

**MAGALU PROJECT – 15157-01**  
**Environmental and Social Action Plan (ESAP)**

| No.   | Aspect   | Action  | Deliverable   | Delivery date  |
|---|--|---|---|--|
| <b>PS 1: Environmental and Social Risk and Impact Assessment and Management</b> |  |   |   |  |
| 1.1   | Environmental Licenses                             | <ol style="list-style-type: none"> <li>1. Submit all environmental licenses for existing and planned Distribution Centers, Stores, and Cross-Docking Points where required under environmental legislation, including: i) construction and operating environmental licenses; ii) water collection licenses; iii) vegetation removal licenses, as applicable.</li> <li>2. Submit Fire Department Inspection Reports (AVCB) for: i) all existing Distribution Centers; ii) a sample of 30 stores; and iii) new infrastructure, as applicable.</li> <li>3. For construction work in protected buildings, present documentation issued and received from the National Historic and Artistic Heritage Institute (IPHAN) or State Authorities responsible for Cultural Heritage, including construction permits.</li> </ol>   | <ol style="list-style-type: none"> <li>1. Environmental Licenses.</li> <li>2. AVCBs.</li> <li>3. Documentation for construction work in Protected Buildings and construction permits.</li> </ol>  | <ol style="list-style-type: none"> <li>1. Prior to initial disbursement and annually thereafter, as part of the Environmental and Social Compliance Report (ESCR).</li> <li>2. Prior to initial disbursement and annually thereafter, as part of the ESCR.</li> <li>3. In the ESCR.</li> </ol>   |
| 1.2   | Environmental and Social Management System (ESMS). | <ol style="list-style-type: none"> <li>1. Incorporate the Sustainability Policy into the ESMS and align it with the system's objectives.</li> <li>2. Develop an Environmental and Social Risk and Impact identification procedure.</li> <li>3. Develop an environmental and social (E&amp;S) risk and impact identification matrix to cover all existing Distribution Centers. Update as new infrastructure is built.</li> <li>4. Develop a legal requirements matrix for the Distribution Centers. Update as new infrastructure is built.</li> <li>5. Develop environmental and social management programs, procedures or instructions, as applicable, to address environmental and social risks and impacts at Distribution Centers. Update as new infrastructure is built.</li> <li>6. Implement the environmental and social management programs, procedures and instructions.</li> <li>7. Engage an environmental expert and a social expert with confirmed experience in managing environmental and social risks and impacts to provide support for the implementation of the ESMS.</li> <li>8. Revise the Distribution Centers' Emergency Action Plans (EAP) to include procedures, personnel and equipment to address scenarios such as: i) personnel accidents; ii) hazardous material spills, iii) damages related to severe climate events; iv) response to flooding events; v) traffic accidents; and vi) fires. Update as new infrastructure is built.</li> <li>9. For Distribution Centers that do not have an EAP, develop Emergency Action Plans (EAP) that include procedures, personnel and equipment to address scenarios such as: i) personnel accidents, ii) hazardous material spills, iii) damages related to severe climate events; iv) response to flooding</li> </ol> | <ol style="list-style-type: none"> <li>1. Revised Sustainability Policy</li> <li>2. Environmental and Social Risk and Impact Identification Procedure.</li> <li>3. Environmental and Social Risk and Impact Identification Matrix</li> <li>4. Legal requirements matrix.</li> <li>5. Environmental and Social Management Procedures.</li> <li>6. Evidence of implementation.</li> <li>7. Copy of contracts.</li> <li>8. Revised EAPs.</li> <li>9. New EAPs for Distribution Centers.</li> </ol> | <ol style="list-style-type: none"> <li>1. Twelve months after initial disbursement.</li> <li>2. Six months after initial disbursement.</li> <li>3. Six months after initial disbursement and annually thereafter, as part of the ESCR.</li> <li>4. Six months after initial disbursement and annually thereafter, as part of the ESCR.</li> <li>5. Six months after initial disbursement and annually thereafter, as part of the ESCR.</li> <li>6. In the ESCR.</li> <li>7. Twelve months after initial disbursement.</li> <li>8. Eight months after initial disbursement and annually thereafter, as part of the ESCR.</li> <li>9. Eight months after initial disbursement and annually thereafter, as part of the ESCR.</li> </ol> |

