

# Sustainability Report 2023



# Summary

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**NAVIGABLE  
FILE**

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# Welcome



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- About this report
- Material topics
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- Highlights for the year

# About this report GRI 2-2, 2-3

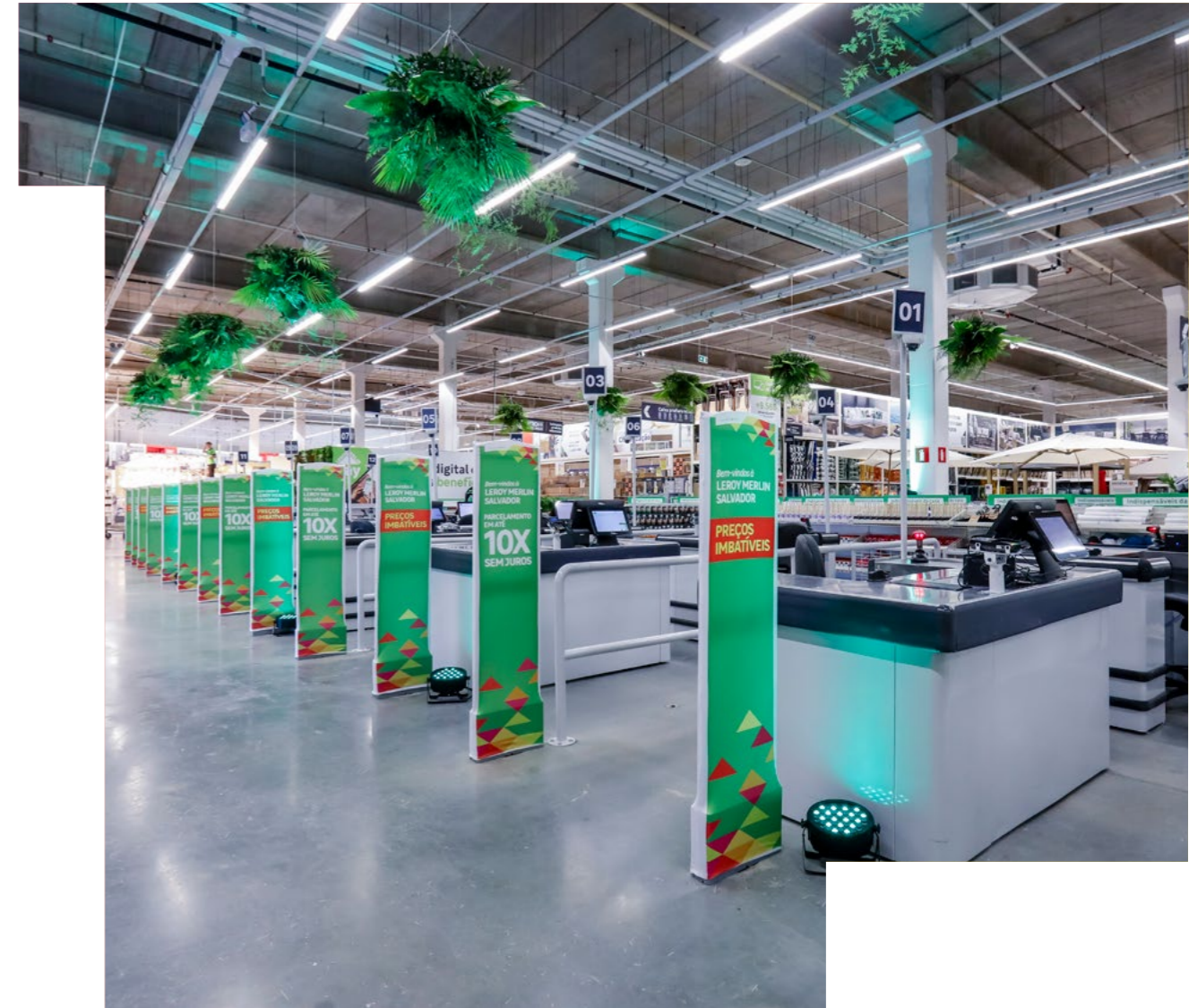
Welcome to the 2023 LEROY MERLIN Brasil Sustainability Report. This annual publication contains transparent and objective information on the results of the Company's actions and projects in Jan 01 to December 31, 2023. The data covers the entire Brazil operation, including administrative offices and logistics centers.

The content of this Report was drafted based on LEROY MERLIN Brazil's materiality matrix, comprised of the seven environmental, social, and corporate governance (ESG) topics that are most relevant to the company and have a greater impact and provide the greatest opportunities for our stakeholders. The document follows the most recent standards of the 2021 Global Reporting Initiative (GRI), the guidelines of the International Financial Reporting Standards (IFRS) Foundation, and the United Nations Sustainable Development Goals (SDG).

Pursuant to these premises, we submit our results in a manner connected to the company's ESG strategy, and in particular our goal of creating more welcoming, healthy, and sustainable homes where people are happier. We also consider the global strategic guidelines of the ADEO Group, to which LEROY MERLIN belongs. Our Sustainability Reports are issued with the same periodicity as our Financial Statements.

For questions, complaints, compliments, and suggestions about this report please use the LEROY MERLIN Brasil open dialog e-mail channel at [sustentabilidade@leroymerlin.com.br](mailto:sustentabilidade@leroymerlin.com.br).

**We hope you  
find the report  
useful and  
informative.**



# Material topics GRI 3-1

Our materiality matrix has been in place since 2021, and is made up of seven material topics. These are the topics our main stakeholders consider to be the most important for the company business and its interactions with its stakeholders, the industry, and the planet.

The materiality matrix links the ADEO Group’s global Sustainability challenges, demands, and strategy. **We Make it Positive** ( *more about this on page 30* ) also connects to the seven topics defined by LEROY MERLIN Brasil.

The seven topics determined as material in creating the matrix are supplemental by another seven considered secondary, but also relevant for the work of LEROY MERLIN Brasil. They serve as beacons for company management, but need not be reported in this Report.

- ▶ **labor practices**
- ▶ **health and safety**
- ▶ **packaging**
- ▶ **climate strategy**
- ▶ **operational eco-efficiency**
- ▶ **product quality and safety; and**
- ▶ **data privacy and security.**



**LEROY MERLIN Brasil intends to review its materiality matrix for the next cycle.** This process will use the ADEO Group matrix as a base to be followed and adapted to the specificities of this country.

MATERIAL TOPIC <b>GRI 3-2</b>	WE MAKE IT POSITIVE COMMITMENT	OUR APPROACH	RELATED SDG	RELATED GRI CONTENT
<b>HUMAN DEVELOPMENT, DIVERSITY, AND INCLUSION</b>	Employee well-being and engagement. Diversity and inclusion.	Good working conditions and relations; team training/education; tracking the employee careers; employee relations; investments in committees and commitments to diversity and equality, to female leaders, and to people with disabilities (PWD).		401-1; 401-2; 401-3; 402-1; 404-1; 404-2; 404-3; 405-1; 405-2; 406-1; 410-1
<b>SUPPLY CHAIN MANAGEMENT</b>	Biodiversity. Positive products.	Impacts on the network of people and services in the value chain; raw material certifications of origin; development of local suppliers; waste operator approval processes; supplier social and environmental assessments; product and service innovation.		204-1; 308-1; 308-2; 407-1; 408-1; 409-1; 414-1; 414-2
<b>COMMUNITY ENGAGEMENT</b>	Marketplace and short circuits. Supportive actors on location.	Transparency in decisions, relationships, and actions; ethics and compliance policies; volunteering, social investment and fostering projects such as <i>Bricoleiros de Coração</i> [Home Improvements of the Heart].		202-1; 202-2; 203-1; 203-2; 413-1; 413-2
<b>WASTE AND A CIRCULAR ECONOMY</b>	Waste.	Managing waste generation and disposal; promoting a circular economy and reducing waste; new products based on recycling and waste transformation; engaging suppliers and partners; approving and managing suppliers active in collecting and disposing of waste; expansion of waste removal services from customer works sites.		301-1; 301-2; 301-3; 306-1; 306-2; 306-3; 306-4; 306-5
<b>MARKETING AND CONSUMER RELATIONS</b>	Generation creators.	Customer trust and loyalty; service quality and omnichannel approach; brand presence and coherent discourse; Customer Community and link with consumers; improvements in customer service and investments to reduce complaints; engagement in conscious consumption.		416-1; 416-2; 417-1; 41-2; 417-3; 418-1
<b>INNOVATION AND TECHNOLOGY</b>	Digital & data.	<i>A closer relationship between LEROY MERLIN Brasil and other actors in the construction and retail industry innovation ecosystem; Futuro do Viver (The Future of Living) portal and collaborative innovation culture; close relationships with start-ups and new businesses.</i>		-
<b>PROJECTS, CONSTRUCTION. AND THE FUTURE HABITAT</b>	<i>Habitat professionals.</i> Positive products. Eco-innovations.	Designing positive, durable, and useful products with attributes of sustainability, eco-innovation, and circular economy; certified operations and production processes; products that are eco-efficient during and after consumption; new facilities, stores and ways of communicating with customers.		-

# Message from Management GRI 2-22

Progress. In 2023, we matured our strategy to enable going beyond offering over a million quality items and services, aiming at delivering positive products for all LEROY MERLIN Brasil stakeholders and for the planet. This is a complex, long-term ambition that we have embraced with enthusiasm, committed to helping people build homes that are cozy, healthy, and sustainable.

We address it in a multi-disciplinary matter involving all LEROY MERLIN Brasil areas and sectors. In 2023 we accordingly met with our employees to come up with a guiding compass for our strategy, trying to connect it to the company's vision for 2030, which includes local features and specificities, and We Make it Positive, manifesting the sustainability of our parent organization, the ADEO Group. This provides more clarity regarding the path we should follow to effectively contribute to each of the 24 global commitments assumed by the holding company.

That means evolving in ESG Governance at LEROY MERLIN Brasil. As a result, we are now able to contribute to the UN's Sustainable Development Goals (SDGs), and to the UN Global Compact, of which we are signatories, in a more organized fashion. In 2023, we advanced in this direction by developing a positive product strategy that offers our customers the possibility of analyzing and choosing more sustainable goods. We believe that in this way we will encourage consumption that is more conscientious and safer for people and the planet.

This set of initiatives will take our ESG agenda to a greater level of maturity, and link it directly to the Company's business strategy. We strive to be closer to our customers to understand their needs and desires. For this, in 2023 we opened an additional store and three LEROY MERLIN Brasil express stores, introducing the Naterial brand to Brazil.

We continue investing in Brazil, expanding our operations, our geographic footprint, and new business models, increasing the professional level of our ecosystem and, above all, delivering what the customer desires in the manner it desires, be it physical or digital. We believe we are on the right path, but at the same time are aware we do not have the perfect formula. This is why we walk the path to the future with our stakeholders, in a constant listening and understanding process that allows us to develop the best solutions for healthy and sustainable homes.

Thank you and enjoy the report.

**Ignacio Sánchez Villares**  
CEO, LEROY MERLIN Brasil



**In 2023, we matured our strategy to deliver positive impact for all stakeholders and the planet.**

# Highlights for the year

We also  
launched our  
**Code of Ethical  
Conduct** for  
employees and  
suppliers.

## EXPANSION



- ▶ We opened our first **Bahia store in Salvador, and three express stores in** Belo Horizonte (MG), São Paulo (SP), and Florianópolis (SC).
- ▶ We also launched the **Naterial brand** in Brazil, with a unit in Florianópolis (SC).

## CULTURE



- ▶ We launched the **Complian-Se campaign**.

## VISION



- ▶ We aligned our strategy to the **2030 vision**, a guiding beacon of values and targets for our employees.
- ▶ We also joined the United Nations **Women Lead** initiative.
- ▶ We also partnered with **Edu-pass** to offer training and qualifications for our employees.

## RECOGNITION



- ▶ For the tenth time in as many years, we have made the **Great Place to Work list of** best workplaces to work in Brazil. We ranked sixth among retailers.
- ▶ We were **also recognized as a Top Employer** in Brazil.
- ▶ All our units are **AQUA-HQE certified, and the Salvador (BA) store is EDGE certified**.
- ▶ We were the first Brazilian retailer to have **ISO 45001 certified** stores - Guarulhos (SP) and two stores in São Paulo: Jaguaré and Ricardo Jafet.



# Governance and values

## IN THIS CHAPTER

- The Leroy Merlin Way
- Business model
- Our governance
- Ethics & values
- Risk management

# Our way of doing things GRI 2-1, 2-6

Our history in Brazil begins in 1998, with the inauguration of the LEROY MERLIN store in Interlagos, on the south side of the city of São Paulo (SP). Throughout our 25-year history in this country, we have acquired a leading and reference position in the construction and home decorating market.

By the end of 2023, we employed over 10,000 direct employees in our operations: 46 large stores, five express stores, and one Material store, in addition to a distribution center and three regional logistics and home delivery platforms.

LEROY MERLIN is a leader and specialist in the home center segment in Brazil. We offer solutions for every room in the house, with top quality goods that are socially and environmentally sustainable. *We focus on making homes a better place to live in.*

Our sales channels carry over 1 million SKUs and more than 130 services covering every step in home transformation - design, construction, finishing, decoration, revamps, and gardening. We have 14 proprietary brands, developed based on solid socioenvironmental criteria and on the premise of innovation and safety to provide practical and lasting solutions.

We reach our customers through a range of channels using an omnichannel model to offer agile and fully integrated buying experiences. We have B&M stores and a range of digital channels: *marketplace, e-commerce*, our proprietary app, WhatsApp and tele-sales, and B2B (*read more on page 59*). We offer express delivery, and customers may pick up their orders in-store. LEROY MERLIN Instala and its partners also provide a range of specialized services.

Our three logistics units operate based on demand data. These facilities are strategically located to serve the entire supply chain and the various consumer centers in Brazil. We have stores in 53 cities in 15 states. We have over 1,000 suppliers in our supplier base.

The company is a large retailer and a subsidiary of the ADEO Group. In Brazil it is organized as a privately held limited liability company. It is the leading home-improvement company in France, and the third worldwide. With over 1,000 points of sale, Leroy is present in 23 countries. In Brazil, it is present by way of the LEROY MERLIN, Obramax, and Material brands. Other group brands around the world are Bricocenter, Weldom, Saint Maclou, Aki, DomPró, and KBane. All these brands share a commitment to creating shared value, a position expressed in We Make it Positive

(*more about this on page 30*) –, a global manifesto on sustainability, innovation, managing our supply chain, and fostering local development.

In Brazil, we operate in line with the Group's global ESG commitments, in particular diversity, a circular economy, climate change, and sustainable resources to improve our habitat.



## 46 large -format

stores and five express stores  
at the end of 2023

We reach our customers through a range of channels using an **omnichannel model to offer agile and fully integrated buying experiences.**

# Our structure

GRI 2-6



**1** distribution

center in Cajamar (SP)

**3** regional

platforms

**46** large-format

stores in 12 states and the Federal District

**1** Naterial

store inaugurated

**5** express

stores

**RIO GRANDE DO SUL**

São Leopoldo, Porto Alegre, Pontal Estaleiro

**SANTA CATARINA**

São José, Naterial, Express Florianópolis

**PARANÁ**

South Curitiba, Curitiba Atuba and Londrina

**MATO GROSSO DO SUL**

Campo Grande

**GOIÁS**

Goiânia

**FEDERAL DISTRICT**

South Brasília, North Brasília, and Taguatinga

**MINAS GERAIS**

South BH, North BH, Contagem, Uberlândia, Express BH, São Pedro

**RIO DE JANEIRO**

Niterói, Rio Barra, Del Castilho, Bangu

**ESPÍRITO SANTO**

Vitória

**ALAGOAS**

Maceió

**RIO GRANDE DO NORTE**

Natal

**CEARÁ**

Fortaleza

**METROPOLITAN SÃO PAULO**

Interlagos, Morumbi, Ricardo Jafet, Raposo Tavares, Anália Franco, Tamboré, Jaguaré, Tietê, Lar Center, Guarulhos, Express Campo Belo, Express Pompeia, and Express Vila Nova Conceição

**SÃO PAULO - UPSTATE**

Campinas Dom Pedro, Campinas Anhanguera, Sorocaba, Taubaté, São José dos Campos, São Caetano, São Bernardo, Santos, Ribeirão Preto, and São José do Rio Preto



# Our value chain



**9,902**  
employees

**1,100**  
suppliers

**2,000+**  
accredited installers

**2,200**  
marketplace partners and producers

# Portfolio GRI 2-6



## CONSTRUCTION WORLD

Materials,  
timber,  
and garden




## PROJECT WORLD

Bathroom  
fixtures,  
kitchens,  
organization,  
and flooring



### LEROY MERLIN PORTFOLIO



## DECORATION WORLD

Decoration,  
lighting,  
and wall  
coverings




## TECHNICAL WORLD

Tools, fittings,  
electrical,  
and plumbing  
items



## 14 EXCLUSIVE BRANDS

### ARTENS

#### RESISTANT - DECORATIVE - RESILIENT

Flooring, wall coverings, and solutions for doors and windows.

### AXTON

#### SAFE - PRACTICAL - RESILIENT

Mortar, water-proofing, grout, insulation, adhesives, roofing material, tarpaulins, and pool treatment chemicals.

### DELINIA

#### SAFE - FUNCTIONAL - RESILIENT

Faucets, valves, trash containers, bathroom and kitchen sinks.

### DEXTER

#### COMFORT - SAFETY - RESILIENT

Varied tools, brushes, rollers, drills, and tapes.

### EQUATION

#### TREATMENT - TECHNOLOGY - TRUST

Heaters, ventilators, exhausts, air-conditioning, pipes, showers, coils, water pumps and filters.

### GEOLIA

#### PRACTICALITY - SAFETY - EASY TO USE

Garden tools, hoses, seeds, and soil.

### INSPIRE

#### STYLE - COMFORT - DECORATIVE

Home decor, ceiling fans, internal and external lighting.

### LEXMAN

#### TECHNOLOGY - RESISTANT - DECORATIVE

Outlets and switches, lamps, extension cords, filters, cables, lighting cables and wires, fuse boxes.

### LUXENS

#### BEAUTY - QUALITY - DURABILITY

Atemporal texturized paints, enamels, and varnishes.

### NATERIAL

#### FUNCTIONAL - Resistant - Practical

Barbecues and accessories, vases, garden furniture and decorations.

### SENSEA

#### FUNCTIONAL - COMFORT - STYLE

Bathroom fixtures, furniture, and accessories. Faucets, cold showers, bathtubs.

### SPACEO

#### ORGANIZATION - PRACTICALITY - RESISTANT

Hangers, organizing boxes, shelves, niches, show racks, shelving, closets.

### STANDERS

#### FITTINGS - FIXING SYSTEMS - SECURITY

Fastening accessories, padlocks, safes, child protection.

### STERWINS

#### TECHNOLOGY - FUNCTIONAL - RESISTANT

Electric gardening tools.



# Mission and values

▶ OUR PURPOSE

**WE HELP TO CREATE MORE COMFORTABLE, SUSTAINABLE, AND HEALTHIER HOMES, WHERE PEOPLE ARE HAPPIER.**



▶ OUR MISSION

**WE WANT TO GIVE EVERYONE THE POSSIBILITY OF IMPROVING THEIR HOME.**



▶ OUR VALUES



**GENEROSITY**

We seek to develop self-esteem and team spirit. We share Knowledge and Power.

**HONESTY**

Our keywords are transparency, integrity, ethics, authenticity, and reliability.

**MUTUAL RESPECT**

We engage in active listening, consideration, humanism, local adjustments, and respect for differences.

**PROXIMITY**

We seek proximity with people, products, customers, and the reality of each store. We value empathy, personalized relationships, and providing quality service.

**CONSISTENCY**

LEROY MERLIN values clarity: we do what we say, and we say what we think.

**SIMPLICITY**

We are always available, we seek exchange, coexistence, welcoming, and simplicity of communication.

**SPIRIT OF ACHIEVEMENT**

Our day-to-day activities are marked by dynamism, perseverance, and initiative. We try to overcome obstacles and constantly evolve.

# Business model

## RESOURCES

- ▶ **9,902** employees; **179** new suppliers; partners, customers, and community
- ▶ **46** stores in Brazil, Distribution Center, Logistics Centers, e-commerce, marketplace and Leroy app. NAV and LMCV
- ▶ **R\$ 9.1 billion** in Revenue, **R\$ 275 million** in Capex and Opex
- ▶ **ADEO** Support Fund
- ▶ Local merchants, producers, **150,000** leaders engaging in improving the habitat
- ▶ **Connections with 100 initiatives** related to startups
- ▶ **Raw materials**, water, and energy



## ADDED VALUE

- ▶ **62,130 categories** of goods and services for all stages, from construction through decoration, finishing, remodeling and gardening
- ▶ **14 exclusive** brands
- ▶ **Personalized support** with decoration, assembly, home improvement etc.



## VALUE CREATED

- ▶ Launching **innovative** home projects
- ▶ Support for **rebuilding homes** after natural disasters
- ▶ Well-being, development, improving employee **day-to-day experiences**
- ▶ **97%** of employees trained and qualified in **anti-corruption policies**
- ▶ **Zero deaths** due to occupational diseases and no reportable cases of occupational diseases
- ▶ **Over 151.8 hours** of training per employee during the year
- ▶ Over **2,000** business partners trained through the LEROY MERLIN Instala service
- ▶ Valuing incentives for **local suppliers**
- ▶ GHG emission and waste generation management **94.2% renewable energy**
- ▶ **74%** recycling rate
- ▶ **44% women** in leadership positions, **25.6% black and brown women** in leadership positions



# Our governance GRI 2-9, 2-10, 2-11

LEROY MERLIN Brasil adopts the ADEO Group governance guidelines, and the leading best practices in Brazil and abroad.

Our highest governance instance is the Board of Directors. The Board is responsible for reviewing and approving business plans, for monitoring strategic decisions, and for guiding corporate management policies and practices. It is also responsible for the Brazil Steering Committee (BSC), which sets the business guidelines for the Brazil operation, and handles topics related to its impact on the economy, the environment, and people.

The BSC is comprised of the CEO and executive officers, and has regional groups working on different operating fronts in Brazil: Metropolitan São Paulo, São Paulo countryside, Coast, Central and South. There are also internal and store leaders - professionals in charge of ensuring the standards defined by the governance bodies are kept up.

