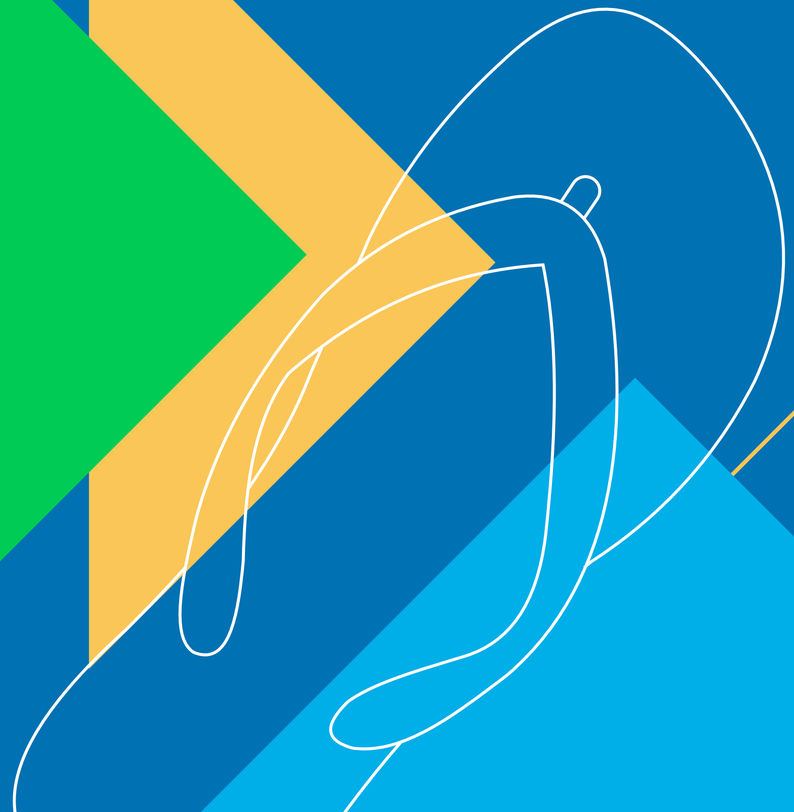
ALPARGATAS

ALPARGATAS SUSTAINABILITY STRATEGY

Our steps are as important as the footprints we make



- CIRCULAR ECONOMY
- RESPONSIBLE OPERATIONS
- DIVERSITY & INCLUSION AND SOCIAL RESPONSIBILITY

Strategic Review

Over the past two years, both the company and the market have undergone significant changes.

Given this context and the maturation of our social and environmental management, we understood it was essential to reflect this new perspective in our Sustainability Strategy.

We conducted a thorough assessment of our internal landscape — reviewing mistakes and lessons learned, risks and opportunities, perspectives, values, and challenges — and our external environment — analyzing realities across various spheres, audiences, and markets, as well as trends, references, concepts, and technical guidelines.

Over the course of more than a year, we worked transversally with all multidisciplinary teams, leaders, and vice presidents involved to restructure a strategy that reflects our corporate objectives while also addressing the sensitive topics of our business in a current, clear, scientifically grounded, and consistent manner — demonstrating our commitment to excellence, the advancement of sustainability, and the longevity of our company.

The proposed framework included:



Technical review of seven commitments.

- BASED ON ADJUSTMENTS TO CALCULATIONS, CONCEPTS, SCOPES, AMBITION, ETC.



Strategic review of two additional commitments.

- BASED ON A BROADER RESTRUCTURING.



Approval by all corporate governance bodies.

- FROM TACTICAL AND OPERATIONAL LEVELS TO VICE PRESIDENCIES, THE SUSTAINABILITY COMMISSION, AND THE PEOPLE, MANAGEMENT AND SUSTAINABILITY COMMITTEE.

Pillars of Alpa's Sustainability Strategy | 2030 Goals

Circular Economy

Operate in accordance with the principles of the circular economy throughout our entire value chain, from design to post-use.



Responsible Operations

Reduce the impact of our operations, acting as catalysts for a responsible value chain.



Diversity & Inclusion and Social Responsibility

Act in the regions and environments where we operate, contributing to a more diverse, inclusive, and equitable society.



PACKAGING
Use of renewable and/or recycled raw materials

PRODUCT
Sustainable lines of open footwear

RECYCLING CHAIN
Ensure the sustainability of rubber recycling

REVERSE LOGISTICS
100% of stores with reverse logistics

Circular Economy

The Circular Economy pillar addresses our concern regarding the impacts generated throughout our value chain, with particular focus on waste generation and raw material selection in both products and packaging.

