

Natura &Co *Sustainable Palm* Procurement Policy for suppliers

Unanimously approved by the Group Operating Committee in July 2022

1. Introduction

- Commitment to Life target:** At Natura &Co, our sustainability vision calls for an approach to business that gives back more than it takes, including in our procurement activities. As part of our [Commitment to Life](#), we recognise that some materials we use have significant social or environmental concerns. We therefore aim for full traceability and/or certification of our critical supply chains (palm, soya, ethanol, mica, cotton and paper) by 2025. We are also committed to No Deforestation, No Peat and No Exploitation (NDPE) principles and no conversion as defined by the Accountability Framework Initiative and to supporting forest conservation solutions for high conservation landscapes.
- Key social and environmental risks:** Palm in the form of palm oil, palm kernel oil and their derivatives is a high sustainability risk material from both an environmental and social perspective. Key risks are deforestation, peatland destruction, land conversion and labour and human rights violations on plantations, as well carbon emissions land grabbing. Traceability and certification are tools Natura &Co is using to manage and eliminate these risks in our supply chains.
- Scope:** Natura &Co uses palm mainly as oleochemical derivatives in cosmetic ingredients (for example, glycerine), as well as in some home accessories. All palm containing ingredients and finished goods supplied to Natura &Co must meet the sustainability requirements set out below. These requirements will be applied in Natura &Co tenders, supplier and material approval processes and are applicable to all palm used in goods for resale or indirectly; whether manufactured internally or by third parties. Should we find that any purchased goods or materials do not meet these requirements, we will engage the supplier to change practices and/or re-evaluate our relationship with them.
- Traceability and certification requirements in brief:** All Natura &Co suppliers must provide relevant information on the origin of palm cultivation for all palm containing ingredients and finished goods in scope. All palm containing ingredients and goods must be certified to a minimum of RSPO Mass Balance standard by the end of 2025. Natura &Co is aiming to phase out use of regular RSPO credits by 2025. Additional certification standards with equivalent or stronger social and environmental criteria than RSPO MB are encouraged, as per appendix 1.
- Supplier milestones:**



2. Detailed Requirements

Traceability

All Natura &Co suppliers of palm containing ingredients and finished goods in scope must provide accurate information on the palm feedstock and the cultivation origin, as part of Natura &Co tenders, supplier, product and ingredient approval procedures and annual reporting. Suppliers are expected to provide information on refineries, mills and provinces of cultivation to appointed third parties. Failure to provide accurate and timely traceability information on request may result in rejection.

Certification requirements

All Natura &Co suppliers must provide a valid certificate for the applicable third-party standard for the palm ingredients supplied or palm contained in finished goods, and (where applicable) develop the right capabilities, e.g. supplier chain of custody certification, in the format required by Natura &Co. Acceptable certification standards are outlined in **appendix 1**.

