>PARTIALLY ACHIEVED</b> The updated Sustainability Policy is in process of evaluation and approval.	Approve the new Sustainability Policy, updated in 2016.
	Develop the Stakeholder Manual, according to the Company's new Sustainability Policy, which will be reviewed in 2016.	<b>PARTIALLY ACHIEVED</b> Due to the standardization of documents, it was decided to elaborate the Stakeholder Regulation. The document is in process of evaluation and approval.	Approve the Stakeholder Regulation.
			<i>NEW GOAL (Renner):</i> Launch products using sustainable raw materials.
			<i>NEW GOAL (Youcom):</i> Launch products using sustainable raw materials, promote the recycle of used products and reuse of shop window materials.
Employees, Customers, Suppliers, Community and Social Organizations			<i>NEW GOAL:</i> Implement the reverse logistics project of post-consumption clothes in 5 capital cities of the country.

# 6 GRI index





GRI Index		Cross-reference or direct response	Omissions	Global Compact Related	SDG Related
<b>PROFILE</b>					
<b>1. Strategy and Analysis</b>					
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization	Booklet 1, page 8			
G4-2	Description of key impacts, risks, and opportunities	Booklet 1, pages 10, 32 to 35 and 45			
<b>2. Organizational Profile</b>					
G4-3	Name of the organization	Booklet 1, page 20			
G4-4	Primary brands, products, and services	Booklet 1, page 20			
G4-5	Location of organization's headquarters	Porto Alegre, Rio Grande do Sul, Brazil			
G4-6	Number of countries where the organization operates	Brazil			
G4-7	Nature of ownership and legal form	Publicly traded corporation (S.A.)			
G4-8	Markets served	Booklet 1, page 20			
G4-9	Scale of the organization	Booklet 1, pages 16, 20 and 46 and Booklet 2, page 14			
G4-10	Workforce profile	Booklet 2, page 12			
G4-11	Percentage of total employees covered by collective bargaining agreements	100%			
G4-12	Description of organization's supply chain	Booklet 1, page 36 and Booklet 2, page 13			
G4-13	Significant changes in the organization's structure during the reporting period	Booklet 1, pages 16 and 30			

GRI Index	Cross-reference or direct response	Omissions	Global Compact Related	SDG Related
<i>Commitments to external initiatives</i>				
G4-14	Explanation of whether and how the precautionary principle is addressed by the organization	The Company did not formally adopt the precautionary principle, but it conducts preventive management of social and environmental risks, as reported in the Eco-efficient Management and Sustainable Products chapters, in Booklet 1		
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses	Booklet 2, page 10		
G4-16	Memberships of associations and/or national/international advocacy organizations in which the organization: holds a position on governance body; participates in projects or committees; provides substantive funding beyond routine membership dues	Booklet 2, page 10		
<b>3. Identified Material Aspects and Boundaries</b>				
G4-17	Entities included in the organization's consolidated financial statements	Booklet 2, page 6		
G4-18	The process for defining the report content and the aspect boundaries	Booklet 2, page 4		
G4-19	Material aspects identified in the process for defining report content	Booklet 2, page 5		
G4-20	Each material aspect boundary within the organization	All aspects are material within the Company		
G4-21	Each material aspect boundary outside of the organization	All aspects are material outside the Company		
G4-22	Explanation of the effect of any restatements of information provided in previous reports	The Company did not restate any information provided in previous reports.		
G4-23	Significant changes from previous reports regarding the scope and aspect boundaries	No changes were made in the scope and aspect boundaries from previous reports.		

GRI Index		Cross-reference or direct response	Omissions	Global Compact Related	SDG Related
<b>4. Stakeholder Engagement</b>					
G4-24	List of stakeholder groups engaged by the organization	Booklet 2, page 4			
G4-25	Basis for identification and selection of stakeholders with whom to engage	Booklet 2, page 4			
G4-26	Organization's approaches to stakeholder engagement and frequency of engagement	Booklet 2, page 4			
G4-27	Key topics that have been raised through stakeholder engagement, and measures adopted by the organization to respond to these topics	Booklet 2, page 4			
<b>5. Report Profile</b>					
G4-28	Reporting period for the information provided	From January 1st to December 31st, 2016			
G4-29	Date of most recent previous report	2015 Annual Report			
G4-30	Reporting cycle	Annual			
G4-31	Contact point for questions regarding the report	Booklet 1, page 47			
G4-32	Option adopted by the organization to apply the GRI index guidelines (core or comprehensive) and external assurance	Core			
G4-33	Description of the policy and practice adopted with regard to external assurance of data	Booklet 2, page 47			
<b>6. Governance</b>					
<b>Governance structure and its composition</b>					
G4-34	Governance structure, including committees	Booklet 2, page 15			
G4-44	Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics.	Booklet 2, page 16			










