

Magalu

2022 ANNUAL REPORT

# Strategy and sustainability

Thais Ramos, Magalu  
Marketplace seller



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MAGALU

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COVER

The seller Thaís Ramos, founder of De Benguela, natural curly hair extensions store

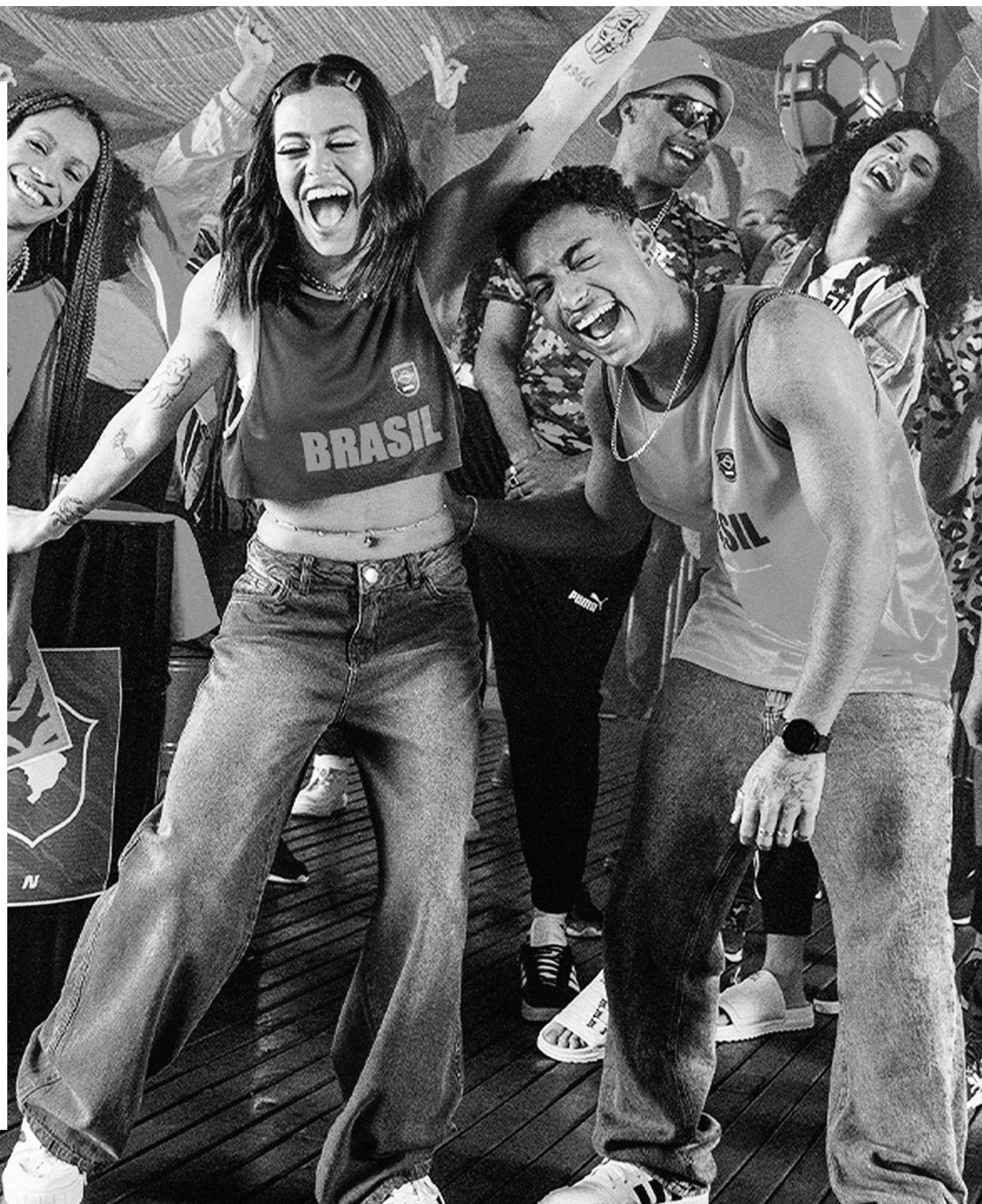
**#descriptionofimage:** The cover image has a yellow background. In the left corner, there is a woman with black skin and shoulder length curly hair, smiling, with her eyes closed. Wearing a green shirt and wristwatch, she holds, with her right hand, a flowing lock of her hair. On the opposite side of the image is a red hair dryer, held in a hand with long nails



# 1

## To start

Presentation  
ESG Highlights  
Message from the Board  
Sustainable Strategy







Arena Magalu: multipurpose space at the company's headquarters in São Paulo

#descriptionofimage: A man and a woman at the entrance to a room where you can see the highlighted name "Magalu"

A company can make an impact in many ways: offer quality products and services that make life easier for customers, generate jobs and promote inclusion and diversity in its workforce, support sustainable causes in its surroundings, among others. All this has been put into practice on a daily basis by Magalu.

The Company believes that its responsibility towards society and the environment goes beyond complying with legal obligations. Doing the minimum necessary is not enough and doing as much as possible is imperative to truly make a positive impact on people's lives. And that's no favor. For Magalu, only with responsible practices, guided by ethics and the pursuit of environmental, social, and economic balance, it is possible to mitigate risks, strengthen reputation, gain competitiveness, and ensure the sustainability of the business in the long term.

This annual report, the 12th published by Magalu, is a rendering of accounts to all stakeholders and society as a whole in relation to the Company's performance in various dimensions throughout 2022. Have a good reading.

STANDARDS USED IN THE RENDERING OF ACCOUNTS IN THIS REPORT

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

To make a difference



# Inside out

GRI 3-3 | 302-1 | 305-5 | 306-5 | 404-2

The adoption of an ESG agenda (environmental, social, and governance practices) in a company requires investment of time, resources, and training. Putting these initiatives into practice requires a strong commitment from senior management, a long-term vision, and the active participation of all levels of the organization. In 2022, Magalu reinforced its commitment to ESG

practices and achieved positive results for the community and the public with which it relates. Among the projects developed, actions to support and train women stand out, training to expand diversity and inclusion in all areas of the company, supplying all the Company's units with 100% renewable energy and strengthening governance with the adoption of policies formalities in all areas of the company. Learn more in the tables below:

## POSITIVE IMPACTS



### OPPORTUNITIES AND RIGHTS FOR WOMEN

- + 170 women assisted on the Woman's Channel
- + 222 women assisted by the Justiceiras platform
- + 572 women trained by Luizacode
- + 99% of women who took maternity leave returned to work

#descriptionofimage: The company's virtual influencer, Lu, wears a purple blouse. She holds a sign, also purple, on which it is written, in white letters: "Does he say it's all in your head and calls you crazy?" In the background, a white wall, out of focus, decorated with paintings



### ENVIRONMENTAL ADVANCES

- + 100% of the units (stores, DCs and offices) supplied with energy from renewable sources
- + 41 electric-powered logistics fleet trucks
- + 3.6 tons of electronic waste collected and disposed of properly
- + 7,614 kg of professional uniforms transformed into 4,060 blankets for NGOs that help homeless people

#descriptionofimage: Two trucks, with the Magalu logo adhesives, are parked parallel. Both are connected to the electric power recharge points, in the center of the image



### EMPLOYEES, INCLUSION, AND DIVERSITY

- + 3,500 people trained in diversity and inclusion, in all areas of the Company
- + 850 courses for employees on corporate education platforms
- + 51 people hired after participating in Div, an exclusive technology program for people with disabilities
- + More than 10 leadership training programs

#descriptionofimage: Girl with braids in her hair, former trainee, wears a white blouse with a blue jacket over it. She smiles and holds a black box stamped with the Magalu logo



### SUPPORT FOR THE MOST VULNERABLE AND IMPACT BUSINESSES

- + 52 tons of food donated to fight hunger
- + 2.7 million Brazilian Reais in support of NGOs, communities, and actions in support of social causes
- + 85 businesses included in the SuperApp Social World
- + 10,678 books by black authors sold with 100% cashback on Black Awareness Day

#descriptionofimage: In the foreground of the photo, a large group of people are sitting with their backs to each other. They look towards the right. In the background, there are four women around a table. In the last plane, there is a brown wall, with a red banner hanging, on which is written "Mão na Massa" (Hands-on)



# One day after the other. Every day

GRI 2-22



Frederico Trajano during the Magalu Caravan presentation in Maceió

*#descriptionofimage:  
A man in a blue T-shirt, on a stage, with a screen behind him, gestures as he speaks into a microphone*

In 2022, we experienced another challenging year for the country and for Brazilian society. After the uncertainty brought by the pandemic – which fortunately was overcome – we entered a period of high inflation, rising interest rates and a fall in the population’s purchasing power. This is a turbulent scenario, over which no company has complete control, but which needed to be faced. That is what we did at Magalu. Throughout the year, we worked tirelessly to make the company even more efficient, agile, and prepared to navigate rough seas.

It is precisely in the most difficult moments that it is possible to see which organizations are in fact committed to sustainable development. It is time for choices. At Magalu, we are convinced that we have also passed this test. We have been putting all our energy into the constant improvement of our operation, the efficiency of our processes, the growth of our marketplace platform, the excellence of our logistics and distribution without giving up our commitments to society, the environment and to the highest standards of corporate governance.

Magalu has always believed that, along with the business, it carries with it the responsibility



# We increase efficiency without giving up on ESG commitments



of contributing to an increasingly better life for all those with whom we relate. This report is therefore a rendering of accounts. It shows how far we have managed to advance in 2022 towards transforming our beliefs and values into concrete and measurable actions.

First, the financial results. In the year, the company's total sales reached 60 billion Brazilian Reais, an increase of 8% compared to 2021. Adjusted Ebitda exceeded 2.1 billion Brazilian Reais, 44% higher than that recorded in the previous period, with the highest margin since 2019. In order to adapt the operation to the current scenario, we worked hard to reduce inventory levels, which were BRL 1.3 billion lower than in December 2021.

We have advanced a lot in logistics and, above all, in the services provided to our more than 260,000 sellers. Our goal is for them to work within the same service excellence standards adopted by Magalu. For this, the launch of the fulfillment operation was a decisive step. Fulfillment allows the retailer connected to our digital platform to take advantage of all the advantages of a multichannel model, which reduces costs and significantly improves the shopping experience.

All this work was carried out at the same time that we made progress on the social, environmental and governance fronts.

## OUR TRAJECTORY IN 2022

MAIN FINANCIAL, ENVIRONMENTAL AND SOCIAL HIGHLIGHTS IN THE YEAR

**60 billion**

Brazilian Reais in total sales, with a 72.1% share of digital

Adjusted EBITDA of  
**2.1 billion**

Brazilian Reais, with a margin of 5.7%

**500 million**

hits per month, across different brands and content channels

**37 million**

active customers

**37,678**

employees

**260,000**

sellers on the marketplace

**34**

business areas

**100%  
of the units**

(offices, stores, DCs) supplied with clean energy

Conducting the  
**first census**

of marketplace sellers

**572 women**

trained in technology through the Luizacode program

**100% of internal complaints**

of violence against women investigated and forwarded

Our goal is not to launch short-life media projects. We appropriate causes and want to be consistent with them. One such cause is the steady increase in diversity and inclusion. In 2022, our greatest achievement in this territory was the training of more than 3,000 employees, most of them leaders. This effort is related to the belief that it is not enough to bring diversity into the company – something that we continue to promote with affirmative action. We launched Div, a technology training program for people with disabilities, which had 2,000 applicants and resulted in the hiring of 51 professionals. Luiza Code, a technology training program for women, launched in 2019, had two more classes in 2022, with more than 12,000 enrollments and 170 participants. Everyone needs to understand why this is necessary, how to live with diversity on a daily basis and encourage the meeting of differences to generate the best possible result for the organization and for those connected to it.

In the environmental pillar, our choice has been to deepen fundamental measures to transform Magalu into an operation that generates the least possible impact. For the third consecutive year, we carried out an independent verification of the company's carbon emissions inventory, a crucial document to define which paths our decarbonization strategy should follow in



the coming years. All of our 23 distribution centers now have standardized waste management, which led to more than 5,500 tons of non-hazardous waste being diverted from final disposal in 2022. In distribution to the final customer, we are also working to anticipate the future. In 2021, we started a pilot project for the use of electric trucks, which will progressively replace vehicles powered by fossil fuels.

In 500 of our more than 1300 physical stores, collectors were installed for the correct disposal of electronic goods no longer in use. The next step is to get as many consumers as possible, through campaigns and the actions of our teams, to get involved and go to stores to dispose of electronic goods no longer in use. Like everything that happens in the area of sustainability, efficient reverse logistics depends on the joint efforts of several actors.

There is no sustainable development possible without strong governance, based on ethics, the common good, compliance with clear rules and transparency. We believe we have come this far because we have never compromised on our principles and values, the only things that cannot be changed at Magalu. Everything can change. Our values remain. We understand that these principles and values must be translated into documented policies and made available to everyone with whom we interact. For this reason, in recent years, we have made considerable efforts to increasingly document all aspects of our corporate governance.

The path of sustainability in a company has no finish line. We are committed to doing, day after day, more and better for the company, for society, for the country and for the planet. That is what will keep us relevant.



Diversity also in the communication of the actions of the World Cup

*#descriptionofimage:*  
In an environment decorated with flags and balloons in the colors of Brazil, a diverse group of 13 young people in green, yellow, blue, and white clothes dance, smile and celebrate

# Reverse logistics, training women in technology and transparency: the ESG agenda in practice



# Positive impact for everyone

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

In April 2022, Magalu approved its materiality matrix, a tool that helps identify the topics with the greatest impact on business and the creation of value for the audiences with which it relates. The matrix is made up of 11 themes, which guide the company in building its sustainable strategy and reflect its commitment to integrating sustainable and responsible practices into its operations and generating a positive impact for shareholders and society as a whole.

With the materiality matrix, it is possible to see the areas that demand more investments and efforts. To account for its actions, the Company maintains permanent dialogue channels with its stakeholders, especially in the communities in which it operates.



**Plant in Coroados (SP): 100% of Magalu's operating units are supplied with some type of clean energy**

**#descriptionofimage:**  
By day, under a blue sky with white clouds, a woman with long hair, a white construction helmet, and a purple blouse walks in profile in front of solar panels



PRIORITY CHALLENGES

The 11 themes that make up Magalu's materiality matrix

- + 1 ETHICS AND TRANSPARENCY  
Actions related to corporate governance, integrity, and the organization's code of conduct
- + 2 DIVERSITY AND INCLUSION  
Deepening of action, with the adoption of public goals
- + 3 SECURITY AND DATA PRIVACYS  
Actions related to the application of the General Data Protection Law (LGPD)
- + 4 HUMAN RIGHTS IN THE VALUE CHAIN  
Monitoring the performance of suppliers
- + 5 DIGITAL INCLUSION AND ENTREPRENEURSHIP  
Actions aimed at developing the Parceiro Magalu (Magalu

- Partner) program at the local and regional levels, training and professionalization programs for small retailers, inclusion, and financial education
- + 6 PACKAGING AND WASTE  
The use of materials with low environmental impact and environmentally correct disposal
- + 7 CUSTOMER SATISFACTION  
Consumer relationship policies and practices
- + 8 EMPLOYEE MANAGEMENT AND DEVELOPMENT  
Working conditions, appreciation, and development of the staff
- + 9 CLIMATE CHANGE  
Plans to reduce and/or offset the emission of greenhouse gases (GHG)
- + 10 USE OF NATURAL RESOURCES  
Policies and practices for energy and water consumption
- + 11 RESPONSIBLE CONSUMPTION AND PRODUCTS  
Products developed and sold by social impact organizations, use of low impact raw materials

Each point of the materiality matrix must be linked to critical aspects for the business

For the matrix to make sense and cause the maximum positive impact, each of its points must be linked to critical aspects for the business. The relationship with suppliers and how each one of them deals with the issue of human rights is one of them. In order to ensure that there are no violations, Magalu has established criteria for the selection and contracting of all its suppliers and disseminates a culture of sustainability among them through training and continuous monitoring.

Another critical point for the company's business strategy is the expansion of its marketplace through the digital inclusion of thousands of Brazilian entrepreneurs. With the Parceiro Magalu program, which brings together 170,000 sellers, the company takes the advantages of the virtual environment to small and medium-sized analogue retailers across the country.

In the relationship with its approximately 37 million customers, one of the main focuses is to guarantee the security

and privacy of data in a scenario of rapid and growing digitalization.

Logistics and distribution are at the heart of any retail operation. These are activities that obviously have an impact on the environment, and Magalu has been working to reduce them.

Packaging and waste disposal are among the company's priorities, which constantly seeks to expand the use of sustainable materials and give an ecologically appropriate destination to the waste it generates. Another focus is the conscious consumption of water and energy - with the gradual transition to renewable sources.

People management complements Magalu's materiality matrix. The company works to offer conditions for the appreciation and development of its almost 39,000 employees. In order to increase the diversity of the staff, it maintains goals that provide access opportunities and the inclusion of different groups of people. In addition, of course, to promoting equity.



# 2

## Magalu

Company + Data  
Ecosystem  
Value Generated  
Governance  
Risk Management  
Security and Privacy  
Awards and Recognitions







Store in Vila Guilherme, in São Paulo: movement of customers during the Black Friday campaign

#descriptionofimage: Consumers walk through the store and examine products as several TV screens display the words “Black Friday”



# How to reconcile growth and margin

GRI 201-1

Retail is one of the sectors most sensitive to the drop in the purchasing power of the population. With high interest rates and high inflation, the cost of credit increases, there is less money in their pocket and consumers tend to buy less. But, even in the midst of a challenging economic scenario, Magalu reaped good results in 2022. A reflection of a series of management measures undertaken throughout the year – actions that ranged from reducing inventories to adjusting the fees charged from sellers and monetizing assets.

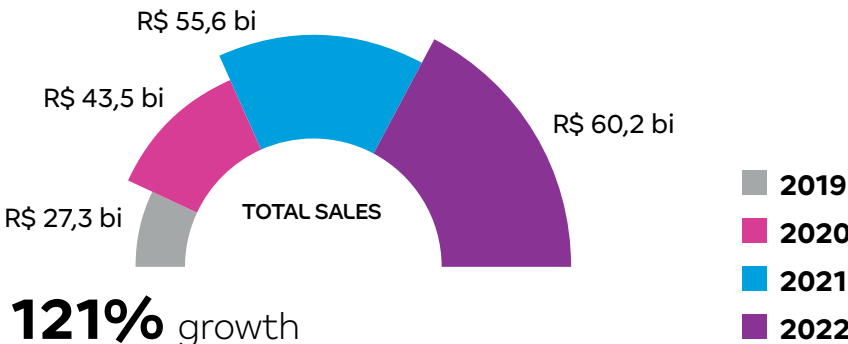
Total sales broke a record. There were 60 billion Brazilian Reais, an increase of 8% compared to that recorded in 2021. The expansion was observed in all channels – in e-commerce, in



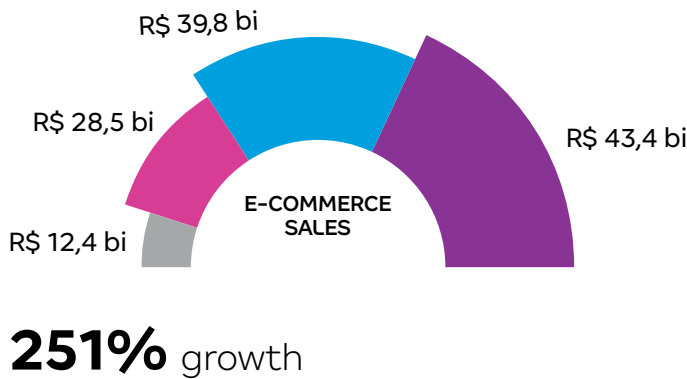
# The e-commerce operation was responsible for 72.1% of total sales in 2022

the marketplace and in physical stores –, in a year in which Magalu advanced even further in its strategy of investing in digital, multichannel, and hyperlocal retail. The success of this strategy is evident when comparing the numbers for 2022 with those for 2019, the last year before the pandemic that, at the same time, accelerated the digitalization of society and caused jolts in the global economy. In the span of three years, Magalu’s total sales increased 121%. In e-commerce, the expansion was 251%. In the marketplace, comprising 260,000 sellers, growth reached 410%. All this was achieved with financial

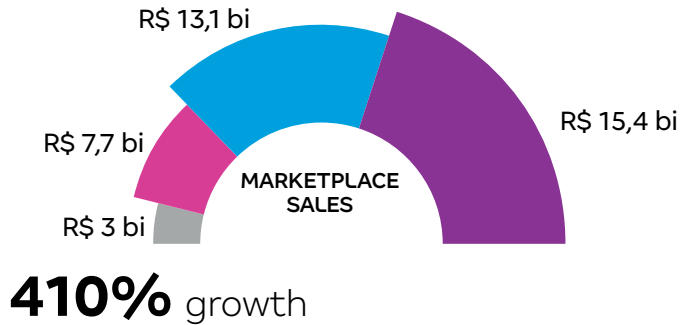
SINCE 2019, TOTAL SALES HAVE MORE THAN DOUBLED...



...E-COMMERCE TRIPLED



...AND THE MARKETPLACE HAS GROWN FIVE TIMES



... WHILE SALES IN PHYSICAL STORES REMAINED SIGNIFICANT



RESOURCES DISCOUNTED FROM OBLIGATIONS

NET CASH  
**3,5 billion**  
Brazilian Reais in 2022

Debt maturities are long-term, distributed between 2024 and 2026.

FINANCIAL STRENGTH

Operating cash generation indicates that the company is generating sufficient cash flow to sustain its operations and invest in growth.

OPERATING CASH GENERATION  
**800 million** Brazilian Reais

RESOURCES AVAILABLE

TOTAL CASH  
Reflecting the evolution of Ebitda and the improvement in working capital, of  
**10.6 billion**  
Brazilian Reais (including financial investments and credit card receivables)



ABOVE AVERAGE GROWTH

In 2022, Magalu’s e-commerce grew **9%** compared to the previous year. In the same period, Brazilian e-commerce shrank by 4%, according to Neotrust. Magalu increased its share of e-commerce in the country by **5.1** percentage points. The average annual growth of the Company’s digital operation was **52%** in the last three years.



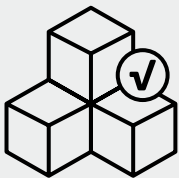
In 2022, the adjusted Ebitda margin was the best in the last three years

soundness. Profitable growth continues to be the Company’s priority. Even with all the challenges imposed in the period, Magalu expanded, at the same time, sales, margins, and operating cash generation. In 2022, the adjusted Ebitda margin was 5.7% – the best indicator since 2019.

The improvement in operating results, added to the evolution of working capital, resulted in an operating cash generation of more than BRL 800 million in 2022. Magalu thus maintains a solid capital structure, which allows it to continue investing in its growth while dealing with short-term economic uncertainties.

SHORTER STOCK

Relevant reduction in inventory levels, which ended the period at 7.8 billion Brazilian Reais, 1.3 billion less than in December 2021. With this reduction, added to the higher sales volume, inventory turnover improved by more than **30 days** in 2022.



THE ADS BUSINESS

MagaluAds

**6 000** campaigns created in Q4

**ONE OF THE BIGGEST AUDIENCES ON THE BRAZILIAN INTERNET**  
**500 million** monthly hits distributed across different brands and content channels.

Jovem Nerd  
Steal the Look  
Canaltech

INCREASE IN OPERATIONAL EFFICIENCY

Adjustments to the operation – including updating the shipping policy and marketplace commissions, reviewing expenses, and significantly reducing inventories – led to a significant increase in operating margins.

ADJUSTED EBITDA MARGIN

2022 – **5,7%**  
2021 – **4,2%**  
2020 – **5,2%**

In the year, adjusted Ebitda exceeded **2.1 billion** Brazilian Reais, 44% higher than in 2021.



FINTECH MAGALU

The total volume of transactions processed (TPV) reached almost **91 billion** Brazilian Reais.

In December 2022, the credit card base reached **7 million**.

Credit card billing was **54 billion** Brazilian Reais.

At the end of the year, MagaluPay reached **9 million** digital accounts.

At the end of 4Q, the credit card portfolio reached **20 billion** Brazilian Reais.



# BUSINESS CONNECTION

THE 32 COMPANIES AND SERVICES THAT FORM – AND STRENGTHEN – THE MAGALU ECOSYSTEM AND THE SECTORS IN WHICH THEY OPERATE

GRI 2-6A E C

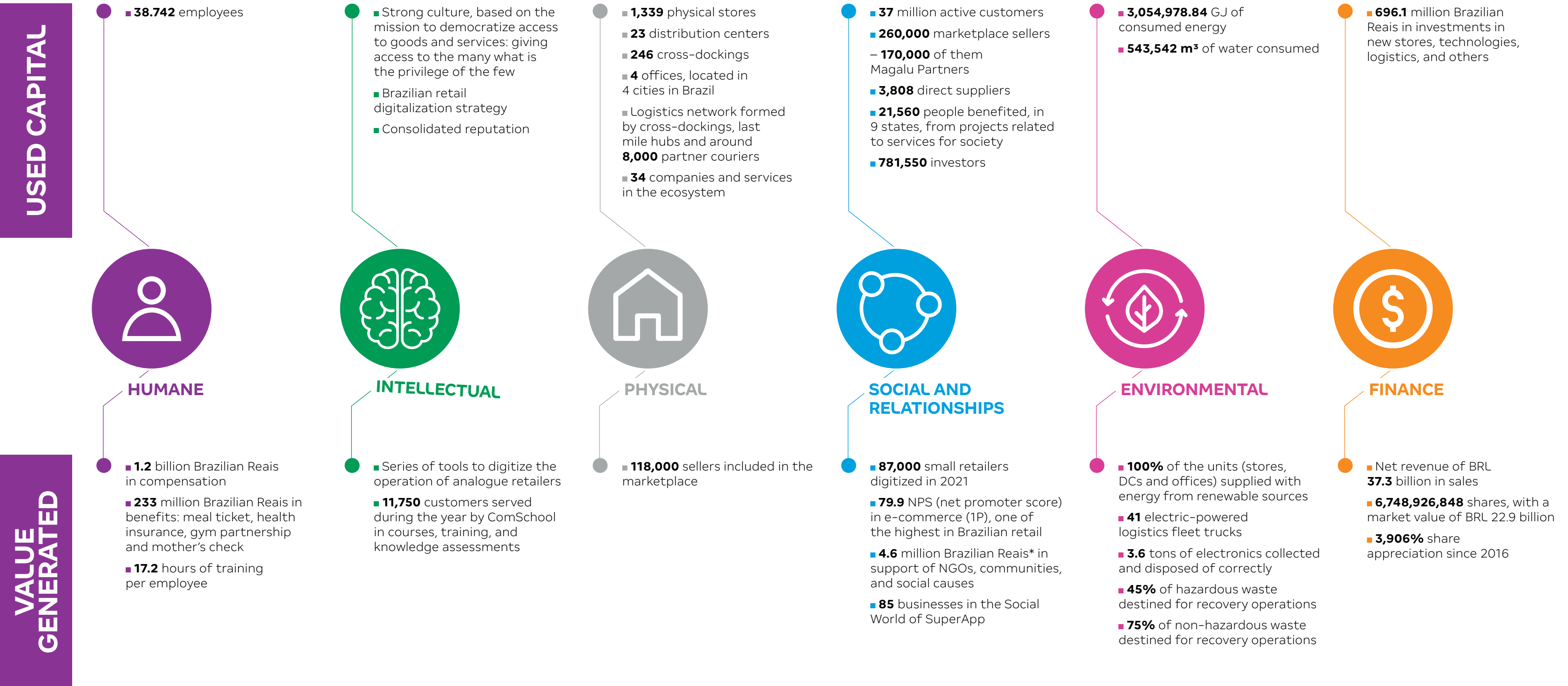




# VALUE CREATION

THE CAPITAL USED BY MAGALU AND THE VALUE GENERATED FOR STAKEHOLDERS IN 2022

GRI 2-1



\* 2.7 MILLION BRAZILIAN REAIS DONATED BY MAGALU AND 1.9 MILLION BRAZILIAN REAIS DONATED BY CONTROLLING FAMILIES



# The G force in Magalu's ESG

GRI 2-9 | 2-12 | 2-13 | 2-17

At Magalu, the search for the improvement of the best corporate governance practices is constant. The principles of transparency, equity, accountability, and corporate responsibility guide the Company's actions with the aim of aligning the interests of all stakeholders.

