

magalu

2021 ANNUAL
REPORT

Employees of
Aiqfome, a
Magalu company

A
SUSTAINABLE
STRATEGY

TABLE OF
CONTENTS



PART 1
WHAT WE WANT TO SHOW HERE

About the Report	3
Message from the Executive Board	4
Sustainable Strategy	9

PART 2
MAGALU

Ecosystem	12
Governance	16
Risk Management	20
Financial Results	22
Awards and Recognitions 2021	24

PART 3
OUR MISSION IS TO INCLUDE

Digital Inclusion and Entrepreneurshi	26
Donations and Private Social Investment	30

PART 4
ETHICS AND RESPECT IN
RELATIONSHIPS

Ethics and Transparency	33
Customer Satisfaction	36
Our Employees	39
Human Rights in the Value Chain	43

PART 5
A SUSTAINABLE OPERATION

Climate Change	47
Use of Natural Resources	50
Packaging and Waste	52

PART 6
EXHIBITS

Exhibits	56
GRI Content Index	61
SASB Content Index	68
Contacts	71

SUSTAINABILITY AS PART AND WHOLE

Magalu believes that companies are living organisms, forming parts of a whole — society. They change and are transformed by it. Therefore, we work for our operation to produce positive results inside and outside the company. This is demonstrated by the generation of wealth in a responsible manner, to maintain our businesses healthy in the short and long term. This is the meaning of sustainability for Magalu, a company made of people who like people; people who respect people, the laws, know that they are part of the whole, that depend on them and, therefore, help to keep it healthy.

This annual report, the 11th published by the company, is a rendering of accounts to our stakeholders and society as a whole in relation to our performance at several dimensions throughout 2021. We seek the best global sustainability management practices to tell here not only an account of the results achieved, but also how our decisions are made. We are sure that we still have a lot to evolve, but we work every day to ensure the health of the part as well as the whole.

Happy reading.

GRI 2-3 | 2-14



Logbee bikes:
less emissions

STANDARDS IN THE RENDERING OF ACCOUNTS IN THIS REPORT

- Global Reporting Initiative (GRI)
- Sustainability Accounting Standards Board (SASB)
- Integrated Reporting (IR)
- Sustainable Development Goals (SDGS)

MAGALU DELIVERS

GRI 2-22

In 2019, after completing the most successful digital transformation process of a Brazilian company, Magalu began a new strategic cycle, based on the development of a multichannel marketplace, which would become the main gateway for millions of analogue retailers to the digital world. The strategy also involved a radical expansion of the product categories offered to our more than 25 million active customers at the time, and building an ecosystem of companies that accelerated revenue diversification. After this time — marked by a pandemic and its consequences — we are convinced that we are delivering what was promised and will do more from now on (in December 2021, we already had 37 million active customers). Below are some facts on which our belief in the strategy we chose to adopt is based.

WE DOUBLED GMV IN TWO YEARS.

The total sales by the company (online and offline) reached R\$56 billion last year, with a growth of nearly 30% last year and more than 100% from 2019 onwards.

WE TRIPLED E-COMMERCE SALES.

E-commerce sales recorded 40 billion reais last year, 39% above 2020, an exceptional year for Magalu. Considering the last two years, online sales grew 221% year to date. The company's e-commerce reached the unprecedented mark of 200 million items sold in the year.



MESSAGE FROM THE
EXECUTIVE BOARD

Frederico
Trajano, CEO
of Magalu:
focus on the
marketplace

Christ the Redeemer, in Rio de Janeiro: arrival in the city with 50 stores



WE QUADRUPLLED MARKETPLACE.

In 2021, Magalu's 3P sales reached 13 billion reais. This is an expansion of about 70% in the period, and an accumulated growth of 332% in the last two years. Compared to 2019, our marketplace became fourfold bigger. Here, we see the evolution of our core strategy: grow, digitizing Brazilian retail. In February this year, we reached a historic milestone: for the first time, turnover in Magalu marketplace surpassed the physical store sales.

The numbers are expressive. It is essential to understand how Magalu got here, and how it is positioned to continue to grow sustainably.

Magalu Marketplace: the escalation of 3P

The same competitive advantages of the multichannel business model that enabled Magalu's sustainable achievement of the leadership in the Brazilian 1P, are being used to leverage our 3P operation. In the last two years, the marketplace has been the great engine for accelerating Magalu's e-commerce. As of December 2021, 142,000 sellers, most of them small retailers, are integrated into our platform. They sell absolutely everything, formally and legally.

The 142,000 sellers of the marketplace include 83,000 that are what we call Magalu Partners (Parceiros Magalu). The purpose of the project, created at the beginning of the pandemic, was to help small merchants, until then completely analog, to survive the scenario imposed by social distancing. We knew that for

these small entrepreneurs there were only two options at that time: start selling their products digitally or disappear. We also knew that these merchants would only be able to enter the network if someone played the role of creating an operating system. By offering a complete solution — joining our marketplace, invoicing systems, back office, credit, logistics, training, promotion and marketing — we helped bring companies that had only known the physical world into the digital universe.

In all, our sellers provided 57 million offers from the most diverse categories — more than twice what was offered at the end of 2020. These goods reach all parts of the country — and even faster, thanks to the advances of Magalu Entregas, a logistics platform dedicated to 3P, which shares our 1P infrastructure and scale.

NPS INCREASE

With the significant increase in investments to expand our logistics bases — we reached 272 units in 2021 — and the incorporation of the GFL, Sode and Logbee fleets into Magalu Entregas, we were able to significantly increase the share of our own network in this modality, greatly reducing the share of the Post Office. About 80% of 3P orders are carried out by Magalu Entregas, radically shortening delivery deadlines: more than 30% of 3P orders arrive at customers' homes within two days. Faster deliveries and a more efficient operation led to a 50% increase in the 3P sales conversion rate in 2021 and a significant evolution in the marketplace's Net Promoter Score (NPS).

The marketplace is also being driven by something that only Magalu can offer: physical stores. Not the stores of the past, where you could only buy products. Magalu stores are, year after year, gaining more functionality and a new meaning. We were the first to believe that multichannel made perfect sense. We

MESSAGE FROM THE EXECUTIVE BOARD

also pioneered the transformation of physical units into hyperlocal distribution hubs. Physical stores played a key role in 1P growth. Now, we're doing that—and more—in relation to 3P, integrating those assets into the marketplace.

More than 400 of our physical points have already been transformed into Magalu Agencys, where sellers can drop-off their orders. The 9,500 sellers who exchanged third-party delivery for Magalu Agencys' services, recorded an average growth of 293% in the number of orders, a 143% average increase in GMV and a 51% drop in freight costs. Customers can also pick up orders delivered by sellers in more than 1,100 Magalu stores. In December 2021, 13% of purchases made in Magalu marketplace are picked up by customers at the chain's stores. Physical points are fundamental not only in logistics: thanks to the hunting work of teams from stores all over Brazil, around 50,000 sellers were captured and joined the company's digital platform, which represents almost half of all the retailers incorporated in the period.

More convenience. More services. Faster deliveries. Connection with local retailers. Lower costs. That's why we continue to believe in the enormous potential of physical stores and multichannel. This explains the opening of 182 units over the past year and

MENSAGEM DA DIRETORIA

the entry into Rio de Janeiro, the country's second largest retail market. The 51 physical stores already operating in Rio contributed to Magalu's market share in the state, increasing it by 5 percentage points in just five months. In addition, stores in Rio are record holders in attracting new sellers to the marketplace platform.

Magalu Ecosystem: new sources of revenues

We've worked over six decades selling durable goods. A little over a year ago, we became leaders in this market, thanks to the changes in the consumption profile caused by the pandemic. When the consumer wanted to change smartphones, buy a more modern TV set or a refrigerator with more features, Magalu was there as a first option. The company is now the largest seller of goods from manufacturers such as Samsung, Apple, and Whirlpool. And scale makes all the difference in a business like this — regardless of cycles, which by definition, are fleeting.

Since 2018, with acquisitions that we consider successful, and organic investments, Magalu has been diversifying and expanding its sources of revenue. In 2021, sales of goods from new categories represented 45% of e-commerce sales (in annualized terms), driven mainly by the marketplace, one of the fastest growing in the country.

These businesses — all outside the traditional categories of Magalu — still have a gigantic room for expansion. The formation of this ecosystem of companies has accelerated in the last two years. In 2020, Magalu acquired ten businesses. In 2021, there were 12 — among them Jovem Nerd, Steal the Look, KaBuM! and VIP Commerce. This movement followed a pattern of strategic rationality — and financial discipline. Most of the funds used in the acquisitions were paid in company shares, aligning the founders of the acquired companies with Magalu's long-term strategic objectives.

All new businesses are generating positive results, above initial expectations, and proving to be extremely resilient to economic fluctuations. See some of the highlights below.

KABUM!: THE DISNEYLAND OF GAMERS.

KaBuM!, a gamer products platform acquired in July by Magalu, generated 4 billion reais in GMV and a profit of more than 300 million reais in 2021 — a result that still does not appear in the company's balance sheet, as the numbers from the Kabum! started to be consolidated only in December. Sales growth was 32% compared to 2020, and more than 200% in the last two years. There are more than 20,000 items for sale on the platform, including computers, hardware, peripherals, products for the gamer universe and for the smart home — a complete assortment for technology lovers, totally complementary to the items sold by Magalu

(which are also now available on SuperApp). Currently, KaBuM! has a base of 2 million active customers, a young and very loyal audience — and 63% of them were not yet Magalu customers.

RECORD PROFIT AT NETSHOES AND 30,000 FASHION SELLERS.

Together, the sports and fashion categories reached total sales of 5 billion reais in 2021. Already fully connected to the Magalu ecosystem, Netshoes recorded the highest annual profit in its history — 135 million reais in 2021. GMV was 4 billion reais, a fourth of this total coming from approximately 8,000 sellers on the marketplace. In the year, among other products in its catalog of more than 250,000 items, Netshoes sold 10 million pairs of sports

Alexandre Ottoni (right) and Deive Pazos, founders of Jovem Nerd



MAGALU IN NUMBERS(*)

56 BILLION
REAIS IN TOTAL SALES

**200
MILLION**
ITEMS SOLD ONLINE

37 MILLION
ACTIVE CUSTOMERS

50.795
EMPLOYEES

1.372
RESALE SUPPLIERS

142.000
SELLERS ON MARKETPLACE

1.481
PHYSICAL STORES

34
BUSINESS AREAS

PRESENCE IN **20**
STATES AND FEDERAL
DISTRICT

(*) NUMBERS RELATING
TO DECEMBER 2021



Launch of
Vista Magalu:
company's
fashion brand

shoes and 1 million soccer team shirts to its more than 7 million customers.

Magalu's sales of fashion products grew 170% over the past year, being one of the main traffic-generating categories for our channels. 3P's share in the category rose from 33% in 2020 to 45% in 2021. Today, the fashion vertical, with its 3.5 million items and 300 brands, has 30,000 sellers. There were 6,000 a year ago.

With the participation of Hubsales, the number of manufacturers that sell their fashion items directly to consumers increased from 136 to 300, distributed across eight hubs. Together, these manufacturers sell over 350,000 items.

In October, Magalu launched its own fashion brand, Vista Magalu, with more than 700

models. And, in February of this year, it closed a partnership with the Nordestesse content hub, which promotes small brands in the Northeast region of Brazil.

1 BILLION IN BEAUTY...

The beauty category, led by Época Cosméticos, reached 1 billion reais in GMV in 2021, with a 60% expansion in direct sales and a gain of 3 percentage points in market share. The connection with major luxury brands was also strengthened. On Black Friday 2021, Época made the first live commerce with the French brand Dior in Latin America.

...AND 1 BILLION MORE IN GROCERIES.

Vip Commerce, a company acquired by Magalu about a year ago, has been working to digitize markets and supermarkets across the country. Vip's systems are behind more than 2.4 million purchases, with 190 million items sold to consumers in 280 cities. In 2021, the GMV

generated by Vip Commerce grew by more than 200%, reaching 330 million reais. The company is already integrated with SuperApp and, from now on, its mission is to take this experience to markets across the country. Adding the operation with its own inventory (1P) to the groceries category — hygiene, cleaning products, beverages and non-perishable food — Magalu generated a total GMV of more than 1.1 billion reais. Thus, groceries became the largest category in terms of number of items sold in the company.

VICE LEADER IN FOOD DELIVERY, IN AZUL.

Aiqfome has become the second largest food delivery company in Brazil, in terms of number of orders and profit. Together with ToNoLucro, from Tocantins, and Plus Delivery, operating in Espírito Santo, the platform generated a GMV of 1.3 billion reais last year by serving 5.3 million customers, located in more than 700 cities in the interior of the country. This year, it should begin to reach larger cities. In 2021, Aiqfome was integrated into Magalu SuperApp.

ONE OF THE LARGEST AUDIENCES IN BRAZIL.

In 2021, Magalu and its affiliates generated R\$ 100 million in advertising revenue — part of this total coming from seller ads made through a proprietary platform developed by Magalu, broadcast on our content portals: Steal the Look (fashion, home, beauty), Canaltech (technology, product reviews, podcasts, corporate topics and daily news coverage), Jovem Nerd (nerd culture,

cinema, series, games, history and science), in addition to the e-commerce channels in the Magalu ecosystem. The total audience exceeded 450 million hits in December, including portal and mobile platforms, which makes us one of the largest online audiences in Brazil. And we are only at the beginning!

FINTECH DOUBLED IN SIZE.

At Magalu fintech, the year 2021 was marked by the acquisition of Hub Fintech and the exponential growth in the volume of transactions, which exceeded 65 billion reais, with a 82.5% growth compared to the previous year. MagaluPay, our digital account integrated with SuperApp, reached 4.8 million customers. Considering the digital account and the sub-acquiring, more than 16 billion reais were handled in Magalu Pagamentos, with a net profit of 156 million reais.

We exceeded 7.2 million active credit cards. And, in just eight months, we sold more than 1 million of the recently launched Magalu Card through our digital channels. In the year, credit card TPV was more than 41 billion reais, reaching a portfolio of 17.5 billion reais and generating a net profit for Luizacred of 295 million reais.

MESSAGE FROM THE EXECUTIVE BOARD

MESSAGE FROM THE EXECUTIVE BOARD

Sustainability in practice. Long time

The execution of our strategy moves at the same pace as our initiatives in the area of sustainability. We have always had an umbilical relationship with the communities in which we operate and with Brazil in general. However, we know that the path to sustainability has no finish line. We can only improve, improve and improve our everyday practices and the way our business impacts those around us.

We made considerable progress in the past year. An important demonstration of this was the inclusion of Magalu in the B3 Corporate Sustainability Index (ISE) in 2022. The indicator gathers 46 companies from 27 different sectors that are recognized for their commitment to corporate sustainability.

In the environmental area, Magalu completed the process of correctly disposing of waste in its 26 distribution centers and installed collectors of used electrical and electronic goods in 500 stores. More than 1.2 tons of

e-waste was collected and sent for recycling or environmentally sound disposal. A third of all the energy consumed by the company already comes from clean sources. 50 electric trucks were added to the logistics fleet, thus avoiding the emission of 1.7 ton of carbon.

Mundo Social, in Magalu SuperApp, started to offer products from more than 60 NGOs and impact businesses. And, at a time of increasing violence against women, the report button, also present on the SuperApp, was improved and connected to the Justiceiras project, which provides multidisciplinary support to victims.

One of the most important actions in promoting diversity was the carrying out of the first general internal census, which had the participation of 77% of the approximately 51,000 employees. The survey, carried out in September, showed that 51.8% of employees consider themselves to be black or brown, and, of these, 41.5% hold leadership positions. Such data motivated the company to carry out an exclusive trainee program for African descent people for the second consecutive year, with the selection of another group of talented professionals who will be prepared to hold leadership positions in the future.

We carried out the third edition of Luiza Code, an acceleration program aimed at women in the software development area, which granted over 210 scholarships and so far trained 330 women. Also in the technology area, we created the Desenvolvimento 40+ Magalu, a training program for people over 40 years old, which granted 100 scholarships, half of them to self-declared

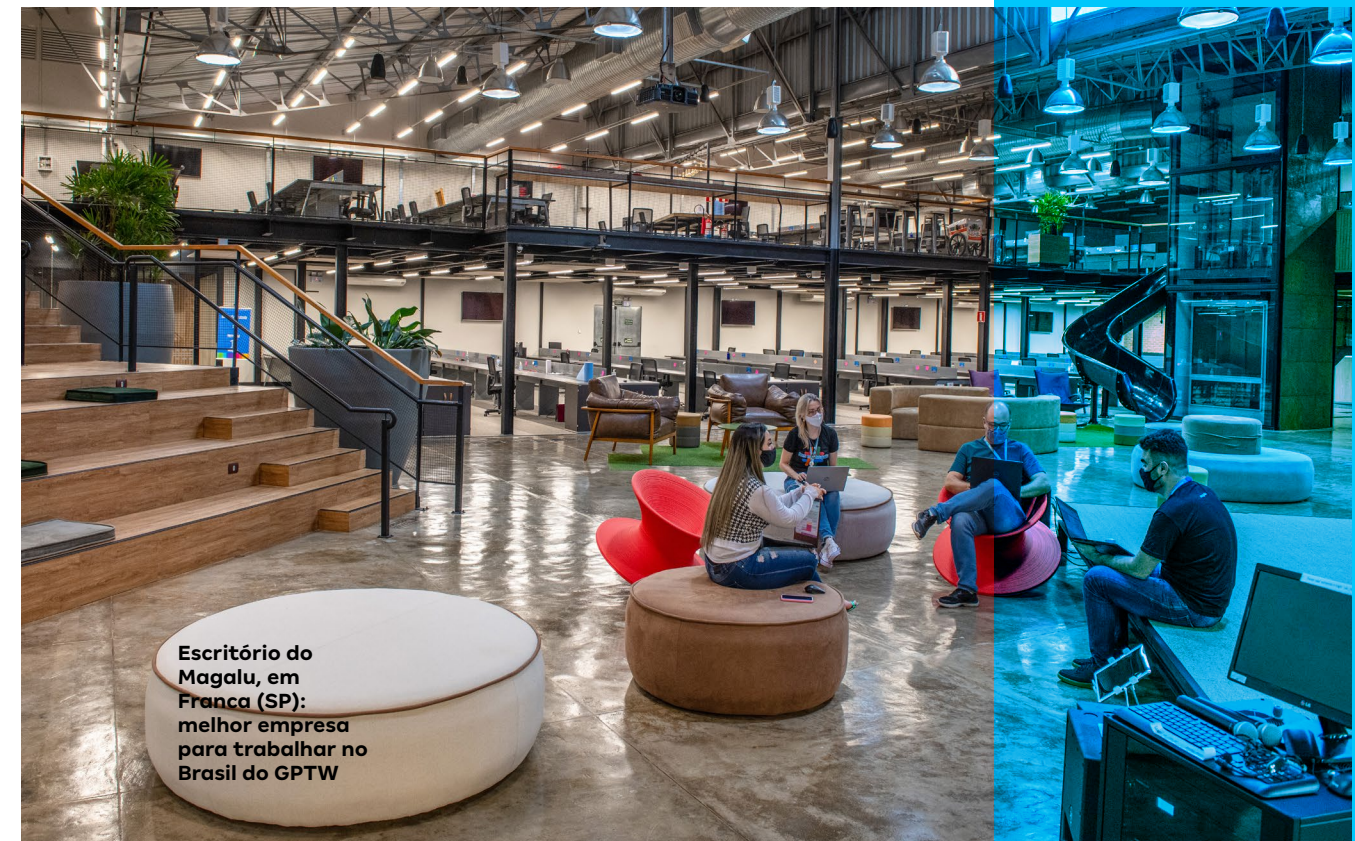
blacks. Another program of the company opens job vacancies in customer service area for professionals over 50 years of age.

All these initiatives have been very worthwhile. Last year, Magalu was appointed by the Great Place to Work Institute (GPTW) as the best company to work for in Brazil.

In recent years, we have made a series of investments in assets that, connected to each other and leveraged within our ecosystem, will be the foundations for yet another great cycle of sustainable growth. In doing so, we will also be fulfilling our strategy of digitizing Brazilian retailers through an inclusive marketplace — which helps to formalize what today, due to lack of instruments, is outside the law. A marketplace that includes sellers of all sizes (but, in particular, small analogue entrepreneurs), from all regions of the country, of all categories and that meets the enormous diversity of consumers in the country.

We ended the year with the highest cash position in our history: 12.3 billion reais in 2021, Magalu raised 8 billion reais in the market — 50% of this amount in equity, with the follow on offering carried out in July, and 50% with the issuance of bonds, with maturities in 2024 and 2025. These resources will support the investments made by the company in the digitalization of Brazilian retail.

We remain on this path, which we consider to be the most promising and suited to the company's characteristics. We believe that this is the future — a future that, once again, Magalu is building.



THE PATHS OF SUSTAINABLE STRATEGY

GRI 2-29 | 3-1 | 3-2 | 3-3

In 2021, Magalu started the process of updating its materiality matrix — topics related to the ESG agenda that are crucial, in the long term, for leadership and for all those who revolve around the business, the so-called stakeholders.

In addition to pointing out the direction of the sustainability strategy, the matrix is an instrument for managing risk, viewing opportunities and rendering accounts for the advances made by the company to its main stakeholders.

To revisit the matrix and establish critical issues, documents were analyzed, the main trends in corporate sustainability management were mapped and 24 interviews were carried out with representatives of investors, suppliers, NGOs, executives and members of Magalu’s Board of Directors.



Selected trainees in 2021: preparation for leadership

GOVERNANCE FOR SUSTAINABILITY

The result of the review was the definition of 11 topics that make up the company’s new materiality matrix, approved by the Board members. The topic Use of Natural Resources was included for the first time in the matrix, as well as Data Security and Privacy, which shows the company’s commitment to the transition to a low carbon economy, as well as Magalu’s attunement to social issues, that pave the way to sustainability.

Within the scope of the Board members, sustainability issues are dealt with by the People and Organizational Culture Committee. Environmental issues are managed at the operational level by the Emissions Reduction, Packaging and Waste Management committees. These teams monitor environmental indicators and goals and report the results on a monthly basis to the Environmental Committee. Social issues are handled by the Diversity and Inclusion Committee and the Social Committee.

The first submits the demands of affinity groups to senior leadership through its representatives (read more about affinity groups on page 39). Social Committee monitors the company’s social practice indicators, such as affirmative actions and goals. Another instance is the Corporate Sustainability Index Committee (ISE), which discusses ways to increase the level of maturity and responsibility in relation to corporate sustainable development.



Luiza Helena, at an event for sellers: digitizing Brazilian retail.

