

# SUSTAINABILITY

REPORT

# 20





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*SOCIAL  
IMPACT*



*ENVIRONMENTAL  
IMPACT*



*ECONOMIC  
IMPACT*





CHAPTER 1

# CONTENTS



# Message from the CEO

The year of 2020 was a challenging one. Due to the pandemic of the new coronavirus, the difficulties went beyond the health area and basically all sectors of the economy had to reinvent themselves and find new ways to produce. In the textile industry it was no different.

Without delay, we organized ourselves and made the best decisions for everyone's safety and for the sustainability of the business. We acted quickly and efficiently to meet the moment's priority: take care of people.

We made and donated protective masks, donated 10 mechanical respirators to São José Hospital in Jaraguá do Sul, in addition to granting collective vacations and gradual return, following all safety protocols.

We have always believed that Lunelli's success is based on the happiness and satisfaction of our employees; for that reason, we have been making Fashion with significance for 40 years. We recognize and value all the people involved in the process, which includes since the transformation of the yarn into fabric until it reaches our consumer.

The commitment to care for the environment, our community and corporate governance was maintained, being the results presented in this report.

Our operation continues with eco-efficient processes, focusing on reducing water and energy consumption, efficient treatment of effluents and wastewater management with focus on circular economy. Beyond that, we prioritize the support for socio-environmental projects, important for the business.

Another highlight is the recognition received by ABF - Brazilian Franchising Association, granting the Seal of Excellence and the Seal of International Franchise, for the brand Lez a Lez.

Despite the challenging year, we celebrated the end of the accounting year of 2020 distributing profits to our employees in February 2021, reaffirming Lunelli's stability and economic sustainability.

Once more, we thank all employees, suppliers, partners, representatives and customers, committed to these achievements and who reinforce our purpose of promoting the success of our clients throughout the happiness and satisfaction of our employees.



**“WITHOUT DELAY, WE ORGANIZED OURSELVES AND MADE THE BEST DECISIONS FOR EVERYONE’S SAFETY AND FOR THE SUSTAINABILITY OF THE BUSINESS. WE ACTED QUICKLY AND EFFICIENTLY.”**

**DÊNIS LUIZ LUNELLI**



# Covid-19 Opportunities Committee

## FOCUS ON THE ESSENTIAL

Since the beginning of the worsening of the pandemic, Lunelli has been committed to support preventive measures against the spread of the virus, following the guidelines from the World Health Organization and Brazilian health entities. Considering these circumstances and, bearing in mind our ideology of valuing people's welfare, in March 2020, we started an awareness and dissemination campaign to our employees, involving content related to the prevention and fight against COVID-19.

We've created a Crisis Committee where immediate actions to contribute to the moment were discussed. Without delay, we produced a prototype mask and started making 50,000 units, 30,000 of which were donated to frontline workers in Santa Catarina - such as hospitals, civil defense, nursing homes, among others. The remaining 20,000 units were sent to the city of Maracanaú, in Ceará, for population's individual protection. In a total estimative, an amount of **R\$ 124,928.57 was invested.**

We also delivered ten mechanical respirators to São José Hospital, in Jaraguá do Sul (SC) - a donation that represented the total amount of **R\$ 425,000.00.** Considering the total amount of the aid, we've donated the global amount of

**R\$ 549,928.57.**

At first, we monitored the closure movements and granted vacation to all of our employees in all units. Gradually, we began to return to our activities, an opportunity in which we reorganized the inner process to ensure the application of all protective and safety measures to employees.

After taking the first measures for containment, the Crisis Committee was transformed into the Opportunities Committee. From that moment on, we started to monitor which market actions we could execute to retake our activities and assist the economy to revolve.

## CAMPAIGN #CONSUMOCONSCIENTE

Our sales team has been in constant contact with the customers to provide the necessary support and encouragement. We've created a chain of positive information so that everyone could see the opportunities in the midst of everything that was happening. We have always been focused on finding solutions that could balance the necessary care and the economy's sake.

A great effort from the companies and general commerce was necessary so that the consumers could acquire conscience to purchase national and local products, seeking to boost the internal economy. Due to it, we've created the "Consumo Consciente" Campaign, aiming to give strength to communication and encourage representatives and shopkeepers to support the movement and talk about the importance of national consumption.





## DRIVEN BY PURPOSE

In order to strengthen the relationship with customers, suppliers and representatives, our first initiative was to ensure a closer relationship with customers who were unable to pay their bills. The contact was made through calls, messages and e-mails, with a friendly approach, feeling the needs of each partner. We came together in a task force involving employees from the commercial area, accounting department, accounts payable department and others, in order to present the best conditions and solutions for the moment.

In addition to the help provided by Lunelli, we've used this channel to present other actions that could be carried out with entities such as the BNDES, for example.

**Regarding Commercial Representatives, who are fundamental to our business, we have also reacted quickly to respond to the moment, with guidelines for safe service, negotiations, postponements, commission payments in advance among other measures.**



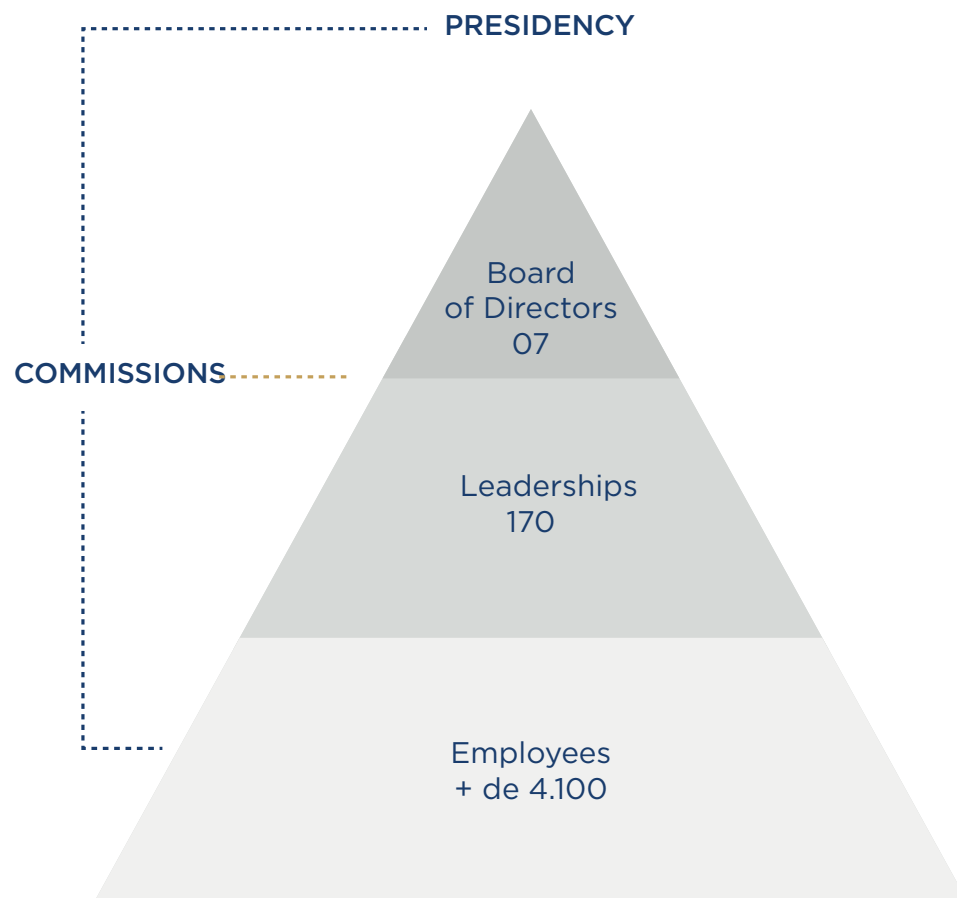
Solange Dickow de Moura  
Ambulatory, Lunelli Apparel



# Governance and Transparency

Lunelli manages its brands and business units in a professional and participative way, oriented by its ideology and organizational culture, with the best Corporate Governance practices.

## BOARD OF TRUSTIES



We count on an active s that establishes the general guidelines for the business and recommends short, medium and long-term strategic decisions. We have also constituted 7 (seven) Internal Work Commissions, that have specific duties and provide direct support to the Board of Directors.

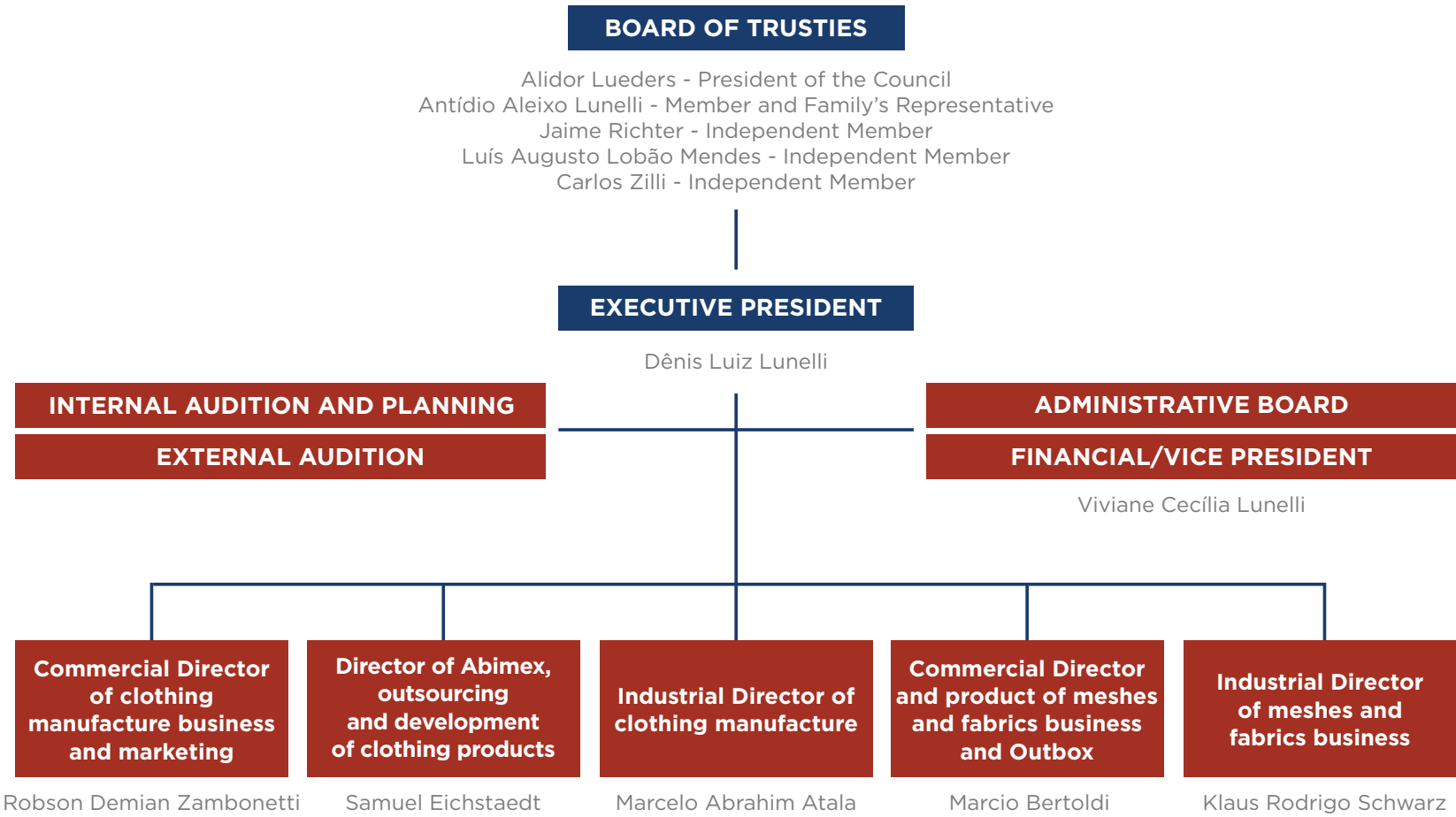


### *Independent auditors*

Lunelli's policy towards its independent auditors, regarding the provision of services not related to external auditing, is based on principles that preserve the auditor's independence. These principles are based on the fact that the auditor should not audit its own work, perform management functions or, furthermore, advocate for its client.