The elaboration of the first Code of Ethics and Conduct, in 1992, marked the beginning of the process of implementation and formalization of these practices. In the following decade, with the arrival of minority shareholders through the private equity funds managed by the Capital Group, corporate governance reached a new level. This process prepared the Company for the IPO process.

In 2011, upon carrying out its IPO, Magalu joined B3's Novo Mercado – the highest level of governance on the Brazilian stock exchange, in which companies voluntarily undertake to adopt practices that go beyond the requirements of legislation in terms of concerns transparency and shareholder rights. In the following year, the Company further strengthened its corporate governance by improving the work of the Audit and Risks Committee and the Board of Directors and with the constitution of the Finance Committee and the Audit Committee.

The process of structuring a succession plan for the main executives began in 2013 and, two years later, changes in the corporate structure were announced, in line with the strategic

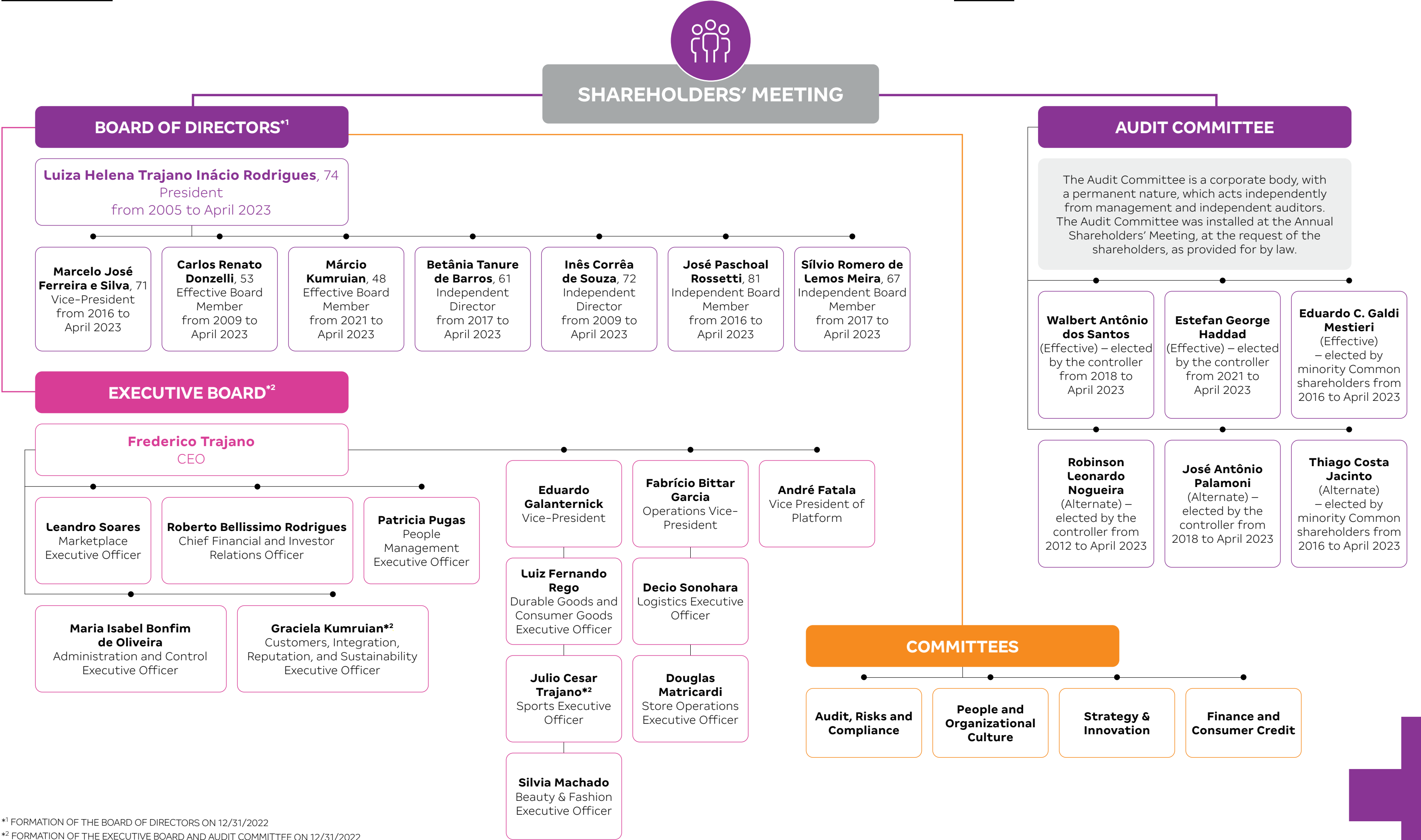


Magalu headquarters in São Paulo: governance practices that go beyond

#descriptionofimage: Group of employees, between men and women, mostly young, work at their desks







<sup>\*1</sup> FORMATION OF THE BOARD OF DIRECTORS ON 12/31/2022  
<sup>\*2</sup> FORMATION OF THE EXECUTIVE BOARD AND AUDIT COMMITTEE ON 12/31/2022



# The Board of Directors is assisted by four committees

transformations underway. Luiza Helena Trajano, who presided over Magalu for 24 years, took over the presidency of the Board of Directors on January 1, 2016. Marcelo Silva, superintendent officer of the Company for six years, became vice-president of the body. And Frederico Trajano, until then Executive Officer of Operations, assumed the position of Chief Executive Officer (CEO).

**BOARD AND COMMITTEES**  
The Board of Directors is the body that charts the Company's strategic paths and plays the role of guardian of its principles, values, and governance system. For this, it has the support of four committees: Audit, Risks and Compliance Committee (CARC), Finance and Consumer Credit Committee (COFIC), People and Organizational

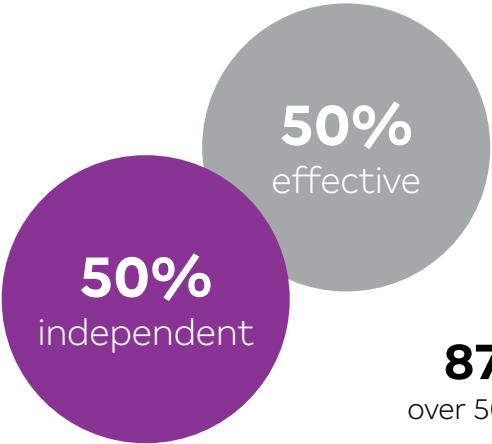
Culture Committee (COPEs) and Strategy and Innovation Committee (COE).  
The Audit, Risks and Compliance Committee, composed of three members, is a collegiate advisory and instructional body whose main responsibility is to advise the Board of Directors in supervising regulatory requirements related to the evaluation of externally disclosed financial statements; assessing the qualification, performance, and independence of the independent auditors; monitoring compliance with the requirements of laws and other regulations; and monitoring of management activities for the main corporate risks.  
The Finance and Consumer Credit Committee, made up of three members, is primarily responsible for advising the Board of Directors on policy guidelines and financial planning; in the definition of policies and adequate levels of indebtedness for the

Company's activities and in the monitoring of contractual covenants and guarantees; in the definition of policies for financial applications and investments; in monitoring of financial risks; and monitoring the activities of relevant affiliated companies.  
The People and Organizational Culture Committee, with four members, is responsible for advising the Board of Directors in the planning and development of people management strategies; establishing compensation and benefit policies for employees and managers; monitoring and evaluating the effectiveness of people management and ESG policies; and in the preservation of the Company's culture and values.  
Finally, the Strategy and Innovation Committee, made up of four members, advises the Board of Directors on the development of business strategies; in the definition and monitoring of long-term planning; and in the development of digital transformation and innovation strategies. All of Magalu's operational and strategic directions are endorsed by this Committee. The Strategy and Innovation Committee approves and advises on entry into new markets, on acquisitions or mergers, among other actions.

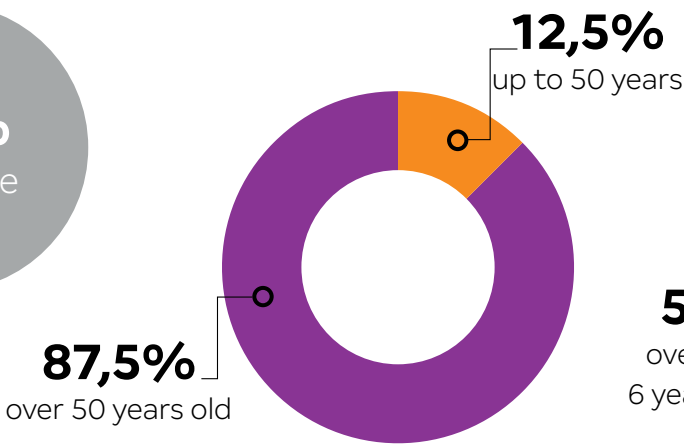
## X-RAY OF THE BOARD\*

The Board of Directors has eight members and is one of the few in the country chaired by a woman, Luiza Helena Trajano

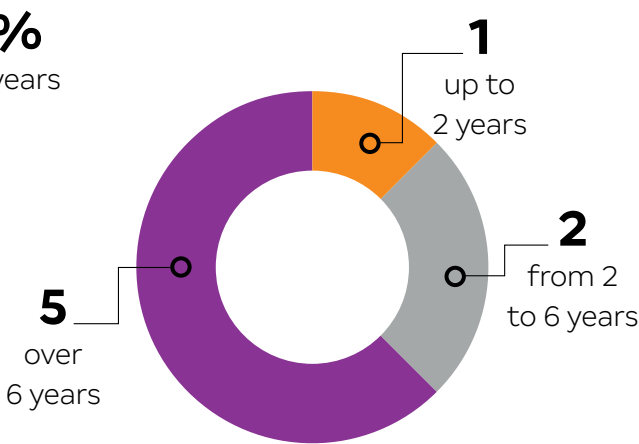
TYPE OF POSITION



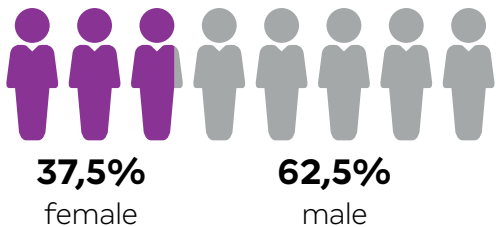
AGE GROUP



PERMANENCE TIME (NUMBER OF MEMBERS)



GENDER



COUNTRY OF ORIGIN



**GRI 2-10 CHOOSING THE TOP MANAGEMENT**  
Magalu has a Policy for Appointing Members of the Board of Directors, Advisory Committees and Statutory Board, approved in 2018 and which is currently under review. The document consolidates procedures that must be observed in the process of nominating members for the composition of the Board of Directors, its Advisory Committees, and the Statutory Board, in accordance with current legislation and with

\* FORMATION OF THE BOARD OF DIRECTORS ON 12/31/2022





# The Board and its committees undergo periodic evaluations

the best corporate governance practices. The Company is committed to make the nomination, disclosure of candidacies and election of members of the Board of Directors process easier, safeguarding the voting rights of all shareholders. The appointment of Board members considers criteria such as qualification, alignment with values and culture, complementarity of profiles and skills, diversity of knowledge, experiences, cultural aspects, age groups and gender, exemption from conflicts of interest that cannot be neutralized in accordance with the provisions of current legislation and best corporate governance practices. They are also requirements not to hold any management position in the Company and to have an unblemished reputation. When re-electing Board members, nominations must also consider good performance, attendance, and

dedication to the role in the previous term.

GRI 2-15

## HOW TO AVOID CONFLICTS OF INTEREST

To deal with conflicts of interest, Magalu adopts corporate governance practices recommended or required by law, including the guidelines of the Brazilian Code of Corporate Governance – Listed Companies and the Novo Mercado Regulations of B3. In addition, the company has mechanisms for managing conflicts of interest that can be identified in the Policy for Transactions between Related Parties, in its Bylaws and in the Internal Regulations of the Board of Directors. The objective is to ensure that all decisions, especially those involving related parties and other situations with a potential conflict of interest, are

taken in accordance with the interests of the Company and its shareholders. Thus, it guarantees transactions with independence and transparency. Magalu also has a Policy for Neutralizing Conflicts of Interest, which unifies the guidelines related to conflicts of interest and reinforces aspects related to accountability and consequences. The document covers all audiences, from management, employees and third parties to partners and suppliers. Check out the full policies [here](#).

GRI 2-18

## PERIODIC AND COLLECTIVE ASSESSMENTS

The Company uses mechanisms to assess the performance of its Board of Directors, advisory committees, and the governance secretariat on a collective basis. This process is coordinated by the People and Organizational Culture Committee and must be carried out at least once during the term of office of its members, obligatorily taking place once a year. The methodology currently practiced by the Company uses objective and subjective assessments by the Board of Directors and advisory committees. Based on the results of these assessments, Magalu implements action plans to improve the functioning of its management bodies. Corporate governance was designed and organized so that the company remains a reference in good management in the country, guaranteeing impartiality, control of information and transparency with all stakeholders, as well as the necessary diversity of experiences, opinions and knowledge that are applied in the driving the Magalu.

### HOW MAGALU COMPENSATES ITS GOVERNANCE STRUCTURE

GRI 2-19 | 2-20

The fixed and variable compensation policy of Magalu’s governance bodies follows the best market practices. Every year, the company participates in wage surveys with companies in the same sector and size. For fixed compensation,

Magalu uses the grid and band methodology, which evaluates the professional against the market. Variable compensation, in turn, is linked to monthly results related to the core of the business, while short-term incentives (bonuses) are

based on a management model with crossed and aligned goals between the various areas and related to strategic goals. All panels are divided into Corporate Goals, Strategic Goals for the Area and Behavioral Assessment and give rise to an individual note, which results in an annual distribution, with clear and meritocratic rules. The long-term incentive model is based on granting shares to employees and

managers through programs stipulated and approved by the Board of Directors. The executive compensation policy, based on market practices, is validated by the CEO and the members of the Board. The compensation of the Board of Directors, in turn, is based on market research and aims to ensure development opportunities and a balance between the company’s goals and business strategy.





The server room at the Company’s headquarters: Magalu follows international standards to define risk management criteria

*#descriptionofimage: A steel structure, in the form of a portal, is protected by glass decorated with pink prints of computer circuits*

In Magalu’s commitment to creating and preserving value for its shareholders, risk management plays a fundamental role. The objective is to identify, assess and prevent risks - internal and external - to which the company is exposed. This is done with the aim of guiding decision-making according to the risks that the organization is willing to take to achieve its objectives, within the limits established by senior management.

As evidence that it is on the right track, Magalu became part of B3’s Corporate Sustainability Index (ISE) for the first time in January 2022. The fact was repeated in early 2023, when the company was confirmed as one of the 70 organizations in the country that are part of the ISE, which indicates the average performance of the asset prices of companies selected for their recognized commitment to good

# Risk under control

GRI 2-12





Risk management is one of the aspects for inclusion in the ISE, an index of which Magalu is part

environmental, social and governance practices (ESG). Risk management is one of the aspects considered when choosing the companies that make up the index.

Magalu’s current Risk Management Policy was revised at the beginning of 2023 and establishes the guidelines and responsibilities related to the identification, analysis, and monitoring of risks, which are evaluated according to the probability of occurrence and their impact on the business, on Magalu’s image and reputation. Each decision must take into account the benefits, negative aspects and risks involved, measuring the relationship between impact and mitigation.

To ensure that the targets established in the planning are met, the Company identifies, monitors, and deals with strategic, operational, compliance, data security, and socio-environmental risks. Management is based on the culture that permeates the entire organization and on the existence of an independent area dedicated to the topic. The methodology used ensures that the Company is aware of the existing risks and those responsible for their control and management.

Every year, Magalu’s senior management establishes the tolerated level of risk “appetite” through guidelines, strategic goals and recommendations from the Audit, Risks and Compliance Committee (CARC) to ensure the effectiveness of the control system. The Company also understands that all employees are responsible for managing risks, which contributes to truly effective management.

IT’S ALWAYS BETTER TO BE SAFE

THE MAIN GOALS OF RISK MANAGEMENT

The Company’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 in the process of risk management suggested by the ISO 31000:2018 standard. The goals:

- + Increase the likelihood of achieving established goals
- + Improve the identification of opportunities and threats + Comply with policies, rules, and legal and regulatory requirements, with standardization of concepts and practices + Improve the reporting of information to the market to increase the confidence of stakeholders and ensure transparency for all stakeholders, market analysts and credit agencies
- + Ensure a reliable data base for decision-making and planning, with a dynamic and efficient flow of information
- + Effectively allocate and use resources to improve the control environment
- + Ensure that corporate governance is followed and critically analyzed
- + Prevent or reduce losses, with the involvement of all agents in the structure at some stage
- + Improve operational effectiveness and efficiency to increase resilience





**Luizalabs, at Arena Magalu: there were no complaints of violation of privacy or loss of customer data in 2022**

*#descriptionofimage: In the center, a large number 6 with a green outline, filled with transparent glass. Inside, there are led lights that light up the mockup. On the ceiling, there is a green sign that is lit and hanging where it says "labs". In the right corner, in a glass room, there is a man who wears a mask on his face and works on the computer*

# Cybersecurity taken seriously

GRI 3-3 | 418-1 | SASB CG-MR-230A.1

Brazil was the second country in Latin America to suffer the most cyberattacks in 2022: 103 billion invested. The survey, carried out by the cybersecurity company Fortinet, points out that the number of attempted crimes of the kind rose by 21% from one year to the next. Data protection has become crucial in any business because of the legal, financial, and reputational risks involved. In Magalu, it is no different. Among the mechanisms adopted to

guarantee the security of the technological environment and of the personal data processed by the Company are the systems for monitoring and preventing cyber-attacks, which have already proven to be adequate to the company's level of risk exposure.

The Integrity, Compliance and Money Laundering Prevention (PLD) area, Luizalabs (Information Technology) and the Legal Department are responsible for leading information security and data protection issues at Magalu. The guidelines and policies defined by these areas are put into practice by teams dedicated to developing and executing cyber and corporate security actions.

In 2022, in continuation of the assessments at affiliated companies, Magalu carried out security verification based on best practices recognized by the market and adopted action plans that raised the information security maturity of these companies. Thus, during the period, there were no known or reported incidents in Magalu. There were also no substantiated complaints regarding breaches of privacy or loss of customer data in 2022.

Finally, it should be noted that Magalu has institutionalized governance to ensure the protection of personal data and has the support of various monitoring and control mechanisms and instruments, which act to ensure that possible leaks of personal data, in its environment, are detected, treated, and reported in accordance with current legal and regulatory guidelines. Magalu, moreover, does not share customers' financial data, credit cards, telephone, or e-mail with any seller. The only data available are those necessary for issuing the invoice, which must accompany the product sold on the platform.



# Recognized good practices



AWARDS AND HONORS RECEIVED BY MAGALU AND ITS EXECUTIVES IN 2022



MAGALU

- + EFFIE AWARDS BRASIL**  
Big winner in the international award of campaigns, marketing, and communication strategies. The most important trophy, Grand Effie, went to the case “Lu do Magalu: a maior influenciadora virtual do mundo” (“Lu from Magalu: the biggest virtual influencer in the world”). The company also received the Gold trophy in the Influencer and Social Media categories.
- + LU, THE BIGGEST IN THE WORLD**  
With more than 30 million followers on social networks, Lu, from Magalu, has become the biggest virtual influencer in the world, according to the Virtual Humans.org website.
- + GOLD LION IN CANNES**  
Lu, from Magalu, won the Gold Lion at the Cannes International Creativity Festival, in France, in the Social and Influencers category.
- + BEST COMPANY TO WORK FOR GREAT PLACE TO WORK**  
Magalu was elected the best company to work for in Latin America among large companies.
- + BEST WORKPLACES**  
Magalu and Netshoes were among the top five companies in the Retail

Magalu at the Cannes International Festival of Creativity in France: Gold Lion in the category that highlights the inventive use of social media

*#descriptionofimage: At the bottom of the photo, there is a green screen where the word “Cannes Lions” is written. In the foreground, four people are standing. There are three men and one woman. The woman and man to her right hold a golden trophy. Everyone smiles*



category, in the Infojobs award, which recognizes companies that invest in employee satisfaction.

- + RECLAME AQUI AWARD**  
Among 1,756 companies, Magalu won five trophies in the E-commerce categories, with Época Cosméticos (beauty, aesthetics, and cosmetics), Estante Virtual (books), KaBuM! (informatics), Netshoes (sporting articles) and Consórcio Magalu (consortia).
- + CONSUMIDOR MODERNO AWARD**  
Large winner of the Company of the Year category of the Consumidor Moderno (Modern Consumer) Award for Excellence in Customer Services. It also received awards in E-commerce, Marketplace, and Electronic Goods Retail.
- + IBEVAR AWARD**  
Magalu received from the Brazilian Institute of Retail & Consumer Market Executives (Ibevar) the awards for the most efficient company and most admired by employees in the electronic goods and furniture segment.
- + MERCO AWARD**  
It is the retail company with the best reputation in Brazil, according to the Corporate Reputation Business Monitor (Merco). Among companies from all sectors, it ranks third.
- + BUSINESS OF FASHION**  
The Beauty & Fashion executive officer, Silvia Machado, was among the 500 most important personalities.
- + NPS AWARDS**  
Received the Net Promoter Score award, which measures customer satisfaction,



Luiza Helena Trajano receives the Person of the Year award from the Brazil-United States Chamber of Commerce: third woman to win the distinction, created half a century ago

*#descriptionofimage: A woman stands behind a transparent pulpit with a golden plaque. She wears a long blue dress and holds a white paper. In the background, a screen written Brazilian American Chamber of Commerce, INC, in white. Behind, in red, the year 2022*

LUIZA HELENA TRAJANO

- + PERSONALITY OF THE YEARO**  
She was named Person of the Year by the Brazil-United States Chamber of Commerce, in New York, in 2020. The delivery of the prize had been postponed for two years due to the COVID-19 pandemic.
- + RETAIL HIGHLIGHTS**  
Honored at the Sociedade Brasileira de Varejo e Consumo (SBVC) award.
- + MERCO AWARD**  
First place, for the fifth consecutive year, in the ranking of leaders of the Corporate Reputation Business Monitor.

FREDERICO TRAJANO

- + VALUE EXECUTIVE VALOR ECONÔMICO**  
Winner of the Executive of Value award in the Digital Transformation category.
- + MERCO AWARD**  
It was among the four leaders with the best reputation in the country in the Corporate Reputation Business Monitor ranking.

Retail Edition, in the Appliances, Furniture, and Decoration category.

- + E-COMMERCE BRAZIL AWARD**  
Won three trophies: Most Admired E-commerce, Customer Experience (for Pedro Alvim, senior manager of social networks and influence) and Professional of the Year (for Luís Fernando Kfourir, logistics officer at the time).
- + NIQ EBIT AWARD | OMNI CONSUMPTION IN BRAZIL**  
Appointed as the Most Beloved E-commerce by the public.
- + SBVC RETAIL HIGHLIGHTS**  
Awarded by the Sociedade Brasileira de Varejo e Consumo in the categories of largest e-commerce company

and largest department store.

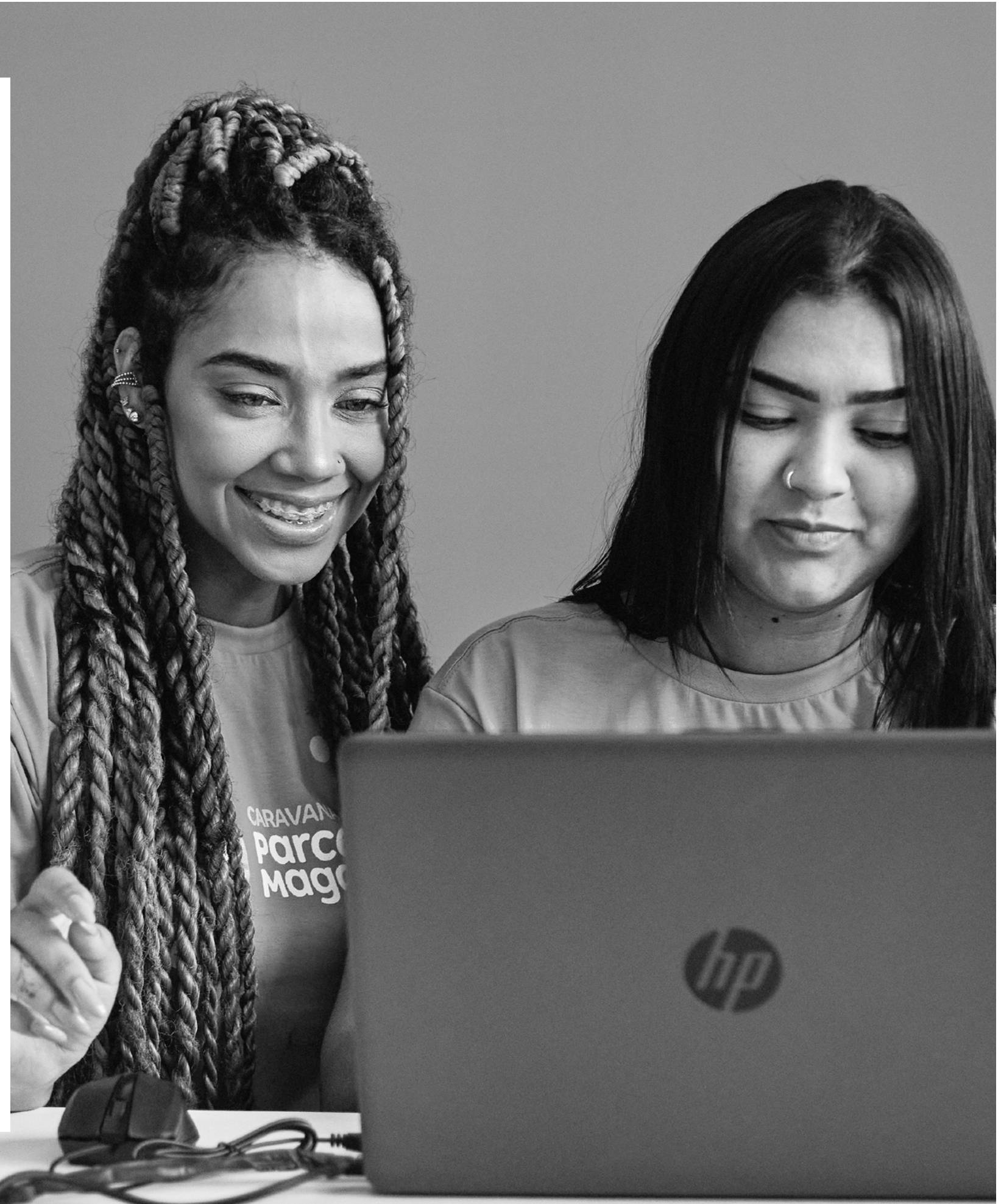
- + BETTER ESG GUIDES | EXAM**  
Highlight of the year in the Wholesale, Retail, and E-Commerce category.
- + DATA HACKERS AND BAIN COMPANY**  
Third most admired company by data professionals, according to State of Data Brazil 2022.
- + DIGITAL AWARDS**  
Magalu SuperApp was elected the best e-commerce app by the Digital Awards, which reward the Brazilian virtual scene.
- + HR TOP OF MIND**  
The company was recognized as a leader in Diversity and Inclusion in the global fashion market.