OUR COMPASS

The 11 topics that make up the current materiality matrix of Magalu

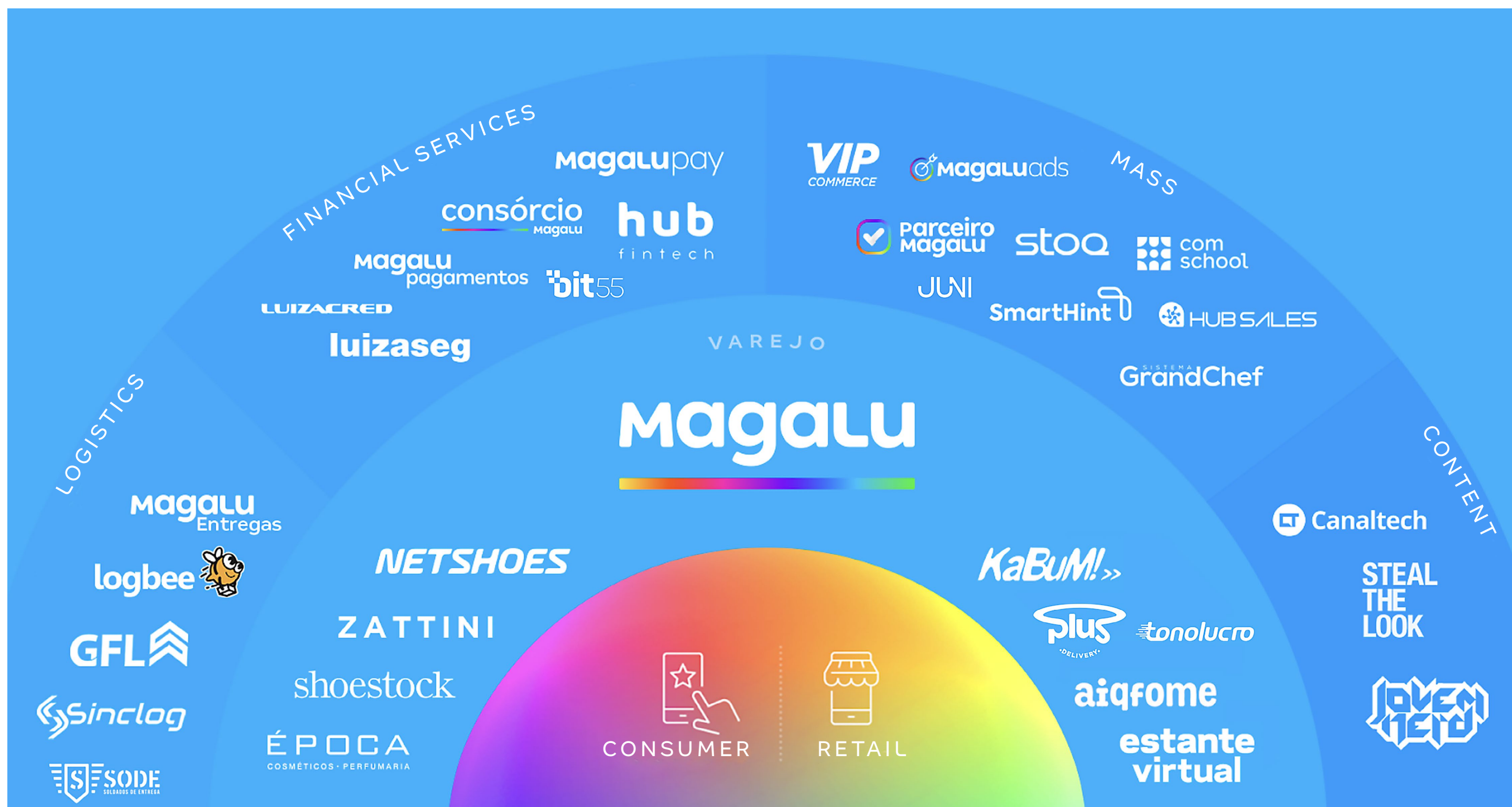
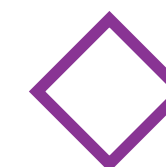
- 1. **ETHICS AND TRANSPARENCY**
ACTIONS RELATED TO CORPORATE GOVERNANCE, INTEGRITY AND THE ORGANIZATION’S CODE OF CONDUCT
- 2. **DIVERSITY AND INCLUSION**
DEEPENING OF PERFORMANCE WITH THE ADOPTION OF PUBLIC GOALS
- 3. **DATA SECURITY AND PRIVACYS**
ACTIONS LINKED TO THE APPLICATION OF THE GENERAL DATA PROTECTION LAW (LGPD)
- 4. **HUMAN RIGHTS IN THE VALUE CHAIN**
MONITORING THE SUPPLIERS’ PERFORMANCE

- 5. **DIGITAL INCLUSION AND ENTREPRENEURSHIP**
ACTIONS FOR THE DEVELOPMENT OF THE PARCEIRO MAGALU PROGRAM AT THE LOCAL AND REGIONAL SCOPE, TRAINING AND PROFESSIONALIZATION PROGRAMS FOR SMALL RETAILERS AND FINANCIAL INCLUSION AND EDUCATION
- 6. **PACKAGING AND WASTE**
USE OF LOW ENVIRONMENTAL IMPACT MATERIALS AND ENVIRONMENTALLY CORRECT DISPOSAL
- 7. **CUSTOMER SATISFACTION**
POLICIES AND PRACTICES IN CONSUMER RELATIONS
- 8. **EMPLOYEE MANAGEMENT**

- AND DEVELOPMENT**
WORKING CONDITIONS, STAFF APPRECIATION AND DEVELOPMENT
- 9. **CLIMATE CHANGES**
PLANS FOR GREENHOUSE GAS EMISSION (GHG) REDUCTION AND/OR OFFSET
- 10. **USE OF NATURAL RESOURCES**
ENERGY AND WATER CONSUMPTION POLICIES AND PRACTICES
- 11. **CONSUMPTION AND RESPONSIBLE PRODUCTS**
PRODUCTS DEVELOPED AND SOLD BY SOCIAL IMPACT ORGANIZATIONS, USE OF LOW IMPACT RAW MATERIALS

MAGALU ECOSYSTEM

What are and in which areas the 34 companies and services that make up our platform operate



THE VALUE GENERATED BY MAGALU

The capital used by the company and the value returned to stakeholders*

ECOSYSTEM

CAPITAL USED



HUMAN

- **50.795** employees



ENVIRONMENTAL

- **3.685.329,57** GJ of energy consumed, 32% of which is renewable energy
- **397,5** megaliters of water consumed
- **96%** of hazardous waste generated redirected from final disposal and allocated to recovery operations
- **72%** of non-hazardous waste generated redirected from final disposal and allocated to recovery operations



SOCIAL AND RELATIONSHIP

- **37 million** active customers
- **142.000** sellers on the marketplace, **83,000** of which are Magalu Partners
- **1.372** resale suppliers
- **528.446** investors



FINANCIAL

- **35 billion** reais of net revenue
- **6.748.926.848** shares, with a market value of 36 billion reais
- **1,2 billion** reais in investments



INTELLECTUAL

- Strong culture, based on the **democratic access** to goods and services mission: "Giving many the access to what is the privilege of the few"
- Brazilian retail **digitalization** strategy
- Consolidated **reputation**



PHYSICAL

- **1.481** physical stores
- **26** distribution centers
- **236** cross docking units
- **4** offices, located in four cities in Brazil
- Logistics network composed of *cross dockings*, last mile hubs and a network with around **8,000** partner delivery companies
- **34** companies and services in the ecosystem

VALUE GENERATED



HUMAN

- **2,034 billion** reais in compensation
- **493 million** reais in benefits: meal vouchers, health plan, agreement with gyms, book vouchers and cheque mãe (mother's check)
- **21** hours of training/employee



ENVIRONMENTAL

- **488** units (stores, DCs and offices) supplied with energy from renewable sources
- **51** electric-powered logistics fleet trucks
- **1,2** ton of electronics collected and disposed of correctly



SOCIAL AND RELATIONSHIP

- **50.000** small retailers digitized in 2021
- Net promoter score (NPS) of **83** in e-commerce (1P), one of the highest in Brazilian retail
- **26,4 million** reais in support to NGOs, communities and actions to support social causes
- **45** businesses included in SuperApp's Mundo Social
- Support to **20** organizations dedicated to combating violence against women



FINANCIAL

- **11.078%** share appreciation since 2016



INTELLECTUAL

- Series of **tools developed** to digitalize analogue retailers' operations



PHYSICAL

- **182** new physical stores
- **5** new DCs
- **241** new logistics units





O
MAGALU

MAGALU HAS IT

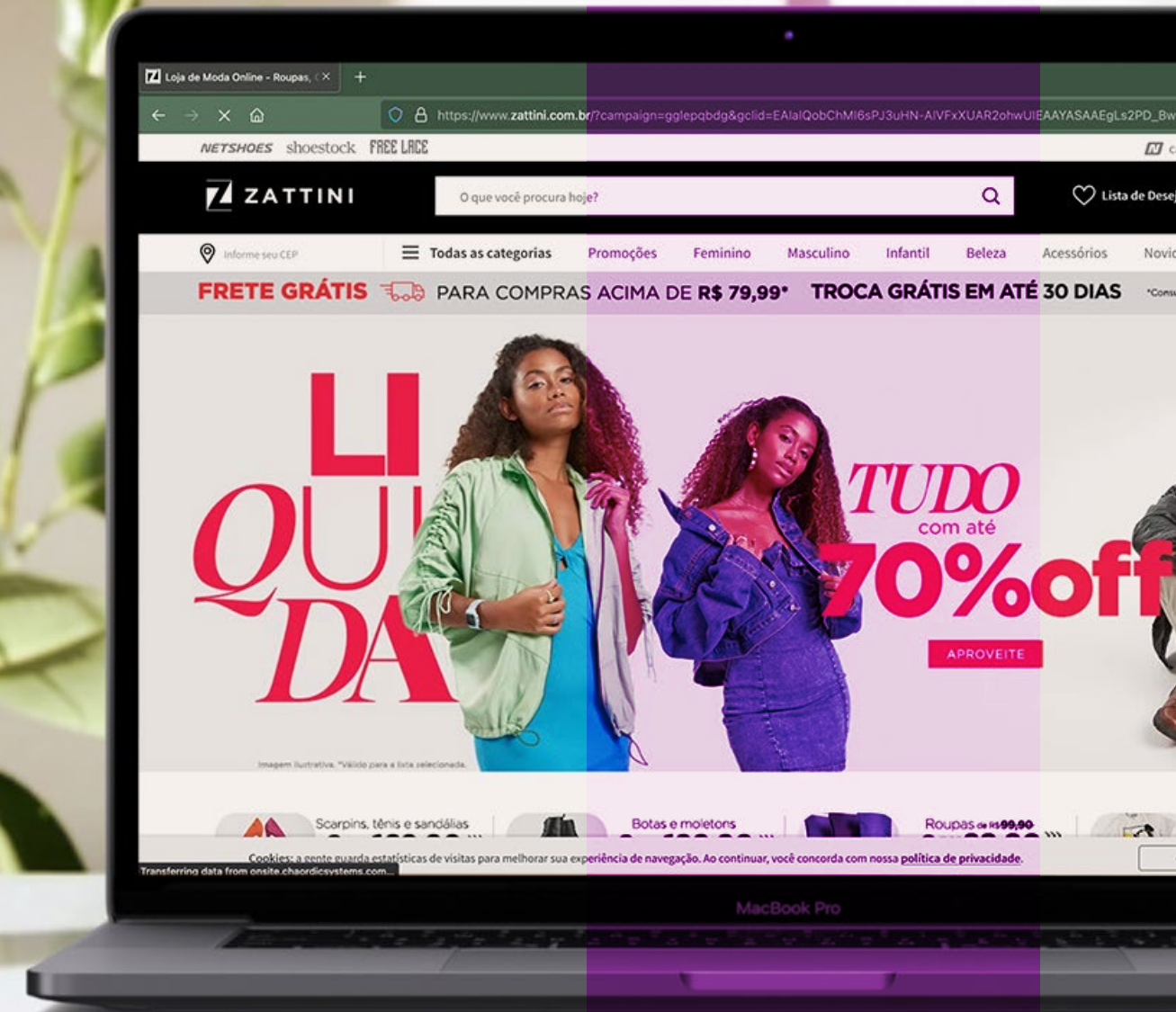
GRI 2-6

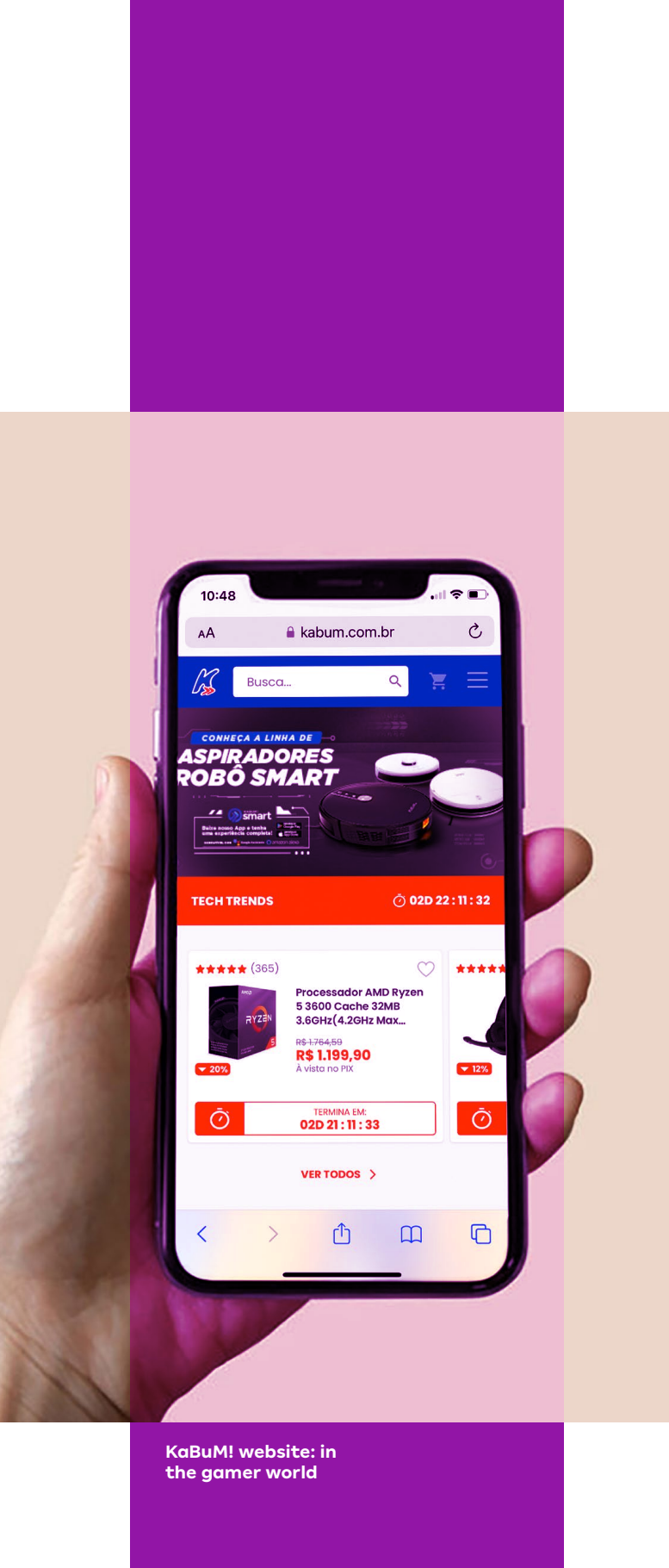
In recent years, Magalu has accelerated the expansion of its business ecosystem with a clear objective: become a platform on which it is possible to buy and sell everything — or rather, everything that is lawful and respects the company's "non-negotiables", as defined in its Code of Ethics and Conduct ([understand what that means](#)). Currently, Magalu ecosystem is made up of 34 companies and services, operating in the areas of retail sales, logistics, financial services, food delivery, services for business digitalization and specialized content in fashion and the nerd world (games and pop and geek culture).

Each of these companies was created or acquired to form a business network capable of meeting the needs and desires of the company's approximately 37 million customers, as well as the 142,000 sellers, who are themselves a vital part of this ecosystem. Altogether, at the end of 2021, Magalu sellers offered more than 57 million items through the company's digital channels (in 2019 there were 13 million 3P offers).

Sale of Zattini products: fashion for all styles

ECOSYSTEM





KaBuM! website: in the gamer world

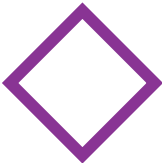
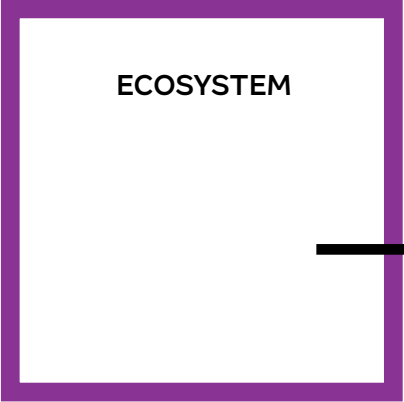
In 2021, the company acquired 11 companies, including consolidated businesses, such as KaBuM!, an absolute leader in technology equipment and accessories e-commerce, with emphasis on the gamer audience. The acquisitions also involved startups such as Sode, developer of a logistics algorithm that provides ultra-fast deliveries in urban areas, and Bit55, specialized in card processing technology.

Increasing the assortment of products offered on the SuperApp is a mandatory condition, but not sufficient to fulfill the company's business vision. The goal is for the customer to experience the same quality of service when buying a product from Magalu (1P) or from sellers who sell on the marketplace (3P).

It is this goal that has determined the constant improvement of certain areas of the company – including logistics and technology – so that they become service providers capable of serving sellers as well. Several acquisitions and investments increased the solidness of services such as Magalu Entregas (which uses the company's logistics network to deliver 3P products). At the end of 2021, 80% of the items on the marketplace passed through Magalu Entregas and 30% reached their final destination in less than 48 hours.

The Magalu as a Service (Maas) business division — which has been helping companies of all sizes, especially small ones, to be able to digitize themselves — has gained reinforcements. Among them, VipCommerce, a company specialized in supermarket digitalization, acquired in March 2021.

The purchase of content companies Jovem Nerd (focused on the nerd world) and Steal the Look (specialized in fashion) brought with them an audience to leverage MagaluAds, the company's digital advertising platform. With MagaluAds, sellers can create and manage advertisements for their products in a simple and agile way. Magalu ecosystem audience exceeded 450 million hits in December 2021 and MagaluAds generated 100 million reais in revenue in the year.



Companies acquired in 2021.

VIPCOMMERCE
SUPERMARKET
DIGITALIZATION
TECHNOLOGY

STEAL THE LOOK
CONTENT PORTAL
SPECIALIZED IN FASHION

TONOLUCRO
FOOD DELIVERY

GRANDCHEF
RESTAURANT
DIGITALIZATION

PLUS DELIVERY
FOOD DELIVERY

JUNI
ANALYSIS OF BROWSING
DATA TO INCREASE
CONVERSION RATE

SMARTHINT
DIGITAL CONTENT BROWSING
AND RECOMMENDATION
TECHNOLOGY

JOVEM NERD
CONTENT COMPANY FOR THE
NERD PUBLIC

BIT55
CARD PROCESSING
TECHNOLOGY

KABUM!
ELECTRONICS
E-COMMERCE

SODE
LOGISTICS TECHNOLOGY

HUB FINTECH(*)
PAYMENT MEANS AND
FINANCIAL SERVICES
SOLUTIONS

(*) ACQUIRED IN 2020 AND INCORPORATED INTO THE ECOSYSTEM IN 2021, AFTER APPROVAL BY THE CENTRAL BANK AND CADE

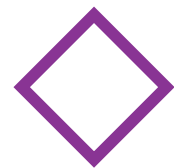
ORGANIZATION THAT TRANSFORMS IDEAS (AND IDEALS) INTO REALITY

GRI 2-1 | 2-10 | 2-12 | 2-13 | 2-14 | 2-15 | 2-17 | 2-18 | 202-2

Magalu's governance model has been improved over more than six decades of history, in line with the expansion of the business, evolution of the best global business management practices and, above all, as a reflection of the values emphasized by the company.

The process of formalizing these practices started in 1992, with the creation of the first Code of Ethics and Conduct. In the following decade, Magalu's governance reached a new level with the arrival of minority shareholders, through private equity funds. This step was fundamental in preparing the company to go public in 2011, when it joined the B3 Novo Mercado, the highest governance level on the Brazilian stock exchange.

Currently, Magalu's governance is composed of a structure of councils and committees, in addition to the General Shareholders' Meeting, which ensures impartiality, information control, transparency to all stakeholders and the necessary diversity of experiences, opinions and knowledge applied to the management of the company, conducted by the Executive Board.



GOVERNANCE

GOVERNANCE
STRUCTURE

GRI 2-9



LUIZA HELENA TRAJANO INÁCIO RODRIGUES CHAIRWOMAN OF THE BOARDCHAIRWOMAN OF THE BOARD	MARCELO JOSÉ FERREIRA E SILVA VIDE CHAIRMAN	CARLOS RENATO DONZELLI ALTERNATE BOARD MEMBER	MÁRCIO KUMRUIAN ALTERNATE BOARD MEMBER	INÊS CORRÊA DE SOUZA INDEPENDENT ADVISOR	JOSÉ PASCHOAL ROSSETTI INDEPENDENT ADVISOR	SILVIO ROMERO DE LEMOS MEIRA INDEPENDENT ADVISOR	BETANIA TANURE DE BARROS INDEPENDENT ADVISOR
---	---	---	---	---	--	--	--

AUDIT, RISKS AND COMPLIANCE COMMITTEE	PEOPLE AND ORGANIZATIONAL CULTURE COMMITTEE	STRATEGY AND INNOVATION COMMITTEE	FINANCE AND CONSUMER CREDIT COMMITTEE
---	---	---	---

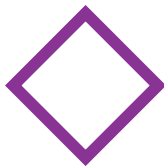


**FREDERICO
TRAJANO INÁCIO**
Chief Executive Officer

 ANDRÉ FATALA Platform Vice President	 LEANDRO SOARES Chief Marketplace Officer	 ROBERTO BELLISSIMO RODRIGUES Chief Finance and Investor Relations Officer	 PATRICIA PUGAS Chief People Management Officer	 MARIA ISABEL BONFIM DE OLIVEIRA Chief Management and Control Officer	 GRACIELA KUMRUIAN Chief Customer, Integration, Reputation and Sustainability Officer
---	--	---	--	---	---

 EDUARDO GALANTERNICK Business Vice- President	 LUIZ FERNANDO REGO Chief Durable Goods and Consumer Goods Officer	 JULIO CESAR TRAJANO Chief Sports Officer	 SILVIA MACHADO Chief Beauty & Fashion Officer
 FABRÍCIO BITTAR GARCIA Operations Vice-President	 DECIO SONOHARA Chief Logistics Officer	 DOUGLAS MATRICARDI Chief Store Operations Officer	

BOARD
MEMBERS



GENDER DIVERSITY

Magalu’s Board is composed of eight members — four of them independent — and is one of the few in the country chaired by a woman, Luiza Helena Trajano.



