Natura &Co

Natura &Co Integrated Report *2023*



Industrial Ecopark
Natura´s soap factory
in Benevides, PA - Brazil

Overview









GRI content
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Introduction

Introduction GRI 2-2, 2-3

We are pleased to present the 2023 edition of our Integrated Annual Report to our shareholders, employees, partners, communities and suppliers. This marks the first cycle in which we have opted for unified communication for Natura &Co Holding and its business units. The presentation includes the following division of business units:

- **Natura &Co Latin America,** which encompasses the Natura and Avon brands, as well as the master franchised regional operation of The Body Shop.
- **Avon International,** which includes all markets served by the brand globally outside Latin America.

This integrated report covers the period from January 1st to December 31st, 2023 and is constructed based on international performance disclosure parameters, including the Global Reporting Initiative (GRI)[1] Standards, according to OCPC 9, the International Integrated Reporting Framework (<IR>)[2], the SASB Standards of the IFRS Foundation, and the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD). We also align our actions with the Ten Principles of the United Nations Global Compact and the Sustainable Development Goals (SDGs). Additionally, we are committed to complying with the Task Force on Nature-related Financial Disclosures (TNFD), focused on biodiversity and ecosystems.

[1] Data relating to Natura &Co Latin America business unit in accordance with the Global Reporting Initiative (GRI) are available in the Latin America Databook.
[2] This report has no omission related to the <IR> Framework.

We are preparing for the adoption of the IFRS Sustainability Financial Disclosure Standards (S1 and S2) in the coming years, in compliance with the schedule provided by the Brazilian Securities and Exchange Commission (CVM). We also prioritize transparency in relevant environmental, social, and governance (ESG) indices and ratings, such as the Dow Jones Sustainability Index (DJSI).

The content of this report is divided into four sections. The first presents the unified results from the year for Natura &Co Holding. The second and third sections respectively report on projects and indicators of the Natura &Co Latin America and Avon International business units, and the fourth section presents the results from Fable Investments.

The topics addressed in this report are aligned with our materiality matrix, updated in 2022 under the concept of double materiality. Another key reference is our business strategy and sustainability agenda, reflected in our Commitments to Life, our regeneration-oriented strategy and other causes and activities of our brands.

Our Integrated Report follows the same periodicity as the company's financial report. The financial and sustainability analysis includes data from two business units, Natura &Co Latin America and Avon International. We maintain consistency throughout the report by not adjusting data for minority interests and clearly specifying scope differences in footnotes. Natura &Co's leadership administrators are responsible for ensuring the completeness and integrity of this Integrated Report, as well as the application of collective thinking and the principles of the <IR> Framework in this document.
To ensure transparency and comprehensiveness, we reference other data sources in this report that complement our performance communication, including Consolidated Financial Statements for 2023 Natura &Co, Management Reports, the Natura &Co Sustainability Compendium, Data Book Latin America, and the Latin America ESG Scorecard.

This report has undergone external verification by KPMG to ensure adherence to the principles of Integrated Reporting of the IFRS Foundation and the indicators and guidelines of the Global Reporting Initiative (GRI), in accordance with ISAE 3000.
GRI 2-5



Message from the Board GRI 2-3, 2-22

Luiz Seabra, Guilherme Leal and Pedro Passos in the name of the Board of Directors

"Let us stop the answering with lies and fake promises. Let us end the pollution of hollow words. Let us fight for a livable future and present. It is always necessary to believe this dream is possible."
Txai Suruí

The hottest year in the planet's history, 2023 was also one of the most violent since World War II. While the global average temperature rose to the point of putting us on the brink of the climate abyss, reaching 1.48°C above pre-industrial levels, the war between Russia and Ukraine, the outbreak of war between Israel and Hamas, and several other armed conflicts involving non-state actors made the world a much more unstable, divided, and dangerous place.

Natura Founders. From left to right:
Guilherme Leal, Luiz Seabra and Pedro Passos

The humanitarian crisis resulting from these events is overwhelming and horrifies us all. We also coexist with the deepening erosion of democracy in vast portions of the globe, which further distances us from the ideal of a more balanced, just, and inclusive society.

Faced with these challenges, we reaffirm our confidence in our beliefs and purpose to guide us. We hold steadfast to our entrepreneurial vision, crafting a brighter world through the rich tapestry of connections we nurture in our expansive network, where business becomes a catalyst for positive transformation. We are committed to addressing the most urgent problems of our time: climate change and social inequalities.

In 2022, at Natura &Co, we made a strategic decision to decentralize our model, simplifying the group's structure. This shift aimed to provide each business unit with enhanced autonomy and agility, empowering them to attain their outcomes. In 2023, a significant milestone in this strategy was reached with the successful completion of the sale of Aesop and The Body Shop.

While our boldness was evident in creating the Natura &Co group and pursuing global market potential, it also required courage to streamline operations and consolidate our business around our core competencies. We are convinced that simplification strengthens us and revitalizes the health of the business and we also believe that this positions us optimally to address the present challenges of the world, offering a pathway to fortify the foundations upon which these companies were established.

We face 2024 in solid financial conditions, with consistent resource allocation and capital structure, which will enable our businesses to advance in the commitment to generate positive impact on society. The climate crisis is worsening living conditions on the planet, especially for the more than 44 thousand species threatened with extinction - about 2 thousand more than last year. The world is in need of regeneration in various aspects: in the restoration of ecosystems, the reinstatement of balanced conditions for life in its diverse forms, and the revival of dialogue, respect, and love as the foundations of human relationships.

By embracing regeneration as the cornerstone of Natura's business strategy in 2023, we initiated a fresh phase of our dedication to people and the planet, strengthening our business approach and redefining the essence of Natura.

Our raison d'être, conceived over 30 years ago, resonates more profoundly with us today than ever before. It embodies the symbiotic bond between individuals, each other, and nature. We believe that within this nexus lies the catalyst for fostering peace, solidarity, and the full richness of life's expressions. Well-being-well prevails.



Message from the Holding CEO

Fábio Barbosa

In 2023, Natura &Co underwent a transformative journey marked by rebuilding, refocusing, and a remarkable turnaround. Despite facing challenges on multiple fronts that tested our values, I take pride in the accomplishments and the strategic path we forged. Natura &Co persevered without compromising its core values, making tough yet necessary decisions that have set the stage for renewed growth.

In 2023, Natura &Co underwent a transformative journey marked by rebuilding, refocusing, and a remarkable turnaround. Despite facing challenges on multiple fronts that tested our values, I take pride in the accomplishments and the strategic path we forged. Natura &Co persevered without compromising its core values, making tough yet

We take pride in our decision to r efocus on our core strengths while upholding our values, maintaining Natura &Co as a business with the ESG agenda at its core.

necessary decisions that have set the stage for renewed growth. Crucially, the year's successes wouldn't have been possible without the exceptional dedication of our team. Their discipline and resilience in navigating a year of profound change were truly commendable. I deeply appreciate the collective effort and professionalism displayed by the team, playing a pivotal role in positioning the company on a stronger foundation for the future.

In 2023, our adjusted EBITDA reached double-digits, and we successfully shifted our cash generation from negative to positive, in line with our plans. We also successfully reduced our debt through a robust liability management plan, including extending debt maturities. This streamlined capital structure frees up resources and creates a more solid financial foundation for sustainable growth in the next years, allowing us to fully concentrate on our core strengths and drive long-term value creation.

Over the past decade, our vision of global expansion was initially supported by a vibrant worldwide economy influenced by low-interest rates. However, unforeseen challenges, such as the pandemic and subsequent inflationary pressures, posed significant obstacles to our ambitions. By mid-2022, adverse consumer scenarios, especially in retail foot traffic, combined with our debt ratio, hindered our ability to make essential investments so that all our brands could thrive as they should. Consequently, our initial resolution was to streamline the Holding structure, focus on working capital management, and grant more autonomy to business units to allocate resources and pursue strategic priorities. Importantly, we consciously prioritized margins and cash generation over sales growth.

In 2023, we took further steps, including the sale of Aesop in August, unlocking significant value to improve our capital structure and deleverage our balance sheet. Simultaneously, we concluded that The Body Shop needed additional expertise and focus for its transformation, leading to its sale in December. It has been a true privilege to work with both Aesop and The Body Shop, whose values and purpose are deeply aligned with our own.

Moving forward, these strategic moves signify a return to basics for Natura &Co, with a renewed focus on our core strength, the relationship selling model, and the evolution towards omnichannel capabilities. With a simplified capital structure and a commitment to profitability, we aim to protect margins and achieve sustainable sales growth.

In Latin America, under the leadership of João Paulo Ferreira, our aim is to continue the integration of Natura and Avon's operations. We're focused on capturing synergies and aligning the brands to foster future growth. This will be driven by product innovation and the diversification of shopping experiences and occasions, facilitated by enhanced digitalization of Direct Selling and omnichannel integration. Avon International will continue to optimize its operations and reduce costs, while focusing on key geographies to return to a growth path. Gratitude is expressed to Angela Cretu for her leadership, and a warm welcome is extended to Kristof Neirynck as the new CEO of Avon International.

Looking ahead, we recognize the changing landscape of business accountability and the continued importance of addressing social and environmental issues. As we approach COP-30 in Belém, Brazil, in 2025, we are committed to embracing partnerships to unlock the potential of nature-based solutions. Collaboration and regeneration will be pivotal in navigating the urgent challenges posed by climate change.

Throughout this journey, we have remained committed to the values upon which Natura &Co was built. Despite facing difficult circumstances, maintaining transparency, engaging in social issues, and prioritizing environmental impact have remained at the core of our business. We take pride in our decision to refocus on our core strengths while upholding our values, maintaining Natura &Co as a business with the ESG agenda at its core.

2023 Highlights

GRI 2-6

Financial *highlights*

Natura &Co's 2023 financial results reflect the benefits of a strategy defined and implemented 18 months ago, to prioritize profitability and cash conversion versus revenue growth, integrate the Natura and Avon brands in Latin America, and divest non-core assets to deleverage and simplify its corporate structure.

Net Revenue BRL
R$ 26.7 billion
(+3.5% vs.2022 in constant currency)

Gross margin
63.8%
(+410 bps. vs. 2022)

Adjusted EBITDA
BRL 2.7 billion

Net profit
R$ 3.0 billion

Net cash position
R$ 1.7 billion

Debt to EBITDA ratio **-0.79x**
(vs. 3.49x end 2022)

ESG *highlights*

1. Set science-based targets (SBTi) for emissions scopes 1, 2 and 3, as part of our Net Zero journey, focusing on an absolute reduction of 42% by 2030
2. Guarantee equal pay between women and men
3. Living Wage for 100% of our people in over 53 countries*
4. 86.2% of recyclable, reusable and compostable packaging
5. We surpassed the mark of 10.1 thousand families positively impacted by the Natura Amazônia program
6. Incorporation of the Regeneration concept into Natura &Co Latin America's business strategy
7. Regenerative pilot on six Natura &Co ingredients, based on Union for Ethical BioTrade (UEBT) premises
8. IP&L: methodology applied to Natura found that, for every R$1.00 of revenue, Natura generated R$2.70 of positive socio-environmental impact
9. Natura &Co participation at COP28 and New York Climate week

*The parameter includes the minimum income required for a person to meet basic needs such as food, rent, health, education, among others. The calculation considers guaranteed remuneration and meal vouchers. All employees with a regular contract from the base year 2023 are considered, except interns and young apprentices.

Global *footprint*

GRI 2-1, 2-6



+ 1,000 stores
(owned and franchises)

+ 19,000 employees
in more than 50 countries

6 million
Beauty Consultants and
Representatives

2023 Financial *Performance*

In 2023, Natura &Co achieved significant milestones, marking a transformative year driven by strategic initiatives. Key highlights include the successful execution of our simplification strategy, demonstrated by the divestment of Aesop and The Body Shop, resulting in a further streamlined Holding structure and enhanced autonomy within Business Units.

Focusing on profitability and cash conversion, as announced early in the year, yielded tangible results: gross margin netted out at 63.8% up +410 basis points (bps), whilst adjusted EBITDA* was up 31.7%. This strengthened our balance sheet, and we are now positioned in a net cash position, which marks a shift towards positive cash flow for the 2023 fiscal year (FY23). Consolidated net revenue was BRL 26.737 billion, achieved thanks to a solid performance at the Natura brand, and partially offset by the expected reduction at Avon Latin America and mid-single digit decline at Avon International.

Looking to Natura &Co Latin America, net revenue was up 6.4% in constant currency (CC), (down 7.2% in BRL), driven by healthy growth at the Natura brand in Brazil, and partially offset by the Home & Style category and by Avon decline across the region. Gross margin was 63.8%, up +410 bps year-over-year (YoY), continuing to benefit from price increases, a richer product mix and marketing efforts. Adjusted EBITDA margin was 12.5% (up +250 bps YoY), benefiting from strong gross margin improvement and meaningful YoY general and administrative expenses reduction, but partially offset by a YoY increase in selling expenses.

Wave 2 of Natura and Avon business combination process in Latin America initiatives progressed, with resilient performance from the Natura brand in Brazil and a rebounding trend from Avon amid ongoing operational enhancements. Improvements in service levels in Peru and Colombia facilitated a smoother integration of Natura and Avon in Chile, completed early in 2024.

At Avon International, revenue was down 4.4% YoY in CC, primarily impacted by the Home & Style category, while Beauty showed a stable performance. Despite the decline, profitability

*The financial and operational information listed in this report can be found in the Company's Earnings Release and, unless indicated otherwise, is presented in nominal Brazilian reais, following the criteria of the International Financial Reporting Standards (IFRS). This information should be read in conjunction with the Company's financial reports for the year ending on December 31, 2023, filed with the Brazilian Securities and Exchange Commission (CVM).

exhibited an important evolution with adjusted EBITDA margin reaching 7.6%, up +330 bps YoY. Gross margin was 63.6%, up +380 bps YoY, its evolution being driven by price increases and favorable product mix.

Avon International continues to make good progress with its digital strategy as the use of digital tools reached 34.3% of total reps. Digital sales penetration increased by 2.2 percentage points YoY to 8.3% of total revenue.

Looking ahead, Natura &Co remains focused on further simplification, as evidenced by the delisting of its ADR from the New York Stock Exchange – NYSE and the evaluation of the potential separation of Natura and Avon. While challenges persist, particularly the volatility in Avon's revenue performance in Latin America, we are poised to continue driving profitability and cash conversion enhancements, building upon the momentum of 2023.

As we embark on 2024, our commitment to delivering sustainable growth and value creation remains steadfast, guided by our dedication to operational excellence and strategic foresight.

Awards and *recognitions*

Natura &Co has been certified as a B Corp since 2020. B Corps meet the highest standards of verification of social and environmental performance, public transparency and legal responsibility by reconciling profit and purpose

Pro-Ethics seal awarded to Natura Cosméticos for the fifth consecutive year

For CDP Climate, Natura Cosméticos maintained an A- score, and Avon International achieved a B score for its first disclosure in five years. Natura was also highlighted in CDP's Supplier Engagement Index (SER) for its work with the value chain.

Natura &Co are part of ISE for the 18th consecutive year (considering participations prior to 2019 by Natura Cosméticos S.A.)

Since ICO2 was created in 2010, Natura is part of this index

Globescan Top Sustainability Leaders – ranked #4

For more information on the awards and recognitions received by our business units, please refer to the business units sections.



Natura Perfumery House
Cajamar, SP - Brazil

Who we are



Natura &Co is a purpose-driven group uniting Natura and Avon, engaging customers through 6 million dedicated Beauty Consultants and Representatives, more than 1000 own stores and franchises, and 22,000 employees.

We believe in promoting real positive economic, social, and environmental impact. We believe that the world does not need another big company. The world needs symbols of change capable of blazing new trails and inspiring others to follow.

We believe in the power of cooperation, co-creation, and collaboration for a better way of living and doing business.

We are Natura &Co.

Our purpose

To nurture beauty and relationships for a better way of living and doing business.

Our aspiration

We will dare to innovate to promote positive economic, social, and environmental impact.

Our *Business Model*

Capitals accessed

Natural
- Natural resources (energy, water and biodiversity actives)

Financial
- Shareholder and investor funds to provide support for the execution of strategy
- Credit and financing
- US$ 1 billion raised with Sustainability-Linked Bond

Social
- Relationships oriented to value creation with our Beauty Consultants
- Partnership with social biodiversity supplier communities and other service and raw material suppliers
- Connection with the consumers of our brands

Manufactured
- Product manufacturing and distribution centers
- Physical stores, e-commerce operations and social selling

Human
- Over 19,000 person strong work force
- Beauty Consultants
- Social-biodiversity supplier communities
- Attributes and values in our organizational culture

Intellectual
- Open innovation ecosystem
- Patents and new products
- Traditional knowledge and knowledge generated in our relations with social biodiversity supplier communities

Outputs: *Our deliveries & solutions*

→ Beauty and well-being products in diverse categories

→ Business networks for Beauty Consultants

→ Multichannel commercial model

Business Units
Natura &Co Latin America
Avon International

Commitment to Life

→ Address the climate crisis and protect the Amazon

→ Defend human rights and be human-kind

→ Embrace circularity and regeneration

Our aspiration: We will dare to innovate to promote positive economic, social and environmental.

Outcomes: *Value generated and impacts*

→ **Society and the Environment**
We seek to promote sustainability with an agenda that prioritizes climate transition, protecting the Amazon and a circular and regenerative economy. We act in defense of human rights, education and causes related to women and girls.

→ **Investors**
Financial return linked with business results.

→ **End consumers**
Omnichannel strategies for unique shopping experiences, in accordance with each consumer's preference.

→ **Employees** we work for the well-being of our employees, eliminating salary differences by gender, adopting a living wage in all our labor relations and working for diversity, with more than 50% women occupying leadership positions.

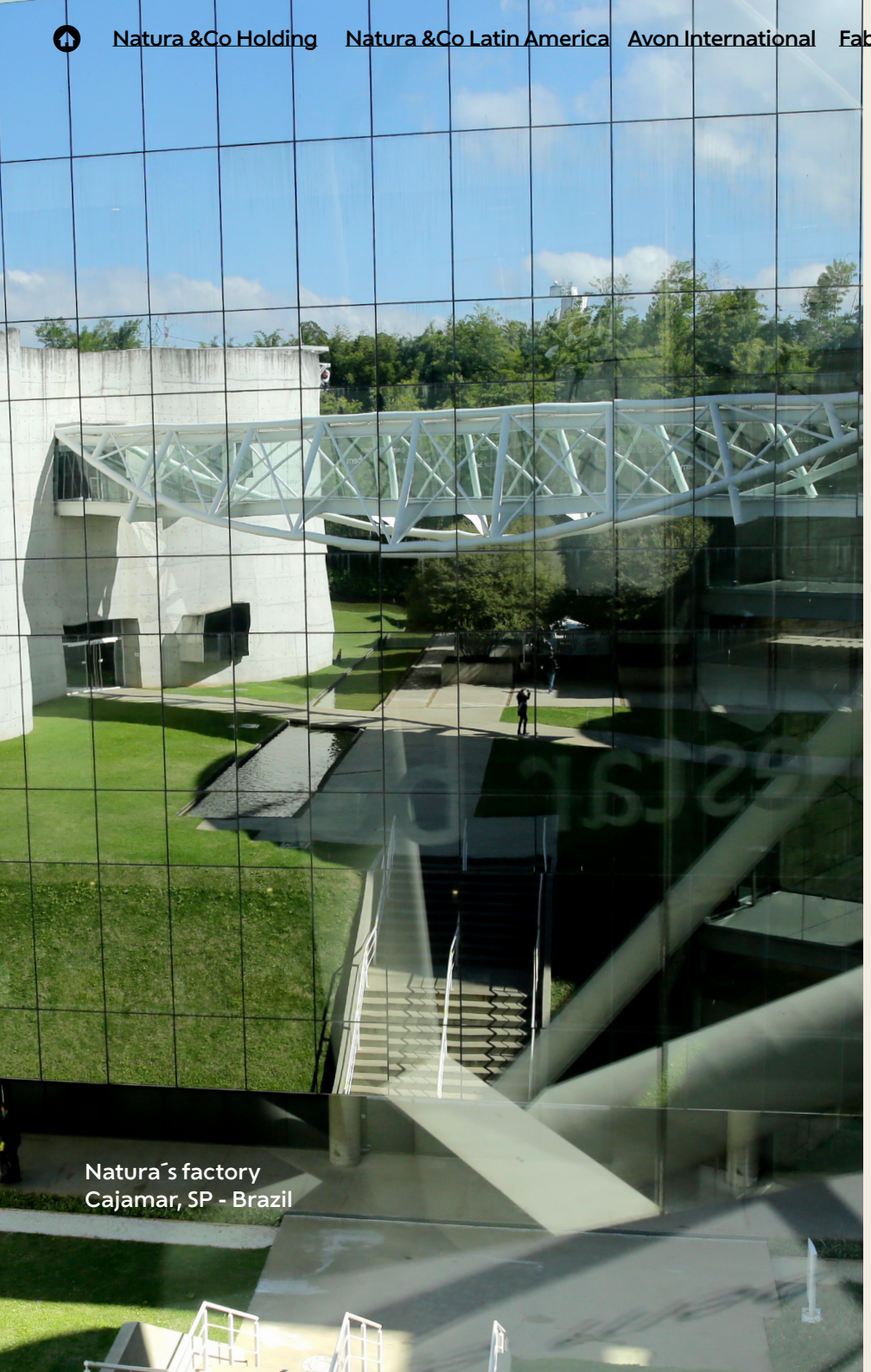
→ **Beauty Consultants**
We foster a powerful ecosystem that supports enterprise and income generation and promotes financial independence, improving quality of life for women.

→ **Supplier and relationship communities**
We support income generation by means of fair trade with cooperatives and small producers, promoting conservation and local development.

→ **Suppliers**
We foster the social bioeconomy with our supply chain, focused on human rights, innovation and traceability to create social and environmental value.



Our Strategy



Natura´s factory
Cajamar, SP - Brazil

A new cycle for Natura &Co

Despite navigating through a dynamic economic and political landscape, we have consistently executed our strategy, safeguarding margins, streamlining operations, enhancing our capital structure, and prioritizing transformative initiatives. Today, the results speak for themselves, showing we're on the right track.

Strategic *pillars*

In mid-2022, in a bold strategic move, we shifted our efforts to prioritize margins rather than top-line growth, along with cash flow conversion and generation. The discipline and consistency in which the businesses followed this new path led to the protection and, ultimately, the expansion of margins. To reach this goal, we anchored our business in the following pillars, which continued to sustain us throughout 2023:

- **Operational and commercial autonomy for the Business** Units to decide on the best way to execute the strategy within their markets and according to each brand's value proposition. As expected, Natura &Co Latin America and Avon International saw continued improvement in profitability in adjusted base, driven by the gross margin expansion.

- **Simplification of the Holding's structure and focus on our strengths,** with several projects and initiatives reducing their scope to corporate functions and policies only, with considerably diminished involvement in the daily commercial operations of the Business Units. This decision reduced corporate expenses by 42% vs. 2021 (or 18% vs. 2022) and radically improved our ways of working to make more agile and assertive decisions. Moreover, the simplification process included the divestment of Aesop and The Body Shop, which unlocked significant value and gave us a strengthened balance sheet.

- **Improvement of our capital** structure resulting from the pre-payment of 60% of our debts using part of the proceeds from the sale of Aesop. With careful and conscious management, we moved from net debt in 2022 to net cash position by the year-end 2023. Furthermore, not only did the balance sheet improve, but the cash flow to the firm also moved to a positive territory in 2023. Looking forward,

2023 Areas of Focus Natura &Co Holding

Streamlined execution of our business simplification strategy, enabling a concentrated focus on key regions and our core business model.

Optimized capital structure leading to improved cash flow conversion, reinforcing financial resilience.

Commitment to a triple-bottom-line agenda, prioritizing people, planet, and profits in our approach to business operations.

Natura &Co Latin America

- Commercial and operational integration rollout
- Natura investing in marketing and R&D
- Avon gaining efficiency and optimizing its portfolio

Avon International

- Conclusion of transformational projects in R&D and IT systems
- Stabilization of the new commercial model
- Build momentum with brand rejuvenation and omnichannel opportunities

we continue to expect improvements in our cash flow, combined with a solid balance position pointing to further encouraging prospects as we deliver on critical projects.

- **Projects to accelerate value creation** were in full force, with the crucial integration of Natura and Avon's commercial and operational activities in Latin America reaching the Second Wave in 2023, already with positive results. Meanwhile, Avon International continues its focus on its transformation plan, which radically reset its fundamentals in areas such as product portfolio and commercial model, alongside a simplified business and operational footprint.

As we continue to implement our strategy, in 2024 and beyond, we expect that gradual revenue growth will begin to play a more relevant role, along with the expansion of margins, from the materialization of projects that will unlock value and enable cash generation. We will continue to focus efforts on simplifying the business and further improving our capital structure.

When looking at our commitments to ESG, we are reigniting our sustainability strategy, which continues to be core to our business, by regularly engaging with the Board of Directors on this crucial topic.

To gain detailed insights into our sustainability governance and its integration as a core driver in all our initiatives, please click here.

Our *people*

Executing this strategy with discipline demanded substantial effort from our team, which admirably rose to the occasion and implemented the plan. Following a reorganization of the business in mid-2022 that resized the Natura &Co Holding corporate team to half its previous scale, 2023 focused on stabilizing the new organization. Embracing the concept of a Holding over a Group, we granted greater autonomy to Business Units, offering support in policies and standards for Finance, Legal, Sustainability, and Human Resources. Internal Audit and Corporate Governance are overseen by the Board of Directors with the support of the Officers.

Despite facing the challenges which any reorganization entails, our Holding´s annual employee engagement survey demonstrated a positive score, marking an 11-point improvement from the previous year. This is attributed to enhancements in our work methodologies, fostering greater interconnectedness among teams and a heightened sense of community and participation. We strove to set clear expectations, ensuring as much transparency as possible. Once stabilized, these principles will be formalized in our corporate culture project, anticipated to be addressed in 2024.

Significant strides were made in implementing our succession plans, appointing key roles through internal recruitment rather than external hires. Notably, Kristof Neirynck, Avon's Chief Marketing Officer and Managing Director for Western Europe, assumed the position of CEO of Avon International from 2024, and Mercedes Stinco was appointed as the new Global Head of Risk Management and Internal Controls for Natura &Co. Natura &Co Latin America went through an organizational redesign in line with structural changes to re-establish the foundations for the future growth of its businesses.

We are also proud to have achieved our goal of providing a decent salary to all Natura &Co employees. This commitment goes beyond the notion of a minimum wage, encompassing a comprehensive understanding of a dignified life. Natura &Co also maintained its commitment to reducing the wage gap between men and women.

Compensation *follows strategy*

GRI 2-19, 2-20, 2-21

In 2022, we realigned our global managers' compensation to harmonize with our strategy of simplification and consciously prioritizing profitability and cash flow generation rather than top line growth. To align with this, in 2023, there was a reduction in the Board of Directors' members from 13 to 9 and a pivotal shift from a joint Executive Chairman of the Board and Group CEO to a singular Chief Executive Officer (CEO). The realignment was ratified by our shareholders during the General Annual Meeting when also was confirmed our compensation spend for May 2023 to April 2024. This strategic adjustment is another step to further improve our corporate structure and ensures data presentation in accordance with established practices among global listed companies.

Our compensation strategy for managers and leaderships is rooted in Natura &Co's overarching mission, connecting "people, planet, and profit." It considers market-specific competitive standards, regulatory requirements, business strategy, and alignment with shareholders' interests. The compensation structure encompasses fixed and variable components, with the latter comprising short and long-term incentives. The variable segment, designed to be predominant, is contingent upon meeting threshold performance levels and also links to sustainability initiatives, such as reducing greenhouse gas emissions and increasing the use of post-consumer recycled plastic in product packaging.

At Natura &Co, the process of developing compensation policies involves rigorous steps to ensure fairness and alignment with organizational objectives. Beginning with market analysis and objective setting, a dedicated compensation committee oversees the creation of salary and benefits packages, guided by transparent performance evaluations and regular reviews to maintain competitiveness.

Oversight by the General Shareholders' Meeting ensures stakeholder input is considered, while independent consultants provide impartial assessments. Stakeholders, including administrative staff and the Board of Directors, are consulted to ensure policies meet their expectations. This structured approach fosters trust and accountability, enhancing engagement and alignment across the organization.

For further details on our compensation policies for leadership, senior management, and other employees, please visit the Investor Relations (IR)section of the Natura &Co



Board of Directors
From left to right: Georgia Melenikiotou, Gilberto Mifano, Pedro Passos, Duda Kertész, Luiz Seabra, Carla Schmitzberger, Guilherme Leal, Bruno Rocha and Andrew McMaster Jr

Corporate Governance

Structure *and practices*

GRI 2-9, 2-11, 2-14, 2-17

Timely and accurate decision-making

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.

At the 2023 Annual General Meeting, shareholders approved significant structural changes proposed by the Company's management culminating, among others, in the reduction of the Board of Directors, the disappearance of the positions of Executive Chairman of the Board of Directors and Group CEO and the creation of the position of Chief Executive Officer. These necessary adjustments were part of the corporate governance restructuring process focused on the shareholders' expectations of a leaner structure. Then Directors Ian Martin Bickley, Jessica DiLullo Herrin, Wyllie Don Cornwell, Nancy Killefer, and Fábio Colletti Barbosa resigned, and Bruno de Araújo Lima Rocha and Maria Eduarda Mascarenhas Kertész were elected at the General Shareholders' Meeting. For more details on the Board of Directors composition, please refer to our Investor Relations website.

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. Currently, Guilherme Pereira Leal plays this role. The remaining six Board members are independent, far exceeding the independence percentage established by Brazilian CVM and B3's Novo Mercado rules that the Company must follow. The Board also has one-third of women in its composition, and two foreign members. We follow the recommendations of the Brazilian Code of Corporate Governance, of the Brazilian Institute

of Corporate Governance (IBGC). Furthermore, we operate in line with the requirements of the New York Stock Exchange (NYSE), in which, until February 2024, our American Depositary Receipts (ADRs) were listed.

The Board of Directors dedicated a significant amount of time discussing the sale of Aesop and The Body Shop, necessitating some extraordinary meetings. Additionally, in 2023, the Board addressed various other crucial topics such as succession planning, talent acquisition and retention, diversity and inclusion initiatives, cash flow and margin management, group strategy, risk assessment, and sustainability efforts. To further bolster our already far-reaching and bold sustainability goals, such as those set in our Commitment to Life, the Board established the Sustainability Committee as the fifth supported committee, holding quarterly meetings.

Please refer to our Board Skills Matrix and the Investor Relations website for more details on composition, biographies, areas of expertise and demographic details.

Board *composition*

In 2023, the average tenure for all Board members stood at 2.5 years, accounting for the duration of their service within the Natura &Co Holding since its inception in 2019. For details regarding the complete Board composition, consult the minutes from the Annual General Meeting (AGM) of 2022 and 2023.

The primary role of the Board of Directors is multifaceted. It involves analyzing the effectiveness of the organization's processes concerning economic, social, and environmental impacts, overseeing the implementation of processes, assessing the results, identifying any gaps or opportunities for improvement, and making strategic decisions. Ultimately, the Board bears the responsibility for ensuring the organization operates ethically, responsibly, and in alignment with its goals and values. This analysis is conducted during strategic planning cycles and at specific events.

The Board of Directors establishes the Company's values, mission, and culture, guidelines related to sustainable development and communicates them through policies and corporate documents. The Board ensures alignment with the approved strategy, considering the interests and purpose of the company, shareholders, and stakeholders. For this, the Board of Directors

considers, among others, the short and long-term interests of the company and its shareholders, as well as the economic, social, environmental, and legal effects on employees, suppliers, partners, customers, other creditors, as well as the communities in which the Company operates locally and globally.

In developing and updating guidelines related to sustainable development the Board of Directors is responsible for establishing guidelines, providing strategic supervision, and approving policies and objectives. The senior executives have responsibilities that include strategic leadership, strategy development, implementation and supervision, and external communication.

The Board of Directors reviews and approves the information reported in the organization's reports. Additionally, they analyze and approve the organization's material issues. The preparation of the Integrated Report is monitored by the Board's Co-Chairs, who ensure that the document adequately reflects the Company's purpose, culture, and other contents. Whilst this role is not mandated by our bylaws, it is considered relevant by both the Co-Chairs and the Board of Directors. The analysis focuses on the messages of the CEO and the Founders, while the executive teams are responsible for preparing the technical topics and ensuring the quality of the information disclosed to the market.

To further expand the theme of sustainable development within the Board of Directors, some measures have been adopted, including the establishment of the Sustainability Committee, which was created to serve as an additional tool to better address Environmental, Social, and Governance (ESG) issues, supporting the Board in these subjects and providing it with periodic reports.

For more information on the qualifications and responsibilities of our governance bodies please click here.

For detailed information regarding the selection, compensation, and duties of Board members and executives within the Holding, please refer to the Corporate Governance Report click here.

