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# Sustainability *Compendium*

FY23



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**natura & co**

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## About this document

This document supplements Natura &Co 2023 Annual Report, published on 16 April 2024. The analysis includes data from two business units, Natura &Co Latin America and Avon International, from 1 January 2023 to 31 December 2023, in line with global reporting frameworks. Previously, results for 2021 and 2022 highlighted the performance of all four business units: Natura &Co Latin America, Avon International, The Body Shop, and Aesop - the latter two no longer part of Natura &Co. The document follows the same periodicity as the company's financial report, and all activities fully consolidated for financial reporting purposes are covered. Unless otherwise stated, the data relates to our global performance.

# Materiality

## GRI 3-1, 3-2

As a relationship-based group, concepts like proximity, engagement, and dialogue are constant ongoing processes. Hence, conducting a formal materiality assessment ensures we prioritize the issues that have the most significant impact on our business and governance, communities, and the environment, and that matter most to our stakeholders.

In line with best practice, we conducted a double materiality assessment encompassing both the environmental and social impacts of our activities on the economy, environment, and people, including their Human Rights, as well as the business implications of environmental and social issues on our operational success, financial performance, and overall company values. In 2023, the advisory committee to the Board of Directors, the Sustainability Committee, reviewed and approved the materiality assessment, which serves as an input for analyzing and ultimately prioritizing themes, and certifies that the themes we have defined in our Commitment to Life vision are aligned with stakeholders' per-

ception. We aim to review our materiality process frequently, ideally every two years, so our following materiality assessment will take place in 2024. We recognize that it is important to do frequent updates to maintain a clear oversight of our material issues, ensuring we are addressing the key topics for both our internal and external stakeholders.

Our assessment was based on quantitative surveys – internal in-depth interviews with sustainability leaders from each business unit, an online survey with 590 respondents composed of external and internal stakeholders, plus in-depth interviews with internal and external stakeholders during the validation phase. Furthermore, we used external frameworks, analyses of competitors' materiality, ratings, rankings, risk frameworks, and internal interviews. Results were presented on a materiality matrix, with their position relative to the degree of stakeholder interest and potential business impact, and were integrated into the enterprise risk management process, supporting oversight of critical material issues.

### Participating internal and external stakeholders:

- Employees
- Consultants and representatives
- Customers
- Suppliers
- NGOs
- Investors
- Academia
- Private Sector peers

# Our material topics

## GRI 3-2

Among other issues, climate action emerged as a universally acknowledged priority across all our stakeholders and brands. While climate change is a prominent concern for all companies, it holds particular significance for Natura &Co. The assessment identified five material topics considered instrumental in achieving our Commitment to Life sustainability vision (see below in the matrix).



**Climate action**



**Nature regeneration:**  
Addressing biodiversity, promoting regeneration, combating deforestation.



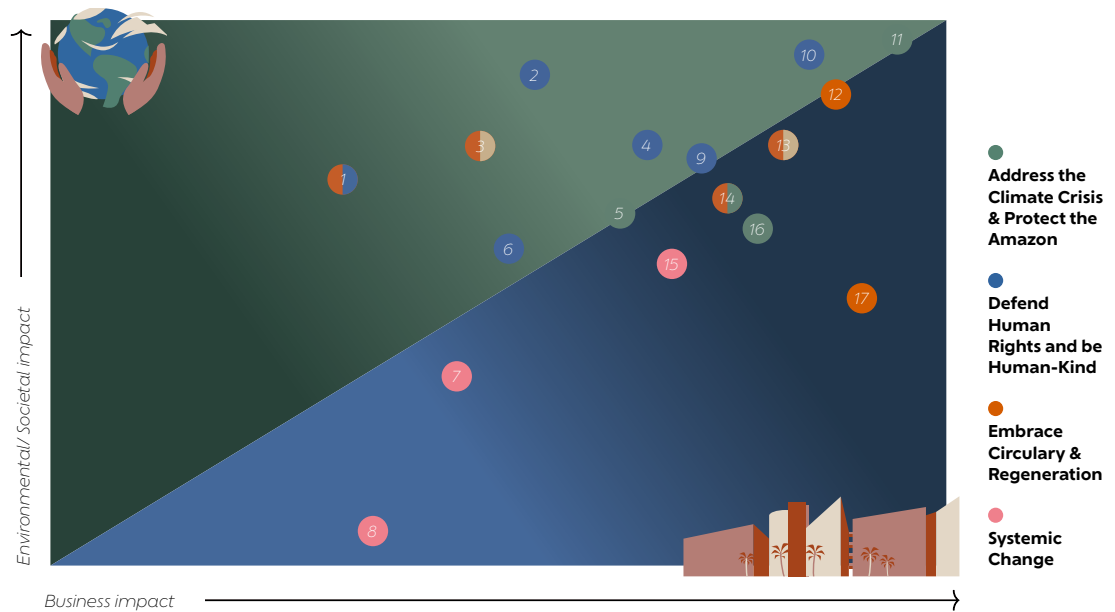
**Social regeneration:**  
Upholding human rights, tackling poverty.



**Circularity:**  
Fostering product design for sustainability, promoting sustainable sourcing, managing water resources, reducing single-use plastic, driving innovation.



**Value distribution:**  
Making a positive community impact, fostering diversity and inclusion, prioritizing employee health and wellbeing.



- |  |  |  |
|--|--|--|
| 1. Poverty/Livelihoods (including living wage)           | 8. Product quality and safety (including recall management)    | 14. Regeneration of nature/Natural resource management/Land use        |
| 2. Waste and effluente management (other than packaging) | 9. Human Rights (internal and in the supply chain)             | 15. Deforestation (impact through the value chain)                     |
| 3. Community impact                                      | 10. Employee health and wellbeing                              | 16. Ethics and integrity (including bribery & anti-corruption)         |
| 4. Sustainable sourcing (ingredients management)         | 11. Climate action   | 17. Product design & lifecycle management (including carbon footprint) |
| 5. Diversity and inclusion                               | 12. Circularity/packaging (Recycling and alternative sourcing) |  |
| 6. Biodiversity  | 13. Water management   |  |
| 7. Governance and accountability                         |  |  |

The following table presents our top three material topics:

**GRI 3-3**

Material issue	Rationale and impacts	How Natura &Co manages the topic - commitments, policies, and initiatives	Financial implications of the risk or opportunity
<p><b>Climate Action</b></p>	<p>Climate Action is a critical risk amongst all stakeholders in our business. Physical risk exposure includes extreme weather events and extreme temperature. There is also environmental risk associated with our supply chain, raw materials, and biodiversity.</p> <p>Our exposure to transition risks includes consumer preferences and behavior, regulation, government and collaboration, reputation, and stakeholder expectations.</p>	<p>Natura &amp;Co's sustainability vision Commitment to Life dedicated pillar to Addressing the Climate Crisis - our commitments and Business Units progress can be found <a href="#">here</a>.</p> <p>Our pathway includes becoming Net Zero by 2050 and reducing our absolute emissions by 42% by 2030, in line with the scenario of 1.5°C approved by the Science Based Targets initiative (STBi).</p> <p><b>Executive compensation tied to performance</b> - The long-term incentive runs for a three-year cycle and is managed through two vehicles – Performance Share Unit (PSU); and Supplementary Co-Invest Award (RSU). The PSU award is performance based; the value that participants receive will be dependent on the achievement of multi-year performance measures, and the awards will be subject to performance conditions over a three-year period. The PSU includes 30% of the overall performance being linked to carbon emission intensity reduction, which is connected to our Commitment to Life Climate Crisis pillar.</p>	<p>Increased costs with decarbonizing the value chain and risks of extreme weather events impacting raw ingredient availability and business continuity.</p>

Material issue	Rationale and impacts	How Natura &Co manages the topic - commitments, policies, and initiatives	Financial implications of the risk or opportunity
<p><b>Human Rights (internal and in the supply chain)</b></p>	<p>Risk of human rights violations or non-compliance with regulation.</p>	<p>Natura &amp;Co's sustainability vision Commitment to Life dedicated pillar to Human Rights and being Human-Kind - our commitments and Business Units progress can be found <a href="#">here</a>.</p> <p>Respecting human rights is a big part of what Natura &amp;Co is about. We commit to complying with internationally recognized human rights as defined by the Guiding Principles on Business and Human Rights of the United Nations (UN), the International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Rights at Work, and the ILO Declaration on Multinational Enterprises.</p>	<p>Risk of fines and penalties associated with non-compliance, which would also have significant reputational risk for the business.</p>
<p><b>Circularity and Packaging</b></p>	<p>We use a significant amount of plastic in our product packaging especially in products used in the shower, which presents challenges in seeking for alternatives. For future success, we also need to increase recyclability and reusability of our products, reduce waste, and use alternative packaging materials. The risk of non-compliance with packaging regulations can lead to adverse financial and reputational implications.</p>	<p>Natura &amp;Co's sustainability vision Commitment to Life dedicated pillar to Circularity and Regeneration - our commitments and Business Units progress can be found <a href="#">here</a> .</p> <p><b>Executive compensation tied to performance -</b> The short-term incentive for FY23 included 15% of the overall bonus payout calculation being linked to planet-positive results focused on post-consumer recycled plastic packaging.</p>	<p>Risk of fines associated with non-compliance with packaging regulations, e.g., Extended Producer Responsibility (EPR).</p> <p>Increased cost associated with sourcing alternative packaging and shifting towards use of post-consumer recycled materials.</p>



# Commitment to Life

In 2023, we celebrated the third year of our Commitment to Life sustainability vision, launched in 2020, which aimed at tackling some of the world's most urgent challenges. Considering the targets we have already achieved and the changing landscape, in 2023, we reviewed our Commitment to Life goals, keeping them in line with our materiality assessment. The new targets better reflect our business strategy and ensure that we prioritize the issues that have the most significant impact on our business and governance, communities, the environment, and those that matter most to our stakeholders.

## Year 3 Results

Goals	Commitment to Life Target	Target deadline	Natura &Co 2023 status
Climate Transition	Become Net Zero, delivering 1.5°C in line with Science Based Targets initiative (SBTi) criteria	2050	We have been working on our Climate Transition Action Plan (CTAP), which has six workstreams to address the decarbonization of our business. For scopes 1 and 2, we are implementing action plans across one workstream: operations. Regarding scope 3 emissions, our climate transition plan encompasses five workstreams: packaging materials, home and style (applicable only for the Avon brand), distribution and transportation, raw ingredients, and Consultants' materials. For further information on Natura &Co Latin America CTAP.
	Deliver our Science Based Targets for scopes 1, 2 and 3	2030	In May 2023, the Science Based Target initiative (SBTi) approved our near-term target, to reduce our absolute scope 1 and 2 GHG emissions 42% by 2030 (from a 2020 base year). We are also committed to reducing our absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, and end-of-life treatment of sold products 42% by 2030 (from a 2020 base year), aligning with the Paris Agreement 1.5°C trajectory.

Goals	Commitment to Life Target	Target deadline	Natura &Co 2023 status
<b>Protect the Amazon</b>	Contribute to the protection and/or regeneration of 3 million ha of Amazon forest (from 2 million ha in 2020)	2030	2.2 million ha.
	Increase to 45 agro-extractivist sourcing communities (from 34 in 2020)	2030	44 communities
	Contribute to the bioeconomy using innovation to develop 55 Amazonian ingredients from biodiversity (from 39 in 2020)	2030	44 ingredients
	Increase spending on raw ingredients from Amazonian socio-bioeconomy fourfold (baseline 2020)	2030	R\$ 35.31 million in spending with Amazon ingredient suppliers
	Double the value shared with our communities (baseline 2020)	2030	R\$ 42.82 million in shared value
	Engage 20 million people annually in the Living Amazon Cause (Causa Amazônia Viva)	2030	62 million people
<b>Biodiversity</b>	Assess and report our global biodiversity impacts and dependencies by 2025	2025	In 2023, Natura &Co Latin America started its journey to map and report on the risks and dependencies of its business in relation to nature, following the Task Force on Nature-related Financial Disclosures (TNFD) methodology.
	Achieve verified deforestation - and conversion-free critical supply chains by 2030	2030	This target will complement the actions of the critical materials traceability and/or certification targets, which extend until 2025. The metric and methodology will be further defined in 2024.
<b>Our People</b>	Maintain 50% women at Natura &Co senior leadership population from end of 2023	-	49.3% <sup>1</sup>
	Equitable pay, no unexplained gender pay gap from 2023	-	-0.74%
	30% inclusion, of management to be from under-represented communities	2030	In 2023, both Business Units ran their second diversity and inclusion surveys. The data mapping began to define underrepresented communities, which will include race and ethnicity, LGBTQIAP+, and people with disabilities. Considering their key markets, both Natura &Co Latin America and Avon International are defining suitable targets to address what 'underrepresented' means in a local context.
	At least living wage for all from 2023	-	100%

Goals	Commitment to Life Target	Target deadline	Natura &Co 2023 status
<b>Human Rights</b>	Advance process to identify, prevent and mitigate human rights risks across our supply chain and operations by 2027; making sure to engage with potentially affected stakeholders, promote access to remedy, and use our leverage for positive impact	2027	Building upon the foundation of our Human Rights statement, in 2023, we embarked on a journey to enhance our approach, aligned with the United Nations Guiding Principles of Business and Human Rights. Central to the new ambitious target is active engagement with stakeholders, fostering access to remedy, and leveraging our influence for positive change. To bolster our efforts, we are developing dynamic in-house risk mapping and targeted assessments of identified blind spots.
	Full traceability and / or certification – Palm Oil	2025	Certification: 87.9%
	Full traceability and / or certification – Mica <sup>2</sup>	2025	Traceability: 99.6%
	Full traceability and / or certification – Paper	2025	Certification: 81.2%
	Full traceability and / or certification – Alcohol	2025	Certification: 68.8%
	Full traceability and / or certification – Soy	2025	Traceability: 86.7%
	Full traceability and / or certification – Cotton	2025	Traceability: 97.6%
<b>Packaging Circularity</b>	50% recycled content for all plastic used (in weight)	2030	10.9%
	100% reusable, recyclable or compostable packaging material	2030	86.2%
	Enable collection schemes in key markets, where suitable recycling infrastructure does not exist	2030	In 2023, Natura &Co partnered with Veolia/CIRCPACK to improve the data and knowledge on the global recycling infrastructure maturity for its key markets. This decision has enabled us to design better packaging by combining in-depth knowledge and operational know-how, bringing the best expertise on packaging recycling data and methodologies.

Goals	Commitment to Life Target	Target deadline	Natura &Co 2023 status
<b>Formula Circularity</b>	95%+ biodegradable formulas	2030	96.1%
	100% of new formulas to have lower environmental footprints, measured by life cycle analysis (LCA)	2030	In the last two years, we have invested resources to foster an eco-design culture within our business. The first step was to develop our internal LCA tool to enable formulators to make smart decisions during the design phase of our products. During 2023, we concluded a test and learn phase, which delivered an improved and refined database, specially for considering local value chains within different geographies and their respective impacts on carbon, land use, water, and others.
<b>Regeneration</b>	Work in partnership to build awareness, capability and regenerative solutions, which transform systems and deliver positive environmental and social impact, enabling life to thrive	2030	Going beyond a "no harm" or "zero harm" mindset, we seek to generate measurable, positive impacts for society. In 2023, we concluded a regenerative pilot assessment on six of Natura &Co's ingredients against UEBT's ethical and regenerative standards, including income and living wage evaluation in five countries (Brazil, Ghana, Namibia, Peru, and Switzerland), five native species, two production systems and 14,000 farmers and wild collectors, and over 200,000 acres of land.
	30% of key ingredients to be produced using regenerative practices (verified/certified by external third party)	2030	
	100% of communities/small producers to adopt ethical biotrade and regenerative practices to produce our key ingredients	2030	

**Footnote**

1. Due to a major simplification of the company during 2023 including both the sales of Aesop and The Body Shop, which significantly reduced the number of employees, we ended the year at 49.3%, just below our target
2. Currently there is no global certification for mica

## Annual progress

### Protect the Amazon

Target	Target timing	2021	2022	2023
Contribute to the protection and/or regeneration of 3 million ha of Amazon forest (from 2 million ha in 2020)	2030	2.0m ha	2.0m ha	<b>2.2m ha</b>
Increase to 45 agro-extractivist sourcing communities (from 34 in 2020)	2030	40	41	<b>44</b>
Contribute to the bioeconomy using innovation to develop 55 Amazonian ingredients from biodiversity (from 39 in 2020)	2030	41	42	<b>44</b>
Double the value shared with our communities (baseline 2020)	2030	R\$ 39.9m	R\$ 42.87m	<b>R\$ 42.82m</b>
Increase spending on raw ingredients from Amazonian socio-bioeconomy fourfold (baseline 2020)	2030	NA	NA	<b>R\$ 35.31m</b>
Engage 20 million people annually in the Living Amazon Cause (Causa Amazônia Viva)	2030	NA	NA	<b>62 million people</b>

### Our People

Target	Target timing	2021	2022	2023
Maintain 50% women at Natura &Co senior leadership population from end of 2023 <sup>1</sup>	2023	50.4%	52.5%	<b>49.3%</b> <sup>4</sup>
Equitable pay, no unexplained gender pay gap from 2023 <sup>2</sup>	2023	-1.19%	-0.76%	<b>-0.74%</b>
At least living wage for all from 2023 (reference for 1 Adult) <sup>3</sup>	2023	96%	99%	<b>100%</b>

#### Footnotes

- Figures include Natura &Co Board of Directors (33.3% of our Board of Directors are female).
- Our methodology is in line with Mercer's global pay equity approach, whose reference for no gender pay gap is anything below -1.00%.
- There is no universal standard of living wage and there is no specific convention or binding piece of international law on living wage. The level at which the living wage is set is highly context driven, both in space and times, rates varying between nations and even within countries. Our ambition is to achieve the recognized or accepted living wage (where available) with the preference order of the three methodologies: Fair Wage Network; Government Rates or Local Living Wage Rates; Wage Indicator Foundation. The data only considers our 'Active Employee Population' and has not reviewed third-party employees.
- Due to a major simplification of the company during 2023 including both the sales of Aesop and The Body Shop, which significantly reduced the number of employees, we ended the year at 49.3%, just below our target

## Human Rights

Target	Target timing	2021	2022	2023
Full traceability and / or certification – Palm Oil	2025	Certification: 70.6%	Certification: 73.7%	<b>Certification: 87.9%</b>
Full traceability and / or certification – Mica <sup>1</sup>	2025	Traceability: 35.2%	Traceability: 100%	<b>Traceability: 99.6%</b>
Full traceability and / or certification – Paper	2025	Certification: 85.3%	Certification: 88.5%	<b>Certification: 81.2%</b>
Full traceability and / or certification – Alcohol	2025	Certification: 44.8%	Certification: 38.6%	<b>Certification: 68.8%</b>
Full traceability and / or certification – Soy	2025	-	Traceability: 98.5%	<b>Traceability: 86.7%</b>
Full traceability and / or certification – Cotton	2025	-	Traceability: 87.1%	<b>Traceability: 97.6%</b>

### Footnote

1. Currently, there is no global certification standard available for mica.

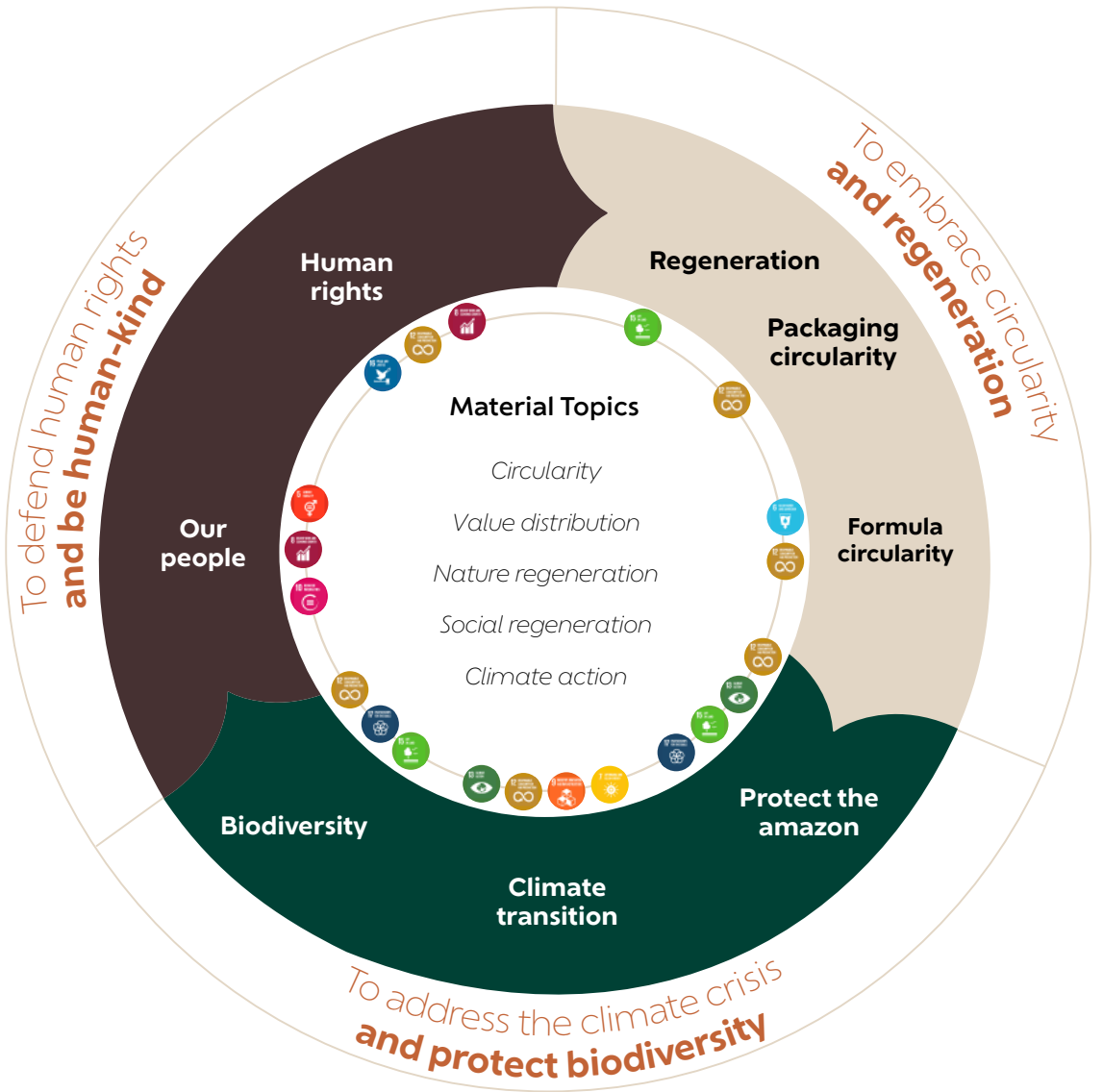
## Packaging Circularity

Target	Target timing	2021	2022	2023
50% recycled content for all plastic used (in weight)	2030	10.2%	11.5%	<b>10.9%</b>
100% reusable, recyclable or compostable packaging material	2030	81.2%	82.3%	<b>86.2%</b>

## Formula Circularity

Target	Target timing	2021	2022	2023
95%+ biodegradable formulas	2030	94.4%	95.9%	<b>96.1%</b>

# UN Sustainable Development Goals



# Environmental Indicators

## Energy

Natura &Co Latin America undergoes internal and external audits (ISO 14001) to evaluate and improve its energy management practices, ensure compliance and provide insights on improvements required in the organization. There is also a performance monitoring and management process in which third-party suppliers are subject to internal and pre-scheduled audits. The suppliers conduct training in which they address energy efficiency to raise awareness among employees about reducing energy consumption. During these sessions, they cover wide-ranging topics, including the importance of carbon reduction, our monitoring and control methods, and practical examples of internal and external success. This training aims to enable employees to adopt sustainable practices, contributing not only to operational efficiency but also to our environmental commitment.