The Board of Directors oversees the CEO of LEROY MERLIN Brasil and Oramax, another ADEO Group brand in Brazil. Members are appointed through internal transfers and promotions, or hired from outside the organization. Selection criteria include diversity, stakeholder **opinions, independence, and key competencies related to the organization's impacts**. Board members are selected by a Governance Appointment Committee in an independent and transparent manner.

**The highest governance instance at Leroy Martin Brasil is the Board of Directors.**



**BOARD OF DIRECTORS** GRI 2-9

MEMBER	ALESSANDRO DI GIOVANNI	FRANK LELY	RÉGIS LEPORE	ANTONIO PIÑERO	XAVIER MULLIEZ	FLORENT GUILLO LOHAN
RELATIONSHIP WITH THE ORGANIZATION OR IS INDEPENDENT	Relationship with the ADEO Group	Relationship with the ADEO Group	Relationship with the ADEO Group	No relationship with the ADEO Group	Family relationship	Relationship with the ADEO Group
OTHER POSITIONS HELD	Obramax Board Member	Obramax Board Member	Leader, Marche, ADEO Group, Industrial Challenge - Enjeu Industriel	Obramax Board Member	CEO of Voltalia Energia do Brasil	Obramax Store Director

They all have executive roles and are thus not independent, nor do they belong to an under-represented group. They are all men and hold positions within the company or in other organizations. They are appointed for a three-year term ending on April 30, 2026.



**The Board is responsible for reviewing and approving business plans, for monitoring strategic decisions, and for guiding corporate management policies and practices.**

## BRAZIL STEERING COMMITTEE (CDB)



14

members



37

meetings in  
2023

### CHAIR:

**Alessandro di Giovanni**

### MEMBERS:

**Ignacio Sánchez Villares**

CEO

**Julien Gazier**

Chief Administrative and Financial  
Officer

**José Emilson**

Economic Performance Officer

**Renato Coltro**

Development & Expansion Officer

**Michelle Dapper**

Human Resources Officer

**Flávia Barros**

Marketing Officer

**Marcelo Arantes**

Supply Chain Officer

**José Estivill**

Procurement Officer

**Rodrigo Murta**

Digital & Data Officer

**Ricardo Dinelli**

Officer | Coastal Region

**Fernando Sanchez**

Officer | Central Region

**Willian Franck**

Officer | Southern Region

**Vicente Sanz**

Officer | Metropolitan São Paulo Region

**Carlos de Oliveira**

Officer | São Paulo Upstate Region





## ESG GOVERNANCE: OUR COMMITMENTS GRI 2-12, 2-13, 2-14, 2-24, 2-28

The three material ESG topics - environmental, social, and corporate governance - are part of LEROY MERLIN Brasil's business strategy, and incorporated into our purpose. They are part of our commitments to our stakeholders and the planet.

We are working to accelerate our ESG agenda in Brazil to effectively contribute to the global We Make it Positive strategy. For this, we have 24 commitments focused on sustainability, innovation, supply chain management, and fostering local development. These are targets we have agreed on and that are linked to the LEROY MERLIN Brasil 2030 Vision, created in a collaborative way in 2022, outlining our long-term ambitions in a manner connected to the ADEO Positive Index (API). Learn more about the API Index on page 32.

This set of initiatives and targets are grouped into four pillars:

- ▶ **Carbon emissions + Circular economy**
- ▶ **Positive products + Sustainable logistics**
- ▶ **Culture + Local development; and**
- ▶ **Housing.**

With the targets defined, the hierarchical levels involved in managing each of them were determined and responsibilities assigned based on skills and competences. We also created a follow-up, assessment, and recognition system, and reward good performance.

In addition to internal targets and commitments, since 2022 we are signatories of the UN Global Compact and propose to comply with the SDGs and promote sustainable development across the world. We also adhered to the UN Women Empowerment Principles (WEP).

Since 2019, we have been members of Instituto Ethos, a Brazilian NGO that works to disseminate socially responsible business practices, promoting a more ethical and sustainable business environment. We signed the Business Network for the Employment of People with Disabilities (Reis), and the Science Based Targets initiative (SBTi). **GRI 2-28**



**24** commitments  
focused on sustainability, innovation,  
supply chain management, and fostering  
local development

**SENIOR LEADERSHIP SUPPORT** [GRI 2-12, 2-13, 2-24](#)

The Board of Directors oversees and contributes to incorporating the sustainability commitments and strategic positioning of the ADEO Group in new and updated guidelines and targets related to this topic at LEROY MERLIN Brasil.

Board members also help identify, manage, and continuously monitor the Company's impact on the economy, environment, and people. To do so, they meet internally and with external stakeholders when making decisions and disclosing company information. To manage these impacts, LEROY MERLIN Brasil uses suitable investigation and financial and supply chain risk assessment processes (*read more about this on 56*).

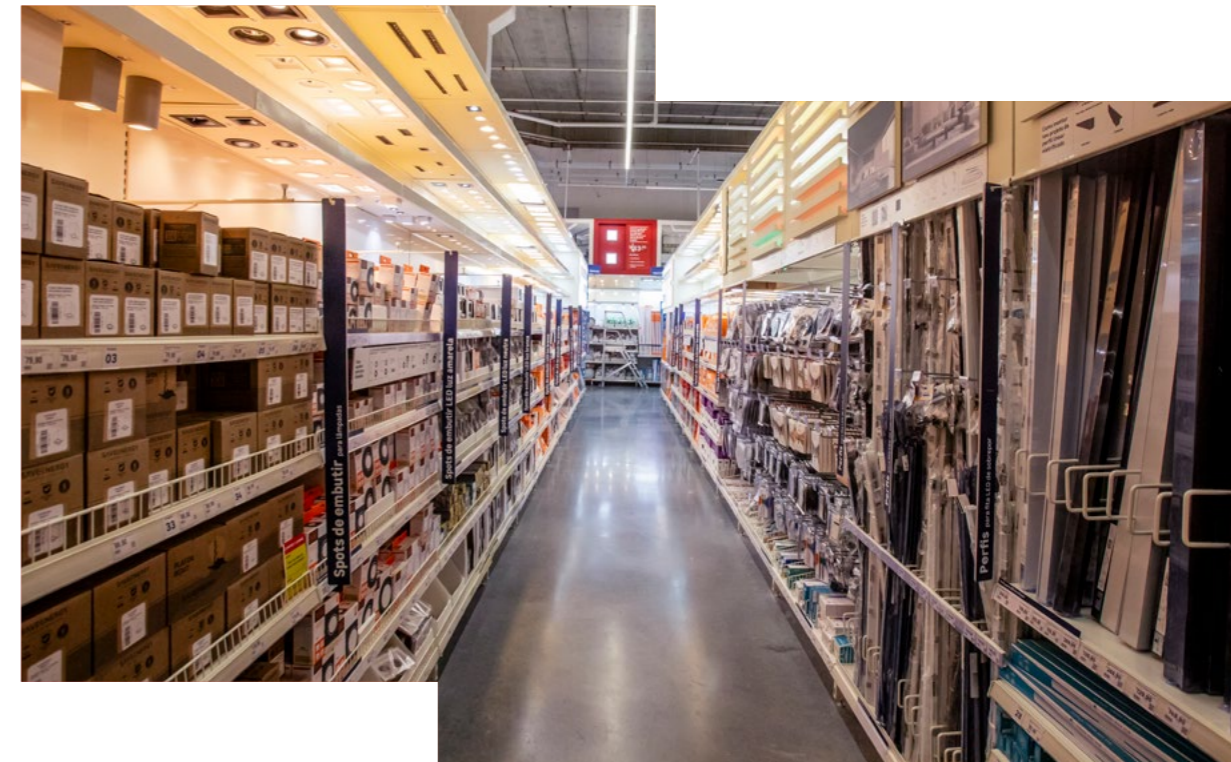
To expand the Board of Directors' knowledge of sustainable development, we employ continued education and training, ensuring members have access to updated information and exchange of experiences, and access to specialized committees and working groups, including international networks. [GRI 2-17](#)

The Board of Directors delegates executive responsibility for Company impact and risk management to the CEO, who is supported by the HR and Performance departments. The leader is responsible for, with the support of the technical areas, implementing sustainability strategies, assessing and monitoring sustainable development, incorporating sustainability into processes and operations, sponsoring stakeholder engagement, developing sustainable initiatives, publishing sustainability reports, and for educating and creating awareness.

The effectiveness of these measures regarding the Company's economic and socioenvironmental impact may be analyzed by the Board of Directors every month, every six-months, or every year, as needed, based on a report submitted by the CEO and the executive officers. Results are analyzed by reviewing reports and analyzing metrics.

Based on the outcome of these analyses, the Board of Directors performs a self-assessment of its performance, which is then combined with the assessments of other stakeholders. Measures taken in response to this may include changes in the board membership, training and development programs, more intense stakeholder engagements, and adjustments to the incentives and rewards systems. [GRI 2-18](#)

**The Board of Directors is responsible for analyzing and approving the data disclosed in this Sustainability Report and the Company's materiality matrix, offering feedback to ensure continuous improvement.** [GRI 2-14, 3-1](#)





# Ethics and values

GRI 2-16, 2-23, 2-24

LEROY MERLIN Brasil’s ethical values and business integrity are one of its commitment to its *stakeholders*. We strictly comply with all Brazilian and international laws and standards. To address this topic, we have a Compliance Program organized around the pillars of prevention, detection, and reaction, and includes policies, codes, and guidelines for employees and suppliers.

The Program turned five in 2023, when we updated these standards. The Employee and Supplier Codes of Ethical Conduct were revisited in a process in which numerous company areas and teams participated. These documents objectively lay out the principles, values, procedures, and expected behaviors, in addition to guidelines and instructions regarding potential investigations and analyses of deviations.

The new texts ensure that our Codes comply in full with the international guidelines of the ADEO Group, which have also been updated to include specificities regarding the Brazil operation. Following the work done in 2023, we split the Code of Ethical Conduct for Suppliers in two: one for partners from whom we purchase goods for sale in our stores or marketplace, and another for “indirects”, which includes service providers and suppliers of goods for use by the Company.

The Code for supplier of goods for resale stresses socioenvironmental topics, with instructions regarding packaging and the materials used to manufacture the goods, among others.

**The Employee and Supplier Codes of Ethical Conduct** were revisited in a process in which numerous company areas and teams participated.

Once ADEO has approved our Codes, we went back and reviewed and updated all LEROY MERLIN Brasil's integrity and compliance codes. The review of the Company's Donation Code, which is part of this, started in 2023 and will be completed in 2024.

These commitments are aligned with OECD (Organization for Economic Cooperation and Development), the UN Guiding Principles about Companies and Human Rights, the standards of the International Organization of Labor (IOL), the UN Global Compact, of which the Group is a signatory, and the UN sustainable Development Goals (SDG). Thus, our management initiatives include suitable investigation, the enforcement of the principle of precaution and respect for human rights, and compliance with the Universal Declaration of Human Rights.

We use these to address diverse subjects of interest in the area of ethics and integrity, including anti-corruption, valuing diversity, and fighting all forms of harassment and violations of human rights. We call attention to our standards on transparency and guidance on subjects such as sponsorships, donations, lobbying, patronage, and accepting gifts, invitations, trips, draws, and other benefits. It also addresses conflicts of interest, relations with employees, suppliers, business partners and government authorities, as well as interactions with the media, press, competitors, customers, and the community.

Documents covering our commitments are available to the public, and were approved by the highest governance instance and the executive or regional officers. They also apply to all of the organization's activities and its business relationships, and are disclosed to employees, business partners, and other stakeholders in the form of internal memos, on the company website, in its annual reports, press interviews, and official documents.

To safeguard these commitments, we offer our stakeholders the following mechanisms: training and qualification, manuals and documents, e-learning platforms, internal forums and networks, and the Ethics Hotline. Mechanisms are available for reporting failures to comply with laws, standards, and regulations. **GRI 2-26**

**Documents covering our commitments are available to the public, and were approved by the highest governance instance and the executive or regional officers.**

## Conflict of interests GRI 2-15

The new Codes of Ethical Conduct also address conflicts of interest, which has its own policy. To prevent and mitigate these situations, LEROY MERLIN Brasil provides training and inserts it into the organizational culture.

Conflicts of interest are identified using the Act Ethics tool, which includes self-reporting of any conflicts.

There is also a conflict of interest questionnaire that must be completed by those considered "sensitive", people in positions

that exposed them to the risk of public and private corruption, such as those involved in negotiations with private entities or the government.

The goal for 2024 is to reinforce and support the guidelines in the Conflict of Interest Policy, increasing the reporting of situations such as invitations, gifts and other courtesies, and the existence of relationships of affection, among others.

## ETHICS HOTLINE GRI 2-25, 2-26

As part of the Compliance Program, the company has an Ethics Committee, whose mission is to ensure compliance with our Codes and policies. It is responsible for ensuring the full operation and disclosure of our Ethics Hotline, a tool used to receive reports of any violation of company rules.

The Ethics Committee is comprised of two groups:

- ▶ **Permanent members (a Decision-Making Committee made up of representatives from the anti-corruption, HR, legal, internal auditing, CFO and métier (store); and**
- ▶ **Guest members (an Advisory Committee with members from the IT and HR areas).**

The LEROY MERLIN Brasil Ethics Hotline is managed by the ADEO Group compliance team, and is available to all stakeholders, employees, and third parties through the [company's website](#). The hotline is also available on the Internal Employee Portal and the company app. It is available 24x7 in English and Portuguese, and secrecy and anonymity are ensured.

Reports are addressed internally by representatives from compliance, HR, and auditing. This group is in charge of analyzing, addressing, and submitting results reports to the Ethics Committee. Those involved may be invited to provide explanations and be heard. If breaches of our ethical commitments are found, disciplinary measures may be enforced as per Brazilian Labor Law (CLT). The person filing the report is informed when the ethics investigation is closed, but the actual measures taken are not shared due to the Brazilian General Data Protection Law (GDPL).

In 2023, there were 342 reports submitted to the Ethics Hotline. Thirty of them are still open and will be resolved in 2024. Another 106 were closed due to insufficient evidence or information, and 206 were addressed and suitable disciplinary measures taken.

Reports include corruption, conflicts of interest, security, fraud, HR situations, harassment or sexist behavior, discrimination, supplier-related issues (quality/social/environment), personal data, and cybersecurity.

### REPORTS RECEIVED VIA THE ETHICS HOTLINE GRI 2-26

	NUMBER	PERCENT
NOT ADDRESSED	0	0
ADDRESSED BUT NOT RESOLVED	30	8.77
ADDRESSED AND RESOLVED WITH NO REPARATION	106	30.99
ADDRESSED AND RESOLVED WITH REPARATION	206	60.23

**In addition to the Ethics Hotline, we also offer employees and partners an e-mail they can use to send reports directly with the Ethics Committee:  
[comite\\_etica@leroymerlin.com.br](mailto:comite_etica@leroymerlin.com.br)**

## ETHICS WEEK

The third LEROY MERLIN Brasil Ethics Week took place in 2023 and included lectures, articles and content to make employees aware of how important the topic is to the company. The main topics were conflicts of interest and gifts.

During Ethics Week, we disclosed the ADEO Group Act Ethics tool, dedicated to statements of conflicts of interest, and receiving invitations and gifts. It is available to all employees and include guidance for those exposed to the risk of private or government corruption, and the questionnaire these professionals must complete.

In 2023, the Ethics Hotline received 31 reports of conflicts of interest, invitations, and gifts.

### TRAINING

When we updated our Codes of Ethical Conduct in 2023, we provided e-training to disclose the new regulations to all company employees.



# 342

reports addressed by  
the Ethics Hotline



## COMPLIAN-SE

In 2023, we launched an internal communication campaign entitled Complian-Se. This initiative is a celebration of the five-year anniversary of our Compliance Program, and included a number of measures to mobilize and engage employees around the topic of integrity.

Complian-Se focuses on making employees aware that LEROY MERLIN Brasil's values and purpose will only be fulfilled if they are embraced by all professionals. The idea is to show that all are guardians of our ethical commitments, and protagonists in reinforcing the company's organizational culture.

## The main topics of the 2023 Ethics Week were conflicts of interest and gifts.

# Risk management

GRI 2-12, 2-13, 2-25, 2-26

Our risk chart is based on a broad map of topics such as corruption, compliance, conflicts of interest, health & safety, and supply chain, addressing the environment, labor issues, human rights, financial, and operating aspects.

Management of the topic at LEROY MERLIN Brasil complies with the global standards and guidelines of the ADEO Group. It consists of three steps: identification, analysis, and monitoring. In Brazil, the Compliance Program handles the topic within the organization. The status and indicators identified for each risk are reported to senior management and to the Audit Committee.

Globally, ADEO is committed to mapping non-financial risks through an Obligatory Monitoring and DPEF scheme developed by the head office Risk, Compliance and Insurance area, after checking with the internal areas involved.

This is a three-phase process. First a list of the risks and scenarios is made, based on issues such as the UN SDGs, and the group's global materiality matrix, then each non-financial risk receives a score based on input from eight subsidiaries around the world, and a ranked list of risks.

Worldwide ADEO also uses a Map of Corruption Risks created by the compliance area and updated annually. This is a list of 43 non-financial risks grouped in nine macro topics, all related to the company's ESG agenda and validated by the ADEO Risk Committee. The list is updated annually.

In Brazil, the risks associated with corruption are a special focus of this analysis and cover all Business Units and departments. It is based on a study of interactions between employees, leaders, partners, and private and government agents.

As a result of an ADEO Group audit in 2022, in 2023 we implemented new action plans to control LEROY MERLIN Brasil risk maps. Since then, we monitor the effectiveness of the new measures and, in 2025, will disclose a new company risk map.

At the end of 2023, 8% of the internal population [employees] was more subject to the risk of corruption and/or conflicts of interest.



**43** non-financial risks split into nine macro-topics.



## CORRUPTION-RELATED RISKS GRI 205-1

All Company operations are subjected to assessments of corruption-related risk using a broad process that includes identifying the higher risk areas, assessments of third parties, policy and procedure analyses, training and awareness, communication and reporting channels, and continuous review and assessment.

The main corruption-related risks are bribery and kickbacks, gifts and hospitality, suspicious political donations, money-laundering, suppliers and serious-risk intermediaries, and conflicts of interest.

Purchases of indirects through bids received particular attention, and all participating suppliers were subjected to integrity analyses. In 2023, 233 candidates to business partners were analyzed.

We also developed a strategic plan to implement measures to close gaps found in a study performed in late 2022. We were the object of an internal ethics audit by the ADEO group to identify and implement recommended risk mitigation measures, where the company performed better than in the previous cycle.

**In 2023, there were no incidents of corruption at LEROY MERLIN Brasil.** GRI 205-3



## NUMBER AND PERCENT OF EMPLOYEES INFORMED AND TRAINED IN ANTI-CORRUPTION PROCEDURES, BY REGION\* [GRI 205-2](#)

2023	TOTAL NUMBER OF EMPLOYEES	TOTAL NUMBER OF EMPLOYEES INFORMED	%	TOTAL NUMBER OF EMPLOYEES TRAINED	%
Internal services	1,311	1,311	100	1,206	91.99
Southern Region	1,249	1,249	100	1,231	98.56
Coastal Region	1,812	1,812	100	1,793	98.95
Metropolitan São Paulo Region	2,185	2,185	100	2,154	98.58
Central Region	1,465	1,465	100	1,456	99.39
Distribution Center	97	97	100	96	98.97
São Paulo Interior Region	1,772	1,772	100	1,758	99.21

\*This number includes online training (e-learning) in the Employee Code of Conduct, required for all employees. These numbers refer to training provided to employees between January and August 2023. In August, the company started to migrate its platform and content, gathered again in 2024.

## NUMBER AND PERCENT OF EMPLOYEES INFORMED ABOUT ANTI-CORRUPTION PROCEDURES, BY EMPLOYEE CATEGORY\* [GRI 205-2](#)

2023	TOTAL NUMBER OF EMPLOYEES	TOTAL NUMBER OF EMPLOYEES INFORMED	%	TOTAL EMPLOYEES TRAINED	%
Executive Board	120	120	100	105	87.5
Managers	606	606	100	582	96.04
Coordinators	643	643	100	631	98.13
Supervisors	331	331	100	303	91.54
Administrative	626	626	100	608	97.12
Operational	7,565	7,565	100	6,626	87.59

## TOTAL NUMBER AND PERCENT OF GOVERNANCE BODY MEMBERS INFORMED AND TRAINED IN ANTI-CORRUPTION POLICIES AND PROCEDURES, BY REGION\* [GRI 205-2](#)

2023	TOTAL NUMBER OF GOVERNANCE MEMBERS	TOTAL NUMBER OF GOVERNANCE MEMBERS INFORMED	%	TOTAL NUMBER OF GOVERNANCE MEMBERS TRAINED	%
Internal services	8	8	100	8	100
Southern Region	1	1	100	1	100
Coastal Region	1	1	100	1	100
Metropolitan São Paulo Region	1	1	100	1	100
Central Region	1	1	100	1	100
Distribution Center	1	1	100	1	100
São Paulo Interior Region	1	1	100	1	100

\*Includes statutory directors as governance members, as per the minutes of the Meeting Electing said directors.

# Strategies for a healthy home



## ▶ IN THIS CHAPTER

We Make it Positive  
Strategy and investments  
Innovation and technology  
Summary results





## We Make it Positive GRI 3-3

LEROY MERLIN Brasil’s strategies are directly linked to the purpose of creating homes that are cozier, healthier, and more sustainable. To make this a reality, we incorporate the guidelines of We Make it Positive, ADEO’s global sustainability strategy, into our short, medium, and long-term strategy. This gave rise to 24 sustainability commitments and 11 indicators to measure our ESG performance, expressed as the ADEO Positive Index (API) (*see the results in the table on page 32*).

In 2023, we increased our connection to We Make it Positive by including the numbers for LEROY MERLIN Brasil. We broke down the beacon of the ADEO strategy, incorporating local features of our operation. Internally, we reinforced the list of projects in the company's 2030 vision.

These initiatives reinforce our purpose of creating healthy and sustainable homes, bearing in mind social, environmental, and corporate governance aspects. These actions guide our planning so that we invest in projects that promote a positive impact for all company stakeholders and the planet.

**In 2023, we increased our connection to We Make it Positive by including the numbers for LEROY MERLIN Brasil.**

# Manifesto

## We Make it Positive

At the center of our communities, we are 150,000 leaders engaged in improving the *habitat*. Living in a healthy, safe, responsible, sustainable, economic and comfortable environment is essential for the well-being of the world's inhabitants. By creating and providing access to habitat solutions that promote a positive impact on the environment, we contribute to carbon neutrality in the world. We share a DESIRE to work better.