2023
in review

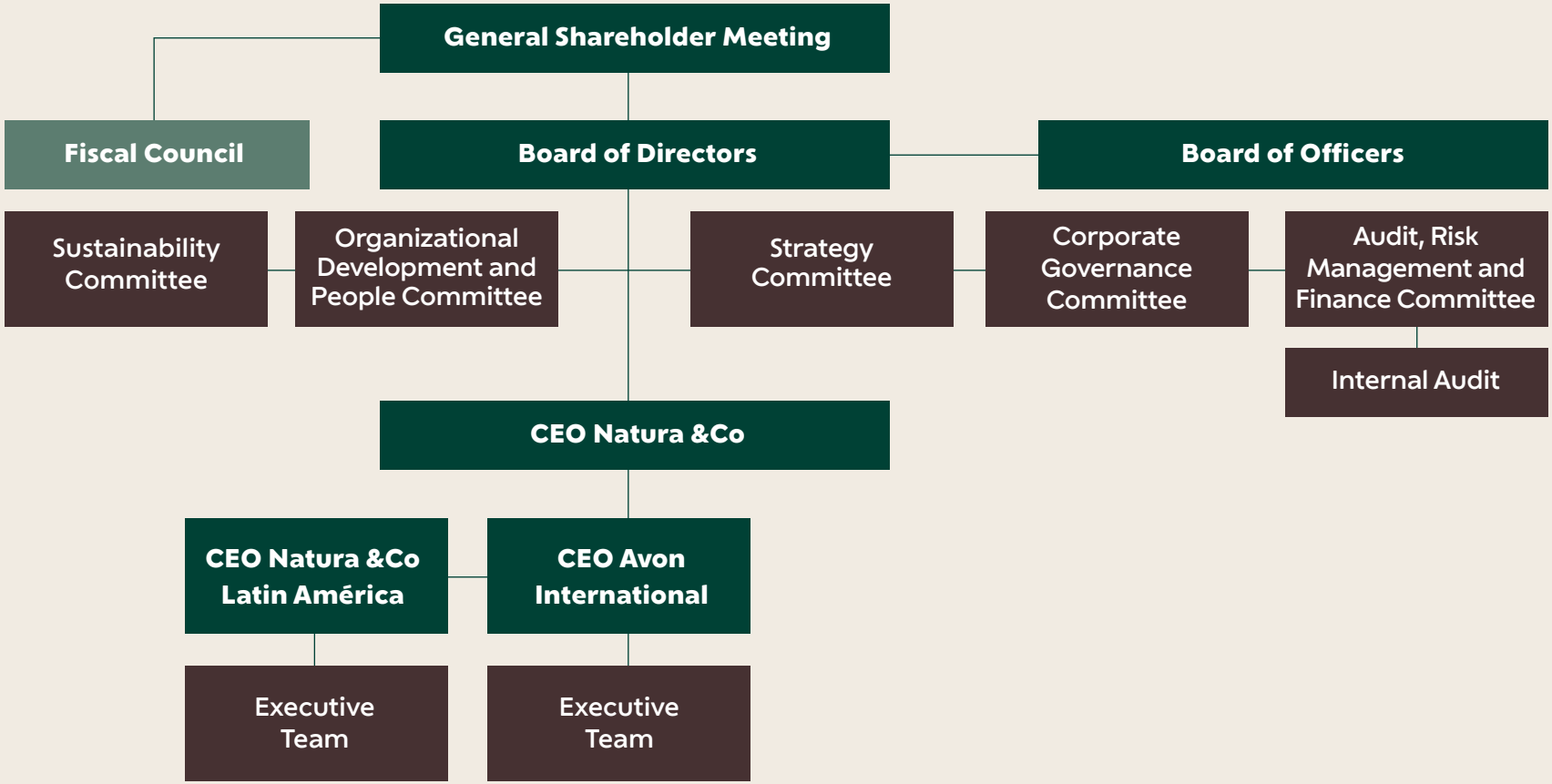
In 2023, the Board of Directors held six regular and four extraordinary meetings with 100% attendance of their members and other invited executives of the Company. During these meetings, the Board reviewed matters within its purview as mandated by law or outlined in our bylaws. This encompassed a wide array of topics including quarterly performance results, the formulation of management compensation packages, annual assessments, risk matrix evaluations, strategic planning discussions, and budget deliberations. As a standard practice, the Board of Directors conducted executive sessions exclusively for its members during each meeting, ensuring candid and focused dialogue on pertinent issues.

Furthermore, the Board of Directors undertook a comprehensive evaluation of the challenging external landscape, considering our financial position and our capacity for business expansion. This analysis ultimately led to the strategic decision to divest two of our four operations, namely Aesop and The Body Shop. The process of arriving at these decisions involved extensive analysis by the executive teams and rigorous and timely deliberations by the Board of Directors, as disclosed to the market. Discussions regarding both projects were a recurring agenda item in most meetings, with particular emphasis during extraordinary sessions.

The Board of Directors also counts on the critical support of five advisory committees, as described below. The annual self-assessment of the Board of Directors and committees results in continuous improvement efforts, with its findings to be addressed in 2024.

Governance structure
Natura &Co

Our corporate governance structure is structured as detailed below



The five active committees and their main deliverables in 2023 were:

Committee	Meetings	Attendance	Topics Discussed
Audit, Risk Management and Finance Committee	8 ordinary 4 extraordinary When considering the thematic subcommittees, all linked to the Audit Committee, the number of meetings in 2023 totaled 17 additional meetings	100%	In addition to the topics commonly covered through the subcommittees (Finance, Tax and Legal, Internal Audit, and Information Security), it also participated in the sale process of Aesop and The Body Shop.
Organization and People Committee*	5 ordinary 1 extraordinary	100%	· Short and long-term incentive plans · Succession plans · Talent development · Reward strategy · ADR delisting from NYSE
Strategy Committee*	1 ordinary 3 extraordinary	100%	· Portfolio · Business strategy review · Organization transition · Budget
Corporate Governance Committee	5 ordinary	100%	· Corporate governance structure · Management proposal for the Annual Shareholders Meeting · Committees' composition · Board compensation · Corporate Governance Report review · Board and Governance annual assessment
Sustainability Committee	4 ordinary	100%	· Preparation of the committee rules and dynamics · Support for the reorganization of the Sustainability area · Commitment to Life target review

*The composition of these committees changed in May 2023 following the resignation and appointment of members of the Board of Directors

Fiscal Council

In addition, for the second year in a row, the Fiscal Council was established during the Annual Shareholders Meeting held on 26 April 2023. The one-year mandate of the three Council members was renewed, with two members appointed by a majority of the shareholders, and the third member by minority shareholders. The Fiscal Council convened eight times during the 2023 mandate, contemplating four regular and four extraordinary meetings.

Under Brazilian legislation, shareholders representing more than 2% of the company's capital have the prerogative of requesting the installation of a Fiscal Council, an optional entity distinct and independent from both the Board of Directors and the Company's executive management. The Fiscal Council represents shareholders' interests within the Company, tasked with overseeing management actions and ensuring compliance with their legal and statutory obligations, especially the quarterly financial statements. One of its primary focuses is to guarantee the quality of the company's quarterly and annual financial reports.

For further insights into our Corporate Governance framework and committee composition click here.

Commitment to best practices

The Company has undergone a substantial evolution in its corporate governance system over the years, demonstrating its steadfast commitment to implementing best practices in corporate governance.

Presently, it adheres to 94% of the recommended practices outlined in the Brazilian Code of Corporate Governance. In 2023, the Company dedicated significant efforts to embrace the new corporate framework and ensure alignment with all code principles previously adhered to. The complete Corporate Governance Report is available here.

Capital markets and *shareholders*

Natura &Co Holding operates as a stock corporation under the Brazilian Corporation Law. Our shares are publicly traded on the "Novo Mercado" listing segment of the B3 exchange, identified by the ticker symbol "NTCO3". As of December 31st, 2023, the company's market capitalization stood at BRL 23.4 billion, with 1,386,848,066 common shares outstanding. The free float accounted for 61,02% of the total shares, while the remaining 38.45% were held by controlling shareholders, 0.09% by the Board of Directors and statutory Directors, and 0.45% by our treasury.

In addition to our listing on the B3, we traded American Depositary Shares (ADSs) on the New York Stock Exchange, represented by the ticker symbol "NTCO". On January 18th, 2024, we announced to our shareholders and the market our Board of Directors' decision to voluntarily delist our ASDs from the NYSE. The delisting occurred on February 9, 2024. This strategic move aligns with our long-term operational simplification objectives. We will maintain our registration under the U.S. Securities Exchange Act of 1934 and uphold our reporting obligations following the delisting of our ADSs at the NYSE.



Natura´s factory
Cajamar, SP - Brazil

Ethics and compliance

Fostering positive impact

The resilience of our Ethics & Compliance programs proved invaluable during the significant changes which took place at the Holding in 2023. During this time, we steadfastly upheld our commitment to the highest ethical standards with a robust training and communication plan and the introduction of a comprehensive consolidated new Code of Conduct.

In addition to navigating the anticipated legal complexities surrounding the divestment of two companies, we remained committed to executing the strategy outlined in mid-2022. The implementation of various controls at Emana Pay, our financial services platform, and monitoring activities across other countries further strengthened our commitment to maintaining program effectiveness. As a result, alongside upholding a streamlined group-level hub to ensure uniformity

in policy enforcement and risk management, we have now established dedicated Legal and Ethics & Compliance teams tailored to the needs of Natura &Co Latin America and Avon International, granting them greater operational autonomy.

The Audit Committee of the Board of Directors diligently oversees the Ethics & Compliance program at Natura &Co, which has once again been recognized by The Ethisphere Institute as the World's Most Ethical Company. This marks the second time our consolidated program has received this accolade from Ethisphere, building on the 11 previous wins by Natura Cosméticos. Furthermore, Natura Cosméticos has been honored for the fifth consecutive year with the Pro-Ethics Seal, bestowed by the Brazilian federal government's CGU (Controladoria Geral da União).

As part of our ongoing simplification initiative, we continually review and refine our policies and procedures, striving to make them concise and easily understandable. These documents cover topics such as privacy and data protection, conflicts of interest, trade sanctions, transactions with related parties anti-trust, anti-corruption and bribery. They can be found here.

In 2023, we introduced an additional document, focusing on Information Disclosure and Securities Trading in compliance with the regulations set forth by CVM, the Brazilian Stock Exchange Commission. This policy outlines procedures for the publication of material information and delineates the expected conduct of relevant parties, ensuring adherence to laws and regulations prohibiting insider trading practices.

Moreover, we have begun implementing compliance tools, coupled with comprehensive training and communication strategies, including successful compliance weeks in Latin America, to support our sustainability efforts, addressing various risk factors such as human rights violations in our supply chain, gender or ethnicity-based harassment or discrimination complaints, and compliance with regulations governing community engagement and partnerships.

Central to this approach is the newly consolidated Natura &Co Global Code of Conduct, which serves as the cornerstone of our business conduct expectations across our organization. Introduced in 2023, this document integrates our core values and beliefs with our operational policies, procedures, and Commitment to Life goals, structured around four foundational pillars, each reflecting a fundamental aspect of our corporate ethos:

1. **People:** this pillar outlines our robust health and safety policies, our commitment to fostering diversity, equity, and inclusion, and our unwavering stance against harassment, violence, and discrimination.

2. **Communities:** here, we detail how our values translate into concrete policies and procedures concerning our Consultants and Representatives, Distributors and Franchisees, charitable and political engagements, protection of human rights, and the cultivation of safety and transparency within our supply chain.

3. **Operating Responsibly:** this pillar underscores our dedication to upholding the highest standards of governance and encompasses policies related to information sharing and data security, managing conflicts of interest, and compliance with anti-corruption and trade regulations.

4. **Planet:** in our pursuit of environmental stewardship, this section shows our commitment to environmental leadership and outlines the policies that guide our colleagues and partners, particularly those engaged in critical supply chains, towards minimizing our collective environmental footprint.

The Natura &Co Global Code of Conduct is readily accessible on all Business Units' intranet platforms and is available in 23 different languages. All associates (including our Board of Directors) within the company are mandated to complete annual e-learning sessions on the code. Notably, in 2023, 99.29% of the targeted users at Avon International and 96.95% at Natura &Co Latin America successfully completed the certification process. Additionally, the code is a focal point of our regular General Compliance training sessions, attended by management and above. These sessions, held annually across various countries, facilitate in-depth discussions on real compliance scenarios and foster a culture of ethical conduct.

Furthermore, we prioritize executive onboarding and compliance training for new hires, ensuring alignment with our ethical standards from the outset. All Directors and officers undergo rigorous screening and background checks upon recruitment, with further reviews conducted at each re-election to maintain shareholder approval.

Another notable initiative is the Workplace Behavior Training program, which saw over 2,300 participants in Brazil in 2023, spanning from Directors to frontline employees in Operations and Logistics. Meanwhile, 267 individuals involved with our microcredit and financial inclusion platform, Emana Pay, completed the Anti-Money Laundering e-learning training, representing 94.38% of the target audience. For Avon International, we had 236 associates training on General Compliance topics, in various countries.

Speak Up *Culture*

GRI 2-16, 2-25, 2-26, 205-1, 406-1

We are committed to cultivating a culture where individuals feel empowered to raise concerns or seek clarification on ethics and compliance matters, as exemplified by our Speak Up Culture initiative. Under the safeguards provided by our Global Whistleblower Policy, we encourage everyone to engage with their line manager or reach out to designated human resources, legal, or ethics and compliance partners regarding potential breaches of the Code of Conduct, encompassing internal policies, laws, or regulations pertinent to Natura &Co. For those who prefer anonymity, reports can be submitted online or via toll-free phone, 24/7, through the independent Ethics Line Help line, available in 23 languages.

Investigations into reports involving potential violations of the Code of Conduct are conducted by the Ethics and Compliance department, in direct consultation with specialized areas whenever necessary. We unequivocally condemn any form of retaliation against those who voice complaints and concerns. Complaints concerning third parties and suppliers are routed to the appropriate legal departments (except if involving our employees or related to potential human rights violations, in which case they are overseen by the Ethics and Compliance department), while issues involving Beauty Consultants or consumers are addressed through their respective channels. The efficacy of our work is assessed through an annual survey, aimed at gauging employees' perceptions of the Ethics and Compliance Program, as well as overall ethics and integrity within the company.

In 2023, the Ethics Line received 1,043 calls, each assigned to experienced professionals who conducted investigations in accordance with established protocols. These call were comprised of 802 reports and 241 conflict of interest disclosure forms. Conversely, violations of the Code were addressed by an internal management remediation committee (formed by Ethics and Compliance, Legal and Human Resources), with actions tailored according to the risk level for the company and local laws. Disciplinary measures, including termination of employment, may be implemented for employees found in breach of the Code.

Conflicts *of Interest*

GRI 2-15, 2-23

To prevent or mitigate conflicts of interest, the company implements and publishes a series of measures, including clear policy and procedure implementation. Natura &Co also promotes education and training on these policies, and has established committees to analyze cases involving Transactions with Related Parties. This ensures transparent record-keeping of all disclosures of possible conflicts of interest (real or apparent), isolation of involved parties, regular policy reviews, and fosters a culture of legal compliance, procedures, and, above all, the company's values.

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 conflicts via an online form, with evaluation handled by the Ethics & Compliance team, ensuring transparency and anonymity.

Training

GRI 2-24, 205-2

We communicate and offer training on our policies and procedures. In addition to the mandatory annual training on our Code of Conduct, which all employees, including the Board of Directors, are required to complete, we conducted specific training in 2023 for various segments of our workforce. This included specialized training on Respect in the Workplace for operational staff (2,300 people trained) and Money Laundering for Emana Pay employees (267 people trained).

Following the implementation of a new supplier registration process in 2022, specific training was conducted via webinars in Q1 2023. Participant selection considered areas with suppliers under due diligence, risk countries by Transparency International, and employee hierarchies.

Additionally, 523 managers and Directors were trained on ethics, compliance, anti-corruption, and government interaction.

Natura's role as Co-Chair of the ICC's Commission on Integrity and Corporate Responsibility was also given prominence, promoting business ethics and organizing events on corruption, transparency, compliance, and governance. Natura also acts as President of the Ethics Committee of the WFDSA (World Federation of Direct Selling).

Monitoring markets
and suppliers

GRI 205-1

Annually, we conduct assessments to evaluate ethics and compliance risks across operating markets, focusing on the efficiency of our antitrust, anticorruption, trade sanctions, and data privacy policies. These assessments involve interviews, questionnaires, and consideration of indicators such as fears of retaliation, high-risk expenditure, global investigation data, and Corruption Perception Index rankings from Transparency International. In 2023, we evaluated 16 countries in Latin America and in 36 other markets for Avon International.

Our suppliers are expected to uphold transparency and integrity, adhering to our Supplier Code of Conduct, Conflict Materials Position Statement, Critical Material Policies, Privacy Statement, and Responsible Procurement Guidelines. Through a meticulous due diligence process, suppliers undergo assessment using our integrity and reputation protocols upon selection, and every two years thereafter. In 2023, Natura &Co reviewed 510 suppliers and four resellers.

Following onboarding, suppliers receive ongoing support and training, with Avon International providing anti-corruption training to high-risk suppliers and Natura maintaining a committee to oversee next steps for flagged suppliers.

Political Contribution
reviews GRI 415-1

Natura &Co does not make contributions to campaigns, parties and/ or candidates during or outside electoral processes, in line with internal policy and no political contributions were made in 2023. The rule is valid for all operations. The Natura &Co Code of Conduct is explicit about this rule, adding that the company does not contribute directly or indirectly to political parties, movements, committees, political organizations or unions, their representatives, or candidates, except when required by applicable laws.

Charitable contribution reviews

In 2023, we reviewed 453 proposed donations to causes and charitable groups selected by our business units for their shared values, to ensure they uphold our ethical and human rights standards.

Enterprise Risk Management

At Natura &Co, we know the importance of implementing an effective Enterprise Risk Management system. This means identifying risks that could significantly impact our company's value or reputation, while also recognizing opportunities for growth.

One of our main challenges has been aligning risk management practices with our commitment to generating positive economic, social, and environmental results.

Risk management guidelines and methodology

We align with respected institutions for risk management guidance, integrating their insights while staying true to our values. Our adaptation process ensures synchronicity between our strategies, societal progress, and organizational ethos. Natura & Co's Enterprise Risk Management applies the guidelines of COSO (Committee of Sponsoring Organizations of the Treadway Commission), the Brazilian Institute of Corporate Governance (IBGC), and ISO 31000.

Internally, we have a Global Risk Management Policy (see Risk Management Policy for further details) and a Business Risk Management Procedure for each business unit. These methodologies do not represent a static or immutable document, so we continually update and adapt them.

In 2023, we moved forward with a comprehensive global manual called Risk Fundamentals. This manual provides a detailed overview of the methodology and ensures transparency and alignment at all levels of the organization's governance.

In Latin America, we updated our Enterprise Risk Management Procedure, emphasizing adjustments to increase the traceability of risks originating in the operating units, which can have material impacts on the organization, and to generate greater robustness in our risk management.

Our risk management structure follows the Three Line Model proposed by The Institute of Internal Auditors (IIA), which organizations widely recognize. In the First Line, the business areas, including subsidiaries and controlled companies, are directly involved in risk decisions, the day-to-day execution of risk management, and the implementation of business strategies. The Second Line acts in a guiding role, offering support to the business areas through functions such as Risk Management and Internal Control, Compliance, Regulatory, and Information Security. Its role is to provide tools and guidelines so First Line managers can effectively manage risks preventively. Finally, the Third Line, formed by Internal Audit, independently verifies the effectiveness of the organization's risk management, control, and governance model. It takes a more investigative approach, identifying possible flaws or areas for improvement in the risk management system.

To simplify and ensure seamless integration, Enterprise Risk Management focuses on identifying threats to organizational performance and preventing value-destructive events from slipping through the cracks. This involves vigilant monitoring and implementation of necessary mitigating measures and controls.

These activities are overseen at the operational executive level by the Chief of Internal Controls, Risk Management, and Internal Audit, who reports directly to the Audit, Risk Management, and Finance Committee.

Responsibilities encompass more than just overseeing the sufficiency of risk management processes and internal controls. They extend to assessing and monitoring our risk exposure, tracking management's efforts, and ensuring senior management remains well-informed about the efficacy of risk management processes.

In addition, the Audit, Risk Management, and Finance Committee, a representative body of the Board of Directors, guides business risk assessment, monitoring, and management. This Board defines the organization's risk management philosophy and provides incentives and organizational structures for appropriate risk management. It comprises seven non-executive members with experience in enterprise risk management (more information in the Corporate Governance section on page 26).

Our risk assessment methodology evaluates two vectors relating to potential adverse events that could impact our organization: the magnitude of their impact (on the financial and reputational outlook) and the probability of their occurrence. Risk management and prioritization are linked to the residual exposure of these adverse events, i.e., after considering the controls or actions implemented.

Reporting of risks is contingent upon the level of exposure of the business, as outlined below:

Level of Exposure to the Risk	Sharing and Monitoring Forum
4. Severe	Board of Directors, Audit, Risk Management and Finance Committee, and Executive Leadership
3. High	Audit, Risk Management and Finance Committee, Executive Leadership, and Vice-Presidencies re-sponsible for the Business Units
2. Moderate	Officers responsible for the Business Units
1. Low	Officers responsible for the Business Units



Part of the artwork "Eussência" by Nicole Tomazi at Natura´s plant in Cajamar, Brazil; a "Garden of Bottles" that reused 1,500 bottles of Natura fragrances

Risks and *Risk Factors*

Natura &Co assesses risks and their associated factors based on four principles. We do not accept risks that could compromise these principles:

- **Sustainability:** A perpetual commitment to sustainability. We adopt circularity and regeneration practices to address the climate crisis and protect the Amazon, aiming to reduce greenhouse gas emissions, water consumption, pollution, solid waste, deforestation, overconsumption, and our environmental footprint.

- **Human Rights:** We are committed to continuously defending human rights and promoting gender equality, including ensuring fair and equitable remuneration, especially for our essential network of relationships crucial to the success of our business.

- **Growth:** Maintaining, modernizing, revitalizing, and improving our brands is essential to expanding our consumer, suppliers, and consultants' work.

- **Compliance:** Compliance with the Code of Conduct and regional and local laws and regulations in jurisdictions where the group operates and conducts business.

As a publicly traded company listed on the Brazilian Stock Exchange (B3) since 2004, we are subject to the Brazilian Securities and Exchange Commission (CVM) regulations. Until 2023, we were subject to the rules of the Securities and Exchange Commission (SEC) (as announced in the Material Fact of January 18, 2024), which requires the annual submission of the Reference Form (20F).

Both forms include a crucial section, Risk Factors, designed to compile information that provides a comprehensive and descriptive understanding of the elements that may impact our company. This practice not only promotes transparency but also safeguards the interests of stakeholders by enabling a more informed and accurate assessment of the organization's situation. This report also includes a section on internal controls, which presents the results of our control environment, which is audited by independent external auditors.

Below, we highlight some of our organization's leading risk factors based on residual risk exposure. For a comprehensive summary of our risk factors, please explore our Reference Form here.

Climate change also poses a significant threat, giving rise to transition and physical risks that could adversely affect our operations. This prompts diligent monitoring in alignment with the

Task Force on Climate-Related Financial Disclosures (see page 62 for further details).

1. **Cyber Threats**

   Companies that use technology and virtual environments intensively face various cybersecurity risks, such as attacks via third parties, malware infection, and unauthorized access to confidential data. These threats can result in business losses, information theft, and reputation damage, demanding ongoing evolution of techniques to prevent, detect, and respond quickly to attacks.

   Natura &Co adopts a series of mitigation measures overseen by The Chief Information Security Officer (CISO) as leader of the Cyber Hub. During 2023, the team continued to provide strategic direction, assurance, operational services, and improvements to all our business units. Our governance continued to progress, with the CISO frequently reporting to the Board of Directors directly or through the Cybersecurity Subcommittee, which reports to the Audit, Risk Management, and Finance Committee.

   The meetings are chaired by Andrew McMaster, an independent director and member of the Audit, Risk Management, and Finance Committee, who has extensive experience in leading technology and organization improvement programs.

In addition, each Business Unit maintains a dedicated Cyber Board overseen by a senior Business Information Security Officer. These Boards are supported by a mature risk management structure linked to the Enterprise Risk Management Framework.

We have adopted a Global Cybersecurity Program, and over the past two years, since implementing this global framework, several initiatives have been undertaken, including the adoption of market-leading solutions, review and creation of new processes, and structuring of teams with defined responsibilities and clear operational models. These actions have enhanced our security level in the control environment based on NIST CSF. In 2023, we updated our Information Security Policy and published new technical security standards.

We also completed updated mandatory training for all staff, including regular phishing testing. Our improvements in cybersecurity maturity have been independently assessed using the National Institute of Standards & Technology (NIST) Cyber Security Framework.

In 2023, our advances in cyber maturity were once more propelled by strategic investments in new technologies and processes. We highlight the Cyber Incident Exercise up to the Board of Directors level to strengthen our capacity to respond to

the most critical incidents and test our Business Continuity Plans. In addition, new automation and integrations to the new identity and access management platform guaranteed further efficiency in this process. The expanding the Security Operations Center and Vulnerability Management Service has reduced the number of known vulnerabilities and the company's overall security stance. We have also enhanced protection in various other technologies, allowing a safer and more trusted environment for all the company's operations.

2. **Tax Burden**

Our main economic activities currently originate from Brazil, where a complex tax system is undergoing changes; recently, the Brazilian tax reform was approved. The full impact of this reform on our organization remains to be determined and depends on the regulations being finalized. We diligently follow this process to measure eventual increases in our business' tax burden, always envisioning fair taxation. The transition to the new Brazilian tax system will be gradual, with implementation expected between 2026 and 2030.

We conduct thorough evaluations of the potential financial impacts and devise strategic business measures to position the business accordingly, following the regulatory and legal contexts. To ensure compliance with all tax obligations, we maintain a dedicated team of specialists who closely monitor and interpret new regulations and guarantee their implementation and compliance.

3. **Macroeconomic and Geopolitical Conditions**

Uncertainties in macroeconomic and geopolitical conditions, along with prolonged and accentuated inflationary pressures, an increase in unemployment, and a decrease in purchasing power, can affect consumers' demand for our products and impact our sales and/or operational profitability.

We believe that dealing for many years with market conditions involving economic and political instabilities has enabled us to operate and develop our business successfully.

We maintain vigilant oversight of the political and economic landscape across all our countries, weighing the risks and rewards associated with each location. This assessment remains connected to our commercial strategy, tailored to accommodate each market's unique characteristics. To bolster resilience, we implement various measures to diversify our investments and operations, minimizing vulnerability to adverse events in any particular market. We implement solid enterprise risk management practices, continually monitoring external events linked to the subject.

4. **Litigation**

We are currently engaged in various legal proceedings in the geographies where we operate and may encounter additional ones in the future. Companies operating in our market segment

face litigation risks involving civil, administrative, environmental, labor and employment, taxation, commercial sanctions, and sanitary compliance. The high litigiousness, uncertainty, and volatility in the regulatory landscape in the countries where we operate can affect favorable outcomes and our financial standing due to possible adjustments in the provisions. We diligently and continuously review and update these provisions to reflect judicial decisions, counting on the support and analyses of top-notch law firms to safeguard the company's rights.

We have legal expertise areas organized by subjects that, among other responsibilities, promote orientations about the detailed standards in regulations and specific and relevant laws to fulfill their purpose. In addition, our legal and regulatory teams monitor and revise our practices to ensure, preventively, that we are aligned with the laws applicable to our organization.

Furthermore, we proactively conduct thorough root-cause analyses of significant legal disputes and implement action plans to mitigate risks and minimize liabilities. We use a casuistic approach to cases, agreements policies, and mediation to avoid and diminish our litigiousness index.

- **Data Privacy**
  The company's operations are increasingly dependent on IT and data management systems, particularly with the advances of digitalization, the growing adoption of artificial intelligence (AI), and the large-scale collection and processing of personal data. These characteristics are common in business models such as ours and can expose the organization to various risks, such as breaches of personal data and sensitive information, as well as potential misuse by malicious third parties.

  Privacy and security function together at Natura &Co to demonstrate our commitment to the responsible collecting, using, caring for, and protecting personal data under applicable laws and our ethical values. Privacy and data protection are embedded as fundamental enablers to the future growth of our business.

  We embarked on a unified Global Privacy and Data Protection Program in 2022, per the GDPR (General Data Protection Regulation) in the European Union. This program not only meets regulatory requirements but also incorporates measurement tools to demonstrate compliance effectively across the company's entire operations, including suppliers.

  The company's Data Privacy function is led by our Chief Privacy Officer and Group Data Protection Officer, who is responsible for defining and managing our strategic approach to privacy, which incorporates the principles of lawfulness, fairness and transparency, purpose limitation, data minimization and accuracy, integrity, confidentiality and storage limitation, and accountability to be embraced by the whole company.

Additionally, Natura &Co's Privacy Program, Policy, and Standard benchmarked the highest score possible within its sub-category in the Household and Personal Products sector in the S&P Global Corporate Sustainability Assessment for 2023. A series of initiatives are underway to support our strategic vision alongside continuous monitoring of the regulatory environment, particularly concerning legal frameworks and enforcement trends related to privacy and artificial intelligence. Audit and monitoring programs are in place to ensure we meet applicable regulatory requirements, such as automated and manual tools, third parties, and internal control functions, including internal audit.

Additionally, climate change is a relevant threat, posing transition and physical risks that could adversely affect our operations, requiring diligent monitoring in line with the Task Force on Climate-Related Financial Disclosures or TCFD (more details on page 62).

For a full summary of our factors risk, please consult our reference form available here.

Advocacy

Engaging in system
system level change

In this decisive decade, as we grapple with the challenges presented by threats to nature, climate change, injustice and inequality, we remain firmly committed to the belief that people around the world can unite and harness their collective power as a force for good. Recognizing the urgency of this moment in history, we are focused on both addressing sustainability within our own business operations, and also actively advocating for system-level change.



Principles Underpinning our *Approach to Advocacy*

To help us use our power and our voice to push for system change we have adopted five principles to guide our advocacy strategy:

Authenticity. Building a strategy based on clarity of where we've come from and where we are right now, embracing transparency. Ambition. Setting stretch goals based on what is needed rather than being limited by what feels possible and being held accountable to those goals.

Agency. Supporting employees, customers, and supply chain partners to understand the issues and find ways to do something about them.

Activism. Engaging with social movements.
Allyship. Partnering through alliances and amplifying the voices of others through our platform, especially those who otherwise would not otherwise be heard.

To learn more about these principles, you can review the HBR article 'Designing a Climate Advocacy Strategy' which we co-authored with friends at Patagonia and Ecosia.

Establishing *our Priorities*

Guided by these principles, our approach involves taking a principled stance on important issues which are directly connected to our business.

Nature and Climate: We champion the The Kunming-Montreal Global Biodiversity Framework and partner with Business for Nature, Taskforce for Nature-related Financial Disclosures (TNFD), Zero Hour and many others who are focused on the importance of taking action on nature. We use Science-Based Targets to accelerate the race to net zero. We engage in discussions on the future of offsetting linked to nature-based solutions, and actively support initiatives like The Earthshot Prize.

Inclusion and allyship: We champion stakeholder governance with our partners at B Lab. We advocate for gender equality alongside our partners at UN Women and She Changes Climate.
Future of the Beauty Industry: We directly engage in industry initiatives focused on building a positive future for the beauty sector. We are members of the B Corp Beauty Coalition, EcoBeauty Score Consortium and Cosmetics Europe. We also believe in the importance of building regenerative business models and have supported the work of UEBT and the development of their regeneration certification.

Business with purpose

To enable these priorities to come alive, we recognized the transformative potential of people's collective power and explored and experimented with activations designed to mobilize people in our business. By doing so, we positioned ourselves as a movement of people ready to join forces with others and advocate for change in where our impact could truly make a difference.

Taking Action: Our Focus on collaboration

Recognizing advocacy's focus on systems-level change, our strategy is based on working in partnership both internally and externally to create a critical mass for widespread change. Internally, we've streamlined processes to enhance collective action through information-sharing systems such as regular news updates and 'Ask Me Anything' sessions with our partners. Our internal advocacy also involves communicating our new goals and co-creating learning programs.

Externally, we influence change through strategic partnerships, backing campaigns and coordinated event presence which link to opportunities to advocate for positive change in policy and culture. Connecting with policymakers, trade associations, and NGOs helps drive the necessary regulatory shifts, while sharing our views in the media contributes to the amplification of new norms, raises awareness, educates consumers, and guides



**Liliane Oliveira and Leidiane,
Natura Beauty Consultant,
São Luís, MA - Brazil**

meaningful engagement for cultural change. In addition to the organizations listed above, we are proud to stand alongside the work of the United Nations Global Compact, the World Business Council for Sustainable Development (WBCSD), B20 India, We Mean Business Coalition and the B Team.

Places where we engaged in 2023

We participated in both London Climate Action Week and New York Climate Week. Our CEO, Fabio Barbosa, served as a panel speaker, discussing strategies to mobilize business ambition and investments towards the Sustainable Development Goals. Another highlight of the New York Climate Week was the launch of the Taskforce for Nature-related Financial Disclosures (TNFD) framework, which was a particularly important moment for us as early adopters of TNFD and participants in its development. We engaged in many B Corp connected events including B for Good Leaders and Encuentro +B. We provided guest lectures at many global institutions including Schumacher College, University of Oxford and University of Cambridge.

During COP 28, we stood alongside a diverse, growing coalition of over 800 leaders calling on Sultan Al Jaber and all parties to deliver a 1.5C aligned outcome in response to the Global Stocktake. We also used COP 28's stage to present Natura's 2050 Vision whose fundamental principle is the search for regeneration and positive impact, the idea that a company must regenerate systems, society and the environment. Natura believes the concept of sustainability is no longer sufficient to address the restoration of what has already been degraded by human action.

Campaigns we backed in 2023

We supported the following key campaigns in 2023: Fossil to Clean campaign, Zero Hour campaign, B Lab Stakeholder Governance campaigns (UK Better Business Act, EU Interdependence Coalition, Global B Movement Builders Stakeholder Governance), signed the letter backing the International Sustainability Standards Board, and Natura &Co team members joined Queue for Climate and Nature.


Sustainability

Sustainability continues to be the cornerstone and guiding star of Natura &Co's purpose. With environmental concerns mounting and the urgency to address climate change intensifying, continuing our work, as we evolve and push the boundaries of our sustainable practices is imperative. This section of the report explores the importance, challenges, and progress of sustainability within our organization. By analyzing data and insights, we aim to highlight the pivotal role of sustainability in shaping our organizational values and societal impact, giving an update on our goals since 2022. From conserving resources to engaging with communities, we'll assess current initiatives and outline a path toward a more sustainable future.