GRI Index		Cross-reference or direct response	Omissions	Global Compact Related	SDG Related
<b>7. Ethics and Integrity</b>					
G4-54	Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	Booklet 2, page 16			
G4-56	Organization's values, principles, standards and norms such as codes of conduct and codes of ethics	Booklet 1, page 22		10 	16 
<b>ECONOMIC PERFORMANCE</b>					
<b>Information on economic management</b>					
<b>Aspect: Indirect Economic Impacts</b>					
G4-EC7	Development and impact of infrastructure investments and services supported	In 2016, there were no investments related to infrastructure or services supported			2 
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Booklet 1, page 40 and Booklet 2, page 23			
<b>Aspect: Procurement Practices</b>					
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	See infographics with the supply chain profile on page 13. No information was disclosed on international administrative suppliers.			12 
<b>ENVIRONMENTAL PERFORMANCE</b>					
<b>Information on environmental management</b>					
<b>Aspect: Energy</b>					
G4-EN3	Energy consumption within the organization	Booklet 2, page 27		7  8 	7  8  12  13 
G4-EN5	Energy intensity	Booklet 2, page 27		8 	7  8  12  13 
G4-EN6	Reduction of energy consumption	Booklet 2, page 27		8  9 	7  8  12  13 
G4-EN7	Reductions in energy requirements of products and services	Booklet 1, page 42 and Booklet 2, page 27		8  9 	7  8  12  13 

GRI Index		Cross-reference or direct response	Omissions	Global Compact Related	SDG Related
<i>Aspect: Water</i>					
G4-EN8	Total water withdrawal by source	The Company does not yet have consolidated management of this information due to the operation of many stores in condominiums, with shared consumption, and is working on the best calculation and management of the indicator.		7  8 	6 
G4-EN9	Water sources significantly affected by withdrawal of water	The water used by the Company comes from the public water supply networks and, therefore, does not significantly affect any water source.		8 	6 
G4-EN10	Percentage and total volume of water recycled and reused	The information is not monitored in a consolidated basis and therefore is not available.		8 	6  8  12 
<i>Aspect: Emissions</i>					
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Booklet 2, page 28		7  8 	3  12  13 
G4-EN16	Indirect greenhouse gas (GHG) emissions from purchased electricity (Scope 2)	Booklet 2, page 28		7  8 	3  12  13 
G4-EN17	Indirect greenhouse gas (GHG) emissions (Scope 3)	Booklet 2, page 28		7  8 	3  12  13 
G4-EN18	Greenhouse gas (GHG) emissions intensity	Booklet 2, page 28		8 	13 
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Booklet 2, page 28		8  9 	13 
<i>Aspect: Effluents and Waste</i>					
G4-EN22	Total water disposal, breakdown by quality and destination	The Company disposed 18,280m3, equivalent to its consumption discounting some losses (about 10%) in the rain-water drainage system or sewage network.		8 	3  6  12 
G4-EN23	Total weight of waste by type and disposal method	Booklet 2, page 29		8 	3  6  12 

GRI Index		Cross-reference or direct response	Omissions	Global Compact Related	SDG Related
<i>Aspect: Products and Services</i>					
G4-EN27	Extent of mitigation of environmental impacts of products and services	Booklet 1, page 42 and Booklet 2, page 30			
G4-EN28	Percentage of products and their packaging recovered in relation to the total number of products sold, by product category	Booklet 2, page 31			
<i>Aspect: Transport</i>					
G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Booklet 1, page 33 and Booklet 2, page 28			
<i>Aspect: Overall</i>					
G4-EN31	Total environmental protection expenditures and investments by type	Booklet 2, page 26			
<i>Aspect: Supplier environmental assessment</i>					
G4-EN32	Percentage of new suppliers that were selected using environmental criteria	Booklet 2, page 18			
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Booklet 2, page 31			
<b>SOCIAL: LABOR PRACTICES AND DECENT WORK</b>					
<i>Information on social management</i>					
<i>Aspect: Training and education</i>					
G4-LA9	Average hours of training per year per employee, by gender and functional category	Booklet 1, page 40 and Booklet 2, page 22			
<i>Aspect: Supplier assessment for labor practices</i>					
G4-LA14	Percentage of new suppliers that were selected using labor practices criteria	Booklet 2, page 18			
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Booklet 2, page 17			

