

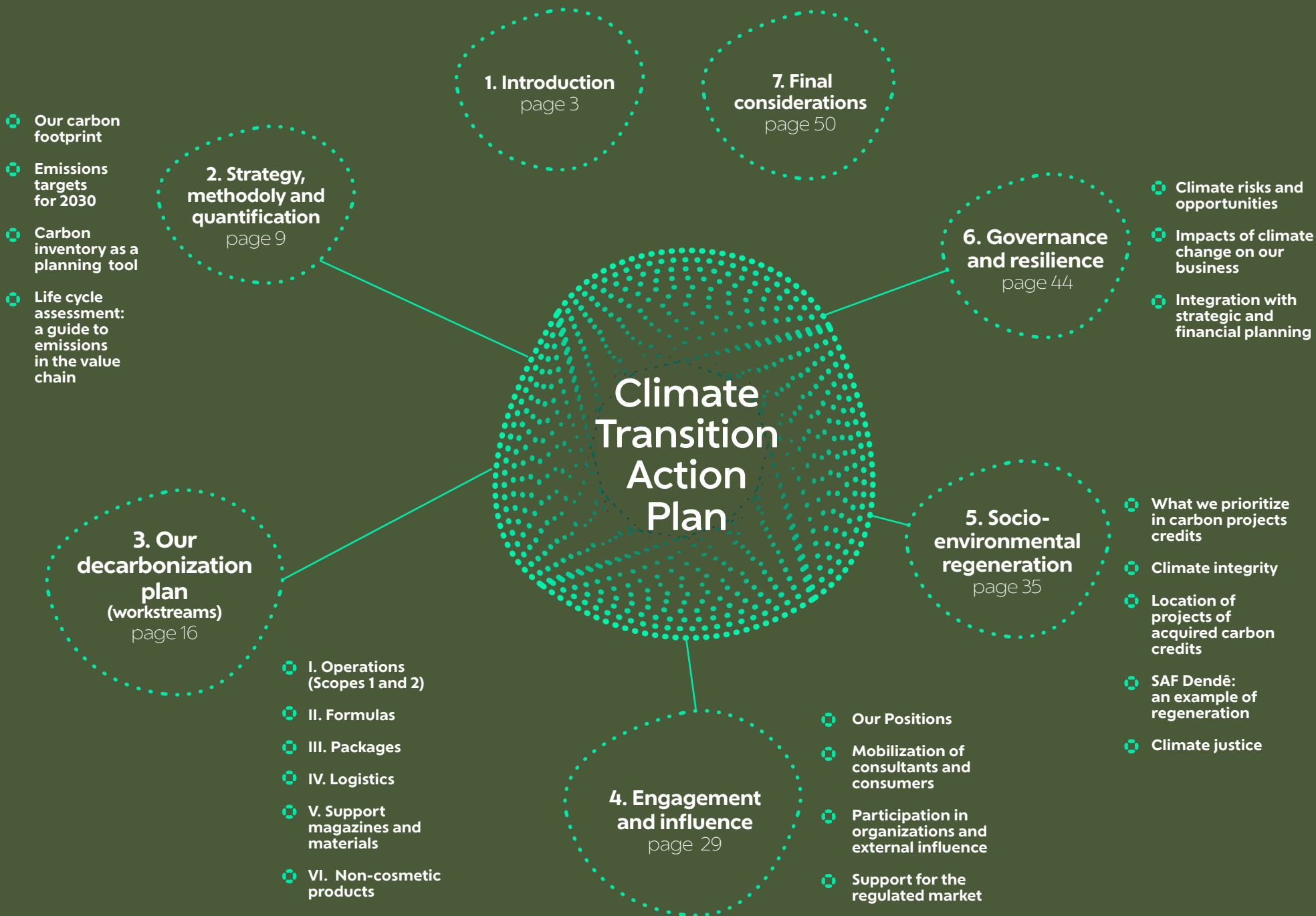


natura



Climate Transition Action Plan

July 2024



1.

Introduction

"Instead of operating in the landscape, we should blend in with it"

The quote is from the Indigenous leader Ailton Krenak, and could not be more aligned with Natura's DNA. We are part of the whole. And we are living in a moment where we need to go beyond what we've done so far, which has been conducting our business based on sustainability. This concept, though historically significant, has a limitation: it does not address the restoration of what humanity has already degraded.

Therefore, we decided to embrace the concept of regeneration.



Regenerating is also restoring life, and requalifying relationships. In other words: it is an expression of our own reason for being.

It is not only about impact management and mitigating the depletion of the planet's resources. We now talk about regenerative economy, the concept with potential for combating climate change and biodiversity loss and, at the same time, promotion of social equality, decent income and well-being of society.

Regenerative development argues that economic systems can produce more resources than they consume and also act as catalysts for environmental health. A system that builds capabilities, not just things.

Being a regenerative company means stimulate life in individuals, communities, in the corporation itself, in nature and the relationship between them. It is time to not only transform socioenvironmental challenges into business opportunities,

but also transform business challenges into socioenvironmental opportunities. It is time to understand the size of our network, and through it, act as regenerative agents.

This new mindset directs the way we look at the future. In this context, Natura is launching the Climate Transition Plan. It is an evolution of Natura's Carbon Neutral Program, implemented in 2007.

In 2018, Natura created Natura&Co group, alongside the Australian Aesop and the British The Body Shop (both sold in 2023). With Avon and Natura&Co's arrivals in 2020, the Natura&Co's Latin America business unit was created, responsible for the group's activities in the region (and for Natura's brand management globally). In 2024, Natura&Co Latin America began to be identified as Natura.

Nowadays, Natura's and Avon's operations in Latin America are aligned to Natura&Co's decarbonization commitments, as well as to sustain the best practices that made Natura a reference in combating the climate crisis.

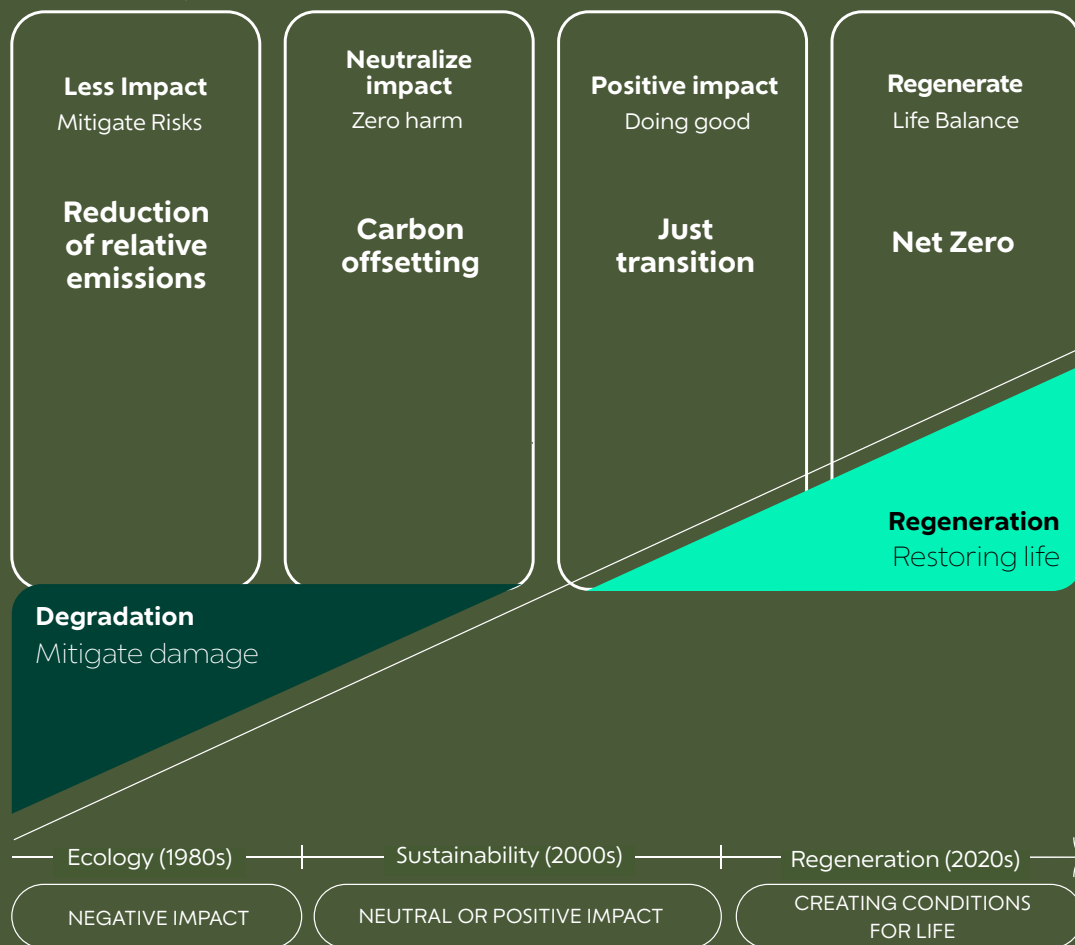
The Carbon Neutral Program was launched at the same time of the Kyoto Protocol, the first global agreement on climate change, when this agenda was still in an initial stage worldwide. Even so, it was incorporated in Natura's business strategies, including specific indicators related to executives' variable remuneration.

The world finally seems to be awake for the climate emergency. IPCC's reports (Intergovernmental Panel on Climate Change) warn that extreme events that we are living, such as prolonged droughts, torrential rains and heat waves, are getting more and more intense. It is scientific consensus: these events are correlated with human actions and some ecosystem damage are considered irreversible. The consequences of these events affects all – however, as we can see, they punish in a more perverse way those who live in more vulnerable conditions.



Climate transition

The transition to a low-carbon economy, which will have to deal with the impacts of climate change, depends on a broader approach, in which is necessary a comprehension of the interdependencies between business, nature and society, enabling a just and inclusive transition, that promotes regeneration throughout the entire value chain.



Pillars of our Transition Plan

- **Build resilience; mitigate climate risks through regenerative solutions.**
- **Business decarbonization through science-based targets, aligned with the 1.5°C scenario (Paris Agreement).**
- **Just and equitable transition, wide regeneration of society and nature.**

On the climate journey, Net Zero represents an evolution of the Carbon Neutral concept

Carbon Neutral

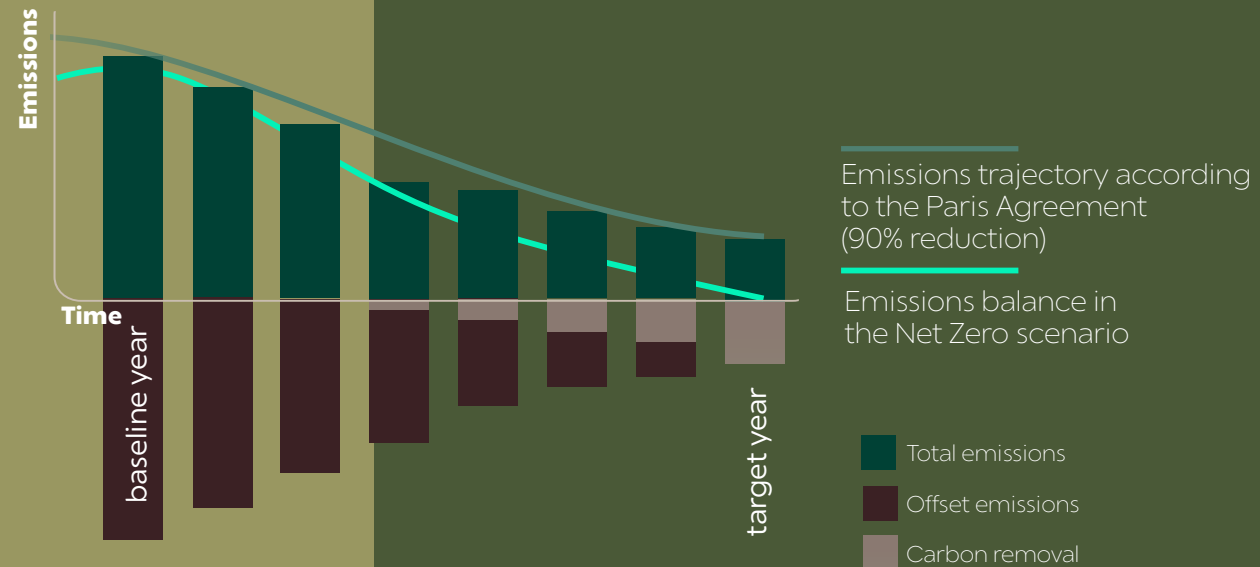
Carbon neutral, a concept that is falling into disuse, was achieved when carbon equivalent emissions (measurement unit that considers the global warming potential of various gases) of a business were "offset" with the acquisition of carbon credits. The main focus was mitigating impacts, and not necessarily an absolute emission reduction. Carbon neutrality is covered by the ISO 14068-1 standard, from 2023 (Climate change management. Transition to Net Zero - Carbon neutrality).

Net Zero

Net Zero is the key reference for decarbonization. It requires aligned targets with the Paris Agreement, limiting the global warming to 1.5°C, which must be achieved by 2050 at the latest. All emissions should be considered in this calculation of emission reduction, including indirect ones (Scope 3, which refers to the complete business value chain). The Net Zero parameters are guided by SBTi (Science Based Targets Initiatives).

TRANSITION: FROM CARBON NEUTRAL TO NET ZERO

Emissions need to be reduced by 90% by 2050 at the latest, and the offsetting practice progressively becomes focused on activities that remove carbon from the atmosphere.



We are committed on Net Zero emissions achievement in our own facilities (Scopes 1 and 2) by 2030, compared to 2020

THIS MEANS
reduce 90% of
the emissions
of our process

Furthermore, we approved the short-term target together with SBTi

REDUCE
42%
of absolute
emissions
from our
value chain (Scope 3)

What does it mean to be Net Zero?

The Net Zero concept is based on climate science, according to which humanity needs to limit the increase in Earth's temperature to a maximum of 1.5°C.

