



SUPPLIERS MANUAL

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SUPPLIERS



PILLARS OF RELATIONSHIP WITH SUPPLIERS

SUPPLY

Meeting deadlines
Agility and flexibility

INNOVATION

New materials and processes that generate value and are recognized by the consumer

QUALITY

Product quality and services
Continuous improvement

SUSTAINABILITY

Valuing and respecting people
Low impact products
Eco-efficient operations

COST

Transparency, constant adaptation to market fluctuations, competitiveness

TECHNOLOGY

Advanced solutions, digital intelligence, customization, training, search for new business models

COOPERATION

Active participation, sense of belonging, providing and seeking solutions that build customer loyalty

NEW SUPPLIER APPROVAL

The approval of a new supplier for Grendene follows established policies and commitments that address:

- **Quality management:** definition of product requirements, non-conforming product control, corrective and preventive actions, supplier evaluation; among other related issues.
- **Environment:** generation of waste, recycling and proper disposal, generation of liquid effluents and their treatment, energy consumption, atmospheric emissions (carbon emissions), water use (water footprint), biodiversity and conservation, among other related issues.
- **Occupational health and safety:** compliance with PPRA – Environmental Risk Prevention Program and PCMSO – Medical Control and Occupational Health Program, proper use of PPE– Personal Protective Equipment, demarcation of areas and access permission, among other related issues.
- **Social responsibility:** discrimination, forced and slave labor, child labor, harassment and violence, wages and benefits, working hours and rest breaks, overtime compensation and payment, right to organize and collective bargaining, notice, dismissal and disciplinary action , contracts and employment terms, rights related to maternity and parental leave, equal pay, annual vacations and public holidays, housing / dormitory conditions when applicable, foreign and migrant labor, subcontracting, outsourcing and staff working at home, among other related issues.

From the beginning of supplies, suppliers are monitored through indicators of delivery and quality performance.

BRANDS THAT HAVE TAKEN US UP TO HERE

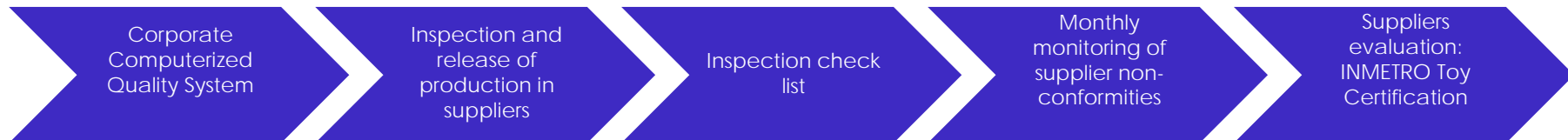
EVALUATION OF RESTRICTED SUBSTANCES



EVALUATION OF LESS ENVIRONMENTAL IMPACT PROCESSES AND PRODUCTS



QUALITY MANAGEMENT AND EVALUATIONS



The Grendene logo is positioned in the top right corner of the dark blue background. It consists of the word "Grendene" in a white, italicized serif font, followed by a registered trademark symbol (®).

Grendene®




The title "SUPPLIERS MANUAL" is centered in the middle of the page. It is written in a bold, white, sans-serif font. The text is overlaid on a large, light purple circular graphic that has a dark blue center. To the left of this circle is a large blue curved shape, and to the right is a yellow semi-circle. In the top left corner, there is a red semi-circle.

SUPPLIERS MANUAL

GRENDENE, is implementing its SUPPLIERS MANUAL.

The SUPPLIERS MANUAL has as its main purpose to unify the policies for the supply of materials and services that are already part of Grendene's routine, as well as to establish a new system of approval and monitoring, taking the result to another level.

OUR JOURNEY IN THIS NEW CHALLENGE PROVIDES:

	DEADLINE	STATUS
 Preparation of the Suppliers Manual	July/2020	Concluded
 Carry out pilot implementation of the Manual	November/2020	In progress
 Implementation of the Suppliers Manual	December/2020	---

GRENDENE is starting the journey with the application of its Supplier Manual.

The approval of suppliers, among other requirements, will include a systematic self-assessment of the supplier and an audit to confirm the information provided, in addition to checking compliance with complementary management, development, quality and sustainability requirements (environment, social responsibility and occupational health and safety).

After approval, suppliers will be monthly monitored and classified according to their performance.

Only a few companies participate in the pilot project in order to allow them to experience the planned system and generate learning.

GRENDENE believes that, with responsible action, with reciprocity and efficiency, it is possible to build solid and sustainable relationships.

The actions related to this project will have a dedicated team with the PDQM area of Research, Development and Quality of Materials, which make up the Supply Division that are available for any need.

