

LET'S
MAKE
BRAZIL
DIGITAL!

The Year of Magalu

In 2019, the company started a new business cycle.

GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-16

Created in the 50's, in the city of Franca, in the countryside of São Paulo, Magazine Luiza is oriented by development cycles. The definition of these cycles, with beginning, middle, and end, can be explained through clear narratives, starting with the management of Luiza Helena Trajano as CEO, guided Marcelo Silva as the CEO of the company and, since 2016, marked Frederico Trajano's management. Magalu already experienced the cycles of expansion in the interior of Brazil, entry in São Paulo market and consolidation as one of Brazil's major retailers, improving scale and regional scope via acquisitions and digital transformation. All these cycles were completed. In 2019, a new period began: the positioning of Magalu as a Brazilian digital retail platform: an ecosystem that contributes to thousands of other businesses entering the digital space. Five pillars support the new business cycle of Magalu: exponential growth, faster delivery, superapp, new product categories (offered mainly through the marketplace), and Magalu as a Service (or MaaS). The challenge, for more than 41,000 employees, is to strengthen these pillars to allow the digital ecosystem to fully operate. In 2019, the company initiated a new business cycle.

Gaining scale is crucial for a company that seeks to qualify as a platform. That is why 2019 was defined as the year of Chinese growth at Magalu. All company departments work with superlative goals. We would not only need to sell more, but also, to develop many more applications at Luizalabs, reach many more people through marketing strategies, multiply the number of sellers and products offered, and accelerate delivery pace. Magalu would have to change levels. And, in fact, it did.

Sales have never been as high as 2019: a result of several initiatives and innovations. With a total of 27 billion reais, company sales went up by 38.7% from the previous year. Magalu made its debut in the states of Para and Mato Grosso, opening 70 physical stores in these locations. Aside from points of sale, the company implemented remote distribution points in these two places which were integrated into the logistic and e-commerce systems. During Black Friday, the company brought to Brazil an unprecedented format of dissemination that combined entertainment and promotion. Black of Blacks gave Magalu the greatest exposure on media channels that covered the Black Friday event. Thanks to the capacity of developing technology applied to home busi-

nesses, the US magazine Fast Company elected Magalu as Brazil's most innovative company in 2019.

At the end of the year, investors once again demonstrated their confidence in the company's long-term strategy by taking part in the second largest follow-on ever carried out in Brazil. It involved more than 4 billion reais, which reinforced the company's cash position and provided resources for sustainable development for this new business cycle.

The following pages present an overview of Magalu's efforts in each of the five strategic business pillars. Each pillar represents key company values: to rely on people who like people, be simple and innovative, with an owner attitude

and maintain a customer-centric mindset. Magalu was created more than 60 years ago with a mission: to include. To give all Brazilians access to goods that were formerly only available to the privileged. It is not only about consumption, but the transformation of lives through access. TV sets brought information and entertainment to millions of Brazilian families. Washing machines helped insert women into the labor force by freeing up their schedule. Now, digitalization may also benefit Brazilian companies - especially when it comes to small businesses. Through developing a digital ecosystem, with widespread roots in the country, Magalu is getting ready to digitalize Brazil.



Company event: principles and values are the only things that do not change

Fifty Weeks in Five

How Magalu dealt with challenges imposed by Covid-19

Writer and financial market guru, Nassim Nicholas Taleb, coined a term to designate events that no one could have foreseen: black swans. In 2020, we saw the appearance of the largest black swan of our time: the Covid-19 pandemic. Magalu already had a plan drawn up for the year. With everything changing frantically and the health, economic, and social crisis deepening as the pandemic spread across Brazil, this plan proved more important and urgent. “In our own way, we revisited Juscelino Kubitschek. In five weeks, we accomplished what we had planned to do in 50,” said the company’s CEO Frederico Trajano.

The initial priorities of Magalu were to preserve the health of employees and customers, maintain operations (even in an extremely adverse scenario) and guarantee jobs. Magalu was one of the first companies in the country to close more than 1,000 physical stores. Employees at closed locations were offered vacation time, and others worked from home. Scheduled trips, as well as company events, were all cancelled. Distribution centers were sanitized in a similar fashion to that of hospitals. We improved the health and safety team and created a contingency committee to carry out safety measures for workplace operations to move forward.

As stores began to close, Magalu’s digital operations accelerated pursuing

the goal of making Brazilian retail digital. Then came Magalu Partner: a project whose launch was initially planned for late 2020. The goal was to bring to the company’s digital ecosystem to as many micro and small analog businesses as possible. By closing their doors due to the pandemic, many small businesses lost out on income and customers. On the digital platform, these companies could start offering their products to nearly 25 million clients all over the country. To host the maximum number of entrepreneurs, Magalu lowered the commission rate to 3.99% of the sales value. In just four months, 47,000 entrepreneurs registered with Magalu Partner. For individuals who were quarantined at home, the platform allowed for direct sales. In addition, 413,000 people joined the platform to earn extra income, since commission corresponded with up to 12% of product sales available on the Magalu website.

HEALTH AND EMPLOYMENT

To assist customers who could not leave home to go shopping, in a few days Magalu multiplied its market category and started offering free shipping for purchases over 49 reais or on essential items for personal and hygienic use.

Aside from offering the fastest delivery service during the pandemic: the health of customers and employees alike was a top priority. As a result, Magalu’s multichannel strategy was



crucial for success. The company accelerated their ship-to-store strategy, where the product is shipped from store closest to the customer’s address. At the beginning of the pandemic, 140 stores operated according to this model. Now more than 600+ stores deliver directly to the customer.

When stores started to reopen, aside from adopting several security measures, the measure that removed employees included in risk groups was maintained. To continue working, these employees were able to use company technology remotely, which, recorded hours worked, and allowed them to utilize adapted Mobile Sales. In April, May, and June, our “magalus” sold millions of reais through chat applications such as WhatsApp. In order

to guarantee jobs, Magalu also used a provisional measure enacted by the federal government which allowed for the reduction of working hours, wages, and temporary leave.

Concurrently, the Trajano and Garcia families, and controlling shareholders of Magazine Luiza donated 10 million reais to help fight the pandemic and treat Covid-19 patients throughout Brazil.

During this terrible pandemic that took the lives of so many Brazilians, Magalu always kept their main focus on preserving the health of the people, job security, and continuity of operations. These actions resulted in being recognized by society. Magalu became a leading brand name on all searches online discussing the most admired brands during the crisis.

Point, Line, and Plane.

If 2019 was the year of Chinese growth, 2020 will be the year of #TemNoMagalu

GRI 102-14

The digital revolution led to innumerable consequences for the businesses of varied sectors. It changed the parameters, business models, and rules. For decades, they were consolidated in the academy, in best practices spread by consultants, and adopted by winning incumbents. In this letter to the shareholders, we would like to show the detailed changes related to strategic positioning.

Today, nearly all business narratives about strategic options - including ours - are filled with buzzwords borrowed from the digital dictionary: platform, superapp, ecosystem, big data, agile, lean, APIs. Pasteurization of narratives makes it increasingly difficult - for the market - to see authenticity in strategies.

Most companies seem to be searching for the same pot of gold at the end of the rainbow. They seek to be the next Facebook, Google, Amazon, or Alibaba. At least, they say they are working to achieve the multiples of valuation for these companies. It does not matter if we are talking about companies in the financial sector, health, education, or utilities. Not adopting a "current" and digital narrative means, for many, the admission of an anachronistic or reactionary leadership.

POINT, LINE AND PLANE

The digital revolution not only brought about abrupt changes, but also led to endless strategic possibilities. There is no single model. It is up to

each business to understand their own characteristics and follow the path that is most viable and appropriate to its reality. To describe these possibilities, and better show the strategic positioning in digital environments, we will apply concepts "point, line, and plane" created by Ming Zeng: the former head strategist of Alibaba.

When updating Michael Porter's literature, Ming affirms that companies will either become digital ecosystems - the planes - or orbit around them. Being a plane, according to Ming, is not feasible for most organizations, either by vocation (or lack of it), or by scale or capacity. The good news is that there is enormous value in adopting other business models. The lines control a specific chain. Examples of this are the great sellers of a marketplace and category killers to a certain retail segment. The points, in turn, are super smart companies that provide solutions for lines and planes. This is the

"We decided that our format in this new digital world would be plane. We would become an ecosystem with a focus on digital".

Frederico Trajano: "Let's make Brazilian retail digital"



case of the payment service providers, which emerged with fintech and courier companies created to compete with the postal service.

Our goal has always been to stand behind this decision. Brazil is quickly lagging in the global e-commerce scenario. Dismal growth led participation of digital ecommerce in the overall sector stagnant at 5%. Today - out of a universe of 6 million retailers - only about 50,000 sell online. The solutions available cannot solve the problems faced by the Brazilian retail sectors in a sustainable manner.

“We decided that our format in this new digital world would be the plane. We would become an ecosystem with a focus on digital.”

Magalu is well positioned to make Brazilian retail digital. We are fully aware of the drawbacks faced by these companies. We were not born digital. We had to face the same problems experienced today by most analog retailers. It makes a big difference. There is also the fact that we are never allowed to burn cash. Our shareholders always asked for sustainable results. Thus, we developed a profitable model adapted to the country's reality, which is mainly leveraged by our physical platform.

Finally, we have in our DNA some key corporate principles for those who choose to be an ecosystem. We believe in win-win (or collaboration, which is more adequate to the moment we are experiencing), customer protagonism, plus formal, and ethical relationships. We believe that these are key principles to give scale to Brazilian e-commerce. Democratizing access. That is our goal. In this moment of our history, we want to materialize it through the digital inclusion of Brazilian companies and consumers. Our focus is on small and medium businesses, and especially on the people in the base of the socioeconomic pyramid.

We believe that digital inclusion

is one of the most powerful tools we have at hand to reduce one of our biggest problems: the huge inequality that still stigmatizes Brazil. Access to the digital world can empower micro-entrepreneurs and make their businesses more efficient, seamless, and flexible. Being part of this world allows for consumers in the most remote areas of the country to access products and commercial conditions currently restricted to the top of the market in large urban centers. Our most important step in this direction was the launch of the marketplace in 2017, as well as the growth pace we want to maintain, and the success of Magalu marketplace was exponential.

With a model solely based on physical stores, it took us 43 years to reach our first billion reais in revenue. It took us ten years to achieve the same results on e-commerce. In just three years, we went much further with the marketplace: in 2019, there were 3 billion reais in GMV. A plane, or digital ecosystem, depends on several elements to become viable. These elements include digital and accessible processes available on a simple and scalable digital platform, intelligent algorithms that connect sellers and buyers, and intuitive interfaces available to all participants in the chain. However, scale is the most important element. The more buyers there are the more sellers are attracted to this ecosystem. The more sellers and offers, the more buyers will want to take part. It is the network effect. The higher the user base growth, the higher the benefit offered by a product or service.

Accordingly, scaled growth became our obsession in 2019. We decided that Magalu would experience 365 days of Chinese growth. Most of our KPIs were linked to the expansion in geometric growth of GMV, active customer base, number of new categories and items on sale, number of sellers, monthly active

users in the app, and new stores. These were just a few of our achievements.

Magalu ended the fourth quarter of 2019 with 51% sales growth. The greatest results in our history. Today we have nearly 25 million active customers (of which more than 20 million had the superapp installed) and 15,000 sellers offering 13 million products on our platform. The company recorded organic growth. In the year, 159 new physical stores were inaugurated, sales recorded two-digit growth based on the same-store criteria in the fourth quarter of the year. In addition, Magalu also grew through acquisitions.

The most spectacular one - for the impact caused - was Netshoes in June last year. With Netshoes we not only made our debut in two categories with huge potential - sporting goods and fashion - but also incorporated one of Brazil's favorite ecommerce brands. Netshoes brought Magalu a competent team of digital professionals, a platform with 1,000 sellers, 4 million customers and 2.5 billion reais in GMV. With such decisive contributions, Magalu's e-commerce posted huge growth in the last two quarters of the year. Accumulated growth in the period exceeded 90%.

This year, Netshoes will celebrate two decades of operations. This visionary company is no longer alone. By joining Magalu, Netshoes went from being a line, using Ming Zeng's concept, to becoming a plane. The company remains a top leader in sporting goods e-commerce and is among one of Brazil's largest digital fashion retailers. Now they are part of a much larger ecosystem and will start to benefit from the web effect. Netshoes contributes with specific know-how of their industry and receives economy of scale in logistics and back office from the platform. By the end of this year their products will be available across all Magalu stores.

“For 18 years, we put together a successful strategic model and become a multichannel and profitable company. However, in 2018, we defined our format in this new world: we would become a retail ecosystem”.

The same phenomenon occurred with other companies acquired by Magazine Luiza. First, Época Cosméticos, and now the Virtual Shelf. The isolated value of these businesses is significantly lower compared to their individual contributions to make Magalu a one-stop-shop app. With Netshoes, Época Cosméticos, and Estante Virtual, we are taking a fundamental step to create a superapp, according to the Chinese app formats such as WeChat.

A toolbox. #TemNoMagalu. The Fashion Pants. #TemNoMagalu. It also has, in Magalu, the national soccer team shirt. Or your soccer team's shirt - whatever it is. Chocolates. Your child's favorite toy. Diapers for babies. Beers for the barbecue next weekend. The sofa for the new home.

Our mission in 2020 is to reproduce the nearly infinite path of the long tail. We want our 25 million active customers to know that they can find, in one place and in a legal and ethical manner, everything they need or want.

To achieve this, we will focus on integrating the acquired companies. We will continue to increase the number of partners in our marketplace, in addition

to, integrating all product catalogs of these sellers to the back office. Communicating to our customers that we are quickly becoming a retailer of all things is crucial - especially for a company that was born and remained an expert in niche industries for so long. Knowing this, they will access us. By accessing us, they expect to easily find what they want. Everything, on principle, should be available at Magalu and be found through a simple and intuitive search.

On the sellers' side, one of our main responsibilities as an ecosystem is to provide technology and management. As part of the same body, it is essential that our partners have the same service, reliability, formality, and customer service standards offered by Magalu.

This is what turned MaaS (Magalu as a Service) into a strategic pillar of the company. At the end of 2019, we launched Magalu as a Service, which is currently undergoing the roll out phase. This service is focused on the sellers. With Magalu Payments we will simultaneously monetize fast growth in the marketplace and monitor the supply chain, control the payment flow of our partners and offer them resources at rates well below those of the market. We just launched MagaluPay: a service aimed at end

consumers which is fully integrated into our superapp. The goal is to create value for the retail ecosystem instead of operating separately.

In both cases, we follow the plane strategy, not the line strategy. We want to connect our customers to the best financial solutions available. We do not pretend to be a bank. We want to create a digital payment platform that feeds back to retail.