Materiality

GRI 3-1, 3-2

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. Although our priority issues may not significantly change year-to-year, the assessment 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' perception.

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 in the validation phase. Furthermore, we used external frameworks, analyses of competitors' materiality, ratings, rankings, risk frameworks, and internal interviews.

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 three key clusters of issues related to climate change that are considered instrumental in achieving our Commitment to Life vision.

Our material topics

Systematic Change

- **Climate Action**

2. Societal and Environmental Impact

- **Nature regeneration:** Addressing biodiversity, promoting regeneration, combating deforestation.
- **Social regeneration:** Upholding human rights, tackling poverty

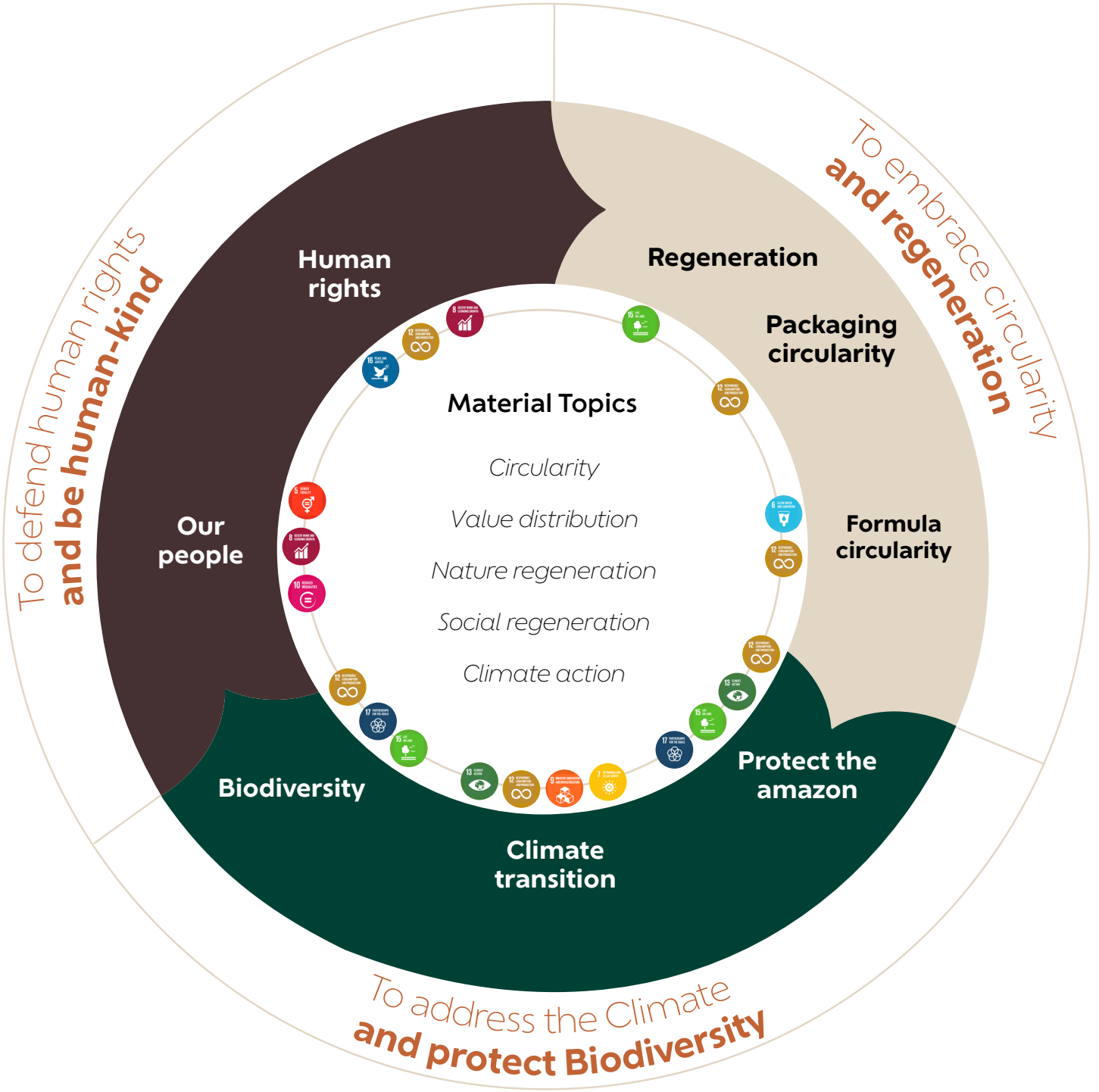
3. Value Chain Engagement

- **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.

To find out more about material topics for Natura &Co Latin America, please refer to the ESG Scorecard.

Connected *global challenges*

At Natura &Co, our material topics and Commitments to Life are linked to the 2030 Agenda and the Sustainable Development Goals.



Commitment to life

GRI 2-23, 2-24, 2-25

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.

During the last three years we have made significant progress in our commitments and it is rewarding to see that they remain steadfast: aligning with the urgent needs of our planet and its people by addressing the climate crisis, protecting human rights, and building a circular and more regenerative economy. Taking into consideration the targets we have already achieved and the changing landscape, in 2023 we reviewed our Commitment to Life targets, keeping in line with our materiality assessment.

Year 3 results

Starting from 2023, the reported data now encompasses the consolidated performance of both Natura &Co Latin America and Avon International. For further information on Business Unit specific goals, performance and initiatives, refer to the Natura &Co Latin America (pag. 76) and Avon International (pag. 165) chapters of the Integrated Report.

Natura &Co´s Commitment to Life: targets, metrics and status

Goals	Commitment to Life Target	Target deadline	Natura &Co 2023 status
Climate Transition	Become Net zero, delivering 1.5°C in line with 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, refer to pages 61
	Deliver our Science Based Targets for scopes 1, 2 and 3	2030	In May 2023, the Science Based Target Initiative (SBTi) ap-proved our near-term target, committing to reduce our ab-solute scope 1 and 2 GHG emissions to 42% by 2030 from a 2020 base year, and 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 to 42% by 2030 from a 2020 base year, align-ing with the Paris Agreement 1.5ºC trajectory. For further information, refer to pages 60 and 157.
Protect the Amazon	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 spend 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 Ama-zon Cause (Causa Amazônia Viva)	2030	62 million people

Goals	Commitment to Life Target	Target deadline	Natura &Co 2023 status
Biodiversity	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. For further information refer to page 142
	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.
Our People	Maintain 50% women at Natura &Co senior leadership population from end of 2023	-	49.3%
	Equitable pay, no unexplained gender pay gap from 2023	-	-0.74%[1]
	30% inclusion, of management to be from under-represented communities	2030	In 2023, both Business Units ran their second diversity and inclusion surveys and data mapping began to define underrepresented communities which will include race and ethnicity, LGBTQIAP+, 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. For further information refer to pages 71 and 124
	At least living wage for all from 2023	2027	100%[2]
Human Rights	Full traceability and/or certi-fication – Palm Oil	2025	Certification - 87.9%
	Full traceability and / or certification – Mica [1]	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%
	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 this foundation of our Human Rights statement, in 2023, we embarked on a journey to enhance our approach, aligned with the United Nations Guiding Princi-ples of 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. For further information refer to page 40.

[1] Data reflects the results of our annual pay equity study. For more information on the methodology, see pages 90 and 91 here.
[2] The parameter comprehends the necessary income for a person to be able to meet basic needs such as food, rent, health, education,l and among others. The calculation takes into account guaranteed payments and food vouchers. All employees with regular contracts in the base year 2023 are taken into account, except interns and young apprentices.

Goals	Commitment to Life Target	Target deadline	Natura &Co 2023 status
Packaging Circularity	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 suita-ble recycling infrastructure does not exist	2030	In 2023 Natura &Co started a partnership 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.
Formula Circularity	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 and 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 to consider local value chains within different geographies and their respective impacts on carbon, land use, water and others. For further information refer to page 73.
Regeneration	Work in partnership to build awareness, capability and regenerative solutions which transform systems and deliver positive envi-ronmental and social im-pact, 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. For further information refer to page 75.
	30% of key ingredients to be produced using regenera-tive practises (veri-fied/certified by external third party)	2030	
	100% of communities/small producers to adopt ethical biotrade and regenerative practices to produce our key ingredients	2030	



To address the Climate Crisis and *Protect the* Biodiversity

Climate Action: Paving the way to Net zero

Our Commitment to Life vision set ambitious targets regarding climate transition in 2020: achieving Net zero[1] emissions, aligning with the Science Based Target Initiative (SBTi) 1.5°C criteria, and setting science-based targets for scopes 1, 2, and 3 emissions for the short-term. This decarbonization journey demands collective efforts.

Achieving the goal of limiting global warming to 1.5°C necessitates a substantial reduction in greenhouse gas (GHG) emissions, amounting to 90% by the year 2050. To date, we have set our science-based target for the short-term, we have established the baseline and we have mapped the sources of our emissions. In May 2023, the Science Based Target Initiative (SBTi) approved our target, committing to reduce our absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2020 base year, and 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 to 42% by 2030 from a 2020 base year, aligning with the Paris Agreement 1.5ºC trajectory.

[1] **Zero net greenhouse gas (GHG) emissions, as defined by the Global Compact.**

We have been working on our Climate Transition Action Plan (CTAP)[2], 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. We are exploring all avenues for enhancing efficiency in manufacturing facilities and procuring renewable energy as well addressing alternatives for refrigerant gases. 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 each workstream, we are establishing guidelines to contribute to the 42% reduction target. To achieve the reduction needed, it is important to have engagement at the supplier and value chain levels and evaluate different low carbon scenarios. The established goals are adopted by our business units and are working on CTAPs with the same workstreams, but, in 2023, we published more ambitious and specific goals for Natura &Co Latin America, considering the relevance and presence of operations in the region and the urgency to accelerate a transformation agenda related to climate and biodiversity.

Over the past three years, our primary challenge has revolved around understanding the impact of scope 3 emissions, which account for over 96% of our total emissions. Thus, we are actively mapping and engaging with our suppliers to develop an action plan, identifying emissions and determining key focus areas for the coming years.

Climate change also factors into our compensation strategy for our top five employee grades. Our executives are compensated with a fixed monthly salary and direct and indirect benefits. Their variable compensation combines short and long-term incentive plans, linked to the achievement of purpose-driven results. Our Long-Term Incentive is expressed through our Performance Share Units (PSUs) Plan, which incorporates a Carbon Emission Intensity Reduction KPI. 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. This KPI, aligned with our 2030 Commitment to Life sustainability vision, measures 30% of the PSU award, reflecting a set of science-based targets for a 1.5°C pathway, encompassing both direct and indirect emissions. In 2022, as anticipated, we also started compensating our management for meeting the targets related to our 2030 Commitment to Life. All metrics are measured from point to point, and we plan to conclude the first results cycle by the end of 2024, covering the period from 2022 to 2024. Additionally, we have established a second three-year cycle spanning from 2023 to 2025.

[2] Natura &Co Latin America Climate Transition Action Plan to be released May 2024.

Achieving Net Zero Target Step by Step

Natura &Co Latin America and Avon International are addressing the challenges and detailing the journey from 2030 to 2050 towards Net Zero emissions. For Avon International, the initiatives include switching from air to sea freight, using recycled (less carbon intensive materials), sourcing certified materials / ingredients, reducing packaging weight and reducing brochure pages and digitization. Check out the table below and the following pages for a summary of our processes and management practices related to management, governance, strategy and monitoring of climate-related risks and opportunities.

For Natura &Co Latin America, one of the key strategies to reach our Net Zero target involves leveraging the Second Wave of our program aimed at synergizing operations between Natura and Avon.

Main actions

- **Utilizing Carbon Accounting Software:** To enhance our carbon management efforts, we have adopted a carbon accounting software tool developed by Sinai, a start-up specializing in carbon management solutions. This tool enables us to calculate internal carbon pricing and prioritize CO2 reduction projects effectively, empowering us to make informed decisions towards achieving our Net Zero target.
- **Procurement Initiatives:** Our procurement teams are actively engaged in selecting low carbon suppliers and identifying opportunities to minimize their environmental footprint. Collaborations with suppliers have already yielded positive results, such as one supplier transitioning to furnace fuel, thereby reducing the CO2 impact on fragrances.

By implementing these steps, we are making tangible progress towards our Net Zero goal, demonstrating our commitment to sustainability and responsible environmental stewardship.

Task Force on Climate-Related Financial Disclosure at Natura &Co

We are committed to continue adoption and alignment with the recommendations of the Task Force on Climate related Financial Disclosures (TCFD). This year, we have chosen to report against the TCFD recommendations on a 'comply or explain' basis. This disclosure is a step on our journey to better manage and respond to climate-related risks and capitalise on climate-related opportunities. 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.

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.

For more information please refer to the Sustainability Compedium, to be launched in May 2024. Other details specific to Latin America are available in the Databook and the ESG Scorecard.

Pilar	TCFD Recommendation	Status	Details and references
GOVERNANCE Disclose the organization's governance around climate-related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities.	Partially Comply	Refer to the Sustainability Compendium (to be released May 2024) for further information Explain ·The Board sub-committees need to define the appropriate frequency to convene to discuss and address climate-related issues. · 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.
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Partially Comply	Refer to the Sustainability Compendium (to be released May 2024) for further information Explain ·We expect to develop processes by which management will be informed about climate-related issues and will monitor them over time. ·We also hope to better articulate the ways in which management positions and committees report to the Board.
STRATEGY 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.	a) Describe the climate-related risks and opportunities the organization has identified over the short-, medium- and long-term.	Comply	Refer to the Sustainability Compendium (to be released May 2024) for further information
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Partially Comply	Refer to the Sustainability Compendium (to be released May 2024) for further information Explain ·In 2024, Natura &Co will conduct a thorough analysis to quantify the financial impacts of climate-related issues on its financial performance, including potential revenue and cost variations. In 2023, we conducted a qualitative climate scenario assessment. ·Natura &Co plan to integrate climate-related considerations into our financial planning processes in future, ensuring a strategic alignment with our sustainability goals.
	c) Describe the resilience of the company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Comply	Refer to the Sustainability Compendium (to be released May 2024) for further information

Pilar	TCFD Recommendation	Status	Details and references
RISK MANAGEMENT Disclose how the organization identifies, assesses, and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks.	Comply	Refer to the Sustainability Compendium (to be released May 2024) for further information
	b) Describe the organization's processes for managing climate-related risks.	Comply	Refer to the Sustainability Compendium (to be released May 2024) for further information
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Comply	Refer to the Sustainability Compendium (to be released May 2024) for further information
METRICS AND TARGETS Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Partially comply	Refer to the Sustainability Compendium (to be released May 2024) for further information Explain · 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. · 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.
	b.) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Comply	Refer to the Sustainability Compendium (to be released May 2024) for further information
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets..	Comply	Refer to the Sustainability Compendium (to be released May 2024) for further information

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 Intergovernmental Panel on Climate Change (IPCC), International Energy Agency (IEA) and Network for Greening the Financial System (NGFS) scenarios which reflect the spectrum of potential outcomes including ambitious , middle of the road and high warming 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 group's commitment to Net zero by 2050.

[1] The 'ambitious' scenario pathway reflects a Paris-aligned scenario, where global CO2 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.

Our climate-related financial disclosure GRI 201-2

Address the climate crisis is at the heart of our Commitment to Life, and Natura &Co recognises 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 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.

For further information on Corporate Governance refer to pages 27,28,29 and 88;

Risk Management refer to page 40;
Commitment to Life refer to page 56.

The full TCFD disclosure can be found in the Sustainability Compendium (to be released May 2024).

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
• Beginning of development of project aimed at driving greater integration of climate-related risks and opportunities into the global risk matrix.	• Analysis conducted in 5 pairs. • Documentary investigation of the consumer goods sector. • Analysis of failures related to the TCFD recommendations.	• Involvement in company functions. • Execution of interviews with stakeholders throughout Natura &Co and its subsidiaries. • In-depth knowledge of exposure throughout the value chain.	• Risk Analysis and Opportunities. • Identification of extensive list of risks and opportunities. • Validation of risk with the main stakeholders through workshops.	• Finalization of a reduced list of climate-related risks and opportunities. • Qualitative assessment of reduced list in 2024.	• Conduct a quantitative assessment of the priority climate-related risks and opportunities to calculate the possible financial impacts.
Physical risks assessed	5 pairs assessed	24 interviews conducted	191 climate-related risks and opportunities were considered	27 risks and opportunities	

Climate resilience

Taking into consideration the climate risks and opportunities identified, Natura &Co and its brands are actively developing their resilience to combat deeper exposure and realise the opportunities presented.

We understand that as climate becomes increasingly unstable, particularly under warmer temperatures, our supply routes will become more pressurised, availability of key ingredients may be compromised, and demand trends may change as climate change plays a larger factor in buying habits. We have underway several climate resilience projects to improve our resilience to these risks, and to align our products with a greener world. For further information on these projects, refer to page 156.

Task Force for Nature-Related Financial Disclosure

Since 2020, Natura &Co has actively participated in discussions leading to the launch of the Task Force for Nature-Related Financial Disclosures (TNFD) Framework, and Natura is one of the early adopters of this framework.

This framework, designed to complement and expand upon the existing disclosure framework established by the Task Force on Climate-related Financial Disclosures (TCFD), provides organizations with guidelines to disclose information pertaining to climate-related risks, opportunities, and financial impacts. By aligning with both the TCFD and TNFD frameworks, we are reinforcing our commitment to transparency and accountability in addressing both climate and nature-related challenges, thereby advancing the transition to a greener and more resilient economy.

A recent study conducted by the Task Force on Nature-Related Financial Disclosures (TNFD), unveiled during the New York Climate Week, has underscored the escalating demand for nature-related data. In response to this growing imperative, we have joined forces with 11 other organizations to assess the feasibility of establishing a global nature-related public data facility. This initiative will initially focus on enhancing the availability, quality, and comparability of data regarding the state of nature. 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. We are working on the pre-Locate phase of the LEAP methodology (Locate, Evaluate, Assess, Prepare) and by mid-2024, we will have completed the Locate phase. For further information refer to the Natura &Co Latin America section, in page 76.

Biodiversity and deforestation

Natura &Co strongly believes in the importance of championing for nature. As a business with deep roots in the Amazon, we understand the extraordinary value of nature, to individuals, communities, business, and society at large, as well as the threat it is facing. Amazônia plays a vital role in all of our futures. As the planet's largest storehouse of carbon, its greatest source of biodiversity, and home to 30 million people whose traditional cultures, rights, and livelihood depend upon it, it must be protected. It's important to emphasize that economic development and forest conservation are not mutually exclusive. Biodiversity loss is now one of the greatest threats to both climate change and the global economy, and the fate of the Amazon rainforest is not solely a regional issue for Latin America; rather, it is undeniably a concern of global proportions.

Driven by the urgent imperative to halt and reverse nature loss within this decade, thereby paving the way for a nature-positive future, Natura &Co has taken proactive steps. We've collaborated with like-minded organizations to advocate for an ambitious Post-2020 Global Biodiversity Framework at CBD COP15 in Montreal. Subsequently, we've maintained our engagement with key entities such as Business for Nature and Union Ethical BioTrade (UEBT) to advocate for the adoption and implementation of nature policies at both governmental and corporate levels.

To defend **Human Rights** *and* **be Human-Kind**

Human Rights

From compliance to due diligence

Transitioning from a compliance-focused approach to a comprehensive due diligence strategy is pivotal in safeguarding human rights across our operations and supply chain. In 2021, our Board of Directors endorsed a Human Rights statement, emphasizing the necessity of robust human rights due diligence, including providing access to effective remedy, informing our approach with the perspectives of external stakeholders as well as potentially affected rights holders and communicating the outcomes of putting our human rights approach into practice.

Building upon this foundation, in 2023, we embarked on a journey to enhance our approach, aligned with the United Nations Guiding Principles of Human Rights. This evolution led us to commit to an ambitious target: by 2027, we aim to identify, prevent, and mitigate human rights risks across our supply chain and operations.

To bolster our efforts, we are developing dynamic in-house risk mapping and targeted assessments of identified blind spots. Our methodology is building on compliance audits towards a holistic



approach, emphasizing shared responsibilities, system thinking, and stakeholder engagement in solution co-creation.

We prioritize the inclusion of rights holders in all stages of initiative design, implementation, and evaluation, supported by robust grievance mechanisms. Where harm occurs, or is likely to occur, we commit to remediation and leveraging our influence to drive positive impacts, such as gender-based violence initiatives in palm oil extraction and promoting living incomes in critical material mining areas. We believe, as a group, that everyone should feel safe speaking up. Employees and service providers have access to the Natura &Co Ethics Line, our Global Code of Conduct for employees and the Global Code of Conduct for Suppliers. These documents outline rules regarding human rights issues in practice, highlighting the significance of raising concerns and seeking guidance on business ethics and integrity, which are integral components of our values.

Women's rights are human rights

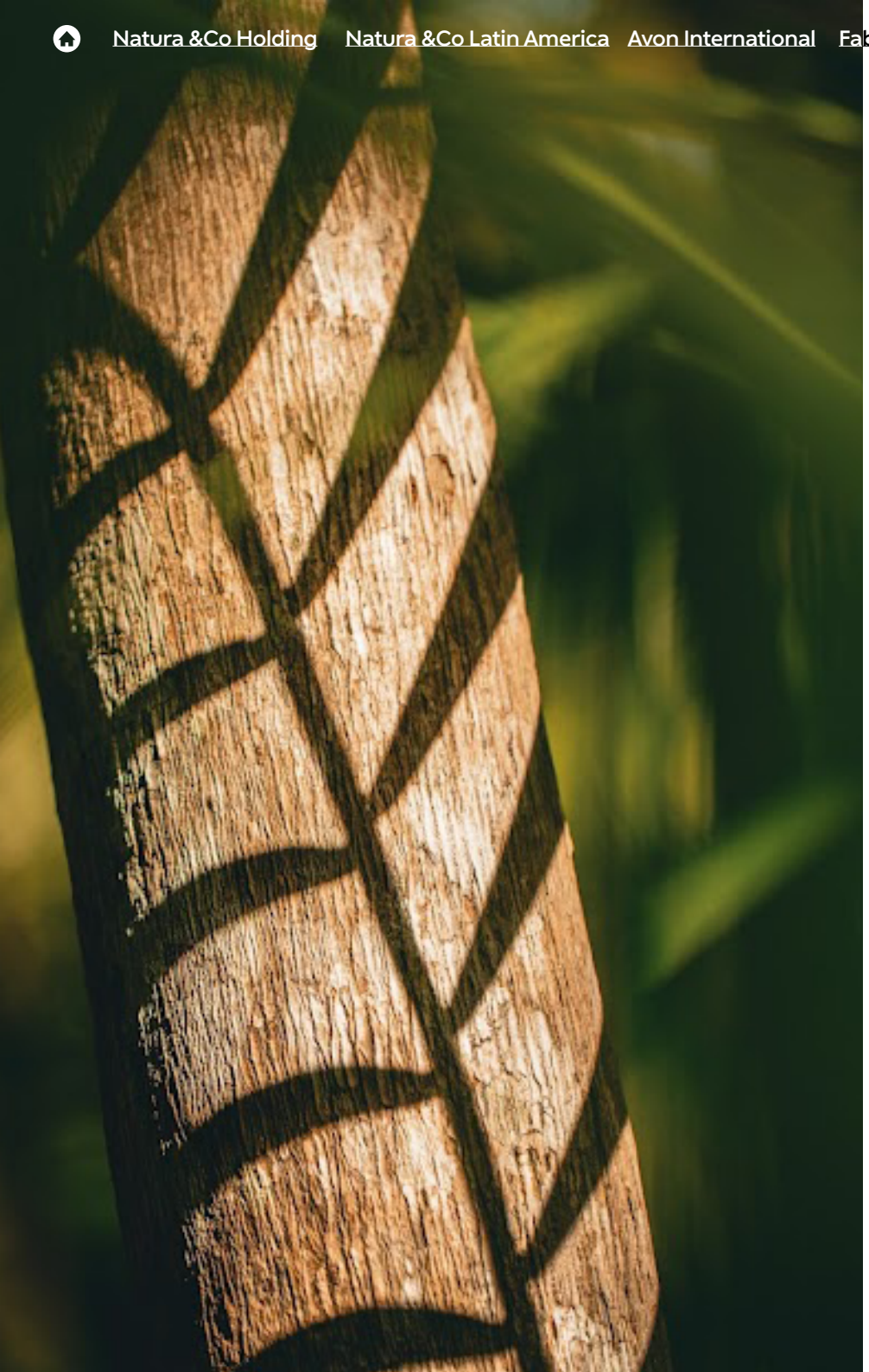
In the realm of direct selling, particularly in an industry predominantly composed of women who often engage with strangers, several risks related to human rights can emerge. These risks may include safety concerns, violence or coercive control.

To address these risks and enhance our commitment to women's rights as human rights, we have partnered with external consultants to conduct a comprehensive assessment. This includes:

- Benchmarking against peer companies to identify best practices and areas for improvement.
- Evaluation of existing commercial controls and due diligence mechanisms.
- Providing recommendations to strengthen business-led due diligence efforts.

In addition, we are establishing a robust human rights governance structure to foster group-wide accountability and improve record and data management. This includes appointing business unit sponsors and implementers to integrate human rights considerations into commercial functions, leveraging our resources to enact meaningful change and ensure the safety and well-being of all individuals involved in our direct selling operations.

Critical material certification as a strategic opportunity
Certification serves as a strategic opportunity for Natura &Co, allowing us to address social and environmental risks across our supply chains while fostering transparency and accountability. Here are some key points regarding our certification efforts and strategic initiatives:



- **Due Diligence Target:** We have established group-wide policies and action plans to address risks associated with six materials; palm, mica, alcohol, soy, cotton, and paper. These plans include specific traceability and certification requirements, with annual milestones set to achieve our targets.

- **Certification Achievements:** In 2023, we made significant progress, achieving 87.9% certification for palm oil and 81.2% for paper.

- **Strategic Opportunities:** We have identified strategic opportunities to support certification efforts. For example, we fund initiatives to promote environmental and human rights improvements in palm-producing regions such as in Indonesia via Kaleka, a non-profit organization that works with management of sustainable sourcing, conservation and restoration, agri-food systems, community development and environmental and social governance.

- **Industry Partnerships:** Natura &Co Latin America and Avon International are active members of industry-specific organizations such as the Roundtable on Sustainable Palm Oil. Avon International is a member of Action for Sustainable Derivatives, and the Responsible Mica Initiative. These partnerships help increase transparency and promote ethical practices in our supply chains.

- **Gender-Based Violence Initiatives:** Through partnerships with organizations like Her Respect, we are addressing gender-based violence in our supply chain. We provide education, training, and interventions to empower women and safeguard their rights and dignity.

Overall, our certification efforts and strategic initiatives support our commitment to sustainability, ethical practices, and the well-being of our stakeholders across the supply chain.

Diversity and Inclusion:

Focus on underrepresented groups

Natura &Co's commitment to diversity and inclusion is a fundamental aspect of our sustainability vision, with a focus on underrepresented groups and the promotion of equity across all levels of the organization.

We have made significant progress in achieving gender parity in leadership positions. We reached our target of women representing at least 50% of the senior team one year early in 2022. Due to a significant simplification of the company during 2023, which significantly reduced the number of employees, we ended the year at 49.3%, just below our target. Within our new, more simplified structure, this percentage drop from 2022 is the equivalent of a single headcount, however we recognize that our work here is not done. We aim to achieve at least 50% by the end of 2024 and to do so, we are continuing to focus on attracting and developing women at all levels in the business.

Recognizing Natura &Co's social achievements, we proudly reached our goal of providing a living wage for all employees across Natura &Co in more than 53 countries. This commitment extends beyond the notion of a minimum wage, embracing a comprehensive understanding of a dignified life that includes access to food, water, housing, education, healthcare, transportation, and other essential needs. Our approach reflects a deep commitment to improving the quality of life for our employees and their families, thereby contributing to the construction of a more equitable society. Natura &Co also maintained its commitment of closing its unexplained pay gap between men and women for the group. We are also committed to achieving 30% inclusion of underrepresented groups across managerial levels and business units.

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.

We engage employees through diversity surveys in all markets where we operate, with high participation rates exceeding 55%, reflecting an increase in participation compared to FY22 when

we conducted our first diversity survey. These surveys help us gather feedback and insights to continuously improve our diversity and inclusion initiatives.

Overall, our commitment to diversity and inclusion extends beyond rhetoric to tangible actions and initiatives aimed at creating a more equitable and inclusive workplace for all.

For further information about our actions related to Human Rights refer to Natura &Co Latin America in page 76 and Avon International in page 166.





Tukumã Fruit

To embrace **Circularity** *and* **Regeneration**

Circularity and packaging: Eco by design

We have been steadfast in our commitment to circularity and sustainable packaging, aiming to achieve measurable and positive environmental and social impact. Our goal is to ensure that 100% of our packaging is either recyclable, reusable, or compostable. By 2023, we reached 86.2%, building on the 82.3% achieved in 2022. Recognizing that most of our product's environmental impact can be determined during the design phase, we prioritize eco-friendly decisions such as material selection, recyclability, refillability, and compostability. In addition, we aim to incorporate at least 50% recycled plastic materials into our plastic packaging, often through fair trade schemes with waste pickers or social cooperatives, ensuring better working conditions and fair prices for collected plastic waste.

We also prioritize biodegradability in formulas, achieving a minimum of 95% biodegradability in our products. Moving forward, we will utilize the science-based Product Environmental Footprint (PEF) methodology to measure the full environmental impact of our formulas across their lifecycle, from sourcing ingredients to consumer usage and beyond.

Working together to measure impact

In collaboration with around 70 global beauty and personal care companies, including industry leaders like L'Oréal, P&D, Unilever, Beiersdorf, J&J, and Shiseido, Natura &Co collaboratively established the EcoBeauty Score consortium (EBS) to develop a scoring system for communicating environmental impact to consumers. The complexity of evaluating environmental impact in the cosmetics industry, given the vast array of ingredients and geographical variations, necessitates a robust methodology and data-driven approach.

Over the past two years, the EBS consortium has laid the groundwork, including developing the methodology, database, and IT prototype tool. Currently, we are conducting a large-scale pilot involving more than 4,000 products from consortium members to refine the scoring scales, with plans to launch the system in 2024. The pilot includes testing products in strategic countries such as the US, China, France, and Brazil to gauge consumer understanding, preferences, and feedback regarding the label.

The insights gained from the EBS pilot will be integrated into our internal tools, allowing us to optimize our portfolio to minimize environmental impact. Additionally, the EBS methodology will facilitate the adoption of circular models and support substantiated green claims. We are actively advocating for the approval of the framework under the new green claim directive, underscoring our commitment to transparent and environmentally responsible practices within the industry.

Regeneration: the new frontier

We are committed to embracing circular and regenerative solutions to address pressing challenges and drive positive systemic change, fostering healthier ecosystems and more resilient societies. Going beyond a "no harm" or "zero harm" mindset, we seek to generate measurable, positive impacts for society.

Regeneration is a dynamic concept with immense potential to combat climate change and biodiversity loss while reducing social inequalities and enhancing wellbeing. It entails promoting biodiversity, restoring ecosystems, and harnessing their capacity to provide crucial environmental services such as carbon sequestration, climate regulation, water purification, and soil fertility.

Our journey toward regeneration begins with regenerative agriculture, as defined by the Union for Ethical Biotrade (UEBT), which emphasizes practices that enhance biodiversity, restore soils, purify water, regulate climate, and support livelihoods. We have set ambitious targets to have at least 30% of our key ingredients certified as regenerative by 2030, supporting small farmers and communities in adopting ethical biotrade and regenerative practices.

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. The first ingredient certified was the Brazil nut.

We are actively collaborating with strategic partners to accelerate progress, not only in formula ingredients but also in packaging materials, leveraging biotech innovations to convert waste into polymers or chemicals, advancing sustainability efforts across our operations.

Disclosures and data on our actions are detailed in the sections of this report dedicated to Natura &Co América Latina and Avon International



Natura &Co
Latin America
Integrated Report



Natura &co
Latin
America

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Interview with the CEO

João Paulo Ferreira, *CEO, Natura &Co Latin America and CEO, Natura*

2023 saw many transformations in the Natura &Co global businesses. How do you see Natura &Co Latin America's role in the results achieved?

Globally, Natura &Co is coming to the end of a cycle of transformations and learning. We faced some challenging years, dealing with a performance below expectations that put pressure on our capital structure. We established a large corporation; however, we realized that there would be greater benefits and efficiency with a holding structure that promoted the autonomy of each one of the businesses. This review process resulted in the restructuring of the holding company and the sale of Aesop and The Body Shop..

Latin America represents our point of origin and is the Natura &Co group's major source of revenue (76.4%), income and cash generation. In 2023, Latin America resumed the bases for its future growth with a structural change. Instead of a company with multiple businesses and using Natura as a foundation, we became a multibrand, multichannel company By doing this, we have prepared for a new cycle of expansion in our capacity to generate positive impact from 2024 on.

This change that is still underway involves two movements: one is enabling the resumption of operational efficiency, expanding productivity margins. To do this we have integrated the Natura and Avon operations, strengthening the omnichannel business. The second consists of developing a new course for growth and innovation. Already in 2024, we have reconfigured our teams to drive the omnichannel business and multibrand management. In terms of innovation, we have focused on developing new products, especially for the Natura brand, and we have promoted our financial services platform, Emana Pay.

To ensure that each brand resumes performance and efficiency in line with its potential, we have implemented the journey to combine the Natura and Avon brand operations. This integration will enable us to focus more closely on boosting profitability and margins in key markets and on enhancing the productivity of the Beauty Consultants – something we have already seen in the results from the most recent quarters.

[The integration] boosts the social, economic and environmental impact that we generate in the region, from the development of the Beauty Consultants to the development of the socio-bioeconomy of the Amazon.