Unacceptable sources of palm

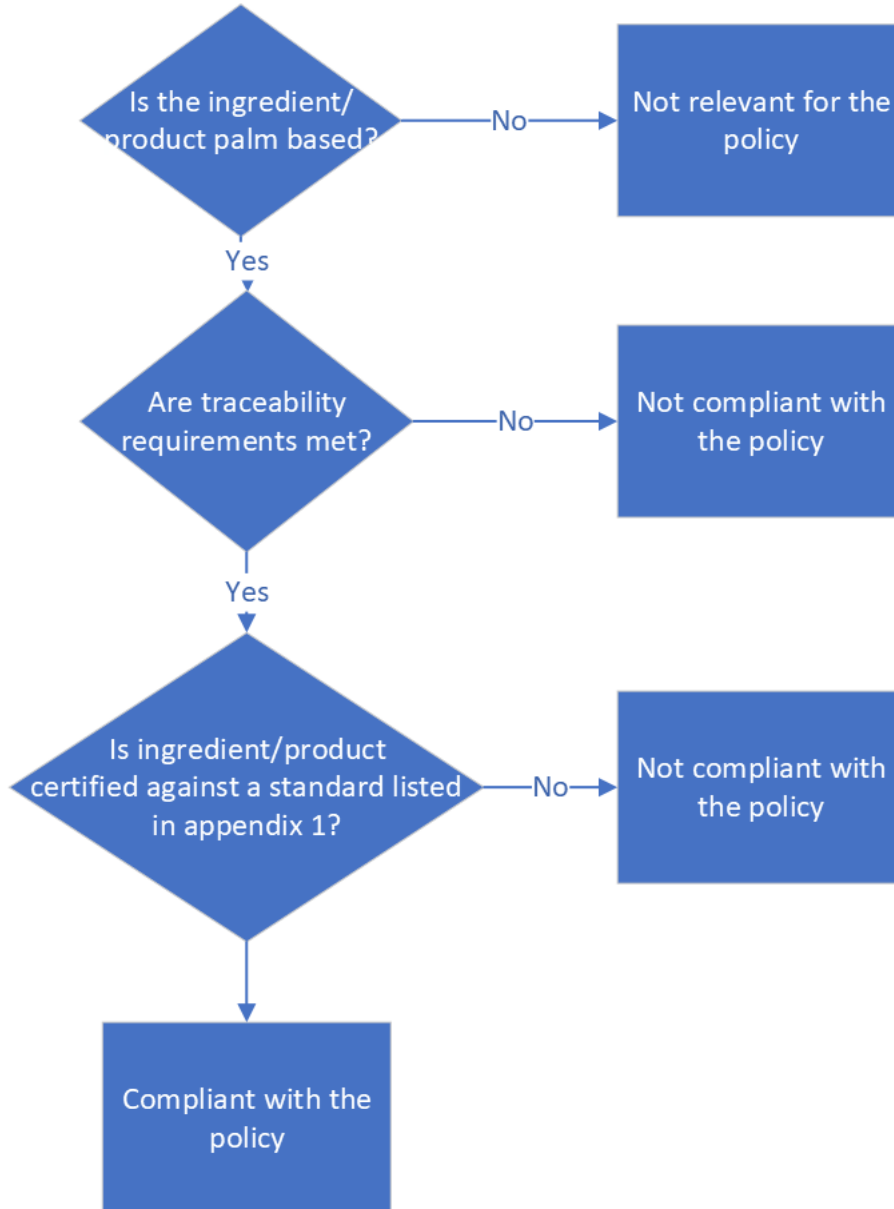
Natura &Co will support suppliers to grow their capabilities in the areas of traceability and certification, however if suppliers are not willing to develop capability to deliver traceable and certified palm materials as per the requirements of this policy, they will not be used to supply palm containing ingredients and finished products to Natura &Co after 31/12/2023. Any suppliers found to be involved in human rights violations, environmentally destructive practices or otherwise violating the Natura &Co supplier code of conduct may be exited.

3. Collaboration and contact

Above and beyond these requirements, we encourage you and your suppliers to participate in and support collaborations to ensure that poor labour conditions and environmental damage in particular deforestation are eliminated from palm supply chains. We also need support from suppliers to help us meet the Natura &Co commitment to become Net Zero by 2030 and set a Carbon reduction pathway in line with the SBTi requirements. We further encourage our suppliers to come forward with proposals for more traceable, sustainable and regenerative palm containing ingredients and finished goods that we can use in our business. Natura &Co is an active member of Roundtable on Sustainable Palm (RSPO) and Action for Sustainable Derivatives (ASD) and we encourage you to join these and other collaborations to deliver sustainable improvements across palm sector.

For further information on this policy, possible exceptions and Natura &Co plans to achieve 100% traceable and/or certified palm by 2025, please contact Paula.Kasprzyk@avon.com.

Flow chart – requirements for palm containing ingredients and finished goods



Appendix 1

Acceptable certification standards for palm

By 31/12/2025 at the latest, all palm containing ingredients and finished goods certified to at least one of the third-party standards from the table below.

Certification name	Certification abbreviation & website	Certification description
Regenerative Organic Certified	ROC	An international standard that sets requirements for soil health, animal welfare, and farmworker fairness.
Fair for Life	FFL	An international, voluntary standard that sets requirements for third-party certification of fair trade and organic input and chain of custody
The Union for Ethical BioTrade	UEBT	An international standard promoting the conservation of biodiversity, respecting traditional knowledge and assuring the equitable sharing of benefits all along the supply chain.
Roundtable on Sustainable Palm Oil Identity Preserved Standard	RSPO IP	An international standard designed to assure palm oil production is sustainable: legal, economically viable, environmentally appropriate and socially beneficial. Identity Preserved assures sustainable palm oil from a single identifiable certified source, kept separate from ordinary palm oil throughout supply chain.
Roundtable on Sustainable Palm Oil Segregated Standard	RSPO SG	An international standard designed to assure palm oil production is sustainable: legal, economically viable, environmentally appropriate and socially beneficial. Segregated assures sustainable palm oil from different certified sources, kept separate from ordinary palm oil throughout supply chain.
Roundtable on Sustainable Palm Oil Mass Balance Standard	RSPO MB	An international standard designed to assure palm oil production is sustainable: legal, economically viable, environmentally appropriate and socially beneficial. Mass Balance assures sustainable palm oil from certified sources, mixed with ordinary palm oil throughout supply chain.
Rainforest Alliance	RA	An international standard assuring product or ingredient was produced using methods that support the three pillars of sustainability: social, economic, and environmental.

Additional third-party standards may be added to this list if they provide acceptable social and environmental sustainability assurance in palm supply chains.