As part of MaaS, we also launched and are developing MagaluEntregas. Today we have the highest quality logistics service within Brazilian e-commerce. In addition, we continue to offer the lowest prices, thanks to multichannel integration and our proprietary distribution network. For 1P (products from our proprietary inventories), 66% of deliveries are made in up to two days - a percentage that is continuously improving. With MagaluEntregas, our sellers will benefit from the same logistics chain. This includes the sale of products that can be collected in more than 1,100 of our stores. Currently, we have a true multichannel marketplace.

We went through the year of Chinese growth without taking the customer out of our system (our motto in 2018). We grew while improving NPS and reduced the number of formal complaints. We are the only major Brazilian retailer to be rated RA1000 at Reclame Aqui - even with the decision not to separate marketplace (3P) complaints from e-commerce 1P complaints.

We enter and will tread the year of #TemNoMagalu without giving up on Chinese growth and customer pulsing throughout our operations. We will keep investing to allow interaction of these three mottos. The company will continue to trade off short term margins if it aligns with our strategy and ensures the best long-term results.

In the last two years, the company invested around 2 percentage points of

“We want to digitally include all Brazilian companies and consumers, especially those with access restrictions at the bottom of the social pyramid.”



Luiza Helena in event for sellers: “customer in the vein”

the EBITDA margin - from 8% to 6% - during the acquisition of new clients, in best purchasing experiences, reduction of delivery time and consolidation of Netshoes numbers. The following generated huge value for all our clients and shareholders. And let's not stop there. We have many opportunities ahead. Following the same trend, this year we will keep investing in making faster deliveries, developing our superapp, MagaluPay, and the effort to speed up the integration process of acquired companies with an emphasis on Netshoes.

Again, we believe these initiatives may increase our expenses in the short term, but will generate strong value in the future. After a successful subsequent public offering, Magalu ensured a capital structure with sufficient soundness to carry out our mission.

Lastly, we want to thank our 40,000+ employees, whose energy and commitment have matched that of our dreams, sellers, suppliers, business partners, investors, and shareholders. We thank each and every one of our customers. #TemNoMagalu also has gratitude.

The Magalu Ecosystem

How the digital retail platform created by the company works

GRI 102-2



Logistics

- Magalu Entregas
- LogBee



Services

- Luizalabs
- Softbox
- Magazine Você
- Magalu Ads
- Maga+
- IPDV
- MagaluPay

Financial Services

- Magalu Pagamentos
- Consortium
- Luizaseg
- Luizacred

Retail

- Magalu
- Netshoes
- Zattini
- Magazineluiza
- Shoestock
- Época Cosméticos

Customers

Sellers



EXPO
NENTIAL
GROWTH



Expansion in geometric progression

Growing at full speed is part of Magalu's strategy. In 2019, several records were broken.

GRI 102-7, 103-2, 103-3, 203-1

It took Magalu 43 years to earn 1 billion reais in physical stores, the company's origin. In 10 years, the company earned 1 billion reais through e-commerce sales. In only two years e-commerce reached this same value with marketplace operations. In December 2019 Magalu acquired 15,000 sellers from industries and retailers of various sizes, origins, and specialties. In recent years, Magalu strategically opted for exponential growth to reach an expansion pace that multiplies the size and scope of the company. Ultimately, this would make Magalu increasingly relevant in the digital economy.

In 2019, Magalu recorded total sales of BRL at 27.3 billion: a 39% increase from the previous year. Of this total, 12 billion reais stemmed from online operations which almost doubled in one year. Earnings reached R\$ 921.8 million, and EBITDA totaled R\$ 1.8 billion. Physical stores, key to the company's multichannel structure, received significant investments throughout the year. Stores sold 15 billion reais: a 7.8% increase in the creation of the same stores (SSS).

DC in Louveira: automation in 2019 increased capacity

Exponential Growth

The basis for comparison, in 2018, was the year of the World Cup. In this period, 159 new points of sale were inaugurated with the arrival of Magalu in states such as Pará and Mato Grosso.

By the end of 2019, the company operated 1,113 physical stores in 819 cities, and 18 states. These stores are rapidly becoming advanced centers for distributing company products sold online. To supply these points, five new distribution centers were added in 2019, totaling 17 DCs located in different regions of the country. Logistics are supported by Malha Luiza, composed of around 2,500 truck drivers, and LogBee: a logistics technology company responsible for distribution in large urban centers such as Sao Paulo, Belo Horizonte, Florianopolis, Goiania, Recife, and Campinas.

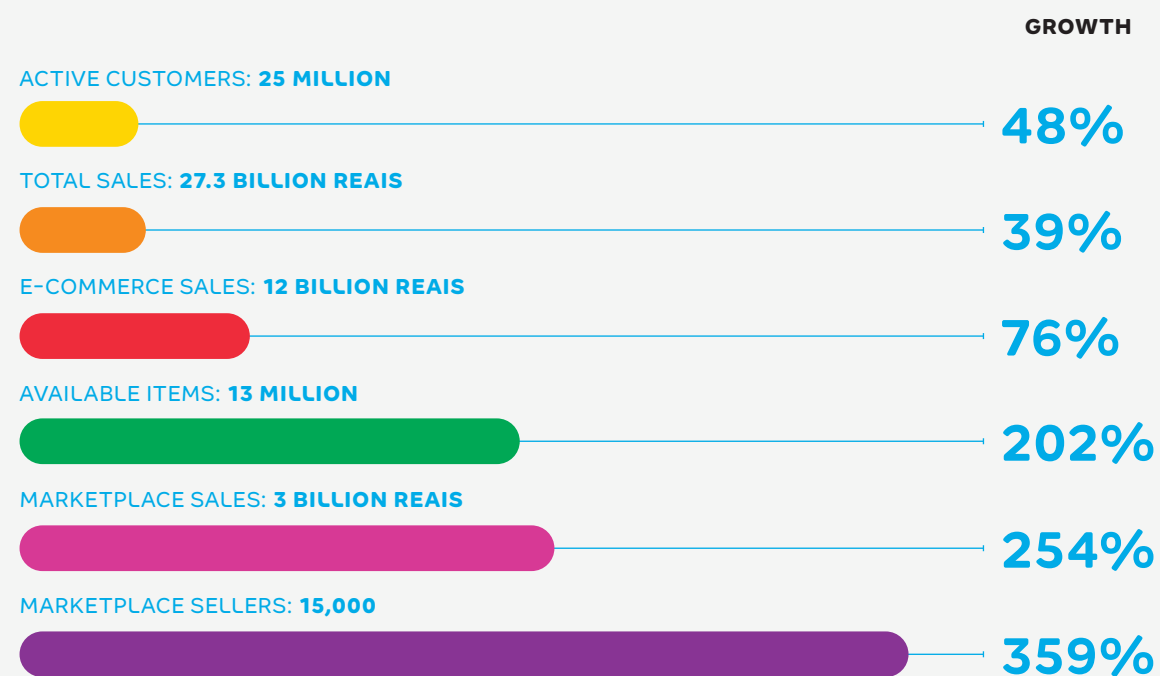
Magalu sold a lot more to many more people. 25 million active clients were reached following the acquisition, in

June, of Netshoes: the country's biggest sporting goods and fashion e-commerce hub. In 2019, one out of ten Brazilians purchased through Magalu: a 50% increase from 2018. A larger number of customers are essential for the company to guarantee greater purchase recurrence.

Greater purchase frequency also depends on the scope of product offering. The greater number of items, the higher the chance of establishing a recurring contact with the customer. This increase, which can be exponential in the number of items, is mainly due to the success of the marketplace platform created in 2016. In 2019, the platform received 8.7 million new items. With a total of 13 million items, the marketplace's offer was multiplied by 3 in relation to the previous year's numbers. The total number of sellers was multiplied by 5: reaching 15,000 in December.

Fast pace

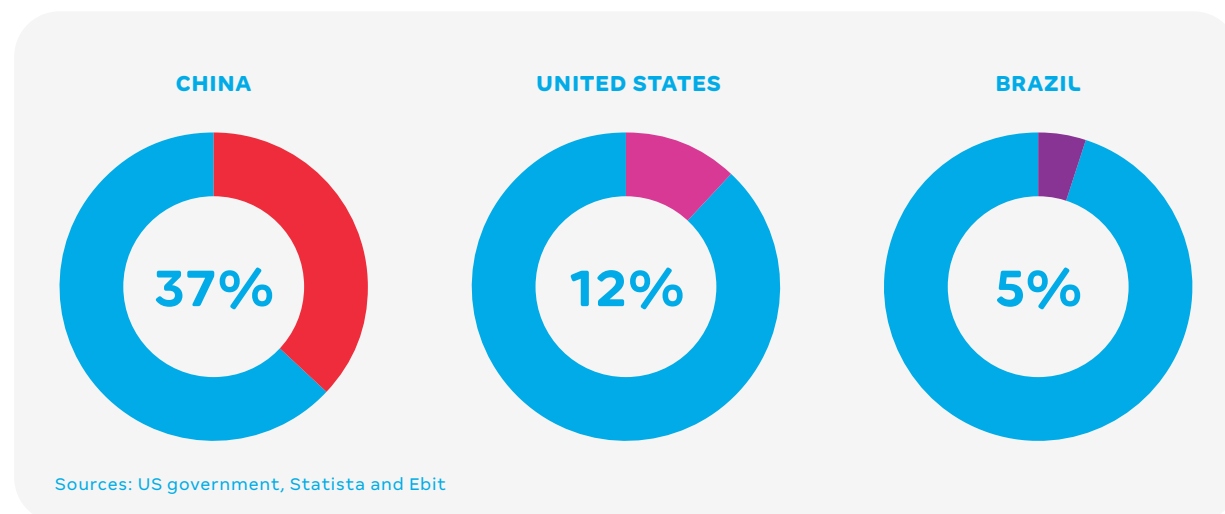
Main indicators had exponential growth in 2019 (*)



(*) December 2019 x December 2018

A long way to go

Participation of e-commerce in total retail sales



Investments

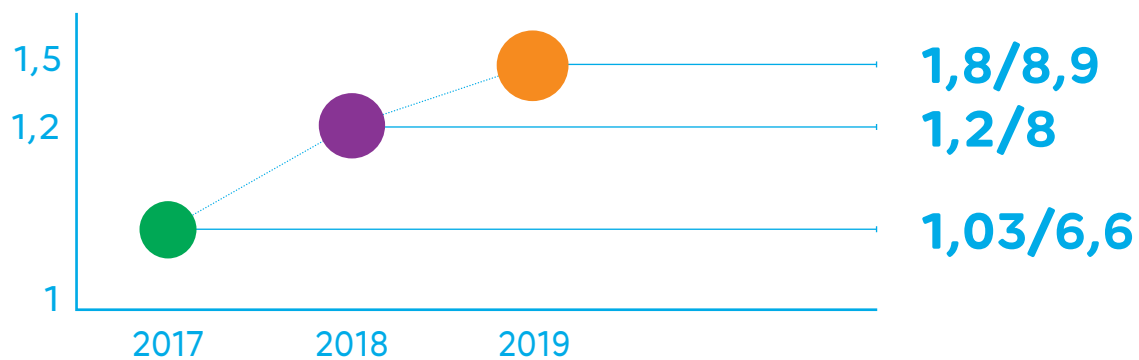
In 2019, contributions totaled 521 million of reais, up by 43% from 2018

Main investment destinations



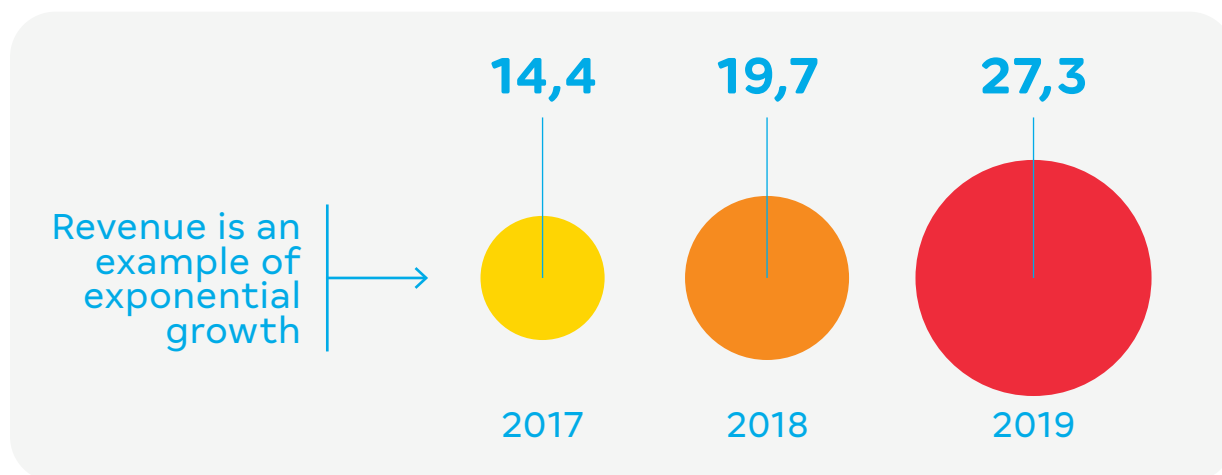
Upward movement

Ebitda (R\$ billion/Margin in %)

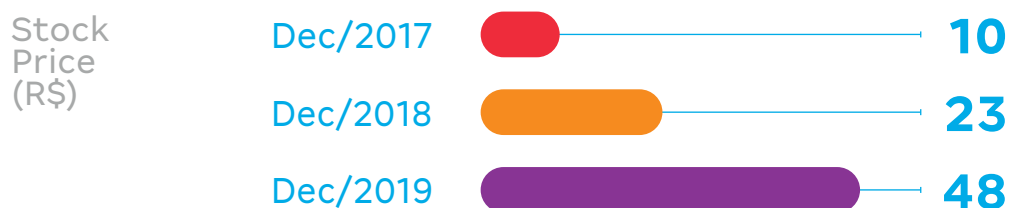


In two years, double size

Evolution of sales (R\$ billion)

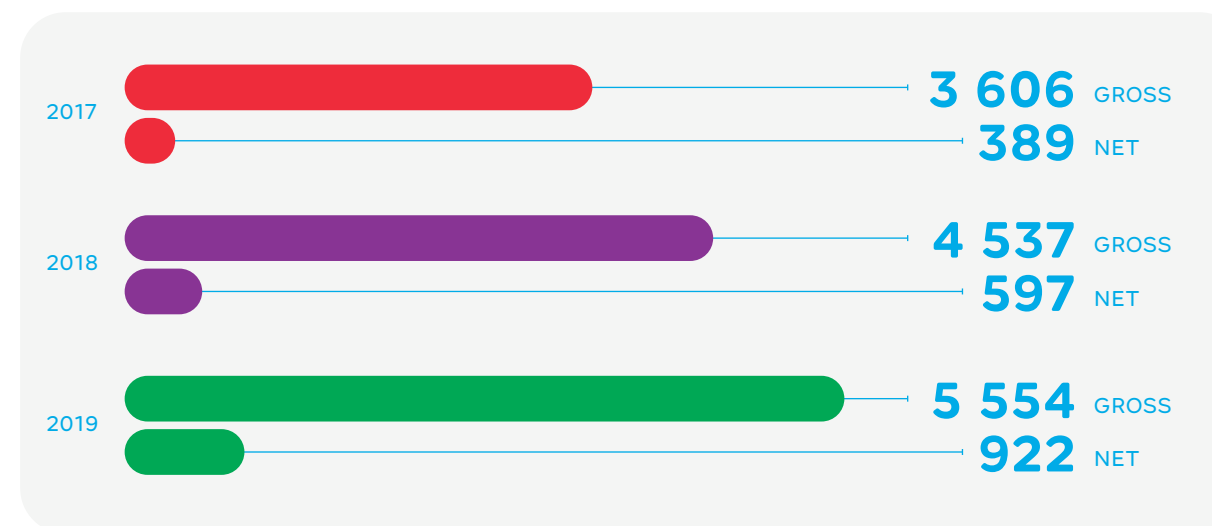


The strategy was recognized by investors



The company grew without giving up profitability

Profit (R\$ million)



To support this entire operation and help accelerate growth, Magalu has 41,000 employees. In 2019, almost 10,000 jobs were created. There were 389 new managers: 64 for admission, 329 for promotion, 6 new directors, and 7,061 new sales representatives. Luizalabs, the laboratory that develops technology used by the company, almost doubled in size, reaching 1,200 employees. The company's headcount, divided between men and women, totaled 1,249 PCD employees.