▶ RELATED SDGS



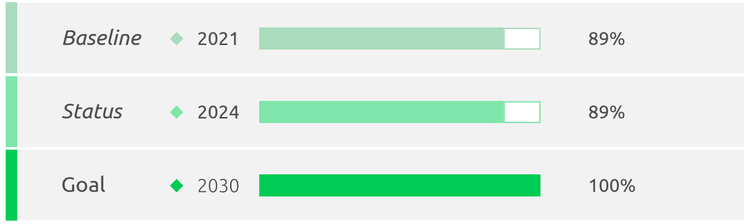
Packaging

Achieve 100% use of renewable and/or recycled raw materials in packaging.

CHANGES

We have advanced in the management of our packaging, maintaining our understanding of the importance of this topic. Accordingly, we recalibrated our ambition, **setting the challenge of ensuring that all our packaging** that accompany our products are made **from renewable and/or recycled sources by 2030.**

For calculation purposes, we adjusted our baseline by incorporating new categories used in DTC and **excluding those that remain in the production process** (managed through our waste management system).



GOAL

100% of the packaging used in our products will be made from recycled and/or renewable materials. **This process will involve revisiting current packaging** to initially reduce the volume used and eliminate the use of virgin plastic.

Circular Economy

The Circular Economy pillar addresses our concern regarding the impacts generated throughout our value chain, with particular focus on waste generation and raw material selection in both products and packaging.

▶ RELATED SDGS



Product

Ensure a structured evolution in products with environmental attributes through the launch of open footwear lines.

CHANGES

The commitment related to product evolution has undergone a structural change. The previous indicator was based on increasing the reintegration of industrial waste into our formulation, **which no longer aligned with our environmental strategy focused on reducing the generation of such waste.**

Therefore, aiming to **deliver effective environmental innovations** to the consumer, the company commits to launching product lines with superior environmental performance, enabling a **gradual and structured evolution that is sustainable in the long term and supports our transition pathway.**

GOAL

By 2030, the company commits to a structured evolution in open footwear with environmental attributes. This will be measured by an increase in performance compared to the business as usual, covering aspects such as raw materials (with a focus on renewable and post-consumer recycled), carbon footprint, water footprint, and end-of-life of the product. The launches must be relevant to the company, and we are working with internal criteria to ensure this.

Circular Economy

The Circular Economy pillar addresses our concern regarding the impacts generated throughout our value chain, with particular focus on waste generation and raw material selection in both products and packaging.

▶ RELATED SDGS



Recycling Chain

Ensure the sustainability of the Havaianas rubber recycling chain (industrial and post-consumer waste).

CHANGES

The challenge of rubber circularity is highly **complex**, and for over five years we have been committed to building and sustaining this structure in the long term. The original commitment focused solely on the number of pairs collected at the initial stage of the cycle, which **does not reflect the real challenge of structuring a circular chain — previously nonexisten**t — made up of several other stages and actors.

The volume collected **cannot be sustained without the feasibility and attractiveness of proper downstream destination (the chain).** With the restructuring of this commitment, we now also include **industrial rubber waste** alongside post-consumer waste.

Baseline	2021	9%
Status	2024	68,5%
Goal	2030	100%

GOAL

By 2030, we will ensure the structured and sustained development of a sustainable rubber recycling chain (both technically and financially) through two approaches:

1. Post-Consumer Waste: Ensure end-to-end recycling of 100% of the Havaianas flip-flops returned through the reverse logistics program.

2. Industrial Waste: Ensure end-to-end recycling of 100% of the non-contaminated vulcanized rubber waste generated at our factories.

The monitored indicator is the simple average of these two recycling rates (post-consumer and industrial).

PACKAGING
Use of renewable and/or recycled raw materials

PRODUCT
Sustainable lines of open footwear

RECYCLING CHAIN
Ensure the sustainability of rubber recycling

REVERSE LOGISTICS
100% of stores with reverse logistics

Circular Economy

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▶ RELATED SDGS



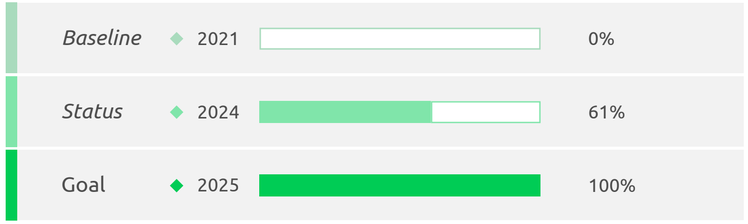
Reverse Logistics

Ensure that 100% of monobrand stores have the Reverse Logistics Program implemented.

