

LOJAS RENNER S.A



CAMICADO

yoUcom

realize

2017

ANNUAL

REPORT



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INTRODUCTION

DEAR *READER*

This is Lojas Renner S.A.'s 2017 Annual Report, where we reaffirm our commitment to transparency and an open dialogue with all our stakeholders.

Here you will find material and detailed information on our company's profile and strategy for sustaining our businesses and creating value for society, as well as on the principles and values that drive our operations and performance in sustainability.

HOW TO READ THIS REPORT

THIS REPORT HAS TWO SECTIONS:

1 | **Overview: Who we are and how we create value**

Key information on our company's profile and our value creation strategy.
Pages 03 through 69

2 | **Responsible Fashion: our operations in detail.**

Detailed information and indicators about the themes that are key to our businesses.
Pages 70 through 142



TRANSPARENCY AND RELIABILITY

GRI 102-56

Information contained in this report is assured by KPMG, independent auditing company that attests to data veracity.



IMPORTANT NOTE:

THROUGHOUT THIS REPORT, WHENEVER WE USE THE TERMS "LOJAS RENNER S.A." OR "OUR COMPANY," WE REFER TO LOJAS RENNER (RENNER) AND ITS SUBSIDIARIES CAMICADO, YOUCOM, AND REALIZE.

WHEN WE SPECIFICALLY REFER TO ONE OF OUR BUSINESSES, WE USE THE TERMS RENNER, CAMICADO, YOUCOM, REALIZE, OR SIMPLY "BUSINESS".

BEST PRACTICES ADOPTED

This publication is based on internationally recognized reporting standards, the Global Reporting Initiative, and Integrated Reporting <IR>, which provide guidance and set corporate communication standards and best practices.

Throughout the report, whenever we discuss information that relate to GRI indicators, you will see the following acronym and the relevant indicator: **GRI XX-X**

You can also find a **GRI content index** by the end of the report to search for a specific indicator.

When the information presented refers to our businesses' capitals, in line with the Integrated Reporting framework, you will see the following symbols:



FINANCIAL



NATURAL



MANUFACTURED



HUMAN



SOCIAL AND
RELATIONSHIP



INTELLECTUAL



LEARN MORE

Throughout the report, we refer to our other publications that provide further information, such as our Financial Statements and Reference Form*.

**The Reference Form disclosed when we published this report refers to fiscal year 2016; the 2017 Reference Form will not be available until the end of May.*

MESSAGE

from the management

GRI 102-14

We believe sustainability is a value that is inseparable from our businesses, our strategy, and performance. Therefore, the message below is exactly the same as in our 2017 Financial Statements. The Annual Report and the Financial Statements are the two documents where our Chairman of the Board and our CEO bring their message to our stakeholders every year.

The exception is that here we state our continued support for the Global Compact, since this publication also informs the United Nations (UN) on our progress regarding the commitments we made throughout the year.

Our business model proved its resilience in 2017, when we resumed a growth trajectory and further ramping up our investments despite the many challenges on the Brazilian macroeconomic front. What drives us is undoubtedly the passion we feel for what we do. We have a sparkle in our eyes, a desire to do more and an inability to accept the status quo, all of which is what drives us forward.

Proximity to the customers, knowledge of the fashion business and a set of daily practices focused on the simplicity of processes and directed towards operational efficiency are what have allowed us to maximize the opportunities for expansion with the opening of 70 stores during the year.

We have also concluded some important projects which will be instrumental in allowing us to move forward and preserve our competitiveness. During the year,

we completed an important stage in infrastructure investment so that we now have a modern technological platform which will serve as a foundation for integrating the shopping experience in all channels.

We began this process with the construction of new Distribution Centers, which allowed us to operate a new logistics model. We then undertook a complete updating of the Company's ERPs and last year, concluded the modernization of the e-commerce and financial products platforms. These are now ready to offer new functionalities and services in line with leading international benchmarks.

All these steps will provide us with greater accuracy and control over inventory, promoting productivity gains and greater use of new technologies and, consequently, an improved shopping experience for our customers. We also believe that this process of updating has

been critical to offering a multichannel experience, leveraged with the use of data, significantly increasing our proximity to customers.

An event of particular importance in 2017 was the incorporation of Realize CFI, our Financial Institution, which will support the core retailing business. Realize CFI now provides us with more agility and flexibility for managing the financial arm of the business. It also gives us a capability to offer new functionalities and services to card holding customers, thus fostering improved relationships and interactivity with the Renner brand. As for the infrastructural aspect, during the year we finalized the replacement of the existing financial products platform for a more modern and flexible one, giving us faster connections with internal and external systems. Additionally, we digitized the processes for granting and recovery of credit, providing more convenience and agility to our customers.

Another key event during the year was the unveiling of the first Renner stores outside Brazil. As from September, we launched our brand in Uruguay where we already have three units in operation. This was a key step for testing our business model abroad and for consolidating

technological infrastructure and processes. To date, prospects are positive in the light of the good receptivity of Uruguayan operations.

In line with our commitment to continually supporting the United Nations Global Compact, we saw some equally important developments on the sustainable development of our businesses, following the definition of the strategic guidelines for sustainability and responsible fashion, resting on four pillars:

i) responsible suppliers, ii) eco-efficient management, iii) engagement of employees, communities and customers and iv) sustainable products and services. During the year, we also introduced improvements to the Supplier Development Program and in Compliance, both along the textile and also the civil construction chains of our stores and DCs. Important advances were made in the efficient management of waste and inputs and greater efforts expended on engaging all stakeholders. During the period, we invested in the circular economy concept, as you will see in the body of this report, by developing more than 1.6 million pieces. As recognition, in 2017, we were placed 10th in the Dow Jones Sustainability Indices and became a member of the FTSE4Good by Financial Times and London Stock Exchange.*

In Corporate Governance, we undertook an in-depth assessment of our current practices in relation to the Brazilian Corporate Governance Code and also best international practices as well as Novo Mercado Listing Regulations, preparatory to a series of improvements which we plan to implement in 2018. During the year, we also began to adapt to new rules for the Novo Mercado, a process in which we voted in favor of all B3's proposals.

In the light of the various initiatives mentioned above, in 2017 we reported Net Revenue from Merchandise Sales of R\$ 6.6 billion, growth of 15.4% and Same Store Sales of 9.2%. Gross Margin from the Retail Operation was 55.7% and Total EBITDA, 22.4%. Net Income was R\$ 732,7 million, growth of 17.2%. Over the course of the year, we saw growing customer traffic through the stores and posted an outstanding performance in apparel retailing in practically every month of 2017 according to IBGE (Brazilian Government Statistics Office) data. The average daily trading volume of our equities on the stock exchange was R\$ 87.1 million, thus maintaining our position as one of the most liquid shares among companies in the Brazilian retail sector.

*Information changed in the Message from the Management disclosed in the 2017 Financial Statements available at www.lojasrenner.com.br/ri.


All this was only made possible thanks to our employees. Despite the difficulties during the year, we were able to invest and, in a suitably austere manner, manage operating expenses. Our team knows who we are, how we are and where we want to go, and for this reason, all are engaged in building the company of our dreams and transforming our plans into reality. It was thus in 2017, that we achieved the record level of engagement of 88%, according to AONHewitt data, ranking us internationally in a high-performance zone for more than seven years now. Additionally, we were rated the 11th Brazilian most valuable brand in the Interbrand ranking.

And now in 2018, we begin the year at a time of recovery. Having left the most critical period of the economic cycle behind us, we are beginning to glimpse positive signs in Brazil. It is in this context that we shall be investing, both in Brazil as well as abroad, in processes directed to the strengthening of the competitiveness of our value proposition. Our capital budget, subject to shareholder approval, will allocate R\$ 620 million to the opening of approximately a further 25 to 30 Renner stores, two of which in Uruguay, 10 to 15 Camicado units and between 20 and 25 Youcom stores. Further investments will go to IT, logistics and modernization.

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



Osvaldo Burgos Schirmer
Chairman of the Board of Directors



José Galló
Chief Executive Officer



2017 HIGHLIGHTS

CONTINUED,
CONSISTENT GROWTH



| NEW BUSINESSES

70 new Renner, Camicado, and Youcom stores.
Unveiling of the first **3 Renner stores in Uruguay**.
Incorporation of **Realize CFI**, our Financial Institution.

| RESULTS LOJAS RENNER S.A.

Growth of:

15.4% in Net Revenue from Merchandise Sales.

9.2% in Same Store Sales.

17.2% in Net Income.

| GOVERNANCE

Rise of **70.5%** in our **LREN3** shares traded at **B3**, well above
the rise of **26.9%** of the Ibovespa.

In-depth assessment of our current practices in relation to the
Novo Mercado Listing Regulations of B3 -Brasil, Bolsa, Balcão-,
the Brazilian Corporate Governance Code, and best national and
international practices.

RESPONSIBLE FASHION IS OUR BUSINESS

01 | RESPONSIBLE SUPPLIERS

We made **3,595 technical visits** to production sites of domestic resale suppliers of apparel, footwear and accessories.

We expanded the scope of our domestic technical visits to include **100% of beauty products manufacturers (Alchemia)**.

100% of our domestic resale suppliers of apparel, footwear and accessories **are certified by the Brazilian Textile Retail Association (ABVTEX)**.

We improved the traceability process and **made technical visits to production sites of 100%** of our domestic suppliers of apparel, footwear and accessories.

We began the process to ensure **legal and social responsibility compliance** at our international resale suppliers.

We made an environmental diagnosis of our domestic resale suppliers, and it will serve as a foundation for the environmental assessment of our suppliers in 2018.

Improvement of 12 p.p. in the overall average score of our resale suppliers in the **Supplier Global Development Index (IDGF)** from January to December 2017.

02 | ECO-EFFICIENT MANAGEMENT

We offset 100% of our 2016 emissions.

We reduced our **electric power** consumption by **3%***.

We signed the first contract for supplying our stores with **solar power**.

**considering a group of 248 Renner stores that, for comparison purposes, had already completed a full year of consumption in 2017.*



03 | ENGAGEMENT

Engagement reached 88% of Renner's employees, and 83% of Camicado's.

We were also recognized by our people management practices:

Valor Company award by Valor Econômico newspaper.

One of the **150 Best Companies to Work For** in Você S.A. Guide's ranking.

One of the **Best Companies to Start a Career** and one of the **Best in People Management**, according to Valor Carreira.

Our brand's value was estimated at **R\$1.3 billion** in the "Most Valuable Brazilian Brands" survey by Interbrand, ranking **11th** among the most valuable brands in Brazil.

96.4% of our customers were satisfied and very satisfied with their shopping experience according to Renner's enchantmeters.

We invested R\$4.7 million through the Lojas Renner Institute, benefiting over **12,300 people** in 51 projects.

04 | SUSTAINABLE PRODUCTS AND SERVICES

We agreed on a partnership with the **Ellen MacArthur Foundation and the São Paulo University (USP)** to develop a circular economy project for our supply chain's manufacturing processes.

We transformed **380 tons of textile waste** from apparel manufacturing into new products, based on the circular economy concept.

We made over 3 million pieces from lower impact raw materials.

We collected more than 29 tons of perfumery and beauty products waste at Renner through **EcoEstilo**, reverse logistics service provided since 2011.

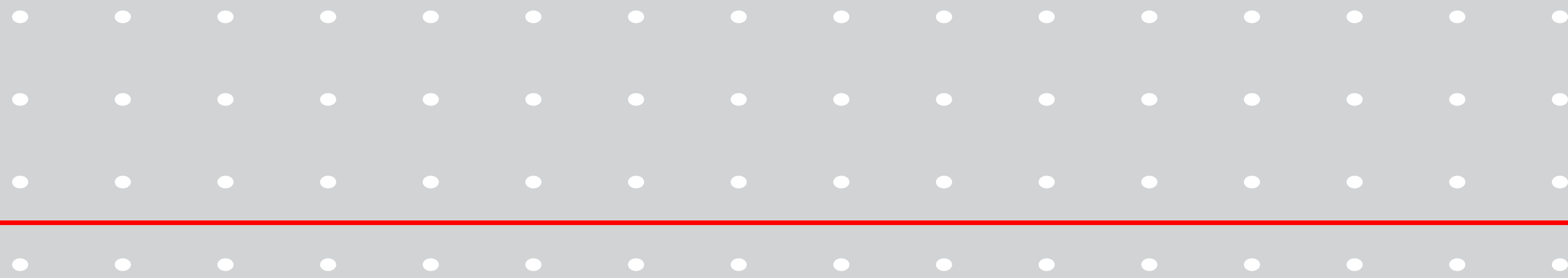
RECOGNITION

10th place in the **Dow Jones Sustainability Index (RobecoSAM)**, in the retail segment.

Our stock is now listed on the Financial Times and London Stock Exchange's **FTSE4Good** index, which measures the Environmental, Social and Governance performance of companies worldwide.

For the fourth consecutive year, we were listed on **B3's Corporate Sustainability Index**.

We were considered the **most sustainable** retail company for the second consecutive year according to **Exame's Sustainability Guide**.





WHO WE ARE

CULTURE & *Values*

GRI 102-16

OUR *VALUES*

| TO ENCHANT

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

| OUR WAY

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



TENACITY | IN ACHIEVING EXCEPTIONAL RESULTS

We are responsible for achieving results, not just developing good ideas. Results enable our investments, shareholder return, our remuneration, growth and continuity in the long term.

| QUALITY

We develop and implement excellence standards in everything we do, because everything we do can be done better. Our products and services have the highest quality standards: it is in our “DNA”.

| SUSTAINABILITY

Our businesses and attitudes are oriented by sustainability principles. In addition to financial results, we seek social development and to reduce environmental impacts while adopting best corporate governance practices.

| PEOPLE

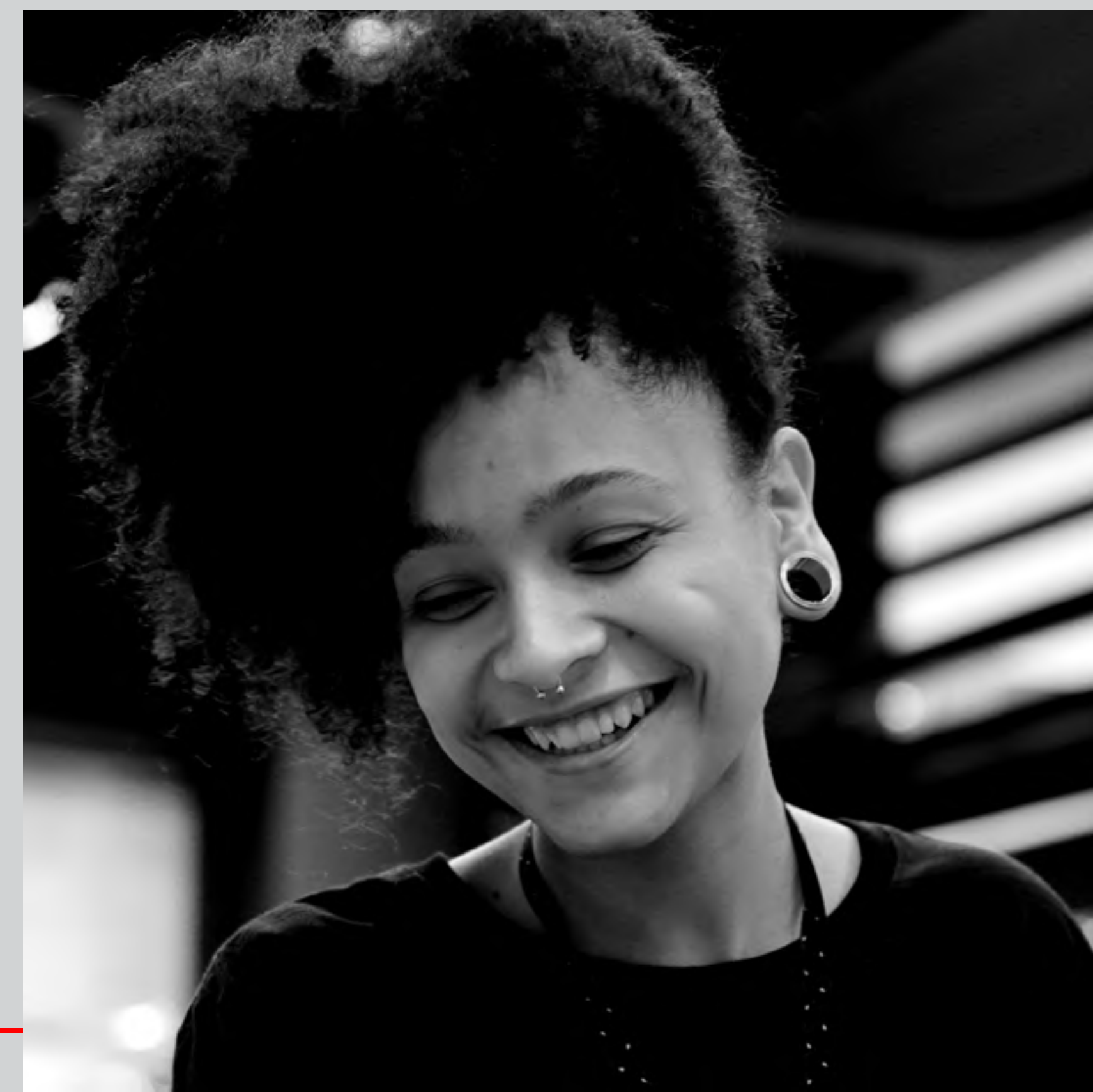
We hire, develop and retain the best staff – staff that enjoy people, who feel a passion for what they do and have a sparkle in their eyes. We work as a team and our staff have the authority and responsibility to make decisions. We provide the same ladder to all our employees so they can ascend at a pace that matches their talents, efforts and results.

| BUSINESS OWNERS

We think and act as the owners of our business units, and we are rewarded as such. We have a sense of urgency, attitude and aggressiveness in the pursuit of best practices, while grasping all market opportunities. We make decisions, taking risks with responsibility; we accept errors that become lessons learned, not seeking to blame anyone but to identify causes that need correction. We are responsible for perpetuating Renner, mostly through our attitudes and example.



*WE LOVE CHALLENGES:
WE DO NOT KNOW
IT IS IMPOSSIBLE, SO WE
DO IT!*



BUSINESS UNITS

RENNER

With 20 owned brands and licensed products, Renner has 330 stores across all states in Brazil plus the online store, and is also present in Uruguay. Its target audience are women ages 18 to 39, from social classes A-, B and C+.

MISSION:

To be the best and largest fashion retailer of the Americas for middle/upper-class customers, offering different styles, design, quality, competitive prices, and excellence in services. To enchant and innovate, always in a sustainable way.

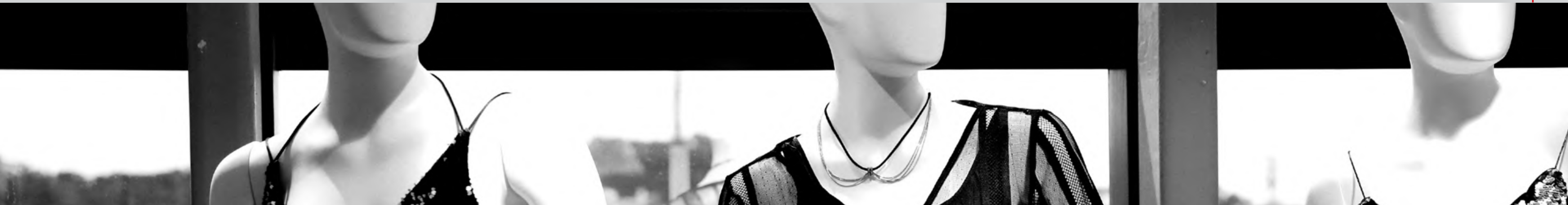
Learn more at www.lojasrenner.com.br



OUR VALUE PROPOSITION:

TO BE THE BRAND OF CHOICE OF THE MODERN WOMAN, OFFERING VARIOUS STYLES OF FASHIONABLE HIGH QUALITY MERCHANDISE AT COMPETITIVE PRICES, IN PRACTICAL AND PLEASANT STORES THAT ARE ENCHANTING AND INNOVATIVE.





apparel

8 brands making up 5 *lifestyles*:

12 brands for different segments:

NEO-TRADITIONAL

cortelle

PRESTON FIELD

MARFINNO

YOUNG

BLUESTEEL

ripping

GLAMOUR

A

SEXY

just be

CONTEMPORARY

REQUEST

bossa noma

FUZARKA

teddy boom

GET OVER

lov

maternity collection

poim

accessories

ASHUA curve size

VIKO

ALCHEMIA

SATINATO



CAMICADO

Chain of stores specializing in homeware and decor that has been in the market for over 30 years, and that has already become a traditional provider of wedding gift list services for offering quality, stylish items for every room in a house.

Some stores also have a Gourmet Station, where chefs and guests teach gastronomy classes and workshops for customers and visitors in a functional, fully equipped kitchen.

Camicado operates in 20 states across all regions in Brazil through 98 mall stores, plus the online store.

Its target audience are women ages 18 to 39, from social classes A-, B and C+.

MISSION:

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

Learn more at www.camicado.com.br



IN 2017, CAMICADO DEVELOPED ITS SUSTAINABILITY STRATEGIC PLAN, IN LINE WITH THE SPECIFIC FACTORS OF ITS BUSINESS.

Learn more on page 55.



YOUCOM

Young lifestyle brand, with its references coming from the fashion & style, music, mobility, sustainability and education universes.

It offers clothes, footwear and accessories for women and men in 84 mall stores in the South, Southeast, and Central-West regions of Brazil, plus the online store. In 2017, Youcom added the sustainability theme in its mission, reinforcing its alignment with Lojas Renner S.A.'s values.

MISSION:

To amaze and connect young people with the fashion world, and to be the most loved, sustainable and innovative brand in Latin America.

VISION:

To become the digital sustainable fashion brand of choice of young people seeking products that stand out for originality and awesome prices, understanding their desires and always amazing them.

PURPOSE:

To be a platform for young lifestyle expression.

Learn more at www.youcom.com.br

E-COMMERCE

We offer online shopping channels for each business – Renner, Camicado, and Youcom – so customers benefit from a convenient and informed experience. In addition to being another customer relationship channel, our e-commerce improves brand recognition, and increases sales both online and at our stores.

COMPRE ONLINE  LOJASRENNER.COM.BR



In 2017, we centralized the management of Renner's, Camicado's and Youcom's online stores and worked hard to improve the user experience at Renner's e-commerce:

We updated the website's technological platform to add new functions to better explore fashion aspects, and more advanced search and visualization tools and navigation customization.

Customers can now shop using the app—app and mobile sales together already represent 45% of online sales.

We started the pilot program where the customer shops online and picks up the product at a store, in line with our multichannel strategy.

And we now offer a new express delivery option—two business days for the city of São Paulo.

All these changes led to growth in net revenue from e-commerce at a rate twice as high as the market's, and we were the second-largest fashion e-commerce in number of visits in the year.

FINANCIAL PRODUCTS

The financial products and services offered to Renner's customers are convenience and loyalty tools, aligned with our value proposition of being the brand of choice of the modern woman. They support our retailing operations and contribute results.

In 2017, we incorporated Realize Crédito, Financiamento e Investimento S.A.. This new financial institution, controlled by Lojas Renner S.A., improves governance, flexibility, agility and transparency in the management of our financial products.

In line with our plan of transitioning the products to Realize CFI, in 2017 we fully migrated **Meu Cartão** and in November we started migrating new personal loan contracts.

MISSION:

To be the best retail financial solutions experience of the Americas for Lojas Renner S.A.'s customers, in an enchanting, simple, innovative and sustainable way.

Learn more at www.realizesolucoesfinanceiras.com.br

FINANCIAL PRODUCTS PROFILE BY THE END OF 2017

RENNER CARD	INSURANCE AND ASSISTANCE
Private label card 28.8 million cards issued 45.2% of overall sales Portfolio of R\$1.2 billion	Protection services in partnership with insurance and assistance companies

REALIZE CFI PRODUCTS PROFILE BY THE END OF 2017

MEU CARTÃO	SAQUE RÁPIDO
Co-branded card 3.4 million cards issued Portfolio of R\$1.1 billion	Personal loan services Loan portfolio of R\$71.9 million

OVERVIEW



GRI 102-2, 102-3, 102-4, 102-6, 102-7

With over **50 years** of history and publicly traded since **1967**, **Lojas Renner S.A.**, with headquarters in Porto Alegre (Rio Grande do Sul), is the largest fashion retailer in Brazil.

We are **20,994*** employees working everyday to enchant millions of clients in our **512**** stores in all states of Brazil and in Uruguay.

05 *BUSINESS UNITS*
 RENNER + CAMICADO + YOUCOM + E-COMMERCE + FINANCIAL PRODUCTS

04 *DISTRIBUTION CENTERS*
 TOTALING 120,000 m²

28.8 *MILLION CUSTOMERS*
 HAVE A RENNER CARD

1,752 *DIRECT SUPPLIERS OF RENNER AND YOUCOM*
 BACK OFFICE ADMINISTRATION AND RESALE DOMESTIC AND INTERNATIONAL

*Total employees includes employees on leave. For this reason, this figure differs from the one reported in the financial statements (19,989), which considers active employees only.

**Number of operations as at 12/31/2017.

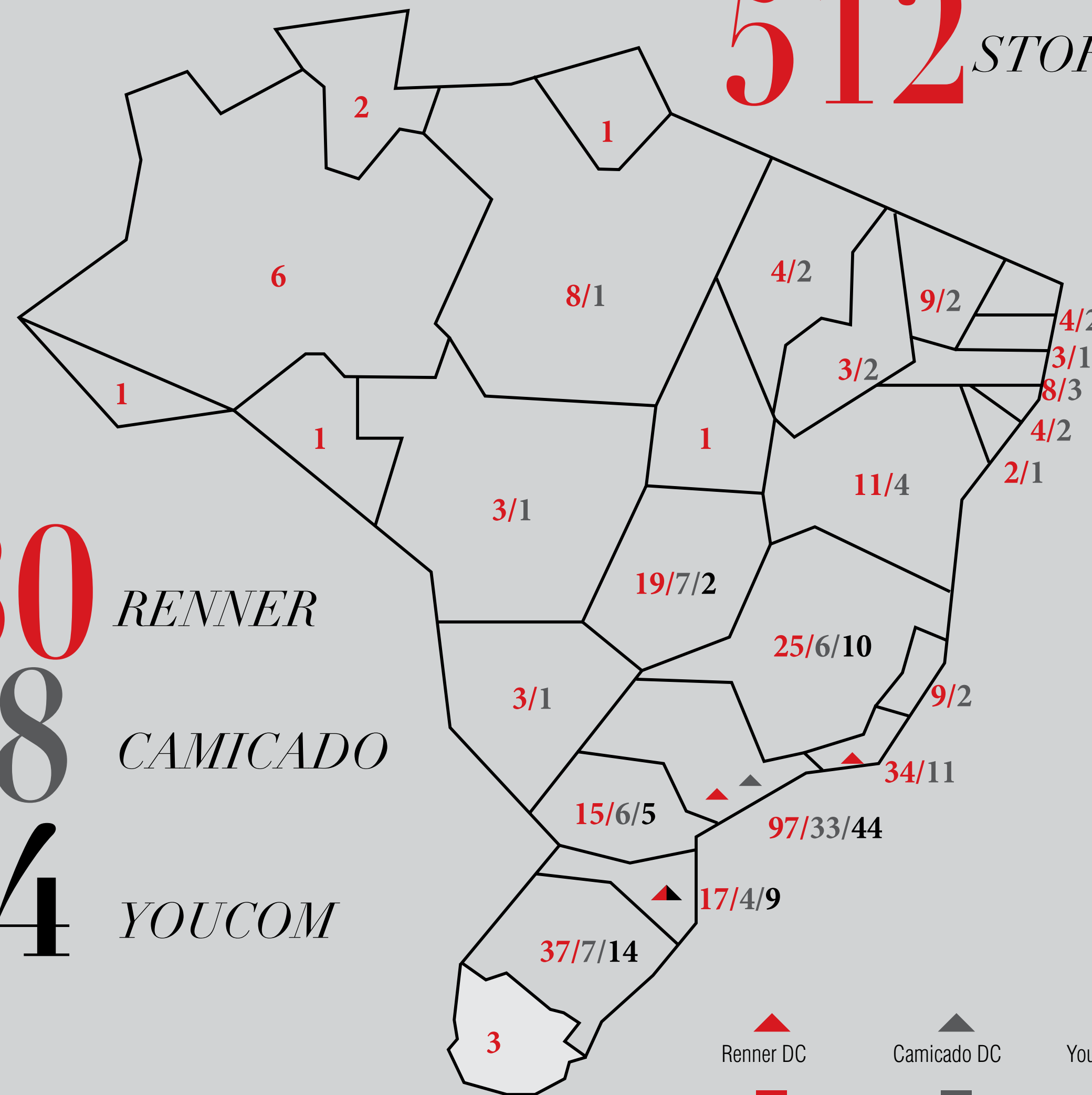
512 STORES

of stores

330 *RENNER*

98 *CAMICADO*

84 *YOUCOM*



▲ Renner DC
▲ Camicado DC
▲ Youcom DC

■ Renner
■ Camicado
■ Youcom

□ Uruguay

ETHICS & Governance

We know the success and perpetuation of our company directly relies on an ethical and transparent conduct, a core and invariable condition for governing our businesses and our relations.

In 2005, we became the first fully publicly held corporation in Brazil without a controlling shareholder. In 2017, we celebrated the 50th anniversary of our IPO. It is based on our strong commitment to ethics and best corporate governance practices that we have sustained our long experience in stakeholder relations.



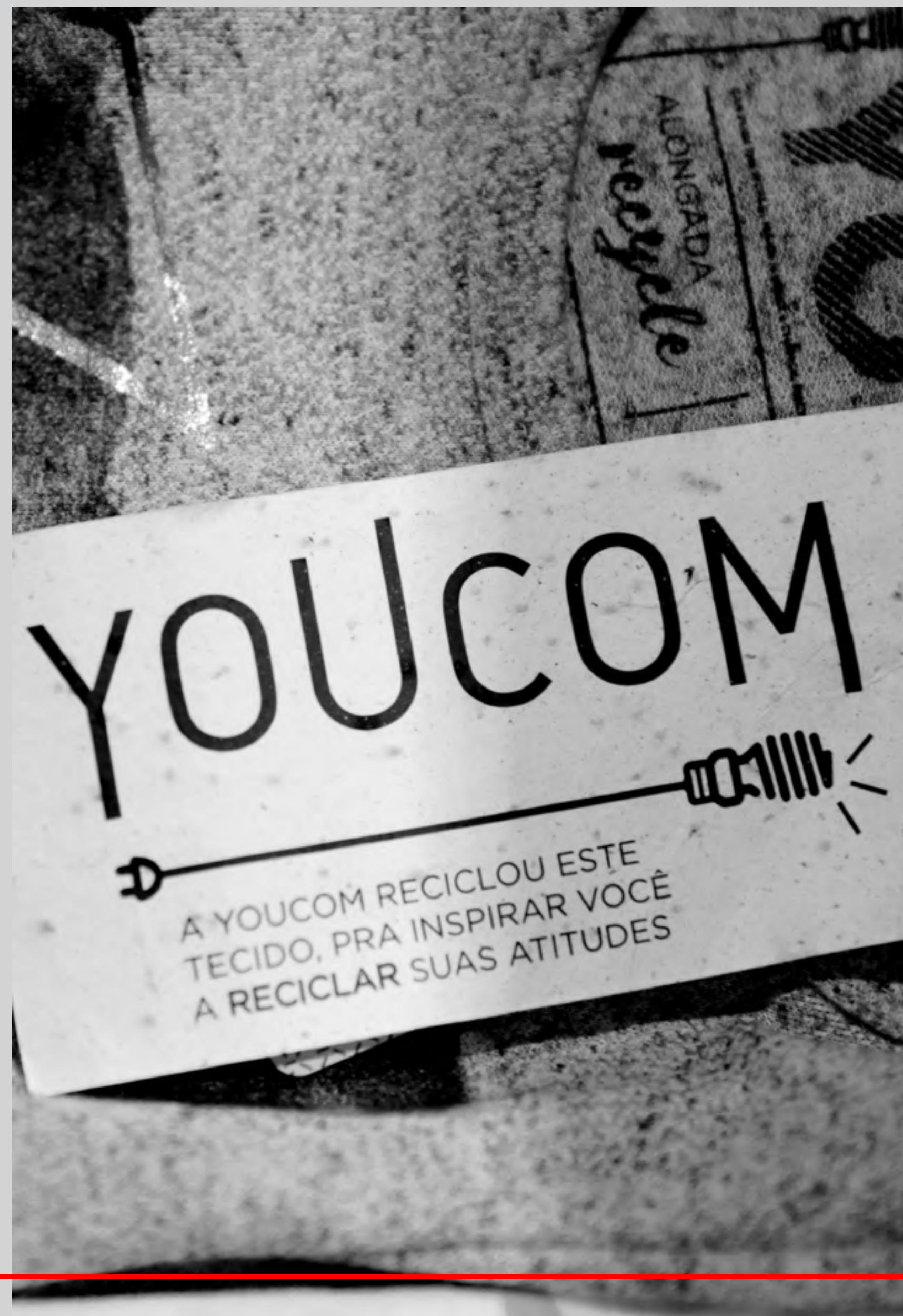
ETHICS



GRI 102-16, 412-2

Ethical relations across the whole value chain are vital for our company's sustainability and perpetuation. For that reason, we have a Code of Ethics and Conduct (first published in 1995 and most recently updated in 2013) to guide us so we act ethically in our day-to-day relations with all stakeholders.