LUIZA HELENA TRAJANO INÁCIO RODRIGUES
Chairwoman of the Board



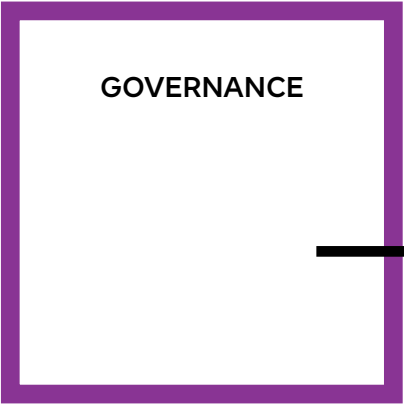
MARCELO JOSÉ FERREIRA E SILVA
Vice-Chairman



CARLOS RENATO DONZELLI
Alternate Board Member



MÁRCIO KUMRUIAN
Alternate Board Member



JOSÉ PASCHOAL ROSSETTI
Independent AdvisorMember



BETANIA TANURE DE BARROS
Independent Advisor



SÍLVIO ROMERO DE LEMOS MEIRA
Independent Advisor



INÊS CORRÊA DE SOUZA
Independent Advisor

ADVISORY

FOUR JOINT COMMITTEES SUPPORT THE BOARD OF DIRECTORS

AUDIT, RISKS AND COMPLIANCE COMMITTEE

Supervision of Magalu’s adequacy to the requirements of the law and other regulations, and monitoring of the main corporate risk management activities.

FINANCE AND CONSUMER CREDIT COMMITTEE

Definition of the company’s financial policy and planning, policies and levels of indebtedness for the company’s activities and the financial investment and CAPEX; monitoring of financial risks for Magalu and monitoring of the activities of its subsidiaries in the financial sector.

STRATEGY AND INNOVATION COMMITTEE

Definition of industry expectations and business model, risks and return on investments, entry into and withdrawal from businesses and sectors of activity, business macro strategy and sustainability.

PEOPLE AND ORGANIZATIONAL CULTURE COMMITTEE

Definition of guidelines on values, ethical and legal standards, bylaws, rules, regulations and organizational structure up to executive board level.

Member	Position	Since	Terms of Office ⁽¹⁾
Luiza Helena Trajano Inácio Rodrigues	Chairwoman	2005	18 consecutivos
Marcelo José Ferreira e Silva	Vice-Chairman	2016	7 consecutivos
Carlos Renato Donzelli	Alt. Board Member	2009	14 consecutivos
Betania Tanure de Barros	Independent Advisor	2017	6 consecutivos
Inês Corrêa de Souza	Independent Advisor	2009	14 consecutivos
José Paschoal Rossetti	Independent Advisor	2016	7 consecutivos
Sílvio Romero de Lemos Meira	Independent Advisor	2017	6 consecutivos
Márcio Kumruian	Alt. board Member	2021	2 consecutivos

(1) End of term: April 2023

GOVERNANCE

It is worth stressing that, in addition to the duties set in the Brazilian Corporations Act, the General Shareholders' Meeting is empowered to elect or dismiss, at any time, directors and audit committee members; set the annual overall compensation of the members of the Board of Directors and of the Executive Board; resolve on the allocation of net income for the year and distribution of dividends. The General Shareholders' Meeting may also propose amendments to the Bylaws.

MULTICHANNELS REFLECTED IN THE ORGANIZATION

In 2021, the company operated with the executive structure defined at the end of 2020. The areas we no longer divided into physical and digital channels, to reflect the concept of multichannel that Magalu pursues to meet the wishes and needs of customers and sellers in the way they want and when they want.

In the current structure, three vice presidents and five executive officers report directly to the CEO Frederico Trajano. The Business vice-presidency, led by Eduardo Galanternik, the executive then responsible for e-commerce, is in charge of the commercial and marketing areas of all Magalu's categories and brands, as well as all sales channels – stores, e-commerce with own inventory (1P), and marketplace (3P).

With the progress of the new categories, the executive management of these sectors was

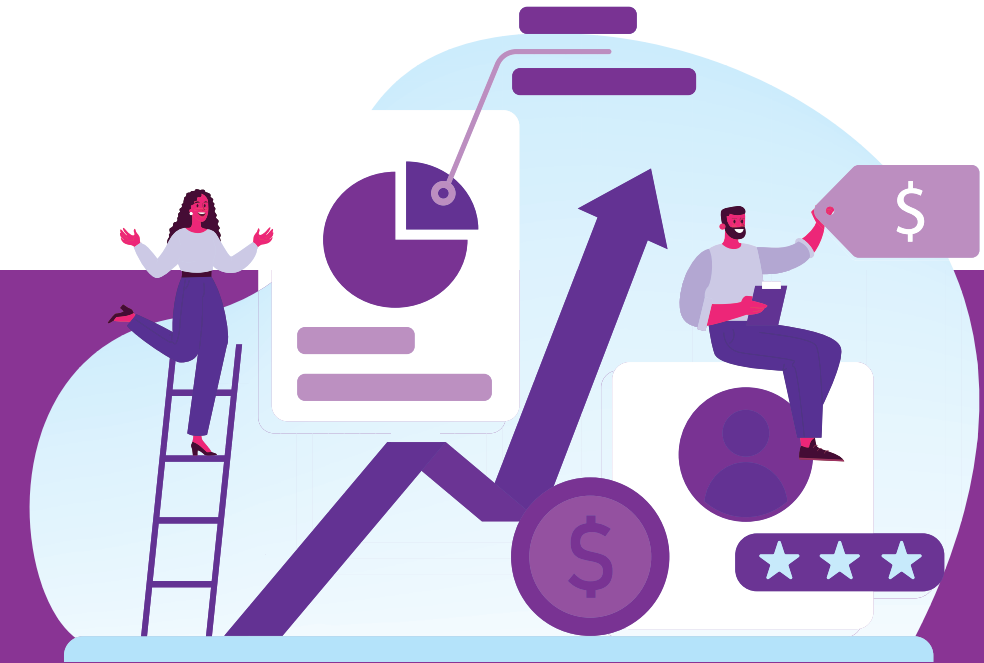
segmented: Durable Goods and Consumer Goods, under the responsibility of Luiz Rego; Sports, headed by Julio Trajano; and Beauty & Fashion, which includes Zattini and Época Cosméticos, under Silvia Machado's management.

The Operations Vice President, Fabrício Garcia, is responsible for the nearly 1,500 Magalu physical stores and the logistics operation, vital for on-site sales and, even more, for sales via the internet.

Under Garcia's command, physical stores have been gaining new functions. They have become business offices, which not only serve customers: they work in attracting sellers to the marketplace, receiving and shipping 3P goods and delivering products sold through digital channels.

The role of the technology area, crucial in the electronic retail revolution, remains under the command of André Fatala, Platform vice president. After having carried out the company's digital transformation on the 1P front, its main mission is to build the Brazilian retail operating system and offer simple and modern tools to sellers and merchants who still operate outside the digital world or are not exploiting the opportunities that this world offers.

The other five executive boards that report directly to the CEO are Marketplace, Customers, Integration, Reputation and Sustainability, Finance and Investor Relations, People Management and Administration and Control.



COMPENSATION POLICY

GRI 2-19 | 2-20

The fixed and variable compensation policy of the company's governance bodies is in line with the best market practices. Every year, Magalu participates in salary surveys with several companies of its segment and size.

To establish fixed compensation, the company uses the methodology of grids and bands, in order to evaluate the employee in relation to the market.

The variable remuneration, in turn, is linked to the monthly results tied to its core. The short-term incentive (bonus) is based on a management model with crossed and aligned goals between the different business areas, arising from Magalu's strategic goals.

All panels are divided into Corporate Goals, Strategic Area and Behavioral Assessment Goals, which give rise to an individual

grade, and then an annual distribution with clear, merit-based rules.

The long-term incentive model consists of granting shares to employees and managers through programs defined and approved by the Board.

The executive compensation policy is based on market guidelines and is validated by the CEO together with the Board.

The compensation of the Board members is also based on a survey carried out in the market and is intended to ensure development opportunities, as well as a balance between the company's goals and the business strategy.

MANAGED RISKS

GRI 2-12 | 2-15 | 3-3 | SASB CG-MR230a.1



The identification and treatment of risks are intrinsic to the decision-making process at Magalu, part of the company's own commitment to the creation and preservation of value for its shareholders.

In June 2021, Magalu carried out the second review of its Risk Management Policy, to adapt it to the Corporate Sustainability Index (ISE) of B3, the São Paulo stock exchange. The work was recognized in January 2022, when the company joined the ISE portfolio, made up of 46 listed companies.

Magalu identifies and addresses strategic, operational, compliance, data security and social environmental risks, to ensure compliance with the goals established in its strategic planning. The company also understands that all employees are responsible for risk management, in order to contribute to effective management.

Magalu's risk management process was defined based on the consolidated guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (Coso) — a private, non-profit organization created in the

United States in 1985 to prevent corporate fraud — and on the risk management process suggested by the ISO 31000:2018 standard, to

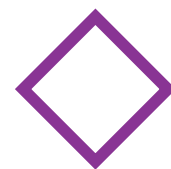
- increase the probability of reaching the goals established by Magalu;
- improve the identification of opportunities and threats;

- meet legal and regulatory policies, standards and requirements, standardizing concepts and practices;
- improve the disclosure of information to the market, increasing stakeholder confidence and ensuring transparency to all stakeholders, market analysts and credit agencies;

- ensure a reliable data base for decision making and planning, providing a dynamic and efficient flow of information;
- effectively allocate and use resources, improving the control environment;

- improve governance, ensuring that Magalu's Corporate Governance is followed and critically analyzed;
- prevent or reduce losses, involving all the structure agents at some stage;

- improve operational effectiveness and efficiency, increasing Magazine Luiza's resilience.



A siege to protect data

In the internet-connected world, the information of companies, governments and people have become as much or more important than safes, doors and walls. Data security is therefore vital for Magalu, which has relationships with thousands of partners and over 37 million customers.

At Magalu, the topic of Information Security and Data Protection is led by the Integrity, Compliance and Money Laundering Prevention (PLD) area, by Luizalabs (Information Technology), Legal Department. The guidelines and policies defined by these executive boards are put into practice by teams dedicated to developing and executing Cyber Security and Corporate Security actions.

In Cybersecurity area, technical groups are responsible for incident monitoring and response, brand protection, applications security, and security solutions. The brand protection front, for example, works with monitoring and investigation of cyber threats (threat intelligence), domain protection, identification of phishing and false profiles and improper use of the group's brands, as well as data exposed on the deep or dark web.

SAFETY OF AFFILIATES

One of the main duties of Corporate Security is the permanent maintenance of the Information Security Awareness Program actions, to increase the maturity of employees regarding the protection of information, processes and corporate systems.

All information security work is guided by current legislation (LGPD, Bacen), good practice standards, such as CIS Controls, Nist, ISO 27001 and PCI-DSS, in addition to internal and external audits.

In 2021, the company made progress in the



adequacy to data protection legislation and continues to work to improve practices on the subject. In addition to the Data Privacy Management Policy, the Information Processing, Personal Data Privacy Management and Information Security policies were recently implemented.

Magalu did not record any data breaches or loss of customer information during the period. In 2021, the company carried out a security assessment in part of its affiliates, based on security practices recognized by the market, and adopted action plans that increased the maturity of the companies' Information Security. This assessment will continue in 2022 for the other affiliates and will become a permanent process, with annual frequency.

The risks we monitor

RISKS ARE UNCERTAIN FACTORS OR EVENTS THAT MAY CAUSE NEGATIVE IMPACTS ON THE COMPANY AND SERVE TO IDENTIFY BUSINESS OPPORTUNITIES. THE RISK CATEGORIES THAT MAGALU MONITORS:

STRATEGIC RISKS

Associated with changes in the external (political, economic, social, market, innovations, technologies, etc.) and internal (quality of financial management, operations, compliance and reputation) environments. They can cause serious losses and should be considered in the senior management’s decision-making process.

OPERATIONAL RISKS

Arising from inadequacy or failure in internal processes and people management. They can cause loss of assets, revenue, customers and other transaction-related damage. Associated with both the core business operation and the management of support areas (administrative, occupational health and safety, environment, information technology, etc.).

COMPLIANCE RISKS

They entail legal or regulatory sanctions of financial or reputational loss for the company, which may suffer as a result of failure to comply with the application of laws, agreements, regulations, code of ethics and conduct, internal policies and procedures.

DATA STORAGE AND SECURITY RISKS

Inadequacy or failure to maintain customer privacy and personal data protection through transparent and secure practices. They cover other risks related to the security of strategic, financial and operational information.

SOCIAL ENVIRONMENTAL RISKS

Related to social and environmental problems and processes arising from the operation, which includes products and processes in the company’s relationship with the environment.

CLIMATE RISKS

Climate change is considered a strategic risk for Magalu, which started monitoring the category in 2021 (*read on the side*).

And the policies we adopt

MAGALU ADHERES TO GLOBAL MANAGEMENT PRACTICES FOR EFFICIENT RISK CONTROL. THEY ARE:

- Corporate Risk Management Policy;
- Money Laundering and Terrorism Financing Prevention Policy
- Independent Audit and Extra Audit Services Hiring Policy
- Sustainability Policy
- Data Privacy Management Policy
- Bylaws
- Integrity Manual
- Code of Ethics and Conduct
- Crisis Management Policy
- General Supply Conditions
- Authority Policy
- Related Party Transactions (TPR) Policy
- Conflicts of Interest Neutralization Policy
- Human Resources Policy
- Recommendation Policy
- Anti-Corruption Manual
- Gifts and Hospitality Policy
- Internal Regulations of the Audit Committee
- Internal Regulations of the Board
- Policy for Disclosure of Material Acts or Facts and Trading in Securities.



CLIMATE CHANGE ON RADAR

Following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), in 2021 Magalu started monitoring the risks posed by climate change to its operations. Through a SWOT (strengths, weaknesses, opportunities and threats) analysis, the company categorized the risks to which it is exposed due to extreme weather events.

ACUTE PHYSICAL RISKS

Damage to facilities and interruption

of operations are risks considered (and mitigated) due to the geographic diversification of the operation, the acquisition of logistics companies, the increase in the number of cross docking stations, service centers and insurance policies.

CHRONIC PHYSICAL RISKS

Rising sea levels and heat peaks and low humidity can cause problems for the employees’ health and well-being. The

Expansion team started to consider this type of risk in its planning, as did the Occupational Health and Safety team, which monitors employees’ health and well-being in order to take precautions and corrective actions.

REPUTATIONAL AND POLITICAL RISK

It is already part of the regulatory and reputational mapping process. It requires monitoring of legislative proposals, which

Magalu carries out in partnership with sectoral associations and stakeholders.

OPPORTUNITIES

The company has already mapped a dozen business opportunities and is working on action plans to offer more sustainable products and services to its customers (learn more on page 47).

A YEAR OF ADVANCES IN STRATEGY

GRI 201-1

Was a year marked by a notable evolution of Magalu's strategic cycle, centered on the exponential growth of 3P on the marketplace platform and on building a broader business ecosystem, a vital combination for expanding the number of categories and products offered by the company. Annual marketplace sales reached 13 billion reais, an annual growth of 69%. In two years, Magalu's 3P sales increased fourfold. The pace paved the way for marketplace sales to exceed those recorded by physical stores, in February 2022.

The 142,000 sellers—most of them Magalu Partners, small local entrepreneurs who have just gone digital—offer 57 million items, from the most diverse categories. This is the great engine of growth — today and from now on.

In two years, Magalu doubled in size. In 2021, total sales reached almost 56 billion reais. 40 billion out of this total came from online channels — and 45% of this amount results from the sale of products from new categories, such as sports, beauty & fashion, items for the gamer market, market and delivery to restaurants.

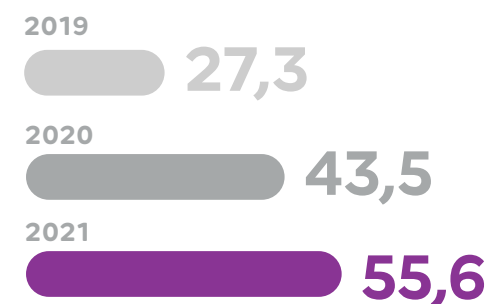
The year was marked by the sudden increase in inflation and basic interest rate — both closing well above market expectations. The impact of this movement, felt mainly in the second half of the year, was reflected in the reduction in sales of discretionary products and sales made by physical stores.

Below are Magalu's main financial indicators in 2021.



IN TWO YEARS,
GMV DOUBLED...

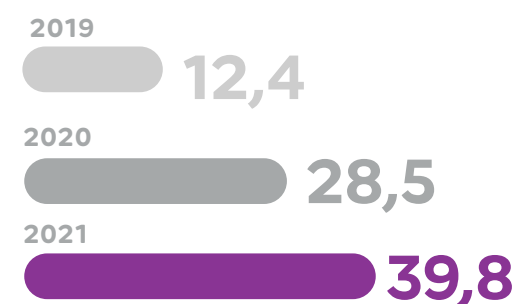
TOTAL SALES - IN BILLION
REAIS



104%

...E-COMMERCE
SALES TRIPLED

TOTAL E-COMMERCE SALES
— IN BILLION REAIS

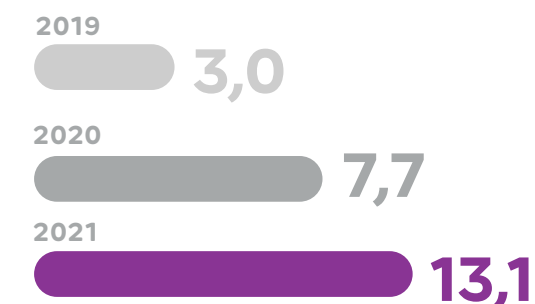


221%

FINANCIAL RESULTS

...AND MARKETPLACE
SALES QUADRUPLED

3P SALES — IN BILLION
REAIS



332%

ACCELERATED SALES
GROWTH

In 2021, total sales — physical stores and e-commerce with own stock (1P) and marketplace (3P) — grew 27.8%, reaching 55.6 billion reais. Total e-commerce increased 39.4% and sales in physical stores grew 5.8%

TOTAL GROWTH **27,8%**
TOTAL E-COMMERCE **39,4%**
PHYSICAL STORES **5,8%**

E-COMMERCE ADVANCES, WITH HIGHLIGHT ON THE MARKETPLACE

Once again, Magalu's e-commerce grew above the market. According to Neotrust, online sales in Brazil advanced 27% in 2021. The company's e-commerce, in turn, grew 39.4%, reaching 39.8 billion reais. 1P evolved 28.4% in the period, while the marketplace advanced 68.8%, with sales reaching 13.1 billion reais. Magalu's market share gain was mainly driven by the performance of SuperApp, which ended 2021 with 45.2 million monthly active users.

28,4%
1P E-COMMERCE
GROWTH

68,8%
3P E-COMMERCE
GROWTH

GROSS MARGIN REFLECTS HIGHER E-COMMERCE SALES

In 2021, the company's adjusted gross margin was 25.2% - a reduction of 0.6 percentage point compared to the margin of 25.8% recorded in 2020. The variation reflects the growth in the share of e-commerce in total sales: 71.5% in 2021 compared to 65.6% in 2020. Inflation also had an impact on the cost of goods sold in the second half of the year.

25,2% **25,8%**

ADJUSTED GROSS MARGIN IN 2021

ADJUSTED GROSS MARGIN IN 2020

EXPENSES INFLUENCED BY THE LOWER SHARE OF PHYSICAL STORES

Adjusted operating expenses amounted to 21% of net revenue — an increase of 0.4 percentage point compared to 2020. The variation is mainly explained by the lower dilution of expenses in physical stores and, to a lesser extent, by the increase in e-commerce marketing expenses in the second half of the year.

ADJUSTED OPERATING EXPENSES
COMPARED TO NET REVENUE

21%
2021
20,6%
2020

EBITDA AND NET INCOME

The increase in sales and the positive e-commerce result contributed to the adjusted Ebitda reaching 1.5 billion reais in 2021. But the adjusted Ebitda margin was pressured by the reduction in the gross margin and by the increase in expenses in relation to net revenue. The adjusted Ebitda margin went from 5.2% in 2020 to 4.2% in 2021. Adjusted net income was 114.2 billion reais. Considering non-recurring net gains, the company's total net income was R\$ 590.7 million in the year.

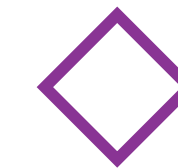
ADJUSTED EBITDA MARGIN

4,2%
IN 2021
5,2%
IN 2020

FINTECH

The total payment volume (TPV) exceeded 65 billion reais in 2021 — a growth of 82.5%. In December, Magalu reached a base of 7.2 million credit cards, 35.5% more than in December of the previous year. The credit card business turnover increased 41.1%, reaching 41.4 billion reais in the year. The credit card portfolio reached 17.5 billion at the end of 2021 and MagaluPay reached 4.8 million accounts in that period.

65 BILLION
REAIS IN TPV VOLUME
82,5%
HIGHER THAN IN 2020



FINANCIAL RESULTS

CASH GENERATION AND CAPITAL STRUCTURE

At the end of 2021, Magalu reached an adjusted net cash position of 5.5 billion reais. The company also had the highest total cash position in its history: 12.3 billion reais, considering cash and financial investments of 4.1 billion and available credit card receivables of 8.2 billion reais.