In this collective effort, the expected commitment of the global economy is to reduce at least 90% of the greenhouse gas emissions (GHG), by no later than 2050. Moreover, residual emissions (which cannot be eliminated) must be equal to or less than the amount of emissions being removed from the atmosphere by the company's actions. In other words: it is necessary to significantly reduce and achieve a real and measurable balance between emissions and removals. This movement to stop global warming is supported by the Science Based Targets initiative (SBTi), led by four organizations – CDP (the former Carbon Disclosure Project), UN Global Compact, World Resources Institute (WRI) and World Wide Fund for Nature (WWF).

The primary focus at Net Zero is to reduce absolute GHG emissions across the entire value chain of the business, as much as possible and as quickly as possible. This is only feasible with a global transformation in the logic of production and consumption, creating a low-carbon economy. By taking time to reduce

emissions we are filling the atmosphere with GHGs that will remain there for hundreds of years before dissipating, preventing the 1.5°C target from being achieved.

Before the Net Zero movement, our Carbon Neutral commitment was focused on the carbon efficiency concept: reduce emissions compared to what would have been emitted if no actions had been taken to decarbonize the company's activities and value chain.

Commitment to Life

In 2020, Natura &Co launched its vision for 2030, the Commitment to Life. These are public targets organized in three pillars: addressing the climate crisis and protecting Amazon; ensuring equality and inclusion; embracing circularity and regeneration. Our Climate Transition Plan addresses compliance with the first pillar of the Commitment to Life, making the company Net Zero in Scopes 1 and 2 in Latin America and conserving and promoting the regeneration of the Amazon biome. The plan is also transversal to the other two pillars, including aspects of climate justice, environmental racism and the enablement of regenerative solutions through the product portfolio and operations in the value chain.



A program that brought results

The Natura Carbon Neutral Program was created in 2007. Our guiding principle has always been: Natura will only have value if it is a company that generates a positive impact on society, perspective already foreseen in the Sustainability Vision for 2050, launched in 2014.

Climate Change was chosen for its transversality. It allows us to address several fronts, such as energy efficiency, and acts as a guide for the choice of materials and ingredients for our products. From 2007, Natura reduced its relative carbon emissions by a third by the year 2013.

This represented 480 thousand tons of CO₂ that were prevented from being emitted into the atmosphere.

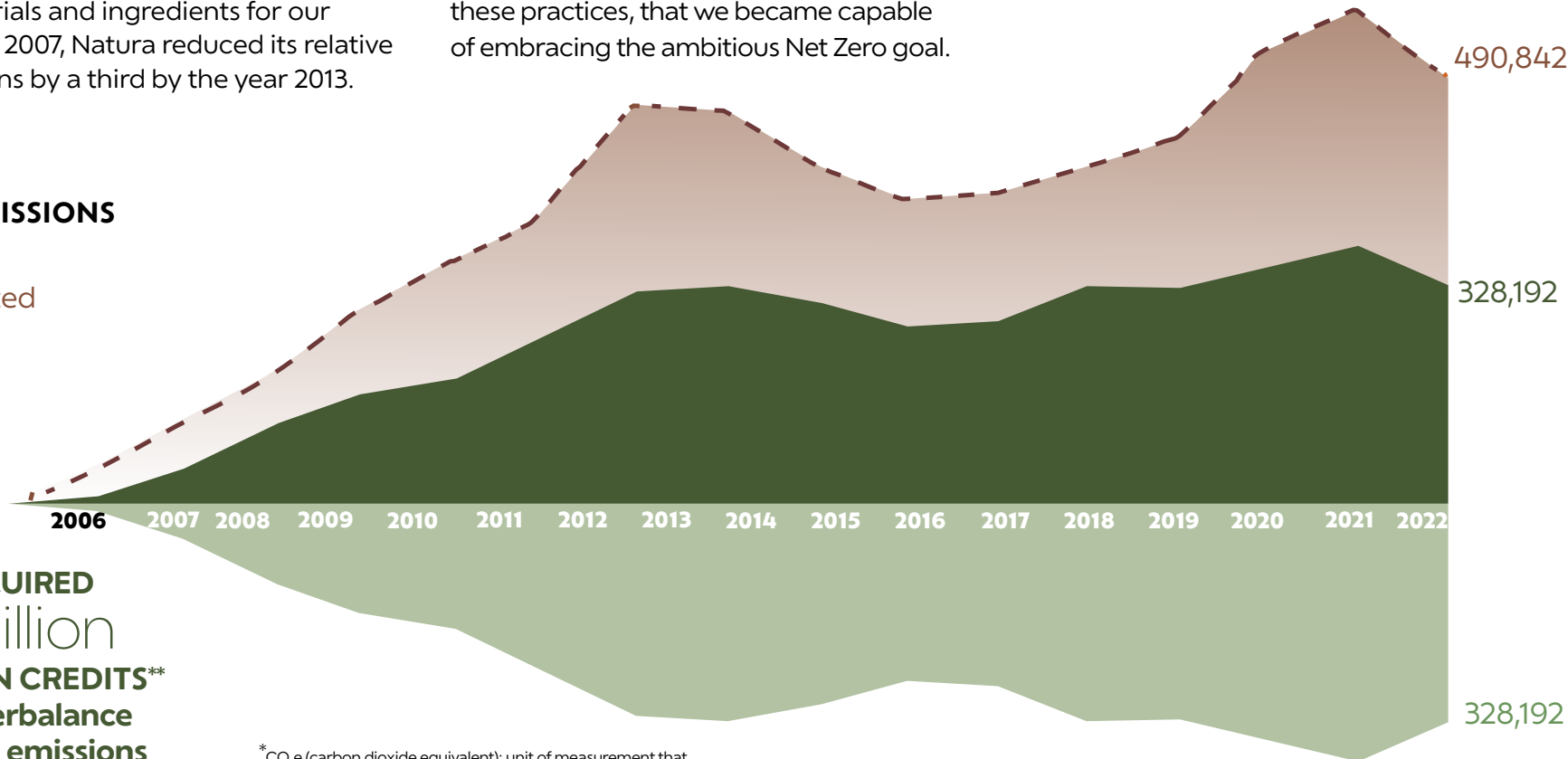
After achieving this first target, the company reached an additional 10% reduction from 2013 to 2020, which prevented the emission of 788 thousand tons of CO₂ equivalent. And within the Carbon Neutral Program, 100% of remaining emissions, which could not be eliminated, are offset with high-integrity carbon credits. It was through these practices, that we became capable of embracing the ambitious Net Zero goal.

FROM 2007 TO 2022, WE AVOIDED THE EMISSION OF 1.6 million of tons of CO₂e* into the atmosphere, reducing the level of emissions per kilo of product

ANNUAL EMISSIONS

(in tons of CO₂e*)

- - - Projected
- Real
- Offset



WE ACQUIRED 4.7 million OF CARBON CREDITS to counterbalance unavoided emissions**

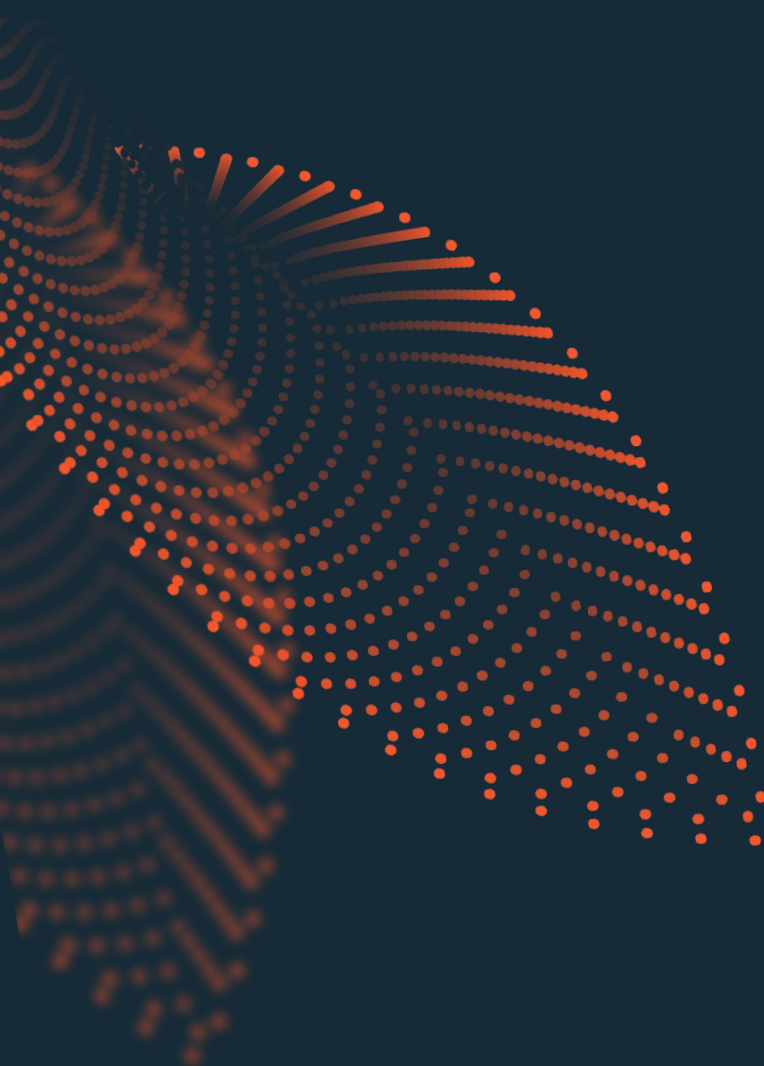
*CO₂e (carbon dioxide equivalent): unit of measurement that considers the global warming potential of various gases.

**One carbon credit corresponds to one ton of CO₂e.

2.

Strategy, methodology and quantification

The decarbonization process is challenging. In order to have adequate management, it is necessary to measure what we do first. To ensure that reductions are measurable it is essential to connect project development and results. Therefore, the planning is meticulous, in order to seek low-cost carbon innovations that are possible to quantify and to manage. In this transition from the logic of carbon offsetting to the logic of regeneration, the focus is on initiatives that permanently remove carbon.



Our Climate Transition Plan is the guiding principle for promoting emission reductions consistent with the 1.5°C target of the Paris Agreement, using the Science Based Targets initiative (SBTi) criteria to set science-based targets for Scope 1, 2, and 3.

Currently, our emissions reporting for Latin America has two dimensions: the total emissions scope, which includes all emissions related to our business, and the SBTi scope, which considers the categories validated for reduction targets aligned with SBTi criteria. This new group inventory includes other Scope 3 categories, previously unaccounted: non-productive services (Category 1 B), capital goods (Category 2); activities related to fuels and energy not included in Scope 1 and 2 (Category 3); waste generated in the operation (Category 5); upstream leased

assets (Category 8); and direct and indirect uses of products (Category 11 - A and B). Despite the inclusion of these categories, they are not part of the target scope validated by SBTi, except for the direct use of Category 11 A.

We also have an active sustainability-linked bond that is based on the scope of the Natura Carbon Neutral Program. We continue to monitor this indicator according to the bond's parameters.

We know that 98% of the emissions come from our value chain (Scope 3). Of these emissions, 56% are linked to products, which pertains to the lifecycle of raw materials and packaging. This means that by focusing on the core of our business, we can significantly impact our emissions, working to advance ecodesign and enable new low-carbon technologies and regenerative materials.

Our carbon footprint

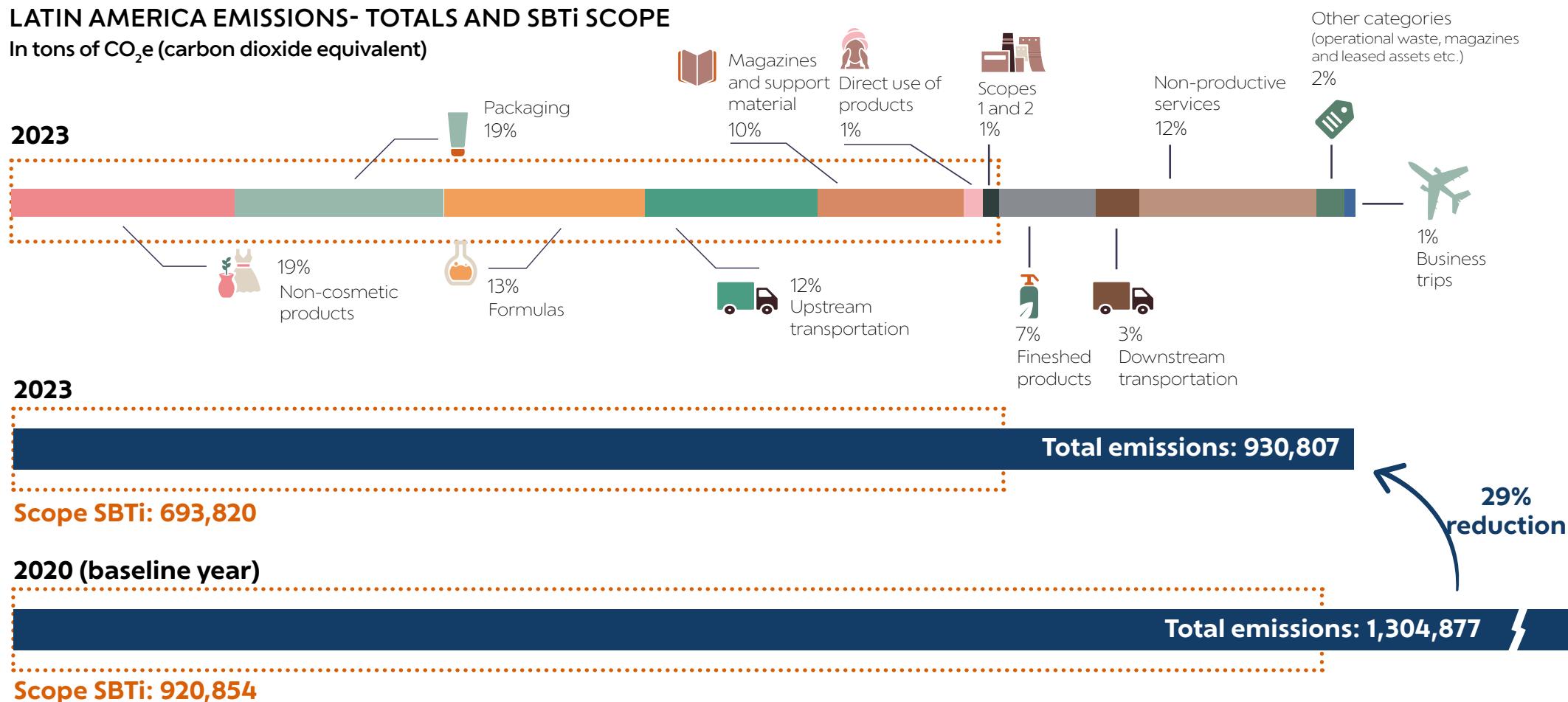
Our baseline for the decarbonization plan is the year 2020, where the total emissions from Natura and Avon in Latin America was 1,304,877 tons of carbon dioxide equivalent (CO₂e). In 2023, they had already been reduced by 29%. The short-term reduction target approved

with SBTi does not include the entire scope we measure (it excludes business trips, non-production related categories, etc.). Considering only the emissions that are part of this target, the reduction in this period was 25% (and should be at least 42% between 2020 and 2030). It is important to note that, following

the SBTi guidelines, these calculations do not include indirect emissions from the use phase of the products (an example would be shampoo: we consider the impacts of packaging disposal, but not the emissions from the energy used to heat the water during the shower).