# 3

## The challenge of including

Digital Inclusion and Entrepreneurship  
Donations and Private Social Investment







The Magalu Caravan truck, in Maceió: democratization of digital retail

*#descriptionofimage:*  
A truck from Magalu, with an image of Luiza Helena Trajano, circulates in the center of the capital of Alagoas

# The digital inclusion caravan

GRI 2-6 | 3-3



Accelerated by the pandemic, digital transformation is increasingly a path with no way back. In retail, the number of consumers using digital channels to make their purchases exploded during the health crisis and continues to grow. According to data from the Brazilian Electronic Commerce Association (Abcomm), around 84 million people made purchases over the internet in the country in 2022. In 2019, the year before the start of the COVID-19 pandemic, there were 68 million. E-commerce business revenues in the period rose from 90 billion to 170 billion Brazilian Reais – a rise of almost 90%. It was the closure of physical retail, during the worst



# Sellers sold 15 billion Brazilian Reais in 2022

moments of the COVID-19, which made it clear that the digitalization of small retailers is no longer an option – but a matter of long-term survival and a path to growth.

Magalu played a relevant role in the digitalization of Brazilian retail by launching, in March 2020, a few days after the World Health Organization declared the pandemic, the Parceiro Magalu program, which allowed the 100% analogue retailer to use its digital platform to reach consumers across the country. Currently, the Parceiro Magalu represents around 65.3% of the Company’s marketplace. At the end of 2022, the program had 260,000 sellers, who together were responsible for 15 billion Brazilian Reais in sales.

There’s room for so much more. Brazil currently has around 6 million small- and medium-sized retailers, of which only 5% sell their products over the internet. Promoting the digital inclusion of analog shopkeepers is one of Magalu’s strategic objectives, which in 2022 took new steps in

this direction. The biggest initiative was the launch of Magalu Caravan, which has been touring several cities in the country to show entrepreneurs from all sectors that selling on the internet is much easier and safer than they imagine – and that the Magalu marketplace has all the tools they need to explore e-commerce and grow with it.

Magalu Caravan was inspired by the old electoral campaign format, in which candidates went from city to city holding rallies to win the vote of voters. In the case

## EXPANDING BUSINESSES

EVOLUTION OF THE NUMBER OF OFFERS AND PARTNERS IN MAGALU MARKETPLACE



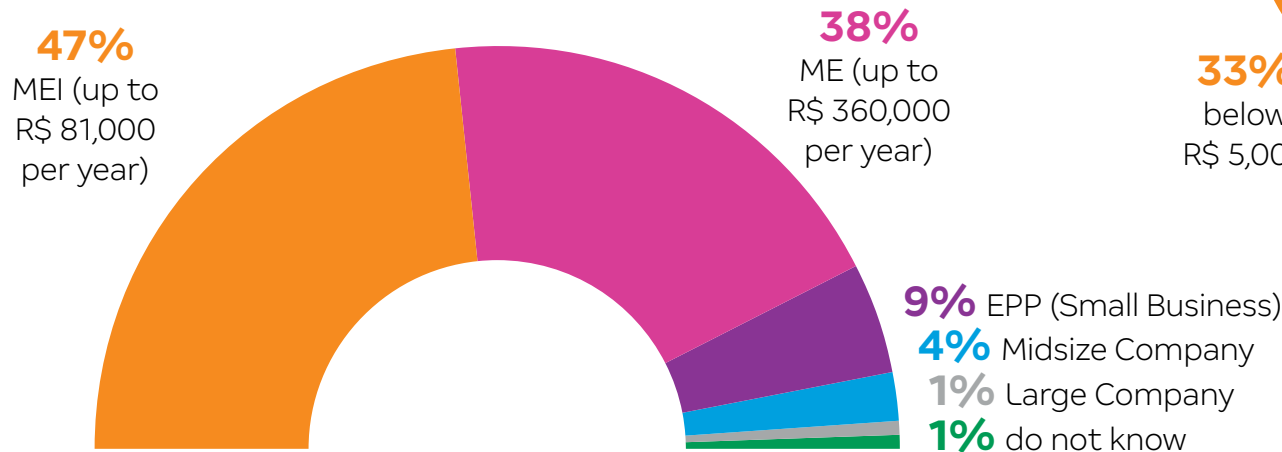


# PROFILE OF PARCEIRO MAGALU (MAGALU PARTNER) RETAILERS

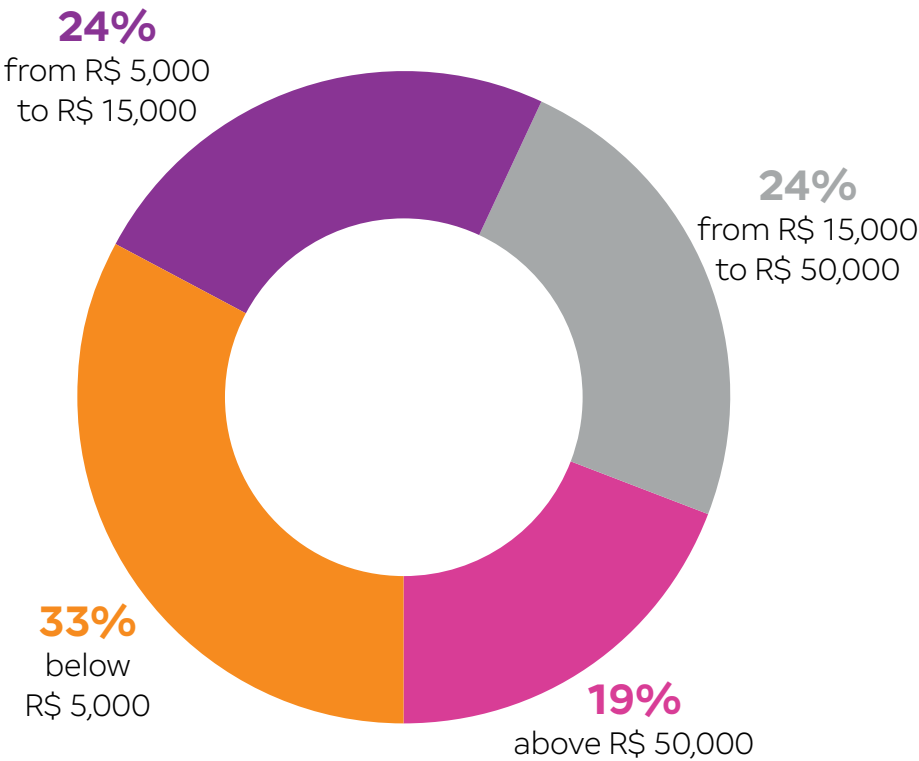
THE LOCOMOTIVE INSTITUTE MAPPED THE PROFILE AND CHARACTERISTICS OF THE RETAILERS THAT ARE PART OF THE MAGALU PARTNER. FOLLOW THE RESULTS\*

TOTAL INTERVIEWEES: 2,041  
COVERAGE: NATIONAL

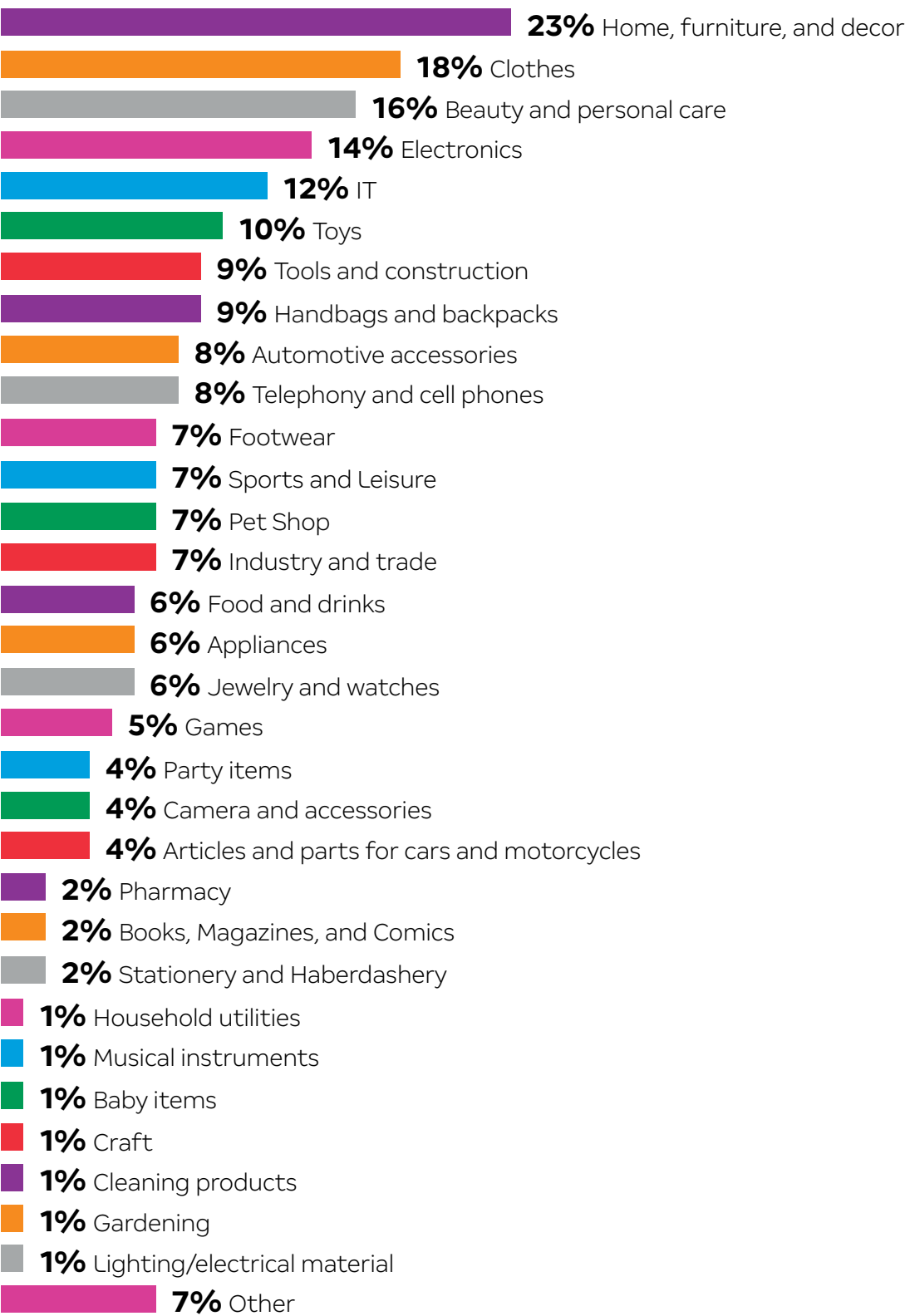
## WHO ARE THE MAGALU SELLERS\*



## MONTHLY BILLING



## ACTIVITY BRANCHES

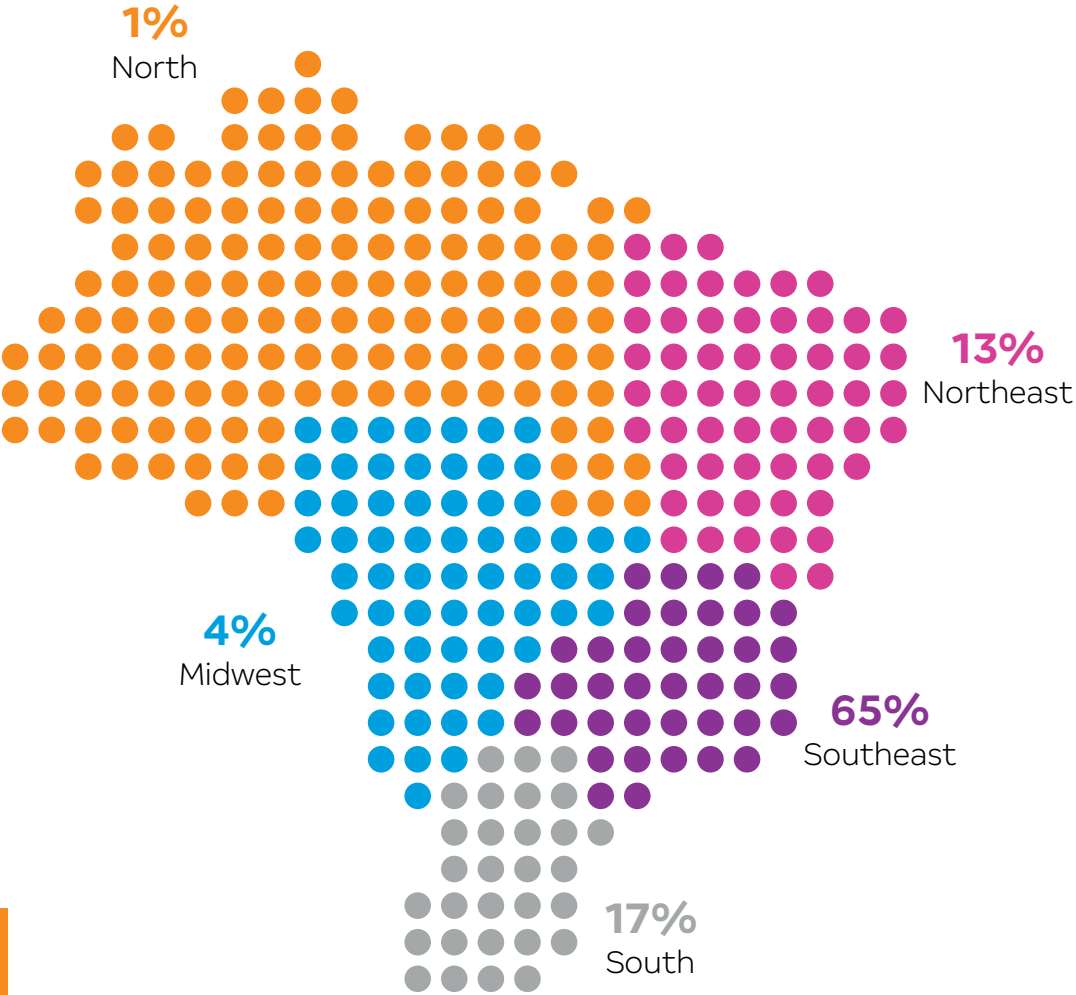


ONLINE QUANTITATIVE SURVEY, SENT TO THE MAGALU PARTNER'S RETAIL BASE  
\*DECIMAL NUMBERS HAVE BEEN ROUNDED, WHICH MAY LEAD TO TOTAL RESULTS OF 99% OR 101%

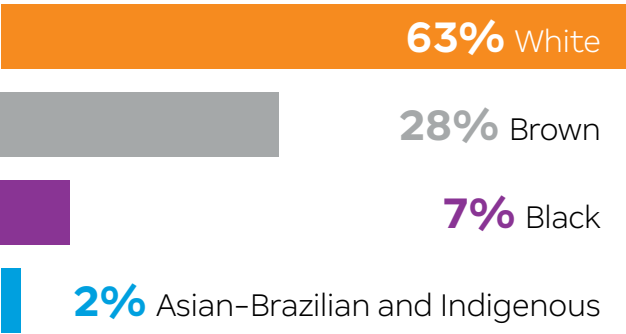




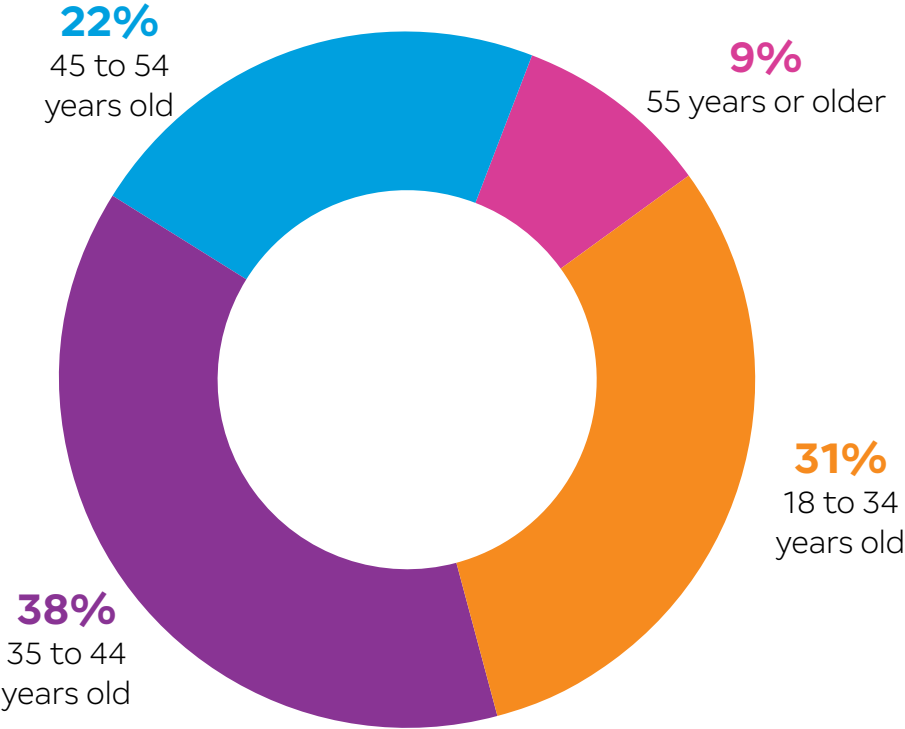
GEOGRAPHIC DISTRIBUTION



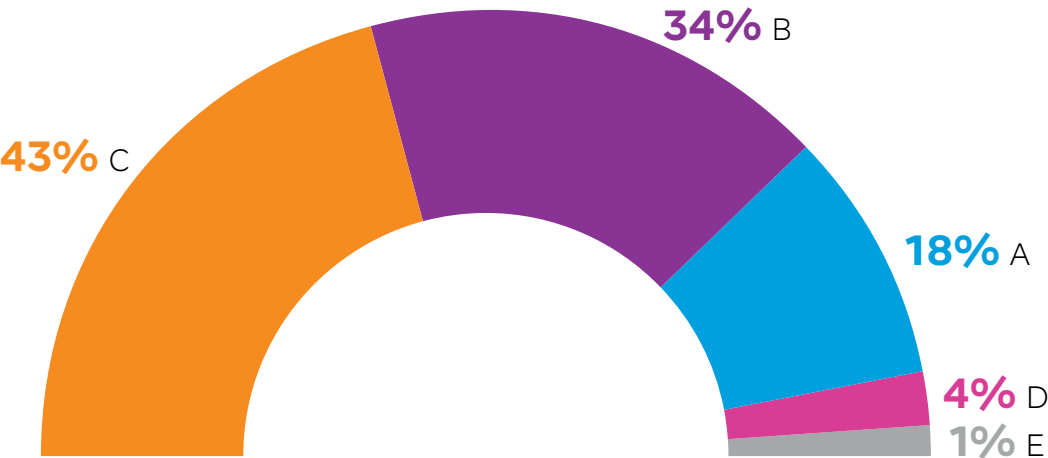
RACE



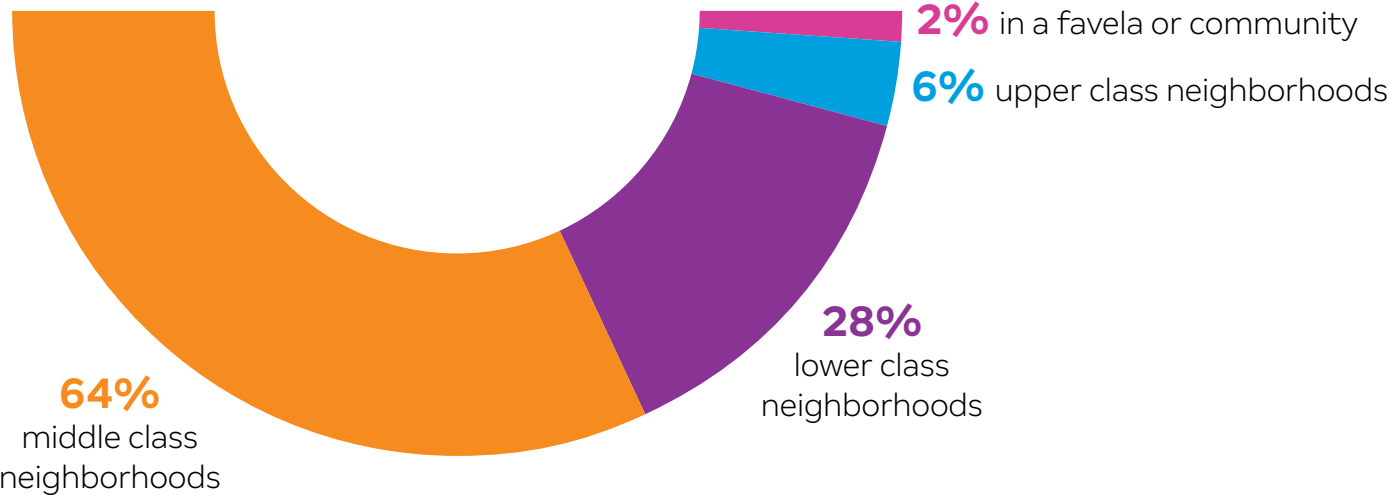
AGE GROUP



SOCIAL CLASS



WHERE DO THEY LIVE?



STRUCTURE OF COMPANIES

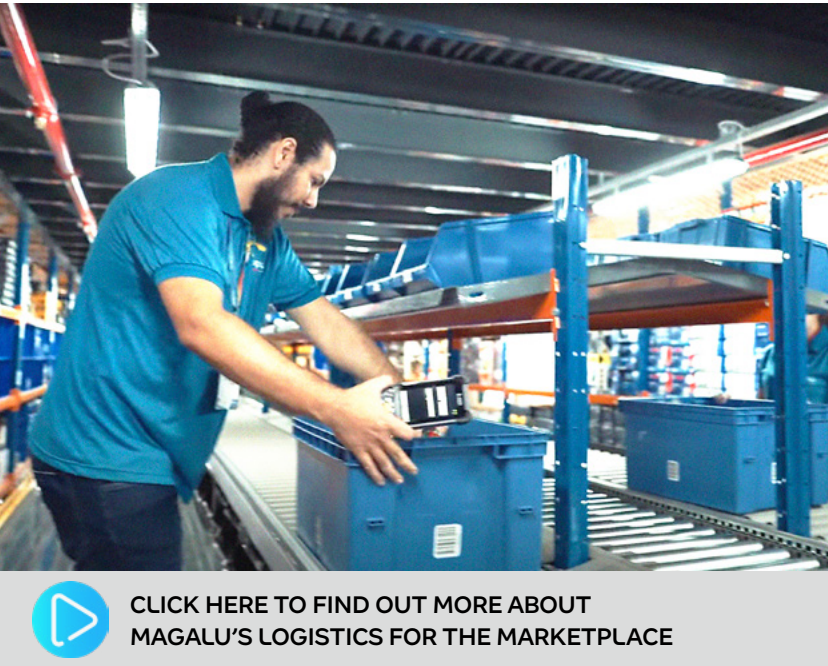
22% of entrepreneurs have partners – in most cases, family members

43% have employees

GENDER







of Magalu, the idea is to show retailers the opportunities provided by digital channels, while the Company captures new partners for its marketplace. The first city to receive the caravan was Maceió, in May. The event was attended by Luiza Helena Trajano, chairwoman of the Board of Directors and sponsor of the Caravan, and Frederico Trajano, CEO of the Company. A team of employees from different areas of Magalu was in the capital of Alagoas to help local retailers learn about the features of Magalu Marketplace – from registering products on the platform to payment and delivery services. Entrepreneurs were also received at Magalu stores and on the Magalu Truck, a truck that circulated around the city with a team prepared to answer retailers’ questions.

In addition to Maceió, Magalu Caravan has already been to João Pessoa (PB), Recife (PE), Sorocaba (SP), Piracicaba (SP),



Magalu Marketplace has more than 24 million customers

Team of Magalu Caravan attendants trained to answer questions from local retailers

*#descriptionofimage: Group of women positioned in front of notebooks to provide information to Magalu Caravan participants among entrepreneurs*

Limeira (SP) and São José dos Campos (SP). During the events, entrepreneurs who register on the marketplace can enroll in UniMagalu’s exclusive training courses. There are 17 free courses, such as the first steps of online sales, product photography and inventory management. In 2023, the Caravan leaves for new cities in the country.

According to a national survey carried out in March 2022 by Instituto Locomotiva with 2,041 sellers from Magalu, 47% of them

are individual microentrepreneurs (MEI), with revenues of up to 81,000 Brazilian Reais per year, and 38% are microentrepreneurs (ME), earning up to 360,000 Brazilian Reais per year. Of this total of respondents, 43% are women and 35% declare themselves to be black – indicating that Magalu’s effort to digitize Brazilian retail can also be a powerful means of promoting gender and racial diversity among entrepreneurs.

The Magalu Marketplace works like a

virtual mall and gives shopkeepers of all sizes the opportunity to have a shop window in this space. The partner who registers his store on the platform can create a product catalogue, manage this catalogue, offer promotions, update the product offer, answer customer queries, check orders and sales made and dispatch the goods sold to consumers.