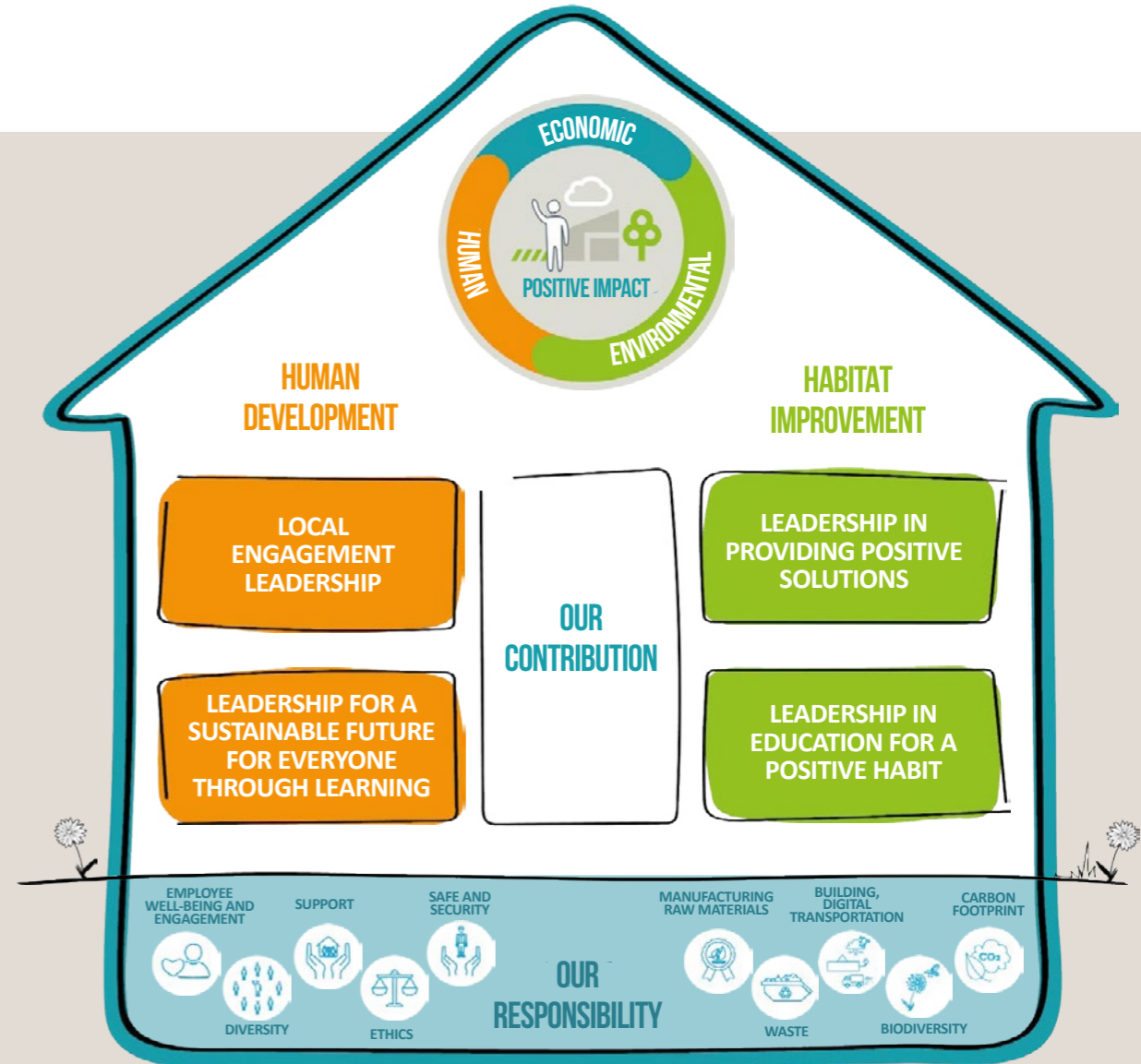
At the core of our companies, we are building a sustainable future for everyone, as habitat is not just a matter of a roof and walls, above all, it is a human adventure. By learning new activities, we help each one of us to progress and develop in our specialties, remaining employable for life. We share KNOWLEDGE to permanently evolve.

At the center of our cities, we are proximity merchants, proposing suitable solutions for each inhabitant, from project conception through completion. We do this by forging links with new partners, we support local economic development and improve the living conditions of each person. We share POWER to drive value creation.

At its core, ADEO is its responsible shareholders, engaged in a culture of sharing the human, economic and environmental value we create. HAVING and expanding our own assets is a true trust-based commitment of all our employees.

At the core of society, we are active citizens. Active in creating a positive human, economic, and environmental impact. Together, we act to improve how we inhabit the planet, the home we all share.

**We make  
home a  
positive  
place to live.**



WE MAKE IT POSITIVE INDICATORS



		2026 TARGET - API 100%	ACTUAL - 2023	ACTUAL - 2022	GOAL - 2023	ACTUAL - 2023
HUMAN DEVELOPMENT	Frequency rate	5	14.7	4.44	4.2	6.4
	Severity rate	0.4	0.72	0.021	0.04	0.03
	Employees trained in the Code of Ethics	100%	76%	99%	98%	41% *
	Women leaders and managers	40%	25%	34%	36%	39.6%
	Total hours of training/year/employee	30	28.6	31	30	30.4
	Employee NPS (EXI)	50	44	64	64	64
HABITAT IMPROVEMENT	Persons with disabilities (PwD) in the company	6%	-	4.73%	0.05	4.6%
	Renewable energy use	100%	57%	92.9%	95%	94.2%
	Landfill diversion rate (waste recycling)	90%	75%	76.3%	76%	74%
	Responsible Suppliers (NM&1P&3P)	90%	88%	-	97%	93.4%
	A/B/C** positive goods sold	55%	56.9%	-	-	-
	CO <sub>2</sub> – Scope 1 and 2***	81	102	100	95	142

\* The numbers for those trained in the Code of Ethics refer to the period starting in November 2023, when new employee content was made available. Just one month later, 41% of LEROY MERLIN Brasil professionals had been trained, as per data extracted from the new

Lex tool, which is still being developed by the ADEO Group. By November, 98% of the employees had been trained.  
\*\* we do not have systems that enable us to classify Positive Products or apply the A/B/C Scorecard.

\*\*The scope 1 and 2 carbon emissions in the API INDEX are related to European emissions used to compare emissions between business units. For this reason, total emissions and emissions reported in the GHG protocol may differ.

# Strategy and investments

Our investment strategy is linked to ADEO’s “human first” global strategy. This is true for selecting goods and suppliers, for job creation and a positive impact on society, our customer relations, and decisions on where to allocate resources and open new business fronts.

In Brazil, our investments take into consideration the local reality, which is a housing deficit of 6 million units. The 2022 census by the IBGE (Brazilian Institute for Geography and Statistics) revealed that, of the almost 73 million homes, some 5 million are irregular - these are homes in slums, invaded land, communities and developments with no access to basic services such as water, electricity, and basic sanitation.

As a result, we have organized the company so that it may exercise its purpose in a comprehensive manner (*read more on page 15*). For this, we use our 2030 Vision, a long-term strategic project designed in 2023, as part of a broad effort that directly involved over 3,500 employees. Through it, we seek to become the home platform that connects customers and partners in a human, digital, and positive ecosystem of infinite possibilities.



**3,500+**

employees were directly involved in building the 2030 Vision

## Pillars in action

To guide our work in 2023, we used four pillars that are interconnected, with the customer at the center of our focus.

**PILLARS:**

- ▶ Platform Company
- ▶ Positive Impact
- ▶ Customer Experience
- ▶ People and Talent



# Expansion model

Our investments focus on our 2030 Vision and the We Make Positive strategy. Thus, expanding our activities considers a business model that is present in multiple platforms, such as large B&M stores and smaller units, along with digital service and sales channels.

Our digital channels include online sales via the [LEROY MERLIN Bras](#) website, and partner merchants on the company [marketplace](#). Our marketplace now has 1,555 sellers, expanding the range of goods we offer for a healthy and sustainable home.



**4 formats**  
of B&M stores to  
serve all audiences



## Our store concepts

### LARGE-FORMAT:

- ▶ End-to-end solutions
- ▶ Products, projects, and services
- ▶ Ship from store

### COMPACT:

- ▶ For smaller communities
- ▶ Focused on Project and Decoration Worlds
- ▶ Supported by larger stores for same-day delivery of larger items
- ▶ Between 2,000 and 5,000 m<sup>2</sup>

### NATERIAL:

- ▶ Project, showroom, and service solutions
- ▶ Also focused on architects and designers
- ▶ Located in city centers

### EXPRESS:

- ▶ Capillarity, convenience, proximity
- ▶ Smaller, more practical purchases
- ▶ Digital Range

## NEW UNITS

In 2023, we invested R\$ 23 million in new store openings and in physical improvements of our units and logistics centers. In 2023, we opened five new stores:

- ▶ **Large format:** New unit in Salvador (BA), the first in the state
- ▶ **Naterial Store:** we launched the brand in Brazil, with a unit in Florianópolis (SC), opened in September; and
- ▶ **Express:** three new express stores were opened: Belo Horizonte (MG), in October; one in Vila Nova Conceição, in the city of São Paulo, in December; one in Florianópolis (SC), also in October.

A total of 73% of our stores offers self-service and self-checkout, where customers register and pay for their purchases themselves. We also have 46 click-and-pick-up units where customers can pick up their online purchases.

## We opened five new stores in 2023.

## EFFICIENT AND CERTIFIED MANAGEMENT

All our large-format stores retained their international AQUA-HQE™ certificate in 2023. This certification reflects compliance with 14 environmental safety standards related to water and energy resource management.

The Salvador (BA) unit, opened in December, is located in an Edge (Certified Green Building) building. Edge, or Excellence in Design for Greater Efficiencies, was created by the IFC (International Finance Corporation), part of the World Bank.

Construction of the Salvador store used techniques that enabled saving some 100 tons of steel, or a 22% decrease in material used per square meter built.

In 2024, LEROY MERLIN Brasil plans to certify all other stores - **express** and **NATERIAL**.



# Innovation and technology GRI 3-3

This material topic is led by the Cybersecurity and Data Protection department. LEROY MERLIN Brasil's innovation and technology areas lead the topic in the company. Together they work on continuous improvement of company solutions at the interface with customers and other stakeholders, such as internal processes and a more agile, accurate, and efficient organization.

This department is responsible for implementing measures to manage, prevent, mitigate, and repair potential impacts related to the topic, including context analyses, strategy development, resource allocation, stakeholder engagement, monitoring, and assessment. Mitigation and repair measures involve technology, education, collaboration, responsibility, detailed assessments, immediate corrective measures, and engagement of the parties affected.

One example of how the company addresses the topic are cyber crisis exercises with the Executive Board, simulating attacks and training in how to respond to the press.

Our innovation management is comprised of three fronts:

- ▶ **Projects:** Support for in-house project management, a joint and multi-disciplinary effort across several areas. This effort uses Discovery methodology to create and validate innovative ideas.
- ▶ **Culture:** Disseminate knowledge in the form of employee courses and training. For this, there is a partnership with human resources to include training in the LEROY MERLIN Brasil Corporate University. This work front resumed in 2023, with new content, and

- ▶ **Innovation ecosystem:** A close and consistent relationship with startups, universities, and research and innovation centers is essential to allow the company to absorb and incorporate new ideas and solutions. Partnering with this ecosystem enabled dialog with over 100 different *players* in 2023.

All these ways of doing things have the same goal, which is to allow the different company areas to develop projects that benefit the company and provide customers with solutions linked to LEROY MERLIN Brasil's purpose and We Make it Positive.

Our innovation management happens on three fronts: **projects, culture, and innovation ecosystem.**



# LEROY MERLIN Tech

In 2023, we consolidated the LEROY MERLIN Tech brand. This is our innovation and technology hub to enhance the company's position in this ecosystem. The initiative engages our audiences within and outside the company to develop partnerships and solutions that enable the digital transformation of the company and industry.

This structure is ready to interact with industry innovation and technology partners, and enabled important initiatives in 2023. The key initiatives include:

The initiative engages our audiences within and outside the company to **develop partnerships and solutions that enable the digital transformation** of the company and industry.

## ► PROPRIETARY PRICING PLATFORM

Working with the Federal University of São Carlos (UFSCar) in São Paulo on a project to develop LEROY MERLIN Brasil's own dynamic electronic labeling platform. In 2023, we built a technology base for the initiatives and tested it in part of the Ribeirão Preto (SP)

store, and in the Campo Belo express store in the city of São Paulo.

Results were positive and a pilot project to roll out this initiative to one of our stores is planned for 2024.

## ► QUICK PURCHASES AND DELIVERY

In 2023, we tested a pilot project with iFood to sell and deliver LEROY MERLIN Brasil goods. This novel initiative offers goods on a third-party platform, expanding the

brand's commercial reach. The Morumbi, São Paulo, store was selected for this initiative, with results that the company considers positive.

## ► MORE ACCURATE INVENTORY

In June 2023, we completed a pilot project to improve the accuracy of in-store inventories. We applied this to some of the goods in our São Bernardo do Campo (SP)

store to develop digital processes and methods, with a dedicated multi-disciplinary team. This increased inventory accuracy from 63% to 95%.

## ▶ OPEN INNOVATION

In 2023, we accelerated our dialog with startups to use innovative solutions for the businesses we provide to LEROY MERLIN Brasil customers. In the year, we connected to over 100 initiatives. Here are some highlights:

### RENOVAI

We retained Israeli startup [renovai](#) to develop an AI tool to offer customers suggestions of furniture and interior design items. Renovai is a global pioneer in this type of solution, that can put together simulated environments with the products selected.

### CORTECLOUD

We developed a pilot project together with Brazilian startup [Corteccloud](#) for automated lumber cutting. The platform provides thousands of furniture projects for Customers who choose the item that is then cut and assembled by LEROY MERLIN's lumber area.

This initiative increases customer options and leads to significant savings in lumber and scrap, and lower costs. This pilot project at the Tietê Store in SP was considered a success.

### ZAPT TECH

We worked with Brazilian startup [zapt tech](#) to find a store mapping and location solution. Customers sometimes find it difficult to locate items on specific aisles and shelves, especially in large-format stores. This pilot project consists of digital totems in the Morumbi, São Paulo, unit where customers point to the item they want and the machine generates a QR code that can be opened on a smartphone to show how to find the item.

Intense use of this solution attests to its success, which will be implemented in 2024.

*We have a **Futuro do Viver** platform to disclose our Employees' future vision and foster discussions about disruptive and innovative ideas for Brazilian homes.*

## *Futuro do Viver*

We have a platform to disclose our Employee future vision and foster discussions about disruptive and innovative ideas for Brazilian homes. [Futuro do Viver](#) [The Future of Living], launched in 2021.

This digital environment is open to all stakeholders interested in habitat trends. The platform provides articles on the housing universe, with a focus on the relationship between people and technology within their own homes.

# Summary results GRI 2-6, 201-1

\*\*\*

<b>ECONOMIC VALUE GENERATED (R\$ MILLION) GRI 2-6, 201-1</b>	<b>2022</b>	<b>2023</b>
Gross revenue	8,580	9,113
Net revenue	6,814	7,199

<b>ECONOMIC VALUE DISTRIBUTED (R\$)</b>	<b>2022</b>		<b>2023</b>	
	AMOUNT (R\$)	PERCENT	AMOUNT (R\$)	PERCENT
Operating expenses	4,229,495,303	49.3	4,565,226,187	50.1
Employee wages and benefits	887,040,292	10.3	1,014,278,080	11.1
Payments to providers of capital	150,000,000	1.8	272,421,095	3.0
Payments to government (by country)	562,199,939	6.6	672,803,723	7.4
Community investments	2,365,317	0.03	1,473,578	0.02
<b>TOTAL</b>	<b>5,831,100,851</b>	<b>68.0</b>	<b>6,526,202,663</b>	<b>71.6</b>

<b>ECONOMIC VALUE RETAINED (R\$)</b>	<b>2022</b>	<b>2023</b>
	2,748,708,847	2,586,629,537



**198**  
million

goods marketed  
in 2023



# Leaders for a positive future

## IN THIS CHAPTER

- Team members
- Training and performance
- Diversity and inclusion
- Safe and healthy work



# Our people GRI 2-7, 3-3

Care for human beings comes first for LEROY MERLIN Brasil and ADEO. This premise is the basis for development of the company's purpose and values, reflecting how we seek to value our Employees, creating opportunities for professional development and ensuring a healthy and respectful work environment.

By the end of 2023, we had 9,902 Employees strategically distributed across all our units in Brazil. The employees are diversified, but all are guided by our internal policies, codes, and regulations, constantly reflecting and building the LEROY MERLIN Brasil cultu-

re. The lower headcount is a reflection of attempts to increase productivity to levels higher than those before the Covid-19 pandemic.

It is part of our way of doing things to maintain a relationship with the professional entities representing company employees. We comply with the determinations of annual collective labor agreements. All LEROY MERLIN Brasil direct employees are free to join unions. We have no notice of impediments to freedom of association among our suppliers. **GRI 407-1**

**For the 11<sup>th</sup> consecutive year, in 2023 we received the Great Place to Work (GPTW) certification in Brazil.**

## Climate and **culture**

For the eleventh consecutive year, in 2023 we received the Great Place to Work (GPTW) certification in Brazil. This certificate is awarded in recognition of the company's initiatives to value its employees and create a positive professional development. In the Super Large Retail category of companies with over 10,000 employees, we came sixth in the ranking of the best companies to work for in Brazil.

The GPTW surveys company employees to grant this seal and create the ranked list. A total of 3,006 LEROY MERLIN Brasil professionals answered the questionnaire that included questions about the work environment and culture.

We were also certified as a 2023 Top Employer. This recognition by the world leader in certificates of excellence in people management consolidates our position as one of Brazil's top employers and reinforces the quality of the company's human resource practices.

We also applied the ADEO Employee Experience Index (EXI) survey to company employees to continuously monitor internal satisfaction and engagement. There were three waves in 2023. Our average Net Promoter Score (NPS) in 2023 was 64, putting us among the top four of the Group's business units in the world.

## WORKFORCE BY GENDER AND REGION<sup>1</sup> GRI 2-7

REGION	2022			2023		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Internal services	483	491	974	546	597	1,143
Southern Region	765	647	1,412	701	625	1,326
Coastal Region	1,160	757	1,917	1,086	799	1,885
Metropolitan São Paulo Region	1,387	1,076	2,463	1,249	945	2,194
Central Region	959	706	1,665	888	643	1,531
Distribution Center	65	53	118	50	33	83
São Paulo Interior Region	1,040	816	1,860	979	761	1,740
<b>TOTAL</b>	<b>5,863</b>	<b>4,546</b>	<b>10,409</b>	<b>5,499</b>	<b>4,403</b>	<b>9,902</b>

<sup>1</sup> There are no employees without a guaranteed workload, regardless of gender and region.

## WORKERS WHO ARE NOT EMPLOYEES<sup>1</sup> GRI 2-8

CATEGORY	2021	2022	2023
	TOTAL	TOTAL	TOTAL
Interns	73	61	69
Apprentices	-	564	504
<b>TOTAL</b>	<b>73</b>	<b>625</b>	<b>573</b>

<sup>1</sup> Trainees were included as administrative employees. A company includes all non-employee workers, whether full-time or part-time.



# 9,902

employees strategically placed at our units across the country

# Habitat Employees

From time to time, we survey all our employees to learn about their housing situation. Based on the data collected, we work to improve the quality of life of these employees and their families, offering them home improvement benefits. A new census in early 2024 showed that 43.7% of the homes are healthy, reflecting the need for significant effort to improve employee quality of life.

Among the employee benefits to improve their habitat are credit (a partnership with Itaú) at lower than market rates, and the Celebre [Celebrate] card, which offers favorable terms. LEROY MERLIN Brasil also have 10 to 20% discount to purchase goods in any of our sales channels.

## Support Fund

During the pandemic LEROY MERLIN Brasil created the Company Support Fund. This fund was created to support employees and their families experiencing difficulties such as equipment purchases, serious illness, or death. In all 106 families have benefited for a combined amount of R\$ 380,000.

After the pandemic, the Fund extended its support to other emergency situations such as fire, violence, and urgent works. In 2023, the fund was extended to road and highway accidents.

## BRICOLEIROS DE CORAÇÃO [HOME IMPROVEMENT WITH A HEART]

In line with our purpose of creating cozier, healthier, and more sustainable homes where people are happier, *Bricoleiros de Coração* is a LEROY MERLIN Brasil corporate volunteer program. The goal is to engage our team to volunteer for home improvement and decoration activities, improving a social institution. In 2023, 28 employees from five units volunteered 224 hours to revamp two areas of Saica, an Institutional Service for Children and Adolescents in São Paulo, and a Long-Stay Institution for the Elderly in Contagem (MG), all in collaboration with the Decor Social Association.



# Training and performance

We have numerous initiatives that allow our Employees to get professionally involved in courses, training, and programs that encourage in-house career development. To expand the reach of these tools, we continuously engage and train company leaders to encourage professionals to seek their own career development.

The main training tool is the LEROY MERLIN Corporate University (UCLM), which offers over 15 development goals with proprietary and strategic partner content. Courses are available online and in-person, and focus on the business and on the journey of each employee. UCLM also provides access to required trainings such as ethics, integrity, compliance, Regulatory Standards (RS), and health and safety issues, along with supplemental material for career development. The most popular topics in 2023 were communication, self-knowledge, and artificial intelligence.

In 2023, we further enabled the Leroy Merlin Corporate University (UCLM) by partnering with [Edupass](#), a startup platform with millions of courses, from early child education through graduate courses. This platform allows employees to take free courses and formal courses at institutions known across the country. Employees get a discount already negotiated with Edupass, and a 30% subsidy from LEROY MERLIN Brasil. This benefit also extends to employee dependents. The number of grants offered in association with this subsidy went from 600 to almost 1,800 a year.

Another UCLM improvement in 2023 was updating the employee training and qualification management platform. We are now using the Learning Experience Platform (LXP) platform a global ADEO initiative. This allows us to expand access to external content such as YouTube training videos. This is an interactive tool that allows professionals to access colleague recommendations, expanding the options for creating the training path for each one.