LATIN AMERICA EMISSIONS- TOTALS AND SBTi SCOPE

In tons of CO₂e (carbon dioxide equivalent)



Emissions targets for 2030

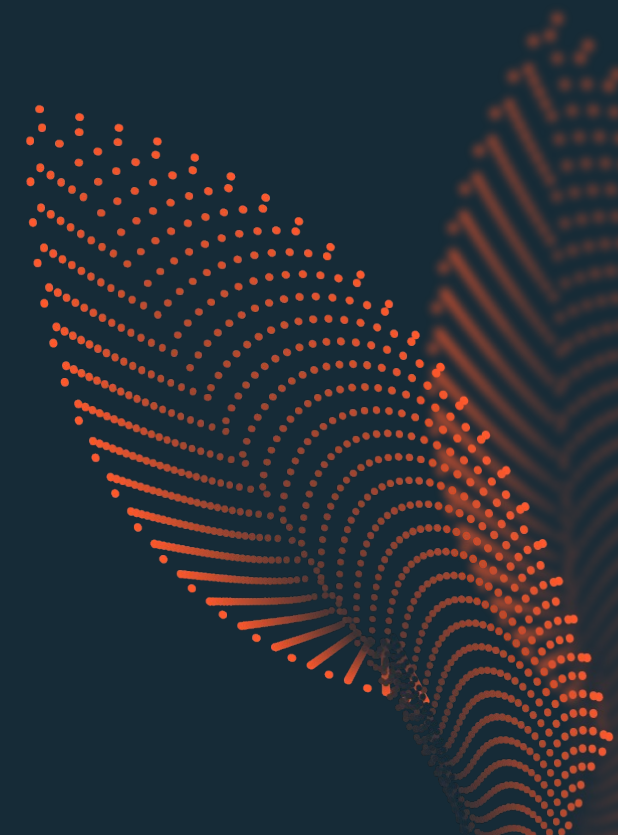
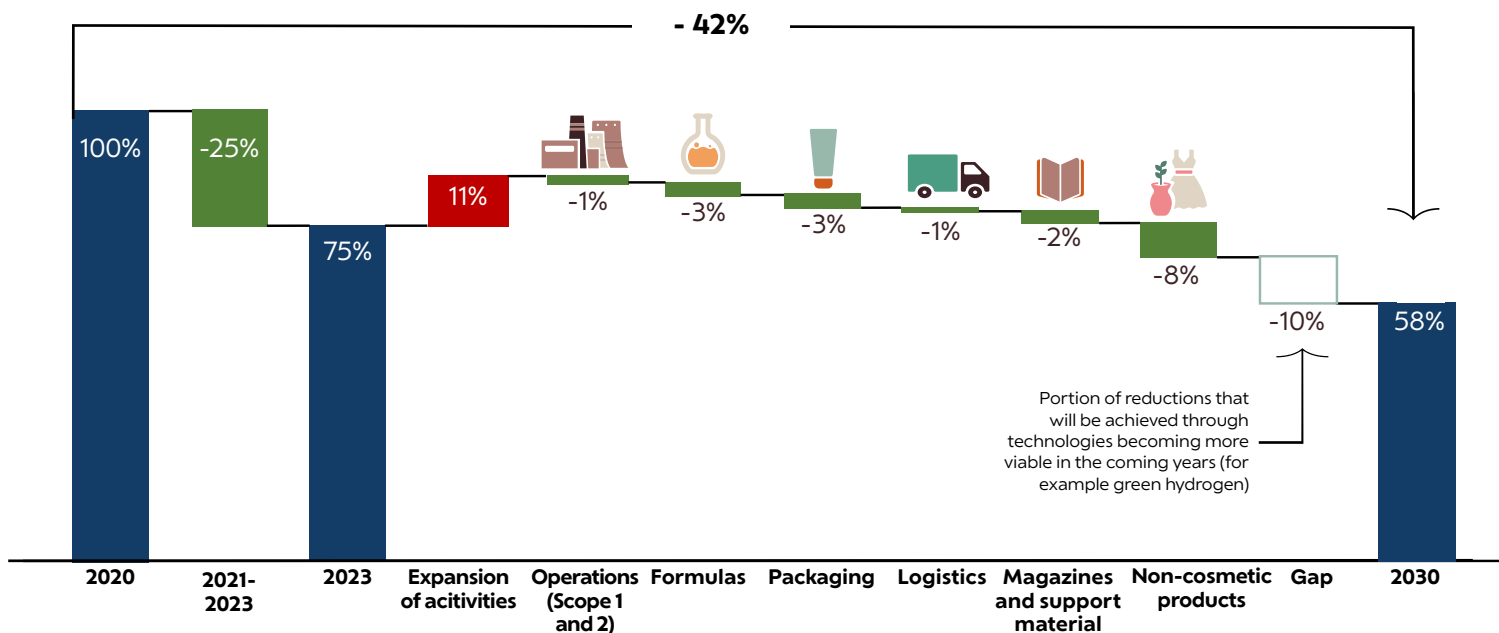
In May 2023, SBTi approved Natura &Co's short-term target, committing to reduce absolute emissions from scopes 1 and 2 by 42% by 2030, based on the 2020 baseline. Additionally, the company aims to decrease absolute emissions from Scope 3 (including those from purchased goods and services, transportation and distribution, and end-of-life treatment of sold products) by 42% over the same period, in line with the 1.5°C scenario

of the Paris Agreement. For Scopes 1 and 2, the ambition assumed by us in Latin America went further: to achieve Net Zero 20 years ahead of schedule by reducing direct emissions from our operations by at least 90% by 2030. We explore all possible ways to increase efficiency in our factories and distribution centers, and to use clean electricity and renewable fuels. We are also investing in alternatives to address fugitive emissions from refrigerant gases.

25%
was the reduction of our absolute emissions in Latin America between 2020 and 2023, according to the SBTi target

EMISSIONS REDUCTIONS BY 2030 ACROSS VARIOUS FOCUS AREAS

Includes what has already been achieved by 2023; 42% is our target for Latin America agreed with SBTi



Carbon inventory as a planning tool

It is not enough to measure carbon emissions. It is also necessary to map where they are located along the value chain, in order to have assertiveness in the decarbonization plan. Our Greenhouse Gas (GHG) Inventory is prepared in accordance with the GHG Protocol guidelines (set of standards that globally guides this type of assessment). We cover Scopes 1, 2 and 3, using not only our own reliable data, but also information and estimates from public banks and others.

To prepare the GHG inventory, we have been using a centralized digital platform from the startup SINAI Technologies since 2022, which considers the latest GHG references and emission factors (considering the IPCC AR6 report, released in 2023). The software guarantees that all teams involved can interact and speak the same language, integrating climate strategy into strategic and financial planning.

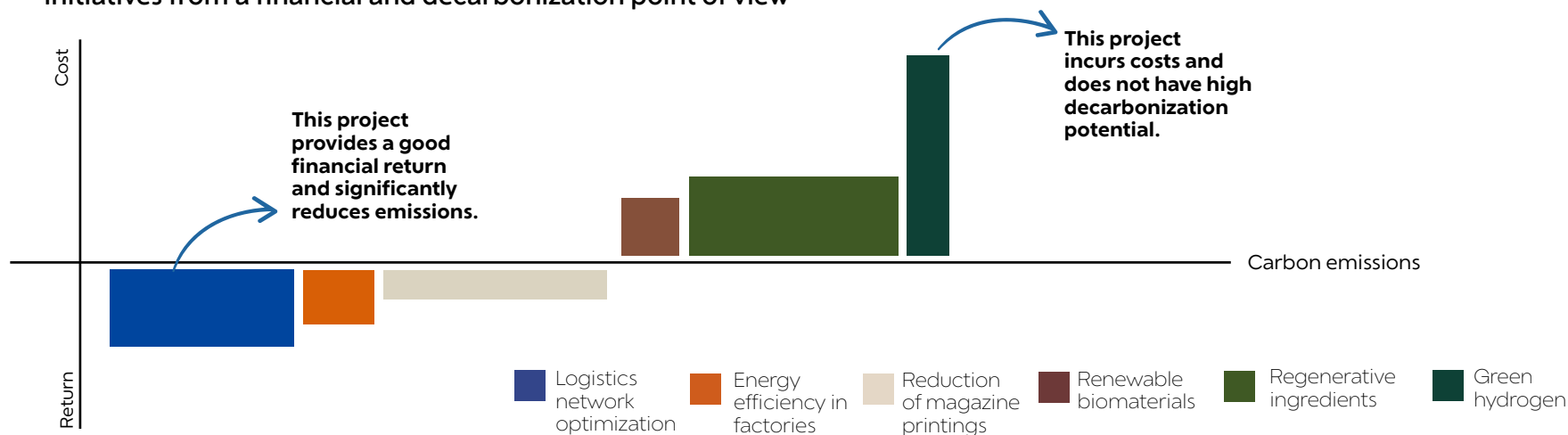
From the inventory, we define low-end carbon scenarios and establish a portfolio of options of decarbonization options. The basic principle is

that every project in the company must consider reducing absolute emissions, even though the business needs to continue expanding. The SINAI tool allows for the creation of a marginal abatement cost curve (MACC) to prioritize initiatives and inform investment decisions.

The MACC curve (see an example in the graph below) serves as a decision support indicator by identifying projects that can have a lower cost to reduce each ton of carbon. Using the curve, it is possible to construct future low-carbon scenarios that help plan and prioritize investments.

HOW WE EVALUATE OUR PROJECTS

This is an example of a MACC curve, which allows you to compare initiatives from a financial and decarbonization point of view





Life Cycle Assessment: a guide to emissions in the value chain

A fundamental tool to understand the emissions generated by a product, from the extraction of raw materials to final disposal, is the Life Cycle Assessments (LCA), which Natura pioneered using starting in 2008. While the common practice at the time was to use average emissions figures calculated for the entire market, Natura, from the outset, adopted a specific focus on emissions from its own supply chain, with precise calculations based on real situations.

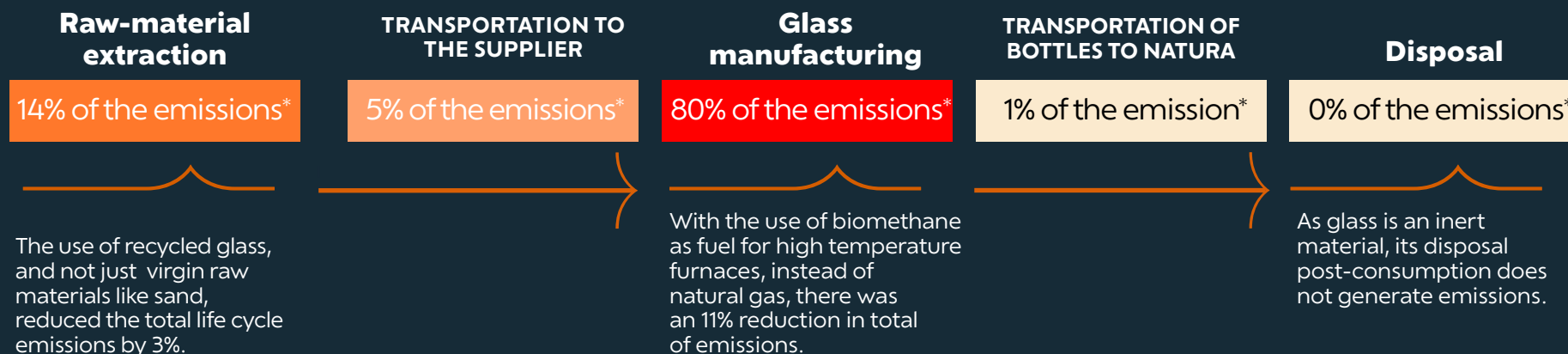
In 2010, Natura established a partnership with EBP Brasil, which develops methodologies to measure greenhouse gas emissions. Today, these LCA studies continue to be applied and reviewed continuously. Understanding the supply chain, identifying the points of highest emissions and the opportunities for reduction, is crucial to achieving our Scope 3 targets.

One of the most energy-consuming supply chains is the manufacturing of perfume bottles. With LCA, we identify the main hotspots in

which we must act with supplier partners to decarbonize their processes. Internally, Natura's R&D team is able to eliminate the complexity of bottles, which improves furnace efficiency and reduces the emissions required to manufacture them. At the other end, we have the example of one of our suppliers (see below), which with the use of post-consumer recycled glass and biomethane in production, reduced emissions related to bottles by 14%.

THE GLASS LIFE CYCLE: HOW LCA HELPS DECREASE EMISSIONS FROM OUR SUPPLIERS

In this example, we use as a reference the activities of a bottle supplier for our operations in Latin America. The calculations of LCA showed that using recycled glass is important, but the greatest carbon impact is obtained with the use of renewable energy.



*These totals consider the process until the glass bottle arrives at Natura's factories and post-use disposal (does not include internal processing at Natura or delivery to the consumer).