At Avon International's largest manufacturing site in Poland, audits are conducted every four years to identify opportunities for improvement in energy performance, the latest audit took place in 2021. Training is provided to employees on energy efficiency via standard courses and also enriched via internal events, including People and Planet Webinars and Earth Day.

Natura &Co Latin America works together with all operational units annually to establish environmental goals, including those related to energy. The process of setting

environmental goals is aligned with the UN SDG 12 "Responsible Consumption and Production" and aims to promote responsible consumption for each operational unit. We constantly seek to improve our energy management practices, implement projects, map risks, and take actions that promote efficient energy use.

Energy efficiency indicators have been implemented across all manufacturing sites. Each unit monitors these indicators on a monthly basis, and action plans are developed to deepen our understanding of energy consumption. Energy Committees, comprising representatives from various areas, convene to discuss and improve energy management strategies. Additionally, proactive measures are implemented to prevent leaks and minimize energy waste, including daily meter readings and thorough inspections of all facilities. Additionally, we monitor the consumption of major third-party manufacturers. In 2023, these actions helped reduce 26,987.01 GJ compared to the previous year.

In 2023, we continued to advance our strategy of acquiring Renewable Energy Certificates (I-RECs) in all operating countries, ensuring 100% renewable energy traceability in our direct operations. In this transition towards renewable fuels, alongside the use of ethanol in boilers at our manufacturing site in Cajamar, Brazil, we are in the preliminary phase for using biomethane and green hydrogen. In 2023, we implemented a circularity project in collaboration with



Socio Biodiversity Supplier Communities in the Amazon, leveraging the energy value of over 70 tons of peel waste, used as a source of energy to power industrial boilers at our manufacturing site. In Brazil, we priori-

tized the use of ethanol in the fleets of our Executives and Salesforce, but in other Latin American countries we face the challenge posed by the absence of a structured supply of renewable fuels.

GRI 302-1 Energy consumption within the organization (GJ)	2022	2023		
	Natura &Co Total <sup>1</sup>	Natura &Co Latin America	Avon International	Natura &Co Total
<b>Fuel Consumption</b>	<b>380,161</b>	<b>176,568.5</b>	<b>135,177.3</b>	<b>311,745.8</b>
<b>Consumption of fuels from non-renewable sources</b>	<b>204,470</b>	<b>60,431.1 <sup>2</sup></b>	<b>135,177.3</b>	<b>195,608.4</b>
Natural Gas		48,550.8	111,296.1	159,846.9
Diesel <sup>3</sup>		5,218.3	22,742.1	27,960.4
LPG		6,662.0	1,139.1	7,801.1
<b>Consumption of fuels from renewable sources</b>	<b>175,691</b>	<b>116,137.4</b>	<b>-</b>	<b>116,137.4</b>
Ethanol		59,642.1	-	59,642.1
Biomass <sup>4</sup>		54,177.6	-	54,177.6
Other		2,317.7	-	2,317.7
<b>Energy purchased</b>				
Electricity consumption	<b>456,152</b>	<b>395,349.8</b>	<b>160,141.9 <sup>5</sup></b>	<b>555,491.7</b>
<b>Total</b>	<b>836,313</b>	<b>571,918.3</b>	<b>295,319.2</b>	<b>867,237.5</b>
<b>Percentage of renewable energy (as % of total energy consumed)</b>	<b>46.2%</b>	<b>65.8%</b>	<b>-</b>	<b>37.25%</b>

**Footnotes**

1. Results include three Business Units (Natura &Co Latin America, Avon International & The Body Shop)
2. Regulations, methodologies and conversion sources used according to the National Energy Balance (BEN). Scope includes all the operations – manufacturing plants, distribution centers and administrative areas. Scope does not include retail operations (stores) of any of the brands, nor the energy consumed in vehicles (mobile combustion)
3. The diesel is considered to be pure (without biodiesel)
4. For wood-chips the specification provided by the supplier are used
5. This figure includes purchased clean renewable energy = 1,698.4 GJ

GRI 302-1 Energy consumed (GJ) <sup>2</sup>	2022	2023		Natura &Co Total
	Natura &Co Total <sup>1</sup>	Natura &Co Latin America	Avon International <sup>6</sup>	
Electricity	456,152	301,730.6 <sup>3</sup>	160,141.9	461,872.5
Heating	13,321	14,354.5 <sup>4</sup>	-	14,354.5
Refrigeration	100,144	125.2 <sup>5</sup>	-	125.2
Steam	178,929	178,919.6	4,767.5	183,687.1

**Footnotes**

1. Results include three Business Units (Natura &Co Latin America, Avon International & The Body Shop)
2. Regulations, methodologies and conversion sources used according to the National Energy Balance (BEN).
3. Electricity: it was considered to be 75% of the electricity and includes diesel consumption because this is used only in generators when there is a failure in the electricity supply from the utility.
4. Heating: includes the natural gas and LPG consumed at the distribution centers and administrative buildings, as well as the Cajamar and Moreno LPG.
5. Refrigeration: included 25% of the electricity consumption at the Natura &Co Latin America sites, given that we do not have exclusive mechanisms to measure this amount.
6. Energy consumption calculation = for factories, Distribution Centers and some offices - amount of fuels used (meter reading or invoices) and amount of electricity used (meter reading and invoices). For other real estates the energy consumption was calculated using energy usage factors for building use type multiplied by square footage of the building. The energy consumption of the fleet was calculated using car mileage, fuel type and emission data

GRI 302-2 Energy consumption outside the organization (GJ)	2023
Natura &Co Latin America <sup>1</sup>	91,067.61
Avon International	-
Natura &Co Total	91,067.61

**Footnote**

1. The premise adopted was the monthly reports from third-parties during 2023. The amounts were converted from the reporting units to MWh, which is the measurement unit used by our management, and later to GJ, using the conversion factor of 1 Megawatt-hour (MWh) equivalent to 3.6 Gigajoules (GJ). The source of conversion used was Brazil's National Energy Balance - BEN2023

GRI 302-3 Energy intensity (GJ/unit)	2023	
	Natura &Co Latin America	Avon International
Energy intensity within the organization	404.45	240.29
Energy intensity outside the organization	822.30	-
<b>Total energy intensity</b>	<b>434.80</b>	<b>240.29</b>

## Reduction of energy consumption GRI 302-4

In 2023, Natura &Co Latin America managed to reduce its energy consumption by 26,987 GJ, and Avon International reduced its energy consumption by 11,371.5 GJ, using the base year of 2022 to make a direct comparison of the data from year to year.

Avon International reduced its energy consumption by reducing steam industry losses as well as a reduction in compressed air consumption. Natura &Co Latin America's energy reduction includes fuels, electricity, heating, refrigeration, and steam. To calculate the reduction, the company used

a methodology that included the daily and monthly reporting of the generation and consumption of energy, using tools such as spreadsheets, powerapps and Power BI, aligned with sector standards and best practices. The monitoring strategy involved using specific registers and direct measurements of energy consumption, reflecting the company's dedication to prioritizing transparency and efficiency in the calculations. The energy reduction was discussed at Energy Committee meetings, with the participation of representatives from different areas of the operation, highlighting the company's commitment to promoting sustainable practices and reducing energy consumption in all of its operations.

## Low carbon investments

% of the company's revenue from low-carbon products/services<sup>1</sup>

2023

Natura &Co Latin America	Avon International
Natura - 84% Avon Latin America - 7.8%	1.8%

### Footnote

1. The definition considered here for Natura covers net revenue from products that reflect the following criteria: packaging with recycled materials, refills, green plastic and use of organic alcohol; for Avon Latin America it covers net revenue from products considering only primary and secondary packaging components that contain post-consumer recycled material, green plastic and refills. The Home & Style category was not considered in these data; and Avon International covers only sales of products that have 100% PCR packaging.

## Waste & Effluent Management

### Waste Strategy Waste generation and significant waste-related impacts GRI 306-1

#### Natura &Co Latin America

The significant actual and potential impacts identified by the organization include the entry of materials such as raw materials, packaging, chemical products, and toxic substances; activities such as processing and production, use and consumption; the exit of materials, including finished or defective products, packaging, excess materials, production waste, chemical products, and hazardous waste; as well as upstream processes, related to Research and Development, and downstream processes that

include Storage and Distribution. The organization prioritizes actual and potential impacts that are classified as being extremely serious, which could cause damages to the environment that are irreversible or difficult to reverse.

#### Avon International

Waste is generated from raw materials and packaging materials delivered for production, bulk and finished products, manufacturing process, distribution process and excess materials and finished goods. The major potential impact is related to hazardous waste and waste that must be disposed of to landfill. In 2023 Avon International focused on the reduction of waste disposed to landfills, which has been possible by changing the waste recipients to ones who can use alternative ways of waste disposal (e.g., incineration).

### Management of significant waste-related impacts GRI 306-2

#### Natura &Co Latin America

2023

<b>Reduction at source</b>	We implemented practices designed to reduce the generation of waste, starting at the origin, and optimizing processes and resources.
<b>Recycling and reuse</b>	The company promotes recycling and reuse through concrete initiatives developed by the internal Waste Committee. The projects implemented at operational units, such as Cajamar and Interlagos, are examples of the efforts made to improve the waste indicators and promote circularity in the operations.
<b>Efficient waste management</b>	We have implemented efficient measures that include the creation of circularity indicators in the manufacturing operations. Each manufacturing unit monitors these indicators on a monthly basis, contributing to reducing waste disposal and associated costs. Waste Committees hold meetings involving representatives of different areas.
<b>Partnerships with suppliers</b>	We have established partnerships to innovate and efficiently reduce waste throughout the supply chain, mapping points of circularity and exploring new sustainable materials and benchmarks.
<b>Education and training</b>	Natura &Co Latin America emphasizes the importance of education and training. At the committee meetings, representatives of different areas of the operations participate in discussions aimed at improving waste management. This reflects the company's commitment to continually raising awareness concerning sustainable practices and the importance of cutting down on waste in every area of the value chain.

2023

<b>Environmental audits</b>	We undergo internal and external audits (ISO 14001) to evaluate and improve our waste management practices. These audits ensure compliance and provide insights on how improvements can be made within the organization. There is also a process of ratification in which even our suppliers are subject to internal and pre-scheduled audits.
<b>Monitoring and reports</b>	Natura &Co Latin America adopts a proactive approach to monitoring and reporting its performance regarding waste. Using detailed spreadsheets and, in some cases, Power BI panels, the company records the monthly generation and disposal of waste at all the operational units. This continuous monitoring provides precise and detailed data, allowing for frequent (daily or weekly) analysis designed to guide decisions and identify areas for improvement.
<b>Circular economy</b>	We have adopted the principles of the circular economy, encouraging sustainable design and the reuse of materials in our chain. Programs have also been implemented to encourage the circular economy internally and for society (Recycle with Natura &Co).
<b>Legislation and compliance</b>	We closely monitor the environmental legislation related to all our operations, ensuring compliance with the legal requirements concerning waste management. We are always ready to adapt ourselves to changes in environmental law. The company's proactive stance ensures that all our operations are aligned with currently applicable regulations, contributing to sustainability and environmental responsibility.

2023

**Waste Management  
GRI 306-3; 306-4; 306-5**

**HAZARDOUS WASTE**

	Natura &Co Latin America	Avon International	Natura &Co Total
<b>Waste Generated</b>	<b>3,777.30</b>	<b>1,040.80</b>	<b>4,818.10</b>
Preparation for reuse	-	-	-
Recycling	1,548.43	772.50	<b>2,320.93</b>
Circularity	864.31	32	<b>896.31</b>
Incineration (with energy recovery)	1,119.39	5.50	<b>1,124.89</b>
Incineration (without energy recovery)	123.22	230.80	<b>345.02</b>
Landfill	121.95	-	<b>121.95</b>

**NON-HAZARDOUS WASTE**

<b>Waste Generated</b>	<b>26,963.41</b>	<b>7,570.50</b>	<b>34,533.91</b>
Preparation for reuse	-	-	-
Recycling	19,638.59	6,938.90	<b>26,577.49</b>
Circularity	1,859.05	577.50	<b>2,436.55</b>
Incineration (with energy recovery)	4,367.57	32.20	<b>4,399.77</b>
Incineration (without energy recovery)	129.20	0.50	<b>129.70</b>
Landfill	969.00	21.40	<b>909.40</b>

Waste Hazardous & Non-hazardous (tonnes)	2023		
	Natura &Co Latin America	Avon International	Natura &Co Total
<b>Total waste recycled/ reused</b>	<b>23,910.38</b>	<b>8,320.91</b>	<b>32,231.29</b>
<b>Total waste disposed</b>	<b>6,830.33</b>	<b>290.38</b>	<b>7,120.71</b>
Total waste landfilled	1,090.95	21.38	1,112.33
Total waste incinerated with energy recovery	5,486.96	37.66	5,524.62
Total waste incinerated without energy recovery	252.42	231.33	483.75
Total waste with unknown disposal method	-	-	-

## Water Management

### Water efficiency management programs

Natura &Co Latin America undergoes internal and external audits (ISO 14001) to evaluate and improve its water use management practices, ensure compliance and provide insights on improvements required in the organization. There is also a performance monitoring and management process in which third-party suppliers are subject to internal and pre-scheduled audits.

Regarding water recycling actions, we have initiatives in our operational units such as rainwater harvesting at various sites such as Ecoparque, located in Benevides (Pará - Brazil), and NASP (São Paulo - Brazil), as well as a process of reusing water reject from the osmosis of our manufacturing processes in Cajamar (SP). In 2023, the volume of reused water consumed was 77.91 ML.

We have implemented efficient measures including the creation of water use and wastewater indicators in our manufacturing operations. Our internal goal is to reduce water usage intensity in our manufacturing units by 7.7% in 2024. Each manufacturing unit monitors these indicators monthly,

and action plans are developed to deepen our understanding of water consumption. Through a Water Committee, with representatives from different areas, we also undertake ongoing actions to prevent leaks and wastage, such as daily meter readings and inspections of all spaces. Additionally, we monitor the consumption of major third-party manufacturers. At Water Committee meetings, representatives participate in discussions aimed at improving water use management, which reflects the company's commitment to continually raising awareness concerning sustainable practices.

Natura &Co Latin America conducts regular analyses of the effluents generated in its manufacturing operations to ensure the quality of the discharged water. For this purpose, we have a laboratory with calibrated equipment that performs daily and monthly analyses, as well as semi-annual analyses conducted by an ISO 17025-accredited third-party laboratory. These analyses monitor the parameters required by Decree No. 8468/76 (Brazilian legislation) - which covers the prevention and control of environmental pollution, including effluents discharged into streams and surface waters, as well as the water potability, by local

legislation, which encompasses procedures for controlling and monitoring the quality of water for human consumption and its potability standard. This integrated approach allows for efficient and transparent water discharge monitoring, keeping us in compliance with our operational procedures and environmental regulations.

We work together with all operational units to establish environmental goals, including those related to water. The process of setting water goals is aligned with UN SDG 12 "Responsible Consumption and Production", and this analysis helps us understand the behavior of the water indicator at each site and the factors influencing it.

Water Management (Megalitres)	2022	2023		Natura &Co Total
	Natura &Co Total <sup>1</sup>	Natura &Co Latin America	Avon International	
Total water withdrawal <sup>2</sup>	985,9	610,8	231,9	842,6
Total water discharged	668,5	390,3	159,3	549,6
Total net fresh water consumption	317,5	220,5	72,6	293,1
Water reused or recycled		77,91	23,37	101,28

**Footnotes**

1. Results include three Business Units (Natura &Co Latin America, Avon International & The Body Shop)
2. There was no withdrawal of water from water stressed areas

## Environmental Management system

In Latin America, the organization’s Environmental Management System (EMS) was certified in line with international standards, with 48% of its sites holding the ISO 14001 certification. This calculation considers the volume of millions of units produced in ISO 14001 certified manufacturing sites (Cajamar - Brazil, Celaya - Mexico, and Moreno - Argentina) divided by the total volume of millions of units from all manufacturing sites (Cajamar, Ecoparque, and Interlagos - Brazil; Celaya - Mexico and Moreno - Argentina). The reduction in the percentage compared

to 2022 was due to the suspension of the ISO 9001 and 14001 certificates at the Interlagos sites at the end of 2023, as part of a strategic decision taken by the organization. This percentage is expected to increase for 2024, with the expansion of the EMS (ISO 14001) scope to include the Ecoparque site. All the manufacturing sites have implemented an EMS.

At Avon International, the organization’s Environmental Management System (EMS) was certified in accordance with international standards, with 31% of its sites holding the ISO 14001 certification. The operations certified to ISO 14001 standard include Calamba - Philippines and Garwolin - Poland.

## Biodiversity

2023

### Owned, leased or managed assets

Number and area (thousand m<sup>2</sup>) of sites owned, leased, or managed by the company in or adjacent to protected areas and/or key biodiversity areas (KBA).

Natura &Co Latin America <sup>1</sup>	Avon International	Natura &Co Total <sup>1</sup>
2,195 thousand m <sup>2</sup>	-	2,195 thousand m <sup>2</sup>

#### Footnote

1. Cajamar (646 thousand m<sup>2</sup>) – the company has its own area, where its offices and manufacturing / production installations are located. This operational unit incorporates land ecosystems and freshwater. Ecoparque (1,549 thousand m<sup>2</sup>) – the company has its own area that includes parts of an area of environmental protection. The offices and manufacturing / production installations are located at these units.

### Taskforce on Nature-related Financial Disclosure (TNFD) Pilot

To help map risks and opportunities related to biodiversity and natural capital, Natura &Co Latin America undertook initial steps in 2023 to comply with the framework of the Taskforce on Nature-related Financial Disclosures (TNFD).

We made a diagnosis for the application of the methodology in Natura &Co Latin America, to address the new target of reporting our biodiversity-related impacts and dependencies by 2025, based on recognized international standards, published in the Commitment to Life.

We started our journey on TNFD's LEAP approach (Locate, Evaluate, Assess and Prepare). For phase 1 we covered the Locate dimension to understand our interface with nature considering our entire value chain.

The aim of this phase is to identify the impact of nature on our direct operations and value chain. We clustered the value chain in a similar way to how we address our climate workstreams: raw ingredients (covering the materiality of the 2023 spend with more than 200 suppliers, critical ingredients and biodiversity

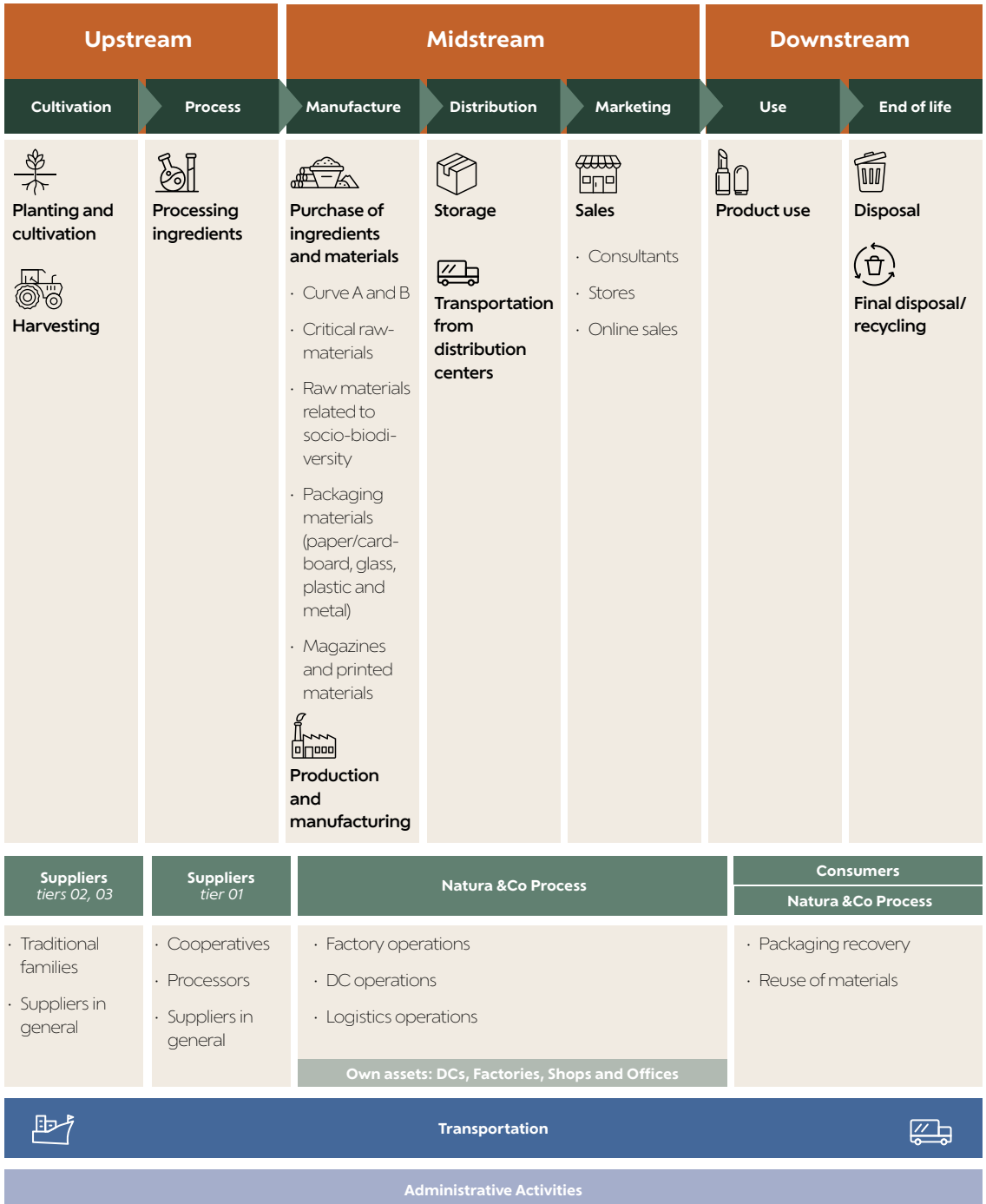
ingredients), packaging materials, consultant materials and direct operations (including 5 manufacturing facilities, 13 distribution centers, 11 offices and more than 100 retail stores in Latin America).

For the Locate phase we used a pre TNFD assessment and ENCORE toll to set the level of impact and dependencies to have visibility about the sensitive and material locations. We identified the impact drivers for each cluster above and assessed how material each one of them is. Similarly, we identified the materiality of dependencies.

As part of our next steps, in 2024 we will continue the TNFD's LEAP approach by advancing with phase 2, covering the Evaluate, Assess and Prepare dimensions which should be concluded by Q1 2025.



## TNFD - Natura Value Chain



## Product Design & Lifecycle Management

### Product Stewardship

Regarding the choice of raw materials, the use phase and end-of-life management, we co-developed the full lifecycle analysis (LCA) of our environmental footprint related to our formula ingredients. The LCA tool measures the total lifecycle environmental impact of product formulas, from ingredient sourcing to customer disposal. Natura &Co Latin America and Avon International will use this tool from 2024 to inform its product development experts on their choices of raw ingredients and their environmental impact.

### Life Cycle Assessment

#### Natura &Co Latin America

Natura takes a proactive approach to managing the life cycle of its product, employing the Research and Environmental Calculator. This tool allows researchers to predict and quantify the environmental impact of products during the development phase, evaluating how different design choices affect the pre-established environmental indicators. Natura has extensively mapped the manufacturing processes of its leading inputs, allowing for the identification of opportunities to reduce environmental impact together with the suppliers. This collaborative work aims to reduce carbon emissions and improve the general sustainability of the raw materials used, in formulas and in packaging. Negative effects include reducing natural resources, and soil and water pollution, adversely affecting the quality of life and working conditions. Conversely, positive impacts benefit companies, the environment, and people, reducing environmental pollution, preserving natural resources, and generating income.