**In 2023, we further enabled the Leroy Merlin Corporate University (UCLM) by partnering with Edupass, a startup platform with millions of courses.**

In addition to these internal trainings that cover techniques for company operations in topics such as compliance and ethics, diversity and inclusion, safety, technology, and internal tools, leadership skills, communication, and data security, we offer financial support for non-company training such as language and graduate courses, free courses with teaching institutions and external training platforms. [GRI 404-2](#)



## CAREER DEVELOPMENT INITIATIVES

In 2023, we continued our career development and progression programs. Last year, we had 70.1% in-house promotions, 81% to leadership positions (221 promotions, 64 changes in position, and 263 moved to a new store), and 66% within teams (578 promotions, 289 changes in position, and 520 moved to a new store).

In 2023, we created the **Inspire Program** and the **Capacita Brico Project**.

### LEARN MORE ABOUT OUR INITIATIVES:

- ▶ **First Leadership Program (Proa):** focused on those who will occupy a leadership position for the first time.
- ▶ **Inclusive Leadership Program:** for all leaders.
- ▶ **Accelerator Project:** Incentives for in-house promotions at three levels:
  1. **Sailing** (for sales assistants wishing to become commercial coordinators);
  2. **Climbing** (from coordinator to commercial manager); and
  3. **Jump** (middle manager to director).
- ▶ **The Inspire Program (created in 2023):** is for Store Coordinators and provides behavioral training and how to positively influence employees. This initiative is an extension of a similar project created by the Southern Region of LEROY MERLIN Brasil, which was rolled out to the entire country.
- ▶ **Capacita Brico [Home Improvement] (created on 2023):** preparing teams that participate in the Home Improvement project (*read more about this on page 43*) to enable sales.



## Career, performance, and support GRI 404-2

Career development at LEROY MERLIN Brasil is also encouraged by the company's performance assessment program. Each employee designs his or her own Individual Development Plan (IDP) with a career strategy and a list of courses, training, and technical and behavioral improvements necessary. This is done by the employee him or herself, his/her managers, and the HR department.

In this continuous improvement, we have the JDP development program that assesses the performance and potential of each employee.

In 2023, we updated our variable compensation and profit-sharing programs, expanding the chances for Employees to increase their individual compensation through sales targets. We also encourage trainings that prepare people for the sales force. In this

way, we work proactively to offer decent compensation for employees, and improved quality of life for their family members and dependents.

Our goal is to have all our employees participating in a system that rewards them for reaching targets, compensate operating teams in a more relevant way by including quantitative components (NPS) in calculations that measure progress, and increase their opportunities for profit-sharing by changing the payment vehicle. GRI 405-2

## INTERNSHIP, TRAINEE, AND APPRENTICE PROGRAMS GRI 404-2

We have permanent initiatives to attract new talents to the company. These include the *Porta de Entrada* [Gateway] Program for interns, trainees and apprentices:

- ▶ **The internship program is designed to attract, develop, and retain talents early in their careers. In 2023, we hired 55 interns, with 73% stability and a 40% retention rate.**
- ▶ **The trainee program identifies people with potential to become managers in the short to medium terms, and develops professionals in the company's specialties. It is also used in support of diversity. Fifty-four trainees were hired in 2023, with a 52% stability rate.**

- ▶ **The apprentice program was updated with new career possibilities and visibility. Right now, LEROY MERLIN Brasil has 503 young apprentices.**

**All these programs have training and qualification paths, and are frequently and consistently monitored.**



**In 2023, we joined initiatives that promote diversity and inclusion, such as the UN's Women Lead to increase the female presence in management positions.**

# Diversity and inclusion GRI 3-3, 405-1, 406-1

LEROY MERLIN Brasil is committed to promoting diversity and inclusion among its internal and external stakeholders. For this, we have a Diversity & Inclusion Policy that guides the efforts of our Employees, and a Strategic Diversity Committee that develops activities for equal opportunities in the company.

This topic is managed by the HR department, which sets targets and prevents, mitigates, and remedies impacts. We adopt policies and practices that go beyond legal requirements, and work with society to incorporate the topic into our business strategy. Our commitments and targets to promote diversity and inclusion in the Company are also addressed by our internal policies, certifications, purchasing and supplier policies, and corporate education and training activities.

We also have a Diversity, Equity and Inclusion Committee responsible for digital training, awareness discussions, conversation rounds, for organizing the annual Diversity Week, and for creating affinity groups. We also have a crisis committee with preventive and emergency response responsibilities.

To promote this team, we provide digital training on diversity and inclusion to all Employees, and organize awareness debates with outside experts. Every two years, we organize an internal Diversity and Inclusion census that is used as the basis for creating affinity groups to discuss the topic.

In 2023, we held the 6th LEROY MERLIN Brasil Diversity Week with lectures and courses. We also organized an initiative identified as an opportunity in the 2022 event. This is known as the Diamond Project to retain and develop neurodiverse people (i.e. those on the autism spectrum). This initiative has the support of a specialized consulting firm to hire and include professionals, and an employee support group made up of over 90 parents of autistic children.

**HUMAN DEVELOPMENT, DIVERSITY, AND INCLUSION** GRI 3-3

GOALS	TARGETS	INDICATORS
Fostering Equity & Inclusion	6% PwD employees	4.64%
Fostering Equity & Inclusion	50% Female Leaders	42%
Fostering Equity & Inclusion	25% Black Leaders	26%
Fostering Equity & Inclusion	5% PwD Leaders	1.68%
Fostering Equity & Inclusion	50% - 50% New entrants (trainees, new hires)	50%
Fostering Equity & Inclusion	0% Gender Pay Gap	0%

Cases of  
**discrimination** GRI 406-1

Our new Codes of Ethical Conduct reinforce LEROY MERLIN Brasil's no-tolerance policy regarding harassment and discrimination.

In 2023, four reports of discrimination were made to the Ethics Hotline, two of which were considered not valid. All were analyzed and action plans were implemented with outcomes that are regularly analyzed using routine, internal management processes to ensure effective incident response.

All situations were considered resolved. The two confirmed cases investigated cases were:

- ▶ **Discrimination of a person with disabilities; the employee involved was suspended.**
- ▶ **Gender discrimination (*machismo*): measures were taken to solve the problem and improve employee communication and relationships.**



Our new Codes of Ethical Conduct reinforce LEROY MERLIN Brasil's **no-tolerance policy regarding harassment and discrimination.**

# Safe and healthy work GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-8

We strive to ensure a healthy work environment for all employees, and for zero accidents and occupational diseases. We have a health and safety management system that fulfills a number of legal requirements, including those of a labor nature, the need for permits and authorizations from the Ministry of Labor and Employment, and inspections and oversights. These guidelines also follow ISO 45001 and Regulatory Standards 10 and 12 of the Ministry of Labor and Employment.

The system covers all employees, activities, and work locations. It is audited for all employees. Furthermore, an independent third party certified the initiative, checking 22.14% of the employees.

LEROY MERLIN Brasil's governance model on this topic welcomes employees who wish to participate in spheres relevant to the topic. We have structured teams focused on mitigating and eliminating occupational risks, with constant and close monitoring that includes contractors working on our premises.

Hazards or risk factors are identified by the Risk Management Program and Ergonomic Work Analyses to identify, control, mitigate, and monitor hazards in our facilities. Employee health is monitored by an Occupational Health Medical Control Program (PCMSO) that lists the periodic medical tests to ensure employee physical and mental health.

All units have an Internal Accident Prevention Committee (CIPA), with a team responsible for identifying and addressing any potential health and safety risks. It is also responsible for ensuring that the preventive measures implemented by the organization are executed in day-to-day operating routines. Cipas support an agenda of store, office, and distribution centers to inspect work locations. Environmental monitoring is conducted to enable adaptations and standardization where ergonomic, chemical, physical, and biological risks are involved.

We also have the Specialized Service in Safety Engineering and Workplace Medicine (SESMT), which defines the health and safety (OHS) procedures for working conditions in all the company's business areas, and organizes constant training drills for all staff.

## Health and safety committees GRI 403-4

We have formal health and safety committees made up of company and employee representatives. Members have broad responsibilities, such as monitoring processes to identify hazards and risks, proposing and participating in implementing preventive measures, investigating occupational accidents and illnesses, promoting education and training for prevention, participating in the PPRA, recommend the interruption of activities posing an imminent risk, request the information and means required to execute

their duties, represent workers in matters of occupational health and safety, and organize awareness campaigns.

Committees meet monthly and are significant in the process to make decisions involving occupational health and safety, with authority to suggest improvement and make changes in the management system.

# Promoting health GRI 403-3, 403-4

We offer employees health services that seek to establish and maintain a workplace of safety and wellness. The goals are to protect company professionals, prevent accidents, ensure legal compliance, improve quality of life, foster a culture of safety, and monitor employee health.

Occupational health services include occupational medicine tests, assessments of operating risks, occupational safety training, monitoring employee health, investigating accidents and incidents, education in ergonomics, health and well-being campaigns, health and safety audits, and management of Personal Protective

Equipment (PPE). To ensure access to, and disclose information on these initiatives, we use internal communication channels, workshops, trainings, awareness campaigns, printed material, corporate e-mail, intranet links and channels, and health and safety committees.

Our employees may use the Leroy Merlin Health Center, a 24x7 service available by phone at 0800-940-1265, or by WhatsApp at (11) 4020-0187. This service provides health advice, hospitalizations, access to health programs, and administrative topics.

The professionals providing the healthcare services we offer meet specific requirements, including specialization in occupational medicine, registration with the Ministry of Labor, accreditation in ISO 45001 occupational health and safety audits, and registration with the Regional Board of Medicine. Those working in safety engineering must be recognized by CREA and must have completed a technical occupational safety course that is recognized by the Regional Labor Board.



Our employees may use the **Leroy Merlin Health Center**, a 24x7 service

**In 2023, we organized a number of activities to promote employee health, such as switching the healthcare plan to offer greater coverage, and the development of new programs.**

## HEALTH WITHIN AND OUTSIDE THE COMPANY GRI 403-6

LEROY MERLIN Brasil also strives to facilitate employee access to non-occupational medical and healthcare services. It also offers supplemental healthcare plans, psychological services, and well-being programs for all employees. We also promote health and disease prevention in areas not related to work, including weight and nutrition programs, exercises and other physical activities, vaccination campaigns, mental health and emotional well-being, chronic disease prevention, and awareness of sexual health.

In 2023, we organized a number of activities to promote employee health, such as switching the healthcare plan to offer greater coverage, and the development of new programs.

One of these programs is *Viva Bem* [Live Well], a partnership with Auster and D'Or Consulting. It operates as a support and orientation channel to answer questions and day-to-day demands, in physical education, financial services, physical therapy, legal issues, nutrition, education, pet consulting, psychology, and social services. This services is also available 24x7. It can be contacted via its website [vivaok.com.br](http://vivaok.com.br), or by phone at 0800-770-2324.

We also offer a program entitled *Programa de Fortalecimento Interior* [Internal Strengthening]. Focused on providing support and guidance on handling anxiety, stress, depression, deceptions, and frustrations. It can be accessed online at [www.fiqueokcursos.com.br](http://www.fiqueokcursos.com.br).

In addition to new programs in 2023, we have a support program aimed at helping people address routine problems, not just those related to the workplace. We reiterate that all data regarding employee conditions are confidential and protected.



We reiterate that all data regarding employee conditions is **confidential and protected**.

- ▶ **Internal strengthening:** A course created to help you face your daily challenges.
- ▶ **Always Well:** To monitor and guide people with chronic diseases.
- ▶ **Viva Bem:** a channel to provide support and guidance for employees and family members, including emergencies. Available 24x7.
- ▶ **Viva Leve:** for employees with a BMI (Body Mass Index) greater than 30 (Grade 1 obesity).
- ▶ **Mother's Love program:** for pregnant employees, the initiative provides a support network up to the third year of the child's life. Mother and baby are followed by physicians and nurses from the onset of pregnancy, including laboratory tests. To participate, the employee must enroll in the LEROY MERLIN Health Channel.
- ▶ **Leroy Merlin Health Center:** Helps resolve issues with the healthcare operator, such as problems with hospitalizations, how to locate a specific professional, how to schedule surgery.
- ▶ **Social Support:** for care and support in difficult moments.
- ▶ **Psychological support:** specialist support to deal with emotional, behavioral, or psychological issues.
- ▶ **Mental health:** Introduced after analysis of the *Viva Bem* program, which found a high percentage of employees seeking psychological support.

All our health and safety actions and services cover all full-time and part-time employees, including those hired for a specific period.

## Training and well-being GRI 403-5

To ensure that health and safety awareness is disseminated, we offer employees a range of training and qualification in areas such as preventing falls, fire-fighting, safe handling of chemicals, ergonomics, first aid, proper use of PPE, risk communication, prevention of occupational illnesses, safety in operating machinery and equipment, working in

confined spaces, working in heights, occupational safety and electricity, machinery and equipment operation, handling loads, and emergency procedures.

**To ensure that knowledge of health and safety is disseminated, we offer employees a wide range of trainings and qualification events.**



# Safety in focus

GRI 403-1, 403-2, 403-7, 403-9

We believe that safety and prevention are priorities and a responsibility of all employees. The procedure we use to identify occupational accident hazards consists of an assessment of the facilities, including remote facilities and operations not under our direct control, document, regulation, and standard reviews, interview and observations, task and process analysis, potential accident (incident) analysis, hazard prioritization, development of control measures, implementation and monitoring, training and awareness, periodic reviews, communication, and reports.

Safety inspections, assessments of ergonomic risks, accident and incident analyses, chemical and physical risk assessments, risks associated with specific tasks, emergency simulations, assessments of risks due to failure to comply, and the impact of organizational changes are performed routinely. Assessments of projects and changes, risk in construction projects, and analyses of the risks associated with special projects are performed on an ad-hoc basis.

To ensure the quality of these processes we use trainings, qualifications, and certifications for everyone involved. We have clear procedures and guidelines, and manage third parties in a way to establish minimum occupational health and safety certifications. We also ensure these assessments are incorporated into the occupational health and safety management system, continuously improving processes based on results.

Initiatives to reduce and eliminate safety risks include the elimination of hazards identified, replacing equipment and materials, engineering controls, administrative controls, and the supply of personal protective equipment (PPE).

**In 2023, LEROY MERLIN Brasil became the first retailer in Brazil to be ISO 45001 (health and safety management) certified. Our Guarulhos (SP), and Jaguaré and Ricardo Jafet (metro SP) stores are certified. And we intend to certify all large stores in 2024.**

Our employees have structures and channels they can use to report hazards and dangerous situations such as apps and online platforms, health and safety committees, and spaces where they can speak at safety meetings and communicate directly with the occupational health and safety team. As stated in the company corporate policy and code of ethics, whistle blowers are ensured they will not be punished for reporting these situations.

We also have policies and processes that allow employees to remove themselves from hazardous situations, including workplace inspections, checklists, and incident logs. Incident investigations include notification, initial classification, data gathering, detailed descriptions, investigation teams, location preservation, evidence reviews, identification of potential con-



We also have policies and processes that allow **employees to remove themselves from hazardous situations**

sequences, final classifications, corrective measures, document analyses, registration, internal and external communication, training, follow-up, monitoring, and continuous improvement.

The hazards and risks reported in 2023 were falls, bone and muscle injuries, falling objects, equipment accidents, accidents at heights, fire, and explosion. Past events include vehicular accidents, electrical shock and trauma.

We use strategies and measures to eliminate or reduce them, such as personal protective equipment, training and qualification, safety signaling, occupational safety programs, risk analyses, hazardous substance control, preventive maintenance, emergency and evacuation plans, compliance follow-up, actions for early detection of occupational health issues, communication strategies, and employee involvement in safety issues.

Occupational accident data gathering follows Ministry of Labor and Employment (MLE) Standards (NR) to analyze and manage risks and employee training.

## Our employees have structures and channels to report hazards and dangerous solutions.



## WORK-RELATED INJURIES GRI 403-9

We constantly monitor safety to avoid incidents with our own and third-party employees. All workplace accidents in 2023 had been mapped, identified, and classified as hazards and risks to employee safety using the management processes listed.

Initiatives to reduce and eliminate safety risks include the elimination of hazards identified, replacing equipment and materials, engineering controls, administrative controls, and the supply of personal protective equipment (PPE).

WORK-RELATED INJURIES <sup>1</sup> <small>GRI 403-9</small>	2021	2022	2023
CLASS	EMPLOYEES		
Number of hours worked	19,839,023.74	20,060,528.19	19,813,433.8
Basis for numbers of hours worked (200,000 or 1,000,000)	1,000,000	1,000,000	1,000,000
Number of deaths as a result of work-related injuries	0	0	0
Rate of deaths as a result of work-related injuries	4.33	4.44	0
Number of serious-consequence work-related injuries (excluding deaths)	4	1	0
Rate of serious-consequence work-related injuries (excluding deaths)	36	0.05	0
Number of reportable work-related injuries (including deaths)	86	109	178
Rate of reportable work-related injuries (including deaths)	36	5.43	8.98

<sup>1</sup>The workplace accidents reported in 2023 were falls, bone and muscle injuries, falling objects, equipment accidents, accidents at heights, fire, and explosion. We did not record any incidents involving workers who are not employees, but whose work and/or workplace are controlled by the organization. We control only the accident reports (CAT) for direct contractors. Information for 2021 and 2022, disclosed in the 2022 report, was recalculated so the values in this report differ. [GRI 2-4](#)

**Last year, there were no deaths resulting from occupational diseases, nor any cases of reportable work-related illnesses.**

## Occupational diseases GRI 403-10

The main hazards identified by LEROY MERLIN Brasil that could cause occupational diseases are ergonomic agents, dust, smoke, vibrations, biomechanical risks, and risk of falling. These affect company and third-party employees.

In 2023, the main causes of occupational diseases were ergonomic and biomechanical. Last year, there were no deaths as a result of work-related ill health or any cases of reportable work-related injury or ill health.

# Engagement centered on the human being



## ▶ IN THIS CHAPTER

- Our suppliers
- Customer care and trust
- Local development



# Our suppliers GRI 2-1, 2-6, 2-23, 2-24, 205-2, 3-3

Our supply chain is an essential part of the LEROY MERLIN Brasil strategy to offer society the possibility of building healthy and sustainable homes. These partners manufacture goods and provide some of the services we offer Customers. This is why we work proactively to make sure they are with us in preserving the environment and promoting quality of life.

Our supplier management practices exceed legal requirements and part of the Company’s business strategy. Our supplier Code of Ethical Conduct was updated in 2023 to include proprietary policies for purchasing goods (read more on page 58). All partners must accept the LEROY MERLIN Brasil terms and conditions. These include anti-corruption clauses and other commitments incumbent on the partner. 99% of our partners signed their agreement to the Code in 2023.

We do not have specific supplier training in anti-corruption, but our Supplier Portal includes documents and a Quality Manual that lists LEROY MERLIN Brasil’s expectations and requirements for third parties.

We prioritize local partners when purchasing goods for sale in our stores, hiring artisans, designers, producers, and service providers.

LEROY MERLIN Brasil’s public commitments to supply chain management are directly linked to the We Make it Positive strategy. These are:

- ▶ **to have 100% of products with economic, social and environmental performance indicators by 2025**
- ▶ **have at least 30% of Brazilian suppliers in our portfolio, in particular local artisans and partners**
- ▶ **have 1 million delivery companies, assemblers, installers, and partners in the global ADEO platform by 2025.**

In 2023, we had 1,684 partners in our supply chain, to whom we paid R\$ 4.928 billion. These are of all sizes, located in Brazil and abroad, working with goods, services, and inputs. Their main activities are the manufacture and supply of goods, logistics, marketing and advertising partners, banks and financial institutions, and general services.

In the year, we made progress in formalizing our We Make it Positive ambitions, setting goals we plan to reach in each product category. The goal is to encourage suppliers to work with us in offering positive products (read more on page 64).



In 2023, we had 1,684 partners in our supply chain, **to whom we paid R\$ 4.928 billion**

<b>PURCHASES FROM LOCAL SUPPLIERS (IN R\$ BILLION)* GRI 204-1</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Supplier budget (R\$)	5.218	4.940	4.928
Spending on local suppliers (R\$)	4.878	4.637	4.735
Budget spent on local suppliers (%)	93.5	93.9	96.1

\*Considering the entire budget used to purchase products to be resold by LEROY MERLIN Brasil.

## SOCIO-ENVIRONMENTAL ASSESSMENT GRI 308-1, 308-2, 414-1, 414-2

To fulfill our socioenvironmental and quality commitments to society, we work closely with our suppliers to carefully monitor the manufacture of the goods we offer in our stores. We seek to enter into agreements that offer security for all and enable tracking our production chains.

In screening and approving suppliers, we look at three qualification levels: quality, and compliance of social and environmental protocols. To ensure compliance with the requirements, we apply a self-assessment questionnaire to all partners.

The criteria used to screen suppliers include legal and environmental compliance, environmental certifications, waste management, use of natural resources, corporate social responsibility, and verification of their performance history. Checking these items helps ensure we are aligned with Company values and commitments, seeking to avoid deforestation, negative impacts on biodiversity, water pollution, water intake in areas under water stress, energy from non-renewable sources, waste and effluent generation and inadequate disposal, and greenhouse gas emissions.

In 2023, 585 environmental and 598 social self assessments were answered. This initiative revealed that 89% of our sales were certified goods, and 84% were considered low risk in terms of the quality, social, and environmental protocols. The goal for 2024 is 90%. For partners considered high risk, we developed corrective action plans.

Of the suppliers analyzed, 30 were considered as possible sources of negative social impact, and 40 as possible sources of negative environmental impact. LEROY MERLIN Brasil is committed to proposing measures to improve all suppliers, and hopes to reach 100% acceptance.

Every three years, we conduct in-person audits of all suppliers who manufacture LEROY MERLIN Brasil proprietary or exclusive goods, as well as those sold under the Marca do Habitante (MDH) brand. For this, we use a protocol developed with ICS, an independent reference in this area. In 2023, three suppliers had to requalify in the environmental requirements, and 13 in the social requirement. Two of them developed corrective action plans in the environmental area, and three in the social area, for implementation in six months. All other suppliers successfully requalified.

Our audit examines raw material controls, work instructions, and operator training. In the social sphere, the aspects assessed include forced or child labor, fire-fighting plans, payments and salaries aligned with working conditions and labor laws. In terms of the environment, we look at water and energy use, proper discharge of chemical substances, and safe in handling of hazardous chemicals.

In 2023, 97% of our MDH manufacturers were socio-environmentally qualified. The remaining 3% are in the qualification process. This year also marked a new cycle of in-person audits, as the last ones were performed in 2020. Most of our partners requalified, and those who did not, have six months to remedy the situation.

The more critical points found in the audits were emergency drills, electrical facilities, adjustments to comply with Ministry of Labor and Employment standard NR 12, and energy use management.