PROTAGONISM AND RESPONSIBILITIES

Magalu's Chinese pace of growth brings several challenges to the company in the short and long term. The wider their reach, the more physical stores are open. Thus, more goods will be delivered directly to customers' homes, and the greater the company's environmental footprint. This is inevitable, but it can, and must be mitigated.

In 2018, Magalu took an important step by starting an emissions inventory. The inventory considers scopes 1, 2 and 3, including emissions not only from direct management, but from the entire value chain. Scope 3, which considers logistics of products and packaging materials, among others, records 75% of emissions associated with the company's operation. Although our influence is limited in the adoption of measures to reduce emissions in these processes, we feel co-responsible for such impacts. Magalu has always sought to have an effective delivery system to avoid repeated trips. We closely follow all of the regulatory debates and lessons on how to collaborate on the topic.



NEW
CATE
GORIES

No matter what you look for #TemNoMagalu.

Sellers from the marketplace helped turn the company into a one-stop-shop.

How many products can a store offer? If this store is an ecosystem that integrates physical and virtual worlds, proprietary inventories, and thousands of sellers: the limits almost disappear. It is possible to sell everything. Such as products and services from disposable diapers packages produced in large scale to collector books.

One of the pillars of the company's business strategy, called #TemNoMagalu, is to sell everything the customer needs or wants. Electronic appliances, household utilities, food, cosmetics, sporting goods, books, decoration items, personal hygiene products, and household cleaning products. At the end of 2019, Magalu offered 25 million customers around 15 million items from 39 different categories. This number represents a 250% growth from the total items sold by the company in 2018.

One of the company's biggest steps in this direction was the acquisition of Netshoes in June. With the purchase of the country's main sporting goods e-commerce site, for 115 million dollars, more than 1,000 new sellers, 350,000 SKUs were integrated into the Magalu platform. In addition, fashion brands Zattini and Shoestock were also ad-

ded to our platform. Netshoes allowed Magalu, which was irrelevant in the footwear and clothing market until the acquisition, to become the national leader in sporting goods e-commerce.

The market categories for personal care, cleaning, non-perishable food, and beverages were also highlighted in the year. In March, Magalu began operating one of the most traditional e-commerce product categories for books. The initial catalog offered 230,000 book titles.

An expansion in the number of categories sold by the Magalu platform directly stems from growth in the marketplace. In 2019, the number of sellers, sorted by a system that assesses the formalization and lawfulness of each partner, increased by 50% from 10,000 to 15,000. By integrating their stocks into the company's ecosystem, Magalu quickly became a one-stop shop for selling all kinds of things.

BLACK OF BLACKS

In November, during Black Friday, Magalu innovated by joining a promotional and entertainment platform called Black of Blacks. During a live show, broadcast by open TV and streaming platforms, popular Brazilian pop artists such as Pablo Vittar, Ludmilla, and Léo Santana performed.



Magalu Shop: increase in the assortment of own products

Black of Blacks

Event consolidated strategy #TemNoMagalu



New Categories

Digital influencers also took part in the show presented by Luciano Huck. Attendees included Whindersson Nunes and Taynara OG.

Inspired by Bachelor's Day, an annual event promoted by China's Alibaba, Black of Blacks also sold everything. More than 2 million orders were registered on Friday alone. Products were shipped to 4,728 cities which accounts for 85% of Brazilian municipalities. The company sold 50,000 TVs, 75,000 cell phones, 960,000 toilet paper rolls, 400,000 batteries, and 50,000 beer kits, among other items.

During the largest sales event in Brazil, with heavy competition from the entire domestic market, Magalu showed relevance in most product categories. It was the biggest Black Friday in the company's history. It was also the most diverse, with all sorts of products available at #TemNoMagalu.

A LONG WAY TO GO

The marketplace expansion strategy, to attract sellers and incorporate

new categories, is aligned with Magalu's goal to make Brazil digital. In this sense, the company still has a long way to go. Brazil has around 5 million companies – with most being small operations. Only 50,000 businesses are estimated to have some degree of digitalization.

This small digital share in transactions limits many product categories which are still crawling down the e-commerce avenue. According to data from Euromonitor and Ebit Nielsen, digital sales of fashion products in Brazil account for only 4% of total sales compared to 21.1% in the United States. E-commerce has a penetration of only 2.8% in the Brazilian cosmetic market, in which Magalu acts as Época Cosméticos. Only 0.5% of food and beverage sales in the country are performed through digital channels versus 1.4% in the US market. These numbers signal an opportunity, not only for Magalu whose e-commerce platform grew by 76% in 2019, but also for millions of entrepreneurs spread throughout Brazil.



Netshoes
CD: leader
in sporting
goods

Netshoes is Magalu

In June 2019, Magalu became a leader in Brazilian sporting goods e-commerce, and acquired a strong fashion operation. This leadership was achieved through the acquisition of one of the most emblematic companies on Brazilian e-commerce for their pioneering spirit in digital sales: Netshoes. The deal was closed for 115 million dollars.

With Netshoes, Magalu brought strong brands such as Netshoes, Zattini and Shoestock to their digital ecosystem. 2,000 professionals and 350,000 product items were also added. All three Netshoes distribution centers were added to Magalu's distribution and logistics system.

Fashion and sporting categories were strategically added to the development of the company as a large digital retail ecosystem. Data from the online consulting company Webshoppers indicate that in 2018, virtual clothing purchases grew by 59% in Brazil. The states with the highest sales representation of fashion products and accessories are Rio de Janeiro, São Paulo, and Minas Gerais. At the end of 2019, some physical points in São Paulo started to deliver Netshoes products,

with Retire na Loja.

Operations such as Netshoes and Zattini are central to Magalu's superapp strategy. These segments record high purchase recurrences allowing Magalu customers to use the platform more frequently.

The World of Online Fashion

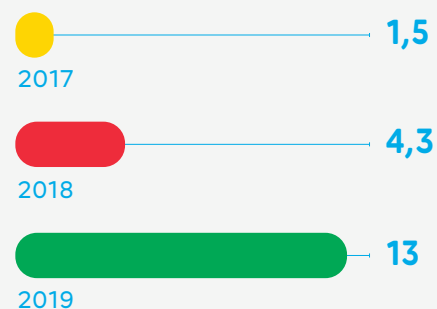
Netshoes Numbers in 2019



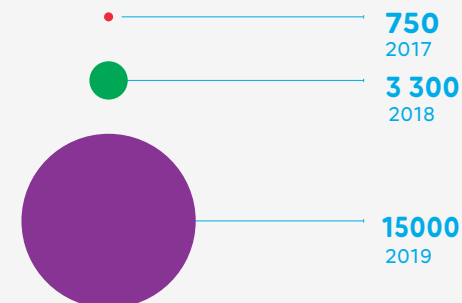
Everything in one place

In two years, the number of categories sold by Magalu has been multiplied by 9

Items (in millions)



Marketplace Sellers





SUPER APP

The entire Magalu platform in the palm of your hand.

The Magalu Superapp will be essential for purchases and sales made by Brazilians.

“**M**obile only and app first.” Among Magalu’s different sales channels, the app has the highest strategic importance. “Mobile only and app first” is one of the mottos that guides the company strategy which is focused on Luizalabs. Therefore, the sales application, created in 2015, has been turned into a superapp. The superapp is a virtual environment where the customer can buy products from Magalu and their sellers, to access public services, and make online payments.

In 2019, Magazine Luiza’s app recorded the highest number of downloads on iOS and Android systems. In December, Magazine Luiza’s app was installed on 26.5 million smartphones. Of these potential users, 19 million are considered active, with at least once a month of use. Of these users, more than half bought the Magalu app in 2019.

This customer base is the cornerstone of planning what will make up Magalu’s superapp. The company has always worked with a mobile platform philosophy in mind. Their APIs have been open since April 2017. Today, anyone who wants to develop solutions to for Magalu’s superapp can easily do so.

This also makes Magalu easy to develop. In 2019, a total of 27 changes were made to the structure. Among

these changes were the creation of Netshoes, Zattini, Época Cosméticos, Black Show, and Offers of the Day. Social and book “worlds” were also added to facilitate navigation.

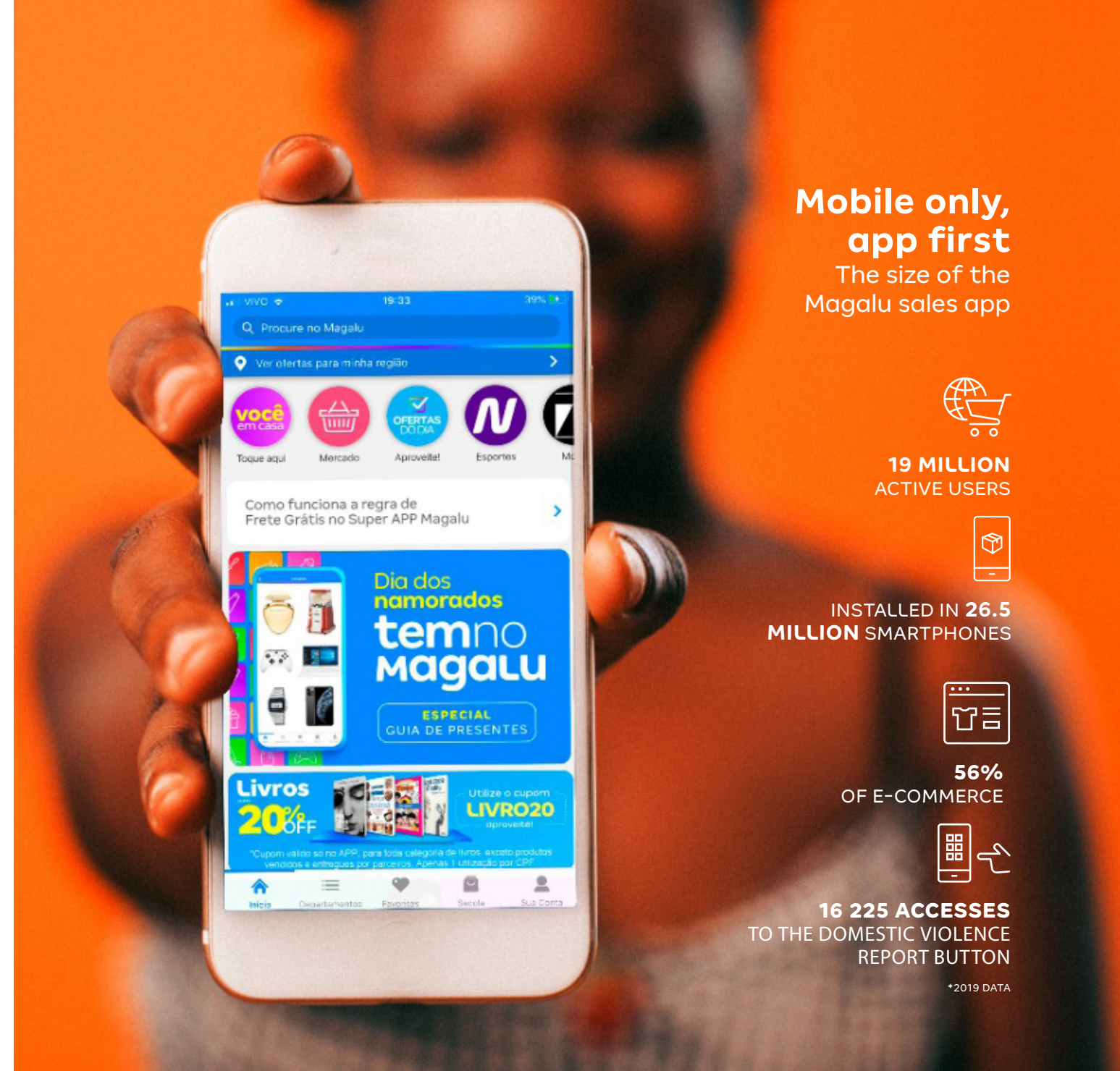
During the last Black Friday, the mobile app was the company’s main purchasing channel. Over 1.5 million products were sold on the platform which was widely promoted during the Black of Blacks show. Customers favored 2.6 million products which became valuable information for the company and their commercial team. The app is a strong communication channel for understanding the habits and trends of customers.

This conversation is often direct. In 2019, the SAC made 700,000 calls via the app. Deliveries of 18 million purchases can be tracked directly by consumers.

At the end of the year, important features were released in the pilot form. MagaluPay, the company’s digital account, was available for a testing phase of 219 people. Luiza Card, which has 5.2 million active users, is now in the integration phase which will bring millions of new monthly accesses to the application.

MEETING POINT

The inspiration for Magalu superapp comes from the Chinese market. In this



Mobile only, app first
The size of the Magalu sales app



19 MILLION
ACTIVE USERS



INSTALLED IN **26.5**
MILLION SMARTPHONES



56%
OF E-COMMERCE



16 225 ACCESSES
TO THE DOMESTIC VIOLENCE
REPORT BUTTON

*2019 DATA

market, the primary market application is also used to maintain relationships, buy, pay bills, use public transportation, order food, and even schedule medical appointments. The Chinese spend twice as much time on this platform as the average Instagram user.

This is the vision Magalu has for the superapp. A place where various services can be accessed seamlessly. This does not

mean that Magalu will do everything. Just as we have done with the marketplace, growth of the superapp will involve partnerships.

The App market in Brazil is still in early stages. Peculiarities involve the storage and processing capacities of our smartphones. Therefore, a better understanding of Brazilian people will allow companies to meet these demands.