DURING THE YEAR, A MULTIDISCIPLINARY TEAM UPDATED THE CODE OF CONDUCT FOR EMPLOYEES, AND ANOTHER TEAM CREATED THE CODE OF CONDUCT FOR SUPPLIERS. BOTH OF THEM WERE FINALIZED BY THE END OF THE YEAR AND ARE EXPECTED TO BE PUBLISHED IN 2018.



OUR CODE OF ETHICS AND CONDUCT EMBODIES OUR CORPORATE FOUNDATIONS (MISSION, VISION, AND VALUES), OUR COMMITMENT TO ACTING ETHICALLY, RESPECTING HUMAN RIGHTS, PRESERVING THE ENVIRONMENT, AND SECURING INFORMATION, IN ADDITION TO GOVERNING OUR RELATIONS WITH STAKEHOLDERS.

IT ALSO INCLUDES CONTACTS FOR SOLVING DOUBTS OR REPORTING ON NONCOMPLIANCE WITH THE CODE.

You can download the Code at:
<https://bit.ly/2Hliv0m>

ADHERENCE

All employees read and adhere to the Code when they are hired, and whenever it is updated, they are once again required to acknowledge the expected conduct.

All our suppliers are also aligned with our principles and values, and such alignment is formalized in a statement of commitment that accompanies all commercial contracts, where they abide to all ethical principles of responsible conduct of Lojas Renner S.A.. 100% of our domestic and international, back office administration service providers and resale suppliers sign this statement.

REPORTING

Misconduct reports are treated with absolute secrecy, confidentiality and impartiality, and are analyzed by a specialized team trained to conduct these cases the best way possible, making sure the informant's identity remains unknown so they do not face retaliation.

Throughout the year, we further publicized the Reporting Channel through communication actions and posters targeting our different audiences with the goal of promoting ethics and transparency.



IN 2017, 5,043 EMPLOYEES RECEIVED TRAINING IN THE CODE, TOTALING 2,521 HOURS OF TRAINING.

FIGHTING CORRUPTION



GRI 205-1, 205-2, 205-3, 415-1

Fighting corruption is one of the themes in our Code of Ethics and Conduct, but it is also addressed in our Anti-corruption Policy, which explains the practices and principles to be observed by employees, suppliers and third parties for an ethical conduct. Designed in 2014 in compliance with the Brazilian Anti-corruption Law No. 12,846/13, our policy was updated in 2017 and will be available to the public and our stakeholders in 2018.

In 2017, our actions to fight corruption started being managed by our Corporate Compliance team, which ensures greater consistency, focus and effectiveness. The program is now continually monitored for improvements.

TRAINING

Our anti-corruption training actions in 2017 included the following:

Online training and publication of the new policy, with **2,584** employees confirming they have read it and will follow the guidelines in the new document

In-company communication actions using different channels available to employees

On-site training to **138** store leaders and back office employees who directly interact with public agents on best practices and how to mitigate the risk of involvement with corruption

On-site anti-corruption training to **78** back office administration service providers through Programa Boas-Vindas (Welcome Program), ensuring our vendors also abide by the law

CORRUPTION RISK MAPPING

During the year, we also restructured our Corporate Compliance department; the team mapped all areas and our key operations for risk exposure, including exposure to corruption. Whenever any risk is identified, the Compliance team prepares action plans to mitigate it.

NO SIGNIFICANT CORRUPTION RISKS OR CASES INVOLVING LOJAS RENNER S.A. WERE IDENTIFIED IN 2017, AND WE DID NOT DIRECTLY OR INDIRECTLY CONTRIBUTE MONEY TO POLITICIANS AND POLITICAL CAMPAIGNS.

INFORMATION SECURITY



Information security is one of the key factors supporting our operations. For that reason, we dedicate great effort to mitigating cyber risks and securing sensitive information.

We have a dedicated Information Security department, and an Information Security Policy in place. We also have an Information Security Corporate Committee of professionals from the People & Development, Legal, Information Technology, Internal Audit, and Loss Prevention departments and from the Information Security department as well.

Among the actions focusing on information security, we pay special attention to customer data protection. Every year since 2012, Renner is recertified as PCI DSS compliant (Payment Card Industry Data Security Standard – the standard adopted by Visa, Mastercard, etc.) for customer credit and debit card data protection.

CORPORATE GOVERNANCE

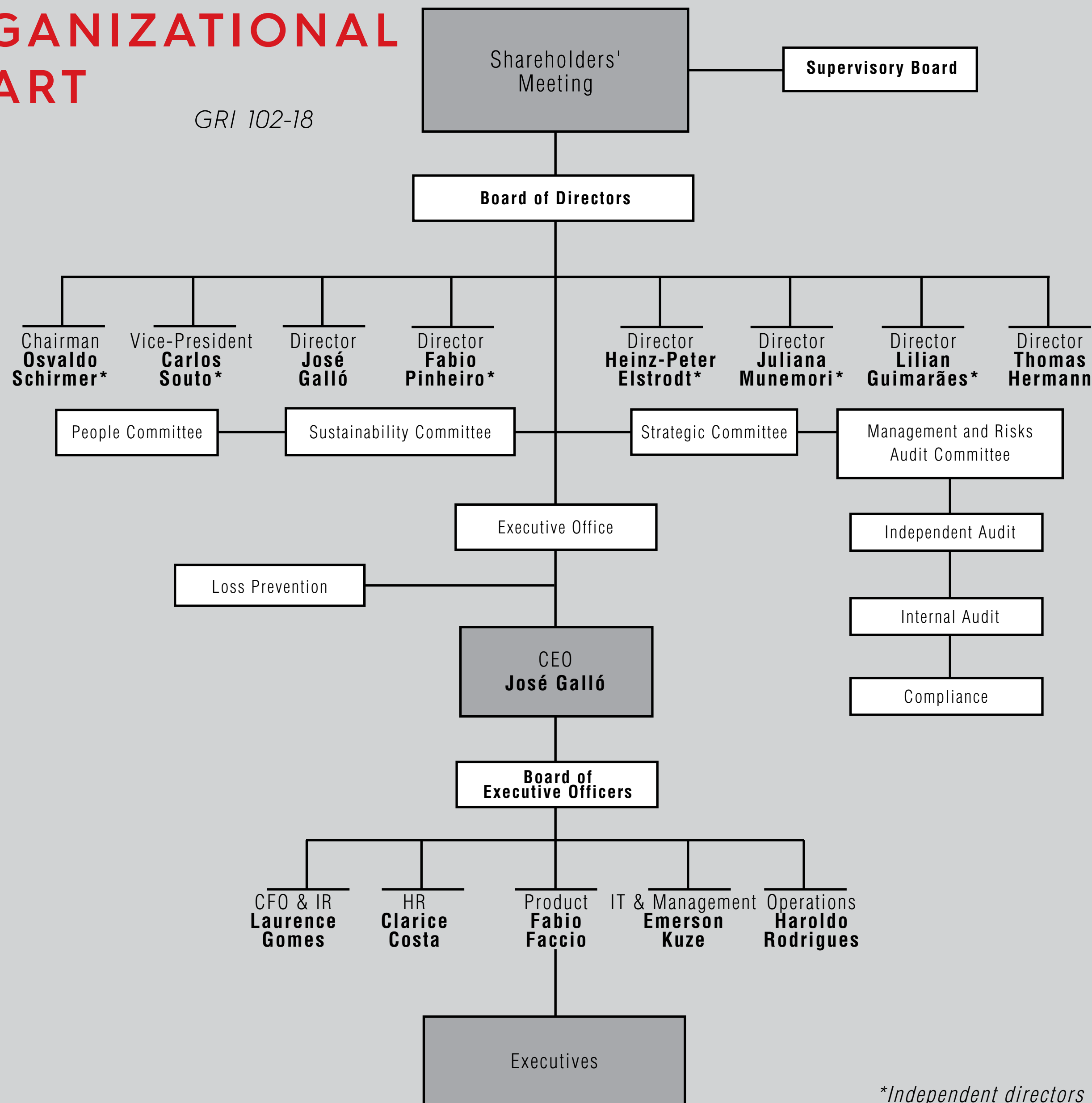


A seasoned team of leaders – put together in compliance with best corporate governance practices to prevent conflicts of interest and ensure sustainable results – is one of the foundations for meeting shareholder and investor expectations. The graph on this page illustrates our organizational chart by the end of 2017.

To learn more about our governance bodies and leaders, please refer to our Reference Form at <https://bit.ly/2qup46s>, or our Investor Relations website at www.lojasrenner.com.br/ri, under Corporate Governance>Management.

ORGANIZATIONAL CHART

GRI 102-18



*Independent directors

| THE FOUNDATIONS OF OUR GOVERNANCE

HIGHLY QUALIFIED LEADERSHIP,
ALIGNED WITH THE
PERPETUATION OF OUR RESULTS

Board of Directors with 8 members,
including 7 independent directors, and advised
by specialized committees

Permanent Supervisory Board

The Chairman of the Board is not our CEO

The Board of Directors and Board of Executive
Officers are formally evaluated

The interests of the Management are aligned
with those of the shareholders

OUR PROCESSES ARE
STRUCTURED, FORMALIZED
AND CONSOLIDATED

The Board and Committees have dedicated
Secretariats and information portals, making the
meetings of these governance bodies even more
relevant and effective in managing our company

Sustainability, Anti-corruption, Related-party,
and Governance, Risks and Compliance Policies

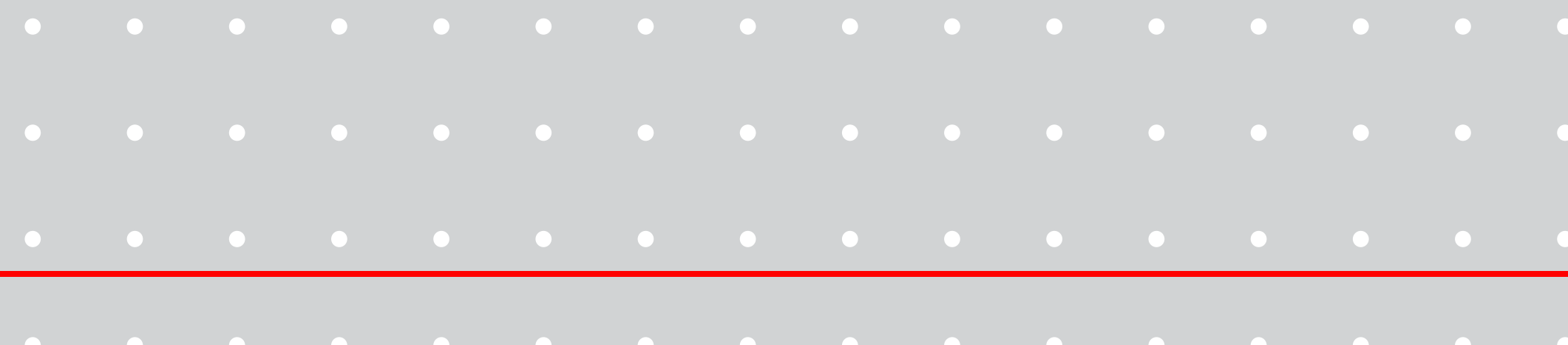
Reporting channels for ethics misconduct

WE SHARE THE VALUE
WE CREATE WITH
OUR SHAREHOLDERS

1st Brazilian fully publicly held corporation in
Brazil without a controlling shareholder

Listed on Novo Mercado, B3's highest governance
level

100% tag along



| BEST PRACTICES

We value the respect for the law, transparency in doing business, accessibility and equity in shareholder access to information, without benefiting or harming any of our stakeholders because of any kind of privilege.

Therefore, we follow best corporate governance practices and our stock is listed on Novo Mercado, a special segment of B3's stock exchange for companies that adopt the highest governance level.

IN 2017, WE CONTINUED TO ASSESS OUR CURRENT PRACTICES IN RELATION TO THE NOVO MERCADO LISTING REGULATIONS OF B3, THE BRAZILIAN CORPORATE GOVERNANCE CODE, AND BEST NATIONAL AND INTERNATIONAL PRACTICES.



We have also supported the evolution of Novo Mercado by participating in public hearings to discuss amendments to this segment's Listing Regulations, and by the end of this process we voted in favor of the Basic Regulation and four specific rules proposed by B3 (learn more on B3's website at <https://goo.gl/JsTpK3>).

LEARN MORE!

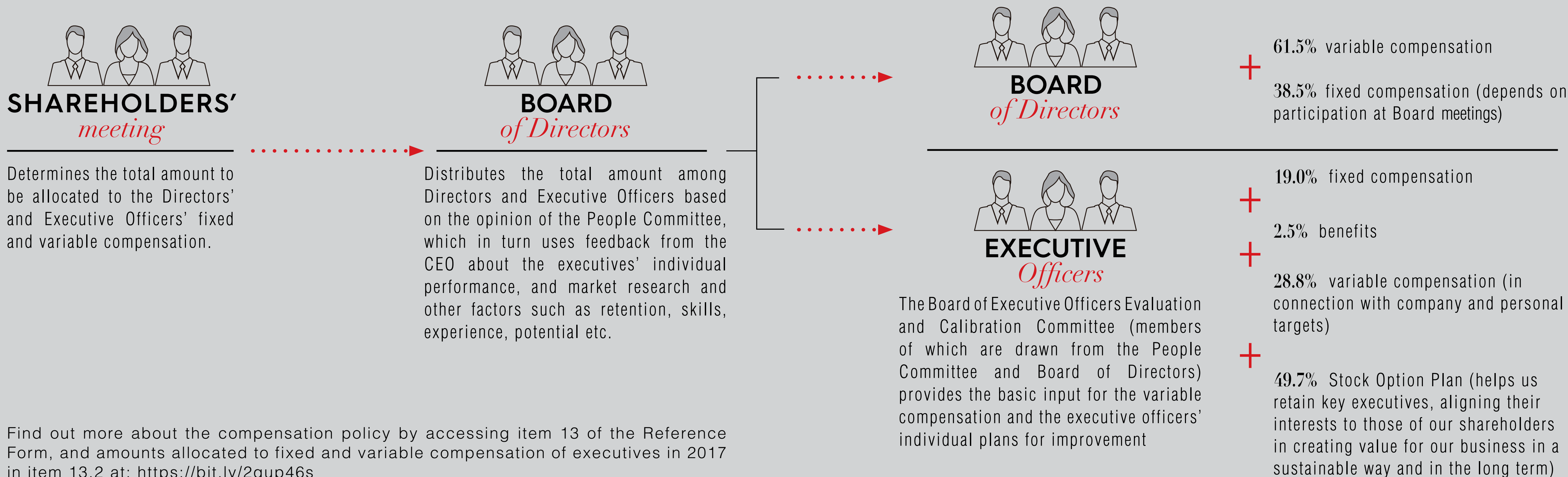
WE HAVE A DEDICATED INVESTOR RELATIONS WEBSITE WHERE YOU CAN FIND FURTHER DETAILS ABOUT OUR GOVERNANCE PRACTICES AND THE BRAZILIAN CAPITAL MARKET REGULATION.

Visit our IR website: <https://bit.ly/2HTnWR5>

PERFORMANCE AND COMPENSATION GRI 102-28

All members of our Board of Executive Officers are evaluated every year regarding their performance and the achievement of their economic, social and environmental targets. The evaluation is the basis for the variable compensation they receive and for improvement plans. The Board of Directors is also formally evaluated – every year the directors evaluate the board as a whole, their own achievements, the Chairman, and the Committees, as well as our company’s economic performance.

HOW COMPENSATION IS DETERMINED



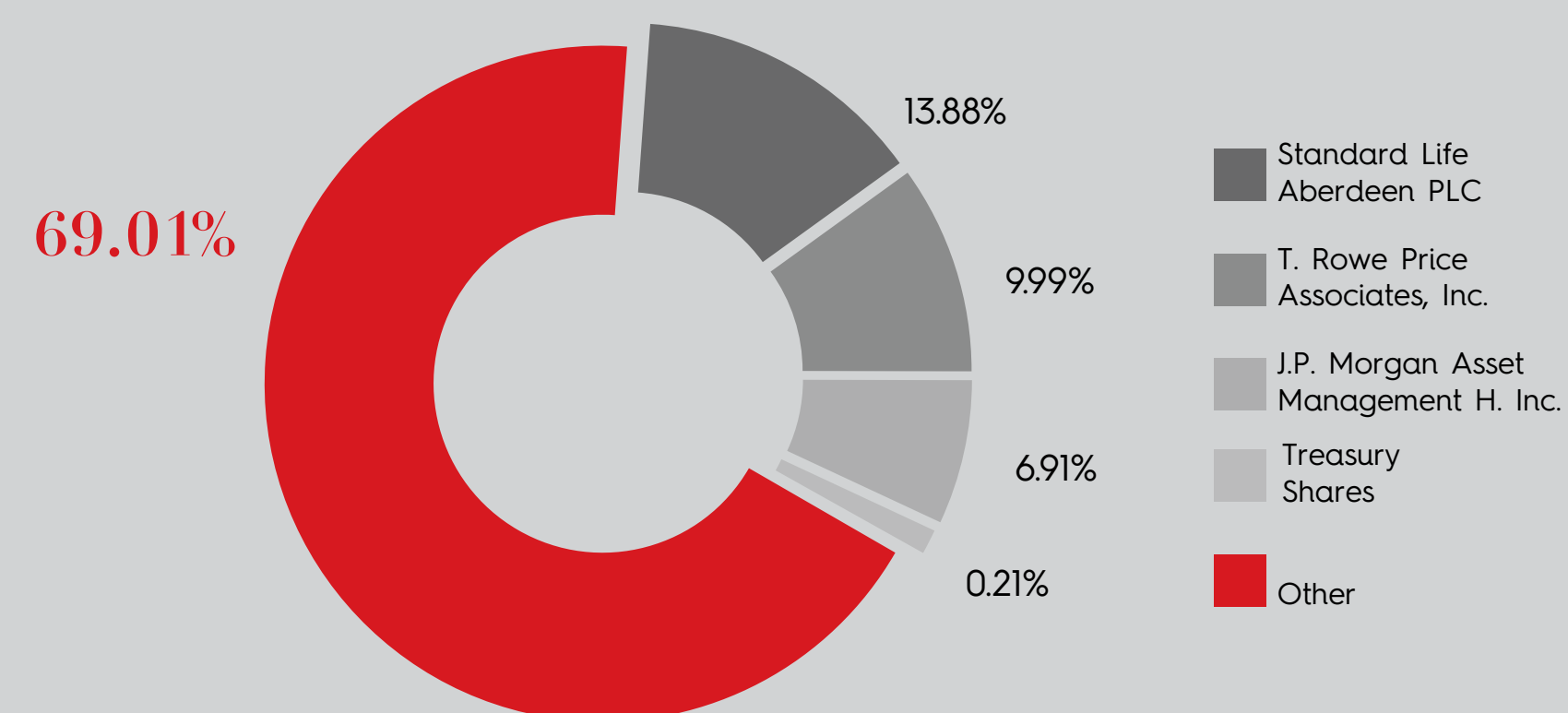
Find out more about the compensation policy by accessing item 13 of the Reference Form, and amounts allocated to fixed and variable compensation of executives in 2017 in item 13.2 at: <https://bit.ly/2qup46s>

OUR STOCK IN THE CAPITAL MARKET



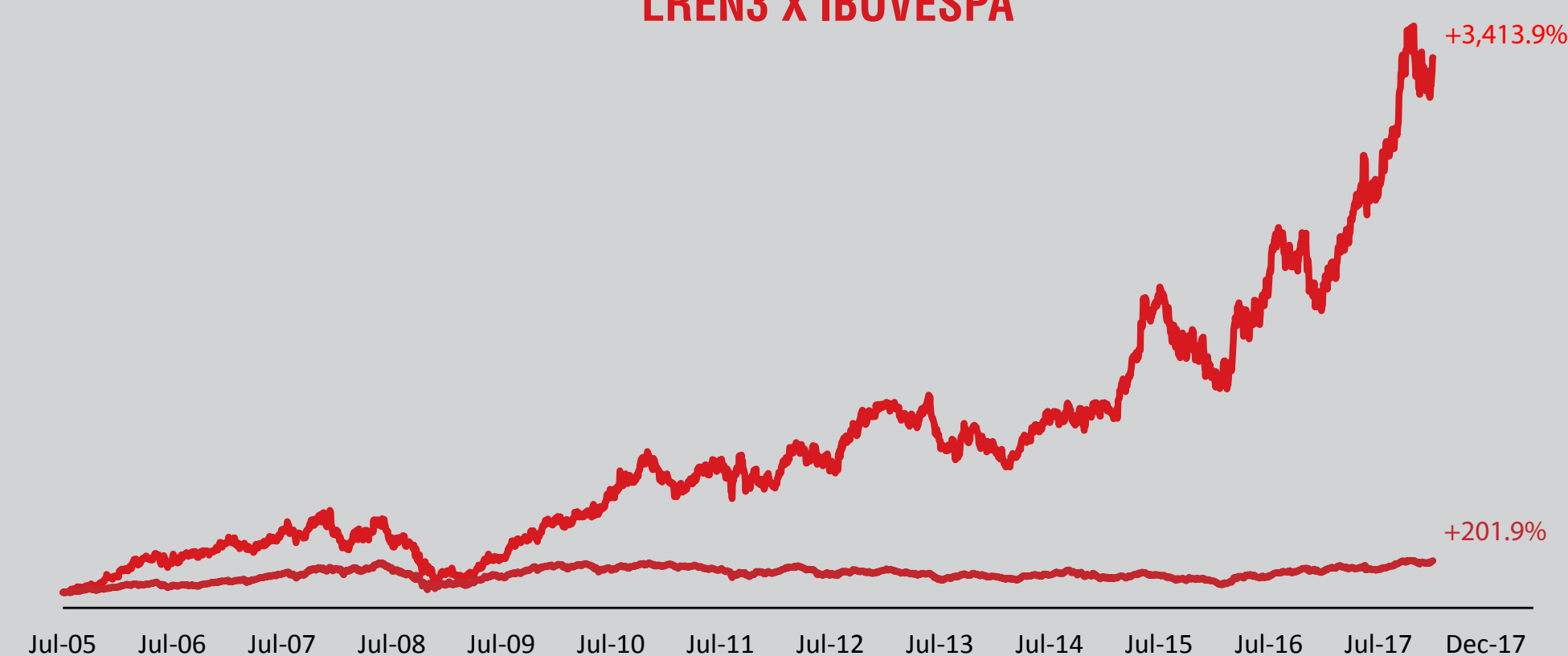
Lojas Renner S.A. is a pioneer in the Brazilian stock market: **100%** of our **713,235,181** shares are traded at B3, under ticker symbol LREN3.

STOCK OWNERSHIP ON 12/31/2017



In 2017, our shareholders received interest on equity totaling **R\$196.9 million**, and they will still receive the proposed yearly dividend of **R\$96.2 million**. If the 2018 Shareholders' Meeting approves the proposed dividend, the overall remuneration in 2017 will be of **R\$293.2 million**, equivalent to a **1.2%** dividend yield (considering the stock price on 12/28/2017) and a **40% payout**.

STOCK EVOLUTION LREN3 X IBOVESPA



In 2017, our stock rose **70.5%** (3,413.9% since July 2005, adjusted for corporate events), closing the year at **R\$35.49**, bringing our market cap to **R\$25.3 billion**. During the year, our stock recorded **2.6 million trades**, with **712.3 million** shares traded and an average daily traded volume of **R\$87.1 million**.

RISK *Management*



We adopt best local and international practices for the efficient management of our business, in line with our culture of ethics, transparency, and responsible governance.

Our governance structure is multidisciplinary and connected to the board; its responsibilities are well defined and it is supported by corporate policies to mitigate risks and impacts. This is how we are able to identify the factors that may have an impact on our operations and design prevention plans to minimize or eliminate potential negative impacts or even transform risks into opportunities.



MAIN RISKS

to our operations

MARKET RISKS AND EXTERNAL FACTORS THAT MAY IMPACT OUR BUSINESSES.
(item 4.2 of the Reference Form)

CURRENT AND FUTURE SCENARIOS AND EVENTS THAT COULD EXPOSE OUR COMPANY TO STAKEHOLDER RELATION RISKS.
(item 4.1 of the Reference Form)

FACTORS THAT COULD CAUSE NEGATIVE RESULTS OR ADVERSELY IMPACT OUR OPERATIONS OR OUR ABILITY TO EXECUTE OUR STRATEGY.
(item 4 of the Reference Form)

HOW WE MANAGE AND

protect our operations

*Risk management policies and internal controls
(item 5.0 of the reference form available at:
<https://bit.ly/2qup46s>)*

MANAGEMENT POLICIES

to control risks

COMPLIANCE POLICY

CUSTOMER SERVICE AND CRM POLICY

FINANCIAL MANAGEMENT POLICY

DISCLOSURE POLICY

MATERIAL FACT DISCLOSURE POLICY

INFORMATION SECURITY POLICY

RESALE SUPPLIER RELATIONS POLICY

SUSTAINABILITY POLICY

AUDIT POLICY

ANTI-CORRUPTION POLICY

**GOVERNANCE, RISK, AND
COMPLIANCE POLICY**

RELATED PARTY POLICY



SCENARIO OF
OUR OPERATIONS



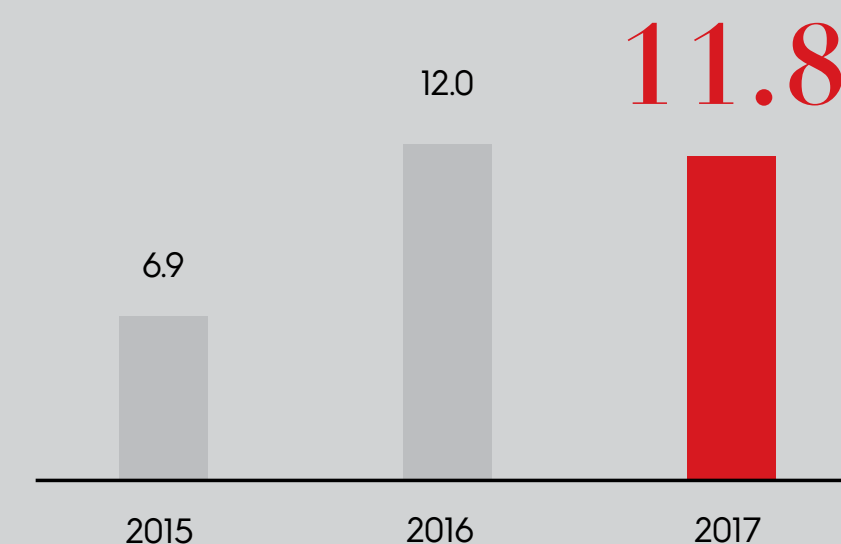
MACROECONOMIC

2017 was marked with the beginning of an economic recovery. After two years in recession, Brazil's GDP rose a slight 1.0% and the country's key economic indicators continued to improve.

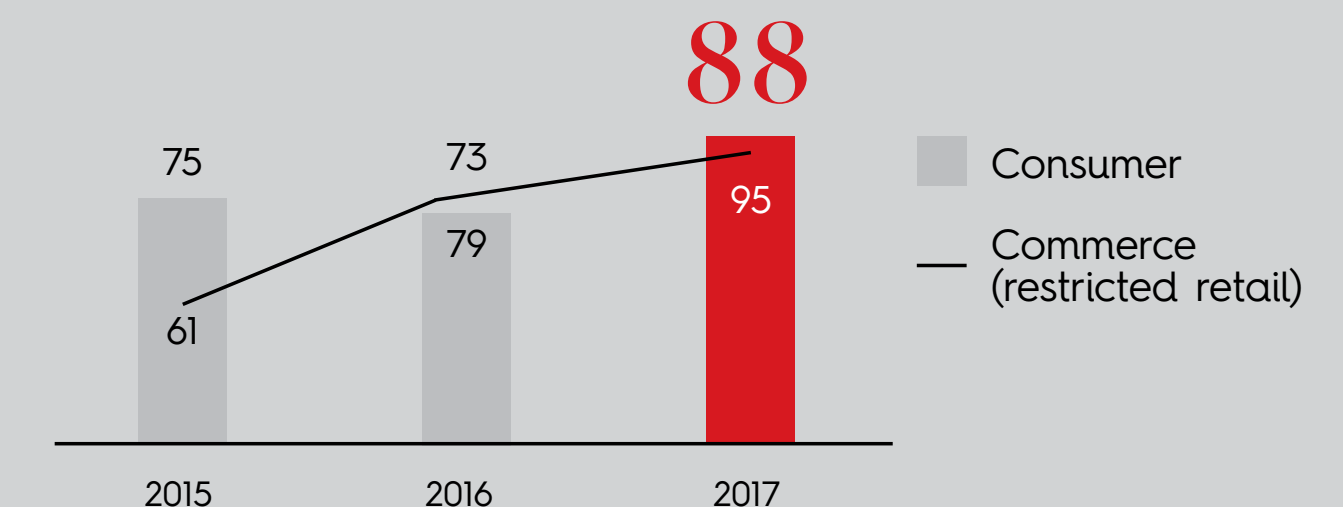
Inflation as measured by the IPCA Extended Consumer Price Index closed the year at 2.95%, a decrease of 3.34 p.p. year-over-year and below the Central Bank's lower target band of 3.0%. The policy rate fell 6.75 p.p. year-over-year, closing 2017 at 7%, the lowest rate ever recorded in Brazil.