In addition to having the strength of an established brand in the market, with a base of more than 37 million customers,



Magalu Marketplace favors the work of the seller by offering the most modern business management resources. The partner can connect their store to Magalu’s sales channels (website, app, and physical stores) and sell their products simply, without paying a membership fee or monthly fee. You can easily manage your business, tracking the results through various reports. Finally, you can only worry about sales, since Magalu Entregas, the marketplace’s order delivery system, is in charge of distributing the products to customers – the service is free for sellers, since the customer pays the shipping directly to Magalu.

On the other hand, to be part of the Magalu Marketplace, the retailer must strictly follow all the rules to respect consumer rights and guarantee the fairness and transparency of the business. For this, he is submitted to a strict selection policy, which includes checking the CNPJ and the corporate structure of the company at different levels. The process involves consulting and monitoring alert, restrictive and public sanctions lists, and bodies that monitor irregularities. Before being admitted to the marketplace, the company must also have its products compatible with registration in the National Classification of Economic Activities (CNAE). About 10% of companies are blocked in this analysis phase.

Once admitted to the marketplace, the seller has their sales monitored by the platform, which compares the order information with the invoice data sent to

## IMPACT BUSINESS

At the age of 6, Thais Ramos, from Paraná, started straightening her hair. After two decades of constant use of chemical products, the threads became fragile and damaged, to the point of undermining her self-esteem. Thaís then began to look for an alternative. After months of research and testing, she realized that the problem was not just hers and there was an opportunity in the market. She pooled her savings and, in October 2016, opened De Benguela, a beauty tech specializing in natural curly hair threads for hair extensions and weaves, which allow changing the look without resorting to chemicals.

Named after an 18th-century Quilombola leader, De Benguela sells its products throughout Brazil through a single marketplace: Magalu. The company is part of Mundo Social, an initiative launched in 2019 to include and digitize businesses with a socio-environmental impact.

In December 2022, Mundo Social had 85 sellers, who sold more than 2,000 products in eight categories, such as beauty, vegan products, clothing, and crafts. The joint revenue of these entrepreneurs on the platform exceeded 1 million Brazilian Reais.



CLICK HERE AND LEARN THE STORY OF THAIS RAMOS, OWNER OF BENGUELA AND SELLER DO MUNDO SOCIAL



CLICK HERE AND KNOW THE STORY OF JAMINHO, MAGALU SELLER, FROM MACEIÓ

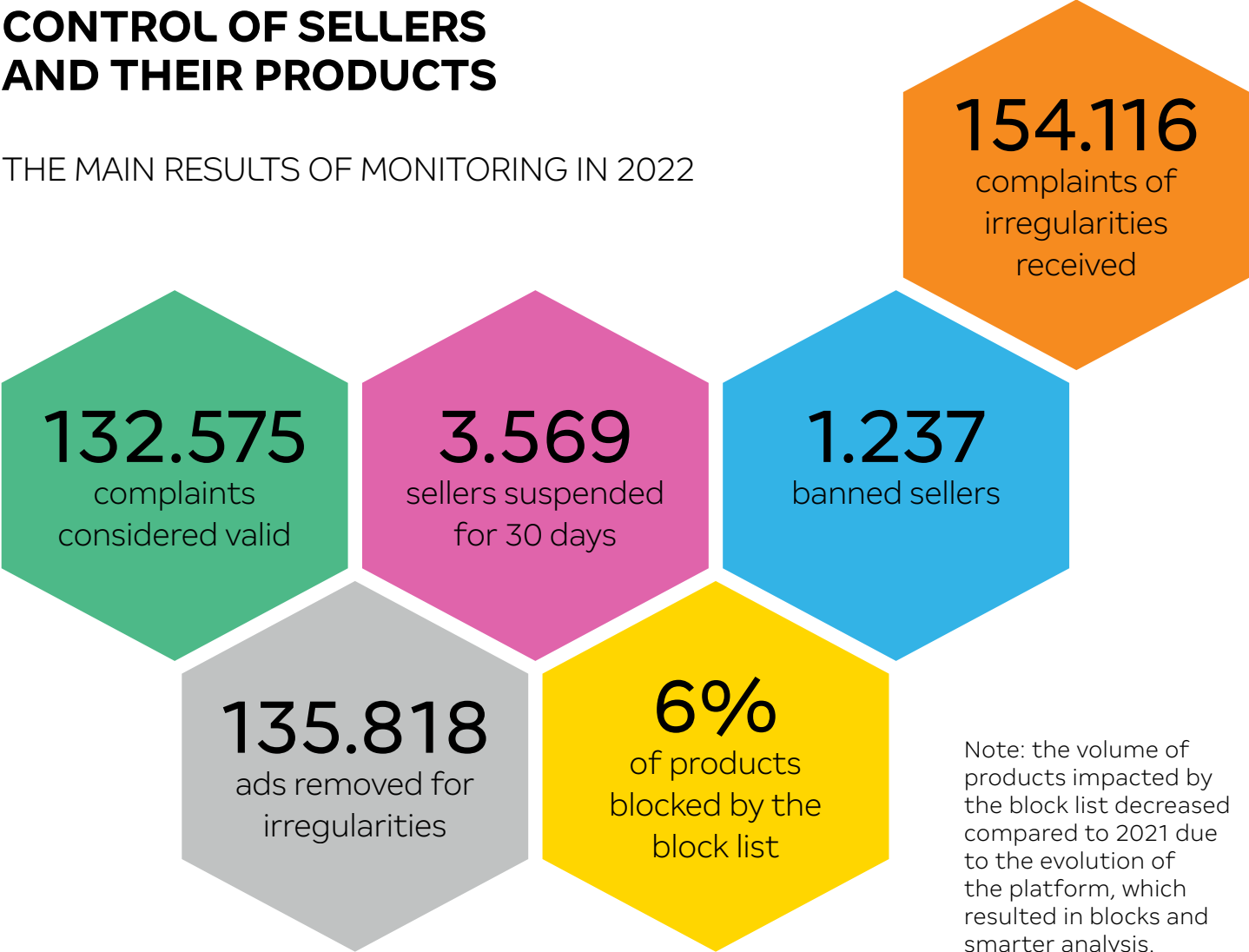


CLICK HERE AND MEET FREDERICO DOS REIS, SELLER FROM TAUBATÉ (SP)



CONTROL OF SELLERS AND THEIR PRODUCTS

THE MAIN RESULTS OF MONITORING IN 2022



the Treasury Department. The comparison of the two documents prevents tax evasion through illicit mechanisms, such as the reuse or under invoicing of bills. Another rule of the marketplace concerns products that cannot be sold on the platform – they are the so-called non-negotiables, which include items such as firearms, electronic cigarettes, and

medicines, in addition to goods without an invoice, counterfeit, of illegal origin, illicit or that encourage pornography. In addition, Magalu adopts measures to prevent and combat the sale of these items through a block list, which in 2022 barred 6% of sellers’ products. The list contains guidance from regulatory agencies, such as Anvisa, Inmetro and Anatel, as well as information passed on

by brands that are often victims of product smuggling or counterfeiting. A company that manufactures videogames, for example, can send Magalu a list of authorized resellers. Thus, sellers outside the list will not be able to sell a device that has been smuggled. The Brand Protection Platform (BPP) is also an instrument used to prevent the sale of pirated, smuggled or products that violate intellectual property. BPP is offered by Magalu to manufacturers so that they can check the website and SuperApp offers. If they find a suspicious product offered by someone who knows how to read it, the manufacturer activates the Brand Reporting Channel. From there, the marketplace team verifies the product and the seller, who may have to present the purchase invoice for the item, for example. Currently, around 370 companies in the electronics, clothing, and sports footwear segments, among others, use BPP. The monitoring of possible illegal products is complemented by a contracted consulting company that carries out permanent sweeps in the marketplace. The inspection is carried out using several databases that track the information provided, such as discrepant prices and irregular product batches. Finally, Magalu maintains the marketplace’s Reporting Channel on its website. Through this channel, anyone can report the sale of illegal, counterfeit, or suspicious products. The channel also receives reports of any type of infringement committed by sellers. Magalu’s policy establishes that, in

The platform prevents the sale of pirated or contraband products

the first proven infraction committed by the partner, a warning must be issued, accompanied by guidance. In the second infraction, the seller has the store inactivated for 30 days. On the third breach, the seller’s contract has been definitively terminated. In 2022, the Magalu Marketplace Reporting Channel received 154,116 communications of irregularities, of which 86% were considered valid. As a result, 135,818 ads were removed, 3,569 sellers were suspended for 30 days, and 1,237 sellers were banned from the platform.





# From: Magalu To: Society

GRI 203-1 | 203-2 | 413-1

Magalu employees and their families during a volunteer action in Franca (SP)

*#descriptionofimage: In an open-air patio during the day, more than 160 people gather with colorful clothes and glasses hanging around their necks*

Magalu gave traction to social investments throughout 2022, whose main objectives are to promote development and improve the living conditions of vulnerable communities in the country. For the actions to have an effect, however, a challenge must be overcome: ensure that the donated goods actually reach those who need it most.

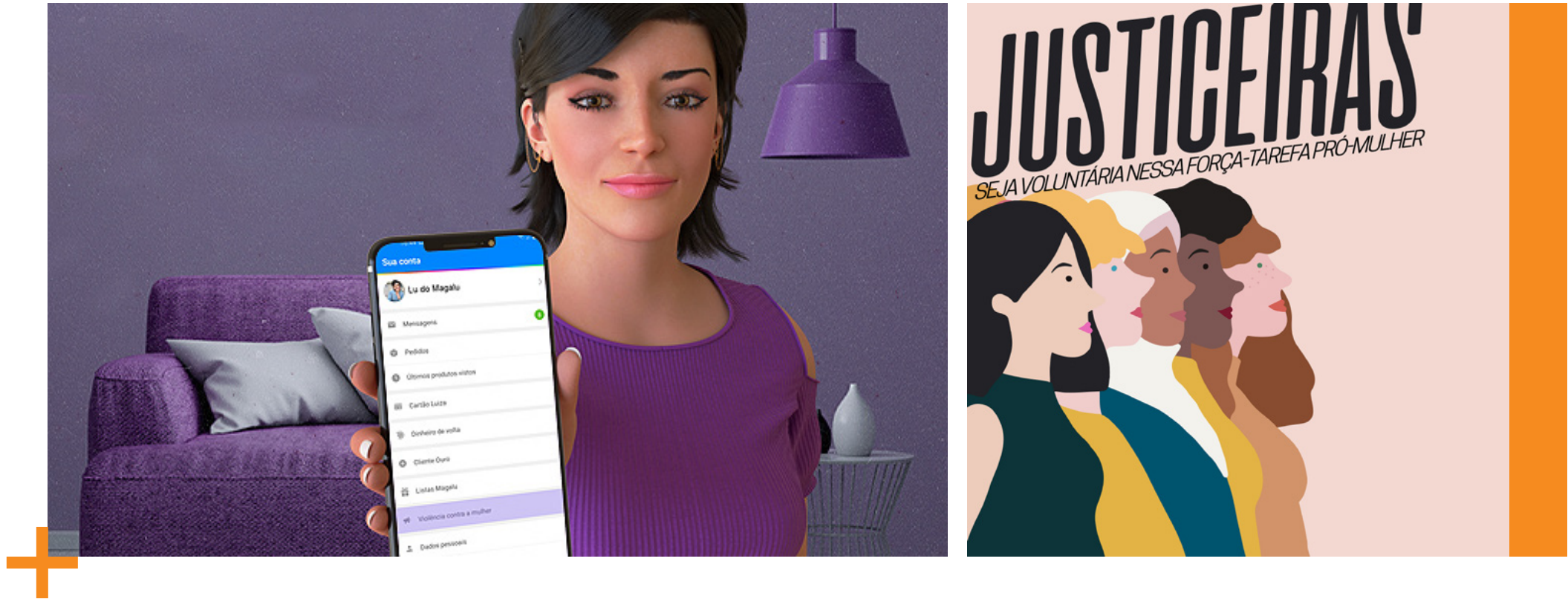
Throughout the year, Magalu donated more than 2.7 million Brazilian Reais and the Company’s controlling families 1.9 million Brazilian Reais for social purposes. These 4.6 million Brazilian Reais were directed to various NGOs and non-profit institutions, on different fronts. As a result, the Company and its controllers, every four days, made a donation that benefited an average of 21,560 people in nine states. There were 52 tons of food for actions to combat hunger and 553 pieces of equipment, among dozens of other products for public hospitals. Magalu also contributed with almost 4,000 items – beds, mattresses, appliances, and toys –, donated to families in needy communities or in situations of public calamity.

In parallel, in March, Mempodera Magalu was launched, a training and qualification program whose purpose is to distribute 10,000 full scholarships to women victims of domestic violence. Developed and taught by ComSchool, an education platform that is part of the Magalu Ecosystem, the project offers four knowledge modules, with more than 13 hours of classes over the internet. In the last phase of the course, the theme was female empowerment, with classes given by specialists such as Silvia Chakian, prosecutor of the Public Prosecutor’s Office of the state of São Paulo, Maira Liguori, director of the NGO Think Olga, and Viviana Santiago, specialist in diversity and inclusion. The objective of the initiative is to





2022  
donations  
benefited  
more than  
21,500 people



Lu, from Magalu, campaigns for the SuperApp button that directs victims of violence to the NGO Justiceiras (to the right)

*#descriptionofimage: In the first image, the virtual influencer shows the cell phone screen, in front of a sofa and a lamp. She is in purple, just like the decor. In the other image, an illustration of women with different biotypes where it appears written “Justiceiras (vigilante women): volunteer in this pro-women task force”*

qualify women who are financially dependent on violent partners or ex-partners.

The grants are being allocated through nine entities that work on the front lines of combating violence (see chart). Each of these organizations received tablets to be used by women who lack digital resources. The initiative had an investment of 161,000 Brazilian Reais.

In order for the whole gear to work, a committee was created, led by the Chairwoman of the Board of Directors, Luiza Helena Trajano, and with the participation of representatives from essential areas for the operationalization of donations. The body meets monthly to thoroughly approve all requests for donations, monitor the essential indicators of this work front, guarantee the purchase of items locally – to benefit the region’s trade – and control the delivery of each donation made.

**WOMAN’S CHANNEL**

Magazine Luiza experienced a case of femicide in June 2017, when a store leader was killed by her partner. After this episode, the chairwoman of the Company’s Board of Directors, Luiza Helena Trajano, launched the Woman’s Channel: an internal and confidential communication platform to serve effective employees and service providers. In addition to assisting the victims themselves, the channel is open to any employee willing to inform the Company about colleagues, leaders and subordinates who are experiencing domestic violence.

Complaints are received by a third-party company, which is forwarded to Magalu’s Integrity area. Woman’s Channel has an internal committee that discusses all cases and takes care of their referral until the moment when the employee

manages to leave the cycle of violence or the aggressor is judged by the Justice. Throughout the process, public tools are used, such as the Specialized Police Station for Victim Assistance and municipal networks to support women. Magalu also supports, with financial resources, women who need to pay rent to leave the house where they live. The Company also offers support in case of food vulnerability and transfer of workplace, so that the victim stays away from the aggressor.

From 2017 to 2022, Woman’s Channel received 899 reports of violence against female employees. In 2022 alone there were 170 cases.

**JUSTICEIRAS**

In 2021, the expansion of tools to combat violence against women was announced, with the inclusion of a button on the Magalu

SuperApp that receives complaints and directs them to the Justiceiras project, a program that offers multidisciplinary support to victims within 24 hours of the complaint. The project relies on volunteers in the areas of law, psychology, social assistance, medicine, and a support network able to attend virtually different situations.

Justiceiras guides women in situations of violence in registering police reports and requesting protective measures, in addition to informing, strengthening, and encouraging those who are suffering any type of abuse or aggression at home.

Throughout 2022, through the SuperApp button, 222 women were assisted, with a record of 43 cases of high severity, 99 of medium severity and 102 victims made their first request for help. The informers are predominately black and brown women (60%), aged between 31 and 40 years.



# INITIATIVES TO SUPPORT WOMEN

## JUSTICEIRAS

THE PLATFORM OFFERS A MULTIDISCIPLINARY WELCOME AND SUPPORT SERVICE TO ATTEND, WITHIN 24 HOURS, VICTIMS OF VIOLENCE

222

women assisted

213

cases forwarded

102

authors of occurrences who made their first request for help via Justiceiras

20,2%

of high severity cases

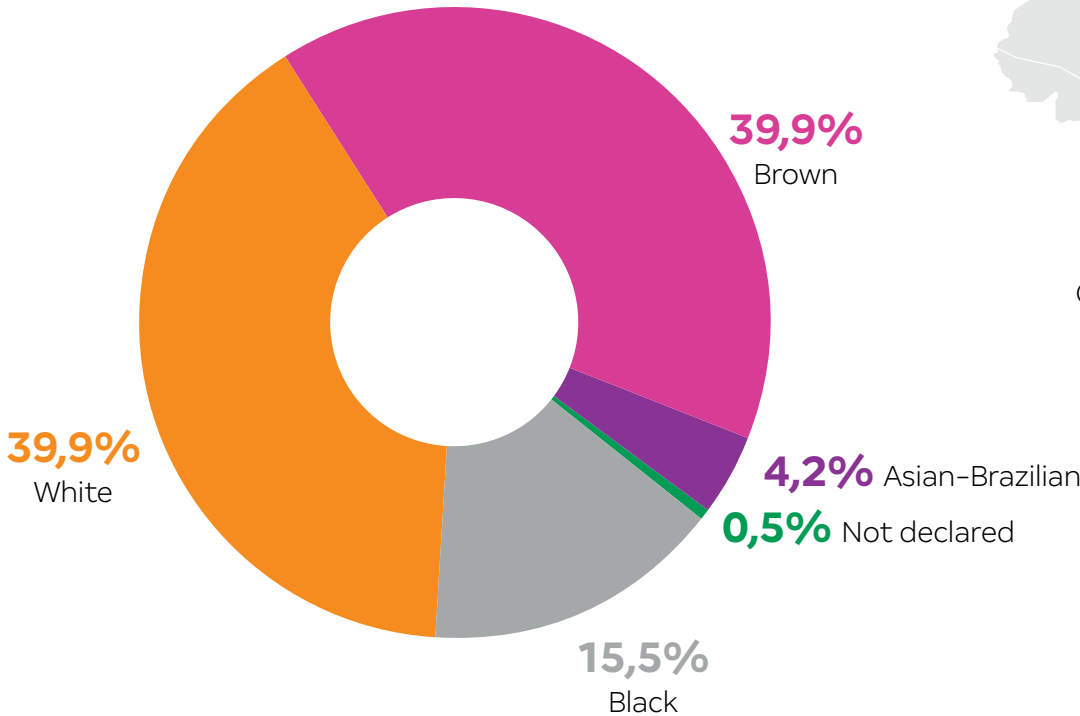
46,5%

of medium severity cases

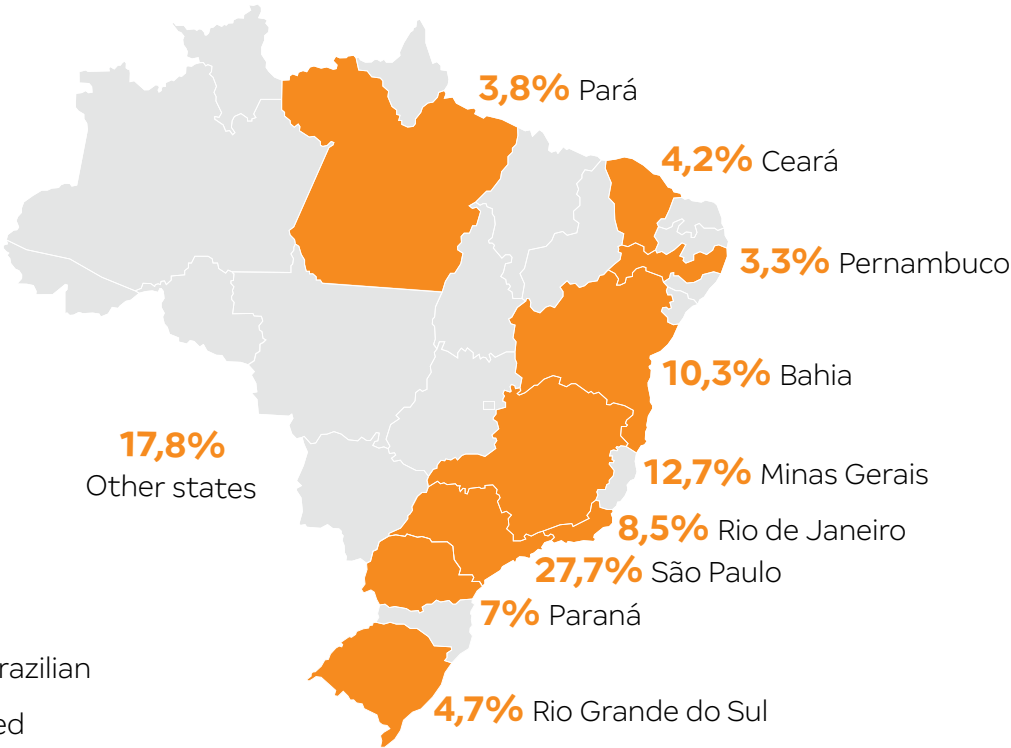
33,3%

of low severity

### PROFILE OF VICTIMS



### WHERE DID THE COMPLAINTS COME FROM (BY STATE)



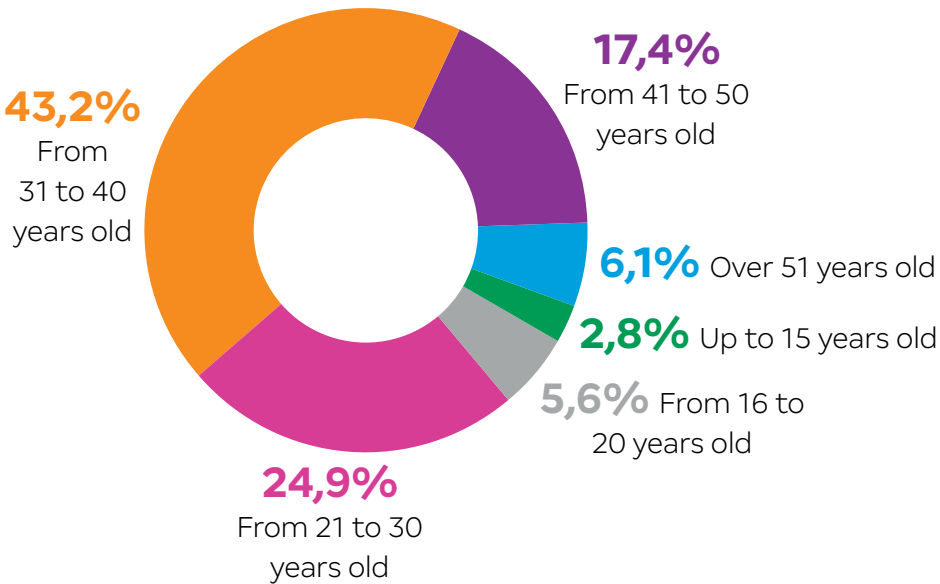
## WOMAN'S CHANNEL

INTERNAL, CONFIDENTIAL AND CONFIDENTIAL MEDIA OF COMMUNICATION, FOCUSED ON SERVICE TO EFFECTIVE EMPLOYEES AND SERVICE PROVIDERS WHO WORK IN MAGALU'S FACILITIES

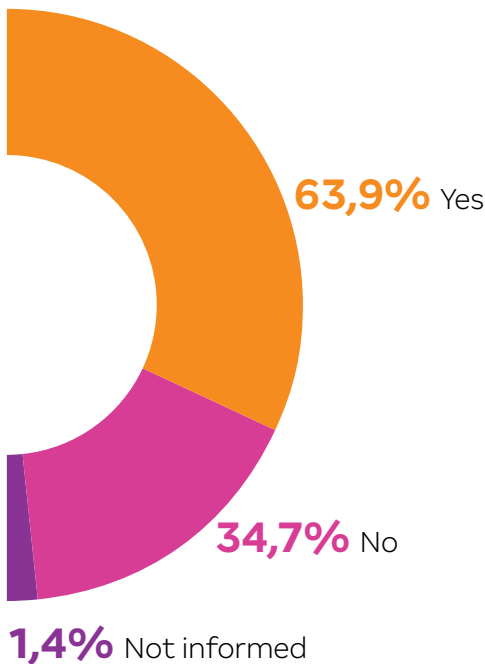
From 2017 to 2022, the channel received **899** reports of violence.

Only in 2022 there were **170** cases

### AGE



### HAVE CHILDREN UNDER THE AGE OF 16



### TYPE OF AGGRESSION\*



(\*) Answers can be multiple



# 4

## Integrity as a value

Ethics and Transparency  
Client Satisfaction  
Our Employees  
Diversity and Inclusion  
People Management and Development  
Human Rights in the Value Chain







Internal event for employees: there were no reports of corruption in 2022

*#descriptionofimage: In the background, a large blue screen with the word “anti-corruption” written on it. On stage, a woman gives the presentation. There is a catwalk that connects the stage to the audience formed by several people dressed in blue, white and black T-shirts*

# Integrity without compromise

GRI 2-23 | 2-24 | 2-26 | 3-3 | 205-1 | 205-2



Some attributes do not allow compromise. Nobody is relatively ethical or partially honest, for example. Likewise, half integrity is nonsense. Being honest means acting in accordance with ethical, moral, and legal principles, remaining faithful in all situations, without gaps or exceptions. Integrity is a characteristic that has guided Magalu’s activities since its foundation. The guidelines and actions to ensure ethical behavior were systematized with the launch of the Integrity Program in 2017. The objective is to reinforce the motto “What is right is right” and guarantee the highest level of smoothness throughout the Magalu Ecosystem. The initiatives are



# Integrity policies undergo periodic review

based on four connected principles: ethics, transparency, compliance, and legality.

The Company has several policies that deal with responsible business conduct, with emphasis on five documents: Integrity and Anti-Corruption Manual, Code of Ethics and Conduct, Conflict of Interest Neutralization Policy and Gifts, Gifts and Hospitality Policy. Approved by the Board of Directors, these policies are reviewed periodically and apply to all employees and stakeholders, including managers and shareholders. The application of principles and values also extends to the chain of suppliers, partners and other third parties – to relate with Magalu, they must formally assume the commitment to respect all the guidelines of probity and transparency established by the Company.

**CONTINUOUS PRACTICE**

To make it clear that it rejects any misconduct, Magalu created some slogans that reinforce the importance of integrity in everyday life, such as: “Don’t make excuses, lead by example”; “Wrong is Wrong”; “Any exception to what is right is definitely a setback”; “Hand goal doesn’t count” and #magaluattitude.

The purpose established in the Code of Ethics and Conduct and in the Integrity Manual is reflected in concrete actions and practices by the Company. The ongoing process of developing this agenda falls under the responsibility of two areas: Sustainability and Reputation (for external communication actions) and Compliance, Integrity and PLD (which manages all actions that support

## NON-NEGOTIABLE

**WHAT ARE THE NON-NEGOTIABLES?**  
These are conducts that are not accepted at Magalu, under any circumstances and under any circumstances, subject to dismissal for just cause.