FASTER
DELIVERY

Almost everything can be delivered within 48 hours.

Multichannel is Magalu's secret for faster and cheaper deliveries.

Louveira, Ribeirão Preto, Campo Grande, Caxias do Sul, Contagem, Curitiba, Teresina, and Marituba. These are some of the cities where Magalu has distribution centers. By the end of 2019, there were 17 centers solely dedicated to the storage and shipment of products throughout Brazil. Workplaces with 5,000 staff working in three different shifts allow for the fastest delivery in the country.

More than 500,000 square meters of storage area are part of Magalu's complex distribution and logistics system. Over 1,100 physical stores spread over 18 states in the country quickly turn into small distribution centers capable of using the ship-from-store system: the distribution of goods purchased in stores.

About 30% of space of most physical points are dedicated to storing items (for the company itself) to be sold digitally. The more stores are converted into distribution centers, the faster product can reach the customer at home. Faster shipping also translates into a better shopping experience. At the end of 2019, 66% of all products sold and delivered by the Magalu system reached their destination within 48 hours.

The connection between the stores and DCs are reached by over 2,500 transporters from the Luiza Network. They are self-employed professionals with access to technological tools, annual training hours, and provide services only for Magalu. They usually drive VUC trucks and travel thousands of kilometers a day. Accordingly, they help decentralize logistic operations: a vital strategy to serve a country the size of Brazil.

For product to reach the customer, it is necessary to win the last mile. This is one of the main bottlenecks of several retail operations around the world. In 2018, Magalu acquired LogBee: a deli-



At full speed

Integration of channels ensures faster delivery in Brazil



very startup combining transportation and logistics into one app. Comparable to a type of Uber for deliveries. The app allows carriers with small vehicles, such as cars, motorcycles, and bicycles, to make delivery routes within cities from a small central. Ultimately this helps reduce the emissions of pollutants. In December 2019, 122 municipalities, among them São Paulo, Campinas, Belo Horizonte, Goiânia, and Recife, were served by LogBee.

INTEGRATION

However, Brazil has more than 5,000 cities, all of which are somehow covered by Magalu's distribution. To reach them, the company relies on Luiza Network partners. After making the supply route between the stores and physical points, these truck drivers go to a local delivery route. Distribution center supply systems follows the concept that e-commerce products delivered to customers shall be entered first. Store data follows

next. The truck driver initially dispatches products at the physical points, and then proceeds to define a local route.

This is only possible and scalable due to the presence of Magalu has throughout Brazil. A fully online operation would not be able, for example, to send a truck to make deliveries in only one city. Therefore, we must resort to logistics companies that cover that area, thus raising the cost of the process. As Magalu already has routes ready to serve their store network, this cost is diluted throughout the whole operation. It is cheaper for the client, cheaper for the company, and ensures faster deliveries for the customer.

This system is key for Magalu to deliver within 24 hours in five cities, and in two days in another 370 cities. In a little over a week, we can reach the Oiapoque consumer located in the far north region of Brazil. It takes seven days for Magalu products to arrive to a resident of Chui: our southernmost point.



MAGALU
**AS A
SERVICE**

The tools that will make Brazilian retail digitalized

All technology developed by Magalu is available to sellers

GRI 103-2, 103-3, 203-2

Sellers — Sellers, retailers, and industrialists who need and want to take their products to make it to the end consumer are key elements for Magalu's current strategy. At the end of 2019, 59% of Magalu's sellers were MEI (companies with maximum annual revenues of 81,000 reais) and 40% were outside the state of São Paulo. The exponential increase in scale that the company intends to achieve in the shortest time possible depends on the capacity to attract the largest number of partners to our digital platform. More sellers means having an unimaginable number and diversity of items available. However, attracting these entrepreneurs, accustomed to acting in an analogical environment where all relationships are physical, is not sufficient for Magalu.

LEAP IN TIME

These entrepreneurs require the necessary digital tools to enter this new virtual market in an organized, legal, and sustainable manner. This is how Magalu as a Service (MaaS) was born. Several technological services and tools were developed for the company which started being offered to the more than 15,000 Magalu sellers.



It is a leap in time. MaaS was developed so that companies that want and need to sell digitally can save on learning stages, which can consume years of investment and technology know-how.

After connecting partners to more than 25 million customers in the country, the company helps businesses by delivering the products sold directly to their destination. Magalu deliveries and MaaS' logistics services offer many options so that those who sell through the platform can deliver their products faster and more cost effectively. This process replicates the experience that the customer has when buying from Magalu.

The most basic form of Magalu Delivery is the use of existing contracts executed between the company and their logistics partners. Instead of using these services at over-the-counter prices, the seller has access to the values agreed upon between carriers and Magalu. Thus, small businesses can enjoy a scale benefit.

However, by the end of 2019, hundreds of sellers were already adopting the cross-docking model. With this model, Magalu collects the product from the partner and sends it to one of their 17 distribution centers. The product sold virtually is then entered into the Magalu's distribution network. This is another option to store high-scale and recurrence products from partners in DCs which are strategic for sellers.

Faster deliveries may contribute the most to the end customer's experience. However, the result depends upon sound management, especially from a financial view. The service called Magalu Pagamentos, launched in 2019, allows sellers to advance their receivables at extremely competitive rates well below the market. This allows sellers using the Magalu platform to have cash flow: a

central factor for smooth operations.

Tools such as Magalu Payments are developed at Luizalabs, Magalu's innovation laboratory, with 1,200 developers and operations in São Paulo, São Carlos, Franca (the company's city of origin), and Minas Gerais in the city of Uberlândia. The lab professionals created, for example, Magalu Tax, which enables marketplace partners to access all taxes and fees to be paid by a formal operation. This is one of the requirements to be part of the company's marketplace. All Magalu sellers need to prove they have active corporate taxpayer registration numbers according to tax compliance and economic activities linked to Magalu. Marketplace partners who do not follow compliance rules are suspended or banned from the platform. In 2019, 623 sellers were suspended or banned from the marketplace.

Exposure of partner products, on and outside of the platform, can also be done digitally. Through the Magalu Ads tool, sellers can position their items on the Magalu website, social networks, and web media. At the end of 2019, the IPDV, an application for small retailers to place their products on Magalu, already had 87 users.

This network of partners of all sizes is one of Magalu's assets. In November 2019, we gathered 1,300 partners at the first Expo Magalu held in São Paulo. Courses lasted 11 hours and 26 minutes, in addition to product launches, and networking opportunities. Courses held at Expo Magalu are provided online on the company's marketplace YouTube channel. Professionals were able to access 1,500 times more content that provided over 100 hours of online training. There are 22 courses divided into categories of e-commerce, marketplace sales, management, and technology.



Company DC: cross docking for sellers

To make retail digital

Services for sellers offered by MaaS

Magalu Entregas



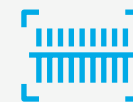
MAGALU LOGISTICS SERVICE FOR YOUR MARKETPLACE SELLERS.

Magalu Ads



MAGALU'S ADVERTISING TOOL FOR BRANDS AND PARTNERS TO PUT THEIR PRODUCTS IN EVIDENCE IN THE VARIOUS DIGITAL SALES CHANNELS.

Magalu Pagamentos



FINANCIAL SERVICES TECHNOLOGY OFFERED TO MAGALU MARKETPLACE SELLERS.



PEOPLE
WHO
LIKE
PEOPLE

Always with human warmth

One of Magalu's non-negotiable values is to rely on people who like people.

1. Clients

GRI 103-2, 103-3

It does not matter if the relations are physical or digital. One of Magalu's non-negotiable values is "people who like people." Human warmth is part of Magalu's identity and must be present in everything we do. This includes contact with customers, in the coexistence with over 41,000 employees, and how the company contributes to the communities in which we operate. This concept defines the way we view and act towards the development of the country.

The center of Magalu's transformation is people. First into a digital company, and now into a retail ecosystem. Starting with the customers, more than 25 million customers are spread-out all-over Brazil.

Every day, Selma Francisca from Franca, Magalu's hometown, goes to Loja Um: the company's headquarters. She has a daily coffee, chat, and eventually buys something. At the end of 2019, Magalu had 3.3 million gold clients, such as Selma. This loyal group makes some purchase from the company at least once a month. Gold clients get special treatment with exclusive offers and conditions.

Magalu's goal is to make each of their customers, even those who shop virtually, feel like our gold customers. The buying experience will only recur if customers felt special. For example, this allows each physical store to have 12 sellers on average and one per sector. Each Magalu seller must be a consultant, someone able to clarify any doubts, understand the needs of customers, and offer products best suited for each customer.

Thanks to our clients, Magalu is able to promote some of the biggest sales events in the country. More than two decades ago, we launched the "Fantastic Sale." During this edition, products were discounted up to 70%. To take advantage of sales prices, traditionally, lines of consumers formed in front of company stores at several regions in the country. Customer in line were offered free internet, coffee, chairs, and security personnel.

This human warmth must be reproduced in digital interactions. For accomplish this, the company has a powerful ally. This ally named Lu is one of the largest digital influencers in Brazil and is



Labs Employees:
one of the best
companies to
work for in Brazil

also one of the world's leading retailers. By the end of December, Lu was followed by 12.5 million fans on Facebook, 2.6 million on Instagram, 460,000 on Twitter and 1.7 million people on YouTube.

Lu is more than a digital influencer. She is an internet activist. Aside from relating to customers, answering questions, and talking about technology, she raises social flags of great relevance to Brazilian society. The main issue is fighting violence against women: one of the main causes supported by the company. The chairman of the board, Luiza Helena Trajano, is also a founder of Women of Brazil (Mulheres do Brasil): the largest women's collective organization in the country and one of the world's largest. In March, the month of International Women's Day, Lu helped launch a button,

integrated into the Magalu app, which leads directly to number 180: a central information center for preventing and combating violence against women.

Lu is one of Magalu's many voices on the internet. MagaLocal, created in 2017, is another voice. Each Magalu store has its own Facebook page and freedom to create their own advertising campaigns for the local public. Their videos, almost always humorous, generated over 18 million views in 2019.

Another highlight is Magazine Você which allows anyone to become a Magalu publicist and have a virtual store on social networks. At the end of 2019, there were 147,000 active partner stores, which received commissions on each sale. Altogether, these promoters sold millions of reais accumulated in the year.



2. Employees

GRI 102-8, 102-41, 103-2, 103-3, 401-2, 404-1, 404-3, 405-1, 406-1

The customer is the final tip. They can only be well served and have the best experience if the company has a policy of human warmth also directed to their employees. Magalu was, for the second consecutive time, elected the best Brazilian retail company to work, according to the Great Place to Work (GPTW) survey. One of the main factors leading to this result is the engagement of teams. Every Monday at 8:30am, Magalu's employees, at

every location in the country, gather for a weekly meeting. For one hour, the company talks about goals, actions that were successful, and mistakes that need corrections. The main internal communication channels are TV Luiza, whose weekly program on Thursdays is broadcast to employees across the country on radios, social networks, and in the workplace. In 2019 84% of employees were active on the platform each month. This means that almost 30,000 employees accessed it at least

Work on the DC: "Hands on" is one of our main values

once, with an average of 3,000 daily reactions and over 120,000 messages exchanged daily.

Of 41,000 Magalu employees, all with collective bargaining, 50.4% are women and 49.6% are men. The company also sought to achieve gender equity in leadership positions. It is an equal environment for most employees. 94% believe that everyone at Magalu has the same growth opportunities in the company regardless of color, gender, or sexual orientation. Nevertheless, Magalu understands there is a lot more to achieve on this end. For this reason, we are constantly reinforcing female participation in areas known for a predominant male performance such as technology. In February, a podcast was launched on women in tech. Through postings on the workplace, women are encouraged to practice sports such as soccer. On social networks, with the help of Brazil's largest virtual digital influence Lu, Magalu addresses taboos and recurring barriers in women's lives for the purpose of breaking stereotypes.

In addition to networks, real opportunities were created for women throughout the country. A partnership between Magalu and the CodeNation programming school offered 25 scholarships for women programmers in the Python language. Each participant had their skills developed by Magalu and, in the end, five employees were hired. The company's DC teams also developed the Assemblers Project. This initiative employs women into positions typically held by men. Such positions include assembly line workers and those for installing products in clients' homes.

For a company that considers "people who like people" an intrinsic value, any type of harassment is condemned. Magalu enforces a harassment, sexual, and moral prevention policy in accordance with the company's code of ethics. This is known internally as a non-negotiable value: infractions lead to immediate dismissals of the employee for just cause. A specific channel was created in June 2017 to receive complaints of this type. In 2019, five harassment complaints were analyzed and three were deemed grounded. Employees involved were penalized according to the company's policy of consequences. There were five incidents of discrimination.

As for benefits, Magalu offers all its employees a contract of indefinite duration, three health plan options, in addition to a dental plan, food or meal vouchers, transportation vouchers, private pensions with additional company contributions, special credit lines, consortium with differentiated conditions, gym passes. We also offer extra benefits for PCD employees, such as exemption from the monthly fee of the holder's health plan, the possibility to request scholarships six months after admissions (respecting the date of registration of the benefit), and subsidy of 19.90 reais at Gympass for plans starting from 29.90 reais.

A benefit package is reserved for employees with children. Pregnant employees have a personalized follow-up, can take online courses at Portal Luiza, and receive a 25% discount on all purchases of baby items sold at Magalu. The company grants six months maternity leave, and 20 days

of paternity leave. On their return to work, the employee is entitled to a "mother-ticket" comparable to a day-care assistance. Women with children up to 12 years old receive 250-reais in monthly aid. Widowed parents, parents of children with special needs, or children from a homo affective union are also entitled to this benefit.

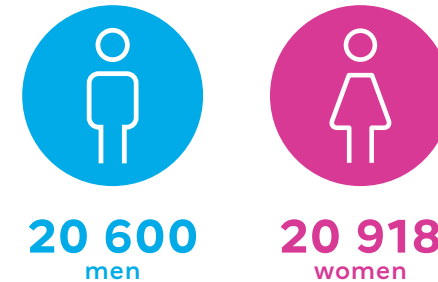
Continued education is encouraged by the company. In 2019, Magalu offered 1,904 scholarships to employees with more than one year of residence. These scholarships include tuition subsidies for elementary school, high school, technical education, university entry exams (vestibular), undergraduate, graduate, language, and computer courses. The company's total investment in benefits that encouraged educational development amounted to 1.7 million reais in 2019, up by 18% from the previous year. In 2019, there were 53,303 hours of training with an average of 1.3 hours per employee. Professionals from all hierarchical levels go through the performance evaluation process which involved 60% of employees in 2019.

The relationship between Magalu and their employees is based on merit. The company applies several forms of recognition to encourage staff. These internal campaigns include the "Monthly Outstanding Employee, Professional of the Year Award, Annual Incentive Campaign based on the Management Model and Luiza Helena Award". The last three awards mentioned are delivered at the Annual Leadership Convention for all employees who excelled in service, sales, and goals achieved.