Avon Latin America highlights its commitment to reducing the environmental impact of its packaging, with the aim of protecting and restoring ecosystems, encouraging the sustainable use of our collective resources, embracing circularity and raising the consumers' awareness on the correct disposal of waste. The company seeks to reduce its environmental impacts by using recycled materials, renewable sources, and refill options. Currently, Avon is working hard on the approval and certification of post-consumption plastic resin to replace virgin resins, thus contributing to reducing carbon emissions and ensuring consumer safety.

Natura &Co Latin America's LCA tool has been developed to meet ISO NORMS 14 040 + 14 044 (2006). In line with Product Environmental Footprint (PEF) methodology, the LCA incorporates 16 indicators corresponding to specific scientific models used to assess each of them (in line with EU commission standards). The life cycle assessment of the formula covers six stages from the cradle to the grave: raw materials production and transformation, transport of raw materials to the manufacturing site, manufacturing of the formula, product distribution to the consumer, use phase, and end-of-life.

The 16 environmental indicators are: ecosystem (acidification, terrestrial eutrophication, freshwater eutrophication, marine eutrophication, freshwater ecotoxicity), human health (ozone depletion, human toxicity - noncancer effects, human toxicity - cancer effects, particulate matter, ionizing radiation, photochemical ozone formation), climate change, natural resources (resource use minerals and metals, resource use fossils, land use) and water consumption (use).

## Circularity & Packaging

### Packaging Materials

The following tables summarize the content and weight of our brands' non-plastic and plastic packaging. In 2023, none of our brands adopted any compostable packaging.

GRI 301-1 Materials used in production & packaging (tonnes)	2021 <sup>1</sup>	2022 <sup>1</sup>	2023		
	Natura &Co Total <sup>1</sup>	Natura &Co Total <sup>1</sup>	Natura &Co Latin America	Avon International	Natura &Co Total
Glass	46,600	40,230	24,788.60	7,283.19	32,071.79
Metal	2,830	2,714	1,662.80	393.69	2,056.49
Paper / cardboard	17,962	15,863	10,484.90	1,444.57	11,929.47
Plastic (excluding Green plastic)	37,554	31,299	18,031.30	6,475.03	24,506.33
Wood		1,123	35.10	3.29	38.39
Green plastic (from renewable sources) <sup>2</sup>	2,730	2,157	2,203.90	-	2,203.90
Other			977.80	-	977.80

#### Footnotes

1. Results include all four Business Units (Natura &Co Latin America, Avon International, The Body Shop & Aesop)
2. Green plastic - plastic used in packaging that comes from sugar cane.

GRI 301-2 Recycled input materials used (%)	2021 <sup>1</sup>	2022 <sup>1</sup>	2023		
	Natura &Co Total <sup>1</sup>	Natura &Co Total <sup>1</sup>	Natura &Co Latin America	Avon International	Natura &Co Total
Post-consumer recycled glass	13.4	10.1	5.96	-	5.96
Paper / cardboard			2.98	-	2.98
Metal			0.74	-	0.74
Post-consumer recycled plastic	10.2	11.5	13.12	4.1	10.90
Recyclable plastic	64.3	68.5	71.2	68.2	70.50
Other			0.51	-	0.51

**Footnote**

1. Results include all four Business Units (Natura &Co Latin America, Avon International, The Body Shop & Aesop)

GRI 301-3 Reclaimed products and their packaging materials (tons and % of the total)	2023		
	Natura &Co Latin America	Avon International	Natura &Co Total
Plastic	6,546.51	918.04	7,464.55
Glass	4,003.44	2,272.66	6,276.10
Metal	1,218.68	66.16	1,284.84
Paper / cardboard	6,037.46	1,102.14	7,139.60
Other	716.70	1.84	718.54
<b>Total</b>	<b>18,522.79</b>	<b>4,360.84</b>	<b>22,883.63</b>
<b>Total %</b>	<b>22.65%</b>	<b>33.80%</b>	<b>31.01%</b>

For further information on our Climate Actions, including GHG emissions and TCFD disclosure [click here](#).

# Social Indicators

## Diversity & Inclusion

### Employees GRI 2-7

Employee by type of work contract and gender <sup>2</sup>	2022 <sup>1</sup>					2023				
	Temporary	Permanent	Full-time	Part-time	Total	Temporary	Permanent	Full-time	Part-time	Total
Men	373	9,486	9,400	459	9,859	107	7,400	7,487	20	7,507
Women	2,737	20,606	17,861	5,482	23,343	313	11,813	11,967	159	12,126
Not declared	217	501	437	281	718	-	7	7	-	7
<b>Total</b>	<b>3,327</b>	<b>30,593</b>	<b>27,698</b>	<b>6,222</b>	<b>33,920</b>	<b>420</b>	<b>19,220</b>	<b>19,461</b>	<b>179</b>	<b>19,640</b>

#### Footnotes

1. Results include all four Business Units (Natura &Co Latin America, Avon International, The Body Shop & Aesop)
2. Natura &Co Holding – 76 employees; Natura &Co Latin America – 14,497 employees; Avon International – 5,067 employees

Employees by region and gender	2022 <sup>4</sup>			2023			
	Men	Women	Not declared	Men	Women	Not declared	Total
Americas (South, Central & North) <sup>1</sup>	8,063	10,263	157	5,810	8,756	6	14,572
EMEA (Europe, Middle East & Africa) <sup>2</sup>	2,284	7,263	189	1,486	2,906	1	4,393
APAC (Asia & Pacific) <sup>3</sup>	883	4,438	380	211	464	-	675
<b>Total by gender</b>	<b>11,230</b>	<b>21,964</b>	<b>726</b>	<b>7,507</b>	<b>12,126</b>	<b>7</b>	<b>19,640</b>

#### Footnotes

1. The Americas region refers to the following countries: Argentina, Brazil, Canada, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru, United States of America (USA), Uruguay, and Venezuela.
2. The EMEA region refers to the following countries: Bosnia and Herzegovina, Bulgaria, Croatia, Czechia, Estonia, Finland, Georgia, Hungary, Latvia, Lithuania, Moldova, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia, Slovenia, Ukraine, Egypt, Morocco, South Africa, Turkey, United Kingdom (UK), France, Netherlands, Belgium, Italy, Portugal, Spain, Germany, Greece, Austria, Switzerland, Norway, Sweden, and Denmark.
3. The APAC region refers to the following countries: China, India, Hong-Kong, Macau, Singapore, Taiwan, Kazakhstan, Kyrgyzstan, Korea, Malaysia, Philippines, and Japan.
4. Results include all four Business Units (Natura &Co Latin America, Avon International, The Body Shop & Aesop)

## Diversity of governance bodies & employees

Further details on our Board of Directors can be found in the Natura &Co Integrated Annual Report [here](#)

	2023
<b>Natura &amp;Co Board of Directors</b>	<b>Natura &amp;Co Total</b>
Independent members	66.7%
Gender	Women – 33.3% Men – 66.7%
Age group	Between 30 and 50 – 11.1% Over 50 years – 88.9%
By colour	White – 100%
Origin of Board member by country	Brazil – 77.8% United States – 11.1% Greece – 11.1%

GRI 405-1 Number of employees by functional category and gender	2023								
	Leadership	Director Level	Management	Coordinator	Administration	Operational	Trainee	Salesforce	Total
<b>Natura &amp;Co Latin America <sup>1</sup></b>									
Men	6	40	453	671	1,381	2,956	2	253	5,762
Women	5	44	633	1,040	2,173	1,512	12	3,309	8,728
Not declared	-	-	-	3	1	-	-	2	6
<b>Total</b>	<b>11</b>	<b>84</b>	<b>1,086</b>	<b>1,714</b>	<b>3,555</b>	<b>4,468</b>	<b>14</b>	<b>3,564</b>	<b>14,496</b>
<b>Avon International</b>									
Men	9	32	219	238	517	629	-	74	1,718
Women	6	32	408	608	1,310	576	-	408	3,348
Not declared	-	1	-	-	-	-	-	-	1
<b>Total</b>	<b>15</b>	<b>65</b>	<b>627</b>	<b>846</b>	<b>1,827</b>	<b>1,205</b>	<b>-</b>	<b>482</b>	<b>5,067</b>
<b>Holding</b>									
Men	4	8	10	2	2	-	-	-	26
Women	4	10	20	6	10	-	-	-	50
Not declared	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>8</b>	<b>18</b>	<b>30</b>	<b>8</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76</b>

### Footnote

1. Does not include the BU's CEO

**GRI 405-1**

**Number of employees by functional category and age group**

**2023**

	Leadership	Director Level	Management	Coordinator	Administration	Operational	Trainee	Salesforce	Total
<b>Natura &amp;Co Latin America <sup>1</sup></b>									
Under 30 years	-	-	11	169	1,119	612	7	616	2,534
Between 30 and 50 years	5	59	973	1,440	2,203	3,036	7	2,431	10,154
Over 50 years	6	25	102	105	233	820	-	517	1,808
<b>Total</b>	<b>11</b>	<b>84</b>	<b>1,086</b>	<b>1,714</b>	<b>3,555</b>	<b>4,468</b>	<b>14</b>	<b>3,564</b>	<b>14,496</b>
<b>Avon International</b>									
Under 30 years	-	-	4	42	244	105	-	8	403
Between 30 and 50 years	11	47	507	719	1,365	818	-	394	3,861
Over 50 years	4	18	116	85	218	282	-	80	803
<b>Total</b>	<b>15</b>	<b>65</b>	<b>627</b>	<b>846</b>	<b>1,827</b>	<b>1,205</b>	<b>-</b>	<b>482</b>	<b>5,067</b>
<b>Holding</b>									
Under 30 years	-	-	1	4	4	-	-	-	9
Between 30 and 50 years	7	13	25	3	7	-	-	-	55
Over 50 years	1	5	4	1	1	-	-	-	12
<b>Total</b>	<b>8</b>	<b>18</b>	<b>30</b>	<b>8</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76</b>

**Footnote**

1. Does not include the CEO

## Natura &Co Latin America <sup>12</sup>

2023

Workforce breakdown: Race/Ethnicity	Total employee participation	Total participant response rate (%)
White	3,816	45%
Brown	3,287	39%
Black	557	6.6%
Indigenous peoples or native peoples	150	1.8%
Asians	150	1.8%
Afro-descendants / Afro-Colombian / Black / Mulatto	29	0.3%
Caucasian	29	0.3%
Afro-descendants / Afro-Chilean	8	0.1%
Afro-descendants / Creole / Afro-mestizo	5	0.1%
Raizal from San Andrés and Providencia	2	0.02%
Montubio	1	0.01%
Others	65	0.8%
Prefer not to declare	314	3.7%
<b>Total</b>	<b>8,413</b>	

### Footnotes

1. Natura &Co Holding employees are included in the Natura &Co Latin America disclosure based on the geographies they're in.
2. All Natura &Co Latin America employees were invited to participate in the Diversity and Inclusion Survey on a voluntary and anonymous basis. We achieved a 58% participation rate across all countries in the region, with notable levels in Chile (85%) and Peru (83%).

## Avon International <sup>12</sup>

2023

Workforce breakdown: Race/Ethnicity	Total employee participation	Total participant response rate (%)	Total Management participation	Management response rate (%)
White Other	196	10.1	124	14.8
White British	144	7.4	103	12.3
Black / Afro descendants	239	12.3	74	8.8
Asian and/or Indigenous descendant	87	4.5	63	7.5
All other choices	43	2.2	27	3.2

### Footnotes

1. Natura &Co Holding employees are included in the Avon International disclosure based on the geographies they're in.
2. Due to the fact that various countries have different laws and regulations regarding personal data collection by employers, we do not possess information regarding race and ethnicity for the entire population. The information provided reflects employees' working in six of our lead markets: South Africa, Philippines, Romania, Italy, United Kingdom, and Turkey. Associates who did not participate in the survey or chose an answer "prefer not to say" were not included in any of the provided options, however their totality was used for response rate calculations.



Number of STEM-related positions and gender	2023								
	Natura &Co Latin America <sup>2</sup>			Avon International			Holding		
	Men	Women	ND	Men	Women	ND	Men	Women	ND
IT	293	123	-	77	35	-	-	-	-
Finance	252	455	-	111	281	1	17	22	-
Supply Chain	1,712	1,020	1	504	780	-	-	-	-
R&D and Engineering <sup>1</sup>	351	203	-	65	119	-	-	-	-
<b>Total</b>	<b>2,608</b>	<b>1,801</b>	<b>1</b>	<b>757</b>	<b>1,215</b>	<b>1</b>	<b>17</b>	<b>22</b>	<b>-</b>

**Footnotes**

1. R&D and Engineering are classified as a single job family.
2. The data reflect information from Natura &Co Latin America. Interns and apprentices were not considered, to ensure that the count accurately reflected the total number of employees, rather than full-time equivalents.

## Gender Equality Salary Gap

Natura &Co's conducted its independent pay equity study in partnership with the global consultancy Mercer. Natura &Co's goal is not just to meet statutory minimums but also to challenge ourselves. Natura &Co's third pay equity report can be accessed [here](#).

GRI 405-2 Remuneration (%)	2021 <sup>1</sup>	2022 <sup>1</sup>	2023
Natura &Co Latin America <sup>1</sup>	-1.31	-0.82	-0.80
Avon International	-1.27	-0.79	-0.84
Natura &Co Total	-1.19	-0.76	-0.74

### Footnote

The indicator presented is based on a more sophisticated methodology than the simple ratio of women's salaries to men's and between ethnic-racial groups. Although the classification by functional category is not available in this cycle, the metric can be used as a reference to GRI 405-2 due to the similar intention about the data reported

1. Results include all four Business Units (Natura &Co Latin America, Avon International, The Body Shop & Aesop)

## Collective Bargaining Agreements

Employees covered by collective bargaining agreements GRI 2-30	2022	2023		
	Natura &Co Total <sup>1</sup>	Natura &Co Latin America <sup>2</sup>	Avon International <sup>3</sup>	Natura &Co Total
Total of employees	28,060	14,497	5,067	19,564
Employees covered by collective bargaining agreements	13,605	11,743	706 <sup>4</sup>	12,449
<b>Total percentage</b>	<b>48.5%</b>	<b>81%</b>	<b>13.9%</b>	<b>63.6%</b>

### Footnotes

- Results include all four Business Units (Natura &Co Latin America, Avon International, The Body Shop & Aesop).
- For employees not covered by collective bargaining agreements, the organization determines working conditions based on the best competitive market practices.
- The organization does not determine working conditions or terms of employment based on collective bargaining agreements covering other employees or based on collective bargaining agreements from other organizations. The scope only considers in-market resources.
- This figure includes only employees from: China, Germany, Montenegro, Spain, Ukraine, Italy (all employees except for Top Management) and certain employees from the Philippines.

## Human Rights

### Remediation and Mitigation

Natura &Co has a Human Rights policy applicable to all our operations, supply chains, consultants, and partners. The policy outlines our salient human rights, identified through a risk matrix process and prioritized based on severity, scope, and remediation feasibility. Several processes support policy implementation, including internal and supplier Codes of Conduct, social audits, supplier social and environmental assessments, accessible and confidential complaint mechanisms, and complaint investigation processes.

In 2023, Natura &Co Latin America did not identify any cases of violations involving indigenous peoples' rights, both regarding indigenous people working in the organization and in indigenous communities with whom we maintain relations.

During Avon International's regular two year cycle audit review for suppliers, eleven sites across two countries were identified as having a risk of forced labor. In those two countries, Avon International worked with a Human Rights consultancy to develop mitigation plans and prevention guidelines for suppliers, provided training and barred onboarding suppliers that were found to have such issues in their supply chains.

### Child Labor and Forced or Compulsory Labor GRI 408-1, 409-1

The harmonized Global Procurement Policy requires that suppliers comply with all relevant policies and procedures, including the Supplier Code of Conduct. The organization

recognizes the existence of risks associated with child labor and the exposure of young workers to hazardous working conditions in its value chain, as well as the risk of forced or compulsory labor in its global supply chain. For this reason, we aligned our organizational policies with intergovernmental instruments such as the United Nations Guiding Principles on Business and Human Rights and the ILO Labor Standards, encompassing due diligence, application of the precautionary principle and respect for human rights, with emphasis on the non-toleration of child and forced labor. Further information about this subject and critical chains in the [link](#).

### Employee Rights

Natura &Co is committed to ensuring all its employees are at or above Living Wage. We are provided with three levels of Living Wages by the Fair Wage Network: for 1 adult (1A), for 2 adults and 2 children (2A2C), and a typical family (Typical Family). The concept of the living wage, measured by the Wage Indicator Foundation, means the minimum income necessary for a person and their family manage to meet their basic needs (food, rent, healthcare, education, clothes, transport, and savings) and, in many regions, to exceed the local minimum wage. In 2023, 100% of Natura &Co employees received remuneration equal to or higher than this indicator in the countries where it operates.

### Supply Chain Management

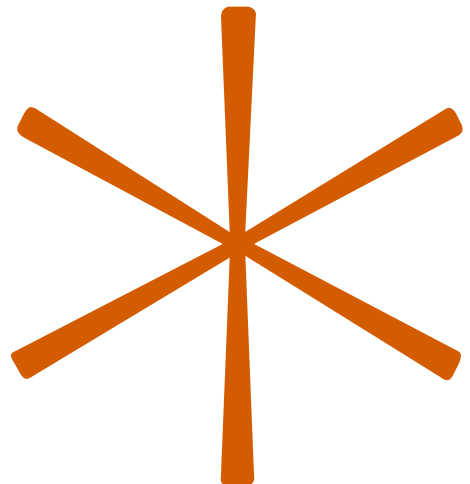
In 2023, Natura &Co Latin America spent BRL 13.8 billion on purchases through a chain of 7,665 suppliers, of whom 364 accounted for 80% of the amount spent. The analysis of the

segmentation of strategic suppliers considers innovation, sustainability, and risk. Natura &Co maintains close communication with critical suppliers by sharing strategies, future plans and good practices, and conducts an annual satisfaction survey to enhance relations. Moreover, an ESG (Environment, Social and Governance) assessment was conducted with suppliers representing 80% of the total procurement spend, aimed at improving chain management based on sustainability criteria.

### Supplier Screening

As part of the screening process, suppliers are required to complete a set of questions triggered by category taxonomy in the Vendor Assessment Portal (VAP) to understand if they meet essential sustainability criteria for the onboarding process. Questions may cover core sustainability topics, such as compliance with Critical Materials policies, carbon and packaging commitments, working conditions and environmental criteria in production facilities. Suppliers in the scope of the Responsible Procurement Due Diligence (RPDD) program then go through the site-based risk assessment through Supply Shift and Sedex platforms to determine the additional level of Responsible Due Diligence. The outcome of the Risk Assessment will determine whether a social audit will be required. A social audit (SMETA or equivalent) may also be required for those factories, based on the result of the risk assessment. High risk sites require a social and environmental compliance audit on a 2-year cycle, which is aligned with Supplier Code of Conduct ESG requirements. The RPDD guidelines are reviewed regularly to ensure they are updated with the latest ESG risk information.

Our supplier onboarding process is divided into two stages: registration and qualification. In the first stage, suppliers will be required to complete a registration process and agree to Natura &Co's Supplier Code of Conduct, General Terms of Procurement (GTP), and Privacy Statement. Upon completion of registration, the qualification process begins. Based on the information provided, the system determines if and which Due Diligence procedures are necessary and may then send questionnaires for the supplier to fill out. After completion and submission of appropriate documentation, an approval flow is generated for each applicable diligence. The potential Due Diligence processes a supplier may be required to complete include: Ethics and Compliance, Responsible Procurement, Data Privacy and Data Protection, Quality, Cybersecurity, Anti-money laundering (Sagrilact) and Financial Health.



Our relations with the supply chain are oriented by the Supplier Code of Conduct, which sets forth guidelines that underpin the Natura &Co commitment to ethical negotiating with these partners. Adhesion to the rules and principles is mandatory for the group's supply chain. The subjects covered by the code include anti-corruption, sustainability, ethics and integrity, decent working conditions and best environmental practices.

### **Supplier Assessment and Development**

Through the Global Supplier Approval Policy, launched in 2022, about responsible purchases, we established criteria for conducting audits in human rights, decent working conditions, diversity and inclusion, and social responsibility. The evaluation process is carried out through approved audit firms, with six options available in VAP – Bureau Veritas, DNV, TUV Rheinland, Elevate, Intertek, and SGS. The evaluation reports are meticulously reviewed by internal teams that oversee the execution of corrective action plans and identified enhancements in collaboration with suppliers and audit firms to ensure compliance with our policies. Resolving all issues highlighted in the audits is imperative for finalizing supplier registration and eligibility to engage with us. Additionally, in Latin America, we conduct internal audits on supply chains involving sociobiodiversity and recyclable materials. This approach is taken due to the importance of maintaining close relationships with these suppliers. Furthermore, sociobiodiversity-related chains undergo annual audits as part of the UEBT certification process. Upon identifying some frailty or non-conformance, we undertake remediation measures to help

the supplier adapt, including asking them to complete a Corrective Action Plan for non-conformities within 15 days. If high-risk or critical issues are found during an audit, a follow-up audit would be required within 90 days. In cases where the contract must be interrupted, the company undertakes tracking measures to protect the partner's employees. In 2023, at Natura &Co Latin America, 1,228 audits were performed, and 22.88% of new suppliers were screened for social and environmental criteria. At Avon International, 224 audits were performed in 2023. Based on factory risk assessment results, a social audit would be required - social audit methodologies that Natura &Co can accept for review include (but are not limited to): Natura &Co's Social Audit; Sedex Members Ethical Trade Audit - SMETA; Business Social Compliance Initiative - BSCI; Disney International Labor Standards (ILS) Social Audit. Suppliers can be excluded from contracting if they do not meet minimum entry requirements included in the Responsible Procurement Due Diligence guidelines and (for in-scope suppliers) if they fail the mandatory site audit. We reinforce our ESG requirements and programs on regular procurement town halls. For special topics such as recruitment fee issues for migrant workers, we have separate dedicated training sessions for buyers and suppliers.

Natura &Co Latin America implemented a significant change in its organizational structure by introducing a Sustainable Chain Development and Management area. This new division is strategically allocated within Purchasing, focusing efforts and expertise on managing sustainable practices throughout its supply chain. At Avon International, the implementation of

the Supplier ESG Program is overseen by the Head of Sustainable Procurement, part of the Procurement Leadership Team. Also, various systems are used for tracking suppliers' ESG performance, including Sedex Radar/SupplyShift - for risk assessment of newly onboarded suppliers; Sedex - for social audit on a two-year basis; SupplyShift - for ESG questionnaire that collect supplier's ESG initiatives; and SupplyShift - for GHG calculator that tracked supplier's carbon performance.