The image features a dark blue background with several decorative elements: a red semi-circle in the top left, a yellow semi-circle in the bottom right, and a large, stylized 'G' shape composed of concentric circles in shades of purple and blue. The Grendene logo is positioned in the top right corner.

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SUMMARY CONTENT OF THE SUPPLIERS MANUAL

1. THE COMPANY

GRENDENE was founded in 1971 and is one of the world's largest footwear producers. It has proprietary and exclusive technology in the production of footwear for women, men and children.

The Company owns recognized and successful brands, such as Melissa, Grendha, Zaxy, Rider, Cartago, Ipanema, Pega Forte and GRENDENE Kids. In addition, it also operates through licensing of celebrities and characters of the universe of children and teenagers.

GRENDENE is fully integrated, with an installed capacity of 250 million pairs/year.

GRENDENE was founded in 1971 and is one of the world's largest footwear producers and its competitive advantages are based on the mission, vision and values that guide its actions.

MISSION

Make democratic fashion, responding quickly to market needs and generating attractive returns for the company and its partners.

VISION

Be the most profitable company in the world among the leading organizations in the sector.

VALUES

- PROFIT – Profit is essential and irreplaceable for the continuity of GRENDENE and the maintenance of jobs.
- COMPETITIVENESS – Increasing productivity – costs and expenses under examination and constant reduction.
- INNOVATION AND AGILITY – Anticipate difficulties, innovate and do better.
- ETHICS – Integrity, Respect and Transparency – Think, Speak and Act.

Make democratic fashion, responding quickly to market needs and generating attractive returns for the company and its partners.

In addition to innovative and quality products, GRENDENE has a professional management, composed of talented people researching trends, with the ability to interpret, translate, create and launch fashion on a global level, producing and controlling costs and expenses. All with the goal of maximizing shareholder return in a sustainable manner.

In its area of operations, the company proves the seriousness of the work carried out through several programs implemented, including:

- Since 2014 GRENDENE has the ABVTEX (Brazilian Textile Retail Association) certification, whose Program is a sectorial effort led by fashion retailers to consolidate good practices in the supply chain in favor of a sustainable environment and compliance with decent working conditions. The maintenance of this certification over the years is the result of GRENDENE's commitment to ethics and sustainable development. This seal enables the company to supply its products to the retail chains that are signatories to the program and enables the market to open, since this certification is accredited as a credential around the best sustainability practices.
- In addition, GRENDENE's shoes are registered with the Vegan seal and the Ipanema shoe line certified by the Biobased seal. These seals are important for business as the new consumer, with millennial thinking, seeks product brands with proven sustainable actions.

As of July 2019, all GRENDENE shoes are registered by the Vegan Society with the Vegan seal. The seal is recognized worldwide and is awarded by the Vegan Society (with its headquarters in the United Kingdom) which is responsible for the registration of vegan products worldwide. The seal proves that GRENDENE shoes do not contain any component of animal origin in their composition and that we do not carry out animal tests.

The Biobased seal certifies that the products of the Ipanema brand contain in their composition a percentage between 20% and 40% of material of renewable origin. The certification is provided by TUV, a certifier with global recognition and operating in the market since 1905.



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GRENDENE, as a global company, undergoes periodic quality, social and environmental responsibility and work safety audits. They are carried out by both international and national customers, and the company has managed over the years to show constant improvement in its performance in these areas, and for this reason it has remained an Approved Supplier with them.

The main customers have specific requirements to be met by the company and extend their supply chain. As a result, suppliers whose customer requirements are applicable can also be audited. Among the clients we have major players such as: Avon, C&A, Disney, Renner, Wal-Mart.

2. RELATIONSHIP WITH SUPPLIERS

According to the GRENDENE CODE OF CONDUCT in relation to suppliers, the following provisions must be followed:

- The relationship with suppliers must be long-lasting, without prejudice to the principles of free initiative and fair competition.
- The choice and contracting of suppliers must always be based on technical, professional and ethical criteria, taking into account the needs of GRENDENE.
- Contracting must be carried out by means of predetermined purpose processes, such as competition or price quotation, which guarantee the best cost / benefit ratio.
- Business with suppliers of dubious reputation should be avoided.
- Expenses with suppliers related to meals, transportation, accommodation or entertainment are acceptable, as long as they are justified by reason of work, carried out within reasonable limits, and do not imply embarrassment or the need for retribution.

3. SCOPE

The Manual aims to establish, in a clear and transparent way, GRENDENE's materials and services supply policies, as well as the system of approval, monitoring and certification of suppliers.

GRENDENE believes that, with clear and previously defined conditions, with reciprocity and efficiency, it is possible to build solid and sustainable relationships.

4. SUPPLY POLICY

4.1. DEVELOPMENT AND NEGOTIATION

The definition of any type of new product and/or service happens only with suppliers that are approved. The supplier approval system is defined in the SUPPLIER APPROVAL item in the manual.