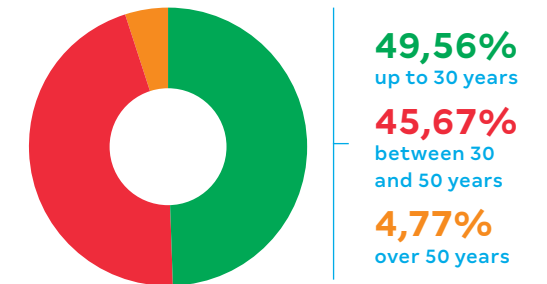
It would not make sense to support customers and employees while underestimating the relationship with key stakeholders for the function of the Magalu ecosystem. This includes partners divided among marketplace sellers, independent carriers, and other service providers. The relationship should be guided by a win-win principle instead of a predatory business philosophy. To contribute to the sellers' cash management, most of which are small businesses and entrepreneurs, 800 million reais in receivables were advanced at a monthly 0,99% rate.

The Magalus

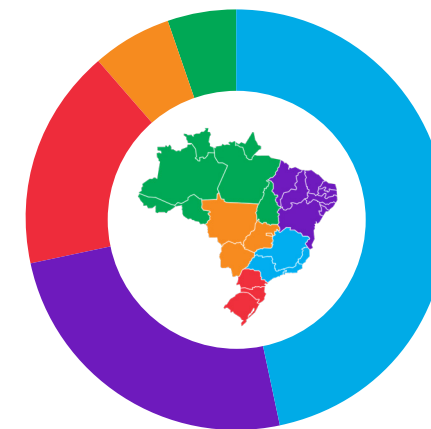
Who works at Magalu



What is the age of employees?



Where they are located



What are their positions?



Benefits

Children	Credit	Scholarships	Consortium	Sports	Mothers
are entitled to education aid	with special interest rates	with a focus on employee development	with exclusive administration fees	Academy & Racing Group	Rely on Monthly Aid

3. Partners, Communities & Society

GRI 102-9, 103-2, 103-3, 203-1, 306-2

Would be impossible to offer thousands of products to customers all over Brazil without business partners. Magalu has hundreds of suppliers. It is still not possible to map, in detail, the path that each product takes until it reaches the company's points of sale. This is a process that is constantly evolving. Today, Magalu monitors the supply chain with the help of Lexis Nexis risk management systems. This system helps research public databases for negative news, judicial or administrative proceedings, restricted lists, and national and international alerts.

Accordingly, Magalu works with several filters to encourage the best environmental, labor, and economic practices among suppliers. This includes logistics partners, manufacturers, and financial agents. Even if the partner profile changes the rules still apply. All companies that work with Magazine Luiza go through a registration process. This process includes the submission of documents such as CNDs, articles of incorporation, validity of the CNPJ (corporate taxpayers' registration number), and, in cases of suppliers considered "sensitive" or with a payment value higher than that stipulated by the policy, an integrity check is mandatory. The integrity check is performed by the Compliance, Integrity and PLD (Prevention of Money Laundering and

Terrorism Financing) teams and aims to perform a supplier background check.

In relation to the surrounding communities, Magalu has a powerful army to help do good with 41,000 employees willing to help. The "network of good" summons those interested to take time and dedicate their efforts to help others. In 2019, the Magalu volunteer league reformed schools, organized an animal donation fair, donated thousands of food baskets, and organized Children's Day parties.

In addition, the group directed attention to specific cases that made a difference in many people's lives. One example of this is Maitê: a newborn who was fighting brain cancer. About 60 collaborators sent diapers and spread the message on Instagram to help the child's family receive the amount required for her cancer treatment.

The planet is our community. Each day it becomes more evident that it is threatened by issues such as climate change, the destruction of biomes, partial extinction of the fauna, and pollution of rivers and oceans. Magalu shares this responsibility through transporting sold products and with packaging. The company does not manufacture, but promotes consumption. Magalu operates all over Brazil with more than 1,000 physical points, 18 distribution centers, and offices in different states. The challenge, the-



Magalu Carrier: attention to all stakeholders

refore, is set. How do we correctly manage waste generated in places where there is no collectors' cooperative? What about replaced refrigerators or television sets? Where will they go?

The company is committed to solving these issues. With the help of a specialized consultancy, Triclos, an inventory of waste generated by our operations were carried out by Mid-2019. The goal was to get a "clear picture of how waste flows and the dynamics along the value chain, as well as compliance of internal processes and agents involved."

The survey brought a series of relevant data to light. One being the topic of waste management treated in a relatively organized way in the DCs. In other words, there is separation of materials, such as cardboard and plastic, with revenue generation on the sale of these residues to recyclers. Even so, it was verified that around 15% of waste that these units send to landfills could be recycled and sold. Different from the DCs, waste generated at physical stores is smaller, but there is also less

control over the volume produced. Only 25% of stores declared to perform selective collection. Therefore, the scenario is more complex, and waste management will require stronger efforts from Magalu moving forward. Our offices, DCs, and stores generate 445 tons of non-recyclable waste from bathrooms, restaurants and sweeping all of which are discarded in landfills.

Projects Supported by Incentive Laws

17 Projects Rouanet Cultural Incentive Law	3 Health-Related Projects
5 Federal Sports Projects & State Laws	8 million Reais for 37 Projects
3 Municipal Elderly Fund Projects	710 000 Reais In Donations from Magalu Funds

GOVER
NANCE

The Power of Diversity

A Company with a female soul that embraces everyone

GRI 102-13, 102-18, 102-22, 102-23, 102-26, 102-30

There are 508 companies listed on B3: the São Paulo stock exchange. From this number, only 165 companies have at least one woman on their executive board. If the bar goes up to two women, the number drops to 46. And there are only nine companies on the B3 with three women on their boards. One of these exceptions is Magalu. Luiza Helena Trajano is the chairman of board. The other two members are Betânia Tanure, one of Brazil's most renowned management, culture, and leadership consultants, and Inês Corrêa de Souza, financial specialist and former CFO at CVRD (Companhia Vale do Rio Doce). The diversity of this group of people, those who help plan the future of the company, goes beyond the issue of gender. To set up their Board of Directors, Magalu sought out people with diverse backgrounds, history, and experiences.

This is fundamental when the primary functions of the Board of Directors are to establish business guidelines, elect the members of the executive board, define their attributions, and oversee their performances. In theory, the more diverse the group is, the greater the chance of obtaining a full picture of both the company. Corporate governance will also be more sophisticated as a result. In December 2019, the board of directors for Magazine Luiza was composed of

One of Magalu's missions is to be an equal opportunity company



seven members: three women and four men. Of the seven members, four were independent board members.

They are all qualified to elect or dismiss board members and tax advisors, decide on the allocation of net income for the year and distribute dividends and bylaw restructuring, among other responsibilities. The collegiate is also entitled to decide on other matters directly or indirectly involving Magazine Luiza. This includes any financial restructuring, acquisitions, mergers, and spin-offs. Also, for redemption, amortization, splitting, grouping of shares, or any securities issued by the company.

Luiza Helena Trajano, a law graduate, was CEO of Magalu for 24 years. She has a deep understanding of the organization, and strongly contributed to the development of corporate culture. Her career included positions in all departments. In 1991, she took over the superintendent position. During her management Magalu became a major national retailer and opened their capital in Novo Mercado of B3.

Outside the company, Luiza was a member of the National Council of Public Management, the Strategic High Council of the Federation of Industries for the State of São Paulo (Fiesp), the Economic and Social Development Council (CDES), president of the Institute for Retail Development (IDV), and vice-president of the Board of Directors of the Rio 2016 Olympic and Paralympic Games Organizing Committee. She is also president and one of the founders of the Women's Group of Brazil: Brazil's largest collective organization for women.

Betânia Tanure is a psychologist with degrees from British universities Henley Management College and Brunel. She is a founding partner of Betania Tanure Associates, and one of Brazil's greatest specialists in management, corporate culture, and

leadership. Inês Corrêa de Souza is the founding partner of Latitude Gestão e Finanças. She graduated in administration from Getúlio Vargas Foundation and took an Executive MBA in Finance from the Brazilian Institute of Capital Markets.

Marcelo Silva is vice-chairman of the board. He graduated in economics from the Federal University of Pernambuco (UFPE) and holds a post-graduate degree in financial administration from the Foundation for Higher Education of Pernambuco (Fesp). Marcelo Silva is one of the most recognized Brazilian retail executives. He was CEO of Grupo Bompreço, G.Barbosa, Pernambucanas, and Magalu from 2009 to 2015. Carlos Renato Donzelli, José Paschoal Rossetti, and Professor Sílvio Romero de Lemos Meira complete the group.

Donzelli, the executive director of the Magalu holding, joined the company 25 years ago. Rossetti is one of the main scholars of corporate governance in the country. Meira, one of the founding partners of Porto Digital, in Recife, is one of the most renowned professionals in technology and digital transformation. The board is supported by four committees: Audit, Risk and Compliance, Financial and Consumer Credit, People and Organizational Culture and Strategy, and finally, Business and Digital Transformation.

With three members, the Audit, Risk and Compliance committee works together with the board in legal and regulatory compliance matters. Members closely monitor financial statements, reference forms, releases, and management reports. In addition, they monitor independent auditors to ensure exemption. This group of three professionals responsible for Financial and Consumer Credit is at the forefront of the company's financial policy, monitored indebtedness, contracts



and guarantees. A team of four oversees the People and Organizational Culture. They oversee values, ethical and legal standards, statutes, regulations and rules among all employees all the way up to the board level. Finally, three members form the group are at the head of the Strategy, Business and Digital Transformation committee. These professionals lead all operational and strategic guidelines for the company. They approve and advise the company's entry into new markets, ac-

quisition movements, mergers, etc. The entire board and committee organization is crucial for Magalu to remain a corporate governance reference, guarantee exemption, information control and transparency before all stakeholders, as well as the required diversity of experiences, opinions and knowledge applied to company management. Magalu is a member of the Institute for Retail Development (IDV), Fecomércio, and Brazilian Electronic Commerce Chamber.

Magalu's Board of Directors

GRI 102-22, 102-23



CHAIRMAN
LUIZA HELENA TRAJANO



VICE-CHAIRMAN
MARCELO JOSÉ FERREIRA E SILVA



PERMANENT BOARD MEMBER
CARLOS RENATO DONZELLI



INDEPENDENT BOARD MEMBERS
BETÂNIA TANURE DE BARROS



INÊS CORRÊA DE SOUZA



JOSÉ PASCHOAL ROSSETTI



SÍLVIO ROMERO DE LEMOS MEIRA

SPECIALIZED COMMITTEES & THEIR MISSIONS

- **Audit, Risk and Compliance** – Seeks the best operation practices
- **Finance and Consumer Credit** - Guarantee the company's financial health
- **People and Organizational Culture** - Primacy for values and employees
- **Strategy, Business and Digital Transformation** - Position digital as a strategic drive

MANAGEMENT

Magalu has 11 professionals in its board of directors



CEO
FREDERICO TRAJANO RODRIGUES



VP
FABRÍCIO GARCIA

DIRETORES EXECUTIVOS



Financial and Investor Relations
Roberto Bellissimo Rodrigues



Administration and Control
Maria Isabel Bonfim de Oliveira



Technology
André Luiz de Souza Fátala



E-commerce
Eduardo Benjamin Galanternick



People Management
Patrícia Pugas de Azevedo Lima



Logistics
Décio Yuiti Sonohara



Commercial e-commerce
Julio Cesar Trajano Rodrigues



Commercial
Luiz Fernando Macedo Costa



Marketplace
Leandro Soares

The image shows a cover for an annual report. The background is a solid, vibrant blue. On the left side, there is a white, organic, wavy shape that resembles a drop or a splash, extending from the top to the bottom. The text 'ANNUAL REPORT' is centered on the right side of the page. 'ANNUAL' is in a white, uppercase, sans-serif font. 'REPORT' is in a larger, bold, white, uppercase, sans-serif font.

ANNUAL
REPORT

About the Report

GRI 102-10, 102-44, 102-45, 102-49, 102-50, 102-54

For the eighth consecutive year, Magalu presents their Annual Report, which addresses the company's performance in economic, financial, social, and environmental dimensions. This report covers the period between January 1st and December 31st 2019 and provides forecasts for next year. The report is published annually in accordance with guidelines of the Global Reporting Initiative (GRI). The content was prepared in accordance with GRI standards: an essential option. The report includes the company's objectives, goals, and challenges faced during the time period, as well as, how to manage sustainability aspects and how the company relates to different stakeholders.

Netshoes, a company acquired in 2019, is not included in the scope of social and environmental information. Some indicators do not consider the subsidiaries. These cases are signaled in a note next to each indicator. Financial and operating data is presented on a consolidated basis in accordance with accounting practices adopted in International Financial Reporting Standards

(IFRS). Financial statements are audited by KPMG Auditores Independentes. The socio-environmental indicators were collected internally in accordance with Brazilian standards. In 2019, the company carried out a relevance-based review of the reported GRI indicators. Corrections to information from previous reports or changes in scope are reported whenever they occur.