Kaiak: decarbonization of a product

Launched in 1996, Kaiak is an icon of global perfumery that has been decarbonizing over the years. From switching its packaging from metal cans to cardboard, incorporating organic alcohol in its composition, and using post-consumer recycled glass in the bottle, the reduction of Kaiak's emissions involves everything from product design teams to supplier engagement.

Product impact (R&D)

Replacing the metal can with cardboard in packaging

Use of organic alcohol in the formula

Use of PCR glass (post-consumer recycled)

Use of PCR polymer (post-consumer recycled)

Chain impact

Glass supplier adopts biomethane furnace



EMISSIONS REDUCTION FROM EVERY INNOVATION:

-30% switching from metal can to cardboard

-2% organic alcohol

-5% PCR glass

-3% PCR polymer

-16% biomethane furnace

3.

Our decarbonization plan

We are focused on intensifying internal actions to evolve the portfolio and our operations, promoting systemic transformations in the value chain. We will achieve this through eco-design solutions, regenerative inputs, energy transition, and carbon removal technologies, which will enable us to reduce emissions even as we expand our business.



Workstreams

In order to ensure focus and prioritization, we have defined six major decarbonization fronts, covering 100% of the baseline emissions of our SBTi short-term reduction target by 2030. To achieve our ambition, it is necessary to ensure the engagement of suppliers and the value chain. This is a systemic transformation that requires everyone to be engaged and mobilized.



Scopes 1 and 2

Scope 3

	WORKSTREAMS	PARTICIPATION IN TOTAL EMISSIONS (2023)
Scopes 1 and 2	 Operations	1%
	 Formulas	13%
	 Packaging	19%
Scope 3	 Logistics	12%
	 Magazines and support materials	10%
	 Non-cosmetic products*	20%

WORKSTREAMS ACT IN
75% of total
inventory
and
100% of
SBTi target

*This workstream includes Category 11 A of Scope 3, regarding emissions from the direct use of products.

Operations

Despite the low emission intensity of our operations, as a result of a long journey of transformation, we recognize our responsibility to advance even further on the topic. The team dedicated to the decarbonization of our factories, distribution centers and company vehicles is working to implement new technologies, with an emphasis on efficiency gains and energy transition.

This plan involves a detailed analysis of the most representative emissions from each of our facilities in Latin America. We evaluate the equipment that emits the most carbon and look for specific solutions tailored to each country's context. We aim to financially quantify mitigation options to prioritize the best investments — based on a Marginal Abatement Cost Curve (see table on page 13). To decarbonize 90% of Scope 1 and 2 emissions, we estimate an investment of more than R\$35 million, depending on the evolution and maturity of the solutions in each country for their implementation.

MAIN FOCUS AREAS

Scope 1

Boilers

In 2011, we decarbonized our main boiler in Cajamar (SP), replacing LPG with ethanol. We are currently adapting the boilers to have more flexibility in the use of other low-carbon fuels, such as biomethane and green hydrogen. The Ecoparque, in Benevides (PA), also features a biomass boiler, which

originates, partly, by residues from the processing of fruits and seeds from the region's socio-biodiversity chains. In Argentina and Mexico where there is a smaller supply of biofuels, we are focusing on advancing through electrification and the development of the green hydrogen market.



The Cajamar factory is our main plant and has made great progress in reducing its carbon footprint. However, it still faces challenges in reducing emissions from refrigeration equipment and has opportunities for improving electricity efficiency.

Scope 1

Refrigeration systems and air conditioning

Refrigeration systems need periodic maintenance and retrofit from time to time to optimize their efficiency. We invest in solutions for the recovery and recycling of refrigerant fluids that reduce fugitive emissions from these systems to almost zero, minimizing/avoiding the need to recharge refrigerant gases.

Dedicated fleet

In 2023, around 40% of our Scope 1 emissions were related to fuel consumption by executive vehicles and the Sales Force. Across Latin America, there are considerable challenges in the availability of renewable fuels. In Brazil, the options are more accessible, but there are remote regions where availability is also scarce. The electrification of the vehicle fleet still depends on the evolution of the supply infrastructure, and the reduction is enhanced when obtained from renewable energy sources.

Scope 2

Electricity

We closely monitor opportunities and innovations related to the production of renewable energy, whether with PPA models (Power Purchase Agreement; long-term agreement for the purchase and sale of renewable energy) with certified environmental benefit accounting, or through our solar generation at our sites when no more cost-effective alternatives are available.

We currently have I-RECs (International Renewable Energy Certificates) in all operations in Latin America, certifying that products produced internally are made with 100% renewable energy. The purchase of I-RECs, in addition to certifying the origin of the electricity consumed, is a way of promoting the energy transition in the countries where it operates.

We follow the evolution of regulatory and infrastructure frameworks in the countries where we operate, and we recognize that the pace of the energy transition in Latin America may not meet the 1.5°C target, especially within the 2030 timeframe. We believe that investing in certificates of environmental attributes supports the transition while acknowledging leading-edge practices. Therefore, we also monitor the evolution of standards and how the acceptance or rejection of these attributes may impact our strategy and the achievement of our goals.



The roof of the NAN (Natura Learning Center) in Cajamar (SP) is covered with solar panels.

Formulas

Just like our packaging, formulas represent a relevant portion of Scope 3 emissions. Among the important changes that Natura has been making for years, and that Avon has recently been incorporating, we can mention the vegetalization of formulas that were previously of fossil origin and the replacement of animal origin ingredients.

As part of the strategy to minimize risks, our goal is to achieve full certification of the supply chains for critical agricultural commodities, free from deforestation- and conversion of native vegetation — by 2025 for direct purchases and by 2030 for indirect purchases. Meanwhile, we support the adoption of regenerative practices by key ingredient producers and partner communities. These actions increase traceability and transparency regarding our impacts and how they align with the climate transition. Additionally, they encourage suppliers to implement agricultural practices that are more resilient to extreme events.

MAIN FOCUS AREAS

Expand the use of organic alcohol

Already implemented by Natura in 2008, the expansion of organic alcohol use for Avon is a relevant initiative to reduce the environmental impact of products. This is due to the reduction in the use of chemical fertilizers and the adoption of more environmentally friendly agricultural practices when compared to those used in the production of conventional alcohol.

Alternatives to conventional palm oil

Palm oil and its derivatives are highly relevant in our portfolio, making the search for lower-impact alternatives crucial for achieving our decarbonization objectives. In this sense, considering that an important part of the palm's impact comes from land use change, agroforestry systems such as SAF Dendê (check page 41 for more information) prove to be an innovative solution capable of reversing this scenario, after

overcoming the challenges of project scalability. We continue to explore the potential of Brazilian biodiversity as a substitute for palm oil, such as babassu and macauba. Furthermore, ensuring that our raw materials are certified by RSPO (Roundtable on Sustainable Palm Oil) protects us from the impacts of changing land use and human rights violations in the value chain.

The Biôme line formulas from Natura use palm oil sourced from an agroforestry system, SAF Dendê





Substitution of ingredients

As part of our decarbonization strategy, we constantly evaluate the representation of certain ingredients in our portfolio. Guided by the life cycle analysis methodology, we prioritize the use of ingredients with a lower environmental impact, ensuring high product performance and consumer safety.

World pioneer, Ekos Castanha Body Lotion Concentrated from Natura comes in a 30ml package and, when diluted with water, produces 250ml of body lotion. This allows fewer trucks to be used to transport the product, which results in 20% lower emissions compared to conventional refills.



Packaging

A relevant portion of our Scope 3 emissions comes from packaging. Over the years, we have sought to reduce this impact through important initiatives, such as refills, incorporating recycled materials (currently 13% of the total) and renewable sources, especially plastic packaging. These and other developments came about due to our concern with evaluating the impact of packaging throughout the development of new products. Using a tool called Environmental Calculator, we can predict the impact of packaging design choices, facilitating decision-making in favor of low-impact products. Still, we recognize that it is crucial to work with our value chain to improve processes and effectively reduce carbon emissions.

22%
of our plastic mass packaging
is post-consumer recycled
material, the equivalent of
52 million
PET BOTTLES

MAIN FOCUS AREAS

Reduce waste generation

More than 40 years ago, Natura was a pioneer in making refills available to our consumers. This option continues to be our main strategy to reduce waste generation and carbon emissions from packaging. We continue to explore new refill and reuse options that are both attractive and functional for our consumers.

Additionally, we seek to optimize our packaging by eliminating unnecessary components and replacing others with lighter options. Still in our packaging dematerialization strategy, concentrated products play an innovative role in maintaining product performance while reducing waste generation.

Increase the incorporation of post-consumer recycled plastic

Over the past few years, we have made important advances in incorporating recycled plastic into our portfolio.

Today, more than 75% of all PET used in Natura packaging is post-consumer recycled. In many product lines, such as Ekos, Sève and TodoDia, we already use bottles made with 100% recycled PET. Focusing on the three main resins we use, our objective is to also expand the gradual incorporation of post-consumer recycled PP (polypropylene) and PE (polyethylene). Recycled resins have a lower impact on carbon emissions and contribute to strengthening the circularity of these materials.

Use of green plastic

Since 2010, green plastic made from sugar cane has been an important part of our packaging emissions reduction strategy, due to the lower environmental impact of renewable sources compared to fossil fuels in plastic production. The option for green material is a solution mainly for components that cannot be produced from recycled PE, either due to technical or safety limitations.



Biomaterials exploration

We have been studying applications where biomaterials offer the best solution. They generate low environmental impact, due to the use of renewable raw materials and the primarily compostable end of life. It is a new field to be explored.

Increase the recyclability of our packages

An important aspect of the environmental impact of packaging is its end-of-life disposal in landfills or dumps. Therefore, it is crucial to design packages so that, if properly collected, they can be recycled and reincorporated into the production cycle.

Enhance collection and recycling infrastructure

The reincorporation of materials into production cycles depends not only on an adequate product design, which facilitates recycling, but also on the existence of an infrastructure capable of collecting, sorting, and processing these materials. We want

to work together with our network to strengthen this infrastructure where it is non-existent or deficient. Our goal is to increase the quantity and variety of waste that is sorted and sent for recycling, a scenario in which the carbon impact is lower.



Avon's Advance Techniques line is an example of using green plastic packages (made from sugar cane and, therefore, renewable)

ELOS PROGRAM

Product innovation efforts are crucial to reducing our carbon impact. But we recognize the enormous potential of working in partnership with our value chain to improve processes and search for alternatives. One example is Elos, a program that brings together Natura and its packages suppliers, to ensure traceability, approval, and reverse logistics for the post-consumer recycled materials we use (such as PET and recycled glass). We have mapped the processes of our main suppliers and are looking for impact reduction opportunities focused mainly on improving efficiency, switching fuels, and consuming renewable energy.

64 recycling cooperatives

more than 3,000 members

more than 15,000 tons recovered per year

Logistics

Delivering products quickly to all consumers in the geographies in which we operate brings complex challenges to the energy transition and decarbonization. We still depend on modes of transportation that are based on fossil fuels. We stay alert to new alternatives and innovations, actively exploring all options for promoting and funding this movement.

We established new partnerships with transporters, fuel suppliers and vehicle manufacturers. This helps build resilience in the face of the competitiveness of renewable fuels, price fluctuations and priority in shipments. Our ambition is based on two major fronts: logistical efficiency, which reduces emissions and provides financial benefits that can support our other key goal of decarbonization, and the use of alternative fuels. We have a roadmap with potential initiatives, and eight of them are being implemented in 2024, with the potential to reduce 7,400 tons of CO₂ equivalent annually (31% of the reductions needed by 2030).

MAIN FOCUS AREAS

Improve the efficiency of the transportation network

Our focus has been to promote logistical efficiency, improving vehicle occupancy rates and reducing traveled distances. With the full integration of Natura and Avon operations in Latin America expected by 2026, we aim to drastically reduce emissions from some logistics stages, by delivering orders from both brands together. For 2024, our initiatives include redesigning the network, increasing the use of intermodal transportation, and implementing various operational efficiencies, such as load optimization and reduced fuel consumption.

Energy transition and expansion of alternative fuels

In Brazil, the availability of ethanol, a widely used renewable fuel, is a priority in distribution with the potential to reach 16% of the reductions required by 2030. We have also expanded the use of trucks powered by biofuels, such as NGV (Natural Gas Vehicles) and biomethane. Starting in 2025, we will have refueling stations for this renewable fuel at our Cajamar facility, offering up to a 90% reduction in emissions compared to diesel-powered trucks. In partnership with our logistics operators, we consider the viability of alternative fuels, such as biodiesel, HVO (hydrotreated vegetable oil), SAF (sustainable aviation fuel), SMF (sustainable marine fuel) and green hydrogen, which promise significant long-term reductions in emissions across the logistics chain.

The potential reductions we aim for depend on enabling external factors, such as the evolution of logistics



infrastructure in each region we operate, as well as the availability and support through regulation and carbon pricing mechanisms. These are essential to fully explore the potential that the energy transition will offer to the logistics and mobility sector.

We need to be prepared for interruptions in logistics processes due to extreme weather events. This includes developing alternative routes, redirecting to other distribution centers, and working closely with logistics partners to reestablish operations.

We follow the continuous evolution of standards, methodologies, and innovations to increase calculations accuracy. We recognize that environmental attribute certificates are part of this evolution, as they acknowledge those who promote the development of technologies and finance additionality activities (ensuring that the emissions reductions or removals associated with a carbon credit would not have occurred without that support). This also helps prevent double counting of benefits, in accordance with the principle of climate integrity.

In our logistics network, we are expanding the use of trucks powered by natural gas (NGV) and biomethane



Magazines and support materials

With one of the largest circulations in Latin America, our magazines have a significant carbon footprint, mainly due to end-of-life emissions. We are working closely with the business to evolve and offer alternative solutions and points of contact with the end consumer.



MAIN FOCUS AREAS

Over the last four years, we have made several optimizations in the magazines, resulting in a 40% reduction in emissions compared to the 2020 baseline.

Optimization of the portfolio, design and format of magazines, along with reducing the number of pages and circulation, have already achieved a significant portion of our reduction goal. We will continually evolve to not only offset any business growth, but also to reach Net Zero as quickly as possible.