# ORGANIZATIONAL STRUCTURE



Aside that, we have an Internal Audition structure, that aims to ensure that the policies defined by the Administration in the execution of operational activities are being met.



# CODE OF CONDUCT



The guidelines related to corporate governance are presented in the Code of Conduct.

Lunelli's Code of Conduct was developed based on the company's ideology, values and ethical principles. It reflects the conduct that we consider appropriate and that must be observed and incorporated into our relationships with shareholders, leaderships, employees, customers, franchisees, suppliers, service providers, government and society in general.

Upon joining Lunelli, employees undergo an onboarding moment, opportunity in which the guidelines and good practices considering Employees, Customers, Franchisees, Suppliers and Service Providers, Social Responsibility and Sustainability, Conflict of Interests, Press Relations, Management of the Code of Conduct, Ombudsman and Violation of the Code of Conduct are presented.

Besides the covered topics, a signature collection of a Term of Commitment of receivment and understandment of the Conduct Code is carried out.





# Mission, Vision, Values & Purpose

## Mission

Improve people's lives through opportunities, products and services.

## Vision

To be the most respected Fashion Textile Group in the country.

## Values

Enthusiasm;  
Simplicity;  
Obsession by results.

## Purpose

*"PROMOTE THE SUCCESS OF OUR CLIENTS  
THROUGH THE HAPPINESS AND SATISFACTION  
OF OUR EMPLOYEES".*

**DÊNIS LUIZ LUNELLI**



# Our Units

Lunelli is the real show that all dreams can come true with a lot of dedication and persistence. The company's history began in October 1981, by Antídio Aleixo Lunelli and Beatriz Ender, who together founded Lunender.

Since then, the company has constantly followed the new market trends, which are reflected in the company's sections: first steps, children, Juvenile and Adult - currently sold in the male and female segments.

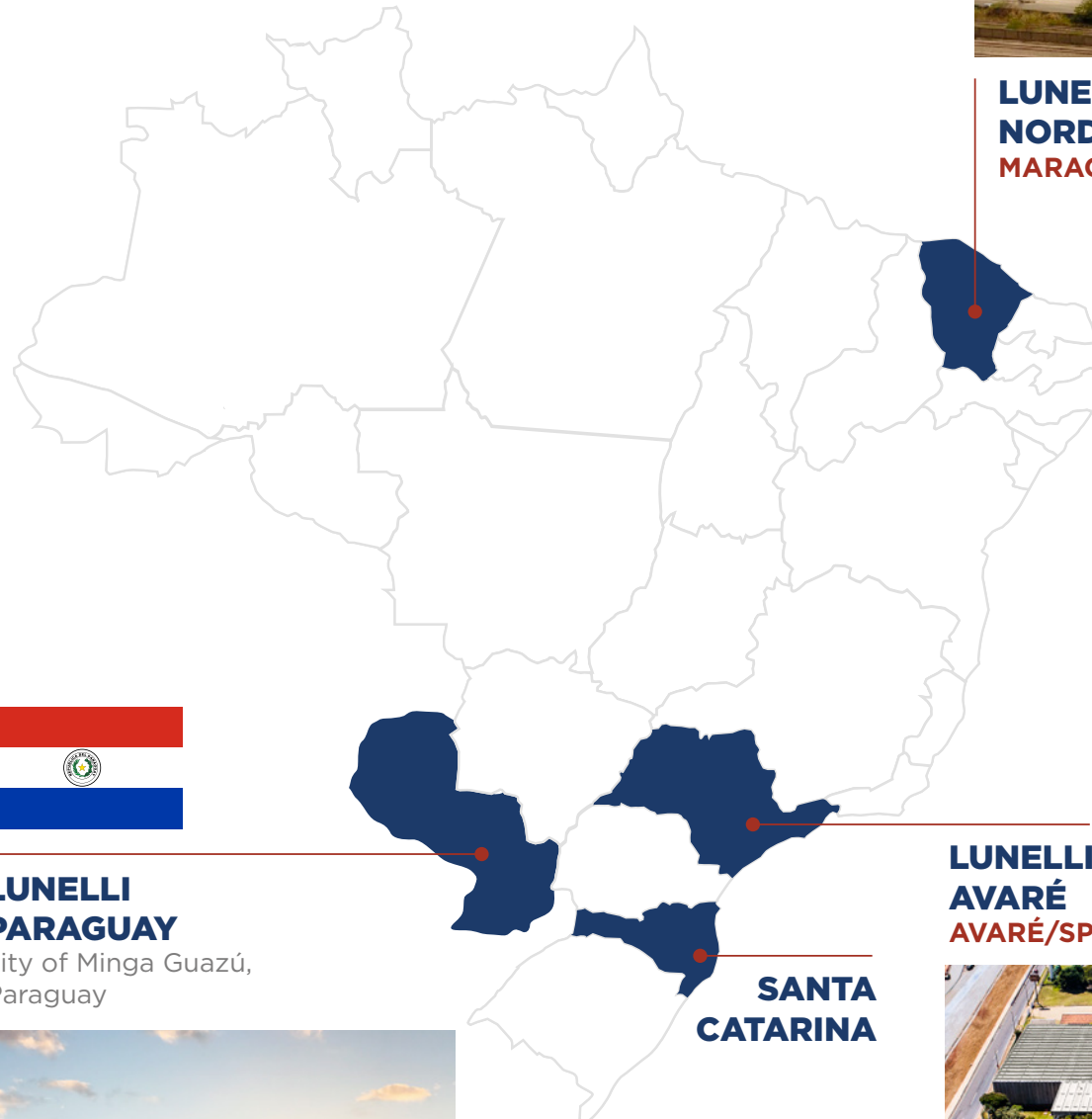
The first building owned by the company was built in 1985, in Jaraguá do Sul. Today, the company has procedural units in Guaramirim / SC, Jaraguá do Sul / SC, Corupá / SC, Joinville / SC, Luiz Alves / SC, Avaré / SP and Maracanaú / CE, besides the unit in Paraguay, in the city of Minga Guazú.



**165 THOUSAND M<sup>2</sup>**  
**AREA OF INDUSTRIAL**  
**PARKS**



**LUNELLI**  
**PARAGUAY**  
city of Minga Guazú,  
Paraguay



**LUNELLI**  
**NORDESTE**  
**MARACANAÚ/CE**

**LUNELLI**  
**AVARÉ**  
**AVARÉ/SP**



# Unidades em Santa Catarina

## 1. LUNELLI COMMERCIAL GUARAMIRIM / SC



## 2. LUNELLI CLOTHING GUARAMIRIM / SC



## 3. LUNELLI COLORS (OUTBOX) JARAGUÁ DO SUL / SC



## 4. LUNELLI ABIMEX JARAGUÁ DO SUL / SC



## 5. LUNELLI TEXTILE JARAGUÁ DO SUL / SC



## 6. LUNELLI LUIZ ALVES LUIZ ALVES / SC



## 7. LUNELLI BENEFICIATION CORUPÁ / SC



## Sewing Units

LUNELLI JOINVILLE  
JOINVILLE / SC

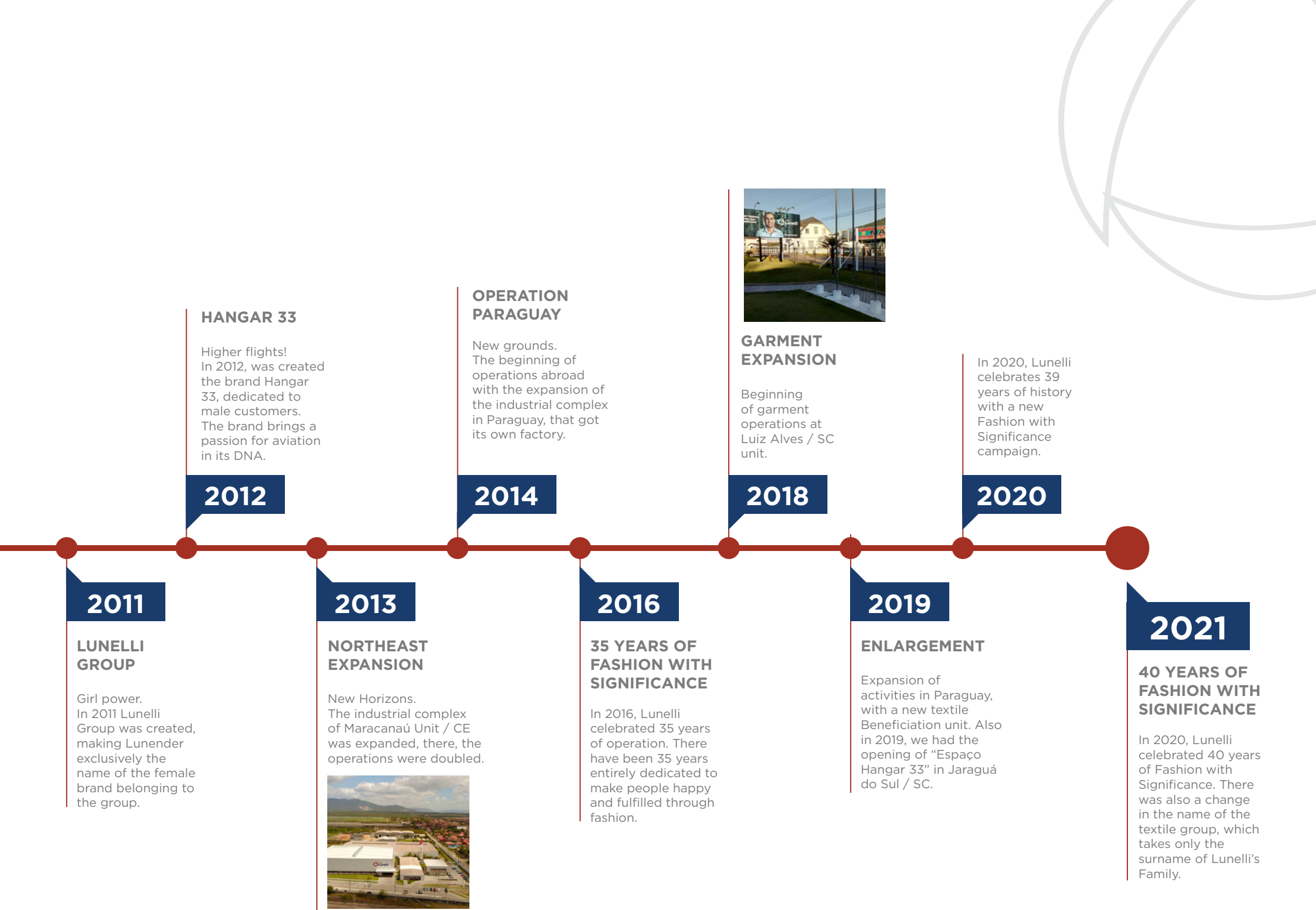
D'LAYONS  
JARAGUÁ DO SUL / SC

AJD  
BARRA VELHA / SC



# Timeline





**2011**

**LUNELLI GROUP**

Girl power.  
In 2011 Lunelli Group was created, making Lunender exclusively the name of the female brand belonging to the group.