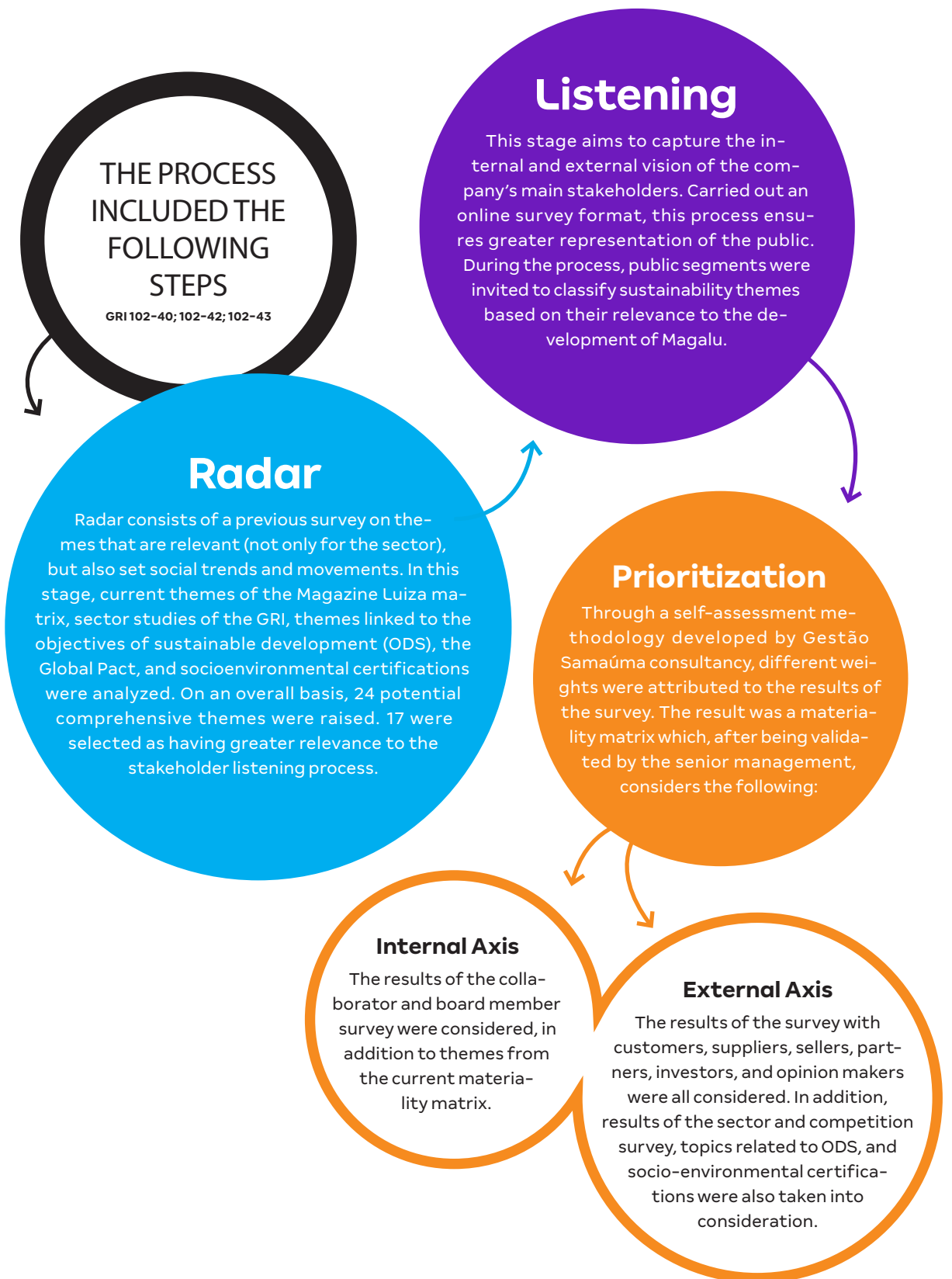
STAKEHOLDER ENGAGEMENT

Magazine Luiza considers suppliers, communities, sector forums, non-governmental organizations, and government entities as their main stakeholders. This identification considers the extent of Magazine Luiza's positive and negative impacts on different sectors of society and the potential impact of public segments on the company. Information about initiatives with stakeholders is presented in "people who like people." Accordingly, the company seeks to maintain a consistent relationship with stakeholders through permanent dialogue channels with employees, customers, shareholders, and with other audiences on a periodical

basis. The initiatives encompass active participation in discussion forums and organizations such as the Brazilian Institute of Business Hospitality (IBHE) and the Institute for Retail Development (IDV).

MATERIALITY MATRIX

In order to make their business strategy increasingly sustainable, Magalu revised the materiality matrix which defines the most relevant socioenvironmental issues for both the organization and stakeholders. By the end of 2018, the materiality review was initially elaborated through online consultations with over 3,600 respondents including employees, clients, suppliers, sellers, partners, investors, advisors, and opinion makers such as non-governmental organizations, academia, and the press.





With the new version of the materiality matrix, the company will advance their sustainability strategy by prioritizing relevant issues in management and governance areas. They will also guide the definition of indicators, commitments, employee trainings, and leadership engagements, in addition to, communicating results achieved.

MATERIAL THEME <small>GRI 102-44, 102-46, 102-47, 103-1</small>	GRI ASPECTS AND CONTENTS	IMPACT WITHIN THE COMPANY	IMPACT OUTSIDE THE COMPANY
RELATIONSHIP WITH CUSTOMERS	MARKETING & LABELING CUSTOMER PRIVACY GRI 417-1, 417-2, 417-3, 418-1	YES	CUSTOMERS & SOCIETY
WORKING RELATIONS	EMPLOYMENT TRAINING & EDUCATION GRI 102-8, 102-41, 401-1, 401-2, 404-1, 404-3	YES	SOCIETY, SUPPLIERS & SELLERS
DIVERSITY & INCLUSION	DIVERSITY & EQUAL OPPORTUNITIES NON-DISCRIMINATION GRI 405-1, 406-1	YES	SOCIETY, SUPPLIERS & SELLERS
SUPPLY CHAIN	PURCHASING PRACTICES ENVIRONMENTAL ASSESSMENT OF SUPPLIERS SOCIAL ASSESMENT OF SUPPLIERS GRI 204-1, 308-1, 308-2, 414-1, 414-2	YES	SUPPLIERS, PARTNERS & SELLERS
CLIMATE CHANGE	ECONOMIC PERFORMANCE EMISSIONS ENVIRONMENTAL COMPLIANCE GRI 201-2, 305-1, 305-2, 305-3, 307-1	YES	SOCIETY
SOLID WASTE	EFFLUENTS AND WASTE GRI 306-2	YES	SOCIETY
FIGHT AGAINST POVERTY	MARKET PRESENCE INDIRECT ECONOMIC IMPACTS GRI 202-1, 203-1, 203-2	YES	CUSTOMERS, SUPPLIERS, SELLERS & SOCIETY
DIGITAL INCLUSION	NO INDICATOR GRI RELATED	YES	CUSTOMERS & SOCIETY

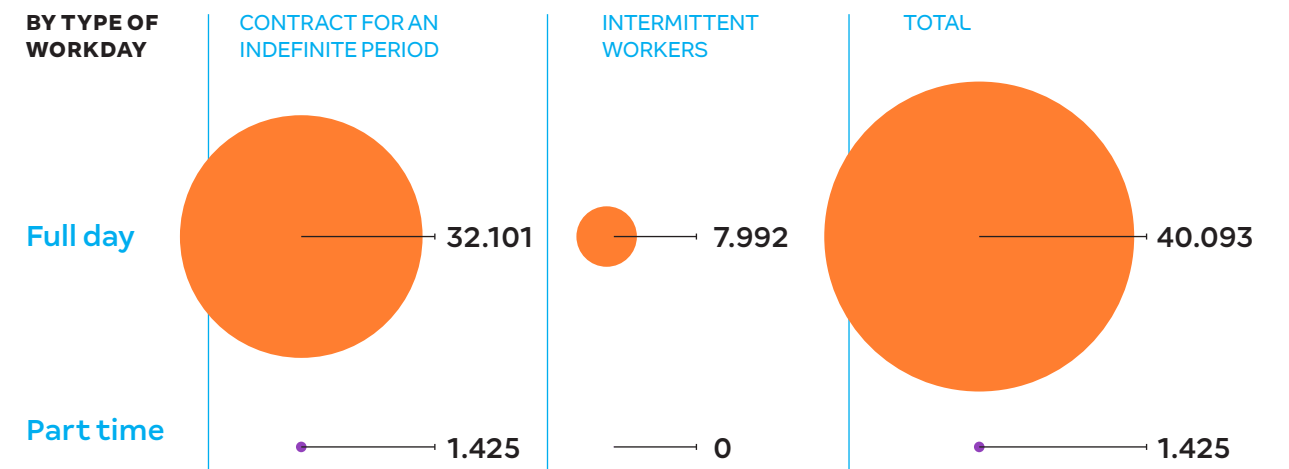
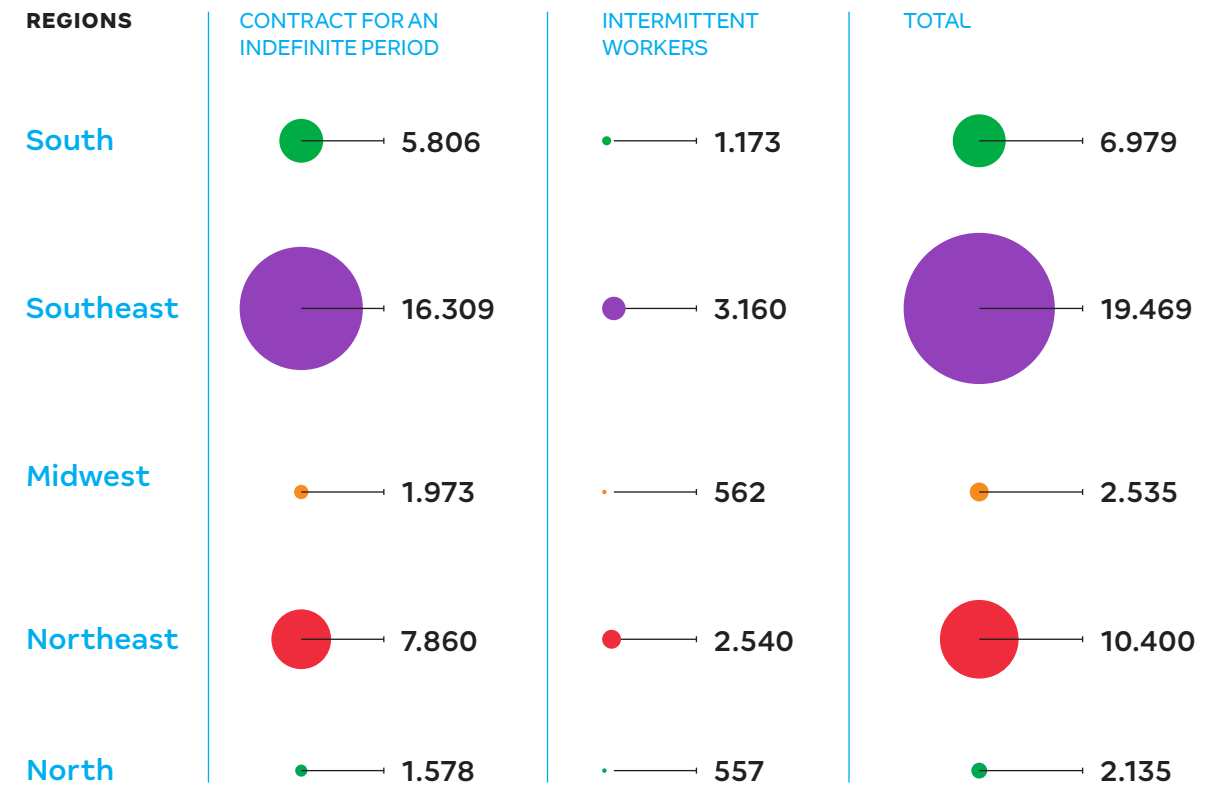
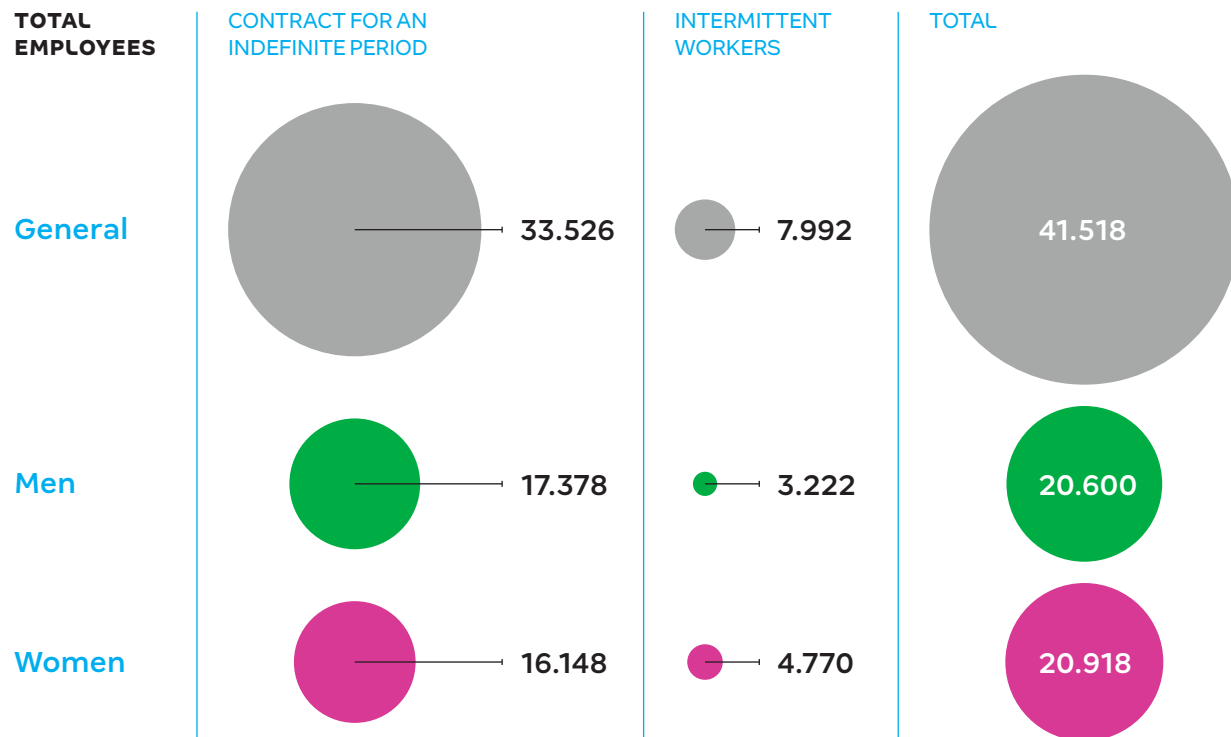


This section brings additional content and details on the topics covered in our annual report. The tables and respective GRI coding are stipulated in each division.

Employees

Magalu closed 2019 with over 41,000 employees

GRI 102-8



NOTE: THE SCOPE OF THIS INDICATOR IS ONLY FOR MAGALU. INTERMITTENT ONES SUPPLY SEASONAL NEEDS, SUCH AS SPECIAL DATES FOR TRADE. IN OPEN-ENDED CONTRACTS, OTHER WORKERS (APPRENTICES, TRAINEES) ARE ALSO CONSIDERED. THE DATA CONSIDERS STORES, DISTRIBUTION CENTERS, AND MAGALU OFFICES (EXCEPT FOR THE BOARD OF DIRECTORS).

The turnover rate was estimated at 40%.

GRI 401-1

	PERMANENT WORKERS	MALE TURNOVER RATE (%)	FEMALE TURNOVER RATE (%)	TURNOVER RATE (%)
BY GENDER				
Men	11.860	-	-	21,7%
Women	12.008	-	-	21,9%
BY AGE GROUP				
Under 30	16.074	14,19%	14,19%	28,37%
From 30 to 50	7.440	7,12%	7,40%	14,52%
Over 50	354	0,41%	0,34%	0,75%
BY REGION				
South Region	4.384	4,06%	4,40%	8,46%
Southeast Region	10.127	9,23%	10,05%	19,28%
Central West Region	2.06	1,64%	1,82%	3,45%
Northeast Region	4.942	5,21%	4,16%	9,36%
North Region	2.352	1,58%	1,50%	3,09%
Total	23.868	21,72%	21,92%	43,65%

NOTE: THE FOLLOWING FORMULA IS USED TO CALCULATE RATES: PERCENTAGE OF (DISMISSED + ADMITTED)/2 FOR TOTAL COMPANY STAFF. UNITS CONSIDERED: STORES, DISTRIBUTION CENTERS, AND MAGALU OFFICES. INTERMITTENT EMPLOYEES WERE CONSIDERED IN THE HIRED AND DISMISSED EMPLOYEES GROUP.