Since magazines are mostly disposed of in landfills, their decomposition generates methane, a gas 28 times more impactful than carbon dioxide. In this sense, a

The traditional magazines are the main support material for our consultants and represent an important challenge in reducing emissions

coordinated collection and recycling action has immense potential for reducing end-of-life emissions.

Magazine recycling schemes are complex and often technically and financially inefficient due to the amount of ink used. We are advancing in our studies to eliminate the use of physical magazines, improve the usability of digital magazines, and accelerate the transition to digital media. This is a key priority for business growth and aligns with our multichannel sales strategy.

There are other innovations in research into magazine disposal that can not only reduce these emissions, but also store carbon. Biochar is one of them. It is a controlled pyrolysis technique for organic waste that stabilizes and traps carbon, making it usable as an input in the agricultural industry.

Non-cosmetic products

Crer para Ver product line, from Natura, and Casa e Estilo, from Avon, have characteristics that are different from cosmetics and, therefore, are addressed separately. Through portfolio optimization over the last three years, this emission source — which includes the direct use category — has shown significant progress, resulting in a drastic reduction of approximately 37%.

This backpack is part of the Crer para Ver line, from Natura, which has its profit reverted to education initiatives. Meanwhile, this organizer box, made from post-consumer recycled plastic, is part of Avon's Casa e Estilo segment, which includes household items, clothing, and accessories.



MAIN FOCUS AREAS

Reduce waste generation

Our priority measure is to evaluate the non-cosmetics portfolio and search opportunities to reduce the weight of product components and eliminate those that are unnecessary.

Increase the use of post-consumer recycled plastic and green plastic

We understand that, just as we did for cosmetic products, the use of recycled materials and reducing the reliance on non-renewable sources constitute an important part of the non-cosmetic decarbonization strategy. Because it has distinct characteristics, this portfolio presents opportunities not found in cosmetics. For example: as they do not have package in contact with formula, they are not subject to certain regulatory restrictions.

Increase recyclability of our products

Although, in general, non-cosmetic products have a longer lifespan compared to cosmetics, we are working to increase their recyclability. This involves avoiding the mixing of different materials, which avoids the need for separate disposal and simplifies the recycling process.

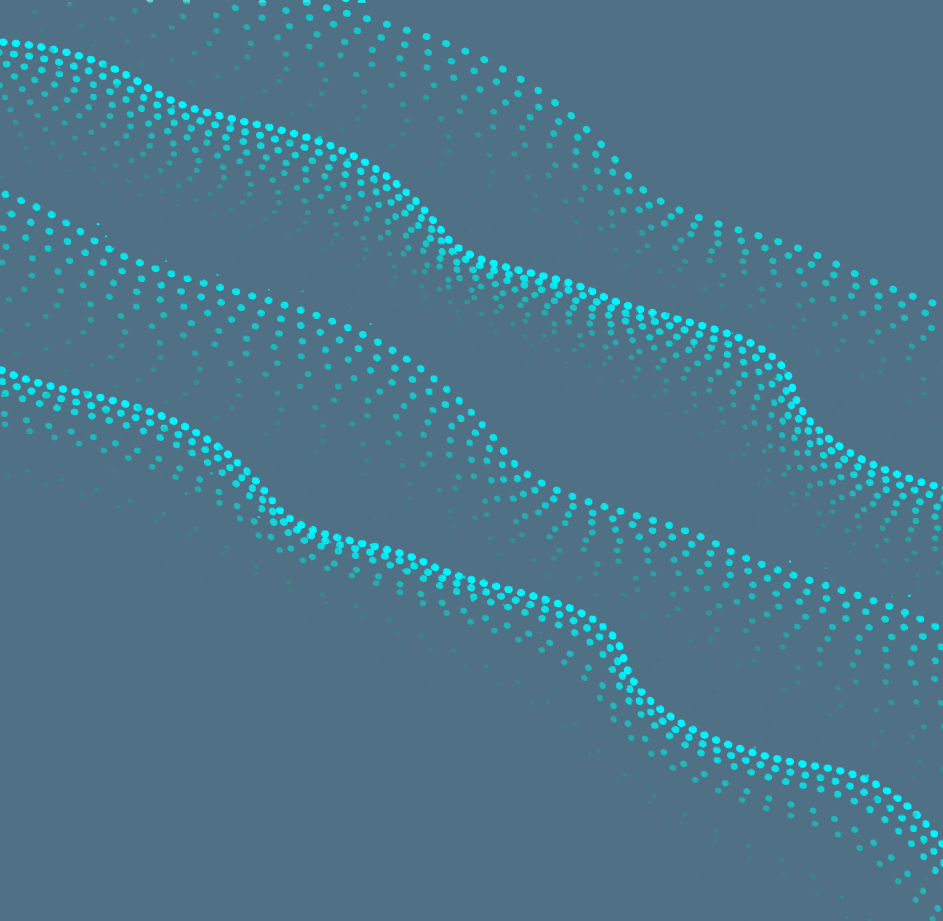
Supply chain traceability

For this type of product, proximity to suppliers and the value chain is crucial. On one hand, we want to ensure that there are no human rights violations; on the other hand, it allows us to learn more about the origin and transformation processes of the product, helping us find local suppliers and achieve reductions throughout the value chain.

4.

Engagement and influence

Since the emissions intensity of our operations is already low, efforts to achieve Net Zero in our own facilities have a very limited impact on combating climate change. Therefore, it is crucial to significantly expand our influence over the value chain, to scale the impact of our efforts and engage Beauty Consultants, end consumers, suppliers, governments, and other key stakeholders in the collective fight against global warming and climate change.



Advances in Scopes 1 and 2 have provided us valuable lessons on how to overcome the various challenges of the decarbonization journey, whether they are technological, financial, or related to methodological accounting. With detailed knowledge of the business chain's main strategic suppliers (see table on page 14), we can not only visualize emission hotspots, but also assess the impact of a series of carbon reduction projects that can be developed in the value chain.

To advance with these projects and progress toward achieving our SBTi goals, it is essential to maintain a close relationship with our supply chain. Among our actions in this regard, we highlight two fundamental pillars: the Regenerative Alliance and the Regenerative Squads.

Scheduled to launch in July 2024, the Alliance is an initiative designed to engage our strategic suppliers, and to build a solid partnership that promotes

regenerative practices and increasing efforts in decarbonization, circularity, diversity, socio-environmental management, and traceability of raw materials. The Alliance is expected to be founded with approximately 40 members, with companies from different business categories (such as ingredients, logistics, packaging, marketing, etc.).

We intend to explore opportunities that benefit not only our organization and our suppliers, but also the society and nature around us.

We strongly believe that by joining forces and sharing ideas, we can achieve significant results on the journey towards sustainability. On one hand, we expand the scale and speed of value chain decarbonization. In return, suppliers explore new business opportunities, improve their energy efficiency, and enhance their reputation by aligning with the best sustainability practices in the market.

The Regenerative Squads are Natura's multifunctional internal groups, to meet all sustainability and regeneration commitments. They were created to solve complex problems or issues that still have no solution, that is, they are not in the team's routine. It is also a strategy to expand the potential of the six established decarbonization fronts which are linked to key business performance indicators. The Squads methodology consists of forming small, multidisciplinary groups with clear and specific objectives and a disciplined process, ensuring focus and prioritization of deliverables.

Both the Alliance and the Squads point to an evolution in our governance: all teams are articulated under integrated and transversal management, with reports scheduled every six months to a Regeneration Committee, which is being created.

In recent years, we have had some innovations with partners that indicate we are on the right path in this collective journey. One of the most energy-intensive chains is the manufacturing of perfume bottles. We have enormous challenges in incorporating recycled glass,

both considering social issues linked to the recycling chain and the premium standards required by perfumery category codes. In R&D, making better choices in product design can influence emissions by eliminating features that impact furnace efficiency and, consequently, the emission factor associated with the bottle.

On the other hand, the energy used in the furnace is also a determining factor in the emission factor. Actions such as switching fuel from natural gas (NGV, which is fossil fuel) to biomethane (renewable/recovered) or electrifying the furnace – combined with the use of clean electricity – can reduce the carbon footprint of a glass flask's emissions by up to 60%.

Another interesting case is that of a supplier of aluminum tubes who imported their base material. This increased emissions due to the use of fossil fuels in production in the Middle East and the transportation to Brazil. Recently, it started using national aluminum, produced with renewable energy, and thus also eliminated most emissions linked to transportation. The next step will be to use recycled aluminum, further reducing impacts.

Our positions

We recognize that we are at a critical moment facing the climate change challenges and threats, associated with the social injustice. Given the urgency of the situation, our focus is not only on business sustainability but also on our advocacy efforts. We are actively advocating for systemic change involving all social and economic agents.

It is based on these principles that we defined our priorities, which involve the transformative potential of the collective power of people. We want to join forces and act where our impact can really make a difference. Our desire is to build internal and external partnerships and create a critical mass for widespread change, based on the following positions:

- **Protect and regenerate the Amazon - there is no future without a living Amazon**
- **Climate justice and just transition**
- **Accelerate actions and governments ambitions to align with the 1.5°C target of the Paris Agreement**
- **Advance frameworks and standards for accounting, especially for Scope 3**

Mobilization of consultants and consumers

We place our Beauty Consultants and our end customers at the center of decision-making. Therefore, we will continually evolve our communication to avoid problems in the acceptance of low-carbon products by consumers, including doubts about concepts, resistance to innovations and price sensitivity.

Through our value chain and direct sales model, we can expand our communication and thus promote low-carbon products and the adoption of sustainable habits by society. It is necessary to balance communication, innovation, and pricing to engage consumers and reduce climate impact.

Additionally, our leading position on sustainability could be favorable as there is an increase in demand for sustainable products. This movement could provide a competitive advantage, contributing to an increase in market share.

Participation in organizations and external influence

We have played a significant and influential role on the global stage, collaborating with various organizations and initiatives to promote the transition to a low-carbon economy. Recently, our participation in COP 28, the UN climate conference held in Dubai, in 2023, is worth highlighting. There, our actions were guided by Natura's Vision 2050, whose fundamental principle is the search for positive impact. During the meeting, our challenge was to move the discussions from the conceptual to the practical: we demonstrated what we are doing to address climate change and pointed out how these actions can be expanded to other stakeholders.

A significant part of our demonstrations in international forums involves defending interoperability between voluntary and regulated carbon markets, as well as enabling a global market between countries that have ratified the Paris Agreement. These measures are crucial to ensure the efficiency and integrity of carbon trading, preventing credit duplication, improving accounting, and promoting transparency in verification processes. This facilitates the equitable participation of diverse stakeholders, as well

as strengthening the role of carbon markets in the consistent mitigation of climate change.

We participate in alliances to bolster pathways for society to achieve Net Zero by 2050. Through participation in organizations (such as ICC, WBCSD, VCMI, Global Compact - Net Zero Ambition, Brazilian Initiative for the Voluntary Carbon Market, CEBDS, Commitment with Climate and Coalition Brazil Climate, Forests and Agriculture), we seek to give resonance to our positions in global forums. Here are the main ones:

- Increase in the ambition of national strategies to achieve the 1.5°C scenario and replace fossil fuels;
- Carbon pricing and regulation, financing mechanisms, subsidies and incentives to support sectors that advance the energy transition;
- Integrity and socio-environmental safeguards in the voluntary market;
- Valuing the crucial role of Indigenous, quilombola, and traditional communities in the planet's climate balance, which includes fostering ways to remunerate these populations.

Principles of our business practice

To guide the pillars of our corporate conduct regarding the decarbonization plan, we have based our approach on Transform to Net Zero (TONZ), an intersectoral initiative we were part of for two years. This initiative aims to create a business ecosystem that promotes a fair and inclusive economy while achieving net-zero emissions. It has helped us organize and consolidate existing frameworks and best practices. The principles that guide our strategy are five:

- **AUTHENTICITY:** clarity about where we came from and where we are now.
- **AMBITION:** defining what needs to be done instead of conforming to what is possible.
- **REPRESENTATION:** empower employees, customers, and supply chain partners.
- **ACTIVISM:** engaging in social movements.
- **SOLIDARITY:** form partnerships and alliances, and amplify others' voices through our platform.

Support for the regulated market

Today, the implementation of a regulated carbon market in Brazil is under discussion, which will affect many economic sectors. Natura is not expected to be directly impacted, as the regulated market focuses on Scope 1 emissions from regulated issuing companies and entities. In addition to having already implemented internal decarbonization projects, such as the ethanol-fueled boiler, the cosmetics sector has low carbon intensity and should not be significantly affected.

We have participated in discussions about the regulation of the Brazilian carbon market and how it can boost the decarbonization of some economic sectors. Our position, developed in partnership with other entities, helped to compose the text that is being reviewed in the National Congress. We also support of infralegal frameworks to accelerate the transition to a low-carbon economy.

It is essential that there are broad mechanisms at a global level, as a counterpart to regulated carbon markets at a national level. By assigning an economic rationale to emissions, it is possible to streamline and accelerate the necessary

reductions more effectively and, ultimately, to take meaningful action to sustain life on Earth. We defend the implementation of interoperability mechanisms that avoid double counting of carbon reductions and removals actions (transacted credits) between countries and organizations, thereby ensuring the necessary climate integrity of these actions.

Given the connection between climate change and the progressive loss of biodiversity on the planet, regulated markets must prioritize the conservation of biomes and the regeneration of socio-biodiversity. In this sense, we recognize the fundamental role of Indigenous populations, quilombolas and other traditional communities in preserving forest areas, which are major repositories of carbon stocks.

We believe that projects that generate carbon credits should, therefore, incorporate equal remuneration mechanisms for these populations, especially in developing countries. Equitable access to sustainable growth, reduction of inequalities, climate justice and earning income from the services provided by standing forests should be considered by any emissions trading system.

We also advocate for the establishment of rules that bring together and at the same time differentiate the regulated market and the voluntary carbon market. This is necessary to guarantee predictability and legal security for companies that are already engaged in voluntary efforts, without compromising their competitiveness and investments in new technologies, which are fundamental for a more agile decarbonization of the economy. We recognize that the climate emergency is not limited to a single sector or industry. The solution to this complex problem depends on networking, as well as cooperation and collaboration among all parties involved.