We aspire to guarantee quality and long-lasting relationships with our suppliers, creating value for society and the planet. To define strategic suppliers, we carry out a segmentation analysis in our supplier base, considering Value Generation criteria for the company (which include factors such as innovation, sustainability and spending), and Risk, with which we have a closer relationship through the Embrace program. Embrace aims to foster greater involvement of suppliers in our strategies and causes, creating a collective synergy for progress where suppliers take center stage. Additionally, other trainings are held sporadically, such as Responsible Procurement and Critical Materials Policies. Supplier visits are frequently conducted to assess the implementation of improvement points. The program, which monitors supplier performance ethically and transparently, is based on six pillars: quality, service, innovation, competitiveness, capacity, and Commitment to Life. The program is evaluated using a scoring system capable of identifying and annually recognizing partners through the Embrace Award, who present the best practices within pre-established indicators, according to each category. Strategic suppli-

ers are evaluated during the year across the different categories of the Embrace program. In 2023, we had 182 strategic suppliers, representing 41.5% of our total spending on purchases in Natura &Co Latin America. In 2023, we organized a training on Diversity in the supplier chain, aimed at engaging buyers in this topic and collectively discussing challenges and goals to enhance diversity among our suppliers. In Brazil, we began implementing a program to promote Afro entrepreneurship within our supply chain. The initial stages of this program include developing an action plan for diversity in our supplier chain, integrating racial diversity criteria into the ESG Assessment, and reviewing procurement processes to facilitate the hiring of small entrepreneurs. An internal team manages all communications with suppliers, who are also interviewed annually through a satisfaction survey, which guides the company's actions to evolve the relationship.

Moreover, commitment for ethical marketing and advertising is included in Natura &Co's Code of Conduct. The adopted principles include:

- a. advertising products honestly and accurately;
- b. substantiation of claims about products in accordance with applicable laws and regulations;
- c. not presenting misleading information in marketing or advertising materials;
- d. respecting others' intellectual property.

Avon International's approach to responsible marketing is also described in the Responsible Marketing Guide, which includes "Do's and Don'ts" for teams and ambassadors.

## Employee Health & Wellbeing

### New employee hires and employee turnover

GRI 401-1 Turnover rate by gender <sup>12</sup>	2022 <sup>1</sup>	2023			
	Natura &Co Total <sup>1</sup>	Natura &Co Latin America	Avon International	Holding	Natura &Co Total
<b>Men</b>					
Hired	1,788	753	141	4	898
Terminated	2,702	1,340	306	6	1,652
<b>Total men turnover rate (%)</b>	<b>22%</b>	<b>18.2%</b>	<b>13.0%</b>	<b>19.2%</b>	<b>17.0%</b>
<b>Voluntary men turnover rate (%)</b>	<b>-</b>	<b>9.4%</b>	<b>8.6%</b>	<b>-</b>	<b>14.2%</b>
<b>Women</b>					
Hired	7,343	1,482	323	8	1,813
Terminated	8,855	2,560	719	16	3,295
<b>Total women turnover rate (%)</b>	<b>33%</b>	<b>23.2%</b>	<b>15.6%</b>	<b>24.0%</b>	<b>21.1%</b>
<b>Voluntary women turnover rate (%)</b>	<b>-</b>	<b>12.3%</b>	<b>9.5%</b>	<b>-</b>	<b>17.6%</b>
<b>Total turnover as % of total employees (%)</b>	<b>31%</b>	<b>21.2%</b>	<b>14.7%</b>	<b>22.4%</b>	<b>19.5%</b>
<b>Voluntary turnover as % of total employees (%)</b>	<b>-</b>	<b>11.1%</b>	<b>9.1%</b>	<b>25.8%</b>	<b>10.6%</b>

#### Footnotes

1. Calculation base for turnover rate: (hired+terminated/2)/total headcount equivalent
2. Calculation base for voluntary turnover rate: (hired+voluntary terminated/2)/total headcount equivalent
3. Results include all four Business Units (Natura &Co Latin America, Avon International, The Body Shop & Aesop)

Total Hiring Cost	2023	
	Natura &Co Latin America	Avon International
Total Hiring Cost	R\$ 5,021,355 <sup>1</sup>	R\$ 2,218,365 <sup>2</sup>
% open positions filled by internal candidates	47%	46.3%

#### Footnote

1. Sum includes: Cost of personnel and cost of Attraction and Selection Consultancies
2. Average hiring cost/FTE: 1835,31 USD, SOC21

## Benefits

*Benefits provided to full-time employees that are not provided to temporary or part-time employees GRI 401-2*

### Natura &Co Latin America

In Brazil, the organization's full-time, part-time and temporary employees receive a set of benefits, including life insurance,

a health plan, a dental plan, disability and handicap support, and extended maternity and paternity leave. However, only full-time employees have the right to a private pension and the share acquisition plan. These benefits apply to all the organization's operational units in the country, guaranteeing the employees comprehensive support and security, regardless of their employment agreement.

## Natura &Co Latin America

### Sport and health initiatives

Natura &Co Latin America has some core health benefits, such as a private medical assistance plan with national coverage; an annual check-up; telemedicine that is extended for four individuals inside the employees' network; private dental assistance plan with national coverage; vaccination campaigns; and therapy sessions available online which are partially subsidized.

Other health-related benefits include a meal voucher that can be enjoyed either through restaurant vouchers or a daily cash allowance, and Wellhub- a corporate health benefit offering gym memberships, access to virtual classes, and fitness, meditation, and therapy apps which can also be extended to two family members.

### Parental leave and family care

Extended maternity, paternity, and adoption leave, which has an additional period beyond local law, is paid and granted to all employees, regardless of gender identity and sexual orientation.

Childcare assistance is offered to men and women with children aged between four months and three years.

### Working from home arrangements

Natura &Co Latin America has a remote work model in which employees can work remotely twice a week, with the exception of employees with operational roles. An Internet Allowance is offered to employees working in a hybrid or 100% remote work model.

### Flexible working hours

Employees working in administrative hours (from 8 a.m. to 5 p.m.) can end their workday at 3 p.m. on Fridays, compensating for these hours during the week.

### Life insurance / funeral assistance

Coverage for natural death, accidental death, and funeral assistance.

### Parental leave and family care

Core benefit for Natura &Co Latin America employees are the celebration days such as:

- Birthday - Employees receive a day off to celebrate their birthday.
- Mothers Day - Kit delivered to all mother employees during the celebration month and a day off.
- Fathers Day - Kit delivered to all father employees during the celebration month and a day off.
- Children's Day - Day off for mothers and fathers with children aged 0 to 12 years old.
- Length of service - Celebration of length of service for those who complete multiples of five years of service in the current year.



## Avon International

### Workplace stress management

Many markets offer services that address stress. For example, in the Philippines, Mind Nation offers counselling with a Psychiatrist / Psychologist for employees and offers monthly wellness talks. The same provider also offers a 24/7 hotline via messenger chat/call for conversations guided by their care professionals. In Romania, there is anonymous access to Hilio Help Line - a phone number for psycho-emotional support. The line is available 24/7. In the United Kingdom, the access to EAP offers counselling services, access to Mental Health First Aiders and the AXA Health App.

### Sport and health initiatives

Medical Aid is one of Avon's core benefits, available for all associates. Moreover, our core, but signature benefits, are menopause leave (up to a week off, as a singular entitlement for days when an associate feels unable to work due to perimenopausal or menopausal symptoms), and one day off per year for medical check-ups.

Apart from that, many markets offer their employees other health-related initiatives. For example, associates in all markets have access to the LinkedIn Learning platform, which offers various training sessions, from mental and physical health to financial wealth.

In Poland, Avon International offers its associates the opportunity to benefit from the private medical care program at Medicover and Multisport/Multilife cards that enable them to use gyms, swimming pools and other sports facilities. The packages offered to associates vary based on their position. The programs can be extended to the worker's family. The cost of those programs is co-financed by the employer.

As part of Avon's Compensation and Rewards strategy, associates in Turkey are provided with the "Health Insurance" benefit in collaboration with Howden Brokerage and Bupa Acibadem Insurance.

All associates in South Africa belong to a Medical Aid Scheme upon signing a permanent employment contract. Medical Aid is included in the Associates Cost to Company (CTC) package.

### Flexible working hours

At Avon International, we empower our associates to work in a way that works for them so that they can perform their very best.

The flexible working philosophy states: "We watch outputs, not clocks. We believe in a culture where, as long as you are delivering results and it works for you and your team, you can be flexible on the time, when, and where you work.

You can start earlier or finish later, as long as this works both ways. However, if you're needed in a meeting during normal working hours, you'll need to be there.

You can work outside your home market for short periods of time in line with local laws, as long as you are not needed in person and you have access to a suitable working space with decent Wi-Fi".

### Working from home arrangements

Many markets offer work-from-home arrangements, provided the type of work employee does allows it. Such arrangements are available, for example, for associates from the United Kingdom, South Africa, Turkey, and Poland.

### Part time working options

Many markets offer part-time working options, provided the type of work employee does allows it.

Almost 2% of Avon International associates (headcount as of 31.12.2023) have part-time jobs (mostly in EU countries).

## Avon International

### Childcare facilities or contributions

Avon International does not provide this benefit for its associates widely. However, for example, in Italy, Avon offers nursery contributions for associates, whose children attend nursery.

### Breastfeeding facilities

A few markets, for example, Turkey, offer a separate room for breastfeeding.

### Parental leave

Parental leaves for primary caregivers are statutory benefits in the majority of the countries in which Avon operates. Parental leaves for non-primary caregivers are statutory benefits in some of the countries in which Avon operates.

### Paid family or care leave

Paid family or care leave beyond parental leave are statutory benefits in some of the countries in which Avon International operates.

Parental leave GRI 401-3	Hispanic America	Brazil	Natura &Co Latin America
<b>Total number of employees' who have taken maternity/paternity leave during the current year</b>			
Men	28	7	35
Women	138	78	216
<b>Employees who returned to work, during the reported period, following the end of the leave</b>			
Men	24	20	44
Women	135	157	292
<b>Employees who returned to work following the leave and who remained employed 12 months after their return</b>			
Men	8	85	93
Women	99	178	277
<b>Return rate</b>			
Men	92%	100%	96%
Women	86%	100%	93%
<b>Retention rate</b>			
Men	73%	100%	97%
Women	91%	100%	97%

#### Footnotes

1. Considering only active employees. Does not include trainees or underage apprentices.
2. Information is not available for Avon International and will aim to be provided in the FY24 disclosure.

## Employee Engagement

Employee engagement indicator (% of actively engaged employees) <sup>1</sup>	2020	2021	2022	2023
Natura &Co Latin America <sup>2</sup>	88	86	85	87
Avon International <sup>3</sup>	69	64	66	72

### Footnotes

1. Natura &Co Latin America and Avon International use Glint to capture employee engagement data and have applied the following methodology to the data, 'Favourable' in Glint = actively engaged.
2. Data coverage Natura &Co Latin America (% of total employees who responded) is 83% 2020; 90% 2021; 90% 2022; 87% 2023
3. Data coverage Avon International (% of total employees who responded) is 84% 2020; 86% 2021; 93% 2022; 90% 2023

## Customer Satisfaction

Customer Satisfaction indicator (% of satisfied customers)	2021	2022	2023
Natura &Co Latin America (net satisfaction of beauty consultants) <sup>1</sup>	-	-	48.3
Avon International <sup>2</sup>	60	58	54.4

### Footnotes

1. Data for Natura &Co Latin America was not integrated for 2021 and 2022, so there is no comparable data for the 2023 disclosure.
2. Information based on the five main markets: United Kingdom, Poland, Romania, South Africa, and Philippines. The data is based on representative satisfaction research (non-final customers).

## Employee Development Programs

Natura &Co Latin America	Avante Program	Leadership Formation Programme
<p><b>Sport and health initiatives</b></p>	<p>The Avante Program, valid for Natura &amp;Co employees in Brazil, was created with the goal of accelerating the career of black employees aimed at expanding representativeness in management positions. The project lasts two years and consists of individual development journeys, mentoring and workshops to enable the employees to develop the skills and competencies necessary to assume leadership positions in the medium to short-term.</p>	<p>The Leadership Formation program is an executive development, including directors and board members, is centered around the pillars of Well Being Well, focusing on fostering harmonious relationships with oneself, with others, and with the surrounding environment. In 2023, it was resumed with four meetings which addressed subjects such as strategy and the use of artificial intelligence in management. Moreover, a program was offered for the exclusive development of leaders who are successors to critical positions or who occupy critical positions to facilitate self-learning and self-direction of leaders in development and career plans, fostering a continuous learning environment.</p>
<p><b>Description of program objective/business benefits</b></p>	<ol style="list-style-type: none"> <li>1. To leverage the diversity and inclusion strategy for underrepresented groups;</li> <li>2. Career Acceleration and Retention of Talent;</li> <li>3. Development of skills and competencies as: english proficiency, holistic vision, leading through essence, taking ownership, navigability, relationship-building, adaptability, and self-confidence for the Black community;</li> <li>4. Expanding representativeness in management positions.</li> </ol>	<ol style="list-style-type: none"> <li>1. Development of leadership and retention of talent;</li> <li>2. Taking ownership and accountability;</li> <li>3. Constructive collaborating and aligning;</li> <li>4. Continuous learning.</li> </ol>
<p><b>Quantitative impact of business benefits (monetary or non-monetary),</b></p>	<p>More than 170 applied for the first edition of the program, competing for 30 places. From those selected, 65.5% were women from every region in Brazil and from all the group brands.</p>	<p>Leaders' empowerment to understand their why and connect with Natura &amp;Co purpose, as also the pillars of Well Being Well. Development of self-awareness to support its team's development.</p> <p>In 2023, 96 leaders spent 1,536 hours in the Leadership Formation program.</p>
<p><b>% of FTEs participating in the program</b></p>	<p>1.1%<sup>1</sup></p>	<p>8.1%<sup>2</sup></p>

**Footnotes**

1. % of FTEs participating in the programs is calculated considering the total headcount of f black people
2. % of FTEs participating in the programs is calculated considering the total headcount of leadership positions

Avon International	LinkedIn Learning	Leadership Development: Embrace Your Power
<b>Name and program description</b>	LinkedIn Learning is an online learning platform that offers a vast library of courses covering various topics, including business, technology, creative skills, and personal development. It's an extension of LinkedIn, the professional networking platform, and integrates seamlessly with users' LinkedIn profiles.	This workshop explores the leadership behaviors we need to lead the next phase of Avon's journey towards growth.
<b>Description of program objective/business benefits</b>	<ol style="list-style-type: none"> <li>1. Continuous Learning: we aim to foster a culture of continuous learning among professionals by providing access to a vast library of courses covering a wide range of topics;</li> <li>2. Skill Development: the program aims to help individuals acquire new skills, deepen their expertise, and keep them updated with trends in their respective fields, thereby enhancing their career prospects;</li> <li>3. Career Advancement and Retention of Talent;</li> <li>4. Flexibility and Accessibility and, therefore, Cost-Effective Training.</li> </ol>	<ol style="list-style-type: none"> <li>1. Powerfully collaborating and aligning,</li> <li>2. Taking ownership and accountability,</li> <li>3. Constructively Challenging, and</li> <li>4. Sparring well.</li> </ol>
<b>Quantitative impact of business benefits (monetary or non-monetary)</b>	<p>Over the past year, Avon International's associates actively engaged with the LinkedIn Learning platform, leveraging its diverse content offerings to enhance their skills in Microsoft Excel, AI, Career and Priority Management, Business Strategy, Mental Health, and numerous other topics.</p> <p>Cumulatively, 2,239 associates dedicated 5,517 hours to learning and professional development through the platform. The knowledge acquired from LinkedIn Learning has been effectively applied in their day-to-day work, contributing to their proficiency and effectiveness in various roles within the organization.</p>	<p>Leaders' empowerment to understand their why and connect with Avon International purpose. Development of self-awareness to support its team's development.</p> <p>In 2023, 397 leaders spent 2,888 hours in the Embrace Your Power program.</p>
<b>% of FTEs participating in the program <sup>1</sup></b>	40.2	7

**Footnotes**

1. % of FTEs participating in the programs is calculated using Avon International's headcount as of 31.12.2023 and all the unique learners - even if they were no longer Avon International's associates at the end of 2023.

## Employee training

GRI 404-1 Employee training by gender	2022 <sup>1</sup>	2023		
	Natura &Co Total	Natura &Co Latin America	Avon International	Natura &Co Total
<b>Men</b>				
Total hours of training	39,070	52,661	13,386	66,047
Average hours of training	3.55	9.00	7.02	8.55
<b>Women</b>				
Total hours of training	61,228	55,576	27,627	83,203
Average hours of training	3.7	6.23	7.38	6.55

GRI 404-1 Employee training by functional category	2023	
	Natura &Co Latin America	Avon International
<b>Directors</b>		
Total hours of training	132	1,110
Average hours of training	1.57	17.08
<b>Management</b>		
Total hours of training	9,708	6,465
Average hours of training	9.00	10.31
<b>Leadership / co-ordination</b>		
Total hours of training	18,157	10,680
Average hours of training	10.66	10.31
<b>Administrative</b>		
Total hours of training	35,989	12,415
Average hours of training	10.17	6.8
<b>Operational</b>		
Total hours of training	35,321	8,188
Average hours of training	7.91	6.8
<b>Salesforce</b>		
Total hours of training	5,526	2,154
Average hours of training	1.55	6.8

Average amount spent per FTE on training	2022	2023
Natura &Co Latin America	BRL 5,453	Men - BRL 241 Women - BRL 167
Avon International	USD 94	Men - USD 158 Women - USD 188.91

**Footnotes**

USD = 4.9 BRL

USD = 0.78125 GBP

## Individual performance appraisal

Type of performance appraisal	2023			
	Natura &Co Latin America		Avon International	
	No. of employees covered	Frequency	No. of employees covered	Frequency
Management by objectives: systematic use of agreed measurable targets by line manager	8,538	Annual	5,235	Quarterly
Multidimensional performance appraisal (e.g., 360 degree feedback)	-	-	25	Used continuously as part of our associates' development journey
Agile conversations	8,538	Quarterly	5,235	Quarterly

## Occupational Health & Safety

### Occupational Health & Safety Programs

#### Natura &Co Latin America

Natura &Co Latin America is committed to providing occupational health services for its employees to establish and maintain a safe working environment. The main features of these services are the protection of the worker's health, prevention of accidents, legal compliance, improvement of the quality of life, reduction of costs, increased productivity, encouragement of a culture of safety, and monitoring the health of the workers.

The professionals who provide these programs at the company are registered with the Ministry of Labor and the Regional Medical Board (CRM), and specialize in occupational health. The work nurses at Natura &Co Latin America are registered with the Board of Nursing recognized by the Regional Nursing Board (COREN) and also specialize in occupational nursing, ensuring a high standard of quality in the services offered.

The range of occupational health services includes medical exams, monitoring of the worker's health, management of certificates and licenses, investigation of accidents and incidents, education in ergonomics, health and wellbeing campaigns, health and safety audits, drafting of legal documentation, support for rehabilitation programs, and a medical first aid program.

The access channels and provision of information on occupational health services comprise internal communication,

workshops and training sessions, awareness-raising campaigns, corporate emails, links and channels on the intranet, apps and online platforms, and health and safety committees.

Our Occupational Health Medical Control Program (PCMSO) analyzes the employees' exposure to physical, chemical, biological, ergonomic, and psychosocial risks and establishes the proper controls and preventive measures. The program also includes occupational exams and analysis of signs and symptoms that can point to any alteration in health relating to work in advance. The Ergonomics Program applies to all positions at the company while also attending to special demands, such as those required by disabled persons. The occupational exams are performed over a period that varies between 12 and 24 months, depending upon the risks, but may be more frequent following the advice of a medical professional. To identify psychosocial risks related to work, we offer talks and training sessions to the at-risk groups, aiming to analyze the health conditions of all the employees and ensure that 100% of the occupational exams are performed.

Natura &Co Latin America has implemented an occupational health and safety management system that complies with all legal requirements, the regulatory norms (RNs) established by the Ministry of Labor and Employment (MTE), conventions, and recommendations made by the International Labour Organization (ILO). This system cov-



ers all employees, including those on full-time and permanent contracts, focusing on the prevention and mitigation of impacts on health and safety at work. Some requirements, listed in our Supplier Code of Conduct, represent the minimum employment standards and practices, which Suppliers are expected to meet in regard to all their Workers, permanent or temporary, direct or outsourced. One of them are health and safety conditions, which suppliers must ensure their Workers a safe and hygienic working environment. To this end, Suppliers must adopt proactive measures to ensure such conditions and to prevent accidents, injuries and occupational illnesses occurring in the course of work. Such measures include, but are not limited to, carrying out regular and recorded health, fire and safety training, having in place waste and chemical management, making available adequate personal protection equipment, conducting regular inspections of premises to ensure they are structurally sound, meet legal building regulations and do not pose a fire or other safety hazards, and ensure access to clean toilets and drinkable water and to medical facilities. Accommodation, where provided, must be clean, safe, and meet the basic needs of the Workers.

To identify the dangers that present a risk of work-related illnesses, the company has worked hard to identify the tasks and processes involved, the agents of risk and the illnesses related to it, assess the exposure, establish control measures, undertake monitoring and revision actions, and promote

training and awareness-raising. A table of dangers and risks, informed by the principles of Safety at Work, has been developed for each area.

In 2022, we identified dangerous physical agents that caused or contributed to cases of work-related illness, while in 2023, we highlighted the ergonomic and psychosocial agents, and the associated biomechanical risks. The company took measures to address these risks, including the elimination of dangers, redesigning processes, monitoring exposure, regular inspections, education and training, continual improvement, and worker involvement.

Despite the temporary and outsourced workers not being directly included in the company's work-related illness statistics, the Safety at Work department monitors all the work-related injury communications (CATs) filed by third-party companies, ensuring that the actions to mitigate or eliminate the work-related risks benefit all those working in the relevant areas.

In 2023, 15 work-related illnesses were reported for Natura &Co Latin America, highlighting the importance of prevention and care for the workers' health. The company has established its objective to promote and protect the workers' health, aiming to achieve 0% work-related illnesses with a progressive reduction of 10% per year through the implementation and maintenance of prevention and health promotion programs.

### Avon International

Occupational Health and Safety (OHS) risk assessment is part of Avon International’s Health and Safety (H&S) policy. Avon International also has in place a global procedure, GHS 008 "OH&S Risk Assessment", and all sites are obliged to run a risk assessment for all the jobs within the site at least once every two years.

The risks are quantified, and operation controls are listed to determine the final risk. If the current risk is quantified as moderate or higher, additional actions are put in place to mitigate the risk, or, if this is not feasible, the response plan is defined. The risks are addressed starting from the highest final score. Avon International measures lost time accidents, medical treatment accidents, and restricted work accidents that are transferred to the calculation of TRC (Total Recordable Cases rate), and the status is reported on a monthly basis.

Across all Avon International operations there are Health and Safety inspections,

which are conducted by Environmental Health and Safety heads and involve people from the area (both management and shop floor) at least once per month.

All Avon International manufacturing sites and one distribution site (Poland) are certified with ISO 45001. The global procedure, GHS 005 EHS and Operation Disruption Related Incidents Management and Reporting, is enriched with additional guidelines, supporting incidents under the classification GHS 005.01. We have a database where all incidents are reported, root causes listed, actions defined.

Avon International conducts obligatory Health and Safety training for all employees and agency workers before employment is commenced. The training contains general information as well as detailed hazard management for any given job position. Periodical reminders of OHS rules and additional training are provided following changes in hazards and rules.

### 2023

Occupational Health and Safety	2023	
	Natura &Co Latin America	Avon International
<b>Lost-time injury frequency rate <sup>1</sup></b>		
Employees	0.22	0.08
Contractors	0.32	0
<b>Work-related fatalities</b>		
Employees	0	0
Contractors	0	0

**Footnote**

1. Formula: Number of lost-time injuries / (Total hours worked in accounting period) x 1'000'000

# Governance & Economic Impact

In a transformative year for Natura &Co, our corporate governance played a decisive role in making strategic and necessary decisions that bolstered the foundation for our future growth. Full disclosure of our Corporate Governance including governance structure, Board composition and Board committees can be found [here](#).

Natura &Co operates under a one-tier system. The current composition of the Board of Directors continues to comprise three Co-Chairmen of the Board, who are also Co-Founders of Natura Cosméticos and part of the controlling group, and signatories of the shareholder's agreement. Pursuant to the Company's bylaws, one of the Co-Chairmen presides over the Board meetings.