**2012**

**HANGAR 33**

Higher flights!  
In 2012, was created the brand Hangar 33, dedicated to male customers. The brand brings a passion for aviation in its DNA.

**2013**

**NORTHEAST EXPANSION**

New Horizons.  
The industrial complex of Maracanaú Unit / CE was expanded, there, the operations were doubled.



**2014**

**OPERATION PARAGUAY**

New grounds.  
The beginning of operations abroad with the expansion of the industrial complex in Paraguay, that got its own factory.

**2016**

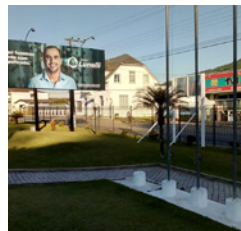
**35 YEARS OF FASHION WITH SIGNIFICANCE**

In 2016, Lunelli celebrated 35 years of operation. There have been 35 years entirely dedicated to make people happy and fulfilled through fashion.

**2018**

**GARMENT EXPANSION**

Beginning of garment operations at Luiz Alves / SC unit.



**2019**

**ENLARGEMENT**

Expansion of activities in Paraguay, with a new textile Beneficiation unit. Also in 2019, we had the opening of "Espaço Hangar 33" in Jaraguá do Sul / SC.

**2020**

In 2020, Lunelli celebrates 39 years of history with a new Fashion with Significance campaign.

**2021**

**40 YEARS OF FASHION WITH SIGNIFICANCE**

In 2020, Lunelli celebrated 40 years of Fashion with Significance. There was also a change in the name of the textile group, which takes only the surname of Lunelli's Family.



# Our Brands







# Lunelli

Distinguish meshes, striking prints and special finishes give Lunelli's fabrics credibility and recognition in the fashion market. Innovative and sustainable, its collections surprise at each launch, making themselves noticed in the most inspiring creations.





# Lunender



Reference in women's fashion, Lunender brings at each collection uncomplicated pieces that reinforce the concept of effortless fashion and value the modern look.

Its lines, developed to serve the most different audiences, reveal a surprising, elegant, comfortable and inspiring style.

Lunender  
mais mulher



Lunender  
**HITS**



# Lez<sup>a</sup>Lez

Lez a Lez is an Urban Beach fashion & culture brand. We believe that the strength of the balance between the lightness of the beach and the modernity of the city makes our sun shine way more beautiful.



## Alakazoo!

Alakazoo makes fashion to transform childhood into a magical world! Each detail reminds the beauty and fantasy of children's universe, providing a lot of imagination and making understand that everyone can perform some magic to turn the world into a better place.





## HANGAR 33

Hangar 33 arose from the passion for aviation and brings out the idea of giving wings to fashion. Just as the hangar is the temple of every aircraft and a safe haven for aviators, the brand provides this bond of friendship and enthusiasm between men's fashion and flight aficionados.



Fico Surfwear was born from the connection with São Paulo's coast. Raphael Levy, who spent his teenagehood surfing on the beaches of Guarujá, decided to develop a brand that expressed his love for the sport. In 1983, he officially started the brand, 100% national. In 2019, Lunelli acquired the brand.





## GRAPHENE

Graphene is a fitness brand that represents innovation, lightness, durability and exclusivity in every detail, with high performance pieces that combine style and comfort in its essence. Polyamide is present in all Graphene's collections, guaranteeing quality, functionality and long term life for the pieces.

## Vila flor

Vila Flor is a brand that has found, through fashion, a path that empowers women and helps them to turn their dreams into reality. By your side, our products reach the places they should be and are capable of representing all the feminine power, filling lives with comfort and quality.





# Sustainability Vision

Lucinei Gomes Ferreira

Dyeing sector, Lunelli Beneficiation



**OUR SUSTAINABILITY VISION IS ALIGNED WITH THE QUALITY, SAFETY AND ENVIRONMENT POLICIES.**

## **Quality, Safety and Environment Policies.**

Continuous technological evolution, unceasing improvement of textile processes, management focused on teamwork. These are the pillars that assist us in the goal of promoting the success of our customers, throughout the happiness and satisfaction of employees and with quality products and services - always ensuring continuous, solid and environmental respectable growth.

### **WE HOLD AS PRINCIPLES:**

- 1.** Continuous improvement of management and textile processes, seeking the reduction of risks, waste and environmental impacts.
- 2.** Commitment to the environment's protection, compliance to legislation and other requirements, acting in the pollution prevention.
- 3.** Targeting resources for education and training, aiming professional qualification, personal development and socioenvironmental shaping for present and future generations.
- 4.** Ensurement of a healthy and safe environment, increasing the life quality of the employees.
- 5.** Open communication with customers, employees, community, suppliers and environmental agencies.

These 5 principles guide our actions and lead us towards sustainable development.





## SUSTAINABILITY VISION

We seek - in addition of improving people's lives throughout opportunities, products and services - to reduce and mitigate the negative impacts of our activities and to promote social, cultural, environmental and economic welfare. By that, we generate a positive impact in the world and we create fashion that brings significance for the lives of those who choose to wear it.





# List of Sustainable Development Goals (SDGs)

The **17 Sustainable Development Goals (SDGs)** seek to identify the goals to be achieved by 2030 to create a sustainable world. Besides that, they offer an unique opportunity for all sectors to mobilize pursuing a common global goal: eradicate poverty, protect the planet and ensure that everyone enjoys a shared and sustainable prosperity.

As part of this collective call to act, companies - like Lunelli - now rely on a new reference point to guide them in a constant-changing world. We recognize the risk of not addressing the socioenvironmental problems of the present in our business; therefore, we see the goals as the essential opportunity to rethink the approaches taken, creating sustainable value and aligning our operation with the SDGs. Meet all 17 goals:



## SDG 1 - NO POVERTY

Economic growth must be inclusive to provide sustainable jobs and promote equality.



## SDG 2 - ZERO HUNGER

The food and agriculture sector offers key solutions for development, and is central for hunger and poverty eradication.



## SDG 3 - GOOD HEALTH AND WELL-BEING

Ensuring healthy lives and promoting the well-being for all at all ages is essential to sustainable development.



## SDG 4 - QUALITY EDUCATION

Obtaining a quality education is the foundation to improving people's lives and sustainable development.



## SDG 5 - GENDER EQUALITY

Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world.



## SDG 6 - CLEAN WATER AND SANITATION

Clean, accessible water for all is an essential part of the world we want to live in.



## SDG 7 - AFFORDABLE AND CLEAN ENERGY

Energy is central to nearly every major challenge and opportunity.



## SDG 8 - DECENT WORK AND ECONOMIC GROWTH

Sustainable economic growth will require societies to create the conditions that allow people to have quality jobs.



## SDG 9 - INDUSTRY, INNOVATION, AND INFRASTRUCTURE

Investments in infrastructure are crucial to achieving sustainable development.



## SDG 10 - REDUCED INEQUALITIES

To reduce inequalities, policies should be universal in principle, paying attention to the needs of disadvantaged and marginalized populations.



## SDG 11 - SUSTAINABLE CITIES AND COMMUNITIES

There needs to be a future in which cities provide opportunities for all, with access to basic services, energy, housing, transportation and more.



## SDG 12 - RESPONSIBLE CONSUMPTION AND PRODUCTION

Responsible Production and Consumption



## SDG 13 - CLIMATE ACTION

Climate change is a global challenge that affects everyone, everywhere.



## SDG 14 - LIFE BELOW WATER

Careful management of this essential global resource is a key feature of a sustainable future.



## SDG 15 - LIFE ON LAND

Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss



## SDG 16 - PEACE, JUSTICE AND STRONG INSTITUTIONS

Access to justice for all, and building effective, accountable institutions at all levels.



## SDG 17 - PARTNERSHIPS FOR THE GOALS

Revitalize the global partnership for sustainable development.

Learn more in: [sdgs.un.org](https://sdgs.un.org)

Aiming to potentialize our positive impact and emphasize the SDGs, we conducted an analysis, through **SDG Action Manager** tool, of several factors such as geography, sector and engagement of interested parties. From that on, we defined the SDGs in which prioritize our efforts, which are:



#### SDG 5 - GENDER EQUALITY

This module highlights the main practices that we can adopt to contribute to the fulfillment of SDG 5 (Gender Equality), such as increasing female representation in the workforce (in management positions and in the supply chain), manage complaints related to gender discrimination, provide training on nondiscrimination and offer equitable parental leave.



#### SDG 6 - CLEAN WATER AND SANITATION

This module highlights the main practices that we can adopt to contribute to the fulfillment of SDG 6 (Drinking Water and Sanitation). They are: provide access to clean water and sanitation in operations, to community and supply chain, conduct water risk evaluations and conduct wastewater and chemical substances management.



#### SDG 8 - DECENT WORK AND ECONOMIC GROWTH

This module highlights the main practices that we can adopt to contribute to the fulfillment of SDG 8 (Decent Work and Economic Growth). As examples, we have the payment of a worthy wage, the guarantee of fair working conditions in operations and in supply chain and the offer of opportunities for professional development.



#### SDG 11 - SUSTAINABLE CITIES AND COMMUNITIES

This module highlights the main practices that we can adopt to contribute to the fulfillment of SDG 11 (Sustainable Cities and Communities), including the promotion of inclusive urbanization practices, the use of ecological building standards and the promotion of sustainable transportation for employees.



#### SDG 12 - RESPONSIBLE CONSUMPTION AND PRODUCTION

This module highlights the main practices that we can adopt to contribute to the fulfillment of SDG 12 (Responsible Consumption and Production), such as the adoption of circular economy principles, the evaluation of the impact of suppliers on the consumption of resources and the establishment and public disclosure of sustainability goals.