2021 ADJUSTED NET CASH

5,5 BILLION
REAIS
12,3 BILLION
REAIS - TOTAL
CASH POSITION

17,5 BILLION
REAIS IN CREDIT CARD PORTFOLIO
4,8 MILLION
MAGALUPAY ACCOUNTS

MANAGEMENT AWARDED

Awards and recognitions received by Magalu, its companies and professionals in 2021

MAGALU

BEST COMPANY TO WORK FOR IN BRAZIL

Great Place to Work Institute

Magalu was highlighted among the 4,000 organizations evaluated. The company has been part of the ranking since 1998

IBEST 2021 AWARD

Magalu is elected the dominant e-commerce company in Brazil, by one of the biggest internet awards in the country. There were 12 recognitions in total - among them, the maximum awards for Shopping Experience, Technology (for Canaltech) and Brand Persona (for Lu do Magalu)

RECLAME AQUI 2021 AWARD

Special Awards: Customer Service Professional for Alisson Henrique da Silva, Online Store for Magalu and second place in the Customer Service Champion Teams category for Magalu Online Store. Awarded companies of the group: Netshoes (sporting goods e-commerce), Época Cosméticos (beauty, aesthetics and cosmetics e-commerce), Luizacred (co-branded credit cards), KaBuM! (computer e-commerce)

IBEVAR-FIA 2021 RANKING

First place among the most admired companies by their employees and third place among the companies with the best service during the pandemic, according to the consumer public

EFFIE AWARDS BRAZIL

Gold for Magalu Partner in the Critical Pivoting & Crisis Response category and silver in the Media Innovation category with Decifrei, a platform used to launch the Musical Instruments category on the marketplace, through which consumers can listen to the songs of their favorite artists while at the same time they have access to related content and offers of instruments used in the songs

TRANSPARENCY TROPHY 2021

Anefac-Fipecafi Award

Highlight among companies with net revenue above 8 billion reais

FREDERICO TRAJANO

EXECUTIVO DE VALOR

Valor Econômico

Vencedor na categoria Transformação Digital

PRÊMIO IBEST 2021

Empreendedor Digital

RANKING IBEVAR-FIA 2021

Primeiro lugar entre os CEOs de varejo mais presentes na mídia: economia e mercados

PRÊMIO LÍDERES DO BRASIL 2021

Categoria Grupo Econômico

TROFÉU RAÇA NEGRA 2021

Entregue a indivíduos e grupos que contribuíram ou exibiram avanços para os afro-brasileiros

LUIZA HELENA TRAJANO

TIME100: THE MOST INFLUENTIAL PEOPLE IN 2021

A revista americana *Time* aponta a presidente do Conselho de Administração do Magalu como uma das 100 pessoas mais influentes do mundo. Luiza Helena foi a única representante do Brasil no ranking

EXECUTIVO DE VALOR

Valor Econômico

Vencedora na categoria Presidente do Conselho de Administração

PRÊMIO LÍDERES DO BRASIL 2021

Categoria Mulheres em Destaque



Magalu team at the Consumidor Moderno Award: excellence in customer service



**OUR
MISSION IS
TO INCLUDE**

THE WIN-WIN OF DIGITAL INCLUSION

GRI 2-6 | 3-3

Brazil has approximately six million small and medium retailers — however, it is estimated that only 5% of this contingent sell their products through the internet. Magalu believes that fighting the low penetration of Brazilian retail in e-commerce, incorporating entrepreneurs from all over the country to the digital universe, is a huge opportunity for business, retailers, and the Brazilian economy. For Magalu, these retailers — currently fully analog — are decisive in expanding the marketplace and offering categories and products, in addition to substantially reducing logistical costs by exploiting hyperlocation (an ideal approach between seller and consumer).





For the millions of analog merchants throughout Brazil, the benefit of a digital platform lies in the technology and services that a large company as Magalu offers. By connecting to the marketplace, sellers substantially reduce their learning time in the digital environment. Thanks to digital tools, they can start selling immediately, through a simple and intuitive process. The arrival at Magalu's marketplace also means an open door to a potential market of 45 million active customers on the company's digital platforms. And finally, contributing to digitize a critical sector of the economy also means contributing to digitizing the country and making it more competitive. Based on this win-win scenario, Magalu defined the digitization of Brazilian analog retail as a strategy.

As of December 2021, the company had 142,000 sellers in its marketplace — almost four

times the number recorded in the previous year. About 83,000 out of this total were classified as Magalu Partners, that is, retailers that did not sell over the internet, in general, small merchants, many of them Individual Microentrepreneurs (MEI).

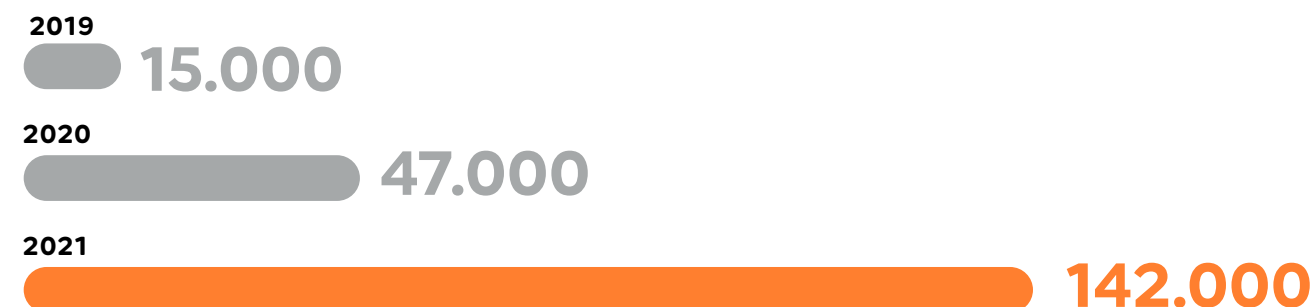
The creation of the Magalu Partner took place in March 2020, a few days after the global announcement of the covid-19 pandemic by the World Health Organization. The program was designed in record time, so that small merchants — who had never sold online and had neither the knowledge nor the resources to invest in technology — could quickly resume selling their products, despite preventive measures that led to the closure of commerce in most Brazilian cities. To enter the platform, Magalu Partner does not pay anything. The marketplace charges a fee — 3.99% on the value of each order — as

EXPONENTIAL GROWTH

In three years, the company's marketplace has more than tenfold

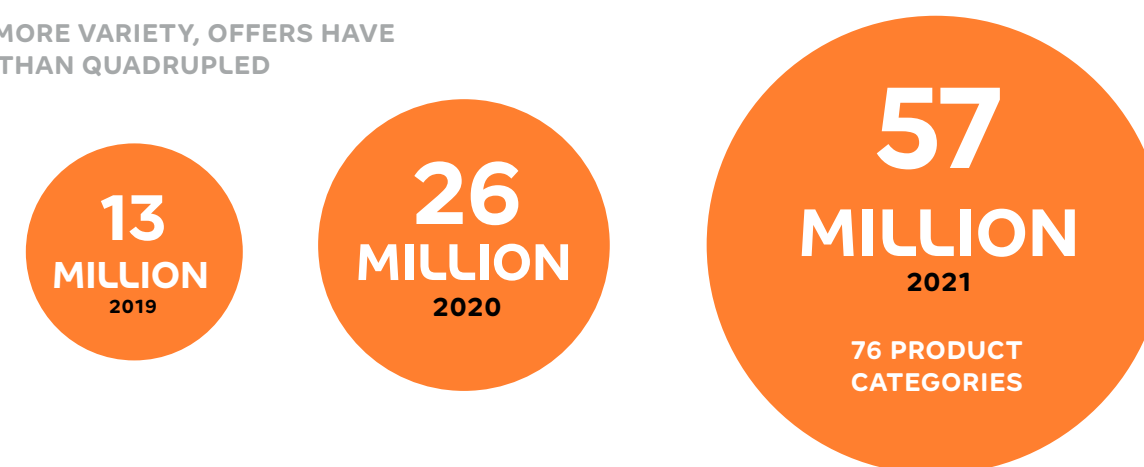
INCLUSÃO DIGITAL E
EMPREENDEDORISMO

NUMBER OF SELLERS



NUMBER OF OFFERS FROM SELLERS

WITH MORE VARIETY, OFFERS HAVE MORE THAN QUADRUPLED



THE STRENGTH OF THE SMALL BUSINESSES

MAGALU PARTNERS BECOME THE MAJORITY ON MARKETPLACE



LAND WITH LAW

Magalu wants to sell everything, as long as it doesn't hurt the company's values and "non-negotiables". Check out some rules and results of marketplace monitoring

RULES

IT IS PROHIBITED TO SELL ANY PRODUCT:

- without invoice
- that is counterfeited
- of illegal origin
- that is unlawful
- that promotes pornography and the eroticization of children and adolescents

SURVEILLANCE

IN 2021, MONITORING OF SELLERS AND THEIR PRODUCTS RESULTED IN:

46.214 reports of irregularities received

40.226 reports considered valid

582 sellers suspended for 30 days

54 sellers banned from the marketplace

25% of products blocked by the Block List when the *seller* tried to publish the offer

INCLUSÃO DIGITAL E
EMPREENDEDORISMO

soon as the sale is made (the take rate increases according to the company's sales).

With sellers of all sizes and the most varied product categories, Magalu's marketplace sales quadrupled in two years, reaching 13 billion reais in 2021. Compared to 2020, the growth was 69%. The belief that retail digitalization promotes a win-win relationship was confirmed by the testimony of small entrepreneurs during Expo Magalu, an event aimed at sellers held in August 2021, when several of them told how e-commerce helped them to continue generating income, even with the stores closed.

Throughout 2021, Magalu accelerated its retail digitalization strategy with 12 acquisitions. In March, it acquired Vipcommerce, a technology startup that mainly helps small and medium-sized supermarkets to create their online stores and even sell on marketplaces such as Magalu. Supermarket items became the largest category in terms of number of items sold in the company.

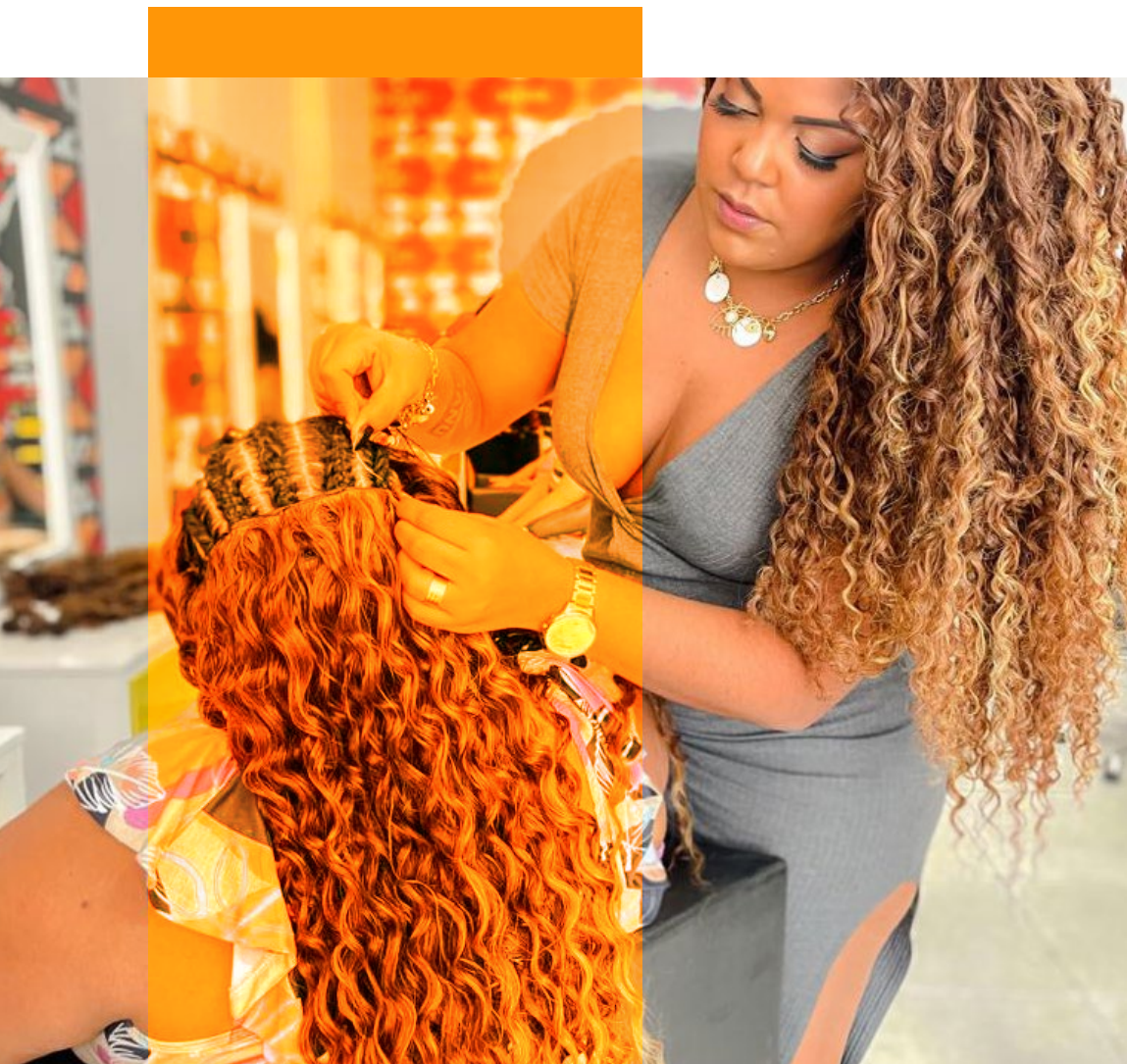
Acquisitions also focused on the digitalization of restaurants and food delivery. In March, Magalu acquired GrandChef (developer of restaurant service automation systems), as well as three food and beverage delivery companies: Aiqfome, ToNoLucro and Plus Delivery. All operate mainly in small and medium-sized cities.

In October 2021, the company launched Mundo Moda on the SuperApp after restructuring the segment, which involved everything from changing the portfolio of its

own products and those of sellers to browsing the platform. The fashion industry is one of the most fragmented in the economy, with around 1.5 million merchants, and only 73,000 of them digitized, according to consulting company YipitData. At the end of 2021, sales of this sector on the Magalu platform grew 170%, driven mainly by the 30,000 clothing, footwear and accessories sellers.

Another fundamental pillar for retail digitalization is the conversion of the company's almost 1,500 stores into Magalu Agencies. In July, the logistics area began implementing the project, which consists of using physical stores as mini distribution centers and as delivery and pickup points for goods sold online. The seller can deliver the product sold by the marketplace to the Magalu store closest to him. The store's back-office personnel receive the item and include it in the company's transport network so that the good is delivered to the final customer. The store also works as a pick-up point for products purchased through the SuperApp or the website.

In 2021, the 9,500 sellers who exchanged third-party delivery for Magalu Agency service achieved an average growth of 293% in the number of orders, an average increase of 143% in GMV and a 51% drop in freight costs. In December 2021, 13% of purchases made in Magalu marketplace are picked up by customers at the physical's stores. Store employees also began to act as "seller hunters", earning a take



Emanuely Vital,
owner of Manu
Cabelos, in Maceió
(AL): entry into
e-commerce with
Magalu

INCLUSÃO DIGITAL E EMPREENDEDORISMO



The digitalization of Brazilian retail has strategic value for Magalu, but it also has a social impact, as it induces sales of products and services over the internet to go legal and formal. To sell on the company's marketplace, all sellers must be formal and can only sell authentic products that respect intellectual property. They must also pay the taxes due and have records with regulatory bodies, when necessary.



Once admitted to the marketplace, the seller has all sales monitored by the platform, which compares the information on the order with the information on the invoice sent to the Tax Authority. The comparison of the two documents prevents tax evasion through unlawful mechanisms, such as the reuse or issuance of invoices for less than the amount charged.

Physical store: delivery and collection of products sold on e-commerce

The monitoring of any illegal products is supplemented by a consulting company hired to carry out permanent scans of the Maqalu

Finally, Magalu maintains the Marketplace Reporting Channel on its website. Through this channel, anyone can report illegal, counterfeit or misappropriated products for sale on the platform. The channel also receives reports of any type of infringement committed by sellers.

29 magalu

IN PARTNERSHIP WITH SOCIETY

GRI 203-1

Magalu and the Trajano and Garcia families, the company's controllers, invested 26.4 million reais in initiatives to support society. The amount is the remainder of the 50 million reais donated in 2020 (30 million from the families and 20 million from the Magalu cash). In view of the new covid-19 waves that occurred throughout the year, the decision was to direct - once again - most of the donated funds to combat the health and social effects of the pandemic.

The allocation of the funds was decided by the Donations Committee, created in 2020 with the aim of ensuring that donations reach the most vulnerable communities and the people who, in fact, need it most. Led by the chairwoman of Magalu's Board, Luiza Helena Trajano, and composed of six professionals from different areas of the company, the joint committee met monthly to assess and select the orders made to the company.

A portion of the donations — 7 million reais — was directed to projects aimed at the production

of immunizations against covid-19 and 2 million reais were transferred to Unidos Pela Vacina, a multisectoral movement created with the objective of accelerating the vaccination of Brazilians. The funds were distributed in municipalities in the Northeast and Southeast regions of Brazil, in order to equip vaccination stations. The company also directed part of the funds — 5 million reais — to the construction of the new vaccine plant at the Butantan Institute, in São Paulo, which focuses on ensuring the autonomy and expansion of the immunizer production capacity.

Brazilian scientific research was another point of Magalu's social action in 2021. A study on the transmission dynamics of Sars-CoV-2 strains in Brazil, carried out by the School of Medicine of the University of São Paulo, received 1.5 million reais. The Centro de Estudos Augusto Leopoldo Ayrosa Galvão, also of São Paulo, was awarded almost 450,000 reais to carry out a survey that estimated the effectiveness of the Coronavac and Astrazeneca vaccines, both against covid-19.

Comunicação Butantan



Butantan Institute:
investment in new
vaccine plant

FIGHTING VIOLENCE AGAINST WOMEN

In 2021, 20 institutions that fight violence against women and support victims of this type of abuse received 2.6 million reais from Magalu. For years, this has been one of the main causes supported by the company, which has been attentive to the increase in cases of violence against women during the pandemic and the period of social isolation, when victims and aggressors began to live together without the scrutiny of third parties. According to the Brazilian Public Security Forum, in 2020 the number of femicide cases grew by 22% in Brazil.

HOW MUCH MAGALU DONATED TO SOCIAL CAUSES IN 2021

The main initiatives and the amounts contributed — in reais

The 20 organizations selected by Magalu work in 15 cities located in 11 states across the country. The allocated money was used in training courses, and management, leadership and internal innovation process management. As a result, 94% of these organizations made at least one partnership to boost their activities, 84% started to use more digital tools and 68% increased the level of transparency in their social networks and websites.

Finally, the company allocated 128,000 reais to a partnership with Faculdade Zumbi dos Palmares, the first and only institution in the country created to include blacks in university education. ComSchool, Grupo Magalu's e-commerce school, offered 40 scholarships for an e-commerce course to students and alumni of the institution. The fight against structural racism is also one of the causes supported by Magalu.



ADDRESSING THE COVID-19 PANDEMIC

OBJECTIVE

Assistance to individuals, families and health institutions during the pandemic

AMOUNT

26,4 MILLION

14 million from Magalu and 12 million from controlling families

RESULTS

79.925 people impacted

11 hospitals benefited

200 tons of food distributed

812 hospital equipment donated

23.780

Personal Protective Equipment (PPE) donated

DIVISION OF FUNDS, BY REGION OF THE COUNTRY(*)

NATIONAL(**)	13 million	49%
SOUTHEAST	6 million	23%
MIDWEST	3,2 million	12%
NORTHEAST	2,8 million	10%
NORTH	1,2 million	4%
SOUTH	186,4 thousand	1%
INTERNATIONAL	43 thousand	0%

(*) APPROXIMATED VALUES

(**) DONATIONS WITH IMPACT THROUGHOUT THE COUNTRY

FUND TO FIGHT VIOLENCE AGAINST WOMEN

OBJECTIVE

Support and training to institutions dedicated to the cause, through the development of management, leadership and innovation

AMOUNT

2,6 MILLION

RESULTS

20 organizations in 11 states and 15 cities received support

94% of them have at least one partnership

84% started using more digital tools

68% increased the level of transparency on their social network and websites

UNITED BY THE VACCINE

CAUSE

Multisectoral and non-partisan movement to accelerate the vaccination of Brazilians against covid-19

AMOUNT

1,9 MILLION

DISTRIBUTION OF FUNDS, BY REGION OF THE COUNTRY(*)

NORTHEAST	1,7 million	83%
SOUTHEAST	276 thousand	17%

VACCINE PLANT

OBJECTIVE

Construction of a plant for the production of vaccines by Butantan Institute in São Paulo, expansion of production capacity, generation of knowledge in engineering and bioprocess activities

AMOUNT

5 MILLION

DONATIONS AND PRIVATE SOCIAL INVESTMENT

SCHOOL OF MEDICINE OF THE UNIVERSIDADE DE SÃO PAULO

OBJECTIVE

Support to a study to evaluate the transmission dynamics of Sars-CoV-2 strains in Brazil

AMOUNT

1,5 MILLION

AUGUSTO LEOPOLDO AYROSA GALVÃO STUDY CENTER

OBJECTIVE

Support to a study that estimates effectiveness of the Coronavac and Astrazeneca vaccines against covid-19 in the city of Ribeirão Preto (SP)

AMOUNT

450 THOUSAND

WOMEN IN SCIENCE

OBJECTIVE

Give visibility to Brazilian scientists who develop research in the United States and connect them. Support the inclusion of women in science

AMOUNT

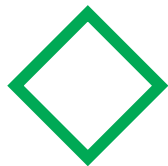
20 THOUSAND



ETHICS AND RESPECT IN RELATIONSHIPS

ETHICS AND RESPECT IN RELATIONSHIPS

GRI 2-16 | 2-23 | 2-24 | 2-25 | 2-26 | 2-27 | 3-3 | 205-1 | 205-2 | 205-3



The word “integrity” comes from the Latin integrate, which means “the quality or state of what is whole, of what has never been corrupted”. It can also designate the characteristic of an ethical person, who does what is right out of belief, even if no one is watching their behavior. This is one of the principles fostered in the company — since it was a single store, through the example and guidance of its founders — and which became the basis of the Magalu Integrity Program, instituted in 2017.

The role of the program is to spread the commitment to ethics and transparency among all employees and parties that relate to the Magalu ecosystem. The company has several policies that manage responsible conduct in the conduct of business, highlighting four documents: the Code of Ethics and Conduct, the Sustainability Policy, the Human Rights Policy and the Anti-Corruption Manual. All of them, in a way, thoroughly address the company’s values and the five “non-negotiables”, which are conducts not allowed under any circumstances in our operations.



ETHICS AND
TRANSPARENCY

Luiza Helena Trajano,
Chairwoman of the
Board: reference in
the business world



Luiza Trajano Donato and Pelegrina José Donato, founders of Magalu: ethics in the DNA

NON-NEGOTIABLES

CONDUCTS NOT ALLOWED AT MAGALU AND DEFINED IN THE COMPANY'S CODE OF ETHICS AND CONDUCT

Cause any type of loss to the Magalu group and/or customers (tied-in services, use customer cards, change the result of goals or cash closing, deceive the customer)

Discrimination of any kind (bullying, prejudiced jokes)

Moral and sexual harassment or getting involved with subordinates (jokes and daring looks)

Perform any corrupt act (accepting undue advantages from suppliers or customers)

Use Magalu information and personal data of customers or employees improperly

The policies, approved by the Board, apply to all employees, including Magalu's managers and shareholders. This set of rules is also extended to the entire chain of suppliers, partners and other third parties, who, when starting or renewing their relationship with Magalu, formally assume the obligation to respect human rights and the environment in their respective companies. However, regardless of the formal commitment undertaken by suppliers and other partners, Magalu adopts preventive procedures to mitigate the risk of dealing with companies that are not aligned with its principles and values.

Ethical, fair and transparent conduct, which values mutual respect, must be reflected in commercial negotiations and in the sale of products and services with honesty, observing customers' rights and offering clear and reliable information. Therefore, the objectives established in the Sustainability Policy, Human Rights Policy, code of Ethics and Conduct, Anti-Corruption Manual must become concrete and practical actions of the company, and its

continuous development process is under the responsibility of two areas: Sustainability and Reputation (actions within the company) and Compliance, Integrity and PLD (related to the supply chain).

The Compliance, Integrity and PLD Executive Board manages the day-to-day management of the Integrity Program, proposing and establishing mechanisms, instruments and protocols for monitoring, control, follow-up and training to prevent potential illegal, unethical, irregular or improper conduct.