## Risk Management

### Risk Governance

At Natura &Co Latin America, the risk management processes are audited annually and have been audited since 2017 by an external auditor from ISO certifying authorities and also by independent auditors

Corporate Risk Scenarios are updated annually and reported to the Audit, Risk Management and Finance Committee.

### Emerging Risks

#### Responsible use of artificial intelligence

##### → Description

Violation of privacy and data security,

**unethical and discriminatory actions that impact society caused by the inappropriate use of Artificial Intelligence.**

Society has witnessed a progressive increase in the availability and use of artificial intelligence (AI) applications and AI-dependent tools that offer unprecedented analysis and synthesis capabilities for people and companies. These platforms continue to be enhanced to the point where they match above-average human performance, to the extent that we don't know the creator or source of information, which raises justifiable concerns about how and by whom these tools are applied, requiring a proactive and coordinated approach across society, to develop policies, regulatory frameworks and ongoing research to establish responsible practices. This needs to be underpinned by collaborative approaches across all sectors, with the support of governments, to enable the beneficial integration of AI into our society.

##### → Potential Business Impact

*Governance:*

With the ongoing external and internal encouragement to use artificial intelligence to improve planning, sales, finance, and operational efficiency, there is a pressing need for more excellent governance over the use of sensitive data and guidance for users as we continually handle large amounts of sensitive data, which can result in:

- damage to the company's reputation, privacy violations, and even legal sanctions.

- vulnerability to unauthorized access to data or manipulation of AI models to generate false results.
- failure in the integrity and accuracy of the information generated by artificial intelligence, which can lead to unreliable or even mistaken decisions, negatively impacting the organization's performance.

*Ethical:*

In this same way, algorithms have been known to use large databases that may contain inherent biases and/or not be fully representative of minority ethnic groups, non-predominant sexual orientations, specific age groups, or other minorities. Conclusions could be reached that do not apply to parts of the population to which not all factors or available information has been considered and factored in; instead, these would be dragged by the majority of characteristics seen in the population of existing data. Materialization of such risks could lead to the following:

- Reputational costs from undetected and uncorrected biases in the use of information and recommendation systems, leading to loss of revenue and lack of consumers' endorsement.
- Potential legal fees and compensation costs.

*Cyber Security and Data Privacy:*

AI involves complex processing that demands a large amount of data for effectiveness. The proper functioning of these systems and tools puts pressure on increasing information collection. Such solutions can amplify the concern with protecting personal data collected, in which the transparency and security of such information

must be guaranteed.

We collect, use and store data from our employees, consultants, customers and other third parties, in the normal course of business, in compliance with the General Data Protection Law. However, the collection, storage and processing of this data generate risks to the business, and these risks are compounded by the emergence of AI.

Any events leading to a compromise of data, including personal data, could lead to any or all of the following:

- Downtime: for Natura &Co, the use of these tools happens mainly through marketing. Therefore, the potentially affected software using artificial intelligence (or other integrated tools) would imply a degree of operational disruptions; suspension of specific service to customers which would prevent the affected workstreams from generating revenue; loss of business opportunities; reduction of productivity; and service delays.
- Reputational losses - due to potential media coverage of incidents or other audiences, which may lose confidence in the company's ability to safeguard personal information.
- Compensation costs, since under privacy laws such as the General Data Protection Regulation (GDPR), data subjects affected by a breach are entitled to claim compensation. This could potentially lead to an increase in insurance premium costs or even the denial of coverage in the future.
- Investigation costs - breaches could bring internal costs to understand the root causes of the breaches, potential exter-

nal counsel costs, or specialized security threat teams (in case of cyber-attacks)

- Legal fees, not only if found guilty, but external counsel forensic teams to determine remediation efforts needed and prevent similar incidents in the future.
- Fines and penalties - should any regulator find a failure to comply with data security standards, which under GDPR can be up to 4% of global turnover of the parent company.

*Transparency, explain ability and bias:*

Artificial Intelligence can provide real-time insights into sales trends, cash flow, orders, and other important financial information. Well used, it can generate opportunities for the business, such as increased sales, improvements in customer interaction, process remodelling, agility and assertiveness in decision-making. Nevertheless, an inexperienced use of these new technologies may lead to erroneous decision-making or perpetration of biases. Excessive reliance on the data generated by such systems and platforms can lead to failure in critically evaluating such information. Should an AI algorithm not be understood, analyzed, and corrected by business owners in consideration of contextual information, some of the potential consequences of the above involve:

- Loss of revenue due to erroneous recommendations and failure to properly analyze market preferences.
- Lack of endorsement of products or recommendations due to inaccurate use of information in light of the surrounding contexts.
- Additional costs and fees to refine and analyze customized recommendations and consumers' marketing preferences.

### **Mitigating Actions**

To mitigate potential risks and ensure ethical and accountable practices, we consider the following:

**Governance:** We have developed clear and ethical guidelines to direct the responsible development and implementation of AI within the organization. This includes adopting data and cyber security measures to ensure compliance with policies, laws and regulations, such as the AI/Data Care Governance Program; revising annual privacy and cybersecurity training to address AI-related aspects; and implementing the Artificial Intelligence Cyber and Data Privacy End User Guide, which provides technical information necessary to safely use and implement AI systems and tools.

**Ethical:** Any activity carried out by our employees must adhere to our ethical standards, reflected in our Code of Conduct, which our employees must certify annually. This provides a basis for responsible decision-making in line with our values and the potential impact on individuals and communities; our codes of ethics apply to avoiding discrimination on any basis, which also applies to AI, including reinforcing responsibility for the proper use of assets, whether material or intellectual in accordance with our policies, including those relating to data protection and intellectual property.

**Cyber Security and Data Privacy:** Natura &Co has adopted a global program for cyber security and a data privacy framework, following regulatory needs and aligned to Enterprise Risk Management practices, to ensure the responsible collection, storage, and processing of all types of data, with an emphasis on personal data. This includes

adhering to privacy regulations, obtaining proper consent, maintaining data security, and ensuring data quality and integrity. The program established a multidisciplinary working group to support Artificial Intelligence governance, covering areas such as Data Privacy, Cyber Security, Data and Analytics, Risk Management, Legal and Compliance.

**Transparency and explainability:** When used, appropriate leadership teams (e.g., Marketing) ensure they can understand and explain how AI systems operate regarding clarity and transparency, which helps build trust and enables the organization to comprehend the basis for AI-driven outcomes. Tightly close to this point, a proper understanding of how these tools are being used assists the organization in identifying whether any bias could potentially arise from the development and deployment of AI systems.

## False information

### → Description

**Persistent false information (deliberate or not) widely spread by media networks can significantly influence public opinion against our brand.**

We have all witnessed the rampant advance of false information disseminated by media networks and its influence on public opinion, resulting in distrust of facts and authority. However, this situation has been continually exacerbated by the growth of increasingly powerful artificial intelligence technologies, such as generative AI, with the ability to learn to mimic patterns and

characteristics in various ways identical to the real thing, generated algorithmically, which can be used to deceive people or systems. Emerging regulations aim to combat this phenomenon but may not keep pace with its development. Synthetic content can potentially manipulate individuals, and damage economies and societies, posing risks such as the spread of disinformation and social polarization. These risks can result in far-reaching consequences, including dividing societies and weakening social cohesion and mental health. The proliferation of false information can also fuel animosity and crime, while the definition of "truth" becomes increasingly controversial.

### → Potential Business Impact

In the context of Natura &Co and our business model, we are susceptible to being harmed by false information, whether deliberate or not, which may affect the perception of the quality of our products and services. Such information may also contradict the principles we stand for, especially about sustainability, human rights, and governance. If we are unable to contain or prove our innocence in the face of this information, it could have a significant impact on our organization, our brand, and our reputation in several ways:

**Brand reputation:** If false information from Natura &Co circulates about unethical practices, polluting or unsustainable actions, this could tarnish our reputation as a brand that is poorly committed to sustainability.

**Consumer confidence:** The dissemination of false information can undermine consumers' trust in the company, leading them

to question the authenticity of products and compromising their loyalty to the brand.

**Impact on sales:** If consumer trust is damaged, this can directly affect the company's sales, as consumers may choose to buy from competitors perceived as more trustworthy.

**Threat to the company's mission and values:** If false information questions or distorts our values in relation to sustainability and Commitments to Life, this could undermine our efforts to position ourselves as a leader in the Cosmetics sector focused on Sustainability.

**Damage to social cohesion:** If false information disseminated by the company fuels social divisions or misinformation, this could damage its reputation and alienate important segments of society that value sustainability.

**Possible legal and regulatory implications:** We may have difficulties in capturing the origin of false information and thus be unable to contain or prove our innocence in the face of this information and result in tangible damage or violation of existing regulations, having to face legal and regulatory consequences, including fines and lawsuits.

### → Mitigating Actions

To mitigate potential risks and ensure ethical and accountable practices, we consider the following:

**Brand reputation:** We use tools to identify false information about our brand and respond quickly. We monitor platforms and websites to catch infringements of Natura's

intellectual property. In addition, we disseminate to employees how to distinguish between true and false information from content on the internet.

**Consumer trust:** We comprehensively and continuously reinforce our commitments to sustainability with transparency, including auditing the evidence related to our actions. In addition, we respond swiftly to the spread of false information related to our brand.

**Impact on sales:** The actions mentioned above contribute to maintaining consumer confidence in the brand, mitigating the negative impact on sales that could result from the dissemination of false information.

**Threat to the company's mission and values:** By promoting policies and practices that combat false information and reinforce transparency and accountability, we are demonstrating our ongoing commitment to sustainability and our company values through our annual reports, helping to protect our position as a leader in the sustainable cosmetics sector.

**Damage to social cohesion:** By collaborating with social media platforms and supporting quality journalism, we contribute to creating a safer and more trustworthy online environment, helping reduce social divisions and misinformation.

**Possible legal and regulatory implications:** Our proactive actions, including demanding transparency and accountability from social media platforms and strengthening laws related to the spread of false information, help us mitigate possible legal and regulatory consequences.

## Ethics, Compliance & Integrity

### UN Global Compact Membership

Natura is a founding member of the UN Global Compact, and Natura &Co continues to benefit from its involvement in the world's largest corporate sustainability initiative.

### Compliance with laws and regulations

Compliance with laws and regulations GRI 2-27	2022 <sup>1</sup>	2023		
	Natura &Co Total	Natura &Co Latin America	Avon International	Natura &Co Total
<b>Total number of significant cases of non-compliance with laws and regulations <sup>1</sup></b>				
Number of cases where fines were applied	0	0	0	<b>0</b>
Number of cases where non-monetary sanctions were applied	0	0	0	<b>0</b>
Monetary value of significant fines paid in the year	USD 0	USD 0	USD 0	<b>USD 0</b>

#### Footnote

1. Includes significant fines or penalties related to the environment considering a threshold of USD 10,000. There were no significant cases, fines or non-monetary sanctions for non-compliance with laws and regulations during the reporting period. Any case that resulted in a sanction, warning or imposition of a fine exceeding USD 100,000 was considered significant.

### Code of Conduct

#### → Legal actions for anti-competitive behaviour, antitrust, and monopoly practices GRI 206-1

The organization does not have any pending or concluded legal actions for anti-competitive behavior, antitrust, and monopoly practices in any of the countries in which it operates.

#### → Incidents of discrimination and corrective actions taken GRI 406-1

In 2023, we registered two discrimination cases at Natura &Co Latin America, rigor-

ously investigated by the Ethics and Compliance team and decided upon by the Remediation Committee. In response to these incidents, the organization dismissed the accused individuals.

To address and prevent future incidents, the organization has implemented action plans, which are being routinely analyzed by using internal management processes to ensure their effectiveness. The results of these action plans demonstrate a significant advance in various areas: a reduction in the number of discrimination cases; an increase in diversity and employees' satisfaction; an improvement in the company's image; a reduction in legal



claims; compliance with laws and regulations; the development of an inclusive culture; and an increase in creativity and innovation. These results underline the organization’s commitment to promoting an inclusive and respectful working environment.

Number of breaches to the Code of Conduct specifically related to critical investigations carried out by Ethics and Compliance.	2022 <sup>1</sup>	2023		
	Natura &Co Total	Natura &Co Latin America	Avon International	Natura &Co Total
Total number of Code of Conduct breaches	7	4	3 <sup>2</sup>	7
Discrimination & harassment	7	2	1	3
Corruption or bribery	0	0	0	0
Conflicts of interest	0	2	1	3
Money laundering	0	0	0	0

**Footnotes**

1. Results include all four Business Units (Natura &Co Latin America, Avon International, The Body Shop & Aesop).
2. The third code of conduct breach relates to a trade restrictions case.

Outcomes for substantiated investigations related to incidents of discrimination & harassment	2023	
	Natura &Co Latin America	Avon International
The organization examined the case	2	1
A remediation plan is being implemented	2	1
The remediation plan was implemented and its results analyzed through routine internal management process	2	1
The case is no longer subject to action (i.e. it has been resolved, completed)	2	1
<b>Total cases of discrimination</b>	<b>2</b>	<b>1</b>

## Product quality management

	2020	2021	2022	2023		
	Natura &Co Total <sup>1</sup>	Natura &Co Total <sup>1</sup>	Natura &Co Total <sup>1,2</sup>	Natura &Co Latin America <sup>3</sup>	Avon International	Natura &Co Total
Number of product recalls	0	0	2	2	0	2

### Footnotes

1. Results include all four Business Units (Natura &Co Latin America, Avon International, The Body Shop & Aesop)
2. In 2022, US\$ 151,014 was incurred for Aesop and these expenses are limited to legal costs incurred by engaging external counsel, and the approximate destruction costs for the recalled products.
3. The product quality and recall management is in line with the regulations related to Natura &Co Latin America that address the need for product recall. As part of this, annual simulations are performed to evaluate the efficiency of the document's traceability and the respective times involved, while also serving as training for those involved. During the reported period, two product lines were recalled (17,755 units), at a cost of R\$ 476,000.

## Charitable contributions

Type of contribution (USD)	2023		
	Natura &Co Latin America <sup>1</sup>	Avon International	Natura &Co Total
Cash (donations & community investments)	32,601,660	2,567,712	35,169,372
Time (employee volunteering during paid working hours)	-	171,045	171,045
In kind giving (product or service donations, projects / partnerships or similar)	21,775,179	3,440,317	25,215,496
<b>Total value</b>	<b>54,376,839</b>	<b>6,179,075</b>	<b>60,555,914</b>

### Footnote

1. In local currency cash contribution was R\$ 159,748,135 and in kind giving was R\$ 106,698,376. USD = 4.9 BRL

## Critical Concerns GRI 2-16

All critical concerns are communicated to the organization's highest governing body through various channels, including reports and periodic presentations, formal board meetings, communications from governance committees, internal and external audit reports, regular updates to the senior management, risk and compliance reports, financial performance presentations, strategic analyses and business plans, reviews of legal and regulatory issues, sustainability and corporate social responsibility reports, and communication crises and emergencies. The concerns reported cover a wide range of themes, including environmental, social and human rights aspects, matters including economics, governance, sustainability strategies, and the longevity of the business, the transformation of the business, the wellbeing of the network of employees, consultants and suppliers, internal risks and controls, ethics and compliance, tax reform, and legal and litigation risks.

## Policy Commitments GRI 2-23; 2-24

The company updated its Conflict of Interest Policy in December 2022, internally disseminating it in January 2023 across various languages on business unit intranets for employee accessibility. The update included alerts to leaders about the new version and incorporating a specific conflict of interest module in the annual Code of Conduct training. Employees are encouraged to report disputes via an online form, with evaluation handled by the Ethics & Compliance team, ensuring transparency and anonymity.

The [Natura &Co Human Rights Statement](#) directs the assessment of risks of violations throughout our supply structure, including agricultural and factory workers, local communities, women, minority groups, temporary workers, indigenous populations, and NGOs.

Natura &Co has a commitment to no deforestation as expressed through our Commitment to Life targets to achieve verified deforestation and conversion free critical supply chains by 2030 and our target to contribute to the protection and/or regeneration of 3 million ha of Amazon forest.

In 2023 Natura &Co Latin America re-launched its Biodiversity Policy, expanding its guidelines for decision-making and for the implementation of actions that impact our relationship network. The standard also clarifies on how to effectively disseminate our values and commitments regarding biodiversity, guiding the most impactful ways to communicate and uphold these principles.

The Board of Directors is responsible for embedding the company's policy commitments to ensure responsible business conduct in all business activities and relations. The delegation of responsibilities occurs through the precise definition of targets and commitments, the identification of the hierarchical levels involved, the attribution of responsibilities based on skills and competencies, the establishment of authority and accountability, the effective communication of responsibilities, the implementation of a tracking system, promotion of collaboration and team working, the adjustment of responsibilities as necessary, recognition and reward for performance, and the periodic review of the delegation process.

## Advocacy & Policy Influence

### Contributions

Natura &Co does not make contributions to campaigns, parties and/or candidates during or outside electoral processes according to internal policy. The rule is valid for all the operations.

However, Natura &Co believes in encouraging political discussions and debates to strengthen democratic institutions and support the evolution of society as a whole. The company has, therefore, moved forward with its corporate social activism in the form of contributions to causes and initiatives such as the "Pra Ser Justo" movement (tax reform) spearheaded by Endeavor Brasil.

Type of contribution (USD)	2023
	Natura &Co Latin America
Political campaigns, ballots measures or referendums <sup>1</sup>	-
Political organizations, trade associations or tax-exempt groups <sup>1</sup>	1,312,218
Registered lobbyists and lobbying groups.	114,899 <sup>2,3</sup>

#### Footnotes

- Natura &Co does not make contributions to campaigns, parties and/ or candidates during or outside electoral processes, in line with internal policy. No political contributions were made in 2023.
- USD = 4.9 BRL
- Natura sponsored the "Pra ser justo" movement, which supported the approval of a balanced tax reform. All actions of the movement were public, with a website, social media, and technical positions. Details of the program are available at: <https://praserjusto.com.br/>. Natura and Avon carried out various donation actions throughout 2023 to public authorities and third sector entities. The actions were divided into two cases: (i) support for social and environmental emergencies, such as the Yanomami crisis, drought in the Amazon, and rains in the southeast, northeast, and south, by allocating resources to entities with social action in these regions, purchasing emergency supplies (basic food baskets) and donating essential products (soaps, shampoo, sunscreen); (ii) social allocation of out-of-line products or those without sales prospects, with some actions in partnership with public social funds and welfare NGOs.
- For detailed amounts related to trade associations or tax-exempt groups please refer to our [2023 Advocacy Report](#)

Type of contribution (USD)	2023 <sup>1,2</sup>
ABIHPEC - Associação Brasileira da Indústria de Higiene Pessoal, Perfumaria e Cosméticos	> 250,000
ABEVD - Associação Brasileira da Venda Direta	150,000 - 199,999
Cosmetics Europe	> 250,000
The B Team	150,000 - 199,999
WBCSD - World Business Council for Sustainable Development	100,000 - 149,999
WFDSA - World Federation of Direct Selling Associations	50,000 - 99,999

#### Footnotes

- USD = 4.9 BRL
- USD = 0.78125 GBP

# Climate Action

## Emissions

### Science Based Target initiative

In May 2023, the Science Based Target Initiative (SBTi) approved our near-term target, which commits to reducing our absolute Scope 1 and Scope 2 GHG emissions 42% by 2030 from a 2020 base year. It also aims to reduce our absolute Scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, and end-of-life treatment of sold products 42% by 2030 from a 2020 base year, in line with the Paris Agreement 1.5°C trajectory.

Following a huge effort across the entire value chain, the total emissions reduction coverage by our science-based target, including scopes 1, 2 and 3, reached a 36.2% reduction versus the baseline year.

Considering the direct emissions from our operations (scopes 1 and 2), our main chal-

lenge is to improve our refrigeration systems and reduce fugitive emissions, besides a continuous improvement in energy efficiency and increase renewable energy consumption. Even though we have advanced in some of our operations, we have increased our emissions on scope 2 (market-based) mainly due to our Avon International operations, where we could not acquire renewable energy certificates compared to 2020. If we only evaluate scope 1, we have achieved a reduction of 19% versus the baseline year.

For indirect emissions (scope 3), we have a robust reduction of 37.5%. Due to the representative portion of scope 3 (around 98% of our emissions) the result has directly influenced the total reduction achievement of 36.2% in 2023. Looking ahead, through different initiatives with our suppliers, we have defined another five workstreams for decarbonization including packaging, formulas, Home & Style (Avon), logistics, and consultancy materials.

GHG emissions (tCO <sub>2</sub> equivalent)	Baseline 2020 <sup>1</sup>	2023	% change
Scope 1 and Scope 2 market-based	44,342	47,733	7.65%
Scope 3 <sup>2</sup>	1,449,787	905,881	-37.52%

#### Footnotes

1. Restated baseline due to acquisitions, divestitures and methodological enhancements.
2. Includes only scope 3 categories covered by Science Based Target.