In parallel, this boosts the social, economic and environmental impact that we generate in the region, from the development of the Beauty Consultants to the development of the socio-bioeconomy in the Amazon.

One of the main thrusts in 2023 was the combination of the Natura and Avon businesses, which began in Peru, and was followed by Colombia and Brazil. What were the main accomplishments and difficulties you experienced in this integration, ranging from the operation to the Beauty Consultant network?
We started the year with the promise of making Natura &Co Latin America a more integrated operation - which was called Wave Two in the strategy formulated in 2022. And we reached the end of 2023 with a steady increase in profitability, driven by the robust performance of the Natura brand in Brazil. In the last quarter of the year we could already see some initial results for the combined model in Peru, Colombia and Brazil, with greater productivity and cross selling. The combination also boosted the socio-environmental impact of our operation with the start-up of the Amazonia Program in Peru and the extension of quality healthcare and education benefits to our combined network.

We have renewed the value proposition for the Beauty Consultant by unifying the Natura and Avon networks, while preserving the best of each brand. We achieved a high level of maturity with this initiative over a period of months and within the expected accommodation time. This is confirmed by the gains in productivity and income for

the Natura and Avon Beauty Consultants. We had some operational and logistics challenges, to be expected in a project as complex as this. Issues linked with product offer, supply and delivery caused some setbacks, but we responded rapidly with creative solutions that our Beauty Consultants in Peru and Colombia were happy with, demonstrated by their satisfaction ratings at the end of the year.

As part of the business combination, we reassessed the category mix and product portfolio, seeking differentiation and profitability for each brand and a greater focus on beauty. This led to an expected adjustment in the Home and Style category with planned reductions in its portfolio, while productivity in the beauty portfolio for both brands increased.

We see 2024 as a year for the consolidation of Wave Two and the expansion of the benefits of the integrated model.

The omnichannel business is one of Natura's differentiation focuses in the region and reflects the group's learnings from the different commercial and sales models. What were the advances in retail and e-commerce in 2023? How does Avon fit into this picture and what is the strategy for each brand?

Natura and Avon have a lot to learn from each other. Natura's success story is marked by the strength of relationship selling which, with the incorporation of complementary channels, generates even greater social impact – such as the consultants' franchises. Avon introduces an extensive presence, capillarity, connections with other audiences and the opportunity to build other competencies for a multibrand operation in the region.

In 2023, we reaffirmed the bases for our multibrand and omnichannel operation. The goal behind the omnichannel approach is to bring the brands close to the customers, enabling them to try our brands where, when and how they want to. This has an intrinsic connection with the integration of the Natura and Avon operations.

To achieve this goal we support relationship selling with a combination of over 1,054 company-owned stores and franchises in Latin America, digital tools and e-commerce. In 2023, the growth in all the Natura retail channel formats was surprising. The success of the different store models developed by consultants was notable during the year, with 153 units opened in Latin America in the year, mainly in Brazil, but also in Argentina, Mexico, Chile and Peru.

This is boosted by e-commerce and sales in the social networks, which help drive increased income and the capillarity of the business.. These are fronts in which we still need to evolve, with a less traditional vision of online sales and the elimination of overlaps between channels with very distinct dynamics. In 2023, we made key adjustments to be able to support Beauty Consultant sales via social networks. At Avon, we resumed heavy investments in e-commerce and obtained positive results, particularly in the last quarter of 2023. It is our understanding that the brand has a lot to gain from the digital experience we are bringing from Natura.

"Innovating only makes sense if it generates positive impact."

The global actions in the group's transformation journey include the sale of The Body Shop. However, the brand will continue to be operated by Natura &Co Latin America using a franchise model. Could you explain this model?

We are proud of the history we built globally with The Body Shop, a brand that came into being inspired by sustainability and commitment to making the world a better place, clearly attuned to Natura's purpose. With the sale, we will no longer run the business, but, in Latin America, Natura will continue to operate the brand as a master franchisee, including some local production for the brand in our plants.

A passion for innovation is one of Natura &Co Latin America's growth drivers. What are the main highlights of the year for Natura and Avon?

Innovating only makes sense if it generates positive impact. With this maxim, our brand integration process enabled and encouraged us to undertake a wide-ranging review of our organizational structure oriented to innovation In 2023, we migrated the Avon Global Innovation Center from the United States to Brazil, integrating it with the Natura Innovation Center. This transforms the situation in Latin America, which now represents the company's largest technological investment hub in the world. We aim to preserve the distinct identities and the autonomy of both brands, promoting a symbiotic environment that optimizes research and development activities. With this change, we seek to expand the frontiers of creation in technologies, actives and innovative products, offering the market enhanced benefits and superior performance.

How have the business integration and strategic changes undertaken in 2023 enabled Natura and Avon to promote proximity and differentiation for consumers?

In its brand communication, Natura has once again embraced Well Being Well, highlighting the emotional and functional benefits of its products. This movement converses with behavioral trends we have seen in Latin America, in which the focus on well- being continues to grow after the pandemic, as well as a desire for value for money and concern about conscious consumption. It is no coincidence that the signature "What if" accompanies the invitation to try our products so that each person may reflect on the transformative power of their choices. We have successfully tested this new approach with the Natura Ekos Tukumã product line.

At Avon, we are focused on the repositioning of the brand, and this work will be more visible to the public in 2024. In 2023, we advanced in the portfolio review and delivered key innovations, such as the Tratamake product line. Hydramatic Matte lipstick is a pioneer worldwide with the adoption of a hyaluronic acid and glycerine complex in its formulation that delivers high moisturising power and fills in wrinkles and lip lines.

T**he year was marked by the definitive inclusion of regeneration as a driver for the company. The incorporation of this concept into Natura brand strategy was announced at the 28th United Nations Conference on Climate Change (COP28) in Dubai. How does this dialogue with the Vision 2030 and Natura &Co's sustainability ambitions as a whole?**
This is a new strategic direction for our businesses: from sustainability to regeneration. Upon discussing this approach at COP28, we proposed that the new frontier for businesses is the regenerative economy and no longer just managing impacts and mitigating the exhaustion of the planet's resources. This is the impact agenda we believe in, and we opted to start it with the Natura brand.

As occurred two decades ago with sustainability, we have assumed this commitment at the same time that science, business management and mankind are discussing and searching for pathways to materialize the concept. Right off, we know that doing business regeneratively does not just involve good techniques for agricultural production, managing biodiversity, commercial models and fostering the social bioeconomy. To regenerate is to restore life, requalify relationships, a new cultural software that we adopt in business, that reconnects us with what has been our reason for being for over three decades, Well Being Well.

To exemplify this and take the first concrete step on this journey, at the beginning of 2024 we launched a product that represents end-to-end regeneration: Natura Ekos Brazil Nut Concentrate, the first concentrated body moisturizer in the world, with 100% plastic retrieved from riverine regions, reusable, with an impressive 81% saving in plastic and 55% less waste, in addition to benefits for 10 cooperatives and almost 200 families in the northeast of Brazil.
GRI 3-3

To regenerate it is also necessary to rethink how we measure and report results It is necessary to combine financial and economic results, enabling a complete evaluation of the impacts generated by a company's entire operation. In this regard, the Integrated Profit & Loss (IP&L) is an important tool, which throws light on the actions that contribute or not to a business's purpose and longevity.

From a strategic standpoint, the year was characterized by the strengthening of the concept of regeneration and by the updating of the goals of Natura &Co Latin America's 2030 Commitment to Life. Could you talk about what led to these updates and which ambitions have been incorporated?
The 2030 Commitment to Life provides clear, straightforward targets for the agendas of defending the Amazon and fighting climate change; protecting human rights and driving equity and inclusion; and promoting the social-bioeconomy and circularity. The idea of the review was to elevate our ambitions in areas in which we can advance more rapidly and to tighten the focus on critical themes specific to the region.

We reviewed our 2030 carbon targets to adapt them to the premises of the Science Based Targets initiative (SBTi), with emphasis on the decarbonization of the value chain and achieving net zero scope 1 and 2 greenhouse gas emissions. We proposed to increase purchases of Amazonian social bioeconomy inputs fourfold compared with 2020. We are also proposing to reach 25% representation of black people in management positions by 2025 and 30% by 2030, as well as increasing the HDI of four million Natura and Avon Beauty Consultants.

We also launched the target to generate BRL4 in positive impact for each BRL1 of revenue from the business, measured using Integrated Profit & Loss (IP&L) methodology. To do this, we want to incorporate all the socio-environmental and economic results achieved by Avon in the region into the analysis.

What is the outlook for Natura &Co Latin America in 2024 in financial, environmental, social and governance terms?
In 2023, we concluded a cycle of building the foundation for a new moment for the organization, and in 2024 the combination of the Natura and Avon businesses will continue to yield gains in margin and efficiency. Prosperity, innovation and regeneration define how Natura &Co Latin America will resume its success story and deliver value in line with its potential for the Natura &Co group and for our entire relationship network.

The idea of the review was to elevate our ambitions in areas in which we can advance more rapidly and to tighten the focus on critical themes specific to the region

We still see a complex conjuncture in the region, with market dynamics subject to exchange rate, political and inflationary contexts that differ from market to market. We will also be attentive to behavioral dynamics and trends to ensure we deliver unique, differentiated products for our customers. We have a robust innovation plan for both brands backed by the implementation of our omnichannel strategy.

The concept of regeneration and the Commitment to Life targets updated in 2023 will orientate our activities, given the social, environmental and economic challenges in Latin America and will underscore our product differentials.



Our business

Our business

GRI 2-6

Natura &Co Latin America merges Natura's global operations with Avon's regional presence and manages The Body Shop's operations in Latin America as its master franchisee.

Natura &Co Latin America is the regional leader in the cosmetics and beauty products, hygiene and personal care segment, contributing 76.5% to the overall net revenue of the Natura &Co Group in 2023.

At the end of 2023, we had a 14,500-strong work force, with operations in 14 countries in Latin America and an omnichannel model that promotes relationship selling with a network of 3.5 million Beauty Consultants and Representatives, as well as more than 1,000 company-owned stores and franchises and the e-commerce operation.

We are driven by a passion to innovate, promote positive economic, social and environmental impact and by the mission of promoting beauty and well-being through our relationship network. The Natura brand is known for its sustainability-related investments and commitments. In 2014, it was the first publicly traded company to receive B Corp certification from B Lab, which indicates an engagement in business that balances profit with purpose.

Since 2019, Natura has been complemented by the power of the Avon brand, the global pioneer in direct selling and a benchmark in women's empowerment. Our brands also hold "The Leaping Bunny" certification bestowed by Cruelty Free International on organizations committed to not using animal testing in the development of products or ingredients.

Presence *& impact*

GRI 2-6, 2-7

14 countries in the region
(Brazil, Mexico, Argentina, Chile, Colombia, Peru, Ecuador, Uruguay, Panama, Guatemala, El Salvador, Honduras, Nicaragua, the Dominican Republic)

3 operations in North America, Europe and Asia (the United States, France and Malaysia)*

3.5 million Natura and Avon Beauty Consultants and Representatives in Latin America

1,054 stores in Latin America
(932 Natura and 122 The Body Shop outlets)

5 factories,
of which with integrated Natura and Avon operation

19 distribution centers,
of which two logistics hubs, in Argentina, Brazil, Chile, Colombia,Ecuador, Peru, Guatemala, Dominican Republic and Mexico

Main head office in São Paulo (SP)

BRL 20,440.800 in net revenue

14,500 employees



* we also have distribution operations in Bolivia (Natura) and Costa Rica and Paraguay (Avon).

Strategy in the region

In 2023, we successfully unified the Natura and Avon brand operations at the regional level, laying a solid foundation for future growth. This consolidation project enhances our ability to generate positive impact through our business model and expansive network in Latin America. In accordance with our business priorities, we unified the relationship selling platform in Brazil, Peru, Colombia and, at the beginning of 2024, in Chile. We also focused on the positioning of the unique identity of each brand, driving their values and purpose.

Natura made notable strides in 2023, particularly in premium product innovations. One highlight was the introduction of the Bothânica line, marking the brand's venture into the home care segment. Additionally, Natura expanded its retail footprint significantly by opening 153 new stores across Latin America.We reviewed the brand communication strategy to expand interactions with consumers, underscoring the essence the products bear as points of connection with Well Being Well.

Avon went deeper into its portfolio review, striving for greater efficiency in line with the specificities of each market in Latin America and continued to reinforce the new brand identity launched the previous year, reappropriating the power of womanhood and the democratization of beauty.

We continued to evolve our Emana Pay financial platform, which reached break even point ahead of projections and expanded its offer of services to support and strengthen the consultant network.

Natura &Co Latin America strategic pillars

1. Brands and categories *
2. Direct selling platform *
3. Strengthening the brands *
4. Omnidigital
5. Ecosystem and new businesses
6. Internationalization
7. Organizational transformation

* Strategic priorities.

The main executive body of Natura &Co Latin America is the Executive Committee (Comex), responsible conducting, executing and accounting for business strategy, as well as contributing to the formulation of long-term plans for the region. The Comex was reorganized as part of process of combining the activities of the Natura and Avon brands in Latin America. In December 2023, there were 10 members on the Committee, including the CEO and the leaders of the Finance areas; Natura and Avon Brazil; Omnichannel Business; Natura and Avon Hispanic; Operations, Logistics and Supply; Brand, Marketing and Innovation Avon; Brand, Marketing and Innovation Natura; Emana Pay, New Businesses, Data and Analytics; and Sustainability, Legal, Government Relations, Reputation and Communication.

Governance and leadership *in Latin America* GRI 2-9



Our Comex in 2023 (from left to right):
Ana Beatriz Costa - VP Sustainability, Legal, Government Relations, Reputation and Communication
Diego Fernando de Leone - VP Natura and Avon Hispanic
Tatiana Ponce - VP Brand, Marketing and Innovation Natura
João Paulo Ferreira - CEO
Daniel Silveira - VP Brand, Marketing and Innovation Avon
Joselena Romero - VP Operations, Logistics and Supply
Agenor Leão de Almeida Junior - VP Natura e Avon Brazil
Silvia Vilas Boas - VP Finance
José Manuel Silva - VP Emana Pay, New Businesses, IT, Data & Analytics
Paula Ferreira de Andrade Romano - VP Omnichannel business

Consolidating
our businesses **GRI 2-6**

The insights and outcomes gathered over the past four years since integrating Avon into the Natura &Co group have facilitated the acceleration of Wave Two in the operational and commercial integration process. The new model has the potential to positively impact the income and quality of life of the network of over 3.5 million consultants, while preserving the individualized brand and product experiences for our customers. The combination of the operation of the businesses of the two brands included Brazil, Colombia, Peru and Chile - the latter initiated officially in January, 2024.

In 2023, we started to offer the Beauty Consultants a unique experience, with the best of each brand. The Natura and Avon sales forces were unified and now share tools and processes to leverage Beauty Consulting, with an optimized, broader and more diverse product portfolio, more attractive commercial terms and greater access to benefits. This core change in the business model enhances the value proposition for the relationship network and has already shown positive results, with greater productivity and higher satisfaction ratings in the last quarter of the year.

Althoughi ntegration of the production and logistics operations began in 2020, Wave Two did produce new challenges. We faced temporary supply and logistics setbacks during the implementation of the combined operation, which we managed to stabilize rapidly. The learnings from the first implementations have enabled the development of more agile and effective remediation initiatives in the later processes.

As expected, there was a contraction in the sales channel, while the consultants with more developed businesses witnessed an increase in productivity from cross selling. In the fourth quarter of 2023, Brazil had an average of 1.8 million consultants, a 15.3% decrease compared with the previous year, due mainly to the exit of less productive consultants. There was an 18.1% reduction in the consultant base in Hispanic America compared with the previous year, due mainly to a decrease in the number of consultants with less developed businesses in Peru and Colombia, a situation which is already showing signs of stabilization and recovery. In spite of the adjustments in the commercial model, the network in Mexico has been showing smaller quarterly decreases. One of the goals for 2024 is to stabilize the Natura and Avon Beauty Consultant base.

Impact Management - Integrated Profit and Loss (IP&L): integrated management tool

GRI 2-25, 3-3, 203-2

A passion for innovating, the mission of driving beauty and well-being for our relationship network, and promoting positive economic, social and environmental impact are in Natura's essence. The Integrated Profit and Loss (IP&L) materializes this by accounting for the impacts, which go beyond the traditional statement of profit and loss, integrating the gains and losses generated by our business in the economy, the environment and in society. This measurement takes into account all the company's activities in the year, from the supplier chain and extractivist communities in the Amazon region, through the direct operations, to the activity of Beauty Consulting and the use and disposal of products. We analyze the results of these operations and measure their positive and negative impacts, applying the parameter of change in quality of life and well-being, which includes health and life expectancy, as well as the limits of the sustainable use of natural resources, among other factors.

The differentials of this calculation compared with other forms of impact measurement include valuation, that is, the translation of the positive and negative effects of the business into monetary values, speaking the language of investors and analysts, and enabling a direct comparison with financial results. The impacts we generate on all the links in our chain are monetized in three dimensions: Natural Capital (resources); Social Capital (relations); and Human Capital (people).

In 2023, Natura &Co Latin America generated a net positive impact of BRL 39.5 billion for society. The calculations demonstrate that for each BRL 1 in revenue, Natura generated BRL 2.7 in positive social and environmental impact. These results include the impacts of the Natura and Avon businesses in the countries in which the operations were combined: Peru, Colombia and Brazil.

Internally, the IP&L is a valuable governance tool that qualifies our assessment of the costs and benefits of strategic projects and investments. The extension of the IP&L assessment to the combined operations will enable us to better direct our strategic decisions towards driving a regenerative socio-bioeconomy.

The first IP&L result in 2021 showed that the absolute socio-economic impact of the business far outstripped its financial performance. Since then, we have continued to enhance the methodology and we believe that the ratio of revenue to impact on well-being should grow as we expand our business qualitatively. This is why in 2023, as part of our Commitment to Life, we launched our strategy to generate regenerative solutions and drive a net positive impact four times greater than our revenue by 2030.

Further information and details about the IP&L methodology here.
Further information about IP&L performance here.



Omnichannel business

The omnichannel business model enables consumers to get closer to our brands where, when and how they want to, responding to the accelerated changes in consumption and lifestyle in our society.

Through the development of diverse commercialization channels like retail and e-commerce, alongside their complementary nature, we've successfully boosted engagement with our brands, potentially expanding our customer base and enhancing connections with Natura and Avon Beauty Consultants

Our journey is one of continuous evolution, and among the omnichannel interactions that have proven successful, two stand out: "ship from store" initiatives, where customers purchase online and the nearest store ships the product to minimize wait times, and "click and collect," allowing customers to buy online and pick up their orders from their preferred store location.

Relationship Selling

GRI 2-6

Relationship Selling, with which over 3.5 million Beauty Consultants and Representatives from our brands work in Latin America, has been a symbol of female entrepreneurship and empowerment for over 130 years. This business model holds a key place in our society's affective memory and has been leveraged by digitalization and the use of social networks. By modernizing rituals, incentives, and training to align with 21st-century demands and leveraging new technologies, we can enhance productivity and gain deeper consumer insights. When combined with the omnichannel experience, this approach enables us to personalize offers and tailor sales strategies to meet individual needs effectively.

Relationship selling is a powerful driver of prosperity for millions of people, in particular, women. We understand that this concept goes beyond generating a living income, involving aspects related to quality of life in a broader sense. To measure this impact, since 2014 we have employed our Beauty Consultant Human Development Index (HDI), inspired by the United Nations Development Program (UNDP) methodology. This survey is conducted every two years, enabling the tracking of the dimensions assessed and acting directly on critical themes. Added to the previously mentioned IP&L, the HDI is fundamentally different in the way we comprehend and relate to the Beauty Consultant network, in line with our values and with Well Being Well.

The last assessment took place in 2022, revealing a noteworthy enhancement in the quality of life of Natura consultants, with a 3.6% increase compared to 2019, reaching a rate of 0.63 on a scale from 0 to 1. This improvement was particularly driven by advancements in the knowledge dimension, which surged by 8.9%, notably propelled by pillars such as financial education and digital inclusion.

In addition to the HDI, we measure the consultant network engagement in our value proposition and action plans by means of satisfaction and loyalty indices.



Digitalization of our network

We see the incorporation of new technologies, social networks and other digital media as potential drivers of relationship after selling and encourage the Beauty Consultants to embrace these evolutions in their sales strategies. In this regard, we provide technological support and training for the development of digital businesses, and we continuously update the sales support tools and materials available.

A noteworthy aspect in this regard is the utilization of digital magazines by consultants, shared with customers through applications like WhatsApp. Moreover, for social media publications, we offer pre-designed content crafted using data intelligence criteria and techniques aimed at enhancing the reach and appeal of posts. We include artificial intelligence tools to customize promotions for each customer, who decides how to conclude their purchase, whether via e-commerce or directly with the consultant.

In 2023, we unified the Natura Consultant Day and the Avon Representative Day, with the commemoration of Natura and Avon Beauty Consultant Day on September 22.

In 2023, Natura &Co had a total of over 1.3 million digital spaces for Beauty Consultants, with 80% of these spaces concentrated in Brazil. Also during the year, Natura's presence on WhatsApp was certified by Meta, making it the first cosmetics brand certified on this platform. This has enabled us to create a community of beauty and personal care enthusiasts, offering information contents for the categories in which they are involved.

Education and training

We promote the personal and professional development of our consultants by facilitating access to training and education initiatives. This helps to broaden their world view, driving autonomy and income generation.

The priority subjects in Beauty Consultant training include Natura and Avon products, businesses associated with Beauty Consulting, digitalization, financial literacy and education, positioning (soft skills) and the causes promoted by our brands. In 2023 in Latin America, each Beauty Consultant consumed on average 11 contents on our digital platforms, which track participation in and evaluation of the training offered.

We reaffirmed our commitment to expand the reach of the training for the Consultant base. Five macro-initiatives were implemented: expansion of the reach of the Beauty Consultant Trainers, evolution of content distribution formats, enrichment of the repertoire with more in-depth content and face to face training, training the network for the Natura and Avon combined Beauty Consultancy model, and the launch of the Natura and Avon Business School. A digital platform created to accelerate Beauty Consultant development by means of a learning journey that includes online and face to face courses with contents segmented for the different stages of consultant maturity.

With the Natura Education Educational Credit program, consultants and their family members are able to take technical, graduate, postgraduate and language courses. Managed by the Instituto Natura and the partnering fintech Mova, the program offers interest free financing repayable in up to 36 installments. Meanwhile the "Programming my Future" initiative is oriented to technology training for the children of Beauty Consultants and Business Leaders, focused on inclusion and the development of digital skills.

Health and Well-Being GRI 203

We invest in Well Being Well measures for the Beauty Consultants. We develop programs that promote self-care, socio-emotional development and self-esteem for those in our business and impact network.

and refer them to the specialized services we offer: telemedicine, psychological counselling, support in the event of domestic violence, financial assistance for food and medical expenses. Our social contact channel provided donations and income transfers for over 1,500 consultants and leaders who found themselves in need. On another front, we arrange donations to provide help in the event of public calamities.

The power of recognition and donations to promote self-esteem and well-being constitutes the basis for one of Natura's longest-standing initiatives: The Acolher Program. Introduced in 2010 to recognize and reward consultants who organize consolidated social projects, in 2021 the potential to generate impact was expanded by encouraging Beauty Consultants to act as community leaders by means of a Social Mobilization Education Journey. In 2023, we recognized 45 Beauty Consultants, including: 43 women with 28 people self-declared as black or mixed race. The program is funded with resources raised from a percentage of sales on Natura Friday.

See the Beauty Consultant satisfaction, training and development indicators in the Databook Latin America

Retail

The retail area was particularly noteworthy for Natura in 2023, with the opening of 153 company-owned stores and franchises in the region.

The major highlight was the new franchise model exclusively for the Natura brand, with over 100 new points of sale, demonstrating the robustness of the brand and its maturity in the market. We ended 2023 with 932 Natura stores in Latin America, of which 887 in Brazil. Also worthy of note was the pace of growth of the channel in Chile, where there are 25 stores in operation and the omnichannel presence is being intensified.

The increase in the representativeness of the retail channel on commemorative dates, such as Christmas, attests to the connection with new consumers who hitherto were not reached by the company's other channels.

The robust results are also demonstrated by the excellent evaluation by our consumers and their willingness to recommend the brand, measured by Net Promoter Score (NPS) methodology. We scored 91 points, a steady increase in all the countries with stores compared with 2022. The indicator is 24 points higher than the average NPS for cosmetics and perfumery (67), one of the categories with the best evaluation (fourth place) according to 2023 NPS Benchmarking (further details in the Databook Latin America).



E-commerce

We're making significant strides in online sales for our brands. Natura's digital sales, encompassing e-commerce and social network platforms, have seen growth following strategic adjustments aimed at enhancing the omnichannel approach, particularly focusing on e-commerce platforms and social network sales.

Meanwhile Avon showed impressive results in the campaigns held on commemorative dates, such as Christmas, demonstrating the brand's potential in this channel.

The e-commerce platform is being updated to incorporate artificial intelligence tools that enable the delivery of targeted offers for each customer. In Argentina, the migration of the Natura brand was conducted in 2022, and the migrations were concluded in Mexico and Chile in 2023. Avon is following the same course, with new growth opportunities being enabled at an accelerated rate based on the Natura model.

New *businesses*

Emana Pay:

GRI 3-3

Emana Pay is what we call the new and expanded version of the financial services platform previously known as &Co Pay. The name "Emana" comes from emanate, being together, giving a hand and not leaving anyone behind. It is a name that suggests universality and was chosen precisely because it represents the power of our Beauty Consultant network, showing that being together is part of our business philosophy.

Idealized to promote the digital inclusion and financial prosperity of our Beauty Consultants, Emana plays a key role in our financial education area, leveraging business growth for our network. The services are exclusively for the Beauty Consultants, at the moment only in Brazil. It enables them to obtain financial products and conduct operations either on better terms or ones that would otherwise not be accessible to them.

The digital account provides services such as bill payment, cellular phone top ups, a digital space for tracking and managing orders placed, purchase vouchers for customers and financial education tools. It also simplifies customer payment management, with receipt via PIX or electronic transfer and



a link for payment in up to 12 installments, the replacement of terminals, all this with charges below the market average.

2023 saw the consolidation of the company's strategy to drive financial inclusion and the democratization of access to digital financial services. In financial terms, the venture broke even in just over two years of operation.

With the progression of the Natura and Avon integration, we now have over 800,000 Beauty Consultants in Brazil embracing Emana Pay. Around 40% use the tool in each sales cycle, boosting their business productivity by 10%, with delinquency reduced by around 30%. The main impact, however, is in the platform's power to promote financial education: in 2023 alone, over 24,000 Beauty Consultants consumed financial education contents.

In 2023, we launched the Emana Pay credit card. This enables the consultants to use credit within Natura, facilitating management of their businesses. We also inaugurated the remunerated account, as we begin to foster the habit of saving and planning and undertaking short and medium term financial measures. Moreover, we developed a product called Aproxima Aê. This permits a cellular phone to be used as a contactless terminal for debit or credit payments, providing consultants with an array of payment options for their end customers, reinforcing their security and strengthening their business.

We believe that the greater the financial literacy and inclusion, the better will be the lives and opportunities for our Beauty Consultants, a belief confirmed by the Beauty Consultant HDI. In recent years, Emana Pay has exercised a positive influence on the Beauty Consultant HDI in Brazil (further information here), boosting financial education and digital inclusion indicators by over 20% in the assessment of the knowledge dimension.

The digital solution has also been adopted in retail – 100% of the Natura-owned stores and 60% of the Natura franchises now use Emana Pay. The system is also used to process the payments of the The Body Shop master franchisee stores and Natura and Avon e-commerce. The Brazilian PIX system stands out as the main tool used for capturing and receiving payments. The system processed over 17 million transactions during the year. In all the channels, the total payments in 2023 exceeded BRL 40 billion, an increase of 60% over the previous year.

The introduction of Emana Pay in the rest of Latin America is proceeding according to plan. In Argentina, 100% of payments are processed on the platform. Digital accounts and credit cards will be launched shortly. In the coming years, this should become an exclusive platform for inclusion and financial services in the region.

With the exponential rise in Emana Pay accesses and the expansion of its benefits, we're intensifying efforts to segment the service even further. This involves considering the diverse profiles of channels and Beauty Consultants, aiming to fortify the foundation of our network.




natura
EKOS
POLPA
PARA O CORPO
REPREENCHE
A PELE
ANTISSINAIS CORPORAIS
TUKUMÃ
SOMOS VEGANOS. COM BIOATIVOS DA AMAZÔNIA. PRATICAMOS COMÉRCIO JUSTO. PELA FLORESTA VIVA E DE PÉ.
natura
400ml

Our brands


AVON
BASESÉRUM
COM INGREDIENTES ATIVOS E VITAMINA E • FPS 30
30ml



Natura positioned for the future

The performance of the Natura brand in 2023 was excellent, particularly in Brazil. This was driven by the strength of the omnichannel business model, which elevated the Beauty Consultants' income generation potential and boosted their productivity.

In parallel, the retail channel enjoyed robust growth in Brazil propelled by impressive store sales and the accelerated pace of store openings, both company-owned and franchise outlets, indicating the potential future growth in this channel. Meanwhile, digital sales benefited from adjustments in the e-commerce platforms and the social networks to enhance the omnichannel connection, as well as seasonal sales on commemorative dates such as Christmas or Natura Friday. The Natura brand showed a resilient performance in the implementation of Wave Two in Peru, Colombia and Brazil and faced challenges in the adjustments made in the commercial model in Mexico.

Product innovations also supported the positive result, worthy of note being the Todo dia Toda Noite line and the Essencial Ato fragrances. After the launch of the Biome zero plastic bar product line, Natura positioned itself in the premium market with its entry into the home products segment thanks to the Bothânica line, a new brand with exclusive fragrances and essential oils in products that care for, transform and integrate into different spaces.

What if?

In 2023 we revisited the Natura brand narrative in Latin America to position cosmetics as a transformative vehicle, capable of opening up the world for each individual, combining science and nature for the well-being and beauty of all forms of life. Based on the new product lines and in connection with the business expansion cycle, we created communication campaigns and marketing strategies to forge close links between the company purpose and consultants and consumers, reinforcing attributes such as innovation and high performance.

"What if the Amazon imbued your skin with the power of hyaluronic acid?"

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By presenting products as tangible expressions of our purposes, we invite the public to interact with the brand reflecting on the power of their choices, with a simple but not obvious provocation, "What if?". With this question, Natura proposes that people reflect on the transformative power of their choices, presenting the product at the core of the communication, as a spokesperson and point of connection with Well Being Well.

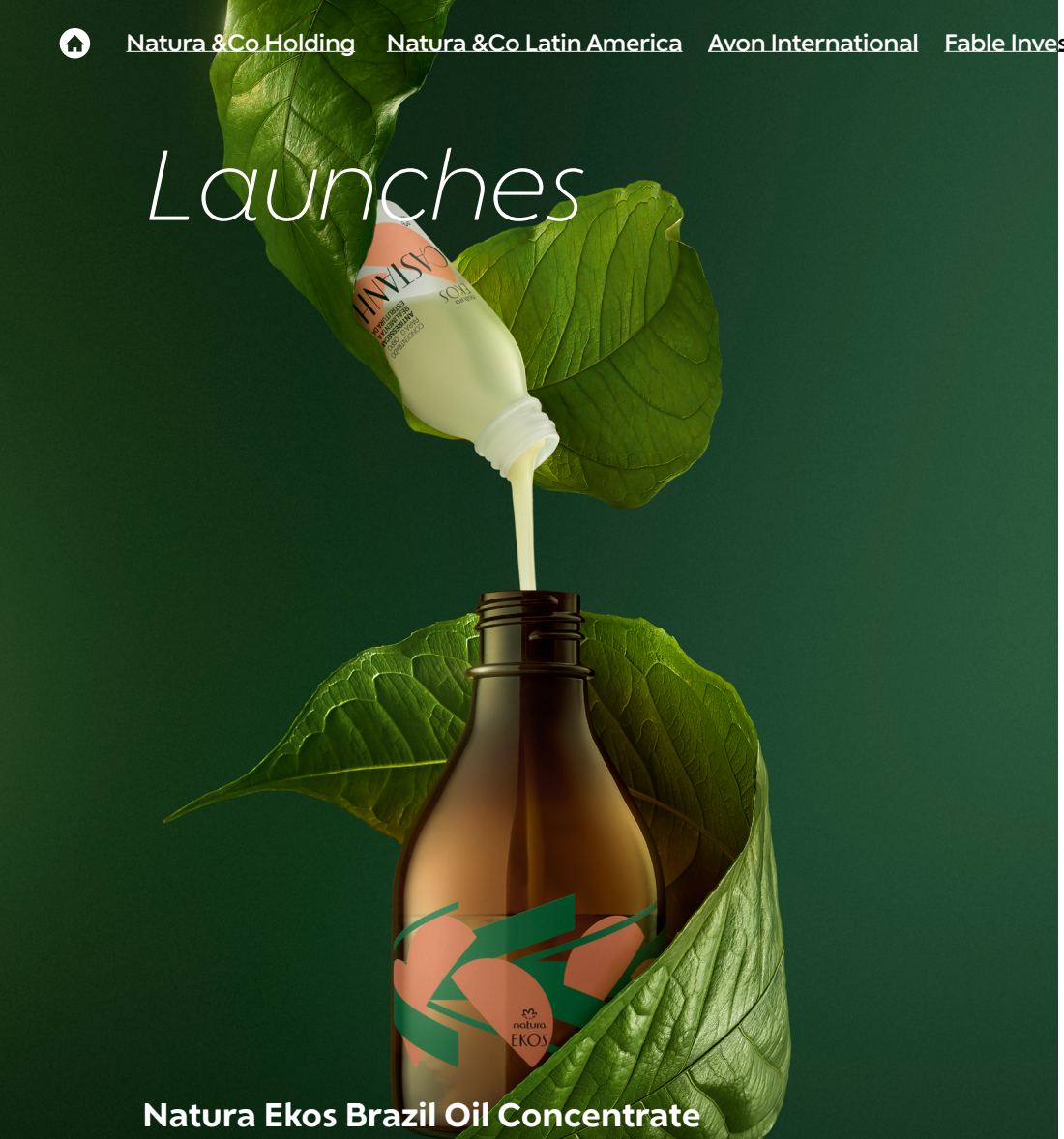
In response to the growing interest in skincare evident through social media searches, we're reevaluating our approach. Why limit skincare tutorials and campaigns to facial care when the term encompasses broader aspects of skin health? Natura EKOS extended an invitation to rethink body skin care with a special edition of Natura Ekos Tukumã, a complete anti-signs of ageing line that leaves the skin firmer and more even, boosting natural hyaluronic acid production by 77% based on a fruit from Amazonian biodiversity, transformed into a powerful cosmetic bioactive through research, technology and innovation.