36 regulated
carbon markets
were already in force or
in the process of being
implemented in 2023, according
to the World Bank,

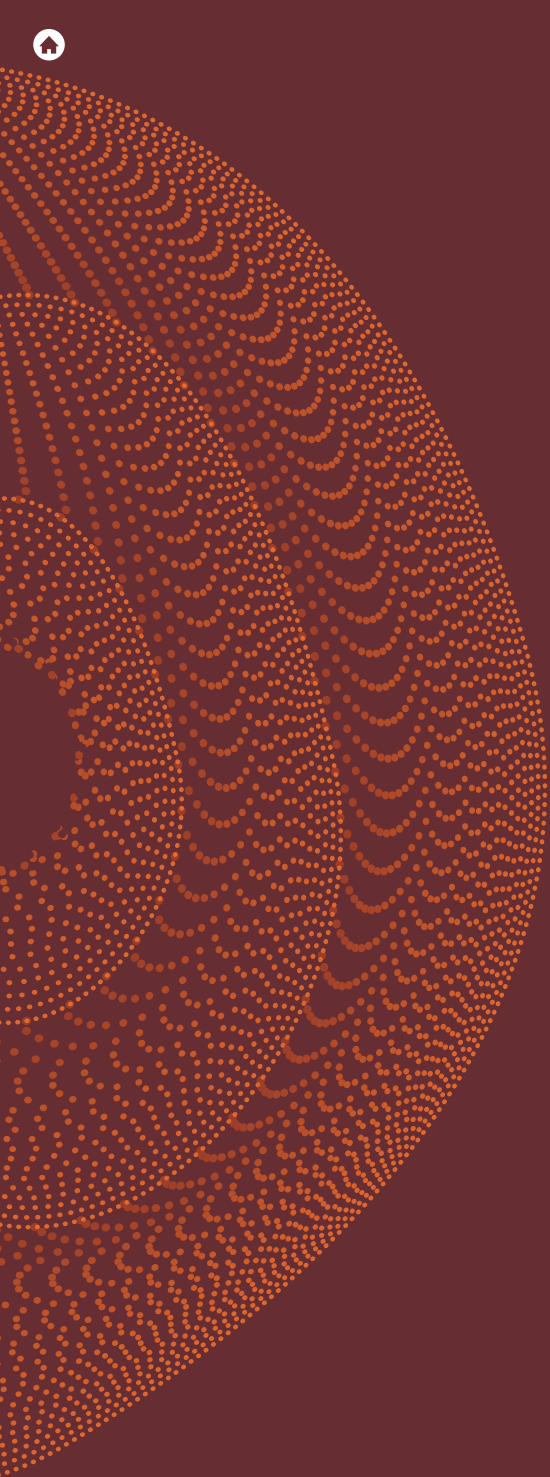
COVERING
17%
of global emissions

5.

Socio-environmental
regeneration

Our main priority is to achieve net-zero emissions. However, until we reach this goal, we need to continue contributing to the advancement of global Net Zero, purchasing high-integrity carbon credits (equivalent to our remaining emissions that have not yet been reduced). We know that decarbonization in various sectors of the economy that affect our value chain will not occur at the necessary pace. Therefore, it is necessary to invest in decarbonization beyond our value chain, contributing to the development of more financial instruments to enable and accelerate this transformation.

Aerial image showing, on the left, the area conserved by the RECA cooperative, a Natura supplier in the Amazon, which is compensated for environmental conservation services, generating carbon credits.



Since Natura's first carbon credit project selection call in 2008, we have maintained the principle of high integrity for projects, prioritizing those that generate socio-environmental co-benefits. For more than 15 years, operations linked to the Natura brand have had their remaining emissions fully offset. Starting in 2024, we will also acquire carbon credits to offset Avon's unavoidable emissions in Latin America, initially in countries where the brand's operations are already integrated with Natura's (Brazil, Chile, Colombia, and Peru).

Since 2018, the process of selecting initiatives that will be part of our portfolio of carbon credit projects has been carried out through the Compromisso com o Clima platform. In partnership with Instituto Ekos and Itaú Bank, this platform establishes a rigorous socio-environmental assessment and legal due diligence process for projects, including specific regional elements. This process is currently aligned with the ten key principles of the ICVCM (Integrity Council for the Voluntary Carbon Market) for identifying carbon credits that have a real positive impact on the climate.

We seek to act in the purchase of carbon credits that enhance permanent reductions and removals, generate co-benefits for society, provide income for the involved communities and contribute to the feasibility and scaling of new technologies. Our priority is for projects known as nature-based solutions, preferably in the Amazon.

Reforestation is a simple version of this: trees are planted in a degraded area and as they grow, they capture carbon, which is stored in the trunks and roots – generating the credit. And there is also REDD+ (Reducing Emissions from Deforestation and Forest Degradation), which is based on a concept adopted by the UN Climate Convention, and it aims to conserve and sustainably manage forests and increase forest carbon stocks by preventing deforestation. The focus here is to prevent deforestation – such as protecting the Amazon from tree removal for agricultural expansion. In this case, credit is generated by keeping the forest standing.

WHAT WE PRIORITIZE IN CARBON CREDIT PROJECTS

**Enhance permanent
reductions and removals**

**Generate co-benefits
for society**

**Increase the income
of the communities
involved**

**Enable new low-carbon
technologies**

Nature-based solutions

**BY 2030,
50% of the
carbon credits
acquired by us
must originate
from the Amazon,
preferably from partner
communities**

Natura has already acquired credits from more than 55 projects in Latin America (see the map of these initiatives on page 40). And this is not just about a punctual offset of emissions, but about generating shared benefits for society. During 2023, 33% of the carbon credits we acquired were from projects in the Amazon, with 13% coming from our own value chain. Outside the region, there are other important initiatives with high social benefits.

Worthy of note is the Fogões Eficientes project in Bahia, carried out in partnership with Instituto Perene, which aims to transform the lives of families who use rudimentary stoves for cooking, leading to high wood consumption (in Brazil, it is estimated that 3 million people are still in this situation). The initiative installs new stoves in homes, which reduce the amount of wood needed by 60% and prevent smoke from spreading in the environment.

In this way, there is an impact on reducing carbon emissions, associated with a co-benefit: an improvement in the health situation of families - as constant smoke inhalation causes serious lung problems. Part of the costs of the stoves is paid by the beneficiaries and the rest is financed by Natura. In total, almost 11 thousand families in

Recôncavo Baiano have already benefited from the program, which mainly impacts women and children.

Projects with communities in Amazon: Circular Carbon

The largest carbon reservoir on the planet, the greatest source of biodiversity and home to 30 million people (whose traditional cultures and livelihoods depend on the forest), the Amazon must be protected – without hindering local human and economic development. Natura is completing 25 years of direct operations in the region. This deep relationship began in 1999, when the supply chains for Amazonian ingredients used in Ekos line products (launched the following year) started to be structured. They are acquired and developed through the concept of ethical and sustainable biocommerce, with respect for people and the environment.

After the launch of the Natura Amazônia Program in 2011, actions in the region gained scale, with expanded direct investments, relationships with extractive communities, and benefit-sharing payments to traditional populations. And this relationship with the Amazon continues to deepen, now within Natura &Co.



In 2020, the group launched its Commitment to Life with socio-environmental goals for 2030, in which the first pillar is precisely to Address the Climate Crisis and Protect the Amazon. The objectives, updated in 2023, include contributing to the conservation and/or regeneration of 3 million hectares of forest and increase purchases of inputs from the Amazonian socio-bioeconomy by four times (compared to 2020). When acquiring Amazonian raw materials, we set a fair price in collaboration with cooperatives and family farming groups, which encourages the preservation of the forest (as the forest is more valuable standing than being cleared).

An example of our integrated vision for sustainable development in the Amazon is the Circular Carbon Project, which began in 2013 in partnership with the Consortium and Densified Economic Reforestation (RECA) in Rondônia and Idesam (Institute for Conservation and Sustainable Development of the Amazon), among other partners.

The initiative remunerates small farming families not only for the sale of ingredients, but also for environmental conservation services, generating credits within our own chain (called insetting, as opposed to traditional offsetting, which is when the project takes place with partners outside the value chain).

The voluntary payment for these carbon credits generated by RECA began in 2017. The greater the conservation recorded in the area, the higher the financial return to rural producers through payments for environmental services – such as carbon sequestration in the forest.

Located in Ponta do Abunã, in Rondônia, near the border with the states of Acre and Amazonas, RECA became a supplier of Natura in 2001. It brings together small farmers who are pioneers in creating agroforestry systems (AFS) in the region, cultivating various plant species – both for commercial use and subsistence – integrated with the forest, without deforestation. In this way, its activities are not limited to extractivism.

RECA is also remunerated by benefit-sharing and access to genetic heritage and, as mentioned, by carbon. In the calculation, each small producer contributes the area of forest on their property, receiving direct payments for its conservation – thus, they recognize the forest as a true "savings account", a source of financial resources. And, after ten years of existence, a SAF area can also be computed to account for carbon benefits, making the property even more profitable, in addition to what it produces in raw materials.

In total, more than 2,700 hectares of forests are protected in the carbon offsetting project involving RECA. More than 7.6 million reais have already been distributed, benefiting over 270 families. And almost 370 thousand tons of carbon emissions have already been avoided. Based on the success of this initiative, Natura established a dedicated team in 2023 to develop projects in partner communities, aiming to expand payment for environmental services related to forest regeneration and conservation.

Removal of residual emissions

Regenerative practices such as reforestation and recovery of degraded areas, which remove carbon from the atmosphere, are very effective, but their large-scale implementation requires substantial time and resources. Continuous innovation and strategic partnerships are essential to overcome these challenges.

One example is the Carbono Nascentes do Xingu Project in Mato Grosso. This partnership between Natura and the Socio-Environmental Institute (ISA) celebrates 15 years of sustainable innovation that integrates social, economic, and environmental aspects.



One outcome of the initiative was the establishment of the Rede de Sementes do Xingu, an association involving over 600 collectors, mostly women, which has already generated 7 million reais in income for communities. As a result of this work, the headwaters of the Xingu River are being reforested, using an ancestral planting technique called "muvuca" (in which seeds of several native species are mixed to replicate the natural cycle of forest formation). This process involved the collaboration of large rural producers, who, through a gradual shift in mindset, have committed to conserving the restored forests on their lands.

From the beginning, however, the project faced several challenges, such as bureaucracy and high cost charged by international carbon credit certifiers. Despite this, the results are expressive: the potential for carbon sequestration in some areas was up to five times greater than the original estimates, generating additional revenue for the participants.

The consolidation of large-scale forest restoration initiatives is seen as a significant business opportunity for Brazil, and examples like this serve as a strong inspiration for realizing the potential expected from this market.

Climate integrity



Carbon Integrity

In 2024, Natura received the Carbon Integrity Platinum Claim, the highest recognition issued by VCMi (Voluntary Carbon Markets Integrity Initiative). For the year 2022, the certification from VCMi recognizes our commitments and actions regarding climate change, particularly in relation to the acquisition of high-quality carbon credits, facilitating investments that reduce and remove carbon credits from the atmosphere.

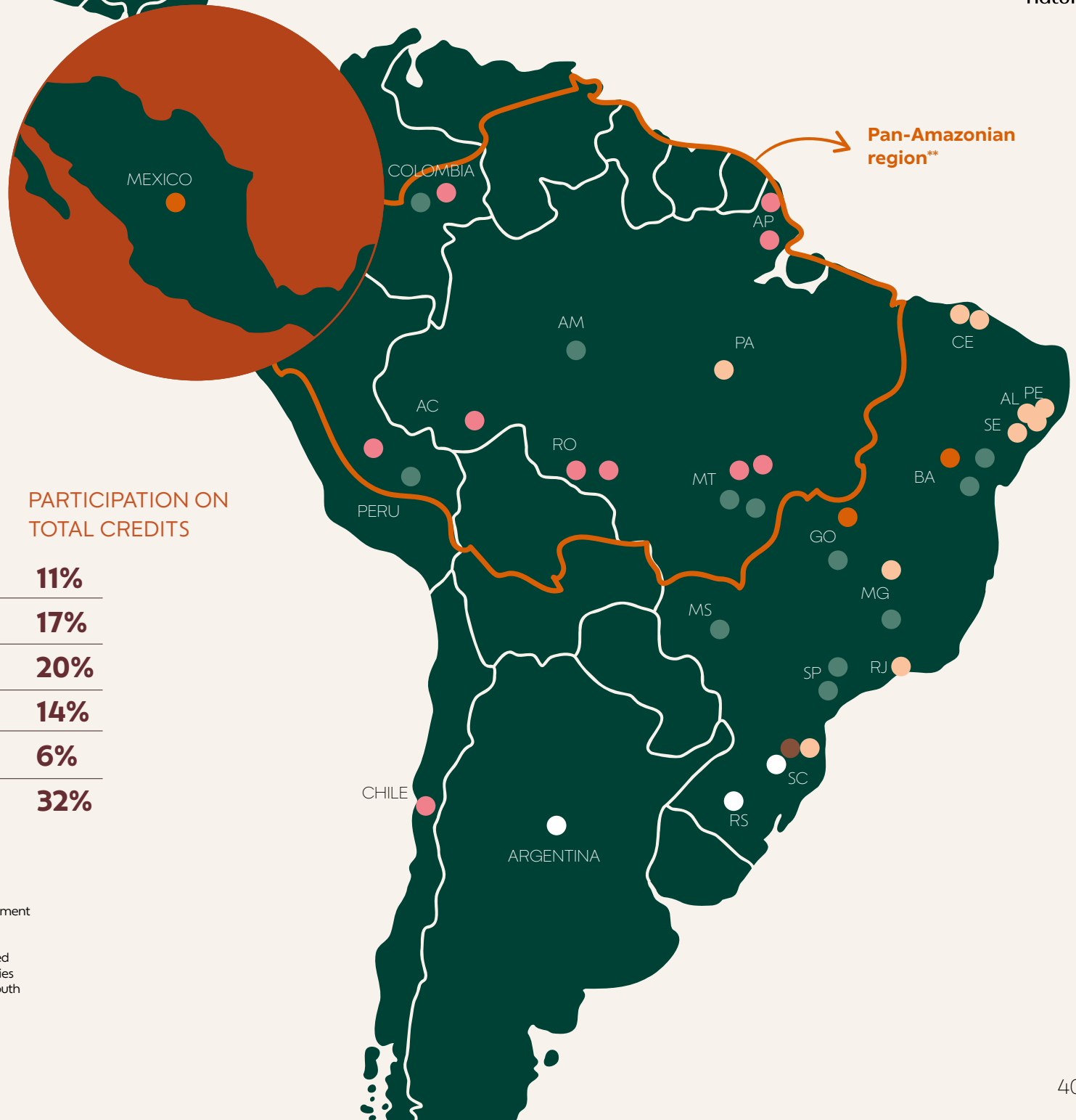
Natura has complied with the fundamental criteria and additional requirements outlined in the VCMi Code of Practice, including topics such as effective governance, traceability and transparency of carbon credit projects (*read more in [Natura & Co's ESG Scorecard](#)*).