HOW THE MACROECONOMIC SCENARIO REFLECTED ON INDICATORS THAT SUPPORT THE POPULATION'S PURCHASING POWER

unemployment rate (%)

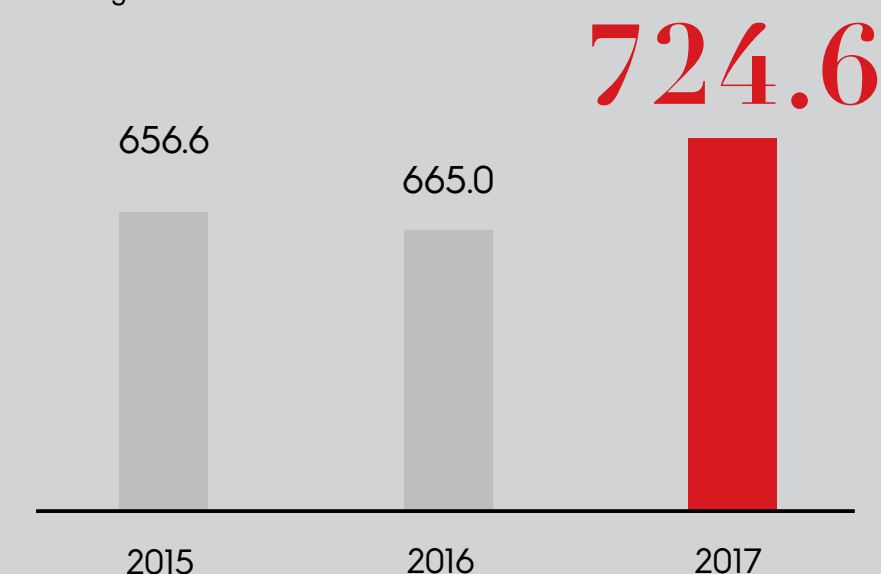


confidence index (%)

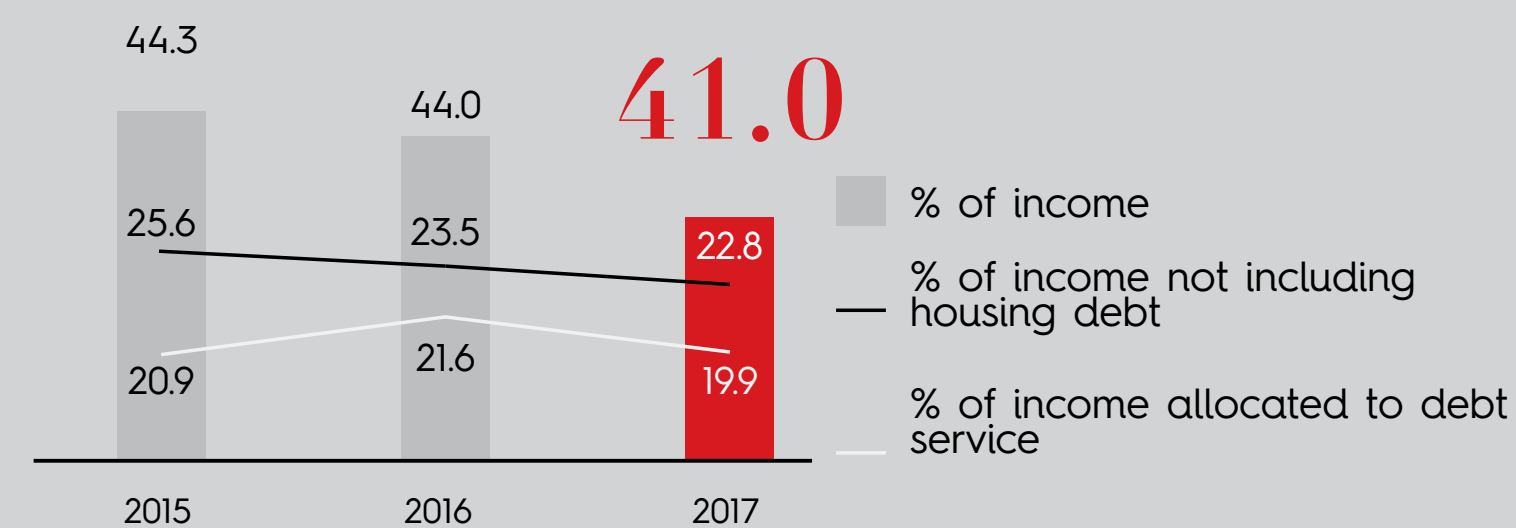


debt profile
(R\$ billion)

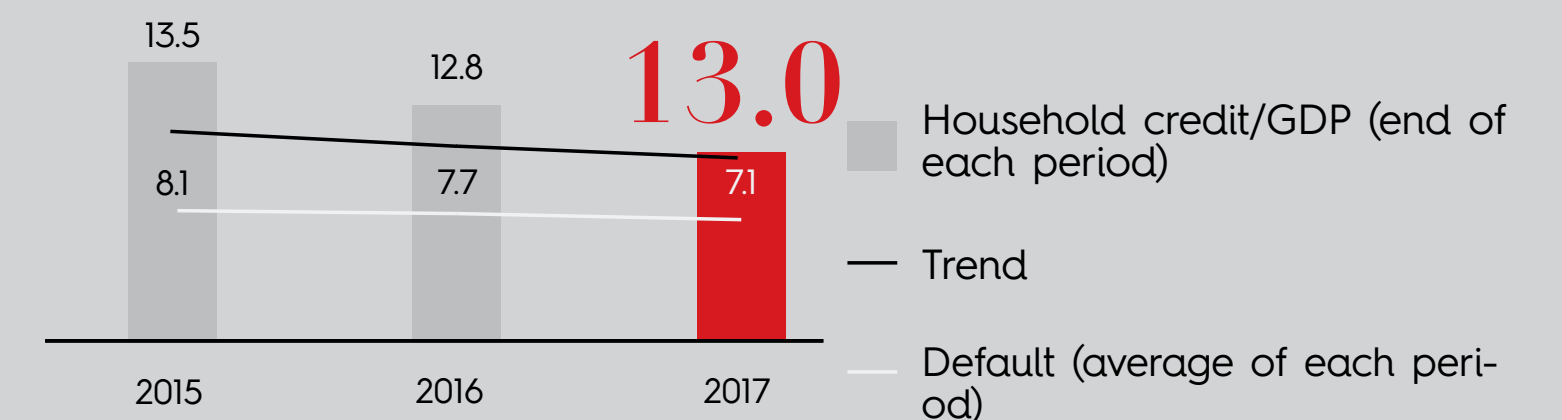
Savings accounts' overall balance



household income allocated
to pay debts (%)



household credit (%)



INDUSTRY



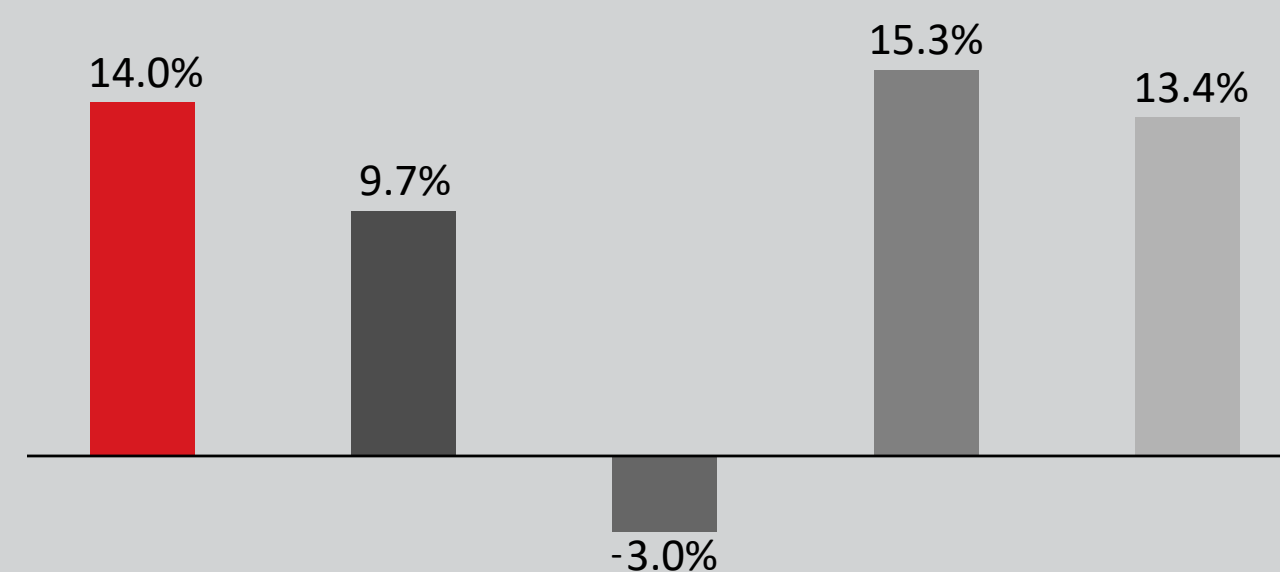
For the past few years, we have reported average growth above our domestic and global peers for key economic indicators.

Over the course of the year, we saw growing customer traffic through the stores. We improved our operations to take the product the customer wants, where they want it, and when they want it. We also managed our operating expenses in a suitably austere manner, which led us to post an outstanding performance in apparel retailing according to IBGE (Brazilian Government Statistics Office) data.

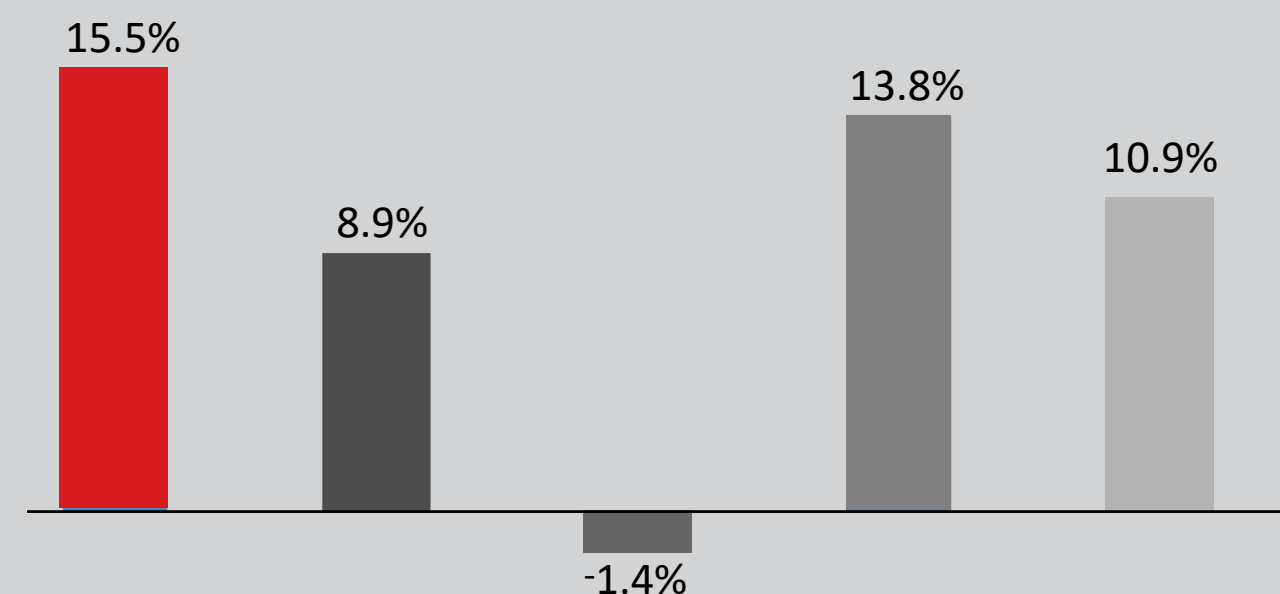
SCENARIO

MARKET COMPARISON ANALYSIS OF VARIATION FROM 2013 TO 2017

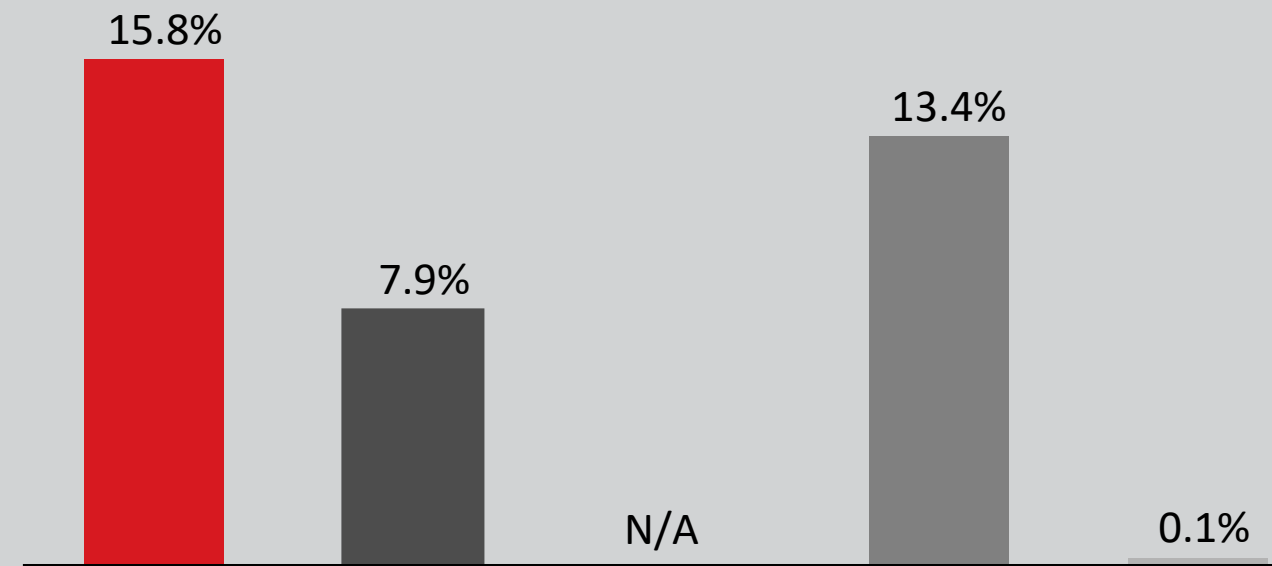
net revenue



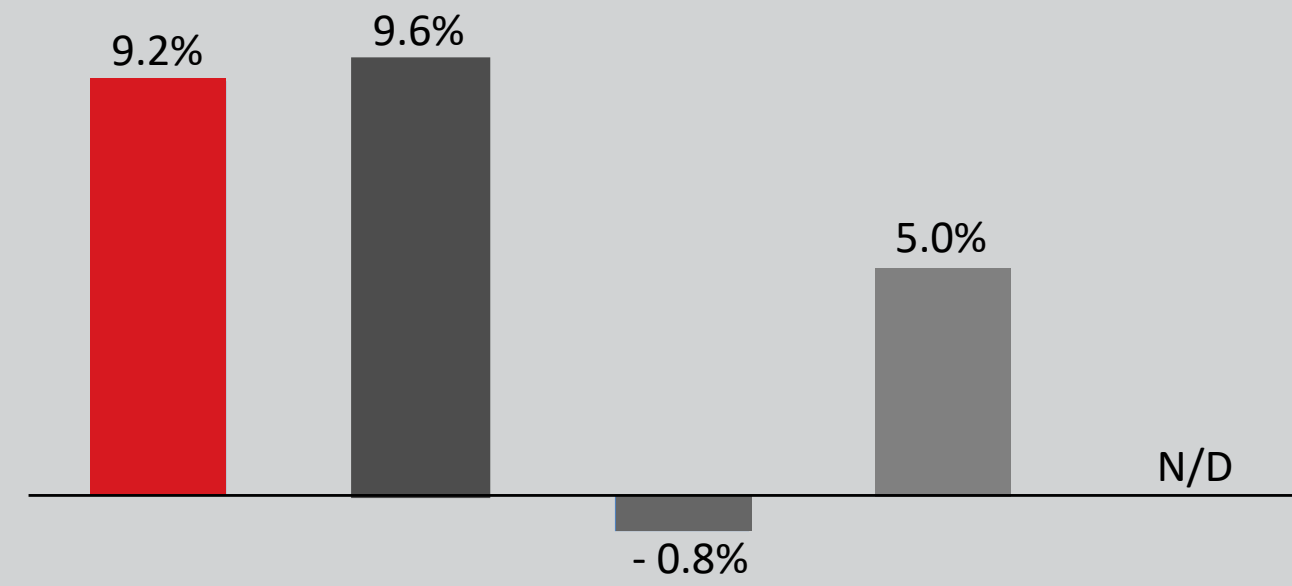
gross profit



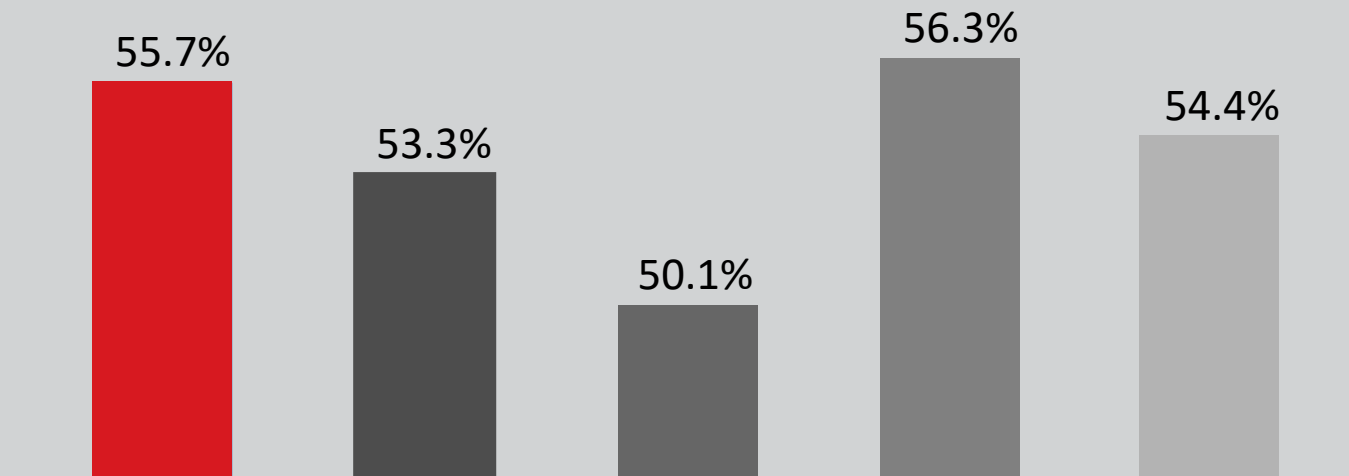
net income



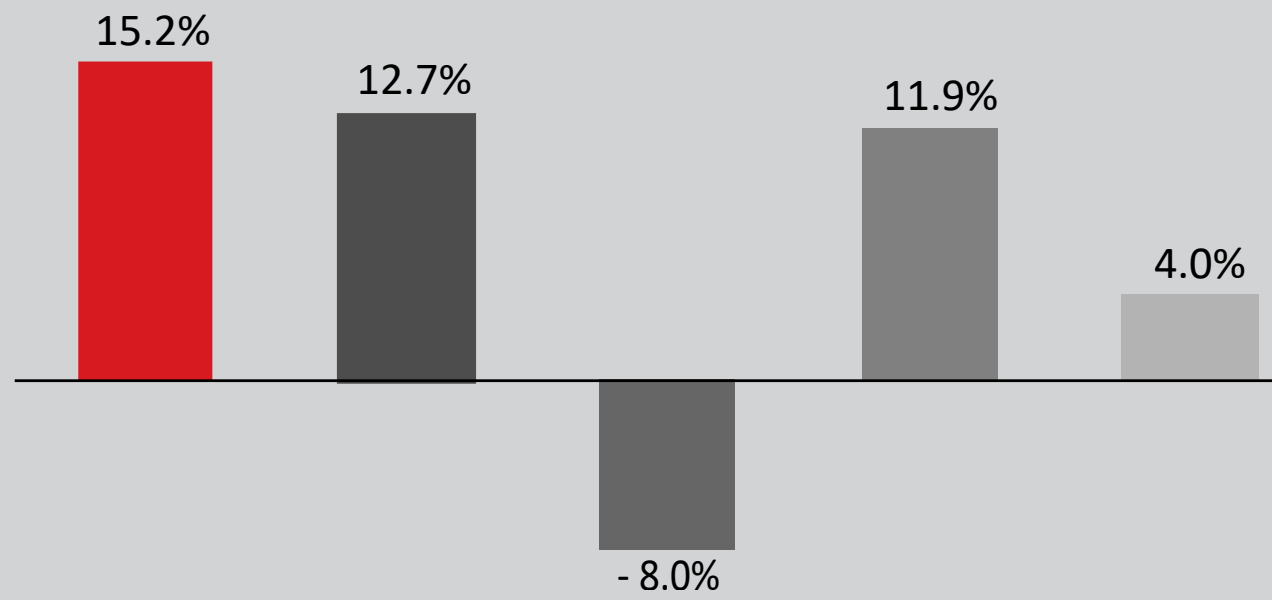
same store sales (nominal growth)



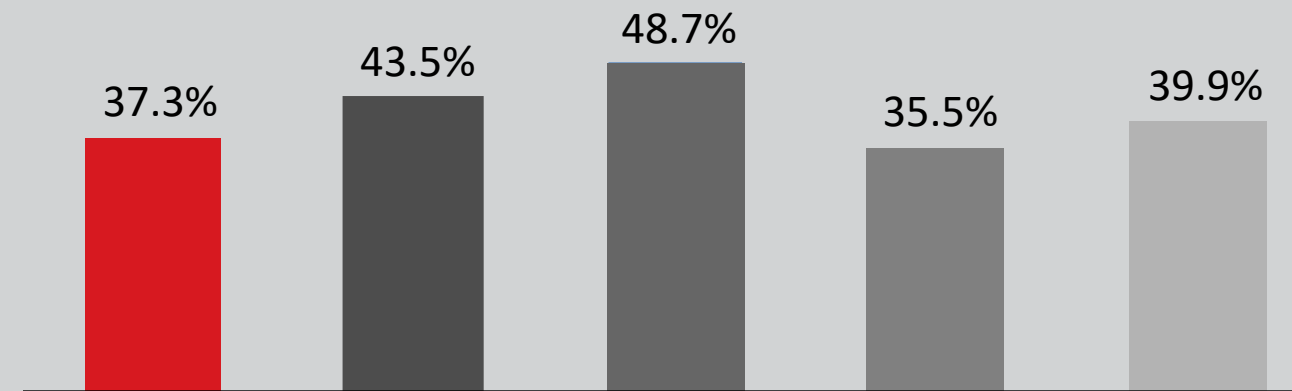
gross margin



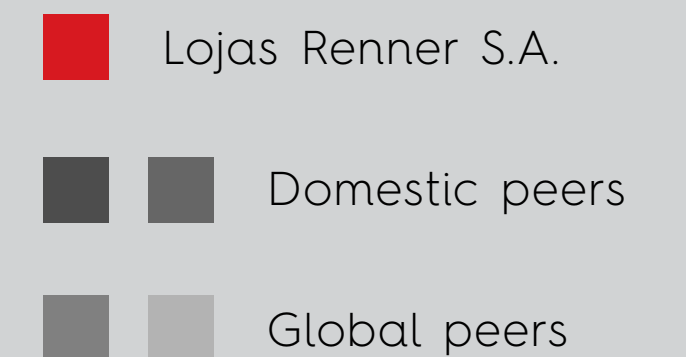
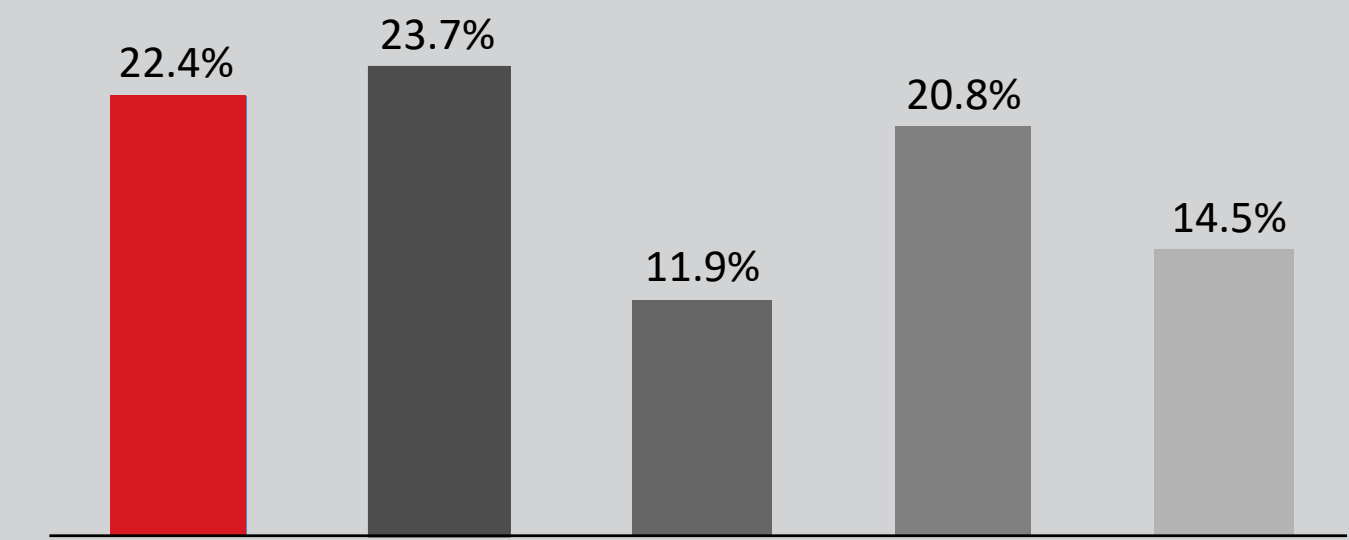
adjusted EBITDA



operating expenses (as % of NOI)



adjusted EBITDA margin



OUR RESULTS



In 2017, we continued the trend reported in previous years by growing and strengthening our foundations for a healthy future where our businesses can continue to evolve.

Our sales pace remained consistent throughout the year, reflecting increased customer traffic at our stores, higher number of pieces per purchase, convenient product placement at the stores, the correct execution of our operations, and a good inventory composition. This drove an increase of 15.4% in our Net Revenue from Merchandise Sales and of 9.27% in Same Store Sales.

Gross profit rose 15.4%, with margin unchanged at 55.7% in 2017. Adjusted EBITDA of Retailing operations rose 5.2%, and of Financial Products, 32%, compared to 2016. Overall Adjusted EBITDA went up by 10.2%, with a 22.4% margin, a decrease of 1 p.p. year-over-year due to the lower EBITDA Margin from Retail Operations.

We reduced our Net Debt by 27.4% to R\$659.8 million by the end of 2017 year-over-year, mostly due to a positive cash generation throughout the year. Our Net Income was up by 17.2% in 2017 year-over-year, with margin of 11.1% versus 10.9% the year before. This result reflects a higher overall adjusted EBITDA, and lower financial expenses.

We believe these results show how clear our strategy is, how we value our edges, our commitment to sustainability and to strengthening our foundations.

*LEARN MORE ABOUT OUR PERFORMANCE FOR
THE YEAR IN OUR FINANCIAL STATEMENTS
available at: <https://bit.ly/2EGSRNj>*



SOCIAL & ENVIRONMENTAL

GRI 102-15, 414-1, 414-2, 308-2

The main challenges facing sustainability in the fashion retail industry are the responsible and transparent management of the supply chain, using lower impact raw materials, and reducing environmental impacts.

Made of different players connected by trade relations (from raw material production, to the manufacture of the product and its sale to the end consumer), this industry has been challenged by the need to put together the increasing demand for agility, efficiency, cost control and sustainable development.

Against this backdrop, we are committed to promoting a responsible conduct throughout our supply chain in matters such as human rights, working relations that create value for society, empowering women in the labor market, and designing products and processes with a lower environmental impact.



SOCIAL *IMPACTS* |

WORK RELATIONS AND HUMAN RIGHTS

The constant search for maximum compliance with labor laws has been a challenge for practically all large fashion retailers both in Brazil and globally. Human rights and decent work conditions values and principles guide us at Lojas Renner S.A., and we continually and intensively encourage our suppliers to adopt the same stance in their businesses.

We monitor our suppliers for compliance with labor laws, as well as social responsibility principles and work safety conditions, with the aim of mitigating risks arising from any irregularities.

This issue is of vital importance to the sustainability of our operations since such violations cause profound social and economic damage to society and spoils the reputation of businesses, economic sectors and countries.



LEARN MORE:

*GOOD PEOPLE MANAGEMENT PRACTICES
AND BENEFITS IN OUR OWN OPERATION*
(page 100).

*MONITORING AND DEVELOPING OUR
TRADE PARTNERS* (pages 83 and 85).



EMPOWERING WOMEN

Data in the 2015-2018 priority agenda of the Brazilian Textile and Apparel Industry Association (ABIT) show the domestic textile sector production chain with a significant participation of women, representing about 75% of 1.5 million jobs.

Thus, the sector has a growing role to play in the increasing dissemination of the need for gender equality and women's empowerment, in line with the United Nations Sustainable Development Goals (SDGs).

*LEARN MORE ABOUT LOJAS RENNER
INSTITUTE'S PROJECTS THAT SUPPORT
WOMEN'S EMPOWERMENT IN THE
INDUSTRY'S VALUE CHAIN (page 109).*

ENVIRONMENTAL IMPACTS SCENARIO



GRI 308-2

In the processes that go from raw material extraction to the production and sale of textile products, better using resources such as water and energy is key for the industry not to affect the environment's capacity to generate new resources and ensure their availability in the long run, consequently not impacting production and operation costs.

Distributing products to the stores poses another challenge to the industry's sustainability: managing and reducing the consumption of fuels and greenhouse gas emissions in logistics operations.

After being disposed of by end users, consumer goods are usually destined for landfill sites where, in the big cities, it is becoming increasingly difficult to absorb the amount of waste generated by society every day.

Based on the analysis of the life cycle of a product, made in partnership with the Getúlio Vargas Foundation (FGV) in 2014 and 2015, last year we started a project to encourage a circular economy throughout our chain of textile resale suppliers – which is important to reduce impacts in our industry – in partnership with the Ellen Mac Arthur Foundation and the University of São Paulo (USP). Learn more about this project on page 116.

WE HAVE SEVERAL INITIATIVES IN PLACE TO REDUCE THE ENVIRONMENTAL IMPACT OF OUR OPERATIONS AND OF OUR SUPPLY CHAIN THROUGH THE WHOLE LIFE CYCLE OF OUR PRODUCTS. LEARN MORE ABOUT THESE INITIATIVES IN THE FOLLOWING SECTIONS:

- PRODUCTIVE CHAIN PROGRAM (page 86)*
- CIRCULAR ECONOMY PRACTICES (page 115)*
- ECO-EFFICIENCY IN THE SUPPLY CHAIN (page 116)*
- USE OF LOWER IMPACT RAW MATERIALS (page 121)*



Project supported by
Lojas Renner Institute



STRATEGIC *DEVELOPMENT* CYCLE



DEVELOPMENT

Cycles

GRI 102-15



For the last three decades, we have been through four business development cycles, going from a family business to Brazil's largest fashion retailer in terms of revenue, with five business units.

In 1991, when our first development cycle began, we had eight Renner stores in operation. In 2017, now the fourth cycle, we have 512 Renner, Camicado, and Youcom stores, in all five regions of the country, and we are just emerging internationally.

In this chapter you will find details of our strategy and the initiatives of our fourth development cycle undertaken in 2017. In the next chapter, you will find the responsible fashion strategic guidelines that help us grow sustainably.



Development cycles

Stores in the beginning and by the end of each cycle

Geographic expansion

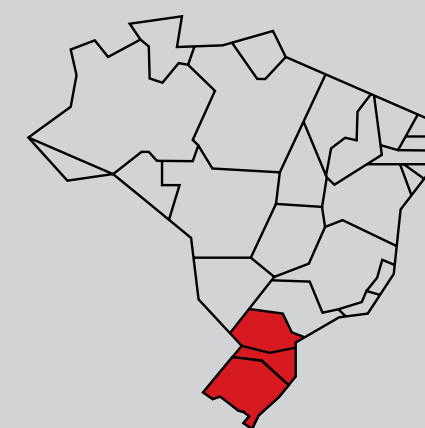
Main characteristics of each cycle

1991-1998

1ST CYCLE

Repositioning from a family company to professionalization and expansion

08 - 21



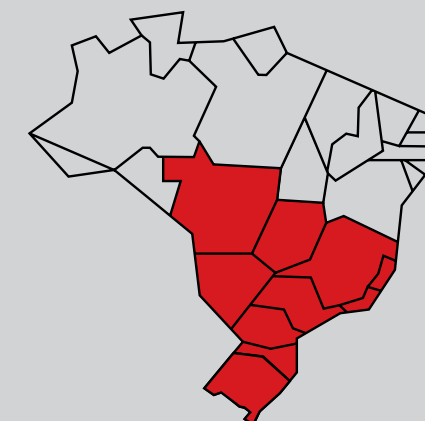
- Fashion store focusing on women
- Enchantment
- Brand repositioning
- Expansion to SC, PR, and SP

1998-2005

2ND CYCLE

Management improvement as a subsidiary of a foreign company

21 - 66



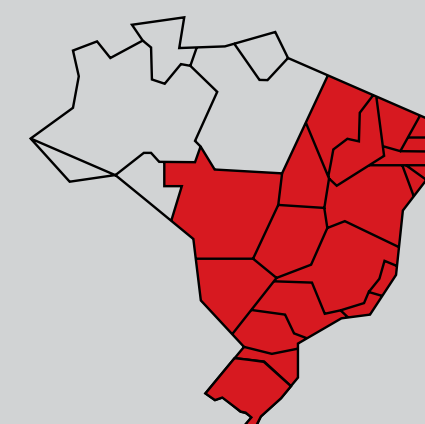
- Lifestyle creation
- New processes and systems
- Sophistication of internal controls
- Expansion in the Southeast, debut in the Central-West

2005-2012

3RD CYCLE

New governance level and operation strategy

66 - 188



- Listing on B3's Novo Mercado, which requires the adoption of best corporate governance practices
- 1st Corporation in Brazil
- New financial products
- Debut in the Northeast and consolidation in the domestic market

2012-2019

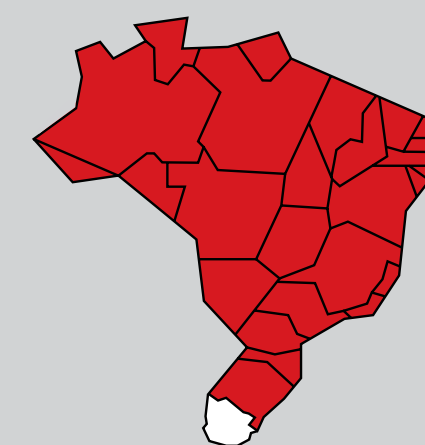
4TH CYCLE

Modernization, gains of quality, efficiency and agility to provide the customer with what they need, how and where they need it, and how fast they want it

188 - 512*



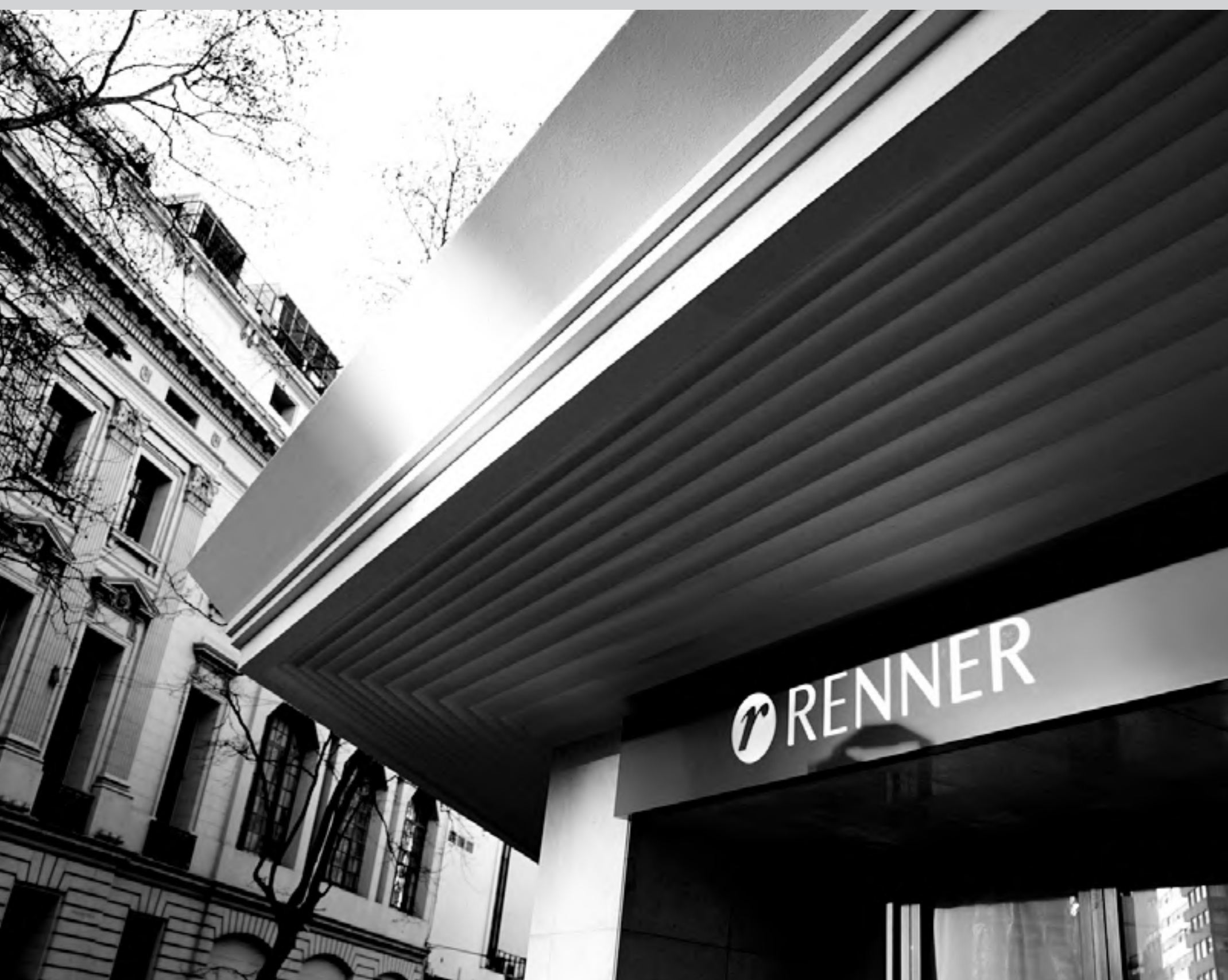
*Total in 2017



- Evolution of e-commerce
- Focus on fashion and product
- Culture of simplicity and attitude
- Debut on other chains: Camicado, Youcom, and Realize
- Development of supply chain responsiveness
- Beginning of internationalization with debut in Uruguay

EXPANSION

GRI 102-10



In 2017, we opened 30 new Renner stores – including 3 in Uruguay – 15 Camicado stores, and 25 Youcom stores.