**97% of our MDH manufacturers were socio-environmentally qualified.**

**PERCENT OF NEW SUPPLIERS SCREENED USING ENVIRONMENTAL CRITERIA** GRI 308-1

DESCRIPTION	2022	2023
	TOTAL	TOTAL
New suppliers contracted	54	179
New suppliers contracted after environmental screening	8	3
Percent	14.8%	1.7%

**Human rights: fighting child and slave labor** GRI 408-1, 409-1

LEROY MERLIN Brasil has zero tolerance for child, forced, or slave-like labor. We proactively work to make sure that none of these practices are present in our supply chain. Our Codes of Ethical Conduct are signed by our suppliers and include specific clauses to this effect.

We found no suppliers engaging in these practices in our supply chain. However, we believe that managing this type of risk is critical, as our portfolio of partners includes over 1,600 suppliers.

**PRODUCT POLICY** GRI 416-1

Today, 100% of the products sold by LEROY MERLIN Brasil are monitored and compliant with regulations. We go beyond and use policies that instruct our suppliers to adopt good socioenvironmental policies:

▶ **Timber Policy:** All products that have wood in their composition have valid FSC® certificates to ensure compliance with the company’s internal lumber policy. In 2023, we created closer controls and check with suppliers if their certification includes whatever products we purchase from them. 93 suppliers complied with this policy.

▶ **Packaging Policy:** A guideline for MDH products launched since 2022, which requires packaging to be free of PVC and polystyrene, materials that are difficult to recycle and whose natural degradation is slow. Additionally, we also push to reduce the quantity of packaging material for our products to minimize waste generation.

▶ **Hazardous Substances Policy:** We work to eliminate substances that might be hazardous from our chain, such as isocyanate, breathable crystalline silica, and glyphosate. In 2023, we faced challenges to gather data on these substances from our suppliers. We were able to check 42% of the 8,312 potential items we intend to check, below our goal of 60%. We plan to reach this through constant interactions with our partners. GRI 416-1

# Customer care and trust

Responsibility and our commitment to our customers permeate our business strategy. The “Human First” premise we apply to LEROY MERLIN Brasil employees is also applied to our customers. Concern with building healthy homes and quality of life are at the core of our focus.

This vision is reflected in the Company’s organizational structure, and in 2022 it created the Customer Service & Experience Department. The focus is always to improve the company’s relationship with consumers, with suitable environments in all channels that customers may use to find accurate and transparent information to make purchases to improve their homes.

The department’s approach revolves around three pillars:

- ▶ **Standardization:** Ensuring the same customer experience regardless of store or channel, providing omnichannel services across all Company touchpoints.
- ▶ **Operating efficiency:** Find opportunities for improvement based on customer relations to provide even more agile and suitable service.
- ▶ **Quality:** Ensure quality, sustainable, and safe products for its own and other brands.

Actively listening to our customers is essential to determine their degree of satisfaction with our goods and services. It also gives the Company data it can use to improve the solutions it offers. LEROY MERLIN Brasil monitors all customer purchases and interactions. For each occasion there is a survey to assess his or her experience during the journey, from inspiration to after sales. Results are monitored in real time and reviewed on a monthly and quarterly basis to meet the needs of the business.

In 2023, we switched to a new system to monitor survey data - Qaltrics. This makes it easier for all areas to view the data collected, generating input for real-time service improvement.



**Concern with building healthy homes and quality of life** are at the core of our focus

## CALM

Customers can use a range of channels to access the LEROY MERLIN Customer Service Center (CALM).



**TELEPHONE**

**State Capitals:** 4020-5376  
**Other regions:** 0800-020-5376



**CHAT**

LIA



**WHATSAPP**

(11) 4007-1380



## Customer Security GRI 416-1

We have 62,130 categories of goods and services, 7,310, of 11.77% are evaluated for their positive and negative impact on health and safety, seeking improvements.

Among our services, there are ten categories that could have significant positive impact, including those in areas such as photovoltaic panels, boilers, and disposals that offer sustainable benefits.

## LOYALTY PROGRAM

Loyalty is a key strategy for any business seeking to establish lasting and profitable relationships with its customers. LEROY MERLIN Com Você plays an essential role by offering incentives and rewards to keep customers engaged and satisfied. The program's benefits range from exclusive discounts, including in the “Healthy Home” category, through points that can be exchanged for cash backs that can be used in any channel.

At the end of 2023, there were 5.5 million customers in the loyalty program, a 83% increase compared to the previous year. This is the result of a new customer registration mechanism, who are invited to join the program when they check out by simply providing their CPF and phone number.

As a result, 61% of the company’s revenue in the year came from loyalty customers. The use of cash back increased 102% compared to 2022.

The program also tracks customers buying preferences and behaviors, increasing customers returns to our stores. All this is done with the customer’s consent and in compliance with the General Data Protection Law (BR GDPR).

**By the end of 2023, 5.5 million of customers had registered for the loyalty program, 83% more than in 2022.**

# Local development GRI 3-3, 413-1, 413-2

We proactively work to promote local development in the areas where we are present, going beyond legal requirements. For this, we make donations, fund social, sports, and cultural projects, and invest in initiatives using tax incentive laws. We always seek to connect Company principles and initiatives that drive quality of life, expanding employability and generating income.

LEROY MERLIN Brasil believes this goes beyond its operations and is essential to reduce inequality in this country and promote a model of housing that is healthier and more sustainable. Thus, even though we do not generate any significant negative impact on local communities, we seek initiatives that will generate opportunities for social development.

We have committees and advisory processes with this audience, maintaining open dialog with representative entities to address the impact of our operations. These interactions allow LEROY MERLIN Brasil to implement initiatives that are aligned with the needs of its geographies. Although it is impossible to measure the progress of these initiatives in terms of percentages, we do perform assessments and continuously monitor our actions.

These social initiative developments are managed by the LEROY MERLIN Obramax Institute. This entity works on two fronts: culture and quality education, and dignified and healthy housing.

In 2023, the institute supported three courses in basic painting and construction in different communities, working with suppliers such as Suvinil, Eufraten, 3M and Bosh. Our partnership with Senai, the National Industrial Learning Service, offered vocational courses in different locations. A total of 627 people participated in this initiative. In all, 1,633 people benefited.

This year, the institute is fostering ten social projects in culture, sports, health, and the rights of children, adolescents, and the elderly using tax incentive laws. These initiatives impacted 20,382 people nation-wide. Our product donations, which totaled over R\$ 95,000, benefited 7,141 people in 50 institutions.

## Formar Project

*Formar* is an initiative of LEROY MERLIN Brasil, and focuses on training socially vulnerable youth to expand income generation and help them enter the job market.

In 2023, it trained 142 people for the job market, and another 142 participated in income generation workshops.



**In all, 1,633 community members benefited in total from all of our training programs.**

## GOALS, TARGETS, AND INDICATORS USED TO MEASURE PROGRESS IN SOCIETY RELATIONS

GOALS	TARGETS	INDICATORS
We enabled better quality of life for our employees and their families	70% of employees now live in healthy homes	54%
Generated development, employability, and direct and indirect income	50% of our stores held workshops and courses for children, young people, and customers	50%
Culture, and dignified, healthy, and quality education	Employees, customers business partners, and society volunteered 1,000 hours	689
Businesses and social impact: we supported social and environmental project through tax incentive laws	Made full use of these incentive laws (IRF, IPTU, ICMS)	100%
Training for children and young people	135 youth graduated from the <i>Formar</i> Project	142
Women installers trained and registered	Achieve 10% turnover among women installers	8%
Business and social impact: corporate volunteering in support of a better habitat and access to education	Foster an annual volunteer date for 50% of employees	2%
Business and social impact: corporate volunteering in support of a better habitat and access to education	Offer 12 volunteer initiatives	8
Culture, and dignified, healthy, and quality education	Impact 500 people with professional qualification programs	1,633



# Positive environmental impacts

## IN THIS CHAPTER

- Positive products
- Waste and a circular economy
- Natural resources



# Positive products GRI 3-3

LEROY MERLIN Brasil works to generate value and sustainability for retail, industry, and society. In 2023, we advanced in our strategy to develop and promote positive products that reflect our desire to offer the possibility of building healthy homes that help preserve the planet.

We believe retail has a role in generating convergence of the manufacturing areas, as we are the touchpoint between the manufacture and the consumer. In this regard, our positive products strategy seeks to link our sustainability commitments to We Make it Positive along the entire value chain, consistent with the UN Global Compact and the 2030 Agenda, of which we are signatories.

The Positive Product strategy we are developing goes beyond legal requirements, and in 2023 worked on three fronts:

- ▶ **Training, consisting of a training path and internal mobilization. This allows our employees to transform our range of goods to one that is more positive, thinking about the product life cycle we offer customers, analyzing their impact from raw material selection through manufacturing and disposal or recycling.**
- ▶ **The second has to do with how we disclose this information in our sales channels; and**
- ▶ **The third focuses on supplier engagement. The process was kicked off with technical visits and webinars, introducing this to our partners and training them in the new Company strategies, offering human capital to help them identify and develop sustainable solutions for their products.**

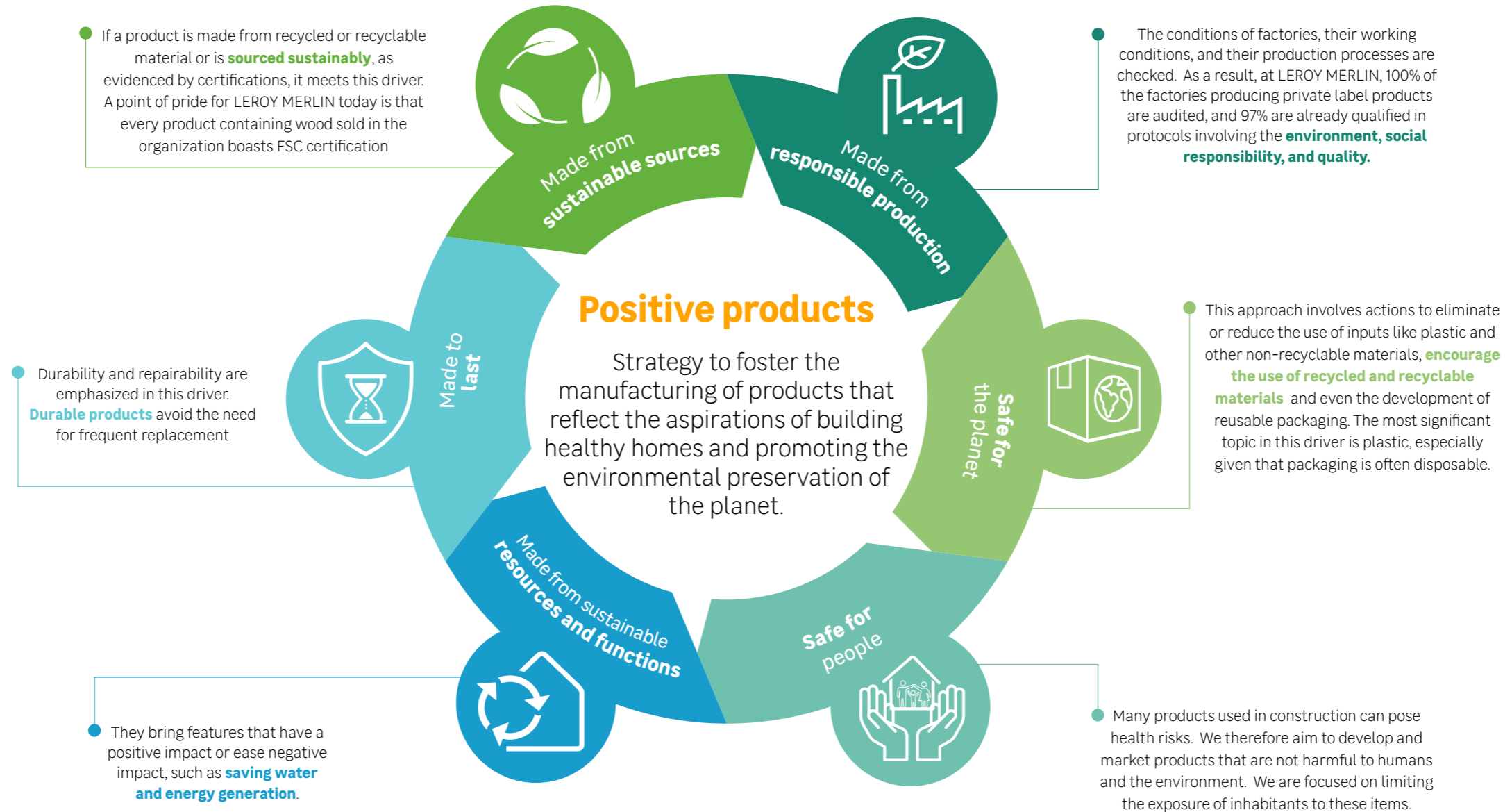
The project will be introduced to consumers in late 2024. This is an open and candid partnership with our partner suppliers, especially those involved in our house brand (MDH). The proposal is to exchange ideas and knowledge to bring transformative projects to the market, capable of leading to an increasingly sustainable value chain.

Six drivers show the scope and positive impact of these products. These are interconnected to achieve sustainable development that is global and systemic. The following infographic has information about each one of them.

**The Positive Product**  
strategy we are developing  
goes beyond legal  
requirements

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## Projects, construction and the **habitat of the future** GRI 3-3

The importance of seeking sustainable housing solutions is expressed by LEROY MERLIN Brasil in its material topic Projects, construction, and the habitat of the future. By including this topic in our materiality matrix, we ensure that actions and projects related to this topic are implemented and monitored, creating a positive impact for the company's business, its stakeholders, and the planet.

Any negative impact associated with this material topic is primarily in the environment, as it involves goods and services that could negatively impact the soil, water, and air. The positive impact is manifold:

- ▶ Higher market cap for the company due to the competitive advantage of sustainable goods
- ▶ On people and human rights, with increased positive social impact due to improved goods
- ▶ On the economy, with a competitive edge and higher sales from more sustainable goods and services
- ▶ On the environment, reducing the impact on the environment with better goods and services.



We ensure **actions and projects that have a positive impact on the business**, its stakeholders, and the planet are executed and monitored

# Waste and the circular economy

GRI 3-3, 306-1, 306-2

The concept of circularity is essential for LEROY MERLIN Brasil's waste strategy. We constantly seek to reduce the waste we generate with increased operating efficiency, reusing materials, and recycling in search of new models and better destination for at least 90% of the waste we generate by 2026, keeping it out of landfills.

We adopt a positive posture, implementing policies and practices that exceed legal regulations, participating in social initiatives and incorporating this topic into our business strategy. We lead the industry in this regard, looking for innovative solutions and collaborating with governments and NGOs on systemic changes, providing detailed information about our approach and progress made.

The Positive Impact Department is responsible for waste management and the circular economy at LEROY MERLIN Brasil. We use a number of actions to manage, prevent, mitigate, and remedy any environmental impact related to these topics. This includes defining the impacts, context analyses, strategy development, resource allocation, stakeholder engagement, implementation, monitoring, assessment, transparency, commu-

nication, and continuous learning. The effectiveness of the measures taken is measured through internal and independent audits.

To manage this theme within the organization, we use an Integrated Waste Management program, coordinated by Positive Impact and Indirects Purchasing. Our goal is to centralize control of the disposal of waste generated in our stores and logistics centers.

We also invest in innovation to address the challenges associated with waste management. In 2023, we restructured the *Postera* Project to further increase the circularity of textile waste from company uniforms. We also have a pilot project to transform these materials back into fiber to make new uniforms or accessories such as tote bags for employees. By 2024, this should be fully underway.



**We seek to consistently reduce the amount of waste generated, increasing our operating efficiency and recycling, seeking new business models, with at least 90% of the waste generated treated and disposed of by means other than landfilling by 2026.**

This program includes the OrganiCO<sub>2</sub> project to manage organic waste from company restaurants. This includes our composting center and organic vegetable garden at our Distribution Center. The goal is to reduce our carbon footprint in landfills and waste transportation.

Reconciling our business with our mission of being local leaders as providers of positive solutions for the home, in 2023 we designed LM Caçambas [LM Dumpsters] to come onstream in 2024. This project aims to solve an issue mentioned by company customers seeking a way to suitably dispose of construction waste at their sites. The idea is to make sure this is done via a service provided by the company.

In 2023, we strengthened our relationship with waste management companies retained to dispose of waste generated during company operations. In the year, we qualified 58 such partners who operate within the standards we defined as ideal for such operations. In this process, we demand an inventory of greenhouse gases emitted in their operations, and use proprietary software to ensure waste can be tracked. We also check the quality of services provided. Corrective and preventive measures are often developed together with these companies to reduce the amount of waste sent to landfills.

We also encourage employees to come up with products that lead to raw material recycling and reuse. In 2023, we developed the Bali line of garden pots together with partners Vasart, Retalhar, and Therpol. Products made from discarded denim were displayed for sale at our stores.

Internally, we promote education and training on themes that address sustainability and recycling focused on functions that are strategic for waste management. In 2023, over 100 employees were trained to reduce the rate of waste sent to landfills.

To make sure this rate drops consistently, we use internal environmental audits, where stores must report their landfill rate, in addition to ADEO group audits that checks the data submitted and the more significant deviations.

**Goods made from recycled denim are available for purchase at our stores.**





This project should  
be **rolled out to all  
units in 2024**



## Waste collection stations

In 2023, we developed a new selective waste project for our stores. This initiative, a partnership with Ambipar Triciclo collects waste and other types of scrap such as electronics and light bulbs. The Volunteer Collection Stations (VCS) may be used by all.

In 2023, a new VCS panel was created at the Curitiba (PR), Fortaleza (CE), Guarulhos (SP), and Morumbi, Tietê, and Interlagos stores (metro SP) stores. This project should be rolled out to all units in 2024.

### GOALS, TARGETS, AND INDICATORS USED TO MEASURE PROGRESS IN WASTE MANAGEMENT GRI 3-3

GOALS	TARGETS	INDICATORS
Improve waste management: control, tracking, and engagement, furthering our positive impact	76% diverted from landfills	Rate of waste diverted from landfills
Improve waste management: control, tracking, and engagement, furthering our positive impact	50% of our units with 0 landfilling in 2023	Zero landfilling units
We are recognized for developing our surroundings	Reverse logistics pilot fully implemented	Monitoring the reverse-logistics pilot

## WASTE GENERATION AND DISPOSAL GRI 306-1

Numerous operating processes generate waste. For incoming goods, this is primarily packaging, including disposable pallets. Our corporate activities produce office, bathroom, and cafeteria waste, among others. Outgoing waste includes defective goods, packaging, chemicals, hazardous waste, and obsolete equipment. **Downstream waste from marketing and sales, and post-consumption reverse logistics - customer waste** - is also a source of impact.

Waste containers are available in our sales area, bathrooms, offices, cafeterias, and restaurants. The majority of the waste is outgoing, and includes waste that

is difficult to sort and recycle such as leftover paint, chemicals, construction material in general, tools and the like.

### TOTAL WASTE GENERATED, BY COMPOSITION (T)<sup>1</sup> GRI 306-3

	2021	2022	2023
<b>HAZARDOUS</b>			
Paints and the like	74	193.99	156.08
Total (Hazardous)	74	193.99	156.08
<b>NON-HAZARDOUS</b>			
Paper/ Cardboard	2,640	2,295.29	2,252.86
Plastic	805	274.05	660.54
Metal/Scrap	264	375.27	306.61
Glass	100	56.78	49.76
Wood	7,351	8,684.26	8,676.68
Construction waste	8,818	8,550.4	9,704.82
Non-recyclable	10,200	6,452.82	3,116.3
Uniforms and PPE	9.58	7.69	13.61
Electric and electronic	16	61.1	56.67
Organic	12.79	44.66	13.11
<b>TOTAL (NON-HAZARDOUS)</b>	<b>30,216.37</b>	<b>26,802.32</b>	<b>24,850.96</b>
<b>TOTAL WASTE GENERATED</b>	<b>30,290.37</b>	<b>26,996.31</b>	<b>25,007.04</b>

<sup>1</sup>Data generated by proprietary software that compiles the data from store requests to pick up waste, acceptance of the job by the service provider, information about weight from the final destination, including evidence such as weighing tickets. This data is first provided for each unit, and then consolidated by the Company by type, ensuring uniformity of the categories used.

**Waste containers are available in our sales area, bathrooms, offices, cafeterias, and restaurants.**



Over the past three years, **the quantity of waste generated has gone down**, despite an increase in the number of operating units

**TOTAL WASTE DIVERTED FROM DISPOSAL, BY COMPOSITION,  
IN METRIC TONS (T)** GRI 306-4

WASTE	METRIC TONS (T)	%
Mixed recyclables	3,269.77	17.7%
Wood	8,621.9	46.8%
Construction waste	6,298.74	34.2%
Uniforms and PPE	13.61	0.1%
Organic	13.11	0.1%
Electronics	56.67	0.3%
Paints and the like (hazardous)	152.11	0.8%
<b>TOTAL</b>	<b>18,425.91</b>	<b>100%</b>

**TOTAL WASTE DIRECTED TO DISPOSAL BY COMPOSITION,  
IN METRIC TONS (T)** GRI 306-5

WASTE	METRIC TONS (T)	%
Construction waste	3,406.08	51.8%
Wood	54.77	0.8%
Residue	3,116.29	47.4%
Paints and the like (hazardous)	3.96	0.1%
<b>TOTAL</b>	<b>6,581.11</b>	<b>100%</b>

**TOTAL WASTE DIVERTED FROM DISPOSAL BY RECOVERY OPERATION  
IN METRIC TONS (T)**<sup>1</sup> GRI 306-4

	2021	2022	2023
Hazardous waste			
Upcycling	-	-	152.11
Other recovery methods (waste treatment sector I, co-processing blending, decontamination, etc.)	74.00	199.00	-
<b>TOTAL</b>	<b>74.00</b>	<b>199.00</b>	<b>152.11</b>
Nonhazardous waste			
Recycling	20,435.00	20,908.00	18,273.80
<b>TOTAL</b>	<b>20,435.00</b>	<b>20,908.00</b>	<b>18,273.80</b>
<b>TOTAL WASTE DIVERTED FROM DISPOSAL</b>	<b>20,509.00</b>	<b>21,107.00</b>	<b>18,425.91</b>

**TOTAL WASTE DIRECTED TO DISPOSAL BY OPERATION, IN METRIC TONS (T)**<sup>1</sup> GRI 306-5

	2021	2022	2023
Hazardous waste			
Landfilling			3.96
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>3.96</b>
Non-hazardous waste			
Landfilling	10,200.00	6,452.00	6,577.15
<b>TOTAL</b>	<b>10,200.00</b>	<b>6,452.00</b>	<b>6,577.15</b>
<b>TOTAL WASTE DIRECTED TO DISPOSAL</b>	<b>10,200.00</b>	<b>6,452.00</b>	<b>6,581.11</b>

<sup>1</sup> Data from the green platform management software for direct collection. Refers to all large stores, the DC and main office. Data is updated monthly within 60 days of generation.