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|   |  | events; v) traffic accidents; and vi) fires. Update as new infrastructure is built.   |  |  |
|   |  | 10. Report emergency drills and responses to actual emergencies.  | 10. Reports on emergencies.                                | 10. In the ESCR.                             |
|   |  | 11. Develop a Stakeholder Engagement Framework (SEF) to include the following components: i) stakeholder mapping; ii) assessment of stakeholder relevance; iii) stakeholder engagement procedures; iv) complaint mechanisms; v) continuous reporting procedures.  | 11. SEF.   | 11. Six months after initial disbursement.   |
|   |  | 12. Implement the SEF.  | 12. Evidence of implementation.                            | 12. In the ESCR.                             |
|   |  | 13. Report on complaints received from external parties, including responses provided.  | 13. Report on Third-Party Complaints.                      | 13. In the ESCR.                             |
|   |  | 14. Develop a procedure to conduct periodic internal audits of the ESMS.  | 14. Internal Audit Procedure.                              | 14. In the ESCR.                             |
|   |  | 15. Prepare and submit periodic ESMS audit reports.   | 15. ESMS audit reports.                                    | 15. In the ESCR.                             |
| 1.3                                       | Adaptation to Climate Change.          | 1. Develop a Climate Change Risk and impact Management Program for Distribution Centers, focusing on the following activities: i) projection of risks and impacts associated with climate change; ii) assessment of vulnerability of existing and new assets to climate change; iii) identification or priority assets for purposes of adaptation; and iv) development and implementation of adaptation projects. | 1. Climate Change Risk and impact Management Program.      | 1. Eight months after initial disbursement.  |
|   |  | 2. Implement the Climate Change Risk and impact Management Program.   | 2. Evidence of implementation.                             | 2. In the ESCR.                              |
| <b>PS 2: Labor and Working Conditions</b> |  |   |  |  |
| 2.1                                       | Human Resource Procedures and Policies | 1. Develop a Corporate Human Resource Policy incorporating all existing human resource procedures.  | 1. Corporate Human Resource Policy.                        | 1. Six months after initial disbursement.    |
| 2.2                                       | Health, Safety, and Security           | 1. Incorporate existing health, safety, and security procedures into a Health, Safety, and Security Manual to include: i) policy; ii) goals; iii) procedures; iv) training agendas and schedules; v) accident reports; vi) audit procedures; and vii) reporting procedures.   | 1. Health, Safety, and Security Manual.                    | 1. One year after initial disbursement.      |
|   |  | 2. Report accidents, near misses, rates, goals, and action plans.   | 2. Accident reports.                                       | 2. In the ESCR.                              |
| 2.3                                       | Complaint Channels                     | 1. Report internal complaints received through existing channels, including: i) types and number of complaints received; ii) response times; iii) responses provided; and iv) consequences of complaints.   | 1. Reports on internal complaints.                         | 1. In the ESCR.                              |
| 2.4                                       | Gender Equality                        | 1. Prepare summary reports on female participation in the workforce, including women in leadership positions, as well as a description of efforts underway to achieve gender equality and associated key performance indicators.  | 1. Reports on gender equality.                             | 1. In the ESCR.                              |
| 2.5                                       | Prevention of Gender-Based Violence    | 1. Prepare summary reports on efforts to prevent and respond to gender-based violence, including the Magalu Fund to Combat Gender-Based Violence and the Vozes Program.   | 1. Reports on prevention of gender-based violence.         | 1. In the ESCR.                              |
|   |  | 2. Report the results of the gender-based violence reporting channel, including number and regional distribution of reports and a summary of the types of reports received.   | 2. Reports on the gender-based violence reporting channel. | 2. In the ESCR.                              |
| 2.6                                       | Diversity and Inclusion                | 1. Prepare reports summarizing the results of diversity and inclusion trainings and indicators, including training schedule, number of participants, regional distribution of trainings, etc.   | 1. Reports on diversity and inclusion.                     | 1. In the ESCR.                              |
| 2.7                                       | Third-party Workers                    | 1. Develop a procedure to conduct random inspections at product and service providers to verify their compliance with labor, health, safety, and security, and environmental laws and regulations.  | 1. Random inspection procedure for vendors.                | 1. Twelve months after initial disbursement. |
|   |  | 2. Implementing the procedure.  | 2. Evidence of implementation.                             | 2. In the ESCR.                              |