Tayna Marieli Werner

Weaving, Lunelli Beneficiation

## CHAPTER 2

# SOCIAL IMPACT



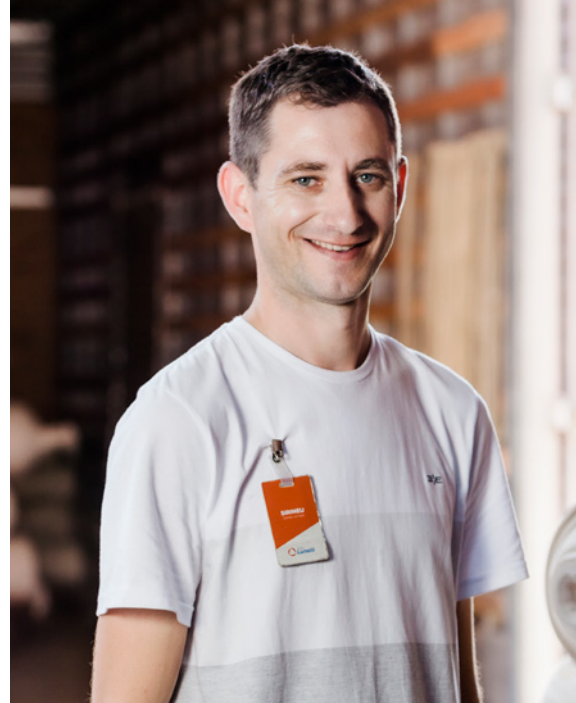
# Fashion with Significance

For us at Lunelli, the real value of a company is measured throughout people. Behind every piece, every detail, there are the professionals who, every day, are by our side, sharing conquers and facing challenges. In these 40 years of history, we have relied on dedicated and committed employees that have shaped much more than a company, they've shaped a family.

In order to honor these people who have contributed and that still contribute to Lunelli's success, we launched the 'Moda com Significado', where each product accompanies a TAG that highlights the professionals responsible for the production of our items. Plus, we managed to show everyone that behind each item, there is a story and, behind each story, there are people passionate for transforming their work into fashion.



CHECK ALL THE  
STORIES ON OUR  
WEBSITE:  
**[lunelli.com.br](https://lunelli.com.br)**





# Our People



We ended 2020 with

**4,184**  
motivated and  
committed employees,  
who contributed to ensure the satisfaction  
and success of our customers.

Total number of employees in Brazil:  
**3960**

Total number of employees in Paraguay:  
**224**

“At Lunelli, women represent almost 70% of the total number of employees. This number expresses the importance of the female contribution in the textile industry.”



## Distribution of employees per Business



**Appareling**  
74% of employees



**Meshes and Fabrics**  
23% of employees



**Stores**  
3% of employees

## BY GENDER

Total



**1309**

31% of the total number  
of employees



**2875**

69% of the total number  
of employees

Subtotal Brazil



**1173**

28%



**2787**

67%

Subtotal Paraguay



**136**

3%



**88**

2%

## Distribution of employees per Business



Subtotal in the  
Appareling Business



**649**  
15,5%



**2467**  
59%



Subtotal in Meshes  
and Fabrics Business



**649**  
15,5%



**314**  
8%



Subtotal  
Stores



**11**  
0,3%



**94**  
2%

# Lunelli Benefits

Paulo Gilberto Mohr

Dyeing sector, Lunelli Beneficiation



*We seek to provide  
an harmonious  
work environment,  
that values them  
through opportunities  
for professional  
development and  
recognition.*







## WE VALUE HEALTH

### HEALTH

---

Unimed or Hapvida, Health Plan;

Labor Gymnastics, a moment to relax and unwind; occurs daily in the Apparel, Commercial, Dlayons, Joinville, Avaré and Northeast units

“Viva Você” Program, with running and yoga groups to relax and unwind;

Inhouse doctor, with an environment prepared for exclusive assistance to employees;

Dental Plan, with assistance to employees and family members in accredited networks.



### Data

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- Adherences in South/ Southeast and Stores Health Plan: 1376 adherences among employees and dependents in the South / Southeast / Stores units
- Adherences in Northeast Health Plan: 267 adherences among employees and dependents in the Northeast unit
- Total medical care in first aid units: 5,470

### Distribution by type of service

Medical Care Service (first aid unit)

**ADMISSIONAL:** 12% of the total assistances

**PERIODICAL:** 29% of the total assistances

**RETURN TO WORK:** 2% of the total assistances

**APPOINTMENTS:** 45% of the total assistances

**CHANGE OF POSITION:** 2% of the total assistances

**DISMISSAL:** 9% of the total assistances



## CARE

- Restaurant: food prepared with care and affection;
- Meals served in the Restaurant (2020): **657,401 meals**
- Total amount invested by the company: **R\$ 4,810,840.00**
- UtilCardou LibertCard, card with cash made available for emergency moments;
- Transport, your way to work through exclusive or public transport.

## EXCLUSIVITY

**OUR ONLINE STORE: PURCHASE OF PRODUCTS FROM OUR BRANDS AT SPECIAL PRICES.**

At Apparel unit, in Guaramirim / SC, we have a store where Lunelli brands are sold with special purchase policies for our employees. The most gratifying thing for us is to know that this moment represents the employees' first contact with the pieces, that are the results of their own work and talent



## WHO TAKES CARE, VALUES

As a way of valuing the results of our employees, we have some awards and acknowledgments, such as:

- **DayOff,**  
the employee gets a day off in the month of its birthday;
- **Tribute for time at the company,**  
recognition event for time at the company;
- **Special dates:**  
Mother's Day, Easter, Labor Day, June party, Father's Day, among others.

Due to the pandemic, the presential celebrations were canceled. However, we kept distributing gifts on special dates.





# LunelliPrev

**LunelliPrev is a closed supplementary pension plan exclusive for Lunelli employees and managers in Brazil.**

**The pension plan is managed by the PREVISC pension fund.**

It is structured in the form of Defined Contribution (DC), in which the participant knows the amount of the contribution. The value of the benefit will be known in the future, being a result of the capitalization of the contributions of the participant and the company for the plan's income.

As it is a DC plan and does not offer risk benefits, the plan is classified as "Pure DC", in which the mathematical provisions are always equal to the plan balance - that is, the plan is always in actuarial balance.

**On December 31st 2020, the pension plan had 3,032 participants and a total balance of R\$ 7,838,611.50.**



## PARTICIPATION

The pension plan started in 2020 with 3,320 participants. The number decreased to 288 participants over the year - a consequence, in great part, of the need to adjust the workforce, realized throughout 2020.

**The percentage of adhesion among the employees - which metric is given by the total number of employees participating in the plan divided by the total number of eligible employees - ended the year with 81% of adhesions.**

Contributions are made on a monthly bases, based on a percentage of the participant's free choice considering the salary (from 1% on), the monthly contribution is deducted from paycheck. The plan allows you to change the contribution percentage once a year. These contributions increase the individual balance of the participant's account in the same level of the amount of the contribution itself, because the plan does not charge a loading fee over the value of the contributions.

In addition to the basic monthly contribution through the paycheck, participants can also make contributions at any time, which can be additional through paycheck, sporadic by bank draft or through portability of other plans (if the participant has another closed pension plan or another benefit plan).

LUNELLI companies, now sponsors, also make contributions to the plan, as a way to assist and motivate participants to form their social security savings. The amount given by the sponsors is divided among the participants according

to equal criteria, that considers the participant's contribution, age, salary, time at the company and time of adhesion to the plan. Between January and March 2020, sponsors' contributions summed R\$ 411,511.29 - equivalent to 1.5% of the total paycheck of the period.

### The benefits and advantages offered to the participants are:

- Contribution to the pension plan deducted from paycheck;
- Participants' contributions deducted from the income tax calculation base;
- Participation of Lunelli companies with additional amounts over the contribution of the participants;
- Monthly retirement income from the participant's accumulated balance on;
- Death and disability assistance;
- Loans to participants from their available balance in the plan.

**In 2020, the profitability achieved was 6.97%; accumulated, since the beginning of the plan (in February 2019), the percentage reached was 16.03%, showing profitability above savings and inflation. The result? Generation of real gain for the participants' resources invested in the plan.**

NÓS QUEREMOS  
**INVESTIR**  
NO SEU  
**FUTURO.**  
E VOCÊ?

ACESSE  
[www.lunelliprev.com](http://www.lunelliprev.com)  
E COMECE A PLANEJAR  
HOJE MESMO.

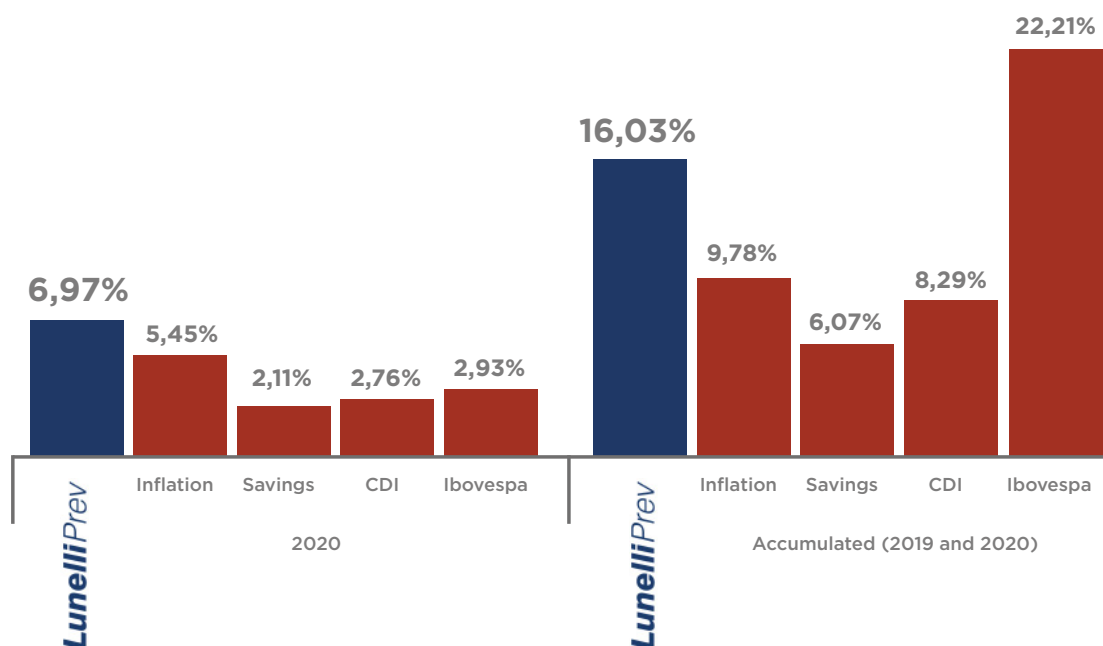
Jadson de Jesus Alves,  
de Compras, Unidade Vestuário

**LunelliPrev**  
A Previdência Privada do Grupo Lunelli

Nosso maior investimento é no seu futuro.

Grupo  
**Lunelli**

### ANNUAL AND ACCUMULATED PROFITABILITY





# FINANCIAL EDUCATION



**With LunelliPrev, we also seek to make our employees aware of the importance of knowing how to deal with money, which is such an important resource in people's lives.**

We hold events in shape of trainings for employees and leaderships, approaching topics related to financial education. We believe that, in this way, we can make a significant contribution to knowledge, as information is capable of generating awareness and, consequently, positively transform employees' lives.

In 2020, 32 integrations of new employees were carried out with the presentation of the plan, in addition to the dissemination of its content in leadership meetings, in the communication channels and in the magazine LunelliComYou. There was also the implementation of free courses on the plan's website, offered online, concerning financial and social security education.