# Natural resources GRI 303-1, 303-2, 303-4, 303-5

We manage the water and energy resources of our units to increase efficiency and reduce consumption. In 2023, we advanced in our pilot project for real-time monitoring of water and electricity use (*read more on page 73*).

In the year, we sought to increase the efficacy of our internal audits of management supervisors and the maintenance team. We now run these audits via online surveys and monitor water, energy, and safety management at each store.

**In 2023, all our large stores remained Aqua-HQE certified, and the new store in Salvador (BA) was Edge certified.**

## Edge Certification

The Edge checks three areas: energy, water, and materials. Edge certifies eco-efficient buildings based on these three items.

There are three levels of certification:

- ▶ o Certified, the most common certification, requires a minimum projected reduction of 20% in energy use, water use, and embodied carbon in materials as benchmarked against a reference project (baseline).
- ▶ o Advanced, for projected energy savings of 40% or more; and
- ▶ o Carbon-Zero for projects that have Advanced certification and use 100% renewable energy or that purchase carbon offsets.



**The Salvador (BA) unit is Advanced certified, confirming 48% energy efficiency, 30% water efficiency, and 49% embodied carbon in the materials used.**



## Forest Week

We held our fourth Forest Week in 2023. The goal is to plant trees in the Mantiqueira Mountains. For this, for every customer purchasing goods with the FSC seal, we plant over 15,000 saplings in Extrema (MG), an area that is very important to protect the aquifers supplying metropolitan São Paulo.

**In 2023, 100% of all wood-containing goods were FSC certified. We are the first retailer in Brazil to do so.**

## WATER STEWARDSHIP GRI 303-1, 303-3

LEROY MERLIN Brasil uses public utility water, groundwater, and purchased water. Consumption ranges from drinking water through garden irrigation, industrial cooling, facility cleaning and maintenance, fire-fighting equipment, cafeterias, and kitchens.

In calculating water intake, the Company includes public utility water, that supplies most of our stores, purchased water delivered in tankers, and water taken from underground wells, used only in specific cases.

To calculate annual water intake, we use utility bills, telemetry, and pulsed output hydrometers.

### TOTAL VOLUME OF WATER WITHDRAWAL ACROSS ALL AREAS AND IN AREAS WITH WATER STRESS<sup>1</sup>, BY SOURCE (ML) GRI 303-3

SOURCE	2021		2022		2023	
	ALL AREAS	AREAS WITH WATER STRESS	ALL AREAS	AREAS WITH WATER STRESS	ALL AREAS	AREAS WITH WATER STRESS
Surface waters <sup>2</sup>	7.9	7.5	201	167	0	0
Groundwater	26	26	23	23	24.2	24.2
Utility water	227	223	191	164	183.7	120.1
<b>TOTAL</b>	<b>261</b>	<b>257</b>	<b>415</b>	<b>354</b>	<b>208</b>	<b>144</b>

<sup>1</sup> Areas under water stress were taken from the Aqueduct platform, available at <https://www.wri.org/applications/aqueduct/country-rankings/?country=BRA&indicator=bws>. Areas are considered to be under water stress if they score over "1", i.e. medium low or greater. **GRI 2-4**

<sup>2</sup> Surface waters include public utility water and water delivered in tankers.

<sup>3</sup> Groundwater is water taken from the wells at the São Paulo and Campinas D. Pedro Distribution Centers.

<sup>4</sup> Numbers for 2021 disclosed in the 2022 report have been corrected. **GRI 2-4**

## WASTEWATER DISCHARGE GRI 303-1, 303-2, 303-4

Most wastewater is discharged in the public sewer systems of the locations where we operate. In some cases, we use our own wastewater treatment systems and, in the case of our unit in Campinas (SP), an infiltration well where this wastewater is absorbed by the soil.

We abide by the minimum quality standards for wastewater discharge, including turbidity, pH, BOD (biochemical oxygen demand) COD (chemical oxygen demand), TSS (total suspended solids), fecal coliforms, and nitrogen and phosphorous concentrations. These standards are defined in law and applicable regulations.

In locations with no specific wastewater disposal requirements, we abide by applicable legislation and normally use the public sewage system.

Wastewater discharge is calculated based on consumption data. As there is no specific control of wastewater discharged, it is understood that all the water taken in is discharged.

For LEROY MERLIN Brasil water intake and water discharge are equal. GRI 303-5



**Wastewater quality is checked** according to applicable legislation.

## Water stewardship responsibility GRI 303-1

LEROY MERLIN Brasil is aware of the water-related environmental impact resulting from its activities and those in its value chain, and identifies issues such as excessive water use and depleted aquifers. We use environmental performance indicators to assess these impacts.

We use water in areas considered to be under water stress in Rio Grande do Sul, Santa Catarina, São Paulo, Ceará e Rio Grande do Norte. In these areas, we monitor and conserve water, and invest in sustainable technologies, in line with the local situation and government policies. For example, we use water saving equipment such as dual flow toilet flushes, automatic faucets, dry urinals, and rainwater capture.

# Renewable energy and climate change

GRI 302-1, 305-1, 305-2, 305-3

Our premise is to use renewable energy from clean sources in all operations. We also seek to be more efficient, reducing LEROY MERLIN Brasil’s consumption.

In this regard, we purchase energy for our stores and Distribution Center from the free market. The only exceptions are units located in buildings that are responsible for energy use, such as those located in shopping malls.

Our newest units in Salvador (BA) and Guarulhos (SP) are IOREC certified, ensuring that energy is sourced from clean and renewable sources.

In 2023, we set in motion a pilot project for remote energy use monitoring. This initiative has been in use at the Morumbi (SP) store since September, focusing on

controlling refrigeration equipment, the largest energy use. The target of 8% savings was exceeded, reaching close to 14%.

## TOTAL ENERGY CONSUMED OUTSIDE THE ORGANIZATION (GJ) GRI 302-1

	2021	2022	2023
Non-renewable fuels consumed	15,416,886	10,772,200	16,904,820
Renewable fuels consumed	1,085,964	901,277	536,890
Electricity, heating, refrigeration, and steam purchased for consumption	332,591	340,824	374,016
<b>TOTAL</b>	<b>16,835,441</b>	<b>12,014,301</b>	<b>17,815,726</b>

Our premise is to use  
**renewable energy from clean  
sources** in all operations.



## DECARBONIZATION PLAN

In 2023, we started to design our Decarbonization Plan, to be further explored in 2024. The first step was to identify potential opportunities in waste in the company's business areas emitting the largest amounts of greenhouse gases (GHG): Offer/Product; Development & Expansion, Supply Chain.

The Offer/Product area selects the goods to be offered in our sales channel, and is responsible for more than 80% of the Company's GHG Emissions. We started by creating a roadmap of actions to be implemented in 2024, in particular:

- ▶ **Lighting:** Constantly seek to develop a range of more energy-efficient goods (in lm/W) to reduce the use-phase carbon footprint. For this, our standard of comparison will be the energy efficiency certifications available in Europe.
- ▶ **Climatization:** constantly seek to develop a range of cooling products with better cooling performance (SEER) and energy efficiency to reduce the use-phase carbon footprint.  
For this, our standard of comparison will be the energy efficiency certifications available in Europe. For equipment using refrigerant gases, we will investigate those with less impact.

- ▶ **Basic materials:** Constantly seek to develop a range of goods using raw material with smaller carbon footprints, especially by incorporating a larger percentage of recycled materials to replace virgin raw materials. We also try to strengthen new construction models focusing on dry techniques that have a smaller carbon footprint than wet techniques.
- ▶ **Ceramics:** Reduce the use of ceramic raw materials focusing on reducing thickness without impacting product quality. Foster energy efficiency and search for alternative fuels that are more sustainable to replace natural gas in ceramics manufacture.
- ▶ **Vinyl flooring:** try to incorporate recycled materials in goods sold, in particular those made of PVC. Promote the development of longer-lasting goods that will remain in use for longer, reducing rapid replacement. Seek to develop domestic manufacturers to replace imported goods.

The main initiatives in our Supply Chain are the use of new transportation modes and alternative fuels, in addition to optimizing routes.

For the construction and operation of our units, we highlight the following:

- ▶ **Measures to retrofit refrigeration units**
- ▶ **Automated monitoring of refrigeration equipment**
- ▶ **Feasibility studies for new options to generate renewable energy, such as Power Purchase Agreements (PPA) or self-generation**
- ▶ **As possible, increase environmental certifications in the construction of new stores to reduce their environmental impact.**

**In 2023, we started to design our Decarbonization Plan, to be further explored in 2024.**

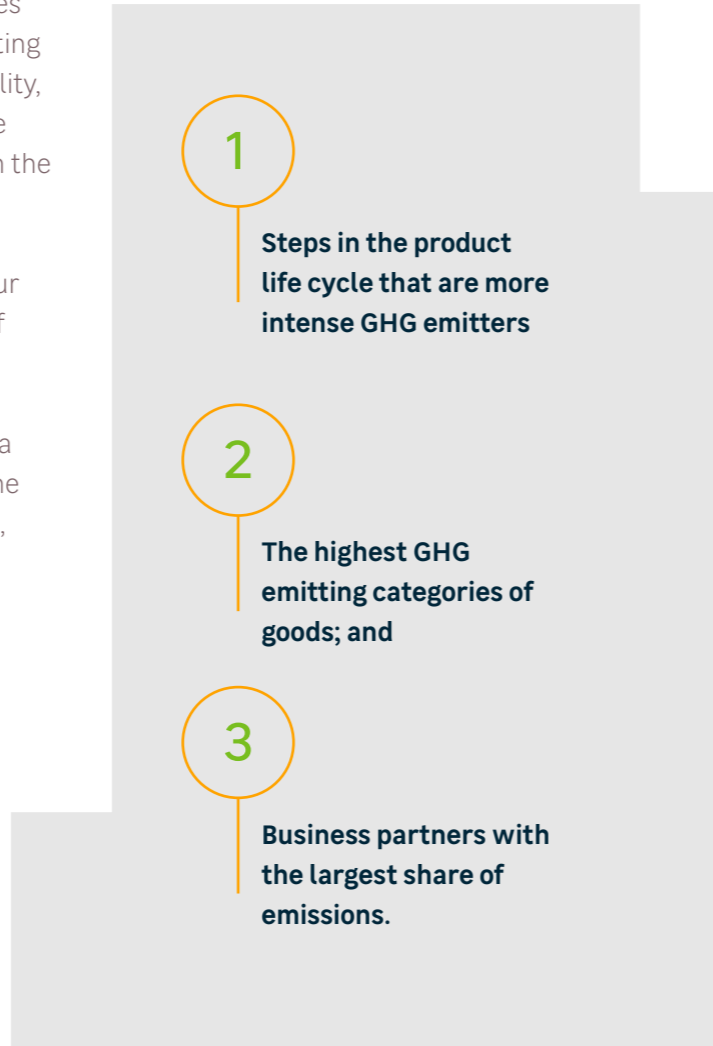
## GREENHOUSE GAS INVENTORY

LEROY MERLIN Brasil publishes an annual greenhouse gas (GHG) inventory. For this, it adopts the guidelines of the Brazilian GHG Protocol Program and an auditing firm approved by Inmetro (National Metrology, Quality, and Technology Institute) to verify the results. Since 2016, we have been recipients of the Gold Seal from the Brazilian platform of public emissions records.

We have made the public commitment to reduce our carbon footprint by 5% annually, with the targets of 25% by 2025, 40% by 2030 and 50% by 2035.

Working with ADEO, in 2023 we started to develop a proprietary tool known as PCO<sub>2</sub>, which estimates the carbon footprint of all goods sold in our B&M stores, using mostly secondary data.

The PCO<sub>2</sub> will enable identifying:



The clearest way to reduce the carbon footprint of our goods. As we are still in the data and methodology testing and validation phase of this tool, the quantitative emissions data is not available for this report. We are making every effort to include a complete history from the reference-year in the next report.

**We have pledged to reduce our carbon footprint, by 5%, with the targets of 25% by 2025, 40% by 2030 and 50% by 2035.**

**EMISSIONS SUMMARY (TCO<sub>2</sub> EQUIVALENT - DOES NOT INCLUDE BIOGENIC EMISSIONS) GRI 305-1, 305-2, 305-3**

	2021	2022	2023
Scope 1 (direct emissions)	1,907.27	1,501.08	1,049.27
Scope 2 (energy indirect)	11,407.47	4,039	3,744.97
Scope 3 (other emissions)	795,638.32	153,732.91	296,222.23

# Appendices



▶ **IN THIS CHAPTER**

- GRI content summary
- Disclosures Supplement
- Credits

# GRI content summary

**STATEMENT OF USE**

**LEROY MERLIN HAS DEVELOPED ITS REPORT IN ACCORDANCE WITH THE GRI STANDARDS FOR THE PERIOD FROM JANUARY 01 TO DECEMBER 31, 2023.**

GRI 1 used

GRI 1: Foundation 2021

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS			SDGS
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
<b>GENERAL DISCLOSURES</b>						
	2-1 Organizational details	56, 88				
	2-2 Entities included in the organization’s sustainability reporting	4				
	2-3 Reporting period, frequency and contact point	4				
	2-4 Restatements of information	54, 73				
	2-5 External assurance	There was no external assurance.				
<b>GRI 2: GENERAL DISCLOSURES 2021</b>	2-6 Activities, value chain and other business relationships	10, 11, 13, 39, 56, 88				
	2-7 Employees	41, 42, 92, 93				8, 10
	2-8 Workers who are not employees	42				8
	2-9 Governance structure and composition	17, 18				5, 16
	2-10 Nominating and selecting the highest governance body	17				5, 16
	2-11 Chair of the highest governance body	17				16

**GRI 2: GENERAL  
DISCLOSURES 2021**

2-12 Role of the highest governance body in overseeing the management of impacts	20, 21, 26	16
2-13 Delegation of responsibility for managing impacts	20, 21, 26	
2-14 Highest governance body's role in sustainability reporting	20, 21	
2-15 Conflicts of interest	23	16
2-16 Communicating critical concerns	22, 89	
2-17 Collective knowledge of the highest governance body	21	
2-18 Evaluation of the performance of the highest governance body	21	
2-19 Remuneration policies	89	
2-20 Process for determining remuneration	89	
2-21 Annual total compensation ratio	89, 90	
2-22 Statement on sustainable development strategy	7	
2-23 Policy commitments	22, 56	16
2-24 Embedding policy commitments	20, 21, 22, 56	
2-25 Processes to remediate negative impacts	24, 26	
2-26 Mechanisms for seeking advice and raising concerns	23, 24, 26	16
2-27 Compliance with laws and regulations	In 2023, the company paid 28 fines totaling R\$ 648,000. This is not considered significant, a significant fine is a unit fine in excess of R\$ 1 million. Only one monetary sanction was imposed.	
2-28 Membership in associations	20, 90	
2-29 Approach to stakeholder engagement	87	
2-30 Collective bargaining agreements	All LEROY MERLIN Brasil employees are covered by collective bargaining agreements in their respective locations. This 100% coverage applies to 2021, 2022 and 2023.	8

**MATERIAL TOPICS**

<b>GRI 3: MATERIAL TOPICS 2021</b>	3-1 Process to determine material topics	5, 21, 87
	3-2 List of material topics	6

**OUR RESPONSIBILITY**

<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	20	
<b>GRI 201: ECONOMIC PERFORMANCE 2016</b>	201-1 Direct economic value generated and distributed	39	8, 9
<b>GRI 205: ANTI-CORRUPTION 2016</b>	205-1 Operations assessed for risks related to corruption	27	16
<b>GRI 205: ANTI-CORRUPTION 2016</b>	205-2 Communication and training on anti-corruption policies and procedures	28, 56	16
<b>GRI 205: ANTI-CORRUPTION 2016</b>	205-3 Confirmed incidents of corruption and actions taken	27	16
<b>GRI 206: UNFAIR COMPETITION 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	90	16
<b>GRI 302: ENERGY 2016</b>	302-1 Energy consumption within the organization	75, 102	7, 8, 12, 13
<b>GRI 302: ENERGY 2016</b>	302-3 Energy intensity	103	7, 8, 12, 13
<b>GRI 302: ENERGY 2016</b>	302-4 Reduction of energy consumption	103	7, 8, 12, 13
<b>GRI 303: WATER AND WASTEWATER 2018</b>	303-1 Interactions with water as a shared resource	72, 73, 74	6, 12
<b>GRI 303: WATER AND WASTEWATER 2018</b>	303-2 Management of water discharge related impacts	72, 74	6
<b>GRI 303: WATER AND WASTEWATER 2018</b>	303-3 Water withdrawal	73	6
<b>GRI 303: WATER AND WASTEWATER 2018</b>	303-4 Water discharge	72, 74	6

<b>GRI 303: WATER AND WASTEWATER 2018</b>	303-5 Water consumption	72, 74	6
<b>GRI 305: EMISSIONS 2016</b>	305-1 Direct (scope 1) GHG emissions	75, 77, 103	3, 12, 13, 14, 15
<b>GRI 305: EMISSIONS 2016</b>	305-2 Energy indirect (Scope 2) GHG emissions	75, 77, 104	3, 12, 13, 14, 15
<b>GRI 305: EMISSIONS 2016</b>	305-3 Other indirect (Scope 3) GHG emissions	75, 77, 104, 105	3, 12, 13, 14, 15
<b>GRI 305: EMISSIONS 2016</b>	305-4 GHG emissions intensity	105	13, 14, 15
<b>GRI 305: EMISSIONS 2016</b>	305-5 Reduction of GHG emissions	105	13, 14, 15
<b>GRI 305: EMISSIONS 2016</b>	305-6 Emissions of ozone-depleting substances (ODS)	In 2023, LEROY MERLIN had no company activities, processes or equipment that generated ODS.	3, 12
<b>GRI 305: EMISSIONS 2016</b>	305-7 Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	In 2023, LEROY MERLIN had no company activities, processes or equipment that generated NO <sub>x</sub> , SO <sub>x</sub> , or other significant air emissions.	3, 12, 14, 15
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>	403-1 Occupational health and safety management system	49, 52, 54	8
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>	403-2 Hazard identification, risk assessment, and incident investigation	49, 52	8
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>	403-3 Occupational health services	49, 50	8
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>	403-4 Worker participation, consultation, and communication on occupational health and safety	49, 50	8, 16
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>	403-5 Worker training on occupational health and safety	49, 51	9
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>	403-6 Promotion of worker health	49, 50	3

<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	52	8
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>	403-8 Workers covered by an occupational health and safety management system	49	8
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>	403-9 Work-related injuries	52, 54	3, 8, 16
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>	403-10 Work-related ill health	54	3, 8, 16
<b>HUMAN DEVELOPMENT, DIVERSITY, AND INCLUSION</b>			
<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	41, 47, 48, 96	
<b>GRI 401: EMPLOYMENT 2016</b>	401-1 New employee hires and employee turnover	93, 94	4, 5, 8, 10
<b>GRI 401: EMPLOYMENT 2016</b>	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	99	3, 5, 8
<b>GRI 401: EMPLOYMENT 2016</b>	401-3 Parental leave	95	5, 8
<b>GRI 402: LABOR RELATIONS 2016</b>	402-1 Minimum notice periods for operational changes	99	8
<b>GRI 404: TRAINING AND EDUCATION 2016</b>	404-1 Average hours of training per year per employee	99	4, 5, 8, 10
<b>GRI 404: TRAINING AND EDUCATION 2016</b>	404-2 Programs for upgrading employee skills and transition assistance programs	44, 46	8
<b>GRI 404: TRAINING AND EDUCATION 2016</b>	404-3 Percentage of employees receiving regular performance and career development reviews	98	5, 8, 10

<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES 2016</b>	405-1 Diversity of governance bodies and employees	47, 96, 97	5, 8
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES 2016</b>	405-2 Ratio of basic salary and compensation between women and men	46, 97	5, 8, 10
<b>GRI 406: NON-DISCRIMINATION 2016</b>	406-1 Incidents of discrimination and corrective actions taken	47, 48	5, 8
<b>GRI 410: SECURITY PRACTICES 2016</b>	410-1 Security personnel trained in human rights policies or procedures	100% of the company's 21-person security team was trained in human rights.	16

### SUPPLY CHAIN MANAGEMENT

<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	56, 100	
<b>GRI 204: PROCUREMENT PRACTICES 2016</b>	204-1 Proportion of spending on locally-based suppliers	56	8
<b>GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016</b>	308-1 New suppliers screened using environmental criteria	57, 58	
<b>GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016</b>	308-2 Negative environmental impacts in the supply chain and actions taken	57, 100	
<b>GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	41	8
<b>GRI 408: CHILD LABOR 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	58	5, 8, 16
<b>GRI 409: FORCED OR COMPULSORY LABOR 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	58	5, 8

<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016</b>	414-1 New suppliers that were screened using social criteria	57	5, 8, 16
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<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016</b>	414-2 Negative social impacts in the supply chain and actions taken	57	5, 8, 16
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### MARKETING AND CONSUMER RELATIONS

<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	64	
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<b>GRI 416: CONSUMER HEALTH AND SAFETY 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	58, 60	
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<b>GRI 416: CONSUMER HEALTH AND SAFETY 2016</b>	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	In 2023, there were no issues with goods or services damaging consumer health or safety.	16
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<b>GRI 417: MARKETING AND LABELING 2016</b>	417-1 Requirements for product and service information and labeling	101	12
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<b>GRI 417: MARKETING AND LABELING 2016</b>	417-2 Incidents of non-compliance concerning product and service information and labeling	There were five case of non-compliance concerning product and service information and labeling. These generated warnings, but no fines.	16
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<b>GRI 417: MARKETING AND LABELING 2016</b>	417-3 Incidents of non-compliance concerning marketing communications	In 2023, there were no incidents concerning marketing communications.	16
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<b>GRI 418: CUSTOMER PRIVACY 2016</b>	418-1 Substantiated complaints regarding breaches of customer privacy and losses of customer data	There were no data leaks in the period. All 17 complaints received were analyzed and responses issued. LEROY MERLIN Brasil committed no infractions.	16
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### COMMUNITY ENGAGEMENT

<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	61, 101	
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<b>GRI 202: MARKET PRESENCE 2016</b>	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	90	5, 8
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<b>GRI 202: MARKET PRESENCE 2016</b>	202-2 Proportion of senior management hired from the local community	In 2023, 92.50% of our 120 director-level employees were hired in Brazil. In the previous year, this percentage was 92.73%, or 110 professionals.	8
<b>GRI 413: LOCAL COMMUNITIES 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	61	
<b>GRI 413: LOCAL COMMUNITIES 2016</b>	413-2 Operations with significant actual or potential negative impacts on local communities	61	1, 2
<b>WASTE AND A CIRCULAR ECONOMY</b>			
<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	67, 69, 102	
<b>GRI 301: MATERIALS 2016</b>	301-1 Materials used by weight or volume	LEROY MERLIN Brasil only commercializes products. It does not manufacture products.	8, 12
<b>GRI 301: MATERIALS 2016</b>	301-2 Recycled input materials used	LEROY MERLIN Brasil only commercializes products. It does not manufacture products.	8, 12
<b>GRI 301: MATERIALS 2016</b>	301-3 Reclaimed products and their packaging materials	LEROY MERLIN Brasil only commercializes products. It does not manufacture products.	8, 12
<b>GRI 306: WASTE 2020</b>	306-1 Waste generation and significant waste-related impacts	67, 70	3, 6, 11, 12
<b>GRI 306: WASTE 2020</b>	306-2 Management of significant waste-related impacts	67	3, 6, 8, 11, 12
<b>GRI 306: WASTE 2020</b>	306-3 Waste generated	70	3, 6, 11, 12
<b>GRI 306: WASTE 2020</b>	306-4 Waste diverted from disposal	71	3, 11, 12
<b>GRI 306: WASTE 2020</b>	306-5 Waste directed to disposal	71	3, 6, 11, 12, 15

# Disclosures Supplement

## WELCOME

### MATERIALITY MATRIX **GRI 3-1**

LEROY MERLIN Brasil has a materiality matrix with the seven topics considered most relevant for company operations, from the viewpoint of our stakeholders. These topics are identified, defined, and prioritized based on GRI standards and on how we report our results in each topic.