CHANGES

We are maintaining our commitment to have all our monobrand stores with the reverse logistics program implemented. **Understanding the importance and urgency of providing this infrastructure, we are aiming to achieve this goal by 2025.**

The geographical reach and capillarity of our stores, **combined with the fact that the rubber recycling chain is not yet fully structured,** demand significant investment and coordination to make this feasible.



GOAL

By 2025, 100% of our monobrand stores will offer users the possibility to return post-use Havaianas products through the Reverse Logistics Program, **via in-store collection bins, partnerships, and other targeted campaigns.**

CLIMATE CHANGE
Reduce direct emissions and set a target for the value chain

ENERGY INTENSITY
Reduce factory energy intensity by 25%

RENEWABLE ENERGY
100% renewable energy in factories

SUSTAINABLE SUPPLIERS
Approval and monitoring based on social and environmental criteria

Responsible Operations

The Operations pillar refers to increasingly socially and environmentally responsible practices across the value chain, aiming to reduce the negative impacts arising from the production and distribution of our products.

▶ RELATED SDGS



Climate Change

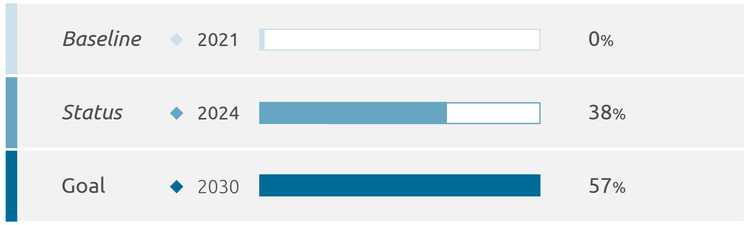
57% reduction in emissions (Scopes 1 and 2) by 2030* and progress in value chain analysis to define a Scope 3 target by 2026.

*CALCULATION ALIGNED WITH SBTI

CHANGES

We revisited our emissions reduction targets in light of the SBTi guidelines. **As a result, we raised our ambition for Scopes 1 and 2 to a 57% reduction (maintaining the same base and target years).**

For a responsible and effective Scope 3 reduction commitment, **we recognize there is still work to be done. We are committed to advancing this process so that by 2026, we can publicly present a Scope 3 target.**



GOAL

We are committed to the significant reduction in greenhouse gas emissions from scope 1 and 2. To define our goal, we use the Science Based Target Setting Tool-Version 2.4 tool based on the global warming limitation scenario at 1.5 ° C compared to pre-industrial levels. **The method adopted was the Absolute Contraction Approach, according to the guidelines of the Science Based Targets (SBTI) initiative.**

For Scope 3, a final development cycle focused on our value chain is still required. This will be carried out by 2026 to ensure that a new target can be developed effectively and consistently.

Responsible Operations

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▶ RELATED SDGS



Energy Intensity

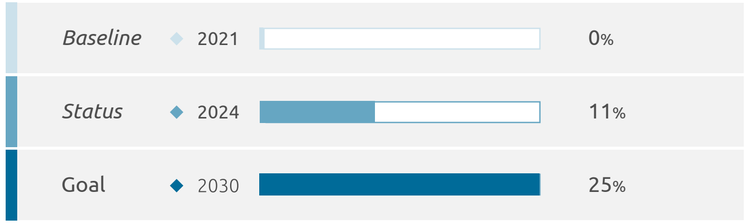
Reduce factory energy intensity by 25%

CHANGES

The energy intensity commitment was revised to include, in addition to electricity consumption, the entire energy matrix used in our industrial operations (including fossil fuels, etc.) — **aligning with our decarbonization strategy. Along with this broader scope, we also increased our reduction ambition.**

GOAL

By 2030, we commit to reducing by 25% the energy intensity of the entire energy matrix used in our manufacturing operations (Campina Grande, Santa Rita, Carpina, and Montes Claros).
This commitment considers energy efficiency, measured as energy consumption per unit produced — in the case of footwear, per pair produced.



Responsible Operations

The Operations pillar refers to increasingly socially and environmentally responsible practices across the value chain, aiming to reduce the negative impacts arising from the production and distribution of our products.

▶ RELATED SDGS



Renewable Energy

Use 100% renewable energy in factories

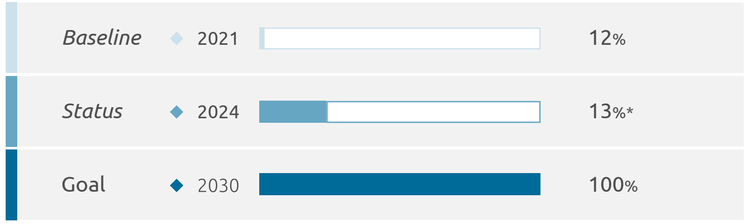
CHANGES

This target was not revised and remains in place, **monitored as originally proposed in 2022.**

GOAL

By 2030, we commit to using **100% renewable electricity (with a focus on low-impact generation)** in our industrial operations.

