



DISCLOSURE MATERIALS

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire and B Lab deems them to be material, the company must:

- 1) Be transparent about the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue.
- 3) Demonstrate that management systems are in place to avoid similar issues from arising in the future.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to background checks by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.

Certified



Corporation

DISCLOSURE QUESTIONNAIRE

Company Name: Arezzo&Co

Date Submitted: 08/15/2022

Industries & Products	Yes	No
Please indicate if the company is involved in production of or trade in any the following. Select Yes for all options that apply.		
Animal Products or Services		✓
Biodiversity Impacts		✓
Chemicals		✓
Company Explanation Of Disclosure Item Flags		✓
Disclosure Alcohol		✓
Disclosure Firearms Weapons		✓
Disclosure Mining		✓
Disclosure Pornography		✓
Disclosure Tobacco		✓
Energy and Emissions Intensive Industries		✓
Fossil fuels		✓
Gambling		✓
Genetically Modified Organisms		✓
Illegal Products or Subject to Phase Out		✓
Industries at Risk of Human Rights Violations		✓
Monoculture Agriculture		✓
Nuclear Power or Hazardous Materials		✓
Payday, Short Term, or High Interest Lending		✓
Water Intensive Industries		✓
Tax Advisory Services		✓

Supply Chain Disclosures	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones		✓
Child or Forced Labor		✓
Negative Environmental Impact		✓
Negative Social Impact		✓
Other		✓

Outcomes & Penalties	True	False
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior		✓
Breaches of Confidential Information		✓
Bribery, Fraud, or Corruption		✓
Company Explanation Of Disclosure Item Flags		✓
Company has filed for bankruptcy		✓
Consumer Protection		✓
Financial Reporting, Taxes, Investments, or Loans		✓
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)		✓
Labor Issues	✓	
Large Scale Land Conversion, Acquisition, or Relocation		✓
Litigation or Arbitration	✓	
On-Site Fatality		✓
Penalties Assessed For Environmental Issues		✓
Political Contributions or International Affairs		✓
Recalls		✓
Significant Layoffs	✓	
Violation of Indigenous Peoples Rights		✓
Other		✓

Practices	True	False
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing		✓
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)		✓
Company Explanation Of Disclosure Item Flags		✓
Company prohibits freedom of association/collective bargaining		✓
Company workers are prisoners		✓
Conduct Business in Conflict Zones		✓
Confirmation of Right to Work		✓
Does not transparently report corporate financials to government		✓
Employs Individuals on Zero-Hour Contracts		✓
Facilities located in sensitive ecosystems		✓
ID Cards Withheld or Penalties for Resignation		✓
No formal Registration Under Domestic Regulations		✓
No signed employment contracts for all workers		✓
Overtime For Hourly Workers Is Compulsory		✓
Payslips not provided to show wage calculation and deductions		✓
Sale of Data		✓
Tax Reduction Through Corporate Shells		✓
Workers cannot leave site during non-working hours		✓
Workers not Provided Clean Drinking Water or Toilets		✓
Workers paid below minimum wage		✓
Workers Under Bond		✓
Other		✓



B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY:

Arezzo&Co

UPDATED AS OF:

08/15/2022

DISCLOSURE QUESTIONNAIRE CATEGORY	Significant layoffs of >20% of workforce
ISSUE DATE	June 2020
TOPIC	Significant layoffs due to COVID-19
SUMMARY OF ISSUE	<p>For the past 5 years, in 2020 there was the greatest number of lay-offs (25%), given the pandemic.</p> <p>Arezzo&Co was impacted by the pandemic measures (such as restriction of shopping centers, commercial hubs, and commerce considered "inessential"), causing drastic reductions in sellings and suspension of operations in the ongoing production process, and therefore revenue. In order to avoid more serious consequences, the unstable economic scenario demanded that Arezzo&Co structure plans of action and contingency to minimize negative impact and guarantee the maintenance of its business. For instance, reduction of expenses, review of investments and structures, amongst others. As the uncertain scenario prolonged and after various preventive measures, Arezzo&Co decided to reduce its staff in order to conserve its economic viability, as well as to preserve the remaining employees.</p>
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	587 employees were laid off, representing 24% of the company's employees at that time.
IMPACT ON STAKEHOLDERS	Primary impact was loss of employment for affected employees.
IMPLEMENTED MGT PRACTICES	<p>"The process was conducted in a transparent and respectful manner. An orientation booklet was written so that leaders could support the team in the layoff process.</p> <p>Layoff Package: - Health insurance for 6 months; - Bonuses: < 15 years of contribution: 2 salaries 10-15 years of contribution: 1 salary 5-10 years of contribution, over 50+ of age, and salary below R\$2,5k: ½ salary > 10 years of contribution and salary below R\$2,5k: 1 minimum wage Reallocation: outplacement for managers"</p>
RELATED INCIDENTS (YES/ NO)	<p>Dois, sendo nos meses de Maio/2020, divididos em duas datas por unidade de negócio. Maio/2020 Corporativo – 22/05/2020 (296 colaboradores); Varejo – 15/05/2020 (251 colaboradores);</p> <p>Julho/2020 Fábricas – 31/07/2020 (40 colaboradores)</p>