- WHAT ARE THE NON-NEGOTIABLES?**
- + Cause loss to the customer or the company
  - Corrupt practices
  - + Discrimination of any nature
  - + Moral and sexual harassment or getting involved with subordinates
  - + Using Magalu information or personal data of customers and/or employees improperly

**WHY DO NON-NEGOTIABLES EXIST?**  
The objective is to highlight behaviors that seriously harm the Company’s values.

## LOOKING THROUGH A MAGNIFYING GLASS

The marketplace monitoring system has four channels for reporting irregularities, illegal products or possible violations committed by sellers

CUSTOMER CHANNEL	EXPERT CONSULTING	INTERNAL CHANNEL FOR EMPLOYEES	BRAND PROTECTION
Button on the ad page of each marketplace product through which consumers can report items they consider to be irregular.	The Company has a specialized office that constantly analyzes the site and points out suspicious products.	E-mail available to employees who find suspicious products or partners ( <a href="mailto:produtosuspeito3P@magazineluiza.com.br">produtosuspeito3P@magazineluiza.com.br</a> ).	Initiative aimed at protecting brands against fraud and irregular products: <a href="#">click here</a> to visit the site.



Since 2020, Magalu has been monitoring sustainability in the supply chain

the Company’s Integrity Program).

Whenever a supplier starts or renews a relationship with Magalu, acceptance of a document that establishes a minimum commitment to integrity and socio-environmental responsibility requirements is required. Before establishing a relationship with any third party, an integrity check is carried out to ensure that the third party adheres to legal compliance and sustainability requirements.

For own clothing and footwear brands, suppliers are required to obtain ABVTEX (Brazilian Association of Textile Retail) certification, obtained after an audit process. In addition, suppliers that meet certain

criteria, such as contract value, must undergo a prior integrity review. During this procedure, possible socio-environmental infractions, administrative and judicial processes, and negative news are investigated – cases that may lead to a veto of the contract.

Regardless of the formal commitments assumed by its partners, Magalu adopts preventive procedures to mitigate the risk of relating to companies that are not aligned with its principles and values. The policies are available on the official internal communication channels and on the Company’s website and are reinforced in the training promoted internally, especially those related to the Code of Ethics and Conduct, Anti-Corruption, Money Laundering Prevention, Neutralization of Conflict of Interests and Diversity and Inclusion.

REPORTING CHANNEL

Magalu’s Code of Ethics and Conduct must be followed by all employees, shareholders, and partners. The document establishes precepts that guide professional and commercial relationships with customers, suppliers, partners, and government agents. Among the guidelines, it is worth highlighting the so-called Non-negotiable – conduct that is not allowed in Magalu under any circumstances (see chart).

The Reporting Channel is operated by an independent outsourced company and managed by the Compliance, Integrity and PLD area, which reports directly to the Board of Directors. The channel is audited on a quarterly basis by an external company.

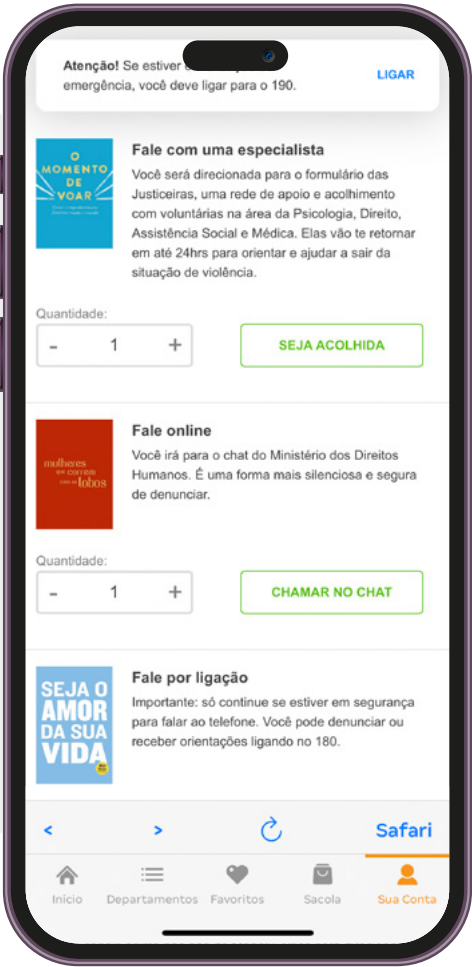
Every complaint is investigated under the supervision of the Compliance, Integrity and PLD area, which must correctly direct





DOMESTIC  
VIOLENCE AND  
HARASSMENT TO THE  
GENERAL PUBLIC

In the Company’s SuperApp, there are three purposely discreet buttons to guarantee maximum security for victims who wish to report aggressors. It is possible to call 180 directly or talk via chat with the Ministry of Human Rights. In addition, it is possible to get in touch with a specialist from Justiceiras, a support and welcoming network with volunteers in the fields of psychology, law, social and medical assistance.



In 2022, the reporting channel received 1116 reports. All cases were investigated

the case until its conclusion and the process occurs with the guarantee of anonymity of the informer. In case of misconduct or irregularities, Magalu adopts disciplinary measures that can range from a verbal warning to dismissal for just cause. This does not exclude, where appropriate, the adoption of legal measures and reporting to the competent authorities.

In 2022, 1,116 complaints were received, with 100% of the cases being investigated. Of this total, 492 were considered valid or partially valid and resulted in the application of disciplinary measures, as provided for in Magalu’s Consequences Policy.

Since 2017, the company has maintained the Woman’s Channel, a welcoming service that offers help to female employees who are victims of violence. Through it, any employee can report or notify the existence of women at risk. In 2022, 170 reports were received, which, depending on the severity, resulted in psychological assistance and legal guidance for the employees.

ANTI-CORRUPTION MANUAL

In order to consolidate the concepts established in its Code of Ethics and Conduct and strengthen the commitment to fight corrupt practices, Magalu prepared an Anti-Corruption Manual, which details the procedures adopted and the acts that can be associated with the practice of corruption. All employees must follow its rules.

Under the Anti-Corruption Law, only acts of corruption involving public agents are punishable. Magalu goes further. The Company prohibits any corrupt practice, regardless of whether the conduct relates to public agents, private companies, or individuals. The amounts involved also do not matter. In accordance with the law, the

DIRECT LINES

TALK TO THE PRESIDENCY

Direct reporting channel with the chairperson of the Company’s Board of Directors.

Telephone: (16) 3711-2068

Email: [luizahelena@magazineluiza.com.br](mailto:luizahelena@magazineluiza.com.br)

INTEGRITY PROGRAM VIOLATIONS

Operated by an independent and specialized company, this channel can be used anonymously by any employee or third party who wishes to report a situation of non-compliance with the legislation and/or the Company’s Code of Ethics and Conduct. All complaints are evaluated and investigated, with the guarantee of anonymity and protection of informers against possible retaliation.

Telephone: 0800 792 1007

Website: <https://canalconfidencial.com.br/magazineluiza/>

WOMAN’S CHANNEL

The channel is open to listen not only to employees who are victims of domestic violence but also to any employee willing to inform the Company about colleagues, leaders, and subordinates subjected to this situation.

Telephone: 0800 741 0009

Email: [denuncia@canalmulhermagazineluiza.com.br](mailto:denuncia@canalmulhermagazineluiza.com.br)



MEMBERSHIP ASSOCIATIONS GRI 2-28

Magalu is part of several associations linked to the retail sector and the themes of integrity, diversity, and sustainability

- + ABVTEX (Brazilian Textile Retail Association)
- + São Paulo Environmental Agreement (Cetesb)
- + Alliance for Integrity (Afin)
- + Brazilian Chamber of Electronic Commerce + International Chamber of Commerce Brazil (ICC Brazil)
- + Economic and Social Development Council (CDES)
- + National Council of Public Management, of the Superior Strategic Council of the Federation of Industries of the State of São Paulo (Fiesp)
- + Fecomércio
- + Business and LGBTI+ Rights Forum
- + Women’s Group from Brazil
- + Business Initiative for Racial Equality + Brazilian Institute of Business Hospitality (IBHE)
- + Institute for Retail Development (IDV)
- + Racial Equity Movement (Move)
- + 360 Women’s Movement
- + Brazilian GHG Protocol Program

Company considers any illicit act related to the practice of fraud, corruption, bribery or kickbacks, facilitation payments and undue advantage to be a serious infraction.

To reduce the risks of corruption, professional contacts with public officials must be transparent and legitimate. It is necessary that they be carried out by trained professionals and with the participation of more than one Magalu employee, in professional environments. It is also recommended to prepare meeting reports or minutes to record the matters discussed during these contacts.

In 2022, 100% of the senior leadership of Magalu’s employees and sellers (commercial partners) received a communication

regarding the topic of combating corruption through the Company’s official channels. Anti-corruption training was carried out for specific areas, according to the degree of exposure to risk. During the year, no allegations of corruption were received through the available channels.

BRAND PROTECTION

Magalu’s Brand Protection Program is a platform on which brands and authorized suppliers can report irregularities in the sale of their products within the digital environment of the Company’s marketplace. The initiative is based on the Magalu Non-negotiables – which prohibit the sale of products of illicit origin, without

an invoice, and counterfeit items or items that violate the law in some way – and on the Electronic Commerce Self-Regulation Guide, created by the National Council Against Counterfeiting (CNCP). The program is carried out in partnership with Offer, a company recognized worldwide for protecting brands in the online environment. Companies that own intellectual property rights or their authorized representatives, as well as companies harmed as a result of illegal or abusive trade, can participate in the initiative. There is no cost to join the program and it is not necessary to be part of the marketplace. So far, 146 companies have joined the Trademark Protection Program.

COMPLAINTS AND CONSEQUENCES GRI 2-26

In 2022, the Magazine Luiza Group received a total of 1,116 reports through the Integrity Reporting Channel. The following types of complaints were highlighted:

**MORAL HARASSMENT:** 16% of complaints received (180), of which 86 were wholly or partially valid;

**SEXUAL HARASSMENT:** 1% of complaints received (13), of which

8 were wholly or partially valid;

**DISCRIMINATION:** 3% of complaints received (21), of which 14 were wholly or partially valid; **BREACH OF PROCEDURE (non-compliance with internal policies):** 8% of complaints received (89), of which 48 were wholly or partially valid;

**MISBEHAVIOR** (situations that are not classified as moral and/or sexual harassment): 15% of

complaints received (170), of which 92 were wholly or partially valid.

After investigating the complaints received and verifying their origin, the measures provided for in the Consequences Policy applicable to each case were applied. This resulted in 283 measures applied in the year for all typologies, namely: 168 warnings, 2 suspensions, 84 dismissals and 29 dismissals for just cause.



# The customer is the reason we exist

GRI 2-6 | 2-16 | 2-25 | 2-29

It is easy to see why customers are the reason a company exists. They are the ones who demand products and services and generate the necessary revenue for the growth of a business. They are the ones who indirectly pay the wages of all employees. They are the ones that stimulate innovation by forcing a company to look for ways to serve them even better in order to stand out from the competition. Not by chance, Magalu defined a few years ago that one of its most important strategies would be to place the customer even more at the center of its business. The American consultant Tom Peters, known for his ideas on business excellence, says that the customer experience is the most relevant factor that differentiates a company from others. For him, companies should strive to create incredible experiences for customers from the first contact to after-sales. At Magalu, this idea is synthesized in one of its core values – putting the customer first, cultivating a passion for selling, serving, and delighting.



Store in the Santo Amaro neighborhood of São Paulo: the goal is to increasingly improve the consumers' experience

#descriptionofimage: Customer examines products while receiving guidance from the clerk



# The relationship with customers does not end with the conclusion of sales

The number of customers that the Magalu ecosystem attracts and maintains is expressive. In 2022, it served around 55 million people (more than the population of Spain) from different segments, including end consumers, sellers who use the platforms, supermarkets, owners of bars, restaurants, snack bars and other establishments. With a connected network that offers both products and solutions, the group operates in multiple markets, in all regions of Brazil.

Magalu develops different engagement and communication strategies with its main stakeholders. One of them is the intensive use of social networks, which daily engage not only customers but also employees, investors, and civil society organizations. Lu do Magalu is the most popular virtual influencer in the world, with around 32 million followers, who follow Lu promoting marketing and social outreach campaigns, such as diversity and inclusion initiatives to combat violence against women.

The Company also connects with customers through channels dedicated to receiving feedback and complaints and through its call center, which regularly conducts consumer satisfaction surveys. The idea is to take advantage of the suggestions and criticisms received at all points of contact to continually improve processes.

**EXCELLENCE IN SERVICE**

Providing good quality customer service is essential to the success of any business.

At Magalu, the pursuit of excellence in this regard is motivated by the desire not only to sell, but also to build customer loyalty. The company’s relationship with the consumer does not end when the sale is made. The Company makes its entire customer service structure available to answer questions, listen to suggestions and complaints and resolve any problems that may arise.

There is evidence that the Company is on the right path. In 2022, Magalu won five trophies in the Reclame Aqui Award, one of the main seals of service quality for companies operating in Brazil. The group was recognized in the e-commerce categories with Época Cosméticos (beauty, aesthetics, and cosmetics), Estante Virtual (books), KaBuM! (technology and

games), Netshoes (sporting articles) and Consórcio Magalu (consortia). To compete for the Reclame Aqui Award, it is necessary to meet certain requirements, such as having a Good or Great reputation score or the RA1000 seal – the site’s certification that recognizes excellence in customer service. The last edition of the award had the participation of 1,756 companies in all categories, which received votes from 17.5 million customers. What sets Magalu apart: the company does not separate the scores given by 1P customers (who buy products from Magalu’s own inventory) from the scores given by 3P consumers (who buy from marketplace sellers). This practice is unusual among large retailers, who tend to leave the after-

## COMPANIES OF THE MAGALU ECOSYSTEM WITH THE RA1000 SEAL

*The RA1000 was created by the Reclame Aqui website to highlight companies with excellent customer service*

- + aiqfome
- + Consórcio Magalu
- + Época Cosméticos
- + Estante Virtual
- + Luizacred
- + Luizaseg
- + Magalu Online Store
- + Magalu Physical Store
- + Netshoes
- + Zattini





With the fulfillment service, 20% of deliveries are made within 24 hours

sales service under the sole responsibility of the sellers. As part of small and medium-sized retailers do not have the structure to provide quality service, 3P customer satisfaction is usually lower than that of 1P. As a result, many companies in the sector segregate Reclame Aqui ratings between 1P and 3P customers in order to maintain a higher level of reputation for their brands.

Magalu considers that a customer is a customer – it does not matter if he buys a product from Magalu itself or from one of the 260,000 partners that sell through the SuperApp or the Company’s website. When the seller does not solve a

consumer’s problem, Luiza Resolve, Magalu’s customer service, takes care of the case.

10-STAR SERVICE

To improve its customer relationship, Magalu has developed its own service method, called 10 Stars. The idea is to avoid the mechanical and standardized scripts followed by most of the customer service services available in the market. Magalu’s method was developed with the support of Maíz consulting, which spent almost a year analyzing the day-to-day activities of the best attendants at Luiza Resolve with the objective of extracting good practices and then disseminating them

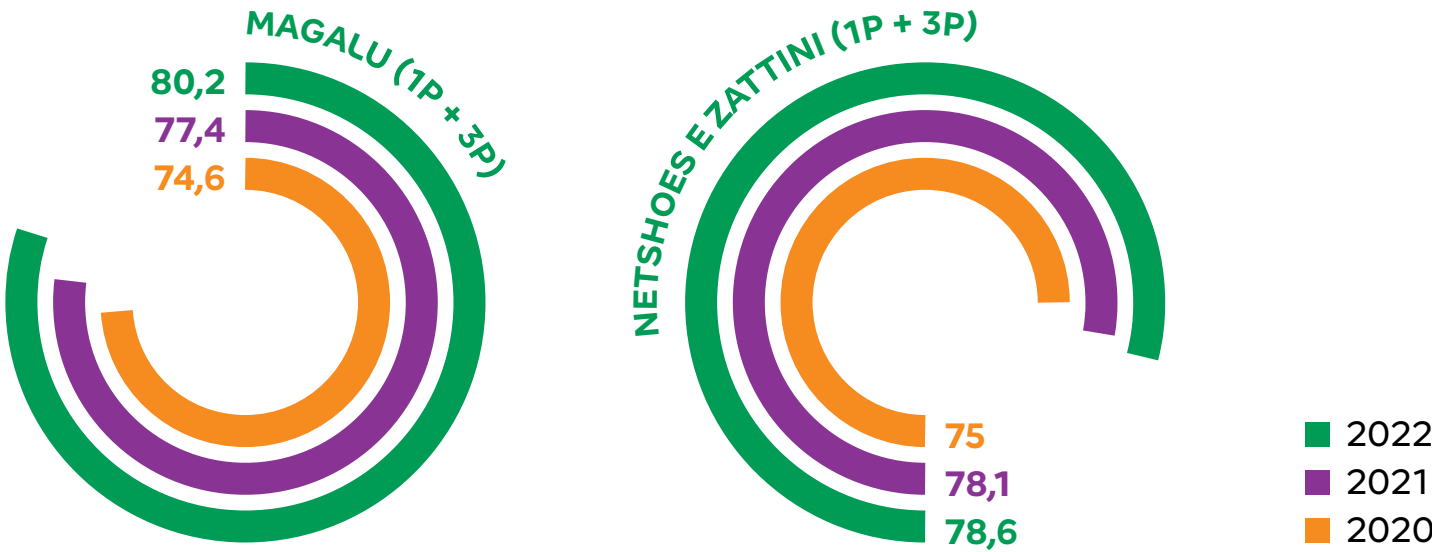
throughout the entire team. Around 85% of Luiza Resolve’s professionals have already undergone training in 10-Star Service.

One of the indicators that show that the Company is making progress is the First Call Resolution (FCR), which measures the percentage of customers who had their problems completely resolved in a single call, without the need to go into contact the company again or wait for the attendant to return. In Magalu, this index (for 1P + 3P customers) rose from 77.4% in 2021 to 80.2% in 2022. The higher this rate, the lower the operating cost generated by repeated calls, the better the company’s productivity, increasing the chances of retaining customers.

Magalu continues to look for new ways to improve the customer experience throughout their relationship journey. Recently, the fulfillment service was launched – the Magalu marketplace is now in charge of storing, packaging, and sending products from its partner sellers to end customers. This operation is carried out with the support of the same distribution centers used in the 1P operation. In the first months of operation of the service, launched in June 2022, around 20% of products reached customers within 24 hours. Today, around 1,000 marketplace sellers use the fulfillment service and benefit from the scale of the largest 1P operation in Brazil, which allows for faster delivery at lower costs. The plan is to expand fulfillment to different regions of the country throughout 2023 and thus reduce sellers’ delivery times – and improve the customers’ experience.

NO TIME TO WASTE

RESOLUTION OF CUSTOMERS REQUESTS IN THE FIRST CALL (IN %)





# WHO ARE THE MAGALUS

## A PORTRAIT OF OUR PROFESSIONALS

GRI 2-7 | 2-8 | 3-3 | 405-1 | SASB CG-MR-330A.1

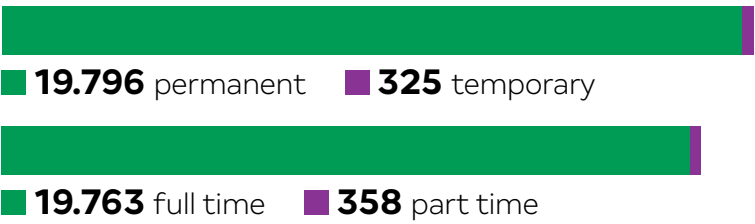
In December 2022, the Company employed almost 39,000 people across the country. Of this total, 51.94% are men and 48.06% are women. Most employees are aged between 30 and 50 years old, are black or brown and are located in the Southeast Region.

Below, the main information about who are the people who form the Magalu.

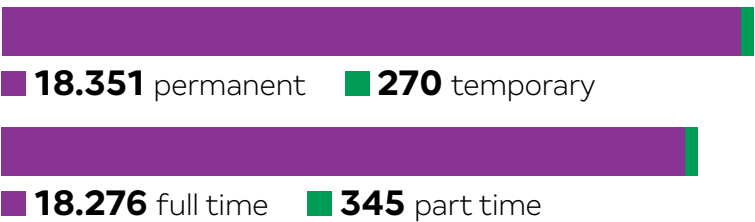
### TOTAL EMPLOYEES: 38 742\*



#### MEN

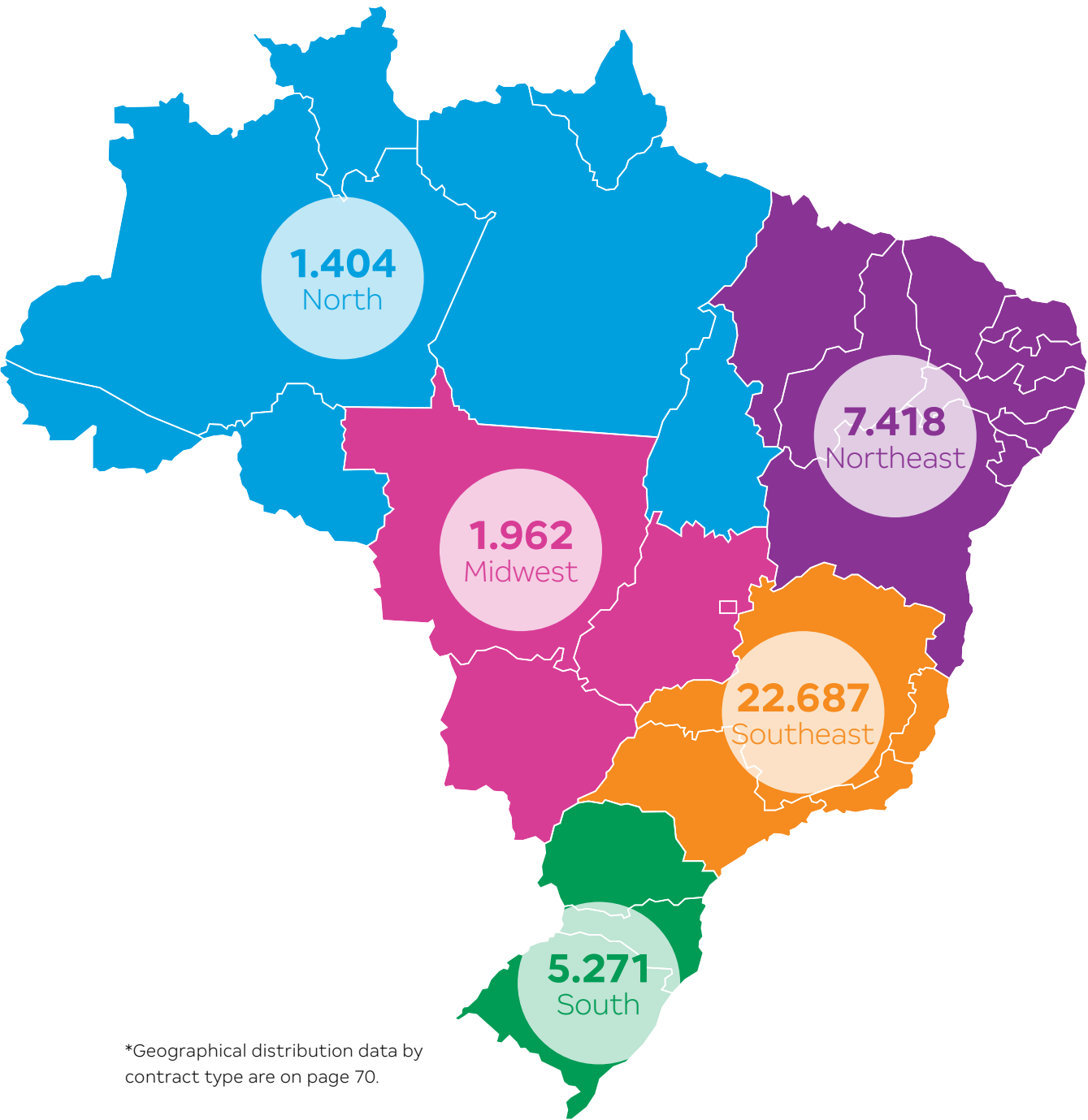


#### WOMEN



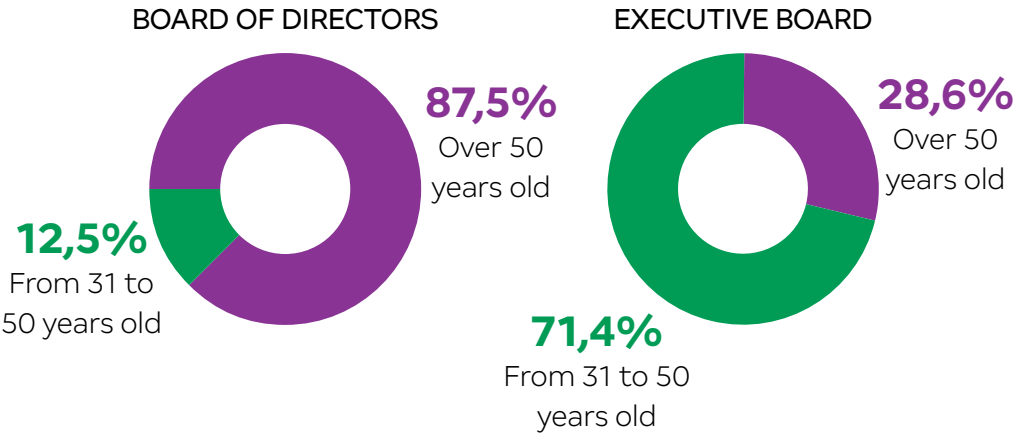
\*In addition to this total number of employees, the company has 3,160 intermittent workers - 1,843 women and 1,317 men. The Magalu ecosystem also has 1,867 outsourced workers, whose main activities are security and cleaning.

### WHERE ARE THE MAGALUS\*

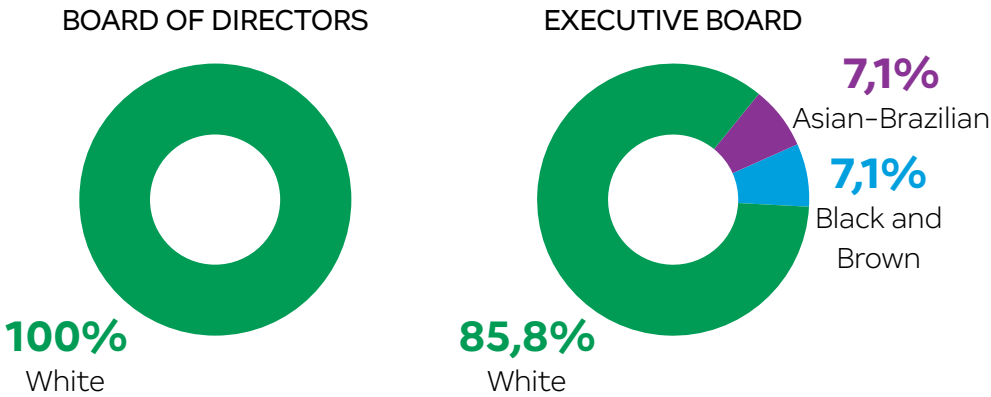


\*Geographical distribution data by contract type are on page 70.