Considering all three businesses, we closed 2017 with 512 stores and 655,000 m² of sales space, an increase of 15.3% and 12% respectively.

Our expansion plan foresees a total of 450 Renner stores, 125 Camicado stores, and potential for 300 Youcom stores by 2021, in addition to a new platform with exclusive brands for e-commerce.

An important milestone for us was Renner's debut at the JK Iguatemi mall in November 2017, when we reached 500 stores in operation.

INTERNATIONAL OPERATION

In September, we launched our brand in Uruguay and by the end of the year we already had three units in operation in that country.

Uruguay has a stable economy and high *per capita* GDP, and it bears some resemblance to Brazil's southern region, home to our headquarters and one of our distribution centers. The stores' positioning is the same as in Brazil, focusing on middle/high class women.

This expansion is a key step for testing our business model abroad, consolidating technological infrastructure and processes, and learning.

The outlook is positive, with good acceptance by the Uruguayan audience, and we plan to open two new stores in the country in 2018.

We also have an office in China, which increased its staff in 2017.

TECHNOLOGICAL *Transformation*



We have worked hard in the technological revision and modernization of our operations for the past few years, increasing our business efficiency and getting ready for future challenges in an ever more digital and connected world.

In 2017, we finished important technology structure projects, and started offering better digital experiences and a more multichannel service to enchant our customers.

KEY TECHNOLOGICAL AND DIGITAL EVOLUTION PROJECTS IN 2017



SUPPORTING MANAGEMENT AND INTERNATIONAL PROJECTS

TECHNOLOGICAL DEPLOYMENT OF NEW OPERATIONS

REALIZE

We finished the deployment of more robust, modern, flexible and agile financial products systems and platforms.

The base of over 20 million Renner cards was transferred to the new financial products platform. This was one of the largest deployments in the last five years in Brazil.

URUGUAY

We implemented the whole infrastructure and the systems necessary for the Uruguayan unit to operate, using technology that is ready for international expansion.

INTERNAL PROCESSES DIGITIZATION

Realize's new operation model, where customer service is digitized through mobile devices, increases mobility and agility and will prevent the use of 14,000 m² of store space that can be used to sell products.

Online sales and inventory reports make it easier and faster to manage stores.

Pilot project of the new 100% online Enchantmeter with results calculated automatically.

Artificial intelligence prototype in 2 modules:

FERA (Specialist Recommendation Tool), which increased the agility and efficiency of Financial Products service tickets.

BELA, virtual assistant that helps employees open tickets and solve technology and systems doubts.



BETTER DIGITAL EXPERIENCES FOR OUR CUSTOMERS

| E-COMMERCE MODERNIZATION

Renner's new website and app introduced in 2017 have new features and better user experience:

better product visualization

custom navigation

voice search

wishlist

pre-ordering

social login

simpler user access (registration, password recovery, etc.)

online return request

online payment of booklets and card bills

digital card on the app

requesting a card is now much faster and will also be done using the app in 2018



| NEW FINANCIAL PRODUCTS WEBSITE

New payment website for the financial products, and unification of Realize's app with Renner's, enabling customers to do all operations in one single app.

| CUSTOMER SERVICE ON MOBILE DEVICES


Some stores started using mobile devices to better serve customers, introducing convenient features such as:

pre-checkout, while customers wait for their turn at the store checkout

mobile checkout, where a salesperson helps the customer pay for their purchases with no need to go to the store checkout

readers are now used to check inventory and tell the customer if the desired piece is available in stock

EVOLUTION *in Logistics*



In 2017 we continued to improve our logistics system by making important advances to promote quality, efficiency, and synergy gains.

As a result of the initiatives implemented during the year, we improved our delivery punctuality indicator, reduced disruption and optimized transportation, bringing our customers the right product at the right time.

GAINS OF SYNERGY AND INTEGRATION OF LOGISTICS OPERATIONS

We optimized the investment we had already made in our two automated distribution centers located in Santa Catarina and Rio de Janeiro, expanding the use of their processing capabilities after we closed the distribution center located in São Bernardo do Campo (São Paulo).

Following this reorganization, we transferred Youcom's logistics operations from São Paulo to Santa Catarina, improving the synergy with Renner's operations by enabling the transportation of products from both brands to the stores.

At the same time, we launched a new cross-dock logistics operation in Arujá (São Paulo), where there is no storage – the vehicles arriving from distribution centers are received and the loads are reorganized into smaller vehicles that take the products to the final destination. This makes serving our stores even faster, fully integrating all operations.

In order to deliver even more synergy and efficiency, we also finished revising our logistics network, preparing our logistics operations to support the development of our businesses and new projects in the upcoming years.



ENCHANTING OUR CUSTOMERS



Our push and pull model continues to evolve. Instead of “pushing” products to the stores, this model is based on replacing sold items. We finished deploying this model for basic items, gaining efficiency and ensuring precise, on-demand store supply. This helped us reduce transportation disruption and losses, and we brought the customer the product they desired when they desired it.

In 2017, we also introduced a new process involving different departments, in order to synchronize the Preview (Renner's fashion show introducing new collections) and the simultaneous availability of these products at the stores and online.

IN 2017, WE MADE OUR FIRST LOGISTICS EXPORTS OPERATION TO URUGUAY FROM OUR DISTRIBUTION CENTER IN SANTA CATARINA, WHICH NOW SERVES OUR FIRST THREE STORES ABROAD.

| AGILITY

We reduced the delivery deadline to our stores by 2 days, and achieved our best results in the store delivery punctuality indicator.

We improved our e-commerce logistics operations and started processing online orders in less than 24 hours at our distribution center.

| ENGAGED TEAM

We measured the engagement of our Logistics teams, and recorded the best result of the past few years – the engagement level reached 70%, up 19 p.p. year-over-year. This reflects the actions focusing on leadership development, which play a key role in our logistics evolution plan.

| ACTING RESPONSIBLY

We promoted workshops on Sustainable Logistics, engaging our teams and partners on social and environmental themes that are key to our operations.

We also maintained our partnership with Childhood Brasil, with the Na Mão Certa Program, sensitizing our logistics partners to eradicate the sexual exploitation of children and adolescents on Brazilian highways. In 2017, we participated in the program's annual event, and developed communication actions on this theme at all logistics operations.



PRODUZIDA
COM
MATÉRIA-PRIMA
RECICLADA.



MODA RESPONSÁVEL

RESPONSIBLE *FASHION*

STRATEGY

One goal is what guides us in getting our company ready for the future: responsibly made fashion.

To get there, we have four strategic sustainability guidelines, with five goals that cross our business areas, in order to improve our management to respond to the main social and environmental challenges of our industry, mitigating risks, innovating in the development of sustainable solutions, and creating value for society.

The following sections show how we act on each of our strategic responsible fashion guidelines. In the “Responsible Fashion: Our operations in detail” section, you will find further information on the themes and each sustainability guideline.

1 RESPONSIBLE SUPPLIERS

GOAL 1
Create value by respecting the environment, human and labor rights

2 ECO-EFFICIENT MANAGEMENT

GOAL 2
Identify/measure/reduce: water, energy, chemicals, waste, GHG emissions

GOAL 3
Innovate in the development of lower impact raw materials and processes

4 SUSTAINABLE PRODUCTS AND SERVICES

GOAL 5
Deliver sustainable, quality product and service lines, and communicate customer value

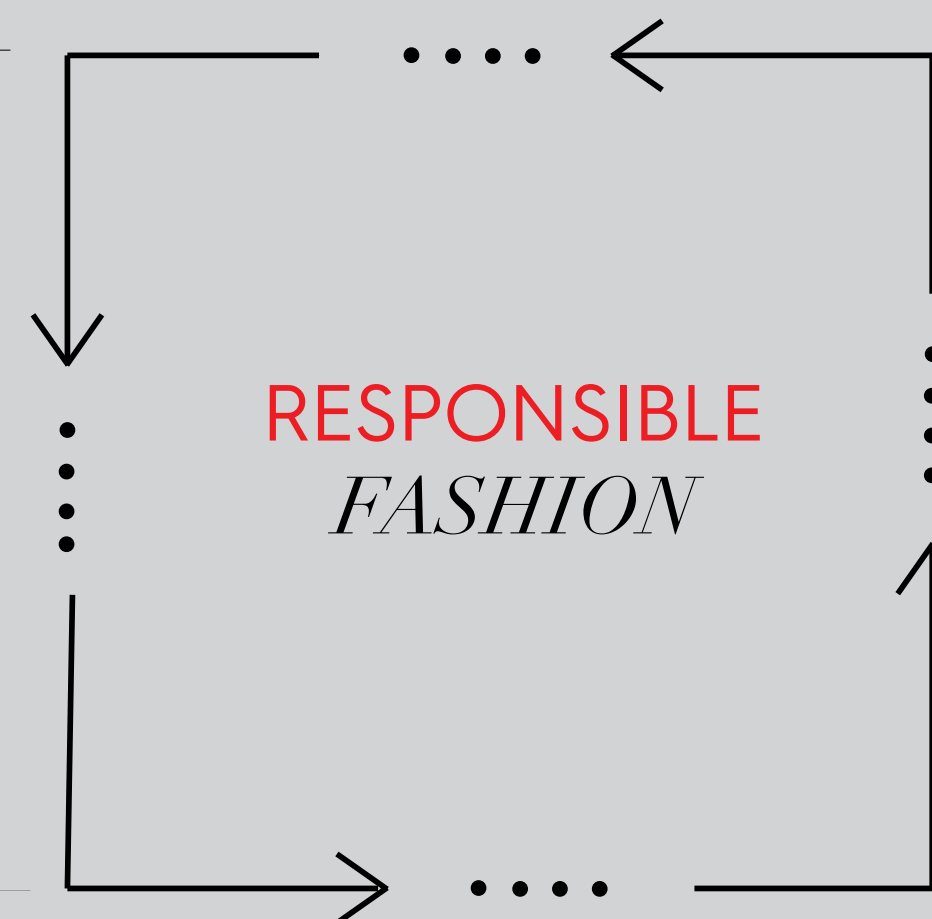
3 ENGAGE: EMPLOYEES COMMUNITIES & CUSTOMERS

GOAL 4

4.1 Engage employees (agents and leaders in sustainability)

4.2 Communities (women’s empowerment in the textile chain)

4.3 Customers (consumption awareness)



VALUE *chain*

In line with our responsible fashion goal, in 2017 Camicado started developing its sustainability strategic planning, following a series of meetings of a work group made of employees from different areas of the business: shopping, style, marketing, human resources, administrative management, and regional store departments.

This project resulted in the definition of four priority themes that will guide the development and improvement of Camicado's sustainability practices in the next three years:

1. FAIR AND RESPONSIBLE SOURCING:

social and environmental responsibility regarding the supply chain, development processes, product manufacturing, and choosing low environmental impact raw materials.

2. CONSUMPTION AWARENESS:

training the teams, and educating customers on the theme.

3. PROPER DISPOSAL:

management of the solid waste generated by the business operation, and post-consumption reverse logistics.

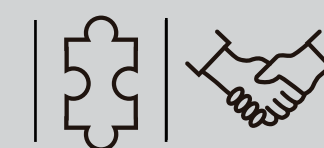
4. PEOPLE:

Strengthening of Camicado's diversity and sustainability culture, through the inclusion and awareness program, improving even further the company's equity and diversity indicators.

Learn more about this program on page 101.



RESPONSIBLE *SUPPLIERS*



GRI 102-9, 204-1

We work very closely with our suppliers, supporting their development cycles and sustainability in line with our goals and values.

OUR SUPPLIERS' PROFILE*

In 2017, our chain recorded a trading volume of **R\$3.9 billion** with **1,752** suppliers.

497 TEXTILE RESALE SUPPLIERS

Companies that manufacture the products sold at Renner and Youcom stores.

R\$2.7 billion allocated to these suppliers in 2017 (69% of the volume traded with suppliers).

75% domestic**

25% international**

Plus **960** companies subcontracted by our resale suppliers

*Suppliers of Lojas Renner S.A..

**% of the overall volume traded with resale suppliers.

1,255 BACK OFFICE ADMINISTRATION SERVICE PROVIDERS***

Suppliers of other products and services.

R\$1.2 billion allocated to these suppliers in 2017 (31% of the volume traded with suppliers).

97% domestic and

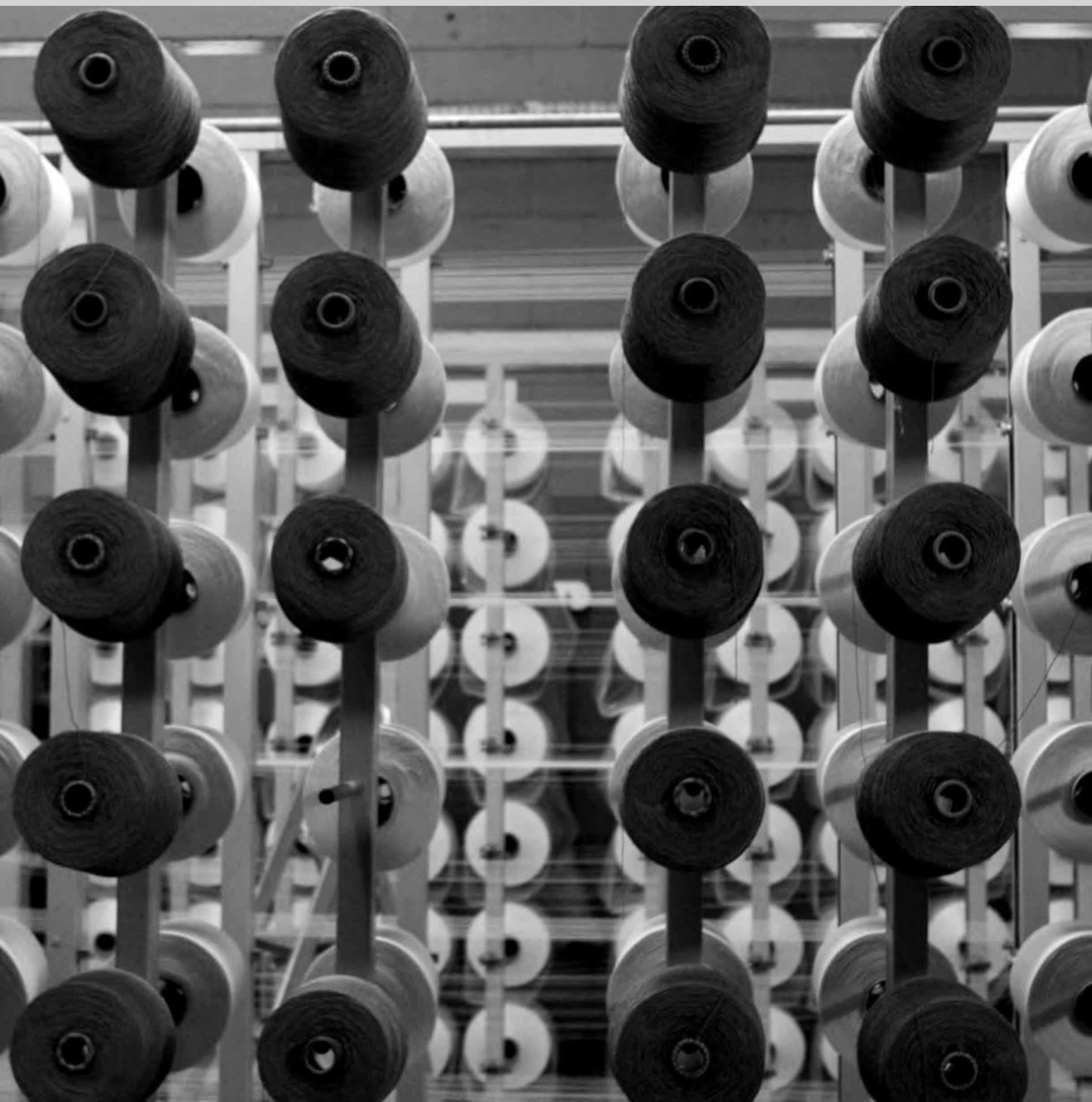
3% international

***Total number includes back office administration service providers controlled by the Back Office Administration Outsourcing Management department.



Picture taken at a supplier of Lojas Renner S.A..

Picture taken at a supplier of Lojas Renner S.A..



BACK OFFICE ADMINISTRATION OUTSOURCING MANAGEMENT

We manage our back office administration service providers that are more critical in social and environmental terms:

CIVIL CONSTRUCTION

**4% OF BACK OFFICE
ADMINISTRATION SERVICE
PROVIDERS***

compliance with labor law and human rights.

**in number of suppliers*

LOGISTICS

**9% OF BACK OFFICE
ADMINISTRATION SERVICE
PROVIDERS**

mitigation of the environmental impact from greenhouse gas emissions, and sensitization about human rightsd

Learn more about how we manage civil construction and logistics suppliers on page 82.

MANAGEMENT OF AND RELATIONSHIP WITH DOMESTIC TEXTILE RESALE SUPPLIERS

01 | ACCREDITATION

We ensure compliance with the law and alignment with our values through document validation, interviews, and technical visits.

Execution of a commercial contract and statement of commitment with good labor practices in line with our Code of Ethics and Conduct.



02 | MONITORING AND CONTROL

3,595 technical visits to the sites of **100% of our domestic suppliers** of apparel, accessories, and footwear, which are all certified by the Brazilian Textile Retail Association (ABVTEX).

Measuring of the operational, financial and social responsibility performance of our suppliers of jeans/twill, woven fabric, knit fabric, footwear, lingerie, and beachwear using the Supplier Global Development Index (IDGF).

EVOLUTION IN 2017:

We started developing the structure to visit the operations of international suppliers.

We expanded the technical visits to suppliers of Renner's Alchemia beauty products.

We improved our order tracing process, which verifies whether the manufacturing subcontractors of our Renner and Youcom domestic textile suppliers are in compliance with our requirements.

We made an environmental diagnosis of our supply chain, and it will serve as a foundation for the environmental assessment of our suppliers in 2018.

We created the risk matrix in order to improve the process for planning technical visits, making them more efficient.

03 | DEVELOPMENT

Programs that support the development of our suppliers, making sure our products are competitive and responsible:

Continuous Improvement Program (PMC)

Productive chain program

BNDES financing

Relationship survey

Supplier Council

Eco-efficiency in the Supply Chain Program

04 | QUALITY

We conduct testing and inspections throughout the whole manufacturing process to ensure the quality and standard of the products according to 12 specific quality manuals.

Learn more about how we manage resale suppliers on page 84.



In 2017, the resale supplier management department – Supplier Development, Compliance and Quality teams – became part of the Supply Chain Executive Office. This move seeks greater synergy to deliver the right product to our customers, at the right time, in the right place, aligned with sustainability requirements.

The **Supply Chain Executive Office** connects all links and stages of the cycle of the relationship with our resale suppliers, from accreditation of these partners to the delivery, at our stores, of products that are:

responsible (management of resale supplier compliance)

competitive (development of resale suppliers)

top quality (management of resale supplier quality)

delivered at **the right time** (logistics management)

We also implemented, in the Sales Executive Office, a corporate sourcing sector, designed by a multidisciplinary team to unify the strategy for purchasing from resale suppliers, which used to be done by each Renner brand, bringing benefits such as the following:

better adapting purchasing volumes to supplier capacity, so our suppliers can better plan their production perspective for up to six months; and **creating synergies** among different brands, supporting supplier specialization and improving the products' margins.



ECO-EFFICIENT *Management*



Our eco-efficiency management focuses on identifying opportunities for reducing consumption, disposing waste, and lowering greenhouse gas emissions in our own operations, and opportunities to improve processes and use lower impact raw materials in the fashion production chain.

IDENTIFY, MEASURE, REDUCE

ENERGY

CONSUMPTION REDUCTION

↓ **3.01%** in the consumption of electric power at the stores*

↓ **14%** in the consumption of electric power per m² from 2010 to 2017*

INCREASE OF RENEWABLE SOURCES

Pilot project in Rio de Janeiro to use solar power at four Renner stores

33% of the electric power consumed by Renner came from renewable sources

EMISSIONS

greenhouse gas (GHG)

↓ offsetting of **100%** of Lojas Renner S.A.'s 2016 emissions

WASTE

97% of waste recycled from Renner stores and Distribution Centers

*Considering a group of 248 Renner stores that, for comparison purposes, had already completed a full year of consumption.

LOWER IMPACT RAW MATERIALS AND PROCESSES

LOWER IMPACT IN THE PRODUCTION CHAIN

In addition to assessing the environmental licensing of domestic resale suppliers, in 2017 we started evaluating their environmental performance regarding the following:

Solid waste and effluents management

Chemicals management

Water management

Our goal is to assess **100%** of our domestic resale suppliers of apparel, footwear, accessories, and beauty products (owned brand Alchemia) in 2018 regarding these themes, and create a performance indicator to promote their development and improvement.

LOWER IMPACT PROCESSES IN CONSTRUCTION AND REMODELING

We have adopted, since 2014, sustainable principles for building and remodeling our stores. In 2017, one of our stores was already GOLD level **LEED** certified, which is a global benchmark for sustainable construction practices, and we now have two more stores and our new headquarters undergoing certification.

LOWER IMPACT PRODUCTS

In 2017 we started transitioning our business to the circular economy and the use of lower impact raw materials. Learn more about our different initiatives in this field in the **Sustainable Products and Services** section on page 114.



ENGAGEMENT



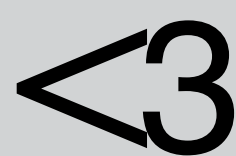
We believe that raising awareness of and engaging our customers, employees and communities on sustainability is an important way to promote responsible fashion throughout our whole value chain.



ENGAGEMENT VIRTUOUS CYCLE



Engaged professionals evolve personally and professionally and enchant customers.



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



Consistent results support a healthy business.



A healthy company creates and shares value with its stakeholders and society.

01 | EMPLOYEES

CAREER DEVELOPMENT CYCLE

88% of the employees had their performance reviewed.

Personal Development Plans, prepared by the employee after the review, to develop skills based on feedback received and on their career expectations.

Leadership development actions, such as the Annual Convention of leaders and 70/20/10 Qualification, and specific development actions, like Executive Assessments and Coaching.

Development actions for all employees, such as Magic, annual event following the leaders' Convention for disseminating the culture, values and strategy of each business among Renner and Camicado employees.

In 2017, we launched RED Experience at Renner, a platform for events that discusses trends, vanguards, and innovation. We had 12 talks in 2017, addressing themes relating to circular economy, responsibility in the supply chain, racial, gender and age diversity, new technologies and behaviors.

88% in Renner's engagement index since 2015.

23 percentage points above the retail industry average in Brazil according to AON Hewitt.

02 | CUSTOMERS

96.4% of Renner's customers were satisfied and very satisfied

New **informational tags** for sustainable products.

Post-consumption services at Renner stores, such as Ecoestilo and apparel reverse logistics (learn more in the next section).

03 | COMMUNITIES

Economic and social empowerment of women in the textile chain, through Lojas Renner Institute, on two fronts:

Projects in the four stages of the textile chain: raw material, production, retailing, and post-consumption.

R\$4.7 million invested in 2017 and **12,400** people benefited.



SUSTAINABLE



Products and services

We analyze our business's whole value chain to deliver sustainable lines of quality products and services, and to communicate this value to our customers.

PRODUZIDA
COM MATÉRIA-PRIMA
RECICLADA.


RENNER



CIRCULAR ECONOMY

IMPROVED MANUFACTURING PROCESSES

Project involving domestic resale suppliers of the knit fabric and jeans production chains – in partnership with the [Ellen MacArthur Foundation and the University of São Paulo \(USP\)](#) – to minimize our resale suppliers' generation of textile waste, and encourage the use of leftovers to make new fabrics to be used in new products (recycling).

Recycling of 390 tons of fabrics, which in 2017 were taken back to the production chain and transformed into new products.

POST-CONSUMPTION SERVICES

29.5 tons of perfumery and beauty products waste (packaging and bottles) were collected and properly disposed of by [EcoEstilo](#), initiative that has been in place since 2011.

Expansion of the apparel post-consumption reverse logistics pilot project implemented in 2016 to 15 stores in 2017. The collected pieces will:

be used by social organizations sponsored by Lojas Renner Institute to create new pieces (upcycling).

be donated to social organizations.

be transformed into fibers and taken back to the production cycle as new, recycled raw material.

USE OF LOWER IMPACT RAW MATERIALS IN 2017

ARTIFICIAL

LYOCELL

NATURAL

CERTIFIED COTTON

RECYCLED

THREAD RECYCLED FROM PLASTIC (PET) OR TEXTILE WASTE

PRODUCT RESULTS IN 2017

193,900 pieces made from lyocell

1.6 million pieces made from recycled yarn

1.3 million pieces made from certified cotton

192 products with new tags informing they are made from lower impact raw materials.

Use of recycled raw material in **264** fitting room curtains at Renner and Youcom stores, and in **1,180** bags to be used inside Renner stores.



HOW WE

CREATE VALUE



2017 SCENARIO *GRI 102-7*

Resources

Key tangible and intangible assets that sustain our operations and value creation

FINANCIAL RESOURCES

R\$550.4 million invested in systems, facilities, stores, logistics efficiency, etc
R\$7.4 billion in revenue from the sale of merchandise and from financial products and services
713,235,181 shares, and market cap of **R\$25.3 billion**
R\$659.8 million in net debt

OUR RELATIONSHIPS

20,994 employees
Nearly **15 million** users connected to Renner, Camicado and Youcom via Facebook, Instagram, Pinterest, Twitter and the brand Blogs
1,752 suppliers, including:
497 manufacturers of products sold at our stores and
1,255 back office administration product and service providers*

MATERIAL RESOURCES

512 stores with an area of **655,000 m²**
Renner, Camicado and Youcom e-commerce websites
4 Distribution Centers with an area of **120,000 m²**
Two stores and the administrative headquarters are green buildings. Remodels and new stores built according to best eco-efficiency practices

NATURAL RESOURCES

Consumption of other natural resources – not yet measured on a consolidated basis – in store operations, and of raw materials in the production chain
700,600 GJ of electric power consumed

*Total number includes back office administration service providers controlled by the Back Office Administration Outsourcing Management department.

Operations

How we create value from resources

How we create financial value

We distribute profit to shareholders
We create jobs and direct and indirect income (value chain)

We contribute to the economy by paying taxes, fees and contributions
We support the availability of financial resources for financial product customers

How we create non-financial value

We encourage our suppliers to improve their sustainability practices (page 86)
We support women's empowerment and employability through the Lojas Renner Institute (page 109)
As a member of ABVTEX and IDV (Brazilian Institute for Retail Development), we contribute to the development of the Brazilian textile sector

Innovation projects to minimize the environmental impact in the use and handling of raw materials, and revision of production processes (page 116) in partnership with the *Ellen MacArthur Foundation* – organization specializing in sustainable development and circular economy – and the University of São Paulo (USP).
We endorse commitments from nations and companies to sustainable development (page 72)

Interferences

Main risks to value creation (learn more on page 34)

External

Changes in local and global economic conditions
Customer default
Fiscal and monetary policy
Regulatory actions

Internal

Process and operational failures
Collection and product design errors
Decline in customer enchantment levels
Non-compliance with laws, regulations, principles and rules in our operation
Relationships that violate our ethical and sustainable commitments
Reputational damage
Management decisions that cause losses

Results

Value created by our performance for all our stakeholders and society, and that sustain our businesses and value creation

Financial

R\$2.1 billion in taxes and fees paid to governments for Brazil's development
R\$1.0 billion in employee compensation
R\$3.7 billion in payments to suppliers
R\$4.7 million in Private Social Investment
R\$293.2 million in dividends and interest on equity paid to shareholders
R\$728.6 million in third party capital remuneration (financial institutions and leases)

Non-financial

One of the best companies to work for according to Você S/A and Valor Carreira, with **88%** of employee engagement, a record high rate
6 suppliers in the jeans, knit fabric and woven fabric production chains benefited from the project that encourages a cleaner production and **390** tons of textile waste were repurposed
We offset **100%** of the greenhouse gas emissions reported for 2016
More than **12,000** people benefited from Lojas Renner Institute's projects
Reduction of **3%** in electric power consumption at Renner stores (considering the same base of 2016)
22.8 million customers enchanted, satisfied and very satisfied with Renner's products and services (page 112)



2017

RESPONSIBLE FASHION:
OUR OPERATIONS IN DETAIL



In this section you will find detailed information and indicators about the themes that are key to our businesses' sustainability.





COMMITMENTS
ENDORSED

GRI 102-12

Lojas Renner S.A. supports the commitments of local and international organizations recognized for promoting sustainable development.

These commitments enable sustainable businesses as we adopt values and principles that promote human rights, respect for labor relations, the preservation of the environment, women's empowerment, and fighting all types of corruption.



UNITED NATIONS GLOBAL COMPACT



A global call to companies to align strategies and operations with 10 universal principles on human rights, good labor practices, environment preservation and anti-corruption. Learn more about the initiative at: <https://www.unglobalcompact.org>

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The UN Global Compact's strategy to drive business engagement, consisting of 17 goals and 169 targets to be achieved by 193 member countries by 2030. Learn how the GRI indicators in this report and the SDGs we are committed to correlate in the content index in the last pages of this report, and learn more about the theme at: <https://www.un.org/sustainabledevelopment/>

WOMEN'S EMPOWERMENT PRINCIPLES (UN WOMEN)

Global collaboration between the UN Global Compact and UN Women emphasizing the business case for corporate action to promote gender equality and women's empowerment. Learn more about the initiative at: <http://www.unwomen.org/>

NATIONAL PACT FOR THE ERADICATION OF SLAVE LABOR

Brazilian network of signatories managed by the Institute of the National Pact for the Eradication of Slave Labor (InPacto), which promotes the prevention and eradication of slave labor in production chains in Brazil. Learn more about the initiative at: <http://www.inpacto.org.br>

NA MÃO CERTA PROGRAM

Initiative of Childhood Brazil, a non-governmental organization that seeks to eradicate the sexual exploitation of children and adolescents on Brazilian highways. Learn more about the initiative at: www.childhood.org.br



We also actively participate in the leadership and operation of organizations for the industry's development.

GR 102-13

BRAZILIAN TEXTILE RETAIL ASSOCIATION (ABVTEX)

We sit on its Fiscal Council, and participate in meetings of the Executive Board and of different groups focusing on Compliance and Quality, and Supply Chain.

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

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

INSTITUTE FOR RETAIL DEVELOPMENT (IDV)

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



RESPONSIBLE *SUPPLIERS*

GRI 103-1, 103-2, 103-3

MAJOR IMPACTS

of the supply chain

GRI 308-2, 408-1, 409-1, 411-1, 414-2



Picture taken at a supplier of Lojas Renner S.A..

LEARN MORE ABOUT OUR SUPPLY CHAIN'S PROFILE IN 2017 ON PAGE 56.



BACK OFFICE ADMINISTRATION *SERVICE PROVIDERS*

I SOCIAL

Among our back office administration service providers, the key social impacts come from the civil construction and logistics sectors.

According to a study presented in 2017 at the National Meeting of the Construction Industry (ENIC), civil construction formally employs 2.2 million people, while another 2 million workers are employed through informal contracts, meaning they are not covered by the labor law. This is a negative impact risk scenario. This sector is key to our businesses as we have been expanding our operations by opening and remodeling stores at a fast pace for the past few years.