GRI Index		Cross-reference or direct response	Omissions	Global Compact Related	SDG Related
<b>SOCIAL: HUMAN RIGHTS</b>					
<i>Information on social management</i>					
<i>Aspect: Investment</i>					
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects that are relevant to the operations, including the percentage of employees trained	Booklet 2, page 23			
<i>Aspect: Child labor</i>					
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Booklet 2, page 17			
<i>Aspect: Forced or compulsory labor</i>					
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Booklet 2, page 17			
<i>Aspect: Supplier human rights assessment</i>					
G4-HR10	Percentage of new suppliers that were selected using human rights criteria	Booklet 2, page 18			
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Booklet 2, page 17			
<b>SOCIAL: SOCIETY</b>					
<i>Information on social management</i>					
<i>Aspect: Local Communities</i>					
G4-SO1	Percentage of operations with implemented local community engagement, impact assessment and development programs	Booklet 1, page 40 and Booklet 2, page 23			
G4-SO2	Operations with significant actual and potential negative impacts on local communities	Our fashion retail operation has no significant negative impact on the communities where we operate.			

GRI Index		Cross-reference or direct response	Omissions	Global Compact Related	SDG Related
<i>Aspect: Supplier assessment for impacts on society</i>					
G4-SO9	Percentage of new suppliers that were selected using impacts on society criteria	Booklet 2, page 18			12 
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Booklet 2, page 17			12 
<b>SOCIAL: PRODUCT RESPONSIBILITY</b>					
<i>Information on social management</i>					
<i>Aspect: Product and Service Labeling</i>					
G4-PR5	Results of surveys measuring customer satisfaction	Booklet 1, page 38 and Booklet 2, page 25			
<i>Aspect: Marketing Communications</i>					
G4-PR6	Sale of banned or disputed products	The Company does not sell banned or disputed products.			12 
<b>SUPPLEMENT SECTOR</b>					
<i>Aspect: Code of Conduct</i>					
AF1	Code of conduct content and coverage	Booklet 2, page 18		10 	16 
<i>Aspect: Audit Process</i>					
AF2	Parties and people involved in the compliance code function	Booklet 2, page 20			12  16 
AF3	Compliance audit process	Booklet 2, page 20			12  16 
<i>Aspect: Complaints procedures</i>					
AF4	Policy and procedures to receive, investigate and respond to complaints and claims	Booklet 2, page 20			12  16 
<i>Aspect: Training</i>					
AF5	Strategy and scope of efforts to strengthen the capacity of the management, employees and other parties in improving performance on social and environmental issues	Booklet 2, page 21			8  12  16 
<i>Aspect: Business Integration</i>					
AF6	Policies for suppliers' selection, management and contract termination	Booklet 2, page 18			8  12  16 

GRI Index		Cross-reference or direct response	Omissions	Global Compact Related	SDG Related
<i>Aspect: Code of Conduct</i>					
AF7	Quantity and location of the jobs covered by the Code of Conduct	Booklet 2, page 18			16 
<i>Aspect: Audit Process</i>					
AF8	Number of audits conducted and percentage of workplaces audited	Booklet 2, page 20			12 
<i>Aspect: Business Integration</i>					
AF15	Data analysis of code compliance audits	Booklet 2, page 20			12 
AF16	Remediation practices in response to non-compliance findings	Booklet 2, page 20			12 
AF17	Actions to identify and mitigate business practices that affect compliance with the code	Booklet 2, page 20			12 



## Principles of the UN Global Compact



### HUMAN RIGHTS

- 1 Businesses should support and respect the protection of internationally proclaimed human rights
- 2 Make sure that they are not complicit in human rights abuses

### LABOR

- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- 4 The elimination of all forms of forced and compulsory labor
- 5 The effective abolition of child labor
- 6 The elimination of discrimination in respect of employment and occupation

### ENVIRONMENT

- 7 Businesses should support a precautionary approach to environmental challenges
- 8 Undertake initiatives to promote greater environmental responsibility
- 9 Encourage the development and diffusion of environmentally friendly technologies

### ANTI-CORRUPTION

- 10 Businesses should work against corruption in all its forms, including extortion and bribery