In 2021, 100% of senior management, as well as employees and sellers (partners who sell on the marketplace), received a communication regarding the fighting against corruption, always through the company's official channels. There was also anti-corruption training in specific areas, depending on their exposure to risk. In 2021, Magalu did not identify any cases of proven corruption in its operations.

Every employee is informed and called upon to understand the Company's Code of Ethics and Conduct and the Anti-Corruption Manual upon joining the company. They are necessary and supplementary tools to prevent and control violations of the Anti-Corruption Law in the relationships established with government agents as well as to help maintain the highest standards of integrity, legality and transparency when conducting business. 100% of the activities that incur the risk of corruption within Magalu's operations are assessed.

Policies are also brought to light during internal training, especially those related to the Code of Ethics and Conduct and Diversity and Inclusion. The many duties of the company's senior management include the reinforcement of the commitment to ethics and transparency in the company's various methods of communication with internal and

ETHICS AND TRANSPARENCY

external audiences, in onboard training for new employees and other trainings of the Integrity Program.

With the aim of reinforcing integrity on a day-to-day basis, Magalu uses slogans related to the topic in its internal communication media. They include: "Don't make excuses, set an example", "Wrong is wrong", "Any exception to what is right is a setback", "Hand goal is not worth" and #atitudemagalu. The policies are available on the official internal communication channels and on the company's website. Check it out here.

To address conflicts of interest, Magalu adopts corporate governance practices recommended or required by the country's legislation, including the guidelines of the Brazilian Corporate Governance Code - Publicly-held Companies and the B3 Novo Mercado Regulation. It also has the Policy on Transactions with Related Parties, the Bylaws and the Internal Regulation of the Board, to ensure that all decisions, especially those involving related parties and other situations with potential for conflict of interest, are taken considering the interests of the company and its shareholders. The objective is to ensure transactions with complete independence and absolute transparency.

The company also adopts the Policy for the Neutralization of Conflicts of Interest, which unifies the guidelines related to conflicts

ETHICS AND TRANSPARENCY

of interest and reinforces aspects related to accountability and consequences. The document covers all of Magalu's audiences, from management, employees and third parties to partners and suppliers.

PODE DENUNCIAR (YOU CAN REPORT)

Magalu provides several tools for all stakeholders to report concerns, report complaints or make complaints. When received, the reports are forwarded to the respective

areas and sectors, which must investigate, handle and ensure that the case is directed to its conclusion. The treatment of the report is guided by the guaranteed confidentiality of the reporting party and the case — and follows the company's conduct guidelines, such as the Code of Ethics and Conduct, policies, procedures and current laws. Cases are also dealt with in committees and are subject to the application of Magalu's Consequences Policy. There were no significant cases of non-compliance with laws and regulations during the reporting period.

The Corporate Reporting Channel is managed by an independent outsourced company. Within Magalu, the management of the Reporting Channel is under the responsibility of the Compliance, Integrity and Money Laundering Prevention (PLD) area, which operates independently and reports directly to the Board. Every quarter, the Reporting Channel is checked by an external audit firm.

Audiences interacting with Magalu can also

OUR VALUES

PEOPLE WHO LIKE PEOPLE

We work collaboratively, with transparency, humility and respect. We have positive energy and celebrate the results.

OWNER ATTITUDE

We do more with less and think about the company as a whole.

CUSTOMER COMES FIRST

We put the customer at the center of decisions and we are passionate about serving.

SIMPLICITY AND INNOVATION

We are constantly learning, always exercising autonomy with responsibility

HANDS-ON

We make it happen and we work hard, without fear of making mistakes.



report critical concerns through direct contact with the Investor Relations area or the Audit, Risks and Compliance Committee, which is the competent body to refer the critical mapped concerns to the Board. In addition to formal reporting channels, the company offers consumers several channels of contact with the company, such as telephone, chat, email, WhatsApp, social networks, Reclame Aqui and the consumidor.gov website.

Since 2020, Magalu has been part of the Alliance for Integrity (Afin), a global initiative that brings together the private sector, the public sector and civil society in a joint effort to build and promote solutions to strengthen transparency and integrity in the economic system. Afin is led by the German Development Cooperation (GIZ, in the German acronym) and offers practical solutions to strengthen the compliance capabilities of companies and their supplier network. The company understands that in times of global crisis, such as the one caused by the pandemic, it is even more important for the private sector to maintain and strengthen the promotion of integrity in its supply chains to strengthen transparency measures and the dissemination of good anti-corruption practices.

SPEAK, I HEAR YOU

THE CHANNELS AVAILABLE FOR MAGALU STAKEHOLDERS TO ORDER INFORMATION, REPORT CONCERNS, REPORT COMPLAINTS OR REPORT

DIAL LUIZA

Direct channel with the Chairwoman of the Board

CORPORATE REPORTING CHANNEL

Directed to reports of violations, irregularities or any non-compliance

MARKETPLACE REPORTING CHANNEL

Created to receive reports of illegal, counterfeit or misused products published on our platform, or to report any violation committed by our sellers (companies that sell through our digital platform)

BRAND PROTECTION CHANNEL

The brands manufacturing their own products can report possible violations of their rights, by sellers, in our marketplace

PRIVACY CHANNEL

Developed to enable all holders of personal data to have access to their information with ease and be able to report problems

WOMAN AND DIVERSITY CHANNEL

Helps employees who are victims of domestic violence, discrimination or harassment

PASSION TO SERVE

GRI 2-6 | 2-29 | 3-3

“Customer comes first” is a commandment followed by Magalu since the company was created by Luiza Trajano Donato and her husband, Pelegrino, in 1957. The name itself, Magazine Luiza, was given by the couple’s customers months after they bought A Cristaleira, a housewares store located in downtown Franca, in the interior of São Paulo. At that time, Luiza and Pelegrino wanted to rename the newly acquired business and decided to hold a contest on a local radio station. Listeners chose Magazine Luiza because “dona Luiza” was a popular saleswoman in town. After 65 years, the customer’s place remains the same, whether in the nearly 1,500 physical stores, or on the SuperApp, which receives more than 45 million active users per month.

In 2021, the company managed to increase its NPS (net promoter score, the most used customer satisfaction metric in the world) by 4 points and, at the same time, recorded

a 44% increase in the number of orders (see box “High Score”). Another indicator of service quality is the RA1000 seal, granted only to companies that present a level of excellence in customer satisfaction and whose evaluations are carried out by consumers themselves on the Reclame Aqui website — the largest platform for resolving disputes between companies and consumers in America Latin.

Among the large e-commerce companies, Magalu was the first to achieve the RA1000 seal, which requires, among other things, that the customer complaint resolution rate is equal to or greater than 90%. In 2021, seven companies in the Magalu ecosystem ended the year with the RA1000 seal: Magalu (physical and online store), Consórcio Magalu, Netshoes, Época Cosméticos, Zattini, Luizacred and Maga+.

CUSTOMER SATISFACTION

Customer in the vein: store in Porto Alegre (RS) during the Fantastic Sale





Supermarket products in the DC in Louveira (SP): new categories

RESPONSIBILITY IS ON US

The highlight of the year was the increase in the satisfaction of customers who made online purchases on Magalu marketplace (3P), that is, who purchased products from sellers, not from our own inventory (1P). Consumers’ NPS in our marketplace rose by almost 11 points.

A Magalu differential is that it does not separate the scores given by 3P customers from the scores given by 1P consumers, as other companies in the sector do. The company considers that a customer is a customer — whether they have purchased a Magalu product or from one of the 142,000 partners who sell through our SuperApp or website. When the seller does not solve the consumer’s problem within the deadline, Luiza Resolve, Magalu’s customer service, takes over the order.

The unification of e-commerce customer service scores is an uncommon practice among large retailers, which usually leave the after-sales service under the exclusive responsibility of the sellers. As part of small and medium retailers does not have the structure to provide quality service, 3P customer satisfaction is usually lower than that of 1P. For this reason, many companies in the sector segregate the NPS and Reclame Aqui scores from 1P and 3P customers, as a way of maintaining a higher level of reputation for their brands.

Find out below some of the main measures adopted by the company that resulted in an increase in the quality of the 3P customer experience. Most of them helped to reduce the delivery time.

- Expansion of Magalu collection of sellers’ products — from 30% to 60% of items sold on the marketplace — which accelerated the logistics process previously carried out by sellers.
- Migration of sellers with low postage performance from the post office to the Magalu collection system. At the beginning of the year, 30% of sellers used the post office. In December, it was 16%.
- Creation and expansion of the “Retira Loja” modality, in which the online customer picks up the product purchased in one of Magalu’s physical stores — therefore, without paying for freight. As of December 2021, 13% of 3P products were picked up this way.
- Seller performance program, which links benefits and penalties to the level of customer service. Sellers with the best scores can enjoy free delivery, for example, and those with the lowest scores can be disconnected from the marketplace.
- Review of Magalu Entregas processes (Kaizen methodology) — with increased information on the logistical journey of the product by the customer service agents —, which raised the first call resolution rate (First Call Resolution/ FCR) from 38% to 81% in 3P.



HIGH SCORE

EVOLUTION OF MAGALU CUSTOMER SATISFACTION LEVEL (NPS), CONSIDERING PHYSICAL STORES AND 1P AND 3 P E-COMMERCE:



Currently, 80% of 3P orders are delivered by Magalu, 30% of which are delivered to the end customer within 48 hours — always considering the products collected by the company from the sellers’ stock and also the items delivered by them to the company’s physical stores. Magalu’s nearly 1,500 stores have become a fundamental part of the logistics of products sold by SuperApp. They began to work as postage and product pick-up stations: they receive 3P items, which are forwarded to end customers through the Magalu transport network, as well as work as a pick-up point for online purchases by consumers who have chosen to save on freight.

CUSTOMER SATISFACTION

10 STAR TEAM

The quality of Luiza Resolve team is also fundamental to the customer satisfaction level. In the last three years, Resolve team has tripled, reaching 2,300 employees at the end of 2021, when it served Magalu, Netshoes, Zattini, Shoestock, Época Cosméticos and Maga+, and was preparing to incorporate the services of Estante Virtual and Fintech Magalu.

The implementation of the 10 Star Service program was one of the highlights of 2021, in terms of staff qualification. The “10 Star” is a work methodology made up of seven steps that promote excellent service, without the pasteurization of Scripts followed by most Customer Services – SACs. The method was developed by Magalu with the support of Maíz consulting, which spent almost a year studying the day-to-day activities of the best Luiza Resolve customer service agents in order to extract the best practices from each employee and then apply them to the entire team. About 85% of Resolve’s staff has already undergone 10 Star Service training.

LESS IS MORE

One of the most revealing indices of customer satisfaction is the contact rate, that is, the contact rate of customers with the company’s service area. Theory and practice show that the fewer orders the consumer makes to the company during the purchase journey, the



QUALITY SEAL
Seven brands from Magalu ecosystem won the RA1000, a rating granted only to companies with a level of excellence in service from the Reclame Aqui

MAGALU (PHYSICAL STORES)
MAGALU (ONLINE)
NETSHOES
ZATTINI
CONSÓRCIO MAGALU
ÉPOCA COSMÉTICOS
MAGA+

(*) NUMBER OF MAGALU MARKETPLACE SELLERS IN JULY 2022

better their perception of the brand will be. In practice, if customers have no problems or doubts, they do not tend to look for the company. In 2021, Magalu reduced its contact rate by 35%. This account includes calls that were not made, as the products arrived on time, for example. There are also contacts avoided by new self-service options that the customer has at hand on the SuperApp itself or on the URA (audible service unit, or electronic service by telephone).

The implementation of the Quero Cancelar button and the improvement in the provision of information regarding orders canceled in the SuperApp reduced 15% of contacts in 3P sales. The automation of 63 processes at the URA also contributed to reducing the contact rate.

The implementation of the Postou, Liberou

system, to facilitate the reversal of values for returned products, also reduced friction in the relationship with the customer. Previously, it took about seven days for the amount to be in customer’s account. Now, as soon as the customer places the goods at a post office, the anti-fraud system (an algorithm that classifies the risk of the return being malicious) gives the customer a score, which allows the immediate release of the deposit to consumer or not. In the case of Netshoes, the NPS of exchanges and cancellations went from 58.1 to 79.4. At Zattini, the score went from 58.1 to 76.9, that is, an increase of 19 points in the experience with returned orders.

ACCESS TO ALL

In January 2021, Magalu created the first service channel in Sign Language – Libras for Brazilian retail. The initiative, in partnership with the startup Personalize, aims to provide access to information and simply resolve orders from hearing-impaired customers who use Brazilian Sign Language. The after-sales service is done by video call, by a team composed mostly of hearing-impaired people. To use the service, no prior appointment is necessary, just enter the Magalu website, click on “Service” and then select “Libras”.

In July, Luiza Resolve started its program to hire employees aged 50 and over. 221 applied and 12 were hired, underwent a series of training courses and are currently at the forefront of customer service.



HIGHLIGHTS OF THE YEAR

81%

OF MAGALU ENTREGAS SERVICES TO 3P WERE RESOLVED IN THE FIRST CALL (FCR) AT THE END OF 2021. IN JANUARY, ONLY 38% OF ORDERS OF THIS TYPE WERE RESOLVED IN THE FIRST CONTACT

35%

REDUCTION OF THE CONTACT RATE OF MAGALU, NETSHOES AND ZATTINI, I.E., THERE WERE LESS CALLS TO LUIZA RESOLVE, WHICH INDICATES INCREASE IN THE QUALITY OF THE CONSUMER EXPERIENCE

24%

REDUCTION IN THE NUMBER OF FORMAL COMPLAINTS AGAINST MAGALU, NETSHOES, ZATTINI AND ÉPOCA COSMETICS, FROM 630, IN 2020, TO 479, IN 2021

A MICROCOSM OF BRAZIL

GRI 2-7 | 2-8 | 2-16 | 2-25 | 2-23 | 2-29 | 3-3 | 404-2 | 405-1



Magalu believes that a company's main asset is the people who work there. They are the ones who give life to any business. At the end of 2021, the company, which employed nearly 51,000 employees, was first placed in the ranking of the best companies to work for in Brazil. The survey, prepared by the Great Place to Work Institute (GPTW), is based on questionnaires answered anonymously by employees of the companies evaluated. Magalu has been in the ranking since 1998, the second year of the award. In 2018 and 2020 it ranked second.

Promoting the professional and personal evolution of teams is one of the ways to make businesses more competitive and contribute to the development of the country. In 2021, Magalu increased the average hours of training per employee to 21 hours, compared to the average 18 hours recorded in the previous year.

The increase is related to new leadership development programs, such as the Novo Varejo Academy for Store Managers and Logistics, the Inventory Leader Training Program and #CarreiraEmSuasMãos, for top leadership positions who want to have a next step in the career. There was also a significant investment

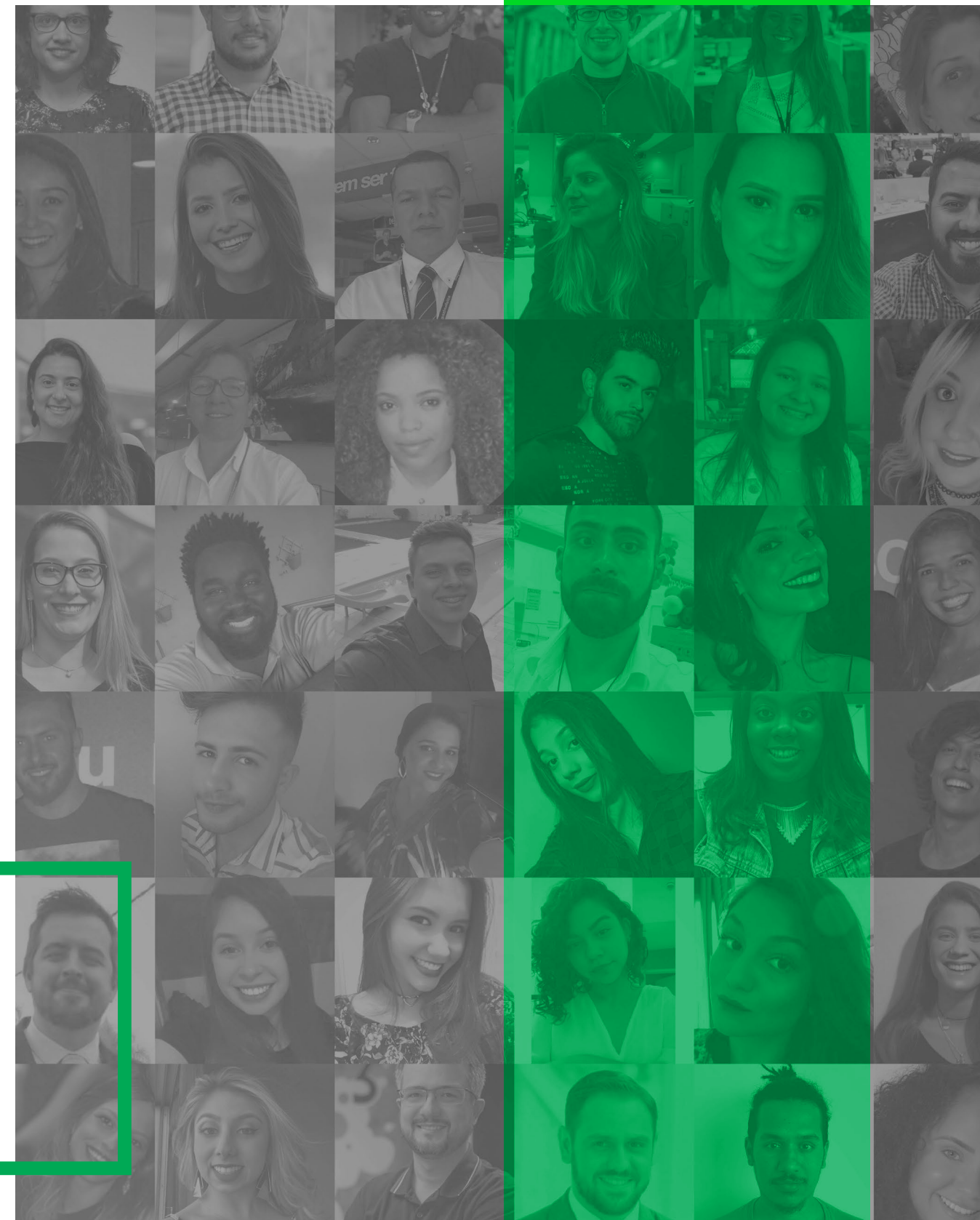
in management and strategy training in the Amana Key Program, which had more than 250 leaders trained. The increase in store openings, compared to 2020, contributed to increasing the average period of employee training.

One of the company's commitments is to promote the well-being and rights of its employees without any discrimination, ensuring fair compensation, appropriate working conditions, a safe environment, freedom of association and the absence of any activity that involves child labor or labor analogous to slavery. The company has the best labor practices in line with current legislation, and maintains a policy of exemplary practices of valuing people, prioritizing the well-being and development of its employees. At Magalu, 100% of the workforce is covered by collective bargaining agreements.

DIVERSITY AND INCLUSION

The company actively works to create a diverse and inclusive environment. The objective is to have all groups represented at all hierarchical levels in all areas, to reflect a microcosm of Brazil. It's not just a fair and right cause. The company believes that the more diverse the

OUR EMPLOYEES



OUR EMPLOYEES

employees, the more repertoire it will have to meet the needs and desires of its more than 37 million active customers. Being diverse and inclusive are necessary assets to do more and better business.

All new employees receive training on diversity and inclusion, which includes good practices on the subject and our non-negotiable values. In addition to the reception, all employees of Magalu Ecosystem undergo a refresher training, focused on topics such as race, inclusion of people with disabilities, gender diversity and unconscious biases. In 2021, 100% of employees were trained on these topics, with a total of 320 hours dedicated to training.

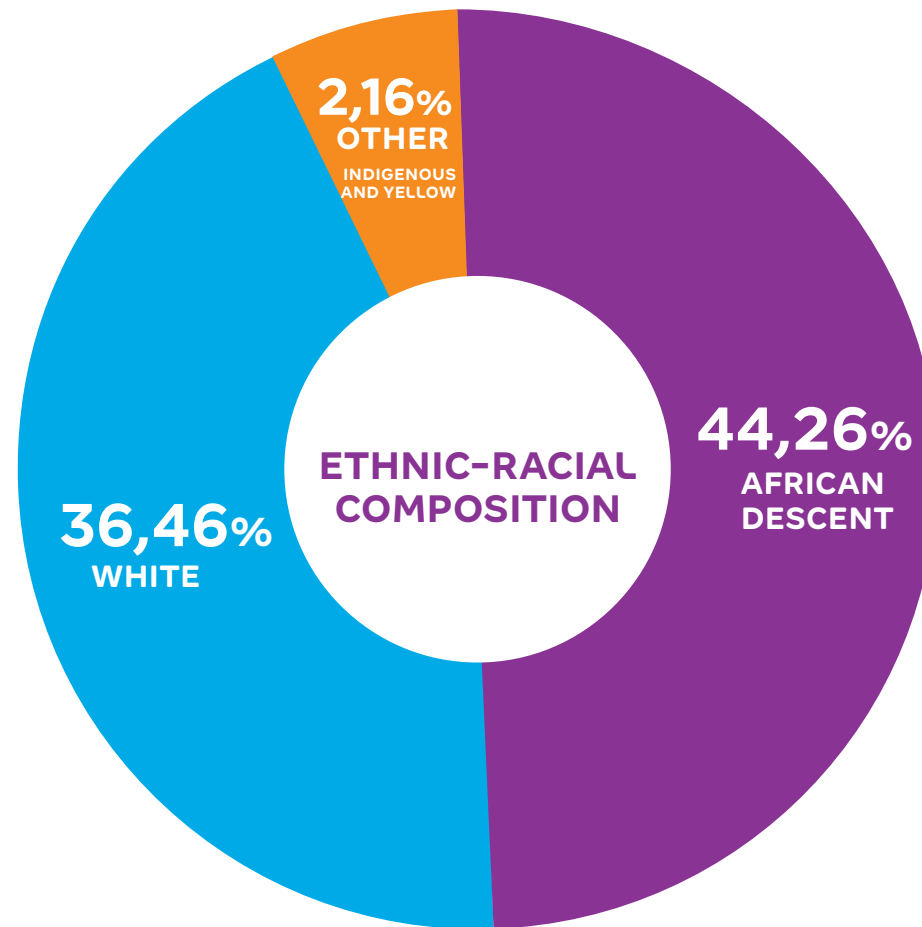
The company recorded 19 discrimination incidents in the year. 10.5% of them have redress plans in implementation stage, 15.8% already had their plans implemented and showed results, and 73.7% are no longer subject to corrective measures. In proven cases, the measures adopted were dismissal for cause and formal warning.

One of the most important actions in 2021 was the general internal census, the first carried out by Magalu in this way. The initiative had the participation of 77% of the approximately 51,000 employees. Inspired by the IBGE census questionnaire, the survey showed the composition of the company's ethnic-racial framework. Previously, there were estimated

WHO ARE THE MAGALUS...