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PROVIDED BY:

Arezzo&Co

UPDATED AS OF:

08/15/2022

DISCLOSURE QUESTIONNAIRE CATEGORY	Tax Litigation
ISSUE DATE	Ongoing
TOPIC	Tax infringement cases alleging underpaid taxes
SUMMARY OF ISSUE	Arezzo&Co has 3 open cases of tax litigation by the tax authorities alleging underpayment of taxes, including taxes on industrialized products, social security contributions and income taxes.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	The total value of the claims is approximately \$8 million USD, which includes the taxes owed and any potential interest or penalties. Based on the resolution of past cases and the likely outcomes of these cases, Arezzo&Co's expected future payout is significantly lower.
IMPACT ON STAKEHOLDERS	Financial impact
RESOLUTION	All cases reported here are open and have not been resolved.



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PROVIDED BY: Arezzo&Co UPDATED AS OF: 08/15/2022

DISCLOSURE QUESTIONNAIRE CATEGORY	Labor Litigation
ISSUE DATE	Ongoing
TOPIC	Labor Litigation
SUMMARY OF ISSUE	Labor suits involve a range of actions filed by former employees and third parties relating to, among other things, overtime, vacations, breaks, unhealthy work, and night shifts.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	<p>"As of 2022, Arezzo&Co had 1,109 open labor litigation cases. The total projected payout of the lawsuits that are currently pending judgment is R\$135M. Over the last five years, 5 labor litigation cases resulted in a verdict against the company, and 23 labor litigation cases were settled out of court.</p> <p>Of the 1,109 open labor litigation cases, 924 are cases that represent plaintiffs suing in solidarity to elevate labor issues at one of Arezzo's suppliers. The plaintiffs have no direct link to Arezzo."</p>
IMPACT ON STAKEHOLDERS	The primary impacts related to labor litigation is financial impact on employees and third parties.
IMPLEMENTED MGT PRACTICES	<p>Regarding the labor issue of employee compensation and benefits, Arezzo&Co conducts training to ensure employees are informed of their compensation and benefits.</p> <p>The DHO Team (Human and Organizational Development) leads the training and content development, in collaboration with subject matter experts within the company (e.g., audit, legal). The company tracks participation rates (currently at 75%) and satisfaction rates and incorporates employee feedback into the training. Employees are regularly trained and updated on these topics (e.g., annually).</p> <p>Topics covered in Arezzo & Co's trainings:</p> <ol style="list-style-type: none"> 1. Arezzo&Co Code of Conduct: printed and digital booklets, confirmation of receipt and understanding, training via the IPRC platform (behavioral risk research institute), on-site training for factories 2. Diversity & Inclusion: Racial Equity, LGBTQIA+ Public, People with Disabilities, Women's Empowerment 3. Compliance and Good Labor Practices: Labor Law, Moral Harassment, Sexual Harassment, Damages, Cases and Good Practices 4. Leadership Development: behavioral training for issues related to Career, People Management, Feedback, Self-knowledge, Confidence and Psychological Safety, Coach Leader, Team Development, People Cycle, etc. <p>Regarding the cases sued in solidarity, Arezzo&Co has implemented policies and practices to mitigate the risk of recurrence. The company requires all their suppliers to commit to Arezzo's Supply Chain Code of Conduct and Ethics. Topics within the Supply Chain Code of Conduct include environment, human and labor rights, preventing and combating corruption, product quality and safety, social and environmental audit, whistleblower channel, restrictive substances, and confidential information. Furthermore, in 2020, Arezzo&Co joined the ABVTEX Program, which is an organization that conducts audits and certifies companies in the fashion industry supply chain.</p>
RESOLUTION	5 cases resulted in a verdict against the company, 23 cases were settled out of court, and the remainder are still pending.