In the logistics segment, highway transportation of our merchandise is the segment where we identified the highest risk potential due to the sexual exploitation of children on highways.

I ENVIRONMENTAL

Regarding the environment, civil construction and logistics are also the key segments with potential for impact.

Civil construction is one of the sectors that consume the most natural resources from input production to the construction works and operation. Moreover, civil construction is the activity that generates the most waste, accounting for more than 60% of the total in the country, according to the Brazilian Association for the Recycling of Civil Construction and Demolition Waste (Abrecon).

The logistics and transportation sector intensely consumes fuels and consequently emits a significant amount of greenhouse gas.

Learn more about our initiatives for environmental impact mitigation in the Eco-efficiency section.

TO MITIGATE THE RISKS OF NEGATIVE IMPACTS AMONG OUR RESALE SUPPLIERS AND BACK OFFICE ADMINISTRATION SERVICE PROVIDERS, WE HAVE A PROCESS TO MANAGE OUR RELATIONSHIP WITH THEM.

LEARN MORE ABOUT THIS PROCESS IN THE FOLLOWING SECTION - "RELATIONSHIP MANAGEMENT."

RESALE SUPPLIERS



Picture taken at a supplier of Lojas Renner S.A..

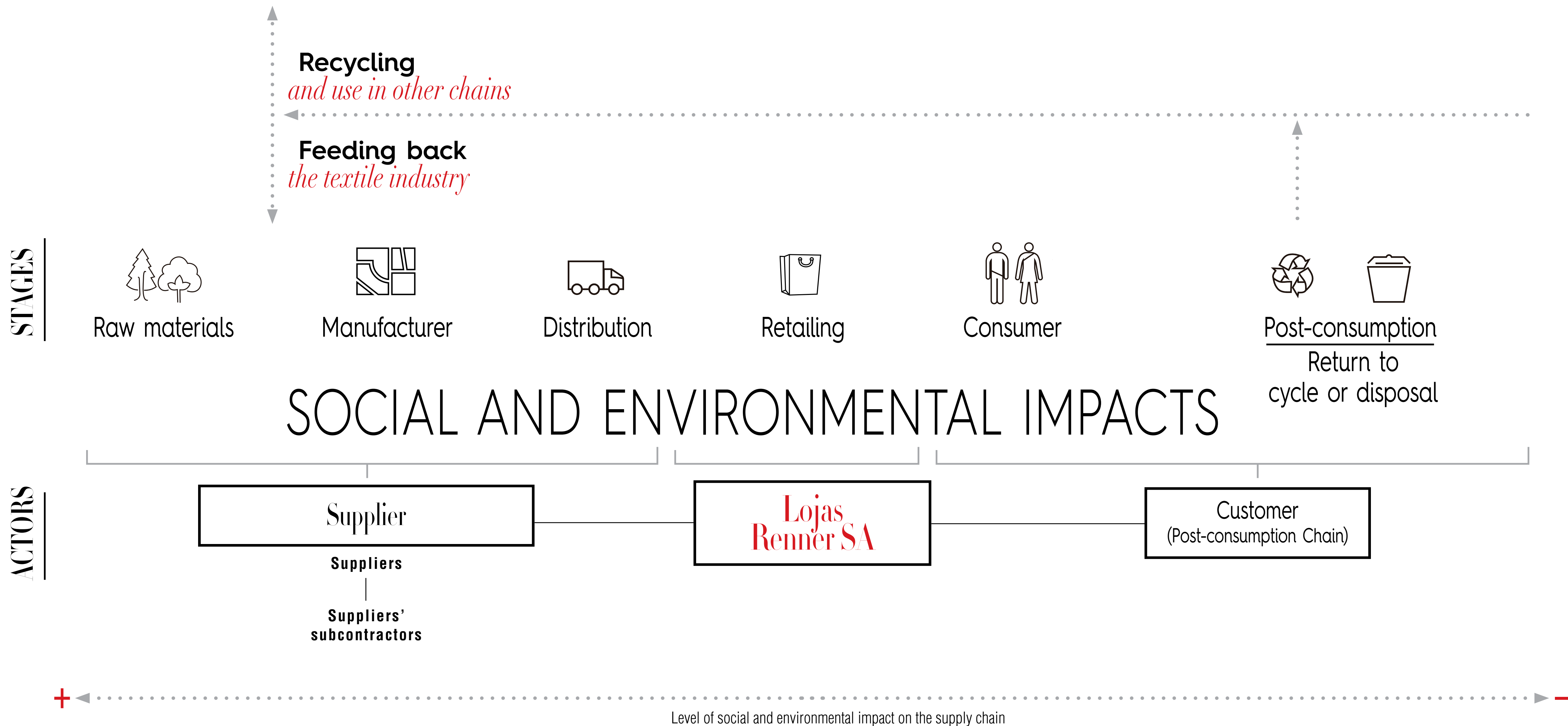
| SOCIAL

Due to the high rate of outsourcing and dispersion of the textile production process in Brazil, we have identified an environment potentially susceptible to infringements of human and labor rights.

| ENVIRONMENTAL

The main environmental impacts in the Company's resale supply chain are the consumption of natural resources and the generation of waste from its production processes, which can be minimized by initiatives both in the production chain and in post-consumption.

MAJOR SOCIAL AND ENVIRONMENTAL IMPACTS OF THE TEXTILE INDUSTRY'S VALUE CHAIN



Learn more about our initiatives to mitigate environmental impacts, innovate and create opportunities throughout the whole value chain of Lojas Renner S.A. in sections Eco-efficiency, and Sustainable Products and Services.

PROMOTING *Sustainability*

| ETHICS AND SUSTAINABILITY IN THE SUPPLY CHAIN

GRI 102-2, 102-3, 102-4, 102-6, 102-7

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

All our back office administration service providers and resale suppliers sign a Commercial Contract and Statement of Commitment to Responsible Conduct, in which they declare to be in accordance with the conduct expected and undertake to implement it in their operations.

We also have a consistent management and relationship cycle in place for our back office administration service providers and resale suppliers identified as a higher

impact risk, which is based on Accreditation, Monitoring and Control (back office and resale) and Development (for domestic resale suppliers).

Our supply chain relations are the foundation of our sustainability strategy. For that reason, we have evolved in the management of these relations year after year so we can increasingly boost our positive impact and build a supply chain that is ethical, responsible, and more sustainable.

Learn more about our supplier management history on page 81; following that you will find details on our programs and initiatives involving these stakeholders.

*THEMES IN THE STATEMENT OF
COMMITMENT WITH A RESPONSIBLE
CONDUCT:*

CHILD LABOR
**FORCED LABOR, OR COMPULSORY
LABOR**
HEALTH AND SAFETY
FREEDOM OF ASSOCIATION
DISCRIMINATION
DISCIPLINARY PRACTICES
WORKING HOURS
REMUNERATION
LEGALITY
ANTI-CORRUPTION PRACTICES

OUR SUPPLIER MANAGEMENT HISTORY

Quality

Compliance and development

Compliance

					<ul style="list-style-type: none"> - Readjustment of quality assurance structure and procedures 	<ul style="list-style-type: none"> - Review of quality criteria for inspection procedures - Standardization of mandatory labeling to gain quality in the internationalization of Renner stores 	
<ul style="list-style-type: none"> - Membership of ABVTEX 	<ul style="list-style-type: none"> - Beginning of ABVTEX Certification process - Structuring of the Growing Together Program and Sewing Schools (Lojas Renner Institute) 	<ul style="list-style-type: none"> - 100% of apparel suppliers certified by ABVTEX in the state of São Paulo (Brazil) - Structuring of the Resale Supplier Management Department and of the IDGF supplier performance indicator. - Supplier training program 	<ul style="list-style-type: none"> - 100% of apparel suppliers certified by ABVTEX nationwide - Renner's technical visits team - Continuous Improvement Program 	<ul style="list-style-type: none"> - ABVTEX Certification of footwear and accessories - Continuous Improvement Program focusing on Quality 	<ul style="list-style-type: none"> - 100% of apparel, footwear and accessories suppliers certified by ABVTEX - Restructuring of the department in two areas: compliance and Development - Structuring of proprietary technical visits system - Continuous Improvement Program focusing on Lean Manufacturing - Risk Monitoring Program 	<ul style="list-style-type: none"> - 100% of domestic apparel, footwear and accessories suppliers certified by ABVTEX - Financial assessment included in the IDGF, and IGDF expansion for the entire jeans, knit fabric and woven fabric supply chains - Supplier council - Productive Chain Program - Access to BNDES credit facilities 	<ul style="list-style-type: none"> - 100% of domestic apparel, footwear and accessories suppliers certified by ABVTEX - Compliance technical visits expanded to suppliers of Renner's Alchemia beauty products - Order tracing supporting the supply chain mapping - Technical visits for accreditation of international suppliers - Environmental diagnosis in the production chain - Eco-efficiency in the Supply Chain Program for knit fabric and jeans suppliers - Supplier relationship survey
1999	2011	2012	2013	2014	2015	2016	2017
					<ul style="list-style-type: none"> - Architecture and Engineering Department's Training Program, assessing civil construction supplier compliance through accreditation and inspections of construction work and worker accommodation sites 	<ul style="list-style-type: none"> - Partnership Program with suppliers of the Architecture and Engineering Department - Expansion of the IDGF for civil construction suppliers with commercial, technical, and compliance assessments 	<ul style="list-style-type: none"> - Expansion of the accreditation process to maintenance suppliers

BACK OFFICE ADMINISTRATION *SERVICE PROVIDERS*

GRI 308-1, 308-2, 407-1, 410-1, 414-1, 414-2

I ACCREDITATION

In addition to the Commercial Contract and Statement of Commitment to Responsible Conduct, since 2015, the civil construction sector, seen as a critical element among back office administration service providers, has been subject to specific management criteria to ensure compliance with commitments made and efficiency and quality in production processes.

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

occupational safety

environment

social responsibility (*child labor, forced or compulsory labor, irregular foreign labor, freedom of association, discrimination, abuse and harassment, compensation, working hours, benefits*)

monitoring of the production chain

compliance with mandatory documentation

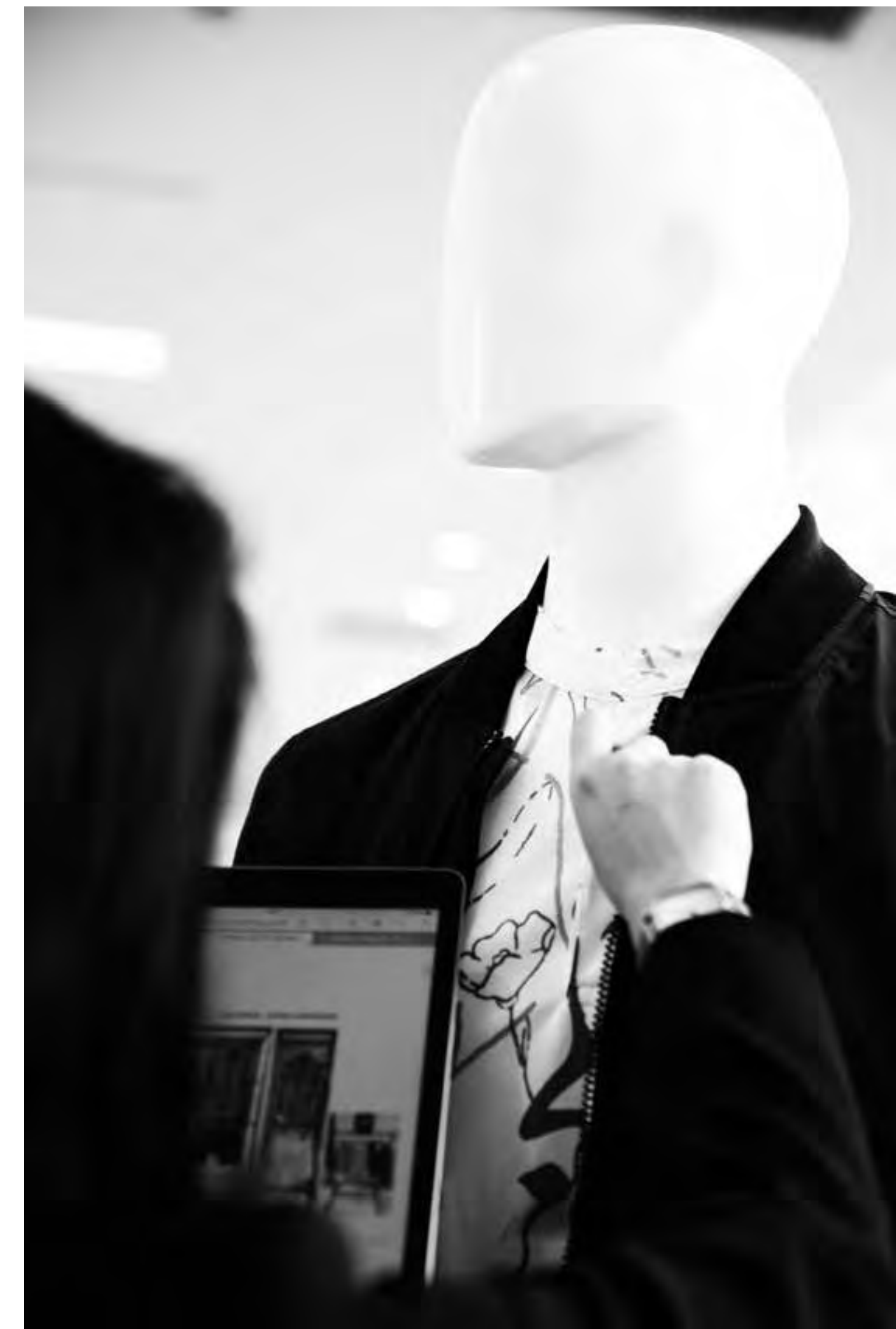
In this first phase, an assessment of the preliminary documentation is carried out by a specialized company contracted for this purpose.

IN 2017, ALL OF THE 91 NEW COMPANIES SUPPLYING CIVIL CONSTRUCTION SERVICES - INCLUDING CONSTRUCTION COMPANIES AS SUCH, WORKS MANAGEMENT COMPANIES, ARCHITECTURE OFFICES - UNDERWENT THE ACCREDITATION PROCESS.

For our logistics suppliers and their employees, we regularly promoted actions at the Distribution Centers to educate them on fighting the sexual exploitation of children on highways, training multiplier agents aligned with our commitment to the Na Mão Certa Program promoted by Childhood Brasil.

We also joined the Brazil Green Logistics Program (PLVB) in 2017, which should support our efforts to minimize our logistics suppliers' greenhouse gas emissions.

Learn more on page 92.



I MONITORING AND CONTROL

We monitor our chain of direct civil construction suppliers and their subcontractors to ensure compliance with legislation, agreed principles and good practices, and ethics in conducting operations, identifying any room for improvement in these suppliers' practices and processes.

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

Each visit results in a report that is sent to the respective supplier for possible adjustment or even contract termination.

IN 2017, WE CONDUCTED 210 TECHNICAL VISITS TO MONITOR CONSTRUCTION WORKS IN BRAZIL AND URUGUAY, AN INCREASE OF 26% YEAR-OVER-YEAR, AND 71 VISITS TO WORKER ACCOMMODATION SITES IN BRAZIL, 6% LOWER DUE TO THE REDUCED NUMBER OF ACCOMMODATION SITES. WE THEREFORE MADE SURE 100% OF THE CONSTRUCTION WORK WAS EVALUATED AT DIFFERENT STAGES.



RESALE SUPPLIERS

GRI 308-1, 308-2, 407-1, 410-1, 414-1, 414-2, AF2, AF3, AF4, AF8, AF9, AF10, AF12, AF13, AF14, AF15, AF16, AF17

ACCREDITATION

In the resale supplier accreditation process, we analyze their documentation, conduct interviews and technical visits to ensure that the supplier complies with our requirements.

Suppliers that meet our requirements to start a business relationship with us must also sign the commercial contract and Statement of Commitment to Responsible Conduct, as described on page 80.

Following completion of the accreditation process and contract execution, new suppliers are invited to participate in the "Welcome Program", an event that takes place at our headquarters where we introduce the Renner way of being and acting, and integrate them with all the areas they will interface with.

IN 2017, 100% OF OUR 42 NEW DOMESTIC RESALE SUPPLIERS UNDERWENT THE ACCREDITATION PROCESS. IN ADDITION TO THAT, ALL OUR DOMESTIC SUPPLIERS OF APPAREL, ACCESSORIES, AND FOOTWEAR ARE CERTIFIED BY THE BRAZILIAN TEXTILE RETAIL ASSOCIATION (ABVTEX), WHICH ASSESSES WHETHER THEY COMPLY WITH BEST SOCIAL AND ENVIRONMENTAL CORPORATE PRACTICES.

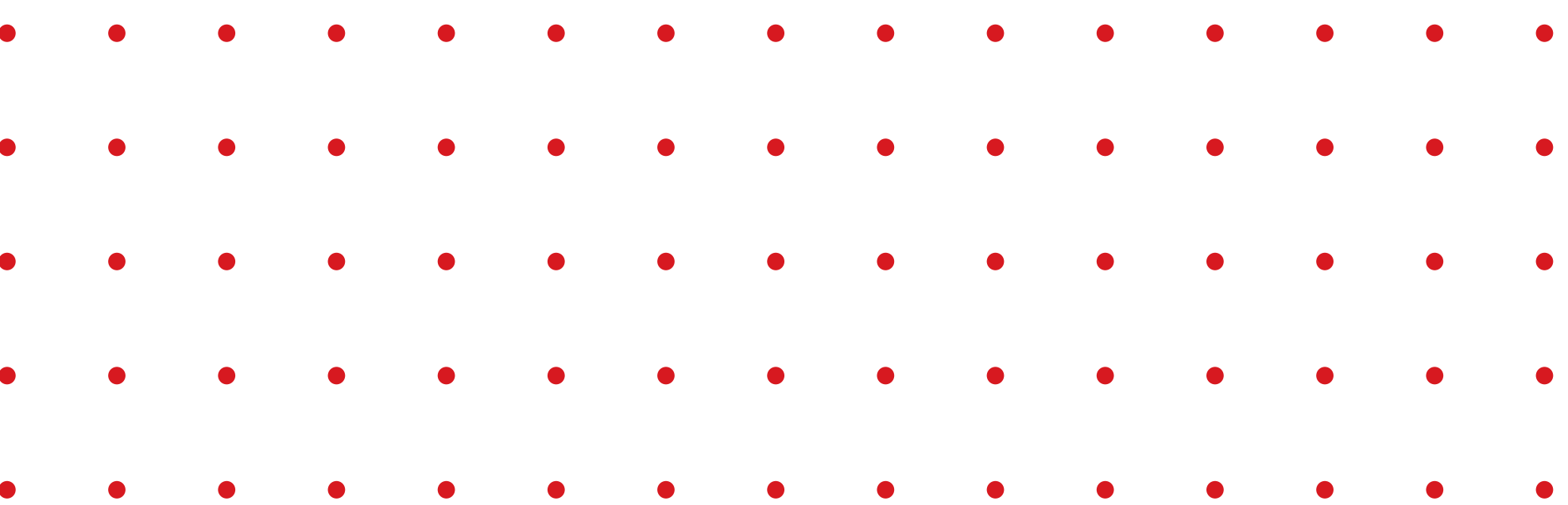
EVOLUTION IN 2017:

WE INCLUDED A FINANCIAL ASSESSMENT OF RESALE SUPPLIERS IN THE ACCREDITATION PROCESS IN AN ATTEMPT TO ANALYZE THEIR FINANCIAL HEALTH AND THEIR CAPACITY TO SUSTAIN THEIR BUSINESSES.

WE IMPROVED THE PROCESS TO TRACE OUR PRODUCTS – WE VERIFY THAT RENNER AND YOUCOM PRODUCTS ARE BEING MANUFACTURED BY ACCREDITED COMPANIES AND MEET OUR REQUIREMENTS, WHICH HELPS US MAP OUR SUPPLY CHAIN.

WE STARTED IMPLEMENTING TECHNICAL VISITS FOR ACCREDITATION OF INTERNATIONAL SUPPLIERS.

WE MADE AN ENVIRONMENTAL DIAGNOSIS OF OUR DOMESTIC RESALE SUPPLIERS, AND IT WILL SERVE AS A FOUNDATION FOR THE ENVIRONMENTAL ASSESSMENTS WE WILL MAKE THROUGHOUT 2018.



MONITORING AND CONTROL

The Supplier Compliance department is responsible for the technical visits to domestic apparel, accessories and footwear suppliers and their subcontractors. Beginning in 2017, the department expanded the technical visits to suppliers of beauty products of Renner's Alchemia brand, verifying legal and social responsibility compliance in the supply chain.

The department has one coordinator, a team of nine field analysts (based in São Paulo, Santa Catarina, and Rio Grande do Sul, and who operate in the whole country), plus one assistant and one in-house analyst who support the field analysts; this team is responsible for the supplier accreditation process, indicators, and report analysis.

Visit results are analyzed and should any case of noncompliance be found, we request the supplier to implement an action plan with deadlines for solutions. Depending on how critical such noncompliance is, the supplier will be subject to losing accreditation and being removed from Lojas Renner S.A.'s supply chain.

In 2017, we created the domestic supply chain risk matrix in order to improve the process for planning technical visits, making them more efficient.

IN 2017, WE MADE 3,595 ON-SITE TECHNICAL AND FOLLOW-UP VISITS.

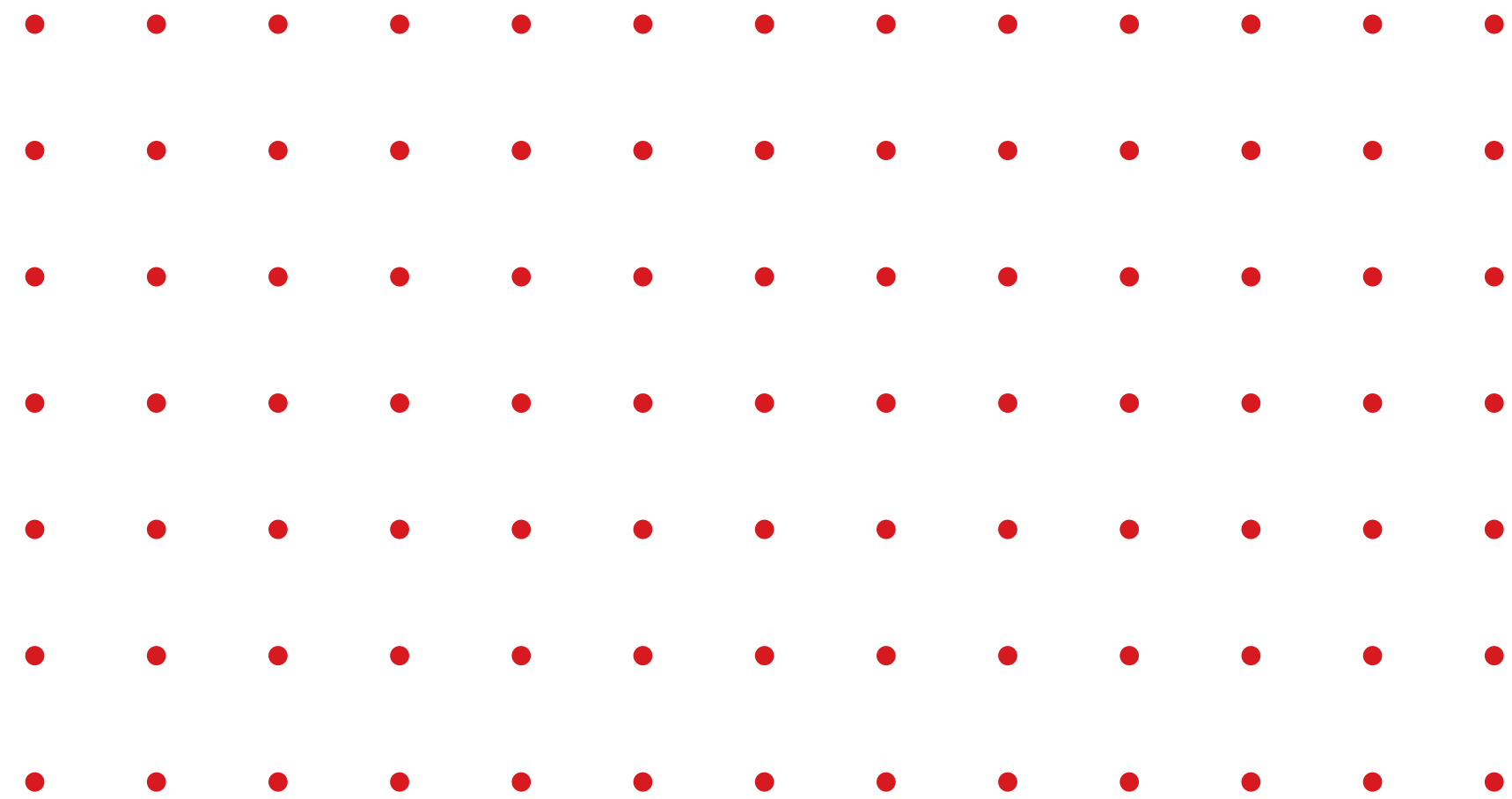
THE PURPOSE OF OUR ON-SITE TECHNICAL VISITS TO DOMESTIC RESALE SUPPLIERS IS TO VERIFY THEIR COMPLIANCE WITH LOJAS RENNER S.A.'S PRINCIPLES. WE MAKE FOLLOW-UP VISITS TO SUPPLIERS ALREADY ASSESSED THROUGH TECHNICAL ON-SITE VISITS TO CHECK THEIR PROGRESS ON THE IMPROVEMENTS REQUESTED IN THE ACTION PLAN.

During the visits, 78 cases of noncompliance with contractual terms were identified, resulting in 39 warnings and 39 suspensions. In nine cases, we terminated the contract.

In addition to technical visits, we monitor the performance of our domestic suppliers using the Supplier Global Development Index (IDGF). This index is based on the monthly assessment of our suppliers' commercial, logistics, quality, financial and social responsibility performance, and in-

cludes the results of technical visits in its metrics. In addition to measuring supplier performance, the IDGF also serves as a foundation for supplier development programs.

INITIALLY IMPLEMENTED IN THE KNIT FABRIC, WOVEN FABRIC AND JEANS PRODUCTION CHAIN, IN 2017 WE EXPANDED THE INDEX'S SCOPE TO INCLUDE THE LINGERIE, BEACHWEAR AND FOOTWEAR CHAINS. WITH ALL THE INITIATIVES IMPLEMENTED THROUGHOUT THE YEAR, THE SUPPLIERS' SCORE IMPROVED BY 12 P.P. BETWEEN JANUARY AND DECEMBER 2017.



GRIEVANCES AND COMPLAINTS

When we receive any grievance or complaint by phone, e-mail, during a compliance technical visit, through ABVTEX channels or one of our specific channels, we schedule a technical visit in up to five days to check on the situation. In these circumstances, we apply a specific verification report.

For grievances, Lojas Renner S.A.'s Compliance department is notified to ensure governance standards are followed in the process.



I DEVELOPMENT

AF5

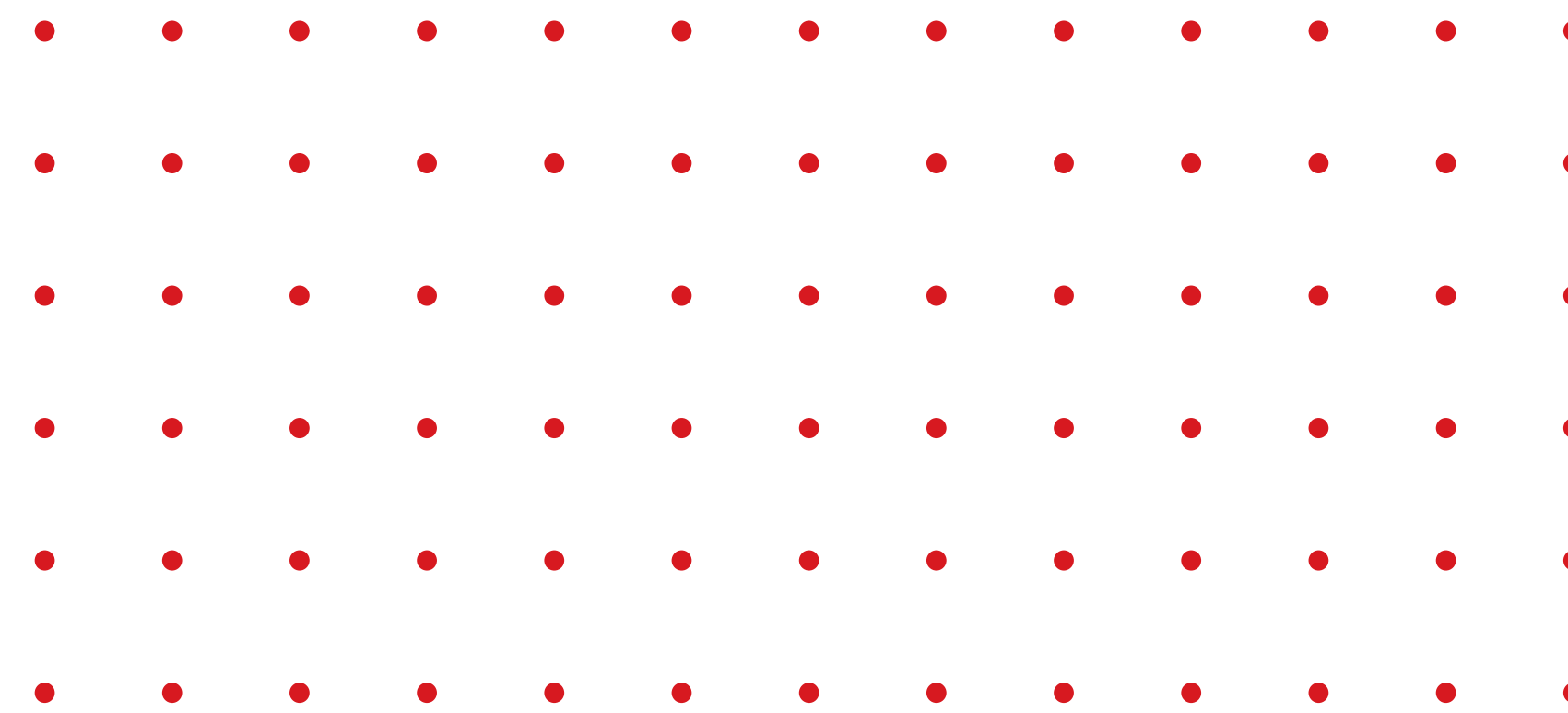
We are aware of the potential positive impact we can make on the textile chain as a whole, so we are involved in initiatives and programs to support the development of our resale suppliers in Brazil, as described below.

Continuous Improvement Program (PMC): For the fifth consecutive year, this program focused on implementing actions and plans for jeans and knit fabric resale suppliers based on Lean Manufacturing concepts, seeking to reduce production deadline delays and improve product quality. As a result, the Supplier Global Development Index (IDGF) of Renner's suppliers participating in this program improved 13 p.p. in 2017.

Productive Chain Program: in 2017, our partnership with Sebrae trained 64 of our suppliers' subcontractors, seeking to improve product quality, improve their efficiency and reduce manufacturing lead time. In 12 months, they were trained in People Management, Financial Management, Energy Efficiency, and Lean Manufacturing, and were introduced to tools and methodologies to streamline processes and reduce waste.

This initiative is key to integrating the links in the value chain, focusing on customer satisfaction. By supporting these companies' development, we engage them on our sustainability principles, on improving the social and environmental stewardship of their operations, and increasing their efficiency, consequently improving the quality of our products.

BNDES Financing: we maintained our credit facility with the Brazilian Development Bank (BNDES) for development projects involving our resale suppliers. The loan we were granted this year enabled the allocation of R\$1.4 million to these companies so they can expand their capacity, modernize their factories, and provide training in their production chains. Opened in 2016, this credit facility has already released R\$1.65 million.



Relationship survey: this is a new channel for suppliers to share their opinions and their level of satisfaction with processes and systems they use to interact with us. This is an important tool to identify opportunities for improvement in our relations with these partners.

Supplier Council: formed by a group of domestic resale suppliers that are strategic for our operations, the Council is an important forum for sharing experiences and discussing themes of common interest with the goal of building an efficient, competitive and sustainable chain.

MEMBERS OF THE COUNCIL ARE ALSO INVITED TO PARTICIPATE IN RED EXPERIENCE EVENTS, WHERE MATERIAL THEMES FOR BUSINESS SUSTAINABILITY ARE DISCUSSED, AND THEY LATER RECEIVE THE EVENT'S CONTENT IN VIDEO FORMAT. LEARN MORE ABOUT RED EXPERIENCE ON PAGE 107.

Eco-efficiency in the Supply Chain: in 2017, we implemented a project involving domestic resale suppliers of the knit fabric and jeans production chains of Renner and Youcom to reduce the generation of textile waste in manufacturing processes, and use leftovers to make new fabrics to be used in new pieces. Learn more on page 116.