Natura Musical

For 18 years the Natura Musical Program has fostered culture through the responsible and transparent use of funds from tax incentives. On this journey, it values music as a vehicle for well-being, connection and personal and collective transformation. To date it has sponsored more than 600 artists and projects all over Brazil, promoting musical experiences that reveal the diversity of the country's culture. In partnerships with festivals and the Casa Natura Musical venue, the platform promotes encounters aimed at transforming the world through art.

A total of BRL 11 million was invested in Natura Musical projects in 2023, of which BRL 3.9 million from tax incentive laws and BRL 7.1 in company funds. During the year, the program supported more than 90 projects, resulting in the launch of 130 cultural products. Highlights were the launch of the unprecedented album Canto Coral Afro-Brasileiro, by Os Tincoãs, much awaited for 40 years, and the award winning album from Latin Grammy winner João Donato, Seratonina. Moreover, the program promoted new talents such as the singer from Bahia Melly, winner of the Prêmio Multishow de Artista Revelação; it also supported collective initiatives, such as the Festival Latinidades, which toured a number of state capitals. The Casa Natura Musical, in São Paulo (SP), promoted more than 120 shows by artists from all over Brazil, with a total audience of over 65,000 people in the year.

Launches



Natura Ekos Brazil Oil Concentrate

The first concentrated moisturizing body cream in the world, the results of three years of study by the Natura R&D team, it represents the combination of innovation and positive impact. The launch, available for sale in 2024, represents a global innovation in the cosmetics market, reinforcing the brand's commitment to sustainability, noteworthy being its refillable pack. Made from 100% plastic retrieved from riverine regions, it contributes to a significant reduction in waste and the development of sustainable post-consumer plastic chains in riverside communities, as well as fostering recycling cooperatives.

Natura Tododia Todanoite:

What if you didn't wait till tomorrow to sleep? Developed by the Natura Well-Being Sciences area in partnership with Instituto do Sono, the product line proposes a pre-sleep routine that cares for the skin, reduces the time to go to sleep and improves the quality of sleep up to fourfold, with proven effectiveness. The product line comprises prebiotic nutrition, vitamin B5 and chamomile tea and lavender fragrance.



Natura Bothânica

The line offers well-being in every detail, from the skin to the home ambience. With the launch, Natura is evolving in the premium categories, inaugurating the home care segment with perfumery for the home. Focused on e-commerce and retail sales, the products seek to harmonize body, the home and the planet, by means of natural formulas, exclusive fragrances and essential oils.





Essencial Ato

An olfactory creation from Verônica Kato, Natura,'s exclusive perfumer, in which we capture the smell of the Brazilwood flower combined with Amazonian power of *priprioca* root essential oil. An exclusive innovation from Natura Perfumery, that took five years to develop a fragrance equal to that of the Brazilwood flower, enabling its use in perfumery while leaving the flowers on the trees using Headspace sustainable technology, which absorbs the molecules responsible for producing the odors, which are then subject to a series of laboratory essays to identify the molecules responsible for creating this olfactory identity.

Our *certifications*

B Corp In 2014, Natura became the first publicly traded company to receive B Corp certification. In 2020 we received our third consecutive certification with the highest score in our historical series (153 points), growing 39% compared with the initial certification. We are one of the few companies in the world to score in seven impact business models (IBMs). In 2023, Natura undertook a new recertification process, which will be concluded in 2024.

The Leaping Bunny: Bestowed by Cruelty Free International, one of the oldest and most respected organizations fighting to eliminate animal testing. The certification attests to Natura's commitment to ban animal testing at all product development stages, which has been in place since 2006. Natura was the first company to receive this certification in Brazil in September 2018.

UEBT (Union for Ethical Biotrade) certification: For the sixth consecutive year the certification guarantees that all the vegetable ingredients in Natura's Ekos line product formulations were sourced with respect for people and the environment. The process involves a rigorous system that verifies UEBT ethical biotrade principles in the field, such as the existence of practices that guarantee the maintenance of ecosystems, fair sharing of benefits from the use of biodiversity and associated traditional knowledge, as well as safe working conditions. The Ekos line has had UEBT certification since 2018 and is one of the few products that have it worldwide.

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Awards and *recognitions*

Brand Finance:
For the third time running, the strongest cosmetics company in the world in the Brand Finance 2023 report.

Folha Top of Mind:
Winner in the Moisturizing Cream and Environmental Preservation categories

Clean Production Award (Peru):
Award granted by the Environment Ministry, in the Sustainability and Commitment to Society and the Environment category

Monitor Empresarial Corporate Reputation (Merco):

- 1st place in Brazil for the ninth consecutive year
- 5th place in Argentina

Valor Innovation Award:
6th most innovative company in Brazil.

Amcham Award(United States Chamber of Commerce in Argentina): Winner in the Transparency and Ethics category, for the IP&L case study.

Best Corporations for Start-ups:

Merco ESG:
1st place in Brazil
2nd in Argentina, Chile and Peru
9th in Mexico

Exame - Biggest and best:
Special recognition for winning the most awards in the segment (12 times).

POY Award (Chile):
Best product of the year, with the Ekos Tukumã moisturizer

Startups Awards 2023:
Distinction in the Corporate category

Merco Talento:
1st place in Brazil
10th in Argentina

Aberje Award:
Regional winner with the Voto Consciente case study.

Private social investment index (Colombia):
Leading company in the ranking.

Open Startups Ranking:
TOP Open Corps.

Avon

Prepared for growth

In 2023, as part of a global movement in the brand, Avon concluded the first cycle of its transformation, whose first wave began in 2020. This stage re-established the foundations of its business model, including optimization of its portfolio, improved product quality and renewal of the brand expression, incorporating key innovations in priority categories, such as make-up, as well as sustainability in its operations.

These fundaments were aimed at preparing Avon for the second wave of the combination of operations with Natura in Latin America, which began in 2023 in Peru, followed by Colombia and Brazil. With the integration, the Beauty Consultant network gains an enhanced value proposition aimed at boosting productivity gains as well as enabling access to a series of benefits hitherto only available to Natura consultants, such as financial services and education for them and their families. The integration also permitted investment to ensure the Avon operations in the countries adopting the combination become carbon neutral as early as 2024.



Throughout 2023, we streamlined brand expressions across Latin America with a fresh identity, revitalized portfolio, and revised communication strategies. We revamped product presentations by integrating new technologies and reexamined our relationships with consultants and consumers.

We also boosted the momentum of digitalization, with the internalization and relaunch of the e-commerce channel in Brazil, which produced very promising results, especially on commemorative dates.

It was a period in which perception of brand quality was changed based on the "Olha de Novo" (Watch me now) campaign. We invited people to rediscover Avon and its products using a more direct and immediate language. It was successful and made consumers reconsider the brand and reconnect with its purpose.

The brand was positioned as the leader of the make-up category in Brazil (Kantar), underscoring the Power Stay product line and the Tratamake platform.

Launches

Matte Hydramatic Lipstick

The first with the powerful tratamake nucleus, which combines intense color and a matte finish with moisturizing properties. The formula contains hyaluronic acid and glycerine, known for their high moisturizing power. The launch inaugurates a treatment platform within the make-up category.



AVON

Renew Line

This consists of products that reinforce care in the skincare routine.They range from cleansing to anti-signs of ageing treatment, including moisturizing and protection. The key components in the formulation include protinol, an exclusive brand ingredient that promotes the production of the two types of collagen present in our skin. The result is greater softness, plumping and firmness.

Power Stay

Long-wearing make-up for a complete look every day. It comprises lipsticks, foundations, concealer, eyeliners and mascara. The launches for the year include new lipstick colors and a liquid eyeliner.



Awards and *recognitions*

Instituto Ethos:
Best company for black women

Aberje Award:
Regional winner with the Avon Olha de Novo case study

Lápiz de Oro Award (Argentina):
Best advertising with the "La voz" campaign

Colombia Women's Department:
Award for being a company made up of Powerful Women

Bosque Urbano Award (Mexico):
Awarded to companies committed to recycling paper packaging

Violeta Magazine (Ecuador):
Equality and Inclusion certification

The Body Shop

In line with global strategy, The Body Shop focused on stabilizing its main distribution channels and reducing costs in Latin America, with a view to driving cash generation and resumed growth in tune with the market.

With the sale of the brand finalized by the end of the year, we transitioned into our role as master franchisees in the region, proud to uphold the brand's positioning and attributes.

Awards and *recognitions*

- **Glamour de Beleza Award 2024:**
  Winner in the Skin category, with Edelweiss Night Mascara

- **GQ Brasil Grooming Awards:**
  Winner in the Body Skin category, with the dense butter for long-wearing moisturizing Body Butter Avocado (Vegan) and Moringa bar soap



Launches

Jamaican Castor Oil Line
Developed especially for coily and curly hair, its formula contains vegan keratin, shea butter – from Ghana Community Fair Trade – and Jamaican castor oil, with a recyclable and 100% recycled pack with Community Fair Trade plastic retrieved from the streets of Bengaluru in India. All are dermatologically tested and certified by the Vegan Society.





Flor do Limoeiro (Lime tree flower)

The new product line consists of Shower Gel, Body Yoghurt and Face and Body Mist with fresh, citric floral aromas. All are vegan and dermatologically tested with a minimum of 92% ingredients of natural origin.

Wellness Line

Anchored on three special pillars (Sleep, Breathe and Boost), it is oriented to self-care to re-energize the body and mind. The Sleep line contains a minimum of 90% ingredients of natural origin and upholds ethical principles in the essential oil sourcing chain. In the Breathe line, noteworthy are the 100% natural eucalyptus essential oils from China and rosemary from Spain, with at least 95% ingredients of natural origin. Mean while the Boost line contains 100% natural tangerine and bergamot oils, as well as other ingredients from Fair Trade programs with communities in Europe, Asia, Africa and Latin America.



Innovation, science *and knowledge*

With the integration of our businesses, we consider the role of research and development (R&D) and investments in them to be even more important. For us, nature, technology and beauty should go side by side to generate value for society and for the environment.

Our Research and Development (R&D) area is manned by a highly qualified multidisciplinary team of researchers that, based on the application of in-depth knowledge of skin, hair and microbiota sciences, develops high performance products that are proven to be effective and safe for human beings and the environment. We use machine learning, big data and artificial intelligence (AI) to boost the processing capacity of the information generated by these professionals. This process is further enhanced by leveraging other technological solutions, such as augmented reality and the Internet of Things.

In 2023, we reviewed our entire innovation process, including our organizational structure, aimed at accelerating our creations in the market. The R&D teams for each brand continue to work independently, ensuring each one's exclusive "way of making products". Natura maintains its investments in Brazilian biodiversity actives, while Avon has a strategy linked with global trends. In parallel, the restructuring has resulted in teams that work in synergy, seeking opportunities to optimize processes, infrastructure and technology. Some areas are now shared between Natura and Avon, such as advanced skin research and the Perfumery Development Nucleus.

These modifications were enabled by the installation of the Avon Global Innovation Center beside the Natura Innovation Center in 2023. Both are located in the municipality of Cajamar in Brazil. This move has made Latin America the group's main technological investment hub in the world. Together, the two form the largest cosmetics innovation center in the southern hemisphere.

Beyond the synergies, Brazil is also strategic because of the diversity of its climate and consumption habits, as well as the different skin and hair types found in the country. Such a diverse region in geographical, cultural and ethnic-racial factors helps to leverage the creation process for products that meet the demands of consumers on all the continents. Avon, for example, is the major benchmark for black skin, with four times greater market share than the competition, and will benefit from this proximity to the consumer market. In parallel, executing this

development from Brazil will drive knowledge sharing with other Avon centers worldwide and foster the development of new talent in the organization in Latin America.

The installation of a pilot plant for make-up together with the innovation centers is scheduled for 2024. This will be used to conduct tests both for Natura and Avon, functioning as a factory on a smaller scale.

Combining actives from nature with human knowledge and sensitivity and state-of-the-art technology enables us to develop high performance products with proven effectiveness and safety for people and for the environment.

Natura innovation indicators	2021	2022	2023
Investment in innovation (BRL million)	262	297	292
Percentage of net revenue invested in innovation (%)	2.2	2.3	2.1
Number of products launched[1] – Brazil	367	222	273

[1]The number of products launched includes only products that represent a new value proposition for the consumer, such as new packs and formulations.
[2]Share of sales of products launched in the last 24 months in total gross revenue in the last 12 months.

We believe that companies not only have the potential but rather have the duty to generate solutions for socio-environmental challenges. We see these as opportunities for innovating and generating positive impact. Innovation is the front that guarantees the perpetuity of our businesses in conjunction with sustainability and the R&D area focused on beauty products. We innovate in our commercial model to increase our capacity to generate prosperity for our network, in new businesses such as Emana Pay to drive digital and financial inclusion for our network, in the way we measure our impacts not only in terms of finance but in socio-environmental factors by means of the Integrated Profit & Loss (IP&L), throughout our value chain to guarantee human rights and foster the protection of social biodiversity, as well as promoting social innovation tools such as the Financial Mechanism to protect the Amazon. We also innovate constantly in the way we connect with our customers, not only offering them solutions for their needs, but also fostering their connection with more sustainable behaviors. In this context, our investment in innovation in its broadest sense has increased over the years.

Innovation Centers
in Latin America

Natura Innovation Center in Cajamar (São Paulo)

Our R&D center leverages innovation and the development of more natural formulas with exclusive, powerful and safe ingredients from Brazilian biodiversity, especially the Amazon, without conducting tests on animals to prove the safety and effectiveness of our products. The technology park has latest generation laboratories and equipment to identify in depth the vocation of the ingredients and to transform this knowledge into science applied to the products, ensuring optimal performance. It also houses collaborative spaces such as the sensory laboratories and the Co-creation Space in which consultants and consumers are invited to participate in the process of developing our products. The center also conducts activities aimed at dissemination, inspiration and co-creation with universities, start-ups, suppliers and partners.

Natura Amazonia Innovation Nucleus (Nina)

Nina is installed in the Ecoparque in Benevides, Pará, where there is a biorefinery for developing processes to obtain extracts, fixed oils, butters and essential oils from Amazonian biodiversity. The center is part of the Natura Amazonia Program strategy to promote innovation and technological development in the region and add value for sustainable local production. Partners in the initiative include the Federal University of Pará (UFPA) and Embrapa. As part of our expansion strategy for the Pan-Amazon region, we also have a partnership with the Instituto Sinchi in Colombia.



Inauguration of the Avon Global Innovation Center in Cajamar - São Paulo, Brazil.

- **Among the notable fronts of activity in 2023 are:**
  The launch of two new bioingredients of Amazonian origin, raising the total from 42 to 44 ingredients. With the expansion of our area of activity, we are contributing to the conservation of 2.16 million hectares of land and initiating a partnership with new communities.

- Acquisition of new equipment for our biorefinery, expanding production and technology capacity for the development of new eco-efficient extraction processes to obtain Amazonian bioingredients.

- technological processes that drive digital transformation in scientific research into biodiversity and the democratization of access to leading edge technology, benefiting the communities.

- Development of a simple device with a virtual communication interface to capture, measure and process data from remote regions in the interior of the Amazon.

Global Avon Innovation Center in Brazil

In 2023 we brought the Avon Global Innovation Center from the United States to Brazil, in the municipality of Cajamer, driving synergy between the structures. The new hub is responsible for innovation, product research and development for all the brand's categories for some 50 markets worldwide.

The decision was also taken to bring the brand even closer to the Latin American public. The idea is to ensure the investment makes the products more rapidly available for the end consumer. More than 300 scientists are focused on the development of formulas, packs and new technologies, constituting a significant competitive differential in the cosmetics industry.

At the forefront of *new technologies*

We invest in in vitro models and methodologies for research into skin physiology and hair biophysics, as well as their reaction with the environment, with microbiota and with processes in the human organism, such as ageing. By means of these methodologies, in 2023 we conducted studies that identified new cosmetic intervention mechanisms for treating the skin, scalp and hair strands. This approach allows for the selection of the most appropriate ingredients for each intervention, directly impacting the development of efficient and innovative cosmetic products tailored to meet specific consumer needs.

Among the innovations under development or application, worthy of note is the investment in a machine that simulates exposure to the sun for conducting product tests. This will join other leading edge technology products for research and development, such as high performance chromatographs, capable of separating complex compound mixtures, effectively targeting the application of exclusive raw materials in products.

Artificial Intelligence

The expansion of the use of AI and data in all our R&D processes is part of our strategy, with a focus on accelerating and ensuring the effectiveness of technical decision making. In 2023, we developed big data tools for simulations and the ecodesign of formulas that enable real-time comparative analyses with the complete Natura portfolio. The goal is to simulate the impacts of substitutions of ingredients, formulas and packs, as well as Commitment to Life indicators to boost agility in decision making and choices that reduce environmental impact.

We implemented AI models to forecast safety parameters for natural ingredients as an evolution in new alternative methods to the use of animals. We also leveraged analysis flow in omic technologies, involving structured data bases and artificial intelligence computational models and machine learning in transcriptomics and metabolomics, the process used to assess the vocations and chemical signatures of proprietary bioingredients.

Ingredient safety and consumers

GRI 416-1, 417-2

We are fully committed to the health and safety of consumers, assessing 100% of our product and service categories. In 2023, we had 11 significant product and service categories, all rigorously assessed in terms of their health and safety impacts. This process ensures that each product commercialized by Natura complies with the highest safety standards, using safe ingredients in line with the most recent scientific criteria and in compliance with relevant Brazilian and international legislations.

We have a specialized team of researchers that uses advanced in vitro modeling techniques, such as bioprinted 3D skin. The integrated methodologies strategy enables safety assessments for the brand's proprietary raw materials, combining different computational models to predict the toxicity of an ingredient and biological models.

An example is the Human-on-a-chip methodology, developed by Natura in partnership with LnBio (National Biosciences Laboratory of CNPEM – Centro Nacional de Pesquisa em Energia e Materiais). The procedure simulates the functioning of the human organism in laboratory for assessing the safety of ingredients or products. In 2023, the technology was incorporated into the company's routine safety tests. The method enables us to understand whether a raw material with no historical usage data is critical or not for relevant toxicological components.

In 2023, we also incorporated and used three new in vitro biological models and a computational model that enables us to study, accelerate and innovate in safety assessments of ingredients of natural origin, pursuing greater possibilities for the application of proprietary technologies to maximize their performance.

In our portfolio we only use ingredients that have been proven to be safe in line with the international scientific community.

We ban any ingredients of concern to human and environmental health, going beyond regulatory prohibitions. We monitor international lists of controversial ingredients and movements among the scientific community and other influencers related to these substances.

The controversial ingredients banned by Natura include triclosan, parabens, phthalates, Glyoxal and Imidazolidinyl Urea, in function of human health and/or environmental safety concerns.

We also prohibit the use of any material that may be considered a microplastic (polymers and/or synthetic copolymers in particulate solid form, with a particle size lower than 5 mm, insoluble in water and non-degradable), to prevent the risk of these components polluting rivers and oceans.

There have been no cases of non-conformance and incidents with our products related to sanitary laws in the countries in which Natura has commercial operations in Latin America.

You can verify the list of banned ingredients and details of consumer safety practices in the Databook Latin America.

No animal testing

The adoption of alternative methods to animal testing is a strategic choice for Natura &Co Latin America. The Natura and Avon R&D teams employ a technological platform based on data science to advance in robust, integrated alternative approaches capable of supplying the highest possible volume of information for safety assessments of proprietary raw materials. Moreover, the company has partnerships with research institutes and universities in Brazil and abroad to develop alternative methods for assessing product safety and effectiveness.

Vegan products

The only non-vegan ingredient currently present in the Natura portfolio is beeswax, used mainly in make-up, and which is gradually being substituted. In 2023, 95% of the Natura portfolio was vegan.



Open innovation

For over 20 years, we have believed in the collective purpose of creating via networks, with open innovation projects executed jointly with research institutes, universities, start-ups and large companies worldwide. These initiatives enable diverse actors to connect with Natura's challenges, fostering science and technology through partnerships involving the private sector and an extensive network of partners.

This is the reason for Natura Campus, a program that stimulates connection via networks to strengthen the innovation ecosystem and drive results in scientific development, innovation and technology. Natura Campus houses diverse collaboration formats. We invest in interconnected research areas active in the generation, growth and diffusion of knowledge and that deliver benefits for the company's entire relationship network.

In 2023, we expanded our strategic partnerships with some collaborative initiatives deserving attention, such as the partnership with Solubio and the Instituto SENAI de Inovação em Biomassa, aimed at developing solutions based on micro-organisms to boost palm production through socially and ecologically responsible innovations. Another was hosting the Packaging & Sustainability event, organized by the Instituto de Embalagens, at Cajamar in Brazil. This brought together representatives of diverse sectors engaged in enabling circularity in Brazil.

Natura Startups

Created in 2016, Natura Startups pursues solutions for the company's challenges by means of collaboration. Thousands of startups have been involved in this initiative. Its multiple points of contact disseminate an innovation culture, the digital mindset, entrepreneurship, collaboration and promote agility across our different business areas, helping drive Natura's organizational transformation. The initiative is monitored and assessed using a start-up funnel indicator, which measures the entire process from the initial analysis to the contracting of approved partners. In 2023, the project addressed 21 challenges in diverse areas, resulting in the conclusion of nine tests and interaction with over

Singu: our first startup acquisition

In 2023, we acquired our first startup. This is the home beauty digital service platform Singu. The company had already been a Natura investee initiative for two years. With the purchase, we assumed management of the company. The decision permitted the combination of major business fronts on this platform because a significant part of our Beauty Consultant network works with or is engaged in the beauty service segment (manicures, pedicures, massages, hairdressing).

The platform brings these professionals closer to the end customer's needs by putting them in contact and shortening distances. This direct contact gives the professional access to a much more inclusive level of income compared with working in a beauty salon.

Check the results of Natura Startups in the Databook Latin America





Natura &Co Latin America employees in our headquarters in São Paulo, Brazil

Natura &Co Latin America Culture: *our employees' journey*

GRI 2-7, 3-3

In 2023, Natura &Co Latin America reviewed its people and organization strategy, in line with the new moment in our business journey. Starting from the Organizational Transformation strategic pillar we determined five major focuses:

1 Develop and accelerate leaders, focused on proactive mindsets, innovation, entrepreneurship and orientation to economic, environmental and social results, in addition to the formation of a strong succession pipeline;

2 Guarantee the critical competencies necessary for the growth of the businesses by means of a strategy to acquire or develop key competencies;

In 2023, we achieved:

Gender and race salary equitty in the region

Living wage for 100% of our employees in Latin America

Over 50% women in leadership positions

3 Simple, agile and efficient organization: reduction in complexity by means of an organizational design, governance, decision making process, performance indicators and incentives that support current, combined and future businesses;

4 Culture: we believe that this is a major enabler of strategy. We aim to provide clarity about our essence and the way we expect people to act: Our Way of Being and Doing Things.

5 The employee value proposition: In addition to a benefits package focused on the well-being and health of our employees and their families, we promote a diverse and inclusive work environment, with well-defined targets.

The results of the Natura culture and people journey are already palpable. We achieved our target of having over 50% women occupying leadership positions in 2022 and maintained it in 2023. We reached equitable pay, eliminating any unjustified salary difference by gender for Latin America and by race for Brazil. We also guaranteed a living wage for 100% of our employees in 2023. We measure employee engagement by means of favorability index. In November 2023, the engagement survey showed 87% favorability, a 1 p.p. increase over 2022. **GRI 2-29**

Our team in detail GRI 2-7

In 2023, we reduced the headcount in function of the review of the organizational design and the business and operational simplification and integration.

Latin America in numbers GRI 405-1

Around **14,500** **direct employee****

>1% did not declare their gender

40% **men**

60% **women**

7,600 **employees in Brazil**

6,900 **in Hispanic America**

*These data do not take into account Holding company and Instituto Natura employees, or interns and apprentices. This total is accounted for as total employees, not as full time equivalents, and was not reported as an average during the course of the period.

Further details and indicators in the Databook Latin America.

Living wage

In December 2023, we communicated the achievement of a living wage for 100% of our employees in Latin America – a target contained in the pillar "Defend Human Rights and Be Human-kind", from our Commitment to Life.

In establishing a living wage for employees, we are not only addressing economic questions, but also promoting human dignity and contributing to the elimination of inequality.

The living wage is calculated based on a survey of the local cost of living and what is needed for a decent standard of living in a determined place, with normal working hours. This concept is different from that of the minimum salary, which is regulated by government and updated based on economic indicators and which frequently does not correspond to an updated decent standard of living.

To guarantee a living wage throughout the region in which we operate, we assess all the amounts paid, including benefits, such as meal vouchers/allowances, and variables. The calculation is reviewed annually in the process of reviewing salary grades in each country.

Talent development GRI 404-1

2023 was characterized by a transformation in education and training practices in our Learning Ecosystem. Training for the Sales Force*, including Natura and The Body Shop, was reported in this cycle, adjusting the scope to exclude France, the United Sates and Malaysia from the total training hours considered, focusing on Natura &Co Latin America.

In addition to thematic workshops and cultural measures for leaders, we launched a language program and education subsidies, by means of partnerships and discounts for employees and their families.

108,295.38 hours of training

BRL 2,902,396 invested in full time equivalent (FTE) training

over 200 groups with workshops on Exceptional Results, Innovation Mindset and Our Business Model

Leadership training

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, the Leadership Formation program 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.

Diversity

equality and inclusion GRI 405-1, 3-3

We intend to be a benchmark in affirmative actions and in attracting and retaining talent with diversity and advocacy in the key agendas of equality and inclusion. Our main instruments in this area are the Human Rights policy and the Diversity, Equality and Inclusion policy. We are also aligned with the Sustainable Development Goals (SDGs) established by the UNO. In a broad sense, our activities seek to promote gender equality, the inclusion of the disabled, while valuing sexual and gender diversity, promoting ethnic-racial equality and generational integration.

We develop initiatives for our internal audience on the fronts of gender equality and inclusion of under-represented groups in management positions and the elimination of salary disparities by gender in our business. We continuously conduct awareness and education measures in these areas for our employees.

The second edition of the Natura &Co Diversity and Inclusion Survey in 2023 revealed a 57% employee participation rate across the group in Latin America, marking an impressive 11% increase compared to the previous year.



In 2023, we promoted an education journey on racial diversity for the Executive Board, involving subjects such as communication, products, businesses, culture, compliance and people.

In Brazil, since 2018 we have had affinity groups related to under-represented groups among our employees: Nós (Us - related to gender), Eficientes (Efficient - PwD), Raízes (Roots - color and ethnic origin-race) and LGBTQIA+. In the other Latin American countries we have employee Diversity Committees that address different areas according to the reality in each country.

The company's overall targets for 2024/2025 include a minimum representation of women in leadership positions in Latin America of 50%; elevating the percentage of black people in management positions to 25% by 2025, and having a work force with 40% black employees by 2025 in Brazil. Our previous commitment of including 6.2% disabled people in our work force in Brazil has already been achieved, having reached 6.25% in 2023. These efforts reflect our medium to long-term commitment to create a truly inclusive and diversified work environment.

Gender

We are signatories to the Women's Empowerment Principles, a UNO document that addresses gender equality in social activities to strengthen economies, drive businesses and improve the quality of life of women, men and children.

We are also part of another UNO initiative, the Coalition for Ending Violence against Women and Girls from the Unstereotype Alliance, a platform that seeks to eradicate gender stereotypes in all media and advertising contents. We participate in groups dedicated to this subject in Brazil, such as Movimento Mulher 360, a business initiative to promote female economic development.

Salary equality

In 2023, we achieved gender and race salary equity in the region and in Brazil. This means greater equality and a fairer work environment, incentives for diversity and inclusion, motivation, performance and talent retention. To do this, in conjunction with Mercer, a leading human resources consultancy, we have developed annual studies on salary equality in the group, encompassing over 15 individual factors, such as salaries, positions, level of experience, length of time in function, performance, country and, among others, gender and race.

The first initiatives to reduce the differences identified took place in 2021. Since then, we have invested BRL 6.6 million and applied corrections for almost 700 people to eliminate non explainable salary differences.

Race

Avon is the precursor in combating racism in the group, with the launch of its anti-racist commitment, "Black lives matter" in 2020. This led to a series of actions such as the global study of the conjuncture which gave rise to the #EssaéMinhaCor movement and the development of makeup products that include tones and sub-tones of black skin, and the DIVA (Diversity + Avon) project to retain and develop black women. In 2022, the Natura Anti-racist Commitment was launched, with targets that impact the business as a whole, including employees and consultants, encouraging progression in professional development.

It is our understanding that combating racism involves the adoption of anti-racist measures by the whole of society, we address actions directed at all stakeholder groups. Regarding our employees, we developed affirmative actions on different fronts to guarantee equality in the inclusion of black people in selection processes at all levels, such as the program CorageNatura, for trainees, Avante, focused on career acceleration, and an intern program with at least 50% of the places reserved for self-declared black university students.

We trained internal procurement teams and initiated a process review to promote greater equality in the company's supply chain. We also established a partnership with the Empreendedores Pretos platform, aimed at including black suppliers.

In 2023, we developed the first Anti-racist Communication Manual, focused on promoting not only practical guidelines, but also literacy in the ethnic-racial area in the brand. Going beyond including black, mixed race and indigenous people in our communication, the purpose is to represent new aspirations and new narratives created by and for these people.

Disabled people

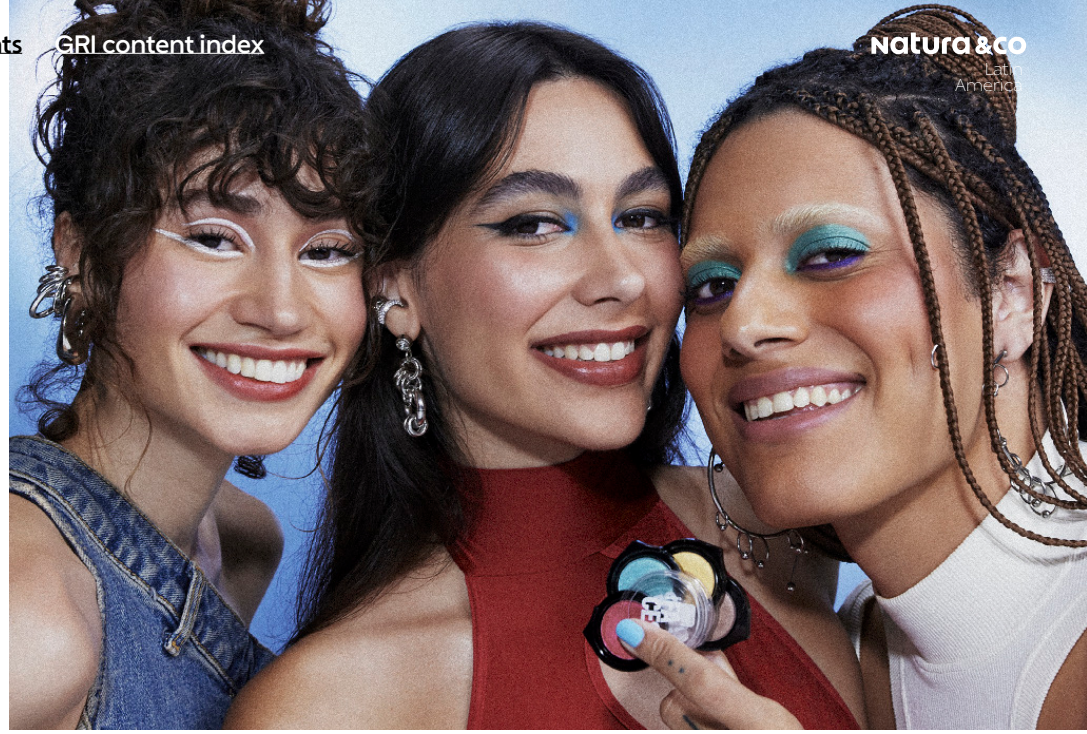
The installations of the Natura plant in Cajamar (SP) were conceived incorporating accessibility in 2001. The São Paulo Distribution Center (from 2013) was conceived especially to include employees with hearing and intellectual impairment. The sorting lines adopt picking by light technology, with the use of lights to indicate the tasks to be executed intuitively, facilitating product sorting by disabled people.

We offer our employees learning trails and workshops on self-knowledge, emotional and relationship intelligence and a proactive professional stance. Among other accessibility initiatives, we implemented a godfather program for hearing impaired persons, which included training in the Brazilian sign language, Libras, and training for managers and employees. Moreover, we provide a Libras translation platform for employees, that was used for over 300 hours, demonstrating the organization's strong commitment to inclusion and accessibility.

We conduct inclusion laboratories in partnership with Fundação Inclúyeme - a social organization that connects disabled people with job vacancies at companies committed to building inclusive and equitable workplaces - and with the Inter-American Development Bank (IDB), to improve services and employability for the disabled in the entire region. 106 people were trained in Mexico, Peru, Colombia, Argentina, Chile, Ecuador and Venezuela.