The demographics of Magalu's employees in December 2021 (*)

(*) REGISTERED - CLT, FULL TIME EMPLOYEES



FAIXA ETÁRIA

BABY-BOOMERS (NASCIDOS ANTES DE 1965)



GERAÇÃO X

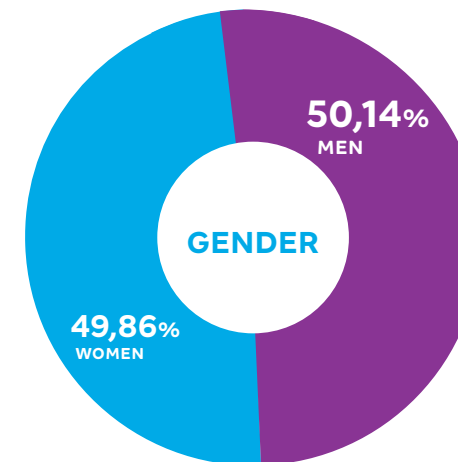
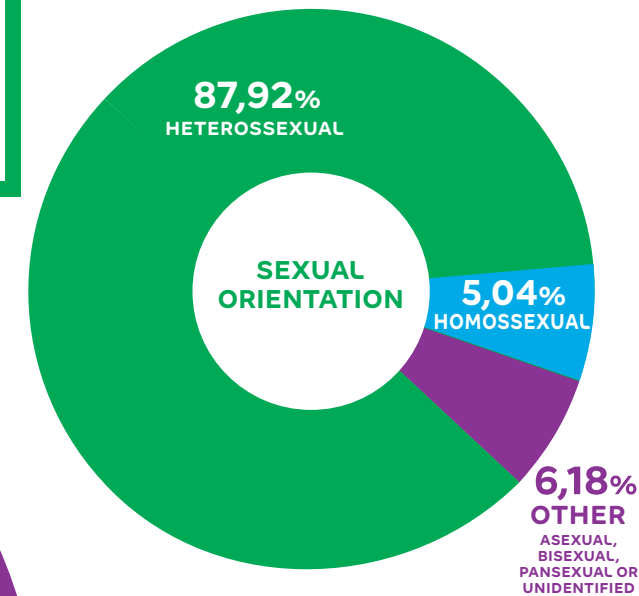
(NASCIDOS ENTRE 1965 E 1985)



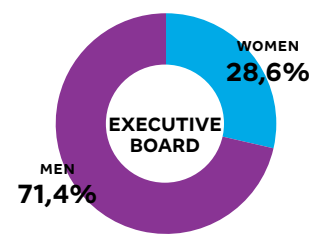
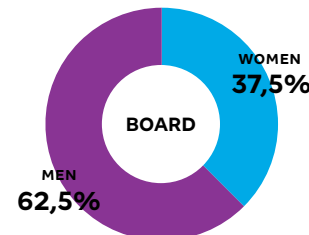
MILLENNIALS (NASCIDOS ENTRE 1986 E 1999)



GERAÇÃO Z (NASCIDOS APÓS 1999)



DIVERSITY IN LEADERSHIP



Larissa Rodrigues, trainee: investment in diversity



percentages based on qualitative research on diversity, which did not have a census nature, but was focused on the self-declaration of the professionals surveyed.

The work carried out in 2021 disclosed that 51.8% of Magalu employees consider themselves black or brown. Of this total, 41.5% hold leadership positions. Considering only corporate leadership positions — that is, leaders of the company's offices — blacks have a 21% share. The information evidenced by the census became a compass for the creation of Magalu's D&I policies. They were also decisive for the company to repeat the format of the trainee

OUR EMPLOYEES

program carried out in 2020, aimed exclusively at African descent applicants.

AFRICAN DESCENT LEADERSHIP

Trainee programs are the shortest way to train leaders within companies, as they select applicants with a high educational level and greater development potential.

In developing the exclusive program, the company maintained the high level of demand in the selection of professionals, but made adjustments to the recruitment prerequisites, such as eliminating the requirement of proficiency in English and previous professional experience. The age and educational institution of the applicants were not criteria evaluated by the recruiters either, and the program was open to African descent people from all over Brazil.

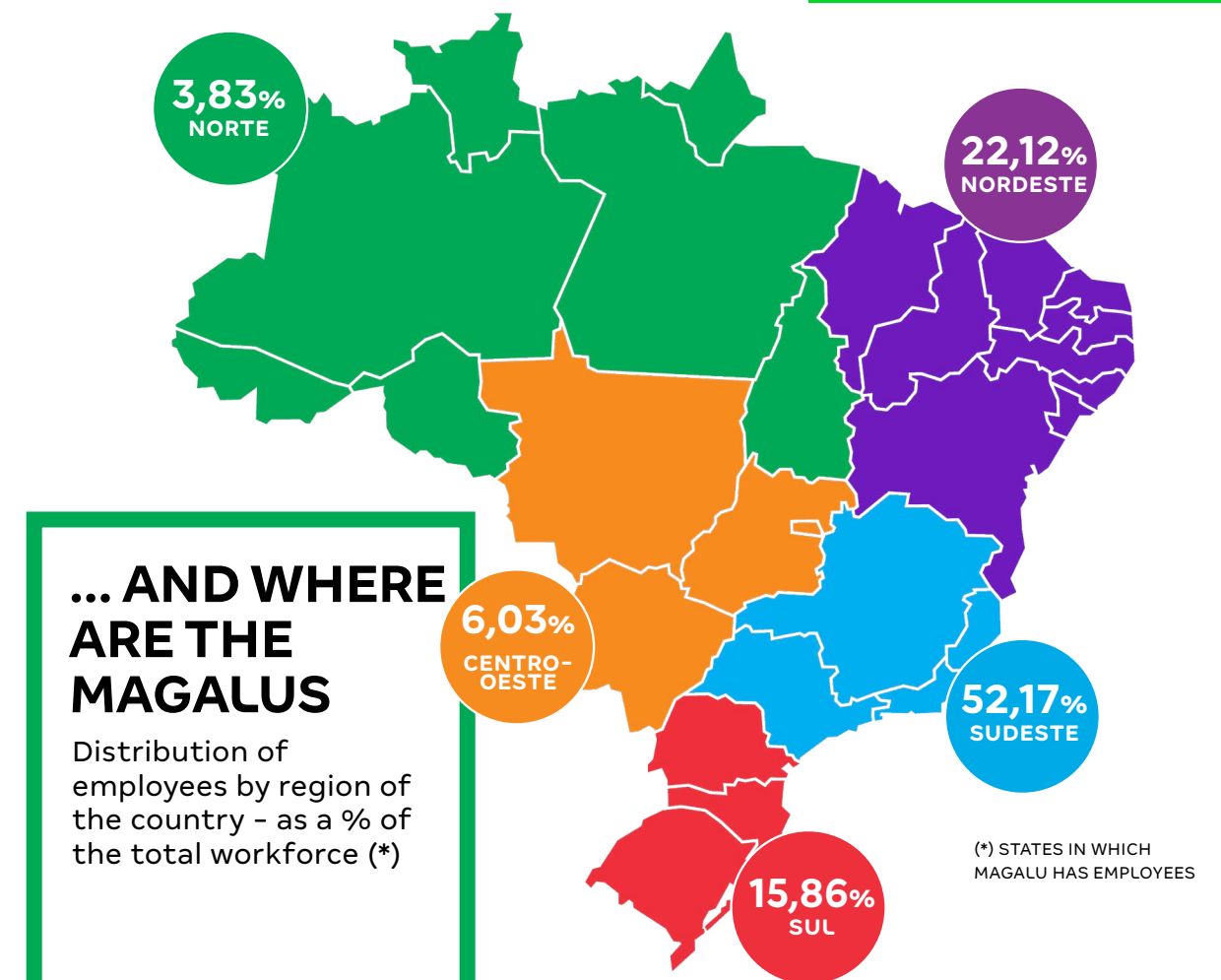
The adaptations made to the recruitment criteria result from the work of specialists from different areas, who concluded two fundamental points for the creation of the program. First: such prerequisites are directly linked to social and economic conditions, which exclude the majority of the country's African descent population, due to the history of nearly 400 years of slavery - that is, for a large part of this population, learning a foreign language or studying in the country's best schools are not just acts of individual will. Second: Eliminating these prerequisites does not prevent the

professional development of those selected nor the results they can bring to the business.

In 2021, the program had 17,000 applicants. At the end of the selection process, 11 professionals were hired as new trainees, whose training was carried out throughout 2022. The training is a real immersion in the business of Magalu ecosystem, with an incursion into various areas of the company and contact with top management. In the previous year, the selection had 22,000 applicants and, at the end of the recruitment, which lasted 24 days, 19 applicants were selected.

Magalu has been working on the topic of D&I with its employees, especially at the leadership level, through lectures, perennial internal communication campaigns and training. It is a kind of "literacy", which not only helps in the fight against discrimination, but also makes the Magalus allies in the struggle to expand and qualify the minority groups within the company. This literacy helps employees — who act as brand ambassadors — to be able to reproduce the company's positioning in speech and practice when interacting with customers, for example.

Four affinity groups composed of employees work as an internal consulting to help validate initiatives, positions and inclusion policies: Quilombo (African descent), Para Todos (people with disabilities), Diversifica (LGBTQIA+) and Vozes (gender).





Arena Magalu,
sede da companhia:
bem-estar a favor
da produtividade

RISE OF WOMEN

Magalu is among the best examples of female representation in relation to Brazilian companies. According to a survey carried out by the financial data company Teva Indices, in partnership with broker Easynvest, the company is one of the three publicly traded Brazilian companies with the highest presence of women on the Board. Of the eight chairs of the board, three are held by women, including the chairwoman, Luiza Helena Trajano. Nevertheless, the gender disparity in leadership positions is a challenge to be faced. Women represent half of Magalu's employees (49.9%), but only 28.4% of management positions and 25% of executive board positions are held by women.

The company has been dedicated to reducing the gender gap in leadership positions.

Women have some special conditions to be

able to advance in their careers. All employees who want to become store managers, for example, undergo a six-month training period in other units of the chain, spread throughout Brazil. Women, however, can choose to live this training period in cities closer to their base, to better adapt to the daily routine, which usually involves caring for children. During the program, women receive double the Mother's Check, an education and child care allowance, granted to all employees with children up to 10 years and 11 months of age.

Since 2017, the company has been acting in a structured way to fight violence against women. The actions — initially aimed at female employees — ended up turning into services aimed at the external public, such as the button to report gender violence available on the company's SuperApp since 2019. The function allows direct access to Ligue 180 and via chat to the Women's, Family and Human Rights Ministry, which receives complaints online.

In 2021, the report button gained a new function, which directs complaints to the Justiceiras project, a platform that offers a multidisciplinary service of reception and assistance to victims of psychological and physical violence within 24 hours. Since 2019, the company has maintained the Woman and Diversity Channel, created to help employees who suffer domestic violence, discrimination and harassment.

IT SPACE

AMagalu's technology area, Luizalabs, became the ground for the company's inclusion programs.

IT IS NOT ENOUGH TO BE DIVERSE, IT MUST BE INCLUSIVE

MAGALU CREATED FOUR AFFINITY GROUPS IN OCTOBER 2020 WITH THE OBJECTIVE OF INCORPORATING — IN BUSINESS AND MANAGEMENT — VIEWS AND NEEDS OF MINORITIES OF THE POPULATION. ALL MEMBERS ARE COMPANY EMPLOYEES

DIVERSIFY

(LGBTQIA+ COMMUNITY)

25 MEMBERS

PARA TODOS

PEOPLE WITH DISABILITIES - PCDS

10 MEMBERS

VOZES (GENRE)

18 MEMBERS

QUILOMBO (RACE)

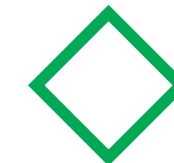
49 MEMBERS

The information technology segment suffers from a shortage of professionals, with low female representation and mature specialists. Only 14% of Luizalabs employees are 40 years old or older.

2021 had two editions of Luiza Code, a training program for software development aimed exclusively at women. More than 500 job vacancies were offered to the internal and external public. And all editions had 50% of the job vacancies destined to African descent women.

In November, the company created the Desenvolvimento 40+ program, with 100 technology training grants for people aged 40

OUR EMPLOYEES



and over, 50% of which were intended for people who declared themselves to be black or brown. In the three-month duration of the course, 200 hours of free content were provided to students.

STRONG CULTURE

The Magalus form one of the strongest corporate cultures in the Brazilian business environment. It is a culture based on the sense of ownership, on the hands-on attitude and, above all, on respect for everyone. In 2021, despite the continuity of the pandemic, practically all activities to strengthen culture remained in action, adapted to the digital environment.

Communication and employee engagement take place on a daily basis, but they also have moments specifically set aside for this purpose. Every week, the company holds two moments of connection to the Magalu culture: the Rite of Communion and TV Luiza. At these meetings, the company's top management — including the CEO, Frederico Trajano, and the chairwoman of the Board, Luiza Helena Trajano — welcomes new employees, updates the group's guidelines and strategy and shares information about the operation, as sales and marketing actions of the company.

CHAIN RESPONSIBILITY

GRI 2-6 | 2-24 | 3-3 | 408-1 | 409-1 | 410-1 | 412-1 | 412-3 | 414-2



Ethical, fair and transparent conduct, which values mutual respect, must be reflected in the commercial negotiations carried out by Magalu, and is also carried out throughout its chain of suppliers and partners. In 2021, Magalu acquired products for resale from 1,372 direct suppliers, to which it paid more than 35 billion reais.

Every time a supplier or partner initiates or renews the relationship with Magalu, it is required to accept, by signing a document, the minimum commitment of socio-environmental responsibility. In this way, the business partner formally undertakes to respect human rights and the environment. Regardless of the commitment undertaken, Magalu adopts preventive procedures to mitigate the risk of dealing with companies that are not aligned with its principles and values.

HUMAN RIGHTS IN THE
VALUE CHAIN



CD em
Louveira (SP):
fornecedores
monitorados



Magalu's Compliance, Integrity and Money Laundering Prevention (PLD) area performs the reputational assessment of all suppliers with annual sales above 1 million reais - with the exception of consulting service providers and some other critical segments, which undergo this analysis regardless of turnover. Reputational Risk Assessment is carried out in a centralized way for all companies of the group. The companies include LexisNexis Risk Solutions, of RELX Group, a global leader in legal, financial and strategic information, with a presence in more than 100 countries. In addition, all contracted suppliers are inserted in the BatchNameCheck (BNC) system for continuous monitoring of possible inclusion on warning or restrictive lists of over 20 countries. In 2021, BNC generated alerts that triggered additional checking and notifications to the Atypical Transactions Risk Assessment Committee. On proof of compliance issues, the supplier is subject to quarterly or semi-annual monitoring or discontinuance of the relationship.

Magalu classifies direct suppliers of the footwear, apparel, accessories and furniture industry as having the potential to have a significant impact on the subject of human rights. In 2021, the company started to require certification from the Brazilian Textile Retail Association (ABVTEX) for suppliers of its owned

brands Vista Magalu (clothing), Shoestock (footwear) and Gonew (accessories).

As a result, 100% of the suppliers and subcontractors of these brands started to be monitored. All must follow strict occupational health and safety, legal, environmental and social compliance criteria, and audited at least once a year by independent companies in order to obtain and maintain the certification. Netshoes — a sporting goods and fashion company, acquired by the group in 2019 — has been a member of ABVTEX since 2016.

FROM FOOTWEAR TO FURNITURE

Magalu also started a campaign for suppliers in the clothing, footwear and accessories industry to join Sedex, one of the main supply chain management platforms in the world. Sedex brings together risk and business management information, tools and services in supply chains. Currently, more than 40 clothing, footwear and accessories suppliers are registered on the platform.

In 2020, Magalu adopted the Sedex platform to monitor sustainability in the furniture industry supply chain, also classified as exposed to risks of impact on social environmental issues. The process already covers 80% of the purchase volume in the furniture sector, including e-commerce and physical stores. The work focused especially on measures to

HUMAN RIGHTS IN THE VALUE CHAIN

TO BE A PART

HOW MAGALU DEALS WITH ITS SUPPLY CHAIN

1.372
resale suppliers

R\$ 35,8 billion
spent on suppliers in 2021

Furniture, clothing, footwear and accessories

are considered sensitive sectors. Companies linked to them must present specific certificates to become suppliers

80%
of furniture purchases were from companies evaluated by the Sedex platform

100%
of Magalu's own brand clothing and footwear suppliers must present the ABVTEX certificate

HUMAN RIGHTS IN THE VALUE CHAIN



FILTROS DO BEM

CHECKING TOOLS USED BY MAGALU FOR INITIAL SUPPLY CHAIN ASSESSMENT

QSA

Survey on the registration form, which makes it possible to map partners and other companies in which they have equity interests

LEXIS DILIGENCE

Identifies negative information about the supplier and their partners and points out the presence on alert or restrictive lists, in addition to sanctions applied

DBJUS

Investigates the existence of lawsuits.

CLIPLAUDERING

Investigates whether the company or its partners have any involvement in money laundering crimes

reduce the suppliers' sustainability — with the direct monitoring of Magalu teams responsible for these suppliers — and included an online training event.

International purchases of items such as clothing, tires and small appliances, which were already the subject of periodic social environmental audits, started to be subjected to more rigorous control, with minimum scoring criteria and monitoring of the implementation of action plans. In 2022, these criteria will be applied to corporate suppliers (goods and services for Magalu's own use), with the challenge of engaging the logistics and transport chain and monitoring the companies supplying labor, such as security and cleaning.

RISK ASSESSMENT

All suppliers that meet pre-established criticality criteria are assessed based on social risks and, once a violation of human rights is identified, they are excluded. Foreign suppliers must present the results of the social environmental audit, whose report is assessed by the Compliance, Integrity and PLD area before being hired. With this, the company seeks to ensure that any non-conformities are within acceptable risk parameters and in the process of being resolved.

In 2021, 261 suppliers operating in Brazil underwent social impact assessments — which represents 50% of the universe of the direct supply chain with which Magalu works. Other three international suppliers based in China and representing 100% of foreign operations, were also assessed.

The company has no identified suppliers with a significant risk of using child labor, with the exception of those in the fashion and footwear segments. These risks are mitigated through contractual clauses, social audits and certification requirements. Further, Magalu does not have suppliers identified as having a significant risk of incidents of forced or slave-like labor, thanks to a robust selection process that excludes high risk companies. Even so, the company assesses the suppliers in the fashion and transport and logistics segments as those with the greatest potential for forced or slave-like labor incidents. To reduce this risk potential, the Supply Chain Sustainability Program, already applied to the fashion sector, will be extended to the transport and logistics sector in 2022.

All employees in the security area — which is 100% outsourced — receive quarterly training from the company's team on concepts and procedures related to human rights.

There are also suppliers that meet certain criteria, such as the value of the contract, and that must undergo an integrity analysis procedure prior to contracting, when any social environmental violations are checked – in these cases, the contract may be suspended.

In 2021, Magalu closed two contracts considered relevant, as they are high turnover companies, acquired by Magazine Luiza Group as part of its growth strategy. In both cases, the contracts established clauses related to compliance with human rights policies.



Sorting goods: socio-environmental audit



**A
SUSTAINABLE
OPERATION**

A QUESTION OF SURVIVAL

GRI 3-3 | 305-1 | 305-2 | 305-3 | 305-5

Unprecedented or rarely recorded heavy rain and severe droughts, hurricanes and heat waves have begun to reoccur at shorter intervals. The message, according to environmental scholars, is unequivocal: the incidence of extreme natural events is a direct consequence of the average increase in the planet's temperature of 1.1 degrees Celsius. According to the Intergovernmental Panel on Climate Change (IPCC), the highest authority on the subject, anthropogenic greenhouse gas (GHG) emissions following the Industrial Revolution are responsible for this scenario – which could get worse. If GHG emissions are not drastically reduced, and soon, the likelihood that average global warming will exceed 2 degrees by the end of this century is very high (from 95% to 100%). If emissions remain at the current level, atmospheric temperature could rise by 1.5 degrees in the next 20 years, putting production systems at risk. Global warming can only be stopped with integrated actions from government, companies and individuals.



Truck being recharged at the Guarulhos DC (São Paulo State): reducing emissions

Since 2017, Magalu has prepared a GHG emissions inventory according to the GHG (Greenhouse Gas) Protocol method, the main global guideline for identifying and calculating greenhouse gas emissions.

In 2019, the company joined the Brazilian GHG Protocol Program, from the Center for Sustainability Studies at Fundação Getulio Vargas (FGV), and made its inventory of emissions public. In 2021, for the second consecutive year, Magalu had the GHG inventory verified by a third party, KPMG. This verification places the company's inventory at the program's highest level of transparency. The journey to identify and calculate emissions

involves 140 professionals, who monitor emissions on a quarterly basis, using specialized software.

The 2021 inventory recorded an 18% increase in direct emissions, or Scope 1 emissions, compared to the previous year. The increase is mainly due to the full return to on-site activities in the second half of the year. Emissions linked to scope 1 include fugitive emissions from air conditioning units and CO2 extinguishers, emissions from our vehicle fleet (air, trucks, light commercial vehicles and cars) and from generators — when the electricity grid is down.



Electric forklift at the Louveira DC (São Paulo State): less fossil fuels

OUR FOOTPRINT

MAGALU GREENHOUSE GAS EMISSIONS — IN CO2 EQUIVALENT TONS

SCOPE 1
9.843,40

Biogenic emissions
1.205,18

SCOPE 2
Location
15.100,92

SCOPE 2
Purchase choice
10.029,78

SCOPE 3
253.545,86

Biogenic emissions
25.324,51

The data were consolidated on the WayCarbon Climas platform, based on operational control. The main emission factors are the references of the Brazilian GHG Protocol Program, the IPCC and the MCTI (Brazilian Ministry of Science and Technology). For global warming potential, we followed the UNFCCC Climate Conference and used the values from the IPCC Fifth Assessment Report (AR5).

CLIMATE CHANGE

The emission reduction projects initiated by Magalu in the period include investing in electricity-powered forklifts, replacing equipment fueled by fossil fuels. The travel policy has also changed: all cars in the company's fleet are fueled with ethanol. These actions, both within Scope 1, resulted in a 25% reduction in mobile combustion emissions (850 tCO2) between 2020 and 2021.

In emissions related to the purchase of electricity (Scope 2), an increase of approximately 165% was recorded compared with 2020. The increase is mainly a reflection of the 204% increase in the emission factor of the National Interconnected System (SIN), due to the country's need to activate thermoelectric plants for more time. Magalu's acquisition of 12 companies that did not use renewable energy also contributed to the increase in the company's emissions.

Magalu's emission mitigation strategy involves increasing the purchase of clean energy. Renewable energy consumption has doubled, from 18,653 MWh in 2020 to 39,564 MWh in 2021. The company maintained the contracts for the acquisition of wind power in the free trade environment and expanded its distributed generation projects with solar panel plants and small hydroelectric plants. As a result, 33% of the energy consumption of the entire Magalu ecosystem was generated from renewable sources.