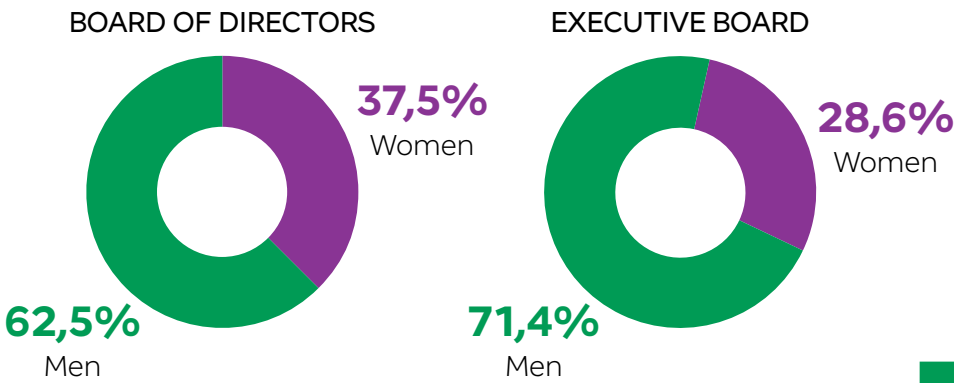
### DIVERSITY IN LEADERSHIP



### RACE

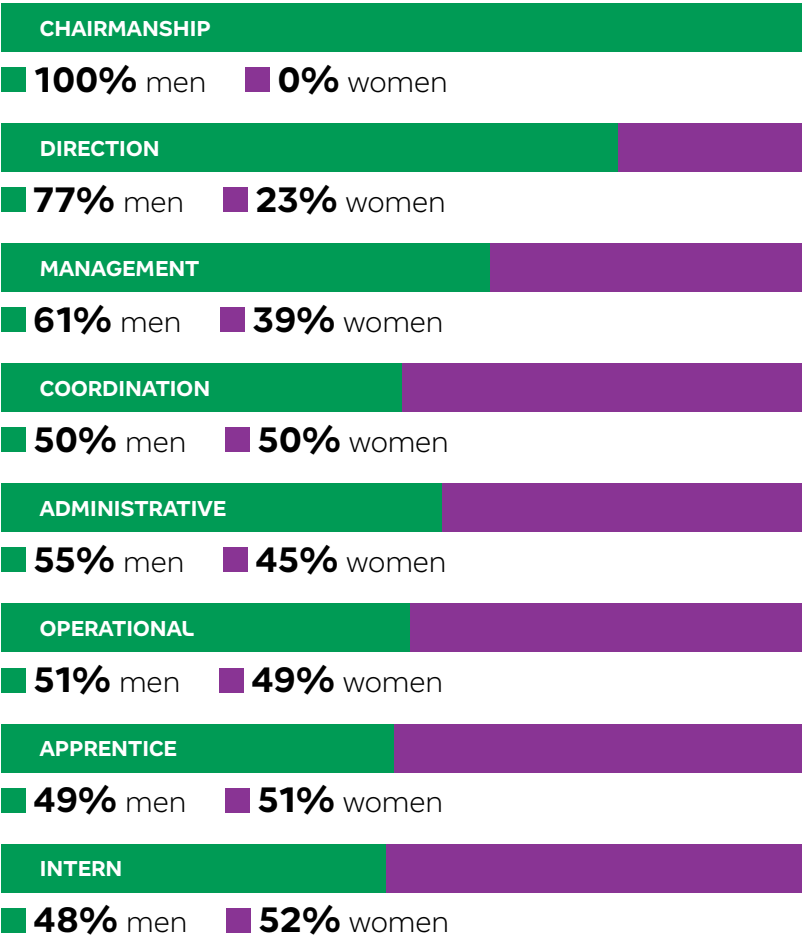


### GENDER





GENDER DIVERSITY IN THE COLLECTIVE\*

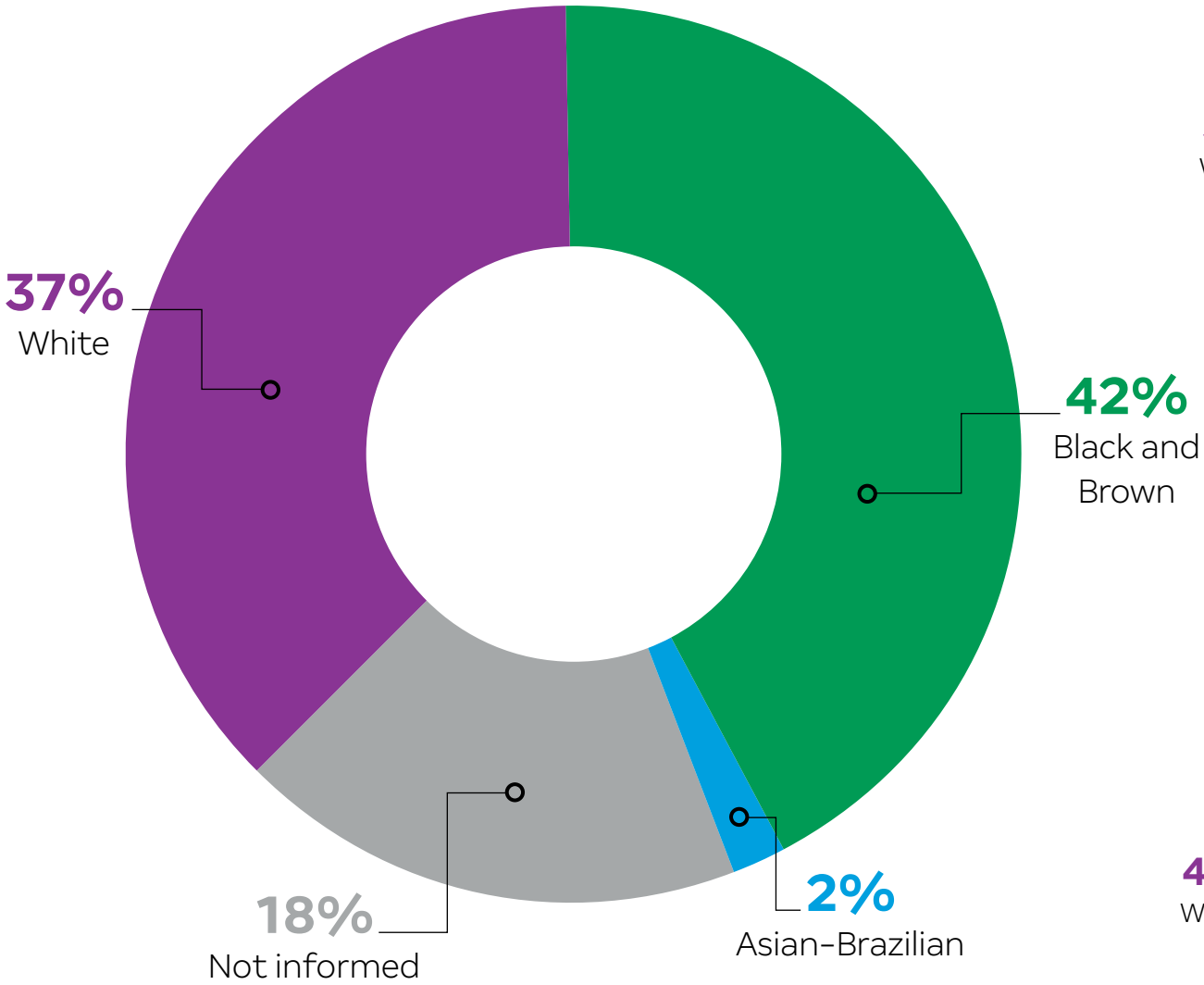


\* If the intermittent ones are considered, they are 42% men and 58% women

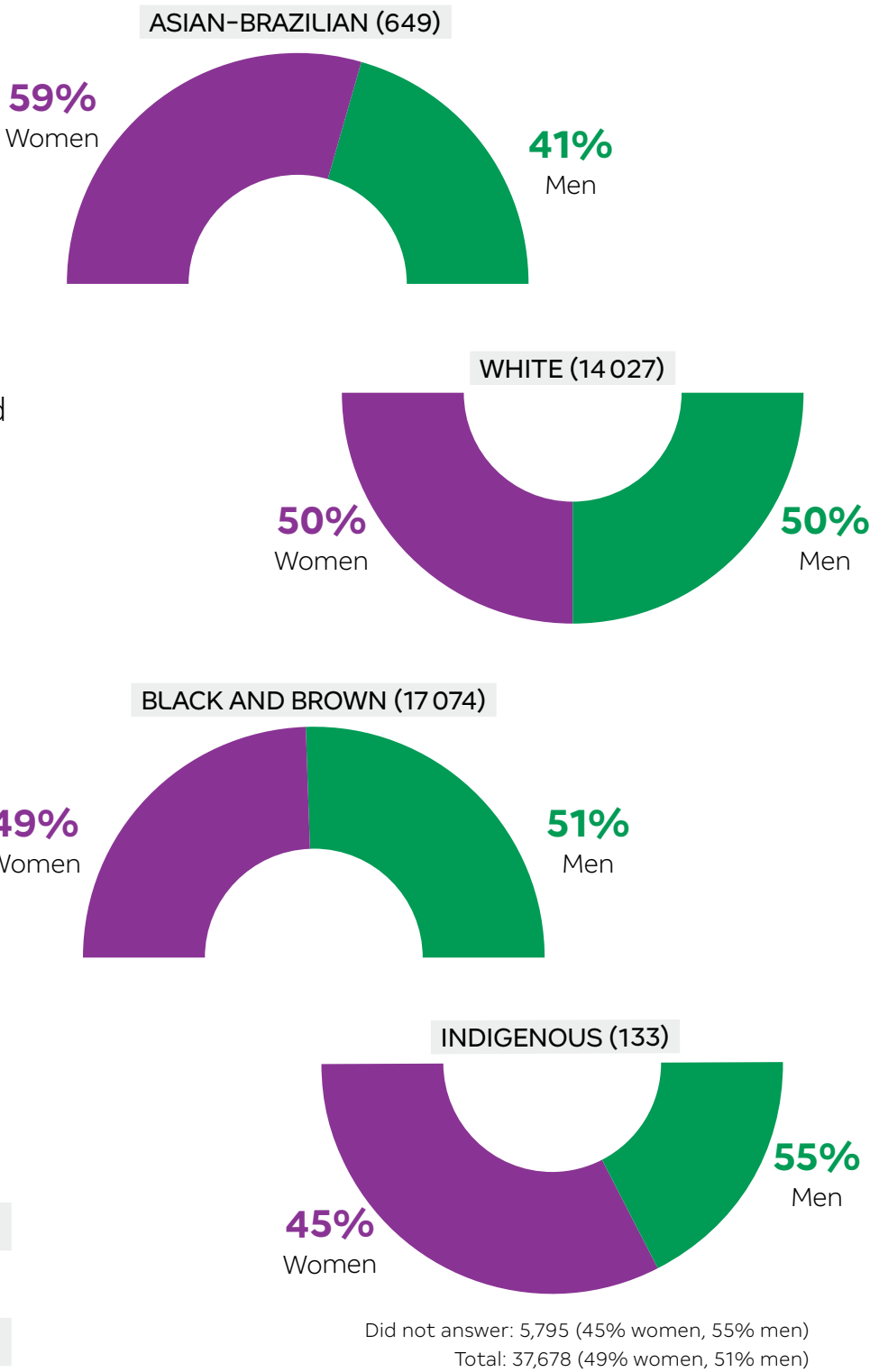
AGE DIVERSITY BY HIERARCHICAL LEVEL

	CHAIRMANSHIP	DIRECTION	MANAGEMENT	COORDINATION	ADMINISTRATIVE	OPERATIONAL	APPRENTICE	INTERN
Up to 30 years old	0%	0%	15%	33%	49%	46%	100%	82%
Between 30 and 50 years old	100%	84%	80%	64%	49%	49%	0%	17%
Over 50 years old	0%	16%	6%	3%	2%	6%	0%	1%

RACIAL DIVERSITY IN THE COLLECTIVE\*



RACIAL DIVERSITY IN THE COLLECTIVE, DIVIDED BY GENDER\*



\*THE DATA CONSIDERS MAGALU ONLY. EXCLUDING THE ECOSYSTEM AND AFFILIATES



# The difference always adds up

GRI 404-2



Diversity and inclusion are crucial to the future of any business. A work environment where everyone feels respected and valued engages employees, attracts new talent, increases business creativity and innovation, and improves brand reputation. All this translates into a company that is better prepared to deal with the challenges that arise at all times. That is why ensuring equal rights and opportunities for all people – regardless of origin, race, gender, sexual orientation, age, and other characteristics – is an increasingly important strategic issue for Magalu.

The Company has been developing programs on several fronts to become a place where people feel safe to be themselves, without fear of suffering discrimination or prejudice. And all employees are encouraged to create an inclusive work environment.

At Arena Magalu, the Quilombo affinity group unites employees to discuss actions against racism

*#descriptionofimage: Young employee, dressed in a yellow T-shirt printed with the phrase Quilombo Magalu and wearing a badge around her neck, is sitting on a blue sofa, typing on her cell phone. In the office environment, a sign with the word "Simplifica" ("Make it Simple") appears in the background*



# Research reveals that 90% of employees consider the company diverse

There is still much to be done, but there are signs that the path is right. An internal survey showed that more than 90% of professionals consider the company not only diverse but also inclusive.

In 2022, Magalu carried out regionalized training in diversity and inclusion – which addresses subjects such as microaggressions and unconscious biases – for around 3,500 people, including leaders and employees of stores, distribution centers, offices, consortium, and partner units.

### OPPORTUNITIES FOR WOMEN

Named after a woman – in honor of the founder, Luiza Trajano Donato –, Magalu has developed programs to promote female inclusion in the job market. One of the

initiatives is Luiza Code, a career acceleration program for women in technology. In 2022, in its fifth edition, Luiza Code offered 100 scholarships in Python, a programming language used in web and application development. Part of the vacancies is destined for Magalu’s internal public, with 50% of the scholarships for black women. In all, 572 students have graduated since the first edition. Interested Luiza Code participants can participate in selection processes to become Magalu developers.

There are other initiatives that encourage women to pursue a career in the company. All employees who want to become store managers, for example, undergo a six-month training course in other units of the chain throughout Brazil.

Women, however, can opt for closer cities, which facilitates, for example, the adaptation of the routine of those who are mothers. Among the 214 people who participated in the training in 2022, 43.5% are women and 56.5% are men.

### EXCLUSIVE FOR BLACK PEOPLE

At the end of 2020, Magalu launched an unprecedented trainee program exclusively for black people. There were more than 22,000 candidates from across the country, and the 19 approved spent the year 2021 getting to know different areas of the Company. In 2021, Magalu repeated the process that attracted around 17,000 people and approved 11 new trainees.

The focus of the Trainee Program is

## INCLUSIVE ACTIONS

+ **TRAINING IN DIVERSITY AND INCLUSION IN 2022**

**3,500** employees

+ **LUIZA CODE**

Women in Technology Career Acceleration Program

**36,000** applicants

**572** graduated students

+ **DIV**

Exclusive technology training for people with disabilities

**2,000** applicants, hiring **51** people

+ **SCHOLARSHIPS FOR WOMEN VICTIM OF VIOLENCE**

Developed by ComSchool, the

qualification program also includes addressing female empowerment issues

**10,000** scholarships  
**13** class hours

+ **PROGRAM 50+**

The objective of the initiative is to increase the representation of people aged over 50 in

the company’s staff

**7** hired in 2022

+ **EXCLUSIVE TRAINEE FOR BLACK PEOPLE**

Seeks to increase racial diversity in leadership positions

**10** trainees graduated





# Technology program for employees with disabilities had 2,000 applicants

to provide a systemic and strategic view of retail with the aim of accelerating careers to train future leaders. Fluency in the English language and previous professional experience are not part of the hiring requirements. Candidates’ age and educational institution are also not criteria considered by recruiters.

### INCLUSION OF PEOPLE WITH DISABILITIES

Magalu has a program for the inclusion of people with disabilities. The goal of the group-wide program is to provide the required accessibility features for employees in terms of architecture or tools. In 2022, the company reinforced accessibility in the media using the hashtag #pracegover (detailed description of the image used in publications on social networks), sign language interpreter and subtitles in communications.

Another initiative is Div, an exclusive technology training program for people with disabilities, in the areas of software development, product or design. Totally free, the program does not require prior knowledge of technology. In 2022, the selection process attracted 2,000 candidates and resulted in the hiring of 51 people. The selected professionals complete the entire specialized stage as members of the Luizalabs team, Magalu’s technology area, where they receive online mentoring and training.

### PROGRAM 50+

Ageism is prejudice against a person because of age, usually associated with old age.



This type of discrimination can take many forms, such as excluding older people from employment opportunities and promotions. In 2022, Luiza Resolve – Magalu’s customer service – continued the Program 50+, which seeks to fight against ageism and increase the representation of people over 50 years old in the Company, which adds diversity and experience. From selection to training, which is still ongoing, Magalu has taken every precaution to make these people feel truly welcome. During the year, seven employees who went through the program were hired.

### AFFINITY GROUPS

Created by Magalu in 2020, affinity

groups, in addition to helping to promote diversity and inclusion, provide a space for listening, belonging, and supporting their members. There are currently four groups: Vozes (Voices), which discusses gender issues; Para Todos (For Everyone), which focuses on people with disabilities; Quilombo, which deals with issues related to race; and Diversifica (Diversify), which focuses on LGBTQIA+ community issues.

Each group has its own agenda. Diversifica, for example, articulated with the Diversity and Inclusion team the entry of Magalu in the Forum of Companies and LGBTI+ Rights, which provides guidance on practices committed to equality,





In 2022,  
Atualiza videos  
were viewed  
31,800 times

respect, awareness, and professional development for the LGBTQIA+ community. Diversifica also collaborated in publicizing training on diversity in which more than 300 employees participated.

Quilombo worked alongside Instituto Identidades do Brasil (ID\_BR), an NGO dedicated to promoting racial equality, in the training “Recognizing yourself: what is your role in the racial struggle?” to raise awareness of the importance of the anti-racist struggle. In addition, Quilombo organizes events, such as the screening of the film Executive Order and a live with director Lázaro Ramos to discuss the theme addressed in the work.

Children in the Curriculum was the theme of the campaign led by the Voz

group, which sought to value the skills that women acquire when they become mothers. Members also promoted StandUp training among employees, a global campaign to combat sexual harassment on the streets.

In partnership with the Diversity and Inclusion team, the Para Todos group developed an educational video that shows the importance of audio description as a tool to promote accessibility and inclusion of people with disabilities.

ATUALIZA AND DIVERSITALKS

One of the challenges of Magalu’s Diversity and Inclusion area is to involve all employees, taking into account differences in regions, business units, positions, age, and other aspects. To this end, the

Company seeks to communicate with all audiences in a simple and objective manner. One of the initiatives is Atualiza (Update), a series of two-minute videos that update professionals on diversity issues. The content addresses issues related to unconscious biases, sexism and microaggressions. In 2022, these videos were viewed around 31,800 times by employees.

To encourage even more conversations and interactions about diversity, Diversitalks was created, a series of lectures and chats with external guests, which serve as a source of information and inspiration. In 2022, the initiative brought names such as actor and director Lázaro Ramos, psychologist Cida Bento and LGBTQIA+ rights activist Maitê Schneider to talk about race and gender.

Since 2020, Magalu has maintained four affinity groups, which offer listening and support to its members

#descriptionofimage: Four color images show the brands and participants of Diversifica, Para Todos, Quilombo Magalu and Vozes





# People who do

GRI 3-3 | 404-1 | 404-2

One of Magalu's core values is "people who like people". It expresses the importance the company attaches to human relationships, empathy, and respect for others. This belief guides the company's decisions regarding people management and the professional and personal development of employees.

At Magalu, it is common to have employees who make a career and work at the company for many years. For this to happen, it is essential that they want to learn and develop continuously, through a series of programs related to technical topics and so-called soft skills, skills that involve aspects such as relationships, ability to work in a team and creativity. Employees have access to more than 850 courses offered on corporate education platforms and live sessions on various subjects, ranging from computer operating systems to communication and organizational integrity.



Preparing the sales team for Black Friday at one of the stores in São Paulo

*#descriptionofimage: With his back turned, a man speaks in front of an audience of people seated in a semi-circle. Everyone wears a special Magalu black vest for the event*

\*NUMBER OF TRAINING HOURS CONCERNS MAGALU ONLY AND DOES NOT INVOLVE AFFILIATES



In 2022, on average, Magalu’s male employees underwent 12 hours and 46 minutes of training. Among women, the average was 14 hours and 41 minutes.

CULTURE AND TRAINING

For Magalu – as well as for all organizations – it is essential to have employees aligned with its culture and values. This does not prevent encouraging leadership and self-development for each of its more than 37,000 employees. Although there are specific career paths, nothing prevents the employee from building his career within the company, finding, and creating new paths.

Professionals from Magalu Ecosystem can participate in the scholarship program, which reimburses up to 50% of expenses with education for employee development (with a limit of up to 500 Brazilian Reais per month).

Luizalabs, the company’s innovation and development laboratory, has a policy of unpaid leave for sabbaticals for those who have been on its staff for more than three years. Interested parties can apply for three to six months of leave, which can be granted once every five years.

Magalu offers specific development programs. Know some of them:

■ **MANAGERS IN TRAINING** – Contains a track of content designed to encourage employees to reach their potential, with priority given to internally developed leaders. In 2022, the program trained 214 new managers. Employees who are mothers and are part of this project receive double the mother check benefit (explained further below).

■ **NEW RETAIL ACADEMY, TRANSFORMATIVE LEADERSHIP** – Prepares managers for transformations in the sector. The course



CLICK HERE AND SEE THE STORY OF RODRIGO DE OLIVEIRA, MAGALU REGIONAL MANAGER IN SÃO PAULO

is inspired by an MBA and offers current content for leaders. The objective is to improve the work of managers, strategically and tactically, both with store teams and for their next career steps in the company.

■ **CONNECT** – Uses Workplace Magalu groups to bring content related mainly to soft skills, technology, and organizational agility. They are offered in different formats, such as podcasts, articles, courses, short videos, films, books, lives, and workshops on development.

■ **YOUNG APPRENTICE PROGRAM** – The company employs more than 800 apprentices in all business units. The company encourages the hiring of young people in vulnerable situations, coming

from partnerships with initiatives such as Trampo Justo (young people from shelters), Primeira Chance (young people from public schools) and Abrigo Santa Fé (young mothers), among others.

In 2022, the Aliado Magalu pilot project began, which offers internal mentoring for young apprentices. In all, 30 members of the program participated in six sessions on topics such as career choice, curriculum development and professional action plan.

■ **CORPORATE INTERNSHIP PROGRAM** – During 2022, Magalu held seven development meetings with interns, during which topics such as culture, professional posture and ethics, skills for the future, career, time management, public speaking, mental health, nonviolent communication (CNV),

More than 850 courses are offered to company employees

digital mindset and Magalu Ecosystem.

■ **CRÊ SER PROJECT. LOGISTICS** – Lasting six months, it is intended for the building maintenance team, to develop new knowledge, both practical and theoretical.

■ **PARÇAS RESOLVE** – Parças Club is made up of high-performance Luiza Resolve employees. Professionals are part of experiences that qualify them for career opportunities and exercise important attitudes for their improvement, such as self-knowledge, communication, empathy, and proactivity.

BENEFITS

The company offers an attractive benefits package. All employees with an indefinite term contract have access to three





health insurance options, in addition to a dental plan, food or meal vouchers, transportation vouchers, private pension plans with an additional contribution from the company, special lines of credit, consortium with special conditions and academy. Employees with disabilities have extra benefits: exemption from the holder's health insurance monthly fee, possibility to apply for scholarships six months after admission and Gympass subsidy.

Some benefits are exclusive to employees with children. Pregnant employees have personalized follow-up, online courses at Portal Luiza and a 25% discount on purchases of items for babies sold by Magalu. In addition, the company grants six months of maternity leave and 20 days of paternity leave. Upon returning to activities, the employee is entitled to the mother check: an education and care allowance of 400 Brazilian Reais for children up to 11 years old. Employees in same-sex relationships with children, widowers, and parents of children with disabilities are also entitled to this benefit.

## MERIT AND RECOGNITION

The relationship between Magalu and its employees is based on merit. The company has several ways to recognize and encourage employees. These are internal campaigns — Employee of the Month, Professional of the Year Award, Annual Incentive Campaign Based on the Management Model and Luiza Helena Award. The last three are awarded at the Annual Leadership Convention for employees who stood out in customer service, sales excellence and overcoming goals.

The company seeks to recognize

For five years, Magalu  
has been on the  
list of the five best  
companies to work for  
in the country

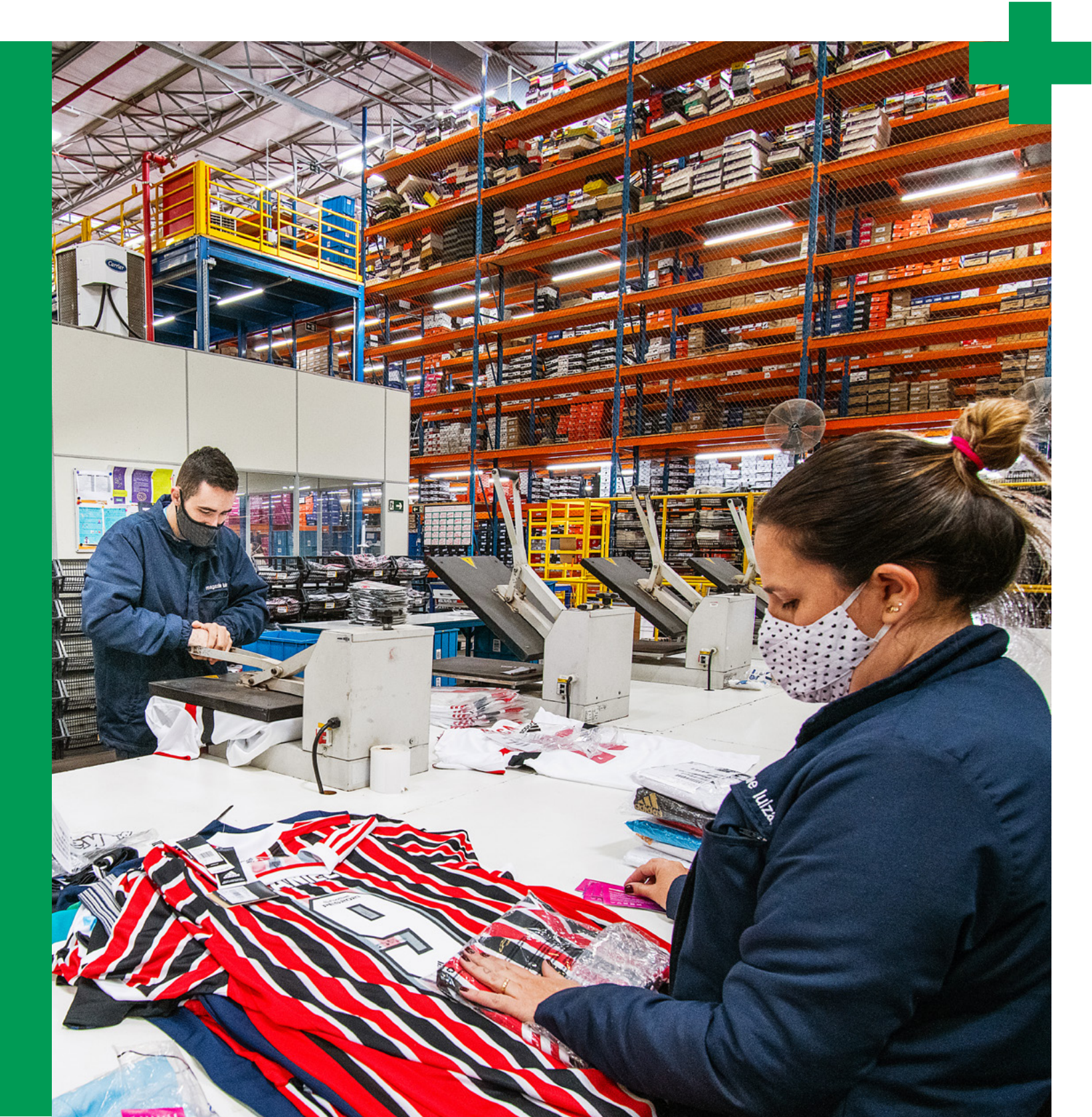
merits and, at the same time, has been recognized by the market for its people management initiatives. For five consecutive years, Magalu has been among the top five for more than 4,000 Brazilian and multinational organizations from all sectors of the economy.