LGBTQIAP+

In addition to encouraging hiring, we guarantee the right to use the chosen name. For 15 years, we have provided healthcare benefits for LGBTQIA+ couples in our headcount, of which approximately 13% declare belonging to this group. We strive to advance in processes and systems for non binary practices that cover the full range of gender diversity.



To combat discrimination, the company ensured that all employees would undergo compliance training based on our Code of Conduct, addressing areas such as racism, capacitism, LGBTQIA+phobia, and other forms of discrimination. These efforts are aimed at guaranteeing a safe and inclusive workplace for all.

Corporate Citizenship

Following the example of the Conscious Vote campaign held in Brazil in 2022, in 2023 we implemented the "Tu voto suma: Participar hace la Democracia" initiative in Argentina, in which we fostered Natura and Avon consultant and employee participation in the presidential elections held in October.

Occupational health and safety

GRI 403-1, 403-2, 403-3, 403-4, 403-6, 403-7

Our commitment to occupational health and safety is reflected in the implementation of an extensive management system complying with legal requirements and international standards such as ISO 45001, as well as Brazilian Ministry of Labor and Employment regulations. This system, which covers all employees, company workplaces and activities, including Natura, Avon, and The Body Shop, as well as service providers, is validated by independent external audits, guaranteeing safe practices and well-being.

The company not only complies with regulations and international standards, but goes beyond, promoting a responsible safety culture that covers all aspects of occupational health and safety. We adopt a proactive methodology for identifying and assessing work-related risks, addressing risks in a variety of contexts, including outside our direct operations.

Health and safety training is extensive, ranging from the induction of new employees to specific training. We also promote an open communication policy, enabling employees to report hazards without fear of reprisals. This approach ensures the continuous improvement of the health and safety management system, reducing risks and promoting a safe workplace.

We offer a series of occupational health services, ranging from medical examinations to first aid programs, aimed at protecting the health of our employees, preventing accidents and promoting quality of life. We also have programs that go beyond occupational health services, including supplementary healthcare and dental services, psychological assistance, well-being programs and disease prevention initiatives. We also offer life insurance and private pension programs. This holistic approach underscores the importance of health and well-being.

See all the Natura &Co Latin America occupational health and safety indicators in the Databook Latin America.

Value
chain management

GRI 2-6, 2-23, 2-29, 3-3

Operating in the consumer goods and agro-industry sectors, we engage an extensive value chain, ranging from inbound and outbound logistics, operations, marketing, sales, services, infrastructure, human resources management through technology development, procurement, raw materials, suppliers, distribution to product and service use and end of life, sustainability, communications and institutional and government

The updating of our Commitment to Life includes targets for the entire ecosystem: reducing greenhouse gas emissions (scope 3) by 42% by 2030, increasing the purchase of Amazonian inputs fourfold compared with 2020 and critical chains free from deforestation and conversion of native vegetation.



We have close, long-term relations with our suppliers, sharing the challenges and driving the organization's purpose throughout the value chain. These activities are guided by the Natura &Co Declaration of Human Rights, which directs orientates 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. Additionally, we seek the certification and full traceability of critical chains, aimed at generating positive impact, as well as reducing and mitigating negative impact.

Our way of doing business also includes engaging our suppliers, in line with science-based targets (SBTi), in addressing climate change and the loss of biodiversity.

The updating of our Commitment to Life includes targets for the entire ecosystem: reducing greenhouse gas emissions (scope 3) by 42% by 2030, increasing the purchase of Amazonian inputs fourfold compared with 2020 and critical chains free from deforestation and conversion of native vegetation.

In 2023, we spent BRL13.8 billion on purchases, with a chain of 7,665 suppliers, of whom 364 accounted for 80% of the amount spent. Analysis of the segmentation of strategic suppliers takes into account innovation, sustainability and risk. Natura &Co maintains close communication with critical suppliers, 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 management of the chain based on sustainability criteria.

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 negotiating ethically 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.

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, organizational policies are aligned 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.
GRI 408-1, 409-1

Verification of supplier adherence to the Global Code of Conduct is conducted through assessment, positive engagement and the promotion of continuous improvement via the Embrace Program.

Local suppliers GRI 204-1

In 2023, 46% of Natura &Co Latin America purchases were from local suppliers, that is, ones located at less than 80 km from the operation, in accordance with criteria adopted by BCorp, among acquisitions made by the most important units - Cajamar (SP), Benevides (PA), Interlagos (SP, sold recently), Moreno (Argentina) and Celaya (Mexico). Specifically in the case of Natura in the region, there was an important increase in this figure, which rose from 49% in 2022 to 54% in 2023.

We prioritize relations with local suppliers, particularly in the acquisition of Amazonian biodiversity ingredients for Natura products. This involves working closely with agro-extractivist cooperatives, traditional peoples and communities, and family agricultural producers, establishing commercial relationships that include ethical supply and regenerative practices, guaranteed purchases, benefit sharing from the use of genetic heritage and traditional knowledge, as well as positive social and environmental impact. These practices are deemed fundamental for strengthening local cooperatives and associations, economic diversification and promoting the sustainable development of the company's regions of activity (further information in Ethical and responsible sourcing, on page 149).

In 2023, we worked on overcoming two major challenges identified and monitored in accordance with our supplier risk matrix. One of these is the dependence of some Avon suppliers in Latin American countries. In Argentina and Mexico, for example, there were suppliers that depended on the company to sustain and enable the continuity of their businesses. During the course of the year, we sought to introduce measures to ameliorate this situation, aimed at establishing healthier commercial relationships. Another factor requiring attention was logistics. We worked on preparing all our partnering freight operators to achieve the high quality and service levels adopted by Natura.

In 2023, we evolved in the global integration of procurement processes. In Waves One and Two of the Natura and Avon business combination in Latin America, the procurement area was focused on seeking cost synergies between the brands, transforming this operational integration into a driver to boost efficiency. By combining volumes from the same supplier for both brands, it is possible to economize and ensure higher standards in deliveries, quality and efficiency in the chain.

Further information on local suppliers in the Databook Latin America.

Supplier socio-environmental assessment

GRI 308-1, 308-2, 414-1, 414-2

Through the Global Supplier Approval Policy, launched in 2022, pertaining to responsible purchases, we established criteria for conducting audits in areas such as human rights, decent working conditions, diversity and inclusion and social responsibility. Upon identifying some frailty or non-conformance, we we undertake remediation measures to help the supplier adapt. In cases where the contract must be interrupted, the company undertakes tracking measures aimed at protecting the partner's employees. In 2023, 219 audits were performed and 22.88% of new suppliers were screened for social and environmental criteria.

GRI 308-1, 414-1

See details on our projects and indicators related to managing agro-extractivist communities and suppliers in the chapter Biodiversity and Nature (page 142).



Embrace Program

GRI 2-29, 308-1, 308-2, 414-1

We aspire to guarantee quality and long-lasting relationships with our suppliers, creating value for society and for the planet. By means of the Embrace Program, we develop our supply chain, as well as mobilizing it to promote sustainable practices. The program, which monitors supplier performance in an ethical and transparent manner, is based on six pillars: quality, service, innovation, competitiveness, capacity, and Commitment to Life. There is an annual award to celebrate the power of these relations, to thank suppliers for their efforts and their commitment to the value chain.

Suppliers in critical chains participate in specific events in which Natura &Co shares its strategy, plans for the future and best practices. **GRI 2-24**

Sustainability Vision



Sustainability vision GRI 3-3

In light of the escalating global socio-environmental imbalances, simply striving to maintain existing resources to mitigate further depletion of the planet, as traditionally perceived in sustainability, is no longer adequate. Instead, there's an urgent need for businesses to adopt a more transformational impact agenda, focusing on restoring what has been degraded or permanently lost due to human actions. This approach is underpinned by the concept of regeneration, emphasizing the imperative of actively replenishing and revitalizing our ecosystems and communities.

Doing business regeneratively goes beyond practices applicable to agricultural production and the reclamation of soil and forests. Natura &Co Latin America believes that human and social factors are indissociable from environmental challenges and are essential for a new strategy based on regeneration. This is a course we have initiated and linked directly with the new Natura &Co Commitment to Life targets up to 2030 and the Natura Vision 2050, guiding the company's upcoming decisions.

The regeneration strategy reconnects with one of our beliefs registered over 30 years ago, and with the Natura Reason for Being: "Well Being Well". This is the harmonious relationship of the individual with himself as the definition of "well-being", and the empathetic, successful and pleasurable relationship with others and with nature as the expression of "being well".

Many of the initiatives undertaken by Natura over recent decades reflect regenerative practices, including the choice of the direct selling model and the involvement with traditional peoples and communities and family smallholders in the Amazon, grounded in the social bioeconomy.

A recent example is the Biōme line of personal care products. Made with palm oil produced in agroforestry systems that the company started to develop over 15 years ago with Embrapa (Empresa Brasileira de Pesquisa Agropecuária) and the CAMTA cooperative (Cooperativa Agrícola Mista Tomé-de-Açu), changing the reductionist viewpoint that palm can only be produced by monoculture.

Biōme: products for regeneration

At the end of 2021, Natura entered the solid cosmetics market with Natura Biōme, currently only available in Brazil and Chile (e-commerce and retail). With a product portfolio for hair and skin care, the brand was launched with the manifesto of rethinking the present to recreate the future.

The main Biōme ingredient is palm oil obtained from the first agroforestry system in the world for the production of this ingredient, the Palm Oil or *Dendê* AFS. This initiative with the participation of Natura in Pará, brings the cultivation of this oilseed close to its original environment in the forest, through the association with diverse plants in the production system. The line also has plastic free recycled and recyclable packaging.

The Biome packs were developed with recyclable and recycled post-consumer paper with an internal protection made of biodegradable cellulosic film made from renewable sources.

To store or transport the bars after they are opened, the brand commercializes an accessory with an exclusive design produced in partnership with the Californian startup Mango Materials, which employs an original technology that captures methane gas and transforms it into bioresin, turning a gas potentially harmful to the environment into a compostable and biodegradable material.



Social Regeneration: what it is and how we apply it

GRI 3-3

"Social Regeneration" is a material topic for Natura &Co Latin America's management. Positive impacts on communities involved in the actions and projects developed by Natura are: increases in income and improvements in education, diversity, health and well-being. In parallel, the company monitors potential negative impacts that could arise, such as not achieving a living income and the risk of violations of human rights in the supply chain: harassment, discrimination, minors' and community rights, and the right to a healthy environment.

We adopt policies and practices that go beyond legal requirements. We participate in key social initiatives and pursue a leadership role in the sector, defending actions and public policies aligned with the company's positioning. **The Sustainability and Institutional and Government Relations areas are responsible for managing this topic.** Stakeholder engagement, involving advocacy, communication, participation and cooperation provided support for Natura's actions and helped inform about the effectiveness of these measures.

Commitment to Life: *target updates in Latin America*

The review of the Commitment to Life resulted in a focus on Latin America, underscoring the force the region represents for our businesses, especially after the arrival of Avon. Currently, the group brands operate in 14 Latin American countries, accounting for 76.5% of Natura &Co net revenue and 66% of its employees. We understand that the business unit's potential for impact – and responsibility – should be leveraged by more ambitious targets.

What we changed

We evolved in the specificity of some commitments, and we recalibrated and added some targets to make them more challenging. We approved our short-term Net Zero targets in accordance with the SBTi (Science Based Targets initiative) and took an important step towards regeneration with specific commitments to certify Natura &Co ingredients.

In 2023, we increased the number of metrics to monitor our progress towards the vision 2050 from 31 to 37. See some of the new commitment and target highlights (further details in the full version of the updated document, available here):

Address the Climate Crisis and Protect Biodiversity

Adjustments in the carbon targets to adapt to the premises defined by the SBTi (Science Based Targets initiative). As a result, the 2030 commitment becomes reduce net scope 1 and 2 greenhouse gas emissions by 90% and decarbonize 42% of our value chain for scope 3 emissions; prioritizing the acquisition of credits from projects in the Amazon, especially involving agro-extractivist communities.

Defend Human Rights and Be Human-kind

- Reach 25% black people in management positions in Brazil by 2025 and 30% by 2030;
- Increase the Beauty Consultant HDI by 10%.

Embrace Circularity and Regeneration

- Increase purchases of Amazonian social bioeconomy inputs fourfold compared with 2020;
- Generate BRL 4 in positive socio-environmental impact for each BRL 1 in revenue.



The renewal of the Commitment to Life launch event on September 5, 2023, at the venue Casa Natura Musical, in São Paulo, Brazil.

Our targets in Latin America

Indicator	Commitment	Target deadline	Natura &Co Latin America 2023 Status
Climate Transition	Net zero emissions, reaching 1.5°C in line with SBTi criteria in our own installations (90% reduction in scopes 1 and 2 by 2030) before the UN commitment	2050	-37% reduction (Reduction vs 2020 baseline).
	42% reduction in greenhouse gases throughout our value chain (scope 3), enhancing engagement with our suppliers and consumers	2030	-29% reduction.
	Adopt the Science Based Targets initiative, SBTi, for all the companies, scopes 1, 2 and 3	2023	The holding company's short-term science-based targets were approved in 2023 and cover our Natura &Co Latin America operation, affirming alignment with the 1.5°C target.
	Continue offsetting 100% of the remaining Natura &Co Latin America emissions, acquiring at least 50% carbon credits from the Amazon, as a priority from agro-extractivist communities	2030	33%
Protect the Amazon	Contribute to the protection and/or regeneration of 3 million ha of Amazon forest (from 2 million ha in 2020)	2030	2.2 million hectares.
	Increase to 45 agro-extractivist sourcing communities (from 34 in 2020)	2030	44 communities
	Contribute to the bioeconomy using innovation to develop 55 Amazonian biodiversity ingredients (from 39 in 2020)	2030	44 ingredients
	Increase purchases of Amazonian social bioeconomy inputs fourfold compared with 2020	2030	BRL 35.31 million.
	Double the funds shared with our communities (compared with 2020)	2030	BRL 42.82 million.
	Engage 20 million people per year in actions linked with the Living Amazon Forest Cause	2030	62 million people.
Biodiversity	Work towards getting countries to cooperate with each other to establish harmonized rules for access and benefit sharing, in particular regarding traditional peoples and communities	2030	The commitment to promote a multilateral mechanism related to ABS (Access and Benefit Sharing) is already expressed in our Biodiversity Policy relaunched recently. We are mapping partnering organizations.
	Assess and report our impacts and dependencies regarding global biodiversity by 2025, based on recognized international standards	2025	In 2023, Natura &Co Latin America initiated its journey to map and report on the nature-related risks and dependencies of its businesses, employing Task Force on Nature-Related Financial Disclosures (TNFD) methodology.
	Have 100% of our critical supply chains free from deforestation and conversion of native vegetation, with independent verification, by 2030	*	The methodology for this recent commitment will be defined in 2024, and we will seek strategic partners to implement independent verification. *Final deadline: by 2025 for direct purchases of palm, soy, paper, and alcohol. ** final deadline by 2030 for direct purchases of palm, soy, paper, alcohol and cotton Further information in the Databook Latin America.

Indicator	Commitment	Target deadline	Natura &Co Latin America 2023 Status
Our People	50% of women occupying senior leadership positions at Natura &Co by end of 2023	-	50.5%.
	Equitable salary: eliminate non-justifiable salary differences from 2023	-	-0.8%.
	Equitable salary: eliminate non-justifiable salary differences from 2023.	-	-0.11%[1].
	Increase under-represented groups to 30% at management levels	2030	In 2023, the mapping of data to define under-represented groups was begun. These will include black and indigenous people, LGBTQIAP+, the disabled and others, in accordance with the local context.
	Reach 25% black people in management positions in Brazil by 2025 and 30% by 2030;	2025 2030	12.14%. In Brazil, efforts are concentrated on increasing inclusion and promoting the advance of the black population, with represents the majority of the population, and to achieve greater coverage for racial self-declaration.
	At the minimum, a living wage for all employees from 2023	-	100%[2]
Our broader network	Increase the consultants' human development index by 10%	2030	Further information from page 92, Relationship Selling.
	Improve social progress in agro-extractivist communities, generating measurable impacts in a living wage, health and well-being, education and civic awareness	2030	Beginning in 2024, we will customize the Community Social Progress Index (IPS).
	Encourage and facilitate public participation in our network, as a priority in the causes related to the Amazon, education, women's health and violence against women and girls	2030	Further information on pages 161 to 164 and on page 127.
	Promote the human rights of our agro-extractivist communities, including indigenous and traditional peoples	2030	In addition to UEBT certification, we published the review of the Social-Biodiversity Policy, which includes clear guidelines on relations with traditional and indigenous communities. Further information on page 141.
Human Rights	Certification and/or full traceability for critical supply chains	2025	In 2022 we approved and published specific policies for each one of the materials considered critical for Natura &Co (https://www.naturaeco.com/cadeias- de-suprimento-críticas-políticas/).
	Full certification – palm oil	2025	87.5%.
	Full traceability - Mica	2025	98.5%.
	Full certification - Paper	2025	80%.
	Full certification - Alcohol	2025	78.8%.
	Full traceability – Soy	2025	86.7%.
	Full traceability – Cotton	2025	92.6%.
	Traceability and/or full certification for critical supply chains in Latin America (including deforestation and free from conversion)	2030	The expansion of monitoring of critical chains for Latin America will be defined in 2024. Further information in the Databook Latin America.

[1] Data reflects the results of our annual pay equity study. For more information on the methodology, see pages 90 and 91 here.
[2] The parameter comprehends the necessary income for a person to be able to meet basic needs such as food, rent, health, education,l and among others. The calculation takes into account guaranteed payments and food vouchers. All employees with regular contracts in the base year 2023 are taken into account, except interns and young apprentices.

Indicator	Commitment	Target deadline	Natura &Co Latin America 2023 Status
Human Rights	Advance the process of identifying, preventing and mitigating human rights risks in the operations and the entire supply chain by 2027; ensure engagement with stakeholders who are affected, promoting reparations and using our influence for positive impact	2027	Based on the foundations of our declaration of human rights, in 2023 we started to improve our approach in line with the United Nations Guiding Principles on Business and Human Rights. Active engagement with stakeholders is essential in these efforts, promoting access to reparations, and harnessing our influence for positive change. To bolster our efforts, we are developing a dynamic in-house risk mapping exercise with specific assessments of blind spots identified. We are making progress in the identification of the main risks of impacts to human rights and the prevention and mitigation of these risks in our value chain.
Packaging Circularity	50% of all the plastic in our packs must have recycled content (in weight)	2030	13.1%
	Packaging materials will be 100% reusable, refillable, recyclable or compostable.	2030	87.8%
	Offer collection schemes in the main markets in which suitable recycling infrastructure does not exist	2030	We understand that recycling effectively occurs when we ally product design with existing quality local infrastructure to guarantee the adequate collection, sorting and treatment of the waste. In 2023, we initiated a mapping exercise that will help us to start strengthening local recycling chains and enable adequate collection and disposal systems where they do not exist.
Formula circularity	95%+ natural or renewable ingredients for Natura	2030	94.8%.
	95%+ biodegradable formulas	2030	97.1%.
	100% of new formulas to have lower environmental footprints, measured by life cycle analysis (LCA)	2030	In line with the strategy of our holding company, in the last two years we have developed an internal Life Cycle Assessment (LCA) tool. In 2023, this underwent a testing and learning phase which enhanced our data base for improved assessment of the environmental impact of local value chains.
Regeneration	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	In our regeneration journey, we are reviewing the company's vision, taking into consideration social and environmental perspectives, a process which should extend throughout 2024. Moreover, as part of this process, in 2023 we undertook an alignment process with the UEBT for Regenerative Certification, derived from Ethical Sourcing Certification. We also prepared two case studies using the new methodology (Palm Oil and Brazil nut AFS). We are validating the methodology, with a view to beginning to apply it in 2024. To strengthen our commitment to protect biodiversity, Natura is participating in the development of the UEBT regenerative module. This module underwent a pilot test in two supply chains in 2022 and 2023. BRL 2.7 (according to the IP&L calculation). Further information in the Databook Latin America.
	30% of the main ingredients supplied by the communities/smallholders that employ regenerative practices (verified/certified by external third-parties)	2030	
	100% of the volume of at least two of the main commodities in our business produced using regenerative practices	2030	
	100% of communities/small producers to adopt ethical biotrade and regenerative practices to produce our key ingredients	2030	
	Generate positive socio-environmental impact of BRL 4 for each BRL 1 of reported revenue	2030	



Biodiversity and Nature

GRI 2-6, 2-23, 2-29, 3-3

The future of the planet depends on an integrated approach to climate, biodiversity and human rights. Aware that climate change and the loss of biodiversity provoked by human activities pose a real threat to all forms of life on Earth, we act as agents of mobilization and cooperation through partnerships that generate positive transformations.

We advocate political action at all levels - from global to local - that transforms current models of development so that trends that accelerate climate change and the exacerbated loss of biodiversity may be reversed.

Highlights and advances in 2023:

- We relaunched the Natura &Co Latin America Biodiversity Policy
- We established our first supply chain in the Peruvian Amazon
- We started up the operation of the Amazonia Viva financing mechanism
- We impacted 44 agro-extractivist communities and suppliers with total funding of BRL 46 million, of which BRL 42.8 million for communities in the Amazon
- We launched the Natura &Co Regeneration Strategy

Biodiversity Policy

In 2023 we relaunched our Biodiversity Policy, expanding its guidelines for decision making and for the implementation of actions that impact our relationship network. The standard also offers clarity on how to effectively disseminate our values and commitments regarding biodiversity, providing guidance on the most impactful ways to communicate and uphold these principles. Our aim is to drive transformative change in the relationship between people and biodiversity in response to the call for action from the Kunming-Montreal Global Biodiversity Framework for 2050, adopted in 2022 during the Convention on Biological Diversity (COP15).

The policy aims to guide the company on a harmonious journey involving people and nature, expanding its scope ranging from commodities in the supply chain to the direct operations. It also reflects our activities with communities, particularly in the Amazon, as well as benefit sharing and product research and development. Although they have specific approaches to biodiversity, Avon and Natura will advance hand in hand on a regenerative journey involving people and nature. There are seven key areas of activity in our value chain:

- **Science and Technology;**
- **Formula and Packaging Development;**
- **Relations with Traditional Peoples and Communities**
- **Ethical Sourcing with Regenerative Practices;**
- **Benefit Sharing and Incentives for Ecosystem**
- **Services;**
- **Purchase of Inputs from Private Producers or Companies;**
- **Direct Operations; and**
- **Communication and Marketing.**

Managing the Biodiversity Policy is the responsibility of the Sustainability area. The Sustainability Governance Committee for Latin America oversees strategic direction in this area, as well as tracking results to ensure its application in all pertinent business processes.

Biodiversity-related impacts and dependencies

To help map risks and opportunities related to biodiversity and natural capital, we undertook an initial steps in 2023 to comply with the parameters of the Taskforce on Nature-related Financial Disclosures (TNFD).

We made a diagnosis for the application of the methodology in Natura &Co Latin America, in order 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.

To create science-based targets, we network with partners such as the UEBT (Union for Ethical BioTrade), a non-profit organization that defines practices of respect for people and biodiversity, SBTN (Science Based Targets Network), which aims to transform economic systems and protect common global goods; and BfN/WEF, a global coalition comprising Business for Nature (BfN), the World Economic Forum (WEF) and the World Business Council for Sustainable Development (WBCSD).

The Amazon: *people and nature*

The Amazon represents our main platform for innovation and for generating positive impact. This essential connection between biodiversity and our business model orientates our guidelines, which include promoting environmental conservation and regeneration, the sustainable use of biodiversity and the implementation of fair and equitable benefit sharing. Our activities seek to generate benefits, principally for the agro-extractivist communities with whom we maintain relations through initiatives aimed at conserving the forest, promoting a low carbon economy and social inclusion.

In 2023, we advocated the need for harmonizing the rules on benefit sharing and access to Amazonian biodiversity with governments and civil society at the level of Latin America. The goal is to establish normative frameworks that permit the development of transnational research and chains for the supply of Amazonian biodiversity actives, with transparent and fair rules that acknowledge the rights of the traditional peoples, recognize their knowledge and expand opportunities for development and income generation based on the standing forest bioeconomy. These activities were more prominent during the Amazon Summit and its preparatory stages, with the subject addressed in the Belém Charter, published at the end of the event in August. The document was signed by the eight nations that make up the Amazon Cooperation Treaty Organization (ACTO): Brazil, Bolivia, Colombia, Ecuador, Guyana, Peru, Surinam and Venezuela.

The Amazon is the major source of biodiversity in the world and has a population estimated at around 38 million people. Approximately 28 million of these inhabitants live in Brazil. There is great potential for the development of sustainable chains of Amazonian biodiversity inputs that generate income for the local population and stimulate preservation, of key importance in the global sustainability agenda.

In this respect, we actively seek to share the experience acquired by Natura in its more than 20 years of working in the region with Brazilian authorities. We have identified the more promising crops in terms of demand, we have shared technical data and information about equipment and machinery that optimize production and improve product quality, as well as underscoring needs in research and development, agricultural assistance, access to credit and infrastructure that that national and state governments could work on with effective impact on people and the environment. Documents such as Nova Indústria Brasil (New Industry Brazil) and the Ecological Transition Plan incorporate positive advances in these areas in the public agenda for the coming years.

Similar work has been done in Columbia, given that Natura's recent experience with cupuaçu production has shown that many of the challenges are the same. Also



Cupuaçu fruit from Colombian Amazon

in Colombia and resuming the vision of integrating chains and research, we signed a new technical cooperation agreement with Sinchi.

Natura Amazonia Program

GRI 3-3, 203-1, 413-1

The implementation of the Natura Amazonia Program in 2011, made it possible to scale up actions in the region. Our initiatives are aligned with the mitigation of the effects of climate change and seek to staunch the loss of the biome's biodiversity in line with science-based targets. With this vision, we seek to transform socio-environmental challenges into business opportunities and sustainable local development. Our strategy in the Amazon region is based on three pillars, in addition to Advocacy and the engagement of our network for the Amazon:

- **Science, technology and innovation:** a research and development strategy to increase the use of Amazonian vegetable inputs and social biodiversity ingredients in our portfolio;
- **Social biodiversity production chains:** a relationship strategy with agro-extractivist communities and family smallholders, oriented to the generation of work and income and their social and economic development;
- **Institutional reinforcement (sustainable territories):** networking with a view to consolidating the bioeconomy, leveraging socio-economic prosperity for related communities and territories and strengthening environmental conservation and regeneration.

44
Amazonian bioingredients

10,191
families in the Amazon (from a total of 11,713)

44 bioactive supplier communities
in the Amazon region (from a total of 51 communities)

94 supply chains in the Amazon
that harvest bioactives respecting the forest's limits and the harvest calendars, as well as local ways of life

BRL 42.8 million in funds allocated to communities / territories in the Amazon in 2023

We contribute to the conservation of **2.2 million hectares** of forest by means of our business model

Certified production chains, with verification by independent third-parties, such as the UEBT, with a focus on ethical sourcing and regenerative practices;

In 2023, Natura established its first supply chain in the Peruvian Amazon for the supply of cupuaçu butter. A total of 206 families work together to supply this ingredient. The Colombian front supplying this input, which was initiated in 2022, continues to gain strength.

Supplier communities GRI 2-29

Our business is oriented to the use of natural ingredients and bio-ingredients coming mainly from Amazonian social biodiversity, sourced and developed ethically and sustainably, with respect for people and for biodiversity.

Our research model values the traditional and ethno-biological knowledge of local peoples and communities, promoting conservation, regeneration and the sustainable use of biodiversity.

Upon purchasing raw material, we establish a fair price for the inputs jointly with the cooperatives and groups of family smallholders, incentivizing the maintenance of the standing forest together with the communities. We promote training to strengthen these communities, in particular in organizational management and development. Additionally, we incentivize best stewardship practices, sustainable agriculture, and occupational health and safety. We do not conduct operations with the potential for negative impact on biodiversity supplier communities. **GRI 413-2**

We have the target of ensuring that 100% of the agro-extractivist communities and family smallholders in our social biodiversity chain, in addition to ethical supply, adopt regenerative practices by 2030.

In 2023, we shared BRL 42.8 million in direct funds for 44 communities

We conduct loyalty surveys with supplier communities in the Amazon every two years. The survey findings in 2023 showed a loyalty rate of 48%, indicating a recovery from pre-pandemic levels, after a drop in 2021 due to the restrictions imposed by Covid-19. The goal for the next cycle is to exceed a loyalty rate of 50%.

2023 was also important for the expansion of the Natura social biodiversity supply chains in Latin America, with the start-up of the supply of cupuaçu butter from the Peruvian Amazon. In parallel there were advances in the cupuaçu chain in the Colombian Amazon, with efforts aimed at generating capacities in the field and monitoring the producers.

Benefit sharing

In our relationships with traditional communities and family smallholders, we adhere to the principle of sharing monetary and non-monetary benefits as a means of maintaining fair relations between the companies that work with biodiversity and the supplier communities. The Convention on Biological Diversity (CBD), to which we are signatories, stipulates that



that use genetic heritage or the traditional knowledge associated with it for commercial purposes should return part of the benefits generated to the traditional peoples.

Natura prioritizes payment of benefit sharing directly to the communities to ensure autonomy in management, to promote environmental conservation and the sustainable use of biodiversity, with a view to strengthening the production chain and socio-economic development, while valuing and bolstering the communities' way of life.

Social bioeconony in practice GRI 203-1

See some of the projects the Natura brand engages in to enable, enhance or expand supplier community operations:

- Construction of the first community essential oils agro-industry in the Brazilian Amazon, in Santo Antonio do Tauá, with the Aprocamp association (Associação de Produtores e Produtoras Rurais da Comunidade de Campo Limpo Santo Antonio do Tauá), in the state of Pará, with support in training.

- Central de Serviços da Amazônia no Brasil - the partnership between Natura, the cooperative Camtaua (Cooperativa Mista Agroextrativista de Santo Antônio do Tauá) and the German company providing technical cooperation in sustainable development Deutsche Gesellschaft

- für Internationale Zusammenarbeit (GIZ), enabled the development of crushers, pulpers and sorting tables for murumuru, tucumã and andiroba kernels. The initiative integrates traditional knowledge with technology for the creation of equipment that boosts efficiency and production capacity. Created in 2023, the center has become a benchmark for the processing of social biodiversity ingredients. The communities' income increased from BRL 400,000 in 2022 to BRL 2.5 million in 2023. The center also enabled the implementation of a circularity project to make use of the energy value of over 70 tons of husks, that were used to fuel industrial boilers in Natura's Ecoparque.

- In 2023, the RECA cooperative (Cooperativa de Reflorestamento Econômico Consorciado e Adensado) obtained tax exemptions for the commercialization of cupuaçu butter, generating greater value for the producers. The cooperative also approved a project with Funbio (Fundo Brasileiro para a Biodiversidade) to strengthen social biodiversity production arrangements in the value chains of inclusive and sustainable agroforestry systems in the Ponta do Abunã region, in the states of Acre, Amazonas and Rondônia in Brazil. The purpose is to enhance the income and quality of life of family smallholders by means of technical accompaniment in the field, stewardship, the recovery of agroforestry systems and the implantation of new production areas. Moreover, the project is aimed at strengthening the cooperative's governance and commercialization strategies. Project activities will start up in 2024.

- In Peru, by means of a supply contract established with Candela, a local organization that works with social biodiversity value chains, the first batch of cupuaçu butter, totaling 26.46 tons, was shipped in 2023. More than 200 family producers from the Madre de Dios region participated in the project. As a result, Natura is consolidating its plan to maintain a presence in the three strategic countries in the region (Brazil, Peru and Colombia), as well as in Ecuador, and is continuing to strengthen its operation in the region.

- By means of a project in partnership with the Instituto Sinchi, funded by the UK-Pact program, interchanges between producers and researchers in Colombia and Brazil were organized, was well as training in best production practices in the field, agro-industrial processing and meetings with community organizations.

- Natura supported the Agrosolidaria Florencia association in Colombia with assistance in adjustments to machinery to boost processing efficiency, to build a nursery for the production of agro-forestry essence seedlings, to increase agro-forestry system growing areas and to strengthen technical assistance and support teams in the field. These measures are designed to drive a gradual increase in the

- volume of cupuaçu butter supplied, as well as to strengthen the social arrangement with producers involved in the value chain.

Palm Oil AFS

The first agroforestry system for cultivating palm oil in the world was created by Natura in 2008, in partnership with Embrapa (Empresa Brasileira de Pesquisa em Agropecuária) and the Camta cooperative (Cooperativa Agrícola Mista de Tomé-Açu), in the Brazilian Amazon. The project proved that palm - or dendê, as it is known in Brazil -, is more productive and sustainable when produced in agro-forestry systems than in monoculture systems.

The cultivation practices in the areas are based on agro-ecological stewardship, without using crop defence products, to promote the regeneration of the local ecosystem and capture carbon from the atmosphere. The stewardship permits the constant incorporation of organic material into the soil, which favors the relationship network between plants, soil and micro-organisms, while also removing and stocking carbon in the soil. The growing system produces palm olein for the Biōme line of bar cosmetics.

Sustainable Territories

GRI 203-1

To drive focus on sustainable territories allied with institutional strengthening, we prioritize development measures such as the implementation of the Living Amazon Financing Mechanism, adhesion to the Plataforma Territórios Sustentáveis and the Rios Vivos project

(page 154) and the Circular Carbon Program (page 157).

The Living Amazon Financing Mechanism came about from the realization that the Amazonian social bioeconomy is a promising sector but lacks investment to improve production capacity, technology, knowledge and infrastructure. To help reverse this situation, Natura, VERT Securitizadora and Funbio (Fundo Brasileiro para a Biodiversidade) developed a blended finance mechanism. It comprises a credit vehicle – structured in the form of an agribusiness receivables certificate (CRA in the Portuguese acronym) managed by VERT –, and a non-reimbursable investment fund – known as an Enabling Conditions Facility (ECF), managed by Funbio, both aligned under the same governance process.