## Sustainable Development Goals



- 1 End poverty in all its forms everywhere
- 2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- 3 Ensure healthy lives and promote well-being for all at all ages
- 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- 5 Achieve gender equality and empower all women and girls
- 6 Ensure availability and sustainable management of water and sanitation for all
- 7 Ensure access to affordable, reliable, sustainable and modern energy for all

- 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- 9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- 10 Reduce inequality within and among countries
- 11 Make cities and human settlements inclusive, safe, resilient and sustainable
- 12 Ensure sustainable consumption and production patterns
- 13 Take urgent action to combat climate change and its impacts

- 14 Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- 17 Strengthen the means of implementation and revitalize the global partnership for sustainable development



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## Limited assurance report issued by independent auditors

To the Board of Directors, Shareholders and Stakeholders  
**Lojas Renner S.A.**  
Porto Alegre - RS

### Introduction

We have been engaged by Lojas Renner S.A. (Lojas Renner or "Company") to apply limited assurance procedures on the sustainability information disclosed in Lojas Renner's Annual Report 2016, related to the year ended December 31<sup>st</sup>, 2016.

### Responsibilities of Lojas Renner's Management

The Management of Lojas Renner is responsible for adequately preparing and presenting the sustainability information in the Annual Report 2016 in accordance with the *Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (GRI-G4)*, as well as the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

### Independent auditors' responsibility

Our responsibility is to express a conclusion about the information in the Annual Report 2016 based on a limited assurance engagement conducted in accordance with Technical Communication (TC) 07/2012, which was prepared based on NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), both issued by the Brazilian Federal Accounting Council - CFC and equivalent to international standard ISAE 3000, issued by the International Federation of Accountants and applicable to Non-Financial Historical Information. These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the Lojas Renner's Annual Report 2016, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of questions and interviews with the Management of Lojas Renner and other professionals of the Company involved in the preparation of the information disclosed in the Annual Report 2016 and use of analytical procedures to obtain evidence that enables us to reach a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the Annual Report 2016 taken as a whole could present material misstatement.





The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the Annual Report 2016, on other engagement circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist. The procedures consisted of:

- (a) Engagement planning: considering the material aspects for Lojas Renner's activities, the relevance of the information disclosed, the amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the Lojas Renner's Annual Report 2016. This analysis defined the indicators to be checked in details;
- (b) Understanding and analysis of disclosed information related to material aspects management;
- (c) Analysis of preparation processes of the Annual Report 2016 and its structure and content, based on the Principles for Defining Report Content and Quality of the Global Reporting Initiative - GRI (GRI-G4);
- (d) Evaluation of non financial indicators selected:
  - Understanding of the calculation methodology and procedures for the compilation of indicators through interviews with management responsible for data preparation;
  - Application of analytical procedures regarding data and interviews for qualitative information and their correlation with indicators disclosed in the Annual Report 2016;
  - Analysis of evidence supporting the disclosed information;
  - Visits to Lojas Renner's office for application of these procedures, and items (b) and (c);
- (e) Analysis of whether the performance indicators omission and justification are reasonable to be accepted associated to aspects and topics defined as material in the materiality analysis of the Company;
- (f) Comparison of financial indicators with the financial statements and/or accounting records.

We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

#### **Scope and limitations**

The procedures applied to a limited assurance engagement are substantially less extensive than those applied to a reasonable assurance engagement. Therefore, we cannot provide reasonable assurance that we are aware of all the issues that would have been identified in a reasonable assurance engagement, which aims to issue an opinion. If we had conducted a reasonable assurance engagement, we may have identified other issues and possible misstatements within the information presented in the Annual Report 2016.

Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data's materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to



prior periods, to evaluate the adequacy of policies, practices and sustainability performance, nor future projections.

### Conclusion

Based on the procedures carried out, described earlier in this report, we have not identified any relevant information that leads us to believe that the information in Lojas Renner's Annual Report 2016 is not fairly stated in all material aspects in accordance with the Global Reporting Initiative - GRI (GRI- G4), as well as its source records and files.

São Paulo, April 24<sup>th</sup>, 2017

KPMG Assessores Ltda.  
CRC 2SP034262/O-4 F-SP

Eduardo V. Cipullo  
Accountant CRC 1SP135597/O-6

KPMG Financial Risk & Actuarial Services Ltda.

Ricardo Algis Zibas

# 2016 ANNUAL REPORT

BOOKLET 2  
the year in detail



## Acknowledgments

### *Coordination*

Human Resources Department  
– Sustainability Management  
Administrative, Financial and IR Department  
– Investor Relations Management

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### *Photographs*

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