The initiative aims to accelerate the journey towards Net Zero and values mitigation actions that go beyond companies' value chains.

The certificate reinforces the company's historical commitment to climate action, attesting that our performance in the voluntary carbon market is reliable, consistent, transparent and effective. The first company in the industrial sector (and the only brand in the Global South) to achieve this distinction, Natura reinforces its international role as a leader in the planet's regeneration journey. Our goal is to continue working towards the development of the carbon market in Latin America and in the world, with integrity as a core value, and to encourage projects that generate socio-environmental co-benefits.



Location of acquired carbon credit projects



MAP COLOR

● Fuel switching

● Restoration

○ Renewable energy

● REDD+*

● Waste treatment

● Energy efficiency

PARTICIPATION ON TOTAL CREDITS

11%

17%

20%

14%

6%

32%

*Mechanism for reducing greenhouse gas emissions from deforestation and forest degradation, in developing countries (includes forest conservation, sustainable management and increasing in carbon stocks).

**Geopolitical definition created to indicate the areas covered by the Amazon Cooperation Treaty. It encompasses territories related to the forest and its hydrographic basin, in several South American countries.



SAF Dendê: a case of regeneration

The palm oil, also known as "azeite de dendê", is the most widely used oil in the world, found in various products – from food to cosmetics. It is produced on a large scale in Southeast Asia. In Brazil, production is concentrated in the state of Pará.

In 2008, Natura, in partnership with Embrapa (Brazilian Agricultural Research Corporation) and the Cooperativa Agrícola Mista of Tomé-Açu (Camta), created the first Agroforestry System for palm oil cultivation in the world: the SAF Dendê, located at Amazônia. (Learn more about the project in this [video](#).)

Its objective is to reforest degraded areas in the North region, following the standards of the Roundtable on Sustainable Palm Oil (RSPO) and the Union for Ethical BioTrade (UEBT). SAF is a regenerative cultivation system that mimics the biological processes of native forests.

The project proved that oil palm, when produced in agroforestry, is more productive and sustainable than in the currently predominant monoculture system. The goal is to recreate a symbiosis system similar to that of a forest, where a natural nutrient cycle is established, providing a range of benefits. Plants like cocoa, açai, andiroba and Brazil nuts, for example, can be incorporated into an agroforestry design alongside palm oil.

The system proved to be resilient in the face of climate change, contributing to ensure milder temperature and a more humid environment inside, and was efficient in the biological control of pests and diseases. The cultivation practices in these areas are based on agroecological management, with limited use of pesticides, allowing for the continuous incorporation of organic

matter into the soil. This promotes a natural and healthy balance between plants, soil, and microorganisms. By prioritizing the implementation of the system in degraded areas and abandoned pastures, the project not only facilitates carbon capture and removal from the atmosphere as the species grow but, more importantly, promotes ecosystem regeneration. The carbon footprint of palm oil from "SAF Dendê" is up to one-third of the global average for this ingredient.

In addition to the environmental benefits, the SAF provides the farmer with a diverse income by allowing them to sell other crops produced alongside the palm. Today, this system supplies palm oil olein to Natura's Biôme line, which features bar cosmetics and plastic-free packaging made from recycled materials.



Aerial view of SAF Dendê in the Amazon; palm trees can be seen among the forest

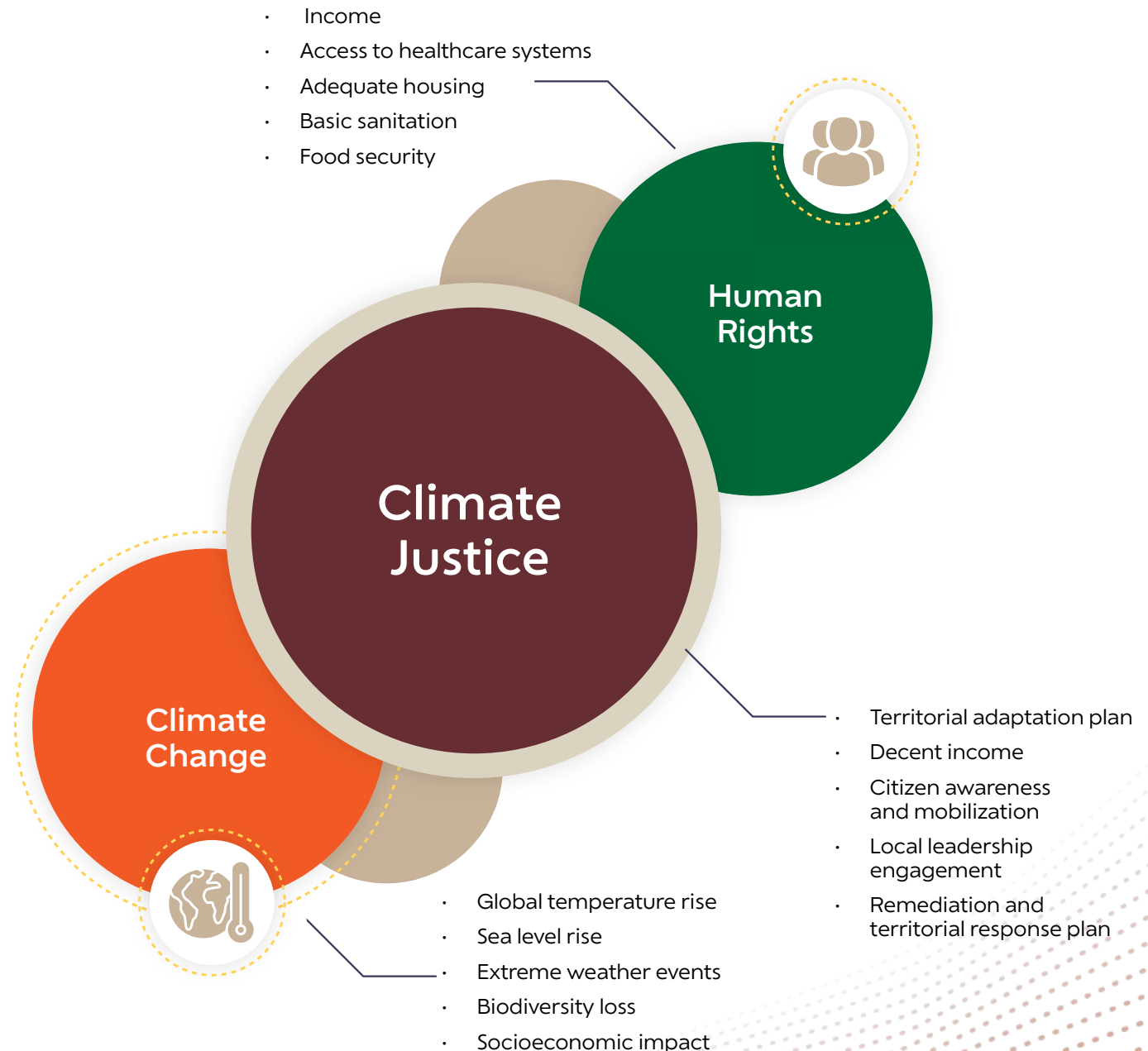
Climate justice

Although climate change is a global reality, its consequences impact the population unequally. The human actions that led us to this scenario were primarily carried out by nations now considered "developed", which have high quality-of-life indexes.

On the other hand, the effects of the climate crisis tends to be more severe for those in vulnerable conditions. Their ability to endure the large changes in temperature and rainfall, for example, is much lower than that of people in wealthy countries.

Thus, we believe that the main tool for a just climate transition is climate justice, a concept that aims to address how specific groups (such as women, Black people, and riverside communities) are disproportionately affected by the impacts.

Acting justly on the issue means advancing solutions that connect human rights to development, taking into account the needs, voices, and leadership of those who are suffering or will suffer the greatest impacts.





Our work proposal for addressing climate justice has three main areas of focus

1- Mitigation and adaptation

To build protocols and plans for prevention, response, remediation and adaptation, we use the Socioclimatic Vulnerability Index we developed to map territories at risk from specific threats. According to the IPCC, climate risk is now understood as the result of the interaction between social vulnerability, exposure, and climate threats. In this way, we are able to identify vulnerabilities and predict threats that may affect our network of relationships.

2- Resilience

In order to mitigate the impacts and risks derived from a climate threat that directly affect income, we have been working to reduce social vulnerability. At the beginning of the pandemic in 2020, we structured a support protocol for emergencies, aimed at the well-being of our network of Beauty Consultants, employees, suppliers and civil society as a whole. Over the past four years, we have activated this policy more than 20 times in response to crises caused by climate change. It involves providing aid such as: offering social, medical and psychological support to those affected; extending payments or forgiving debts for consultants; advancing receivables for suppliers; and donating hygiene products and financial resources. We have also improved our protocol to act preventively by anticipating disaster situations.

3- Education and citizenship

We aim to foster civic and political awareness of climate justice and environmental racism, while also strengthening traditional knowledge in the territories as a form of citizen mobilization. Environmental racism is a form of inequality that mainly affects vulnerable communities, such as Black people and Indigenous people. These communities face significantly greater negative impacts from environmental degradation compared to more privileged populations, who benefit from better environmental protection and living conditions.

6.

Governance and resilience

There is no climate transition without robust governance. Just as no single country or sector alone can solve the climate crisis, a strong governance structure is needed within a company to validate and integrate the Climate Transition Plan into the strategic planning of all internal areas and the business model. Climate-related risks and opportunities should be considered a central part of the corporation's long-term objectives.





At Natura, the integration between our business and decarbonization is present at the highest levels of governance. This includes the Natura &Co Board of Directors and the business unit's Executive Committee, which brings together the CEO and vice presidents. It is at these levels that we approve and report on the strategic elements of our Climate Transition Plan. However, it is also necessary to ensure that, throughout the organization, there are agile processes, with clear roles and responsibilities, to bring speed and accountability to the development of mitigation projects.

In addition to decarbonizing the business, we must also adapt to the new reality of living with extreme weather events, developing a systemic approach to analyzing risks and opportunities, taking into account how climate change will affect every aspect of our business and stages of our value chain. This transformation will significantly impact our

broader network: suppliers, partnership with agro-extractivists communities, and Beauty Consultants will be affected, influencing our ability to offer our products to end consumers. But, in addition to the impact on our business, we have established disaster protocols to help our network adapt and build resilience to extreme weather events.

Board Oversight

The Board of Directors of Natura &Co is ultimately responsible for the group's commitment to socio-environmental issues, including overseeing climate-related impacts and associated climate actions. In 2023, to foster long-term engagement with the socio-environmental objectives of the company, the Board established a Sustainability Committee, which monitors performance in relation to the Commitment to Life goals — with indicators that impact the remuneration of the board members themselves. (*Find out more details about our governance in the [Integrated Report of Natura &Co](#) and in the [Sustainability Compendium](#), in English.*)



Climate risks and opportunities

Addressing the climate crisis is one of the central pillars of Natura &Co's Commitment to Life. We recognize the strategic challenge that climate change may pose to the business. To prepare, we have conducted a detailed analysis of climate scenarios to improve our understanding of current and future climate impacts. The integration of climate-related

risks and opportunities into our strategic planning involves calculating financial impacts, as well as fostering company-wide awareness and training.

To identify and assess climate risks and opportunities and analyze possible scenarios, we have adopted a consistent approach that has allowed us to better understand potential

impacts of climate change throughout its value chain.

We remain aligned with the recommendations of the Task Force on Climate Change-Related Financial Disclosures (TCFD) and our full report is available in the [Natura &Co Sustainability Compendium](#).

NATURA &CO'S ACTIONS IN RELATION TO TCFD

2021 - October 2023	October 2023 - March 2024				From March 2024 onward
1. Pre-work	2. Peer review	3. Interviews	4. Risk and opportunities analysis	5. Consolidation and scoring	6. Next steps
<ul style="list-style-type: none"> Start of a project aimed at greater integration of climate-related risks and opportunities into the group's global risk matrix. 	<ul style="list-style-type: none"> Five reviews were conducted by peers. A document review of the consumer goods sector was conducted. Analysis of gaps in relation to TCFD recommendations. 	<ul style="list-style-type: none"> Engagement with company functions. Interviews with stakeholders interested in Natura &Co and its business units. Deep understanding of exposure across the entire value chain. 	<ul style="list-style-type: none"> Identification of a comprehensive list of risks and opportunities. Validation of risks with key stakeholders through workshops. 	<ul style="list-style-type: none"> Finalization of a short list of climate-related risks and opportunities. Qualitative assessment of the short list in 2024. 	<ul style="list-style-type: none"> Carry out a quantitative assessment of the climate scenario for priority risks and opportunities to calculate potential financial impacts.
Assessed physical risks	Five evaluations	24 interviews carried out	191 climate-related risks and opportunities were considered	27 opportunities and risks	

Impacts of climate change on our business

The alignment with TCFD strengthens our commitment to transparency and responsibility in addressing challenges related to climate and nature, thereby advancing the transition to a greener and more resilient economy. Resilience, in fact, is a factor that

Natura &Co actively develops: after all, we understand how much extreme weather events impact our operations, distribution centers, logistics routes, availability of ingredients, purchasing habits, and the performance of Natura and Avon Beauty

Consultants. There are 27 risks and opportunities identified for our business, grouped into seven broad areas of impact, which help to understand the relationships between them.