This commitment considers as renewable any energy with verified origin, whether **purchased (incentivized, I-REC, among others) or self-generated.**



*The 13% achieved refers to the purchase of incentivized energy in one of our industrial operations, which therefore uses energy from a renewable source.

Responsible Operations

The Operations pillar refers to increasingly socially and environmentally responsible practices across the value chain, aiming to reduce the negative impacts arising from the production and distribution of our products.

▶ RELATED SDGS



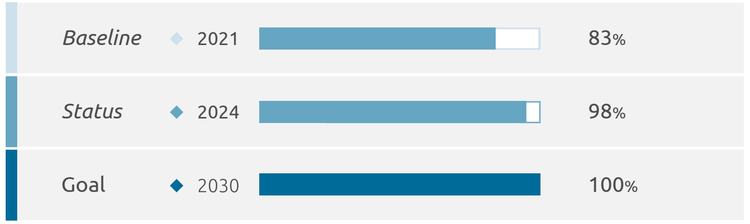
Sustainable Suppliers

Ensure that 100% of Raw Material and Finished Product suppliers are approved and monitored according to Alpargatas' social and environmental criteria.

CHANGES

The revision of this objective involved **aligning calculations with the updated methodology,** while focusing on raw material and finished product suppliers.

Suppliers classified as sensitive (requiring development) are monitored with specific procedures and criteria and were therefore excluded from the calculation. **For Tier 3, the focus is on footwear suppliers, who represent the greatest share of the business.**



GOAL

We are committed to ensuring that **100% of our Raw Material and Finished Product suppliers are aligned with Alpargatas' social and environmental criteria.** These criteria are integrated with national and international market requirements and guidelines, **such as ABVTEX, among others, and are publicly available on the company's website*.**

The indicator includes raw material and finished product suppliers from **tiers 1, 2, and 3*, with only footwear suppliers being considered under tier 3, as they represent the core of the company.**

*Tier 1: Direct suppliers of finished products who invoice Alpargatas' brands.
Tier 2: Subcontractors of Tier 1.
Tier 3: Suppliers of raw materials and components for Tier 1 or Tier 2.

Diversity & Inclusion and Social Responsibility

The Social pillar addresses aspects related to our employees and the promotion of a more inclusive and diverse work environment. It also reinforces our role as a relevant agent in the regions where we operate, especially in areas that are underserved and more vulnerable.

▶ RELATED SDGS

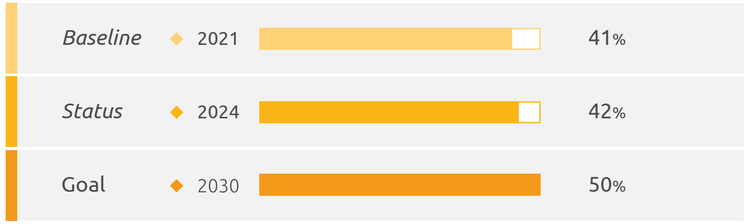


Women in Leadership Positions

Ensure that 50% of leadership positions are held by women.

CHANGES

This objective was not revised **and remains monitored as originally proposed in 2022.**



GOAL

50% of the company's leadership positions will be held by women, ensuring gender parity. This commitment defines **leadership as positions classified above grade 17, which according to the Hay Group Point Methodology,** includes roles from director to CEO. The process also involves initiatives to strengthen the pipeline of female leadership, supporting the journey toward achieving this target by 2030 — **with a dedicated focus on industrial positions, where gender representation has historically been lower.**

Diversity & Inclusion and Social Responsibility

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▶ RELATED SDGS

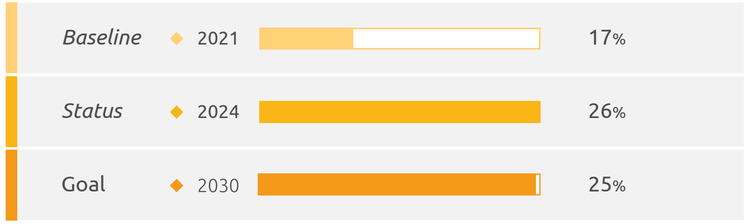


Underrepresented Groups in Management Positions

Ensure that 25% of management positions are held by individuals from underrepresented groups.