ECO-EFFICIENT *MANAGEMENT*

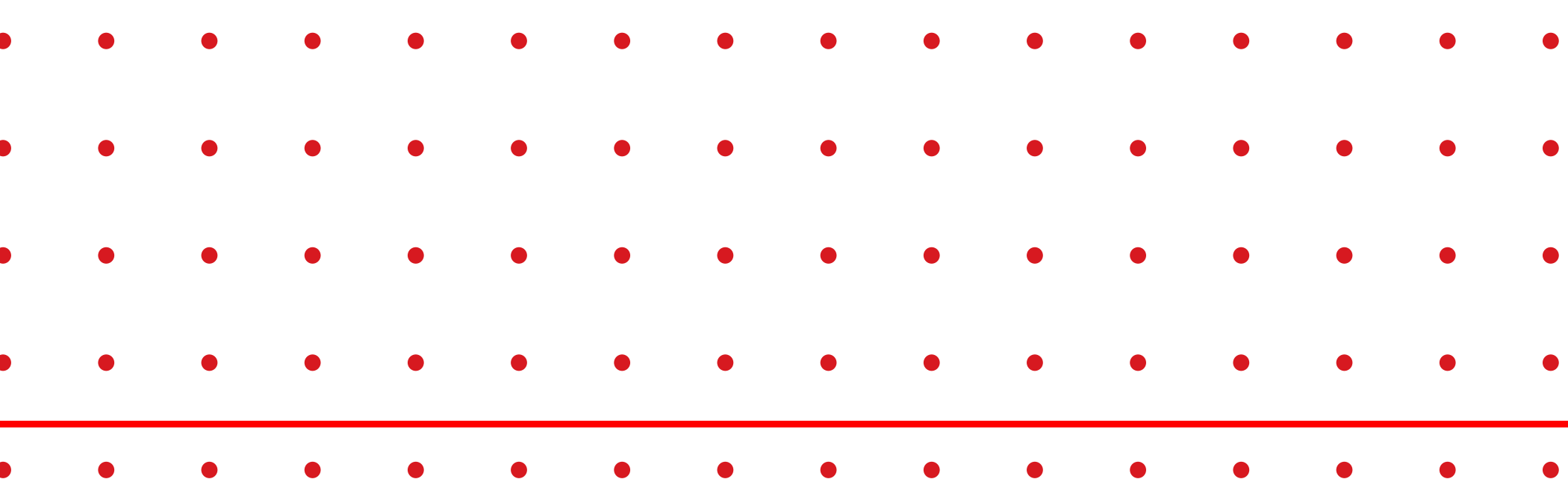
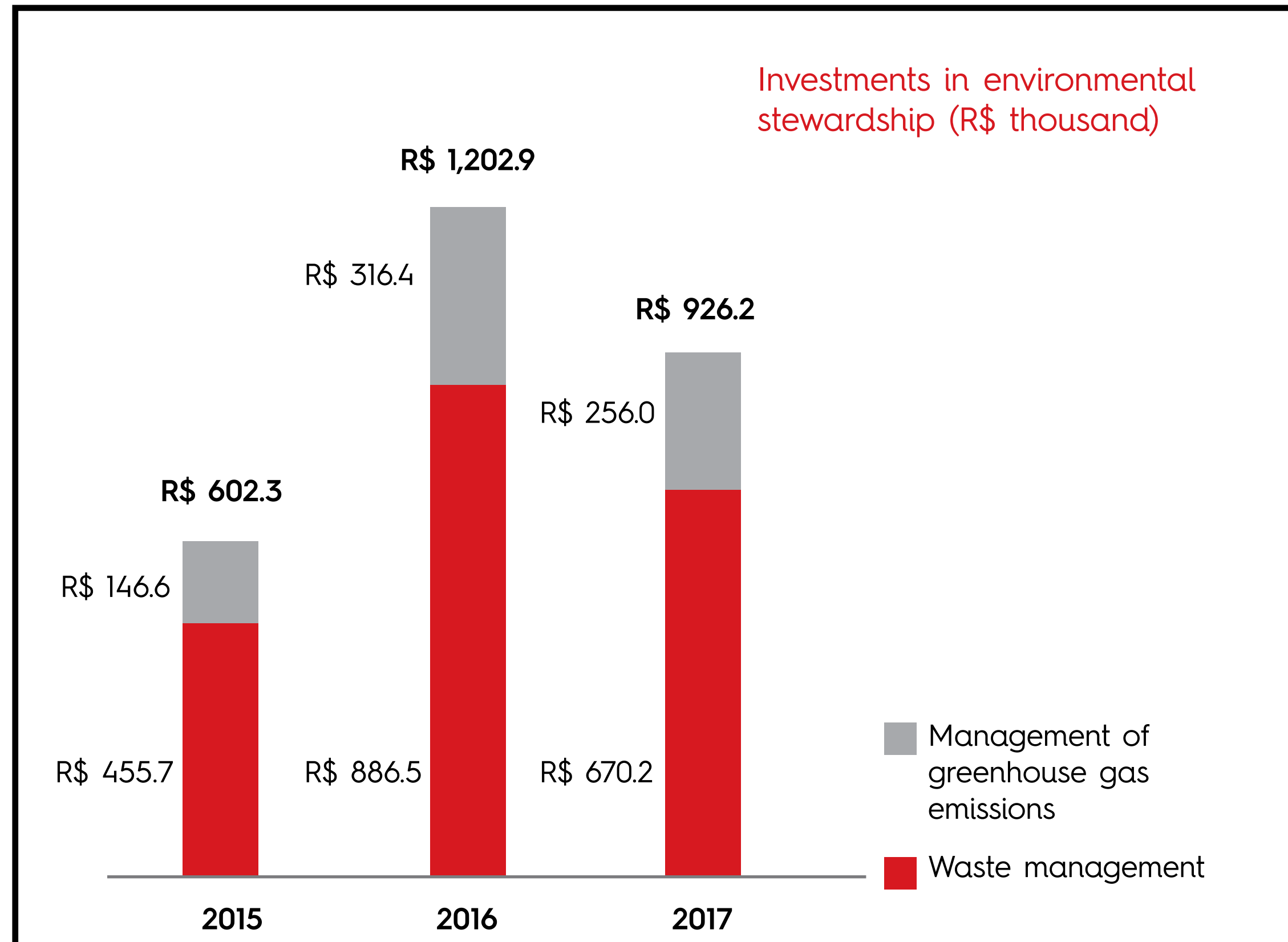
GRI 103-1, 103-2, 103-3



To ensure the long-term sustainability of our operation, we understand how important it is to minimize our businesses' negative impacts on the environment. This commitment is part of our strategic planning and has two main objectives: to identify, measure and reduce water, energy and chemicals consumption, waste generation and emissions; and innovate in the development of raw materials and lower impact processes.

IN 2017, WE INVESTED R\$ 926,200 THOUSAND IN ENVIRONMENTAL STEWARDSHIP.

In the next section you will learn more about our eco-efficiency indicators and the key projects developed throughout the year.



SUSTAINABLE *Stores*

Three of our stores and our headquarters are LEED-compliant (Leadership in Energy and Environmental Design), an internationally recognized green building certification system that ensures buildings generate less waste and consume fewer resources during both construction and when in operation. (learn more in our 2016 report, on page 42, available at: <https://bit.ly/2Hrz98e>).

According to the project for the construction of one of the stores, the estimate is that using sustainable construction techniques the building will consume 45% less water and 18% less electric power for lighting than a regular building.



CLIMATE *Change*

GRI 302-1, 302-3, 302-4, 302-5

ENERGY EFFICIENCY *AND RENEWABLE ENERGY*

Our Energy and Asset Management Project has been in place since 2015. It helps us improve the technology and intelligence used in the infrastructure of Renner stores to reduce our consumption. We have achieved significant energy efficiency gains for the past few years through a project that replaces fluorescent with LED bulbs, which are more energy efficient; by remotely monitoring the systems of 50 stores; by using more efficient equipment and by applying a checklist of actions that result in power saving.

In 2017 we executed a pilot project for solar power generation, which is a clean and renewable source with lower environmental impact, and enables savings in the power bills of the stores in the program. It initially includes four Renner stores in the state of Rio de Janeiro, and we are studying the possibility of expanding the project to other units and distribution centers in the future.

ENERGY CONSUMPTION AND INTENSITY IN 2017 AT LOJAS RENNER S.A.

LOJAS RENNER S.A.:

700,632 GJ AND ENERGY INTENSITY OF **1.08** GJ/M² OF SALES SPACE

Renner stores:

622,078 GJ and energy intensity of **1.05** GJ/m² of sales space

Camicado stores:

58,428 GJ and energy intensity of **1.39** GJ/m² of sales space

Youcom stores:

20,126 GJ and energy intensity of **1.54** GJ/m² of sales space

*Renner's consumption includes the stores in Brazil, the Credit and Collection Call Center, Lojas Renner S.A.'s Headquarters, Renner's Distribution Centers, our offices in Itajaí, and our General Archive. Camicado's consumption includes the stores and Camicado's headquarters. Youcom's consumption includes only Youcom stores.

GREENHOUSE GAS (GHG) EMISSIONS

GRI 305-3

RESULTS

We are committed to managing our greenhouse gas emissions in order to help reduce climate change impacts on the planet. For the second consecutive year, we offset 100% of the emissions of the prior year.

In 2017 we also committed to designing a company-wide plan for reducing GHG emissions, involving the areas that have the biggest impact, such as Logistics, Maintenance, and the Architecture and Engineering Department. Our goal is to disclose this commitment to the public in 2018, together with a manifesto.

In this context, we joined the Brazil Green Logistics Program (PLVB), which is coordinated by the Cargo Transportation Lab (LTC) of the Alberto Luiz Coimbra Engineering Graduation and Research Institute (COPPE) of the Federal University of Rio de Janeiro (UFRJ), an institution with 10 years of experience in the area.

IN 2017 WE OFFSET 36,814 TONS OF CO₂ EQUIVALENT, AS VERIFIED BY THE VERIFIED CARBON STANDARD, THROUGH OUR SUPPORT FOR THE REDD+ JACUNDÁ PROJECT, WHICH CONSERVES 95,300 HECTARES OF NATIVE AMAZON FOREST, PROTECTS ITS BIODIVERSITY AND PROMOTES THE SOCIAL AND ECONOMIC DEVELOPMENT OF THE COMMUNITIES IN THE MACHADO RIVER BASIN AREA OF THE STATE OF RONDÔNIA (BRAZIL).

PLVB's mission is to capture, integrate, consolidate and apply knowledge with the goal of reducing the intensity of air pollutant and greenhouse gas emissions, especially carbon dioxide (CO₂), and also to improve the efficiency of logistics and cargo transportation in Brazil. The entity promotes a national sustainability program for the logistics sector that will grant autonomy to and train shippers, transportation and logistics operators, and all other agents that operate in this sector.



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

SUMMARY OF THE 2017 GHG EMISSIONS INVENTORY

For the first time, in 2017 we used two methods to calculate our inventory of Scope 2 emissions, which include electricity we purchased and consume.

The location-based method* considers the location of electricity consumer units, and is adopted by the Brazilian GHG Protocol Program for Scope 2 emissions. The emission factor used in this method is the average of the emission factors of different electricity generation sources that make up the National Interconnected System (SIN).

The market-based method* reflects emissions from electricity purposefully chosen, and uses factors specifically associated with each source we chose to acquire and consume electricity from. It is necessary to prove and trace its origin.

For the first time Lojas Renner S.A. was able to separately account for emissions associated with the acquisition of electricity from renewable sources in the open market.

Considering the location-based method, our gross emissions of GHG totaled 43,917.562 tCO₂e in 2017. On the other hand, using the market-based method, our gross emissions of GHG totaled 37,966.914 tCO₂e in 2017. These results prove that choosing from renewable sources helps us reduce GHG emissions.

*Information based on the Scope 2 Calculation Technical Note of the Brazilian GHG Protocol Program.

SOURCES OF GHG EMISSIONS (tCO ₂ e)	2015	2016	2017
Scope 1 Emissions			
Stationary combustion	146.1	189.1	137.2
Mobile combustion	5.5	17.6	21.1
Cooling / air-conditioning	3,300.1	5,077.9	5,474.3
TOTAL SCOPE 1	3,451.8	5,284.7	5,632.8
Scope 2 Emissions			
Electricity acquired and consumed (location-based)	23,531.8	14,098.2	17,883.1
Electricity acquired and consumed (market-based)	---	---	11,932.5
TOTAL SCOPE 2 (LOCATION-BASED)	23,531.8	14,098.2	17,883.1
TOTAL SCOPE 2 (MARKET-BASED)	---	---	11,932.5
Scope 3 Emissions			
Solid Waste	294.3	270.7	489.5
Business travel	2,491.6	2,270.1	2,967.6
Upstream transportation and distribution	7,080.0	14,889.9	16,944.3
TOTAL SCOPE 3	9,865.9	17,430.7	20,401.5
TOTAL EMISSIONS (in tons of CO ₂ e) - considering location-based Scope 2 emissions	36,849.4	36,813.6	43,917.5
TOTAL EMISSIONS (in tons of CO ₂ e) - considering market-based Scope 2 emissions	---	36,813.6	37,966.9
Emissions intensity (tCO ₂ e/m ² of sales space)	0.069	0.063	0.068

Includes: Headquarters, Distribution Centers, Renner, Youcom, and Camicado stores

TRANSPARENCY AND COMMITMENTS

Good results from emissions stewardship can only be achieved through continual monitoring.

FOR THE FIFTH CONSECUTIVE YEAR, OUR GREENHOUSE GAS (GHG) INVENTORY WAS PUBLISHED AND VERIFIED BY A THIRD PARTY TO ENSURE INFORMATION AUTHENTICITY, AND RECEIVED THE GOLD SEAL FROM THE BRAZILIAN GHG PROTOCOL PROGRAM.

Our 2017 inventory with details on emissions data compiled in the table on page 93 will also be in the public domain on the Brazilian GHG Protocol platform as from August 2018.

In the light of sound management, good performance and transparency in our commitment to fighting climate change, for the seventh consecutive year in 2017 we were listed in B3's Carbon Efficient Index (ICO₂), and voluntarily responded the Carbon Disclosure Project (CDP) questionnaire. The CDP is an initiative gathering institutional investors, which jointly turn over US\$100 trillion annually, with the goal of promoting information disclosure on climate change policies by companies listed on the world's leading stock exchanges.



WASTE

GRI 306-2

Renner operates a Solid Waste Management Program in compliance with the requirements of the National Solid Waste Policy to control and reduce risks and negative impacts on the environment.

This program seeks to minimize our waste generation, promote adequate separation at the origin, ensure the correct handling, packaging and disposal of waste, encourage recycling, and manage solid waste in an integrated manner.

Recyclable waste from our back office operations are sent to the Vila Pinto Triage Center (CTVP), located nearby our headquarters in Porto Alegre (Rio Grande do Sul). CTVP is one of the units of the Environmental Learning Center (CEA), located in the Vila Pinto district. The Center was founded 18 years ago by a group of community women with the goal of fighting the condition of poverty and violence

they were subject to and find alternatives to ensure their independence and quality of life.

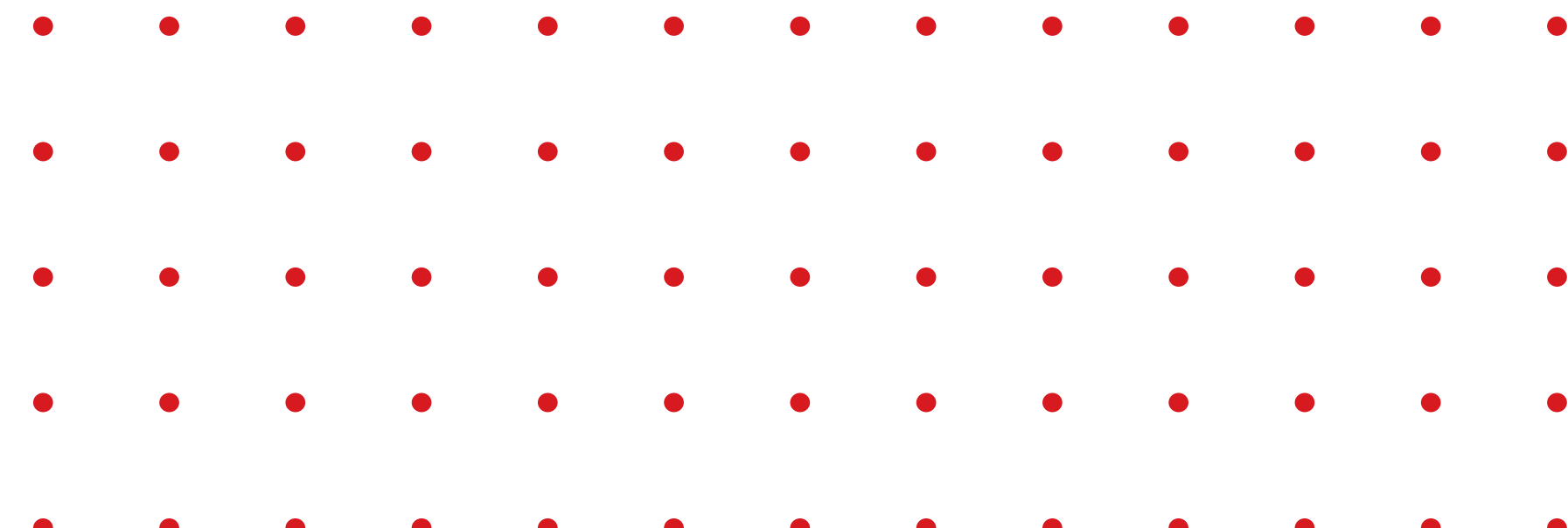
BY SENDING OUR WASTE TO CTVP WE NOT ONLY GUARANTEE IT WILL BE PROPERLY DISPOSED OF BUT WE ALSO SUPPORT THE GENERATION OF INCOME FOR THE WOMEN IN THAT COMMUNITY.

For the past few years, we have invested, through the Lojas Renner Institute, in the expansion of the Center and in structural, operational, and work condition improvements. The Center is a benchmark triage center in the state of Rio Grande do Sul.

Stores' recyclable waste is sent to the distribution centers to be eventually disposed of appropriately.

IN 2017, WE RECYCLED 2,369 TONS OF WASTE, REPRESENTING 97% OF THE TOTAL OF 2,442 TONS GENERATED AT RENNER'S STORES AND DISTRIBUTION CENTERS, WHICH WERE TAKEN BACK INTO THE PRODUCTION CYCLE RATHER THAN BEING SENT TO LANDFILLS.*

*This amount includes waste monitored in kg and does not include furnishings disposed of during store remodeling or organic waste.





ENGAGEMENT

GRI 103-1, 103-2, 103-3

EMPLOYEES



WORKFORCE DIVERSITY AND EQUITY



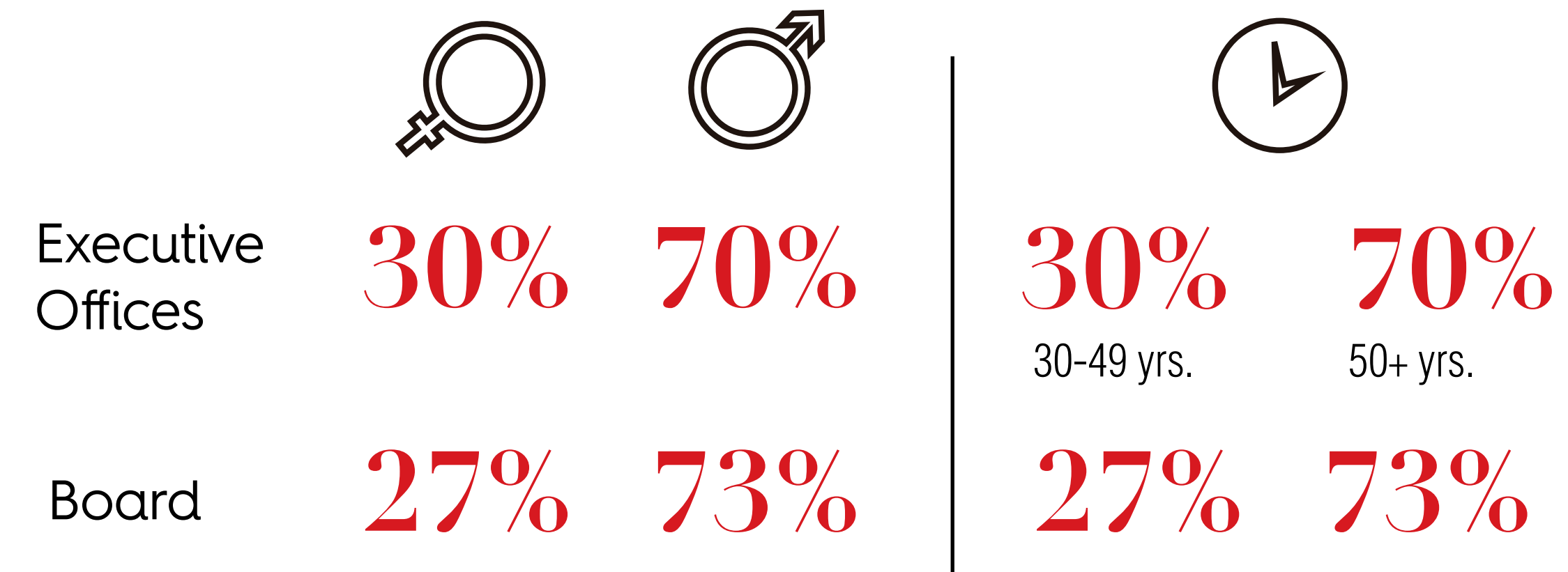
GRI 102-7, 102-8, 405-1

WORKFORCE DIVERSITY PROFILE LOJAS RENNER S.A.

<p>20,994* EMPLOYEES</p> <p>BRAZIL</p> <p>CENTRAL-WEST 1,372 (6.59%)</p> <p>NORTHEAST 2,449 (11.77%)</p> <p>NORTH 758 (3.64%)</p> <p>SOUTHEAST 9,621 (46.23%)</p> <p>SOUTH 6,609 (31.76%)</p> <p>URUGUAY 185 (0.88%)</p>	<p>13,887 WOMEN (66.15%)</p> <p>7,107 MEN (33.85%)</p>	<p>20,112 OPEN-ENDED WORK CONTRACTS (95.80%)</p> <p>882 FIXED-TERM CONTRACT (4.2%)</p> <p>65 INTERNS</p>	<p>20,396 FULL-TIME CONTRACTS (97.15%)</p> <p>598 PART-TIME CONTRACTS (2.85%)</p>	<p>12,341 29 Y.O. OR YOUNGER (58.78%)</p> <p>7,907 30 TO 49 Y.O. (37.66%)</p> <p>732 50 Y.O. OR OLDER (3.49%)</p>	<p>2,171 LEADERSHIP (10.34%)</p> <p>18,823 EMPLOYEES (89.66%)</p>

*Total employees includes employees on leave. For this reason, this figure differs from the one reported in the financial statements (19,989), which considers active employees only.

LOJAS RENNER S.A.'S GOVERNANCE BODIES



LEADERSHIP

	RENNER	CAMICADO	YOUCOM	REALIZE	TOTAL
women	1,103	198	56	3	1,360
men	695	73	35	8	811
total	1,798	271	91	11	2,171
% women	61.35%	73.06%	61.54%	22.27%	62.64%
% men	38.65%	26.94%	38.46%	77.73%	37.36%

EMPLOYEES

	RENNER	CAMICADO	YOUCOM	REALIZE	TOTAL
women	11,388	811	307	21	12,527
men	5,588	491	191	26	6,296
total	16,976	1,302	498	47	18,823
% women	67.08%	62.29%	61.65%	44.68%	66.55%
% men	32.92%	37.71%	38.35%	55.32%	33.45%





GRI 401-3

PARENTAL LEAVE INDICATORS*

MATERNITY LEAVE

Leaves ending in 2017: 409
Total employees that returned to work after the leave: 404
Return rate: 98.8%

Total employees that completed 12 months of work after leave in 2017: 333
Total employees that stayed after 12 months: 184
Retention rate: 55.3%

PATERNITY LEAVE

Leaves ending in 2017: 154
Total employees that returned to work after the leave: 153
Return rate: 99.4%

Total employees that completed 12 months of work after leave in 2017: 146
Total employees that stayed after 12 months: 95
Retention rate: 65.1%

*Data refers to Renner

PROMOTING DIVERSITY

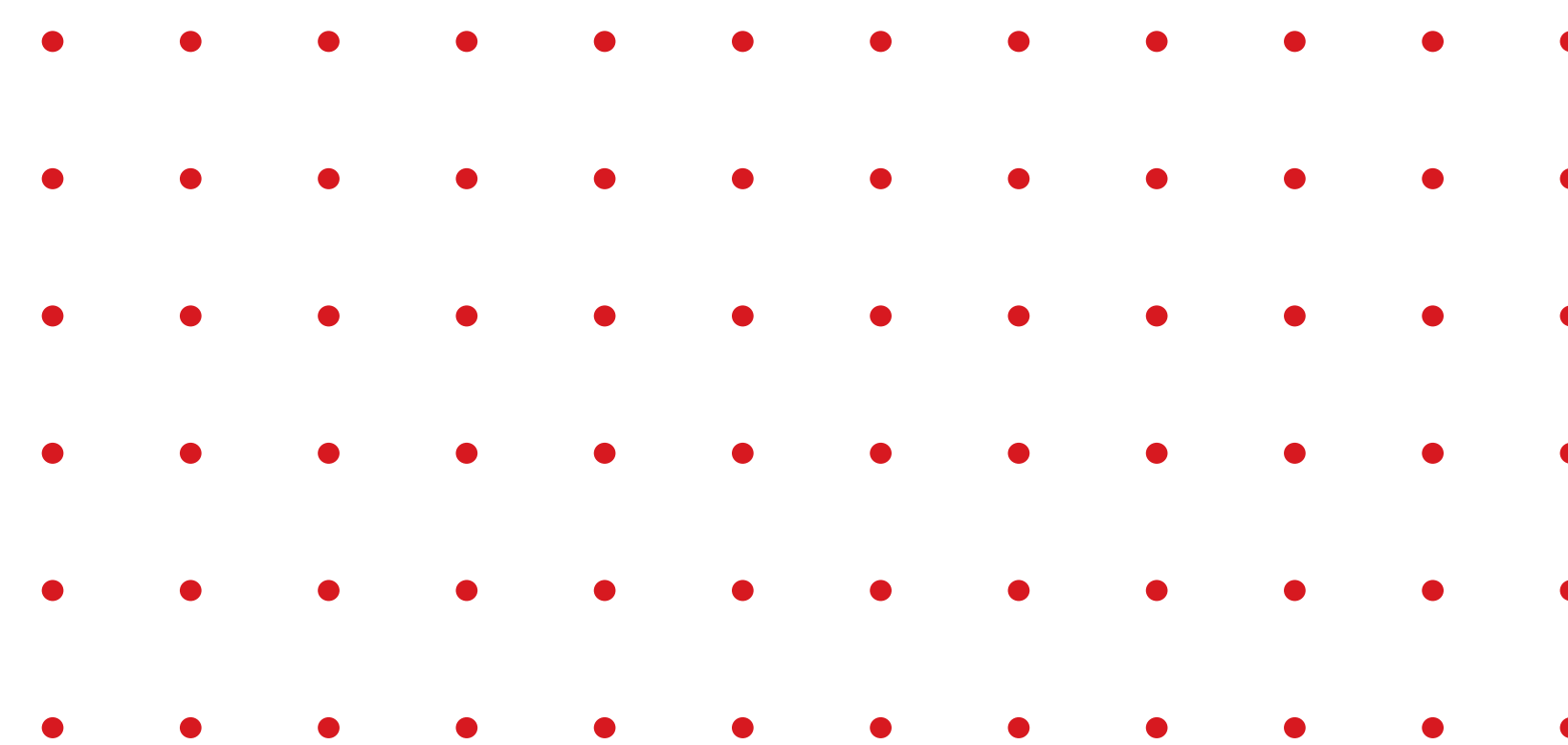
In 2017, Camicado ran a project for diversity inclusion and promotion focusing on four fronts:

Inclusion of Persons with Disabilities as apprentices – programs to include these professionals, promoting awareness of and engagement on the importance of integration and diversity in the workforce. A partnership was also established with a social institution that sponsors the development of hearing-impaired apprentices, which will result in the hiring of 27 youths in 2018. These youths will receive training in service at stores, computer software, Portuguese, math, and administrative processes. In a second stage, they are trained at the store with employees and customers.

Women refugees inclusion – in 2017, Camicado participated in the EMPODERA program created by Lojas Renner S.A. through the Lojas Renner Institute in a partnership with UN Women. 15 women refugees were trained in the program, and 5 were hired by Camicado. Learn more about the Empowering women refugees program on page 109.

Maturity Program – Camicado promotes actions for hiring employees ages 40 and older, profile that faces resistance in the labor market but tends to be more emotionally mature, empowered and have greater life experience – factors that add value to the business because this group demonstrates more empathy with customers.

In 2017 this age group represented 19% of Camicado's overall workforce, and scored a higher level of engagement compared to the company's average.



ENGAGEMENT SURVEY

We have a close relationship with our employees, encouraging them to fulfill their true potential for personal and professional development. We invest in a favorable climate in the workplace where people feel they are valued and recognized, in line with our goal of attracting and retaining the best talent, and with one of our core Values: "People" (learn more on page 14).

Every year, we conduct an online, voluntary and anonymous engagement survey covering all Renner and Camicado employees. The results show we are on the right track.

THIS SURVEY HAS BEEN MADE FOR OVER 20 YEARS AT RENNER, AND IN 2017, 95% OF THE EMPLOYEES RESPONDED IT, WITH ENGAGEMENT REACHING 88% - HIGHER THAN THE 87% REPORTED IN 2016 AND FAR ABOVE THE AVERAGE OF 65% IN THE GLOBAL FASHION RETAIL SECTOR, ACCORDING TO DATA BY AON HEWITT.

AT CAMICADO, THE SURVEY HAS BEEN MADE FOR THREE YEARS AND IN 2017 92% OF THE EMPLOYEES RESPONDED IT, WITH ENGAGEMENT REACHING 83%, HIGHER THAN THE 79% RATE REPORTED IN 2016.



THE ENGAGEMENT SURVEY ALSO ASSESSES THE EMPLOYEES' PERCEPTION OF DIVERSITY. IN 2017, 88% OF RENNER'S EMPLOYEES REPORTED A POSITIVE PERCEPTION, WHILE AT CAMICADO THE RATE WAS OF 89%.

CAREER *CYCLE* | | |

Our employees and leaders count on a structured career cycle with processes and tools that help them develop and manage their careers.

I TARGET SETTING

Every year, we set targets for employees and teams in line with our strategy for the following year; these targets are the basis for the leaders' variable pay.

PERFORMANCE REVIEW

GRI 404-3

We have a Performance Review process that provides feedback to leaders and other employees regarding their results, which serves as orientation and reflection about their career and is also the basis for designing their individual skills development plan.

The Evaluation is made in four stages:

- 1. Self-evaluation:** each employee appraises their own results based on the skills and behaviors expected for their position.
- 2. Manager's evaluation:** The leader appraises the employee for the same skills and behaviors, in order to help them explore their skills and identify opportunities for development.
- 3. Feedback:** During the performance review process, the employee receives formal feedback from their immediate manager, discussing the results obtained

and the behaviors displayed in the past cycle. This is when they talk about career and plan development actions.

4. Validation: The employee validates the process on our virtual portal.

Both employees and leaders go through the same review stages. The difference is in frequency: twice a year for employees and once a year for leaders.

In the 2017 review cycles, 88% of all eligible employees completed the review, 67% of which were women, and 33% were men.

I CAREER DEVELOPMENT

In 2017 we improved our system to offer new career development tools to all employees. One of them is the online Individual Development Plan, a platform of learning tools for all job positions, based on the 70/20/10 methodology. This methodology encourages learning through different experiences and situations, and it is based on the idea that 70% of learning comes from on-the-job experience, 20% from social exposure – such as feedbacks and coaching – and 10% from formal education, like courses and programs.

ASSESSMENT OF POTENTIAL, SUCCESSION, READINESS ACCELERATION

We also have a Succession Plan to prepare leaders that are capable of supporting our expansion plan. This program uses performance and result reviews to help identify high-potential executives that will undergo a structured successors development path.



CORPORATE *LEARNING* | | |

Renner's People and Development center promotes corporate learning focusing on developing skills that are key to the business, through on-site or online training and structured on-the-job development.

PILLARS OF RENNER'S CORPORATE EDUCATION MODEL

- 01 | INSPIRED LEADERSHIP
- 02 | BUSINESS MANAGEMENT
- 03 | ENCHANTMENT CULTURE
- 04 | FASHION AND PRODUCT
- 05 | SUSTAINABILITY

This is how we prepare employees for current and future challenges, driven by our business strategies.



LEADERSHIP

In order to leverage results, engagement and people management practices, we train and develop our Renner, Camicado, Youcom, and Realize leaders on behavioral, business and management themes, driven by our values and core competencies.

We continually invest in structured career development programs for our leaders, including day-to-day strategic challenges, executive training, coaching and mentoring, etc.

In 2017 we developed an online corporate learning platform especially for leaders.

OTHER EMPLOYEES

WE ALSO FOSTER A CULTURE OF DEVELOPING INTERNAL TALENTS, SUSTAINED BY ACTIONS SUCH AS THE FOLLOWING:

Welcome

This program integrates new employees at Lojas Renner S.A., and helps disseminate our corporate fundamentals, strategic guidance, institutional policies, and people management practices.