The Living Amazon mechanism came into operation in December 2023. In addition to Natura's initial investment, the Good Energies Foundation and the Fundo Vale invested in the initiative. In this initial stage, there is approximately BRL 6 million in agribusiness receivables certificates and BRL 6 million in the ECF.

At the end of 2023, Living Amazon Mechanism came into operation with an initial investment of BRL12 million (CRA + ECF)

The first CRA disbursements benefited 10 cooperatives and associations supplying social biodiversity ingredients to Natura. In parallel, the ECF is beginning to operate providing technical assistance to strengthen the financial management of these bodies. Our goal is to drive sustainable economic development in around 16 territories in the coming years, to increase the production in more than 40 agro-extractivist cooperatives and associations and to benefit more than 10,000 families in the Amazon.

Meanwhile the Territórios Sustentáveis Platform is an initiative from the Pará state government, which Natura has joined. This policy supports projects that help the state to achieve public targets to regenerate 7.4 million hectares of forest, become carbon neutral, generate income from the bioeconomy, monitor and accelerate high impact initiatives related to deforestation, as well as driving the restoration of degraded areas. This is an interconnected system of shared information between the public and private sectors to ensure that projects fulfill the region's priorities and are accelerated by means of specific projects and coordinated public administration activities.

Further information on the Rios Vivos project on page 154 and on the Circular Carbon Program on page 157.

Ethical and responsible *sourcing* **GRI 2-23, 2-29**

Our relations with the supply chain are guided by our Biodiversity Policy (further information on page 141) and other internal standards such as the group's Declaration of Human Rights. Our target is to ensure the full certification and traceability of critical supply chains in Latin America by 2025. As expressed in our Commitment to Life, we want to ensure that these chains are free from deforestation and the conversion of native vegetation and to prevent, identify and mitigate human rights risks. The critical chains are: palm, paper, alcohol, mica, cotton and soy.

We have UEBT (Union for Ethical Biotrade) certification for the Ekos line, which was certified for the sixth consecutive year in 2023. The certification attests that the brand obtains ingredients from nature with respect for people and biodiversity, which involves the fair and equitable sharing of benefits and safe working conditions for the communities in its production chain. Natura has been a member of the UEBT since 2007, and the Ekos brand is one of the only ones in the world to receive this certification. **GRI 308-1**

All the communities directly supplying biodiversity ingredients are subject to annual audits that comply with UEBT certification standards and assess biodiversity conservation measures



and organizational management, such as good production practices and respect for human rights. Currently, the company maintains relations with 11,713 families, distributed throughout 51 communities all over Brazil and in Hispanic America. 44 of these are located in the Amazon region - and supply 44 Amazonian social biodiversity ingredients, also known as bioactives.
GRI 308-1

In the Natura Elos post-consumer recycled material reverse logistics program we guarantee respect for human rights and working conditions for the effective social inclusion of waste pickers and recyclable materials collectors. By means of full traceability and audits of each link in the supplier chains, we are able to influence and directly support the development and professionalization of more than 60 waste picker cooperatives in Brazil, benefiting over 2,000 people (Further information about the Natura Elos program on page 153).

We also keep track of global principles and legislations such as the Accountability Framework, focused on the protection of forests, natural systems, human rights and providing support for

more than 11,700 families in 51 communities in Latin America are part of our social biodiversity ingredient supply chain

forest conservation solutions in high conservation value areas. Additionally, for Latin America our ethical supply process sets forth guidelines for managing the carnaúba palm chain; the current volume used by the Natura brand is Fair Trade certified.
GRI 308-1

Circularity and regeneration

GRI 2-29, 305-1, 305-2, 305-3 and 3-3

Nature's capacity to regenerate nature and produce actives and services vital for human beings is being significantly reduced over time. Cooperation is necessary to promote the transition to a low carbon, circular and regenerative economy that respects the Earth's ecological limits through robust initiatives.

In this respect, we are advancing with ever more natural formulations and the development of recycling chains for the use of post-consumer plastics, glass and paper in our packaging and support materials. For example, the Natura Ekos line moisturizers contain 96% ingredients of natural origin. Additionally, the bottles are made from 100% recycled PET.

In line with our Commitment to Life, we have the target of increasing formula and packaging circularity for the entire Natura &Co group by 2030 (see the detailed Commitment to Life targets on page 137).

Formulations

The principles of circularity and regeneration underpin all our product choices, including formulas and packaging. The choice of the best ingredients from the origin to final disposal is monitored by means of indicators such as the percentage of natural/ renewable origin inputs and the percentage biodegradability of rinsable products, which are based on global references such as ISO 16128 for natural origin and OECD 301 A-F for biodegradability. These are references that permit comparability and transparency while ensuring safety and technical rigor in our commitments.

In 2023, the natural origin or renewable rate for ingredients in the Natura product portfolio was 94.8%. Meanwhile the Natura vegan product rate reached 95%. Regarding the biodegradability of the ingredients in formulas, we achieved the target ahead of schedule in 2022. In 2023, the biodegradability rate of rinsable products for Natura and Avon rinsable products in Latin America was 97.1%.

See the full table of indicators in the Databook Latin America.

Packaging and *circular economy*

CG-HP-410a. 2, GRI 3-3

We employ a proactive approach to product life cycle management. We conduct a detailed mapping of the production process for the main inputs, enabling the identification of opportunities to reduce environmental impacts throughout the suppliers' value chain. This collaborative work is aimed at ensuring the visibility of processes generating higher carbon emissions throughout the value chain, enabling the development carbon emission reduction projects. In 2023, we finalized the review of the carbon footprint methodology for inputs and packaging materials not only in order to update the supplier base but also the methodological bases of the study. The tools used to assist in the development of new products include the Environmental Calculator. This tool, developed by Natura 15 years ago and constantly updated, enables researchers to anticipate and quantify the environmental impact of products in the development phase, assessing how different design choices affect pre-established environmental indicators.

This type of approach is also being extended to assist in decarbonization throughout the development of Avon products.

Examples of good practices are the Natura Biôme solid personal care products (further information on page 134), our first regenerative cosmetic bar product line. Another initiative which shows the company's commitment to circularity is the launch of Ekos Castanha, the first concentrated body moisturizer in the world.

Packaging and refills

SASB CG-HP-410a.2

We have an R&D team dedicated to researching solutions and technologies to reduce the environmental impact of packaging, with a prevailing focus on material circularity. To do this, we prioritize the development of reusable materials, minimizing waste generation. We favor the use of post-consumer recycled and renewable materials and seek to improve the recyclability and compostability of our packaging.

In 2023, 87.8% of our packs were recyclable, reusable or compostable. We reached 13.1% use of post-consumer recycled plastic, compared with 10.6% in 2022. Considering only the Natura brand, we increased the use of post-consumer recycled plastic from 20% to 21.8% and avoided emissions of 3,359 tons of GHG.

SASB CG-HP-410a. 1, GRI 301-2

Further information about life cycle management of our packaging in the Databook Latin America.

The post-consumer recycled material (PCR) rate in 2023 was 10.6 % for the Natura brand and 1.2% for the Avon brand. Considering Natura &Co Latin America the rate was 7.67 %, an approximate 14% increase in the use of PCR compared with the previous year. **GRI 301-2**

We have a pipeline of projects to increase the incorporation of PCR in all the brands up until 2030. Avon, in particular, continues to invest in research to improve its performance. The major part of the brand's bottles already include at least 30% PCR in their composition. Recycled polyethylene (PE) and polypropylene (PP) resins are currently being validated for future inclusion in other packaging.



40 years of refills

A pioneer in the use of refills, Natura commemorated 40 years of the first launch of this type of packaging. In 2023, the Natura refills avoided the generation of 2,131 tons of waste - equivalent to the volume of waste produced by 3.9 million people in one day - and the emission of 5.4 tons of GHG.

Reverse logistics *and circularity* CG-HP-410a.2, GRI 3-3

Natura Elos Program GRI 308-1

Created in 2017, the Natura Elos reverse logistics program seeks to strengthen plastic, glass and paper recycling chains and shared responsibility with our packaging suppliers, including cooperatives, recycling operators and manufacturers.

The goal is to foster a sustainable ecosystem for the supply of post-consumer recycled material. The activities comprehend support for training suppliers, driving professionalism and fostering a proactive mindset throughout the chain with a view to fulfilling elevated standards of compliance and good practices to guarantee the traceability and sustainability of the production chains. It also includes the development of waste picker cooperatives, strengthening work relations and gains in efficiency, in addition to valuing and recognizing the services these workers render for society.

All of our operations have engagement measures and development programs for recycling cooperatives, although we do not conduct assessments or formal complaint processes, neither do we publicly disclose impacts for these stakeholders. Our activities are concentrated in Brazil and Mexico, but in all the countries in the region the cooperatives are submitted to

internal audits to ensure adequate work, administrative and environmental practices. **GRI 413-1**

In 2023, BRL 803,500 was invested in the project, of which BRL 386,900 in the form of direct investment, mainly in infrastructure for the deposits, in administrative management, in improving working conditions for waste pickers in the partnering cooperatives and in increasing productivity.

The remaining BRL 416,600 was invested in partnerships in the programs Adote um Condomínio, which improves the volume and the quality of the waste reaching the cooperatives, Circulaflex, which seeks to boost Plastic; and Cataki+, a pilot to test parameters for involving individual waste pickers in post-consumer recycling chains in a dignified manner. The amount also includes the investments for the diagnosis and implantation of a program to foster and incentivize selective waste collection in the municipalities in which two of the group's factories are located in Brazil - Cajamar and Benevides, in partnership with the NGO Espaço Urbano. **GRI 203-1**

In 2023, the number of supplier cooperatives and participants in the Natura Elos projects increased from 47 to 64. There are another 9 cooperatives that serve the Recicle com a Natura program exclusively. The number of waste pickers involved in the projects reached 3,091. We recovered 14,900 tons of post-consumer packaging material at Natura and at Avon.
GRI 301-3

We also promote the correct disposal of solid waste by means of participation in the Brazilian CFT industry association Abihpec (Associação Brasileira da Indústria de Higiene Pessoal, Perfumaria e Cosméticos) program Mãos para o Futuro since 2016. This initiative has already collected more than 1 million tons of waste nationwide.

Rios Vivos

The Rios Vivos (Live Rivers) project, the Amazonian arm of the Natura Elos program, involves the mobilization of riverine communities in Amazonas and Pará for the collection of plastic waste in the forest and in the communities and urban districts around rivers in the region. The major part of the plastic that reaches the oceans is transported by rivers, and the Amazon basin is the main conduit to the sea for these materials in South America. This is an important initiative because it values the positive impact we have over ecosystems, in particular riverine and maritime systems.

In 2023, we initiated the operation of a new post-consumer plastic material supply hub in partnership with a cooperative in the Brazilian city of Belém. This project avoided the disposal of 39.5 tons of waste in rivers and, consequently, in the ocean.

Elo Verde Program GRI 413-1

In 2023, we formulated a public-private partnership with the local government of Cajamar, where the company's largest manufacturing facility in Brazil is located. This involves a reverse logistics initiative for recyclable materials. The program, called Elo Verde, promotes recycling by means of a connection with public schools, the selective waste collection infrastructure and support for waste pickers, incentivizing our suppliers to use waste as inputs for the production of new packaging. City residents are rewarded with Avon products for participating in the initiative. To get the program started, Natura &Co Latin America donated BRL 4.7 million worth of Avon beauty products.

The initiative will help Natura &Co Latin America to achieve its public target of employing 100% reusable, refillable, recyclable or compostable materials in its packaging by 2030.

Recicle com a Natura (Recycle with Natura)

In 2023, the company relaunched its reverse logistics program with a view to stimulating a change in behavior and developing positive habits in consumers and its network in relation to recycling. Called "Recicle com a Natura" (Recycle with Natura), the program increased its capillarity, with more than 680 collection points in over 280 Brazilian cities. The packs, which should be delivered empty, are collected and sent for recycling.



Emissions and business *descarbonization* GRI 3-3

In 2023 we elaborated a climate transition plan that was presented to the Board of Directors, with four main thrusts:

1. Climate integrity through methodological rigor in accounting for the company's carbon footprint, including the GHG inventory encompassing scope 1, 2 and 3 emissions and alignment with the SBTi targets for the 1.5ºC trajectory.

2. Governance and reporting, involving the Board, leadership accountability, employee engagement and the integration of financial planning with climate issues, addressing risks and opportunities in line with the TCFD recommendations (Further information on page 62);

3. Engagement and influence, seeking the commitment of suppliers and the value chain in the transition to a low carbon economy, advocacy for the evolution of the carbon market in Brazil and cooperation between economic sectors to accelerate the implementation of initiatives for a low carbon economy;

4. Integration of biodiversity, nature and society by means of offsetting measures (inside and outside the value chain), residual emission removal plans and working towards a fair and inclusive transition, in accordance with the Natura positioning on climate justice.

Climate justice

Although climate change is a global reality, its consequences impact the population in an unequal manner. This is why we advocate for the regulation of the global carbon market and for socio-environmental policies that recognize the role of indigenous peoples, traditional communities and family smallholders in environmental conservation, particularly in the Amazon region.

We understand that the populations that are most vulnerable in the climate crisis are the ones that least contribute to the current carbon emissions situation. However, they end up suffering the biggest impacts, such as extreme events caused by global warming.These groups have fewer resources to create adaptation mechanisms and solutions for surviving events such as extreme temperatures, droughts, flooding and pandemics.

Carbon market

We participate actively in discussions on the regulation of the Brazilian carbon market and how it could leverage decarbonization in some economic sectors in the country. The evolution of this discussion could drive new technologies, help in the decarbonization of our supply chain and impact the voluntary carbon market.

Regulation of the carbon market worldwide should incorporate mechanisms for income generation for local communities, especially those keeping forests standing. We advocate for financial mechanisms that promote the reduction or removal of carbon, as well as fixing income for agricultural producers.

In this context, Brazil could conduct the development of an innovative low carbon social bioeconomy with social inclusion. Studies by the International Chamber of Commerce Brasil and the consultancy WayCarbon, to which we contribute, project that the country's participation in the global carbon credit market could reach US$ 120 billion a year by 2030 and could correspond to 49% of global demand, with the potential to create thousands of jobs. In this journey, offsetting models involving nature-based solutions are a path towards accelerating regeneration and the conservation of biodiversity.

Circular Carbon Program

The project for the payment of carbon compensation within our production chain, a practice known as carbon insetting, is the result of an integrated vision of our initiatives oriented to the Amazon. Circular Carbon remunerates family smallholders not only for the purchase of inputs and benefit sharing, but also for environmental conservation services.

In 2023, we had a specific team working on the development of projects in partnering communities in the Amazon aimed at paying for the environmental service of regenerating and conserving the forest. The initiative captured around BRL 960,000, through the Parceiros pela Amazônia Platform (PPA). These funds were invested in improvements to the Circular Carbon Project, the result of our partnership with the RECA cooperative (Cooperativa de Reflorestamento Econômico Consorciado e Adensado). The funds were also used to accelerate the establishment of new partnerships with communities in the region, in line with our target of prioritizing carbon credit generation in our value chain in the Amazon. In 2023, 33% of our carbon emissions compensation occurred through projects in the Amazon region, with 13% coming from within our value chain.

Towards decarbonization GRI 3-3

The Natura &Co group is part of the Global Compact's Net Zero Ambition, which challenges companies to assume ambitious climate-related commitments to accelerate the reduction of greenhouse gas (GHG) emissions in line with SBTi criteria. Based on the review of our Commitment to Life and the process of validating targets with the SBTi, we assumed the commitment to achieve net zero emissions (scopes 1 and 2) in our own installations by 2030 and to reduce greenhouse gas emissions throughout the value chain (scope 3) by 42%, increasing the engagement of suppliers, consumers and society in the decarbonization process.

A key example is the use of recycled materials, such as glass in our packaging, which helps to reduce our carbon footprint.

Internal activities for the decarbonization of our businesses include the automated management of our carbon inventory, with the capacity to simulate decarbonization projects. Through marginal abatement cost curves (MACC), we are able to compare diverse initiatives for each emissions reduction project as a basis for resource allocation decisions.

In 2023, we detailed our decarbonization plan for logistics processes in Brazil, drafting an integrated roadmap with strategic planning, guaranteeing financial optimization and carbon reduction.

On the transition towards the use of renewable fuels front, in addition to using ethanol in the manufacturing boilers in Cajamar in Brazil, we are studying the use of biomethane and green hydrogen. Units in Mexico, Argentina and Colombia are also going to implement projects for the transition to renewable energies in this area.

Other drivers of decarbonization include the process of digitalization of magazines. In 2023, we had a 32% decrease in printing in Latin America compared with the previous year. This was due to the intensified use of digital channels by the Beauty Consultants.

In 2023, Natura invested around R$ 15 million in carbon offsetting projects, including the payment for environmental services rendered by local communities, as well as regenerative agricultural systems resilient to climate change (sustainable livestock production and extractivist activities and agroforestry systems).

R$ 15 million invested in carbon offsetting

Map of value chain

In 2023, we identified emissions hotspots through the assessment of links and processes in the supplier chain. This initiative facilitates measurement and decision making in new product developments, as well as the process of choosing partners.

In addition to updates to reflect the current supplier chain, the review led to important methodological improvements regarding the measurement of changes in land use, the segregation of biogenic emissions and the updating of end of life premises, with the incorporation of CFF (Circular Formula Footprint) methodology, which takes resource efficiency, recyclability and the use of renewable materials into account to ensure these are accounted for in our circularity programs.

In these analyses of the chains, we identified the substitution of natural gas with biomethane in the glass production kilns, significantly reducing carbon emissions in the production of our perfumery packaging.

Emissions performance

The calculation of our impacts on natural capital is based on the greenhouse gas inventory, which covers scopes 1, 2 and 3 in accordance with the GHG Protocol. The inventory, audited by an independent third-party, takes into account direct operations (scope 1), indirect emissions from the consumption of energy (scope 2), and indirect emissions associated with the transportation, distribution and use of our products, as well as the business's entire value chain (scope 3).

Our emissions reporting presents three dimensions, demonstrating the evolution and the robustness of the method: the total emissions scope, that takes into account all the emissions related to our business; the SBTi scope, which encompasses the emissions categories for which we assume reduction targets; and the Natura Carbon Neutral program scope, established in 2007. With the unification of the Natura &Co Latin America inventory, we included management of other scope 3 categories necessary to ensure the completeness and validation of the science-based targets targets: non-productive services (Category 1.b.), capital goods (Category 2); activities related to fuels and energy not included in scopes 1 and 2 (Category 3); waste generated in the operation (Category 5), upstream leased assets (Category 8) and direct and indirect use of products (Category 11). Despite the inclusion of these categories, they are not part of the SBTi validated target, with the exception of direct in Category 11.

In 2023, we also advanced in the strategy of acquiring renewable energy certificates (I-RECs) in all the countries in which the company operates, which guarantees the use of 100% renewable energies in our direct operations. Moreover, we progressed in studies for the use of solar energy.

The main challenge in emissions from our operations (scopes 1 and 2) is to improve energy efficiency and increase the consumption of renewable energy, as well as improving our refrigeration systems and reducing fugitive emissions. In Brazil, we already prioritize the use of ethanol in the executive and sales force vehicle fleets. In the other countries in Latin America, we face the challenge of a lack of a structured supply of renewable fuels. One of the options is the electrification of the company fleet, which depends on the evolution of local infrastructure.

For indirect emissions (scope 3), we defined another five work fronts for decarbonization: packaging, formulas, Home & Style (Avon), logistics and consultancy material. Moreover, for the Avon brand we maintain continuous improvements for refining historical emissions, ensuring greater data accuracy and better emissions management.

Natura performance

At Natura, specifically, we publish our GHG inventory, audited with an extensive organization of emissions data, the result of Natura Cosméticos S.A.'s long-term experience in this dimension. In the 2023 inventory, scope 3** emissions were reduced by -3%

This category mainly covers activities in the production chain, including the extraction of raw materials, distribution, and the disposal of products.

Natura emissions (tons of CO2)	2021	2022	2023
Scope 1	3,312	4,839	4,965
Scope 2 (Location Based)	9,844	4,838	4,754
Scope 2 (Market Based)	1,502	543	1
Scope 3*	314,901	288,529	276,521

* Scope 3 only covers the decarbonization workstreams dimension.
The complete inventory can be accessed in the Databook

Check all our performance indicators in the ESG Scorecard and in the Databook Latin America
For information on our governance, strategy, risk and opportunity management and climate metrics and targets, read pages 63 to 65.

Institutes and social impact GRI 203-1, 413-1

In 2023, we initiated the process of merging the Natura and Avon institutes in Brazil and the Avon foundations in Latin America.

The proposal is to join forces and generate synergies to promote the causes and increase the capillarity of initiatives, boosting the impact of social change measures in the region, as well as benefiting our Beauty Consultant network. From the standpoint of management and governance, there will be a single organization that will oversee all the causes.

The merger will be conducted in a manner that maintains the purposes and connections of the original brands. Accordingly, all the measures related to initiatives in the public education area will continue to be connected with the Natura brand. Topics related to women's rights, combating violence against women and girls, and women's health will continue to be linked with the Avon brand.

With this new configuration, we will be one of the biggest private social investment organizations in Latin America.

Among the changes that are already notable in the activities of the organizations will be the unification of services and guidance for the Beauty Consultants, which have been extended to the entire network. These are: measures to strengthen the educational development for the network, which encompass formal education, digital and financial literacy, Portuguese language, mathematics and civic awareness; and measures oriented to combating violence against women and girls, as well as those promoting women's health.

Instituto Natura

The entity's work is based on three major pillars: support for the implementation of public education policies; the articulation of priority education agendas; and education and mobilization for the Beauty Consultants. Through partnerships, the consultants have access to educational opportunities, including study grants for higher education, language, vocational and preparatory courses. The funding for these activities comes from the sale of the Natura Crer Para Ver product line. The institute promotes the engagement of the consultants in communication and mobilization around educational causes, in particular literacy by the age of seven and full-time secondary education.

In 2023, the main initiatives included a key measure in the technological innovation area to support the public education center Centro de Políticas Públicas e Avaliação da Educação (Caed) in the development of artificial intelligence (IA) tools to automate the process of correcting reading fluency assessments in order to streamline the process and enhance its effectiveness.

In the ongoing expansion of the literacy program in Brazil, we reached Pará and Bahia, making a total of 17 states. Worthy of note was the increase in the literacy rates in Amapá, Mato Grosso do Sul and Espírito Santo. We also initiated activities in Pará with measures to promote full-time secondary education in the technical and technology areas.

Moreover, we supported policies to promote the 100% Integral program, via which all the municipal and state schools in the participating municipalities adopt full-time education. The program, now in place in the cities of Sobral (Ceará) and Benevides (Pará), fosters enrolment at all stages of basic education, increasing the time children spend at school to guarantee full learning development.

In accordance with our strategy to build collaborative networks, we articulated coalitions with other organizations to work in the public policy areas in Argentina, Chile, Mexico, Colombia and Peru. Regarding the Beauty Consultants, our work focused on functional, digital and financial literacy and on notions of civic awareness.

Crer para Ver GRI 203-1

The Crer para Ver product line mobilizes our consultant network around education in Argentina, Brazil, Chile, Colombia, Mexico and Peru to promote support for the implementation of public education policies focused on literacy and secondary education, as well as educational offerings for the development of the consultants and Business Leaders. All the company's and the Beauty Consultants' earnings from the sale of these products is invested in education projects managed by the Instituto Natura. Accordingly, by purchasing the Crer para Ver line, the end consumer also participates in changing the country's education system.

More than eight million people have been impacted by this work all over Brazil, including public school students and teachers, business leaders, Beauty Consultants and their families. This stimulus for education is also cyclical, driven by the consultants themselves, who bring the school and teaching closer to their surroundings.

Further information in the Databool Latin America and in the ESG Scorecard.



:

R$ 85 million invested in education in Latin America
4.6 million students benefited
450,000 consultants benefited
13,000 schools impacted

Instituto Avon and Avon Foundations GRI 203-2

In 2023, thousands of people were impacted by free mammograms, educational campaigns and courses on women's rights and gender violence in all the countries in which we operate. Our vocation and focus on supporting women's issues was translated into actions in Argentina, Chile, Uruguay, Mexico, Colombia, Peru, Ecuador and Brazil.

In Brazil, the Instituto Avon employs the principle of promoting progress in these causes from the inside out, recognizing that the Beauty Consultants are simultaneously the beneficiaries and the agents of social transformation.

One of the main highlights in Brazil in 2023 was the consolidation and expansion of the Acolhe Program, which offers supplementary assistance to women served by the public gender violence network. The measures encompass temporary accommodation in a hotel, psychological counselling, and social and legal support. Furthermore, the program provides support for public agencies working to provide protection for women, seeking to enhance services for the victims. This year, the program was extended to five new states – Acre, Piauí, Pará, Paraná and Espírito Santo – and was employed in 256 Brazilian municipalities, providing support for 734 women and their dependents.

Information about actions in all the countries in which the institute is present in our Databook Latin America



Another highlight was the launch of the National Gender Violence Map in Brazil, fundamental for monitoring high quality data produced with statistical rigour. This is an interactive dashboard with data on violence against women, elaborated by the Federal Senate's Observatory of Women against Violence, together with the Instituto Avon and the Social Gênero e Número organization. Available on the Federal Senate portal – Painel interativo de Dados — the Federal Senate institutional portal –, this is a national repository of healthcare (DataSUS – SIM e Sinan), Justice (CNJ-DataJus) and Public Safety (Sinesp) data, as well as data from the National Violence against Women Survey, conducted by by the Instituto de Pesquisa DataSenado.

Another important factor was the launch of the Recomeça (New Beginning) Program, which reserves vacancies in Natura &Co selection processes for women in a vulnerable situation due to domestic violence who have received support from public programs or the Acolhe program. A pilot was implanted in the distribution center in the municipality of Simões Filho in Brazil, in partnership with the logistics operator TPC and the local city government. Together, these organizations are responsible for the selection process and for accompanying the women selected, paving the way for their empowerment and professional placement.

With a focus on female employees, extensive mobilization campaigns were conducted in 2023. In Pink October, the 'Se Toque, Se Cuide, Se Conheça e Se Conecte' (Touch, Care, Know and Connect) campaign provided information for all women on cancer risk factors, signs of the disease and what to do about breast cancer. Similarly, the 'Entrelaçadas' campaign and the "Por mim, por você, por nós" program disseminated information for women to learn to recognize and name the different types of violence and how to obtain help from the notification channels and support services made available by Natura.



2023 results
Avon Internacional

AVON

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Message from the CEO

Kristof Neirynck

In December 2023 it was announced that I would be taking on the role of CEO at Avon in 2024, continuing its evolution in becoming the leading omnichannel, relationship selling business, with Representatives at its core.

Having had the privilege of working as Chief Marketing Officer under Angela Cretu's leadership for over two years, I have had the opportunity to see this incredible business evolve and modernize, whilst remaining unequivocally connected to its purpose, empowering women to embrace their power and improve their lives with accessible world-class beauty and flexible earning and learning opportunities. I was thrilled to take on the role of CEO to continue Avon's journey.

Looking back to 2023, we see a year marked by successes and significant evolutions. We launched a global initiative to strengthen the brand, including a comprehensive visual identity

overhaul, and introduced a modern voice tailored for the contemporary woman. The brand's new positioning, "Embrace Your Power," is a compelling reminder to women of their innate strength in overcoming obstacles to achieve their goals.
While Natura and Avon collaborate in Latin America, Avon International manages global operations in all other markets. The business has undergone a radical transformation plan aimed at resetting fundamentals. This strategic journey, to Open Up & Grow, involves improving the value proposition in the direct selling channel, expanding omnichannel capabilities, a comprehensive brand reappraisal and portfolio optimization, and a focus on streamlining the operational model. The results have been extremely promising, showing sequential improvements in revenue, gross margin and EBITDA growth.

Avon's unwavering commitment to women's causes has been the cornerstone of its business for 138 years. The business continues to be a leading advocate for initiatives combating breast cancer and addressing gender-based violence. Through the Avon Foundation, over US$1 billion has been contributed to these causes since 2021, with US$6.2 million donated in 2023 alone.

In the fight against gender-based violence, Avon provided US$6.1 million in grants to 30 NGOs worldwide, partnering with NO MORE to raise awareness and provide support services. They also championed the 16 Days of Activism against Gender Based Violence campaign. worldwide, partnering with NO

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MORE to raise awareness and provide support services. They also championed the 16 Days of Activism against Gender Based Violence campaign.

Since 1992, Avon has raised over US$955 million for breast cancer charities, educating 180 million women. Our #FeelTheBoobLove campaign promotes monthly self-checks, offering resources and education globally, including partnerships with NGOs for school programs.

For Women's Day 2023, Avon launched a global report on female entrepreneurship and flexible working, advocating for equal opportunities and breaking barriers to economic participation for women worldwide.

In 2023, we also made substantial progress on our broader sustainability journey. We continued to manage our impact on the environment, reducing waste, water usage and carbon

emissions across our operations. We also accelerated our use of recycled plastic and have engineered over 230 tonnes of PCR (post-consumer recycled) content into our packaging since 2020. This is also contributing to an overall reduction in Avon International's carbon footprint.

We also built on our 30-year commitment to animal welfare achieving approval from Cruelty Free International's Leaping Bunny Programme for Fragrance, Avon Care and Anew, with all other Avon product ranges due to obtain approval in 2024. As we look to the future, we are laser focused on delivering sequential growth in revenue and profits by leveraging the power of productivity, volume and access. We have aspirational plans that build on our Open Up & Grow strategy, which we have seen successfully step change the business thus far.

We will continue to enable our Representatives to grow with us using a rich and rewarding omnichannel experience, further accelerating our progress in this space, with an emphasis on modernization and digitization. And we will continue to put our customers at the center of our plans, meeting them wherever and whenever they want to shop with us, while using our brand as an amplifier to attract and engage new audiences.

Avon is not just a beauty brand. Our business is developing innovative, world-class beauty accessible to all, and our purpose is helping women progress. We create opportunities for women to earn and learn on their own terms and support causes that encourage women to embrace their power and realizing their ambitions.

I am excited to collaborate with associates and Representatives as we continue to chart our course for the future.

Innovation



Hydramatic Matte Lipstick
Avon asked thousands of women worldwide to share what they would love in their dream lipstick. The answer was "a matte finish that doesn't feel dry on the lips". A team of scientists and experts created the world's first matte lipstick with a central core powered by an exclusive blend of hydrating skincare ingredients (hyaluronic acid and glycerin) and surrounded with intense matte color.

Far Away Beyond the Moon
This latest addition to Avon's best-selling Far Away family is the most intriguing yet. It uses a higher concentration of fragrance oil powered by the Belle de Nuit, a nocturnal flower that blooms in the full intensity of moonlight. The floral oriental scent is soft and creamy with rich balsamic milky facets. The fragrance is sustainably captured from the Hawaiian island of Kauai through headspace technology, which doesn't require flowers to be picked and doesn't disturb its natural environment.





Anew Renewal Power Eye Cream
The breakthrough harnesses Avon's world exclusive Protinol™ technology to instantly blur and brighten the eye area with light diffusion technology, reducing the look of puffiness, lines, and wrinkles. When paired with Anew Renewal Power Serum, this eye-and-face-duo helps restore years of collagen loss for smoother, plumper, and firmer-looking skin.

Exxtravert Mascara
Using exclusive Gel Fiber Technology, Exxtravert's unique formula coats lashes from root to tip with the boldest pigment and silk-like fibers. The result is a clump-free instant volume with extreme buildability and lash impact. It features a new and exclusive channeled brush designed to coat each lash evenly with the perfect quantity of product.



Our Business

Performing
while transforming

After a significant transformation, Avon International has returned to operational profitability and improving cash conversion. Furthermore, Avon International debunked a myth and broadened its legacy of high relationship selling by embracing omnichannel capabilities.

Avon has had a transformative year in 2023. Whilst navigating challenges head-on, the business remained strong and carried on pursuing its long-term Open Up & Grow strategy. This involved protecting margins, simplifying the business, empowering people, reigniting the brand and building on its core direct selling model with omnichannel expansion in e-commerce and retail. The business is also prioritizing its healthy and profitable markets.

In 2023, Avon International achieved total net revenue of BRL 6,286.7 million, primarily impacted by the Home & Style category. The adjusted EBITDA reached BRL 475.9 million, marked by a significant improvement in gross margin resulting from factors like pricing, product mix, innovation, and further cost reduction.

While macroeconomic pressures are expected to persist, Avon has gained knowledge and agility, becoming more resilient with an optimized portfolio that enhances its ability to face challenges. Technology remains a huge enabler to Avon's transformation, and it remains an ongoing focus into 2024, with updates to back-end systems and the introduction of a new CRM platform in partnership with Salesforce.

Through 2023, Avon transitioned its Research & Development operations from Suffern (USA) to new centres in Brazil and Poland, two of the largest markets in its business. Locating R&D in key Avon markets will enable closer connections with Representatives and Consumers and build seamless communities with its supply chain operations, increasing local relevancy and speed to market. The Brazil lab opened in November and the pilot plant in Poland is due to open in the first half of 2024, following a significant knowledge transfer process and the hiring of new talent in both locations.

Efficiency in *direct sales*

GRI 203-1

A significant goal of the Open Up & Grow strategy was to redefine the commercial model to be more appealing and profitable for Avon Representatives. Once fully implemented in all markets, the focus in 2023 was to stabilize the most productive segments of Representatives with differentiated incentives and communications.

Further simplification was possible by reducing the number of brochures from 20 to only one across Europe, creating significant synergies and efficiencies. Representatives' productivity grew 12%. The total number of Representatives at the end of 2023 was 2.3 million.

Digitalization continued to increase, although the Avon ON app use was behind target, impacted by lower new Representative numbers and instability in some markets. Total digital sales increased by 1.5%, with a 6.9% contribution driven by online sales and marketplaces.