## GHG emissions – Scopes 1, 2 and 3 GRI 305-1, 305-2, 305-3

Natura &Co Emissions (tCO <sub>2</sub> equivalent)	Natura &Co Emissions (tCO <sub>2</sub> equivalent)		
	2021 <sup>1</sup>	2022 <sup>1</sup>	2023
Scope 1	24,712	26,618	22,811
Scope 2 - location based	54,135	48,385	34,030
Scope 2 - market based	45,296	33,185	24,778
1a: Purchased goods and services (product)	1,178,429	1,047,669	679,449
1b: Purchased goods and services (non-product)	187,037	217,647	148,658
2: Capital goods	22,903	18,323	4,147
3: Fuel and energy related activities	25,915	18,554	13,404
4: Upstream transportation and distribution	262,721	283,038	160,078
5: Waste generated in operations	9,495	1,144	1,020
6: Business travel	11,557	18,343	9,522
7: Employee commuting	29,362	15,455	10,482
8: Upstream leased assets	378	13	455
9: Downstream transportation and distribution	95,815	93,212	54,863
10: Processing of sold products	0	733	0
11a: Use of sold products (Direct)	64,408	64,762	23,745
11b: Use of sold products (Indirect)	2,367,574	2,433,793	1,486,942
12: End-of-life treatment of sold products	268,657	220,694	200,936
13: Downstream leased assets	0	0	0
14: Franchises	16,013	19,417	7,900
15: Investments	0	0	0
<b>Total for Brand (location-based)</b>	<b>5,596,330</b>	<b>4,527,812</b>	<b>2,858,442</b>
<b>Total for Brand (market-based)</b>	<b>5,555,424</b>	<b>4,512,601</b>	<b>2,849,190</b>
<b>Total for Brand (location-based) without indirect use phase (11B)</b>	<b>2,361,073</b>	<b>2,094,019</b>	<b>1,371,500</b>
<b>Total for Brand (market-based) without indirect use phase (11B)</b>	<b>2,320,167</b>	<b>2,078,808</b>	<b>1,362,248</b>

### Footnote

1. Results include all four Business Units (Natura &Co Latin America, Avon International, The Body Shop & Aesop)

<b>Natura &amp;Co Emissions (tCO<sub>2</sub> equivalent)</b>	<b>Natura &amp;Co</b>	<b>Avon International</b>	<b>Natura &amp;Co Latin America<sup>1</sup></b>	<b>Natura</b>	<b>Avon Latin America</b>
Scope 1	22,811	12,590	10,221.16	4,964.87	5,256.29
Scope 2 - location based	34,030	21,458	12,761.71	4,754.02	7,817.63
Scope 2 - market based	24,778	24,772	149.78	1.21	4.32
1a: Purchased goods and services (product)	679,449	170,906	508,543.65	158,733.56	349,810.09
1b: Purchased goods and services (non-product)	148,658	38,329	110,329.19	80,546.63	29,782.56
2: Capital goods	4,147	2,871	1,275.49	1,036.39	239.09
3: Fuel and energy related activities	13,404	8,170	5,234.55	3,225.07	2,009.48
4: Upstream transportation and distribution	160,078	51,957	108,281.86	62,789.52	45,331.57
5: Waste generated in operations	1,020	215	805.17	416.27	388.90
6: Business travel	9,522	3,538	5,987.18	2,528.11	3,456.04
7: Employee commuting	10,482	1,371	9,344.28	6,406.64	2,704.58
8: Upstream leased assets	455	-	454.98	441.80	13.18
9: Downstream transportation and distribution	54,863	30,679	26,917.85	9,868.74	14,315.98
10: Processing of sold products	-	-	0.00	0.00	0.00
11a: Use of sold products (Direct)	23,745	11,626	12,118.98	0.00	12,118.98
11b: Use of sold products (Indirect)	1,486,942	1,158,608	328,585.86	269,837.87	58,496.60
12: End-of-life treatment of sold products	200,936	42,535	158,418.96	78,724.15	79,676.05
13: Downstream leased assets	-	-	0.00	0.00	0.00
14: Franchises	7,900	7,900	309.85	0.00	0.00
15: Investments	-	-	0.00	0.00	0.00
<b>Total for Brand (location-based)</b>	<b>2,858,442</b>	<b>1,562,752</b>	<b>1,299,590.71</b>	<b>684,273.64</b>	<b>611,417.02</b>
<b>Total for Brand (market-based)</b>	<b>2,849,190</b>	<b>1,566,066</b>	<b>1,286,978.78</b>	<b>679,520.83</b>	<b>603,603.72</b>
<b>Total for Brand (location-based) without indirect use phase (11B)</b>	<b>1,371,500</b>	<b>404,144</b>	<b>970,695.00</b>	<b>414,435.77</b>	<b>552,920.42</b>
<b>Total for Brand (market-based) without indirect use phase (11B)</b>	<b>1,362,248</b>	<b>407,458</b>	<b>958,083.08</b>	<b>409,682.96</b>	<b>545,107.11</b>

**Footnote**

1. Natura &Co Latin America consolidated results include The Body Shop Latin America results

GRI 305-4 GHG emissions intensity	2023		
	Natura &Co Latin America	Avon International	Natura &Co Total
Total GHG emissions (tCO <sub>2</sub> equivalent)	1,299,590.71	1,562,752	<b>2,858,442</b>
GHG emissions intensity	2.81 <sup>1</sup>	1.02	-

**Footnote**

1. GHG emissions intensity is only applicable for Natura.

GRI 305-5 Reduction of GHG emissions (tCO <sub>2</sub> equivalent)	2020 <sup>2</sup>	2023	Variation
Total Emissions Scope 1	28,147	22,811	<b>-19.0%</b>
Total Emissions Scope 2 - location based	52,947	34,220	<b>-35.4%</b>
Total Emissions Scope 2 - market based	16,195	24,922	<b>53.9%</b>
Total Emissions Scope 3 <sup>1</sup>	2,021,978	1,318,118	<b>-34.8%</b>
Total Emissions Scope 1, 2 <sup>2</sup> and 3 <sup>1</sup>	2,066,320	1,365,851	<b>-33.9%</b>

**Footnotes**

1. Without category 11B (indirect use phase)

2. Restated baseline due to acquisitions, divestitures and methodological enhancements

3. Market-based

GRI 305-6 Emissions of ozone-depleting substances (ODS)	2023
	Natura &Co Latin America
Refrigeration gases	2,676.23 <sup>1</sup>

**Footnote**

1. Data included in CO<sub>2</sub>e (tons), since we do not have CFC11 eq data, nor the references to perform such a conversion. The analysis includes hydrofluorocarbon (HCFC-22); chlorofluorocarbons (CFCs); as well as R134A, R404A, and R410A, which cannot be included directly in the specific hydrofluorocarbon (HCFC-22) or chlorofluorocarbon (CFC) categories, or the other categories mentioned. They are independent composites used in refrigeration and air-conditioning systems, but do not belong to the above mentioned categories.



GRI 305-7 NOx, SOx and other significant air emissions (tonnes)	2022	2023		
	Natura &Co Total	Natura &Co Latin America <sup>2</sup>	Avon International	Natura &Co Total
NOx	5.5	0.08 <sup>1</sup>	5.62	5.70
SOx	0.1	-	0.06	0.06
Persistent organic pollutants (POP)	0	-	-	-
Volatile organic compounds (VOC)	956.0	-	0.10	0.10
Hazardous air pollutants (HAP)	0	-	2.59	2.59
Particulate matter (PM)	2.4	-	0.10	0.10

**Footnotes**

1. It should be noted that for the Interlagos unit, NOx emissions were quantified at 0.079 tons (considering the sum of the two boilers), adopting the measurement in tons to maintain consistency with the data presented in the tables. In contrast, the Cajamar, Moreno, and Ecoparque units had their NOx emissions reported in concentration units, with Cajamar recording 34 PPM, Moreno with 103.53 mg/Nm<sup>3</sup> (considering the sum of the two generators), and Ecoparque showing 0.04 mg/Nm<sup>3</sup> for NOx, 0.05 mg/Nm<sup>3</sup> for SOx and 178.15 mg/Nm<sup>3</sup> for particulate matter (PM).
2. Regarding data collection, the measurements at the Interlagos, Moreno, Celaya, and Ecoparque units were carried out by specialized third-party companies. At the Cajamar unit, the measurements were performed internally using specific instruments to assess emissions from the generators.

**GHG emissions and decarbonization**

The GHG emissions of our value chain expose Natura &Co Holding to potential direct and indirect regulatory, supply, and reputational risks. Our decarbonization goals are central to the Commitment to Life, and we aim to achieve net zero emissions in our own facilities in Latam (scope 1 and 2) by 2030. Scope 3 represents 98% of our value chain GHG emissions, and we are committed to enhancing engagement with our suppliers and consumers to reduce GHG emissions by 42% by 2030 from a 2020 base year, aligning with a 1.5°C trajectory. These targets were validated by the SBTi in May 2023, while our net zero commitment, established in line with our membership of the Business Ambition for 1.5°C campaign, is in the process of validation by the SBTi.

Natura &Co's GHG inventory is prepared in accordance with the GHG Protocol Corporate Accounting Standard, in addition to relevant local principles for GHG accounting in our countries of operation and reported against a 2020 baseline. Our Scope 3 target covers 68.4% of our base year inventory, including purchased goods and services, upstream transportation and distribution, and end-of-life treatment of sold products. No material changes were made to our GHG accounting methodology during 2023.

**Climate resilient products**

In 2009, Natura developed a calculator designed to estimate the environmental footprint of their products, encompassing everything from the formula to the packaging and across their entire portfolio. This tool has been instru-

mental in decision-making processes, particularly in understanding and minimizing the environmental impact of the company's products. It ensures greater accuracy and transparency in assessing their environmental footprint.

The tool analyzes a comprehensive list of components, including the ingredients in the formula and the elements of the packaging. It calculates the carbon footprint of each component in grams of CO2 equivalent, along with waste and other environmental impact categories. This enables Natura to project and reduce a product's impact right from the conception phase, ensuring that environmental considerations are integrated into the very heart of product development. During 2023 we have undertaken a robust review on this methodology in order to align it with best practices arisen and reflect the actual value chain in place. This project also allow us to find decarbonization opportunities in each tier of our value chain, paving the roadmap we need to run with our suppliers.

Our commitment to reducing the environmental and climate footprint of our products and packaging is key to reducing exposure to potential regulatory and transition risks. For example, by increasing the recycled, reusable, recyclable and compostable material content in our packaging, we reduce our impact, while getting ahead of potential emerging carbon and packaging regulation.

As part of our strategy to minimize

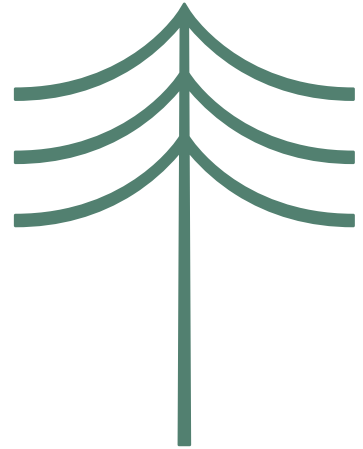
supply chain risks for critical agricultural commodities, our goal is for full certification of these supply chains as deforestation and conversion free by 2025 for direct purchases, and 2030 for indirect. Meanwhile, we support the adoption of regenerative practices by key ingredient producers and partner communities. These actions generate greater traceability and transparency around our impacts and how these align with the climate transition, as well as incentivizing and helping suppliers to implement agricultural practices that we believe are more resilient to potential physical climate shocks.

#### **Employee remuneration linked to climate goals**

Since 2009, Natura &Co has linked executive compensation to sustainability KPIs, including climate-related goals. Natura &Co Holding's long-term incentive (LTI) includes a performance-based component, dependent on the achievement of multi-year performance measures, of which 30% is linked to a carbon emission intensity reduction metric, in line with our decarbonization targets.

Additionally, the short-term incentive received by 100% of eligible employees and executives, links 10% of the bonus pay-out to planet-positive results focused on post-consumer recycled plastic packaging. Natura &Co has committed to using 50% recycled content in all plastic packaging by 2030, reducing our environmental and climate impact as well as exposure to potential emerging regulatory risks.

## Task Force on Climate Financial-related Disclosures



We are committed to continue adoption and alignment with the recommendations of the Task Force on Climate related Financial Disclosures (TCFD). In 2021, we began the development of a project limited to one of our Brands and in 2023 we not only expanded this to the Holding including both Natura &Co Latin America and Avon International, but also evolved the coverage of the project based on the experience we learnt from the first project. This year, we have chosen to report against the 11 TCFD recommendations on a 'comply or partially comply' basis. This disclosure is a step on our journey to better

manage and respond to climate-related risks and capitalise on climate-related opportunities, gaining more maturity on the theme and evolving the governance process. Below is a summary of our status against each of the recommendations and where information can be found in our reports pertaining to each disclosure.

Recommendation	Status	Description
<b>Governance</b> <b>Disclose the organization's governance around climate-related risks and opportunities.</b>		
a) Describe the Board's oversight of climate-related risks and opportunities.	<b>Partially Comply</b>	<b>Explain</b> <ul style="list-style-type: none"> <li>· The Board sub-committees need to define the appropriate frequency to convene to discuss and address climate-related issues.</li> <li>· In future, we will start to incorporate climate-related considerations into our strategic reviews, annual budgeting processes, and oversight of major capital investments reinforcing our Commitment to Life through Climate Action.</li> </ul>
b) Describe management's role in assessing and managing climate-related risks and opportunities.	<b>Partially Comply</b>	<b>Explain</b> <ul style="list-style-type: none"> <li>· We expect to develop processes by which management will be informed about climate-related issues and will monitor them over time.</li> <li>· We also hope to better articulate the ways in which management positions and committees report to the Board.</li> </ul>

Recommendation	Status	Description
<p><b>Strategy</b>  <b>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.</b></p>		
<p>a) Describe the climate-related risks and opportunities the organization has identified over the short-, medium- and long-term.</p>	<p><b>Comply</b></p>	
<p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p>	<p><b>Partially Comply</b></p>	<p><b>Explain</b></p> <ul style="list-style-type: none"> <li>· In 2024, Natura &amp;Co will quantify the financial impacts of climate-related issues on its financial performance, including potential revenue and cost variations. This builds on the qualitative climate scenario assessment and prioritization exercise undertaken in 2023.</li> <li>· Natura &amp;Co plan to integrate climate-related considerations into our financial planning processes in future, ensuring a strategic alignment with our sustainability goals.</li> </ul>
<p>c) Describe the resilience of the company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p><b>Comply</b></p>	
<p><b>Risk Management</b>  <b>Disclose how the organization identifies, assesses, and manages climate-related risks.</b></p>		
<p>a) Describe the organization's processes for identifying and assessing climate-related risks.</p>	<p><b>Comply</b></p>	
<p>b) Describe the organization's processes for managing climate-related risks.</p>	<p><b>Comply</b></p>	
<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	<p><b>Comply</b></p>	
<p><b>Metrics and Targets</b>  <b>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</b></p>		
<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p><b>Partially Comply</b></p>	<p><b>Explain</b></p> <ul style="list-style-type: none"> <li>· In 2024, we will be conducting a quantitative climate scenario assessment, which will provide us with additional forward-looking financial metrics, e.g., prices on tonnes of GHG emissions.</li> <li>· In future, we will seek to provide additional climate-related opportunity metrics, e.g., potential future revenue from products designed for a low-carbon economy.</li> </ul>
<p>b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.</p>	<p><b>Comply</b></p>	
<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p><b>Comply</b></p>	

## → Governance

### Summary of disclosure

In 2023, Natura &Co restructured sustainability governance with the Holding's Operational Committee being disbanded, leading to the creation of three new committees (Strategy Committee, Corporate Governance Committee and Organizational Development and People Committee) which will undertake specific responsibilities relating to the achievement of the 2030 Commitment to Life.

### Natura &Co governance structure:

Natura &Co's governance framework incorporates climate-related risks and opportunities as a core part of the company's long-term sustainability goals and 2030 Commitment to Life. This integration is evident in the roles and incentives defined for the Board of Directors and the executive team.

### Board oversight

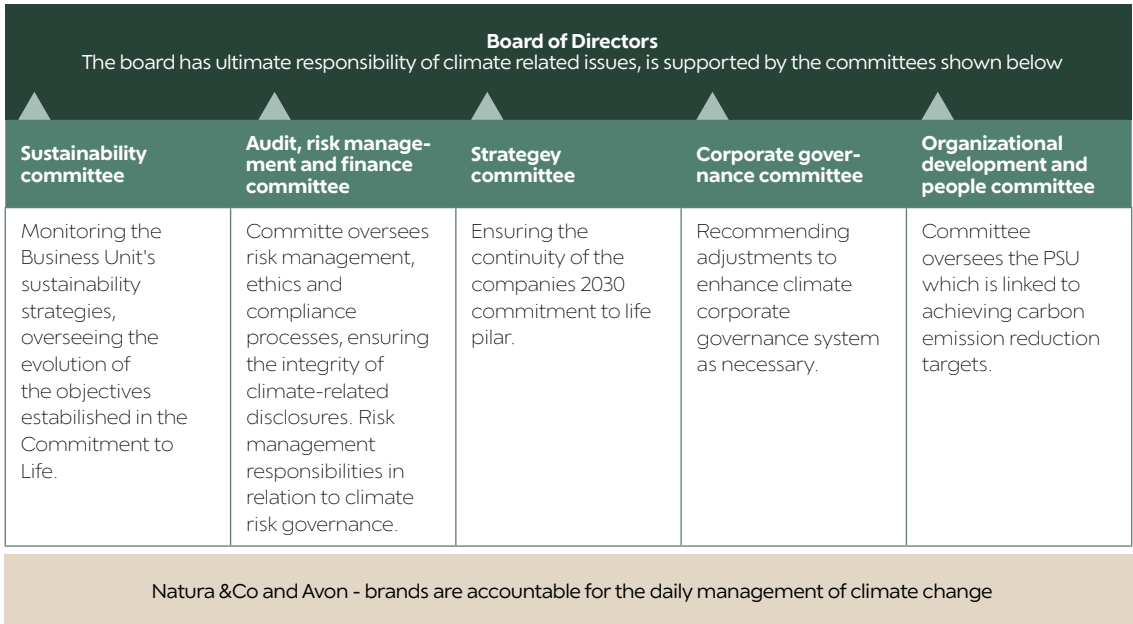
The Board of Directors are ultimately responsible for the company's commitment to sustainability, including oversight of climate-related impacts and associated climate action. Performance against sustainability goals forms part of Board members' remuneration with the aim of fostering long-term engagement with the company's sustainability objectives. Members serving on specific committees receive additional compensation, directly linking their efforts to Natura &Co's strategic goals.

There are five key committees that convene quarterly to review progress and guide the company's strategic direction concerning climate action, and sit under the Board:

- **Sustainability Committee:** this committee has responsibility for monitoring the

Business Units' sustainability strategies, suggesting adjustments when necessary, and overseeing the evolution of the objectives established in the Commitment to Life. In recognition of the importance of the 2030 Commitment to Life overarching business objective, and the priority of the purpose let to ensure achievement of this pillar still in the structuring process.

- **Audit, Risk Management, and Finance Committee:** This committee oversees risk management, ethics, and compliance processes, ensuring the integrity of climate-related disclosures. It reports to the board as important matters arise, ensuring timely communication and action on critical issues.
- **Strategy Committee:** responsible for overseeing the company's corporate strategy, adhering to Board-approved guidelines, developing the international expansion plan, and ensuring the continuity of the Company through the transfer of concepts, values, and beliefs, namely its 2030 Commitment to Life.
- **Corporate Governance Committee:** overseeing Natura &Co's corporate governance system, monitoring international best practices, and recommending adjustments to enhance the companies climate corporate governance system as necessary.
- **Organizational Development and People Committee:** supports the Board of Directors in making decisions related to policies and the remuneration and benefits of executive officers. This committee oversees the PSU which is linked to achieving carbon emission reduction targets.



**Management Responsibilities**

The Brands within Natura &Co are tasked with the day-to-day management of climate change, under the guidance of the Vice President of Sustainability & Group Affairs, who acts as the Chief Sustainability Officer (CSO). The CSO is tasked with assessing and managing climate-related risks and opportunities, steering the company towards its "Commitment to Life" Sustainability Vision through strategic climate change policies and performance KPIs.

Climate action is a cornerstone of the Commitment to Life Sustainability Vision. By integrating climate action into its business model, Natura &Co commits to a future where business growth is harmoniously aligned with the health of our planet. The company's initiatives, from reducing its carbon footprint to fostering sustainable innovation in product design, are designed to contribute meaning-

fully to global efforts against climate change. For example, through the Commitment to Life, the CSO and team closely monitors the carbon footprint of every product designed by Natura, ensuring monthly evaluations align with the company's emission reduction targets. New product designs undergo a rigorous approval process, with carbon footprint impacts presented to a strategic committee chaired by the CMO emphasizing the integration of environmental considerations into product development.

Natura has been a pioneer in connecting sustainability targets to executive compensation since 2009, a practice that was further refined in 2022 to align with the Commitment to Life targets. This approach highlights dedication to integrating sustainability into its corporate governance structure and holding leadership accountable for environmental objectives.

Executive compensation at Natura &Co is intricately tied to the company's environmental and sustainability performance. Executives receive a combination of fixed salary, benefits, and variable compensation, with a significant portion of bonuses linked to achieving purpose-driven outcomes. In 2023, environmental achievements, such as advancements in sustainable packaging, contributed to 15% of the bonus calculations for executives.

Long-term incentives for executives include Performance Share Unit (PSU) and Supplementary Co-invest Award (RSU) plans, which are contingent upon meeting multi-year performance targets. Notably, 30% of the PSU's value is linked to achieving carbon emission reduction targets, reflecting Natura &Co's commitment to its Climate Crisis pillar under the Commitment to Life initiative.

### ERM training for the board

In 2022, Natura &Co embedded the principles of climate change risk management within its Enterprise Risk Management (ERM) Practice Fundamentals, ensuring these critical considerations are integral to the company's overarching risk management strategy. The ERM Practice Fundamentals training was introduced for the Audit, Risk Management, and Finance Committee. This framework supports the risk management process across the business, emphasizing strategy and protocols at both the Business Unit and Holding levels. The training and the ERM guide were also shared with Board members not participating in the Audit and Sustainability Committee and senior management, ensuring a comprehensive understanding of risk management practices related to climate change.

### Next steps

- Natura will be further defining roles and responsibilities in relation to Climate risk ownership/ambitions (with the formation of the Sustainability committee helping this process).
- Incorporating climate risks and opportunities which were identified in 2024 into the business strategy planning and financial planning process.

### → Strategy

#### Summary of disclosure

- Engaged with Natura &Co Holding and operating functions in Natura &Co Latin America and Avon International to build awareness of how climate change may impact operations, and identify the relevance of climate-related risks to the business and the relative levels of potential impacts of risks based on business sensitivity.
- Identified and qualitatively assessed transition and physical risks and opportunities across multiple climate scenarios and across short- (0-3 years), medium- (up to 2030) and long-term (up to 2050) time horizons.

#### Our climate-related financial disclosure

**Address the climate crisis** is at the heart of our Commitment to Life, and Natura &Co recognise the potentially significant strategic issue climate change could pose to the business. To ensure preparedness, we have undertaken a detailed climate scenario analysis to inform our understanding of current and future climate impacts. In 2024, the integration of climate-related risks and opportunities into our strategic

2021 - Oct 2023		Oct 2023 - Mar 2024		2024	
1. Pre-work	2. Pair review	3. Interviews	4. Risk Analysis and Opportunities	5. Consolidation and scoring	6. Next steps
<ul style="list-style-type: none"> <li>· Beginning of development of project aimed at driving greater integration of climate-related risks and opportunities into the global risk matrix.</li> </ul>	<ul style="list-style-type: none"> <li>· Analysis conducted in 5 pairs.</li> <li>· Documentary investigation of the consumer goods sector.</li> <li>· Analysis of failures related to the TCFD recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>· Involvement in company functions.</li> <li>· Execution of interviews with stakeholders throughout Natura &amp;Co and its subsidiaries.</li> <li>· In-depth knowledge of exposures throughout the value chain</li> </ul>	<ul style="list-style-type: none"> <li>· Risk Analysis and Opportunities.</li> <li>· Identification of extensive list of risks and opportunities.</li> <li>· Validation of risk with the main stakeholders through workshops.</li> </ul>	<ul style="list-style-type: none"> <li>· Finalization of a reduced list of climate-related risks and opportunities.</li> <li>· Qualitative assessment of reduced list in 2024.</li> </ul>	<ul style="list-style-type: none"> <li>· Conduct a quantitative assessment of the priority climate-related risks and opportunities to calculate the possible financial impacts.</li> </ul>
Physical risks assessed		24 interviews conducted	191 climate-related risks and opportunities were considered	27 risks and opportunities	

planning processes will be underpinned by financial impact calculations, and increased awareness and capabilities throughout the business, to manage climate risks and opportunities.

Natura &Co Holding, Natura &Co Latin America and Avon International took a consistent approach to identifying and assessing climate-related risks and opportunities and conducting climate scenario analysis. This approach has allowed Natura &Co to better understand the potential impacts of climate change across its value chain.

### The parameters of our climate scenario analysis

The TCFD recommendations encourage the consideration of different possible future climate scenarios to assess the potential impacts of climate change. This is due to

the inherent uncertainty associated with climate change, and the need to be able to account for that uncertainty in business planning. We expect Natura &Co's business outcomes to fare differently depending on different warming outcomes.

To ensure a comprehensive assessment of potential impacts, we have considered three scenario sets – Ambitious, Middle of the Road, High Warming. These scenario sets describe the level of climate policy intervention and market changes which can lead to broad ranges of temperature outcomes. Our qualitative climate scenario analysis was conducted using publicly available projected data from IPCC, IEA and NGFS scenarios which reflect the spectrum of potential outcomes including ambitious[1], middle of the road[2] and high warming[3] scenario pathways.



Climate risks and opportunities were assessed across the following time horizons:

- **Short-term:** 0-3 years, which aligns with the business planning cycles
- **Medium-term:** 4+ years up to 2030, which aligns with our Commitment to Life
- **Long-term:** 10+ years up to 2050, in recognition that climate impacts occur over longer time periods, and in alignment with Natura &Co Holding’s commitment to Net Zero by 2050.