In addition, for the third consecutive year, Magalu was appointed as the best retail company to work for in Brazil. In 2022, it ranked second among companies with more than 10,000 employees. Consórcio Magalu, the group's consortium administrator, ranked 6th in the category of national medium-sized companies, with up to 999 employees. It was yet another award that recognized management policies and the strength of the Magalu culture.

## TRAINING ON ALL FRONTS

- + **NEW RETAIL ACADEMY, TRANSFORMATIVE LEADERSHIP**  
Prepares managers for sector transformations. In 2022, there were 182 graduates
  - + **TRAINING MANAGER PROGRAM**  
Develops high-performing salespeople and professionals in other roles for the store manager position
  - + **FIRST LEADERSHIP: INTEGRATION, DEVELOPMENT, AND TRAINING**  
Prepares newly promoted managers for the role
  - + **AMANA KEY ADVANCED MANAGEMENT TRAINING**  
Consolidated program for leaders that teaches managers to reposition themselves in the face of challenges and changes in the sector
  - + **CAREER IN YOUR HANDS PROJECT**  
Develop professionals to become managers
  - + **PRODUCT TRAINING**  
Provides employees with greater knowledge about the products and categories sold by Magalu
  - + **TAKE OFF**  
Leadership development in logistics
  - + **LEADER IN ACTION**  
Development of Luiza Resolve supervisors, the company's customer service area
  - + **NEW STORES**  
Employee training at the new Magalu stores, including salespeople, support staff, leaders, and assemblers





Netshoes distribution center in Extrema (MG): monitoring of clothing suppliers

#descriptionofimage: A woman and a man work on customizing soccer jerseys

# Human rights from beginning to end

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

The Universal Declaration of Human Rights, adopted by the United Nations General Assembly in 1948, is a landmark. The most translated document in the world, available in 500 languages, the text served as the basis for the magna letters of many countries, including the 1988 Constitution of Brazil. It should sound obvious for a company to claim that it respects basic and universal human rights, proclaimed 75 years ago. Just look at the news full of cases of racism, homophobia, moral and sexual harassment, violence against women, slave-like work and other violations of human rights. Magalu works to ensure that all the principles of the Universal Declaration of Human Rights, the fundamental rights and guarantees provided for in article

5 of the Brazilian Constitution and the recommendations of the Earth Charter, released during ECO-92, in Rio de Janeiro. The company's Human Rights Policy, approved in June 2021, establishes guidelines based on these and other documents that contain principles to promote a society in which all people are responsible for actions of peace, respect, and equality. One of the main values emphasized in the Magalu Human Rights Policy is "People who Like People". The Company believes that doing good, acting with honesty and working to eradicate social injustices is part of its mission. Therefore, it seeks 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



In all, 3,130 suppliers underwent social risk assessments in 2022

of any activity that involves child or analogous to slavery labor. It also acts to fight violence against women and supports actions for female empowerment.

THE LINKS OF THE CHAIN

But Magalu understands that it is not enough to watch over human rights from the door in – the Company demands the same commitment throughout its value chain. Whenever a supplier or partner does business with Magalu, they are required to sign a document assuming responsibility for respecting human rights and preserving

the environment. Magalu, moreover, adopts preventive measures to reduce the risks of associating with companies that are not aligned with its principles and values. Throughout 2022, there was intense collaboration between Magalu Ecosystem and more than 3,808 direct suppliers\*. During this period, approximately 34 billion Brazilian Reais were spent on contracts with suppliers in different areas, such as product resale, technology and digital tools, marketing, and provision of different services. Since 2020, Magalu has implemented a project to encourage suppliers in business segments considered critical to join Sedex (Supplier Ethical Data Exchange), one of the world’s leading platforms for managing the supply chain. Gathering data from 74,000 companies in 170 countries, Sedex provides insights into risk management in supply chains. Currently, four segments are monitored by Magalu on this platform: furniture, apparel (fashion, accessories, and footwear), transport/logistics and foreign suppliers. The furniture industry was the first to participate in the program, in 2020, when 80% of the volume of purchases, both in e-commerce and physical stores, began to be monitored on the platform. In 2022, there was an increase in the control of international purchases of products such as clothing, tires, and small appliances, which already underwent periodic socio-environmental audits. These purchases are now subject to stricter monitoring, with monitoring of the implementation of action plans. Also in 2022, the program was expanded to cover corporate suppliers in the logistics and transport chain and companies that supply labor, including security and cleaning services.

In the clothing, footwear, and accessories sector, also considered high risk, Magalu became a member of ABVTEX (Brazilian Association of Textile Retail), replacing Netshoes, which had been a member since 2016. The Company’s own brands, such as Vista Magalu, Shoestock and Gonew, were included in the ABVTEX program, which monitors all suppliers and subcontractors in terms of work safety, legal, environmental, and social compliance, with annual audits carried out by independent companies. This certification is necessary to maintain supply to Magalu. Suppliers of apparel, footwear, and accessories for resale (1P) are also encouraged to join the Sedex platform. **INTEGRITY ANALYSIS** Before signing a contract with Magalu, suppliers that meet specific criteria, such as the nature of the product or service, value, and term of contract, undergo an integrity analysis. This process includes assessing the potential social and environmental risk that the supplier represents to the Company. In 2022, 3,130 Magalu suppliers underwent social risk assessments. Ten of them were identified as causing negative social impacts. Based on these results, agreements were established with 60% of suppliers that had significant real and potential social impacts, requiring them to adopt improvements. Magalu’s Human Rights Policy establishes that, whenever human rights violations occur, the supplier or partner must be notified, demanding corrective actions. Otherwise, Magalu may discontinue the business relationship. In addition, the company determines that 100% of the security personnel – who are outsourced – be trained by Magalu’s

**WHAT IS THE MAGALU SUPPLY CHAIN LIKE?**

**3.800**  
direct suppliers in the Magalu chain in 2022

**100%**  
of outsourced security personnel are trained in human rights

**34 billion**  
Brazilian Reais spent on suppliers

internal team in ethics and human rights. This training takes place every six months and covers all outsourced employees who provide services in stores and offices. In 2022, companies that provide security services with outsourced labor began to answer a labor and social and environmental risk questionnaire. The information is analyzed for the adoption of measures that reduce possible risks.

\*OF THIS UNIVERSE OF PARTNERS, 1,558 ARE RESALE SUPPLIERS OF MAGALU, NETSHOES, ÉPOCA COSMÉTICOS, AND KABUM!. THE REMAINING INCLUDES PRODUCTS AND SERVICES SUPPLIERS OF ALL GROUP COMPANIES, EXCEPT MAGALU.



# 5

## Environmental management in practice

Climate Change

Use of Natural Resources

Packaging, Waste and Consumption of Sustainable Products







All of the Company’s units, including the distribution centers, are powered by clean energy

#descriptionofimage: Man in a dark T-shirt and mask climbs the stairs in a gigantic warehouse with several product shelves

# Mission: reducing emissions

GRI 3-3 | 305-1 | 305-2 | 305-3 | 305-4 | 305-5

Since 2017, Magalu has prepared a greenhouse gas (GHG) emissions inventory in accordance with the GHG Protocol methodology, an internationally recognized standard for consistently and reliably managing and reporting the emissions of these gases. Three years after starting the process, the Company joined the Brazilian GHG Protocol Program, of the Center for Sustainability Studies of the Getulio Vargas Foundation (FGVces). The objective was to provide transparency and traceability to its emissions data. In 2022, for the third consecutive year, the company checked its inventory with the help of the KPMG consulting firm. The process involves around 150 employees in a project that monitors emissions on a quarterly basis using specialized software. Based







The challenge is to seek alternatives to the use of fossil fuels in the Magalu Ecosystem deliveries

on these diagnoses, the work fronts for reducing emissions are calibrated.

This is the third year that Magalu has presented its complete emissions inventory, including Ecosystem affiliates, in accordance with the Brazilian GHG Protocol Program. The 2022 survey recorded a 0.94% reduction in direct emissions, or Scope 1 emissions, compared to the previous year. This scope includes fugitive (or unintentional) emissions from air conditioners and CO2 extinguishers, emissions from own fleet of vehicles (aircraft, trucks, light commercial vehicles, and cars) and power generators – used when the power grid is suspended. The reduction in emissions in this scope was due to the initiative to retrofit air conditioning equipment, using refrigerant gases with a lower global warming potential (GWP).

**ELECTRIC POWER**

In emissions related to the purchase of electric power (Scope 2), it is worth clarifying that, according to the guidelines of the Brazilian GHG Protocol Program, reporting can be done using two approaches. The first, location, quantifies GHG emissions based on the average electricity generation emissions of the National Interconnected System (SIN). The other methodology, purchase choice, quantifies GHG emissions according to the source of electricity generation that the company purchased.

In the location approach, there was a reduction of 62.6% compared to 2021 due to the 66% drop in the SIN emission factor, due to the increase in rainfall in 2022. During the year, energy consumption was 132,291 MWh, an increase of 11%

RECOGNITION FOR GOOD PRACTICES

- Magalu achieved important advances in the area of Sustainability:
- + It is among the companies listed on B3's Corporate Sustainability Index (ISE) for the second consecutive year.
  - + Improved performance in the CDP index, from C to B, the financial sector's main initiative for managing climate change by companies.
  - + Obtained, for the third consecutive year, the Gold seal of the Brazilian GHG Protocol Program.
  - + It is part, for the third consecutive year, of the Carbon Efficient Index (ICO<sup>2</sup>), which indicates the commitment to a low carbon economy.



CARBON FOOTPRINT

MAGALU'S GREENHOUSE GAS EMISSIONS IN THE LAST FOUR YEARS – IN TONNES

EMISSIONS (IN tCO<sub>2</sub>e)

SCOPE/CATEGORY	2019 tCO <sub>2</sub> e	2020 <sup>1</sup> tCO <sub>2</sub> e	2021 tCO <sub>2</sub> e	2022 tCO <sub>2</sub> e
Stationary combustion	51.65	178.29	158.93	144.72
Mobile combustion	3,178.33	3,297.20	2,467.55	2,770.62
Fugitive emissions (air conditioning + fire extinguishers)	2,001.48	6,109.34	7,216.92	6,835.25
Scope 1	5,231.46	9,584.83	9,843.40	9,750.59
Scope 1 – Biogenic Emissions	803.24	530.43	1,205.18	902.71
Scope 2 – Acquisition of electric power (location)	7,241.72	5,065.24	15,100.92	5,650.12
Scope 2 – Acquisition of electric power (purchase choice)	6,840.23	3,784.49	10,029.78	0.00
Employee travel	5,463.16	6,181.09	7,375.51	8,041.96
Activities related to fuel and energy not included in Scopes 1 and 2	–	–	58.74	56.29
Purchased goods and services (paper, plastic, and LPG)	1,994.22	2,121.36	7,887.15	6,366.53
Solid waste generated	498.16	7,905.31	31,629.54	7,099.90
Transport and distribution (downstream) <sup>2</sup>	–	–	2,773.39	1,879.56
Transport and distribution (upstream) <sup>2</sup>	27,179.91	57,914.16	203,051.22	163,820.76
Business trips	1,119.07	693.27	770.31	757.68
Scope 3	36,254.52	74,815.18	253,545.86	188,022.68
Scope 3 – biogenic emissions	8,649.69	10,621.29	25,324.51	19,399.04

The data were consolidated from the operational control, using as reference the emission factors of the Brazilian GHG Protocol Program, IPCC, MCTI. For global warming potential, the UNFCCC Climate Conference followed, hence AR5. For the calculation, the WayCarbon Climas Tool was used.

<sup>1</sup> As of 2020, emissions from the entire Ecosystem are accounted for, including Magalu and the acquired companies.

<sup>2</sup> As of 2021, the transport of products carried out by third-party carriers was transferred from downstream to upstream. In previous years, emissions from the same sample of carriers were considered downstream. Therefore, retroactive emissions also changed category.



GHG EMISSIONS INTENSITY:  
**5.302 tCO<sub>2</sub>e/ million Brazilian Reais**

The intensity of emissions considers the total issued in Scopes 1, 2 and 3, over net operating revenue

compared to 2021. In the purchase choice methodology, emissions were zeroed, thanks to efforts to generate and acquire renewable energy (more details on page 63).

Scope 3 covers indirect emissions arising from activities in the production chain, which are not directly controlled or executed by Magalu. This scope represents 92% of the Company's GHG emissions and includes emissions from transporting products, commuting between employees' home and work, business trips, waste generated in operations and purchased goods and services.

In the case of Scope 3, there was a 26%

The preparation of the emissions inventory involves 150 professionals

reduction in emissions, as a result of the implementation of operational measures that increased the efficiency of the logistics sector. In addition, there was a reduction in emissions related to the generation of waste in the operation, justified by the improvement in data traceability and by changes in methodology, mainly with regard to emissions from sewage treatment.

In 2022, the methodology for the inventory of emissions in the transport and distribution category was improved, which resulted in the reduction of emissions in this scope. But there are still opportunities for improvement. Magalu has a large number of logistics providers – large and small companies –, which brings complexity to the process and makes the search for improvements constant.





# Scope 2 emissions are zero thanks to the generation and purchase of renewable energy

### LOGISTIC CHALLENGES

Currently, the category that concentrates the largest share of emissions is upstream transport and distribution, due to the importance of the company's logistics sector. The big challenge is to look for alternatives to the use of fossil fuels in the Magalu Ecosystem deliveries, which use road transport.

Reduction projects are focused on distributing products more efficiently, so that final delivery routes (so-called "last mile") are shorter and made using less emission-intensive modes. In 2022, to optimize product distribution routes, Magalu reduced the frequency of store supply routes. In addition, after a study, dozens of stores began to be supplied by closer distribution centers. As a result, transport vehicles did not travel 1.9 million kilometers, which prevented the emission of 1,400 tons of CO2 equivalent.

In addition, the "ship from store" (SFS) delivery operation, in which the product is

dispatched from the warehouse closest to the customer, was improved. By enabling strategic addresses in this operation there was an increase in the volume of fast deliveries with smarter routes.

### TRUCK ELECTRIFICATION

During 2022, Magalu managed to measure the results of its truck electrification project, started the previous year. In partnership with third-party transporters, 41 electric trucks were included in the logistics network. With this, the emission of around 1,000 tons of CO2 was avoided.

This replacement was possible thanks to the financial incentive for contracted transport companies. In a collective construction, Magalu intermediated the negotiation with the financing bank, which guaranteed attractive interest rates for the purchase. The Company also guaranteed a minimum contract period with the suppliers that agreed to purchase the electric truck,

Ship from store: products leave the store closest to the customer, which reduces distances and CO<sub>2</sub> emissions

#descriptionofimage:  
An employee in uniform walks between shelves filled with stocked products



in addition to assuming all the financial risks of the operation, which started as a pilot.

Magalu understands that electrifying the outsourced fleet on a large scale is a complex task, which requires knowing the limitations and opportunities of this new technology. There are still complex questions, without definitive answers, related to the autonomy of trucks, the adequacy of delivery routes and the scarcity of electric charging infrastructure installed in the country. But the first steps have been taken. After all, few people doubt that electrification is one of the shortest and fastest paths to decarbonization.

### NEXT STEPS

Magalu improves, every year, the collection of data to carry out its emissions inventory. With regard to Scope 3, for example, which covers its complex logistics network, part of the calculation is still based on estimates.

In parallel, however, to this process improvement that will allow for even more conviction of the data, the Company is working on a strategic plan for decarbonization. This is because, despite what has been achieved so far, the climate agenda requires urgency, and the company is aware that it needs to move forward more quickly.



# CLIMATE RISKS ON THE RADAR

In 2021, Magalu began to incorporate a Climate Risks agenda into its management, in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). In this way, Magalu begins to monitor the risks that climate change poses to its operations, in addition to preparing to respond to these challenges, mapping and taking advantage of any business opportunities that may arise from this new scenario. The TCFD recommends that companies disclose their climate-related actions on four fronts: governance, strategy, risk management and metrics and objectives. This division allows businesses from the most varied sectors to use the guidelines and compare their performances.

## GOVERNANCE

Every quarter, the action plans related to the theme and the achievement of goals, which are on the executive officers' panel, are evaluated by the People and Organizational Culture Committee of the Board of Directors. The goals are monitored by internal indicators and monitored monthly by the thematic committees for verification and financial bonus of the teams involved. Thanks to more in-depth work on the impact of climate risks and opportunities, the topic has been increasingly debated by Magalu's Board of Directors.

## STRATEGY

Through a SWOT analysis (acronym in English for the methodology that assesses strengths, weaknesses, opportunities, and threats), carried out in 2021, the Company categorized the risks to which it is exposed due to extreme weather events. Damages caused by these events in the operating units are continuously monitored in order to define preventive measures.

## RISK MANAGEMENT

In 2021, a matrix of climate risks and opportunities was developed, which made clear the challenges to which the Company is exposed. Now Magalu is working on deepening this matrix and measuring the financial impacts of climate risks on the business in the short, medium, and long term.

## METRICS AND OBJECTIVES

Magalu publishes its GHG emissions inventories in the GHG Protocol since 2020 and discloses all data related to climate actions in the CDP. Soon, the Company's ESG Plan will be formalized, with the publication of goals that will guide its quest for sustainability. In the last two years, several pilot projects were developed to reduce the potential emissions from operations and the Company's MAC\* curve will be finalized in the coming years. Currently, Magalu is evaluating the feasibility of submitting its targets to the SBTi (or science-based targets, in Portuguese), an initiative that establishes methods and tools for companies to define science-based emission reduction targets.

### ACUTE PHYSICAL RISKS

The increase in the frequency and intensity of rains can cause flooding and, consequently, damage to facilities - stores, distribution centers and offices, spread across the country. These events have operational impacts on customer service and financial impacts, caused by increased costs in acquiring new insurance policies.

### CHRONIC PHYSICAL RISKS

Sea level rise, heat peaks and low humidity can cause problems for the health and well-being of employees. The Expansion and Occupational Health and Safety teams, responsible for the infrastructure and the health and well-being of employees, monitor this scenario and take corrective actions.

### REPUTATIONAL AND POLITICAL RISK

The Reputation and Sustainability team closely monitors the evolution of the issue in the country, especially the prospect of regulating the carbon market, which may involve sectoral targets and directly affect the Company.

\*MAC CURVE IDENTIFIES WHICH CARBON REDUCTION PROJECTS ARE MOST COST-EFFECTIVE.



# Clean energy current

GRI 3-3 | 302-1 | 302-2 | 302-3 | 302-4 | 303-1 | 303-5 | SASB CG-MR-130A.1



Magalu consumed 132,291 MWh of electric power, an increase of 11% compared to the previous year, but reached the mark of 100% of the operating units – stores, offices, and distribution centers – supplied with some type of clean energy. This advance occurred thanks, above all, to distributed generation projects, whose main distributors are outsourced solar farms that exclusively serve the Company. In all, 15 photovoltaic plants and a small hydroelectric plant were contracted during the year. As not all the group’s units can participate in distributed generation projects, as they are located in regions not supplied by solar plants, Magalu buys, in a complementary way, including for renewable energy acquired in the Free Contracting

Amambai (MS) solar power plant: exclusive supply to Magalu

*#descriptionofimage: A lawn with 24 solar panels appears surrounded by trees, land, and houses in a remote rural area on a cloudless day*



Environment (ACL), Certificates Renewable Energy Regulations (I-RECs) – a kind of guarantee that the electricity consumed comes from a clean energy source.

Magalu’s goal is to expand renewable energy generation projects to all companies in the ecosystem.

DIRECT WATER MEASUREMENT

In 2022, Magalu improved the method of measuring water consumption at operational units. The objective is to guarantee the conscious and rational use of the resource, in addition to reporting more reliable data in the reports. On a monthly basis, these operating units must send water consumption data – accompanied by invoices, receipts, extracts from condominiums and malls and manual records of artesian wells – to the Company’s control department.

Units that are unable to carry out the procedure for reasons such as the unavailability of information on the part of the owner or property manager or the lack of monitoring flows are treated as an exception. In these cases, it is necessary to send a formal justification to the Sustainability team so that the case can be analyzed. Consumption of units in this situation is estimated based on the consumption profile of units of similar size.

Thanks to the new processes, in 2022, the Company managed to obtain direct measurement (that is, the exact amount of water consumed in a given period) of all distribution centers and offices. In the case of stores, it was possible to directly measure the consumption of 65% of the units in the period.

Company’s energy intensity



3,547 MWh  
per million Brazilian Reais  
in net operating revenue



543,542 m³  
was the Company’s  
water consumption  
in the year



100% of the operating units are  
supplied with some type of clean energy



ENERGY CONSUMPTION

ENERGY CONSUMED BY MAGALU IN 2022, BY TYPE OF SOURCE, IN GIGAJOULES (GJ)

NON-RENEWABLE FUELS

SOURCE	SCOPE 1	SCOPE 2	SCOPE 3	TOTAL
Acetylene	0.09	–	–	0.09
Diesel	21,558.25	–	2,165,250.09	2,186,808.34
Gasoline	2,648.79	–	310,024.69	312,673.48
Liquefied Petroleum Gas (LPG)	1,573.81	–	6,029.38	7,603.19
Vehicular natural gas (CNG)	–	–	156.69	156.69
Aviation kerosene	16,413.74	–	41,907.36	58,321.10

RENEWABLE FUELS

SOURCE	SCOPE 1	SCOPE 2	SCOPE 3	TOTAL
Hydrated ethanol	10,546.11	–	2,621.56	13,167.67

PURCHASED ELECTRIC POWER

SOURCE	SCOPE 1	SCOPE 2	SCOPE 3	TOTAL
Electric power supply	–	476,248.28	–	476,248.28
TOTAL	52,740.79	476,248.28	2,525,989.77	3,054,978.84



# Responsibility to dispose

GRI 3-3 | 306-1 | 306-3 | 306-4 | 306-5 | SASB CG-MR-410A.3



Any type of company generates waste in its operation, which has an impact on the environment and on people. Do you know how many tons of cardboard for disposal did Magalu generate in 2022? Almost 2,600 tons. This is equivalent to the weight of 2,600 popular cars. In addition to all this material, there are around 14,000 tons of more than a dozen different types of waste, ranging from Styrofoam and plastic to wood and metal, glass and broken electronic goods, among others. That is why the Company pays close attention to the topic: of the total volume, 75% was allocated to recovery operations.

In Magalu, waste is mainly generated in Distribution Centers (DCs) and logistics hubs,

Collection points were installed in 500 Magalu addresses in the country

*#descriptionofimage: A woman with long hair deposits a computer keyboard in a large box for recycling unused electronics*





CLICK HERE AND LEARN MORE ABOUT THE RECYCLING PROCESS OF DISUSE ELECTRONICS



The use of recycled material will avoid using 300 tons of virgin plastic in packaging

due to the high daily flow of goods and the different activities carried out in the units. To act on this front, the company hired approved managers who pack the waste from the operation and give them an environmentally appropriate destination.

Waste management is carried out by the maintenance area, in direct contact with partner companies responsible for waste management. This team takes care of the documentation regarding the movement of waste and monitors the process until recycling or final destination. The Sustainability team is responsible for creating guidelines, approving destination partners, and managing indicators related to generation.

With the growth in the number of logistical hubs, Magalu is aware of the need to replicate the waste disposal guidelines already implemented in its DCs in these

locations. Therefore, in 2022, the Company's concern was to ensure that all bases had adequate partners to deal with the types of waste generated by these units.

In 2022, Magalu continued to evolve in the revision of its packaging in search of more sustainable inputs. Coex security envelopes (widely used in e-commerce) and airpads (fillers that protect the product inside the boxes) now contain 60% recycled plastic. Until then, these packages were 100% composed of virgin plastic. With such replacement, it is estimated that, annually, around 300 tons of virgin plastic will no longer be used by the Company.

At the Época Cosméticos Distribution Center, changes were made to the size of the boxes used in the operation. New dimensions have been added as options with the aim of decreasing the use of airpads and reducing costs and production time.