Magic

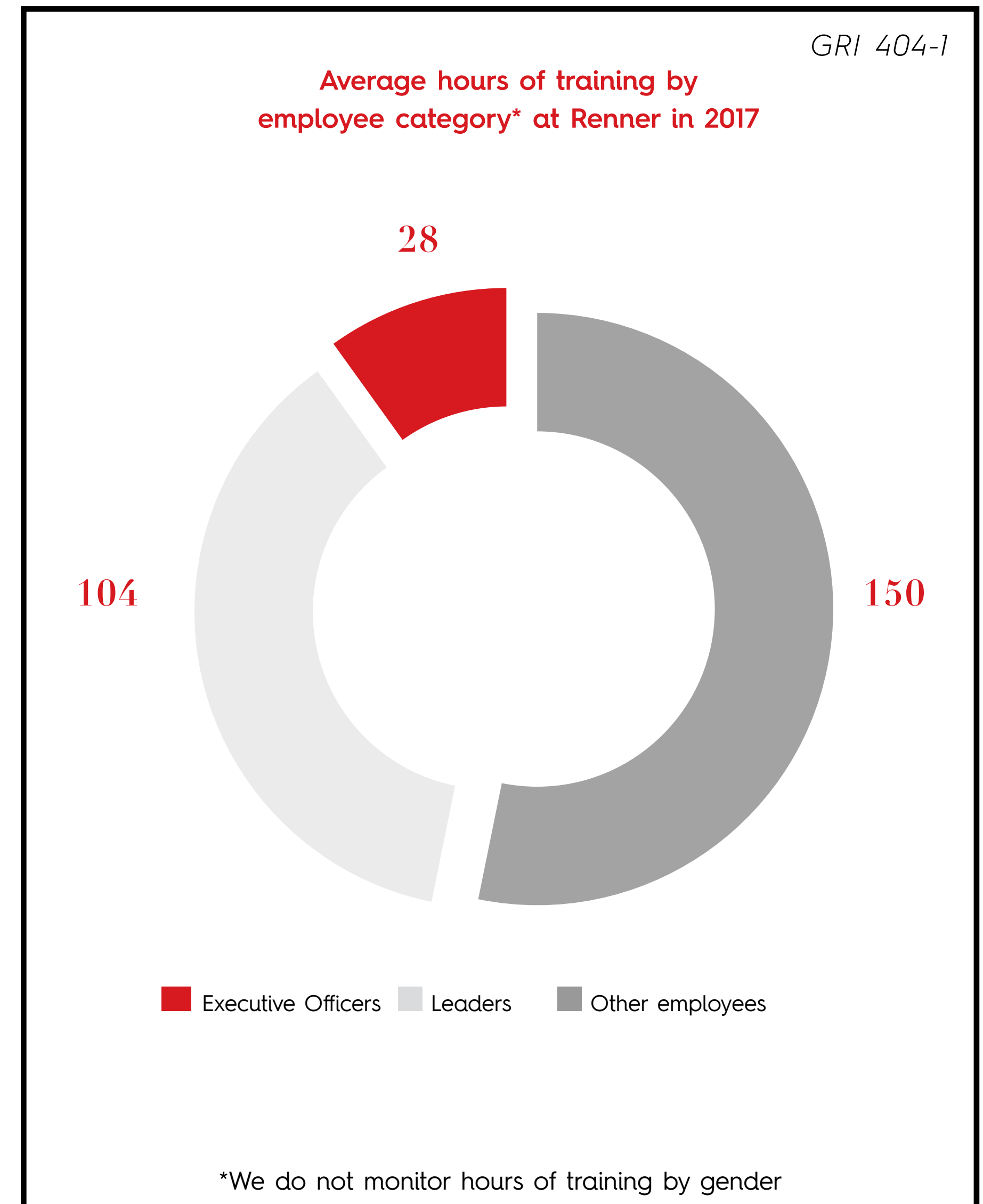
Renner and Camicado's annual event held to help disseminate the business culture and strategy.

Trainee Program

Renner's development program for internal and market talents that helps accelerate their readiness for leadership positions (supervisors and managers).

Online learning programs

Online learning platform offered to Renner, Camicado and Youcom employees, with customized content to ensure their development in policies, processes, systems and other subjects, such as self-development.

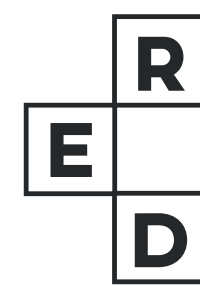


A PLATFORM FOR *INSPIRATION*



In 2017 we created RED, a program that seeks to sensitize and engage our employees on themes that matter to our businesses by introducing vanguard trends and practices in different fields.

RED INITIATIVES
THAT INSPIRE
AND SENSITIZE



COME
THINK OUTSIDE
THE BOX



| **RED Experience:**

talks for employees at our headquarters on different themes; the talks are recorded and can be accessed online. During the year, we offered nine talks on racial, gender and age diversity, circular economy, new technologies and behaviors through the RED program, and three talks through Magia Renner, with an average of 150 to 200 people attending each talk.

| **RED Pocket:**

smaller events for back office employees to engage and sensitize them on different subjects.

| **RED Magazine:**

a magazine published bi-annually on an online platform for our employees featuring global trends and innovation.

| **RED Warm up:**

analysis of the key trends and macro themes about our businesses to be shared with employees.



COMMUNITIES



GRI 203-1, 203-2, 413-1, 413-2

As a large company reaching millions of people, we have great potential, responsibility and opportunity to foster the development and well-being of society.

Our fashion retailing operations do not have a significant negative impact on our communities.

In line with our commitment as a signatory to the Women's Empowerment Principles (UN Women), we founded the Lojas Renner Institute in 2008 to manage our company's private social investment. Its goal is to "Foster the economic and social empowerment of women in the textile value chain," aligned with the 5th UN Sustainable Development Goal – "Achieve gender equality and empower all women and girls."

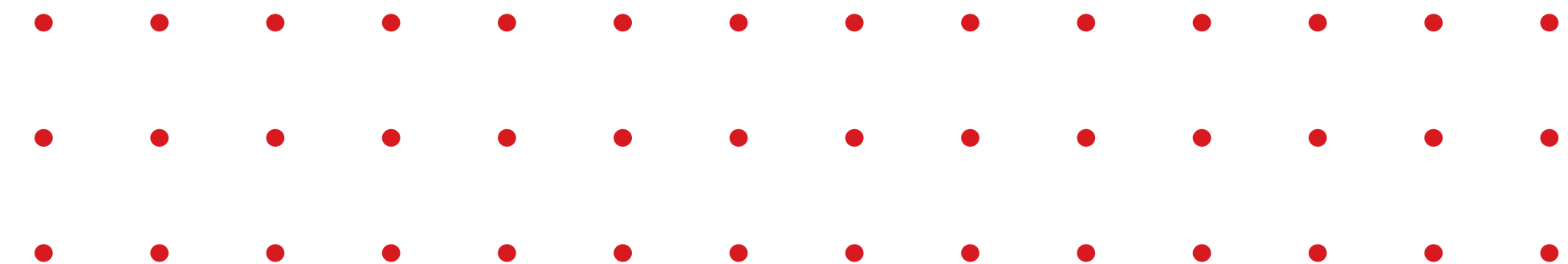
The funds invested in these projects are raised through tax incentives, Lojas Renner S.A.'s own budgeted resources and through the Mais Eu Campaign. The latter allocates 5% annually of Renner stores' pre-tax net sales in the four days after Father's Day to the Institute. In 2017 the Mais Eu campaign raised R\$2.3 million, which were invested in 19 of Lojas Renner Institute's projects, benefiting over 1,000 women nationwide.

The projects are designed in line with the Institute's mission and are distributed throughout the four stages of the fashion value chain: raw material, production,

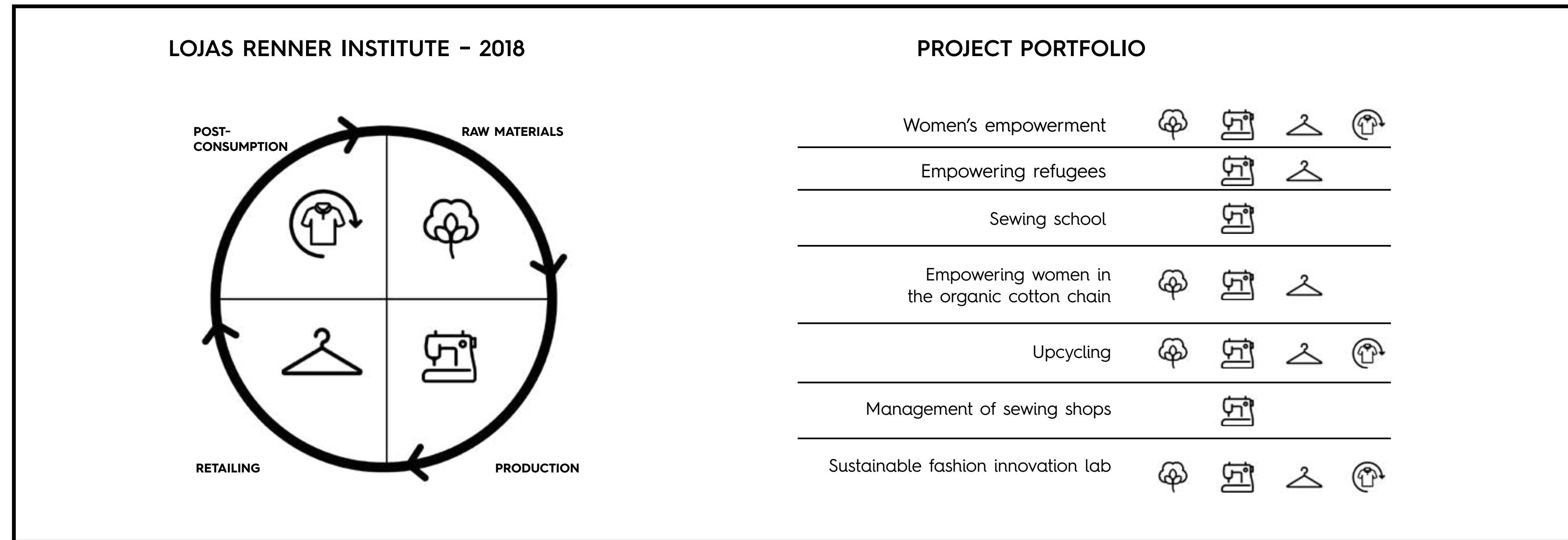


Women included in Lojas Renner Institute's projects

retailing, and post-consumption. Responsible for managing Lojas Renner S.A.'s private social investment, the Institute is aware of the needs of society, and invests resources from tax incentives in initiatives for the development of communities surrounding our stores in Brazil.



BELOW YOU WILL FIND THE MAIN PROJECTS SPONSORED BY THE INSTITUTE IN THE FOUR STAGES OF THE TEXTILE VALUE CHAIN:



Women's empowerment: Since 2008, the Institute focuses mostly on projects that create jobs and income for socially vulnerable women. When its mission changed in 2016, the Institute established a partnership with Lojas Renner S.A. and UN Women to support productive groups' initiatives for gender equality and generation of income in the textile industry's value chain.

Sewing school: Created in 2011, the Sewing School gives socially vulnerable women training in industrial sewing activities. Women in the sewing program also learn how to use a computer, entrepreneurship basics and occupational health and safety principles. The program is available in the locations where Renner has business relationships with textile resale suppliers, in partnerships with local

social organizations, local governments, and Lojas Renner's suppliers. By the end of the program, the women can be hired by the local supplier or other companies in the textile industry, or they can even start their own businesses.

Empowering women refugees: In 2016, the Institute offered the first Sewing School program for women refugees. From the knowledge gathered on these women's profile, a partnership was established with learning centers that develop programs in sewing and retail service and sales in the city of São Paulo. The goal of this initiative is to prepare women refugees to enter the Brazilian labor market. Some women that attend the programs are hired by Lojas Renner S.A.'s businesses: Renner, Camicado and Youcom.

Empowering women in the organic cotton chain:

Through the Alternative Agriculture Center (CAA) and the partnership with the Justa Trama cooperative, we are contributing to the professional training of 84 women, and the structural improvement of the organic cotton production chain in three Quilombola communities in northern Minas Gerais.

Upcycling: Lojas Renner Institute encourages projects that use techniques such as defibration and upcycling, and apparel manufacturing using recycled fabrics. Today, the

network of women entrepreneurs at the Bom Jesus Center, located in Porto Alegre (Rio Grande do Sul), manufactures free gifts using reclaimed jeans for Youcom (one of Lojas Renner S.A.'s brands), as part of our Jeans For Change initiative (learn more on page 119).

Management of sewing shops: In partnership with other textile companies and the International Labor Organization (ILO), our project named "Improving working conditions and management of sewing shops in São Paulo" provides training and development for 30 shops of Bolivian immigrants in the city and metropolitan area of São Paulo.

Sustainable fashion innovation lab: Lojas Renner Institute sponsors University of Vale dos Sinos's (Unisinos) research and practices in Rio Grande do Sul. The project, started in 2017, will create a prototype at an innovation and sustainability lab for new business models and public policy to foster sustainable fashion in the state of Rio Grande do Sul. The lab uses a co-creative design process that encourages the relations among different actors – state, factories, large retailers, small businesses and fashion collectives, universities, S system, etc.

IN 2017, THE INSTITUTE SPONSORED 51 PROJECTS, IN AN INVESTMENT OF R\$4.7 MILLION, BENEFITING 12,382 PEOPLE.

LOJAS RENNER INSTITUTE'S INVESTMENTS IN 2017

	INVESTOR ORGANIZATION	INVESTMENT	BENEFICIARIES	PROJECTS
PROJECT PORTFOLIO	Lojas Renner Institute	R\$786,900	553	12
OTHER PROJECTS	Lojas Renner Institute	R\$182,900	539	7
COMMUNITY DEVELOPMENT	Renner, and Renner Administradora de Cartão de Crédito	R\$3.7 million	11,290	32

CUSTOMERS



FOCUSING OUR *CUSTOMERS*

To keep on enchanting our customers, we have introduced a series of initiatives to increase store and supply logistics efficiency, aiming to reduce the time stores dedicate to administrative and management tasks.

This process started back in 2012 when we inaugurated our Shared Services Center (CSC), which standardized and centralized the management of all our back office processes, increasing efficiency and productivity, and enabling economic gains and better internal controls.

Store employees can then concentrate on serving customers, offering them the products they want whenever they want it, improving their shopping experience.

In 2017 we continued to make improvements in technology and processes to ensure even better store efficiency and concentrate more on our customers (learn more on page 47).



ENCHANTMENT

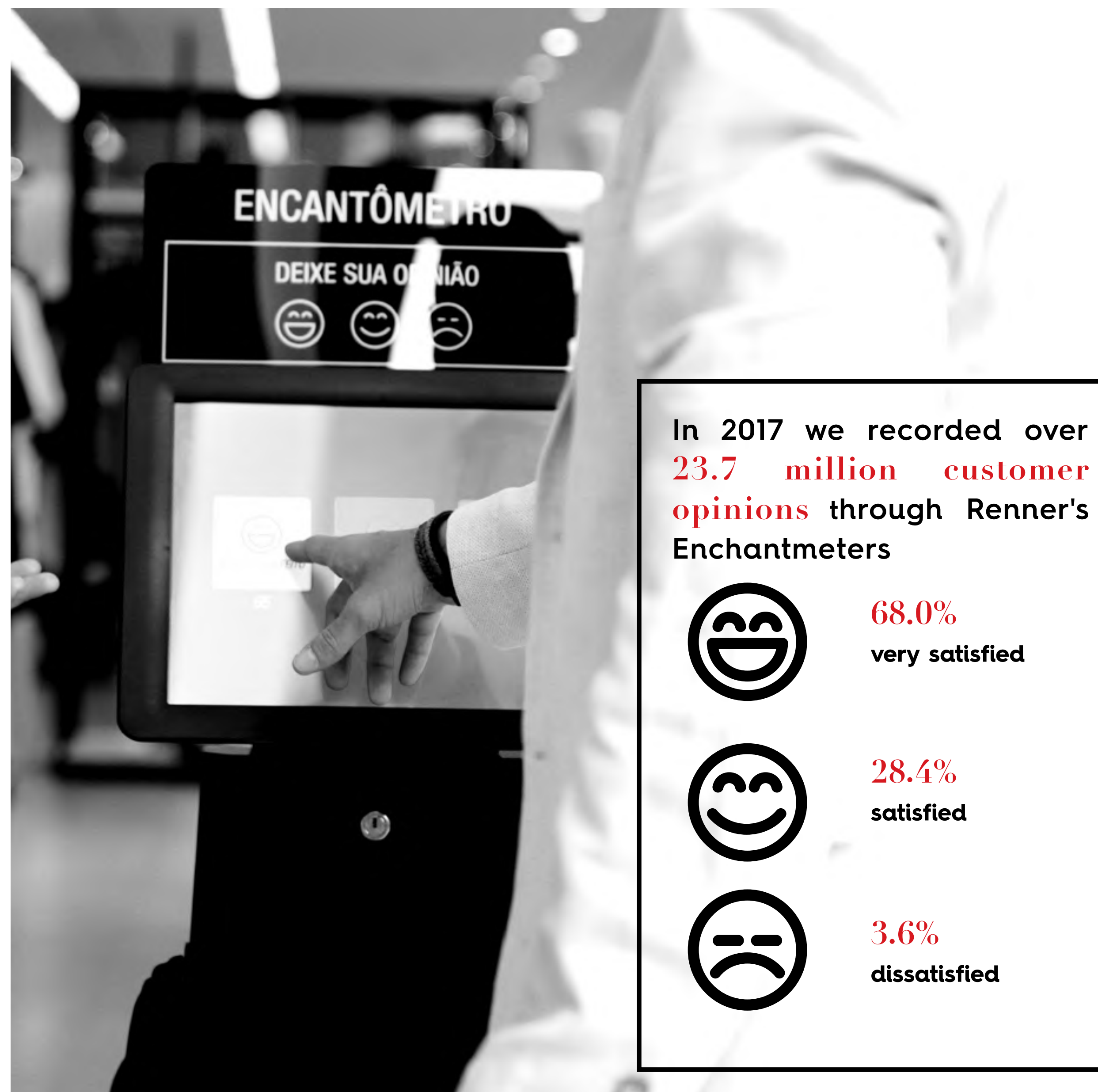
Enchanting customers is one of our core values and the reason why we exist. Over 20 years ago we invented the *Enchantmeter* device, which measures customers' shopping experience at each Renner store door and became one of our edges in the fashion retail market.

IN 2017, WE STARTED DEPLOYING NEW DIGITAL ENCHANTMETERS AT THE STORES, WHICH AUTOMATICALLY COMPUTE RESULTS IN A CENTRALIZED SYSTEM, MAKING DATA ASSESSMENT FASTER SO WE CAN MONITOR AND QUICKLY RESPOND TO KEEP A HIGH LEVEL OF CUSTOMER SATISFACTION IN THE WHOLE COUNTRY.

Another initiative is the Enchantment Stories Program that recognizes and rewards employees and stores with the best and the most customer enchantment stories, respectively. More than 800,000 Enchantment stories have been registered with the program since 1996.

IN 2017 WE RECEIVED NEARLY 27,000 STORIES FROM OUR EMPLOYEES; 170 STORIES RECEIVED A R\$400 CASH PRICE, AND THE BEST STORY, R\$ 5,000.


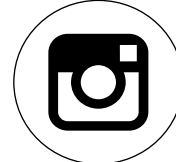
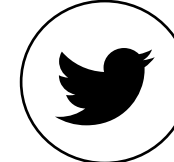
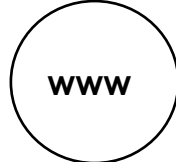




The store with the most stories during the year (proportionate to the number of employees) wins an "Enchanting Store" trophy and a cash prize of R\$ 2,000 to prepare a celebration for the team.



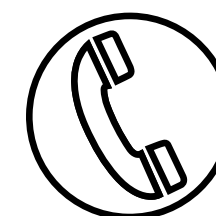
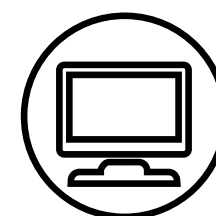
DIGITAL PRESENCE

We also pay attention to the opinions, demands and expectations of our online customers, who have been increasingly connected with the profiles of each of our brands.



Brands' social network presence	 (fans)	 (followers)	 (followers)	 (monthly blog visits)	 (followers)
	9.2 million	3.7 million	95,900	486,000	33,400
	810,900	669,900	8,700	none	3,400
	1 million	178,000	2,300	49,800	none

Tailored customer service channels



Online chat, Call Centers, Contact Us e-mail

Find our Call Center numbers, Contact Us e-mail addresses and Online chat tools at:

Renner

www.lojasrenner.com.br/central-de-atendimento

Camicado

www.camicado.com.br/atendimento/content/12

Youcom

www.youcom.com.br/autoatendimento



Social networks

Each business has a page on the main social networks, like Facebook and Instagram:

Renner

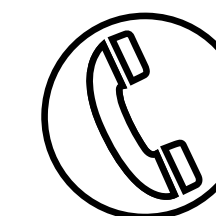
www.facebook.com.br/LojasRenner
www.instagram.com/lojasrenner

Camicado

www.facebook.com.br/camicado
www.instagram.com/camicado

Youcom

www.facebook.com.br/lojayoucom
www.instagram.com/lojayoucom



Reclame Aqui (consumer complaints)

We have a dedicated team to respond to customer complaints registered through our Reclame Aqui website.



SUSTAINABLE PRODUCTS *AND SERVICES*

GRI 103-1, 103-2, 103-3

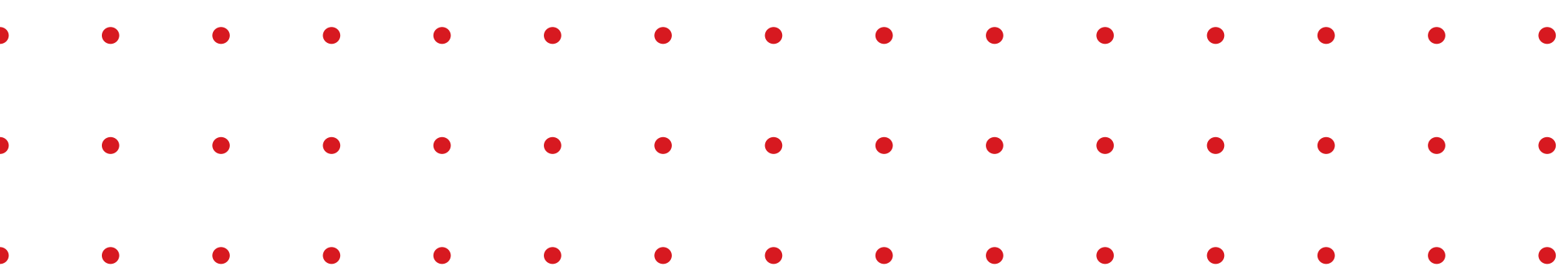
TRANSITIONING TO *a Circular economy*



GRI 103-1, 103-2, 103-3

We analyze the environmental impact of our products and services throughout their life cycle, seeking to identify opportunities for using lower impact raw materials, creating supply chain gains and innovating in closing the cycle.

We believe that knowing these impacts and by creating opportunities, we can positively affect the textile value chain, encouraging initiatives in the supply chain, in our own operations, and changing the consumption and disposal habits of our millions of consumers.



CLEANER PRODUCTION AND RECYCLED RAW MATERIALS

In 2017 we established a partnership with the Ellen MacArthur Foundation – organization that fosters the circular economy concept for companies, governments and universities – and with the University of São Paulo (USP) to create a project to improve the manufacturing processes of our domestic resale suppliers of the knit fabric and jeans production chains.

The project's goal is to encourage a cleaner production in order to reduce the generation of textile waste in the manufacturing processes of Renner and Youcom resale suppliers, and use leftovers to make new fabrics to be used in new pieces.

The initial stage has already been completed by six resale suppliers, and resulted in improvements in waste generation from the cutting process – a significant 10% decrease in the amount of waste.

Not only that, but the project has also created two solutions for taking waste back into the production chain:

Reclaiming yarn leftovers from cutting in new Renner and Youcom collections.



Fostering a reverse chain that collects and recycles waste to be later used for manufacturing other types of products (yarns for handicrafts, and stuffings, thermal and acoustic insulation for the automotive industry).

Overall, this first stage has already achieved an astonishing result of reclaiming 390 tons of waste.

In 2015 and 2016, we analyzed the life cycle of a basic pair of women's jeans sold at our stores, through our Life Cycle Analysis pilot project, monitoring its water and emissions footprint "from cradle to grave," or how much water it consumed and emissions it generated from raw material production to final disposal by the customer.

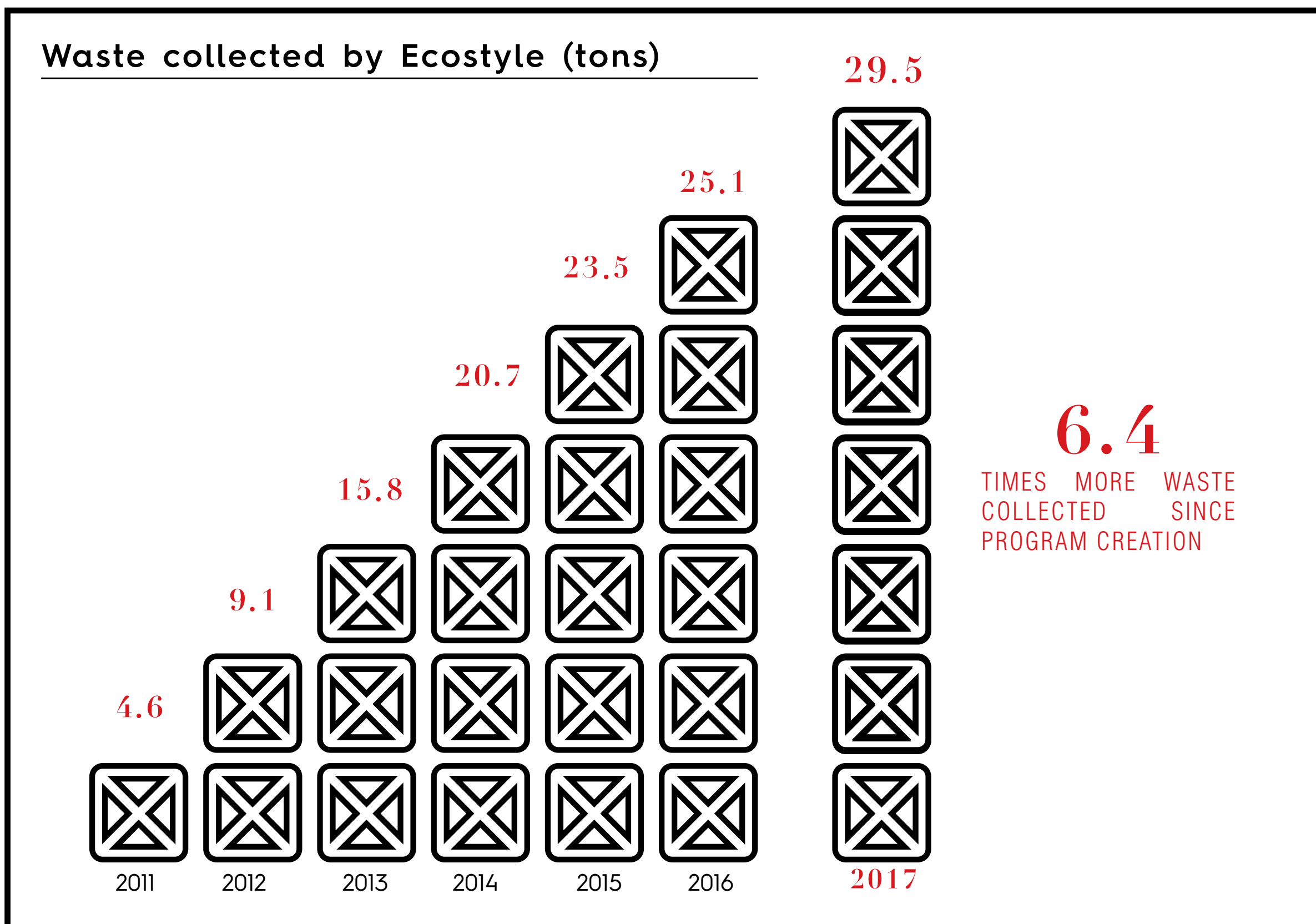
Developed in partnership with GVCes (Getúlio Vargas Foundation's Center for Sustainability Studies), the project results served as tools for us to further investigate and understand how a project encouraging jeans recycling could reduce this environmental impact.

In 2018, we will analyze the life cycle of recycled jeans and compare its impact with that of the traditional virgin cotton jeans yarn.

I ECOSTYLE: RECYCLING GRI 301-3

In 2011 we introduced the EcoStyle reverse logistics service for perfumery and beauty products as part of Renner's Solid Waste Management Program.

All Renner stores have a collection bin in the perfumery section, where customers and employees can dispose of perfumery and beauty product waste for products acquired or not at Renner. Collected waste is then sent for final, eco-friendly disposal by our Distribution Centers.



I POST-CONSUMPTION REVERSE LOGISTICS

We want to foster a closed-loop fashion chain. With that in mind, in 2017 we installed collection bins at 15 Renner stores in five Brazilian capitals for customers to dispose of used clothes. We can then send them back into the production cycle or give them another destination. Customers can dispose of used, clean clothes in good state of conservation, acquired or not at Renner. The items are sent to our distribution centers and later forwarded for appropriate disposal.

Collected garments can be disposed of in three different ways:



01 The pieces are upcycled into new garments by groups of trained women supported by the Lojas Renner Institute (learn more on page 110).

OR



02 Be donated to social organizations.

OR



03 The pieces are transformed in fibers to be reused in the production of new fabrics by our suppliers.

In 2017, the teams in the 15 stores participating in the project received on-site training about the initiative and the importance of this theme for our business.

#YOURECYCLE

Using lower impact raw materials is part of our sustainability strategy. In 2017, Youcom introduced the #YouRecycle capsule collection of five products (a pair of pants, a jacket, a dress, a skirt, and a pair of shorts) made with fabrics produced from recycled textile material and/or PET. The products arrived at the stores with special tags made of seed paper containing information on best habits to minimize impacts.

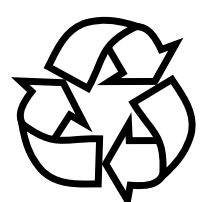
In 2017, following the success of the capsule collection, Youcom offered 14 other products made of recycled raw materials.

JEANS FOR CHANGE

Youcom's Jeans for Change project was created in 2014 with the goal of giving new meaning to jeans use – after use, it can be transformed into something new, expanding its useful life cycle.

In 2017 Jeans for Change was opened to the public in Porto Alegre (Rio Grande do Sul), and featured talks and workshops on themes like sustainability in the fashion business, diversity, and social inclusion. The event also collected used jeans and demonstrated the defibration process of this product, in line with the circular economy concept.

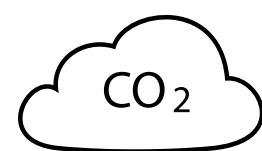
Profile of the recycled fabrics used in Youcom's capsule collection



use of **renewable materials**



no consumption of water and chemicals



Zero carbon emissions

Each meter of recycled fabric enables the reuse of:



500 grams

of textile leftovers



8 PET bottles

Jeans for Change's history

2014

SOCIAL AND ENVIRONMENTAL PILOT PROJECT

Customers donated a piece and got a discount to purchase a new one. The donations were transformed into ecobags by groups of women from socially vulnerable communities, generating income, and were later given to customers in a buy-and-get-one promotion.

2015

JEANS FOR CHANGE COMPETITION

Similar to the previously mentioned process, but expanded by the creation of the YoucomLab platform to mobilize youths and develop new talents. A competition for design, fashion and advertising students that chose the 4 best designs to be used in the manufacture of bags by women artisans from socially vulnerable communities, using collected jeans. The bags were given to customers during a promotional action.

2016

"SE ESSA RUA FOSSE MINHA" EVENT

Event in São Paulo gathering more than 8,000 people to raise awareness on the importance of increasing the useful life of jeans pieces. The event collected 3,000 pieces donated by participants.