The release of the registration of any service for contracting is carried out only after due approval by the responsible area.

The criteria that GRENDENE defines as ideal for developing a partnership with suppliers will be detailed in the Manual.

4.2. NON-COMPLIANCE

When identifying operational errors or services provided outside the agreed standards, an RNC - Non-Compliance Report is issued, describing what happened, and sends it to the supplier. The supplier, when receiving an RNC, must quickly and efficiently support GRENDENE in solving problems caused and if there are circumstances that prevent it from acting as necessary, it must appoint a team, which may be a third party, to represent it in the containment plan activities. Eventually, it may be necessary to carry out consecutive activities before the cause of the problem is solved, in which case, the supplier must align with GRENDENE how to proceed.

The actions taken by the suppliers are monitored in order to show that the problems have been solved.

The generated RNC is subject to the generation of refunds and/or costs, when it occurs. All costs and/or reimbursement related to failures and changes that are not authorized will be the responsibility of the supplier, as defined in GUARANTEE AND PENALTIES of the Manual.

4.3 CONTROL OF SUPPLIERS AND SUBCONTRACTORS

Each GRENDENE supplier is considered responsible for the control and continuous improvement efforts of its suppliers and subcontractors, who must also be communicated and monitored for compliance with the requirements specified in the manual.

GRENDENE and, if applicable, its customers, reserve the right to visit subcontractors and other suppliers when required.

5. SUSTAINABLE DEVELOPMENT

From the establishment of the Sustainable Development Policy, which governs the company's actions in the environmental, social and use of restricted substances, GRENDENE guides its suppliers to use it as a guide in their decision-making.

1. ENVIRONMENT

The supplier must undertake to comply with the environmental rules and regulations applicable to its operations and to observe environmentally conscious practices in all places where they operate.

The practice of Cleaner Production, that is, the continuous application of an economic, environmental and technological strategy integrated with processes and services, in order to increase efficiency in the use of water and energy, through non-generation, minimization or recycling of waste generated, should be part of the company's strategy.

2. SOCIAL

Within the social sphere, the supplier must commit to comply, control, communicate, raise awareness and train all its employees, including outsourced workers, and suppliers, on the topics presented below:

- Forced labour
- Child labor
- Harassment or abuse
- Compensation, benefits and working hours
- Discrimination
- Free trade union association and collective bargaining
- Code of Conduct

6. GUARANTEES AND PENALTIES

The supplier is responsible for guaranteeing compliance with the specifications of the services it provides.

Thus, if a problem is confirmed where the service was provided, the supplier is subject to specific penalties that will be dealt with in the Manual.

7. SUPPLIERS APPROVAL

Once a potential supplier has been identified, it must be communicated to the PDQM, which conducts the approval process, in order to identify its ability to meet the requirements of GRENDENE.

The new supplier approval process will be divided into four distinct stages:

- A. Self-evaluation;
- B. Acceptance of supply conditions;
- C. Approval audit; and
- D. Supply contract signing.

8. MONITORING

1. PERFORMANCE INDICATORS

In order to monitor and verify the performance of approved suppliers, the PDQM monthly performs monitoring of indicators for each type of supplier with which it works with.

The results achieved are monthly made available to suppliers and for indicators that do not meet the target, they must prepare an action plan in order to start to meet it. The plan must demonstrate how the supplier will deal with the situation and eliminate the cause of the problems that are interfering with its performance with GRENDENE, so that they seek adaptation as soon as possible.

As the case may be deemed necessary, at GRENDENE's discretion, the supplier may be called upon to participate in a meeting to discuss the results of indicators that are performing below expectations and define emergency actions to contain and solve problems.

2. SUPPLIER PERFORMANCE INDEX – IDF

In addition to monitoring the indicators themselves, suppliers are ranked based on the IDF - Supplier Performance Index, which is generated on a monthly basis, based on their results.

IDF consists of the sum of the multiplication of the percentage of attendance to the target of each indicator that make up the IDF, by its weight, which corresponds to its impact on the company's results.

The results of the monitoring of the indicators, as well as the classification of suppliers in each month, are registered in the LIST OF APPROVED SUPPLIERS, so that it remains up to date.

9. SUPPLIER CERTIFICATION

Once the results of the monthly classification of suppliers is available, there will annually be the SUPPLIER CERTIFICATION.

The type of certificate indicates the level of maturity and adherence of suppliers to the requirements of GRENDENE.

10. FINAL CONSIDERATIONS

GRENDENE expects suppliers to realize the importance of this new step towards excellence.

Compliance with the Supplier Manual will contribute to building a more efficient and promising relationship, generating mutual gain in quality of service, lead time, elimination of waste, improvement in deliveries, responsible performance in social and environmental terms and at work safety.



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