CLIMATE CHANGE

Regarding Scope 3 emissions — which involve all other processes inherent to the operation, but which are not directly controlled or carried out by Magalu — the increase was 239%, as a result of the improvement in data collection in three categories: waste generated in the operation, goods and services purchased and transport and distribution. It is worth remembering that there were some reclassifications in the Transport and Distribution categories, which led to a significant advance in the quality of the information (see details on page 58).

Moreover, emissions from commuting by DC employees, business trips, goods and services purchased were also accounted for in Scope 3 – for example: packaging, marketing material and inputs for producing credit cards, waste generated in the operation and emissions related to cooking gas (LPG) used in outsourced restaurants and the fuel used in gardening equipment.

Our main Scope 3 offender is emissions from the distribution and delivery of goods. Therefore, Magalu's emission reduction strategy focuses on decarbonizing road transport, the main delivery type in our ecosystem.

On this front, in October 2021, the company started a program to encourage the electrification of partner transport company fleets. Currently, this fleet is composed of 51

electric urban freight vehicles (UFV), with zero emission of pollutants. These vehicles circulate in the states of São Paulo, Paraíba and Bahia and will be at Magalu's exclusive service for at least two more years. During this period they will be used to supply stores and to deliver heavy products, such as furniture and appliances.

It was possible to replace diesel trucks with electric ones thanks to the collectively constructed solution, which involved sharing knowledge between the company and contracted haulage companies and financial incentive from Magalu to service providers. To ensure the feasibility of the project, which is still in the pilot phase, the company intermediated negotiation with the financing bank, assumed the financial risks of the operation and offered a minimum contract period with suppliers that purchased electric trucks. With this action, we avoided the emission of around 1,000 tons of CO₂, compared with the same sample of trucks used in 2020.

Also in relation to the strategy to reduce Scope 3 emissions, Magalu created a program to replace old trucks (which emit more) with new vehicles, which, despite operating on diesel, have more efficient engines and pollute less. The initiative came from the fact that our supply chain is made up of a significant number of micro haulage companies, who work autonomously, using old trucks, and who do not have enough capital to invest in fleet renewal. Magalu intermediated the credit release negotiation with the financing bank and managed to guarantee lower interest rates and pre-approved credit to about 500 micro and small haulage companies.

RECOGNITION

Índice de Sustentabilidade Empresarial **ISE**

In January 2022, Magalu was listed on the Corporate Sustainability Index (ISE), of the Brazilian stock exchange, B3. The portfolio is made up of 46 companies and is based on 2021 information



For the first time, the company participated in the Disclosure Insight Action (CDP), the financial sector's main climate change management initiative

Programa Brasileiro GHG Protocol

For the second year, we obtained the Gold seal of the Brazilian GHG Protocol Program

Índice Carbono Eficiente **IC02**

For the second year, Magalu was included in the Carbon Efficient Index, an indicator of its commitment to a low-carbon economy and to transparency regarding its emissions.

Electric tuk-tuk used in the city of Natal (Rio Grande do Norte State)



Lastly, Magalu has started to invest in sustainable last-mile deliveries and conducted pilot studies with deliveries by electric bikes and tuk-tuks in the cities of São Paulo, Recife and Natal.

In 2021, we started to take part in Disclosure Insight Action (CDP), the financial sector's main climate change management initiative CDP guarantees investors greater transparency in relation to our projects and serves as an internal tool for assessing climate change related risks and opportunities of operations. Participating in the CDP was essential for Magalu's inclusion in the B3 Corporate Sustainability Index (ISE).

CARE WITH NATURAL RESOURCES

GRI 3-3 | 302-1 | 303-5

Magalu's initiatives to make progress in reducing the environmental impact of its operation include monitoring the use of natural resources, with emphasis on energy and water consumption. In 2021, the company began developing a plan to ensure that, within ten years, 100% of its operation will be supplied by energy from clean sources.

The year 2021 ended with 488 units — stores, distribution centers (DCs) and offices — supplied with energy from alternative sources, such as solar, wind and small hydroelectric plants (SHPs). In 2021, electricity consumption from renewable sources represented 33% (39,564 MWh) of all energy used by the company. The other 67% (79,773 MWh) comes from the National Interconnected System (SIN).

To achieve this consumption profile, the company invested in generation distributed among operations

Clean energy: the Hidrolândia DC (State of Goiás) generates its own solar power

USE OF NATURAL
RESOURCES





33%
OF THE ENERGY
CONSUMED AT MAGALU
COMES FROM CLEAN
SOURCES

located in six states, where leasing contracts were signed with nine solar power plants and a small hydroelectric plant (SHP), which produced 11,129 MWh of clean energy in 2021. Renewable energy certificates (I-RECs) for wind power were also purchased in 13 states where Magalu operates — which enabled the tracking of 28,435 MWh acquired in the energy free trade environment.

On this front, Magalu’s focus is to promote and increasingly use clean and traceable energy — a project that has been under development

since 2009. With this type of investment, the company boosts decentralized development of generation, reduces Scope 2 emissions — from electricity purchased from the national electricity system — and reduces operating costs. By 2030, all of the company’s stores, offices and distribution centers will consume clean energy.

MONITORED WATER CONSUMPTION

In 2021, Magalu produced a report on water consumption at all its operating units — a growing need due to the expansion process of recent years. For the first time in the company’s history, the topic of water resources was included in the materiality matrix.

For the year, total consumption was 397.5 megaliters (millions of liters) of fresh and underground water. Monitoring, which is now regular, takes into account the units that are measured directly — that is, those billed in cubic meters of water consumption and treated

sewage. The artesian wells at some of the company’s units, for which the withdrawal limits set by the regulatory body are followed, also began to be monitored.

The overall calculation was based on average consumption per person at units with direct meters, multiplied by the number of employees at units where metering is not yet available. Constant monitoring and measurement of consumption will be essential for Magalu’s ongoing evolution in managing water resources and reducing consumption.



THE WATER CONSUMPTION
REVEALED BY THE FIRST WATER
OVERVIEW CARRIED OUT BY THE
COMPANY WAS

397,5
MEGALITERS

ENERGY CONSUMPTION

ENERGY CONSUMED BY MAGALU IN 2021, ACCORDING TO SOURCE TYPE - IN GIGAJOULES (GJ)

	Scope 1 (direct consumption by Magalu)	Scope 2 (consumption of electricity from the grid)	Scope 3 (supply chain consumption)	Overall Total
Acetylene (gas used for soldering)	0,36	–	–	0,36
Diesel	20.833,01	–	2.942.372,31	2.963.205,31
Electricity	–	429.612,37	–	429.612,37
Hydrated ethanol	14.953,18	–	8.257,62	23.210,80
Liquefied petroleum gas (LPG)	2.248,10	–	3.919,35	6.167,45
Compressed natural gas (CNG)	–	–	3.327,98	3.327,98
Gasoline	1.998,94	–	213.165,69	215.164,63
Aviation kerosene	13.182,42	–	31.458,26	44.640,68
Total	53.216,00	429.612,37	3.202.501,20	3.685.329,57

WASTE GENERATED AND TREATED

GRI 3-3 | 306-1 | 306-3 | 306-4 | 306-5

The environmental degradation caused by the disposal of improperly treated waste affects society directly and indirectly, including from an economic point of view. The negative impact of improperly disposed of waste can be seen and felt in visual, soil, water and air pollution. Not to mention the risk that some waste poses to health. Therefore, at Magalu, the motto is that waste generated must be waste treated.

In 2021, the company's operations produced 15,220 tons of non-hazardous waste. Of this total, 72% (or 11,013 tons) were recovered, destined for recycling and reuse operations.



PACKAGING AND WASTE

Electronic
waste: 500
collection points



Goods in the Logbee's warehouse: more recycled and recyclable packaging



PACKAGING AND WASTE

RESPONSIBLE CONSUMPTION

SASB CG-MR410A.3

In 2021, Magalu started a project to review the packaging used in deliveries to customers. The idea is to use more and more recycled and recyclable materials in the final distribution process of the products sold by the company. The journey began with a study of the sustainability of the packaging. At the end of the diagnosis, scheduled to take place in 2022, the company will begin to replace packaging with poor environmental performance. One of Magalu's goals is to replace plastic with paper. In cases where this is not possible, a mandatory minimum percentage of recycled raw material in the composition of the packaging will be set.

The company also took advantage of SuperApp's potential to create an area dedicated to the sale of social impact products, known as Mundo Social. It

offers products developed by NGOs, whose stores pay only 3.99% take rate on sales. The fee charged is the lowest among the e-commerce platforms, and the percentage is fixed, that is, it does not increase with the expansion of the store's sales volume, as with other Magalu sellers.

By becoming Magalu's social sellers, NGOs now have access to all the services in the company's ecosystem - these include financial, logistics and marketing tools and services, in addition to courses and qualifications offered by ComSchool, the company's e-commerce school. At the end of 2021, 60 NGOs were registered in the Magalu SuperApp Mundo Social. Together, they have sold around 200,000 reais in items such as handicrafts, books and pet items.

The rest was disposed of properly. In relation to hazardous waste, 24.9 tons (96% of a total of 26 tons) were likewise recovered, with the remaining 4% correctly disposed of..

The company's distribution centers generate most of the operation's waste, a direct consequence of the high daily flow of goods received and the different activities taking place at these units. Magalu's solution to deal with the demand generated by the DCs was to hire companies that are specialized and approved for managing the disposal of items ranging from light bulbs and batteries, oil and tires.

In 2021, 15 distribution centers were included in the waste management program. As a

result, at the end of the year, all the company's DCs and cross docking stations were in good standing. There was also an expansion of the scope of disposal, ensuring that all waste has an environmentally appropriate destination, and a dashboard was created to control the key indicators related to waste, through which the topic is monitored each month.

Waste management is carried out by the maintenance and administrative areas, which maintain direct contact with the contracted companies. These teams manage the documentation related to waste handling and monitor the process until recycling or final disposal. At the next stage of the process, the



WE GENERATE AND HANDLE

THE DISPOSAL OF WASTE
PRODUCED BY
MAGALU IN 2021

NON-HAZARDOUS WASTE

15.220
TONS GENERATED

11.014
TONS
— 72% —
RECOVERED⁽¹⁾

THE REST HAS BEEN SENT
FOR FINAL DISPOSAL

HAZARDOUS WASTE

26
TONS GENERATED

24,9
TONS
— 95% —
RECOVERED⁽¹⁾

THE REST HAS BEEN SENT
FOR FINAL DISPOSAL

(1) INTENDED FOR RECOVERY OPERATIONS,
SUCH AS RECYCLING AND REUSE



Netshoes DC in
Extrema (Minas
Gerais State):
waste management
is in good standing
at all units

PACKAGING AND WASTE

entire value chain. In June 2021, the company began implementing its reverse logistics program for electronic goods. The initiative, in partnership with the Brazilian Association for Recycling of Electronics and Appliances (Abree), offers customers and non-customers an environmentally correct way to dispose of appliances that have reached the end of their useful life.

The company currently has 500 collection points — all within stores. The collection compartments were designed so that individuals have full autonomy to deposit small and medium items. Heavy equipment — such as refrigerators and washing machines — is received by salespeople, who have been trained to store these items in the store and then forward them to the association responsible for recycling.

In seven months, Magalu collected 1.2 ton of electronic waste. All the material collected was directed to ten reverse manufacturing and recycling companies, approved by Abree, which guarantee the correct destination of the components (for further information, go to <https://magalu/descartecorreto>).

Sustainability team compiles data from all units, monitors guidelines and analyzes environmental indicators.

When electronic equipment for internal use at Magalu is no longer useful, it is also disposed of properly, through a partnership with Recicladora Urbana (ReUrbi), a company specializing in electronic waste. In 2021, ReUrbi collected 8.9 tons of equipment from Magalu. The devices are dismantled, the parts and components are sold

and the amount collected is donated to NGOs selected by the company.

Damaged and expired products also require correct disposal — they are broken down and transformed into a blend, which is then used as an alternative fuel for cement kilns.

OPERATION IN THE VALUE CHAIN

Magalu's responsibility, however, is not limited to waste from the operation. It involves the



EXHIBITS

EXHIBITS

CORPORATE GOVERNANCE

Role played by the highest governance body in the Sustainability Report

GRI 2-14
The body responsible for approving this Sustainability Report is the Executive Board for Customers, Integration, Reputation and Sustainability. Its mission is to ensure that all material topics have been covered; that all group companies have been included; and that the holding's sustainability guidelines are reflected in the operations of partner companies.

OUR EMPLOYEES

Percentage of employees receiving regular performance and career development evaluations

GRI 404-3
For this Report, we consider the performance evaluation basis for 2020, since in 2021 the cycle was postponed to June 2022. In the period, 71% of men and 73% of women underwent evaluation, considering total Magalu staff* in 2021.

Workers who are not employees

GRI 2-8
In addition to more than 50,500 employees, we also have 8,282 outsourced workers in the Magalu Ecosystem, whose main activities are security, cleaning, monitoring, consulting and app delivery staff.

Collective bargaining agreements

GRI 2-30
At Magalu, 100% of employees are covered by collective bargaining agreements.

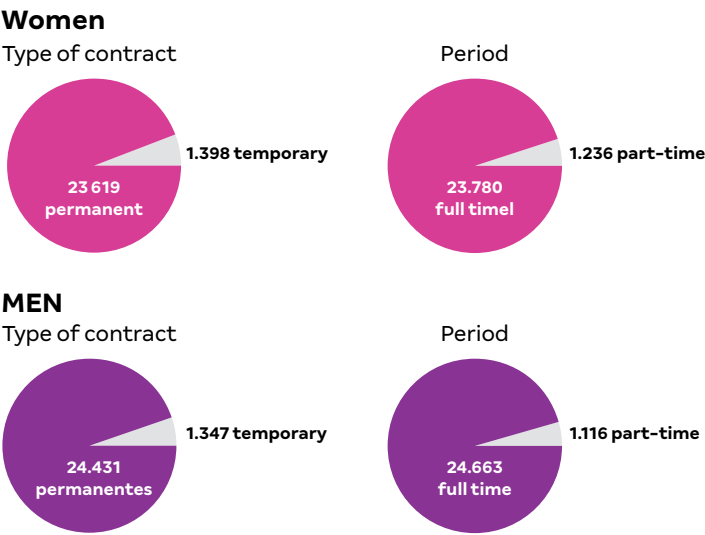
Employees

GRI 2-7
Total number of employees: **50.795**

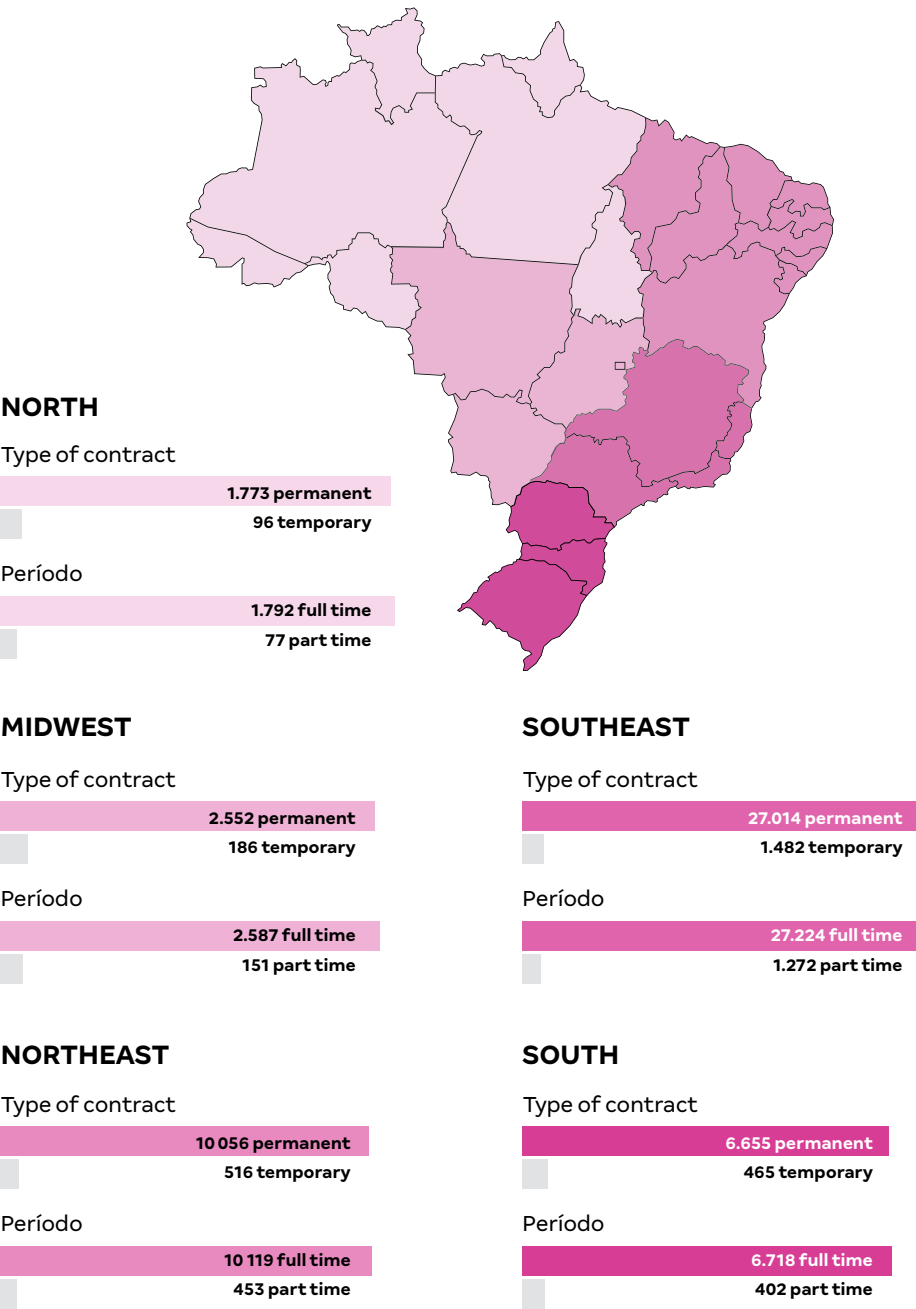
Number of employees, by gender:



Type of contract, by gender:



Employees by region, by type of contract:



*NOTE: THE INDICATOR INCLUDES ONLY DATA FOR MAGAZINE LUIZA AS PARENT COMPANY, NOT INCLUDING AFFILIATES.

SOCIAL INDICATORS

Maternity/paternity leave

GRI 401-3

Parental leave	WOMEN	MEN
Employees entitled to maternity/paternity leave	100%	100%
Employees who took maternity /paternity leave in 2021	1.340	361
Colaboradores que retornaram após licença-maternidade/paternidade em 2021	702 (of the 850 that were supposed to return)	319 (of the 319 that were supposed to return)
Return to work rate ¹	83%	100%
Employees who completed twelve months after returning from maternity/paternity leave in 2021	594	264
Retention rate ²	69%	83%

Average hours of training per year, per employee

GRI 404-1

FUNCTIONAL CATEGORY	AVERAGE HOURS OF TRAINING PER PERSON
Board	00:03:20
CEO	00:00:00
Executive Board	05:08:04
Management	23:55:44
Coordination	04:31:27
Administrative	00:45:20
Operational	23:40:13
Apprentice	04:59:13
Stage	00:43:21

1 RETURN RATE = TOTAL NUMBER OF EMPLOYEES WHO RETURNED TO WORK AFTER LEAVE / TOTAL NUMBER OF EMPLOYEES WHO SHOULD RETURN TO WORK AFTER LEAVE X 100

2 RETENTION RATE = TOTAL NUMBER OF EMPLOYEES WHO STAYED IN THE COMPANY 12 MONTHS AFTER RETURN FROM LEAVE / TOTAL NUMBER OF EMPLOYEES WHO SHOULD COMPLETE 12 MONTHS AFTER RETURNING FROM LEAVE X 100

Workforce Diversity and Inclusion

CG-MR330a.1

Representation by sex*

CATEGORY	WOMEN	MEN
General public	49,9%	50,1%
Management	38,4%	61,6%
Executive Board + C Level	25%	75%

Representation by racial ethnic group*

CATEGORY	AFRICAN DESCENT	WHITE	OTHER	NOT INFORMED
General public	40,1%	34,5%	2,1%	23,3%
Management	38,5%	49,9%	2,2%	9,4%
Executive Board + C Level	8,3%	58,3%	2,4%	31%

*THIS DATA REFERS TO MAGALU ONLY, AND DOES NOT INCLUDE THE ENTIRE ECOSYSTEM AND AFFILIATES.

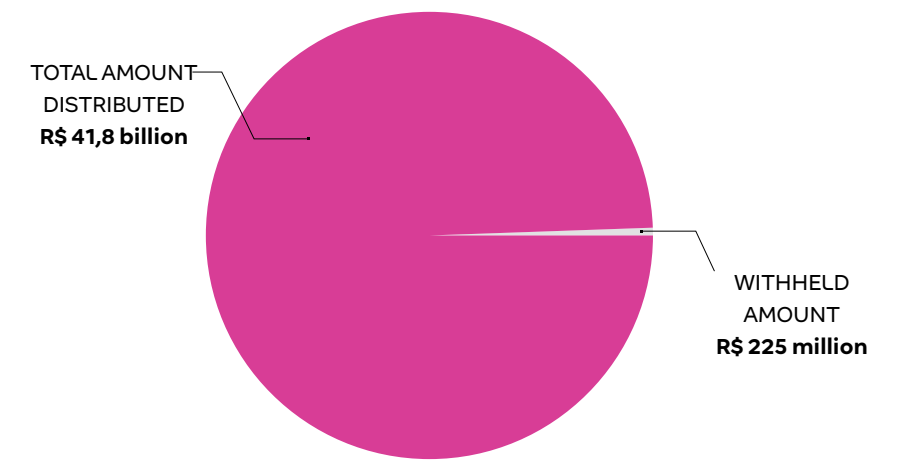
FINANCIAL INDICATORS

Direct economic value generated and distributed

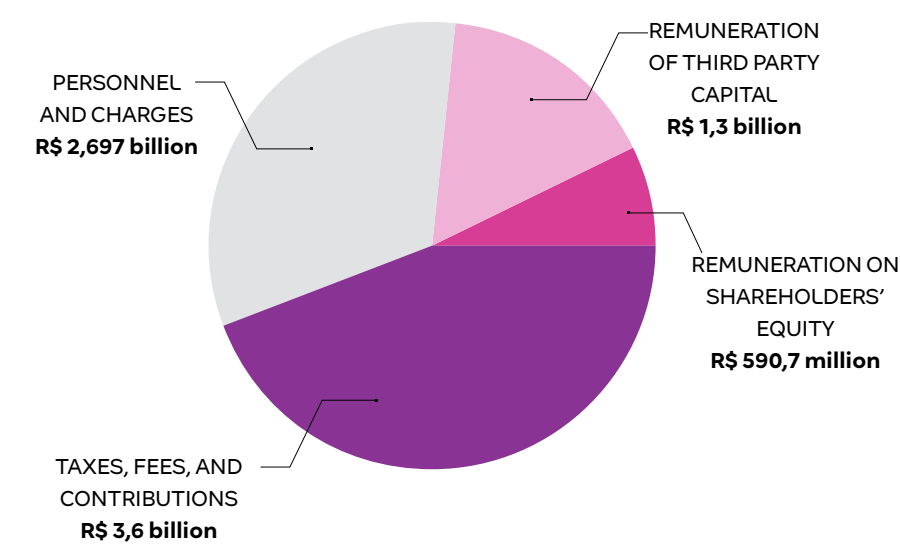
GRI 201-1

In 2021, we had added value distribution of around R\$ 42 billion. Through our activities, we distribute value to our employees, federal, state and municipal governments through tax, financial institutions, the supply chain and our shareholders.