Preparing the materiality matrix was a four-step process that took place in the second half of 2020 and implemented in 2021:

- ▶ **identification (with the map of our main stakeholder groups, socio-environmental impacts, the study of internal documents, and industry benchmarking)**
- ▶ **prioritization (interviews with strategic stakeholders to understand perceptions)**
- ▶ **analysis and weighting**
- ▶ **and validation by company senior management.**

These stages included interviews with directors and external partners, as well as an online queries with 370 people, among them customers, directors, store mana-

gers, employees, surrounding communities, suppliers, non-profit institutions, business partners, universities, and institutes. **GRI 2-29**

### APPROACH TO STAKEHOLDER ENGAGEMENT **GRI 2-29**

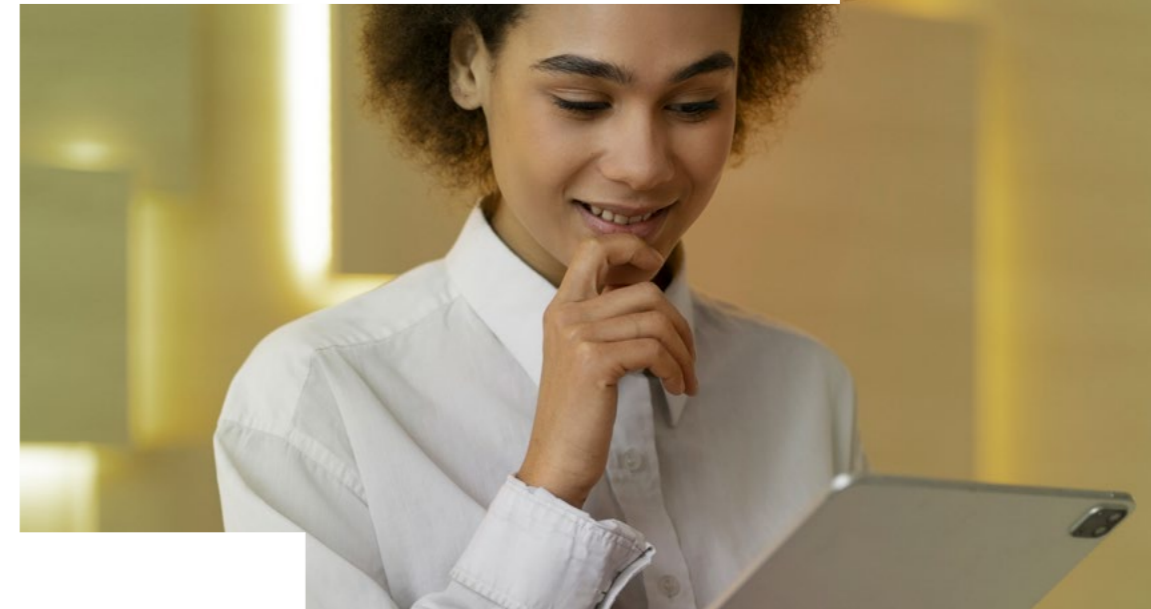
LEROY MERLIN Brasil engages with a wide variety of stakeholders, including business partners, civil society organizations, consumers customers, employees, governments, local communities, NGOs, shareholders, suppliers, and unions. Engagement is based on transparent communication, diverse channels, corporate social responsibility initiatives, sustainability reports, continuous assessments, open innovation, and supplier advice/instructions.

The purpose of this engagement is to identify and address negative impacts, build lasting relationships, understand needs and expectations, improve decision-making, manage risks and opportunities, promote innovation, ensure regulatory compliance, strengthen the company's reputation, and promote sustainability.

To ensure effective engagement, we use open and transparent communication, active listening, and collaborative queries to develop lasting relationships that include assessments of social and environmental impact, incorporating stakeholders into our business processes.



LEROY MERLIN Brasil has a **materiality matrix** with the seven material topics.



## GOVERNANCE AND VALUES

### OUR WAY OF DOING THINGS **GRI 2-1**

LEROY MERLIN Brasil is part of the ADEO Group, present in the following countries:

- ▶ Spain
- ▶ Poland
- ▶ Italy
- ▶ Portugal
- ▶ Greece
- ▶ China
- ▶ Turkey
- ▶ Romania
- ▶ Ukraine

### OUR VALUE CHAIN AND OPERATIONS **GRI 2-6**

Our value chain is comprised of:

- ▶ Inbound and outbound logistics
- ▶ Operations
- ▶ Marketing and sales
- ▶ Services
- ▶ Infrastructure
- ▶ Human resource management
- ▶ Technology development
- ▶ Purchasing
- ▶ Suppliers
- ▶ Distribution
- ▶ Product or service use
- ▶ Product or service end-of-life

### Company activities include:

- ▶ Provision of services
- ▶ Sales and marketing
- ▶ Logistics and supply chain
- ▶ Research & development (R&D)
- ▶ Finance and accounting
- ▶ Human resources
- ▶ Information technology (IT)
- ▶ Customer service
- ▶ Strategy and planning
- ▶ Purchasing and procurement
- ▶ Quality management
- ▶ Corporate social responsibility
- ▶ Legal and compliance
- ▶ Digital marketing and online presence
- ▶ Forging partnerships and alliances.



**COMMUNICATION OF  
CRITICAL CONCERNS** [GRI 2-16](#)

Critical concerns within the company are reported to the highest governance instance during formal director meetings, internal and independent auditing reports, and notices of crises and emergencies.

No critical concerns were reported in 2023. The nature of these concerns, when they happen, may be of a social and human rights, economic, governance, or sustainability strategy nature.



No **critical concerns** were reported in 2023

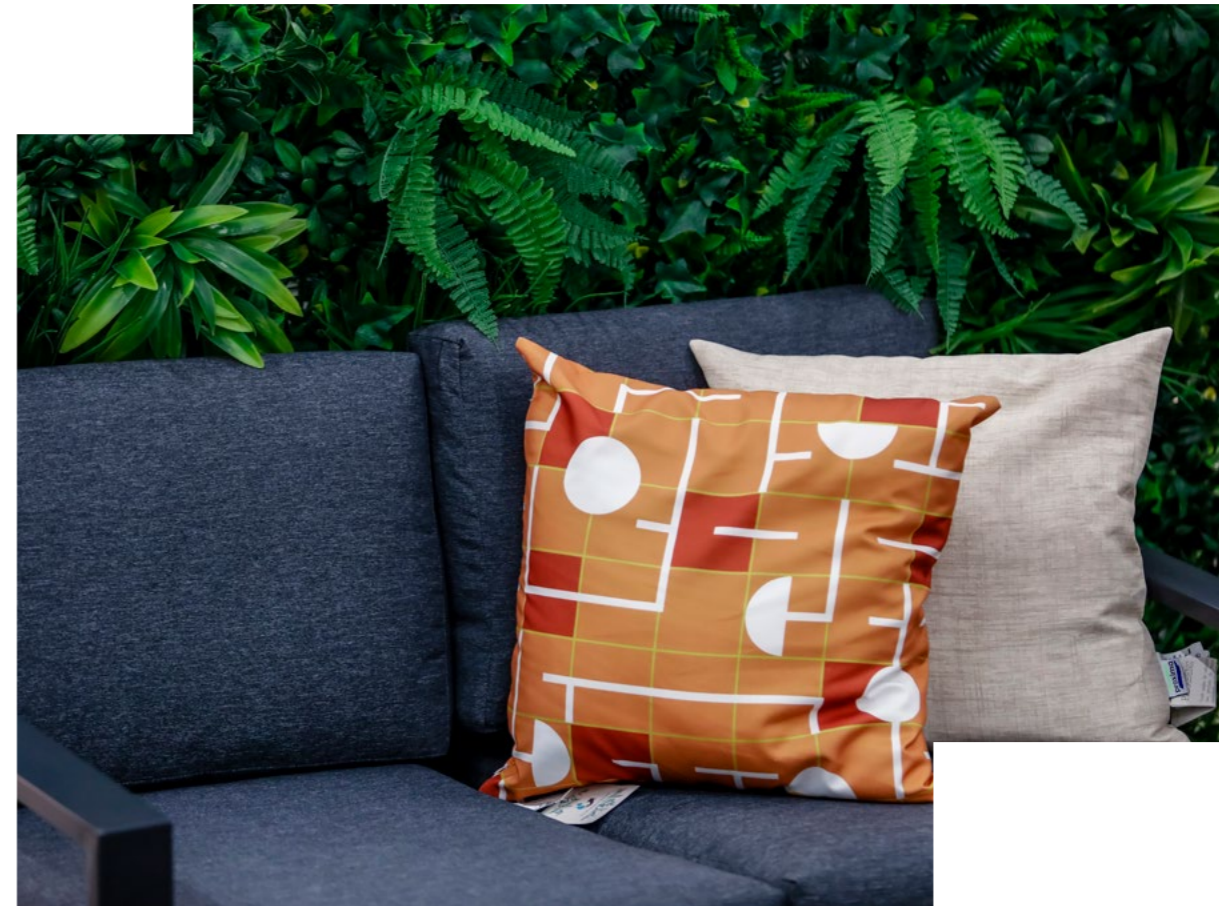
**COMPENSATION  
POLICIES** [GRI 2-19, 2-20, 2-21](#)

Our leadership compensation policy includes a fixed and a variable component, adjusted based on the industry median calculated from independent surveys (with the support of a specialized consulting firm). Managers, functional directors, and CDB directors may be offered a sign-on bonus as part of the company’s recruiting strategy. Termination pay follows applicable legislation.

For members of the highest instance of government and senior executives associated with economic, social, and environmental impact, the compensation policy includes a fixed component and a variable component linked to the company’s goals and strategies. These indicators are recognized when reached or surpassed to maintain internal and external competitiveness, as per industry practices and demand at the time.

Stakeholders, including shareholders, are consulted to determine compensation. Compensation is validated globally to ensure equity and alignment with ADEO Group policies.

**Stakeholders, including shareholders, are consulted to determine compensation.**



### PROPORTION OF TOTAL ANNUAL COMPENSATION [GRI 2-21](#)

	2021	2022	2023
Annual total compensation of the organization's highest-paid individual	R\$ 2.909.079,10	R\$ 2.242.887,72	R\$ 2.249.385,54
Average total annual compensation for all employees (except the highest paid individual)	R\$ 54.542,71	R\$ 46.278,42	R\$ 49.144,38
Ratio	53.34	48.47	45.77

### PERCENT INCREASE IN ANNUAL TOTAL COMPENSATION\* [GRI 2-21](#)

	2021	2022	2023
Highest compensation paid (reporting period)	R\$ 2.909.079,10	R\$ 2.242.887,72	R\$ 2.249.385,54
Mean total annual compensation for all employees, except the highest paid individual (reporting period)	R\$ 54.542,71	R\$ 46.278,42	R\$ 49.144,38
Percent increase of the highest compensation paid (%)	-	-22.90	0.29
Percent increase in total average compensation (%)	-	-15.15	6.19
Ratio of the percent increase of the highest compensation to the total average percent increase in compensation	-	1.51	0.05

\*Two key variable compensations for 2023 have not yet been calculated and will directly impact all audiences. The amounts disclosed refer to monthly variables and advances of annual variables in 2023. The same scenario is valid for the previous year.

### RATIO OF STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE [GRI 202-1](#)

	2021		2022		2023	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Entry-level wage paid by the organization	1,235	1,235	1,302	1,302	1,350	1,350
Minimum wage as established by legislation or the relevant union	1,235	1,235	1,302	1,302	1,350	1,350
Percent ratio	100	100	100	100	100	100

### ANTI-COMPETITIVE BEHAVIOR [GRI 206-1](#)

Four lawsuits claiming anti-competitive behavior, anti-trust, and monopoly practices were filed in 2023. Three were accepted and considered valid, and one was considered not valid.

### MEMBERSHIP IN ASSOCIATIONS [GRI 2-28](#)

- ▶ **Brazilian Association for Business Communications (Aberje)**
- ▶ **Brazilian Logistics Association (Abralog)**
- ▶ **United Nations Global Compact, member of the Net Zero working group that focuses on developing business guidelines to fight climate change, and the Circular Movement working group to develop business guidelines for circularity.**
- ▶ **Women Lead 2030**
- ▶ **Race is a Priority**
- ▶ **Ethos Institute**
- ▶ **Business Network for Employment of People with Disabilities (Reis)**
- ▶ **Science Based Targets initiative (SBTi).**



## STRATEGIES FOR A HEALTHY HOME

### INNOVATION AND TECHNOLOGY **GRI 3-3**

The potential negative impacts of handling the Innovation and Technology material topic impact the company in financial, reputation, and operational ways, and may occasionally impact our customers, business partners, employees, and the media.

The positive, and noteworthy, impacts on the company will take the form of financial, reputation, and operational ways, benefiting a broad spectrum of stakeholders. The company adopts policies and practices that exceed legal requirements. It is also involved in social initiatives, includes commitments in its business strategy, is an industry leader, and is independently assessed to ensure compliance and continuous improvement. Our commitments are reflected in our internal policies, Code of Ethical Conduct, public statements, sustainability reports, certifications, procurement and supplier policies, trainings, and corporate education.

The engagement of affected stakeholders in remediating the impacts related to this topic includes communication, consultation, participation, and cooperation, and is essential to provide subsidies for the measures taken and report on their effectiveness.

**The positive, and noteworthy, impacts on the company will take the form of financial, reputation, and operational ways, benefiting a broad spectrum of stakeholders.**

# LEADERS FOR A POSITIVE FUTURE

## OUR PEOPLE [GRI 2-7](#)

### TOTAL WORKFORCE BY EMPLOYMENT CONTRACT AND GENDER<sup>1</sup> [GRI 2-7](#)

CONTRACT TYPE	2021			2022			2023		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Permanent <sup>2</sup>	5,686	4,344	10,030	5,808	4,512	10,320	5,485	4,368	9,853
Temporary <sup>3</sup>	256	186	442	55	34	89	14	35	49
<b>TOTAL</b>	<b>5,942</b>	<b>4,530</b>	<b>10,472</b>	<b>5,863</b>	<b>4,546</b>	<b>10,409</b>	<b>5,499</b>	<b>4,403</b>	<b>9,902</b>

<sup>1</sup> Trainees were included as administrative employees.

<sup>2</sup> Permanent work contract, with end date scheduled.

<sup>3</sup> Temporary work contract, with no end date scheduled.

### TOTAL WORKFORCE BY EMPLOYMENT CONTRACT AND REGION [GRI 2-7](#)

REGION	2021			2022			2023		
	DEFINITE TERM	INDEFINITE TERM	TOTAL	DEFINITE TERM	INDEFINITE TERM	TOTAL	DEFINITE TERM	INDEFINITE TERM	TOTAL
Internal services	2	865	867	974	0	974	3	1,140	1,143
Southern Region	52	1,534	1,586	34	1,378	1,412	3	1,323	1,326
Coastal Region	130	1,863	1,993	16	1,901	1,917	18	1,867	1,885
Metropolitan São Paulo Region	184	3,480	3,663	17	2,446	2,463	6	2,188	2,194
Central Region	74	2,135	2,209	12	1,653	1,665	11	1,520	1,531
Distribution Center	0	153	153	118	0	118	0	83	83
São Paulo Interior Region	-	-	-	10	1,850	1,860	8	1,732	1,740
<b>TOTAL</b>	<b>442</b>	<b>10,030</b>	<b>10,472</b>	<b>1,181</b>	<b>9,228</b>	<b>10,409</b>	<b>49</b>	<b>9,853</b>	<b>9,902</b>

**EMPLOYEES BY TYPE OF EMPLOYMENT AND GENDER** GRI 2-7

TYPE OF EMPLOYMENT	2021			2022			2023		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Full-time <sup>1</sup>	5,849	4,245	10,094	5,741	4,296	10,037	5,463	36	5,499
Part-time <sup>2</sup>	93	185	378	122	250	372	4,288	115	4,403
<b>TOTAL</b>	<b>5,942</b>	<b>4,530</b>	<b>10,472</b>	<b>5,863</b>	<b>4,546</b>	<b>10,409</b>	<b>9,751</b>	<b>151</b>	<b>9,902</b>

<sup>1</sup> Employee working 220 hours a month.

<sup>2</sup> Employee working 180 or 120 hours a month.

**EMPLOYEES BY TYPE OF EMPLOYMENT AND REGION** GRI 2-7

REGION	2022			2023		
	FULL-TIME <sup>1</sup>	PART-TIME <sup>2</sup>	TOTAL	FULL-TIME	PART-TIME	TOTAL
Internal services	973	1	974	1,143	0	1,143
Southern Region	1,404	8	1,412	1,320	6	1,326
Coastal Region	1,997	30	1,917	1,872	13	1,885
Metropolitan São Paulo Region	2,249	214	3,463	2,114	80	2,194
Central Region	1,638	27	1,665	1,500	31	1,531
Distribution Center	118	0	118	83	0	83
São Paulo Interior Region	1,768	92	1,860	1,719	21	1,740
<b>TOTAL</b>	<b>10,037</b>	<b>372</b>	<b>10,409</b>	<b>9,751</b>	<b>151</b>	<b>9,902</b>

<sup>1</sup> Employee working 220 hours a month.

<sup>2</sup> Employee working 180 or 120 hours a month.

**NEW HIRES BY AGE GROUP**<sup>1 2</sup> GRI 401-1

AGE GROUP	2021		2022		2023	
	NUMBER	RATE (%)	NUMBER	RATE (%)	NUMBER	RATE (%)
Under 30	2,017	0.49	1,496	0.4	1,223	34.36
30 to 50	1,454	0.24	1,137	0.19	957	17.31
Over 50	72	0.11	63	0.09	75	9.23
<b>TOTAL</b>	<b>2,696</b>	<b>0.26</b>	<b>3,472</b>	<b>0.33</b>	<b>2,255</b>	<b>0.23</b>

<sup>1</sup> The rates were calculated as follows: total number of employees hired in the year, by age group, over the total number of employees in each age group.

<sup>2</sup> Interns are not considered in the report.

**NEW HIRES BY GENDER**<sup>1 2</sup> GRI 401-1

GENDER	2021		2022		2023	
	NUMBER	RATE	NUMBER	RATE	NUMBER	RATE
Men	1,247	0.21	1,894	0.32	1,203	0.22
Women	1,449	0.32	1,578	0.35	1,052	0.24
<b>TOTAL</b>	<b>2,696</b>	<b>0.26</b>	<b>3,472</b>	<b>0.33</b>	<b>2,255</b>	<b>0.23</b>

<sup>1</sup> The rates were calculated as follows: total number of employees hired in the year, by age group, over the total number of employees in each age group.

<sup>2</sup> Interns are not considered in the report.