CHANGES

This objective was not revised and remains monitored as originally proposed in 2022. Although the target has been reached, there is still important work to sustain progress and further develop the agenda in partnership **with the MOVER initiative, with a focus on racial equity and enhancing the quality of this topic within management.**



GOAL

By 2030, **25% of the company's management positions must be held by individuals from underrepresented groups, with a focus on race, LGBTI+ individuals, and/or people with disabilities, ensuring equal opportunities within the company.** This commitment defines management positions as those classified **above grade 14,** which according to the Hay Group Point Methodology includes roles from specialist and/or coordinator up to CEO. Given the different levels of implementation between gender equity and other underrepresented groups (such as race, LGBTI+ individuals, and people with disabilities), **two distinct commitments have been made under the Diversity & Inclusion pillar.**

Diversity & Inclusion and Social Responsibility

The Social pillar addresses aspects related to our employees and the promotion of a more inclusive and diverse work environment. It also reinforces our role as a relevant agent in the regions where we operate, especially in areas that are underserved and more vulnerable.

▶ RELATED SDGS



Local Development

Promote 5 million development opportunities in the regions where we operate through structured programs.

CHANGES

The objective related to local development was revised in terms of concept and now considers structured development opportunities created and promoted by Instituto Alpargatas in the regions where we operate. **In line with the potential of our impact, we also recalibrated our ambition, increasing the target.**

Baseline	2021	2,0MM
Status	2024	2,9MM
Goal	2030	5,0MM

GOAL

By 2030, the company's efforts toward local social development will focus on the creation and promotion of 5 million structured development opportunities in the regions where we operate. This will be done through gradual expansion, aligned with local demand, **reaffirming our co-responsibility as a transformative agent in society.**

Diversity & Inclusion and Social Responsibility

The Social pillar addresses aspects related to our employees and the promotion of a more inclusive and diverse work environment. It also reinforces our role as a relevant agent in the regions where we operate, especially in areas that are underserved and more vulnerable.

▶ RELATED SDGS

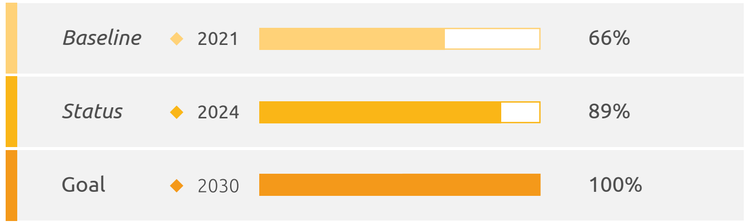


Living Wage

Ensure that all employees are paid 20% above the Living Wage.

CHANGES

To reinforce the company's commitment to fair compensation for all employees, this objective has been aligned with the internationally recognized concept of the Living Wage. **In doing so, the target not only adheres to best practices (while voluntarily adding an additional percentage), but also gains greater accuracy in its foundation, calculation, and transparency.**



GOAL

By 2030, we aim to achieve Living Wage certification, ensuring a minimum compensation of 20% above the level proposed by the methodology for all our employees. **Our workforce is predominantly direct-hire, with the vast majority of employees working in our manufacturing** operations, primarily located in the Northeast region of Brazil — a challenging context given local realities and its significance to the company. This goal applies to employees based in Brazil.

Pillars of Alpa's Sustainability Strategy | 2030 Goals

Circular Economy

Operate in accordance with the principles of the circular economy throughout our entire value chain, from design to post-use.

- Ensure a structured evolution in products with environmental attributes through the launch of open footwear lines
- Achieve 100% use of renewable and/or recycled raw materials in packaging
- Ensure the health of the Havaianas Rubber Recycling Chain (industrial and post-consumer waste)
- Ensure 100% of monobrand stores have the Reverse Logistics Program implemented (by 2025)



Responsible Operations

Reduce the impact of our operations, acting as catalysts for a responsible value chain.

- Use 100% renewable electricity in factories
- Reduce energy intensity in factories by 25% (entire energy matrix of industrial operations)
- Reduce GHG emissions by 57% (Scopes 1 and 2) by 2030 and advance in the value chain vision to define a Scope 3 target by 2026
- Ensure 100% of Raw Material and Finished Product suppliers are approved and monitored according to Alpargatas' social and environmental criteria



Diversity & Inclusion and Social Responsibility

Act in the regions and environments where we operate, contributing to a more diverse, inclusive, and equitable society.

- Ensure that 50% of leadership positions are held by women.
- Ensure that 25% of management positions are held by individuals from underrepresented groups
- Promote 5 million development opportunities in the regions where we operate through structured programs
- Ensure that all employees are paid 20% above the Living Wage.



ALPARGATAS