TOTAL VALUE GENERATED: R\$ 42 BILLION



TOTAL AMOUNT DISTRIBUTED: R\$ 41,8 BILLION



INPUTS PURCHASED FROM THIRD PARTIES R\$ 35,8 BILLION

Ratio between the lowest wage and the local minimum wage, broken down according to sex

GRI 202-1

Local minimum wage: R\$ 1.212
Lowest salary paid (women): R\$ 1.212
Lowest salary paid (men): R\$ 1.212
Ratio of the local minimum wage to the lowest wage, by gender: 1

Proportion of executive board members hired from the local community

GRI 202-2

100% of the members of senior leadership — including Officers, Executive Board, VP and CEO — of the entire Magalu operation were hired locally (in the national territory)

Cases of discrimination and corrective actions taken

GRI 406-1

In 2021, there were 19 cases of discrimination. Of these, 10.5% have redress plans under implementation; for 15.8% the plans have already been implemented with results, and 73.7% are no longer subject to corrective measures. In proven cases, measures ranged from dismissal for just cause to formal warning.

ETHICS AND TRANSPARENCY

Compliance with laws and regulations

GRI 2-27

There were no significant cases of non-compliance with laws and regulations during the reporting period.

Interest in associations

GRI 2-28

- Fecomércio;
- Mover;
- Institute for the Development of Retail (IDV);
- Brazilian Chamber of Electronic Commerce;
- International Chamber of Commerce Brazil (ICC Brazil);
- Brazilian Institute of Business Hospitality (IBHE);
- Grupo Mulheres do Brasil;
- Unidos pela Vacina;
- National Council for Public Management, of the Higher Strategic Council of the Federation of Industries of the State of São Paulo (Fiesp);
- Economic and Social Development Council (CDES);
- Business Initiative for Racial Equality;
- Brazilian GHG Protocol Program;
- B Movement Builders (BMB);
- Alliance for Integrity (Afin);
- Mulher 360;
- São Paulo Environmental Agreement (CETESB).

Communication and training in anti-corruption policies and procedures

GRI 205-2

	Senior Leadership		Logistics Manager		Legal Dept. (affiliates)		Store employees	
	Nº	%	Nº	%	Nº	%	Nº	%
Southeast	9	100	47	3	76	100	8740	100
South	-	-	-	-	-	-	3820	100
Midwest	-	-	-	-	-	-	1500	100
North	-	-	-	-	-	-	900	100
Northeast	-	-	-	-	-	-	5060	100

HUMAN RIGHTS IN THE VALUE CHAIN

Training of employees in human rights policies or procedures

GRI 412-2

All new employees undergo diversity and inclusion training, which includes good practices on the subject and our non-negotiable values. In addition to the reception, all Magalu Ecosystem employees undergo recycling of these trainings, focusing on race, inclusion of people with disabilities, gender diversity and unconscious biases. During the year, 100% of employees had training on these topics, with a total of around 320 hours dedicated to training.

Operations subject to human rights assessments or human rights impact analyses

GRI 412-1

All suppliers that meet pre-established criteria of criticality are assessed based on social risks and, if any violation of human rights is identified, they are removed. Foreign suppliers are ordered to submit a socio-environmental audit, whose report is evaluated by the Compliance, Integrity and PLD department prior to contracting, in order to ensure that any non-conformities are within acceptable risk parameters and are in the process of being resolved.

COUNTRY	EVALUATED OPERATIONS PRE-ESTABLISHED	PERCENTAGE OF OPERATIONS
Brazil	261	50%
China	3	100%

Significant investment agreements and contracts that include human rights clauses or that have undergone human rights assessment

GRI 412-3

In 2021, we closed two significant investment agreements and contracts, considered relevant as they are high-turnover companies, acquired by Grupo Magazine Luiza as part of its growth strategy. Both, that is, 100% of significant investment contracts, included a human rights clause.

ENVIRONMENTAL INDICATORS

GRI 305-1 | 305-2 | 305-3 | 305-4

Intensity of greenhouse gas (GHG) emissions
Intensity of GHG emissions:
7,750 tCO2E / Net operating revenue in millions of R\$ Note: The emission intensity includes the total emitted in scopes 1, 2 and 3.

GHG emissions: more rigor in data collection

In 2020, all product transport contracted by the company was allocated in the Downstream Transport and Distribution category. In 2021, we separated emissions from large outsourced haulage companies from those of subcontracted deliveries. The former, previously classified as Downstream, were allocated to Upstream. The subcontracted ones, which were not mapped in the other years, were allocated to Downstream. Therefore, due to the reclassification, the emissions of the Upstream Transport and Distribution category are not comparable with emissions for the previous year.

The Upstream Transport and Distribution category includes emissions referring to the transport of products by outsourced companies (micro, small and large companies), both for supplying our stores and for transferring products between our distribution centers and hubs.

Based on the points raised in the 2020 verification, we have advanced a great deal in collecting data from companies contracted for fractional transport and we also include the routes taken by our own haulage company (GFL), which makes transfers between hubs (middle-mile) throughout Brazil, to then make deliveries to customers' homes (last mile). Last mile deliveries were accounted for in the Downstream category.

In the Downstream Transport and Distribution category, we account for emissions related to the transport of products made by outsourced companies, independent partners who make last mile deliveries through our own fast delivery haulage company (GFL) or through our food delivery apps and ultra-fast delivery. It was the category in which we made the most progress in collecting information.

GHG emissions

GRI 305-1 | 305-2 | 305-3

MAGALU	2019	2020	2021
SCOPE/CATEGORY	TCO ₂ E	TCO ₂ E	TCO ₂ E
Stationary combustion	51,65	178,29	158,93
Mobile combustion	3.178,33	3.297,20	2.467,55
Fugitive emissions (air conditioning + fire extinguishers)	2.001,48	6.109,34	7.216,92
SCOPE 1	5.231,46	9.584,83	9.843,40
Scope 1 - biogenic emissions	803,24	530,43	1.205,18
Scope 2 - acquisition of electricity (location)	7.241,72	5.065,24	15.100,92
Scope 2 - acquisition of electricity (purchase choice)	6.840,23	3.784,49	10.029,78
Employee commuting	5.463,16	6.181,09	7.375,51
Activities related to fuel and energy not included in Scopes 1 and 2	-	-	58,74
Purchased Goods and Services (paper, plastic and LPG)	1.994,22	2.121,36	7.887,15
Solid waste generated	498,16	7.905,31	31.629,54
Downstream Transport and Distribution	-	-	2.773,39
Transport and distribution (Upstream)	27.179,91	57.914,16	203.051,22
Business trips	1.119,07	693,27	770,31
SCOPE 3	36.254,52	74.815,18	253.545,86
Scope 3 - biogenic emissions	8.649,69	10.621,29	25.324,51

FROM 2020, EMISSIONS FROM THE ENTIRE ECOSYSTEM — MAGALU AND THE ACQUIRED COMPANIES, ARE ACCOUNTED.
* THE CONSUMPTION OF LPG FROM RESTAURANT KITCHENS HAS BEEN TRANSFERRED TO SCOPE 3, SINCE THIS PURCHASE IS MADE BY OUTSOURCED RESTAURANTS.

Waste generated

GRI 306-3

Hazardous waste generated

WASTE TYPE	TOTAL WEIGHT (IN TONS)
Materials contaminated with oil and tow/electrolytes	11,2
Damaged and returned products	6,52
Lubricant	4,02
Light bulbs	2,84
PPE and uniforms	0,81
Batteries	0,62
Total	26,01

Of the total 26.01 tons, 96% (24.95 tons) were diverted from final disposal and destined for recovery operations, and the remainder was disposed of properly.

Non-hazardous waste generated

WASTE TYPE	TOTAL WEIGHT (IN TONS)
Recyclables (paper, cardboard, plastic)	10.433,4
Non-recyclables	3.845,8
Organic	393,2
Wood	252,7
Pruning and sweeping waste	90,2
Damaged and returned products	84,0
Metal	65,9
Glass	24,0
Polystyrene	13,2
Rubble/concrete	9,0
Operation electronics	8,9
Total	15 220,4

Of the total 15,220.4 tons, 72% (11,013.77 tons) were diverted from final disposal and destined for recovery operations, and the remainder was disposed of properly.

GRI CONTENT INDEX

UNIVERSAL STANDARDS		DIRECT ANSWER/PAGE	SUSTAINABLE DEVELOPMENT GOALS (SDGS)
GENERAL CONTENTS			
The organization and its reporting practices			
2-1	Transaction detail	Page. 16	
2-2	Entities included in the organization's Sustainability Reports	"This report considered all the Company's subsidiaries, as shown in the Financial Statements (Explanatory Notes 12 and 13). In the Reference Form, Section 15.4, we have a breakdown of the business group. We also make our ecosystem available on the Investor Relations (IR) website. In 2021, Magalu made 12 acquisitions, expanding our ecosystem and our operations beyond online retail. For this reason, we have also expanded the scope of this report to address the main businesses in which we operate."	
2-3	Reporting period, frequency and point of contact	page 3 (Questions or suggestions: sustentabilidade@magazineluiza.com.br)	
2-4	Information reformulations	on page 60, we report the reformulation of the data reported for waste generation and disposal in Magalu's 2020 Annual Report. Indicators were published with a unit error in the last edition.	
2-5	External verification	This report did not undergo external verification, but the data presented was internally verified. The greenhouse gas (GHG) emissions inventory data were verified by KPMG.	
Activities and employees			
2-6	Activities, value chain and other business relationships	Page. 14, 26, 36 e 43	
2-7	Employees	Page. 39 e 56	
2-8	Workers who are not employees	Page. 56	

UNIVERSAL STANDARDS

DIRECT ANSWER/PAGE

SUSTAINABLE
DEVELOPMENT
GOALS (SDGS)

Governance

2-9	Governance structure and composition	Page. 17	
2-10	Appointment and selection of the highest governance body	Page. 16	
2-11	Chairwoman of the highest governance body	The chair of the highest governance body does not exercise executive functions. Learn more about our governance structure on pg. 17.	
2-12	Role of the highest governance body in overseeing impact management	Page. 16 e 20	
2-13	Delegation of responsibility for impact management	Page. 16	
2-14	Role played by the highest governance body in sustainability reporting	Page. 56	
2-15	Conflicts of interest	Page. 16 e 20	
2-16	Communicating critical concerns	Page. 33 e 39	
2-17	Collective knowledge of the highest governance body	Page. 16	
2-18	Assessment of the performance of the highest governance body	Page. 16	
2-19	Compensation policies	Page. 19	
2-20	Process for determining remuneration	Page. 19	
2-21	Proportion of total annual remuneration	The ratio between the total annual remuneration of the highest paid individual in the company and the annual average of all other employees, considering fixed and variable remuneration and benefits, is 47.88.	

Strategy, policies and practices

2-22	Declaration on the sustainable development strategy	Page. 4	
2-23	Policies of commitments to responsible business conduct	Page. 33 e 39	

UNIVERSAL STANDARDS		DIRECT ANSWER/PAGE	SUSTAINABLE DEVELOPMENT GOALS (SDGS)
2-24	Incorporating commitment policies	Page. 33 e 43	
2-25	Processes to remedy negative impacts	Page. 33 e 39	
2-26	Mechanisms for seeking guidance and raising concerns	Page. 33	
2-27	Compliance with laws and regulations	Page. 58	
2-28	Interest in associations	Page. 58	16

Stakeholder Engagement

2-29	Approach to stakeholder engagement	Page. 9, 36 e 39	
2-30	Collective bargaining agreements	Page. 56	

Relevant topics

3-1	Process for determining material topics	Page. 9	
3-2	List of relevant topics	Page. 9	
3-3	Material topic management	<ul style="list-style-type: none"> • Ethics and transparency: page 33 • Diversity and inclusion: page 39 • Data security and privacy: page 20 • Human rights in the value chain: page 43 • Digital inclusion and entrepreneurship: page 26 • Packaging and waste: page 52 • Customer satisfaction: page 36 • Employee management and development: page 39 • Climate changes: page 47 • Use of natural resources: page 50 • Responsible consumption and products: page 52 	

UNIVERSAL STANDARDS		DIRECT ANSWER/PAGE	SUSTAINABLE DEVELOPMENT GOALS (SDGS)
ECONOMIC CONTENTS			
Economic Performance			
201-1	Direct economic value generated and distributed	Page. 22 e 57	8
Market Presence			
202-1	Ratio between the lowest wage and the local minimum wage, broken, down according to sex	Page. 57	8, 10 e 12
202-2	Proportion of executive board members hired from the local community	Page. 57	8
Indirect Economic Impacts			
203-1	Investments in infrastructure and support services	Page. 30	1, 3, 4, 5 e 10
Anti-corruption			
205-1	Operations evaluated for risks related to corruption	Page. 33	1, 3, 4, 5 e 10
205-2	Communication and training in anti-corruption policies and procedures	Page. 33 e 58	16
205-3	Confirmed cases of corruption and actions taken	In 2021, Magalu did not identify any cases of proven corruption in its operations.	16

UNIVERSAL STANDARDS

DIRECT ANSWER/PAGE

SUSTAINABLE
DEVELOPMENT
GOALS (SDGS)

ENVIRONMENTAL CONTENTS

Energy

302-1	Energy consumption within the organization	Page. 50	7, 12 e 13

Water and Effluents

303-5	Water consumption	Page. 50	6 e 12
-------	-------------------	----------	--------

Emissions

305-1	Direct emissions (Scope 1) of greenhouse gases (GHG)	Page. 47 e 59	12 e 13
305-2	Indirect emissions (Scope 2) of greenhouse gases (GHG) from energy acquisition	Page. 47 e 59	12 e 13
305-3	Other indirect emissions (Scope 3) of greenhouse gases (GHG)	Page. 47 e 59	12 e 13
305-4	Intensity of greenhouse gas (GHG) emissions	Page. 58	12 e 13
305-5	Reduction of greenhouse gas (GHG) emissions	Page. 47	12 e 13

Waste

306-1	Waste generation and significant waste-related impacts	Page. 52	12
306-3	Waste generated	Page. 52 e 59	12
306-4	Waste not intended for final disposal	Page. 52 e 60	12
306-5	Waste destined for final disposal	Page. 52 e 60	12

UNIVERSAL STANDARDS		DIRECT ANSWER/PAGE	SUSTAINABLE DEVELOPMENT GOALS (SDGS)
SOCIAL CONTENT			
Employment			
401-3	Maternity/paternity leave	Page. 57	5
Training and Education			
404-1	Average hours of training per year, per employee	Page. 57	4
404-2	Programs for improving employee skills and career transition assistance	Page. 39	4
404-3	Percentage of employees receiving regular performance and career development evaluations	Page. 56	4
Diversity and Equal Opportunity			
405-1	Diversity in governance bodies and employees	Page. 39	5, 8 e 16
405-2	Ratio of base salary and remuneration received by women and by men	Page. 57	5
Non-Discrimination			
406-1	Cases of discrimination and corrective actions taken	Page. 57	8 e 16
Child Labor			
408-1	Operations and suppliers with significant risk of child labor cases	Page. 43	8 e 16

UNIVERSAL STANDARDS		DIRECT ANSWER/PAGE	SUSTAINABLE DEVELOPMENT GOALS (SDGS)
Forced or Slave-like Labor			
409-1	Operations and suppliers with significant risk of cases of forced or slave-like labor	Page. 43	8 e 16
Security Practices			
410-1	Security personnel trained in human rights policies or procedures	Page. 43	8
Human Rights Assessment			
412-1	Operations subject to human rights or human rights impact assessments	Page. 43 e 58	8
412-2	Training of employees in human rights policies or procedures	Page. 58	8
412-3	Significant investment agreements and contracts that include human rights clauses or that have undergone human rights assessment	Page. 43 e 58	8
Social Assessment of Suppliers			
414-2	Negative social impacts on the supply chain and measures taken	Page. 43	8, 12 e 16
Customer Privacy			
418-1	Proven complaints regarding breaches of customer privacy and loss of customer data	There were no substantiated complaints regarding breaches of customer privacy or loss of customer data in 2021	9

CONTENT INDEX OF SASB INDICATORS

RETAIL		DIRECT ANSWER / PAGE	
TOPIC	METRIC		
Energy management in retail & distribution	CG-MR-130a.1	((1) Total energy consumed, (2) percentage of free market electricity (3) percentage of renewable energy	Page. 13
Data security	CG-MR-230a.1	Description of approach to identifying and dealing with data security risks	Page. 20 (No data breach recorded)
	CG-MR-230a.2	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of affected customers	
Labor Lawsuits	CG-MR-310a.1	(1) Average hourly wage and (2) percentage of store employees earning minimum wage, by region	1) Average hourly wage: R\$ 12.32 2) AL - 6,1% BA - 1,9% GO - 7,5% MG - 0,7% MS - 1% MT - 1,5% PE - 9,6% PI - 1,8%
	CG-MR-310a.2	(1) (1) Voluntary and (2) involuntary turnover rate for store employees	
	CG-MR-310a.3	Total amount of monetary losses resulting from lawsuits associated with violations of labor law	Magalu has the best labor practices, in line with current labor legislation, and maintains a policy of exemplary practices of valuing people, prioritizing the well-being and development of its employees. To find detailed information regarding labor lawsuits, check out our Reference Form, item 4.3.

RETAIL

DIRECT
ANSWER/ PAGE

Workforce Diversity and Inclusion	CG-MR-330a.1	Percentage of sex and ethnic/racial group representation for (1) management and (2) all other employees	Page. 57
	CG-MR-330a.2	Total value of monetary losses resulting from lawsuits associated with employment discrimination	There are no final and unappealable convictions resulting from legal proceedings associated with discrimination.
Product sourcing, packaging and marketing	CG-MR-410a.1	Revenue from third-party products certified with environmental and/or social sustainability standards	Revenue from certified third-party products in the period was approximately R\$ 200,000.00.
	CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	We have Safety Data Sheets for Chemical Products (FISPQs) in operations in the event of accidents, we have Personal Protective Equipment (PPE) kits available to combat accidents and an aerosol grading procedure to avoid accidents with pressurized fluids. We separate the product categories to avoid cross-contamination for products regulated by Anvisa. In addition to this procedure for storing and distributing goods, we also take the same care in waste disposal processes.
	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	Page. 53

RETAIL

DIRECT
ANSWER / PAGE

Activity metrics	CG-MR-000.A	Number of: (1) stores and (2) distribution centers	The year 2021 was the year of Piscou Chegou (You Blinked It Arrived) at Magalu. With this, we underwent logistical expansion that generated a result superior to the initial projection, surpassing our projection of 225 logistics units at 47 units. In the case of physical stores, Magalu arrived in Rio de Janeiro, and opened more than 50 stores in the state in 2021, in addition to opening stores in other locations, totaling more than 180 new stores throughout the year.
------------------	-------------	--	--

	CG-MR-000.B	Total area: (1) stores and (2) distribution centers	Given its multi-channel operation, that is, fully integrated stores and e-commerce, the total storage area also includes the part of the stores' area that is destined for handling and stocking goods.
--	-------------	---	---

Waste diverted from final disposal

GRI 306-4

Total weight of waste diverted from final disposal

WASTE TYPE	TOTAL WEIGHT (IN TONS)
Recyclables (paper, cardboard, plastic)	10.292,1
Wood	245,7
Organic - Compost	121,3
Non-recyclable - Blending for Co-processing	100,5
Damaged and Returned Products	81,0
Pruning and Sweeping Waste	74,8
Metal	65,9
Polystyrene	13,1
Glass	11,2
Materials contaminated with oil and tow/electrolytes	10,9
Operation electronics	8,9
Grease trap	4,3
Lubricant	4,0
Light bulbs	2,7
Rubble/concrete	1,0
PPE and uniforms	0,8
Batteries	0,4
Total	11.038,7

Total weight of waste diverted from final disposal

BY RECOVERY OPERATION	TOTAL WEIGHT (IN TONS)
HAZARDOUS WASTE	
Recycling	7,08
Blending for Co-processing, Re-refining, Decontamination and Other	17,87
NON-HAZARDOUS WASTE	
Donation and Reuse	19,43
Recycling	10.872,88
Blending for Co-processing and Others	121,46

Waste destined for final disposal

GRI 306-5

BY RECOVERY OPERATION	TOTAL WEIGHT (IN TONS)
HAZARDOUS WASTE	
Incineration (no energy recovery)	0,41
Sent to landfill	0,65
HAZARDOUS WASTE	
Incineration (no energy recovery)	11,28
Sent to landfill	4.195,31

Note: All recovery and disposal operations are done outside the organization.

Waste management 2020 x 2021

GRI 2-4

	2020 FIXED*	2021
HAZARDOUS WASTE		
Waste generated	4,5	26,01
Waste diverted from final disposal	4,1	24,95
Recycling	4,1	7,08
Blending	0	17,87
Waste destined for final disposal	0,4	1,06
Incineration (no energy recovery)	0	0,41
Sent to landfill	0,4	0,65

HAZARDOUS WASTE		
Waste generated	3.551,1	15.220,35
Waste not destined for final disposal	2.202,4	11.013,77
Preparation for reuse	0	19,43
Recycling	2.202,4	10.872,88
Blending	0	121,46
Waste destined for final disposal	1.348,6	4.206,59
Incineration (no energy recovery)	0,3	11,28
Sent to landfill	1.348,4	4.195,31

*In the 2020 Annual Report, indicators referring to waste were published showing the amounts in kilograms (kg), but the indicated unit referred to tons. The corrected data on the correct unit is shown above.

MAGALU

2021 ANNUAL
REPORT

MAGALU 2021 ANNUAL REPORT A SUSTAINABLE STRATEGY

COORDINATION

Reputation and Sustainability

sustentabilidade@magazineluiza.com.br

Investor Relations

ri@magazineluiza.com.br

CONTENT PRODUCTION

NOVA PR Comunicação Digital

contato@novapr.com.br

CONSULTORIA GRI E SASB

RICCA Sustentabilidade

atendimento@riccari.com.br

Learn more about our
commitment to sustainability:

[Sustainability Policy](#)

[Code of Ethics and Conduct](#)

[Human Resources Policy](#)

[Diversity and Inclusion Policy](#)

CONTACT