**Caroline dos Santos, Maria Custódia de Moraes e Graciane Vieira**

**Private Label and Sewing Prototype, Lunelli Apparel**

# Diversity and Inclusion

At Lunelli, we value diversity. So, we reject instigation of discrimination, hatred or violence based on race, color, religion, sex, gender, political conviction, nationality, physical condition, or any other reason that violates personal identity.

We do not admit embarrassment and intimidation - such as verbal, physical or psychological violence - as well as any forms of moral and sexual harassment. Occuring, they must be communicated to the superior or notified through the ombudsman channels.

## Leadership distribution by gender

**58%** of male leaders

**42%** of female leaders

## Distribution by business



Subtotal in Apparel Business:

**Male = 51% | Female = 49%**



Subtotal in Meshes and Fabrics Business:

**Male = 81% | Female = 19%**



Subtotal in Stores:

**Male = 38% | Female = 63%**



## Distribution among Brazil and Paraguay

Subtotal in Brazil:

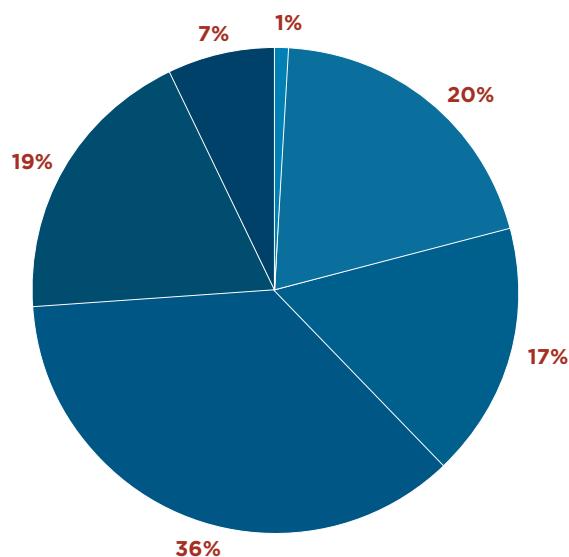
**Male = 58% | Female = 42%**

Subtotal in Paraguay:

**Male = 63% | Female = 38%**

## Distribution of employees by age:

- 0 - 18 years old:** 1%
- 19 - 25 years old:** 20%
- 26 - 30 years old:** 17%
- 31 - 40 years old:** 36%
- 41 - 50 years old:** 19%
- Acima de 50 years old:** 7%



**Tiago de Souza Guimarães**

Expeditiont, Lunelli Luíz Alves



**Maria Gorete Cunha Flores**

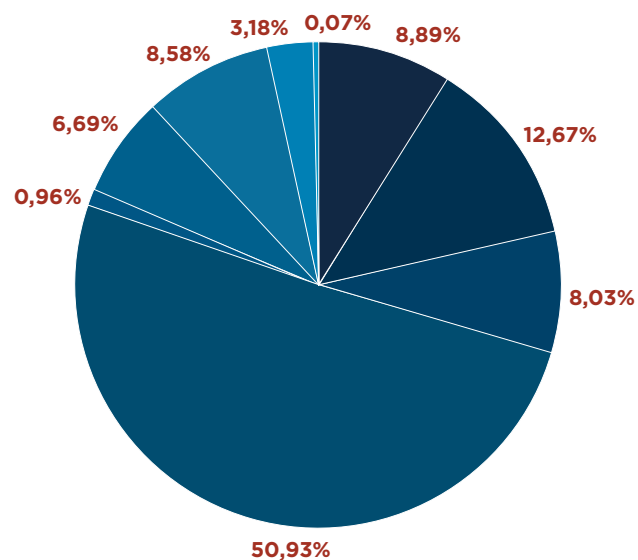
Sewing, D'Layons Sewing Unit



# Diversity and Inclusion

## Distribution by level of Instruction

- Level of instruction Elementary Education Incomplete: **8,89%**
- Level of Instruction Elementary School Complete: **12,67%**
- Level of Instruction High School Education Incomplete: **8,03%**
- Level of Instruction High School Complete: **50,93%**
- Level of Instruction Technical Course: **0,96%**
- Higher Education Incomplete: **6,69%**
- Higher Education Complete: **8,58%**
- Post-Graduation: **3,18%**
- Master's Degree or Higher: **0,07%**



Taiane Doleski Freitas  
Folding, Lunelli Apparel



## Distribution by Level of Education considering leaderships

We have leaders with an education level ranging from Incomplete Elementary School to Master's or higher education.

Highlighting the numbers:

Complete High School **10%**

Incomplete Higher Education, **13%**

Complete Higher Education, **39%**

Post-Graduation, **31%**

Others, **7%**

## Young Apprentice Program

In the program, young people have the opportunity to guarantee social inclusion with their first job and to develop skills for the world of work. During this period, the youth learns from the educational institution and the company, combining theoretical and practical learnings. Meanwhile, medium and large-sized entrepreneurs have the opportunity to contribute to the training of future professionals in the country, spreading the values and culture of their company.

At Lunelli, 1,465 youth have already participated in the Young Apprentice Program. Of these, 324 were hired after the training was completed.



## Disabled people

Being plural, bringing consistent and innovative results. Having employees with different profiles, thoughts, cultures, ethnicities, opinions and disabilities allows us to have more social responsibility and to become a broader and more democratic company. The result of this mixture brings benefits to us all.

To think about diversity and inclusion is also to think strategically, adding development, market value and organizational growth. After all, different perspectives and experiences work to make a varied, multiple and rich repertoire, prepared to better answer questions, from the simplest to the most complex.

We ended 2020 with 97 colaboradores PCD's





# We Look After the Community

Andressa Rocha da Silva

Collaborator Store



Due to the mission of improving people's lives throughout opportunities, products and services, we seek to positively impact the local communities in which we are inserted.

We support projects that relate to education, culture, health and social inclusion.

## Some of the institutions we support:

- APAE - Association of Parents and Friends of the Exceptional and AMA - Association of Friends of the Autists.
- Fire Department, Civil and Military Police, with financial support and donation of meals

### • São José Hospital

Donation of **R\$ 1 million** to enable the fourth phase of the institution's Master Plan. The amount will be invested in improvements such as the restructuring of the Surgical Center, implementation of Cardiovascular Service with hemodynamic equipment.

- Support for the churches in our community
- Among other projects and requests from the community

**Total amount donated:  
R\$ 1.731.293,75**



# PROJECTS SUPPORTED THROUGH THE INCENTIVE LAW

*Aside volunteer projects and donations, we also support initiatives through laws that encourage Culture, Sports, Municipal Fund for the Rights of Children and Adolescents, Municipal Fund for the Rights of the Elderly, National Support Program for Cancer Care and National Support Health Care Program for People with Disabilities.*

SUMMARY	SOUTH	NORTH EAST
Total amount by region / year	R\$ 412.325,00	R\$ 161.250,00
Culture Incentive Law	R\$ 242.220,00	R\$ 105.000,00
Sports Incentive Law	R\$ 54.735,00	R\$ 18.750,00
Municipal Fund for the Rights of Children and Adolescents	R\$ 60.635,00	R\$ 18.750,00
Municipal Fund for the Rights of the Elderly	R\$ 54.735,00	R\$ 18.750,00

## Meet some of the projects supported by Lunelli

**AMA – ASSOCIAÇÃO DE AMIGOS DO AUTISTA DE JARAGUÁ DO SUL**  
*Association of Friends of the Autists of Jaraguá do Sul*  
 Jaraguá do Sul / Santa Catarina

The Association of Friends of the Autists of Jaraguá do Sul, located in the north of Santa Catarina, stands out as a Social Assistance Entity that provides specialized assistance to people with disabilities - ASD and their families. The support is provided throughout their respective services and programs, which involve the areas of social assistance, education and health. Assistance is provided in a planned, continuous manner and without any counterpart from users.

**“SELETO FUTEBOL CLUBE Amateur Soccer Team and Soccer School**  
 Guaramirim / Santa Catarina

The project counts on an average of over 300 children, including boys and girls from 6 to 16 years old, who are involved in activities. In addition to practice 3 times a week, with physical, technical and tactical exercises aside goalkeepers’ training, the project offers tutoring classes in mathematics and Portuguese, as well as yoga classes for parents and guardians.

**FEMUSC – “FESTIVAL DE MÚSICA DE SANTA CATARINA Music Festival of Santa Catarina**  
 Jaraguá do Sul / Santa Catarina

In 2020 we brought to our units the performances from FEMUSC, giving our collaborators access to classical music. In addition to the presentations at the Beneficiation (Corupá / SC) and Apparel (Guaramirim / SC) units, we hosted presentations at “Espaço Hangar 33”, guaranteeing our customers the opportunity to get to know and enjoy the festival.

We were also present during the festival in a special space, the “Espaço Alakazoo”, which welcomed children and youth throughout the program - whether with coloring activities, children’s books or musical instruments, always with plenty of space to play.



# PROJECTS SUPPORTED THROUGH THE INCENTIVE LAW

## SCAR PHILHARMONIC ORCHESTRA

Jaraguá do Sul / Santa Catarina

Composed by 40 musicians with extensive experience, the SCAR Philharmonic Orchestra has established itself as one of the most active orchestras in Santa Catarina.

Circulation projects roam the state, forming audiences, stimulating the career of participating musicians and encouraging the formation of new artists. With concerts that combine classical and popular repertoire, the SCAR Philharmonic Orchestra popularizes the genre and preserves active music in the region.

In 2020, we supported the project and opened “Espaço Hangar 33” for Philharmonic Orchestra’s doubles and trios performances, taking music to the present audience.

## “CONGRESSO DA FELICIDADE” CONGRESS OF HAPPINESS

Thinking of expanding even further the scope of the theme of happiness and enjoyment of art, we signed support for the V International “Congresso da Felicidade”. As a result of the pandemic, the congress was not held presentially, becoming a sequence of lives on the themes “Emotional health in times of Pandemic” and “The science of happiness and energy to act”.

## PRESERVAR É AMAR PRESERVING IS LOVING

Guaramirim, Massaranduba and Corupá / Santa Catarina

The education support is part of the daily life of Lunelli Group. We support several projects in this area, covering not only employees, but also the community in general. An example is “Preservar é amar”, which has been sponsored and supported by the Group since 2002. More than 20,000 students have already been served by ‘Preserving is loving’ in the region.

## “MULHERES DO BRASIL” GROUP

Ceará

The Group “Mulheres do Brasil” was created in 2013 by 40 women from different segments, with the aim of engaging civil society in achieving improvements for the country. It is chaired by businesswoman Luiza Helena Trajano and has more than 41 thousand participants in Brazil and abroad.

In 2020, we had the opportunity to support the Group’s first project via the Culture Incentive Law, called “ Handmade Laces: handicrafts, heritage, life and soul from Ceará”. On the occasion, a contribution was made to ensure the achievement of the goal outlined by the initiative: highlight, preserve and stimulate the work carried out by women from Ceará through lace’s exposure, one of the typologies found in the handicrafts of the Northeast (specifically in the State of Ceará).