The company seeks to achieve gender equality in headcount.

GRI 405-1

		GENDER		TOTAL
		MEN	WOMEN	
Directors	NÚMERO	37	7	44
	PERCENTUAL	84,09%	15,91%	100,0%
Managers	NUMBER	1.051	546	1.597
	PERCENTUAL	65,81%	34,19%	100,0%
Administrative	NUMBER	4.669	7.309	11.978
	PERCENTUAL	38,98%	61,02%	100,0%
Production	NUMBER	14.050	12.414	26.464
	PERCENTUAL	53,09%	46,91%	100,0%
Trainees	NUMBER	5	5	10
	PERCENTUAL	50,00%	50,00%	100,0%
Total	NUMBER	19.812	20.281	40.093
	PERCENTUAL	49,42%	50,58%	100,0%

NOTE: UNITS CONSIDERED: STORES, DISTRIBUTION CENTERS, AND MAGALU OFFICES. YOUNG APPRENTICES ("JOVEM APRENDIZ") AND TRAINEES WERE NOT CONSIDERED.

Magalu employs people of all ages.

GRI 405-1

AGE RANGE

		BELOW 30	30 TO 50	ABOVE 50	TOTAL
Directors	NUMBER	0	37	7	44
	PERCENTUAL	0,00%	84,09%	15,91%	100,0%
Managers	NUMBER	256	1.218	123	1.597
	PERCENTUAL	16,03%	76,27%	7,70%	100,0%
Administrative	NUMBER	6.101	5.522	355	11.978
	PERCENTUAL	50,94%	46,10%	2,96%	100,0%
Production	NUMBER	13.504	11.534	1.426	26.464
	PERCENTUAL	51,03%	43,58%	5,39%	100,0%
Trainees	NUMBER	10	0	0	10
	PERCENTUAL	100,00%	0,00%	0,00%	100,0%
TOTAL	NUMBER	19.871	18.311	1.911	40.093
	PERCENTUAL	49,56%	45,67%	4,77%	100,0%

NOTE: UNITS CONSIDERED: STORES, DISTRIBUTION CENTERS, AND MAGALU OFFICES. YOUNG APPRENTICES ("JOVEM APRENDIZ") AND TRAINEES WERE NOT CONSIDERED.

Diversity is key for the company

DIVERSITY INDICATOR

	TOTAL
BLACK	14.171
PEOPLE WITH DISABILITIES.....	1.247

NOTE: UNITS CONSIDERED: STORES, DISTRIBUTION CENTERS AND MAGALU OFFICES. YOUNG APPRENTICES ("JOVEM APRENDIZ") AND TRAINEES WERE NOT CONSIDERED.

Manifestation Channels

GRI 102-17

Aside from the Women's Channel, exclusively for domestic violence, Magalu has two other channels for employee manifestations. One of them is Disque Luiza, linked to the board of directors' president, Luiza Helena, who makes a point to give feedback to all whistleblowers. Therefore, employees must identify themselves. The report can be sent by e-mail or through the voice channel. The other is the Corporate Channel: created to receive denouncements of fraud, theft, embezzlement, trafficking, alcohol and drug consumption, violation of laws, internal policies, and procedures. On the Corporate Channel, the report can be sent online, by e-mail, website or voice channel with assured confidentiality.

Board

GRI 405-1

The Magalu Board of Directors is composed of four men, 57% of the total, and three women which corresponds to 43% of the seven people who make up the team. There are no people of color or people with disabilities on the company's board.

Climate Change

GRI 103-2, 103-3, 201-2, 305-1, 305-2, 305-3

Common in the retail sector, the main impact of Magalu related to greenhouse gases (GHG) refers to the transportation of products sold which accounts for about 60% of total emissions in the company's value chain. At this stage, the greatest risks associated with the company come from a scenario of stronger climate change impacts such as new restrictions on the transit of trucks in large cities, compromised delivery times, logistical costs, and other regulatory issues. These risks are managed through monitoring regulatory discussions, continuously searching for logistics efficiency improvements and assessing the use of vehicles with less polluting fuels.

Magalu has carried out an inventory of GHG emissions since 2018 to improve the management of this company process. In 2019, the carbon survey improved and evolved in scope, and included processes that make metrics more accurate. Scope 1 includes LPG emissions from restaurants and forklift trucks at distribution centers, and kerosene used in the supply of two aircrafts. In scope 2, energy consumption from different sources was considered:

SIN (National Interconnected System), free market, and GD (distributed generation). Scope 3 also expanded and began to consider waste generated in the operation of stores for: the largest distribution center of the company in Louveira, the interior of São Paulo, and the company's offices in the cities of São Paulo and Franca.

In scope 2, which considers emissions generated by electricity consumption in Magalu offices and stores, i.e. emissions directly generated by spaces managed by the company, total emissions related to energy purchase rose 11.9% compared to 2018. This result is associated with company growth (the number of stores considered in calculations went from 988 in 2018, to 1,139 in 2019). It is also worth noting that the volume of GHG effectively emitted with electricity consumption is lower than that reported due to the acquisition of renewable energy. Even after signing third-party contracts as to free market and inventory, we chose to strictly follow the methodology of the GHG Protocol which has specific criteria on traceability. This is why we did not consider this purchase in the final calculations.

GREENHOUSE GAS EMISSIONS (tCO ₂ e)	2017	2018	2019
Scope 1	3.403,79	3.352,99	5.231,46
Stationary Combustion	5,50	10,50	51,65
Mobile Combustion	2.085,70	1.876,30	3.178,33
Fugitives (Kyoto) - Refrigerated Gases ²	1.312,59	1.466,19	2.001,48
Scope 2²	7.243,20	6.031,30	6.840,23
Electric Power Acquisition (Location)	7.243,20	6.031,30	7.241,72
Electric Power Acquisition ³	ND	ND	6.840,23
Scope 3	16.104,40	16.918,40	36.254,52
Employee Travels	ND	4.099,00	5.463,16
Paper ⁴	23,70	32,90	1.073,77
Plastic ⁴	2.761,80	106,40	920,45
Solid Waste Generated	ND	ND	498,16
Transportation & Distribution (Downstream)	12.325,30	12.327,30	27.179,91
Employee Business Trips	993,60	352,80	1.119,07
Total	26.751,39	26.302,69	48.326,21

ESCOPE1: HEADQUARTERS, 3 OFFICES, 14 DISTRIBUTION CENTERS, 1,104 LUIZA MAGAZINE STORES & 3 AFFILIATED COMPANIES (LUIZACRED, LUIZASEG & MAGALU PAYMENTS).

² THE FIGURES FOR 2017 AND 2018 CORRECT CALCULATION ERRORS MADE IN PREVIOUS DISCLOSURES.

³ CONSIDERS THE EMISSIONS EFFECTIVELY GENERATED BASED ON THE GENERATION SOURCES USED BY MAGALU WHICH PURCHASES ENERGY ON THE FREE MARKET. THE ACQUISITION BY LOCATION, WHICH CONSIDERS THE PLACE OF CONSUMPTION, IS CALCULATED AS A REFERENCE OF INFORMATION.

⁴ UNTIL 2018, THERE WAS NO ACCURATE MEASUREMENT FOR THE VOLUME OF PACKAGING USED, AND THE CALCULATION WAS ESTIMATED BASED ON THE ACQUISITION OF MATERIALS. FROM 2019, MONITORING MOST CONSUMED MATERIALS SUCH AS CARDBOARD, PAPER, AND PLASTIC BAGS, AMONG OTHERS, TOTALING OVER 2,800 TONS OF PACKAGING.

ND: DATA NOT AVAILABLE.



Supply Chain & Socioenvironmental Assessment

GRI 102-9, 103-2, 103-3, 204-1 308-1, 308-2, 414-1, 414-2

In 2019, Magalu maintained 579 active suppliers for marketing 1P products in stores and online. Purchases are pulverized, and the company is not dependent on any supplier. There is a concentration of purchase volume of more than 68% in the ten main partners. One of the main focuses in supplier management is monitoring the suitability of the chain and ensuring compliance. Magalu sees this as an opportunity for adopting more social and environmental assumptions to encourage chain improvements. The construction of a Supply Sustainability Risk Matrix in 2019 identified and prioritized four categories of suppliers by level of criticality for monitoring purposes. The goal for 2020 is to hire specialized tools for effectively monitoring the supply chain.

We recommend hiring local suppliers, especially for the opening of new stores, given the continental dimensions of Brazil, the implied difficulties, and logistics costs. However, there is no specific policy to privilege local suppliers in the purchasing process nor are there tools available to measure their participation in the purchasing process (considering the labor, tax and environmental legislations). Since the last quarter of 2019, Magazine Luiza adhered to a new parameterized system with the main criteria for alerts on atypical operations and techniques currently used on

suspected money laundering and/or terrorist financing operations. In 2019, 15 alerts were pointed out, as analyzed by Compliance, Integrity and PLD. The cases are evaluated by the Committee for Risk Assessment and Atypical Operations. 373 suppliers and sellers were submitted to due diligence, 40 of them evaluated with medium risk, and 26 with high risk. All had an agreed action plan.

For nine suppliers and 15 sellers, the commercial relationship was discontinued. In addition, 24 entities were evaluated through the due diligence process to receive donations.

Magalu strives to inhibit the sale of forbidden and/or irregular products on the marketplace platform. We provide

Tools that guide the relationship with suppliers:

- Anticorruption Manual
- General Conditions of Supply and the Code of Ethics and Conduct
- Corporate Reporting Channel

a frequently updated list of prohibited products that partners undertake not to market in order to embrace the new realities of the marketplace. For the sake of commitment, partners formally accept non-negotiables. Magalu has also developed monitoring tools, and additionally, hired a company to help identify possible irregularities committed by partners on the platform. Recently, a reporting channel was also created on the website to receive information about possible offers of prohibited and/or irregular products on the marketplace platform. In case of violating the Non-Negotiables Policy, Magazine Luiza immediately cancels the business relationship.

The policies and practices for relationship with sellers, including quality standards for relationships with customers, such as commitment to punctuality of deliveries and services, are publicly disclosed at <https://marketplace.magazineluiza.com.br/regras-do-jogo/>

Relationships with Customers

GRI 103-2, 103-3, 417-1, 417-2, 417-3, 418-1

LABELING

The labeling of products sold at the retail level is directly carried out by the manufacturer or distributor. Magalu adopts procedures to ensure accurate consumer information on product characteristics and tips for use. In addition, Magalu presents transparent data related to price, interest rates applied, and the Exchange Policy. The same transparency applies to the financial products and services marketed by Consórcio Luiza, Luizacred, and Luizaseg. In addition to following specific legal regulations, the company is guided by their own Code of Conduct for consumer information. In Luizacred's cards, we offer a series of facilities for the client, such as information on fees and tariffs in all channels for contracting the product on the site, app, or in store. For card delivery manuals, we highlight, for example, the importance and care needed with the card password. To promote conscious consumption of resources, we offer digital invoices and maintain recurrent communications with customers to guide them on more practical, safe, and sustainable options.



Among continuous informational improvements made available to Luizacred card customers, we highlighted the actions adopted in 2019. These actions included sending SMS for insurance contracts in order to avoid non-recognition of the product; cancellation of insurance sold using the voucher without purchases, that is, whenever there is a voucher in which the only purchase is the insurance, it is cancelled so as to protect the customer from default; reduction in the period for insurance cancellation, which went from five to four days; better nomenclature to avoid confusion with other insurance offered by the company, among other points. We did not record non-conformity in the labeling of Luizacred products and services in 2019.

INFORMATION PROTECTION

Magalu adopts sound market practices to protect customer data. We maintain policies, processes, procedures, and technologies to identify, prevent, mitigate and respond to any possible information security incidents. With this, the company has not registered proven complaints about violations of privacy or loss of customer data. In addition, Magalu was not fined due to communications or marketing issues. To guide our advertising, we follow the rules of the Brazilian Advertising Self-regulation Code (Conar).

Representativeness

GRI 102-12, 102-13

Magalu is present in organizations that represent their sector, movements, and community actions.

External Initiatives Description

Tem Saída

Magazine Luiza supports the following programs: the partnership between the Secretariat of Economic Development and Labor for the city of São Paulo, the Public Ministry, the Public Defender's Office, the Court of Justice, the OAB-SP, and UN Women. The purpose is to hire female victims of domestic violence and reinsert them in the labor market, collaborating for their financial independence, and the end of a violence cycle. In 2019, Magalu hired four women referred by the program..

External Initiatives Description

Alliance for Integrity (Afin) | A global joint initiative that brings together stakeholders from private, public sectors, and civil society builds and promotes solutions for strengthening transparency and integrity in the economic system. Created five years ago, the alliance is led by the German Development Cooperation (GIZ) and operates in regional centers located in Germany, Brazil, Ghana, India, and Indonesia. This initiative offers practical solutions to strengthen the compliance capacity of companies and their supplier network. Furthermore, Afin contributes to the improvement of structural conditions, and stimulates the dialogue between public and private sectors. Local governance consists of the advisory board, formed by representatives of CGU, Transparency International, BDI, UNODOC, the Compliance Channel and representatives of companies most engaged in the initiative. The Compliance Director of Magazine Luiza actively participates in the initiative and is part of the Board.

ICC | ICC Brazil (International Chamber of Commerce) is a worldwide business organization whose network includes more than 6 million companies and business associations in 130 countries. In Brazil, the ICC has more than 500 Brazilian executives gathered for Global Commissions and discussions. These efforts seek to establish national chapters of the Commissions, address issues of high relevance to the Brazilian business sector, and advocate for the government, international organizations, and civil society. Magazine Luiza currently participates in several of these commissions, among them anticorruption and Corporate Responsibility, Competition, Digital Economy, Environment and Energy.

Associations Participation Type

Institute for Retail Development (IDV) | Contributing to the improvement of people's lives, Luiza Helena Trajano, president of the Board of Directors, participates on the Advisory Board of the entity. The company's professionals work in other committees such as Finance, Payment Means and Fraud Prevention; Multichannel; People and Sustainability; Consumer Relations; Labor and Union Relations; and Tax.

Federation of Commerce of Goods, Services, & Tourism for the State of São Paulo (Fecomércio SP) | Magazine Luiza is a member of the E-Commerce Council group Fecomércio SP. In addition to the General Council, which deals with more general guidelines related to the sector, Magazine Luiza also participates in the following work groups: data protection, sustainability, logistics, marketplaces, open banking, risks, and fraud.