New visual *identity*

Avon implemented a full brand refresh in 2023 with its new brand positioning "Embrace Your Power", celebrating the belief that every woman possesses her own unique power. The rebranding extends across visual and verbal identity, encompassing a new logo, packaging design, website, and social media assets. Initial results indicate a positive return on investment, with Avon ranking among consumers' preferred ads in key markets, according to System 1.

Moreover, Avon has continued to streamline and harmonize its portfolio, with fewer, bigger and better innovations and a focus on its hero products and gifting to make these a sizeable part of the business. Initiatives including consolidating distribution and removing unproductive products have led to a 40% reduction in total size of line and 71% reduction in innovation since 2020 while growing average Representative spend, up over 20% since 2020. In 2023, all fragrances, Avon Care, and Anew products received certification by the Cruelty-Free International Leaping Bunny program, reinforcing Avon's longstanding commitment against animal testing.

From transformation to growth

The favorable outcomes stemming from the brand rejuvenation, streamlined portfolio, and updated commercial model have motivated Avon to take a proactive stance in maximizing value. This involves evolving operations to meet the needs of women in the modern world, wherever they are and however they prefer to shop. In a new chapter for Avon International, the business increased investments in e-commerce and, notably, ventured into new retail opportunities to enhance its reach through diversified and compelling consumer access points.

In Turkey, Avon has an established Representatives' retail business and is leading the way in omnichannel expansion, reaching 72 stores and kiosks in 2023. Buoyed by this success, the business is set to extend this strategic approach into other markets, equipping representatives with tools to optimize their retail ventures, be it through a shop-in-a-bag, community retail, or a franchise outlet. Additionally, in Turkey, Avon forged a partnership with the online retail marketplace Trendyol, contributing to the overall effectiveness of the omnichannel strategy.

Elsewhere, Avon is embarking on strategic partnerships with retailers. In the UK, Avon initiated product sales on Amazon, while also offering a curated range on the high-street at drug store Superdrug both online and across 100 physical stores. In Italy, Avon

collaborated with Naima AllScent, featuring an exclusive selection of gifting and premium products in 25 beauty stores, with additional offerings on their online platform. These initiatives mark an exciting path for future growth and profitability for Avon.

Corporate Campaigning, Giving and Volunteering

Purpose has always been at the heart of Avon, with a dedication to empowering women around the world, educating and raising awareness of, breast cancer and working to end gender-based violence. Through the Avon Foundation, over US$1.1 billion has been contributed to these causes to date, with US$6.2 million donated in 2023 alone.

As part of its commitment to help end gender-based violence, Avon provided grants to more than 30 NGOs in 2023, also partnering with global charity NO MORE to raise awareness of the signs of abuse, and to signpost vital support services for those in need. They also championed 16 Days of Activism against Gender Based Violence with a compelling campaign highlighting how makeup can be used as a form of dominance and control with a Reverse Makeup Tutorial.

Since 1992, Avon has donated over US$955 million to breast cancer charities, educating 180 million women and funding over 20 million mammograms. Their #FeelTheBoobLove campaign promotes monthly self-checks, offering resources and education globally, including partnerships with NGOs for school programs.

During 2023, Avon supported those affected by the Ukraine conflict, providing over 34 tonnes of hygiene products and clothing. They also aided earthquake victims in Turkey with a US$100,000 donation and sales profits dedicated to psychological support.

For International Women's Day 2023, Avon launched a global report on female entrepreneurship and flexible working, advocating for equal opportunities and breaking barriers to economic participation for women worldwide.



2023 results

Fable Investments

Fable Investments

Overview: capital for *purpose-driven start-ups*

Fable Investments, a corporate venture capital wholly owned and funded by Natura &Co, showed strong double-digit growth in 2023, with significant developments across its portfolio.
The overarching purpose of Fable, operating autonomously, is to deploy growth capital strategically into emerging, innovative, and high-growth enterprises within the beauty and wellness domain. Fable takes on the role of a nurturer, aiming not only to fuel the growth of these ventures but also to foster a positive impact across the broader industry. The objective is to inspire and support start-ups, enabling them to reach their full potential. Fable boasts a vibrant pipeline of opportunities and remains eager to expand its portfolio. The focus is on partnering with purpose-driven founders who are deeply passionate about their ventures, brands that exhibit strength and resonance in the market, and products that demonstrate exceptional effectiveness. Through these investments, Fable seeks to contribute to the continued evolution and positive transformation of the beauty and wellness sector.

Innovation

2023 proved to be a highly rewarding year for brands equipped with omnichannel capabilities, displaying resilience in the face of the notable surge in digital marketing costs. Despite refraining from adding new investments to its portfolio during the year, Fable strategically participated in a follow-on round for Perfumer H, a niche fragrance brand. This move aligns with Perfumer H's remarkable growth trajectory, particularly within a category that has garnered significant attention and interest. Fable's decision to reinforce its support for Perfumer H underscores the brand's promising expansion and the strategic vision that Fable embraces in navigating dynamic market trends.

Maude

the modern intimacy company closed a significant funding round in a challenging market environment, securing the necessary resources for growth. After consolidating its successful presence at Sephora as the first sexual wellness brand to launch in more than 200 stores, maude continued its international expansion through partnerships with LBM, Selfridge's, and Oh My Cream.



Perfumer H

known for bringing craftsmanship back to perfumery and for creating subtle and highly original fragrances, the brand opened three additional stand-alone retail stores in Hong Kong, Taipei, and London. The growth of the business was supported by product launches and collaborations with inspiring partners. The company also made key hires, setting a solid foundation for further growth and expansion.



LOLI

besides successfully onboarding a new investor, which brought robust operational expertise to the team, LOLI launched a new product that is the cornerstone of the brand's revitalized strategy of upcycling organic superfood waste materials. Sumo Citrus Cleansing Jelly is made from unused mandarin orange peels that are sustainably processed into an effective, concentrated product.



Stratia

the brand showed improved profitability supported by enhanced operational efficiency as it transitioned the fulfillment operations in-house, achieving full vertical integration. It also revamped packaging, transitioning to greener, more sustainable solutions with 30-100% recycled content. Stratia is obsessed with research and science-backed ingredients that work, a principle applied to developing the Lipid Gold Eye Cream, which strengthens the skin around this sensitive area.



GRI content *index*

Declaration of use	Natura &Co reported based on the GRI Standards for the period from January 1, 2023 to December 31, 2023*.
GRI 1 used	GRI 1: Foundation 2021.

GENERAL DISCLOSURES			
GRI STANDARD / OTHER SOURCE	**DISCLOSURE**	**LOCATION**	**SDG**
GRI 2: General Disclosures 2021	2-1 Organizational details	12. Natura &Co Holding S.A. is a publicly traded company, with its headquarters in the state of São Paulo, Brazil, at Avenida Alexandre Colares, 958/960, Parque Anhanguera - São Paulo (SP).	
	2-2 Entities included in the organization's sustainability reporting	4 and 5. The subsidiaries included in the scope of this report are Natura Cosméticos S.A., which operates in ten countries, and Avon Products, Inc., with operations in over 70 countries.	
	2-3 Reporting period, frequency and contact point	4 and 5. Report published on April 15, 2023. Any doubts or suggestions may be addressed to institucional@natura.net	
	2-4 Restatements of information	In accordance with material facts disclosed to the market Natura & Co Holding S.A., through its subsidiary Natura Cosméticos S.A., concluded the sale of Aesop on August 30, 2023, and of the The Body Shop, on December 29, 2023. Starting from this cycle, due to the sale of The Body Shop and AESOP, we have ceased to consider these entities in our indicators, with the exception of indicators 2-7, 405-1, and the series of indicators 305, which contains information from The Body Shop Latin America master franchisee.	
	2-5 External assurance	5, 195, 196. Databook Latin America	
	2-6 Activities, value chain and other business relationships	12, 85, 86, 87, 89, 90, 92, 93, 94, 128, 129, 130, 131, 140, 144	
	2-7 Employees	108, 120, 121. Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	8, 10
	2-8 Workers who are not employees	Databook Latin America	8
	2-9 Governance structure and composition	27, 28, 29, 88	5, 16

* Data relating to Natura &Co Latin America business unit in accordance with the Global Reporting Initiative (GRI) are available in the Latin America Databook.

GENERAL DISCLOSURES			
GRI STANDARD / OTHER SOURCE	**DISCLOSURE**	**LOCATION**	**SDG**
GRI 2: General Disclosures 2021	2-10 Nomination and selection of highest governance body	The organization implemented a structured process to nominate and select members for its highest governance body and committees. This process is guided by a number of principles and recommendations, including the involvement of a nomination and governance committee, a competencies profile and a commitment to transparency, diversity, candidate assessment, independence, as well as consideration of the time each candidate has available to dedicate to the role. The criteria applied in the assessment emphasize the importance of diversity, independence and experience to ensure the selected members are well equipped to effectively contribute to the organization's governance. In 2023, the average tenure of all the members was 2.5 years, considering the time Natura &Co Holding has existed (from 2019). For details regarding the complete Board composition, consult the minutes from the Annual General Meeting (AGM) on the Investor Relations website. Databook Latin America with information on the region.	5, 16
	2-11 Chair of the highest governance body	27. The chair of the company is occupied by the three co-founders of Natura Cosméticos. The main executive of the Natura &Co Group is the CEO, Fábio Barbosa. Since 2022, he has no longer accumulated the position of chief executive of the Board of Directors.	16
	2-12 Role of the highest governance body in overseeing the management of impacts	The Board of Directors establishes the company's values, mission and culture, communicating them by means of policies and corporate documents. With the assistance of the Strategy and Sustainability Committees, the Board analyzes, approves and tracks the execution of the annual strategic plans, expansion and investment programs, including those focused on sustainability. To do this, the Board of considers, among other things, the short and long-term interests of the company and its shareholders, as well as the economic, social, environmental, and legal effects for employees suppliers, partners, customers, other creditors, as well as for the communities in which the Company operates locally and globally.	16
	2-13 Delegation of responsibility for managing impacts		
	2-14 Role of the highest governance body in overseeing the management of impacts	29	
	2-15 Conflicts of interest	38 Databook Latin America	16
	2-16 Communication of critical concerns	37 Databook Latin America	
	2-17 Collective knowledge of the highest governance body	27 and 28	

GENERAL DISCLOSURES			
GRI STANDARD / OTHER SOURCE	**DISCLOSURE**	**LOCATION**	**SDG**
GRI 2: General Disclosures 2021	2-18 Evaluation of the performance of the highest governance body	Databook Latin America	
	2-19 Remuneration policies	24 and 25	
	2-20 Process to determine remuneration	24 and 25	
	2-21 Annual total compensation ratio*	24 and 25. As in the previous year, the annual total compensation of the highest paid employee in the organization was over 30 times the average annual compensation of all the other employees, excluding the highest paid one. To calculate this indicator, the average annual compensation of all the employees of all the brands and countries was considered, converting the salaries to United States dollars (US$). Additionally, the percentage increase in the highest compensation paid was 23%, compared with an average increase of 15%. Databook Latin America with information on the region.	
	2-22 Statement on sustainable development strategy	6, 7, 8, 9, 10	
	2-23 Policy commitments	38, 56, 128, 140, 149. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website	16
	2-24 Embedding policy commitments	38, 56, 131. The Board of Directors is responsible for overseeing the embedding of the company's policy commitments to ensure responsible business conduct in all the organization's business activities and relations. The delegation of responsibilities occurs by means of the clear 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. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	
	2-25 Processes to remediate negative impacts	37, 56, 57, 58, 59, 90, 91. Our Board participates in overseeing processes of identifying and managing impacts on the economy, the environment and people by means of continuous monitoring, oversight of the implementation of processes, assessment of results, identification of gaps and opportunities for improvement, strategic decision making and ultimate responsibility. This analysis is conducted during strategic planning cycles and at specific events. Databook Latin America with information on the region.	
	2-26 Mechanisms for seeking advice and raising concerns	37	16

*The result of more than 30 times was reported in accordance with the ISE 2023 standards

GENERAL DISCLOSURES			
GRI STANDARD / OTHER SOURCE	**DISCLOSURE**	**LOCATION**	**SDG**
GRI 2: General Disclosures 2021	2-27 Compliance with laws and regulations	Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on theInvestor Relations website.	
	2-28 Membership of associations	Databook Latin America	
	2-29 Approach to stakeholder engagement	121, 128, 129, 131, 140, 145, 149, 151	
	2-30 Collective bargaining agreements	Excluding interns, apprentices, the holding company and the Instituto Natura, 81% of the employees were covered by collective bargaining agreements. For employees who are not covered by these agreements, the organization establishes working and employment conditions in line with best competitive market practices. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	8
MATERIAL TOPICS			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	54, 55. Databook Latin America	
	3-2 List of material topics	54, 55. Databook Latin America	
CIRCULARITY			
GRI 3: Material Topics 2021	3-3 Management of material topics	151, 152, 153, 154. Databook Latin America	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	8, 12
	301-2 Recycled input materials used	152 and 153. Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	8, 12
	301 -3 Reclaimed products and their packaging materials	154. Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	8, 12
SASB: Management of packaging life cycle	SASB-CG-HP-410a.1 (1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials and (3) the percentage that is recyclable, reusable and/or compostable.	152	

CIRCULARITY			
GRI STANDARD / OTHER SOURCE	**DISCLOSURE**	**LOCATION**	**SDG**
SASB: Management of packaging life cycle	SASB-CG-HP-410a.2 Discussion of strategies to reduce the environmental impact of packaging throughout its life cycle	152 and 153	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	7, 8, 12, 13
	302-2 Energy consumption outside the organization	Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	7, 8, 12, 13
	302-3 Energy intensity	Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	7, 8, 12, 13
	302-4 Reduction of energy consumption	Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	7, 8, 12, 13
	302 -5 Reductions in energy requirement of products and services	Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	7, 8, 12, 13
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Databook Latin America	6, 12
	303-2 Management of water discharge-related impacts	Databook Latin America	6
	303-3 Water withdrawal	Databook Latin America	6
	303-4 Water discharge	Databook Latin America	6
	303-5 Water consumption	Databook Latin America	6
SASB: Water Management	SASB-CG-HP-140a.2 Description of water management risks and discussion of strategies and practices to mitigate those risks	Databook Latin America	

CIRCULARITY			
GRI STANDARD / OTHER SOURCE	**DISCLOSURE**	**LOCATION**	**SDG**
SASB: Water Management	SASB-CG-HP-140a.1 (1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Databook Latin America	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Databook Latin America	3, 6, 11, 12
	306-2 Management of significant waste-related impacts	Databook Latin America	3, 6, 11, 12
	306-3 Waste generated	Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	3, 6, 11, 12, 15
	306-4 Waste diverted from disposal	Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	3, 11, 12
	306-5 Waste directed to disposal	Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	3, 6, 11, 12, 15
GRI 416: Consumer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Databook Latin America	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Databook Latin America	16
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Databook Latin America	12
	417-2 Incidents of non-compliance concerning product and service information and labeling	Databook Latin America	16

CIRCULARITY			
GRI STANDARD / OTHER SOURCE	**DISCLOSURE**	**LOCATION**	**SDG**
SASB: Product environmental, health, and safety performance	SASB-CG-HP-250a.3 Discussion of process to identify and manage emerging materials and chemicals of concern	Databook Latin America	
SASB: Revenue from products designed with green chemistry principles	SASB-CG-HP-250a.4 Revenue from products designed with green chemistry principles - Clean Revenue	Databook Latin America	
SASB: Environmental & social impacts of palm oil supply chain	SASB-CG-HP-430a.1 Volume of palm oil acquired; percentage certified by the Roundtable on Sustainable Palm Oil (RSPO), as: (a) Identity Preserved, (b) Segregated, (c) Mass Balance, or (d) Book & Claim	Databook Latin America	
DISTRIBUTION OF VALUE			
GRI 3: Material Topics 2021	3-3 Management of material topics	97, 98, 99, 123, 128. Databook Latin America	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Databook Latin America	8, 9
	201-3 Defined benefit plan obligations and other retirement plans	Databook Latin America	
	201-4 Financial assistance received from government	Databook Latin America	
GRI 202: Market presence 2016	202-1 Ratio of lowest wage compared to local minimum wage by gender	Databook Latin America	1, 5, 8

DISTRIBUTION OF VALUE			
GRI STANDARD / OTHER SOURCE	**DISCLOSURE**	**LOCATION**	**SDG**
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	94, 144, 146, 148, 154, 161, 162, 172. Databook Latin America	3, 5, 9, 11
	203-2 Significant indirect economic impacts	90, 91, 163, 164. Databook Latin America	1, 3, 8
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	130. Databook Latin America	8
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	121. Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	5, 8, 10
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Databook Latin America	3, 5, 8
	401-3 Parental leave	Databook Latin America	5, 8
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	127. Databook Latin America	8
	403-2 Hazard identification, risk assessment and incident investigation	127. Databook Latin America	8
	403-3 Occupational health services	127. Databook Latin America	8
	403-4 Worker participation, consultation, and communication on occupational health and safety	127. Databook Latin America	8, 16
	403-5 Worker training on occupational health and safety	127. Databook Latin America	8

DISTRIBUTION OF VALUE			
GRI STANDARD / OTHER SOURCE	**DISCLOSURE**	**LOCATION**	**SDG**
GRI 403: Occupational Health and Safety 2018	403-6 Promotion of worker health	127. Databook Latin America	3
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	127. Databook Latin America	8
	403-8 Workers covered by an occupational health and safety management system	Databook Latin America	8
	403-9 Work-related injuries	Databook Latin America	3, 8, 16
	403-10 Work-related ill health	Databook Latin America	3, 8, 16
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	122. Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	4, 5, 8, 10
	404-2 Programs for upgrading employee skills and transition assistance programs	Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	8, 10
	404-3 Percentage of employees receiving regular performance and career development reviews	Databook Latin America	5, 8, 10
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	121, 123, 124, 125, 126. Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	5, 8
	405-2 Ratio of basic salary and remuneration of women	Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	5, 8, 10
GRI 415: Public policy 2016	415-1 Political contributions	39. Databook Latin America	16

DISTRIBUTION OF VALUE			
GRI STANDARD / OTHER SOURCE	**DISCLOSURE**	**LOCATION**	**SDG**
GRI 207: Tax 2019	207-1 Approach to tax	Databook Latin America	1, 10, 17
	207-2 Tax governance, control, and risk management	Databook Latin America	1, 10, 17
	207-3 Stakeholder engagement and management of concerns related to tax	Databook Latin America	1, 10, 17
	207-4 Country-by-country reporting	Databook Latin America	1, 10, 17
GRI 417: Marketing and Labeling 2016	GRI 417-3 Incidents of non-compliance concerning marketing communications	Databook Latin America	16
SOCIAL REGENERATION			
GRI 3: Material Topics 2021	3-3 Management of material topics	Databook Latin America	
GRI 202: Market presence 2016	202-2 Proportion of senior management hired from the local community	Databook Latin America	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	37 and 39	16
	205-2 Communication and training about anti-corruption policies and procedures	38. Databook Latin America	16
	205-3 Confirmed incidents of corruption and actions taken	Databook Latin America	16
GRI 206: Anti-competitive behaviour 2016	206 -1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	The organization does not have any pending or concluded legal actions for anti-competitive behavior, anti-trust, and monopoly practices in any of the countries in which it operates.	16

SOCIAL REGENERATION			
GRI STANDARD / OTHER SOURCE	**DISCLOSURE**	**LOCATION**	**SDG**
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice period regarding operational changes	We have established a minimum notice period of four weeks to inform workers about significant operational changes. Databook Latin America with information on the region.	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	37. Databook Latin America	5, 8
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	The company does not have operations at risk of violations of the workers' right to exercise freedom of association or collective bargaining.	8
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	130. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	5, 8, 16
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	130. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	5, 8
GRI 411: Rights of indigenous peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	In 2023, we did not identify any cases of violations involving the rights of indigenous peoples, both regarding indigenous people working in the organization and in indigenous communities with whom we maintain relations.	2
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	154, 155, 161, 162. Natura implemented engagement actions, impact assessments and development programs both for its consultants and for its supplier communities, achieving full implantation in these areas. Moreover, 100% of the operations have engagement actions and development programs for the recycling cooperatives, although there is no assessment or public disclosure of the impacts on these cooperatives. Regarding communities, the company engages in sustainability, social support and economic development actions in the states of Pará, São Paulo and Bahia, focused on environmental conservation, professional training, support for victims of gender violence and incentives for recycling and the bioeconomy. In Pará, worthy of note is the Plataforma Territórios Sustentáveis (Sustainable Territories Platform), aimed at the regeneration of 7.4 million hectares (further information on page 148); in São Paulo, the company donated BRL 4.4 million in Avon products for the Cajamar local government to stimulate selective waste collection whereby the pubic may exchange recyclable waste for Avon products. In Bahia, Avon launched its Recomeça (Restart) program with the local government of Simões Filho and the Instituto Avon. Databook Latin America with information on the region.	

SOCIAL REGENERATION			
GRI STANDARD / OTHER SOURCE	**DISCLOSURE**	**LOCATION**	**SDG**
GRI 413: Local communities 2016	413 -2 Operations with significant actual and potential negative impacts on local communities	We do not have operations with actual or potential negative impact on biodiversity supplier communities or communities in the vicinity of the units. Databook Latin America with information on the region.	1, 2
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	131. Databook Latin America	5, 8, 16
	414 -2 Negative social impacts in the supply chain and actions taken	131. Databook Latin America	5, 8, 16
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Databook Latin America	
REGENERATION OF NATURE			
GRI 3: Material Topics 2021	3-3 Management of material topics	82, 90, 133, 134, 140, 144 Databook Latin America	
GRI 304: Biodiversity 2016	304 -1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Databook Latin America	6, 14, 15
	304-2 Significant impacts of activities, products and services on biodiversity	Databook Latin America	6, 14, 15
	304 -3 Habitats protected or restored	Databook Latin America	6, 14, 15
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Databook Latin America	6, 14, 15

REGENERATION OF NATURE			
GRI STANDARD / OTHER SOURCE	**DISCLOSURE**	**LOCATION**	**SDG**
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	131, 149, 150, 151, 153. Databook Latin America	
	308-2 Negative environmental impacts in the supply chain and actions taken	131. Databook Latin America	
CLIMATE ACTION			
GRI 3: Material Topics 2021	3-3 Management of material topics	57, 156, 158, 159, 160. Databook Latin America	
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	62 and 66. Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	13
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	3, 12, 13, 14, 15
	305-2 Energy Indirect (Scope 2) GHG emissions from the acquisition of energy	Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	3, 12, 13, 14, 15
	305-3 Other indirect (Scope 3) GHG emissions	Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	3, 12, 13, 14, 15
	305-4 GHG emissions intensity	Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	13, 14, 15
	305-5 Reduction of GHG emissions	Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	13, 14, 15
	305-6 Emissions of ozone-depleting substances (ODS)	Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	3, 12
	305-7 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	Databook Latin America with information on the region. Natura &Co information will be available later in the Sustainability Compendium, on the Investor Relations website.	3, 12, 14, 15

Indicators reported by Natura &Co Holding S.A.

The indicators summarized below by Natura &Co Holding consider its business units:

· Natura &Co Latin America, which includes the Natura and Avon brands and the master franchisee operation in The Body Shop region; and

· Avon International, which includes all markets served by the brand globally (excluding Latin America).

Pillar	Standard / Framework	Description	Integrate report page	Databook reference
Climate Transi-tion	C2L	Become Net zero, delivering 1.5°C in line with SBTi criteria	Page 57	Tab "C2L – Climate Transition"
Climate Transi-tion	C2L	Deliver our Science Based Targets for scopes 1, 2 and 3	Page 57	Tab "C2L – Climate Transition"
Protect the Amazon	C2L	Contribute to the protection and/or regeneration of 3 million ha of Amazon forest (from 2 million ha in 2020)	Page 57	Tab "C2L – Protect the Amazon"
Protect the Amazon	C2L	Increase to 45 agro-extractivist sourcing communities (from 34 in 2020)	Page 57	Tab "C2L – Protect the Amazon"
Protect the Amazon	C2L	Contribute to the bioeconomy using innovation to develop 55 Amazonian ingredients from biodiversity (from 39 in 2020)	Page 57	Tab "C2L – Protect the Amazon"
Protect the Amazon	C2L	Increase spending on raw ingredients from Amazonian socio-bioeconomy fourfold(baseline 2020)	Page 57	Tab "C2L – Protect the Amazon"
Protect the Amazon	C2L	Double the value shared with our communities (baseline 2020)	Page 57	Tab "C2L – Protect the Amazon"
Protect the Amazon	C2L	Engage 20 million people annually in the Living Amazon Cause (Causa Amazônia Viva)	Page 57	Tab "C2L – Protect the Amazon"
Biodiversity	C2L	Assess and report our global biodiversity impacts and dependencies by 2025	Page 58	Tab "C2L – Biodi-versity"
Biodiversity	C2L	Achieve verified deforestation- and conversion-free critical supply chains by 2030	Page 58	Tab "C2L – Biodi-versity"
Our people	C2L	Maintain 50% women at Natura &Co senior leadership population from end of 2023	Page 58	Tab "C2L – Our People"
Our people	C2L	Equitable pay, no unexplained gender pay gap from 2023	Page 58	Tab "C2L – Our People"
Our people	C2L	30% inclusion, of management to be from under-represented communities	Page 58	Tab "C2L – Our People"
Our people	C2L	At least living wage for all from 2023	Page 58	Tab "C2L – Our People"
Human rights	C2L	Full traceability and/or certi-fication – Palm Oil	Page 58	Tab "C2L – Human Rights"

Human rights	C2L	Full traceability and / or certification – Mica	Page 58	Tab "C2L – Human Rights"
Human rights	C2L	Full traceability and / or certification – Paper	Page 58	Tab "C2L – Human Rights"
Human rights	C2L	Full traceability and / or certification – Alcohol	Page 58	Tab "C2L – Human Rights"
Human rights	C2L	Full traceability and / or certification – Soy	Page 58	Tab "C2L – Human Rights"
Human rights	C2L	Full traceability and / or certification – Cotton	Page 58	Tab "C2L – Human Rights"
Human rights	C2L	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	Page 58	Tab "C2L – Human Rights"
Packaging Circularity	C2L	50% recycled content for all plastic used (in weight)	Page 59	Tab "C2L – Packa-ging circularity"
Packaging Circularity	C2L	100% reusable, recyclable or compostable packaging material	Page 59	Tab "C2L – Packa-ging circularity"
Packaging Circularity	C2L	Enable collection schemes in key markets, where suitable recycling infrastructure does not exist	Page 59	Tab "C2L – Packa-ging circularity"
Formula Circularity	C2L	95%+ biodegradable formulas	Page 59	Tab "C2L – Formula circularity"
Formula Circularity	C2L	100% of new formulas to have lower environmental footprints, measured by life cycle analysis (LCA)	Page 59	Tab "C2L – Formula circularity"
Regeneration	C2L	Work in partnership to build awareness, capability and regenerative solutions which transform systems and deliver positive environmental and social impact, enabling life to thrive	Page 59	Tab "C2L – Regene-rative Solu-tions"
Regeneration	C2L	30% of key ingredients to be produced using regenerative practises (veri-fied/certified by external third party)	Page 59	Tab "C2L – Regene-rative Solu-tions"
Regeneration	C2L	100% of communities/small producers to adopt ethical biotrade and regenerative practices to produce our key ingredients	Page 59	Tab "C2L – Regene-rative Solu-tions"
Packaging materials	DJSI	% recycled content in plastic packaging	-	Tab "Strategic Management - DJSI 001-4 NTCO"
Board Diversity 1.1.3	DJSI	Number of women on the company's board of directors/fiscal council	Pages 27 and 28	-
GRI 2-1	GRI	Organizational details	Page 12	-
GRI 2-1	GRI	Entities included in the organization's sustainability reporting	Page 4	-

GRI 2-4	GRI	Restatements of information	Page 4	-
GRI 2-9	GRI	Governance structure and composition	Pages 27 and 28	-
GRI 2-10	GRI	Nomination and selection of the highest governance body	Page 180	-
GRI 2-11	GRI	Chair of the highest governance body	Page 180	-
GRI 2-12	GRI	Role of the highest governance body in overseeing the management of impacts	Page 180	-
GRI 2-13	GRI	Delegation of responsibility for managing impacts	Page 180	-
GRI 2-14	GRI	Role of the highest governance body in sustainability reporting	Pages 27 and 28	-
GRI 2-17	GRI	Collective knowledge of the highest gov-ernance body	Page 27,29	-

Limited Assurance Report of Independent Auditors

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Independent auditors' limited assurance report on the non-financial information included in the Integrated Report Natura &Co 2023

(A free translation of the original report in Portuguese, containing the Assurance Report)

To the Board of Directors and Shareholders
Natura &CO Holding S.A.
São Paulo - SP

Introduction
We were engaged by Natura &Co Holding S.A. ("Company") to present our limited assurance report on the non-financial information included in the "Natura &Co 2023 Integrated Report" of Natura &Co Holding S.A., for the year ended December 31, 2023 on **Natura & Co Holding (according to the indicators reported by Natura & Co Holding S.A., pages 192-194)**.

Our limited assurance does not extend to prior period information or to any other information disclosed together with Natura &Co 2023 Integrated Report, including any images, audio files or embedded videos.

Responsibilities of the Management of Natura &Co Holding S.A.
Management of Natura &Co Holding S.A. is responsible for:
• selecting and estabilishing apropppriate criteria for preparing the information included in Natura &Co 2023 Integrated Report;
• preparing information according to the criteria and guidelines set by management, disclosed at pages 192-194, and CPC 09 Guidelines – Integrated Reporting, which follow the Basic Conceptual Framework for Integrated Reporting, prepared by the International Integrated Reporting Council (IIRC);
• designing, implementing and maintaining internal control over the relevant information to the preparation of the information included in Natura &Co 2023 Integrated Report that is free from material misstatement, whether due to fraud or error.

Responsibility of independent auditors
Our responsibility is to express a conclusion on the non-financial information included in Natura &Co 2023 Integrated Report, based on the limited assurance engagements conducted in accordance with Technical Statement CTO 07/2023 and NBC TO 3000 – Assurance Engagements Other than Audits and Reviews, issued by CFC, which is equivalent to ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information, issued by the International Auditing and Assurance Standards Board (IAASB). These standards require the auditor to comply with ethical, independence and other responsibilities related to them, including the application of the Brazilian Standard on Quality

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Control (NBC PA 01), and accordingly maintenance of a comprehensive quality control system, including documented policies and procedures for compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Additionally, those standards require that work be planned and carried out to obtain limited assurance that the non-financial information included in the Natura & Co 2023 Integrated Report taken as a whole is free from material misstatement.

A limited assurance engagement carried out in accordance with NBC TO 3000 (ISAE 3000) basically consists of inquiring the management of Natura &CO Holding S.A. and other professionals of Natura &CO Holding S.A. who are involved in the preparation of the information and by applying analytical procedures to obtain evidence that can allow us to conclude, as limited assurance about the information taken as a whole. A limited assurance engagement also requires additional procedures to be applied when the independent auditor gets to know about issues that lead him to believe that the information disclosed in the Natura &CO 2023 Integrated Report taken as a whole may have material misstatements.

The selected procedures were based on our understanding of the issues involved in compiling, materiality and presenting the information included in Natura & Co 2023 Integrated Report, other circumstances of the engagement and of our consideration about the areas and processes associated with the material information disclosed in the Natura &co 2023 Integrated Report, in which material misstatements could exist. The procedures consisted of, among others:

a. planning the engagement, considering the materiality of the issues related to the activities of Natura &Co Holding S.A., the relevance of the information disclosed by the Company, the volume of quantitative and qualitative information, as well as operating systems and internal controls that supported the preparation of the information included in Natura &Co 2023 Integrated Report.

b. understanding the calculation method and procedures followed for compiling indicators by inquiring the managers in charge of gathering information;

c. applying analytical procedures to quantitative information and inquiring about qualitative information and its relationship with the indicators disclosed in the information included in Natura & Co 2023 Integrated Report; and

The limited assurance engagements also covered compliance with the guidelines and criteria for the preparation structure described in Natura & Co 2023 Integrated Report and with CPC 09 – Integrated Reporting.

We believe that the evidence we have obtained from our work is sufficient and appropriate to provide a basis for our limited conclusion.

Scope and limitations
The procedures applied in a limited assurance engagement vary in terms of nature and timing and are smaller to the extent than in a reasonable assurance engagement. Therefore, the security level obtained from a limited assurance engagement is substantially lower than that obtained if a reasonable assurance engagement had been carried out. If we had carried out a reasonable assurance engagement, we could have identified other issues and possible misstatements of the information included in the Natura & Co 2023 Integrated Report. Accordingly, we do not express an opinion on that information.

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Non-financial data are subject to more inherent limitations than financial data, given the nature and diversity of the methods used to determine, calculate or estimate this data. Qualitative interpretations of materiality, relevance and accuracy of data are subject to individual assumptions and judgments. Moreover, we did not carry out any work on data informed for prior periods, or about future projections and goals.

The preparation and presentation of sustainability indicators followed the criteria described in Natura & Co 2023 Integrated Report and; therefore, they do not have the purpose of ensuring compliance with social, economic, environmental or engineering laws and regulations. However, those standards provide for the presentation and disclosure of possible violations to these regulations when significant sanctions or fines are imposed. Our assurance report should be read and understood in this context, which is part of the criteria and guidelines set by management and the Guidelines issued by CPC 09 - Integrated Reporting.

Conclusion
Based on the procedures performed, described on this report and the evidence we obtained, nothing has come to our attention that causes us to believe that the non-financial information included in Natura &Co 2023 Integrated Report for the year ended December 31, 2023 of Natura &Co Holding S.A. have not been prepared, in all material respects, in accordance with the criteria described and guidelines set by management and the CPC 09 Guidelines – Integrated Reporting Guidelines.

São Paulo, April 16, 2024

KPMG Auditores Independentes Ltda.
CRC 2SP014428/O-6
Original report in portuguese signed by

Marcia Keiko Ando
Accountant CRC 1SP235113/O-7

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