## NEW HIRES BY REGION<sup>1 2</sup> GRI 401-1

REGION	2021		2022		2023	
	NUMBER	RATE	NUMBER	RATE	NUMBER	RATE
Internal services	194	0.22	328	0.34	243	0.21
Southern Region	439	0.28	720	0.51	351	0.26
Coastal Region	276	0.14	539	0.28	491	0.26
Metropolitan São Paulo Region	1,122	0.31	1,349	0.31	423	0.19
Central Region	632	0.29	492	0.30	330	0.22
Distribution Center	33	0.01	44	0.03	17	0.20
São Paulo Interior Region	-	-	-	-	400	0.23
<b>TOTAL</b>	<b>2,696</b>	<b>0.26</b>	<b>3,472</b>	<b>0.33</b>	<b>2,255</b>	<b>0.23</b>

## TURNOVER BY AGE GROUP GRI 401-1

AGE GROUP	2021		2022		2023	
	NUMBER	RATE	NUMBER	RATE	NUMBER	RATE
Under 30	1,426	0.38	1,509	0.4	1,338	37.59
30 to 50	1,493	0.25	1,729	0.3	1,664	30.09
Over 50	133	0.19	125	0.15	207	25.46
<b>TOTAL</b>	<b>3,052</b>	<b>0.29</b>	<b>3,363</b>	<b>0.32</b>	<b>3,209</b>	<b>0.32</b>

## TOTAL NUMBER AND RATE OF EMPLOYEE TURNOVER BY GENDER

GENDER	2021		2022		2023	
	NUMBER	RATE	NUMBER	RATE	NUMBER	RATE
Men	1,819	0.31	1,888	0.32	1,820	33.1
Women	1,233	0.27	1,475	0.32	1,389	31.55
<b>TOTAL</b>	<b>3,052</b>	<b>0.29</b>	<b>3,363</b>	<b>0.32</b>	<b>3,209</b>	<b>0.32</b>

## TOTAL NUMBER AND RATE OF EMPLOYEE TURNOVER BY REGION

REGION	2021		2022		2023	
	NUMBER	RATE	NUMBER	RATE	NUMBER	RATE
Internal services	188	0.22	205	0.21	296	25.9
Southern Region	548	0.35	521	0.37	502	37.86
Coastal Region	503	0.25	652	0.34	594	31.51
Metropolitan São Paulo Region	1,105	0.30	1,333	0.31	666	30.36
Central Region	688	0.31	626	0.37	537	35.08
Distribution Center	20	0.13	26	0.22	14	16.87
São Paulo Interior Region	-	-	-	-	600	34.48
<b>TOTAL</b>	<b>3,052</b>	<b>0.29</b>	<b>3,363</b>	<b>0.32</b>	<b>3,209</b>	<b>0.32</b>

**PARENTAL LEAVE** GRI 401-3

	2021	2022	2023
<b>EMPLOYEES ENTITLED TO PARENTAL LEAVE</b>			
Men	5,965	5,880	5,499
Women	4,580	4,585	4,403
<b>EMPLOYEES WHO TOOK PARENTAL LEAVE</b>			
Men	227	184	193
Women	209	212	146
<b>EMPLOYEES WHO RETURNED TO WORK DURING THE REPORTING PERIOD AFTER PARENTAL LEAVE ENDED</b>			
Men	426	132	189
Women	350	169	156
<b>EMPLOYEES THAT RETURNED TO WORK AFTER PARENTAL LEAVE ENDED THAT WERE STILL EMPLOYED 12 MONTHS AFTER THEIR RETURN TO WORK</b>			
Men	193	132	144
Women	143	140	132
<b>[RATE OF RETURN]</b>			
Men	1.00	0.71	1.00
Women	1.00	0.79	0.99
<b>[RETENTION RATE]</b>			
Men	1.00	0.58	0.76
Women	1.00	0.66	0.85

**HUMAN DEVELOPMENT, DIVERSITY  
AND INCLUSION GRI 3-3**

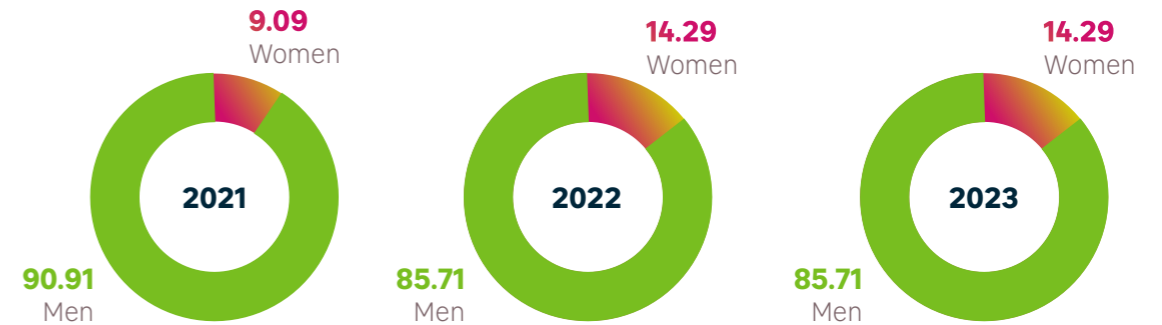
The company identifies possible negative impacts of this material topic on its financial situation, reputation, and operations, and how they affect people and human rights. Brand reputation and image may be negatively impacted in the short term (one year), impacting shareholders, investors, and business partners. Furthermore, it may generate a sense of exclusion and non-belonging, leading to social pain over a five-year period, impacting customers, employees, suppliers, business partners, communities, and the media.

On the other hand, the company experienced significant and systemic positive impact over the medium term (two years), including an increase in value, reputation, and brand image. This fostered a feeling of belonging, motivation, representation, and pride in being part of the company. Valuing diversity has resulted in more motivated and better performing employees, and thus higher profits, positively impacting numerous stakeholders over a five-year period.

Stakeholder engagement in remediating the impacts was achieved through communication, consultation, participation and cooperation, providing support for the measures taken and informing about their effectiveness.

**The engagement of affected stakeholders in remediating the impact related to this topic includes communication, consultation, participation, and cooperation.**

**INDIVIDUALS WITHIN THE ORGANIZATION’S GOVERNANCE BODIES,  
BY GENDER (%) GRI 405-1**



**INDIVIDUALS WITHIN THE ORGANIZATION’S GOVERNANCE BODIES, BY AGE GROUP (%) GRI 405-1**

	2021	2022	2023
Under 30	0	0	0
30 to 50	63.64	92.86	85.71
Over 50	36.36	7.14	14.29

**INDIVIDUALS FROM MINORITY AND/OR VULNERABLE GROUPS IN GOVERNANCE BODY POSITIONS (%) GRI 405-1**

MINORITY/VULNERABLE GROUPS IN GOVERNANCE BODIES	NUMBER
Brown	1
<b>TOTAL</b>	<b>1</b>

**WORKFORCE BY EMPLOYEE CATEGORY AND GENDER (%) GRI 405-1**

	2021		2022		2023	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Executive Board	80.20	19.80	73.64	26.36	65	35
Managers	61.10	38.90	56.91	43.09	55.61	44.39
Coordinators	60.36	39.64	65.43	34.57	63.3	36.7
Supervisors	-	-	52.56	47.44	54.08	45.92
Administrative	53.09	46.91	47.43	52.57	54.79	45.21
Operational	56.36	43.64	56.17	43.83	54.87	45.13
Trainees	28.57	71.43	40.98	59.02	36.36	63.64
Interns	31.51	68.49	41	59	49.28	49.28

**WORKFORCE BY EMPLOYEE CATEGORY AND AGE GROUP (%) GRI 405-1**

	2021			2022			2023		
	UNDER 30	30 TO 50	OVER 50	UNDER 30	30 TO 50	OVER 50	UNDER 30	30 TO 50	OVER 50
Executive Board	1.98	76.24	21.78	0.91	80	19.09	0.83	85	14.17
Managers	12.6	78.27	9.13	15.92	75.88	8.20	17.33	75.74	6.93
Coordinators	17.1	79.04	3.76	23.29	71.81	4.90	23.48	71.23	5.29
Supervisors	-	-	-	15.36	81.91	2.73	16.31	81.27	2.42
Administrative	39.59	57.94	2.47	39.06	57.12	3.82	30.51	63.74	5.75
Operational	39.42	53.09	7.49	39.77	51.79	8.44	40.35	50.73	8.92
Total	35.58	57.59	6.83	36.13	56.02	7.85	35.94	55.85	8.21
Trainees	91.43	8.57	0	90.91	9.09	0	82	18	0
Interns	94.52	5.48	0	96.72	3.28	0	98	2	0

**EMPLOYEES FROM MINORITY AND/OR VULNERABLE GROUPS, BY EMPLOYEE CATEGORY (%) GRI 405-1**

	2021		2022		2023	
	BLACK AND BROWN	PWDS	BLACK AND BROWN	PWDS	BLACK AND BROWN	PWDS
Executive Board	14.85	1.98	14.55	2.73	0.83	1.67
Managers	20.79	1.20	25.08	0.96	4.46	0.99
Coordinators	36.62	1.27	41.10	1.19	8.86	1.56
Supervisors	33.60	0	32.42	0.34	7.25	0.3
Administrative	27.82	1.64	28.05	1.62	6.07	1.44
Operational	47.47	5.52	49.02	5.77	12.42	5.69
Total	43.64	4.66	44.87	4.73	10.99	4.64
Trainees	34.30	0	63	0	27	0
Interns	32.90	0	27	0	31	0

**RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN, BY EMPLOYEE CATEGORY\* GRI 405-2**

	2021		2022		2023	
	CONSOLIDATED		CONSOLIDATED		BASIC SALARY	REMUNERATION
Executive Board	0.68		0.90		0.85	0.78
Managers	0.87		0.00		0.95	0.96
Coordinators	0.94		0.00		1.05	1.04
Supervisors	0.81		0.00		0.86	0.80
Administrative	1.12		0.00		0.84	0.84
Operational	1.00		0.00		0.96	0.97

\*Two key variable compensations have not yet been calculated and will directly impact all audiences. The amounts disclosed refer to monthly variables and advances of annual variables in 2023.

## PERFORMANCE AND CAREER DEVELOPMENT

### EMPLOYEES RECEIVING PERFORMANCE REVIEWS BY EM- PLOYMENT CATEGORY AND GENDER\* (%) GRI 404-3

	2021			2022			2023		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Executive Board	85	76	83	77.78	89.66	80.91	81.25	75.76	79.65
Managers	87	87.5	87.5	90.19	88.97	89.66	95.16	89.19	92.62
Coordinators	89	89	89	96.13	93.01	94.93	96.67	93.67	95.64
Supervisors	-	-	-	96.15	100	96.43	83.72	90.97	87.03
Administrative	89.6	86	88	93.21	90.58	91.94	92.77	90.41	95.64
Operational	90	91	90.5	88	87.86	87.94	94.54	92.90	93.26
<b>TOTAL</b>	<b>89.7</b>	<b>90</b>	<b>89.8</b>	<b>86.64</b>	<b>85.93</b>	<b>86.33</b>	<b>92.77</b>	<b>90.41</b>	<b>95.64</b>

\*Interns and *trainees* are not included in the performance evaluation. Employees admitted by the end of September of the previous year are eligible for the performance review.

**EMPLOYEES RECEIVING PERFORMANCE  
REVIEWS BY EMPLOYMENT CATEGORY AND  
GENDER [GRI 401-2](#)**

We offer all our employees (full-time, part-time and temporary) a number of benefits. Among them are life insurance, health and dental plans, disability insurance, extended parental leave, private pensions, stock option plan, meal vouchers or on-site cafeteria, education grants for children with disabilities, pharmacy cards, basic basket of goods, Christmas baskets, consigned loans, Gympass, parking, school kits for children, and transportation vouchers.

**EMPLOYEES RECEIVING PERFORMANCE  
REVIEWS BY EMPLOYMENT CATEGORY AND  
GENDER [GRI 402-1](#)**

We established a minimum notice period of four weeks to inform employees about significant operational changes. Working groups are created to negotiate with unions and handle notices.

Each year the employee unions at each location send negotiation points to the industry association representing LEROY MERLIN Brasil. Employee demands and expectations, as well as those of their representatives and government authorities, are the subject of open and candid negotiations. The outcome is what is known as the collective agreement for each category.

Group negotiation agreements normally define a 12 to 24 period to communicate changes. All such agreement are available on a digital platform entitled GRTS.

**HEALTH AND SAFETY**

**AVERAGE HOURS OF TRAINING PER EMPLOYEE BY GENDER<sup>1</sup> [GRI 404-1](#)**

	2021	2022	2023
Men	21.57	27.14	15.57
Women	23.49	25.41	15.23
<b>TOTAL</b>	<b>22.40</b>	<b>26.38</b>	<b>15.40</b>

**AVERAGE HOURS OF TRAINING PER EMPLOYEE BY EMPLOYEE CATEGORY [GRI 404-1](#)**

	2021	2022	2023
Executive Board	20.90	24.94	15.36
Management	43.70	38.49	48.87
Coordinators	46.02	52.84	65.27
Supervisors	36.90	32.78	59.68
Administrative	17.06	17.48	19.44
Operational	18.53	23.80	20.56
Interns	29.08	25.70	3.23
Trainees	59.88	31.73	2.80

<sup>1</sup>Data refers to the period ending in September 2023, when we changed our learning system. After this, the data was generated using LEX, our new learning platform.

## ENGAGEMENT CENTERED ON THE HUMAN BEING

### VALUE CHAIN MANAGEMENT **GRI 3-3**

The potential negative impacts from managing our value change focus on three main areas: the company itself, the environment, and people and human rights. A supplier may come to violate one of the principles in the company’s Code of Conduct, which would impact it. In terms of the environment, suppliers could use raw materials that contribute to exhausting natural resources, or adopt inadequate manufacturing or waste treatment processes, causing pollution. In terms of people and human rights, suppliers employ labor practices that violate such rights.

However, the company has records of positive impacts on numerous fronts. In corporate terms, we point to the Positive Products Strategy (*read more about this on page 64*), which is expected to continue generating systemic, real results over the medium and long-terms. Our Packaging Policy and our Lumber Policy demonstrate real and systematic commitment to improved sustainability (*read more about this on page 22*). Regarding people and human rights, the Hazardous Substances Policy

(*read more about this on page 58*) demonstrates real and systemic commitment to protecting them. The company believes there is potential in developing proprietary brand goods using domestic suppliers, and expects a positive systemic impact over the medium term.

**Our Packaging Policy and our Lumber Policy demonstrate real and systematic commitment to improved sustainability.**

### OUR SUPPLIERS

#### SUPPLIERS HAVING SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE ENVIRONMENTAL IMPACTS **GRI 308-2**

	2021	2022	2023
Total number of suppliers assessed for negative environmental impacts	167	705	588
Total number of suppliers identified as having environmental impacts	129	167	42
Total number of suppliers identified as having negative environmental impacts with which improvements were agreed upon as a result of assessment	86	6	42
% of suppliers identified as having negative environmental impacts with which improvements were agreed upon as a result of assessment	66.67	3.59	100
Number of suppliers identified as having negative environmental impacts with which relationships were terminated as a result of assessment	0	1	0
Number of suppliers identified as having negative environmental impacts with which relationships were terminated as a result of assessment	0	0	0



**PRODUCT AND SERVICE LABELING GRI 417-1**

We require that suppliers provide specific information on the source of the components in their goods or services, as well as information on the content, in particular regarding substances of potential social or environmental impact.

The Leroy Merlin Quality team validates the labeling of each private label product, with a focus on hazardous substances, as well as product use and disposal. For other products, the supplier itself is responsible, as per the Consumer Defense Code, a contractual condition partners must meet.

We have an annual self-control plan that includes sample-based auditing. Furthermore, Safety Data Sheets (FISPQs) are provided for chemical products, which explain how to safely use these products.

To confirm the safety and quality of our services, we have a network of specialized installers accredited by technical schools or suppliers.

Regarding compliance, the company offers 139 categories of goods and 130 categories of services, all assessed for labeling compliance. This analysis uses a library of

regulatory data stored in the company quality system for comparison purposes. All installers must prove they are certified before using the platform, and services are monitored by a validation committee based on technical standards.

**COMMUNITY RELATIONS GRI 3-3**

The possible negative impacts of this material topic are financial, reputational, and operational. They may also impact the environment, people, and human rights. There is the possibility of inadequate labor practices that violate human rights.

The positive impact, on the other hand, includes a better company image and institutional reputation, environmental benefits due to its packaging policies and use of sustainable lumber, contributions to human rights and to the local, regional, national, and global economies through initiatives such as better housing and professional training.

Under the responsibility of the executive board, and in particular HR, the company implements measures to manage, prevent, mitigate, and remedy any impact on its relationships by setting measurable targets, developing strategies, allocating resources, engaging

stakeholders, and continuous assessment and monitoring. The effectiveness of these measures is checked through internal audits, impact assessments, *stakeholder feedback*, and *benchmarking*, resulting in a high degree of efficacy.

We believe that stakeholder engagement in this topic is critical to remedy impact. This involves communication, consultation, involvement, and cooperation to achieve shared goals and the targets set for healthy homes, educational workshops, women as installers, volunteering, and impact through training programs.



**100%**

Regarding compliance, the company offers 139 categories of goods and 130 categories of services, all assessed for labeling compliance.

## POSITIVE ENVIRONMENTAL IMPACTS

### WASTE AND THE CIRCULAR ECONOMY **GRI 3-3**

The negative impact generated by the company in terms of waste and a circular economy may be financial, reputational, and operational. There may also be adverse impacts on the environment.

Financially, the company is already experiencing real, long-term systemic impact affecting shareholders, investors, employees, third-party workers, suppliers, and business partners in all operating units. In terms of reputation, there is a potential medium-term risk (two years) that could impact these same groups, in addition to customers, local communities, and the media. In terms of the environment, contamination is a systemic

medium to long-term risk affecting all locations close to our stores. Ground use has a real, long-term and undetermined impact on suppliers, business partners, local communities, the government, and regulators.

On the positive side, the company contributes to the environment by recycling materials - a real and systemic long-term positive impact that benefits third-party workers, suppliers, business partners, and local communities. Economically, job creation also represents a real and systemic long-term impact around our operating units.

**The company contributes to the environment by recycling materials - a real and systemic long-term positive impact.**

### RENEWABLE ENERGY **GRI 302-1**

#### FUEL CONSUMPTION – NONRENEWABLE (GJ) **GRI 302-1**

FUEL	2021	2022	2023
Diesel (in liters)	7,683,017	5,110,769	5,176.08
Natural gas	4,616	3,902	4,860.70
LPG (in kilos)	7,729,253	5,657,528	6,868.04
<b>TOTAL</b>	<b>15,416,886</b>	<b>10,722,200</b>	<b>16,904.82</b>

#### FUEL CONSUMPTION – RENEWABLE (GJ) **GRI 302-1**

FUEL	2021	2022	2023
Electric energy	232,295	333,214	374,016
Biodiesel (in diesel)	853,669	567,863	536,890
<b>TOTAL</b>	<b>1,085,964</b>	<b>901,277</b>	<b>910,906</b>

#### ENERGY CONSUMED (GJ) **GRI 302-1**

	2021	2022	2023
Electricity	332,591	340,824	390,920
<b>TOTAL</b>	<b>332,591</b>	<b>340,824</b>	<b>390,920</b>

**ENERGY INTENSITY<sup>1</sup> GRI 302-3**

	2021	2022	2023
Within the organization (Kw/h)	106.80	106.80	114.30

<sup>1</sup> Numbers for 2023 consider total energy consumed by the organization (Kw/h) x total store sq. meters. Calculations relative to the previous years were adjusted to comply with GRI 2-4.

<sup>2</sup> The total built up area increased from 838,000 m<sup>2</sup> in 2022 to 937,700 in 2023.

To reduce the organization’s energy consumption, store lighting uses low energy use LED lights. Our facilities and equipment have automated on/off switches to avoid waste. We also have motion centers in areas of low traffic to avoid unnecessary use of electricity. Stores are designed to maximize the use of natural light and reduce the need for artificial lighting. As equipment is replaced, more modern and energy-efficient equipment is installed. Despite new units opened in 2023, our overall consumption did not increase. [GRI 302-4](#)

**GREENHOUSE GAS EMISSIONS**

**DIRECT GREENHOUSE GAS EMISSIONS  
(TCO<sub>2</sub> EQUIVALENT)\* GRI 305-1**

	2021	2022	2023
Production of electricity, heat or steam	1,480.99	601.56	510.38
Transportation of materials, products, waste, workers and passengers	2.46	535.82	451.57
Fugitive emissions	423.82	363.7	87.33
<b>TOTAL</b>	<b>1,907.27</b>	<b>1,501.08</b>	<b>1,049.27</b>

\*Gases included in the calculation: CO<sub>2</sub> - carbon dioxide, CH<sub>4</sub> - methane, N<sub>2</sub>O - nitrous oxide and HFCs - hydrofluorocarbons. Calculation methodology: GHG Protocol, ISO 14064, Ademe, Defra, and Carbone 4.

**ENERGY INDIRECT GHG EMISSIONS (TCO<sub>2</sub> EQUIVALENT)\* GRI 305-2**

2021	2022	2023
11,407.47	4,039	3,744.97

\*Gases included in the calculation: CO<sub>2</sub> - carbon dioxide, CH<sub>4</sub> - methane, N<sub>2</sub>O - nitrous oxide and HFCs - hydrofluorocarbons. Calculation methodology: GHG Protocol, ISO 14064, Ademe, Defra, and Carbone 4.

**SCOPE 3 EMISSIONS BY CATEGORY\* GRI 305-3**

CATEGORY	2021 TOTAL EMISSIONS	2022 TOTAL EMISSIONS (TCO <sub>2</sub> E)	2023 TOTAL EMISSIONS (TCO <sub>2</sub> E)
<b>Upstream</b>			
Goods and services purchased	335,236.97	33,601.93	43,856.85
Capital goods	11,343.57	7,762.25	6,048.33
Transportation and distribution	12,973.02	47,460.78	42,886.18
Waste generated in operations	-	51,889.10	3,744.97
Business travel	1,353.66	1,712.37	2,151.21
Employee transportation	9,772.21	11,306.48	11,976.71
<b>Downstream</b>			
Transportation and distribution	421,589.7	150,746.84	189,302.79
<b>TOTAL</b>	<b>795,638.32</b>	<b>304,661.403</b>	<b>299,966.64</b>

\*Gases included in the calculation: CO<sub>2</sub> - carbon dioxide, CH<sub>4</sub> - methane, N<sub>2</sub>O - nitrous oxide and HFCs - hydrofluorocarbons. Calculation methodology: GHG Protocol, ISO 14064, Ademe, Defra, and Carbone 4.

**BIOGENIC CO<sub>2</sub> EMISSIONS (TCO<sub>2</sub> EQUIVALENT) GRI 305-3**



**INTENSITY OF GREENHOUSE GAS EMISSIONS GRI 305-4**

	2021	2022	2023
Total GHG emissions (tCO <sub>2</sub> equivalent)	597,464.84	280,441.1	301,016.47
GHG emissions intensity <sup>2</sup>	0.07	0	0

<sup>1</sup> Scopes 1, 2 and 3 included in the intensity rate. Gases included in the calculation: CO<sub>2</sub> - carbon dioxide, CH<sub>4</sub> - methane, N<sub>2</sub>O - nitrous oxide and HFCs - hydrofluorocarbons.

<sup>2</sup> Kilograms of CO<sub>2</sub> per real billed.

**REDUCTION IN GHG EMISSIONS (TCO<sub>2</sub> EQUIVALENT)<sup>1</sup> GRI 305-5**

	2021	2022	2023
From direct emissions (scope 1)	1,334.52	1,709.87	451.81
From energy indirect (scope 2) GHG emissions	0	1,691.49	294.03
Total other indirect (Scope 3) emissions	-	-	-
Total reduction of GHG emissions	1,334.52	3,401.36	745.84

<sup>1</sup>Gases included in the disclosure: CO<sub>2</sub> - carbon dioxide, CH<sub>4</sub> - methane, N<sub>2</sub>O - nitrous oxide and HFCs - hydrofluorocarbons. Baseline: 2022. The total reductions are null due to offsetting.

# Credits

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