## “FUNDAÇÃO TERRA” EARTH FOUNDATION

Maracanaú / Ceará

Since its creation in 1984, the “Fundação Terra” has consolidated an important legacy in the promotion of human rights. Father Airton Freire’s philanthropic institution believes that promoting quality education and extracurricular activities is a fundamental step towards breaking the culture of violence, sexual exploitation and grooming of vulnerable children and adolescents. Facing this challenge, the organization maintains daily a daycare center and carries out various cultural, sports and citizenship actions at Maracanaú unit, in the Metropolitan Region of Fortaleza.

**Among the amounts donated and disposed  
via Incentive Law, we ended the year 2020 with  
a significant total of**

**R\$ 2.304.868,75**

**of social investment to our community.**

# Health and Safety at Work

We seek to promote a healthy and safe environment for our employees. Having this in mind, we have structured programs and processes that promote care and awareness to the culture of prevention.

## Accidents

Accidents are recorded and managed in two ways: Typical accidents, related to the carried out activity and those on the Route, related to the displacement of the employee on the ways home-work and work-home.

Of the recorded accidents, 90% are related to the Typical mode and 10% are related to the Route.

## CIPA - COMISSÃO INTERNA DE PREVENÇÃO DE ACIDENTES

### INTERNAL COMMITTEE FOR ACCIDENT PREVENTION

Team formed by employees, that acts on raising awareness about health and safety and developing improvements to prevent accidents.

In 2020 we had the election of the new management group, with a total of 80 employees.



N° of Members Apparel Business: **67**



N° of Members Meshes and Fabrics Business: **13**



Rosicleison de Araújo Maia

Expedition, Lunelli North East



## EMERGENCY TEAM BRIGADE

The emergency teams are formed by volunteer employees. Brigadiers are trained and qualified to deal with fire fighting situations, work accidents, chemical spills, among other emergency situations.

Total Number of Brigadiers: **252**



N° of Brigadiers Apparel Business: **205**



N° of Brigadiers Meshes and Fabrics Business: **47**

Every year, emergency drills are conducted for training and preparation of the Brigade team.

## EMERGENCY DRILLS

Monthly emergency drills are carried out (between February and September) at Beneficiation, Commercial Textile, Outbox, Abimex, Apparel, Comercial, Avaré and North East units.



# Health and Safety at Work

## GENERAL AREA ABANDONMENT EXERCISES

As determined by the Normative Instruction of the Fire Department, each unit carries out 02 general area abandonment exercises per year, one per semester.

## SPCI – SISTEMA DE PROTEÇÃO CONTRA INCÊNDIO *FIRE PROTECTION SYSTEM*

All units have a system of protection and to combat accidents (Emergency Exits, Fire Extinguishers, Hydrants, Emergency Lights, Safe Points) as foreseen in the Preventive Fire Fighting Project, approved by the Fire Department.

## INTEGRATION FOR NEW EMPLOYEES

All new employees participate of the integration training before starting activities. On the occasion, information on health and safety is presented.

## INTEGRATION FOR THIRD PART SERVICE PROVIDERS

Awareness process for all third parties that are hired to perform any service on the units' premises, following the guidelines of Lunelli's Third Party Security Policy.

Depending on the type or hazards of the activity, it can only start after the emission of the PHA - Preliminary hazards Analysis and the Work Permission, issued by the unit's Work Safety team.



## SIPAT

SIPAT - Internal Week for the Prevention of Accidents at Work is held annually. The event counts on all employees with preventive information and awareness about the importance of a culture of safety at work, traffic and other environments.

## SAFETY DIALOGUE

The safety dialogues are held monthly by the area's leadership, CIPA Members, Emergency Brigade or a professional of Specialized Services in Safety Engineering and Occupational Medicine, involving pre-defined subjects or according to the reality and / or need of each unit.

## SUPPLY AND TRAINING OF PPE

According to the Environmental Risk Prevention Program, in the areas and / or activities that require the use of PPE - Personal Protective Equipment, employees periodically receive the respective equipment, as well as the training for its correct use, as recommended by the NR 6.

## TRAINING NRS 10, 11 AND 35

Employees who carry out activities involving height, electricity and material handling - with the use of pallet trucks or forklifts - are trained/enabled in a technical course even before being released to perform the function. In addition, they undergo biannual retraining or whenever it is necessary.

## NR 12 TRAINING - MACHINERY OPERATION SAFETY

Every two years or when necessary, employees who operate machinery and equipment are guided through lectures, safety dialogues or Workplace Training, on preventive measures for safe operation.

# Abilio Lunelli Training Center



CENTRO DE TREINAMENTO  
**Abilio Lunelli**

Abílio Lunelli Training Center is a dream come true for our Director Dénis Luiz Lunelli, who has always idealized offering qualification to employees. The center allows free and easy access to knowledge, with formal and continuous content, covering general or technical knowledge. Doesn't matter the training format, the priority is a study that adds value to people's lives, making them better professionals and human beings.

The name Abílio Lunelli is a tribute to the father who has always encouraged his children to seek knowledge and development. This dream started to become a reality in October 2015 and, so far, it has qualified more than 600 employees.

The courses offered are taught mostly by internal instructors, leaderships and employees, enabling a better understanding of the activities carried out at Lunelli. In addition, it recapitulates fundamental content for personal and professional life, such as mathematics and text interpretation.

With Abílio Lunelli Training Center, we reaffirm our mission to improve people's lives throughout opportunities, products and services.

**Up to today there were:**  
**29 classes fulfilled,**  
**840 enrolled,**

66% of qualified employees  
13% of quitters or flunked employees

**Average class score of 9.11**

69% of employees are promoted after getting the training.

Aside the Training Center, we provide support for qualification through scholarships. With Lunelli's help, the employee can attend high school, technical education, language studies, university courses and postgraduate studies with a 50% scholarship or limit amount.

In 2020, 234 employees benefited from the scholarships, and Lunelli invested a total of R\$ 415,367.80 to provide greater personal and professional growth in the future.







## CHAPTER 3

# ENVIRONMENTAL IMPACT



# Environmental Management System

Through the Environmental Management System (EMS), we seek to promote positive environmental impacts and, consequently, reduce and mitigate negative environmental impacts. To this end, the aim is to prevent pollution and reduce waste generation, consumption of water and energy and gas emissions.

In addition to continually improve processes, we carry constant maintenance and improvement of employees' training systematic for professional qualification, personal development and socio-environmental training.



Lunelli has been certified since 2006 under the **NBR ISO 14001:2015** standard by the international certifier BRTÜV. As a result, the EMS has an important function: ensure the following of all requirements of **ISO 14.001**.





# Eco-efficient Management



## WATER

The water cycle in the textile industry is an extremely important topic in fashion sustainability agenda. At Lunelli, we control and manage the catchment, use in the process and disposal of the generated effluent, always seeking to reduce consumption, the eco-efficiency of the processes, the treatment and quality of the discharged effluent.

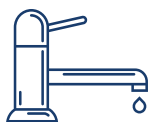
At Lunelli Beneficiation unit, we collect the water used in the process directly from Itapocu River, with the maximum flow controlled according to the capacity of the water resource.

**In 2020, there was a reduction of approximately 10% in water consumption at the unit compared to 2019.**



**With a consumption of 91 L/Kg in 2019 to 82 L/Kg in 2020.**





## WATER USAGE

The beneficiation, dyeing and printing processes are the biggest consumers of water within our production cycle. So, those processes receive special care related to the reduction of consumption and efficient treatment of effluents.

We concentrate all stages of production of meshes and fabrics in our units; thus, the management of the resource used is efficient and the investment results into reduction of our hydric impact.





# ETP – Effluent Treatment Plant

Effluent treatment is a fundamental part of environmental management. Meeting liquid effluents generated in the units disposal standards, we guarantee the quality of water resources and the well-being of the community.

Of the industrial and sanitary effluent generated at Lunelli units, 100% is properly treated.

At this point, it is worth mentioning the Effluent Treatment Station of the Beneficiation unit located in Corupá-SC, that has capacity to treat 200m<sup>3</sup> / hour, obtaining quality indexes that meet all the requirements of environmental agencies.

**IN 2020, WE TREATED 79 LITERS  
OF EFFLUENT PER KG OF MESH PRODUCED.**

**WE DISPOSED THE EFFLUENT WITH  
SUPERIOR QUALITY RELATED TO THE WATER  
CAPTURED TO BE USED IN THE PROCESS  
IN THE SAME RIVER**

Our control of effluent treatment parameters is carried out within the parameters defined by the environmental agency, with analyzes being carried out locally by employees who are members of the technical team - that also carry out ETE operations.



# Waste Management

As part of the **Environmental Management System**, we carry the management of the waste emitted in our operations, disposing them, in their entirety, in an environmentally appropriate manner.



**Glass**  
0,68 tons  
Recycle



**Bulbs**  
1242 units  
Decontamination



**Paper / Cardboard**  
664,81 tons  
Recycle



**Plastic**  
95,29 tons  
Recycle



**Waste material and metal packs**  
61,87 tons  
Recycle



**Mud from treatment of effluents and cesspool**  
2981,37 tons  
Industrial Landfill



**Boiler ashes and slags**  
51,50 tons  
Industrial Landfill



**Organic and non-recyclable waste**  
111,52 tons  
Landfill



**Oils and lubricants**  
8,92 tons  
Refine



**Batteries and Electronics**  
0,07 tons  
Recycle



**Outpatient waste**  
0,02 tons  
Autoclave



**Textile waste**  
1491,91 tons  
Recycle



# Waste Management

## TEXTILE FIBER WASTE

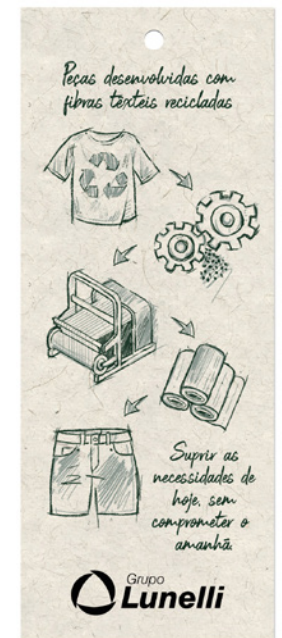
Pieces developed with recycled textile fibers, containing textile waste from Lunelli. What was waste is now reuse.

The Textile waste produced at Lunelli units go through an environmentally appropriate disposal process.

All the material goes to a partner company specialized in recycling, which produces yarns and strings from textile waste.

As a result, we generated more than 1,490 tons of textile waste in 2020 and 100% of this material was recycled.

After being shredded, a machine called roving frame is used, which is nothing more than a conventional filatory of rings, that transforms the tangle into yarn. In the end, this yarn is used to make our jeans. In this way, we promote the circular economy, in which the fabric is made from our textile waste.



The pieces of clothing that use recycled fabric are identified with this tag.

# PLASTIC - RECYCLING PROCESS

The plastic generated in Lunelli Group is sent for recycling and part of the recycled plastic is returned to be used as raw material. This is the case of the internal packaging production process (fabric rolls and plastic bags), used in the internal waste gather.

**Currently, we use  
15% to 20% of recycled  
material in the  
manufacture of plastic  
packaging; in this way,  
we promote the circular  
economy.**





# Energy

The search for efficient energy is part of our initiatives to reduce the negative impact.