HAZARDOUS WASTE GENERATED

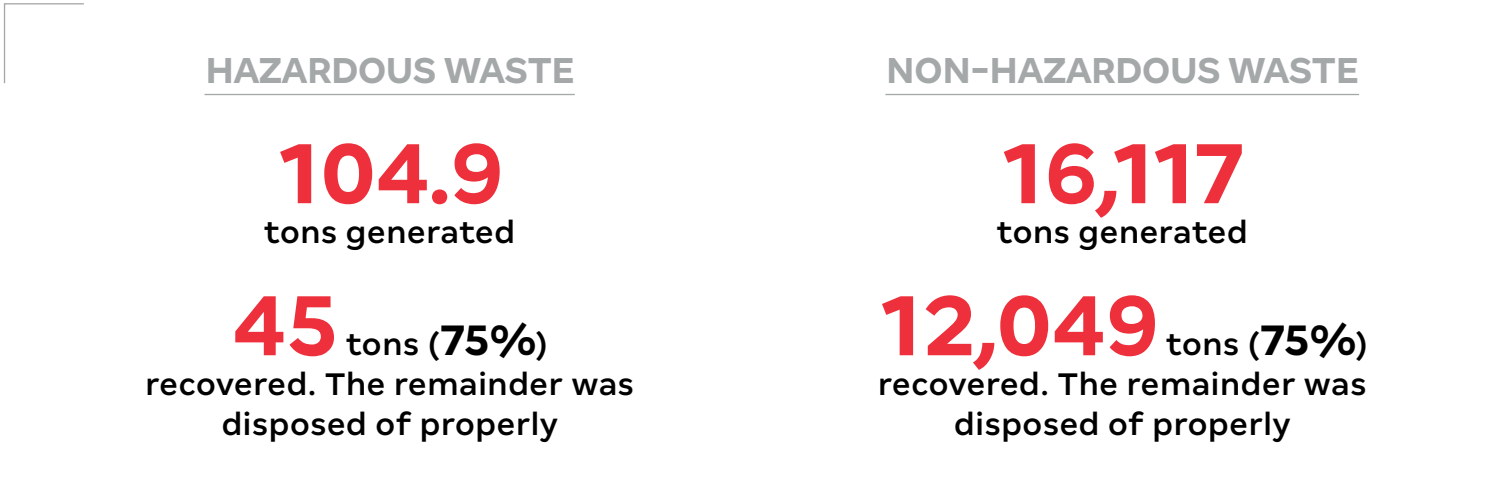
TYPE OF WASTE	TOTAL WEIGHT (IN TONS)
Water and oil separator boxes	6.82
Damaged and returned products	68.98
Lubricant oil	4.17
Lamps	1.06
Contaminated PPE and uniforms	0.05
Batteries	2.42
Battery water	1.98
Workshop waste	2.27
Contaminated rags/cloths/papers	17.12
Total	104.87

NON-HAZARDOUS WASTE GENERATED

TYPE OF WASTE	TOTAL WEIGHT (IN TONS)
Mixture of recyclable waste	6,496.52
Waste	3,433.90
Cardboard	2,591.18
Septic tank	1,106.17
Damaged and returned products	727.81
Organic	431.40
Plastic	360.28
Paper	348.54
Wood	290.83
Pruning or sweeping residue	103.56
Metal	82.43
Food oil and grease	32.20
Glass	31.14
Grease trap	30.55
Operation electronics	28.78
Polystyrene	8.98
Uniforms	7.61
Operation PPE	2.54
Rubble/concrete	1.68
Toners	1.30
Total	16,117.40

WASTE MANAGEMENT

VOLUME GENERATED IN 2022 AND ITS DESTINATION





Coex Envelopes:  
now made with 60%  
recycled plastic

#descriptionofimage: Blue  
plastic packaging with  
the Magazine Luiza  
brand and adhesive  
tape that makes it  
difficult to tamper with



3.6 tons of  
electronic waste  
were collected  
in 2022

The company’s responsibility in relation to the subject also extends to the so-called “post-consumption” stage. In June 2021, Magalu implemented a reverse logistics program in partnership with the Brazilian Association for Recycling of Electronic goods and Home Appliances (ABREE). Through it, collection points were installed in stores so that customers can dispose of electronic equipment and household appliances at the end of their useful life correctly, from an environmental point of view, completely free of charge.

By the end of 2021, within a period of seven months, 250 collection points were

implemented, which collected 1.2 tons of electronic waste. In 2022, these numbers rose to 500 collection spots and 3.6 tons of electronic waste collected. The material is sent to reverse manufacturing and recycling companies. Thus, it is possible to ensure the proper disposal of all components. To learn more about collection points, visit <https://maga.lu/descartecorreto>.

Electronic equipment for internal use at Magalu that reach the end of its useful life also goes to proper disposal through a partnership with the company Recicladora Urbana (ReUrbi), specialized in electronic waste. In 2022, ReUrbi collected 28.8 tons

TOTAL WEIGHT OF WASTE DIVERTED  
FROM FINAL DISPOSAL

TYPE OF WASTE	TOTAL WEIGHT (IN TONS)
Battery water	2.0
Batteries	2.4
Grease traps	30.60
Operation electronics	28.80
Contaminated PPE and uniforms	0.10
Operation PPE	2.50
Contaminated rags/cloths/papers	9.30
Septic tank	1,106.20
Polystyrene	9.00
Lamps	1.10
Wood	272.40
Metal	82.40
Mixture of recyclable waste	6,494.40
Lubricant oil	4.20
Food oil and grease	32.20
Organic	92.40
Recyclables (paper, cardboard, plastic)	3,286.00
Pruning or sweeping waste	25.00
Damaged and returned products	593.50
Toners	1.30
Uniforms	7.60
Glass	10.80
Total	12,093.89



# Uniforms were transformed into 4,060 blankets for six NGOs

of equipment from the Company. Part of the devices is dismantled, and parts and components are sold. The amount collected is used to purchase new equipment, which is donated to third sector entities. NGOs also receive donations of computers from Magalu that were remanufactured by ReUrbi.

### CIRCULARITY

The uniforms discarded by Magalu are sent to the company Retalhar, which, a fan of the circular economy, not only disposes of the fabrics in an environmentally appropriate way, but also transforms part of them into blankets, which are donated to institutions

selected by Magalu. In 2022, the Company allocated 23,943 professional uniforms. With this material, 4,060 blankets were produced, donated to six NGOs in the state of São Paulo that help homeless people. Another initiative is the improvement of the disposal process of personal protective equipment (PPE) used in the Company's operations. The PPE is sent to a company that sorts and reuses the material that can still be used. Magalu also carries out, in some of its offices and DCs, the collection of aluminum cans to exchange wheelchairs and receives coffee capsules of any brand to create organic fertilizer and recycling packaging.

### TOTAL WEIGHT OF WASTE DIVERTED FROM FINAL DISPOSAL

RECOVERY OPERATION	TOTAL WEIGHT (IN TONS)
<strong>HAZARDOUS WASTE</strong>	
Recycling	3.53
Blending for co-processing, re-refining, decontamination, and others	41.46
<strong>NON-HAZARDOUS WASTE</strong>	
Reuse	4.73
Recycling	10,589.80
Blending for co-processing and others	1,454.37

### WASTE DESTINED FOR FINAL DISPOSAL

RECOVERY OPERATION	TOTAL WEIGHT (EM TONELADAS)
<strong>HAZARDOUS WASTE</strong>	
Incineration (no energy recovery)	51.96
Class I landfill confinement	7.92
<strong>NON-HAZARDOUS WASTE</strong>	
Incineration (no energy recovery)	189.75
Landfill confinement	3,878.80

Uniforms used in distribution centers are recycled and turned into blankets

#descriptionofimage: A man in blue overalls and a mask checks a ball in an aisle filled with merchandise shelves





# 6

## To finish

Annexes

GRI Content Index

SASB Content Index

Contacts

magalu

magalu

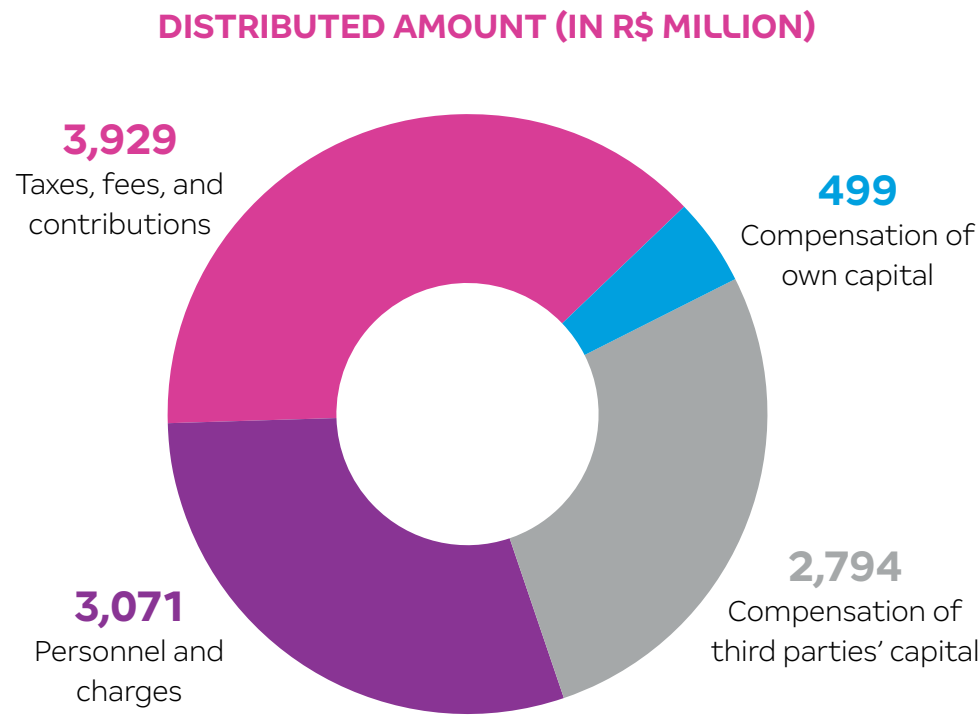


SUSTAINABLE STRATEGY

**GRI 2-29 | 3-1**  
In order to define the materiality matrix, the priority stakeholders were reviewed for interviews and consultations on the Company’s material topics. The following were identified as Magalu’s main stakeholders: the President and other members of the Board, executives, employees, investors, suppliers, consultants, industry, and consumer associations, OSCIPs and NGOs.

COMPANY + DATA

**GRI 201-1**  
Total value generated: **R\$ 43,738.0 million**  
Total amount distributed: **R\$ 44,230.1 million**  
Retained amount 2022: **-R\$ 492.1 million** – Generated (R\$ 43,738.00 million) – Distributed (R\$ 44,230.10 million)



INPUTS PURCHASED FROM THIRD PARTIES **R\$ 33,937 million**

RISK MANAGEMENT

**GRI 2-16**  
Throughout the year, 15 critical concerns are periodically evaluated as part of the Company’s risk matrix process, which are reported by Corporate Audit to the Audit, Risks, and Compliance Committee. After that, the issues are forwarded to the Board of Directors.

**GRI 2-27**  
During the reporting period, no significant cases of non-compliance with laws and regulations were recorded. As a result, the Company has not had final convictions that have resulted in fines equal to or greater than 50 million Brazilian Reais.

OUR EMPLOYEES

**GRI 2-30**  
At Magalu, 100% of employees are covered by collective work agreements or conventions.

**GRI 2-7**  
GEOGRAPHICAL DISTRIBUTION  
BY TYPE OF CONTRACT

NORTH	
Permanent	1,334
Temporary	70
Full time	1,366
Meio período	38
MIDWEST	
Permanent	1,906
Temporary	56
Full time	1,934
Part time	28

SOUTH	
Permanent	5,230
Temporary	41
Full time	5,104
Part time	167

NORTHEAST	
Permanent	7,211
Temporary	207
Full time	7,209
Part time	209

SOUTHEAST	
Permanent	22,466
Temporary	221
Full time	22,426
Part time	261

**GRI 401-3**  
PARENTAL LEAVE¹

	WOMEN	MEN
Employees entitled to maternity/paternity leave	100%	100%
Employees who took maternity paternity leave in 2022	1,058	354
Employees who returned from maternity/paternity leave in 2022	1,057	354
Rate of return to work²	99%	100%
Employees who completed 12 months after returning from maternity/paternity leave in 2022 in reference to 2021	474	247
Retention rate³	80%	89%

¹ The affiliate GFL is not included in the calculation.  
² 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  
³ Retention rate = Total number of employees retained 12 months after they returned to work after leave / Total number of employees who returned from leave in the previous reporting period(s) x 100.



GRI 404-1  
TRAINING HOURS<sup>1</sup>

GENDER	AVERAGE HOURS OF TRAINING PER PERSON
Male	12h46
Female	14h41
FUNCTIONAL CATEGORY <sup>2</sup>	AVERAGE HOURS OF TRAINING PER PERSON
Chairmanship	–
Direction	00h46
Management	30h16
Coordination	19h30
Administrative	08h30
Operational	14h26
Apprentice	03h53
Intern	13h25

<sup>1</sup> Considers only Magalu in the calculation since the affiliates are still developing the process of calculating the training hours of their employees. The purpose is to report this number to the next cycle.

<sup>2</sup> In the case of intermittent ones, we have an average of 00h12 of training.

GRI 202-1  
RATIO BETWEEN THE LOWEST WAGE AND THE LOCAL  
MINIMUM WAGE, BROKEN DOWN BY GENDER

Local minimum wage: **R\$ 1,212**  
Lowest wage paid (women): **R\$ 1,212**  
Lowest wage paid (men): **R\$ 1,212**  
Ratio between the local minimum wage  
and the lowest wage, by gender: **1**

GRI 405-2  
RATIO BETWEEN THE BASE WAGE AND  
COMPENSATION RECEIVED BY WOMEN AND MEN<sup>1</sup>

FUNCTIONAL CATEGORY	BASE WAGE	COMPENSATION
Direction	1.01	1.01
Management	0.84	0.89
Coordination	0.74	0.82
Administrative	0.72	0.73
Operational	0.96	0.96
Apprentice	1	1
Intern	1	1

<sup>1</sup> The indicator covers Magalu and its affiliates, and used the following formula as the basis for calculation:  
(Sum of base wage or compensation of all women in the employee category / Number of women in this employee category) / (Sum of base wage or compensation of all men in the employee category / Number of men in this employee category).

GRI 202-2  
PROPORTION OF BOARD MEMBERS HIRED  
FROM THE LOCAL COMMUNITY

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

GRI 404-3  
PERFORMANCE EVALUATION<sup>1</sup>

GENDER	PERCENTAGE OF EVALUATED EMPLOYEES
Male	75%
Female	80%
FUNCTIONAL CATEGORY	PERCENTAGE OF EVALUATED EMPLOYEES
Chairmanship	–
Direction	91%
Management	90%
Coordination	84%
Administrative	79%
Operational	75%
Apprentice	58%
Intern	33%

<sup>1</sup> Considers only Magalu in the calculation since the affiliates are still developing the performance evaluation process.

ETHICS AND TRANSPARENCY

GRI 205 -2  
EMPLOYEES WHO UNDERWENT ANTI-CORRUPTION  
TRAINING BY HIERARCHY AND COUNTRY REGION

	MIDWEST	NORTHEAST	NORTH	SOUTHEAST	SOUTH
Interns	–	–	–	27	–
Operations	984	2.395	575	5.277	2.448
Administrative	32	50	16	1.715	58
Management	–	–	–	38	–
Coordination	–	–	–	35	–
Executive Board	–	–	–	14	–
Board of Directors	–	–	–	–	–



UNIVERSAL STANDARDS		DIRECT ANSWER/PAGE	SDG (SUSTAINABLE DEVELOPMENT GOAL)
THE ORGANIZATION AND ITS REPORTING PRACTICES			
2-1	Organization details	Page 16	N/A
2-2	Entities included in the organization’s sustainability reports	For this report, all the Company’s subsidiaries were considered, as shown in the Financial Statements (Explanatory Notes 12 and 13). In the Reference Form section 15.4 details the economic group. The Company’s ecosystem is also available on the Investor Relations (IR) website.	N/A
2-3	Reporting period, frequency and point of contact	Page 4 (Doubts or suggestions: <a href="mailto:sustentabilidade@magazineluiza.com.br">sustentabilidade@magazineluiza.com.br</a> )	N/A
2-4	Reformulations of information	There is no restatement of information.	N/A
2-5	External assurance	This material did not undergo external verification, but all data presented were checked internally. The data from the Greenhouse Gases (GHG) emissions inventory, in turn, were verified by KPMG.	N/A
ACTIVITIES AND EMPLOYEES			
2-6	Activities, value chains and other business relationships	Pages 15, 27, 43 and 55	12 and 16
2-7	Employees	Pages 46 and 70	12 and 16
2-8	Non-employee workers	Page 46	12 and 16
GOVERNANCE			
2-9	Governance structure and composition	Page 17	16
2-10	Appointment and selection of the highest governance body	Page 19	16
2-11	Chairperson of the highest governance body	The chair of the highest governance body does not exercise executive functions. Learn more about our governance structure on page 18.	16
2-12	Role of the highest governance body in overseeing the management of impacts	Pages 17 and 21	16
2-13	Delegation of responsibility for impact management	Page 17	16
2-14	Role played by the highest governance body in sustainability reporting	The body responsible for approving this Sustainability Report is the Executive Board for Customers, Integration, Reputation and Sustainability. Your mission in this assignment is to ensure that all material topics have been covered; that all companies in the group have been included; and that the holding’s sustainability guidelines are reflected in the operations of partner companies.	16
2-15	Conflicts of Interest	Page 20	16
2-16	Reporting of critical concerns	Pages 43 and 70	16
2-17	Collective knowledge of the highest governance body	Page 17	4 and 16



UNIVERSAL STANDARDS		DIRECT ANSWER/PAGE	SDG (SUSTAINABLE DEVELOPMENT GOAL)
2-18	Evaluation of the highest governance body's performance	Page 20	8 and 16
2-19	Compensation Policy	Page 20	10 and 16
2-20	Process for establishing compensation	Page 20	10 and 16
2-21	Proportion of total annual compensation	The ratio between the total annual compensation of the highest paid individual in the Company and the annual average of all other employees, considering fixed and variable compensation and benefits, is 40.73.	10
STRATEGY, POLICIES, AND PRACTICES			
2-22	Declaration on the Sustainable Development Strategy	Page 6	12 and 16
2-23	Commitment policies	Page 38	16
2-24	Incorporating commitment policies	Page 38	16
2-25	Processes to remedy negative impacts	Page 43	16
2-26	Mechanisms for seeking guidance and raising concerns	Pages 38 and 42	16
2-27	Compliance with Laws and regulations	Page 70	16
2-28	Membership associations	Page 42	16
STAKEHOLDERS ENGAGEMENT			
2-29	Approach to stakeholders engagement	Pages 43 and 70	16
2-30	Collective bargaining agreements	Page 70	16
MATERIAL TOPICS			
3-1	Process to establish material topics	Pages 9 and 70	12 and 16
3-2	List of material topics	Page 9	12 and 16
3-3	Management of material topics	Ethics and Transparency: pages 38 to 42 Diversity and Inclusion: pages 48 to 51 Security and Privacy: page 23 Human Rights in the Value Chain: pages 55 and 56 Digital Inclusion and Entrepreneurship: pages 27 to 33 Packaging and Waste: pages 65 to 68 Customer Satisfaction: pages 43 to 45 People Management and Development: pages 52 to 54 Climate Changes: pages 58 to 62 Use of Natural Resources: pages 63 and 64 Responsible Consumption and Products: pages 65 to 68	12 and 16



UNIVERSAL STANDARDS		DIRECT ANSWER/PAGE	SDG (SUSTAINABLE DEVELOPMENT GOAL)
ECONOMIC CONTENTS			
ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	Pages 12 and 70	8 and 16
MARKET PRESENCE			
202-1	Ratio between the lowest wage and the local minimum wage, broken down by gender	Page 71	5, 10 and 12
202-2	Proportion of board members hired from the local community	Page 71	10 and 12
INDIRECT ECONOMIC IMPACTS			
203-1	Infrastructure investments and services supported	Page 34	8, 9 and 12
203-2	Significant indirect economic impacts	Page 34	8, 9 and 12
ANTI-CORRUPTION			
205-1	Operations assessed for risks related to corruption	Page 38	16
205-2	Communication and training on anti-corruption policies and procedures	Pages 38 and 71	16
205-3	Confirmed incidents of corruption and actions taken	In 2022, Magalu identified a case of proven private corruption in its operations and there are no records of occurrences with public corruption.	16
ENVIRONMENTAL CONTENT			
ENERGY			
302-1	Energy consumption within the organization	Pages 5 and 63	7, 8, 12 and 13
302-2	Energy consumption outside of the organization	Page 63	7, 8, 12 and 13
302-3	Energy intensity	Page 63	7, 8, 12 and 13
302-4	Reduction of energy consumption	Page 63	7, 8, 12 and 13



UNIVERSAL STANDARDS		DIRECT ANSWER/PAGE	SDG (SUSTAINABLE DEVELOPMENT GOAL)
WATER AND EFFLUENTS			
303-1	Interactions with water as a shared resource	Page 63	3, 6 and 12
303-5	Water consumption	Page 63	3, 6 and 12
EMISSIONS			
305-1	Direct emissions (Scope 1) of greenhouse gases (GHG)	Page 58	3, 12 and 13
305-2	Indirect emissions (Scope 2) of greenhouse gases (GHG) from energy acquisition	Page 58	3, 12 and 13
305-3	Other indirect emissions (Scope 3) of greenhouse gases (GHG)	Page 58	3, 12 and 13
305-4	Intensity of greenhouse gas emissions (GHG)	Page 58	3, 12 and 13
305-5	Decrease of greenhouse gas emission (GHG)	Pages 5 and 58	3, 12 and 13
WASTE			
306-1	Waste generation and significant impacts related to waste	Page 65	3, 12 and 13
306-3	Waste Generated	Page 65	3, 12 and 13
306-4	Waste not destined for final disposal	Page 65	3, 12 and 13
306-5	Waste destined for final disposal	Page 5 and 65	3, 12 and 13
SOCIAL CONTENT			
JOB			
401-3	Maternity/paternity leave	Page 70	5
TRAINING AND EDUCATION			
404-1	Average hours of training per year, per employee	Pages 52 and 71	4 and 8
404-2	Programs for improving employee skills and career transition assistance	Pages 5, 48 and 52	4 and 8
404-3	Percentage of employees receiving regular performance and career development reviews	Page 71	4 and 8



UNIVERSAL STANDARDS		DIRECT ANSWER/PAGE	SDG (SUSTAINABLE DEVELOPMENT GOAL)
DIVERSITY AND EQUAL OPPORTUNITIES			
405-1	Diversity in governance bodies and employees	Page 46	5
405-2	Ratio of basic wage and compensation of women and men	Page 71	5 and 10
NON-DISCRIMINATION			
406-1	Discrimination cases and corrective action taken	In 2022, there were 14 cases of discrimination. Of these, 100% already have repair plans being implemented. When there is confirmation of any type of discrimination, action is immediate with the application of disciplinary measures and feedback/reception of those involved.	8 and 10
CHILD LABOR			
408-1	Operations and suppliers at significant risk for incidents of child labor	Page 55	8, 10 and 16
FORCED OR SLAVE-LIKE LABOR			
409-1	Operations and suppliers at significant risk for incidents of forced or slave-like labor	Page 55	8, 10 and 16
SAFETY PRACTICES			
410-1	Security personnel trained in human rights policies or procedures	Page 55	8, 10 and 16



UNIVERSAL STANDARDS		DIRECT ANSWER/PAGE	SDG (SUSTAINABLE DEVELOPMENT GOAL)
LOCAL COMMUNITIES			
413-1	Operations with engagement, impact assessments and development programs focused on the local community	Page 34	8, 10, 11 and 12
SOCIAL EVALUATION OF SUPPLIERS			
414-1	New suppliers selected based on social criteria	In 2022, 100% of new suppliers were selected based on social criteria.	12 and 16
414-2	Negative social impacts on the supply chain and measures taken	Page 55	16
CUSTOMER PRIVACY			
418-1	Substantiated complaints regarding violation of privacy and loss of customer data	Page 23	16



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 and (3) percentage of renewable energy	(1) 3,054,978.84 GJ (2) 23% of energy from the free market (3) 100% renewable energy consumption More information on page 63
Data security	CG-MR-230a.1	Description of approach to identify and address data security risks	Page 23
	CG-MR-230a.2	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of affected customers	1) one violation 2) 0.0001% 3) two customers
Labor practices	CG-MR-310a.1	(1) Average hourly wage and (2) percentage of store employees earning minimum wage, by region	1) Average hourly wage: R\$ 16.40 2) AL – 2.3% BA – 0.3% CE – 1.6% MA – 2.2% MG – 0.3% MS – 0.5% MT – 1.0% PE – 4.5% RS – 0.2%
	CG-MR-310a.2	(1) Voluntary turnover rate and (2) involuntary for store employees	(1) Voluntary turnover rate: 23.1% (2) Involuntary turnover rate: 32.4%
	CG-MR-310a.3	Total amount of monetary losses resulting from lawsuits associated with violations of labor laws	Magalu, the largest multichannel retail company in the country, ranked first in the 2021 and 2022 ranking of Best Companies to Work For, prepared by the Great Place To Work Institute (GPTW). The company has the best labor practices, in line with current labor legislation. In addition, it maintains a policy of exemplary practices for valuing people, prioritizing the well-being and development of its employees. As for the information regarding the judicial labor proceedings, these can be consulted in the Reference Form, see item 4.4.
Workforce Diversity and Inclusion	CG-MR-330a.1	Percentage of gender and ethnic/racial group representation for (1) management and (2) all other employees	Page 46
	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.



RETAIL			DIRECT ANSWER/PAGE
Sourcing, packaging, and marketing of products	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 1,059,973.61 Brazilian Reais.
	CG-MR-410a.2	Discussion of processes for assessing and managing risks and/or hazards associated with chemicals in products	The company maintains Safety Data Sheets for Chemical Products (FISPQs) in operations in case of accidents. There are kits of Personal Protective Equipment (PPE) to combat accidents available to the operation and with a procedure for screening aerosols to avoid accidents with pressurized fluids. We separate product categories in order to avoid cross-contamination for products regulated by Anvisa. In addition to this procedure for storing and distributing goods, the same precautions are taken in the waste disposal processes.
Activity metrics	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	Page 65
	CG-MR-000.A	Number of: (1) stores and (2) distribution centers	(1) Physical stores: 1,339 physical stores and (2) Distribution Centers: 23 distribution centers and 246 cross-dockings. Magalu ended 2022 with 1,339 stores, of which 1,048 were conventional, 237 were virtual and 54 were kiosks (partnership with Lojas Marisa and the supermarket chain Semar). In the last 12 months, the company opened 15 new stores and closed the operation of another 157, 140 of which were kiosks.
	CG-MR-000.B	Total area of: (1) stores and (2) distribution centers	(1) Sales area: 716,707 m2 (2) Total storage area: 1,281,000 m2. Given its multichannel operation, that is, fully integrated stores and e-commerce, the total storage area also includes the part of the stores that is used for handling and stocking goods. Achieving the 2022 projections was mainly impacted by changes in the economic environment. Since the publication of the original projections, the interest rate has increased from 4.25% p.a. to 13.75% p.a. in just over a year, with an increase in inflation as well. These changes significantly impacted retail sales, both in the physical world and in e-commerce. To adapt to this new scenario, Magalu significantly reduced inventory levels - which reduced the need to expand the storage area.



# Magalu

## 2022 Annual Report Strategy and Sustainability

COORDINATION

Reputation and Sustainability

sustentabilidade@magazineluiza.com.br

Investor Relations

ri@magazineluiza.com.br

CONTENT PRODUCTION

NOVA PR Digital Communication

contato@novapr.com.br

GRI AND SASB CONSULTING

RICCA Sustainability

atendimento@riccari.com.br

Learn more about our commitment to sustainability:

[Sustainability Policy](#)

[Code of Ethics and Conduct](#)

[Human Rights Policy](#)

[Diversity and Inclusion Policy](#)