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| PS 3: Resource Efficiency and Pollution Prevention |  |   |  |   |
| 3.1  | Resource Use Efficiency                | 1. Include water and energy efficiency projects in the design of new Distribution Centers.  | 1. Reports on water and energy efficiency, as applicable.        | 1. When new Distribution Centers are planned.     |
|  |  | 2. Monitor and report water consumption at all Distribution Centers.  | 2. Water consumption monitoring reports.                         | 2. In the ESCR.                                   |
|  |  | 3. Implement water use efficiency measures at Distribution Centers and report the results.  | 3. Report on water efficiency measures.                          | 3. In the ESCR.                                   |
| 3.2  | Greenhouse Gases                       | 1. Submit annual reports on Greenhouse Gas (GHG) emissions, including Scopes 1, 2, and 3.   | 1. GHG Monitoring Report.  | 1. In the ESCR.                                   |
|  |  | 2. Prepare reports on the Company's decarbonization initiatives summarizing the results of measures and action plans toward reducing GHG emissions.   | 2. Reports on decarbonization initiatives.                       | 2. In the ESCR.                                   |
| 3.3  | Pollution Prevention                   | 1. Report the results of Solid Waste Management Plans (SWMP), including hazardous waste.  | 1. Reports on solid waste management.                            | 1. In the ESCR.                                   |
|  |  | 2. Report the results of reverse logistics initiatives, including types, quantities and amounts of electronic waste received and forwarded for reverse logistics.   | 2. Reports on reverse logistics.                                 | 2. In the ESCR.                                   |
|  |  | 3. Submit reports on Biochemical Oxygen Demand (BOD) removal efficiency at all Sewage Treatment Plants (STP).   | 3. Reports on efficiency of Sewage Treatment Plants (STP).       | 3. In the ESCR.                                   |
|  |  | 4. Submit analysis reports for effluents treated at STPs, obtained from laboratories with ISO 17025 certification and confirming compliance with national and international standards for treated effluents.  | 4. Analysis reports on the quality of final effluents from STPs. | 4. In the ESCR.                                   |
|  |  | 5. Develop a procedure to verify chemicals used by vector control companies in order to ensure that no World Health Organization Class IA and IB pesticides are used.   | 5. Pesticide verification procedure.                             | 5. Before initial disbursement.                   |
|  |  | 6. Implement the pesticide verification procedure.  | 6. Evidence of implementation.                                   | 6. In the ESCR.                                   |
|  |  | 7. Develop a Banned Cooling Gas Phase Out Plan to gradually eliminate cooling gases banned under the Montreal Protocol.   | 7. Banned cooling gas phase out plan.                            | 7. Six months after initial disbursement.         |
|  |  | 8. Implement the Banned Cooling Gas Phase Out Plan.   | 8. Evidence of implementation.                                   | 8. In the ESCR.                                   |
| PS 4: Community Health, Safety, and Security       |  |   |  |   |
| 4.1  | Community Health, Safety, and Security | 1. Develop a Road Traffic Management System (RTMS) covering relevant requirements under ISO Standard 39001/2012.  | 1. Road Traffic Management System (RTMS)                         | 1. One year after initial disbursement.           |
|  |  | 2. Implement the RTMS.  | 2. Evidence of implementation.                                   | 2. In the ESCR.                                   |
|  |  | 3. Train the team involved in transportation regarding the RTMS requirements, including employees, subcontractors, and outsourced drivers.  | 3. RTMS training reports.  | 3. In the ESCR.                                   |
|  |  | 4. Report traffic accidents involving employees, subcontractors, and outsourced drivers, including investigation of root causes and action plans to improve road safety.  | 4. Traffic accident reports                                      | 4. In the ESCR.                                   |
| 4.2  | Fire and Life Safety                   | 1. Develop Fire and Life Safety Master Plans for Distribution Centers, identifying the location of: i) fire detection systems; ii) alarms; iii) sprinklers; iv) fire hoses; v) fire extinguishers; vi) water pumps; vii) water reservoirs; viii) hydrants; ix) emergency exits; x) evacuation routes; and xi) meeting points. | 1. Fire and Life Safety Master Plans.                            | 1. Twelve months after initial disbursement.      |
|  |  | 2. Engage an expert consultant to assess vulnerabilities and weaknesses in Fire and Life Safety Master Plans.   | 2. Copy of contract with the consultant.                         | 2. Eighteen months after initial disbursement.    |
|  |  | 3. Submit consultant's assessment report for Fire and Life Safety Master Plans for Distribution Centers.  | 3. Consultant's report.  | 3. Twenty-four months after initial disbursement. |
|  |  | 4. Develop a plan and a schedule to cover the Consultant's recommendations to improve Fire Safety Systems.  | 4. Fire Safety System Improvement Plan.                          | 4. Thirty months after initial disbursement.      |
|  |  | 5. Implement the Fire Safety System Improvement Plan.   | 5. Evidence of implementation.                                   | 5. In the ESCR.                                   |

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| 4.3 | Security Staff | 1. Develop a Security Management Manual describing: i) security roles, responsibilities, and resources; ii) security risk assessment; iii) policies and procedures to guide the provision of security; and iv) mitigation measures to address and impacts on communities and the Company. | 1. Security Management Manual.   | 1. Six months after initial disbursement. |
|     |                | 2. Implement the Security Management Manual.  | 2. Evidence of implementation.   | 2. In the ESCR.                           |
|     |                | 3. Develop and agenda and training schedule to train the security team on the United Nations Voluntary Principles on Security and Human Rights.   | 3. Agenda and training schedule. | 3. Before initial disbursement.           |
|     |                | 4. Implement the training schedule.   | 4. Evidence of implementation.   | 4. In the ESCR.                           |