In 2020, at Lunelli Meshes and Fabrics (our largest consumer), we consumed 1.63 kWh / kg - 5.2% less than in 2019.



**2019 - 1,72 kWh/kg**  
**2020 - 1,63 kWh/kg**



## NATURAL LIGHTING

To reduce electricity consumption, a natural lighting system with translucent tiles was installed.

Nowadays we have a total of **94 installed Domus**, distributed among Rotational Stamping, Vaporizer, Dyeing and Rama, in a total area of 286.23m<sup>2</sup> of natural lighting. In total, we have 3,594 Lux or the equivalent to 1,061.04 Watts



## ENERGY EFFICIENCY

We've exchanged the traditional bulbs per LED ones.



## BIOMASS FOR STEAM PRODUCTION

To produce steam in our boiler, we use wood biomass instead of other heat sources with a higher polluting potential (such as coal). The entire system is monitored and receives preventive maintenance.

In 2020, we consumed 0.94 m<sup>2</sup> of wood chip per steam produced, a consumption approximately 7% lower than that achieved in 2019.



## NATURAL GAS

Another source of energy used by Lunelli Meshes and Fabrics is natural gas. In 2019, we had a consumption of natural gas per kilo of mesh produced of 0.255 m/kg. In 2020, there was a 7% reduction, with consumption of 0.237 m/kg of mesh produced.





## RECOVERY OF EFFLUENT HEAT

The recovery system transfers the heat from the effluent to the industrial water that will be used, reducing the consumption of wood chips, electricity and the emission of gases.

We acquired a heat recovery and hot water distribution system, that assists in reusing the heat from the effluent to the industrial water used in the production process, aside reusing the flash steam. Through the system, we also reuse water. In this way, we are able to level the steam consumption and reduce the wood chip consumption in the boilers.





# Conscious Fashion



We look for suitable suppliers and partners for our purpose. In addition, we seek to make the best possible choices for the environment, the supply chain and our customers. We research a variety of fiber sources with less negative socioenvironmental impact and new products that promote circular fashion, ensuring that workers in our supply network are treated with dignity and respect.

## LIGA DAS EMPRESAS SUSTENTÁVEIS - ABIT

***SUSTAINABLE BUSINESS LEAGUE***

### **The Brazilian Sustainable Fashion League**

The project called The Brazilian Sustainable Fashion League (BSFL) aims to work consolidating a league of companies participating in the Internationalization Program for Brazilian Textile and Fashion Industry - Texbrasil. The initiative is committed to sustainability issues and encourages the league, as a group, to lead the necessary changes to build a sector that is increasingly engaged in the search for alternatives to global challenges.







## “SOU DE ALGODÃO”

We believe that are our choices that drive the changes to a more conscious fashion. The cotton you wear is grown responsibly and used in a fair and ethical manner, contributing to a more sustainable fashion.

We transform the yarn into lightness, durability and comfort. We seek to generate a positive impact in the world and make fashion with significance for the lives of those who choose to wear it. For this reason, we are part of the movement “Sou de Algodão” and support the responsible and certified use of fiber.

The fashion we create means care, less impact and responsibility.

“Sou de Algodão” is a unique movement in Brazil, it was born in 2016 to awaken collective conscience around fashion and responsible consumption. To this end, the movement unites all the agents from the productive chain and the textile industry of this fiber in one common voice - from the country man to the final consumer, including weavers, artisans, wool spinners, fashion designers, stylists and scholars. There are a lot of fiber people behind a single piece of cotton! Learn more about the “Sou de Algodão” movement by visiting [www.soudealgodao.com.br](http://www.soudealgodao.com.br)

**ACCESS THE VIDEO AT:**  
[www.youtube.com/watch?v=nfGdTIVwSSk](https://www.youtube.com/watch?v=nfGdTIVwSSk)





# Conscious Fashion



BCI - Better Cotton Initiative is a non-profit association that exists to make global cotton production better for those who produce it, for the environment where it is produced and for the future of the sector.

Driven by the mission of improving people's lives throughout opportunities, products and services, Lunelli Group joins BCI to produce increasingly sustainable pieces, which meet the company's values.

BCI connects people and organizations from the field to stores across all the cotton sector, promoting measurable and continuous improvements for everyone.

By purchasing cotton products from Lunelli Group, the consumer is supporting responsible cotton production through the Better Cotton Initiative.



LENZING<sup>®</sup>  
**EcoVero<sup>™</sup>**

In partnership with Lenzing, Lunelli is the first textile company in Brazil to use the viscose with less environmental impact.

Based on an increasingly conscious purpose for the preservation of natural resources, Lunelli joined the Austrian company Lenzing, to manufacture fabrics with the new EcoVero fiber standard.

The partnership aims to meet the growing demand of consumers and retailers for transparency in production, offering the market ecological and traceable viscoses. Through a QR Code, it is possible to monitor the fiber from production to the final destination, ensuring that all stages of the process are aligned to Lenzing's sustainability standards.

## Ø ZDHC

ZDHC (Zero Discharge of Hazardous Chemicals), is the Zero Disposal of Hazardous Chemical Products Program, that covers a range of chemicals used in the textile industry.

The ZDHC aims to turn to zero the consumption of dangerous chemicals used in processes such as Preparation / Dyeing, Dyeing / Cleaning, Optical Brighteners, Pigments, Textile Effects, Finishes, Stamping. Among the substances that must be banish there are phthalates and heavy metals, considered toxic and harmful to the environment, capable of offering risks to the final consumer.

The internal adequacy program started in 2019, with the exchange of products used in the process per alternatives free from the substances listed in the program. In partnership with the EMS, the purchase team changes the supplier according to the necessary criteria.

Through analyzes at the ETS, we monitor the substances. So, we can reduce the negative impact of our business.





## COLORS LINE

The T-shirts from the Colors line go through a process of softening and dyeing in laundromats, which provides pre-shrinkage. This process helps to ensure that your piece does not undergo measurement changes during use.

Through the action of water and hot air or steam, the latent tensions can be relieved, providing the fabric with a return to its state of natural relaxation; so, the fabrics tend to reach a stable state in their dimensions. In addition to a product with excellent quality, we also reduced the consumption of pigments, salts, acids and auxiliaries present in the dyeing process, ecologically contributing throughout the textile chain.



## JEANS

It is necessary to take care of the planet to be able to fly through the sky. Eco Denim is the Jeans line from Hangar33 that thinks about the future.

### // SOFTENING

The traditional softening process can use up to 25 liters of water per piece. Hangar 33 Jeans uses only 250 mL of water per pants, equivalent to just 1 glass of water.

### // WORN OUT EFFECT

Using a Laser to make the worn out effect, we produce pants with a cleaner technique and free of chemicals, in addition to not using water during the process.

### // DYEING

The pieces receive a bath of enzymes that do not demand rinsing, in addition to the use of low temperatures that reduce energy consumption - differential factors of this process.



Lez<sup>a</sup>Lez



## DON'T TURN YOUR BACK TO THE WORLD

It is the Lez a Lez line created to recall the importance of taking care of the environment:

- Ecological Viscose;
- Tailors made with recycled, renewable, natural and organic raw materials;
- Jeans with less water and energy consumption;
- Finishes with less impact on the environment.

## I AM BIODEGRADABLE

We believe that small attitudes can bring big changes. For this reason, all the plastic used to protect our pieces are biodegradable and can be dissolved in hot water, without leaving harmful wastes to the environment. In addition, the compound can be used as a fertilizer for growing vegetables. Being sustainable is not just an obligation, it is a passion.



BIO  
DE  
GRA  
DÁ  
VEL





## STRAW MARKET

In the Aflora collection we brought 3 models of bags made by the very talented artisans of @mercadodapapalha, whom, from the first to the last stitch, do everything by hand, for love and passion, using their talent as a way of getting income.

## LACE MAKERS

Lez a Lez and Casarão das Rendeiras in Florianópolis - SC have come together to create an exclusive collection in which each stitch of bobbin lace becomes a story. The goal? rescue and strengthen the culture left by the Azoreans on the State's Coast.







CHAPTER 4

# ECONOMIC IMPACT



# Retail

Today, we are in  
39 operations, of  
which **8 are owned**  
and **31 are franchises.**

Jaraguá do Sul / SC	Uberaba / MG
Joinville / SC	Goiânia / GO
Blumenau / SC	Uberlândia / MG
Balneário Camboriú / SC	Salvador / BA
Chapecó / SC	- Paralela Shopping Mall
Florianópolis / SC	- Salvador Shopping Mall
Itajaí / SC	Maceió / AL
Brasília / DF	Paraguay / Assunção
- Térreo Brasília Shopping Mall	Criciúma / SC
- Terraço Shopping Mall	Recife / PE
- Taguatinga Shopping Mall	Canoas / RS
Porto Alegre / RS	Santos / SP
- Iguatemi Shopping Mall	Oscar Freire / SP
- Praia de Belas Shopping Mall	Morumbi Shopping Mall / SP
- Barra Sul Shopping Mall	Farol Shopping Mall - Tubarão / SC
Jurerê Internacional / SC	Passo Fundo/RS
Curitiba / PR	Gramado/RS
- Barigüi Shopping Mall	São José dos Campos/SP
- Palladium Shopping Mall	Ribeirão Preto/SP
Teresina / PI	Maringá/PR



## FRANCHISE MODEL

In a combination of sophistication and exclusivity, Lez a Lez has shown great growth since its arising in 2006. Nowadays, the brand is present in 15 Brazilian states, aside having more than 2,000 sale points and more than 1,500 models developed by year.

Our goal is to promote the success of our franchisees, sharing achievements and positive results. We seek for entrepreneurs who share the Lez a Lez philosophy and who add even more value to the brand, committing themselves to preserve a successful business. With this in mind, we offer complete assistance and exclusive training.









# Retail



## PRIZES

After receiving the Seal of Excellence in Franchising three times in a row, and the International Franchising Certificate from the Brazilian Franchising Association for the second consecutive year, in 2020, Lez a Lez enters for Pequenas Empresas & Grandes Negócios' list of the

### best franchises in Brazil.

The award was granted based on an exclusive survey by Serasa Experian.

Lez a Lez chains obtained the best grades in three criteria: quality, performance and franchisee's satisfaction.

The brand is in tenth place in Apparel and Accessories category, being

### the first in women's fashion.



2018  
Selo Excelência



2019  
Selo Excelência



2019  
Franquia Internacional



2020  
Selo Excelência



2020  
Franquia Internacional



2020  
Selo Melhores  
Franquias do Brasil



# Omnichannel



## OWN WEBSTORES

2020 was a year of great learning for digital channels, but we surpassed it with a lot of creativity and project delivery speed, both for e-commerce and for digital products.

At the beginning of the pandemic, we were more cautious between the months of March / April - the initial peak of the pandemic -, but we restarted to increase our investments and sales after April 2020, reaching our Established Goal by the end of the year.

In the B2C channel (Own E-commerce) there was a great recovery, ending the year with a

**52% growth  
comparing to 2019.**

In the in Partners Sales channel, we had a

**44% growth  
related to 2019.**



## UNE PROGRAM

The big news of 2020 was the **UNE Program**, Lunelli's online sales platform. With it, it is possible for promoters to sell the brands of the portfolio, using the company's stock.