Brazilian Chamber of Electronic Commerce (e-net Chamber) | Currently the main multisectoral entity in Latin America, and the Brazilian entity with the highest representation of the digital economy. Magazine Luiza participates in the special committees for Online Retail and Legal within working groups on Tax Affairs and Marketplaces.

Summary of GRI Content

GRI 101: FOUNDATION 2016

GENERAL DISCLOSURE

ORGANIZATIONAL PROFILE

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
STANDARD	102-1 NOME DA ORGANIZAÇÃO	2-3	-	-	-
GRI 102: 2016 GENERAL RELEASES	102-2 ATIVIDADES, MARCAS, PRODUTOS E SERVIÇOS	2-3, 13-12	-	-	-
	102-3 LOCALIZAÇÃO DA SEDE	2-3	-	-	-
	102-4 LOCALIZAÇÃO DAS OPERAÇÕES	2-3	-	-	-
	102-5 TIPO E NATUREZA JURÍDICA DA PROPRIEDADE	2-3	-	-	-
	102-6 MERCADOS EM QUE ATUA	2-3	-	-	-
	102-7 PORTE DA ORGANIZAÇÃO	17	-	-	-
	102-8 EMPREGADOS E OUTROS TRABALHADORES	46, 66	-	8	-
	102-9 CADEIA DE FORNECIMENTO	50, 74-75	-	-	-
	102-10 MUDANÇAS SIGNIFICATIVAS NA ORGANIZAÇÃO E EM SUA CADEIA DE FORNECIMENTO	2-3, 62-63	-	-	-
	102-11 PRINCÍPIO DA PRECAUÇÃO	*	-	-	-
	102-12 INICIATIVAS EXTERNAS	77	-	-	-
	102-13 PARTICIPAÇÃO EM ASSOCIAÇÕES	54-59, 77	-	-	-
	* BY THE NATURE OF ITS BUSINESS, MAGALU DOES NOT ADOPT THE PRECAUTIONARY PRINCIPLE IN ITS ENTIRETY, BUT SEEKS TO ACT WITH CAUTION AND RESPONSIBILITY IN CONDUCTING BUSINESS AND IN IDENTIFYING AND MINIMIZING THE IMPACTS OF ITS OPERATION.				

ESTRATÉGIA

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
GRI 102: GENERAL RELEASES 2016	102-14 MESSAGE FROM THE MAIN DECISION MAKER	6	-	-	-

ÉTICA E INTEGRIDADE

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
GRI 102: DIVULGAÇÕES GERAIS 2016	102-16 VALUES, PRINCIPLES AND STAND. OF CONDUCT	2-3	-	16	-
	102-17 COUNSELING MECHANISMS AND CONCERNS ABOUT ETHICS	54-59, 71	-	16	-

GOVERNANÇA

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
GRI 102: DIVULGAÇÕES GERAIS 2016	102-18 GOVERNANCE STRUCTURE	-	-	-	-
	102-22 COMPOSITION OF THE HIGHEST GOVERNANCE BODY AND ITS COMMITTEES	-	-	5,16	-
	102-23 PRESIDENT OF THE HIGHEST GOVERNANCE BODY	-	-	16	-
	102-26 ROLE OF THE HIGHEST GOVERNANCE BODY IN DEFINING PURPOSE, VALUES AND STRATEGIES	-	-	-	-
	102-30 EFFECTIVENESS OF RISK MANAGEMENT PROCESSES	-	-	-	-

ENGAJAMENTO DE PARTES INTERESSADAS

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
GRI 102: DIVULGAÇÕES GERAIS 2016	102-40 LIST OF STAKEHOLDER GROUPS	63	-	-	-
	102-41 COLLECTIVE BARGAINING AGREEMENTS	46	-	8	-
	102-42 IDENT. AND SELECTION OF STAKEHOLDERS	63	-	-	-
	102-43 APPROACH TO ENGAGING STAKEHOLDERS	63	-	-	-
	102-44 MAIN THEMES AND CONCERNS RAISED	62-64	-	-	-

PRÁTICAS DE RELATO

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
GRI 102: DIVULGAÇÕES GERAIS 2016	102-45 ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS	62-63	-	-	-
	102-46 DEFINITION OF CONTENT AND LIMITS	64	-	-	-
	102-47 LIST OF MATERIAL SUBJECTS	64	-	-	-
	102-48 REFORMULATIONS OF INFORMATION	62-63	-	-	-
	102-49 CHANGES IN THE PREPARATION OF THE REPORT	62-63	-	-	-
	102-50 PERIOD COVERED BY THE REPORT	62-63	-	-	-
	102-51 MOST RECENT REPORT DATE 2018	2018	-	-	-
	102-52 ANNUAL PUBLICATION CYCLE	ANUAL	-	-	-
	102-53 CONTACT FOR QUESTIONS	84	-	-	-
	102-54 DECLARATION OF CONFORMITY WITH GRI STANDARD	62-63	-	-	-
	102-55 SUMMARY OF GRI CONTENT	78-83	-	-	-
	102-56 EXTERNAL CHECK	NONE	-	-	-

GRI 101: FOUNDATION 2016

RELEVANT TOPICS

ECONOMIC PERFORMANCE

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
GRI 103: 2016 MANAGEMENT APPROACH	103-1 EXPLANAT. OF THE MATERIAL THEME AND ITS LIMITS	64	-	-	-
	103-2 THE FORM OF MANAGEMENT AND ITS COMPONENTS	72	-	1, 5, 8, 16	-
	103-3 EVOLUTION OF THE MANAGEMENT STYLE	72	-	-	-
GRI 201: ECONOMIC PERFORMANCE 2016	201-2 FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE	72	-	13	7, 8, 9

MARKET PRESENCE

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
GRI 103: 2016 MANAGEMENT APPROACH	103-1 EXPLANAT. OF THE MATERIAL THEME AND ITS LIMITS	64	-	-	-
	103-2 THE FORM OF MANAGEMENT AND ITS COMPONENTS	50	-	1, 5, 8, 16	-
	103-3 EVOLUTION OF MANAGEMENT STYLE	50	-	-	-
GRI 202: MARKET PRESENCE 2016	202-1 RATIO BETWEEN INITIAL SALARY AND LOCAL MINIMUM SALARY	The lowest base salary is the national minimum salary.			

INDIRECT ECONOMIC IMPACTS

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
GRI 103: 2016 MANAGEMENT APPROACH	103-1 EXPLANAT. OF THE MATERIAL THEME AND ITS LIMITS	64	-	-	-
	103-2 THE FORM OF MANAGEMENT AND ITS COMPONENTS	17, 38, 50-51	-	1, 5, 8, 16	-
	103-3 EVOLUTION OF THE MANAGEMENT STYLE	17, 38, 50-51	-	-	-
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1 INVESTMENTS IN INFRASTRUCTURE AND SUPPORT SERVICES	17, 50-51	-	2, 5, 7, 8, 11	1, 7, 8, 9
	203-2 SIGNIFICANT INDIRECT ECONOMIC IMPACTS	38	-	1, 2, 3, 8, 10, 17	-

PURCHASING PRACTICES

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
GRI 103: 2016 MANAGEMENT APPROACH	103-1 EXPLANAT. OF THE MATERIAL THEME AND ITS LIMITS	64	-	-	-
	103-2 THE FORM OF MANAGEMENT AND ITS COMPONENTS	74-75	-	-	-
	103-3 EVOLUTION OF THE MANAGEMENT STYLE	74-75	-	-	-
GRI 204: 2016 PURCHASING PRACTICES	204-1 EXPENSES WITH LOCAL SUPPLIERS	74-75	-	12	-

EMISSIONS

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
GRI 103: 2016 MANAGEMENT APPROACH	103-1 EXPLANAT. OF THE MATERIAL THEME AND ITS LIMITS	64	-	-	-
	103-2 THE FORM OF MANAGEMENT AND ITS COMPONENTS	72	-	-	-
	103-3 EVOLUTION OF THE MANAGEMENT STYLE	72	-	-	-
GRI 305: 2016 EMISSIONS	305-1 DIRECT EMISSIONS OF GREENHOUSE GASES (GEE)	72-73	-	3, 12, 13, 14, 15	7, 8, 9
	305-2 INDIRECT GREENHOUSE GAS (GEE) EMISSIONS	72	-	3, 12, 13, 14, 15	7, 8, 9
	305-3 OTHER INDIRECT GREENHOUSE GAS (GEE) EMISSIONS	72-73	-	3, 12, 13, 14, 15	7, 8, 9

EFLUENTES E RESÍDUOS

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
GRI 103: 2016 MANAGEMENT APPROACH	103-1 EXPLANAT. OF THE MATERIAL THEME AND ITS LIMITS	64	-	-	-
	103-2 THE FORM OF MANAGEMENT AND ITS COMPONENTS	50-51	-	-	-
	103-3 EVOLUTION OF THE MANAGEMENT STYLE	50-51	-	-	-
GRI 306: EFFLUENTS AND WASTE 2016	306-2 RESÍDUOS, DISCRIMINADOS POR TIPO E MÉTODO DE DISPOSIÇÃO	50-51	-	3, 6, 12	7, 8, 9

ENVIRONMENTAL ASSESSMENT OF SUPPLIERS 2016

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
GRI 103: 2016 MANAGEMENT APPROACH	103-1 EXPLANAT. OF THE MATERIAL THEME AND ITS LIMITS	64	-	-	-
	103-2 THE FORM OF MANAGEMENT AND ITS COMPONENTS	74-75	-	-	-
	103-3 EVOLUTION OF THE MANAGEMENT STYLE	74-75	-	-	-
GRI 308: ENVIRONMENTAL ASSESSMENT OF SUPPLIERS 2016	308-1 NEW SUPPLIERS SELECTED ACCORDING TO ENVIRONMENTAL CRITERIA	74-75	-	-	7, 8, 9
	308-2 NEGATIVE ENVIRONMENTAL IMPACTS ON THE SUPPLY CHAIN AND MEASURES ADOPTED	74-75	-	-	-

EMPLOYMENT

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
GRI 103: 2016 MANAGEMENT APPROACH	103-1 EXPLANAT. OF THE MATERIAL THEME AND ITS LIMITS	64	-	-	-
	103-2 THE FORM OF MANAGEMENT AND ITS COMPONENTS	46-49	-	-	-
	103-3 EVOLUTION OF THE MANAGEMENT STYLE	46-49	-	-	-
GRI 401: EMPLOYMENT 2016	401-1 TURNOVER AND NEW HIRES	46-49, 68	-	5, 8	-
	401-2 BENEFITS OFFERED TO EMPLOYEES	46-49	-	8	-

RELEVANT TOPICS

TRAINING AND EDUCATION

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
GRI 103: MANAGEMENT APPROACH 2016	103-1 EXPLANAT.OF THE MATERIAL THEME AND ITS LIMITS	64	-	-	-
	103-2 THE FORM OF MANAGEMENT AND ITS COMPONENTS	46-49	-	-	-
	103-3 EVOLUTION OF THE MANAGEMENT STYLE	46-49	-	-	-
GRI 404: TRAINING AND EDUCATION 2016	404-1 AVERAGE TRAINING HOURS	46-49	-	4, 5, 8	-
	404-3 DEVELOPMENT EVALUATION	46-49	-	5, 8	-

DIVERSITY AND EQUAL OPPORTUNITIES

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
GRI 103: MANAGEMENT APPROACH 2016	103-1 EXPLANAT.OF THE MATERIAL THEME AND ITS LIMITS	64	-	-	-
	103-2 THE FORM OF MANAGEMENT AND ITS COMPONENTS	46-49	-	-	-
	103-3 EVOLUTION OF THE MANAGEMENT STYLE	46-49	-	-	-
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES 2016	405-1 DIVERSITY OF EMPLOYEES AND GOVERNANCE	46-49,69,70-71	-	5, 8	-

NON-DISCRIMINATION

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
GRI 103: MANAGEMENT APPROACH 2016	103-1 EXPLANAT.OF THE MATERIAL THEME AND ITS LIMITS	64	-	-	-
	103-2 THE FORM OF MANAGEMENT AND ITS COMPONENTS	46-49	-	-	-
	103-3 EVOLUTION OF THE MANAGEMENT STYLE	46-49	-	-	-
GRI 406: NON-DISCRIMINATION 2016	406-1 CASES OF DISCRIMINATION AND MEASURES ADOPTED	46-49	-	5, 8, 16	6

SOCIAL ASSESSMENT OF SUPPLIERS

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
GRI 103: MANAGEMENT APPROACH 2016	103-1 EXPLANAT.OF THE MATERIAL THEME AND ITS LIMITS	64	-	-	-
	103-2 THE FORM OF MANAGEMENT AND ITS COMPONENTS	74-75	-	-	1, 2, 4, 5
	103-3 EVOLUTION OF THE MANAGEMENT STYLE	74-75	-	-	1, 2, 4, 5
GRI 414: SOCIAL ASSESSMENT OF SUPPLIERS 2016	414-1 NEW SUPPLIERS SELECTED ACCORDING TO SOCIAL CRITERIA	74-75	-	-	-
	414-2 NEGATIVE SOCIAL IMPACTS ON THE SUPPLY CHAIN AND MEASURES ADOPTED	74-75	-	5, 8, 16	-

MARKETING AND LABELING

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
GRI 103: MANAGEMENT APPROACH 2016	103-1 EXPLANAT.OF THE MATERIAL THEME AND ITS LIMITS	64	-	-	-
	103-2 THE FORM OF MANAGEMENT AND ITS COMPONENTS	44-45, 75-76	-	-	-
	103-3 EVOLUTION OF THE MANAGEMENT STYLE	44-45, 75-76	-	-	-
GRI 417: MARKETING AND LABELING 2016	417-1 INFORMATION REQUIREMENTS AND LABELLING OF PRODUCTS AND SERVICES	75-76	-	12, 16	7, 8, 9
	417-2 CASES OF NON-CONFORMITY IN THE INFORMATION AND LABELING OF PRODUCTS AND SERVICE	75-76	-	16	7, 8, 9
	417-3 CASES OF NON-CONFORMITY IN MARKETING COMMUNICATIONS	75-76	-	-	-

CUSTOMER PRIVACY

GRI STANDARD	DISCLOSURE	PAGE	OMISSION	SUSTAINABLE DEVELOPMENT GOALS	GLOBAL PACT
GRI 103: ABORDAGEM DE GESTÃO 2016	103-1 EXPLANAT.OF THE MATERIAL THEME AND ITS LIMITS	64	-	-	-
	103-2 THE FORM OF MANAGEMENT AND ITS COMPONENTS	44-45, 75-76	-	1, 8	1, 5, 8, 16
	103-3 EVOLUTION OF THE MANAGEMENT STYLE	44-45, 75-76	-	-	-
GRI 418: CUSTOMER PRIVACY 2016	418-1 PROVEN COMPLAINTS OF PRIVACY VIOLATION AND LOSS OF CUSTOMER DATA	75-76	-	16	-

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GRI 102-53

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