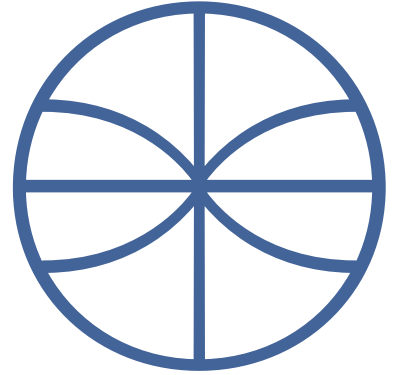
	<b>Ambitious policy</b>	<b>Middle of the road</b>	<b>High warming (BAU)</b>
<b>Scenario storyline</b>	Paris-aligned scenario, where global CO <sub>2</sub> emissions are cut severely, with ambitious and gradual efforts to limit temperature rise.	Slower, less ambitious policy action OR a time lag before sudden ambitious action. Emissions remain stagnant in the near-term with notable shifts occurring between 2030-2050.	Limited to no action, with society continuing along past trends and emissions increasing significantly resulting in extreme warming.
<b>Scenario sources</b>	<ul style="list-style-type: none"> <li>· Network for Greening Financial System (NGFS)<sup>1</sup> orderly (net zero 2050) transition</li> <li>· REMIND-MAgPie Net Zero scenario</li> <li>· IEA net zero emissions 2050 (NZE)</li> <li>· IPCC SSP1-2.6</li> </ul>	<ul style="list-style-type: none"> <li>· NGFS Disorderly transition</li> <li>· REMIND-MAgPie Delayed Action scenario</li> <li>· IEA Announced Pledges scenario</li> <li>· IPCC SSP2-4.5</li> </ul>	<ul style="list-style-type: none"> <li>· NGFS Hot House World</li> <li>· REMIND-MAgPie Current Policy scenario</li> <li>· IEA Stated Policies scenario</li> <li>· IPCC SSP5 8.5</li> </ul>
<b>Temperature outcome range</b>	1.4°C - 1.8°C	1.6°C – 2.7°C	2.6°C - 4.4°C

**Footnotes**

1. The 'ambitious' scenario pathway reflects a Paris-aligned scenario, where global CO<sub>2</sub> emissions are cut severely, with ambitious and gradual efforts to limit temperature rise to between 1.4 – 1.8 degrees Celsius. It aligns with NGFS Orderly transition, IEA NZE 2050, and IPCC SSP1-2.6.
2. The 'Middle of the road' pathway refers to slower, less ambitious policy action, or, a time lag before sudden ambitious action. It assumes emissions remain stagnant in the near term with notable shifts occurring between 2030-2050. It aligns with NGFS Disorderly transition, IEA Announced Pledges, and IPCC SSP2-4.5.
3. Our 'High warming' pathway reflects limited to no action, with society continuing along past trends and emissions increasing significantly resulting in extreme warming. This aligns with NGFS Hot House World, IEA Stated Policies and IPCC SSP5-8.5.
4. Network for greening the financial system (NGFS) scenarios used for transition risks, including projection of energy demand, price changes, shadow carbon price etc. IPCC WGI interactive atlas utilised for physical risks pricing information on changes across climate variables including temperature, precipitation, snowfall, and wind.

## Our climate-related risks and opportunities described

We conducted a detailed climate risk and opportunity assessment on each of our subsidiaries – Natura &Co Latin America, and Avon International – the results of which are detailed in their respective reports. The identified risks and opportunities to our business can be grouped into seven broad areas of impact which help to understand the relationship between different risks as well as associated opportunities:



1. Consumer preference and behaviour
2. Regulation
3. Supply chain, raw materials, and biodiversity
4. Government and collaboration
5. Physical hazards
6. Operational processes
7. Reputation and stakeholder expectations

**Relative significance** – of the risk, considering the estimated severity and probability of impact, or opportunity, considering the potential size of opportunity and capacity of the business to capture this. This is based on the evaluation of these impacts using the methodology described [here](#).



## 1. Consumer preference and behaviour

For Natura &Co to transform its business model in line with our climate commitments, it will be necessary to deliver solutions that are both environmentally and financially sustainable. We recognise that growth in consumer preference for more sustainable, lower climate impact products may be impeded by expectations concerning price, aesthetics, functionality, and the ability and willingness to pay for product premiumisation. Consumer preferences and behaviour are evolving rapidly and the transition to more sustainable attributes and habits needs to be supported by brand strategies, product development, marketing and education that are sensitive to those needs.

Associated risks [risk category – <b>transition</b> or <b>physical</b> ]	Relative significance	
	Natura &Co Latin America	Avon International
<p><b>Consumer preference and acceptance for low-carbon products may be limited, with consumers unwilling to adapt. [market]</b></p> <ul style="list-style-type: none"> <li>· Misconceptions, doubts, and consumer resistance towards certain product innovations, such as refillable formats and recycled packaging where UX and aesthetic qualities may be altered, pose challenges for increasing market penetration of sustainable products.</li> <li>· Some product lines have high price sensitivity and a limited market for premiumisation around sustainability characteristics, creating the need for balance in how we innovate to reduce climate impact.</li> </ul>	●	●
<p><b>Brand positioning capitalizes on new demand for sustainable and low-carbon products to increase market share. [products &amp; services]</b></p> <ul style="list-style-type: none"> <li>· Market research shows the strong positioning of Natura &amp;Co's brand, with great importance in relation to sustainability topics.</li> </ul>	●	●
<p><b>Advocate low carbon products through industry and customer base. [products &amp; services]</b></p> <ul style="list-style-type: none"> <li>· Our consultant direct sales model allows us to reach customers with relevant information to explain our products and support sustainable habits.</li> </ul>	●	●
<p><b>Management actions</b></p> <ul style="list-style-type: none"> <li>· Continual monitoring of consumer behaviour by Natura's Brand, Innovation and Marketing division to generate awareness of new market needs.</li> <li>· Insights fed back into the R&amp;D process, enabling these teams to evaluate improvements to the project portfolio.</li> </ul>		

## 2. Regulation

Regulation align with the low carbon transition is relevant for Natura &Co in several ways, ranging from requirements for sourcing transparency, ingredients, and product labelling, to regulation of packaging and plastics that generate operational and innovation costs for compliance. In addition, new carbon market and reporting regulations in different jurisdictions have and will continue to increase carbon compensation costs, as well as potential indirect impacts through increased regulation in our supply chain.

Associated risks [risk category – <b>transition</b> or <b>physical</b> ]	Relative significance	
	Natura &Co Latin America	Avon International
<p><b>New GHG, carbon market and reporting regulations in different jurisdictions increase carbon compensation budget and compliance costs. [policy &amp; legal]</b></p> <ul style="list-style-type: none"> <li>The regulated carbon markets in our countries of operation don't directly affect Natura due to the low carbon intensity of our operations. However, this may generate indirect costs through our purchased goods and services or if the prices of voluntary carbon market increases.</li> </ul>	●	●
<p><b>Increased costs from regulation on sourcing transparency, ingredients, ecotoxicity, product labelling and reverse logistics. [policy &amp; legal]</b></p> <ul style="list-style-type: none"> <li>Regulation that has emerged in some jurisdictions - such as plastic taxes, controls on single-use plastics, and extended producer responsibility - may intensify or extend to additional countries of operation and sales, creating compliance costs and impacting packaging strategies and roadmaps.</li> </ul>	●	●
<p><b>Increased costs from regulation on sourcing transparency, ingredients, ecotoxicity, product labelling and reverse logistics. [policy &amp; legal]</b></p> <ul style="list-style-type: none"> <li>As climate regulation intensifies, this may extend to additional areas of product development and characteristics, requiring Natura to further enhance transparency and management of potential environmental impacts in the product life cycle.</li> </ul>	●	●
Associated opportunities [opportunity category]	Relative significance	
	Natura &Co Latin America	Avon International
<p><b>Leverage sustainable R&amp;D, circularity and technology expertise to develop low impact and climate adapted product lines at low cost. [products &amp; services]</b></p> <ul style="list-style-type: none"> <li>About 60% of Natura &amp;Co Latin America's revenue already comes from low-carbon products and sustainability is fully integrated within our innovation processes, positioning us to respond rapidly to new trends and market demand around sustainability issues.</li> </ul>	●	●

## 2. Regulation

### Management actions

- Our Legal, Regulatory Affairs and Sustainability departments realize continual monitoring of emerging regulatory proposals in our different countries of operation, with the regulatory risk map being updated periodically during the year.
- Natura &Co Latin America's Integrated Profit & Loss methodology accounts for the social cost of carbon, with remaining emissions being compensated through investment in projects that reduce emissions beyond our value chain.
- By actively managing our Scope 3 supply chain emissions, we seek to prioritize low carbon materials and suppliers, reducing our exposure to indirect carbon regulation. Natura &Co Latin America's R&D and product development teams use carbon and environmental impact calculators to support decision making throughout the product life cycle.
- Natura &Co Latin America's Multidisciplinary Eco-design Committee comprised of specialists in design packaging, environmental impact, consumer experience, sustainable procurement and sustainability that focuses on identifying circular solutions that reduce Natura's environmental footprint in a cost-effective way. Also consolidated technical guidelines for innovation.
- The Natura Elos Program created by Natura &Co Latin America, aims to build-out the reverse logistics chain through shared action with packaging manufacturers, recycling industries, and recycling cooperatives. In 2023, the program recovered 14,900 tonnes of post-consumer recycled material in Brazil, Argentina, Chile, Colombia, and Peru.

## 3. Supply chain, raw materials and biodiversity

Scope 3 represents more than 95% of Natura &Co's GHG impact, and the largest proportion of emissions are derived from the extraction of raw materials and the distribution, use and disposal of products. Evaluating and incorporating sustainable alternative materials across our product portfolios will be key for reducing embodied product emissions in line with our climate commitments. However, the low carbon transition, in addition to physical climate trends and shocks, will also generate disruption and volatility within supply chains, with potential impacts on availability, quality, sustainability and pricing, that we will need to navigate.

Associated risks [risk category – <b>transition</b> or <b>physical</b> ]	Relative significance	
	Natura &Co Latin America	Avon International
<p><b>Drought, rising temperatures and extreme weather events impact production of agricultural commodities (e.g., maize, cotton, palm oil).</b> [chronic, acute]</p> <p>· Increased supply chain costs impact product margins and may result in a loss of sales if price competitiveness cannot be maintained, putting pressure on our sustainability commitments.</p>	●	●

### 3. Supply chain, raw materials and biodiversity

#### Damage and loss of biodiversity impacts quality and availability of raw materials. [chronic, acute]

- Certain material and ingredient groups, such as some of the unique bioingredients in our Natura product ranges, have limited supply options without compromising product sustainability or quality.



#### Drought, rising temperatures and extreme weather events impact production of non-agricultural commodities (e.g., resin). [chronic, acute]

- While many of our raw materials favour local or regional suppliers, we are also exposed to global supply chain shocks, for example, in relation to extreme weather events in the southern United States that impact plastic resins.



#### Supply inadequacy and price volatility for critical commodities and low-carbon materials results in increased costs. [market]

- As company sustainability commitments grow, we anticipate that demand for certain sustainable raw materials, such as bioplastics, may outstrip supply, creating potential shortage or price pressures.



#### Associated opportunities [opportunity category]

#### Relative significance

Natura &Co Latin America

Avon International

#### Development of long-term supplier partnerships, knowledge sharing and traceability initiatives to reduce supply chain risks. [markets]

- There may be opportunities to consolidate to fewer and more local providers, with whom we can work more closely on their resilience and potential risks, in addition to further implementing sourcing transparency and certification initiatives



#### Application of agro-forestry model and experience (e.g., REDD+, reforestation) to build supply chain resilience. [resilience]

- Our experience participating in projects to research and trial Agroforestry Systems, focused on regenerative production and consumption of natural inputs, has demonstrated the potential resilience benefits that may be extended to more suppliers.



#### Management actions

- Natura &Co has committed to certifying 100% of its critical commodity supply chains by 2030.
- For specific commodities, we have dedicated supply chain development plans, for example, the plan to implement 40,000 hectares of agroforestry to enable a regenerative, lower-carbon palm oil supply with secure offtake agreements.
- Dedicated supply chain dept focused on structuring and conducting the supply of those raw ingredients, including development of mitigation plans to avoid the risk of shortages in Amazonian biodiversity supplies, potential product shortages, and price increases.
- Focus on developing relationships with supplier communities, in particular around bioingredients in the Amazon.
- Natura is monitoring the deadline of any non-compliances and finalising projects to investigate the impact of climate-related issues, including altered rainfall patterns and diminished harvest yields.
- In the short-term, being an early mover for low-carbon materials and establishing relationships with suppliers to enhance access and preference as technologies scale-up.

#### 4. Government and collaboration

Reaching global Net Zero will require systemic change, including transformation of energy systems, infrastructure, financing, regulations, and consumer behaviour. Natura’s sustainability strategy sets out our Commitment to actively supporting this transition, however, achieving our goals in a cost-effective way will require an operating environment that enables and empowers more sustainable business models and formats. Where gaps in regulation, technology and infrastructure are not addressed in line with the necessary pace of this transition, this may create additional barriers and costs for the company.

There are concerns that there will be deficits in feasible technology and infrastructure to enable significant emissions reductions in consumer goods. The transition also relies on national and local governments to implement necessary regulation and infrastructure (e.g. recycling, renewable energy), fostering market adjustments to prevent the unfair competition and inflation of transition costs for the business. Increased collaboration at the industry and government level may contribute to advancing sustainable infrastructure, and agroforestry partnerships may be a route to improving resilience and reducing carbon impact.

Associated risks [risk category – transition or physical]	Relative significance	
	Natura &Co Latin America	Avon International
<p><b>National and local governments fail to enable low-carbon technology and infrastructure.</b> [technology]</p> <ul style="list-style-type: none"> <li>Scaling circular, reverse logistics and sustainable supply chain models will require government-led investment in infrastructure, such as recycling, that is currently inadequate in some of the countries in which we operate, creating barriers or additional costs to sustainability improvements.</li> </ul>	●	●
Associated opportunities [opportunity category]	Relative significance	
	Natura &Co Latin America	Avon International
<p><b>Collaboration at the industry and government level to advance sustainability regulation and access funding to pursue sustainable innovation projects.</b> [resilience]</p>	●	●
Management actions		
<ul style="list-style-type: none"> <li>Natura &amp;Co has a strong government relations program at both national and regional levels of government, in order to promote and accelerate regulation that aligns with our climate commitments and address implementation issues that might impede the implementation of our transition plan.</li> <li>For example, in 2023 Natura &amp;Co undertook climate-related regulatory engagement relating to the development of regulated carbon markets in Brazil, and barriers to offering refillable packaging formats to clients.</li> </ul>		

## 5. Physical hazards

In line with observation during recent years and established climate science, rising average global temperatures impact the nature, location, frequency, and severity of potentially extreme weather events. These changes will manifest in different potential impacts across the geographies in which we have direct operations, generating a need for adaptation actions, in addition to impacting our suppliers, partners, customers, and the infrastructure on which our operations rely.

Associated risks [risk category – transition or physical]	Relative significance	
	Natura &Co Latin America	Avon International
<p><b>Extreme weather events disrupt operational continuity and production (e.g., floods, fires, storms). [acute]</b></p> <ul style="list-style-type: none"> <li>Reduced production capacity due to direct or indirect operational disruption has a direct impact on revenues.</li> </ul>	●	●
<p><b>Damage to facilities from extreme weather events (e.g., torrential rain, winds, tornado). [acute]</b></p> <ul style="list-style-type: none"> <li>We have observed isolated cases of damage to facilities from weather events for example, during storms in Brazil, and the frequency and severity of events such as these may increase in future.</li> <li>Agroforestry Systems, focused on regenerative production and consumption of natural inputs, has demonstrated the potential resilience benefits that may be extended to more suppliers.</li> </ul>	●	●
<p><b>Extreme weather events disrupt distribution, and logistics supply chains. [acute]</b></p> <ul style="list-style-type: none"> <li>Supply chain disruption may affect our ability to deliver products on time, or, in the worst event, result in shortage of materials inhibiting our ability to produce.</li> </ul>	●	●
<p><b>Extreme temperatures during transportation, storage or use of products have the potential to damage stock and functionality of product. [acute]</b></p> <ul style="list-style-type: none"> <li>The integrity and durability of products may be compromised if exposed to temperatures beyond the levels that are currently tested for, while changing climate conditions may also influence consumer needs and preferences, for example, for makeup products that are effective in warmer, more humid conditions.</li> </ul>	●	●
<p><b>Increased costs of resilience to climate in facilities (e.g. costs of adaptation, insurance premiums). [acute, chronic]</b></p> <ul style="list-style-type: none"> <li>This includes increased energy and maintenance costs to maintain comfortable working conditions at our facilities, as well as investment to adapt and insure assets against other climate hazards.</li> </ul>	●	●



## 5. Physical hazards

**Drought, rising temperatures and extreme weather events have negative human impacts. [acute]**

- While we have taken actions to avoid heat-related impacts on our employees, we recognize the potential for labour force health, wellbeing and productivity impacts to rise under climate warming scenarios.



Associated opportunities [opportunity category]	Relative significance	
	Natura &Co Latin America	Avon International
None identified	-	-
<b>Management actions</b>		

- In 2023, Natura undertook a climate risk evaluation at the Ecoparque plant in Benevides, Brazil, with the goal of identifying necessary preventative measures to reduce risks associated with extreme high temperatures. Adaptation actions have been evaluated and implemented in plants and distribution centres, including increasing the use of air conditioning, natural ventilation, and applying thermal paints.
- While Natura does not have direct operations in areas that have been identified as exposed to high or very high water-stress, we monitor water levels and the potential for water-related scarcity issues to arise.
- In relation to fire risk, Natura has established firebreaks around its key facilities and implements technical monitoring and fire brigade training activities.

## 6. Operational processes

Natura &Co Latin America has committed to achieving Net Zero in its operations by 2030 and has advanced in improving efficiency and incorporating renewable energies in line with this. Nonetheless, achieving this target will require efficient capital allocation decisions, and the transition to a low carbon economy may create additional costs, for example, related to technology or competition for renewable resources. On the other hand, physical climate changes also create stress for facilities and logistics assets that will require investment in adaptation measures to ensure that operational continuity can be maintained and that our employees work in safe and comfortable conditions.

Associated risks [risk category – transition or physical]	Relative significance	
	Natura &Co Latin America	Avon International
<b>The financial impact of carbon abatement and carbon costs are not fully recognised in financial planning and capital decisions. [market]</b>		

- Failure to adequately align our capital allocation and investment decisions, including acquisitions and divestments within the Holding, may jeopardize our climate change commitments or lead to a more inefficient and costly transition to Net Zero.



## 6. Operational processes

### Decrease in availability and increase in cost of renewable energy and biofuels. [\[market\]](#)

- As climate action grows, there is the potential for demand to outstrip supply, generating increased costs for Power Purchase Agreements and biofuels.



n/a

### Associated opportunities [\[opportunity category\]](#)

#### Relative significance

Natura &Co Latin America

Avon International

### Implementation of efficiency, circularity and renewable energy measures in operations and production. [\[resource efficiency\]](#)

- As economy-wide investment in low carbon solutions grows, we anticipate increased opportunities to take advantage of new technologies and materials to reduce costs and operate more efficiently.



### Change to business model (e.g. online sales, white label goods) can lower carbon intensity of production. [\[products and services\]](#)

- Growth of digital business and an omni-channel model creates the opportunity to transition to less carbon intensive sales and marketing channels.

n/a



### Management actions

- Natura &Co's Climate Transition Plan sets out a roadmap for aligning with our science based GHG reduction targets and Net Zero commitments. In our operations, we use marginal abatement cost analysis to compare and prioritize diverse emissions reduction initiatives and support capital deployment decisions.
- Integration of operations of Natura &Co different business units in Latin America, to optimize logistics routes and improve efficiency while delivering both Natura and Avon branded products at the same time.
- Natura &Co are in the process of creating a dedicated team within the logistics area implementing a decarbonization plan focus on promoting low carbon technologies and partnerships with logistics operators and fuel suppliers, establishing offtake agreements that build resilience to changes in price and availability.
- As part of its business transformation Avon is growing its digital business and moving to an omni-channel model. This includes a multi-year plan to increase online sales. Using digital tools and channels as a sales and marketing channel is less carbon intensive than producing and shipping paper brochures. Our transition to more digital tools includes plans to optimise the number, size and length of our brochures, which will save an estimated 3000+ tonnes of paper and 7000+ tonnes of CO<sub>2</sub>e in the coming years

## 7. Reputation and stakeholder expectations

As climate change continues to rise up the political agenda and public consciousness, we can expect increasing scrutiny on the consistency and adequacy of companies' actions to reduce their impact and support the low carbon transition. This has already been seen in markets such as Europe, where regulatory action has sought to crack-down on greenwashing. For many years, Natura's strategy and brand image has been closely linked to sustainable, natural and regenerative attributes, driven by the strong integration of these matters in our business model and product development, and safeguarding of our reputation among our shareholders, investors, consumers and business partners is critical.

Associated risks [risk category – <b>transition</b> or <b>physical</b> ]	Relative significance	
	Natura &Co Latin America	Avon International
<p><b>Reputational damage from perceived or real non-fulfilment of commitments or poor business practices. [reputational]</b></p> <ul style="list-style-type: none"> <li>Natura's 2030 Commitment to Life strategy is emblematic of the company's vision and failure to meet these goals may result in reputational damage.</li> <li>Through our commodity and critical materials supply chains, and product portfolios, Natura is exposed to topics that may become more sensitive as climate change related public scrutiny continues to grow, such as plastics and biodiversity.</li> </ul>	●	●
<p><b>Failure to meet investor expectations and sustainability linked financing goals results in increased costs of capital. [reputational]</b></p> <ul style="list-style-type: none"> <li>In 2021, Natura Cosméticos issued a US\$ 1 billion Sustainability-Linked Bond, tied to climate-related goals around GHG emissions intensity and post-consumer recycled plastic packaging.</li> <li>Inability to demonstrate adequate management of climate-related risks may inhibit ability to attract financing and investment, particularly as large investors and banks seeks to transition their portfolios towards Net Zero by 2050.</li> <li>Climate-related performance and risk disclosures have been fully integrated within ESG and investor ratings methodologies, generating a potential negative impact for Natura should it fail to keep-up with these requirements.</li> </ul>	●	●
Associated opportunities [opportunity category]	Relative significance	
	Natura &Co Latin America	Avon International
<p><b>Commitment to Life strategy and integrated P&amp;L reduces climate risk exposure and satisfies investor expectations. [resilience]</b></p> <ul style="list-style-type: none"> <li>The alignment, integration and robustness of our strategy and supporting metrics and targets, enables us to be transparent about our progress on climate-related issues and find the best financial solutions to help us transit to a net zero business.</li> </ul>	●	n/a

## 7. Reputation and stakeholder expectations

### Management actions

- Progress towards our Commitment to Life strategy is monitored through a series of quantitative KPIs that are reviewed and reported on a continual basis and in all Business Units.
- Remuneration plans for executives and employees are linked with the climate-related goals established in the LTI, providing aligned incentives throughout the company.
- The Climate Transition Action Plan establishes a strong base for delivering on our climate commitments. This has engagement at all levels of management and is monitored by the Executive Committee and Board.
- Natura &Co is developing a position paper in relation to climate justice and how the company may advocate on the topic, including through our sales force.
- Our Ethics & Compliance program is integrated within the Holding and helps to protect our reputation.

### Building climate resilience

Taking into consideration the climate risks and opportunities identified, Natura is actively developing its resilience to combat deeper exposure and realise the opportunities presented.