The affiliate program (Social Selling) was born from the idea that everyone (Employees and Community) could sell our products. The program started in April 2020, time when all employees received a coupon code that they could promote, receiving a commission on sales made. In October, we released the program for the community, getting it reach a **13% share** of online channel sales, with more than 6000 CPFs from the community registered as potential sellers.

**The goal of the program is to create a cycle of positivity, in which everyone can gain.**

The promoters sell through the UNE Coupon and receive a 10% commission on their completed orders; for each transaction, the store and the representative that are already registered also receive their commission for the operation.

By that, we generate extra income for everyone involved in our cycle. UNE has come to connect us to the future! Representatives, shopkeepers or individuals: it is just register and generate the coupon to start using it. Promoting it to contact network, family and friends, it is already possible to start manipulating the platform.

The participating brands are: Lunender, Lez a Lez, Alakazoo, Fico and Graphene.

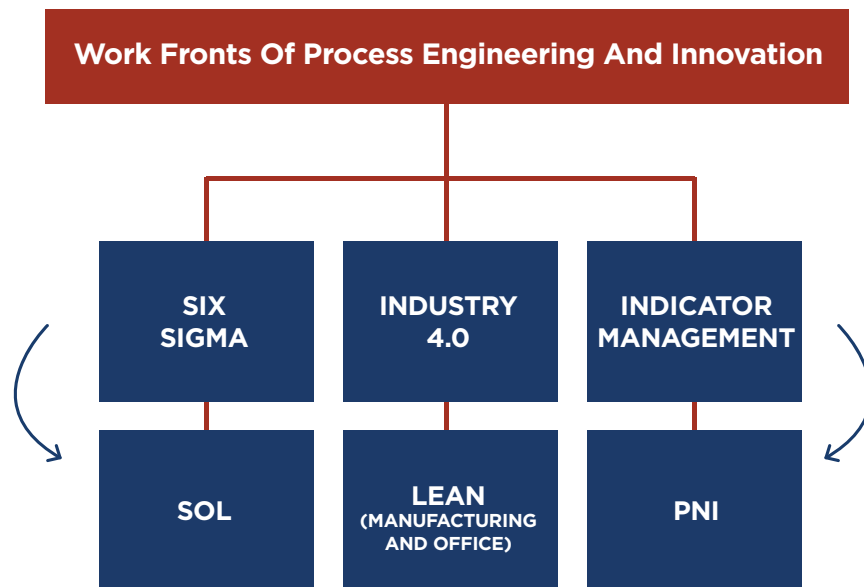
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# Industrial Innovation and Process Engineering

Through process engineering, we seek to develop new technologies, materials that aim to increase efficiency, reduce costs, improve quality and reduce environmental impact, in addition to the integrated management of industrial and support indicators.

By these means the company becomes more competitive, conquers new markets and remains sustainable, contributing to the development and people's life quality.

## WORK FRONTS OF PROCESS ENGINEERING AND INNOVATION





# Industrial Innovation and Process Engineering



We believe that the investment in innovation represents investment in competitiveness, with the conquest of new markets and contribution to sustainable development.

We organized and systematized the ideas through the Program of New Ideas (PNI), which aims to encourage innovation and continuous improvement at Lunelli, in addition to foment creativity focused on the evolution of products and processes.

We closed 2020 with 74 PNI teams, with a total of 350 members.

**832 meetings** were held, generating **1,178 new ideas**.  
Of that number, **439 ideas** were transformed into solutions already implemented.  
We invested **R\$ 348,449.95** to fease the implantations, generating a gain of

**R\$2.461.567,67 in the year.**



**Josiane Aparecida de Souza do Nascimento**  
Textile Printing sector, Lunelli Apparel

## Acknowledgment

### PNI EXHIBITION

Every year, the employees and members of the PNI groups present the implemented ideas in the PNI Exhibition. Committed to the values of Simplicity and Obsession for Results, all with Enthusiasm, the teams surprise during the presentations of productivity improvement, cost reduction and quality increase projects. In 2020, due to the pandemic, the presential exhibition was not held.



The SOL Program (Safety, Organization and Cleaning) is a tool used to raise awareness and develop employees' habits and attitudes to improve the work environment, the quality of products and services and, mainly, people's life quality.

We organize and systematize ideas through the New Ideas Program (PNI), which aims to encourage innovation and continuous improvement in the Lunelli Group, in addition to fostering creativity focused on the evolution of products and processes.



**Marilinda dos Santos Tomporoski**  
Sewing Prototype, Lunelli Apparel

# Supplier Relationship Management



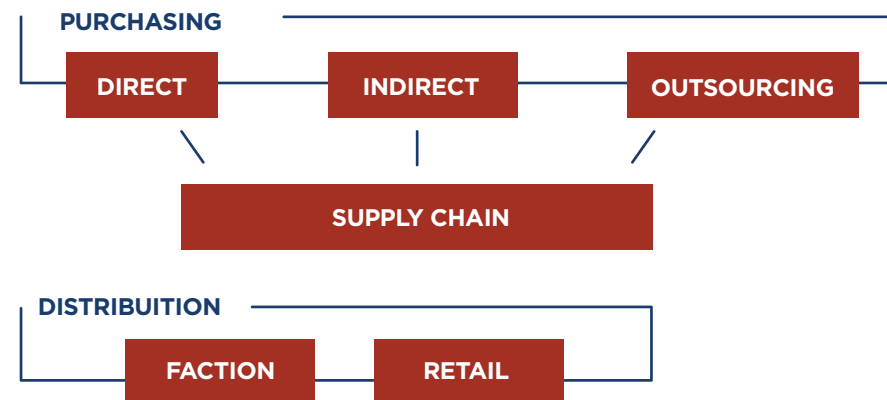
## EXCELLENCE IN SUPPLIERS

We seek to build a relationship of trust, partnership and respect with our customers, franchisees, suppliers and service providers.

We treat our suppliers and service providers in an equal and impartial way, respecting the principles of free competition and considering the standards required by Lunelli.



**In and out flows in customers, franchisees, suppliers and service providers supply.**



The criterias of supplier qualification and environmental performance evaluation are considered.

We respect the confidentiality of strategic information about our business partners, suppliers and service providers.

## AUDIT SYSTEM FOR SUPPLIERS

The suppliers and service providers approval process is extremely important for quality certification in all of our processes. The auditing is carried out by the Environmental Management System, Purchasing and Distribution areas; each of them is responsible for the service or product compatible with it.

Factions Auditing is an example of process carried out by the Distribution sector. On the occasion, the factions are visited to verify the minimum quality requirements, as well as the good practices performed by the service provider.



# Relationship with Partners

For us, the relationship with the customer is fundamental. In 2020, facing the pandemic scenario, we aimed to support our customers with information and content to boost sales digitally.

## Far, but together!

2020 was a year of reinvention in several aspects. We were unable to hold physical meetings with our sales representatives team, that is out there in direct contact with our customers. Seeking everyone's safety, we've started to hold **Digital Meetings**.

The meetings were conducted by the internal team **as Lives** and were intensified, being held at each of collection launch. We turned a presential event, that took place once a year, into digital meetings three times a year. Even with the whole situation, we could get closer to our representatives. At each meeting, we've presented a new format, a new way of interacting, digital fashion shows and live participations during our lives. Unresting we looked for ways to be together, even from the distance.



## CRL

Our purpose is to promote the success of our customers throughout the happiness and satisfaction of our employees; with this in mind, the **Relationship Center** is important so that this goal can be fulfilled. It is through the center that we solve doubts, make clarifications and receive suggestions, aside receiving requests to exchange products and hold customer service.

# Results Achievement Program and Production Award



## OUR RESULTS ACHIEVEMENT PROGRAM HAS THE FOLLOWING PREMISES:

- Sharing the results obtained throughout the year;
- The importance of teamwork, since it is through it that results are obtained;
- Communication and transparency as the basis of support and engagement.

## THE THREE STRATEGIC PILLARS OF RIC (RETURN ON INVESTED CAPITAL)

- REVENUES
- FINANCIAL CYCLE
- PRODUCTIVITY AND QUALITY

We carry out the performance evaluation by pillar, in addition to goals achievement evaluation.

All goals are directed to: Billing, Financial Cycle, Productivity and Quality, being monitored monthly and rewarded annually. mensalmente e recompensadas anualmente.



**Franciele Klaczek**  
**Transport, Lunelli Apparel**



# Results Achievement Program and Production Award

## ATTENDANCE BONUS

After completing the counting, employees who had a 100% attendance throughout the year, receive an **additional 10% of the amount earned**. The purpose of the Attendance Bonus is to recognize employees who fully comply their working hours.

A total of **R\$ 12 million** was shared with employees in the two main benefit programs kept by the company, the **PCR** and the **Production Award**.

## PRODUCTION AWARD

The Production Award is distributed monthly to the Northeast and Avaré units, related to the monthly results. The PCR is shared annually with the other units.

For the employees, the payment is an income increase and the opportunity to make dreams come true. At the same time, in the cities where the group operates, it represents an important injection of resources into the local economy, directly impacting many sectors, as the commerce for example.



Vladimir Aparecido dos Santos  
Finishes, Lunelli Beneficiation

# Compliance

## GDPR

We are committed to complying with legal and regulatory requirements related to our business. We seek to integrate this requirement, promoting an organizational culture of valuing ethics and integrity, turned into preserving our image and reputation.

### General Data Protection Regulation – GDPR

The GDPR came to guarantee the protection and reliability of personal data. We started the adapting and internalizing the theme process in September 2019, by hiring a consultancy. In October 2019 we started the work with a workshop and a questionnaire for compliance. From March 2020, we created the company's GDPR Committee for Data and Risk Mapping. We continue the adequacy process with hiring the responsible DPO (Data Protection Officer) and reviewing the Privacy Policy, Communication Plan, Training and Document Compliance.

#### **We made the adequacy of the Privacy Policy (and subsequent publication on the website) detailing:**

- Why LUNELLI uses personal data;
- How the customer / employee / interested person can clear doubts about personal data;
- Who does the privacy policy apply to;
- GDPR concepts;
- Protection principles of personal data;
- What are the personal data processed by Lunelli;
- How underage's data is treated;
- If Lunelli is authorized to use personal data;
- With whom personal data is shared;
- What are the rights of personal data holders;
- What are the security measures adopted by Lunelli to protect personal data;
- For how long Lunelli will keep the data;
- We also increased investments in security control and operations, reducing cyber risks and evolving in data protection, in compliance with the GDPR.



### ABVTEX

ABVTEX is recognized by its initiatives in favor of compliance, with responsible supply and decent use of work throughout the ABVTEX Program, launched in 2010. It also has as its pillars of action, the fight against informality and the sustainable development of the productive chain that supplies fashion retail, among other fronts.

The ABVTEX Program represents a major sectorial effort of the retail chains to implement the best compliance practices among their suppliers and subcontractors.

Lunelli is certified by the ABVTEX Program in its sewing units located in Guaramirim / SC, Joinville / SC, Avaré / SP and Maracanaú / CE. Annually, we receive an auditing of the program for continuous improvement of our actions and renewal of certification.





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