- 1. Consumer behavior and preferences:** To transform our business model in line with our climate commitments, we must develop solutions that are both environmentally and financially sustainable. An increase in consumer preference for more sustainable products with a lower climate impact may be constrained by factors such as price, aesthetics, functionality, and the willingness or ability to share the costs of decarbonization. The evolution of brand, marketing and R&D strategies needs to be supported by clear communication and should be based on the continuous evolution of consumer preferences and behaviors, towards more sustainable attributes and habits.
- 2. Regulations:** The different geographies in which we operate have constantly evolved their regulations, frequently requiring us to transform our portfolio, incorporating traceability and circularity schemes. Regulatory and carbon pricing developments may affect the costs of our mitigation efforts beyond the value chain through the acquisition of carbon credits, as well as bring potential indirect impacts, with increased costs in our supply chain.
- 3. Supply chain, inputs, and biodiversity:** Evaluating and incorporating sustainable alternative materials into our product portfolios will be essential. However, extreme events may disrupt our chains, and the transition to low carbon could cause volatility in the supply of agricultural or biodiversity-based inputs. Traceability and direct relationships with the chain will be extremely important in this transformation journey.



4. Governance and collaboration: Achieving our objectives cost-effectively will require an operating environment that supports and enables more sustainable business models and practices. There are concerns about potential shortfalls in the technology required to achieve significant emissions reductions across our value chain. The transition also depends on national and local governments to implement regulations and infrastructure, such as carbon pricing, restrictions on plastic materials, and to lay the groundwork for supporting the energy transition (subsidies, recycling, distribution networks and logistics).

5. Physical threats: The rise in global average temperatures influences the type, location, frequency, and severity of climate events. These changes will have various potential impacts on the geographies where we operate directly, necessitating adaptation actions. Additionally, they will affect our suppliers, partners, customers, and the infrastructure on which our operations depend.

6. Operational processes: Achieving Net Zero in our operations will require investments in Capex, as well as additional costs, for example, related to technology and renewable fuels, which will be subject to increasing competition. On the other hand, the physical impact of climate change also creates risks for our offices, factories, and logistics centers, which will require investment in adaptation measures to guarantee operational continuity and safe and comfortable working conditions for our employees.

7. Reputation and stakeholders' expectations: As climate change continues to gain importance on the political agenda and in public consciousness, we anticipate increased accountability for companies, with demands for actions to adapt and develop strategies for transitioning to a low-carbon future. This has already been observed in markets such as Europe, where regulatory actions sought to combat the practice of greenwashing. For many years, Natura's strategy and brand image have been closely linked to sustainable, natural, and regenerative attributes, and it is crucial to advance this agenda with speed and robustness to fulfill our commitment.



Integration with strategic and financial planning

Natura &Co is one of the first companies to study the implementation of the TaskForce on Nature-related Financial Disclosures (TNFD) framework. It is a structure designed to complement the TCFD and provides organizations with guidelines for disclosing information regarding climate-related risks, opportunities, and financial impacts.

The integration of these analyzes with financial planning is essential not only to ensure mitigation and adaptation to the new climate reality, but also to ensure that the business strategy is based on the perspectives of mutual interdependence of these aspects.

One of our strategies is internal carbon pricing, which helps to develop the business cases for decarbonization projects and the strategic planning of different areas. For this purpose, we use the implicit price of our carbon credits, the costs of specific low-carbon scenarios developed to meet our goals, or the societal impact of carbon emissions.

Our governance projects include quarterly monitoring of emissions: the workstreams

(described in chapter 3) report their results every three months to the vice-presidencies. It functions as an "accountability ladder": the workstreams focus on decarbonization, manage prioritization reporting, and then pass the information up to the highest governance level.

Climate change is also a determining factor in our remuneration strategy for the top five levels of senior employees. Our executives are compensated with a fixed monthly salary, in addition to direct and indirect benefits. Variable remuneration combines short- and long-term incentive plans, tied to achieving purpose-driven results. Our Long-Term Incentive Plan incorporates the Carbon Emission Intensity Reduction indicator.

For years, a relative emission indicator was also part of the variable compensation package for the entire company. Today, along with an indicator for the incorporation of post-consumer recycled materials in products, it forms part of the performance metrics for the sustainability-linked bond issued in 2021.

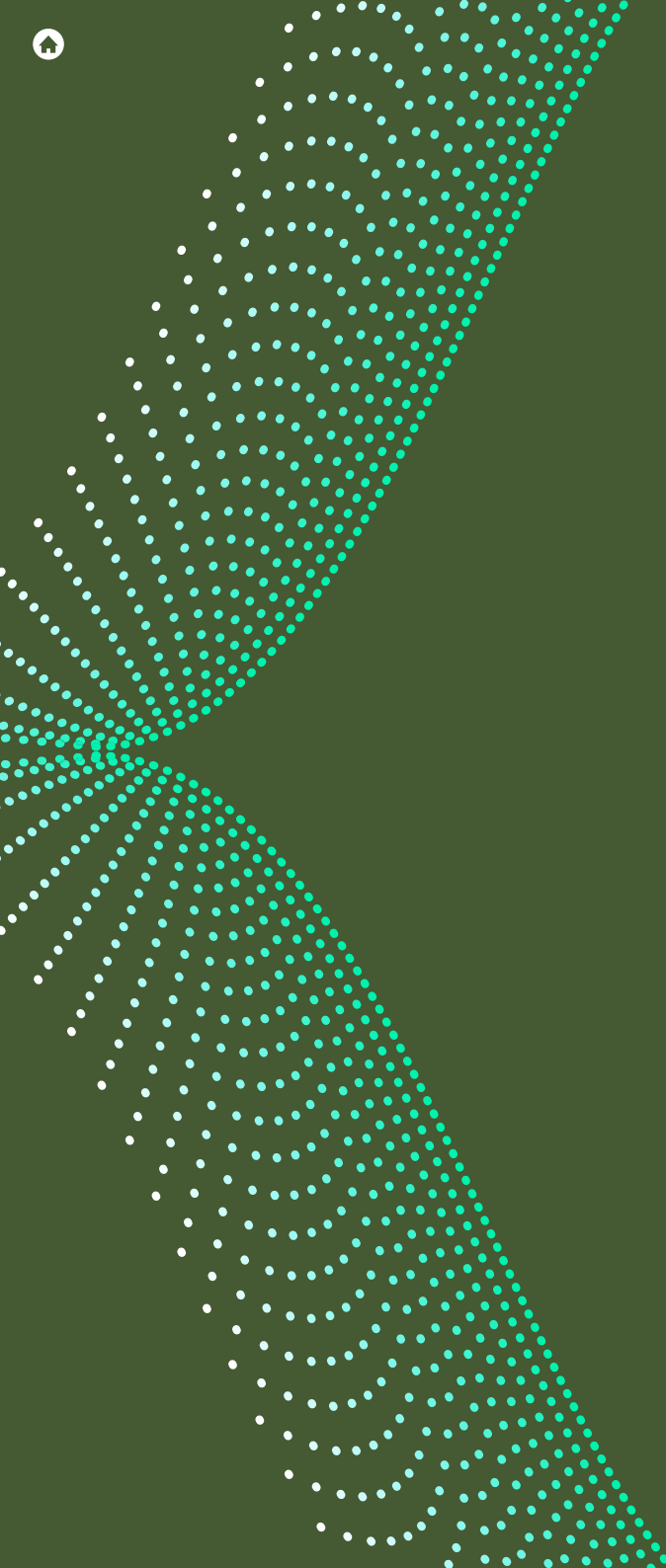
R\$ 5.8 million*
was the amount
Natura invested in
organic
alcohol, green
polyethylene, and
post-consumer
recycled plastic,
which are low-carbon
materials, in 2023.

*The amount is an estimate that considers the annual increase in expense due to the use of these low-carbon materials (compared to the traditional materials replaced).

7.

Final considerations

Reducing emissions and moving towards Net Zero is not a simple, dilemma-free mission. To maintain business stability, as is well-known, we must continue to show increased sales. But we want more than that. Our ambition is to sustain this growth - while reducing absolute emissions. We aim to combine the practice of reporting quarterly results with investing in regenerative transformations that take decades to begin showing effects.



*It's life that drives business.
And only regeneration makes
the life we know today possible.
Let's cherish it while there's still time.*

The journey towards Net Zero has many obstacles. However, we understand that dilemmas and challenges can represent opportunities and new business pathways – such as the regenerative supply chain for ingredients like palm, cocoa, and biodiversity-based inputs.

We are committed to opening these pathways. Because we know that planet Earth, our only home, is threatened by a culture of consumption and waste that harms the ecosystem, putting at risk the resources necessary for the survival of all species – including ours.

As we have demonstrated so far, our climate strategy is connected to regenerative solutions, the valorization of socio-biodiversity,

the promotion of the bioeconomy and the preservation of the standing forest. We have drawn up a meticulous Climate Transition Plan to achieve Net Zero in our operations by the end of this decade, with ambitious goals across our value chain, based on science and aligned with the 1.5°C target. This plan ensures transparency and provides qualified information through indicators and periodic reports.

We are recognized as one of the most sustainable companies in the world – but we do not want, nor can we afford, to be alone in this mission. No systemic transformation happens in isolation. We need the involvement of everyone, both inside and outside Natura. Employees, suppliers, civil society, companies, governments, and organizations. Our desire is to mobilize everyone for the most fundamental cause: life.



Appendix

About this document

We are not acting alone on our journey to Net Zero. It depends on factors such as the dissemination of new technologies, transformations in traditional ways of doing business and the development of low-carbon infrastructure. Another important factor, which conditions our actions, is the construction of a legal and regulatory framework that, among other things, encourages practices that remove carbon from the atmosphere, creates solid parameters for the functioning of carbon markets and encourages the expansion of renewable sources. Therefore, the results we seek to achieve, described in this document, are connected not only to the commitment of our capabilities, but to collective and multisectoral action towards a more sustainable and regenerative reality.

This document contains graphs, infographics and text boxes that seek to provide a high-level overview of the elements of the Climate Transition Plan, improving its accessibility and understanding for various audiences. These graphs, infographics and text boxes were designed to be read in the context of the Plan as a whole.

This document, and the information and data contained in it, were developed based on current information, estimates and assumptions, using models, methodologies and standards that are subject to uncertainties and limitations, including (but not limited to) data availability and accuracy, lack of data standardization and lack of historical data, as well as other possible future contingencies, dependencies, risks and uncertainties (due, among other things, to global and regional legislative, judicial, fiscal, technological and regulatory developments, including regulatory measures that address climate change). As a result, such models, methodologies, and standards may be subject to adjustments beyond our control and may change over time. Natura &Co does not undertake to update any statements, information or data contained herein, nor to inform if any statement, data, or information contained herein changes in the future.

This document contains data on Natura &Co's Scope 1, 2 and 3 emissions. Some of them are based on estimates, assumptions, and uncertainties. Scope 1 and 2 emissions data relate to emissions from the company's own activities and the heat, power and cooling provided for its activities, and are generally easier to gather than Scope 3 emissions data. Emissions from other organizations and are therefore subject to a variety of additional uncertainties, such as: data used to model life cycle footprints are generally estimates based on the current, granular supply chain scenario; Life cycle models, such as Natura &Co, mainly cover cosmetics and not all product categories (such as Casa e Estilo). Additionally, international standards and protocols related to the calculations and categorizations of Scope 1, 2 and 3 emissions also continue to evolve, as do accepted norms regarding terminology (such as "Carbon Neutral" and "Net Zero"), the which may affect the data and narrative regarding the company's reported emissions.

The models, methodologies and standards used to develop this document and the information and data contained therein are not of the same standard as those available in the context of other financial information, nor are they subject to identical or equivalent disclosure standards, historical reference points, benchmarks, or globally accepted accounting principles, and are subject to rapid change and evolution, due to the reasons mentioned above. Therefore, any opinions and estimates provided in this document should be considered as indicative, preliminary and/or illustrative. Actual results may differ from those set forth here.

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Scope 3 emissions covered by our short-term greenhouse gas reduction targets with the SBTi

Our short-term Scope 3 greenhouse gas (GHG) reduction targets, agreed with SBTi, cover approximately 71% of Natura &Co Latin America's emissions, considering the 2020 baseline. Scope 3 emissions category included in the target are: purchase of inputs and finished products; transport and distribution of products; end-of-life treatment. The definition of the categories included was based on our ability to manage the activities covered, in order to comply with our ability to reduce emissions, in line with the SBTi criteria.

Although some categories are outside our reduction targets, we still act on them and mobilize internally to achieve reductions and accelerate our journey to Net Zero in the long term. Two relevant categories of emissions that are not part of the reduction scope: purchases of indirect services and capital goods.

One of the challenges relating to these categories is the lack of readily available supplier data that is accurate and specific. This means that emissions accounting is based exclusively on estimated data and industry average emission factors, which do not represent reality. Therefore, the emissions calculation does not reflect the specific business decisions we make. With the continuous evolution of methodologies, we hope to have more granular and representative data. But, in the short term, our focus is to evolve management, methodologies and data quality in the emissions categories covered by our short-term goals.

Other smaller sources of emissions excluded from the scope of our short-term goals includes waste generated in our operations, employee commuting, downstream transportation and distribution, franchising, and business travel (the latter, although not a significant source of emissions, it is a category over which we have great control and management and has potential for decarbonization through internal policies and partnerships with agencies and airlines).

Recalculations and reporting of emissions

Considering the constant evolution of climate science, we understand that there will be changes in reported emissions from previous years, due to updates to IPCC emission factors, new calculation methodologies, better quality data for effective management of the emission source, as well as adopted premises and evolution of standards (such as SBTi, GHG Protocol, etc.), mainly in categories such as land change and use (or FLAG - Forest, Land and Agriculture). Currently, we estimate that FLAG emissions represent less than 10% of our emissions and, therefore, we do not have specific targets for this category as determined by the SBTi methodology.

Structural changes may occur in the company, such as acquisitions or sales of business units, and in these cases the baseline and annual reports may need recalculations, to ensure uniformity and harmonization in analysis and monitoring of goals. Such changes will be reported and officially communicated if they are material and significant or of great relevance to the completeness of our GHG Inventory.



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