Learn more at: <https://www.youtube.com/watch?v=pKKp-9c1dk38>

2017

JEANS FOR CHANGE EVENT

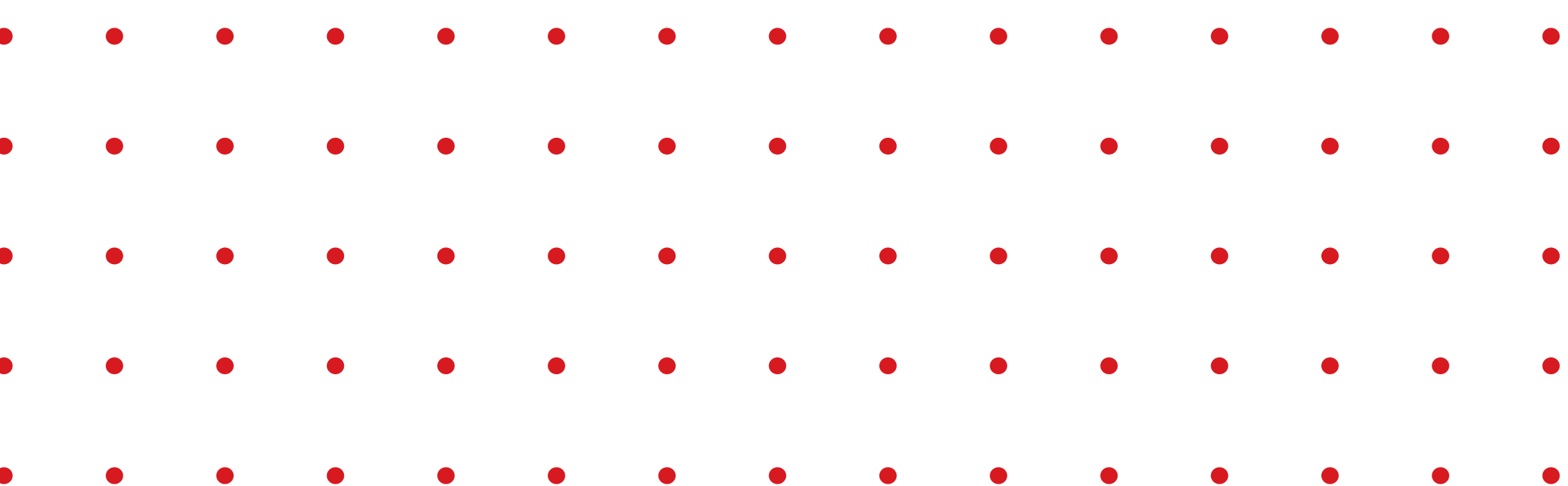
Transformation of 3,000 pieces of jeans clothes collected during the "Se essa rua fosse minha" event into new products by micro-manufacturers, fostering the local and collaborative economy, engaging and raising awareness of participants.

Learn more at: <https://www.youtube.com/watch?v=fcMtW6Y-UX4>

THE EVENT ENABLED 11 SMALL AND SUSTAINABLE BUSINESSES, AND SOCIALLY VULNERABLE GROUPS, MOST OF THEM LOCAL, TO SELL PRODUCTS MADE WITH JEANS COLLECTED IN THE PREVIOUS YEAR.

To promote sales, Youcom gave discount coupons to be used at the store for customers buying products from these small businesses and groups during the event.

10 indicators were also used to develop the actions for the event's sustainability, including selecting local suppliers, inclusive catering, accessibility, promote the reduction of emissions by encouraging the use of alternative transportation, inclusion and respect for diversity, use of recycled materials, reduction of waste generation and correct disposal.



LOWER IMPACT *RAW MATERIALS*

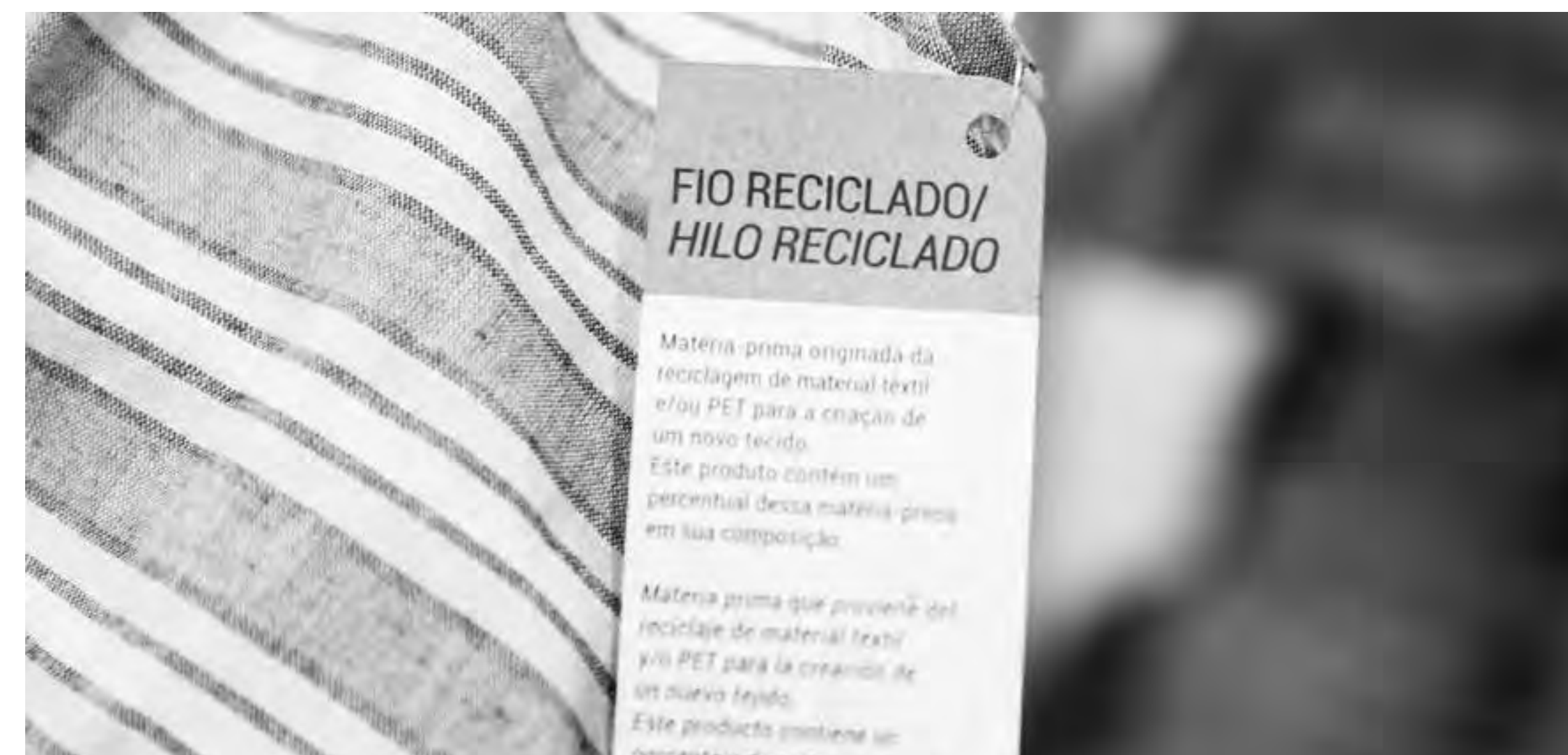
In 2017, we made three million pieces using lower impact raw materials, an amount 12 times higher than in 2016, reflecting our efforts – from product conceptualization to supplier development – to keep on increasing the use of these inputs.

PRODUCTS MADE FROM LOWER IMPACT RAW MATERIALS IN 2017

1.6 million pieces made from yarn recycled
from textile waste or plastic (PET)

193,900 pieces made from lyocell

Lyocell is a natural, biodegradable fiber made with wood pulp from sustainable tree farms, in a process requiring the use of fewer chemicals to extract the fibers. In addition to causing a lower environmental impact, lyocell fabrics have superior quality, are durable and hypoallergenic.



1.3 million pieces of kids, women and man garments made from certified cotton

Sustainable production certified by the Better Cotton Initiative (BCI), non-profit organization that assesses:

Respect for labor rights in the production chain

Water, chemicals, and pesticides stewardship

Preservation of the health of the soil and habitats

Target: 50% of certified cotton in the products by 2020.



MONITORING OUR *TARGETS*

GRI 102-15

RESPONSIBLE SUPPLIERS

<i>Commitment made in 2016</i>	<i>Status</i>	<i>Performance in 2017</i>	<i>Commitment made for 2018</i>
Expand the monitoring of domestic resale suppliers through the IDGF index and promote workshops to analyze the performance of suppliers of the lingerie, beachwear and footwear chains.	Achieved	100% of the domestic suppliers of the jeans/twill, woven fabric, knit fabric, lingerie, beachwear, and footwear chains were monitored through the IGDF index for four aspects: Quality, commercial, sustainability, and logistics.	Extend IGDF monitoring to 100% of our domestic suppliers, except for suppliers of beauty products. Design a pilot project to validate the methodology for international suppliers' performance analysis.
Extend the Continuous Improvement Program to the main domestic suppliers of jeans/twill, woven and knit fabric.	Partially achieved	The Program was implemented for the main suppliers of jeans/twill and knit fabric, but not of woven fabric. The Program focused on improving product delivery on time, and reduce the number of reprovved orders, seeking to improve product quality.	Completed.
Implement of a Traceability Audit process for our suppliers' subcontractors, performing at least one audit in 100% of active domestic apparel suppliers.	Achieved	At least one Traceability Audit was performed in each of our active domestic apparel suppliers.	Execute the traceability technical visits plan based on the risk matrix designed in 2017, focusing more on companies classified as high and medium risk.
Maintain the ABVTEX certification for 100% of suppliers and subcontractors of apparel, footwear and accessories in Brazil.	Achieved	Completed.	Maintain the ABVTEX certification for 100% of suppliers and subcontractors of apparel, footwear and accessories in Brazil.
Establish the management of energy and water consumption indicators for our main suppliers of the jeans/twill chain.	Achieved	We implemented energy and water consumption indicators for our main suppliers of the jeans/twill chain through the PMC program.	In 2018, we will promote learning cycles at our main suppliers of the jeans/twill and knit fabric chains to determine improvements to generate positive impacts on energy and water consumption indicators.
Make the Youcom brand more known, especially in the Southeast.	Achieved	We made a brand knowledge survey, which will be repeated every two years to monitor evolution.	Completed.
Carry out the international chain risk mapping that will serve as the foundation for the priority international audits plan.	Partially achieved	We made technical social responsibility visits to new suppliers in Asia, but were not able to complete the mapping and prioritization.	Implement the International Compliance Program.

RESPONSIBLE SUPPLIERS

<i>Commitment made in 2016</i>	<i>Status</i>	<i>Performance in 2017</i>	<i>Commitment made for 2018</i>
Disseminate our sustainability strategy to our suppliers.	Achieved	We promoted on-site events for 100% of the domestic resale suppliers to disseminate our sustainability strategy, and address themes such as responsible fashion, our action plan for 2018, focusing on environmental audits, and sensitizing the production chain on the importance of reducing environmental impacts. Additionally, Eco-efficient Management is a fixed agenda in our Welcome program for new suppliers.	Expand the application of our sustainability strategy's principles in our relations with suppliers, adding the toxicity theme.
Conduct technical visits to 100% of domestic resale suppliers and their subcontractors of apparel, footwear and accessories.	Achieved	Completed.	Execute the social responsibility technical visits plan based on the risk matrix designed in 2017, focusing more on companies classified as high and medium risk.
We expanded the social responsibility technical visits to 100% of our suppliers of Alchemia beauty products.	Achieved	We made social responsibility technical visits to 100% of our suppliers of Alchemia beauty products.	Maintain the technical visits program for these suppliers.
Make an environmental diagnosis of our domestic supply chain regarding environmental compliance.	Achieved	We made an initial diagnosis that will serve as a foundation for designing our environmental assessment program.	On-site environmental assessment of 100% of Renner's suppliers, and creation of a sustainability indicator.
Revise the request for proposal template of Lojas Renner Institute in line with its new mission.	Achieved	The new template was designed and approved by the Board.	Design a policy including the key aspects to be analyzed in sponsored projects and the responsibilities of those involved with project approval.
Ensure that 90% of the civil construction suppliers are accredited in compliance with predetermined standards.	Achieved	100% of the civil construction suppliers are accredited, and the accreditation process is now part of the operating routine.	there is no new commitment because the accreditation of 100% of civil construction suppliers is now the standard.

ECO-EFFICIENT MANAGEMENT

<i>Commitment made in 2016</i>	<i>Status</i>	<i>Performance in 2017</i>	<i>Commitment made for 2018</i>
Expand the scope of the CSC for productivity and efficiency gains, reducing costs.	Achieved	The expansion of the CSC has allowed for us to implement a new Sewing model focusing on reclaiming pieces, and start centralizing Customer Care management.	Expand the scope of the CSC for productivity and efficiency gains, reducing costs.
Maintain the percentage of recycled waste at 98%.	Not achieved	We achieved 97%, which is below our target but is still a high level of excellence.	Develop actions to stop generating and reduce waste.
Reduce the emissions of CO ₂ /m ² of sales space by 5% compared to the 2016 inventory.	Not achieved	Our performance indicator was 0.068 tCO ₂ e/m ² of sales space. We did not reach our target of cutting emissions by 5%; in fact, we recorded an increase of 7.937% in the indicator between 2016 and 2017.	In 2018, we will make a corporate commitment to reducing greenhouse gas emissions. The commitment will be connected to an emissions stewardship plan focusing on the main areas of impact.
Implement the apparel post-consumption reverse logistics project in 5 capitals in Brazil.	Achieved	The project was implemented in 15 stores in five capitals.	Expand the project to more stores.

ENGAGEMENT

<i>Commitment made in 2016</i>	<i>Status</i>	<i>Performance in 2017</i>	<i>Commitment made for 2018</i>
Keep the ratio of satisfied and very satisfied customers above 96%.	Achieved	The ratio was 96.4%.	Maintain the ratio above 96% in 2018.
Respond to 90% of customer contacts through service channels within 72 hours.	Not achieved	We responded to 50% within 72 hours.	By centralizing our customer care internally, which is expected to be completed in 2018, our target will be to respond to 80% of customer contacts within 72 hours.
Approve the new Sustainability Policy, updated in 2016.	Achieved	Approved by the Board in April 2017.	Completed.
Approve the Related-Party Policy.	Achieved	Approved by the HR Executive Office in June 2017.	Completed.

ENGAGEMENT

<i>Commitment made in 2016</i>	<i>Status</i>	<i>Performance in 2017</i>	<i>Commitment made for 2018</i>
Have 4 groups of women refugees in the Sewing School.	Achieved	Four groups completed the program. However, due to demand and the chances of being hired by our suppliers, two groups were trained in Retail Service and Sales instead of sewing.	Train three groups of women refugees in Retail Service and Sales and/or Sewing.
Make the Youcom brand more known, especially in the Southeast.	Achieved	We made a brand knowledge survey, which will be repeated every two years to monitor evolution.	Completed.

SUSTAINABLE PRODUCTS AND SERVICES

Launch products using sustainable raw materials, encourage used products recycling, and reuse store window materials.	Achieved	We launched a capsule collection using recycled raw materials, and created the "Desapega" ("let it go") project, through which we donated store window items to customers during relationship actions.	Completed.
Launch Renner products using sustainable raw materials.	Achieved	We made over 10 million Renner pieces from lower impact raw materials.	Maintain the number of pieces made from these materials.

NEW COMMITMENTS MADE FOR 2018

<i>Theme</i>	<i>Commitment made for 2018</i>
Sustainable products and services	Consolidate the Jeans for Change project as a marketplace for sustainable brands.
Responsible suppliers	Increase the IDGF by 10 p.p. compared to 2017.
Responsible suppliers	Improve the results of the Supplier relationship Survey compared to 2017. Increase satisfaction level by 5%, and reach a minimum of 70% of suppliers responding the survey.
Engagement	Include two young apprentices with disabilities in the Pescar Project group, and design actions to promote the inclusion of persons with disabilities at our headquarters.



ABOUT THIS *REPORT*



GRI 102-40, 102-42, 102-43, 102-44, 102-46

In 2016, we made our corporate sustainability strategic planning, and identified the priority themes for the sustainable development of our businesses over the next three years.

During this process, we analyzed sector documentation and domestic and international peers, Lojas Renner S.A.'s cultural guidelines and our sustainability policy, and also interviewed the stakeholders with the greatest potential to influence our businesses: our senior management, investor representatives, business partners, customers, employees and opinion formers with specific knowledge of the sector's social and environmental risks.

As a result, we set our sustainability strategic guidelines, broken down into strategic objectives crossing all business areas. The guidelines were then vetted by the our Sustainability Committee, Board of Executive Officers and Board of Directors.

This report is based on these strategic themes for the sustainable development of our businesses, and on the presentation of our profile, strategy and governance in line with the Integrated Reporting methodology.

1 RESPONSIBLE SUPPLIERS

GOAL 1

Create value by respecting the environment, human and labor rights

2 ECO-EFFICIENT MANAGEMENT

GOAL 2

Identify/measure/reduce: water, energy, chemicals, waste, GHG emissions

GOAL 3

Innovate in the development of lower impact raw materials and processes

4 SUSTAINABLE PRODUCTS AND SERVICES

GOAL 5

Deliver sustainable, quality product and service lines, and communicate customer value

3 ENGAGE: EMPLOYEES COMMUNITIES & CUSTOMERS

GOAL 4

4.1 Engage employees (agents and leaders in sustainability)

4.2 Communities (women's empowerment in the textile chain)

4.3 Customers (consumption awareness)

RESPONSIBLE
FASHION

VALUE *chain*

GRI 102-47

For each strategic guideline in our sustainability plan, we identified the material aspects to be addressed in this publication as follows:

Strategic guideline	Relevant aspect identified as material
Responsible Suppliers	Assessment of suppliers on human rights
	Assessment of suppliers on impacts on society
	Assessment of suppliers on labor practices
	Procurement practices
	Forced or compulsory labor
Eco-efficient management	Child labor
	Water
	Waste and effluents
	Emissions
	Energy
Engage: employees, communities, customers	General
	Transportation
	Communities
	Employment
	Equal pay for men and women
	Indirect economic impacts
	Investment and procurement practices
Labeling of products and services	
Sustainable products and services and Responsible suppliers	Training and education
	Environmental assessment of suppliers

GRI 102-45

This report includes all our subsidiaries, in accordance with our consolidated financial statements:

Lojas Renner (Renner), fashion retailer and the Group's parent company.

Maxmix Comercial Ltda. (Camicado), homeware and decor retailer.

Fashion Business Comércio de Roupas Ltda. (Youcom), fashion retailer.

Renner Administradora de Cartões de Crédito Ltda. (RACC), personal loan financial services provider, and Meu Cartão private label operator.

Dromegon Participações Ltda. (Dromegon), company owning some of the properties used in our commercial operations.

Lojas Renner Shanghai Trading Co. Ltd. (LRS), responsible for procurement, quality control and test sample development, acting as a vehicle for building up relationships with business partners and supporting our prospecting of new suppliers in Asia.

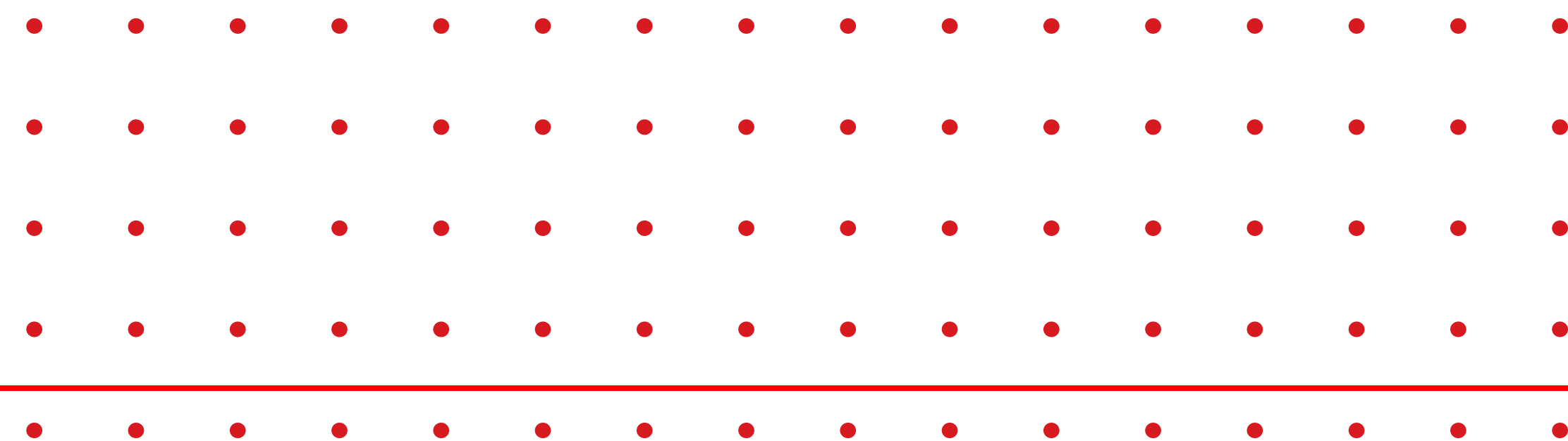
Realize Crédito, Financiamento e Investimento S.A. (Realize), financial institution responsible for our financial products and services.

GRI 102-48

We have not restated any information provided in previous reports.

GRI 102-49

The only change regarding the scope of the report that may influence comparability of indicators between 2017 and 2016 is the increase in the number of stores (70 new stores in 2017).









SDG Mapping
Lojas Renner S.A










May 2018
Service







GRI CONTENT INDEX













CONTENT		REFERENCE (PAGE) / DIRECT DISCLOSURE	SDGS REFERENCE
GRI 102: GENERAL DISCLOSURES			
Organizational Profile			
102-1	Name of the organization	Lojas Renner S.A.	
102-2	Activities, brands, products, and services	Page 21	
102-3	Location of headquarters	Porto Alegre (Rio Grande do Sul)	
102-4	Location of operations	Brazil and Uruguay	
102-5	Ownership and legal form	Corporation	
102-6	Markets served	Page 21	
102-7	Scale of the organization	pages 21, 69, and 98	
102-8	Information on employees and other workers	page 98	
102-9	Description of the organization's supply chain	Page 56	
102-10	Significant changes to the organization and its supply chain in the reporting period	page 46	
102-11	Whether and how the organization applies the Precautionary Principle or approach	We do not formally apply the precautionary principle, but we manage social and environmental risks in a preventive manner, as reported on sections Eco-efficient Management and Sustainable Products.	
102-12	Externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses	page 73	
102-13	Main memberships of industry or other associations, and national or international advocacy organizations	page 74	
Strategy			
102-14	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization	page 6	














CONTENT		REFERENCE (PAGE) / DIRECT DISCLOSURE	SDGS REFERENCE
102-15	Key impacts, risks, and opportunities	pages 32, 39 and 44, 122	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	pages 13 and 23	
Governance			
102-18	Governance structure, including committees	page 27	
102-28	Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics	page 30	
Stakeholder engagement			
102-40	List of stakeholder groups engaged by the organization	page 128	
102-41	Percentage of total employees covered by collective bargaining agreements	100%	
102-42	Basis for identifying and selecting stakeholders with whom to engage	page 128	
102-43	Organization's approach to stakeholder engagement, including frequency of engagement	page 128	
102-44	Key topics and concerns that have been raised through stakeholder engagement, including how the organization has responded to those key topics and concerns	The approach to determining materiality did not follow the segmentation required by the GRI Standards and, therefore, does not present the key topics identified during stakeholder engagement.	
Reporting practice			
102-45	Entities included in the consolidated financial statements	page 129	
102-46	Process for defining report content and topic Boundaries	page 128	
102-47	List of material topics identified in the process for defining report content	page 129	











CONTENT		REFERENCE (PAGE) / DIRECT DISCLOSURE	SDGS REFERENCE
102-48	Report on the effect of any restatements of information provided in previous reports	page 129	
102-49	Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	page 129	
102-50	Reporting period	2017	
102-51	Date of most recent report	2016	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	page 141	
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.	
102-55	GRI content index	page 130	
102-56	External assurance	page 4	
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its Boundary	pages 75, 88, 96, 114 e 115.	
103-2	The management approach and its components	pages 75, 88, 96, 114 e 115.	
103-3	Evaluation of the management approach	pages 75, 88, 96, 114 e 115.	
GRI 203: INDIRECT ECONOMIC IMPACTS			
203-1	Infrastructure investments and services supported	page 108	
203-2	Significant indirect economic impacts	page 108	

CONTENT		REFERENCE (PAGE) / DIRECT DISCLOSURE	SDGS REFERENCE
GRI 204: PROCUREMENT PRACTICES			
204-1	Proportion of spending on suppliers local to significant locations of operation	page 56	
205-1	Total number and percentage of operations assessed for risks related to corruption, and significant risks identified	page 25	
205-2	Communication and training about anti-corruption policies and procedures	page 25	
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GRI 301: MATERIALS			
301-3	Percentage of reclaimed products and their packaging materials for each product category	page 117	
GRI 302: ENERGY			
302-1	Energy consumption within the organization	page 91	
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GRI 305: EMISSIONS			
305-1	Direct (Scope 1) GHG emissions	page 93	
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305-3	Other indirect (Scope 3) GHG emissions	page 93	
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CONTENT		REFERENCE (PAGE) / DIRECT DISCLOSURE	SDGS REFERENCE
305-5	Reduction of GHG emissions	page 93	
GRI 306: EFFLUENTS AND WASTE			
306-2	Waste by type and disposal method	page 95	 
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT			
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GRI 401: EMPLOYMENT			
401-3	Return to work and retention rates of employees that took parental leave, by gender	page 101	
GRI 404: TRAINING AND EDUCATION			
404-1	Average hours of training per year per employee, by gender and employee category	page 106	
404-3	Percentage of total employees by gender and by employee category who received a regular performance and career development review, by gender and employee category	page 103	  
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Percentage of individuals within the organization's governance bodies by gender, age group, minorities, and other indicators of diversity	page 98	

CONTENT		REFERENCE (PAGE) / DIRECT DISCLOSURE	SDGS REFERENCE
GRI 406: NON-DISCRIMINATION			
406-1	Total number of incidents of discrimination and corrective actions taken	In 2017, 83 grievance procedures were filed for moral harassment. We are not able to report whether these grievances are connected to discrimination.	
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
407-1	Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk, and measures taken	pages 80, 82 e 84.	 
GRI 408: CHILD LABOR			
408-1	Operations and suppliers considered to have significant risk for incidents of child labor, and measures taken by the organization to contribute to the effective abolition of child labor	page 76	 
GRI 409: FORCED OR COMPULSORY LABOR			
409-1	Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor and measures taken by the organization to contribute to the elimination of all forms of forced or compulsory labor	page 76	  
GRI 413: LOCAL COMMUNITIES			
413-1	Operations with local community engagement, impact assessments, and development programs	page 108	
413-2	Operations with significant actual and potential negative impacts on local communities	page 108	  

CONTENT		REFERENCE (PAGE) / DIRECT DISCLOSURE	SDGS REFERENCE
GRI 414: SUPPLIER SOCIAL ASSESSMENT			  
414-1	New suppliers that were screened using environmental criteria	pages 39, 80, 82 e 84.	
414-2	Negative social impacts in the supply chain and actions taken	pages 39, 76, 80, 82 e 84.	
CONTENT		REFERENCE (PAGE) / DIRECT DISCLOSURE	REFERENCE
SECTOR SUPPLEMENT			
<i>Code of Conduct</i>			
AF1	Code of conduct content and coverage	page 80	
<i>Audit Process</i>			
AF2	Parties and personnel engaged in code of conduct compliance function.	page 84	 
AF3	Compliance audit process	page 84	 
<i>Grievance Procedures</i>			
AF4	Policy and procedures for receiving, investigating, and responding to grievances and complaints	page 84	 
CONTENT		REFERENCE (PAGE) / DIRECT DISCLOSURE	REFERENCE
<i>Capacity Building</i>			
AF5	Strategy and scope of efforts to strengthen capacity of management, workers and other staff to improve in social and environmental performance	Page 86	  

Business Integration			
AF6	Policies for supplier selection, management, and termination	page 80	
Code of Conduct			
AF7	Number and location of workplaces covered by code of conduct	page 80	
Audit Process			
AF8	Number of audits conducted and percentage of workplaces audited	page 84	
Non-compliance findings			
AF9	Incidents of non-compliance with legal requirements or collective bargaining agreements on wages	page 84	
AF10	Incidents of non-compliance with overtime standards	page 84	
AF12	Incidents of the use of child labor	page 84	
AF13	Incidents of noncompliance with standards on gender discrimination	page 84	
AF14	Incidents of non-compliance with code of conduct	page 84	
Business Integration			
AF15	Analysis of data from code compliance audits	page 84	
AF16	Remediation practices to address non-compliance findings	page 84	
AF17	Actions to identify and mitigate business practices that affect code compliance	page 84	

SUSTAINABLE DEVELOPMENT GOALS



1. End poverty in all its forms everywhere
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture
3. Ensure healthy lives and promote well-being for all at all ages
4. Ensure inclusive and quality education for all and promote lifelong learning
5. Achieve gender equality and empower all women and girls
6. Ensure access to water and sanitation for all
7. Ensure access to affordable, reliable, sustainable and modern energy for all
8. Promote inclusive and sustainable economic growth, employment and decent work for all
9. Build resilient infrastructure, promote sustainable industrialization and foster innovation
10. Reduce inequality within and among countries
11. Make cities inclusive, safe, resilient and sustainable
12. Ensure sustainable consumption and production patterns
13. Take urgent action to combat climate change and its impacts
14. Conserve and sustainably use the oceans, seas and marine resources
15. Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss
16. Promote just, peaceful and inclusive societies
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development

INDEPENDENT AUDITORS' REPORT



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Limited assurance report issued by independent auditors

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

Introduction

We have been engaged by Lojas Renner S.A. ("Lojas Renner" or "Company") to apply limited assurance procedures on the sustainability information disclosed in Lojas Renner's 2017 Annual Report, related to the year ended December 31st, 2017.

Responsibilities of Lojas Renner's Management

The Management of Lojas Renner is responsible for adequately preparing and presenting the sustainability information in the 2017 Annual Report in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards, and the "Apparel and Footwear Sector Supplement", as well as the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

Independent auditors' responsibility

Our responsibility is to express a conclusion about the information in the 2017 Annual Report based on a limited assurance engagement conducted in accordance with Technical Communication (TC) 07/2012, which was prepared based on NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), both issued by the Brazilian Federal Accounting Council - CFC and equivalent to international standard ISAE 3000, issued by the International Federation of Accountants and applicable to Non-Financial Historical Information. These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the Lojas Renner's 2017 Annual Report, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of questions and interviews with the Management of Lojas Renner and other professionals of the Company involved in the preparation of the information disclosed in the 2017 Annual Report and use of analytical procedures to obtain evidence that enables us to reach a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the 2017 Annual Report taken as a whole could present material misstatement.



The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the 2017 Annual Report, on other engagement circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist. The procedures consisted of:

- (a) Engagement planning, considering the material aspects for Lojas Renner's activities, the relevance of the information disclosed, the amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the Lojas Renner's 2017 Annual Report. This analysis defined the indicators to be checked in details;
- (b) Understanding and analysis of disclosed information related to material aspects management;
- (c) Analysis of preparation processes of the 2017 Annual Report and its structure and content, based on the Principles for Defining Report Content and Quality of the GRI Sustainability Reporting Standards;
- (d) Evaluation of non financial indicators selected:
 - Understanding of the calculation methodology and procedures for the compilation of indicators through interviews with management responsible for data preparation;
 - Application of analytical procedures regarding data and interviews for qualitative information and their correlation with indicators disclosed in the 2017 Annual Report;
 - Analysis of evidence supporting the disclosed information;
 - Visits to Lojas Renner's offices for application of these procedures, and items (b) and (c);
- (e) Analysis of whether the performance indicators omission and justification are reasonable to be accepted associated to aspects and topics defined as material in the materiality analysis of the Company;
- (f) Comparison of financial indicators with the financial statements and/or accounting records.

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

Scope and limitations

The procedures applied to a limited assurance engagement are substantially less extensive than those applied to a reasonable assurance engagement. Therefore, we cannot provide assurance that we are aware of all the issues that would have been identified in a reasonable assurance engagement, which aims to issue an opinion. If we had conducted a reasonable assurance engagement, we may have identified other issues and possible misstatements within the information presented in the 2017 Annual Report.

Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data's materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to prior periods, evaluated the adequacy of the company's policies, practices and sustainability performance, nor future projections.

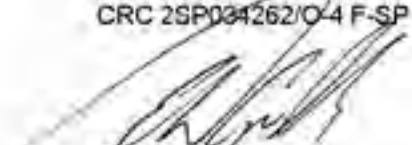


Conclusion

Based on the procedures carried out, described earlier in this report, we have not identified any relevant information that leads us to believe that the information in Lojas Renner's 2017 Annual Report is not fairly stated in all material aspects in accordance with the Standards for Sustainability Reporting of the Global Reporting Initiative - GRI (GRI-Standards), and the "Apparel and Footwear Sector Supplement", as well as its source records and files.

São Paulo, May 18th, 2018

KPMG Assessores Ltda.
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Eduardo Y. Cipullo
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KPMG Financial Risk & Actuarial Services Ltda.


Ricardo Algis Zibas
Director

LEARN *more*

Other institutional documents, available on the links below, contain detailed information on specific matters:

FINANCIAL STATEMENTS

Our financial and operating results.
Available at: <https://bit.ly/2EGSRNj>

SUSTAINABILITY POLICY

Management, values, and position of our company and all our employees regarding the sustainability strategic guidelines.
Available at: <https://goo.gl/buZE67>

REFERENCE FORM

Our accounting for business strategy, governance and risk management.
Available at: <https://bit.ly/2qup46s>

CODE OF ETHICS AND CONDUCT

Commitments, values and guidance for conducting the relations with our stakeholders and the environment.
Available at: <https://goo.gl/TgSWkv>

GRI 102-53

If you have any question or want to know further details about any theme reported here, please contact our Sustainability Management department at relatorio@lojasrenner.com.br

CREDITS



THIS REPORT WAS PREPARED BY **LOJAS RENNER S.A.**

All images in this report feature company employees.

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