At Natura, we understand that as climate becomes increasingly unstable, particularly under warmer temperatures, our supply routes will become more pressurized and face greater risks of shortages, or breakages within the chain. To improve our resilience in response to these risks, Natura is acting within its supply chain to nurture the relationships we have with our supplier communities.

### Biodiversity

As part of this resilience building, we are assisting in monitoring the structure of the supply of our raw ingredients in the Amazon. Our action includes conducting routine activities in the area such as monitoring the causes of deadline non-compliance and complete delivery to assess situations related to changes in rainfall and less productive harvests. Our ambition is to collaboratively work with our suppliers to identify where climate weakness may exist in our supply

chain and develop processes that will not only ensure Natura's supply is more guaranteed but also that our suppliers are less exposed to losing harvest, and consequently revenue.

Natura, in collaboration with several partners, has been involved in a pioneering project in Brazil since 2008, focusing on integrating oil palm cultivation with other cash crops and native hardwood trees in the Amazon. This initiative aims to reduce chemical inputs, enhance soil health, and improve biodiversity. Preliminary results indicate higher soil carbon levels and wildlife diversity compared to conventional farms, without sacrificing economic benefits. The project showcases a successful application of regenerative agriculture practices within the palm oil sector, highlighting its potential for broader adoption.

### Logistics

Natura & Co are also tackling our logistic routes to ensure the Holding is optimizing its shipments and reducing the need for additional distribution. This will be achieved as a by-product of the wider integration of Natura & Co Latin American operations.

To help facilitate this process we have set about creating a dedicated team under the logistics department that will be tasked with running a decarbonization plan that will leverage our ability to promote low-carbon technologies and create new partnerships with logistic operators, such as fuel suppliers and vehicles manufacturers. This will help build resilience against changing fuel prices and the availability of shipment.

### **Research & Development**

Natura & Co recognises the significant shift in consumer preferences towards sustainability, understanding its critical role in purchasing decisions. To align our offerings with the increasing demand for environmentally responsible products, we have formed the Eco-design Committee. This interdisciplinary team, drawing expertise from design, environmental science, packaging development, sustainable procurement, consumer experience, and sustainability, is dedicated to enhancing product circularity. Their mission focuses on establishing key commitments and guidelines to minimize our environmental impact while exploring cost-effective strategies for delivering sustainable packaging solutions.

### **Circularity**

Over the last 15 years, Natura &Co has been at the forefront of implementing circular economy principles through the Natura Elos Program, which utilizes the reverse logistics chain by collaborating with packaging manufacturers, recycling industries, and recycling cooperatives. In 2020 alone, the initiative reclaimed 10.2 thousand tons of post-consumer recycled material across Brazil, Argentina, Chile, Colombia, and Peru, promoting circularity by rewarding con-

sumers with a new product for every five empty packages of Natura and Avon brands they return. This effort reflects Natura's dedication to instilling environmental values in consumers, aligning with our broader commitment to circularity and regeneration as part of our Vision 2030 goals. These goals emphasize reducing waste, reusing resources, regenerating natural ecosystems, and making a positive contribution to the planet. Despite the success of these initiatives, the challenge of scaling up the program to have a broader impact underscores our continuous pursuit of environmental stewardship and the need for innovative solutions in our sustainability practices. For more details on our approach to sustainability, please visit our Vision 2030 on Circularity and Regeneration webpage.

### **Next steps**

- Assess the potential future financial impact of physical climate risks on productivity loss at key locations, and damage to Natura &Co assets.
- Quantify the financial impacts associated with key transition risks and opportunities (where data and methodologies allow).
- Incorporate the physical climate risk analysis outcomes into impairment testing, business continuity and risk management plans, and the transition risks and opportunities into strategic planning processes.
- Use the outcomes of the climate risk identification and assessment to inform decision-making on resilience measures and risk mitigation.

## → Risk Management

### Summary of disclosure

- Natura's climate scenario analysis has identified and assessed climate risks by geography, time horizon and forward-looking scenarios.
- The outcomes of this risk assessment are being integrated into Natura's overarching Enterprise Risk Management process engaged across business units and Holding functions to gain consensus on climate risks and their relative importance.
- Climate change risk is assessed as part of the Holding's risk management process and was reported as an important 'Risk Factor' by each BU in 2023 (see page 142 in Reference Form Natura &Co Holding version 7).
- Risk control: A Climate Transition Action Plan released in May this year set out the implementation of decarbonisation measures which will reduce future emissions and exposure to climate transition risks.

### Treatment of climate risk

A core part of our Commitment to Life vision is the need to address the Climate Crisis which includes the risks associated with a Net Zero transition and climate change impacts to biodiversity. In addition, our materiality assessment identified 'Climate action' as a material issue to our business and stakeholders (see the results of materiality assessment [here](#)).

As a strategy for managing potential

climate-related risks that could have an impact on the achievement of our goals, we have inserted the Commitment to Life goals into our Corporate Risk Scenario to annually assess risk exposure level which is reported to the Executive Leadership and the Audit, Risk Management and Finance Committee linked to the Board of Directors.

These 'Risk Factors' prioritise the areas that may impact the achievement of our strategic objectives and therefore help focus our risk management efforts in accordance with the Risk Management Policy.

### Climate risk identification and assessment

The TCFD recommendations and guidance inform the assessment of climate-related risks that could transpire from the climate crisis. In 2021, we began the development of our climate risk management process to achieve greater integration of climate-related risks and opportunities into the global risk matrix. In 2023, we have advanced our climate scenario analysis to consistently address each business unit and their respective geographies and value chains (see page 73 for a description of our climate scenario analysis variables). The analysis is divided into two parts, with the first phase including the qualitative scoring of risks and opportunities across future climate scenarios. The second phase will be undertaken in 2024 and will include the financial quantification of priority climate impacts.

Looking forward, this will be used to inform an ongoing review of the measures required to manage exposure and seize the associated opportunities. Natura &Co intends to monitor changes to potential climate impacts annually, with the potential to

expand the scope of risks and opportunities included in the financial impact assessment over time.

The following describes the methodology used to qualitatively identify, assess, score and rank climate-related risks (and opportunities).

- 1. Identification of Risks:** Utilizing a top-down and bottom-up approach to pinpoint climate-related risks that could impact the organization, including financial, reputational, and operational risks. Inputs include a sector analysis of peer TCFD disclosures, internal interviews with Holding and Business Unit function heads representing relevant operations and processes, review of climate scenarios (see page 73 ) and use of a climate risks and opportunities database provided by our external climate consultants. This process provided an initial long list of 191 risks and opportunities which were then consolidated into a shortlist of 26.
- 2. Risk assessment:** Each identified transition risk (including emerging regulatory requirements), physical climate risk, or related opportunity was qualitatively assessed and scored to understand the comparative potential financial impact using the following risk assessment methodology.

For each short-listed risk, a total score was determined as a function of likelihood and magnitude of impact. For opportunities, the total score was determined using the size of the opportunity and the business' ability to execute based on strategic alignment and cost to realise the opportunity.

Assessment criteria definitions:

- **Magnitude of impact:** The severity of the climate hazard event or condition under different scenarios and time horizons.
- **Likelihood:** The probability of the climate hazard event or condition manifesting under different scenarios and time horizons.

For opportunities, the total score was determined using two indicators:

- The size of the opportunity
- The business' ability to execute based on strategic alignment and cost to realise the opportunity.

**3. This scoring was repeated for each climate scenario and time horizon considered (see page 73 for further details on climate scenarios and time horizons employed). The qualitative assessment and scoring was based on the following components:**

- a. Interviews with key functions, including finance, sustainability, risk management, supply chain and product development teams.
- b. Desk-based research on country/regional climate policy and regulatory requirements.
- c. Review of NGFS database and IEA World Energy Outlook for transition risks.
- d. Review of global climate models and IPCC Atlas database for physical hazard data.

**4. Validation:** The assessment results were sense-checked with key functions from across the business (including from Natura &Co Holding, Avon and Natura &Co Latin America business units) through

two risk and opportunity workshops held in December 2023 to achieve consensus on the principal climate risks to the business.

## 5. ERM

### Climate risk management

In line with our Risk Management Framework (see [here](#) for further details) and The Institute of Internal Auditors' (IIA) Three-Line Model, we implement a climate risk management strategy based on three lines of action which ensures segregation between direct responsibility for climate risk decisions (first line), independent oversight and challenge of climate-related risk decisions and setting of the climate risk management framework (second line), and independent assurance on the effectiveness of risk management, control and governance processes (third line).

- **First Line:** Operational Management - This line involves operational teams and managers who are directly responsible for managing and taking ownership of climate risks within their activities. They are responsible for implementing risk management practices and controls as part of their day-to-day operations. During 2024, we will begin to assign risk owners to our priority climate risks identified.
- **Second Line:** Risk Management and Compliance Functions – As climate risks are defined, assessed and integrated into our ERM process, we can then apply management processes and internal controls to ensure effective management of climate risks in a preventa-

tive manner. The inclusion of Climate Change and Commitment to Life (which includes the 'Climate Crisis' pillar) into our Corporate Risk Scenario will help to ensure coverage of climate-related risks. In 2024, continued compliance with TCFD recommendations will support this development through quantification of financial impacts and identification of metrics and targets that monitor risk exposure.

- **Third Line:** Internal Audit - Serving as an independent function, the internal audit evaluates and provides assurance on the effectiveness of governance, risk management, and internal controls regarding Climate Change.

This strategic direction and risk appetite guide the activities and responsibilities of the three lines, ensuring a cohesive and comprehensive approach to risk management across Natura &Co Holding and its business units. This is governed by the following integrated risk management organizational structure against which we have identified examples of how we expect this structure continue to evolve and incorporate responsibilities for climate-related risk management for all roles. We accept that this will take place over a period in response to increasingly better information concerning the potential impact of climate matters.

### Integration into risk management processes

We recognize that our risk-based approach to climate change impacts will continue to progress as we continue to adopt climate-related financial disclosure practices (e.g. TCFD, IFRS etc). Based on the Task-Force on Climate-Related Financial Disclosures ("TCFD")



classifications and recommendations, over the last two years we have focused on integrating the use of climate scenario analysis into our risk management process in order to better map the risks and opportunities related to climate change to broader business risks and objectives. It is our view that we must maintain an agile approach to climate risk management, meaning that climate impacts can be explored as standalone risks which can be part of each business unit risk maps if material enough, as well as being categorized within broader Environment, Social or Governance areas (or a combination of these) that align with our Commitment to Life goals.

Natura &Co's enterprise risk management (ERM) process is designed to identify, assess, and manage climate-related risks within the broader framework of the organization's overall risk management. This process is integrated into Natura &Co's strategic and operational planning, ensuring that climate-related risks are considered in decision-making across all levels of the organization.

The following outlines our risk management approach and highlights where we seek to continuously integrate climate-related risk management:

**Identification of Risks:** Utilizing a top-down and bottom-up approach to pinpoint risks that could impact the organization, including financial, reputational, and operational risks.

- Top-down climate risk identification is partly achieved by prioritizing risks that could disrupt the achievement of Natura's Commitment to Life goals (including addressing the 'Climate crisis'). For Natura & Co Latin America, this is facili-

tated through the use of a Commitment to Life impact vector which is applied to other corporate and operational risks as a way to manage potential events that may impact the achievement of our socio-environmental goals. This supports risk owners to assess how the realization of their risk scenario can impact our 2030 Commitment to Life goals.

- Bottom-up risk identification is achieved through developing our climate scenario analysis methodology.

**Risk Assessment:** Evaluating the likelihood and impact of identified risks using a risk heatmap. This assessment considers factors such as historical data, current controls, and potential barriers to risk materialization.

- Assessment criteria used in the climate scenario analysis (e.g. magnitude of impact and likelihood,) was calibrated with Natura &Co's existing COSO ERM framework.

As climate scenario analysis advances to quantifying financial impacts, this will aid aggregation and comparison in order to determine which risks should enter the company's risk register.

**Risk Management:** Implementing strategies to mitigate identified risks, which may involve adjusting business practices, investing in new technologies, or enhancing existing controls. The process also entails continuous monitoring and reassessment of risks to adapt to changing conditions.

- Natura is in the process of developing its climate transition plan to achieve its

climate-related objectives. As part of this process, the business will undertake an exercise to assess which climate risks are managed through the planned mitigation and adaptation measures, where residual risk may occur and whether these are material against thresholds according to the organization's appetite and therefore whether they require additional risk mitigation measures.

#### **Integration into Overall Risk Management:**

The aim is to fully integrate climate-related risk management process into the company's overall ERM framework, ensuring alignment with the organization's risk appetite and strategic objectives.

- Climate risk integration will need to be supported by the current and well established risk management governance structure that ensures risk management oversight by senior management and the board. The intention is to assign climate specific risk owners as well as climate risk governance responsibilities to the risk governance functions.

**Reporting and Disclosure:** Natura &Co is committed to transparent reporting on how risks are managed, integrating these disclosures into their broader sustainability and financial reporting.

- The treatment and management of climate risks (and opportunities) will be disclosed on an annual basis in our mainstream financial filings as part of dedicated TCFD section within annual reports and corporate responsibility reports for each of our business units and Natura &Co Holding.

#### **Next Steps**

- In 2024, seek to quantify the financial impact for key transition and physical climate risks where data and methodology allow. Risks and opportunities will be selected for quantification of financial impact based on the materiality of the risk or opportunity to the business, and the feasibility to quantify, considering risk value drivers and associated data requirements (including internal data and external climate change projections). From this screening, a subset of risks and opportunities will be agreed for further analysis.
- Further integrate climate risks and assessment results into the ERM governance and mitigation monitoring by indicators.
- Assign climate risk owners that will be accountable for determining what appropriate controls and management responses are required.

#### **→ Metrics and Targets**

#### **Summary of disclosure**

- The Commitment to Life establishes Natura &Co's 2030 strategic vision for providing sustainable business solutions for the main socio-environmental problems the world is facing and enhancing its positive impact.
- Through the metrics and goals contained within this framework, in addition to other cross-industry and industry-based climate-related metrics, we monitor the Holding's exposure to climate change risks and opportunities and the effective-

	Commitment to Life Goals (🌍) & Performance Metrics (📊) reported	Rationale and associated climate risks & opportunities	Find reported metrics
<p><b>GHG emissions</b></p>	<ul style="list-style-type: none"> <li>▲ Absolute scope 1, 2 and 3 GHG emissions, we track this by products and processes (tCO<sub>2</sub>e).</li> <li>▲ Relative GHG emissions intensity per total billed bulk mass of product (tCO<sub>2</sub>e / tonnes billed product).</li> <li>🌍 Achieve net zero emissions in our own facilities (scopes 1 and 2) by 2030.</li> <li>🌍 Reduce GHG emissions by 42% across our value chain (scope 3), enhancing engagement with our suppliers and consumers.</li> <li>▲🌍 100% of new formulas to have lower environmental footprints, measured by life cycle analysis (LCA).</li> </ul>	<p>We measure and report our absolute Scope 1, 2 (location- and market-based) and 3 emissions in each of our Business Units, in accordance with the Greenhouse Gas Protocol, including applying tools to analyse emissions at the product and process level. A robust emissions baseline has enabled us to set ambitious, science-aligned decarbonization goals to reduce our climate impact and our annual carbon emissions reductions are disclosed over time against a 2020 base year.</p> <p>Associated climate-related risks:</p> <ul style="list-style-type: none"> <li>· GHG and carbon regulation</li> <li>· Reputational damage</li> </ul>	<p><a href="#">GHG inventory</a></p>
<p><b>Transition risk</b></p>	<ul style="list-style-type: none"> <li>▲ 50% recycled content for all plastic used (in weight). Share of post-consumer recycled plastic and glass used in product packaging (%)</li> <li>▲🌍 100% reusable, recyclable, or compostable packaging material.</li> <li>▲ Reduction in packaging intensity per mass of product (%). Reduction in virgin plastic use (%).</li> <li>▲ Volume of single-use plastic eliminated from product portfolio (tonnes)</li> <li>▲ % of sales for refillable products.</li> <li>🌍 Enable collection schemes in key markets, where suitable recycling infrastructure does not exist. ▲ % of Natura packaging that is collected and disposed of, including via reverse logistics and sectoral agreements.</li> <li>▲🌍 Achieve 100% verified deforestation – and conversion - free critical supply chains, for the direct purchase of palm oil, soy, paper and alcohol by 2025, and the indirect purchase of palm oil, soy, paper, alcohol, mica and cotton by 2030.</li> <li>▲ Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains by category</li> <li>▲🌍 95%+ renewable or natural ingredients for Natura.</li> <li>▲🌍 95%+ biodegradable formulas.</li> </ul>	<p>Packaging and Formula Circularity are key action areas of the Commitment to Life 2030 strategy, and we track a wide range of packaging, formula, and supplier characteristics to ensure that our product ranges align with these goals and meets the expectations our customers. This includes addressing climate-related reputational risks within our value chain, including around single-use plastics and deforestation. In addition, we track the penetration of consumer habits around reuse (refillables) and recycling, that are key to reducing the overall impact of our business as we transition to a low carbon economy.</p> <p>As we advance in the analysis and quantification of our climate-related risks, we are monitoring the need for additional metrics to track and disclose transition impacts.</p> <p>Associated climate-related risks:</p> <ul style="list-style-type: none"> <li>· Consumer preference</li> <li>· Governments fail to implement infrastructure</li> <li>· Supply gap raw materials</li> <li>· Packaging and plastics regulation</li> </ul>	<p><a href="#">Packaging and circularity</a></p> <p><a href="#">Ingredients and supplier certification</a></p>

	Commitment to Life Goals (🌍) & Performance Metrics (📊) reported	Rationale and associated climate risks & opportunities	Find reported metrics
<p><b>Physical risk</b></p>	<ul style="list-style-type: none"> <li>🌍🌱 Contribute to the protection and/or regeneration of 3 million ha of Amazon forest (from 2 million ha in 2020), and increase to 45 agro-extractivist sourcing communities (from 34 in 2020).</li> <li>🌍🌱 Assess and report global biodiversity impacts and dependencies by 2025.</li> <li>🌍🌱 Develop Science-Based Targets for Biodiversity.</li> <li>🌍🌱 100% of volume of at least two of our main commodities produced with regenerative practices.</li> <li>🌍🌱 30% of key ingredients to be produced using regenerative practices (verified/certified by external third party).</li> <li>🌍🌱 100% of communities/small producers to adopt ethical biotrade and regenerative practices to produce our key ingredients.</li> <li>🌍🌱 Increase spending on raw ingredients from Amazonian socio-bioeconomy fourfold.</li> <li>📊 Total amount spent within Amazon bioeconomy (US\$) and % share of total spending.</li> </ul>	<p>Through the agricultural commodity and bioingredient supply chains that our products rely on, we may be exposed to potential physical climate risks. We monitor and disclosed metrics that assess the incorporation of practices to enhance climate resilience and protect and generate key buffers to physical climate impacts in our value chain. In addition, we have set goals to advance in the assessment, management and disclosure of our biodiversity-related impacts and dependences, in addition to setting science-aligned goals. These actions will deepen our understanding of how climate change may generate or exacerbate risks related to these supply chains.</p> <p>As we advance in the analysis and quantification of our climate-related risks, we are monitoring the need for additional metrics to track and disclose physical impacts.</p> <p>Associated climate-related risks:</p> <ul style="list-style-type: none"> <li>· Increased agricultural commodities prices</li> <li>· Unavailability of bioingredients</li> </ul>	<p><a href="#">Protection and regeneration of the Amazon</a></p> <p><a href="#">Water</a></p>
<p><b>Climate-related opportunities</b></p>	<ul style="list-style-type: none"> <li>📊🌍 Integrated Profit &amp; Loss impact intensity: Generate measurable, positive socioenvironmental impact of US\$4 for every US\$1 of reported revenue.</li> <li>📊 Direct investment to traditional communities for carbon offsetting projects (R\$).</li> <li>🌍🌱 Contribute to the bioeconomy using innovation to develop 55 Amazonian ingredients from biodiversity (from 39 in 2020).</li> <li>🌍🌱 Work in partnership to build awareness, capability and regenerative solutions which transform systems and positive environmental and social impact, enabling life to thrive. 📊 Number of partnerships to achieve zero deforestation. 📊 Number of Pan-Amazon relationship communities.</li> </ul>	<p>Our Integrated Profit &amp; Loss accounting methodology measures the societal impact of our strategy, including our GHG emissions impact and the benefits of our offsetting program.</p> <p>Through spending on Amazon bio-ingredients, we incorporate unique and sustainable characteristics into our product ranges, while supporting local climate resilience. We also implement partnership initiatives to support more resilient practices within the communities in which we operate.</p>	<p><a href="#">Integrated Profit &amp; Loss</a></p>

	<b>Commitment to Life Goals (🌍) &amp; Performance Metrics (📊) reported</b>	<b>Rationale and associated climate risks &amp; opportunities</b>	<b>Find reported metrics</b>
	<p>📊🌍 Amount of sustainable and sustainability-linked debt issued (US\$). KPIs linked to Sustainability-Linked Bond: Scope 1, 2 and 3 GHG emissions intensity (per tonnes product billed), % of post-consumer recycled ("PCR") plastic in our product packaging.</p>	<p>In 2021, we issued a Sustainability-Linked Bond for US\$1 billion, tied to 2025 goals for achieving a reduction in our Scope 1, 2 and 3 GHG emissions intensity (per tonnes product billed), and increasing the use of post-consumer recycled ("PCR") plastic in our product packaging.</p> <p>We monitor the need for further metrics to track and disclose climate-related opportunities.</p> <p>Associated climate-related opportunities:</p> <ul style="list-style-type: none"> <li>· Development of low impact products</li> <li>· Capitalizing on demand of sustainable products</li> <li>· Collaboration with industry and government</li> </ul>	
<p><b>Capital deployment</b></p>	<p>📊🌍 Invest US\$ 100 million (or more) in developing regenerative solutions, such as biotechnology (e.g., from waste to ingredients, plastics, etc).</p>	<p>As the activities associated with the design, production and disposal of our products and packaging account for the largest share of our environmental footprint, investment in innovation, research and development is critical for driving the regenerative solutions that are needed to align these activities with a low carbon economy.</p> <p>In our operations, we use marginal abatement cost analysis to compare and prioritize diverse emissions reduction initiatives and support capital deployment decisions.</p>	<p><a href="#">Developing regenerative solutions</a></p>
<p><b>Internal carbon price</b></p>	<p>📊 Integrated Profit &amp; Loss statement includes the social cost of carbon, with a shadow carbon price in the range of US\$ 5-7 depending on the portfolio of projects invested in.</p> <p>📊🌍 Continue offsetting 100% of Natura &amp;Co Latin America's remaining emissions, purchasing at least 50% of the carbon credits from projects located in the Amazon, prioritizing our partner communities.</p>	<p>We measure and report the social cost of our residual GHG emissions, investing in activities beyond our value chain to compensate this. The cost of purchasing these offsets generates a shadow carbon price that is used when analysing decarbonization projects.</p> <p>Moreover, by channelling offsetting investment towards projects in the Amazon, we aim to maximize social ROI and generate revenue streams that create greater resilience among smallholder and partner communities.</p>	<p><a href="#">Carbon offsetting</a></p>
<p><b>Remuneration</b></p>	<p>📊 100% of employees have Post-Consumer Recycled plastic among the KPIs that determine their annual bonus with a 10% weight in 2023.</p> <p>📊 30% of the long-term incentive for executives is linked to carbon intensity reduction.</p>	<p>We link sustainability goals to employee compensation plans to incentivize aligned action on climate, from the executive-level down. These KPIs form part of our Sustainability-Linked Bond and achieving them contributes to reducing the GHG impact of our value chain.</p>	<p><a href="#">Employee remuneration linked to climate goals</a></p>

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